

One Source

## Interim Report 2011

1 January 2011 - 30 September 2011 (Company announcement No. 28-2011)

# One Source



# Interim report

1 January 2011 - 30 September 2011



The Board of Directors and the Executive Management of FLSmidth & Co. A/S have today (10 November 2011) reviewed and approved this interim report for the FLSmidth & Co. Group for the period 1 January - 30 September 2011.

## Main conclusions Q1 - Q3 2011

### Rapidly increasing order intake in Minerals in Q3

- The order intake increased 11% to DKK 18,188m (Q1-Q3 2010: DKK 16,352m ), but increased 39% in Minerals alone
- The order backlog has increased 16% to DKK 27,492m since the turn of the year (end of 2010: DKK 23,708m)
- Revenue is practically unchanged at DKK 14,712m (Q1-Q3 2010: DKK 14,666m ), but increased 20% in Minerals alone
- Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased 6% to DKK 1,652m (Q1-Q3 2010: DKK 1,754m), corresponding to an EBITDA ratio of 11.2% (Q1-Q3 2010: 12.0%)
- Earnings before interest and tax (EBIT) decreased 11% to DKK 1,301m (Q1-Q3 2010 DKK 1,454m) corresponding to an EBIT ratio of 8.8% (Q1-Q3 2010: 9.9%)
- Earnings before tax (EBT) decreased 10% to DKK 1,228m (Q1-Q3 2010: DKK 1,360m)
- The profit for the period decreased 8% to DKK 870m (Q1-Q3 2010: DKK 949m)
- Cash flow from operating activities amounted to DKK 888m (Q1-Q3 2010: DKK 1,103m)
- Net interest-bearing receivables by the end of Q3 2011 amounted to DKK 107m (end of 2010: DKK 1,254m)

## Outlook for 2011

- The expectations for the cement market in 2011 are adjusted downwards to around 55m tonnes per year new contracted cement kiln capacity worldwide (exclusive of China) (previous guidance approximately 65m tonnes per year), due to growth pause in India
- FLSmidth & Co. guidance for consolidated revenue in 2011 is now specified at DKK 21.5-22bn (previous guidance DKK 21-22bn) and guidance for the EBIT ratio is maintained at 9-10%
- The prospects of the individual business areas in 2011 are as follows:

|          | Revenue                             | EBIT ratio                    |
|----------|-------------------------------------|-------------------------------|
| Cement   | approx. DKK 9bn (previously 9-10bn) | approx. 9% (previously 9-10%) |
| Minerals | DKK 11-12bn (previously 10-11bn)    | 10-11%                        |
| Cembrit  | approx. DKK 1.4bn                   | approx. 4%                    |

- The effect of purchase price allocations regarding GL&V Process is still expected to amount to approximately DKK -90m in 2011 in the form of amortisation of intangible assets
- In 2011, the effective tax rate is expected to remain at around 30%
- Cash flow from investing activities (exclusive of acquisitions) is still expected to be around DKK -900m in 2011.

Please address any questions to this announcement to Mr Jørgen Huno Rasmussen, Group CEO, telephone +45 36 18 18 00. An investor meeting and telephone conference regarding the interim report will be held today at 11.00 hours. For further details, please visit [www.flsmidth.com](http://www.flsmidth.com)

# Group financial highlights

| DKKm   | Q3 2011      | Q3 2010      | Q1-Q3 2011    | Q1-Q3 2010    | Year 2010     |
|--|--------------|--------------|---------------|---------------|---------------|
| <b>INCOME STATEMENT</b>  |              |              |               |               |               |
| Revenue  | 5,532        | 5,253        | 14,712        | 14,666        | 20,186        |
| Gross profit   | 1,483        | 1,406        | 3,818         | 3,798         | 5,207         |
| Earnings before non-recurring items, depreciation, amortisation and write-downs (EBITDA)                   | 717          | 707          | 1,652         | 1,754         | 2,387         |
| Earnings before interest and tax (EBIT)  | 592          | 617          | 1,301         | 1,454         | 1,990         |
| Earnings from financial items, net   | (25)         | 33           | (73)          | (94)          | (118)         |
| Earnings before tax (EBT)  | 567          | 650          | 1,228         | 1,360         | 1,872         |
| <b>Profit/loss for the period, continuing activities</b>   | <b>397</b>   | <b>455</b>   | <b>860</b>    | <b>952</b>    | <b>1,282</b>  |
| Profit/loss for the period, discontinued activities  | 6            | 3            | 10            | (3)           | (4)           |
| <b>Profit/loss for the period</b>  | <b>403</b>   | <b>458</b>   | <b>870</b>    | <b>949</b>    | <b>1,278</b>  |
| <b>CASH FLOW</b>   |              |              |               |               |               |
| Cash flow from operating activities  | 563          | 367          | 888           | 1,103         | 1,335         |
| Acquisition and disposal of enterprises and activities   | (664)        | 26           | (821)         | 31            | (45)          |
| Acquisition of tangible assets   | (124)        | (84)         | (301)         | (166)         | (473)         |
| Other investments, net   | (58)         | (71)         | (129)         | (157)         | (208)         |
| Cash flow from investing activities  | (846)        | (129)        | (1,251)       | (292)         | (726)         |
| Cash flow from operating and investing activities of continuing activities                                 | (279)        | 220          | (352)         | 807           | 577           |
| Cash flow from operating and investing activities of discontinued activities                               | (4)          | 18           | (11)          | 4             | 32            |
| <b>WORKING CAPITAL</b>   |              |              | <b>822</b>    | <b>423</b>    | <b>878</b>    |
| <b>NET INTEREST-BEARING RECEIVABLES / (DEBT)</b>   |              |              | <b>107</b>    | <b>1,489</b>  | <b>1,254</b>  |
| <b>ORDER INTAKE, CONTINUING ACTIVITIES (GROSS)</b>   | <b>7,176</b> | <b>3,636</b> | <b>18,188</b> | <b>16,352</b> | <b>20,780</b> |
| <b>ORDER BACKLOG, CONTINUING ACTIVITIES</b>  |              |              | <b>27,492</b> | <b>23,613</b> | <b>23,708</b> |
| <b>BALANCE SHEET</b>   |              |              |               |               |               |
| Non-current assets   |              |              | 10,238        | 8,887         | 9,240         |
| Current assets   |              |              | 12,982        | 13,205        | 13,359        |
| <b>Total assets</b>  |              |              | <b>23,220</b> | <b>22,092</b> | <b>22,599</b> |
| Consolidated equity  |              |              | 8,123         | 7,683         | 8,139         |
| Long-term liabilities  |              |              | 3,677         | 3,348         | 3,145         |
| Short-term liabilities   |              |              | 11,420        | 11,061        | 11,315        |
| <b>Total equity and liabilities</b>  |              |              | <b>23,220</b> | <b>22,092</b> | <b>22,599</b> |
| <b>DIVIDEND PAID OUT DURING THE YEAR</b>   | <b>-</b>     | <b>-</b>     | <b>472</b>    | <b>262</b>    | <b>479</b>    |
| <b>FINANCIAL RATIOS</b>  |              |              |               |               |               |
| <b>Continuing activities</b>   |              |              |               |               |               |
| Gross margin   | 26.8%        | 26.8%        | 26.0%         | 25.9%         | 25.8%         |
| EBITDA ratio   | 13.0%        | 13.5%        | 11.2%         | 12.0%         | 11.8%         |
| EBIT ratio   | 10.7%        | 11.7%        | 8.8%          | 9.9%          | 9.9%          |
| EBIT ratio before effect of purchase price allocations regarding GL&V Process                              | 11.1%        | 12.2%        | 9.1%          | 10.4%         | 10.3%         |
| EBT ratio  | 10.2%        | 12.4%        | 8.3%          | 9.3%          | 9.3%          |
| Return on equity   |              |              | 14%           | 18%           | 17%           |
| Equity ratio   |              |              | 35%           | 35%           | 36%           |
| <b>Number of employees end of period, Group</b>  |              |              | <b>12,716</b> | <b>10,872</b> | <b>11,229</b> |
| Number of employees in Denmark   |              |              | 1,685         | 1,561         | 1,564         |
| <b>Share and dividend figures, Group</b>   |              |              |               |               |               |
| CFPS (cash flow per share), DKK (diluted)  | 10.7         | 7.0          | 16.9          | 20.9          | 25.3          |
| EPS (earnings per share), DKK (diluted)  | 7.6          | 8.7          | 16.5          | 18.0          | 24.4          |
| EPS (earnings per share), DKK (diluted) before effect of purchase price allocations regarding GL&V Process | 8.0          | 9.0          | 17.4          | 18.9          | 25.5          |
| FLSmith & Co. share price, DKK   |              |              | 281           | 399           | 532           |
| Number of shares, end of period (000s)   |              |              | 53,200        | 53,200        | 53,200        |
| Average number of shares (000s) (diluted)  | 52,443       | 52,752       | 52,590        | 52,702        | 52,693        |
| Market capitalisation, DKKm  |              |              | 14,928        | 21,248        | 28,302        |

The financial ratios have been computed in accordance with the guidelines issued by the Danish Society of Financial Analysts.

# Management's review

for the first three quarters of 2011



## Market trends

2011 is still expected to see positive investment trends in the cement and particularly the minerals industries. Both Cement and Minerals have experienced high momentum and proposal activity in Q3, and this trend has so far continued into Q4.

In Cement, activity remains high in a number of emerging markets, particularly in Russia, South America, Africa and Asia. Due to a temporary growth pause in India, however, the forecast for the global market for new contracted cement kiln capacity (exclusive of China) has been revised downwards to 55m tonnes per year in 2011 as against the previous guidance of 65m tonnes per year (2010: 65m tonnes per year), of which India is now expected to account for approximately 10m tonnes per year as against the previous projection of approximately 20m tonnes per year (2010: 23m tonnes per year).

The unrest in North Africa has temporarily put a damper on cement consumption and investments in this region, which has had a negative impact on the Cement order intake in Q1-Q3 2011. For the same reason, the progress of ongoing projects in Egypt, Tunisia and Libya is delayed. Execution of the projects in Egypt and Tunisia was resumed in Q2 2011. The situation in Libya now appears closer to being resolved, which clears the way for being able to resume activity in the country some time during 2012.

Despite decreasing mineral prices in Q3 2011, Minerals is seeing a high level of activity and no signs of slowdown. The high level of activity is particularly evident in crushing, grinding and material handling, primarily in some of the segments on

which we are focusing, viz. coal, copper and iron ore. As a consequence of the increasing demand, lead times in the supply chain are beginning to rise in certain segments. High capacity utilisation in the minerals industry is also reflected in record high demand for single machines, upgrading projects and Customer Services.

As the negotiation of large projects is typically a long-term process that may take up to several years, the quarter in which the order becomes effective is often coincidental. It depends partly on the customers' internal priorities and investment plans, partly on the actual negotiation process and external factors such as bank financing, environmental permits and government approvals, etc. The project related order intake will therefore not necessarily be evenly distributed throughout the year, which may result in considerable quarterly fluctuations.

## Order intake and order backlog

Orders received amounted to DKK 18,188m in Q1-Q3 2011, representing an 11% increase on the same period last year (Q1-Q3 2010: DKK 16,352m). The Minerals order intake increased 39%, whereas the order intake in Cement decreased 20% due to the unrest in North Africa, growth pause in India and the fact that the comparative period (Q1-Q3 2010) was positively impacted by the awarding of three large operation and maintenance contracts at a total value exceeding DKK 1.8bn.

The order backlog totalled DKK 27,492m at the end of Q3 2011 (end of 2010: DKK 23,708m), which is the highest level since the end of Q1 2009. The order backlog has, in other words, increased 16% since the beginning of the year.

# Management's review

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### Income statement developments

Revenue in Q1-Q3 2011 amounted to DKK 14,712m, which is unchanged compared to the same period last year (Q1-Q3 2010: DKK 14,666m). Revenue in Cement declined 18% on the same period the year before, whilst increasing 20% in Minerals and 5% in Cembrit. Overall, the foreign exchange effect of translating into DKK has had a 2% negative impact on revenue compared to Q1-Q3 2010.

In Q1-Q3 2011, FLSmidth made four acquisitions that have had an overall positive impact on revenue amounting to DKK 100m and on earnings after tax at DKK 2m in Q1-Q3 2011 in the limited period during which they have been consolidated in the Group. The total net cash effect of the acquisitions has been DKK 840m.

The companies acquired are **ESSA Australia Limited**, which specialises in design, manufacture and servicing of sampling equipment for the mineral industry; **Darimec S.r.L.**, which is a specialised gear producer based in Italy; US-based **Phillips Kiln Services**, which supplies kiln services to the global cement and minerals industries; and **Knelson Group**, a Canadian company that specialises in the recovery of precious metals.

The gross profit amounted to DKK 3,818m in Q1-Q3 2011 (Q1-Q3 2010: DKK 3,798m), corresponding to a gross margin of 26.0% (Q1-Q3 2010: 25.9%).

Q1-Q3 2011 saw total investments in research and development of DKK 226m (Q1-Q3 2010: DKK 173m), representing 1.5% of the revenue (Q1-Q3 2010: 1.2%). In addition, project financed development is taking place in cooperation with customers.

Sales, distribution and administrative costs, etc. in Q1-Q3 2011 amounted to DKK 2,166m (Q1-Q3 2010: DKK 2,044m) representing 14.7% of the revenue (Q1-Q3 2010: 13.9%). Adjusted for acquisitions, sales, distribution and administrative costs are on a par with last year. Higher sales and order activity generally generates higher sales and distribution costs in the short term, but no revenue and earnings until at a later stage. This has particularly been the case in Minerals.

The number of employees in the Group totalled 12,716 by the end of Q3 2011, representing a 17% increase compared to the same period last year (end of Q3 2010: 10,872). Exclusive of acquisitions, the number of employees increased 12%. The increase is primarily due to local labour under operation and

maintenance contracts in Cement and Minerals, and a generally higher level of activity in Minerals.

Earnings before interest and tax, depreciation and amortisation and special non-recurring items (EBITDA) amounted to DKK 1,652m (Q1-Q3 2010: DKK 1,754m), corresponding to an EBITDA ratio of 11.2% (Q1-Q3 2010: 12.0%).

Total depreciation, amortisation and write-downs amounted to DKK 355m in Q1-Q3 2011 (Q1-Q3 2010: DKK 327m).

Earnings before interest and tax (EBIT) amounted to DKK 1,301m in Q1-Q3 2011 (Q1-Q3 2010: DKK 1,454m) which represents an EBIT ratio of 8.8% (Q1-Q3 2010: 9.9%). The lower EBIT ratio is primarily due to lower revenue and consequently lower operational gearing in Cement plus higher sales, distribution and administrative costs including acquisitions.

The total effect of purchase price allocations regarding GL&V Process (including depreciation, amortisation, write-downs and special non-recurring items) amounted to DKK -66m in Q1-Q3 2011 (Q1-Q3 2010: DKK -66m). Adjusted for these purchase price allocations, the EBIT ratio in Q1-Q3 was 9.1% (Q1-Q3 2010: 10.4%).

Net financial income amounted to DKK -73m in Q1-Q3 2011 (Q1-Q3 2010: DKK -94m). This amount includes foreign exchange rate adjustments of DKK -70m (Q1-Q3 2010: DKK -55m).

Earnings before tax (EBT) amounted to DKK 1,228m (Q1-Q3 2010: DKK 1,360m), which corresponds to an EBT ratio of 8.3% (Q1-Q3 2010: 9.3%).

Tax for the period under review amounted to DKK 368m (Q1-Q3 2010: DKK 408m). The effective tax rate in Q1-Q3 2011 was 30% (Q1-Q3 2010: 30%).

The profit/loss for the period amounted to DKK 870m (Q1-Q3 2010: DKK 949m), corresponding to earnings per share (diluted) of DKK 16.5 (Q1-Q3 2010: DKK 18.0).

### Balance sheet developments

The balance sheet total amounted to DKK 23,220m at the end of Q3 2011 (end of 2010: DKK 22,599m). The consolidated equity at the end of Q3 2011 amounted to DKK 8,123m (end of 2010: DKK 8,139m) corresponding to an equity ratio of 35% (end of 2010: 36%). In Q1-Q3 2011, the return on equity (on an annual basis) amounted to 14% (Q1-Q3 2010: 18%).

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The working capital amounted to DKK 822m at the end of Q3 2011, representing a 6% decrease since the turn of the year (end of 2010: DKK 878m).

## Cash flow from operating and investing activities

Cash flow from operating activities amounted to DKK 888m in Q1-Q3 2011 (Q1-Q3 2010: DKK 1,103m), reflecting a DKK 563m positive development in Q3 alone.

Cash flow from investing activities amounted to DKK -1,251m (Q1-Q3 2010: DKK -292m) of which DKK -821m derives from acquisition and disposal of enterprises and activities and DKK -432m from acquisition and disposal of tangible and intangible assets (Q1-Q3 2010: DKK -323m).

Investments (exclusive of acquisition and disposal of enterprises and activities) are expected in 2011 to amount to approximately DKK 900m primarily due to the investment in six Service Super Centres and increased in-house manufacturing of components in China and India.

Cash flow from operating and investing activities totalled DKK -363m in Q1-Q3 2011, including DKK -352m from continuing activities and DKK -11m from discontinued activities (Q1-Q3 2010: DKK 811m including DKK 807m from continuing activities and DKK 4m from discontinued activities).

## Segment information

### Cement

The total order intake within the cement segment amounted to DKK 6,226m in Q1-Q3 2011, down 20% on the same period last year (Q1-Q3 2010: DKK 7,798m). The order intake in Customer Services amounted to DKK 2,348m in Q1-Q3 2011, which is 47% lower than in the same period last year (Q1-Q3 2010: DKK 4,400m). The lower order intake is particularly due to the fact that Q1-Q3 2010 positively reflected the signing of three major operation and maintenance contracts at a total sum of more than DKK 1.8bn. Besides, demand has been lower in North Africa due to the unrest in the area.

In Q1-Q3 2011, FLSmidth was awarded four major cement contracts: For six cement mills in Brazil, for the upgrading of a cement production line in Russia and for the supply of complete cement plants in Nigeria and Russia, respectively.

The order backlog has increased 1% since the turn of the year and amounted to DKK 14,280m at the end of Q3 2011 (end of 2010: DKK 14,146m).

Overall, the foreign exchange rate effect of translating into DKK has had a 1% negative impact on revenue in Cement compared to Q1-Q3 2010.

The total revenue in Cement amounted to DKK 5,772m in Q1-Q3 2011, which is 18% lower than the same period last year (Q1-Q3 2010: DKK 7,072m). This is primarily due to deferment of revenue in connection with delayed order execution in North Africa and growth pause in India.

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In Customer Services, the revenue in Q1-Q3 2011 amounted to DKK 2,381m, representing a 7% increase on the same period last year (Q1-Q3 2010: DKK 2,215m).

In Q1-Q3 2011, the gross margin was 29.9% (Q1-Q3 2010: 26.8%) as a result of a favourable product mix and successful order execution.

The EBIT result for Q1-Q3 2011 amounted to DKK 513m (Q1-Q3 2010: DKK 801m). Q1-Q3 2011 saw an EBIT ratio of 8.9% (Q1-Q3 2010: 11.3%), which primarily is due to lower revenue and hence lower operational gearing.

### **Minerals**

The total order intake in Minerals in Q1-Q3 2011 was DKK 12,047m (Q1-Q3 2010: DKK 8,650m), which represents a 39% increase compared to the same period last year. Third quarter was the best quarter so far in terms of Minerals order intake.

In Q1-Q3 2011, FLSmidth received five major announced minerals contracts, two of which were for material handling equipment for a coal mine in Indonesia and for a phosphate terminal in Morocco, while the other three were for crushing and grinding equipment in Zambia, South America and the Middle East, respectively.

In Customer Services, the order intake in Q1-Q3 2011 amounted to DKK 3,154m, representing a 30% increase on the same period last year (Q1-Q3 2010: DKK 2,422m).

The order backlog amounted to DKK 13,362m at the end of Q3 2011, corresponding to a 37% increase since the turn of the year (end of 2010: DKK 9,752m).

Overall, the foreign exchange rate effect of translating into DKK has had a 3% negative impact on revenue in Minerals compared to Q1-Q3 2010.

For Minerals, the total revenue in Q1-Q3 2011 amounted to DKK 7,989m, which is 20% higher than in the same period last year (Q1-Q3 2010: DKK 6,637m).

Revenue in Customer Services amounted to DKK 2,773m in the first three quarters of 2011, representing a 20% increase on the same period last year (Q1-Q3 2010: DKK 2,302m). This is a record high and reflects the overall high level of activity and capacity utilisation in the minerals industries.

The gross margin amounted to 23.4% in Q1-Q3 2011 (Q1-Q3 2010: 25.3%). The lower gross margin is primarily due to a lower margin earned on two projects in Q2 2011.

Sales, distribution and administrative costs, etc. in Minerals increased in Q1-Q3 2010 as a result of acquisitions. In addition, costs increased in connection with the ramping up of staff to handle a growing proposal and order volume. The number of employees has thus increased by 19%, exclusive of acquisitions, compared to the same period last year, and is now 5,392 (end of Q3 2010: 4,298 employees).

The EBIT result amounted to DKK 727m in Q1-Q3 2011 (Q1-Q3 2010: DKK 670m), corresponding to an EBIT ratio of 9.1% (Q1-Q3 2010: 10.1%). Net of purchase price allocations, the EBIT ratio decreased to 9.9% from 11.1% in the same period the year before.

### **Cembrit**

In Q1-Q3 2011, Cembrit posted revenue of DKK 1,085m, representing a 5% increase on the same period last year (Q1-Q3 2010: DKK 1,033m). The EBIT result amounted to DKK 48m in Q1-Q3 2011 (Q1-Q3 2010: DKK 35m), corresponding to an EBIT margin of 4.4% (Q1-Q3 2010: 3.4%). Revenue and earnings in Q1 and Q4 are in general negatively affected by seasonal variations in Europe. Overall, the foreign exchange rate effect of translating into DKK has had a 1% positive impact on revenue in Cembrit compared to Q1-Q3 2010.

### **Outlook for 2011**

- In 2011, the global market for new contracted cement kiln capacity (exclusive of China) is expected to be approximately 55m tonnes per year (previous forecast 65m tonnes per year), of which India is expected to account for approximately 10m tonnes per year (previous forecast approximately 20m tonnes per year).
- 2011 is expected to see an increasing intake of major cement projects compared to 2010 measured in DKK. On the other hand, 2011 is not expected to generate the same high intake of operation and maintenance contracts as 2010.
- Based on the current market prospects, 2011 is expected to see increasing investments in the minerals industries, and this is expected to result in an increasing intake of both small and large orders plus Customer Services orders. However, the order flow is not expected to be evenly distributed throughout the year, which means that the quarterly

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order intake will vary. Particularly material handling activities are expected to see positive development and become a growth market for FLSmidth.

- FLSmidth & Co. now specifies guidance for consolidated revenue in 2011 at DKK 21.5-22bn (previous guidance DKK 21-22bn) and maintains guidance for the EBIT ratio at 9-10%
- The prospects of the individual business areas in 2011 are as follows:

|          | Revenue                        | EBIT ratio               |
|----------|--------------------------------|--------------------------|
| Cement   | approx. DKK 9bn (prev. 9-10bn) | approx. 9% (prev. 9-10%) |
| Minerals | DKK 11-12bn (prev.10-11bn)     | 10-11%                   |
| Cembrit  | approx. DKK 1.4bn              | approx. 4%               |

- The effect of purchase price allocations regarding GL&V Process is still expected to amount to approximately DKK -90m in 2011 in the form of amortisation of intangible assets
- In 2011, the effective tax rate is expected to be around 30%
- Cash flow from investing activities (exclusive of acquisitions) is expected to continue to be around DKK -900m in 2011.

### Long-term growth and earnings prospects

It is still expected that particularly urbanisation and industrialisation in emerging markets will generate increasing demand for cement and minerals. In addition, there are a number of other structural conditions which are expected to result in increasing investments in the mining industry; they include underinvestment over a number of years, and the fact that the quality and accessibility of unexploited ore deposits are decreasing, thereby contributing to a higher demand for minerals handling and extraction equipment.

The long-term sustainable level for addition of new global cement kiln capacity (exclusive of China) is expected to be 60-75m tonnes per year on average.

Earnings from Customer Services in both Cement and Minerals are expected over the coming years to account for a rising proportion of the Group's total earnings. This also applies to the minerals segment as a whole. In the light of these facts, the Group expects its EBIT ratio to be 10-12% in periods of high activity and 8-9% in periods of low activity, bearing in mind that FLSmidth's business is of a late cyclical nature. The effect of purchase price allocations regarding GL&V Process is in future expected to be around DKK -100m per year.

Annual investments (exclusive of acquisitions) are expected both in 2011 and in the next few years to be in the range of DKK 900m driven by continuing good prospects of organic growth.

### Capital structure and dividend

It is the FLSmidth Group's aim at all times to have a suitable capital structure in relation to the underlying operating results so that it is always possible to obtain the necessary and sufficient credit and guarantee facilities to support the commercial operations. The aim is to have an equity ratio of at least 30%. At the end of Q3 2011 the equity ratio amounted to 35% (end of 2010: 36%). At the end of Q3 2011, the Group had net interest-bearing receivables of DKK 107m (end of 2010: DKK 1,254m).

Following the Annual General Meeting on 29 April 2011, a dividend of DKK 9 per share for 2010 was distributed, corresponding to DKK 472m and 37% of the profit for the year (2009: 22%).

FLSmidth wishes to maintain capital resources to finance future growth and to strengthen the commercial position through complementary technologies and services.

It is FLSmidth's policy to pay out 30-50% of the year's profit in dividend depending on the capital structure and investment needs.

### Treasury shares

FLSmidth & Co. A/S's holding of treasury shares at the end of Q3 2011 totalled 943,158, representing 1.8% of the share capital (end of 2010: 760,459) to cover the Group's incentive plan.

### Incentive plan

At the end of Q3 2011, there were a total of 900,536 unexercised share options under the Group's incentive plan. Their fair value was DKK 60m. The fair value is calculated by means of a Black-Scholes model based on a current share price of 280.6, and a volatility of 40.76%. The effect of the plan amounted to DKK 15m in Q1-Q3 2011 (Q1-Q3 2010: DKK 15m). Please see the Annual Report for 2010 for further information.

### New share option plan (Plan 2011)

As announced on 29 August 2011 the Board of Directors has granted 325,000 share options to the Executive Management and key staff. The exercise price is 278 (calculated as the average closing price on the first five business days after presentation of the half-yearly financial statements). The exercise period is 2014-2017.

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## Financial calendar 2012

21 February 2012 Annual Report 2011  
30 March 2012: Annual General Meeting  
11 May 2012: Q1 Interim Report  
15 August 2012: Half-yearly report  
8 November 2012: Q1-Q3 Interim Report

## Events occurring after the balance sheet date

As announced on 20 October 2011, FLSmidth has acquired full ownership of Transweigh India Limited, an Indian company in which FLSmidth has until now been a minority shareholder.

As announced on 2 November 2011, FLSmidth has signed a contract worth approximately DKK 200m for the supply of equipment and technology to a lime plant project in Uruguay.

As announced on 3 November 2011, UBS AG has reduced its holding of FLSmidth & Co. A/S shares to 4.79%.

## Forward-looking statements

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Commerce & Companies Agency and/or announced via the company's website and/or NasdaqOMX Nordic Exchange, 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 interim 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 assumptions underlying 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'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 interim 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, 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'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 interim report.

# Statement by the Board and Management

We have today reviewed and adopted the Interim Report of FLSmidth & Co. A/S for the period 1 January to 30 September 2011.

The Interim Report is presented in accordance with IAS 34, presentation of Interim Reports, as approved by the EU, and additional Danish disclosure requirements for interim reports submitted by listed companies. The Interim Report has not been audited nor reviewed by the Group auditor.

We consider the accounting policies appropriate for the Interim Report to give a true and fair view of the Group's assets and liabilities and financial standing as at 30 September 2011 and of the financial results of the Group's activities and cash flow in the period from 1 January to 30 September 2011.

We also consider the Management's review to give a true and fair view of the developments of the Group's activities and financial affairs, the financial result for the period under review and the Group's financial position as a whole, as well as a true and fair description of the major risks and uncertainties facing the Group.

Copenhagen, 10 November 2011

**Executive  
Management**

Jørgen Huno Rasmussen  
*Group CEO*

Poul Erik Tofte  
*Group Executive  
Vice President (CFO)*

Bjarne Moltke Hansen  
*Group Executive  
Vice President*

Christian Jepsen  
*Group Executive  
Vice President*

**Board of  
Directors**

Vagn Ove Sørensen  
*Chairman*

Jens S. Stephensen  
*Vice Chairman*

Jens Palle Andersen

Torkil Bentzen

Mette Dobel

Martin Ivert

Frank Lund

Jesper Ovesen

Sten Jakobsson

# Consolidated income statement

| DKKm  | Q3 2011      | Q3 2010      | Q1-Q3 2011   | Q1-Q3 2010   |
|---|--------------|--------------|--------------|--------------|
| Notes   |              |              |              |              |
| Revenue   | 5,532        | 5,253        | 14,712       | 14,666       |
| Production costs  | (4,049)      | (3,847)      | (10,894)     | (10,868)     |
| <b>Gross profit</b>   | <b>1,483</b> | <b>1,406</b> | <b>3,818</b> | <b>3,798</b> |
| Sales and distribution costs  | (364)        | (329)        | (1,058)      | (971)        |
| Administrative costs  | (421)        | (384)        | (1,179)      | (1,131)      |
| Other operating income / (costs)  | 19           | 14           | 71           | 58           |
| <b>Earnings before non-recurring items, depreciation, amortisation and write-downs (EBITDA)</b> | <b>717</b>   | <b>707</b>   | <b>1,652</b> | <b>1,754</b> |
| Special non-recurring items   | 8            | 27           | 4            | 27           |
| Depreciation and write-downs of tangible assets   | (66)         | (64)         | (189)        | (183)        |
| Amortisation and write-down of intangible assets  | (67)         | (53)         | (166)        | (144)        |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>592</b>   | <b>617</b>   | <b>1,301</b> | <b>1,454</b> |
| Financial income  | 84           | 107          | 561          | 684          |
| Financial costs   | (109)        | (74)         | (634)        | (778)        |
| <b>Earnings before tax (EBT) of continuing activities</b>                                       | <b>567</b>   | <b>650</b>   | <b>1,228</b> | <b>1,360</b> |
| Tax for the period, continuing activities   | (175)        | (195)        | (368)        | (408)        |
| <b>Profit/loss for the period, continuing activities</b>  | <b>397</b>   | <b>455</b>   | <b>860</b>   | <b>952</b>   |
| Profit/loss for the period, discontinued activities   | 6            | 3            | 10           | (3)          |
| <b>Profit/loss for the period</b>   | <b>403</b>   | <b>458</b>   | <b>870</b>   | <b>949</b>   |
| To be distributed as follows:   |              |              |              |              |
| Minority shareholders' share of profit/loss for the period                                      | 4            | -            | 5            | -            |
| FLSmidth & Co. A/S shareholders' share of profit/loss for the period                            | 399          | 458          | 865          | 949          |
|   | <b>403</b>   | <b>458</b>   | <b>870</b>   | <b>949</b>   |
| 2 Earnings per share (EPS):   |              |              |              |              |
| Continuing and discontinued activities  | 7.6          | 8.7          | 16.5         | 18.0         |
| Continuing and discontinued activities, diluted   | 7.6          | 8.7          | 16.4         | 18.0         |
| Continuing activities   | 7.5          | 8.6          | 16.3         | 18.1         |
| Continuing activities, diluted  | 7.5          | 8.6          | 16.3         | 18.1         |
| 1 Income statement classified by function   |              |              |              |              |

# Consolidated statement of comprehensive income

| DKKm  | Q3 2011    | Q3 2010      | Q1-Q3 2011   | Q1-Q3 2010   |
|---|------------|--------------|--------------|--------------|
| Notes   |            |              |              |              |
| <b>Profit/loss for the period</b>   | 403        | 458          | 870          | 949          |
| <b>Other comprehensive income for the period</b>                                |            |              |              |              |
| Foreign exchange adjustment regarding enterprises abroad                        | (3)        | (260)        | (297)        | 317          |
| Foreign exchange adjustment of loans classified as equity in enterprises abroad | 62         | (108)        | (18)         | 46           |
| Value adjustments of hedging instruments:                                       |            |              |              |              |
| Value adjustments for the period  | (11)       | 31           | 13           | 7            |
| Value adjustments transferred to revenue  | (4)        | -            | (11)         | (3)          |
| Value adjustments transferred to production costs                               | (16)       | (2)          | (22)         | (4)          |
| Value adjustments transferred to financial income / costs                       | 2          | (1)          | 2            | (1)          |
| Value adjustments transferred to balance sheet items                            | (2)        | -            | (2)          | 5            |
| Actuarial gains/ (losses) on defined contribution plans                         | (1)        |              | (1)          |              |
| Tax on other comprehensive income   | (16)       | 26           | 5            | (13)         |
| <b>Other comprehensive income for the period after tax</b>                      | <b>11</b>  | <b>(314)</b> | <b>(331)</b> | <b>354</b>   |
| <b>Comprehensive income for the period</b>                                      | <b>414</b> | <b>144</b>   | <b>539</b>   | <b>1,303</b> |
| Comprehensive income for the period attributable to:                            |            |              |              |              |
| Minority shareholders' share of comprehensive income for the period             | (16)       | -            | (21)         | (4)          |
| FLSmith & Co. A/S shareholders' share of comprehensive income for the period    | 430        | 144          | 560          | 1,307        |
|   | 414        | 144          | 539          | 1,303        |

# Consolidated cash flow statement

| DKKm   | Q1-Q3 2011     | Q1-Q3 2010   |
|--|----------------|--------------|
| Notes  |                |              |
| Earnings before special non-recurring items, depreciation, amortisation, write-downs (EBITDA), continuing activities   | 1,652          | 1,754        |
| Earnings before special non-recurring items, depreciation, amortisation, write-downs (EBITDA), discontinued activities | 10             | 5            |
| <b>Earnings before special non-recurring items, depreciation and amortisation (EBITDA)</b>                             | <b>1,662</b>   | <b>1,759</b> |
| Adjustment for profits/losses on sale of tangible and intangible assets and foreign exchange adjustments, etc.         | (19)           | 45           |
| <b>Adjusted earnings before special non-recurring items, depreciation, amortisation and write-downs (EBITDA)</b>       | <b>1,643</b>   | <b>1,804</b> |
| Change in provisions   | (263)          | (37)         |
| Change in working capital  | 72             | (289)        |
| <b>Cash flow from operating activities before financial items and tax</b>  | <b>1,452</b>   | <b>1,478</b> |
| Financial payments received and made   | (114)          | (97)         |
| Corporation taxes paid   | (450)          | (278)        |
| <b>Cash flow from operating activities</b>   | <b>888</b>     | <b>1,103</b> |
| 4 Acquisition and disposal of enterprises and activities   | (840)          | -            |
| Acquisition of intangible assets   | (155)          | (89)         |
| Acquisition of tangible assets   | (301)          | (166)        |
| Acquisition of financial assets  | -              | (76)         |
| Disposal of enterprises and activities   | 19             | 31           |
| Disposal of financial assets   | 2              | -            |
| Disposal of intangible and tangible assets   | 24             | 8            |
| <b>Cash flow from investing activities</b>   | <b>(1,251)</b> | <b>(292)</b> |
| Dividend   | (480)          | (262)        |
| Acquisition of treasury shares   | (99)           | (5)          |
| Disposal of treasury shares  | 4              | 11           |
| Change in other interest-bearing net receivables/(debt)  | 92             | (313)        |
| <b>Cash flow from financing activities</b>   | <b>(483)</b>   | <b>(569)</b> |
| <b>Changes in cash and cash equivalents</b>  | <b>(846)</b>   | <b>242</b>   |
| Cash and cash equivalents at 1 January   | 2,398          | 2,389        |
| Foreign exchange adjustment, cash and cash equivalents   | (80)           | 141          |
| Cash and cash equivalents at 30 September  | 1,472          | 2,772        |

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

# Consolidated balance sheet

## Assets

| DKKm                                       | End of<br>Q3 2011 | End of<br>2010 |
|--|-------------------|----------------|
| Notes                                      |                   |                |
| Goodwill                                   | 4,085             | 3,663          |
| Patents and rights acquired                | 1,098             | 1,021          |
| Customer relations                         | 1,088             | 1,006          |
| Other intangible assets                    | 175               | 156            |
| Completed development projects             | 51                | 62             |
| Intangible assets under development        | 385               | 240            |
| <b>Intangible assets</b>                   | <b>6,882</b>      | <b>6,148</b>   |
| Land and buildings                         | 1,293             | 1,269          |
| Plant and machinery                        | 696               | 710            |
| Operating equipment, fixtures and fittings | 217               | 234            |
| Tangible assets in course of construction  | 173               | 70             |
| <b>Tangible assets</b>                     | <b>2,379</b>      | <b>2,283</b>   |
| Investments in associates                  | 4                 | 3              |
| Other securities and investments           | 61                | 63             |
| Pension assets                             | 38                | 15             |
| Deferred tax assets                        | 874               | 728            |
| <b>Financial assets</b>                    | <b>977</b>        | <b>809</b>     |
| <b>Total non-current assets</b>            | <b>10,238</b>     | <b>9,240</b>   |
| <b>Inventories</b>                         | <b>2,255</b>      | <b>1,960</b>   |
| Trade receivables                          | 4,409             | 4,238          |
| Work-in-progress for third parties         | 2,898             | 3,120          |
| Prepayments to subcontractors              | 580               | 364            |
| Other receivables                          | 1,055             | 1,046          |
| Prepayments                                | 112               | 97             |
| <b>Receivables</b>                         | <b>9,054</b>      | <b>8,865</b>   |
| <b>Bonds and listed shares</b>             | <b>201</b>        | <b>136</b>     |
| <b>Cash and cash equivalents</b>           | <b>1,472</b>      | <b>2,398</b>   |
| <b>Total current assets</b>                | <b>12,982</b>     | <b>13,359</b>  |
| <b>TOTAL ASSETS</b>                        | <b>23,220</b>     | <b>22,599</b>  |

# Consolidated balance sheet

## Equity and liabilities

| DKKm  | End of<br>Q3 2011 | End of<br>2010 |
|---|-------------------|----------------|
| Notes   |                   |                |
| Share capital   | 1,064             | 1,064          |
| Foreign exchange adjustments regarding translation of investments | (59)              | 235            |
| Foreign exchange adjustments regarding hedging transactions       | (10)              | 10             |
| Reserve for actuarial profit/loss                                 | (238)             | (237)          |
| Reserve for securities available for sale                         | (31)              | (31)           |
| Retained earnings etc.  | 7,362             | 6,565          |
| Proposed dividend   | -                 | 479            |
| <b>FLSmidth &amp; Co. A/S shareholders' share of equity</b>       | <b>8,088</b>      | <b>8,085</b>   |
| Minority shareholders' share of equity                            | 35                | 54             |
| <b>Total equity</b>   | <b>8,123</b>      | <b>8,139</b>   |
| Deferred tax liabilities  | 803               | 813            |
| Pension liabilities   | 200               | 219            |
| Other provisions  | 546               | 602            |
| Mortgage debt   | 352               | 346            |
| Bank loans  | 839               | 812            |
| Finance lease commitments   | 1                 | 8              |
| Prepayments from customers  | 698               | 218            |
| Other liabilities   | 238               | 127            |
| <b>Long-term liabilities</b>                                      | <b>3,677</b>      | <b>3,145</b>   |
| Mortgage debt   | 4                 | -              |
| Bank loans  | 115               | 4              |
| Finance lease commitments   | 4                 | 2              |
| Prepayments from customers  | 1,452             | 1,973          |
| Work-in-progress for third parties                                | 4,542             | 3,846          |
| Trade payables  | 2,259             | 2,192          |
| Corporation tax payable   | 365               | 340            |
| Other liabilities   | 1,425             | 1,510          |
| Other provisions  | 1,216             | 1,404          |
| Deferred income   | 38                | 44             |
| <b>Short-term liabilities</b>                                     | <b>11,420</b>     | <b>11,315</b>  |
| <b>Total liabilities</b>  | <b>15,097</b>     | <b>14,460</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               | <b>23,220</b>     | <b>22,599</b>  |

# Consolidated equity

| DKKm  | Share capital | Foreign exchange adjustments re translation of investments | Foreign exchange adjustments re hedging transactions | Reserve for actuarial profit/loss | Reserve for securities available for sale | Retained earnings | Proposed dividend | FLSmith & Co. A/S shareholders' share | Minority interests' share | Total        |
|---|---------------|--|--|-----------------------------------|---|-------------------|-------------------|---------------------------------------|---------------------------|--------------|
| <b>Equity at 1 January 2011</b>   | <b>1,064</b>  | <b>235</b>   | <b>10</b>  | <b>(237)</b>                      | <b>(31)</b>                               | <b>6,565</b>      | <b>479</b>        | <b>8,085</b>                          | <b>54</b>                 | <b>8,139</b> |
| <b>Comprehensive income for the period</b>                                      |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Profit/loss for the period  |               |  |  |                                   |   | 865               |                   | 865                                   | 5                         | 870          |
| <b>Other comprehensive income</b>   |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Foreign exchange adjustment regarding enterprises abroad                        |               | (276)  |  |                                   |   |                   |                   | (276)                                 | (21)                      | (297)        |
| Foreign exchange adjustment of loans classified as equity in enterprises abroad |               | (18)   |  |                                   |   |                   |                   | (18)                                  |                           | (18)         |
| Value adjustment of hedging instruments:  |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Value adjustments for the period  |               |  | 13   |                                   |   |                   |                   | 13                                    |                           | 13           |
| Value adjustments transferred to revenue  |               |  | (11)   |                                   |   |                   |                   | (11)                                  |                           | (11)         |
| Value adjustments transferred to production costs                               |               |  | (22)   |                                   |   |                   |                   | (22)                                  |                           | (22)         |
| Value adjustments transferred to financial income / costs                       |               |  | 2  |                                   |   |                   |                   | 2                                     |                           | 2            |
| Value adjustments transferred to balance sheet items                            |               |  | (2)  |                                   |   |                   |                   | (2)                                   |                           | (2)          |
| Actuarial gains / (losses) on defined contribution plans                        |               |  |  | (1)                               |   |                   |                   | (1)                                   |                           | (1)          |
| Tax on other comprehensive income   |               |  |  |                                   |   | 5                 |                   | 5                                     |                           | 5            |
| <b>Total other comprehensive income</b>   | <b>0</b>      | <b>(294)</b>   | <b>(20)</b>  | <b>(1)</b>                        | <b>0</b>                                  | <b>5</b>          | <b>0</b>          | <b>(310)</b>                          | <b>(21)</b>               | <b>(331)</b> |
| <b>Comprehensive income for the period</b>                                      | <b>0</b>      | <b>(294)</b>   | <b>(20)</b>  | <b>(1)</b>                        | <b>0</b>                                  | <b>870</b>        | <b>0</b>          | <b>555</b>                            | <b>(16)</b>               | <b>539</b>   |
| Dividend distributed  |               |  |  |                                   |   |                   | (472)             | (472)                                 | (8)                       | (480)        |
| Dividend, treasury shares   |               |  |  |                                   |   | 7                 | (7)               | 0                                     |                           | 0            |
| Share-based payment, share options  |               |  |  |                                   |   | 15                |                   | 15                                    |                           | 15           |
| Disposal of treasury shares   |               |  |  |                                   |   | 4                 |                   | 4                                     |                           | 4            |
| Acquisition of treasury shares  |               |  |  |                                   |   | (99)              |                   | (99)                                  |                           | (99)         |
| Additions and disposals of minority interests                                   |               |  |  |                                   |   |                   |                   | 0                                     | 5                         | 5            |
| <b>Equity at 30 September 2011</b>  | <b>1,064</b>  | <b>(59)</b>  | <b>(10)</b>  | <b>(238)</b>                      | <b>(31)</b>                               | <b>7,362</b>      | <b>0</b>          | <b>8,088</b>                          | <b>35</b>                 | <b>8,123</b> |

## The period's movements in holding of treasury shares (number of shares):

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| Treasury shares at 1 January                                      | 760,459 shares  | 755,298 shares  |
| Acquisition of treasury shares                                    | 268,901 shares  | 12,834 shares   |
| Share options settled   | (27,806) shares | (68,000) shares |
| Employee shares in connection with FLS Global Incentive Programme | (58,396) shares | (93,624) shares |
| Treasury shares at 30 September                                   | 943,158 shares  | 606,508 shares  |

Representing 1.8% (2010: 1.1%) of the share capital.

# Consolidated equity

| DKKm  | Share capital | Foreign exchange adjustments re translation of investments | Foreign exchange adjustments re hedging transactions | Reserve for actuarial profit/loss | Reserve for securities available for sale | Retained earnings | Proposed dividend | FLSmith & Co. A/S shareholders' share | Minority interests' share | Total        |
|---|---------------|--|--|-----------------------------------|---|-------------------|-------------------|---------------------------------------|---------------------------|--------------|
| <b>Equity at 1 January 2010</b>   | <b>1,064</b>  | <b>(290)</b>   | <b>(4)</b>   | <b>(258)</b>                      | <b>(30)</b>                               | <b>5,856</b>      | <b>266</b>        | <b>6,604</b>                          | <b>23</b>                 | <b>6,627</b> |
| <b>Comprehensive income for the period</b>                                      |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Profit/loss for the period  |               |  |  |                                   |   | 949               |                   | 949                                   | (4)                       | 945          |
| <b>Other comprehensive income</b>   |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Foreign exchange adjustment regarding enterprises abroad                        |               | 318  |  |                                   |   |                   |                   | 318                                   |                           | 318          |
| Foreign exchange adjustment of loans classified as equity in enterprises abroad |               | 46   |  |                                   |   |                   |                   | 46                                    |                           | 46           |
| Value adjustment of hedging instruments:  |               |  |  |                                   |   |                   |                   |                                       |                           |              |
| Value adjustments for the period  |               |  | 7  |                                   |   |                   |                   | 7                                     |                           | 7            |
| Value adjustments transferred to revenue  |               |  | (3)  |                                   |   |                   |                   | (3)                                   |                           | (3)          |
| Value adjustments transferred to production costs                               |               |  | (4)  |                                   |   |                   |                   | (4)                                   |                           | (4)          |
| Value adjustments transferred to financial income / costs                       |               |  | (1)  |                                   |   |                   |                   | (1)                                   |                           | (1)          |
| Value adjustments transferred to balance sheet items                            |               |  | 5  |                                   |   |                   |                   | 5                                     |                           | 5            |
| Value adjustments of securities available for sale                              |               |  |  |                                   | 3   |                   |                   | 3                                     |                           | 3            |
| Tax on other comprehensive income   |               |  |  |                                   |   | (13)              |                   | (13)                                  |                           | (13)         |
| <b>Total other comprehensive income</b>   | <b>0</b>      | <b>364</b>   | <b>4</b>   | <b>0</b>                          | <b>3</b>                                  | <b>(13)</b>       | <b>0</b>          | <b>358</b>                            | <b>0</b>                  | <b>358</b>   |
| <b>Comprehensive income for the period</b>                                      | <b>0</b>      | <b>364</b>   | <b>4</b>   | <b>0</b>                          | <b>3</b>                                  | <b>936</b>        | <b>0</b>          | <b>1,307</b>                          | <b>(4)</b>                | <b>1,303</b> |
| Dividend distributed  |               |  |  |                                   |   |                   | (262)             | (262)                                 |                           | (262)        |
| Dividend, treasury shares   |               |  |  |                                   |   | 4                 | (4)               | 0                                     |                           | 0            |
| Share-based payment, employee shares  |               |  |  |                                   |   | 15                |                   | 15                                    |                           | 15           |
| Acquisition of treasury shares  |               |  |  |                                   |   | (5)               |                   | (5)                                   |                           | (5)          |
| Disposal of treasury shares   |               |  |  |                                   |   | 11                |                   | 11                                    |                           | 11           |
| Additions and disposals of minority interests                                   |               |  |  |                                   |   |                   |                   | 0                                     | (4)                       | (4)          |
| <b>Equity at 30 September 2010</b>  | <b>1,064</b>  | <b>74</b>  | <b>0</b>   | <b>(258)</b>                      | <b>(27)</b>                               | <b>6,817</b>      | <b>0</b>          | <b>7,670</b>                          | <b>15</b>                 | <b>7,685</b> |

# Notes to the appendices of the interim report

1. Income statement classified by function
2. Earnings per share (EPS)
3. Breakdown of the Group by segments, continuing activities
4. Acquisition of enterprises and activities
5. Development in contingent assets and liabilities
6. Quarterly key figures
7. Accounting policies and Management estimates and assessments

## 1. Income statement classified by function

It is Group policy to prepare the income statement based on an adapted classification of the costs by function in order to show the Earnings before non-recurring items, depreciation, amortisation and write-downs (EBITDA). Depreciation, amortisation and write-downs of tangible assets are therefore separated from the individual functions and presented on separate lines.

The income statement classified by function including allocation of depreciation, amortisation and write-downs appears from the following:

| DKKm   | Q3 2011      | Q3 2010      | Q1-Q3 2011   | Q1-Q3 2010   |
|--|--------------|--------------|--------------|--------------|
| Revenue  | 5,532        | 5,253        | 14,712       | 14,666       |
| Production costs   | (4,112)      | (3,902)      | (11,061)     | (11,019)     |
| <b>Gross profit</b>                                      | <b>1,420</b> | <b>1,351</b> | <b>3,651</b> | <b>3,647</b> |
| Sales and distribution costs                             | (365)        | (332)        | (1,062)      | (980)        |
| Administrative costs                                     | (490)        | (443)        | (1,363)      | (1,298)      |
| Other operating income / (costs)                         | 19           | 14           | 71           | 58           |
| Special non-recurring items                              | 8            | 27           | 4            | 27           |
| <b>Earnings before interest and tax (EBIT)</b>           | <b>592</b>   | <b>617</b>   | <b>1,301</b> | <b>1,454</b> |
| Financial income   | 84           | 107          | 561          | 684          |
| Financial costs  | (109)        | (74)         | (634)        | (778)        |
| <b>Earnings before tax (EBT)</b>                         | <b>567</b>   | <b>650</b>   | <b>1,228</b> | <b>1,360</b> |
| Tax for the period                                       | (170)        | (195)        | (368)        | (408)        |
| <b>Profit/loss for the period, continuing activities</b> | <b>397</b>   | <b>455</b>   | <b>860</b>   | <b>952</b>   |
| Profit/loss for the period, discontinued activities      | 6            | 3            | 10           | (3)          |
| <b>Profit/loss for the period</b>                        | <b>403</b>   | <b>458</b>   | <b>870</b>   | <b>949</b>   |

## 2. Earnings per share (EPS)

| DKKm   | Q3 2011           | Q3 2010           | Q1-Q3 2011        | Q1-Q3 2010        |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Earnings</b>  |                   |                   |                   |                   |
| FLSmidth & Co. A/S shareholders' share of profit/loss for the period   | 399               | 458               | 865               | 949               |
| FLSmidth & Co. Group profit/loss from discontinued activities  | 6                 | 3                 | 10                | (3)               |
| <b>Number of shares, average</b>   |                   |                   |                   |                   |
| Number of shares issued  | 53,200,000        | 53,200,000        | 53,200,000        | 53,200,000        |
| Adjustment for treasury shares   | (852,914)         | (569,064)         | (821,734)         | (582,904)         |
| Potential increase of shares in circulation, options in-the-money  | 95,453            | 121,310           | 211,577           | 85,301            |
|  | <b>52,442,539</b> | <b>52,752,246</b> | <b>52,589,843</b> | <b>52,702,397</b> |
| <b>Earnings per share</b>  |                   |                   |                   |                   |
| • Continuing and discontinued activities per share DKK   | 7.6               | 8.7               | 16.5              | 18.0              |
| • Continuing and discontinued activities, diluted, per share DKK   | 7.6               | 8.7               | 16.4              | 18.0              |
| • Continuing and discontinued activities, diluted, before the effect of purchase price allocations regarding GL&V Process, per share DKK | 8.0               | 9.0               | 17.4              | 18.9              |
| • Continuing activities per share DKK  | 7.5               | 8.6               | 16.3              | 18.1              |
| • Continuing activities, diluted, per share DKK  | 7.5               | 8.6               | 16.3              | 18.1              |

Non-diluted earnings per share regarding discontinued activities amount to DKK 0.2. The effect of purchase price allocations regarding GL&V Process before tax amounts to DKK 66m in the first three quarters of 2011. After tax, this amounts to DKK 46m and the effect on EPS per share is consequently DKK 0.9.

# Notes to the appendices of the interim report

## 3. Breakdown of the Group by segments, continuing activities

| DKKm  | Q1-Q3 2011    |               |              |                                   |                             |
|---|---------------|---------------|--------------|-----------------------------------|-----------------------------|
|   | Cement        | Minerals      | Cembrit      | Other companies etc. <sup>1</sup> | Continuing activities total |
| <b>INCOME STATEMENT</b>   |               |               |              |                                   |                             |
| Revenue   | 5,772         | 7,989         | 1,085        | (134)                             | 14,712                      |
| Production costs  | (4,048)       | (6,118)       | (711)        | (17)                              | (10,894)                    |
| <b>Gross profit</b>   | <b>1,724</b>  | <b>1,871</b>  | <b>374</b>   | <b>(151)</b>                      | <b>3,818</b>                |
| Sales, distr. and admin. costs and other operating items  | (1,101)       | (949)         | (273)        | 157                               | (2,166)                     |
| <b>Earnings before special non-recurring items, depreciation and amortisation (EBITDA)</b>                            | <b>623</b>    | <b>922</b>    | <b>101</b>   | <b>6</b>                          | <b>1,652</b>                |
| Special non-recurring items   | (3)           | (2)           | -            | 9                                 | 4                           |
| Depreciation, amortisation and write-downs of tangible and intangible assets  | (107)         | (193)         | (53)         | (2)                               | (355)                       |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>513</b>    | <b>727</b>    | <b>48</b>    | <b>13</b>                         | <b>1,301</b>                |
| <i>Earnings before interest and tax (EBIT) before effect of purchase price allocations regarding GL&amp;V Process</i> | 513           | 793           | 48           | 17                                | 1,367                       |
| <b>ORDER INTAKE</b>   | <b>6,226</b>  | <b>12,047</b> | <b>N/A</b>   | <b>(85)</b>                       | <b>18,188</b>               |
| <b>ORDER BACKLOG</b>  | <b>14,280</b> | <b>13,362</b> | <b>N/A</b>   | <b>(150)</b>                      | <b>27,492</b>               |
| <b>FINANCIAL RATIOS</b>   |               |               |              |                                   |                             |
| Gross margin  | 29.9%         | 23.4%         | 34.5%        | N/A                               | 26.0%                       |
| EBITDA ratio  | 10.8%         | 11.5%         | 9.3%         | N/A                               | 11.2%                       |
| EBIT ratio  | 8.9%          | 9.1%          | 4.4%         | N/A                               | 8.8%                        |
| <i>EBIT ratio before effect of purchase price allocations regarding GL&amp;V Process</i>                              | 8.9%          | 9.9%          | 4.4%         | N/A                               | 9.3%                        |
| <b>Number of employees at 30 September</b>  | <b>6,235</b>  | <b>5,392</b>  | <b>1,086</b> | <b>2</b>                          | <b>12,715</b>               |

| DKKm  | Q1-Q3 2010    |               |              |                                   |                             |
|---|---------------|---------------|--------------|-----------------------------------|-----------------------------|
|   | Cement        | Minerals      | Cembrit      | Other companies etc. <sup>1</sup> | Continuing activities total |
| <b>INCOME STATEMENT</b>   |               |               |              |                                   |                             |
| Revenue   | 7,072         | 6,637         | 1,033        | (76)                              | 14,666                      |
| Production costs  | (5,176)       | (4,959)       | (695)        | (38)                              | (10,868)                    |
| <b>Gross profit</b>   | <b>1,896</b>  | <b>1,678</b>  | <b>338</b>   | <b>(114)</b>                      | <b>3,798</b>                |
| Sales, distr. and admin. costs and other operating items  | (1,001)       | (863)         | (246)        | 66                                | (2,044)                     |
| <b>Earnings before special non-recurring items, depreciation and amortisation (EBITDA)</b>                            | <b>895</b>    | <b>815</b>    | <b>92</b>    | <b>(48)</b>                       | <b>1,754</b>                |
| Special non-recurring items   | 1             | 25            | 1            | -                                 | 27                          |
| Depreciation, amortisation and write-downs of tangible and intangible assets  | (95)          | (170)         | (58)         | (4)                               | (327)                       |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>801</b>    | <b>670</b>    | <b>35</b>    | <b>(52)</b>                       | <b>1,454</b>                |
| <i>Earnings before interest and tax (EBIT) before effect of purchase price allocations regarding GL&amp;V Process</i> | 801           | 736           | 35           | (52)                              | 1,520                       |
| <b>ORDER INTAKE</b>   | <b>7,798</b>  | <b>8,650</b>  | <b>N/A</b>   | <b>(96)</b>                       | <b>16,352</b>               |
| <b>ORDER BACKLOG</b>  | <b>13,682</b> | <b>10,065</b> | <b>N/A</b>   | <b>(134)</b>                      | <b>23,613</b>               |
| <b>FINANCIAL RATIOS</b>   |               |               |              |                                   |                             |
| Gross margin  | 26.8%         | 25.3%         | 32.7%        | N/A                               | 25.9%                       |
| EBITDA ratio  | 12.7%         | 12.3%         | 8.9%         | N/A                               | 12.0%                       |
| EBIT ratio  | 11.3%         | 10.1%         | 3.4%         | N/A                               | 9.8%                        |
| <i>EBIT ratio before effect of purchase price allocations regarding GL&amp;V Process</i>                              | 11.3%         | 11.1%         | 3.4%         | N/A                               | 10.4%                       |
| <b>Number of employees at 30 September</b>  | <b>5,509</b>  | <b>4,298</b>  | <b>1,060</b> | <b>3</b>                          | <b>10,870</b>               |

| DKKm  | Q1-Q3 2011   | Q1-Q3 2010   |
|---|--------------|--------------|
| <b>Reconciliation of the profit/loss for the period before tax, continuing activities</b> |              |              |
| Segment earnings before tax of reportable segments  | 1,301        | 1,454        |
| Financial income  | 561          | 684          |
| Financial costs   | (634)        | (778)        |
| <b>Earnings for the period before tax (EBT) of continuing activities</b>                  | <b>1,228</b> | <b>1,360</b> |

<sup>1)</sup> Other companies, etc. consist of companies with no activities, real estate companies, eliminations and the parent company.

# Notes to the appendices of the interim report

## 4. Acquisition of enterprises and activities

| Name of enterprise acquired               | Primary activity | Acquisition date  | Ownership acquired | Voting share acquired | Ownership interest | Voting share |
|---|------------------|-------------------|--------------------|-----------------------|--------------------|--------------|
| Summit Valley (acquisition of net assets) | Minerals         | 15 December 2009  | -                  | -                     | -                  | -            |
| ESSA Australia Limited                    | Minerals         | 17 February 2011  | 100%               | 100%                  | 100%               | 100%         |
| Darimec S.r.L.                            | Cement           | 29 July 2011      | 100%               | 100%                  | 100%               | 100%         |
| Phillips Kiln Service Ltd.                | Cement           | 18 August 2011    | 100%               | 100%                  | 100%               | 100%         |
| Knelson Group (acquisition of net assets) | Minerals         | 21 September 2011 | -                  | -                     | -                  | -            |
| Transweigh India Ltd.                     | Cement           | 20 October 2011   | 76%                | 76%                   | 100%               | 100%         |

| DKKm  | Q1-Q3 2011                        |                           |   | Q1-Q3 2010                        |                           |   |
|---|-----------------------------------|---------------------------|---|-----------------------------------|---------------------------|---|
|   | Carrying amount before adjustment | Adjustments at fair value | Fair value adjusted opening balance sheet | Carrying amount before adjustment | Adjustments at fair value | Fair value adjusted opening balance sheet |
| Patents and rights acquired                         | -                                 | 135                       | 135                                       | -                                 | 0                         | -   |
| Customer relations                                  | -                                 | 185                       | 185                                       | -                                 | (3)                       | (3)                                       |
| Other intangible assets                             | -                                 | 61                        | 61  | -                                 | (1)                       | (1)                                       |
| Tangible assets                                     | 88                                | -                         | 88  | -                                 | -                         | -   |
| Financial assets including deferred tax             | 18                                | -                         | 13  | -                                 | -                         | -   |
| Inventories   | 75                                | -                         | 75  | -                                 | (1)                       | (1)                                       |
| Receivables   | 149                               | -                         | 149                                       | -                                 | -                         | -   |
| Cash and cash equivalents                           | 41                                | -                         | 41  | -                                 | -                         | -   |
| Minority interests                                  | (7)                               | -                         | (7)                                       | -                                 | -                         | -   |
| Other liabilities                                   | (192)                             | -                         | (192)                                     | -                                 | -                         | -   |
| Loans   | (5)                               | -                         | (5)                                       | -                                 | -                         | -   |
| <b>Net assets</b>                                   | <b>167</b>                        | <b>381</b>                | <b>543</b>                                | -                                 | <b>(5)</b>                | <b>(5)</b>                                |
| Goodwill  |                                   |                           | 521                                       |                                   |                           | 5   |
| <b>Cost</b>   |                                   |                           | <b>1,064</b>                              |                                   |                           | -   |
| Cash and cash equivalents acquired                  |                                   |                           | (41)                                      |                                   |                           |   |
| Contingent consideration (earn out)                 |                                   |                           | (183)                                     |                                   |                           |   |
| <b>Net cash effect, acquisitions</b>                |                                   |                           | <b>840</b>                                |                                   |                           | -   |
| <b>Other specifications regarding transactions:</b> |                                   |                           |   |                                   |                           |   |
| Direct acquisition costs                            |                                   |                           | 5   |                                   |                           |   |

### ESSA Australia Limited

Essa Australia Limited based in Perth, Australia, is a company specialising in design, manufacture, servicing and support of sampling equipment for the minerals and mining industries. Essa's accounting figures are included in the FLSmidth & Co. Group financial statements as part of Cement and within the Automation segment. The transaction may therefore be considered to reflect Automation's penetration into the minerals industry. The Essa companies were consolidated at the date of acquisition and are included in the consolidated Q3 2011 financial statements with revenue of DKK 76m and earnings after tax of DKK 5m. The non-allocated purchase price amounts to DKK 21m and is recognised as goodwill reflecting expected synergies. The minority share (NCI) is measured at fair value. If the acquisition of Essa Australia Limited in 2011 had been consolidated as at 1 January 2011, revenue and earnings after tax from the enterprise would be included in the consolidated financial statements at the aggregate amounts of DKK 103m and DKK 2m, respectively.

### Darimec S.r.L.

Darimec S.r.L., based in Milan, Italy designs and manufactures girth gears, pinions and custom-made reducers mainly for the cement and minerals industries. The Darimec companies were consolidated at the acquisition date and are included in the consolidated Q3 2011 financial statements with revenue of DKK 9m and earnings after tax of DKK -2m. The non-allocated purchase price amounts to DKK 94m and is recognised as goodwill reflecting expected synergies. If the acquisition of Darimec S.r.L. in 2011 had been consolidated as at 1 January 2011, revenue and earnings after tax from the enterprise would be included in the consolidated financial statements at the aggregate amounts of DKK 43m and DKK -5m, respectively.

### Phillips Kiln Service Ltd.

Phillips Kiln Service Ltd., based at South Sioux City, USA, supplies kiln services to the cement and minerals industries. The Phillips companies were consolidated at the acquisition date and are included in the consolidated Q3 2011 financial statements with revenue of DKK 15m and earnings after tax of DKK -1m. The non-allocated purchase price amounts to DKK 15m and is recognised as goodwill reflecting expected synergies. Tax deduction for goodwill acquired amounts to DKK 14m. If the acquisition of Phillips in 2011 had been consolidated as at 1 January 2011, revenue and earnings after tax from the enterprise would be included in the consolidated financial statements at DKK 139m and DKK 25m, respectively.

### Knelson Group (acquisition of net activities)

Knelson Group based in Vancouver, Canada, manufactures and installs equipment for the recovery of precious metals such as gold, platinum and silver, as well as the enhanced gravity separation of base metals and industrial minerals. The activities were consolidated at the acquisition date and are included in the financial statements with revenue of DKK 0m and earnings after tax of DKK 0m. The non-allocated purchase price amounts to DKK 383m and is recognised as goodwill reflecting expected synergies. Tax deduction for goodwill acquired amounts to DKK 287m. It is agreed with the seller, Knelson Group, not to disclose the revenue and earnings as the Knelson Group's financial position can be deduced from this information.

### Summit Valley

Summit Valley was acquired in December 2009. Please see the Annual Report for 2010 for further information regarding the acquisition. In the first quarter of 2010 fair value adjustments of the opening balance were made, resulting in a net adjustment of DKK -5m.

### Acquisition of enterprises after the balance sheet date

On 20 October 2011, FLSmidth signed an agreement to acquire a 76% shareholding in Transweigh India Limited, an Indian company that designs and manufactures gravimetric feeding equipment to the cement and minerals industries. FLSmidth already controlled the remaining 24% of the company. The acquisition of Transweigh complements and supports the present activities of FLSmidth Pfister.

Due to the short time span between the acquisition and the disclosure of the Q3 interim report, it was not practically possible to allocate the consideration to assets and liabilities acquired before the report was released. The annual report for 2011 is expected to include a provisional allocation of the purchase price. If the acquisition of Transweigh India Ltd. in 2011 had been consolidated as at 1 January 2011, revenue and earnings after tax from the enterprise would be included in the consolidated financial statements at the aggregate amounts of DKK 55m and DKK 6m, respectively.

# Notes to the appendices of the interim report

## 5. Development in contingent assets and liabilities

Contingent liabilities at 30 September 2011 amounted to DKK 6.8bn (31 December 2010 DKK 6.9bn), which includes performance bonds and payment guarantees at DKK 6.5bn (31 December 2010 DKK 6.5bn). See note 30 in the 2010 Annual Report for a general description of the nature of the Group's contingent liabilities.

## 6. Quarterly key figures

| DKKm  | 2009       | 2010       |            |            |            | 2011       |            |            |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
|   | Q4         | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         |
| <b>INCOME STATEMENT</b>   |            |            |            |            |            |            |            |            |
| Revenue   | 6,535      | 4,490      | 4,923      | 5,253      | 5,520      | 4,385      | 4,795      | 5,532      |
| Gross profit  | 1,720      | 1,109      | 1,283      | 1,406      | 1,409      | 1,106      | 1,229      | 1,483      |
| Earnings before special non-recurring items, depreciation and amortisation (EBITDA)                                   | 917        | 462        | 585        | 707        | 633        | 427        | 508        | 717        |
| Earnings before interest and tax (EBIT)   | 764        | 359        | 478        | 617        | 536        | 305        | 404        | 592        |
| <i>Earnings before interest and tax (EBIT) before effect of purchase price allocations regarding GL&amp;V Process</i> | 788        | 381        | 500        | 639        | 560        | 327        | 426        | 614        |
| Earnings before tax (EBT)   | 625        | 342        | 368        | 650        | 512        | 249        | 412        | 567        |
| Tax for the period  | (193)      | (100)      | (113)      | (195)      | (182)      | (75)       | (123)      | (168)      |
| <b>Profit/loss for the period, continuing activities</b>  | <b>432</b> | <b>242</b> | <b>255</b> | <b>455</b> | <b>330</b> | <b>174</b> | <b>289</b> | <b>399</b> |
| Profit/loss for the period, discontinued activities   | (24)       | (9)        | 3          | 3          | (1)        | (1)        | 5          | 6          |
| <b>Profit/loss for the period</b>   | <b>408</b> | <b>233</b> | <b>258</b> | <b>458</b> | <b>329</b> | <b>173</b> | <b>294</b> | <b>405</b> |
| <i>Gross margin</i>   | 26.3%      | 24.7%      | 26.1%      | 26.8%      | 25.5%      | 25.2%      | 25.6%      | 26.8%      |
| <i>EBITDA ratio</i>   | 14.0%      | 10.3%      | 11.9%      | 13.5%      | 11.5%      | 9.7%       | 10.6%      | 13.0%      |
| <i>EBIT ratio</i>   | 11.7%      | 8.0%       | 9.7%       | 11.7%      | 9.7%       | 7.0%       | 8.4%       | 10.7%      |
| <i>EBIT ratio before effect of purchase price allocations regarding GL&amp;V Process</i>                              | 12.1%      | 8.5%       | 10.2%      | 12.2%      | 10.1%      | 7.5%       | 8.9%       | 11.1%      |
| <b>CASH FLOW</b>  |            |            |            |            |            |            |            |            |
| Cash flow from operating activities   | 923        | 349        | 387        | 367        | 232        | (101)      | 426        | 563        |
| Cash flow from investing activities   | (100)      | (93)       | (70)       | (129)      | (434)      | (257)      | (148)      | (846)      |
| Order intake, continuing activities (gross)   | 4,091      | 5,195      | 7,521      | 3,636      | 4,428      | 4,964      | 6,048      | 7,176      |
| Order backlog, continuing activities  | 21,194     | 22,883     | 26,621     | 23,613     | 23,708     | 24,033     | 25,011     | 27,492     |
| <b>SEGMENT REPORTING</b>  |            |            |            |            |            |            |            |            |
| <b>Cement</b>   |            |            |            |            |            |            |            |            |
| Revenue   | 3,605      | 2,426      | 2,374      | 2,272      | 2,300      | 1,935      | 1,926      | 1,911      |
| EBITDA  | 635        | 269        | 298        | 328        | 253        | 198        | 231        | 194        |
| EBIT  | 561        | 237        | 265        | 299        | 216        | 162        | 198        | 153        |
| <i>Gross margin</i>   | 28.0%      | 25.2%      | 25.9%      | 29.4%      | 31.5%      | 27.1%      | 31.0%      | 31.4%      |
| <i>EBITDA ratio</i>   | 17.6%      | 11.1%      | 12.6%      | 14.4%      | 11.0%      | 10.2%      | 12.0%      | 10.2%      |
| <i>EBIT ratio</i>   | 15.6%      | 9.8%       | 11.2%      | 13.2%      | 9.4%       | 8.4%       | 10.3%      | 8.0%       |
| Order intake (gross)  | 2,248      | 2,834      | 3,346      | 1,618      | 2,238      | 1,603      | 2,137      | 2,486      |
| Order backlog   | 12,568     | 13,762     | 15,006     | 13,682     | 14,146     | 13,762     | 13,409     | 14,280     |
| <b>Minerals</b>   |            |            |            |            |            |            |            |            |
| Revenue   | 2,658      | 1,836      | 2,183      | 2,618      | 2,950      | 2,199      | 2,519      | 3,271      |
| EBITDA  | 317        | 200        | 252        | 363        | 357        | 226        | 233        | 463        |
| EBIT  | 253        | 147        | 198        | 325        | 317        | 158        | 181        | 388        |
| <i>EBIT ratio before effect of purchase price allocations regarding GL&amp;V Process</i>                              | 277        | 169        | 220        | 347        | 341        | 180        | 203        | 410        |
| <i>Gross margin</i>   | 26.7%      | 24.9%      | 26.2%      | 24.8%      | 22.2%      | 23.9%      | 21.7%      | 24.4%      |
| <i>EBITDA ratio</i>   | 11.9%      | 10.9%      | 11.5%      | 13.9%      | 12.1%      | 10.3%      | 9.2%       | 14.2%      |
| <i>EBIT ratio</i>   | 9.5%       | 8.0%       | 9.1%       | 12.4%      | 10.7%      | 7.2%       | 7.2%       | 11.9%      |
| <i>EBIT ratio before effect of purchase price allocations regarding GL&amp;V Process</i>                              | 10.4%      | 9.2%       | 10.1%      | 13.3%      | 11.6%      | 8.2%       | 8.1%       | 12.5%      |
| Order intake (gross)  | 1,907      | 2,382      | 4,197      | 2,071      | 2,332      | 3,375      | 3,944      | 4,728      |
| Order backlog   | 8,712      | 9,234      | 11,688     | 10,065     | 9,752      | 10,430     | 11,746     | 13,362     |
| <b>Cembrit</b>  |            |            |            |            |            |            |            |            |
| Revenue   | 329        | 250        | 380        | 403        | 350        | 290        | 394        | 401        |
| EBITDA  | (15)       | 1          | 42         | 49         | 11         | 8          | 43         | 50         |
| EBIT  | (30)       | (16)       | 23         | 28         | (8)        | (9)        | 25         | 32         |
| <i>Gross margin</i>   | 22.8%      | 32.0%      | 34.5%      | 3.5%       | 24.3%      | 34.1%      | 35.3%      | 33.9%      |
| <i>EBITDA ratio</i>   | (4.6%)     | 0.4%       | 11.1%      | 12.2%      | 3.1%       | 2.8%       | 10.9%      | 12.5%      |
| <i>EBIT ratio</i>   | (9.1%)     | (6.4%)     | 6.1%       | 6.9%       | (2.3%)     | (3.1%)     | 6.3%       | 8.0%       |

# Notes to the appendices of the interim report

## 7. Accounting policies and Management estimates and assessments

### Accounting policies

The Interim Report of the Group for the first three quarters of 2011 is presented in accordance with IAS 34 "Presentation of financial statements" as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies as determined by NASDAQ OMX Copenhagen ("OMX"). Apart from the below amendments, the accounting policies are unchanged from those adopted in the 2010 Annual Report. Reference is made to note 41 page 94 in the 2010 Annual Report for further details.

With effect from 1 January 2011, the Group has adopted the changes to IAS 24 "Related Party", the changes to IAS 32 "Financial instruments, Presentation", the changes to IFRIC 14 "Pension Asset Ceiling and parts of "Improvements to IFRSs May 2010".

The implementation of the new and revised standards and interpretations has had no impact on recognition and measurement.

### Estimates and assessments by Management

When preparing the Interim Report in accordance with the Group's accounting policies, it is necessary that the Management makes estimates and lays down assumptions that affect the recognised assets and liabilities, including the disclosures made regarding contingent assets and liabilities.

Management bases their estimates on historical experience and other assumptions considered relevant at the time in question. These estimates and assumptions form the basis of the recognised carrying amounts of assets and liabilities and the derived effects on the income statement. The actual results may deviate.

Reference is made to note 1 page 71 in the 2010 Annual Report for further details regarding the items for which estimates and assessments by Management are primarily applicable when presenting the consolidated financial statements.



**FLSmidth & Co. A/S**

Vigerslev Allé 77

DK-2500 Valby

Denmark

Tel.: +45 36 18 18 00

Fax: +45 36 44 18 30

[corp@flsmidth.com](mailto:corp@flsmidth.com)

[\*\*www.flsmidth.com\*\*](http://www.flsmidth.com)

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