

Report on Post-Balance Sheet Date Events

On 23 October 2009, the Management Board of Demag Cranes AG and the management of the subsidiaries Demag Cranes & Components GmbH and Gottwald Port Technology GmbH reached consensus with the relevant works councils in negotiations on the restructuring process for shared services functions and signed the previously still outstanding agreements for the Industrial Cranes and Services segments. The parties also signed the papers for the compensation agreement in connection with planned restructuring measures at Demag Cranes AG and Demag Cranes & Components GmbH and for the corresponding redundancy schemes.

No other events material to the financial position or financial performance of the Demag Cranes Group occurred after the balance sheet date.

Forecast Report

Introduction

The following statements on the future development and performance of the Demag Cranes Group and the key underlying assumptions concerning market and industry developments are based on assessments which Demag Cranes AG considers realistic on the basis of the information currently available to it. They nevertheless involve a degree of uncertainty and an unavoidable risk that forecast developments may not actually occur, either in the general pattern or to the extent anticipated.

Economic Trends

World Economic Trends⁶

The return to growth of global industrial production in the summer months of this year is considered by a number of experts to be the first sign that the worldwide recession is coming to an end. But these positive economic trends were primarily brought about by the extensive policies pursued to stabilise the economy. Early economic indicators also suggest a possible turnaround: the composite leading indicator of the Organisation for Economic Co-operation and Development (OECD) for industrialised countries rose to 97.8 in July 2009, its fifth consecutive month-on-month increase. As a result, in its latest interim forecast, the OECD revised its GDP estimate for the G7 countries for 2009 upwards by 0.4 percentage points. It now assumes a decline of 3.7 percent. According to forecasts by Goldman Sachs, mature economies will shrink by 3.2 percent this year and are expected to return to growth of 1.9 percent for 2010. The International Monetary Fund (IMF) expects global GDP to fall by 1.4 percent in 2009. For 2010, the IMF forecasts growth of 2.5 percent. Encouraging signs of possible recovery further increased in both emerging markets and a number of industrialised countries. However, the OECD's forecast for the US economy for 2009 remains unchanged at a 2.8 percent decline in economic output. By contrast, GDP is expected to shrink by around five percent in Germany (previously by 6.1 percent), 5.6 percent in Japan (previously by 6.8 percent), and 2.1 percent in France (previously by 3.0 percent).

As these forecasts clearly show, it is not yet certain that the global economy has moved into a sustainable and increasingly self-supporting recovery process. There are still considerable risks due to continued strain on the financial markets, unutilised production capacities and deterioration in the labour market situation.

⁶ Sources: Commerzbank, Economic Research, "Konjunktur und Finanzmärkte, September/Oktober 2009"; Goldman Sachs, "Global Economics Analyst, September/October 2009"; German Federal Ministry of Economics and Technology, "Schlaglichter der Wirtschaftspolitik", monthly report September 2009.

Regional Trends

In the USA, preliminary estimates suggest that the economic downturn has slowed considerably, primarily thanks to the fact that the decline in exports and capital investments has eased and government capital spending is increasing. Early indicators suggest the economy will continue to recover. This turnaround was mainly driven by US industrial firms in an inverse reflection of the trend in late 2008 and early 2009 when industry was particularly badly hit by the collapse of US investment bank Lehman Brothers. The delayed, real economic effects of the financial crisis are now increasingly taking their toll in the labour market. Experts expect US GDP to decline by 2.5 percent in 2009. In the medium term, however, a below-average positive growth trend is still expected. At present, growth of between 2.0 and 2.5 percent is forecast for 2010.

The Chinese economy also grew faster in the summer months of 2009 than in the previous months. The government and central bank successfully countered slumping exports with a comprehensive economic stimulus package and expansive monetary policy. Experts expect growth to reach the target of 8.0 percent in 2009, thanks to the Chinese government's expansive monetary and fiscal policy. As the impetus from economic policy abates, the economy will lose some of its momentum again in the course of 2010. Nevertheless, experts anticipate average growth in 2010 to surpass 2009 levels, at 8.5 percent. Economic prospects have also improved further in India, according to Goldman Sachs. Capital investments will continue to increase on the back of infrastructure projects. GDP growth is therefore expected to reach 5.8 percent in 2009 and 7.8 percent in 2010. The Brazilian economy also recovered slightly in the last few months. Nevertheless, experts anticipate growth of only 0.2 percent in 2009; in 2010, GDP is expected to increase again by 4.2 percent.

The first signs of stabilisation also appeared in the euro zone. Short-term economic indicators suggest a return to growth in the final quarter of 2009. This positive development is particularly attributable to the French and German economies, which are picking up. Government stimulus packages also played a key stabilising role here. The greatest momentum currently stems from investments in inventory. At the same time, however, declining investments in inventory will slow the upswing in coming quarters. Despite the improvement in prospects, experts forecast a 3.8 percent decrease in GDP for full-year 2009. According to economic experts, growth in the euro zone will slow again in the coming year once investments in inventory have lost momentum. For instance, property prices are likely to fall further appreciably in a number of euro zone countries and there is a risk that this will result in write-downs. As a result, the banks might continue to exercise restraint in lending and, not least, companies and private households will reduce their debt further.

Although order intake in German industry began to rise again in the last few months – partly supported by government programmes, such as the scrapping premium – GDP is expected to fall by 5.0 percent year on year, after growth of 2.8 percent in 2008. For the coming year, 2010, experts anticipate a slowdown in the economy, primarily due to the decline in inventory building at companies.

Trends on the Foreign Exchange Markets

Since early March this year, the dollar has been experiencing a marked period of weakness. The trade-weighted dollar has lost some two thirds of the ground it had previously gained, owing to signs of economic recovery in large industrialised countries and the price rises triggered by this on the stock markets. In view of the fact that economic indicators continue to be positive, downward pressure on the dollar may well continue for some time.

Trends on the Raw Materials Markets

Prices on the raw materials markets tended to move sideways, subject to large fluctuations. Experts still anticipate price corrections for oil and industrial metals, since oversupply is expected to continue on the markets despite the economic recovery in industrialised countries. On top of this, there are increased regulation efforts which make involvement, above all in the oil market, less attractive to financial market participants.

Market and Business Opportunities

In light of the uncertain prospects for the economy, it remains difficult to forecast the development of the industrial cranes market in financial year 2009/2010. According to studies by Goldman Sachs and Oxford Economics, emerging economies will outperform mature markets. We therefore see clear growth opportunities through advancing industrialisation in emerging markets and assume that demand for high-quality products will grow particularly quickly. Consequently, we will expand the presence of the Demag Cranes Group in these regions in future. Due to the expected change in our customers' investment behaviour, we see additional growth potential in the Industrial Cranes segment, particularly in the medium price segment. We will expand our product portfolio and adjust it to the changed market requirements accordingly.

Under the given conditions, it is also very difficult to estimate market development in the Port Technology segment for financial year 2009/2010. The fact that the transport volume for container traffic is dependent on the performance of the global economy, and will rise again with the recovery, spells an opportunity for the Demag Cranes Group. However, it must be assumed that there will also be a delay between recovery and an increase in investments in port and handling technology. This is because current utilisation of existing facilities is low and there is an expectation that customers will wait for sustained growth before selectively investing resources. In large terminals where automated products and systems are used, ongoing projects were not stopped. There is a trend, however, towards reducing and postponing the volumes commissioned. Away from the maritime ports, there are opportunities for the Port Technology segment with solutions for the growing volume of intermodal traffic, enabling it to serve markets and tap into growth potential subject to developments and trends different from those in sea transport. Although price pressure persists in the port technology market, we have increased our efficiency in terms of costs thanks to the rapidly introduced and implemented restructuring programme. In addition, our current products are not only competitive, they also enjoy a very high degree of acceptance among our customers. Furthermore, new products to expand the portfolio are currently in the development phase. Another major market opportunity lies in augmenting the service portfolio in the Port Technology segment. We have therefore introduced measures to broaden our global service presence.

It also remains difficult to forecast market development for financial year 2009/2010 in the Services segment. Although the trend towards outsourcing and switching to professional maintenance services persists, we assume that the financial and economic crisis will continue to make itself felt in the Services segment as well, albeit to a lesser extent than in the other segments. Due to the reduction of production capacities and strong price pressure from customers, competition may intensify even further, especially in maintenance and refurbishment business. In the market for spare parts, we assume demand will initially continue to stagnate at the same level as for the last few quarters. This assumption is based on the capacity utilisation of our customers' production facilities, which is still below average. In the field service organisation, however, the economic impact is not as great, and steps to adjust staff levels were already largely carried out in previous months. This allows us to further improve our competitiveness in this area. Cranes and hoists newly installed in healthy economic times offer particular growth opportunities on top of our existing installed base. Thanks in particular to our good customer relationships, we can profit from newly generated service contracts as well as from ongoing service arrangements.

Business Outlook for the Demag Cranes Group

Expectations concerning the development of the global economy are currently characterised by a high degree of uncertainty. The consequences of the economic downturn are not yet entirely foreseeable. As a result, it is exceedingly difficult at present to predict what effects overall economic trends around the world will have on the business prospects of the Demag Cranes Group.

We intend to continue expanding our market position in the markets relevant to us in financial year 2009/2010. However, it must be assumed that we will also feel the effects of our customers' reluctance to spend in the coming financial year. This development will necessarily have an impact on our revenue and earnings. We have therefore introduced the following countermeasures: with our restructuring programme, we are paving the way to sustainably safeguarding the Group by lowering its break-even point. Overall, we aim to save up to EUR 60 million. However, the effect on earnings will not yet materialise in full in financial year 2009/2010, since a number of measures will not be implemented until financial year 2010/2011. Overall, the restructuring programme aims to produce a substantial reduction in fixed and variable costs in the two business segments Industrial Cranes and Port Technology (for further information, see the segment outlook on Industrial Cranes and Port Technology). Following the conclusion of negotiations, the necessary steps will now be implemented to increase efficiency in the Industrial Cranes and Services segments. In addition, the Management Board will implement the measures already announced to more closely dovetail the entire organisation and unite management of shared services, e.g. IT, human resources and purchasing across the Group. With this restructuring programme, the Management Board has paved the way not only to leading the Group through the crisis, but also to making it more competitive for the future.

It is almost impossible to give a firm forecast in the **Industrial Cranes segment**, due to the heavy dependence on economic cycles described above. The late cyclical nature of this segment means that a substantial improvement in the overall economic situation will probably only produce a revival in our Industrial Cranes business after some delay. This applies – albeit to differing degrees – to both mature and emerging markets and thus to the entire industrial cranes market. In financial year 2008/2009, we benefited in particular from our healthy order book. As at 30 September 2009, however, it was 43.6 percent down on the previous year. Given that the environment is not expected to improve substantially and sustainably in the near future, we began to implement the restructuring measures mentioned above. The adjustment of capacities, primarily through staff cuts, will generate cost savings and thus lower the break-even point for operating EBIT. In addition, once restructuring is complete, we will be in a position to organise our capacities more flexibly. In this way, we are countering the uncertain market situation and the expectation that the crisis may continue for some time to come.

Future economic development in the **Port Technology segment** depends squarely on the development of the global economy, since this correlates directly with transport volumes and the associated need for handling equipment. We expect investment activities to gradually start picking up again, but at moderate rates of growth. How our order intake and revenue will develop therefore also depends on decisions for the award of various major port projects, which we cannot predict at present. Hence, the restructuring measures that were necessary to adjust cost structures to the anticipated lower market volumes were also comprehensively introduced in the Port Technology segment at an early stage and the negotiations were successfully concluded. Thanks to the resulting cost savings, we are more flexibly positioned also in this segment and will be able to plan our capacities even better in future.

In the **Services segment**, we will make further progress in increasing our worldwide presence for our customers. In addition, we plan to further increase the efficiency of all business processes and underpin our sales activities. This continuous improvement process will provide significant impetus for profitable growth. Refurbishment business, just like new equipment, has suffered over the last few months from customers' reluctance to invest. In future, however, demand is expected to grow gradually when adjustments to plant become necessary as production rises again. The Services segment therefore moves into the new financial year invigorated and will actively exploit the market opportunities that present themselves.

To sum up, we currently assume 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 than at the beginning of financial year 2008/2009, especially for Process Cranes and Standard Cranes. In financial year 2009/2010, we expect the Group's operating EBIT margin to be in the mid single-digit range, depending on the absolute revenue level. We are also confident – subject to all uncertainties concerning the market environment – that the Group will continue to hold its own in financial year 2010/2011.

The Group's investment volume in financial year 2009/2010 is expected to just exceed the previous-year level, depending on how revenue develops.

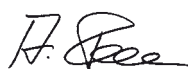
The Demag Cranes Group's sound financial position may create opportunities to turn competitors' possible financial problems to its advantage and participate more actively in the process of industry consolidation than in previous years.

As the adverse effects of the economic and financial crisis and the restructuring expenses already incurred have had a heavy impact on net income after tax in financial year 2008/2009, the Management Board and the 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 in particular in light of the fact that the economic environment continues to be strained and uncertain. In principle, attractive dividends are to be paid again in future in line with the Company's operating performance.

Assessment of the Overall Expected Development of the Group

Overall, the Demag Cranes Group has a solid financial basis. We are also already well positioned in the 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.

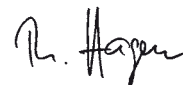
Düsseldorf, 27 November 2009



Aloysius Rauen



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