

24 July 2020

Preliminary key figures for Q2 2020

Company announcement 12-2020, COPENHAGEN, DENMARK

The figures in this announcement are preliminary and subject to change. The full Q2 2020 interim report will be released as scheduled on 4 August 2020.

On 23 March, our financial guidance for 2020 was suspended due to the global uncertainty caused by the COVID-19 pandemic. On 28 April, we announced that full year results are expected to be below the initial guidance.

Due to the volatility in order intake and revenue combined with the suspension of guidance, we have decided to disclose preliminary key figures ahead of the scheduled Q2 2020 interim report.

In Q2 2020, organic order intake declined 29% and organic revenue decreased 26% year-on-year. Order intake was DKK 3,348m compared to DKK 4,954m in Q2 2019 (-32%). Revenue amounted to DKK 3,846 compared to DKK 5,472 in Q2 2019 (-30%). The negative development in both order intake and revenue was larger in Cement than in Mining. Across both industries, and for both order intake and revenue, the service business was relatively more resilient than the capital business.

In H1 2020, order intake was DKK 9,874m compared to DKK 10,594m in H1 2019 (-7%). Revenue amounted to DKK 8,371 compared to DKK 9,888 in H1 2019 (-15%).

Based on preliminary figures from our business segments, EBITA is expected at DKK 131m in Q2 2020 compared to DKK 487m in Q2 2019 (-73%), and the EBITA margin is expected to be 3.4%. In H1 2020, EBITA is expected to reach DKK 359m compared to DKK 799m in H1 2019 (-55%), and the EBITA margin is expected to be 4.3%. The figures include costs associated with our ongoing business improvement activities.

Our financial position remains strong. Our net debt declined to DKK 2.3bn from DKK 2.7bn by the end of March 2020. The net debt to EBITDA was 1.5 compared to 1.4 the previous quarter.

Across all regions, the mining industry and especially the cement industry have been negatively affected by the pandemic. Whilst the general situation around COVID-19 is improving in parts of the world, it continues to escalate in other parts. As a global supplier with customers around the world, FLSmidth is subject to these varying market conditions. Even in the regions with easing of lockdowns and mobility restrictions, it is yet unclear how our customers' spending patterns will advance. Thus, visibility remains low and our guidance remains suspended.

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FLSmidth provides sustainable productivity to the global mining and cement industries. We deliver market-leading engineering, equipment and service solutions that enable our customers to improve performance, drive down costs and reduce environmental impact. Our operations span the globe and our close to 12,000 employees are present in more than 60 countries. In 2019, FLSmidth generated revenue of DKK 20.6 billion. www.flsmidth.com