

Preliminary and unaudited results for FY2023 in line with guidance and FY2024 financial guidance is introduced. Annual cost synergies from the Mining Technologies acquisition raised to around DKK 600m

Today we are pleased to announce that our full year 2023 preliminary and unaudited results are in line with guidance. In addition, financial guidance for 2024 is introduced, which reflects FLSmidth's continued transformation as part of the strategic journey towards FY2026.

In October 2022, FLSmidth raised the expected annual cost synergy target from the Mining Technologies* acquisition (ref. Company Announcement no. 17-2022) to around DKK 560m. The integration of Mining Technologies into FLSmidth is now more or less completed. Consequently, we now have a complete view of the synergies that will be fully realised in our FY2024 results and onwards. Based on a better-than-expected integration, the total annual cost synergies amount to around DKK 600m, and consequently above our own expectations. The results for the full year 2023 include realisation of around DKK 200m of the total annual cost synergies.

To realise these synergies, we previously expected the total integration costs to be around DKK 800m (ref. Company Announcement no. 17-2022), of which DKK 252m were recognised in 2022. Due to the successful integration process, we have managed to keep integration costs to a total of DKK 733m.

FLSmidth will, as previously communicated, release the detailed and audited financial results for the full year of 2023 on 21 February 2024.

Preliminary and unaudited key figures for Q4 and FY2023

	Mining		Cement		Non-Core Activities		Consolidated Group	
	Q4 2023	FY 2023	Q4 2023	FY 2023	Q4 2023	FY 2023	Q4 2023	FY 2023
Revenue, DKK	4.5bn	17.1bn (~17.0bn)	1.4bn	6.0bn (~6.0bn)	94m	951m (0.9-1.0bn)	6.0bn	24.1bn (~24.0bn)
Adj. EBITA margin	11.8%	10.8% (10.5-11.0%)					9.2%	8.0% (7.5-8.5%)
EBITA margin			7.4%	6.7% (5.5-6.5%)	Loss of DKK 83m	Loss of DKK 345m (loss of ~DKK 300-350m)	6.9%	6.0% (5.5-6.5%)
Order intake, DKK	3.6bn	16.3bn	1.0bn	4.9bn	8m	208m	4.6bn	21.4bn

Note: Numbers in brackets represent latest FY2023 guidance

*Mining Technologies refers to the former thyssenkrupp Mining business, which FLSmidth acquired on 31 August 2022

The adjusted Mining EBITA margin includes adjustment for integration costs of DKK 481m for FY2023, and the Cement EBITA margin for FY2023 includes a one-off net gain of ~DKK 100m from the sale of the filter media business in July 2023.

Financial guidance for FY2024

Our guidance for the full year 2024 reflects the ongoing business simplification and transformation efforts, continued improvement in the core Mining business, realisation of the full cost synergies from the Mining Technologies acquisition, continued profitability progress in the underlying Cement business and the ongoing exit from the Non-Core Activities segment.

Guidance 2024	Mining	Cement	Non-Core Activities	Consolidated Group
Revenue, DKK	16.0-17.0bn	4.0-4.5bn	250-350m	20.0-21.5bn
Adj. EBITA margin	11.5-12.5%	5.5-6.5%		9.0-10.0%
EBITA margin			Loss of DKK 200-300m	7.5-8.5%

Note: Consolidated Group adj. EBITA margin is not adjusted for the loss in Non-Core Activities.

Mining

Compared to 2023, we expect market demand to be softer in 2024, mainly driven by the Products business due to some customers delaying larger investment decisions. However, the mining industry continues to benefit from a positive long-term outlook for minerals crucial to global economic development and the green transition.

Guidance for adjusted EBITA margin includes adjustment for transformation and separation costs of around DKK 200m for the full year 2024. The adjusted EBITA margin is impacted by the realisation of the full cost synergies from the Mining Technologies acquisition, cost base inflation and re-investment of parts of the synergies into key commercial areas to support our CORE'26 strategy and to fuel our long-term growth ambitions.

Cement

We expect the short-term outlook for the cement industry to remain impacted by macroeconomic uncertainty. The guidance for revenue and adjusted EBITA margin reflects the ongoing execution of the 'GREEN'26' strategy, continued business simplification and product portfolio pruning, including the expected closing of sale of the MAAG gears and drives business during Q1 2024. Further, the guidance for adjusted EBITA margin includes adjustment for transformation and separation costs of around DKK 100m for the full year 2024.

Non-Core Activities

The guidance for revenue reflects continued execution of the order backlog and contract negotiations aimed at reducing the scope of the remaining Non-Core Activities order backlog. The EBITA margin guidance reflects the operational loss-making nature of the business as well as costs related to finalise the exit of the business segment by end of 2024.

Consolidated Group

The Consolidated Group guidance reflects the sum of the guidance for the three business segments. The guidance for 2024 is subject to uncertainty due to macroeconomic uncertainty and geopolitical turmoil.

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About FLSmidth

FLSmidth is a full flowsheet technology and service supplier to the global mining and cement industries. We enable our customers to improve performance, lower operating costs and reduce environmental impact. MissionZero is our sustainability ambition towards zero emissions in mining and cement by 2030. We work within fully validated Science-Based Targets, have a clear commitment to reducing the sustainability footprint of the global mining and cement industries and aim to become carbon neutral in our own operations by 2030. www.flsmidth.com.