

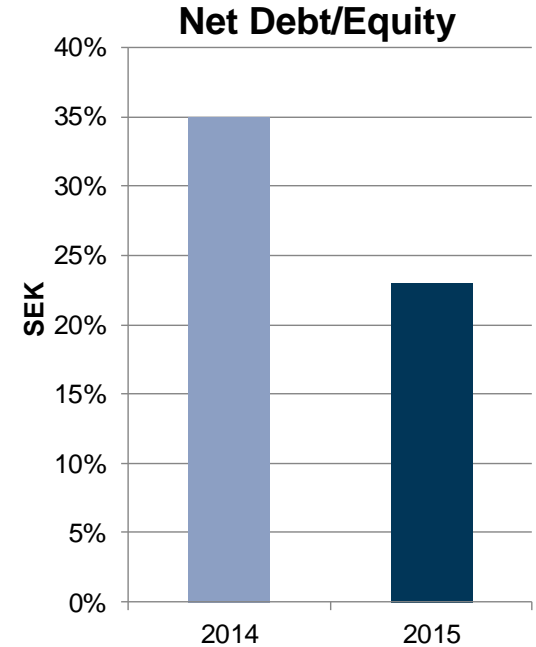
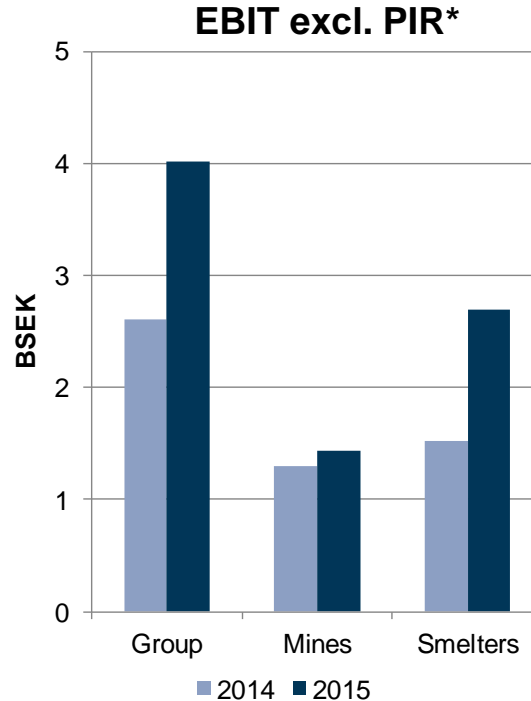
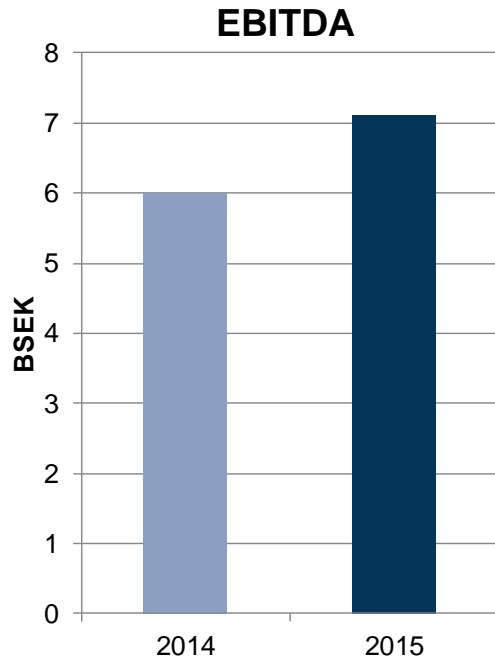
# Healthy financials support strategic development and shareholder return

Mikael Staffas, CFO

Capital Markets Day 2016 | 16 March

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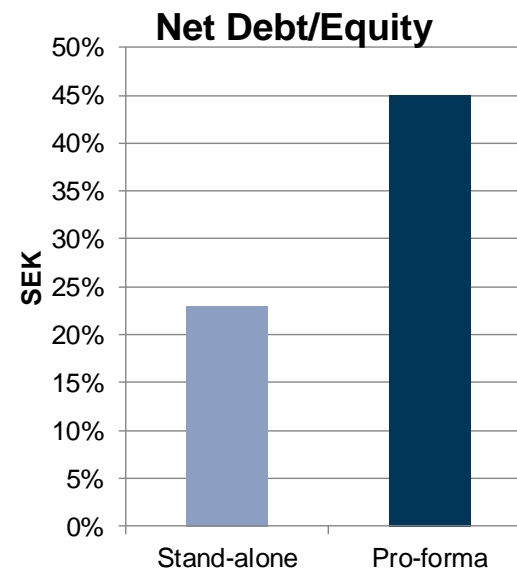
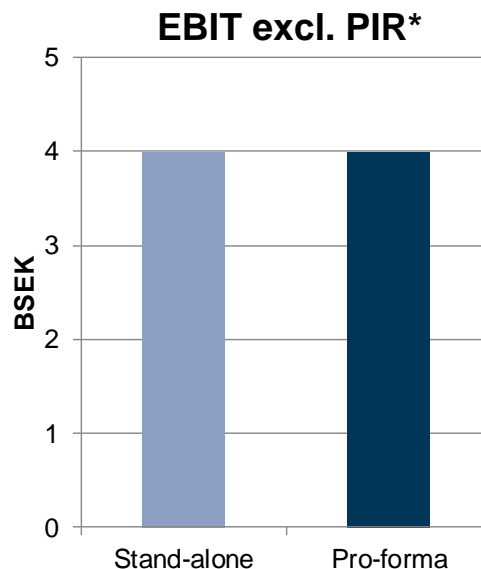
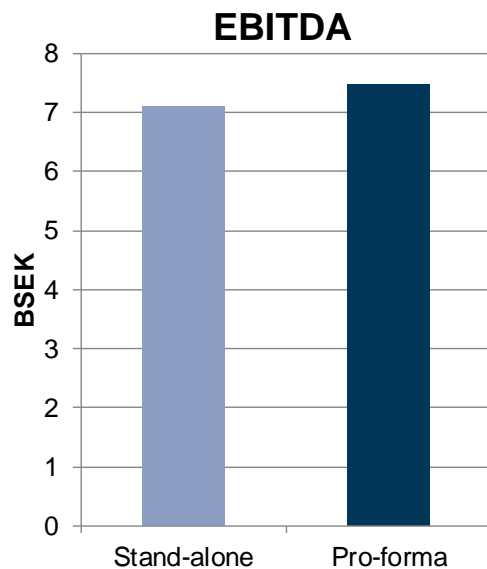
# Strong FY 2015 despite a turbulent market



\*PIR = Process Inventory Revaluation

# Kevitsa acquisition – pro forma FY 2015

- Low cost, long reserve life
- Lower grades and higher stripping in early years
- Under ramp-up



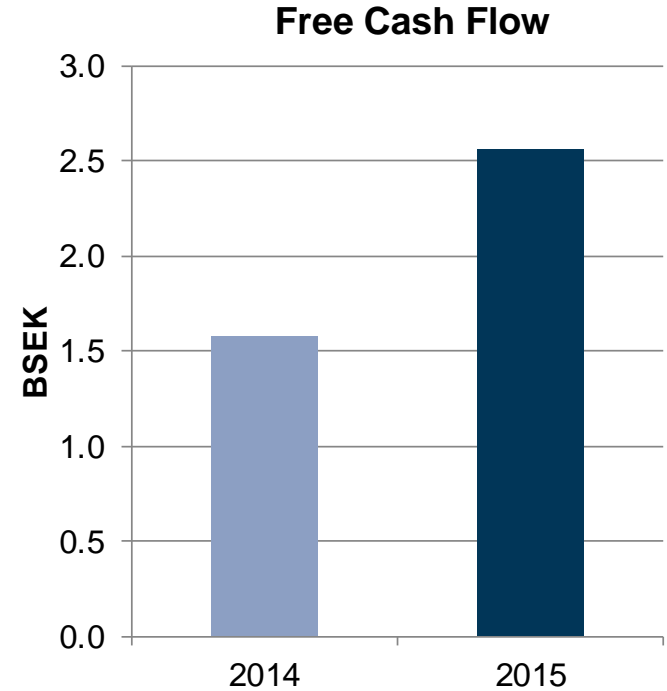
Note: If Kevitsa had been acquired 1 January 2015

\*PIR = Process Inventory Revaluation

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# Healthy cash flow generation

- Healthy stable cash flow generation
  - Combination of smelter and mines reduces earnings volatility
  - Positive impact from higher grades in Aitik 2017-2019
- Group capex guidance
  - Total capex 2016 – slightly below 4 BSEK\*
  - Total capex 2017 – 4.5 BSEK\*



\* Excluding Kevitsa.

# Natural hedge reduces cash flow volatility

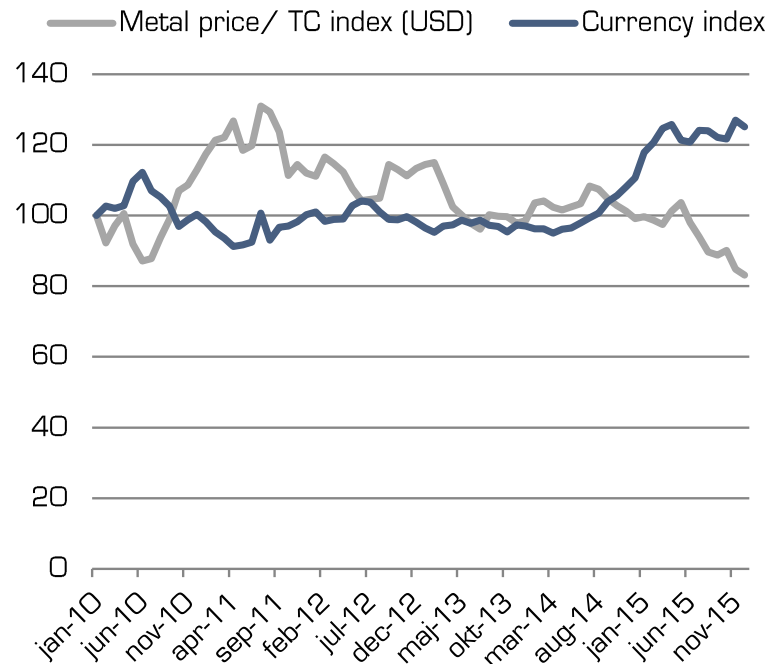
## Gross exposure

Change in metal prices, +10%	Effect on EBIT, MSEK
------------------------------	----------------------

Zinc	500
Copper	410
Gold	210
Silver	160
Lead	105

Change in USD, +10%	Effect on EBIT, MSEK
---------------------	----------------------

USD/SEK	1,035
EUR/USD	520
USD/NOK	115



Note: Excluding Kevitsa. As per 2015-12-31.

# EBIT sensitivity breakdown by business area

Effect on operating profit, MSEK	Group	BA Mines	BA Smelters
<b>Metal prices + 10%</b>			
Zinc	525	370	155
Copper	440	400	40
Lead	95	80	15
Gold	230	175	55
Silver	170	145	25
<b>USD + 10%</b>			
USD/SEK	1,105	800	305
EUR/USD	545	215	330
USD/NOK	110	0	110
<b>Smelter charges +10%</b>			
Copper TC/RC	120	-65	185
Zinc TC (escalated)	60	-120	180
Lead TC (escalated)	-15	-25	10

Note: Excluding Kevitsa. As per 2015-09-30.



# Revised long term metal prices and terms

- Revised metal prices downwards
  - Softer metal market
  - In line with consensus
- Strengthened USD
  - In line with market expectations
- Impacting investments, impairments and reserves & resources

	2016	2015
Copper, USD/t	6,200	6,600
Zinc, USD/t	2,200	2,300
Lead, USD/t	2,100	2,300
Silver, USD/tr. oz.	18	20
Gold, USD/tr. oz.	1,100	1,200
Nickel, USD/t	16,000	18,000
USD/SEK	7.50	7.00
EUR/USD	1.15	1.25

# Financial targets

**Dividend policy:  
Pay-out 1/3 of  
net profit**

**Return on  
investments  $\geq$  10%**

**ND/E 20%  
in an economic  
upturn**





# Q&A

**Healthy financials support strategic development and shareholder return**

Stability in tough markets

Healthy cash flow generation

Stable dividend policy

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