

Market analysis

President & CEO Jan Johansson



Mines



Smelters



Zinc

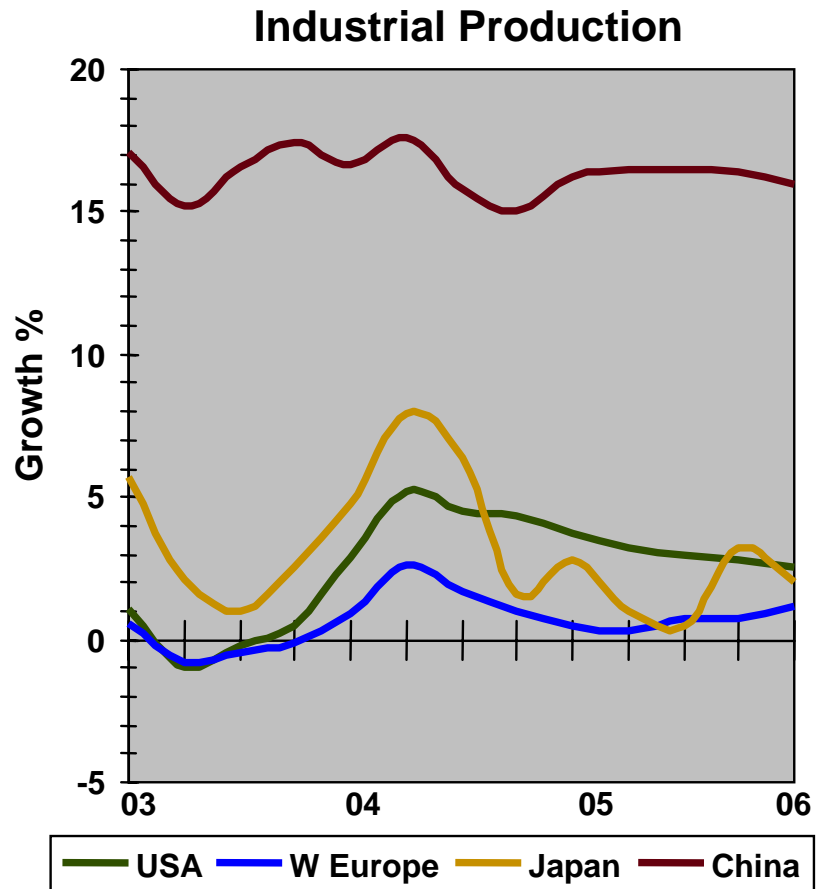


Copper

BOLIDEN

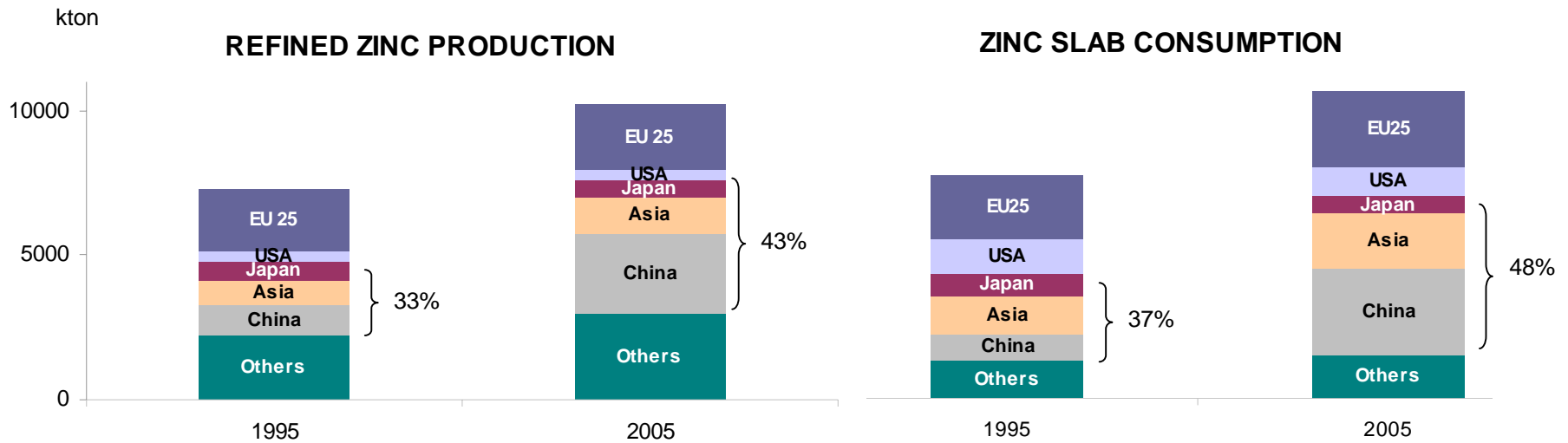
Continued strong growth in China – lower growth rate in the rest of the world

▪ Global	2006 Q1*
- Cu-consumption	5.5 %
- Cu-production	7.3 %
- Zn-consumption	3.4 %
- Zn-production	1.1 %
▪ USA	
- Cu-consumption	9.9 %
- Zn-consumption	0.0 %
▪ Europe	
- Cu-consumption	2.6 %
- Zn-consumption	0.0 %
▪ China	
- Cu-consumption	10.6 %
- Zn-consumption	9.5 %
▪ Continued good forecast	for 2006

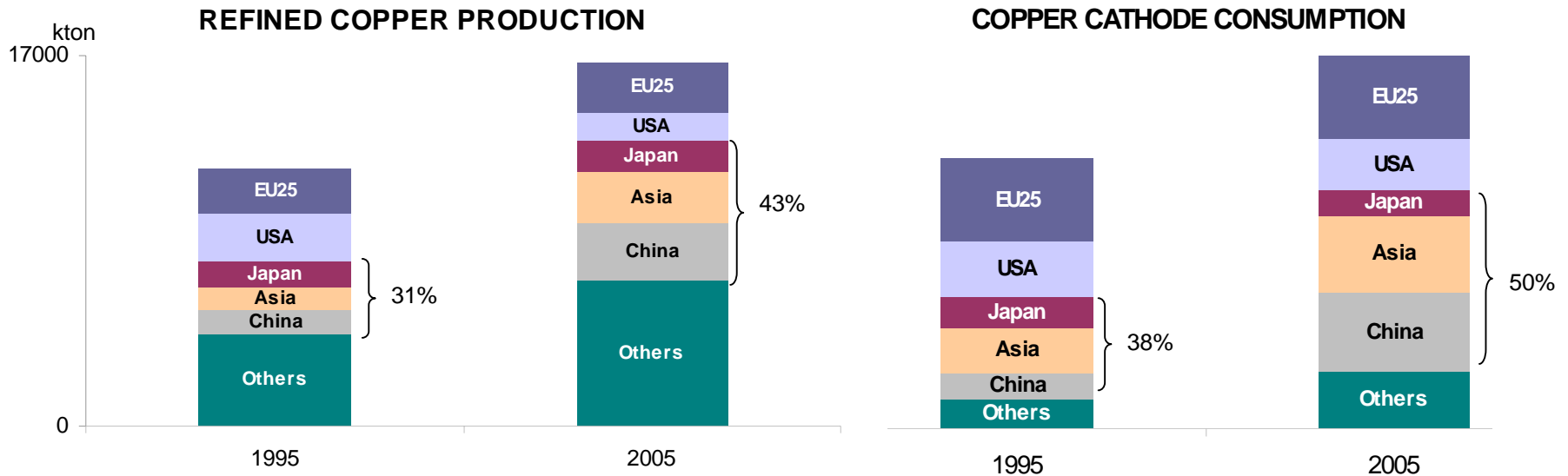


•Q1 2006 v.s. Q1 2005

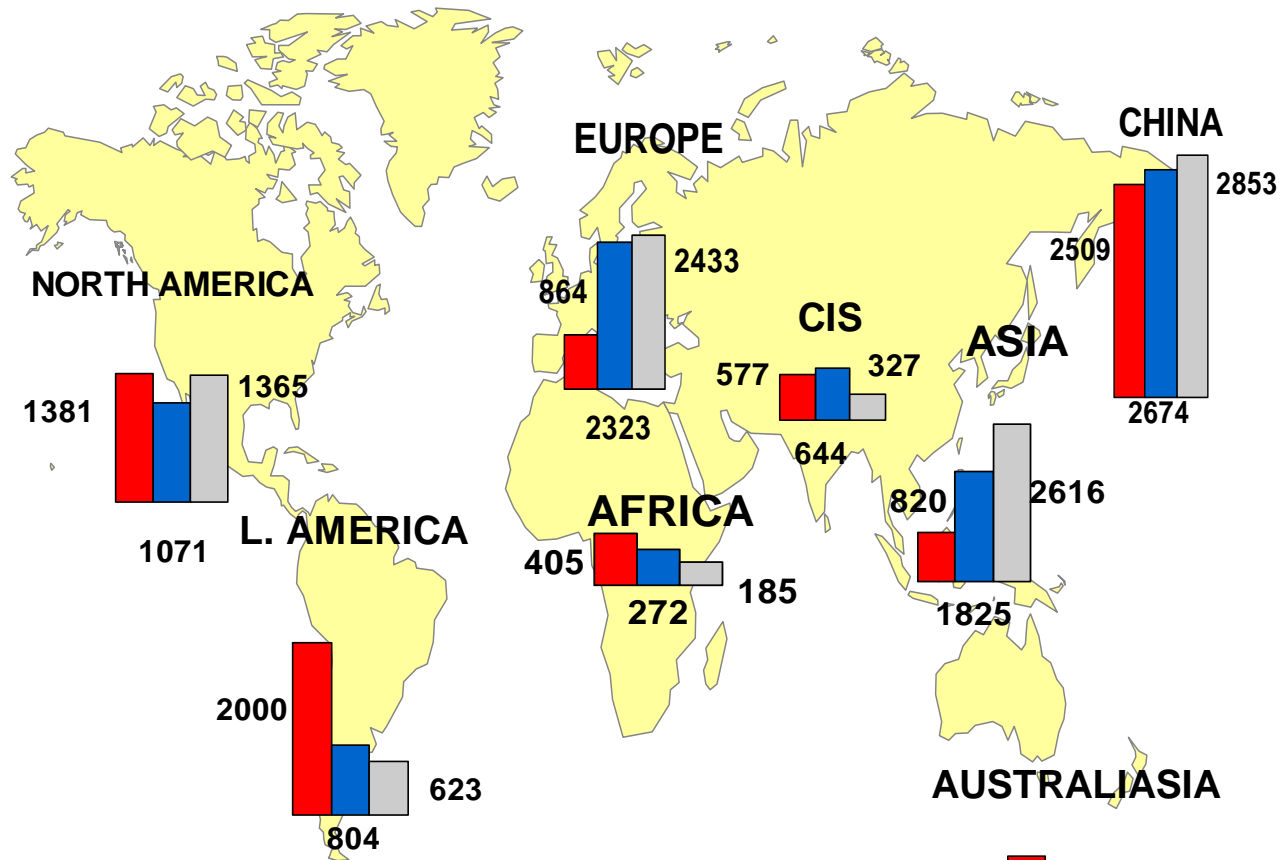
Zinc production and consumption 1995 vs 2005



Copper production and consumption 1995 vs 2005



China and the rest of Asia together represent 43% of global zinc metal production and 48% of consumption

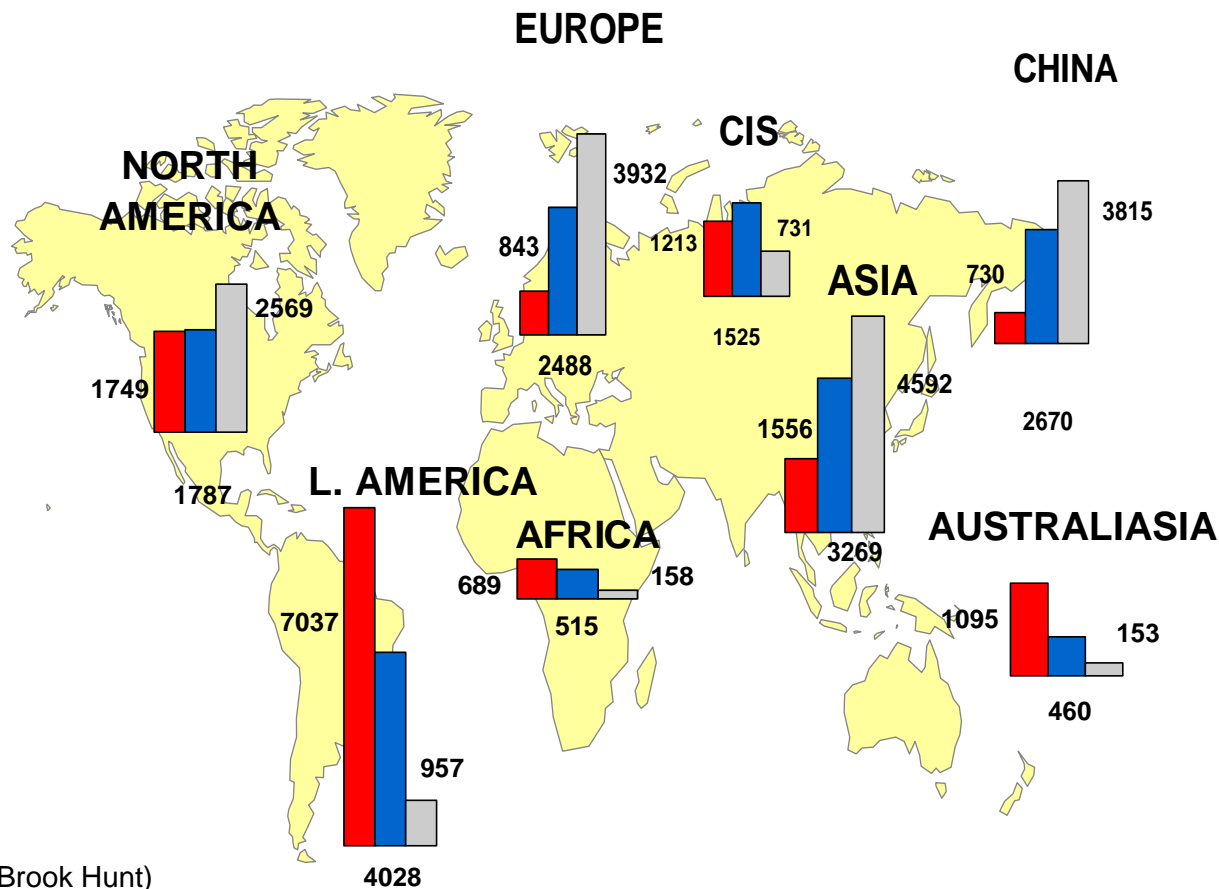


('000 tonnes 2005, Brook Hunt)

■ Mine Production	9901
■ Metal Production	10068
■ Metal Consumption	10663



China and the rest of Asia together represent 43% of global copper metal production but 50% of consumption

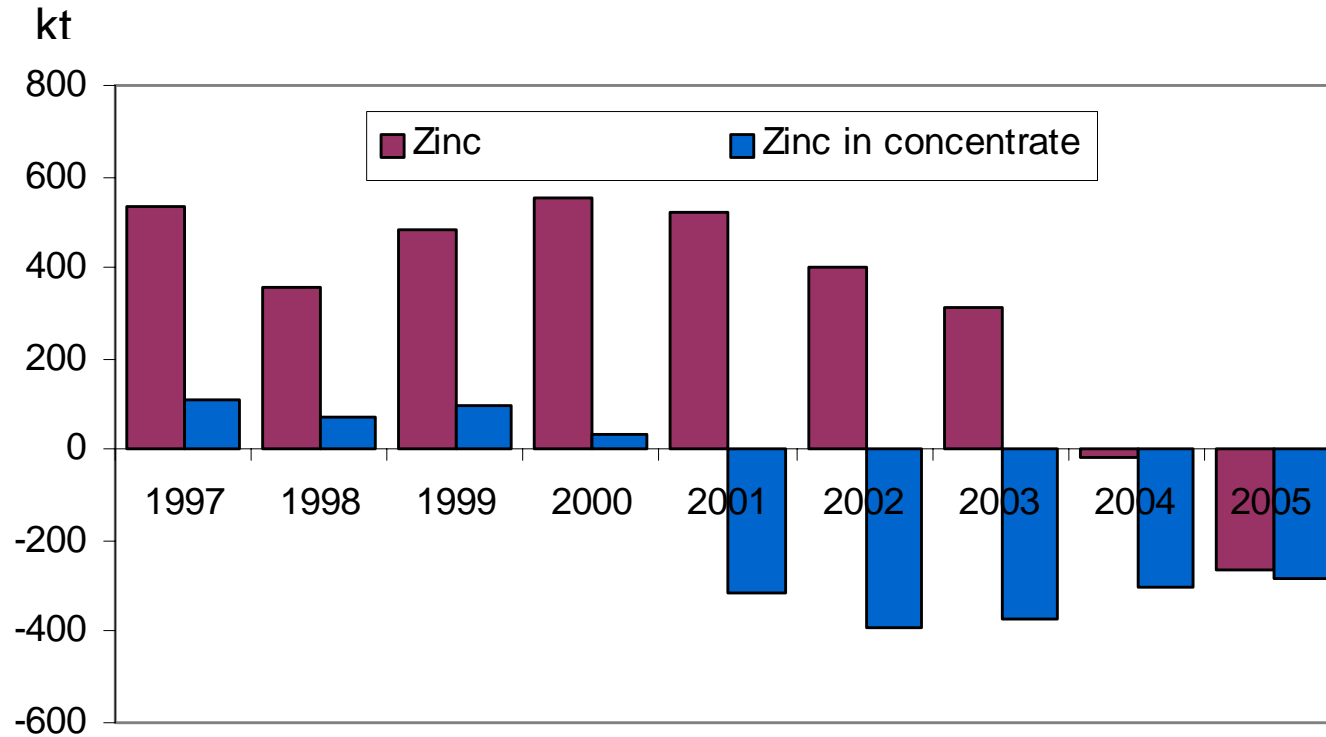


('000 tonnes 2005, Brook Hunt)

■	Mine Production	14912
■	Metal Production	16740
■	Metal Consumption	16907

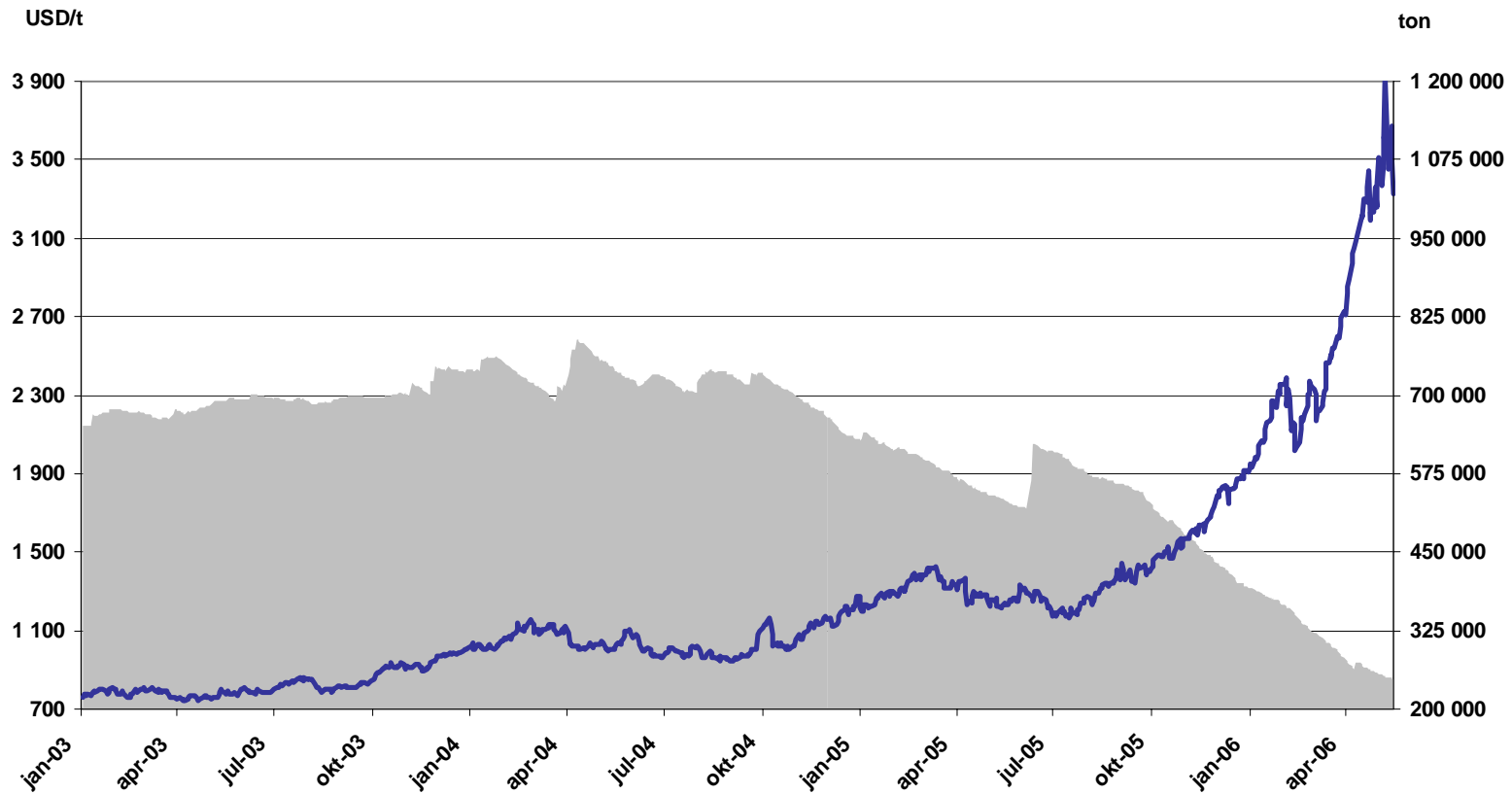


China refined zinc and concentrate trade

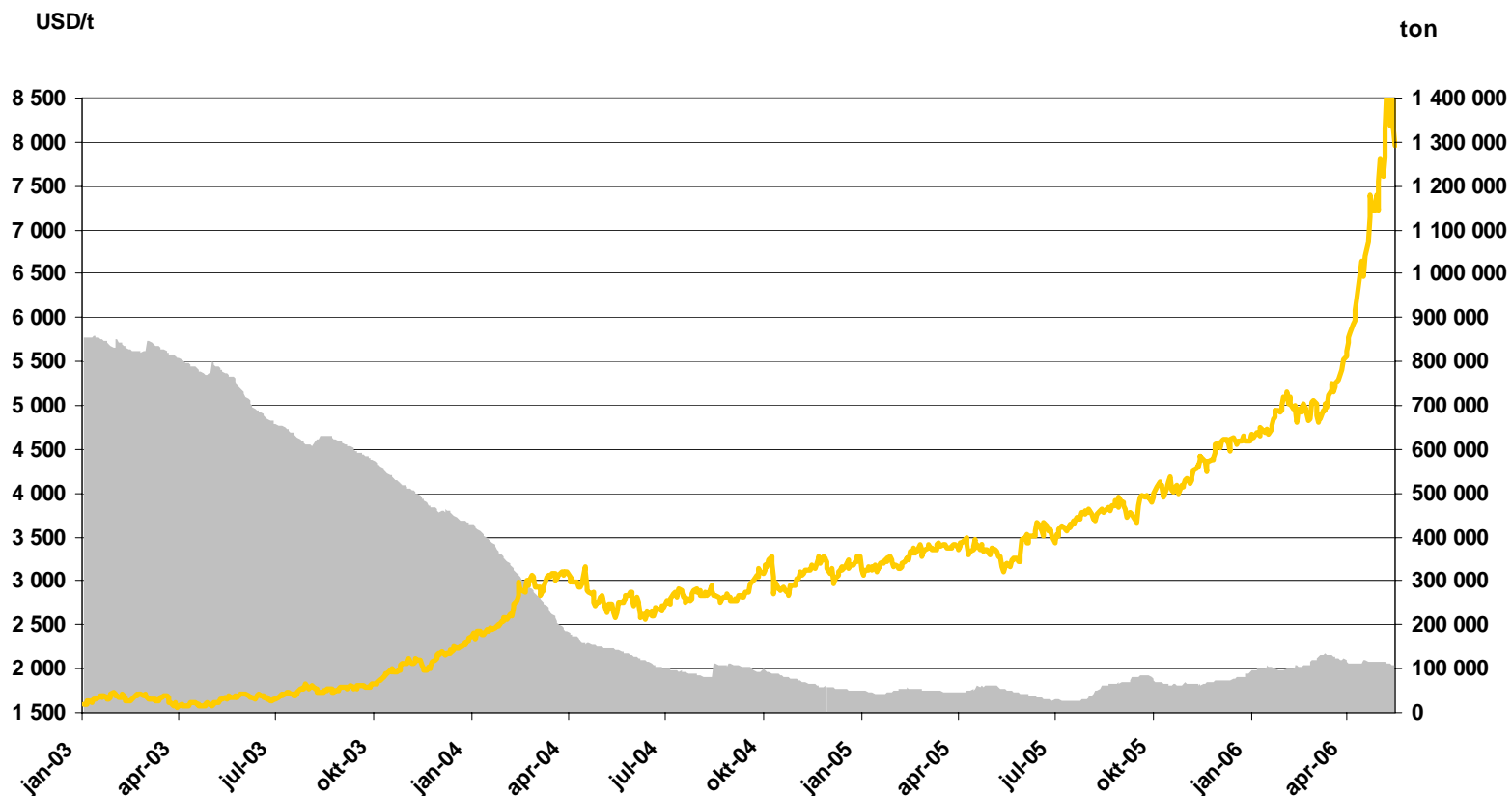


Source: Brook Hunt

LME Zinc Price and Stocks

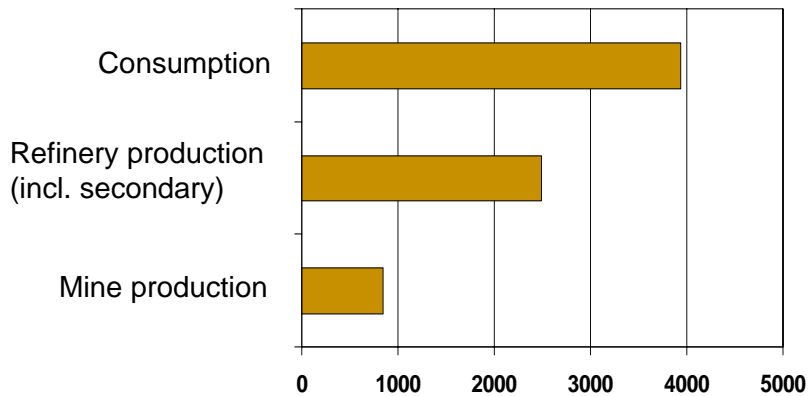


LME Copper Price and Stocks

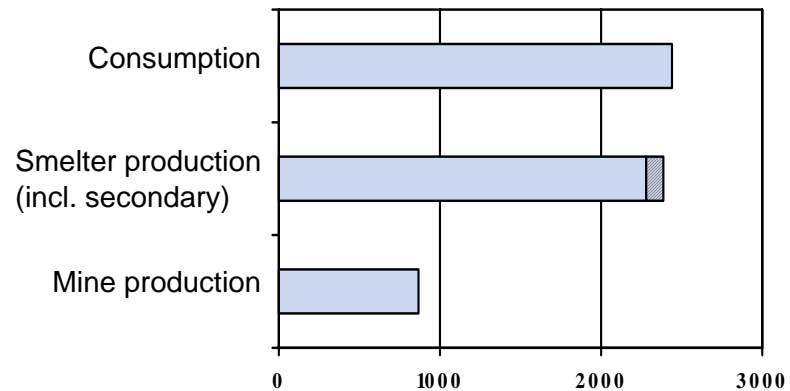


Europe copper and zinc balance 2005

Europe copper balance (kt Cu)



Europe zinc balance (kt Zn)



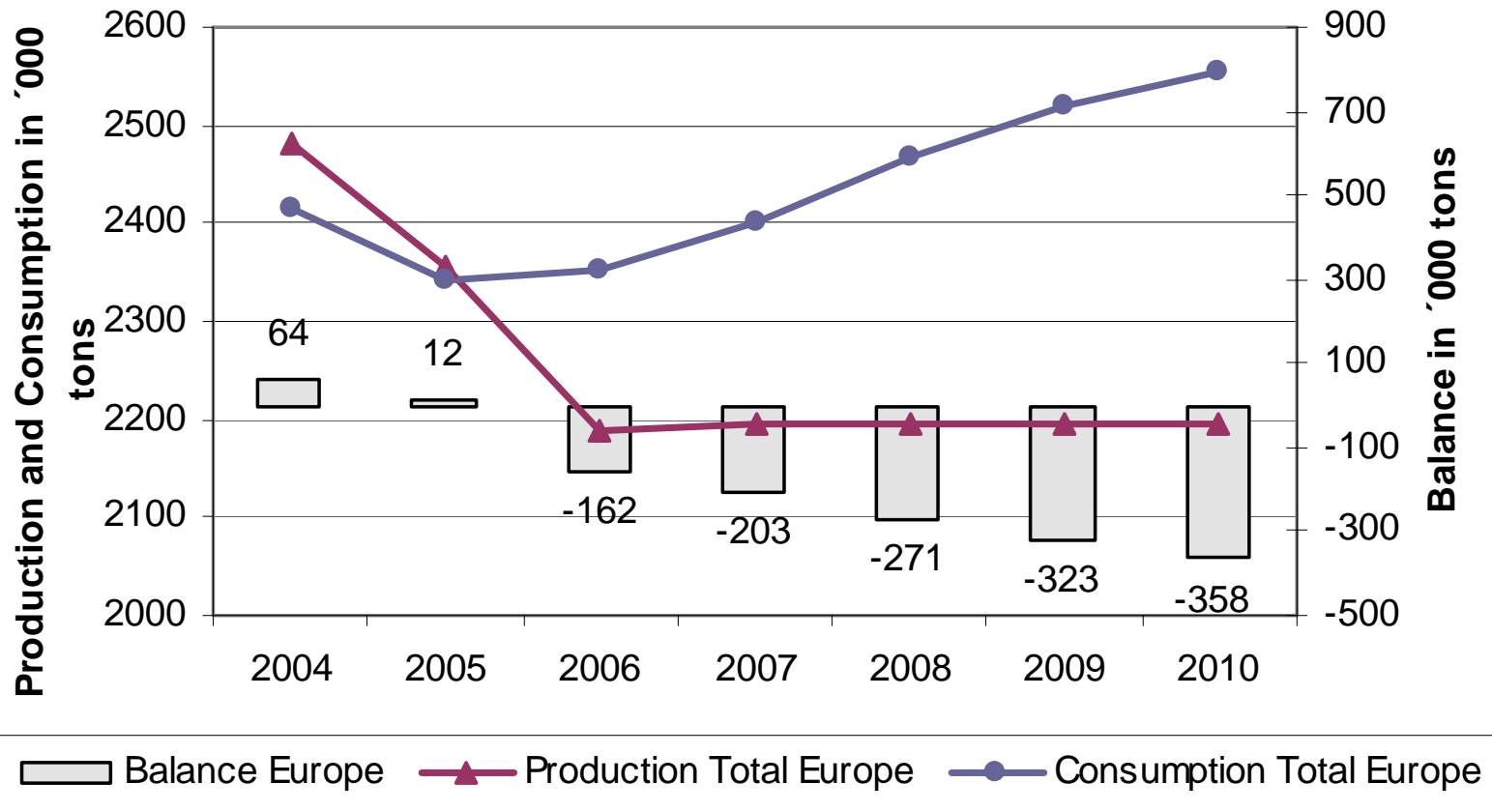
Copper balance and market in Europe

- Depending of import of copper concentrate and copper cathodes.
- Consumption of copper is far beyond production capability.

Zinc balance and market in Europe

- Depending of import of zinc concentrate.
- Consumption and production of zinc, balanced by imports mainly from Namibia (Skorpion material)
- ▨ ■ Expected effects from 2005 closures

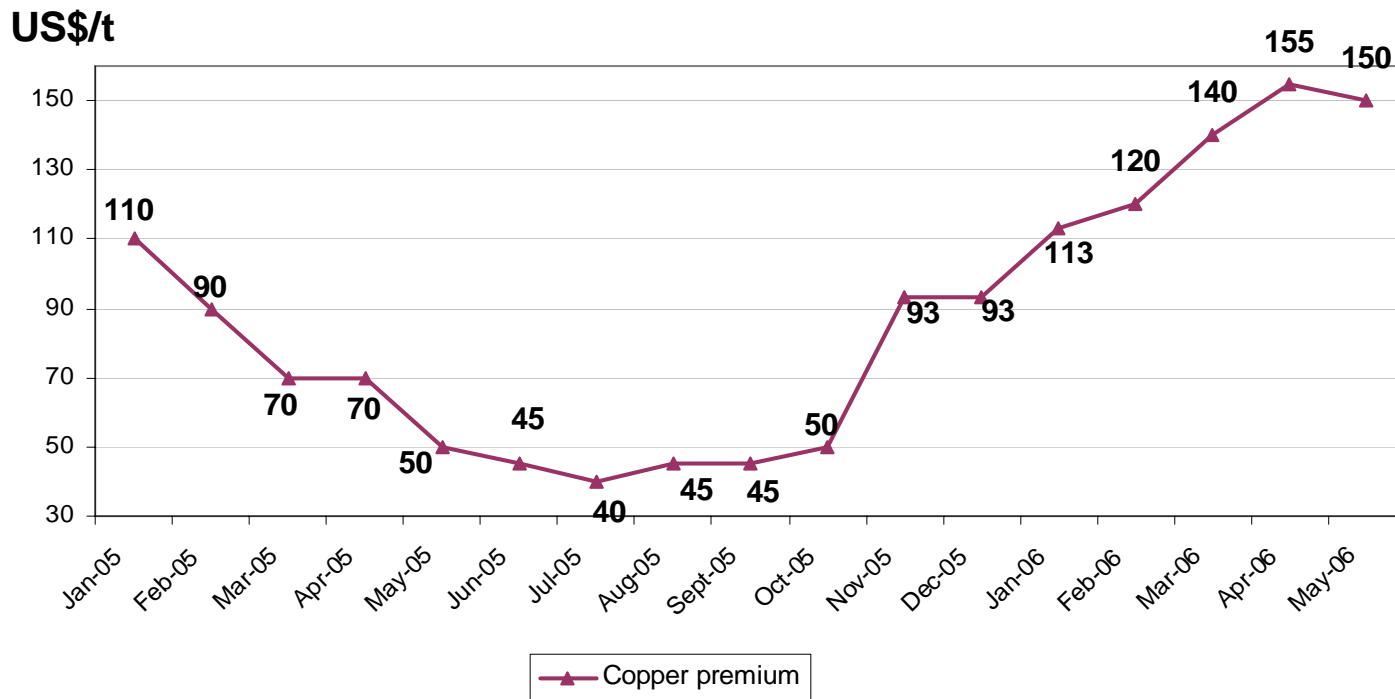
Increased demand for zinc import in Europe



data: CRU Zinc Quarterly, 1st quarter 2006; comparison of forecasted Zn metal production capacity and Zn metal consumption



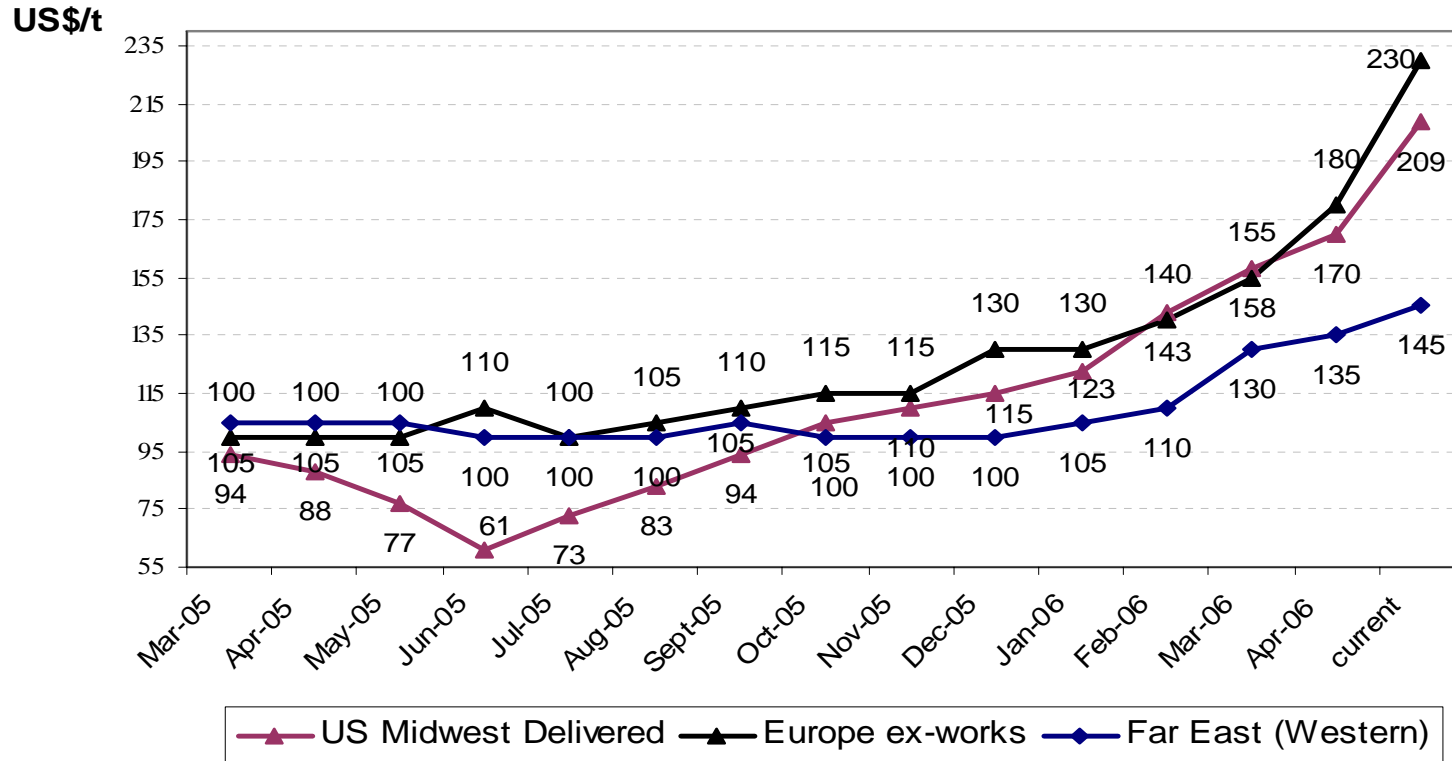
Increased copper metal premium



Source: Brook hunt



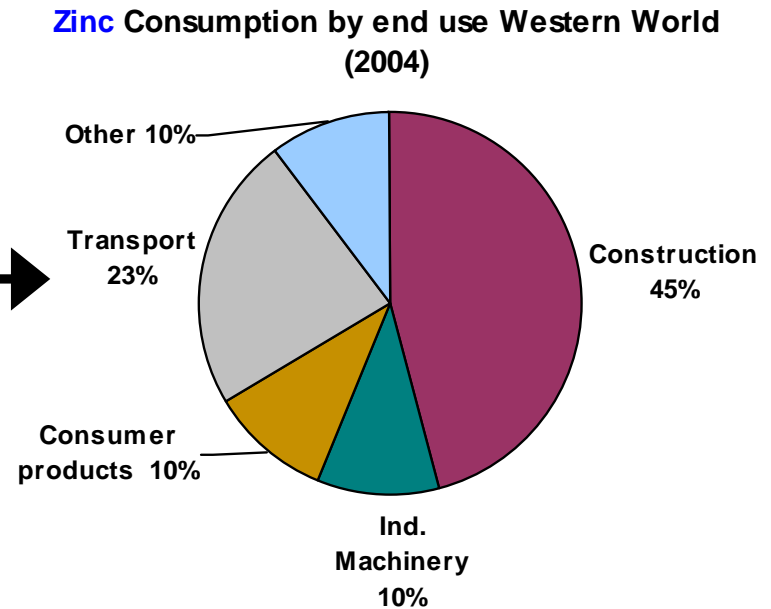
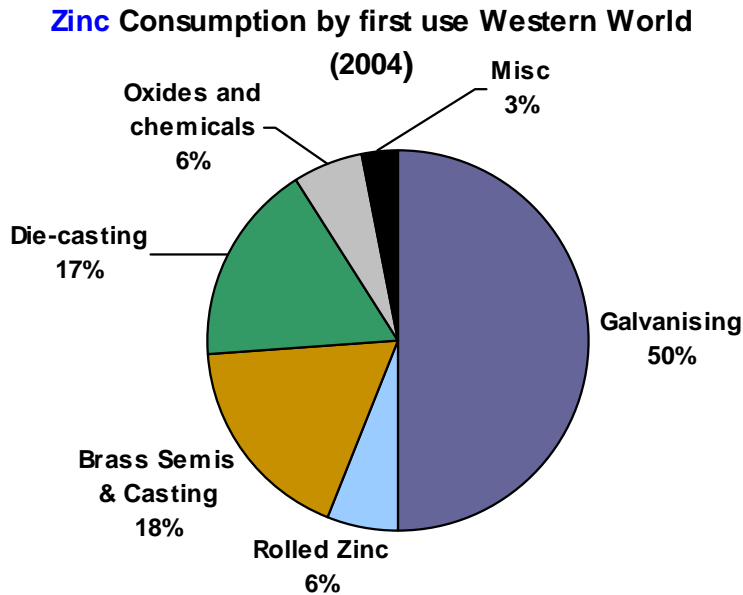
Increased zinc metal premium



Source: CRU Monitor Zinc



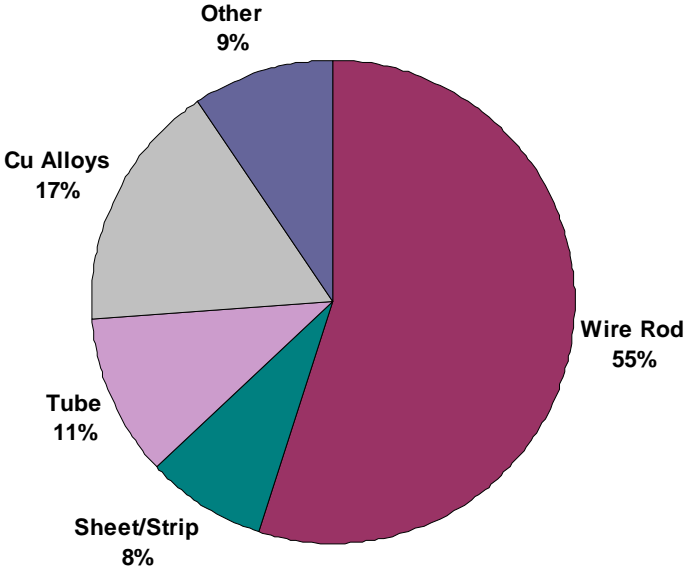
The galvanizing industry is the biggest customer of zinc metal



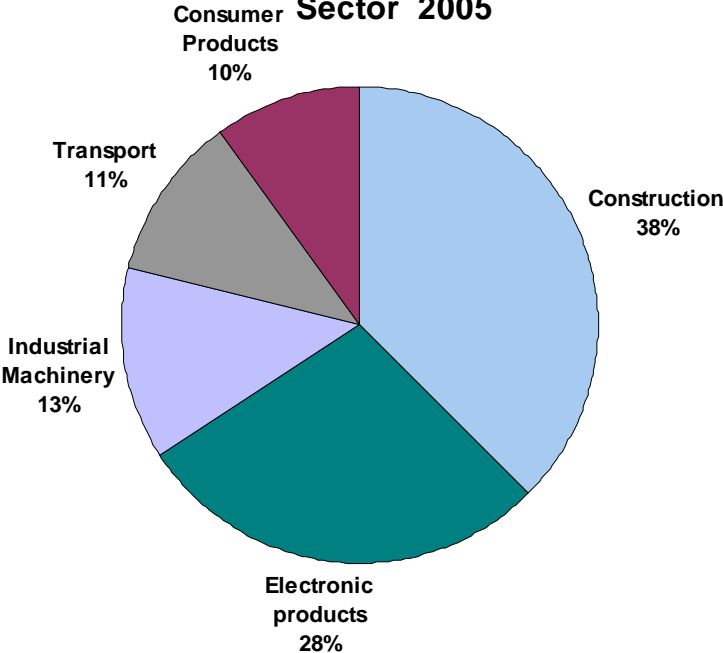
Source: Brook Hunt

Boliden's major copper customers are found in the wire rod sector, where a premium is paid for quality.

Copper Consumption by First Use 2005



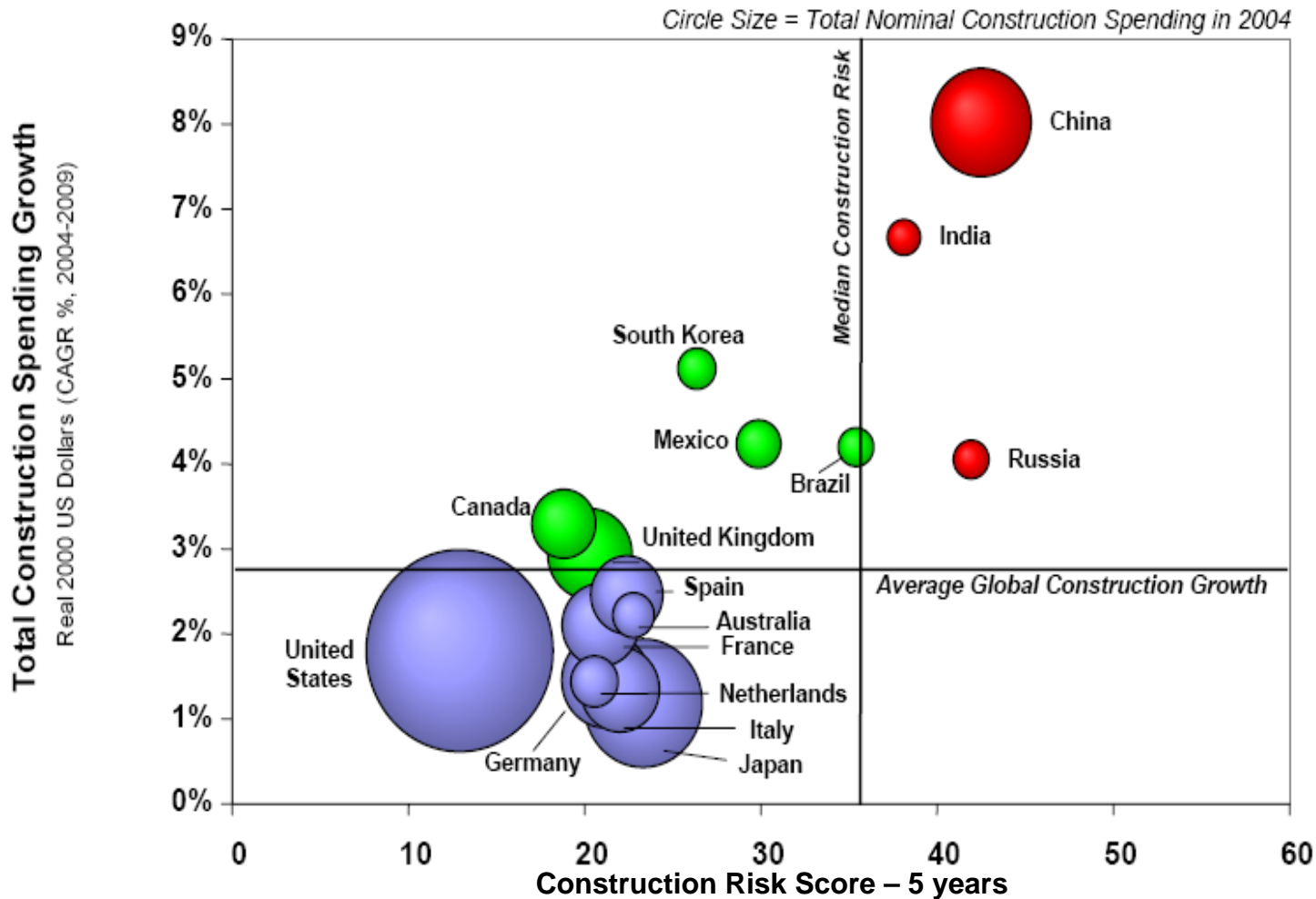
Copper Consumption by Market Sector 2005



Source: Brook Hunt



Boliden's customers are located in north-western Europe (Nordic Countries, UK, Germany, France) – markets with big volumes in construction activity – now and in the future

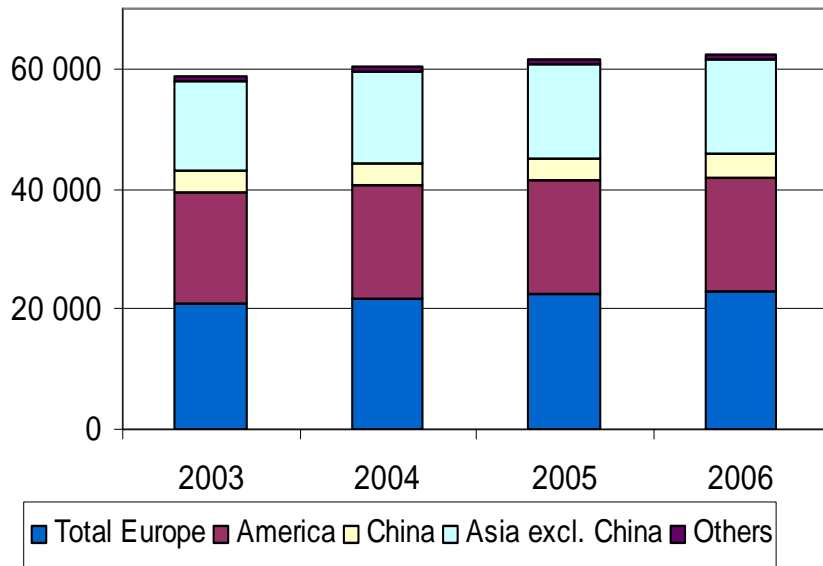


Source: Global Insight



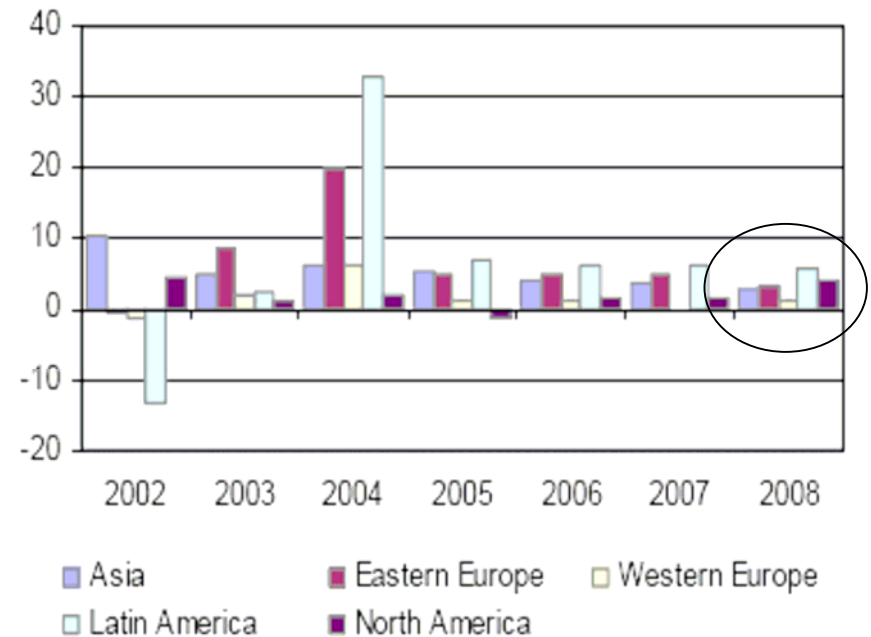
Europe has been and will stay an important player in the automotive industry – an important factor for Boliden's customers

units **World Wide Vehicle Production**



Vehicles: passenger + utility cars

Motor Vehicle Industry Growth
(Percent)



source: GI, Metal Bulletin's 10th International Galvanizing & Coil Coating Conference, Oct 2005



Despite many different replacement products, zinc is still very competitive

- Aluminum, e.g.. in car bodies gives weight reduction (energy savings) and corrosion resistance. But automotive industry can't change fast and demands heavy investments.
- Minimal risk of substitution in European galvanizing market. Painting could be used instead of galvanizing and is short term financial beneficial.
- Plastics, e.g. pipes, handles etc.
- Wood in construction details.
- No immediate risk of substitution for zinc die-casting, but there is a risk of move to low cost countries.

Threats to the copper market exist, but there are few real replacement products for Boliden high-grade copper in the coming years

- Reduced use of copper by the power cable industry in favour of aluminium.
- Reduced use of copper for tubes in favour of plastic materials.
- Outsourcing of brass production from EU to Far East will give less raw material supply regarding supply of copper/zinc bearing ashes.
- Production of wire rod cable outsourced to Far East due to lower labour cost leads to higher freight cost for EU cathode producers.
- Risk for substitutes in vehicle heat exchanger.
- Too expensive to use as roofing sheets or aesthetic use.
- According to CRU, less than 1% of copper could be substituted in the next year.

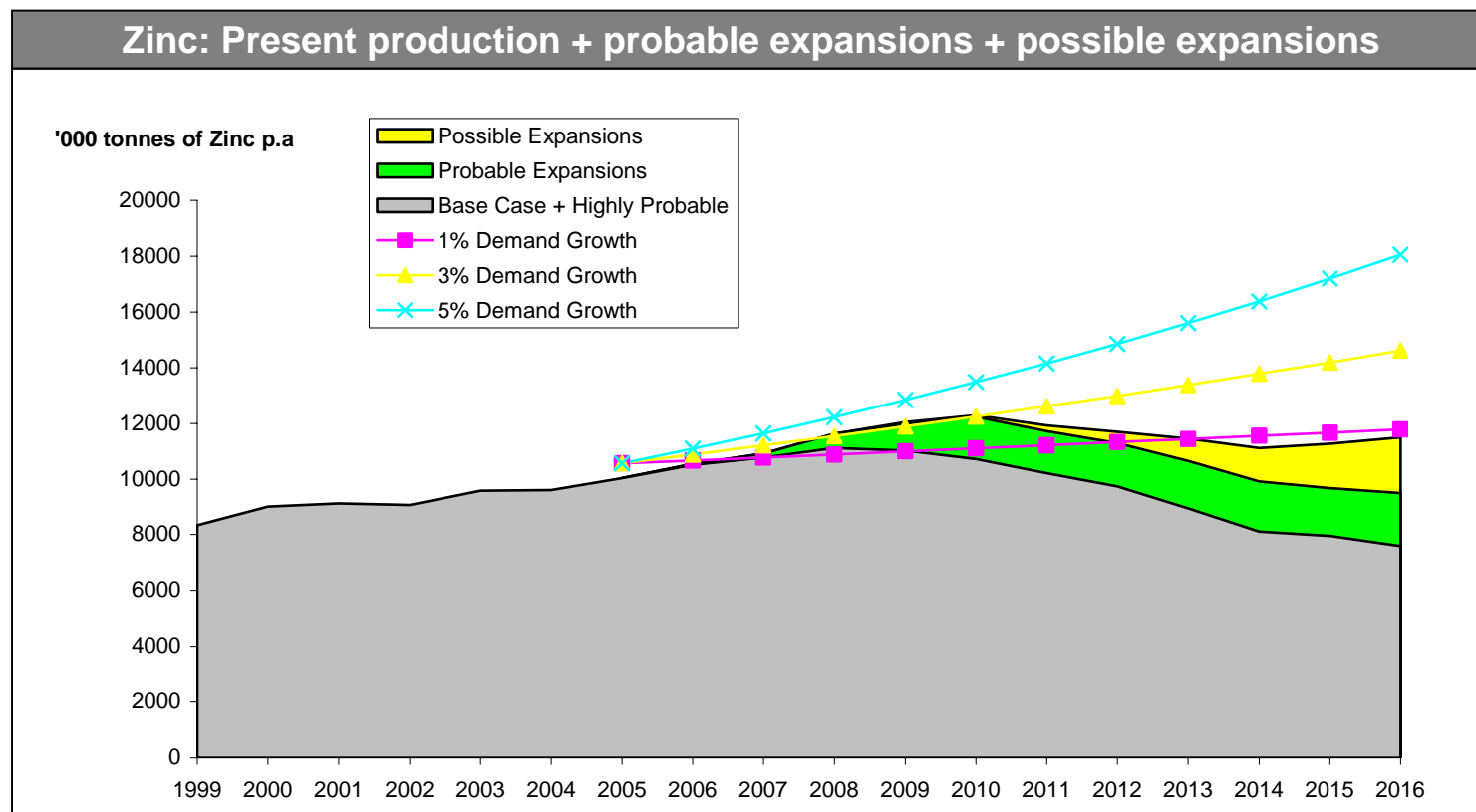


Price effects on end products are limited



- Value of zinc and copper content < 1% of price of a new car

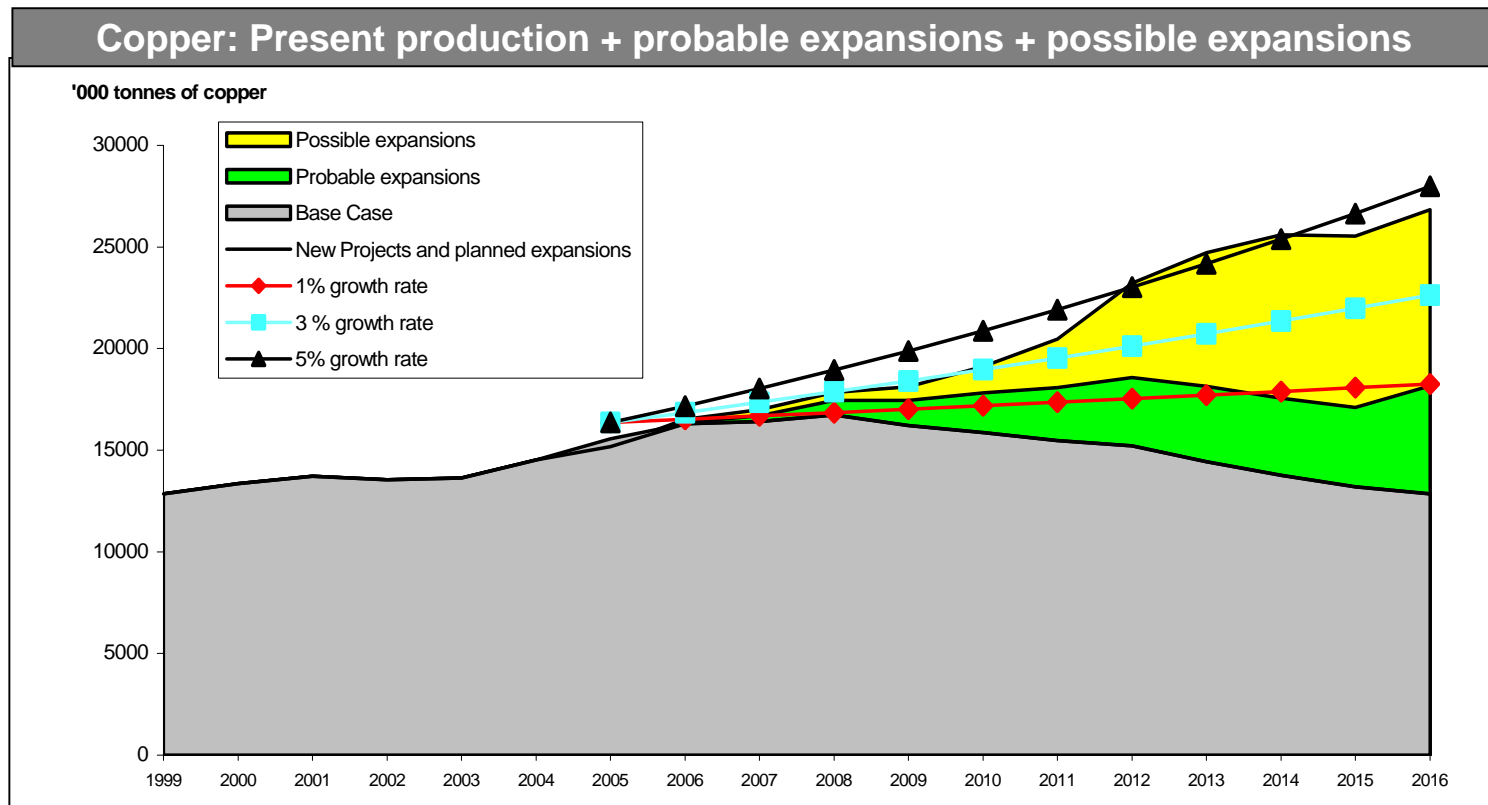
Shortage of zinc concentrate?



Source: CSFB, Brook hunt



Shortage of copper concentrate?



Source: CSFB, Brook hunt

