

## Investor and analyst webcast presentation

Jouni Salo, CEO

Ralph Quellmalz, CFO

Yizhen Zhu, COO Asia Pacific



# CEMENTING A STRONGER FUTURE

## Agenda

**Business and Market**

Financial Performance

Outlook 2013

Strategic Direction

## New CFO - Ralph Quellmalz

- Fully operational as CFO on day one
- Strong understanding of KHD's business and markets
- Experience in corporate governance, compliance and operational matters associated with listed companies
- Very familiar with restructuring measures, acquisitions / disposals and spin-offs and conducting due diligence processes
- Leading investor relations activities and communication with all stakeholders



## Cement markets sluggish at the beginning of the year

### Market Environment in Q1

- No significant signs of recovery in India and Turkey
- Prospects for Latin America remain uncertain, while US stabilizes
- Asia-Pacific largely back on track with Chinese cement consumption increasing
- Positive trend in Russia

### Medium to long-term perspectives

- Cement consumption boosted by construction activities
- BRIC, IST and emerging markets are key drivers of future growth

#### India



- Continued low capacity utilization
- No positive trend yet

#### Turkey



- Slowdown in Europe continues to affect Turkish market

#### Russia



- Strong consumption growth continues
- Investments in infrastructure

## Agenda

Business and Market

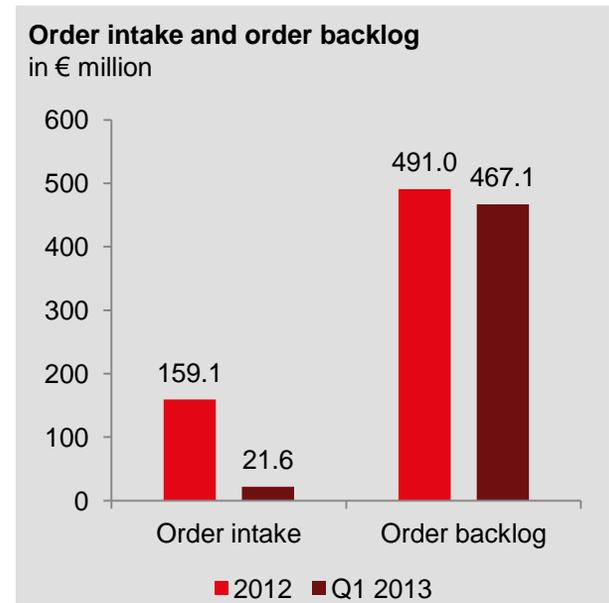
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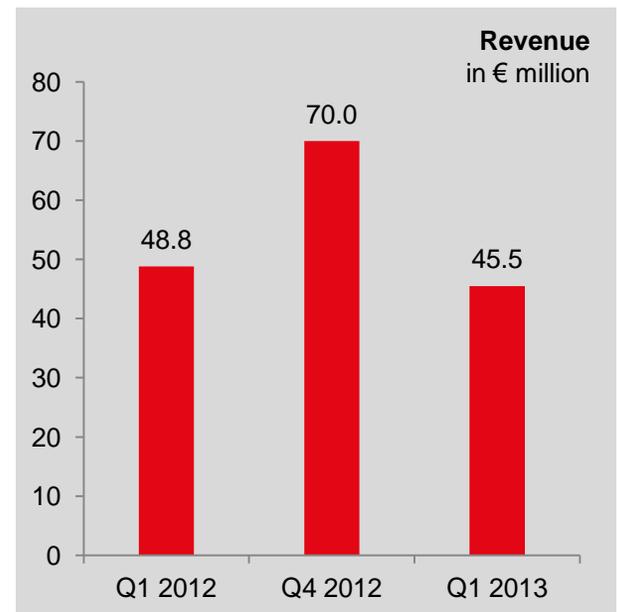
## Order backlog remains high

- Continued high level of order backlog mainly from previous year's orders in Malaysia, Russia, India and Italy
- No new major projects in Q1 2013 order intake – *Previous year's figure impacted by orders from Malaysia and Venezuela*
- Increase in order intake expected – *KHD is well-positioned in tenders for strategic projects in several important regions*
- Major portion of order intake in Q1 2013 comes from spare parts and service business



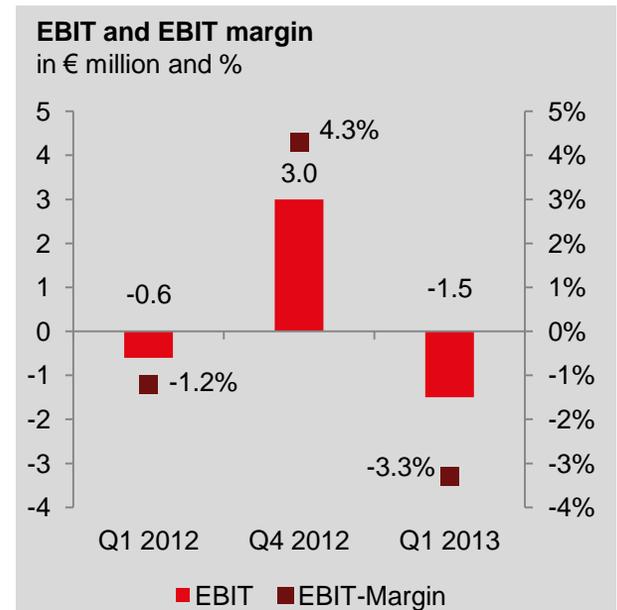
## Revenues continue to be impacted by delays in project execution

- Significant revenue contributions from projects in Malaysia and Venezuela as well as from the parts and services business
- Other major projects still in early stages of execution, with full revenue potential during the remainder of 2013 and in the following years
- Increase in revenue expected in remaining quarters of the 2013 financial year



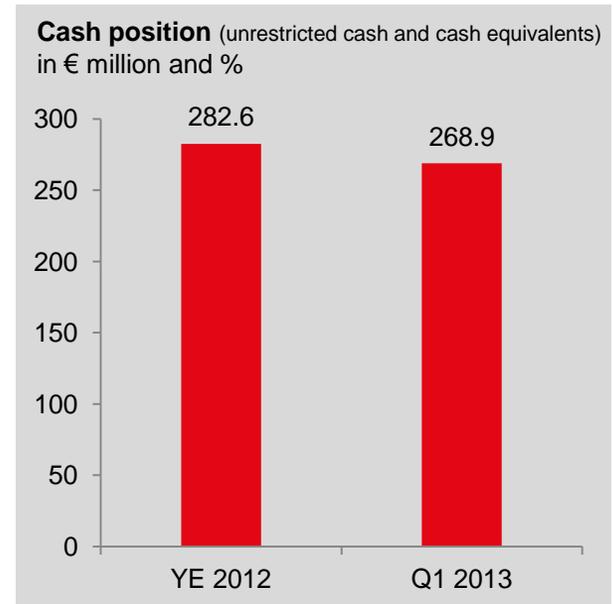
## Margin under pressure

- Orders won under fierce competition continue to put pressure on margins
- Gross profit margin decreased from 17.2% to 14.0%, in line with expectations - € 2.1 million decrease in gross profit was partially compensated by strict overhead cost management
- Cost management thus limits drop in earnings before interest and tax (EBIT) to € 0.9 million with EBIT coming in at € -1.5 million (previous year € -0.6 million).
- Net result of the period at € -0.7 million (previous year: € -0.2 million) translates to diluted and basic earnings per share of € -0.01 (previous year: € 0.00)



## Cash Position

- Cash and cash equivalents show slight decline, but remain strong
- Cashflow from operating activities € -14.1 million (previous year € -22.0 million)
- No significant impact on cash and cash equivalents from investing activities (€ -0.3 million) and financing activities (€ 0.7 million)



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## Unchanged Outlook for 2013

- Market remains sensitive and uncertain
- Modernization projects and environmental upgrades will play a stronger role going forward – *Despite overcapacities in some regions*
- Solid order intake and increase in order backlog expected – *KHD is well positioned in upcoming strategic projects*
- High level order backlog should trigger increase in revenue for full year – *Executing current projects in focus*
- Lower gross profit projected in 2013 – *Due to execution of lower margin projects, won under fierce competition*
- Thanks to ongoing cost optimization and increased competitiveness a slight increase in EBIT margin should be achievable

### India



- Timing of market comeback still questionable
- 70% utilization predicted for 2013

### Turkey



- Slowdown in Europe will affect growth in Turkey
- Utilization 60% - 70% predicted

### Russia



- New projects expected, including modernization projects
- Access to financing still an issue

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**Strategic Direction**

## Group strategic initiatives 2013 and onwards

- Strong focus on project execution and profitability
- Expansion of service business
- Simplified legal and operational structure
- Continued development of KHD competitiveness by strengthening our resources and capabilities in low-cost regions
- Reduce SG&A costs in 2013
- Intensified focus on acquisitions



## License agreement with Weir Minerals

- Exclusive and perpetual license agreement with Weir Minerals – *Replaces previous agency setup*
- Several KHD technical staff will be offered employment with Weir
- KHD to receive royalty payments on equipment and spare part sales.
- Allows KHD to participate in the HPGR growth story in minerals without the cost – *KHD can concentrate on core business*



## Disclaimer for Forward-Looking Information

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