

Capital Market Day 2014



Product Companies Division

Bjarne Moltke Hansen, Group EVP



One Source

Bjarne Moltke Hansen, Group EVP Product Companies

- Group EVP, Product Companies from Jan 2015
- FLSmidth from 1984:
 - Group EVP, Customer Services
 - Aalborg Portland Holding A/S: CEO
 - Cembrit Holding A/S: CEO
 - Various managerial posts in Unicon A/S
- Member of the Board of Directors of RMIG A/S
- BSc Engineering
- Born 1961, Danish

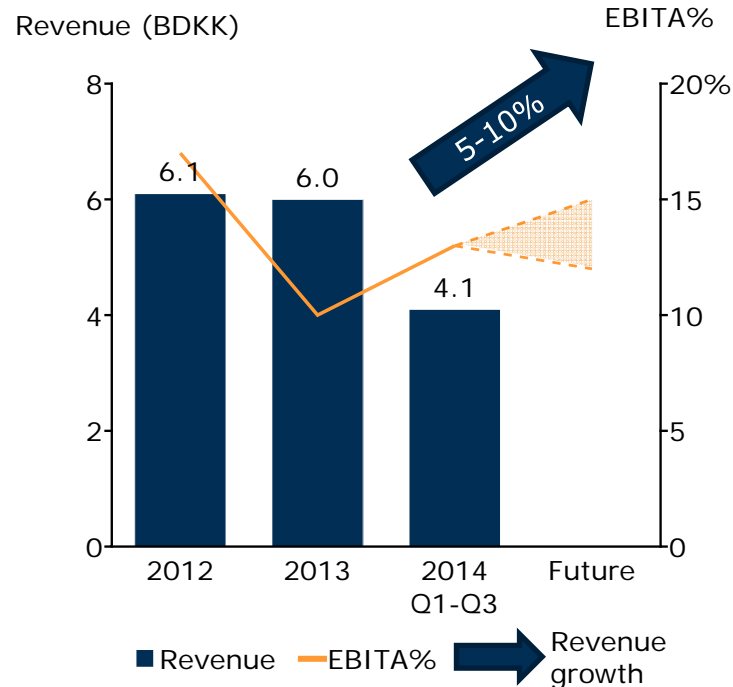


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In brief

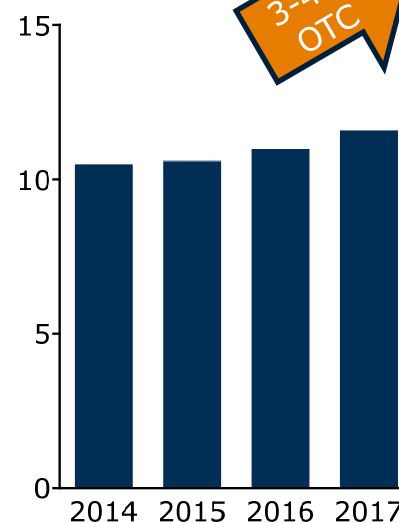
- Delivers market leading products in Cement and Minerals
- Groups businesses with similar, integrated business models
- Hosts the Group's global center of excellence for supply chain and quality
- Has a global footprint and ~3,400 employees

Financials

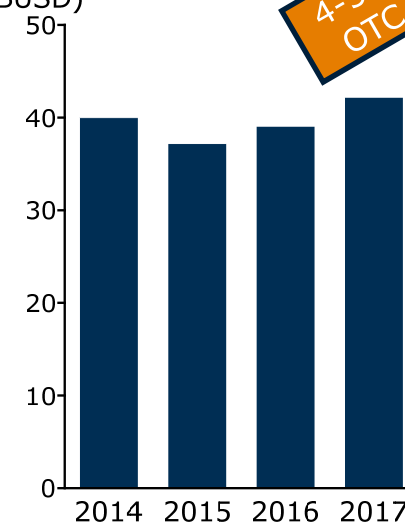


Available Markets

Available cement market (BUSD)

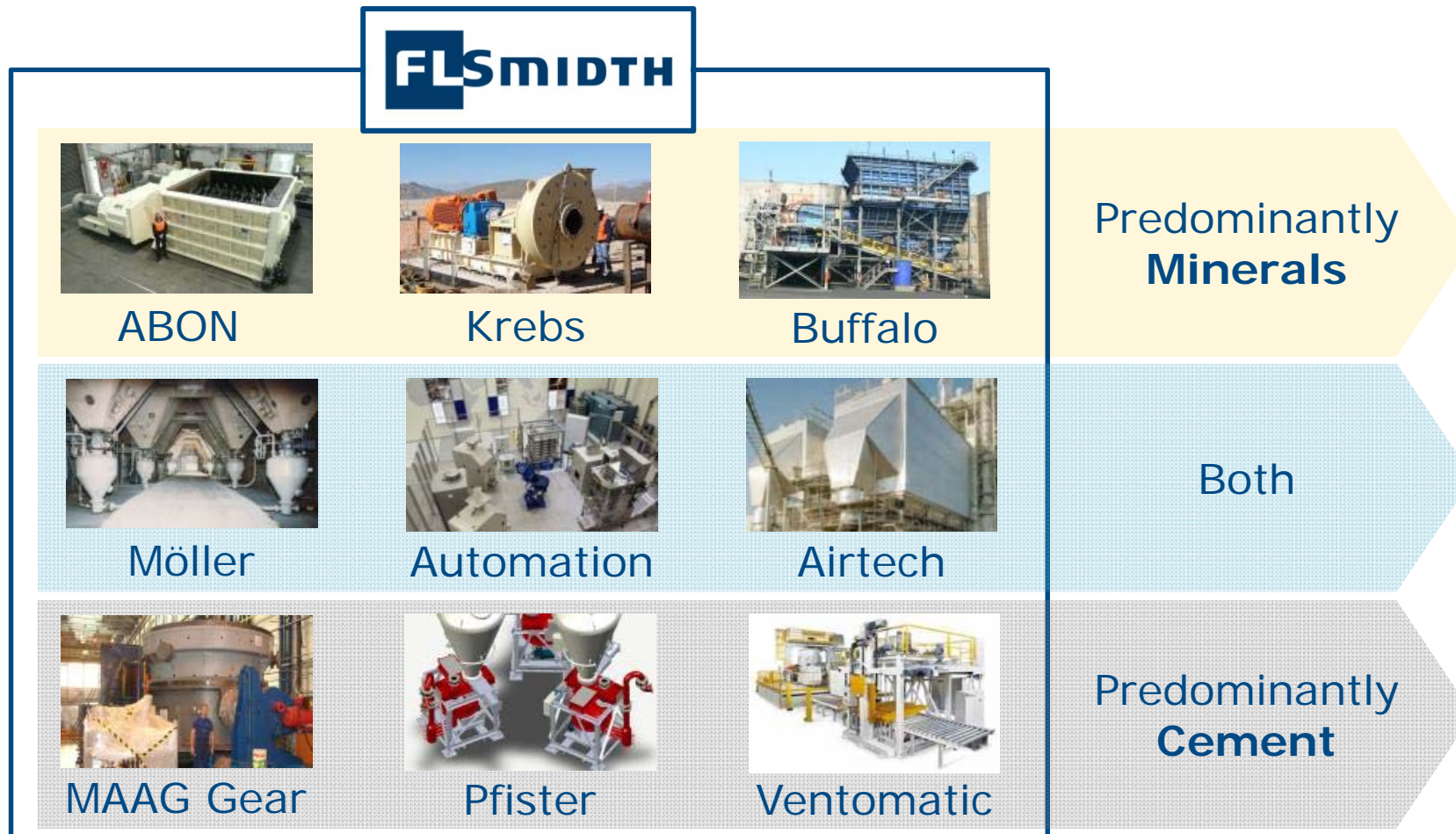


Available minerals processing market (BUSD)












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The Product Companies Division: 9 well-known, leading brands



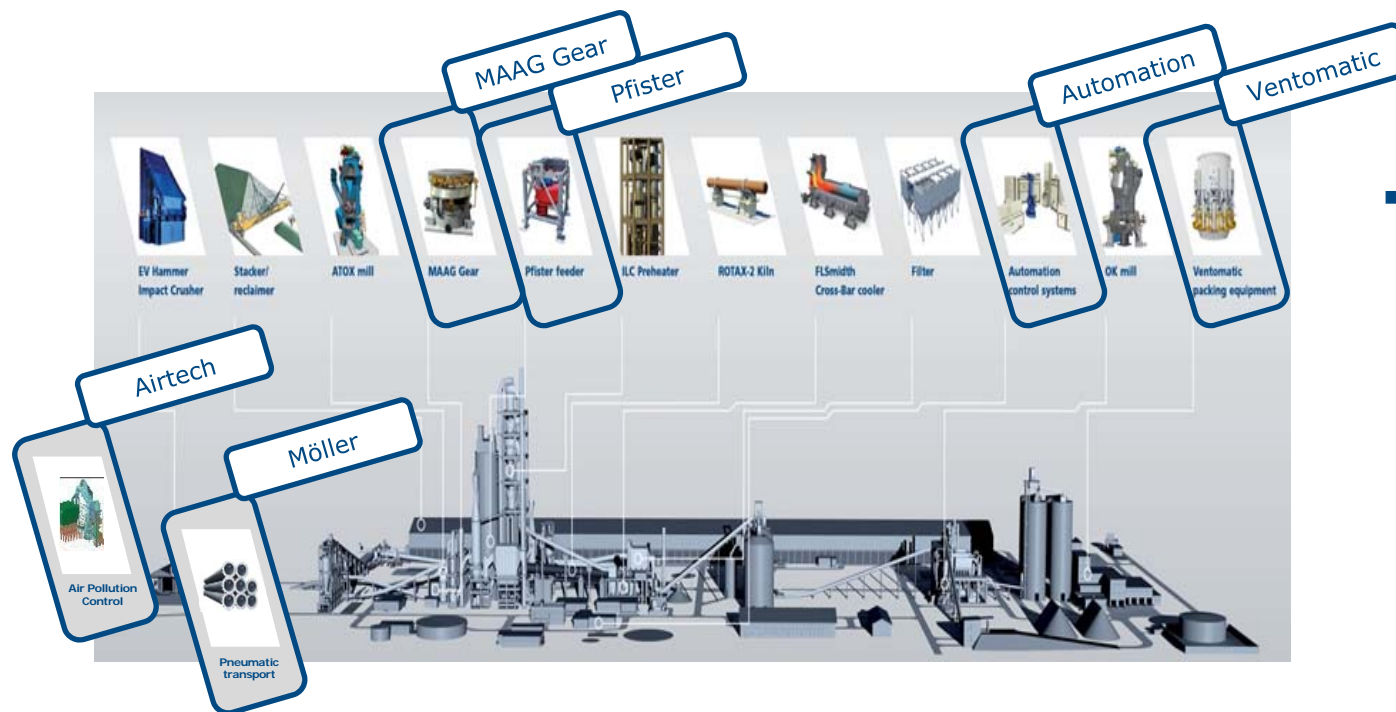
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Product Companies origin

<p>MP</p>  <p>ABON</p>	 <p>Krebs</p>	<p>CS</p>  <p>Möller</p>
 <p>Buffalo</p>	 <p>Pfister</p>	<p>CEM</p>  <p>Ventomatic</p>
<p>MH</p>  <p>Airtech</p>	 <p>Automation</p>	 <p>MAAG Gear</p>

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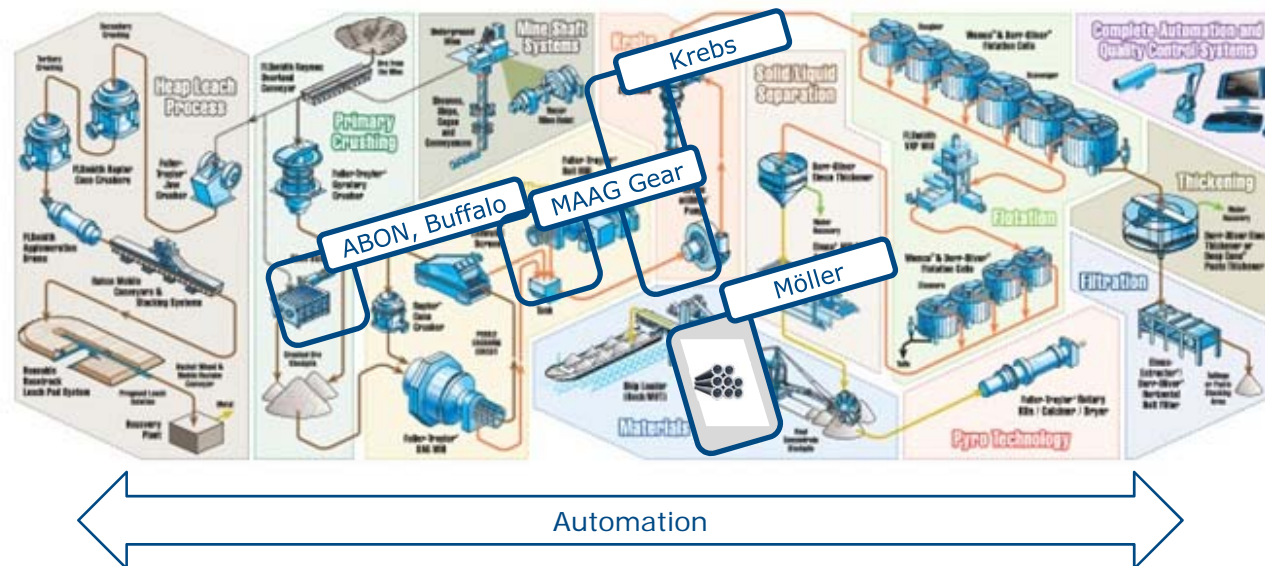
Product Companies are instrumental in our flowsheets



- Supply **critical equipment** to our Cement and Minerals flowsheets

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Product Companies are instrumental in our flowsheets



- **Standardised products vs. engineered solutions**

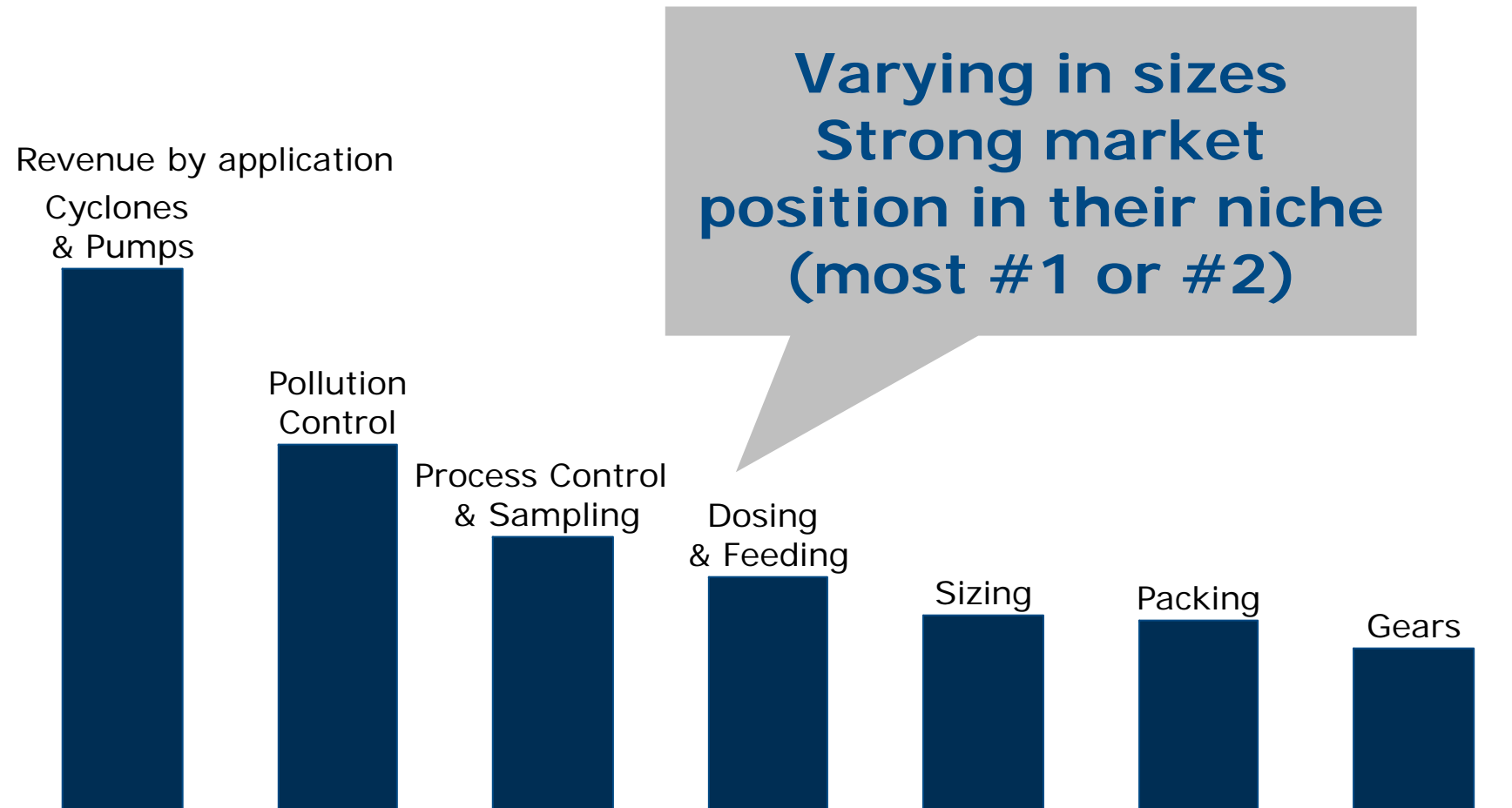
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Our Product Companies Division's 'reason-to-be'

- **Together, a growth engine for FLSmidth**
Large potential (globalisation, adjacencies) through increasing focus and driving excellence in the division
- **Similar business models, strong synergies among companies**
Standardised product ranges, local direct sales, fully integrated value chain, in-house assembly/manufacturing
- **Critical for FLSmidth's 'One Source' offering**
Fill critical technological needs in both cement and minerals
- **Synergies with the other FLSmidth divisions**
- **Stable, profitable businesses**
Products with high aftermarket content

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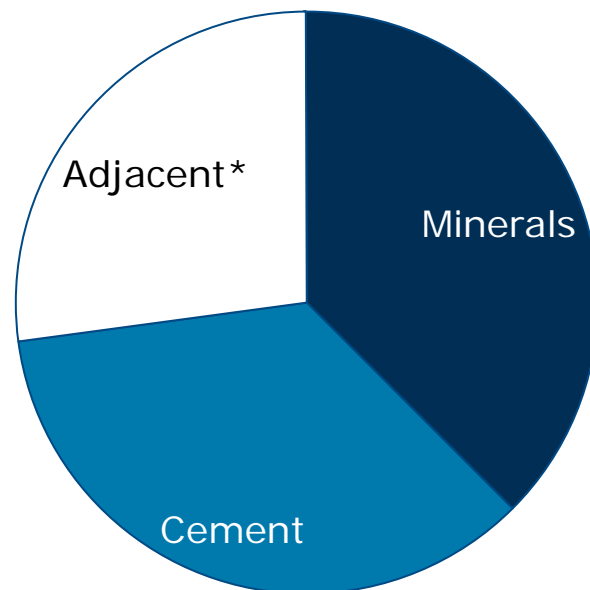
A diverse portfolio of businesses



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Varying target customer groups

Revenue by customer industry
(%, average distribution 2012-2014)



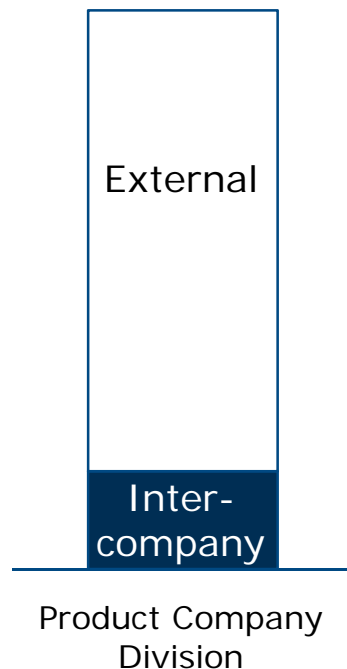
- Currently **nearly equally diversified** between the various core minerals, cement and adjacent industries*

- Growth will **equally impact these parts of our business** – no significant shift in mix expected
 - Globalise in core industries (minerals, cement)
 - Expand in adjacent industries

* Example power, alumina, steel, pulp & paper, etc.

Product Companies' sell both internally and externally; ~80% external

Average 2012-2014 shares of internal and external revenue



- Solid market position **outside of FLSmidth**
- Frontrunners in sales to **all players including peers**
- Growth potential in **existing markets and adjacencies**
- **Internal upside potential** when capital business picks up again
- Integrated Services with **installed base and new sales growth potential**

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Achieving profitable growth through product leadership and best practices in FLSmidth

Our ambition:

- 5-10% annual revenue growth over the cycle
- EBITA margin 12-15%
- ~15% NWC level
- Service share >50% of revenue
- #1 or #2 market position

Our vision:

- Expand leading niche product companies in our core industries to full global potential



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Short to long term action plan

Short and medium term:

Develop the current set of product companies

- **Drive growth initiatives**, e.g. globalise sales, expand into adjacent industries, strengthen product portfolios
- **Drive excellence** (common performance management, best practices)
- Establish the Division as **supply chain center of excellence**
- **Improve efficiencies**

Long-term:

- Actively develop portfolio
- Evaluate M&A opportunities and other “products” currently in FLSmidth

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Key take-aways

Our Product Companies division make us a stronger One Source supplier...

- Combining leading companies in cement and minerals with similar business models and strong synergies
- Together, they form a growth engine for FLSmidth – stable, profitable businesses
- Establishing our Supply Chain center of excellence within the division
- Critical for FLSmidth's 'One Source' offering

