

FLSmidth & Co. Group Interim Report for Q1 2021

Company Announcement No. 6-2021, 5 May 2021

Order intake increased for the third consecutive quarter

Highlights in Q1 2021

- Order intake increased 6% compared to Q4 2020, and organic order intake decreased 19% y-o-y
- Organic revenue declined 13% y-o-y, comprising a 7% decrease in mining and a 23% decline in Cement
- EBITA margin increased slightly to 5.1%
- Positive cash flow and reduction in net debt
- Cash focus and business improvement activities deliver results
- Continued reshaping of Cement

Order intake increased for the third consecutive quarter, but decreased 19% organically y-o-y compared to the exceptionally strong Q1 2020. Including currency effects and acquisitions, order intake decreased by 24% y-o-y to DKK 4,985m. Sequentially, order intake increased 6% and service orders increased 19%. The order backlog increased by 9% to DKK 16,251m from DKK 14,874m in Q4 2020.

FLSmidth Group CEO, Thomas Schulz, commented: "In light of the ongoing pandemic, FLSmidth delivered a solid Q1 with a good order intake and revenue as expected. The sequential increase in order intake was underpinned by a strong focus on service as well as orders for plant digitalisation and emissions reduction. The EBITA margin increased slightly and cash flow was strong. The organisation has done a tremendous job of managing safety protocols whilst helping our customers sustain production and improve operational efficiency."

Financial performance

Revenue declined 18% to DKK 3,713m in Q1 2021 (Q1 2020: DKK 4,525m) and 13% organically, comprising a 7% decrease in Mining and a 23% decline in Cement.

Gross margin improved 2.1%-points in the quarter due to a higher share from service and business improvement activities. The Group EBITA margin increased slightly to 5.1%.

The adjusted free cash flow increased to DKK 232m in Q1 2021, compared to DKK -103m in Q1 2020. Net working capital decreased for the fourth consecutive quarter to DKK 1,678m at the end of Q1 2021 (end of Q4 2020: DKK 1,752m). The net working capital ratio was unchanged compared to Q4 2020 at 10.7% of 12-months trailing revenue. CFFO increased to DKK 285m in Q1 2021 compared to DKK -35m in Q1 2020, mainly due to significant cash inflow from working capital.

Due to the strong free cash flow, net interest-bearing debt (NIBD) decreased to a multi-year low of DKK 1,577m (end of Q4 2020: DKK 1,808m), and the financial gearing decreased to 1.4x (end of Q4 2020: 1.6x).

Guidance maintained

FLSmidth maintains its guidance for group revenue of DKK 15.5-17.0bn and a group EBITA margin of 5-6%. The guidance is based on continued impact from the pandemic in Q2 2021, where business activity is expected to remain low. In certain parts of the world, the pandemic impact is likely to last beyond H1 2021.

Thomas Schulz, commented: "There is a strong correlation between the pandemic and business activity. The global vaccination programmes provide hope of easing restrictions and a gradual improvement in business sentiment in the second half of the year. Surging infection rates in parts of the world could however slow down the pace of recovery."

The outlook for the mining industry remains positive. For 2021, the Mining business revenue and EBITA are expected to grow in the second half of the year and the EBITA margin is expected to be high-single digit for the full-year.

The outlook for the cement industry remains impacted by overcapacity and slow recovery. The Cement business revenue is expected to decline further in 2021, and initiatives to reshape the Cement business are ongoing. The Cement business is not expected to be EBITA positive in 2021 due to continued Cement reshaping costs and low capacity utilisation in the service business until the pandemic eases.

Read the full Interim report Q1 2021 [here](#)

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Key figures Q1 2021

(DKKm)	Q1 2021	Q1 2020	Change (%)
Order intake (gross)	4,985	6,526	-24%
- of which service order intake	2,750	2,931	-6%
<i>Service order intake share</i>	55%	45%	
Order backlog	16,251	15,591	4%
Revenue	3,713	4,525	-18%
- of which service revenue	2,401	2,606	-8%
<i>Service revenue share</i>	65%	58%	
Gross profit	935	1,047	-11%
Gross profit margin	25.2%	23.1%	
EBITDA	287	319	-10%
before special non-recurring items			
EBITA	190	228	-17%
EBITA margin	5.1%	5.0%	
EBIT	101	146	-31%
EBIT margin	2.7%	3.2%	
Profit	54	101	-47%
CFFO	285	-35	
Free cash flow	234	-144	
Net working capital	1,678	2,792	-40%
Net interest-bearing debt	1,577	2,663	-41%

For additional information, go to our [Investor Room](https://www.flsmidth.com/investor-room) at www.flsmidth.com

FLSmidth delivers sustainable productivity to the global mining and cement industries. We deliver market-leading engineering, equipment and service solutions to our customers enabling them to improve performance, drive down costs and reduce environmental impact. Our operations span the globe and our ~10,200 employees are present in more than 60 countries. In 2020, FLSmidth generated revenue of DKK 16.4 billion. www.flsmidth.com