KHD Humboldt Wedag International AG, Cologne

Interim announcement dated 17 November 2010

in accordance with Section 37x of the

German Securities Trading Act

(Wertpapierhandelsgesetz)

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www.khd.com

- **Strong order intake in the third quarter 2010 (EUR 122 Mio.)**
- **Consolidated sales reach EUR 189 million in the first nine months**
- **EBIT amounts to EUR 17.8 million**
- **Forecast for 2010: Sales of around EUR 300 million with an EBIT margin of 7% to 8%**

Key figures at a glance

In million EUR

	Legal			Proforma *)		
	30.09.2010	30.09.2009	Variance in %	30.09.2010	30.09.2009	Variance in %
Order Intake	227,3	43,1	427,4	266,4	62,1	329,0
Order Backlog	361,3	333,3	8,4	361,3	386,4	-6,5
Revenue	188,6	233,6	-19,3	209,6	249,6	-16,0
Gross Profit	41,0	38,0	7,9	44,5	44,9	-0,9
EBIT	17,8	16,8	6,0	19,6	23,7	-17,3
EBT	19,7	20,2	-2,5	21,7	27,7	-21,7
Net result	9,5	13,6	-30,1	10,6	18,8	-43,6
EPS in EUR	0,29	0,82	-64,6	0,32	1,14	-71,9
Equity	141,3	146,1	-3,3	141,3	151,6	-6,8
Cash	259,5	194,7	33,3	259,5	203,1	27,8

*) extended Group

Positive development in operating business

KHD Humboldt Wedag International AG ("KHD AG", or "the KHD Group"), one of the world's leading plant and equipment suppliers to the cement industry, has succeeded in continuing its positive development in the third quarter of 2010. Thanks to the improved investment climate, particularly in the growth markets of Asia, orders booked in the third quarter increased substantially. Boosted by a major order from India valued at EUR 85 million, the order intake climbed to EUR 266 million. As a result, order backlog increased to EUR 361 million on 30 September 2010, for the first time since the economic and financial crisis.

It must be borne in mind that due to the change in the Group structure, last year's figures bear only limited comparison with current data. Above all, the low levels of orders received in the preceding years 2008 and 2009 led to a reduction in sales in the reporting period, with turnover declining from EUR 234 million in the previous year to EUR 189 million as of 30 September 2010. However, as projects proceeded on schedule, the company achieved sales of EUR 74 million in the third quarter of 2010. Despite the decline in sales revenues, gross profit was up from EUR 38.0 million in the previous year to EUR 41.0 million. Accordingly, the gross profit margin rose to 21.8%.

Earnings before interest and taxes (EBIT) in the first nine months of 2010 amounted to EUR 17.8 million (previous year EUR 16.8 million). Among the positive factors influencing this development was the release of provisions amounting to EUR 2.3 million as restructuring costs proved to be lower than estimated. Administrative costs in the first nine months of 2010 increased from EUR 7.1 million in the prior year (30 September 2009) to EUR 11.9 million, due essentially to the assumption of Group functions associated with the changed Group structure, as well as due to the increased requirements resulting from our stock market listing. Other expenses amounting to EUR 7.4 million were slightly above last year's figure of EUR 7.2 million. This item includes the costs of research and development aimed for example at making our equipment more energy efficient and therefore more environmentally friendly. The overall cost structure of the KHD Group was further optimised during the reporting period.

Taking into account financial earnings of around EUR 1.9 million, the pre-tax result (EBT) to 30 September 2010 amounted to EUR 19.7 million. In addition to interest income of around EUR 1.8 million, the financial result also included non-cash income on currency forwards and interest costs relating to pension provisions.

Taxes on income to 30 September 2010 amounted to EUR 10.2 million (previous year: EUR 6.6 million), with the result that KHD Group achieved a consolidated profit of EUR 9.5 million to the end of the third quarter of 2010 (previous year: EUR 13.6 million). The increased income tax charge was essentially the result of taxes payable for the years 2005 to 2007. Diluted and undiluted earnings per share amounted to EUR 0.29, with 32,913,416 shares outstanding.

Business at the KHD Group subsequent to the end of the third quarter up to the time of this interim announcement has developed in line with the sales and earnings forecast for financial year 2010.

In view of the change in Group structure that has meanwhile taken place, a comparison with the figures to 31 December 2009 is of limited validity when considering the balance sheet. In comparison with the comparable half-year figures (to 30 June 2010), the balance sheet total to 30 September 2010 declined from EUR 424.4 million to EUR 409.6 million. Thanks to the positive earnings situation equity rose from EUR 137.4 million on 30 June 2010 to EUR 141.3 million. This represents an equity ratio of 34.5% and demonstrates the sound financial structure of the KHD Group. In addition, liquidity in the past quarter increased from EUR 239.0 million to EUR 259.5 million, due primarily to the positive cash flow from operating activities. Our principle credit line for bank guarantees amounting to EUR 150 million with the previous consortium of banks will shortly be extended. On the current schedule, this extension will be concluded before the end of November 2010.

Development in shareholder structure

The structure of shareholdings in KHD AG has broadened considerably in recent months. As a result of the spin-off, the former parent company Terra Nova Royalty Corporation (“Terra Nova”) is distributing the shares in KHD AG to former Terra Nova shareholders in four tranches. The third tranch was distributed at the end of October, with the effect that as of 29 October 2010 on the basis of notifications received pursuant to the German Securities Trading Act, the proportion of voting rights still held by the former parent company had reduced to 29.57%. The voting rights are exercised by KGC Strategische Dienstleistungen UG. The proportion of KHD Humboldt Wedag International AG shares in free float accordingly increased to more than 70%.

Market environment

The market environment for the KHG Group has continued to brighten in recent months. Whereas in the industrialised countries of the West construction activity remains at a low level and cement manufacturers still have excess capacities and are therefore making only minimal investments, the pace of growth is increasing markedly in the developing markets. In numerous Asian countries, residential and commercial property construction and large infrastructure projects are an important factor driving the demand for cement. According to a survey by ICR Research, global cement consumption will rise by more than 5%, increasing to an estimated 3,059 million tonnes. The Chinese market alone accounts for around half this amount. Still lagging well behind, India nevertheless ranks as the world’s second-largest market, with consumption in 2010 expected to rise by around 9% to some 210 million tonnes. In the coming years the numerous road-building projects alone on the Indian subcontinent will generate an additional demand in the order of 75 million tonnes. Given that the cement manufacturers‘ existing capacities are already heavily utilised, investment activity in India is likely to increase. Other Asian countries, too, such as Indonesia and Malaysia will also be increasing their investment in the construction of cement works. This will include both new works built on green field sites, as well as brown field developments to increase capacities and modernise existing plants. The latter area in particular has for years been one of the core competences of the KHD Group.

The Russian market is also beginning to grow once more. Following a marked collapse in demand for cement last year, ICR Research is forecasting an increase of around 13% to 51 million tonnes in 2010. In some cases, the manufactures are still suffering from financing difficulties, however the number of projects is rising in the market as well. In addition there is a clearly perceptible momentum in the Mediterranean countries such as Turkey, and the North African states as well as in South America. Overall the market environment offers favourable conditions for further growth, above all in the emerging markets where the KHD Group is outstandingly well positioned.

Outlook

As a result of our successful restructuring the KHD Group is well placed to share in global market growth. Our objective is to continue to develop our service business in the coming years and increase the percentage of sales accounted for by this area well above the current level of around 15%. This will particularly include developing the spare parts business. With the aid of plant audits the KHD Group intends in future to highlight opportunities for customers to optimise cement production, and thereby exploit new sales potential. The increasing standardisation of components not only reduces the demand for steel, enabling us to reduce costs, but also enhances the company's market position.

At the same time, our strategic goal is to exploit new market potentials. This will entail our entry into new markets, as well as expanding our position in important existing markets such as China. Strategic joint ventures and takeovers are therefore important options. Through its cooperation with the WEIR Group the company is gaining access to the mining industry. With effect from 2011, existing technologies drawn from the cement industry that are equally required for the processing of raw materials are expected to make an increasing contribution to sales and earnings. In particular the sale of roller pressess offers considerable growth opportunities, since this equipment represents the most effective and energy-efficient solution in the field of grinding technology.

As a result of the increase in order intake in the course of the year (on a pro forma basis) with the total by the end of 2010 likely to be well over EUR 300 million, and with projects progressing on schedule, the Management Board has firmed up its sales forecast for the current year. The KHD Groups expects sales revenues of around EUR 300 million. The Board also anticipates a full-year EBIT margin for 2010 of between 7% and 8%.

Cologne, 17 November 2010

The Management Board