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Danish Financial Supervisory Authority  
Gl. Kongevej 74 A  
DK-1850 Frederiksberg C

Company Announcement No. 03-2012:

### **FLSmidth in negotiations to acquire Australian company Ludowici**

FLSmidth has today entered into an agreement (Process Agreement) with the Australian listed company Ludowici Limited (Ludowici) in relation to its proposal to acquire all of the shares of Ludowici at a price of AUD 7.20 per share, corresponding to an enterprise value of approximately AUD 267m on cash and debt free basis. The price would be reduced by any dividends that Ludowici pays to its shareholders prior to completion.

Ludowici is the world's leading provider of coal centrifuges, vibrating screens and complementary wear resistant products and services for the minerals industries. Headquartered in Brisbane, Australia, Ludowici has a strong presence in many major mining countries such as Australia, South Africa, India, China, Chile, Peru and the US. The company employs approximately 1,000 people globally and is listed on the Australian Securities Exchange (Ticker: LDW, [www.ludowici.com.au](http://www.ludowici.com.au)).

Under the Process Agreement, the Board of Ludowici has granted FLSmidth access to perform a confidential due diligence investigation and the parties have agreed to negotiate the terms of a detailed Scheme Implementation Agreement, reflecting the key commercial terms which have been agreed in the Process Agreement.

The Board of Directors of Ludowici has unanimously resolved to recommend the proposed transaction to Ludowici's shareholders subject to there being no superior proposal and an independent expert concluding that the scheme is in the best interests of the shareholders, assuming that a Scheme Implementation Agreement is signed after completion of due diligence by FLSmidth.

Ludowici Investments Pty Limited and Julian Ludowici and the other Ludowici Directors, who together control approximately 22% of the outstanding shares of Ludowici, have confirmed that, in the absence of a superior proposal, they will support the scheme and, if a Scheme Implementation Agreement is signed, they will vote their shares in favour of the proposed transaction.

FLSmidth's proposed acquisition of the shares in Ludowici is subject to a number of conditions, including satisfactory completion of due diligence by FLSmidth, execution

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of a Scheme Implementation Agreement, approval of the scheme of arrangement by the shareholders of Ludowici, absence of significant negative events, and all necessary regulatory approvals.

### **Strategic rationale and financial highlights**

It is FLSmidth's strategy to become a market leader in every major minerals processing segment of which coal, copper and iron ore are three of the prioritised segments. The acquisition of Ludowici will allow FLSmidth to complete its coal processing flow sheet and improve its copper and iron ore offerings with leading technologies and brands.

With some 450 employees and approximately 65% of its turnover in Australia, the acquisition of Ludowici will significantly expand FLSmidth's presence in this important mining region. Furthermore, the acquisition will support FLSmidth's aspiration to expand its Customer Services offering as approximately 60% of Ludowici's turnover relates to Customer Services activities, including spare parts and consumables.

*"FLSmidth is proud to have been given this opportunity to continue Ludowici's 154 year history of providing leading innovative minerals technology to its customers. What GL&V Process was to FLSmidth in copper, Ludowici would be for FLSmidth in coal. Coal is equal in size to all other minerals segments combined in terms of material handled, and with the addition of Ludowici's products we would be able to offer coal customers a unique One Source solution."*, Group CEO Jørgen Huno Rasmussen comments.

For the twelve months ended on 30 June 2011, Ludowici reported turnover of AUD 211.9m, EBITDA of AUD 25.5m and EBIT of AUD 18.9m. For the financial year ending 31 December 2011 FLSmidth expects, based on publically available information, Ludowici to have generated proforma EBITDA of approximately AUD 28m and proforma EBIT of approximately AUD 22m, including full year effect of the 2011 acquisitions of the two companies Meshcape and Amseal. Ludowici will publish their 2011 results in late February 2012. A price of AUD 7.2 per share represents a premium of 106% over the current share price of AUD 3.50 and equals an implicit EV/EBITDA-multiple in 2011 of 9.5, based on the above expectations.

It is expected that the proposed acquisition would lead to a number of sales and cost synergies. FLSmidth will evaluate potential synergies after completion of the acquisition.

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### Process and time line

The proposed transaction would be effected by way of a scheme of arrangement pursuant to Australian law and would as such be subject to the approval of Ludowici's shareholders and the Australian courts. This process is often used in connection with acquisitions of Australian listed companies.

Over the coming weeks, FLSmidth will conduct commercial, financial and legal due diligence and negotiate the transaction documents, including a Scheme Implementation Agreement with the Board of Directors of Ludowici.

Subject to satisfactory completion of due diligence and agreement on the final terms of the acquisition, FLSmidth and Ludowici anticipate executing the Scheme Implementation Agreement within 7 weeks, with the scheme of arrangement being considered by Ludowici's shareholders in May 2012.

It will be a term of the Scheme Implementation Agreement that the Board of Directors of Ludowici unanimously recommend that Ludowici shareholders vote in favour of the scheme and agree to vote their shares in favour of the scheme, subject only to the qualifications that no superior proposal emerges and that an independent expert recommends that the scheme is in the best interests of Ludowici's shareholders.

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Please address any questions regarding this announcement to Group Chief Executive Officer Jørgen Huno Rasmussen, FLSmidth & Co. A/S at +45 36 18 18 77.

For further information about FLSmidth, please visit [www.flsmidth.com](http://www.flsmidth.com).

Yours faithfully

Pernille Friis Andersen  
Corporate Communications & Investor Relations

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