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

Company Announcement No. 07-2012:

## **FLSmidth Offers AUD 10 per Share for Australian Company Ludowici**

Today, FLSmidth has entered into a Scheme Implementation Agreement with Ludowici Limited (Ludowici) under which FLSmidth has agreed to pay AUD 10.00 per Ludowici share for all shares of Ludowici which it will acquire by way of a scheme of arrangement. The price will be reduced by any dividends that Ludowici pays to its shareholders prior to completion. The price corresponds to an enterprise value of approximately AUD 358m on cash and debt free basis.

The price offered represents a premium of 186% over the share price on 18 January 2012 of AUD 3.50 and equals an implicit EV/EBITDA multiple in 2011 of 12.8x, based on FLSmidth's expectation of proforma 2011 EBITDA of AUD 28m.

Under the Scheme Implementation Agreement, Ludowici may pay an ordinary dividend of up to AUD 0.20 per share and a special dividend of up to AUD 0.60 per share, the special dividend being payable only if the scheme becomes effective. Ludowici's primary bank, HSBC, has provided confirmation that it will consent to the payment of a special dividend of up to 0.60 per share and waive any possible breach under Ludowici's finance documents, provided FLSmidth acquires all shares of Ludowici under the Scheme Implementation Agreement.

On 23 January 2012, FLSmidth announced that it had entered into an agreement (Process Agreement) with the Australian listed company Ludowici in relation to its interest to acquire all of the shares of Ludowici at a price of AUD 7.20 per share less any dividends paid (see announcement no. 3/2012 of 23 January 2012). The proposed increase in the offer price to AUD 10.00 (less any dividends paid or declared by Ludowici before the transaction is completed) will not proceed if the application to the Australian Takeovers Panel (described below) results in the Panel making orders that have the effect that the offer cannot proceed, including because the Panel determines that the statement, which is the subject of the application was a last and final statement and must not be resiled from.

The Board of Directors of Ludowici has unanimously resolved to recommend the proposed transaction to Ludowici's shareholders, subject to the Scheme Implementation Agreement becoming binding (see below), there being no superior proposal and an independent expert concluding that the scheme is in the best interests of the shareholders.

Ludowici Investments Pty Limited, Julian Ludowici and the other Ludowici Directors, who together control approximately 22% of the outstanding shares of Ludowici, have confirmed

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that, in the absence of a superior proposal and assuming that the Scheme Implementation Agreement becomes binding, they will support the scheme and vote their shares in favor of the proposed transaction.

The Scheme Implementation Agreement is subject to a number of conditions, including that it will not become binding until the Australian Takeovers Panel determines the application described below, approval of the scheme of arrangement by the shareholders of Ludowici, approval of the Scheme by the competent Australian court, all necessary regulatory approvals and the absence of certain material negative events. FLSmith's offer is no longer subject to due diligence.

### **Competing Proposal and Australian Take-Over Panel**

On 10 February 2012, Ludowici announced that it had received a competing non-binding, indicative and conditional proposal from Weir Group PLC (Weir) to acquire all of the issued share capital of Ludowici for an indicative price of AUD 7.92 per share in cash (less any dividends paid or declared by Ludowici before the transaction is completed) under a scheme of arrangement, subject to satisfactory due diligence and on similar terms as outlined in Clause 2 of the Process Agreement. Weir has made an application to the Australian Takeovers Panel seeking (among other things) an order that FLSmith be restricted from increasing its offer to Ludowici's shareholders on the basis of a submission that FLSmith has made a last and final offer that it is not allowed to increase (For further information see Australian Takeovers Panel media release TP12/004 dated 14 February 2012 and media release TP12/05 dated 16 February 2012).

FLSmith will take whatever steps it deems appropriate in defending itself against Weir's application to the Australian Takeovers Panel.

The Australian Takeovers Panel has made no comment on the merits of the application and Panel procedures prevent all parties from commenting until the Panel publishes its reasons.

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

Yours faithfully

Pernille Friis AndersenCorporate

Communications & Investor Relations