

FLSmidth & Co. Group Interim Report for Q1 2022

## Solid start to the year with strong order intake growth of 44% in Mining

### Highlights in Q1 2022

- Strong order intake driven by both Mining and Cement
- Strong revenue growth driven by a high order backlog
- Group EBITA increased by 59%
- Negative cash flow, as expected, due to increase in net working capital
- Regulatory clearances received for the thyssenkrupp Mining business acquisition in several important mining markets

Group order intake increased 35% organically, driven by both Mining and Cement. Capital orders increased by 59% and service orders increased 26%. Mining order intake increased 38% organically, including four large product orders with a combined value of around DKK 1.4bn. Cement order intake increased 28% organically.

FLSmidth Group CEO, Mikko Keto, commented: *“The first quarter of 2022 saw a strong momentum in order intake driven by both Mining and Cement. Despite the tragic war in Ukraine, activity and sentiment in the mining industry remains positive. Integration planning of the thyssenkrupp Mining business acquisition is progressing according to plan and important regulatory clearances have been received during the quarter. Our Cement business has continued its positive development on improving profitability. We saw strong organic Group revenue growth of 23%, mainly driven by Mining. Group EBITA increased by 59% compared to first quarter in 2021 despite increased inflationary pressure, supply chain challenges and negative impact from the war in Ukraine. Our key priority in this challenging time of war has been on the safety and well-being of our employees. We closely follow this tragic situation to ensure we take the right responsible decisions from a humanitarian, legal, and financial point of view”*

### Financial performance

Mining revenue grew 30% organically, driven by the higher backlog and improved market conditions compared to Q1 2021, partly offset by negative impact from the war. Mining EBITA increased by 17% to DKK 249m in Q1 2022, while the corresponding EBITA margin decreased to 7.7% from 8.8% in Q1 2021. Mining EBITA was impacted by costs related to the acquisition of thyssenkrupp’s Mining business of DKK 37m. Adjusted for these costs, the Mining EBITA margin was 8.8% in Q1 2022.

Cement revenue grew 10% organically. Cement EBITA continued the positive trend seen in Q4 2021, driven by higher revenue in the quarter and improvements from the executed reshaping activities in 2021. Cement EBITA amounted to DKK 53m in Q1 2022 and the corresponding EBITA margin increased to 3.6% compared to -1.7% in Q1 2021. Adjusted for a gain of DKK 23m from a sale of a property, the Cement EBITA margin was 2.0%.

Organic Group revenue increased 23% in Q1 2022, mainly driven Mining. Including currency effects, Group revenue increased by 27% to DKK 4,706m, driven primarily by 56% increase in capital revenue. Service revenue accounted for 56% of the total revenue during the quarter, compared to 65% in Q1 2021. Group EBITA increased by 59% to DKK 302m, as a result of the higher revenue. The corresponding Group EBITA margin increased to 6.4% from 5.1%.

The net working capital ratio increased from 6.0% in Q4 2021 to 7.3% in Q1 2022. The increase related primarily to an expected increase in inventories to mitigate the supply chain challenges and an increase in net work in progress driven by the increase in execution of capital orders. Cash flow from operating activities (CFFO) declined in line with expectations in Q1 2022, as a result of the net working capital outflow.

### **Financial guidance 2022 maintained**

FLSmidth maintains its financial guidance for 2022. Due to the war in Ukraine, the Mining EBITA margin is expected to be in the low end of the guidance range.

<b>Guidance 2022</b>	<b>Revenue (DKKbn)</b>	<b>EBITA margin</b>
Mining	12.0-13.0	8.5-9.5%
Cement	5.5-6.0	1-2%
Group	17.5-19.0	6-7%

Guidance for 2022 is subject to increased uncertainty due to the pandemic, global supply chain situation and geopolitical turmoil.

### **Earnings call**

A presentation of the results will take place on **5 May 2022 at 11:00 CET**. Mr. Mikko Keto (Group CEO) and Mr. Roland M. Andersen (Group CFO) will comment on the report and developments in the Group. The presentation will be followed by a Q&A-session. The presentation is available at: [www.flsmidth.com/reports-and-presentations](http://www.flsmidth.com/reports-and-presentations)

### **Live audio-webcast**

The presentation can be followed live or as replay **via the internet** [here](#).

### **Conference call**

If you wish to ask questions or just listen to the presentation **via telephone**, please call one of the following numbers: DK: +45 78 72 32 52, SE: +46 850 558 353, UK: +44 33 3300 9030 or US: +1 631 913 1422  
Please use the PIN code: 92 15 74 80 #

## Key figures Q1 2022

(DKK m)	Q1 2022	Q1 2021	Change (%)	FY 2021	FY 2020	Change (%)
<b>Order intake (gross)</b>	<b>7,018</b>	<b>4,985</b>	<b>41%</b>	<b>19,233</b>	<b>18,524</b>	<b>4%</b>
- of which service order intake	3,474	2,750	26%	11,162	9,822	14%
Service order intake share	50%	55%		58%	53%	
Order backlog	19,358	16,251	19%	16,592	14,874	12%
<b>Revenue</b>	<b>4,706</b>	<b>3,713</b>	<b>27%</b>	<b>17,581</b>	<b>16,441</b>	<b>7%</b>
- of which service revenue	2,658	2,401	11%	10,094	9,884	2%
Service revenue share	56%	65%		57%	60%	
<b>Gross profit</b>	<b>1,107</b>	<b>935</b>	<b>18%</b>	<b>4,180</b>	<b>3,865</b>	<b>8%</b>
Gross profit margin	23.5%	25.2%		23.8%	23.5%	
EBITA	302	190	59%	1,030	771	34%
<b>EBITA margin</b>	<b>6.4%</b>	<b>5.1%</b>		<b>5.9%</b>	<b>4.7%</b>	
EBIT	222	101	120%	668	428	56%
<b>EBIT margin</b>	<b>4.7%</b>	<b>2.7%</b>		<b>3.8%</b>	<b>2.6%</b>	
<b>Profit</b>	<b>123</b>	<b>54</b>	<b>128%</b>	<b>357</b>	<b>205</b>	<b>74%</b>
CFFO	(70)	285		1,449	1,421	
Free cash flow	(35)	234		1,176	1,045	
Net working capital	1,354	1,678	-19%	1,058	1,752	-40%
Net interest-bearing debt	864	(1,577)		889	(1,808)	

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### About FLSmidth

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 we are close to ~10,100 employees, present in more than 60 countries. In 2021, FLSmidth generated revenue of DKK 17.6 billion. MissionZero is our sustainability ambition towards zero emissions in mining and cement by 2030. FLSmidth works within fully validated Science-Based Targets, our commitment to keep global warming below 1.5°C and to becoming carbon neutral in our own operations by 2030. [www.flsmidth.com](http://www.flsmidth.com)