

## FLSmidth & Co. Group Interim Report for 9M 2021

Company Announcement No. 17-2021, 11 November 2021

### **Strong order intake, revenue growth and improved profitability**

#### **Highlights in Q3 2021**

- Order intake increased 14% organically y-o-y
- Revenue increased 21% organically y-o-y
- EBITA increased 72% y-o-y
- EBITA margin increased to 6.5% from 4.6% in Q3 2020
- Net working capital increased driven by a higher activity level
- Successful issue of new shares, raising proceeds of DKK 1.4bn

Order intake increased 14% organically compared to Q3 2020. Including currency effects, order intake increased by 15% y-o-y to DKK 4,549m.

FLSmidth Group CEO, Thomas Schulz, commented: "Third quarter saw strong momentum in order intake. In particular for service orders, as activity in the mining industry continues to gather pace with pandemic restrictions easing globally. The cement industry is likewise emerging from the pandemic with improved service activity and growing demand for greener solutions. Revenue grew strongly and EBITA increased by 72% with an improved EBITA margin in both Mining and Cement. Our Cement reshaping activities have progressed well and EBITA in Cement was positive for the first time since Q1 2020."

#### **Financial performance**

Revenue increased 22% to DKK 4,660m in Q3 2021 (Q3 2020: DKK 3,834m) and 21% organically, comprising a 20% increase in Mining and 22% increase in Cement.

Gross margin was largely maintained at 23.0% compared to Q3 2020, despite headwinds from a 10%-points higher share from capital revenue. The Group EBITA margin increased to 6.5% from 4.6% in Q3 2020, related to both Mining and Cement. EBITA in Cement was positive for the first time since Q1 2020.

Despite the higher EBITDA, CFFO declined to DKK -192m in Q3 2021, and free cash flow was DKK -253m. The reduction in CFFO was driven mainly by net working capital which increased to DKK 1,735m at the end of Q3 2021 (end of Q2 2021: DKK 1,305m). The net working capital ratio increased to 10.4% of 12-months trailing revenue. The increase related primarily to an increase in trade receivables due to high project and invoicing activity towards the end of the quarter.

As a result of the completed issue of new shares, raising proceeds of DKK 1.4bn, net interest-bearing debt (NIBD) decreased to a net cash position of DKK 16m (end of Q2 2021: DKK -1,159m), and the financial gearing decreased to 0.0x (end of Q2 2021: 1.0x).

Thomas Schulz commented: "We successfully completed a directed issue of new shares, raising proceeds of DKK 1.4bn to fund the acquisition of TK Mining<sup>1</sup>, in combination with debt facilities. This was an important milestone in creating one of the world's largest, strongest and most sustainable suppliers to the mining industry. TK Mining's offering is an ideal fit with FLSmidth's sustainability and digitalisation agenda and will strengthen the combined business' ability to digitalise mines from pit to plant and to reduce their environmental footprint."

### **Guidance 2021**

FLSmidth maintains its guidance for group revenue of DKK 16.0-17.0bn and a group EBITA margin of 5-6%. The guidance includes costs related to the acquisition of thyssenkrupp's Mining business estimated at around DKK 100m for the full year.

Mining revenue is expected to grow in 2021 and the EBITA margin for Mining is expected to be high-single digit for the full year. Cement revenue is expected to decline for the full year. The Cement business is not expected to be EBITA positive in 2021 due to reshaping costs and low-capacity utilisation in the service business, particularly related to the impact of the pandemic in H1.

### **Group CEO succession**

As announced on 10 November, Mikko Keto has been appointed new Group CEO effective 1 January 2022, (see company announcement 16-2021).

Read the full Interim report 9M 2021 [here](#).

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<sup>1</sup> Closing of the transaction is expected in H2 2022 and is subject to customary approvals from relevant authorities.

## Key figures 9M 2021

(DKKm)	Q3 2021	Q3 2020	Change (%)	9M 2021	9M 2020	Change (%)
<b>Order intake (gross)</b>	<b>4,549</b>	<b>3,955</b>	<b>15%</b>	<b>14,149</b>	<b>13,829</b>	<b>2%</b>
- of which service order intake	2,955	2,337	26%	8,392	7,506	12%
<i>Service order intake share</i>	65%	59%		59%	54%	
Order backlog	16,548	14,839	12%	16,548	14,839	12%
<b>Revenue</b>	<b>4,660</b>	<b>3,834</b>	<b>22%</b>	<b>12,446</b>	<b>12,205</b>	<b>2%</b>
- of which service revenue	2,428	2,393	1%	7,298	7,332	0%
<i>Service revenue share</i>	52%	62%		59%	60%	
<b>Gross profit</b>	<b>1,074</b>	<b>884</b>	<b>21%</b>	<b>3,029</b>	<b>2,843</b>	<b>7%</b>
Gross profit margin	23.0%	23.1%		24.3%	23.3%	
EBITDA	392	255	54%	964	797	21%
before special non-recurring items						
EBITA	305	177	72%	692	536	29%
<b>EBITA margin</b>	<b>6.5%</b>	<b>4.6%</b>		<b>5.6%</b>	<b>4.4%</b>	
EBIT	219	91	141%	429	283	52%
<b>EBIT margin</b>	<b>4.7%</b>	<b>2.4%</b>		<b>3.4%</b>	<b>2.3%</b>	
<b>Profit</b>	<b>95</b>	<b>43</b>	<b>121%</b>	<b>196</b>	<b>127</b>	<b>54%</b>
CFFO	-192	594		600	1,092	
Free cash flow	-253	489		424	813	
Net working capital	1,735	1,981	-12%	1,735	1,981	-12%
Net interest-bearing debt	16	-1,936		16	-1,936	

For additional information, go to our [Investor Room](https://www.flsmidth.com/investor-room) at [www.flsmidth.com](https://www.flsmidth.com)

**FLSmidth** delivers sustainable productivity to the global mining and cement industries. We deliver market-leading engineering, equipment and service solutions to our customers enabling them to improve performance, drive down costs and reduce environmental impact. Our operations span the globe and our ~10,200 employees are present in more than 60 countries. In 2020, FLSmidth generated revenue of DKK 16.4 billion. [www.flsmidth.com](https://www.flsmidth.com)