



Virtual Annual General Meeting

October 6, 2020

KHD Humboldt Wedag International AG

Shen, CEO | Luckas, CFO | Xing, EVP | Jochem, COO | Mersmann, CTO



Address from KHD's Chief Operating Officer

- The Financial Year 2019 was a year full of challenges but also full of positive changes.
- Significant additional costs for some orders from previous years had a negative impact on earnings.
- In the USA we were able to win one of the largest orders in our company's history. This EP order does not include the high-risk civil and construction part.
- In the face of price-intensive competition and low investment volume for cement plants worldwide, KHD does not focus on mere growth of sales volume, but on technologies that offer our customers real added value.
- With two future-oriented in-house developments, PYROROTOR® and PYROREDOX®, we are increasingly achieving sales success: Technologically leading products are our core competence!



Address from KHD's Chief Operating Officer

- The successful implementation of the reorganization of Humboldt Wedag GmbH at the Cologne headquarters under the leadership of CEO Mario Zhu led to significantly reduced structural costs and enabled more efficient work.
- With the two new Management Board members Jochem (COO) and Mersmann (CTO), KHD is improving the quality and efficiency in project execution as well as its technological competence.
- The new CEO, Jianlong Shen, will ensure the continuation of our successful cooperation with the AVIC organization in the future.



Management Board



CEO
Jianlong Shen

- › CEO since October 1
- › So far responsible for the Business Unit Cement of AVIC Beijing and as General Manager of KHD Beijing
- › Almost 30 years of experience in the cement industry
- › Bachelor degree in cement process from Wuhan University of Technology



CFO
Jürgen Luckas

- › Since 2006 with KHD
- › CFO since April 2015
- › Long-term experience as certified auditor and certified tax consultant with an international audit and consulting company
- › Study of Business Administration at the Saarland University



EVP
Tao Xing

- › Member of KHD's MB in 2016 and since December 2018
- › More than 30 years of experience in management positions in the cement industry
- › Extensive experience in EPC business
- › Master's degree in engineering from the Southeast University in Nanjing (China)



COO
Dr. Matthias Jochem

- › Since June 2019 back at KHD as MB member
- › Knows KHD from 2003-08
- › More than 30 years of experience in plant engineering (cement and power plants)
- › Study of Engineering incl. doctorate (PhD) at RWTH Aachen



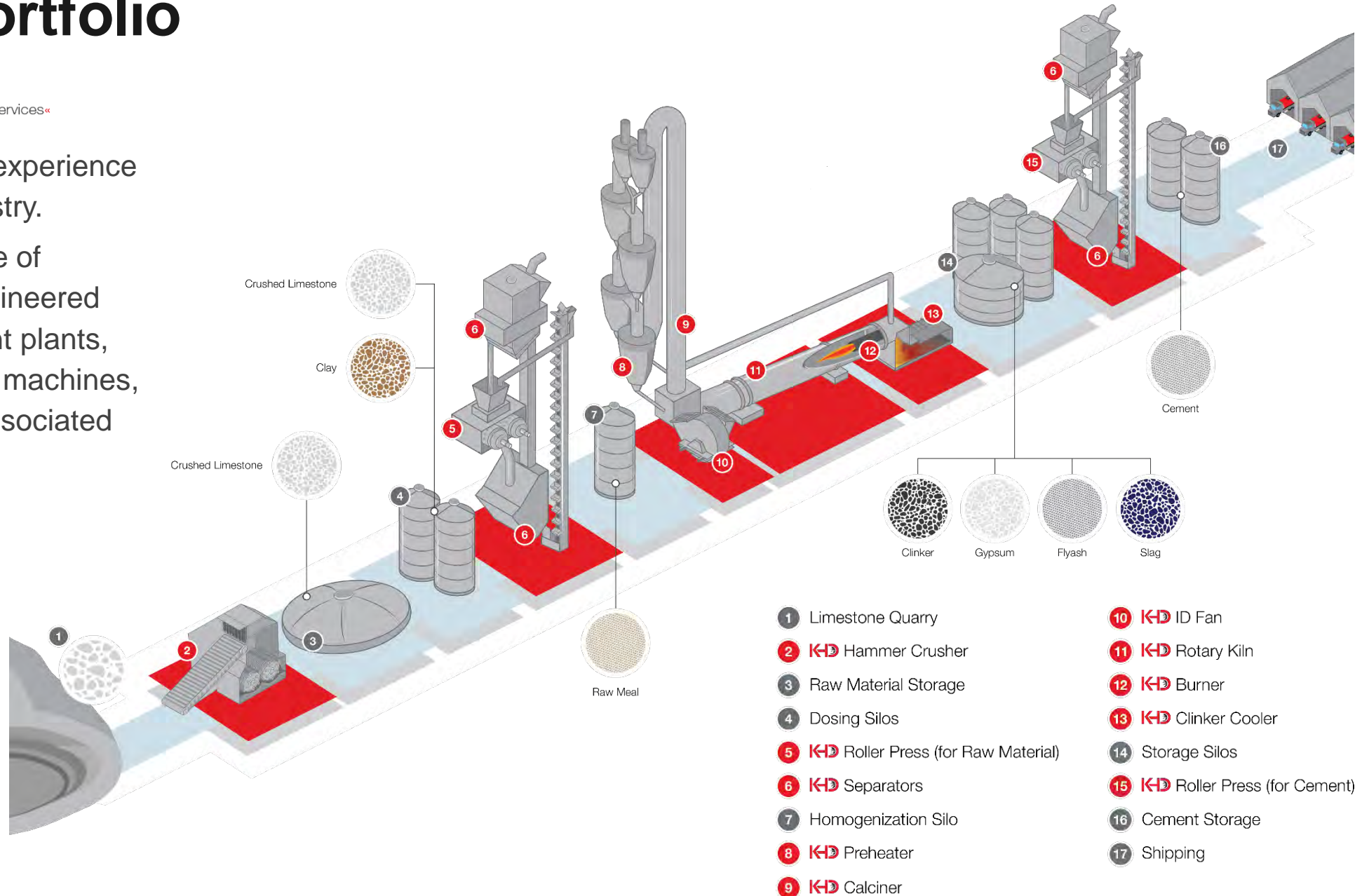
CTO
Matthias Mersmann

- › Since February 2020 as MB member back at KHD
- › Knows KHD from 1994-2008
- › More than 25 years of experience in the cement industry with focus on technology
- › Study of Engineering at RWTH Aachen

Product Portfolio

a global leader
in cement plant technology, equipment and services«

- Over 160 years of experience in the cement industry.
- We offer the full line of equipment and engineered solutions for cement plants, including individual machines, spare parts, and associated plant services.



Agenda

Business Performance 2019

Financial Performance 2019

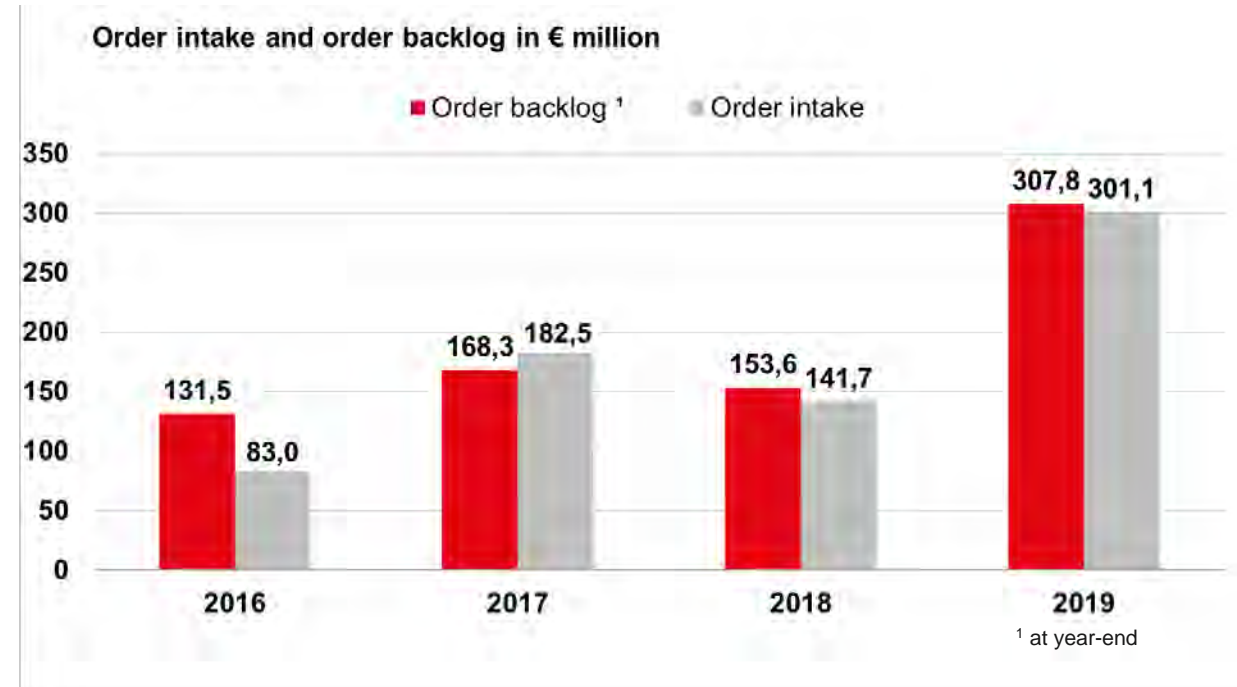
First eight Months (Jan. – August) of the Financial Year 2020

Outlook and Strategy

Questions

Order Intake

- At €301,1 million, total order intake was significantly higher than in the previous year (€141,7 million). A major order in the USA contributed significantly to this.
- The Capex segment achieved an order intake of €265,8 million, well above the previous year's figure of €98,6 million. The Plant Services segment contributed €35,3 million (previous year: €43,1 million), or 11,7% of total order intake.
- Despite regional differences in distribution, the order backlog at December 31, 2019, of €307,8 million (previous year: €153,6 million) ensures utilization of capacity in FY 2020 to a greater extent than in previous years.



- With regard to incoming orders in the Capex segment, an adequate risk structure and margin quality take precedence over purely volume-driven growth.
- The Plant Services segment was impacted by a significant drop in inquiry activity. Organizational measures (greater proximity to customers, faster preparation of offers) are being taken to counteract this.

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Business Performance 2019

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First eight Months (Jan. – August) of the Financial Year 2020

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Key Figures at a Glance

<i>(in € million)</i>	2019	2018	Deviation
Order intake	301,1	141,7	159,4
Revenue	146,3	151,8	-5,5
Adjusted gross profit *	12,1	-0,6	12,7
<i>Adjusted gross profit margin</i>	8,3%	-0,4%	
Adjusted EBIT *	-14,4	-28,6	14,2
<i>Adjusted EBIT margin</i>	-9,8%	-18,8%	
EBT	-15,1	-23,9	8,8
Group net loss	-18,8	-25,3	6,5
Earnings per share (in €)	-0,38	-0,51	0,13
Operating cash flow	10,8	-13,5	24,3
Cash flow from investing activities	3,0	2,8	0,2
Cash flow from financing activities	-2,9	-0,4	-2,5

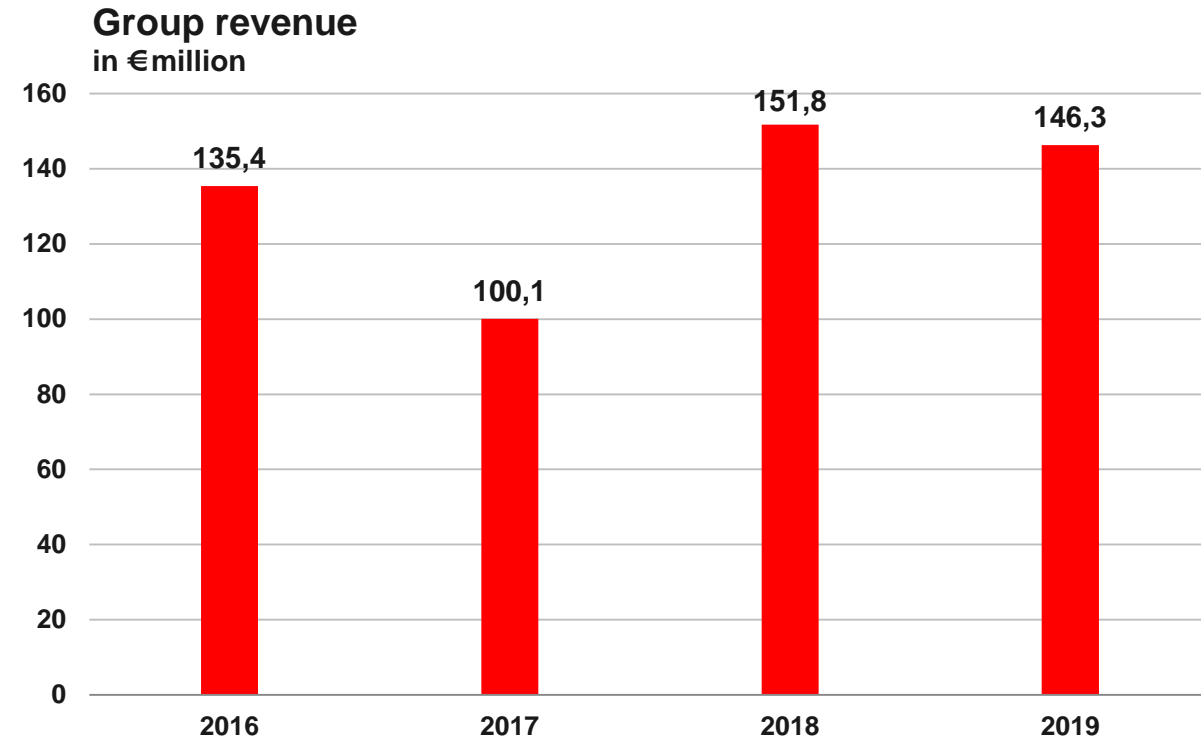
*** Adjustments:**

2019: € 1,8 million idle capacity,
€ 6,4 million reorganization

2018: € 2,6 million idle capacity

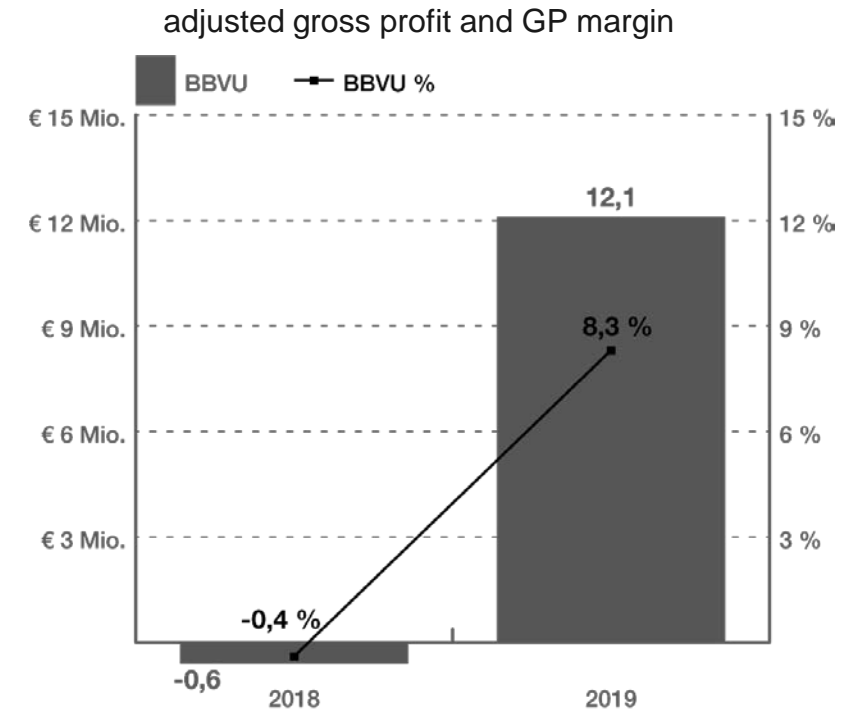
Revenue

- A lower order backlog at the beginning of FY 2019 compared to the previous year led to revenues of € 146,3 million - a decrease of 3,6% compared to the previous year (€ 151,8 million).
- At € 104,2 million, revenues in the Capex segment were slightly below the previous year's level (€ 108,8 million).
- Revenues in the Plant Services segment were almost constant at € 42,1 million (previous year: € 43,0 million).



Group Earnings

- The adjusted gross profit* improved very significantly from € -0.6 million in FY 2018 to € 12.1 million in FY 2019.
- The adjusted gross profit in FY 2019 was again impacted by excess costs due to difficulties in executing some projects from previous years, which prevented an even more significant improvement in the margin.
- Low order backlog led to underutilization of capacities. However, idle capacity costs of € 1.8 million were below the previous year's figure of € 2.6 million, partly due to the reduction in personnel associated with the reorganization.
- Unsatisfactory adjusted EBIT* of € -14.4 million (€ -28.6 million in FY 2018) / adjusted EBIT margin of -9.8% (previous year: -18.8%).
- EBT of € -15.1 million (€ -23.9 million in FY 2018).



* Adjustments:

1. Cost of sales:
FY 2019: € 1,8 million idle capacity
FY 2018: € 2,6 million idle capacity
2. Other expenses:
FY 2019: € 6,4 million from reorganization
FY 2018: n/a

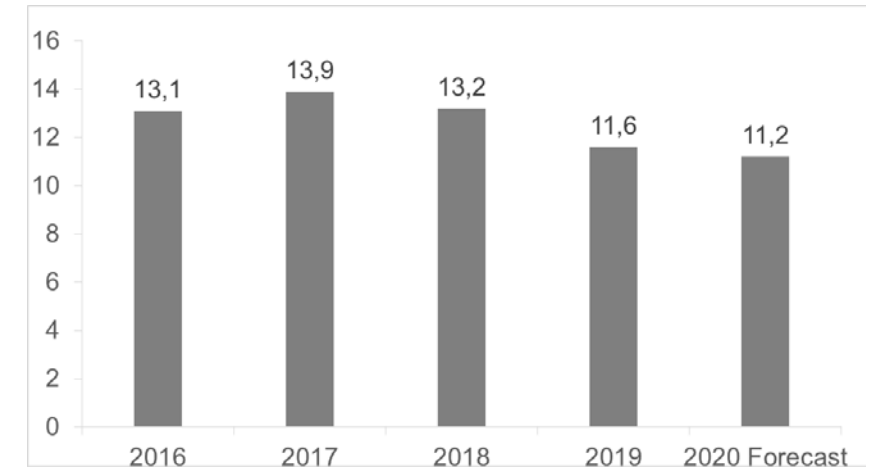
Group Earnings – Sales and G&A Expenses

■ Sales Expenses

KHD continues to actively invest in market development and intensifying customer relations.

Conscious selection of the tenders to be processed leads to higher efficiency and reduction of sales expenses.

Sales expenses also include tendering costs as well as costs for customer events and trade fairs.

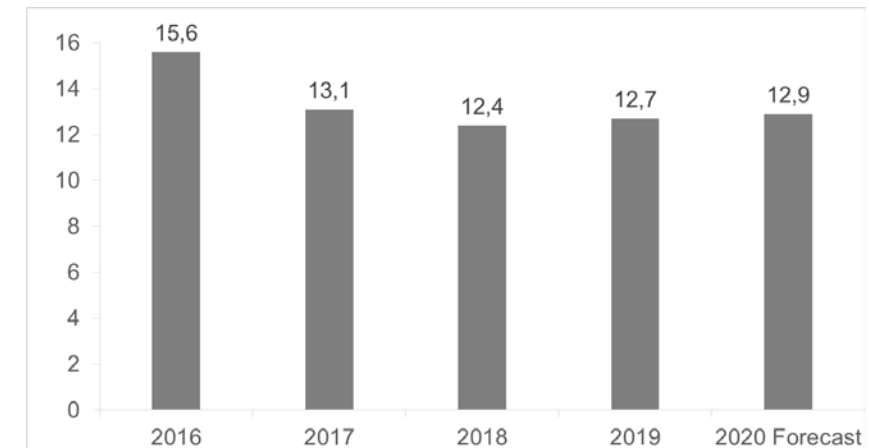


sales expenses in € million

■ General & Administration Expenses

Ongoing cost-cutting measures led to a significant reduction in G&A expenses compared to the previous year.

Active cost management ensures that G&A expenses remain at a relatively low level for a stock-listed Group.



G&A expenses in € million

Segment Earnings

Segment Capex

- Revenues of € 104,2 million were slightly below those of the previous year (€ 108,8 million).
- Adjusted gross profit of € -0,2 million (€ -12,0 million in FY 2018); adjusted gross profit margin of -0,2% (-11,0% in FY 2018).
- Adjusted EBIT amounted to € -20,8 million (previous year: € -33,8 million).

Segment Plant Services

- Revenues of € 42,1 million are almost unchanged compared to the previous year (€ 43,0 million).
- Satisfactory gross profit of € 12,3 million (€ 11,4 million in FY 2018); gross profit margin of 29,2 % is slightly above the previous year's figure.
- Clearly positive adjusted EBIT of € 6,4 million (previous year: € 5,2 million).

Key Figures at a Glance

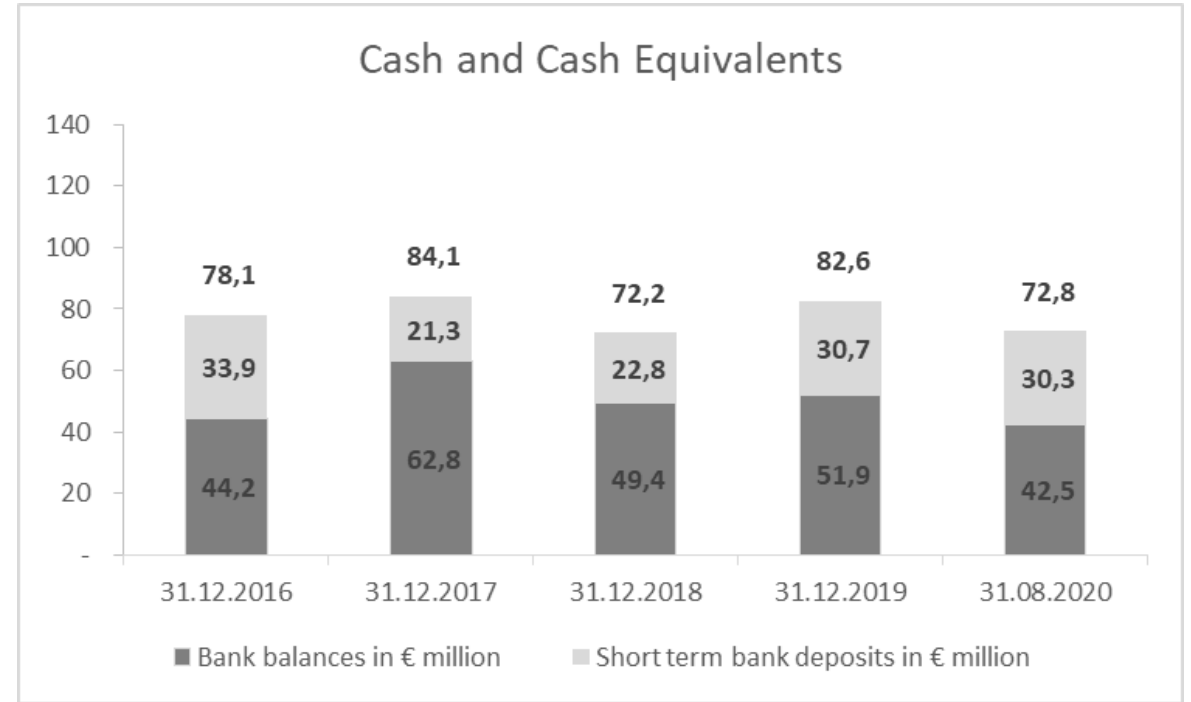
<i>(in € million)</i>	Dec. 31, 2019	Dec. 31, 2018	Deviation
Equity	101,5	123,1	-21,6
<i>Equity ratio</i>	39,6%	45,5%	
Cash	82,6	72,2	10,4
Intercompany loans	100,0	100,0	0,0
Net working capital *	-51,2	-22,5	-28,7
Order backlog	307,8	153,6	154,2
Employees	664	703	-39

* Balance of current assets (less cash and cash equivalents) and current liabilities.

- KHD with robust liquidity, financing structure and equity base (€ 101,5 million / equity ratio 39.6%).
- Net working capital of € -51,2 million (previous year: € -22,5 million) reflects healthy financing structure of projects.
- Loans to AVIC were extended until July / November 2023 (interest rate: 5%).

Financial Position

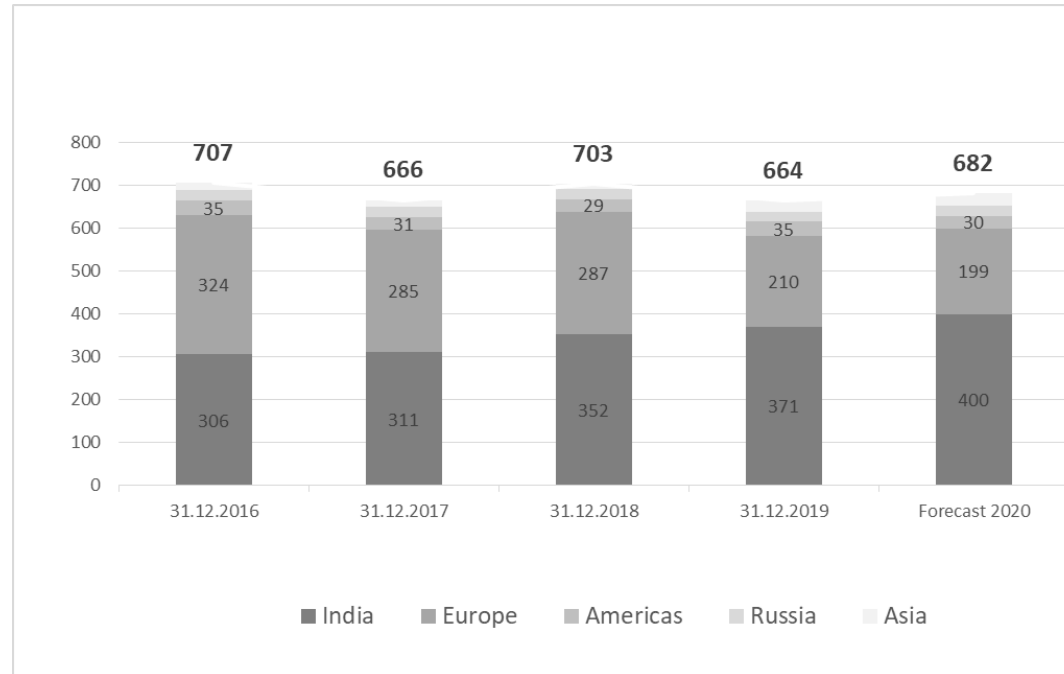
- Total assets as of Dec. 31, 2019 amounted to € 256,7 million (previous year: € 270,4 million), of which
 - Cash and cash equivalents € 82,6 million (previous year: € 72,2 million).
 - Loan to AVIC totaling € 100 million (previous year: € 100 million).
 - In total, 67% of the balance sheet total is thus directly or indirectly available as cash.
 - Only € 23,4 million in non-current assets.



- Robust liquidity and good equity base secure the basis for future growth
- Good working capital and cash management are an important success factor, not least in the crisis triggered by the COVID-19 pandemic.

Employees

- 664 employees at the end of 2019 (end of 2018: 703 employees).
- Significant shift between Europe (-114 employees) and India (+65 employees) over three years.
- Reorganization at Humboldt Wedag GmbH clearly visible in FY 2019.



- The forecast figures as of December 31, 2020 confirms the trend towards streamlining the cost structure.
- The remaining workforce in Germany is particularly important for securing and expanding the (technological) core competencies.

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Business Performance 2019

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Key Figures January to August 2020

<i>(in € million)</i>	Jan. - Aug. 2020	Jan. - Aug. 2019	Deviation
Order intake	36,5	254,7	-218,2
Revenue	89,7	103,8	-14,1
Adjusted gross profit *	11,6	9,2	2,4
<i>Adjusted gross profit margin</i>	<i>12,9%</i>	<i>8,9%</i>	
Adjusted EBIT *	-4,0	-8,7	4,7
<i>Adjusted EBIT margin</i>	<i>-4,5%</i>	<i>-8,4%</i>	
EBT	-0,4	-13,3	12,9
Group net result for the period	-1,9	-16,1	14,2
Earnings per share (in €)	-0,04	-0,32	0,28

*** Adjustments:**

2020: € 1,1 million idle capacity

2019: € 2,3 million idle capacity, € 7,2 million reorganization

Key Figures January to August 2020

<i>(in € million)</i>	Aug. 31, 2020	Dec. 31, 2019	Deviation
Equity	96,7	101,5	-4,8
<i>Equity ratio</i>	38,7%	37,5%	
Cash	72,8	82,6	-9,8
Intercompany loans	100,0	100,0	0,0
Net working capital	-46,3	-51,2	4,9
Order backlog	239,1	307,8	-68,7
Employees	667	664	3

<i>(in € million)</i>	Jan. - Aug. 2020	Jan. - Aug. 2019	Deviation
Operating cash flow	-9,7	-10,7	1,0
Cash flow from investing activities	3,3	2,0	1,3
Cash flow from financing activities	-1,5	-2,4	0,9

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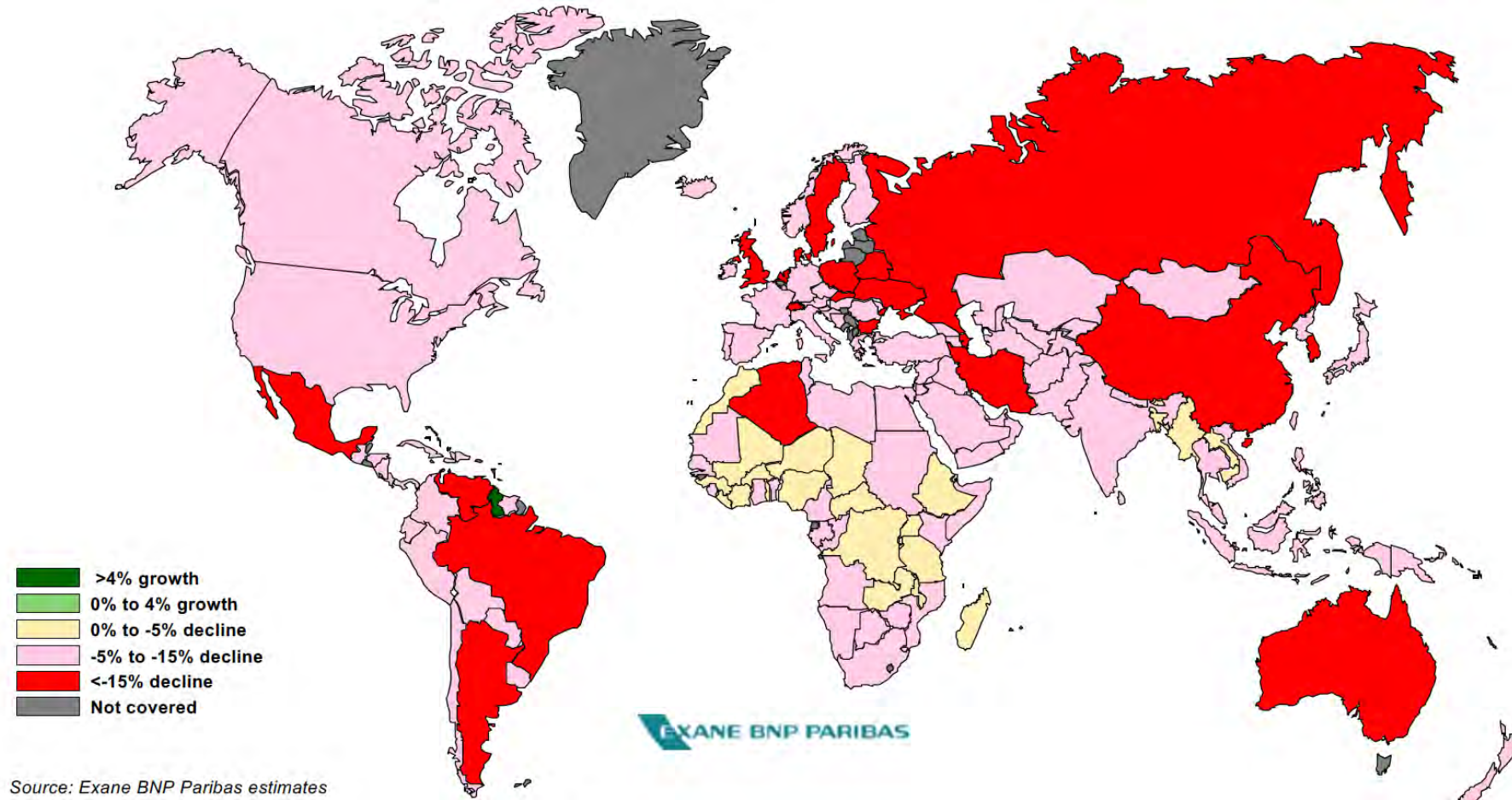
Questions

Outlook – Markets 2020

- The COVID-19 pandemic has left very clear traces in the forecasts for cement consumption and the investment behavior of cement producers:
 - According to CW Research, worldwide cement consumption is expected to decline by about 9% in 2020.
 - Uncertainties regarding the future development are particularly high at present.
 - Clients tend to postpone awarding new orders.
- Clients' investment plans focus on projects with a (very) short return on investment, environmental aspects, modernization and reduction of production costs.
- Once the COVID-19 pandemic has been overcome, demographic trends and the need for housing construction and infrastructure expansion should lead to growing cement consumption, especially in Africa, India and Southeast Asia.

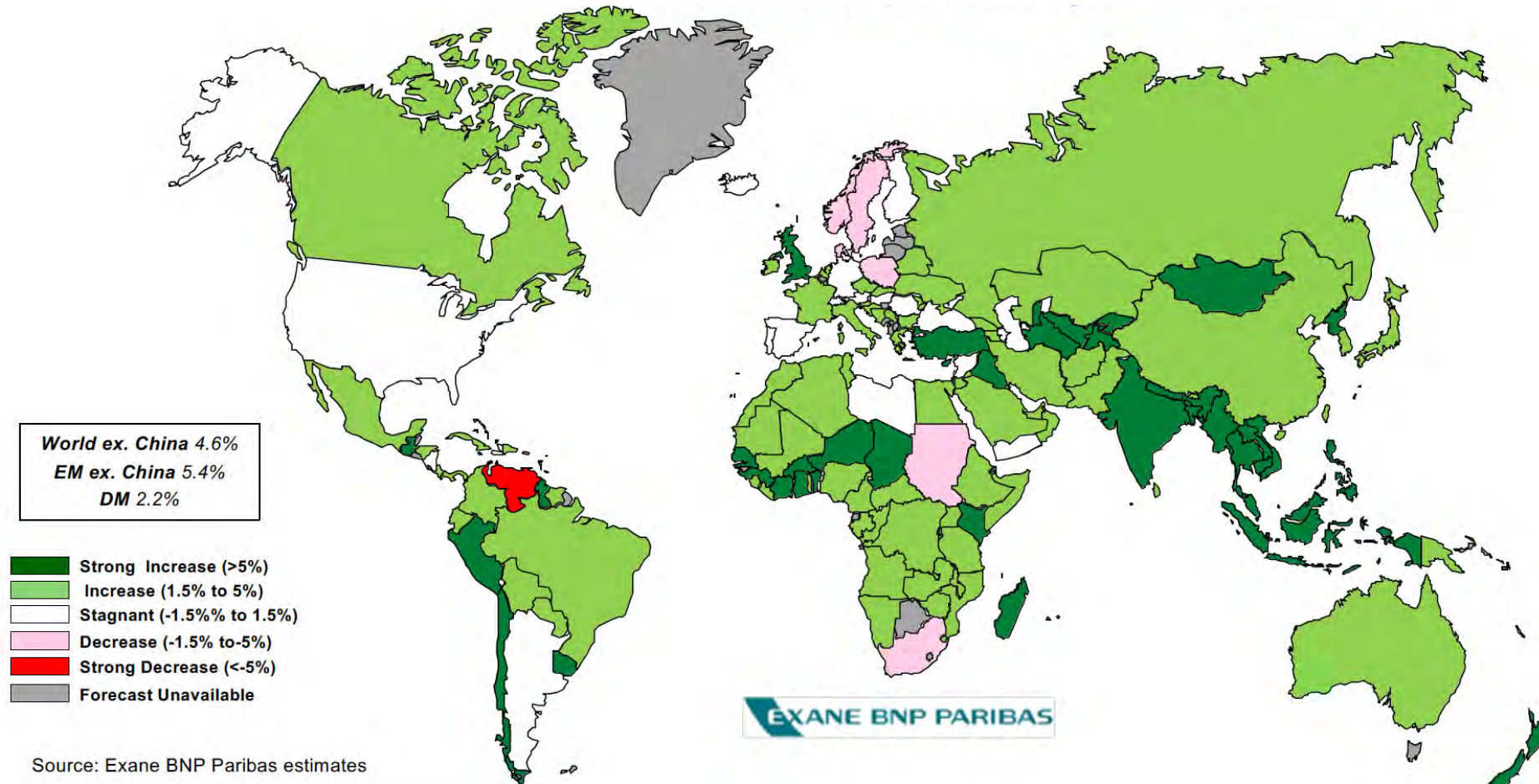
Outlook – Markets 2020

- Projected cement consumption for 2020 according to BNP Paribas

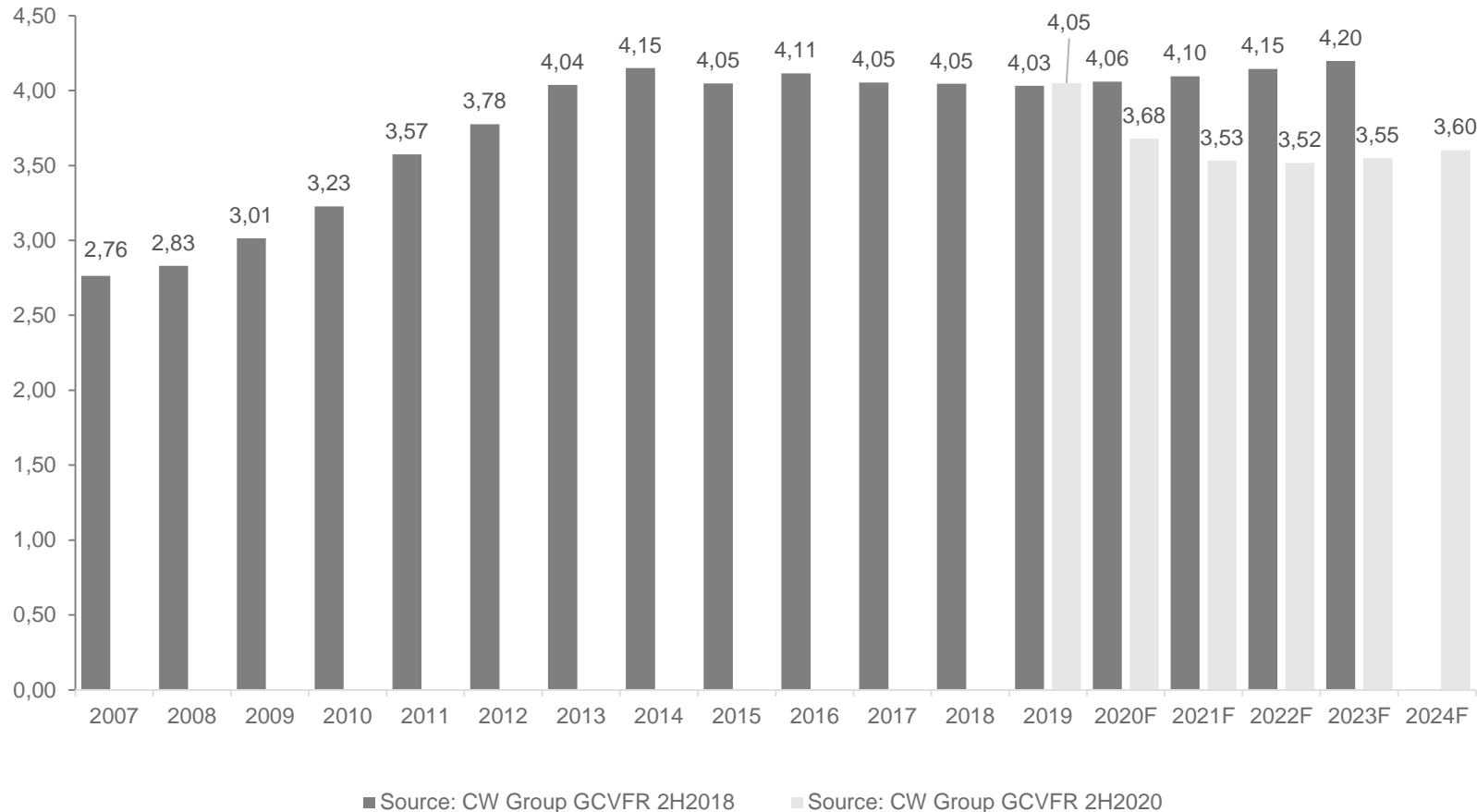


Outlook – Markets 2021 et seq.

- Projected cement consumption for 2021/2022 according to BNP Paribas



Global Cement Consumption (in billion tons)



- Cement consumption has stagnated since 2013.
- The year 2020 and the following years will be severely affected by the effects of the COVID-19 pandemic.
- Margin pressure in cement plant construction will continue.
- Qualitative growth will only occur in selected individual markets and, in particular, with technologically leading solutions.

Business Strategy at KHD (1)

- Consistent continuation of the measures introduced in previous years.
- Focus on projects where KHD offers customers real added value - not purely volume-driven growth.
- Careful selection with regard to the risk structure of projects.
- No participation in ruinous price competition.
- Continued focus on cost management in all areas.
- Better use of the full potential of our employees.
- Strengthening of leadership and corporate culture.

Business Strategy at KHD (2)

Strategy / Objectives	Actions
Technology Leadership	<ul style="list-style-type: none"> • Ongoing product development through investment in R&D with a focus on environmental and energy efficiency • Success stories: PYRORDOX® and PYROROTOR®
Quality leadership through operational excellence	<ul style="list-style-type: none"> • Global engineering for optimized utilization of capacities with focus on our Indian subsidiary • Optimization of order execution ("first time right") • Expansion of know-how and core competencies
Better use of the Chinese supply market	<ul style="list-style-type: none"> • Foundation of the KHD Nanjing Office • Development / utilization of engineering competence in China (e.g. plant engineering) • Certification / qualification of manufacturing companies in China
Development / utilization of the Chinese sales market	<ul style="list-style-type: none"> • Active marketing of technologically leading products (especially with regard to environmental regulations in China → PYRORDOX® and PYROROTOR®) • Close collaboration with AVIC Beijing

Business Strategy at KHD (3)

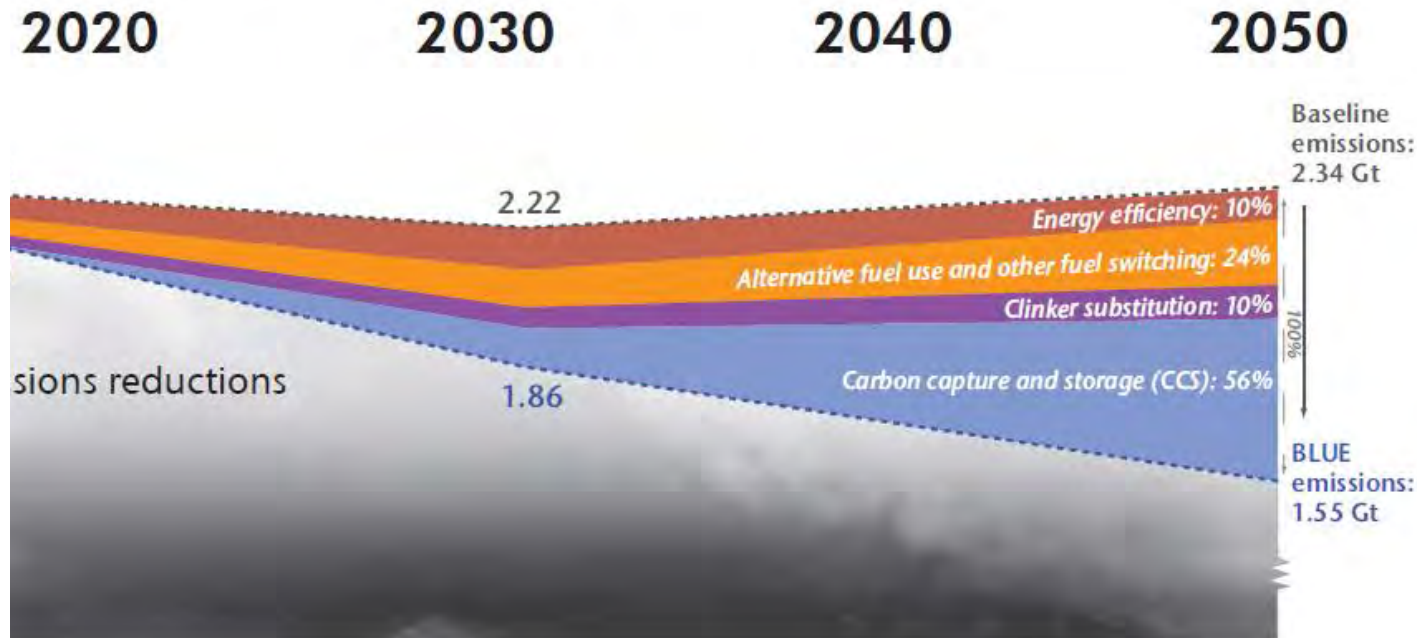
Strategy / Objectives	Actions
Generate additional business volume in the Plant Services segment	<ul style="list-style-type: none"> • Focusing of sales activities and fast processing of customer inquiries • Strengthening the consulting function for our customers (Plant Audits) • Development of service concepts • Marketing the quality of KHD spare parts in comparison to product pirates
Selection / expansion of strategic partnerships	<ul style="list-style-type: none"> • Close cooperation with Weir Minerals • Development / expansion of suppliers for the manufacturing of core components • Using the trend towards market consolidation as an opportunity rather than seeing it as a threat
Expansion of the product and service portfolio by developing products and services in the future fields of digitization and de-carbonization	<ul style="list-style-type: none"> • Increasing the share of innovative product development within the R&D program • Integration of AI technologies in automation and service products • Development of low-carbon technologies by in-house development and industrial cooperation

R&D at KHD – Expansion of Product Portfolio

Available today	R&D Focus
Excellent PYRO Equipment, New Products PYROREDOX®, PYROROTOR®	<ul style="list-style-type: none"> • AF-solutions with integrative scope-expansion • New PH-Technology
Good roller press/ Comflex	<ul style="list-style-type: none"> • Suitable for higher fineness and composite cements • Performance increase/cost reduction • Minerals and ore applications
Good process engineering	<ul style="list-style-type: none"> • Expansion of competence through modeling & simulation for <ul style="list-style-type: none"> • R&D and Sales • Reduction of technical risks • Service integration
Automation	<ul style="list-style-type: none"> • High-level control systems based on digital twin technology and AI • Data integration and processing with remote concepts to support maintenance and operation
CO ₂ -reduction with flash-calciner (SCM)	<ul style="list-style-type: none"> • Further reaching CO₂-reduction technologies: <ul style="list-style-type: none"> • Oxyfuel Technologies • CCUS • Re-carbonization of von recycled concrete

R&D at KHD – De-carbonization of the Cement Production

Roadmap for CO₂-reduction in the cement industry (iea, World Business Council for Sustainable Development)



Focus of technological developments:

- » **Energy efficiency:**
 - » KHD roller press
 - » KHD pyro lines
- » **Alternative fuels:**
 - » PYROROTOR®
 - » PYROREDOX®
- » **Clinker substitution:**
 - » Grinding units for slag, fly ash and clay
 - » Plants for clay calcining
- » **Carbon capture and storage:**
 - » Pyro lines for CO₂-reduced clinker production

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Disclaimer for Forward-Looking Information

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company to differ materially from the expectations of the Company include, among other things, general business and economic conditions globally, commodity price volatility, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labor relations and work stoppages, changes in political and economic stability, the failure to meet certain conditions of the offer and/or the failure to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all, the inability to successfully integrate the operations and programs of businesses and/or companies acquired with those of the Company, incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to integration of acquired businesses, disruptions in business operations due to reorganization activities and interest rate and currency fluctuations. Such forward-looking statements should therefore be construed in light of such factors. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in our financial statements for the year ended December 31, 2019.