

6 November 2019

Thomas Schulz, Group CEO

DRIVING SUSTAINABLE PRODUCTIVITY

WE DISCOVER POTENTIAL

 FLSMIDTH

Capital Markets Day – Driving sustainable productivity

Agenda

11.00 - 11.30 **Driving sustainable productivity** (Thomas Schulz)

11.30 - 12.00 **Driving financial performance** (Lars Vestergaard)

12.00 - 12.20 *Coffee break*

12.20 - 12.50 **Cement market and strategy** (Jan Kjaersgaard)

12.50 - 13.20 **Mining market and strategy** (Manfred Schaffer)

13.20 - 14.10 *Lunch break and casual conversation with management*

14.10 - 14.30 **Digital drives productivity** (Mikael Lindholm)

14.30 - 15.00 **Regional perspective** (Deon De Kock)

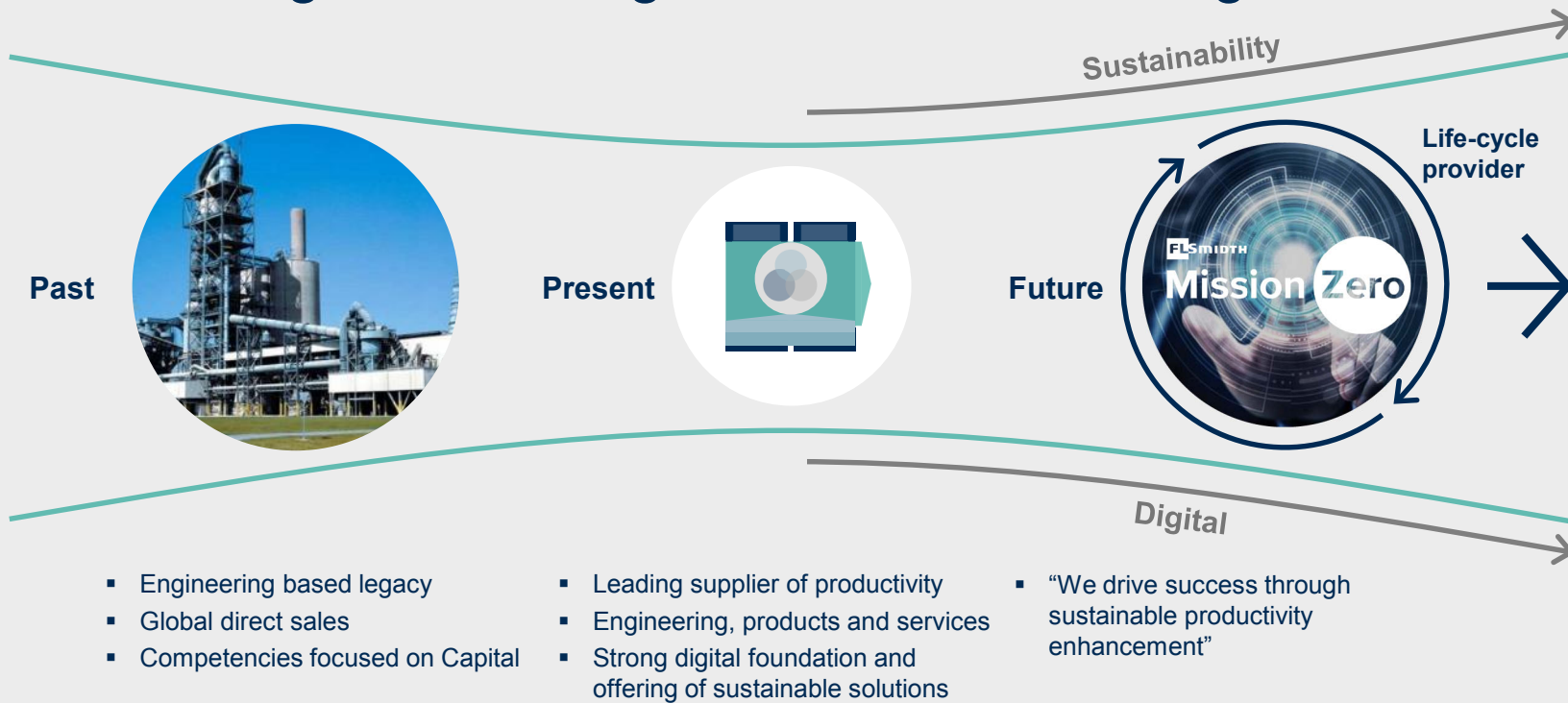
15.00 - 15.15 *Break*

15.15 - 16.00 **CEO wrap up** (Thomas Schulz) and **Q&As** (All)

16.00 - 17.00 *Drinks and casual conversation with management*

A journey to become Productivity Provider #1

Profitable growth through sustainable offerings



Industry trends and drivers



Demand drivers

- Growing wealth
- Rising population
- Urbanisation
- Electrification and renewable energy



'Political barriers'

- Tariffs and subsidies
- Import and export limitations
- Sanctions and embargoes
- Currency fluctuation



Supply trends

- Scarcity of natural resources
- Depleting ore grades
- Increased technical complexity
- More remote locations

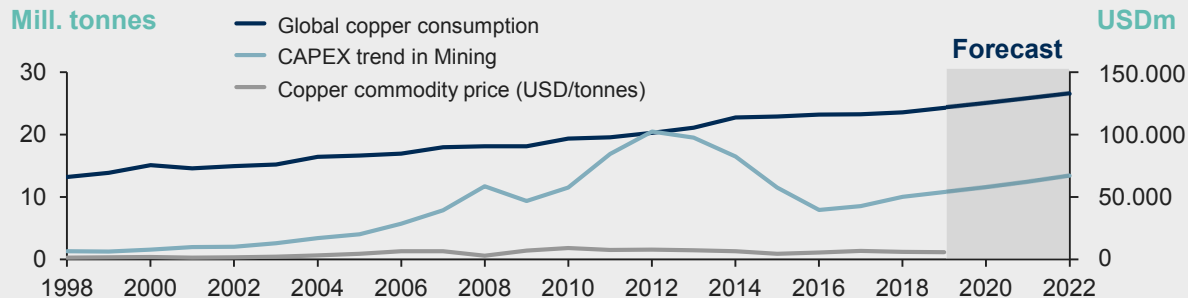


Industry trends

- Sustainability
- Efficiency
- Innovation and digitalization
- Full service supply

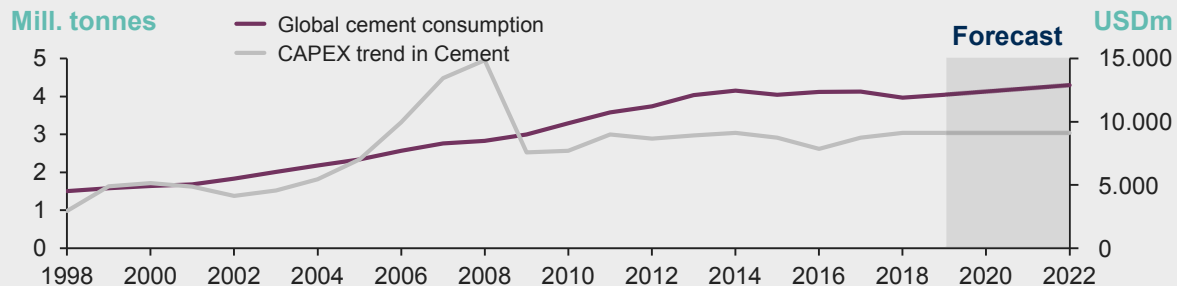
Market outlook

Mining



- **Growth cycle**
- **Declining ore grades**
- **Focus on sustainable productivity**

Cement

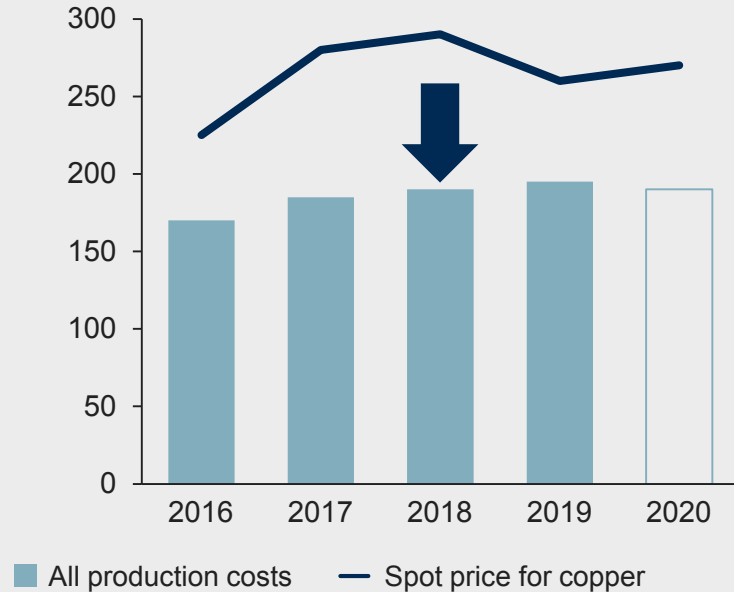


- **Modest market growth**
- **Focus on operations efficiency and reducing the environmental footprint**

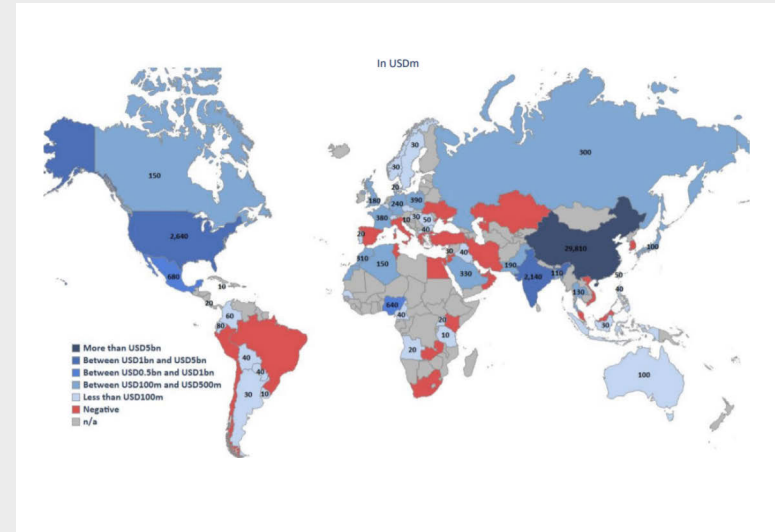
Source: Bloomberg, FLSmidth analysis

Our value proposition

Mining – copper cost curve (US cents/lb)



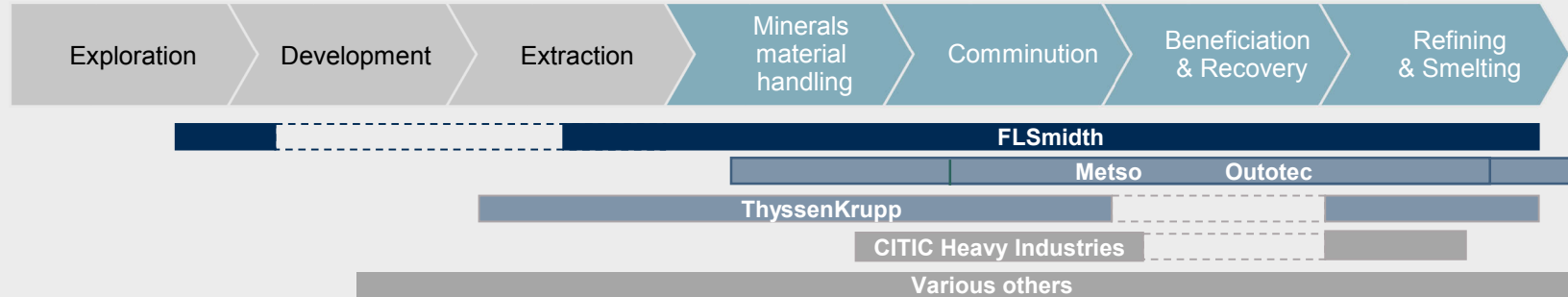
Cement – 2019 Free cash flow



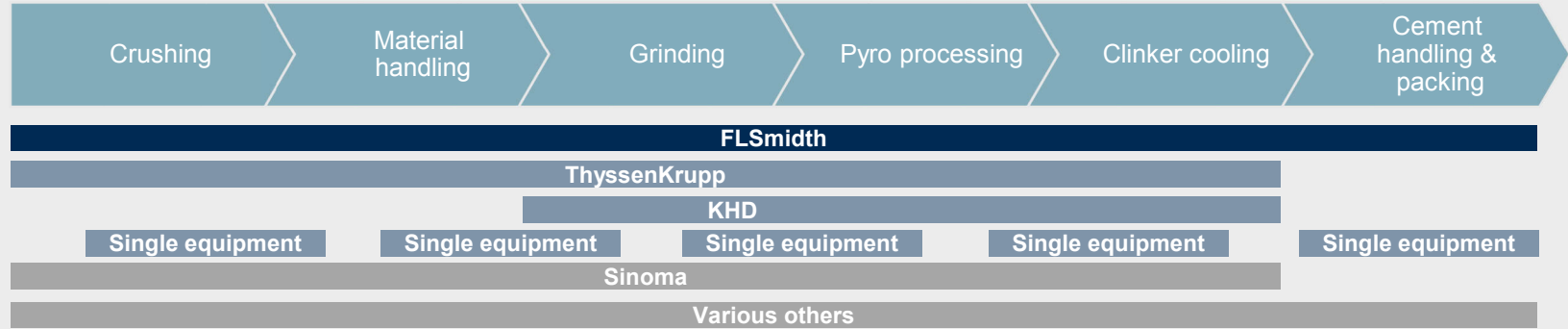
Source: On Field

Competitive landscape

MINING

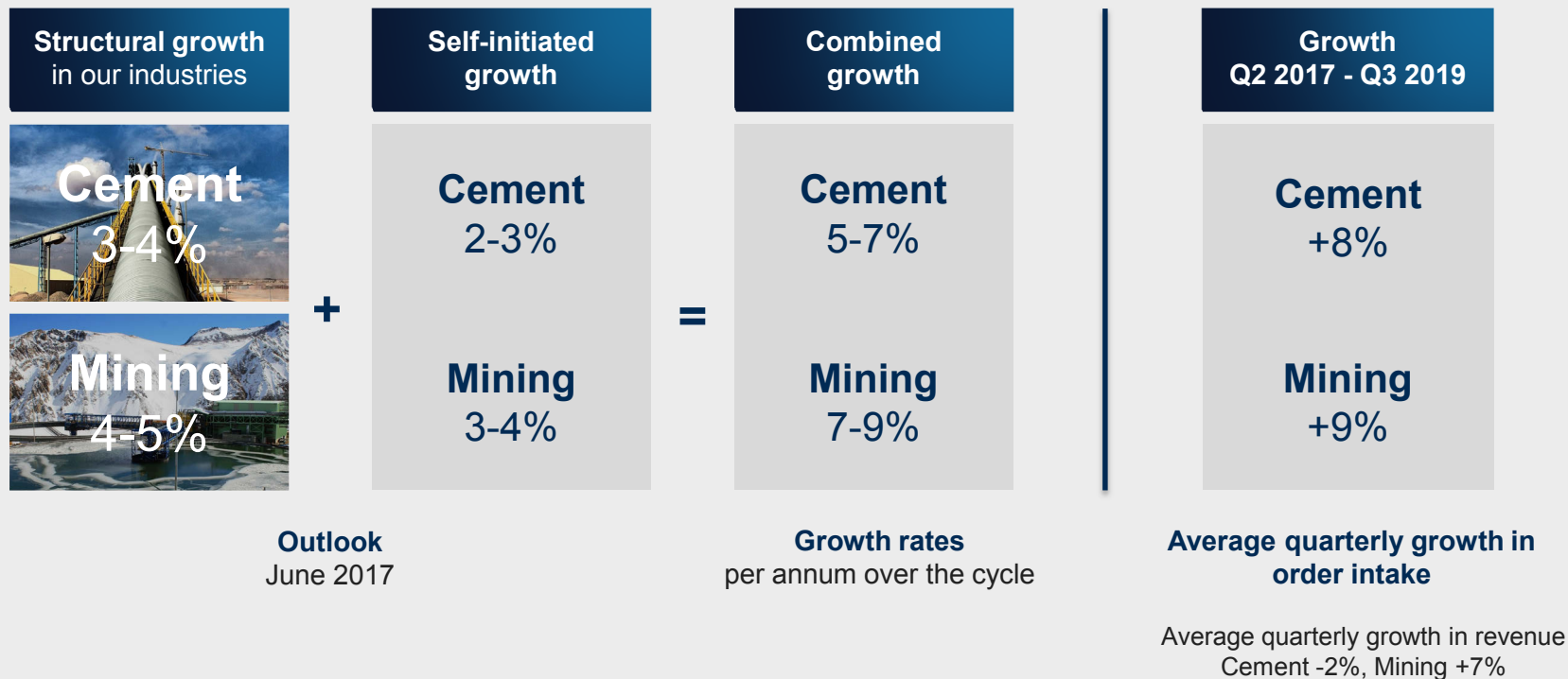


CEMENT

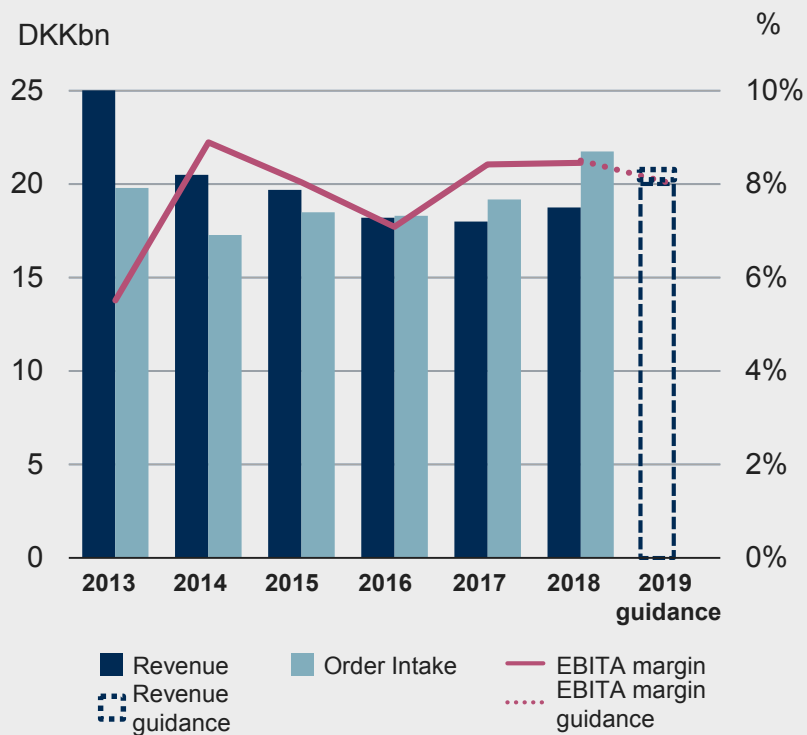


Growth outlook at previous Capital Markets Day

June 2017



Financial performance



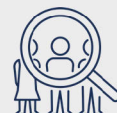
Growth

Selective



Gross margin

Improve



SG&A costs

Under control

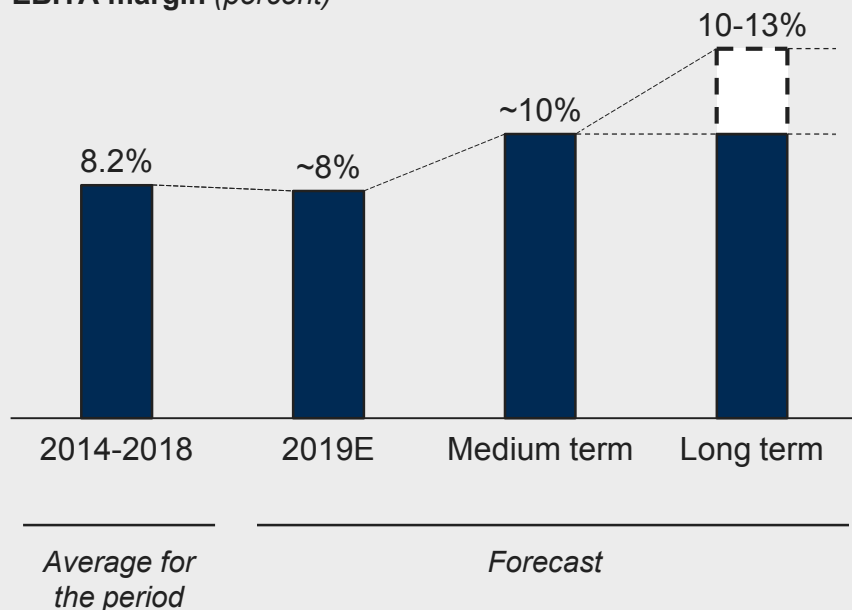


Cash

Focus to keep on track

Margin improvement is expected both medium and long term

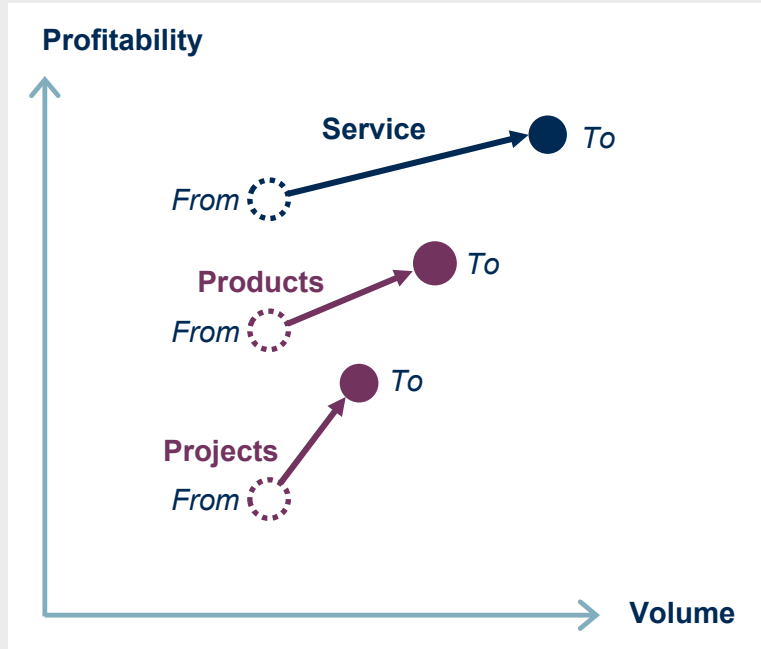
EBITA margin (percent)



- Full-year 2019 guidance of ~8%
- Medium-term target of ~10%
- Long-term target of 10-13% maintained

Strategic focus – sustainable profitable growth

ILLUSTRATIVE



Business model

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Organisation



Customers

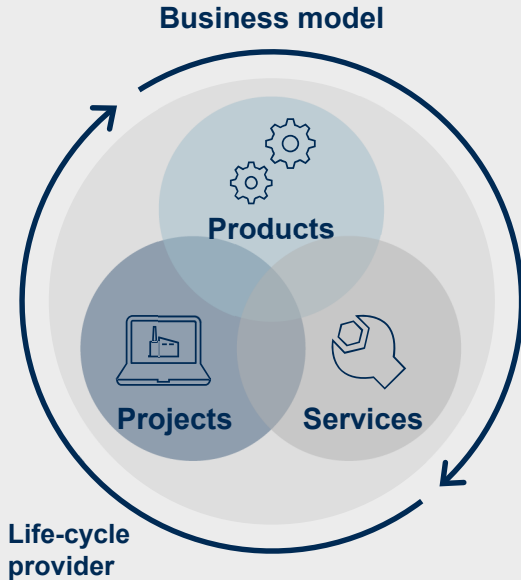
Digitalization

FLSMIDTH
ENABL'R

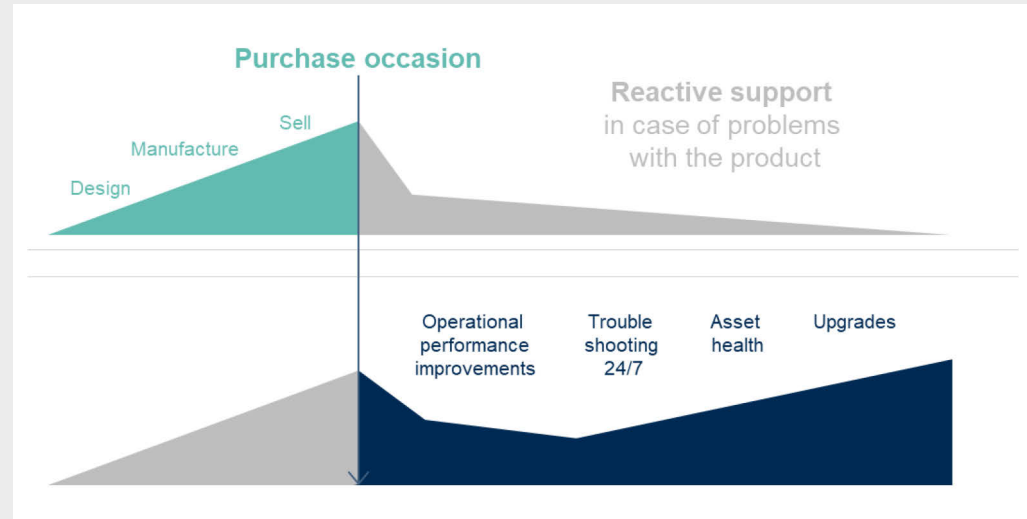
Sustainability

FLSMIDTH
Mission Zero

Our earnings model

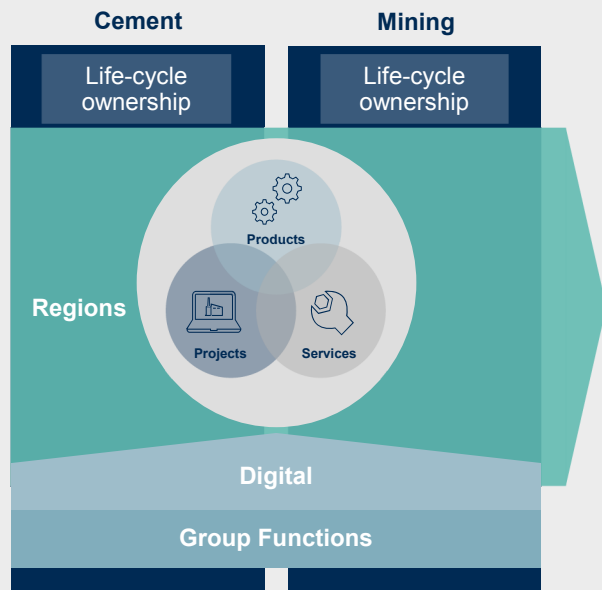


Life-cycle approach



Vision: *We drive success through sustainable productivity enhancement*

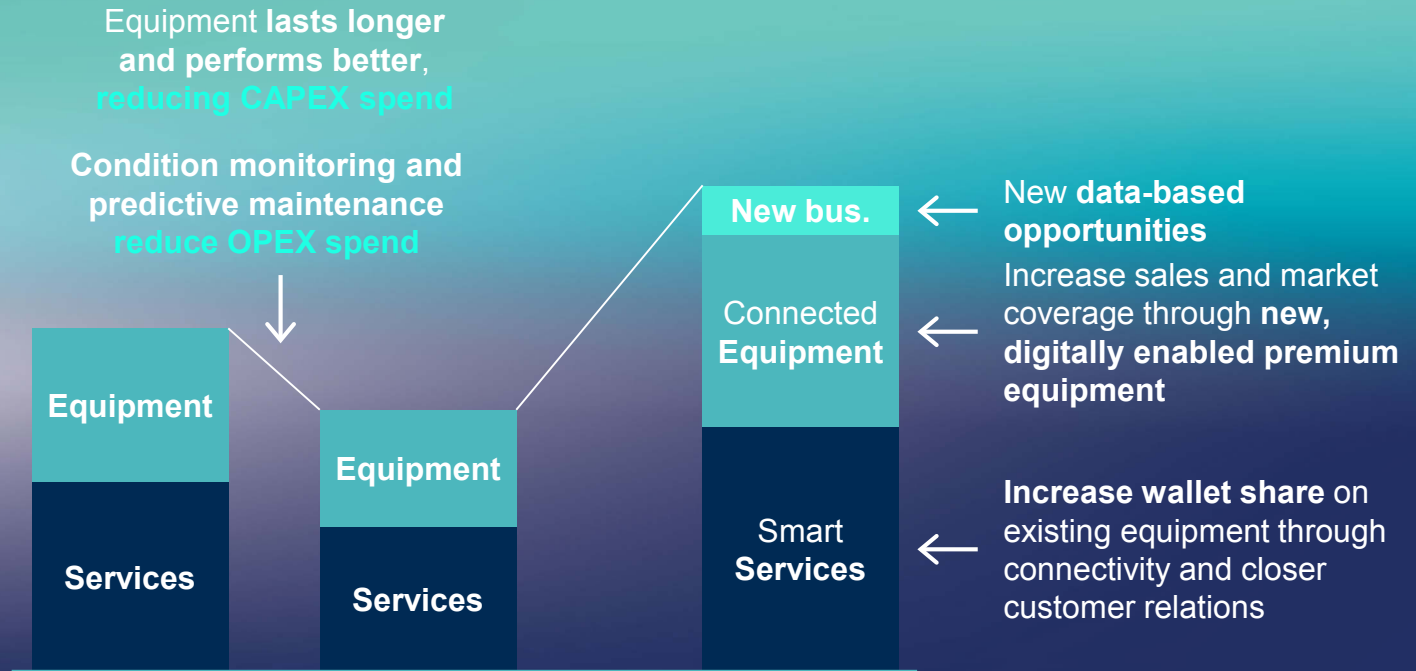
The new structure provides many benefits and highlights opportunities



Opportunities

- White spot targeting
- Better and faster service
- Shorter delivery and quotation time
- Improved wear parts portfolio
- Go-to-market and service based on installed base insights
- Full flowsheet offering to all customers

Digitalization brings large opportunities



Sustainability as a business opportunity

Our impact across the value chain			
	Suppliers	FLSmidth	Customers
Impact	Medium	Small	Large
Ambition	Above industry standards	Above industry standards	Best-in-class
Control by FLSmidth	Partial	Full	Indirect
			Large business opportunity

- **FLSmidth's annual CO₂ footprint** (scope 1 & 2) equals **one month** of operation for an average newer European cement plant (3,500 tpd)
- **FLSmidth's annual water consumption** equals **two weeks** of operation for a copper mine (100,000 tpy)

6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



We drive success through
sustainable productivity enhancement

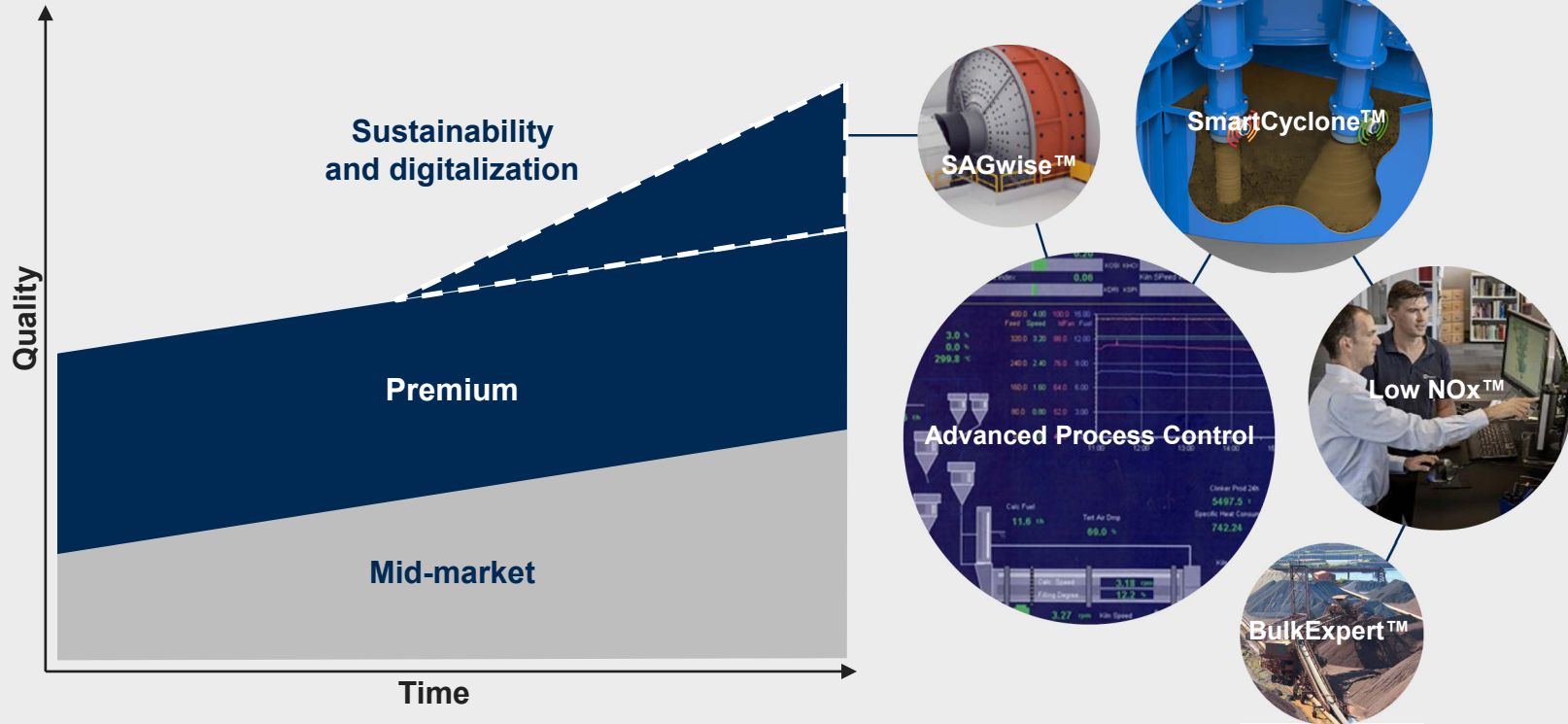
Our sustainable ambition for 2030:

FLSMIDTH

Mission Zero

Towards zero emissions
in mining and cement

Sustainability and digitalization expand the gap between premium and mid-market



A journey to become Productivity Provider #1

Profitable growth through sustainable offerings

