FLSmidth

1 Jan - 30 Sep 2019
(Company announcement no. 11)

WE DISCOVER POTENTIAL

INTERIM REPORT Q3 2019

ROCE	CFFO (DKKm)
11.2%	244
Up from 10.7%	Down from DKK 357

EBITA margin	Order intake (DKKm)
8.0%	4,571
Down from 8.1%	Down from DKK 7,164

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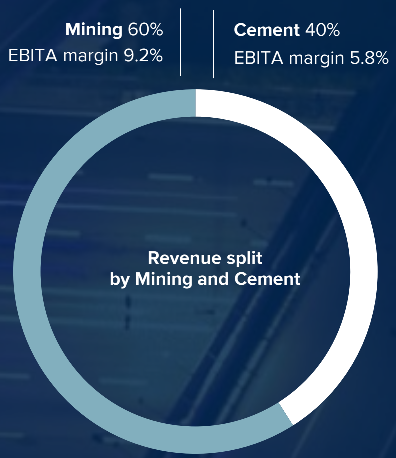
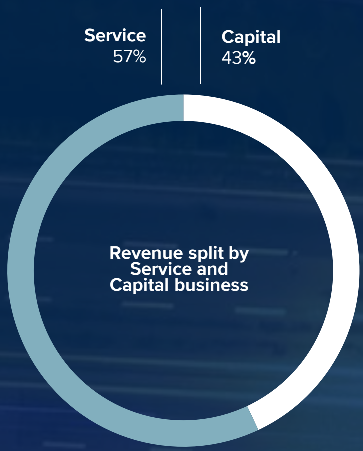
QUARTERLY HIGHLIGHTS

Order intake (DKKm)	Revenue (DKKm)	EBITA margin	Net working capital ratio	ROCE
4,571	**4,736**	**8.0%**	**13.1%**	**11.2%**
Down from 7,164	Up from 4,335	Down from 8.1%	Up from 9.9%	Up from 10.7%



Safety (TRIFR)[1]	Quality (DIFOT)[2]
1.7	**87%**
Down from 3.0	Unchanged

1) TRIFR = Total recordable injury frequency rate
2) DIFOT = Delivery in full on time
Safety and Quality are measured YTD against full year 2018
All other development highlights are year-on-year figures



QUARTERLY HIGHLIGHTS

Q3 Highlights

Record high Service order intake, attributable to both Mining and Cement. Group order intake nevertheless declined 36% compared to a strong Q3 2018 which included two large cement plant orders.

The service business showed good momentum, but an overall weaker business environment has caused some customers to postpone decisions on larger capital investments. In addition, a few mine projects, that were anticipated to get a green light this year, have been deferred due to challenges regarding license to operate.

Revenue developed according to the expected phasing for the year and increased 9%, driven by Mining.

EBITA increased 8% because of lower SG&A costs, but the EBITA margin declined to an unsatisfactory 8.0%, due to weaker profitability in Mining. Cement profitability improved as expected.

Despite a modest net working capital increase compared to Q2 2019, Q3 saw a positive free cash flow and reduction in net debt.

Management focus

We have seen an unfavourable development in business mix over the year, and postponement of capital orders have disrupted workflow and caused under absorption.

In addition, some mining projects have delivered lower profit than anticipated. We have reassessed the profitability on the project portfolio and concluded that we, going forward, will factor in a lower level of profit for Mining projects. We will also strengthen the mining project organisation by consolidating project execution in fewer centres.

In the context of recent market developments and financial performance, we will accelerate ongoing business improvement initiatives. The expected financial impact is an annual EBITA improvement of DKK 100m with a full run-rate from end of 2020 and implementation costs around DKK 150m. See page 8 for further information.

While executing on the above, focus in the remainder of 2019 will be on backlog conversion, solid execution and reduction of net working capital.

GUIDANCE

On 11 October, FLSmidth adjusted its full-year guidance (Company announcement no. 10-2019). The revised EBITA margin guidance from the initial mid-point of 9.5% to around 8% was based on the following estimated EBITA effects*:

- Service/capital mix (H1): ~DKK 100m
- Mining project cost overruns (Q3): ~DKK 70m
- Market related postponement of Mining capital orders and resulting under absorption (H2): ~DKK 25m
- Reassessment of profitability and mix (Q4): ~DKK 30m
- Business improvement costs (Q4): ~DKK 75m

*) Assuming DKK 20bn revenue equal to the mid-point of the initial revenue guidance

GUIDANCE FOR 2019 (REVISED ON 11 OCT)

DKK	Realised 9M 2019	Guidance 2019	Initial guidance	Realised 2018
Revenue (bn)	14.6	20-21	19-21	18.8
EBITA margin	8.0%	~8%	9-10%*	8.5%
ROCE	11.2%	10-12%	12-14%	11.0%

*) Specified to be at the lower end at the half-year results

FINANCIAL KEY FIGURES

DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018	Year 2018
INCOME STATEMENT					
Revenue	4,736	4,335	14,624	13,300	18,750
Gross profit	1,126	1,126	3,522	3,381	4,693
EBITDA before special non-recurring items	459	408	1,428	1,244	1,826
EBITA	377	350	1,176	1,074	1,585
EBIT	294	254	893	801	1,220
Financial items, net	(12)	(17)	(47)	(68)	(161)
EBT	284	237	848	733	1,059
Profit for the period, continuing activities	190	171	569	506	811
Loss for the period, discontinued activities	0	(9)	(20)	(40)	(176)
Profit for the period	190	162	549	466	635
ORDERS					
Order intake (gross), continuing activities	4,571	7,164	15,165	17,238	21,741
Order backlog, continuing activities			16,088	17,228	16,218
EARNING RATIOS					
Gross margin	23.8%	26.0%	24.1%	25.4%	25.0%
EBITDA margin before special non-recurring items	9.7%	9.4%	9.8%	9.4%	9.7%
EBITA margin	8.0%	8.1%	8.0%	8.1%	8.5%
EBIT margin	6.2%	5.9%	6.1%	6.0%	6.5%
EBT margin	6.0%	5.5%	5.8%	5.5%	5.6%
CASH FLOW					
Cash flow from operating activities (CFFO)	244	357	621	288	385
Acquisitions of property, plant and equipment	(64)	(52)	(124)	(244)	(288)
Cash flow from investing activities (CFFI)	(111)	(109)	(569)	(234)	(285)
Free cash flow	133	248	52	54	100
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	139	213	357	(61)	(15)

DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018	Year 2018
BALANCE SHEET					
Net working capital			2,624	1,809	2,200
Net interest-bearing debt (NIBD)			2,693	1,942	1,922
Total assets			23,148	21,652	21,743
Equity			8,704	8,048	8,266
Dividend to shareholders, paid			450	397	397
FINANCIAL RATIOS					
CFFO / Revenue	5.2%	8.2%	4.2%	2.2%	2.1%
Book-to-bill	96.5%	165.3%	103.7%	129.6%	116.0%
Order backlog / Revenue			80.1%	94.4%	86.5%
Return on equity			8.6%	7.7%	7.8%
Equity ratio			37.6%	37.2%	38.0%
ROCE, average			11.2%	10.7%	11.0%
Net working capital ratio, end			13.1%	9.9%	11.7%
NIBD / EBITDA			1.3	1.1	1.1
Capital employed, average			15,014	14,387	14,338
Number of employees			11,859	11,491	11,368
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	4.9	7.1	12.4	5.8	7.7
Earnings per share (EPS), (diluted)	3.8	3.2	11.0	9.3	12.8
Share price			298.2	399.7	293.1
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation, end			15,283	20,485	15,021

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 Annual Report 2018.

IFRS 16, Leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated. Refer to note 14 for IFRS 16 implementation effects.

QUARTERLY FINANCIAL PERFORMANCE

GROWTH

Order intake declined 36% compared to a very strong Q3 2018 which included two large Cement orders. Service order intake was a record high. Revenue increased 9%, attributable to Mining.

Order intake

Order intake decreased 36% to DKK 4,571m (Q3 2018: DKK 7,164m). Mining order intake declined 3%, due to lower capital order intake and despite a contract of approximately DKK 200m for a copper mine in Serbia.

The decline in mining capital order intake was largely offset by a 19% increase in service order intake.

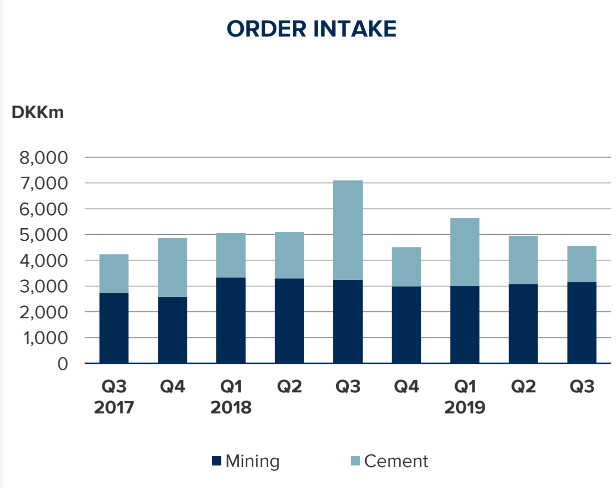
Cement order intake declined 63% due to the absence of large project orders. The comparative quarter contained two large cement plant orders with a combined value of approximately DKK 1.9bn. Cement service order intake increased 4% compared to Q3 2018.

Growth in order intake Q3 2019 (vs. Q3 2018)	Mining	Cement	Group
Organic	-5%	-64%	-38%
Acquisition	1%	0%	1%
Currency	1%	1%	1%
Total growth	**-3%**	**-63%**	**-36%**

Acquisitions and currency effects each had a 1% positive impact on order intake in Q3.

GROUP (Continuing activities)

(DKKm)	Q3 2019	Q3 2018	Change (%)	9M 2019	9M 2018	Change (%)
Order intake (gross)	**4,571**	**7,164**	**-36%**	**15,165**	**17,238**	**-12%**
- Hereof service order intake	2,928	2,569	14%	8,360	8,227	2%
- Hereof capital order intake	1,643	4,595	-64%	6,805	9,011	-24%
Order backlog	**16,088**	**17,228**	**-7%**	**16,088**	**17,228**	**-7%**
Revenue	**4,736**	**4,335**	**9%**	**14,624**	**13,300**	**10%**
- Hereof service revenue	2,703	2,489	9%	7,911	7,595	4%
- Hereof capital revenue	2,033	1,846	10%	6,713	5,705	18%
Gross profit	**1,126**	**1,126**	**0%**	**3,522**	**3,381**	**4%**
Gross profit margin	23.8%	26.0%		24.1%	25.4%	
SG&A cost	**(667)**	**(718)**	**-7%**	**(2,094)**	**(2,137)**	**-2%**
SG&A ratio	14.1%	16.6%		14.3%	16.1%	
EBITDA before special non-recurring items	**459**	**408**	**13%**	**1,428**	**1,244**	**15%**
EBITDA margin before special non-recurring items	9.7%	9.4%		9.8%	9.4%	
EBITA	**377**	**350**	**8%**	**1,176**	**1,074**	**9%**
EBITA margin	8.0%	8.1%		8.0%	8.1%	
EBIT	**294**	**254**	**16%**	**893**	**801**	**11%**
EBIT margin	6.2%	5.9%		6.1%	6.0%	
Number of employees	11,856	11,377	4%	11,856	11,377	4%



Order backlog

Order backlog for the Group decreased to DKK 16,088m (end of Q2 2019: DKK 16,762m). The decrease of DKK 0.7bn was explained by lower order intake than the level of revenue recognised of DKK -0.2bn and order terminations of DKK -0.5bn. The latter related to an Asian fertilizer project and a steel project in North America. The terminations will not affect the expected revenue and profit for 2019 and next year.

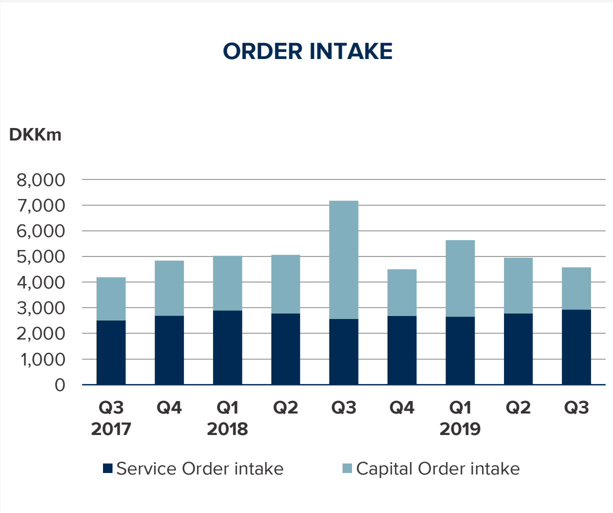
Revenue

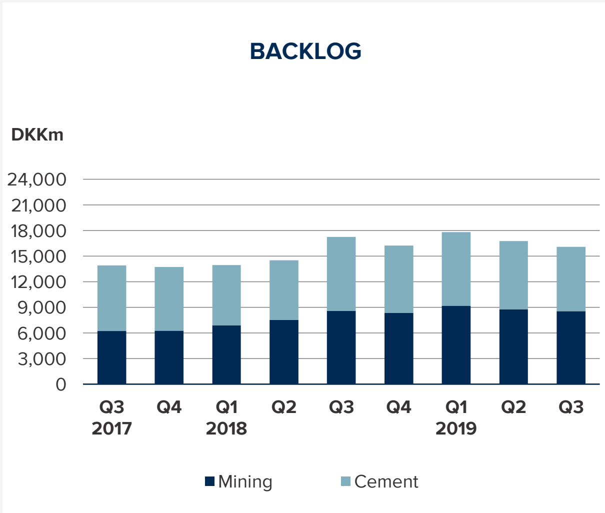
Revenue increased 9% to DKK 4,736m in Q3 2019 (Q3 2018: DKK 4,335m), explained by a 26% growth in Mining, partly offset by a 7% decline in Cement. Organic growth for the Group was 7%.

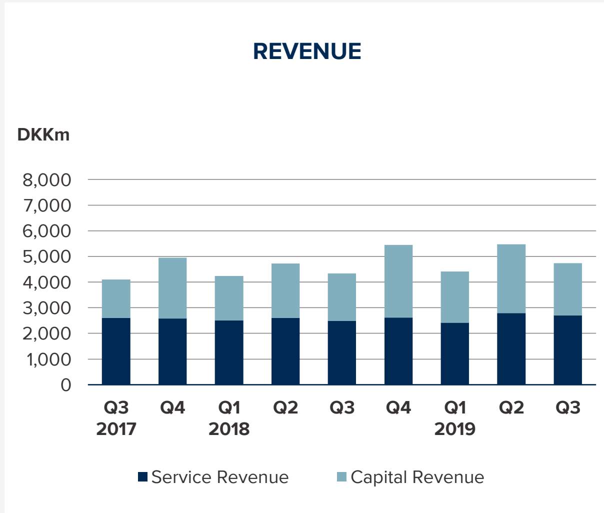
Service revenue in Mining accounted for 68% of the total Mining revenue (Q3 2018: 73%). Mining saw a 53% growth in capital revenue and a 17% growth in service revenue.

Growth in revenue Q3 2019 (vs. Q3 2018)	**Mining**	**Cement**	**Group**
Organic	23%	-9%	7%
Acquisition	1%	0%	0%
Currency	2%	2%	2%
Total growth	**26%**	**-7%**	**9%**

Service revenue in Cement accounted for 41% of the total Cement revenue (Q3 2018: 42%).







PROFIT

EBITA increased 8% due to lower SG&A costs. The EBITA margin decreased slightly to 8.0%.

Business improvement initiatives

More than a year into the changed organisational structure, we see potential for further efficiencies. In the context of recent market developments and financial performance, we will accelerate ongoing business improvement initiatives.

Mining project execution will be consolidated into fewer centres. This will strengthen competencies in the main centres and ensure better absorption of resources in line with fluctuating capital order intake.

Our footprint will be optimised in other parts of the business as well. In procurement, for example, the more simplified industry and region setup now allows for optimisation of our warehouse infrastructure and better utilisation at manufacturing and assembly sites.

The initiatives are expected to generate a combined annual EBITA improvement of DKK 100m with a full run-rate from end of 2020. The implementation costs are anticipated to be around DKK 150m.

Expected financial impact

Savings, DKKm	Total	Run-rate end 2019	Run-rate end 2020
EBITA improvement	100	25	100

Costs, DKKm	Total	Q4 2019	2020
Implementation costs	(150)	(75)	(75)

Gross profit and margin

Gross profit was stable at DKK 1,126m (Q3 2018: DKK 1,126m). The effect of IFRS 16 on gross profit was a DKK 11m improvement vs. Q3 2018 (refer to note 14). The gross margin fell to 23.8% (Q3 2018: 26.0%), attributable to Mining, which saw a sharp 6.5 percentage points decline compared to an exceptionally strong Q3 2018. Irrespective of the strong comparison quarter, the Mining gross margin in Q3 2019 fell below recent years' run-rates. The decline was primarily a result of project cost overruns of around DKK 70m, but also a consequence of a weaker business environment which has delayed customer decisions.

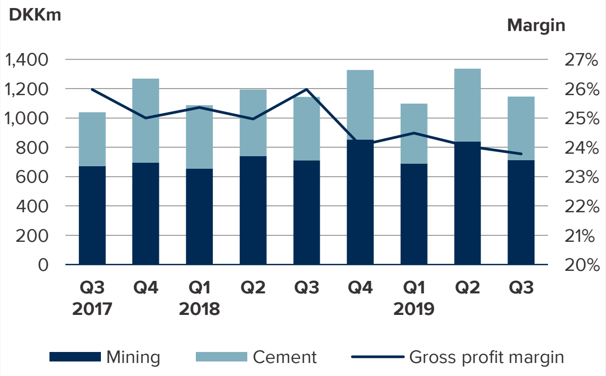
Some mining projects have delivered lower profit than anticipated. We have reassessed the profitability on the project portfolio and concluded that we need to factor in a lower level profit for Mining projects going forward. We will also strengthen the mining project organisation as part of our business improvement initiatives. Together, this is expected to re-establish a better match between planned and executed margin.

Additionally, we have seen a different development in the business mix. Recent project awards have included a relatively higher share of minerals material handling and a lower share of minerals processing. Minerals processing projects have, by nature, a higher margin than material handling projects.

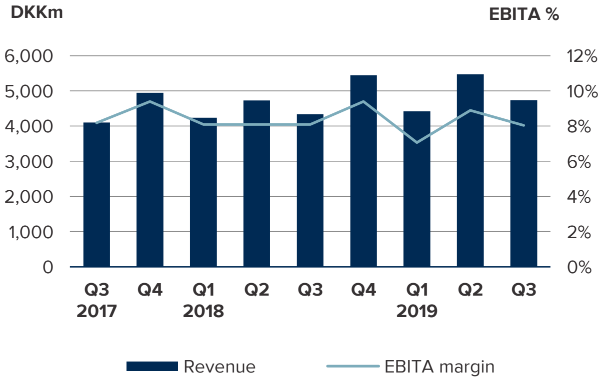
Whilst the project cost overruns are seen as specific for the third quarter of 2019, the change in mix and the reassessment of profitability on Mining projects are anticipated to impact the Mining capital business negatively by around DKK 30m per quarter in both Q4 and next year, compared to the run-rate before Q3 2019.

We were also affected by delayed customer decisions in the third quarter. Rather than awarding complete projects, customers are increasingly awarding contracts with defined milestones where the customer needs to make a stop-or-go decision before the next phase of the project is released. Because of increased market uncertainty, we have recently experienced more delays in these releases, which causes disruption to the

GROSS PROFIT AND GROSS MARGIN



REVENUE AND EBITA MARGIN



workflow and impacts absorption of key resources.

We anticipate that the trend of breaking projects into several milestones will continue. Hence, we are adjusting the way we work and how we manage resources in the Mining capital business.

In Cement, the gross margin increased by 1.6 percentage points due to the execution of higher-margin projects and efficiency measures implemented in the autumn of last year.

In Q3 2019, total research and development costs (R&D) amounted to DKK 71m (Q3 2018: DKK 88m), representing 1.5% of revenue (Q3 2018: 2.0%), of which DKK 21m was capitalised (Q3 2018: DKK 58m) and the balance of DKK 50m expensed as production costs (Q3 2018: DKK 30m). R&D costs in Q3 related to several projects, including digitalization, standardisation, dry stack tailings, new sustainable cement technologies and Rapid Oxidative Leaching.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items declined 7% to DKK 667m in Q3 2019. The decline related to revised expectations for short term incentive pay and affected both Mining and Cement. The cost percentage was down to 14.1% of revenue, from 16.6% in Q3 2018. The effect of IFRS 16 on SG&A was a cost reduction of DKK 22m (refer to note 14). Without IFRS 16 the cost ratio would have been 14.5%. Excluding both the effect of IFRS 16 and the effect of the revised expectations for incentive pay, SG&A would have increased slightly on Q3 last year.

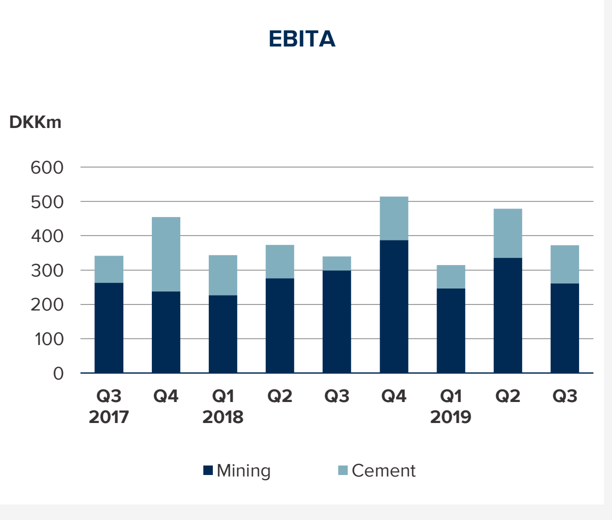
Depreciation increased to DKK 82m (Q3 2018: DKK 58m), all of which was explained by IFRS 16 effects which led to a DKK 28m increase (refer to note 14).

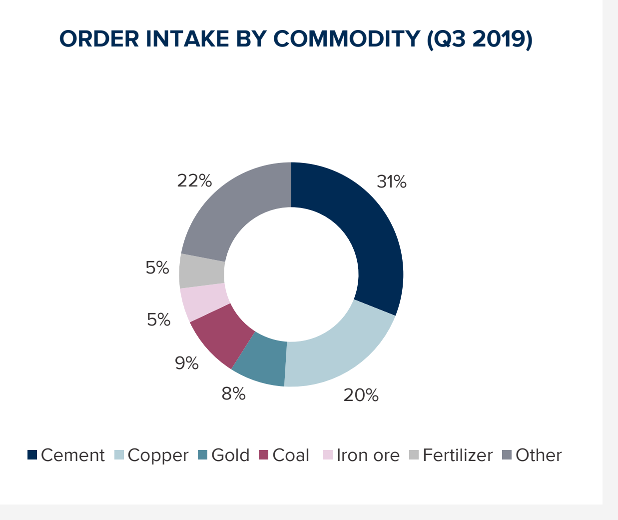
EBITA and margin

EBITA increased 8% to DKK 377m (Q3 2018: DKK 350m), as a result of the lower SG&A costs, as explained above. The EBITA margin decreased to 8.0% (Q3 2018: 8.1%).

Amortisation of intangible assets decreased to DKK 83m (Q3 2018: DKK 96m), largely explained by the difference in purchase price allocations which amounted to DKK 32m (Q3 2018: DKK 40m).

Earnings before interest and tax (EBIT) increased 16% to DKK 294m (Q3 2018: 254m).





Financial items
Net financial items amounted to DKK -12m (Q3 2018: DKK -17m), of which foreign exchange and fair value adjustments amounted to DKK -1m (Q3 2018: DKK -21m) and net interest amounted to DKK -11m (Q3 2018: DKK 4m).

Tax
Tax for the period was DKK -94m (Q3 2018: DKK -66m), corresponding to an effective tax rate of 33% (Q3 2018: 28%).

Profit for the period
Profit for the period increased to DKK 190m (Q3 2018: DKK 162m) as a result of the higher operating income.

Profit from continuing activities increased to DKK 190m (Q3 2018: DKK 171m).

Discontinued activities had no impact on profit and loss in Q3 2019 (Q3 2018: DKK -9m). As disclosed in the annual report 2018, FLSmidth retains the responsibility to finalise legacy projects, which are expected to be finalised during 2019-2020. See note 8 for further information about discontinued activities.

Earnings per share
Earnings per share increased to DKK 3.8 per share (diluted) (Q3 2018: DKK 3.2).

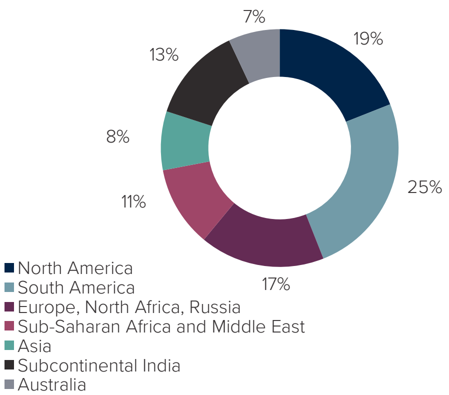
Employees
The number of employees was 11,859 at the end of Q3 2019 (end of Q2 2019: 11,855).

Regional revenue development
In Q3 2019, South America represented an 8% higher share of group revenue than the same quarter last year, whereas the share of revenue in North America and Europe contracted.

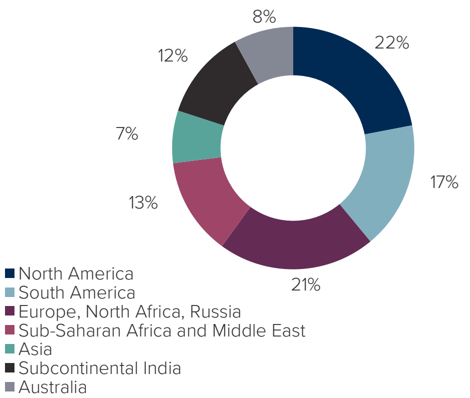
Acquisitions
Following the successful closing of the IMP acquisition, FLSmidth is working on realising the synergies between the digital initiatives of FLSmidth and IMP's automated solutions to further enhance processing optimisation and provide greater value to customers.

FLSmidth would be open to other bolt-on acquisitions which compliments the existing business.

REVENUE SPLIT BY REGIONS (Q3 2019)



REVENUE SPLIT BY REGIONS (Q3 2018)



CAPITAL

ROCE increased to 11.2% due to higher EBITA over the past 12 months, partly offset by higher capital employed. Positive free cash flow resulted in a DKK 109m reduction in net debt.

Capital employed

Average capital employed increased to DKK 15.0bn in Q3 2019 (Q2 2019: DKK 14.9bn). The increase was related to working capital.

Net working capital

Net working capital increased to DKK 2,624m at the end of Q3 2019 (end of Q2 2019: DKK 2,519m), and the corresponding net working capital ratio was 13.1% of 12-months trailing revenue (end of Q2 2019: 12.8% of revenue). The increase was attributable to Mining, discontinued activities and currency, and resulted from a combination of lower trade payables and higher receivables. The increase was partly offset by a higher level of advanced payments.

Supply chain financing led to a slight increase in trade payables in Q3.

The ambition is to end the year with a significantly lower net working capital. Delayed Mining projects and absence of large orders, however, make it more challenging to reach the desired level of 10% of revenue this year.

Return on capital employed

ROCE increased to 11.2% in Q3 2019 (Q3 2018: 10.7%) as a result of a higher EBITA over the past 12 months, partly offset by higher capital employed. 12-months trailing EBITA increased to DKK 1,687m (Q3 2018: DKK 1,539m). Average capital employed increased DKK 0.6bn on Q3 last year, related to working capital and the acquisition of IMP Automation Group.

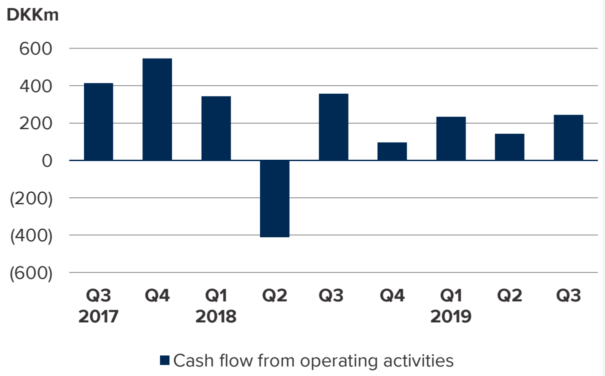
Equity ratio

Equity at the end of Q3 2019 increased to DKK 8,704m (end of Q2 2019: DKK 8,313m), explained by the profit for the period and currency translation effects. The equity ratio was 37.6% (end of Q2 2019: 36.0%), well above the long-term target of minimum 30%.

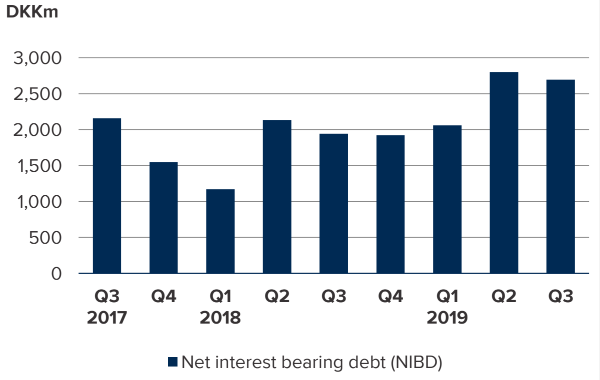
Net interest-bearing debt

Due to a positive free cash flow, net interest-bearing debt (NIBD) decreased to DKK 2,693m (end of Q2 2019: DKK 2,802m). Consequently, the Group's financial gearing was 1.3 (end of Q2 2019: 1.4), well below the long term maximum threshold of two times NIBD to EBITDA.

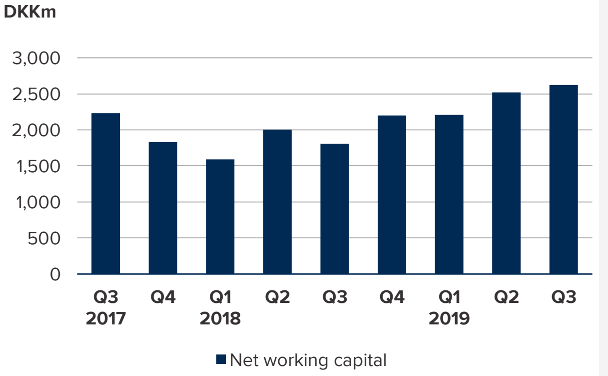
CASH FLOW FROM OPERATING ACTIVITIES



NET INTEREST-BEARING DEBT



NET WORKING CAPITAL



Cash flow

Cash flow from operating activities decreased to DKK 244m in Q3 2019 (Q3 2018: DKK 357m), of which discontinued activities amounted to DKK -41m (Q3 2018: DKK -162m). Discontinued activities are expected to generate a net cash outflow of roughly DKK 30m in the remainder of 2019-2020.

Change in net working capital had a DKK 78m negative impact in Q3 2019 (Q3 2018: DKK 27m positive impact), of which discontinued activities accounted for a DKK 43m negative impact (Q3 2018: DKK 148m negative impact).

Change in provisions had a DKK 86m negative impact in Q3 2019 (Q3 2018: DKK 48m negative impact). The change related mainly to used provisions in continuing activities. Provision changes related to discontinued activities had a DKK 7m negative impact in Q3 2019.

Cash flow from investing activities amounted to DKK -111m in Q3 2019 (Q3 2018: DKK -109m).

Free cash flow adjusted for IFRS 16 effects as well as acquisition and disposal of enterprises and activities amounted to DKK 109m (Q3 2018: DKK 213m).

MINING

MARKET DEVELOPMENTS

Good aftermarket, more cautious on CAPEX

In the third quarter, demand for replacement and brownfield projects remained solid across regions and we maintained a good momentum in service order intake. We continue to see more demand for our digitalized solutions as our customers are focused on improving productivity, increasing capacity and driving down production costs.

However, greenfield activity and other larger capital investments are limited and miners remain cautious on new investments, also in the context of a deteriorating macroeconomic outlook. Headwinds to Chinese demand for base metals are growing and the contraction across global manufacturing indices signals a continued deterioration in global industrial production.

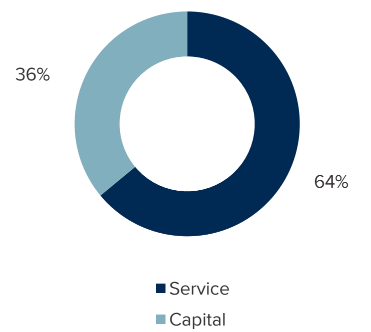
The copper price has fallen to its lowest level since 2017, impacted by the escalation of trade tensions and a stronger US dollar.

At the same time, environmental approvals and community issues continue to be the main reason for stalled new mining projects, and a number of our customers are experiencing increasing difficulties to obtain licenses for new projects. The Americas in particular noted a slowdown in activity as customers have adopted a more conservative approach and are currently only moving forward with opportunities with a low-risk profile. As a result, several mining projects have been delayed and some of the capital opportunities expected in 2019 are now being postponed.

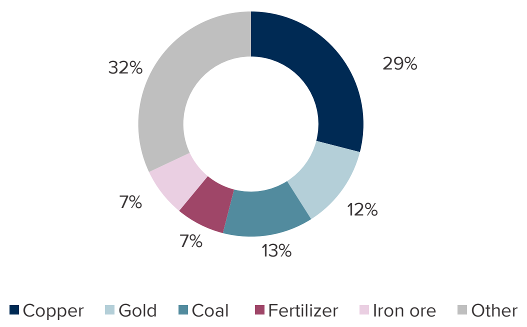
In the short term this is discouraging, but new regulations and pressure from local governments are forcing mining companies to innovate production processes, which create opportunities for premium suppliers in the medium to longer term. As seen in Brazil at the beginning of the year, consequences of dam failures and overflows are disastrous, and it is crucial both from an environmental and economic standpoint to mitigate this risk. On the back of this, we increasingly receive strong interest in our sustainable technologies and tailings management, which can help mining companies maximize safety and attain a social license to operate.

As technological advancement and the global trend of decarbonisation accelerates, there will also be a growing demand for base metals. In the longer run, we expect a significant market demand leading to a strengthening in copper prices.

MINING ORDER INTAKE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q3)



MINING ORDER INTAKE BY COMMODITY (Q3)



COPPER PRICE USD/MT, LME

FINANCIAL PERFORMANCE IN Q3 2019

Good momentum in service order intake

Order intake in Q3 2019 decreased by 3% to DKK 3,148m (Q3 2018: DKK 3,250m), but increased by 2% compared to previous quarter. The decrease on Q3 last year was due to lower capital order intake, and despite a contract of approximately DKK 200m for a copper mine in Serbia. An overall more cautious business environment has caused some customers to postpone decisions on larger capital investments, and a few mine projects have been deferred due to lack of permitting.

We maintain a good momentum in mining service order intake, which increased 19% to DKK 2,024m compared to the third quarter in 2018 (Q3 2018: DKK 1,702). Currency effects had a 1% positive impact on order intake compared to the same quarter last year.

Increase in revenue

Revenue increased by 26% to DKK 2,832m (Q3 2018: DKK 2,242m). This increase was driven by a strong backlog and a lift in both capital and service revenue, which increased by 53% and 17% year-on-year, respectively. Currency effects had a 2% positive impact on revenue in the quarter.

Weaker profitability

Gross profit, before allocation of shared costs, was stable at DKK 713m (Q3 2018: DKK 711m). The gross margin, however, decreased to 25.2% (Q3 2018: 31.7%). Irrespective of the strong comparison quarter, the gross margin in Q3 2019 fell below recent years' run-rates. See page 8 for further information.

EBITA decreased 13% year-on-year to DKK 261m (Q3 2018: DKK 299m). The corresponding EBITA margin decreased to 9.2% (Q3 2018: 13.3%).

FINANCIAL PERFORMANCE IN Q1-Q3 2019

Order intake in Q1-Q3 2019 decreased by 7% to DKK 9,231m (Q1-Q3 2018: DKK 9,886m). The decrease related to capital business, whereas service order intake was stable.

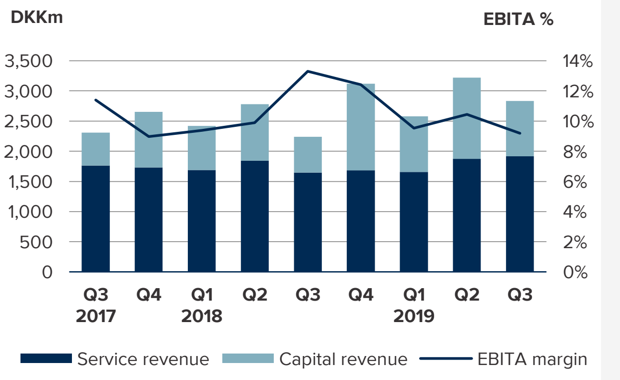
Mining revenue increased by 16% to DKK 8,632m in the first nine months of 2019 (Q1-Q3 2018: DKK 7,440m), especially driven by a higher capital revenue in the third quarter.

EBITA increased by 5% to DKK 843m (Q1-Q3 2018: DKK 802m), while the corresponding EBITA margin decreased to 9.8% from 10.8% in Q1-Q3 2018.

MINING

(DKKm)	Q3 2019	Q3 2018	Change (%)	9M 2019	9M 2018	Change (%)
Order intake (gross)	**3,148**	**3,250**	**-3%**	**9,231**	**9,886**	**-7%**
- Hereof service order intake	2,024	1,702	19%	5,727	5,734	0%
- Hereof capital order intake	1,124	1,548	-27%	3,504	4,152	-16%
Order backlog	**8,544**	**8,579**	**0%**	**8,544**	**8,579**	**0%**
Revenue	**2,832**	**2,242**	**26%**	**8,632**	**7,440**	**16%**
- Hereof service revenue	1,916	1,644	17%	5,446	5,177	5%
- Hereof capital revenue	916	598	53%	3,186	2,263	41%
Gross profit before allocation of shared cost	**713**	**711**	**0%**	**2,242**	**2,103**	**7%**
Gross profit margin before allocation of shared cost	25.2%	31.7%		26.0%	28.3%	
EBITA before allocation of shared cost	**463**	**456**	**2%**	**1,446**	**1,383**	**5%**
EBITA margin before allocation of shared cost	16.3%	20.3%		16.8%	18.6%	
EBITA	**261**	**299**	**-13%**	**843**	**802**	**5%**
EBITA margin	9.2%	13.3%		9.8%	10.8%	
EBIT	**195**	**228**	**-14%**	**649**	**614**	**6%**
EBIT margin	6.9%	10.2%		7.5%	8.3%	
Number of employees	5,250	4,828	9%	5,250	4,828	9%

REVENUE AND EBITA MARGIN



CEMENT

MARKET DEVELOPMENTS

Stable level of market activity

The market for Cement remained robust during the third quarter, with stable underlying activity across most regions.

We are experiencing increased interest in solutions supporting a lower environmental impact and higher operation efficiency. We have ongoing initiatives across regions to drive aftermarket opportunities, with a healthy pipeline of small to mid-sized opportunities within upgrades and retrofits.

We continue to have a pipeline of regional opportunities for large capital orders, although none materialised during Q3.

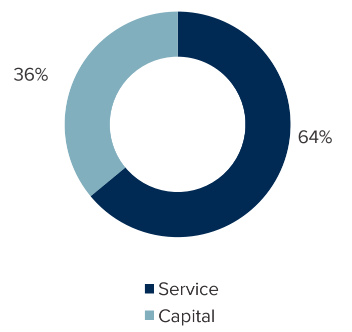
The market for new cement capacity remains subdued on a global scale. Global growth, a key driver for cement demand, continues to be weakened by rising trade barriers and increasing geopolitical tensions. The International Monetary Fund (IMF) now expects 2019 GDP growth at 3.0%, its slowest pace since the 2008-2009 financial crisis.

However, the local nature of the cement market ensures regional opportunities for new capacity and a steady development in aftermarket as our customers are making efforts to improve efficiency and reduce the environmental impact of existing plants.

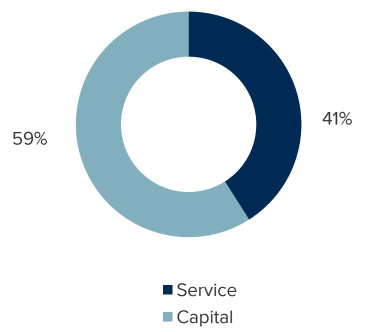
The growing intensity of the sustainability agenda is becoming increasingly important for securing financing for cement projects. Research shows that based upon current practices and other industries achieving their promised reductions, cement production could be responsible for a 26% share of the global CO_2 emissions by 2050. The threat of such a scenario clearly illustrates the urgency to act. As the world becomes increasingly connected, various national and international policies incentivising low carbon business operations are in effect. At the same time, investors are now putting more pressure on the world's largest cement companies to come up with credible plans and take actions to significantly reduce CO_2 and other emissions.

As a result of the increasing pressures from both governments and investors, sustainability is gaining traction and customers show more interest for our alternative fuel systems to reduce their environmental footprint. Their awareness around emissions compliance is increasing and we can clearly see an increased interest in pyro upgrades, including our Low-NOx calciner technology, our HOTDISC® systems, our cooler technology and chloride bypass systems. To stay competitive in this complex market, all aspects of cement production that impact the environment need to be optimised.

CEMENT ORDER INTAKE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q3)



CEMENT REVENUE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q3)



FINANCIAL PERFORMANCE IN Q3 2019

Absence of large capital orders

Order intake in Q3 2019 decreased 63% year-on-year to DKK 1,423m (Q3 2018: DKK 3,858m), solely attributable to a decrease in capital order intake. A large extent of this decrease can be explained by the exceptionally strong comparative quarter in 2018, which included two large cement plant orders together worth around DKK 1.9bn. Adjusted for these two large orders, order intake decreased by 27% compared to Q3 2018. Service order intake increased 4%.

Lower revenue

In Q3 2019, revenue decreased by 7% year-on-year to DKK 1,904m compared to the same quarter last year (Q3 2018: DKK 2,038m). Currency effects had a 2% positive impact on revenue in the quarter.

Profit improvement on track

Gross profit, before allocation of shared cost, was stable at DKK 434m (Q3 2018: DKK 432m). The gross margin increased to 22.8% (Q3 2018: 21.2%), due to the execution of projects with an average higher margin.

Due to the higher gross margin and lower costs, EBITA increased by DKK 70m year-on-year to DKK 111m (Q3 2018: DKK 41m) and the corresponding EBITA margin increased to 5.8% (Q3 2018: 2.0%).

We will continue to prioritise profit above growth in Cement. We will remain selective on large projects and continue to drive product and service sales to achieve a more favourable business mix.

FINANCIAL PERFORMANCE IN Q1-Q3 2019

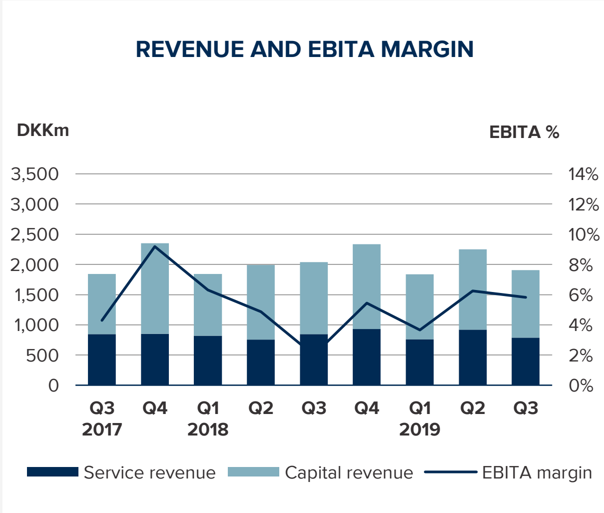
Order intake in Q1-Q3 2019 decreased by 19% to DKK 5,934m (Q1-Q3 2018: DKK 7,357m). The decline related to large capital orders, whereas service order intake increased 6%. With backlog conversion times above twelve months for capital business, the lower level of capital orders in the first three quarters of 2019 is expected to filter through to next year's capital revenue.

Revenue in the first nine months of 2019 increased by 2% to DKK 5,992m (Q1-Q3 2018: DKK 5,869), attributable to an increase in both service revenue and capital revenue.

EBITA increased by 27% year-on-year to DKK 323m compared to the same period last year (Q1-Q3 2018: DKK 254m), and the corresponding EBITA margin increased to 5.4% (Q1-Q3 2018: 4.3%).

CEMENT

(DKKm)	Q3 2019	Q3 2018	Change (%)	9M 2019	9M 2018	Change (%)
Order intake (gross)	**1,423**	**3,858**	**-63%**	**5,934**	**7,357**	**-19%**
- Hereof service order intake	904	867	4%	2,633	2,493	6%
- Hereof capital order intake	519	2,991	-83%	3,301	4,864	-32%
Order backlog	**7,544**	**8,653**	**-13%**	**7,544**	**8,653**	**-13%**
Revenue	**1,904**	**2,038**	**-7%**	**5,992**	**5,869**	**2%**
- Hereof service revenue	787	846	-7%	2,465	2,418	2%
- Hereof capital revenue	1,117	1,192	-6%	3,527	3,451	2%
Gross profit before allocation of shared cost	**434**	**432**	**0%**	**1,338**	**1,321**	**1%**
Gross profit margin before allocation of shared cost	22.8%	21.2%		22.3%	22.5%	
EBITA before allocation of shared cost	**263**	**150**	**75%**	**817**	**749**	**9%**
EBITA margin before allocation of shared cost	13.8%	7.4%		13.6%	12.8%	
EBITA	**111**	**41**	**171%**	**323**	**254**	**27%**
EBITA margin	5.8%	2.0%		5.4%	4.3%	
EBIT	**94**	**16**	**488%**	**234**	**169**	**38%**
EBIT margin	4.9%	0.8%		3.9%	2.9%	
Number of employees	5,116	5,150	-1%	5,116	5,150	-1%



SUSTAINABILITY

SAFETY

Year-to-date our Total Recordable Injury Frequency Rate was 1.7 against a 2019 target of ≤ 2.7. The safety of our employees and contractors is our top priority and we believe that all accidents are preventable. Despite our efforts, a sub-contractor fatality tragically occurred on a site during this quarter. We are determined to achieve zero harm and we are strengthening our focus on our incident reduction programs that will help us increase awareness on preventing risk and eliminate incidents in the future.

COMPLIANCE

This year we introduced semi-automated due diligence screening tools, which have helped us to achieve a higher number of screenings than originally anticipated. From 2017 to Q3 2019, we have conducted 938 due diligence reports, which is above our target of 750.

PEOPLE

By the end of Q3 2019, 11.4% of our manager roles were filled by women, surpassing our 2019 target of 11%. We are seeing the results of our diversity initiatives, for example, women account for 65% of the participants in our Graduate Engineer Program in India. We have invested more than 3,000 person-hours in sales methodology training and 3,500 hours of leadership training.

ENVIRONMENT

In Q3, our efforts to reduce our carbon footprint, such as purchases of renewable energy and energy efficiency initiatives in our facilities, resulted in a significant improvement in our carbon intensity; now at 2.4 tonnes/DKKbn revenue, well below the 2018 result of 3.2.

SUPPLY CHAIN

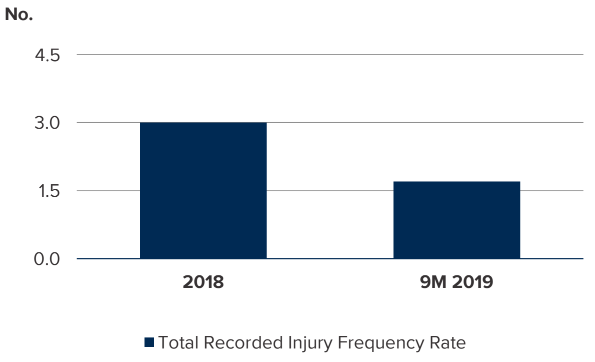
We have sustainability-screened 441 high-risk suppliers in 2019, surpassing our target of 300. Beyond screening, we have collaborated with more than 100 suppliers to improve their safety, environmental and human/labour rights performance.

HUMAN RIGHTS

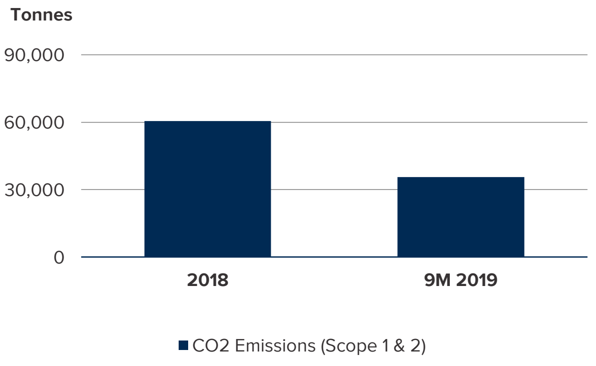
Year-to-date, we have completed eight on-site and 52 off-site human rights audits, with a full year target of 15 and 50, respectively. We have chosen to focus on off-site audits and implementing the learnings gained.

All data will be externally assured by year end 2019.

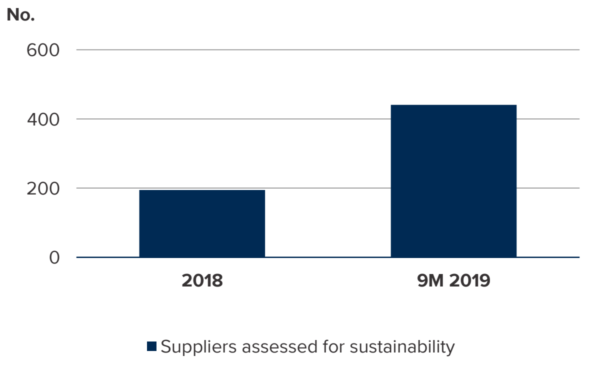
TOTAL RECORDABLE INJURY FREQUENCY RATE



CO2 EMISSIONS (SCOPE 1 & 2)



SUPPLIERS ASSESSED FOR SUSTAINABILITY



QUARTERLY KEY FIGURES

DKKm	2017		2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
INCOME STATEMENT									
Revenue	4,101	4,943	4,235	4,730	4,335	5,450	4,416	5,472	4,736
- Hereof service revenue	2,609	2,583	2,507	2,599	2,489	2,613	2,414	2,794	2,703
- Hereof capital revenue	1,492	2,360	1,728	2,131	1,846	2,837	2,002	2,678	2,033
Gross profit	**1,065**	**1,234**	**1,074**	**1,181**	**1,126**	**1,312**	**1,081**	**1,315**	**1,126**
SG&A costs	(667)	(741)	(678)	(741)	(718)	(730)	(686)	(741)	(667)
EBITDA before special non-recurring items	**398**	**493**	**396**	**440**	**408**	**582**	**395**	**574**	**459**
Special non-recurring items	(4)	55	3	0	0	(5)	0	0	0
Depreciation and impairment of property, plant and equipment	(58)	(83)	(56)	(59)	(58)	(66)	(83)	(87)	(82)
EBITA	**336**	**465**	**343**	**381**	**350**	**511**	**312**	**487**	**377**
Amortisation and impairment of intangible assets	(102)	(93)	(95)	(82)	(96)	(92)	(94)	(106)	(83)
EBIT	**234**	**372**	**248**	**299**	**254**	**419**	**218**	**381**	**294**
Income from associates	0	0	0	0	0	0	0	0	2
Financial income/costs, net	(101)	(82)	(35)	(16)	(17)	(93)	(3)	(32)	(12)
EBT	**133**	**282**	**213**	**283**	**237**	**326**	**215**	**349**	**284**
Tax for the period	(38)	(230)	(66)	(95)	(66)	(21)	(70)	(115)	(94)
Profit on continuing activities for the period	**95**	**52**	**147**	**188**	**171**	**305**	**145**	**234**	**190**
Loss on discontinued activities for the period	(72)	(237)	(11)	(20)	(9)	(136)	(9)	(11)	0
Profit/loss for the period	**23**	**(185)**	**136**	**168**	**162**	**169**	**136**	**223**	**190**
Effect of purchase price allocation	(55)	(55)	(40)	(40)	(40)	(40)	(30)	(30)	(32)
Gross margin	*26.0%*	*25.0%*	*25.4%*	*25.0%*	*26.0%*	*24.1%*	*24.5%*	*24.0%*	*23.8%*
EBITDA margin before special non-recurring items	*9.7%*	*10.0%*	*9.4%*	*9.3%*	*9.4%*	*10.7%*	*8.9%*	*10.5%*	*9.7%*
EBITA margin	*8.2%*	*9.4%*	*8.1%*	*8.1%*	*8.1%*	*9.4%*	*7.1%*	*8.9%*	*8.0%*
EBIT margin	*5.7%*	*7.5%*	*5.9%*	*6.3%*	*5.9%*	*7.7%*	*4.9%*	*6.9%*	*6.2%*
Cash flow from operating activities	414	546	343	(412)	357	97	234	143	244
Cash flow from investing activities	(69)	56	(42)	(83)	(109)	(51)	(85)	(373)	(111)
Net working capital	2,232	1,833	1,590	2,003	1,809	2,200	2,207	2,519	2,624
Order intake, continuing activities (gross)	4,193	4,836	5,018	5,056	7,164	4,503	5,640	4,954	4,571
- Hereof service order intake	2,501	2,693	2,885	2,773	2,569	2,680	2,648	2,784	2,928
- Hereof capital order intake	1,692	2,143	2,133	2,283	4,595	1,823	2,992	2,170	1,643
Order backlog, continuing activities	13,799	13,654	13,874	14,454	17,228	16,218	17,824	16,762	16,088

DKKm	2017		2018				2019		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEGMENT REPORTING									
Mining									
Revenue	2,310	2,653	2,418	2,780	2,242	3,117	2,579	3,221	2,832
- Hereof service revenue	1,761	1,729	1,689	1,844	1,644	1,681	1,654	1,876	1,916
- Hereof capital revenue	549	924	729	936	598	1,436	925	1,345	916
Gross profit before allocation of shared costs	672	695	653	739	711	853	689	840	713
EBITA before allocation of shared costs	463	488	435	492	456	589	442	541	463
EBITA	263	238	226	277	299	387	246	336	261
EBIT	198	175	165	221	228	323	180	274	195
Gross margin before allocation of shared costs	*29.1%*	*26.2%*	*27.0%*	*26.6%*	*31.7%*	*27.4%*	*26.7%*	*26.1%*	*25.2%*
EBITA margin before allocation of shared costs	*20.0%*	*18.4%*	*18.0%*	*17.8%*	*20.3%*	*18.9%*	*17.1%*	*16.8%*	*16.3%*
EBITA margin	*11.4%*	*9.0%*	*9.4%*	*9.9%*	*13.3%*	*12.4%*	*9.5%*	*10.4%*	*9.2%*
EBIT margin	*8.6%*	*6.6%*	*6.8%*	*7.9%*	*10.2%*	*10.4%*	*7.0%*	*8.5%*	*6.9%*
Order intake (gross)	2,737	2,589	3,339	3,297	3,250	2,980	3,008	3,075	3,148
- Hereof service order intake	1,609	1,714	2,084	1,948	1,702	1,707	1,802	1,901	2,024
- Hereof capital order intake	1,128	875	1,255	1,349	1,548	1,273	1,206	1,174	1,124
Order backlog	6,230	6,261	6,900	7,526	8,579	8,350	9,171	8,757	8,544
Cement									
Revenue	1,843	2,352	1,841	1,990	2,038	2,335	1,837	2,251	1,904
- Hereof service revenue	848	853	818	754	846	932	760	918	787
- Hereof capital revenue	995	1,499	1,023	1,236	1,192	1,403	1,077	1,333	1,117
Gross profit before allocation of shared costs	367	573	433	456	432	475	408	496	434
EBITA before allocation of shared costs	250	427	304	295	150	321	235	319	263
EBITA	79	216	116	97	41	127	69	143	111
EBIT	42	186	82	71	16	99	41	99	94
Gross margin before allocation of shared costs	*19.9%*	*24.4%*	*23.5%*	*22.9%*	*21.2%*	*20.4%*	*22.2%*	*22.0%*	*22.8%*
EBITA margin before allocation of shared costs	*13.6%*	*18.2%*	*16.5%*	*14.8%*	*7.4%*	*13.7%*	*12.8%*	*14.1%*	*13.8%*
EBITA margin	*4.3%*	*9.2%*	*6.3%*	*4.9%*	*2.0%*	*5.4%*	*3.7%*	*6.3%*	*5.8%*
EBIT margin	*2.3%*	*7.9%*	*4.5%*	*3.6%*	*0.8%*	*4.2%*	*2.2%*	*4.4%*	*4.9%*
Order intake (gross)	1,489	2,277	1,707	1,792	3,858	1,524	2,632	1,879	1,423
- Hereof service order intake	891	979	801	825	867	973	846	883	904
- Hereof capital order intake	598	1,298	906	967	2,991	551	1,786	996	519
Order backlog	7,697	7,473	7,057	7,003	8,653	7,872	8,653	8,005	7,544

INTERIM FINANCIAL STATEMENTS AND 9M 2019 COMMENTS

GROWTH

Order intake
In the first three quarters of 2019, order intake decreased 12% to DKK 15,165m compared to the same period last year (9M 2018: DKK 17,238m). The decrease was attributable to both segments. Mining decreased 7%, whereas Cement decreased 19%.

Order backlog
Order backlog decreased 7% to DKK 16,088m by the end of Q3 2019 (end of Q3 2018: DKK 17,228m). The decrease was fully attributable to Cement which saw a 13% decline.

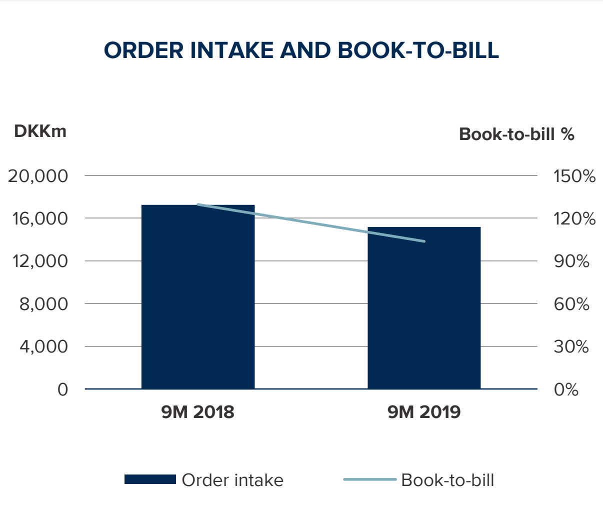
Growth in order intake 9M 2019 (vs. 9M 2018)	Mining	Cement	Group
Organic	-8%	-20%	-14%
Acquisition	1%	0%	1%
Currency	0%	1%	1%
Total growth	**-7%**	**-19%**	**-12%**

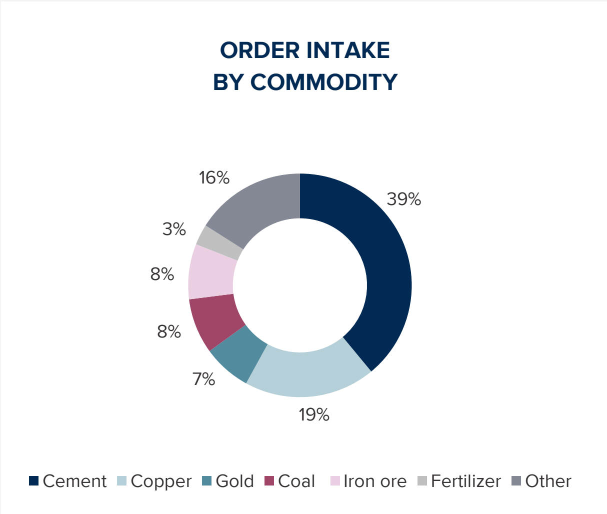
Order backlog maturity
Based on the order backlog maturity profile, 32% of the backlog is expected to be converted to revenue in the remainder of 2019, 51% in 2020, and 17% in 2021 and beyond.

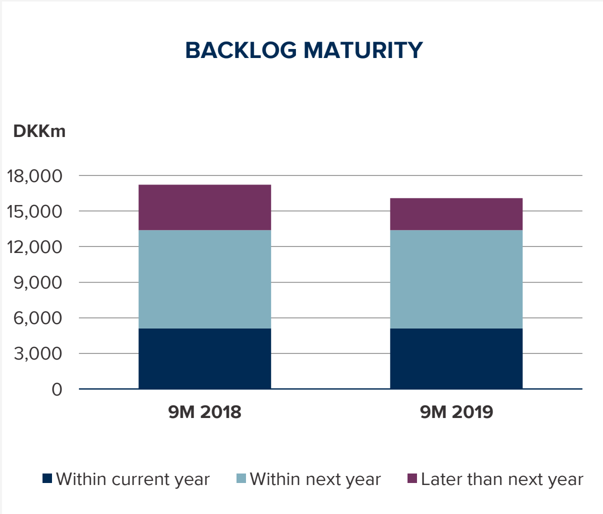
Revenue
Revenue increased 10% to DKK 14,624m (9M 2018: DKK 13,300m), driven by the 16% growth in Mining. Cement revenue increased by 2%.

Revenue related to service business increased 4%. The increase was related to both segments.

Revenue related to capital business increased 18% as a result of high project execution in Mining.







PROFIT

Gross profit and margin
The gross profit in the first three quarters of 2019 increased 4% to DKK 3,522m (9M 2018: DKK 3,381m). The gross margin went down 1.3 percentage points to 24.1%. The gross margin declined mainly due to a higher share of lower-margin capital business.

In the first three quarters of 2019, research and development costs were DKK 209m, of which DKK 82m were capitalised.

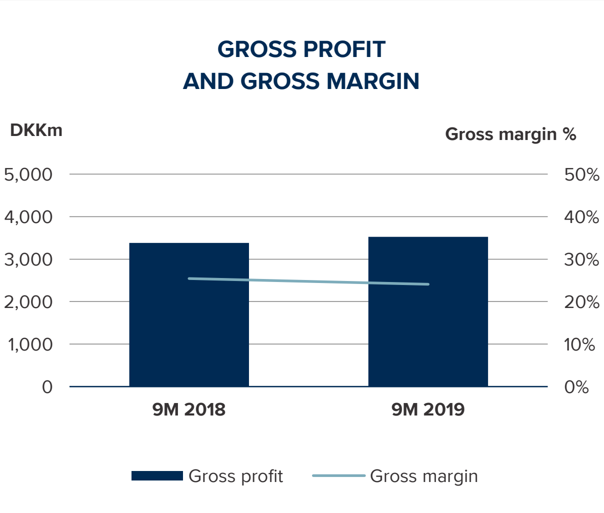
In the first three quarters of 2019, the amortisation of intangible assets increased, due to a higher level of completed R&D projects.

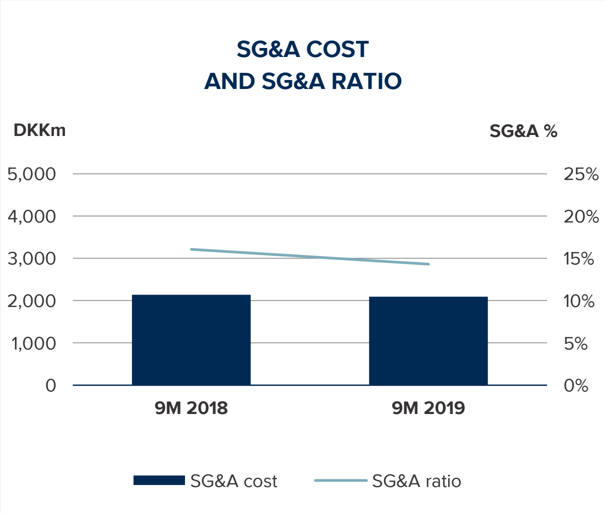
EBITA and margin
EBITA increased 9% to DKK 1,176m (9M 2018: DKK 1,074m). The increase in EBITA reflected the increase in revenue for the first three quarters of 2019. The EBITA margin decreased slightly to 8.0% (9M 2018: 8.1%).

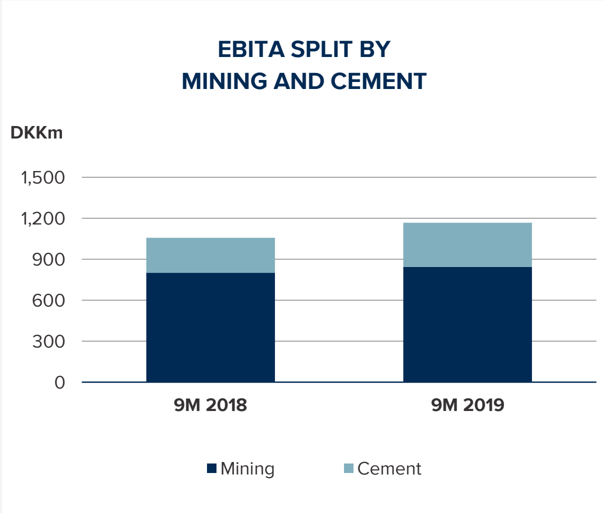
The effect of IFRS 16 on SG&A was a cost reduction of DKK 57m (refer to note 14). Without IFRS 16 the cost ratio would have been 14.7%.

Profit for the period
Profit for the period from continued business increased to DKK 569m, up by 12% (9M 2018: DKK 506m). Profit for the period increased 18% to DKK 549m (9M 2018: DKK 466m), mainly due to higher operating profit in continuing activities.

Earnings per share
Earnings per share increased to DKK 11.0 (9M 2018: DKK 9.3).







INCOME STATEMENT

Notes	DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
3, 4	Revenue	4,736	4,335	14,624	13,300
	Production costs	(3,610)	(3,209)	(11,102)	(9,919)
	Gross profit	**1,126**	**1,126**	**3,522**	**3,381**
	Sales costs	(369)	(354)	(1,091)	(1,096)
	Administrative costs	(309)	(369)	(1,035)	(1,067)
	Other operating items	11	5	32	26
	EBITDA before special non-recurring items	**459**	**408**	**1,428**	**1,244**
	Special non-recurring items	0	0	0	3
	Depreciation and impairment of property, plant and equipment	(82)	(58)	(252)	(173)
	EBITA	**377**	**350**	**1,176**	**1,074**
	Amortisation and impairment of intangible assets	(83)	(96)	(283)	(273)
	EBIT	**294**	**254**	**893**	**801**
	Income from associates	2	0	2	0
	Financial income	200	235	732	686
	Financial costs	(212)	(252)	(779)	(754)
	EBT	**284**	**237**	**848**	**733**
	Tax for the period	(94)	(66)	(279)	(227)
	Profit for the period, continuing activities	**190**	**171**	**569**	**506**
3, 8	Loss for the period, discontinued activities	0	(9)	(20)	(40)
	Profit for the period	**190**	**162**	**549**	**466**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	191	160	551	463
	Minority interests	(1)	2	(2)	3
		190	**162**	**549**	**466**
11	Earnings per share (EPS):				
	Continuing and discontinued activities per share	3.8	3.2	11.0	9.3
	Continuing and discontinued activities per share, diluted	3.8	3.2	11.0	9.3
	Continuing activities per share	3.8	3.4	11.4	10.1
	Continuing activities per share, diluted	3.8	3.4	11.4	10.1

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
	Profit for the period	**190**	**162**	**549**	**466**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	0	0	(1)	(1)
	Tax hereof, including reversal of impairment of tax assets	0	0	0	0
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	208	(42)	309	(147)
	Cash flow hedging:				
	- Value adjustments for the period	(34)	(13)	(21)	(22)
	- Value adjustments transferred to work in progress	3	0	2	0
	Tax hereof	1	(5)	(6)	14
	Other comprehensive income for the period after tax	**178**	**(60)**	**283**	**(156)**
	Comprehensive income for the period	**368**	**102**	**832**	**310**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	369	99	834	308
	Minority interests	(1)	3	(2)	2
		368	**102**	**832**	**310**

CASH FLOW

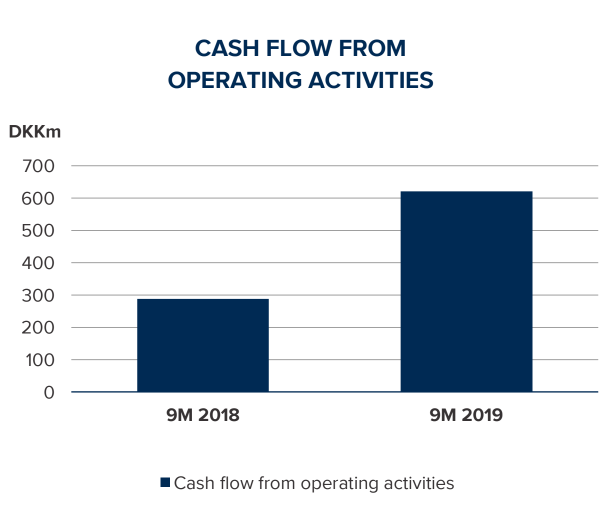
Cash flow from operating activities
Cash flow from operating activities amounted to DKK 621m (9M 2018: DKK 288m). The primary drivers were improved earnings and a positive development in the change in provisions as Q1-Q3 2018 included a settlement of legacy projects in discontinued activities.

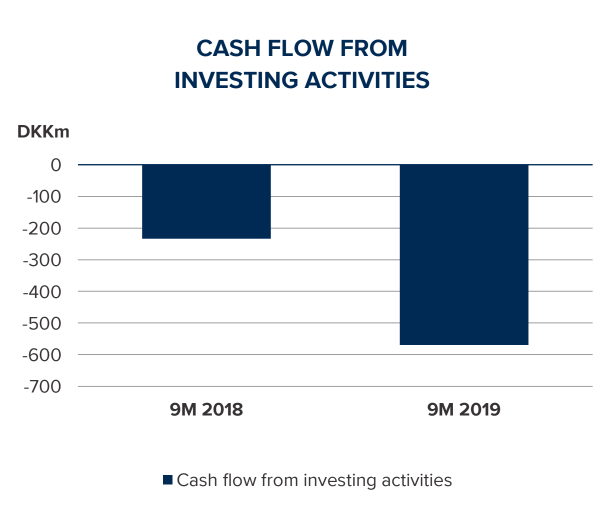
Cash flow from investing activities
Cash flow used for investments increased significantly to DKK -569m (9M 2018: DKK -234m), driven by the business acquisition of IMP Automation Group for DKK 305m. In the comparative period the acquisition of Sandvik Mining Systems contributed positively by DKK 105m.

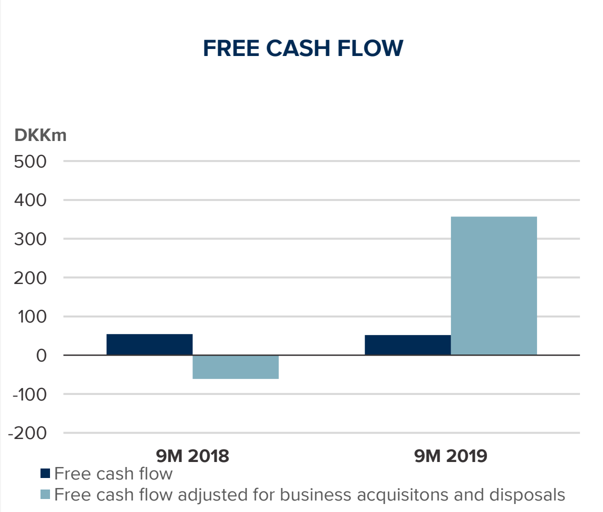
Free cash flow
Free cash flow adjusted for business acquisitions and disposals was DKK 357m (9M 2018: DKK -61m).

Cash flow from financing activities
The dividend approved at the Annual General Meeting was paid out in Q2 2019, with a net payout of DKK 450m, impacting the change in net interest-bearing debt.

Cash position
At the end of Q3 2019, the Group's capital resources consisted of committed credit facilities of DKK 6.5bn (including mortgage) with a weighted average time to maturity of 2.6 years.







CASH FLOW STATEMENT

	DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
	EBITDA before special non-recurring items, continuing activities	459	408	1,428	1,244
	EBITDA before special non-recurring items, discontinued activities	(1)	(4)	(16)	(60)
	EBITDA	**458**	**404**	**1,412**	**1,184**
	Adjustment for gain on sale of property, plant and equipment, intangible assets etc.	16	11	36	27
	Adjusted EBITDA	**474**	**415**	**1,448**	**1,211**
	Change in provisions	(86)	(48)	(285)	(436)
	Change in net working capital	(78)	27	(310)	(248)
	Cash flow from operating activities before financial items and tax	**310**	**394**	**853**	**527**
	Financial items received and paid	(9)	18	(34)	(8)
	Taxes paid	(57)	(55)	(198)	(231)
	Cash flow from operating activities	**244**	**357**	**621**	**288**
7	Acquisition of enterprises and activities	(6)	35	(305)	105
	Acquisition of intangible assets	(42)	(92)	(149)	(151)
	Acquisition of property, plant and equipment	(64)	(52)	(124)	(244)
	Acquisition of financial assets	0	0	0	(19)
	Disposal of enterprises and activities	0	0	0	10
	Disposal of property, plant and equipment	1	0	1	18
	Disposal of financial assets	0	0	2	47
	Dividend from associates	0	0	6	0
	Cash flow from investing activities	**(111)**	**(109)**	**(569)**	**(234)**
	Free cash flow	**133**	**248**	**52**	**54**
	Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	**139**	**213**	**357**	**(61)**
	Free cash flow, adjusted for acquisitions and disposals of enterprises and activities and IFRS 16, Leases	**109**		**279**	

DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
Dividend	0	(24)	(450)	(421)
Addition of minority interests	0	0	7	0
Acquisition of treasury shares	0	0	0	(42)
Exercise of share options	8	28	16	124
Repayment of lease liabilities	(30)	0	(78)	0
Change in net interest-bearing debt	(93)	(220)	342	95
Cash flow from financing activities	**(115)**	**(216)**	**(163)**	**(244)**
Change in cash and cash equivalents	**18**	**32**	**(111)**	**(190)**
Cash and cash equivalents at beginning of period	755	1,146	875	1,425
Foreign exchange adjustment, cash and cash equivalents	8	(43)	17	(100)
Cash and cash equivalents at 30 September	**781**	**1,135**	**781**	**1,135**
Hereof cash and cash equivalents included in assets held for sale	0	9	0	9

FINANCIAL POSITION

Capital

Balance sheet

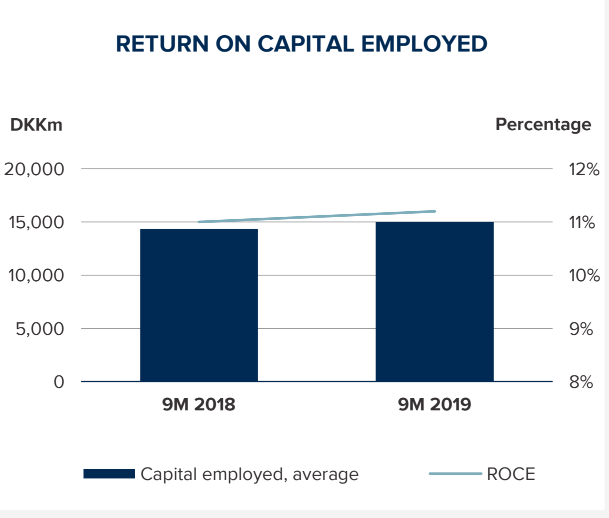
Total assets increased to DKK 23,148m (2018: DKK 21,743m) at the end of Q3 2019, driven by business acquisition effects of DKK 391m, IFRS 16 effects of DKK 323m and increases in net working capital.

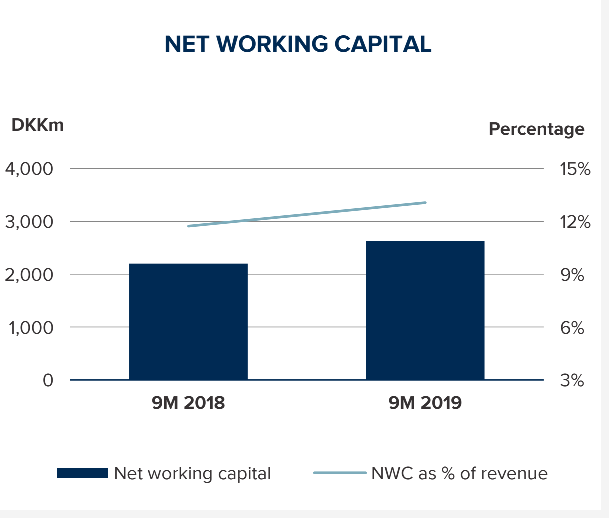
Net working capital

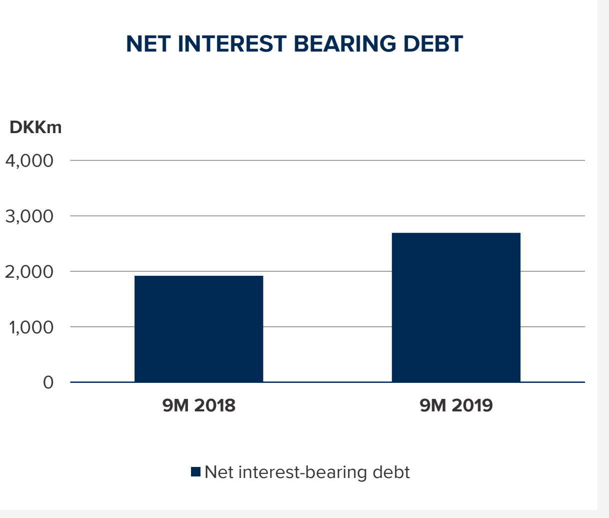
Net working capital increased to DKK 2,624m (end of 2018: DKK 2,200m), and the corresponding net working capital ratio was 13.1% of 12-months trailing revenue, compared to 11.7% end of 2018. The increase related to net work in progress and inventories. The higher level of net work in progress was caused by increased project activity. The increase in inventories resulted from the increased order activity as well as strategic inventory to support product and parts sales. However partly counterbalanced by a significant increase in trade payables. Also, the acquisition of IMP Automation Group contributed DKK 49m of the increase in net working capital.

Net interest-bearing debt

Net interest-bearing debt (NIBD) by the end of Q3 2019 increased to DKK 2,693m (end of 2018: DKK 1,922m). The Group's financial gearing was 1.3 (end of 2018: 1.1). The effect of IFRS 16 was an increase of DKK 324m. Without IFRS 16, the net debt would have been DKK 2,369m.







BALANCE SHEET

Notes	DKKm	30/09 2019	31/12 2018	30/09 2018
	ASSETS			
	Goodwill	4,398	4,238	4,235
	Patents and rights	992	1,026	1,050
	Customer relations	649	686	716
	Other intangible assets	110	59	40
	Completed development projects	196	249	239
	Intangible assets under development	302	260	254
	Intangible assets	**6,647**	**6,518**	**6,534**
	Land and buildings	1,637	1,598	1,625
	Plant and machinery	448	474	465
	Operating equipment, fixtures and fittings	96	98	114
	Tangible assets in course of construction	80	65	76
	Property, plant and equipment	**2,261**	**2,235**	**2,280**
14	**Lease assets**	**323**	**0**	**0**
	Deferred tax assets	1,198	1,174	1,101
	Investments in associates	169	0	0
12	Other securities and investments	40	42	42
	Other non-current assets	**1,407**	**1,216**	**1,143**
	Non-current assets	**10,638**	**9,969**	**9,957**
	Inventories	2,910	2,685	2,621
	Trade receivables	4,586	4,586	3,869
10	Work in progress	2,674	2,252	2,074
	Prepayments to subcontractors	446	318	230
	Income tax receivables	240	233	608
	Other receivables	873	825	762
	Cash and cash equivalents	781	875	1,126
	Current assets	**12,510**	**11,774**	**11,290**
	Assets classified as held for sale	0	0	405
	Total assets	**23,148**	**21,743**	**21,652**

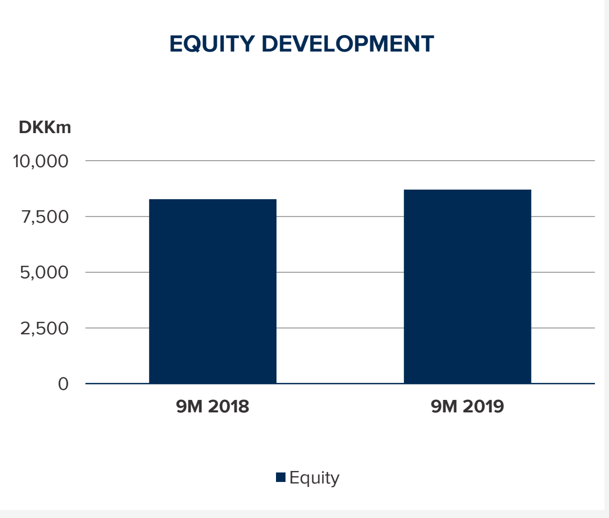
Notes	DKKm	30/09 2019	31/12 2018	30/09 2018
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(145)	(454)	(468)
	Cash flow hedging	(72)	(53)	(55)
	Retained earnings	7,881	7,277	7,530
	Proposed dividend	0	461	0
	Shareholders in FLSmidth & Co. A/S	**8,689**	**8,256**	**8,032**
	Minority interests	15	10	16
	Equity	**8,704**	**8,266**	**8,048**
	Deferred tax liabilities	327	313	370
	Pension obligations	274	270	273
5	Provisions	471	499	286
14	Lease liabilities	208	0	0
	Bank loans and mortgage debt	3,121	2,627	1,819
	Prepayments from customers	252	207	213
	Other liabilities	99	41	37
	Non-current liabilities	**4,752**	**3,957**	**2,998**
	Pension obligations	8	12	6
5	Provisions	541	780	702
14	Lease liabilities	116	0	0
	Bank loans and mortgage debt	16	175	1,247
	Prepayments from customers	1,606	1,595	1,509
10	Work in progress	1,643	1,453	1,808
	Trade payables	3,819	3,322	2,695
	Income tax liabilities	358	259	624
	Other liabilities	1,585	1,924	1,577
	Current liabilities	**9,692**	**9,520**	**10,168**
	Liabilities associated with assets classified as held for sale	0	0	438
	Total liabilities	**14,444**	**13,477**	**13,604**
	Total equity and liabilities	**23,148**	**21,743**	**21,652**

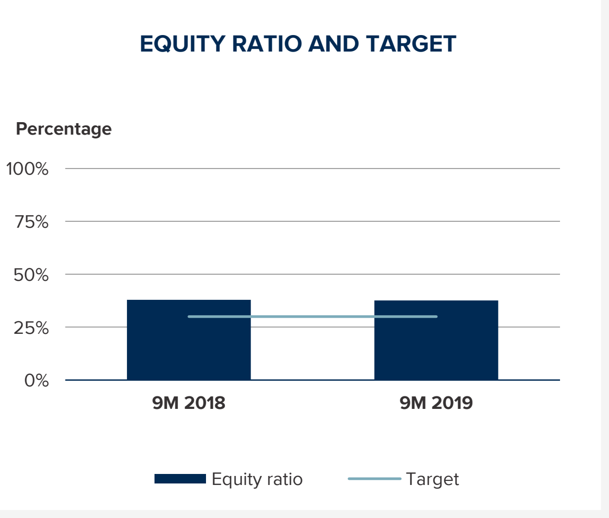
EQUITY & VALUE

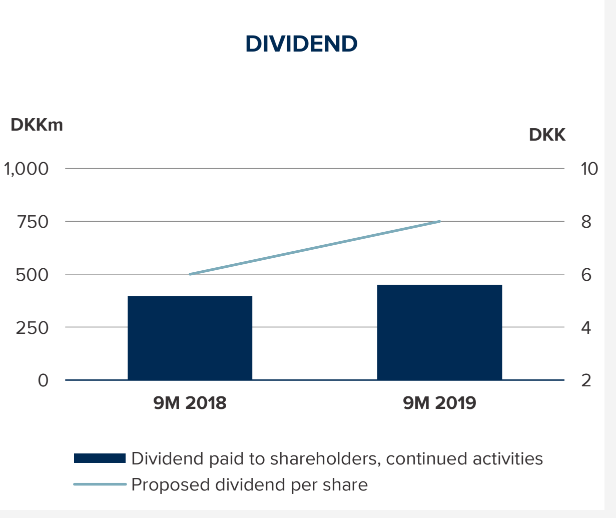
Equity
Equity at the end of Q3 2019 increased to DKK 8,704m (end of 2018: DKK 8,266m), impacted primarily by the result for the period, dividend pay-out and currency adjustments regarding foreign entities. Currency adjustments derive mainly from developments in USD, CAD, and INR.

Treasury shares
The holding of treasury shares was 1,207,586 shares at the end of Q3 2019 (2018: 1,383,638 shares), representing 2.4% of the total share capital (2018: 2.7%). Treasury shares are used to hedge our share-based incentive programmes.

Dividend
During Q2 2019 the dividend approved at the Annual General Meeting was paid out with a net payout of DKK 450m.







EQUITY STATEMENT

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Proposed dividend	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January 2019	**1,025**	**(454)**	**(53)**	**7,277**	**461**	**8,256**	**10**	**8,266**
Comprehensive income for the period								
Profit for the period				551		551	(2)	549
Other comprehensive income								
Actuarial gains/(losses) on defined benefit plans				(1)		(1)		(1)
Currency adjustments regarding translation of entities		309				309		309
Cash flow hedging:								
- Value adjustments for the period			(21)			(21)		(21)
- Value adjustments transferred to work in progress			2			2		2
Tax on other comprehensive income				(6)		(6)		(6)
Other comprehensive income total	**0**	**309**	**(19)**	**(7)**	**0**	**283**	**0**	**283**
Comprehensive income for the period	**0**	**309**	**(19)**	**544**	**0**	**834**	**(2)**	**832**
Dividend paid				11	(461)	(450)		(450)
Share-based payment				33		33		33
Exercise of share options				16		16		16
Addition of minority interests						0	7	7
Equity at 30 September 2019	**1,025**	**(145)**	**(72)**	**7,881**	**0**	**8,689**	**15**	**8,704**

EQUITY STATEMENT - continued

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Proposed dividend	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January 2018	**1,025**	**(322)**	**(33)**	**6,920**	**410**	**8,000**	**38**	**8,038**
Changes in accounting policies, IFRS 15				9		9		9
Tax on changes in accounting policies, IFRS 15				(1)		(1)		(1)
Equity at 1 January 2018 (restated)	**1,025**	**(322)**	**(33)**	**6,928**	**410**	**8,008**	**38**	**8,046**
Comprehensive income for the period								
Profit for the period				463		463	3	466
Other comprehensive income								
Actuarial gains/(losses) on defined benefit plans				(1)		(1)		(1)
Currency adjustments regarding translation of entities		(146)				(146)	(1)	(147)
Cash flow hedging:								
- Value adjustments for the period			(22)			(22)		(22)
- Value adjustments transferred to work in progress						0		0
Tax on other comprehensive income				14		14		14
Other comprehensive income total	**0**	**(146)**	**(22)**	**13**	**0**	**(155)**	**(1)**	**(156)**
Comprehensive income for the period	**0**	**(146)**	**(22)**	**476**	**0**	**308**	**2**	**310**
Dividend paid				13	(410)	(397)	(24)	(421)
Share-based payment				31		31		31
Exercise of share options				124		124		124
Acquisition of treasury shares				(42)		(42)		(42)
Equity at 30 September 2018	**1,025**	**(468)**	**(55)**	**7,530**	**0**	**8,032**	**16**	**8,048**

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.

All key accounting estimates and judgements may have a significant impact to the financial statements. For further details, reference is made to The Annual Report 2018, Key accounting estimates and judgements, page 75 and to specific notes.

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:

DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
Revenue	4,736	4,335	14,624	13,300
Production costs, including depreciation, amortisation and impairment	(3,656)	(3,274)	(11,287)	(10,095)
Gross profit	**1,080**	**1,061**	**3,337**	**3,205**
Sales costs, including depreciation and amortisation	(391)	(375)	(1,156)	(1,160)
Administrative costs, including depreciation and amortisation	(406)	(437)	(1,320)	(1,273)
Special non-recurring items	0	0	0	3
Other operating income	11	5	32	26
EBIT	**294**	**254**	**893**	**801**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment	(82)	(58)	(252)	(173)
Amortisation and impairment of intangible assets	(83)	(96)	(283)	(273)
	(165)	**(154)**	**(535)**	**(446)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(46)	(65)	(185)	(176)
Sales costs	(22)	(21)	(65)	(64)
Administrative costs	(97)	(68)	(285)	(206)
	(165)	**(154)**	**(535)**	**(446)**

3. SEGMENT INFORMATION FOR 9M 2019

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	8,632	5,992	-	-	14,624	0	14,624
Internal revenue	0	0	-	0	0	0	0
Revenue	**8,632**	**5,992**	**-**	**0**	**14,624**	**0**	**14,624**
Production costs	(6,390)	(4,654)	(58)	0	(11,102)	(4)	(11,106)
Gross profit	**2,242**	**1,338**	**(58)**	**0**	**3,522**	**(4)**	**3,518**
SG&A costs	(668)	(472)	(964)	10	(2,094)	(12)	(2,106)
EBITDA before special non-recurring items	**1,574**	**866**	**(1,022)**	**10**	**1,428**	**(16)**	**1,412**
Special non-recurring items	0	0	-	0	0	-	0
Depreciation and impairment of property, plant and equipment	(128)	(49)	(75)	0	(252)	-	(252)
EBITA before allocation of shared costs	**1,446**	**817**	**(1,097)**	**10**	**1,176**	**(16)**	**1,160**
Allocation of shared costs	(603)	(494)	1,097	0	0	-	0
EBITA	**843**	**323**	**0**	**10**	**1,176**	**(16)**	**1,160**
Amortisation and impairment of intangible assets	(194)	(89)	-	-	(283)	-	(283)
EBIT	**649**	**234**	**-**	**10**	**893**	**(16)**	**877**
Order intake (gross)	9,231	5,934		0	15,165	0	15,165
Order backlog	8,544	7,544		0	16,088	110	16,198
Gross margin	*26.0%*	*22.3%*		*N/A*	*24.1%*	*N/A*	*24.1%*
EBITDA margin before special non-recurring items	*18.2%*	*14.5%*		*N/A*	*9.8%*	*N/A*	*9.7%*
EBITA margin before allocation of shared costs	*16.8%*	*13.6%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*9.8%*	*5.4%*		*N/A*	*8.0%*	*N/A*	*7.9%*
EBIT margin	*7.5%*	*3.9%*		*N/A*	*6.1%*	*N/A*	*6.0%*
Number of employees at 30 September 2019	**5,250**	**5,116**	**1,490**		**11,856**	**3**	**11,859**
Reconciliation of profit/(loss) for the period							
EBIT					893	(16)	877
Income from associates					2	0	2
Financial income					732	3	735
Financial costs					(779)	(10)	(789)
EBT					**848**	**(23)**	**825**

1) Shared costs consists of costs that are managed on Region or Group level and subsequently allocated to the divisions.
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.

3. SEGMENT INFORMATION FOR 9M 2018 - continued

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	7,432	5,868	-	-	13,300	288	13,588
Internal revenue	8	1	-	(9)	0	0	0
Revenue	**7,440**	**5,869**	**-**	**(9)**	**13,300**	**288**	**13,588**
Production costs	(5,337)	(4,548)	(43)	9	(9,919)	(311)	(10,230)
Gross profit	**2,103**	**1,321**	**(43)**	**0**	**3,381**	**(23)**	**3,358**
SG&A costs	(650)	(524)	(966)	3	(2,137)	(37)	(2,174)
EBITDA before special non-recurring items	**1,453**	**797**	**(1,009)**	**3**	**1,244**	**(60)**	**1,184**
Special non-recurring items	(6)	0	-	9	3	12	15
Depreciation and impairment of property, plant and equipment	(64)	(48)	(60)	(1)	(173)	-	(173)
EBITA before allocation of shared costs	**1,383**	**749**	**(1,069)**	**11**	**1,074**	**(48)**	**1,026**
Allocation of shared costs	(581)	(495)	1,069	7	0	-	0
EBITA	**802**	**254**	**0**	**18**	**1,074**	**(48)**	**1,026**
Amortisation and impairment of intangible assets	(188)	(85)	-	-	(273)	(1)	(274)
EBIT	**614**	**169**	**-**	**18**	**801**	**(49)**	**752**
Order intake (gross)	9,886	7,357		(5)	17,238	26	17,264
Order backlog	8,579	8,653		(4)	17,228	452	17,680
Gross margin	*28.3%*	*22.5%*		*N/A*	*25.4%*	*N/A*	*24.7%*
EBITDA margin before special non-recurring items	*19.5%*	*13.6%*		*N/A*	*9.4%*	*N/A*	*8.7%*
EBITA margin before allocation of shared costs	*18.6%*	*12.8%*		*N/A*	-	*N/A*	-
EBITA margin	*10.8%*	*4.3%*		*N/A*	*8.1%*	*N/A*	*7.6%*
EBIT margin	*8.3%*	*2.9%*		*N/A*	*6.0%*	*N/A*	*5.5%*
Number of employees at 30 June 2018	**4,828**	**5,150**	**1,399**		**11,377**	**114**	**11,491**
Reconciliation of profit/(loss) for the period							
EBIT					801	(49)	752
Income from associates					0	0	0
Financial income					686	1	687
Financial costs					(754)	(9)	(763)
EBT					**733**	**(57)**	**676**

1) Shared costs consists of costs that are managed on Region or Group level and subsequently allocated to the divisions.
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.

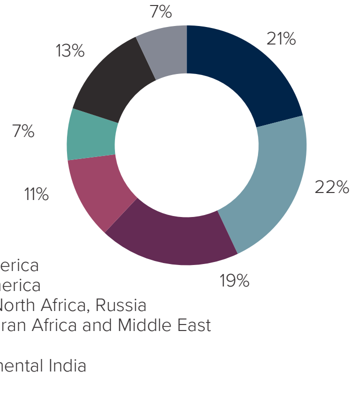
DKKm	9M 2019	9M 2018
Point in time	6,454	7,239
Percentage of completion	8,112	6,061
Cash	58	0
Total revenue	**14,624**	**13,300**

Seven Regions support the sales within the Mining and Cement Industries. Below, revenue is presented in the Regions in which delivery takes place.

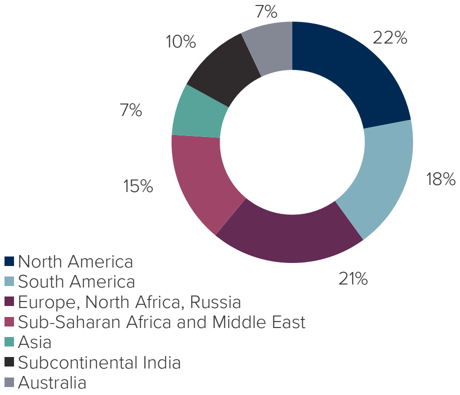
			9M 2019
DKKm	**Mining**	**Cement**	**Group**
Projects	2,301	2,472	4,773
Products	885	1,055	1,940
Capital business	**3,186**	**3,527**	**6,713**
Service business	**5,446**	**2,465**	**7,911**
Total revenue	**8,632**	**5,992**	**14,624**

			9M 2018
DKKm	**Mining**	**Cement**	**Group**
Projects	1,579	2,528	4,107
Products	676	922	1,598
Capital business	**2,255**	**3,450**	**5,705**
Service business	**5,177**	**2,418**	**7,595**
Total revenue	**7,432**	**5,868**	**13,300**

REVENUE SPLIT BY REGIONS (9M 2019)



REVENUE SPLIT BY REGIONS (9M 2018)



5. PROVISIONS

DKKm	30/09 2019	31/12 2018	30/09 2018
Provisions at 1 January	1,279	1,430	1,430
Foreign exchange adjustments	22	4	(3)
Disposal of Group enterprises	0	(2)	(2)
Additions	247	684	319
Used	(406)	(560)	(468)
Reversals	(130)	(486)	(234)
Reclassification to/from other liabilities	0	(109)	(54)
Transfer from assets held for sale	0	318	0
Provisions	**1,012**	**1,279**	**988**
The split of provisions is as follows:			
Warranties	573	628	719
Restructuring	29	59	39
Other provisions	410	592	230
	1,012	**1,279**	**988**
The maturity of provisions is specified as follows:			
Current liabilities	541	780	702
Non-current liabilities	471	499	286
	1,012	**1,279**	**988**

Used provisions amounted to DKK 406m in 9M 2019, a decrease of DKK 62m from 9M 2018. Provisions used in 9M 2019 related to discontinued activities amounted to DKK 79m (9M 2018: DKK 251m). Refer to note 8 for a further description. The remainder of the used provisions were mainly to cover our warranty obligations, loss-making projects and settlement of a tax claim.

5. PROVISIONS – continued

Continued activities' share of Group provisions is shown below. The provisions from continued and discontinued activities add up to our total provisions. As provisions associated with assets classified as held for sale are reported as liabilities associated with assets classified as held for sale in 9M 2018, provisions from continued and discontinued activities do not add up to the provisions presented in the balance sheet and thereby the provisions specified on prior page.

Continued activities' share of Group provisions:

DKKm	30/09 2019	31/12 2018	30/09 2018
Provisions at 1 January	961	1,163	1,163
Foreign exchange adjustments	22	0	(4)
Additions	247	685	319
Used	(327)	(315)	(224)
Reversals	(130)	(463)	(234)
Reclassification to/from other liabilities	0	(109)	(54)
Provisions	**773**	**961**	**966**

6. CONTINGENT LIABILITIES

Contingent liabilities at 30 September 2019 amounted to DKK 2.9bn (31 December 2018: DKK 2.8bn), which primarily include performance bonds, payment guarantees and bid bonds at DKK 2.6bn (31 December 2018: DKK 2.5bn) issued to cover project-related risks.

See note 2.7 in the Annual Report 2018 for a description of the nature of the Group's contingent liabilities.

7. BUSINESS ACQUISITIONS

In February 2019, FLSmidth reached an agreement to acquire IMP Automation Group, subject to certain conditions. The acquisition closed at 31 May 2019. IMP Automation Group (IMP) is the established global leader in automated laboratory solutions for the mining industry.

The acquisition enables FLSmidth to support the expanding market for automated laboratories, and supports the increased focus on productivity, automation and digitalisation. The acquisition strongly complements the products FLSmidth offers for quality control and optimisation of the mining process.

Following the closing of the IMP acquisition, FLSmidth is working on realising the synergies between the digital initiatives of FLSmidth and IMP's automated solutions to further enhance processing optimisation and ultimately provide greater value to customers.

In March 2019, FLSmidth reached an agreement to acquire the hydrometallurgical and mineral processing capabilities of AuTec Innovative Extractive Solutions Ltd. (AuTec). This allows FLSmidth to become a world leader in providing comprehensive refractory gold testwork, strengthening the ability to be close to key gold clients globally on projects from scoping stages through to offering plant support and optimisation.

7. BUSINESS ACQUISITIONS – continued

Name of activity acquired	Primary activity	Date of acqui-sition/ consoli-dated from	Owner-ship interest	Voting share
IMP Automation Group	Mining	01-Jun	100%	100%
AuTec	Mining	01-Mar	Asset deal	Asset deal

The IMP business has been integrated into the Mining segment and is included in the consolidated financial statement from 1 June – 30 September 2019:

DKKm	9M 2019
Revenue	45
Profit for the period	0
Headcount	136

Acquisition related costs amounted to DKK 1m and are recognised in the income statement as administrative cost.

Had the acquired activities been included in the consolidated financial statements from 1 January 2019, the revenue and net profit would have been positively impacted by DKK 92m and 12m, respectively. Consolidated Group revenue and net profit for the first nine months of 2019 would have been DKK 14,716m and DKK 561m.

The assets and liabilities in the opening balance are measured using the information available at the date for issuing the interim report. The purchase price allocations have not been finalised. If new information becomes available this could affect the calculated values.

DKKm	IMP Auto-mation Group	AuTec	9M 2019
Property, plant and equipment	8	5	13
Patens and rights acquired	34	0	34
Customer relations	33	0	33
Other intangible assets	7	0	7
Investment in associate	173	0	173
Inventories	31	0	31
Trade receivables	34	0	34
Prepayments to subcontractors	23	0	23
Other accounts receivables	4	0	4
Cash and cash equivalents	39	0	39
Trade payables	(5)	0	(5)
Prepayments from customers	(25)	0	(25)
Other liabilities	(17)	0	(17)
Carrying amount of net assets acquired	**339**	**5**	**344**
Goodwill	33	1	34
Transaction price, cash effect	**372**	**6**	**378**
Cash and cash equivalents acquired	(39)	0	(39)
Deferred payment, payable	(34)	0	(34)
Net cash effect	**299**	**6**	**305**

8. DISCONTINUED ACTIVITIES

On 9 January 2019, FLSmidth announced an agreement to sell its non-mining bulk material handling business. The transaction was subject to various conditions that have subsequently been met. As a consequence the agreement closed and became effective 31 January 2019.

As mentioned in the Annual Report 2018 the transaction included transfer of employees, brand, IPR (Intellectual Property Rights) and order pipeline to Rainbow Heavy Machineries. All employee obligations were settled before closing date. Transferred brands and IPR were included at 31 December 2018 in assets held for sale at zero value due to write downs in 2015. The sales value was DKK 0m, meaning there was no gain or loss from the sale.

Under the sales agreement we retain the responsibility to finalise legacy projects. The projects were from revenue perspective completed at year end 2018. Based on subsequent handling of claims and collection activities projects are however expected to be finalised during 2019-2020. The future cash outflow from discontinued activities is expected to be around DKK 30m from payments related to provisions, settlement of net working capital and moderate SG&A cost. The expectations are based on a net working capital balance of DKK 232m, provisions of DKK 239m and moderate SG&A cost. There can be a timing difference between cash paid and cash received.

8. DISCONTINUED ACTIVITIES – continued

Discontinued activities effect on cash flow from operating activities:

DKKm	9M 2019	2018	9M 2018
EBITDA	(16)	(159)	(60)
Adjustment for gain on sale of property, plant and equipment etc.	3	0	0
Adjusted EBITDA	**(13)**	**(159)**	**(60)**
Change in provisions	(79)	(136)	(240)
Change in net working capital	(58)	(253)	(197)
Cash flow from operating activities before financial items and tax	**(150)**	**(548)**	**(497)**
Financial items received and paid	1	(16)	(9)
Taxes paid	0	(4)	(3)
Cash flow from operating activities	**(149)**	**(568)**	**(509)**

Discontinued activities' share of Group provisions:

DKKm	30/09 2019	31/12 2018	30/09 2018
Provisions at 1 January	318	452	452
Foreign exchange adjustments	0	4	1
Disposal of Group enterprises	0	(2)	(2)
Additions	0	175	11
Used	(79)	(282)	(251)
Reversals	0	(29)	0
Provisions	**239**	**318**	**211**

Cash flow from discontinued operating activities totalled DKK -149m. The negative cash flow is mainly due to change in provisions of DKK 79m. Hereof, DKK 29m relates to redundancies, while DKK 50m relates to legacy projects that we retained as part of the sales agreement.

Cash flow from net working capital from discontinued activities amounted to DKK -58m (9M 2018: -197m), as net working capital related to discontinued business increased from DKK 164m end of 2018 to DKK 232m end of Q3 2019.

Loss for the period from discontinued activities total DKK -20m (9M 2018: DKK -40m), primarily consisting of SG&A cost.

9. NET WORKING CAPITAL

Net working capital increased at the end of Q3 2019, due to a higher level of inventories and work in progress and a lower level of other liabilities, partly offset by higher trade payables. Supply chain financing led to a slight increase in trade payables in the first three quarters of 2019.

DKKm	30/09 2019	31/12 2018	30/09 2018
Inventories	2,910	2,685	2,621
Trade receivables	4,586	4,586	3,869
Work in progress, assets	2,674	2,252	2,074
Prepayments to subcontractors	446	318	230
Other receivables	766	729	654
Derivative financial instruments	31	41	24
Prepayments from customers	(1,858)	(1,802)	(1,722)
Trade payables	(3,819)	(3,322)	(2,695)
Work in progress, liability	(1,643)	(1,453)	(1,808)
Other liabilities	(1,418)	(1,783)	(1,373)
Derivative financial instruments	(51)	(51)	(65)
Net working capital	**2,624**	**2,200**	**1,809**
Change in net working capital	(424)	(367)	24
Financial instruments and foreign exchange effect on cash flow	114	(135)	(272)
Cash flow effect from change in net working capital	**(310)**	**(502)**	**(248)**

10. WORK IN PROGRESS

DKKm	30/09 2019	31/12 2018	30/09 2018
Total costs incurred	28,269	24,690	19,469
Profit recognised as income, net	2,429	2,145	2,729
Work in progress	**30,698**	**26,835**	**22,198**
Invoicing on account to customers	(29,667)	(26,036)	(21,932)
Net work in progress	**1,031**	**799**	**266**
Of which is recognised as work in progress:			
Under assets	2,674	2,252	2,074
Under liabilities	(1,643)	(1,453)	(1,808)
Net work in progress	**1,031**	**799**	**266**

11. EARNINGS PER SHARE (EPS)

DKKm	Q3 2019	Q3 2018	9M 2019	9M 2018
Profit for the year, continuing activities	190	171	569	506
Minority interests	1	(2)	2	(3)
FLSmidth's share of profit, continuing activities	**191**	**169**	**571**	**503**
Loss for the year, discontinued activities	0	(9)	(20)	(40)
FLSmidth's share of loss, discontinuing activities	**0**	**(9)**	**(20)**	**(40)**
FLSmidth's share of profit	**191**	**160**	**551**	**463**

Number of shares (1,000)	Q3 2019	Q3 2018	9M 2019	9M 2018
Average number of outstanding shares	50,027	49,824	49,942	49,638
Dilutive effect of share options in the money	128	360	128	360
Average diluted number of outstanding shares	**50,155**	**50,184**	**50,070**	**49,998**

DKK	Q3 2019	Q3 2018	9M 2019	9M 2018
Earnings per share from continuing activities	3.8	3.4	11.4	10.1
Earnings per share from discontinued activities	0.0	(0.2)	(0.4)	(0.8)
Earnings per share from continuing and discontinued activities	**3.8**	**3.2**	**11.0**	**9.3**

DKK	Q3 2019	Q3 2018	9M 2019	9M 2018
Diluted earnings per share from continuing activities	3.8	3.4	11.4	10.1
Diluted earnings per share from discontinued activities	0.0	(0.2)	(0.4)	(0.8)
Diluted earnings per share from continuing and discontinued activities	**3.8**	**3.2**	**11.0**	**9.3**

12. FAIR VALUE MEASUREMENT

				9M 2019
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	5		35	40
Hedging instruments asset		31		31
Hedging instruments liability		(51)		(51)
	5	**(20)**	**35**	**20**

				9M 2018
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	9		33	42
Hedging instruments asset		24		24
Hedging instruments liability		(64)		(64)
	9	**(40)**	**33**	**2**

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 on an active market based on quoted prices. 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 9M 2019 and 9M 2018.

13. 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.

14. ACCOUNTING POLICIES

The condensed interim report of the Group for the first three quarters of 2019 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 2018 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 2018 Annual Report for further details.

CHANGES IN ACCOUNTING POLICIES

As of 30 September 2019, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2019 financial year, including the following accounting standards, which are the most relevant for FLSmidth:

- IFRS 16, Leases (issued 2016)
- IFRIC 23, Uncertainty over income tax treatment (issued 2017)

Effect from implementing IFRS 16, Leases

IFRS 16 has replaced IAS 17, Leases and IFRS 16 has introduced a changed accounting model for a lessee. Previously, lease contracts for a lessee were classified as either operating or finance leases. IFRS 16 requires the majority of operating leases to be recognised as lease assets with a related lease liability, similar to the previous accounting of finance leases. The lease payments, previously accounted for as operating expenses, have been split into an interest cost and a repayment of the lease liability. The lease assets are depreciated over the term of the lease contract.

We have implemented IFRS 16 using the modified retrospective application, with a lease asset value equal to the lease liability value upon transition. Consequently, 2018 comparative figures are reported according to IAS 17 and have not be restated to reflect the numbers according to IFRS 16. This applies to all numbers prior to 1 January 2019 in text and tables, throughout the entire report.

Upon implementation, we have applied the following exemptions:

- Exclusion of low value assets and lease contracts with a contract term of 12 months or less.
- No reassessment of whether a contract is or contains a lease.
- A single discount rate has been applied to a portfolio of leases with reasonable similar characteristics.
- Initial direct costs have been excluded from the measurement of the right-of-use asset.
- Use of hindsight, to determine the lease term, if a contract contains options to extend or terminate the contract.

When assessing the future lease payments, we have included the payments, which are fixed or variable, dependent on an index or a rate. Service components are excluded from the lease liability.

When assessing the lease term, any extension or termination options have been included in the assessment to determine the lease term. The options are included in determining the lease term, if exercise is reasonably certain.

When determining the discount rates used to calculate the net present value of future lease payments, we have used an incremental country specific borrowing rate, based on a government bond plus the Group's credit margin.

Upon implementation 1 January 2019, we have recognised a right of use asset of DKK 317m and a lease liability of DKK 317m. The implementation has no effect on equity. The right of use assets relate primarily to land and buildings with depreciation periods ranging from 1 to 9 years with a weighted average lease term of 5 years. The weighted average discount rate applied for land and buildings is 3.66%.

FLSMIDTH

14. ACCOUNTING POLICIES - continued

DKKm	Opening balance
Rent and lease obligations not recognised as liabilities 31 December 2018 (IAS 17)	315
Discounting effect with alternative borrowing rate 1 January 2019	(26)
Applied implementation options:	
Short term and low value leases	(7)
Included lease option terms with a highly probable extension	35
Lease liabilities recognised 1 January 2019 (IFRS 16)	**317**

Had the Group applied the previous accounting policy for leases according to IAS 17 in the first three quarters of 2019, the earnings before tax (EBT) for the period would have been DKK 849m, an increase of DKK 1m compared to the actual numbers for the first three quarters of 2019.

Implementation of IFRS 16 has no effect on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation in the cash flow statement has changed. The change has improved the cash flow from operating activities as well as free cash flow by DKK 78m whereas the cash outflow from financing activities has been negatively impacted by DKK 78m.

Lessor accounting under IFRS 16 is mostly unchanged from previous accounting under IAS 17, where lessors continue to classify all leases as either operating or finance leases. We have no material lessor contracts and have therefore seen no material effect.

DKKm	9M 2019 IFRS 16	IFRS 16 Effect	9M 2019 IAS 17
Gross profit	3,522	29	3,493
SG&A	(2,094)	57	(2,151)
EBITDA	1,428	86	1,342
Depreciation and impairment of property, plant and equipment	(252)	(79)	(173)
EBITA	1,176	7	1,169
EBIT	893	7	886
EBT	848	(1)	849
CFFO	621	78	543
Free cash flow	52	78	(26)
CFFF	(163)	(78)	(85)
Total assets	23,148	323	22,825
Total liabilities	(14,444)	(324)	(14,120)
NIBD	2,693	324	2,369

DKKm	Q3 2019 IFRS 16	IFRS 16 Effect	Q3 2019 IAS 17
Gross profit	1,126	11	1,115
SG&A	(667)	22	(689)
EBITDA	459	33	426
Depreciation and impairment of property, plant and equipment	(82)	(28)	(54)
EBITA	377	5	372
EBIT	294	5	289
EBT	284	2	282
CFFO	244	30	214
Free cash flow	133	30	103
CFFF	(115)	(30)	(85)

Effect from implementing IFRIC 23, Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

We have established the necessary processes and procedures to obtain information that is required to apply the interpretation.

The implementation has had no significant impact on the 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 – 30 September 2019.

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 30 September 2019 as well as of the results of its operations and cash flows for the period 1 January – 30 September 2019.

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.

Valby, 29 October 2019

EXECUTIVE MANAGEMENT

Thomas Schulz
Group CEO

Lars Vestergaard
Group Executive Vice President and CFO

BOARD OF DIRECTORS

Vagn Sørensen
Chairman

Tom Knutzen
Vice Chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Mette Dobel

Søren Dickow Quistgaard

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), capital expenditures, 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
1 January – 30 September

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