

Demag Cranes AG Shares

Capital Market Environment

The global financial crisis that began with the real estate crisis in the USA in August 2007 worsened at the beginning of financial year 2008/2009. The insolvency of US investment bank Lehman Brothers in September 2008 brought the inter-bank market to an almost complete standstill. The banking sector also suffered substantial write-downs and a resulting shortage of capital, which in some cases could only be made up by selling stakes to governments. The financial crisis spilled over increasingly into the real economy. Key sectors worldwide had to endure a massive slump in demand and across all sectors there was a noticeable rise in the number of corporate insolvencies during the course of the financial year. Despite the extensive support measures put in place by international governments and central banks, global capital markets remained highly volatile given the uncertainty over the length and effects of the recession.

As prices on global stock markets tumbled, the German indices were dragged down to the same extent. Following the sharp losses in financial year 2007/2008, the downward trend continued initially. By November 2008, Germany's leading index, the DAX, had already hit a new four-year low. It staged a short recovery around the end of 2008 but then, on 23 February 2009, fell below the 4,000-mark for the first time in four years. Not until April – amid growing confidence in some sectors of industry, too – did the DAX embark on an upward trajectory that it has continued to track until the time of writing. At the end of the reporting period, it was just 2.3 percent down on the previous year at 5,675 points. The MDAX was even quicker to recover. On 30 September 2009, it closed up 7.0 percent at 7,359 points.

Performance of Demag Cranes AG Shares

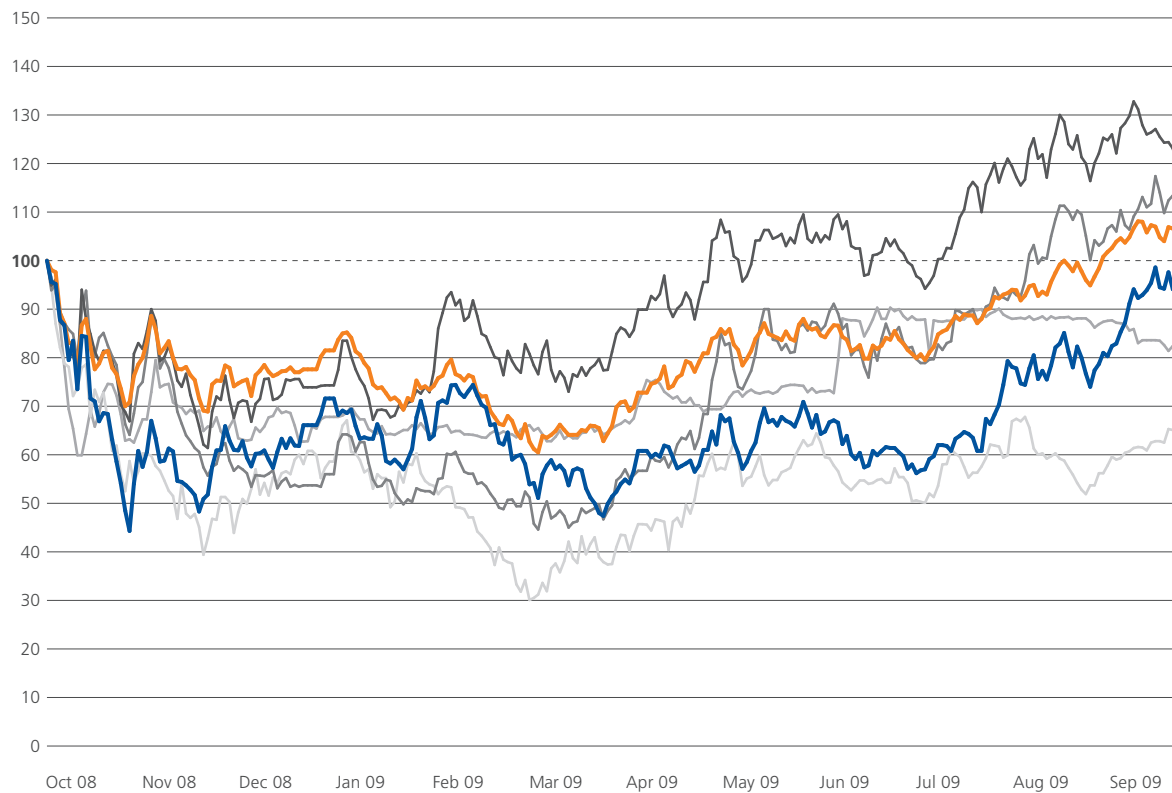
The Demag Cranes AG share price largely tracked the general trend on international equity markets. It dropped by 6.5 percent overall, from EUR 26.25¹ on 1 October 2008 to EUR 24.54 on 30 September 2009. During the course of the financial year, the shares initially underperformed their benchmark indices, the MDAX and the DAX, but then outperformed them between November 2008 and the end of the reporting period.

On 1 October 2008, the XETRA closing price for Demag Cranes AG was EUR 26.25. However, over the following weeks it continued to drop in parallel with the market as a whole and, on 28 October 2008, reached its nadir for the year at EUR 11.64. After the announcement on 15 December 2008 of an excellent set of annual results for the Demag Cranes Group despite the difficult market environment, the shares initially regained ground, closing at EUR 18.80 at the end of the first quarter (XETRA closing price on 30 December 2008).

Demag Cranes AG held its Annual General Meeting at the Düsseldorf Congress Centre on 3 March 2009. All resolutions proposed by the Boards were passed with over a 98 percent majority. The Company paid a dividend of EUR 1.40 per share, 27 percent more than in the previous year. However, the share price was unable to buck the negative market trend. Also as a result of selling by some larger US investors, it fell again, dropping back to EUR 12.43 on 30 March 2009 and only later resuming a strong upward trajectory.

¹ As per XETRA closing.

THE DEVELOPMENT OF THE SHARE PRICE FROM 1 OCTOBER 2008 TO 30 SEPTEMBER 2009 MDAX®
in percent



- Demag Cranes AG
- MDAX®
- Konecranes
- Cargotec
- Kito
- Columbus McKinnon

Key Share Data	Financial year	2008/2009	2007/2008	2006/2007
Number of shares	in million shares	21.17	21.17	21.17
Year-end closing price (XETRA closing prices on 30 Sep 2009, 30 Sep 2008, 28 Sep 2007)	EUR	24.54	27.83	33.04
Market capitalisation (on 30 Sep 2009, 30 Sep 2008, 28 Sep 2007)	in EUR million	519.6	589.2	699.6
Average daily trading volume on XETRA	in shares	199,020	253,252	180,683
Share price: annual high	EUR	26.25	39.75	52.02
Share price: annual low	EUR	11.64	21.05	26.70
Earnings per share	EUR	0.04	3.79	1.53
Operating earnings per share	EUR	2.01	4.00	2.41
Dividend per share (2008/2009: proposed dividend)	EUR	0.00	1.40	1.10

On 5 May 2009, Demag Cranes AG reported on business performance in the second quarter and the first half of financial year 2008/2009. In response to the drop in business and in order to secure the Company's long-term future, the Management and Supervisory Boards announced restructuring measures aimed at delivering substantial savings then and over the years to come. Against the backdrop of the Company's sound financing and sustained strong cash flow in the second quarter, the capital market's response to the capacity adjustments announced was largely positive. Most of the analysts who regularly cover our Company reiterated their buy recommendation. Following the publication of the main points of the planned restructuring programme on 18 May 2009, the Demag Cranes share price rose further to reach a quarterly high of EUR 18.61 on 2 June 2009.

The shares remained on an upward trajectory in the fourth quarter. At the end of the financial year, they closed at EUR 24.54. Having gained 97.4 percent between the lows in March of the current calendar year and the end of the financial year on 30 September 2009, they outperformed the DAX, which rose 54.8 percent from its low on 6 March. The MDAX gained 76.7 percent between 9 March and 30 September 2009, which means it, too, was outperformed by Demag Cranes shares.

Following this strong recovery, the equity markets, and the Demag Cranes shares with them, currently seem to be moving sideways. At the time of writing this report on 27 November 2009, Demag Cranes shares closed at EUR 23.21.

Demag Cranes shares are traded on the Berlin/Bremen, Düsseldorf, Frankfurt, Munich and Stuttgart stock exchanges and on the electronic trading platform XETRA. The average daily trading volume during the reporting period was around 200,000 shares (previous year: around 250,000 shares). The decline in liquidity is due to the fact that investors are generally reluctant to buy as a result of the uncertain economic outlook.

Intensive Communications with the Capital Market

The guiding principle of our communications with the capital market is to provide timely, transparent and reliable information about the Demag Cranes Group's targets and results, both at reporting dates and as and when appropriate. As well as communicating regularly with institutional investors who have already invested in our shares, the Company routinely seeks to initiate dialogue with potential investors. It thus ensures a high degree of capital market interest in Demag Cranes AG and a good level of information.

The Management Board and the Investor Relations team have together stepped up communications activities. Roadshows were held at all the major financial centres around the world so that information could be exchanged with analysts and fund managers directly. We visited investors in New York, Chicago, Boston, Montreal, Toronto, London, Edinburgh, Copenhagen, Helsinki, Oslo, Vienna, Zurich, Milan, Paris, Amsterdam, Brussels, Frankfurt am Main and Munich. The Management Board and the Investor Relations team also attended a total of six international capital market conferences during the past financial year.

In the fourth quarter, we were particularly active introducing investors to the new CEO, Aloysius Rauen. On the whole, Demag Cranes AG's investor relations activities receive positive feedback from capital market participants. We have established ourselves in the capital market as an open company that is always willing to engage in dialogue. Given the difficult environment, many investors are particularly appreciative of the fact that, even now, Demag Cranes AG actively seeks dialogue and communicates continuously and openly. The management's swift response to the negative business trend in the third quarter, in the form of a formulated strategic restructuring plan, was presented to investors in detail; this timely and transparent communication met with much approval among the majority of investors.

Currently, 19 analysts regularly assess the business performance of Demag Cranes AG. The announcement of the current restructuring measures divided opinion among the analysts. Some reduced their price targets and three institutions downgraded the shares to "sell". However, the majority took a more positive view of Demag Cranes AG's resolve and clear future direction, with some even raising their price targets. In a most welcome development, German bank Hauck & Aufhäuser started coverage of our shares in August 2009 and rated them a "buy". An up-to-date overview of the current analyst recommendations is available on our Investor Relations website at http://www.demagcranes-ag.de/en/Investor_Relations/Analysts_Recommendations.jsp.

Investors also made intensive use of our regular, web-based teleconferences, with up to 120 people registering to take part directly. Our private investors can also opt to follow the teleconferences live on our website.

Ownership Structure

According to the notifications sent to us by the time of writing this report on 27 November 2009, the following people and institutions held more than three percent of Demag Cranes shares on the notification dates indicated in the table:

Person/company	Shareholding (%)	Notification date
Cominvest	3.03	31 August 2009
Mark Fife	3.13	2 March 2009
Greg Hymowitz	3.13	2 March 2009

Identification Numbers and Codes

WKN (German securities identification number)	DCAG01
ISIN	DE000DCAG010
Reuters	D9CGn.DE
Bloomberg	D9C GR

Would you like further information? Then visit our website or call us:

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