FLSmidth

1 January - 30 June 2018
(Company announcement no. 7)

WE DISCOVER POTENTIAL

INTERIM REPORT Q2 2018

ROCE	CFFO (DKKm)
10.4%	-412
Up from 9.8%	Down from DKK -44

EBITA margin	Order intake (DKKm)
8.1%	5,056
Up from 7.5%	Up from DKK 4,580

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MAIN CONCLUSIONS Q2 2018

Strong organic order intake and revenue growth despite absence of large orders. Continued positive momentum in mining. Cement market unchanged. Improved profitability but negative cash flow. Guidance for 2018 maintained.

GROWTH

The order intake increased 13% organically in Q2, driven by mining projects and services. Revenue increased 7% organically, related to projects and services.

PROFIT

Operating profit increased as a result of higher revenue and no reported one-off costs. Consequently, the EBITA margin increased to 8.1% in Q2 from 7.5% in the same quarter last year.

CAPITAL

ROCE increased to 10.4% as a result of higher EBITA over the past 12 months and lower capital employed. Net interest bearing debt increased to DKK 2.1bn in Q2 due to payment of dividend, increasing net working capital and a cash payment related to provisions made in 2017. The financial gearing (NIBD/EBITDA) increased to 1.2; well within the long-term target.

KEY PERFORMANCE INDICATORS 2018

(part of management's short- and long-term incentive plans)

Financial	Q2 2018	Q2 2017
Order intake (DKKm)	5,056	4,580
ROCE	10.4%	9.8%
Net working capital % (end)	11.1%	12.9%
EBITA margin	8.1%	7.5%

Non-financial	YTD 2018	2017
Safety (TRIFR)[1]	2.9	3.2
Quality (DIFOT)[2]	87%	88%

1) TRIFR = Total recordable injury frequency rate

2) DIFOT = Delivery in full on time

GUIDANCE FOR 2018 (UNCHANGED)

DKK	Realised Q1-Q2 2018	Guidance 2018
Revenue (DKKbn)	9.0	18-20
EBITA margin	8.1%	8-10%
ROCE	10.4%	10-12%

LONG-TERM FINANCIAL TARGETS

Long-term financial targets for FLSmidth subject to normalised market conditions:

Annual growth in revenue	Above market average
EBITA margin	10-13%
ROCE[1]	>20%
Financial gearing (NIBD/EBITDA)	<2
Equity ratio	>30%
Pay-out ratio	30-50% of the profit for the year

1) ROCE: Return on Capital Employed calculated on a before-tax basis as EBITA divided by average Capital Employed including goodwill

FLSMIDTH IN NUMBERS Q2 2018

FLSmidth

Revenue DKKm
4,730

EBITA margin
8.1%

Customer Services

Revenue DKKm
1,697

EBITA margin
14.1%

Product Companies

Revenue DKKm
1,348

EBITA margin
9.4%

Minerals

Revenue DKKm
789

EBITA margin
-1.0%

Cement

Revenue DKKm
1,097

EBITA margin
1.5%

Mining industry

Revenue DKKm
2,780 (58%)

EBITA margin
9.9%

Cement industry

Revenue DKKm
1,990 (42%)

EBITA margin
4.9%

FINANCIAL HIGHLIGHTS

DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Year 2017
INCOME STATEMENT					
Revenue	**4,730**	**4,585**	**8,965**	**8,956**	**18,000**
Gross profit	1,181	1,164	2,255	2,298	4,597
EBITDA before special non-recurring items	440	405	836	841	1,732
EBITA	381	342	724	714	1,515
EBIT	299	237	547	509	1,115
Financial items, net	(16)	(94)	(51)	(128)	(311)
EBT	283	143	496	381	796
Profit for the period, continuing activities	**188**	**92**	**335**	**270**	**417**
Loss for the period, discontinued activities	(20)	(17)	(31)	(34)	(343)
Profit for the period	**168**	**75**	**304**	**236**	**74**
ORDERS					
Order intake (gross), continuing activities	5,056	4,580	10,074	10,141	19,170
Order backlog, continuing activities			14,454	14,115	13,654
EARNING RATIOS					
Gross margin	25.0%	25.4%	25.2%	25.7%	25.5%
EBITDA margin before special non-recurring items	9.3%	8.8%	9.3%	9.4%	9.6%
EBITA margin	8.1%	7.5%	8.1%	8.0%	8.4%
EBIT margin	6.3%	5.2%	6.1%	5.7%	6.2%
EBT margin	6.0%	3.1%	5.5%	4.3%	4.4%
CASH FLOW					
CFFO	(412)	(44)	(69)	105	1,065
Acquisitions of tangible assets	(136)	(47)	(192)	(69)	(174)
CFFI	(83)	(65)	(125)	(100)	(113)
Free cash flow	(495)	(109)	(194)	5	952
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	(565)	(109)	(274)	5	846

DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017	Year 2017
BALANCE SHEET					
Net working capital			**2,003**	**2,477**	**1,833**
Net interest-bearing debt (NIBD)			**(2,135)**	**(2,590)**	**(1,545)**
Total assets			21,614	22,631	22,364
Equity			7,933	8,254	8,038
Dividend to shareholders, paid	410	296	410	296	307
FINANCIAL RATIOS					
CFFO / Revenue	-8.7%	-1.0%	-0.8%	1.2%	5.9%
Cash conversion	-189.0%	-46.0%	-50.1%	1.0%	75.9%
Book-to-bill	106.9%	99.9%	112.4%	113.2%	106.5%
Order backlog / Revenue			80.3%	73.3%	75.9%
Return on equity			7.6%	5.6%	0.9%
Equity ratio			36.7%	36.0%	35.9%
ROCE, average			10.4%	9.8%	10.4%
Net working capital ratio, end			11.1%	12.9%	10.2%
NIBD/EBITDA			1.2	1.5	0.9
Capital employed, average			14,648	15,101	14,533
Number of employees			**11,781**	**11,812**	**11,716**
SHARE RATIOS					
CFPS (cash flow per share), (diluted)	(8.2)	(0.9)	(1.4)	2.1	21.4
EPS (earnings per share), (diluted)	3.3	1.5	6.1	4.8	1.5
Share price			381.9	411.4	361.3
Number of shares (1,000), end			51,250	51,250	51,250
Market capitalisation			19,572	21,084	18,517

The financial ratios have been computed in accordance with the guidelines of the Danish Finance Society and financial definitions according to note 8.15 in the Annual Report 2017.

FINANCIAL DEVELOPMENTS

MARKET TRENDS

Macro

Currency headwinds remained fairly strong in Q2, amongst others driven by a weaker USD as compared to the same quarter last year. At prevailing FX rates, the negative currency translation effects compared to last year should ease in the second half of 2018.

The US-China trade war is still more noise than impact but there is a risk that an escalation, as well as an escalating US-Europe trade dispute, could negatively impact future customer demand.

Mining

The trade war may already have taken its toll on commodity prices. According to the Chilean Copper Commission (Cochilco), it has induced speculative activity and caused the recent copper price decline. After reaching a four-year high above 7,200 USD/mt in early June, the copper price has declined more than 15%. The current price level is, nevertheless, still supportive for copper investments, and supply-demand fundamentals for copper remain strong.

Demand for minerals processing equipment remains on a positive trajectory, and Q2 2018 marked the fourth consecutive quarter of good demand for single equipment and brownfield expansion. Greenfield activity is very limited for now but the pipeline contains a few opportunities for larger mining projects. Timing is uncertain due to approvals, especially environmental approvals, and in some cases financing.

The mining aftermarket showed continued positive momentum in Q2 across parts, retrofits, maintenance and services.

Cement

The cement market was, overall, unchanged in the second quarter.

The market for new cement capacity remains subdued. The pipeline contains select opportunities in several regions but low plant utilisation on a global scale means few tenders for large projects. Q2 showed a satisfactory level of medium-sized orders and a good level of single equipment and upgrade project orders, which represents a strategic focus area for FLSmidth.

The cement aftermarket is overall stable but characterised by regional differences and shifts in demand. Low plant utilisation in several regions means few new plants are coming online and limited opportunities for first time spares. On the other hand, customers are increasingly looking for retrofits and rebuilds to reduce costs and environmental impact of existing plants.

GROUP (Continuing activities)

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	**5,056**	**4,580**	**10%**	**10,074**	**10,141**	**-1%**
- Hereof service order intake	2,773	2,653	5%	5,658	5,521	2%
Order backlog	**14,454**	**14,115**	**2%**	**14,454**	**14,115**	**2%**
Revenue	**4,730**	**4,585**	**3%**	**8,965**	**8,956**	**0%**
- Hereof service revenue	2,599	2,613	-1%	5,106	5,288	-3%
Gross profit	**1,181**	**1,164**	**1%**	**2,255**	**2,298**	**-2%**
Gross profit margin	25.0%	25.4%		25.2%	25.7%	
SG&A cost	**741**	**759**	**-2%**	**1,419**	**1,457**	**-3%**
SG&A ratio	15.7%	16.6%		15.8%	16.3%	
SG&A ratio adjusted for one-off cost	15.7%	15.8%		15.8%	15.9%	
EBITDA before special non-recurring items	**440**	**405**	**9%**	**836**	**841**	**-1%**
EBITDA margin before special non-recurring items	9.3%	8.8%		9.3%	9.4%	
EBITA	**381**	**342**	**11%**	**724**	**714**	**1%**
EBITA margin	8.1%	7.5%		8.1%	8.0%	
EBITA margin adjusted for one-off cost	8.1%	9.5%		8.1%	9.0%	
EBIT	**299**	**237**	**26%**	**547**	**509**	**7%**
EBIT margin	6.3%	5.2%		6.1%	5.7%	
Number of employees	11,657	11,673	0%	11,657	11,673	0%

FINANCIAL DEVELOPMENTS IN Q2 2018

GROWTH

The order intake increased 13% organically, driven by mining projects and services. Revenue increased 7% organically, related to projects and services.

Developments in total service activities

Despite currency headwinds, the order intake related to total service activities increased 5% to DKK 2,773m in Q2 (Q2 2017: DKK 2,653m), equivalent to 55% of the total order intake (Q2 2017: 58%).

Revenue related to total service activities decreased 1% to DKK 2,599m in Q2 (Q2 2017: DKK 2,613m), equivalent to 55% of the total revenue (Q2 2017: 57%). Revenue from total service activities increased compared to Q2 2017 when adjusted for currency effects.

Order intake and order backlog

The order intake in Q2 contained no large orders (Q2 2017: DKK 670m worth of large orders) but included a number of medium-sized orders and increased 10% to DKK 5,056m (Q2 2017: DKK 4,580m). The order intake grew 13% organically, explained by very strong growth in Minerals and an increase in Customer Services. Foreign exchange translation effects had a negative impact of 7% and the acquisition of part of Sandvik Mining Systems had a 4% positive impact. Product Companies delivered a stable organic order intake, while cement fell short of last year due to the absence of large orders.

Order intake developments in Q2 2018

Order intake (vs.Q2 2017)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic	6%	0%	109%	-11%	13%
Acquisition	2%	0%	29%	0%	4%
Currency	-7%	-5%	-12%	-4%	-7%
Total growth	**1%**	**-5%**	**126%**	**-15%**	**10%**

The order backlog for the Group increased to DKK 14,454m (Q1 2018: DKK 13,874m). 50% of the backlog is expected to be converted to revenue in the remainder of 2018, 34% in 2019, and 16% in 2020 and beyond. The order backlog was positively impacted by foreign exchange adjustments of DKK 0.2m in Q2.

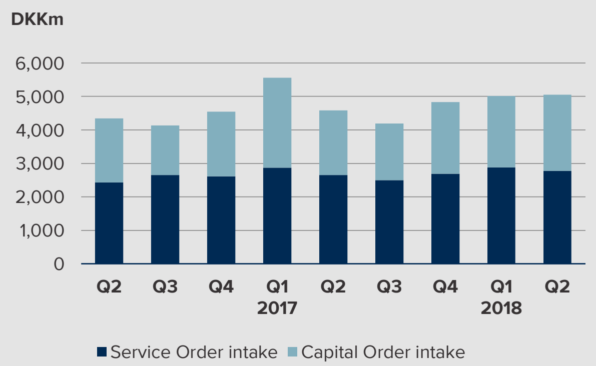
Revenue

Revenue increased 3% to DKK 4,730m in Q2 2018 (Q2 2017: DKK 4,585m). Foreign exchange translation effects had a 6% negative impact and acquisitions a 2% positive impact on revenue. Organic growth was 7%, attributable to all divisions but Product Companies.

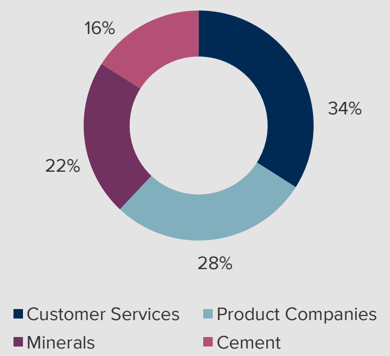
Revenue developments in Q2 2018

Revenue (vs.Q2 2017)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic	4%	-3%	24%	10%	7%
Acquisition	2%	0%	8%	0%	2%
Currency	-7%	-4%	-8%	-3%	-6%
Total growth	**-1%**	**-7%**	**24%**	**7%**	**3%**

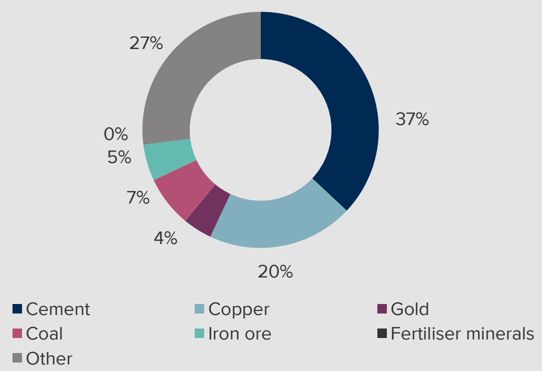
ORDER INTAKE



ORDER INTAKE BY DIVISION (Q2 2018)



ORDER INTAKE BY INDUSTRY (Q2 2018)



PROFIT

Operating profit increased as a result of higher revenue and no reported one-off costs. Consequently, the EBITA margin increased to 8.1% in Q2 from 7.5% in the same quarter last year.

The gross profit increased 1% to DKK 1,181m (Q2 2017: DKK 1,164m), and the corresponding gross margin was 25.0% (Q2 2017: 25.4%). The gross margin decreased as a result of business mix (higher share of projects vs. products and services), a lower gross margin in the Minerals Division and increased R&D expenses. The decrease in Group gross margin was partly offset by a significant increase in the Cement Division gross margin.

Q2 2018 saw total research and development costs of DKK 60m (Q2 2017: DKK 62m), representing 1.3% of revenue (Q2 2017: 1.3%), of which DKK 34m was capitalised (Q2 2017: DKK 44m) and the balance expensed as production costs. In addition, project-financed developments are taking place in cooperation with customers.

Sales, general and administrative costs and other operating items amounted to DKK 741m in Q2 2018 (Q2 2017: DKK 759m), which represents a cost percentage of 15.7% of revenue (Q2 2017: 16.6%). Sales costs increased and administrative costs decreased compared to the same quarter last year. SG&A contained costs associated with the organisational changes and increased focus on digitalization.

EBITA increased 11% to DKK 381m (Q2 2017: DKK 342m) and the EBITA margin increased to 8.1% (Q2 2017: 7.5%). The improvement was due to slightly higher gross profit and, in particular, one-off costs in Q2 last year that did not repeat in Q2 2018.

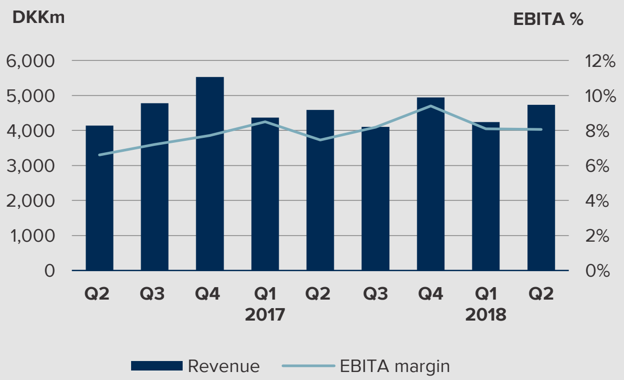
Amortisation of intangible assets amounted to DKK -82m (Q2 2017: DKK -105m). The effect of purchase price allocations amounted to DKK -40m (Q2 2017: DKK -55m) and other amortisation to DKK -42m (Q2 2017: DKK -50m). Earnings before interest and tax (EBIT) increased 26% to DKK 299m (Q2 2017: 237m).

Net financial items amounted to DKK -16m (Q2 2017: DKK -94m), of which foreign exchange and fair value adjustments amounted to DKK -8m (Q2 2017: DKK -49m) and net interest amounted to DKK -8m (Q2 2017: DKK -20m).

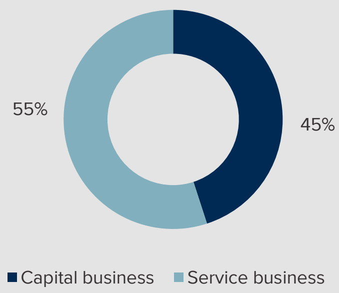
Tax for the period amounted to DKK -95m (Q2 2017: DKK -51m), corresponding to an effective tax rate of 34% (Q2 2017: 36%). The USA passed a new tax legislation effective 1 January 2018. The full impact is still being analysed, but it is expected that the overall consequences for the Group's effective tax rate and tax payments in 2018 will be negative based on the current business model due to the new Base Erosion Anti-Abuse Tax (BEAT).

Profit from continuing activities increased to DKK 188m (Q2 2017: DKK 92m), primarily due to improved profitability in Cement and lower financial expenses.

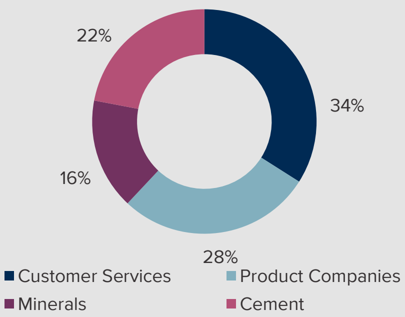
REVENUE AND EBITA MARGIN



REVENUE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS



REVENUE BY DIVISION (Q2 2018)



Loss from discontinued activities amounted to DKK -20m (Q2 2017: DKK -17m). Discontinued activities are predominantly related to the bulk material handling activities that were announced for sale in connection with the third quarter interim report in 2015. The sales process is still ongoing and we are in final negotiations with a potential acquirer. Signing is expected to happen near-term. However, as negotiations are still ongoing, the outcome is uncertain and there is no guarantee that signing will happen or that any transaction will happen at all.

Profit for the period increased to DKK 168m (Q2 2017: DKK 75m), equivalent to DKK 3.3 per share (diluted) (Q2 2017: DKK 1.5).

CAPITAL

Capital employed and ROCE

ROCE increased to 10.4% as a result of higher EBITA over the past 12 months and lower capital employed. Net interest bearing debt increased to DKK 2.1bn in Q2 due to payment of dividend, increasing net working capital and a cash payment related to provisions made in 2017. The financial gearing (NIBD/EBITDA) increased to 1.2; well within the long-term target

Average capital employed decreased to DKK 14.6bn in Q2 2018 (Q2 2017: DKK 15.1bn), and 12-months trailing EBITA increased to DKK 1,525m (Q2 2017: DKK 1,484m). As a consequence, ROCE increased to 10.4% (Q2 2017: 9.8%).

Capital employed at the end of Q2 2018 amounted to DKK 14.3bn and consists primarily of intangible assets amounting to DKK 10.0bn, which is mostly historical goodwill as well as patents and rights, and customer relations. Tangible assets amounted to DKK 2.3bn and net working capital to DKK 2.0bn at the end of Q2.

Cash flow and working capital

Cash flow from operating activities decreased to DKK -412m in Q2 2018 (Q2 2017: DKK -44m), explained by a cash payment of around DKK 200m (reported in the Annual Report 2017) related to provisions made in 2017, a substantial negative impact from change in net working capital and higher taxes paid.

Net working capital increased to DKK 2,003m at the end of Q2 2018 (end of Q1 2018: DKK 1,590m). The corresponding net working capital ratio increased to 11.1% of 12-months trailing revenue (end of Q1 2018: 8.9% of revenue). The increase in net working capital from Q1 to Q2 was explained by a build-up of net work-in-progress and a reduction in net prepayments related to the project business, in particular, cement projects, as well as increased inventory to support sales of products and parts.

Cash flow from investing activities amounted to DKK -83m in Q2 2018 (Q2 2017: DKK -65m) and included a cash receipt of DKK 60m related to the acquisition of part of Sandvik Mining Systems as well as a cash payment of DKK -92m for the acquisition of a foundry which was previously leased by FLSmidth.

Balance sheet and capital structure

Total assets increased to DKK 21,614m at the end of Q2 2018 (end of Q1 2018: DKK 21,349m).

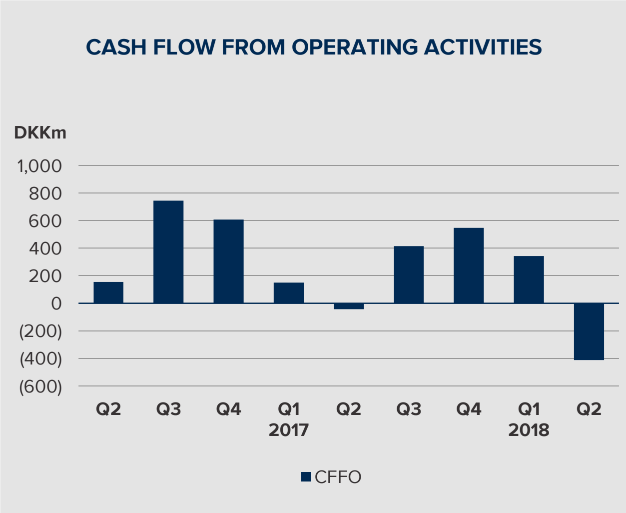
Equity at the end of Q2 2018 decreased to DKK 7,933m (end of Q1 2018: DKK 8,058m), and the equity ratio was 36.7% (end of Q1 2018: 37.7%), well above the long-term target of minimum 30%.

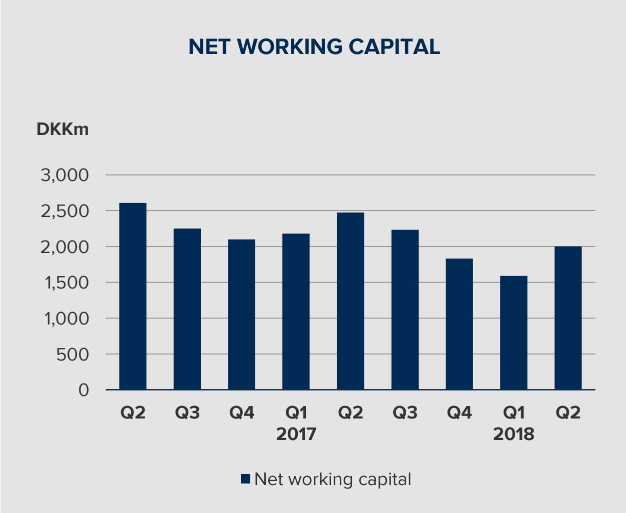
Net interest-bearing debt (NIBD) by the end of Q2 2018 increased to DKK 2,135m (end of Q1 2018: DKK 1,167m). As a result, the Group's financial gearing was 1.2 (end of Q1 2018: 0.7), well within the NIBD long term target of maximum two times EBITDA.

At the end of Q2 2018, the Group's capital resources consisted of committed credit facilities of DKK 7.5bn (including mortgage) with a weighted average time to maturity of 3.0 years.

TREASURY SHARES

FLSmidth's treasury shares amounted to 1,452,490 shares at the end of Q2 2018 (end of 2017: 1,729,337 shares), representing 2.8% of the total share capital (end of 2017: 3.4%). Treasury shares are used to hedge FLSmidth's long-term incentive plans.





LONG TERM INCENTIVE PLANS (LTIP)

Share option plans (being phased out)
At the end of Q2 2018, there was a total of 1,121,186 unexercised share options under FLSmidth's incentive plan and their fair value was DKK 136m. The fair value is calculated by means of a Black & Scholes model based on a current share price of DKK 381.9, a volatility of 27.5% and future annual dividend of DKK 8 per share. The effect of the plan on the income statement for Q2 2018 was DKK -5m (Q2 2017: DKK -6m).

Performance shares (replacing share option programme)
At the end of Q2 2018, FLSmidth had granted a maximum of 411,288 performance share units (Q2 2017: 302,813) to 281 key employees. Full vesting after three years will depend on achievement of stretched financial targets related to the EBITA margin and the net working capital ratio. The effect of the plan on the income statement for Q2 2018 was DKK -6m (Q2 2017: DKK -4m).

EMPLOYEES

The number of employees amounted to 11,781 at the end of Q2 2018 (end of Q1 2018: 11,790), including discontinued activities, employing 124 people.

GUIDANCE FOR 2018 (UNCHANGED)

Based on the results delivered in the first half of 2018 and the expected developments in the remainder of 2018, it is expected that revenue will be DKK 18-20bn and that the EBITA margin will be 8-10%. The return on capital employed is expected to be 10-12%. Thus, the second half of 2018 is expected to see higher revenue in Mining, accompanied by operating leverage and higher margins.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As announced on 4 August 2018, FLSmidth has signed two cement plant contracts in Central America worth more than EUR 250m. Among several conditions, the contracts are subject to FLSmidth receiving the agreed down payment. Until all conditions have been met and the contracts become effective, they will not be recognised as order intake.

FINANCIAL CALENDAR 2018

7 Nov. 2018	1st-3rd Quarter Interim Report 2018

FORWARD-LOOKING STATEMENTS

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website and/or NASDAQ Copenhagen, 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 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 underlying assumptions 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' 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 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' 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 report.

FINANCIAL DEVELOPMENTS IN Q1-Q2 2018

GROWTH

Order intake and revenue

In Q1-Q2 2018, order intake decreased 1% to DKK 10,074m (Q1-Q2 2017: DKK 10,141m) whereas revenue was largely unchanged at DKK 8,965m (Q1-Q2 2017: DKK 8,956m). Currency headwinds had a 7% negative impact on both order intake and revenue.

Order intake developments in Q1-Q2 2018

Growth (vs.Q1-Q2 2017)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic	9%	-1%	84%	-39%	4%
Acquisition	2%	0%	14%	0%	2%
Currency	-9%	-6%	-16%	-3%	-7%
Total growth	**2%**	**-7%**	**82%**	**-42%**	**-1%**

Order intake was particular strong in the Minerals division in the first half of 2018, while the Cement division saw a significant decline due to the absence of large orders.

Revenue developments in Q1-Q2 2018

Growth (vs.Q1-Q2 2017)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic	3%	3%	13%	6%	5%
Acquisition	1%	0%	9%	0%	2%
Currency	-8%	-6%	-9%	-4%	-7%
Total growth	**-4%**	**-3%**	**13%**	**2%**	**0%**

Despite currency headwinds, the two capital divisions saw growth in the first half, while organic growth in Customer Services and Product Companies was outweighed by the negative currency impact.

PROFIT

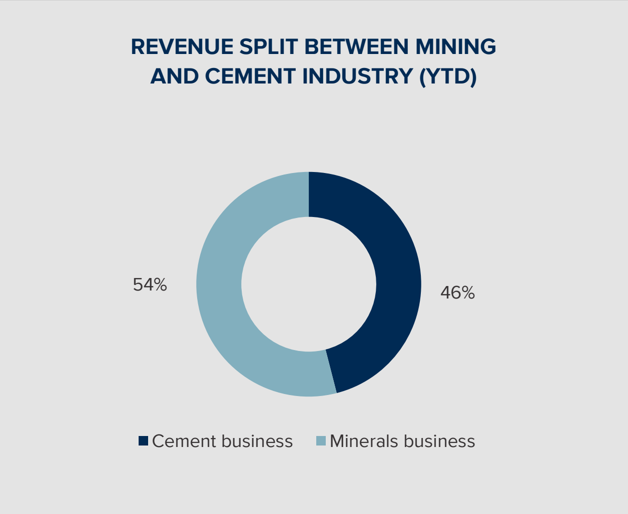
Gross profit declined 2% to DKK 2,255m (Q1-Q2 2017: DKK 2,298m as a consequence of changes in business mix and higher R&D costs.

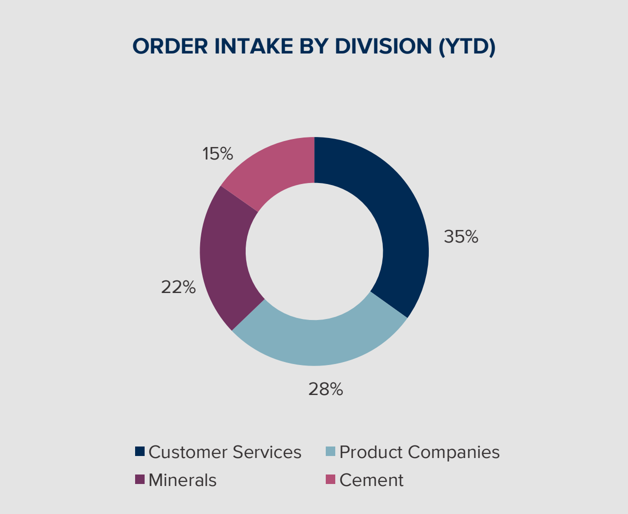
EBITA increased 1% to DKK 724m (Q1-Q2 2017: DKK 714m), as a consequence of improved profitability in Cement and Minerals and no repeat of one-off costs recognised in 2017. The EBITA margin was 8.1% (Q1-Q2 2017: 8.0%).

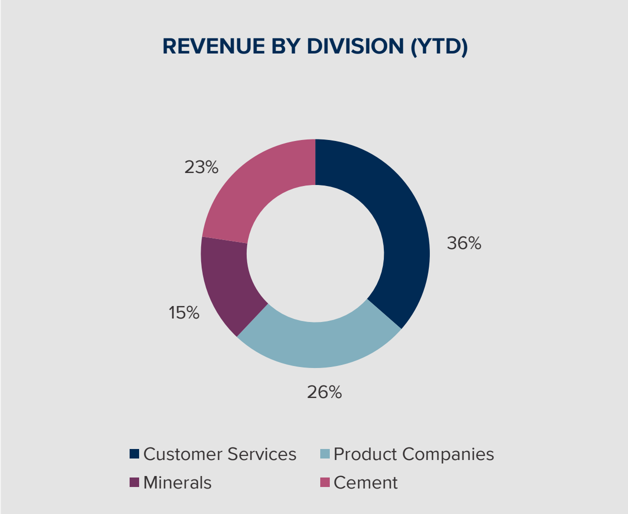
As a consequence of lower amortisation and net financial costs, EBT increased to DKK 496m (Q1-Q2 2017: DKK 381m), and the net profit from continuing activities increased to DKK 335m (Q1-Q2 2017: DKK 270m).

CAPITAL

CFFO deteriorated to DKK -69m (Q1-Q2 2017: DKK 105m) primarily as a consequence of a negative contribution from changes in provisions related to settlement of a legacy project in discontinued activities, as reported in the Annual Report 2017.







CUSTOMER SERVICES

MARKET DEVELOPMENTS

Q2 showed a steady development in the market for Customer Services with continued positive momentum in the mining aftermarket and a stable development in the cement aftermarket.

Demand for parts and services in mining remains healthy across regions, primarily driven by copper, gold and rare metals. Customers focus on energy and water consumption as well as throughput.

The cement aftermarket is characterised by regional differences in demand. Low plant utilisation in several regions means few new plants coming online and limited opportunities for first time spares.

FINANCIAL PERFORMANCE IN Q2 2018

Order intake in Q2 2018 increased 1% to DKK 1,768m (Q2 2017: DKK 1,750m) and 6% when adjusted for currency and acquisitions, compared to the same quarter last year. The increase was a result of continued positive momentum in the mining aftermarket and related to parts, maintenance and services.

Revenue decreased 1% to DKK 1,697m in Q2 2018 (Q2 2017: DKK 1,709m) but increased 4% adjusted for currency effects and acquisitions.

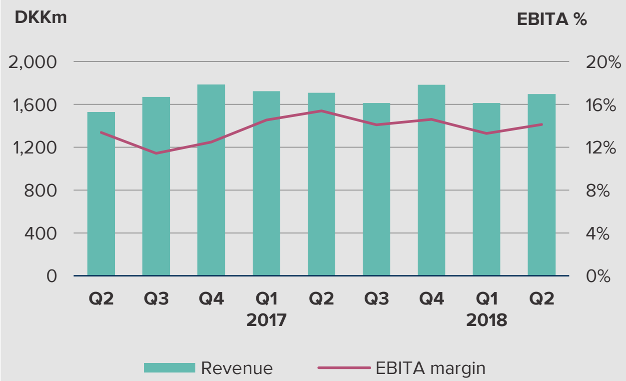
Gross profit, before allocation of shared cost decreased 1% to DKK 549m (Q2 2017: DKK 554m), and the corresponding gross margin fell marginally to 32.4% (Q2 2017: 32.5%).

EBITA decreased 9% to DKK 240m (Q2 2017: DKK 264m) due to higher allocation of shared cost (R&D, IT and organisational changes), and the EBITA margin fell to 14.1%, (Q2 2017: 15.4%).

CUSTOMER SERVICE

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	1,768	1,750	1%	3,668	3,611	2%
Order backlog	2,588	2,421	7%	2,588	2,421	7%
Revenue	**1,697**	**1,709**	**-1%**	**3,309**	**3,433**	**-4%**
Gross profit before allocation of shared cost	549	554	-1%	1,062	1,108	-4%
Gross profit margin before allocation of shared cost	32.4%	32.5%		32.1%	32.3%	
EBITA before allocation of shared cost	**374**	**394**	**-5%**	**744**	**785**	**-5%**
EBITA margin before allocation of shared cost	22.0%	23.1%		22.5%	22.9%	
EBITA	**240**	**264**	**-9%**	**454**	**515**	**-12%**
EBITA margin	14.1%	15.4%		13.7%	15.0%	
EBIT	**203**	**216**	**-6%**	**375**	**425**	**-12%**
EBIT margin	12.0%	12.6%		11.3%	12.4%	
Number of employees	3,848	3,875	-1%	3,848	3,875	-1%

REVENUE AND EBITA MARGIN



PRODUCT COMPANIES

MARKET DEVELOPMENTS

The market for Product Companies saw a stable development in Q2 for both mining and cement. The activity was driven predominantly by the aftermarket and smaller equipment orders. The pipeline includes opportunities for somewhat larger orders but timing of customer decision is uncertain.

Mining activity was predominantly related to copper in the Americas and coal and iron ore in Australia. Cement activity was dominated by increased interest for products related to new grinding stations.

FINANCIAL PERFORMANCE IN Q2 2018

The order intake in Q2 2018 decreased 5% to DKK 1,478m (Q2 2017: DKK 1,554m) and was unchanged adjusted for currency, compared to a strong Q2 last year. The second quarter of 2018 showed good demand in the mining pumps and cyclones business and a strong demand in the cement gears and feeders business.

Revenue decreased 7% to DKK 1,348m (Q2 2017: DKK 1,457m) and decreased 3% adjusted for currency.

Gross profit, before allocation of shared cost decreased 5% to DKK 408m (Q2 2017: DKK 431m), due to the lower revenue. The gross margin increased to 30.3% (Q2 2017: 29.6%).

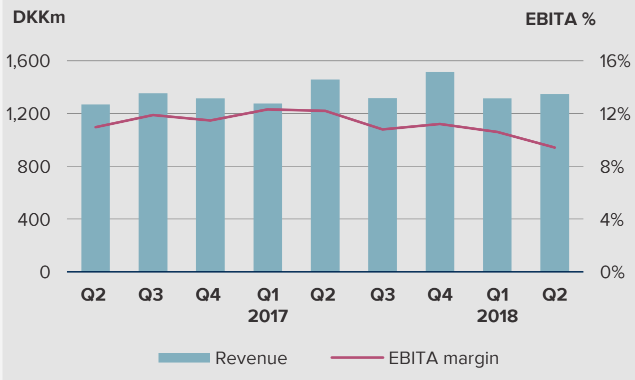
EBITA in Q2 2018 decreased 29% to DKK 127m (Q2 2017: DKK 178m), due to the lower gross profit and a higher allocation of shared cost (R&D, IT and organisational changes).

Consequently, the EBITA margin decreased to 9.4% (Q2 2017: 12.2%).

PRODUCT COMPANIES

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	1,478	1,554	-5%	2,939	3,151	-7%
Order backlog	2,923	3,128	-7%	2,923	3,128	-7%
Revenue	**1,348**	**1,457**	**-7%**	**2,663**	**2,732**	**-3%**
Gross profit before allocation of shared cost	408	431	-5%	806	837	-4%
Gross profit margin before allocation of shared cost	30.3%	29.6%		30.3%	30.6%	
EBITA before allocation of shared cost	**254**	**283**	**-10%**	**523**	**555**	**-6%**
EBITA margin before allocation of shared cost	18.8%	19.4%		19.6%	20.3%	
EBITA	**127**	**178**	**-29%**	**266**	**335**	**-21%**
EBITA margin	9.4%	12.2%		10.0%	12.3%	
EBIT	**106**	**150**	**-29%**	**220**	**282**	**-22%**
EBIT margin	7.9%	10.3%		8.3%	10.3%	
Number of employees	2,715	2,730	-1%	2,715	2,730	-1%

REVENUE AND EBITA MARGIN



MINERALS

MARKET DEVELOPMENTS

Momentum continues to build in the mining industry, and the inquiry level picked up modestly in the second quarter. Customers request mainly equipment and brownfield expansion. Customers in Asia and South America show increased interest in material handling. Missing (environmental) approvals by the authorities are still delaying projects in a number of countries.

Similar to Q1, the most active regions in Q2 were North and South America, Australia and Asia. The business climate in Sub-Saharan Africa remains challenging. New opportunities in the pipeline relate to gold, copper, iron ore, lithium and bauxite projects. Demand in coal was steady.

FINANCIAL PERFORMANCE IN Q2 2018

The order intake in Q2 2018 increased 126% to DKK 1,189m, (Q2 2017: DKK 525m) and included several medium-sized orders in Asia, Europe and South America. Organic growth was 109%, Currency effects had a 12% negative impact on order intake in Q2 and the acquisition of part of Sandvik Mining Systems contributed to 29% of the growth.

Revenue in Q2 increased 24% to DKK 789m (Q2 2017: DKK 635m). Acquisitions had an 8% positive impact and currency effects an 8% negative impact on revenue in the quarter. Q2 2018 marked the fourth consecutive quarter of stronger order momentum in Minerals, and with a considerable time lag between order intake and execution, the higher order intake level is slowly emerging in the revenue line.

As anticipated in Q1, a considerable part of the Minerals backlog, which has been on hold for an extended period, has been reactivated and should contribute to revenue towards the end of 2018 and 2019.

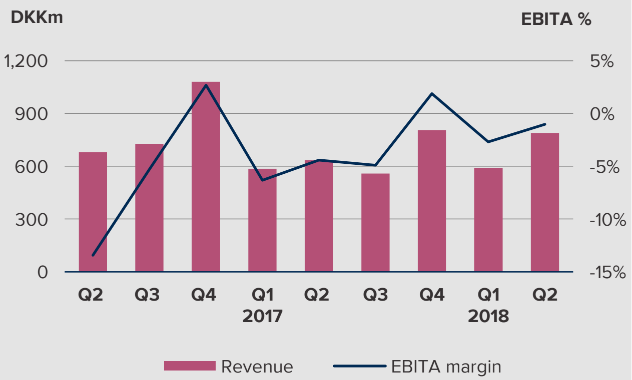
Gross profit, before allocation of shared cost increased 4% to DKK 120m (Q2 2017: DKK 115m) as a result of the higher revenue, whilst the gross margin declined to 15.2% (Q2 2017: 18.0%) due to quarterly variation in business mix and increased costs related to the finalisation of a large project.

EBITA amounted to DKK -8m (Q2 2017: DKK -28m), and the corresponding EBITA margin was -1.0% (Q2 2017: -4.4%).

MINERALS

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	1,189	525	126%	2,306	1,269	82%
Order backlog	4,957	3,728	33%	4,957	3,728	33%
Revenue	**789**	**635**	**24%**	**1,381**	**1,221**	**13%**
Gross profit before allocation of shared cost	120	115	4%	233	216	8%
Gross profit margin before allocation of shared cost	15.2%	18.0%		16.9%	17.7%	
EBITA before allocation of shared cost	**50**	**39**	**28%**	**104**	**66**	**58%**
EBITA margin before allocation of shared cost	6.3%	6.1%		7.5%	5.4%	
EBITA	**(8)**	**(28)**	**n/a**	**(24)**	**(65)**	**n/a**
EBITA margin	-1.0%	-4.4%		-1.7%	-5.3%	
EBIT	**(28)**	**(50)**	**n/a**	**(65)**	**(112)**	**n/a**
EBIT margin	-3.5%	-7.9%		-4.7%	-9.1%	
Number of employees	1,236	1,024	21%	1,236	1,024	21%

REVENUE AND EBITA MARGIN



CEMENT

MARKET DEVELOPMENTS

The market for new cement capacity remains subdued with low plant utilisation on a global scale and few tenders for large projects. The pipeline includes select opportunities in North Africa, parts of Asia, Latin America and the Middle East. The Indian market is slowly picking up from a low level.

With few tenders for large cement projects, FLSmidth is increasingly focusing on equipment and upgrades sales.

FINANCIAL PERFORMANCE IN Q2 2018

The order intake in Q2 declined 15% to DKK 866m (Q2 2017: DKK 1,023m) and decreased 11% adjusted for currency. Q2 2018 included no large orders but contained a couple of medium-sized orders (close to DKK 200m) in Asia and Africa, as well as a good level of single equipment and upgrade-project orders. Q2 last year included a large order amounting to DKK 670m.

Revenue increased 7% to DKK 1,097m (Q2 2017: DKK 1,030m) and increased 10% adjusted for currency. The increase was related to timing of projects.

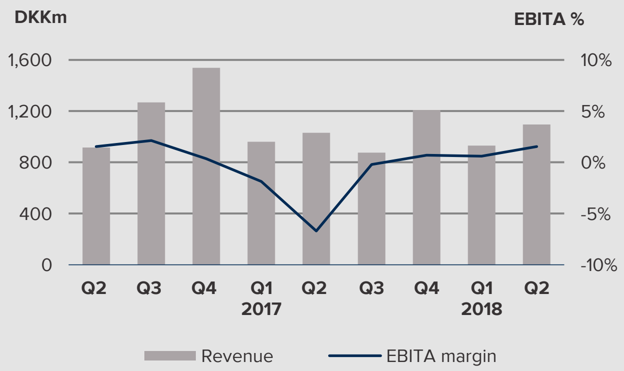
Gross profit, before allocation of shared cost increased to DKK 143m (Q2 2017: DKK 99m) as a result of a higher gross margin and higher revenue. The gross margin was 13.0% (Q2 2017: 9.6%). Gross profit in Q2 2017 was impacted by DKK -30m one-off costs and the adjusted gross margin was 12.5%. The slight improvement to 13.0% in Q2 2018 was a result of good execution combined with standardisation and procurement initiatives.

EBITA increased to DKK 17m (Q2 2017: DKK -68m) and the corresponding EBITA margin was 1.5% (Q2 2017: -6.7%). EBITA in Q2 2017 was impacted by DKK -76m of one-off costs, and the adjusted EBITA margin was 0.7%.

CEMENT

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	866	1,023	-15%	1,603	2,742	-42%
Order backlog	4,646	5,672	-18%	4,646	5,672	-18%
Revenue	**1,097**	**1,030**	**7%**	**2,029**	**1,991**	**2%**
Gross profit before allocation of shared cost	143	99	44%	259	202	28%
Gross profit margin before allocation of shared cost	13.0%	9.6%		12.8%	10.1%	
EBITA before allocation of shared cost	**88**	**2**	**4300%**	**157**	**52**	**202%**
EBITA margin before allocation of shared cost	8.0%	0.2%		7.7%	2.6%	
EBITA	**17**	**(68)**	**n/a**	**22**	**(86)**	**n/a**
EBITA margin	1.5%	-6.7%		1.1%	-4.4%	
EBIT	**13**	**(75)**	**n/a**	**11**	**(101)**	**n/a**
EBIT margin	1.2%	-7.4%		0.5%	-5.1%	
Number of employees	2,382	2,669	-11%	2,382	2,669	-11%

REVENUE AND EBITA MARGIN



QUARTERLY KEY FIGURES

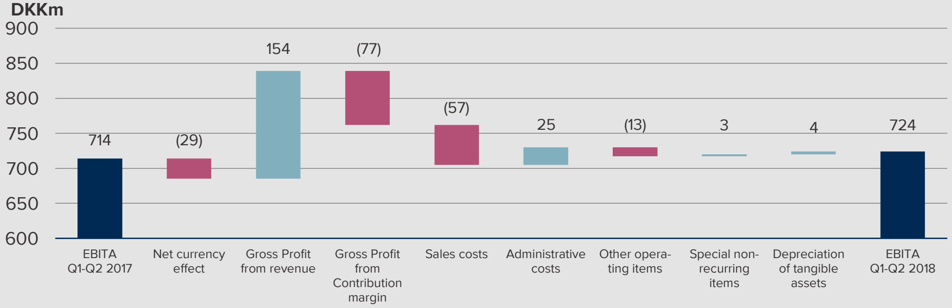
DKKm	2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
INCOME STATEMENT										
Revenue	3,758	4,135	4,774	5,525	4,371	4,585	4,101	4,943	4,235	4,730
- Hereof service revenue	2,328	2,445	2,601	2,870	2,675	2,613	2,609	2,583	2,507	2,599
Gross profit	**1,038**	**1,078**	**1,164**	**1,301**	**1,134**	**1,164**	**1,065**	**1,234**	**1,074**	**1,181**
SG&A costs and other operating items	(726)	(738)	(743)	(786)	(698)	(759)	(667)	(741)	(678)	(741)
EBITDA before special non-recurring items	**312**	**340**	**421**	**515**	**436**	**405**	**398**	**493**	**396**	**440**
Special non-recurring items	0	0	(9)	(21)	0	0	(4)	55	3	0
Depreciations and write-downs of tangible assets	(66)	(67)	(68)	(68)	(64)	(63)	(58)	(83)	(56)	(59)
EBITA	**246**	**273**	**344**	**426**	**372**	**342**	**336**	**465**	**343**	**381**
Amortisations of intangible assets	(93)	(96)	(101)	(118)	(100)	(105)	(102)	(93)	(95)	(82)
EBIT	**153**	**177**	**243**	**308**	**272**	**237**	**234**	**372**	**248**	**299**
Financial income/costs, net	(38)	(32)	14	2	(34)	(94)	(101)	(82)	(35)	(16)
EBT	**115**	**145**	**257**	**310**	**238**	**143**	**133**	**282**	**213**	**283**
Tax for the period	(36)	(45)	(70)	(86)	(60)	(51)	(38)	(230)	(66)	(95)
Profit on continuing activities for the period	**79**	**100**	**187**	**224**	**178**	**92**	**95**	**52**	**147**	**188**
Loss on discontinued activities for the period	(6)	(3)	(17)	(42)	(17)	(17)	(72)	(237)	(11)	(20)
Profit/loss for the period	**73**	**97**	**170**	**182**	**161**	**75**	**23**	**(185)**	**136**	**168**
Effect of purchase price allocation	(60)	(60)	(60)	(60)	(55)	(55)	(55)	(55)	(40)	(40)
Gross margin	*27.6%*	*26.1%*	*24.4%*	*23.5%*	*25.9%*	*25.4%*	*26.0%*	*25.0%*	*25.4%*	*25.0%*
EBITDA margin before special non-recurring items	*8.3%*	*8.2%*	*8.8%*	*9.3%*	*10.0%*	*8.8%*	*9.7%*	*10.0%*	*9.4%*	*9.3%*
EBITA margin	*6.5%*	*6.6%*	*7.2%*	*7.7%*	*8.5%*	*7.5%*	*8.2%*	*9.4%*	*8.1%*	*8.1%*
EBIT margin	*4.1%*	*4.3%*	*5.1%*	*5.6%*	*6.2%*	*5.2%*	*5.7%*	*7.5%*	*5.9%*	*6.3%*
Cash flow										
Cash flow from operating activities	(60)	155	744	608	149	(44)	414	546	343	(412)
Cash flow from investing activities	(12)	(95)	(43)	(44)	(35)	(65)	(69)	56	(42)	(83)
Order intake, continuing activities (gross)	5,281	4,345	4,133	4,544	5,561	4,580	4,193	4,836	5,018	5,056
- Hereof service order intake	2,341	2,432	2,647	2,616	2,868	2,653	2,501	2,693	2,885	2,773
Order backlog, continuing activities	15,792	15,914	15,174	13,887	14,998	14,115	13,799	13,654	13,874	14,454

DKKm	2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING										
Customer Services										
Revenue	1,568	1,531	1,670	1,786	1,724	1,709	1,614	1,785	1,612	1,697
Gross profit before allocation of shared costs	507	506	500	557	554	554	514	577	513	549
EBITA before allocation of shared costs	343	343	335	354	391	394	356	426	370	374
EBITA	197	205	191	223	251	264	228	260	214	240
EBIT	161	169	150	167	209	216	183	222	172	203
Gross margin before allocation of shared costs	*32.3%*	*33.1%*	*29.9%*	*31.2%*	*32.1%*	*32.5%*	*31.8%*	*32.3%*	*31.8%*	*32.4%*
EBITA margin before allocation of shared costs	*21.9%*	*22.4%*	*20.1%*	*19.8%*	*22.7%*	*23.1%*	*22.0%*	*23.9%*	*22.9%*	*22.0%*
EBITA margin	*12.6%*	*13.4%*	*11.4%*	*12.5%*	*14.6%*	*15.4%*	*14.1%*	*14.6%*	*13.3%*	*14.1%*
EBIT margin	*10.3%*	*11.0%*	*9.0%*	*9.4%*	*12.1%*	*12.6%*	*11.3%*	*12.4%*	*10.7%*	*12.0%*
Order intake (gross)	1,566	1,597	1,820	1,616	1,861	1,750	1,597	1,759	1,900	1,768
Order backlog	2,399	2,405	2,483	2,388	2,506	2,421	2,320	2,260	2,465	2,588
Product Companies										
Revenue	1,078	1,268	1,354	1,315	1,275	1,457	1,317	1,515	1,315	1,348
Gross profit before allocation of shared costs	356	395	417	440	406	431	395	440	398	408
EBITA before allocation of shared costs	228	252	261	286	272	283	265	315	269	254
EBITA	109	139	161	151	157	178	143	170	139	127
EBIT	86	103	146	125	132	150	117	139	114	106
Gross margin before allocation of shared costs	*33.0%*	*31.1%*	*30.8%*	*33.4%*	*31.8%*	*29.6%*	*30.0%*	*29.0%*	*30.3%*	*30.3%*
EBITA margin before allocation of shared costs	*21.2%*	*19.9%*	*19.3%*	*21.8%*	*21.3%*	*19.4%*	*20.1%*	*20.8%*	*20.5%*	*18.8%*
EBITA margin	*10.1%*	*11.0%*	*11.9%*	*11.5%*	*12.3%*	*12.2%*	*10.8%*	*11.2%*	*10.6%*	*9.4%*
EBIT margin	*7.9%*	*8.1%*	*10.7%*	*9.5%*	*10.4%*	*10.3%*	*8.9%*	*9.2%*	*8.7%*	*7.9%*
Order intake (gross)	1,406	1,165	1,317	1,438	1,597	1,554	1,224	1,248	1,461	1,478
Order backlog	2,823	2,729	2,681	2,807	3,124	3,128	2,968	2,687	2,776	2,923

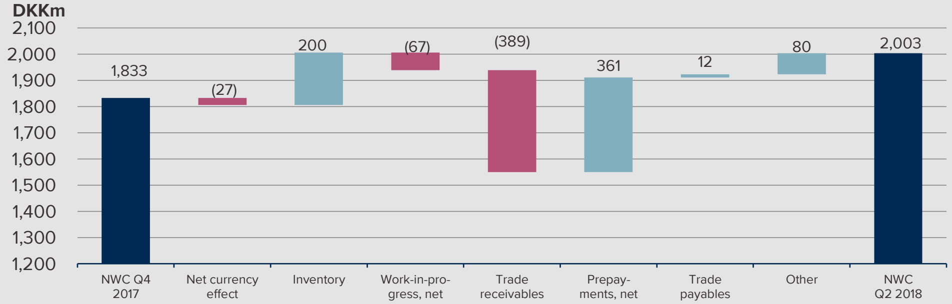
DKKm	2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING (CONTINUED)										
Minerals										
Revenue	698	680	727	1,080	586	635	559	806	592	789
Gross profit before allocation of shared costs	132	91	128	179	101	115	102	146	113	120
EBITA before allocation of shared costs	48	(9)	42	114	27	39	35	93	54	50
EBITA	(35)	(92)	(37)	29	(37)	(28)	(27)	16	(16)	(8)
EBIT	(62)	(108)	(75)	2	(62)	(50)	(50)	(1)	(37)	(28)
Gross margin before allocation of shared costs	*18.9%*	*13.5%*	*17.6%*	*16.6%*	*17.3%*	*18.0%*	*18.3%*	*18.1%*	*19.1%*	*15.2%*
EBITA margin before allocation of shared costs	*6.9%*	*-1.3%*	*5.8%*	*10.5%*	*4.7%*	*6.1%*	*6.2%*	*11.5%*	*9.0%*	*6.3%*
EBITA margin	*-5.0%*	*-13.4%*	*-5.3%*	*2.7%*	*-6.3%*	*-4.4%*	*-4.9%*	*1.9%*	*-2.7%*	*-1.0%*
EBIT margin	*-8.8%*	*-15.8%*	*-10.4%*	*0.2%*	*-10.5%*	*-7.9%*	*-9.0%*	*-0.1%*	*-6.2%*	*-3.5%*
Order intake (gross)	443	972	579	685	744	525	1,008	857	1,117	1,189
Order backlog	4,229	4,478	4,244	3,988	4,108	3,728	4,013	4,160	4,447	4,957
Cement										
Revenue	562	916	1,269	1,539	961	1,030	877	1,209	932	1,097
Gross profit before allocation of shared costs	104	142	169	175	103	99	103	155	116	143
EBITA before allocation of shared costs	45	81	93	77	50	2	56	91	69	88
EBITA	(21)	15	27	7	(18)	(68)	(3)	8	5	17
EBIT	(28)	7	20	(2)	(26)	(75)	(11)	1	(2)	13
Gross margin before allocation of shared costs	*18.5%*	*15.5%*	*13.3%*	*11.4%*	*10.7%*	*9.6%*	*11.8%*	*12.8%*	*12.5%*	*13.0%*
EBITA margin before allocation of shared costs	*7.9%*	*8.8%*	*7.2%*	*5.0%*	*5.2%*	*0.2%*	*6.5%*	*7.5%*	*7.4%*	*8.0%*
EBITA margin	*-3.7%*	*1.5%*	*2.1%*	*0.4%*	*-1.9%*	*-6.7%*	*-0.2%*	*0.7%*	*0.6%*	*1.5%*
EBIT margin	*-5.0%*	*0.7%*	*1.6%*	*-0.2%*	*-2.7%*	*-7.4%*	*-1.1%*	*0.1%*	*-0.2%*	*1.2%*
Order intake (gross)	2,082	805	663	1,026	1,719	1,023	585	1,219	737	866
Order backlog	7,016	6,962	6,382	5,349	6,085	5,672	5,274	5,193	4,796	4,646

RETURN ON CAPITAL EMPLOYED

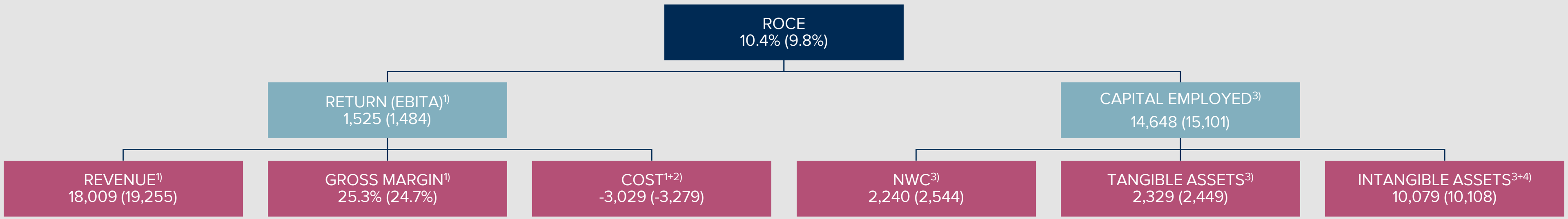
EBITA – BRIDGE
Development from Q1-Q2 2017 to Q1-Q2 2018



NET WORKING CAPITAL – BRIDGE
Development from Q4 2017 to Q2 2018



ROCE BREAKDOWN
Q2 2018 (Q2 2017)



1) Last 12 months trailing

2) Cost consist of SG&A, depreciations and special non-recurring items

3) Average values

4) Measured at cost value

STATEMENT BY MANAGEMENT

The Board of Directors and Executive Management have today considered and approved the interim report of FLSmidth & Co. A/S for the period 1 January - 30 June 2018.

The interim report is prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports of listed companies. The interim report has not been audited or reviewed by the Group´s independent auditors.

In our opinion, the interim report gives a true and fair view of the Group's financial position at 30 June 2018 as well as of its financial performance and its cash flow for the period 1 January - 30 June 2018.

We believe that the management commentary contains a fair review of the development of the Group's business and financial affairs, the result for the period and the financial position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Valby, 8 August 2018

EXECUTIVE MANAGEMENT

Thomas Schulz
Group CEO

Lars Vestergaard
Group Executive Vice President and CFO

BOARD OF DIRECTORS

Vagn Sørensen
Chairman

Tom Knutzen
Vice Chairman

Marius Jacques Kloppers

Caroline Grégoire Sainte Marie

Richard Robinson Smith

Anne Louise Eberhard

Mette Dobel

Søren Quistgaard Larsen

Claus Østergaard

INCOME STATEMENT

Notes	DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
1, 2	Revenue	4,730	4,585	8,965	8,956
	Production costs	(3,549)	(3,421)	(6,710)	(6,658)
	Gross profit	**1,181**	**1,164**	**2,255**	**2,298**
	Sales costs	(387)	(371)	(742)	(735)
	Administrative costs	(364)	(414)	(698)	(757)
	Other operating items	10	26	21	35
	EBITDA before special non-recurring items	**440**	**405**	**836**	**841**
9	Special non-recurring items	0	0	3	0
	Depreciations and write-downs of tangible assets	(59)	(63)	(115)	(127)
	EBITA	**381**	**342**	**724**	**714**
	Amortisations of intangible assets	(82)	(105)	(177)	(205)
	EBIT	**299**	**237**	**547**	**509**
	Financial income	121	314	451	687
	Financial costs	(137)	(408)	(502)	(815)
	EBT	**283**	**143**	**496**	**381**
	Tax for the period	(95)	(51)	(161)	(111)
	Profit for the period, continuing activities	**188**	**92**	**335**	**270**
	Loss for the period, discontinued activities	(20)	(17)	(31)	(34)
	Profit for the period	**168**	**75**	**304**	**236**
	To be distributed as follows:				
	FLSmidth & Co. A/S shareholders' share of profit for the period	167	76	303	236
	Minority shareholders' share of profit for the period	1	(1)	1	0
		168	**75**	**304**	**236**
7	Earnings per share (EPS):				
	Continuing and discontinued activities per share	3.4	1.5	6.1	4.8
	Continuing and discontinued activities per share, diluted	3.3	1.5	6.1	4.8
	Continuing activities per share	3.8	1.9	6.7	5.5
	Continuing activities per share, diluted	3.7	1.9	6.7	5.4

STATEMENT OF COMPREHENSIVE INCOME

Notes	DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
	Profit for the period	**168**	**75**	304	236
	Other comprehensive income for the period				
	Items that will not be reclassified to profit or loss:				
	Actuarial gains/(losses) on defined benefit plans	0	1	(1)	1
	Tax hereof	0	0	0	0
	Items that are or may be reclassified subsequently to profit or loss:				
	Foreign exchange adjustments regarding enterprises abroad	90	(331)	(105)	(259)
	Value adjustments of hedging instruments:				
	- Value adjustments for the period	(20)	64	(9)	83
	- Value adjustments transferred to financial income and costs	0	2	0	1
	Tax hereof	8	(13)	19	(10)
	Other comprehensive income for the period after tax	**78**	**(277)**	**(96)**	**(184)**
	Comprehensive income for the period	**246**	**(202)**	**208**	**52**
	Comprehensive income for the year attributable to:				
	FLSmidth & Co. A/S shareholders' share of comprehensive income for the period	246	(199)	209	53
	Minority shareholders' share of comprehensive income for the period	0	(3)	(1)	(1)
		246	**(202)**	**208**	**52**

CASH FLOW STATEMENT

DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
EBITDA before special non-recurring items, continuing activities	440	405	836	841
EBITDA before special non-recurring items, discontinued activities	(45)	(6)	(56)	(30)
EBITDA	**395**	**399**	**780**	**811**
Adjustment for gain/(losses) on sale of tangible and intangible assets and special non-recurring items etc.	10	(7)	16	4
Adjusted EBITDA	**405**	**392**	**796**	**815**
Change in provisions	(303)	(103)	(388)	(84)
Change in net working capital	(417)	(321)	(275)	(481)
Cash flow from operating activities before financial items and tax	**(315)**	**(32)**	**133**	**250**
Financial items received and paid	(22)	3	(26)	(2)
Taxes paid	(75)	(15)	(176)	(143)
CFFO	**(412)**	**(44)**	**(69)**	**105**
Acquisitions of activities	60	0	70	0
Acquisitions of intangible assets	(51)	(53)	(59)	(68)
Acquisitions of tangible assets	(136)	(47)	(192)	(69)
Acquisitions of financial assets	0	0	(19)	0
Disposal of enterprises	10	0	10	0
Disposal of financial assets	34	0	47	0
Disposal of tangible assets	0	35	18	37
CFFI	**(83)**	**(65)**	**(125)**	**(100)**
Dividend	(410)	(298)	(410)	(298)
Addition of minority shares	0	0	0	5
Acquisition of treasury shares	(42)	(161)	(42)	(161)
Exercise of share options	70	114	109	173
Change in net interest-bearing debt	694	464	315	79
CFFF	**312**	**119**	**(28)**	**(202)**
Change in cash and cash equivalents	**(183)**	**10**	**(222)**	**(197)**
Cash and cash equivalents at beginning of period	1,343	1,328	1,425	1,513
Foreign exchange adjustment, cash and cash equivalents	(14)	(73)	(57)	(51)
Cash and cash equivalents at 30 June	**1,146**	**1,265**	**1,146**	**1,265**
Cash and cash equivalents included in assets held for sale	15	37	15	37
Cash and cash equivalents	1,131	1,228	1,131	1,228
Cash and cash equivalents at 30 June	**1,146**	**1,265**	**1,146**	**1,265**

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

BALANCE SHEET

Notes	DKKm	End of Q2 2018	End of 2017
	ASSETS		
	Goodwill	4,222	4,218
	Patents and rights	1,074	1,121
	Customer relations	745	806
	Other intangible assets	45	53
	Completed development projects	211	266
	Intangible assets under development	227	169
	Intangible assets	**6,524**	**6,633**
	Land and buildings	1,653	1,597
	Plant and machinery	490	487
	Operating equipment, fixtures and fittings	103	100
	Tangible assets in course of construction	58	64
	Tangible assets	**2,304**	**2,248**
	Other securities and investments	46	79
	Deferred tax assets	1,095	1,094
	Financial assets	**1,141**	**1,173**
	Total non-current assets	**9,969**	**10,054**
	Inventories	**2,529**	**2,332**
	Trade receivables	3,869	4,324
4	Work-in-progress for third parties	2,101	2,297
	Prepayments to subcontractors	227	196
	Tax receivables	576	492
	Other receivables	833	864
	Receivables	**7,606**	**8,173**
	Cash and cash equivalents	**1,131**	**1,382**
	Assets classified as held for sale	**379**	**423**
	Total current assets	**11,645**	**12,310**
	Total assets	**21,614**	**22,364**

Notes	DKKm	End of Q2 2018	End of 2017
	EQUITY AND LIABILITIES		
	Share capital	1,025	1,025
	Foreign exchange adjustments	(425)	(322)
	Value adjustments of hedging transactions	(42)	(33)
	Retained earnings	7,338	6,920
	Proposed dividend	0	410
	FLSmidth & Co. A/S shareholders' share of equity	**7,896**	**8,000**
	Minority shareholders' share of equity	37	38
	Total equity	**7,933**	**8,038**
	Deferred tax liabilities	367	371
	Pension liabilities	272	271
5	Provisions	333	306
	Bank loans and mortgage debt	1,823	1,830
	Prepayments from customers	144	215
	Other liabilities	38	90
	Total non-current liabilities	**2,977**	**3,083**
	Pension liabilities	9	9
5	Provisions	702	1,124
	Bank loans and mortgage debt	1,470	1,120
	Prepayments from customers	1,299	1,571
4	Work-in-progress for third parties	1,622	1,730
	Trade payables	2,890	2,916
	Current tax liabilities	579	520
	Other liabilities	1,599	1,623
	Total current liabilities	**10,170**	**10,613**
	Liabilities directly associated with assets classified as held for sale	**534**	**630**
	Total liabilities	**13,681**	**14,326**
	Total equity and liabilities	**21,614**	**22,364**

EQUITY

DKKm	Share capital	Foreign exchange adjustments	Value adjustment of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co A/S shareholders' share	Minority interests' share	Total
Equity at 1 January 2018	**1,025**	**(322)**	**(33)**	**6,920**	**410**	**8,000**	**38**	**8,038**
Changes in accounting policies, IFRS 15				9		9		9
Tax on changes in accounting policies, IFRS 15				(1)		(1)		(1)
Equity at 1 January 2018 (restated)	**1,025**	**(322)**	**(33)**	**6,928**	**410**	**8,008**	**38**	**8,046**
Comprehensive income for the period								
Profit for the period				303		303	1	304
Other comprehensive income								
Actuarial gains/(losses) on defined benefit plans				(1)		(1)		(1)
Foreign exchange adjustment regarding enterprises abroad		(103)				(103)	(2)	(105)
Value adjustments of hedging instruments:								
- Value adjustments for the period			(9)			(9)		(9)
Tax on other comprehensive income				19		19		19
Other comprehensive income total	**0**	**(103)**	**(9)**	**18**	**0**	**(94)**	**(2)**	**(96)**
Comprehensive income for the period	**0**	**(103)**	**(9)**	**321**	**0**	**209**	**(1)**	**208**
Dividend distributed					(410)	(410)		(410)
Share-based payment				22		22		22
Disposal of treasury shares				109		109		109
Exercise of share options				(42)		(42)		(42)
Equity at 30 June 2018	**1,025**	**(425)**	**(42)**	**7,338**	**0**	**7,896**	**37**	**7,933**

EQUITY - continued

DKKm	Share capital	Foreign exchange adjustments	Value adjustment of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co A/S shareholders' share	Minority interests' share	Total
Equity at 1 January 2017	**1,025**	**112**	**(112)**	**7,089**	**307**	**8,421**	**41**	**8,462**
Comprehensive income for the period								
Profit for the period				236		236		236
Other comprehensive income								
Foreign exchange adjustment regarding enterprises abroad		(258)				(258)	(1)	(259)
Actuarial gains/losses on defined benefit plans				1		1		1
Value adjustments of hedging instruments:								
- Value adjustments for the period			83			83		83
- Value adjustments transferred to financial income and costs			1			1		1
Tax on other comprehensive income				(10)		(10)		(10)
Other comprehensive income total	**0**	**(258)**	**84**	**(9)**	**0**	**(183)**	**(1)**	**(184)**
Comprehensive income for the period	**0**	**(258)**	**84**	**227**	**0**	**53**	**(1)**	**52**
Dividend distributed				11	(307)	(296)	(2)	(298)
Share-based payment				21		21		21
Acquisition of treasury shares				(161)		(161)		(161)
Exercise of share options				173		173		173
Addition of minority shares				0		0	5	5
Equity at 30 June 2017	**1,025**	**(146)**	**(28)**	**7,360**	**0**	**8,211**	**43**	**8,254**

1. SEGMENT INFORMATION FOR Q1-Q2 2018

DKKm	Customer Services	Product Companies	Minerals	Cement	Shared costs[1]	Other companies etc.[2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	3,268	2,294	1,375	2,028	-	-	8,965	143	9,108
Internal revenue	41	369	6	1	-	(417)	0	-	0
Revenue	**3,309**	**2,663**	**1,381**	**2,029**		**(417)**	**8,965**	**143**	**9,108**
Production costs	(2,247)	(1,857)	(1,148)	(1,770)	(110)	422	(6,710)	(166)	(6,876)
Gross profit	**1,062**	**806**	**233**	**259**	**(110)**	**5**	**2,255**	**(23)**	**2,232**
SG&A costs	(284)	(252)	(123)	(99)	(659)	(2)	(1,419)	(33)	(1,452)
EBITDA before special non-recurring items	**778**	**554**	**110**	**160**	**(769)**	**3**	**836**	**(56)**	**780**
Special non-recurring items	-	-	3	-	-		3	12	15
Depreciations and write-downs of tangible assets	(34)	(31)	(9)	(3)	(38)		(115)	-	(115)
EBITA before allocation of shared costs	**744**	**523**	**104**	**157**	**(807)**	**3**	**724**	**(44)**	**680**
Allocation of shared costs	(290)	(257)	(128)	(135)	807	3	0	-	0
EBITA	**454**	**266**	**(24)**	**22**	**-**	**6**	**724**	**(44)**	**680**
Amortisations of intangible assets	(79)	(46)	(41)	(11)			(177)	-	(177)
EBIT	**375**	**220**	**(65)**	**11**	**-**	**6**	**547**	**(44)**	**503**
Order intake (gross)	3,668	2,939	2,306	1,603		(442)	10,074	18	10,092
Order backlog	2,588	2,923	4,957	4,646		(660)	14,454	589	15,043
Gross margin	*32.1%*	*30.3%*	*16.9%*	*12.8%*		*N/A*	*25.2%*	*N/A*	*24.5%*
EBITDA margin before special non-recurring items	*23.5%*	*20.8%*	*8.0%*	*7.9%*		*N/A*	*9.3%*	*N/A*	*8.6%*
EBITA margin before allocation of shared costs	*22.5%*	*19.6%*	*7.5%*	*7.7%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*13.7%*	*10.0%*	*-1.7%*	*1.1%*		*N/A*	*8.1%*	*N/A*	*7.5%*
EBIT margin	*11.3%*	*8.3%*	*-4.7%*	*0.5%*		*N/A*	*6.1%*	*N/A*	*5.5%*
Number of employees	**3,848**	**2,715**	**1,236**	**2,382**	**1,476**	**-**	**11,657**	**124**	**11,781**
Reconciliation of profit/(loss) for the period									
EBIT							547	(44)	
Financial income							451	1	
Financial costs							(502)	(2)	
EBT							**496**	**(45)**	

1) Shared costs consists of costs that are managed on country or Group level and subsequently allocated to the divisions
2) Other companies etc. consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activity mainly consist of bulk material handling.

1. SEGMENT INFORMATION FOR Q1-Q2 2017

DKKm	Customer Services	Product Companies	Minerals	Cement	Shared costs[1]	Other companies etc.[2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	3,397	2,365	1,210	1,984	-	-	8,956	383	9,339
Internal revenue	36	367	11	7	-	(421)	0	-	0
Revenue	**3,433**	**2,732**	**1,221**	**1,991**	**-**	**(421)**	**8,956**	**383**	**9,339**
Production costs	(2,325)	(1,895)	(1,005)	(1,789)	(75)	431	(6,658)	(378)	(7,036)
Gross profit	**1,108**	**837**	**216**	**202**	**(75)**	**10**	**2,298**	**5**	**2,303**
SG&A costs	(282)	(247)	(142)	(147)	(646)	7	(1,457)	(35)	(1,492)
EBITDA before special non-recurring items	**826**	**590**	**74**	**55**	**(721)**	**17**	**841**	**(30)**	**811**
Special non-recurring items	-	-	-	-	-	-	0	-	0
Depreciations and write-downs of tangible assets	(41)	(35)	(8)	(3)	(40)	-	(127)	(1)	(128)
EBITA before allocation of shared costs	**785**	**555**	**66**	**52**	**(761)**	**17**	**714**	**(31)**	**683**
Allocation of shared costs	(270)	(220)	(131)	(138)	761	(2)	0	-	0
EBITA	**515**	**335**	**(65)**	**(86)**	**-**	**15**	**714**	**(31)**	**683**
Amortisations of intangible assets	(90)	(53)	(47)	(15)		-	(205)	-	(205)
EBIT	**425**	**282**	**(112)**	**(101)**	**-**	**15**	**509**	**(31)**	**478**
Order intake (gross)	3,611	3,151	1,269	2,742		(632)	10,141	56	10,197
Order backlog	2,421	3,128	3,728	5,672		(834)	14,115	1,163	15,278
Gross margin	*32.3%*	*30.6%*	*17.7%*	*10.1%*		*N/A*	*25.7%*	*N/A*	*24.6%*
EBITDA margin before special non-recurring items	*24.1%*	*21.6%*	*6.1%*	*2.7%*		*N/A*	*9.4%*	*N/A*	*8.7%*
EBITA margin before allocation of shared costs	*22.9%*	*20.3%*	*5.4%*	*2.6%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*15.0%*	*12.3%*	*-5.3%*	*-4.4%*		*N/A*	*8.0%*	*N/A*	*7.3%*
EBIT margin	*12.4%*	*10.3%*	*-9.1%*	*-5.1%*		*N/A*	*5.7%*	*N/A*	*5.1%*
Number of employees	**3,875**	**2,730**	**1,024**	**2,669**	**1,375**	**-**	**11,673**	**139**	**11,812**
Reconciliation of profit/(loss) for the period									
EBIT							509	(31)	
Financial income							687	1	
Financial costs							(815)	(15)	
EBT							**381**	**(45)**	

1) Shared costs consists of costs that are managed on country or Group level and subsequently allocated to the divisions
2) Other companies etc. consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activity mainly consist of bulk material handling.

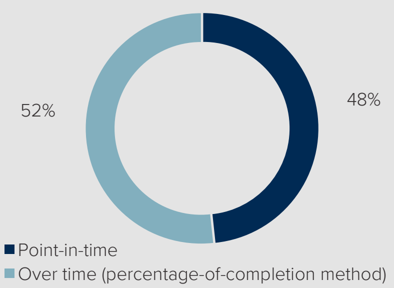
2. REVENUE

DKKm	Customer Services	Product Companies	Minerals	Cement	Total Q2 2018	Customer Services	Product Companies	Minerals	Cement	Total Q1-Q2 2018
Mining industry	1,259	572	787	0	2,618	2,405	1,093	1,375	0	4,873
Cement industry	416	599	0	1,097	2,112	863	1,201	0	2,028	4,092
Revenue	**1,675**	**1,171**	**787**	**1,097**	**4,730**	**3,268**	**2,294**	**1,375**	**2,028**	**8,965**
Service business	1,675	846	0	78	2,599	3,268	1,688	0	150	5,106
Capital business	0	325	787	1,019	2,131	0	606	1,375	1,878	3,859
Revenue	**1,675**	**1,171**	**787**	**1,097**	**4,730**	**3,268**	**2,294**	**1,375**	**2,028**	**8,965**

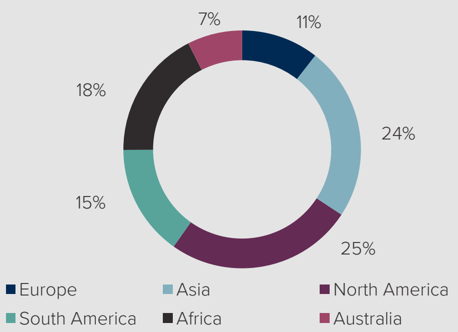
DKKm	Customer Services	Product Companies	Minerals	Cement	Total Q2 2017	Customer Services	Product Companies	Minerals	Cement	Total Q1-Q2 2017
Mining industry	1,225	602	628	0	2,455	2,428	1,146	1,210	0	4,784
Cement industry	465	636	0	1,029	2,130	969	1,219	0	1,984	4,172
Revenue	**1,690**	**1,238**	**628**	**1,029**	**4,585**	**3,397**	**2,365**	**1,210**	**1,984**	**8,956**
Service business	1,690	826	0	98	2,614	3,397	1,666	0	226	5,289
Capital business	0	412	628	931	1,971	0	699	1,210	1,758	3,667
Revenue	**1,690**	**1,238**	**628**	**1,029**	**4,585**	**3,397**	**2,365**	**1,210**	**1,984**	**8,956**

The geographical breakdown of revenue is based on the location of the activity or the location where the equipment is delivered. Revenue shown for continued business.

REVENUE SPLIT ON INCOME RECOGNITION PRINCIPLE Q2 2018



REVENUE SPLIT BY GEOGRAPHY Q2 2018



3. INCOME STATEMENT CLASSIFIED BY FUNCTION

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

The income statement classified by function includes allocation of depreciation, amortisation and write-downs appearing as follows:

DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
Revenue	4,730	4,585	8,965	8,956
Production costs, including depreciations and amortisations	(3,597)	(3,493)	(6,821)	(6,798)
Gross profit	**1,133**	**1,092**	**2,144**	**2,158**
Sales- and distribution costs, including depreciations and amortisations	(411)	(392)	(785)	(771)
Administrative costs, including depreciations and amortisations	(433)	(489)	(836)	(913)
Special non-recurring items	0	0	3	0
Other operating items	10	26	21	35
EBIT	**299**	**237**	**547**	**509**
Depreciation, amortisation and impairment consist of:				
Amortisations of intangible assets	(82)	(105)	(177)	(205)
Depreciations and write-downs of tangible assets	(59)	(63)	(115)	(127)
	(141)	**(168)**	**(292)**	**(332)**
Depreciation, amortisation and impairment are divided into:				
Production costs	(48)	(72)	(111)	(140)
Sales costs	(24)	(21)	(43)	(36)
Administrative costs	(69)	(75)	(138)	(156)
	(141)	**(168)**	**(292)**	**(332)**

4. WORK-IN-PROGRESS FOR THIRD PARTIES

DKKm	Q2 2018	Q2 2017	End of 2017
Total costs incurred	23,912	31,731	24,787
Profit recognised as income, net	2,916	4,487	3,341
Work-in-progress for third parties	**26,828**	**36,218**	**28,128**
Invoicing on account to customers	(26,349)	(35,831)	(27,561)
Net work-in-progress for third parties	**479**	**387**	**567**
Of which is recognised as work-in-progress for third parties:			
Under assets	2,101	2,274	2,297
Under liabilities	(1,622)	(1,887)	(1,730)
Net work-in-progress for third parties	**479**	**387**	**567**

Work-in-progress for third parties consist of all open projects per end of the period.

5. PROVISIONS

DKKm	Q2 2018	Q2 2017	End of 2017
Provisions at 1 January	1,430	1,450	1,450
Foreign exchange adjustments	(4)	(45)	(84)
Acquisition of Group enterprises	0	0	102
Disposal of Group enterprises	(2)	0	0
Additions	191	254	934
Used	(373)	(208)	(393)
Reversals	(152)	(146)	(463)
Reclassification to/from other liabilities	(55)	14	(116)
Provisions at 31 March	**1,035**	**1,319**	**1,430**
The maturity of provisions is specified as follows:			
Current liabilities	702	991	1,124
Non-current liabilities	333	328	306
	1,035	**1,319**	**1,430**

6. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

DKKm	Q2 2018	Q2 2017	End of 2017
Financial assets available for sale	46	136	79
Receivables measured at amortised cost including cash and cash equivalents	7,522	8,303	8,576
Financial assets measured at fair value through the income statement	17	57	173
Financial liabilities measured at amortised cost	7,630	7,898	7,377
Financial liabilities measured at fair value through the income statement	67	43	68

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to the carrying amount.

Financial assets and liabilities measured at fair value are measured at quoted prices in an active market for similar assets or liabilities or other valuation methods, where all significant inputs are based on observable market data (level 2). Of financial assets available for sale, DKK 11m (30 June 2017: DKK 116m) are measured at quoted prices in an active market for the same type of instruments (level 1). The remaining financial assets available for sale are measured using valuation methods where all significant inputs are based on observable market data (level 2) or valuation methods where any significant inputs are not based on observable market data (level 3).

There has been no significant transfers between the levels in Q2 2018 and Q2 2017.

7. EARNINGS PER SHARE (EPS)

DKKm	Q2 2018	Q2 2017	Q1-Q2 2018	Q1-Q2 2017
Earnings				
FLSmidth & Co. A/S shareholders' share of profit for the period	167	76	303	236
FLSmidth & Co. A/S Group loss from discontinued activities	(20)	(17)	(31)	(34)
Number of shares, average (1,000):				
Number of shares issued	51,250	51,250	51,250	51,250
Adjustment for treasury shares	(1,525)	(2,077)	(1,749)	(2,218)
Share options in-the-money	377	610	377	610
Average number of shares	**50,102**	**49,783**	**49,878**	**49,642**
Earnings per share				
Continuing and discontinued activities per share	3.4	1.5	6.1	4.8
Continuing and discontinued activities per share, diluted	3.3	1.5	6.1	4.8
Continuing activities per share	3.8	1.9	6.7	5.5
Continuing activities per share, diluted	3.7	1.9	6.7	5.4

Non-diluted earnings per share in respect of discontinued activities amount to DKK -0.6 (2017: DKK -0.7) and diluted earnings per share in respect of discontinued activities amount to DKK -0.6 (2017: DKK -0.6).

8. CONTINGENT LIABILITIES

Contingent liabilities at 30 June 2018 amounted to DKK 5.3bn (30 June 2017 DKK 5.3bn), which include performance bonds, payment guarantees and bid bonds at DKK 4.4bn (30 June 2017 DKK 4.8bn). See note 8.3 in the Annual Report 2017 for a general description of the nature of the Group's contingent liabilities.

9. ACQUISITION OF ACTIVITIES

In July 2017, FLSmidth reached an agreement to acquire a part of Sandvik Mining Systems. The acquisition closed on 1 November except for the transfer of assets in South Africa. This remaining part of the deal received final governmental approval and the deal was closed on 1 March 2018.

The assets and liabilities are measured using the information available at the date for issuing the interim report. The purchase price allocation has not been finalised. If information becomes available this could affect the calculated values.

Name of activity acquired	Primary activity	Date of acquisition/ consolidated from	Ownership interest	Voting share
Part of Sandvik Mining Systems	Minerals/ Customer Services	1 March	Asset deal	Asset deal

DKKm	Opening balance
Other liabilities	(7)
Carrying amount of net assets acquired	**(7)**
Negative goodwill	(3)
Transaction price	**(10)**
Cash and cash equivalents acquired	0
Deferred payment, receivable	0
Net cash effect	**(10)**

The acquisition of activities from this part of the Sandvik Mining Systems result in negative goodwill of DKK 3m. This relates to expected redundancy costs and operating losses for which a provision cannot be recognised in the acquisition balance sheet. The negative goodwill is recognised in the Group's consolidated income statement as special non-recurring items.

The 31 December 2017 deferred payment regarding Sandvik Mining Systems acquisition amounted to DKK 121m of which DKK 60m has been received in Q2 2018.

10. DISPOSAL OF ENTERPRISES

In June 2018, FLSmidth reached an agreement to sell non-core business in Switzerland.

DKKm	Q2 2018
Inventories	1
Trade receivables	1
Cash and cash equivalents	2
Provisions	(2)
Other liabilities	(2)
Carrying amount of net assets disposed	**0**
Selling price	12
Profit on disposal of enterprises	**12**
Cash received	12
Cash and cash equivalents disposed of, see above	(2)
Net cash effect	**10**

11. SIGNIFICANT ACCOUNTING ESTIMATES

When preparing the interim report in accordance with the Group's accounting policies, it is necessary that 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 its 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 over time. For further details, reference is made to The Annual Report 2017, chapter 1, 'Significant accounting estimates and assessments by Management', page 72 and to specific notes.

12. EVENTS AFTER THE BALANCE SHEET DATE

Management is not aware of any subsequent matters that could be of material importance to the Group's financial position.

13. ACCOUNTING POLICIES

The condensed interim report of the Group for the second quarter of 2018 is presented in accordance with IAS 34, Interim Financial Reporting, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those applied in the 2017 Annual Report. Reference is made to note 8.13, Accounting policies, note 8.14, Implementation of standards and interpretations and to specific notes in the 2017 Annual Report for further details.

CHANGES IN ACCOUNTING POLICIES

As of 30 June 2018 the FLSmidth Group has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2018 financial year, including the following accounting standards, which is the most relevant for FLSmidth:

- IFRS 15, Revenue from Contracts with Customers, including amendments and clarifications (issued 2014, 2015 and 2016, respectively)
- IFRS 9, Financial Instruments (issued 2014)

Effect from implementing IFRS 15, Revenue from Contracts with Customers
IFRS 15 has replaced IAS 11, Construction Contracts and IAS 18, Revenue and associated interpretations.

The Group has implemented IFRS 15 using the modified retrospective application, with the cumulative effect of initially applying the standard adjusted to the opening balance of retained earnings 2018. Consequently, 2017 comparative figures are reported according to IAS 11/IAS 18 and has not been restated to reflect the numbers accordingly to IFRS 15.

The most relevant changes compared to current accounting policy are:

- The previous "risk and rewards" framework is replaced by a control framework. This means that revenue from a sales transaction is recognised when (at a point in time) or as (over time) control of a good or service is transferred to a customer.
- Introducing a "performance obligation" as a key term, including more detailed guidance in how to define a performance obligation and how to measure and recognize revenue from a performance obligation.
- Introducing a more detailed guidance in general on measurement and recognition of revenue related items.

13. ACCOUNTING POLICIES - CONTINUED

The changes have had an effect on the following areas:

- The Operation and Maintenance contracts within the Cement Division will continue to recognise revenue over time, as the contract obligations towards the customers will be fulfilled over the course of the contract. The measure towards completion for the Operation and Maintenance contracts has changed from a produced output basis to a cost-to-cost basis.
- On the areas where new and more detailed guidance has been implemented this does not have a significant impact upon transition, but may be relevant on future sales contracts.

The transition effect 1 January 2018 booked to opening retained earnings is DKK 9m. The tax effect hereof is DKK -1m.

Had the Group applied the previous accounting policy for revenue according to IAS 11/IAS 18 in the first half of 2018 the profit for the period would have been DKK 308m, an increase of DKK 4m compared to the actual numbers for the first half of 2018. The following line items would have been impacted and would have been presented as follows:

DKKm	Q2 2018	Q1-Q2 2018
Revenue	4,721	8,970
Tax for the period	(92)	(162)
Work-in-progress for third parties	115	2,106
Deferred tax liabilities	2	368

Effect from implementing IFRS 9, Financial Instruments
IFRS 9 has replaced IAS 39, Financial Instruments; Recognition and Measurement.

The most relevant changes compared to current accounting policy are:

- A new model for classification and measurement of financial assets, which is linked to the business model of the Group.
- A new impairment model based on expected losses rather than on incurred losses.
- The hedge accounting requirements are more closely aligned with how the business undertakes risk management activities when hedging financial and non-financial risk exposures.

The Group has implemented IFRS 9 according to the transition provisions. There was no transition effect upon implementation 1 January 2018.

NEW STRUCTURE EFFECTIVE 1 JULY 2018

EFFECTIVE FROM 1 JULY 2018
FLSmidth's organisation consists of two industries - Cement and Mining – supported by a regional setup to strengthen customer focus and life-cycle solutions - combined with a new central digital organisation.

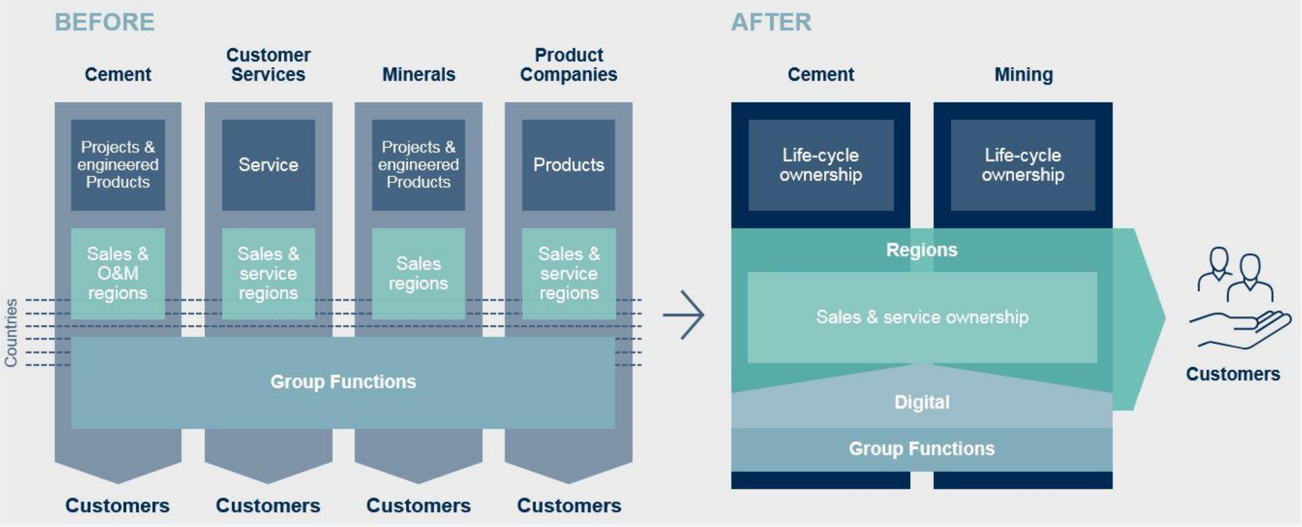
FLSmidth will transition from four divisions into two industries, Cement and Mining, and from a country setup into an agile regional structure. Customer relations will be decentralised in seven regions, while technology ownership for the full life-cycle offering will be anchored in the two industries. This will create a productivity-driven organisation with a strong, unified digital approach and fewer touchpoints. At the same time, it will strengthen FLSmidth's local presence, customer-orientation, and life-cycle offering in order to capture growth.

In short:
- The two industries; Cement and Mining will develop and drive the life-cycle offering and product portfolio.
- Mining and Cement will be supported by seven regions: North America; South America; Europe, Russia & North Africa; Sub-Saharan Africa & Middle East; Asia; Subcontinental India; and Australia. The regions will drive customer relations, sales and service for both industries.
- A central digital organisation will drive a unified approach to digitalization.

Changes to Group Executive Management and to the financial reporting
As of 1 July 2018, Group Executive Management consists of Thomas Schulz*) (Group CEO), Lars Vestergaard*) (Group CFO), Jan Kjaersgaard (Cement President), Manfred Schaffer (Mining President) and Mikael Lindholm (Chief Digital Officer).

The financial reporting will be aligned with the organisational structure as from the Q3 2018 Interim Report. The new reporting segments will be Cement and Mining. The restated financial figures, adjusted for discontinued activities, are presented on the following pages.

*) Registered with the Danish Business Authority



MINING RESTATED

Effective 1 July 2018, FLSmidth has consolidated the reporting of all its mining activities into one new reporting segment – Mining. To date, FLSmidth's mining activities have been reported across three divisions:

- Minerals: comprising mining projects, large engineered mineral processing and material handling equipment.
- Customer Services: comprising the aftermarket for the Minerals Division, including spare parts, wear parts, retrofits and maintenance.
- Product Companies: comprising standardised market-leading mining products and services sold to end customers and into FLSmidth projects.

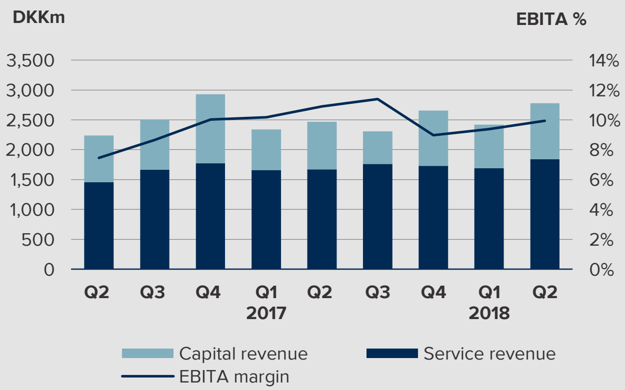
Going forward, all of the above activities will be reported together in the new Mining segment. A split between capital and service business will be provided for order intake and revenue.

Within the mining value chain, FLSmidth is primarily active in material handling, comminution (crushing, grinding & sizing) and separation, supplemented by state-of-the-art materials testing capabilities used to analyse ore samples from our customers' mines. FLSmidth is amongst the market leaders of premium technology with one of the strongest brands and broadest offerings.

MINING

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	**3,297**	**2,407**	**37%**	**6,366**	**5,077**	**25%**
- Hereof service order intake	1,948	1,788	9%	4,032	3,651	10%
Order backlog	**7,526**	**6,064**	**24%**	**7,526**	**6,064**	**24%**
Revenue	**2,780**	**2,468**	**13%**	**5,198**	**4,806**	**8%**
- Hereof service revenue	1,844	1,672	10%	3,533	3,331	6%
Gross profit before allocation of shared cost	**739**	**717**	**3%**	**1,392**	**1,383**	**1%**
Gross profit margin before allocation of shared cost	26.6%	29.1%		26.8%	28.8%	
EBITA before allocation of shared cost	**493**	**469**	**5%**	**927**	**911**	**2%**
EBITA margin before allocation of shared cost	17.8%	19.0%		17.8%	19.0%	
EBITA	**276**	**269**	**3%**	**503**	**508**	**-1%**
EBITA margin	9.9%	10.9%		9.7%	10.6%	
EBIT	**221**	**202**	**9%**	**386**	**377**	**2%**
EBIT margin	7.9%	8.2%		7.4%	7.8%	
Number of employees	4,828	4,618	5%	4,828	4,618	5%

REVENUE AND EBITA MARGIN



CEMENT RESTATED

Effective 1 July 2018, FLSmidth has consolidated the reporting of all its cement activities into one new reporting segment – Cement. To date, FLSmidth's cement activities have been reported across three divisions:

- Cement: comprising cement projects, large customised cement equipment and operation & maintenance.
- Customer Services: comprising the aftermarket for the Cement Division, including spare parts, wear parts, retrofits and maintenance.
- Product Companies: comprising standardised market-leading cement products and services sold to end customers and into FLSmidth projects.

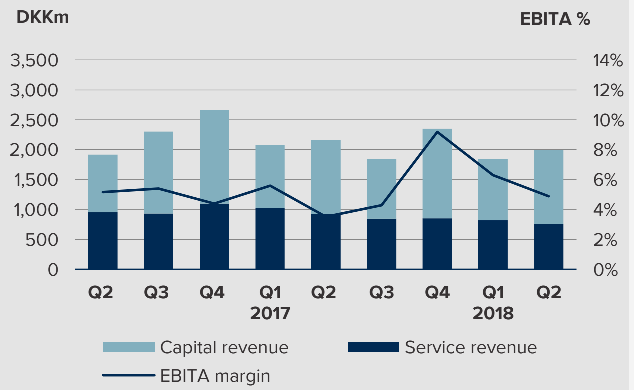
Going forward, all of the above activities will be reported together in the new Cement segment. A split between capital and service business will be provided for order intake and revenue.

FLSmidth is the market leader in the premium segment of the cement industry. FLSmidth has the most complete offering, the strongest brand, and has delivered more cement plants than any other supplier in the industry.

CEMENT

(DKKm)	Q2 2018	Q2 2017	Change (%)	Q1-Q2 2018	Q1-Q2 2017	Change (%)
Order intake (gross)	**1,792**	**2,205**	**-19%**	**3,499**	**5,123**	**-32%**
- Hereof service order intake	825	857	-4%	1,626	1,865	-13%
Order backlog	**7,003**	**8,197**	**-15%**	**7,003**	**8,197**	**-15%**
Revenue	**1,990**	**2,159**	**-8%**	**3,831**	**4,234**	**-10%**
- Hereof service revenue	754	928	-19%	1,572	1,950	-19%
Gross profit before allocation of shared cost	**456**	**484**	**-6%**	**889**	**948**	**-6%**
Gross profit margin before allocation of shared cost	22.9%	22.4%		23.2%	22.4%	
EBITA before allocation of shared cost	**295**	**249**	**18%**	**599**	**545**	**10%**
EBITA margin before allocation of shared cost	14.8%	11.5%		15.6%	12.9%	
EBITA	**97**	**76**	**28%**	**213**	**191**	**12%**
EBITA margin	4.9%	3.5%		5.6%	4.5%	
EBIT	**71**	**37**	**92%**	**153**	**117**	**31%**
EBIT margin	3.6%	1.7%		4.0%	2.8%	
Number of employees	5,449	5,707	-5%	5,449	5,707	-5%

REVENUE AND EBITA MARGIN



QUARTERLY KEY FIGURES RESTATED

DKKm	2016				2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEGMENT REPORTING										
Mining										
Revenue	2,237	2,270	2,506	2,926	2,338	2,468	2,310	2,653	2,418	2,780
- Hereof service revenue	1,456	1,495	1,665	1,772	1,659	1,672	1,761	1,729	1,689	1,844
Gross profit before allocation of shared costs	633	628	651	777	666	717	672	695	653	739
EBITA before allocation of shared costs	408	381	416	531	442	469	463	488	434	493
EBITA	189	169	217	293	238	269	263	238	227	276
EBIT	127	106	151	220	174	202	198	175	165	221
Gross margin before allocation of shared costs	*28.3%*	*27.7%*	*26.0%*	*26.6%*	*28.5%*	*29.1%*	*29.1%*	*26.2%*	*27.0%*	*26.6%*
EBITA margin before allocation of shared costs	*18.2%*	*16.8%*	*16.6%*	*18.1%*	*18.9%*	*19.0%*	*20.0%*	*18.4%*	*18.0%*	*17.8%*
EBITA margin	*8.4%*	*7.4%*	*8.7%*	*10.0%*	*10.2%*	*10.9%*	*11.4%*	*9.0%*	*9.4%*	*9.9%*
EBIT margin	*5.7%*	*4.7%*	*6.0%*	*7.5%*	*7.4%*	*8.2%*	*8.6%*	*6.6%*	*6.8%*	*7.9%*
Order intake (gross)	2,107	2,673	2,390	2,451	2,670	2,407	2,737	2,589	3,339	3,297
- Hereof service order intake	1,544	1,684	1,643	1,637	1,863	1,788	1,609	1,714	2,084	1,948
Order backlog	6,528	6,782	6,528	6,233	6,529	6,064	6,230	6,261	6,900	7,526
Cement										
Revenue	1,547	1,916	2,302	2,662	2,076	2,159	1,843	2,352	1,841	1,990
- Hereof service revenue	868	955	929	1,097	1,022	928	848	853	818	754
Gross profit before allocation of shared costs	414	459	510	544	464	484	367	573	433	456
EBITA before allocation of shared costs	257	285	313	301	297	249	250	427	304	295
EBITA	61	99	124	117	116	76	79	216	116	97
EBIT	29	66	90	72	81	37	42	186	82	71
Gross margin before allocation of shared costs	*26.8%*	*24.0%*	*22.2%*	*20.4%*	*22.4%*	*22.4%*	*19.9%*	*24.4%*	*23.5%*	*22.9%*
EBITA margin before allocation of shared costs	*16.6%*	*14.9%*	*13.6%*	*11.3%*	*14.3%*	*11.5%*	*13.6%*	*18.2%*	*16.5%*	*14.8%*
EBITA margin	*3.9%*	*5.2%*	*5.4%*	*4.4%*	*5.6%*	*3.5%*	*4.3%*	*9.2%*	*6.3%*	*4.9%*
EBIT margin	*1.9%*	*3.4%*	*3.9%*	*2.7%*	*3.9%*	*1.7%*	*2.3%*	*7.9%*	*4.5%*	*3.6%*
Order intake (gross)	3,238	1,752	1,792	2,158	2,918	2,205	1,489	2,277	1,707	1,792
- Hereof service order intake	795	750	989	979	1,008	857	891	979	801	825
Order backlog	9,395	9,300	8,823	7,850	8,650	8,197	7,697	7,473	7,057	7,003

SEGMENT INFORMATION FOR Q1-Q2 2018 RESTATED

DKKm	Mining	Cement	Shared costs[1]	Other companies etc.[2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	5,183	3,782	-	-	8,965	143	9,108
Internal revenue	15	49	-	(64)	0	-	0
Revenue	**5,198**	**3,831**	**0**	**(64)**	**8,965**	**143**	**9,108**
Production costs	(3,806)	(2,942)	(30)	68	(6,710)	(166)	(6,876)
Gross profit	**1,392**	**889**	**(30)**	**4**	**2,255**	**(23)**	**2,232**
SG&A costs	(414)	(266)	(737)	(2)	(1,419)	(33)	(1,452)
EBITDA before special non-recurring items	**978**	**623**	**(767)**	**2**	**836**	**(56)**	**780**
Special non-recurring items	3	-	-	-	3	12	15
Depreciations and write-downs of tangible assets	(54)	(24)	(37)		(115)	-	(115)
EBITA before allocation of shared costs	**927**	**599**	**(804)**	**2**	**724**	**(44)**	**680**
Allocation of shared costs	(424)	(386)	804	6	0	-	0
EBITA	**503**	**213**	**-**	**8**	**724**	**(44)**	**680**
Amortisations of intangible assets	(117)	(60)			(177)	-	(177)
EBIT	**386**	**153**	**-**	**8**	**547**	**(44)**	**503**
Order intake (gross)	6,366	3,499		209	10,074	18	10,092
Order backlog	7,526	7,003		(75)	14,454	589	15,043
Gross margin	*26.8%*	*23.2%*		*N/A*	*25.2%*	*N/A*	*24.5%*
EBITDA margin before special non-recurring items	*18.8%*	*16.3%*		*N/A*	*9.3%*	*N/A*	*8.6%*
EBITA margin before allocation of shared costs	*17.8%*	*15.6%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*9.7%*	*5.6%*		*N/A*	*8.1%*	*N/A*	*7.5%*
EBIT margin	*7.4%*	*4.0%*		*N/A*	*6.1%*	*N/A*	*5.5%*
Number of employees	**4,828**	**5,449**	**1,380**		**11,657**	**124**	**11,781**

Reconciliation of profit/(loss) for the period		
EBIT	547	(44)
Financial income	451	1
Financial costs	(502)	(2)
EBT	**496**	**(45)**

1) Shared costs consists of costs that are managed on country or Group level and subsequently allocated to the divisions
2) Other companies etc. consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activity mainly consist of bulk material handling.

SEGMENT INFORMATION FOR Q1-Q2 2017 RESTATED

DKKm	Mining	Cement	Shared costs[1]	Other companies etc.[2]	Continuing activities	Discontinued activities[3]	FLSmidth Group
External revenue	4,784	4,172	-	-	8,956	383	9,339
Internal revenue	22	62	-	(84)	0	-	0
Revenue	**4,806**	**4,234**	**-**	**(84)**	**8,956**	**383**	**9,339**
Production costs	(3,423)	(3,286)	(43)	94	(6,658)	(378)	(7,036)
Gross profit	**1,383**	**948**	**(43)**	**10**	**2,298**	**5**	**2,303**
SG&A costs	(411)	(377)	(677)	8	(1,457)	(35)	(1,492)
EBITDA before special non-recurring items	**972**	**571**	**(720)**	**18**	**841**	**(30)**	**811**
Special non-recurring items	(1)	-	-	1	0	-	0
Depreciations and write-downs of tangible assets	(60)	(26)	(40)	(1)	(127)	(1)	(128)
EBITA before allocation of shared costs	**911**	**545**	**(760)**	**18**	**714**	**(31)**	**683**
Allocation of shared costs	(403)	(354)	760	(3)	0	-	0
EBITA	**508**	**191**	**-**	**15**	**714**	**(31)**	**683**
Amortisations of intangible assets	(131)	(74)			(205)	-	(205)
EBIT	**377**	**117**	**-**	**15**	**509**	**(31)**	**478**
Order intake (gross)	5,077	5,123		(59)	10,141	56	10,197
Order backlog	6,064	8,197		(146)	14,115	1,163	15,278
Gross margin	*28.8%*	*22.4%*		*N/A*	*25.7%*	*N/A*	*24.6%*
EBITDA margin before special non-recurring items	*20.2%*	*13.5%*		*N/A*	*9.4%*	*N/A*	*8.7%*
EBITA margin before allocation of shared costs	*19.0%*	*12.9%*		*N/A*	*-*	*N/A*	*-*
EBITA margin	*10.6%*	*4.5%*		*N/A*	*8.0%*	*N/A*	*7.3%*
EBIT margin	*7.8%*	*2.8%*		*N/A*	*5.7%*	*N/A*	*5.1%*
Number of employees	**4,618**	**5,707**	**1,348**		**11,673**	**139**	**11,812**

Reconciliation of profit/(loss) for the period	Continuing activities	Discontinued activities
EBIT	509	(31)
Financial income	687	1
Financial costs	(815)	(15)
EBT	**381**	**(45)**

1) Shared costs consists of costs that are managed on country or Group level and subsequently allocated to the divisions
2) Other companies etc. consist of companies with no activity, real estate companies, eliminations and the parent company.
3) Discontinued activity mainly consist of bulk material handling.

ANNUAL FIGURES RESTATED

DKKm	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
SEGMENT REPORTING														
Group														
Revenue	9,851	9,355	10,845	18,037	23,341	21,482	17,837	19,598	24,283	25,027	20,499	19,682	18,192	18,000
EBITA	217	328	737	1,867	2,585	2,494	1,894	2,399	2,703	1,379	1,823	1,582	1,289	1,515
EBIT	197	292	694	1,706	2,363	2,270	1,714	2,174	2,189	67	1,416	1,141	881	1,115
EBITA margin	*2.2%*	*3.5%*	*6.8%*	*10.4%*	*11.1%*	*11.6%*	*10.6%*	*12.2%*	*11.1%*	*5.5%*	*8.9%*	*8.0%*	*7.1%*	*8.4%*
EBIT margin	*2.0%*	*3.1%*	*6.4%*	*9.5%*	*10.1%*	*10.6%*	*9.6%*	*11.1%*	*9.0%*	*0.3%*	*6.9%*	*5.8%*	*4.8%*	*6.2%*
Order intake (gross)	7,749	13,289	18,284	23,550	29,622	12,654	19,487	23,927	27,702	19,794	17,267	18,490	18,303	19,170
Order backlog	6,506	10,834	18,014	24,801	29,906	20,244	22,456	26,977	29,343	20,813	17,726	14,858	13,887	13,654
Mining														
Revenue	1,660	2,145	3,026	5,919	9,916	8,628	8,621	11,432	15,830	15,355	11,604	10,917	9,939	9,769
EBITA	23	106	264	651	1,134	999	971	1,544	1,540	1,258	1,117	979	868	1,008
EBIT	21	103	258	559	939	782	738	1,365	1,211	(66)	817	697	604	749
EBITA margin	*1.4%*	*4.9%*	*8.7%*	*11.0%*	*11.4%*	*11.6%*	*11.3%*	*13.5%*	*9.7%*	*8.2%*	*9.6%*	*9.0%*	*8.7%*	*10.3%*
EBIT margin	*1.3%*	*4.8%*	*8.5%*	*9.4%*	*9.5%*	*9.1%*	*8.6%*	*11.9%*	*7.7%*	*-0.4%*	*7.0%*	*6.4%*	*6.1%*	*7.7%*
Order intake (gross)	1,986	2,752	5,635	8,032	14,176	5,626	9,689	15,129	17,372	11,743	9,490	11,136	9,621	10,403
Order backlog	1,326	2,198	4,483	8,266	12,052	7,762	8,500	12,254	13,904	8,535	7,073	6,871	6,233	6,261
Cement														
Revenue	8,104	7,089	7,683	12,210	13,708	13,059	9,372	8,367	8,977	10,052	9,086	8,965	8,427	8,430
EBITA	159	182	473	1,157	1,548	1,672	1,126	894	1,132	129	715	570	401	487
EBIT	143	151	437	1,084	1,521	1,548	1,017	837	948	143	609	412	257	346
EBITA margin	*2.0%*	*2.6%*	*6.2%*	*9.5%*	*11.3%*	*12.8%*	*12.0%*	*10.7%*	*12.6%*	*1.3%*	*7.9%*	*6.4%*	*4.8%*	*5.8%*
EBIT margin	*1.8%*	*2.1%*	*5.7%*	*8.9%*	*11.1%*	*11.9%*	*10.9%*	*10.0%*	*10.6%*	*1.4%*	*6.7%*	*4.6%*	*3.0%*	*4.1%*
Order intake (gross)	5,763	10,537	12,649	15,789	15,721	7,163	10,036	8,248	10,533	8,263	7,922	7,553	8,940	8,889
Order backlog	4,644	8,636	13,531	17,265	18,565	12,568	14,146	13,838	14,986	12,424	10,772	8,085	7,850	7,473

The restated annual figures for Group, Mining and Cement is excluding the Bulk Material Handling activities announced for sale and Cembrit (sold January 2015).

Interim Report
1 January – 30 June

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