

FLSmidth & Co. Group Interim Report for Q1 2023

Good start to the year with an adjusted Mining EBITA margin of 9.6% and positive impact from our key transformation efforts

Highlights in Q1 2023

- Strong Mining Service revenue growth of 48%
- Adjusted Mining EBITA margin of 9.6%*
- Cost synergy takeout from Mining Technologies integration slightly ahead of plan
- Sustained profitability for Cement with EBITA margin of 4.3%
- Non-Core Activities order backlog decreased to DKK 2.1bn (end Q4 2022: DKK 2.9bn)
- Negative cash flow in line with expectations
- Financial guidance for 2023 maintained

Mining order intake declined by 20% excluding currency effects. When adjusting for Russia, Non-Core Activities and Mining Technologies, the underlying Mining order intake in the quarter declined approximately 23%. This development reflects our ongoing transformation and the strong comparison quarter. Cement order intake in Q1 2023 declined by 29% excluding currency effects. This development mainly reflects a 42% decrease in Products order intake compared to Q1 2022, which included several sizeable orders, as well as our de-risking strategy. Order intake for Non-Core Activities amounted to DKK 111m. The Non-Core Activities order backlog amounted to around DKK 2.1bn at end Q1 2023, representing a decrease of DKK 0.8bn compared to Q4 2022. Group order intake declined by 21% excluding currency effects. When adjusting for Russia and Mining Technologies the underlying Group order intake in the quarter declined approximately 27%.

Group CEO, Mikko Keto, commented: *“We have had a good start to the year. The key transformation efforts, which we initiated last year, positively impacted our performance in the first quarter of 2023. Our Mining business saw good underlying development in both revenue and profitability, reflecting our increased focus on the Service business and our continued de-risking approach. Our Cement business’ profitability has continued to benefit from our operating model simplification efforts and our increased focus on key markets. We are pleased with how our transformation journey has progressed during the first quarter of 2023, including the accelerated pace of the synergy takeout from the Mining Technologies integration and the Non-Core Activities exit, as successful execution of these is essential in our journey to improve our long-term profitability.”*

Financial performance Q1 2023

Mining revenue increased by 28% excluding currency effects. Adjusting for our exit of Russia, the establishment of the Non-Core Activities segment and the acquisition of Mining Technologies the underlying Mining revenue growth in the quarter was approximately 29%. Excluding Russia, Mining revenue increased by 45% in Q1 2023. The adjusted Mining EBITA margin was 9.6% in Q1 2023, which was realised despite an approximated dilutive effect from the acquisition of Mining Technologies of around 2%-points. Including integration costs of DKK 127m, the reported Mining EBITA margin was 6.5%.

Cement revenue increased by 6% excluding currency effects and by 9% excluding Russia compared to Q1 2022. Cement EBITA continued the positive trend and increased by 28% compared to Q1 2022. The corresponding Cement EBITA margin was 4.3% in Q1 2023.

**Adjusted for integration costs of DKK 127m related to the Mining Technologies integration*

Consolidated Group revenue increased by 27% excluding currency effects and by 39% excluding Russia compared to Q1 2022. When adjusting for Russia and Mining Technologies the underlying revenue growth in the quarter was approximately 20%. In line with expectations, the quarter included DKK 249m in revenue from Non-Core Activities. The adjusted EBITA margin for the Group was 6.0% in Q1 2023. Including integration costs, the Group EBITA margin was 3.9% in Q1 2023.

Financial guidance 2023

The financial guidance for 2023 is maintained. Guidance for full year 2023 reflects continued improvement of the underlying legacy FLSmidth Mining business, integration of Mining Technologies and the establishment of the Non-Core Activities segment.

Guidance 2023	Mining	Cement	Non-Core Activities	Consolidated Group
Revenue, DKKbn	16.0-17.0	6.0-6.5	0.8-1.0	23.0-24.5
Adj. EBITA margin	9-10%			6-7%*
EBITA margin		4-5%	Loss of ~DKK 250-350m	4-5%

* Consolidated Group adj. EBITA margin is not adjusted for the loss in Non-Core Activities

Guidance for 2023 is subject to uncertainty due to the global supply chain situation, potential recession and geopolitical turmoil.

Earnings call

A presentation of the results will take place on **11 May 2023 at 10:00 CET**. Mr. Mikko Keto (Group CEO) and Mr. Roland M. Andersen (Group CFO) will comment on the report and developments in the Group. The presentation will be followed by a Q&A-session. The presentation is available at: www.flsmidth.com/reports-and-presentations

Live audio-webcast

The presentation can be followed live or as replay **via the internet** [here](#).

Conference call

If you wish to ask questions or just listen to the presentation **via telephone**, please call one of the following numbers: DK: +45 78 77 41 97, UK: +44 0 808 101 1183 or US: +1 785 424 1102

Please use the PIN code: 65421 #

Consolidated key figures Q1 2023

(DKK m)	Q1 2023	Q1 2022	Change (%)	FY 2022	FY 2021	Change (%)
Order intake	5,632	7,018	-20%	24,644	19,233	28%
- of which service order intake	3,795	3,474	9%	14,458	11,162	30%
<i>Service order intake share</i>	67%	50%		59%	58%	
Order backlog	22,027	19,358	14%	23,541	16,592	42%
Revenue	6,016	4,706	28%	21,849	17,581	24%
- of which service revenue	3,682	2,658	39%	12,933	10,094	28%
<i>Service revenue share</i>	61%	56%		59%	57%	
Gross profit	1,397	1,107	26%	5,076	4,180	21%
Gross profit margin	23.2%	23.5%		23.2%	23.8%	
Adjusted EBITA	362	339	7%	1,395	n/a	
Adjusted EBITA margin	6.0%	7.2%		6.4%	n/a	
EBITA	235	302	-22%	943	1,030	-8%
EBITA margin	3.9%	6.4%		4.3%	5.9%	
Profit	84	123	-32%	352	357	-1%
CFFO	(404)	(70)		968	1,449	
Free cash flow	(428)	(35)		(1,342)	1,176	
Net working capital	2,613	1,354	93%	1,893	1,058	79%
Net interest-bearing debt	(1,187)	864		(726)	889	

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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. FLSmidth works within fully validated Science-Based Targets, our commitment to keep global warming below 1.5°C and to becoming carbon neutral in our own operations by 2030. www.flsmidth.com