KHD Humboldt Wedag International AG, Cologne, Germany

Interim Report Pursuant to Section 37x of the German Securities Trading Act (WpHG) as of November 9, 2012

ISIN: DE0006578008

German Securities Identification Number (WKN): 657800

Stock Exchange Symbol: KWG

www.khd.com

Highlights through September 30, 2012

- Order intake increase by 31.5 % year-on-year
- Revenue negatively impacted by postponements in project execution
- EBIT margin 2.4 %

Key Figures at a Glance

in € million	Sept. 30, 2012	Sept. 30, 2011	Variance in %
Order Intake	282.9	215.2	31.5
Revenue	144.0	165.6	-13.0
Gross Profit	30.2	39.3	-23.2
Gross Margin in %	20.9	23.7	-11.8
EBIT	3.5	15.7	-77.7
EBIT Margin in %	2.4	9.5	-74.7
EBT	6.1	18.4	-66.8
net result	0.8	13.8	-94.2
EPS in EURO, Cent	0.02	0.29	-93.1
Cash Flow from Operating Activities	-28.4	-56.4	49.6
Cash flow from Investíng Activities	-2.6	-34.8	92.5
Cash flow from Financing Activities	14.9	78.0	-80.9

in € million	Sept. 30, 2012	Dec. 31, 2011	Change in %
Equity	234.7	233.5	0.5
Equity Ratio (in %)	53.8	54.1	-0.6
Cash and Cash Equivalents	272.4	300.3	-9.3
Order Backlog	432.6	293.7	47.3

Market Environment

Global economic growth slowed significantly during the first nine months of the year. The International Monetary Fund (IMF) adjusted its growth forecast for 2012, and now expects global economic growth to reach just 3.3 % (2011: 3.9 %). Growth of just 5.3 % (2011: 6.2 %) is forecast for developing and emerging economies.

The key sales markets of KHD Humboldt Wedag International AG (hereinafter referred to as “KHD” or “Group”) were affected to varying degrees by the economic slowdown:

- China continues to enjoy healthy growth, albeit at much slower pace of 7.8 % year-on-year (2011: 9.2 %). In response, the government has implemented a range of measures including more government investment in infrastructure, which should result in a continued rise in demand for cement.

- The Indian economy is expected to grow by 4.9 % (previous year: 7.2 %), falling short of forecasts made at the beginning of the year. In addition to the global slowdown, high inflation and sluggish structural reforms had negative impacts. Margins in the cement industry remain under downward pressure, and the industry continues to suffer from below-average capacity utilization.
- Decelerating growth rates are also expected in other Asian economies. For instance, Malaysia predicts GDP growth to decrease to 4.4 % (previous year: 5.1 %). However, the rise in building and infrastructure construction projects should continue to support the cement market.
- In Russia, the IMF predicts a reduced growth rate of 3.7 %. However, substantial investments in infrastructure had a positive effect on cement consumption – effects which will continue for the next few years.
- The IMF has also lowered its growth expectations for Latin America. Nevertheless, the majority of countries are still experiencing robust growth in cement consumption.
- There are signs of a slow recovery in the USA, although this is fraught with uncertainty due to the precarious situation of the global economy. Growth in the market for building materials is restrained, for the time being.

In the medium-to-long term, factors such as ongoing urbanization, demographic trends, and infrastructural needs in developing and emerging economies will continue to drive construction activities and, thus boost cement consumption. The BRIC and IST (Indonesia, South Africa, Turkey) countries, in particular, have contributed significantly to the growth of the cement market and are forecast to remain key drivers of growth in the future. China is the largest single market with a share of roughly 56 % (2011) of global cement consumption.

Business Development

The global economic downturn had a negative impact on KHD's business in the third quarter of 2012. The falling demand for cement in Asia and Europe resulted in modest investment activity by cement producers. Nevertheless, after nine months order intake (€ 282.9 million) exceeded the previous year's level by 31.5 %. Following the major orders recorded in the first six months of the year, a number of smaller orders, with a total volume of € 34.5 million, were landed between July and September. Approximately 40 % of this volume was achieved with the service business. In particular the successful start of the Roller Press roll refurbishment and production activities in India had a positive impact. The order backlog amounted to € 432.6 million, as of September 30, surpassing the December 31, 2011 value, of € 293.7 million by 47.3 %. As already stated in previous reporting approximately 60 % of the € 100 million order in Malaysia will be channeled through KHD's strategic partner, AVIC. KHD will not earn additional gross profit on this pass-through business.

Results of Operations

In the first nine months of 2012, KHD generated revenue of € 144.0 million (previous year: € 165.6 million). The decline of 13.0 % is mainly the result of postponements in the awarding of new contracts, as well as the in the execution of existing projects, due to continuing unstable market conditions. The new orders acquired in Russia, Malaysia, and Venezuela, during the year under review, have not yet had a material impact on revenue.

In the reporting period, gross profit totaled € 30.2 million (previous year: € 39.3 million), corresponding to a gross margin of 20.9 %.

Selling expenses in the first nine months amounted to € 10.3 million (previous year: € 10.1 million). General and administrative expenses declined by 4.0 %, to € 12.9 million (previous year: € 13.5 million). The increase in other expenses, from € 4.6 million to € 5.2 million, was mainly due to higher losses from exchange rate differences. Research and development expenditures amounted to € 2.7 million in the first nine months (previous year: € 2.6 million).

Earnings before interest and tax (EBIT) amounted to € 3.5 million (previous year: € 15.7 million – in the first nine months of 2011 gross profit was € 9.1 million higher and there was a one-time valuation effect of € 2.5 million). The EBIT margin narrowed to 2.4 % (previous year: 6.7 %), although this still represents a slight improvement over the half-year figure.

At € 2.6 million, net finance income matched the previous year's amount (€ 2.8 million). Lower interest income as a result of decreased cash, together with unfavorable market interest rates, were largely offset by higher gains on securities and income from hedging transactions.

Earnings before tax (EBT) amounted to € 6.1 million, well below the previous year's result (€ 18.4 million). Tax expenses in a total amount of € 5.3 million (previous year: € 4.6 million) were affected by the tax audit for the fiscal years 2008 to 2010. The net result of the period, € 0.8 million (previous year: € 13.8 million), translates into diluted and basic earnings per share of € 0.02 (previous year: € 0.29).

Financial Position and Net Assets

Unrestricted cash and cash equivalents at KHD shrank by approximately € 16.2 million, to € 272.0 million, in the first nine months of 2012. The primary reason for this was cash flow from operating activities, amounting to € -28.4 million.

Cash flow from investing activities amounted to € -2.6 million. The main investments were related to IT-projects. Cash flow from financing activities, amounting to € 14.9 million, resulted, in particular, from the almost complete return of restricted cash.

In comparison with the half year figures, cash and cash equivalents has increased by € 5.3 million from € 267.1 million as per June 30, 2012 to € 272.4 million as per September 30, 2012.

The balance sheet total increased slightly from € 431.9 million at the end of 2011 to € 436.1 million as of September 30, 2012.

On the asset side an increase in the gross amount due from customers for contract work and payments made in advance was countered by a decrease in receivables, inventories, and cash and cash equivalents.

On the liabilities side of the balance sheet there was an increase in commitments under construction contracts and a decrease in trade payables and provisions.

Equity remained virtually unchanged at € 234.7 million, corresponding to an equity ratio of 53.8 % as of September 30, 2012, compared to 54.1 % at the end of 2011.

Risks and Opportunities

There has been no material change in either the risks or the opportunities facing KHD, since publication of the 2011 Annual Report.

Outlook

As of September 30, 2012, order intake had already exceeded the total volume of new orders achieved in the previous year, meaning that the 2011 level will be substantially surpassed. The same applies to the order backlog. For the remaining weeks of the year KHD anticipates continuation of the positive trend in order intake despite uncertainties in the global economic situation and customer hesitance to make new investments or undertake modernization projects. Revenue and profit expectations for the full year 2012 remain modest.

Based on updated forecasts, KHD expects to achieve Group revenue of between € 210 million and € 220 million, with an EBIT margin between 2 % and 4 %, in 2012. The long-term outlook for the cement industry remains positive, notably in the growth markets of Asia, Africa, Russia, and Latin America.

Cologne, Germany, November 9, 2012

The Management Board