Non-Ferrous Division

Group Executive Vice President Peter Flanagan
Agenda

- The Non-Ferrous Division in brief
- Non-Ferrous Organization
- Market drivers & outlook
- Competitive landscape
- Value proposition
- Strategy
- Q&A
The Non-Ferrous Division in FLSmidth
The Non-Ferrous Division in brief

- Non-Ferrous includes all minerals processing technologies:
  - Comminution
  - Separation
  - Dewatering
  - Pyroprocessing
- Headquarters and Global Technology center located in Salt Lake City, USA
- Global presence with 2,800 employees
- Order Intake of DKK 9.7bn
- Global customer base in all five key mining segments
## Non-Ferrous key figures

<table>
<thead>
<tr>
<th>Non-Ferrous (DKK m)</th>
<th>Full-year 2009</th>
<th>Full-year 2010</th>
<th>Full-year 2011</th>
<th>Expected trend in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,664</td>
<td>5,954</td>
<td>9,731</td>
<td>Stable</td>
</tr>
<tr>
<td>Revenue</td>
<td>4,152</td>
<td>3,917</td>
<td>6,766</td>
<td>Increasing</td>
</tr>
<tr>
<td>EBITDA</td>
<td>575</td>
<td>635</td>
<td>859</td>
<td></td>
</tr>
<tr>
<td>EBITA*</td>
<td>552</td>
<td>605</td>
<td>815</td>
<td></td>
</tr>
<tr>
<td>EBITA-ratio</td>
<td>11.0%</td>
<td>11.5%</td>
<td>12.0%</td>
<td>Slightly decreasing</td>
</tr>
<tr>
<td>EBIT</td>
<td>422</td>
<td>481</td>
<td>689</td>
<td></td>
</tr>
<tr>
<td>EBIT-ratio</td>
<td>8.4%</td>
<td>9.2%</td>
<td>10.2%</td>
<td></td>
</tr>
</tbody>
</table>

*) Definition of EBITA: Earnings before amortisation and write-down of intangible assets
Non-Ferrous Customers are...

The global minerals processors:

- Multi-mineral, international mining companies (majors)
- Nationalised mining companies
- Junior minors
- Local miners
- Engineering houses
- Other process industry players
Mining industry consolidation

Mining Industry in '01:
Industry was fragmented
with no clear winning business model

Mining Industry in '11
Industry is consolidated; diversified
model provides best position to win

Note: Bubble sizes represent market capitalisation as 1 January 2001 and of 06 May 2011
Source: Bloomberg, Xstrata
Non-Ferrous Organization
Structured to serve global minerals processors

- **Minerals Processing** includes all the technologies, products, processes and systems used to separate commercially viable minerals from their ores

- We have organized ourselves into three **Technology Groups** and two **Product Companies**:
  1. **Concentrators** and **Beneficiation** for sulphide and iron ores
  2. **Hydrometallurgy** and **Coal Prep** for oxide ores and coal
  3. **Pyrometallurgy** for oxide and other ores
  4. **Product Companies** – FLSmidth Krebs and FLSmidth Abon
Non-Ferrous Division

Concentrator Technology Group

Sulfide ores of - copper - gold - iron Ore - platinum – lead/zinc - nickel - molybdenum
Hydrometallurgical Technology Group

Oxide ores & downstream refining of - gold – silver – copper – nickel – alumina - coal

Secondary product applications
- Tailings
- CCD
- Iron Ore
- Silver
- Nickel
- Cobalt
- Zinc
- Uranium
- Electrowinning (EW)
Pyrometallurgical Technology Group

Oxide ores and thermal treatment of - ferronickel - coke – phosphate – alumina - lime

Secondary product applications

- Nickel
- Lime
- Anode Grade Petroleum Coke
- Nickel
- Potash
- Phosphates
- Coal
- Lime
- Pulp & Paper
- Ferro Alloys
- Potash
- Pulp & Paper
- Anode Grade Petroleum Coke
- Alumina
- Lime
- Fertilizers
Non-Ferrous Division

Product Companies – Krebs and Abon

copper - gold - iron Ore - platinum - lead/zinc - nickel – molybdenum – coal - nickel

Secondary product applications

- Heap Leach
- Overburden
- Coal

- Oil Sands
- FGD
- Industrial Minerals
- Alumina

- Oil Sands
- FGD
- Automotive
- Petro-Chemical
Non-Ferrous Global Operations
- Close to our customers to - “out global the locals, out local the globals”
Non-Ferrous serves most global metals producers with a special focus on:

**Copper**
- FLSmidth’s second largest industry
- Full concentrator flowsheet from crushing to filtering
- Leading concentrator technology market share

**Gold**
- Countercyclical tendencies (FLSmidth’s “hedge industry”)
- Full production line capabilities from ore to bar
- Only full flowsheet supplier of propitiatory technology
Market Drivers and Outlook
Demand for metals comes from:

- Population growth
- Growing middle class
- Urbanization / Industrialization
- Primarily in China and India
Large mining companies are likely to triple annual capex over the next five years versus the past ten

- As an example, BHP Billiton has spent USD 54bn in total capex over the past ten years, and is likely to spend more than $20bn per annum over the next five years
- Major mining companies are currently expecting capex to increase by 25% on average in 2012 (Source: Bloomberg)
Competitive landscape
Competitive Landscape

Research → Development → Extracting → Material handling → Comminution → Separation → Refining

FLSmidth

Metso → Outotec

FAM → Weir

Takraf → Delkor

ThyssenKrupp

Sandvik

Atlas Copco → Boart Longyear

Terex

Astec

Komatsu

Joy Global

CAT/Bucyrus

Various Chinese Equipment suppliers

One Source
Value Proposition
Helping our customers unlock their minerals resources safely, efficiently and sustainably...
Customers challenges (our opportunities)

- Safety
- Increasing raw material and energy costs
- More difficult to find, mine and process ore bodies
- Decreasing head grades
- Water scarcity
- Tougher to get environmental permits / right to mine

How can we help them?
It all starts with a deep understanding of their ore...

You are cordially invited to the Open House for the FLSmidth Ore Characterization and Process Mineralogy Laboratories

Friday, May 4th, 2012 from 11 a.m. - 4 p.m.

7068 South FLSmidth Drive (1000 West) Midvale, Utah U.S.A.

Please join us for this opportunity to tour our new facilities and take a look at our state-of-the-art laboratories and capabilities.
Then we need to select the best technologies to do the job
And help customers arrange it in efficient, sustainable, production systems
And finally supply complete plants with life cycle support

Flexible approach from single machines to complete plants – the customers choose
Products no longer the end but the means:

- **Islands**
  - plant engineering, third party auxiliary products

- **Systems EPS**
  - “Bundled Islands” w/ bulk

- **Systems EPC**
  - “Bundled Islands” w/ bulk, civil and construction (future)

- **Life cycle support**
  - O&M, Super Centers

- **Flexible approach – customers choose**

---

**Reaching our goals by extending the scope - One Source**

Uncover the potential by extending our scope
Advantages of One Source

- Faster to production
  - Minimum 3-6 months savings in engineering time
- Reduced risk
  - World class, proven, technologies and process know-how
- Greater operational efficiencies
- Proven reliability and service
- Lower total cost of ownership
Strategy
Key initiatives supporting growth

- Deepen our understanding of customers ore bodies and develop innovative ways to extract their metals
- Expand our local presence in several key mining areas
- Recruit, retain and develop the best people in the business to serve our customers
- Ensure health, safety and environment are top priorities in all we do
- Expand our “extended scope” competencies
- Expand global sourcing capabilities
- Deliver on all our commitments - let’s get it right the first time

- Nurture our culture of innovation and continuous product improvement
- Develop, in partnership with customers, next generation minerals processing technologies that address the challenges ahead: safety; complex, low grade ore; resources limitations (water, power, people); and the environmental right to mine
- Fill final flowsheet gaps organically and acquisitively
Questions