



Firmennachrichten

FLSmidth and KOCH Solutions sign Agreement involving major Bulk Material Handling Technology

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Copenhagen, Dänemark -

The agreement includes – among other assets – intellectual property regarding port/terminal equipment, stockyard systems, pipe conveyors and various continuous surface mining equipment from both legacy FLSmidth and Mining Technologies (ex-TK) portfolios.

On 14 June 2023 FLSmidth and KOCH Solutions have signed an Asset Purchase & Transfer Agreement involving material handling technology that is part of the Non-Core Activities segment.

As part of FLSmidth's pure play Mining strategy focusing on core technologies and services, the Non-Core Activities segment was established in October 2022 with its activities and products to be fully exited either by way of divestment or wind-down of the order backlog. Since the establishment of the Non-Core Activities segment, FLSmidth has through execution, re-scoping and contract terminations decreased the order backlog from around DKK 3.6bn at end Q3 2022 to around DKK 2.1bn at end Q1 2023. At the same time FLSmidth has been exploring potential divestment opportunities to accelerate the exit of the Non-Core Activities segment.

The transaction is expected to be completed in Q3 2023, subject to customary regulatory approvals from relevant authorities. Assuming completion of the transaction, it is now expected that the total loss for the Non-Core Activities segment over the exit period will be around DKK 1.0bn (previously DKK 1.2bn). Further, it is expected that the Non-Core Activities segment now will be exited around end of 2024 (previously towards end of 2025).

With today's announcement, KOCH Solutions will acquire a mix of intellectual property, order backlog, employees and facilities from FLSmidth's Non-Core Activities segment.

This includes:

- Intellectual property: port/terminal equipment, stockyard systems, pipe conveyors and various continuous surface mining equipment from both legacy FLSmidth and Mining Technologies (ex-TK) portfolios
- Order backlog: products and service orders totalling around DKK 400 million
- Project execution service: KOCH Solutions will assist with continued execution of select order backlog retained by FLSmidth
- Facilities: Purchase and lease of certain facilities in Germany and Australia

As part of the transaction, a number of FLSmidth employees will transfer to KOCH Solutions. The exact number will not be known until completion of the transaction.

"During 2022 we kickstarted our transformation journey towards becoming a pure play company rooted on a core focus on technologies and services. A key element in this journey is to exit mining activities that are not deemed to be of core strategic importance to FLSmidth. With today's announcement we are accelerating the pace of this exit, while securing customers an option for continued supply of these products and services," comments Mikko Keto, CEO at FLSmidth.

The parties have agreed on a positive enterprise value, however the purchase price has not been disclosed.

The transaction does not impact financial guidance for 2023.