12 August 2021

INTERIM REPORT H1 2021

FLSmidth Mission Zero

WE DISCOVER POTENTIAL

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Key highlights

FLSmidth Mission Zero

Q2 2021 vs. Q2 2020

- Strong order intake and cash flow
- Increase in revenue and EBITA
- Strong net working capital performance

Acquisition of TK Mining

- Announced on 29 July[1]
- Creating a global industry leader in mining technology

MARKET OUTLOOK

- Growth cycle in mining underway
- Mid-term recovery expected in cement - increasing demand for green solutions

2021 GUIDANCE UPDATED

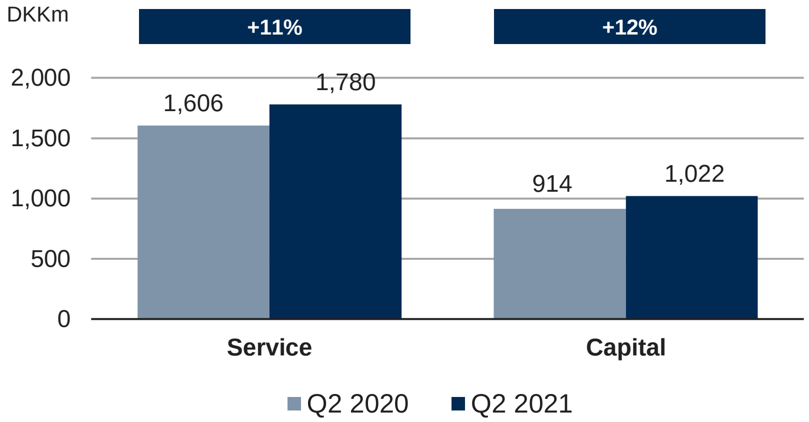
- Revenue of DKK 16.0-17.0bn (previously: DKK 15.5-17.0bn)
- EBITA margin of 5-6%, including acquisition costs of around DKK 100m

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

Mining market and revenue Q2 2021

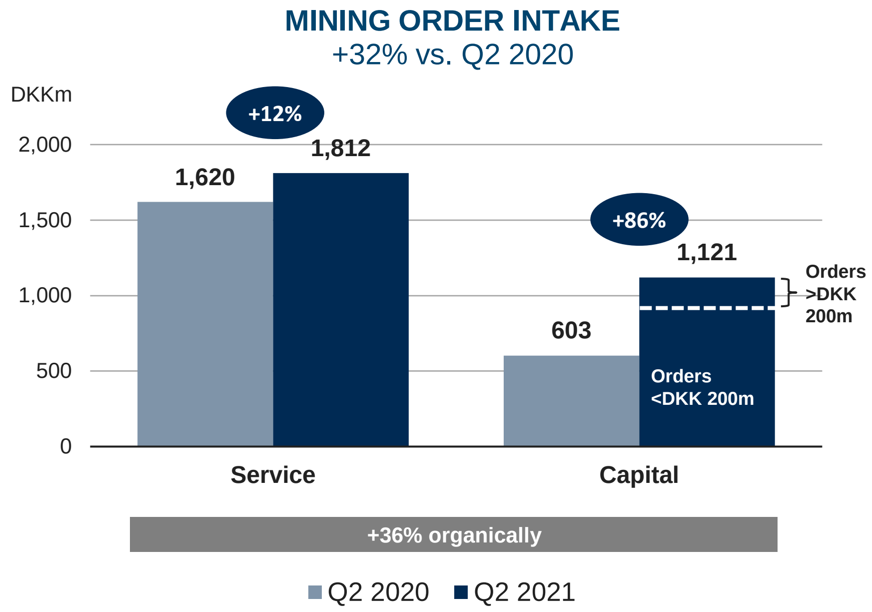
- Positive outlook and green transition driving minerals demand
- Commodity prices at high level
- High production rates
- Industry conditions gradually returning to normal
- Customers remain cautious on large capital investments

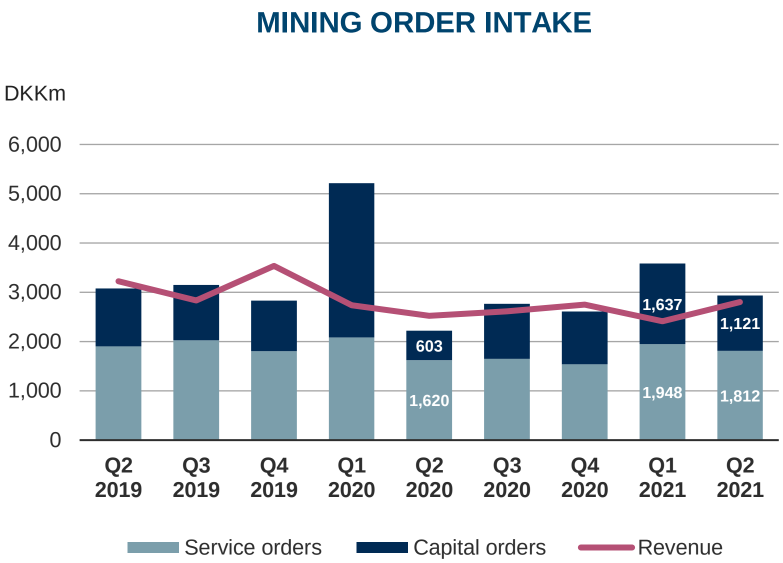
MINING REVENUE
Organic +13% vs. Q2 2020 (+11% reported)



	Q2 2020	Q2 2021
EBITA margin (%)	7.8%	8.2%

Strong mining order intake in Q2 2021





- The service share in Q2 2021 was 62% (Q2 2020: 73%)

Acquisition of TK Mining is a perfect match

Generating significant value for all stakeholders

Shareholders

- ✓ Ongoing restructuring to make target net profit and cash positive
- ✓ Transformation towards FLSmidth's higher-margin mix and model
- ✓ Cost synergies of ~DKK 370m

Customers

- ✓ Expand technology and competencies from pit to plant
- ✓ Accelerating innovation and sustainability ambitions
- ✓ Improved geographic coverage and stronger local support

Employees

- ✓ Stronger talent pool in mining
- ✓ More pathways for growing skills and work with innovation
- ✓ Improved career opportunities within a global industry leader in mining

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A transformational acquisition

Increased shareholder value by creating a global industry leader in mining

Transaction

- Total consideration (enterprise value) of DKK 2.4 billion
- Revenue of ~DKK 5.8bn in 2020
- Expected closing in H2 2022[1]

Strategic rationale

- Accelerate our growth ambitions with strategic focus on Mining
- A stronger value proposition for our customers - creating a leading technology provider from pit to plant
- Improving business mix with aftermarket opportunity
- Driver of sustainability and digitalisation
- Value creation through compelling synergies

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

Path to improve profitability in TK Mining

2020 Actual

- High single-digit negative EBIT margin
- Part of the tk group corporate structure

Ongoing restructuring undertaken by TK

- Considerably improved profitability expected based on implemented efficiency improvements

Carve-out from TK Corporate structure

- At closing seller retains HQ structure and transfers TK Mining operations to FLSmidth

Synergy run-rate of DKK 370m end of 2024

- Positive contribution to FLSmidth's net profit and cash flow from 2024 on a stand-alone basis
- EV/EBITDA normalised incl. synergies of less than 4x post integration

Continued transformation towards higher service share

- Value uplift by transforming TK Mining towards FLSmidth's business mix with ~60% service share
- TK Mining's margins trending towards those of FLSmidth's Mining business

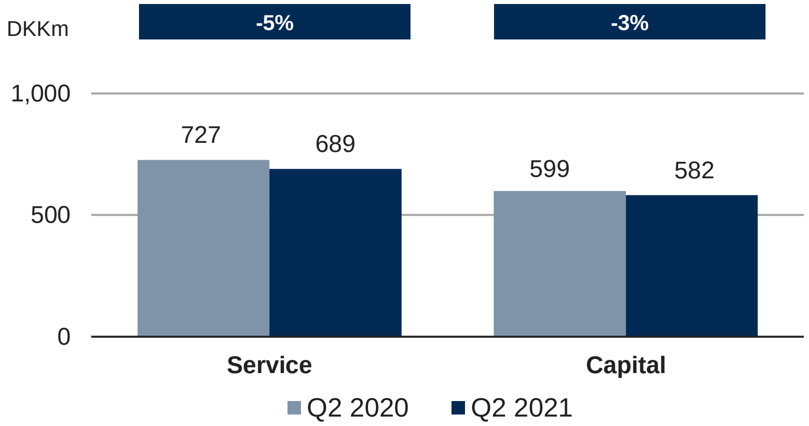
Before closing | **H2 2022[1]** | **After closing**

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

Cement market and revenue Q2 2021

- Increasing demand for green solutions
- Industry emerging from pandemic but with regional differences
- 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

CEMENT REVENUE
Organic unchanged vs. Q2 2020 (-4% reported)



	Q2 2020	Q2 2021
EBITA margin (%)	-4.9%	-2.7%

Improved Cement order intake in Q2 2021

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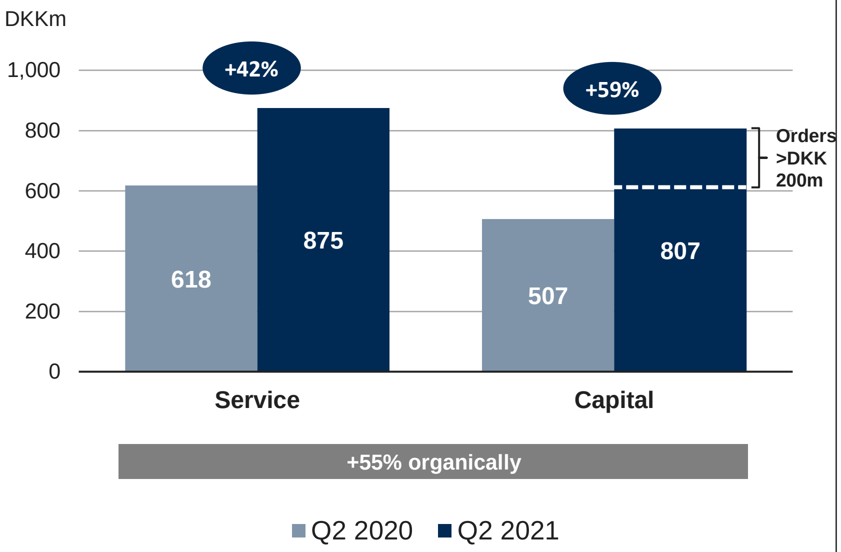
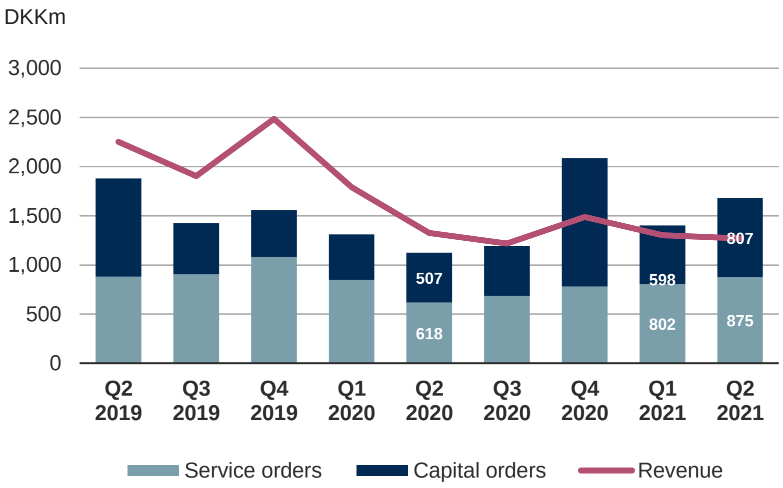
CEMENT ORDER INTAKE
+50% vs. Q2 2020



CEMENT ORDER INTAKE



- The service share in Q2 2021 was 52% (Q2 2020: 55%)
- Revenue impacted by low backlog entering the year

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GREEN CEMENT

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CLAY CALCINATION

EUROPE'S FIRST CLAY CALCINATION PROJECT CUTS CO_2 of 16%

- **Replacing resource-intensive clinker with calcined clay**

In what is set to become Europe's first full-scale clay calcination installation, FLSmidth will provide significant reductions in carbon emissions at Vicat's French cement production.

REDUCE EMISSIONS
Replacing clinker with environmentally friendly clay cuts up to 40% of CO_2 emissions compared to existing cement products

THE SOLUTION
With the new flash calciner system, we can produce a highly reactive clay that increases clinker substitution in the final product. This results in substantial CO_2 reductions.

THE BENEFITS
- Reducing emissions
- Support of pilot lab to ensure plant optimisation
- Excellent colour control and process efficiency

NEW EU CLIMATE DEAL - "FIT FOR 55"

ESTIMATED ANNUAL COST OF CO_2 EMISSIONS IN 2030 FOR EU CEMENT PRODUCERS

- Gradual phase out of the free CO_2 allowances at a rate of 10% per annum from 2026
- Estimated carbon price in 2030: **DKK 670 / tonne CO_2**
- Estimated cost of inaction: **DKK 35bn** in 2030 (accumulated DKK 97bn for the period 2026-2030)
- Green cement technology can reduce CO_2 exposure leading to a greater CAPEX opportunity for cement

Financial performance in Q2 2021

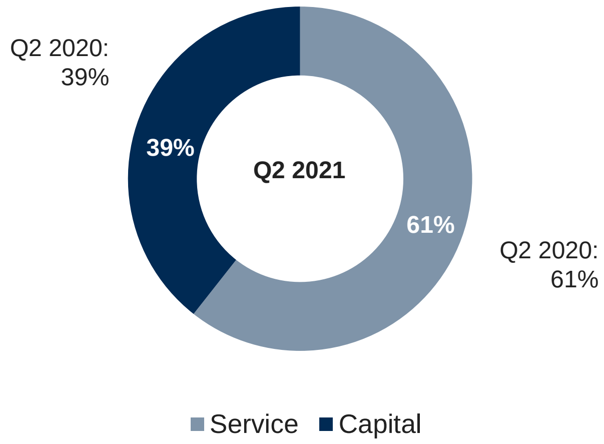
Mission Zero

(DKKm)	Q2 2021	Q2 2020	Change (%)
Order intake	**4,615**	**3,348**	**38%**
Revenue	**4,073**	**3,846**	**6%**
Gross margin	25.0%	23.7%	
SG&A cost	-735	-689	7%
EBITA	197	131	50%
EBITA margin	**4.8%**	**3.4%**	
Financial costs net	-27	-55	
Tax	-32	-5	
Profit/loss, continuing activities	50	-12	
Profit/loss, discontinuing activities	-3	-5	
Profit/loss for the Group	**47**	**-17**	
ROCE	5.4%	8.0%	
Employees (Group)	10,089	11,506	-12%

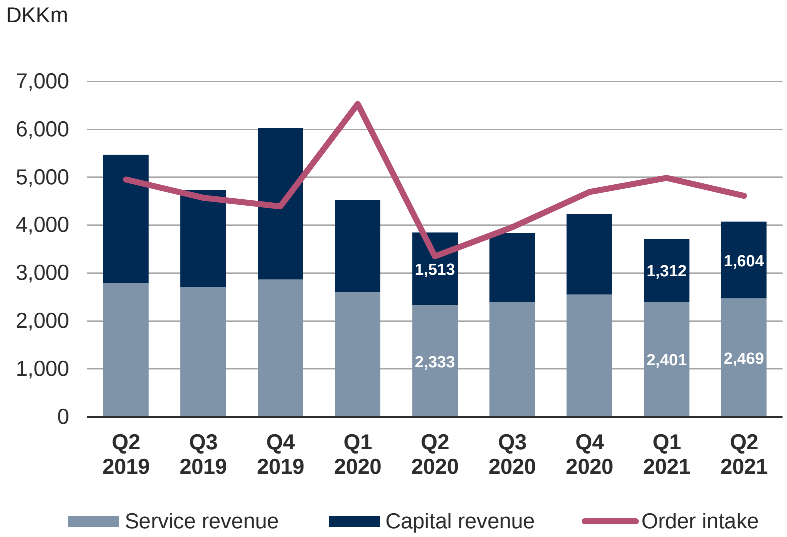
- Order intake increased 42% organically
- Revenue increased 9% organically
- EBITA increased by 50%
- Improved profitability driven by implemented business improvement activities, including a 12% workforce reduction

Revenue increased 9% organically

GROUP REVENUE
CAPITAL VS. SERVICE



GROUP REVENUE
Organic +9% vs. Q2 2020 (+6% reported)



Gross margin improved

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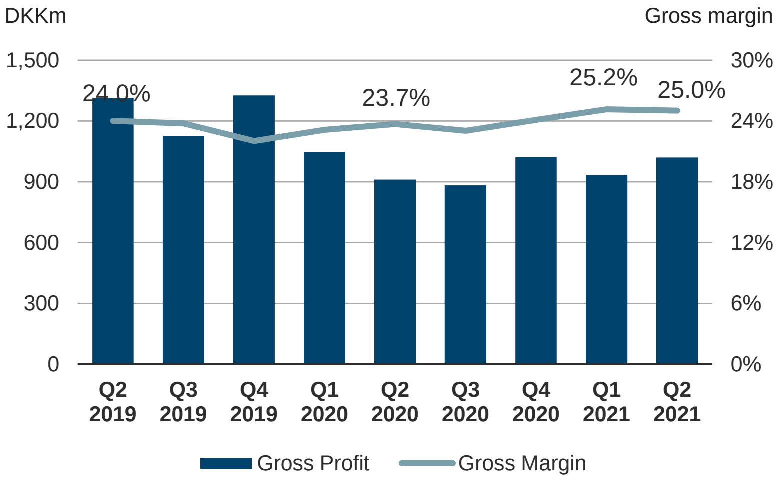
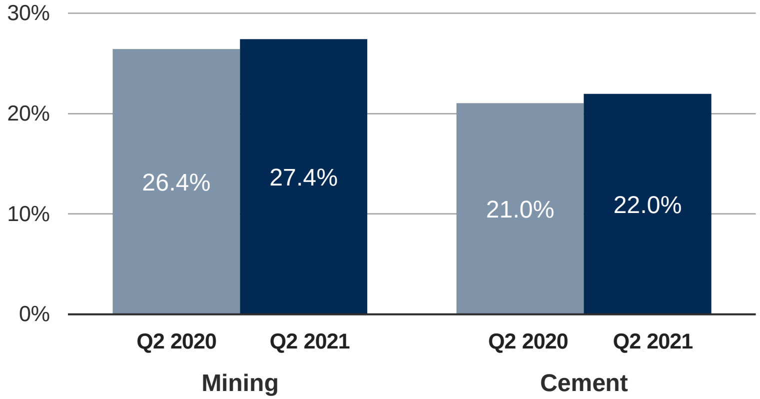
GROSS PROFIT
+12% vs. Q2 2020



- Gross profit in Q2 2021 included costs of reshaping Cement

GROSS MARGIN BY INDUSTRY
Q2 2021 vs. Q2 2020



- Gross margin improved in both Mining and Cement, positively impacted by implemented business improvement activities

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Increase in SG&A related to acquisition costs

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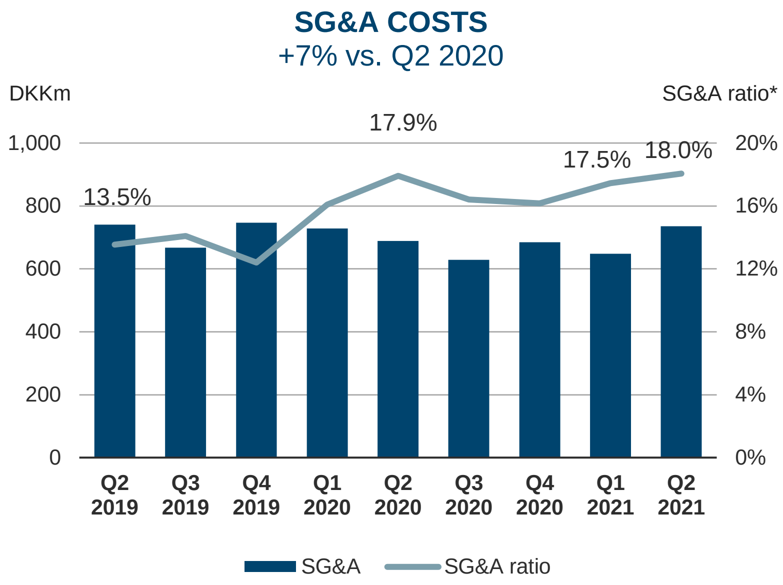

* SG&A ratio: SG&A costs (Sales, General and Administration) as percentage of revenue

- SG&A costs of DKK 735m in Q2 2021 vs. DKK 689m in Q2 2020
- SG&A costs in Q2 2021 impacted by:
  - DKK 40m acquisition costs
  - Cement reshaping costs
- Excluding DKK 40m acquisition costs, SG&A ratio was 17.1% of revenue in Q2 2021
- Underlying SG&A costs in line with plan
- Acquisition costs of around DKK 60m expected in H2 2021

EBITA margin improved

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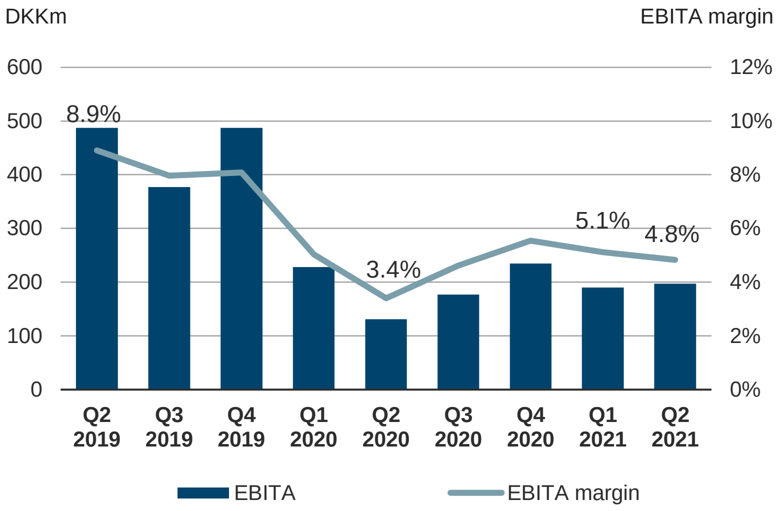
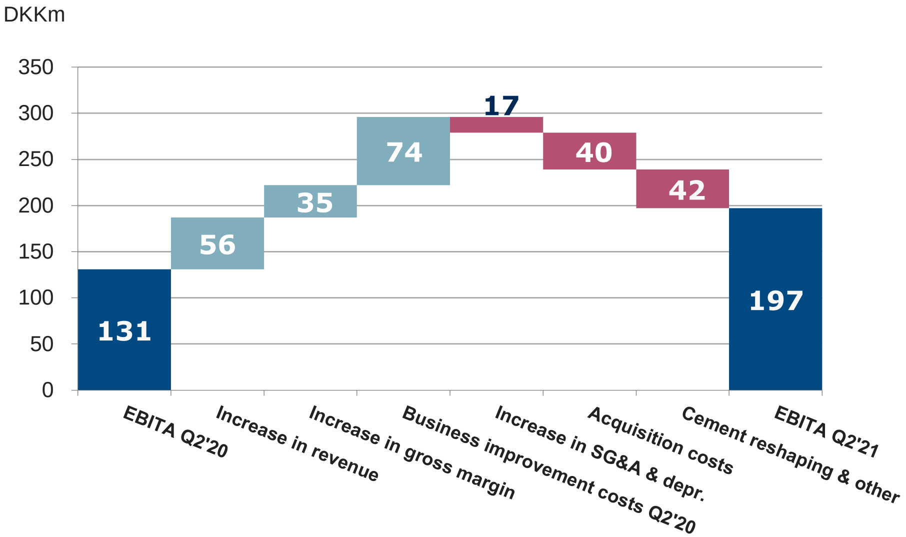
EBITA
+50% vs. Q2 2020



- Increase in EBITA compared to Q2 2020 driven by higher revenue and a higher gross margin

EBITA BRIDGE
Q2 2021 vs. Q2 2020



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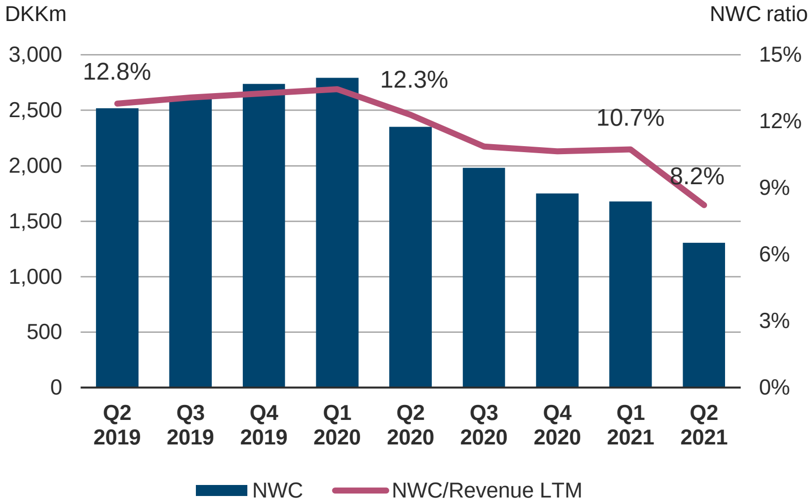
Strong net working capital performance in Q2

NET WORKING CAPITAL



- NWC at the end of Q2 was 8.2% of the last 12 months revenue (LTM)

Net working capital developments in Q2 2021

DKKm	Q2 2021	Q1 2021	Change
Inventories	**2,489**	2,476	13
Trade receivables	**3,209**	3,282	-73
Trade payables net	**-2,449**	-2,315	-134
WIP assets net	**516**	443	73
Prepayments from customers	**-1,885**	-1,715	-170
Other liabilities net	**-575**	-493	-82
NWC Total	**1,305**	1,678	-373

- Increased utilisation of supply chain financing

Strong cash flow in Q2 2021

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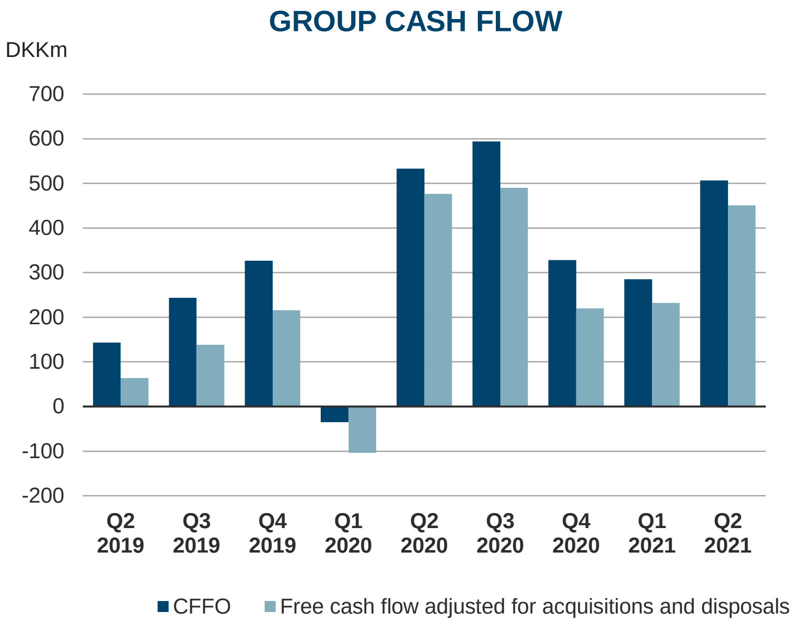
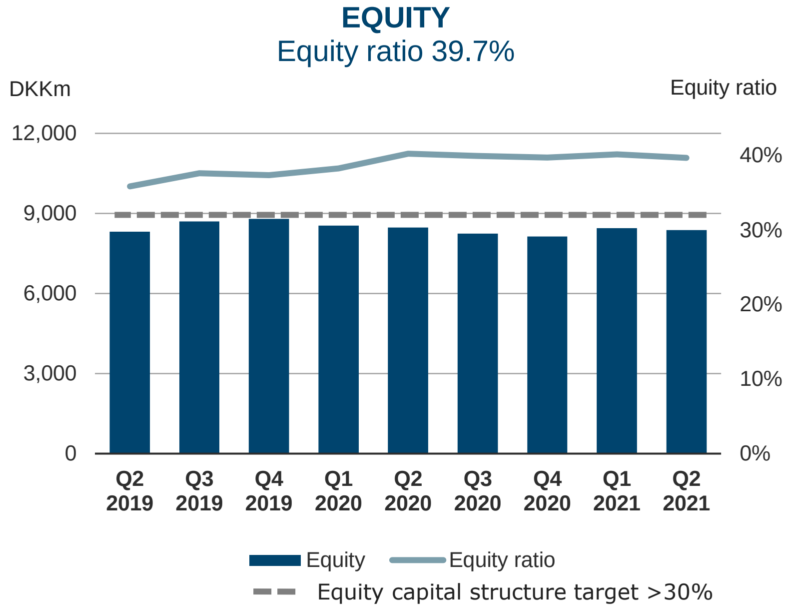
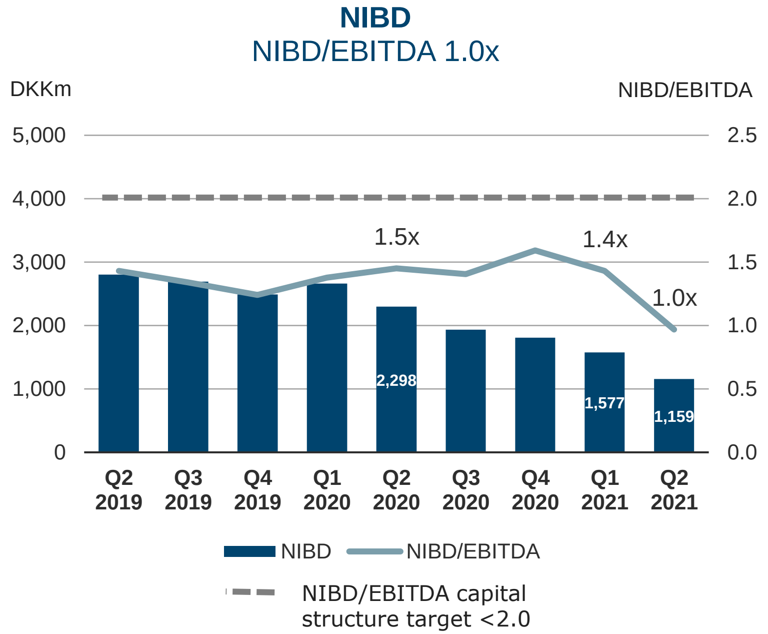


CONTINUING ACTIVITIES (DKKm)	**Q2 2021**	**Q2 2020**
EBITDA adjusted	**284**	**235**
Change in provisions	43	-14
Change in NWC	322	427
Financial payments	-10	-28
Taxes paid	-125	-82
CFFO (continuing activities)	**514**	**538**

Group (DKKm)	**Q2 2021**	**Q2 2020**
CFFO (Group)	507	533
CFFI excl. acquisitions & disposals	-56	-57
Acquisitions & disposals	-8	-8
CFFI	-64	-65
Free cash flow	443	468
Free cash flow, adjusted for M&A	451	476

Capital structure well in line with our targets





Guidance updated

Group guidance	Realised H1 2021	Initial Guidance 2021	Updated Guidance 2021
Revenue (DKK bn)	7.8	15.5-17.0	16.0-17.0
EBITA margin	5.0%	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 H1 2021

SAFETY (TRIR)	WOMEN MANAGERS	GREENHOUSE GAS EMISSIONS (tonnes)	WATER WITHDRAWAL (m^3)
1.7	**14.5%**	**16,167**	**84,805**
2021 Target: Zero harm[1]	2021 Target: 14.3%	2021 Target: 38,685	2021 Target: 187,479
2020: 1.0	2020: 13.1%	2020: 41,155	2020: 197,346

Achievements during the quarter

- Improvements in gender diversity driven by regional actions focused on diversity in recruitment and employer attractiveness
- 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.

TOWARDS ZERO EMISSIONS
IN MINING AND CEMENT

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

Key highlights

Interim Report Q2 2021

Strong order intake and cash flow

Increase in revenue and EBITA

Strong NWC performance

Acquisition of TK Mining

Guidance 2021 updated

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Mission Zero

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**

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- 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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Group

(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	2020
Order intake	**4,615**	**3,348**	**38%**	**9,600**	**9,874**	**-3%**	**18,524**
- Service order intake	2,687	2,238	20%	5,437	5,169	5%	9,822
Order backlog	16,677	15,227	10%	16,677	15,227	10%	14,874
Revenue	**4,073**	**3,846**	**6%**	**7,786**	**8,371**	**-7%**	**16,441**
- Service revenue	2,469	2,333	6%	4,870	4,939	-1%	9,884
Gross profit	1,020	912	12%	1,955	1,959	0%	3,865
Gross margin	25.0%	23.7%		25.1%	23.4%		23.5%
EBITA	197	131	50%	387	359	8%	771
EBITA margin	**4.8%**	**3.4%**		**5.0%**	**4.3%**		**4.7%**
EBIT	109	46	137%	210	192	9%	428
EBIT margin	2.7%	1.2%		2.7%	2.3%		2.6%

Cash flow statement

FLSmidth Mission Zero

Group (DKKm)	**Q2 2021**	**Q2 2020**	**Change (%)**	**H1 2021**	**H1 2020**	**Change (%)**	**2020**
EBITDA continuing adjusted	**284**	**235**	**21%**	**557**	**564**	**-1%**	**1,086**
EBITDA discontinued	-3	-4		-6	-6		-15
Change in provisions	41	-17		28	-75		63
Change in NWC	320	431		469	234		706
Financial payments	-10	-29		-29	-47		-51
Taxes paid	-125	-83		-227	-172		-368
CFFO (Group)	**507**	**533**	**-5%**	**792**	**498**	**59%**	**1,421**
CFFI excl. Acquisition & disposals	-56	-57		-109	-125		-339
Acquisition & disposals	-8	-8		-6	-49		-37
CFFI	**-64**	**-65**	**-2%**	**-115**	**-174**	**-34%**	**-376**
Free cash flow	**443**	**468**	**-5%**	**677**	**324**	**109%**	**1,045**
CFFO (continuing activities)	514	538		808	502		1,473
CFFO (discontinued activities)	-7	-5		-16	-4		-52

Cash flow in H1 2021

- Continuing activities and Group

CONTINUING ACTIVITIES (DKKm)	H1 2021	H1 2020
EBITDA adjusted	**557**	**564**
Change in provisions	33	-67
Change in NWC	474	220
Financial payments	-29	-46
Taxes paid	-227	-169
CFFO (continuing activities)	**808**	**502**

- CFFO from discontinued activities was DKK -9m in Q1 2021

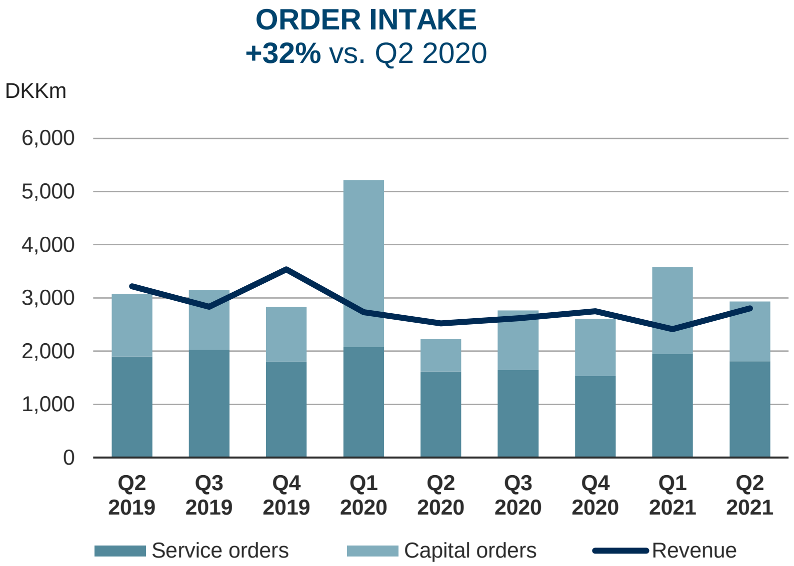
Group (DKKm)	H1 2021	H1 2020
CFFO (Group)	792	498
CFFI excl. acquisitions & disposals	-109	-125
Acquisitions & disposals	-6	-49
CFFI	-115	-174
Free cash flow	677	324
Free cash flow, adjusted for M&A	683	373

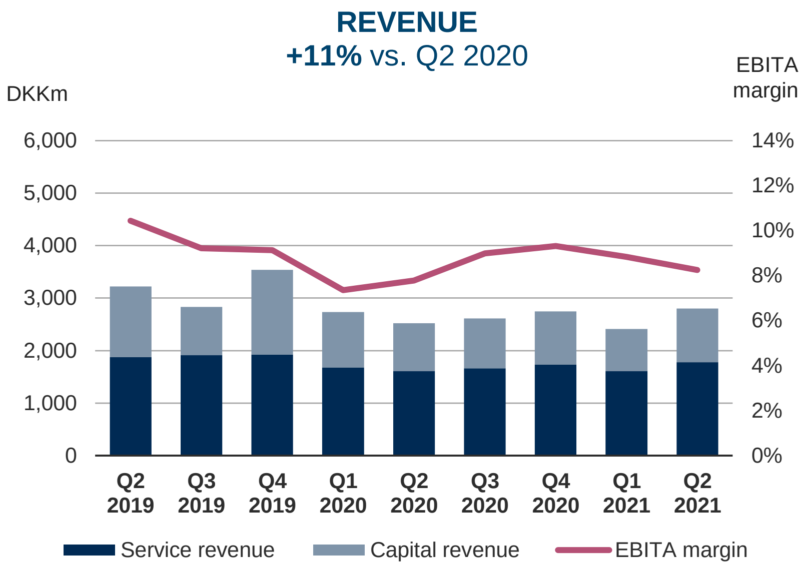
- CFFO increased compared to Q1 2020 due to significant cash inflow from working capital, offsetting the decline in EBITDA

Mining

(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	2020
Order intake	**2,933**	**2,223**	**32%**	**6,518**	**7,437**	**-12%**	**12,811**
- Service order intake	1,812	1,620	12%	3,760	3,703	2%	6,888
- Capital order intake	1,121	603	86%	2,758	3,734	-26%	5,923
Order backlog	10,310	9,500	9%	10,310	9,500	9%	9,085
Revenue	**2,802**	**2,520**	**11%**	**5,214**	**5,255**	**-1%**	**10,620**
- Service revenue	1,780	1,606	11%	3,388	3,279	3%	6,676
- Capital revenue	1,022	914	12%	1,826	1,976	-8%	3,944
Gross profit margin before allocation	27.4%	26.4%		27.2%	25.6%		25.3%
EBITA margin before allocation of sha	15.2%	16.0%		15.9%	15.6%		16.1%
EBITA	231	196	18%	444	397	12%	888
EBITA margin	**8.2%**	**7.8%**		**8.5%**	**7.6%**		**8.4%**

Mining


ORDER INTAKE
+32% vs. Q2 2020
DKKm
6,000
5,000
4,000
3,000
2,000
1,000
0
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Service orders
Capital orders
Revenue

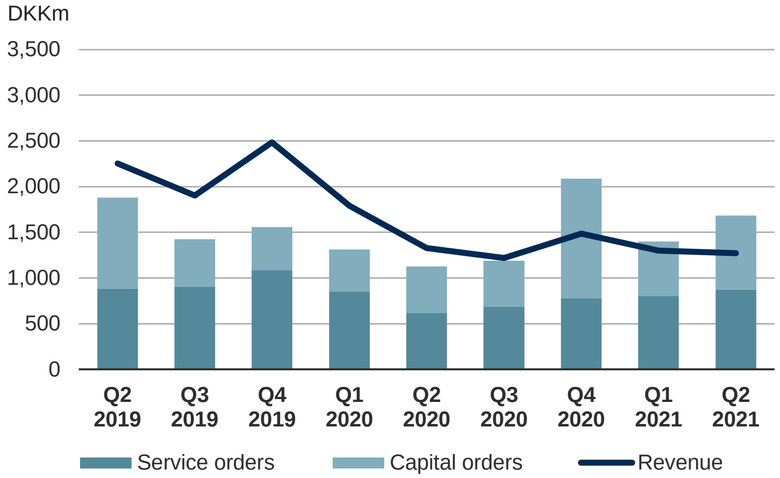

REVENUE
+11% vs. Q2 2020
DKKm
EBITA margin
6,000
5,000
4,000
3,000
2,000
1,000
0
14%
12%
10%
8%
6%
4%
2%
0%
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Service revenue
Capital revenue
EBITA margin

Cement

(DKKm)	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	2020
Order intake	**1,682**	**1,125**	**50%**	**3,082**	**2,437**	**26%**	**5,713**
- Service order intake	875	618	42%	1,677	1,466	14%	2,934
- Capital order intake	807	507	59%	1,405	971	45%	2,779
Order backlog	6,367	5,727	11%	6,367	5,727	11%	5,789
Revenue	**1,271**	**1,326**	**-4%**	**2,572**	**3,116**	**-17%**	**5,821**
- Service revenue	689	727	-5%	1,482	1,660	-11%	3,208
- Capital revenue	582	599	-3%	1,090	1,456	-25%	2,613
Gross profit margin before allocation	22.0%	21.0%		22.7%	21.5%		21.6%
EBITA margin before allocation of sha	6.8%	6.9%		7.5%	9.2%		8.8%
EBITA	-34	-65	-48%	-57	-33	73%	-118
EBITA margin	**-2.7%**	**-4.9%**		**-2.2%**	**-1.1%**		**-2.0%**

Cement

ORDER INTAKE
+50% vs. Q2 2020



REVENUE
-4% vs. Q2 2020

Order intake and revenue growth

Order intake growth Q2'21 vs Q2'20	Mining	Cement	Group
Organic	36%	55%	42%
Acquisitions	0%	0%	0%
Currency	-4%	-5%	-4%
Total growth	**32%**	**50%**	**38%**

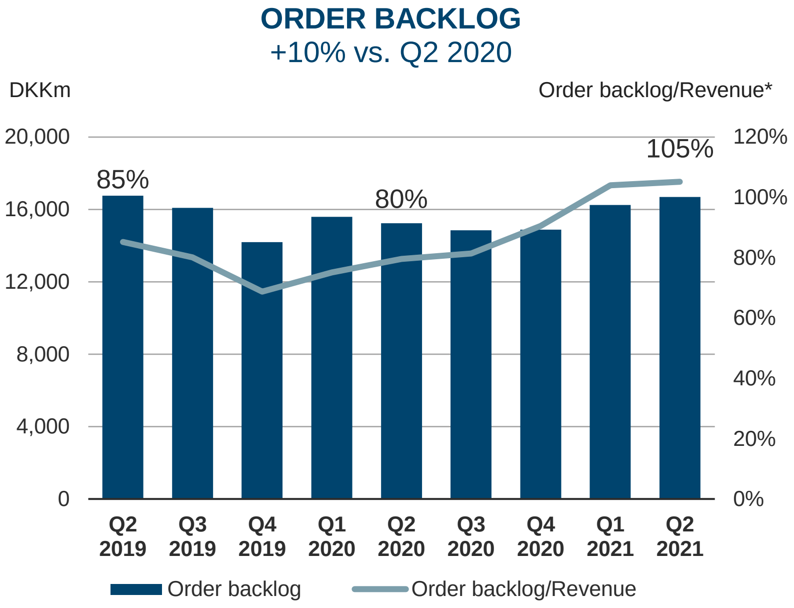
Order intake growth H1'21 vs H1'20	Mining	Cement	Group
Organic	-8%	32%	1%
Acquisitions	0%	0%	0%
Currency	-4%	-6%	-4%
Total growth	**-12%**	**26%**	**-3%**

Revenue growth Q2'21 vs Q2'20	Mining	Cement	Group
Organic	13%	0%	9%
Acquisitions	0%	0%	0%
Currency	-2%	-4%	-3%
Total growth	**11%**	**-4%**	**6%**

Revenue growth H1'21 vs H1'20	Mining	Cement	Group
Organic	3%	-13%	-3%
Acquisitions	0%	0%	0%
Currency	-4%	-4%	-4%
Total growth	**-1%**	**-17%**	**-7%**

Order backlog and conversion to revenue

Order backlog / last 12 months revenue at 105% in Q2



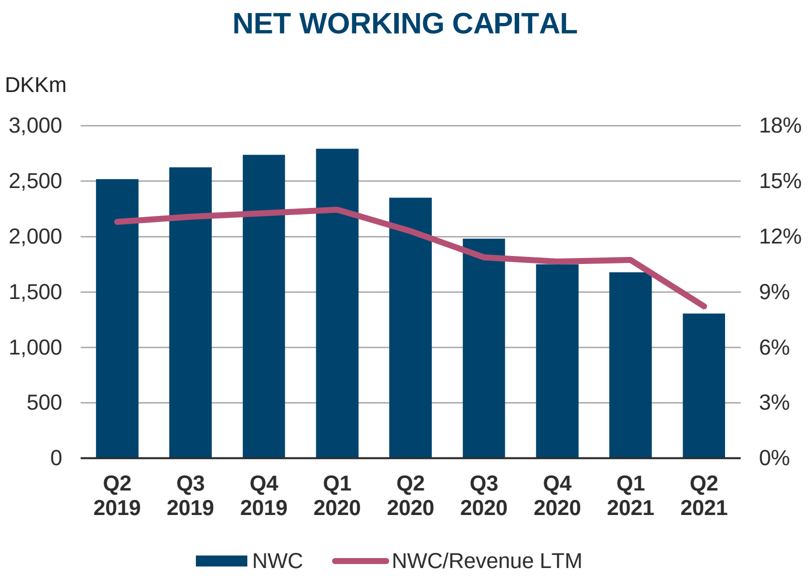
*Order backlog divided by last 12 months revenue

Expected backlog conversion to revenue:

- 42% in 2021
- 41% in 2022
- 17% in 2023 and beyond

Net working capital

Mission Zero

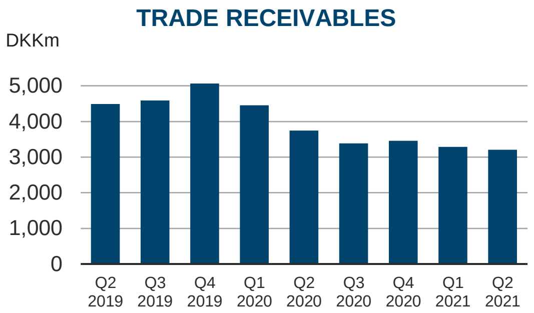


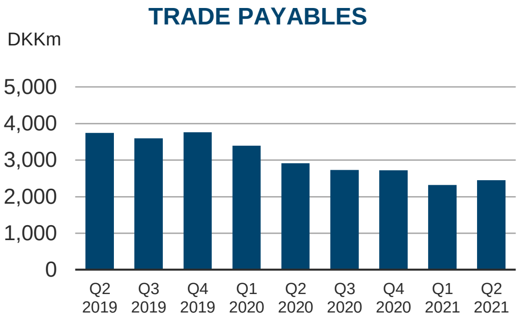
Net working capital developments year to date

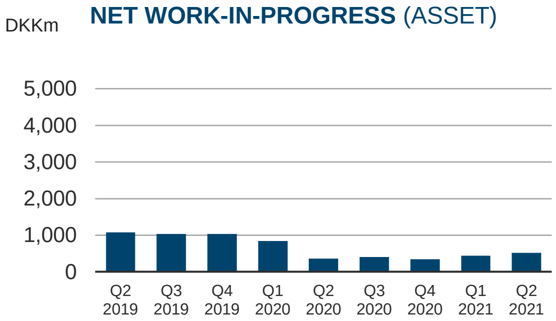
DKKm	Q2 2021	Q4 2020	Change
Inventories	2,489	2,368	121
Trade receivables	3,209	3,453	-244
Trade payables net	-2,449	-2,722	273
WIP assets net	516	341	175
Prepayments from customers	-1,885	-1,266	-619
Other liabilities net	-575	-422	-153
NWC Total	1,305	1,752	-447

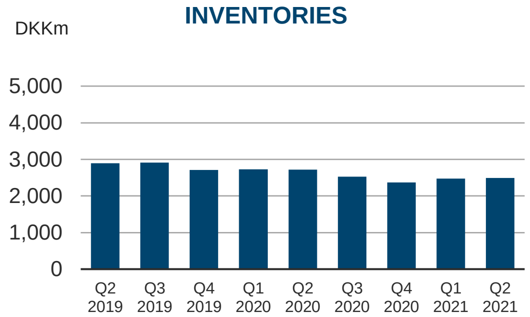
Net working capital components

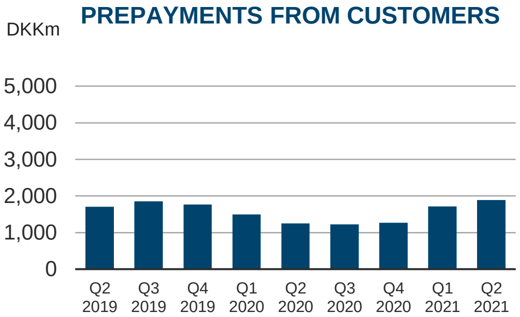
- Net working capital decreased to DKK 1,305m at the end of Q2 2021





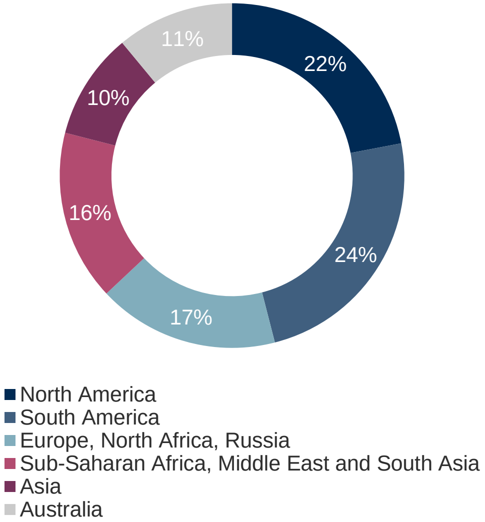




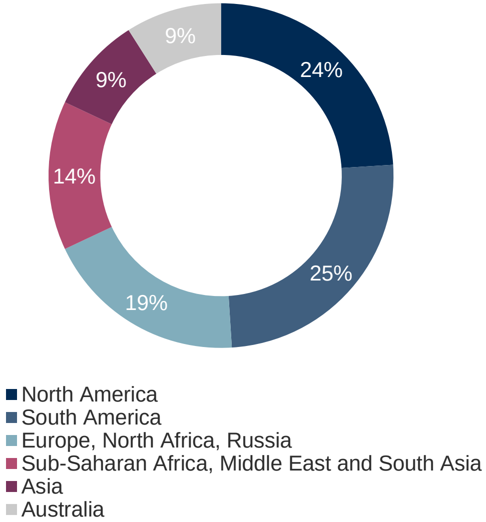


Revenue split in Q2 2021

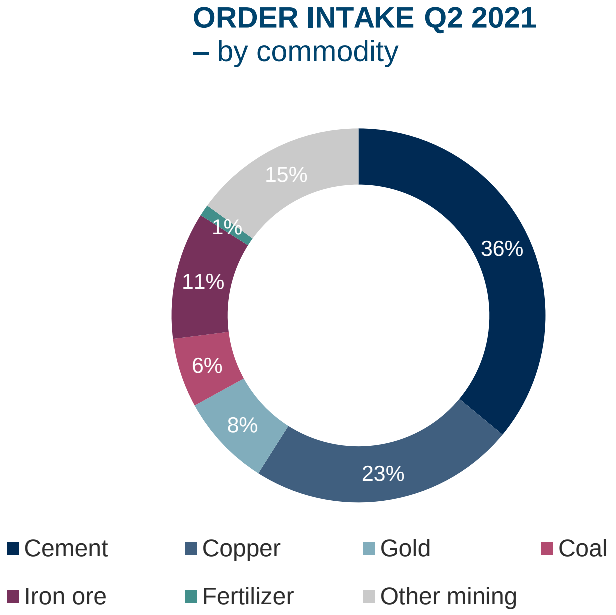
REVENUE Q2 2021 BY REGION



REVENUE Q2 2020 BY REGION



Order intake by commodity



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