



Q1

We Can Handle It.  
Interim Report 2008/2009  
1st Quarter

**DEMAG**  
**CRANES AG**

## Group Key Figures

	Q1 2008/2009	Q1 2007/2008	Δ	Financial Year 2007/2008
<b>Earnings</b> (in EUR million)				
Order intake	281.3	295.0	-4.6 %	1,323.4
Order book <sup>1</sup>	488.1	430.1	13.5 %	523.5
Revenue	303.0	291.1	4.1 %	1,225.8
of which inside Germany	22.3 %	21.0 %	1.3 % points	20.7 %
of which outside Germany	77.7 %	79.0 %	-1.3 % points	79.3 %
Gross profit	87.0	81.7	6.6 %	361.5
in percent of revenue	28.7 %	28.1 %	0.7 % points	29.5 %
Operating EBITDA <sup>2,3</sup>	36.1	35.2	2.5 %	160.0
Operating EBIT <sup>2,3</sup>	30.5	29.9	1.9 %	137.5
in percent of revenue	10.1 %	10.3 %	-0.2 % points	11.2 %
EBIT	30.1	29.5	2.1 %	135.8
Operating net income after tax <sup>3,4</sup>	18.3	17.8	2.6 %	84.7
Operating earnings per share (in EUR) <sup>3,4</sup>	0.86	0.84	2.6 %	4.00
Net Income after tax	18.2	17.6	3.0 %	80.8
Earnings per share (in EUR)	0.85	0.83	2.4 %	3.79
<b>Cash flow</b> (in EUR million)				
Cash flow from operating activities	(3.7)	10.6	-135.2 %	147.1
Cash flow from investing activities	(3.1)	(1.4)	-127.7 %	(21.3)
of which capital expenditure	(3.4)	(2.7)	-25.6 %	(25.4)
Free cash flow before financing	(6.9)	9.3	-174.4 %	125.9
<b>Balance sheet</b> (in EUR million)				
	31 Dec. 2008	31 Dec. 2007	Δ	30 Sept. 2008
Total assets	925.9	858.6	7.8 %	925.5
Working capital	273.2	270.2	1.1 %	254.0
Net debt	29.1	107.3	-72.9 %	18.4
Equity	284.5	226.0	25.9 %	271.2
Equity ratio in percent	30.7 %	26.3 %	4.4 % points	29.3 %
Gearing in percent	10.2 %	47.5 %	-37.2 % points	6.8 %
<b>Employees</b>				
Employees <sup>5</sup>	6,149	5,846	5.2 %	6,093
of which inside Germany	3,032	2,924	3.7 %	3,008
of which outside Germany	3,117	2,922	6.7 %	3,085
<b>Shares</b>				
Number of shares (in millions)	21.2	21.2	-	21.2
Market capitalisation (in EUR million)	398.1	621.2	-35.9 %	589.2
Dividend per share (in EUR)	-	-	-	1.40
Closing share price (in EUR) <sup>6</sup>	18.80	29.34	-35.9 %	27.83

<sup>1</sup> At end of period

<sup>2</sup> The adjustments reflect the effects of the purchase accounting method and one-off effects.

<sup>3</sup> Formerly adjusted EBITDA/EBIT

<sup>4</sup> The adjustments reflect the effects of the purchase accounting method, one-off effects and tax effects.

<sup>5</sup> Employees as at the end of the period, excluding temporary employees, apprentices and trainees

<sup>6</sup> As per Xetra closing

## At a Glance

- **Order Intake:**  
EUR 281.3 million, 4.6 percent less than Q1 2007/2008
- **Order book:**  
EUR 488.1 million, 13.5 percent more than 31 December 2007
- **Revenue:**  
EUR 303.0 million, 4.1 percent more than Q1 2007/2008
- **Operating EBIT:**  
EUR 30.5 million, 1.9 percent more than Q1 2007/2008

The Demag Cranes Group is one of the world's leading providers of industrial cranes, crane components, harbour cranes and port automation technology. Services, in particular maintenance and refurbishment services, are another key element of the Group's business activities. The activities of the Group are divided up into three segments: Industrial Cranes, Port Technology and Services.

In Demag and Gottwald, the Group has strong brands and believes that it is a global market leader by virtue of its innovation and technology leadership, its excellent product and service quality and its close and long-term customer relationships. The Demag Cranes Group manufactures in 16 countries on five continents and through subsidiaries, agencies and a joint venture operates one of the most comprehensive worldwide sales and service networks in the industry. The Group is represented in more than 60 countries and reaches customers in more than 100 countries.



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# CEO Letter to our Shareholders

Dear Shareholder,

The Demag Cranes Group has made a good start to financial year 2008/2009 despite a very difficult economic environment. With a busy order book to carry over from financial year 2007/2008, we were able to increase first-quarter revenue and earnings year on year and consolidate our market position. Nevertheless, the economic downturn is making itself felt in our business too. Customers are becoming increasingly reluctant to commission projects, preferring to adopt a wait-and-see approach.

In times of financial crisis and a possible credit crunch, a healthy balance sheet and stable financing structure are more important than ever. The Demag Cranes Group has both of these. In fact, with low net debt, a high equity ratio and funding secured until 2011, it is on a very firm footing.

However, given the uncertain economic environment and the considerable amount of uncertainty it brings with it, the Management Board will not be issuing a full-year forecast for the time being. Instead, it would like to wait and see how the first three months of the calendar year (the Company's second quarter) play out before deciding whether conditions are appropriate for it to issue a firm year-end forecast.

For our views on how business will develop going forward, please see the Outlook section.

Yours sincerely,





Harald J. Joos, CEO

# Demag Cranes AG Shares

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## Performance of the Demag Cranes AG Share

The first quarter of financial year 2008/2009 saw a further deterioration in the state of the economy. A number of companies in sectors such as automotive industry reported sharp declines in order intake, interbank lending almost ground to a halt, and banks continued to suffer large write-downs and a desperate need for equity. Despite the drastic action taken by various governments and central banks in an effort to prop up the economy, capital markets remained highly volatile in the face of this uncertainty. All the well-known indices continued to fall during the reporting period.

Demag Cranes shares were not immune to this volatility. They were still standing at EUR 27.83 at the end of financial year 2007/2008, but over the following weeks continued to lose ground in parallel with the market as a whole and on 28 October closed at an all-time low of EUR 11.64. However, they then recovered in step with the benchmark indices as the first quarter of financial year 2008/2009 progressed.

On 15 December 2008, Demag Cranes AG announced its results for financial year 2007/2008. Despite the increasingly difficult economic environment, the Group managed to further consolidate its strong market position, capitalise on its technological edge and once again increase its revenue and earnings. The vast majority of analysts reiterated their buy recommendations on the basis of these annual results, but adjusted their share price targets to reflect the generally difficult capital market environment.

The excellent results also had a positive impact on the shares. At the end of the first quarter of financial year 2008/2009, they closed at EUR 18.80.

Over the course of the quarter, the MDAX® lost around 19.5 percent of its value, dropping from 6,957 on 30 September 2008 to 5,602, while the DAX® fell by around 17.5 percent from 5,831 to 4,810.

Demag Cranes AG continued its systematic investor relations activities during the first quarter of financial year 2008/2009, holding roadshows in Montreal, Toronto, London, Frankfurt am Main and Vienna.

#### Key Share Data

		<b>31 Dec. 2008</b>	30 Sept. 2008
Number of shares	in millions	21.17	21.17
Closing price*	EUR	18.80	27.83
Market capitalisation	in EUR million	398.1	589.2
		<b>Q1 2008/2009</b>	Q4 2007/2008
Average daily trading volume	Shares	253,869	277,083
Share price: high*	EUR	26.25	38.31
Share price: low*	EUR	11.64	26.04

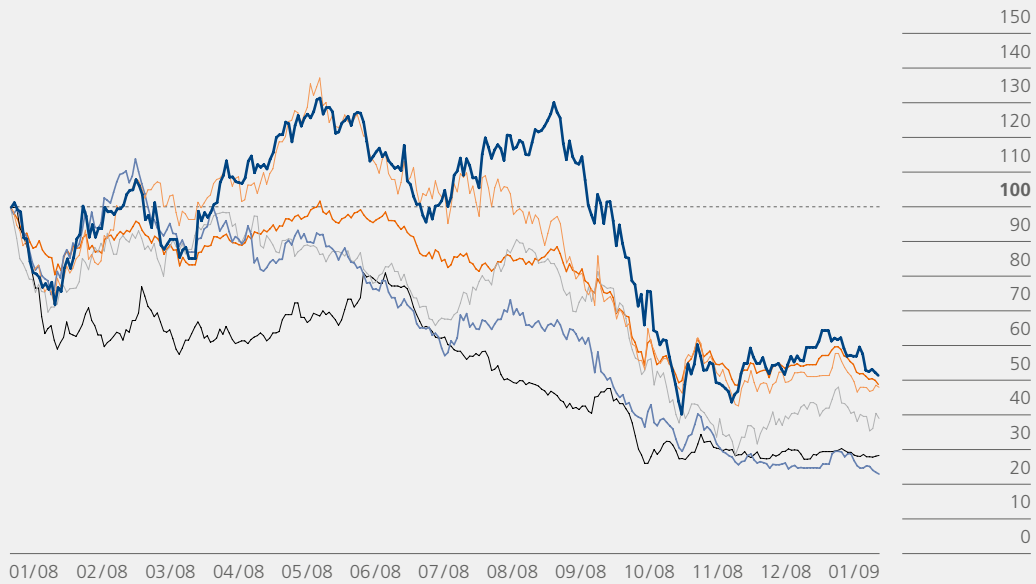
\* Xetra closing share prices

## Ownership Structure

As at 31 December 2008, 100 percent of the Company's shares were freely traded.

**Demag Cranes AG Compared with Competitors and MDAX®, 1 January 2008 to 17 January 2009**

in percent



# Interim Management Report Page 10–21

## Business Overview and Market Development

### World Economic Trends<sup>1</sup>

Global economic growth slowed sharply in 2008. All sectors of the economy are now feeling the effects of the severe crisis in the international financial markets that began with the collapse of the US subprime mortgage market in 2007. The global financial crisis went from bad to worse in 2008. For a long time, the turmoil was limited to a liquidity crunch resulting from banks' reluctance to engage in short-term interbank lending, but the situation then deteriorated following the insolvency of several large financial institutions. In order to prevent the global financial system from collapsing, governments in almost all industrialised nations intervened heavily in the economy by launching massive rescue packages. Nevertheless, the financial market turmoil is now having a major impact worldwide.

While credit conditions for both businesses and private households deteriorated significantly, asset losses and gloomy earnings prospects added to the strains. The only relief came from the sharp decline in the oil price, which allowed central banks to cut benchmark interest rates. In the fourth quarter of 2008, the World Economic Climate Index produced by the ifo World Economic Survey fell to its lowest level for more than twenty years. This fall in the indicator is the result of a yet gloomier view of the economic situation and lower expectations for the next six months. On this occasion, the downturn in the global economic climate affected not only the large economic regions of North America, Western Europe and Asia, but also Central and Eastern Europe, Russia and Latin America.

### Economic Trends in the Euro Zone

The euro zone economy slipped into recession for the first time since monetary union began. Growth rates have now been falling in all countries since spring 2008. The German economy was unable to buck this trend: almost all businesses felt the increasing effects of the global economic downturn, which accelerated again in the fourth calendar quarter of 2008 following the collapse of investment bank Lehman Brothers. The dismal state of the economy also caused a sharp decline in capital expenditure, and foreign demand and German exports slumped.

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<sup>1</sup> Sources: Commerzbank, Economic Research, Economics, Interest Rates and Exchange Rates, December 2008/January 2009; Goldman Sachs, Global Economics Analyst, November/December 2008; ifo Institute for Economic Research at the University of Munich, Economic Forecast for 2009.

## Industry Situation

With its products and services in its Industrial Cranes, Port Technology and Services segments, the Demag Cranes Group operates on the global market for cargo-handling equipment and material logistics. This market includes all products which perform, control and monitor cargo-handling and logistics processes, including the corresponding software solutions and services.

The Industrial Cranes segment's products are used in a diverse range of industries and serve a variety of customer groups. In the past quarter, the adverse changes in the economic environment and the associated fall in demand in mature markets contrasted with growth potential in emerging markets. Although it remains difficult to make forecasts for the Industrial Cranes segment because it is heavily dependent on economic cycles, we believe it is well positioned.

The Port Technology segment is dependent on worldwide cargo volumes and growth in container handling. As explained at our Annual Results press conference and Analysts' Meeting in December, the impact of the financial and economic crisis was most obvious in this segment in the fourth calendar quarter of 2008. Cargo volumes on the main container routes are declining as a result of falling demand and large projects and investment decisions are being postponed. This is now affecting Mobile Harbour Cranes and terminal automation projects in particular as the original timetable for their implementation is thrown into question, which in turn will have a negative impact on our business in the Port Technology segment in the course of the current financial year. Over the medium and long term, however, experts still expect further growth in global cargo traffic and therefore continuing demand for the relevant handling equipment.

The Services segment was barely affected by cyclical fluctuations in the course of the past quarter. In this segment, the Company remains relatively relaxed about the prospect of an economic downturn based on the assumption that the segment will not be badly affected by a slight decline in capacity utilisation because equipment will have to be maintained as usual in the interests of safety, reliability and availability.

## Business Performance

### Revenue, Order Intake and Order Book

In the first quarter of 2008/2009, the Demag Cranes Group continued to consolidate its market position by increasing revenue by a further 4.1 percent from EUR 291.1 million to EUR 303.0 million. This growth was driven by the Industrial Cranes and Services segments.

Group order intake came to EUR 281.3 million in the first quarter of financial year 2008/2009, while the Group order book grew by 13.5 percent year on year from EUR 430.1 million to EUR 488.1 million.

in EUR million	<b>Q1 2008/2009</b>	Q1 2007/2008
<b>Group order intake</b>	<b>281.3</b>	<b>295.0</b>
in EUR million	<b>31 Dec. 2008</b>	31 Dec. 2007
<b>Group order book</b>	<b>488.1</b>	<b>430.1</b>
in EUR million	<b>Q1 2008/2009</b>	Q1 2007/2008
<b>Group revenue</b>	<b>303.0</b>	<b>291.1</b>
of which		
Industrial Cranes	153.5	141.8
Port Technology	64.3	67.0
Services	85.3	82.3

The **Industrial Cranes segment** increased revenue by EUR 11.7 million or 8.2 percent in the first quarter of 2008/2009 to EUR 153.5 million. This growth was driven mainly by the Process Cranes and Standard Cranes product lines.

Entirely through organic growth, first-quarter order intake rose by a further 2.9 percent year on year to EUR 150.4 million. The order book was 32.0 percent up on the figure as at 31 December 2007 at EUR 336.2 million.

Revenue in the **Port Technology segment** fell by 4.1 percent compared with the prior-year quarter to EUR 64.3 million. This decline is equivalent to one to two fewer cranes compared with a year earlier. In the Port Technology segment, the weak economic environment caused port and terminal operators to extend investments over longer time periods and postpone some large projects. This pushed order intake down by around EUR 26 million and the order book down by some EUR 30 million.

The **Services segment** continued to see strong demand for its products in the first quarter of financial year 2008/2009. Here, revenue rose by 3.6 percent year on year to EUR 85.3 million. The segment benefited from a stronger field service team and a healthy spare parts business. Compared to the first quarter of 2007/2008 order intake increased by 9.4 percent to EUR 90.4 million. The order book was 14.0 percent up on the figure at the end of the prior-year period at EUR 54.3 million.

The following table shows a regional breakdown:

in EUR millions	Q1 2008/2009	Q1 2007/2008	Δ	LTM Dec. 2008	Financial Year 2007/2008
Germany	67.5	60.4	11.8 %	21.1 %	20.7 %
Rest of Europe	92.6	120.5	-23.1 %	34.9 %	37.5 %
North America	35.9	36.5	-1.7 %	10.1 %	10.3 %
<b>Mature markets</b>	<b>196.0</b>	<b>217.4</b>	<b>-9.8 %</b>	<b>66.1 %</b>	<b>68.5 %</b>
BRIC countries	34.2	31.8	7.5 %	11.2 %	11.1 %
Central and South America	5.2	9.4	-45.3 %	3.2 %	3.6 %
Asia/Pacific	40.5	22.0	83.8 %	11.9 %	10.5 %
Other	27.2	10.5	159.3 %	7.7 %	6.4 %
<b>Emerging markets</b>	<b>107.0</b>	<b>73.7</b>	<b>45.1 %</b>	<b>33.9 %</b>	<b>31.5 %</b>
<b>Group revenue</b>	<b>303.0</b>	<b>291.1</b>	<b>4.1 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

At regional level, the primary growth drivers were the emerging markets, where revenue rose by 45.1 percent year on year. By contrast, revenue in the mature markets declined by 9.8 percent, reflecting the economic crisis.

Comparing the last twelve months (LTM) with the full-year figures reveals that the ratio of emerging-markets revenue to mature-markets revenue is continuing to shift in favour of the former.

## Earnings

The Demag Cranes Group sustained the positive trend in earnings in the first quarter of financial year 2008/2009, generating earnings before interest and tax (EBIT) of EUR 30.1 million (9.9 percent of revenue). Compared with the EUR 29.5 million (10.1 percent of revenue) generated in the previous year, this represents a slight year-on-year increase of 2.1 percent.

The Management Board uses operating EBIT (formerly adjusted EBIT) as a core indicator for Group management. Operating EBIT excludes purchase accounting depreciation and amortisation, which represents the impact on depreciation and amortisation of fair-value adjustments to assets acquired in business combinations. It also excludes any one-off effects, such as severance and restructuring expenses.

Operating EBIT rose from EUR 29.9 million in the first quarter of 2007/2008 to EUR 30.5 million in the reporting period, an increase of 1.9 percent.

in EUR million	Q1 2008/2009	Q1 2007/2008
<b>Group EBIT</b>	<b>30.1</b>	<b>29.5</b>
of which		
Industrial Cranes	13.0	9.3
Port Technology	1.5	2.8
Services	18.4	19.0
Central holding company/DC AG	(2.7)	(1.5)
<b>Purchase accounting depreciation and amortisation</b>	<b>0.4</b>	<b>1.4</b>
<b>Adjustments for one-off effects</b>		<b>(1.0)</b>
<b>Group operating EBIT</b>	<b>30.5</b>	<b>29.9</b>
of which		
Industrial Cranes	13.2	9.5
Port Technology	1.6	2.9
Services	18.4	19.0
Central holding company/DC AG	(2.7)	(1.5)

### Segment Earnings:

Turning to the segment figures, operating EBIT in the **Industrial Cranes segment** increased by 38.7 percent compared with the first quarter of financial year 2007/2008 to EUR 13.2 million, a strong performance due to the year-on-year increase in revenue. At the same time, however, the growth in earnings reflects the successful outcome of measures to optimise processes, such as operating closer to full capacity worldwide.

Operating EBIT in the **Port Technology segment** fell by EUR 1.3 million year on year mainly because of lower revenues and initial cuts in production that reduced capacity utilisation rates at the factory. Both are initial repercussions of a difficult market environment that have so far only affected this segment. As explained when the full-year figures for 2007/2008 were published on 15 December 2008, the Port Technology segment consequently shed around 150 temporary employees in an effort to cut costs, at the end of the first quarter.

At around EUR 18.4 million, operating EBIT in the **Services segment** was almost unchanged year on year. At 21.6 percent, the EBIT margin was above the 20 percent posted in the last quarter of 2007/2008 and in absolute terms some EUR 1 million higher than the EUR 17.4 million recorded in that quarter.

Central holding company costs amounted to EUR 2.7 million in the first quarter. These include other management and control costs in particular and increased slightly year on year due to the plans to further centralise Group functions.

### Cash Flows

Free cash flow before financing changed as follows during the first quarter of financial year 2008/2009:

in EUR million	<b>Q1 2008/2009</b>	Q1 2007/2008
Cash flow from operating activities	(3.7)	10.6
Cash flow from investing activities	(3.1)	(1.4)
<b>Free cash flow before financing</b>	<b>(6.9)</b>	<b>9.3</b>

Cash flow from operating activities deteriorated compared with the first quarter of financial year 2007/2008, changing from a net cash inflow of EUR 10.6 million to a net cash outflow of EUR 3.7 million. This was due, in particular, to one-off payments relating to the replacement of the restructuring agreement and one-off payments relating to the new union agreement for metals and electrical industry workers.

Net debt increased by around EUR 11 million compared with 30 September 2008, from EUR 18.4 million to EUR 29.1 million as at 31 December 2008. This was primarily attributable to a roughly EUR 9 million reduction in cash on hand to EUR 80.6 million.

in EUR million	<b>31 Dec. 2008</b>	30 Sept. 2008
Non-current interest-bearing loans	105.6	105.6
Current interest-bearing loans and current maturities of long-term debt	4.7	3.7
Cash and cash equivalents	(80.6)	(90.0)
Current financial receivables	(0.6)	(0.9)
<b>Net debt</b>	<b>29.1</b>	<b>18.4</b>

The revolving credit facility for EUR 325.0 million (including an ancillary facility of EUR 105.0 million) was opened on 16 June 2006 and terminates on 27 June 2011. Drawings on the facility as at 31 December 2008 were as follows:

- EUR 105.0 million drawn on the revolving credit facility itself (due March 2009), the same amount as was drawn on the facility as at 30 September 2008.
- EUR 63.4 million drawn on the ancillary credit line for guarantees (30 September 2008: EUR 67.9 million).

## Balance Sheet

in EUR million	<b>31 Dec. 2008</b>	30 Sept. 2008	31 Dec. 2007
Non-current trade receivables	0.4	0.5	0.7
Inventories	274.2	261.6	227.9
Advance payments made	5.1	3.7	2.8
Trade receivables	203.3	201.3	191.2
Trade payables	(92.7)	(97.0)	(69.3)
Advance payments received	(117.1)	(116.0)	(82.9)
<b>Net working capital</b>	<b>273.2</b>	<b>254.0</b>	<b>270.2</b>

Net working capital rose by 7.6 percent compared with 30 September 2008 from EUR 254.0 million to EUR 273.2 million. This change is due mainly to the EUR 12.6 million increase in inventories and EUR 4.3 million decline in trade payables. Compared with the previous year, however, net working capital was virtually unchanged.

in EUR million	<b>31 Dec. 2008</b>	30 Sept. 2008
Total assets	925.9	925.5
Shareholders' equity	284.5	271.2
Gearing in percent	10.2 %	6.8 %

Total assets as at 31 December 2008 showed a slight increase on 30 September 2008 of EUR 0.4 million. This change is mainly the result of the increase in inventories and EUR 9.4 million decline in cash and cash equivalents on the assets side of the balance sheet. On the shareholders' equity and liabilities side, shareholders' equity increased by EUR 13.2 million, while other current liabilities fell by EUR 13.3 million. Gearing – the ratio of net debt to shareholders' equity – showed a slight deterioration in the first quarter of financial year 2008/2009, rising 3.5 percentage points from 6.8 percent at the end of financial year 2007/2008 to 10.2 percent.

The equity ratio (total equity to total assets) consequently stands at a sound 30.7 percent.

## Employees

As at 31 December 2008, the Group employed 6,149 people<sup>2</sup>, an increase of 303 compared with 31 December 2007 and 56 compared with 30 September 2008.

### Number of Employees by Region

	<b>31 Dec. 2008</b>	30 Sept. 2008	Δ	31 Dec. 2007
Germany	3,032	3,008	0.8 %	2,924
Rest of Europe	1,246	1,232	1.1 %	1,216
North America	608	651	-6.6 %	643
<b>Mature markets</b>	<b>4,886</b>	<b>4,891</b>	<b>-0.1 %</b>	<b>4,783</b>
BRIC countries	878	831	5.7 %	722
Asia/Pacific	199	192	3.6 %	174
Other	186	179	3.9 %	167
<b>Emerging markets</b>	<b>1,263</b>	<b>1,202</b>	<b>5.1 %</b>	<b>1,063</b>
<b>Demag Cranes Group total</b>	<b>6,149</b>	<b>6,093</b>	<b>0.9 %</b>	<b>5,846</b>

The number of people employed by the Group in emerging markets showed a further increase compared with 30 September 2008, while the number of employees in mature markets stagnated. These changes go hand in hand with the changes in revenue.

### Number of Employees by Segment

	<b>31 Dec. 2008</b>	30 Sept. 2008	Δ	31 Dec. 2007
Industrial Cranes	3,464	3,461	0.1 %	3,364
Port Technology	867	829	4.6 %	798
Services	1,781	1,771	0.6 %	1,657
Holding company	37	32	15.6 %	27
<b>Demag Cranes Group total</b>	<b>6,149</b>	<b>6,093</b>	<b>0.9 %</b>	<b>5,846</b>

<sup>2</sup> Employees excluding temporary employees, trainees and apprentices.

**Number of Temporary Employees and Apprentices / Trainees**

	<b>31 Dec. 2008</b>	30 Sept. 2008	Δ	31 Dec. 2007
Temporary employees	305	453	– 32.7 %	348
Apprentices/trainees	315	325	– 3.1 %	285

The number of temporary employees was reduced by around 150 during the first quarter, more specifically in the Port Technology segment. This was the first consequence of the weak demand in this segment.

**Employee-Related Key Figures**

	<b>LTM 31 Dec. 2008</b>	Financial Year 2007/2008
Personnel expenses in EUR million	358.7	351.9
Personnel expenses/revenue	29.0 %	28.7 %
Personnel expenses/employees in EUR thousand*	59	59
Revenue/employees in EUR thousand*	202	206

\* Based on average employee numbers.

At EUR 202,000 for the last twelve months, employee productivity (revenue per average number of employees) in the Group was almost unchanged compared with financial year 2007/2008.

## Report on Opportunities and Risks

As at 31 December 2008, there are no risks that raise doubt about the Demag Cranes Group's ability to continue as a going concern. There has also been no significant change in opportunities and risks relative to the Risk Report on page 86 of the 2007/2008 Annual Report.

## Outlook

As announced at the Annual Results press conference and Analysts' Meeting, the Management Board will not be issuing a full-year forecast for financial year 2008/2009 for the time being due to the uncertain economic environment and the considerable amount of uncertainty therefore involved in doing so. The Management Board would like to wait and see how the first three months of the calendar year (the Company's second quarter) play out before deciding whether conditions are appropriate for it to issue a firm year-end forecast.

The Group's funding needs are fully covered thanks to the revolving credit facility for EUR 325.0 million that runs until June 2011. As at 31 December 2008, drawings on the facility totalled EUR 168.4 million, with cash drawings accounting for EUR 105.0 million and drawings on the ancillary facility for guarantees for EUR 63.4 million. In addition, the Company is currently holding cash and cash equivalents amounting to EUR 80.6 million. Net debt therefore stands at EUR 29.1 million across the Group.

The Management Board will continue to do everything necessary to profit from general market growth over the coming years on the basis of the Group's sound cost ratios and balance sheet.

Consolidated  
Interim Financial Statements  
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as at 31 December 2008  
(1st Quarter 2008/2009)  
in accordance with IFRS

## Consolidated Income Statement

1 October to 31 December 2008

in EUR thousand	Note	Q1 2008/2009	Q1 2007/2008
Revenue		303,038	291,112
Cost of sales		(215,995)	(209,434)
<b>Gross profit</b>		<b>87,043</b>	<b>81,678</b>
Selling, general and administrative expenses		(52,641)	(47,997)
Research and development expenses		(5,673)	(4,736)
Other operating income/expenses, net		771	(13)
Share of profit from equity accounted investments		617	572
<b>Earnings before interest and income tax (EBIT)</b>		<b>30,117</b>	<b>29,504</b>
Interest and similar income/expenses, net		(3,152)	(3,235)
<b>Earnings before income tax (EBT)</b>		<b>26,964</b>	<b>26,269</b>
Income tax		(8,797)	(8,629)
<b>Net income after tax</b>		<b>18,168</b>	<b>17,640</b>
of which attributable to the shareholders of Demag Cranes AG		18,029	17,538
of which attributable to minority interest		139	102
<b>Earnings per share (in EUR)</b>	<b>3</b>	<b>0.85</b>	<b>0.83</b>

## Consolidated Balance Sheet

as at 31 December 2008

### Assets

in EUR thousand	Note	<b>31 Dec. 2008</b>	30 Sept. 2008
Goodwill		120,331	120,385
Other intangible assets		47,778	49,236
Property, plant and equipment		122,013	124,895
Investment property		174	178
Equity-accounted investments		17,440	15,842
Other investments		727	727
Non-current trade receivables		404	508
Other non-current assets		2,101	2,136
Deferred tax assets		20,829	24,536
<b>Total non-current assets</b>		<b>331,798</b>	<b>338,444</b>
Inventories	4	274,164	261,561
Advance payments made		5,077	3,668
Trade receivables		203,306	201,262
Current financial receivables		611	853
Tax receivables		5,743	6,377
Other current assets		24,667	23,349
Cash and cash equivalents		80,582	90,003
<b>Total current assets</b>		<b>594,150</b>	<b>587,073</b>
<b>Total assets</b>		<b>925,948</b>	<b>925,517</b>

**Shareholders' Equity and Liabilities**

in EUR thousand	<b>31 Dec. 2008</b>	30 Sept. 2008
Subscribed capital	21,173	21,173
Additional paid-in capital	191,694	191,651
Other reserves	69,938	56,873
<b>Equity attributable to shareholders of the parent company</b>	<b>282,805</b>	<b>269,697</b>
Minority interests	1,664	1,525
<b>Total equity</b>	<b>284,469</b>	<b>271,222</b>
Non-current interest-bearing loans and borrowings	104,373	104,255
Non-current interest-bearing loans and borrowings	105,590	105,593
Non-armoritised debt issuance cost	(1,217)	(1,339)
Pension plans and similar commitments	112,766	112,669
Non-current provisions	9,530	9,342
Other non-current liabilities	32,224	32,150
Deferred tax liabilities	14,458	14,469
<b>Total non-current liabilities</b>	<b>273,351</b>	<b>272,884</b>
Current interest-bearing loans and current maturities of non-current debt instruments	4,727	3,655
Trade payables	92,749	97,009
Advance payments received	117,050	116,024
Current provisions	16,761	18,535
Provisions for tax	28,724	24,734
Other current liabilities	108,117	121,452
<b>Total current liabilities</b>	<b>368,127</b>	<b>381,411</b>
<b>Total shareholder's equity and liabilities</b>	<b>925,948</b>	<b>925,517</b>

## Consolidated Cash Flow Statement

1 October to 31 December 2008

in EUR thousand	<b>2008/2009</b>	2007/2008
<b>Net income after tax</b>	<b>18,168</b>	<b>17,640</b>
Income tax	8,797	8,629
Interest income/expenses, net	3,152	3,235
Depreciation and amortisation, decrease in value, write up	6,045	6,697
<b>EBITDA</b>	<b>36,162</b>	<b>36,201</b>
Change in inventories	(17,954)	(8,278)
Change in trade receivables	(6,035)	(6,637)
Change in trade payables	(1,303)	(2,695)
Change in advance payments, net	2,107	(6,829)
Contribution to pension funds	(239)	(246)
Gain/loss on disposal of intangible assets, property, plant and equipment and other items	(97)	(1,051)
Share of profit from equity-accounted investments	(617)	(572)
Dividends received from equity-accounted investments	236	704
Change in other assets/liabilities	(13,686)	4,070
<b>Cash flow from operating activities before interest and tax</b>	<b>(1,427)</b>	<b>14,667</b>
Interest received	886	853
Interest paid	(1,991)	(2,728)
Income tax paid	(1,211)	(2,160)
<b>Cash flow from operating activities</b>	<b>(3,742)</b>	<b>10,633</b>
Business acquisitions		
Purchase of intangible assets and property, plant and equipment	(3,387)	(2,697)
Proceeds from disposal of intangible assets, property, plant and equipments and other items	245	1,317
<b>Cash flow from investing activities</b>	<b>(3,142)</b>	<b>(1,380)</b>
Free cash flow (FCF) before financing*	(6,885)	9,253
Change in financial receivables/liabilities	267	1,917
Dividends paid		
Share-based payment		
<b>Cash flow from financing activities</b>	<b>267</b>	<b>1,917</b>
Effect of foreign exchange rate changes on free cash flow	962	464
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(5,656)</b>	<b>11,634</b>
Cash and cash equivalents as at 1 October	90,003	55,716
Effect of foreign exchange rate changes on cash on hand	(3,765)	27
<b>Cash and cash equivalents as at 31 December</b>	<b>80,582</b>	<b>67,377</b>
<i>Free cash flow before financing, interest and tax payments*</i>	(4,570)	13,287

\* The Group uses FCF and FCF before financing, interest and tax payments to show the amounts available either for distribution to shareholders or to fund other financing needs.

## Consolidated Statement of Recognised Income and Expense (SORIE)

1 October to 31 December 2008

in EUR thousand	Q1 2008/2009	Q1 2007/2008
Effective portion of changes in the fair value of cash flow hedges	1,115	(264)
Changes in the fair value of available-for-sale financial instruments	6	(26)
Actuarial gains and losses		
Differences arising from currency translation	(5,696)	(673)
Deferred tax income/expense	(389)	81
<b>Net income recognised directly in equity</b>	<b>(4,963)</b>	<b>(882)</b>
<b>Net income after tax</b>	<b>18,168</b>	<b>17,640</b>
of which attributable to the shareholders of Demag Cranes AG	18,029	17,538
of which attributable to minority interest	139	102
<b>Total recognised income and expense</b>	<b>13,204</b>	<b>16,758</b>
of which attributable to the shareholders of Demag Cranes AG	13,065	16,656
of which attributable to minority interest	139	102

## Consolidated Statement of Shareholders' Equity

as at 31 December 2008

	Subscribed capital	Additional paid-in capital	Cash flow hedges	Available- for-sale financial instruments
in EUR thousand				
<b>Balance at 1 October 2007</b>	<b>21,173</b>	<b>192,962</b>	<b>509</b>	<b>(41)</b>
Cash flow hedges			(264)	
Available-for-sale financial instruments				(26)
Actuarial gains and losses				
Differences arising from currency translation				
Deferred tax			73	8
<b>Changes not affecting profit or loss</b>			<b>(191)</b>	<b>(18)</b>
Net income after tax				
<b>Changes affecting profit or loss</b>				
Dividends paid				
Share-based payments		270		
<b>Transactions with shareholders</b>		<b>270</b>		
<b>Balance at 31 December 2007</b>	<b>21,173</b>	<b>193,232</b>	<b>318</b>	<b>(59)</b>
<b>Balance at 1 October 2008</b>	<b>21,173</b>	<b>191,651</b>	<b>(417)</b>	<b>(54)</b>
Cash flow hedges			1,115	
Available-for-sale financial instruments				6
Actuarial gains and losses				
Differences arising from currency translation				
Deferred tax			(387)	(2)
<b>Changes not affecting profit or loss</b>			<b>728</b>	<b>4</b>
Net income after tax				
<b>Changes affecting profit or loss</b>				
Dividends paid				
Share-based payments		43		
<b>Transactions with shareholders</b>		<b>43</b>		
<b>Balance at 31 December 2008</b>	<b>21,173</b>	<b>191,694</b>	<b>311</b>	<b>(49)</b>

			Other reserves	Equity attributable to shareholders of Demag Cranes AG	Minority interest	Total equity
	Actuarial gains and losses	Differences arising from currency translation	Retained earnings			
	<b>6,246</b>	<b>(3,899)</b>	<b>(8,984)</b>	<b>207,966</b>	<b>990</b>	<b>208,956</b>
				(264)		(264)
				(26)		(26)
		(673)		(673)		(673)
				81		81
		<b>(673)</b>		<b>(882)</b>		<b>(882)</b>
			17,538	17,538	102	17,640
			<b>17,538</b>	<b>17,538</b>	<b>102</b>	<b>17,640</b>
				270		270
				<b>270</b>		<b>270</b>
	<b>6,246</b>	<b>(4,572)</b>	<b>8,554</b>	<b>224,892</b>	<b>1,092</b>	<b>225,984</b>
	<b>13,355</b>	<b>(4,032)</b>	<b>48,021</b>	<b>269,697</b>	<b>1,525</b>	<b>271,222</b>
				1,115		1,115
				6		6
		(5,696)		(5,696)		(5,696)
				(389)		(389)
		<b>(5,696)</b>		<b>(4,963)</b>		<b>(4,963)</b>
			18,029	18,029	139	18,168
			<b>18,029</b>	<b>18,029</b>	<b>139</b>	<b>18,168</b>
				43		43
				<b>43</b>		<b>43</b>
	<b>13,355</b>	<b>(9,728)</b>	<b>66,050</b>	<b>282,805</b>	<b>1,664</b>	<b>284,469</b>

## 1. Basis of Preparation

### IFRS Consolidated Interim Financial Statements

The Consolidated Interim Financial Statements of Demag Cranes AG, Düsseldorf, Germany, as at 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the reporting date as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and with the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies used are in compliance with IAS 34 (Interim Financial Reporting). The Consolidated Interim Financial Statements have been prepared using the same accounting policies and consolidation methods as the Consolidated Financial Statements for financial year 2007/2008. These are described in detail in the Notes to the Consolidated Financial Statements contained in the 2007/2008 Annual Report. No new or revised Standards and Interpretations had a material impact on the Consolidated Interim Financial Statements.

### Scope of Consolidated Financial Statements

The Consolidated Interim Financial Statements include the Separate Financial Statements of Demag Cranes AG and the Interim Financial Statements of all material directly or indirectly controlled subsidiaries. Gottwald Port Technology Netherland B.V., Delft, Netherlands, established by Gottwald Port Technology GmbH, Düsseldorf, Germany, on 19 December 2008, is a new addition to the Consolidated Financial Statements. The change in the scope of the Consolidated Financial Statements does not have a material impact.

### Use of Estimates

The preparation of interim financial statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the interim financial statements as well as the reported amounts of earnings and expenses during the reporting period. Actual results may differ from these estimates. The estimates and assumptions are based on experience and other factors believed to provide a reasonable foundation for determining carrying amounts of assets and liabilities that cannot be derived from other reliable sources. Interim results are not necessarily indicative of results to be expected for the full year.

### Rounding

The Consolidated Interim Financial Statements are prepared in euros, the functional currency of Demag Cranes AG. Unless otherwise stated, all figures are rounded to the nearest thousand euros (EUR thousand). The amount shown for each individual item and total is the figure with the smallest rounding difference. Reported totals may therefore differ slightly from the sum of the individual reported amounts.

## 2. Segment Reporting

The Demag Cranes Group distinguishes between business segments and geographical segments. The scope and substance of segment reporting complies with the requirements of IAS 14 for both the primary segment reporting format (business segments) and the secondary segment reporting format (geographical segments). These reporting formats take into account the segments' differing risks and earnings potential and reflect internal reporting (the management approach). For detailed information on the secondary segment reporting format, please refer to page 158 onwards in the Notes to the Consolidated Financial Statements as at 30 September 2008.

### Primary Segment Reporting Format (Business Segments)

The Group has three reportable segments based on type of product and service: Industrial Cranes, Port Technology and Services. Information on their performance in the first quarter of financial year 2008/2009 is provided in the following.

### IAS 14 Segment Information<sup>1</sup>

	Revenue		Earnings before interest and tax (EBIT)		Depreciation, amortisation and impairments	
in EUR thousand	1 Oct. to 31 Dec.		1 Oct. to 31 Dec.		1 Oct. to 31 Dec.	
	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
Industrial Cranes	153,530	141,833	12,957	9,281	3,287	3,797
Port Technology	64,250	67,005	1,510	2,772	2,034	2,198
Services	85,257	82,274	18,399	18,991	597	670
Central holding company/ DC AG			(2,749)	(1,540)	127	32
<b>Total</b>	<b>303,038</b>	<b>291,112</b>	<b>30,117</b>	<b>29,504</b>	<b>6,045</b>	<b>6,697</b>

<sup>1</sup> For the first time, Demag Cranes AG central holding company expenses are shown as a separate item in the IAS 14 segment information (Central holding company/DC AG) rather than allocated to the segments.  
The comparative figures (1 October to 31 December 2007/2008) have been restated accordingly.

### 3. Earnings per Share

in EUR thousand	<b>Q1 2008/2009</b>	Q1 2007/2008
Net income after tax attributable to the shareholders of Demag Cranes AG	18,029	17,538
Average number of shares outstanding	21,172,993	21,172,993
<b>Earnings per share (in EUR)</b>	<b>0.85</b>	<b>0.83</b>

There is no dilutive effect as there were no potential shares in circulation in the first quarter of financial year 2008/2009. Diluted earnings per share and basic earnings per share are therefore the same (EUR 0.85).

### 4. Inventories

in EUR thousand	<b>31 Dec. 2008</b>	30 Sept. 2008
Materials and supplies	65,461	57,548
Work in progress	201,799	196,518
Finished goods and products held for resale	6,903	7,496
<b>Total</b>	<b>274,164</b>	<b>261,561</b>

## 5. Contractual Commitments

Contractual commitments as at 31 December 2008 were as follows:

in EUR thousand	<b>31 Dec. 2008</b>	30 Sept. 2008	31 Dec. 2007
<b>Operating lease commitments</b>	<b>41,103</b>	<b>43,811</b>	<b>37,067</b>
of which			
less than 1 year	11,718	12,179	10,516
one to five years	24,153	25,262	21,132
more than five years	5,232	6,370	5,419
<b>Purchase commitments</b>			
<b><i>Intangible assets and property, plant and equipment</i></b>	<b>4,064</b>	<b>4,538</b>	<b>4,773</b>
of which			
less than 1 year	4,064	4,538	4,773
one to five years			
more than five years			
<b><i>Inventories</i></b>	<b>138,237</b>	<b>159,967</b>	<b>149,356</b>
of which			
less than 1 year	129,821	159,967	131,725
one to five years	8,416		17,631
more than five years			
<b><i>Other assets</i></b>	<b>8,552</b>	<b>6,770</b>	<b>7,305</b>
of which			
less than 1 year	8,552	6,770	7,305
one to five years			
more than five years			
<b>Total contractual commitments</b>	<b>191,956</b>	<b>215,086</b>	<b>198,501</b>

## 6. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or a present obligation where the outflow of resources required to settle the obligation cannot be measured reliably. The Group has contingent liabilities as follows as a result of giving guarantees (excluding product warranties):

	Maximum potential future obligation	Maximum potential future obligation	Maximum potential future obligation
in EUR thousand	<b>31 Dec. 2008</b>	30 Sept. 2008	31 Dec. 2007
Credit guarantees	4,082	7,662	11,671
Notes	341		1,223
Guarantees for third-party liabilities	59,860	60,578	58,544
Warranties			372
Other	1,966	1,472	1,694
<b>Total contingent liabilities</b>	<b>66,248</b>	<b>69,711</b>	<b>73,504</b>

Guarantees for third-party liabilities consist of contingent liabilities relating to buy-back arrangements entered into by Gottwald Port Technology GmbH, a major company in the Port Technology segment, in connection with the sale of certain of its plant and machinery products. As at 31 December 2008, the maximum potential liability from these buy-back arrangements amounted to EUR 59,690,000 (31 December 2007: EUR 55,396,000).

## 7. Related Parties

Material transactions with related parties were as follows in the first quarter of financial year 2008/2009:

in EUR thousand	<b>31 Dec. 2008</b>	30 Sept. 2008
Trade and financial receivables		
Trade receivables from MHE-Demag Pte. Ltd.	5,917	6,272
Trade receivables from Donati Ltd.	382	282
Receivables from Donati Ltd.	186	226
Trade receivables from E & W Anlagenbau GmbH		1,721
	<b>6,485</b>	<b>8,500</b>
Trade payables and financial liabilities		
Financial liability to TBA Holding	220	490
Trade payables to MHE-Demag Pte. Ltd.	120	133
Trade payables to E & W Anlagenbau GmbH		295
	<b>340</b>	<b>918</b>

in EUR thousand	<b>1 Oct. to 31 Dec.</b>	
	<b>2008</b>	2007
Revenue		
MHE-Demag Pte. Ltd.	4,687	4,290
Donati Ltd.	364	449
E & W Anlagenbau GmbH	280	360
	<b>5,331</b>	<b>5,099</b>

The 6.7 percent interest in E & W Anlagenbau GmbH, Moormerland, was sold on 19 December 2008.

## 8. Report on Post-Balance Sheet Date Events

No events material to the financial position or financial performance of the Group occurred after the end of the reporting period.

Düsseldorf, 9 February 2009



Harald J. Joos



Rainer Beaujean



Thomas H. Hagen



## Financial Calendar 2009

3 March 2009	Annual General Meeting
5 May 2009	Q2 Interim Report, Financial Year 2008/2009
4 August 2009	Q3 Interim Report, Financial Year 2008/2009
8 December 2009	Financial Statements, Financial Year 2008/2009

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## Segment Key Figures

	Q1 2008/2009	Q1 2007/2008	Δ	Financial Year 2007/2008
<b>Industrial Cranes</b>				
Order intake	150.4	146.2	2.9 %	671.9
Order book <sup>1</sup>	336.2	254.7	32.0 %	350.4
Revenue	153.5	141.8	8.2 %	571.2
Operating EBIT <sup>2,3</sup>	13.2	9.5	38.7 %	47.8
in percent of revenue	8.6 %	6.7 %	2.0 % points	8.4 %
Employees <sup>4</sup>	3,464	3,364	3.0 %	3,461
<b>Port Technology</b>				
Order intake	40.5	66.1	-38.8 %	316.8
Order book <sup>1</sup>	97.6	127.7	-23.6 %	121.7
Revenue	64.3	67.0	-4.1 %	325.5
Operating EBIT <sup>2,3</sup>	1.6	2.9	-45.6 %	22.1
in percent of revenue	2.4 %	4.3 %	-1.9 % points	6.8 %
Employees <sup>4</sup>	867	798	8.6 %	829
<b>Services</b>				
Order intake	90.4	82.7	9.4 %	334.6
Order book <sup>1</sup>	54.3	47.6	14.0 %	51.4
Revenue	85.3	82.3	3.6 %	329.1
Operating EBIT <sup>2,3</sup>	18.4	19.0	-3.1 %	75.4
in percent of revenue	21.6 %	23.1 %	-1.5 % points	22.9 %
Employees <sup>4</sup>	1,781	1,657	7.5 %	1,771

<sup>1</sup> At end of period

<sup>2</sup> The adjustments reflect the effects of the purchase accounting method and one-off effects.

<sup>3</sup> Formerly adjusted EBIT

<sup>4</sup> Employees as at the end of the period, excluding temporary employees, apprentices and trainees.

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