

## **KHD Humboldt Wedag International AG posts virtually unchanged EBIT margin despite fall in revenue**

- Global economic crisis is felt
- Revenue down but EBIT margin remains satisfactory at 7.5%
- Constructive cooperation with AVIC leads to first projects
- Order intake expected to increase in 2012, but revenue and EBIT likely to fall

**Cologne, Germany – March 30, 2012: KHD Humboldt Wedag International AG (KHD), one of the world's leading suppliers of equipment and services for the cement industry, published its 2011 Group Annual Report today. Group revenue fell from € 286.9 million to € 234.6 million, largely as a result of delayed projects. Nevertheless, KHD succeeded in maintaining a virtually unchanged EBIT margin of 7.5% (previous year: 8.7%). The Management Board expects that operating conditions will remain difficult in the markets relevant for KHD in 2012. Nevertheless, it forecasts a rise in order intake. However, the Company does not expect to match its 2011 EBIT margin and revenue in the current financial year.**

Demand dropped on the worldwide cement market in 2011. The global economic turmoil was felt, even in high-growth countries such as China, India, and Russia. This resulted in lower economic growth which had consequences for construction. Many customers also struggled with financing for their projects. For KHD this meant that a number of contracts were delayed in the 2011 financial year. Order intake was also lower, at € 224.7 million in 2011 compared with € 268.9 million a year earlier.

Revenue was down by 18.2% in 2011 at € 234.6 million. The operating result (EBIT) also fell, from € 25.0 million to € 17.6 million. With the aid of consistent cost management, KHD secured an EBIT margin of 7.5% (previous year: 8.7%). The completion of a large high-margin order and valuation effects also had a positive effect on the figure. The valuation effects arose in connection with the acquisition of the remaining shares in the Russian subsidiary KHD Humboldt Engineering OOO, Moscow, Russia. Group net profit fell from € 15.8 million to € 13.5 million.

Company management was pleased with the progress of the cooperation with Chinese partner and shareholder AVIC. AVIC holds a 20% stake in KHD following the capital increase carried out in the first quarter of 2011. The attractive combination of KHD's premium technology and competitive cost structure has improved the company's position in the EPC sector which has led to the first joint contract in Venezuela. The partnership with Weir Minerals – which aims to ramp up use of roller presses in the mining industry – also gathered pace in 2011.

The proceeds of approximately € 75 million from the capital increase further improved the Group's equity base. The equity ratio was 54.1% as of December 31, 2011, having stood at 35.9% at year-end 2010. At € 300.3 million the liquidity position was comparable to the previous year's figure. This gives the Group a sound basis for future growth. At the Annual General Meeting 2012 the Management and Supervisory Boards will propose that no profits should be distributed in the interests of sustainably increasing the Company's value.

"2011 was a challenging – but good – year for KHD," commented CEO Jouni Salo, summing up the course of business for the 2011 financial year. "We finished 2011 in a much better competitive position than we were in at the beginning of the year." He added that more service, more customer focus, more efficiency and more tenders for turnkey plants around the world were all positive developments which should give the Company a good starting point for 2012 and beyond.

KHD expects to see a moderate increase in its order intake in 2012 due to its improved market position. However, its revenue and EBIT margin are not expected to reach their 2011 levels, especially given that further delays are anticipated in the completion of projects due to difficult market conditions.

The complete 2011 Annual Report for KHD Humboldt Wedag International AG can be downloaded from the Investor Relations section of the Company's website, [www.khd.com](http://www.khd.com).

### **KHD Group**

KHD is a global leader for providing equipment and services to cement producers with over 150 years of experience in the cement industry. Process engineering and project management are among the core competencies of the technology-focused group. KHD offers a wide spectrum of products and services for the cement industry and is a leader in environmentally friendly and energy-efficient products for the grinding and pyroprocessing sections of the plants. The holding company KHD Humboldt Wedag International AG, based in Cologne, Germany, coordinates its internationally operating subsidiaries. The group employs more than 750 employees worldwide with customer service centers in growing markets like India, Russia and the Asia Pacific region. Other major customer service centers include "Americas" covering both North and South America and EMEA (Europe, Middle East and Africa), based in Cologne. KHD Humboldt Wedag International AG (ISIN: DE0006578008, WKN: 657800) is listed on the Frankfurt stock exchange (General Standard). More information: [www.khd.com](http://www.khd.com)

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