

A person's hands are shown holding a tablet computer. The screen displays a line chart with several data series. The background is a blurred city street at night with bokeh lights. A dark blue horizontal bar is overlaid on the bottom half of the image, containing white text.

## Value creation from solid capital base

Håkan Gabrielsson, CFO

Capital Markets Day 2017 | 21 November

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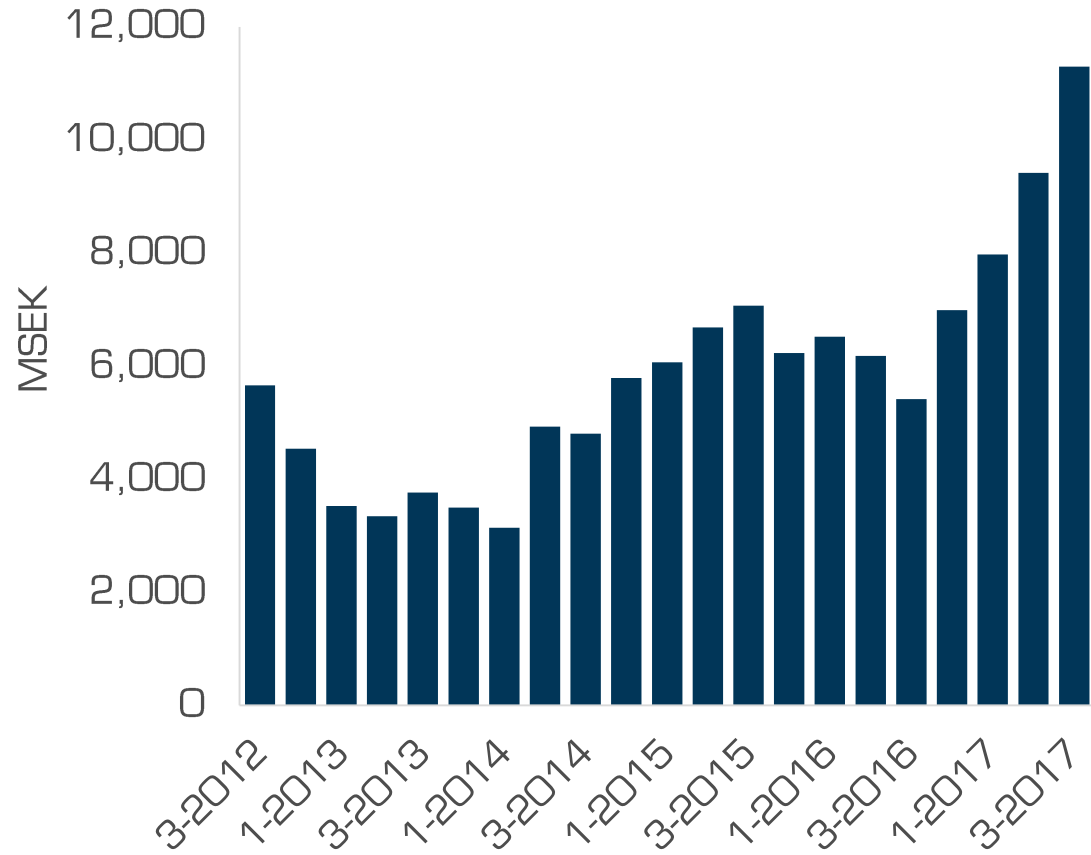
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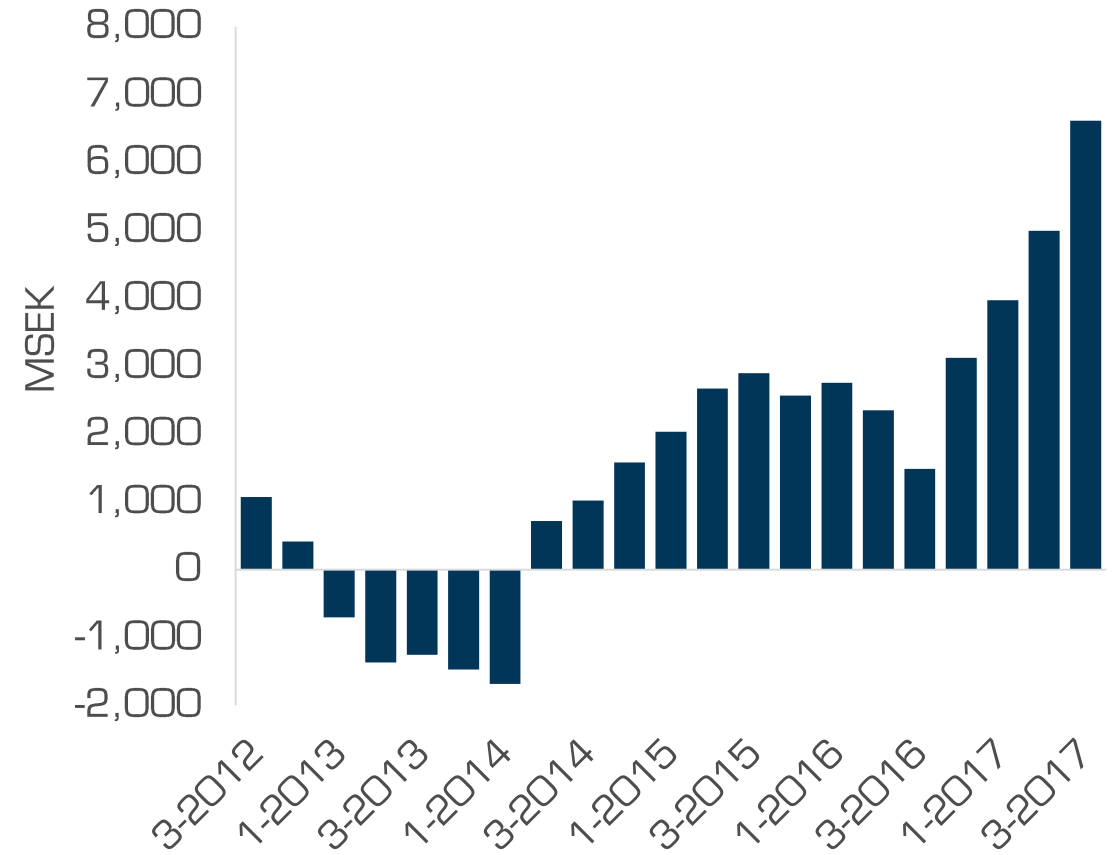
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# Cash flow

## Cash flow from operating activities, rolling 4Q



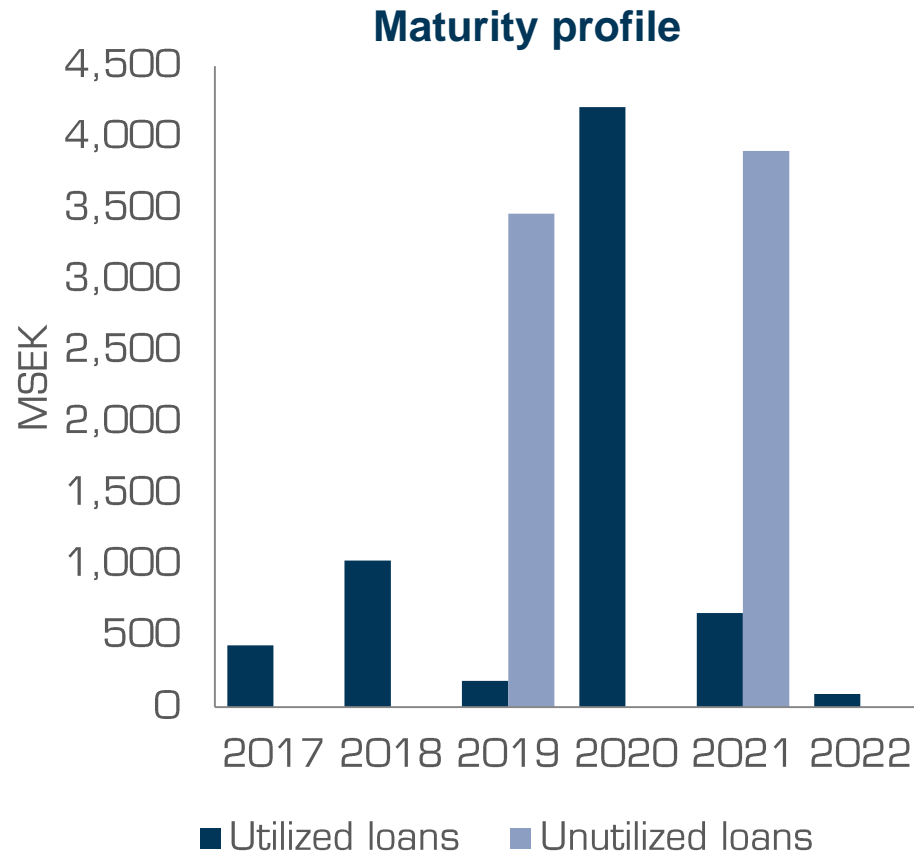
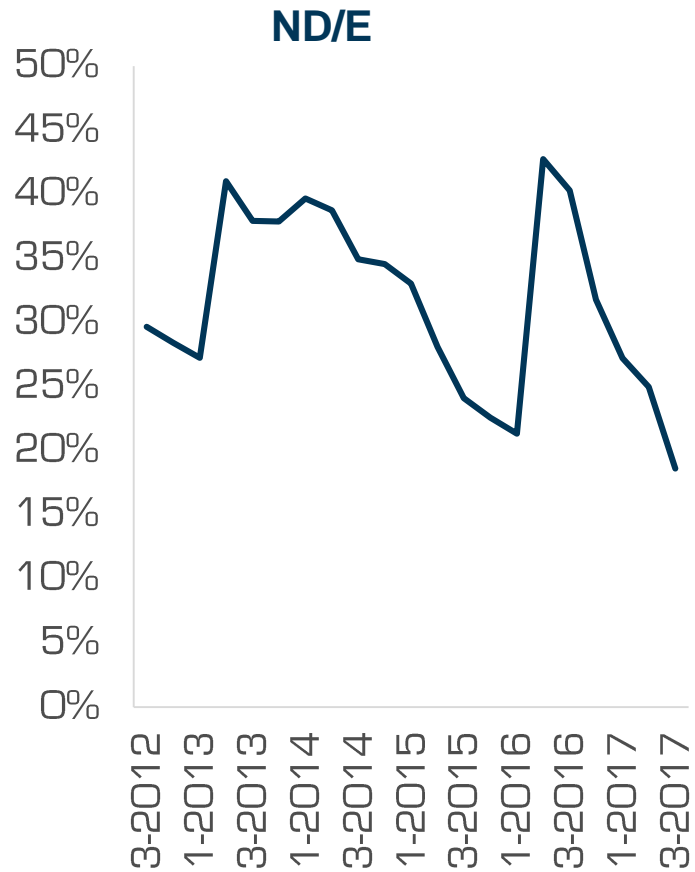
## Free cash flow, rolling 4Q



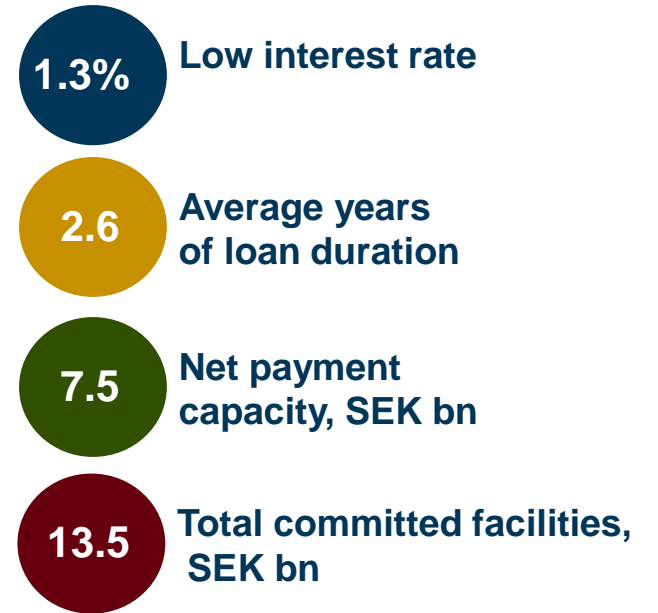
Note: Adjusted for Kevitsa acquisition in June 2016 of 5 925 MSEK.



# Solid balance sheet and financing

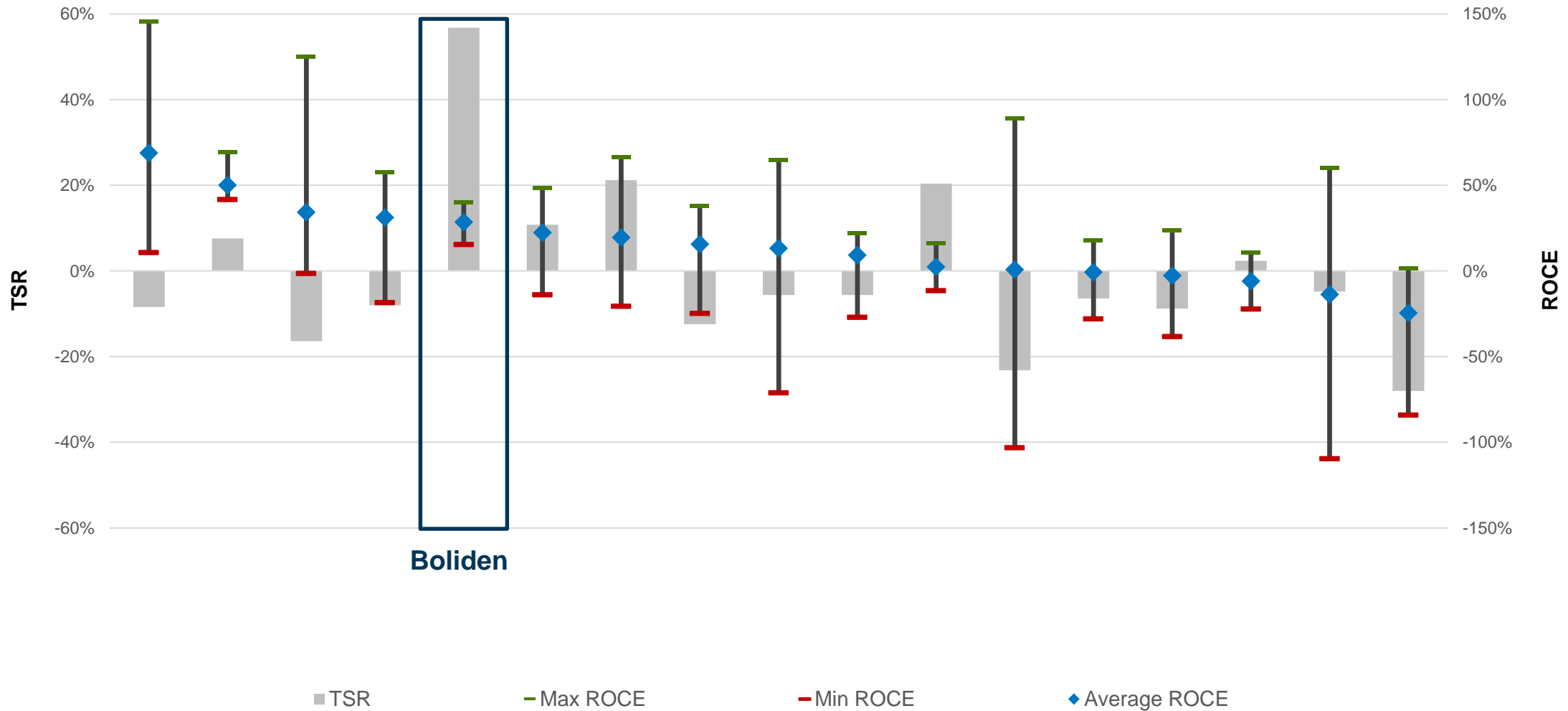


**Solid financing**  
30 Sep 2017



# Low volatility contributes to shareholder returns

## 5 years TSR and average ROCE vs Peers



Source: Boliden calculations using data from Thomson Reuters  
 ROCE: EBIT / Average operating capital  
 Operating capital: Equity + net debt





# Financial targets to manage cycles and create value

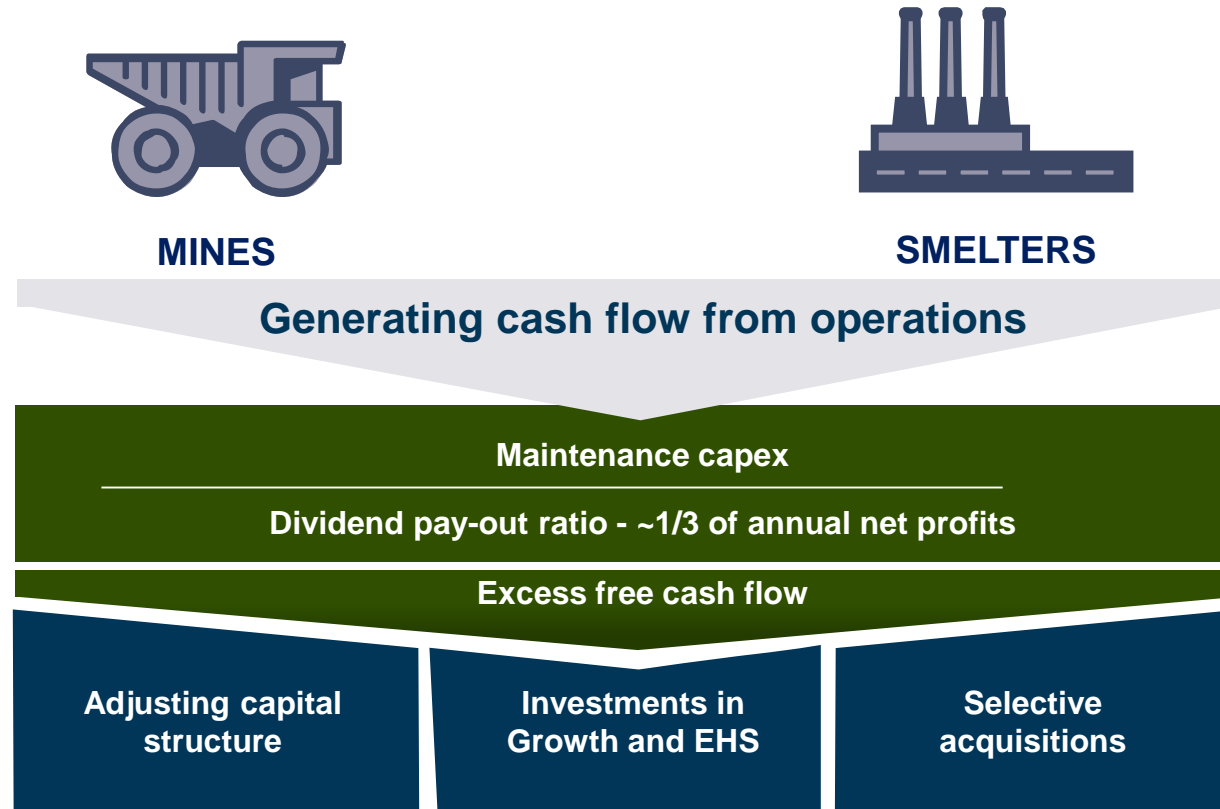
Return on Investment  
 $\geq 10\%$

Net Debt to Equity\*  
 $\leq 20\%$

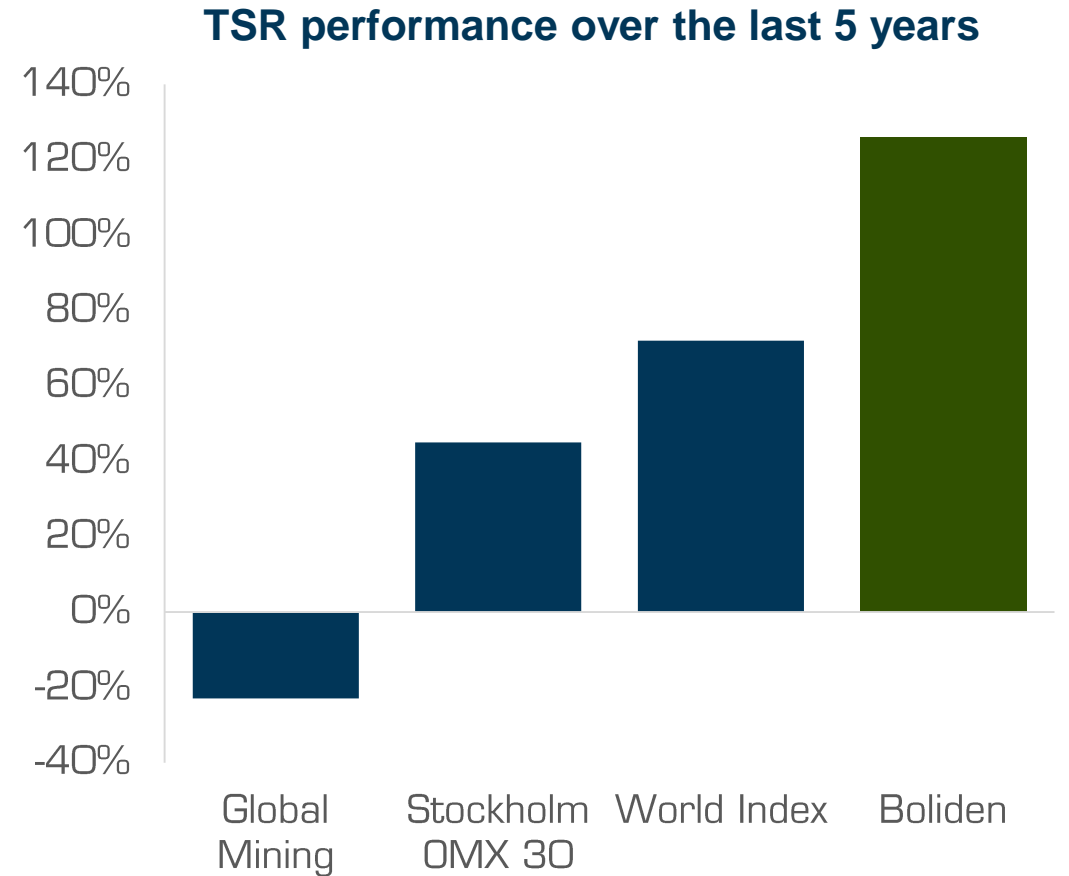
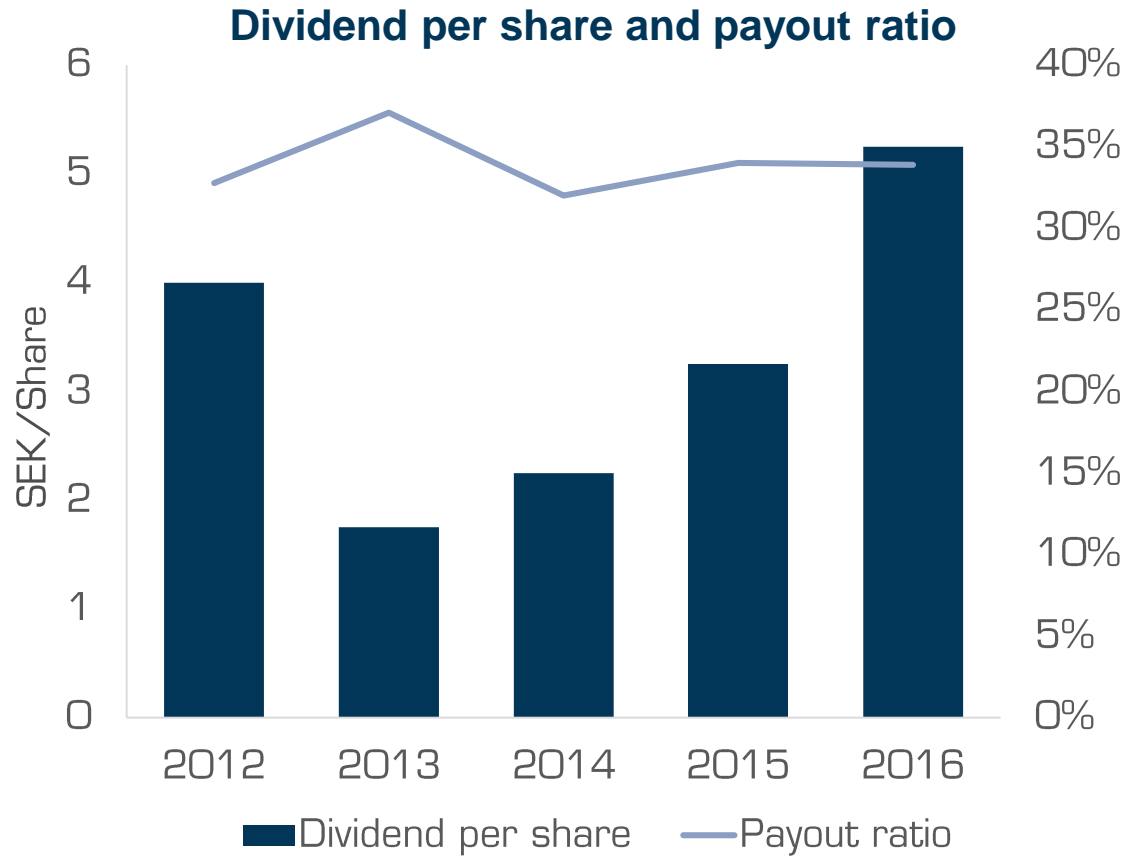
Dividend  
~1/3  
of Net Profit

\*The net debt/equity ratio in an economic upturn shall be no higher than 20%

# Capital allocation



# Shareholder return



Note: TSR in USD, Source: Thomson Reuters Datastream 26 September 2017.



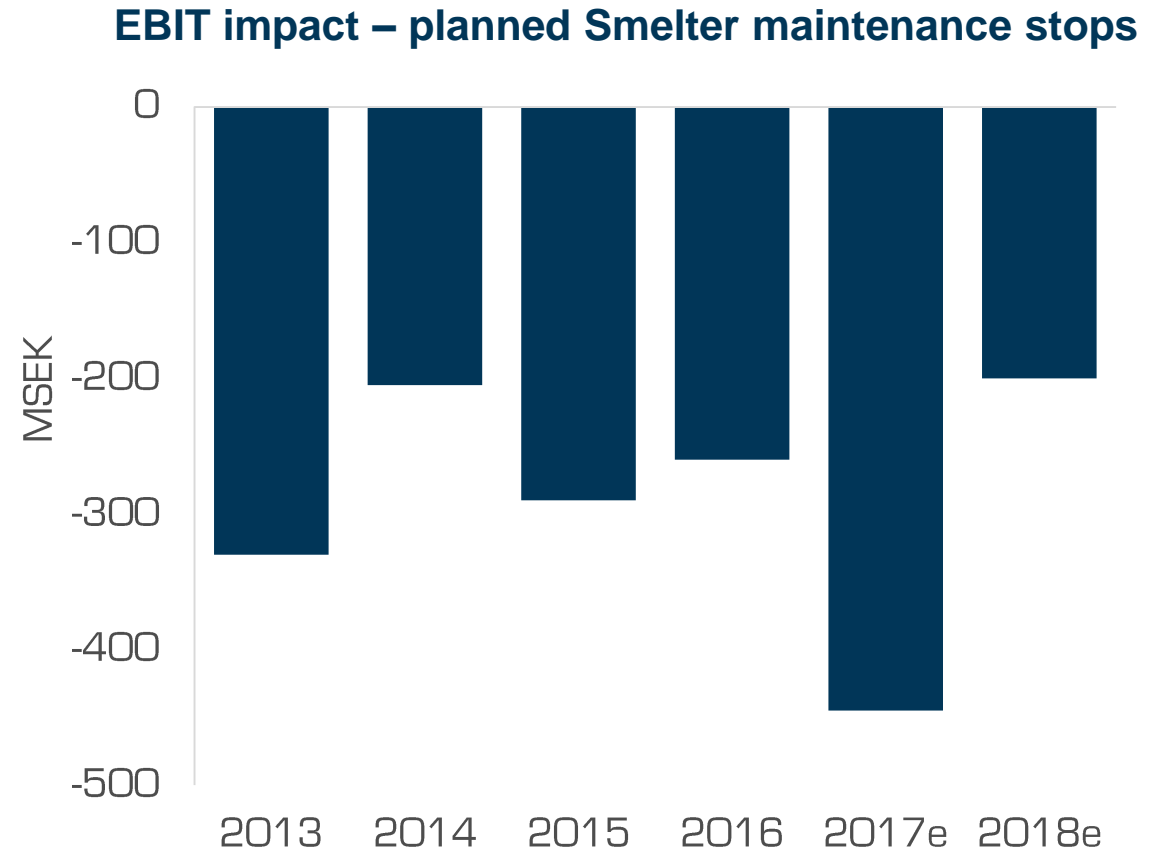


# Capex slightly above 6 BSEK in 2018

- FY 2017 – 5.5 BSEK
  - Maintenance capex 3.5 BSEK
- FY 2018 – slightly above 6 BSEK
  - Maintenance capex 4 BSEK
    - Increased stripping in Kevitsa and Aitik
  - Surface Crusher, Sulphuric Acid Plant and Deep Underground Repository
  - Growth capex in Kevitsa and Garpenberg
- Maintenance capex
  - Mine development work, stripping, tailings dams and replacement equipment
  - ~80 % Mines
  - ~20 % Smelters

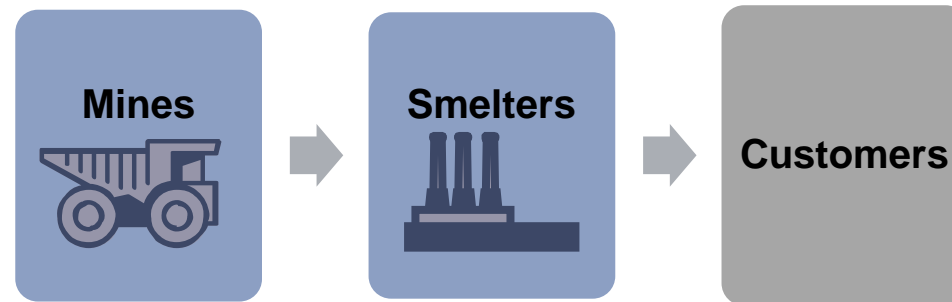
# Lower maintenance shutdowns in Smelters 2018

- 2018 Total EBIT impact 200 (445) MSEK
  - Q2: 130 MSEK
  - Q3: 70 MSEK



# Internal profits

- Internal profit relates to timing of profit recognition
  - Group recognizes profit at invoicing from Smelters to external customer
  - Mines recognize profits when sold to Smelters
  - Internal profit adjusts for timing – no long-term effect
- +10 % change in metal prices corresponds to -180 MSEK impact on EBIT\*
- +10 % change in internal inventory tonnage corresponds to -80 MSEK impact on EBIT\*
- Mix effect is significant



\*One-off EBIT effect, based on current SEK metal prices and average inventory levels

# Q&A

Value creation from  
solid capital base



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