

## **KHD Humboldt Wedag International Ltd. Reports 2007 Third Quarter and Nine-Month Results**

11/14/2007

EPS from continuing operations increased by 102% and backlog at record levels

HONG KONG, Nov. 14 /PRNewswire-FirstCall/ -- KHD Humboldt Wedag International Ltd. ("KHD") (NYSE: KHD) today announced results for the nine months and third quarter ended September 30, 2007. All figures are in US dollars and earnings per share amounts are on a fully diluted basis.

We are reporting our financial statements exclusive of real estate interests and financial services businesses which are accounted for as discontinued operations.

For the nine months ended September 30, 2007, KHD reported revenues from continuing operations of \$418.8 million and income from continuing operations of \$38.6 million, or \$1.27 per share.

The 2007 revenues are an increase of 75 percent over the revenues in the first nine months of 2006, and the 2007 income from continuing operations is an increase of 102 percent over the nine months of 2006 for the same operations.

For the three months ended September 30, 2007, KHD reported revenues from continuing operations of \$148.8 million and income from continuing operations of \$16.1 million, or \$0.52 per share.

The 2007 third quarter revenues are an increase of 54 percent over the third-quarter 2006 revenues and the 2007 third-quarter income from continuing operations is an increase of 63 percent over the third-quarter 2006.

The number of shares issued and outstanding as at September 30, 2007 was 30,181,391. The weighted average number of shares on a diluted basis for the nine months ended September 30, 2007 was 30,511,709.

Order intake is defined as the total value of all orders received during the respective period, while order backlog is defined as the value of orders received but not yet fulfilled. KHD books orders on the basis of firm contracts and receipt of the down payments. For comparative purposes, all the following analyses of amounts for order intake, backlog and revenue were translated directly from Euros to US dollars at 1.4219, the exchange rate as of September 30, 2007.

Order intake for the quarter ended September 30, 2007 was \$240 million, an increase of 123 percent over the third quarter of 2006; 40 percent of the third-quarter order intake came from the emerging regions of Asia, Russia and Eastern Europe; 57 percent came from the Middle East and Northern Africa region.

Order intake for the nine months ending September 30, 2007 was \$569 million, approximately equal to the same period of 2006; 51 percent of the 2007 order intake came from the emerging regions of Asia, Russia and Eastern Europe.

Order backlog as of September 30, 2007 was a record \$762 million and as of the date of this filing the backlog is approaching \$925 million.

CEO Jim Busche commented, "Our backlog is at record levels. At the close of this year's third quarter, 86 percent of our backlog is distributed among the world's emerging economic regions with 28 percent in Asia, 27 percent in Russia and Eastern Europe and 31 percent in the Middle East and Northern Africa. These are indicators of the strong results of our strategic initiatives for capitalizing on market trends and enhancing shareholder value. Furthermore, I'd like to make note of the fact that for four of the projects in the backlog, where the customers will be placing their orders for KHD equipment upon successful conclusion of their permitting efforts, only the engineering portion of the project has been included. In these cases the engineering order is generally less than 6 percent of the total order value. Finally, within the past few days KHD has signed contracts with customers in Egypt and India with a value in excess of \$175 million. These orders entail KHD proprietary pyro-processing line and a large grinding complex. Consistent with our disclosure and booking policy formal more detailed announcements will be forthcoming."

CFO Alan Hartsliel commented, "The revenues and earnings from continuing operations for the nine months ended September 30, 2007 increased by 75 percent and 102 percent respectively over the same period of 2006. For the quarter ended September 30, 2007, our revenues and earnings from continuing operations increased by 54 percent and 63 percent respectively over the same period of 2006. At the end of the nine months of 2007, we had \$285 million in cash and short-term securities, \$559 million in current assets, and shareholders' equity of \$294 million.

Over the past seven quarters KHD has been transitioning from a financial services company to an industrial plant engineering and equipment supply company. Early in the transition process KHD had revenues and earnings generated from its merchant banking businesses as well as its industrial plant equipment business. To enable our shareholders to more clearly understand our core business going forward, KHD focused on reporting earnings before taxes (EBT) from the industrial plant engineering and equipment supply business. As the transition nears completion, revenues and earnings are now generated from our continuing core business. We now focus on earnings per share (EPS) from

continuing operations. We believe EPS from continuing operations is a measure of the company's overall performance; in KHD's case that would include our industrial plant engineering and equipment supply business, our iron ore royalty and the effectiveness of our fiscal responsibility with taxation. Regarding the latter, at KHD we consider taxation as an expense like any other warranting proper and effective planning in consideration of the company's fiscal responsibilities to its shareholders and host governments. EPS from continuing operations for the nine months ended September 30 increased by 102 percent and for the three months ended September 30 increased by 63 percent over the same period of the prior year.

Our performance is consistent with the guidance we issued for earnings at the outset of this year. We are now issuing guidance on EPS from continuing operations for the full year 2007, which we anticipate to be in the range of \$1.70 to \$1.75.

Our transition from a merchant bank to an industrial plant engineering and equipment supply company is nearly complete. In September we announced that the distribution of Austrian Depository Certificates ("ADCs") representing common shares of SWA Reit and Investments Ltd. The record date for the distribution of ADCs was set as September 25, 2007. The common shares of KHD began trading on the NYSE on a post-distribution basis on September 21, 2007. We will continue to work diligently to achieve recognition of this change from the investment community."

Jim Busche concluded, "While the third quarter results demonstrate KHD's continued growth, there are many other, less visible markers of sustained growth. In particular our activities in Russia, Eastern Europe and the Commonwealth of Independent States (CIS) are most encouraging. The level of inquiries for KHD proprietary equipment is strong, particularly due to our advancements in energy and environmentally efficient designs. It is particularly encouraging to find our emerging market customers being driven by "green" aspects of our technology and products. Our Research and Development activities have enabled KHD to become an industry leader in pyro-processes that can accommodate a broad range of alternative fuels thereby decreasing energy costs and environmental emissions. The activity level of our Russian operating companies, including our design institute, continues to expand with the placement of several significant manufacturing orders with Russian fabricators."

Today at 10:00am EST (7:00am PST), a conference call will be held to review the KHD results; this call will be broadcast live over the Internet at <http://www.khdhumboldt.com> or <http://www.earnings.com>. An online archive will be available immediately following the call and continue for seven days or to listen to the audio replay by phone, dial 1 (888) 286 8010 using conference pass code # 20230750. International callers should dial 1 (617) 801 6888.

About KHD Humboldt Wedag International Ltd.

KHD Humboldt Wedag International Ltd. owns companies that operate internationally in the industrial plant engineering and equipment supply business, and specializes in the cement, coal and minerals processing industries. To obtain further information on KHD, please visit our website at <http://www.khdhumboldt.com>

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in, the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions. These assumptions, which include, management's current expectations estimates and assumptions about certain projects and the markets the Company operates in, are expressed or implied by the forward-looking statements, including, but not limited to: (1) a downturn in general economic conditions in Asia, Europe, the United States and internationally, (2) a decreased demand for the Company's products, (3) a decrease in the demand for cement, minerals and related products, (4) the number of competitors with competitively priced products and services, (5) product development or other initiatives by the Company's competitors, (6) shifts in industry capacity, (7) fluctuations in foreign exchange and interest rates, (8) fluctuations in availability and cost of raw materials or energy, (9) delays in the start of projects included in our forecasts, (10) delays in the implementation of projects included in our forecasts and disputes regarding the performance of our services, (11) the uncertainty of government regulation and politics in Asia and the Middle East and other markets, (12) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (13) other factors beyond the Company's control. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in our Form 6-K filed with the Securities and Exchange Commission and our MD&A filed with Canadian security regulators.

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-FINANCIAL TABLES FOLLOW-

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEETS

September 30, 2007 and December 31, 2006

(unaudited)

(amounts in U.S. dollars; in thousands)

ASSETS	2007	2006
Current assets		
Cash and cash equivalents	\$270,883	\$204,530
Securities	14,335	4,111
Restricted cash	20,813	16,180
Accounts receivable, trade	87,927	66,607
Other receivables	18,716	33,901
Inventories	106,261	85,799
Contract deposits, prepaid and other	39,073	24,069
Future income tax assets	754	763
Current assets of discontinued operations	0	4,301
558,762	440,261	
Non-current assets		
Securities	8,042	67
Receivables	0	8,878
Property, plant and equipment	2,385	2,936
Resource property	32,937	29,037
Equity method investments	426	500
Future income tax assets	23,947	27,724
Investment in preferred shares of a former subsidiary	91,204	77,976
Non-current assets of discontinued operations	0	54,541
158,941	201,659	
\$717,703	\$641,920	

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

CONSOLIDATED BALANCE SHEETS (con't)

September 30, 2007 and December 31, 2006

(unaudited)

(amounts in U.S. dollars; in thousands)

LIABILITIES	2007	2006
Current liabilities		
Accounts payable and accrued expenses	\$320,203	\$242,152
Long-term debt, current portion	0	4,596
Pension liabilities, current portion	1,793	1,664
Provision for warranty costs, current portion	26,211	21,868
Current liabilities of discontinued operations	0	964
348,207	271,244	
Long-term liabilities		
Long-term debt, less current portion	11,557	10,725
Pension liabilities, less current portion	30,759	28,559
Provision for warranty costs, less current portion	10,068	7,247
Deferred credit, future income tax assets	14,546	15,539
Future income tax liability	1,406	9,180
Other long-term liabilities	3,319	625
Long-term liabilities of discontinued operations	0	3,047
71,655	74,922	
Total liabilities	419,862	346,166

MINORITY INTERESTS	3,985	22,466
SHAREHOLDERS' EQUITY		
Common stock	134,102	108,595
Treasury stock	(85,629)	(64,383)
Contributed surplus	4,072	2,131
Retained earnings	151,535	176,742
Accumulated other comprehensive income	89,776	50,203
293,856	273,288	
\$717,703	\$641,920	

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF INCOME

For Nine Months Ended September 30, 2007 and 2006

(unaudited)

(amounts in U.S. dollars; in thousands, except per share data)

2007	2006	
Revenues	\$418,825	\$239,581
Cost of revenues	357,968	201,587
Gross profit	60,857	37,994
Other operating income, resource property	12,987	3,244
General and administrative expense	(31,258)	(19,566)
Stock-based compensation	(3,298)	(1,187)
Operating income	39,288	20,485
Interest income	8,058	3,168
Interest expense	(2,071)	(1,602)
Other income (expenses), net	1,189	3,534
Income before taxes from continuing operations	46,464	25,585
Provision for income tax:		
Income taxes	(2,967)	(1,979)
Resource property revenue taxes	(2,986)	0
(5,953)	(1,979)	
Income before minority interests, continuing operation	40,511	23,606
Minority interests	(1,872)	(4,523)
Income from continuing operations	38,639	19,083
Income from discontinued operations, net of tax	(7,595)	1,187
Net income	\$31,044	\$20,270
Basic earnings (loss) per share		
from continuing operations	\$1.29	\$0.63
from discontinued operations	(0.25)	0.04
\$1.04	\$0.67	
Diluted earnings (loss) per share		
from continuing operations	\$1.27	\$0.63
from discontinued operations	(0.25)	0.04
\$1.02	\$0.67	
Weighted average shares outstanding - basic	29,834,461	30,102,468
Weighted average shares outstanding - diluted	30,511,709	30,389,736

KHD HUMBOLDT WEDAG INTERNATIONAL LTD.

CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended September 30, 2007 and 2006

(unaudited)

(amounts in U.S. dollars; in thousands, except per share data)

2007	2006	
Revenues	\$148,833	\$96,770
Cost of revenues	132,286	81,326
Gross profit	16,547	15,444
Other operating income, resource property	5,811	1,092
General and administrative expense	(11,006)	(5,581)
Stock-based compensation	(843)	(788)
Operating income	10,509	10,167
Interest income	2,728	1,281

Interest expense	(512)	(384)
Other income (expenses), net	(602)	993
Income before taxes from continuing operations	12,123	12,057
Recovery of (provision for) income taxes:		
Income taxes	5,446	(60)
Resource property revenue tax	(1,338)	0
4,108 (60)		
Income before minority interests, continuing operations	16,231	11,997
Minority interests	(174)	(2,125)
Income from continuing operations	16,057	9,872
Income from discontinued operations, net of tax	(7,945)	351
Net income	\$8,112	\$10,223
Basic earnings (loss) per share		
from continuing operations	\$0.53	\$0.32
from discontinued operations	(0.26)	0.01
\$0.27 \$0.33		
Diluted earnings (loss) per share		
from continuing operations	\$0.52	\$0.32
from discontinued operations	(0.26)	0.01
\$0.26 \$0.33		
Weighted average shares outstanding		
- basic	30,294,782	30,527,826
Weighted average shares outstanding		
- diluted	31,013,973	30,840,414
KHD HUMBOLDT WEDAG INTERNATIONAL LTD.		
FINANCIAL SUMMARY		
As of September 30, 2007		
(unaudited)		
(amounts in U.S. dollars; in thousands, except per share data and ratios)		
Cash and cash equivalents		\$270,883
Short-term securities		14,335
Restricted cash		20,813
Working capital		210,555
Total assets		717,703
Shareholders' equity		293,856
Book value per share		9.74
Current ratio		1.605
Long-term debt to equity ratio		0.039

SOURCE KHD Humboldt Wedag International Ltd.

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