1 JANUARY - 30 JUNE 2017 (COMPANY ANNOUNCEMENT NO. 10-2017)

Interim Report Q2 2017

ROCE	EBITA margin	CFFO (DKKm)	Order intake (DKKm)
9.8%	7.5%	-44	4,580
Up from 8.0%	Up from 6.6%	Down from DKK 155	Up from DKK 4,345

MAIN CONCLUSIONS

On-going strong momentum in orders from total service activities. Increase in revenue as expected. Higher EBITA, despite one-off costs related to corrective actions and demobilisation of an O&M contract. ROCE continued the upward trend. Increase in net working capital, due to phasing of projects, is expected to be largely reversed in the second half of the year. Actual mining capital business remained soft while mining equipment sentiment improved. Guidance for 2017 unchanged.

GROWTH EFFICIENCY

Revenue increased 11% attributable to all divisions but Minerals. Q2 marked the fourth consecutive quarter of strong momentum in total service activities, especially in mining. Additionally, a large Cement order and capital orders in Product Companies contributed to the 5% order intake growth.

PROFIT EFFICIENCY

Despite one-off costs of DKK -92m related to corrective actions and the demobilisation of an Operation & Maintenance contract, the EBITA margin increased in Q2 due to an improved cost structure combined with higher revenue and operational leverage. The EBITA margin was 9.5% adjusted for one-off costs. Higher volume and earnings in Customer Services and Product Companies more than offset the negative impact from low revenue in Minerals and a low gross margin in Cement.

CAPITAL EFFICIENCY

ROCE increased to 9.8% as a result of higher EBITA and lower capital employed. Net interest bearing debt grew modestly to DKK 2.6bn due to dividend paid and increase in net working capital. The financial gearing (NIBD/EBITDA) went up slightly to 1.5, still well within the long-term target. The equity ratio remained at 36%.

KEY PERFORMANCE INDICATORS 2017

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

Financial	Q2 2017	Q2 2016
Order intake	DKK 4,580m	DKK 4,345m
ROCE	9.8%	8.0%
Net working capital % (end)	12.9%	14.7%
EBITA margin	7.5%	6.6%
Non-financial	**YTD 2017**	**2016**
Safety (LTIFR)[1]	1.7	1.5
Quality (DIFOT)[2]	88%	84%

1) LTIFR = Lost time injury frequency rate
2) DIFOT = Delivery in full on time

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*)	>20%
Financial gearing	(NIBD/EBITDA) <2
Equity ratio	>30%
Pay-out ratio	30-50% of the profit for the year

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

GUIDANCE FOR 2017

DKK	Realised Q1-Q2 2017	Guidance 2017
Revenue	DKK 9.0bn	DKK 17-19bn
EBITA margin	8.0%	7-9%
ROCE	9.8%	8-10%

FINANCIAL
RESULT Q2 2017

FLSmidth

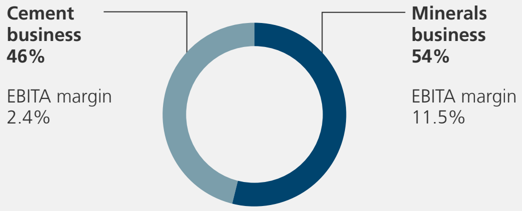
Revenue DKKm
4,585

EBITA margin
7.5%

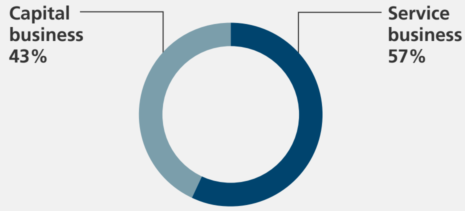
Order intake DKKm
4,580

Customer Services	Product Companies	Minerals	Cement
Revenue DKKm 1,709	Revenue DKKm 1,457	Revenue DKKm 635	Revenue DKKm 1,030
EBITA margin 15.4%	EBITA margin 12.2%	EBITA margin -4.4%	EBITA margin -6.7%
Order intake DKKm 1,750	Order intake DKKm 1,554	Order intake DKKm 525	Order intake DKKm 1,023

REVENUE SPLIT BETWEEN CEMENT AND MINERALS BUSINESS



REVENUE SPLIT BETWEEN SERVICE AND CAPITAL BUSINESS



FLSMIDTH Q2 2017 **IN NUMBERS**

VS. Q2 **2016**

ROCE	REVENUE (DKKm)	EBITA (DKKm)
9.8%	4,585	342
Up from 8.0%	Up from 4,135	Up from 273

EBITA MARGIN	CFFO (DKKm)	ORDER INTAKE (DKKm)
7.5%	-44	4,580
Up from 6.6%	Down from 155	Up from 4,345

VS. Q1 **2017**

ORDER BACKLOG (DKKm)	NET INTEREST-BEARING DEBT (DKKm)	NET WORKING CAPITAL (DKKm)
14,115	2,590	2,477
Down from 14,998	Up from 2,333	Up from 2,182

GROUP FINANCIAL **HIGHLIGHTS**

DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016	Year 2016
INCOME STATEMENT					
Revenue	**4,585**	**4,135**	**8,956**	**7,893**	**18,192**
Gross profit	1,164	1,078	2,298	2,116	4,581
EBITDA	405	340	841	652	1,588
EBITA	342	273	714	519	1,289
EBIT	237	177	509	330	881
Earnings from financial items, net	(94)	(32)	(128)	(70)	(54)
EBT	143	145	381	260	827
Profit/(loss) for the period, continuing activities	**92**	**100**	**270**	**179**	**590**
Profit/(loss) for the period, discontinued activities	(17)	(3)	(34)	(9)	(68)
Profit/(loss) for the period	**75**	**97**	**236**	**170**	**522**
CASH FLOW					
CFFO	(44)	155	105	95	1,447
Acquisition of tangible assets	(47)	(118)	(69)	(137)	(203)
CFFI	(65)	(95)	(100)	(107)	(194)
Free cash flow	(109)	60	5	(12)	1,253
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	(109)	60	5	(12)	1,253
Net working capital			**2,477**	**2,610**	**2,099**
Net interest bearing debt (NIBD)			**2,590**	**3,844**	**2,525**
ORDERS					
Order intake (gross), continuing activities	4,580	4,345	10,141	9,626	18,303
Order backlog, continuing activities			14,115	15,914	13,887
BALANCE SHEET					
Total assets			22,631	24,148	24,112
Equity			8,254	7,896	8,462
Dividend to shareholders, paid	296	196	296	196	205
FINANCIAL RATIOS					
Gross margin	25.4%	26.1%	25.7%	26.8%	25.2%
EBITDA margin	8.8%	8.2%	9.4%	8.3%	8.7%
EBITA margin	7.5%	6.6%	8.0%	6.6%	7.1%
EBIT margin	5.2%	4.3%	5.7%	4.2%	4.8%
EBT margin	3.1%	3.5%	4.3%	3.3%	4.5%
CFFO / Revenue	-1.0%	3.7%	1.2%	1.2%	8.0%
Cash conversion	-46.0%	33.9%	1.0%	-3.6%	142.2%
Book-to-bill (order intake/revenue)	99.9%	105.1%	113.2%	122.0%	100.6%
Order backlog / Revenue			73.3%	89.4%	76.3%
Return on equity			5.6%	4.2%	6.2%
Equity ratio			36%	33%	35%
ROCE (return on capital employed), average			9.8%	8.0%	8.5%
Net working capital ratio, end			12.9%	14.7%	11.5%
NIBD/EBITDA			1.5	2.5	1.6
Capital employed, average			15,101	15,672	15,157
Number of employees at 30 June, Group			**11,812**	**12,706**	**12,187**
SHARE RATIOS					
CFPS (cash flow per share), (diluted)	(0.9)	3.2	2.1	1.9	29.5
EPS (earnings per share), (diluted)	1.5	2.0	4.8	3.5	10.6
BVPS (Book value per share)			165.4	172.1	172.0
FLSmidth & Co. A/S´ share price			411.4	237.9	293.0
Number of shares (1,000), 30 June			51,250	51,250	51,250
Market capitalisation			21,084	12,192	15,016

The financial ratios have been computed in accordance with the guidelines of the Danish Society of Financial Analysts from 2015. Please refer to note 11 for definitions of terms.

MANAGEMENT´S **REVIEW**

PENDING ACQUISITION

In July, FLSmidth reached an agreement to acquire a part of Sandvik Mining Systems - the part that is closest to the mine. This includes all products for continuous surface mining and minerals handling technologies, such as in-pit crushing and conveying, waste and dry tailings handling and related intellectual property, including drawings and reference lists. Through better integration of upstream mining and downstream processing, FLSmidth will be able to increase the productivity of the complete "Pit to Plant" operation.

In addition to the transfer of four ongoing mining projects and a number of employees with strong experience, competences and customer insights, FLSmidth will be providing project management and aftermarket services to Sandvik on the majority of other ongoing Sandvik Mining Systems projects to be delivered in a period from 2017 and onwards. The acquisition is subject to certain conditions and closing is expected by the end of 2017.

MARKET TRENDS

FLSmidth's service activities continues to benefit from what the World Bank refers to as a firming global GDP growth and improvement in confidence (Global Economic Prospects, June 2017). With Q2 marking the fourth consecutive quarter of strong aftermarket momentum, especially in mining, the service business appears to have stabilised at a higher level.

Mine production is the key driver for the minerals aftermarket, and global copper production rose about 6% in 2016 (ICSG), boosting demand for parts and upgrade projects. Copper production in 2017 has been disrupted by strikes at some of the world's largest mines in Chile, declining production in Canada and Mongolia due to lower grades, and a temporary export ban in Indonesia. A rise in Mexican and Peruvian output has barely offset the supply shortages elsewhere, constraining copper production growth but at the same time supporting prices. After a period of surging prices, the copper price declined 2% in Q2 but remains at a level well above most copper producers' cash costs of production.

GROUP (continuing activities)

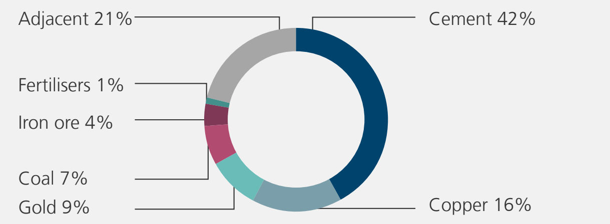
DKKm	Q2 2017	Q2 2016	Change (%)	Q1-Q2 2017	Q1-Q2 2016	Change (%)
Order intake (gross)	**4,580**	**4,345**	**5%**	**10,141**	**9,626**	**5%**
- hereof service order intake	*2,653*	*2,432*	*9%*	*5,521*	*4,772*	*16%*
Order backlog	**14,115**	**15,914**	**-11%**	**14,115**	**15,914**	**-11%**
Revenue	**4,585**	**4,135**	**11%**	**8,956**	**7,893**	**13%**
- hereof service revenue	*2,613*	*2,445*	*7%*	*5,287*	*4,772*	*11%*
Gross profit	**1,164**	**1,078**	**8%**	**2,298**	**2,116**	**9%**
Gross margin	*25.4%*	*26.1%*		*25.7%*	*26.8%*	
SG&A costs	**759**	**738**	**3%**	**1,457**	**1,464**	**0%**
SG&A ratio	*16.6%*	*17.8%*		*16.3%*	*18.5%*	
SG&A ratio adjusted for one-off costs	*15.8%*	*17.7%*		*15.9%*	*18.5%*	
EBITDA	**405**	**340**	**19%**	**841**	**652**	**29%**
EBITDA margin	*8.8%*	*8.2%*		*9.4%*	*8.3%*	
EBITA	**342**	**273**	**25%**	**714**	**519**	**38%**
EBITA margin	*7.5%*	*6.6%*		*8.0%*	*6.6%*	
EBITA margin adjusted for one-off costs	*9.5%*	*7.0%*		*9.0%*	*6.8%*	
EBIT	**237**	**177**	**34%**	**509**	**330**	**54%**
EBIT margin	*5.2%*	*4.3%*		*5.7%*	*4.2%*	
Number of employees	**11,673**	**12,558**	**-7%**	**11,673**	**12,558**	**-7%**

The gold price increased 2% in the quarter and thermal coal prices stayed roughly unchanged. Not unexpectedly, iron ore prices fell sharply, following a peculiar period of simultaneous supply and price increases.

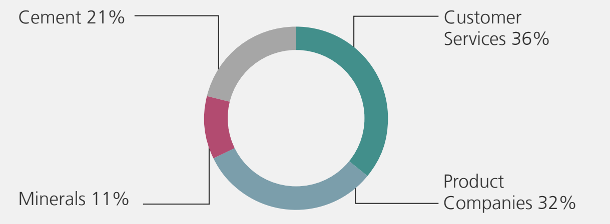
Mining equipment order intake remained soft in Q2, while market activity picked up and sentiment improved, as witnessed by increasing inquiry levels and higher capital order intake in some product companies. This, combined with elevated gold and copper prices, support unchanged expectations for a recovery in mining capital expenditures by 2018.

Q2 showed another quarter of good cement capital business activity. Recent momentum is, however, more the result of FLSmidth's strong market position than an improving market. Global consumption growth excluding China is continuing at a modest level, keeping utilisation rates under pressure and confining the need for new capacity. The cement aftermarket, on the other hand, has shown some growth in the first half of the year, and over time, an improving world economy should support the market for new cement capacity too.

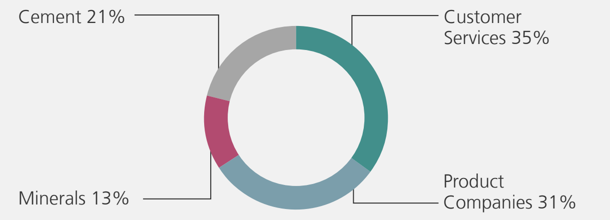
ORDER INTAKE – BY INDUSTRY (Q2 2017)



ORDER INTAKE – BY DIVISION (Q2 2017)



REVENUE – BY DIVISION (Q2 2017)



FINANCIAL DEVELOPMENTS IN Q2 2017

Growth efficiency

Revenue increased 11% attributable to all divisions but Minerals. Q2 marked the fourth consecutive quarter of strong momentum in total service activities, especially in mining. Additionally, a large Cement order and capital orders in Product Companies contributed to the 5% order intake growth.

Developments in total service activities

Total service activities in FLSmidth embrace the entire Customer Services Division, Operation & Maintenance contracts (part of the Cement Division), and the whole service and aftermarket part of the Product Companies Division.

Order intake related to total service activities increased 9% to DKK 2,653m in Q2 (Q2 2016: DKK 2,432m), equivalent to 58% of the total order intake (Q2 2016: 56%). Revenue related to total service activities increased 7% to DKK 2,613m in Q2 (Q2 2016: DKK 2,445m), equivalent to 57% of the total revenue (Q2 2016: 59%).

Order intake and order backlog

The order intake increased 5% to DKK 4,580m (Q2 2016: DKK 4,345m). Foreign exchange translation effects had a positive impact of 2%. Organic growth was 3%, owing to a continued strong momentum in total service activities, the booking of a large order in Cement and increased capital orders in Product Companies, partly offset by continued soft demand for mining equipment, due to phasing of larger project orders between quarters, and despite improving sentiment and a stronger medium term order pipeline.

Order intake developments in Q2 2017

Order intake (vs. Q2 2016)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic	6%	30%	-48%	32%	3%
Currency	4%	3%	2%	-5%	2%
Total growth	**10%**	**33%**	**-46%**	**27%**	**5%**

The order backlog for the Group decreased to DKK 14.115m (end of Q1 2017: DKK 14,998m). 42% of the backlog is expected to be converted to revenue in the remainder of 2017, 44% in 2018, and 14% in 2019 and beyond. In addition to negative foreign exchange adjustments, the order backlog was adjusted by DKK 250m in Q2, related to the demobilisation of an O&M contract in Angola.

Revenue

Revenue increased 11% to DKK 4,585m in Q2 2017 (Q2 2016: DKK 4,135m). Foreign exchange translation effects had a 1% positive impact on revenue in Q2. Organic growth was 10%, attributable to all divisions but Minerals.

Revenue developments in Q2 2017

Revenue (vs. Q2 2016)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic	8%	12%	-9%	18%	10%
Currency	4%	3%	2%	-6%	1%
Total growth	**12%**	**15%**	**-7%**	**12%**	**11%**

PROFIT EFFICIENCY

Despite one-off costs of DKK -92m related to corrective actions and the demobilisation of an Operation & Maintenance contract, the EBITA margin increased in Q2 due to an improved cost structure combined with higher revenue and operational leverage. The adjusted EBITA margin was 9.5%. Higher volume and earnings in Customer Services and Product Companies more than offset the negative impact from low revenue in Minerals and a low gross margin in Cement.

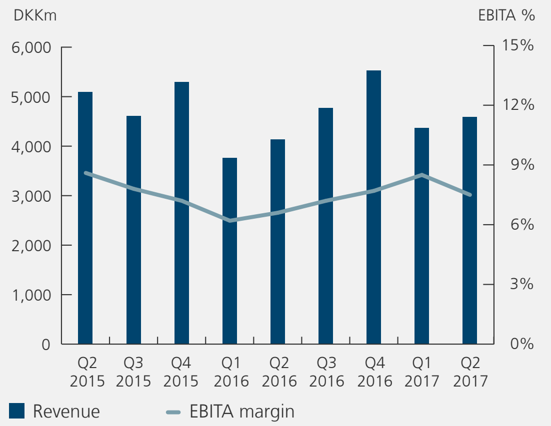
The gross profit in Q2 increased to DKK 1,164m (Q2 2016: DKK 1,078m), corresponding to a gross margin of 25.4% (Q2 2016: 26.1%). Production costs were adversely impacted by DKK -56m one-off costs, of which DKK -16m related to demobilisation of an Operation & Maintenance contract in Angola and DKK -40m related to the corrective actions programme launched in the autumn of last year.

The gross profit adjusted for one-off costs was DKK 1,220 (Q2 2016: DKK 1,086m), corresponding to a gross margin of 26.6% (Q2 2016: 26.3%). The gross margins in the two project divisions have declined as a result of low volumes and pricing pressure in the past couple of years, whereas high demand for parts and services support sales in Customer Services and Product Companies which in turn supports the Group gross margin.

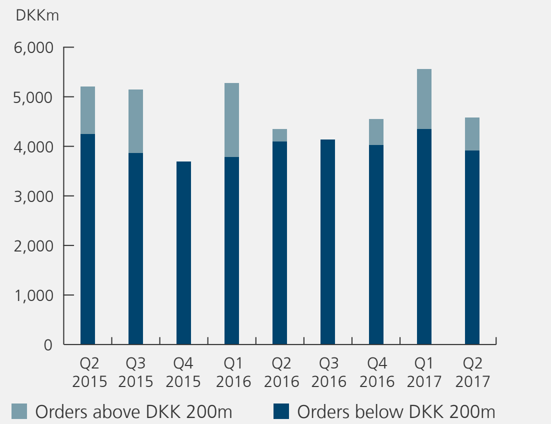
Q2 2017 saw total research and development expenses of DKK 62m (Q2 2016: DKK 47m), representing 1.3% of revenue (Q2 2016: 1.1%), of which DKK 44m was capitalised (Q2 2016: DKK 1m) and the balance reported as production costs. The relatively high amount of capitalised R&D costs are related to promising ongoing projects, including Rapid Oxidative Leaching and dry stack tailings, as presented at the Capital Market Day in June. In addition, project-financed developments are taking place in cooperation with customers.

Sales, general and administrative costs and other operating items amounted to DKK 759m in Q2 2017 (Q2 2016: DKK 738m), which represents a cost percentage of 16.6% of revenue (Q2 2016: 17.8%). SG&A was impacted by bad debt provisions of DKK -46m related to the O&M contract in Angola, which is now being demobilised due to increased political uncertainty, following a prolonged period of difficult market conditions. In addition, SG&A included a one-off gain of DKK 10m (Q2 2016: One-offs costs of DKK -7m). Adjusted for the above effects, SG&A declined DKK 7m to DKK -724m (Q2 2016: DKK -731m), despite the 11% growth in revenue, and the adjusted SG&A ratio was 15.8%.

REVENUE AND EBITA MARGIN



ORDER INTAKE



EBITA in Q2 increased to DKK 342m (Q2 2016: DKK 273m), corresponding to an EBITA margin of 7.5% (Q2 2016: 6.6%). EBITA was adversely impacted by DKK -92m of which DKK -62m resulted from the demobilisation of the Angolan O&M contract, including bad debt provisions of DKK -46m, and DKK -30m related to corrective actions, including a DKK 17m gain on the sale of a property in Australia.

Impact from one-off costs in Q2

	Q2´17	Q2´16
One-off costs impacting production costs	-56	-8
One-off costs impacting SG&A costs	-36	-7
Total one-off costs	**-92**	**-15**
Demobilisation of O&M contract	-62	
Corrective actions (net)	-30	
Total one-off costs	**-92**	
One-off costs by division		
Customer Services	11	-2
Product Companies	-24	0
Minerals	-3	-12
Cement	-76	-1
Gross margin reported	**25.4%**	**26.1%**
Gross margin adjusted for one-off costs	26.6%	26.3%
SG&A ratio	**16.6%**	**17.8%**
SG&A ratio adjusted for one-off costs	15.8%	17.7%
EBITA margin reported	**7.5%**	**6.6%**
EBITA margin adjusted for one-off costs	9.5%	7.0%

Amortisation of intangible assets amounted to DKK -105m (Q2 2016: DKK -96m). The effect of purchase price allocations amounted to DKK -55m (Q2 2016: DKK -60m) and other amortisations to DKK -50m (Q2 2016: DKK -36m). Consequently, earnings before interest and tax (EBIT) increased to DKK 237m (Q2 2016: 177m).

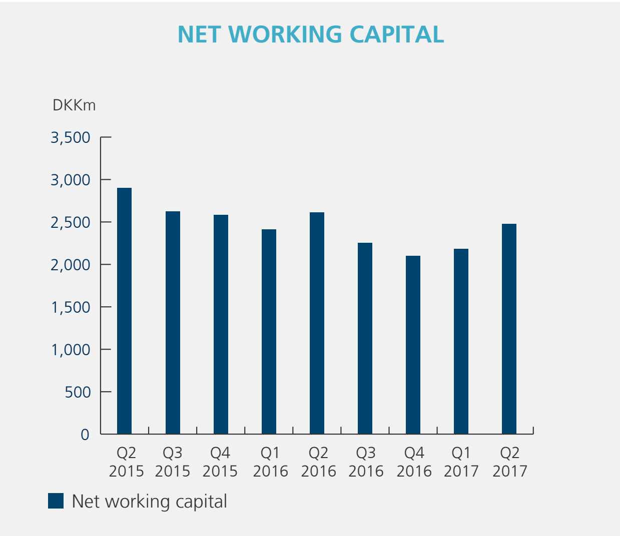
Net financial items amounted to DKK -94m (Q2 2016: DKK -32m), of which foreign exchange and fair value adjustments amounted to DKK -49m (Q2 2016: DKK -11m) and net interest costs amounted to DKK -20m (Q2 2016: DKK -21m). The residual of DKK -25m was related to fair value adjustments of financial assets.

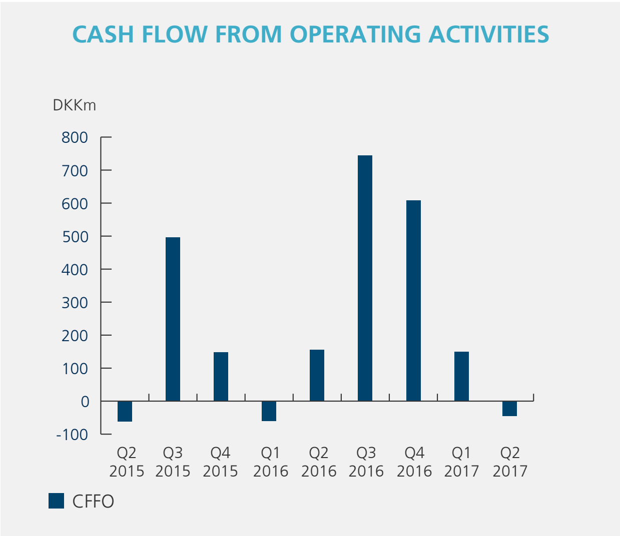
Tax for the period amounted to DKK -51m (Q2 2016: DKK -45m), corresponding to an effective tax rate of 36% (Q2 2016: 25%).

Profit from continuing activities decreased to DKK 92m (Q2 2016: DKK 100m).

Loss from discontinued activities amounted to DKK -17m (Q2 2016: DKK -3m) and is mainly 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 and dialogue with potential acquirers is currently ongoing.

Profit for the period decreased to DKK 75m (Q2 2016: DKK 97m), equivalent to DKK 1.5 per share (diluted) (Q2 2016: DKK 2.0).





CAPITAL EFFICIENCY

Capital employed and ROCE

Average capital employed decreased to DKK 15.1bn in Q2 2017 (Q2 2016: DKK 15.7bn), and 12-months trailing EBITA increased to DKK 1,484m (Q2 2016: DKK 1,261m).

As a consequence, ROCE increased to 9.8% (Q2 2016: 8.0%).

Total capital employed amounted to DKK 15.0bn at the end of Q2 2017 and consists primarily of intangible assets amounting to DKK 10.1bn, which is mostly historical goodwill as well as patents and rights, and customer relations. Tangible assets amounted to DKK 2.4bn and net working capital to DKK 2.5bn at the end of Q2.

Cash flow and working capital

Cash flow from operating activities decreased to DKK -44m in Q2 2017 (Q2 2016: DKK 155m), primarily due to an increase in net working capital but also as a result of change in cash flow from provisions.

Due to phasing of projects, net working capital temporarily increased to DKK 2,477 at the end of Q2 2017 (end of Q1 2017: DKK 2,182m), representing 12.9% of 12-months trailing revenue (Q1 2017: 11.6% of revenue). The increase in net working capital is expected to be largely reversed in the second half of 2017.

Cash flow from investing activities amounted to DKK -65m (Q2 2016: DKK -95m).

The free cash flow (cash flow from operating and investing activities) in Q2 amounted to DKK -109m (Q2 2016: DKK 60m).

Balance sheet and capital structure

The balance sheet total contracted to DKK 22,631m at the end of Q2 2017 (end of Q1 2017: DKK 23,572m) mainly due to currency translation effects. Equity at the end of Q2 2017 decreased to DKK 8,254m as a result of currency translation effects. (end of Q1 2017: DKK 8,496m). The equity ratio amounted to 36% (end of Q1 2017; 36%), which is above the long-term target of minimum 30%.

Net interest-bearing debt (NIBD) by the end of Q2 2017 increased to DKK 2,590m (end of Q1 2017: DKK 2,333m). As a result, NIBD/EBITDA was 1.5 (end of Q1 2017: 1.4), well within the NIBD long term target of maximum 2x EBITDA. At the end of Q2 2017, the Group's capital resources consisted of committed credit facilities of DKK 7.5bn (including mortgage) with a weighted average time to maturity of 3.9 years.

Treasury shares

FLSmidth's treasury shares amounted to 2,085,894 shares at the end of Q2 2017 (end of 2016: 2,276,278 shares), representing 4.1% of the total share capital (end of 2016: 4.4%). The holding of treasury shares is 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 2017, there was a total of 1,987,077 unexercised share options under FLSmidth's incentive plan and their fair value was DKK 276m. The fair value is calculated by means of a Black & Scholes model based on a current share price of 411.4, a volatility of 29.4% and future annual dividend of DKK 6 per share. The effect of the plan on the income statement for Q2 2017 was DKK 6m (Q2 2016: DKK 8m).

Performance shares (replacing Share option programme)

At the end of Q2 2017, FLSmidth had granted a maximum of 302,813 performance share units to 140 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 2017 was DKK 4m (Q2 2016: DKK 1m).

Employees

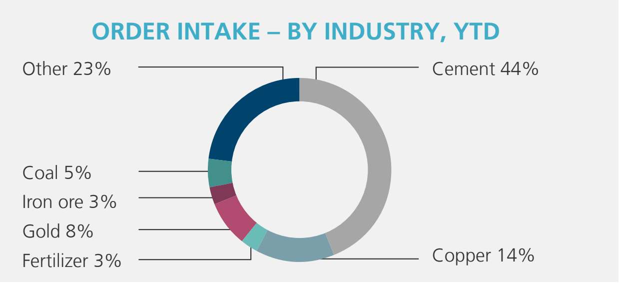
The number of employees amounted to 11,812 at the end of Q2 2017 (Q2 2016: 12,706), including discontinued activities, employing 139 people. The decline is primarily a function of the reductions in workforce that were implemented in late 2016 to adjust the cost base to the anticipated lower level of activity in 2017.

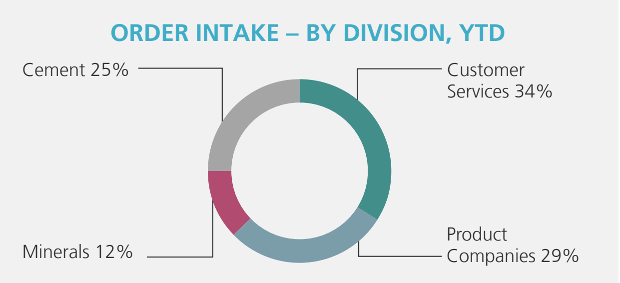
FINANCIAL DEVELOPMENTS IN Q1-Q2 2017

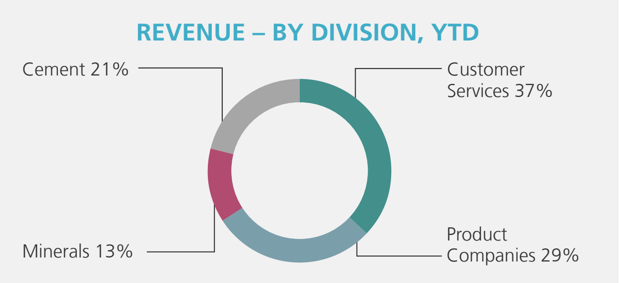
In the first six months of 2017, order intake increased 5% to DKK 10,141m (H1 2016: DKK 9,626m) and revenue increased 13% to DKK 8,956m (H1 2016: DKK 7,893m).

Order intake development in the first half of 2017

Order intake (vs. Q1-Q2 2016)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic	10%	19%	-12%	-3%	3%
Currency	4%	4%	2%	-2%	2%
Total growth	**14%**	**23%**	**-10%**	**-5%**	**5%**







The revenue growth was attributable to all divisions but Minerals. The first half saw a strong growth in total service activities and stronger execution of Cement projects as compared to same period last year.

Revenue developments in the first half 2017

Revenue (vs. Q1-Q2 2016)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic	7%	12%	-14%	43%	12%
Currency	4%	4%	3%	-8%	1%
Total growth	**11%**	**16%**	**-11%**	**35%**	**13%**

EBITA increased 38% to DKK 714m (H1 2016: DKK 519m), driven by higher revenue and earnings in Customer Services and Product Companies, partly offset by volume pressure in Minerals and low gross margin in Cement. The EBITA margin was 8.0% (H1 2016: 6.6%). In the first half of 2017, the net profit from continuing activities increased 51% to DKK 270m (H1 2016: DKK 179m). Despite the substantial increase in EBITA, cash flow from operating activities increased only modestly to DKK 105m (H1 2016: DKK 95m) due to an increase in net working capital which is expected to be largely reversed in the second half of the year.

The balance sheet total contracted to DKK 22,631m at the end of Q2 2017 (end 2016: DKK 24,112m) mainly due to changes in working capital and currency translation effects while depreciations and amortisations exceeded asset additions.

GUIDANCE FOR 2017

Based on the results delivered in the first half of 2017 and the expected developments in the second half of 2017, it is still expected that revenue will be DKK 17-19bn and that the EBITA margin will be 7-9%. The return on capital employed is expected to be 8-10%.

The EBITA margin guidance includes expected one-off costs of DKK -150m related to the corrective actions programme launched in 2016 (reduced from previously DKK 200m) as well as other one-off costs of DKK -62m recognised in Q2. One-off costs recognised in the first half of 2017 amounted to DKK -94m.

Events occurring after the balance sheet date

No events.

Financial calendar 2017

9 November 2017 1st - 3rd Quarter Interim Report 2017

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. ■

CUSTOMER SERVICES

MARKET DEVELOPMENTS IN Q2 2017

Q2 marked the fourth consecutive quarter of strong momentum in Customer Services, particularly in the mining aftermarket. Demand for mining spare parts continued at a good level and retrofits, rebuilds and wear parts activity picked up. Customers focus primarily on copper and gold but Q2 saw increased interest from adjacent industries too. The coal market looks somewhat more positive with higher demand for audits and equipment upgrades. The cement aftermarket showed good retrofits and rebuilds activity related to gears, burners, coolers and silos. The overall market driver is technical support to improve plant productivity.

FINANCIAL PERFORMANCE IN Q2 2017

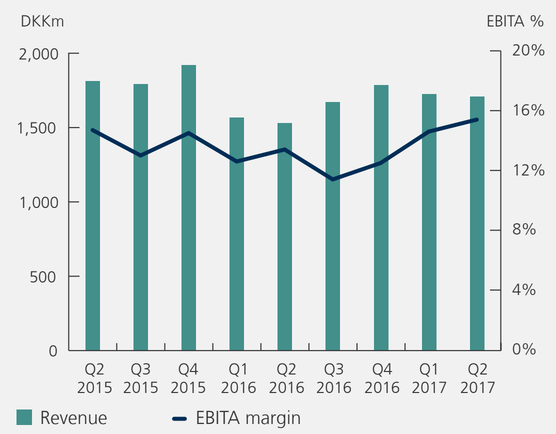
Order intake in Q2 2017 increased 10% to DKK 1,750m (Q2 2016: DKK 1,597m) which is a continuation of the strong momentum seen in the past three quarters, although not as strong as Q1 2017. The order intake was positively impacted by foreign exchange effects and increased 6% adjusted for currency, driven primarily by growth in mining related services but also by a surge in the cement aftermarket.

Revenue increased 12% to DKK 1,709m in Q2 2017 (Q2 2016: DKK 1,531m) and increased 8% adjusted for currency effects, supported by strong order intake in the past few quarters.

Gross profit, before allocation of shared cost increased 9% to DKK 554m (Q2 2016: DKK 506m), and the corresponding gross margin was slightly lower at 32.5% (Q2 2016: 33.1%).

EBITA increased 29% to DKK 264m (Q2 2016: DKK 205m) and the EBITA margin increased to 15.4% (Q2 2016: 13.4%) owing to stable SG&A costs and improved operating leverage. EBITA in Q2 was impacted by net other operating income of DKK 11m of which DKK 17m related to consolidation of sites and the subsequent sale of a property and DKK -6m concerned one-off costs related to other corrective actions. The adjusted EBITA margin was 14.8% (Q2 2016: 13.5%). ■

REVENUE AND EBITA MARGIN



CUSTOMER SERVICES

DKKm	Q2 2017	Q2 2016	Change (%)	Q1-Q2 2017	Q1-Q2 2016	Change (%)
Order intake (gross)	**1,750**	**1,597**	**10%**	**3,611**	**3,163**	**14%**
Order backlog	**2,421**	**2,405**	**1%**	**2,421**	**2,405**	**1%**
Revenue	**1,709**	**1,531**	**12%**	**3,433**	**3,099**	**11%**
Gross profit before allocation of shared cost	554	506	9%	1,108	1,013	9%
Gross margin before allocation of shared cost	*32.5%*	*33.1%*		*32.3%*	*32.7%*	
EBITA before allocation of shared cost	394	343	15%	785	686	14%
EBITA margin before allocation of shared cost	*23.1%*	*22.4%*		*22.9%*	*22.1%*	
EBITA	**264**	**205**	**29%**	**515**	**402**	**28%**
EBITA margin	*15.4%*	*13.4%*		*15.0%*	*13.0%*	
EBIT	**216**	**169**	**28%**	**425**	**330**	**29%**
EBIT margin	*12.6%*	*11.0%*		*12.4%*	*10.6%*	
Number of employees	**3,875**	**4,100**	**-5%**	**3,875**	**4,100**	**-5%**

PRODUCT COMPANIES

MARKET DEVELOPMENTS IN Q2 2017

Overall, the market for Product Companies continued the positive development in Q2. Demand for mining parts and services continued to be the main driver but Q2 saw a somewhat increasing level of inquiries for mining equipment too, especially in the US. Adjacent industries showed opportunities within power and steel, while cement customers are in increasing demand for expert systems and solutions to improve productivity.

FINANCIAL PERFORMANCE IN Q2 2017

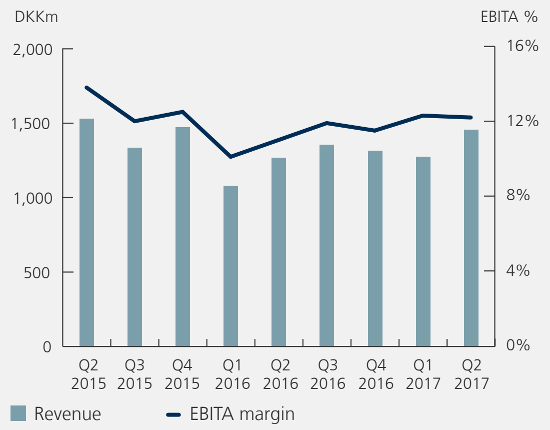
Order intake in Q2 2017 increased 33% to DKK 1,554m (Q2 2016: DKK 1,165m) which is a continuation of the strong momentum seen in the past three quarters. Adjusted for currency effects, the order intake increased 30%, driven by strong aftermarket demand, especially in mining, as well as larger orders for air pollution control systems and a modest pick-up in demand for mining equipment. The larger orders seen in the first half of the year are lumpy by nature, and the pipeline for larger orders is less encouraging for the second half of the year.

Revenue increased 15% to DKK 1,457m (Q2 2016: DKK 1,268m) and increased 12% adjusted for currency, following three consecutive quarters of strong order intake.

Gross profit, before allocation of shared costs increased 9% to DKK 431m (Q2 2016: DKK 395m), and the corresponding gross margin decreased to 29.6% (Q2 2016: 31.2%). The gross profit included one-off costs related to corrective actions (relocation of various functions from Switzerland to Poland) of DKK -20m and the adjusted gross margin was 31.0%.

EBITA in Q2 2017 increased 28% to DKK 178m (Q2 2016: DKK 139m), and the EBITA margin increased to 12.2% (Q2 2016: 11.0%) as a result of only a modest increase in SG&A and a consequently positive operating leverage. In addition to the DKK -20m mentioned above, EBITA was negatively impacted by another DKK -4m one-offs costs related to corrective actions, in total DKK -24m one-off costs. The EBITA margin adjusted for these costs was 13.9%. One-off costs in the comparison quarter were neglectable. ■

REVENUE AND EBITA MARGIN



PRODUCT COMPANIES

DKKm	Q2 2017	Q2 2016	Change (%)	Q1-Q2 2017	Q1-Q2 2016	Change (%)
Order intake (gross)	**1,554**	**1,165**	**33%**	**3,151**	**2,571**	**23%**
Order backlog	**3,128**	**2,729**	**15%**	**3,128**	**2,729**	**15%**
Revenue	**1,457**	**1,268**	**15%**	**2,732**	**2,346**	**16%**
Gross profit before allocation of shared cost	431	395	9%	837	751	11%
Gross margin before allocation of shared cost	*29.6%*	*31.1%*		*30.6%*	*32.0%*	
EBITA before allocation of shared cost	283	252	12%	555	480	16%
EBITA margin before allocation of shared cost	*19.4%*	*19.9%*		*20.3%*	*20.5%*	
EBITA	**178**	**139**	**28%**	**335**	**248**	**35%**
EBITA margin	*12.2%*	*11.0%*		*12.3%*	*10.6%*	
EBIT	**150**	**103**	**46%**	**282**	**189**	**49%**
EBIT margin	*10.3%*	*8.1%*		*10.3%*	*8.1%*	
Number of employees	**2,730**	**2,894**	**-6%**	**2,730**	**2,894**	**-6%**

MINERALS

MARKET DEVELOPMENTS IN Q2 2017

Demand for minerals processing equipment and projects remained weak in Q2. However, sentiment around mining equipment improved with an increasing level of customer inquiries. Increased activity was seen mostly in India as well as North and South America. While customer dialogue has intensified for minerals processing equipment, this part of the value chain is late in the investment cycle and expectations for a recovery in the capital business by 2018 are confirmed. The most active commodities were copper, gold, alumina, zinc and iron ore.

FINANCIAL PERFORMANCE IN Q2 2017

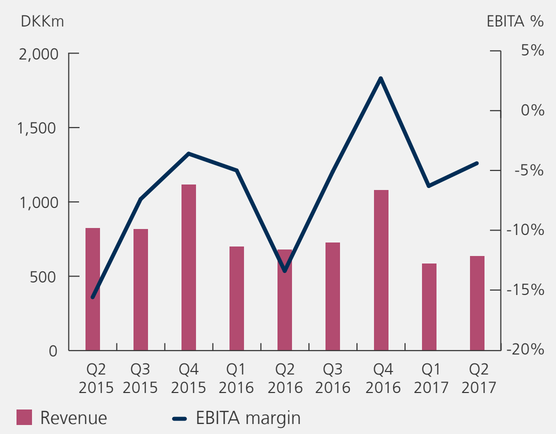
Order intake in Q2 2017 decreased 46% to DKK 525m (Q2 2016: DKK 972m), reflecting continued soft demand for mining equipment and no booking of large orders in the quarter.

Revenue decreased 7% to DKK 635m (Q2 2016: DKK 680m) and decreased 9% adjusted for currency. The decrease on last year was anticipated due to a lower order backlog entering the year and continued soft demand in the first half of the year. About one third of the Minerals Division's backlog remains slow moving based on customer request.

Gross profit, before allocation of shared cost amounted to DKK 115m (Q2 2016: DKK 91m), and the corresponding gross margin was 18.0% which is an improvement compared to a weak quarter last year (Q2 2016: 13.4%) and a modest improvement on Q1.

A continued low level of revenue keeps earnings under pressure and EBITA amounted to DKK -28m. This was, however, a significant improvement on last year (Q2 2016: DKK -92m), despite the revenue decline and due to strong focus on reducing SG&A costs. The EBITA margin was -4.4% (Q2 2016: -13.4%). ■

REVENUE AND EBITA MARGIN



MINERALS

DKKm	Q2 2017	Q2 2016	Change (%)	Q1-Q2 2017	Q1-Q2 2016	Change (%)
Order intake (gross)	**525**	**972**	**-46%**	**1,269**	**1,415**	**-10%**
Order backlog	**3,728**	**4,478**	**-17%**	**3,728**	**4,478**	**-17%**
Revenue	**635**	**680**	**-7%**	**1,221**	**1,378**	**-11%**
Gross profit before allocation of shared cost	115	91	26%	216	223	-3%
Gross margin before allocation of shared cost	*18.0%*	*13.5%*		*17.7%*	*16.2%*	
EBITA before allocation of shared cost	39	(9)	N/A	66	38	74%
EBITA margin before allocation of shared cost	*6.1%*	*-1.3%*		*5.4%*	*2.8%*	
EBITA	**(28)**	**(92)**	**N/A**	**(65)**	**(127)**	**N/A**
EBITA margin	*-4.4%*	*-13.4%*		*-5.3%*	*-9.1%*	
EBIT	**(50)**	**(108)**	**N/A**	**(112)**	**(170)**	**N/A**
EBIT margin	*-7.9%*	*-15.8%*		*-9.1%*	*-12.3%*	
Number of employees	**1,024**	**1,279**	**-20%**	**1,024**	**1,279**	**-20%**

CEMENT

MARKET DEVELOPMENTS IN Q2 2017

Q2 was another quarter of good cement order activity for FLSmidth, including a complete cement production line in Pakistan. That said, the past three consecutive quarters of good cement order activity is more the result of FLSmidth's strong market position than an improving market. Global consumption growth excluding China is continuing at a low level, keeping utilisation rates under pressure.

FINANCIAL PERFORMANCE IN Q2 2017

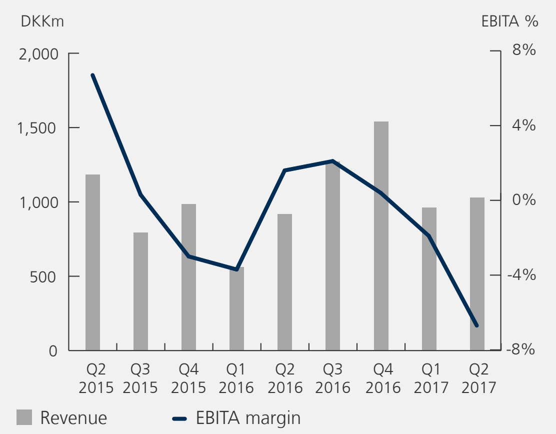
The order intake in Q2 2017 increased 27% to DKK 1,023m (Q2 2016: DKK 805m), supported by the large DKK ~670m order in Pakistan. Further, the quarter included the awarding of a five-year Operation & Maintenance contract in Morocco to operate port equipment for handling phosphate, fertilizers, and sulphur. FLSmidth's O&M business resides in the Cement Division, and consequently all O&M orders are booked in this division, irrespective of end customer or industry.

Revenue increased 12% to DKK 1,030m (Q2 2016: DKK 916m) and increased 18% adjusted for currency, due to timing of projects. In addition to foreign exchange adjustments, the order backlog was adjusted by DKK 250m in Q2 related to the demobilisation of an O&M contract in Angola.

Gross profit, before allocation of shared costs amounted to DKK 99m (Q2 2016: DKK 142m), and the corresponding gross margin declined to 9.6% (Q2 2016: 15.5%). The gross profit was adversely impacted by DKK -30m one-off costs of which DKK -16m related to the demobilisation of the O&M contract mentioned above and DKK -14m related to other corrective actions. The adjusted gross margin was 12.5%, still a significant decline on last year, reflecting execution of lower margin orders in the backlog, however an increase of 1.8 %-points on Q1, due to a somewhat more favourable project mix.

EBITA declined to DKK -68m (Q2 2016: DKK 15m), corresponding to an EBITA margin of -6.7%. EBITA was impacted by one-off costs of DKK -76m of which DKK -30m impacted production costs, as explained above. The remaining DKK -46m concerned bad debt provisions on the Angolan O&M contract. The adjusted EBITA margin was 0.7%.

REVENUE AND EBITA MARGIN



CEMENT

DKKm	Q2 2017	Q2 2016	Change (%)	Q1-Q2 2017	Q1-Q2 2016	Change (%)
Order intake (gross)	**1,023**	**805**	**27%**	**2,742**	**2,887**	**-5%**
Order backlog	**5,672**	**6,962**	**-19%**	**5,672**	**6,962**	**-19%**
Revenue	**1,030**	**916**	**12%**	**1,991**	**1,478**	**35%**
Gross profit before allocation of shared cost	99	142	-30%	202	246	-18%
Gross margin before allocation of shared cost	*9.6%*	*15.5%*		*10.1%*	*16.6%*	
EBITA before allocation of shared cost	2	81	-98%	52	127	-59%
EBITA margin before allocation of shared cost	*0.2%*	*8.8%*		*2.6%*	*8.6%*	
EBITA	**(68)**	**15**	**N/A**	**(86)**	**(6)**	**N/A**
EBITA margin	*-6.7%*	*1.5%*		*-4.4%*	*-0.5%*	
EBIT	**(75)**	**7**	**N/A**	**(101)**	**(21)**	**N/A**
EBIT margin	*-7.4%*	*0.7%*		*-5.1%*	*-1.4%*	
Number of employees	**2,669**	**2,642**	**1%**	**2,669**	**2,642**	**1%**

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 2017.

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 2017 as well as of its financial performance and its cash flow for the period 1 January - 30 June 2017.

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. ■

Copenhagen 9, August 2017

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

QUARTERLY
KEY FIGURES

Quarterly key figures

DKKm	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
INCOME STATEMENT									
Revenue	5,093	4,609	5,297	3,758	4,135	4,774	5,525	4,371	4,585
Gross profit	1,327	1,174	1,255	1,038	1,078	1,164	1,301	1,134	1,164
SG&A	(815)	(743)	(792)	(726)	(738)	(743)	(786)	(698)	(759)
EBITDA	512	431	463	312	340	421	515	436	405
Special non-recurring items	2	(1)	(6)	0	0	(9)	(21)	0	0
Depreciation of tangible assets	(74)	(72)	(73)	(66)	(67)	(68)	(68)	(64)	(63)
EBITA	440	358	384	246	273	344	426	372	342
Amortisation of intangible assets	(119)	(113)	(105)	(93)	(96)	(101)	(118)	(100)	(105)
EBIT	321	245	279	153	177	243	308	272	237
Financial income/costs, net	30	(93)	(175)	(38)	(32)	14	2	(34)	(94)
EBT	351	152	104	115	145	257	310	238	143
Tax for the period	(113)	(47)	(40)	(36)	(45)	(70)	(86)	(60)	(51)
Profit/(loss) on continuing activities for the period	**238**	**105**	**64**	**79**	**100**	**187**	**224**	**178**	**92**
Profit/loss on discontinued activities for the period	(24)	(189)	(41)	(6)	(3)	(17)	(42)	(17)	(17)
Profit/(loss) for the period	214	(84)	23	73	97	170	182	161	75
Effect of purchase price allocations	(71)	(71)	(71)	(60)	(60)	(60)	(60)	(55)	(55)
Gross margin	*26.1%*	*25.5%*	*23.7%*	*27.6%*	*26.1%*	*24.4%*	*23.5%*	*25.9%*	*25.4%*
EBITDA margin	*10.1%*	*9.4%*	*8.7%*	*8.3%*	*8.2%*	*8.8%*	*9.3%*	*10.0%*	*8.8%*
EBITA margin	*8.6%*	*7.8%*	*7.2%*	*6.5%*	*6.6%*	*7.2%*	*7.7%*	*8.5%*	*7.5%*
EBIT margin	*6.3%*	*5.3%*	*5.3%*	*4.1%*	*4.3%*	*5.1%*	*5.6%*	*6.2%*	*5.2%*
Cash flow									
CFFO	(61)	496	148	(60)	155	744	608	149	(44)
CFFI	(44)	14	20	(12)	(95)	(43)	(44)	(35)	(65)
Orders									
Order intake (gross), continuing activities	5,208	5,151	3,691	5,281	4,345	4,133	4,544	5,561	4,580
Order backlog, continuing activities	16,932	16,666	14,858	15,792	15,914	15,174	13,887	14,998	14,115
SEGMENT REPORTING									
Customer Services									
Revenue	1,813	1,793	1,920	1,568	1,531	1,670	1,786	1,724	1,709
Gross profit before allocation of shared cost	582	539	611	507	506	500	557	554	554
EBITA before allocation of shared cost	407	356	445	343	343	335	354	391	394
EBITA	266	233	279	197	205	191	223	251	264
EBIT	223	192	240	161	169	150	167	209	216
Gross margin before allocation of shared cost	*32.1%*	*30.1%*	*31.8%*	*32.3%*	*33.1%*	*29.9%*	*31.2%*	*32.1%*	*32.5%*
EBITA margin before allocation of shared cost	*22.4%*	*19.9%*	*23.1%*	*21.9%*	*22.4%*	*20.1%*	*19.8%*	*22.7%*	*23.1%*
EBITA margin	*14.7%*	*13.0%*	*14.5%*	*12.6%*	*13.4%*	*11.4%*	*12.5%*	*14.6%*	*15.4%*
EBIT margin	*12.3%*	*10.7%*	*12.5%*	*10.3%*	*11.0%*	*9.0%*	*9.4%*	*12.1%*	*12.6%*
Order intake (gross)	1,733	1,526	1,655	1,566	1,597	1,820	1,616	1,861	1,750
Order backlog	3,003	2,725	2,469	2,399	2,405	2,483	2,388	2,506	2,421
Product Companies									
Revenue	1,531	1,336	1,473	1,078	1,268	1,354	1,315	1,275	1,457
Gross profit before allocation of shared cost	461	407	451	356	395	417	440	406	431
EBITA before allocation of shared cost	331	278	322	228	252	261	286	272	283
EBITA	211	161	184	109	139	161	151	157	178
EBIT	198	143	166	86	103	146	125	132	150
Gross margin before allocation of shared cost	*30.1%*	*30.5%*	*30.6%*	*33.0%*	*31.1%*	*30.8%*	*33.4%*	*31.8%*	*29.6%*
EBITA margin before allocation of shared cost	*21.6%*	*20.8%*	*21.9%*	*21.2%*	*19.9%*	*19.3%*	*21.8%*	*21.3%*	*19.4%*
EBITA margin	*13.8%*	*12.0%*	*12.5%*	*10.1%*	*11.0%*	*11.9%*	*11.5%*	*12.3%*	*12.2%*
EBIT margin	*12.9%*	*10.7%*	*11.3%*	*7.9%*	*8.1%*	*10.7%*	*9.5%*	*10.4%*	*10.3%*
Order intake (gross)	1,431	1,479	1,252	1,406	1,165	1,317	1,438	1,597	1,554
Order backlog	2,887	2,864	2,536	2,823	2,729	2,681	2,807	3,124	3,128

QUARTERLY **KEY FIGURES**

Quarterly key figures

DKKm	2015			2016				2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Minerals									
Revenue	812	816	1,126	698	680	727	1,080	586	635
Gross profit before allocation of shared cost	144	148	184	132	91	128	179	101	115
EBITA before allocation of shared cost	(19)	44	59	48	(9)	42	114	27	39
EBITA	(127)	(60)	(32)	(35)	(92)	(37)	29	(37)	(28)
EBIT	(174)	(102)	(70)	(62)	(108)	(75)	2	(62)	(50)
Gross margin before allocation of shared cost	*17.7%*	*18.2%*	*16.4%*	*18.9%*	*13.5%*	*17.6%*	*16.6%*	*17.3%*	*18.0%*
EBITA margin before allocation of shared cost	*-2.3%*	*5.4%*	*5.2%*	*6.9%*	*-1.3%*	*5.8%*	*10.5%*	*4.7%*	*6.1%*
EBITA margin	*-15.6%*	*-7.4%*	*-2.8%*	*-5.0%*	*-13.4%*	*-5.3%*	*2.7%*	*-6.3%*	*-4.4%*
EBIT margin	*-21.4%*	*-12.5%*	*-6.3%*	*-8.8%*	*-15.8%*	*-10.4%*	*0.2%*	*-10.5%*	*-7.9%*
Order intake (gross)	1,057	1,574	630	443	972	579	685	744	525
Order backlog	4,806	5,138	4,614	4,229	4,478	4,244	3,988	4108	3,728
Cement									
Revenue	1,183	792	985	562	916	1,269	1,539	961	1,030
Gross profit before allocation of shared cost	209	135	106	104	142	169	175	103	99
EBITA before allocation of shared cost	165	83	29	45	81	93	77	50	2
EBITA	79	2	(29)	(21)	15	27	7	(18)	(68)
EBIT	63	(10)	(39)	(28)	7	20	(2)	(26)	(75)
Gross margin before allocation of shared cost	*17.7%*	*17.1%*	*10.7%*	*18.5%*	*15.5%*	*13.3%*	*11.4%*	*10.7%*	*9.6%*
EBITA margin before allocation of shared cost	*13.9%*	*10.5%*	*2.8%*	*7.9%*	*8.8%*	*7.2%*	*5.0%*	*5.2%*	*0.2%*
EBITA margin	*6.7%*	*0.3%*	*-3.0%*	*-3.7%*	*1.5%*	*2.1%*	*0.4%*	*-1.9%*	*-6.7%*
EBIT margin	*5.3%*	*-1.3%*	*-3.9%*	*-5.0%*	*0.7%*	*1.6%*	*-0.2%*	*-2.7%*	*-7.4%*
Order intake (gross)	1,289	680	396	2,082	805	663	1,026	1,719	1,023
Order backlog	6,883	6,529	5,852	7,016	6,962	6,382	5,349	6,085	5,672

Calculations of margins are based on non-rounded figures.

CONSOLIDATED INCOME STATEMENT

Notes	DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016
	Revenue	4,585	4,135	8,956	7,893
	Production costs	(3,421)	(3,057)	(6,658)	(5,777)
	Gross profit	**1,164**	**1,078**	**2,298**	**2,116**
	Sales costs	(371)	(351)	(735)	(701)
	Administrative costs	(414)	(391)	(757)	(774)
	Other operating items	26	4	35	11
	EBITDA	**405**	**340**	**841**	**652**
	Depreciations of tangible assets	(63)	(67)	(127)	(133)
	EBITA	**342**	**273**	**714**	**519**
	Amortisations of intangible assets	(105)	(96)	(205)	(189)
	EBIT	**237**	**177**	**509**	**330**
	Financial income	314	124	687	672
	Financial costs	(408)	(156)	(815)	(742)
	EBT	**143**	**145**	**381**	**260**
	Tax for the period	(51)	(45)	(111)	(81)
	Profit/(loss) for the period, continuing activities	**92**	**100**	**270**	**179**
	Profit/(loss) for the period, discontinued activities	(17)	(3)	(34)	(9)
	Profit/(loss) for the period	**75**	**97**	**236**	**170**
	To be distributed as follows:				
	FLSmidth & Co. A/S' shareholders' share of profit/(loss) for the period	76	97	236	170
	Minority shareholders' share of profit/(loss) for the period	(1)	0	0	0
		75	**97**	**236**	**170**
8	Earnings per share (EPS):				
	Continuing and discontinued activities per share	1.5	2.0	4.8	3.5
	Continuing and discontinued activities, diluted, per share	1.5	2.0	4.8	3.5
	Continuing activities per share	1.9	2.0	5.5	3.7
	Continuing activities, diluted, per share	1.9	2.0	5.4	3.7

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016
Notes				
Profit/(loss) for the period	75	97	236	170
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	1	-	1	-
Tax hereof	-	-	-	-
Items that are or may be reclassified subsequently to profit or loss				
Foreign exchange adjustments regarding enterprises abroad	(331)	63	(259)	(90)
Value adjustments of hedging instruments:				
Value adjustments for the period	64	(23)	83	99
Value adjustments transferred to work-in-progress	-	5	-	(87)
Value adjustments transferred to financial income and costs	2	-	1	-
Tax on other comprehensive income	(13)	1	(10)	(4)
Other comprehensive income for the period after tax	**(277)**	**46**	**(184)**	**(82)**
Comprehensive income for the period	**(202)**	**143**	**52**	**88**
Comprehensive income for the period attributable to:				
FLSmidth & Co. A/S' shareholders' share of comprehensive income for the period	(199)	143	53	88
Minority shareholders' share of comprehensive income for the period	(3)	0	(1)	0
	(202)	**143**	**52**	**88**

CONSOLIDATED
CASH FLOW STATEMENT

DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016
Notes				
EBITDA, continuing activities	405	340	841	652
EBITDA, discontinued activities	(6)	(3)	(30)	(14)
EBITDA	**399**	**337**	**811**	**638**
Adjustment for gain/(losses) on sale of tangible and intangible assets and special non-recurring items etc.	(7)	11	4	21
Adjusted EBITDA	**392**	**348**	**815**	**659**
Change in provisions	(103)	(46)	(84)	(156)
Change in net working capital	(321)	20	(481)	(84)
Cash flow from operating activities before financial items and tax	**(32)**	**322**	**250**	**419**
Financial items received and paid	3	(30)	(2)	(40)
Taxes paid	(15)	(137)	(143)	(284)
CFFO	**(44)**	**155**	**105**	**95**
Acquisitions of intangible assets	(53)	(5)	(68)	(14)
Acquisitions of tangible assets	(47)	(118)	(69)	(137)
Acquisitions of financial assets	-	(1)	-	(1)
Disposal of tangible assets	35	29	37	45
CFFI	**(65)**	**(95)**	**(100)**	**(107)**
Dividend	(298)	(196)	(298)	(196)
Addition of minority shares			5	-
Acquisition of treasury shares	(161)	-	(161)	-
Disposal of treasury shares	114	-	173	-
Change in net interest-bearing debt	464	219	79	346
CFFF	**119**	**23**	**(202)**	**150**
Change in cash and cash equivalents	**10**	**83**	**(197)**	**138**
Beginning of period	1,328	1,176	1,513	1,157
Foreign exchange adjustment, cash and cash equivalents	(73)	13	(51)	(23)
Cash and cash equivalents at 30 June	**1,265**	**1,272**	**1,265**	**1,272**
Cash and cash equivalents included in assets held for sale	37	58	37	58
Cash and cash equivalents	1,228	1,214	1,228	1,214
Cash and cash equivalents at 30 June	**1,265**	**1,272**	**1,265**	**1,272**

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

CONSOLIDATED
BALANCE SHEET

Assets

DKKm		End of Q2 2017	End of 2016
Notes			
	Goodwill	4,310	4,493
	Patents and rights	1,161	1,226
	Customer relations	892	1,007
	Other intangible assets	56	63
	Completed development projects	306	201
	Intangible assets under development	213	325
	Intangible assets	**6,938**	**7,315**
	Land and buildings	1,689	1,823
	Plant and machinery	504	566
	Operating equipment, fixtures and fittings	107	133
	Tangible assets in course of construction	54	29
	Tangible assets	**2,354**	**2,551**
	Other securities and investments	144	170
	Deferred tax assets	1,070	1,117
	Financial assets	**1,214**	**1,287**
	Total non-current assets	**10,506**	**11,153**
	Inventories	**2,350**	**2,355**
	Trade receivables	4,206	4,533
6	Work-in-progress for third parties	2,274	2,426
	Prepayments to subcontractors	484	544
	Other receivables	1,244	1,191
	Receivables	**8,208**	**8,694**
	Cash and cash equivalents	**1,228**	**1,448**
	Assets classified as held for sale	**339**	**462**
	Total current assets	**12,125**	**12,959**
	TOTAL ASSETS	**22,631**	**24,112**

CONSOLIDATED
BALANCE SHEET

Equity and liabilities

Notes	DKKm	End of Q2 2017	End of 2016
	Share capital	1,025	1,025
	Foreign exchange adjustments	(146)	112
	Value adjustments of hedging transactions	(28)	(112)
	Retained earnings	7,360	7,089
	Proposed dividend	-	307
	FLSmidth & Co. A/S' shareholders' share of equity	**8,211**	**8,421**
	Minority shareholders' share of equity	43	41
	Total equity	**8,254**	**8,462**
	Deferred tax liabilities	361	379
	Pension liabilities	289	296
4	Other provisions	328	349
	Bank loans and mortgage debt	3,791	3,930
	Prepayments from customers	202	90
	Other liabilities	88	140
	Long-term liabilities	**5,059**	**5,184**
	Pension liabilities	9	9
4	Other provisions	991	1,101
	Bank loans	13	20
	Prepayments from customers	1,271	1,424
6	Work-in-progress for third parties	1,887	2,093
	Trade payables	2,597	3,037
	Current tax liabilities	424	351
	Other liabilities	1,553	1,828
	Short-term liabilities	**8,745**	**9,863**
	Liabilities directly associated with assets classified as held for sale	**573**	**603**
	Total liabilities	**14,377**	**15,650**
	TOTAL EQUITY AND LIABILITIES	**22,631**	**24,112**

CONSOLIDATED **EQUITY**

DKKm	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co. A/S' shareholders' share of equity	Minority shareholders' share of equity	Total
Equity at 1 January 2017	**1,025**	**112**	**(112)**	**7,089**	**307**	**8,421**	**41**	**8,462**
Comprehensive income for the period								
Profit/(loss) for the period				236		236		236
Other comprehensive income								
Actuarial gains/losses on defined benefit plans				1		1		1
Foreign exchange adjustments regarding enterprises abroad		(258)				(258)	(1)	(259)
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, share options				21		21		21
Disposal of treasury shares				173		173		173
Acquisition of treasury shares				(161)		(161)		(161)
Acquisition of minority interests						0	5	5
Equity at 30 June 2017	**1,025**	**(146)**	**(28)**	**7,360**	**0**	**8,211**	**43**	**8,254**

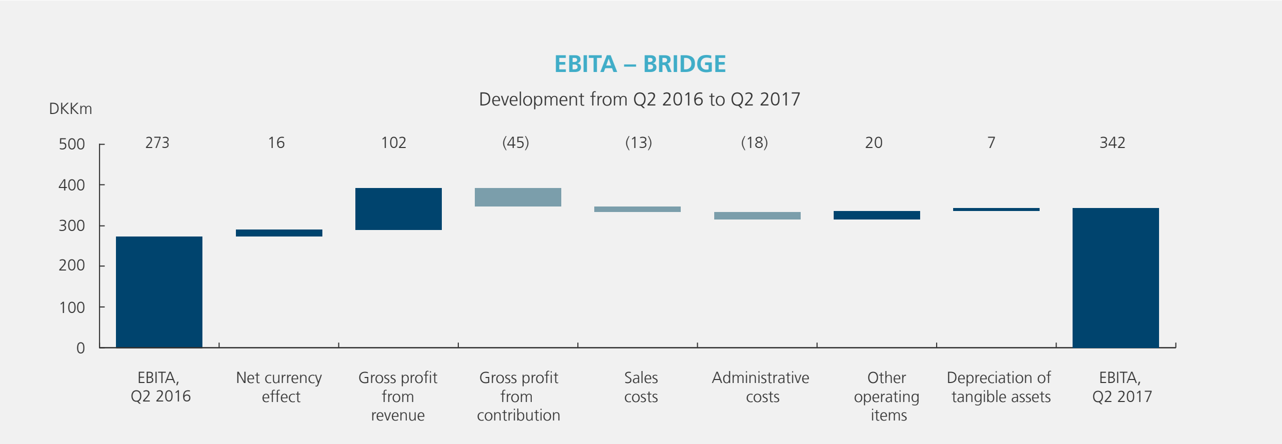
The period´s movements in holding of treasury shares (1,000)	Q2 2017	Q2 2016
Treasury shares at 1 January	2,276	2,328
Acquisition of treasury shares	407	2
Share options settled	(597)	0
Treasury shares at 30 June	**2,086**	**2,330**

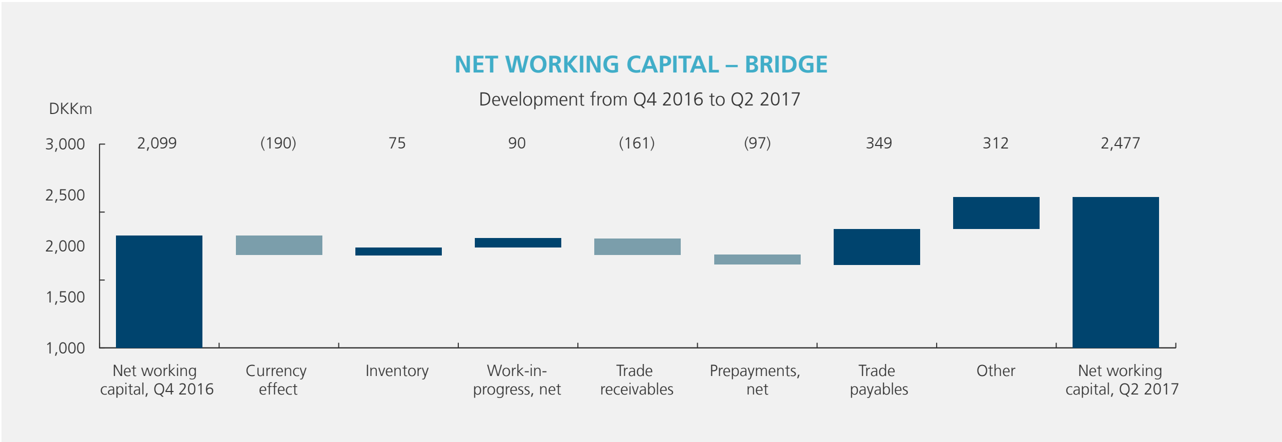
Representing 4.1% in Q2 2017 (Q2 2016: 4.5%) of the share capital.

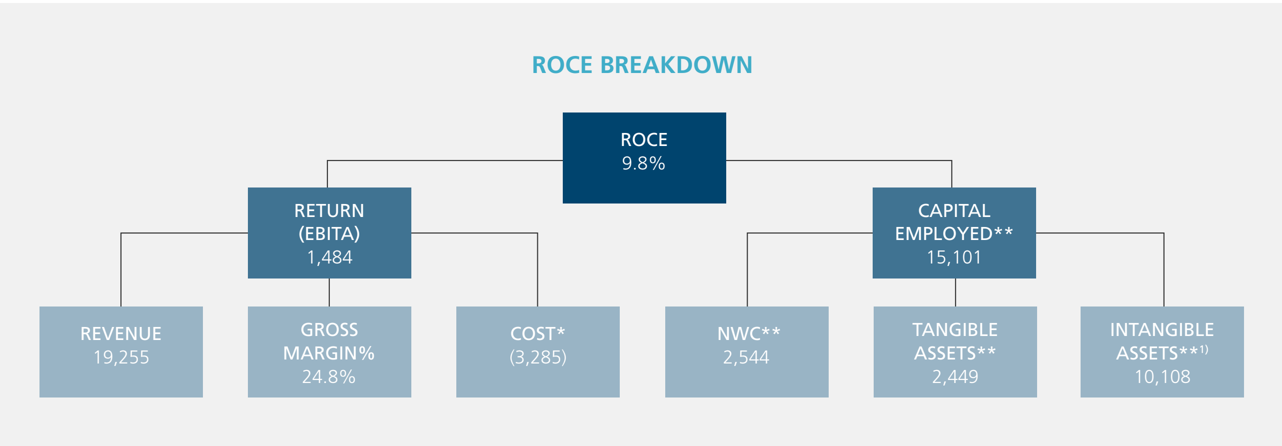
CONSOLIDATED **EQUITY**

DKKm	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co. A/S' shareholders' share of equity	Minority shareholders' share of equity	Total
Equity at 1 January 2016	**1,025**	**(50)**	**(106)**	**6,873**	**205**	**7,947**	**35**	**7,982**
Comprehensive income for the period								
Profit/(loss) for the period				170		170	0	170
Other comprehensive income								
Actuarial gains/losses on defined benefit plans								
Foreign exchange adjustments regarding enterprises abroad		(90)				(90)		(90)
Value adjustments of hedging instruments:								
Value adjustments for the period			99			99		99
Value adjustments transfer-red to work- in-progress			(87)			(87)		(87)
Tax on other comprehensive income				(4)		(4)		(4)
Other comprehensive income total	**0**	**(90)**	**12**	**(4)**	**0**	**(82)**	**0**	**(82)**
Comprehensive income for the period	**0**	**(90)**	**12**	**166**	**0**	**88**	**0**	**88**
Dividend distributed					(196)	(196)		(196)
Dividend treasury share				9	(9)	0		0
Share-based payment, share options				23		23		23
Acquisition of treasury shares				(1)		(1)		(1)
Equity at 30 June 2016	**1,025**	**(140)**	**(94)**	**7,070**	**0**	**7,861**	**35**	**7,896**

AT A **GLANCE**







* Cost consist of SG&A, depreciations and special non-recurring items.
** Average values, please refer to definitions of terms, see note 11.
1) Measured at cost value.

LIST OF NOTES AND
NOTES TO THE INTERIM REPORT

1. Breakdown of the Group by segments
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3. Acquisition of enterprises and activities
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1. Breakdown of the Group by segments for 2017

Q1-Q2 2017

DKKm	Customer Services	Product Companies	Minerals	Cement	Shared costs[1]	Other companies etc. [2]	Continuing activities	Dis-continued 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)	-	-	-
Total 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	**826**	**590**	**74**	**55**	**(721)**	**17**	**841**	**(30)**	**811**
Depreciations 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)	-	-	-
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	*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*	*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 at 30 June	**3,875**	**2,730**	**1,024**	**2,669**	**1,375**		**11,673**	**139**	**11,812**

Reconciliation of Profit/(loss) for the period before tax

Segment earnings before interest and tax (EBIT) of reportable segments	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 activities mainly consist of bulk material handling.

1. Breakdown of the Group by segments for 2016

Q1-Q2 2016

DKKm	Customer Services	Product Companies	Minerals	Cement	Shared costs[1]	Other companies etc. [2]	Continuing activities	Dis-continued activities [3]	FLSmidth Group
External revenue	3,041	2,004	1,370	1,478	-	-	7,893	400	8,293
Internal revenue	58	342	8	-		(408)	-	-	-
Total revenue	**3,099**	**2,346**	**1,378**	**1,478**	**-**	**(408)**	**7,893**	**400**	**8,293**
Production costs	(2,086)	(1,595)	(1,155)	(1,232)	(117)	408	(5,777)	(382)	(6,159)
Gross profit	**1,013**	**751**	**223**	**246**	**(117)**	**-**	**2,116**	**18**	**2,134**
SG&A costs	(287)	(233)	(176)	(116)	(654)	2	(1,464)	(32)	(1,496)
EBITDA	**726**	**518**	**47**	**130**	**(771)**	**2**	**652**	**(14)**	**638**
Depreciations of tangible assets	(40)	(38)	(9)	(3)	(41)	(2)	(133)	-	(133)
EBITA before allocation of shared costs	**686**	**480**	**38**	**127**	**-**	**-**	**519**	**(14)**	**505**
Allocation of shared costs	(284)	(232)	(165)	(133)	812	2	-	-	-
EBITA	**402**	**248**	**(127)**	**(6)**		**2**	**519**	**(14)**	**505**
Amortisations of intangible assets	(72)	(59)	(43)	(15)	-	-	(189)	-	(189)
EBIT	**330**	**189**	**(170)**	**(21)**	**-**	**2**	**330**	**(14)**	**316**
ORDER INTAKE (GROSS)	**3,163**	**2,571**	**1,415**	**2,887**		**(410)**	**9,626**	**1,284**	**10,910**
ORDER BACKLOG	**2,405**	**2,729**	**4,478**	**6,962**		**(660)**	**15,914**	**1,753**	**17,667**
Gross margin	*32.7%*	*32.0%*	*16.2%*	*16.6%*		*N/A*	*26.8%*	*N/A*	*25.6%*
EBITDA margin	*23.4%*	*22.1%*	*3.4%*	*8.8%*		*N/A*	*8.3%*	*N/A*	*7.7%*
EBITA margin before allocation of shared costs	*22.1%*	*20.5%*	*2.8%*	*8.6%*		*N/A*	*N/A*	*N/A*	*N/A*
EBITA margin	*13.0%*	*10.6%*	*-9.1%*	*-0.5%*		*N/A*	*6.6%*	*N/A*	*6.1%*
EBIT margin	*10.6%*	*8.1%*	*-12.3%*	*-1.4%*		*N/A*	*4.2%*	*N/A*	*3.8%*
Number of employees at 30 June	**4,100**	**2,894**	**1,279**	**2,642**	**1,642**	**1**	**12,558**	**148**	**12,706**

Reconciliation of Profit/(loss) for the period before tax

	Continuing activities	Discontinued activities
Segment earnings before interest and tax (EBIT) of reportable segments	330	(14)
Financial income	672	1
Financial costs	(742)	-
EBT	**260**	**(13)**

[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 activities mainly consist of bulk material handling.

2. Income statement classified by function

The Group presents the Income Statement for continuing business based on a classification of the costs by function in order to show the earnings before special non-recurring items, depreciation and amortisation (EBITDA). Depreciation, amortisation and impairment of tangible and intangible assets are therefore separated from the individual functions, presented on separate lines.

DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016
Revenue	4,585	4,135	8,956	7,893
Production costs, including depreciations and amortisations	(3,493)	(3,130)	(6,798)	(5,906)
Gross profit	**1,092**	**1,005**	**2,158**	**1,987**
Sales costs, including depreciations and amortisations	(392)	(358)	(771)	(715)
Administrative costs, including depreciations and amortisations	(489)	(474)	(913)	(953)
Other operating items	26	4	35	11
EBIT	**237**	**177**	**509**	**330**
Depreciation and amortisation consist of:				
Amortisations of intangible assets	(105)	(96)	(205)	(189)
Depreciations of tangible assets	(63)	(67)	(127)	(133)
	(168)	**(163)**	**(332)**	**(322)**
Depreciation and amortisation are divided into:				
Production costs	(72)	(73)	(140)	(129)
Sales costs	(21)	(7)	(36)	(14)
Administrative costs	(75)	(83)	(156)	(179)
	(168)	**(163)**	**(332)**	**(322)**

3. Acquisition of enterprises and activities

In July, FLSmidth reached an agreement to acquire a part of Sandvik Mining Systems. The acquisition is subject to certain conditions and closing is expected by the end of 2017.

4. Other provisions

DKKm	Q1-Q2 2017	Q1-Q2 2016	End of 2016
Provisions at 1 January	1,450	1,556	1,556
Foreign exchange adjustments	(45)	(8)	13
Additions	254	212	800
Used	(208)	(121)	(356)
Reversals	(146)	(173)	(511)
Reclassification to/from other liabilities	14	(36)	(52)
Provisions at 30 June	**1,319**	**1,430**	**1,450**
The maturity of provisions is specified as follows:			
Short-term liabilities	991	932	1,101
Long-term liabilities	328	498	349
	1,319	**1,430**	**1,450**

5. Fair value hierarchy of financial instruments

DKKm	Q2 2017	Q2 2016	End of 2016
Financial assets available for sale	136	117	163
Financial assets measured at fair value through the income statement	57	124	103
Financial liabilities measured at fair value through the income statement	43	190	135

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 marked for similar assets or liabilities or other valuation methods, where all significant inputs are based on observable marked data (level 2). Of financial assets available for sale DKK 116 (2016: DKKm 93) are measured at quoted prices in an active marked 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).

There have been no significant transfers between level 1 and level 2 in Q2 2017 or Q2 2016.

6. Work-in-progress for third parties

DKKm	Q2 2017	Q2 2016	End of 2016
Costs incurred	31,731	36,285	34,116
Profit recognised as income, net	4,487	6,159	5,447
Work-in-progress for third parties	36,218	42,444	39,563
Invoicing on account to customers	(35,831)	(41,927)	(39,230)
	387	**517**	**333**
Of which work-in-progress for third parties is stated under assets	2,274	2,676	2,426
and under liabilities	(1,887)	(2,159)	(2,093)
Net work-in-progress for third parties	**387**	**517**	**333**

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

7. Development in contingent liabilities

Contingent liabilities at 30 June 2017 amount to DKK 5.3bn (30 June 2016 DKK 4.7bn), which include performance bonds and payment guarantees at DKK 4.8bn (30 June 2016 DKK 4.2bn). See note 7.3 in the 2016 Annual Report for a general description of the nature of the Group's contingent liabilities.

8. Earnings per share (EPS)

DKKm	Q2 2017	Q2 2016	Q1-Q2 2017	Q1-Q2 2016
Earnings				
FLSmidth & Co. A/S´ shareholders' share of profit/(loss) for the period	76	97	236	170
FLSmidth & Co. A/S´ profit/(loss) from discontinued activities	(17)	(3)	(34)	(9)
Number of shares, average (1,000)				
Number of shares issued	51,250	51,250	51,250	51,250
Adjustment for treasury shares	(2,077)	(2,329)	(2,218)	(2,329)
Share options in-the-money	610	-	610	-
Average number of shares	**49,783**	**48,921**	**49,642**	**48,921**
Earnings per share (1,000)				
Continuing and discontinued activities per share	1.5	2.0	4.8	3.5
Continuing and discontinued activities, diluted, per share	1.5	2.0	4.8	3.5
Continuing activities per share	1.9	2.0	5.5	3.7
Continuing activities, diluted, per share	1.9	2.0	5.4	3.7

Non-diluted earnings per share in respect of discontinued activities amount to DKK -0.7 (2016: DKK -0.2) and diluted earnings per share in respect of discontinued activities amount to DKK -0.6 (2016: DKK -0.2).

As of 30 June 2017 number of share options in-the-money amounted to 1,987 thousands (Q2 2016: 0).

9. Management estimates and assessments

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. Reference is made to chapter 1, Significant accounting estimates and assessments by Management page 79 and to specific notes in the 2016 Annual Report for further details.

10. Accounting policy

The interim report of the Group for first half of 2017 is presented in accordance with IAS 34, Presentation of financial statements, as approved by the EU and additional Danish disclosure requirements regarding interim reporting by listed companies.

Apart from the below mentioned changes, the accounting policies are unchanged from those adopted in the 2016 Annual Report. Reference is made to note 7.13, Accounting policy, in page 134 and to specific notes in the 2016 Annual Report for further details.

Implementation of standards and interpretations

IFRS 9 Financial instruments
IFRS 9 will replace IAS 39, and is changing the classification and the derived measurement of financial assets and liabilities. Implementation effective date of IFRS 9 Financial instruments is 1 January 2018. An assessment of impact is currently being made to prepare for the implementation of IFRS 9.

Management expects the implementation of IFRS 9 to have minimal impact on the Group's financial reporting.

IFRS 15 Revenue from contracts with customers
IFRS 15 will replace IAS 11 and IAS 18, and is changing the revenue recognition methods for contracts with customers. Implementation effective date of IFRS 15 Revenue from contracts with customers is 1 January 2018. An assessment of impact is currently being made to prepare for the implementation of IFRS 15.

Management launched in 2016 a group wide project to determine the impact of implementation of IFRS 15. The project is divided in three phases;
- Phase 1, an initial high-level analysis of the impact of the requirements of IFRS 15 at the Group's four divisions, the highlights of which were included in the 2016 annual report.
- Phase 2 comprises a detailed analysis of underlying contracts, to further assess the characteristics of the Group's contracts with customers to substantiate the Phase 1 analysis. Further, implications on the Group's IT systems in considered as part of this phase of the project.
- Phase 3 will include, Group-wide training, quantification of concluded impact of IFRS 15 on affected contracts and coordination of disclosure information for the new requirements of IFRS 15.

The detailed Phase 2 contract analysis, which has been performed during the course of 2017, has yet to be finalized. An update on the IFRS 15 implementation project will be provided in the third Quarter Interim Report 2017.

IFRS 16 Leases
IFRS 16 will replace IAS 17. Implementation date of IFRS 16 is 1 January 2019. Management expects the implementation of IFRS 16 to have minimal impact on the Group´s financial reporting.

11. Definitions of terms

Book-to-bill
Order intake as a percentage of revenue.

BVPS (Book value per share)
FLSmidth & Co. A/S´ share of equity divided by average of shares outstanding.

Capital employed, average
(Capital employed, end of period + capital employed end of same period last year)/2.

Capital employed, end of period
Intangible assets (cost) + Tangible assets (carrying amount) + Net working capital.

Capital expenditure (CAPEX)
Investment in tangible assets.

Cash conversion
Free cash flow adjusted for acquisitions and disposals as a percentage of EBIT.

CFFI
Cash flow from investing activities.

CFFO
Cash flow from operating activities.

CFFF
Cash flow from financing activities.

CFPS (cash flow per share), (diluted)
CFFO as a percentage of average number of shares (diluted).

DIFOT
Delivery in full on time.

EBITDA
Earnings before special non-recurring items, interest, tax, depreciation and amortisation.

EBITDA margin
EBITDA as a percentage of revenue.

EBIT
Earnings before interest and tax.

EBIT margin
EBIT as a percentage of revenue.

EBITA
Earnings before, interest, tax and amortisation.

EBITA margin
EBITA as a percentage of revenue.

EBT
Earnings before tax.

EBT margin
EBT as a percentage of revenue.

Effective tax rate
Income taxes as a percentage of EBT.

EPC projects
Engineering, procurement and construction.

EPS projects
Engineering, procurement and supervision.

EPS (earning per share)
Net profit/(loss) divided by the average number of shares outstanding.

EPS (earnings per share), (diluted)
Net profit/(loss) divided by the average number of shares outstanding, adjusted for treasury shares less share options in-the-money.

Equity ratio
Equity as a percentage of total asset.

Free cash flow
CFFO + CFFI.

Free cash flow adjusted for acquisition and disposals of enterprises
CFFO + CFFI ± acquisition and disposals of enterprises.

Free cash flow yield
(Free cash flow adjusted for acquisitions and disposals of enterprises/per share)/share price).

Gross margin
Gross profit as a percentage of revenue.

LITFR
Lost time injury frequency rate.

Market capitalisation
The share price multiplied by the number of shares outstanding end of period.

Net interest bearing debt
Interest-bearing debt less interest-bearing assets and bank balances.

Net working capital, average
(Net working capital, end of period + net working capital, end of the period last period)/2.

Net working capital, end
Inventories + Trade receivables + work-in-progress for third parties, net + prepayments, net + financial instruments, net + other receivables – other liabilities – trade payables.

Net working capital ratio, average
Net working capital , average as a percentage of last 12 months revenue.

Net working capital ratio, end
Net working capital as a percentage of last 12 months´ revenue.

Number of shares outstanding
The total number of shares, excluding FLSmidth's holding of treasury shares.

NIBD/EBITDA
Net interest-bearing debt (NIBD) divided by last 12 months' EBITDA.

Operational expenditure (OPEX)
External costs, personal cost and other income and costs.

Order backlog
The value of future contracts end of period. On O&M contracts, the order backlog includes the next 12 months´ expected revenue.

Order backlog / Revenue
Order backlog as a percentage of last 12 months´ revenue.

Order intake
Orders are included as order intake when an order becomes effective, meaning when the contract becomes binding for both parties dependent on the specific conditions of the contract.

Other comprehensive income
All items recognised in equity other than those related to transactions with owners of the company.

Pay-out ratio
The total dividends for the period as a percentage of profit/(loss) excluding minority. Shareholder's share of profit/(loss) for the period.

Return on equity
Profit/(loss) for the last 12 months´ as a percentage of equity (average).

ROCE (return on capital employed)
EBITA as a percentage of capital employed.

Sales, General & Administrative costs (SG&A costs)
Sales cost + Administrative cost ± other operating items.

Total service activities
Total service activities in FLSmidth embrace the entire Customer Services Division, Operation & Maintenance contracts (part of the Cement Division), and the whole service and aftermarket part of the Product Companies Division.

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
Denmark
Tel.: +45 36 18 18 00
Fax: +45 36 44 11 46
corppr@flsmidth.com
www.flsmidth.com
CVR No. 58180912