4 August 2020

INTERIM REPORT
Q2 2020

Mission Zero

WE DISCOVER POTENTIAL

Key highlights

Q2 2020

- **Q2 marked by the pandemic**
- **Cement more impacted than Mining**
- **Order intake and revenue declined**
- **Profitability affected by low revenue**
- **Strong cash flow**
- **Business improvement on track**

MARKET OUTLOOK

- Larger impact in capital than service
- Positive mining outlook
- Uncertain cement outlook
- Low visibility due to COVID-19

2020 GUIDANCE

- 23 Mar: Guidance Suspended
- 28 Apr: Expected to be below initial guidance
- 4 Aug: Guidance remains suspended

Current market situation

Capital vs. service		
▪ Spare and wear parts demand impacted by reduced production rates. Less activity for technical services and project commissioning due to restricted access to sites. ▪ Postponement of non-critical investments but more interest in digitalized solutions		
	Mining	**Cement**
Customers	~96% of sites in operation (end of Q1: ~90%). Largest impact in India, South Africa and Peru. Commodity prices and demand at a good level.	~92% of cement plants[1] in operation (end of Q1: ~80%). Many plants operating with reduced capacity. Largest impact in India, South America, South Africa and The Middle East.
Own operations	Reduced operational activity in India, South Africa and Chile, all other regions are running well. ~60% of employees working on-site. Travel restrictions still have an impact on the capacity utilisation for service technicians.	
External supply chain	Disruption in India, South Africa and large parts of South America remains. Normal operations in most parts of Europe, North America, Asia and Australia. Flexibility to switch between own workshops and between external suppliers.	

- **Gradual recovery** from COVID-19 expected later in the year
- Mining industry less impacted by the pandemic than Cement
- **Stimulus and recovery packages** to support the economy

1 Excluding China

Business improvement
- sustainable

Financial impact

Savings (DKKm)[1]	Program	Run-rate[2] end Q1 2020	Run-rate[2] end Q2 2020	Run-rate[2] end 2020
EBITA improvement	150	75	120	150

Costs (DKKm)[1]	Initial program	Q1 2020	Q2 2020	2020
Implementation costs	(180)	(53)	(74)	(140)

- Business improvements include site consolidation, enhanced logistical setup and headcount reduction based on mid-term outlook for business activity
- Staff reduced by 600 of 750 year-to-date as part of the business improvement initiatives
- Temporary costs and savings from employees on furlough and lower travel expenses not included

1 EBITA improvement and implementation costs to impact Mining and Cement largely based on the segments' relative share of Group revenue

2 Annualised savings

Current situation

- Negative Q2 result in Cement and low visibility
- Low Cement backlog, good Mining backlog
- Cement more impacted by pandemic than Mining
- Limited flexibility to adjust cost base in some countries due to COVID-19 lockdowns
- Mining business will come back and grow, but timing is uncertain
- Cement will come back, but timing and extent of rebound remains uncertain

- Manufacture less and source more
- Additional reduction of 240 employees on top of the business improvement program in Q2
- Strengthen synergies between Mining and Cement
- Supplement existing offering within new sustainable solutions
- Good opportunities for innovation and digitalized solutions

Accelerated journey towards zero emissions in Cement and Mining

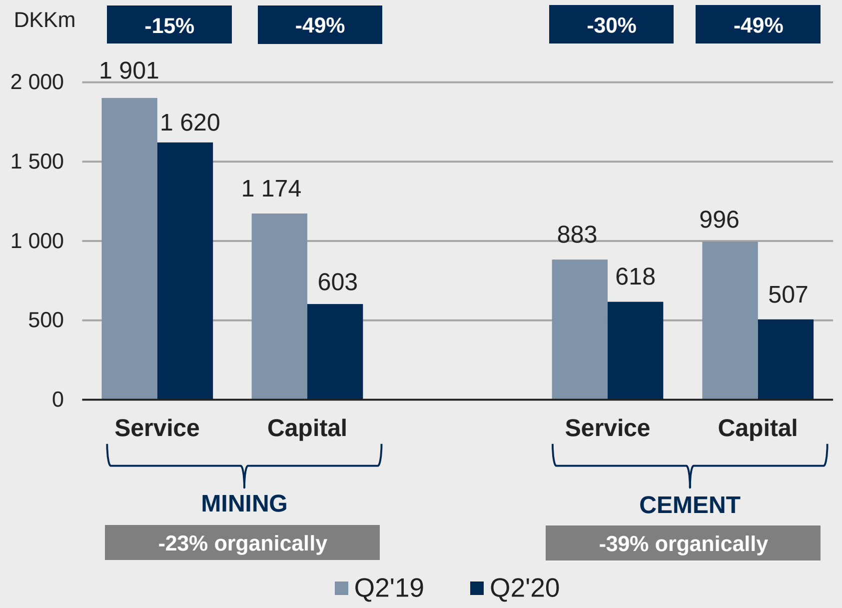
Guidance suspended

Group	Initial guidance 2020	Realised H1 2020	Guidance 2020
Revenue (DKK bn)	18.5-20.5	8.4	Suspended
EBITA margin	8-9%	4.3%	Suspended
ROCE	9-12%	8.0%	Suspended

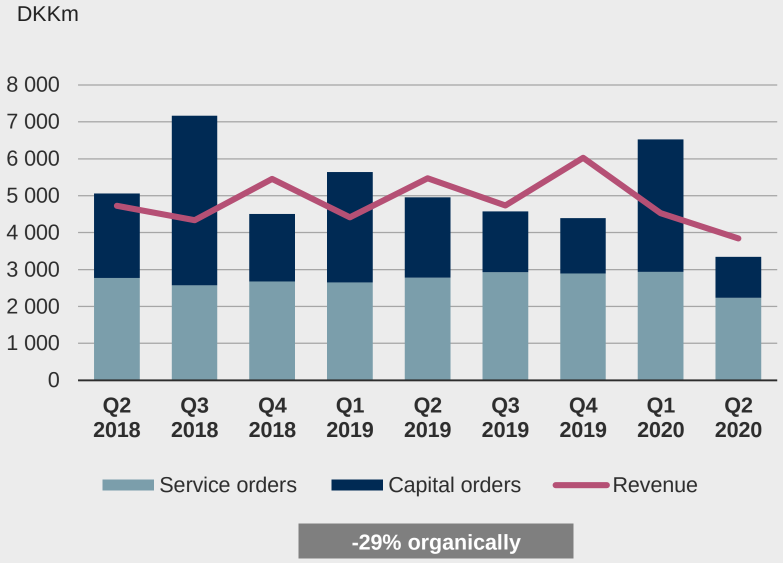
- 23 March: Guidance suspended due to the global uncertainty caused by the COVID-19 pandemic.
- 28 April: Full year results expected to be below the initial guidance
- 4 August: Visibility remains low and our guidance remains suspended

Order intake affected by pandemic

ORDER INTAKE CAPITAL vs. SERVICE



ORDER INTAKE
-32% vs. Q2 2019

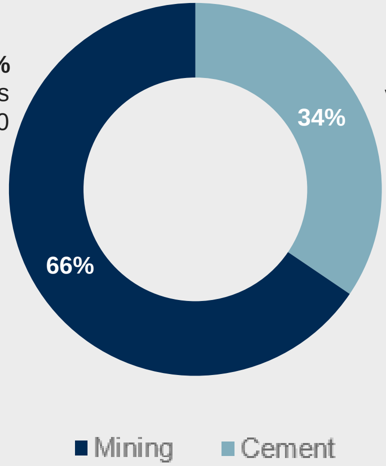


Revenue split in Q2 2020

Mission Zero

MINING vs. CEMENT REVENUE

EBITA margin **7.8%** vs 7.3% in Q1 2020

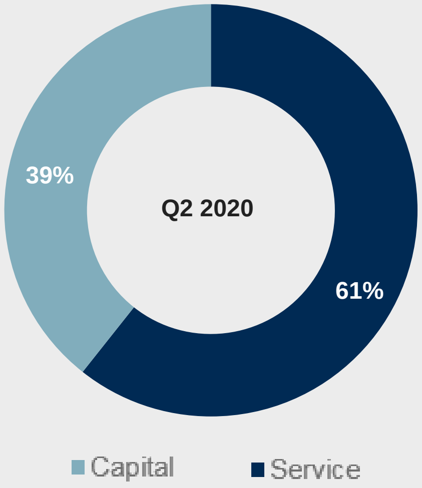


EBITA margin **-4.9%** vs 1.8% in Q1 2020

CAPITAL vs. SERVICE REVENUE

Q2 2019: 49%

Q1 2020: 42%



Q2 2019: 51%

Q1 2020: 58%

Financial performance in Q2 2020

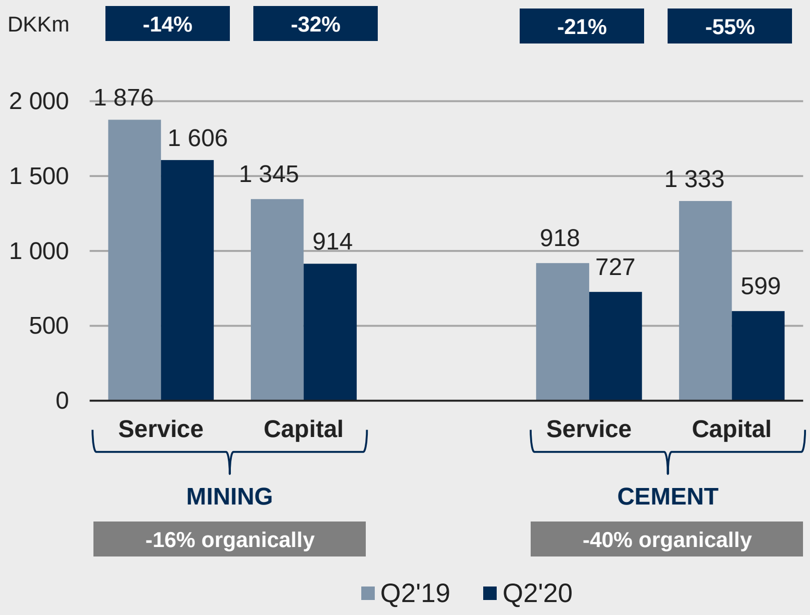
Mission Zero

(DKKm)	Q2 2020	Q2 2019	Change
Order intake	**3,348**	**4,954**	-32%
Revenue	**3,846**	**5,472**	-30%
Gross margin	23.7%	24.0%	
EBITA	**131**	**487**	-73%
EBITA margin	3.4%	8.9%	
Adjusted EBITA margin	6.1%	8.9%	
Financial costs net	(55)	(32)	
Tax	(5)	(115)	
Profit, continuing activities	(12)	234	
Loss, discontinued activities	(5)	(11)	
Profit for the Group	**(17)**	**223**	-108%
ROCE	**8.0%**	**11.1%**	
Employees (Group)	11,506	12,545	-8%

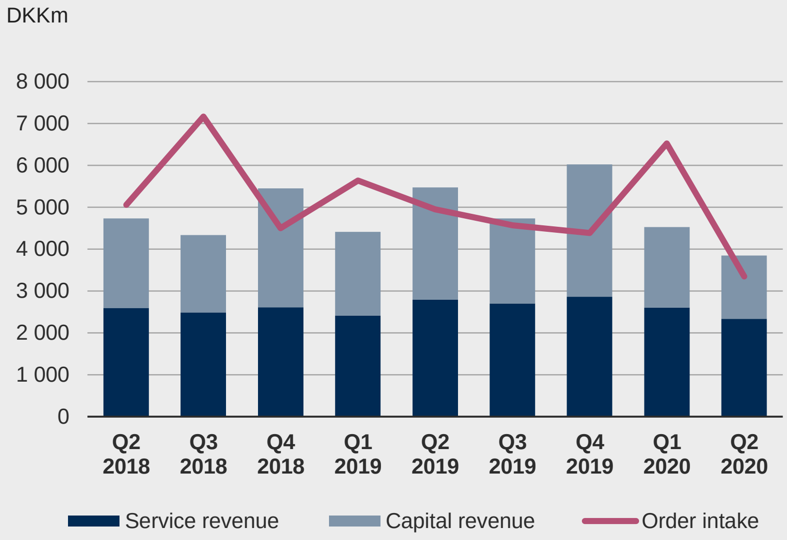
- Service order intake decreased by 20%
- Capital order intake decreased by 49%
- Revenue decreased 26% organically
- Extraordinary costs in Q2 of DKK -103m
- The number of employees declined by 495 in Q2 2020 compared to Q1 2020

Revenue decreased 26% organically

REVENUE
CAPITAL vs. SERVICE

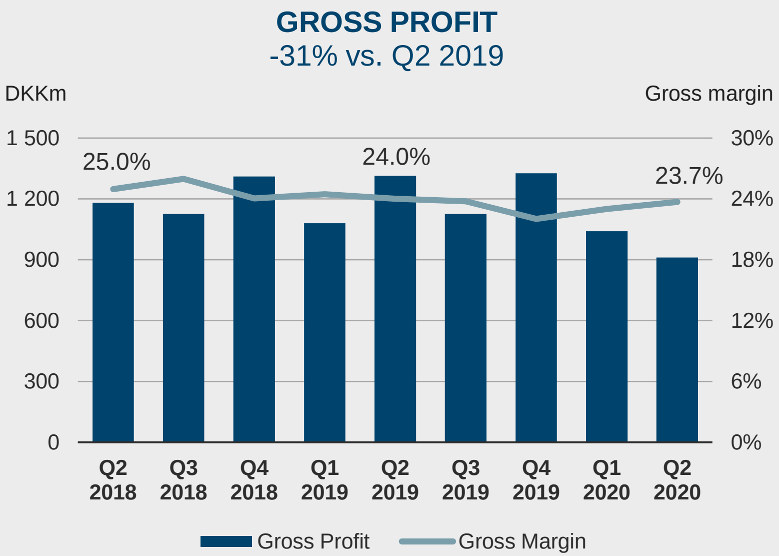


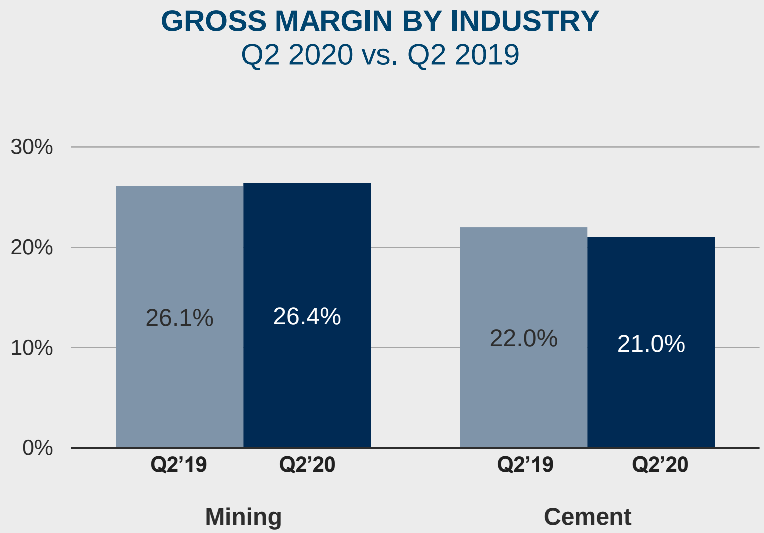
REVENUE
-30% vs. Q2 2019



Gross profit declined in line with revenue

FLSmidth Mission Zero

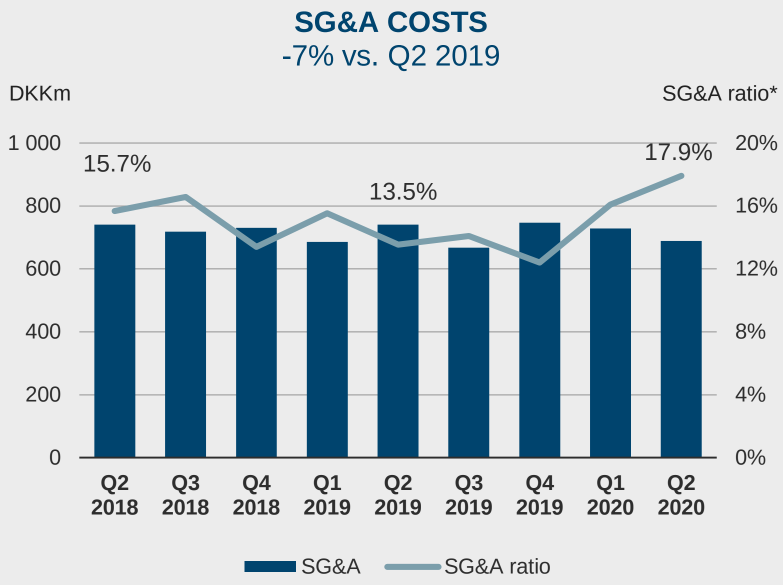




- Increased gross margin in Mining due to higher service share
- Lower gross margin in Cement due to COVID-19 impact

FLSmidth

SG&A costs decreased by 7%

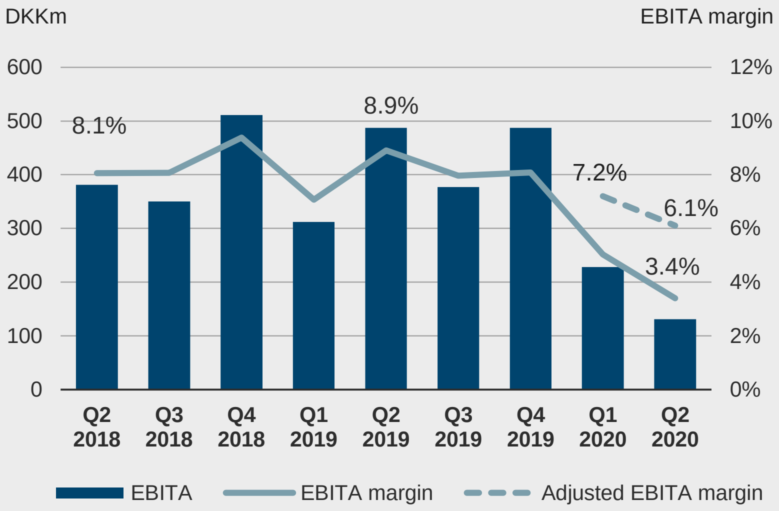


* SG&A ratio: SG&A costs (Sales, General and Administration) as percentage of revenue

- SG&A costs down 7% to DKK 689m, from DKK 741 in Q2 2019
- SG&A ratio up to 17.9% of revenue in Q2 2020, from 13.5% in Q2 2019
- SG&A affected by both business improvement costs and temporary savings (less travel and furlough related to COVID-19). Adjusted SG&A costs decreased 9% to DKK 676m
- Limited flexibility to adjust cost base in some countries due to COVID-19 related local labour restrictions

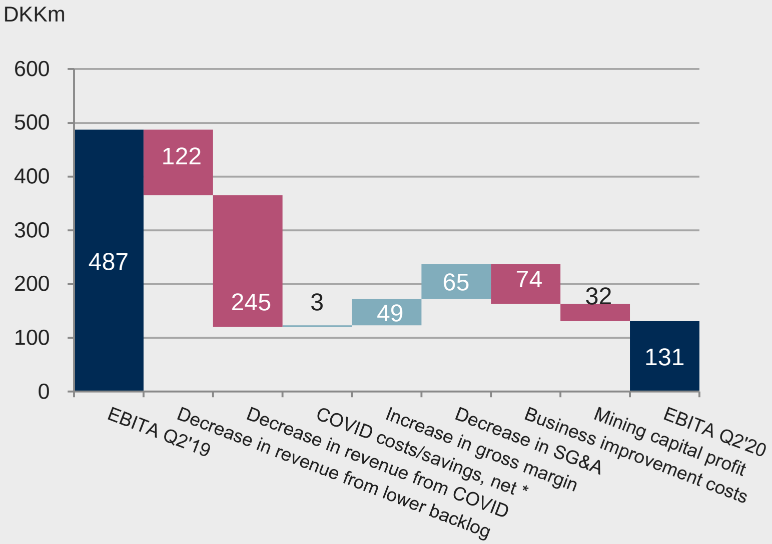
EBITA impacted by extreme quarter
margin affected by extraordinary costs

EBITA
-73% vs. Q2 2019



- Excluding the extraordinary costs in the quarter, the EBITA margin would have been **6.1%**

EBITA BRIDGE
Q2 2020 vs. Q2 2019



*) Net COVID savings consist of: Savings from less travel and employees on furlough as well as costs related to low capacity utilisation, protective gear etc.

Significant decrease in net working capital

- reduction in both trade receivables and net work in progress

NET WORKING CAPITAL

- NWC at the end of Q2 was 12.3% of the last 12 months revenue
- Reduced utilisation of supply chain financing caused a significant part of the decrease in trade payables (increase in net working capital) in Q2

Net working capital developments in Q2 2020

DKKm	End Q2 2020	End Q1 2020	Change
Inventories	**2,721**	2,726	*(5)*
Trade receivables	**3,748**	4,452	*(704)*
Trade payables net	**(2,911)**	(3,394)	*483*
WIP assets net	**366**	845	*(479)*
Prepayments from customers	**(1,247)**	(1,492)	*245*
Other liabilities net	**(326)**	(345)	*19*
NWC total	**2,351**	2,792	*(441)*

- Currency effect on NWC: **DKK 13m** increase

Cash flow in Q2 2020

- Continuing activities and Group

Mission Zero

CONTINUING ACTIVITIES (DKKm)	Q2 2020	Q2 2019
EBITDA adjusted	**235**	**580**
Change in provisions	(15)	(78)
Change in NWC	428	(266)
Financial payments	(27)	(14)
Taxes paid	(83)	(43)
CFFO (continuing activities)	**538**	**179**

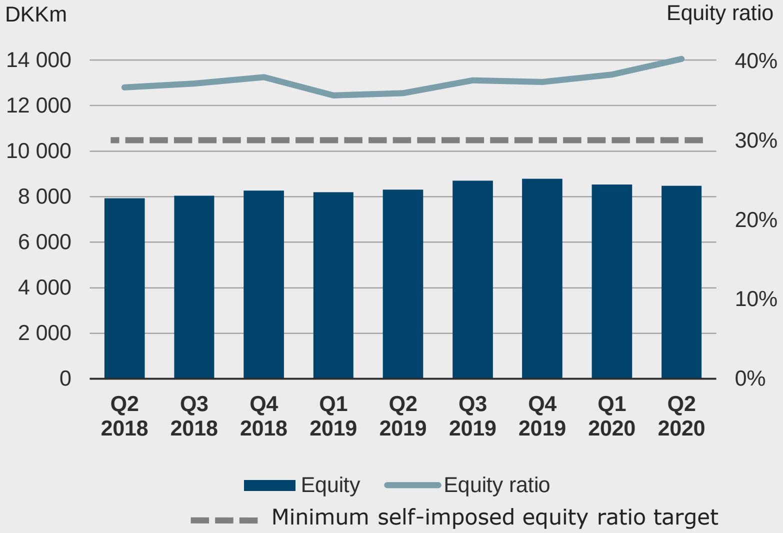
- CFFO from discontinued activities was DKK -5m in Q2 2020

Group (DKKm)	Q2 2020	Q2 2019
CFFO (Group)	**533**	**143**
CFFI excl. acquisitions & disposals	(57)	(80)
Acquisitions & disposals	(8)	(293)
CFFI	**(65)**	**(373)**
Free cash flow	468	(230)
Free cash flow, adjusted for M&A	**476**	**63**

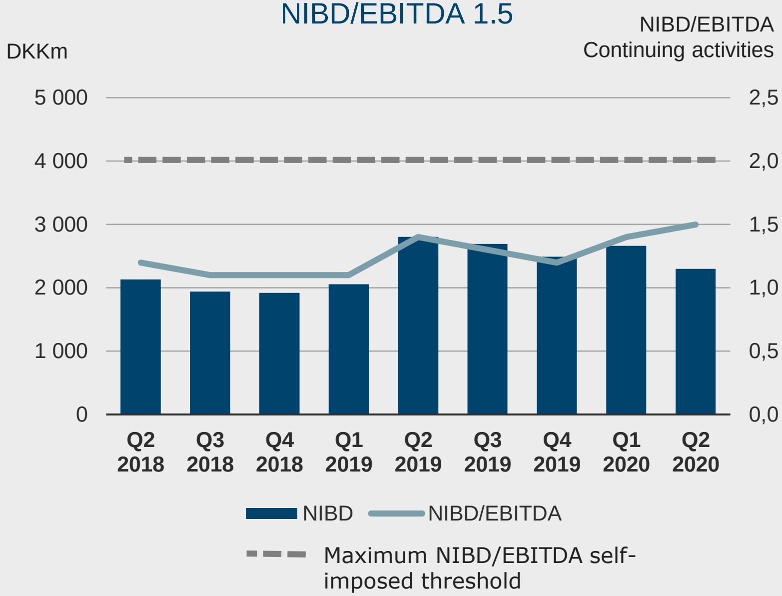
- CFFO increased to DKK 533m in Q2 2020, due to significant cash inflow from working capital, more than offsetting the decline in EBITDA

Capital structure well in line with our targets

EQUITY
Equity ratio 40.3%



NIBD
NIBD/EBITDA 1.5

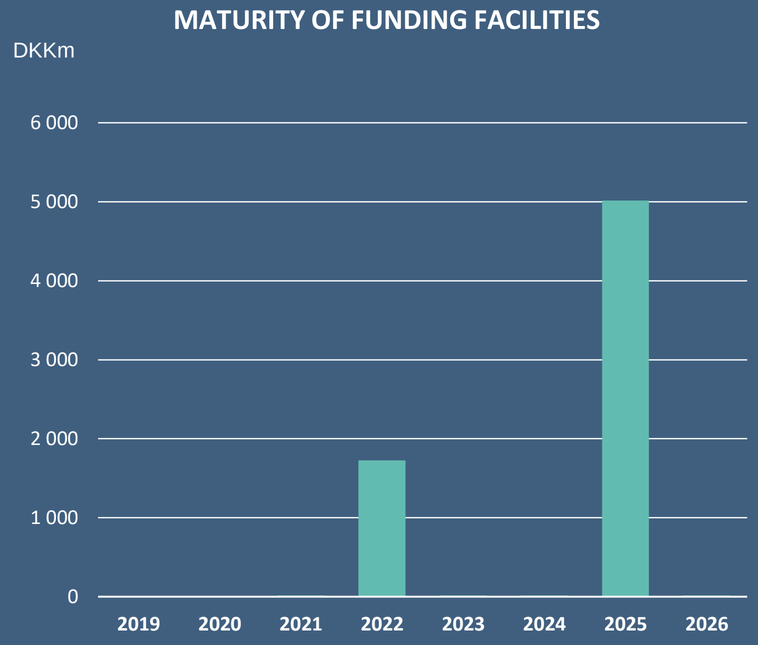


- Net debt decreased by DKK 365m to DKK 2,298m in Q2

Strong financial position

Mission Zero

- DKK 7.0bn of available committed credit facilities of which **DKK 4.2bn undrawn** as of Q2 2020
  - Increase from DKK 6.5bn of available committed credit facilities and DKK 3.4bn undrawn as of Q1 2020
- Weighted average time to maturity of 4 years
  - DKK 1.7bn of credit facilities are maturing in 2022
  - **The majority of DKK 5.0bn is maturing in 2025**
  - Remaining DKK 0.3bn matures in later years



Inhouse sustainability performance H1 2020

SAFETY (TRIR)	WOMEN MANAGERS	RELATIVE CARBON FOOTPRINT (tonnes/DKKm revenue)	SUPPLIERS ASSESSED
1.0	**12.2%**	**2.3**	**189**
Target 2020: ≤ 2.5	Target 2020: 12.5%	H1 2019: 2.5	Target 2020: 800

Achievements during the quarter

- Continued progress on our safety performance, with TRIR decreasing from 1.6 in FY 2019 to 1.0 in H1 2020
- Number of women managers increased to 12.2%
- Relative carbon footprint down to 2.3 tonnes per DKKm revenue, compared to 2.5 tonnes per DKKm revenue in H1 2019

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

FLSMIDTH ENABLR

Augmented Field Engineer

Digital solutions to power productivity

Customers are increasingly using FLSmidth's digital solutions to support day-to-day operations, optimise production, reduce CO2 emissions and prevent breakdowns

- Connecting the onsite personnel or customer with the full knowledge base of FLSmidth. Document sharing, annotation, etc. to guide critical actions remotely and to share information in real time
- Of huge value during the COVID-19 pandemic, with Remote Services increasing over 100% during the crisis

2600+
assets connected and delivering data for analysis

200+
plants uses FLSmidth's digital solutions

~100K
of unique signals recorded on daily basis

6%
less energy used by a digitalized cement plant

Key messages

Mission Zero

Messages

+
- Business improvements on track
- Flexible global supply chain
- Opportunity within digital and sustainable solutions
- Stimulus packages to support recovery of “essential” cement and mining industries

–
- Business negatively impacted by the pandemic – more severe in cement than in mining
- Continued COVID-19 uncertainty
- Limited flexibility to adjust cost base in some countries due to COVID-19 related local labour restrictions

Management focus (customers, costs & cash)

2020

- Navigate the pandemic
- Cash
- Costs
- Customer relationships and opportunities

Ongoing

- Customers
- Sustainability and MissionZero
- Innovation and digitalization
- Standardisation and modularisation

Key highlights

Interim Report Q2 2020

Q2 marked by the pandemic

Order intake and revenue declined

Profitability impacted by revenue decline

Strong cash flow

Guidance 2020 suspended - expected below initial guidance for the year

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

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

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

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

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

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

Factors that may affect future results include, but are not limited to, the severity, magnitude and duration of the COVID-19 pandemic, including impacts from governments' responses to the pandemic on our operations as well as derivative effects on our customers' businesses, and on global supply chains that may impact our operations, cash flows, financial performance and position, global as well as local political and economic conditions, including interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance. Unless required by law FLSmidth & Co. A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this report.

Backup slides

flsmidth.com/linkedin

flsmidth.com/twitter

flsmidth.com/facebook

flsmidth.com/instagram

flsmidth.com/youtube

Group

(DKKm)	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	2019
Order intake	**3,348**	**4,954**	-32%	**9,874**	**10,594**	-7%	**19,554**
- Service order intake	2,238	2,784	-20%	5,169	5,432	-5%	11,250
Order backlog	15,227	16,762	-9%	15,227	16,762	-9%	14,192
Revenue	**3,846**	**5,472**	-30%	**8,371**	**9,888**	-15%	**20,646**
- Service revenue	2,333	2,794	-16%	4,939	5,208	-5%	10,777
Gross profit	912	1,315	-31%	1,959	2,396	-18%	4,849
Gross margin	23.7%	24.0%		23.4%	24.2%		23.5%
EBITA	131	487	-73%	359	799	-55%	1,663
EBITA margin	**3.4%**	**8.9%**		**4.3%**	**8.1%**		**8.1%**
EBIT	46	381	-88%	192	599	-68%	1,286
EBIT margin	1.2%	6.9%		2.3%	6.1%		6.2%

Cash flow statement

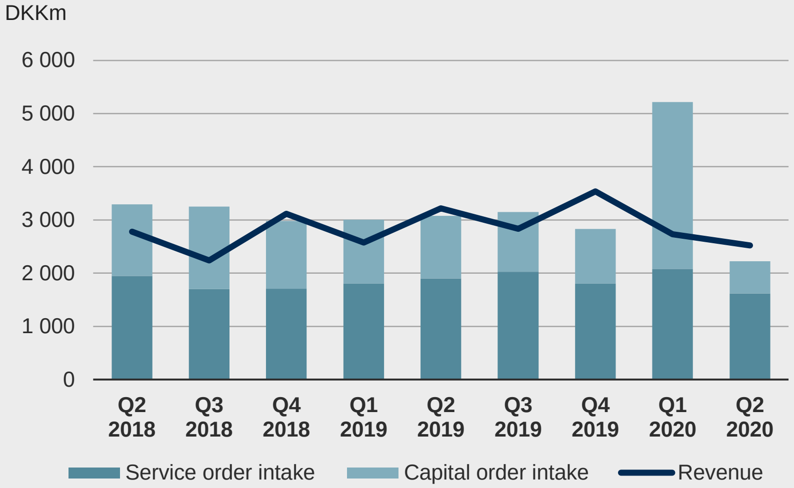
Group (DKKm)	**Q2 2020**	**Q2 2019**
EBITDA continuing adjusted	**235**	**580**
EBITDA discontinued	(4)	(5)
Change in provisions	(17)	(79)
Change in NWC	431	(290)
Financial payments	(29)	(20)
Taxes paid	(83)	(43)
CFFO (Group)	**533**	**143**
CFFI excl. acquisitions & disposals	(57)	(80)
Acquisitions & disposals	(8)	(293)
CFFI	**(65)**	**(373)**
Free cash flow	**468**	**(230)**
CFFO (continuing activities)	538	179
CFFO (discontinued activities)	(5)	(36)

Mining

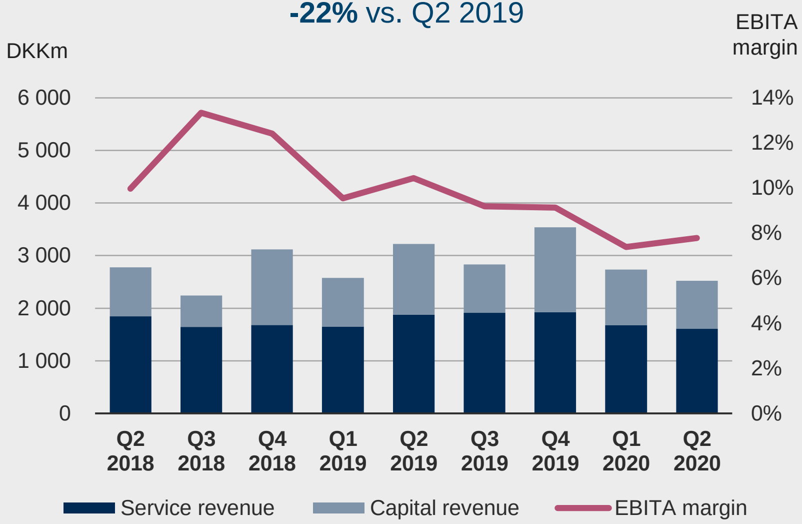
(DKKm)	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	2019
Order intake	**2,223**	**3,075**	-28%	**7,437**	**6,083**	22%	**12,064**
- Service order intake	1,620	1,901	-15%	3,703	3,703	0%	7,534
- Capital order intake	603	1,174	-49%	3,734	2,380	57%	4,530
Order backlog	9,500	8,757	8%	9,500	8,757	8%	7,683
Revenue	**2,520**	**3,221**	-22%	**5,255**	**5,800**	-9%	**12,169**
- Service revenue	1,606	1,876	-14%	3,279	3,530	-7%	7,370
- Capital revenue	914	1,345	-32%	1,976	2,270	-13%	4,799
Gross margin before shared costs	26.4%	26.1%		25.6%	26.3%		25.2%
EBITA margin before shared costs	16.0%	16.8%		15.6%	16.9%		16.2%
EBITA	196	336	-42%	397	582	-32%	1,166
EBITA margin	**7.8%**	**10.4%**		**7.6%**	**10.0%**		**9.6%**

Mining

ORDER INTAKE
-28% vs. Q2 2019



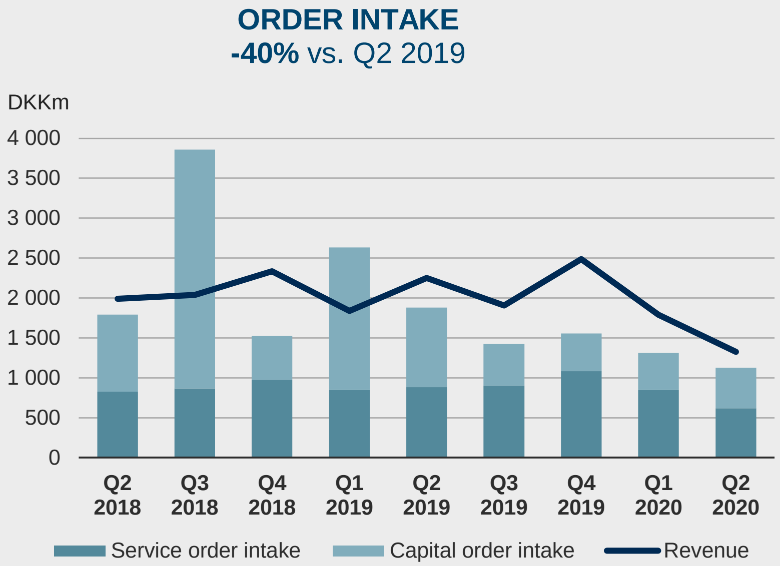
REVENUE
-22% vs. Q2 2019

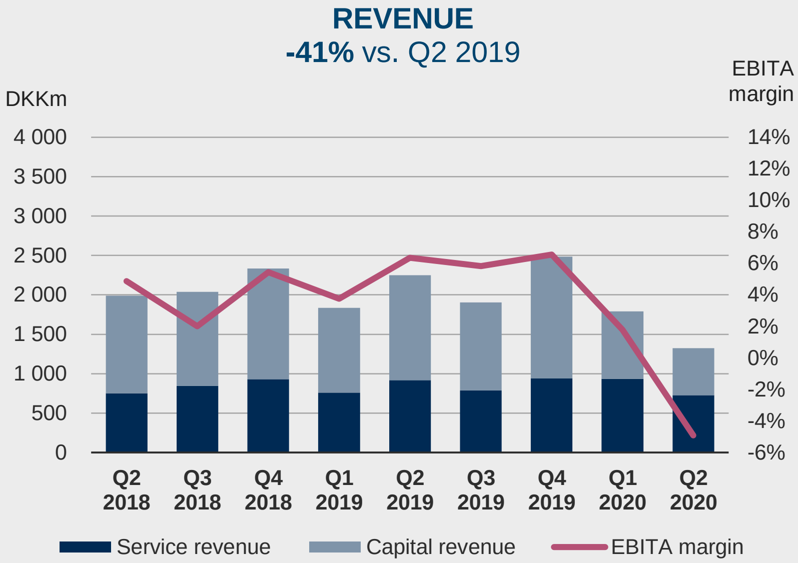


Cement

(DKKm)	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change	2019
Order intake	**1,125**	**1,879**	-40%	**2,437**	**4,511**	-46%	**7,490**
- Service order intake	618	883	-30%	1,466	1,729	-15%	3,716
- Capital order intake	507	996	-49%	971	2,782	-65%	3,774
Order backlog	5,727	8,005	-28%	5,727	8,005	-28%	6,509
Revenue	**1,326**	**2,251**	-41%	**3,116**	**4,088**	-24%	**8,477**
- Service revenue	727	918	-21%	1,660	1,678	-1%	3,407
- Capital revenue	599	1,333	-55%	1,456	2,410	-40%	5,070
Gross margin before shared costs	21.0%	22.0%		21.5%	22.1%		22.2%
EBITA margin before shared costs	6.9%	14.1%		9.2%	13.5%		13.5%
EBITA	(65)	143	-145%	(33)	212	-116%	486
EBITA margin	**-4.9%**	**6.3%**		**-1.1%**	**5.2%**		**5.7%**

Cement


ORDER INTAKE
-40% vs. Q2 2019
DKKm
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Service order intake
Capital order intake
Revenue


REVENUE
-41% vs. Q2 2019
DKKm
EBITA margin
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
14%
12%
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Service revenue
Capital revenue
EBITA margin

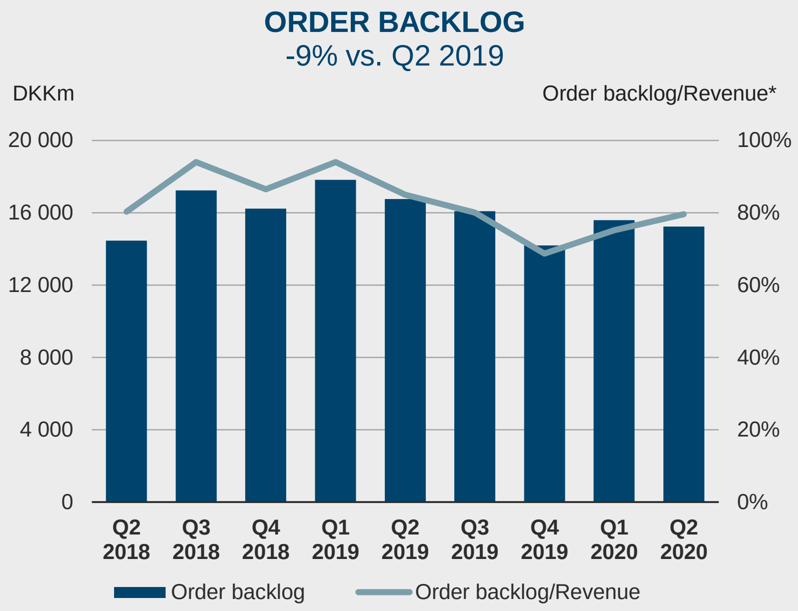
Order intake and revenue growth

Order intake growth Q2'20 vs. Q2'19	Mining	Cement	Group
Organic	-23%	-39%	-29%
Acquisitions	2%	0%	1%
Currency	-7%	-1%	-4%
Total growth	**-28%**	**-40%**	**-32%**

Revenue growth Q2'20 vs. Q2'19	Mining	Cement	Group
Organic	-16%	-40%	-26%
Acquisitions	0%	0%	0%
Currency	-6%	-1%	-4%
Total growth	**-22%**	**-41%**	**-30%**

Order backlog and conversion to revenue

Order backlog / last 12 months revenue at 80% in Q2



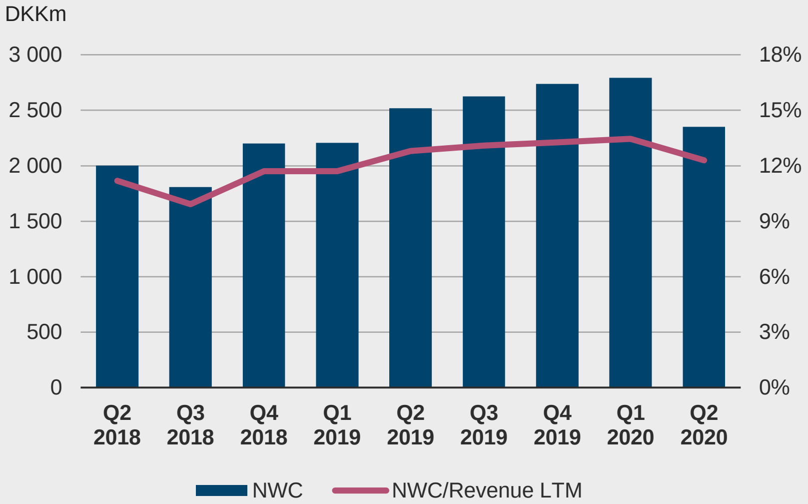
*Order backlog divided by last 12 months revenue

Expected backlog conversion to revenue:

- 43% in 2020
- 34% in 2021
- 23% in 2022 and beyond

Net working capital

NET WORKING CAPITAL



- NWC at the end Q2 was 12.3% of the last 12 months revenue
- Reduced utilisation of supply chain financing caused a significant part of the decrease in trade payables (increase in net working capital) in Q2

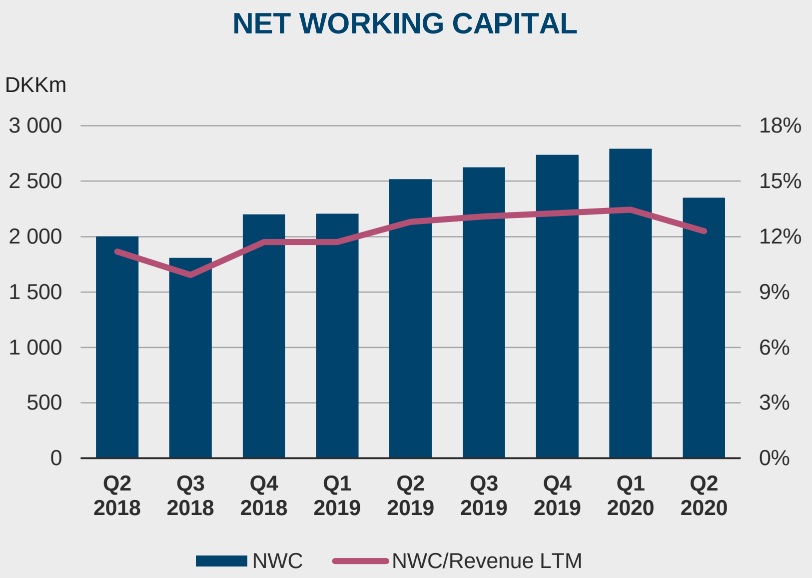
Net working capital developments, year to date

DKKm	End Q2 2020	End Q4 2019	Change
Inventories	**2,721**	2,714	*7*
Trade receivables	**3,748**	5,069	*(1,321)*
Trade payables net	**(2,911)**	(3,759)	*848*
WIP assets net	**366**	1,034	*(668)*
Prepayments from customers	**(1,247)**	(1,768)	*521*
Other liabilities net	**(326)**	(551)	*225*
NWC total	**2,351**	2,739	*(388)*

- Currency effect on NWC**: DKK 155m** decrease

FLSMIDTH

Net working capital



- NWC at the end Q2 was 12.3% of the last 12 months revenue
- Reduced utilisation of supply chain financing caused a significant part of the decrease in trade payables (increase in net working capital) in Q2

Net working capital developments, year on year

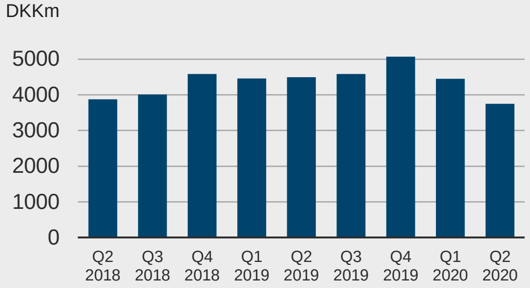
DKKm	End Q2 2020	End Q2 2019	Change
Inventories	**2,721**	2,893	*(172)*
Trade receivables	**3,748**	4,493	*(745)*
Trade payables net	**(2,911)**	(3,746)	*835*
WIP assets net	**366**	1,079	*(713)*
Prepayments from customers	**(1,247)**	(1,709)	*462*
Other liabilities net	**(326)**	(491)	*165*
NWC total	**2,351**	2,519	*(168)*

- Currency effect on NWC: **DKK 172m** decrease

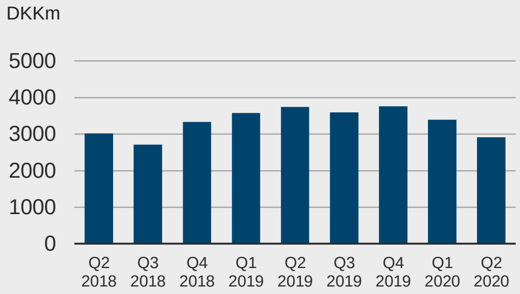
Net working capital components

- Net working capital decreased to DKK 2,351m, owing to a combined reduction in trade receivables and net work in progress

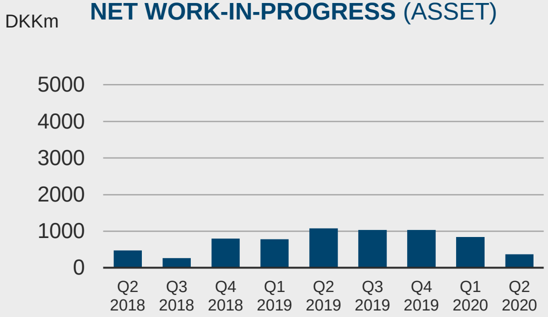
TRADE RECEIVABLES



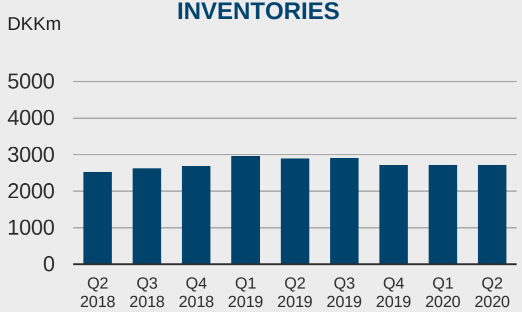
TRADE PAYABLES



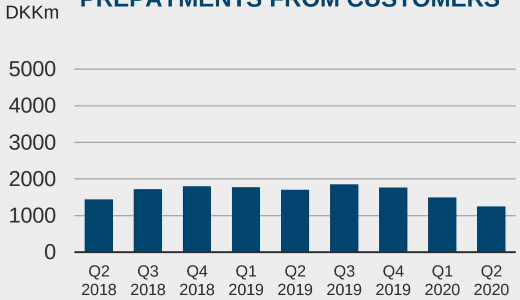
NET WORK-IN-PROGRESS (ASSET)



INVENTORIES

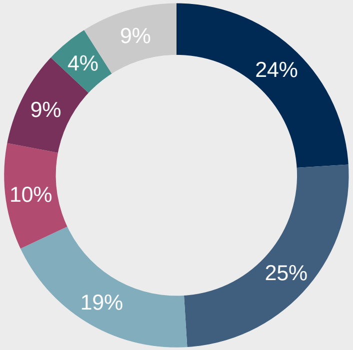


PREPAYMENTS FROM CUSTOMERS



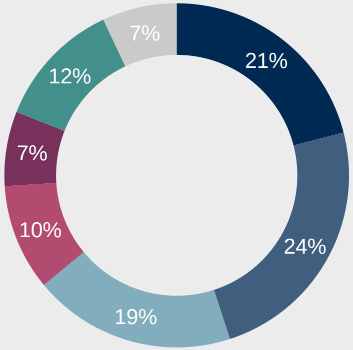
Revenue split in Q2 2020

REVENUE Q2 2020
BY REGION



■ North America ■ South America
■ Europe, North Africa, Russia ■ Sub-Saharan Africa and Middle East
■ Asia ■ Subcontinental India
■ Australia

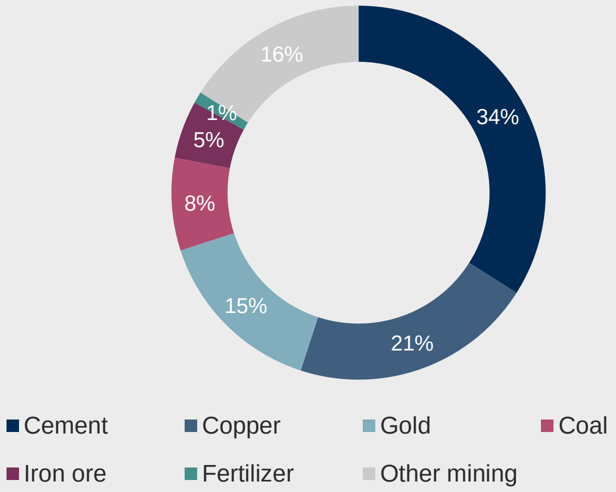
REVENUE Q2 2019
BY REGION



■ North America ■ South America
■ Europe, North Africa, Russia ■ Sub-Saharan Africa and Middle East
■ Asia ■ Subcontinental India
■ Australia

Order intake by commodity

ORDER INTAKE Q2 2019
– by commodity



Thank you

flsmidth.com/linkedin

flsmidth.com/twitter

flsmidth.com/facebook

flsmidth.com/instagram

flsmidth.com/youtube