

PRESS RELEASE

Demag Cranes' Revenue and Earnings Down in Financial Year 2008/2009 due to the Economic Crisis – Group Set for the Future After Restructuring

- **Group Order Intake Declines by 36.4 Percent**
- **Group Revenue at EUR 1,047.6 Million Meets Forecast (EUR 1.0 Billion to EUR 1.1 Billion) and 14.5 Percent Below the Previous Year**
- **Operating Group EBIT at EUR 67.6 Million Exceeds Forecast (EUR 55.0 Million to EUR 65.0 Million) and Down 50.8 Percent Year on Year**
- **Significant Decline in Net Income After Tax due to Restructuring Provisions: No Dividend To Be Proposed**
- **Net Debt Almost Fully Eliminated**
- **Restructuring Negotiations Concluded – Group Integration Ongoing**

Düsseldorf, 8 December 2009. The 2008/2009 financial year of Demag Cranes AG was marked by adverse impacts of the economic and financial crisis. The ensuing downturn in the global economic climate reduced the propensity of our customers all over the world to invest, with our manufacturing segments, Industrial Cranes and Port Technology, being the hardest hit. As a result, Group order intake decreased by almost 36.4 percent. Thanks to a good order book from record financial year 2007/2008, we managed to cushion the drop in Group revenue, which was down 14.5 percent from the prior year's figure. Having achieved revenue of EUR 1,047.6 million, we reached our target of EUR 1.0 billion to EUR 1.1 billion forecast for financial year 2008/2009 at the end of the third quarter. Due to the low utilisation of our manufacturing facilities with their fixed running costs, Group operating EBIT was significantly lower year on year at EUR 67.6 million, the target range being, however, slightly exceeded (forecast at the end of third quarter: EUR 55.0 million to EUR 65.0 million). Through our rigorous focus on cash and working capital management, we have once again generated a positive free cash flow and reduced net debt almost completely even in the crisis financial year 2008/2009. Aloysius Rauen, Demag Cranes AG's CEO sums up: "Financial year 2008/2009 was a crisis year that had a serious impact on our business performance and workforce. By launching countermeasures in good time, we have laid the groundwork to safeguard the economic and financial future of the Group and to increase our competitive edge."

Group Order Intake Declines by 36.4 Percent

The Demag Cranes Group generated order intake of EUR 841.9 million in financial year 2008/2009. This was 36.4 percent down on the previous year as a result of the general fall in demand. The order book stood at EUR 313.1 million as at 30 September 2009, compared with EUR 523.5 million a year earlier.

Order intake in the Industrial Cranes segment sank in financial year 2008/2009 as our customers continued to show little readiness to invest, or otherwise repeatedly postponed capital spending plans. Compared to the previous year, order intake declined by 40.8 percent to EUR 397.9 million. The Industrial Cranes segment order book came to EUR 197.7 million at 30 September 2009 (30 September 2008: EUR 350.4 million). The sharp downturn in international cargo business also made its mark on order intake in the Port Technology segment, which sank by 52.1 percent to EUR 151.8 million compared to the prior-year period. All product lines were affected by the negative trend. Towards the end of the year, order intake for Mobile Harbour Cranes stabilised at a low level. The order book amounted to EUR 69.4 million at 30 September 2009 (30 September 2008: EUR 121.7 million). In financial year 2008/2009, we also suffered a fall in demand for our products and services in the Services segment. Order intake was down 12.7 percent to EUR 292.1 million, the impact on spare parts business being especially severe. The Services segment order book totalled EUR 46.0 million at 30 September 2009 (30 September 2008: EUR 51.4 million).

Group Revenue 14.5 Percent Below the Previous Year

Although revenue shrunk compared with financial year 2007/2008 as a result of the weak order volume, the effect of the decrease was cushioned by a good order book from record financial year 2007/2008. At Group level, revenue fell by 14.5 percent year on year. Looking at the regional picture, we suffered decreases in revenue in almost all regions. However, at 9.4 percent, the fall in revenue in emerging markets was significantly lower than in mature markets, where we recorded a reduction of 16.9 percent.

The segments were affected by the revenue decrease in different ways: with a 4.4 percent reduction to EUR 545.8 million, revenue fell far less in the Industrial Cranes segment than in the other two segments due to a well-filled order book. The main revenue drivers were Standard and Process Cranes. While the orders for some of these cranes were received in financial year 2007/2008, the cranes were delivered to customers and the revenue realised in financial year 2008/2009 after an average manufacturing time of six to twelve months. In the Port Technology segment, revenue fell by 37.3 percent to EUR 204.0 million. As this segment accounts for substantially more project business than the other two segments, it was hit especially hard by the financial and economic crisis. While the volume of orders stabilised at a low level towards the end of the financial year, it was not possible to make up for the severe decrease in revenue experienced in the second and third quarters. In the Services segment, revenue was down by 9.5 percent to EUR 297.7 million. Reduced crane utilisation by our customers brought a drop in demand for our high-revenue, high-margin spare parts. This trend made itself felt particularly severely in the third quarter of 2008/2009. The demand situation became steady again towards the end of the financial year.

Operating Group EBIT Down 50.8 Percent Year on Year

Operating EBIT came to EUR 67.6 million in financial year 2008/2009, having dropped from EUR 137.5 million in the previous year.

In the Industrial Cranes segment, operating EBIT decreased by 37.8 percent to EUR 29.7 million in financial year 2008/2009. We generated an above-average intake of orders in financial year 2007/2008 for lower-margin Process Cranes delivered to

customers after an average production time of approximately twelve months, producing a further shift in the segment's product mix. In addition to the underutilisation of our factories, this shift had a negative impact on the operating EBIT margin, which stood at 5.4 percent. In the Port Technology segment, operating EBIT dropped sharply compared with financial year 2007/2008. The main causes for the EUR 36.9 million fall in earnings compared with the previous year were lower revenue and further decreases in production resulting in lower utilisation of factory capacity, both of which are consequences of the difficult business situation relating to ports.

In the Services segment, fewer spare parts were sold due to lower utilisation of customers' cranes, resulting in EUR 15.2 million less operating EBIT year on year. Despite the negative business environment, the operating EBIT margin for financial year 2008/2009 was within our medium-term expectations at 20.2 percent.

Significant Decline in Net Income After Tax: No Dividend To Be Proposed

Due to the adverse effects of the economic and financial crisis and the EUR 49.1 million restructuring expenses already booked, net income after tax in financial year 2008/2009 dropped significantly to EUR 1.2 million (as at 30 September 2008: EUR 80.8 million). As a result, earnings per share (EPS) came to EUR 0.04 after the EUR 3.79 in financial year 2007/2008. Under these circumstances, the Management Board and Supervisory Board have jointly decided not to propose a dividend for financial year 2008/2009 at the Annual General Meeting. This decision has been made taking into account the fact that the economic environment continues to be strained and uncertain. In principle, attractive dividends will be paid again in future in line with the Company's operating performance.

Net Debt Almost Fully Eliminated

The balance sheet of the Demag Cranes Group is on a firm financial footing thanks to our ongoing systematic finance management, which is mainly the result of our rigorous focus on cash and working capital management in recent years. As a result, even in the crisis financial year 2008/2009, we have once again generated a positive free cash flow and reduced net debt almost fully to EUR 6.3 million (as at 30 September 2008: EUR 18.4 million) – despite pay-out of dividends amounting to some EUR 30 million for financial year 2007/2008.

Restructuring Negotiations Concluded – Group Integration Ongoing

Following conclusion of negotiations as part of the restructuring programme, Demag Cranes has now implemented the steps required to improve efficiency in the Industrial Cranes and Services segments. In addition, the Management Board has already begun to meet its declared objective of more closely dovetailing the entire organisation, with measures such as uniting management of shared services like IT, human resources and purchasing, across the Group. In the next step to full integration, we will now also combine the operating units within the Group to centre our focus more strongly on our customers and improve our efficiency. With this step, the Management Board aims to define clear management structures and responsibilities within the organisation, which not only promote quick and target-driven decision-making within the team, but also help to make decisions clear to the Group's employees.

Outlook for Financial Year 2009/2010: Single-Digit Operating EBIT Margin and Lower Revenue Level Expected

Subject to all uncertainties concerning the market environment, the Management Board assumes that revenue in financial year 2009/2010 will be down on financial year 2008/2009. This is due not least to the substantially lower order book in the Industrial Cranes segment as at 1 October 2009 compared to the beginning of financial year 2008/2009, especially for Process Cranes and Standard Cranes. In financial year 2009/2010, the Management Board again expects that the Group's operating EBIT margin will be in the mid single-digit range. Overall, the Demag Cranes Group has a solid financial basis. We are also already well positioned in our key markets. Thanks to the Group integration and restructuring measures we have systematically introduced, we believe we can not only steer the Group through the crisis, but also give it greater competitive edge in the future.

About Demag Cranes AG

The Demag Cranes Group is one of the world's leading suppliers of industrial cranes and crane components, harbour cranes and terminal automation technology. Services, in particular maintenance and refurbishment, are another key element of the Group's 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 and terminals, 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 2008/2009, the Group, with its 5,934 employees, generated revenue of EUR 1,047.6 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®.

We Can Handle It.

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Conditions for Forward-Looking Predictions

This press release contains forward-looking statements relating to the business, financial performance and earnings of Demag Cranes AG and its subsidiaries and associates. Forward-looking statements are based on current plans, estimates, projections and expectations and are therefore subject to risks and uncertainties, most of which are difficult to estimate and which in general are beyond the control of Demag Cranes AG. Consequently, actual developments as well as actual earnings and performance may differ materially from those which explicitly or implicitly assumed in the forward-looking statements. Demag Cranes AG does not intend or accept any obligation to publish updates of these forward-looking statements.

Selected Financials as at the End of Financial Year 2008/2009 (as at 30 September 2009)

	Financial Year 2008/2009	Financial Year 2007/2008	Change in %
Group (in EUR million)			
Order intake	841.9	1,323.4	-36.4
Order book ¹	313.1	523.5	-40.2
Revenue	1,047.6	1,225.8	-14.5
Operating EBIT ^{2,3}	67.6	137.5	-50.8
in % of revenue	6.5	11.2	-4.8 % pts
Net income after tax	1.2	80.8	-98.6
Earnings per share (in EUR)	0.04	3.79	-98.9
Net debt ¹	6.3	18.4	-66.0
Equity ratio ¹	227.7	271.2	-16.0
Equity in % ¹	27.8	29.3	-1.5 % pts
Gearing in % ¹	2.7	6.8	-4.0 % pts
Industrial Cranes (in EUR million)			
Order intake	397.9	671.9	-40.8
Order book ¹	197.7	350.4	-43.6
Revenue	545.8	571.2	-4.4
Operating EBIT ^{2,3}	29.7	47.8	-37.8
in % of revenue	5.4	8.4	-2.9 % pts
Port Technology (in EUR million)			
Order intake	151.8	316.8	-52.1
Order book ¹	69.4	121.7	-43.0
Revenue	204.0	325.5	-37.3
Operating EBIT ^{2,3}	-14.8	22.1	n/a
in % of revenue	-7.3	6.8	n/a
Services (in EUR million)			
Order intake	292.1	334.6	-12.7
Order book ¹	46.0	51.4	-10.4
Revenue	297.7	329.1	-9.5
Operating EBIT ^{2,3}	60.2	75.4	-20.2
in % of revenue	20.2	22.9	-2.7 % pts

¹ As at end of period.

² Formally adjusted EBIT.

³ Adjusted to reflect the effects of operating adjustments.