

## FLSmidth 2024 Annual Report: Improved profitability and solid progress on key transformation efforts

Today, FLSmidth's Board of Directors approved the Annual Report for 2024.

### Highlights in 2024:

- Mining Service order intake increased by 2% compared to 2023 reflecting continued stability of mining service market
- Additional improvements in underlying profitability with Mining Adjusted EBITA margin of 13.1%
- Cement order intake decreased by 22% compared to reflecting recent divestments and continued pruning of the product portfolio
- Cement Adjusted EBITA margin of 9.1% resulting from successful execution of strategic initiatives
- Group EBITA margin of 9.8% and net result of DKK 1,030m – the highest levels in more than a decade
- Better-than-expected cash flow performance with cash flow from operations of DKK 640m
- Continued progression on all our science-based sustainability targets

FLSmidth Group CEO, Mikko Keto, comments: *"This year's annual report highlights the meaningful progress we have made in advancing our strategic initiatives, streamlining our operations and enhancing efficiency across the business. Thanks to these efforts, we have achieved strong improvements in the underlying profitability of both the Mining and Cement businesses. Additionally, we have made significant progress in winding down Non-Core Activities, reducing the backlog by 94% since the establishment of the segment. These achievements are a testament to the hard work and dedication of our employees, and we can all be proud of what we have accomplished in the year. The results we have delivered in 2024 provide a solid foundation for the year ahead, as we continue our transformation and remain committed to delivering consistent performance through business excellence."*

## Results in Q4 2024

### Commercial performance

**Mining** order intake increased by 11% compared to Q4 2023 (increase of 13% if excluding currency effects). Service order intake increased by 14% driven by increased level of orders within spare parts, upgrades & retrofits and consumables. Products order intake increased by 3% compared to Q4 2023. No large Products orders were announced in neither Q4 2024 nor in Q4 2023. Service and Products comprised 73% and 27% of the total Mining order intake in the quarter, respectively (71% and 29% in Q4 2023, respectively).

**Cement** order intake decreased by 13% compared to Q4 2023 (decrease of 6% if excluding currency effects and effects from divestments). Service order intake decreased by 11% primarily due to effects from divestments. Products order intake decreased by 18% primarily as a result of divestments as well as the continued pruning of the product portfolio and exit from project-oriented business. Service and Products comprised 76% and 24% of the total Cement order intake in the quarter, respectively (74% and 26% in Q4 2023, respectively).

The order backlog for the **Non-Core Activities (NCA) segment** amounted to DKK 211m at the end of Q4 2024 representing a decrease of DKK 192m since the end of Q3 2024 and a decrease of around DKK 3.4bn, equal to approximately 94%, since the establishment of the segment as of Q4 2022.

**Group** order intake increased by 5% compared to Q4 2023 (increase of 9% if excluding currency effects and effects from divestments). Service order intake increased by 8% driven by higher order intake in the Mining business, partly offset by lower order intake in the Cement business. Products order intake decreased by 2% driven by lower order intake in the Cement business, partly offset by higher order intake in the Mining business. Service and Products comprised 73% and 27% of the total order intake in Q4 2024, respectively (72% and 28% in Q4 2023, respectively).

### Financial performance

**Mining** revenue decreased by 7% compared to Q4 2023 (decrease of 5% in excluding currency effects). Service revenue increased by 12%, driven primarily by higher revenue within upgrades & retrofits and professional services, partly offset by lower revenue within digital solutions and spare parts. Products revenue decreased by 31% primarily reflecting the timing of the execution of certain orders. Gross profit increased by 14% to DKK 1,308m (DKK 1,148m in Q4 2023) corresponding to a gross margin of 31.3% (25.6% in Q4 2023). Excluding transformation and separation costs of DKK 48m, the Adjusted EBITA margin was 14.0% in Q4 2023. Including these items, the EBITA margin was 12.9% compared to 8.7% in Q4 2023.

**Cement** revenue decreased by 22% compared to 2023 (decrease of 15% if excluding currency effects and effects from divestments). Service revenue decreased by 7% mainly due to the effect from divestments. Products revenue decreased by 41% driven by the effects from divestments as well as from the continued pruning of the product portfolio and exit from project-oriented business. Gross profit increased by 36% to DKK 445m (DKK 328m in Q4 2023) corresponding to a gross margin of 40.8% (23.5% in Q4 2023). Excluding transformation and separation costs of DKK 4m, the Adjusted EBITA margin was 8.5% in Q4 2024. Including these items, the EBITA margin was 8.2% compared to 7.4% in Q4 2023.

**NCA** revenue amounted to DKK 62m in Q4 2024. Gross profit amounted to DKK 46m and was positively impacted by the release of provisions in connection with the wind-down of the NCA segment. EBITA amounted to DKK -34m driven by costs related to the wind-down of the segment.

**Group** revenue decreased by 11% compared to Q4 2023 (decrease of 7% if excluding currency effects and effects from divestments). Service revenue increased by 7% driven by higher revenue in the Mining business, partly offset by lower revenue in the Cement business. Products revenue decreased by 33% driven by both the Mining and Cement businesses. Gross profit increased by 26% to DKK 1,799m (DKK 1,430m in Q4 2023) corresponding to a gross margin of 33.7% (24.0% in Q4 2023). Excluding transformation and separation costs of DKK 51m, the Adjusted EBITA margin was 12.1% in Q4 2024. Including these items, the EBITA margin was 11.1% compared to 6.9% in Q4 2023.

## Results in 2024

### Commercial performance

**Mining** order intake decreased by 6% compared to 2023 (decrease of 4% if excluding currency effects). Service order intake increased by 2%, reflecting stable and healthy market conditions and good demand for consumables and upgrades & retrofits. The increase was partly offset by a lower order intake within spare parts and professional services, with the lower order intake for professional services in part reflecting our

ongoing exit from basic labour services. Products order intake decreased by 23%, reflecting continued customer hesitation on large capital investments and our general de-risking approach. Three large Products orders with a combined value of approximately DKK 1.0bn were announced in 2024. Service and Products comprised 73% and 27% of the total Mining order intake in 2024, respectively (67% and 33% in 2023, respectively).

**Cement** order intake decreased by 22% compared to 2023 (decrease of 17% if excluding currency effects and effects from divestments). Service order intake decreased by 11% mainly due to the effect of divestments partly offset by higher order intake for spare parts and professional services. Products order intake decreased by 43% primarily as a result of divestments as well as the continued pruning of the product portfolio and exit from project-oriented business. Service and Products comprised 74% and 26% of the total Cement order intake in 2024, respectively (65% and 35% in 2023, respectively).

**NCA** order intake amounted to DKK 58m in 2024 reflecting contractual obligations. Service and Products orders represented 9% and 91% of the total NCA order intake in 2024, respectively.

**Group** order intake decreased by 10% compared to 2023 (decrease of 7% if excluding currency effects and effects from divestments). Service order intake decreased by 2% driven by lower Service order intake in the Cement business, partly offset by a higher Service order intake in the Mining business. Products order intake decreased by 28% driven by both the Mining and Cement businesses. Service and Products comprised 73% and 27% of the total order intake in 2024, respectively (66% and 34% in 2023, respectively).

## Financial performance

**Mining** revenue decreased by 9% compared to 2023 (decrease of 7% if excluding currency effects). Service revenue decreased by 4% primarily as a result of lower revenue within spare parts and digital solutions. Products revenue decreased by 18%, reflecting the general softness in the mining products market which has persisted through the year. Gross profit increased by 11% to DKK 5,056m (DKK 4,562m in 2023) corresponding to a gross margin of 32.5% (26.7% in 2023). Excluding transformation and separation costs of DKK 191m, the Adjusted EBITA margin was 13.1%. Including these items, the EBITA margin was 11.8% compared to 8.0% in 2023.

**Cement** revenue decreased by 26% compared to 2023 (decrease of 20% if excluding currency effects and effects from divestments). Service revenue decreased by 17% mainly due to the effect from divestments. Products revenue decreased by 37% driven by the effects from divestments as well as from the continued pruning of the product portfolio and exit from project-oriented business. Gross profit decreased by 3% to DKK 1,459m (DKK 1,502m in 2023) corresponding to a gross margin of 32.8% (24.8% in 2023). Excluding transformation and separation costs of DKK 71m, the Adjusted EBITA margin was 9.1% in 2024. Including these items, the EBITA margin was 7.5% compared to 6.7% in 2023. Excluding the net gain of DKK 102m from the sale of the AFT business in Q3 2023 and DKK 28m from the sale of the MAAG business in Q1 2024, the EBITA margin improved by 1.8%-points to 6.9% in 2024 compared to 5.1% in 2023.

**NCA** revenue amounted to DKK 192m in 2024. Gross profit was negative and amounted to DKK -50m, reflecting the general volatility and operationally loss-making nature of the segment. EBITA amounted to DKK -203m in 2024, meaning that the accumulated EBITA loss since the establishment of the segment as of Q4 2022 totalled DKK 955m, which is in line with our expectations.

**Group** revenue decreased by 16% compared to 2023 (decrease of 12% if excluding currency effects and effects from divestments). Service revenue decreased by 9% driven by both the Mining and Cement businesses. Products revenue decreased by 27% also driven by both the Mining and Cement businesses. Gross profit increased by 8% to DKK 6,465m (DKK 5,960m in 2023) corresponding to a gross margin 32.0% (24.7% in 2023). Excluding transformation and separation costs of DKK 261m, the Adjusted EBITA margin was 11.0% in 2024. Including these items, the EBITA margin was 9.8% in 2024 compared to 6.0% in 2023. Excluding the net gain from the sale of the AFT business in Q3 2023 DKK 28m from the sale of the MAAG business in Q1 2024, respectively, the EBITA margin improved by 4.0%-points to 9.6% in 2024 compared to 5.6% in 2023.

## Financial guidance for the full year 2025

The financial guidance for the full year 2025 reflects the ongoing business simplification and transformation efforts, continued improvement in the core Mining business and the effects from the strategic initiatives implemented in the Cement business.

Mining	Cement	Consolidated Group
Revenue (DKKbn) <b>~15.0</b> (DKK 15.5bn)	Revenue (DKKbn) <b>~4.0</b> (DKK 4.4bn)	Revenue (DKKbn) <b>~19.0</b> (DKK 20.2bn)
Adj. EBITA margin <b>13.5-14.0%</b> (13.1%)	Adj. EBITA margin <b>9.0-9.5%</b> (9.1%)	Adj. EBITA margin <b>12.5-13.0%</b> (11.0%)
		EBITA margin <b>11.0-11.5%</b> (9.8%)

Note: Numbers in brackets represent actual full-year 2024 financial results.

### Mining

Compared to 2024, we expect market demand in the Mining Service business to remain stable and active, whereas market demand in the Mining Products business is expected to remain soft.

The guidance for the Adjusted EBITA margin excludes transformation and separation costs of around DKK 200m for the full year 2025. Further, the Adjusted EBITA margin is expected to be positively impacted by additional business simplification initiatives as well as organisational restructuring.

### Cement

We expect the short-term outlook for the cement industry to remain impacted by macroeconomic uncertainty. The guidance for revenue reflects the divestment of the MAAG business completed in 2024.

The guidance for the Adjusted EBITA margin excludes transformation and separation costs of around DKK 50m for the full year 2025.

### Group

The Consolidated Group guidance reflects the sum of the guidance for the two business segments. The guidance for 2025 is subject to uncertainty due macroeconomic uncertainty and geopolitical turmoil.

## Earnings call details

A presentation of the 2024 annual report will take place on 20 February 2025 at 11:00 a.m. CET. Group CEO, Mikko Keto, and Group CFO, Roland M. Andersen, will comment on the report and developments in the Group. The presentation will be followed by a Q&A session.

### Live audio-webcast

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

If you wish to ask questions during the Q&A-session, please sign up [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.

### Presentation slides

The presentation slides will be made available shortly before the scheduled start of the webcast at <https://fls.com/en/investors/financial-downloads>.

## Consolidated key figures for Q4 2024 and 2024

<i>DKK million, unless otherwise stated</i>	<b>Q4'24</b>	<b>Q4'23</b>	<b>Change (%)</b>	<b>2024</b>	<b>2023</b>	<b>Change (%)</b>
<b>Order intake</b>	<b>4,860</b>	<b>4,620</b>	<b>5%</b>	<b>19,133</b>	<b>21,376</b>	<b>-10%</b>
- Hereof service order intake	3,569	3,307	8%	13,933	14,183	-2%
- Hereof products order intake	1,291	1,313	-2%	5,200	7,193	-28%
<b>Order backlog</b>	<b>15,214</b>	<b>17,593</b>	<b>-14%</b>	<b>15,214</b>	<b>17,593</b>	<b>-14%</b>
<b>Revenue</b>	<b>5,331</b>	<b>5,968</b>	<b>-11%</b>	<b>20,187</b>	<b>24,106</b>	<b>-16%</b>
- Hereof service revenue	3,527	3,283	7%	12,997	14,236	-9%
- Hereof products revenue	1,804	2,685	-33%	7,190	9,870	-27%
<b>Gross profit</b>	<b>1,799</b>	<b>1,430</b>	<b>26%</b>	<b>6,465</b>	<b>5,960</b>	<b>8%</b>
Gross margin	33.7%	24.0%	9.7%p	32.0%	24.7%	7.3%p
<b>Adjusted EBITA</b>	<b>645</b>	<b>549</b>	<b>17%</b>	<b>2,230</b>	<b>1,919</b>	<b>16%</b>
Adjusted EBITA margin	12.1%	9.2%	2.9%p	11.0%	8.0%	3.0%p
<b>EBITA</b>	<b>594</b>	<b>412</b>	<b>44%</b>	<b>1,969</b>	<b>1,438</b>	<b>37%</b>
EBITA margin	11.1%	6.9%	4.2%p	9.8%	6.0%	3.8%p
<b>Profit for the period</b>	<b>360</b>	<b>18</b>	<b>1,900%</b>	<b>1,030</b>	<b>491</b>	<b>110%</b>
CFFO	621	931	-33%	640	623	3%
Free cash flow	399	727	-45%	132	366	-64%
Net working capital				2,107	1,382	52%
Net interest-bearing debt (NIBD)				847	639	33%
NIBD/EBITDA ratio				0.4x	0.4x	-

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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 improving the sustainability performance of the global mining and cement industries and aim to become carbon neutral in our own operations by 2030. [www.flsmidth.com](http://www.flsmidth.com).*