



Virtual Annual General Meeting

May 20, 2021

KHD Humboldt Wedag International AG

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



Address from KHD's Chief Financial Officer

- The 2020 financial year was a challenging year, particularly due to the COVID-19 pandemic.
- There was a significant decrease in requests for and awards of Capex projects as well as for spare parts and services. Customers worldwide focused on liquidity protection and requested, among other things, the postponement of deliveries and payments.
- In a large number of projects, force majeure had to be invoked in order to contractually cover pandemic-related delays.
- In particular, where our customers had to stop operation of their cement plants, spare parts business declined significantly.



Address from KHD's Chief Financial Officer

- In the fourth quarter of 2020, inquiry activity increased so that an almost normal order intake was achieved in this quarter. This trend is continuing in FY 2021; in the Indian market there is even a certain catch-up effect for Capex orders.
- Our sales success in China is noteworthy. We expect further growing interest in our innovative products and solutions in the future.
- The new CEO, Jianlong Shen, started his work in October 2020. Despite the travel restrictions with China he ensures the ongoing, successful cooperation with the AVIC organization.
- Given the particularly adverse circumstances, KHD has come through the crisis well so far. We are very confident about the current 2021 financial year as well as the further development.



Management Board



CEO

Jianlong Shen

- CEO since October 2020
- Since 2018 in executive positions in AVIC Beijing's Business Unit Cement; also 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

Agenda

Business Performance 2020

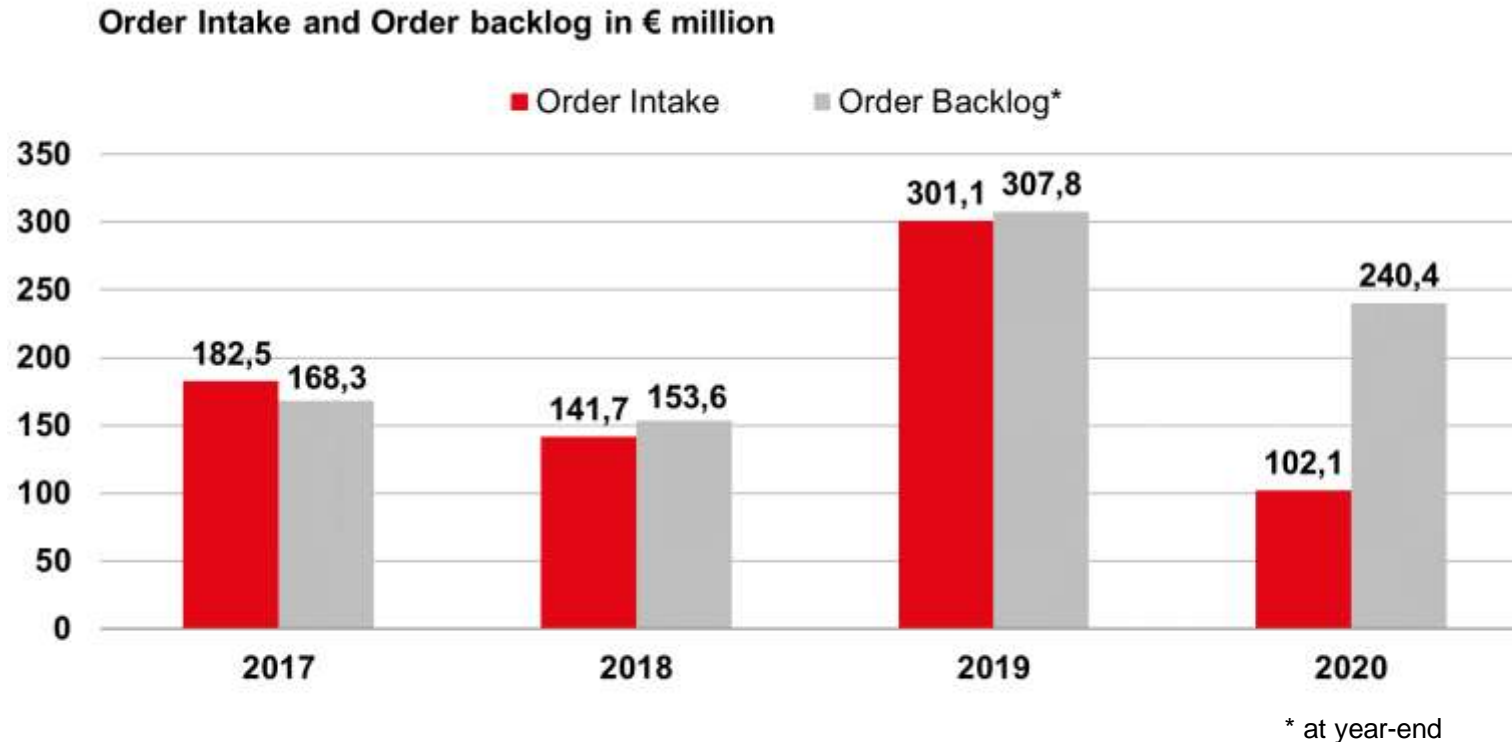
First four months (January – April) of the Financial Year 2021

Project Status and Market Outlook

Strategy and Research & Development

Questions

Order Intake and Order Backlog



- With an order backlog of € 240.4 million as of December 31, 2020 (previous year: € 307.8 million) and considering the order intake in FY 2021, capacity utilization in the current financial year will be ensured.

- As expected, the total order intake of € 102.1 million was significantly below the previous year's figure (€ 301.1 million). The Corona crisis had a very negative impact on order intake, particularly in the second and third quarters.
- The Capex segment achieved an order intake of € 75.2 million (previous year: € 265.8 million). The Plant Services segment contributed € 26.9 million (previous year: € 35.3 million) to total order intake.
- A normalization of order intake has already been apparent since the fourth quarter of 2020.

Key Figures at a Glance

(in € million)	2020	2019	Deviation
Order intake	102,1	301,1	-199,0
Revenue	151,2	146,3	4,9
Adjusted gross profit *	11,9	12,1	-0,2
<i>Adjusted gross profit margin</i>	7,9%	8,3%	
Adjusted EBIT *	-12,5	-14,4	1,9
<i>Adjusted EBIT margin</i>	-8,3%	-9,8%	
EBT	-6,6	-15,1	8,5
Group net loss	-8,0	-18,8	10,8
Earnings per share (in €)	-0,16	-0,38	0,22
Operating cash flow	-11,7	10,8	-22,5
Cash flow from investing activities	4,1	3,0	1,1
Cash flow from financing activities	-1,9	-2,9	1,0

* Adjustments:

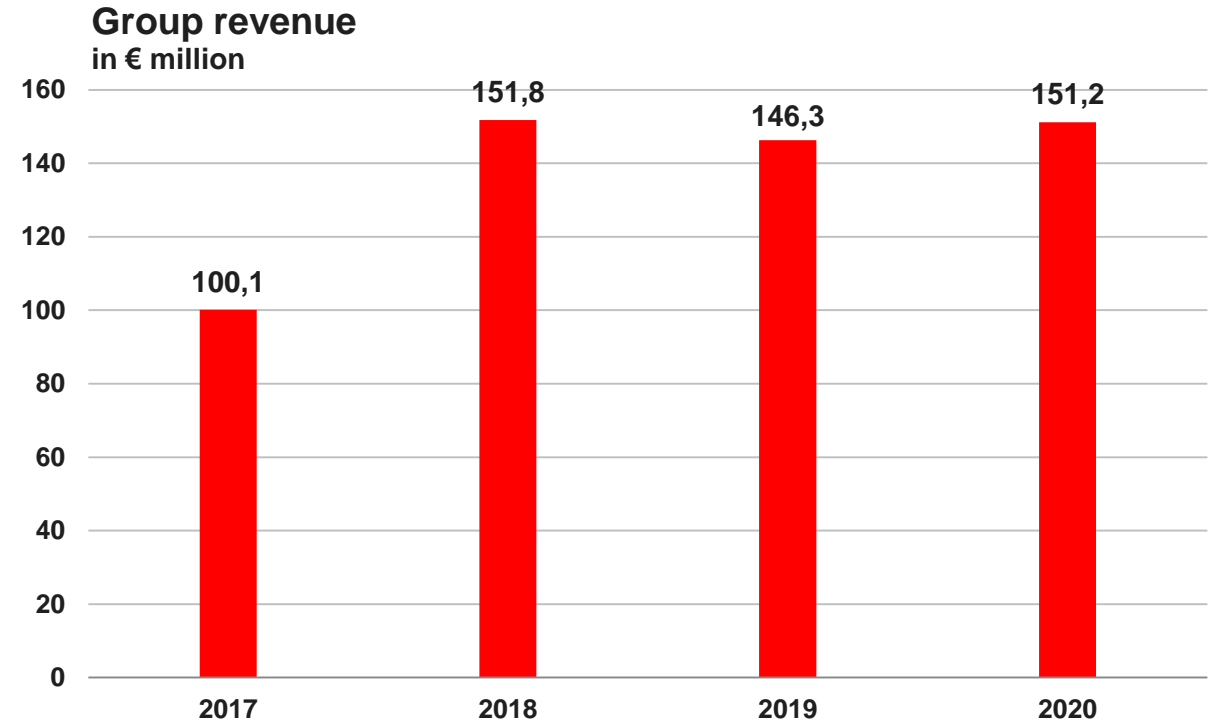
2020: € 0,8 million idle capacity

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

- The Corona crisis has left clear traces on the income statement, particularly in terms of revenue volume and correlated earnings.

Revenue

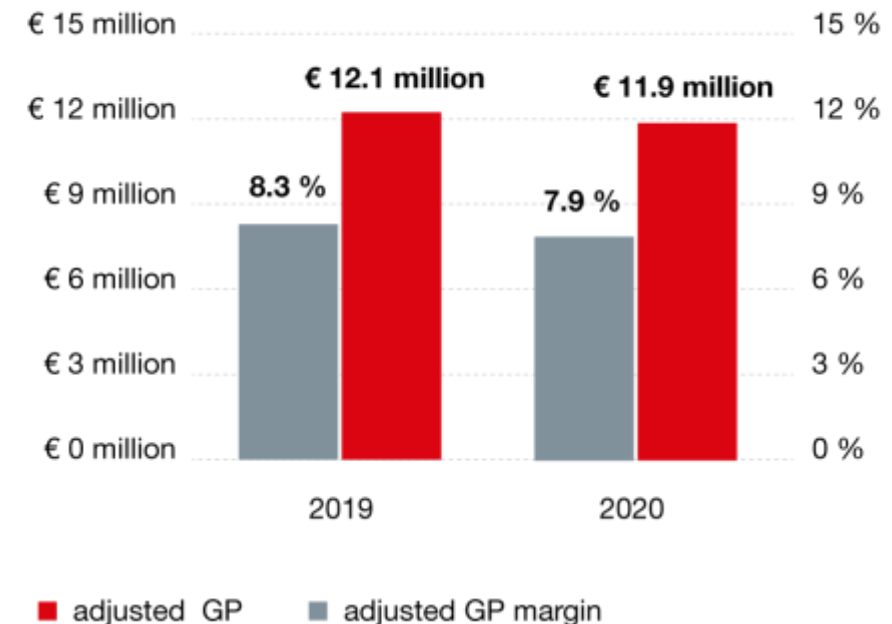
- Despite the high order backlog at the beginning of the financial year, revenue at € 151.2 million was only slightly higher than in the previous year (€ 146.3 million).
- At € 125.4 million, revenue in the Capex segment in FY 2020 was significantly higher than in the previous year (€ 104.2 million).
- At € 25.8 million (previous year: € 42.1 million), revenue in the Plant Services segment was particularly affected by the Corona crisis.



Group Earnings

- Adjusted gross profit* remained at € 11.9 million, roughly at the previous year's level of € 12.1 million.
- In FY 2020 again unplanned costs due to difficulties in executing some old projects were incurred, which prevented a significantly better margin.
- The reorganization carried out at the Cologne subsidiary in FY 2019 (significant reduction in structural costs) proved to be the right step.
- Structural costs (€ 50.2 million) were significantly lower than in the previous years.
- Unsatisfactory adjusted EBIT* of € -12.5 million (previous year: € -14.4 million) / adjusted EBIT margin of -8.3% (previous year: -9.8%).
- EBT € -6.6 million (€ -15.1 million in FY 2019).
- The Corona crisis prevented the targeted return to profitability.

adjusted gross profit and GP margin



* Adjustments:

- Cost of sales:
 - FY 2020: € 0,8 million idle capacity
 - FY 2019: € 1,8 million idle capacity
- Other expenses:
 - FY 2020: n/a
 - FY 2019: € 6,4 million from reorganization

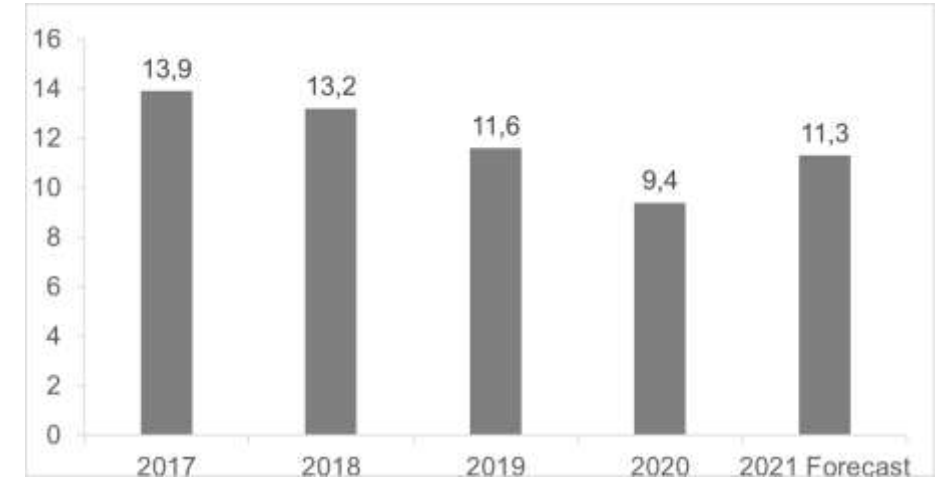
Group Earnings – Sales Expenses and G&A Expenses

■ Sales Expenses

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

The pandemic made direct customer contact more difficult.

KHD continues to invest in intensive (targeted) sales activities to convince customers of the added value of KHD products and services.

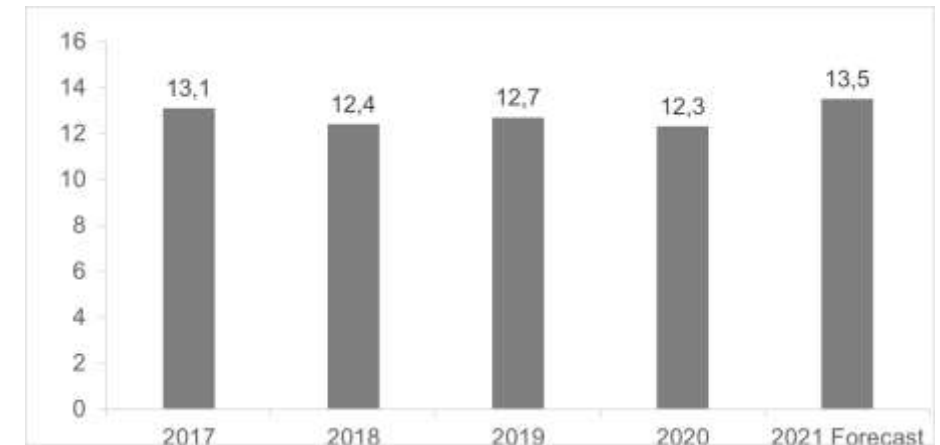


sales expenses in € million

■ General & Administration Expenses

A slight decrease in general & administrative costs was achieved in the 2020 financial year.

For a stock-listed Group, administrative costs are at a relatively low level.



G&A expenses in € million

Segment Earnings

Segment Capex

- Revenues of € 125.4 million were significantly higher than in the previous year (€ 104.2 million), although the Corona crisis prevented a more significant increase in business volume.
- Adjusted gross profit of € 3.7 million (previous year: € -0.2 million); adjusted gross profit margin of 3.0% (previous year: -0.2%).
- Further improvement in margin prevented by additional costs for old orders.
- Adjusted EBIT amounted to € -14.3 million (previous year: € -20.8 million).

Segment Plant Services

- Revenues of € 25.8 million were significantly below expectations, also compared to the previous year (€ 42.1 million).
- Gross profit of € 8.3 million compared to € 12.3 million in 2019; gross profit margin of 32.0% is above the previous year's figure (29.2%).
- COVID-19 pandemic had a particularly negative impact on this business.
- Positive adjusted EBIT of € 1.9 million (previous year: € 6.4 million).

Key Figures at a glance

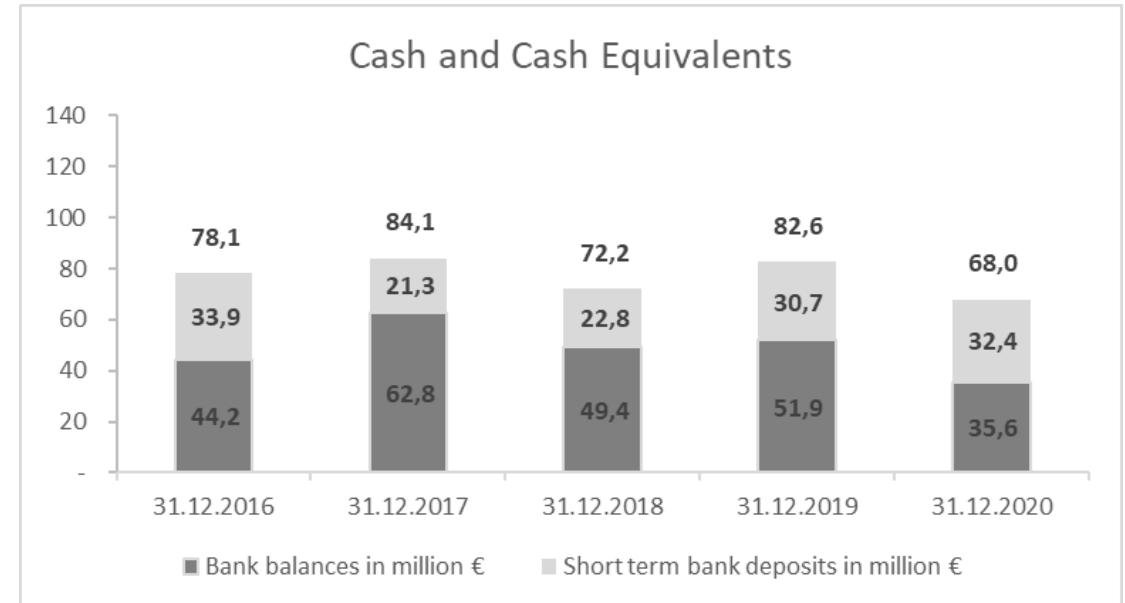
<i>(in € million)</i>	Dec. 31, 2020	Dec. 31, 2019	Deviation
Equity	89,1	101,5	-12,4
<i>Equity ratio</i>	34,4%	39,6%	
Cash	68,0	82,6	-14,6
Intercompany loans	100,0	100,0	0,0
Net working capital	-47,7	-51,2	3,5
Order backlog	240,4	307,8	-67,4
Employees	670	664	6

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

- KHD with solid liquidity and financing structure as well as good equity base (€ 89.1 million / equity ratio 34.4%).
- Net working capital of € -47.7 million (previous year: € -51.2 million) reflects healthy financing structure of the projects.
- Loans to AVIC were extended until July / November 2023 (interest rate: 5%).

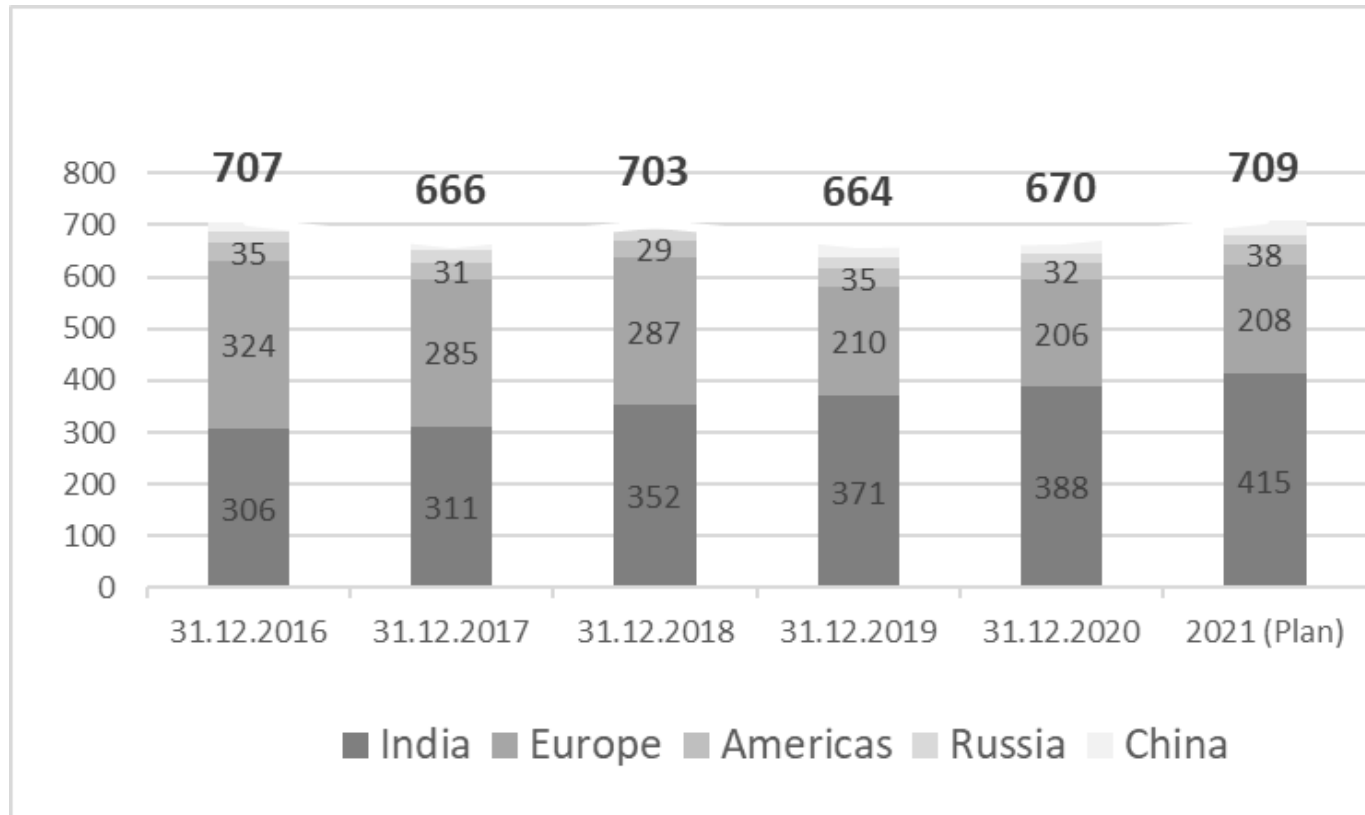
Financial Position

- Total assets as of Dec. 31, 2020 amounted to € 258.9 million (previous year: € 256.7 million), of which:
 - Cash and cash equivalents € 68.0 million (previous year: € 82.6 million).
 - Loans to AVIC totaling € 100 million unchanged to previous year (extended until July / November 2023).
 - In total, 65% of the balance sheet total is directly or indirectly available as cash.
 - Only € 20.1 million (excluding AVIC loans) in non-current assets (→ „asset light“).
- 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

- 670 employees at the end of 2020 (end of 2019: 664 employees) – further targeted increase of capacities planned in India.



- The workforce in Germany is particularly important for securing and expanding our technological core competencies.

Agenda

Business Performance 2020

First four months (January – April) of the Financial Year 2021

Project Status and Market Outlook

Strategy and Research & Development

Questions

Order Intake until April 2021



Order intake in the first four months:

- € 97 million approx. 60% of target for 12 months.
 - € 85 million in the Capex segment.
 - € 12 million in the Plant Services segment.

Very good development of order intake in India.



Growing importance of the Chinese market:

- Innovative products (PYROREDOX® and PYROROTOR®) and technological competence of KHD as success factors.
- Focus on real added value for our customers.

Key Figures January to April 2021 (1)

<i>(in € million)</i>	Jan. - Apr. 2021	Jan. - Apr. 2020	Deviation
Order intake	96,7	16,2	80,5
Revenue	59,4	30,4	29,0
Adjusted gross profit *	5,8	3,9	1,9
<i>Adjusted gross profit margin</i>	9,8%	12,8%	
Adjusted EBIT *	-2,6	-5,2	2,6
<i>Adjusted EBIT margin</i>	-4,4%	-17,1%	
EBT	-0,7	-3,1	2,4
Group net result for the period	-0,9	-3,3	2,4
Earnings per share (in €)	-0,02	-0,07	0,05

* **Adjustments:**
 2021: € 0.1 million
 idle capacity
 2020: € 0.8 million
 idle capacity

“Due to significant opportunities, KHD views a slightly positive EBT as a realistic possibility in the 2021 financial year.”

Key Figures January to April 2021 (2)

<i>(in € million)</i>	Apr. 30, 2021	Dec. 31, 2020	Deviation
Equity	88,4	89,1	-0,7
<i>Equity ratio</i>	31,1%	34,4%	
Cash	81,8	68,0	13,8
Intercompany loans	100,0	100,0	0,0
Net working capital	-63,5	-47,7	-15,8
Order backlog	279,0	240,4	38,6
Employees	706	670	36

<i>(in € million)</i>	Jan. - Apr. 2021	Jan. - Apr. 2020	Deviation
Operating cash flow	10,8	-3,7	14,5
Cash flow from investing activities	1,5	0,8	0,7
Cash flow from financing activities	-0,6	-0,5	-0,1

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Business Performance 2020

First four months (January – April) of the Financial Year 2021

Project Status and Market Outlook

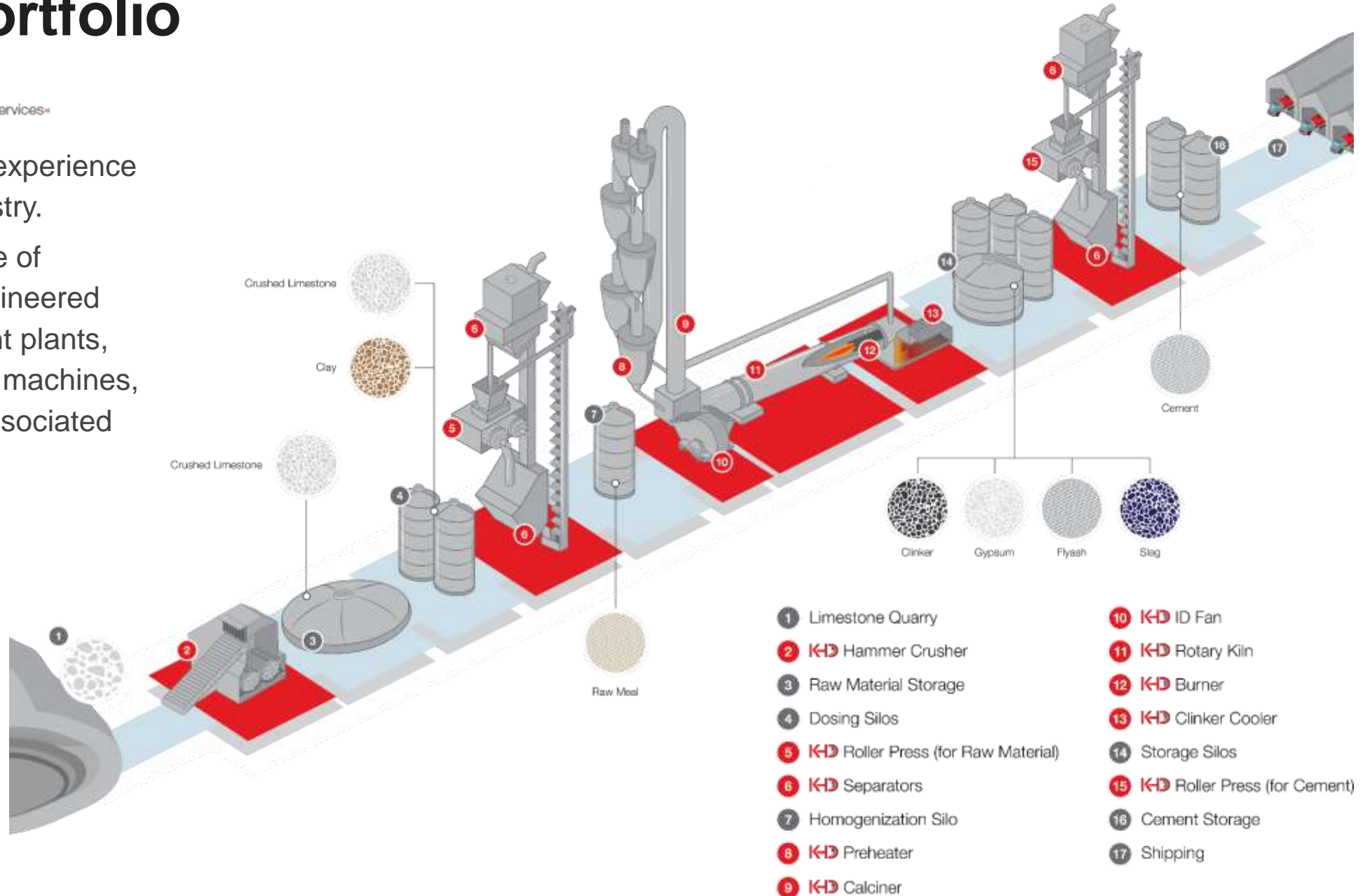
Strategy and Research & Development

Questions

Product Portfolio

a global leader
in cement plant technology, equipment and services

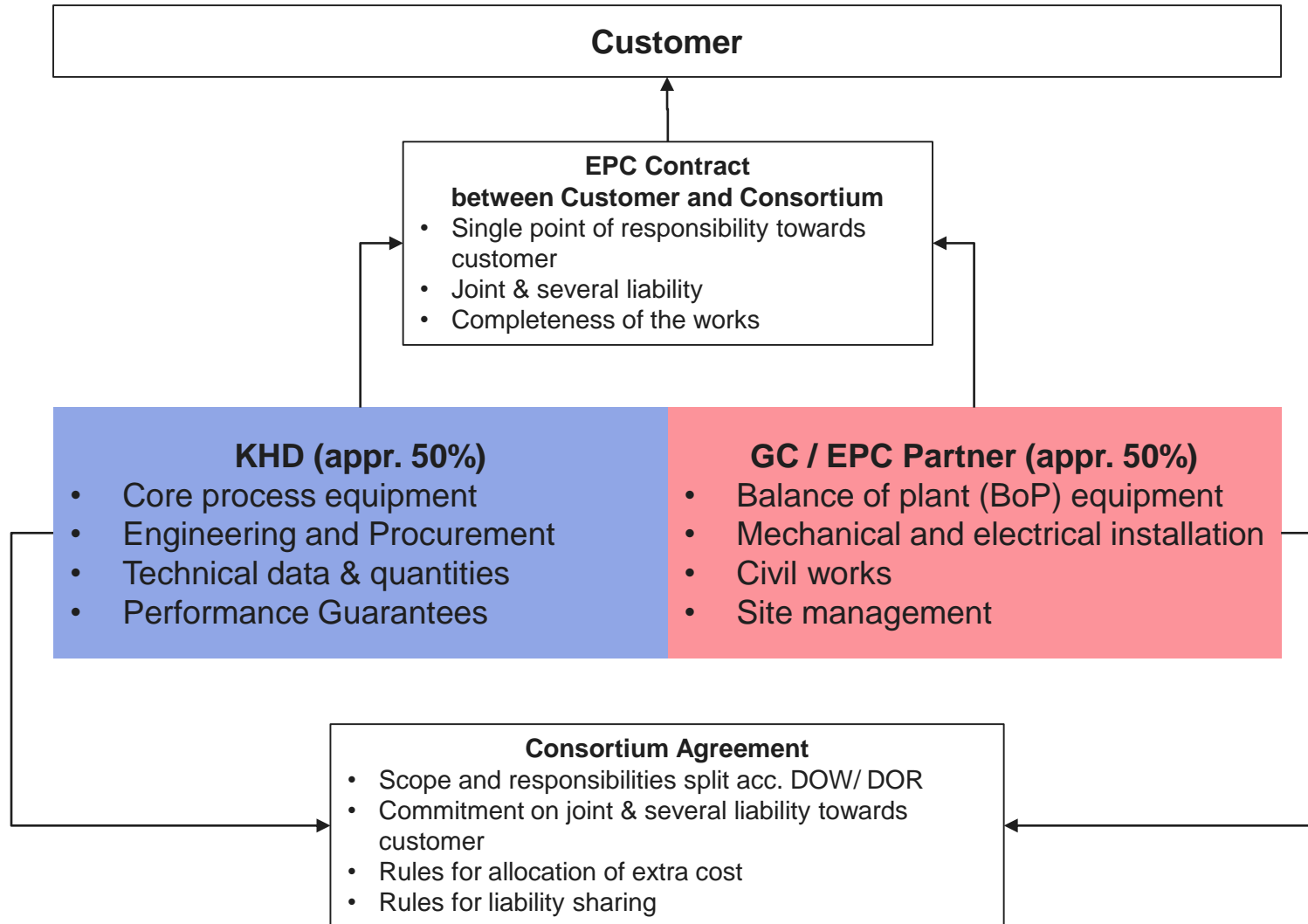
- Over 160 years of experience in the cement industry.
- We offer the full line of equipment and engineered solutions for cement plants, including individual machines, spare parts, and associated plant services.



Project Status

- The COVID-19 pandemic and associated impacts continue to create significant uncertainties in the current FY 2021. In FY 2021, adverse impacts on production and the economy resulting from countermeasures to the pandemic have been largely avoided so far.
- Despite the situation in India, which has been a cause for concern for several weeks, KHD assumes that – in close coordination with our customers – no further negative consequences will result other than an extension of project execution.
- The reorganization in FY 2019 and the streamlining of processes results in better and more efficient project execution.
- It is foreseeable that during FY 2021, the challenging old projects can be brought to a final close.
- The current status of the projects won since FY 2019 confirms the adjustment made to the strategy:
 - Focus on orders with real added value for our customers instead of volume-driven business.
 - Careful consideration of the risk structure of the individual project.
 - For these projects, we do not expect margins to be adversely impacted by unplanned cost overruns.

EPC Tenders and EPC Contracts



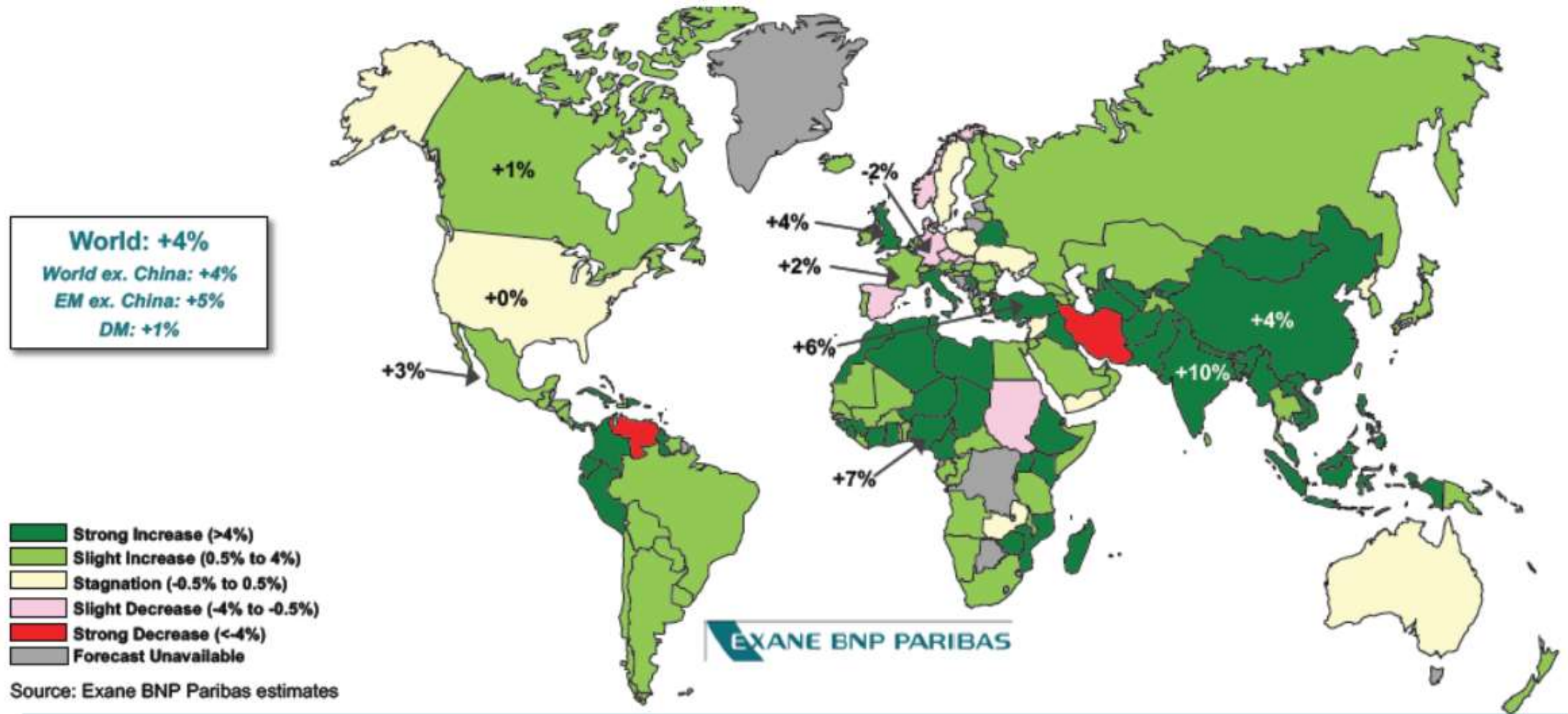
- In some markets, contracts are awarded almost exclusively as one single package (EPC).
- KHD will not act as general contractor / front runner in this context.
- Balanced risk/reward ratio is a basic requirement.
- Open consortium with qualified partner.

Outlook – Markets 2021

- According to CW Research, global growth in cement consumption of 2.0% is expected for 2021. However, if China is not taken into account, the expected global growth is 2.9%.
- The COVID-19 pandemic, its implications and related uncertainties will continue in the current financial year 2021. Since the 2nd quarter of 2021, the pandemic situation has been developing very differently in regions of the world, probably caused by the respective vaccination progress. Our customers are already anticipating an end to the pandemic in the near future and have increased their inquiries, invitations to tender and contract awards since the fourth quarter of 2020.
- Customers' investment projects in the western industrialized countries and China are focused on projects with environmental aspects (in particular emission reduction, CO₂ reduction and alternative fuels), upgrades and projects to reduce operating costs. The market in India continues to be driven by rising cement consumption and the resulting expansion of capacities.
- After overcoming the COVID-19 pandemic, demographic trends and the need for housing construction and infrastructure expansion should lead to growing cement consumption, particularly in Africa, India and Southeast Asia.
- The trend towards demand for customized solutions as opposed to a primarily volume-driven business will manifest itself in more and more markets.

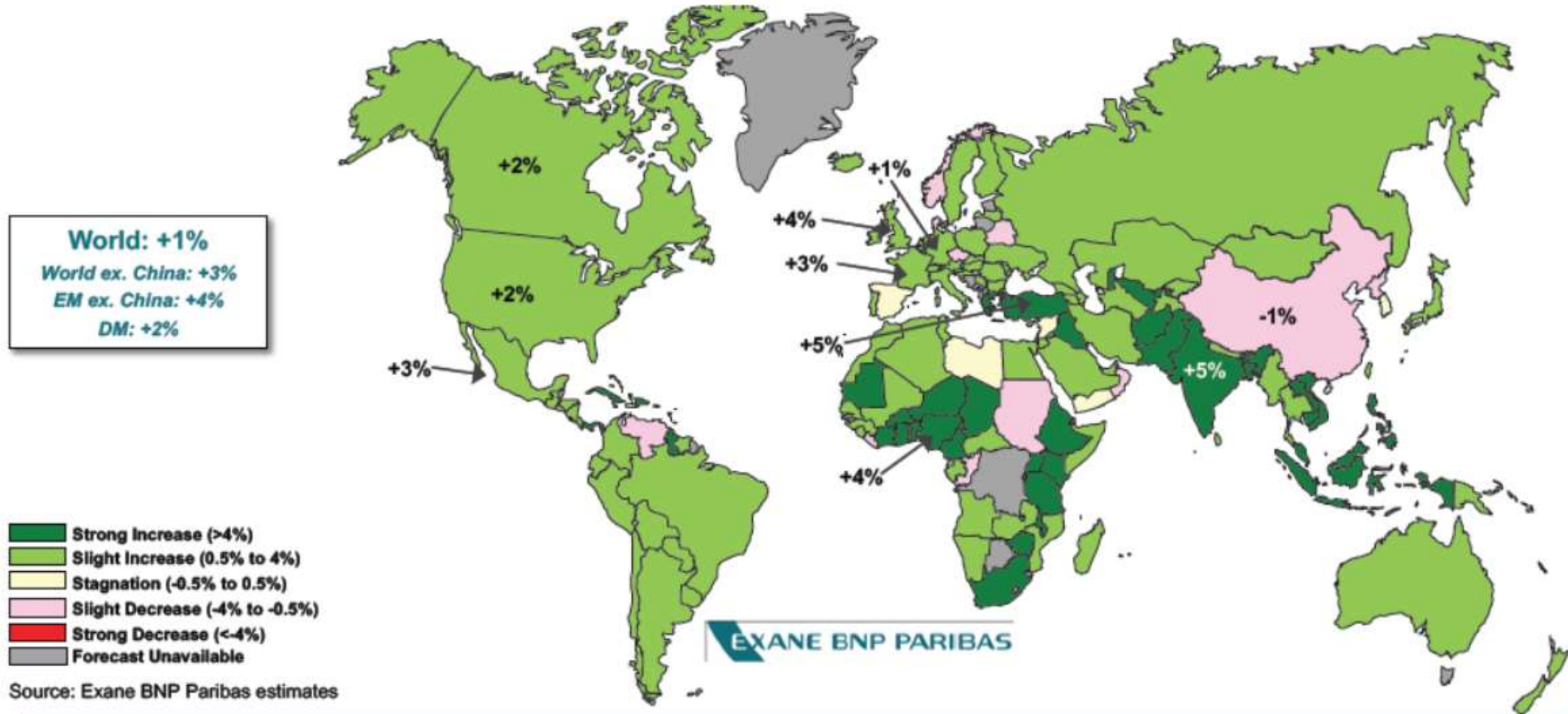
Outlook – Markets 2021

- Forecasted cement consumption in 2021 according BNP Paribas

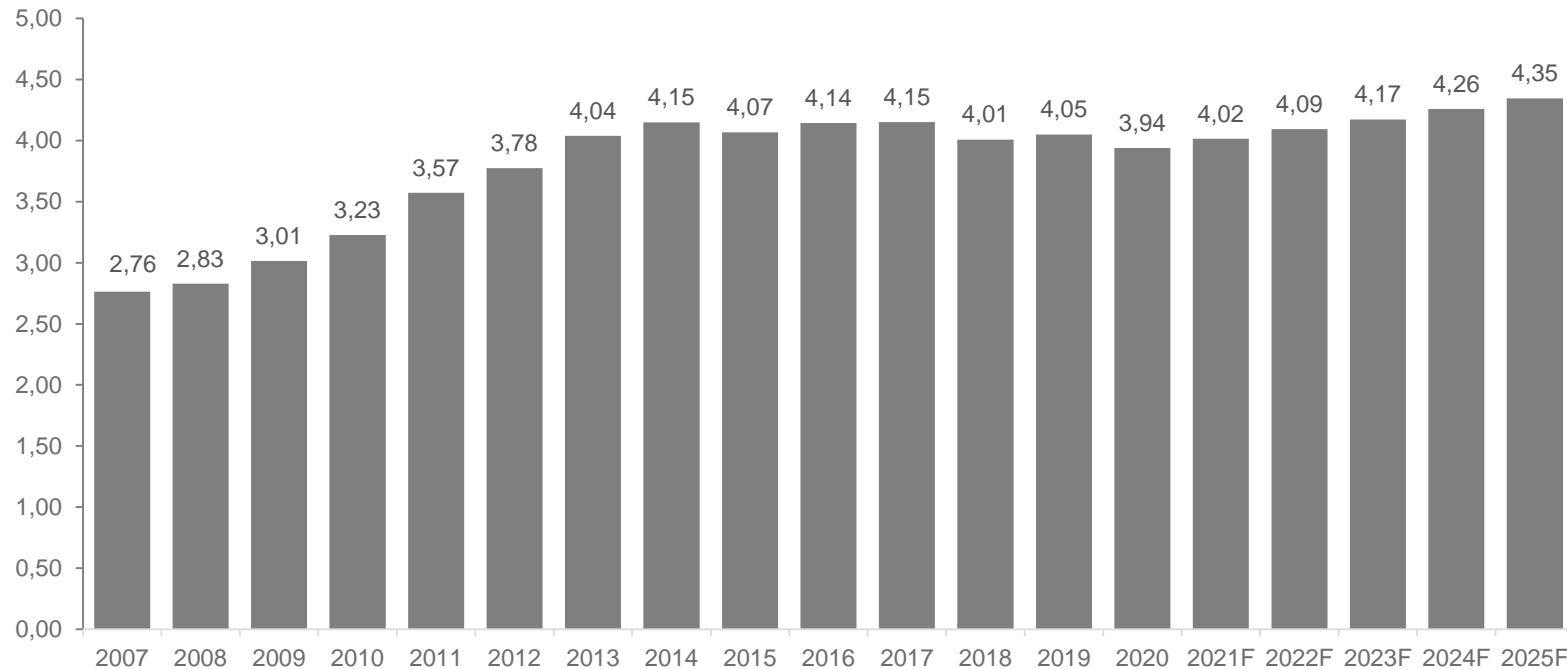


Outlook – Markets 2022-23.

- Forecasted cement consumption in 2022/2023 according to BNP Paribas



Global Cement Consumption (in billion tons)



■ Source: CW Group GCVFR 2H2020

- Cement consumption has stagnated since 2013.
- The year 2020 was hit hard by the effects of the COVID-19 pandemic.
- From 2021, moderate but steady growth is expected.
- Growth for cement plant engineering will only be achieved in selected individual markets and in particular with technologically leading solutions.
- The pressure on margins in cement plant engineering will continue.
- KHD is well positioned with customer-specific solutions.

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Strategy and Research & Development

Questions

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.
- Exploitation of considerable potential in the Chinese market → "Go China" project.
 - Systematic adaptation of our core products to the Chinese procurement and sales market.
 - In the medium-term also promising for markets which can only be served out of China.
- Start working on EPC tenders with particular innovation potential in Western Europe in suitable bidding formations (consortium) with international EPC partners to limit our own risk.
- No participation in ruinous price competition.
- Continued focus on cost management in all areas.
- Better use of the full potential of our employees as well as 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 aspects and energy efficiency • Success stories: PYRORDOX® and PYROROTOR®
“Go China”: 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
“Go China”: Better use of the Chinese supply market	<ul style="list-style-type: none"> • Systematic adaptation of KHD core products • Certification / qualification of manufacturing companies in China • Development / utilization of engineering competence in China (e.g. plant engineering)
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® as well as further core products that are adapted to the local markets • 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 by digitization of internal and external processes • Strengthening the consulting function for our customers (Plant Audits) • Development of product and service concepts (e.g. spare parts and repair concepts for roller presses)
Selection / expansion of strategic partnerships	<ul style="list-style-type: none"> • Close cooperation with WEIR Minerals, potential for broadening the license agreement • Development / expansion of suppliers for the manufacturing of core components
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

Research & Development at KHD (1)

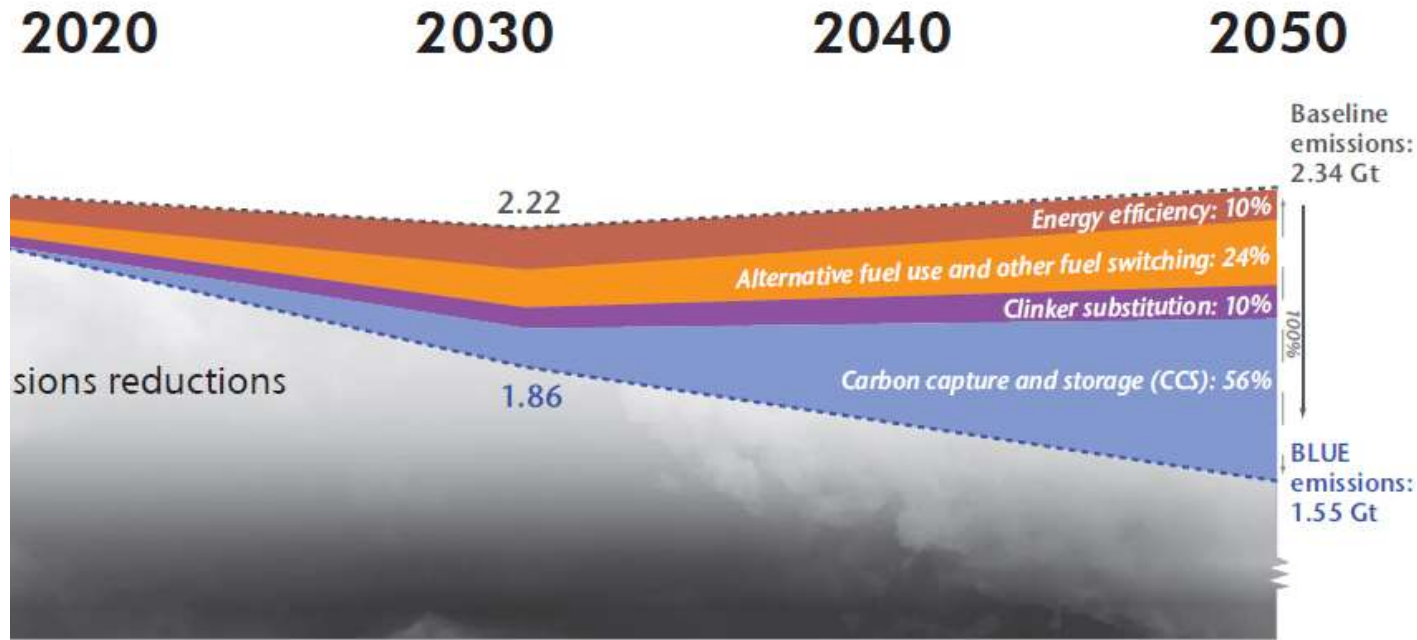
Available today	R&D Focus
Excellent PYRO equipment, new products PYROREDOX®, PYROROTOR®	<ul style="list-style-type: none"> • Solutions for alternative fuels with integrative scope expansion • New improved cyclone design
Good roller press / grinding circuits	<ul style="list-style-type: none"> • Suitable for higher fineness and composite cements • Performance increase / cost reduction • Improved separator technology • Minerals and ore applications (together with WEIR)
CO ₂ -reduction with new low carbon technologies	<ul style="list-style-type: none"> • Further reaching CO₂-reduction technologies: <ul style="list-style-type: none"> • Clay calcination • Oxyfuel technologies • CCUS • Re-carbonization of recycled concrete

Research & Development at KHD (2)

Available today	R&D Focus
Design for our product portfolio aligned to procurement on Western markets	<ul style="list-style-type: none">• “Go China”:<ul style="list-style-type: none">• Evaluation of components for procurement and manufacturing in the Chinese market• Development of product versions specifically adapted to the Chinese market
Process Engineering as core competence	<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• Integration of service
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

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 Group 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 Group is not under any obligation and the Group 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, 2020.