

# Business model & Strategic direction – BA Marketing & Sales

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Mining



Smelting  
and  
Refining



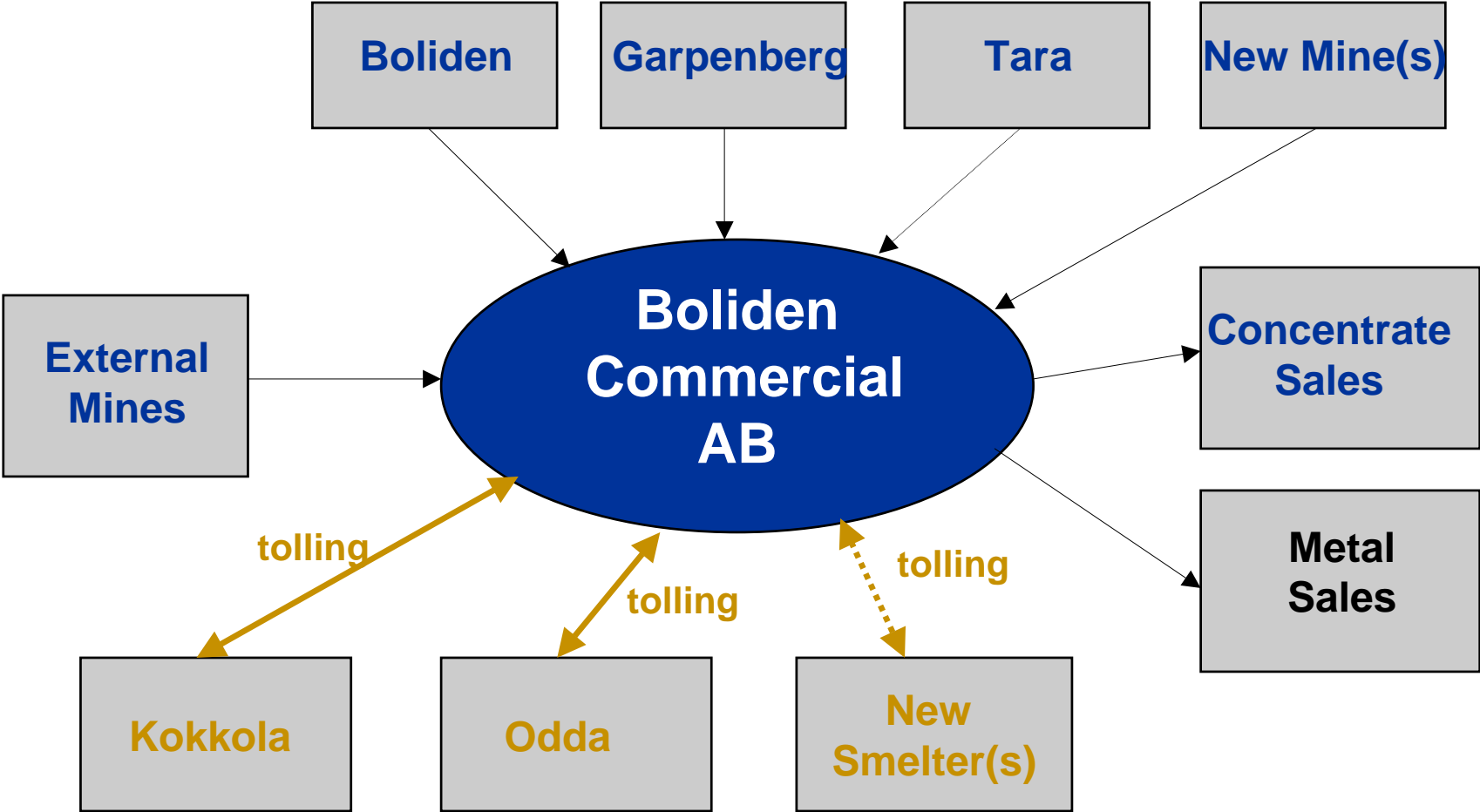
Zinc



Copper

 **BOLIDEN**

# Business model Zinc



# Business rational for Commercial

- **Mining and smelting cost is mostly about cost efficiency**
- **Commercial strategy must support overall strategy**
- **Role of commercial**
  - **Handle raw material and finished products in a centralised, cost efficient way**
  - **Risk management (offset hedging) of metals and currencies**
  - **Logistics**
- **Commercial measured against performance on**
  - **Commercial achievements (TC/RC and premiums)**
  - **Working capital management**
  - **Cost control**



# Mine and smelter income sharing

## Mine

### Income

+ Payable metals

### Deduction

- Penalties

- TC/RC, incl pp or escalator

- The mine is responsible for the transportation cost to unloading port

## Smelter

### Income

+ Total metal production

+ Payable

+ Free metal

+ TC/RC, incl pp or escalator

+ Penalty elements

+ Premium on metal

### Deduction

- Payable metals

- The smelter is responsible for the transportation cost of the metal to the customer

# Metal trade

- The standard metal quality is LME approved grade (Grade A cathodes and SHG zinc slabs)
- Additional zinc qualities (non LME deliverable qualities) are Continuous Galvanizing Grade (CGG) and Die Casting Alloys (DCA)
- The metal is sold at a LME quotation (USD/t) plus a premium
- The premium reflects the difference to the LME delivery, like
  - Quality
  - Delivery
  - Pricing difference
  - Payment terms
  - Credit risk etc