

Investor and analyst webcast presentation

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CEMENTING A STRONGER FUTURE

2013 in brief

Industry

- Overall low level of new projects awarded in the industry
- Continued delays for additional cement capacity projects
- Amount of environmental and modernization projects grew as expected
- Strong competition and margin pressure

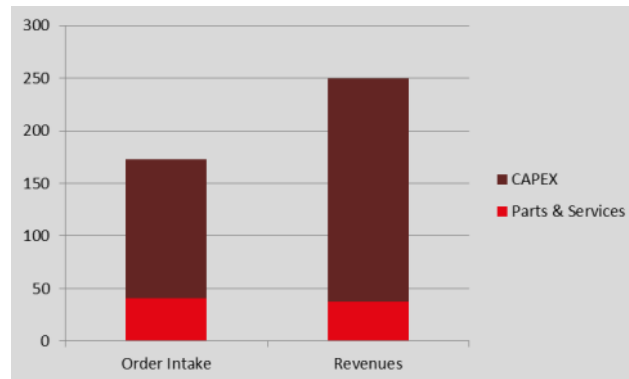
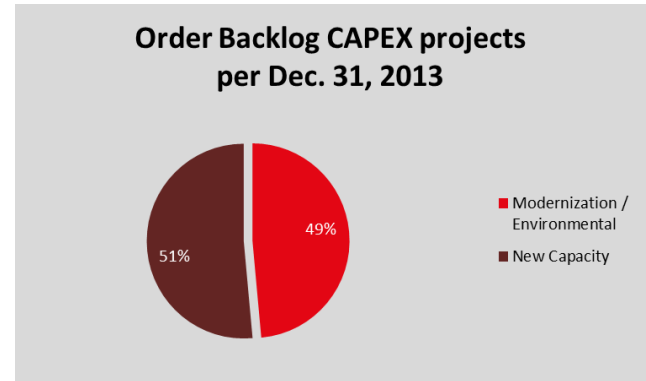
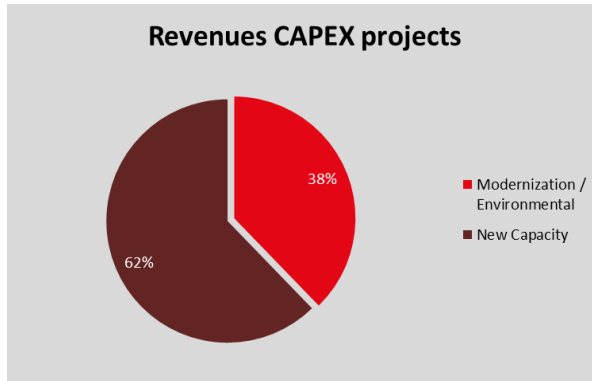
Business

- KHD advanced technology helps to win projects in difficult market
- Won strategic environmental project in the USA - in addition to previously won Lafarge environmental projects in North America
- New modernization project in Russia
- KHD maintains leading position in Turkey
- Parts & Services business unit established

Financials

- Increase in revenue
- Execution of low-margin projects and difficulties in project execution led to lower EBIT margin
- Continued solid liquidity
- Stable equity
- Decrease in order backlog, but still at reasonable level

Business Snapshot 2013



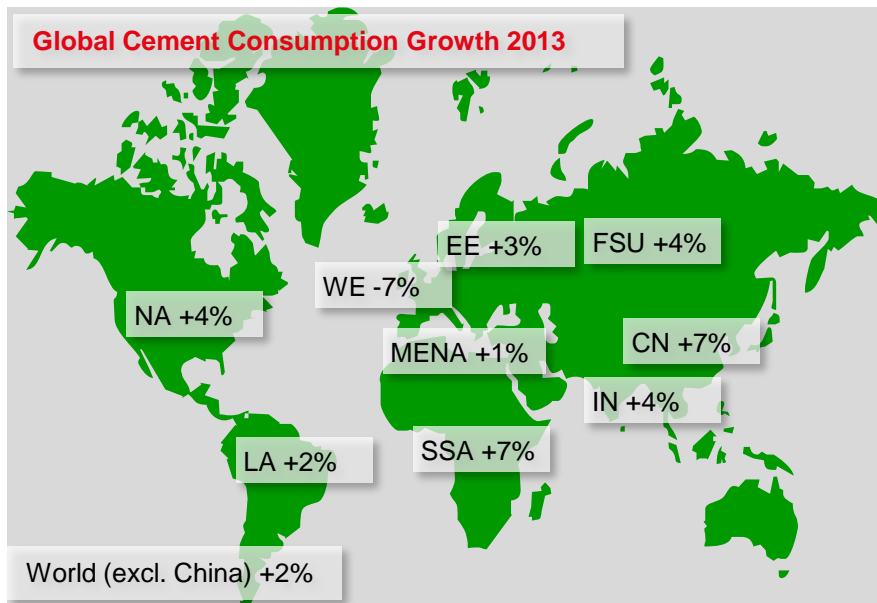
Agenda

Business Performance

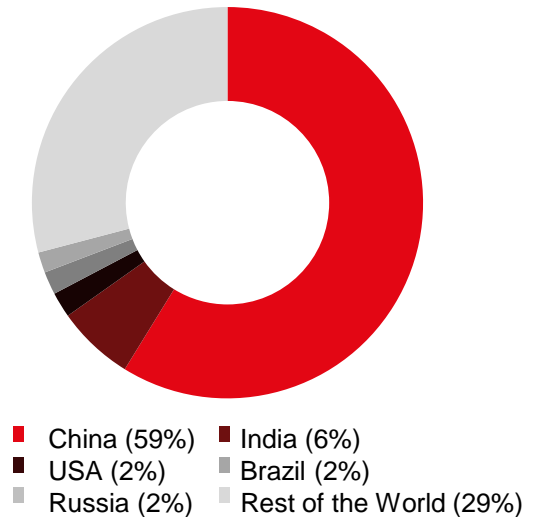
Financial Performance

Outlook 2014

2013 market growth below expectations



Share of Consumption in %



Source: ICR Research/ Morgan Stanley 2014, CW Group Report 2012

Key markets

India

- Disappointing economic growth
- Low capacity utilization and rising costs delayed investments
- Increased fear of inflation as currency came under pressure

Russia

- Sluggish growth, but strong construction activity
- Primarily modernization investments

Americas

- Strong recovery in North America
- Growth driven by environmental regulations and increased cement demand
- Latin America consumption growth below expectations

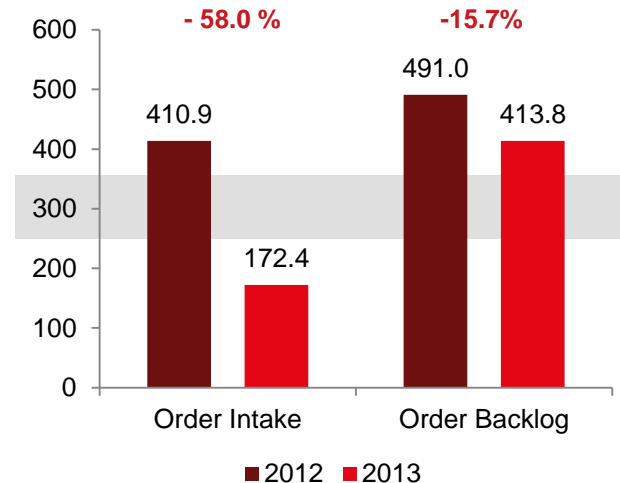
Turkey

- Economy and cement market recovery along with strong construction activity
- Political landscape led to increased insecurity towards year-end

Winning projects despite very difficult market

- Order intake decrease in the first three quarters followed by strong order intake of € 89.6 million in Q4
- KHD advanced technology secures order with Volsk Cement for modernization project € 77 million – total project value
- Additional orders for Clean Technology in the US (Holcim) and new cement capacity in Turkey (Bati Anadolu, Limak Bati)
- Parts & Services order intake equaled 23% of total full year order intake
- Decrease in order backlog, but remains at reasonable level

Order backlog and order intake
in € million



R&D: Securing Technological Leadership

- KHD continued strong focus on R&D with € 3.2 million investment in 2013 focusing on
 - Standardization to increase competitiveness in the market
 - New environmental solutions to help customers to meet their environmental needs and secure a cleaner environment for all of us
 - Service products to support customers in reducing their total cost of ownership

- 24 patents in 2013



Parts & Services: Added Value for Customers – Lower cost of Ownership



- New business unit with clear global roles and responsibilities
- Investments in R&D to develop new service products
- Building service team for more frequent plant visits and stronger customer support
- Business unit set up in order to achieve Group target of making Parts & Services 30% of total revenues

Agenda

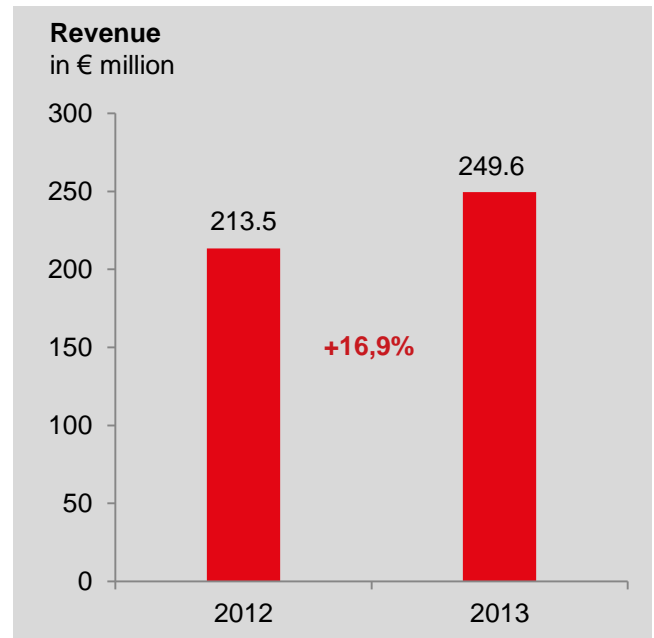
Business Performance

Financial Performance

Outlook 2014

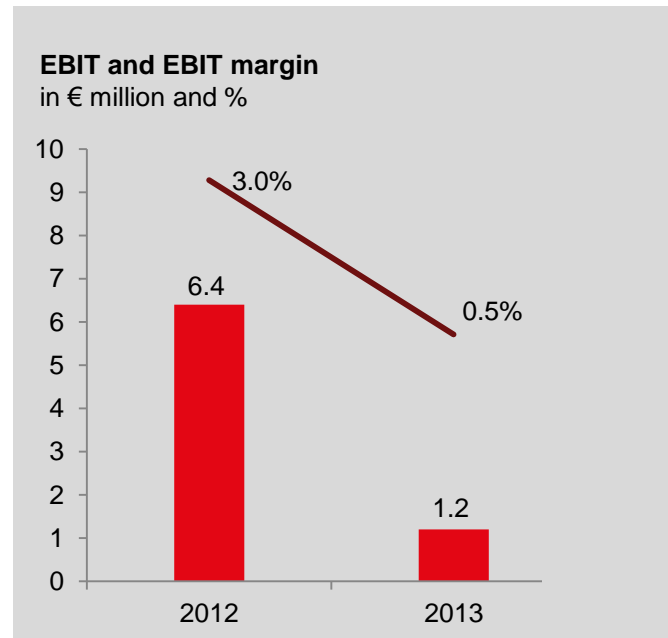
Significant revenue increase

- Major revenue contributions from projects in Malaysia, Venezuela and Italy
- Project execution for projects Malaysia, Venezuela and Turkey with our strategic partner AVIC contributed 30% to total revenues
- Parts & Services revenue equaled 15% of total revenues

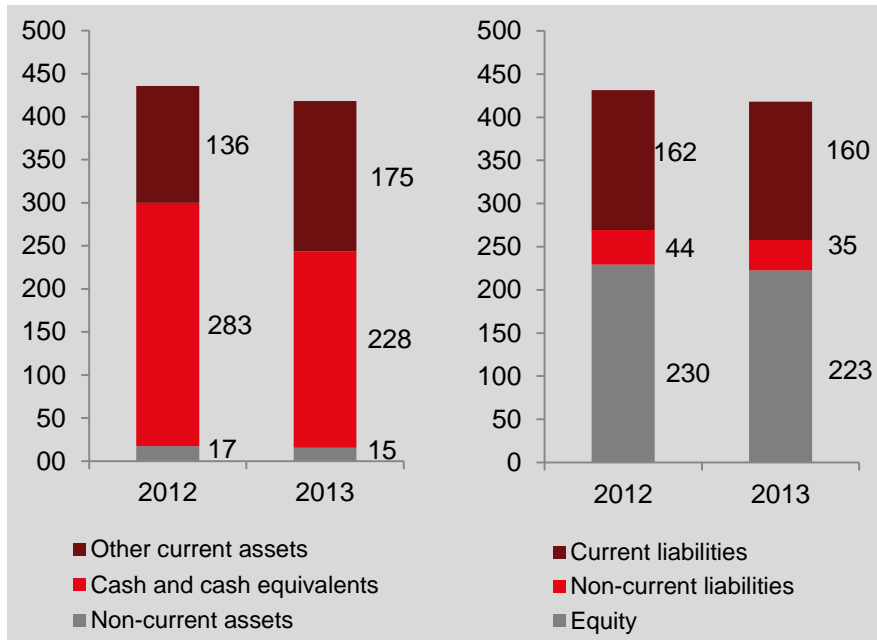


Lower EBIT - Difficulties in project execution and low-margin projects

- Gross profit declined from € 43.8 million to € 29.4 million; gross profit margin down from 20.5% to 11.8%
- Counter measures taken:
 - More focused tendering towards our strategic customer segment and projects led to reduction sales expenses of € 4 million
 - Reduction of administrative expenses from € 18.5 to € 16.0
- Continued strong focus on R&D with € 3.2 million investment

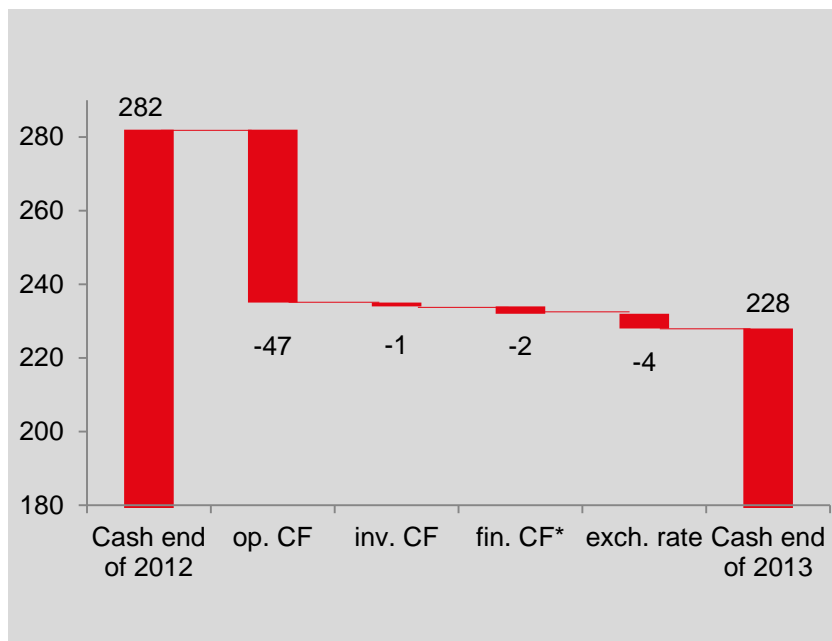


Balance Sheet: Continued high levels of equity and liquidity



- Increase in other current assets stemming from increase in receivables and amounts due from customers
- Reduced cash due to negative operating cash flow of € -47.1 million
- Equity ratio remains high at 53.2%

High level of cash despite outflows from operating activities



* excluding restricted cash

- Negative cash flow from operations resulting mainly from low order intake and a high number of projects close to completion
- Due to current market conditions, payment terms are less favorable than in the past
- Total restricted cash at € 28.1 million
- Cash and cash equivalents incl. restricted cash amount to € 228.2 million

Agenda

Business Performance

Financial Performance

Outlook 2014

Outlook – Markets 2014

Economic Growth

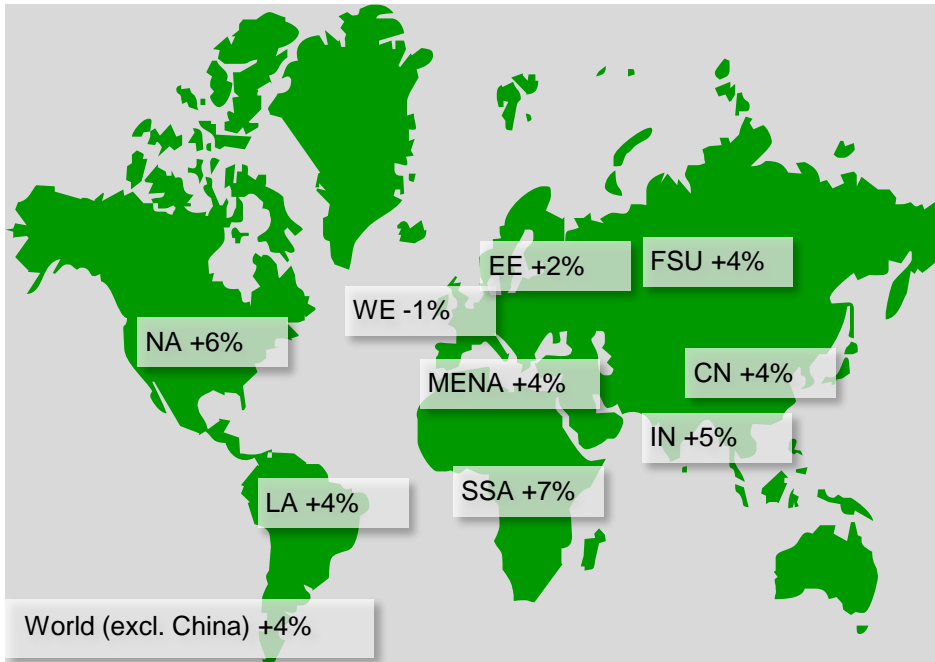
- Progressive recovery expected to continue in North America
- India is expected to recover after general elections in May 2014
- Russian situation recently turned unstable and is difficult to predict
- Strong economic growth expected to continue in Sub-Saharan Africa

Capacity expansion

- Demand for new capacity expected to remain subdued
- Share of environmental and modernization projects expected to increase
- Fierce competition continues to put pressure on margins

Sources: Morgan Stanley Global Cement 2014 Outlook, IMF World Economic Outlook

Outlook – Markets 2014



Source: ICR Research/ Morgan Stanley 2014



Group strategic initiatives 2014 and onwards

- Intensified cooperation with our major shareholder AVIC, especially in the areas of competitiveness and marketing
- Open new markets with AVIC for EPC projects, like Sub-Saharan Africa and Latin America
- Focus on environmental and modernization projects in North America
- Improve project execution and profitability
- Expand service business with new business unit “Parts & Services”



Takeover offer well-received

Takeover offer accepted for **44,244,113 KHD shares** by the end of the additional acceptance period (January 13, 2014) corresponding to approximately **89.016%** of KHD's share capital and voting rights.

(including the KHD shares held by Max Glory and the KHD shares, which the bidder AVIC International Engineering Holdings Pte. Ltd. acquired upon completion of share purchase and transfer agreement listed under 5.4 of the offer documents)

Benefits for KHD

- Improved competitiveness in a difficult market environment
- Unique position for EPC projects
- Better access to African, Asian (including China) and Latin American markets
- Upward margin potential – German technology with Chinese speed and cost

Group financial outlook 2014

- Significant increase in order intake expected due to projected market improvement
- Revenue expected on the same level as in 2013
- Positive cash flow from operations mainly due to higher order intake
- We foresee unsatisfactory gross profit margin in 2014 due to projects won under fierce competition
- Recently won environmental and modernization projects are forecasted to increase gross profit margin in the future
- Only slightly positive EBIT and EBIT margin, despite positive contribution from Parts & Services business
- Financial position expected to remain stable

THANK YOU



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Disclaimer for Forward-Looking Information

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company to differ materially from the expectations of the Company include, among other things, general business and economic conditions globally, commodity price volatility, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labor relations and work stoppages, changes in political and economic stability, the failure to meet certain conditions of the offer and/or the failure to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all, the inability to successfully integrate the operations and programs of businesses and/or companies acquired with those of the Company, incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to integration of acquired businesses, disruptions in business operations due to reorganization activities and interest rate and currency fluctuations. Such forward-looking statements should therefore be construed in light of such factors. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in our financial statements for the year ended December 31, 2013.