

PRESS RELEASE

Demag Cranes Significantly Cuts Production Time at Wetter Location

Almost EUR 5 million invested in optimisation of the mechanical production facility

Düsseldorf, Germany 27 November 2009. Demag Cranes has successfully completed the re-organisation of a manufacturing facility at its production location in Wetter, Germany. With a volume of more than EUR 4.7 million, the project is one of the largest investments that the company has implemented in its manufacturing infrastructure so far. The goal of drastically reducing component production times has been achieved.

Demag Cranes manufactures precision mechanical parts for its series products in Hall 15 at its production location in Wetter, where some 200 employees manufacture gear elements such as shafts and gear wheels for use in Demag chain hoists, rope hoists and geared motors all over the world. In order to make the production operation more efficient and to meet market requirements for shorter delivery periods, the company re-organised the entire manufacturing infrastructure in this sector. Previously, all components were machined one after the other on the workshop production principle and had to be buffered in intermediate stores after each processing step.

The new manufacturing system operates on the cell production principle, which enables all necessary steps in production to be carried out one after the other. This means that the various steps needed to complete an order are completed simultaneously on all necessary machines. This approach required the material flow lines to be separated. The products were organised in families of parts and assigned to one of five segments. Each segment was then provided with a high-performance group of machinery for turning and milling operations and the corresponding materials handling equipment. In this way, all of the steps necessary for the production of a part are carried out direct one after the other without the need for any intermediate storage. The throughput time for a component has consequently been cut by more than 70 percent. At the same time, stock levels have been considerably reduced.

“This major investment in our manufacturing structures enables us to improve efficiency and, therefore, our competitiveness in the production and marketing of gearbox parts”, says Thomas H. Hagen, Board Member and COO (Chief Operating Officer) responsible for the Industrial Cranes and Port Technology segments at Demag Cranes AG. “Particularly in view of the current very difficult environment, an investment of this size is also a commitment to our production location in Wetter and an important contribution towards safeguarding the future of the company.”

In total, 80 machines and workplaces had to be moved according to a predefined master plan – while production continued – over the last two years. Demag Cranes has invested in eight highly advanced machine tools which ensure the high quality of the products for the world market. “Everybody involved in the project – together with the employees in the mechanical production operation – has worked very well as a team”, states Rainer Berthan, who is responsible for global production as CEO of the subsidiary Demag Cranes & Components GmbH. “Thanks to the great commitment by all of the employees, we have now achieved our goal to supply the world markets faster and more efficiently.”

In addition to this project, companies from the region were also involved in the extensive conversion work. To this end, Demag Cranes & Components awarded the contracts for construction and related work to companies from Wetter and the region.

About Demag Cranes AG

Demag Cranes AG 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 its business activities. The Group is divided into the business segments Industrial Cranes, Port Technology and Services and has strong and well-established Demag and Gottwald brands. Demag Cranes sees its core competence in the development and construction of technically sophisticated cranes and hoists as well as automated transport and logistics systems in ports, the provision of services for these products and the manufacture of high-quality components. As a global supplier, Demag Cranes manufactures in 16 countries on five continents and operates a worldwide sales and service network that is present in over 60 countries through its subsidiaries, representative offices and a joint venture. In financial year 2007/2008, the Group, with its 6,093 employees, generated revenue of EUR 1,225.8 million. Since the end of June 2006, the Demag Cranes share (WKN: DCAG01) has been listed in the Prime Standard of the German Stock Exchange and is traded on various indices including the MDAX®.

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