

11 November 2021

INTERIM REPORT 9M 2021

FLSMIDTH

Mission Zero

WE DISCOVER POTENTIAL

FLSMIDTH

Key highlights

Q3 2021

- Strong order intake and revenue
- Good improvement in EBITA – especially Cement
- Negative cash flow driven by NWC development
- Successful issue of new shares

MARKET OUTLOOK

- Good momentum in Mining growth cycle
- Mid-term recovery expected in cement - increasing demand for green solutions

2021 GUIDANCE MAINTAINED

- Revenue of DKK 16.0-17.0bn
- EBITA margin of 5-6%, including acquisition costs of around DKK 100m

GROUP CEO SUCCESSION

- Mikko Keto appointed new Group CEO effective 1 January 2022

New Group CEO as of 1 January 2022

Good timing for CEO succession

- Mikko Keto already leading the integration planning for TK Mining
- With Mining being the predominant business going forward, the Group CEO will also take the role as Mining President
- Continued strong focus on profitability and MissionZero

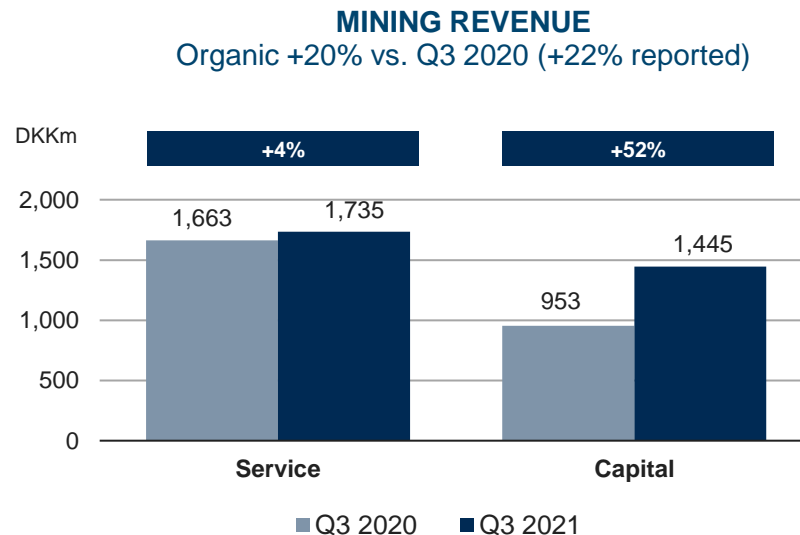
About Mikko Keto

- Joined FLSmidth in January 2021 as President, Mining Industry and member of the Group Executive Management Team
- Past experience:
 - Metso: Member of the company's Executive Team. President, Services and Pumps business areas, Senior Vice President of Spare Parts; Senior Vice President of Performance Services business line and other senior positions
 - KONE corporation: Head of Sales
 - Nokia Networks: Senior management and sales positions
- MSc Economics from Helsinki School of Economics.
- Born in 1967, male, Finnish.



Mining market and revenue Q3 2021

- Positive outlook and green transition driving minerals demand
- Commodity prices remain at high level – despite recent volatility
- High production rates
- Industry conditions gradually returning to normal
- Customers remain cautious on large capital investments

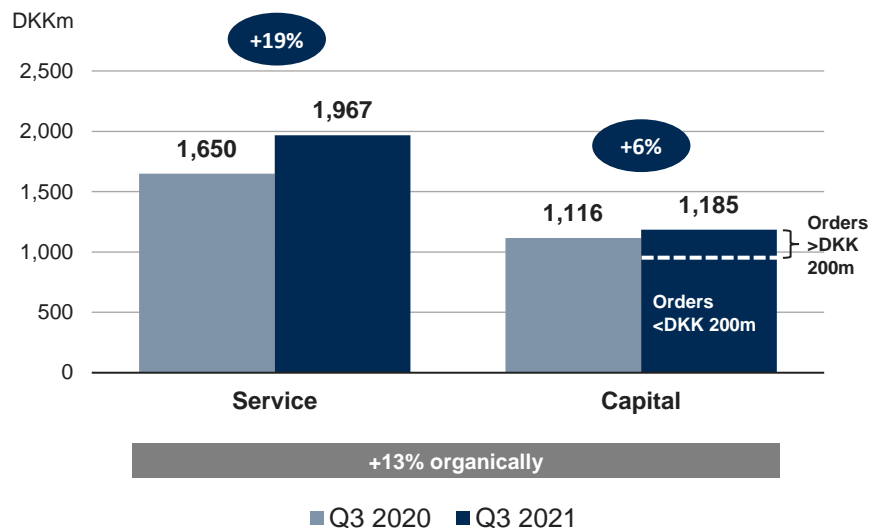


| | Q3 2020 | Q3 2021 |
|------------------|---------|---------|
| EBITA margin (%) | 9.0% | 9.5% |

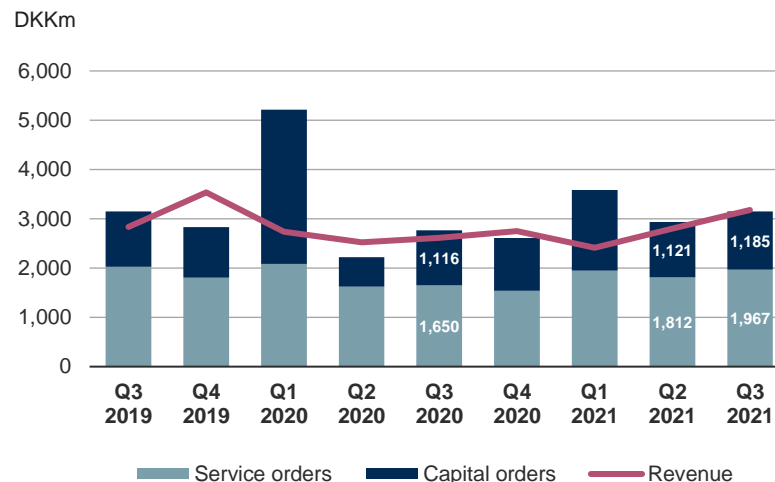
Strong mining order intake in Q3 2021

MINING ORDER INTAKE

+14% vs. Q3 2020



MINING ORDER INTAKE



- The service share in Q3 2021 was 62% (Q3 2020: 60%)

Update on the acquisition of TK Mining

Creating a global industry leader in mining

Equity issue completed

- Successful issue of new shares, raising proceeds of DKK 1.4bn to fund the acquisition of TK Mining, in combination with committed debt facilities

Timeline for closing on track¹⁾

- Integration planning progressing well
- TK Mining restructuring on track

EV reduced to DKK 2.1bn

- TK Mining activities in India excluded from transaction
- Enterprise value reduced by DKK 335m – synergies unchanged
- Activities are not strategically important
- Will not affect the transfer of key IP and technologies

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

TK Mining at a glance

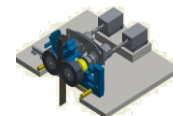


Revenue: ~DKK 5.1bn

EV: DKK 2.1bn



IPCC and continuous mining



Crushing & grinding (focus on HPGR)



Material handling



Digital solutions and services



Synergies (annual):

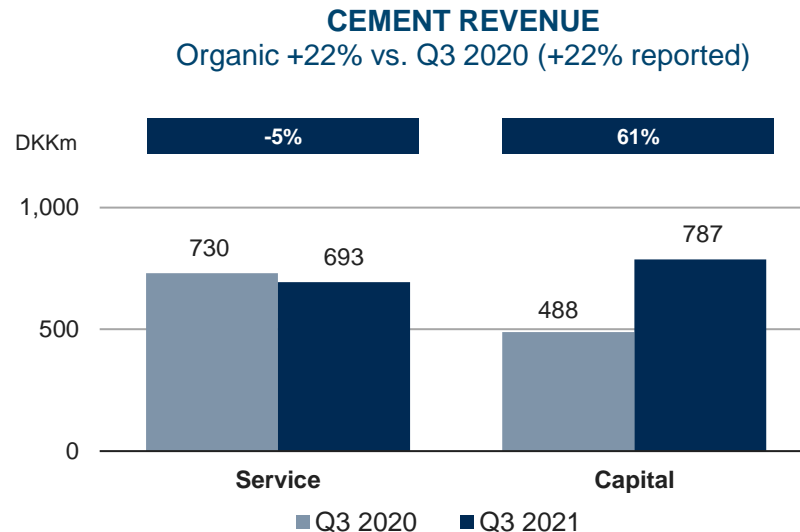
~DKK 370m

Integration costs:

~ DKK 560m

Cement market and revenue Q3 2021

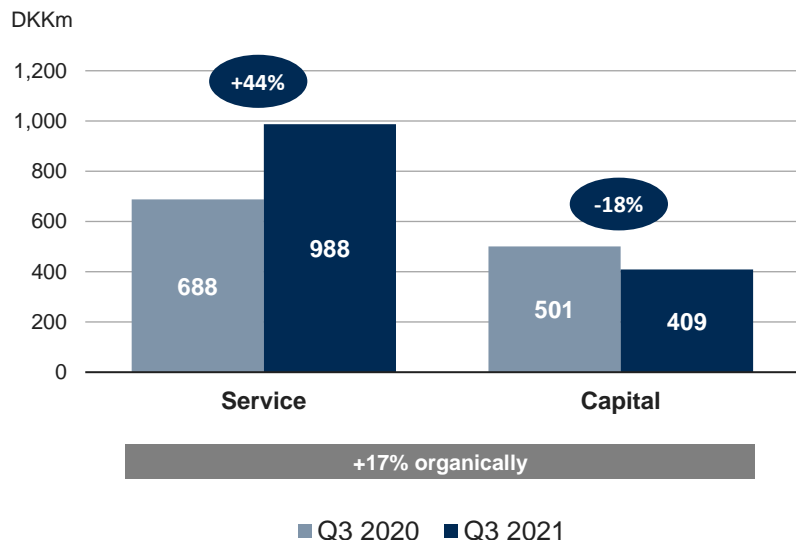
- Increasing demand for green solutions and services
- Sustained overcapacity in many regions
- Non-critical investments deferred
- Supportive economic stimulus programmes and infrastructure plans
- Sustainability and digitalisation provide a positive mid- to long-term outlook



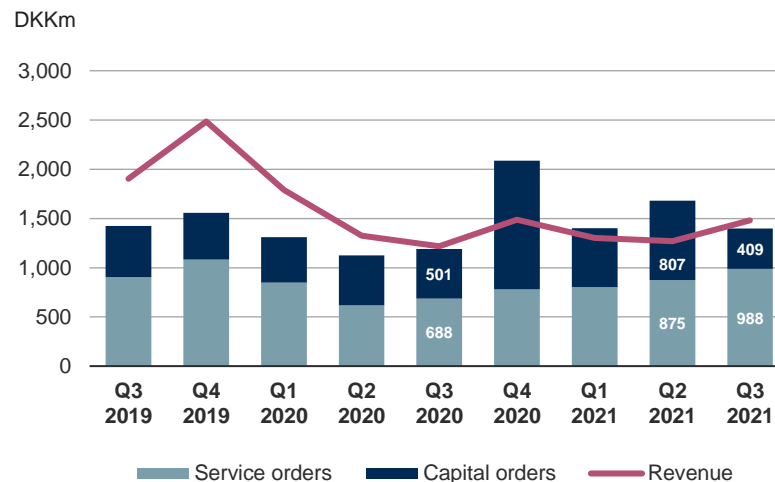
| | Q3 2020 | Q3 2021 |
|------------------|---------|---------|
| EBITA margin (%) | -4.8% | 0.2% |

Strong Cement service order intake in Q3 2021

CEMENT ORDER INTAKE +17% vs. Q3 2020



CEMENT ORDER INTAKE



- The service share in Q3 2021 was 71% (Q3 2020: 58%)

Good mitigation of supply chain challenges

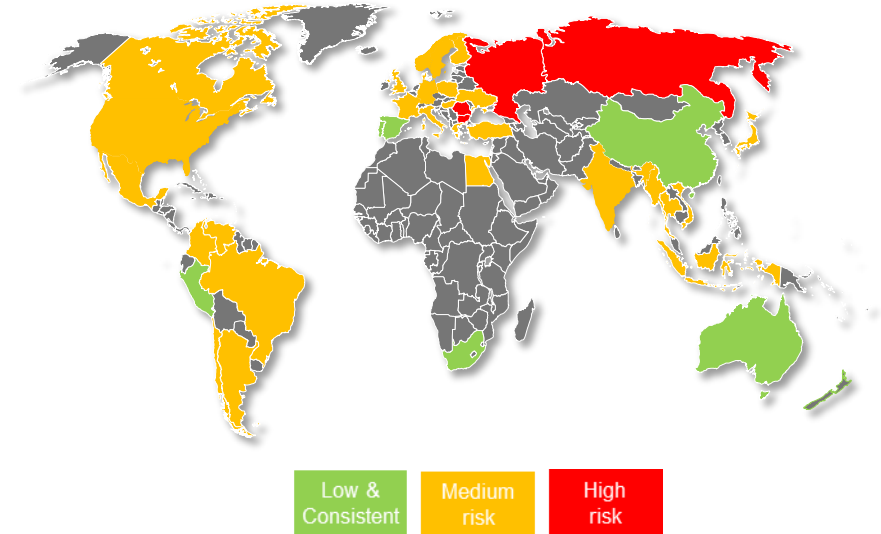
Current situation

- Global economy faced with logistics and supply chain challenges
- We continue to get orders shipped, despite capacity constraints and instability on some routes
- Impact from logistics and supply chain challenges was low in Q3 - in line with our expectations

Mitigation of supply chain challenges

- Supply chain with flexibility to switch between suppliers
- More regionalised sourcing, particularly in the service business
- Use of digitalisation (AI) to track the fastest and cheapest routes
- Close monitoring of new COVID-19 hotspots near our main suppliers

COVID-19 infection trends



Source: National health's authorities and FLSmith surveillance data

REFLUX™ Flotation Cell (RFC™)

EXPANDING THE BOUNDS OF FLOTATION

The RFC shifts the performance curve by delivering faster flotation, higher recoveries, and better product quality - all in a compact footprint

Operating at a magnitude far beyond the capabilities of open tank flotation cells, and with lower energy demand, the RFC efficiently recovers a wide size distribution of minerals while maintaining superior product grades.



THE CHALLENGE

Today's mines need improved metallurgical performance and product yield within their flotation operations



THE SOLUTION

Enable faster and higher recovery by operating at extreme levels of gas and wash water flux



THE BENEFITS

- Up to 10 x higher throughput
- Enhanced grade & recovery
- Up to 60% energy reduction

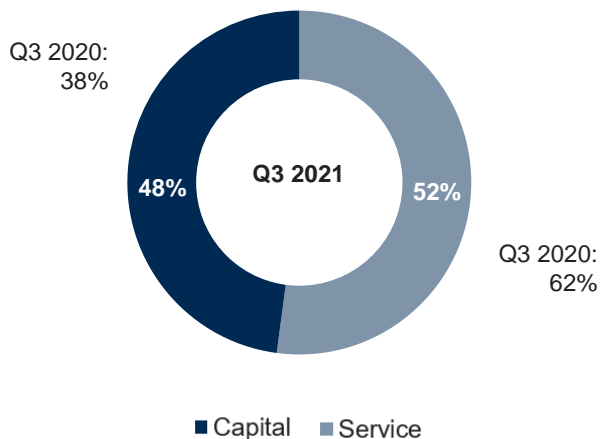
Financial performance in Q3 2021

| (DKKm) | Q3 2021 | Q3 2020 | Change (%) |
|---------------------------------------|--------------|--------------|------------|
| Order intake | 4,549 | 3,955 | 15% |
| Revenue | 4,660 | 3,834 | 22% |
| Gross margin | 23.0% | 23.1% | |
| SG&A cost | -682 | -629 | 8% |
| EBITA | 305 | 177 | 72% |
| EBITA margin | 6.5% | 4.6% | |
| Financial costs net | -41 | -1 | |
| Tax | -69 | -41 | |
| Profit/loss, continuing activities | 107 | 48 | |
| Profit/loss, discontinuing activities | -12 | -5 | |
| Profit/loss for the Group | 95 | 43 | |
| ROCE | 6.3% | 6.7% | |
| Employees (Group) | 10,135 | 10,946 | -7% |

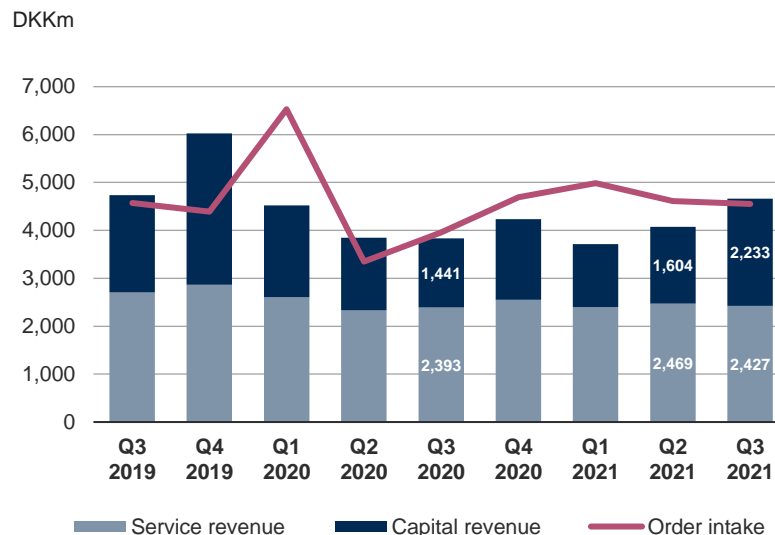
- Order intake increased 14% organically
- Revenue increased 21% organically
- Improved EBITA
 - Increased margin in both Mining and Cement
 - Positive EBITA in Cement

Revenue increased 21% organically

GROUP REVENUE
CAPITAL VS. SERVICE

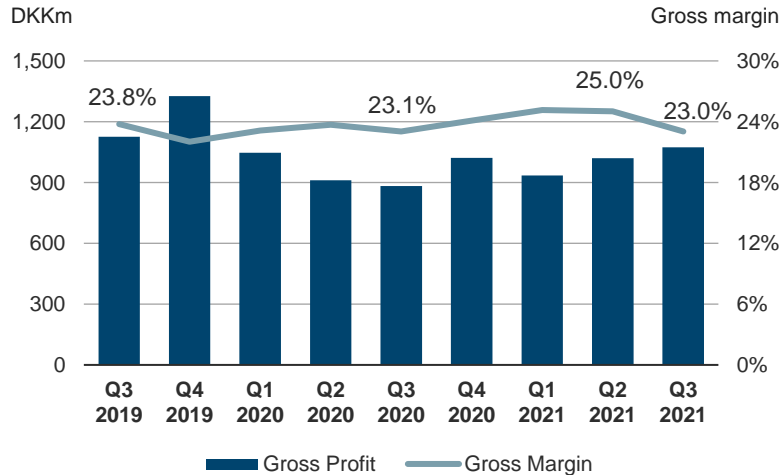


GROUP REVENUE
Organic +21% vs. Q3 2020 (+22% reported)



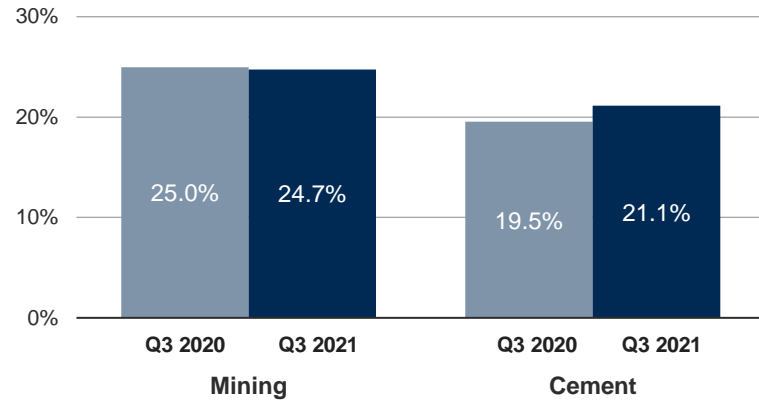
Gross profit increased

GROSS PROFIT +21% vs. Q3 2020



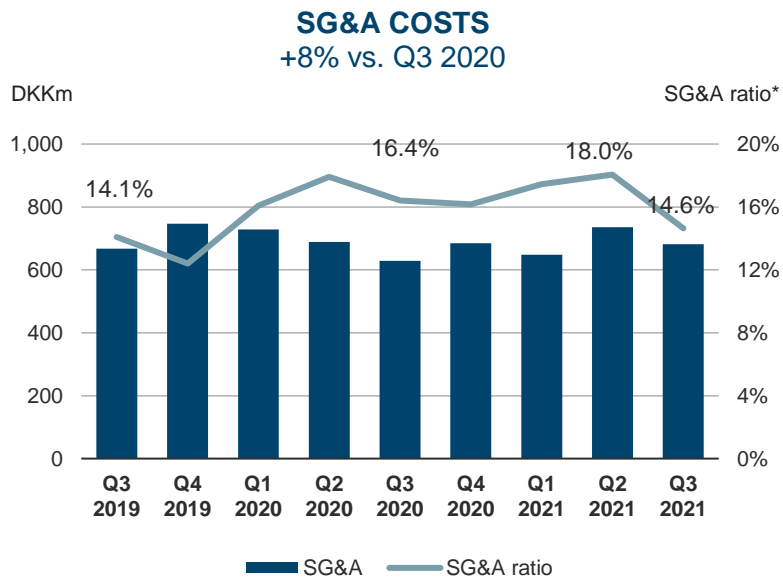
- Gross margin negatively impacted by 10%-points higher share from capital revenue compared to Q3 2020

GROSS MARGIN BY INDUSTRY Q3 2021 vs. Q3 2020



- Gross margin in Cement improved due to reshaping activities

SG&A ratio improved



* SG&A ratio: SG&A costs (Sales, General and Administration) as percentage of revenue

- SG&A costs of DKK 682m in Q3 2021 vs. DKK 629m in Q3 2020
- SG&A costs in Q3 2021 impacted by:
 - Slightly higher sales costs driven by travel
 - DKK 30m acquisition costs
 - Cement reshaping costs
- Underlying SG&A costs in line with plan
- Acquisition costs of around DKK 30m also expected in Q4 2021

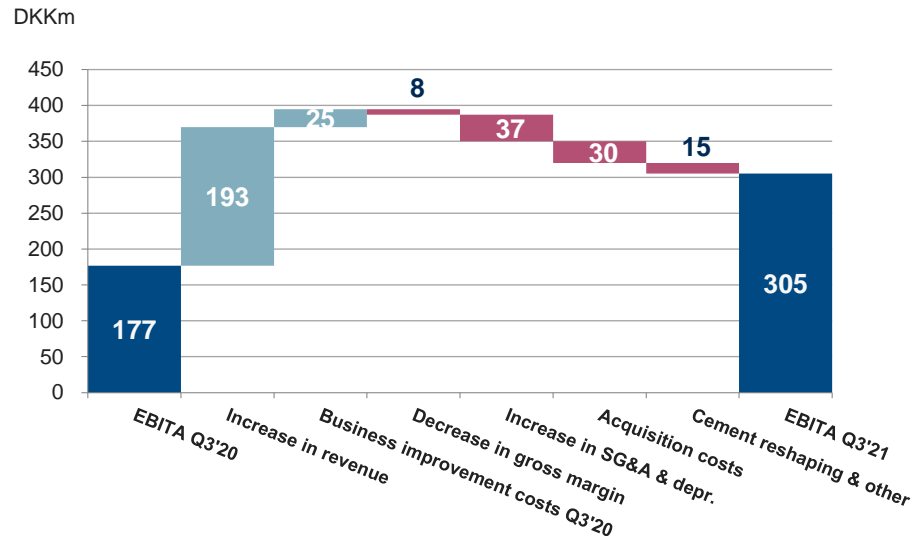
Strong increase in EBITA

EBITA
+72% vs. Q3 2020



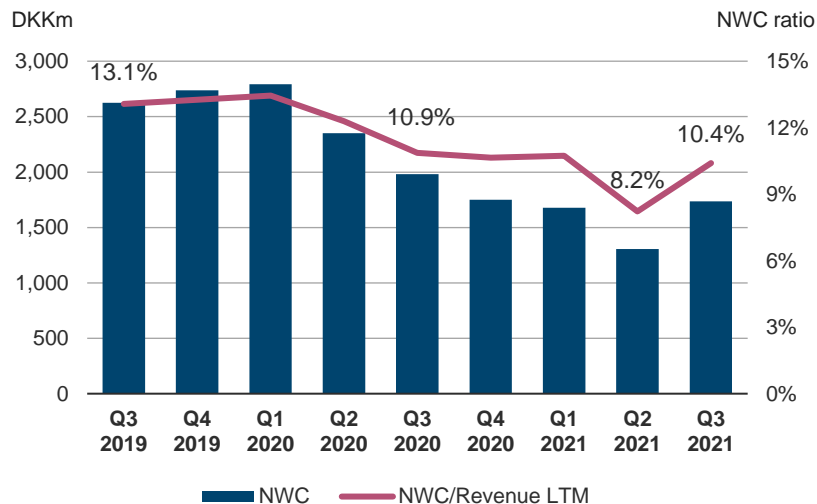
- EBITA-margin increased in both Mining and Cement
- Positive EBITA in Cement

EBITA BRIDGE
Q3 2021 vs. Q3 2020



Net working capital increased in Q3

NET WORKING CAPITAL



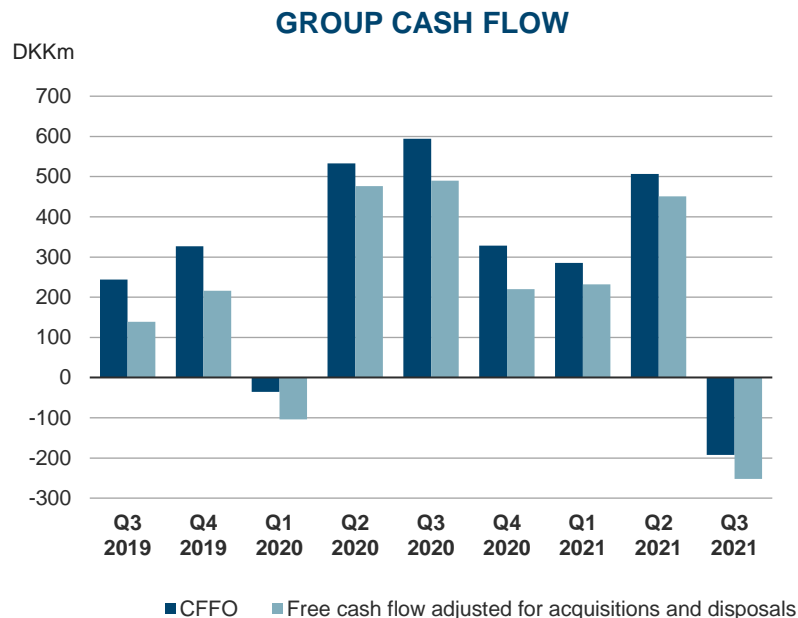
- NWC at the end of Q3 was 10.4% of the last 12 months revenue (LTM)

Net working capital developments in Q3 2021

| DKKm | Q3 2021 | Q2 2021 | Change |
|----------------------------|---------------|---------|--------|
| Inventories | 2,552 | 2,489 | 63 |
| Trade receivables | 3,814 | 3,209 | 605 |
| Trade payables net | -2,501 | -2,449 | -52 |
| WIP assets net | 437 | 516 | -79 |
| Prepayments from customers | -2,042 | -1,885 | -157 |
| Other liabilities net | -525 | -575 | 50 |
| NWC Total | 1,735 | 1,305 | 430 |

- High activity level and invoicing towards end of quarter
- Increased utilisation of supply chain financing

Cash flow in Q3 2021

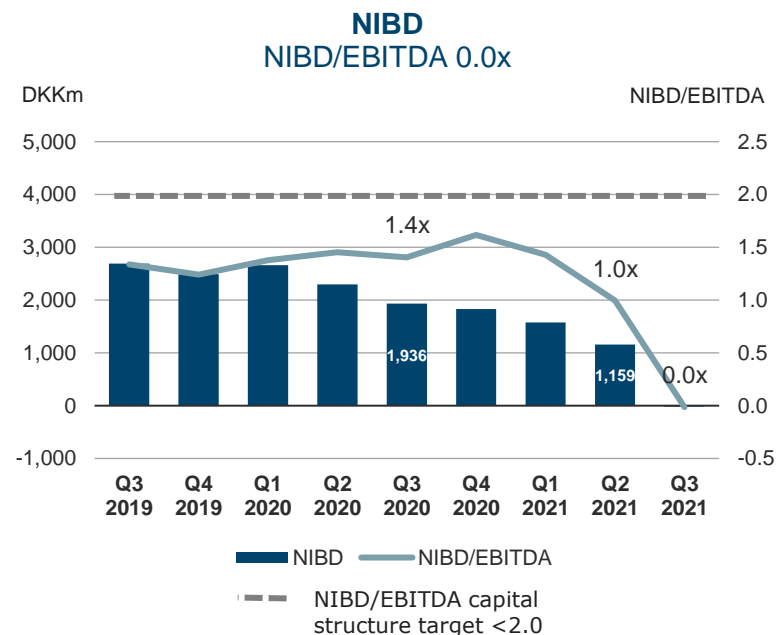
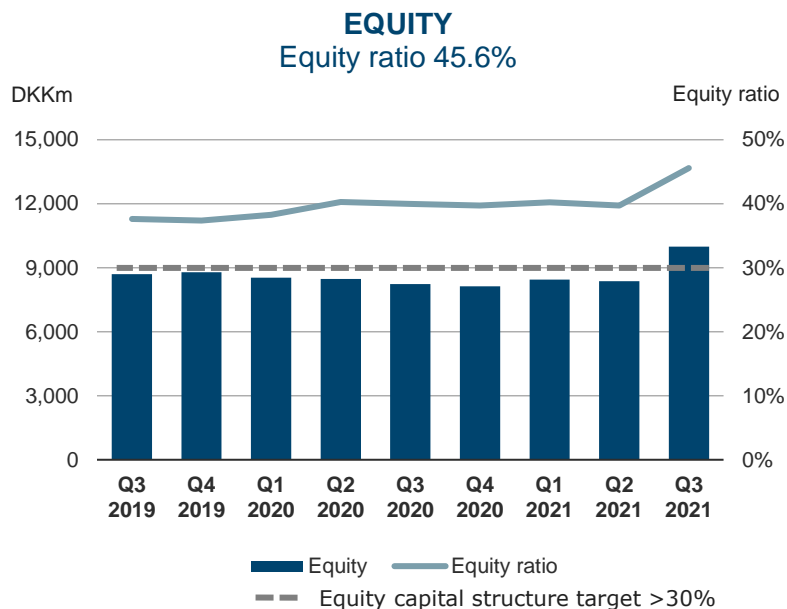


| CONTINUING ACTIVITIES (DKKm) | Q3 2021 | Q3 2020 |
|-------------------------------------|------------|------------|
| EBITDA adjusted | 385 | 267 |
| Change in provisions | 71 | 74 |
| Change in NWC | -374 | 322 |
| Financial payments | -37 | -4 |
| Taxes paid | -93 | -49 |
| CFFO (continuing activities) | -48 | 610 |

| Group (DKKm) | Q3 2021 | Q3 2020 |
|-------------------------------------|---------|---------|
| CFFO (Group) | -192 | 594 |
| CFFI excl. acquisitions & disposals | -61 | -105 |
| Acquisitions & disposals | 0 | 0 |
| CFFI | -61 | -105 |
| Free cash flow | -253 | 489 |
| Free cash flow, adjusted for M&A | -253 | 489 |

- CFFO from discontinued activities was DKK -144m in Q3

Capital structure - new equity issue of DKK 1.4bn



- Reduction in net debt driven by capital increase
- NIBD/EBITDA excl. proceeds from capital increase was 1.1x in Q3

Guidance maintained

| Group guidance | Realised 9M 2021 | Guidance 2021 |
|------------------|---------------------|---------------|
| Revenue (DKK bn) | 12.4 | 16.0-17.0 |
| EBITA margin | 5.6% | 5-6% |

- The guidance includes costs related to the acquisition of thyssenkrupp's Mining business estimated at around DKK 100m for the full year as well as costs of reshaping the Cement business
- Guidance ranges for 2021 are subject to uncertainty due to the pandemic

Inhouse sustainability performance 9M 2021

SAFETY (TRIR)



1.8

2021 Target: Zero harm¹

2020: 1.0

WOMEN MANAGERS



14.1%

2021 Target: 14.3%

2020: 13.1%

GREENHOUSE GAS EMISSIONS

(tonnes)



24,728

2021 Target: 38,685

2020: 41,155

WATER WITHDRAWAL

(m³)



144,126

2021 Target: 187,479

2020: 197,346

Achievements during the quarter

- MissionZero Mine concept introduced at the recent MINExp Conference in Las Vegas
- First commercial offering for carbon capture in collaboration with Carbon8 Systems



**TOWARDS ZERO EMISSIONS
IN MINING AND CEMENT**



¹Target: Zero harm (10% y-o-y reduction until 2030)

Key highlights

Interim Report Q3 2021



Strong order intake and revenue



Good improvement in EBITA – especially Cement



Negative cash flow based on NWC development



Successful issue of new shares



Guidance 2021 maintained



TOWARDS ZERO EMISSIONS IN MINING AND CEMENT

With MissionZero, we enable our customers in cement and mining to move towards zero emissions in 2030. As a leader in the cement and mining industries, we see a significant business opportunity in bringing these industries into a sustainable future.

The Zero emission cement plant

Commercially competitive with cement quality guaranteed



Zero emissions



100% fuel substitutions



Zero waste

The Zero emission mining process

Commercially competitive with a minimised environmental footprint



Zero water waste



Zero emissions



Zero energy waste

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 OMX 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 interim 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), capital expenditures, 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's influence, and which could materially affect such forward-looking statements.

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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.

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| (DKKm) | Q3 2021 | Q3 2020 | Change (%) | 9M 2021 | 9M 2020 | Change (%) | 2020 |
|------------------------|--------------|--------------|------------|---------------|---------------|------------|---------------|
| Order intake | 4,549 | 3,955 | 15% | 14,149 | 13,829 | 2% | 18,524 |
| - Service order intake | 2,955 | 2,337 | 26% | 8,392 | 7,506 | 12% | 9,822 |
| Order backlog | 16,548 | 14,839 | 12% | 16,548 | 14,839 | 12% | 14,874 |
| Revenue | 4,660 | 3,834 | 22% | 12,446 | 12,205 | 2% | 16,441 |
| - Service revenue | 2,427 | 2,393 | 1% | 7,297 | 7,332 | 0% | 9,884 |
| Gross profit | 1,074 | 884 | 21% | 3,029 | 2,843 | 7% | 3,865 |
| Gross margin | 23.0% | 23.1% | | 24.3% | 23.3% | | 23.5% |
| EBITA | 305 | 177 | 72% | 692 | 536 | 29% | 771 |
| EBITA margin | 6.5% | 4.6% | | 5.6% | 4.4% | | 4.7% |
| EBIT | 219 | 91 | 141% | 429 | 283 | 52% | 428 |
| EBIT margin | 4.7% | 2.4% | | 3.4% | 2.3% | | 2.6% |

Cash flow statement

| Group (DKKkm) | Q3 2021 | Q3 2020 | Change (%) | 9M 2021 | 9M 2020 | Change (%) | 2020 |
|------------------------------------|-------------|-------------|--------------|-------------|--------------|-------------|--------------|
| EBITDA continuing adjusted | 385 | 267 | 44% | 942 | 831 | 13% | 1,086 |
| EBITDA discontinued | -12 | -5 | | -18 | -11 | | -15 |
| Change in provisions | 59 | 72 | | 87 | -3 | | 63 |
| Change in NWC | -494 | 311 | | -25 | 545 | | 706 |
| Financial payments | -37 | -3 | | -66 | -50 | | -51 |
| Taxes paid | -93 | -48 | | -320 | -220 | | -368 |
| CFFO (Group) | -192 | 594 | -132% | 600 | 1,092 | -45% | 1,421 |
| CFFI excl. Acquisition & disposals | -61 | -105 | | -170 | -230 | | -338 |
| Acquisition & disposals | 0 | 0 | | -6 | -49 | | -37 |
| CFFI | -61 | -105 | -42% | -176 | -279 | -37% | -375 |
| Free cash flow | -253 | 489 | -152% | 424 | 813 | -48% | 1,046 |
| CFFO (continuing activities) | -48 | 611 | | 760 | 1,112 | | 1,473 |
| CFFO (discontinued activities) | -144 | -17 | | -160 | -20 | | -52 |

Cash flow in 9M 2021

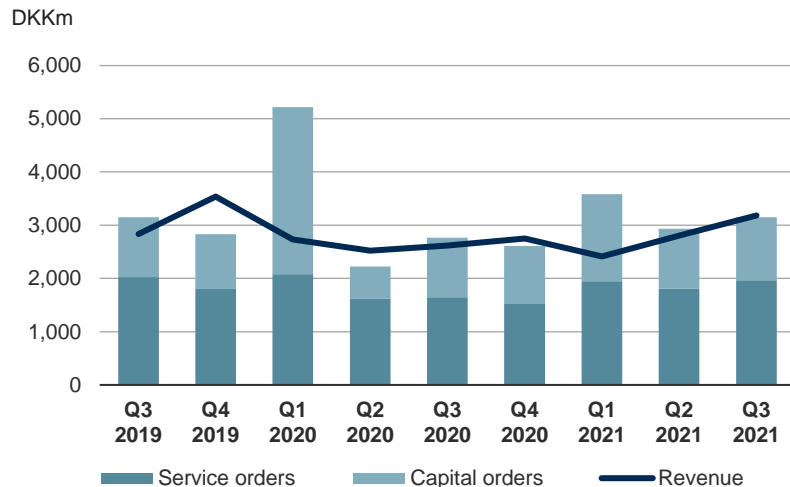
- Continuing activities and Group

| CONTINUING ACTIVITIES (DKKm) | 9M 2021 | 9M 2020 |
|-------------------------------------|------------|--------------|
| EBITDA adjusted | 942 | 831 |
| Change in provisions | 104 | 7 |
| Change in NWC | 100 | 542 |
| Financial payments | -66 | -50 |
| Taxes paid | -320 | -218 |
| CFFO (continuing activities) | 760 | 1,112 |

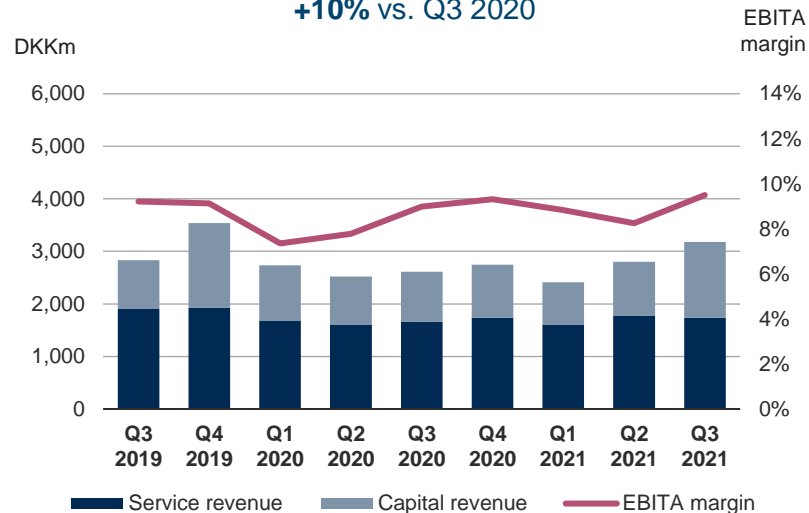
| Group (DKKm) | 9M 2021 | 9M 2020 |
|-------------------------------------|---------|---------|
| CFFO (Group) | 600 | 1,092 |
| CFFI excl. acquisitions & disposals | -170 | -230 |
| Acquisitions & disposals | -6 | -49 |
| CFFI | -176 | -279 |
| Free cash flow | 424 | 813 |
| Free cash flow, adjusted for M&A | 430 | 862 |

| (DKKm) | Q3 2021 | Q3 2020 | Change (%) | 9M 2021 | 9M 2020 | Change (%) | 2020 |
|--|--------------|--------------|------------|--------------|---------------|------------|---------------|
| Order intake | 3,152 | 2,766 | 14% | 9,670 | 10,203 | -5% | 12,811 |
| - Service order intake | 1,967 | 1,650 | 19% | 5,727 | 5,353 | 7% | 6,888 |
| - Capital order intake | 1,185 | 1,116 | 6% | 3,943 | 4,850 | -19% | 5,923 |
| Order backlog | 10,248 | 9,298 | 10% | 10,248 | 9,298 | 10% | 9,085 |
| Revenue | 3,180 | 2,616 | 22% | 8,394 | 7,871 | 7% | 10,620 |
| - Service revenue | 1,735 | 1,663 | 4% | 5,123 | 4,942 | 4% | 6,676 |
| - Capital revenue | 1,445 | 953 | 52% | 3,271 | 2,929 | 12% | 3,944 |
| Gross profit margin before allocation of shared cost | 24.7% | 25.0% | | 26.2% | 25.4% | | 25.3% |
| EBITA margin before allocation of shared cost | 15.4% | 16.8% | | 15.7% | 16.0% | | 16.1% |
| EBITA | 302 | 235 | 29% | 746 | 632 | 18% | 888 |
| EBITA margin | 9.5% | 9.0% | | 8.9% | 8.0% | | 8.4% |

ORDER INTAKE +14% vs. Q3 2020

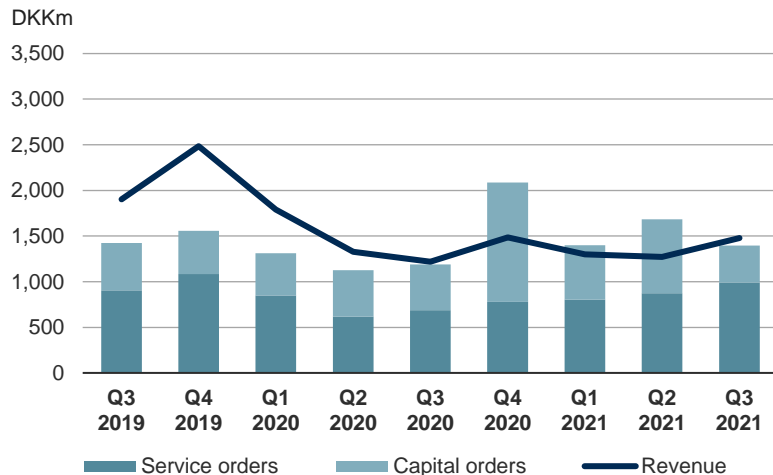


REVENUE +10% vs. Q3 2020

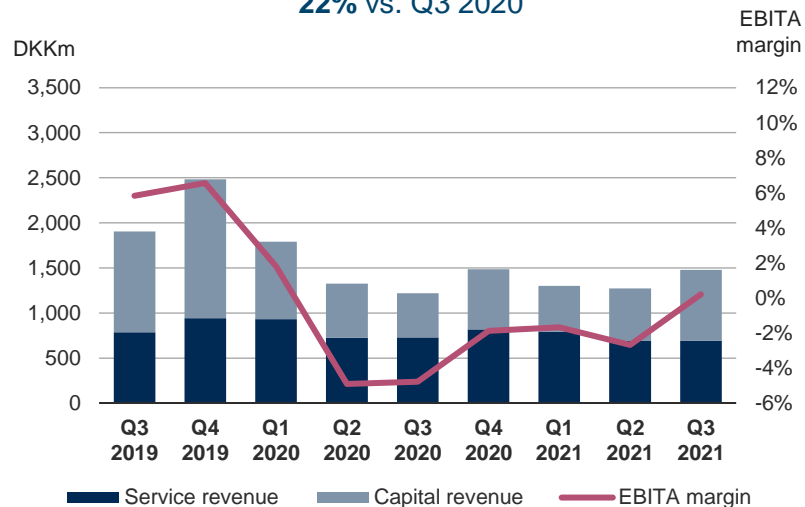


| (DKKm) | Q3 2021 | Q3 2020 | Change (%) | 9M 2021 | 9M 2020 | Change (%) | 2020 |
|--|--------------|--------------|------------|--------------|--------------|------------|--------------|
| Order intake | 1,397 | 1,189 | 17% | 4,479 | 3,626 | 24% | 5,713 |
| - Service order intake | 988 | 688 | 44% | 2,665 | 2,154 | 24% | 2,934 |
| - Capital order intake | 409 | 501 | -18% | 1,814 | 1,472 | 23% | 2,779 |
| Order backlog | 6,300 | 5,541 | 14% | 6,300 | 5,541 | 14% | 5,789 |
| Revenue | 1,480 | 1,218 | 22% | 4,052 | 4,334 | -7% | 5,821 |
| - Service revenue | 693 | 730 | -5% | 2,175 | 2,390 | -9% | 3,208 |
| - Capital revenue | 787 | 488 | 61% | 1,877 | 1,944 | -3% | 2,613 |
| Gross profit margin before allocation of shared cost | 21.1% | 19.5% | | 22.2% | 20.9% | | 21.6% |
| EBITA margin before allocation of shared cost | 8.2% | 6.7% | | 7.7% | 8.6% | | 8.8% |
| EBITA | 3 | -57 | | -54 | -90 | | -118 |
| EBITA margin | 0.2% | -4.8% | | -1.3% | -2.1% | | -2.0% |

ORDER INTAKE +17% vs. Q3 2020



REVENUE 22% vs. Q3 2020



Order intake and revenue growth

| Order intake growth Q3'21 vs Q3'20 | Mining | Cement | Group |
|---------------------------------------|------------|------------|------------|
| Organic | 13% | 17% | 14% |
| Acquisitions | 0% | 0% | 0% |
| Currency | 1% | 0% | 1% |
| Total growth | 14% | 17% | 15% |

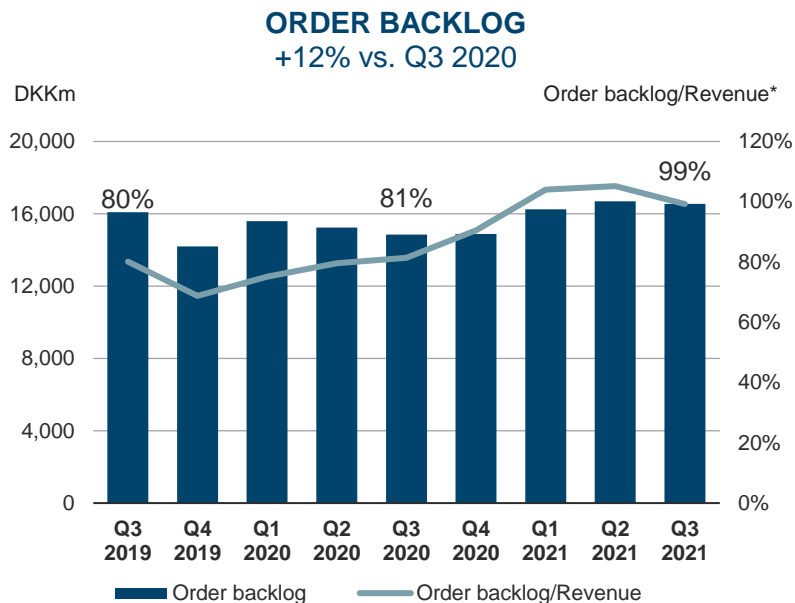
| Order intake growth 9M'21 vs 9M'20 | Mining | Cement | Group |
|---------------------------------------|------------|------------|-----------|
| Organic | -3% | 28% | 5% |
| Acquisitions | 0% | 0% | 0% |
| Currency | -2% | -4% | -3% |
| Total growth | -5% | 24% | 2% |

| Revenue growth Q3'21 vs Q3'20 | Mining | Cement | Group |
|----------------------------------|------------|------------|------------|
| Organic | 20% | 22% | 21% |
| Acquisitions | 0% | 0% | 0% |
| Currency | 2% | 0% | 1% |
| Total growth | 22% | 22% | 22% |

| Revenue growth 9M'21 vs 9M'20 | Mining | Cement | Group |
|----------------------------------|-----------|------------|-----------|
| Organic | 8% | -4% | 4% |
| Acquisitions | 0% | 0% | 0% |
| Currency | -1% | -3% | -2% |
| Total growth | 7% | -7% | 2% |

Order backlog and conversion to revenue

Order backlog / last 12 months revenue at 99X% in Q3



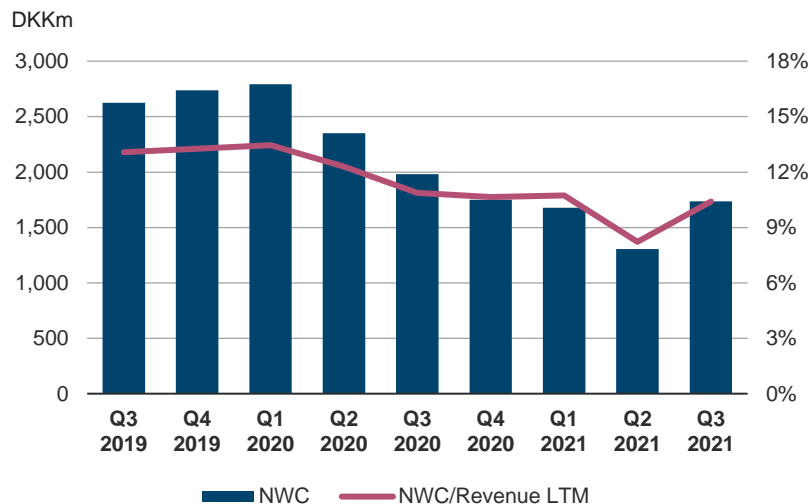
Expected backlog conversion to revenue:

- 23% in 2021
- 57% in 2022
- 20% in 2023 and beyond

*Order backlog divided by last 12 months revenue

Net working capital

NET WORKING CAPITAL

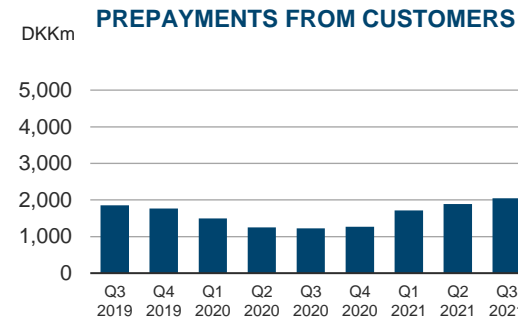
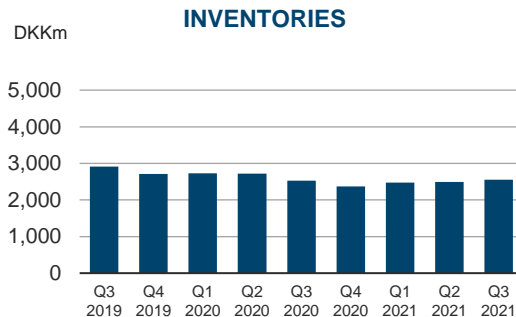
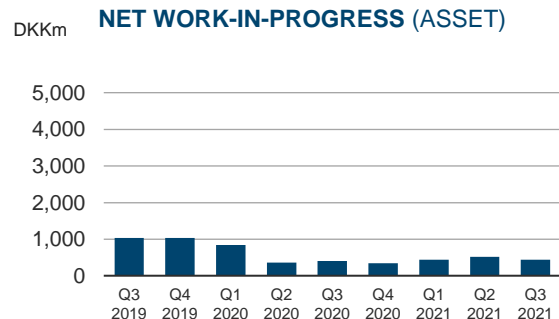
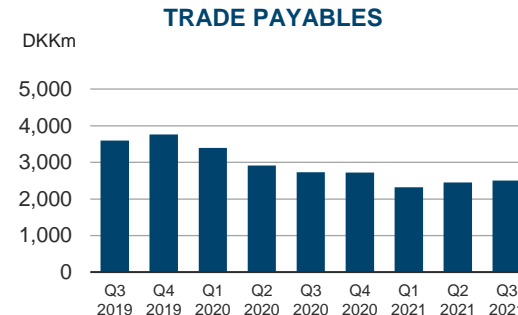
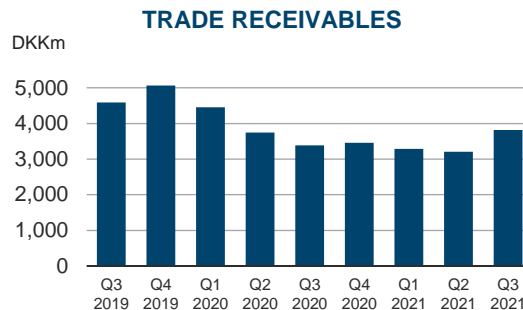


Net working capital developments year to date

| DKKm | Q3 2021 | Q4 2020 | Change |
|----------------------------|--------------|--------------|------------|
| Inventories | 2,552 | 2,368 | 184 |
| Trade receivables | 3,814 | 3,453 | 360 |
| Trade payables net | -2,501 | -2,722 | 221 |
| WIP assets net | 437 | 341 | 95 |
| Prepayments from customers | -2,042 | -1,266 | -776 |
| Other liabilities net | -524 | -422 | -102 |
| NWC Total | 1,735 | 1,752 | -16 |

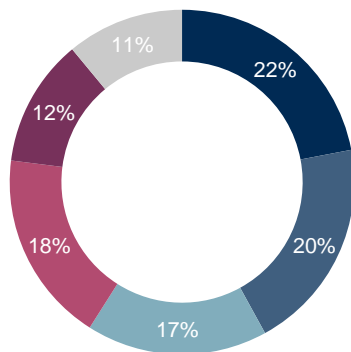
Net working capital components

- Net working capital increased to DKK 1,735m at the end of Q3 2021



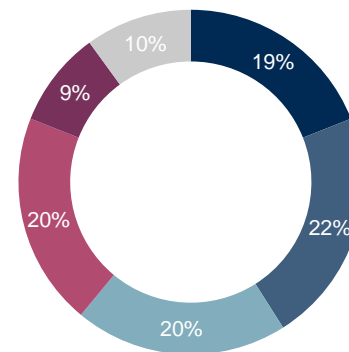
Revenue split in Q3 2021

REVENUE Q3 2021 BY REGION



- North America
- South America
- Europe, North Africa, Russia
- Sub-Saharan Africa, Middle East and South Asia
- Asia
- Australia

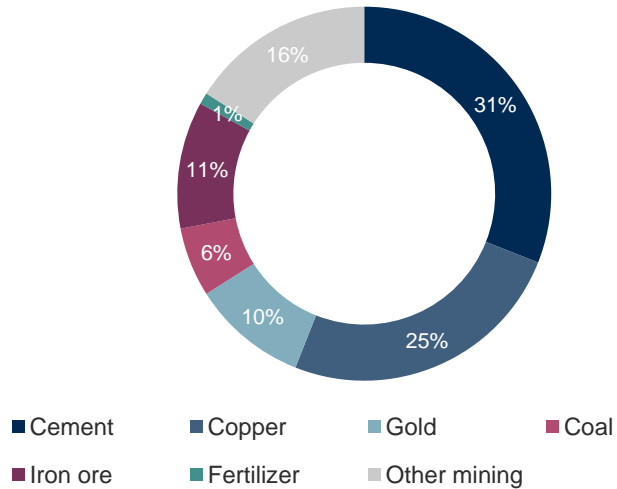
REVENUE Q3 2020 BY REGION



- North America
- South America
- Europe, North Africa, Russia
- Sub-Saharan Africa, Middle East and South Asia
- Asia
- Australia

Order intake by commodity

ORDER INTAKE Q3 2021
– by commodity



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