FLSmidth

1 January – 30 June 2020
(Company announcement no. 13)

WE DISCOVER POTENTIAL

INTERIM REPORT H1 2020

ROCE

8.0%

Down from 11.1%

CFFO (DKKm)

533

Up from DKK 143

EBITA margin

3.4%

Down from 8.9%

Order intake (DKKm)

3,348

Down from DKK 4,954

Q2 2020 vs. Q2 2019

FLSmidth & Co. A/S
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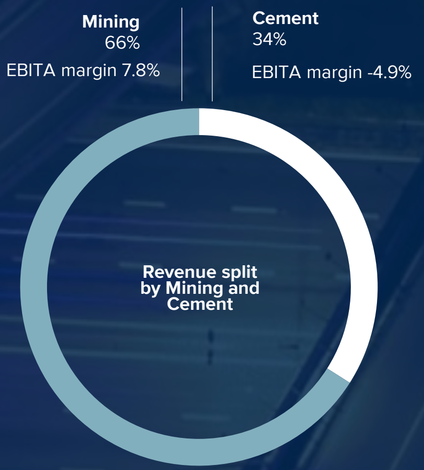
Order intake (DKKm)	Revenue (DKKm)	EBITA (DKKm)	EBITA margin	Earnings per share (DKK)	Net working capital ratio	ROCE
3,348	3,846	131	3.4%	-0.3	12.3%	8.0%
Down from 4,954	Down from 5,472	Down from 487	Down from 8.9%	Down from 4.4	Down from 13.5%	Down from 11.1%



Safety (TRIR)[1]	Quality (DIFOT)[2]
1.0	87%
Down from 1.6	Up from 86%

1) TRIR = Total recordable injury rate
2) DIFOT = Delivery in full on time
Safety and Quality are measured YTD against full year 2019
Net working capital ratio is quarter-on-quarter development
All other development highlights are year-on-year figures

QUARTERLY HIGHLIGHTS

Q2 Highlights

As anticipated, the second quarter results were impacted by the COVID-19 pandemic.

Nevertheless, a changed way of working and a continued strong cash focus delivered tangible results. The adjusted free cash flow increased to DKK 476m in Q2, the net working capital ratio came down to 12.3% from 13.5% in Q1 and net debt declined by DKK 365m.

Order intake and revenue were negatively affected by the pandemic situation and declined organically by 29% and 26%, respectively. Mining was less impacted than Cement, and the service business was more resilient than the capital business.

Whilst customers continue to defer non-critical investments, more mine sites and cement plants have now restarted operations, underpinning a gradual recovery later in the year.

Earnings were impacted by the sharp decline in revenue and low capacity utilisation, as well as implementation costs related to business improvement initiatives. Consequently, the EBITA margin declined to 3.4%, driven primarily by Cement. EBITA margin adjusted for extra costs was 6.1%.

Although market conditions have been challenging overall, we have taken advantage of our vast pool of local resources and our strong capabilities within remote support to help customers sustain production. We have seen increased interest in our digital solutions, and we see continued good demand for our technologies to obtain more sustainable operations.

Management focus

Ensuring the safety of our employees is always our top priority. During the second quarter, a lot of attention has been dedicated to assessing and managing the pandemic's impact on our business, including a strong focus on customer relationships and identification of business opportunities, such as increased demand for our local resources and digital solutions. With the pandemic striking different parts of the world at different times, ensuring continuity and agility in our supply chain has also been key.

Cash generation has been an important objective for all our activities. As part of the endeavours to strengthen cash flow, we have made good progress on our business improvement program, which delivered an EBITA improvement run rate of DKK 120m by the end of June.

Whilst visibility remains low due to COVID-19, it is evident that the cement industry has been particularly severely impacted by the pandemic, and our Cement business has experienced a significant decline in its backlog. To adjust to this, we made additional workforce adjustments in Q2, and we are taking further steps to ensuring a more stable, higher-margin business and an accelerated journey towards enabling zero emissions in the mining and cement industries.

The current health (and economic) crisis has not overshadowed the need for more sustainable mine and cement plant operations. On the contrary, it appears to have fuelled the desire for a greener world, and we are well-positioned to benefit from this trend. We have an existing strong portfolio of sustainable solutions, and we continue working tirelessly towards our ambitious MissionZero sustainability targets.

GUIDANCE

On 23 March, our financial guidance for 2020 was suspended due to the global uncertainty caused by the COVID-19 pandemic. On 28 April, we announced that full year results are expected to be below the initial guidance. On 24 July, preliminary key figures for H1 2020 were announced and we reconfirmed the suspension of guidance. Across all regions, the mining industry and especially the cement industry have been negatively affected by the pandemic. Whilst the general situation around COVID-19 is improving in parts of the world, it continues to escalate in other parts. As a global supplier with customers around the world, FLSmidth is subject to these varying market conditions. Lockdowns and mobility restrictions have continued to impact our customers and our workforce, especially the utilisation level of our global service technicians. This creates significant uncertainty around our service order intake and thus revenue for the remaining period of the year. Timing of our order backlog conversion is also impacted by uncertainty from these circumstances, as it is challenging to predict when customers will be able to progress projects and take delivery. Thus, visibility remains low and our guidance remains suspended. We previously expected a moderate recovery in Q3, but the impact of the pandemic seems to last longer. We are cautiously optimistic about a gradual recovery later in the year.

GUIDANCE FOR 2020 (SUSPENDED)

DKK	Initial guidance 2020	Current Guidance 2020
Revenue (DKKbn)	18.5-20.5	suspended
EBITA margin	8-9%	suspended
ROCE	9-12%	suspended

FINANCIAL KEY FIGURES

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	Year 2019
INCOME STATEMENT					
Revenue	3,846	5,472	8,371	9,888	20,646
Gross profit	912	1,315	1,959	2,396	4,849
EBITDA before special non-recurring items	223	574	542	969	2,008
EBITA	131	487	359	799	1,663
EBIT	46	381	192	599	1,286
Financial items, net	(55)	(32)	(52)	(35)	(118)
EBT	(7)	349	143	564	1,171
Profit/loss for the period, continuing activities	(12)	234	94	379	798
Loss for the period, discontinued activities	(5)	(11)	(10)	(20)	(22)
Profit/loss for the period	(17)	223	84	359	776
ORDERS					
Order intake (gross), continuing activities	3,348	4,954	9,874	10,594	19,554
Order backlog, continuing activities			15,227	16,762	14,192
EARNING RATIOS					
Gross margin	23.7%	24.0%	23.4%	24.2%	23.5%
EBITDA margin before special non-recurring items	5.8%	10.5%	6.5%	9.8%	9.7%
EBITA margin	3.4%	8.9%	4.3%	8.1%	8.1%
EBIT margin	1.2%	6.9%	2.3%	6.1%	6.2%
EBT margin	-0.2%	6.4%	1.7%	5.7%	5.7%
CASH FLOW					
Cash flow from operating activities (CFFO)	533	143	498	377	948
Acquisitions of property, plant and equipment	(34)	(21)	(66)	(60)	(177)
Cash flow from investing activities (CFFI)	(65)	(373)	(174)	(458)	(661)
Free cash flow	468	(230)	324	(81)	287
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	476	63	373	218	574

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019	Year 2019
BALANCE SHEET					
Net working capital			2,351	2,519	2,739
Net interest-bearing debt (NIBD)			2,298	2,802	2,492
Total assets			21,039	23,067	23,532
Equity			8,474	8,313	8,793
Dividend to shareholders, paid	0	450	0	450	450
FINANCIAL RATIOS					
CFFO / Revenue	13.9%	2.6%	5.9%	3.8%	4.6%
Book-to-bill	87.1%	90.5%	118.0%	107.1%	94.7%
Order backlog / Revenue			79.6%	85.2%	68.7%
Return on equity			1.9%	8.7%	9.1%
Equity ratio			40.3%	36.0%	37.4%
ROCE, average			8.0%	11.1%	10.9%
Net working capital ratio, end			12.3%	12.8%	13.3%
NIBD / EBITDA			1.5	1.4	1.2
Capital employed, average			15,351	14,888	15,251
Number of employees			11,506	12,545	12,346
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	10.6	2.9	9.9	7.5	18.9
Earnings per share (EPS), (diluted)	(0.3)	4.4	1.7	7.2	15.5
Share price			191.4	296.9	265.4
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation, end			9,807	15,216	13,602

Number of employees
Number of employees have been restated in comparison periods as the measure has changed in Q1 2020. The number of employees includes temporary employees compared to previous where only permanent headcount was disclosed.

Number of employees	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Previously published in Interim Reports	11,513	11,855	11,859	11,765
Adjustment in accordance to the description above	760	690	505	581
Restated numbers published in 2020 Interim Reports	**12,273**	**12,545**	**12,364**	**12,346**

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 2019.

Use of alternative performance measures
Throughout the report we present financial measures which are not defined according to IFRS. We have included additional information in the Annual Report 2019 note 7.4 Alternative performance measures and note 7.8 Definition of terms.

QUARTERLY PERFORMANCE

GROWTH

Order intake and revenue in Q2 were markedly impacted by COVID-19 and decreased organically by 29% and 26%, respectively. Mining was less impacted than Cement, and the service business was more resilient than the capital business.

Order intake

Order intake decreased 32% to DKK 3,348m (Q2 2019: DKK 4,954m). Currency had a 4% negative impact and acquisitions a 1% positive impact on order intake in Q2.

Mining order intake decreased 23% organically and decreased 28% including the effects of currency and acquisitions. Mining service orders declined 15%, due to temporary mine shutdowns and restricted access to sites. Mining capital orders decreased by 49% as the high macro uncertainty caused customers to defer non-critical investments. There were no large announced orders in Q2 2020 (Q2 2019: DKK 375m of large orders).

Cement order intake declined 39% organically. Cement service order intake decreased 30% as many cement plants have been temporarily closed or operating with reduced production rates due to COVID-19. Similar to Mining, Cement capital order intake was impacted by the high macro uncertainty and declined 49%.

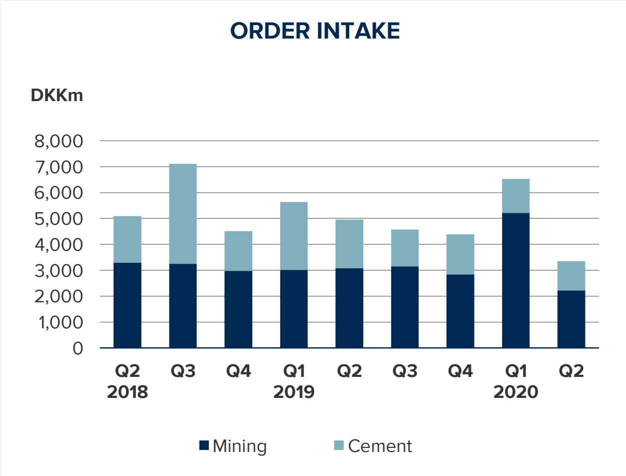
Growth in order intake Q2 2020 (vs. Q2 2019)	Mining	Cement	FLSmidth Group
Organic	-23%	-39%	-29%
Acquisition	2%	0%	1%
Currency	-7%	-1%	-4%
Total growth	**-28%**	**-40%**	**-32%**

Demand for both capital and service continue to be negatively affected by the pandemic. Both mining and cement customers are deferring projects.

Most miners, however, have healthy balance sheets and solid cash flows, and they continue to place smaller engineering orders, which indicates that projects will move forward. The cement industry, on the other hand, has seen a prolonged period of subdued project activity, and there are no signs of a short-term recovery in demand for new cement capacity.

GROUP (Continuing activities)

(DKKm)	Q2 2020	Q2 2019	Change (%)	H1 2020	H1 2019	Change (%)
Order intake (gross)	**3,348**	**4,954**	**-32%**	**9,874**	**10,594**	**-7%**
- Hereof service order intake	2,238	2,784	-20%	5,169	5,432	-5%
- Hereof capital order intake	1,110	2,170	-49%	4,705	5,162	-9%
Order backlog	**15,227**	**16,762**	**-9%**	**15,227**	**16,762**	**-9%**
Revenue	**3,846**	**5,472**	**-30%**	**8,371**	**9,888**	**-15%**
- Hereof service revenue	2,333	2,794	-16%	4,939	5,208	-5%
- Hereof capital revenue	1,513	2,678	-44%	3,432	4,680	-27%
Gross profit	**912**	**1,315**	**-31%**	**1,959**	**2,396**	**-18%**
Gross profit margin	23.7%	24.0%		23.4%	24.2%	
SG&A cost	**(689)**	**(741)**	**-7%**	**(1,417)**	**(1,427)**	**-1%**
SG&A ratio	17.9%	13.5%		16.9%	14.4%	
EBITDA before special non-recurring items	**223**	**574**	**-61%**	**542**	**969**	**-44%**
EBITDA margin before special non-recurring items	5.8%	10.5%		6.5%	9.8%	
EBITA	**131**	**487**	**-73%**	**359**	**799**	**-55%**
EBITA margin	3.4%	8.9%		4.3%	8.1%	
EBIT	**46**	**381**	**-88%**	**192**	**599**	**-68%**
EBIT margin	1.2%	6.9%		2.3%	6.1%	
Number of employees	11,504	12,541	-8%	11,504	12,541	-8%



An increasing share of mine sites (96% vs. 90% end of Q1) and cement plants (92% vs. 80% end of Q1) are now operating, although several at a reduced capacity. In combination with gradual easing of restrictions and better access to sites, the service business should see a gradual recovery later in the year.

Order backlog

Order backlog for the Group decreased to DKK 15,227m (end of Q1 2020: DKK 15,591m), explained by the higher level of revenue compared to order intake in the quarter. There were no significant order terminations in Q2.

Approximately 43% of the backlog is expected to be converted to revenue in 2020, 34% in 2021, and 23% in 2022 and beyond. Due to COVID-19, the estimated backlog conversion is more uncertain this year than usual.

Revenue

Revenue decreased 26% organically, comprising a 16% decline in Mining and a 40% decrease in Cement. The relatively sharper decline in Cement was due to a more severe COVID-19 impact on the cement industry, but also a result of a lower level of Cement capital orders in the past four quarters.

For both Mining and Cement, the pandemic situation affected, in particular, the activity level on projects and technical services, due to shut down of sites, customers operating with reduced staff on sites, and restricted access to sites.

Lockdowns and mobility restrictions related to the pandemic caused supply chain disruptions in many regions, including India, South Africa, South- and North America and Western Europe, especially in the first half of the quarter. Whilst we have been affected by this, we have maintained a high degree of agility in our supply chain, as we have been able to switch between in-house workshops and between external suppliers across countries and continents.

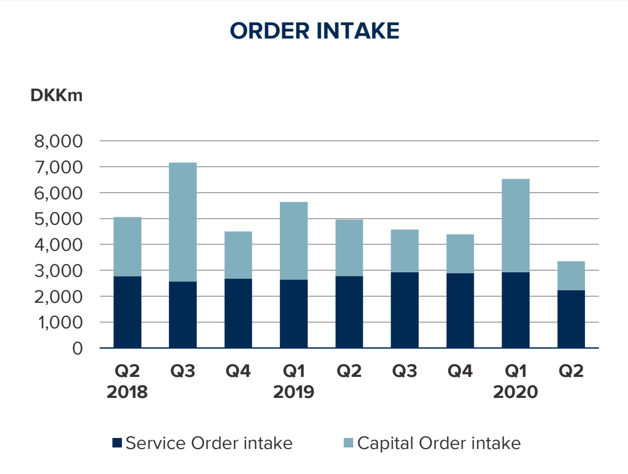
Group revenue decreased 30% to DKK 3,846m in Q2 2020 (Q2 2019: DKK 5,472m).

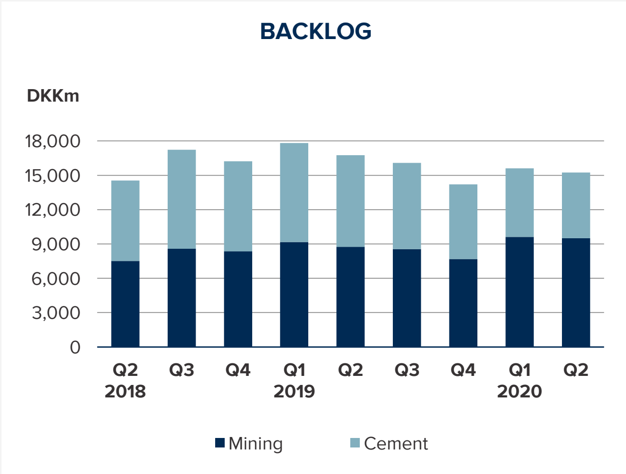
Service revenue in Mining accounted for 64% of the total Mining revenue (Q2 2019: 58%). Mining saw a 32% decline in capital revenue and a 14% decrease in service revenue.

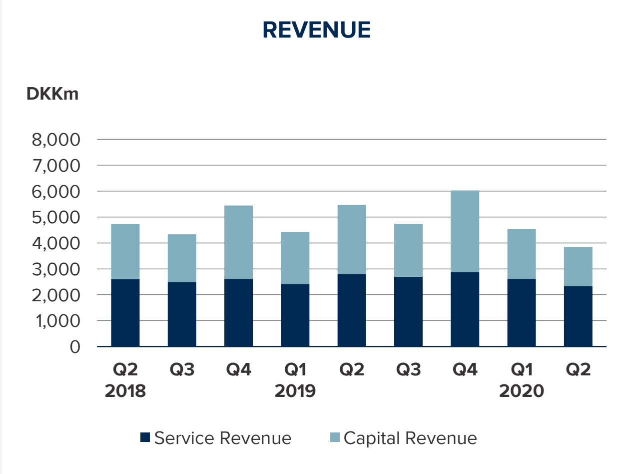
Growth in revenue Q2 2020 (vs. Q2 2019)	Mining	Cement	FLSmidth Group
Organic	-16%	-40%	-26%
Acquisition	0%	0%	0%
Currency	-6%	-1%	-4%
Total growth	**-22%**	**-41%**	**-30%**

Service revenue in Cement accounted for 55% of the total Cement revenue (Q2 2019: 41%). Cement saw a 21% decline in service revenue and a 55% decline in capital revenue.

A prolonged period with a subdued cement market and sluggish Cement capital order intake, combined with low Cement order activity in Q2, has resulted in a shrinking Cement backlog, which will weigh down on Cement revenue in the short- to medium-term.







PROFIT

Earnings were impacted by the sharp decline in revenue and low capacity utilisation, as well as implementation costs related to business improvement initiatives. The EBITA margin declined to 3.4%, driven primarily by Cement.

Business improvement initiatives

Last year, we announced business improvement initiatives, including site consolidation, an improved logistical setup, and headcount reductions. In April 2020, we extended these activities to accommodate for a more challenging market environment.

In total, the initiatives are expected to generate an annual EBITA improvement of DKK 150m with a full run-rate from the end of 2020. The implementation costs are anticipated to be around DKK 180m, of which DKK 40m were incurred in 2019. The program contains sustainable improvements only. It does not include any temporary COVID-19 related savings, such as employees on furlough or reduced travel expenses.

Expected financial impact

Savings, DKKm	Program	Run-rate end Q1	Run-rate end Q2	Run-rate end 2020
EBITA improvement[1]	150	75	120	150

Costs, DKKm	Program	Realised Q1 2020	Realised Q2 2020	2020
Implementation costs[1]	(180)[2]	(53)	(74)	(140)

1) Mining and Cement Impact based on the segment's relative share of Group revenue

2) Includes DKK 40m of costs in 2019

The EBITA improvement run rate by the end of Q2 2020 was DKK 120m, and the implementation cost in Q2 was DKK 74m. 600 of 750 employees have been terminated year-to-date as part of the business improvement initiatives.

The business improvement program is on track and expected to be fully executed by year end.

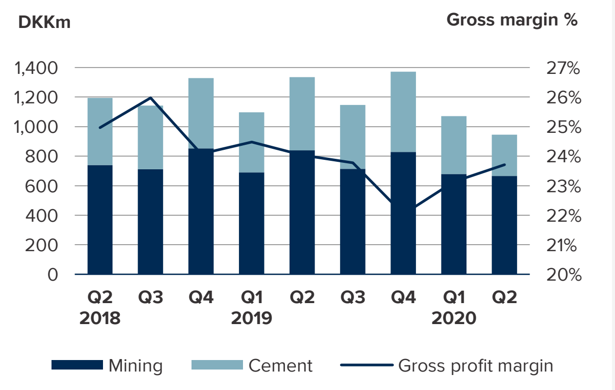
Current situation

Whilst visibility remains low due to COVID-19, it is clear that the cement industry is severely impacted by the pandemic. The mining industry is less impacted, and our Mining business has a healthy backlog compared to recent years. On the contrary, our Cement business posted a negative result in Q2 and has seen a decreasing backlog due to several quarters of low capital order intake.

To adjust our business to these circumstances, we reduced our workforce by an additional 240 employees in Q2, on top of the 600 terminations that have taken place this year as part of the business improvement program. Hence, the workforce has been reduced by a total of 840 employees year to date. Further, we evaluate options to manufacture less in-house and source more from local suppliers, and we work on how to better utilise synergies between our Cement and Mining business. We are also considering opportunities to supplement our existing offering with new sustainable solutions.

The above efforts have a common goal of ensuring a more stable, higher-margin business and accelerating our journey towards enabling zero emissions in the mining and cement industries.

GROSS PROFIT AND GROSS MARGIN



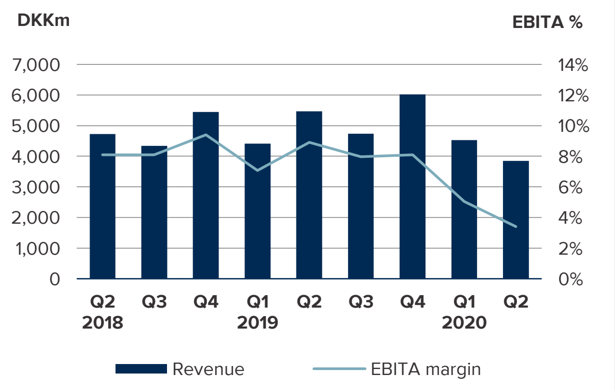
Gross profit and margin

Gross profit declined 31% to DKK 912m (Q2 2019: DKK 1,315m), largely in line with the decline in revenue. Gross profit was negatively affected by implementation costs related to business improvement activities, but positively influenced by temporary COVID-19 related savings. The net effect of these extraordinary costs and savings was insignificant.

The gross margin decreased to 23.7% (Q2 2019: 24.0%), attributable to a 1.0%-point lower gross margin in Cement, whereas the Mining gross margin increased by 0.3%-points, despite a DKK 32m lower profitability in the Mining capital business, as communicated previously.

Lockdowns and mobility restrictions related to the pandemic affected utilisation of our global service technicians and workshops, and it resulted in more complex and costly logistics and increased costs related to quality control. Due to local labour protection regulation during the pandemic, we are not able to fully adjust the cost base and take advantage of our flexible cost structure in countries such as India. On the other hand, we have managed to successfully renegotiate contract conditions in parts of our Mining service business.

REVENUE AND EBITA MARGIN



In Q2 2020, total research and development costs (R&D) amounted to DKK 77m (Q2 2019: DKK 75m), representing 2.0% of revenue (Q2 2019: 1.4%), of which DKK 23m was capitalised (Q2 2019: DKK 37m) and the balance of DKK 54m expensed as production costs (Q2 2019: DKK 38m). R&D costs in Q2 related to several projects, including new sustainable cement technologies, digitalization, standardisation and dry stack tailings.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items decreased 7% to DKK 689m in Q2 2020 (Q2 2019: DKK 741m), explained by sustainable business improvement savings. Both sales costs and administrative costs came down. SG&A was impacted by costs related to the ongoing business improvement activities as well as temporary COVID-19 related savings. Adjusted for these extraordinary items, SG&A decreased 9 % to DKK 676m in Q2.

Despite the reduction in SG&A, the cost percentage went up to 17.9% of revenue, compared to 13.5% in Q2 2019, as revenue in Q2 was marked by a lower backlog entering the year and, in particular, by the pandemic. The increased cost ratio reflects the sudden revenue impact caused by COVID-19 and limited flexibility to adjust our cost base in some countries due to COVID-19 related local labour restrictions. Moreover, we manage and adjust the cost base against the level of business we see ahead of us.

Depreciation decreased to DKK 79m (Q2 2019: DKK 87m), due to timing difference between assets fully depreciated and new investments not yet in use. The depreciation run rate is expected to pick up to last year's level as new investments are being completed later in the year.

EBITA and margin

EBITA decreased 73% to DKK 131m (Q2 2019: DKK 487m), primarily as a result of the 30% lower revenue. The clear majority of the revenue decline was attributable to COVID-19, but the change was also a result of a lower backlog entering the year. The EBITA margin was 3.4% (Q2 2019: 8.9%), and the decline was driven primarily by Cement.

EBITA was further impacted by business improvement implementation costs of DKK -74m, lower profitability on Mining capital business of DKK -32m (as previously highlighted) and COVID-19 related costs/savings of DKK 4m net. Adjusted for extraordinary costs/savings, the EBITA margin was 6.1% in Q2 2020.

Amortisation of intangible assets decreased to DKK 85m (Q2 2019: DKK 106m), explained by completed R&D projects and lower purchase price allocations. Purchase price allocations amounted to DKK 24m (Q2 2019: DKK 30m).

Earnings before interest and tax (EBIT) were DKK 46m (Q2 2019: 381m).

Financial items

Net financial items amounted to DKK -55m (Q2 2019: DKK -32m), of which foreign exchange and fair value adjustments amounted to DKK -37m (Q2 2019: DKK -21m) and net interest amounted to DKK -18m (Q2 2019: DKK -11m).

Tax

Despite a negative earnings before tax for the period of DKK -7m, tax for the period was DKK -5m (Q2 2019: DKK -115m), due to reassessment of tax assets.

Profit/loss for the period

Profit/loss for the period was DKK -17m (Q2 2019: DKK 223m), mainly explained by the lower operating income.

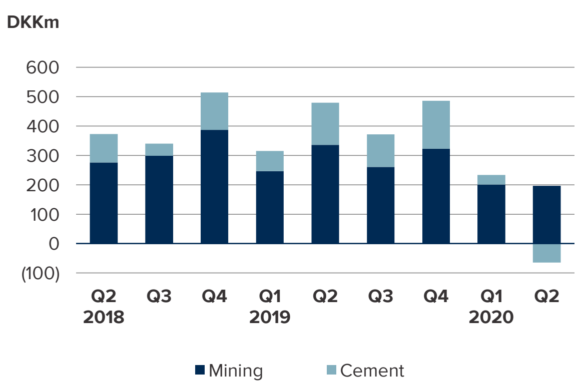
Earnings per share

Earnings per share amounted to DKK -0.3 per share (diluted) (Q2 2019: DKK 4.4).

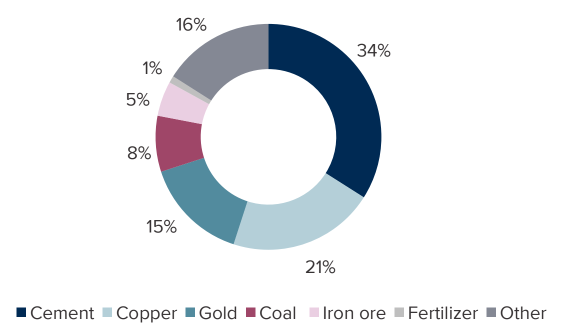
Employees

The number of employees was 11,506 at the end of Q2 2020 (end of Q1 2020: 12,001). The decrease reflects workforce adjustments that have taken place as part of our business improvement activities and an adjustment of the workforce due to the COVID-19 situation.

EBITA



ORDER INTAKE BY COMMODITY



CAPITAL

Despite challenging market conditions, the adjusted free cash flow increased to DKK 476m in Q2, the net working capital ratio came down to 12.3% from 13.5% and net debt declined by DKK 365m. FLSmidth maintains a strong financial position with a net debt to EBITDA of 1.5 and undrawn committed credit facilities of DKK 4.2bn by the end of June.

Net working capital

Net working capital decreased to DKK 2,351m at the end of Q2 2020 (end of Q1 2020: DKK 2,792m), owing to a combined reduction in trade receivables and net work in progress of DKK 1.2bn, partly offset by lower trade payables of DKK 0.5bn and a reduction in prepayments from customers of DKK 0.2bn. The latter was linked to the low level of capital order intake in the quarter. The strong collection of receivables was a continuation of the positive trend from Q1 and related to a changed way of working and significant project milestone payments.

The net working capital ratio was 12.3% of 12-months trailing revenue (end of Q1 2020: 13.5% of revenue).

Utilisation of supply chain financing decreased in line with revenue in Q2.

Return on capital employed

ROCE decreased to 8.0% in Q2 2020 (Q2 2019: 11.1%) due to a higher capital employed and a lower 12-months trailing EBITA of DKK 1,223m (Q2 2019: DKK 1,660m). Average capital employed increased to DKK 15.4bn in Q2 2020 (Q2 2019: DKK 14.9bn), related to intangible assets.

Net interest-bearing debt

Due to the positive free cash flow, net interest-bearing debt (NIBD) came down to DKK 2,298m (end of Q1 2020: DKK 2,663m). However, EBITDA declined as well, and consequently, the financial gearing increased slightly to 1.5 (Q1 2020: 1.4), still well below the self-imposed long-term maximum threshold of two times NIBD to EBITDA.

Financial position

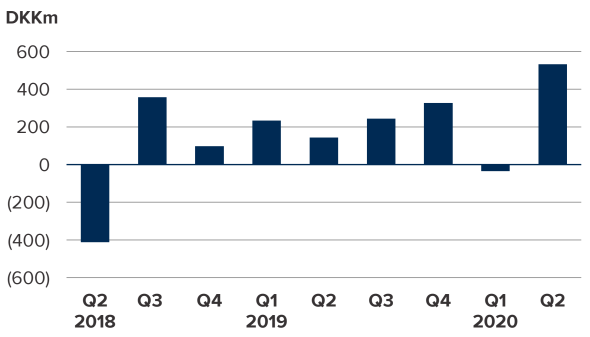
By the end of June, FLSmidth had DKK 7.0bn of available committed credit facilities of which DKK 4.2bn was undrawn.

The committed credit facilities have a weighted average time to maturity of 4 years. DKK 1.7bn of credit facilities is maturing in 2022 and the majority, DKK 5.0bn, is maturing in 2025. The remaining DKK 0.3bn matures in later years.

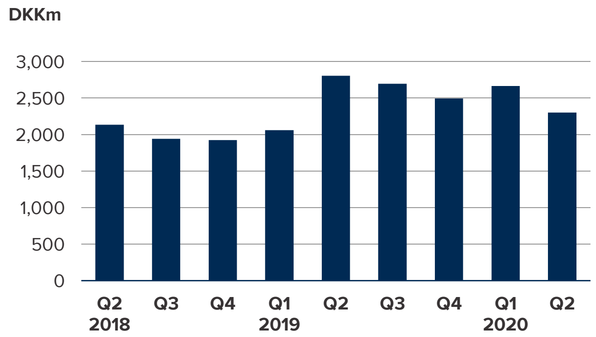
Equity ratio

Equity at the end of Q2 2020 contracted to DKK 8,474m (end of Q1 2020: DKK 8,537m), explained by the loss for the period and currency translation effects. Due to the lower balance sheet total, the equity ratio improved to 40.3% (end of Q1 2020: 38.3%), well above the self-imposed long-term target of minimum 30%.

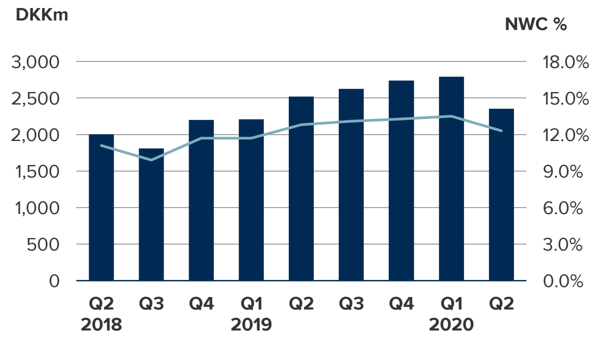
CASH FLOW FROM OPERATING ACTIVITIES



NET INTEREST BEARING DEBT



NET WORKING CAPITAL



Cash flow from operating activities (CFFO)

CFFO increased to DKK 533m in Q2 2020 (Q2 2019: DKK 143m), due to significant cash inflow from working capital, more than offsetting the decline in EBITDA.

CFFO in discontinued activities amounted to DKK -5m (Q2 2019: DKK -36m). Discontinued activities are not expected to generate any significant net cash flow in 2020. There can, however, be a timing difference between cash paid and cash received related to the outstanding net working capital and provision balances.

Change in net working capital had a DKK 431m positive impact in Q2 2020 (Q2 2019: DKK 290m negative impact), of which discontinued activities accounted for a DKK 4m positive impact (Q2 2019: DKK 24m negative impact).

Change in provisions had a DKK 17m negative impact in Q2 2020 (Q2 2019: DKK 79m negative impact), of which discontinued activities accounted for a DKK 3m negative impact.

Cash flow from investing activities

Cash flow from investing activities amounted to DKK -65m in Q2 2020 (Q2 2019: DKK -373m). Q2 2019 included a cash payment related to the acquisition of IMP Automation Group.

Adjusted free cash flow

Free cash flow adjusted for acquisitions and disposals amounted to DKK 476m (Q2 2019: DKK 63m).

COVID-19 IMPACT – CURRENT MARKET SITUATION (JULY)

	Mining	Cement
Customers	~96% of sites in operation (end of Q1: ~90%). Some sites operating at reduced capacity. Spare and wear parts demand impacted by reduced production rates. Less activity for technical services and project commissioning due to restricted access to sites. Customers are deferring non-critical investments. Largest impact in South Africa and India. No significant mine closures in Australia and Europe due to COVID-19. Most commodity prices and demand at a good level.	~92% of cement plants* in operation (end of Q1: ~80%). Many plants operating with reduced capacity. Spare and wear parts demand impacted by significantly reduced production rates. Less activity for technical services and project commissioning due to restricted access to sites. Customers are deferring non-critical investments. Largest impact in India, South America, South Africa and The Middle East.
Own operations	Reduced operational activity in India, South Africa and Chile. All other regions are running well. Flexibility to switch between own workshops. ~ 60% of our employees are working on-site. Travel restrictions still have an impact on the capacity utilisation for service technicians.	
External supply chain	Disruption in India, South Africa and large parts of South America remains. Normal operations in most parts of Europe, North America, Asia and Australia. Flexibility to switch between external suppliers.	

* Excluding China

MINING

MARKET DEVELOPMENTS

Parts of the global economy have started to rebound from the pandemic, but the situation in some parts of the world is still escalating and the recovery is far from complete. Across the world, mining production has been hit by lockdowns which have halted or slowed mine output and development projects. However, around 96% of mine sites are currently operating – some at reduced capacity – and supply disruptions across base metals are easing as restrictions are lifted.

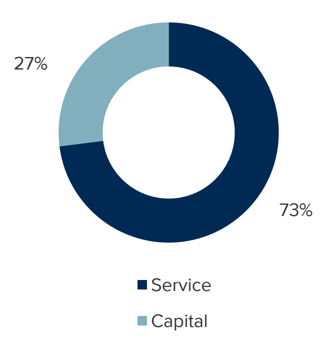
In South America, national lockdowns have reduced activity at operations and construction projects during the second quarter, but all operations are now increasing production. The vast majority of sites in North America are also running, but output is still well below 100% on average. In Africa and the Middle East, there are temporary closures due to spikes in COVID-19, but all mines are largely operational.

However, access to mine operations is still very restricted and no cross-border travel is allowed. All mine sites are operational in Europe, Russia and Australia, and most mines are open in Asia. Market activity in India continues to be subdued due to extended lockdowns, but more than 80% of sites are now operational and customer activity picked up from a very low level towards the end of the quarter.

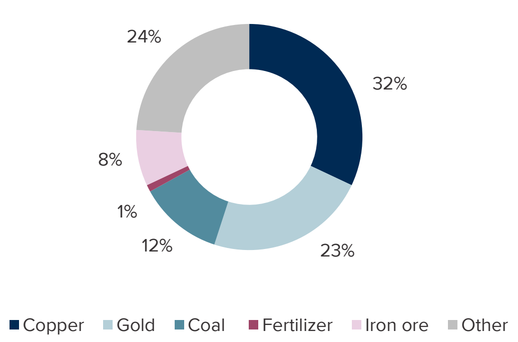
Q2 was impacted by postponement of projects due to the global market uncertainty and several projects in the pipeline are also being postponed to later in the year or next year. However, the service business has shown relative resilience and as challenges with access to sites remain, customers show strong interest in our digital and remote capabilities. Mobility restrictions are still grounding many of our global service technicians, but work related to projects that are undergoing studies and engineering has been successfully managed remotely with little impact by the pandemic.

The pressure on planned mining investments is expected to be eased by the rebound and persistent strength in commodity prices. Gold prices remain strong and iron ore prices have even outperformed gold this year, supported by dynamics in China and the increased demand for steel in the manufacturing industry, combined with supply constraints in Brazil due the pandemic. The V-shaped recovery in the Chinese construction sector also led to a significant increase in Chinese copper demand since lockdown measures were eased in March. The sustainability of the recovery is however being widely questioned, as it to a large extent has been engineered by state support that may not be renewed. The resilience of Chinese demand and the pace of the global recovery will be the main factors driving the direction of prices in the second half of the year.

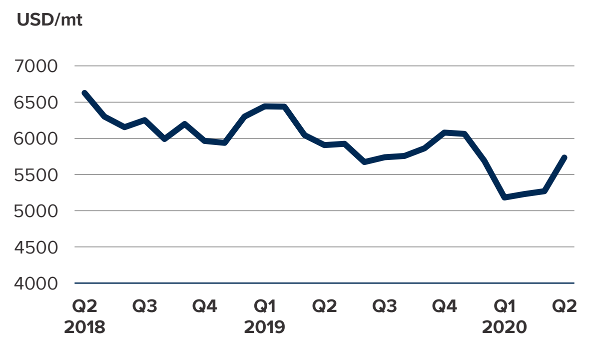
MINING ORDER INTAKE



MINING ORDER INTAKE BY COMMODITY



COPPER PRICE USD/MT, LME



FINANCIAL PERFORMANCE IN Q2 2020

Order intake and revenue negatively affected by the pandemic

Mining order intake decreased 23% organically in the quarter. Acquisitions had a 2% positive impact on order intake, while currency effects had a 7% negative impact on order intake compared to the same quarter last year.

Total Mining order intake in Q2 2020 decreased by 28% to DKK 2,223m (Q2 2019: DKK 3,075m), owing mainly to a lower capital order intake. Due to the global market uncertainty caused by the pandemic, customers have continued to delay decisions on larger capital investments. Capital order intake decreased by 49% to DKK 603m (Q2 2019: DKK 1,174m). The service business has been more resilient but impacted by restricted access to sites and mines being temporarily shut down. On the other hand, this has led to increased demand for our local resources and digital solutions.

Service order intake decreased by 15% to DKK 1,620m compared to the same quarter last year (Q2 2019: DKK 1,901m).

Revenue decreased by 22% to DKK 2,520m (Q2 2019: DKK 3,221m), compared to a record high revenue in the same quarter last year. The decrease mainly relates to a decline in capital revenue, which decreased by 32% to DKK 914m (Q2 2019: DKK 1,345m). Service revenue decreased by 14% to DKK 1,606m (Q2 2019: DKK 1,876m).

Acquisitions did not have an impact on revenue, but currency effects had a 6% negative impact on revenue in the quarter. Accordingly, the organic decrease in mining revenue was 16% in the quarter.

Earnings declined in line with revenue

Gross profit, before allocation of shared costs, was down in line with the decline in revenue to DKK 666m (Q2 2019: DKK 840m).

The gross margin increased slightly to 26.4% (Q2 2019: 26.1%). EBITA decreased 42% to DKK 196m (Q2 2019: DKK 336m) and the corresponding EBITA margin decreased to 7.8% (Q2 2019: 10.4%). This was, however, a slight increase compared to the margin last quarter (Q1 2020: 7.3%). EBITA in Q2 2020 was impacted by costs related to the implementation of business improvement initiatives as well as temporary COVID-19 related savings.

FINANCIAL PERFORMANCE IN H1 2020

Order intake in H1 2020 increased by 22% to DKK 7,437m (H1 2019: DKK 6,083m), explained by the exceptionally strong capital order intake in the first quarter of 2020, related to the three large orders received in Russia and Belarus, with a combined value of around DKK 2.4bn.

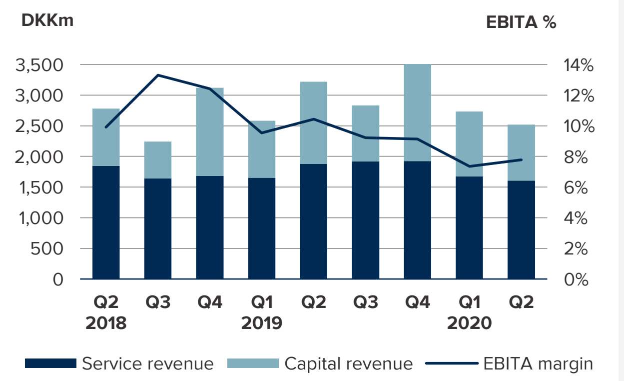
Mining revenue decreased by 9% to DKK 5,255m in the first six months of 2020 (H1 2019: DKK 5,800m).

EBITA decreased by 32% to DKK 397m (H1 2019: DKK 582m) and the corresponding EBITA margin declined to 7.6% from 10.0% in H1 2019.

MINING

(DKKm)	Q2 2020	Q2 2019	Change (%)	H1 2020	H1 2019	Change (%)
Order intake (gross)	**2,223**	**3,075**	**-28%**	**7,437**	**6,083**	**22%**
- Hereof service order intake	1,620	1,901	-15%	3,703	3,703	0%
- Hereof capital order intake	603	1,174	-49%	3,734	2,380	57%
Order backlog	**9,500**	**8,757**	**8%**	**9,500**	**8,757**	**8%**
Revenue	**2,520**	**3,221**	**-22%**	**5,255**	**5,800**	**-9%**
- Hereof service revenue	1,606	1,876	-14%	3,279	3,530	-7%
- Hereof capital revenue	914	1,345	-32%	1,976	2,270	-13%
Gross profit before allocation of shared cost	**666**	**840**	**-21%**	**1,346**	**1,529**	**-12%**
Gross profit margin before allocation of shared cost	26.4%	26.1%		25.6%	26.3%	
EBITA before allocation of shared cost	**404**	**541**	**-25%**	**818**	**983**	**-17%**
EBITA margin before allocation of shared cost	16.0%	16.8%		15.6%	16.9%	
EBITA	**196**	**336**	**-42%**	**397**	**582**	**-32%**
EBITA margin	7.8%	10.4%		7.6%	10.0%	
EBIT	**135**	**274**	**-51%**	**278**	**454**	**-39%**
EBIT margin	5.4%	8.5%		5.3%	7.8%	
Number of employees	5,432	5,440	0%	5,432	5,440	0%

REVENUE AND EBITA MARGIN



CEMENT

MARKET DEVELOPMENTS

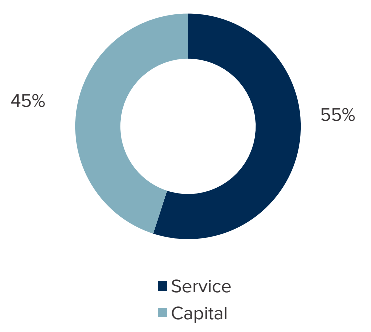
The COVID-19 pandemic continues to be heavily disruptive for global construction and building markets. GDP is a key driver for cement demand and as the pandemic is triggering the deepest global recession in decades, shutdowns are disrupting construction projects across the world. IMF now expects a global GDP contraction of 4.9% in 2020 and despite a strong recovery in the Chinese economy, global levels of GDP are still expected to be depressed at the end of the year. Massive infrastructure stimulus packages could support and speed up the recovery in several cement markets, but potential second waves of lockdowns could also continue to put pressure on the industrial and residential sectors.

Across regions, around 92% of cement plants were back in operation at the end of the quarter, but many plants are running at reduced capacity. In India, a complete national lockdown during April brought almost all economic activities to a halt. Huge delays were seen in construction activities and Force Majeure was declared by nearly all supply chains. Restrictions were eased in May, but cement production did not recommence until June and only at around 30% operating levels. In North America and Europe, more than 90% of plants are in operation and roughly 80% of plants in South America are up and running. Similar patterns are visible in Africa and the Middle East where 80% of plants are operational, but at a reduced capacity of around 60%. More than 90% of plants are running in Asia. However, all sites are still difficult to access due to travel restrictions.

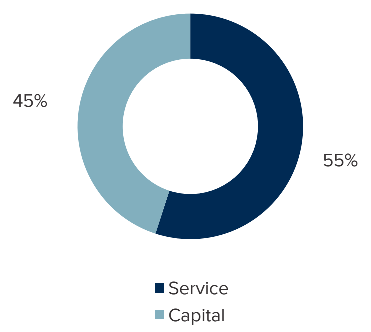
Q2 was severely affected by the pandemic as most non-critical capital investments were deferred. Main activity comes from the service business, where customers showed continued interest in remote asset management and digitalized optimisation of operations, as well as energy reduction projects and alternative fuel related solutions.

EU governments continue to promote energy efficiency and have shown the willingness to channel massive stimulus packages devoted to relaunch the economy towards the Green construction. CO_2 allowance prices have continued to increase despite the pandemic, which is unexpected as carbon emissions have fallen due to a reduction in travel and economic activity. As carbon emission allowances become an increasing share of our customers' cost base, their incentive to replace and upgrade equipment to more sustainable and green solutions will increase.

CEMENT ORDER INTAKE



CEMENT REVENUE



FINANCIAL PERFORMANCE IN Q2 2020

Continued weak order intake

Order intake in Q2 2020 was severely hit by the pandemic and decreased 40% to DKK 1,125m (Q2 2019: DKK 1,879m). As most capital investments were postponed, capital order intake decreased to DKK 507m (Q2 2019: DKK 996m). Service order intake was relatively more resilient and came in at DKK 618m (Q2 2019: DKK 883m), also impacted by cement plants being temporarily shut down and restricted access to sites.

Currency effects had a 1% negative impact on order intake compared to the same quarter last year.

Revenue affected by pandemic and low backlog

In Q2 2020, revenue decreased by 41% to DKK 1,326m compared to a record high revenue in the same quarter last year (Q2 2019: DKK 2,251m). Cement service revenue decreased by 21% while capital revenue declined by 55%. Currency effects had a 1% negative impact on revenue in the quarter.

Profitability affected by sharp revenue decline

Gross profit, before allocation of shared cost, decreased to DKK 279m (Q2 2019: DKK 496m) and gross margin declined to 21.0% (Q2 2019: 22.0%). Cement profitability in this quarter was affected, in particular, by the lower revenue, but also by increased costs due to the COVID-19 pandemic, as well as costs related to the implementation of business improvement initiatives, marginally offset by COVID-19 related savings (less travel and furlough). As a result, EBITA amounted to DKK -65m (Q2 2019: DKK 143m) and the corresponding EBITA margin was -4.9% (Q2 2019: 6.3%).

FINANCIAL PERFORMANCE IN H1 2020

Order intake in H1 2020 decreased by 46% to DKK 2,437m (H1 2019: DKK 4,511m), due to a continued subdued market for new cement capacity and customers postponing investments due to the pandemic. The first half of 2019 included two large cement plant orders together worth around DKK 900m. Order intake in H1 2020 contained no large orders.

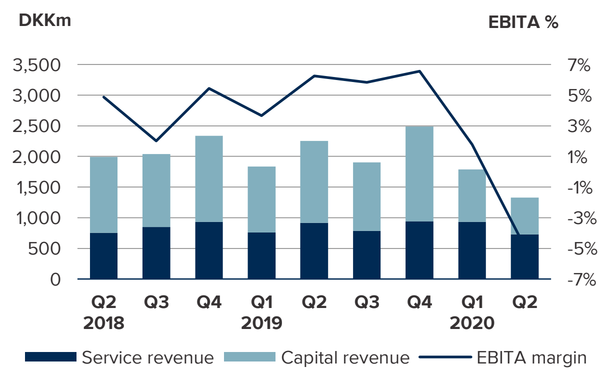
Revenue in the first six months of 2020 decreased by 24% to DKK 3,116m (H1 2019: DKK 4,088), mainly due to the lower capital revenue during the second quarter of 2020.

EBITA was affected by the revenue decline and came in at DKK -33m (H1 2019: DKK 212m), and the corresponding EBITA margin was -1.1% (H1 2019: 5.2%).

CEMENT

(DKKm)	Q2 2020	Q2 2019	Change (%)	H1 2020	H1 2019	Change (%)
Order intake (gross)	**1,125**	**1,879**	**-40%**	**2,437**	**4,511**	**-46%**
- Hereof service order intake	618	883	-30%	1,466	1,729	-15%
- Hereof capital order intake	507	996	-49%	971	2,782	-65%
Order backlog	**5,727**	**8,005**	**-28%**	**5,727**	**8,005**	**-28%**
Revenue	**1,326**	**2,251**	**-41%**	**3,116**	**4,088**	**-24%**
- Hereof service revenue	727	918	-21%	1,660	1,678	-1%
- Hereof capital revenue	599	1,333	-55%	1,456	2,410	-40%
Gross profit before allocation of shared cost	**279**	**496**	**-44%**	**670**	**904**	**-26%**
Gross profit margin before allocation of shared cost	21.0%	22.0%		21.5%	22.1%	
EBITA before allocation of shared cost	**91**	**319**	**-71%**	**288**	**554**	**-48%**
EBITA margin before allocation of shared cost	6.9%	14.1%		9.2%	13.5%	
EBITA	**(65)**	**143**	**-145%**	**(33)**	**212**	**-116%**
EBITA margin	-4.9%	6.3%		-1.1%	5.2%	
EBIT	**(89)**	**99**	**-190%**	**(81)**	**140**	**-158%**
EBIT margin	-6.7%	4.4%		-2.6%	3.4%	
Number of employees	4,643	5,555	-16%	4,643	5,555	-16%

REVENUE AND EBITA MARGIN



SUSTAINABILITY – MISSIONZERO

Through our sustainability programme, MissionZero, we aim to enable our customers to operate with zero emissions by 2030. Sustainability challenges increasingly impact our customers' operations in terms of productivity, costs and license to operate. Launched late 2019, MissionZero accelerates our efforts to deliver new solutions to support our customers and further position ourselves as a premium supplier. During the first half of 2020, we engaged with key customers to identify areas where we can even better support their sustainability challenges. We are integrating the Life-Cycle assessment methodology as a commercial tool and we are setting new targets under the science-based target initiative. Our increasing offerings of digital solutions deliver further sustainability benefits for our customers.

Towards zero emissions
in mining and cement

SIGNIFICANT ENERGY SAVINGS FOR CHANUTE CEMENT PLANT AFTER TRANSITION TO ECS/PROCESSEXPERT®

The newest version of FLSmidth's high level, model-predictive control system – ECS/ProcessExpert® (PXP) was implemented on the US based Ash Grove Cement Company's Chanute Plant cement kiln, a 4,650 stpd down-draft calciner with a 30-40% thermal substitution rate from alternative fuels. PXP was implemented to accommodate Chanute Plant site-specific requirements involving plant personnel from process, maintenance, operations, instrumentation and quality teams.

According to the plant, PXP has provided a significant value to the operation since the commissioning. Some of the main benefits are:

- The automatic fuel compensation feature in ECS/PXP has helped stabilising the process when the Chanute Plant has waste fuel disturbances or a fuel substitution.
- Monitoring the plant's limitations along with the primary parameters is an added advantage. PXP changes the course of action based on parameters such as the ID fan exit pressure, bag house temperature and coal mill oxygen; these parameters directly affect the plant's environmental compliance.
- Primary indications suggest that the Chanute Plant can decrease its energy consumption by roughly 3.5% and decrease the standard deviation on the BZT, calciner temperature and cooler pressure by approximately 35%.

KARARA'S DRY STACK TAILING SOLUTIONS CUTS WATER USE, COSTS AND ENVIRONMENTAL FOOTPRINT

Karara Mining Limited's iron ore mine is located in the Mid-West region of Western Australia in an area of water scarcity. If the company were to use a wet tailings storage facility, the tailings pond would be roughly eight square kilometres, based on a 30-year mine life. Therefore, Karara looked at implementing a dry-stacked/filtered tailings system which would allow for significant water recovery and reuse, as well as reduce costs and lessen the tailings footprint to around four square-kilometres.

FLSmidth, Karara, together with Bis Industries, a specialist in material handling, worked to develop a solution to build, own, operate and maintain a unique mobile stacking conveyor. This fixed infrastructure solution was developed to integrate a walking conveyor and stacking technology normally utilised in large-scale copper mining operations.

A primary demand was the ability to supply a cost-effective dry stacking technology that reduced water requirements, ideal for dry climate mining operations. With FLSmidth's advanced stacking capability (machinery working off stacked pile) and ability to stack tailings at 15% moisture content, this meant tangible water savings for Karara. The solution proposed by FLSmidth also created a smaller tailings storage footprint, which also meant improved site rehabilitation potential.

Karara worked closely with Bis and FLSmidth to get the project off the ground and make Karara the first mine in Australia to take full advantage of this dry stack technology.

SUSTAINABILITY – INTERNAL PERFORMANCE

SAFETY

Year-to-date, our Total Recordable Injury Rate decreased to 1.0 against a 2020 target of ≤ 2.5. The COVID-19 situation had an impact as many of our facilities have been under restrictions/lockdown and a large percentage of our workforce has followed guidelines to work from home. Our focus on safety remains our top priority and well-defined precautions are in place to reduce infection risk among our employees.

COMPLIANCE

As a result of our efforts to encourage whistleblowing, we continue to receive an increasing number of whistleblower reports, resulting in an increasing number of internal investigations. We are on track in terms of due diligence screenings with 158 screenings being conducted so far in 2020 against our target of 200 for the full year.

PEOPLE

In Q2 2020, our share of women managers increased from 11.4% to 12.2%, against our target of 12.5%. Our overall share of women employees increased slightly from 15.4% to 15.5%. With expected low recruitment activity for the rest of 2020, we will need to focus on retaining our diverse employees to help us achieve our year end targets.

ENVIRONMENT

The global lockdown of facilities and offices due to COVID-19 is reflected in our carbon footprint. Compared to the same period last year, our carbon intensity decreased to 2.3 tonnes/DKKm revenue, from 2.5 in H1 2019.

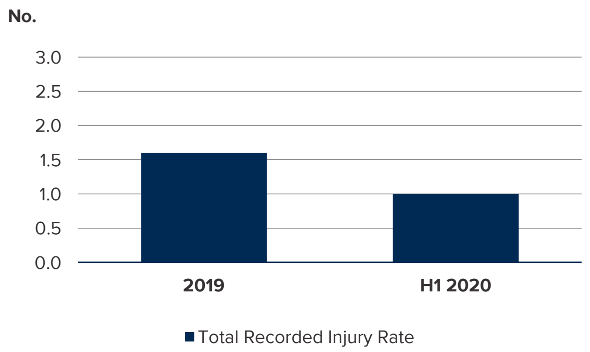
SUPPLY CHAIN

Continued global travel restrictions due to COVID-19 are restricting supplier visits, resulting in a lower number of supplier screenings throughout the rest of the year. Asia and especially China have been re-opening and local screening activities have started on a very low level. On-going resource limitations at suppliers' sites have resulted in longer response time to screening process findings.

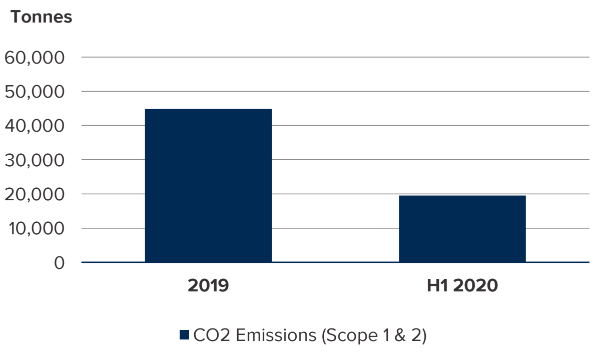
HUMAN RIGHTS

So far in 2020, we have conducted 18 off-site human rights audits and no on-site audits. This is due in part to travel restrictions in light of the COVID-19 situation. We are currently revising our strategy for human rights audits.

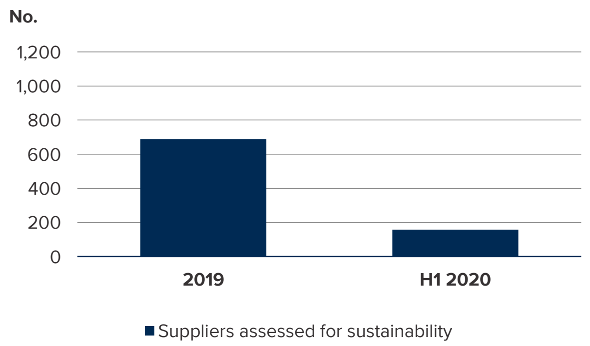
TOTAL RECORDABLE INJURY RATE



CO2 EMISSIONS (SCOPE 1 & 2)



SUPPLIERS ASSESSED FOR SUSTAINABILITY



QUARTERLY KEY FIGURES

DKKm	2018			2019				2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
INCOME STATEMENT									
Revenue	4,730	4,335	5,450	4,416	5,472	4,736	6,022	4,525	3,846
- Hereof service revenue	2,599	2,489	2,613	2,414	2,794	2,703	2,866	2,606	2,333
- Hereof capital revenue	2,131	1,846	2,837	2,002	2,678	2,033	3,156	1,919	1,513
Gross profit	**1,181**	**1,126**	**1,312**	**1,081**	**1,315**	**1,126**	**1,327**	**1,047**	**912**
SG&A costs	(741)	(718)	(730)	(686)	(741)	(667)	(747)	(728)	(689)
EBITDA before special non-recurring items	**440**	**408**	**582**	**395**	**574**	**459**	**580**	**319**	**223**
Special non-recurring items	0	0	(5)	0	0	0	0	0	(13)
Depreciation and impairment of property, plant and equipment	(59)	(58)	(66)	(83)	(87)	(82)	(93)	(91)	(79)
EBITA	**381**	**350**	**511**	**312**	**487**	**377**	**487**	**228**	**131**
Amortisation and impairment of intangible assets	(82)	(96)	(92)	(94)	(106)	(83)	(94)	(82)	(85)
EBIT	**299**	**254**	**419**	**218**	**381**	**294**	**393**	**146**	**46**
Income from associates	0	0	0	0	0	2	1	1	2
Financial income/costs, net	(16)	(17)	(93)	(3)	(32)	(12)	(71)	3	(55)
EBT	**283**	**237**	**326**	**215**	**349**	**284**	**323**	**150**	**(7)**
Tax for the period	(95)	(66)	(21)	(70)	(115)	(94)	(94)	(44)	(5)
Profit/loss on continuing activities for the period	**188**	**171**	**305**	**145**	**234**	**190**	**229**	**106**	**(12)**
Loss on discontinued activities for the period	(20)	(9)	(136)	(9)	(11)	0	(2)	(5)	(5)
Profit/loss for the period	**168**	**162**	**169**	**136**	**223**	**190**	**227**	**101**	**(17)**
Effect of purchase price allocation	(40)	(40)	(40)	(30)	(30)	(32)	(36)	(24)	(24)
Gross margin	*25.0%*	*26.0%*	*24.1%*	*24.5%*	*24.0%*	*23.8%*	*22.0%*	*23.1%*	*23.7%*
EBITDA margin before special non-recurring items	*9.3%*	*9.4%*	*10.7%*	*8.9%*	*10.5%*	*9.7%*	*9.6%*	*7.0%*	*5.8%*
EBITA margin	*8.1%*	*8.1%*	*9.4%*	*7.1%*	*8.9%*	*8.0%*	*8.1%*	*5.0%*	*3.4%*
EBIT margin	*6.3%*	*5.9%*	*7.7%*	*4.9%*	*6.9%*	*6.2%*	*6.5%*	*3.2%*	*1.2%*
Cash flow from operating activities	(412)	357	97	234	143	244	327	(35)	533
Cash flow from investing activities	(83)	(109)	(51)	(85)	(373)	(111)	(92)	(109)	(65)
Net working capital	2,003	1,809	2,200	2,207	2,519	2,624	2,739	2,792	2,351
Order intake, continuing activities (gross)	5,056	7,164	4,503	5,640	4,954	4,571	4,389	6,526	3,348
- Hereof service order intake	2,773	2,569	2,680	2,648	2,784	2,928	2,890	2,931	2,238
- Hereof capital order intake	2,283	4,595	1,823	2,992	2,170	1,643	1,499	3,595	1,110
Order backlog, continuing activities	14,454	17,228	16,218	17,824	16,762	16,088	14,192	15,591	15,227

DKKm	2018			2019				2020	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING									
Mining									
Revenue	2,780	2,242	3,117	2,579	3,221	2,832	3,537	2,735	2,520
- Hereof service revenue	1,844	1,644	1,681	1,654	1,876	1,916	1,924	1,673	1,606
- Hereof capital revenue	936	598	1,436	925	1,345	916	1,613	1,062	914
Gross profit before allocation of shared costs	739	711	853	689	840	713	829	680	666
EBITA before allocation of shared costs	493	456	589	442	541	463	528	414	404
EBITA	276	299	387	246	336	261	323	201	196
EBIT	221	228	323	180	274	195	256	143	135
Gross margin before allocation of shared costs	*26.6%*	*31.7%*	*27.4%*	*26.7%*	*26.1%*	*25.2%*	*23.4%*	*24.9%*	*26.4%*
EBITA margin before allocation of shared costs	*17.8%*	*20.3%*	*18.9%*	*17.1%*	*16.8%*	*16.3%*	*14.9%*	*15.1%*	*16.0%*
EBITA margin	*9.9%*	*13.3%*	*12.4%*	*9.5%*	*10.4%*	*9.2%*	*9.1%*	*7.3%*	*7.8%*
EBIT margin	*7.9%*	*10.2%*	*10.4%*	*7.0%*	*8.5%*	*6.9%*	*7.2%*	*5.2%*	*5.4%*
Order intake (gross)	3,297	3,250	2,980	3,008	3,075	3,148	2,833	5,214	2,223
- Hereof service order intake	1,948	1,702	1,707	1,802	1,901	2,024	1,807	2,083	1,620
- Hereof capital order intake	1,349	1,548	1,273	1,206	1,174	1,124	1,026	3,131	603
Order backlog	7,526	8,579	8,350	9,171	8,757	8,544	7,683	9,621	9,500
Cement									
Revenue	1,990	2,038	2,335	1,837	2,251	1,904	2,485	1,790	1,326
- Hereof service revenue	754	846	932	760	918	787	942	933	727
- Hereof capital revenue	1,236	1,192	1,403	1,077	1,333	1,117	1,543	857	599
Gross profit before allocation of shared costs	456	432	475	408	496	434	543	391	279
EBITA before allocation of shared costs	295	150	321	235	319	263	331	197	91
EBITA	97	41	127	69	143	111	163	32	(65)
EBIT	71	16	99	41	99	94	136	8	(89)
Gross margin before allocation of shared costs	*22.9%*	*21.2%*	*20.4%*	*22.2%*	*22.0%*	*22.8%*	*21.9%*	*21.8%*	*21.0%*
EBITA margin before allocation of shared costs	*14.8%*	*7.4%*	*13.7%*	*12.8%*	*14.1%*	*13.8%*	*13.3%*	*11.0%*	*6.9%*
EBITA margin	*4.9%*	*2.0%*	*5.4%*	*3.7%*	*6.3%*	*5.8%*	*6.6%*	*1.8%*	*-4.9%*
EBIT margin	*3.6%*	*0.8%*	*4.2%*	*2.2%*	*4.4%*	*4.9%*	*5.5%*	*0.4%*	*-6.7%*
Order intake (gross)	1,792	3,858	1,524	2,632	1,879	1,423	1,556	1,312	1,125
- Hereof service order intake	825	867	973	846	883	904	1,083	848	618
- Hereof capital order intake	967	2,991	551	1,786	996	519	473	464	507
Order backlog	7,003	8,653	7,872	8,653	8,005	7,544	6,509	5,970	5,727

INTERIM FINANCIAL STATEMENTS AND COMMENTS

GROWTH H1 2020

Order intake
In the first half of 2020, order intake decreased 7% to DKK 9,874m compared to the same period last year (H1 2019: DKK 10,594m). The decrease was attributable to Cement. Mining order intake increased 22%, which only partially offset the Cement order intake decrease of 46%.

Order backlog
Order backlog decreased 9% to DKK 15,227m by the end of Q2 2020 (end of Q2 2019: DKK 16,762m). The decrease was fully attributable to Cement which saw a 28% decline. Mining backlog increased 8%.

Revenue
Revenue decreased 15% to DKK 8,371m, caused by negative growth in both segments. Mining revenue declined by 9% and Cement revenue declined by 24%.

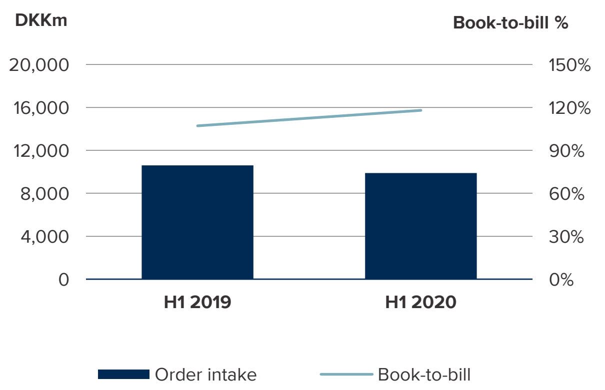
Growth in order intake H1 2020 (vs. H1 2019)	Mining	Cement	FLSmidth Group
Organic	25%	-46%	-5%
Acquisition	2%	0%	1%
Currency	-5%	0%	-3%
Total growth	**22%**	**-46%**	**-7%**

Lack of capital business was the main cause for the decline in revenue in the first half of 2020, especially affected by the pandemic in the second quarter of 2020. Capital revenue decreased 27% caused by both Mining and Cement, which respectively decreased by 13% and 40%.

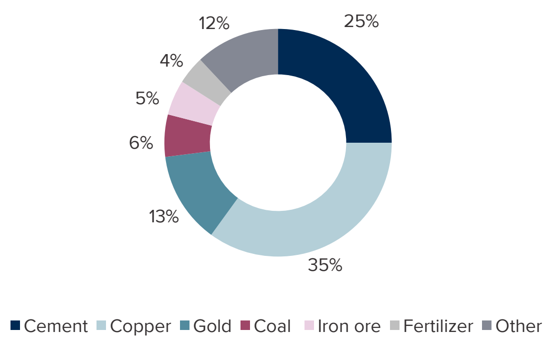
Growth in revenue H1 2020 (vs. H1 2019)	Mining	Cement	FLSmidth Group
Organic	-6%	-24%	-13%
Acquisition	2%	0%	1%
Currency	-5%	0%	-3%
Total growth	**-9%**	**-24%**	**-15%**

In comparison, service revenue was relatively resilient and decreased by 5%. The decrease was primarily related to Mining, whereas Cement decreased by just 1% owing to strong service revenue in the first quarter of 2020.

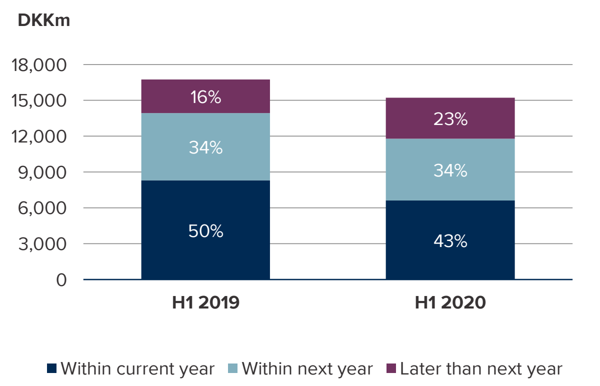
ORDER INTAKE AND BOOK TO BILL



ORDER INTAKE BY COMMODITY



BACKLOG MATURITY



PROFIT H1 2020

Gross profit and margin
The gross profit in the first half of 2020 decreased 18% to DKK 1,959m, reflecting the decline in revenue as well as extraordinary costs related to COVID-19 and implementation of business improvement initiatives. The gross margin went down 0.8%-points to 23.4%.

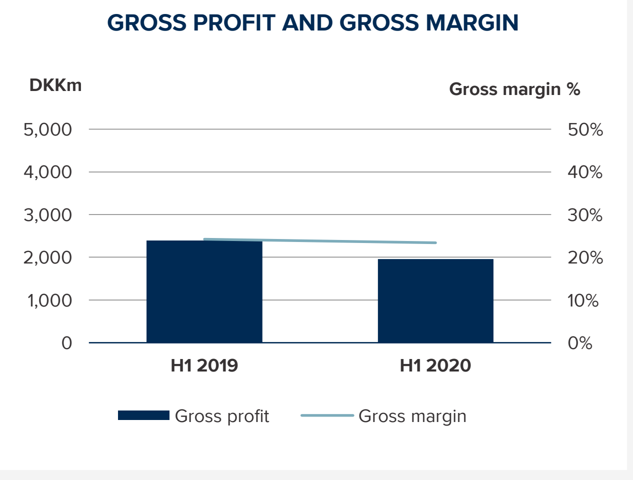
In the first half of 2020, research and development costs were DKK 143m, of which DKK 49m were capitalised.

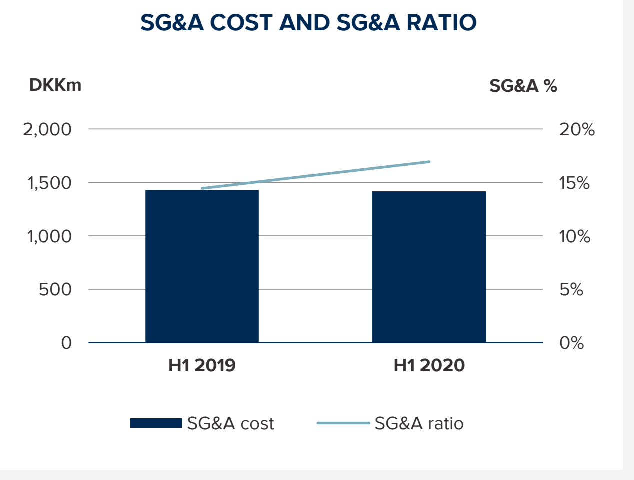
Amortisation of intangible assets decreased in H1 2020, due to completed R&D projects and lower purchase price allocations.

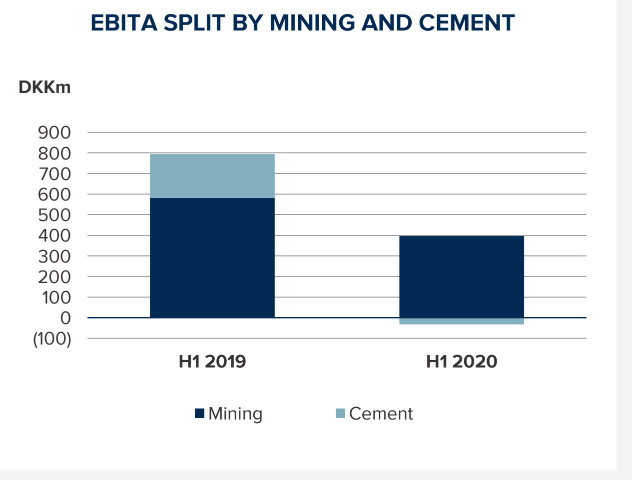
EBITA and margin
EBITA decreased 55% to DKK 359m, especially driven by Cement. The decrease in EBITA reflected the significant decline in revenue and low capacity utilisation in the first half of the year. The EBITA margin was 4.3%.

Profit for the period
Profit for the period decreased by 77% to DKK 84m. The decline was primarily due to continuing activities which fell from DKK 379m to DKK 94m. Discontinued activities reported a DKK 10m loss, slightly better than the DKK 20m loss in the comparable period.

Earnings per share
Earnings per share decreased to DKK 1.7.







INCOME STATEMENT

Notes	DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019
3, 4	Revenue	3,846	5,472	8,371	9,888
	Production costs	(2,934)	(4,157)	(6,412)	(7,492)
	Gross profit	**912**	**1,315**	**1,959**	**2,396**
	Sales costs	(352)	(379)	(730)	(722)
	Administrative costs	(339)	(375)	(701)	(726)
	Other operating items	2	13	14	21
	EBITDA before special non-recurring items	**223**	**574**	**542**	**969**
	Special non-recurring items	(13)	0	(13)	0
	Depreciation and impairment of property, plant and equipment	(79)	(87)	(170)	(170)
	EBITA	**131**	**487**	**359**	**799**
	Amortisation and impairment of intangible assets	(85)	(106)	(167)	(200)
	EBIT	**46**	**381**	**192**	**599**
	Income from associates	2	0	3	0
	Financial income	106	336	545	532
	Financial costs	(161)	(368)	(597)	(567)
	EBT	**(7)**	**349**	**143**	**564**
	Tax for the period	(5)	(115)	(49)	(185)
	Profit/loss for the period, continuing activities	**(12)**	**234**	**94**	**379**
3, 8	Loss for the period, discontinued activities	(5)	(11)	(10)	(20)
	Profit/loss for the period	**(17)**	**223**	**84**	**359**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	(14)	222	84	360
	Minority interests	(3)	1	0	(1)
		(17)	**223**	**84**	**359**
11	Earnings per share (EPS):				
	Continuing and discontinued activities per share	(0.3)	4.4	1.7	7.2
	Continuing and discontinued activities per share, diluted	(0.3)	4.4	1.7	7.2
	Continuing activities per share	(0.2)	4.6	1.9	7.6
	Continuing activities per share, diluted	(0.2)	4.6	1.9	7.6

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019
	Profit for the period	**(17)**	**223**	**84**	**359**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	(21)	(1)	(21)	(1)
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	(51)	(117)	(387)	101
	Cash flow hedging:				
	- Value adjustments for the period	(1)	4	(32)	13
	- Value adjustments transferred to work in progress	10	(4)	9	(1)
	Tax hereof	6	(5)	6	(7)
	Other comprehensive income for the period after tax	**(57)**	**(123)**	**(425)**	**105**
	Comprehensive income for the period	**(74)**	**100**	**(341)**	**464**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	(71)	99	(340)	465
	Minority interests	(3)	1	(1)	(1)
		(74)	**100**	**(341)**	**464**

CASH FLOW H1 2020

Cash flow from operating activities
Despite a lower EBITDA, cash flow from operating activities increased to DKK 498m. The primary driver was cash inflow from change in net working capital.

Cash flow from investing activities
Cash flow used for investments decreased to DKK -174m. The comparison period included payments of DKK -299m related to the acquisition of IMP Automation Group.

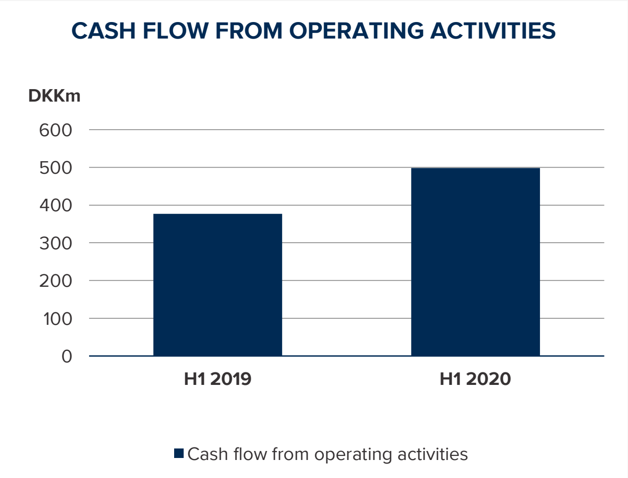
Cash flow from financing activities
Cash flow from financing activities amounted to DKK -558m primarily spent on reducing net interest-bearing debt.

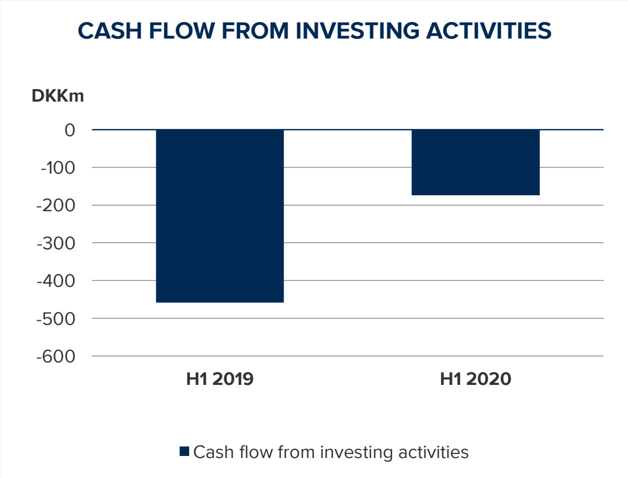
No dividend was paid out in first half of 2020 whereas DKK 450m was paid in the same period last year.

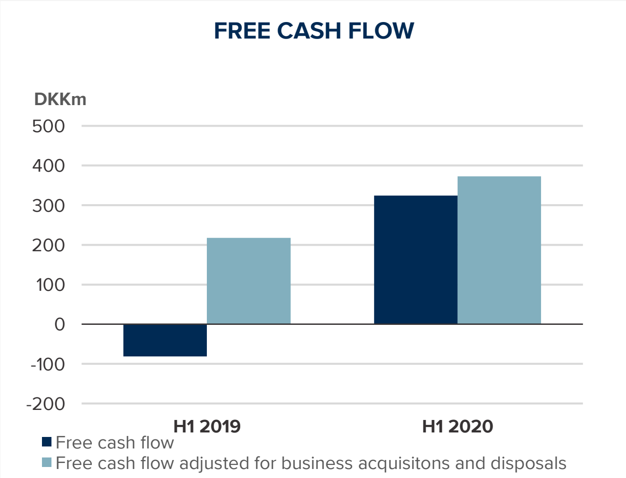
Free cash flow
Free cash flow adjusted for business acquisitions and disposals was DKK 373m.

Financial position
On 3 April 2020, FLSmidth obtained additional committed credit facilities of DKK 500m to bolster its liquidity buffer in a period of extraordinary uncertainty.

By the end of June, FLSmidth had DKK 7.0bn of available committed credit facilities of which DKK 4.2bn was undrawn.







CASH FLOW STATEMENT

	DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019
	EBITDA before special non-recurring items, continuing activities	223	574	542	969
	EBITDA before special non-recurring items, discontinued activities	(4)	(5)	(6)	(15)
	EBITDA	**219**	**569**	**536**	**954**
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	12	6	22	20
	Adjusted EBITDA	**231**	**575**	**558**	**974**
	Change in provisions, pension and employee benefits	(17)	(79)	(75)	(199)
9	Change in net working capital	431	(290)	234	(232)
	Cash flow from operating activities before financial items and tax	**645**	**206**	**717**	**543**
	Financial items received and paid	(29)	(20)	(47)	(25)
	Taxes paid	(83)	(43)	(172)	(141)
	Cash flow from operating activities	**533**	**143**	**498**	**377**
7	Acquisition of enterprises and activities	(8)	(293)	(49)	(299)
	Acquisition of intangible assets	(28)	(67)	(63)	(107)
	Acquisition of property, plant and equipment	(34)	(21)	(66)	(60)
	Acquisition of financial assets	(3)	0	(6)	0
	Disposal of property, plant and equipment	1	0	3	0
	Disposal of financial assets	0	2	0	2
	Dividend from associates	7	6	7	6
	Cash flow from investing activities	**(65)**	**(373)**	**(174)**	**(458)**
	Dividend	0	(450)	0	(450)
	Addition of minority interests	0	1	0	7
	Exercise of share options	0	4	0	8
	Repayment of lease liabilities	(27)	(27)	(57)	(48)
	Change in net interest bearing debt	(524)	485	(501)	435
	Cash flow from financing activities	**(551)**	**13**	**(558)**	**(48)**
	Change in cash and cash equivalents	**(83)**	**(217)**	**(234)**	**(129)**
	Cash and cash equivalents at beginning of period	811	984	1,001	875
	Foreign exchange adjustment, cash and cash equivalents	(25)	(12)	(64)	9
	Cash and cash equivalents at 30 June	**703**	**755**	**703**	**755**

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

DKKm	Q2 2020	Q2 2019
Free cash flow	468	(230)
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	476	63

DKKm	H1 2020	H1 2019
Free cash flow	324	(81)
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	373	218

FINANCIAL POSITION

Capital

Balance sheet

Total assets decreased to DKK 21,039m at the end of Q2 2020, driven by a reduction in net working capital.

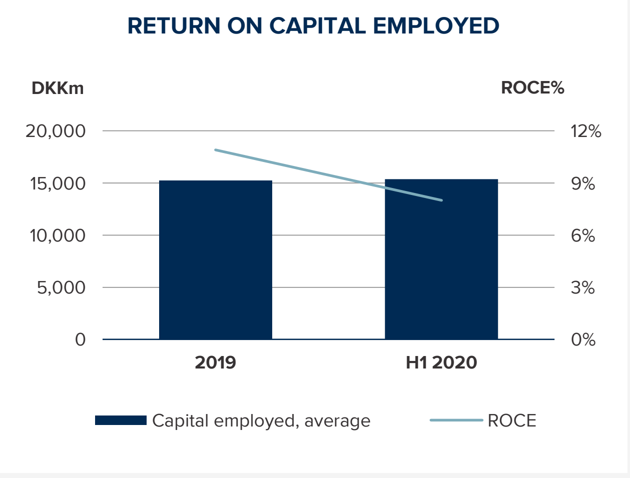
Net working capital

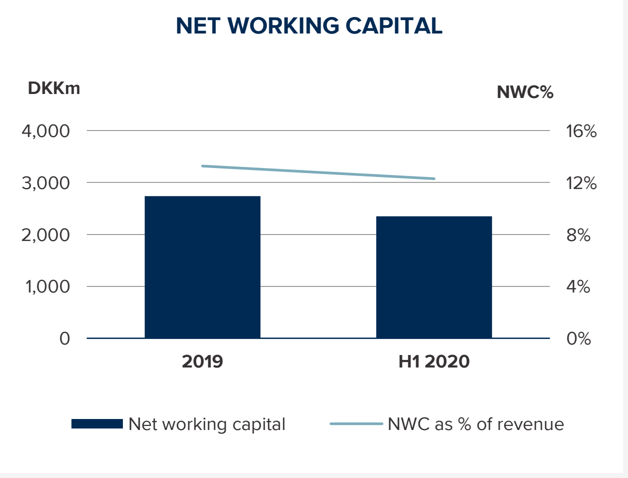
Net working capital decreased to DKK 2,351m (end of 2019: DKK 2,739m), and the corresponding net working capital ratio was 12.3% of 12-months trailing revenue, compared to 13.3% at the end of 2019.

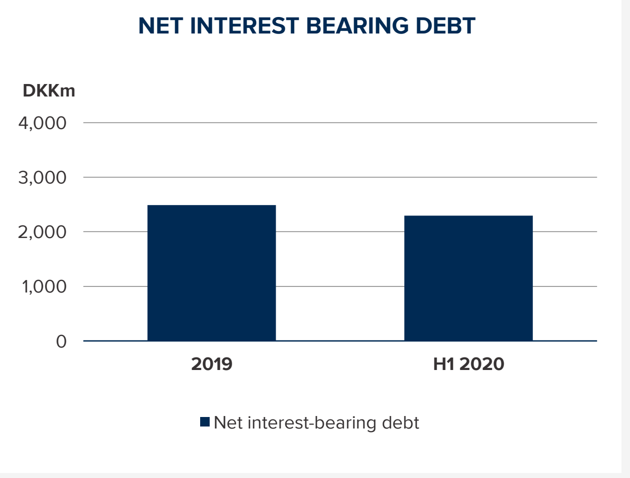
The decrease related primarily to good cash collection and a large DKK 1.3bn reduction in trade receivables as well as increased project invoicing resulting in reduced net work in progress, partly offset by lower prepayments from customers and a significant reduction in trade payables.

Net interest-bearing debt

Net interest-bearing debt (NIBD) by the end of Q2 2020 decreased to DKK 2,298m (end of 2019: DKK 2,492m). The Group's financial gearing was 1.5 (end of 2019: 1.2).







BALANCE SHEET

Notes	DKKm	30/06 2020	31/12 2019	30/06 2019
	ASSETS			
	Goodwill	4,305	4,376	4,323
	Patents and rights	910	967	982
	Customer relations	539	609	667
	Other intangible assets	81	94	139
	Completed development projects	215	203	190
	Intangible assets under development	367	362	276
	Intangible assets	**6,417**	**6,611**	**6,577**
	Land and buildings	1,506	1,575	1,616
	Plant and machinery	407	439	462
	Operating equipment, fixtures and fittings	89	106	97
	Tangible assets in course of construction	98	80	33
	Property, plant and equipment	**2,100**	**2,200**	**2,208**
	Lease assets	**286**	**312**	**317**
	Deferred tax assets	1,130	1,246	1,185
	Investments in associates	157	165	168
12	Other securities and investments	47	44	39
	Other non-current assets	**1,334**	**1,455**	**1,392**
	Non-current assets	**10,137**	**10,578**	**10,494**
	Inventories	2,721	2,714	2,893
	Trade receivables	3,748	5,068	4,493
10	Work in progress	2,133	2,612	2,776
	Prepayments	475	591	509
	Income tax receivables	294	164	243
	Other receivables	828	804	904
	Cash and cash equivalents	703	1,001	755
	Current assets	**10,902**	**12,954**	**12,573**
	Total assets	**21,039**	**23,532**	**23,067**

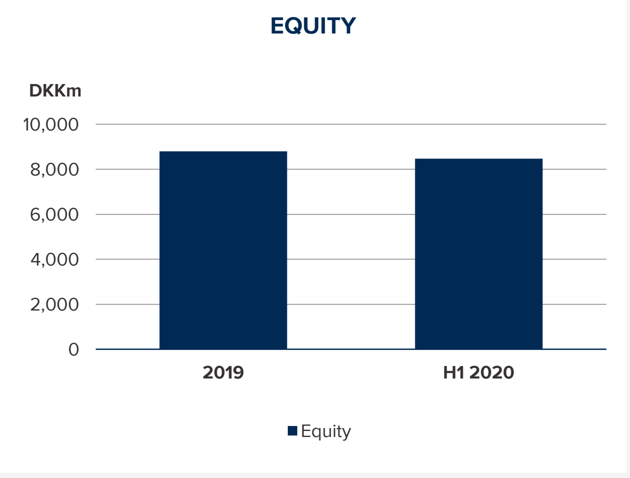
Notes	DKKm	30/06 2020	31/12 2019	30/06 2019
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(686)	(300)	(353)
	Cash flow hedging	(51)	(28)	(41)
	Retained earnings	8,173	8,082	7,666
	Shareholders in FLSmidth & Co. A/S	**8,461**	**8,779**	**8,297**
	Minority interests	13	14	16
	Equity	**8,474**	**8,793**	**8,313**
	Deferred tax liabilities	237	352	320
	Pension obligations	379	362	271
5	Provisions	440	467	414
	Lease liabilities	187	204	223
	Bank loans and mortgage debt	2,636	2,890	3,216
	Prepayments from customers	176	251	241
	Other liabilities	116	90	108
	Non-current liabilities	**4,171**	**4,616**	**4,793**
	Pension obligations	3	4	8
5	Provisions	480	551	673
	Lease liabilities	109	114	97
	Bank loans and mortgage debt	68	285	21
	Prepayments from customers	1,071	1,517	1,468
10	Work in progress	1,768	1,578	1,697
	Trade payables	3,386	4,350	4,232
	Income tax liabilities	341	315	320
	Other liabilities	1,168	1,409	1,445
	Current liabilities	**8,394**	**10,123**	**9,961**
	Total liabilities	**12,565**	**14,739**	**14,754**
	Total equity and liabilities	**21,039**	**23,532**	**23,067**

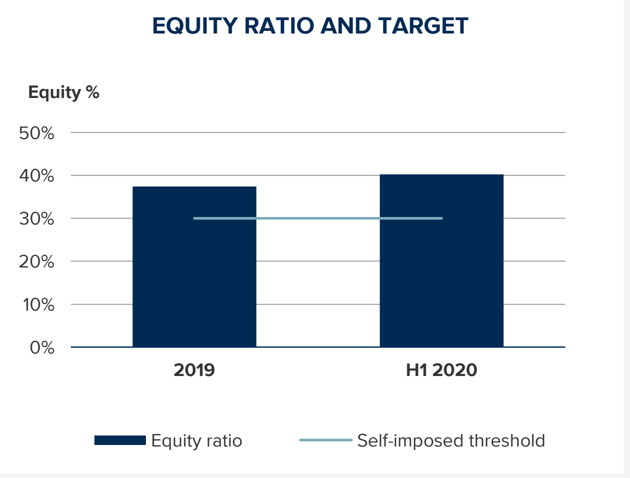
EQUITY & VALUE

Equity
Equity at the end of Q2 2020 decreased to DKK 8,474m (end of 2019: DKK 8,793m), impacted primarily by the result for the period and currency adjustments regarding foreign entities. Currency adjustments derive mainly from developments in ZAR, BRL and AUD.

Treasury shares
The holding of treasury shares was 1,097,044 shares at the end of Q2 2020 (2019: 1,193,538 shares), representing 2.1% of the total share capital (2019: 2.3%). Treasury shares are used to hedge our share-based incentive programmes.

Dividend
As set out in the company announcement 8-2020 on 23 March 2020, the Board of Directors decided to withdraw the proposal to pay a dividend in H1 2020.





EQUITY STATEMENT

2020

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(300)**	**(28)**	**8,082**	**8,779**	**14**	**8,793**
Comprehensive income for the period							
Profit/loss for the period				84	84	0	84
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				(21)	(21)		(21)
Currency adjustments regarding translation of entities		(386)			(386)	(1)	(387)
Cash flow hedging:							
- Value adjustments for the period			(32)		(32)		(32)
- Value adjustments transferred to work in progress			9		9		9
Tax on other comprehensive income				6	6		6
Other comprehensive income total	**0**	**(386)**	**(23)**	**(15)**	**(424)**	**(1)**	**(425)**
Comprehensive income for the period	**0**	**(386)**	**(23)**	**69**	**(340)**	**(1)**	**(341)**
Transactions with owners:							
Dividend paid					0		0
Share-based payment				22	22		22
Exercise of share options					0		0
Addition of minority interests					0		0
Equity at 30 June	**1,025**	**(686)**	**(51)**	**8,173**	**8,461**	**13**	**8,474**

2019

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	**1,025**	**(454)**	**(53)**	**7,277**	**461**	**8,256**	**10**	**8,266**
Comprehensive income for the period								
Profit/loss for the period				360		360	(1)	359
Other comprehensive income								
Actuarial gains/(losses) on defined benefit plans				(1)		(1)		(1)
Currency adjustments regarding translation of entities		101				101		101
Cash flow hedging:								
- Value adjustments for the period			13			13		13
- Value adjustments transferred to work in progress			(1)			(1)		(1)
Tax on other comprehensive income				(7)		(7)		(7)
Other comprehensive income total	**0**	**101**	**12**	**(8)**	**0**	**105**	**0**	**105**
Comprehensive income for the period	**0**	**101**	**12**	**352**	**0**	**465**	**(1)**	**464**
Transactions with owners:								
Dividend paid				11	(461)	(450)		(450)
Share-based payment				18		18		18
Exercise of share options				8		8		8
Addition of minority interests						0	7	7
Equity at 30 June	**1,025**	**(353)**	**(41)**	**7,666**	**0**	**8,297**	**16**	**8,313**

As a consequence of the current uncertainty due to the global COVID-19 pandemic, the Board of Directors decided to withdraw the dividend proposal of DKK 8 per share, totaling DKK 410m.

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 on the financial statements. For further details, reference is made to The Annual Report 2019, Key accounting estimates and judgements, page 72 and to specific notes.

Compared to what was disclosed in the Annual Report 2019 the COVID-19 pandemic has imposed significant uncertainty to the interim financial statements. The financial impact of COVID-19 requires significant judgement and is included in the estimates of the activity of the group, the valuation of our asset base and the liquidity situation.

As for any other significant uncertainties we will, given the evolving nature of the pandemic and the uncertainties involved, monitor the situation and implication on Group's financial position, activities and cash flows.

We have on 3 April 2020 bolstered our liquidity by ensuring additional DKK 500m of available credit facilities to accommodate for any significant uncertainty.

As of 30 June 2020, we have included updated estimates to assess the recoverability of our asset base, including intangible assets, deferred tax assets and trade receivables. During Q2-2020 we have been able to collect significant receivables, but the uncertain market and liquidity conditions still prevail globally, which has been reflected in our expected credit losses (ECL). We have reassessed our projects to reflect estimated implications on project financials, including cost forecasts due to the severity of restrictions. By nature, the updated key accounting estimates contains a degree of uncertainty and the effects are recognised in the relevant period.

2. INCOME STATEMENT BY FUNCTION

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

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

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	3,846	5,472	8,371	9,888
Production costs, including depreciation, amortisation and impairment	(3,012)	(4,252)	(6,580)	(7,680)
Gross profit	**834**	**1,220**	**1,791**	**2,208**
Sales costs, including depreciation and amortisation	(369)	(401)	(764)	(765)
Administrative costs, including depreciation and amortisation	(408)	(451)	(836)	(865)
Special non-recurring items	(13)	0	(13)	0
Other operating income	2	13	14	21
EBIT	**46**	**381**	**192**	**599**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment and lease assets	(79)	(87)	(170)	(170)
Amortisation and impairment of intangible assets	(85)	(106)	(167)	(200)
	(164)	**(193)**	**(337)**	**(370)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(78)	(95)	(168)	(188)
Sales costs	(17)	(22)	(34)	(43)
Administrative costs	(69)	(76)	(135)	(139)
	(164)	**(193)**	**(337)**	**(370)**

3. SEGMENT INFORMATION FOR H1 2020

DKKm	Mining	Cement	Shared costs[1]	Other compa-nies [2]	Con-tinuing activities	Discon-tinued activities[3]	FLSmidth Group
Revenue	**5,255**	**3,116**			**8,371**	**0**	**8,371**
Production costs	(3,909)	(2,446)	(57)	0	(6,412)	0	(6,412)
Gross profit	**1,346**	**670**	**(57)**	**0**	**1,959**	**0**	**1,959**
SG&A costs	(450)	(337)	(627)	(3)	(1,417)	(6)	(1,423)
EBITDA before special non-recurring items	**896**	**333**	**(684)**	**(3)**	**542**	**(6)**	**536**
Special non-recurring items	(13)	0	0	0	(13)	0	(13)
Depreciation and impairment of property, plant and equipment	(65)	(45)	(60)	0	(170)	0	(170)
EBITA before allocation of shared costs	**818**	**288**	**(744)**	**(3)**	**359**	**(6)**	**353**
Allocation of shared costs	(421)	(321)	744	(2)	0	0	0
EBITA	**397**	**(33)**	**0**	**(5)**	**359**	**(6)**	**353**
Amortisation and impairment of intangible assets	(119)	(48)		0	(167)	0	(167)
EBIT	**278**	**(81)**		**(5)**	**192**	**(6)**	**186**
Order intake (gross)	7,437	2,437			9,874	0	9,874
Order backlog	9,500	5,727			15,227	0	15,227
Gross margin	*25.6%*	*21.5%*			*23.4%*		*23.4%*
EBITDA margin before special non-recurring items	*17.1%*	*10.7%*			*6.5%*		*6.4%*
EBITA margin before allocation of shared costs	*15.6%*	*9.2%*			-		-
EBITA margin	*7.6%*	*-1.1%*			*4.3%*		*4.2%*
EBIT margin	*5.3%*	*-2.6%*			*2.3%*		*2.2%*
Number of employees at 30 June 2020	**5,432**	**4,643**	**1,429**		**11,504**	**2**	**11,506**
Reconciliation of profit for the period							
EBIT					192	(6)	186
Income from associates					3	0	3
Financial income					545	5	550
Financial costs					(597)	(6)	(603)
EBT					**143**	**(7)**	**136**

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

3. SEGMENT INFORMATION FOR H1 2019 – continued

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
Revenue	**5,800**	**4,088**		**0**	**9,888**	**0**	**9,888**
Production costs	(4,271)	(3,184)	(37)	0	(7,492)	(4)	(7,496)
Gross profit	**1,529**	**904**	**(37)**	**0**	**2,396**	**(4)**	**2,392**
SG&A costs	(459)	(318)	(655)	5	(1,427)	(11)	(1,438)
EBITDA before special non-recurring items	**1,070**	**586**	**(692)**	**5**	**969**	**(15)**	**954**
Special non-recurring items	0	0	0	0	0	0	0
Depreciation and impairment of property, plant and equipment	(87)	(32)	(50)	(1)	(170)	0	(170)
EBITA before allocation of shared costs	**983**	**554**	**(742)**	**4**	**799**	**(15)**	**784**
Allocation of shared costs	(401)	(342)	742	1	0	0	0
EBITA	**582**	**212**	**0**	**5**	**799**	**(15)**	**784**
Amortisation and impairment of intangible assets	(128)	(72)		0	(200)	0	(200)
EBIT	**454**	**140**		**5**	**599**	**(15)**	**584**
Order intake (gross)	6,083	4,511			10,594	0	10,594
Order backlog	8,757	8,005			16,762	110	16,872
Gross margin	*26.3%*	*22.1%*			*24.2%*		*24.2%*
EBITDA margin before special non-recurring items	*18.4%*	*14.3%*			*9.8%*		*9.6%*
EBITA margin before allocation of shared costs	*16.9%*	*13.5%*			*-*		*-*
EBITA margin	*10.0%*	*5.2%*			*8.1%*		*7.9%*
EBIT margin	*7.8%*	*3.4%*			*6.1%*		*5.9%*
Number of employees at 30 June 2019	**5,440**	**5,555**	**1,546**		**12,541**	**4**	**12,545**
Reconciliation of profit for the period							
EBIT					599	(15)	584
Income from associates					0	0	0
Financial income					532	3	535
Financial costs					(567)	(11)	(578)
EBT					**564**	**(23)**	**541**

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

4. REVENUE

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

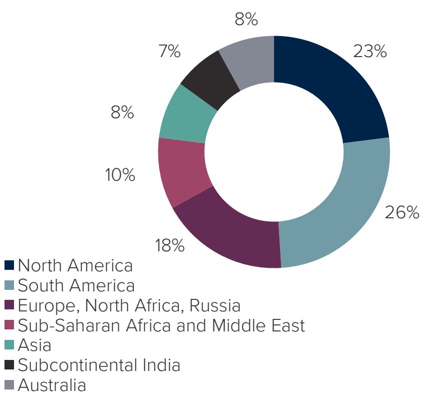
DKKm	H1 2020	H1 2019
Point in time	3,881	4,693
Percentage of completion	4,484	5,146
Cash	6	49
Total revenue	**8,371**	**9,888**

Seven Regions support the sales within the Mining and Cement Industries. Below, revenue is presented in the Regions in which delivery takes place. In the first half of 2020, South America represented a 6% higher share of Group revenue than the same period last year. All other regions contributed to the total lower level of revenue in first half of 2020 compared to same period in 2019.

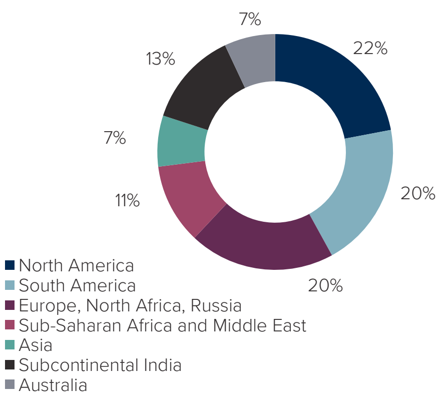
			H1 2020
DKKm	Mining	Cement	Group
Projects	1,344	838	2,182
Products	632	618	1,250
Capital business	**1,976**	**1,456**	**3,432**
Service business	**3,279**	**1,660**	**4,939**
Total revenue	**5,255**	**3,116**	**8,371**

			H1 2019
DKKm	Mining	Cement	Group
Projects	1,614	1,692	3,306
Products	656	718	1,374
Capital business	**2,270**	**2,410**	**4,680**
Service business	**3,530**	**1,678**	**5,208**
Total revenue	**5,800**	**4,088**	**9,888**

REVENUE SPLIT BY REGIONS (H1 2020)



REVENUE BY REGIONS (H1 2019)



5. PROVISIONS

DKKm	30/06 2020	31/12 2019	30/06 2019
Provisions at 1 January	1,018	1,279	1,279
Foreign exchange adjustments	(25)	16	15
Additions	240	439	171
Used	(201)	(525)	(323)
Reversals	(112)	(191)	(55)
Provisions	**920**	**1,018**	**1,087**
The split of provisions is as follows:			
Warranties	522	578	619
Restructuring	57	40	32
Other provisions	341	400	436
	920	**1,018**	**1,087**
The maturity of provisions is specified as follows:			
Current liabilities	480	551	673
Non-current liabilities	440	467	414
	920	**1,018**	**1,087**

Used provisions amounted to DKK 201m in first half of 2020, a decrease of DKK 122m from H1 2019. Provisions used in the first half of 2020 related to discontinued activities amounted to DKK 8m (H1 2019: DKK 72m). Refer to note 8 for a further description. The remainder of the used provisions were mainly to cover our warranty obligations and loss-making projects.

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.

Continued activities' share of Group provisions:

DKKm	30/06 2020	31/12 2019	30/06 2019
Provisions at 1 January	807	961	961
Foreign exchange adjustments	(25)	16	15
Additions	240	439	171
Used	(193)	(418)	(251)
Reversals	(112)	(191)	(55)
Provisions	**717**	**807**	**841**

6. CONTRACTUAL OBLIGATIONS AND CONTINGENT ASSETS AND LIABILITIES

No significant changes have occurred to the nature and extent of our contractual obligations and contingent assets and liabilities compared to what was disclosed in note 2.9 in the Annual Report 2019.

Contingent liabilities at 30 June 2020 amounted to DKK 2.6bn (31 December 2019: DKK 2.8bn), which primarily include performance bonds, payment guarantees and bid bonds at DKK 2.4bn (31 December 2019: DKK 2.5bn) issued to cover project-related risks.

7. BUSINESS ACQUISITIONS

On 31 January 2020, FLSmidth acquired the business Mill-Ore Group, an Eastern Canadian provider of equipment and aftermarket services to the mining industry.

The acquisition is part of our long-term commitment to increase the level of service and support to our customers in Eastern Canada.

The assets and liabilities in the opening balance are measured using the current available information. The purchase price allocation has not been finalised. If new information becomes available this could affect the values.

DKKm	Other	Mill-Ore Group	H1 2020
Property, plant and equipment	0	9	9
Patens and rights acquired	0	3	3
Other intangible assets	0	9	9
Inventories	0	6	6
Carrying amount of net assets acquired	**0**	**27**	**27**
Goodwill	0	14	14
Transaction price	**0**	**41**	**41**
Deferred payment, payable, prior acquisitions	8	0	8
Net cash effect	**8**	**41**	**49**

The 31 December 2019 deferred payment regarding IMP Automation Group acquisition amounted to AUD 7m (equivalent to DKK 34m) of which AUD 2m (equivalent to DKK 8m) has been paid in Q2 2020.

8. DISCONTINUED ACTIVITIES

Discontinued activities effect on cash flow from operating activities:

DKKm	H1 2020	2019	H1 2019
EBITDA	(6)	(19)	(15)
Adjustment for gain on sale of property, plant and equipment etc.	0	3	3
Adjusted EBITDA	**(6)**	**(16)**	**(12)**
Change in provisions	(8)	(108)	(72)
Change in net working capital	14	(58)	(15)
Cash flow from operating activities before financial items and tax	**0**	**(182)**	**(99)**
Financial items received and paid	(1)	(9)	(9)
Taxes paid	(3)	0	0
Cash flow from operating activities	**(4)**	**(191)**	**(108)**

Discontinued activities' share of Group provisions:

DKKm	30/06 2020	31/12 2019	30/06 2019
Provisions at 1 January	211	318	318
Used	(8)	(107)	(72)
Provisions	**203**	**211**	**246**

8. DISCONTINUED ACTIVITIES – continued

Cash flow from discontinued operating activities totalled DKK -4m. The cash outflow was mainly due to use of provisions of DKK 8m.

Cash flow from net working capital from discontinued activities amounted to DKK 14m (H1 2019: -15m), as net working capital related to discontinued business decreased from DKK 227m end of 2019 to DKK 213m end of Q2 2020.

Loss for the period from discontinued activities total DKK -10m (H1 2019: DKK -20m), primarily consisting of SG&A cost, refer to note 3.

9. NET WORKING CAPITAL

Net working capital decreased at the end of Q2 2020 due to a significant reduction in trade receivables and lower level of net work in progress. The reductions were only partially offset by a lower level of trade payables and lower prepayments from customers.

DKKm	30/06 2020	31/12 2019	30/06 2019
Inventories	2,721	2,714	2,893
Trade receivables	3,748	5,068	4,493
Work in progress, assets	2,133	2,612	2,776
Prepayments	475	591	509
Other receivables	778	710	803
Derivative financial instruments	49	36	28
Prepayments from customers	(1,247)	(1,768)	(1,709)
Trade payables	(3,386)	(4,350)	(4,232)
Work in progress, liability	(1,768)	(1,578)	(1,697)
Other liabilities	(1,101)	(1,242)	(1,307)
Derivative financial instruments	(51)	(54)	(38)
Net working capital	**2,351**	**2,739**	**2,519**
Change in net working capital	388	(539)	(319)
Financial instruments and foreign exchange effect on cash flow	(154)	91	87
Cash flow effect from change in net working capital	**234**	**(448)**	**(232)**

10. WORK IN PROGRESS

DKKm	30/06 2020	31/12 2019	30/06 2019
Total costs incurred	29,062	29,666	26,742
Profit recognised as income, net	3,025	2,479	2,120
Work in progress	**32,087**	**32,145**	**28,862**
Invoicing on account to customers	(31,722)	(31,111)	(27,783)
Net work in progress	**365**	**1,034**	**1,079**
Of which is recognised as work in progress:			
Under assets	2,133	2,612	2,776
Under liabilities	(1,768)	(1,578)	(1,697)
Net work in progress	**365**	**1,034**	**1,079**

11. EARNINGS PER SHARE (EPS)

DKKm	Q2 2020	Q2 2019	H1 2020	H1 2019
Profit for the year, continuing activities	(12)	234	94	379
Minority interests	3	(1)	0	1
FLSmidth's share of profit, continuing activities	**(9)**	**233**	**94**	**380**
Loss for the year, discontinued activities	(5)	(11)	(10)	(20)
FLSmidth's share of loss, discontinuing activities	**(5)**	**(11)**	**(10)**	**(20)**
FLSmidth's share of profit	**(14)**	**222**	**84**	**360**

Number of shares (1,000)	Q2 2020	Q2 2019	H1 2020	H1 2019
Average number of outstanding shares	50,153	50,002	50,083	49,893
Dilutive effect of share options in the money	0	153	0	153
Average diluted number of outstanding shares	**50,153**	**50,155**	**50,083**	**50,046**

DKK	Q2 2020	Q2 2019	H1 2020	H1 2019
Earnings per share from continuing activities	(0.2)	4.6	1.9	7.6
Earnings per share from discontinued activities	(0.1)	(0.2)	(0.2)	(0.4)
Earnings per share from continuing and discontinued activities	**(0.3)**	**4.4**	**1.7**	**7.2**

DKK	Q2 2020	Q2 2019	H1 2020	H1 2019
Diluted earnings per share from continuing activities	(0.2)	4.6	1.9	7.6
Diluted earnings per share from discontinued activities	(0.1)	(0.2)	(0.2)	(0.4)
Diluted earnings per share from continuing and discontinued activities	**(0.3)**	**4.4**	**1.7**	**7.2**

12. FAIR VALUE MEASUREMENT

				H1 2020
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	6		41	47
Hedging instruments asset		49		49
Hedging instruments liability		(51)		(51)
	6	**(2)**	**41**	**45**

				H1 2019
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	6		33	39
Hedging instruments asset		28		28
Hedging instruments liability		(38)		(38)
	6	**(10)**	**33**	**29**

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

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

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

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

There have been no significant transfers between the levels in first half of 2020 and 2019.

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 half of 2020 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 2019 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 2019 Annual Report for further details.

CHANGES IN ACCOUNTING POLICIES

As of 30 June 2020, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2020 financial year. None of the new or amended standards or interpretations are expected to have significant impact on the consolidated financial statements.

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 30 June 2020.

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 June 2020 as well as of the results of its operations and cash flows for the period 1 January – 30 June 2020.

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, 4 August 2020

EXECUTIVE MANAGEMENT

Thomas Schulz
Group CEO

Roland M. Andersen
Group 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, the severity, magnitude and duration of the COVID-19 pandemic, including impacts from governments' responses to the pandemic on our operations as well as derivative effects on our customers' businesses, and on global supply chains that may impact our operations, cash flows, financial performance and position, 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 June

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