

KHD Humboldt Wedag International AG, Cologne



**Interim announcement pursuant to Section 37x of the
German Securities Trading Act (WpHG)
as of 11 November 2011**

ISIN: DE0006578008

German Securities Identification Number (WKN): 657800

Ticker symbol: KWG

www.khd.com

Highlights of the third quarter 2011

- Order Intake of € 127.8 million in the third quarter
- Order intake of € 215.2 million for the first nine months
- Order back log of € 353.0 million at the end of the third quarter
- EBIT of € 15.7 million after nine months
- Consolidated net income of € 13.8 million after nine months

Key figures in overview

in € million	Legal			Legal		Change in %
	30/09/2011	30/09/2010	Change in %	30/09/2011	Pro forma *) 30/09/2010	
Order intake	215.2	227.3	-5.3	215.2	266.4	-19.2
Order backlog	353.0	361.3	-2.3	353.0	361.3	-2.3
Revenue	165.6	188.6	-12.2	165.6	209.6	-21.0
Gross profit	39.3	41.0	-4.1	39.3	44.5	-11.7
EBIT	15.7	17.8	-11.8	15.7	19.6	-19.9
EBT	18.4	19.7	-6.6	18.4	21.7	-15.2
Net profit for the period	13.8	9.5	45.3	13.8	10.6	30.2
EPS in euro cents	0.29	0.29	0.0	0.29	0.32	-9.4
Cash and cash equivalents	309.5	259.5	19.3	309.5	259.5	19.3

*) Expanded Group structure

Market environment

Whilst KHD Humboldt Wedag International AG (also referred to as "KHD" or the "Group") performed well in the third quarter, the world economic development has become more uncertain at the same time. This uncertainty has been mainly caused by the turbulences on the financial markets as a result of the high sovereign debt in some countries of the Euro Zone and the USA. The negative development on the financial markets has already influenced the growth outlook for most economic areas.

The IMF expects economic growth rates for the BRIC states between 5% and 10% in 2011 and then slightly lower in 2012. Although factors such as increasing urbanisation, demographic trends and infrastructure requirements will continue to positively affect construction activity levels and thus cement consumption levels in these regions.

Together with the BRIC states the other emerging markets will drive future growth. The Chinese market continues to be the world's largest market for cement with approximately 50% share of worldwide consumption. Although one of the main objectives of our partnership with AVIC International Beijing (AVIC) is to secure EPC business outside of China, this important cooperation also puts KHD in a position to make inroads into the Chinese market, where environmentally-friendly and energy efficient technologies will play an ever-increasing role. We also see signs that the market in Russia, where KHD has a strong position, is slowly recovering and we expect to see positive signals from this market in 2012.

Order intake and order backlog

KHD is one of the world's leading providers of plants and services for the cement industry and generated an order intake of € 127.8 million in the third quarter 2011, cumulating to € 215.2 million as per the end of September 2011 (previous year; on a proforma basis: € 266.4 million). This is a significantly stronger order intake quarter than the two previous quarters and well ahead of the half-year figure of € 87.4 million as per 30 June 2011.

The increase in order intake in the third quarter of 2011 relates in particular to a contract with an undisclosed cement producer concerning two new cement production lines entailing a total volume of approximately € 80 million. This order includes basic and detail engineering, equipment supply, and advisory supervision services. As a consequence of the favourable order intake, the backlog was € 353.0 million as of 30 September 2011, significantly higher than the € 284.4 million reported per 30 June 2011.

Operating Results

Operations generated € 165.6 million of revenue in the first nine months of 2011. Revenue was down by 12.2% to € 165.6 million, compared with € 188.6 million reported in the comparable prior-year period. This decline was particularly due to the low level of order intake in the 2009 recession year and the postponement of planned new orders from the first half of the 2011 financial year. In addition the execution of some of the current orders were postponed due to the prevailing uncertainty in some markets. Revenue fell from € 209.6 million to € 165.6 million on a pro forma basis.

Gross profit decreased from € 41.0 million to € 39.3 million in the reporting period. This represents a gross profit margin of 23.7% (previous year: 21.8%). EBIT of € 15.7 million (previous year: € 17.8 million) represents a 9.5% margin for the first nine months of the 2011 financial year.

Sales expenses rose compared with the first nine months of 2010 due to a higher level of activities in tendering for new cement plant technology for our worldwide customers. While general and administrative expenses increased slightly over the prior-year period on a pro forma basis, the Group was able to reduce other expenses (pro forma) significantly in comparison to the first nine months of 2010. This primarily relates to expenses incurred in the first half of 2010 for short-time work at Group company Humboldt Wedag GmbH.

Other operating income of € 4.1 million (previous year: € 2.0 million) had a positive impact on earnings at the end of the third quarter of 2011. During the third quarter 2011 KHD was able to successfully acquire a further 50% stake in its subsidiary OOO KHD Humboldt Engineering, Moscow, Russia (KHE). Until this time KHD held only 50% as a joint venture partner. Upon completion of this step acquisition the previously held equity interest in KHE was re-measured at fair market value as per the acquisition date and gains from this re-measurement amounted to € 2.4 million.

The net financial result remained significantly positive at € 2.8 million (previous year: € 1.9 million). Interest income from the company's continued high level of liquidity, and income from forward currency transactions continued to contribute in this context. KHD generated earnings before tax (EBT) of € 18.4 million, compared with

€ 19.7 million in the previous-year period. Both diluted and basic earnings per share legally stood at € 0.29, unchanged when compared with 30 September of the previous year.

Total assets increased to € 457.8 million versus €413.3 million as per 31 December 2010.

Equity rose mainly due to the capital increase carried out in the first quarter of 2011. On 30 September 2011 the equity ratio was 51.3 %, which continues to underline the Group's healthy capital structure.

Within non-current assets, goodwill was up due to the purchase of a further 50% of the shares in KHE. KHD is now a 100% shareholder in KHE.

Within current assets, cash and cash equivalents underwent a slight reduction in comparison to 31 December 2010. In this context it should be noted that € 30.1 million of short-term fixed interest securities were acquired in the second quarter of 2011 which continue to be reported as of 30 September 2011 as other financial assets. Within cash and cash equivalents € 13.2 million comprises of restricted cash deposited for bank guarantees. Net proceeds of € 74.6 million from the capital increase contributed to an increase in cash and cash equivalents while the € 56.4 million net cash outflow from operating activities exerted a lowering effect. Of this amount, € 25.6 million was attributable to income tax payments.

Non-current liabilities remained at a stable level in comparison to 31 December 2010 (€ 49.2 million) and amounted to € 52.1 million as of 30 September 2011.

Within current liabilities, trade payables fell to € 86.3 million (31 December 2010: € 92.4 million). The marked reduction in income tax liabilities to € 3.2 million as of 30 September 2011 from € 20.9 million as 31 December 2010 is primarily due to tax payments for the financial year 2010.

Outlook

Due to economic uncertainties and the instability of the financial markets many customers are postponing final decisions on major projects throughout the industry. In India, rising capital costs, fewer government projects, land acquisition issues and delays in construction activities are impacting Indian cement consumption. Indian cement consumption is only expected to grow by 6% in 2012 vs. an average growth rate of 9% (CAGR) until now (Cemweek Oct. 2011). For 2011, Exane BNP Paribas sees Indian cement consumption growing at only 5%.

However, we believe that the positive trend in order intake will continue into the fourth quarter of 2011. This obviously strongly depends how the current overall economic uncertainty eases and how comfortable our customers are of the future growth outlook to decide to invest in the new cement capacity.

Due to customer postponements in project execution the Group expects that the previously projected revenues (August 2011) of € 270 million will not be attained. Nevertheless KHD retains its EBIT guidance of € 16 - € 19 million for the current financial year.

As a result of the new orders, projects that are in the negotiation stage, our ever-stronger partnership with Weir Minerals in the mining industry as well as numerous EPC cement plant offers submitted together with KHD's cooperation partner AVIC, KHD is strengthening its position in the growth markets of the cement industry. In addition, KHD has opened sales offices in Turkey and Brazil and has recently established a customer service and procurement center in Beijing.

All of these actions plus our strong focus on the parts and service business will help us to further strengthen our position in the industry.

Cologne, 11 November 2011

The Management Board