

FLSmidth to explore divestment options for its Cement business

Today, FLSmidth announces that we will explore the available divestment options for our Cement business. Our objectives are to enable the Cement business to maximise its full potential as well as to further strengthen our Mining business' market-leading position as a full flowsheet technology and service provider to the global mining industry.

As announced on 18 January 2023, FLSmidth has introduced pure play strategies to separate its Mining and Cement businesses. Additionally, long-term financial targets have been announced for each of the two businesses (ref. Company Announcement no. 2-2023). As of 1 January 2024, the new company structure is in place and the remaining separation activities are expected to be completed during the first half of 2024.

The Mining and Cement businesses are very different in terms of market dynamics and industry fundamentals. In addition, the synergies, overlap in customer base and overlap in product offerings between the two businesses are limited. Consequently, by separating the two businesses, both will benefit from increased operational flexibility, strong accountability and improved financial transparency. This allows them to focus on their own unique opportunities and challenges, and thus maximise their respective full potential.

Over the past year, we have simplified and rightsized the Cement business to further strengthen its market-leading position, improve profitability and make it fit-for-purpose with a strategic focus on the core products and services required in the cement industry. We continue to believe that the global economic development and the green transition offer attractive long-term growth opportunities for our Cement business, and that especially the Service business holds significant untapped potential.

To unlock the full potential of the Cement business and to maximise shareholder value, we have as part of the pure play separation process assessed different business models, investment scenarios and potential ownership structures. This assessment suggests that the Cement business could benefit from an alternative ownership. Consequently, the Board of Directors and Group Executive Management have decided to explore the available divestment options for the Cement business.

Chair of the Board of Directors, Tom Knutzen, says: "I am truly proud of what we have achieved with our Cement business for more than 140 years. I firmly believe the business is well positioned for future success and that it has a significant role to play in the decarbonisation of cement. However, when reviewing the long-term options for FLSmidth as a business, for our customers and for our shareholders, we have concluded that a separation of ownership could be beneficial for both the Mining and Cement businesses. Unlocking the full potential of the Cement business requires substantial investments and dedicated management attention, which we believe will be more easily achieved under a different ownership than FLSmidth's."

Group CEO of FLSmidth A/S, Mikko Keto, says: "Our Cement business has shown robust performance and good strategic progress over the past years. This gives me great comfort in Cement's ability to continue its positive journey, also – and maybe even more so – under another ownership than FLSmidth's. We have a clear ambition of further strengthening our market-leading position in Mining, and we see tremendous long-term opportunities for the business backed by strong industry fundamentals and a positive long-term market outlook. Consequently, today's decision of exploring divestment options for our Cement business constitutes a key step in unlocking the full long-term potential of both the Mining and Cement businesses."

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There is no certainty that any transaction will transpire. Any further announcements will be made as and when appropriate. We would expect a potential transaction to take place by late-2024 at the earliest. In the meantime, FLSmidth Cement will continue to execute on its 'GREEN'26' strategy with no changes to leadership or operations.

Today's announcement does not impact FLSmidth's financial guidance for the full year 2023 (ref. Company Announcement no. 17-2023). The long-term financial targets for FY2026 of 13-15% EBITA margin for Mining and ~8% EBITA margin for Cement remain unchanged (ref. Company Announcement no. 2-2023).

Conference call

On 30 January 2024 at 08:00 CET, Mr. Mikko Keto (Group CEO) and Mr. Roland M. Andersen (Group CFO) will host a conference call to comment on this announcement. The presentation will be followed by a short Q&A session. The presentation will be held in English.

The presentation can be followed live or as a replay [here](#).

If you wish to ask questions or just listen to the presentation via telephone, please register [here](#). After registration, you will receive phone numbers, pin codes and a calendar invite. Please note that you will receive two codes (a pass code and a PIN code), both of which are needed when dialling into the webcast.

The presentation slides will be made available shortly after the conference call has ended at www.flsmidth.com/reports-and-presentations.

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About FLSmidth

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

www.flsmidth.com.