WE DISCOVER POTENTIAL

Mission Zero

INTERIM REPORT H1 2021

1 January –
30 June 2021

Company announcement no. 9

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
CVR No. 58180912

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HIGHLIGHTS

Our second quarter showed positive progress across the board: A strong order intake, including the award of Europe's first full-scale clay calcination installation which will cut plant CO2 emissions by up to 16%. Higher revenue from both service and capital businesses and 50% higher EBITA compared to Q2 2020. Further reduction in net working capital and a strong free cash flow. Overall, a good performance by our organisation.

On 29 July, we announced the acquisition of thyssenkrupp's Mining business.[1] A transformational deal, creating one of the world's largest and strongest suppliers to the mining industry, and at the same time a significant milestone in our MissionZero sustainability ambitions. The transaction offers an attractive opportunity to create long-term value for our shareholders, a stronger value proposition for our customers and improved career pathways for the combined pool of talented employees.

\- *Thomas Schulz, Group CEO*

[1] Closing of the transaction is expected in H2 2022 and is subject to customary approvals from relevant authorities.

Highlights Q2 2021

- Order intake increased 42% organically year-on-year driven by both Mining and Cement. Service orders increased 20%. The book-to-bill was 113%
- Revenue increased 9% organically, entirely attributable to Mining and driven equally by service and capital
- EBITA was up by 50% on a low comparison and the EBITA margin increased to 4.8%, driven by both Mining and Cement
- Continued positive effects from implemented business improvement activities
- Q2 included costs in Mining of DKK 40m related to the acquisition of TK Mining
- Net working capital has improved over the past five quarters and the net working capital ratio decreased to 8.2%
- Free cash flow was strong at DKK 443m and financial gearing improved to 1.0x NIBD to EBITDA

Mining

Mining order intake increased 36% organically. Capital orders increased by 86% and service orders increased 12%, accounting for 62% of Mining order intake.

Revenue increased by 13% organically and EBITA increased by 18%. The EBITA margin increased to 8.2% from 7.8% in Q2 2020. Adjusted for acquisition costs, the EBITA margin was 9.7%.

Cement

Cement order intake increased 55% organically. Capital orders increased 59% and Service orders increased 42%, accounting for 52% of Cement order intake.

Organically, revenue in Q2 2021 was in line with Q2 2020. The EBITA margin was -2.7% compared to -4.9% in Q2 2020, still impacted by reshaping activities to improve profitability in Cement.

Highlights H1 2021

- Order intake increased 1% organically, driven by Cement and increased base orders in Mining, whereas H1 2020 included a higher level of large Mining orders. Service orders increased 5%
- Revenue decreased 3% organically, comprising a 3% increase in Mining and a 13% decline in Cement compared to H1 2020
- EBITA margin increased to 5.0%, from 4.3% in H1 2020, positively impacted by a higher share from service and positive effects from implemented business improvement activities

Guidance 2021

FLSmidth updates its guidance to group revenue of DKK 16.0-17.0bn (previously: DKK 15.5-17.0bn) and a group EBITA margin of 5-6%. The guidance includes cost related to the acquisition of thyssenkrupp's Mining business estimated at around DKK 100m for the full year. The Mining business revenue is expected to grow in 2021 with modest growth in the second half of the year. EBITA margin for Mining is expected to be high-single digit for the full year. The Cement business revenue is expected to remain soft in the second half of 2021 and decline for the full year. Initiatives to reshape the Cement business are progressing well. 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, particularly related to the impact of the pandemic in H1.

Guidance 2021

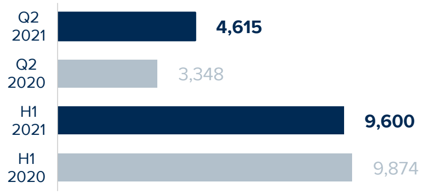
	H1 2021	Initial Guidance 2021	Updated Guidance 2021
Revenue (DKKbn)	7.8	15.5-17.0	16.0-17.0
EBITA margin	5.0%	5-6%	5-6%

FINANCIAL HIGHLIGHTS

GROUP

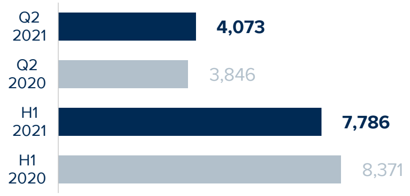
Order intake
DKKm

4,615
▲ 38%



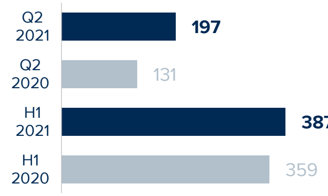
Revenue
DKKm

4,073
▲ 6%



EBITA & EBITA margin
DKKm - %

197 4.8%
▲ 50%



Cash flow from operating activities
DKKm 507 ▼ from DKKm 533 in Q2 2020

Earnings per share
DKK 1.1 ▲ from DKK (0.3) in Q2 2020

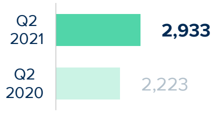
Net working capital ratio
8.2% ▼ from 12.3% end of Q2 2020

NIBD/EBITDA
1.0x ▼ from 1.5x end of Q2 2020

MINING

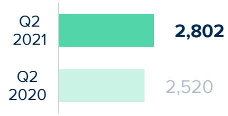
Order intake
DKKm

2,933
▲ 32%



Revenue
DKKm

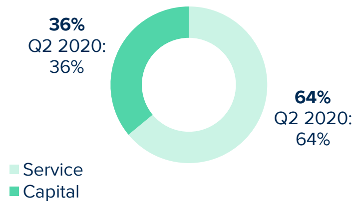
2,802
▲ 11%



EBITA & EBITA margin
DKKm - %

231 8.2%
▲ 18%

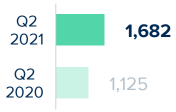
Revenue split by service & capital
%



CEMENT

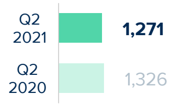
Order intake
DKKm

1,682
▲ 50%



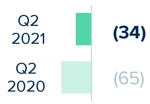
Revenue
DKKm

1,271
▼ 4%

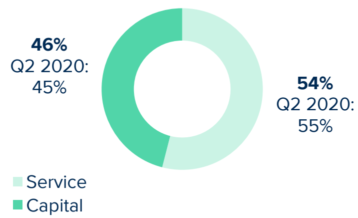


EBITA & EBITA margin
DKKm - %

-34 -2.7%
▲ 48%



Revenue split by service & capital
%



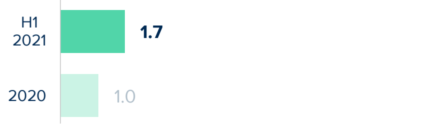
SUSTAINABILITY HIGHLIGHTS

Safety (TRIR)

Total Recordable Injury Rate/
million working hours

1.7

Target: zero harm (10% y-o-y reduction through 2030)



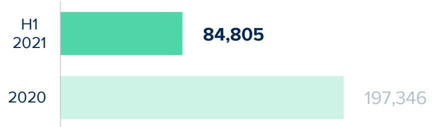
Following a strong safety performance in Q1, our safety performance deteriorated in Q2, mostly as a result of employees returning to sites following relaxation of COVID-19 restrictions. Mitigation plans are being implemented.

Water withdrawal

m^3

84,805

2021 Target: 187,479



Solid progress against our 2021 target. Slight increase in water withdrawal from Q1 to Q2 due to pipe burst occurrence on two sites and re-opening of sites as pandemic eases in some regions

Women managers

%

14.5

2021 Target: 14.3%

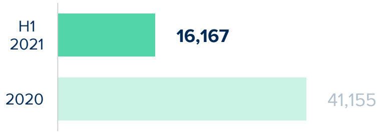
Progress on gender diversity has continued in Q2 in line with our long-term target. Improvements driven by regional actions focused on diversity in recruitment and internal growth opportunities as well as retention of talent.

Greenhouse gas emissions (CO_2 emissions)

tonnes

16,167

2021 Target: 38,685



During the quarter, we saw a positive progress against our target to reduce greenhouse gas emissions with an additional 13 sites having implemented energy efficiency programmes, including savings in using air conditioning, installation of LED systems as well as compressed air systems.

MissionZero developments

Through our sustainability programme MissionZero, we develop and deliver solutions that enable our customers to operate with zero emissions by 2030.

Following the approval of our science-based targets in May, we are taking the next step to create a robust measurement system to track progress against them. This work will also pave the way to meeting the requirements of the upcoming EU Taxonomy.

Europe's first full-scale clay calcination installation
At a new project in France, FLSmidth will deliver equipment to replace clinker with environmentally friendly clay, cutting up to 16% of CO_2 emissions compared to existing cement products. The order includes the new FLSmidth flash calciner technology, environmental control system and alternative fuel storage at the customer VICAT's cement plant in Xeuilley.

Carbon Capture Partnership
Innovation is a cornerstone of the MissionZero programme. Increasingly we are working in partnerships to further drive innovation. In June, we announced a partnership with Carbon8 Systems (C8S) to accelerate carbon capture in the global cement industry. The combination of C8S' advanced carbonation technology and our extensive process knowledge will make a significant contribution to the cement industry's Net Zero ambitions.

Plugging in to the growing demand for lithium
Lithium is key for the green energy transition due to its use in batteries for electric and hybrid vehicles and its ability to store energy produced by solar, tidal and wind sources. It is an area where MissionZero can play a big role – if we can help make lithium extraction more sustainable, then the path to a low-carbon future becomes more sustainable.

Increasing demand for lithium has led to some exciting new projects in the second quarter. FLSmidth will provide product engineering for pioneer's Rhyolite Ridge lithium-boron project in Nevada, while in Europe, Keliber – a Finnish company producing sustainable, battery-grade lithium – appointed FLSmidth for process engineering services at its Päiväneva concentrator plant. FLSmidth has also started delivering advanced lithium-centred technologies, including acid roasting, rotary cooler and pre-heat cyclone technology to Covalent in Australia, following an order placed in 2019.

KEY FIGURES

DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
INCOME STATEMENT					
Revenue	4,073	3,846	7,786	8,371	16,441
Gross profit	1,020	912	1,955	1,959	3,865
EBITDA before special non-recurring items	285	223	572	542	1,134
EBITA	197	131	387	359	771
EBIT	109	46	210	192	428
Financial items, net	(27)	(55)	(37)	(52)	(47)
EBT	82	(7)	174	143	381
Profit for the period, continuing activities	50	(12)	107	94	226
Loss for the period, discontinued activities	(3)	(5)	(6)	(10)	(21)
Profit for the period	47	(17)	101	84	205
ORDERS					
Order intake (gross), continuing activities	4,615	3,348	9,600	9,874	18,524
Order backlog, continuing activities			16,677	15,227	14,874
EARNING RATIOS					
Gross margin	25.0%	23.7%	25.1%	23.4%	23.5%
EBITDA margin before special non-recurring items	7.0%	5.8%	7.3%	6.5%	6.9%
EBITA margin	4.8%	3.4%	5.0%	4.3%	4.7%
EBIT margin	2.7%	1.2%	2.7%	2.3%	2.6%
EBT margin	2.0%	-0.2%	2.2%	1.7%	2.3%
CASH FLOW					
Cash flow from operating activities (CFFO)	507	533	792	498	1,421
Acquisitions of property, plant and equipment	(9)	(34)	(28)	(66)	(171)
Cash flow from investing activities (CFFI)	(64)	(65)	(115)	(174)	(376)
Free cash flow	443	468	677	324	1,045
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	451	476	683	373	1,082
BALANCE SHEET					
Net working capital			1,305	2,351	1,752
Net interest-bearing debt (NIBD)			(1,159)	(2,298)	(1,808)
Total assets			21,077	21,039	20,456
Equity			8,369	8,474	8,130
Dividend to shareholders, paid	18	0	101	0	0

DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020	2020
FINANCIAL RATIOS					
CFFO / Revenue	12.4%	13.9%	10.2%	5.9%	8.6%
Book-to-bill	113.3%	87.1%	123.3%	118.0%	112.7%
Order backlog / Revenue			105.2%	79.6%	90.5%
Return on equity			2.4%	1.9%	2.4%
Equity ratio			39.7%	40.3%	39.7%
ROCE, average			5.4%	8.0%	5.1%
Net working capital ratio, end			8.2%	12.3%	10.7%
NIBD / EBITDA			1,0x	1.5x	1.6x
Capital employed, average			14,741	15,351	15,195
Number of employees			10,089	11,506	10,639
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	10.1	10.6	15.8	9.9	28.3
Earnings per share (EPS), (diluted)	1.1	(0.3)	2.1	1.7	4.2
Share price			260.7	191.4	232.8
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation, end			13,361	9,807	11,931
SUSTAINABILITY KEY FIGURES					
Safety, TRIR Total Recordable Injury Rate (including contractors)			1.7	1.0	1.0
Quality, DIFOT Delivery In Full On Time			86.8%	87.0%	88.3%
Greenhouse gas emissions in tonnes (CO2 emissions), location-based			18,150	19,494	36,830
Greenhouse gas emissions in tonnes (CO2 emissions), market-based*			16,167	-	41,155
Relative carbon footprint, location-based			2.3	2.3	2.2
Relative carbon footprint, market based*			2.1	-	2.5
Water withdrawal (m3)			84,805	91,326	197,346
Suppliers assessed for sustainability			447	158	390
Women managers			14.5%	12.2%	13.1%

The financial ratios have been calculated in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the 2020 Annual Report.

* From 2021, we report on quarterly greenhouse gas (GHG) scope 2 emissions using the 'market-based' approach, rather than the 'location-based' approach, which was previously used. The market-based approach calculates GHG emissions from the type of electricity FLSmidth has chosen to purchase, rather than using average electricity grid GHG emission factors.

Use of alternative performance measures

Throughout the report we present financial measures which are not defined according to IFRS. We have included additional information in the 2020 Annual Report note 7.4 Alternative performance measures and 7.8 Definition of terms.

QUARTERLY FINANCIAL PERFORMANCE

GROWTH

Group order intake increased 42% organically year-on-year, driven by both Mining and Cement. Service orders increased by 20%. Two large orders were announced in the quarter, including the award of Europe's first full-scale clay calcination installation which will cut plant CO_2 emissions by up to 16%. Group revenue increased 9% organically, attributable to Mining. The book-to-bill was 113% in Q2.

Order intake

Order intake in Q2 increased 38% to DKK 4,615m (Q2 2020: DKK 3,348m) and by 42% organically, related to both Mining and Cement. Service orders increased by 20% and accounted for 58% of the total order intake in Q2 2021. Capital order intake increased by 74% in Q2 2021 and included two large orders with a combined value of more than DKK 400m (Q2 2020: No large orders).

Order backlog and maturity

The order backlog increased 3% on the previous quarter to DKK 16,677m (Q1 2021: DKK 16,251m), based on a book-to-bill of 113% in Q2 2021, partly offset by currency adjustments of DKK 0.1bn.

It is expected that 42% of the backlog will be converted to revenue in 2021, 41% in 2022, and 17% in 2023 and beyond.

Backlog maturity	Mining	Cement	FLSmidth Group
2021	44%	39%	42%
2022	40%	41%	41%
2023 and beyond	16%	20%	17%

Revenue

Revenue increased 6% to DKK 4,073m in Q2 2021 (Q2 2020: DKK 3,846m), driven by both service and capital revenue. A positive trajectory following a period of substantial headwind from the pandemic. Organically, revenue increased 9%, entirely related to Mining, whereas Cement revenue was in line with Q2 2020.

Service revenue accounted for 61% of the total revenue during the quarter (Q2 2020: 61%).

Based on a higher backlog and easing of the pandemic in parts of the world, Mining revenue is expected to show modest year-on-year growth in the second half of the year. Cement revenue is expected to remain soft and decline in 2021.

Group – continued activities

(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)
Order intake (gross)	**4,615**	**3,348**	**38%**	**9,600**	**9,874**	**-3%**
- Hereof service order intake	2,687	2,238	20%	5,437	5,169	5%
- Hereof capital order intake	1,928	1,110	74%	4,163	4,705	-12%
Order backlog	**16,677**	**15,227**	**10%**	**16,677**	**15,227**	**10%**
Revenue	**4,073**	**3,846**	**6%**	**7,786**	**8,371**	**-7%**
- Hereof service revenue	2,469	2,333	6%	4,870	4,939	-1%
- Hereof capital revenue	1,604	1,513	6%	2,916	3,432	-15%
Gross profit	**1,020**	**912**	**12%**	**1,955**	**1,959**	**0%**
Gross profit margin	25.0%	23.7%		25.1%	23.4%	
SG&A cost	**(735)**	**(689)**	**7%**	**(1,383)**	**(1,417)**	**-2%**
SG&A ratio	18.0%	17.9%		17.8%	16.9%	
EBITA	**197**	**131**	**50%**	**387**	**359**	**8%**
EBITA margin	4.8%	3.4%		5.0%	4.3%	
EBIT	**109**	**46**	**137%**	**210**	**192**	**9%**
EBIT margin	2.7%	1.2%		2.7%	2.3%	
Number of employees	10,089	11,504	-12%	10,089	11,504	-12%

Growth in order intake in Q2 2021 (vs. Q2 2020)

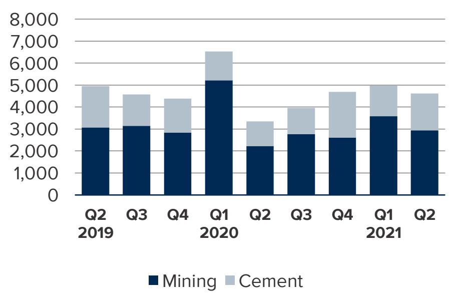
	Mining	Cement	FLSmidth Group
Organic	36%	55%	42%
Acquisition	0%	0%	0%
Currency	-4%	-5%	-4%
Total growth	**32%**	**50%**	**38%**

Growth in revenue in Q2 2021 (vs. Q2 2020)

	Mining	Cement	FLSmidth Group
Organic	13%	0%	9%
Acquisition	0%	0%	0%
Currency	-2%	-4%	-3%
Total growth	**11%**	**-4%**	**6%**

Order intake

DKKm



PROFIT

Gross profit increased by 12% and gross margin improved 1.3%-points, positively impacted by business improvement initiatives. EBITA increased by 50%, despite the effects from costs related to acquisition and continued reshaping of the Cement business.

Gross profit and margin

Gross profit increased 12% to DKK 1,020m (Q2 2020: DKK 912m), due to higher revenue and an increase in the gross margin which improved to 25.0% (Q2 2020: 23.7%). The gross margin improved for both Mining and Cement and was positively impacted by implementation of business improvement activities and Cement reshaping activities.

In Q2 2021, total research and development costs (R&D) amounted to DKK 81m (Q2 2020: DKK 77m), representing 2.0% of revenue (Q2 2020: 2.0%).

R&D costs (DKKm)	Q2 2021	Q2 2020
Production costs	38	54
Capitalised	43	23
Total R&D	81	77

R&D costs in Q2 related especially to new and improved sustainable mining and cement technologies as well as digital solutions. In addition to the reported R&D, products and solutions are being developed on-site in cooperation with customers in the ordinary course of business.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items increased 7% to DKK 735m (Q2 2020: DKK 689m), explained by costs related to the acquisition of TK Mining of DKK 40m and Cement reshaping activities in the quarter. SG&A costs as a percentage of revenue were largely unchanged at 18.0% (Q2 2020: 17.9%).

EBITA and EBITA margin

EBITA increased by 50% to DKK 197m compared to a low quarter last year (Q2 2020: DKK 131m) as a result of the higher revenue and gross margin. The Group EBITA margin increased to 4.8% (Q2 2020: 3.4%), related to both Mining and Cement and showing a clear positive underlying development. Cement profitability improved but the Cement business remained loss-making, still impacted by costs of reshaping the Cement business, while Mining EBITA was impacted by costs related to the acquisition of TK Mining, as described above. The comparison quarter included costs related to the implementation of business improvement initiatives of DKK 74m for the Group.

Amortisation of intangible assets amounted to DKK 88m (Q2 2020: DKK 85m). The effect of purchase price allocations amounted to DKK 23m (Q2 2020: DKK 24m) and other amortisation to DKK 65m (Q2 2020: DKK 61m).

Earnings before interest and tax (EBIT) increased 137% to DKK 109m (Q2 2020: DKK 46m), mainly due to the growth in revenue and implemented business improvement activities, as described above.

Financial items

Net financial items amounted to DKK -27m (Q2 2020: DKK -55m), of which foreign exchange and fair value adjustments amounted to DKK -12m (Q2 2020: DKK -37m) and net interest amounted to DKK -15m (Q2 2020: DKK -18m).

Tax

Tax for Q2 2021 totalled DKK 32m (Q2 2020: DKK 5m), corresponding to an effective tax rate of 39% (Q2 2020: Negative EBT). Reduced tax credits on withholding taxes and an increase in the profit before tax derived from countries with a higher base corporate tax rate caused the high effective tax rate in Q2.

Profit for the period

Mainly as a result of the higher EBIT and lower net financial cost, profit for the period increased to DKK 47m (Q2 2020: DKK -17m), equivalent to DKK 1.1 per share (diluted) (Q2 2020: DKK -0.3).

Return on capital employed

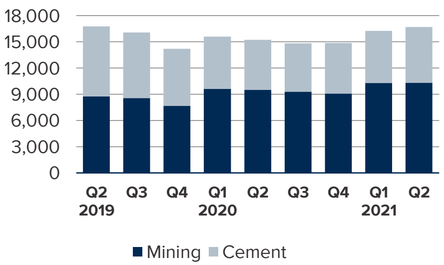
ROCE decreased to 5.4% (Q2 2020: 8.0%) as a result of the lower 12 months' EBITA.

Employees

The number of employees decreased by 100 to 10,089 at the end of Q2 2021 (end of Q1 2021: 10,189). The decrease related to ongoing activities to reshape the Cement business.

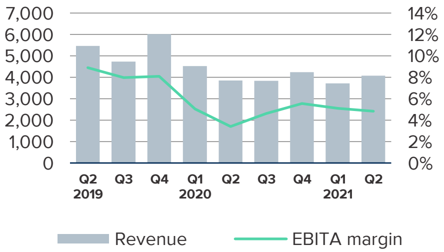
Backlog

DKKm



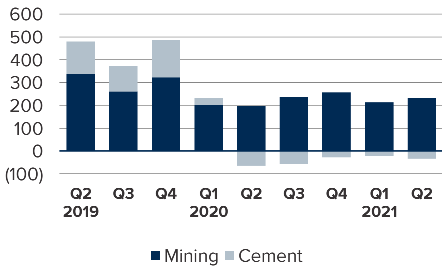
Revenue & EBITA margin

DKKm EBITA%



EBITA

DKKm



CAPITAL

Net working capital has declined by DKK 1.5bn over the past five quarters and the net working capital ratio decreased to 8.2% in the quarter. Q2 posted strong free cash flow of DKK 443m. The net debt to EBITDA ratio improved to 1.0x from 1.4x in Q1 2021.

Net working capital

Net working capital has declined by DKK 1.5bn over the past five quarters and decreased to DKK 1,305m at the end of Q2 2021 (end of Q1 2021: DKK 1,678m). The reduction related mainly to an increase in prepayments from customers and trade payables. As expected, utilisation of supply chain financing increased in Q2. The net working capital ratio decreased to 8.2% of 12-months trailing revenue in Q2 (Q1 2021: 10.7%), which was the lowest level in several years and a result of the organisation's dedicated and persistent cash focus throughout the pandemic.

Cash flow from operating activities

Cash flow from operating activities (CFFO) was solid at DKK 507m, albeit marginally below the strong comparison quarter (Q2 2020: DKK 533m). In addition to higher EBITDA, the main positive contributor to CFFO was the net working capital inflow of DKK 320m, however, this was lower than the net working capital inflow of DKK 431m in Q2 2020. Provisions had a DKK 41m positive impact in Q2 2021 (Q2 2020: DKK -17m), whereas taxes paid increased to DKK 125m from DKK 83m in Q2 2020.

Cash flow from investing activities

Cash flow from investing activities was largely unchanged at DKK -64m (Q2 2020: DKK -65m).

Free cash flow

Free cash flow (cash flow from operating and investing activities) adjusted for business acquisitions and disposals amounted to DKK 451m in Q2 2021 (Q2 2020: DKK 476).

Net interest-bearing debt

Due to the positive free cash flow, net interest-bearing debt (NIBD) decreased to DKK 1,159m (end of Q1 2021: DKK 1,577 m), and financial gearing improved to 1.0x (end of Q1 2021: 1.4x), representing a positive development in the quarter.

Financial position

By the end of Q2 2021, FLSmidth had DKK 6.8bn of available committed credit facilities of which DKK 4.6bn was undrawn. The committed credit facilities have a weighted average time to maturity of 4.0 years. DKK 1.6bn of credit facilities will mature in 2023 and the majority, DKK 5.0bn, will mature in 2026. The remaining DKK 0.2bn matures in later years.

Equity ratio

Equity at the end of Q2 2021 decreased to DKK 8,369m (end of Q1 2021: DKK 8,451 m) as the positive profit for the period was more than offset by negative currency adjustments regarding translation of foreign entities in the quarter. The equity ratio was 39.7% (end of Q1 2021: 40.2%), above our capital structure target of minimum 30% through-the-cycle.

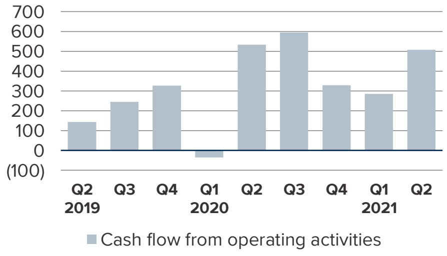
Acquisition of TK Mining

On 29 July, FLSmidth and thyssenkrupp Industrial Solutions AG reached an agreement that FLSmidth will acquire thyssenkrupp's Mining business (TK Mining) for a total consideration (enterprise value) of EUR 325 million, corresponding to approximately DKK 2.4 billion. This is a transformational deal which will add more than 50% to FLSmidth's Mining revenue and create one of the world's largest and strongest suppliers to the mining industry. Closing of the transaction is expected in H2 2022 and is subject to customary approvals from relevant authorities (see Company announcement No. 7-2021).

Funding of the acquisition is secured through debt facilities which are available beyond transaction close and are expected to be supplemented with equity before transaction close. According to plan, FLSmidth has delivered a good cash flow in recent quarters. Despite this and given the carve-out nature of this transaction, the project focused nature of the current TK Mining business, and the expected duration of the integration period, FLSmidth plans to seek approval to raise up to 20% new equity at an Extraordinary General Meeting, to be held on 26 August 2021. Based on current market conditions, FLSmidth expects to raise 15-20% new equity.

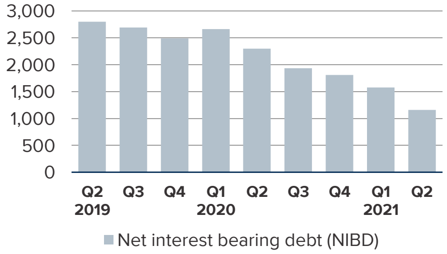
Cash flow

DKKm



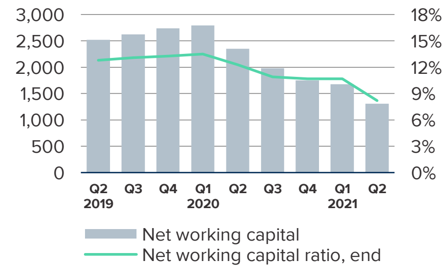
Net interest-bearing debt

DKKm



Net working capital

DKKm NWC%



FINANCIAL PERFORMANCE IN H1 2021

GROWTH

Order intake
Order intake increased 1% organically, driven by Cement and a higher level of base orders in Mining. Including currency effects, order intake in the first half of 2021 decreased 3% to DKK 9,600m compared to the same period last year (H1 2020: DKK 9,874m). The decrease was attributable to the booking of three large Mining orders in the comparison period, with a combined value of DKK 2.4bn. As a result, Mining order intake decreased 12% for the first half of the year. This decrease was offset by Cement which, in addition to a higher level of service orders, booked a series of sustainability-related orders, resulting in a 26% increase in Cement order intake. This included the new FLSmidth flash calciner order for VICAT's cement plant in France and two medium-sized sustainability related product orders booked in Q1 2021.

Service order intake for the Group picked up by 5% from the comparison period driven by both Mining and Cement.

Order backlog
Order backlog increased 10% to DKK 16,677m by the end of H1 2021 (end of H1 2020: DKK 15,227m). The increase came from both Cement and Mining which saw 11% and 9% increases respectively. This is the third consecutive quarter in which the order backlog has increased.

Revenue
Revenue decreased 7% to DKK 7,786m in H1 2021, driven by negative growth in Cement. Organically, revenue declined by 3%, comprising a 3% increase in Mining and a 13% decline in Cement.

The pandemic and a low backlog entering the year continued to reduce Cement capital and service revenue which decreased 25% and 11% respectively in the first half of the year, with Q1 having the greater negative impact. In comparison, Mining revenue was resilient with a 3% increase in service revenue offsetting a capital revenue decrease of 8%.

PROFIT

Gross profit and margin
Gross profit in H1 2021 was largely unchanged at DKK 1,955m. Gross margin went up 1.7-points to 25.1%, positively impacted by a higher share from service and effects from implemented business improvement activities.

In the first half of 2021, research and development costs were DKK 133m (H1 2020: 143m), of which DKK 65m were capitalised (H1 2020: 49m) and the balance reported as production costs.

EBITA and margin
EBITA increased 8% to DKK 387m, a further reflection of the savings realised from business improvement initiatives which have reduced SG&A costs in the first half of the year. The EBITA margin was 5.0% up from 4.3% in H1 2020. The improvement was despite the impact from costs related to the acquisition of TK Mining of DKK 40m in the second quarter of 2021.

Profit for the period
Profit for the period increased by 20% to DKK 101m. Continuing activities improved to DKK 107m from DKK 94m. Discontinued activities reported a DKK 6m loss, compared to a DKK 10m loss in H1 2020.

Earnings per share
Earnings per share (diluted) increased to DKK 2.1 from DKK 1.7 in H1 2020.

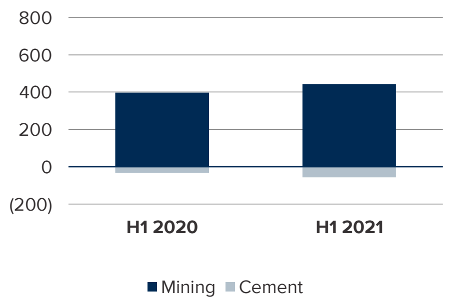
Growth in order intake in H1 2021 (vs. H1 2020)

	Mining	Cement	FLSmidth Group
Organic	-8%	32%	1%
Acquisition	0%	0%	0%
Currency	-4%	-6%	-4%
Total growth	**-12%**	**26%**	**-3%**

Growth in revenue in H1 2021 (vs. H1 2020)

	Mining	Cement	FLSmidth Group
Organic	3%	-13%	-3%
Acquisition	0%	0%	0%
Currency	-4%	-4%	-4%
Total growth	**-1%**	**-17%**	**-7%**

EBITA split by segment
DKKm



CAPITAL

Net working capital

Following the strong development in net working capital in 2020, FLSmidth's continued focus on improving processes related to cash management has supported further efficiencies, driving net working capital lower for the first half of 2021.

Net working capital decreased to DKK 1,305m (end of 2020: DKK 1,752m), and the corresponding net working capital ratio was 8.2% of 12-months trailing revenue, compared to 10.7% at the end of 2020.

The decrease was primarily through good cash collection, with a DKK 244m reduction in trade receivables from the end of 2020 and an increase in prepayments from customers of DKK 619m. This was partly offset by lower trade payables and increased inventories to support our growth agenda for standardised products and parts services.

Cash flow from operating activities

Cash flow from operating activities increased to DKK 792m (H1 2020: DKK 498m), mainly due to the positive change in net working capital.

Cash flow from investing activities

Cash flow used for investments decreased to DKK -115m from DKK -174m in H1 2020.

Cash flow from financing activities

Cash flow from financing activities amounted to DKK -338m primarily spent on reducing net interest-bearing debt.

A dividend was paid out in the first half of 2021 amounting to DKK 101m whereas no dividend was paid in the same period last year.

Free cash flow

Free cash flow adjusted for business acquisitions and disposals was DKK 683m in H1 2021 (H1 2020: DKK 373m).

Balance sheet

Total assets increased to DKK 21,077m at the end of H1 2021 (end of 2020: DKK 20,456), primarily related to foreign exchange effects.

Net interest-bearing debt

Net interest-bearing debt (NIBD) by the end of H1 2021 decreased to DKK 1,159m (end of 2020: DKK 1,808m). This has been supported by positive free cashflow. The Group's financial gearing was 1.0x (end of 2020: 1.6x).

Equity

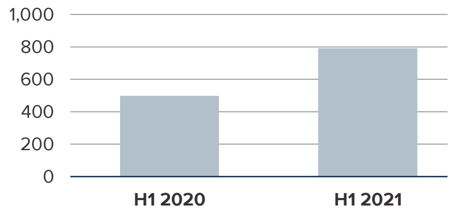
Equity at the end of H1 2021 increased to DKK 8,369m (end of 2020: DKK 8,130m). The increase related to profit for the period and currency adjustments regarding translation of entities, less dividend paid.

Treasury shares

The holding of treasury shares amounted to 1,093,928 shares at the end of H1 2021 (2020: 1,097,718 shares), representing 2.1% of the total share capital (2020: 2.1%). Treasury shares are used to hedge our share-based incentive programmes.

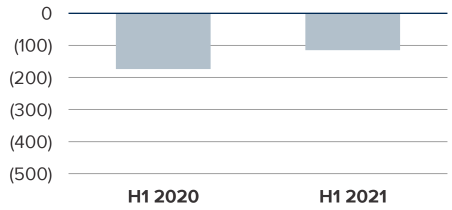
Cash flow from operating activities

DKKm



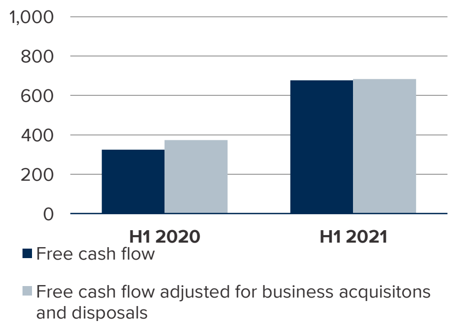
Cash flow from investing activities

DKKm



Free cash flow

DKKm



MINING MARKET DEVELOPMENTS

Conditions in the mining industry are gradually returning to normal, albeit at different speeds across the regions. Market sentiment is positive with commodity prices at high levels and the long-term outlook remains strong for copper, battery metals and other minerals required for the green energy transition. Political risk is rising in Peru and Chile.

Overall, the situation improved during Q2 and the mining industry is emerging from the pandemic, though with regional differences. Production levels remain high and lockdowns and site access restrictions are easing in some regions.

In North America, there is increased focus on replacement of equipment which was delayed during the pandemic. Australia remains steady with continued high production of iron ore and gold. Battery metals, nickel and lithium, are seeing increased activity with mines that were in care and maintenance being restarted.

Activity in Africa, the Middle East and South Asia remained resilient, notwithstanding the severe situation in India where conditions have subsequently improved towards the end of Q2.

In Asia, ex-China, COVID-19 is starting to have an impact on some of the major mines in the region.

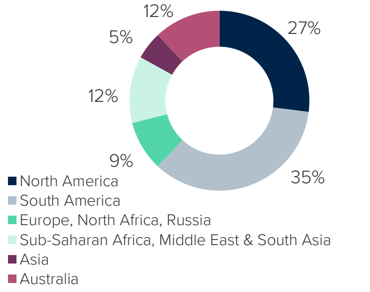
South America also experienced lockdowns during the quarter and political risk is growing in Peru and Chile. Concern about the potential for higher mining royalty payments has led to customers holding back on making large investments. Brazil, by comparison, is stable and growing, despite a high level of COVID-19 infections.

While the rally in commodity prices is supporting market sentiment, it has also led to projects in Europe being put on hold for investment review and has triggered mounting concern within the Chinese government about the impact of higher costs for raw materials on domestic businesses.

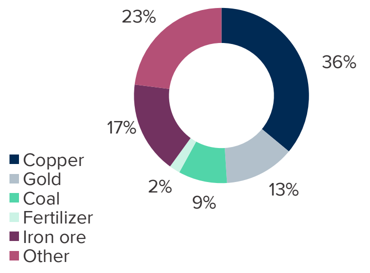
The outlook for investments in mining remains positive, particularly for copper, gold and battery metals that are critical materials for the green energy transition. The sustainability agenda continues to gather steam with the Majors aligning their business models to the Paris Agreement. In addition, miners are well capitalised though we expect that they will take a more disciplined and sustainable approach to investment compared to the last period of high commodity prices.

We maintain a healthy pipeline in both larger and smaller opportunities and the postponement of refurbishment and maintenance during the lockdowns continues to translate into opportunities as the market normalises this year.

Mining order intake split per Region Q2 2021
%



Mining order intake split by commodity Q2 2021
%



MINING FINANCIAL PERFORMANCE

Q2 2021

Mining order intake increased 36% organically compared to Q2 2020. Including currency effects, the order intake in Q2 2021 increased by 32% to DKK 2,933m (Q2 2020: DKK 2,223m), comprising a 12% increase in service orders and an 86% increase in capital orders. The increase in order intake related to an emerging activity level as compared to Q2 2020 which was more severely impacted by the pandemic. Q2 2021 included one large order valued at approximately DKK 200m, whereas the comparison quarter included no large orders. During the quarter, service orders and capital orders represented 62% and 38% of Mining order intake respectively.

Revenue increased by 13% organically and by 11% including currency effects, to DKK 2,802m in Q2 2021 (Q2 2020: DKK 2,520m). Service revenue increased by 11% supported by higher order intake in the past two quarters and improved site access for local service technicians. Capital revenue increased by 12% driven by the higher backlog and a comparison quarter which was more severely impacted by COVID-19. Service accounted for 64% of Mining revenue in Q2 2021 (Q2 2020: 64%).

Gross profit, before allocation of shared cost, increased by 15% to DKK 768m (Q2 2020: DKK 666m).

The corresponding gross margin increased to 27.4% (Q2 2020: 26.4%), mainly due to the positive effects from the business improvement programme completed in 2020.

EBITA increased by 18% to DKK 231m in Q2 2021 (Q2 2020: DKK 196m) as a result of the higher gross profit. The corresponding EBITA margin increased to 8.2% from 7.8% in Q2 2020. EBITA was impacted by costs related to the acquisition of TK Mining of DKK 40m. The EBITA margin adjusted for acquisition costs was 9.7%. There will be acquisition related costs in H2 2021 as well, estimated at around DKK 60m.

H1 2021

Mining order intake in H1 2021 decreased by 12% to DKK 6,518m (H1 2020: DKK 7,437m), mainly due to exceptionally strong capital order intake in the comparable period. This related to the three large orders received in Russia and Belarus, with a combined value of around DKK 2.4bn, in the first quarter of 2020. Mining order backlog in H1 2021 increased 9% to DKK 10,310 (H1 2020: DKK 9,500m)

Mining revenue decreased slightly by 1% to DKK 5,214m (H1 2020: DKK 5,255m) with a 3% increase in service revenue and a capital revenue decline of 8%. EBITA increased by 12% to DKK 444m (H1 2020: DKK 397m) and the corresponding EBITA margin increased to 8.5% from 7.6% in H1 2020, owing to a higher service share and cost efficiencies.

Mining

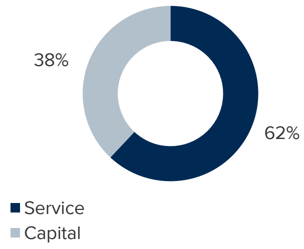
(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)
Order intake (gross)	**2,933**	**2,223**	**32%**	**6,518**	**7,437**	**-12%**
- Hereof service order intake	1,812	1,620	12%	3,760	3,703	2%
- Hereof capital order intake	1,121	603	86%	2,758	3,734	-26%
Order backlog	**10,310**	**9,500**	**9%**	**10,310**	**9,500**	**9%**
Revenue	**2,802**	**2,520**	**11%**	**5,214**	**5,255**	**-1%**
- Hereof service revenue	1,780	1,606	11%	3,388	3,279	3%
- Hereof capital revenue	1,022	914	12%	1,826	1,976	-8%
Gross profit before allocation of shared cost	**768**	**666**	**15%**	**1,416**	**1,346**	**5%**
Gross profit margin before allocation of shared cost	27.4%	26.4%		27.2%	25.6%	
EBITA before allocation of shared cost	**425**	**404**	**5%**	**828**	**818**	**1%**
EBITA margin before allocation of shared cost	15.2%	16.0%		15.9%	15.6%	
EBITA	**231**	**196**	**18%**	**444**	**397**	**12%**
EBITA margin	8.2%	7.8%		8.5%	7.6%	
EBIT	**170**	**135**	**26%**	**322**	**278**	**16%**
EBIT margin	6.1%	5.4%		6.2%	5.3%	
Number of employees	5,272	5,432	-3%	5,272	5,432	-3%

Growth in Mining in Q2 2021 (vs. Q2 2020)

	Order intake	Revenue
Organic	36%	13%
Acquisition	0%	0%
Currency	-4%	-2%
Total growth	**32%**	**11%**

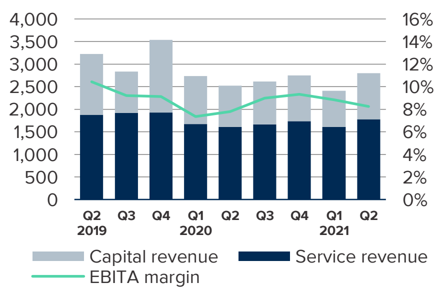
Service and capital order intake Q2 2021

%



Revenue and EBITA margin

DKKm EBITA %



CEMENT MARKET DEVELOPMENTS

The cement industry is slowly emerging from the pandemic with growing demand for green solutions. Overall, the market outlook remains unchanged with significant overcapacity and a recovery expected mid-term fueled by large economic stimulus programmes combined with an increasing focus on lower-carbon cement.

The cement industry is emerging from the pandemic with significant regional differences.

Economic recovery and higher construction activity have led to improved sentiment in North America with more opportunities tied to our digital and MissionZero products. The Build Back Better stimulus programme, currently in progress, is also expected to drive momentum going forward.

In Europe, activity has recovered somewhat, and customers are making smaller investments driven by sustainability and capacity limitations at certain plants. The launching of the NextGenerationEU stimulus package is expected to trigger upgrades to decarbonise and digitalise cement plants, and we have a healthy pipeline for upgrade projects driven by the ongoing conversion to alternative fuels. Forthcoming spending plans by member governments, particularly in infrastructure, are also expected to stimulate activity when they are released.

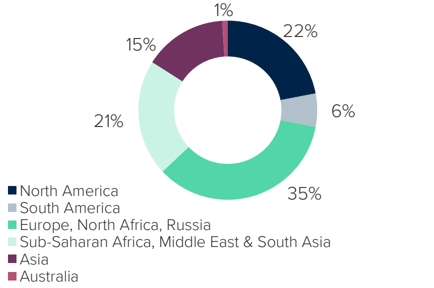
However, regulatory uncertainty remains for European producers over the treatment of allocations in the EU Emissions Trading System and the implementation of the new Carbon Border Adjustment Mechanism, part of the EU's Fit for 55 package of proposals launched in July with the aim of cutting the bloc's greenhouse gas emissions by 55 per cent by 2030.
In Asia, China continues to be the main driver of growth in the region whereas the rest of the region, including Indonesia and the Philippines, is challenged by COVID-19 restrictions which tightened in Q2.

Cement despatches in South Asia dipped by around 20% in Q2 compared to Q1 due to COVID-19 lockdowns. In addition, travel restrictions in the region are still hampering our business, especially for service jobs. In South America, activity remained soft due to the pandemic.

Overall, we are seeing increased demand for solutions and upgrade projects to decarbonise and de-bottleneck cement plants, although not enough to compensate for a lacklustre market in the short to medium-term.

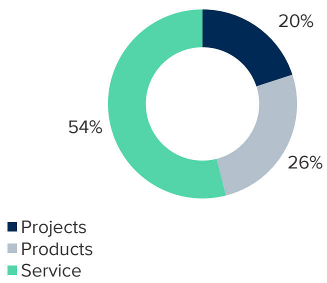
Cement order intake split per Region Q2 2021

%



Cement revenue split by categories Q2 2021

%



CEMENT FINANCIAL PERFORMANCE

Q2 2021

The organic order intake in Q2 2021 increased by 55% compared to Q2 2020. Including currency effects, the order intake in Q2 2021 increased by 50% to DKK 1,682m (Q2 2020: DKK 1,125m), comprising a 42% increase in service orders and a 59% increase in capital orders. During the quarter, service orders and capital orders represented 52% and 48% of cement order intake, respectively.

The increase in Cement service order intake related mainly to higher construction activity in North America and pent-up service orders in Sub-Saharan Africa and the Middle East.

The improvement in capital order intake was due mainly to the award of Europe's first full-scale clay calcination installation valued above DKK 200m. A solution which will cut CO_2 emissions from the French cement plant by up to 16%.

Organically, revenue in Q2 2021 was in line with Q2 2020 but decreased by 4% to DKK 1,271m when including currency effects. Cement service revenue decreased by 5% while capital revenue declined by 3%. Service accounted for 54% of Cement revenue in Q2 2021 (Q2 2020: 55%). Following a period of declining activity level in Cement, the order backlog at end of Q2 2021 was up 11% year-on-year.

Gross profit, before allocation of shared cost, was unchanged at DKK 279m (Q2 2020: DKK 279m), and the gross margin increased to 22.0% (Q2 2020: 21.0%).

EBITA amounted to DKK -34m (Q2 2020: DKK -65m) and the corresponding EBITA margin was -2.7% (Q2 2020: -4.9%). EBITA in Q2 included costs related to continued reshaping of Cement, i.e., adjusting the cost structure and repositioning the Cement business to benefit from and support the green transition. Q3 2021 is expected to carry a similar level of reshaping costs.

H1 2021

Cement order intake in H1 2021 increased by 26% to DKK 3,082m (H1 2020: DKK 2,437m) driven by both service and capital order growth. This was a strong development considering the challenging market circumstances. Order backlog increased 11% to DKK 6,367 (H1 2020: DKK 5,727m).

Cement revenue decreased by 17% to DKK 2,572m in H1 2021 (H1 2020: DKK 3,116m), impacted by the pandemic and a low backlog at the start of the year. Service and capital revenue declined by 11% and 25% respectively.

EBITA decreased to DKK -57m (H1 2020: DKK -33m), due to the revenue decline and ongoing costs related to Cement reshaping. The corresponding EBITA margin declined to -2.2% from -1.1% in H1 2020.

Cement

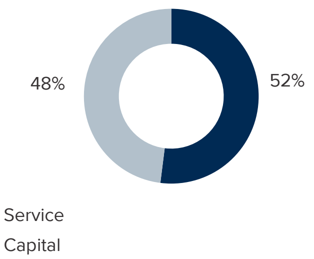
(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)
Order intake (gross)	**1,682**	**1,125**	**50%**	**3,082**	**2,437**	**26%**
- Hereof service order intake	875	618	42%	1,677	1,466	14%
- Hereof capital order intake	807	507	59%	1,405	971	45%
Order backlog	**6,367**	**5,727**	**11%**	**6,367**	**5,727**	**11%**
Revenue	**1,271**	**1,326**	**-4%**	**2,572**	**3,116**	**-17%**
- Hereof service revenue	689	727	-5%	1,482	1,660	-11%
- Hereof capital revenue	582	599	-3%	1,090	1,456	-25%
Gross profit before allocation of shared cost	**279**	**279**	**0%**	**585**	**670**	**-13%**
Gross profit margin before allocation of shared cost	22.0%	21.0%		22.7%	21.5%	
EBITA before allocation of shared cost	**86**	**91**	**-5%**	**193**	**288**	**-33%**
EBITA margin before allocation of shared cost	6.8%	6.9%		7.5%	9.2%	
EBITA	**(34)**	**(65)**	**-48%**	**(57)**	**(33)**	**73%**
EBITA margin	-2.7%	-4.9%		-2.2%	-1.1%	
EBIT	**(61)**	**(89)**	**-31%**	**(112)**	**(81)**	**38%**
EBIT margin	-4.8%	-6.7%		-4.4%	-2.6%	
Number of employees	3,457	4,643	-26%	3,457	4,643	-26%

Growth in Cement in Q2 2021 (vs. Q2 2020)

	Order intake	Revenue
Organic	55%	0%
Acquisition	0%	0%
Currency	-5%	-4%
Total growth	**50%**	**-4%**

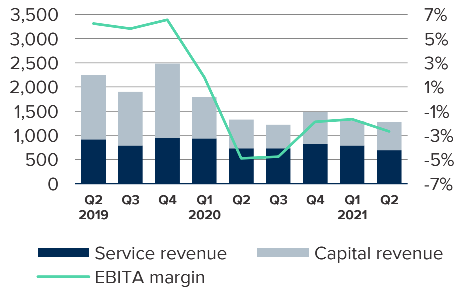
Service and capital order intake Q2 2021

%



Revenue and EBITA margin

DKKm EBITA %



QUARTERLY KEY FIGURES

DKKm	2019			2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
INCOME STATEMENT									
Revenue	5,472	4,736	6,022	4,525	3,846	3,834	4,236	3,713	4,073
- Hereof service revenue	2,794	2,703	2,866	2,606	2,333	2,393	2,552	2,401	2,469
- Hereof capital revenue	2,678	2,033	3,156	1,919	1,513	1,441	1,684	1,312	1,604
Gross profit	**1,315**	**1,126**	**1,327**	**1,047**	**912**	**884**	**1,022**	**935**	**1,020**
SG&A costs and other operating items	(741)	(667)	(747)	(728)	(689)	(629)	(685)	(648)	(735)
EBITDA before special non-recurring items	**574**	**459**	**580**	**319**	**223**	**255**	**337**	**287**	**285**
Special non-recurring items	0	0	0	0	(13)	0	(11)	(15)	(4)
Depreciation and impairment of property, plant and equipment	(87)	(82)	(93)	(91)	(79)	(78)	(91)	(82)	(84)
EBITA	**487**	**377**	**487**	**228**	**131**	**177**	**235**	**190**	**197**
Amortisation and impairment of intangible assets	(106)	(83)	(94)	(82)	(85)	(86)	(90)	(89)	(88)
EBIT	**381**	**294**	**393**	**146**	**46**	**91**	**145**	**101**	**109**
Income from associates	0	2	1	1	2	(1)	(2)	1	0
Financial income/costs, net	(32)	(12)	(71)	3	(55)	(1)	6	(10)	(27)
EBT	**349**	**284**	**323**	**150**	**(7)**	**89**	**149**	**92**	**82**
Tax for the period	(115)	(94)	(94)	(44)	(5)	(41)	(65)	(35)	(32)
Profit/loss on continuing activities for the period	**234**	**190**	**229**	**106**	**(12)**	**48**	**84**	**57**	**50**
Loss on discontinued activities for the period	(11)	0	(2)	(5)	(5)	(5)	(6)	(3)	(3)
Profit/loss for the period	**223**	**190**	**227**	**101**	**(17)**	**43**	**78**	**54**	**47**
Effect of purchase price allocation	(30)	(32)	(36)	(24)	(24)	(24)	(24)	(22)	(23)
Gross margin	*24.0%*	*23.8%*	*22.0%*	*23.1%*	*23.7%*	*23.1%*	*24.1%*	*25.2%*	*25.0%*
EBITDA margin before special non-recurring items	*10.5%*	*9.7%*	*9.6%*	*7.0%*	*5.8%*	*6.7%*	*8.0%*	*7.7%*	*7.0%*
EBITA margin	*8.9%*	*8.0%*	*8.1%*	*5.0%*	*3.4%*	*4.6%*	*5.5%*	*5.1%*	*4.8%*
EBIT margin	*6.9%*	*6.2%*	*6.5%*	*3.2%*	*1.2%*	*2.4%*	*3.4%*	*2.7%*	*2.7%*
Cash flow from operating activities	143	244	327	(35)	533	594	329	285	507
Cash flow from investing activities	(373)	(111)	(92)	(109)	(65)	(105)	(97)	(51)	(64)
Net working capital	2,519	2,624	2,739	2,792	2,351	1,981	1,752	1,678	1,305
Net interest-bearing debt (NIBD)	(2,802)	(2,693)	(2,492)	(2,663)	(2,298)	(1,936)	(1,808)	(1,577)	(1,159)
Order intake, continuing activities (gross)	4,954	4,571	4,389	6,526	3,348	3,955	4,695	4,985	4,615
- Hereof service order intake	2,784	2,928	2,890	2,931	2,238	2,337	2,316	2,750	2,687
- Hereof capital order intake	2,170	1,643	1,499	3,595	1,110	1,618	2,379	2,235	1,928
Order backlog, continuing activities	16,762	16,088	14,192	15,591	15,227	14,839	14,874	16,251	16,677

DKKm	2019			2020				2021	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING									
Mining									
Revenue	3,221	2,832	3,537	2,735	2,520	2,616	2,749	2,412	2,802
- Hereof service revenue	1,876	1,916	1,924	1,673	1,606	1,663	1,734	1,608	1,780
- Hereof capital revenue	1,345	916	1,613	1,062	914	953	1,015	804	1,022
Gross profit before allocation of shared costs	840	713	829	680	666	653	689	648	768
EBITA before allocation of shared costs	541	463	528	414	404	440	452	403	425
EBITA	336	261	323	201	196	235	256	213	231
EBIT	274	195	256	143	135	178	199	152	170
Gross margin before allocation of shared costs	*26.1%*	*25.2%*	*23.4%*	*24.9%*	*26.4%*	*25.0%*	*25.1%*	*26.9%*	*27.4%*
EBITA margin before allocation of shared costs	*16.8%*	*16.3%*	*14.9%*	*15.1%*	*16.0%*	*16.8%*	*16.4%*	*16.7%*	*15.2%*
EBITA margin	*10.4%*	*9.2%*	*9.1%*	*7.3%*	*7.8%*	*9.0%*	*9.3%*	*8.8%*	*8.2%*
EBIT margin	*8.5%*	*6.9%*	*7.2%*	*5.2%*	*5.4%*	*6.8%*	*7.2%*	*6.3%*	*6.1%*
Order intake (gross)	3,075	3,148	2,833	5,214	2,223	2,766	2,608	3,585	2,933
- Hereof service order intake	1,901	2,024	1,807	2,083	1,620	1,650	1,535	1,948	1,812
- Hereof capital order intake	1,174	1,124	1,026	3,131	603	1,116	1,073	1,637	1,121
Order backlog	8,757	8,544	7,683	9,621	9,500	9,298	9,085	10,275	10,310
Cement									
Revenue	2,251	1,904	2,485	1,790	1,326	1,218	1,487	1,301	1,271
- Hereof service revenue	918	787	942	933	727	730	818	793	689
- Hereof capital revenue	1,333	1,117	1,543	857	599	488	669	508	582
Gross profit before allocation of shared costs	496	434	543	391	279	238	347	306	279
EBITA before allocation of shared costs	319	263	331	197	91	83	144	107	86
EBITA	143	111	163	32	(65)	(57)	(28)	(23)	(34)
EBIT	99	94	136	8	(89)	(86)	(61)	(51)	(61)
Gross margin before allocation of shared costs	*22.0%*	*22.8%*	*21.9%*	*21.8%*	*21.0%*	*19.5%*	*23.3%*	*23.5%*	*22.0%*
EBITA margin before allocation of shared costs	*14.1%*	*13.8%*	*13.3%*	*11.0%*	*6.9%*	*6.7%*	*9.7%*	*8.2%*	*6.8%*
EBITA margin	*6.3%*	*5.8%*	*6.6%*	*1.8%*	*-4.9%*	*-4.8%*	*-1.9%*	*-1.7%*	*-2.7%*
EBIT margin	*4.4%*	*4.9%*	*5.5%*	*0.4%*	*-6.7%*	*-7.1%*	*-4.1%*	*-3.9%*	*-4.8%*
Order intake (gross)	1,879	1,423	1,556	1,312	1,125	1,189	2,087	1,400	1,682
- Hereof service order intake	883	904	1,083	848	618	688	780	802	875
- Hereof capital order intake	996	519	473	464	507	501	1,307	598	807
Order backlog	8,005	7,544	6,509	5,970	5,727	5,541	5,789	5,976	6,367

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

Notes	DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
3, 4	Revenue	4,073	3,846	7,786	8,371
	Production costs	(3,053)	(2,934)	(5,831)	(6,412)
	Gross profit	**1,020**	**912**	**1,955**	**1,959**
	Sales costs	(337)	(352)	(652)	(730)
	Administrative costs	(404)	(339)	(742)	(701)
	Other operating items	6	2	11	14
	EBITDA before special non-recurring items	**285**	**223**	**572**	**542**
	Special non-recurring items	(4)	(13)	(19)	(13)
	Depreciation and impairment of property, plant and equipment and lease assets	(84)	(79)	(166)	(170)
	EBITA	**197**	**131**	**387**	**359**
	Amortisation and impairment of intangible assets	(88)	(85)	(177)	(167)
	EBIT	**109**	**46**	**210**	**192**
	Income from associates	0	2	1	3
	Financial income	232	106	530	545
	Financial costs	(259)	(161)	(567)	(597)
	EBT	**82**	**(7)**	**174**	**143**
	Tax for the period	(32)	(5)	(67)	(49)
	Profit for the period, continuing activities	**50**	**(12)**	**107**	**94**
3, 8	Loss for the period, discontinued activities	(3)	(5)	(6)	(10)
	Profit for the period	**47**	**(17)**	**101**	**84**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	50	(14)	103	84
	Minority interests	(3)	(3)	(2)	0
		47	**(17)**	**101**	**84**
	Earnings per share (EPS):				
	Continuing and discontinued activities per share	1.1	(0.3)	2.1	1.7
	Continuing and discontinued activities per share, diluted	1.1	(0.3)	2.1	1.7
	Continuing activities per share	1.1	(0.2)	2.2	1.9
	Continuing activities per share, diluted	1.1	(0.2)	2.2	1.9

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
	Profit for the period	**47**	**(17)**	**101**	**84**
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	(25)	(21)	(18)	(21)
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	(90)	(51)	268	(387)
	Cash flow hedging:				
	- Value adjustments for the period	1	(1)	(12)	(32)
	- Value adjustments transferred to work in progress	(6)	10	(14)	9
	Tax of other comprehensive income	2	6	4	6
	Other comprehensive income for the period after tax	**(118)**	**(57)**	**228**	**(425)**
	Comprehensive income for the period	**(71)**	**(74)**	**329**	**(341)**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	(67)	(71)	332	(340)
	Minority interests	(4)	(3)	(3)	(1)
		(71)	**(74)**	**329**	**(341)**

CASH FLOW STATEMENT

Notes	DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
	EBITDA before special non-recurring items	285	223	572	542
3	EBITDA, discontinued activities	(3)	(4)	(6)	(6)
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	(1)	12	(15)	22
	Adjusted EBITDA	**281**	**231**	**551**	**558**
	Change in provisions, pension and employee benefits	41	(17)	28	(75)
9	Change in net working capital	320	431	469	234
	Cash flow from operating activities before financial items and tax	**642**	**645**	**1,048**	**717**
	Financial items received and paid	(10)	(29)	(29)	(47)
	Taxes paid	(125)	(83)	(227)	(172)
	Cash flow from operating activities	**507**	**533**	**792**	**498**
7	Acquisition of enterprises and activities	(8)	(8)	(8)	(49)
	Acquisition of intangible assets	(47)	(28)	(79)	(63)
	Acquisition of property, plant and equipment	(9)	(34)	(28)	(66)
	Acquisition of financial assets	(1)	(3)	(4)	(6)
7	Disposal of enterprises and activities	0	0	2	0
	Disposal of property, plant and equipment	1	1	2	3
	Dividend from associates	0	7	0	7
	Cash flow from investing activities	**(64)**	**(65)**	**(115)**	**(174)**
	Dividend	(18)	0	(101)	0
	Capital injection, minority interests	3	0	3	0
	Exercise of share options	0	0	1	0
	Repayment of lease liabilities	(31)	(27)	(64)	(57)
	Change in net interest bearing debt	(306)	(524)	(177)	(501)
	Cash flow from financing activities	**(352)**	**(551)**	**(338)**	**(558)**
	Change in cash and cash equivalents	**91**	**(83)**	**339**	**(234)**
	Cash and cash equivalents at beginning of period	1,256	811	976	1,001
	Foreign exchange adjustment, cash and cash equivalents	0	(25)	32	(64)
	Cash and cash equivalents at 30 June	**1,347**	**703**	**1,347**	**703**

The cash flow statement cannot be inferred from the published financial information only

Free cash flow

DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
Free cash flow	443	468	677	324
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	451	476	683	373

Cash and cash equivalents at beginning of period

DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash and cash equivalents	1,256	811	946	1,001
Cash and cash equivalents included in assets held for sale	0	0	30	0
Cash and cash equivalents at beginning of period	**1,256**	**811**	**976**	**1,001**

BALANCE SHEET

Notes	DKKm	30/06 2021	31/12 2020	30/06 2020
	ASSETS			
	Goodwill	4,288	4,194	4,305
	Patents and rights	830	875	910
	Customer relations	430	466	539
	Other intangible assets	145	172	81
	Completed development projects	209	234	215
	Intangible assets under development	351	299	367
	Intangible assets	**6,253**	**6,240**	**6,417**
	Land and buildings	1,434	1,414	1,506
	Plant and machinery	346	369	407
	Operating equipment, fixtures and fittings	77	89	89
	Tangible assets in course of construction	123	137	98
	Property, plant and equipment	**1,980**	**2,009**	**2,100**
	Lease assets	**284**	**312**	**286**
	Deferred tax assets	1,262	1,248	1,130
	Investments in associates	163	159	157
10	Other securities and investments	48	43	47
	Other non-current assets	**1,473**	**1,450**	**1,334**
	Non-current assets	**9,990**	**10,011**	**10,137**
	Inventories	2,489	2,368	2,721
	Trade receivables	3,209	3,453	3,748
	Work in progress	2,316	2,175	2,133
	Prepayments	552	333	475
	Income tax receivables	441	178	294
	Other receivables	733	868	828
	Cash and cash equivalents	1,347	946	703
	Current assets	**11,087**	**10,321**	**10,902**
	Assets classified as held for sale	0	124	0
	Total assets	**21,077**	**20,456**	**21,039**

Notes	DKKm	30/06 2021	31/12 2020	30/06 2020
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(862)	(1,131)	(686)
	Cash flow hedging	(30)	(4)	(51)
	Retained earnings	8,242	8,246	8,173
	Shareholders in FLSmidth & Co. A/S	**8,375**	**8,136**	**8,461**
	Minority interests	(6)	(6)	13
	Equity	**8,369**	**8,130**	**8,474**
	Deferred tax liabilities	221	200	237
	Pension obligations	403	375	379
5	Provisions	404	426	440
	Lease liabilities	196	209	187
	Bank loans and mortgage debt	2,199	2,250	2,636
	Prepayments from customers	279	240	176
	Income tax liabilities	140	139	139
	Other liabilities	118	125	116
	Non-current liabilities	**3,960**	**3,964**	**4,310**
	Pension obligations	3	3	3
5	Provisions	652	589	480
	Lease liabilities	97	113	109
	Bank loans and mortgage debt	14	183	68
	Prepayments from customers	1,606	1,026	1,071
	Work in progress	1,800	1,834	1,768
	Trade payables	3,001	3,055	3,386
	Income tax liabilities	250	162	202
	Other liabilities	1,325	1,306	1,168
	Current liabilities	**8,748**	**8,271**	**8,255**
	Liabilities associated with assets classified as held for sale	0	91	0
	Total liabilities	**12,708**	**12,326**	**12,565**
	Total equity and liabilities	**21,077**	**20,456**	**21,039**

EQUITY STATEMENT

H1 2021

DKKm	Share capital	Currency adjust- ments	Cash flow hedging	Retained earnings	Share- holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(1,131)**	**(4)**	**8,246**	**8,136**	**(6)**	**8,130**
Comprehensive income for the period							
Profit/loss for the period				103	103	(2)	101
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				(18)	(18)		(18)
Currency adjustments regarding translation of entities		269			269	(1)	268
Cash flow hedging:							
- Value adjustments for the period			(12)		(12)		(12)
- Value adjustments transferred to work in progress			(14)		(14)		(14)
Tax on other comprehensive income				4	4		4
Other comprehensive income total	**0**	**269**	**(26)**	**(14)**	**229**	**(1)**	**228**
Comprehensive income for the period	**0**	**269**	**(26)**	**89**	**332**	**(3)**	**329**
Transactions with owners:							
Dividend paid				(101)	(101)		(101)
Share-based payment				7	7		7
Exercise of share options				1	1		1
Capital injection, minority interests					0	3	3
Equity at 30 June	**1,025**	**(862)**	**(30)**	**8,242**	**8,375**	**(6)**	**8,369**

H1 2020

DKKm	Share capital	Currency adjust- ments	Cash flow hedging	Retained earnings	Share- holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(300)**	**(28)**	**8,082**	**8,779**	**14**	**8,793**
Comprehensive income for the period							
Profit/loss for the period				84	84	0	84
Other comprehensive income							
Actuarial gains/(losses) on defined benefit plans				(21)	(21)		(21)
Currency adjustments regarding translation of entities		(386)			(386)	(1)	(387)
Cash flow hedging:							
- Value adjustments for the period			(32)		(32)		(32)
- Value adjustments transferred to work in progress			9		9		9
Tax on other comprehensive income				6	6		6
Other comprehensive income total	**0**	**(386)**	**(23)**	**(15)**	**(424)**	**(1)**	**(425)**
Comprehensive income for the period	**0**	**(386)**	**(23)**	**69**	**(340)**	**(1)**	**(341)**
Transactions with owners:							
Dividend paid				0	0		0
Share-based payment				22	22		22
Exercise of share options				0	0		0
Capital injection, minority interests					0		0
Equity at 30 June	**1,025**	**(686)**	**(51)**	**8,173**	**8,461**	**13**	**8,474**

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, we are required to make several estimates and judgements. The estimates and judgements that can have a significant impact on the financial statements are categorised as key accounting estimates and judgements. Key accounting estimates and judgements are regularly assessed to adapt to the market conditions and changes in political and economic factors. In general, key accounting judgements are made in relation to the accounting for revenue when determining the performance obligations and the recognition method, while key accounting estimates relate to the estimation of warranty provisions, valuation of inventories, trade receivables, work in progress and deferred tax. For further details, reference is made to The Annual Report 2020, Key accounting estimates and judgements, pages 63-64 and to specific notes.

Similarly to what was disclosed in the Annual Report 2020 the COVID-19 pandemic has imposed additional uncertainty to the interim financial statements.

As of 30 June 2021, we have included updated estimates to assess the recoverability of our asset base, including inventories, work in progress, trade receivables, intangible assets and deferred tax assets. The uncertain market and liquidity conditions still prevail globally, which continue to be reflected in our expected credit losses (ECL). We have reassessed our projects to reflect estimated implications on project financials, including cost forecasts due to the severity of restrictions. By nature, the updated key accounting estimates contain uncertainties and it is possible that the outcomes in the next financial period can differ from those on which management's estimates are based.

2. INCOME STATEMENT BY FUNCTION

The income statement classified by function includes allocation of depreciation, amortisation and impairment.

It is our policy to prepare the income statement based on an adjusted classification of the cost by function in order to show the earnings before special non-recurring items, depreciation, amortisation and impairment (EBITDA). Depreciation, amortisation and impairment are therefore separated from the individual functions and presented in separated lines.

Income Statement by function

DKKm	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	4,073	3,846	7,786	8,371
Production costs	(3,142)	(3,012)	(6,003)	(6,580)
Gross profit	**931**	**834**	**1,783**	**1,791**
Sales costs, including depreciation and amortisation	(348)	(369)	(678)	(764)
Administrative costs, including depreciation and amortisation	(476)	(408)	(887)	(836)
Special non-recurring items	(4)	(13)	(19)	(13)
Other operating income	6	2	11	14
EBIT	**109**	**46**	**210**	**192**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment and lease assets	(84)	(79)	(166)	(170)
Amortisation and impairment of intangible assets	(88)	(85)	(177)	(167)
	(172)	**(164)**	**(343)**	**(337)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(89)	(78)	(172)	(168)
Sales costs	(11)	(17)	(26)	(34)
Administrative costs	(72)	(69)	(145)	(135)
	(172)	**(164)**	**(343)**	**(337)**

3. SEGMENT INFORMATION

DKKm	H1 2021 Mining	H1 2021 Cement	H1 2021 Shared costs[1]	H1 2021 Other com-panies [2]	H1 2021 FLSmidth Group Continuing activities	H1 2021 FLSmidth Group Discon-tinued activities[3]	H1 2020 Mining	H1 2020 Cement	H1 2020 Shared costs[1]	H1 2020 Other com-panies [2]	H1 2020 FLSmidth Group Continuing activities	H1 2020 FLSmidth Group Discon-tinued activities[3]
Revenue	**5,214**	**2,572**	-	**0**	**7,786**	**0**	**5,255**	**3,116**	-	**0**	**8,371**	**0**
Production costs	(3,798)	(1,987)	(46)	0	(5,831)	0	(3,909)	(2,446)	(57)	0	(6,412)	0
Gross profit	**1,416**	**585**	**(46)**	**0**	**1,955**	**0**	**1,346**	**670**	**(57)**	**0**	**1,959**	**0**
SG&A costs	(513)	(343)	(528)	1	(1,383)	(6)	(450)	(337)	(627)	(3)	(1,417)	(6)
EBITDA before special non-recurring items	**903**	**242**	**(574)**	**1**	**572**	**(6)**	**896**	**333**	**(684)**	**(3)**	**542**	**(6)**
Special non-recurring items	(11)	(8)	0	0	(19)	0	(13)	0	0	0	(13)	0
Depreciation and impairment of property, plant and equipment and lease assets	(64)	(41)	(61)	0	(166)	0	(65)	(45)	(60)	0	(170)	0
EBITA before allocation of shared costs	**828**	**193**	**(635)**	**1**	**387**	**(6)**	**818**	**288**	**(744)**	**(3)**	**359**	**(6)**
Allocation of shared costs	(384)	(250)	635	(1)	0	0	(421)	(321)	744	(2)	0	0
EBITA	**444**	**(57)**	**0**	**0**	**387**	**(6)**	**397**	**(33)**	**0**	**(5)**	**359**	**(6)**
Amortisation and impairment of intangible assets	(122)	(55)	0	0	(177)	0	(119)	(48)	0	0	(167)	0
EBIT	**322**	**(112)**	-	**0**	**210**	**(6)**	**278**	**(81)**	-	**(5)**	**192**	**(6)**
Order intake (gross)	6,518	3,082			9,600	0	7,437	2,437			9,874	0
Order backlog	10,310	6,367			16,677	0	9,500	5,727			15,227	0
Gross margin	*27.2%*	*22.7%*			*25.1%*		*25.6%*	*21.5%*			*23.4%*	
EBITDA margin before special non-recurring items	*17.3%*	*9.4%*			*7.3%*		*17.1%*	*10.7%*			*6.5%*	
EBITA margin before allocation of shared costs	*15.9%*	*7.5%*			-		*15.6%*	*9.2%*			-	
EBITA margin	*8.5%*	*-2.2%*			*5.0%*		*7.6%*	*-1.1%*			*4.3%*	
EBIT margin	*6.2%*	*-4.4%*			*2.7%*		*5.3%*	*-2.6%*			*2.3%*	
Number of employees at 31 June	**5,272**	**3,457**	**1,360**		**10,089**	**0**	**5,432**	**4,643**	**1,429**		**11,504**	**2**
Reconciliation of profit for the period												
EBIT					210	(6)					192	(6)
Income from associates					1						3	0
Financial income					530						545	5
Financial costs					(567)	(1)					(597)	(6)
EBT					**174**	**(7)**					**143**	**(7)**

1) Shared costs consist of costs that are managed on Region or Group level and subsequently allocated to the divisions. Cost include administration, procurement, logistic and digital.
2) Other companies consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activities mainly consist of bulk material handling.

4. REVENUE

Revenue arises from sale of life cycle offerings to our customers. We sell a broad range of goods and services within the Mining and Cement Industries split into the main categories projects, products and services.

Six Regions support the sales within the Mining and Cement Industries. Revenue is presented in the Regions in which delivery takes place. In the first half year of 2021, South America represented a 3%-point lower share of Group revenue than the same period last year. Asia and Australia picked up a higher share of the Group revenue in the first half year of 2021 compared to same period in 2020.

Backlog

The order backlog at 30 June 2021 amounts to DKK 16,677m (H1 2020: DKK 15,227m) and represents the value of outstanding performance obligations on current contracts. The value of outstanding performance obligations on current contracts is combined of value from contracts where we will transfer control at a future point in time and the value of the remaining performance obligations on contracts where we transfer control over time.

Based on the order backlog maturity profile, the majority, 42% (H1 2020: 43%) of the order backlog is expected to be converted into revenue in 2021, while 58% (H1 2020: 57%) is expected to be converted to revenue in subsequent years.

Revenue split by recognition principle

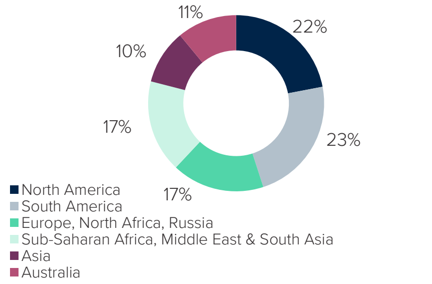
	H1 2021			H1 2020		
DKKm	Mining	Cement	Group	Mining	Cement	Group
Point in time	2,926	895	3,821	2,960	921	3,881
Percentage of completion	2,288	1,675	3,963	2,295	2,189	4,484
Cash	0	2	2	0	6	6
Total revenue	**5,214**	**2,572**	**7,786**	**5,255**	**3,116**	**8,371**

Revenue split by industry and category

	H1 2021			H1 2020		
DKKm	Mining	Cement	Group	Mining	Cement	Group
Projects	1,148	428	1,576	1,344	838	2,182
Products	678	662	1,340	632	618	1,250
Capital business	**1,826**	**1,090**	**2,916**	**1,976**	**1,456**	**3,432**
Service business	**3,388**	**1,482**	**4,870**	**3,279**	**1,660**	**4,939**
Total revenue	**5,214**	**2,572**	**7,786**	**5,255**	**3,116**	**8,371**

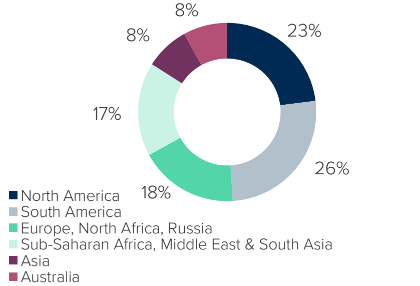
Revenue split by Regions H1 2021

%



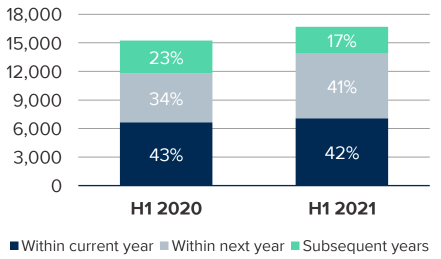
Revenue split by Regions H1 2020

%



Backlog

DKKm



5. PROVISIONS

Additions to provisions amounted to DKK 261m in H1 2021, compared to DKK 240m in H1 2020, due to continued restructuring measures with sites closed in US and Germany and marginal changes to provision estimates for warranties, loss-making projects as well as disputes and lawsuits.

Of the total used provisions of DKK 176m in H1 2021 restructuring provision used had a higher share in H1 2021 compared to H1 2020. DKK 5m related to discontinued activities in line with H1 2020 level. See note 8 for provision details related to discontinued activities.

For a description of the main provision categories see note 2.7 in the 2020 Annual Report.

Provisions

DKKm	30/06 2021	31/12 2020	30/06 2020
Provisions at 1 January	1,015	1,018	1,018
Foreign exchange adjustments	12	(50)	(25)
Additions	261	663	240
Used	(176)	(395)	(201)
Reversals	(56)	(217)	(112)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**1,056**	**1,015**	**920**
The split of provisions is as follows:			
Warranties	516	496	522
Restructuring	83	60	57
Other provisions	457	459	341
	1,056	**1,015**	**920**
The maturity of provisions is specified as follows:			
Current liabilities	652	589	480
Non-current liabilities	404	426	440
	1,056	**1,015**	**920**

6. CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilities at 30 June 2021 amounted to DKK 3.0bn (31 December 2020: DKK 2.7bn). Contingent liabilities primarily relate to performance and payment guaranteed issued to cover project-related risks, such as performance, payment, quality, and delay. The volume of such guarantees amounted to DKK 2.5bn (31 December 2020: DKK 2.4bn). In the event a guarantee is expected to materialise, a provision is recognized to cover the risk. The remaining contingent liabilities relate to our involvement in legal disputes, certain of which are already pending with courts or other authorities and others of which some may or may not lead to formal legal proceedings being initiated against us, including by public authorities.

Except from the above mentioned no other significant changes have occurred to the nature and extent of our contractual obligations and contingent liabilities compared to what was disclosed in note 2.9 in the 2020 Annual Report.

FLSmidth has entered into a conditional agreement to sell all and lease back part of its headquarters in Valby, Denmark. As described in the Annual Report 2020 it has been decided to revisit the plans for the headquarter and options are being explored. More certainty of the outcome is expected during Q3 of 2021.

On 22 July 2021, a customer informed that it intends to initiate arbitration against FLSmidth and certain partners for an amount of EUR 28 million, for alleged contractual breaches. The case was referenced as ‘the Tunisia contract’ at our 2020 annual general meeting. FLSmidth will reject a potential claim.

Provisions related to continued activities

DKKm	30/06 2021	31/12 2020	30/06 2020
Provisions at 1 January	833	807	807
Reclassification to beginning balance, continued/discontinued activities	0	13	0
Foreign exchange adjustments	12	(49)	(25)
Additions	261	661	240
Used	(171)	(378)	(193)
Reversals	(56)	(217)	(112)
Transfer to liabilities associated with assets classified as held for sale	0	(4)	0
Provisions	**879**	**833**	**717**

7. DISPOSAL AND ACQUISITION OF ENTERPRISES

On 23 December 2020, FLSmidth announced the sale of advanced fabric filter technology ("AFT") to Simatek A/S. The transaction was effective as of 1 March 2021. The gain from the transaction was DKK 2m in H1 2021. The transaction price was DKK 3m and the transaction costs amounted to DKK 1m.

On 29 December 2020, FLSmidth announced the sale of Möller pneumatic conveying systems business to REEL. The sale of Möller pneumatic conveying systems business was closed 1 January 2021. The disposal has no income statement effect in H1 2021.

The assets related to the disposals were included in assets classified as held for sale as of 31 December 2020. Following the two disposals being effective in the first quarter of 2021 there are no remaining assets classified as held for sale.

On 1 June 2019, FLSmidth acquired the IMP Automation Group that was integrated into the Mining segment. In relation to the acquisition FLSmidth paid DKK 8m in H1 2021 related to a deferred payment from the acquisition.

8. DISCONTINUED ACTIVITIES

Discontinued activities include the remaining responsibilities to finalise legacy projects, handling of claims etc. retained on the sale of the non-mining bulk material handling business in 2019. The progress has been delayed, amongst others, due to the COVID-19 pandemic. For further information on discontinued activities, please refer to note 2.11 of Annual report 2020.

In addition to provisions of DKK 177m shown in the table below, discontinued activities include DKK 222m (31 December 2020: DKK 220m) of the Group's net working capital shown in note 9.

As of 30 June 2021, DKK 130m of the Group's contingent liabilities relate to discontinued activities.

Loss for the period from discontinued activities amounted to DKK -6m (H1 2020: DKK -10m), primarily consisting of SG&A cost, refer to note 3.

Cash flow from discontinued operating activities totalled DKK -16m (H1 2020: DKK -4m). The cash outflow was due to a combination of the loss from the period, used provisions of DKK -5m (H1 2020: DKK -8m) and cash flow from net working capital of DKK -5m (H1 2020: DKK 14m).

Discontinued activities effect on cash flow from operating activities

DKKm	H1 2021	2020	H1 2020
EBITDA	(6)	(15)	(6)
Change in provisions	(5)	(15)	(8)
Change in net working capital	(5)	(18)	14
Cash flow from operating activities before financial items and tax	**(16)**	**(48)**	**0**
Financial items received and paid	0	0	(1)
Taxes paid	0	(4)	(3)
Cash flow from operating activities	**(16)**	**(52)**	**(4)**

Discontinued activities share of Group provisions disclosed in note 5

DKKm	30/06 2021	31/12 2020	30/06 2020
Provisions at 1 January	182	211	211
Reclassification to beginning balance, continued/discontinued business	0	(13)	0
Foreign exchange adjustments	0	(1)	0
Additions	0	2	0
Used	(5)	(17)	(8)
Provisions	**177**	**182**	**203**

9. NET WORKING CAPITAL

Net working capital as at 30 June 2021 decreased due to a significant increase in prepayments from customers. A lower level of trade receivables was offset by an increase in work in progress and an increase in inventories.

Utilisation of supply chain financing increased slightly in H1 compared to year end 2020.

Net working capital

DKKm	30/06 2021	31/12 2020	30/06 2020
Inventories	2,489	2,368	2,721
Trade receivables	3,209	3,453	3,748
Work in progress, assets	2,316	2,175	2,133
Prepayments	552	333	475
Other receivables	641	748	778
Derivative financial instruments	35	65	49
Prepayments from customers	(1,885)	(1,266)	(1,247)
Trade payables	(3,001)	(3,055)	(3,386)
Work in progress, liability	(1,800)	(1,834)	(1,768)
Other liabilities	(1,230)	(1,200)	(1,101)
Derivative financial instruments	(21)	(35)	(51)
Net working capital	**1,305**	**1,752**	**2,351**
Change in net working capital	447	987	388
Financial instruments and foreign exchange effect on cash flow	22	(281)	(154)
Cash flow effect from change in net working capital	**469**	**706**	**234**

10. FAIR VALUE MEASUREMENT

Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded in an active market based on quoted prices. They are measured instead using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no significant transfers between the levels in the first half year of 2021 or during 2020.

Financial instruments

				30/06 2021
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	9		39	48
Hedging instruments asset		35		35
Hedging instruments liability		(21)		(21)
	9	**14**	**39**	**62**

				31/12 2020
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	9		34	43
Hedging instruments asset		65		65
Hedging instruments liability		(35)		(35)
	9	**30**	**34**	**73**

11. EVENTS AFTER THE BALANCE SHEET DATE

As announced on 29 July 2021, FLSmidth and thyssenkrupp Industrial Solution AG have reached an agreement that FLSmidth will acquire thyssenkrupp's Mining business for a total compensation of EUR 325m corresponding to approximately DKK 2.4 billion. Closing is expected in H2 2022 and is conditional upon customary regulatory approvals and formal approval by the supervisory board of thyssenkrupp AG and the supervisory board of thyssenkrupp Industrial Solution AG.

We are not aware of any subsequent matters that could be of material importance to the Group's financial position at 30 June 2021.

12. ACCOUNTING POLICIES

The condensed interim report of the Group for the first half year of 2021 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2020 Annual Report. Reference is made to note 7.5, Accounting policies, note 7.6, Impact from new IFRS, note 7.7, New IFRS not yet adopted and to specific notes in the 2020 Annual Report for further details.

Alternative Performance Measures (APM) are unchanged from those applied in the 2020 Annual Report, refer to note 7.4 in the 2020 Annual Report for a description of used APM.

Changes in accounting policies

As of 1st January 2021, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2021 financial year, including the following, which is the most relevant for FLSmidth:

- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (issued 2020)

The implementation has not had and is not expected to have significant impact on the consolidated financial statements.

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the consolidated condensed interim financial statements for the period 1 January – 30 June 2021.

The consolidated condensed interim financial statements are presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports of listed companies. The consolidated condensed interim financial statements have not been audited or reviewed by the Group's independent auditors.

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's financial position at 30 June 2021 as well as of the results of its operations and cash flows for the period 1 January – 30 June 2021.

In our opinion, the management review gives a fair review of the development in the Group's activity and financial matters, results of operations, cash flows and financial position as well as a description of the principal risks and uncertainties that the Group faces.

Valby, 12 August 2021

Executive management

Thomas Schulz
Group CEO

Roland M. Andersen
Group CFO

Board of directors

Vagn Ove Sørensen
Chairman

Tom Knutzen
Vice chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Carsten Hansen

Leif Gundtoft

Claus Østergaard

FORWARD LOOKING STATEMENTS

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website and/or NASDAQ Copenhagen, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this report or in the future on behalf of FLSmidth & Co. A/S, may contain forward looking statements.

Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to:

- Statements of plans, objectives or goals for future operations, including those related to FLSmidth & Co. A/S' markets, products, product research and product development.
- Statements containing projections of or targets for revenues, profit (or loss), CAPEX, dividends, capital structure or other net financial items.
- Statements regarding future economic performance, future actions and outcome of contingencies such as legal proceedings and statements regarding the underlying assumptions or relating to such statements.
- Statements regarding potential merger & acquisition activities.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside FLSmidth & Co. A/S' influence, and which could materially affect such forward-looking statements.

FLSmidth & Co. A/S cautions that a number of important factors, including those described in this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including the impact from the COVID-19 pandemic, interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance. Unless required by law FLSmidth & Co. A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this report.

Interim Report
1 January – 30 June
2021

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