



Interim Report

January – March 2011

Lennart Evrell

President & CEO

Håkan Gabriëlsson

Director Group Control

Q1 Summary

Market

- Industrial activity continued to improve
- Good metal demand
- Precious metals – strong price development
- Volatile macro environment

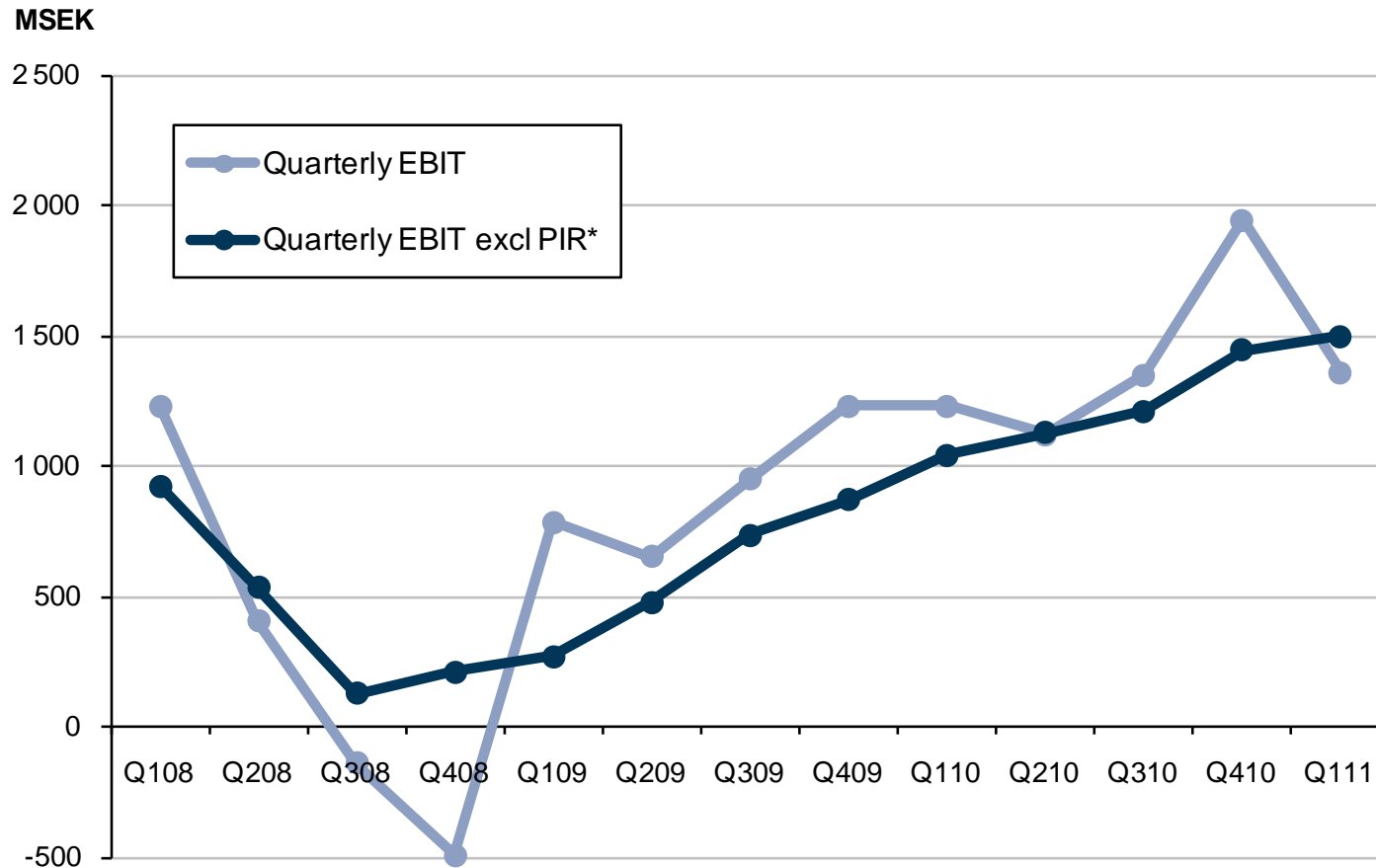
Boliden

- Revenues MSEK 10,158 (8,316)
- EBIT ex PIR* MSEK 1,500 (1,043)
 - Operating profit MSEK 1,359 (1,230)
- Free Cash Flow MSEK 448 (-52)
- Stronger SEK offsets price increases in USD

- Lower terms for smelters
- Aitik ramp-up continued
 - Low availability of equipment in Q1
- E-scrap expansion on plan
- Decision to start Kankberg gold mine
- Decision to expand Garpenberg

* PIR=Process Inventory Revaluation

Group EBIT Development



*Process Inventory Revaluation





The Market

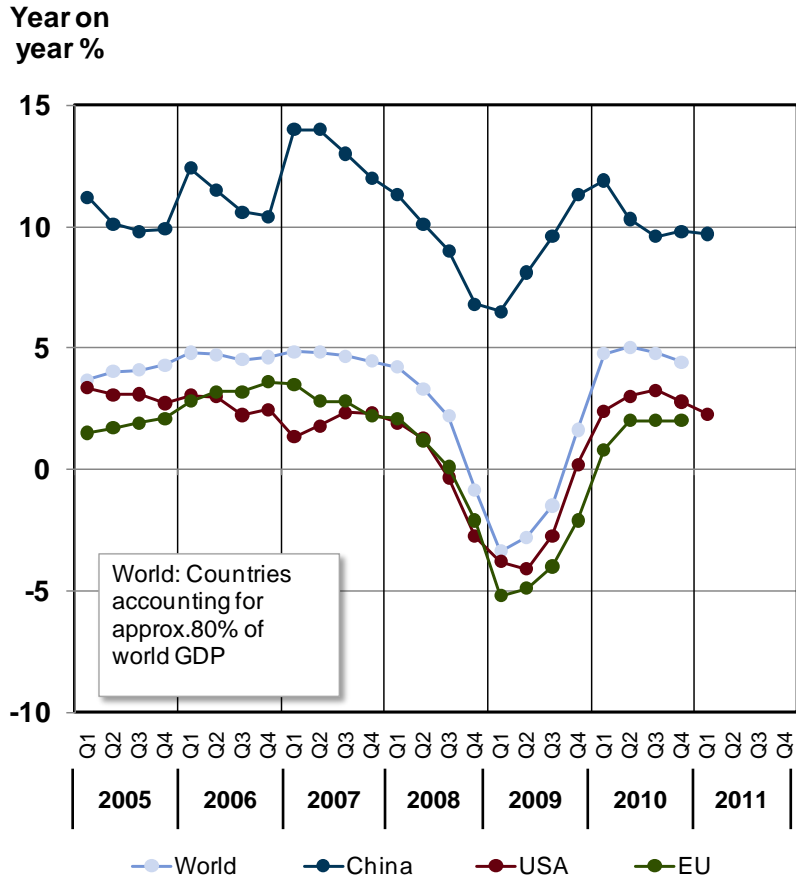
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Metal markets – first quarter 2011

- Demand
 - Continued growth in zinc and copper demand
 - Copper demand in China lower in Q1
 - Good industrial demand in Europe
- Supply
 - Lower growth in metals production
 - Zinc concentrate market in deficit, copper in balance mid quarter, surplus in March
 - Low activity short term among Chinese smelters
- Prices
 - Average USD prices up – offset by stronger SEK for Boliden
 - Silver price, strong development + 23% in Q1
- Concentrate market
 - Zinc TC 226* (264) USD/t concentrate
 - Copper TC up to 56.5* (46.5) USD/t concentrate
 - Several copper contracts on 2-3 years average TC terms
 - Free metals minimized

* Based on comments by external research companies

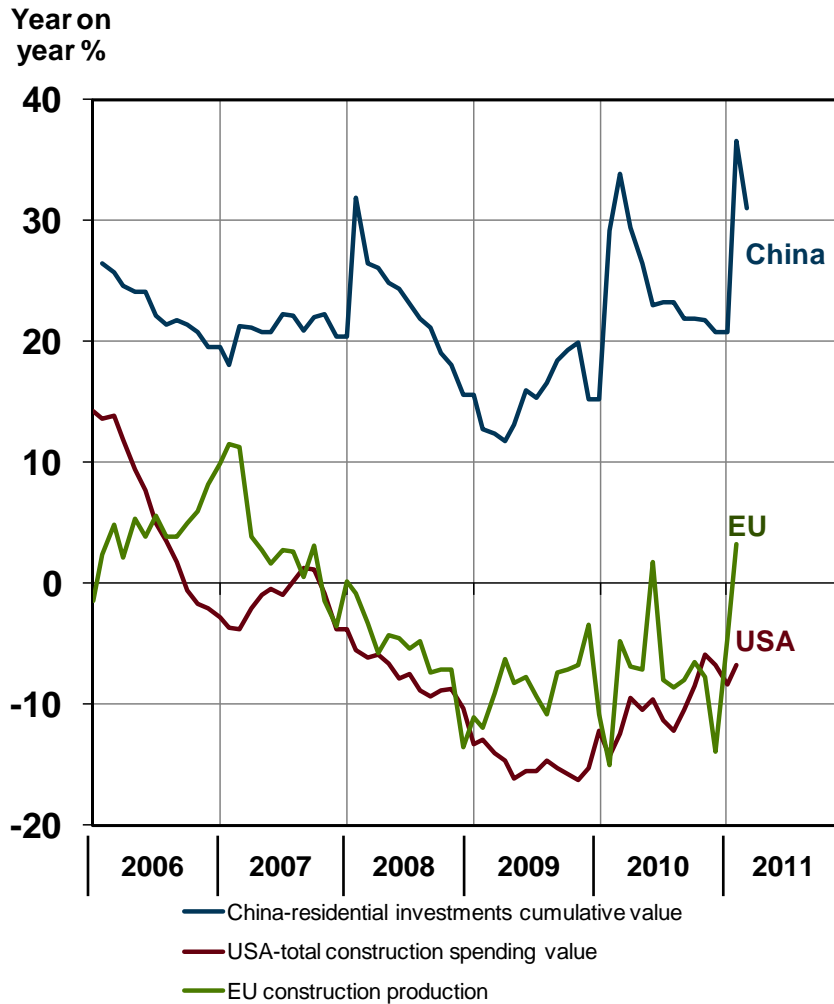
Global GDP development



- Continued robust global growth
- China , continued strong development

Source: Reuters Datastream, IMF, Boliden calculation of world GDP

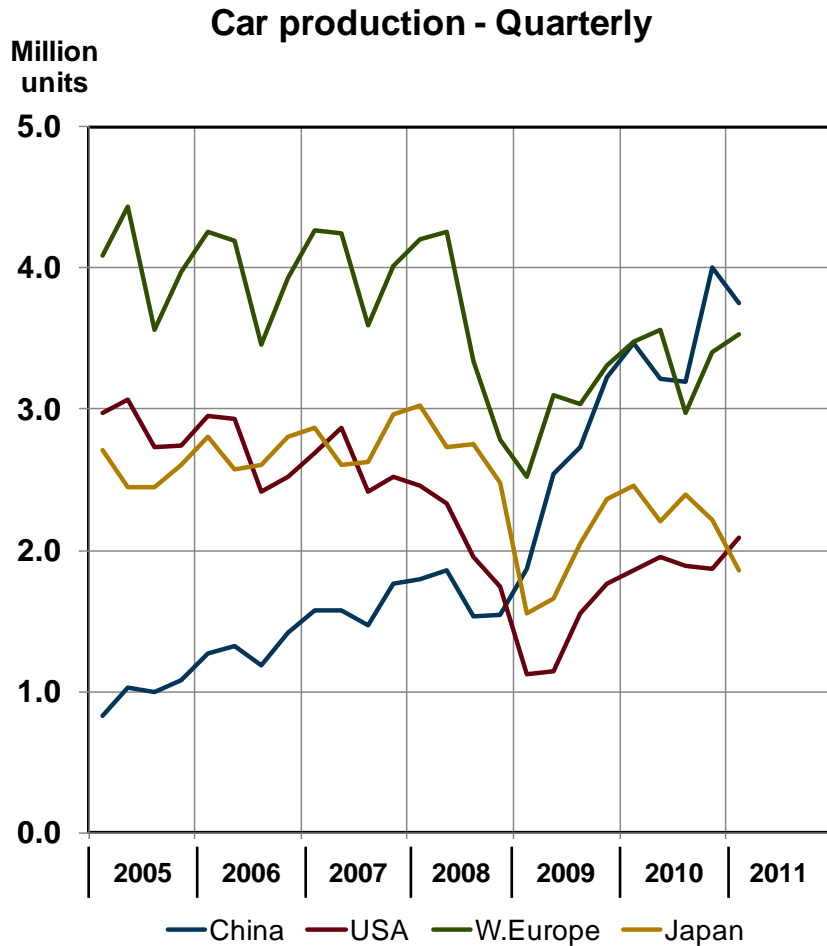
Construction Market



- No sign of slowdown in China
- USA still weak
- Europe mixed

Source: Reuters Datastream

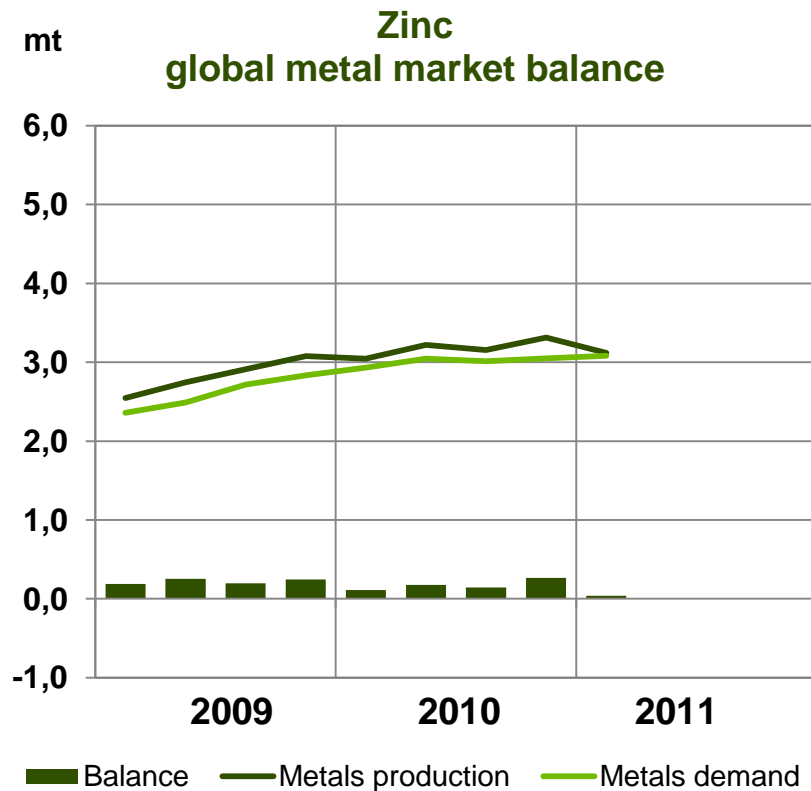
Automotive Market



- Europe and North America
 - High growth in USA
 - Germany somewhat slower
 - Export lead production in Europe
 - Production level still well below last peak in mature economies

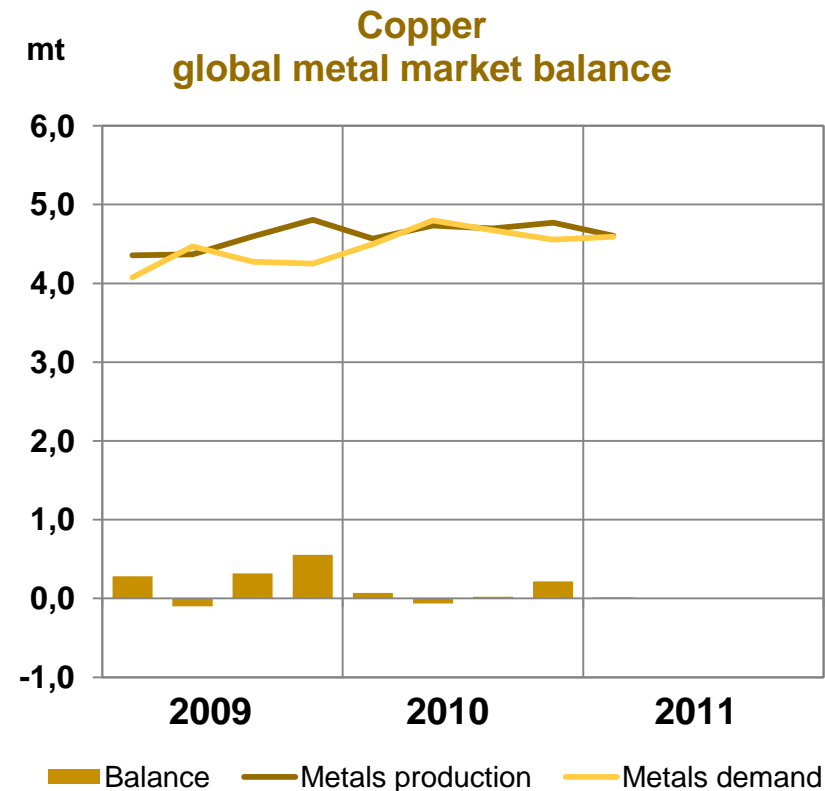
Source: CRU (www.crumonitor.com), JD Powers

Metal Market



Source: © CRU (www.crugroup.com)

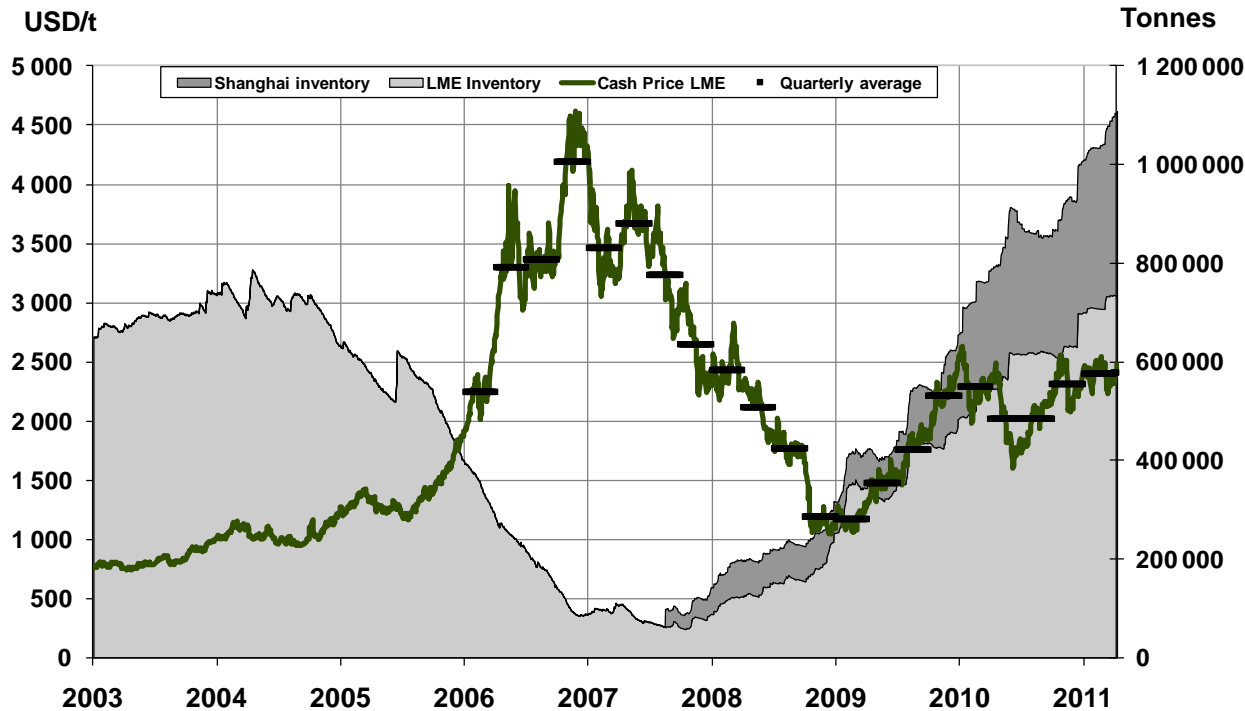
Metals demand growth	Q110	Q210	Q310	Q410	Q111
Global	24%	22%	11%	8%	5%
-Asia	26%	18%	9%	8%	5%
-RoW	23%	25%	13%	8%	5%



Source: © CRU (www.crugroup.com)

Metals demand growth	Q110	Q210	Q310	Q410	Q111
Global	10%	7%	9%	7%	2%
-China	18%	12%	12%	10%	-5%
-RoW	-8%	-5%	-3%	-3%	7%

Zinc Price and Inventories



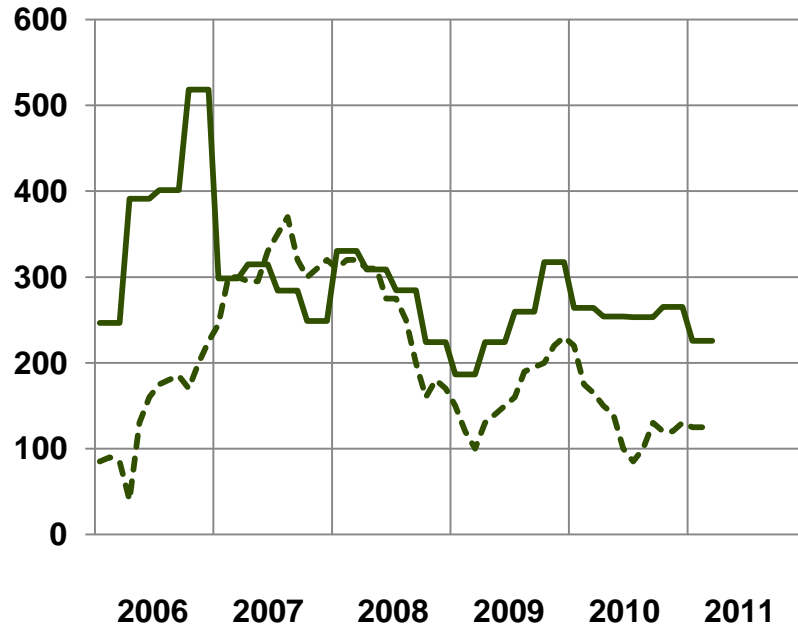
Zinc price (LME average)		
	USD/t	Q1-11 vs period
Q1 10	2,288	+ 5%
Q2 10	2,018	+ 19%
Q3 10	2,013	+ 19%
Q4 10	2,315	+ 3%
Q1 11	2,393	-

- Price decreased in the quarter by 5%
- Inventories up 9% in Q1

Zinc – treatment charges and premiums

USD/
conc.

Zinc treatment charge



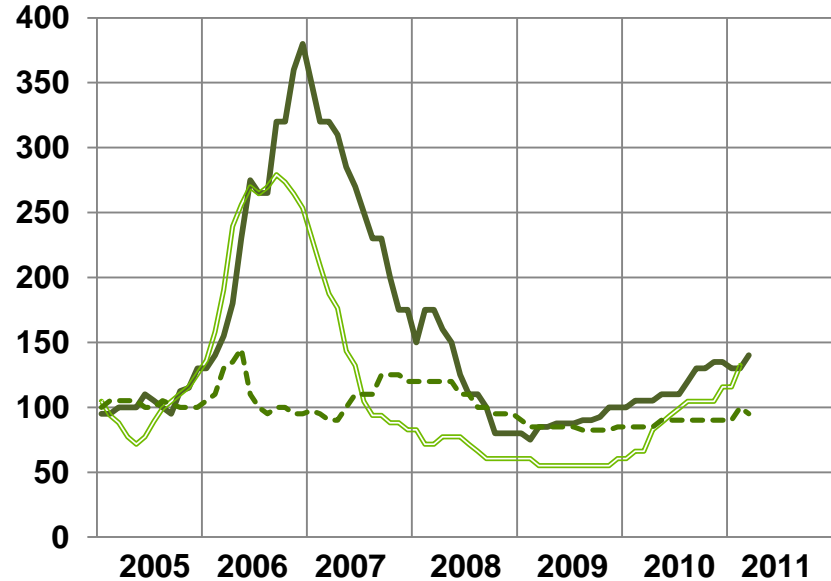
— Realised TC (including price participation)
- - - Spot TC - outturn

Source: © CRU (www.crugroup.com)

- Benchmark TC down – approx 230 USD/ton at 2,500 USD
- Stable spot TC but well below contract TC

USD/
metal

Zinc metal price premium

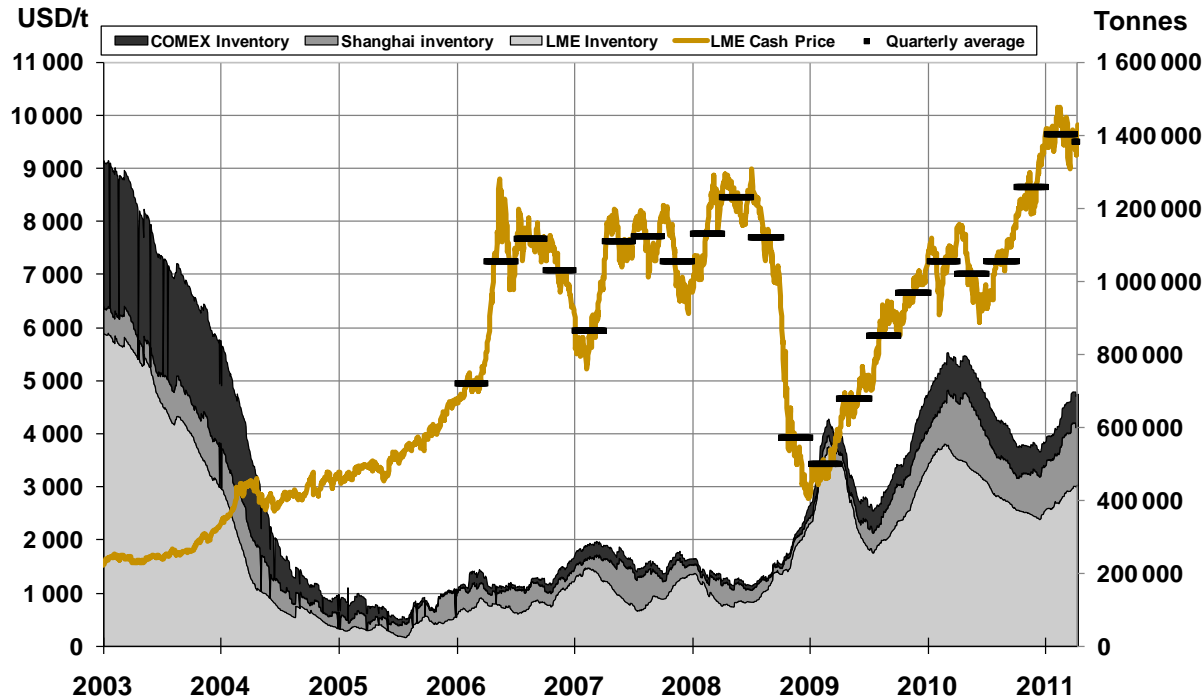


— Europe ex-works — US Midwest Delivered
- - - Far East (Western)

Source: © CRU (www.crugroup.com)

- European premium up

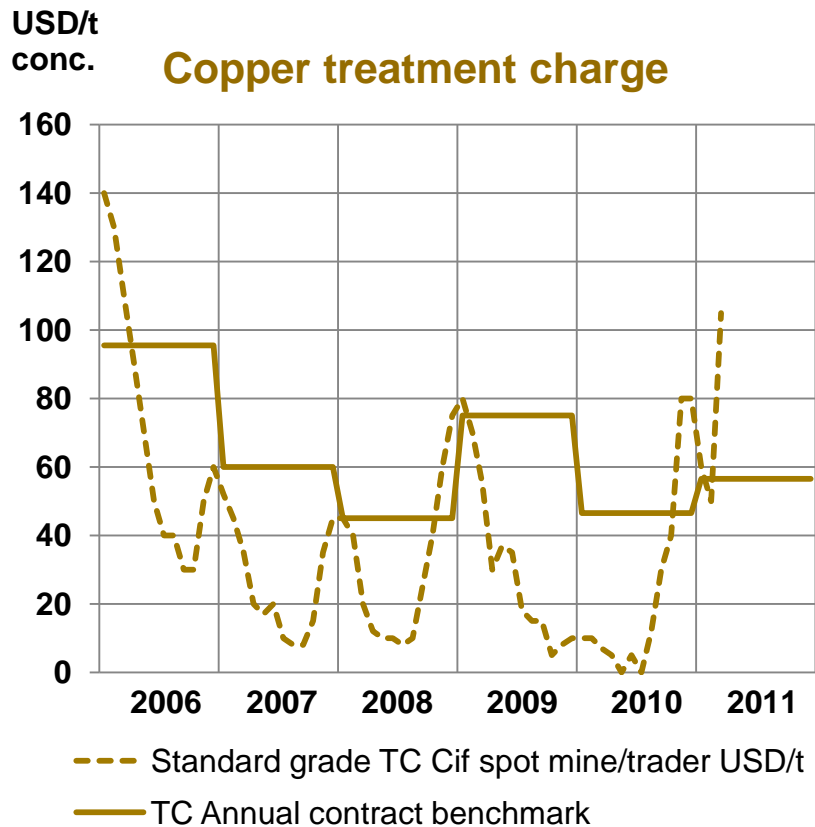
Copper Price and Inventories



Copper price (LME average)		
	USD/t	Q1-11 vs period
Q1 10	7,243	+ 33%
Q2 10	7,013	+ 38%
Q3 10	7,242	+ 33%
Q4 10	8,634	+ 12%
Q1 11	9,646	-

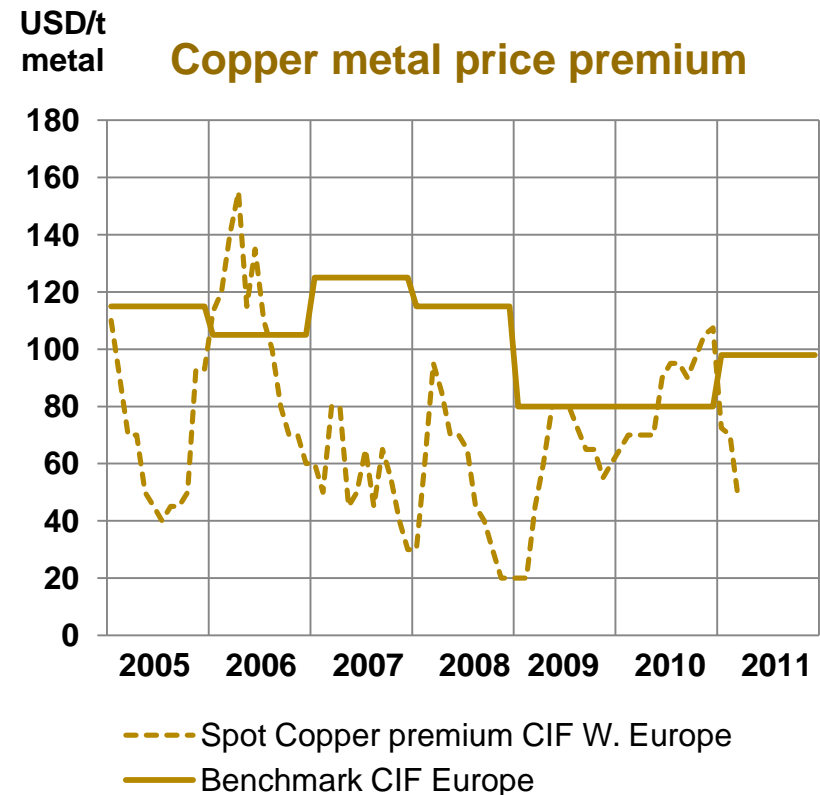
- Price decreased in the quarter by 4%
- Inventories up 21% in Q1

Copper – treatment charges and premiums



Source: © CRU (www.crugroup.com)

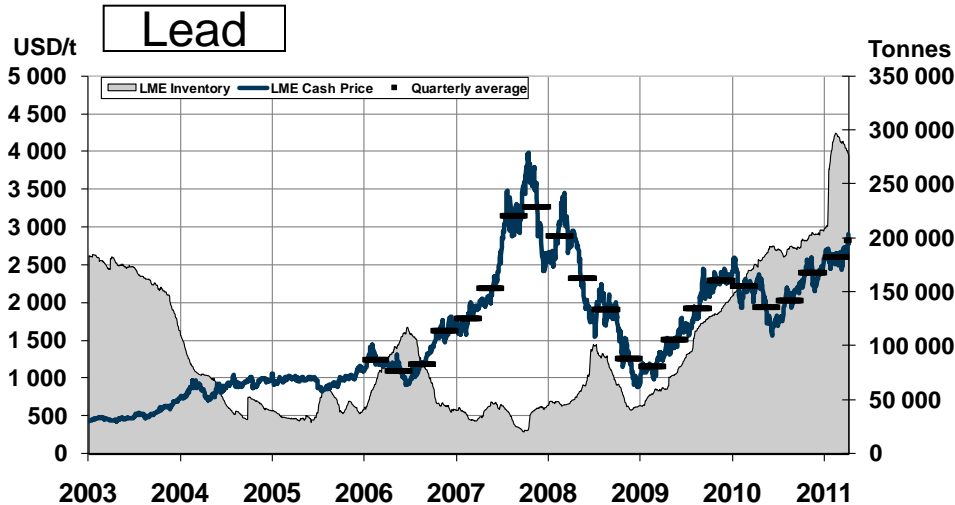
- Benchmark TC/RC up – 46.5 to 56.5 USD/ton
- Spot TC/RC down to contract level in Jan-Feb, up sharply in March



Source: © CRU (www.crugroup.com)

- European premium sharply down

Gold, Silver and Lead prices



Average prices Q1 2011 vs period

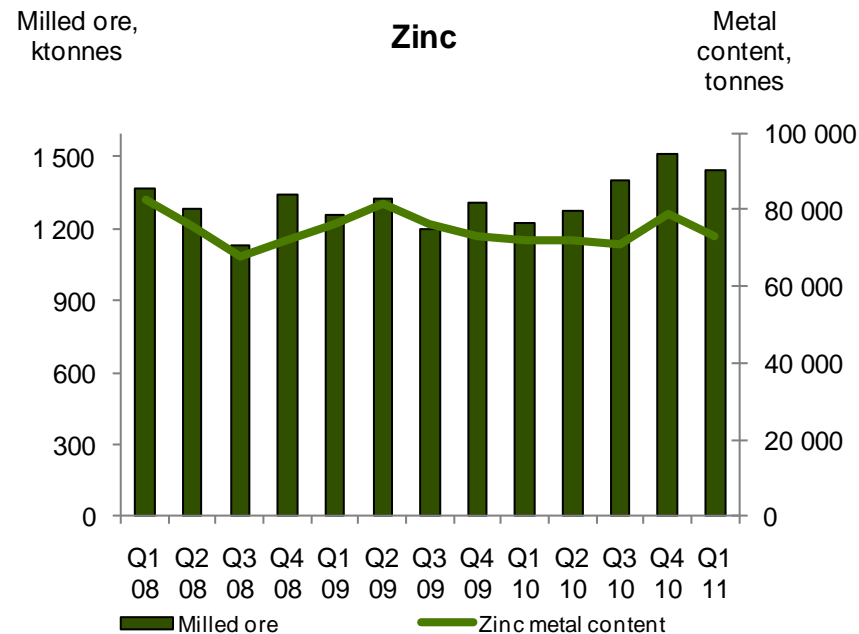
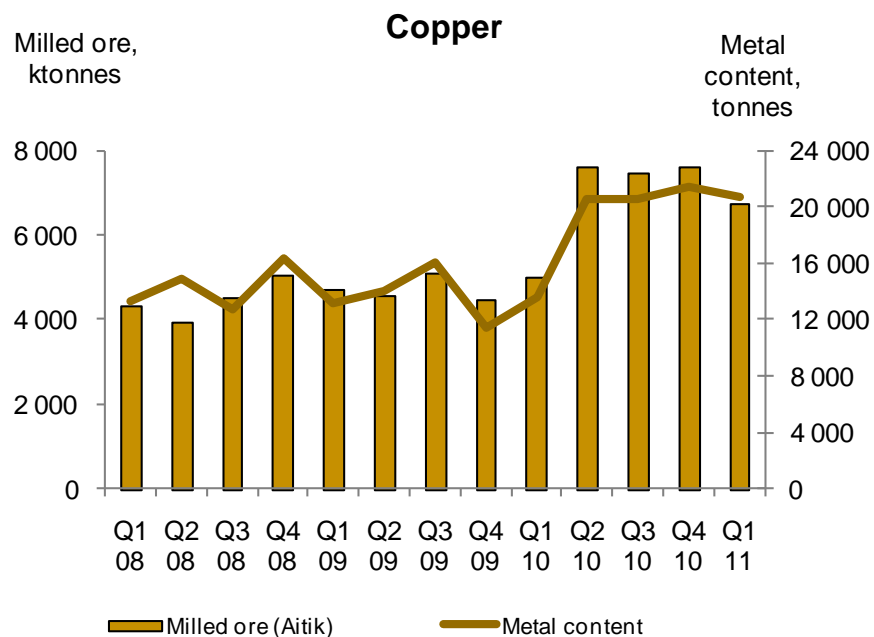
	Q1-10	Q4-10
Gold	+ 25%	+ 1%
Silver	+ 88%	+ 21%
Lead	+ 17%	+ 9%



Business Area Mines

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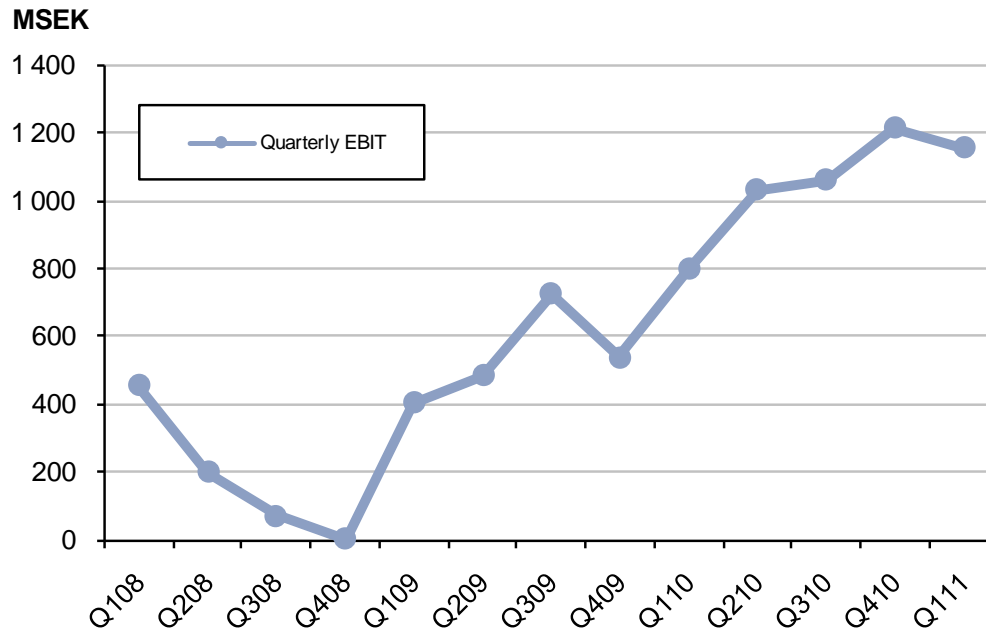
Mines - Production



- Metal production -4% vs Q4
- Low production in Aitik
 - Low availability on crushers
- Volumes up sharply in Boliden area

- Metal production -7% vs Q4
- Lower grades in Boliden area and Garpenberg

Mines - Financial Summary Q1



■ EBIT

— MSEK 1,156 (800) in Q1

— MSEK 1,217 in Q4 2010

■ Volumes down

■ Low crusher availability in Aitik

■ Costs slightly higher excluding Q4 one-offs

Aitik Expansion - update

- Ramp-up period
- Mine and logistics
 - Action plan, improved truck availability
- Crushers
 - All ore through new crushers Q1-Q2
 - Availability not yet satisfactory
 - Crusher 165 (old) disconnected, to be reconnected end Q2
- Grade decline late Q2
- 36 Mtonnes 2014

	Capacity	Reliability
Mine and logistics	√	
Crushers	√	
Conveyors	√	
Mills	√	√
Flotation	√	√

Garpenberg Expansion - update

- Project
 - Capex: SEK 3.9 billion
 - Ore production from 1.4 to 2.5 million tonnes
 - Production starts 2014 , full production end 2015
 - New concentrator and underground infrastructure
 - Production through 2030
- Hedging
 - Zinc, copper, lead, gold and silver
 - Approx 1/3 of Group's metal price risk
 - Corresponding exchange rate risk
 - Refers to 2011, 2012 and 1H 2013



Kankberg - update

■ Project

- Capex: MSEK 475
- High rate of return
- Life of mine - 2020
- Start mid 2012
- Production (yearly average):
 - Ore 320 ktonnes
 - Gold 1,150 kg¹⁾ (high yearly variations)
 - Tellurium 41 tonnes¹⁾

■ Hedges and contracts

- Gold production hedged, 80% at 1,460 USD/tr oz
- Tellurium sales, long term contract at 280 USD/kg



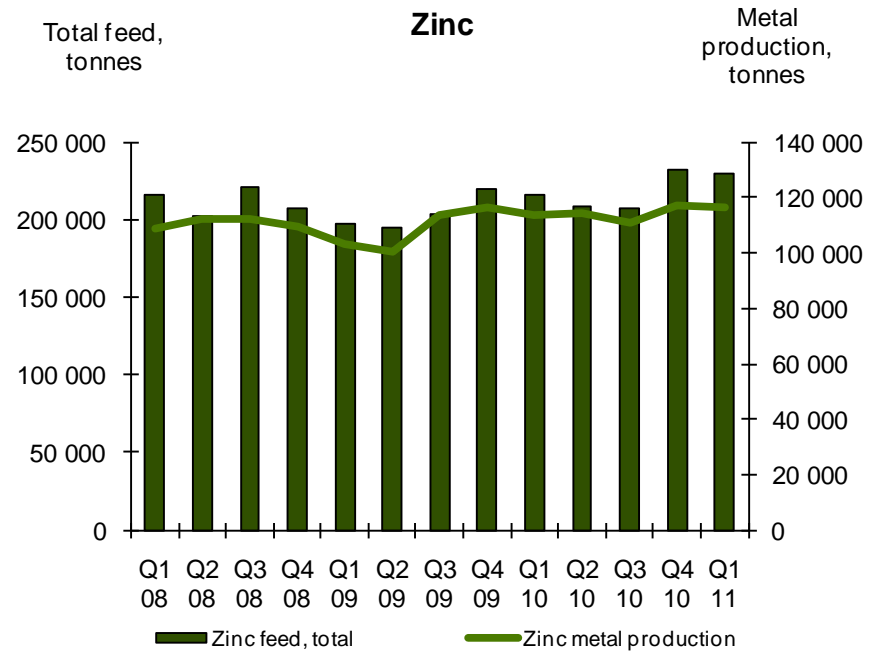
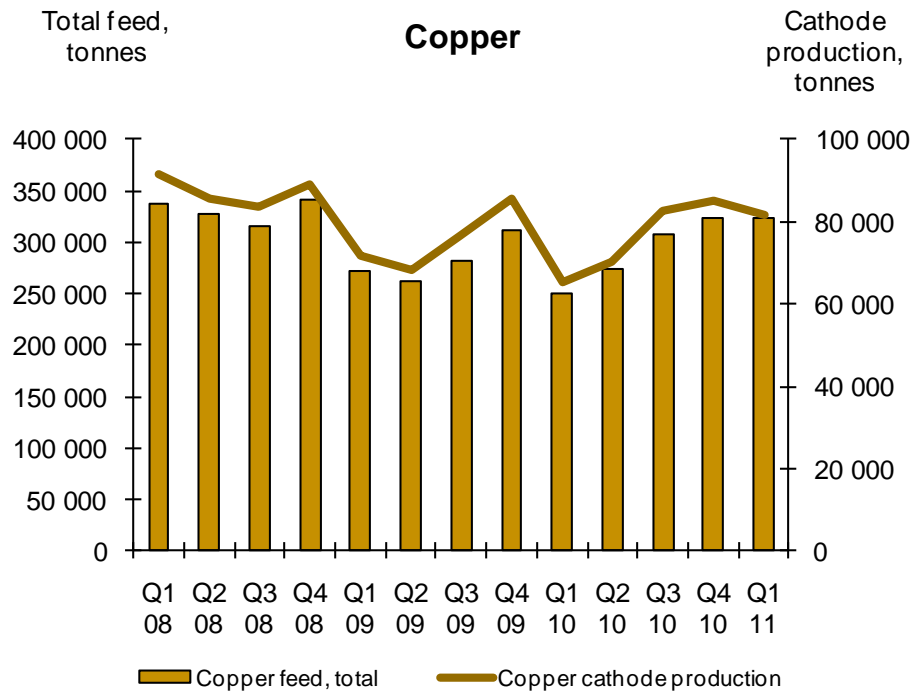
¹⁾ Metal in concentrate



Business Area Smelters

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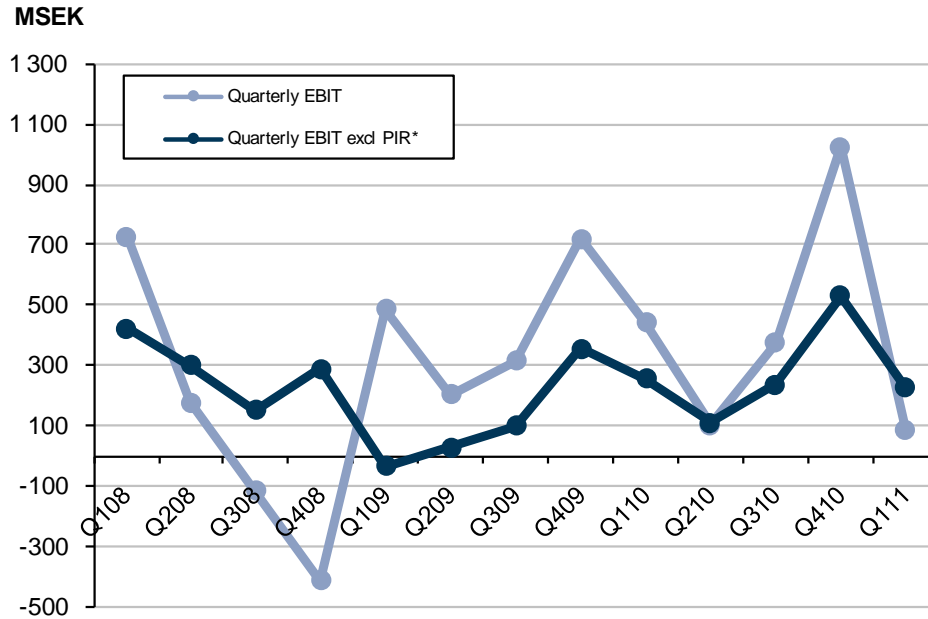
Smelters - Production



- Strong YoY but lower than Q4
- Lead alloys -15 % compared to Q4

- Kokkola -4 % compared to Q4
- Odda +5 % compared to Q4

Smelters – Financial Summary Q1



- EBIT excl. PIR*
 - MSEK 226 (256) in Q1
 - MSEK 530 in Q4 2010
- Lower volumes of free metals
- Unfavourable feed mix
- Lower zinc TCs

* Process Inventory Revaluation

Update E-scrap expansion

- Increased recycling capacity for electronic scrap from 45,000 to 120,000 tonnes/year
- New recycling plant – Capex 1.3 billion
- Start 2011/2012
- On plan





Financials

Financial Summary

MSEK	Q1 2011	Q4 2010	Q1 2010
Revenues	10 158	10 120	8 316
Operating profit (EBIT)	1 359	1 942	1 230
EBIT excl Process Inventory Revaluation	1 500	1 445	1 043
EBIT excl PIR margin	15%	14%	13%
Free cash flow	448	1 850	-52
Capex	664	1 025	598
Earnings per share, SEK	3,51	5,17	3,21
Gearing	21%	24%	43%

Group EBIT Q1 2011 versus Q1 2010

MSEK	Q1 2011	Q1 2010	Q4 2010
EBIT	1 359	1 230	1 942
Process Inventory revaluation	-142	187	496
EBIT excl Process Inventory	1 500	1 043	1 445
Revaluation			
Deviation		457	55
Specification of deviation			
Volume		529	-238
Costs		-464	144
Prices & Terms		819	400
Metal prices and terms		1 045	411
Realised Metal- & Currency hedge*		-184	45
TC/RC terms		-80	-68
Premiums		34	47
Definitive pricing (MAMA)*		4	-35
Currency effects		-426	-239
w hereof translation effects		-33	-11
Others		-1	-12
Deviation		457	55
*Result for respective period			
Realised Metal- & Currency hedge	12	196	-33
Definitive pricing (MAMA)	-10	-14	25

✓ Higher Copper production in Aitik

✓ Aitik expansion
✓ Higher energy costs

✓ Copper USD/ton +33%
✓ Zinc USD/ton +5%

✓ USD/SEK -10 %
✓ EUR/SEK -11 %

Group EBIT Q1 2011 versus Q4 2010

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Definitive pricing (MAMA)	-10	-14	25

- ✓ Lower production volume in Aitik
- ✓ Lower grades in both Boliden and Aitik
- ✓ Lower free metals in Rönnskär

- ✓ One-off reclamation costs Q4
- ✓ Higher personnel costs in Q4

- ✓ Copper USD/ton +12 %
- ✓ Zinc USD/ton +3%

- ✓ USD/SEK -4 %
- ✓ EUR/SEK -4 %

Cash Flow

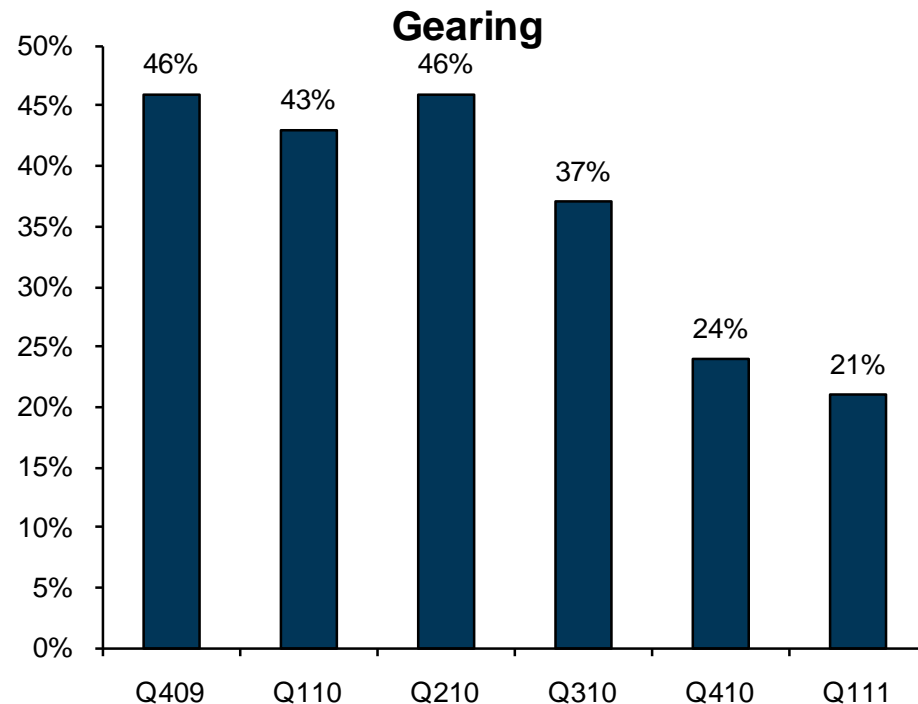
MSEK	Q1 11	Q4 10	Q1 10
Op profit before depreciation (EBITDA)*	1 833	2 397	1 632
Changes in working capital*	171	483	-1 274
Capital expenditure	-664	-1 025	-598
Free cash flow	448	1 850	-52

*Includes Process Inventory Revaluation

- Tax payment of MSEK 908 in Q1
- Capex in 2011 approx. SEK 4-5 billion

Capital Structure

SEK bn	31 Mar	31 Dec
Unless otherwise stated	2011	2010
Total Asset	35,1	35,1
Capital employed	26,8	27,2
Shareholders' equity ¹	19,6	18,8
Net debt	4,1	4,6
Gearing %	21	24
Equity/asset ratio, %	56	54
Duration of committed credit facilities, years	3,9	4,2
Average interest rate, %	3,34	3,29
Interest duration, years	1,7	2,0
Net payment capacity	11,154	10,728



1. Shareholders' equity includes the value of outstanding hedge contracts

Sensitivity Analysis

Change in metal prices, +10%	EBIT effect, SEK m	Change in USD, +10%	EBIT effect, SEK m	Change in TC/RC, +10%	EBIT effect, SEK m
Copper	475	USD/SEK	1 060	TC Zn	40
Zinc	530	EUR/USD	395	TC/RC Cu	45
Lead	105	USD/NOK	75	TC Pb	-10
Gold	115				
Silver	185				

Summary

- Low mine production in quarter
- Lower volumes of free metals and lower zinc TC put pressure on smelter profits
- Aitik ramp-up:
 - Crusher availability still low
 - Old crusher reconnected end of Q2
 - Grades decline late Q2
 - 36 Mton/year 2014
- E-scrap expansion in Rönnskär – 2011/2012
- Kankberg gold mine 2012
- Garpenberg expansion 2014 and new hedge program

- Maintenance stops in Q2 will effect EBIT by 170 MSEK, lower in Q3

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A silver Volvo station wagon is parked in a dark tunnel. Two workers in high-visibility vests and hard hats are standing in the background, looking towards a bright light source. The text "Boliden producerar metaller för det moderna samhället" is overlaid on the image.

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