

KHD Humboldt Wedag International AG, Cologne



**Interim Management Statement according to Section 37x WpHG
(Securities Trading Act) for the period to 19 May 2010**

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KHD Humboldt Wedag International AG

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KHD Humboldt Wedag International AG ('KHD', formerly KHD Humboldt Wedag International (Deutschland) AG) today issues its Interim Management Statement for the period to 19 May 2010. Financial information is given for the first quarter to 31 March 2010.

Introduction

During the first quarter we successfully completed the separation of KHD Humboldt Wedag International Ltd., Vancouver, Canada into two separate groups and KHD (formerly KHD Humboldt Wedag International (Deutschland) AG) became the holding company for all the industrial plant technology, equipment and service business. The other group is Terra Nova Royalty Corporation, a mineral royalty company, which remains listed on the New York Stock Exchange.

In the course of the separation, a direct subsidiary of KHD acquired a number of companies from KHD Humboldt Wedag International GmbH, Austria. These were all companies active in industrial plant technology, equipment and service business: namely Humboldt Wedag Australia Pty. Ltd. (Australia), Humboldt Wedag Inc. (US), Humboldt Wedag India Private Ltd. (India), Humboldt Wedag Machinery Equipment (Beijing) Co. Ltd. (China) as well as 50% of the shares in KHD Engineering Holding GmbH (Austria). In addition we acquired EKOF Flotation GmbH (Germany).

The management board changed at the end of the first quarter and now comprises Jouni Salo as Chief Executive Officer and Manfred Weinandy as Chief Financial Officer.

A dividend of € 3.00 per share (€ 49.4m in total) was distributed to shareholders at the end of the first quarter.

The first quarter represents a transition period for KHD and an analysis of the future prospects of the KHD group should be based on the new enlarged group. We have therefore provided an update on a like for like basis, to the extent possible, for ease of understanding the trends in the performance of the new group. The results for the first quarter reflect only the German operations of the KHD group (the former KHD Humboldt Wedag International (Deutschland) AG group) and exclude the results from the acquisitions made at the end of the quarter. Based on 2009 revenues, the German subsidiaries of the KHD Group accounted for around 85% of total revenues (on a like for like basis*).

Financial Performance

Profit and loss

Revenues from the German operations of the KHD group were € 53.4m in the first quarter. This was a significant reduction compared to both the first quarter of 2009 and the previous quarter. However, profitability remained strong due to the quality of the order backlog.

On a like for like basis*, total order intake of € 71.4m in the first quarter was at a similar level to the fourth quarter of 2009. However, around half of the total order intake was from a project in India that we had previously believed to be cancelled. Geographically India was by far the biggest contributor to order intake during the quarter.

Order backlog of € 321.7m, on a like for like basis*, was largely unchanged from the position at the end of the year and it is pleasing to see an end to the falling trend in order backlog.

Balance sheet and financial position

The net assets of KHD were affected by the acquisitions made at the end of the period and the dividend payment. Long term loans made to a former affiliate were repaid in full during the period.

As of 31 March 2010, the company's cash and cash equivalents total € 224.6m. Bonding facilities were successfully put in place for the new KHD group. The major bonding facility is due to be renewed in November.

Overall the financial position of the enlarged group remains strong.

Opportunities and risks

The company remains exposed to the opportunities and risks capable of materially influencing its net assets, financial position and results of operations identified in the 2009 annual report of KHD Humboldt Wedag International (Deutschland) AG.

Outlook

India continues to be one of the key drivers of new order intake for KHD and there is no sign of any moderation in the rate of growth in this market. The more mature markets remain difficult, not helped by the impact of poor weather in Western Europe and the US on the profitability of our customers in the first quarter of the year. There are however tentative signs of an improvement in the Russian market, where the availability of financing is gradually improving.

For the full year, we expect revenues for the enlarged group to be slightly below 2009 revenues of € 360.3m and profit before tax to decline from the exceptionally strong performance in 2009 of € 53.7m. We are taking action to ensure that we reduce our cost base appropriately and expect annualised cost savings of at least €4.0m in 2011. We do however expect an improvement in total order intake in 2010 (from €197.1m in 2009 on a like for like basis*), which bodes well for the future.

We have also concluded an agency agreement with Weir Minerals, a division of Weir Group PLC, to market KHD's HPGR (or Roller Press) product in the mining sector and to act as exclusive recommended global service provider for these products. This is an excellent strategic fit for both companies and combines KHD's technology with Weir Minerals' global presence and service offering in the mining sector, where KHD only has a limited presence. We are excited by this opportunity to increase our sales in this market.

Cologne, 19 May 2010

KHD Humboldt Wedag International AG

Management Board

Notes:

* Like for like: assumes that same structure was in place in the comparative period and with results translated at actual rates of exchange