1 January – 30 September 2020
Company Announcement No. 18

WE DISCOVER POTENTIAL

INTERIM REPORT 9M 2020

ROCE

6.7%

Down from 11.2%

CFFO (DKKm)

594

Up from DKKm 244

EBITA margin

4.6%

Down from 8.0%

Order intake (DKKm)

3,955

Down from DKKm 4,571

Q3 2020 vs. Q3 2019

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

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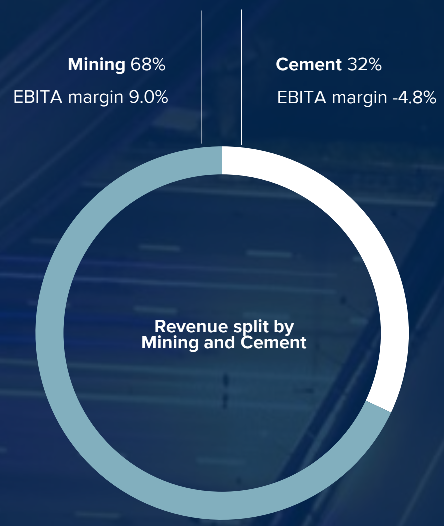
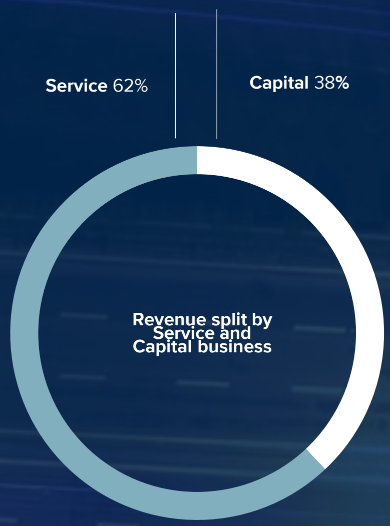
QUARTERLY HIGHLIGHTS

Order intake (DKKm)	Revenue (DKKm)	EBITA (DKKm)	EBITA margin	Earnings per share (DKK)	Net working capital ratio	Free cash flow (DKKm)
3,955	**3,834**	**177**	**4.6%**	**0.8**	**10.9%**	**489**
Down from 4,571	Down from 4,736	Down from 377	Down from 8.0%	Down from 3.8	Down from 13.1%	Up from 133



Safety (TRIR)[1]	Quality (DIFOT)[2]
1.2	**88.1%**
Down from 1.6	Up from 88%

1) TRIR = Total recordable injury rate
2) DIFOT = Delivery in full on time
Safety and Quality are measured YTD against full year 2019
Net working capital ratio is quarter-on-quarter development
All other development highlights are year-on-year figures



QUARTERLY HIGHLIGHTS

Quarterly highlights

Similar to Q2, our Q3 results were negatively impacted by COVID-19, which affected order intake, revenue and EBITA. The market activity stabilised during the quarter, and we achieved a sequential improvement in both order intake and EBITA by 18% and 35%, respectively. As a result of our strong cash focus, the net working capital ratio decreased to 10.9% and the free cash flow increased to DKK 489m.

Although most mines and cement plants are back in operation, our business is still impacted by restricted access to sites and hesitation around large capital investments, particularly in Cement. The low level of investments and inadequate service of plants is likely to create a pent-up demand.

With COVID-19 infection rates currently increasing across most of the world, unexpected shutdowns could change the outlook, but we continue to take advantage of our strong local setup and capabilities within remote support to help customers sustain production. In October 2020, we signed the acquisition of KnowledgeScape, a global leader in digital optimisation solutions for the mineral processing industry. The addition of KnowledgeScape's advanced solutions will deliver an expanded range of benefits to our customers. We now offer a larger portfolio of expert control solutions and advanced sensor technologies, for automating, optimising and increasing the reliability of minerals processing circuits. These solutions are leading-edge technologies that serve as an important differentiating market factor within productivity upgrades, retrofits and new installations, all in line with our focus on creating sustainable and environmentally friendly solutions to our customers in both Mining and Cement.

Management focus

Over the early part of the last decade, the mining and cement industries have displayed similar competitive and demand dynamics. FLSmidth's integrated approach to managing our two businesses has served the company well, in particular in extracting synergies. However, in recent years, cement industry dynamics have diverged from those of mining, in particular with regard to overcapacity in regional markets, which has put pressure on the returns of the cement producers. There is a clear positive mid- to long-term outlook in the areas of digitalization and green cement. Still, the fall in cement capital investment has been accelerated by the pandemic and is not expected to recover in the short- to medium term. Mining investment, on the other hand, is projected to recover in the short term and continue to grow.

Throughout the year, we have been executing on our Group business improvement program, including site consolidation, an improved logistical setup, and headcount reductions. The program is now complete with an EBITA improvement run-rate of DKK 150m. To further address the challenging cement market, we have taken additional steps to increase outsourcing, simplify the cement business and adjust the cost structure, and we will intensify these efforts to improve the profitability in Cement. In light of the aforementioned divergence in end market dynamics, and to further strengthen our two industries setup, we will keep a focus on leveraging synergies while ensuring a clear capital allocation to capture growth opportunities and maximise value creation within both businesses. In parallel, we are considering acquisitions to strengthen our offerings in both Mining and Cement. It is highly uncertain as to whether and when acquisitions involving either business segment will materialise.

Guidance

Our full year guidance was reinstated on 28 August, based on the following assumptions:

- No further escalation of COVID-19
- No further extensive lockdowns or travel restrictions occurring before year-end
- A gradual improvement in business sentiment for the remainder of 2020
- Business improvement implementation costs of around DKK 210m (now expected to be DKK 222m) are included in the guidance

We have seen a stabilisation of business activities, but with the increasing spread of COVID-19, we have not seen the gradual improvement in business sentiment that we had assumed in our base case scenario. Consequently, we narrow our 2020 revenue guidance to around DKK 16bn (previously DKK 15.5-17.0bn) and the EBITA margin guidance to 4.5-5.0% (previously 4.5-6.0%).

The guidance remains subject to higher uncertainty than usual as lockdowns and mobility restrictions continue to impact suppliers, customers and our own workforce.

GUIDANCE FOR 2020 (REINSTATED)

DKK	Initial guidance 2020	Guidance Aug 2020	Guidance Nov 2020
Revenue (DKKbn)	18.5-20.5	15.5-17.0	~16
EBITA margin	8-9%	4.5-6.0%	4.5-5.0%
ROCE	9-12%	suspended	suspended

FINANCIAL KEY FIGURES

DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
INCOME STATEMENT					
Revenue	3,834	4,736	12,205	14,624	20,646
Gross profit	884	1,126	2,843	3,522	4,849
EBITDA before special non-recurring items	255	459	797	1,428	2,008
EBITA	177	377	536	1,176	1,663
EBIT	91	294	283	893	1,286
Financial items, net	(1)	(12)	(53)	(47)	(118)
EBT	89	284	232	848	1,171
Profit for the period, continuing activities	48	190	142	569	798
Loss for the period, discontinued activities	(5)	0	(15)	(20)	(22)
Profit for the period	43	190	127	549	776
ORDERS					
Order intake (gross), continuing activities	3,955	4,571	13,829	15,165	19,554
Order backlog, continuing activities			14,839	16,088	14,192
EARNING RATIOS					
Gross margin	23.1%	23.8%	23.3%	24.1%	23.5%
EBITDA margin before special non-recurring items	6.7%	9.7%	6.5%	9.8%	9.7%
EBITA margin	4.6%	8.0%	4.4%	8.0%	8.1%
EBIT margin	2.4%	6.2%	2.3%	6.1%	6.2%
EBT margin	2.3%	6.0%	1.9%	5.8%	5.7%
CASH FLOW					
Cash flow from operating activities (CFFO)	594	244	1,092	621	948
Acquisitions of property, plant and equipment	(62)	(64)	(128)	(124)	(177)
Cash flow from investing activities (CFFI)	(105)	(111)	(279)	(569)	(661)
Free cash flow	489	133	813	52	287
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	489	139	862	357	574

DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019	2019
BALANCE SHEET					
Net working capital			1,981	2,624	2,739
Net interest-bearing debt (NIBD)			1,936	2,693	2,492
Total assets			20,592	23,148	23,532
Equity			8,237	8,704	8,793
Dividend to shareholders, paid			0	450	450
FINANCIAL RATIOS					
CFFO / Revenue	15.5%	5.2%	8.9%	4.2%	4.6%
Book-to-bill	103.2%	96.5%	113.3%	103.7%	94.7%
Order backlog / Revenue			81.4%	80.1%	68.7%
Return on equity			2.0%	8.6%	9.1%
Equity ratio			40.0%	37.6%	37.4%
ROCE, average			6.7%	11.2%	10.9%
Net working capital ratio, end			10.9%	13.1%	13.3%
NIBD / EBITDA			1.4	1.3	1.2
Capital employed, average			15,279	15,014	15,251
Number of employees			10,946	12,364	12,346
SHARE RATIOS					
Cash flow per share (CFPS), (diluted)	11.8	4.9	21.8	12.4	18.9
Earnings per share (EPS), (diluted)	0.8	3.8	2.5	11.0	15.5
Share price			181.3	298.2	265.4
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation, end			9,292	15,283	13,602

Number of employees
Number of employees has been restated in comparison periods as the measure has changed in Q1 2020. The number of employees includes temporary employees compared to previous where only permanent headcount was disclosed.

Number of employees	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Previously published in Interim Reports	11,513	11,855	11,859	11,765
Adjustment in accordance to the description above	760	690	505	581
Restated numbers published in 2020 Interim Reports	**12,273**	**12,545**	**12,364**	**12,346**

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 7.8 in the Annual Report 2019.

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 Annual Report 2019 note 7.4 Alternative performance measures and note 7.8 Definition of terms.

QUARTERLY PERFORMANCE

GROWTH

Organic Mining order intake and revenue was at the same level as Q3 last year. Cement order intake and revenue decreased organically by 12% and 33% respectively due to both COVID-19 and a lower backlog.

Order intake

Order intake decreased by 13% to DKK 3,955m compared to Q3 2019 (Q3 2019: DKK 4,571m), but increased by 18% compared to the previous quarter (Q2 2020: DKK 3,348). Currency had an 8% negative impact on order intake in Q3.

Service represented 59% of the Group order intake and capital represented 41%.

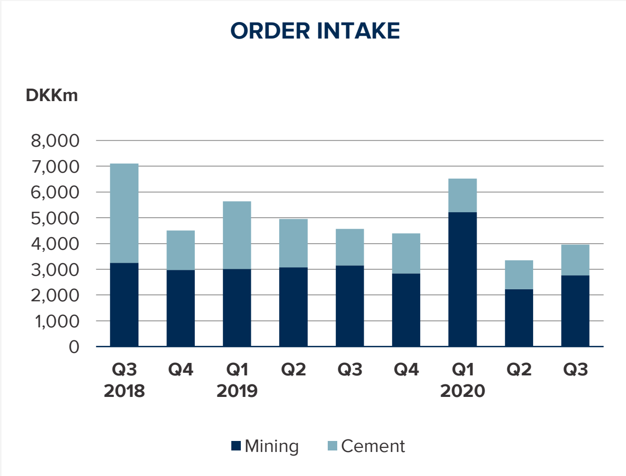
Mining order intake decreased by 2% organically and by 12% including the effects of currency. Mining service orders declined 18%, mainly due to restricted access to sites for our service technicians. Mining capital orders decreased by just 1% in the third quarter, despite ongoing reluctance among customers to move forward with large capital orders. As there were no large announced orders in Q3 2020 (Q3 2019: DKK 200m of large orders), the robust mining capital order intake was due to small- and medium-sized projects and product orders. By nature, these can be lumpy as well, and with the ongoing pandemic, it is possible that the capital order intake could decline again in the coming quarters.

Growth in order intake Q3 2020 (vs. Q3 2019)	Mining	Cement	FLSmidth Group
Organic	-2%	-12%	-5%
Acquisition	0%	0%	0%
Currency	-10%	-4%	-8%
Total growth	**-12%**	**-16%**	**-13%**

Cement order intake declined 12% organically. Cement service order intake decreased 24% as many cement plants continue to operate at reduced production rates, which reduces the need for service and spare parts. Cement capital order intake declined by a modest 3%, positively supported by a medium-sized project.

GROUP (Continuing activities)

(DKKm)	Q3 2020	Q3 2019	Change (%)	9M 2020	9M 2019	Change (%)
Order intake (gross)	**3,955**	**4,571**	**-13%**	**13,829**	**15,165**	**-9%**
- Hereof service order intake	2,337	2,928	-20%	7,506	8,360	-10%
- Hereof capital order intake	1,618	1,643	-2%	6,323	6,805	-7%
Order backlog	**14,839**	**16,088**	**-8%**	**14,839**	**16,088**	**-8%**
Revenue	**3,834**	**4,736**	**-19%**	**12,205**	**14,624**	**-17%**
- Hereof service revenue	2,393	2,703	-11%	7,332	7,911	-7%
- Hereof capital revenue	1,441	2,033	-29%	4,873	6,713	-27%
Gross profit	**884**	**1,126**	**-21%**	**2,843**	**3,522**	**-19%**
Gross profit margin	23.1%	23.8%		23.3%	24.1%	
SG&A cost	**(629)**	**(667)**	**-6%**	**(2,046)**	**(2,094)**	**-2%**
SG&A ratio	16.4%	14.1%		16.8%	14.3%	
EBITDA before special non-recurring items	**255**	**459**	**-44%**	**797**	**1,428**	**-44%**
EBITDA margin before special non-recurring items	6.7%	9.7%		6.5%	9.8%	
EBITA	**177**	**377**	**-53%**	**536**	**1,176**	**-54%**
EBITA margin	4.6%	8.0%		4.4%	8.0%	
EBIT	**91**	**294**	**-69%**	**283**	**893**	**-68%**
EBIT margin	2.4%	6.2%		2.3%	6.1%	
Number of employees	10,946	12,361	-11%	10,946	12,361	-11%



Nearly all mine sites (98% vs. 96% end of Q2) and cement plants (95% vs. 92% end of Q2) are now operating. Many cement plants and some mines are, however, still running at a reduced capacity. We see good opportunities in the Mining pipeline, but the timing of converting these into orders remains uncertain, particularly with COVID-19 infection cases currently surging in many regions. Both mining and cement customers are still deferring large projects. Most miners, however, have healthy balance sheets and solid cash flows, and they continue to place smaller engineering orders, which indicates that projects will move forward. The cement industry, on the other hand, has seen a prolonged period of subdued project activity, and there are no signs of a short-term recovery in demand for new cement capacity.

Order backlog

Order backlog for the Group decreased to DKK 14,839m (end of Q2 2020: DKK 15,227m). Although order intake exceeded revenue in the quarter, the order backlog decreased, mainly due to foreign exchange adjustments. There were no significant order terminations in Q3.

Approximately 21% of the backlog is expected to be converted to revenue in 2020, 54% in 2021, and 25% in 2022 and beyond. Due to COVID-19, the estimated backlog conversion is more uncertain than usual.

Revenue

Revenue decreased 12% organically, comprising a 1% increase in Mining and a 33% decrease in Cement. The sharp decline in Cement was intensified by a severe COVID-19 impact on the cement industry and a low backlog.

The pandemic situation continues to impact the activity level on projects and technical services, due to low plant utilisation levels, restricted access to sites as well as customers operating with reduced staff.

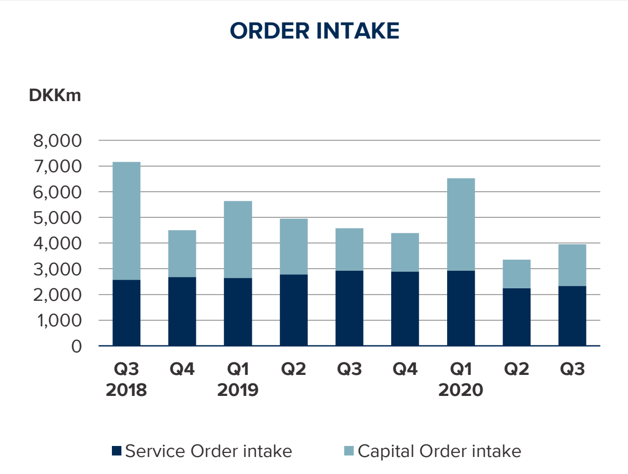
Lockdowns and mobility restrictions related to the pandemic has eased in many regions, but difficulties remain in parts of South America and India. Due to the high degree of agility in our supply chain, we have managed to limit the impact as we have been able to switch between in-house workshops as well as between external suppliers across countries and continents.

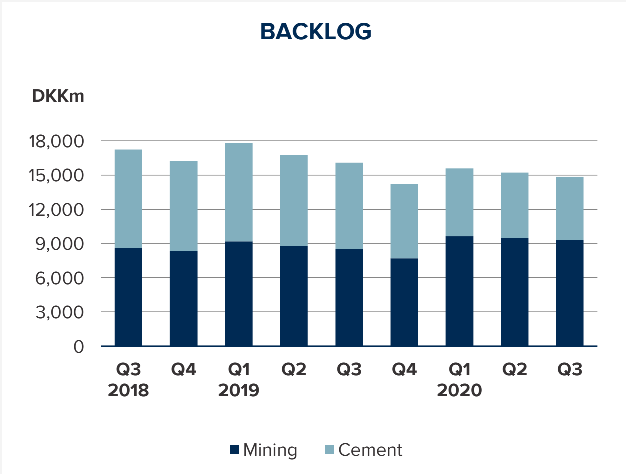
Growth in revenue Q3 2020 (vs. Q3 2019)	Mining	Cement	FLSmidth Group
Organic	1%	-33%	-12%
Acquisition	0%	0%	0%
Currency	-9%	-3%	-7%
Total growth	**-8%**	**-36%**	**-19%**

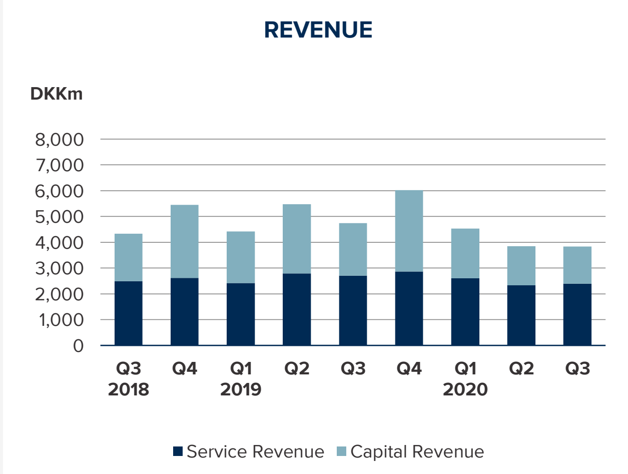
Including currency effects, Group revenue decreased 19% to DKK 3,834m in Q3 2020 (Q3 2019: DKK 4,736m), and service represented 62% of total revenue.

Service revenue in Mining accounted for 64% of the total Mining revenue in the quarter (Q3 2019: 68%). Mining service revenue decreased by 13%, while capital revenue increased by 4%.

Service revenue in Cement accounted for 60% of the total Cement revenue in the quarter (Q3 2019: 41%). Cement service revenue decreased by 7% and capital revenue decreased by 56%. A prolonged period with a subdued cement market and a low level of capital order intake has resulted in a shrinking Cement backlog, which will weigh down on Cement revenue in the short- to medium-term.







PROFIT

Earnings were impacted by the decline in revenue and low capacity utilisation, as well as implementation costs related to business improvement initiatives. The EBITA margin declined compared to Q3 2019, driven primarily by Cement. However, the EBITA margin improved compared to Q2 2020.

Business improvement program complete

Last year, we announced business improvement initiatives, including site consolidation, an improved logistical setup, and headcount reductions. In April 2020, we extended these activities to accommodate a more challenging market environment.

The program was completed by the end of Q3 2020, and the initiatives will generate an annual EBITA improvement of DKK 150m. The implementation costs amounted to DKK 192m, of which DKK 40m were incurred in 2019. The implementation costs exceeded our initial estimate by DKK 12m as it has been more costly to carry out some of the initiatives in the pandemic environment.

The program only contains improvements that are expected to be sustained. It does not include any temporary COVID-19 related savings, such as employees on furlough or reduced travel expenses.

Financial impact

DKKm	Program	Run-rate end Q1	Run-rate end Q2	Run-rate end Q3
EBITA improvement[1]	**150**	75	120	150

DKKm	Program	Realised Q1 2020	Realised Q2 2020	Realised Q3 2020	2020
Implementation costs[1]	**(192)**[2]	(53)	(74)	(25)	**(152)**

1) Mining and Cement Impact based on the segment's relative share of Group revenue

2) Includes DKK 40m of costs in 2019

Additional right-sizing in Cement

On top of the completed Group business improvement program, we are taking additional steps to simplify our cement business and adjust our cost structure. These activities include less in-house manufacturing and more sourcing from local suppliers as well as a reduction of the project organisation.

As announced late August 2020, the additional activities are expected to cost around DKK 70m in 2020, of which DKK 21m was incurred in Q3 and the remaining DKK 49m is expected for Q4 2020, subject to timing uncertainty. The activities will mitigate under-absorption with the lower level of Cement business which we see ahead, and consequently, we will not report an EBITA improvement from these measures.

Taking both the completed Group business improvement program and the additional measures in Cement into account, the total implementation costs in 2020 are expected to be around DKK 220m. In total, the Group workforce has been reduced by 1,400 employees year-to-date, of which the majority relates to Cement. The workforce adjustment will not impair our ability to capture future growth.

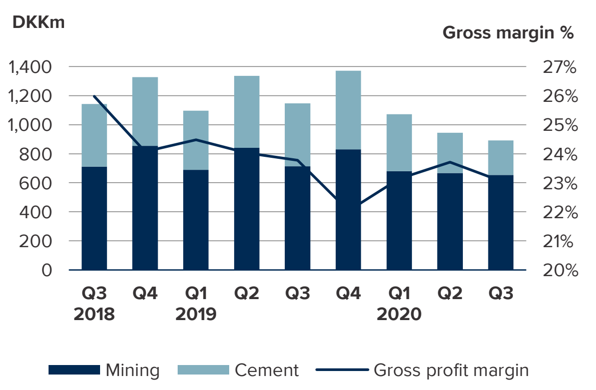
Gross profit and margin

Gross profit declined 21% to DKK 884m (Q3 2019: DKK 1,126m), largely in line with the decline in revenue. Gross profit was negatively affected by implementation costs related to business improvement activities and low profitability in the Mining capital business.

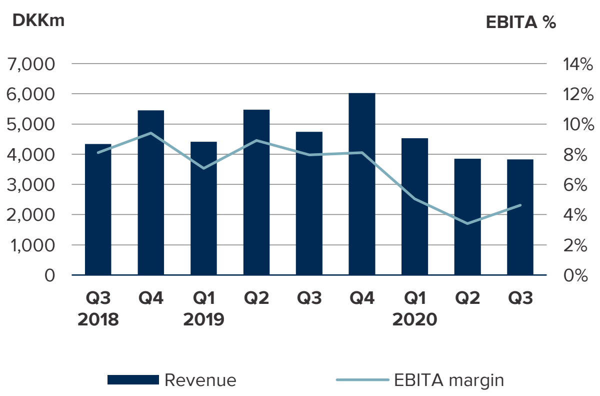
Mobility restrictions related to the pandemic continue to affect the utilisation of our global service technicians and result in more complex and costly logistics and increased costs related to quality control.

The gross margin decreased slightly to 23.1% (Q3 2019: 23.8%), attributable to a 3.3%-point lower gross margin in Cement, and a 0.2%-point lower gross margin in Mining.

GROSS PROFIT AND GROSS MARGIN



REVENUE AND EBITA MARGIN



In Q3 2020, total research and development costs (R&D) amounted to DKK 52m (Q3 2019: DKK 71m), representing 1.4% of revenue (Q3 2019: 1.5%), of which DKK 34m was capitalised (Q3 2019: DKK 21m) and the balance of DKK 18m expensed as production costs (Q3 2019: DKK 50m). Capitalisation increased compared to last year's level due to certain development projects, including new sustainable technologies, now meeting requirements for capitalisation.

SG&A costs

Sales, general and administrative costs (SG&A) and other operating items decreased 6% to DKK 629m in Q3 2020 (Q3 2019: DKK 667m), explained by sustained business improvement savings. SG&A was impacted by costs related to the ongoing business improvement activities. Adjusted for these costs, SG&A decreased 10% to DKK 602m.

Despite the reduction in SG&A, the cost percentage went up to 16.4% of revenue, compared to 14.1% in Q3 2019, as revenue in Q3 2020 was marked by the negative impact caused by COVID-19. We manage and adjust the cost base against the level of business we see ahead of us, and our practice is not to reduce costs in any areas where we see that activity will likely return in the very short term.

Depreciation decreased to DKK 78m (Q3 2019: DKK 82m), due to timing differences between assets fully depreciated and new investments not yet in use.

EBITA and margin

EBITA decreased by 53% to DKK 177m compared to the same quarter last year (Q3 2019: DKK 377m), but increased by 35% compared to Q2 2020. The decrease compared to last year is primarily a result of lower revenue and lower backlog entering the year. The EBITA margin was down to 4.6% (Q3 2019: 8.0%), due to the margin deterioration in Cement.

EBITA was further impacted by business improvement implementation costs of DKK -46m, low profitability on the Mining capital business of DKK -30m (previously communicated) and net COVID-19 savings of DKK 11m. Adjusted for extraordinary costs, the EBITA margin was 6.3% in Q3 2020.

Amortisation of intangible assets increased slightly to DKK 86m (Q3 2019: DKK 83m), explained by completed R&D projects, partly offset by lower purchase price allocations of DKK 24m (Q3 2019: DKK 32m).

Earnings before interest and tax (EBIT) were DKK 91m (Q3 2019: 294m).

Financial items

Net financial items amounted to DKK -1m (Q3 2019: DKK -12 m), of which foreign exchange and fair value adjustments amounted to DKK 15m (Q3 2019: DKK -1m) and net interest amounted to DKK -16m (Q3 2019: DKK -11m).

Tax

Tax for the period was DKK -41m (Q3 2019: DKK -94m), corresponding to an effective tax rate of 46% (Q3 2019: 33%). The higher tax rate was due to a further impairment of tax assets.

Profit for the period

Profit for the period was DKK 43m (Q3 2019: DKK 190m), mainly explained by the lower operating income.

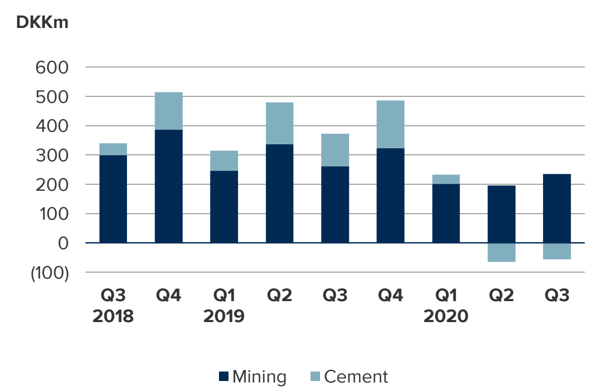
Earnings per share

Earnings per share amounted to DKK 0.8 per share (diluted) (Q3 2019: DKK 3.8).

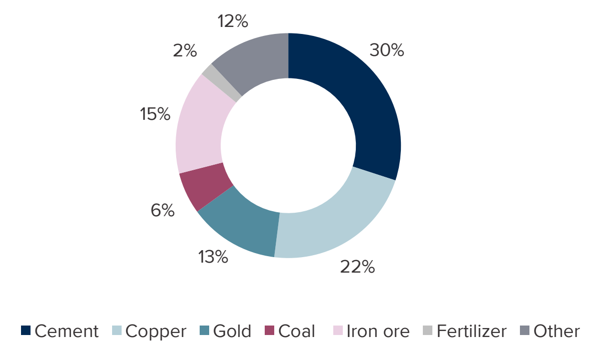
Employees

The number of employees decreased by 560 to 10,946 at the end of Q3 2020 (end of Q2 2020: 11,506). The decrease reflects workforce adjustments that have taken place as part of our business improvement activities and a further adjustment of the workforce due to the COVID-19 situation.

EBITA



ORDER INTAKE BY COMMODITY (Q3 2020)



CAPITAL

Despite challenging market conditions, the adjusted free cash flow increased to DKK 489m in Q3, the net working capital ratio declined to 10.9% from 12.3% in Q2 and net debt was DKK 362m lower in the quarter. FLSmidth improved its financial position with a net debt to EBITDA ratio of 1.4 and undrawn committed credit facilities of DKK 4.7bn by the end of September.

Net working capital

Net working capital decreased to DKK 1,981m at the end of Q3 2020 (end of Q2 2020: DKK 2,351m). The improvement in net working capital of DKK 370m was mainly due to a lower activity level and continued strong cash collection from accounts receivables in Q3 2020, which declined DKK 365m.

The net working capital ratio was 10.9% of 12-months trailing revenue (end of Q2 2020: 12.3% of revenue).

Utilisation of supply chain financing decreased in Q3, driven by a lower level of activity and a lower share of Cement business relative to Mining.

Return on capital employed

ROCE decreased to 6.7% in Q3 2020 (Q3 2019: 11.2%) due to higher capital employed and a lower 12-months trailing EBITA of DKK 1,023m (Q3 2019: DKK 1,687m). Average capital employed increased to DKK 15.3bn in Q3 2020 (Q3 2019: DKK 15.0bn), related primarily to intangible assets.

Net interest-bearing debt

Due to the strong free cash flow, net interest-bearing debt (NIBD) reduced to DKK 1,936m (end of Q2 2020: DKK 2,298m). Consequently, financial gearing decreased slightly to 1.4 (Q2 2020: 1.5), which is well below our internal long-term maximum threshold of two times NIBD to EBITDA. NIBD is expected to increase in the fourth quarter of 2020 due to timing of net working capital and a cash payment for the acquisition of KnowledgeScape.

Financial position

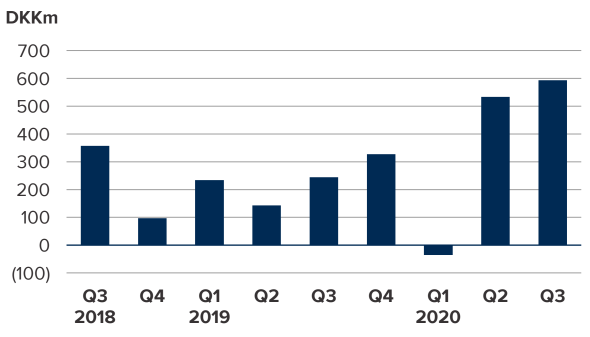
By the end of September, FLSmidth had DKK 7.0bn of available committed credit facilities of which DKK 4.7bn was undrawn.

The committed credit facilities have a weighted average time to maturity of 3.7 years. DKK 1.7bn of credit facilities is maturing in 2022 and the majority, DKK 5.0bn, is maturing in 2025. The remaining DKK 0.3bn matures in later years.

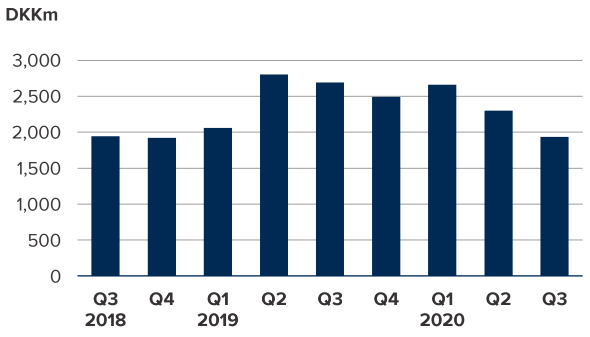
Equity ratio

Equity at the end of Q3 2020 contracted to DKK 8,237m (end of Q2 2020: DKK 8,474m), due mainly to a negative impact from currency translation. The equity ratio amounted to 40.0%, which was largely in line with last quarter end (Q2 2020: 40.3%), and remains well above our internal long-term target of minimum 30%.

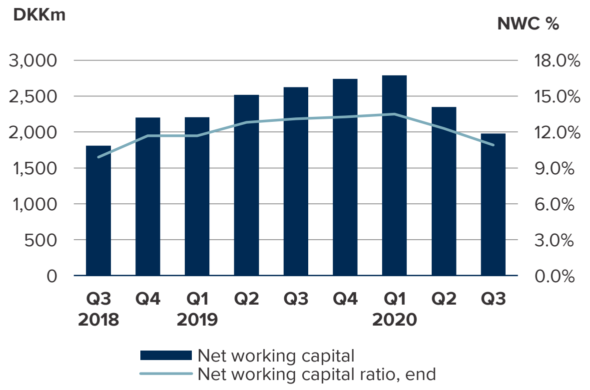
CASH FLOW FROM OPERATING ACTIVITIES



NET INTEREST BEARING DEBT



NET WORKING CAPITAL



Cash flow from operating activities (CFFO)
CFFO increased to DKK 594m in Q3 2020 (Q3 2019: DKK 244m), due mainly to significant cash inflow from working capital, more than offsetting the decline in EBITDA.

CFFO in discontinued activities amounted to DKK -16m (Q3 2019: DKK -41m). Discontinued activities are not expected to generate any significant net cash flow in 2020. There can, however, be a timing difference between cash paid and cash received related to the outstanding net working capital and provision balances.

Change in net working capital had a DKK 311m positive impact in Q3 2020 (Q3 2019: DKK 78m negative impact), of which discontinued activities accounted for a DKK 11m negative impact (Q3 2019: DKK 43m negative impact).

Change in provisions had a DKK 72m positive impact in Q3 2020 (Q3 2019: DKK 86m negative impact), of which discontinued activities accounted for a DKK 2m negative impact.

Cash flow from investing activities (CFFI)
Cash flow from investing activities amounted to DKK -105m in Q3 2020 (Q3 2019: DKK -111m), of which acquisition of tangible assets amounts to DKK -62m (Q3 2019: DKK -64m). CFFI included investments in new production facilities in North America and a new service centre in Eastern Europe.

CFFI in Q4 2020 will contain a cash payment for the acquisition of KnowledgeScape of DKK 56m.

Adjusted free cash flow
Free cash flow adjusted for acquisitions and disposals amounted to DKK 489m (Q3 2019: DKK 139m), owing to a strong focus on cash preservation in a challenging market environment.

FINANCIAL PERFORMANCE IN 9M 2020

The first nine months of 2020 were significantly impacted by the downturn in global activity. The uncertainty related to market activity and predictability was to a high degree a consequence of the changing landscape of the COVID-19 outbreak, followed by restrictions and safety measures imposed by governments globally.

The uncertainty and safety precautions materialised with travel restrictions, more complex logistics, restricted access to sites and hesitation around large capital investments. The order intake for the first nine months of 2020 was DKK 13,829m, which is a 9% decline compared to the same period last year.

Revenue dropped 17% to DKK 12,205m, primarily due to travel and site restrictions and to some degree challenges in the supply chain in the beginning of the year.

Gross profit declined by DKK 679m to DKK 2,843m due to the reduced activity and additional costs to cover the more complex execution. Largely this reduction equals the reduction in EBITA, which was DKK 640m compared to same period last year, resulting in an EBITA-margin of 4.4%.

We have focused strongly on our cash position during the first nine months. The free cash flow for the first nine months was DKK 813m, compared to DKK 52m last year. This was especially driven by improved net working capital and strong cash collection from customers.

COVID-19 IMPACT – CURRENT MARKET SITUATION (SEPTEMBER)

	Mining	Cement
Customers	~98% of sites in operation (end of Q2: ~96%). High production rates, but travel restrictions and limited site access impacts on-site technical services, resulting in slower demand. Despite good industry fundamentals, large capital investments are deferred due to pandemic uncertainty and restrictions. Most commodity prices and demand at a good level.	~95% of cement plants* in operation (end of Q2: ~92%). Many plants still operating with reduced capacity. Spare and wear parts demand impacted by reduced production rates and restricted site access. Less activity for technical services and project commissioning due to restricted access to sites. Customers are deferring non-critical investments.
Own operations	Reduced operational activity in India, but all other regions are running well. Flexibility to switch between own workshops. ~ 80% of our employees are currently working on-site. We started to see lifting of restrictions but that is changing now in some regions due to increasing infection rates, which could impact the level of employees onsite going forward. Travel restrictions continue to impact the capacity utilisation for service technicians. All regions still face travel restrictions although some started easing travel within internal borders / states.	
External supply chain	Running largely undisrupted. To simplify and focus the supply base, FLSmidth now uses less than 1,500 suppliers accounting for 90% of our supplies. This is a reduction from more than 5,000 over the past few years. A more focused supply chain improves the customer experience with faster lead-times, higher delivery ability and in the back office the supply chain becomes more resilient and flexible also with a more even split of suppliers between regions and increased use of partnerships. Thus, we maintain the flexibility to switch between external suppliers.	

* Excluding China

MINING

MARKET DEVELOPMENTS

The mining industry has remained relatively resilient during the third quarter, with the majority of mines operational across regions. Commodity prices have rebounded, and the industry is expected to recover to pre-pandemic activity levels within a short time horizon.

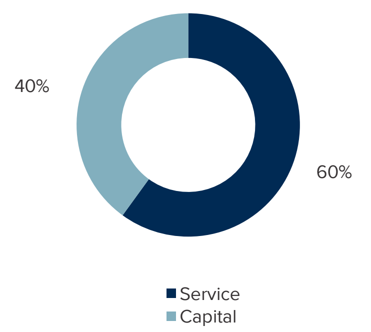
However, the pandemic has hit different regions at different times and to varying extents, and there are still ongoing challenges. National lockdowns have reduced activity in many South American countries, particularly Peru and Argentina. In India, market activity has picked up compared to the second quarter, but customer decision-making remains very cautious. At the same time, iron ore and gold production remain strong in Australia and many of our customers there have record high production volumes.

Although the easing of lockdowns has led to a partial recovery and an increasing number of sites returning to operation, we are still faced with restricted access to many customer sites. Mines are often remotely located and to protect employees and safeguard production, some companies are enforcing safety protocols and do not permit site access to external service providers, which impacts their equipment and service spend.

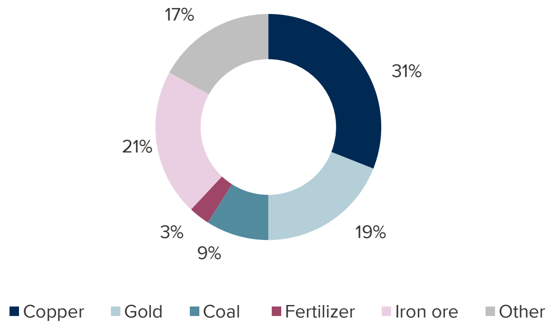
The outlook for investments in mining remains positive, and we have a healthy pipeline of both larger and smaller opportunities. That said, capex is still under scrutiny and several large projects remain delayed. In many of our regions, refurbishment and maintenance is postponed, which is expected to translate into new opportunities when the market comes back. However, the timing of converting opportunities to orders remains unpredictable and with infection cases currently surging in many parts of the world, it is still difficult to predict the shape of the recovery curve.

All things considered, the pandemic has disrupted the mining industry to a lesser degree than many other industries, and the global mining industry has a significant role in driving economic recovery. In the longer term, the switch to green energy and electric powered transportation will create an increasing demand for copper and battery metals. To make the green energy transition a reality, a massive increase in infrastructure is needed and the mining industry will need to scale up investments to meet this growing demand.

MINING ORDER INTAKE



MINING ORDER INTAKE BY COMMODITY (Q3 2020)



COPPER PRICE USD/MT, LME

FINANCIAL PERFORMANCE IN Q3 2020

Sequential improvement in order intake and revenue

The mining order intake in Q3 2020 decreased by 12% y-o-y to DKK 2,766m (Q3 2019: DKK 3,148m), but increased by 24% compared to the previous quarter (Q2 2020: DKK 2,223m). As currencies in key mining countries were devalued during the year, order intake was negatively impacted by currency effects by 10%. Acquisitions had no impact on order intake in the quarter. As a result, the organic decrease in mining order intake was just 2% compared to Q3 2019.

Despite a general reluctance among customers to award larger capital orders due to economic uncertainty, we saw a significant improvement in the capital order intake compared to the previous quarter and a similar level to the same quarter last year. Compared to Q2 2020, the capital order intake increased by 85% to DKK 1,116m (Q2 2020: DKK 603m), while decreasing by 1% when compared to the same quarter last year (Q3 2019: DKK 1,124). Capital orders are volatile by nature, and with the ongoing pandemic, it is possible that the capital order intake will decline again in the coming quarters.

The service business continues to be impacted by restricted access to customer sites. Compared to Q2 2020, service order intake increased by 2% to DKK 1,650m (Q2 2020: DKK 1,620), while decreasing by 18% when compared to the same quarter last year (Q3 2019: DKK 2,024m).

Revenue decreased by 8% y-o-y to DKK 2,616m (Q3 2019: DKK 2,832m), but increased by 4% q-o-q (Q2 2020: DKK 2,520m). The decrease compared to last year mainly relates to a 13% decline in service revenue, whereas capital revenue increased by 4%. Currency effects had a 9% negative impact on revenue in the quarter, while acquisitions had no impact on revenue. Accordingly, organic growth in mining revenue was 1% in the quarter.

EBITA margin increased sequentially

Gross profit, before allocation of shared costs, decreased by 8% to DKK 653m (Q3 2019: DKK 713m). The gross margin decreased slightly to 25.0% (Q3 2019: 25.2%). EBITA decreased by 10% y-o-y to DKK 235m (Q3 2019: DKK 261m), but increased by 20% q-o-q (Q2 2020: DKK 196m). The corresponding EBITA margin was 9.0% (Q3 2019: 9.2%). EBITA in Q3 2020 was impacted by both costs and savings related to business improvement initiatives and temporary COVID-19 related costs and savings.

FINANCIAL PERFORMANCE IN 9M 2020

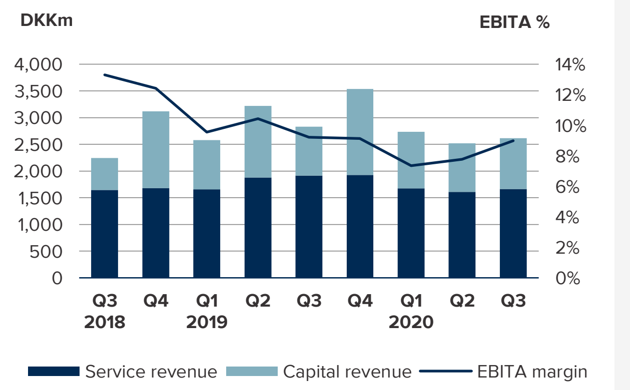
Mining order intake in 9M 2020 increased by 11% to DKK 10,203m (9M 2019: DKK 9,231m), mainly due to the exceptionally strong capital order intake in the first quarter of 2020 which was related to the three large orders received in Russia and Belarus, with a combined value of around DKK 2.4bn.

Mining revenue decreased by 9% to DKK 7,871m in the first nine months of 2020 (9M 2019: DKK 8,632m). EBITA decreased by 25% to DKK 632m (9M 2019: DKK 843m) and the corresponding EBITA margin declined to 8.0% from 9.8% in 9M 2019.

MINING

(DKKm)	Q3 2020	Q3 2019	Change (%)	9M 2020	9M 2019	Change (%)
Order intake (gross)	**2,766**	**3,148**	**-12%**	**10,203**	**9,231**	**11%**
- Hereof service order intake	1,650	2,024	-18%	5,353	5,727	-7%
- Hereof capital order intake	1,116	1,124	-1%	4,850	3,504	38%
Order backlog	**9,298**	**8,544**	**9%**	**9,298**	**8,544**	**9%**
Revenue	**2,616**	**2,832**	**-8%**	**7,871**	**8,632**	**-9%**
- Hereof service revenue	1,663	1,916	-13%	4,942	5,446	-9%
- Hereof capital revenue	953	916	4%	2,929	3,186	-8%
Gross profit before allocation of shared cost	**653**	**713**	**-8%**	**1,999**	**2,242**	**-11%**
Gross profit margin before allocation of shared cost	25.0%	25.2%		25.4%	26.0%	
EBITA before allocation of shared cost	**440**	**463**	**-5%**	**1,258**	**1,446**	**-13%**
EBITA margin before allocation of shared cost	16.8%	16.3%		16.0%	16.8%	
EBITA	**235**	**261**	**-10%**	**632**	**843**	**-25%**
EBITA margin	9.0%	9.2%		8.0%	9.8%	
EBIT	**178**	**195**	**-9%**	**456**	**649**	**-30%**
EBIT margin	6.8%	6.9%		5.8%	7.5%	
Number of employees	5,209	5,474	-5%	5,209	5,474	-5%

REVENUE AND EBITA MARGIN



CEMENT

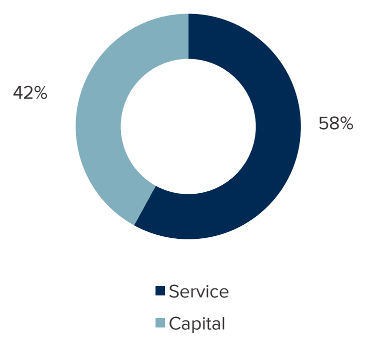
MARKET DEVELOPMENTS

The cement market is still severely impacted by the pandemic. Cement consumption is closely linked to GDP, and the IMF estimates that global growth will shrink by 4.4% in 2020. According to On Field Research, global cement volumes are expected to fall by 6-7% in 2020 excluding China, whereas Chinese demand is expected to remain relatively stable due to increased government spending. The large economic stimulus programs that have been announced in other parts of the world, combined with an increasing focus on lower-carbon cement, could create opportunities in the mid- to long-term, but the timing and extent of a rebound in the cement market remain uncertain.

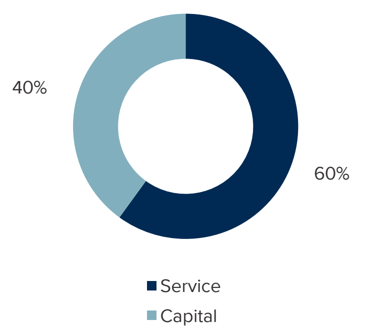
Across regions, around 95% of cement plants were back in operation at the end of the third quarter, but many plants continue to run at reduced capacity. As economic growth is one of the most important drivers for cement demand, our customers are highly sensitive to market fluctuations and typically respond through hesitation and cash preservation. Cement consumption is being impacted by reduced construction activity, and most large capital investments are suspended until business visibility improves. Site accessibility has improved in some regions but in many locations sites remain difficult to access due to restrictions and preventative measurements taken by authorities and plant operators, and service activity is therefore still impacted by reduced mobility of people across regions.

On the positive side, the COVID-19 crisis continues to demonstrate the need for remote operation and support. We have implemented successful remote commissioning of software upgrades and plant improvements, indirectly facilitated by the pandemic. The growing intensity of the sustainability agenda is also creating an increasing demand for emission-reducing technologies. In the last few months, several of the largest cement producers have set net-zero emission targets for 2050 along with medium-term targets which will require increased investments to fulfil. The cement industry will clearly need substantial investments to meet recent commitments to carbon neutrality by the Global Cement and Concrete Association and the European Cement Association. The coming implementation of phase IV of the EU Emissions Trading System (ETS) is another factor likely encouraging cement producers to reduce emissions.

CEMENT ORDER INTAKE



CEMENT REVENUE



FINANCIAL PERFORMANCE IN Q3 2020

Order intake slightly improved compared to Q2

The order intake in Q3 2020 continues to be impacted by the pandemic and decreased by 16% y-o-y to DKK 1,189m (Q3 2019: DKK 1,423m), but increased by 6% compared to the previous quarter (Q2 2020: DKK 1,125m). The service order intake decreased by 24% to DKK 688m compared to the same quarter last year (Q3 2019: DKK 904m), but increased by 11% compared to the previous quarter (Q2 2020: DKK 618m). The service order intake is still impacted by restricted site access and reduced demand for spare parts as a result of previous plant shutdowns and cement plants operating at reduced capacity. The capital order intake decreased by 3% to DKK 501m (Q3 2019: DKK 519m), positively supported by a medium-sized project.

Currency effects had a 4% negative impact on the order intake compared to the same quarter last year. Accordingly, the organic decrease in the order intake was 12%.

Revenue affected by pandemic and low backlog

In Q3 2020, revenue decreased by 36% to DKK 1,218m compared to the same quarter last year (Q3 2019: DKK 1,904m). Service revenue decreased by 7% while capital revenue declined by 56%, mainly due to a lower backlog following a period with no large projects. Currency effects had a 3% negative impact on revenue.

Profitability impacted by large revenue decline

Gross profit, before allocation of shared cost, decreased to DKK 238m (Q3 2019: DKK 434m), mainly due to one off costs in the quarter. The corresponding gross margin declined to 19.5% (Q3 2019: 22.8%). Cement profitability was affected by the large revenue decline, increased costs due to the COVID-19 pandemic, as well as costs related to the implementation of business improvement initiatives. As a result, EBITA amounted to DKK -57m (Q3 2019: DKK 111m) and the corresponding EBITA margin was -4.8% (Q3 2019: 5.8%).

FINANCIAL PERFORMANCE IN 9M 2020

The order intake in 9M 2020 decreased by 39% to DKK 3,626m (9M 2019: DKK 5,934m), due to a continuation in the subdued market conditions for new cement capacity and customers postponing investments due to the pandemic.

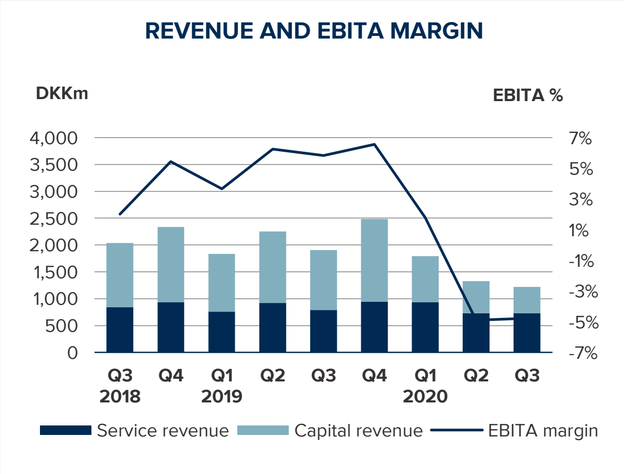
The first nine months of 2019 included two large cement plant orders together worth around DKK 900m. No large cement orders have been announced in 2020.

Revenue in the first nine months of 2020 decreased by 28% to DKK 4,334m (9M 2019: DKK 5,992), mainly due to the lower capital revenue during the second and third quarter of 2020.

EBITA was affected by the revenue decline and additional costs and came in at DKK -90m (9M 2019: DKK 323m). The corresponding EBITA margin was -2.1% (9M 2019: 5.4%).

CEMENT

(DKKm)	Q3 2020	Q3 2019	Change (%)	9M 2020	9M 2019	Change (%)
Order intake (gross)	**1,189**	**1,423**	**-16%**	**3,626**	**5,934**	**-39%**
- Hereof service order intake	688	904	-24%	2,154	2,633	-18%
- Hereof capital order intake	501	519	-3%	1,472	3,301	-55%
Order backlog	**5,541**	**7,544**	**-27%**	**5,541**	**7,544**	**-27%**
Revenue	**1,218**	**1,904**	**-36%**	**4,334**	**5,992**	**-28%**
- Hereof service revenue	730	787	-7%	2,390	2,465	-3%
- Hereof capital revenue	488	1,117	-56%	1,944	3,527	-45%
Gross profit before allocation of shared cost	**238**	**434**	**-45%**	**908**	**1,338**	**-32%**
Gross profit margin before allocation of shared cost	19.5%	22.8%		20.9%	22.3%	
EBITA before allocation of shared cost	**83**	**263**	**-68%**	**371**	**817**	**-55%**
EBITA margin before allocation of shared cost	6.7%	13.8%		8.6%	13.6%	
EBITA	**(57)**	**111**	**-151%**	**(90)**	**323**	**-128%**
EBITA margin	-4.8%	5.8%		-2.1%	5.4%	
EBIT	**(86)**	**94**	**-191%**	**(167)**	**234**	**-171%**
EBIT margin	-7.1%	4.9%		-3.9%	3.9%	
Number of employees	4,366	5,334	-18%	4,366	5,334	-18%



SUSTAINABILITY – MISSIONZERO

Our sustainability programme MissionZero aims to enable our customers to operate with zero emissions by 2030. MissionZero accelerates our efforts to deliver new solutions, support our customers and further position ourselves as a premium supplier. During Q3, we completed the first Life-Cycle Assessment and will embed this methodology in our commercial offerings and total cost of ownership model in both Mining and Cement. This will strengthen our capabilities to quantify the sustainability and cost benefits of our technologies. During the quarter, several customers and associations set new targets on reducing emissions, and we continue to position ourselves as a strong partner to support their decarbonisation pathways. In Denmark, the MissionZero programme was shortlisted for the 2020 DI Prize – the top Danish business award for sustainability.

FLSMIDTH Mission Zero

Towards zero emissions
in mining and cement

USING DIGITAL SOLUTIONS TO REDUCE DOWNTIME AND IMPROVE SUSTAINABLE PRODUCTIVITY

Keeping a plant up and running can be an important factor in improving a cement plant's sustainability footprint. Higher uptime means more effective use of resources. Uptime can be improved by over 20% with automation or digital solutions to avoid failures.

Uptime was a challenge at Mangalam Cement's plant in Rajasthan, India, mainly due to frequent plant fallouts that affected productivity. The limitations of an old control system made it difficult for the operators on site to resolve this.

When Mangalam reached out to FLSmidth to talk about an upgrade, improving operational ease of use was an important requirement. Upgrading the control system to FLSmidth's ECS/ControlCenter™ V8 Solution has made their system simple to use, easy to troubleshoot, and they no longer need to rely on specialists to perform maintenance or bypass interlocks. With the new solution, interlocks can now be seen and bypassed by every authorised user directly from the faceplate, most often from the engineering station. This means that the system is very easy to operate – and most importantly, it avoids the plant fallouts, as operators can take action quickly.

Productivity has improved as fallouts due to program-related issues has been eliminated. FLSmidth can access the system remotely for monitoring and provide support when needed.

MASTERING DRY TAILING MANAGEMENT IN CHALLENGING CONDITIONS AT HINDUSTAN ZINC LTD

The wet tailings dam at Hindustan Zinc Limited's (HZL) Zawar location in Rajasthan, India, was reaching capacity with no available space nearby to expand. To solve this, HZL was looking for a de-watering concept that would allow operations to continue and expand. Additionally, the company wanted to improve sustainability with zero-waste discharge and minimum freshwater usage – and all within the footprint of the existing facility.

This presented a challenge. Supported by the Separation Laboratory in Chennai, FLSmidth demonstrated that a solution combining both sedimentation and filtration would best fit HZL's requirements. Based on this – and the proven performance and reliability of FLSmidth filters at other HZL sites – the company chose FLSmidth's dewatering concept, comprising high-density thickener and E-disc filter technology.

The installed system has a capacity of 680 tons per hour with cake moisture levels of 13-14% during the performance guarantee. The system recirculates over 86% of the process water present in tailings and has reduced the storage footprint by 50%.

The result is high water reuse, minimized footprint and the safe and stable stacking of tailings cakes in a seismically-active and water-stressed area. HZL has now ensured water availability for a further expansion of the mine site, as well as enabling faster rehabilitation and restoration of the land when the mine is closed at a future date.

SUSTAINABILITY – INTERNAL PERFORMANCE

SAFETY
Year-to-date, our Total Recordable Injury Rate has improved to 1.2 against a 2020 target of ≤ 2.5. During the COVID-19 lock down, many of our manufacturing sites remained in operation, but under restrictions to avoid infection. Health and safety remains a top priority, whether operating or not, and well-defined precautions have been taken to avoid infecting employees.

COMPLIANCE
As a result of our efforts to encourage whistleblowing, we continue to receive a significant number of whistleblower reports. Group Compliance has focused resources on internal investigations and has significantly improved the percentage of cases closed and reduced the duration of investigations. We have exceeded the target in terms of due diligence screenings with 207 screenings being conducted so far in 2020, from an initial target of 200 for the full year.

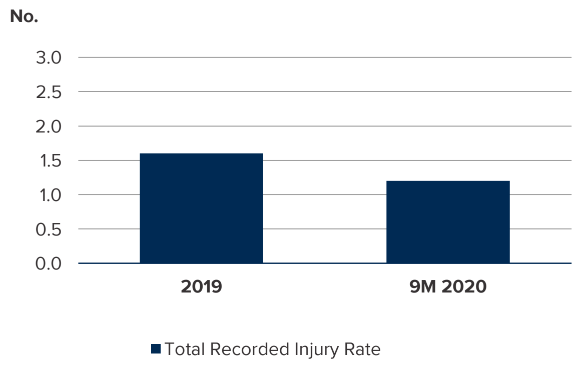
PEOPLE
In Q3 2020, our share of women managers increased from 12.2% to 12.9%, exceeding our 2020 target of 12.5%. The overall share of women employees increased slightly from 15.5% to 15.7%. Our focus on retaining diverse employees has had a positive impact in the last few quarters. Our people development and training activities are shifting from in person to virtual and E-learning sessions.

ENVIRONMENT
The global lock down of facilities and offices due to COVID-19 has been reflected in FLSmidth's carbon footprint. Compared to the same period last year, our carbon intensity decreased from 2.4 to 2.1 tonnes/DKKm revenue.

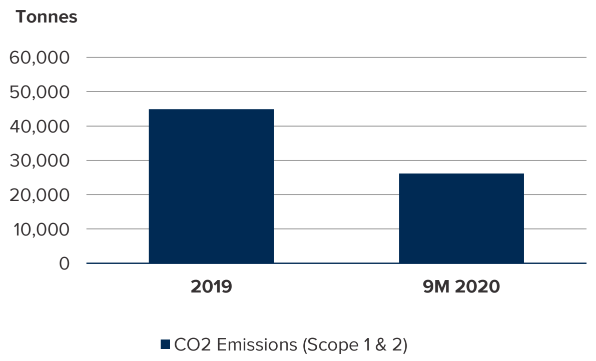
SUPPLY CHAIN
Ongoing travel restrictions in most areas of the world due to COVID-19 have reduced our ability to visit suppliers and conduct sustainability screenings since March 2020. We expect that this will result in a significantly lower number of supplier visits and screenings completed throughout the year. Asia – and China in particular – has been re-opening and screening activity has restarted in this area but remains at a very low level. In addition, limited available capacity at suppliers is resulting in longer response times to address findings at supplier sites.

HUMAN RIGHTS
So far in 2020, we have conducted 32 offsite human rights audits, exceeding the 2020 full-year target of 30, and no onsite audits. This is due partly to COVID-19 travel restrictions. We are currently revising our strategy on human rights.

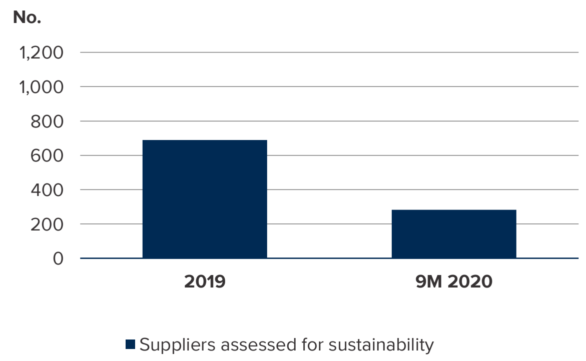
TOTAL RECORDABLE INJURY RATE



CO2 EMISSIONS (SCOPE 1 & 2)



SUPPLIERS ASSESSED FOR SUSTAINABILITY



QUARTERLY KEY FIGURES

DKKm	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
INCOME STATEMENT									
Revenue	4,335	5,450	4,416	5,472	4,736	6,022	4,525	3,846	3,834
- Hereof service revenue	2,489	2,613	2,414	2,794	2,703	2,866	2,606	2,333	2,393
- Hereof capital revenue	1,846	2,837	2,002	2,678	2,033	3,156	1,919	1,513	1,441
Gross profit	**1,126**	**1,312**	**1,081**	**1,315**	**1,126**	**1,327**	**1,047**	**912**	**884**
SG&A costs	(718)	(730)	(686)	(741)	(667)	(747)	(728)	(689)	(629)
EBITDA before special non-recurring items	**408**	**582**	**395**	**574**	**459**	**580**	**319**	**223**	**255**
Special non-recurring items	0	(5)	0	0	0	0	0	(13)	0
Depreciation and impairment of property, plant and equipment	(58)	(66)	(83)	(87)	(82)	(93)	(91)	(79)	(78)
EBITA	**350**	**511**	**312**	**487**	**377**	**487**	**228**	**131**	**177**
Amortisation and impairment of intangible assets	(96)	(92)	(94)	(106)	(83)	(94)	(82)	(85)	(86)
EBIT	**254**	**419**	**218**	**381**	**294**	**393**	**146**	**46**	**91**
Income from associates	0	0	0	0	2	1	1	2	(1)
Financial income/costs, net	(17)	(93)	(3)	(32)	(12)	(71)	3	(55)	(1)
EBT	**237**	**326**	**215**	**349**	**284**	**323**	**150**	**(7)**	**89**
Tax for the period	(66)	(21)	(70)	(115)	(94)	(94)	(44)	(5)	(41)
Profit/loss on continuing activities for the period	**171**	**305**	**145**	**234**	**190**	**229**	**106**	**(12)**	**48**
Loss on discontinued activities for the period	(9)	(136)	(9)	(11)	0	(2)	(5)	(5)	(5)
Profit/loss for the period	**162**	**169**	**136**	**223**	**190**	**227**	**101**	**(17)**	**43**
Effect of purchase price allocation	(40)	(40)	(30)	(30)	(32)	(36)	(24)	(24)	(24)
Gross margin	*26.0%*	*24.1%*	*24.5%*	*24.0%*	*23.8%*	*22.0%*	*23.1%*	*23.7%*	*23.1%*
EBITDA margin before special non-recurring items	*9.4%*	*10.7%*	*8.9%*	*10.5%*	*9.7%*	*9.6%*	*7.0%*	*5.8%*	*6.7%*
EBITA margin	*8.1%*	*9.4%*	*7.1%*	*8.9%*	*8.0%*	*8.1%*	*5.0%*	*3.4%*	*4.6%*
EBIT margin	*5.9%*	*7.7%*	*4.9%*	*6.9%*	*6.2%*	*6.5%*	*3.2%*	*1.2%*	*2.4%*
Cash flow from operating activities	357	97	234	143	244	327	(35)	533	594
Cash flow from investing activities	(109)	(51)	(85)	(373)	(111)	(92)	(109)	(65)	(105)
Net working capital	1,809	2,200	2,207	2,519	2,624	2,739	2,792	2,351	1,981
Order intake, continuing activities (gross)	7,164	4,503	5,640	4,954	4,571	4,389	6,526	3,348	3,955
- Hereof service order intake	2,569	2,680	2,648	2,784	2,928	2,890	2,931	2,238	2,337
- Hereof capital order intake	4,595	1,823	2,992	2,170	1,643	1,499	3,595	1,110	1,618
Order backlog, continuing activities	17,228	16,218	17,824	16,762	16,088	14,192	15,591	15,227	14,839

DKKm	2018		2019				2020		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEGMENT REPORTING									
Mining									
Revenue	2,242	3,117	2,579	3,221	2,832	3,537	2,735	2,520	2,616
- Hereof service revenue	1,644	1,681	1,654	1,876	1,916	1,924	1,673	1,606	1,663
- Hereof capital revenue	598	1,436	925	1,345	916	1,613	1,062	914	953
Gross profit before allocation of shared costs	711	853	689	840	713	829	680	666	653
EBITA before allocation of shared costs	456	589	442	541	463	528	414	404	440
EBITA	299	387	246	336	261	323	201	196	235
EBIT	228	323	180	274	195	256	143	135	178
Gross margin before allocation of shared costs	*31.7%*	*27.4%*	*26.7%*	*26.1%*	*25.2%*	*23.4%*	*24.9%*	*26.4%*	*25.0%*
EBITA margin before allocation of shared costs	*20.3%*	*18.9%*	*17.1%*	*16.8%*	*16.3%*	*14.9%*	*15.1%*	*16.0%*	*16.8%*
EBITA margin	*13.3%*	*12.4%*	*9.5%*	*10.4%*	*9.2%*	*9.1%*	*7.3%*	*7.8%*	*9.0%*
EBIT margin	*10.2%*	*10.4%*	*7.0%*	*8.5%*	*6.9%*	*7.2%*	*5.2%*	*5.4%*	*6.8%*
Order intake (gross)	3,250	2,980	3,008	3,075	3,148	2,833	5,214	2,223	2,766
- Hereof service order intake	1,702	1,707	1,802	1,901	2,024	1,807	2,083	1,620	1,650
- Hereof capital order intake	1,548	1,273	1,206	1,174	1,124	1,026	3,131	603	1,116
Order backlog	8,579	8,350	9,171	8,757	8,544	7,683	9,621	9,500	9,298
Cement									
Revenue	2,038	2,335	1,837	2,251	1,904	2,485	1,790	1,326	1,218
- Hereof service revenue	846	932	760	918	787	942	933	727	730
- Hereof capital revenue	1,192	1,403	1,077	1,333	1,117	1,543	857	599	488
Gross profit before allocation of shared costs	432	475	408	496	434	543	391	279	238
EBITA before allocation of shared costs	150	321	235	319	263	331	197	91	83
EBITA	41	127	69	143	111	163	32	(65)	(57)
EBIT	16	99	41	99	94	136	8	(89)	(86)
Gross margin before allocation of shared costs	*21.2%*	*20.4%*	*22.2%*	*22.0%*	*22.8%*	*21.9%*	*21.8%*	*21.0%*	*19.5%*
EBITA margin before allocation of shared costs	*7.4%*	*13.7%*	*12.8%*	*14.1%*	*13.8%*	*13.3%*	*11.0%*	*6.9%*	*6.7%*
EBITA margin	*2.0%*	*5.4%*	*3.7%*	*6.3%*	*5.8%*	*6.6%*	*1.8%*	*-4.9%*	*-4.8%*
EBIT margin	*0.8%*	*4.2%*	*2.2%*	*4.4%*	*4.9%*	*5.5%*	*0.4%*	*-6.7%*	*-7.1%*
Order intake (gross)	3,858	1,524	2,632	1,879	1,423	1,556	1,312	1,125	1,189
- Hereof service order intake	867	973	846	883	904	1,083	848	618	688
- Hereof capital order intake	2,991	551	1,786	996	519	473	464	507	501
Order backlog	8,653	7,872	8,653	8,005	7,544	6,509	5,970	5,727	5,541

INTERIM FINANCIAL STATEMENTS AND COMMENTS

GROWTH 9M 2020

Order intake
In the first nine months of 2020, order intake decreased 9% to DKK 13,829m compared to the same period last year (9M 2019: DKK 15,165m). The decrease was attributable to Cement. Mining order intake increased 11%, which only partially offset the Cement order intake decrease of 39%. Both of the service and capital businesses contributed to the decrease by 10% and 7%, respectively.

Order backlog
Order backlog decreased 8% to DKK 14,839m by 30 September 2020 (30 September 2019: DKK 16,088m). The decrease was fully attributable to Cement which saw a 27% decline. Mining backlog increased 9%.

Growth in order intake 9M 2020 (vs. 9M 2019)	Mining	Cement	FLSmidth Group
Organic	16%	-38%	-5%
Acquisition	2%	0%	1%
Currency	-7%	-1%	-5%
Total growth	**11%**	**-39%**	**-9%**

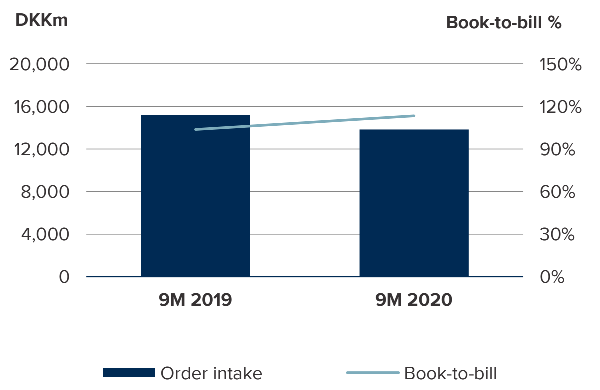
Growth in revenue 9M 2020 (vs. 9M 2019)	Mining	Cement	FLSmidth Group
Organic	-3%	-27%	-13%
Acquisition	1%	0%	1%
Currency	-7%	-1%	-5%
Total growth	**-9%**	**-28%**	**-17%**

Revenue
Revenue decreased 17% to DKK 12,205m, caused by negative growth in both segments. Mining revenue declined by 9% and Cement revenue declined by 28%.

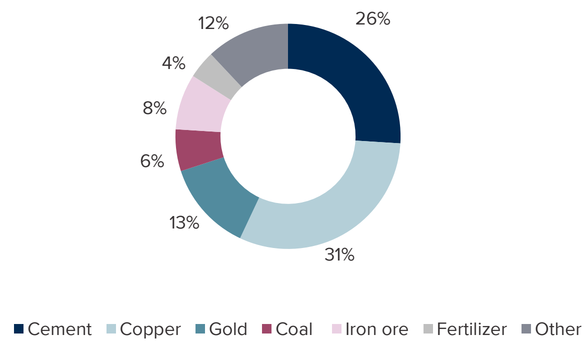
Lack of capital business was the main cause for the decline in revenue in the first nine months of 2020, especially affected by the pandemic in the second and third quarter of 2020. Capital revenue decreased 27% caused by both Mining and Cement, which respectively decreased by 8% and 45%.

In comparison, service revenue was relatively resilient and decreased by 7%. The decrease was primarily related to Mining, whereas Cement decreased by just 3% owing to strong service revenue in the beginning of 2020.

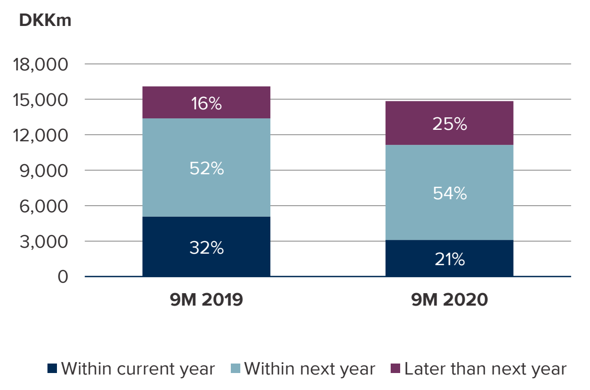
ORDER INTAKE AND BOOK TO BILL



ORDER INTAKE BY COMMODITY (9M 2020)



BACKLOG MATURITY



PROFIT 9M 2020

Gross profit and margin
The gross profit in the first nine months of 2020 decreased 19% to DKK 2,843m, reflecting the decline in revenue as well as extraordinary costs related to COVID-19 and implementation of business improvement initiatives. The gross margin decreased 0.8%-points to 23.3%.

In the first nine months of 2020, research and development costs were DKK 195m, of which DKK 83m were capitalised.

Amortisation of intangible assets decreased in the first nine months of 2020, due to lower purchase price allocations.

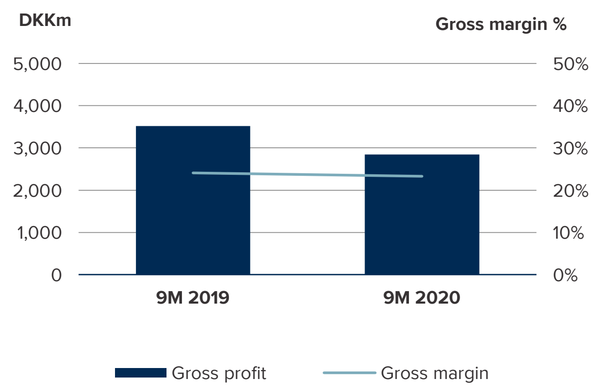
SG&A costs
Sales, general and administrative costs (SG&A) and other operating items decreased 2% to DKK 2,046m, explained by sustained business improvement savings, partly offset by the costs related to implementing these improvement activities.

EBITA and margin
EBITA decreased 54% to DKK 536m, especially driven by Cement. The decrease in EBITA reflected the significant decline in revenue and low capacity utilisation in the first nine months of the year. The EBITA margin was 4.4%.

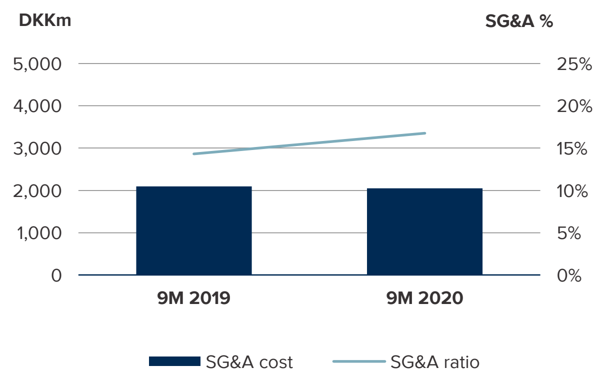
Profit for the period
Profit for the period decreased by 77% to DKK 127m. The decline was primarily due to continuing activities which fell from DKK 569m to DKK 142m. Discontinued activities reported a DKK 15m loss, slightly better than the DKK 20m loss in the comparable period.

Earnings per share
Earnings per share decreased to DKK 2.5.

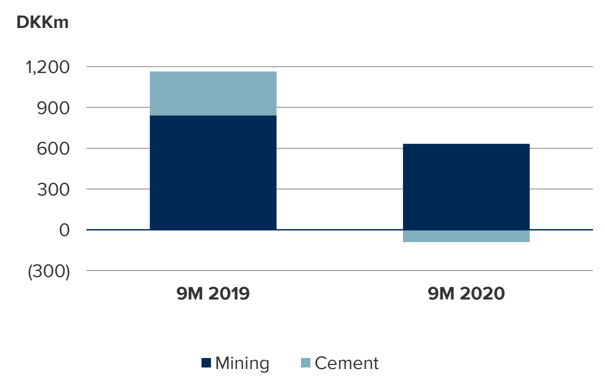
GROSS PROFIT AND GROSS MARGIN



SG&A COST AND SG&A RATIO



EBITA SPLIT BY MINING AND CEMENT



INCOME STATEMENT

Notes	DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019
3, 4	Revenue	3,834	4,736	12,205	14,624
	Production costs	(2,950)	(3,610)	(9,362)	(11,102)
	Gross profit	**884**	**1,126**	**2,843**	**3,522**
	Sales costs	(320)	(369)	(1,050)	(1,091)
	Administrative costs	(317)	(309)	(1,018)	(1,035)
	Other operating items	8	11	22	32
	EBITDA before special non-recurring items	**255**	**459**	**797**	**1,428**
	Special non-recurring items	0	0	(13)	0
	Depreciation and impairment of property, plant and equipment	(78)	(82)	(248)	(252)
	EBITA	**177**	**377**	**536**	**1,176**
	Amortisation and impairment of intangible assets	(86)	(83)	(253)	(283)
	EBIT	**91**	**294**	**283**	**893**
	Income from associates	(1)	2	2	2
	Financial income	202	200	747	732
	Financial costs	(203)	(212)	(800)	(779)
	EBT	**89**	**284**	**232**	**848**
	Tax for the period	(41)	(94)	(90)	(279)
	Profit for the period, continuing activities	**48**	**190**	**142**	**569**
3, 8	Loss for the period, discontinued activities	(5)	0	(15)	(20)
	Profit for the period	**43**	**190**	**127**	**549**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	40	191	124	551
	Minority interests	3	(1)	3	(2)
		43	**190**	**127**	**549**
11	Earnings per share (EPS):				
	Continuing and discontinued activities per share	0.8	3.8	2.5	11.0
	Continuing and discontinued activities per share, diluted	0.8	3.8	2.5	11.0
	Continuing activities per share	0.9	3.8	2.8	11.4
	Continuing activities per share, diluted	0.9	3.8	2.8	11.4

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019
	Profit for the period	**43**	**190**	**127**	**549**
	Items that will not be reclassified to profit or loss:				
	Actuarial losses on defined benefit plans	(22)	0	(43)	(1)
	Items that are or may be reclassified subsequently to profit or loss:				
	Currency adjustments regarding translation of entities	(302)	208	(689)	309
	Cash flow hedging:				
	- Value adjustments for the period	24	(34)	(8)	(21)
	- Value adjustments transferred to work in progress	3	3	12	2
	Tax hereof	6	1	12	(6)
	Other comprehensive income for the period after tax	**(291)**	**178**	**(716)**	**283**
	Comprehensive income for the period	**(248)**	**368**	**(589)**	**832**
	Attributable to:				
	Shareholders in FLSmidth & Co. A/S	(251)	369	(591)	834
	Minority interests	3	(1)	2	(2)
		(248)	**368**	**(589)**	**832**

CASH FLOW 9M 2020

Cash flow from operating activities
Despite a lower EBITDA, cash flow from operating activities increased to DKK 1,092m. The primary driver was cash inflow from change in net working capital.

Cash flow from investing activities
Cash flow used for investments decreased to DKK -279m. The comparison period included payments of DKK -305m related to the acquisition of IMP Automation Group.

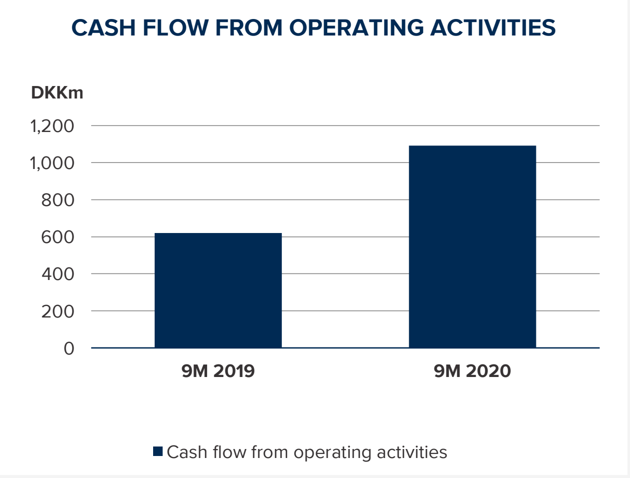
Cash flow from financing activities
Cash flow from financing activities amounted to DKK -810m primarily spent on reducing net interest-bearing debt.

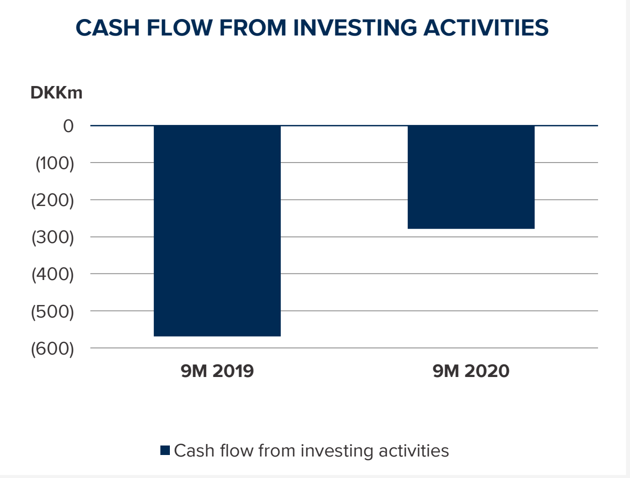
No dividend was paid out in the first nine months of 2020 whereas DKK 450m was paid in the same period last year.

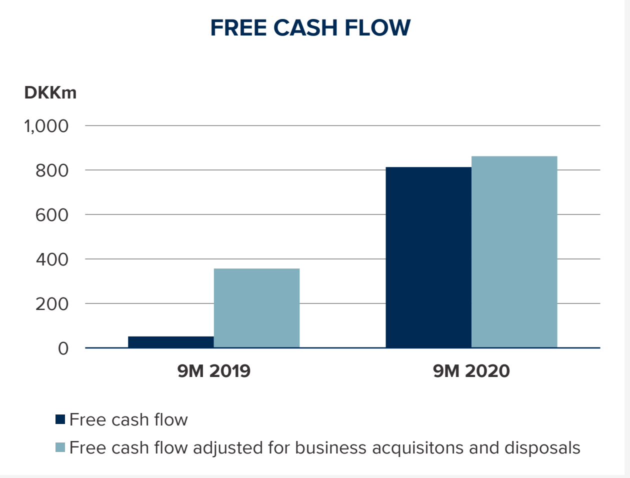
Free cash flow
Free cash flow adjusted for business acquisitions and disposals was DKK 862m.

Financial position
On 3 April 2020, FLSmidth obtained additional committed credit facilities of DKK 500m to bolster its liquidity buffer in a period of extraordinary uncertainty.

By the end of September, FLSmidth had DKK 7.0bn of available committed credit facilities of which DKK 4.7bn was undrawn.







CASH FLOW STATEMENT

	DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019
	EBITDA before special non-recurring items, continuing activities	255	459	797	1,428
	EBITDA before special non-recurring items, discontinued activities	(5)	(1)	(11)	(16)
	EBITDA	**250**	**458**	**786**	**1,412**
	Adjustment for gain on sale of property, plant and equipment and other non-cash items	12	16	34	36
	Adjusted EBITDA	**262**	**474**	**820**	**1,448**
	Change in provisions, pension and employee benefits	72	(86)	(3)	(285)
9	Change in net working capital	311	(78)	545	(310)
	Cash flow from operating activities before financial items and tax	**645**	**310**	**1,362**	**853**
	Financial items received and paid	(3)	(9)	(50)	(34)
	Taxes paid	(48)	(57)	(220)	(198)
	Cash flow from operating activities	**594**	**244**	**1,092**	**621**
7	Acquisition of enterprises and activities	0	(6)	(49)	(305)
	Acquisition of intangible assets	(43)	(42)	(106)	(149)
	Acquisition of property, plant and equipment	(62)	(64)	(128)	(124)
	Acquisition of financial assets	(2)	0	(8)	0
	Disposal of property, plant and equipment	0	1	3	1
	Disposal of financial assets	2	0	2	2
	Dividend from associates	0	0	7	6
	Cash flow from investing activities	**(105)**	**(111)**	**(279)**	**(569)**
	Dividend	0	0	0	(450)
	Addition of minority interests	0	0	0	7
	Exercise of share options	0	8	0	16
	Repayment of lease liabilities	(29)	(30)	(86)	(78)
	Change in net interest bearing debt	(223)	(93)	(724)	342
	Cash flow from financing activities	**(252)**	**(115)**	**(810)**	**(163)**
	Change in cash and cash equivalents	**237**	**18**	**3**	**(111)**
	Cash and cash equivalents at beginning of period	703	755	1,001	875
	Foreign exchange adjustment, cash and cash equivalents	(38)	8	(102)	17
	Cash and cash equivalents at 30 September	**902**	**781**	**902**	**781**

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

DKKm	Q3 2020	Q3 2019
Free cash flow	489	133
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	489	139

DKKm	9M 2020	9M 2019
Free cash flow	813	52
Free cash flow, adjusted for acquisitions and disposals of enterprises and activities	862	357

FINANCIAL POSITION

Capital

Balance sheet

Total assets decreased to DKK 20,592m at 30 September 2020, driven by a reduction in net working capital.

Net working capital

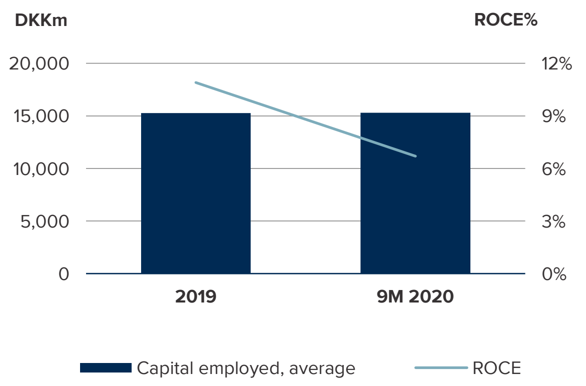
Net working capital decreased to DKK 1,981m (end of 2019: DKK 2,739m), and the corresponding net working capital ratio was 10.9% of 12-months trailing revenue, compared to 13.3% at the end 2019.

The decrease related primarily to a large DKK 1.7bn reduction in trade receivables as well as reduced net work in progress. This impact was primarily driven by increased project invoicing and good cash collection. The positive development was partly offset by lower prepayments from customers and a significant reduction in trade payables.

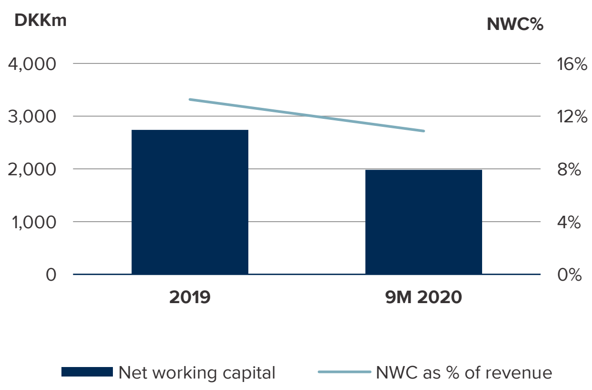
Net interest-bearing debt

Net interest-bearing debt (NIBD) decreased to DKK 1,936m at 30 September 2020 (30 September 2019: DKK 2,492m). The Group's financial gearing was 1.4 (end of 2019: 1.2).

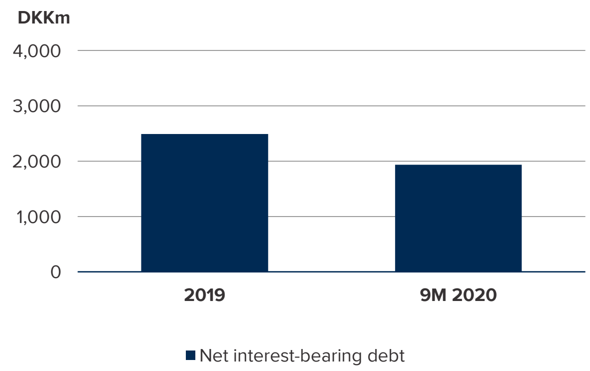
RETURN ON CAPITAL EMPLOYED



NET WORKING CAPITAL



NET INTEREST BEARING DEBT



BALANCE SHEET

Notes	DKKm	30/09 2020	31/12 2019	30/09 2019
	ASSETS			
	Goodwill	4,211	4,376	4,398
	Patents and rights	882	967	992
	Customer relations	498	609	649
	Other intangible assets	70	94	110
	Completed development projects	243	203	196
	Intangible assets under development	355	362	302
	Intangible assets	**6,259**	**6,611**	**6,647**
	Land and buildings	1,449	1,575	1,637
	Plant and machinery	383	439	448
	Operating equipment, fixtures and fittings	80	106	96
	Tangible assets in course of construction	143	80	80
	Property, plant and equipment	**2,055**	**2,200**	**2,261**
	Lease assets	**320**	**312**	**323**
	Deferred tax assets	1,113	1,246	1,198
	Investments in associates	156	165	169
12	Other securities and investments	49	44	40
	Other non-current assets	**1,318**	**1,455**	**1,407**
	Non-current assets	**9,952**	**10,578**	**10,638**
	Inventories	2,527	2,714	2,910
	Trade receivables	3,383	5,068	4,586
10	Work in progress	2,300	2,612	2,674
	Prepayments	365	591	537
	Income tax receivables	355	164	240
	Other receivables	808	804	782
	Cash and cash equivalents	902	1,001	781
	Current assets	**10,640**	**12,954**	**12,510**
	Total assets	**20,592**	**23,532**	**23,148**

Notes	DKKm	30/09 2020	31/12 2019	30/09 2019
	EQUITY AND LIABILITIES			
	Share capital	1,025	1,025	1,025
	Foreign exchange adjustments	(988)	(300)	(145)
	Cash flow hedging	(24)	(28)	(72)
	Retained earnings	8,208	8,082	7,881
	Shareholders in FLSmidth & Co. A/S	**8,221**	**8,779**	**8,689**
	Minority interests	16	14	15
	Equity	**8,237**	**8,793**	**8,704**
	Deferred tax liabilities	233	352	327
	Pension obligations	396	362	274
5	Provisions	453	467	471
	Lease liabilities	172	204	208
	Bank loans and mortgage debt	2,495	2,890	3,121
	Prepayments from customers	197	251	252
	Other liabilities	126	90	99
	Non-current liabilities	**4,072**	**4,616**	**4,752**
	Pension obligations	3	4	8
5	Provisions	520	551	541
	Lease liabilities	159	114	116
	Bank loans and mortgage debt	22	285	16
	Prepayments from customers	1,038	1,517	1,606
10	Work in progress	1,891	1,578	1,643
	Trade payables	3,095	4,350	4,131
	Income tax liabilities	379	315	358
	Other liabilities	1,176	1,409	1,273
	Current liabilities	**8,283**	**10,123**	**9,692**
	Total liabilities	**12,355**	**14,739**	**14,444**
	Total equity and liabilities	**20,592**	**23,532**	**23,148**

EQUITY & VALUE

Equity

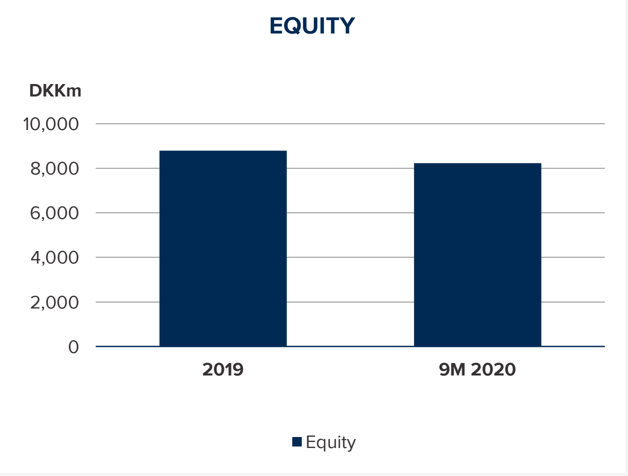
Equity at 30 September 2020 decreased to DKK 8,237m (2019: DKK 8,793m), impacted primarily by the result for the period and currency adjustments regarding foreign entities. Currency adjustments derive mainly from developments in ZAR, USD and BRL.

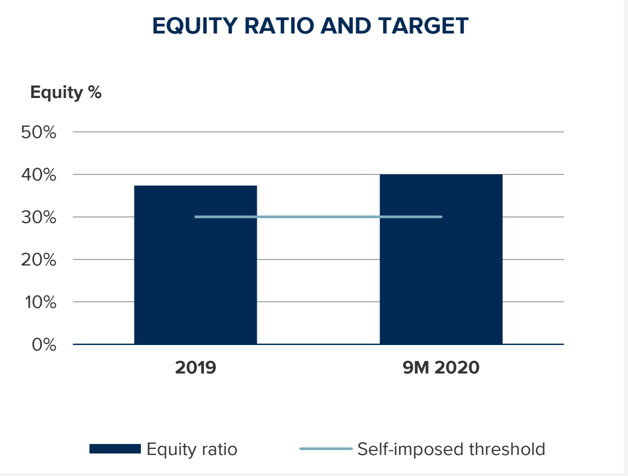
Treasury shares

The holding of treasury shares was 1,097,044 shares at 30 September 2020 (2019: 1,193,538 shares), representing 2.1% of the total share capital (2019: 2.3%). Treasury shares are used to hedge our share-based incentive programmes.

Dividend

As set out in the company announcement 8-2020 on 23 March 2020, the Board of Directors decided to withdraw the proposal to pay a dividend in the second quarter of 2020.





EQUITY STATEMENT

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				124	124	3	127
Other comprehensive income							
Actuarial losses on defined benefit plans				(43)	(43)		(43)
Currency adjustments regarding translation of entities		(688)			(688)	(1)	(689)
Cash flow hedging:							
- Value adjustments for the period			(8)		(8)		(8)
- Value adjustments transferred to work in progress			12		12		12
Tax on other comprehensive income				12	12		12
Other comprehensive income total	**0**	**(688)**	**4**	**(31)**	**(715)**	**(1)**	**(716)**
Comprehensive income for the period	**0**	**(688)**	**4**	**93**	**(591)**	**2**	**(589)**
Transactions with owners:							
Dividend paid					0		0
Share-based payment				33	33		33
Exercise of share options					0		0
Addition of minority interests					0		0
Equity at 30 September	**1,025**	**(988)**	**(24)**	**8,208**	**8,221**	**16**	**8,237**

2019

DKKm	Share capital	Currency adjust-ments	Cash flow hedging	Retained earnings	Proposed dividend	Share-holders in FLSmidth & Co A/S	Minority interests	Total
Equity at 1 January	**1,025**	**(454)**	**(53)**	**7,277**	**461**	**8,256**	**10**	**8,266**
Comprehensive income for the period								
Profit/loss for the period				551		551	(2)	549
Other comprehensive income								
Actuarial losses on defined benefit plans				(1)		(1)		(1)
Currency adjustments regarding translation of entities		309				309		309
Cash flow hedging:								
- Value adjustments for the period			(21)			(21)		(21)
- Value adjustments transferred to work in progress			2			2		2
Tax on other comprehensive income				(6)		(6)		(6)
Other comprehensive income total	**0**	**309**	**(19)**	**(7)**	**0**	**283**	**0**	**283**
Comprehensive income for the period	**0**	**309**	**(19)**	**544**	**0**	**834**	**(2)**	**832**
Transactions with owners:								
Dividend paid				11	(461)	(450)		(450)
Share-based payment				33		33		33
Exercise of share options				16		16		16
Addition of minority interests						0	7	7
Equity at 30 September	**1,025**	**(145)**	**(72)**	**7,881**	**0**	**8,689**	**15**	**8,704**

As a consequence of the current uncertainty due to the global COVID-19 pandemic, the Board of Directors decided to withdraw the dividend proposal of DKK 8 per share, totaling DKK 410m.

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.

All key accounting estimates and judgements may have a significant impact on the financial statements. For further details, reference is made to The Annual Report 2019, Key accounting estimates and judgements, page 72 and to specific notes.

Compared to what was disclosed in the Annual Report 2019 the COVID-19 pandemic has imposed significant uncertainty to the interim financial statements. The financial impact of COVID-19 requires significant judgement and is included in the estimates of the activity of the group, the valuation of our asset base and the liquidity situation.

As for any other significant uncertainties we will, given the evolving nature of the pandemic and the uncertainties involved, monitor the situation and implication on Group's financial position, activities and cash flows.

We have on 3 April 2020 bolstered our liquidity by ensuring additional DKK 500m of available credit facilities to accommodate for any significant uncertainty.

As of 30 September 2020, we have included updated estimates to assess the recoverability of our asset base, including intangible assets, deferred tax assets and trade receivables. We have been able to collect significant receivables, but the uncertain market and liquidity conditions still prevail globally, which has been 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 contains a degree of uncertainty and the effects are recognised in the relevant period.

2. INCOME STATEMENT BY FUNCTION

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.

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

DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	3,834	4,736	12,205	14,624
Production costs, including depreciation, amortisation and impairment	(3,035)	(3,681)	(9,615)	(11,361)
Gross profit	**799**	**1,055**	**2,590**	**3,263**
Sales costs, including depreciation and amortisation	(335)	(391)	(1,099)	(1,156)
Administrative costs, including depreciation and amortisation	(381)	(381)	(1,217)	(1,246)
Special non-recurring items	0	0	(13)	0
Other operating income	8	11	22	32
EBIT	**91**	**294**	**283**	**893**
Depreciation, amortisation and impairment consist of:				
Depreciation and impairment of property, plant and equipment and lease assets	(78)	(82)	(248)	(252)
Amortisation and impairment of intangible assets	(86)	(83)	(253)	(283)
	(164)	**(165)**	**(501)**	**(535)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(85)	(71)	(253)	(259)
Sales costs	(15)	(22)	(49)	(65)
Administrative costs	(64)	(72)	(199)	(211)
	(164)	**(165)**	**(501)**	**(535)**

3. SEGMENT INFORMATION FOR 9M 2020

DKKm	Mining	Cement	Shared costs[1]	Other companies [2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
Revenue	**7,871**	**4,334**			**12,205**	**0**	**12,205**
Production costs	(5,872)	(3,426)	(64)	0	(9,362)	0	(9,362)
Gross profit	**1,999**	**908**	**(64)**	**0**	**2,843**	**0**	**2,843**
SG&A costs	(634)	(471)	(938)	(3)	(2,046)	(11)	(2,057)
EBITDA before special non-recurring items	**1,365**	**437**	**(1,002)**	**(3)**	**797**	**(11)**	**786**
Special non-recurring items	(13)	0			(13)	0	(13)
Depreciation and impairment of property, plant and equipment	(94)	(66)	(88)	0	(248)	0	(248)
EBITA before allocation of shared costs	**1,258**	**371**	**(1,090)**	**(3)**	**536**	**(11)**	**525**
Allocation of shared costs	(626)	(461)	1,090	(3)	0	0	0
EBITA	**632**	**(90)**	**0**	**(6)**	**536**	**(11)**	**525**
Amortisation and impairment of intangible assets	(176)	(77)		0	(253)	0	(253)
EBIT	**456**	**(167)**		**(6)**	**283**	**(11)**	**272**
Order intake (gross)	10,203	3,626			13,829	0	13,829
Order backlog	9,298	5,541			14,839	0	14,839
Gross margin	*25.4%*	*20.9%*			*23.3%*		*23.3%*
EBITDA margin before special non-recurring items	*17.3%*	*10.1%*			*6.5%*		*6.4%*
EBITA margin before allocation of shared costs	*16.0%*	*8.6%*			-		-
EBITA margin	*8.0%*	*-2.1%*			*4.4%*		*4.3%*
EBIT margin	*5.8%*	*-3.9%*			*2.3%*		*2.2%*
Number of employees at 30 September 2020	**5,209**	**4,366**	**1,371**		**10,946**	**0**	**10,946**
Reconciliation of profit for the period							
EBIT					283	(11)	272
Income from associates					2	0	2
Financial income					747	11	758
Financial costs					(800)	(13)	(813)
EBT					**232**	**(13)**	**219**

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.

3. SEGMENT INFORMATION FOR 9M 2019 – continued

DKKm	Mining	Cement	Shared costs[1]	Other compa-nies [2]	Con-tinuing activities	Discon-tinued activities[3]	FLSmidth Group
Revenue	**8,632**	**5,992**		**0**	**14,624**	**0**	**14,624**
Production costs	(6,390)	(4,654)	(58)	0	(11,102)	(4)	(11,106)
Gross profit	**2,242**	**1,338**	**(58)**	**0**	**3,522**	**(4)**	**3,518**
SG&A costs	(668)	(472)	(964)	10	(2,094)	(12)	(2,106)
EBITDA before special non-recurring items	**1,574**	**866**	**(1,022)**	**10**	**1,428**	**(16)**	**1,412**
Special non-recurring items	0	0	0	0	0	0	0
Depreciation and impairment of property, plant and equipment	(128)	(49)	(75)	0	(252)	0	(252)
EBITA before allocation of shared costs	**1,446**	**817**	**(1,097)**	**10**	**1,176**	**(16)**	**1,160**
Allocation of shared costs	(603)	(494)	1,097	0	0	0	0
EBITA	**843**	**323**	**0**	**10**	**1,176**	**(16)**	**1,160**
Amortisation and impairment of intangible assets	(194)	(89)		0	(283)	0	(283)
EBIT	**649**	**234**		**10**	**893**	**(16)**	**877**
Order intake (gross)	9,231	5,934			15,165	0	15,165
Order backlog	8,544	7,544			16,088	110	16,198
Gross margin	*26.0%*	*22.3%*			*24.1%*		*24.1%*
EBITDA margin before special non-recurring items	*18.2%*	*14.5%*			*9.8%*		*9.7%*
EBITA margin before allocation of shared costs	*16.8%*	*13.6%*			*-*		*-*
EBITA margin	*9.8%*	*5.4%*			*8.0%*		*7.9%*
EBIT margin	*7.5%*	*3.9%*			*6.1%*		*6.0%*
Number of employees at 30 September 2019	**5,474**	**5,334**	**1,553**		**12,361**	**3**	**12,364**
Reconciliation of profit for the period							
EBIT					893	(16)	877
Income from associates					2	0	2
Financial income					732	3	735
Financial costs					(779)	(10)	(789)
EBT					**848**	**(23)**	**825**

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.

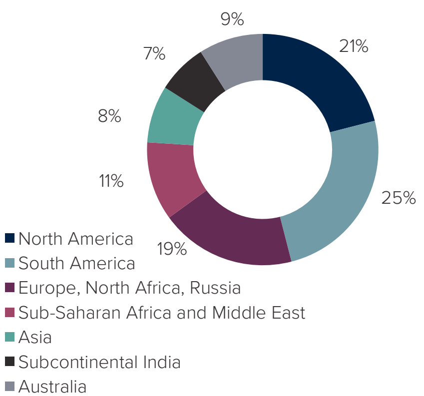
DKKm	9M 2020	9M 2019
Point in time	5,911	6,454
Percentage of completion	6,281	8,112
Cash	13	58
Total revenue	**12,205**	**14,624**

Seven Regions support the sales within the Mining and Cement Industries. Below, revenue is presented in the Regions in which delivery takes place. In the first nine months of 2020, South America represented a 3%-point higher share of Group revenue than the same period last year. All other regions contributed to the total lower level of revenue in first nine months of 2020 compared to same period in 2019.

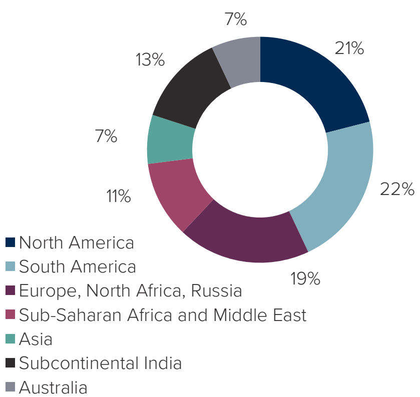
			9M 2020
DKKm	Mining	Cement	Group
Projects	1,953	1,070	3,023
Products	976	874	1,850
Capital business	**2,929**	**1,944**	**4,873**
Service business	**4,942**	**2,390**	**7,332**
Total revenue	**7,871**	**4,334**	**12,205**

			9M 2019
DKKm	Mining	Cement	Group
Projects	2,301	2,472	4,773
Products	885	1,055	1,940
Capital business	**3,186**	**3,527**	**6,713**
Service business	**5,446**	**2,465**	**7,911**
Total revenue	**8,632**	**5,992**	**14,624**

REVENUE SPLIT BY REGIONS (9M 2020)



REVENUE BY REGIONS (9M 2019)



5. PROVISIONS

DKKm	30/09 2020	31/12 2019	30/09 2019
Provisions at 1 January	1,018	1,279	1,279
Foreign exchange adjustments	(41)	16	22
Additions	436	439	247
Used	(302)	(525)	(406)
Reversals	(138)	(191)	(130)
Provisions	**973**	**1,018**	**1,012**
The split of provisions is as follows:			
Warranties	535	578	573
Restructuring	81	40	29
Other provisions	357	400	410
	973	**1,018**	**1,012**
The maturity of provisions is specified as follows:			
Current liabilities	520	551	541
Non-current liabilities	453	467	471
	973	**1,018**	**1,012**

Used provisions amounted to DKK 302m in first nine months of 2020, a decrease of DKK 104m from the same period of 2019. Provisions used in the first nine months of 2020 related to discontinued activities amounted to DKK 10m (9M 2019: DKK 79m). Refer to note 8 for a further description. The remainder of the used provisions were mainly to cover our warranty obligations and loss-making projects.

Additional provision for restructuring in the first nine months of 2020 relates to closing of operational sites.

5. PROVISIONS – continued

Continued activities' share of Group provisions is shown below. The provisions from continued and discontinued activities add up to total provisions.

Continued activities' share of Group provisions:

DKKm	30/09 2020	31/12 2019	30/09 2019
Provisions at 1 January	807	961	961
Foreign exchange adjustments	(41)	16	22
Additions	436	439	247
Used	(292)	(418)	(327)
Reversals	(138)	(191)	(130)
Provisions	**772**	**807**	**773**

6. CONTRACTUAL OBLIGATIONS AND CONTINGENT ASSETS AND LIABILITIES

FLSmidth has entered into a conditional agreement to sell all and lease back part of its headquarters in Valby, Denmark. In light of the COVID-19 pandemic, the 2020 business adjustments, the increased degree of flexible working arrangements and an expected slow recovery within cement, it has been decided to revisit the plans for a new campus in Valby. All possibilities will be revisited, including amongst others whether to sell part of the property and renovate the existing buildings, build a smaller headquarter or look to find a headquarter somewhere else in the Copenhagen area. The parties involved in the conditional agreement are currently exploring the possibilities, and the timing and outcome of the agreement is therefore uncertain.

In a customer contract, our customer failed to meet its obligations to an extent that has caused material breach of the contract. An arbitration case has been settled in our favour in 2020, representing a contingent asset of approx. DKK 40m at 30 September 2020. We expect to receive settlement payments in Q4 2020 and Q1 2021.

Contingent liabilities at 30 September 2020 amounted to DKK 2.6bn (31 December 2019: DKK 2.8bn), which primarily include performance bonds, payment guarantees and bid bonds at DKK 2.4bn (31 December 2019: DKK 2.5bn) issued to cover project-related risks.

Except from the above mentioned no other significant changes have occurred to the nature and extent of our contractual obligations and contingent assets and liabilities compared to what was disclosed in note 2.9 in the Annual Report 2019.

7. BUSINESS ACQUISITIONS

On 31 January 2020, FLSmidth acquired the business Mill-Ore Group, an Eastern Canadian provider of equipment and aftermarket services to the mining industry.

The acquisition is part of our long-term commitment to increase the level of service and support to our customers in Eastern Canada.

The assets and liabilities in the opening balance are measured using the current available information. The purchase price allocation has not been finalised due to possible reassessment within 12 months of the acquisition. If new information becomes available this could affect the values.

DKKm	IMP Automation Group	Mill-Ore Group	9M 2020
Property, plant and equipment	0	9	9
Patens and rights acquired	0	3	3
Other intangible assets	0	9	9
Inventories	0	6	6
Carrying amount of net assets acquired	**0**	**27**	**27**
Goodwill	0	14	14
Transaction price	**0**	**41**	**41**
Deferred payment, payable, prior acquisitions	8	0	8
Net cash effect	**8**	**41**	**49**

The 31 December 2019 deferred payment regarding IMP Automation Group acquisition amounted to AUD 7m (equivalent to DKK 34m) of which AUD 2m (equivalent to DKK 8m) has been paid in Q2 2020.

8. DISCONTINUED ACTIVITIES

Discontinued activities effect on cash flow from operating activities:

DKKm	9M 2020	2019	9M 2019
EBITDA	(11)	(19)	(16)
Adjustment for gain on sale of property, plant and equipment etc.	0	3	3
Adjusted EBITDA	**(11)**	**(16)**	**(13)**
Change in provisions	(10)	(108)	(79)
Change in net working capital	3	(58)	(58)
Cash flow from operating activities before financial items and tax	**(18)**	**(182)**	**(150)**
Financial items received and paid	0	(9)	1
Taxes paid	(2)	0	0
Cash flow from operating activities	**(20)**	**(191)**	**(149)**

Discontinued activities' share of Group provisions:

DKKm	30/09 2020	31/12 2019	30/09 2019
Provisions at 1 January	211	318	318
Used	(10)	(107)	(79)
Provisions	**201**	**211**	**239**

Cash flow from discontinued operating activities totalled DKK -20m. The cash outflow was mainly due to use of provisions of DKK 10m.

Cash flow from net working capital from discontinued activities amounted to DKK 3m (9M 2019: -58m), as net working capital related to discontinued business decreased from DKK 227m end of 2019 to DKK 226m 30 September 2020.

Loss for the period from discontinued activities total DKK -15m (9M 2019: DKK -20m), primarily consisting of SG&A cost, refer to note 3.

9. NET WORKING CAPITAL

DKKm	30/09 2020	31/12 2019	30/09 2019
Inventories	2,527	2,714	2,910
Trade receivables	3,383	5,068	4,586
Work in progress, assets	2,300	2,612	2,674
Prepayments	365	591	537
Other receivables	744	710	675
Derivative financial instruments	55	36	31
Prepayments from customers	(1,235)	(1,768)	(1,858)
Trade payables	(3,095)	(4,350)	(4,131)
Work in progress, liability	(1,891)	(1,578)	(1,643)
Other liabilities	(1,128)	(1,242)	(1,106)
Derivative financial instruments	(44)	(54)	(51)
Net working capital	**1,981**	**2,739**	**2,624**
Change in net working capital	758	(539)	(424)
Financial instruments and foreign exchange effect on cash flow	(213)	91	114
Cash flow effect from change in net working capital	**545**	**(448)**	**(310)**

Net working capital at the 30 September 2020 decreased due to a significant reduction in trade receivables and lower level of net work in progress. The reductions were only partially offset by a lower level of trade payables and lower prepayments from customers.

10. WORK IN PROGRESS

DKKm	30/09 2020	31/12 2019	30/09 2019
Total costs incurred	29,222	29,666	28,269
Profit recognised as income, net	3,147	2,479	2,429
Work in progress	**32,369**	**32,145**	**30,698**
Invoicing on account to customers	(31,960)	(31,111)	(29,667)
Net work in progress	**409**	**1,034**	**1,031**
Of which is recognised as work in progress:			
Under assets	2,300	2,612	2,674
Under liabilities	(1,891)	(1,578)	(1,643)
Net work in progress	**409**	**1,034**	**1,031**

11. EARNINGS PER SHARE (EPS)

DKKm	Q3 2020	Q3 2019	9M 2020	9M 2019
Profit for the year, continuing activities	48	190	142	569
Minority interests	(3)	1	(3)	2
FLSmidth's share of profit, continuing activities	**45**	**191**	**139**	**571**
Loss for the year, discontinued activities	(5)	0	(15)	(20)
FLSmidth's share of loss, discontinuing activities	**(5)**	**0**	**(15)**	**(20)**
FLSmidth's share of profit	**40**	**191**	**124**	**551**

Number of shares (1,000)	Q3 2020	Q3 2019	9M 2020	9M 2019
Average number of outstanding shares	50,153	50,027	50,112	49,942
Dilutive effect of share options in the money	0	128	0	128
Average diluted number of outstanding shares	**50,153**	**50,155**	**50,112**	**50,070**

DKK	Q3 2020	Q3 2019	9M 2020	9M 2019
Earnings per share from continuing activities	0.9	3.8	2.8	11.4
Earnings per share from discontinued activities	(0.1)	0.0	(0.3)	(0.4)
Earnings per share from continuing and discontinued activities	**0.8**	**3.8**	**2.5**	**11.0**

DKK	Q3 2020	Q3 2019	9M 2020	9M 2019
Diluted earnings per share from continuing activities	0.9	3.8	2.8	11.4
Diluted earnings per share from discontinued activities	(0.1)	0.0	(0.3)	(0.4)
Diluted earnings per share from continuing and discontinued activities	**0.8**	**3.8**	**2.5**	**11.0**

12. FAIR VALUE MEASUREMENT

				9M 2020
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	8		41	49
Hedging instruments asset		55		55
Hedging instruments liability		(44)		(44)
	8	**11**	**41**	**60**

				9M 2019
DKKm	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities and investments	5		35	40
Hedging instruments asset		31		31
Hedging instruments liability		(51)		(51)
	5	**(20)**	**35**	**20**

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 nine months of 2020 and 2019.

13. EVENTS AFTER THE BALANCE SHEET DATE

On 30 October 2020, FLSmidth acquired the business KnowledgeScape LLC, a US-based developer of software, smart sensors and real time image analysis. KnowledgeScape develops digital solutions aimed at increasing the efficiency of mining processing plants. This transaction allows FLSmidth to deliver a wider range of benefits to its mining customers. These benefits include increased productivity in processing plants and reduced consumption of power, water and reagents. The purchase price of the business totalled DKK 86m and consists of an initial fixed consideration of DKK 56m and a deferred consideration estimated at DKK 30m. Payment of any deferred consideration would occur three years after closing and be contingent upon achievement of annual financial KPIs for each of the following three years.

Due to the late timing of the acquisition, no reliable purchase price allocation data is currently available.

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

14. ACCOUNTING POLICIES

The condensed interim report of the Group for the first nine months of 2020 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 2019 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 2019 Annual Report for further details.

CHANGES IN ACCOUNTING POLICIES

As of 30 September 2020, the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2020 financial year. None of the new or amended standards or interpretations are 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 September 2020.

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 September 2020 as well as of the results of its operations and cash flows for the period 1 January – 30 September 2020.

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, 3 November 2020

EXECUTIVE MANAGEMENT

Thomas Schulz
Group CEO

Roland M. Andersen
Group CFO

BOARD OF DIRECTORS

Vagn Sørensen
Chairman

Tom Knutzen
Vice Chairman

Gillian Dawn Winckler

Thrasyvoulos Moraitis

Richard Robinson Smith

Anne Louise Eberhard

Mette Dobel

Søren Dickow Quistgaard

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), 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' 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, the severity, magnitude and duration of the COVID-19 pandemic, including impacts from governments' responses to the pandemic on our operations as well as derivative effects on our customers' businesses, and on global supply chains that may impact our operations, cash flows, financial performance and position, global as well as local political and economic conditions, including 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 September

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