



Press release

7<sup>th</sup> June 2003

## **Boliden Nordic Brass – a highly competitive Nordic brass company**

**Boliden and Hexagon form Boliden Nordic Brass AB – a joint venture between Boliden Gusum AB and Nordic Brass AB. This agreement will create a strong Nordic brass company with the necessary prerequisites to meet the ever-increasing competition from the European brass industry. The annual turnover of the new company is estimated at SEK 500 million. Production will be concentrated to one plant in Gusum. Operations will commence in the immediate future, and the majority of the changes are expected to be implemented during 2003. The joint venture and suggested changes in structure are subject to the approval of the appropriate competition authorities.**

Production within the new company will be concentrated to one plant located in Gusum, Sweden. Operations in Västerås will be phased out and part of the production equipment there will be moved to Gusum. By concentrating production to one plant, the necessary prerequisites will be created to continue to operate a brass company with long-term profitability, and meet the ever-increasing competition from the European brass industry in particular. The new company's production costs are deemed to be on a par with the most profitable brass companies in Europe.

Operations in the new company will commence in the immediate future, with the majority of the changes are expected to be implemented during 2003. Structural costs will primarily be financed through rationalisation of working capital. Full synergy effects are expected to be achieved during 2004.

Boliden Gusum's copper tubing operations, which are not part of this agreement, will be moved to Boliden's copper tubing plants in Holland and Belgium. Sales and distribution for the Nordic market will remain within Boliden Gusum AB.

Concentrating production will generate a surplus of employees at both plants and a total of approximately 160 people will be affected. Initial discussions have commenced at both companies with the union organisations and personnel concerned.

Göran Ek, the current President of Nordic Brass AB, has been appointed new President of Boliden Nordic Brass, and Bengt Olof Johansson, Vice President of Boliden Fabrication, has been appointed Chairman.

"Merging these two companies is one way of meeting the increasingly hard global competition. The brass industry in North America began restructuring several years ago. Our competitors in south and central Europe, of which there are still many, are considerably larger than the current players on the Nordic market are individually. We are creating the platform for a Nordic player with long-term profitability," declares Ola Rollén, President and CEO of Hexagon.

"This agreement makes perfect industrial sense and will generate significant synergy effects. We have now started the necessary restructuring of the European brass industry, and by playing an active part in this process we see a significant future potential for the brass operations," says Jan Johansson, President and CEO of Boliden.

Hexagon and Boliden, who each own an equal share of Boliden Nordic Brass, will report their ownership in the new company as an associated company. The restructuring will marginally affect profit participation of the companies' as the new company activates restructuring costs.

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*Hexagon AB is a multinational engineering group with the long-term ambition of positioning itself as number one or number two within its strategic sectors. The operation is divided into four business areas: Hexagon Automation, Hexagon Engineering, Hexagon Metrology and Hexagon Polymers. The group's targets are to increase earnings per share after tax by at least 15 per cent p.a., and achieve a return on capital employed higher than 15 per cent over the business cycle. Current turnover amounts to more than 7 GSEK p.a.*