

**KHD**

**HUMBOLDT WEDAG  
INTERNATIONAL AG**

## **Half Year Report 2011**

Management Board

Jouni Salo, CEO

Manfred Weinandy, CFO

Yizhen Zhu, COO Asia Pacific

August 12, 2011

## 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, 2010.

## Agenda

I. Highlights 2011

II. Financials

III. Outlook

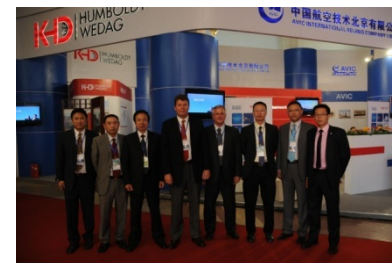
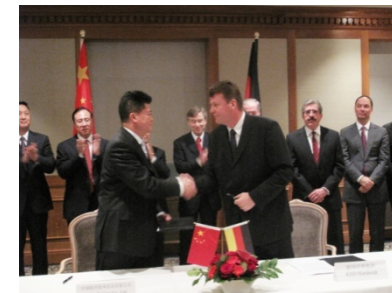
## Highlights H1 2011 – Customers and Organization

- New orders in Turkey totaling approximately Euro 20 million
- Account management team better aligned to serve customers, including new account managers for Africa - Establishing a sales and service presence in Turkey, South Africa and Brazil
- Improving operational headquarter organization located in Cologne to better serve all Customer Service Centers

## Highlights H1 2011: Cooperation with AVIC



- Cooperation Agreement signed in presence of German and Chinese foreign trade ministers in Berlin in Feb 2011
- COO Asia Pacific, Yizhen “Mario” Zhu installed and working in Cologne Headquarters since April 2011
- Joint stand at largest cement trade show in China in April 2011
- AVIC/KHD Chinese procurement center up and running since May 2011
- Official launch of Customer Service Center APA (Asia Pacific) in June 2011
- Engineering teams already working very closely together on many EP and EPC proposals in Africa, S. America and Asia



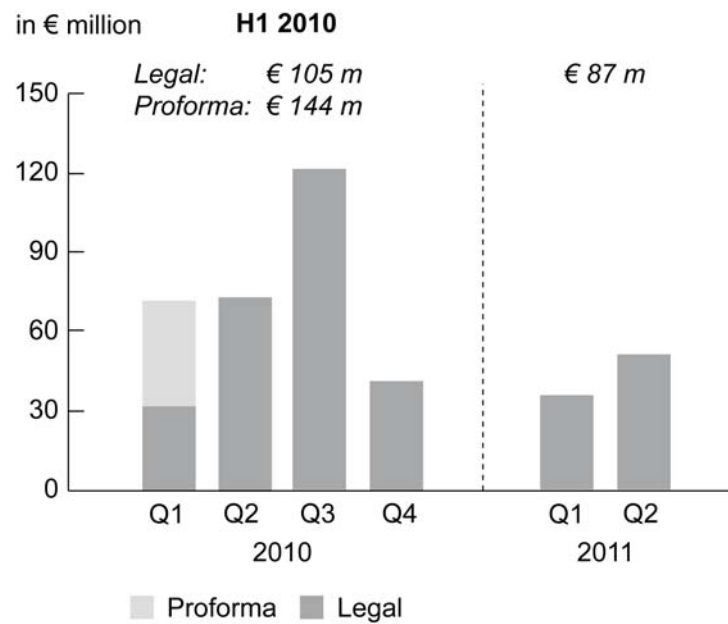
## Highlights H1 2011 – Weir Partnership



- Partnership accounted for almost 60% of total KHD Group Order Intake in Q1 2011 - *continuous OI due to After Market service of existing machines in AUS, Chile and China*
- Now servicing customers directly on site – refurbished rollers in Australia and Chile. In former times these would have had to been sent back to Germany
- Over 50 service engineers have been trained in Cologne; further ongoing hands on training in various regions
- Attended numerous trade shows in Chile, AUS, US, RSA and India. China is planned for the next big mining show.

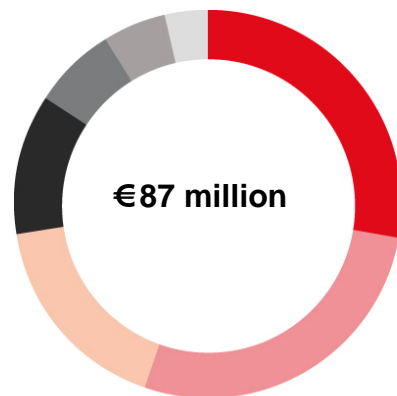


## Key figures H1 2011: Order intake



- Market H1 started slower than expected with € 87 million order intake
- Strong position in Turkish market
- HPGR minerals business made major contribution to order intake in Q1

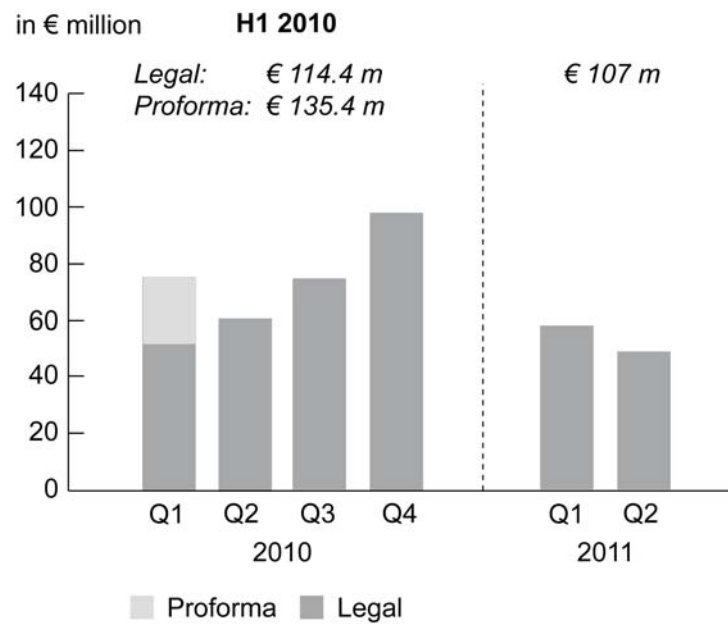
## Order Intake per June 30, 2011



|                  |     |
|------------------|-----|
| ■ Turkey:        | 29% |
| ■ India:         | 28% |
| ■ South America: | 17% |
| ■ North America: | 12% |
| ■ Africa:        | 5%  |
| ■ West Europe:   | 5%  |
| ■ Russia:        | 4%  |

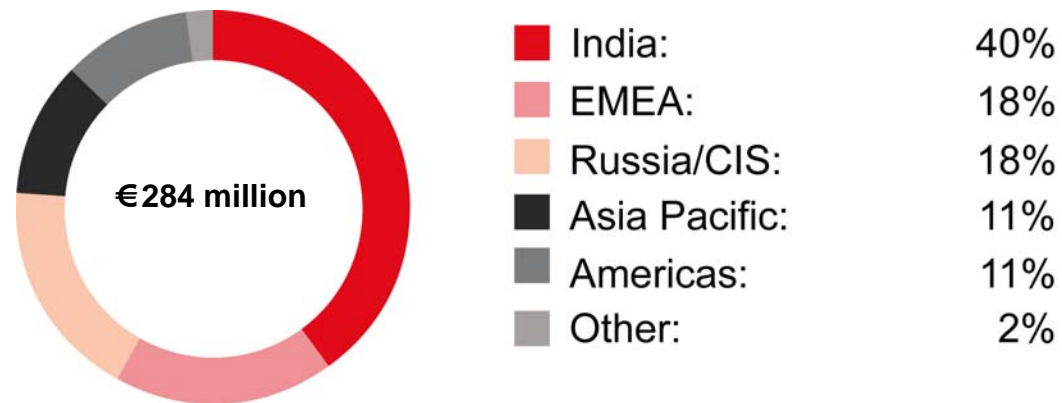


## Key figures H1 2011: Revenues



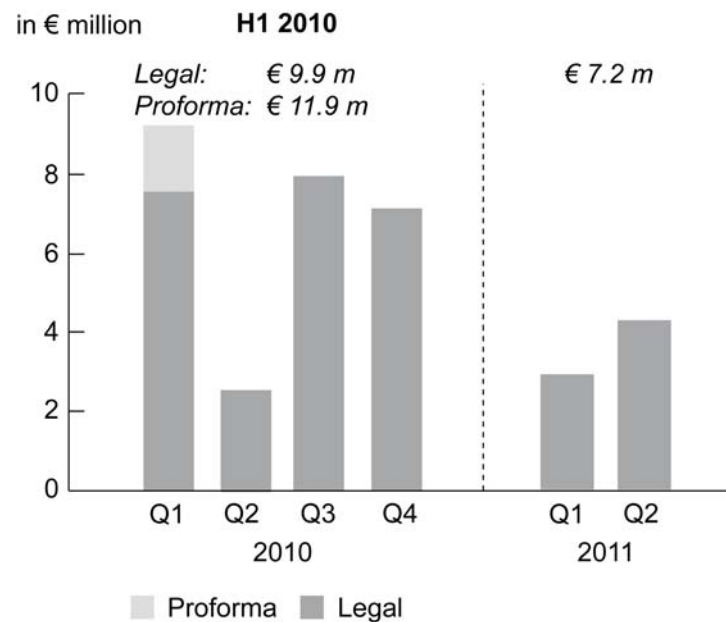
- Revenue cycle 12-36 months
- Impacted by lower order intake from last 3 quarters and in 2009
- Major portion from India (€45 million) and Russia (€29 million)
- Backlog € 284 million

## Order Backlog per June 30, 2011



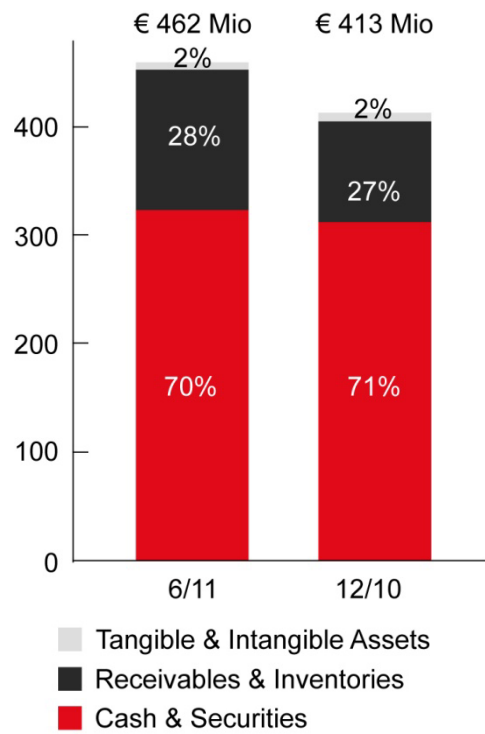
Due to the slower than expected order intake, order backlog in 1st H1 2011 is currently lower than previous year (€314 million) at this time

## Key figures H1 2011: EBIT

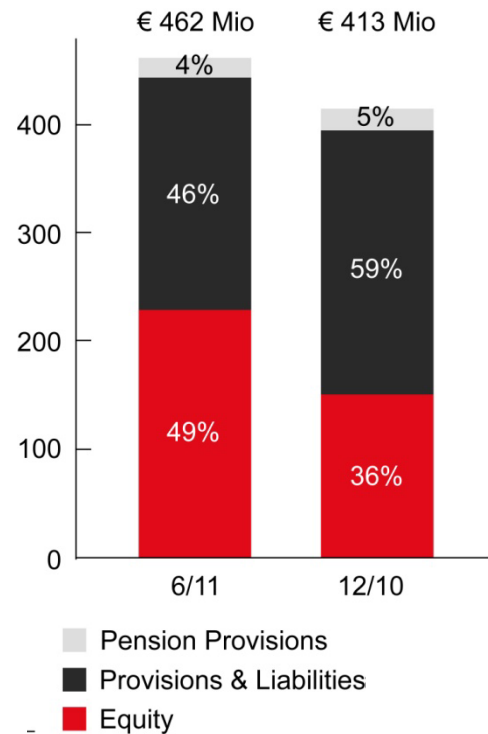


- Gross profit of 22% supported by strong project execution
- EBIT margin at 6,8%
- Financial result improved through higher cash and better interest rates
- Tax rate back to normal (after audit effect in 2010)
- As a consequence net result increased to €6.4 million vs. 5.1 million H1 2010
- EPS €0.14 vs. €0.15 in H1 2010

## Assets



## Liabilities



- B/S total increased mainly from capital increase.
- Structure has not significantly changed
- Asset light – cash rich

## Outlook

- Order Intake expected to increase significantly in second half of 2011 – *Two major orders exceeding € 80 million booked in July*
- Cement consumption is slowly recovering
- Growth will be driven by the emerging markets, BRIC take some 80% of the future growth market
- More active quarters expected in remaining 2011, but reflection in revenue stream will be delayed due to long project times
- Reduced revenue guidance now at € 270 million for full year 2011 with EBIT margin between 6% and 7 %
- Highly competitive market putting pressure on GP margins
- Current volatile economic conditions increase cement market uncertainty

## Outlook and Actions – Customer Service Centers



# Thank you