



Statistics	NYSE:	KHD	Market capitalization:	\$ 375 million
	Recent price (01/02/09):	\$ 12.28	Shares outstanding (11/12/08):	30.5 million
	52-week price range:	\$ 35.79 – 6.50	Fiscal year ends:	December 31
	Average daily volume:	340,000	Next earnings due:	Mar. 2009

Analyst Coverage

BB&T CAPITAL MARKETS, John Kasprzak; OPPENHEIMER, Ian Zaffino

Business Summary

KHD Humboldt Wedag International Ltd (NYSE:KHD) is a world leader in supplying proprietary technologies, equipment and engineering/design services for cement, coal and minerals processing. Through its subsidiaries KHD offers its clients all over the world engineering services, machinery, plant and processes as well as process automation, installation and commissioning. The services include staff training as well as pre- and post-sales services through to feasibility studies and financing concepts. This array of supplies and services includes, in particular, the modernization of existing facilities for capacity increases, and for reducing the specific energy demand and the burden on the environment.

Founded in 1856, the Company's largest subsidiary, KHD Humboldt Wedag GmbH, designs and builds plants that produce and/or process cement, beneficiated coal, clinker, base metals and precious minerals. The Company has more than 900 employees worldwide, and has operations in India, China, Russia, the Middle East, Australia, Africa and the United States.

On October 11, 2005, the shareholders of MFC Bancorp approved the name change to KHD Humboldt Wedag International Ltd to coincide with that of the company's principal operating entity, effective November 1, 2005. The Company's shares now trade on the NYSE Stock Market under the ticker symbol "KHD." Prior to November 1, 2005, the company was known as MFC Bancorp Ltd, and was traded on the Nasdaq Stock Market under the ticker symbol "MXBIF."

KHD concentrates its efforts in the fields of processing technology; its mission continues to be the leading supplier of industrial plants and equipment worldwide by focusing on quality products and complete customer satisfaction. KHD also operates a niche financial services group with offices in Hong Kong, Shanghai, and Vienna. Through its wholly owned subsidiaries, which include, MFC Merchant Bank S.A., a fully licensed Swiss bank in Herisau, Switzerland and MFC Commodities, provides merchant banking and commodities trading.

Outlook

2007 revenues increased to \$580.4 million from \$393.5 million in 2006. Income before taxes and minority interests for the year ended 2007 was \$51.0 million or \$1.68 per share on a diluted basis compared to \$31.8 million or \$2.10 per share on a diluted basis in 2006.

Based independent industry analyst reports, the market for cement (which is the primary driver for KHD's technology) is forecast to grow from 1.75 billion metric tons in 2003 to 2.35 billion metric tons by 2015. The Company has concluded that recurring earnings, with growth potential, is possible from this business segment: almost three quarters of this increased demand is expected to come from Asia and Eastern Europe of which the strongest growth is forecast for China and India. The two world economies with the greatest growth potential are China and India, and KHD has an operating history of more than 20 years in China and over 40 years in India.

<u>Third quarter ended: September 30, 2008</u>	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
<i>(In US \$; 000s omitted, except EPS)</i>	<u>09/30/08</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>09/30/07</u>
Total revenue:	\$ 193,596	\$150,441	\$ 474,672	\$416,893
Net income:	30,804	11,782	57,905	30,531
Net income per share (diluted):	\$ 1.01	\$ 0.38	\$ 1.89	\$ 1.00

Recent Developments

- December 8, 2008...** KHD announced results of its initial review of economic crisis impacts on its order backlog. As mentioned in our third-quarter conference call, the rapid and dramatic changes in world credit markets and the global recession have had an impact on our customers' capital expenditure programs and some have requested variations in their contractual arrangements. We have now had an opportunity to evaluate the effects of those changes on our order backlog. Our order backlog at September 30, 2008 was \$1.068 billion. As of December 5, 2008 we can confirm that officially cancelled orders amounted to \$50.8 million and orders officially postponed by more than one year amount to \$18.0 million. We have another \$164.2 million of contract value at risk, meaning we have had verbal indications from customers that contract variations or cancellations are a possibility. This is an interim report; there may be further negative impacts of the economic crisis on our backlog.
- November 12, 2008...** KHD announced results for the third quarter and nine-months ended September 30, 2008. For the nine months ended September 30, 2008, KHD reported revenues from continuing operations of \$474.7 million and income from continuing operations for the period was \$57.9 million or \$1.89 per share diluted, an EPS increase of 51 percent over the \$38.1 million or \$1.25 per share for the first nine months of 2007. Revenues for the quarter ended September 30, 2008, were \$193.6 million, an increase of 29% over 2007 third-quarter revenues of \$150.4 million. Order backlog as of September 30, 2008 was \$1.1 billion, up 39 percent over the same period of 2007. The majority of the order backlog is in the world's emerging economies: 39 percent in Russia/Eastern Europe, 27 percent in Asia and 26 percent in the Middle East.
- August 13, 2008...** KHD announced results for the second quarter ended June 30, 2008. Revenue for the quarter was \$144.2 million, a decrease over 2007 second quarter revenues of \$159.5 million. Order intake for the quarter ended June 30, 2008 was \$320.1 million, an increase of 105 percent over second quarter 2007, with 53 percent of the second quarter 2008 order intake coming from the emerging Russia and Eastern Europe region and 31 percent from Asia. The Company's order backlog at June 30, 2008 was \$1.3 billion, up 96 percent from the same period of 2007, with 41 percent from Russia and Eastern Europe, 26 percent from the Middle East and 26 percent from Asia.

Financial Highlights

Fiscal year: <u>December 31</u> (in US; 000s omitted, except EPS)	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:	\$580,391	\$404,324	\$ 329,402	\$ 155,731	\$ 126,756
Net earnings (from continued operations):	42,142	31,278	29,332	30,701	23,050
Net earnings per common share (diluted):	1.39	1.03	2.14	2.26	1.65

Specialist

LaBranche & Company

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KHD chart provided by Nasdaq.com

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