

PRESS RELEASE

Demag Cranes Gets Off to an Expected Slow Start in Financial Year 2009/2010 – Negative Impact of Economic and Financial Crisis Still Felt

- **Group Key Figures at Low Level as Expected**
- **Financial Position Strengthened Through Reinforced Balance Sheet**
- **Centralisation Process Almost Completed – Group Integration in Process**
- **Unchanged Outlook for Financial Year 2009/2010**

Düsseldorf, 9 February 2010. As expected, the adverse effects of the economic and financial crisis continued to affect Demag Cranes AG throughout the first quarter of financial year 2009/2010. Although the decline in our business seemed to be levelling out in this first financial quarter, the volume of business was still well below that set in our record financial year 2007/2008 and also below that of the first quarter of financial year 2008/2009. As the full effects of the late-cycle bias of our Industrial Cranes segment, in which we generate the largest share of our revenue, had not yet been felt in the Group in the first quarter of financial year 2008/2009, our Group key figures – order intake, revenue and operating EBIT – were significantly below their prior-year levels in comparative terms in this reporting period. Demag Cranes' CEO, Aloysius Rauen, stresses: "We see a stabilising trend, but still at a low level. The end of weak demand in many markets is not yet in sight."

Group Order Intake Remains at a Low Level

The Demag Cranes Group order intake for the first quarter of financial year 2009/2010 came to EUR 184.5 million. This was 34.4 percent down on the previous year as a result of the generally poor business environment. The order book was worth EUR 297.3 million as at 31 December 2009. The comparative figure for the previous year was EUR 488.1 million.

Order intake in the Industrial Cranes segment fell in the first quarter of financial year 2009/2010 to EUR 86.5 million (first quarter 2008/2009: EUR 150.4 million), which is attributable, in particular, to the late-cycle bias of our Industrial Cranes business. As the negative effects of the financial and economic crisis had not yet made itself felt in the first quarter of the previous year, a very high order intake was generated in this prior-year period. In the first quarter of 2009/2010, on the other hand, customers were still very reluctant to make capital spending decisions due to the economic and financial crisis. It is pleasing to note that order intake for the first quarter of 2009/2010, at EUR 86.5 million, was back above the figure of EUR 77.0 million recorded in the fourth quarter of 2008/2009. It remains to be seen whether the rise in order intake will be sustained. The Industrial Cranes segment order book stood at EUR 182.2 million as at 31 December 2009 (31 December 2008: EUR 336.2 million).

Port Technology segment orders during the first quarter of 2009/2010 were affected by the continued low volume of international cargo business and a particularly large drop in transshipment traffic. Order intake decreased by 24.8 percent compared with the same period of the previous year from EUR 40.5 million to EUR 30.4 million. Due to the postponement of contract awards for large port projects and our key customers continuing to hold back on investments, order intake did not (in contrast with the first quarter of 2008/2009) include any business with our AGV Automated Guided Vehicles and ASC Automated Stacking Cranes automated products. The order book as at 31 December 2009 came to EUR 62.0 million (31 December 2008: EUR 97.6 million).

Orders in the Services segment, too, were down on the first quarter of 2008/2009. Order intake ran to EUR 67.5 million, 25.3 percent below the comparative figure for the previous year, when the Services segment was also still to feel the effects of the economic crisis. However, order intake showed a slight improvement compared with the fourth quarter of 2008/2009 (EUR 65.4 million). As elsewhere, the Services segment showed signs of orders stabilising overall, though it is yet to be seen whether the trend will hold. The Services segment order book amounted to EUR 53.1 million at 31 December 2009 (31 December 2008: EUR 54.3 million).

Group Revenue Reflects Weak Demand: Segments Variously Affected

Group revenue fell in the first quarter of 2009/2010 compared with the first quarter of 2008/2009 by 31.2 percent to EUR 208.6 million. The segments were variously affected by the drop in revenue.

In the Industrial Cranes segment, revenue decreased by 30.6 percent to EUR 106.5 million. For the first time, the weak intake of new orders in preceding quarters began to show through significantly in the revenue figures of the period under review.

In the Port Technology segment, revenue was down compared with the first quarter of 2008/2009 to EUR 37.9 million in the first quarter of 2009/2010. This segment was hit especially hard by the adverse effects of the global economic crisis as it generally does considerably more project work than the other two segments. Most of the revenue was generated from sales of our Mobile Harbour Cranes. As mentioned in connection with orders, business relating to our solutions for integrated systems, and thus that involving our automated products, practically came to a standstill in the period under review.

In the Services segment, revenue came to EUR 64.2 million, a reduction of 24.7 percent on the comparative figure of the first quarter of financial year 2008/2009. Comparably lower crane system utilisation by our customers brought a drop in demand for our high-revenue, high-margin spare parts.

Group Operating EBIT Down Year on Year, Yet Signs of Stabilisation Visible

Group operating EBIT came to EUR 9.2 million in the first quarter of 2009/2010, down from EUR 30.5 million in the same period of the previous year. The decrease is due to our factories operating below capacity owing to lower order levels and to shifts in the product mix in the Industrial Cranes segment.

In the Industrial Cranes segment, operating EBIT decreased by EUR 11.3 million in the first quarter of the previous year to EUR 2.0 million in the first quarter of 2009/2010. The deterioration in operating EBIT reflects lower revenue and shifts in the product mix as we are still mostly working through orders for Process Cranes on the order books from the previous year, and high-margin components business was down sharply compared with the first quarter of 2008/2009.

Operating EBIT in the Port Technology segment fell from EUR 1.6 million in the first quarter of 2008/2009 to a negative EUR 2.6 million in the period under review. The main reason for the drop in operating EBIT compared with the same period of the previous year was diminished revenue due to the difficult business situation in the international container and bulk handling business and the economic problems of terminal operators. Compared with the fourth quarter of 2008/2009, operating EBIT increased slightly in the period under review despite lower revenue. This shows the positive impact of the restructuring programme beginning to take hold.

In the Services segment, operating EBIT decreased by EUR 6.7 million to EUR 11.7 million. Spare parts sales were again down in the first quarter of 2009/2010 due to lower utilisation of customers' cranes. As expected, operating EBIT margin was slightly down on the fourth quarter of 2008/2009. This was mainly due to many customers replenishing their spare parts inventories to the usual level and requesting service during their holiday closing period in the fourth quarter of 2008/2009, and not in the first quarter of the current financial year.

Financial Position Strengthened Through Reinforced Balance Sheet

In the first quarter of financial year 2009/2010, we once again generated a positive free cash flow. Net debt was reduced from the end of the fourth quarter (30 September 2009) to the end of the first financial quarter (31 December 2009) by EUR 5.3 million to EUR 1.0 million. The main factor here was a EUR 6.1 million increase in cash and cash equivalents to EUR 109.8 million. As a result, equity ratio increased to 29.4 percent compared to the end of financial year 2008/2009 (30 September 2009: 27.8 percent).

Centralisation Process Almost Completed – Group Integration in Process

With respect to the planned restructuring measures, centralisation of shared services such as IT, human resources and purchasing will be completed in the next few weeks and thus an important milestone in the continual process of Group integration achieved according to schedule. As announced, the next integration step involves pooling operating units across the Group to further boost customer focus and efficiency.

Financial Year 2009/2010: Outlook Remains Unchanged

Based on the continuing uncertainties of the current market environment, the Management Board confirms the outlook for financial year 2009/2010 communicated when our Consolidated Financial Statements for financial year 2008/2009 were published last December. Accordingly, the Board expects revenue in financial year 2009/2010 to be down on financial year 2008/2009 and anticipates the full-year Group operating EBIT margin will again be in the mid single-digit range for financial year 2009/2010. Demag Cranes' CEO, Rauen stresses: "We responded quickly and resolutely to the economic and financial crisis during financial year 2008/2009. With the Group integration and restructuring measures we have initiated, we will increase efficiency throughout the Group and improve our ability to compete on the market."

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®.

Demag Cranes. 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 are 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 the First Quarter of Financial Year 2009/2010 (31 December 2009)

	Q1 2009/2010	Q1 2008/2009	Change in %
Group (in EUR million)			
Order intake	184.5	281.3	-34.4 %
Order book ¹	297.3	488.1	-39.1 %
Revenue	208.6	303.0	-31.2 %
Operating EBIT ²	9.2	30.5	-69.8 %
in % of revenue	4.4 %	10.1 %	-5.6 % pts
Net income after tax	4.4	18.2	-75.7 %
Earnings per share (in EUR)	0.21	0.85	-75.4 %
Net debt ¹	1.0	29.1	-96.7 %
Equity ¹	233.3	284.5	-18.0 %
Equity ratio in % ¹	29.4 %	30.7 %	-1.3 % pts
Gearing in % ¹	0.4 %	10.2 %	-9.8 % pts
Industrial Cranes (in EUR million)			
Order intake	86.5	150.4	-42.5 %
Order book ¹	182.2	336.2	-45.8 %
Revenue	106.5	153.5	-30.6 %
Operating EBIT ²	2.0	13.2	-85.2 %
in % of revenue	1.8 %	8.6 %	-6.8 % pts
Port Technology (in EUR million)			
Order intake	30.4	40.5	-24.8 %
Order book ¹	62.0	97.6	-36.5 %
Revenue	37.9	64.3	-41.0 %
Operating EBIT ²	-2.6	1.6	n/a
in % of revenue	-6.8 %	2.4 %	-9.3 % pts
Services (in EUR million)			
Order intake	67.5	90.4	-25.3 %
Order book ¹	53.1	54.3	-2.3 %
Revenue	64.2	85.3	-24.7 %
Operating EBIT ²	11.7	18.4	-36.2 %
in % of revenue	18.3 %	21.6 %	-3.3 % pts

¹ As at end of period.

² Adjusted to reflect the effects of operating adjustments.