

# Bulk Materials

Group Executive Vice President Christian Jepsen



# Agenda

- **Presentation of Bulk Materials**
  - Who are we
  - What we do
  - How we do it
- **Industry drivers & outlook**
- **Strategic initiatives**





## Bulk Materials Division

Bulk Materials (DKK m)	Full-year 2009	Full-year 2010	Full-year 2011	Expected trend in 2012
Order intake	3,386	4,457	5,842	Increasing
Revenue	4,152	3,917	5,005	Increasing
EBITDA	360	301	276	
EBITA*	328	264	225	
EBITA-ratio	7.9%	6.7%	4.5%	Strongly increasing
EBIT	283	235	146	
EBIT-ratio	6.8%	6.0%	2.9%	

\*) Definition of EBITA: Earnings before amortisation and write-down of intangible assets

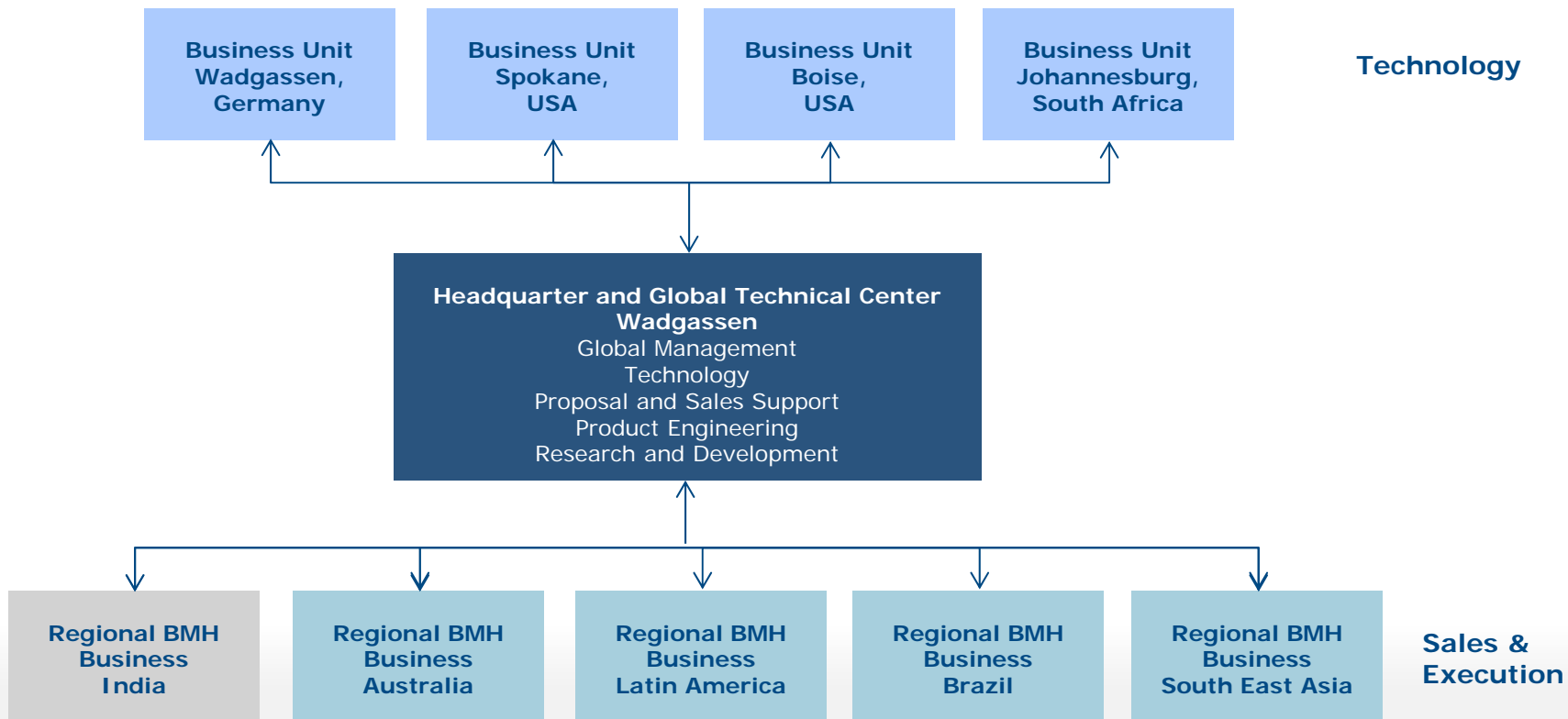


## Bulk Materials Handling in brief ...

- BMH was created based on the successful merger between legacy brands MVT and KOCH in Germany adding companies in USA and South Africa.
- BMH brings to FLSmidth the complete range of materials handling technology that will allow our customers to:
  - Convey raw and bulk material
  - Provide stacking, blending, storage and stockyard management
  - Port facilities for import and export of bulk material

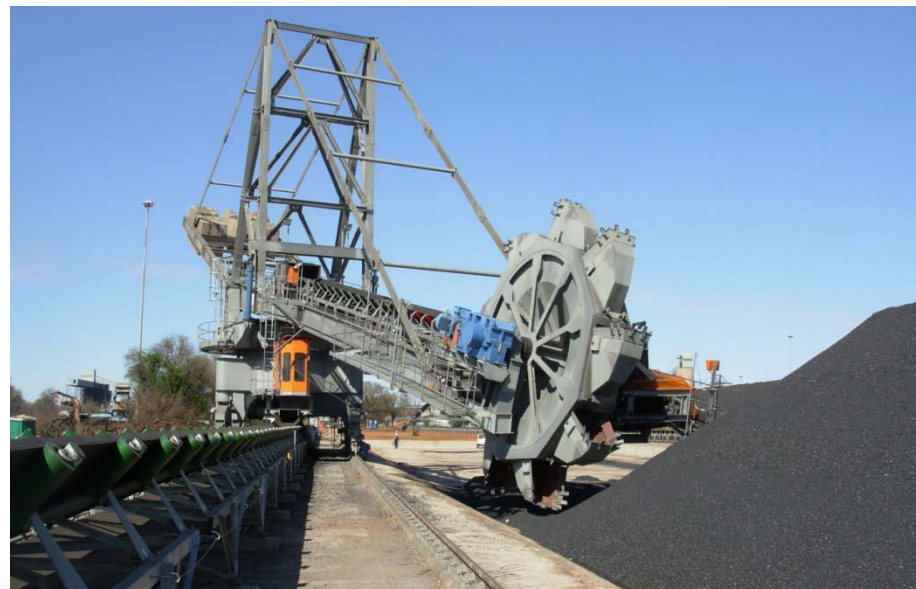


# Bulk Materials Handling– Global structure

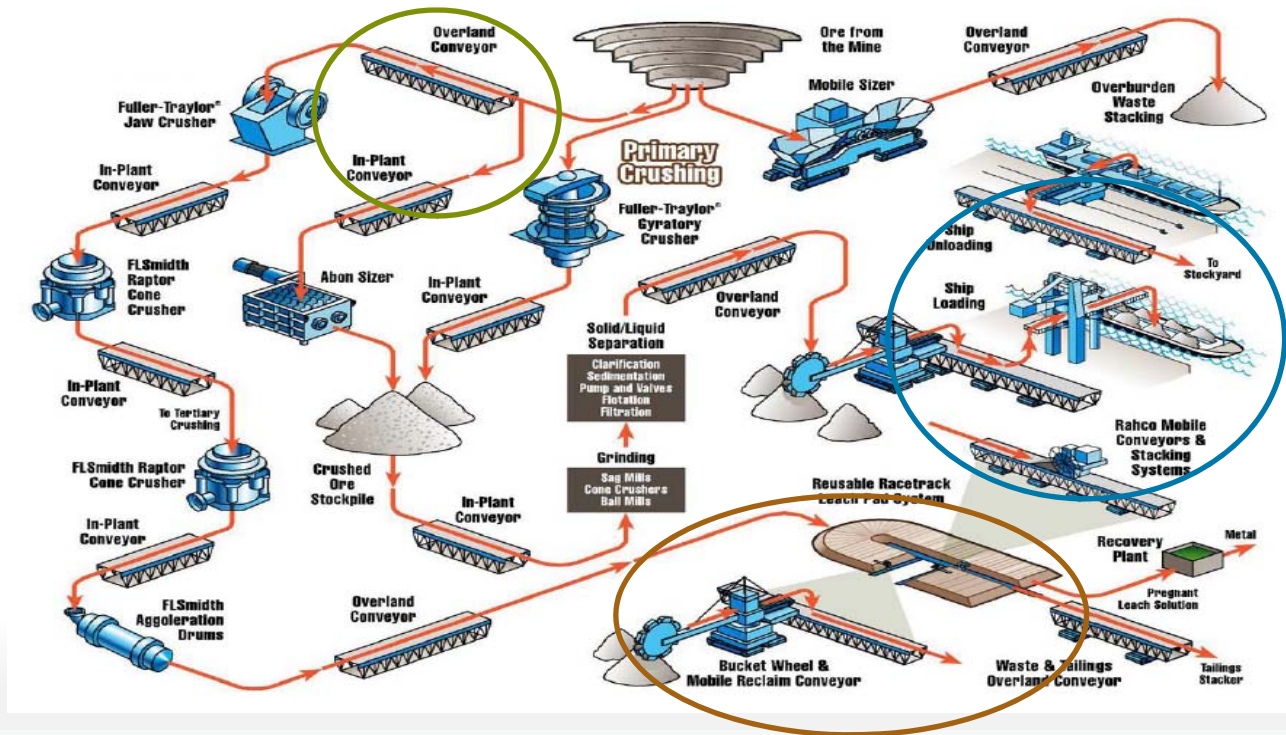


# Agenda

- **Presentation of Bulk Materials**
  - Who are we
  - What we do
  - How we do it
- **Industry drivers & outlook**
- **Strategic initiatives**



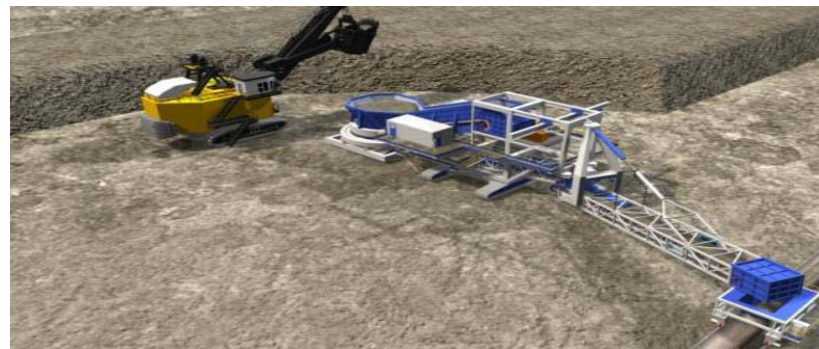
# "To-Within-From" Flow sheet applications for BMH





# Conveying

- In Pit conveyors
- Overland conveyors
- In Plant conveyors
- Pipe conveyors
- Apron and belt feeders
- Drag Chains



# Stacking, Blending, Tailings and Stockyard management

- Mobile stacking
- Heap Leach systems
- Boom spreader
- Portable conveyors
- Stackers
- Reclaimer
- Bucket wheel
- Train loading - unloading



# Port facilities for import/export

- Ship Loaders
- Ship Unloaders
- Transfer systems
- Pneumatic unloaders
- Screw unloaders
- Conveying systems



# Bulk Material Handling in summary

FLSmidth Bulk Material Handling offers globally:

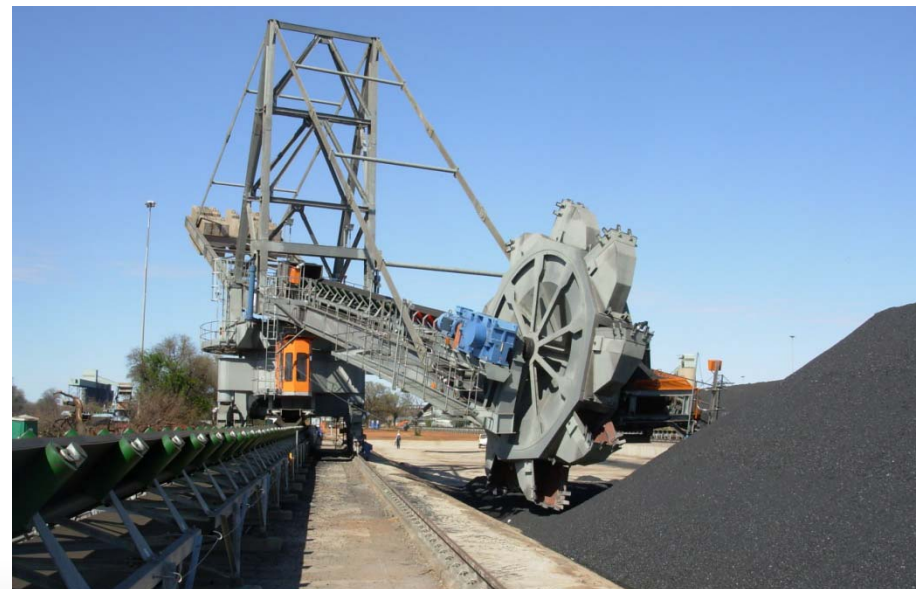
- State of the art BMH technology
- All engineering trades required
- Manufacturing/fabrication
- Civil works
- Erection & commissioning
- Operational services
- Maintenance services





# Agenda

- **Presentation of Bulk Materials**
  - Who are we
  - What we do
  - How we do it
- **Industry drivers & outlook**
- **Strategic initiatives**



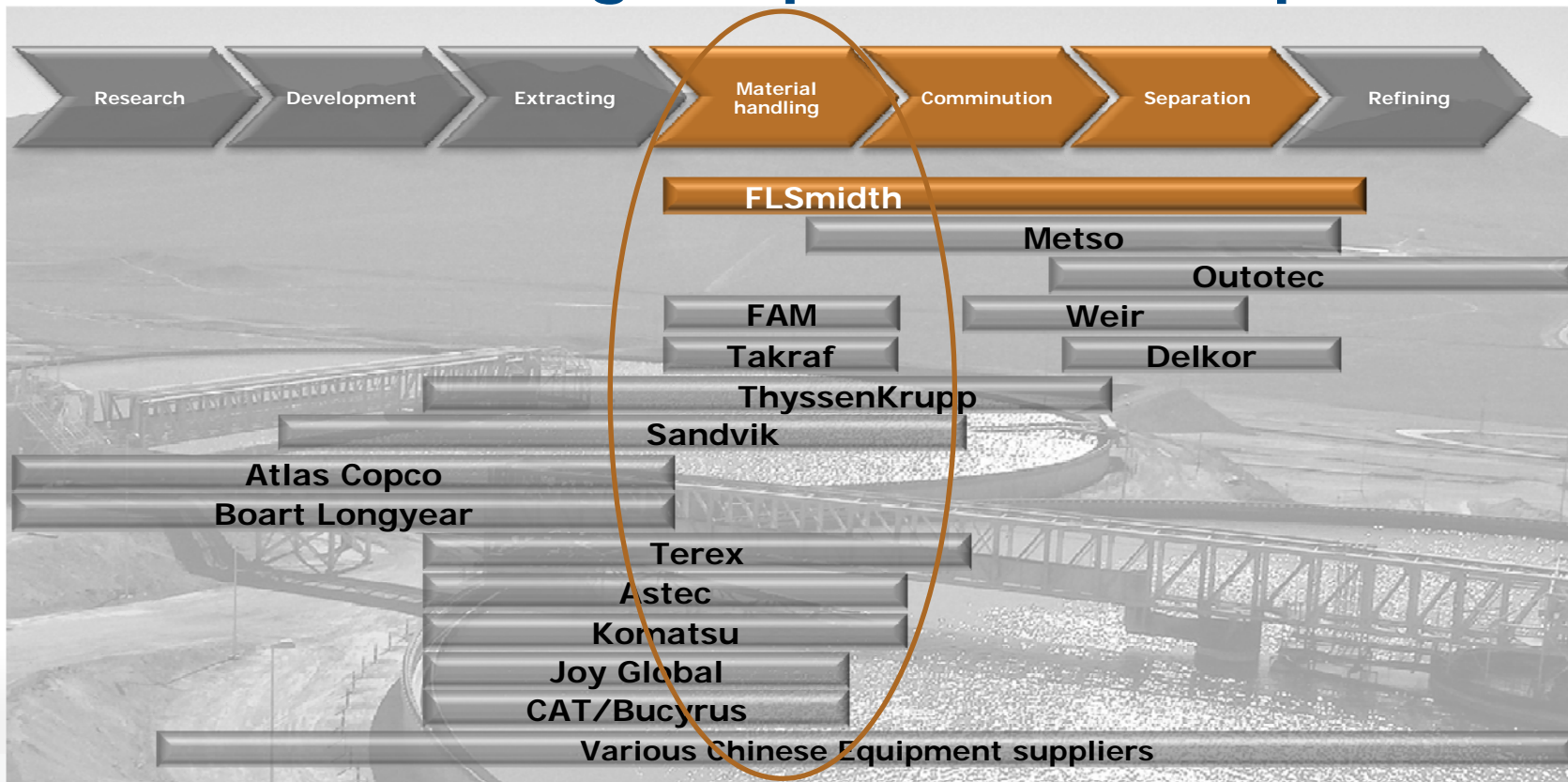


## Customer base

- **Mining companies**
  - Global diversified miners
  - Regional miners
  - Local miners
  - Junior miners
- **Global Engineering companies**
- **Mining service companies**
- **Utilities**
- **Steel Producers**
- **Cement**



# Bulk Material Handling Competitive Landscape



# Unique Value Proposition

Innovative solutions

One Source

Create Customer Value

Sustainable solutions

EPC offering

# Agenda

- **Presentation of Bulk Materials**
  - Who are we
  - What we do
  - How we do it
- **Industry drivers & outlook**
- **Strategic initiatives**



# Today's industry drivers

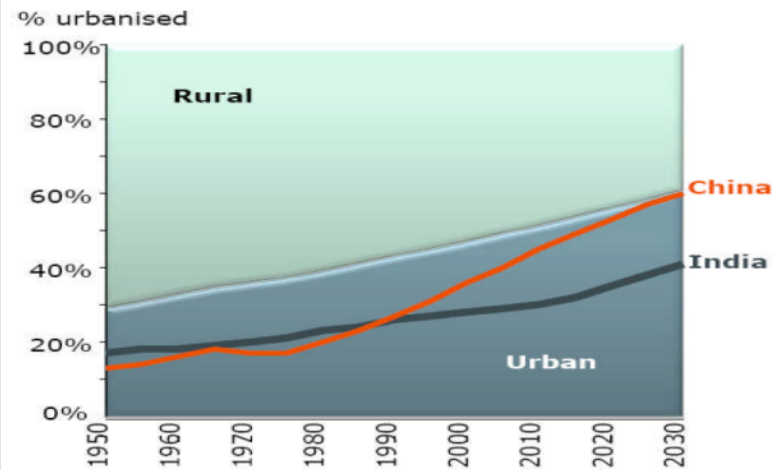
- Industrialization and Urbanization
- Depletion/deeper ore bodies
- Cost effective solutions
  - CAPEX
  - OPEX (Total cost of ownership)
  - Safety
- Environmental sustainable solutions
- Customer's exercising supply chain management (Tier 1)
- Full local service provider





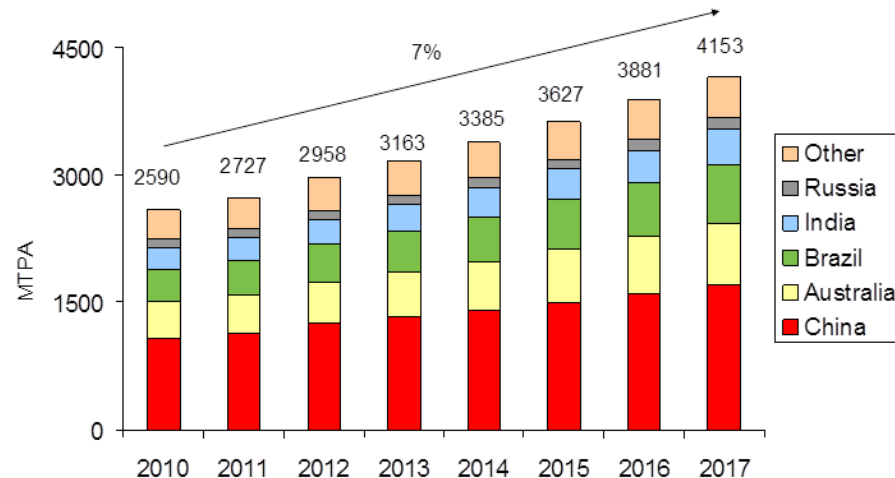
# Industry Outlook

### Global urban migration



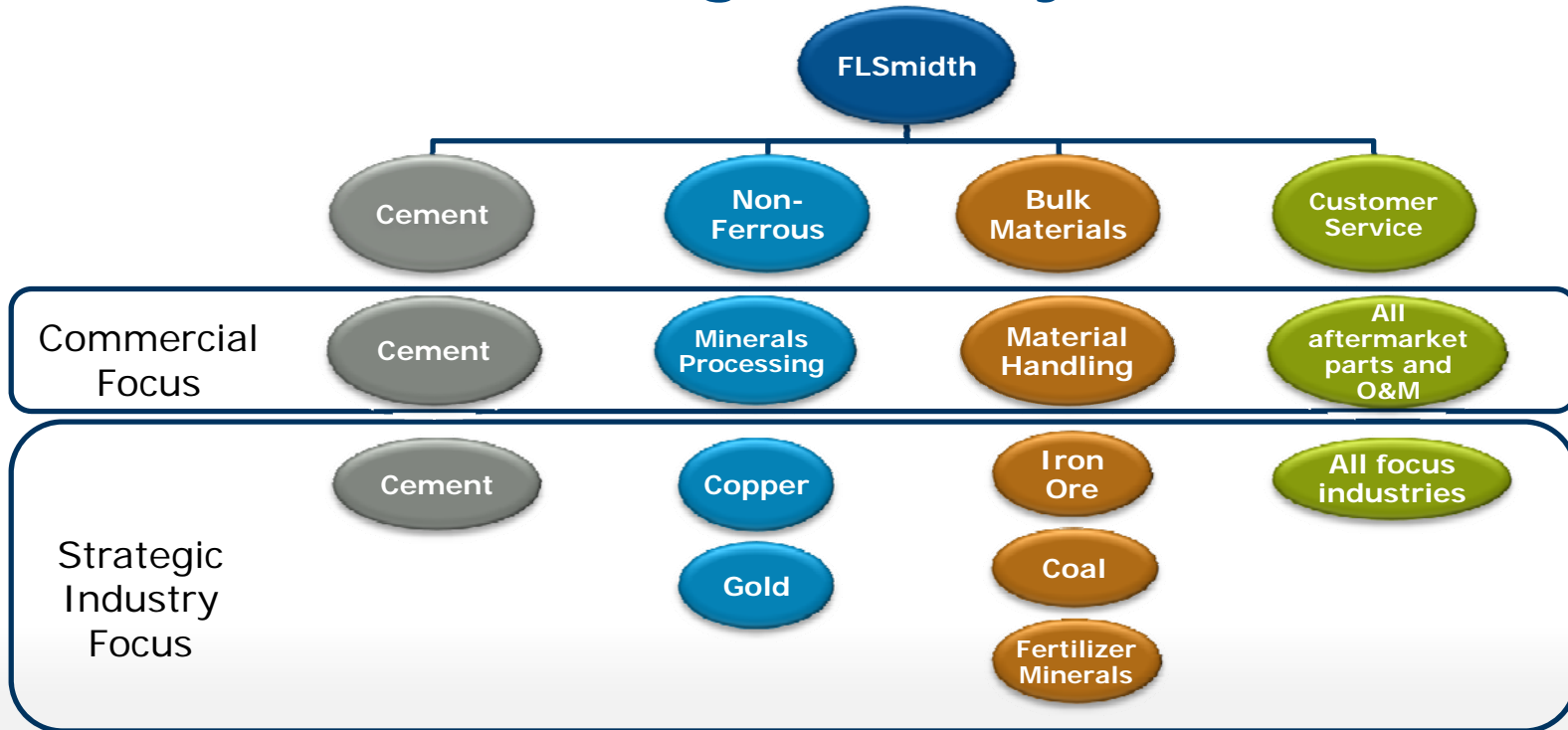
Source: UN Department of Economic & Social Affairs

### Global Iron Ore Production



Source: USGS Data, BMI Forecast, Pigiron.org, Brazil Mining report-Press releaser.org, FLSmidth, SDG Analysis

# Commercial and strategic industry focus



# Material processed in major mining segments

Segment	Processed (mill tons)	Annual Production (mill tons)	BMH technology
Coal	8,000 (40% of total)	6,800 (60% of total)	Conveying/Stockyard/Port
Cement	4,500	3,000	Conveying/blending
Copper	3,000	18	Conveying/tailings/Port
Iron ore	3,000	1,700	Stacking/reclaiming/Port
Gold	1,400	0,0025	Conveying/tailings
<b>Total</b>	<b>20,000</b>	<b>11,500</b>	

# Coal

- Coal is the world's largest solids bulk commodity
- World coal output in 2010 was approx. 7bn tons
- 40% of worlds electricity produced on coal. China and India future needs require additional 3bn tons
- 70% of worlds steel produced on coal. India and China's steel industries will require a doubling of world production
- 60% expected increase in use of coal over the next 20 years
- Coal will last for at least the next 120 years
- Australia, India, Africa, USA, Russia, Mongolia, Indonesia



Source: World coal institute

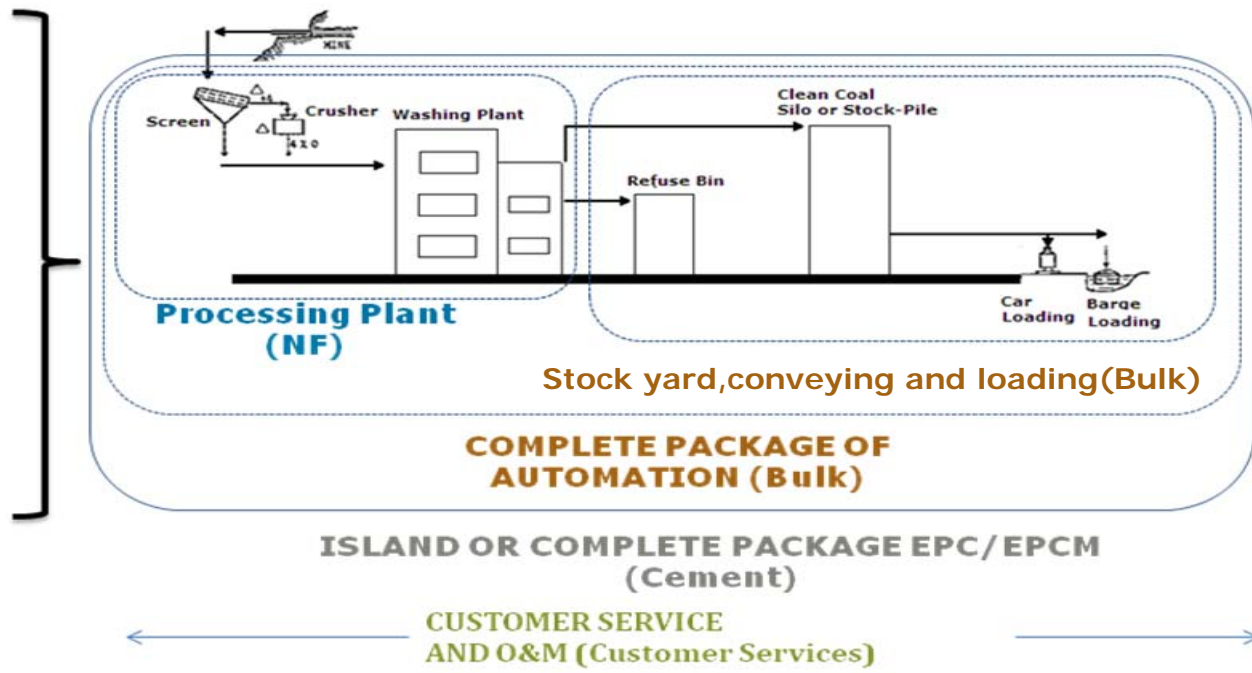
# Industry strategy Coal

## Strategy to grow:

- **Technology :**
  - In Pit Crushing and Conveying
  - Develop Port facilities
  - Tailings management
  - Bundling solutions
  - Improved value propositions
- **Other :**
  - Acquire process know-how
  - Increase footprint
  - O&M opportunities
  - Supercenters
- **Synergistic acquisitions**



# The One Source strategy in coal



# Iron Ore

- One of the world's primary industries (Iron + Steel), where consumption is closely related to level of industrialization
- Most of the world's iron ore production is exported, which creates opportunities in material handling and port handling
- Iron ore handling is a solutions market
- Brazil, Australia, India, Africa, Russia



# Industry strategy Iron Ore

## Strategy to grow:

- **Technology:**
  - Tailings management
  - Port facility solutions
  - Bundling solutions
  - Improved value proposition
- **Other:**
  - Acquire Process Know how
  - Supercenters
  - O&M capabilities
- **Synergistic acquisitions**

## Fertilizer Minerals

- World population is anticipated to grow from 6.9bn (2010) to 10.0bn in 2050 (UN) which means that 30% more food will be required
- As a consequence, more fertilizers will be required to produce the same amount of food from reduced arable land
- Fertilizer is produced from phosphates and potash, both of which are facing decreasing ore concentrations which requires additional processing and conveying
- Phosphate rock production is foreseen to grow 3-4% annually
- Morocco, Jordan, Russia, Canada, USA, Brazil



# Industry strategy in Fertilizer

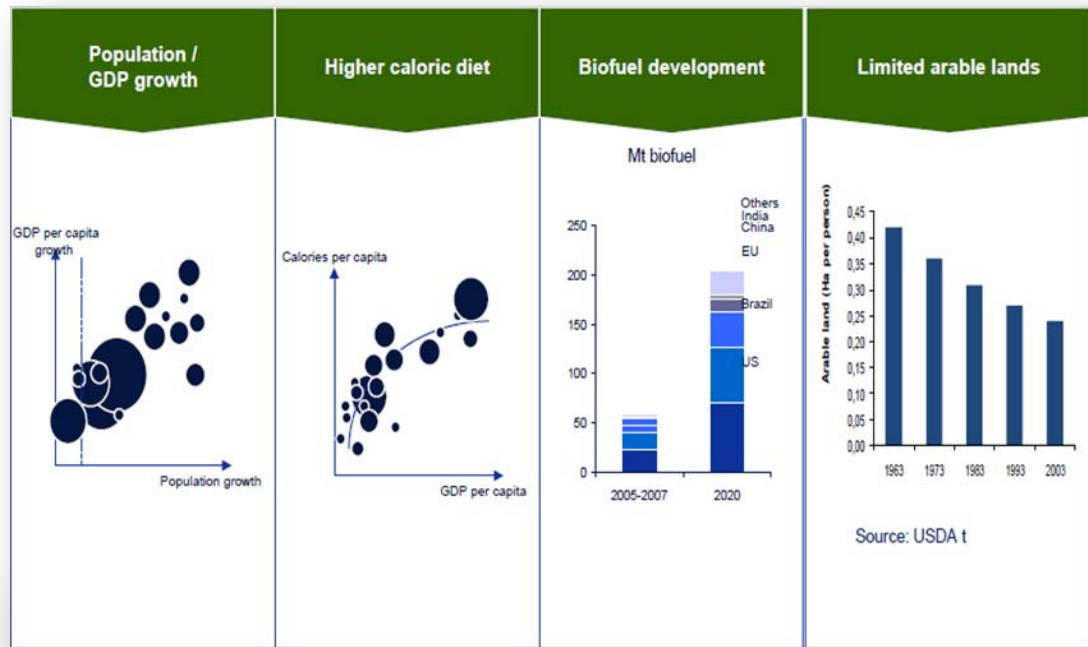
## Strategy to grow:

### Technology:

- Tailings management
- Port facilities
- Bundle solutions
- Improved value propositions

### Other:

- Supercenters
- O&M





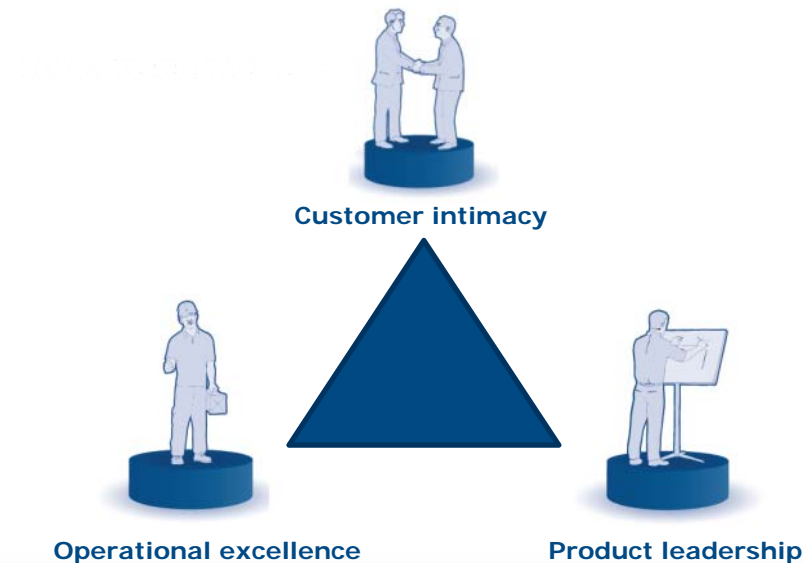
# Agenda

- **Presentation of Bulk Materials**
  - Who are we
  - What we do
  - How we do it
- **Industry drivers & outlook**
- **Strategic initiatives**



# Three key strategic themes

- We build our strategy around **three themes**:
  - Customer intimacy
  - Product leadership
  - Operational excellence
- Our approach will be **balanced and interlinked**
- We will align our solutions with our customers' needs



# Key initiatives supporting growth

1

**Customer  
Intimacy**

- Strengthen footprint in several key markets
- Execute industry strategies
- Enable One Source offering in all key industries
- Coordinate across the FLSmidth matrix (systems)

2

**Operational  
Excellence**

- Continue to improve business procedures
- Establish EPC capabilities in key markets
- Further utilization of Chennai support
- Continue to expand global sourcing

3

**Product  
Leadership**

- Need to engage with customers to understand future needs
- Focus on product development and leverage IPR
- Allocate the necessary resources to support innovation
- Acquire technology/process know-how

# Questions

