

FLSmidth introduces new pure play strategies for Mining and Cement and introduces new long-term financial targets at its Capital Markets Day 2023

Today FLSmidth is hosting a Capital Markets Day, where the company is introducing its new pure play strategies for Mining and Cement as well as its new long-term financial targets for the FY2026.

Our business and our business environment have changed in recent years. While our business performance has gradually improved, we have potential for more. As a result, we kickstarted a transformation journey in 2022 with a sharpened strategic focus on technology, Products & Services and sustainability to maximise our opportunities in Mining and Cement. In addition, we are simplifying our operating model to reduce risks, improve efficiencies, ensure stronger execution and improve profitability and quality of earnings.

"We must prioritise our efforts on our core business, reduce risk and execute with excellence. We have already started to fundamentally transform our business to ensure stronger strategy execution and to achieve our long-term ambitions to the benefit of our stakeholders", comments Mikko Keto, CEO at FLSmidth.

Mining strategy (CORE'26)

Our new Mining strategy provides a clear path to build on our core strengths to become an even stronger player in the Mining market and to improve our profitability in Mining. CORE'26 is rooted on our purpose of 'mining for a sustainable world' with a mission of 'delivering solutions for tomorrow's mine'. To deliver on this, CORE'26 is focused on four areas: Sustainability, Service, Technology and Performance.

- **Sustainability:** Building a better future for our employees, society and the planet
- **Service:** Global partner for life-cycle performance and sustainability
- **Technology:** The complete provider for process and product technology
- **Performance:** Accelerating profitability through core businesses, simplification and balanced risk

Cement strategy (GREEN'26)

We are on a journey to become the preferred service provider and we have a clear commitment to drive the green transition in the cement industry. Towards 2026, our new Cement strategy focuses on three key areas:

- **Operating model transition:** Improve profitability and ensure we are fit-for-purpose
- **Service business model transition:** Accelerate service growth and advance green offerings
- **Green transition:** Fulfil our commitment to drive the green transition in the cement industry and leverage the potential from this

New long-term financial targets

The previous mid- and long-term financial targets were withdrawn in connection with the release of the Annual report 2020, due to the uncertainty around the pandemic and other structural changes. Following the acquisition of TK Mining, our pure play approach and the establishment of a Non-Core Activities segment, we now have improved visibility into each of our different businesses.

As a consequence, we are introducing new long-term financial targets for the FY2026 with a core focus on quality of earnings and reduced earnings volatility.

For the FY2026, we expect to deliver:

- **13-15% EBITA margin in Mining**
- **~8% EBITA margin in Cement**

Further, our capital allocation is focused on having a strong balance sheet while allowing for growth investments and value-adding M&A.

Our capital structure targets for leverage and dividend pay-out ratio remain unchanged with:

- **Leverage (NIBD/EBITDA < 2)**
- **Dividend pay-out ratio (30-50% of net profit)**

Excess cash may be distributed either via extraordinary dividends or share buyback programmes. An equity ratio of >30% is no longer a capital structure target.

All sessions of the Capital Markets Day 2023 are webcasted live at www.flsmidth.com/en-gb/company/investors/capital-market-days. Replay of the presentations will be made available on our website after the event and the corresponding presentation material will be made available throughout the day.

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About FLSmidth

FLSmidth provides sustainable productivity to the global mining and cement industries. We deliver market-leading technology, products and service solutions that enable our customers to improve performance, drive down 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