5 May 2021

INTERIM REPORT Q1 2021

FLSmidth Mission Zero

WE DISCOVER POTENTIAL

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Key highlights

Q1 2021 vs. Q1 2020

- Solid order intake
- Revenue as expected
- EBITA margin of 5.1%, positively impacted by a higher service share and business improvement activities
- Positive cash flow and reduction in net debt
- Continued reshaping of Cement

MARKET OUTLOOK

- Short-term recovery expected in Mining
- Mid-term recovery expected in Cement
- Continued pandemic impact in H1 2021

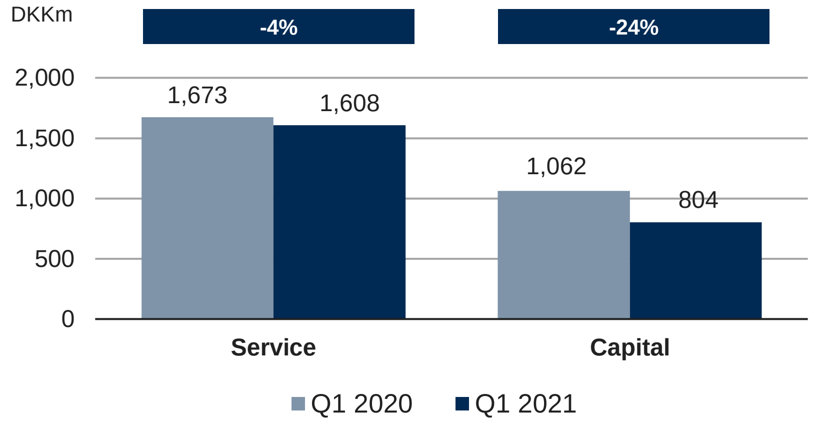
2021 GUIDANCE

- Maintained at DKK 15.5-17.0bn of revenue and an EBITA margin of 5-6%

Mining market and revenue Q1 2021

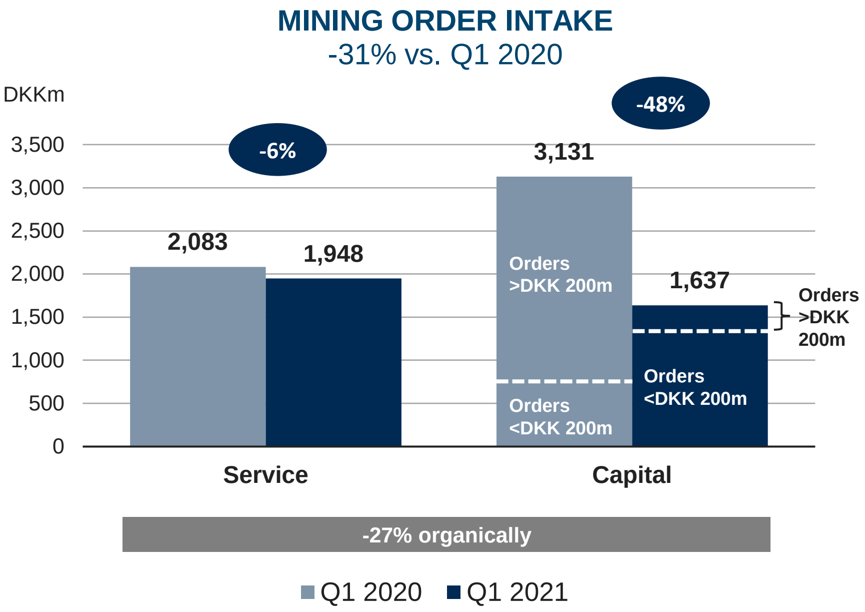
- Positive outlook and green transition driving minerals demand
- Commodity prices at high level
- Strong correlation between pandemic and business activity
- Large capital investments still being deferred
- Regional structure supports customer proximity
- Beneficial effect of agile supply chain

MINING REVENUE
Organic -7% vs. Q1 2020 (-12% reported)

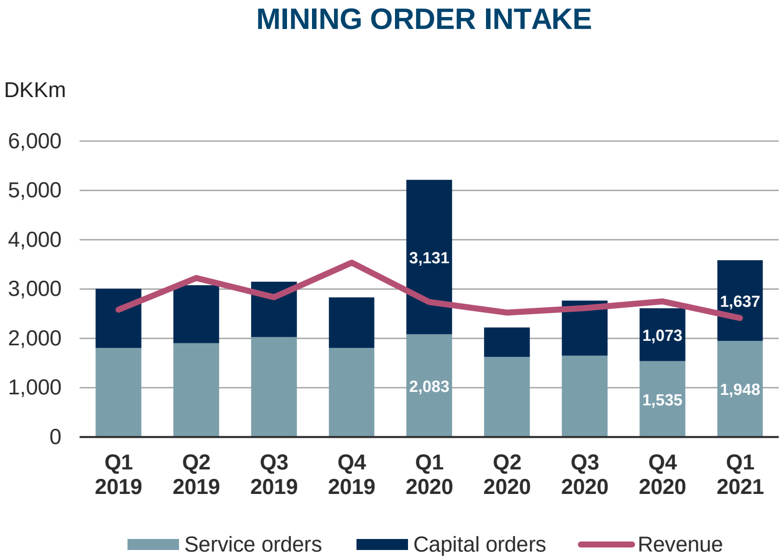


	Q1 2020	Q1 2021
EBITA margin (%)	7.3%	8.8%

Strong mining order intake in Q1 2021



- Q1 2021 included a large of ~DKK 200m (Q1 2020: Large orders of ~DKK 2.4bn)

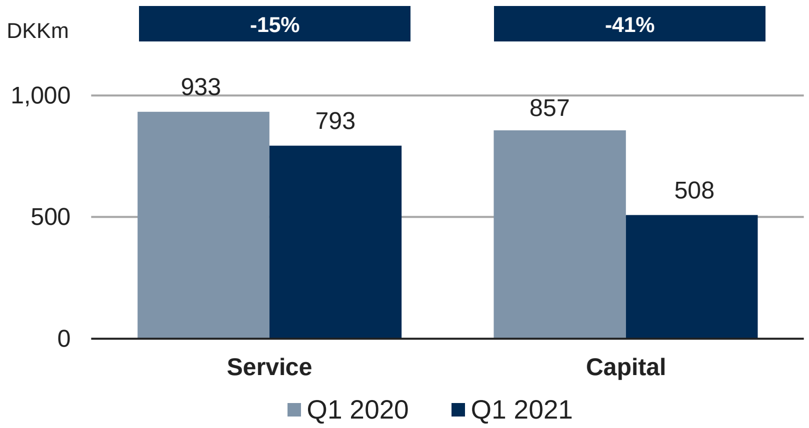


- The service share in Q1 2021 was 54% (Q1 2020: 40%)

Cement market and revenue Q1 2021

- Structural change accelerated by pandemic
- Sustainability and digitalisation provide a positive mid- to long-term outlook
- Strong correlation between pandemic and business activity
- Non-critical customer investments deferred
- Regional structure supports customer proximity
- Beneficial effect of agile supply chain

CEMENT REVENUE
Organic -23% vs. Q1 2020 (-27% reported)



	Q1 2020	Q1 2021
EBITA margin (%)	1.8%	-1.7%

Cement order intake in Q1 2021

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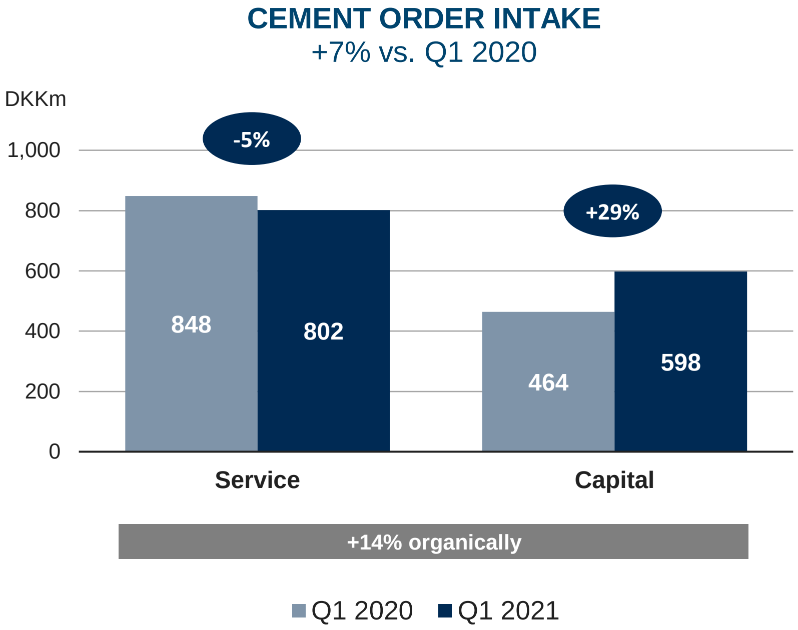
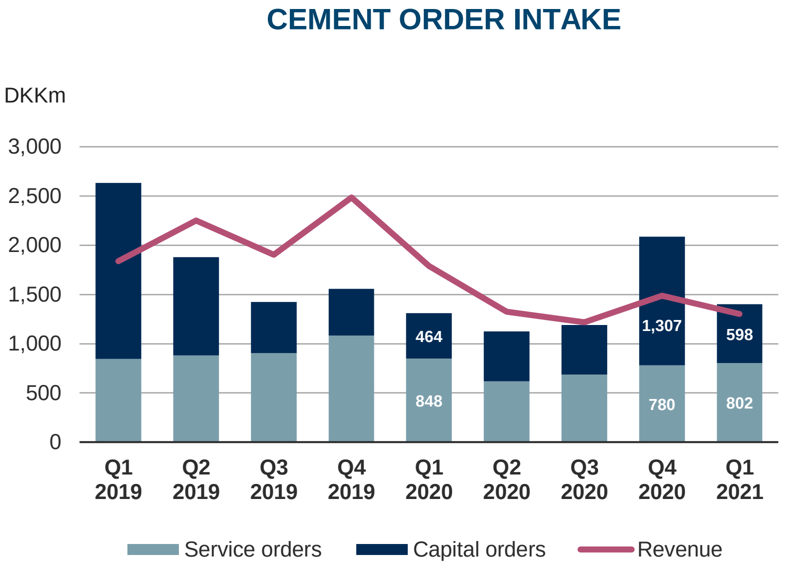




- The service share in Q1 2021 was 57% (Q1 2020: 65%)
- Capital order intake in Q1 2021 included a couple of medium-sized orders
- Revenue impacted by low backlog entering the year

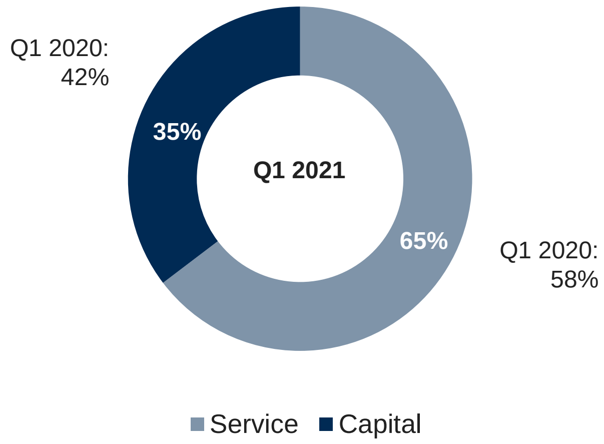
Financial performance in Q1 2021

(DKKm)	Q1 2021	Q1 2020	Change
Order intake	**4,985**	**6,526**	**-24%**
Revenue	**3,713**	**4,525**	**-18%**
Gross margin	25.2%	23.1%	
SG&A cost	-648	-728	-11%
EBITA	190	228	-17%
EBITA margin	**5.1%**	**5.0%**	
Financial costs net	-10	3	
Tax	-35	-44	
Profit/loss, continuing activities	57	106	
Profit/loss, discontinuing activitie	-3	-5	
Profit/loss for the Group	**54**	**101**	**-47%**
ROCE	4.8%	10.2%	
Employees (Group)	10,189	12,001	-15%

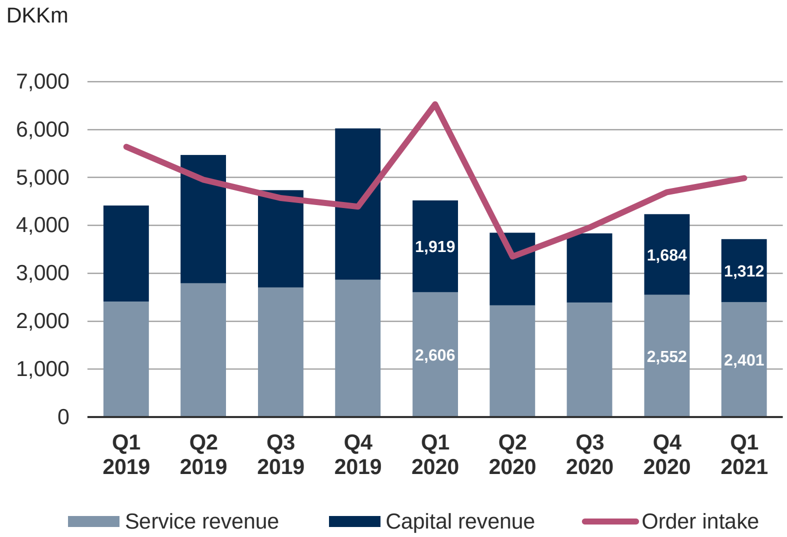
- Order intake declined 19% organically
- Revenue declined 13% organically, com-prising a 7% decrease in Mining and a 23% decline in Cement compared to Q1 2020
- EBITA margin largely unchanged

Revenue decreased 13% organically

GROUP REVENUE
CAPITAL VS. SERVICE



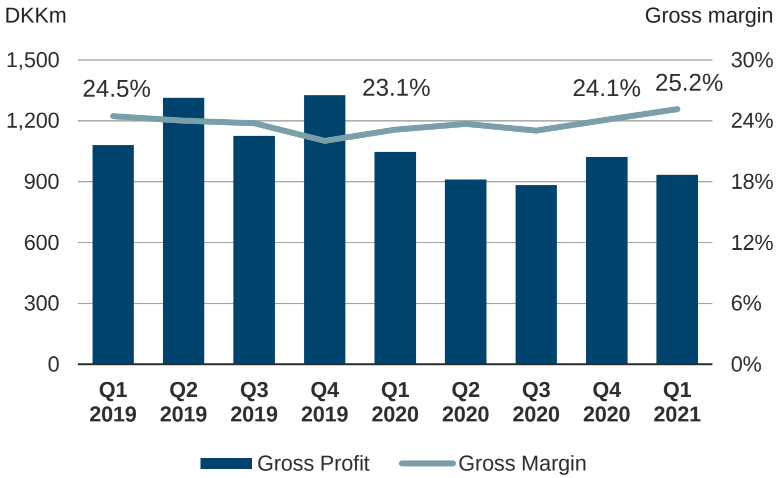
GROUP REVENUE
Organic -13% vs. Q1 2020 (-18% reported)



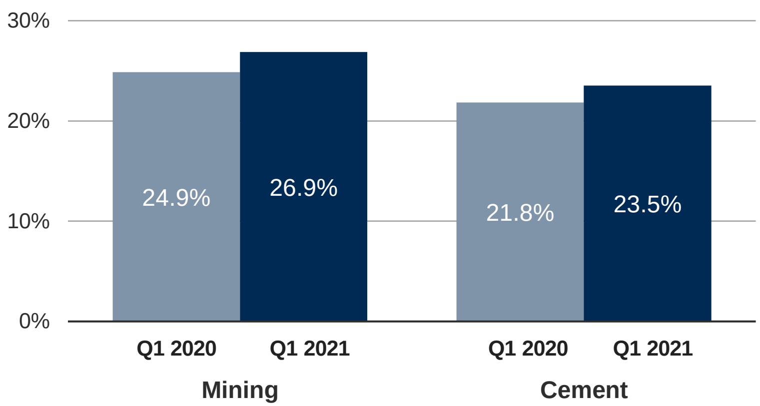
- The activity level is expected to remain low in Q2 with a continued impact from the pandemic

Gross margin improved

GROSS PROFIT
-11% vs. Q1 2020

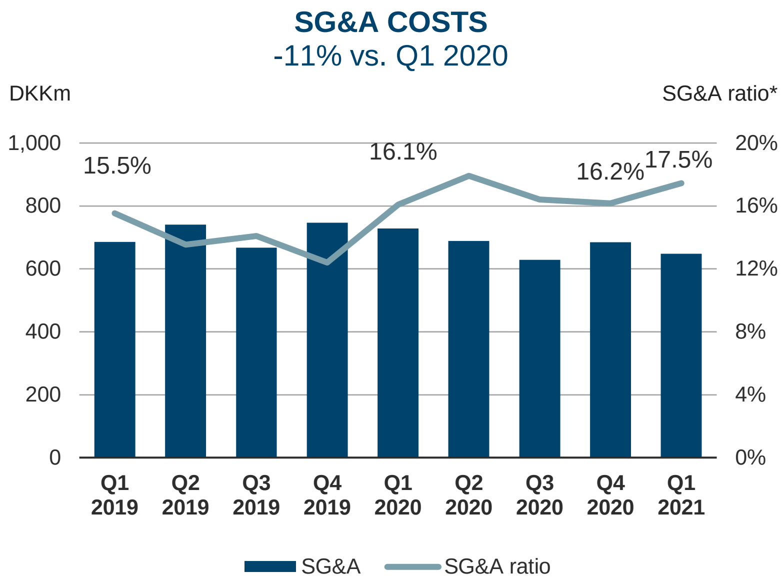


GROSS MARGIN BY INDUSTRY
Q1 2021 vs. Q1 2020



- Gross margin improved in both Mining and Cement due to a higher share from service and business improvement activities

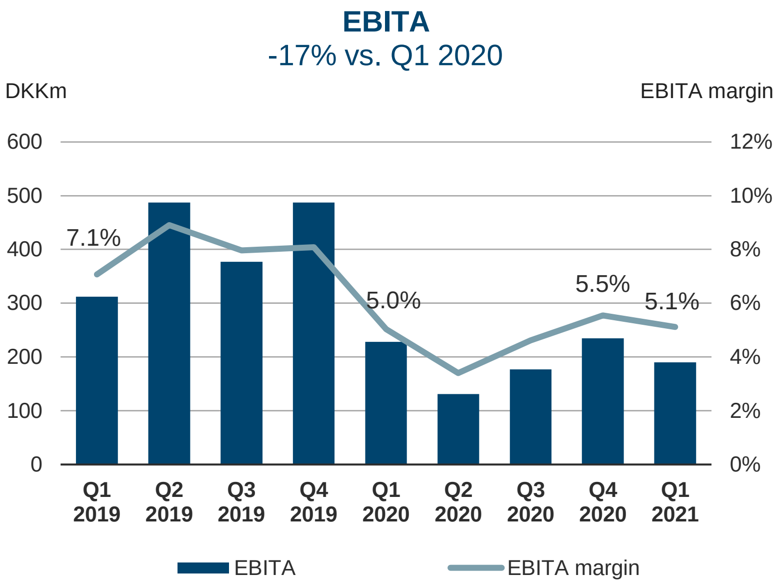
SG&A costs decreased by 11%



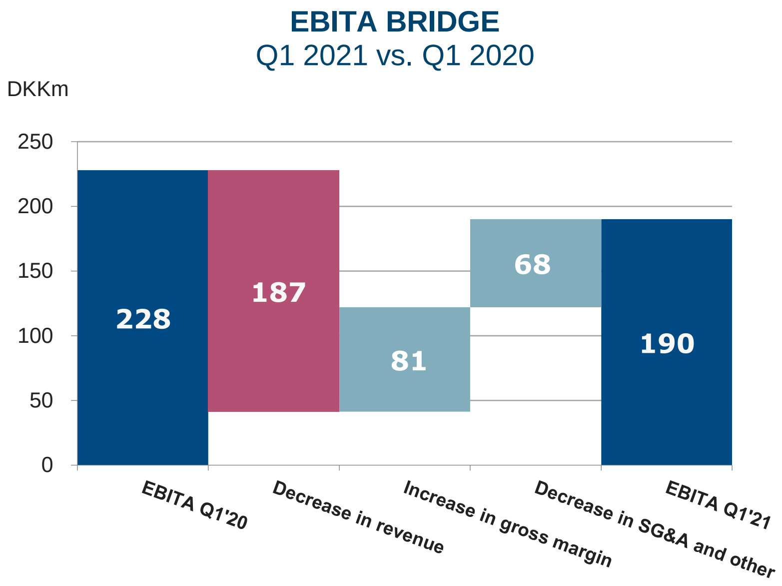
* SG&A ratio: SG&A costs (Sales, General and Administration) as percentage of revenue

- SG&A costs down 11% to DKK 648m, due to savings from business improvement activities and low travel costs
- SG&A costs are expected to increase slightly in the coming quarters due to Cement reshaping and M&A activities
- SG&A ratio increased to 17.5% of revenue in Q1 2021 from 16.1% in Q1 2020

EBITA margin largely unchanged



- Despite lower revenue, the EBITA margin was largely unchanged due to a higher share from service and lower SG&A costs



- Continued reshaping of Cement
- Q1 2020 included business improvement costs of DKK 53m

Net working capital improved in Q1 2021

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NET WORKING CAPITAL

- NWC at the end of Q1 was 10.7% of the last 12 months revenue (LTM)

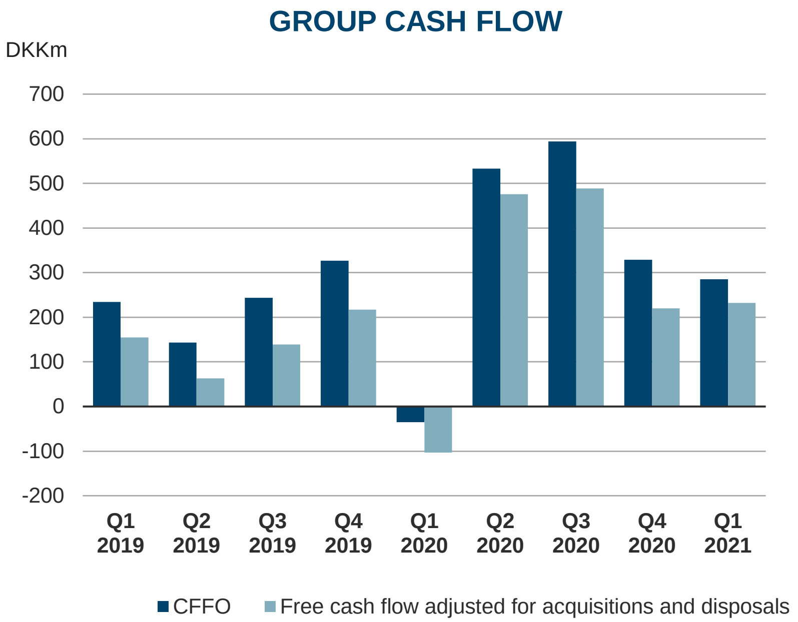
Net working capital developments in Q1 2021

DKKm	Q1 2021	Q4 2020	Change
Inventories	**2,476**	2,368	108
Trade receivables	**3,282**	3,453	-171
Trade payables net	**-2,315**	-2,722	407
WIP assets net	**443**	341	102
Prepayments from customers	**-1,715**	-1,266	-449
Other liabilities net	**-493**	-422	-71
NWC Total	**1,678**	1,752	-74

- Reduced utilisation of supply chain financing

Cash flow in Q1 2021

- Continued to develop positively



CONTINUING ACTIVITIES (DKKm)	Q1 2021	Q1 2020
EBITDA adjusted	**273**	**329**
Change in provisions	-10	-53
Change in NWC	152	-207
Financial payments	-19	-18
Taxes paid	-102	-87
CFFO (continuing activities)	**294**	**-36**

Group (DKKm)	Q1 2021	Q1 2020
CFFO (Group)	285	-35
CFFI excl. acquisitions & disposals	-53	-68
Acquisitions & disposals	2	-41
CFFI	-51	-109
Free cash flow	234	-144
Free cash flow, adjusted for M&A	232	-103

Capital structure well in line with our targets

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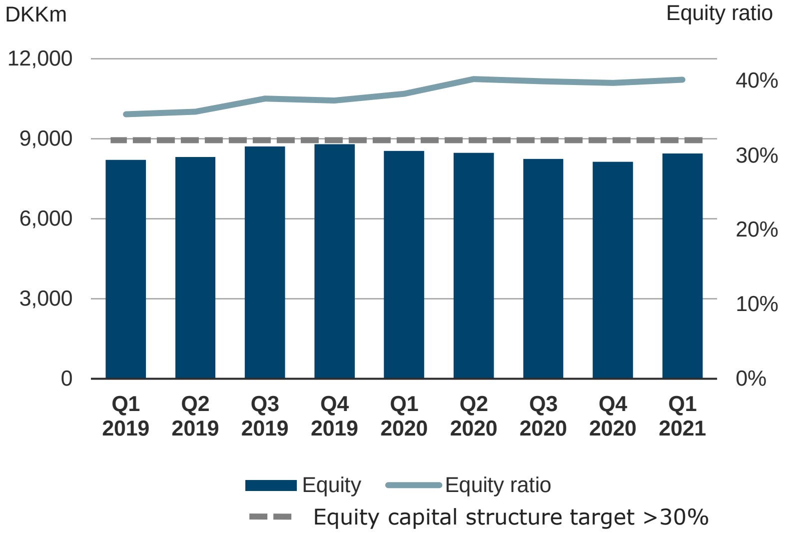
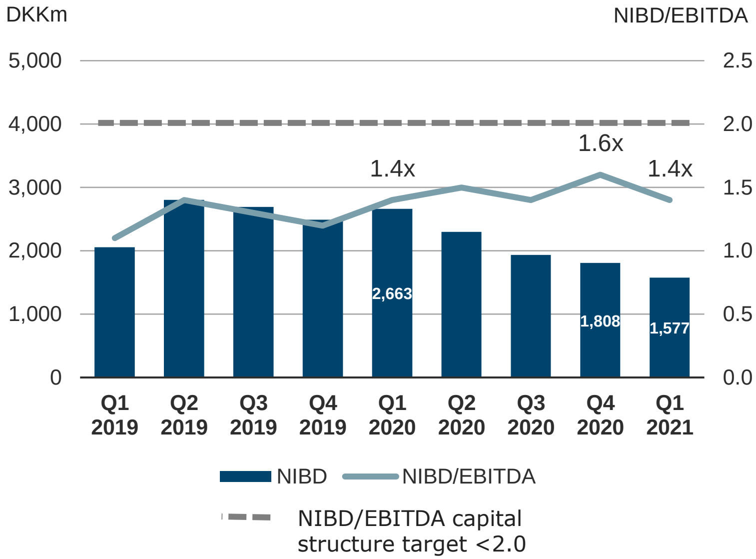
EQUITY
Equity ratio 40.2%



NIBD
NIBD/EBITDA 1.4x



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Guidance maintained

Group guidance	Realised Q1 2021	Guidance 2021
Revenue (DKK bn)	3.7	15.5-17.0
EBITA margin	5.1%	5-6%

- Guidance ranges for 2021 are subject to uncertainty due to the pandemic
- Pandemic impact expected to continue in H1 2021 with a gradual improvement in business sentiment in H2 2021
- In parts of the world, the pandemic impact is likely to last beyond H1 2021

Inhouse sustainability performance Q1 2021

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SAFETY (TRIR)	WOMEN MANAGERS	GREENHOUSE GAS EMISSIONS (tonnes)	WATER WITHDRAWAL (m^3)
1.0	**13.3%**	**10,267**	**40,069**
2021 Target: Zero harm (10% y-o-y reduction until 2030)	2021 Target: 14.3%	2021 Target: 38,685	2021 Target: 187,479

Achievements during the quarter

- Decarbonisation targets approved by the Science Based Targets initiative
- Joined the Copper Mark, an international frame-work established to demonstrate the copper industry's responsible production practices and the industry's contribution to the SDGs
- Lost-time injury frequency (LTIF) improved to the lowest level ever (0.1 in Q1 2021 vs. 1.0 in Q1 2020)

FLSmidth Mission Zero

TOWARDS ZERO EMISSIONS
IN MINING AND CEMENT

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABLE MINING TECHNOLOGY

AFP2525 AUTOMATIC FILTER PRESS

EXPECT AN AVERAGE OF 93% AVAILABILITY AND 95% RECOVERY OF PROCESS WATER

The AFP2525 filter press eliminates the need for wet tailings dams, while the reuse of process water minimises environmental risks associated with mining, cuts complexity and helps miners attain a social license to operate.

Meets growing customer demand for fast and efficient water recovery and illustrates our determination to meet our MissionZero ambition and help mining move towards zero water waste by 2030.

REDUCE WATER WASTE
As the need for filtered tailings management increases, so does the demand for high-efficiency, large-capacity dewatering equipment

THE SOLUTION
Our entire AFP product line is optimised to produce the driest cakes possible, maximise water recovery and lower environmental impact

THE BENEFITS
- High-efficiency reduces energy and water usage
- Easy maintenance minimises downtime
- Lowest cost per ton of production

Key messages

Messages

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- Cash focus and business improvement activities deliver results
- Sequential improvement in order intake
- Strong regional setup and agile supply chain has proven beneficial
- Opportunities within digital and sustainable solutions

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- Continued negative impact from the pandemic
- Mid-term recovery expected in cement; ongoing reshaping to improve profitability

Management focus

2021

- Navigate the pandemic
- Customers, cash, costs and pricing
- M&A and further strengthening of industry setup

Ongoing

- Sustainability and MissionZero
- Innovation and digitalisation
- Standardisation and modularisation

Key highlights

Interim Report Q1 2021

More positive outlook for mining than cement

Order intake and revenue declined year-on-year

EBITA margin improved to 5.1%

Reduction in net working capital and net debt

Guidance 2021 maintained

FLSMIDTH Mission Zero

TOWARDS ZERO EMISSIONS IN MINING AND CEMENT

With MissionZero, we enable our customers in cement and mining to move towards zero emissions in 2030. As a leader in the cement and mining industries, we see a significant business opportunity in bringing these industries into a sustainable future.

The Zero emission cement plant

Commercially competitive with cement quality guaranteed

Zero **emissions**

100% fuel **substitutions**

Zero **waste**

The Zero emission mining process

Commercially competitive with a minimised environmental footprint

Zero water **waste**

Zero **emissions**

Zero energy **waste**

Forward-looking statements

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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's influence, and which could materially affect such forward-looking statements.

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Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance.

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Group

(DKKm)	Q1 2021	Q1 2020	Change	2020
Order intake	**4,985**	**6,526**	**-24%**	**18,524**
- Service order intake	2,750	2,931	-6%	9,822
Order backlog	16,251	15,591	4%	14,874
Revenue	**3,713**	**4,525**	**-18%**	**16,441**
- Service revenue	2,401	2,606	-8%	9,884
Gross profit	935	1,047	-11%	3,865
Gross margin	25.2%	23.1%		23.5%
EBITA	190	228	-17%	771
EBITA margin	**5.1%**	**5.0%**		**4.7%**
EBIT	101	146	-31%	428
EBIT margin	2.7%	3.2%		2.6%

Cash flow statement

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GROUP (DKKm)	Q1 2021	Q1 2020
EBITDA continuing adjusted	**273**	**329**
EBITDA discontinued	-3	-2
Change in provisions	-13	-58
Change in NWC	149	-197
Financial payments	-19	-18
Taxes paid	-102	-89
CFFO (Group)	**285**	**-35**
CFFI excl. Acquisition & disposals	-53	-68
Acquisition & disposals	2	-41
CFFI	**-51**	**-109**
Free cash flow	**234**	**-144**
CFFO (continuing activities)	294	-36
CFFO (discontinued activities)	-9	1

Cash flow in Q1 2021

- Continuing activities and Group

CONTINUING ACTIVITIES (DKKm)	Q1 2021	Q1 2020
EBITDA adjusted	**273**	**329**
Change in provisions	-10	-53
Change in NWC	152	-207
Financial payments	-19	-18
Taxes paid	-102	-87
CFFO (continuing activities)	**294**	**-36**

- CFFO from discontinued activities was DKK -9m in Q1 2021

Group (DKKm)	Q1 2021	Q1 2020
CFFO (Group)	285	-35
CFFI excl. acquisitions & disposals	-53	-68
Acquisitions & disposals	2	-41
CFFI	-51	-109
Free cash flow	234	-144
Free cash flow, adjusted for M&A	232	-103

- CFFO increased compared to Q1 2020 due to significant cash inflow from working capital, offsetting the decline in EBITDA

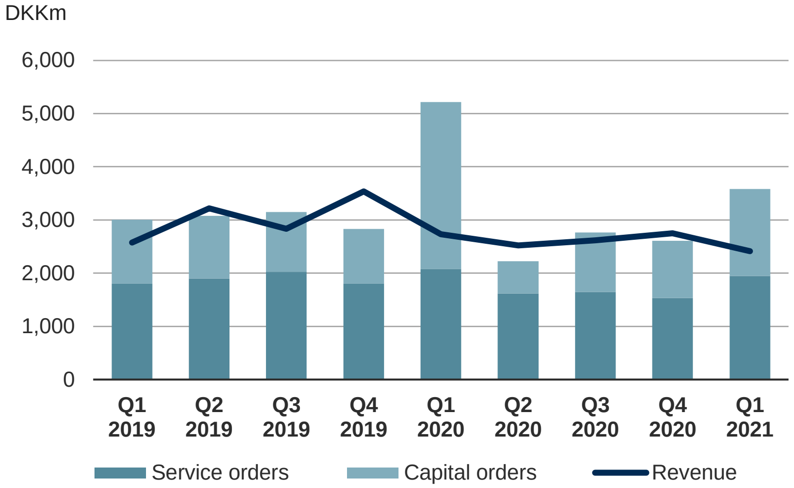
Mining

(DKKm)	Q1 2021	Q1 2020	Change (%)	2020
Order intake	**3,585**	**5,214**	**-31%**	**12,811**
- Service order intake	1,948	2,083	-6%	6,888
- Capital order intake	1,637	3,131	-48%	5,923
Order backlog	10,275	9,621	7%	9,085
Revenue	**2,412**	**2,735**	**-12%**	**10,620**
- Service revenue	1,608	1,673	-4%	6,676
- Capital revenue	804	1,062	-24%	3,944
Gross profit margin before allocation of shared cost	26.9%	24.9%		25.3%
EBITA margin before allocation of shared cost	16.7%	15.1%		16.1%
EBITA	213	201	6%	888
EBITA margin	**8.8%**	**7.3%**		**8.4%**

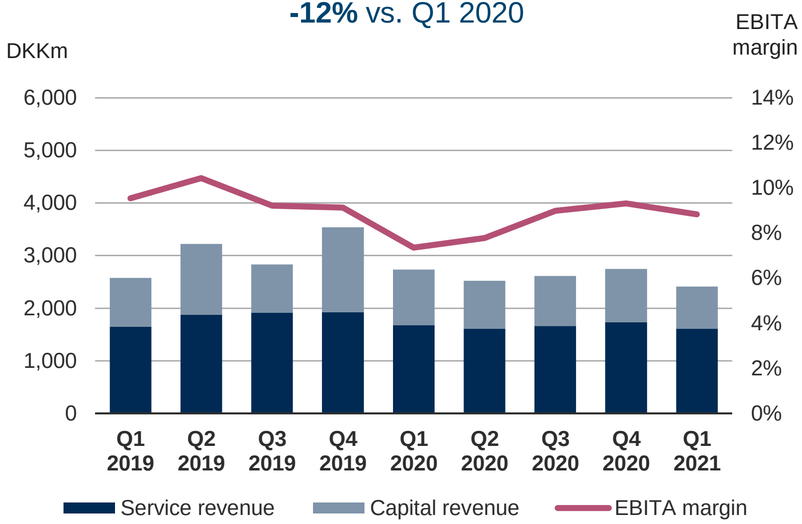
Mining

Mission Zero

ORDER INTAKE
-31% vs. Q1 2020



REVENUE
-12% vs. Q1 2020

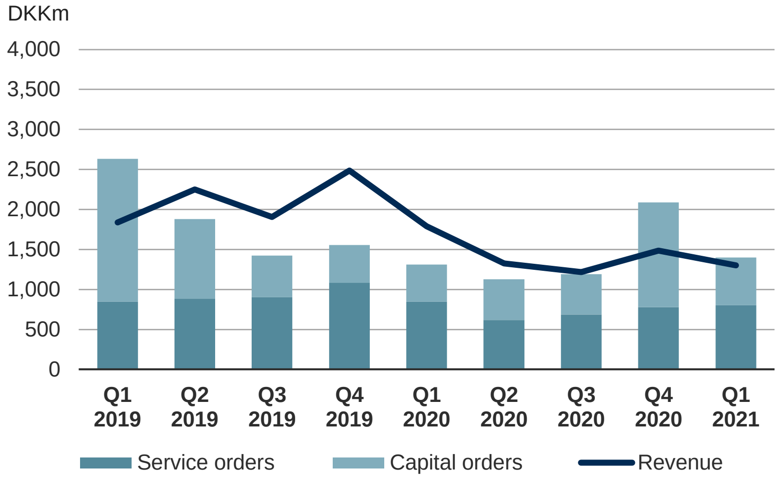


Cement

(DKKm)	Q1 2021	Q1 2020	Change (%)	2020
Order intake	**1,400**	**1,312**	**7%**	**5,713**
- Service order intake	802	848	-5%	2,934
- Capital order intake	598	464	29%	2,779
Order backlog	5,976	5,970	0%	5,789
Revenue	**1,301**	**1,790**	**-27%**	**5,821**
- Service revenue	793	933	-15%	3,208
- Capital revenue	508	857	-41%	2,613
Gross profit margin before allocation of shared cost	23.5%	21.8%		21.6%
EBITA margin before allocation of shared cost	8.2%	11.0%		8.8%
EBITA	-23	32	-172%	-118
EBITA margin	**-1.7%**	**1.8%**		**-2.0%**

Cement

ORDER INTAKE
+7% vs. Q1 2020



REVENUE
-27% vs. Q1 2020

Order intake and revenue growth

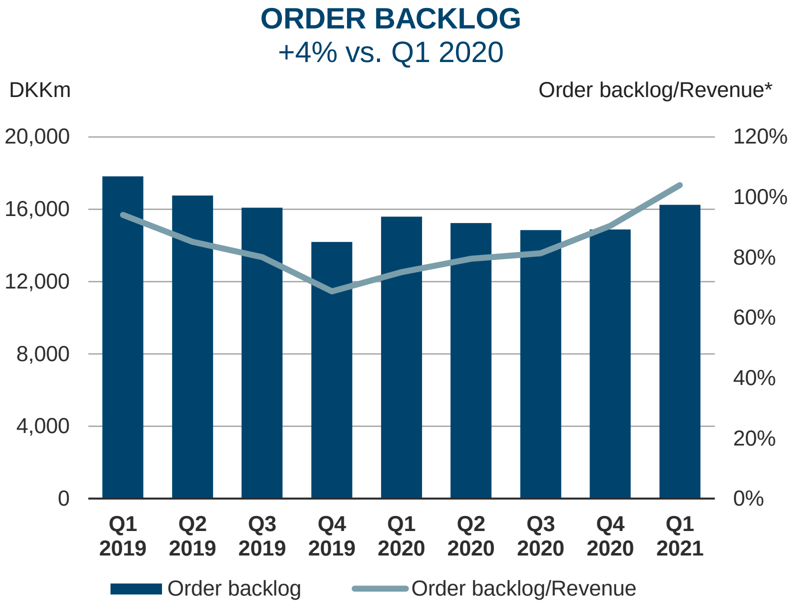
Mission Zero

Order intake growth Q1'21 vs Q1'20	Mining	Cement	Group
Organic	-27%	14%	-19%
Acquisitions	0%	0%	0%
Currency	-4%	-7%	-5%
Total growth	-31%	7%	-24%

Revenue growth Q1'21 vs Q1'20	Mining	Cement	Group
Organic	-7%	-23%	-13%
Acquisitions	0%	0%	0%
Currency	-5%	-4%	-5%
Total growth	**-12%**	**-27%**	**-18%**

Order backlog and conversion to revenue

Order backlog / last 12 months revenue at 104% in Q1



*Order backlog divided by last 12 months revenue

Expected backlog conversion to revenue:

- 53% in 2021
- 36% in 2022
- 11% in 2023 and beyond

Net working capital

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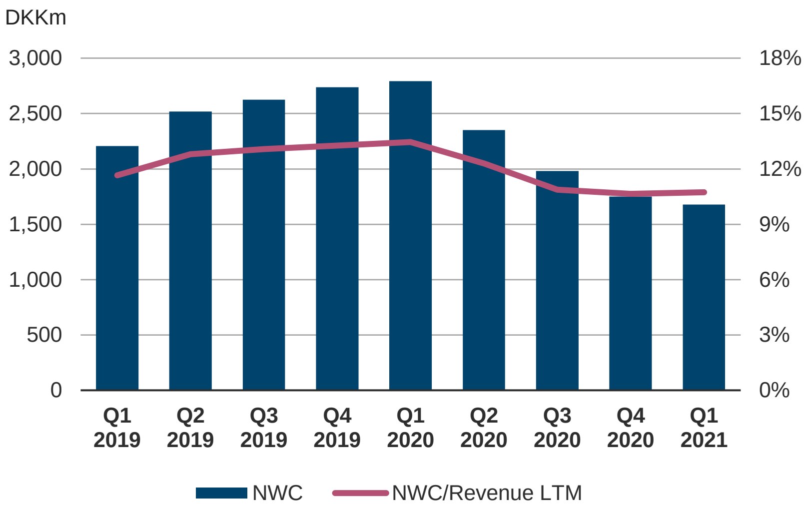
NET WORKING CAPITAL



Net working capital developments y-o-y

DKKm	Q1 2021	Q1 2020	Change
Inventories	2,476	2,726	-250
Trade receivables	3,282	4,452	-1,170
Trade payables net	-2,315	-3,394	1,079
WIP assets net	443	845	-402
Prepayments from customers	-1,715	-1,493	-222
Other liabilities net	-493	-344	-149
NWC Total	1,678	2,792	-1,114

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Net working capital components

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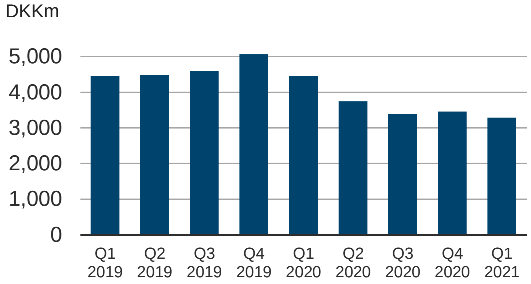
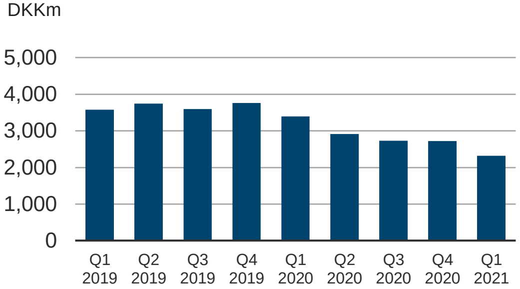
- Net working capital decreased to DKK 1,678m at the end of Q1 2021

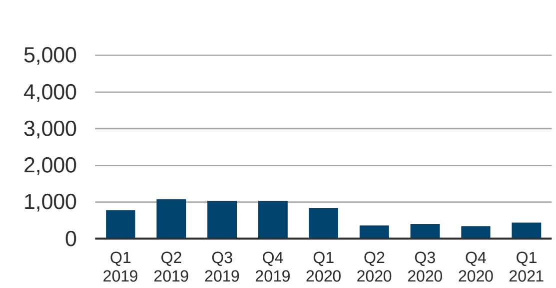
TRADE RECEIVABLES



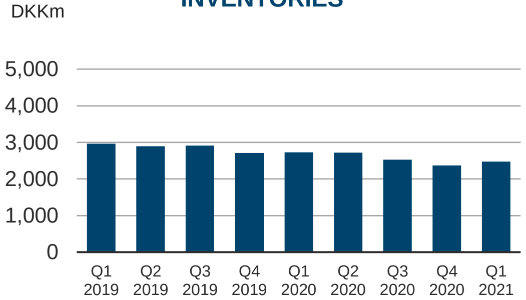
TRADE PAYABLES



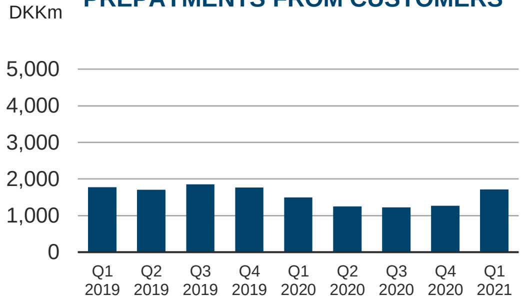
NET WORK-IN-PROGRESS (ASSET)



INVENTORIES



PREPAYMENTS FROM CUSTOMERS



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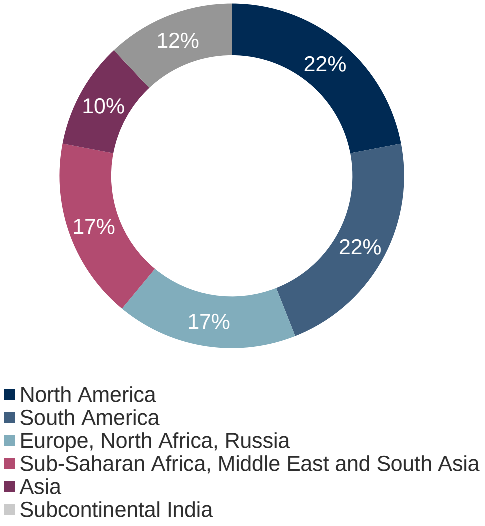
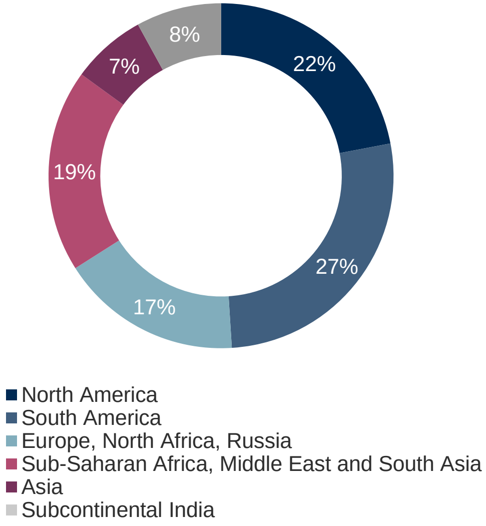
Revenue split in Q1 2021

REVENUE Q1 2021 BY REGION

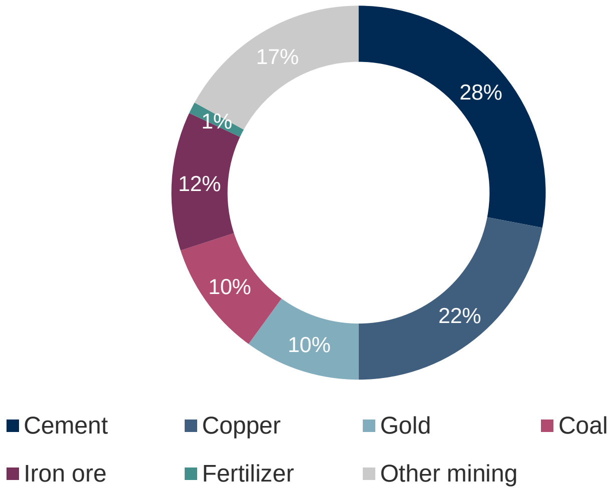


REVENUE Q1 2020 BY REGION



Order intake by commodity

ORDER INTAKE Q1 2021
– by commodity



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