

**FLSmidth Global Field Services
ApS**

Vigerslev Allé 77

2500 Valby

CVR no. 25 73 06 66

Annual report for 2018

Adopted at the annual general
meeting on 31 May 2019

A handwritten signature in blue ink, appearing to read 'Mette M. Jakobsen'.

Mette Mellemgaard Jakobsen
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Financial highlights	6
Management's review	7
Financial statements	
Accounting policies	9
Income statement 1 January 2018 - 31 December 2018	13
Balance sheet at 31 December 2018	14
Statement of changes in equity	16
Notes to the annual report	17

Statement by management on the annual report

The executive management and board of directors have today discussed and approved the annual report of FLSmidth Global Field Services ApS for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Valby, 31 May 2019

Executive management

Peter Thomsen
CEO

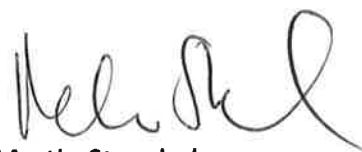
Board of directors



Mette Mellemegaard Jakobsen
chairman



Peter Thomsen



Martin Strouhal

Independent auditor's report

To the shareholder of FLSmidth Global Field Services ApS

Opinion

We have audited the financial statements of FLSmidth Global Field Services ApS for the financial year 1 January - 31 December 2018, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 31 May 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Claus Tanggaard Jacobsen
State Authorised Public Accountant
mne23314



Kennet Hartmann
State Authorised Public Accountant
mne40036

Company details

FLSmidth Global Field Services ApS
Vigerslev Allé 77
2500 Valby

Telephone: +45 36 18 10 00

Fax: +45 36 30 18 20

Website: www.flsmidth.com

CVR-no. 25 73 06 66

Financial year: 1 January - 31 December 2018

Incorporated: 15. November 2000

Domicile: Copenhagen

Board of directors

Mette Mellemegaard Jakobsen, chairman

Peter Thomsen

Martin Strouhal

Executive Board

Peter Thomsen, CEO

Auditors

ERNST & YOUNG

Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4

2000 Frederiksberg

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	168,462	176,509	0	0	14
Gross profit	29,578	19,103	0	0	14
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments	13,448	-2,369	4	-5	3
Net financials	772	-1,982	0	0	0
Profit/loss for the year	7,859	-3,475	3	-4	3
Balance sheet total	62,750	78,567	95	89	92
Investment in property, plant and equipment	0	0	0	0	1
Equity	43,484	60,625	64	61	65
Number of employees	249	233	0	5	9
Gross margin	17.6%	10.8%	0.0%	0.0%	100.0%
EBIT margin	8.0%	-1.3%	0.0%	0.0%	21.4%
Solvency ratio	69.3%	77.2%	67.4%	68.5%	70.7%
Return on equity	15.1%	-11.5%	4.8%	-6.3%	4.7%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

FLSmidth Global Fields Services ApS has been running its current activity since 2017.

Management's review

Business activities

FLSmidth Global Field Services ApS is an internal manpower company within the FLSmidth Group. The company employs over 240 personnel and provides travelling skilled engineers to support the activities of the wider Group. The majority of the personnel work on Cement related projects, however there is a significant and growing number of the company's personnel working on Minerals and Product Company assignments.

Business review

The company's income statement for the year ended 31 December shows a profit of TDKK 7,859, and the balance sheet at 31 December 2018 shows equity of TDKK 43,484.

The balance sheet total amounted to MDKK 63 at the end of 2018 (end of 2017: MDKK 79). Equity at the end of 2018 amounted to MDKK 43 (2017: MDKK 61), representing a solvency ratio of 69% (2017: 77%). The return on equity in 2018 amounted to 15% (2017: -11%).

Financial review

The year at a glance and follow-up on expectations expressed last year

Regardless of decrease in turnover for 2018 the year showed an increasing use of resources from FLSmidth Global Fields Services ApS which we expect to continue into 2019 but will however largely depend on the trends in the industry. Despite the decrease in turnover focus on cost and changes in pricing policy provided for a healthy increase in profit and Global Fields Services ApS is undergoing a continuously improvement of it's business handling and systems which will benefit our competitiveness going forward.

Knowledge resources

Resources in FLSmidth Global Field Services ApS consist of employees with competences specialized within the Cement and Mineral industries, and there is a continuous worldwide effort to attract and source necessary candidates keeping the talent pool intact.

Special risks apart from generally occurring risks in industry

Financial risks

The Company's financial assets form part of the Group cash pool which is mainly managed by the Group Treasury Department.

Management's review

Currency risks

The Company's currency risks derive from the impact of exchange rates on future commercial payments and financial payments.

Impact on external environment and measures of preventing, reducing or mitigating damage

GFS's main impact on the environment is frequent air travel necessary to perform our work. With a focus on reducing our CO2 footprint careful planning of business trips is always being observed.

Research and development activities in and for reporting entity

GFS has no own research activities but with by virtue of our services we are involved with specialist assistance on several initiatives in the cement and mineral industries.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Outlook:

In 2019, the management expects revenue in the range of MDKK 175-182 (2018: MKK 168) and an operating profit margin of around 5%. The expected increase in revenue is primarily attributable to an expected increase in the cement and product companies division.

To take benefit of optimizing cooperation and streamlining of business systems initiatives will be taken in 2019 to merge the two services companies FLSmidth Operation & Maintenance A/S and FLSmidth Global Field Services Aps. The name of the going company will be changed to FLSmidth Global Services A/S.

Accounting policies

The annual report of FLSmidth Global Field Services ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2018 is presented in TDKK

Pursuant to sections 86, subsection 4 of the Danish Financial Statements Act, the Annual Report of FLSmidth Global Field Services ApS does not contain a cash flow statement.

Changes in accounting policies

In 2018 the Company has changed from reporting under the provisions applying to reporting class B entities to reporting under the provisions applying to medium reporting class C entities. This has resulted in new disclosure requirements. Comparative figures have been included if required.

Apart from the new disclosure requirements, which follow the change in reporting class, the accounting policies are consistent with those of last year

Basis of recognition and measurement

Income is recognised in the income statement in step with being earned, while costs are recognised at the amount related to the financial year.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Accounting policies

Income statement

Revenue

Revenue from supply services in the income statement on delivery to the buyer and when the income can be measured reliably.

Income from the supply of services is recognised as revenue concurrently with the services agreed being supplied, so that the revenue corresponds to the sales value of the work completed in the financial year (production method).

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Cost of productions

Production costs include direct labour costs and production overheads.

Administrative costs

Administrative costs comprise the costs of administrative staff and management and other indirect administrative costs.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Financial income and costs

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, exchange gains and losses on foreign currency transactions, impairment of shares in Group companies and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Financial assets

Investment in Group companies are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Dividend from Group companies is recognised in full as income in profit and loss for the year, not considering if distributed dividends exceed the accumulated earnings after the acquisition date.

Receivables

Receivables are measured at amortised cost. Usually equalling nominal value less write downs for bad and doubtful debts.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, taxes, duties and interest, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January 2018 - 31 December 2018

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Revenue		168,462	176,509
Cost of productions	1	<u>-138,884</u>	<u>-157,406</u>
Gross profit		29,578	19,103
Administrative costs		<u>-16,130</u>	<u>-21,472</u>
Operating profit		13,448	-2,369
Financial income	2	2,572	5
Financial costs	3	<u>-1,800</u>	<u>-1,987</u>
Profit before tax		14,220	-4,351
Tax on profit/loss for the year	4	<u>-6,361</u>	<u>876</u>
Net profit/loss for the year		<u>7,859</u>	<u>-3,475</u>
 Proposed distribution of profit			
Proposed dividend for the year		0	25,000
Retained earnings		<u>7,859</u>	<u>-28,475</u>
		<u>7,859</u>	<u>-3,475</u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Assets			
Investments in Group companies	6	<u>2,836</u>	<u>2,836</u>
Financial assets		<u>2,836</u>	<u>2,836</u>
Total non-current assets		<u>2,836</u>	<u>2,836</u>
Trade receivables		2,896	1,830
Receivables from Group companies		48,643	60,523
Other receivables		8,375	11,506
Deferred tax asset		<u>0</u>	<u>1,772</u>
Receivables		<u>59,914</u>	<u>75,631</u>
Cash		<u>0</u>	<u>100</u>
Total current assets		<u>59,914</u>	<u>75,731</u>
Total assets		<u><u>62,750</u></u>	<u><u>78,567</u></u>

Balance sheet at 31 December 2018

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Equity and liabilities			
Share capital		10,561	10,561
Retained earnings		32,923	25,064
Proposed dividend for the year		0	25,000
Equity		<u>43,484</u>	<u>60,625</u>
Provision for deferred tax		748	0
Total provisions		<u>748</u>	<u>0</u>
Trade payables		0	26
Payables to Group companies		4,075	4,031
Corporation tax		530	658
Other payables	7	13,913	13,227
Total current liabilities		<u>18,518</u>	<u>17,942</u>
Total liabilities		<u>18,518</u>	<u>17,942</u>
Total equity and liabilities		<u><u>62,750</u></u>	<u><u>78,567</u></u>
Staff	1		
Contingencies, etc.	8		
Mortgages and collateral	9		
Related parties and ownership structure	10		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2018	10,561	25,064	25,000	60,625
Ordinary dividend paid	0	0	-25,000	-25,000
Net profit/loss for the year	0	7,859	0	7,859
Equity at 31 December 2018	10,561	32,923	0	43,484

The share capital consists of 10,560,999 class A shares with a a par value of DKK 1 each. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes

	<u>2018</u> TDKK	<u>2017</u> TDKK
1 Staff		
Wages and Salaries	103,912	127,108
Pensions	473	630
Other staff expenses	<u>75</u>	<u>614</u>
	<u>104,460</u>	<u>128,352</u>

Wages and Salaries, pensions and other staff expenses are recognised in the following items:

Cost of productions	<u>138,884</u>	<u>157,406</u>
	<u>138,884</u>	<u>157,406</u>

Average number of employees	<u>249</u>	<u>233</u>
-----------------------------	------------	------------

Referring to section 98b subsection 3 no 2 of the Danish Financial Statements Act, the Annual Report of FLSmidth Global Field Services ApS does not contain disclosure of management remuneration.

2 Financial income

Other financial income	37	5
Exchange adjustments	<u>2,535</u>	<u>0</u>
	<u>2,572</u>	<u>5</u>

Notes

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
3 Financial costs		
Interest paid to Group companies	6	88
Other financial costs	0	181
Exchange loss	<u>1,794</u>	<u>1,718</u>
	<u>1,800</u>	<u>1,987</u>
4 Tax on profit/loss for the year		
Current tax for the year	609	658
Deferred tax for the year	2,520	-1,772
Adjustment of tax concerning previous years	<u>157</u>	<u>42</u>
Tax of ordinary income or loss	3,286	-1,072
Withholding taxes	<u>3,075</u>	<u>196</u>
	<u>6,361</u>	<u>-876</u>
5 Distribution of profit		
Proposed dividend for the year	0	25,000
Retained earnings	<u>7,859</u>	<u>-28,475</u>
	<u>7,859</u>	<u>-3,475</u>

Notes

	<u>2018</u> TDKK	<u>2017</u> TDKK
6 Investments in Group companies		
Cost at 1 January 2018	<u>2,836</u>	<u>2,836</u>
Cost at 31 December 2018	<u>2,836</u>	<u>2,836</u>
Revaluations at 1 January 2018	<u>0</u>	<u>0</u>
Revaluations at 31 December 2018	<u>0</u>	<u>0</u>
Carrying amount at 31 December 2018	<u>2,836</u>	<u>2,836</u>

Investment in Group companies represent a 6% share in an affiliated company.

7 Other payables

Wages/salaries, salary taxes, social security contributions, etc.

Other accrued expenses

13,742	12,418
<u>171</u>	<u>807</u>
<u>13,913</u>	<u>13,225</u>

8 Contingencies, etc.

The Company is part of a Danish joint taxation scheme for which FLSmidth & Co. A/S is the administrator. As part of the joint taxation, FLSmidth Global Field Services ApS is liable with other companies in the joint taxation scheme for Danish corporate taxes on dividend, interest and royalties within the joint taxation group.

9 Mortgages and collateral

None of the assets owned by Global Field Services ApS are pledged and the company has no collateral agreements.

Notes

10 Related parties and ownership structure

FLSmidth Operating & Maintenance A/S, Denmark owns 100% of the shares of FLSmidth Global Fields Services ApS.

FLSmidth Global Fields Services ApS is a fully consolidated subsidiary in the consolidated financial statements (largest and smallest group group), FLSmidth & Co. A/S, Valby Copenhagen, CVR no. 58180912.

The Group Annual Report 2018 is available on:

<https://www.flsmidth.com/en-gb/company/investors/downloads/reports-and-presentations>

Cash pool accounts are legally owned by FLSmidth & Co. A/S. The accounts are therefore considered balances with related parties. In the balance sheet the cash pool accounts are recognised under receivables and payables to affiliated companies as part of assets and liabilities, respectively.

Related parties transactions comprise:

Revenue	146
Cost of production	-120
Group cost	-4
Total	22