KHD Humboldt Wedag International AG, Cologne, Germany

Interim Report Pursuant to Section 37x of the German Securities Trading Act (WpHG)

as of May 15, 2013

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German Securities Identification Number (WKN): 657800

Stock Exchange Symbol: KWG

www.khd.com

Q1 2013 Summary

- Customers slow in awarding new orders at the beginning of the year
- High order backlog
- 6.8% drop in revenue to € 45.5 million due to delays in project execution
- Lower gross profit margin due to reduced margin quality of order backlog
- Successful in implementing strict cost management program
- EBIT of € -1.5 million
- Equity ratio and liquidity at comfortable levels
- Confirmation of guidance for 2013 financial year

Key Figures at a Glance

in € million	Mar. 31, 2013	Mar. 31, 2012	Variance in %
Order intake	21.6	159.1	-86.4
Revenue	45.5	48.8	-6.8
Gross profit	6.3	8.4	-25.0
Gross profit margin (in %)	14.0	17.2	-18.6
EBIT	-1.5	-0.6	
EBIT margin (in %)	-3.3	-1.2	
EBT	-1.0	0.4	
Net result of the period	-0.7	-0.2	
Earnings per share (in €)	-0.01	0.00	
Cash flow from operating activities	-14.1	-22.0	35.9
Cash flow from investing activities	-0.3	-1.5	80.0
Cash flow from financing activities	0.7	12.2	-94.3

in € million	Mar. 31, 2013	Dec. 31, 2012	Variance in %
Equity	227.4	233.6	-2.7
Equity ratio (in %)	54.0	53.6	0.7
Cash and cash equivalents	268.9	282.6	-4.8
Order backlog	467.1	491.0	-4.9
Employees	775	783	-1.0

Market Environment

In contrast to the last quarter of 2012, world economic growth has gained momentum in the first three months of the current year – particularly in the developing and emerging economies – according to available data. While the situation in the USA has improved slightly, the Eurozone remains in recession.

Early indicators point to an improvement in growth over the course of the year. The International Monetary Fund (IMF) forecasts global economic growth of 3.3% for 2013 (2012: 3.2%); this rate is expected to reach 5.3 % (2012: 5.1%) for developing and emerging economies.

The key sales markets of KHD Humboldt Wedag International AG (hereinafter referred to as "KHD" or "Group") are generally benefiting from the economic recovery:

- India benefits from the renewed growth in external demand as well as political reforms. The IMF forecasts growth of 5.7% (previous year: 4.0%). In the first months of the year, however, the country's cement market has yet to see any improvement.
- Continuing high growth rates of around 6% are expected for the other Asian economies; infrastructure projects continue to ensure positive development of the cement markets.
- The IMF predicts a stable growth rate in Russia of 3.4%. The cement market is likely to maintain its strong growth trend as in the previous year due to the expansion of infrastructure as well as housing construction projects.
- In the USA the moderate upturn remains intact, with a growth rate of 1.9%. The recovery in the housing sector is having a positive impact on cement consumption.
- Latin America is also enjoying stronger growth levels – Brazil's and Argentina's economies in particular have revived again. However, the Brazilian market experienced a slight decline in cement consumption in the first quarter.
- China's growth rate is expected to be slightly stronger at 8.0% than in the previous year (7.8 %) due to robust domestic consumer demand and investments as well as increasing external demand. Cement production was up by 8.2% in the first three months of the year.

In the medium-to-long term, factors such as ongoing urbanization, demographic trends, and infrastructural needs in developing and emerging economies will drive construction activities and, by extension, boost cement consumption. The BRIC and IST (Indonesia, South Africa and Turkey) countries in particular have contributed significantly to the growth of cement consumption and are forecast to remain key drivers of growth in the future. China remains the largest single market with a share of 59% of global cement consumption.

Business Development

Very few new cement plant orders were awarded in the first quarter 2013 overall. There were no new orders with volumes comparable to those of the major projects acquired in the previous year in Malaysia and Venezuela. Accordingly, the order intake in the first three months amounted to just € 21.6 million, compared to € 159.1 million in the same period in 2012. KHD is well positioned in several ongoing tenders. Therefore, the Group continues to expect a solid order intake for the 2013 business year and a further increase in its order backlog.

Spare parts and service business contributed a very large portion of the total order intake in the first quarter of 2013.

As of March 31, 2013, the order backlog remains at a high level (€ 467.1 million) and has increased by € 63.1 million (15.6%) as compared to March 31, 2012.

Results of Operations

Revenue declined by 6.8% compared to the previous year (€ 48.8 million) to € 45.5 million. This decrease is mainly attributable to delays in order execution. The projects in Malaysia and Venezuela have yielded significant revenue contributions. Other major projects were still in their early stages in late March 2013 and will realize their full revenue potential over the remainder of 2013 and in the following years.

The gross profit in the reporting period was € 6.3 million (previous year: € 8.4 million). The gross profit margin decreased from 17.2% to 14.0%, in line with expectations, since a considerable portion of the orders included in this order backlog was won in a highly competitive environment characterized by strong margin pressure.

In the first quarter, KHD was able to largely compensate for a € 2.1 million decrease in its gross profit by means of strict overhead cost management.

Sales activities are mainly focused on strategically important projects in KHD’s core markets. An improved customer-relationship management system enables KHD to focus on tenders with the best prospects of success. Sales expenses decreased by 23.6% to € 2.6 million (previous year: € 3.4 million).

The Group’s strict cost management program is also paying off with regard to general and administrative expenses and other expenses. General and administrative expenses were 8.2% lower than in the previous year at € 3.8 million (€ 4.1 million). Other expenses declined by 14.8% to € 1.7 million (previous year: € 1.9 million). Research and development accounted for more than half of this amount. Research and development continues to focus on environmentally friendly technologies and increasing our competitiveness. Current projects, which include areas such as the use of alternative fuels, progressed on schedule.

Due to the cost savings, earnings before interest and tax (EBIT) were only € 0.9 million lower than in the previous year at € -1.5 million (€ -0.6 million). In line with our expectations, net finance income (€ 0.5 million) has failed to match the previous year’s figure (€ 1.0 million). This is partly due to the historically low interest rate. The earnings before tax (EBT) thus amount to € -1.0 million (previous year: € 0.4 million).

The net result of the period came to € -0.7 million (previous year: € -0.2 million) and translates into diluted and basic earnings per share of € -0.01 (previous year: € 0.00).

Financial Position and Net Assets

KHD's unrestricted cash and cash equivalents fell by € 13.7 million to € 268.5 million in the first quarter of 2013.

This decrease was mainly attributable to the cash flow from operating activities which, at € -14.1 million, represented an improvement on the previous year (€ -22.0 million). In the first quarter of 2013, large projects at an advanced stage of execution were once again characterized by a cash outflow. Cash flow from investing activities (€ -0.3 million) and financing activities (€ 0.7 million) did not have any significant impact on the development of cash and cash equivalents.

On the assets side of the balance sheet, the € 14.8 million decrease in the balance sheet total – from € 435.7 million at the end of 2012 to € 420.9 million as of March 31, 2013 – is mainly characterized by a decline in cash and cash equivalents (€ -13.7 million). On the liabilities side of the balance sheet, this decrease is chiefly attributable to a reduction in commitments under construction contracts (€ -9.0 million) and trade and other payables (€ -3.0 million).

The € 6.2 million decrease in equity to € 227.4 million results mainly from the first-time application of the revised IAS 19 (change in accounting policy). Due to the discontinuation of the corridor method, all actuarial losses are now recognizable within pension benefit obligations. The € 6.4 million measurement effect has given rise to increased pension benefit obligations as well as reduced equity.

Risks and Opportunities

There has been no material change in either the risks or the opportunities facing KHD, since publication of the 2012 Annual Report.

Outlook

The economy in KHD's core markets is now recovering, which should also provide positive momentum for the cement market. In the long term, continuing growth in cement consumption is likely in all core markets. However, some markets continue to suffer from excess capacity, which limits the opportunities for new cement plants or for expanding capacity. In many cases the focus is instead on modernization and retrofitting, which is intended to improve the efficiency of existing plants while ensuring compliance with stricter environmental requirements. KHD is well positioned in these areas thanks to its efficient and environmentally friendly solutions.

The general uncertainty and sensitivity on the market continue to represent significant risks. This may lead to further delays in project awards and execution and may even result in the cancellation of orders. Besides the targeted measures for improving efficiency and profitability, technical and commercial risks related to project execution also require our attention.

At the end of the first quarter, KHD can confirm the outlook made in the 2012 Annual Report regarding the market environment and the economic development of the Group. KHD is well positioned to book additional orders from upcoming projects despite the relatively low order intake in the first quarter. For 2013 the Group continues to expect a solid order intake and a further increase in its order backlog.

In line with expectations, revenue will improve over the next few quarters as KHD works through its order backlog. Accordingly, the Group predicts increased revenues for the 2013 financial year. Since revenue in the 2013 financial year will be increasingly generated through orders gained in a highly competitive environment with strong margin pressure, we foresee a lower gross profit margin, as is already apparent in the first quarter of 2013. However, the EBIT margin should improve slightly due to the ongoing cost optimization and increased competitiveness, which have already begun to pay off in the first quarter.

Developments after March 31, 2013

In April KHD signed an exclusive and perpetual license agreement, giving Weir Minerals direct control over the design, manufacture and distribution of HPGR (roller press) equipment in minerals processing applications utilizing KHD's technology, in return for royalty payments on equipment sales. The license agreement replaces the existing agency model under which Weir has acted as KHD's agent, operating on a commission only basis. Several KHD technical staff engaged in applying HPGRs in minerals processing will be offered employment with Weir.

Cologne, Germany, May 15, 2013

The Management Board