

FOR IMMEDIATE RELEASE

FLSMIDTH SAYS PROJECT FINANCE THROUGH EKF IS “A FUNDAMENTAL GAME CHANGER”

In the current financial climate, raising funds for industry projects has become considerably more challenging compared to the pre-global economic crisis era. While funding avenues are still available to mining companies, the requirements have become very stringent, reflecting the low risk appetite prevailing in today’s banking sector. Against this background, a fundamental game changer for FLSmidth is its ability to help clients raise a portion of the necessary finance through Danish export credit agency EKF.

EKF is owned and guaranteed by the Danish state, but operates as a modern financial enterprise. The agency assists Danish companies to make it possible and attractive for customers abroad to purchase Danish products by helping to raise financing.

Terence Osborn, capital sales & marketing manager at FLSmidth explains: “For the past three years we’ve been implementing and informing the market about our One Source capability. ‘One Source’ highlights FLSmidth’s promise of being a complete solutions supplier to the mineral industries, including after sales service and support.

“We own complete suites of technology across core mineral flow sheets and the One Source objective is to take the same concept forward by offering complete solutions in these core mineral industries. There are a number of industries around the world that have moved through a lifecycle of product supply, to island supply and then to full solutions supply. We’ve seen this happen, for example, in cement and pulp and paper and now there’s a trend towards full solutions in the minerals processing arena.

“FLSmidth is seeing tremendous growth in our portfolio in this regard and our success is being underpinned by the unique market differentiator of being able to help our clients access EKF financing. As a Danish company, we can approach EKF on their behalf to consider underwriting finance on projects they would view as worthy of making an investment. Dependent on our

equipment sourcing, we may also have the flexibility to introduce other relevant export credit agencies. The larger the FLSmidth scope is, the larger the export credit involvement may be.”

FLSmidth is geared up to market complete solutions capabilities to the copper and associated base metals sector, including platinum, as well as the gold, coal, iron ore and fertiliser sectors. The company has made significant investments into completing the flow sheets for minerals processing solutions associated each of these commodities and is now in a position to offer complete solutions, together with the aftermarket lifecycle and service support into the future.

“In the event that a customer wishes to partner with FLSmidth on a complete project solution, we’re willing to become a long term stakeholder in that project,” says Osborn. “A key element of this involvement is the possibility of EKF assistance or other export credit agencies, if relevant.

“EKF’s approach is the same as any other financial institution. The agency conducts a due diligence of a project along similar lines to the approach taken by banks. If, after this, EKF is interested in supporting the project, it will underwrite a portion of the finance and this is linked to the proportion of the scope of the FLSmidth contract. Since it is a Danish entity providing the underwriting, the advantage to our customers is the additional credibility attached to their project that often helps them to go to the market and successfully raise the remaining funds necessary. In essence, it de-risks the project to a certain extent. Obviously the client company then has to make its own evaluation as to whether the funding arrangement EKF offers is feasible to its business circumstances.

“These deals are relatively new and there are not many multinational organisations in South Africa capable of presenting this type of solution, which makes this an interesting option in the local mining industry, particularly to junior and mid-cap miners.”

FLS AT MINING INDABA PIC 01 : FLSmidth Site Services offers a complete range of on-site services to help maximise plant availability.

FLS AT MINING INDABA PIC 02 : Typical WEMCO flotation cells.

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