

Capital Market Day 2014



Cement Division

Per Mejnert Kristensen, Group EVP



**MANAGING THE CYCLE AND
PREPARING FOR THE UPTURN**

One Source

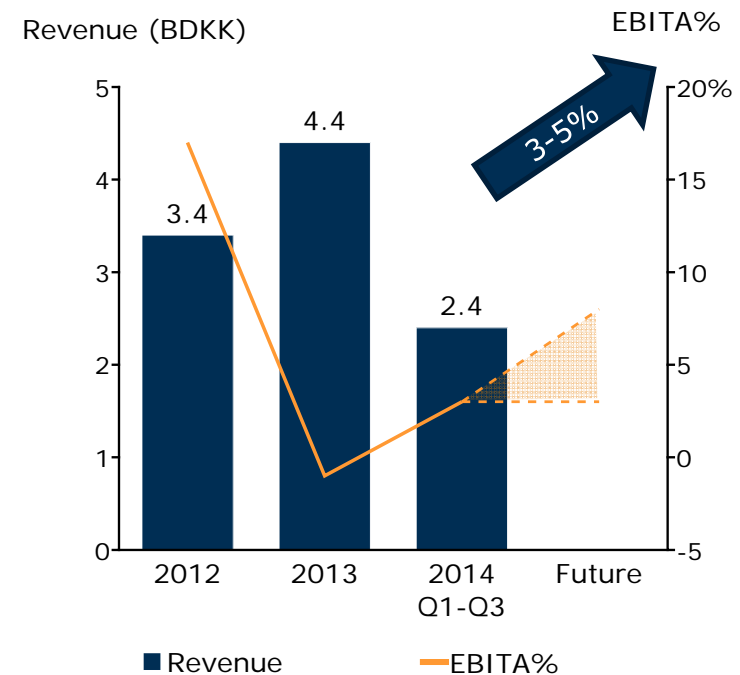
Per Mejnert Kristensen, Group EVP Cement

- Group EVP, Cement Division, since March 2012
- FLSmidth since 1992:
 - Vice President, Head of Project Division EMEA/APAC, FLSmidth
 - Vice President, Head of Project Division 1, FLSmidth
 - General Manager, FLSmidth China
 - Chief Representative, Thailand, FLSmidth
- MSc (Mechanical Engineering), Bachelor of Commerce degree, International Trade, Graduate Diploma (Bus. Admin.), International Trade, GMP, CEDEP (INSEAD)
- Born 1967, Danish



The Cement Division in brief

- Development, design and installation of premium main equipment and full flow-sheet engineering solutions for cement plants
- Regional centres in Denmark, USA and India
- FLSmidth has delivered more cement plants in the world than anyone else
- Employees: ~1,300



Fundamentals of the Cement Division

- **Our excellence:** Best in class in risk and project management combined with full scope supply of sustainable cement technologies
- **Strategic focus:**
While harvesting on our superior competencies in delivering EP contracts (engineering & procurement), we will increase focus on:
 - EPC contracts (engineering, procurement and construction)
 - in partnership with reliable and competitive ‘C’ providers (construction)
 - Engineered single equipment and upgrade projects

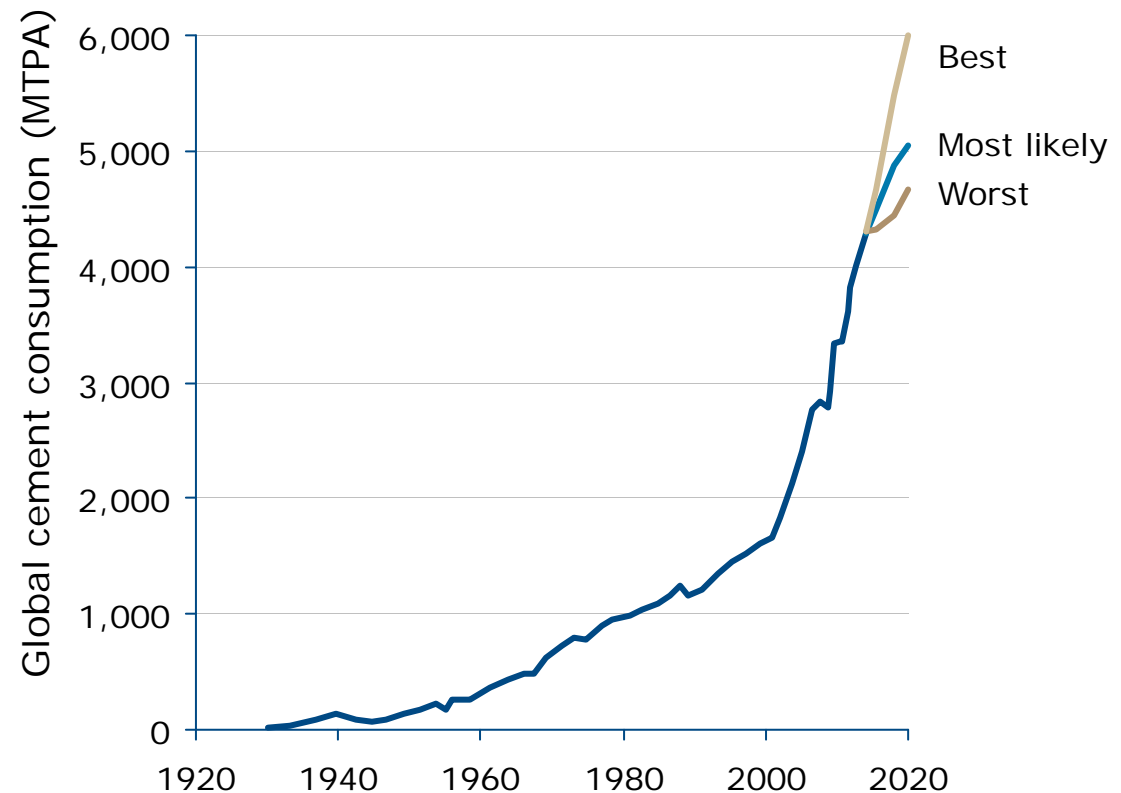


Cement consumption will continue to grow in the future

Drivers:

- Economic growth
- GDP per capita
- Population growth
- Investments in infrastructure
- Urbanisation
- Industrialisation

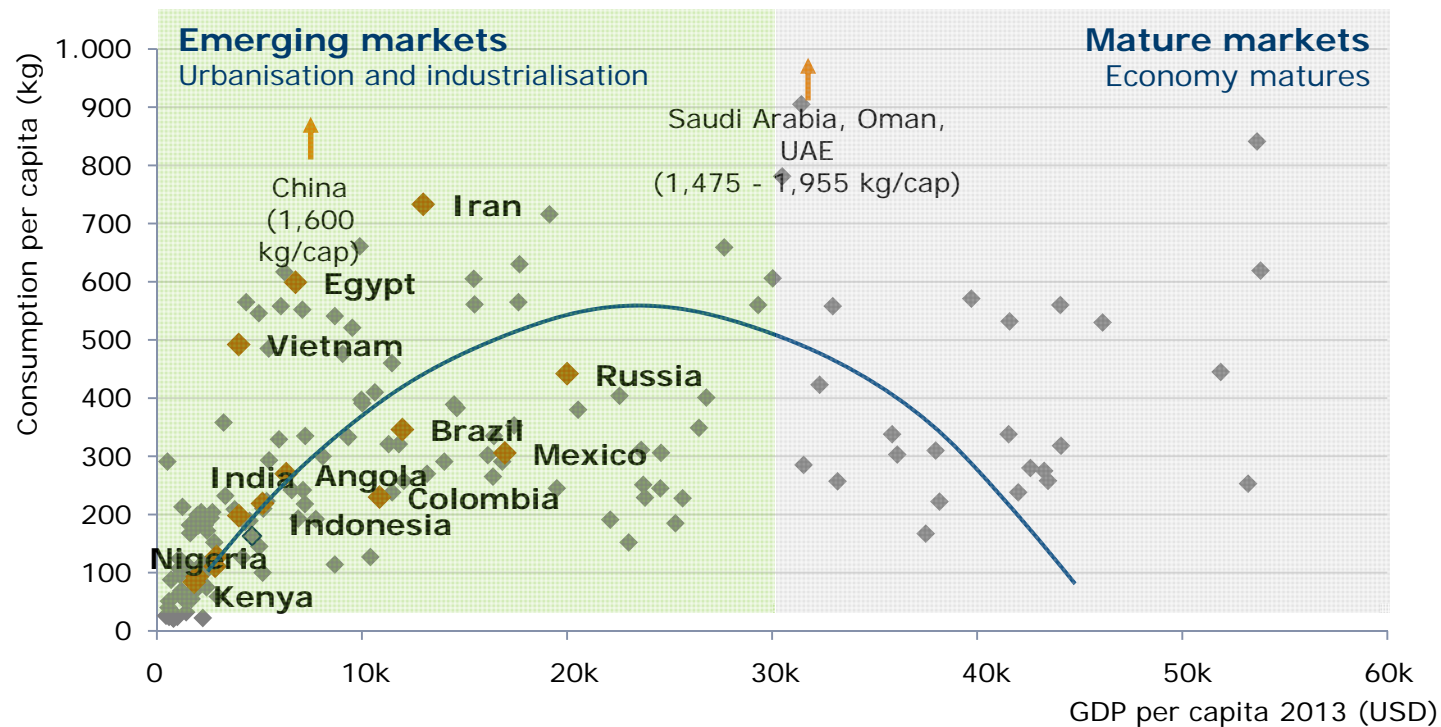
Order intake growth expected in 2015



Source: Global Cement Top 100 Report, 2014

Continued cement growth in emerging markets

- Despite over capacity in some markets, there is under capacity in others, creating a large need for more cement capacity in the coming years.



Source: Global Cement Report, 10th edition, International Cement Review; FLSmidth analysis

Our Vision and ambition

Our vision:

Be our customers' preferred full-service provider of sustainable cement technologies

Our ambition:

- Financials:
 - 3-5% annual revenue growth over the cycle
 - 3-8% EBITA over the cycle
 - Maintain positive cash flow and negative NWC throughout project execution

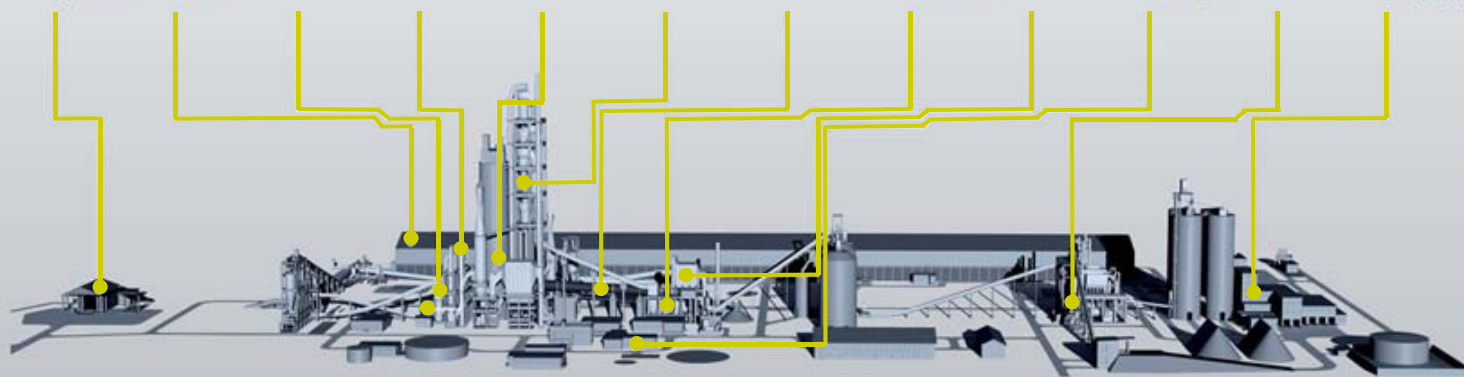


Projects, products and services are interconnected

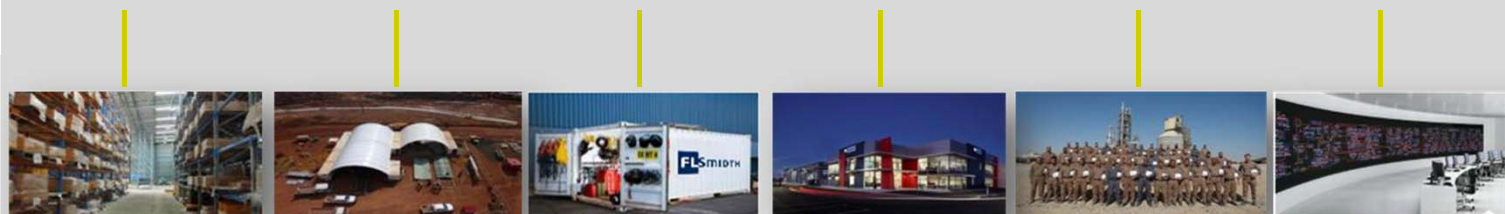
Products



Projects

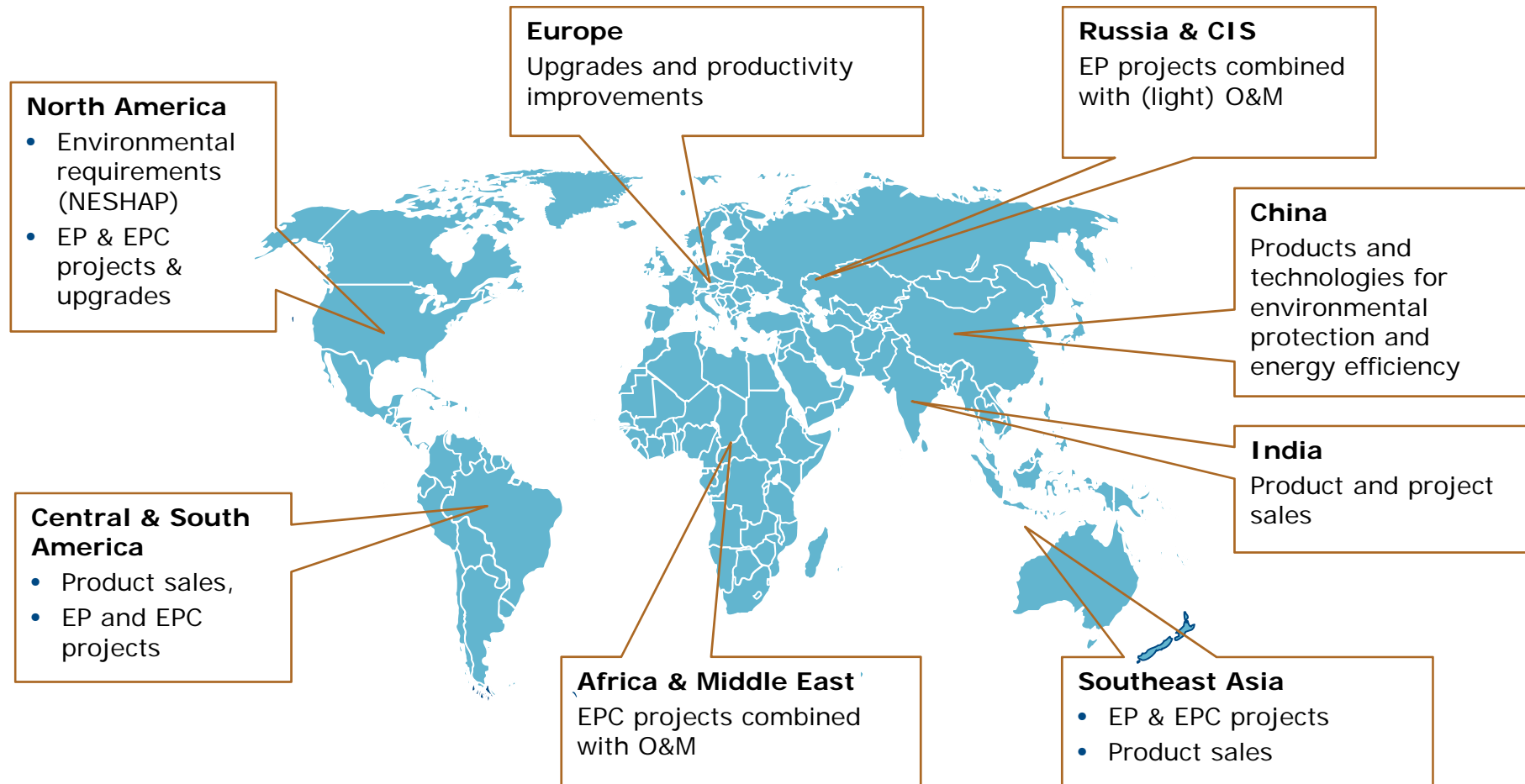


Services



One Source

Regional opportunities



Our unique competencies

- Best in class project management and risk control capabilities
- Offering a complete and flexible solution: EP projects, EPC projects, products and upgrades
- Ability to offer combined EPC & O&M (Design, Build, Operate)
- Global reach with local presence
- Most reliable cement plants & upgrades
- Process knowledge and emissions control
- Strong focus on R&D ensuring efficient products at competitive prices



The largest cement R&D center

Product and technology innovation & testing

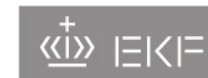
- We work on...
 - Applied **research** to acquire new knowledge, later translated into sellable solutions
 - Continuous **development** of new equipment and processes
 - Improvement of our existing solutions

- ... with special focus on...
 - **Productivity improvement**
 - Decreasing energy consumption
 - Reducing emissions
 - Increasing usage of alternative fuels



We facilitate financing

- FLSmidth cooperates with international financial institutions and banks, including the Danish Export Credit Agency (EKF), capable of financing cement projects worldwide.



BNP PARIBAS



Design, Build and Operate

Minimising risks and increasing return for customers

- Tailor-made **design** of the complete plant
- **EPC** solution in partnership with an experienced construction company
- **O&M** guarantees high performance from take-over



Ramlaya, Egypt

All you need is...



Raw materials



Permissions

“...and Customers to purchase your guaranteed cement production”

The Cement Division: Key takeaways

- Offering all **from complete projects to individual products** and upgrades
- Increased focus on **EPC** while mitigating the risks, and harvesting on our superior **EP competencies**
- Increased focus on **product and upgrade sales**
- Sales lead** for the Product Companies
- 'Partner' with the **Customer Services Division** to offer a combined **Design, Build and Operate** value proposition as well as ensure future **spares and service sales**

