Welcome & Group CEO Message
Thomas Schulz, Group CEO
Agenda (times are approximate)

14.00-14.30 The Group CEO message / Thomas Schulz
14.30-15.00 The CFO agenda / Lars Vestergaard
15.00-15.30 Product Companies Division / Bjarne Moltke Hansen
15.30-16.00 Cement Division / Per Mejnert Kristensen
16.00-16.15 BREAK
16.15-16.45 Minerals Division / Manfred Schaffer
16.45-17.15 Customer Services Division / Brian Day
17.15-17.30 Concluding remarks / Thomas Schulz
17.30-18.00 Q&As from the room
Thomas Schulz, Group CEO

- Group CEO, since May 2013
- Sandvik (2001-2013)
  - President of the Business Area Construction
  - Chairman of SJL Shan Bao (2011 and 2012)
  - President and SVP, Mining and Construction
  - Managing Director, Mining and Construction SE Asia
  - Regional President Mining and Construction Central Europe
- Svedala, Germany (1998-2001):
  - Business Area Manager
  - Product Support Manager
  - Assistance of Science
  - International Consultant for Mining
- MSc (Engineering), PhD Mining Engineering (Dissertation in Mineral Mining and Quarrying)
- Born 1965, German
Safety First

Safety performance (LTIFR)*

Key Safety Themes 2014

*) Lost time injury frequency rate (per 1 mill. working hours)
Strategic focus

Short Term
Navigate through cyclical downturn

Mid Term
Sustainable profitable growth

Long Term
Full service provider

Focus on efficiency:
- Efficiency programme
- Business right-sizing
- Re-organisation

ROCE >20%
Industry trends and drivers

Macro trends
- Rising population
- Increasing urbanization
- Growing wealth
- Higher energy demand
- More infrastructure

Industry trends
- Health, safety, environment
- Productivity
- Innovation
- Full service supply
- Customer intimacy
- Automation
- Energy efficiency

Supply trends
- Lower ore grades
- Higher technical complexity
- More remote locations

Full service provider
Market potential and growth

Cement

Available cement market (BUSD)

Minerals

Available minerals processing market (BUSD)

Sources: Global Cement report 10th edition, 2012; World Bank data; Bloomberg; Analysts reports, Companies annual reports and Capital Market Days presentations; FLSmidth research, FLSmidth analysis
# Group vision and enablers

<table>
<thead>
<tr>
<th>Vision</th>
<th>We will be our customers’ preferred full-service provider of sustainable minerals and cement technologies</th>
</tr>
</thead>
</table>
| **Strategic Themes** | We unite our businesses by:  
  - Getting closer to our customers  
  - Seeking Excellence  
  - Thinking Innovation |
| **Targets over the cycle** | ROCE >20%  
  EBITA 10-13%  
  Growth above market |
| **Industries** | Cement  
  Copper  
  Gold  
  Coal  
  Iron ore  
  Fertilisers  
  Adjacencies |
| **Enablers** | Logical structure:  
  - Core relatedness  
    - Customers  
    - Business Model (costs and capabilities)  
  - Long-term financial targets and dynamics  
  - Prioritising execution |
| **Excellence** |  
  - Full product flowsheet solutions  
  - Risk & Project Management  
  - Operation & Maintenance  
  - Productivity improvements  
  - Efficient and lean organisation  
  - Investments in people  
  - Investments in growth |
| **Values** | Cooperation  
  Competence  
  Responsibility |
Organising for sustainable profitable growth

- **The organisation** is a natural continuation of the **strategy health check** performed in 2013.

- The new organisation will increase **operational efficiency** through:
  - Homogeneous business models and KPIs
  - Segmented customer approach
  - Distinct management skills and competencies
  - Lower complexity and greater transparency

- Position the Group to reap the benefits of cyclical industries, where demand for **products**, **projects** and **services** vary over time.

- Distinct growth target and efficiency levers in each division.
The new divisions

**Type of business**
- **Minerals**: Engineered, customised single products, EPS projects, EPC projects
- **Cement**: Cyclical business, large orders, negative NWC, low margins
- **Customer Services**: Spare parts ~70%, Services ~15%, O&M ~15%
- **Product Companies**: Relatively standardised and market-leading product range

**Characteristics**
- Minerals: Cyclical business, large orders, negative NWC, low margins
- Cement: Small orders, stable high margins, growth
- Customer Services: Stable high margins, original equipment & spare parts
- Product Companies: Stable high margins, original equipment & spare parts

**Our excellence**
- Minerals: Project execution, Procurement, Full flow sheet offering, Engineered products
- Cement: Inventory, Logistics, Speed, O&M
- Customer Services: Local direct sales, Warehouse, service & supports centres, mostly outsourced manufacturing
- Product Companies: Mostly local direct sales, integrated value chain, in-house assembly / manufacturing

**Business model**
- Minerals: Global direct sales, OEM supplier / technology provider, In-house R&D and engineering, Outsourced manufacturing
- Cement: In-house assembly/manufacturing
- Customer Services: Local direct sales, Warehouse, service & supports centres, mostly outsourced manufacturing
- Product Companies: Mostly local direct sales, integrated value chain, in-house assembly / manufacturing
Ultimate objective: Fit for cycle navigation

**Momentum***)

- **Cement**
- **Minerals**
- **Product Companies**
- **Services**

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**Breadth:**
Our portfolio contains offerings for all subparts of the cycle.

**Interplay:**
We do not believe in ‘cherry picking’ – each business fuels the others.

**Cycle navigation:**
Leverage the diversity of our assets in all parts of the cycle.

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*) Color code refers to performance over the cycle
Divisional interplay at FLSmidth

- Different pick up times – Cement generally picking up shortly before mining.
- Each division within FLSmidth playing at full potential at different times of the cycle.
Long term growth and efficiency levers

**FLSmidth**

- **Minerals**
  - EPC & system sales
  - Single sales of engineered products

- **Cement**
  - Design, build and operate

- **Customer Services**
  - O&M
  - Wear parts

- **Product Companies**
  - Leverage sales opportunities
  - Global reach
  - Go-To-Market model
  - Integration and synergies

**Growth levers**

- Leverage integration of MP and MH
- Mid market

**Efficiency levers**

- Cross-selling (products and services)
- Engineering in India
- Supply Chain, Logistics & Warehousing
- Shared HR, IT and Financial services
**Midmarket**

### Cement

| Players                  | Value proposition          | Mining
|--------------------------|---------------------------|--------------------------------------------------
| FLSmidth and Premium peers | **Midmarket /some premium** | Premium
| Midmarket peers          | **Midmarket**             | Mostly premium from EU
| Low cost peers           | **Midmarket and low cost** | Estimated % of the market by offering for selected products

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**Do not enter midmarket in Main equipment**

Focus and execute on the current strategy: EPC, Product leadership, Cost reduction

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**Explore midmarket opportunities in select high potential segments and evaluate potential entry**
Overall profitability by industry

Estimated 2013 (incl. eliminations)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Revenue (total)</th>
<th>EBITA adj.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minerals</strong></td>
<td>DKK 17.8bn</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>Cement</strong></td>
<td>DKK 8.1bn</td>
<td>7.5%</td>
</tr>
</tbody>
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Proforma financials 2013 (excl. eliminations)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Revenue (total)</th>
<th>EBITA% adj.</th>
<th>Employees (actual)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minerals</strong></td>
<td>DKK 9.2bn</td>
<td>4%</td>
<td>2,600</td>
</tr>
<tr>
<td><strong>Cement</strong></td>
<td>DKK 4.4bn</td>
<td>5%</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Customer Services</strong></td>
<td>DKK 7.2bn</td>
<td>14%</td>
<td>6,400</td>
</tr>
<tr>
<td><strong>Product Companies</strong></td>
<td>DKK 6.0bn</td>
<td>12%</td>
<td>3,400</td>
</tr>
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## Long term Group targets unchanged

<table>
<thead>
<tr>
<th>Financial targets</th>
<th></th>
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<tbody>
<tr>
<td>Annual revenue growth</td>
<td>Above market average</td>
</tr>
<tr>
<td>EBITA margin</td>
<td>10-13%</td>
</tr>
<tr>
<td>ROCE*</td>
<td>&gt; 20%</td>
</tr>
<tr>
<td>Tax rate</td>
<td>32-34%</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>&gt;30%</td>
</tr>
<tr>
<td>Financial gearing (NIBD/EBITDA)</td>
<td>&lt;2</td>
</tr>
<tr>
<td>Pay-out ratio</td>
<td>30-50%</td>
</tr>
</tbody>
</table>

*) ROCE: Return on capital employed calculated on a before tax basis as EBITA divided by average Capital Employed including goodwill
Divisional long term targets

<table>
<thead>
<tr>
<th></th>
<th>Growth (over the cycle)</th>
<th>EBITA% (over the cycle)</th>
<th>NWC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Services</td>
<td>5-10%</td>
<td>&gt;15%</td>
<td>15-20%</td>
</tr>
<tr>
<td>Minerals</td>
<td>5-6%</td>
<td>3-8%</td>
<td>Negative</td>
</tr>
<tr>
<td>Cement</td>
<td>3-5%</td>
<td>3-8%</td>
<td>Negative</td>
</tr>
<tr>
<td>Product Companies</td>
<td>5-10%</td>
<td>12-15%</td>
<td>~15%</td>
</tr>
</tbody>
</table>

- Long term divisional targets will replace specific divisional guidance in the future