1 January - 30 June 2019
(Company announcement no. 9)

WE DISCOVER POTENTIAL

INTERIM REPORT Q2 2019

ROCE	CFFO (DKKm)
11.1%	143
Up from 10.4%	Up from DKK (412)

EBITA margin	Order intake (DKKm)
8.9%	4,954
Up from 8.1%	Down from DKK 5,056

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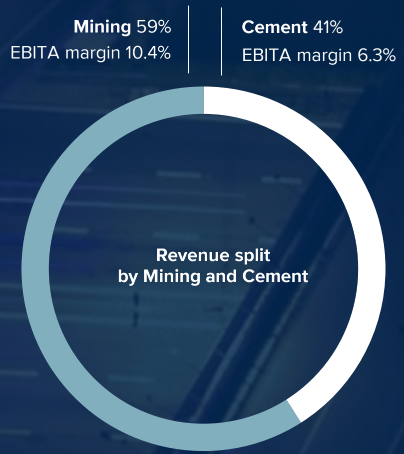
QUARTERLY HIGHLIGHTS

Order intake (DKKm)	Revenue (DKKm)	EBITA margin	Net working capital ratio	ROCE
4,954	**5,472**	**8.9%**	**12.8%**	**11.1%**
Down from 5,056	Up from 4,730	Up from 8.1%	Up from 11.1%	Up from 10.4%



Safety (TRIFR)[1]	Quality (DIFOT)[2]
1.6	**87%**
Down from 3.0	Unchanged

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

QUARTERLY HIGHLIGHTS

Q2 Highlights

Second quarter showed a strong improvement in revenue and profitability, attributable to both Mining and Cement.

Order intake was at a similar level to Q2 last year, and service orders exceeded the preceding three quarters. Sentiment in the mining market remains positive. The cement market is overall unchanged. Both miners and cement producers show increased interest in solutions to obtain a more sustainable production, such as our offering in tailings management, alternative fuels and NOx reduction.

Cash flow from operations was positive, although significant progress on projects towards the end of the quarter led to a build-up of working capital. Net debt increased due to the payment of dividends and the acquisition of IMP Automation Group (IMP).

Return on capital employed increased as a result of higher EBITA over the past 12 months, partly offset by higher capital employed.

Management focus

Following a slow start to the year, we paid special attention to converting backlog to revenue in the second quarter. We were pleased to see a substantial pick-up in revenue with associated operating leverage and margin expansion. In close cooperation with our customers, we accelerated some deliveries, helping smooth out some seasonality effects and avoid potential resource bottlenecks around year end.

As part of our digital journey, the acquisition of IMP was successfully completed, strengthening our portfolio of automated laboratory solutions for the mining industry.

For the rest of 2019, our priorities will be to maintain a high activity level and reduce net working capital, particularly work in progress and accounts receivables.

Celebrating one year with a new operating model, we will leverage our increased customer coverage to drive aftermarket business and ensure a healthy business mix. We will manage our cost base to allow for further margin expansion as we grow.

GUIDANCE

Based on the results in the first half of 2019, the full-year guidance is maintained. Owing to good progress on projects and a different development in business mix for the year, it is, however, now more likely that the revenue will be in the higher end of the guided range of DKK 19-21bn, and the EBITA margin will be in the lower end of the guided range of 9-10%. This has no implications for the expected return on capital employed.

Due to seasonality, it is expected that revenue in Q4 2019 will be higher than Q3 2019.

GUIDANCE FOR 2019 (MAINTAINED)

DKK	Realised H1 2019	Guidance 2019	Realised 2018
Revenue (bn)	9.9	19-21	18.8
EBITA margin	8.1%	9-10%	8.5%
ROCE	11.1%	12-14%	11.0%

FINANCIAL KEY FIGURES

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	Year 2018
INCOME STATEMENT					
Revenue	5,472	4,730	9,888	8,965	18,750
Gross profit	1,315	1,181	2,396	2,255	4,693
EBITDA before special non-recurring items	574	440	969	836	1,826
EBITA	487	381	799	724	1,585
EBIT	381	299	599	547	1,220
Financial items, net	(32)	(16)	(35)	(51)	(161)
EBT	349	283	564	496	1,059
Profit for the period, continuing activities	234	188	379	335	811
Loss for the period, discontinued activities	(11)	(20)	(20)	(31)	(176)
Profit for the period	223	168	359	304	635
ORDERS					
Order intake (gross), continuing activities	4,954	5,056	10,594	10,074	21,741
Order backlog, continuing activities			16,762	14,454	16,218
EARNING RATIOS					
Gross margin	24.0%	25.0%	24.2%	25.2%	25.0%
EBITDA margin before special non-recurring items	10.5%	9.3%	9.8%	9.3%	9.7%
EBITA margin	8.9%	8.1%	8.1%	8.1%	8.5%
EBIT margin	6.9%	6.3%	6.1%	6.1%	6.5%
EBT margin	6.4%	6.0%	5.7%	5.5%	5.6%
CASH FLOW					
Cash flow from operating activities (CFFO)	143	(412)	377	(69)	385
Acquisitions of property, plant and equipment	(21)	(136)	(60)	(192)	(288)
Cash flow from investing activities (CFFI)	(373)	(83)	(458)	(125)	(285)
Free cash flow	(230)	(495)	(81)	(194)	100
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	63	(565)	218	(274)	(15)

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018	Year 2018
BALANCE SHEET					
Net working capital			2,519	2,003	2,200
Net interest-bearing debt (NIBD)			2,802	2,135	1,922
Total assets			23,067	21,614	21,743
Equity			8,313	7,933	8,266
Dividend to shareholders, paid	450	410	450	410	397
FINANCIAL RATIOS					
CFFO / Revenue	2.6%	-8.7%	3.8%	-0.8%	2.1%
Book-to-bill	90.5%	106.9%	107.1%	112.4%	116.0%
Order backlog / Revenue			85.2%	80.3%	86.5%
Return on equity			8.7%	7.6%	7.8%
Equity ratio			36.0%	36.7%	38.0%
ROCE, average			11.1%	10.4%	11.0%
Net working capital ratio, end			12.8%	11.1%	11.7%
NIBD / EBITDA			1.4	1.2	1.1
Capital employed, average			14,888	14,648	14,338
Number of employees			11,855	11,781	11,368
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	2.9	(8.2)	7.5	(1.4)	7.7
Earnings per share (EPS), (diluted)	4.4	3.3	7.2	6.1	12.8
Share price			296.9	381.9	293.1
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation, end			15,216	19,572	15,021

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the Annual Report 2018.

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

QUARTERLY FINANCIAL PERFORMANCE

GROWTH

Order intake was at a similar level to last year. Revenue increased 16%, driven by both Mining and Cement.

Order intake

Order intake decreased 2% to DKK 4,954m (Q2 2018: DKK 5,056m). Mining order intake declined 7%, mainly due to a lower capital order intake. The lower level of capital orders is explained by the lumpy nature of capital business. The mining market remains robust.

Mining service orders declined 2% on a strong Q2 2018, but picked up from the previous three quarters.

In Cement, both service and capital orders increased in Q2 2019.

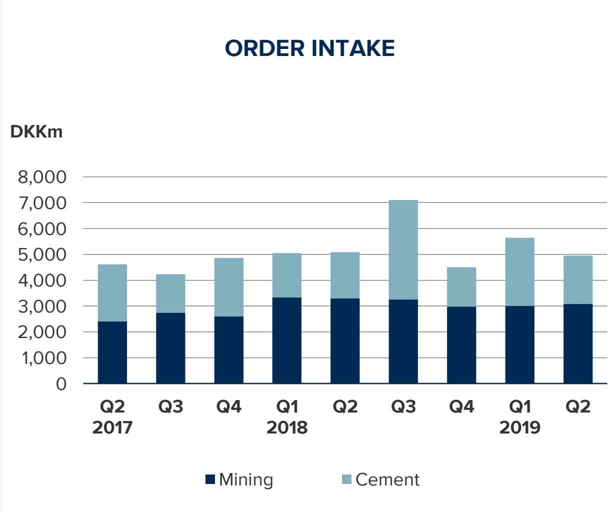
Order intake in Q2 2019 included a large Cement order in Morocco of about DKK 335m and a large Mining order in Australia of around DKK 375m (Q2 2018: No large orders above DKK 200m).

Growth in order intake Q2 2019 (vs. Q2 2018)	Mining	Cement	Group
Organic	-9%	3%	-4%
Acquisition	2%	0%	1%
Currency	0%	2%	1%
Total growth	**-7%**	**5%**	**-2%**

Acquisitions and currency effects each had a 1% positive impact on order intake in Q2.

GROUP (Continuing activities)

(DKKm)	Q2 2019	Q2 2018	Change (%)	H1 2019	H1 2018	Change (%)
Order intake (gross)	**4,954**	**5,056**	**-2%**	**10,594**	**10,074**	**5%**
- Hereof service order intake	2,784	2,773	0%	5,432	5,658	-4%
- Hereof capital order intake	2,170	2,283	-5%	5,162	4,416	17%
Order backlog	**16,762**	**14,454**	**16%**	**16,762**	**14,454**	**16%**
Revenue	**5,472**	**4,730**	**16%**	**9,888**	**8,965**	**10%**
- Hereof service revenue	2,794	2,599	8%	5,208	5,106	2%
- Hereof capital revenue	2,678	2,131	26%	4,680	3,859	21%
Gross profit	**1,315**	**1,181**	**11%**	**2,396**	**2,255**	**6%**
Gross profit margin	24.0%	25.0%		24.2%	25.2%	
SG&A cost	**(741)**	**(741)**	**0%**	**(1,427)**	**(1,419)**	**1%**
SG&A ratio	13.5%	15.7%		14.4%	15.8%	
EBITDA before special non-recurring items	**574**	**440**	**30%**	**969**	**836**	**16%**
EBITDA margin before special non-recurring items	10.5%	9.3%		9.8%	9.3%	
EBITA	**487**	**381**	**28%**	**799**	**724**	**10%**
EBITA margin	8.9%	8.1%		8.1%	8.1%	
EBIT	**381**	**299**	**27%**	**599**	**547**	**10%**
EBIT margin	6.9%	6.3%		6.1%	6.1%	
Number of employees	11,851	11,657	2%	11,851	11,657	2%



Order backlog

Order backlog for the Group decreased to DKK 16,762m (end of Q1 2019: DKK 17,824m). The decrease of DKK 1.1bn was explained by the difference in revenue and order intake of DKK -0.5bn, currency adjustments of DKK -0.1bn, and termination of a Cement order awarded in Egypt in 2017.

Revenue

Following a strong order intake and build-up of order backlog in the preceding quarters, revenue increased 16% to DKK 5,472m in Q2 2019 (Q2 2018: DKK 4,730m). Organic growth was 14%, driven by both Mining and Cement.

Service revenue in Mining accounted for 58% of the total Mining revenue (Q2 2018: 66%). Mining saw a 44% growth in capital revenue and a slight growth in service revenue.

Cement saw a 22% growth in service revenue and an 8% growth in capital revenue.

Growth in revenue Q2 2019 (vs. Q2 2018)	Mining	Cement	Group
Organic	15%	11%	14%
Acquisition	0%	0%	0%
Currency	1%	2%	2%
Total growth	**16%**	**13%**	**16%**

Service revenue in Cement accounted for 41% of the total Cement revenue (Q2 2018: 38%).

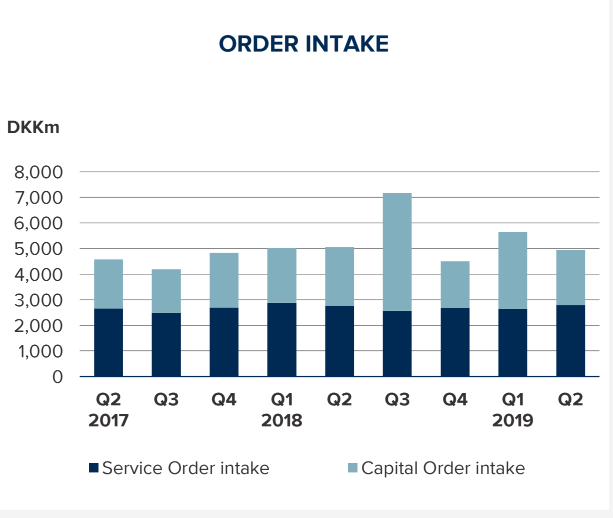
Business acquisition

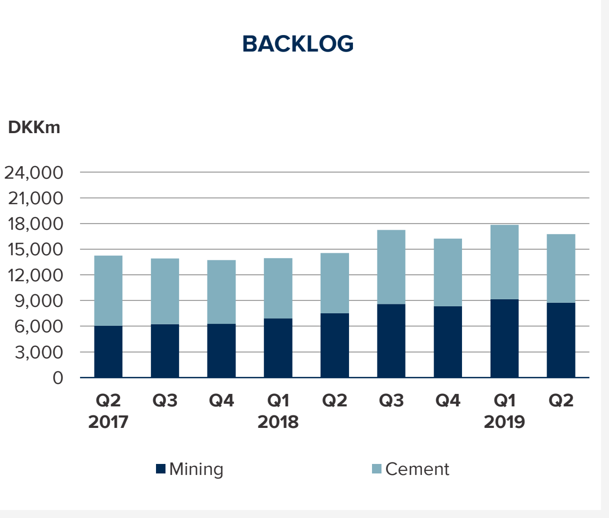
On 11 February, FLSmidth announced that it has reached an agreement to acquire IMP Automation Group. Following the approval of the competition authorities, IMP Automation Group is now officially part of FLSmidth and has been consolidated into FLSmidth as of 1 June 2019.

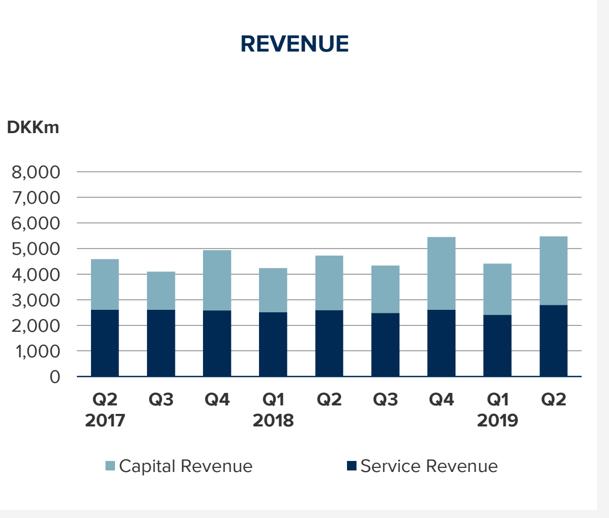
The combined IMP-FLSmidth customer offering of automated laboratory solutions is now available to mining customers worldwide. As well as gaining IMP's capabilities, FLSmidth has been bolstered by the expertise of 134 IMP employees.

The acquisition of IMP is expected to generate annual revenue in excess of DKK 150m with an EBITA margin which is accretive to the FLSmidth Group.

Included in the transaction is IMP’s 50% share in an associated company which will be accounted for using the equity method, meaning that profit will be included in the income statement below EBIT and above EBT.







PROFIT

EBITA increased 28% due to higher revenue, and the EBITA margin increased to 8.9% from 8.1% in the same quarter last year.

Gross profit and margin

Gross profit increased 11% to DKK 1,315m (Q2 2018: DKK 1,181m) due to higher revenue. The effect of IFRS 16 on gross profit was a DKK 9m improvement vs. Q2 2018 (refer to note 14). The gross margin fell to 24.0% (Q2 2018: 25.0%), and was lower in both Mining and Cement. Mining was particularly affected by a higher share of capital vs. service business.

Q2 2019 saw total research and development costs (R&D) of DKK 75m (Q2 2018: DKK 60m), representing 1.4% of revenue (Q2 2018: 1.3%), of which DKK 37m was capitalised (Q2 2018: DKK 34m) and the balance of DKK 38m expensed as production costs (Q2 2018: DKK 26m). R&D costs in Q2 related to several projects, including digitalization, standardisation, dry stack tailings and new sustainable cement technologies.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items were unchanged against Q2 2018 at DKK 741m. The cost percentage was 13.5% of revenue (Q2 2019: 15.7%). The effect of IFRS 16 on SG&A was a cost reduction of DKK 20m (refer to note 14). Without IFRS 16 the cost ratio would have been 13.9%.

Depreciation increased to DKK 87m (Q2 2018: DKK 59m) of which DKK 27m was due to IFRS 16 (refer to note 14).

EBITA and margin

EBITA increased 28% to DKK 487m (Q2 2018: DKK 381m) due to higher revenue and operating leverage. Consequently, the EBITA margin increased to 8.9% (Q2 2018: 8.1%).

Amortisation of intangible assets increased to DKK -106m (Q2 2018: DKK -82m). The effect of purchase price allocations amounted to DKK -30m (Q2 2018: DKK -40m) and other amortisation to DKK -76m (Q2 2018: DKK -42m). The increase related to both R&D and IT and included a DKK -13m impairment on a number of smaller R&D projects. Due to the acquisition of IMP, the effect of purchase price allocations is expected to increase by DKK 1-2m per quarter.

Earnings before interest and tax (EBIT) increased 27% to DKK 381m (Q2 2018: 299m).

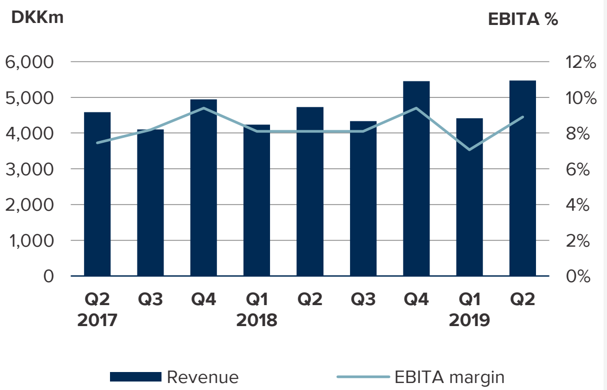
Financial items

Net financial items amounted to DKK -32m (Q2 2018: DKK -16m), of which foreign exchange and fair value adjustments amounted to DKK -21m (Q2 2018: DKK -8m) and net interest amounted to DKK -11m (Q2 2018: DKK -8m).

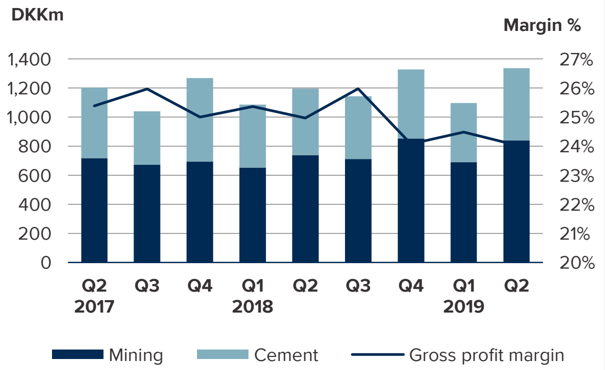
Tax

Tax for the period was DKK -115m (Q2 2018: DKK -95m), corresponding to an effective tax rate of 33% (Q2 2018: 34%).

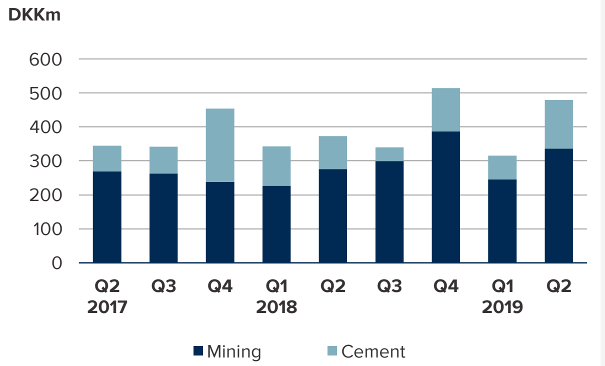
REVENUE AND EBITA MARGIN



GROSS PROFIT AND GROSS MARGIN



EBITA



Profit for the period

Profit for the period increased to DKK 223m (Q2 2018: DKK 168m) as a result of the higher operating income.

Profit from continuing activities increased to DKK 234m (Q2 2018: DKK 188m).

Loss from discontinued activities amounted to DKK -11m (Q2 2018: DKK -20m). The loss related to staff and facilities required to finalise the legacy projects in FLSmidth's disposed non-mining bulk material handling business, as well as foreign exchange losses. As disclosed in the annual report 2018, FLSmidth retains the responsibility to finalise these legacy projects, which are expected to be finalised during 2019-2020. See note 8 for further information about discontinued activities.

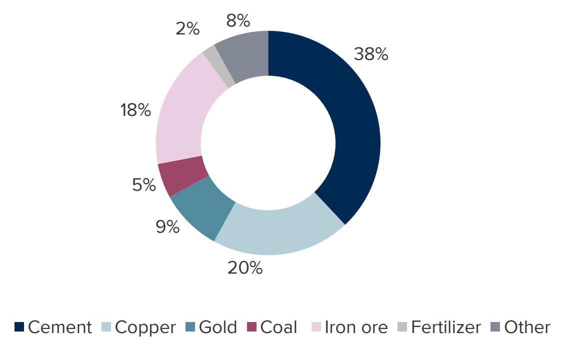
Earnings per share

Earnings per share increased to DKK 4.4 per share (diluted) (Q2 2018: DKK 3.3).

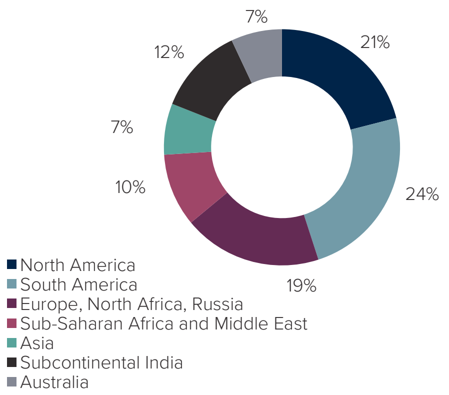
Employees

The number of employees amounted to 11,855 at the end of Q2 2019 (end of Q1 2019: 11,513). The integration of IMP Automation Group accounted for an increase of 134 employees. The residual increase of 208 employees was mainly attributable to mining and service execution in North America and back office support in India.

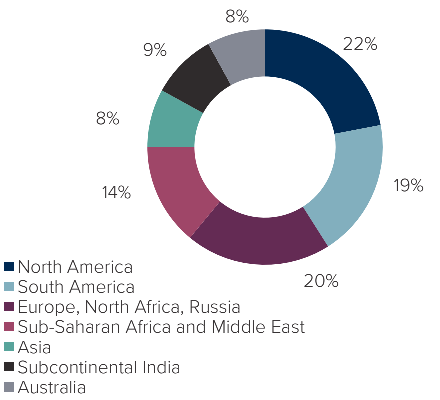
ORDER INTAKE BY COMMODITY (Q2)



REVENUE SPLIT BY REGIONS (Q2 2019)



REVENUE SPLIT BY REGIONS (Q2 2018)



FLSMIDTH

CAPITAL

ROCE increased to 11.1% as a result of higher EBITA over the past 12 months, partly offset by higher capital employed. Net debt increased due to dividend payment and the acquisition of IMP Automation Group.

Capital employed

Average capital employed increased to DKK 14.9bn in Q2 2019 (Q1 2019: DKK 14.3bn). The increase was mainly related to working capital and the acquisition of IMP Automation Group.

Net working capital

Net working capital increased to DKK 2,519m at the end of Q2 2019 (end of Q1 2019: DKK 2,207m), and the corresponding net working capital ratio was 12.8% of 12-months trailing revenue (end of Q1 2019: 11.7% of revenue). Significant progress on projects towards the end of the quarter caused a build-up of net work in progress. Further, the acquisition of IMP Automation Group contributed to DKK 57m of the increase in net working capital.

The increase in net working capital was partly offset by higher trade payables. Supply chain financing had a slight diminishing impact on trade payables in Q2. It is expected that net working capital will be closer to the target of 10% of revenue by the end of 2019.

Return on capital employed

ROCE increased to 11.1% in Q2 2019 (Q2 2018: 10.4%) as a result of a higher EBITA over the past 12 months, partly offset by higher capital employed. 12-months trailing EBITA increased to DKK 1,660m (Q2 2018: DKK 1,525m). Average capital employed increased DKK 0.2bn on Q2 last year.

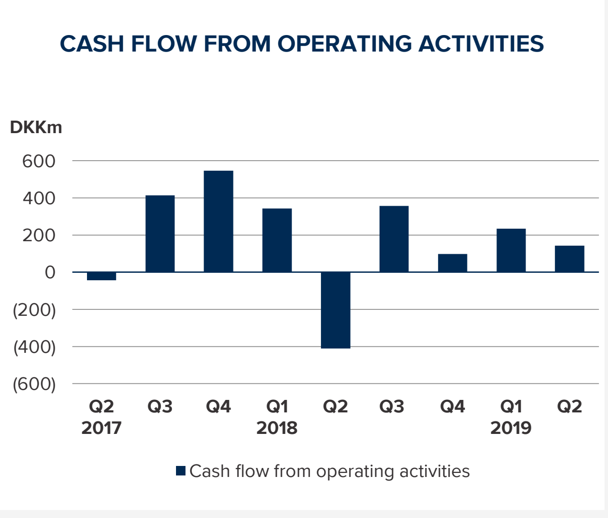
Equity ratio

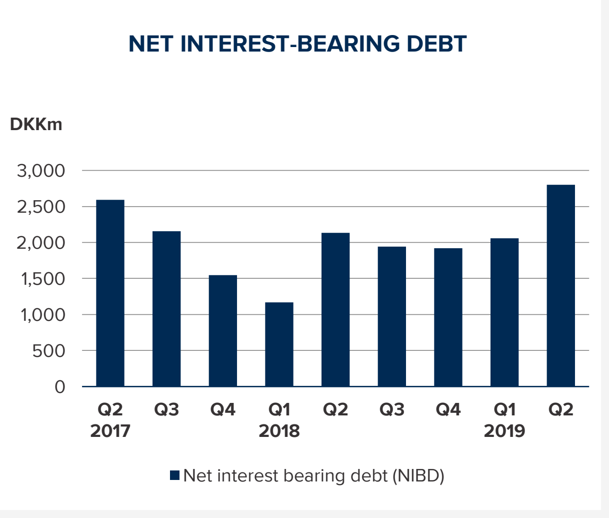
Equity at the end of Q2 2019 increased to DKK 8,313m (end of Q1 2019: DKK 8,201m), and the equity ratio was 36.0% (end of Q1 2019: 35.7%), well above the long-term target of minimum 30%.

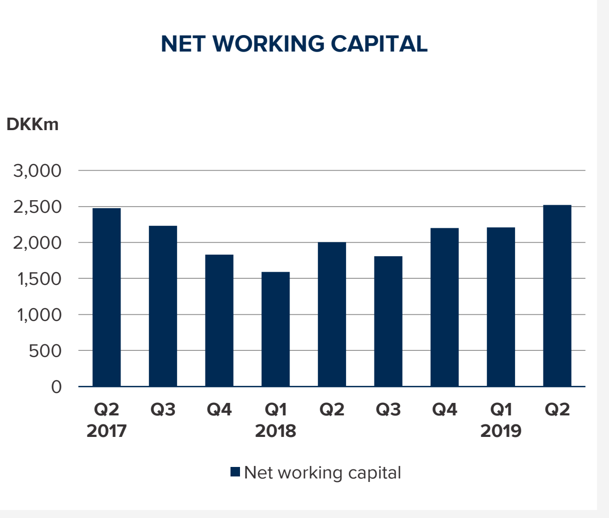
Net interest-bearing debt

Despite a positive operating cash flow, net interest-bearing debt (NIBD) increased to DKK 2,802m (end of Q1 2019: DKK 2,059m). The increase was attributable to a dividend payment of DKK 450m and cash flow from investing activities of which the acquisition of IMP Automation Group made up a substantial share.

As a result of the net debt increase, the Group's financial gearing rose to 1.4 (end of Q1 2019: 1.1), still well below the long term maximum threshold of two times NIBD to EBITDA.







Cash flow

Cash flow from operating activities increased to DKK 143m in Q2 2019 (Q2 2018: DKK -412m), of which discontinued activities amounted to DKK -36m (Q2 2018: DKK -323m). Discontinued activities are expected to generate a cash outflow of around DKK 70m in the remainder of 2019-2020 from payments related to provisions, change in net working capital and moderate SG&A cost.

Change in net working capital had a DKK 290m negative impact in Q2 2019 (Q2 2018: DKK 417m negative impact), of which discontinued activities accounted for a DKK 24m negative impact (Q2 2018: DKK 39m negative impact). See comments on net working capital developments on the previous page.

Change in provisions had a DKK 79m negative impact in Q2 2019 (Q2 2018: DKK 303m negative impact). The change related mainly to used project provisions and settlement of a tax claim in continuing activities. There were no provision changes related to discontinued activities in Q2 2019.

Cash flow from investing activities increased to DKK -373m in Q2 2019 (Q2 2018: DKK -83m), of which a substantial amount related to the acquisition of IMP Automation Group.

Free cash flow adjusted for IFRS 16 effects as well as acquisition and disposal of enterprises and activities amounted to DKK 36m (Q2 2018: DKK -565m).

A dividend of DKK 450m was approved at the general meeting in March 2019 and paid out in the second quarter.

MINING

MARKET DEVELOPMENTS

Sentiment remains positive

Sentiment in the mining market remains positive, and the second quarter saw a sustained healthy level of activity in both equipment and services.

Equipment demand continues to evolve around replacement and brownfield projects, with select greenfield opportunities. Miners are attentive of rising global issues and remain cautious on large and high-risk investments. The long-term pipeline for larger projects is encouraging, but most projects are currently not reaching further than the engineering/prefeasibility stage.

That said, the current level of commodity prices ensures good cash generation for miners and a strong foundation for future investments. Environmental approval and community issues continue to be the main threats for new mining projects to move forward.

The copper price increase observed in Q1 2019 was reversed in the second quarter, likely due to the ongoing trade deal tensions between Washington and Beijing, and falling Chinese manufacturing PMI. Gold prices, on the contrary, rose around 5% on the back a softer outlook for the global economy and escalating tensions in the Middle East.

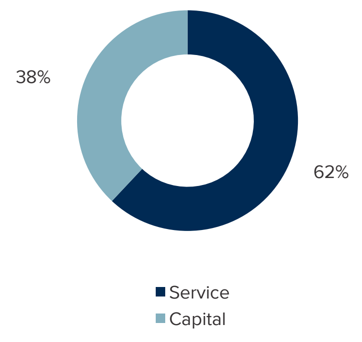
The surge in iron ore prices continued during Q2 with 62% Fe breaking above the USD 100/t mark.

Despite the resumption of operations in Brazilian iron ore mines, supply continues to drag behind demand because of Australian supply disruptions and rising demand for Chinese steelmaking.

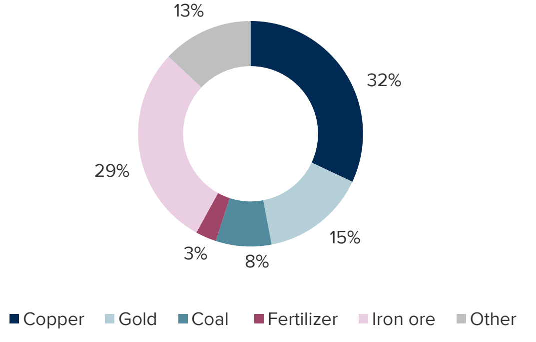
Pricing for both equipment and services was largely unchanged in the quarter.

Customers across regions and commodities are increasingly demanding digitalized solutions to improve performance, reduce operating costs and maximize safety in operations. Similarly, customers show increased interest in technology to obtain a more sustainable production, not least our effective solutions for tailings management given the latest issues with tailings dams failures and the related environmental impact.

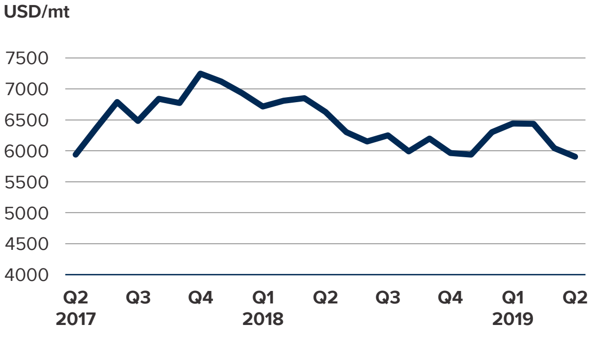
MINING ORDER INTAKE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q2)



MINING ORDER INTAKE BY COMMODITY (Q2)



COPPER PRICE USD/MT, LME



FINANCIAL PERFORMANCE IN Q2 2019

Sequential lift in order intake

Order intake in Q2 2019 decreased by 7% to DKK 3,075m (Q2 2018: DKK 3,297m), but increased by 2% compared to previous quarter (Q1 2019: DKK 3,008m). The decrease on Q2 last year was mainly due to lower capital order intake despite the awarding of a large order from Rio Tinto for an iron ore mining project in Australia valued about DKK 375m. The lower level of capital orders is explained by the lumpy nature of capital business. The mining market remains robust. Mining service order intake declined 2% compared to a strong second quarter in 2018 but increased by 5% to DKK 1,901m compared to the previous quarter. The acquisition of IMP Automation Group had a 2% positive impact on order intake. Currency effects had no impact on order intake compared to the same quarter last year.

Record high revenue

Revenue increased by 16% to DKK 3,221m (Q2 2018: DKK 2,780m). This increase was mainly driven by a lift in capital revenue, which increased by 44% year-on-year as a result of strong execution of backlog build up in preceding quarters. Currency effects had a 1% positive impact on revenue in the quarter.

Improved profitability

Gross profit, before allocation of shared cost, increased 14% to DKK 840m (Q2 2018: DKK 739m), as a result of higher revenue. Due to the larger share of lower-margin capital business, gross margin decreased to 26.1% (Q2 2018: 26.6%).

EBITA increased 21% year-on-year to DKK 336m (Q2 2018: DKK 277m), and the EBITA margin increased to 10.4%, (Q2 2018: 9.9%).

FINANCIAL PERFORMANCE IN H1 2019

Order intake in H1 2019 decreased by 8% to DKK 6,083m (H1 2018: DKK 6,636m), explained by a strong order intake in the first half of 2018.

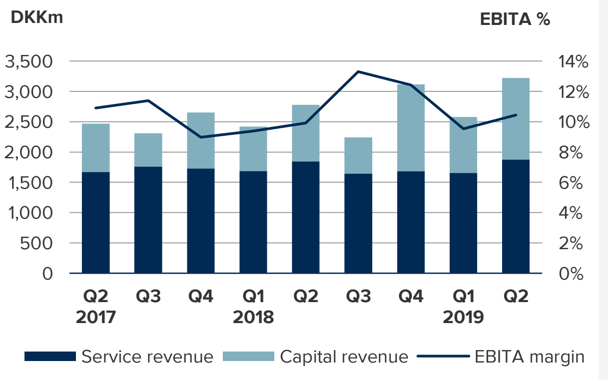
Driven by high capital revenue in Q2 2019, Mining revenue increased by 12% to DKK 5,800m in the first six months of 2019 (H1 2018: DKK 5,198m).

EBITA increased by 16% to DKK 582m (H1 2018: DKK 503m) and the corresponding EBITA margin rose to 10.0% from 9.7% in H1 2018.

MINING

(DKKm)	Q2 2019	Q2 2018	Change (%)	H1 2019	H1 2018	Change (%)
Order intake (gross)	**3,075**	**3,297**	**-7%**	**6,083**	**6,636**	**-8%**
- Hereof service order intake	1,901	1,948	-2%	3,703	4,032	-8%
- Hereof capital order intake	1,174	1,349	-13%	2,380	2,604	-9%
Order backlog	**8,757**	**7,526**	**16%**	**8,757**	**7,526**	**16%**
Revenue	**3,221**	**2,780**	**16%**	**5,800**	**5,198**	**12%**
- Hereof service revenue	1,876	1,844	2%	3,530	3,533	0%
- Hereof capital revenue	1,345	936	44%	2,270	1,665	36%
Gross profit before allocation of shared cost	**840**	**739**	**14%**	**1,529**	**1,392**	**10%**
Gross profit margin before allocation of shared cost	26.1%	26.6%		26.3%	26.8%	
EBITA before allocation of shared cost	**541**	**492**	**10%**	**983**	**927**	**6%**
EBITA margin before allocation of shared cost	16.8%	17.8%		16.9%	17.8%	
EBITA	**336**	**277**	**21%**	**582**	**503**	**16%**
EBITA margin	10.4%	9.9%		10.0%	9.7%	
EBIT	**274**	**221**	**24%**	**454**	**386**	**18%**
EBIT margin	8.5%	7.9%		7.8%	7.4%	
Number of employees	5,141	4,828	6%	5,141	4,828	6%

REVENUE AND EBITA MARGIN



FLSMIDTH

CEMENT

MARKET DEVELOPMENTS

Stable level of market activity

In the second quarter, the cement market showed a stable level of activity for both equipment and services. The market remains very competitive with stable pricing at a low level.

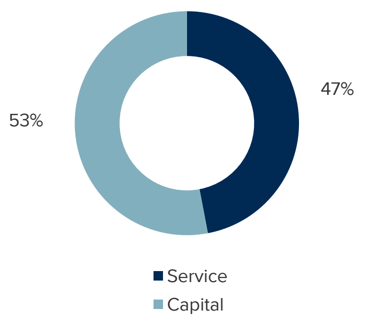
Global growth has continued to soften this year (World Bank, June 2019), and though Gross Domestic Product (GDP) is a key driver for cement demand, the cement industry seems unaffected at this stage. During the second quarter, FLSmidth announced its third large cement plant order for the year.

The pipeline remains at a similar level with a few opportunities for larger projects and a healthy level of small to mid-sized opportunities within upgrades, retrofits and single equipment.

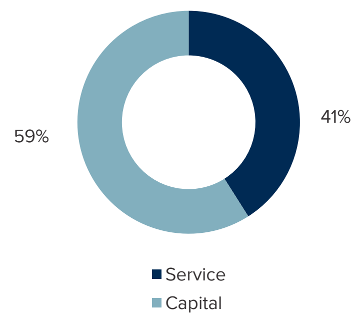
The level of small-sized opportunities increased slightly in some regions, including South America, Asia and India. European cement producers show increasing interest in alternative fuel conversions aimed at increasing substitution of fossil fuels. In general, the cement industry is experiencing an increasing push from regulators, investors and other stakeholders to reduce emissions from cement plant production. The increased focus on sustainable production is positive for FLSmidth as the leading premium supplier of sustainable productivity improvement.

FLSmidth helps cement producers worldwide to reduce CO_2, NOx and dust emissions with our existing offering of the most sustainable solutions. At the same time, an increasing share of our R&D resources is allocated to innovations aimed at reducing emissions even further. During the second quarter, FLSmidth introduced a new and innovative calciner design which reduces NOx emissions for a cement plant by up to 60%.

CEMENT ORDER INTAKE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q2)



CEMENT REVENUE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS (Q2)



FINANCIAL PERFORMANCE IN Q2 2019

Higher service and capital orders

Order intake in Q2 2019 increased 5% year-on-year to DKK 1,879m (Q2 2018: DKK 1,792m), driven by both service and capital orders. Order intake for the second quarter 2019 included a large cement order worth around DKK 335m (Q2 2018: no large cement orders). Adjusted for the large order in Q2 2019, order intake decreased by 14% compared to the same quarter last year.

Large lift in revenue

In Q2 2019, revenue increased by 13% year-on-year to DKK 2,251m (Q2 2018: DKK 1,990m), and 23% compared to previous quarter (Q1 2019: DKK 1,837m). Compared to the same quarter last year, service revenue and capital revenue increased by 22% and 8%, respectively. Currency effects had a 2% positive impact on revenue in the quarter.

Profit improvement initiatives paying off

Gross profit, before allocation of shared cost, increased 9% to DKK 496m (Q2 2018: DKK 456m). Gross margin decreased to 22.0% (Q2 2018: 22.9%) but was largely in line with the previous quarter.

As a result of the higher gross profit and high operating leverage, EBITA increased 47% year-on-year to DKK 143m (Q2 2018: DKK 97m) and the corresponding EBITA margin increased to 6.3% (Q2 2018: 4.9%).

As a consequence of our competitive strength, cement order intake and revenue has developed positively in the first half of 2019. Nevertheless, we will continue to prioritise profit above growth in Cement. We have become more selective on large projects and we will continue to drive product and service sales to achieve a more favourable business mix.

FINANCIAL PERFORMANCE IN H1 2019

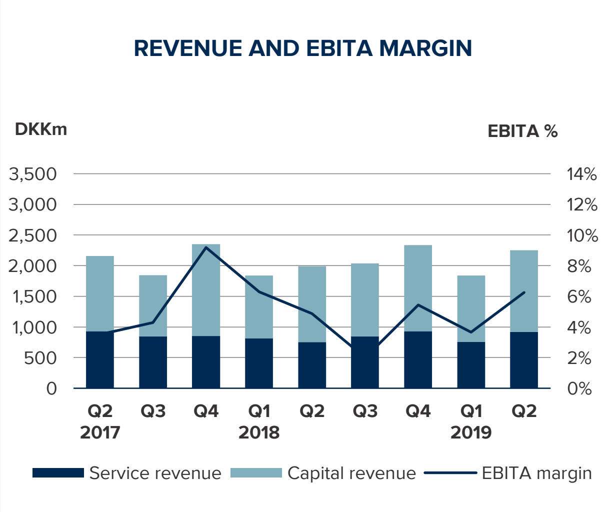
Order intake in H1 2019 increased by 29% to DKK 4,511m (H1 2018: DKK 3,499m). This increase was mainly due to the strong order intake in the first quarter of 2019 which included two large cement orders, together worth approximately DKK 900m.

Revenue in the first six months of 2019 increased by 7% to DKK 4,088m (H1 2018: DKK 3,831), largely driven by the increase in service revenue during the second quarter.

EBITA was stable at DKK 212m compared to the same period last year (H1 2018: DKK 213m), while the corresponding EBITA margin decreased to 5.2% (H1 2018: 5.6%).

CEMENT

(DKKm)	Q2 2019	Q2 2018	Change (%)	H1 2019	H1 2018	Change (%)
Order intake (gross)	**1,879**	**1,792**	**5%**	**4,511**	**3,499**	**29%**
- Hereof service order intake	883	825	7%	1,729	1,626	6%
- Hereof capital order intake	996	967	3%	2,782	1,873	49%
Order backlog	**8,005**	**7,003**	**14%**	**8,005**	**7,003**	**14%**
Revenue	**2,251**	**1,990**	**13%**	**4,088**	**3,831**	**7%**
- Hereof service revenue	918	754	22%	1,678	1,572	7%
- Hereof capital revenue	1,333	1,236	8%	2,410	2,259	7%
Gross profit before allocation of shared cost	**496**	**456**	**9%**	**904**	**889**	**2%**
Gross profit margin before allocation of shared cost	22.0%	22.9%		22.1%	23.2%	
EBITA before allocation of shared cost	**319**	**295**	**8%**	**554**	**599**	**-8%**
EBITA margin before allocation of shared cost	14.1%	14.8%		13.5%	15.6%	
EBITA	**143**	**97**	**47%**	**212**	**213**	**0%**
EBITA margin	6.3%	4.9%		5.2%	5.6%	
EBIT	**99**	**71**	**39%**	**140**	**153**	**-8%**
EBIT margin	4.4%	3.6%		3.4%	4.0%	
Number of employees	5,249	5,449	-4%	5,249	5,449	-4%



SUSTAINABILITY

SAFETY
In Q2, we achieved a total recordable injury frequency rate of 1.6 against our 2019 target of maximum 2.7. Focus has been on proactive activities such as an Incident & Injury reduction program, as well as a campaign to prevent injuries, mitigate risks and improve employee engagement toward safety.

COMPLIANCE
792 due diligence screenings were conducted for the period 2017 – Q2 2019 with a target of 750 for the period 2017-2019. Currently, we are reviewing our process for internal investigations to ensure that we also meet our stakeholders need for transparency and compliance in the future.

PEOPLE
At the end of Q2 2019, 11.4% of our manager roles were filled by women, compared to a 2019 target of 11%. In Q2, we initiated unconscious bias workshops throughout our global organisation and enforced regional initiatives to support the local KPI's.

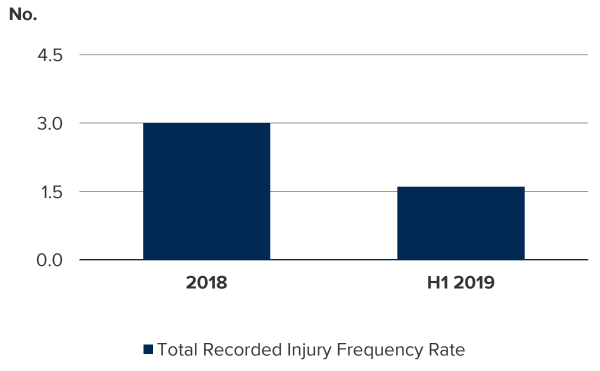
ENVIRONMENT
Year-to-date, we made a significant decrease in scope 1 & 2 CO_2 emissions with a carbon intensity of 2.5 tonnes/DKKm revenue (2018: 3.2). Our long-term target is to reduce emissions by 10% by 2023, using 2017 as the baseline. To support our effort, we continue to standardise our reporting methodologies, while disclosing through CDP.

SUPPLY CHAIN
In the first half of 2019, we have sustainability-screened 309 high-risk suppliers, surpassing our 2019 target of 300. With the high number of direct engagements with suppliers, we are improving the quality and identifying future initiatives.

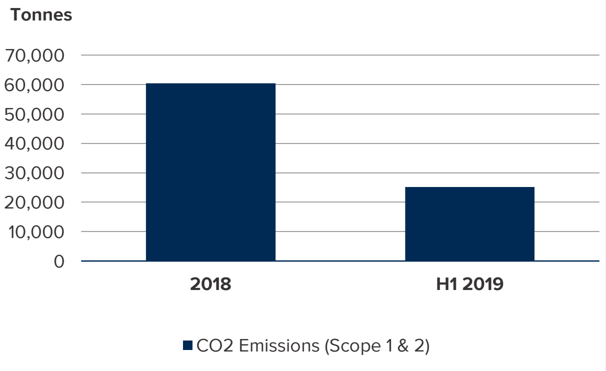
HUMAN RIGHTS
Year-to-date, we have made six on-site and 11 off-site audits, with a full year target of 15 and 50 respectively. Progress was made by launching a human rights grievance mechanism through our whistle-blower hotline. In H2, we have an increased focus on both on- and off-site assessments, making it realistic to reach our target.

By year end 2019, all reported sustainability figures will be externally assured.

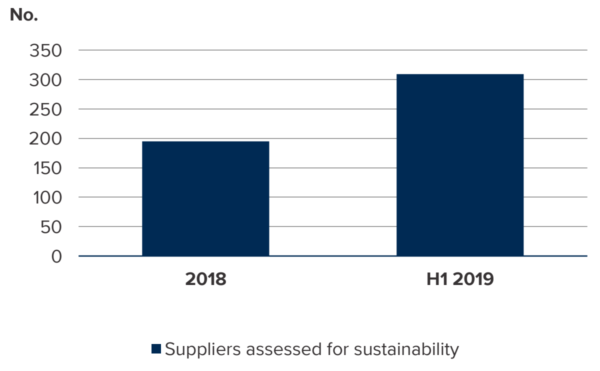
TOTAL RECORDABLE INJURY FREQUENCY RATE



CO_2 EMISSIONS (SCOPE 1 & 2)



SUPPLIERS ASSESSED FOR SUSTAINABILITY



QUARTERLY KEY FIGURES

DKKm	2017			2018				2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
INCOME STATEMENT									
Revenue	4,585	4,101	4,943	4,235	4,730	4,335	5,450	4,416	5,472
- Hereof service revenue	2,613	2,609	2,583	2,507	2,599	2,489	2,613	2,414	2,794
- Hereof capital revenue	1,972	1,492	2,360	1,728	2,131	1,846	2,837	2,002	2,678
Gross profit	**1,164**	**1,065**	**1,234**	**1,074**	**1,181**	**1,126**	**1,312**	**1,081**	**1,315**
SG&A costs	(759)	(667)	(741)	(678)	(741)	(718)	(730)	(686)	(741)
EBITDA before special non-recurring items	**405**	**398**	**493**	**396**	**440**	**408**	**582**	**395**	**574**
Special non-recurring items	0	(4)	55	3	0	0	(5)	0	0
Depreciation and impairment of property, plant and equipment	(63)	(58)	(83)	(56)	(59)	(58)	(66)	(83)	(87)
EBITA	**342**	**336**	**465**	**343**	**381**	**350**	**511**	**312**	**487**
Amortisation and impairment of intangible assets	(105)	(102)	(93)	(95)	(82)	(96)	(92)	(94)	(106)
EBIT	**237**	**234**	**372**	**248**	**299**	**254**	**419**	**218**	**381**
Financial income/costs, net	(94)	(101)	(82)	(35)	(16)	(17)	(93)	(3)	(32)
EBT	**143**	**133**	**282**	**213**	**283**	**237**	**326**	**215**	**349**
Tax for the period	(51)	(38)	(230)	(66)	(95)	(66)	(21)	(70)	(115)
Profit on continuing activities for the period	**92**	**95**	**52**	**147**	**188**	**171**	**305**	**145**	**234**
Loss on discontinued activities for the period	(17)	(72)	(237)	(11)	(20)	(9)	(136)	(9)	(11)
Profit/loss for the period	**75**	**23**	**(185)**	**136**	**168**	**162**	**169**	**136**	**223**
Effect of purchase price allocation	(55)	(55)	(55)	(40)	(40)	(40)	(40)	(30)	(30)
Gross margin	*25.4%*	*26.0%*	*25.0%*	*25.4%*	*25.0%*	*26.0%*	*24.1%*	*24.5%*	*24.0%*
EBITDA margin before special non-recurring items	*8.8%*	*9.7%*	*10.0%*	*9.4%*	*9.3%*	*9.4%*	*10.7%*	*8.9%*	*10.5%*
EBITA margin	*7.5%*	*8.2%*	*9.4%*	*8.1%*	*8.1%*	*8.1%*	*9.4%*	*7.1%*	*8.9%*
EBIT margin	*5.2%*	*5.7%*	*7.5%*	*5.9%*	*6.3%*	*5.9%*	*7.7%*	*4.9%*	*6.9%*
Cash flow from operating activities	(44)	414	546	343	(412)	357	97	234	143
Cash flow from investing activities	(65)	(69)	56	(42)	(83)	(109)	(51)	(85)	(373)
Net working capital	2,477	2,232	1,833	1,590	2,003	1,809	2,200	2,207	2,519
Order intake, continuing activities (gross)	4,580	4,193	4,836	5,018	5,056	7,164	4,503	5,640	4,954
- Hereof service order intake	2,653	2,501	2,693	2,885	2,773	2,569	2,680	2,648	2,784
- Hereof capital order intake	1,927	1,692	2,143	2,133	2,283	4,595	1,823	2,992	2,170
Order backlog, continuing activities	14,115	13,799	13,654	13,874	14,454	17,228	16,218	17,824	16,762

DKKm				2018				2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING									
Mining									
Revenue	2,468	2,310	2,653	2,418	2,780	2,242	3,117	2,579	3,221
- Hereof service revenue	1,672	1,761	1,729	1,689	1,844	1,644	1,681	1,654	1,876
- Hereof capital revenue	796	549	924	729	936	598	1,436	925	1,345
Gross profit before allocation of shared costs	717	672	695	653	739	711	853	689	840
EBITA before allocation of shared costs	469	463	488	435	492	456	589	442	541
EBITA	269	263	238	226	277	299	387	246	336
EBIT	202	198	175	165	221	228	323	180	274
Gross margin before allocation of shared costs	*29.1%*	*29.1%*	*26.2%*	*27.0%*	*26.6%*	*31.7%*	*27.4%*	*26.7%*	*26.1%*
EBITA margin before allocation of shared costs	*19.0%*	*20.0%*	*18.4%*	*18.0%*	*17.8%*	*20.3%*	*18.9%*	*17.1%*	*16.8%*
EBITA margin	*10.9%*	*11.4%*	*9.0%*	*9.3%*	*9.9%*	*13.3%*	*12.4%*	*9.5%*	*10.4%*
EBIT margin	*8.2%*	*8.6%*	*6.6%*	*6.8%*	*7.9%*	*10.2%*	*10.4%*	*7.0%*	*8.5%*
Order intake (gross)	2,407	2,737	2,589	3,339	3,297	3,250	2,980	3,008	3,075
- Hereof service order intake	1,788	1,609	1,714	2,084	1,948	1,702	1,707	1,802	1,901
- Hereof capital order intake	619	1,128	875	1,255	1,349	1,548	1,273	1,206	1,174
Order backlog	6,064	6,230	6,261	6,900	7,526	8,579	8,350	9,171	8,757
Cement									
Revenue	2,159	1,843	2,352	1,841	1,990	2,038	2,335	1,837	2,251
- Hereof service revenue	928	848	853	818	754	846	932	760	918
- Hereof capital revenue	1,231	995	1,499	1,023	1,236	1,192	1,403	1,077	1,333
Gross profit before allocation of shared costs	484	367	573	433	456	432	475	408	496
EBITA before allocation of shared costs	249	250	427	304	295	150	321	235	319
EBITA	76	79	216	116	97	41	127	69	143
EBIT	37	42	186	82	71	16	99	41	99
Gross margin before allocation of shared costs	*22.4%*	*19.9%*	*24.4%*	*23.5%*	*22.9%*	*21.2%*	*20.4%*	*22.2%*	*22.0%*
EBITA margin before allocation of shared costs	*11.5%*	*13.6%*	*18.2%*	*16.5%*	*14.8%*	*7.4%*	*13.7%*	*12.8%*	*14.1%*
EBITA margin	*3.5%*	*4.3%*	*9.2%*	*6.3%*	*4.9%*	*2.0%*	*5.4%*	*3.7%*	*6.3%*
EBIT margin	*1.7%*	*2.3%*	*7.9%*	*4.5%*	*3.6%*	*0.8%*	*4.2%*	*2.2%*	*4.4%*
Order intake (gross)	2,205	1,489	2,277	1,707	1,792	3,858	1,524	2,632	1,879
- Hereof service order intake	857	891	979	801	825	867	973	846	883
- Hereof capital order intake	1,348	598	1,298	906	967	2,991	551	1,786	996
Order backlog	8,197	7,697	7,473	7,057	7,003	8,653	7,872	8,653	8,005

FLSmidth

INTERIM FINANCIAL STATEMENTS AND H1 2019 COMMENTS

GROWTH

Order intake
In the first half of 2019, the order intake increased 5% to DKK 10,594m compared to same period last year. The increase was fully attributable to Cement, whereas Mining saw a decline.

Order backlog
By the end of Q2 2019 order backlog increased 16% to DKK 16,762m (end of Q2 2018: DKK 14,454m). The increase was attributable to both segments. Mining increased by 16%. Cement increased 14%.

Growth in order intake H1 2019 (vs. H1 2018)	Mining	Cement	Group
Organic	-9%	27%	4%
Acquisition	1%	0%	1%
Currency	0%	2%	0%
Total growth	**-8%**	**29%**	**5%**

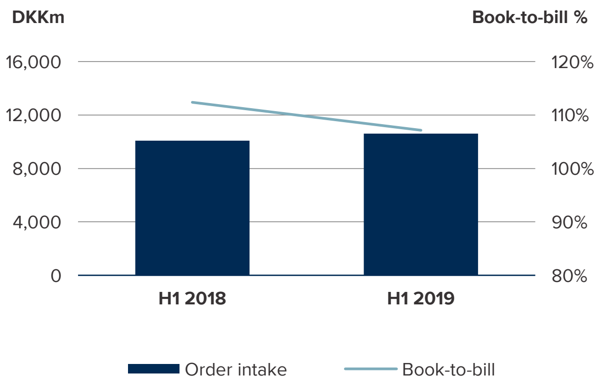
Order backlog maturity
Based on the order backlog maturity profile, 50% of the backlog is expected to be converted to revenue in the remainder of 2019, 34% in 2020, and 16% in 2021 and beyond.

Revenue
Revenue increased 10% to DKK 9,888m, explained by growth in both segments. Mining increased 12% and Cement was up 7%.

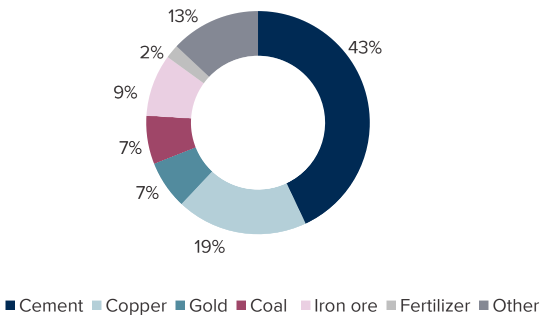
Revenue related to service business increased 2%. The increase was related to Cement.

Revenue related to capital business increased 21% as a result of high project execution in Mining and an increased product sales in Cement.

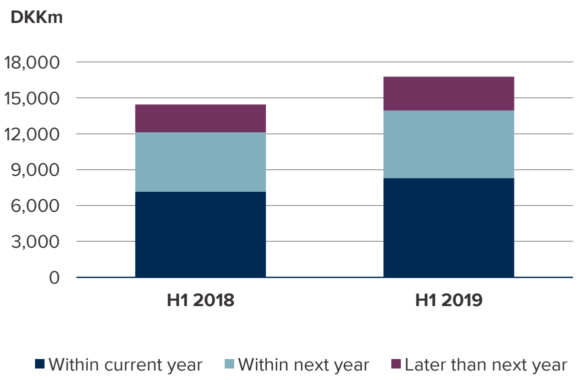
ORDER INTAKE AND BOOK-TO-BILL



ORDER INTAKE BY COMMODITY



BACKLOG MATURITY



FLSMIDTH

PROFIT

Gross profit and margin

The gross profit in the first half of 2019 increased 6% to DKK 2,396m. The gross margin went down 1.0 percentage point to 24.2%. The gross margin declined mainly due to a higher share of lower-margin capital business.

In the first half of 2019, research and development costs were DKK 138m, of which DKK 61m were capitalised.

In the first half of 2019, the amortisation of intangible assets increased, due to increased R&D.

EBITA and margin

EBITA increased 10% to DKK 799m. The increase in EBITA reflected the increase in revenue for the first half of 2019. The EBITA margin was stable at 8.1%.

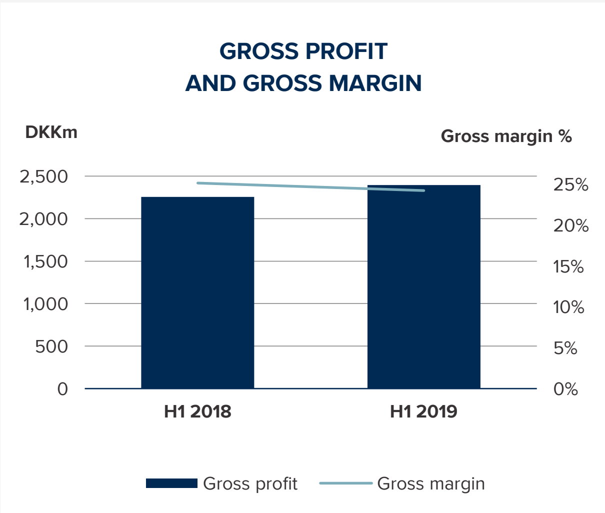
The effect of IFRS 16 on SG&A was a cost reduction of DKK 35m (refer to note 14). Without IFRS 16 the cost ratio would have been 14.8%.

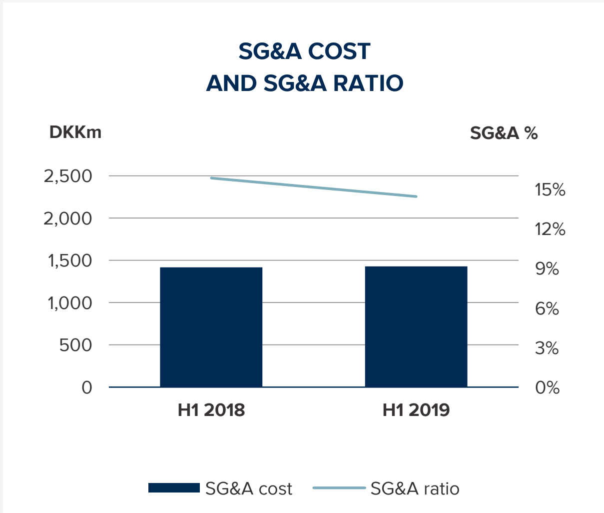
Profit for the period

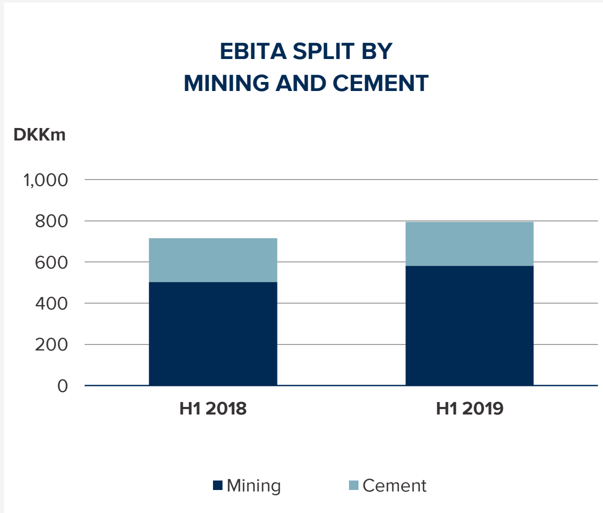
Profit for the period from continued business increased to DKK 379m, up by 13%. Profit for the period increased 18% to DKK 359m, mainly due to higher operating profit in continuing activities.

Earnings per share

Earnings per share increased to DKK 7.2 (H1 2018: DKK 6.1).







INCOME STATEMENT

Notes	DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
3, 4	Revenue	5,472	4,730	9,888	8,965
	Production costs	(4,157)	(3,549)	(7,492)	(6,710)
	Gross profit	**1,315**	**1,181**	**2,396**	**2,255**
	Sales costs	(379)	(387)	(722)	(742)
	Administrative costs	(375)	(364)	(726)	(698)
	Other operating items	13	10	21	21
	EBITDA before special non-recurring items	**574**	**440**	**969**	**836**
	Special non-recurring items	0	0	0	3
	Depreciation and impairment of property, plant and equipment	(87)	(59)	(170)	(115)
	EBITA	**487**	**381**	**799**	**724**
	Amortisation and impairment of intangible assets	(106)	(82)	(200)	(177)
	EBIT	**381**	**299**	**599**	**547**
	Financial income	336	121	532	451
	Financial costs	(368)	(137)	(567)	(502)
	EBT	**349**	**283**	**564**	**496**
	Tax for the period	(115)	(95)	(185)	(161)
	Profit for the period, continuing activities	**234**	**188**	**379**	**335**
3, 8	Loss for the period, discontinued activities	(11)	(20)	(20)	(31)
	Profit for the period	**223**	**168**	**359**	**304**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	222	167	360	303
	Minority interests	1	1	(1)	1
		223	**168**	**359**	**304**
11	Earnings per share (EPS):				
	Continuing and discontinued activities per share	4.4	3.4	7.2	6.1
	Continuing and discontinued activities per share, diluted	4.4	3.3	7.2	6.1
	Continuing activities per share	4.6	3.8	7.6	6.7
	Continuing activities per share, diluted	4.6	3.7	7.6	6.7

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
	Profit for the period	**223**	**168**	**359**	**304**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	(1)	0	(1)	(1)
	Tax hereof, including reversal of impairment of tax assets	0	0	0	0
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	(117)	90	101	(105)
	Cash flow hedging:				
	- Value adjustments for the period	4	(20)	13	(9)
	- Value adjustments transferred to work in progress	(4)	0	(1)	0
	Tax hereof	(5)	8	(7)	19
	Other comprehensive income for the period after tax	**(123)**	**78**	**105**	**(96)**
	Comprehensive income for the period	**100**	**246**	**464**	**208**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	99	247	465	209
	Minority interests	1	(1)	(1)	(1)
		100	**246**	**464**	**208**

CASH FLOW

Cash flow from operating activities
Cash flow from operating activities amounted to DKK 377m (H1 2018: DKK -69m). The primary drivers were improved earnings and a positive development in the change in provisions as H1 2018 included a settlement of legacy projects in discontinued activities.

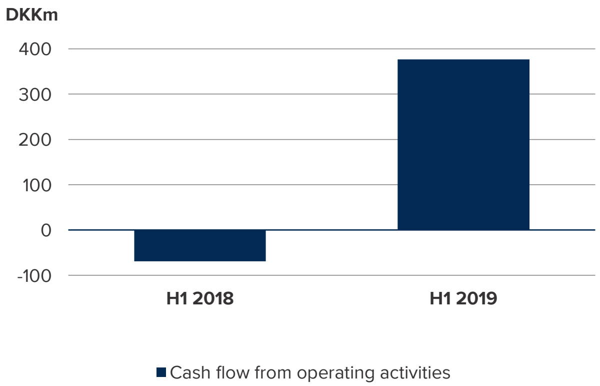
Cash flow from investing activities
Cash flow used for investments increased significantly to DKK -458m (H1 2018: DKK -125m), driven by the business acquisition of IMP Automation Group for DKK 293m. In the comparative period the acquisition of Sandvik Mining Systems contributed positively by DKK 70m.

Free cash flow
Free cash flow adjusted for business acquisitions and disposals was DKK 218m (H1 2018: DKK -274m).

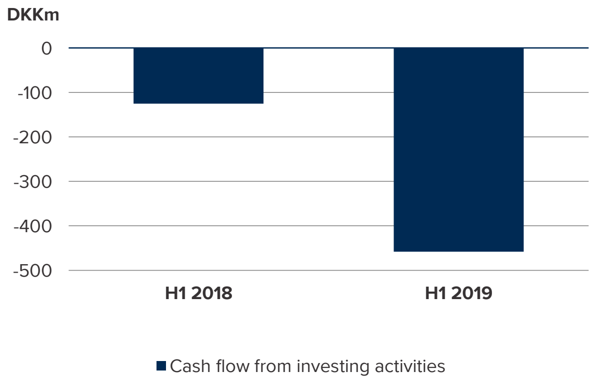
Cash flow from financing activities
The dividend approved at the Annual General Meeting was paid out in Q2 2019, with a net payout of DKK 450m, impacting the change in net interest-bearing debt.

Cash position
At the end of Q2 2019, the Group's capital resources consisted of committed credit facilities of DKK 6.5bn (including mortgage) with a weighted average time to maturity of 2.8 years.

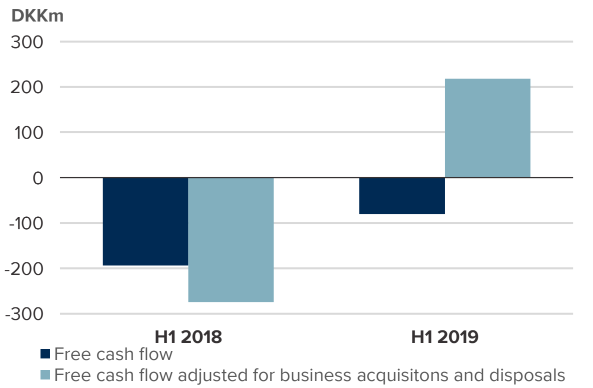
CASH FLOW FROM OPERATING ACTIVITIES



CASH FLOW FROM INVESTING ACTIVITIES



FREE CASH FLOW



CASH FLOW STATEMENT

	DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
	EBITDA before special non-recurring items, continuing activities	574	440	969	836
	EBITDA before special non-recurring items, discontinued activities	(5)	(45)	(15)	(56)
	EBITDA	**569**	**395**	**954**	**780**
	Adjustment for gain on sale of property, plant and equipment, intangible assets etc.	6	10	20	16
	Adjusted EBITDA	**575**	**405**	**974**	**796**
	Change in provisions	(79)	(303)	(199)	(388)
	Change in net working capital	(290)	(417)	(232)	(275)
	Cash flow from operating activities before financial items and tax	**206**	**(315)**	**543**	**133**
	Financial items received and paid	(20)	(22)	(25)	(26)
	Taxes paid	(43)	(75)	(141)	(176)
	Cash flow from operating activities	**143**	**(412)**	**377**	**(69)**
7	Acquisition of enterprises and activities	(293)	60	(299)	70
	Acquisition of intangible assets	(67)	(51)	(107)	(59)
	Acquisition of property, plant and equipment	(21)	(136)	(60)	(192)
	Acquisition of financial assets	0	0	0	(19)
	Disposal of enterprises and activities	0	10	0	10
	Disposal of property, plant and equipment	0	0	0	18
	Disposal of financial assets	2	34	2	47
	Dividend from associates	6	0	6	0
	Cash flow from investing activities	**(373)**	**(83)**	**(458)**	**(125)**
	Free cash flow	**(230)**	**(495)**	**(81)**	**(194)**
	Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	**63**	**(565)**	**218**	**(274)**
	Free cash flow, adjusted for IFRS 16, Leases	**(257)**		**(129)**	

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
Dividend	(450)	(410)	(450)	(410)
Addition of minority interests	1	0	7	0
Acquisition of treasury shares	0	(42)	0	(42)
Exercise of share options	4	70	8	109
Repayment of lease liabilities	(27)	0	(48)	0
Change in net interest-bearing debt	485	694	435	315
Cash flow from financing activities	**13**	**312**	**(48)**	**(28)**
Change in cash and cash equivalents	**(217)**	**(183)**	**(129)**	**(222)**
Cash and cash equivalents at beginning of period	984	1,343	875	1,425
Foreign exchange adjustment, cash and cash equivalents	(12)	(14)	9	(57)
Cash and cash equivalents at 31 June	**755**	**1,146**	**755**	**1,146**
Hereof cash and cash equivalents included in assets held for sale	0	15	0	15

FINANCIAL POSITION

Capital

Balance sheet

Total assets increased to DKK 23,067m (2018: DKK 21,743m) at the end of Q2 2019, driven by business acquisition effects of DKK 385m, IFRS 16 effects of DKK 317m and increases in net working capital.

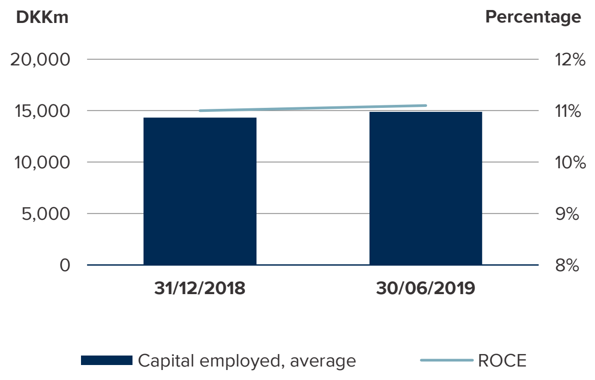
Net working capital

Net working capital increased to DKK 2,519m, and the corresponding net working capital ratio was 12.8% of 12-months trailing revenue, compared to 11.7% end of 2018. The increase related to net work in progress and inventories. The higher level of net work in progress was caused by increased project activity. The increase in inventories resulted from the increased order activity as well as strategic inventory to support product and parts sales. However partly counterbalanced by a significant increase in trade payables. Also, the acquisition of IMP Automation Group contributed DKK 57m of the increase in net working capital.

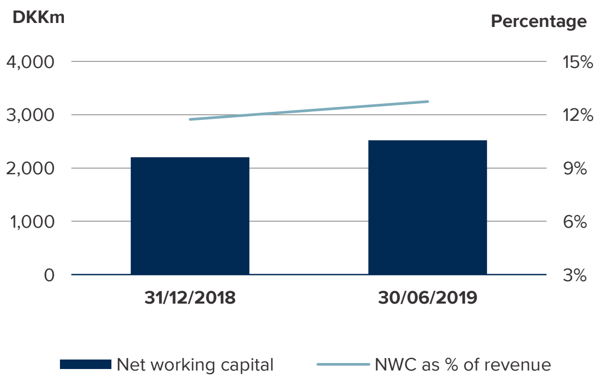
Net interest-bearing debt

Net interest-bearing debt (NIBD) by the end of Q2 2019 increased to DKK 2,802m (end of 2018: DKK 1,922m). The Group's financial gearing was 1.4 (end of 2018: 1.1). The effect of IFRS 16 was an increase of DKK 320m. Without IFRS 16, the net debt would have been DKK 2,482m.

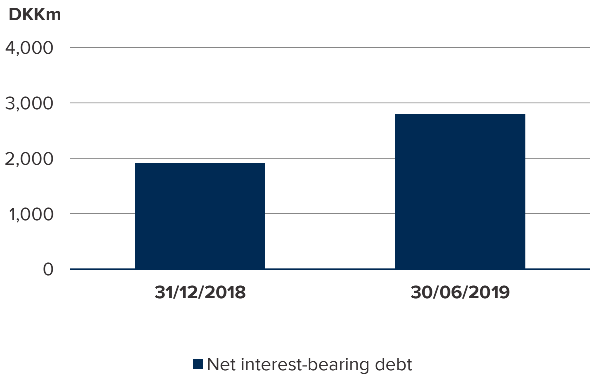
RETURN ON CAPITAL EMPLOYED



NET WORKING CAPITAL



NET INTEREST-BEARING DEBT



BALANCE SHEET

Notes	DKKm	30/06 2019	31/12 2018	30/06 2018
	ASSETS			
	Goodwill	4,323	4,238	4,222
	Patents and rights	982	1,026	1,074
	Customer relations	667	686	745
	Other intangible assets	139	59	45
	Completed development projects	190	249	211
	Intangible assets under development	276	260	227
	Intangible assets	**6,577**	**6,518**	**6,524**
	Land and buildings	1,616	1,598	1,653
	Plant and machinery	462	474	490
	Operating equipment, fixtures and fittings	97	98	103
	Tangible assets in course of construction	33	65	58
	Property, plant and equipment	**2,208**	**2,235**	**2,304**
14	**Lease assets**	**317**	**0**	**0**
	Deferred tax assets	1,185	1,174	1,095
	Investments in associates	168	0	0
12	Other securities and investments	39	42	46
	Other non-current assets	**1,392**	**1,216**	**1,141**
	Non-current assets	**10,494**	**9,969**	**9,969**
	Inventories	2,893	2,685	2,529
	Trade receivables	4,493	4,586	3,869
10	Work in progress	2,776	2,252	2,101
	Prepayments to subcontractors	399	318	227
	Income tax receivables	243	233	576
	Other receivables	1,014	825	833
	Cash and cash equivalents	755	875	1,131
	Current assets	**12,573**	**11,774**	**11,266**
	Assets classified as held for sale	0	0	379
	Total assets	**23,067**	**21,743**	**21,614**

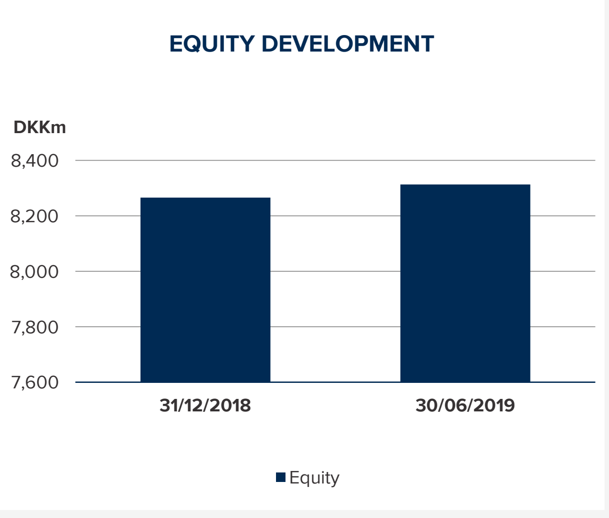
Notes	DKKm	30/06 2019	31/12 2018	30/06 2018
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(353)	(454)	(425)
	Cash flow hedging	(41)	(53)	(42)
	Retained earnings	7,666	7,277	7,338
	Proposed dividend	0	461	0
	Shareholders in FLSmidth & Co. A/S	**8,297**	**8,256**	**7,896**
	Minority interests	16	10	37
	Equity	**8,313**	**8,266**	**7,933**
	Deferred tax liabilities	320	313	367
	Pension obligations	271	270	272
5	Provisions	414	499	333
14	Lease liabilities	223	0	0
	Bank loans and mortgage debt	3,216	2,627	1,823
	Prepayments from customers	241	207	144
	Other liabilities	108	41	38
	Non-current liabilities	**4,793**	**3,957**	**2,977**
	Pension obligations	8	12	9
5	Provisions	673	780	702
14	Lease liabilities	97	0	0
	Bank loans and mortgage debt	21	175	1,470
	Prepayments from customers	1,468	1,595	1,299
10	Work in progress	1,697	1,453	1,622
	Trade payables	3,914	3,322	2,890
	Income tax liabilities	320	259	579
	Other liabilities	1,763	1,924	1,599
	Current liabilities	**9,961**	**9,520**	**10,170**
	Liabilities associated with assets classified as held for sale	0	0	534
	Total liabilities	**14,754**	**13,477**	**13,681**
	Total equity and liabilities	**23,067**	**21,743**	**21,614**

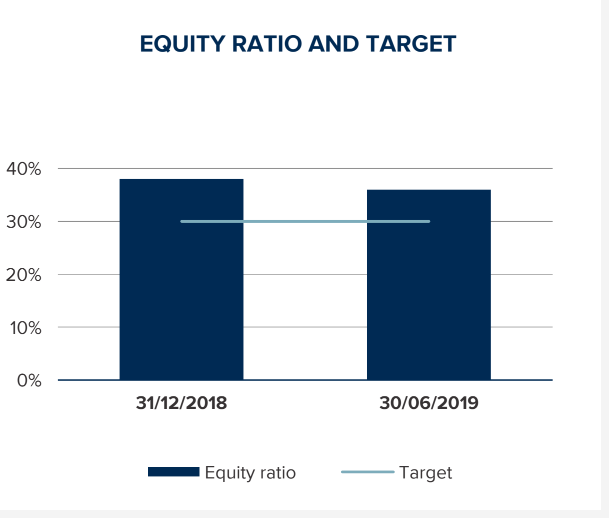
EQUITY & VALUE

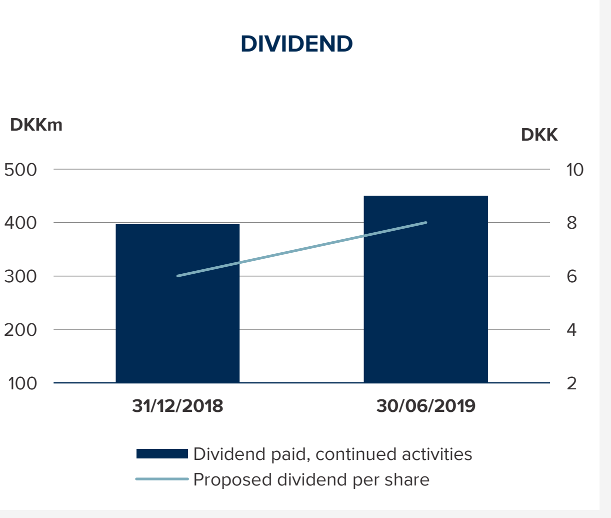
Equity
Equity at the end of Q2 2019 increased to DKK 8,313m (end of 2018: DKK 8,266m), as a result of primarily the result for the period, dividend pay-out and currency adjustments regarding foreign entities. Currency adjustments derive mainly from developments in USD, INR and CLP.

Treasury shares
The holding of treasury shares was 1,237,732 shares at the end of H1 2019 (2018: 1,383,638 shares), representing 2.4% of the total share capital (2018: 2.7%). Treasury shares are used to hedge our share-based incentive programmes.

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







EQUITY STATEMENT

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Proposed dividend	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January 2019	**1,025**	**(454)**	**(53)**	**7,277**	**461**	**8,256**	**10**	**8,266**
Comprehensive income for the period								
Profit for the period				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**
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 2019	**1,025**	**(353)**	**(41)**	**7,666**	**0**	**8,297**	**16**	**8,313**

EQUITY STATEMENT - continued

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Proposed dividend	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January 2018	**1,025**	**(322)**	**(33)**	**6,920**	**410**	**8,000**	**38**	**8,038**
Changes in accounting policies, IFRS 15				9		9		9
Tax on changes in accounting policies, IFRS 15				(1)		(1)		(1)
Equity at 1 January 2018 (restated)	**1,025**	**(322)**	**(33)**	**6,928**	**410**	**8,008**	**38**	**8,046**
Comprehensive income for the period								
Profit for the period				303		303	1	304
Other comprehensive income								
Actuarial gains/(losses) on defined benefit plans				(1)		(1)		(1)
Currency adjustments regarding translation of entities		(103)				(103)	(2)	(105)
Cash flow hedging:								
- Value adjustments for the period			(9)			(9)		(9)
- Value adjustments transferred to work in progress						0		0
Tax on other comprehensive income				19		19		19
Other comprehensive income total	**0**	**(103)**	**(9)**	**18**	**0**	**(94)**	**(2)**	**(96)**
Comprehensive income for the period	**0**	**(103)**	**(9)**	**321**	**0**	**209**	**(1)**	**208**
Dividend paid					(410)	(410)		(410)
Share-based payment				22		22		22
Exercise of share options				109		109		109
Acquisition of treasury shares				(42)		(42)		(42)
Equity at 30 June 2018	**1,025**	**(425)**	**(42)**	**7,338**	**0**	**7,896**	**37**	**7,933**

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

2. INCOME STATEMENT BY FUNCTION

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

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

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
Revenue	5,472	4,730	9,888	8,965
Production costs, including depreciation, amortisation and impairment	(4,227)	(3,597)	(7,631)	(6,821)
Gross profit	**1,245**	**1,133**	**2,257**	**2,144**
Sales costs, including depreciation and amortisation	(401)	(411)	(765)	(785)
Administrative costs, including depreciation and amortisation	(476)	(433)	(914)	(836)
Special non-recurring items	0	0	0	3
Other operating income	13	10	21	21
EBIT	**381**	**299**	**599**	**547**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment	(87)	(59)	(170)	(115)
Amortisation and impairment of intangible assets	(106)	(82)	(200)	(177)
	(193)	**(141)**	**(370)**	**(292)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(70)	(48)	(139)	(111)
Sales costs	(22)	(24)	(43)	(43)
Administrative costs	(101)	(69)	(188)	(138)
	(193)	**(141)**	**(370)**	**(292)**

3. SEGMENT INFORMATION FOR H1 2019

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	5,800	4,088	-	-	9,888	0	9,888
Internal revenue	0	0	-	0	0	0	0
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
Depreciation and impairment of property, plant and equipment	(87)	(32)	(50)	(1)	(170)	-	(170)
EBITA before allocation of shared costs	**983**	**554**	**(742)**	**4**	**799**	**(15)**	**784**
Allocation of shared costs	(401)	(342)	742	1	0	-	0
EBITA	**582**	**212**	**0**	**5**	**799**	**(15)**	**784**
Amortisation and impairment of intangible assets	(128)	(72)	-	-	(200)	-	(200)
EBIT	**454**	**140**	**-**	**5**	**599**	**(15)**	**584**
Order intake (gross)	6,083	4,511		0	10,594	0	10,594
Order backlog	8,757	8,005		0	16,762	110	16,872
Gross margin	*26.3%*	*22.1%*		*N/A*	*24.2%*	*N/A*	*24.2%*
EBITDA margin before special non-recurring items	*18.4%*	*14.3%*		*N/A*	*9.8%*	*N/A*	*9.6%*
EBITA margin before allocation of shared costs	*16.9%*	*13.5%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*10.0%*	*5.2%*		*N/A*	*8.1%*	*N/A*	*7.9%*
EBIT margin	*7.8%*	*3.4%*		*N/A*	*6.1%*	*N/A*	*5.9%*
Number of employees at 30 June 2019	**5,141**	**5,249**	**1,461**		**11,851**	**4**	**11,855**
Reconciliation of profit/(loss) for the period							
EBIT					599	(15)	584
Financial income					532	3	535
Financial costs					(567)	(11)	(578)
EBT					**564**	**(23)**	**541**

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

3. SEGMENT INFORMATION FOR H1 2018 - continued

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	5,183	3,782	-	-	8,965	143	9,108
Internal revenue	15	49	-	(64)	0	0	0
Revenue	**5,198**	**3,831**	**-**	**(64)**	**8,965**	**143**	**9,108**
Production costs	(3,806)	(2,942)	(30)	68	(6,710)	(166)	(6,876)
Gross profit	**1,392**	**889**	**(30)**	**4**	**2,255**	**(23)**	**2,232**
SG&A costs	(414)	(266)	(737)	(2)	(1,419)	(33)	(1,452)
EBITDA before special non-recurring items	**978**	**623**	**(767)**	**2**	**836**	**(56)**	**780**
Special non-recurring items	3	0	-	0	3	12	15
Depreciation and impairment of property, plant and equipment	(54)	(24)	(37)	0	(115)	-	(115)
EBITA before allocation of shared costs	**927**	**599**	**(804)**	**2**	**724**	**(44)**	**680**
Allocation of shared costs	(424)	(386)	804	6	0	-	0
EBITA	**503**	**213**	**0**	**8**	**724**	**(44)**	**680**
Amortisation and impairment of intangible assets	(117)	(60)	-	-	(177)	-	(177)
EBIT	**386**	**153**	**-**	**8**	**547**	**(44)**	**503**
Order intake (gross)	6,636	3,499		(61)	10,074	18	10,092
Order backlog	7,526	7,003		(75)	14,454	589	15,043
Gross margin	*26.8%*	*23.2%*		*N/A*	*25.2%*	*N/A*	*24.5%*
EBITDA margin before special non-recurring items	*18.8%*	*16.3%*		*N/A*	*9.3%*	*N/A*	*8.6%*
EBITA margin before allocation of shared costs	*17.8%*	*15.6%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*9.7%*	*5.6%*		*N/A*	*8.1%*	*N/A*	*7.5%*
EBIT margin	*7.4%*	*4.0%*		*N/A*	*6.1%*	*N/A*	*5.5%*
Number of employees at 30 June 2018	**4,828**	**5,449**	**1,380**		**11,657**	**124**	**11,781**
Reconciliation of profit/(loss) for the period							
EBIT					547	(44)	503
Financial income					451	1	452
Financial costs					(502)	(2)	(504)
EBT					**496**	**(45)**	**451**

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

4. REVENUE

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

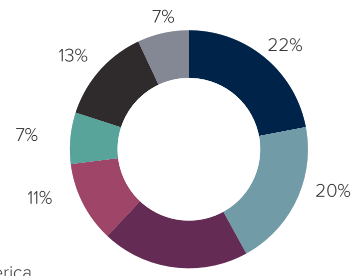
DKKm	H1 2019	H1 2018
Point in time	4,952	4,330
Percentage of completion	4,887	4,635
Cash	49	0
Total revenue	**9,888**	**8,965**

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

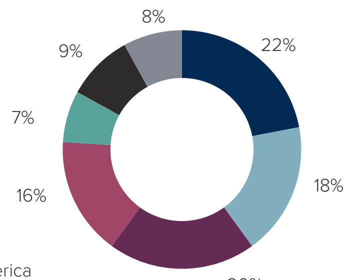
H1 2019			
DKKm	**Mining**	**Cement**	**Group**
Projects	1,614	1,692	3,306
Products	656	718	1,374
Capital business	**2,270**	**2,410**	**4,680**
Service business	**3,530**	**1,678**	**5,208**
Total revenue	**5,800**	**4,088**	**9,888**

H1 2018			
DKKm	**Mining**	**Cement**	**Group**
Projects	1,061	1,717	2,778
Products	589	492	1,081
Capital business	**1,650**	**2,209**	**3,859**
Service business	**3,533**	**1,573**	**5,106**
Total revenue	**5,183**	**3,782**	**8,965**

REVENUE SPLIT BY REGIONS (H1 2019)



REVENUE SPLIT BY REGIONS (H1 2018)



5. PROVISIONS

DKKm	30/06 2019	31/12 2018	30/06 2018
Provisions at 1 January	1,279	1,430	1,430
Foreign exchange adjustments	15	4	(4)
Disposal of Group enterprises	0	(2)	(2)
Additions	171	684	191
Used	(323)	(560)	(373)
Reversals	(55)	(486)	(152)
Reclassification to/from other liabilities	0	(109)	(55)
Transfer from assets held for sale	0	318	0
Provisions	**1,087**	**1,279**	**1,035**
The split of provisions is as follows:			
Warranties	619	628	794
Restructuring	32	59	33
Other provisions	436	592	208
	1,087	**1,279**	**1,035**
The maturity of provisions is specified as follows:			
Current liabilities	673	780	702
Non-current liabilities	414	499	333
	1,087	**1,279**	**1,035**

Used provisions amounted to DKK 323m in H1 2019, a decrease of DKK 50m from H1 2018. Provisions used in H1 2019 related to discontinued activities amounted to DKK 72m (H1 2018: DKK 244m). Refer to note 8 for a further description. The remainder of the used provisions were mainly to cover our warranty obligations, loss-making projects and settlement of a tax claim.

5. PROVISIONS – continued

Continued activities' share of Group provisions is shown below. The provisions from continued and discontinued activities add up to our total provisions. As provisions associated with assets classified as held for sale are reported as liabilities associated with assets classified as held for sale in H1 2018, provisions from continued and discontinued activities do not add up to the provisions presented in the balance sheet and thereby the provisions specified on prior page.

Continued activities' share of Group provisions:

DKKm	30/06 2019	31/12 2018	30/06 2018
Provisions at 1 January	961	1,163	1,163
Foreign exchange adjustments	15	0	(2)
Additions	171	685	191
Used	(251)	(315)	(132)
Reversals	(55)	(463)	(152)
Reclassification to/from other liabilities	0	(109)	(55)
Provisions	**841**	**961**	**1,013**

6. CONTINGENT LIABILITIES

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

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

7. BUSINESS ACQUISITIONS

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

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

Following FLSmidth's acquisition of IMP, it's envisaged that the digital initiatives of FLSmidth and IMP's automated solutions will create synergies to further enhance processing optimisation and ultimately provide greater value to customers.

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

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7. BUSINESS ACQUISITIONS – continued

Name of activity acquired	Primary activity	Date of acquisition/ consolidated from	Ownership interest	Voting share
IMP Automation Group	Mining	01-Jun	100%	100%
AuTec	Mining	01-Mar	Asset deal	Asset deal

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

DKKm	H1 2019
Revenue	10
Profit for the period	2
Headcount	134

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

Had the acquired activities been included in the consolidated financial statements from 1 January 2019, the revenue and net profit would have been positively impacted by DKK 92m and 12m, respectively. Consolidated revenue and net profit for H1 2019 would have been DKK 9,980m and DKK 371m.

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

DKKm	IMP Automation Group	AuTec	H1 2019
Property, plant and equipment	8	5	13
Patens and rights acquired	4	0	4
Customer relations	36	0	36
Other intangible assets	21	0	21
Investment in associate	175	0	175
Inventories	35	0	35
Trade receivables	34	0	34
Prepayments to subcontractors	23	0	23
Other accounts receivables	5	0	5
Cash and cash equivalents	39	0	39
Trade payables	(25)	0	(25)
Prepayments from customers	(5)	0	(5)
Other liabilities	(16)	0	(16)
Carrying amount of net assets acquired	**334**	**5**	**339**
Goodwill	45	1	46
Transaction price, cash effect	**379**	**6**	**385**
Cash and cash equivalents acquired	(40)	0	(40)
Deferred payment, payable	(46)	0	(46)
Net cash effect	**293**	**6**	**299**

8. DISCONTINUED ACTIVITIES

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

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

Under the sales agreement we retain the responsibility to finalise legacy projects. The projects were from revenue perspective completed at year end 2018. Based on subsequent handling of claims and collection activities projects are however expected to be finalised during 2019-2020. The future cash outflow from discontinued activities is expected to be around DKK 70m from payments related to provisions, settlement of net working capital and moderate SG&A cost.

8. DISCONTINUED ACTIVITIES – continued

Discontinued activities effect on cash flow from operating activities:

DKKm	H1 2019	2018	H1 2018
EBITDA	(15)	(159)	(56)
Adjustment for gain on sale of property, plant and equipment etc.	3	0	0
Adjusted EBITDA	**(12)**	**(159)**	**(56)**
Change in provisions	(72)	(136)	(239)
Change in net working capital	(15)	(253)	(49)
Cash flow from operating activities before financial items and tax	**(99)**	**(548)**	**(344)**
Financial items received and paid	(9)	(16)	0
Taxes paid	0	(4)	(3)
Cash flow from operating activities	**(108)**	**(568)**	**(347)**

Discontinued activities' share of Group provisions:

DKKm	30/06 2019	31/12 2018	30/06 2018
Provisions at 1 January	318	452	452
Foreign exchange adjustments	0	4	(2)
Disposal of Group enterprises	0	(2)	(2)
Additions	0	175	5
Used	(72)	(282)	(244)
Reversals	0	(29)	0
Provisions	**246**	**318**	**209**

Cash flow from discontinued operating activities totalled DKK -108m. The negative cash flow is mainly due to change in provisions of DKK 72m. Hereof, DKK 32m relates to redundancies, while DKK 40m relates to legacy projects that we retained as part of the sales agreement.

Cash flow from net working capital from discontinued activities amounted to DKK -15m (H1 2018: -49m), as net working capital related to discontinued business increased from DKK 164m end of 2018 to DKK 184m end of H1 2019.

Loss for the period from discontinued activities total DKK -20m (H1 2018: DKK -31m), primarily consisting of SG&A cost.

9. NET WORKING CAPITAL

Net working capital increased at the end of H1 2019, due to a higher level of inventories and work in progress, partly offset by higher trade payables. Supply chain financing had no significant impact on trade payables in H1 2019.

DKKm	30/06 2019	31/12 2018	30/06 2018
Inventories	2,893	2,685	2,529
Trade receivables	4,493	4,586	3,869
Work in progress, assets	2,776	2,252	2,101
Prepayments to subcontractors	399	318	227
Other receivables	913	729	678
Derivative financial instruments	28	41	16
Prepayments from customers	(1,709)	(1,802)	(1,443)
Trade payables	(3,914)	(3,322)	(2,890)
Work in progress, liability	(1,697)	(1,453)	(1,622)
Other liabilities	(1,625)	(1,783)	(1,395)
Derivative financial instruments	(38)	(51)	(67)
Net working capital	**2,519**	**2,200**	**2,003**
Change in net working capital	(319)	(367)	(170)
Financial instruments and foreign exchange effect on cash flow	87	(135)	(105)
Cash flow effect from change in net working capital	**(232)**	**(502)**	**(275)**

10. WORK IN PROGRESS

DKKm	30/06 2019	31/12 2018	30/06 2018
Total costs incurred	26,742	24,690	23,912
Profit recognised as income, net	2,120	2,145	2,916
Work in progress	**28,862**	**26,835**	**26,828**
Invoicing on account to customers	(27,783)	(26,036)	(26,349)
Net work in progress	**1,079**	**799**	**479**
Of which is recognised as work in progress:			
Under assets	2,776	2,252	2,101
Under liabilities	(1,697)	(1,453)	(1,622)
Net work in progress	**1,079**	**799**	**479**

11. EARNINGS PER SHARE (EPS)

DKKm	Q2 2019	Q2 2018	H1 2019	H1 2018
Profit for the year, continuing activities	234	188	379	335
Minority interests	(1)	(1)	1	(1)
FLSmidth's share of profit, continuing activities	**233**	**187**	**380**	**334**
Loss for the year, discontinued activities	(11)	(20)	(20)	(31)
FLSmidth's share of loss, discontinuing activities	**(11)**	**(20)**	**(20)**	**(31)**
FLSmidth's share of profit	**222**	**167**	**360**	**303**

Number of shares (1,000)	Q2 2019	Q2 2018	H1 2019	H1 2018
Average number of outstanding shares	50,002	49,725	49,893	49,501
Dilutive effect of share options in the money	153	377	153	377
Average diluted number of outstanding shares	**50,155**	**50,102**	**50,046**	**49,878**

DKK	Q2 2019	Q2 2018	H1 2019	H1 2018
Earnings per share from continuing activities	4.6	3.8	7.6	6.7
Earnings per share from discontinued activities	(0.2)	(0.4)	(0.4)	(0.6)
Earnings per share from continuing and discontinued activities	**4.4**	**3.4**	**7.2**	**6.1**

DKK	Q2 2019	Q2 2018	H1 2019	H1 2018
Diluted earnings per share from continuing activities	4.6	3.7	7.6	6.7
Diluted earnings per share from discontinued activities	(0.2)	(0.4)	(0.4)	(0.6)
Diluted earnings per share from continuing and discontinued activities	**4.4**	**3.3**	**7.2**	**6.1**

12. FAIR VALUE MEASUREMENT

				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**

				H1 2018
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	11		35	46
Hedging instruments asset		16		16
Hedging instruments liability		(67)		(67)
	11	**(51)**	**35**	**(5)**

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

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

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

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

There have been no significant transfers between the levels in H1 2019 and H1 2018.

13. EVENTS AFTER THE BALANCE SHEET DATE

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

14. ACCOUNTING POLICIES

The condensed interim report of the Group for the first half of 2019 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2018 Annual Report. Reference is made to note 7.5, Accounting policies, note 7.6, Impact from new IFRS, note 7.7, New IFRS not yet adopted and to specific notes in the 2018 Annual Report for further details.

CHANGES IN ACCOUNTING POLICIES

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

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

Effect from implementing IFRS 16, Leases

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

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

Upon implementation, we have applied the following exemptions:

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

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

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

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

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

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14. ACCOUNTING POLICIES - continued

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

Had the Group applied the previous accounting policy for leases according to IAS 17 in the first half of 2019, the earnings before tax (EBT) for the period would have been DKK 557m, an increase of DKK 3m compared to the actual numbers for the first half of 2019.

Implementation of IFRS 16 has no effect on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation in the cash flow statement has changed. The change has improved the cash flow from operating activities as well as free cash flow by DKK 48m whereas the cash outflow from financing activities has been negatively impacted by DKK 48m.

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

DKKm	H1 2019 IFRS 16	Effect from IFRS 16	H1 2019 IAS 17
Gross profit	2,396	18	2,378
SG&A	(1,427)	35	(1,462)
EBITDA	969	53	916
Depreciation and impairment of property, plant and equipment	(170)	(51)	(119)
EBITA	799	2	797
EBIT	599	2	597
EBT	564	(3)	567
CFFO	377	48	329
Free cash flow	(81)	48	(129)
CFFF	(48)	(48)	0
Total assets	23,067	317	22,750
Total liabilities	(14,754)	(320)	(14,434)
NIBD	2,802	320	2,482

DKKm	Q2 2019 IFRS 16	Effect from IFRS 16	Q2 2019 IAS 17
Gross profit	1,315	9	1,306
SG&A	(741)	20	(761)
EBITDA	574	29	545
Depreciation and impairment of property, plant and equipment	(87)	(27)	(60)
EBITA	487	2	485
EBIT	381	2	379
EBT	349	0	349
CFFO	143	27	116
Free cash flow	(230)	27	(257)
CFFF	13	(27)	40

Effect from implementing IFRIC 23, Uncertainty over income tax treatment
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

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

The implementation has had no significant impact on the financial statements.

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 30 June 2019.

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

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's financial position at 30 June 2019 as well as of the results of its operations and cash flows for the period 1 January – 30 June 2019.

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

Valby, 8 August 2019

EXECUTIVE MANAGEMENT

Thomas Schulz
Group CEO

Lars Vestergaard
Group Executive Vice President and CFO

BOARD OF DIRECTORS

Vagn Sørensen
Chairman

Tom Knutzen
Vice Chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Mette Dobel

Søren Dickow Quistgaard

Claus Østergaard

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

Interim Report
1 January – 30 June

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