WE DISCOVER POTENTIAL

Mission Zero

INTERIM REPORT Q1 2021

1 January –
31 March 2021
(Company announcement no. 6)

FLSmidth & Co. A/S
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HIGHLIGHTS

In light of the ongoing pandemic, FLSmidth delivered a solid Q1 with a good order intake and revenue as expected. The sequential increase in order intake was underpinned by a strong focus on service as well as orders for plant digitalisation and emissions reduction. The EBITA margin increased slightly and cash flow was strong. The organisation has done a tremendous job of managing safety protocols whilst helping our customers sustain production and improve operational efficiency.

There is a strong correlation between the pandemic and business activity. The global vaccination programmes provide hope of easing restrictions and a gradual improvement in business sentiment in the second half of the year. Surging infection rates in parts of the world could however slow down the pace of recovery.

- *Thomas Schulz, Group CEO*

Highlights Q1 2021

- Solid order intake, however below the exceptionally strong Q1 2020. Order intake increased 6% compared to Q4 2020 and service orders increased 19%
- As expected, revenue decreased 13% organically, comprising a 7% decrease in Mining and a 23% decline in Cement compared to Q1 2020
- EBITA margin increased slightly to 5.1%, positively impacted by a higher share from service
- Positive effects from implemented business improvement activities, but continued costs of reshaping Cement, i.e. simplifying the business, adjusting the cost structure and repositioning Cement to benefit from the green transition
- Free cash flow increased to DKK 234m from DKK -144m in Q1 2020, driven by the fourth consecutive quarter of decreased net working capital
- Net debt to EBITDA ratio improved from 1.6x at the end of 2020 to 1.4x in Q1 2021
- We recently received approval for our decarbonisation targets from the Science Based Targets initiatives

Mining

Mining order intake decreased 27% organically compared to an exceptionally strong Q1 2020, but increased 37% compared to Q4 2020.

Despite lower revenue and gross profit in the quarter, EBITA increased by 6% in Q1 2021 as a result of cost efficiency improvements. The corresponding EBITA margin increased to 8.8% from 7.3% in Q1 2020.

The negotiations concerning an acquisition of ThyssenKrupp's mining business are progressing at a non-binding stage. Accordingly, there can be no assurances as to whether and when a transaction will transpire.

Cement

The organic Cement order intake increased by 14% compared to Q1 2020.

Revenue decreased by 23% organically, due to the continued impact of the pandemic and a lower backlog entering the year. Consequently, the EBITA margin was -1.7% compared to 1.8% in Q1 2020. Business reshaping activities to improve profitability in Cement are ongoing.

Guidance 2021

FLSmidth maintains its guidance for group revenue of DKK 15.5-17.0bn and a group EBITA margin of 5-6%. The guidance is based on expected different developments in the two individual businesses, Mining and Cement, and continued impact from the pandemic in Q2 2021, where business activity is expected to remain low. In parts of the world, the pandemic impact is likely to last beyond H1 2021.

The outlook for the mining industry remains positive. For 2021, the Mining business revenue and EBITA are expected to grow in the second half of the year. EBITA margin for Mining is expected to be high-single digit for the full-year.

The outlook for the cement industry remains impacted by overcapacity and slow recovery. The Cement business revenue is expected to decline further in 2021, and initiatives to reshape the Cement business are ongoing. The Cement business is not expected to be EBITA positive in 2021 due to continued Cement reshaping costs and low capacity utilisation in the service business until the pandemic eases.

Guidance 2021

	Q1 2021	Guidance
Revenue (DKKbn)	3.7	15.5-17.0
EBITA margin	5.1%	5-6%

FINANCIAL HIGHLIGHTS

GROUP

Order intake
DKKm

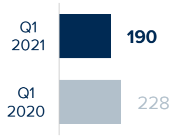
4,985
▼ 24%

Revenue
DKKm

3,713
▼ 18%

EBITA & EBITA margin
DKKm - %

190 **5.1%**
▼ 17%



Cash flow from operating activities
DKKm 285 ▲ DKKm 320

Earnings per share
DKK 1.0 ▼ 50%

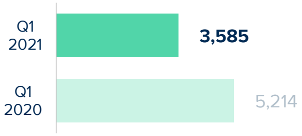
Net working capital ratio
10.7% ▼ 2.8%-point

NIBD/EBITDA
1.4x unchanged

MINING

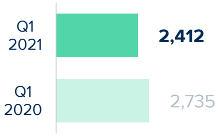
Order intake
DKKm

3,585
▼ 31%



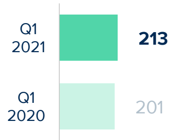
Revenue
DKKm

2,412
▼ 12%

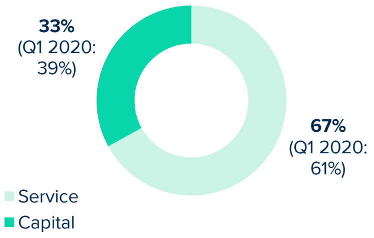


EBITA & EBITA margin
DKKm - %

213 **8.8%**
▲ 6%



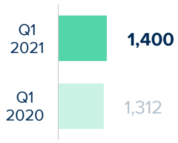
Revenue split by service & capital
%



CEMENT

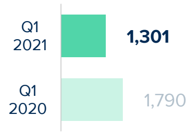
Order intake
DKKm

1,400
▲ 7%



Revenue
DKKm

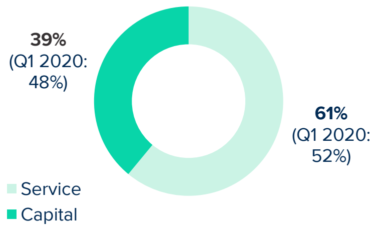
1,301
▼ 27%



EBITA & EBITA margin
DKKm - %

(23) **-1.7%**
▼ 172%

Revenue split by service & capital
%



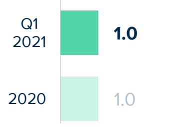
SUSTAINABILITY HIGHLIGHTS

Safety (TRIR)

Total Recordable Injury Rate/
million working hours

1.0

Target: zero harm (10% y-o-y reduction until 2030)



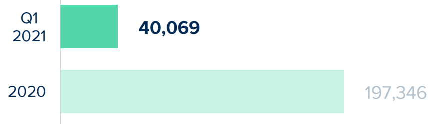
Strong safety performance in Q1 following continuous improvement plans and top management focus. Numbers continue to be impacted by COVID-19 pandemic.

Water withdrawal

m^3

40,069

2021 Target: 187,479



Solid progress against our 2021 target driven by local improvement initiatives.

Women managers

%

13.3

2021 Target: 14.3%

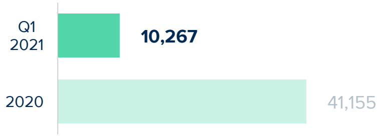
Continued progress on gender diversity in Q1 in line with long-term target. Improvements driven by regional actions focused on diversity in recruitment and employer attractiveness.

Greenhouse gas emissions (CO_2 emissions)

tonnes

10,267

2021 Target: 38,685



From 2021, we will report quarterly on 'market-based' greenhouse gas (GHG) scope 2 emissions rather than previously used 'location-based' approach. Using market-based reporting will more accurately reflect the impact from our targeted initiatives to reduce scope 2 GHG emissions by purchasing more renewable electricity.

MissionZero developments

Through our sustainability programme MissionZero, we develop and deliver solutions to enable our customers to operate with zero emissions by 2030.

During Q1 we launched a number of upgrades to our flagship technologies and received several sustainability-related orders. To help drive progress, sustainability-related KPIs have been implemented as a part of top management's long-term incentive plan and embedded in regional sales targets.

Digital solutions to accelerate energy savings
Digitalisation presents strong opportunities for the cement industry to deliver energy savings, higher fuel substitution rates and maintenance planning. In a new contract signed earlier this year, the Chinese construction company CBMI Construction Co. ordered the supply and engineering of three complete control ECS software systems for two existing and one new cement line at Kirene in Senegal. With a complete and integrated control system across all three lines, CBMI Construction Co. has now established the digital foundation for its own customers to make data-driven decisions on process optimisation.

Upgrading our flagship technologies
Driven by our MissionZero R&D focus, we recently launched a significant improvement within FLSmidth's filter press range, called the AFP2525 Automatic Filter Press. By employing a filter press to remove the water from tailings waste, the AFP2525 eliminates the need for wet tailings dams, while the reuse of process water minimises environmental risks and supports the social license to operate of miners. With increased water recovery rates and reduced downtime it meets the growing customer demand for dewatering equipment that reduces the need for fresh water intake and cuts costs for the mine site.

Operational sustainability
We have recently received approval for our decarbonisation targets by the Science Based Targets initiative. These targets commit us to being carbon neutral in our own operations by 2030 and to improving our economic intensity by 7% per annum by selling more sustainability-related solutions to our customers. The approval of the targets provides us with a strong framework to measure the success of our MissionZero programme and builds further credibility towards key stakeholders, customers and investors.

In April, FLSmidth joined the Copper Mark, an international framework established to demonstrate the copper industry's responsible production practices and the industry's contribution to the United Nations Sustainable Development Goals (SDGs). By joining the Copper Mark, we further advance our MissionZero ambition by supporting our mining customers in their ambitions to minimise their environmental footprint by 2030.

KEY FIGURES

DKKm	Q1 2021	Q1 2020	2020
INCOME STATEMENT			
Revenue	3,713	4,525	16,441
Gross profit	935	1,047	3,865
EBITDA before special non-recurring items	287	319	1,134
EBITA	190	228	771
EBIT	101	146	428
Financial items, net	(10)	3	(47)
EBT	92	150	381
Profit for the period, continuing activities	57	106	226
Loss for the period, discontinued activities	(3)	(5)	(21)
Profit for the period	54	101	205
ORDERS			
Order intake (gross), continuing activities	4,985	6,526	18,524
Order backlog, continuing activities	16,251	15,591	14,874
EARNING RATIOS			
Gross margin	25.2%	23.1%	23.5%
EBITDA margin before special non-recurring items	7.7%	7.0%	6.9%
EBITA margin	5.1%	5.0%	4.7%
EBIT margin	2.7%	3.2%	2.6%
EBT margin	2.5%	3.3%	2.3%
CASH FLOW			
Cash flow from operating activities (CFFO)	285	(35)	1,421
Acquisitions of property, plant and equipment	(19)	(32)	(171)
Cash flow from investing activities (CFFI)	(51)	(109)	(376)
Free cash flow	234	(144)	1,045
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	232	(103)	1,082
BALANCE SHEET			
Net working capital	1,678	2,792	1,752
Net interest-bearing debt (NIBD)	(1,577)	(2,663)	(1,808)
Total assets	21,024	22,305	20,456
Equity	8,451	8,537	8,130
Dividend to shareholders, paid	83	0	0

DKKm	Q1 2021	Q1 2020	2020
FINANCIAL RATIOS			
CFFO / Revenue	7.7%	-0.8%	8.6%
Book-to-bill	134.3%	144.2%	112.7%
Order backlog / Revenue	104.0%	75.1%	90.5%
Return on equity	2.6%	4.7%	2.4%
Equity ratio	40.2%	38.3%	39.7%
ROCE, average	4.8%	10.2%	5.1%
Net working capital ratio, end	10.7%	13.5%	10.7%
NIBD / EBITDA	1.4x	1.4x	1.6x
Capital employed, average	15,196	15,424	15,195
Number of employees	10,189	12,001	10,639
SHARE RATIOS			
Cash flow per share (CFPS), (diluted)	5.7	(0.7)	28.3
Earnings per share (EPS), (diluted)	1.0	2.0	4.2
Share price	243.1	153.6	232.8
Number of shares (1,000), end	51,250	51,250	51,250
Market capitalisation, end	12,459	7,869	11,931
SUSTAINABILITY KEY FIGURES			
Safety, TRIR Total Recordable Injury Rate (including contractors)	1.0	1.0	1.0
Quality, DIFOT Delivery In Full On Time	85.3%	87.0%	88.3%
Greenhouse gas emissions in tonnes (CO_2 emissions), location-based	9,844	10,966	36,830
Greenhouse gas emissions in tonnes (CO_2 emissions), market-based*	10,267	-	41,155
Relative carbon footprint, location-based	2.7	2.4	2.2
Relative carbon footprint, market based*	2.8	-	2.5
Water withdrawal (m^3)	40,069	47,097	197,346
Suppliers assessed for sustainability	212	151	390
Women managers	13.3%	11.4%	13.1%

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the 2020 Annual Report.

* From 2021, we report on quarterly greenhouse gas (GHG) scope 2 emissions using the 'market-based' approach, rather than the 'location-based' approach, which was previously used. The market-based approach calculates GHG emissions from the type of electricity FLSmidth has chosen to purchase, rather than using average electricity grid GHG emission factors.

Use of alternative performance measures

Throughout the report we present financial measures which are not defined according to IFRS. We have included additional information in the 2020 Annual Report note 7.4 Alternative performance measures and 7.8 Definition of terms.

QUARTERLY FINANCIAL PERFORMANCE

GROWTH

Group order intake increased for the third consecutive quarter and increased 6% sequentially driven by Mining. Group revenue declined 13% organically year-on-year, attributable to both Mining and Cement.

Order intake

Order intake in Q1 decreased 24% to DKK 4,985m (Q1 2020: DKK 6,526m) and declined 19% organically, due to a strong comparison quarter. Q1 2020 included three large Mining orders with a combined value of around DKK 2.4bn, whereas Q1 2021 included one large Mining order valued at approximately DKK 200m. Order intake increased for the third consecutive quarter, and compared to Q4 2020, order intake increased 6% driven by Mining, and service orders increased 19%, accounting for 55% of the total order intake in Q1 2021.

Order backlog and maturity

The order backlog increased 9% on the previous quarter to DKK 16,251m (Q4 2020: DKK 14,874m), based on a book-to-bill of 134% in Q1 2021, partly offset by the termination of an Indian coal order of around DKK 160m. The project has been stalled due to the customers' challenging financial situation.

53% of the backlog is expected to be converted to revenue in 2021, 36% in 2022, and 11% in 2023 and beyond.

Backlog maturity	Mining	Cement	FLSmidth Group
2021	54%	52%	53%
2022	34%	38%	36%
2023 and beyond	12%	10%	11%

Revenue

Following a slow start to the year, revenue did pick up in March. Still, revenue declined 18% to DKK 3,713m in Q1 2021 (Q1 2020: DKK 4,525m) and 13% organically, comprising a 7% decrease in Mining and a 23% decline in Cement. The decline in revenue was due to a low Cement backlog entering the year and restricted access to customer sites because of the pandemic. The pandemic impact on revenue in Q1 2020 was very limited. Service revenue accounted for 65% of the total revenue in the quarter (Q1 2020: 58%).

With a continued impact from the pandemic and surging infection rates in parts of the world, the activity level is expected to remain low in Q2 2021. As the pandemic eases, revenue should start to grow. There is, however, an average time lag from order intake to revenue of around one year, depending on the business mix.

Group – continued activities

(DKKm)	Q1 2021	Q1 2020	Change (%)
Order intake (gross)	**4,985**	**6,526**	**-24%**
- Hereof service order intake	2,750	2,931	-6%
- Hereof capital order intake	2,235	3,595	-38%
Order backlog	**16,251**	**15,591**	**4%**
Revenue	**3,713**	**4,525**	**-18%**
- Hereof service revenue	2,401	2,606	-8%
- Hereof capital revenue	1,312	1,919	-32%
Gross profit	**935**	**1,047**	**-11%**
Gross profit margin	25.2%	23.1%	
SG&A cost	**(648)**	**(728)**	**-11%**
SG&A ratio	17.5%	16.1%	
EBITA	**190**	**228**	**-17%**
EBITA margin	5.1%	5.0%	
EBIT	**101**	**146**	**-31%**
EBIT margin	2.7%	3.2%	
Number of employees	10,189	11,999	-15%

Growth in order intake in Q1 2021 (vs. Q1 2020)

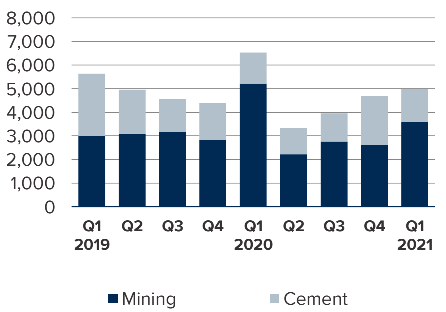
	Mining	Cement	FLSmidth Group
Organic	-27%	14%	-19%
Acquisition	0%	0%	0%
Currency	-4%	-7%	-5%
Total growth	**-31%**	**7%**	**-24%**

Growth in revenue in Q1 2021 (vs. Q1 2020)

	Mining	Cement	FLSmidth Group
Organic	-7%	-23%	-13%
Acquisition	0%	0%	0%
Currency	-5%	-4%	-5%
Total growth	**-12%**	**-27%**	**-18%**

Order intake

DKKm



PROFIT

Gross margin improved 2.1%-points due to business improvement activities and a higher share from service during the quarter. EBITA declined by 17% due to lower revenue entirely attributable to Cement. Owing to a 1.5%-points higher EBITA margin year-on-year in Mining, the Group EBITA margin increased slightly to 5.1%.

Gross profit and margin

Gross profit declined 11% to DKK 935m (Q1 2020: DKK 1,047m), explained by the decline in revenue. Gross margin improved to 25.2% (Q1 2020: 23.1%) due to the successful implementation of business improvement activities and a higher share from service in both Mining and Cement.

In Q1 2021, total research and development costs (R&D) amounted to DKK 52m (Q1 2020: DKK 66m), representing 1.4% of revenue (Q1 2020: 1.5%).

R&D costs (DKKm)	Q1 2021	Q1 2020
Production costs	30	40
Capitalised	22	26
Total R&D	52	66

R&D costs in Q1 related especially to new sustainable cement technologies, mining products and digital solutions. In addition to the reported R&D, products and solutions are being developed on-site in cooperation with customers as part of the ordinary business.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items decreased 11% to DKK 648m (Q1 2020: DKK 728m), due to savings from business improvement activities and low travel costs. Despite the reduction in SG&A, costs as a percentage of revenue increased to 17.5% (Q1 2020: 16.1%). SG&A costs are expected to increase somewhat in the coming quarters as the activity level expectedly picks up.

EBITA and EBITA margin

EBITA decreased by 17% to DKK 190m compared to the same quarter last year (Q1 2020: DKK 228m) as a result of the decline in revenue which could not be fully offset by the higher gross margin and lower SG&A costs. The decline in EBITA was attributable to Cement, whereas Mining EBITA increased by 6% compared to Q1 2020.

Owing to a high share from service and a 1.5%-points higher EBITA margin in Mining, the Group EBITA margin increased to 5.1% (Q1 2020: 5.0%). Cement was loss-making due to the sharp revenue decline and costs of reshaping the Cement business.

Amortisation of intangible assets amounted to DKK 89m (Q1 2020: DKK 82m). The effect of purchase price allocations amounted to DKK 22m (Q1 2020: DKK 24m) and other amortisation DKK 67m (Q1 2020: DKK 58m).

Earnings before interest and tax (EBIT) decreased 31% to DKK 101m (Q1 2020: DKK 146m), mainly due to the lower revenue as explained above.

Financial items

Net financial items amounted to DKK -10m (Q1 2020: DKK 3m), of which foreign exchange and fair value adjustments amounted to DKK 4m (Q1 2020: DKK 22m) and net interest amounted to DKK -14m (Q1 2020: DKK -19m).

Tax

Tax for Q1 2021 totalled DKK -35m (Q1 2020: DKK -44m), corresponding to an effective tax rate of 38% (Q1 2020: 29%). Reduced tax credits especially in Denmark, and an increase in the profit before tax derived from countries with a higher base corporate tax rate caused the increase in the effective tax rate in Q1.

Profit for the period

Mainly due to the lower EBIT, profit for the period decreased to DKK 54m (Q1 2020: DKK 101m), equivalent to DKK 1.0 per share (diluted) (Q1 2020: DKK 2.0).

Return on capital employed

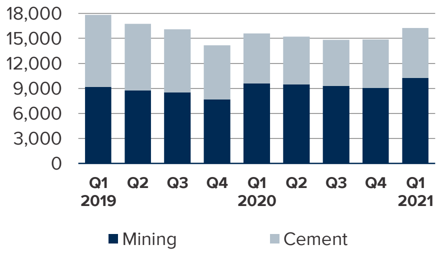
ROCE decreased to 4.8% (Q1 2020: 10.2%) as a result of the lower 12 months' EBITA.

Employees

The number of employees decreased by 450 to 10,189 at the end of Q1 2021 (end of 2020: 10,639). The decrease related to a phase-out of a Cement operations & maintenance contract and ongoing activities to reshape the Cement business, including a workforce reduction in countries where local labour restrictions related to COVID-19 have prohibited us from right-sizing the organisation earlier.

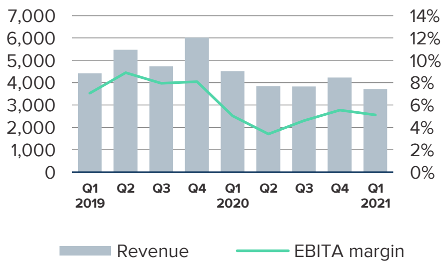
Backlog

DKKm



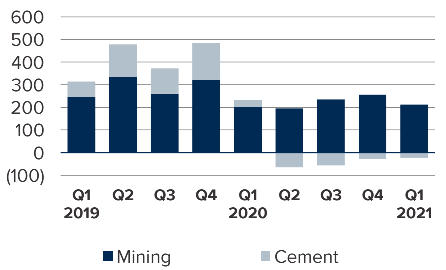
Revenue & EBITA margin

DKKm EBITA%



EBITA

DKKm



CAPITAL

Free cash flow increased to DKK 234m. The net debt to EBITDA ratio decreased from 1.6 at the end of 2020 to 1.4 in Q1.

Net working capital

Net working capital has declined DKK 1.1bn since Q1 2020 and decreased to DKK 1,678m at the end of Q1 2021 (end of Q4 2020: DKK 1,752m). The reduction related mainly to milestone payments on mining projects and a decline in trade receivables, partly offset by an increase in trade payables and inventories. The net working capital ratio was unchanged compared to Q4 2020 at 10.7% of 12-months trailing revenue.

Utilisation of supply chain financing decreased in Q1 driven by a lower level of activity and, in particular, by a lower share of Cement business relative to Mining. Utilisation of the programme is expected to increase in Q2 2021.

Cash flow from operating activities

Cash flow from operating activities (CFFO) increased to DKK 285m (Q1 2020: DKK -35m). The main positive contributor to CFFO was the net working capital inflow of DKK 149m as compared to a net working capital outflow of DKK 197m in Q1 2020.

Cash flow from operating activities related to discontinued activities amounted to DKK -9m in Q1 2021 (Q1 2020: DKK 1m).

Cash flow from investing activities

Cash flow from investing activities amounted to DKK -51m (Q1 2020: DKK -109m). The lower investment level year-on-year related primarily to the acquisition of a service centre in North America in Q1 2020, amounting to DKK -41m.

Free cash flow

Free cash flow (cash flow from operating and investing activities) amounted to DKK 234m in Q1 2021 (Q1 2020: DKK -144m).

Dividend

At the Annual General Meeting in March, it was approved to pay a dividend of DKK 2 per share corresponding to a dividend yield of 0.9% and a pay-out ratio of 50%, in line with our targeted pay-out ratio. A total dividend of DKK 83m was paid in Q1 2021.

Net interest-bearing debt

Due to the positive free cash flow, net interest-bearing debt (NIBD) decreased to DKK 1,577m (end of Q4 2020: DKK 1,808m), and financial gearing decreased to 1.4x (end of 2020: 1.6x). Gearing remains below our capital structure target of maximum two times NIBD to EBITDA through-the-cycle.

Financial position

By the end of Q1 2021, FLSmidth had DKK 6.8bn of available committed credit facilities of which DKK 4.4bn was undrawn. The committed credit facilities have a weighted average time to maturity of 4.2 years. DKK 1.6bn of credit facilities will mature in 2023 and the majority, DKK 5.0bn, will mature in 2026. The remaining DKK 0.2bn matures in later years.

Equity ratio

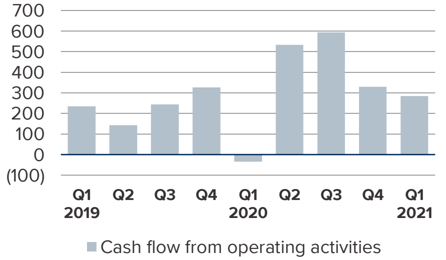
Equity at the end of Q1 2021 increased to DKK 8,451m (end of 2020: DKK 8,130m) based on the profit for the period and due in particular to a positive effect from currency adjustments regarding translation of entities in the quarter. The equity ratio was 40.2% (end of 2020: 39.7%), above our capital structure target of minimum 30% through-the-cycle.

Acquisitions and divestments

On 15 January 2021, FLSmidth announced that it was in negotiations with ThyssenKrupp concerning an acquisition of ThyssenKrupp's mining business. The negotiations are progressing at a non-binding stage. Accordingly, there can be no assurances as to whether or when a transaction will transpire.

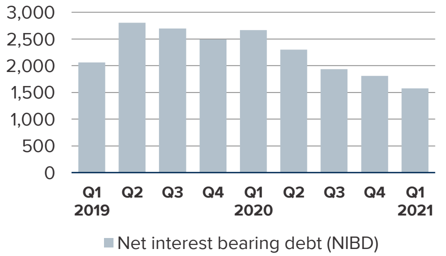
Cash flow

DKKm



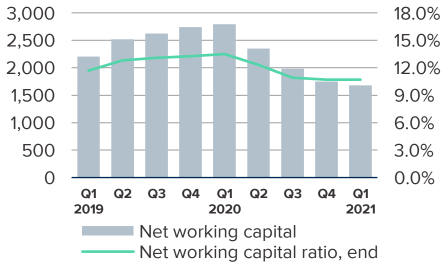
Net interest-bearing debt

DKKm



Net working capital

DKKm NWC%



MINING MARKET DEVELOPMENTS

Lockdowns and restricted site access continue to limit activity in many regions, but the outlook for the mining industry is positive with strong commodity prices and good industry fundamentals. In the longer term, the switch to green energy will require a massive increase in infrastructure and the mining industry will need to scale up investments in copper, battery metals and other minerals to meet this growing demand.

Overall, the pandemic is disrupting the mining industry to a lesser degree than many other industries. During the first quarter of the year, copper prices increased to their highest level in a decade, driven by expectations of a post-pandemic economic recovery and increased demand for the commodities that are required to enable the green transition. Miners are generating good cash flows and they are well capitalised to invest, especially given the low level of capex spent in recent years.

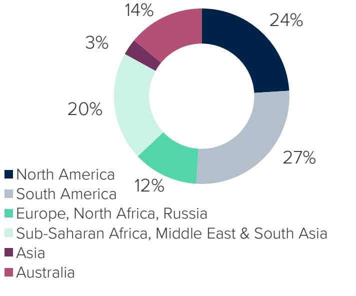
Although we have seen improved site access for local service teams in some regions, travel restrictions and limited site access continue to impact demand for on-site technical services. Many customers are still enforcing safety protocols and restricting site access to external service providers in order to protect employees and safeguard production, which impacts their equipment and service spend. Refurbishment and maintenance has been postponed, which is expected to translate into new opportunities when the market normalises.

The timing of converting these opportunities to orders remains uncertain and with infection cases still surging in many parts of the world, it is difficult to predict the shape of the recovery curve. We have seen some recovery in demand from our customers in North America and high production rates in other parts of the world given near record pricing for some commodities, such as in Australia where iron ore and gold production remain strong.

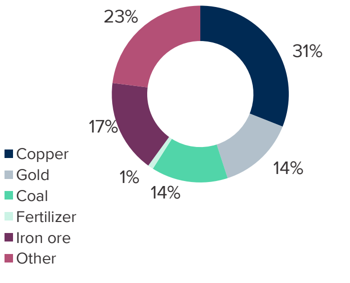
However, lockdowns and closed borders in many South American countries continue to reduce activity, where high infection rates have curbed mine activity and development projects. India, where FLSmidth has more than 20% of its employees, is currently fighting record high infection rates which have overwhelmed the country's health systems. Across most regions, it is expected that the pandemic will continue to impact the industry in the first half of 2021, and in parts of the world, the pandemic impact is likely to last beyond H1 2021.

Still, we have a very healthy pipeline of both large and small opportunities, and the outlook for investments in mining remains positive.

Mining order intake split per Region
%



Mining order intake split by commodity
%



MINING FINANCIAL PERFORMANCE

Q1 2021

Mining order intake decreased 27% organically compared to Q1 2020. Including currency effects, the order intake in Q1 2021 decreased by 31% to DKK 3,585m (Q1 2020: DKK 5,214m), comprising a 6% decrease in service orders and a 48% decrease in capital orders. The decrease in capital orders was due to an exceptionally strong capital order intake in the comparative quarter, which included three large orders with a combined value of around DKK 2.4bn. Q1 2021 included one large order valued at approximately DKK 200m. Adjusted for these large orders, total Mining order intake increased by 20% compared to Q1 2020. In the quarter, service orders and capital orders represented 54% and 46% of Mining order intake respectively.

Compared to Q4 2020, Mining order intake increased 37% related to the timing of medium-sized capital orders and improved site access for local service teams. Travel restrictions continue to limit on-site technical services and projects, and new lockdowns are being imposed in parts of the world due to surging COVID-19 infection rates.

Revenue decreased by 7% organically and by 12% including the effects of currency, to DKK 2,412m in Q1 2021 (Q1 2020: DKK 2,735m). Capital revenue decreased by 24% as a result of the lumpiness of the capital business with fluctuating revenue recognition, and due to continued restricted site access which has impacted progress on projects. Service revenue decreased by 4%, also due to restricted access to mine sites. Service accounted for 67% of Mining revenue in Q1 2021 (Q1 2020: 61%).

Gross profit, before allocation of shared cost, decreased by 5% to DKK 648m (Q1 2020: DKK 680m). The corresponding gross margin increased to 26.9% (Q1 2020: 24.9%), due to a larger share of service business with higher margins as well as a positive effect from the business improvement programme.

Despite the lower revenue and gross profit in the quarter, EBITA increased by 6% to DKK 213m (Q1 2020: DKK 201m) as a result of cost efficiencies. The corresponding EBITA margin increased to 8.8% from 7.3% in Q1 2020.

Mining

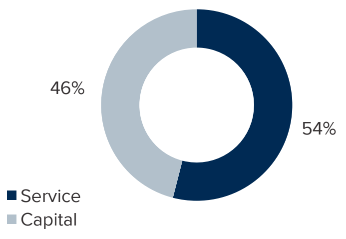
(DKKm)	Q1 2021	Q1 2020	Change (%)
Order intake (gross)	**3,585**	**5,214**	**-31%**
- Hereof service order intake	1,948	2,083	-6%
- Hereof capital order intake	1,637	3,131	-48%
Order backlog	**10,275**	**9,621**	**7%**
Revenue	**2,412**	**2,735**	**-12%**
- Hereof service revenue	1,608	1,673	-4%
- Hereof capital revenue	804	1,062	-24%
Gross profit before allocation of shared cost	**648**	**680**	**-5%**
Gross profit margin before allocation of shared cost	26.9%	24.9%	
EBITA before allocation of shared cost	**403**	**414**	**-3%**
EBITA margin before allocation of shared cost	16.7%	15.1%	
EBITA	**213**	**201**	**6%**
EBITA margin	8.8%	7.3%	
EBIT	**152**	**143**	**6%**
EBIT margin	6.3%	5.2%	
Number of employees	5,163	5,682	-9%

Growth in order intake in Q1 2021 (vs. Q1 2020)

	Order intake	Revenue
Organic	-27%	-7%
Acquisition	0%	0%
Currency	-4%	-5%
Total growth	**-31%**	**-12%**

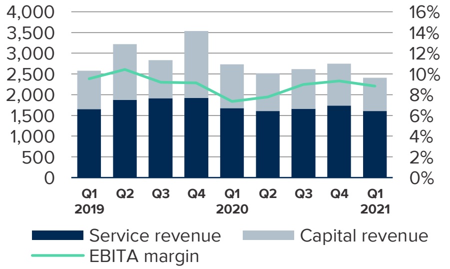
Service and capital order intake Q1 2021

%



Revenue and EBITA margin

DKKm EBITA %



CEMENT MARKET DEVELOPMENTS

The cement industry remains impacted by overcapacity, a situation which has been accelerated by the pandemic. Recovery is expected mid-term as large economic stimulus programmes, combined with an increasing focus on lower-carbon cement, are likely to create good opportunities.The timing and extent of an overall rebound in the cement market, however, remain uncertain.

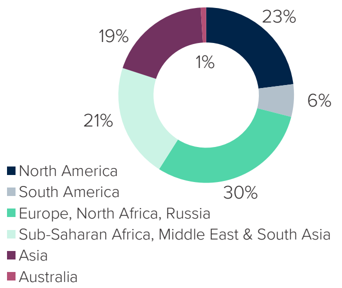
While we have seen a few regions with improved site access for local service teams, the cement market as a whole continues to be impacted by the pandemic.

Plants are running at reduced capacity and remain difficult to access due to restrictions and preventative measurements taken by authorities and plant operators, which has affected service activity and curbed investments. Cement consumption continues to be impacted by the high market uncertainty and most large investments have been suspended pending an improvement in the business outlook. Given the low activity level, our efforts have been refocused on sustainability and digitalisation in order to be well positioned for future infrastructure projects that are expected to result from the government stimulus programmes that are planned or underway in various countries. However, macroeconomic conditions currently vary between countries and the timing and extent of an overall rebound in the cement market remain uncertain.

In North America, the successful vaccination programme and improvement in business sentiment have helped remove some of the uncertainty that has held back investments, and we have started to see pockets of increased interest in spare parts as well as upgrades and retrofits. On the other hand, market activity in Africa and the Middle East remains hampered by lockdowns and high infection rates continue to reduce activity at cement plants across South America. While market activity improved in India during Q1, the country imposed another national lockdown in April which is likely to hit business sentiment and investment levels in the second quarter. At the same time, most of our cement customers in Europe, North-Africa and Russia will need to see improved cash generation before they ramp up investments.

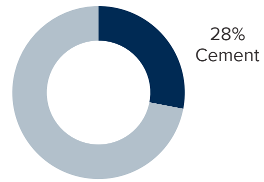
Cement order intake split per Region

%



Cement share of Group order intake

%



CEMENT FINANCIAL PERFORMANCE

Q1 2021

The organic order intake in Q1 2021 increased by 14% compared to Q1 2020. Including currency effects, the order intake in Q1 2021 increased by 7% to DKK 1,400m (Q1 2020: DKK 1,312m), comprising 5% decrease in service orders and a 29% increase in capital orders. In the quarter, service orders and capital orders represented 57% and 43% of cement order intake, respectively.

The improvement in capital order intake was based on a couple of sustainability related medium-sized product orders. Compared to Q4 2020, Cement service order intake increased slightly due to improved site access for local service teams in parts of the world. In other regions new lockdowns are being imposed. Cross-border travel restrictions and quarantine rules remain a key challenge for our global service technicians.

In Q1 2021, revenue decreased by 27% to DKK 1,301m due to the continued impact of the pandemic and a lower backlog entering the year. Cement service revenue decreased by 15% while capital revenue declined by 41%. Currency effects had a 4% negative impact on revenue, which meant the organic decrease in revenue was 23%. Service accounted for 61% of Cement revenue in Q1 2021 (Q1 2020: 52%).

Gross profit, before allocation of shared cost, decreased by 22% to DKK 306m (Q1 2020: DKK 391m), but the gross margin increased to 23.5% (Q1 2020: 21.8%) due to a higher share from service. Cement profitability is, however, still affected by the large decline in revenue, and increased costs related to the pandemic and ongoing reshaping. Consequently, EBITA amounted to DKK -23m (Q1 2020: DKK 32m) and the corresponding EBITA margin was -1.7% (Q1 2020: 1.8%).

Cement

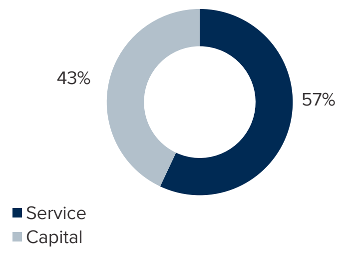
(DKKm)	Q1 2021	Q1 2020	Change (%)
Order intake (gross)	**1,400**	**1,312**	**7%**
- Hereof service order intake	802	848	-5%
- Hereof capital order intake	598	464	29%
Order backlog	**5,976**	**5,970**	**0%**
Revenue	**1,301**	**1,790**	**-27%**
- Hereof service revenue	793	933	-15%
- Hereof capital revenue	508	857	-41%
Gross profit before allocation of shared cost	**306**	**391**	**-22%**
Gross profit margin before allocation of shared cost	23.5%	21.8%	
EBITA before allocation of shared cost	**107**	**197**	**-46%**
EBITA margin before allocation of shared cost	8.2%	11.0%	
EBITA	**(23)**	**32**	**-172%**
EBITA margin	-1.7%	1.8%	
EBIT	**(51)**	**8**	**-738%**
EBIT margin	-3.9%	0.4%	
Number of employees	3,653	4,784	-24%

Growth in order intake in Q1 2021 (vs. Q1 2020)

	Order intake	Revenue
Organic	14%	-23%
Acquisition	0%	0%
Currency	-7%	-4%
Total growth	**7%**	**-27%**

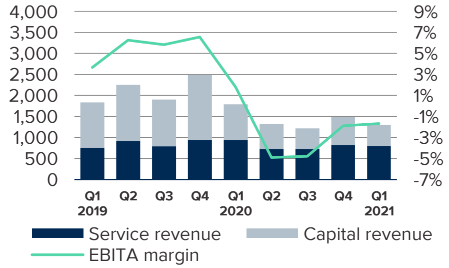
Service and capital order intake Q1 2021

%



Revenue and EBITA margin

DKKm EBITA %



QUARTERLY KEY FIGURES

DKKm	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
INCOME STATEMENT									
Revenue	4,416	5,472	4,736	6,022	4,525	3,846	3,834	4,236	3,713
- Hereof service revenue	2,414	2,794	2,703	2,866	2,606	2,333	2,393	2,552	2,401
- Hereof capital revenue	2,002	2,678	2,033	3,156	1,919	1,513	1,441	1,684	1,312
Gross profit	**1,081**	**1,315**	**1,126**	**1,327**	**1,047**	**912**	**884**	**1,022**	**935**
SG&A costs and other operating items	(686)	(741)	(667)	(747)	(728)	(689)	(629)	(685)	(648)
EBITDA before special non-recurring items	**395**	**574**	**459**	**580**	**319**	**223**	**255**	**337**	**287**
Special non-recurring items	0	0	0	0	0	(13)	0	(11)	(15)
Depreciation and impairment of property, plant and equipment	(83)	(87)	(82)	(93)	(91)	(79)	(78)	(91)	(82)
EBITA	**312**	**487**	**377**	**487**	**228**	**131**	**177**	**235**	**190**
Amortisation and impairment of intangible assets	(94)	(106)	(83)	(94)	(82)	(85)	(86)	(90)	(89)
EBIT	**218**	**381**	**294**	**393**	**146**	**46**	**91**	**145**	**101**
Income from associates	0	0	2	1	1	2	(1)	(2)	1
Financial income/costs, net	(3)	(32)	(12)	(71)	3	(55)	(1)	6	(10)
EBT	**215**	**349**	**284**	**323**	**150**	**(7)**	**89**	**149**	**92**
Tax for the period	(70)	(115)	(94)	(94)	(44)	(5)	(41)	(65)	(35)
Profit/loss on continuing activities for the period	**145**	**234**	**190**	**229**	**106**	**(12)**	**48**	**84**	**57**
Loss on discontinued activities for the period	(9)	(11)	0	(2)	(5)	(5)	(5)	(6)	(3)
Profit/loss for the period	**136**	**223**	**190**	**227**	**101**	**(17)**	**43**	**78**	**54**
Effect of purchase price allocation	(30)	(30)	(32)	(36)	(24)	(24)	(24)	(24)	(22)
Gross margin	*24.5%*	*24.0%*	*23.8%*	*22.0%*	*23.1%*	*23.7%*	*23.1%*	*24.1%*	*25.2%*
EBITDA margin before special non-recurring items	*8.9%*	*10.5%*	*9.7%*	*9.6%*	*7.0%*	*5.8%*	*6.7%*	*8.0%*	*7.7%*
EBITA margin	*7.1%*	*8.9%*	*8.0%*	*8.1%*	*5.0%*	*3.4%*	*4.6%*	*5.5%*	*5.1%*
EBIT margin	*4.9%*	*6.9%*	*6.2%*	*6.5%*	*3.2%*	*1.2%*	*2.4%*	*3.4%*	*2.7%*
Cash flow from operating activities	234	143	244	327	(35)	533	594	329	285
Cash flow from investing activities	(85)	(373)	(111)	(92)	(109)	(65)	(105)	(97)	(51)
Net working capital	2,207	2,519	2,624	2,739	2,792	2,351	1,981	1,752	1,678
Net interest-bearing debt (NIBD)	(2,059)	(2,802)	(2,693)	(2,492)	(2,663)	(2,298)	(1,936)	(1,808)	(1,577)
Order intake, continuing activities (gross)	5,640	4,954	4,571	4,389	6,526	3,348	3,955	4,695	4,985
- Hereof service order intake	2,648	2,784	2,928	2,890	2,931	2,238	2,337	2,316	2,750
- Hereof capital order intake	2,992	2,170	1,643	1,499	3,595	1,110	1,618	2,379	2,235
Order backlog, continuing activities	17,824	16,762	16,088	14,192	15,591	15,227	14,839	14,874	16,251

DKKm	2019				2020				2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEGMENT REPORTING									
Mining									
Revenue	2,579	3,221	2,832	3,537	2,735	2,520	2,616	2,749	2,412
- Hereof service revenue	1,654	1,876	1,916	1,924	1,673	1,606	1,663	1,734	1,608
- Hereof capital revenue	925	1,345	916	1,613	1,062	914	953	1,015	804
Gross profit before allocation of shared costs	689	840	713	829	680	666	653	689	648
EBITA before allocation of shared costs	442	541	463	528	414	404	440	452	403
EBITA	246	336	261	323	201	196	235	256	213
EBIT	180	274	195	256	143	135	178	199	152
Gross margin before allocation of shared costs	*26.7%*	*26.1%*	*25.2%*	*23.4%*	*24.9%*	*26.4%*	*25.0%*	*25.1%*	*26.9%*
EBITA margin before allocation of shared costs	*17.1%*	*16.8%*	*16.3%*	*14.9%*	*15.1%*	*16.0%*	*16.8%*	*16.4%*	*16.7%*
EBITA margin	*9.5%*	*10.4%*	*9.2%*	*9.1%*	*7.3%*	*7.8%*	*9.0%*	*9.3%*	*8.8%*
EBIT margin	*7.0%*	*8.5%*	*6.9%*	*7.2%*	*5.2%*	*5.4%*	*6.8%*	*7.2%*	*6.3%*
Order intake (gross)	3,008	3,075	3,148	2,833	5,214	2,223	2,766	2,608	3,585
- Hereof service order intake	1,802	1,901	2,024	1,807	2,083	1,620	1,650	1,535	1,948
- Hereof capital order intake	1,206	1,174	1,124	1,026	3,131	603	1,116	1,073	1,637
Order backlog	9,171	8,757	8,544	7,683	9,621	9,500	9,298	9,085	10,275
Cement									
Revenue	1,837	2,251	1,904	2,485	1,790	1,326	1,218	1,487	1,301
- Hereof service revenue	760	918	787	942	933	727	730	818	793
- Hereof capital revenue	1,077	1,333	1,117	1,543	857	599	488	669	508
Gross profit before allocation of shared costs	408	496	434	543	391	279	238	347	306
EBITA before allocation of shared costs	235	319	263	331	197	91	83	144	107
EBITA	69	143	111	163	32	(65)	(57)	(28)	(23)
EBIT	41	99	94	136	8	(89)	(86)	(61)	(51)
Gross margin before allocation of shared costs	*22.2%*	*22.0%*	*22.8%*	*21.9%*	*21.8%*	*21.0%*	*19.5%*	*23.3%*	*23.5%*
EBITA margin before allocation of shared costs	*12.8%*	*14.1%*	*13.8%*	*13.3%*	*11.0%*	*6.9%*	*6.7%*	*9.7%*	*8.2%*
EBITA margin	*3.7%*	*6.3%*	*5.8%*	*6.6%*	*1.8%*	*-4.9%*	*-4.8%*	*-1.9%*	*-1.7%*
EBIT margin	*2.2%*	*4.4%*	*4.9%*	*5.5%*	*0.4%*	*-6.7%*	*-7.1%*	*-4.1%*	*-3.9%*
Order intake (gross)	2,632	1,879	1,423	1,556	1,312	1,125	1,189	2,087	1,400
- Hereof service order intake	846	883	904	1,083	848	618	688	780	802
- Hereof capital order intake	1,786	996	519	473	464	507	501	1,307	598
Order backlog	8,653	8,005	7,544	6,509	5,970	5,727	5,541	5,789	5,976

INCOME STATEMENT

Notes	DKKm	Q1 2021	Q1 2020
3, 4	Revenue	3,713	4,525
	Production costs	(2,778)	(3,478)
	Gross profit	**935**	**1,047**
	Sales costs	(315)	(378)
	Administrative costs	(338)	(362)
	Other operating items	5	12
	EBITDA before special non-recurring items	**287**	**319**
	Special non-recurring items	(15)	0
	Depreciation and impairment of property, plant and equipment and lease assets	(82)	(91)
	EBITA	**190**	**228**
	Amortisation and impairment of intangible assets	(89)	(82)
	EBIT	**101**	**146**
	Income from associates	1	1
	Financial income	298	439
	Financial costs	(308)	(436)
	EBT	**92**	**150**
	Tax for the period	(35)	(44)
	Profit for the period, continuing activities	**57**	**106**
3, 8	Loss for the period, discontinued activities	(3)	(5)
	Profit for the period	**54**	**101**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	53	98
	Minority interests	1	3
		54	**101**
	Earnings per share (EPS):		
	Continuing and discontinued activities per share	1.0	2.0
	Continuing and discontinued activities per share, diluted	1.0	2.0
	Continuing activities per share	1.1	2.1
	Continuing activities per share, diluted	1.1	2.1

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q1 2021	Q1 2020
	Profit for the period	**54**	**101**
	Items that will not be reclassified to profit or loss:		
	Actuarial gains/(losses) on defined benefit plans	7	0
	Items that are or may be reclassified subsequently to profit or loss:		
	Currency adjustments regarding translation of entities	358	(336)
	Cash flow hedging:		
	- Value adjustments for the period	(13)	(31)
	- Value adjustments transferred to work in progress	(8)	(1)
	Tax of other comprehensive income	2	0
	Other comprehensive income for the period after tax	**346**	**(368)**
	Comprehensive income for the period	**400**	**(267)**
	Attributable to:		
	Shareholders in FLSmidth & Co. A/S	399	(269)
	Minority interests	1	2
		400	**(267)**

CASH FLOW STATEMENT

Notes	DKKm	Q1 2021	Q1 2020
	EBITDA before special non-recurring items, continuing activities	287	319
	EBITDA before special non-recurring items, discontinued activities	(3)	(2)
	EBITDA	**284**	**317**
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	(14)	10
	Adjusted EBITDA	**270**	**327**
	Change in provisions, pension and employee benefits	(13)	(58)
9	Change in net working capital	149	(197)
	Cash flow from operating activities before financial items and tax	**406**	**72**
	Financial items received and paid	(19)	(18)
	Taxes paid	(102)	(89)
	Cash flow from operating activities	**285**	**(35)**
	Acquisition of enterprises and activities	0	(41)
	Acquisition of intangible assets	(32)	(35)
	Acquisition of property, plant and equipment	(19)	(32)
	Acquisition of financial assets	(3)	(3)
7	Disposal of enterprises and activities	2	0
	Disposal of property, plant and equipment	1	2
	Cash flow from investing activities	**(51)**	**(109)**
	Dividend	(83)	0
	Exercise of share options	1	0
	Repayment of lease liabilities	(33)	(30)
	Change in net interest bearing debt	129	23
	Cash flow from financing activities	**14**	**(7)**
	Change in cash and cash equivalents	**248**	**(151)**
	Cash and cash equivalents at beginning of period	976	1,001
	Foreign exchange adjustment, cash and cash equivalents	32	(39)
	Cash and cash equivalents at 31 March	**1,256**	**811**

The cash flow statement cannot be inferred from the published financial information only

Free cash flow

DKKm	Q1 2021	Q1 2020
Free cash flow	234	(144)
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	232	(103)

Cash and cash equivalents at beginning of period

DKKm	Q1 2021	Q1 2020
Cash and cash equivalents	946	1,001
Cash and cash equivalents included in assets held for sale	30	0
Cash and cash equivalents at beginning of period	**976**	**1,001**

BALANCE SHEET

Notes	DKKm	31/03 2021	31/12 2020	31/03 2020
	ASSETS			
	Goodwill	4,315	4,194	4,309
	Patents and rights	857	875	945
	Customer relations	458	466	564
	Other intangible assets	157	172	92
	Completed development projects	210	234	235
	Intangible assets under development	332	299	343
	Intangible assets	**6,329**	**6,240**	**6,488**
	Land and buildings	1,475	1,414	1,524
	Plant and machinery	366	369	409
	Operating equipment, fixtures and fittings	84	89	96
	Tangible assets in course of construction	126	137	90
	Property, plant and equipment	**2,051**	**2,009**	**2,119**
	Lease assets	**293**	**312**	**282**
	Deferred tax assets	1,272	1,248	1,149
	Investments in associates	166	159	147
10	Other securities and investments	47	43	44
	Other non-current assets	**1,485**	**1,450**	**1,340**
	Non-current assets	**10,158**	**10,011**	**10,229**
	Inventories	2,476	2,368	2,726
	Trade receivables	3,282	3,453	4,452
	Work in progress	2,276	2,175	2,440
	Prepayments	485	333	540
	Income tax receivables	308	178	193
	Other receivables	783	868	914
	Cash and cash equivalents	1,256	946	811
	Current assets	**10,866**	**10,321**	**12,076**
	Assets classified as held for sale	0	124	0
	Total assets	**21,024**	**20,456**	**22,305**

Notes	DKKm	31/03 2021	31/12 2020	31/03 2020
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(773)	(1,131)	(635)
	Cash flow hedging	(25)	(4)	(60)
	Retained earnings	8,229	8,246	8,191
	Shareholders in FLSmidth & Co. A/S	**8,456**	**8,136**	**8,521**
	Minority interests	(5)	(6)	16
	Equity	**8,451**	**8,130**	**8,537**
	Deferred tax liabilities	211	200	234
	Pension obligations	377	375	362
5	Provisions	411	426	455
	Lease liabilities	201	209	182
	Bank loans and mortgage debt	2,498	2,250	3,095
	Prepayments from customers	272	240	192
	Income tax liabilities	141	139	0
	Other liabilities	129	125	100
	Non-current liabilities	**4,240**	**3,964**	**4,620**
	Pension obligations	3	3	3
5	Provisions	612	589	489
	Lease liabilities	102	113	108
	Bank loans and mortgage debt	33	183	91
	Prepayments from customers	1,443	1,026	1,301
	Work in progress	1,833	1,834	1,595
	Trade payables	2,800	3,055	3,934
	Income tax liabilities	219	162	340
	Other liabilities	1,288	1,306	1,287
	Current liabilities	**8,333**	**8,271**	**9,148**
	Liabilities associated with assets classified as held for sale	0	91	0
	Total liabilities	**12,573**	**12,326**	**13,768**
	Total equity and liabilities	**21,024**	**20,456**	**22,305**

EQUITY STATEMENT

DKKm	Share capital	Currency adjustments	Cash flow hedging	Retained earnings	Share-holders in FLSmidth & Co A/S	Minority interests	Total Q1 2021	Share capital	Currency adjustments	Cash flow hedging	Retained earnings	Share-holders in FLSmidth & Co A/S	Minority interests	Total Q1 2020
Equity at 1 January	1,025	(1,131)	(4)	8,246	8,136	(6)	8,130	1,025	(300)	(28)	8,082	8,779	14	8,793
Comprehensive income for the period														
Profit/loss for the period				53	53	1	54				98	98	3	101
Other comprehensive income														
Actuarial gains/(losses) on defined benefit plans				7	7		7				0	0		0
Currency adjustments regarding translation of entities		358			358		358		(335)			(335)	(1)	(336)
Cash flow hedging:														
- Value adjustments for the period			(13)		(13)		(13)			(31)		(31)		(31)
- Value adjustments transferred to work in progress			(8)		(8)		(8)			(1)		(1)		(1)
Tax on other comprehensive income				2	2		2				0	0		0
Other comprehensive income total	0	358	(21)	9	346	0	346	0	(335)	(32)	0	(367)	(1)	(368)
Comprehensive income for the period	0	358	(21)	62	399	1	400	0	(335)	(32)	98	(269)	2	(267)
Transactions with owners:														
Dividend paid				(83)	(83)		(83)				0	0		0
Share-based payment				3	3		3				11	11		11
Exercise of share options				1	1		1				0	0		0
Equity at 31 March	1,025	(773)	(25)	8,229	8,456	(5)	8,451	1,025	(635)	(60)	8,191	8,521	16	8,537

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, we are required to make several estimates and judgements. The estimates and judgements that can have a significant impact on the financial statements are categorised as key accounting estimates and judgements. Key accounting estimates and judgements are regularly assessed to adapt to the market conditions and changes in political and economic factors.

Similarly to what was disclosed in the Annual Report 2020 the COVID-19 pandemic has imposed uncertainty to the interim financial statements. For further details, reference is made to The Annual Report 2020, Key accounting estimates and judgements, pages 63-64 and to specific notes.

As of 31 March 2021, we have included updated estimates to assess the recoverability of our asset base, including intangible assets, deferred tax assets and trade receivables. The uncertain market and liquidity conditions still prevail globally, which continue to be reflected in our expected credit losses (ECL). We have reassessed our projects to reflect estimated implications on project financials, including cost forecasts due to the severity of restrictions. By nature, the updated key accounting estimates contains a degree of uncertainty and the effects are recognised in the relevant period.

2. INCOME STATEMENT BY FUNCTION

It is our policy to prepare the income statement based on an adjusted classification of the cost by function in order to show the earnings before special non-recurring items, depreciation, amortisation and impairment (EBITDA). Depreciation, amortisation and impairment are therefore separated from the individual functions and presented in separated lines.

The income statement classified by function includes allocation of depreciation, amortisation and impairment.

Income statement by function

DKKm	Q1 2021	Q1 2020
Revenue	3,713	4,525
Production costs, including depreciation, amortisation and impairment	(2,861)	(3,568)
Gross profit	**852**	**957**
Sales costs, including depreciation and amortisation	(330)	(395)
Administrative costs, including depreciation and amortisation	(411)	(428)
Special non-recurring items	(15)	0
Other operating income	5	12
EBIT	**101**	**146**
Depreciation, amortisation and impairment consist of:		
Depreciation and impairment of property, plant and equipment and lease assets	(82)	(91)
Amortisation and impairment of intangible assets	(89)	(82)
	(171)	**(173)**
Depreciation, amortisation and impairment are divided into:		
Production costs	(83)	(90)
Sales costs	(15)	(17)
Administrative costs	(73)	(66)
	(171)	**(173)**

3. SEGMENT INFORMATION

Q1 2021

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities [3]	FLSmidth Group
Revenue	**2,412**	**1,301**	**-**	**0**	**3,713**	**0**	**3,713**
Production costs	(1,764)	(995)	(19)	0	(2,778)	0	(2,778)
Gross profit	**648**	**306**	**(19)**	**0**	**935**	**0**	**935**
SG&A costs	(206)	(171)	(271)	0	(648)	(3)	(651)
EBITDA before special non-recurring items	**442**	**135**	**(290)**	**0**	**287**	**(3)**	**284**
Special non-recurring items	(7)	(8)	0	0	(15)	0	(15)
Depreciation and impairment of property, plant and equipment and lease assets	(32)	(20)	(30)	0	(82)	0	(82)
EBITA before allocation of shared costs	**403**	**107**	**(320)**	**0**	**190**	**(3)**	**187**
Allocation of shared costs	(190)	(130)	320	0	0	0	0
EBITA	**213**	**(23)**	**0**	**0**	**190**	**(3)**	**187**
Amortisation and impairment of intangible assets	(61)	(28)	0	0	(89)	0	(89)
EBIT	**152**	**(51)**	**-**	**0**	**101**	**(3)**	**98**
Order intake (gross)	3,585	1,400			4,985	0	4,985
Order backlog	10,275	5,976			16,251	0	16,251
Gross margin	*26.9%*	*23.5%*			*25.2%*		*25.2%*
EBITDA margin before special non-recurring items	*18.3%*	*10.4%*			*7.7%*		*7.6%*
EBITA margin before allocation of shared costs	*16.7%*	*8.2%*			*-*		*-*
EBITA margin	*8.8%*	*-1.7%*			*5.1%*		*5.0%*
EBIT margin	*6.3%*	*-3.9%*			*2.7%*		*2.6%*
Number of employees at 31 March	**5,163**	**3,653**	**1,373**		**10,189**	**0**	**10,189**
Reconciliation of profit for the period							
EBIT					101	(3)	98
Income from associates					1	0	1
Financial income					298	0	298
Financial costs					(308)	0	(308)
EBT					**92**	**(3)**	**89**

Q1 2020

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities [3]	FLSmidth Group
Revenue	**2,735**	**1,790**	**-**	**0**	**4,525**	**0**	**4,525**
Production costs	(2,055)	(1,399)	(24)	0	(3,478)	0	(3,478)
Gross profit	**680**	**391**	**(24)**	**0**	**1,047**	**0**	**1,047**
SG&A costs	(231)	(170)	(323)	(4)	(728)	(2)	(730)
EBITDA before special non-recurring items	**449**	**221**	**(347)**	**(4)**	**319**	**(2)**	**317**
Special non-recurring items	0	0	0	0	0	0	0
Depreciation and impairment of property, plant and equipment and lease assets	(35)	(24)	(32)	0	(91)	0	(91)
EBITA before allocation of shared costs	**414**	**197**	**(379)**	**(4)**	**228**	**(2)**	**226**
Allocation of shared costs	(213)	(165)	379	(1)	0	0	0
EBITA	**201**	**32**	**0**	**(5)**	**228**	**(2)**	**226**
Amortisation and impairment of intangible assets	(58)	(24)	0	0	(82)	0	(82)
EBIT	**143**	**8**	**-**	**(5)**	**146**	**(2)**	**144**
Order intake (gross)	5,214	1,312			6,526	0	6,526
Order backlog	9,621	5,970			15,591	0	15,591
Gross margin	*24.9%*	*21.8%*			*23.1%*		*23.1%*
EBITDA margin before special non-recurring items	*16.4%*	*12.3%*			*7.0%*		*7.0%*
EBITA margin before allocation of shared costs	*15.1%*	*11.0%*			*-*		*-*
EBITA margin	*7.3%*	*1.8%*			*5.0%*		*5.0%*
EBIT margin	*5.2%*	*0.4%*			*3.2%*		*3.2%*
Number of employees at 31 March	**5,682**	**4,784**	**1,533**		**11,999**	**2**	**12,001**
Reconciliation of profit for the period							
EBIT					146	(2)	144
Income from associates					1	0	1
Financial income					439	4	443
Financial costs					(436)	(4)	(440)
EBT					**150**	**(2)**	**148**

1) Shared costs consist of costs that are managed on Region or Group level and subsequently allocated to the divisions. Cost include administration, procurement, logistic and digital.
2) Other companies consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activities mainly consist of bulk material handling.

4. REVENUE

Revenue arises from sale of life cycle offerings to our customers. We sell a broad range of goods and services within the Mining and Cement Industries split into the main categories projects, products and services.

Six Regions support the sales within the Mining and Cement Industries. Revenue is presented in the Regions in which delivery takes place. In the first quarter of 2021, South America represented a 5%-point lower share of Group revenue than the same period last year. Asia and Australia picked up a higher share of the Group revenue in the first quarter of 2021 compared to same period in 2020.

Backlog

The order backlog at 31 March 2021 amounts to DKK 16,251m (2020: DKK 15,591m) and represents the value of outstanding performance obligations on current contracts, combined of contracts where we will transfer control at a future point in time and the remaining performance obligations on contracts where we transfer control over time.

Based on the order backlog maturity profile, the majority, 53% (Q1 2020: 56%) of the order backlog is expected to be converted into revenue in 2021, while 47% (Q1 2020: 44%) is expected to be converted to revenue in subsequent years.

Revenue split by recognition principle

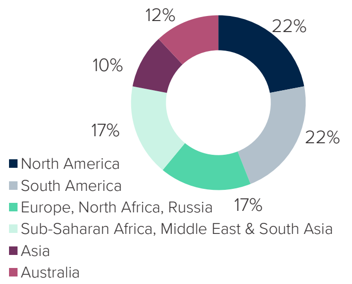
DKKm	Q1 2021 Mining	Q1 2021 Cement	Q1 2021 Group	Q1 2020 Mining	Q1 2020 Cement	Q1 2020 Group
Point in time	1,371	435	1,806	1,579	585	2,164
Percentage of completion	1,041	864	1,905	1,156	1,200	2,356
Cash	0	2	2	0	5	5
Total revenue	**2,412**	**1,301**	**3,713**	**2,735**	**1,790**	**4,525**

Revenue split by industry and category

DKKm	Q1 2021 Mining	Q1 2021 Cement	Q1 2021 Group	Q1 2020 Mining	Q1 2020 Cement	Q1 2020 Group
Projects	488	179	667	731	520	1,251
Products	316	329	645	331	337	668
Capital business	**804**	**508**	**1,312**	**1,062**	**857**	**1,919**
Service business	**1,608**	**793**	**2,401**	**1,673**	**933**	**2,606**
Total revenue	**2,412**	**1,301**	**3,713**	**2,735**	**1,790**	**4,525**

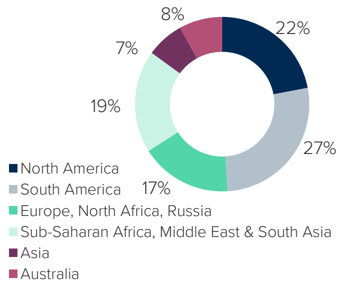
Revenue split by Regions Q1 2021

%



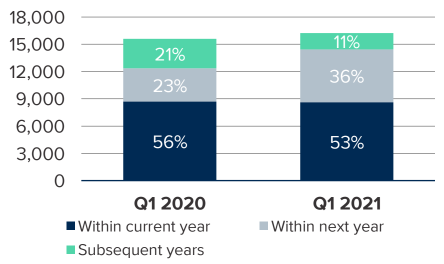
Revenue split by Regions Q1 2020

%



Backlog

DKKm



5. PROVISIONS

Additions to provisions amounted to DKK 108m in Q1 2021, compared to DKK 72m in Q1 2020, due to continued restructuring measures and marginal changes to provision estimates for loss-making projects as well as disputes and lawsuits.

Of the total used provisions of DKK 78m in Q1 2021, DKK 3m related to discontinued activities, both amounts in line with Q1 2020 levels. See note 8 for provision details related to discontinued activities.

For a description of the main provision categories see note 2.7 in the 2020 Annual Report.

Provisions

DKKm	31/03 2021	31/12 2020	31/03 2020
Provisions at 1 January	1,015	1,018	1,018
Foreign exchange adjustments	16	(50)	(17)
Additions	108	663	72
Used	(78)	(395)	(82)
Reversals	(38)	(217)	(47)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**1,023**	**1,015**	**944**
The split of provisions is as follows:			
Warranties	508	496	537
Restructuring	47	60	37
Other provisions	468	459	370
	1,023	**1,015**	**944**
The maturity of provisions is specified as follows:			
Current liabilities	612	589	489
Non-current liabilities	411	426	455
	1,023	**1,015**	**944**

6. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

FLSmidth has entered into a conditional agreement to sell all and lease back part of its headquarters in Valby, Denmark. As described in the Annual Report 2020 it has been decided to revisit the plans for the headquarter and options are being explored. More certainty of the outcome is expected during Q2 or Q3 of 2021.

Contingent liabilities at 31 March 2021 amounted to DKK 2.9bn (31 December 2020: DKK 2.6bn), which primarily include performance bonds, payment guarantees and bid bonds at DKK 2.5bn (31 December 2020: DKK 2.4bn) issued to cover project-related risks.

Except from the above mentioned no other significant changes have occurred to the nature and extent of our contractual obligations and contingent assets and liabilities compared to what was disclosed in note 2.9 in the 2020 Annual Report.

Provisions related to continued activities

DKKm	31/03 2021	31/12 2020	31/03 2020
Provisions at 1 January	833	807	807
Reclassification to beginning balance, continued/discontinued activities	0	13	0
Foreign exchange adjustments	16	(49)	(18)
Additions	108	661	72
Used	(75)	(378)	(77)
Reversals	(38)	(217)	(47)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**844**	**833**	**737**

7. DISPOSAL OF ENTERPRISES

On 23 December 2020, FLSmidth announced the sale of advanced fabric filter technology ("AFT") to Simatek A/S. The transaction was effective as of 1 March 2021. The gain from the transaction was DKK 2m in Q1 2021. The transaction price was DKK 3m and the transaction costs amounted to DKK 1m.

On 29 December 2020, FLSmidth announced the sale of Möller pneumatic conveying systems business to REEL. The sale of Möller pneumatic conveying systems business was closed 1 January 2021. The disposal has no income statement effect in Q1 2021.

The assets related to the disposals were included in assets classified as held for sale as of 31 December 2020. Following the two disposals being effective in the first quarter of 2021 there are no remaining assets classified as held for sale.

8. DISCONTINUED ACTIVITIES

Loss for the period from discontinued activities amounted to DKK -3m (Q1 2020: DKK -5m), primarily consisting of SG&A cost, refer to note 3.

Cash flow from discontinued operating activities totalled DKK -9m. The cash outflow was due to a combination of use of provisions of DKK 3m and change in net working capital.

Cash flow from net working capital from discontinued activities amounted to DKK -3m (Q1 2020: 10m), as net working capital related to discontinued business decreased from DKK 220m at the end of 2020 to DKK 219m as of 31 March 2021.

Discontinued activities effect on cash flow from operating activities

DKKm	Q1 2021	2020	Q1 2020
EBITDA	(3)	(15)	(2)
Change in provisions	(3)	(15)	(5)
Change in net working capital	(3)	(18)	10
Cash flow from operating activities before financial items and tax	**(9)**	**(48)**	**3**
Taxes paid	0	(4)	(2)
Cash flow from operating activities	**(9)**	**(52)**	**1**

Discontinued activities share of Group provisions

DKKm	31/03 2021	31/12 2020	31/03 2020
Provisions at 1 January	182	211	211
Reclassification to beginning balance, continued/discontinued business	0	(13)	0
Foreign exchange adjustments	0	(1)	1
Additions	0	2	0
Used	(3)	(17)	(5)
Provisions	**179**	**182**	**207**

9. NET WORKING CAPITAL

Net working capital as at 31 March 2021 decreased due to a significant increase in prepayments from customers and a reduction in trade receivables, partly offset by a lower level of trade payables and an increase in inventories.

Utilisation of supply chain financing decreased in Q1 driven by a lower level of activity and, in particular, by a lower share of Cement business relative to Mining. Utilisation of the programme is expected to increase in Q2 2021.

Net working capital

DKKm	31/03 2021	31/12 2020	31/03 2020
Inventories	2,476	2,368	2,726
Trade receivables	3,282	3,453	4,452
Work in progress, assets	2,276	2,175	2,440
Prepayments	485	333	540
Other receivables	678	748	769
Derivative financial instruments	47	65	86
Prepayments from customers	(1,715)	(1,266)	(1,493)
Trade payables	(2,800)	(3,055)	(3,934)
Work in progress, liability	(1,833)	(1,834)	(1,595)
Other liabilities	(1,183)	(1,200)	(1,120)
Derivative financial instruments	(35)	(35)	(79)
Net working capital	**1,678**	**1,752**	**2,792**
Change in net working capital	74	987	(53)
Financial instruments and foreign exchange effect on cash flow	75	(281)	(144)
Cash flow effect from change in net working capital	**149**	**706**	**(197)**

10. FAIR VALUE MEASUREMENT

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded in an active market based on quoted prices. They are measured instead using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no significant transfers between the levels in the first quarter of 2021 and 2020.

Financial instruments

				Q1 2021
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	9		38	47
Hedging instruments asset		47		47
Hedging instruments liability		(35)		(35)
	9	**12**	**38**	**59**

				Q1 2020
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	6		38	44
Hedging instruments asset		86		86
Hedging instruments liability		(79)		(79)
	6	**7**	**38**	**51**

11. EVENTS AFTER THE BALANCE SHEET DATE

We are not aware of any subsequent matters that could be of material importance to the Group's financial position at 31 March 2021.

12. ACCOUNTING POLICIES

The condensed interim report of the Group for the first quarter of 2021 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2020 Annual Report. Reference is made to note 7.5, Accounting policies, note 7.6, Impact from new IFRS, note 7.7, New IFRS not yet adopted and to specific notes in the 2020 Annual Report for further details.

Alternative Performance Measures (APM) are unchanged from those applied in the 2020 Annual Report, refer to note 7.4 in the 2020 Annual Report for a description of used APM.

Changes in accounting policies

As of 31 March 2021, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2021 financial year, including the following, which is the most relevant for FLSmidth:

- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued 2020)

The implementation has not had and is not expected to have significant impact on the consolidated financial statements.

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 31 March 2021.

The consolidated condensed interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports of listed companies. The consolidated condensed interim financial statements have not been audited or reviewed by the Group's independent auditors.

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's financial position at 31 March 2021 as well as of the results of its operations and cash flows for the period 1 January – 31 March 2021.

In our opinion, the management review gives a fair review of the development in the Group's activity and financial matters, results of operations, cash flows and financial position as well as a description of the principal risks and uncertainties that the Group faces.

In our opinion, the interim report for the financial year 1 January - 31 March 2021 with the file name 213800G7EG4156NNPG91-2021-03-31_en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Valby, 5 May 2021

Executive management

Thomas Schulz
Group CEO

Roland M. Andersen
Group CFO

Board of directors

Vagn Ove Sørensen
Chairman

Tom Knutzen
Vice chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Carsten Hansen

Leif Gundtoft

Claus Østergaard

FORWARD LOOKING STATEMENTS

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website and/or NASDAQ Copenhagen, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this report or in the future on behalf of FLSmidth & Co. A/S, may contain forward looking statements.

Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to:

- Statements of plans, objectives or goals for future operations, including those related to FLSmidth & Co. A/S' markets, products, product research and product development.
- Statements containing projections of or targets for revenues, profit (or loss), CAPEX, dividends, capital structure or other net financial items.
- Statements regarding future economic performance, future actions and outcome of contingencies such as legal proceedings and statements regarding the underlying assumptions or relating to such statements.
- Statements regarding potential merger & acquisition activities.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside FLSmidth & Co. A/S' influence, and which could materially affect such forward-looking statements.

FLSmidth & Co. A/S cautions that a number of important factors, including those described in this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance. Unless required by law FLSmidth & Co. A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this report.

Interim Report
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