

Foreword

The Financial Statements of Demag Cranes AG on which this report is based were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU.

Business and Environment

Group Structure and Business Activities

Demag Cranes AG has its registered office in Düsseldorf and is the parent company of the Demag Cranes Group. As at 30 September 2009, it directly held 100 percent of the shares in DCC HoldCo 4 (vier) GmbH and Gottwald HoldCo 3 (drei) GmbH and indirectly held interests in numerous other companies inside and outside Germany (for details, see the list of subsidiaries, joint ventures and investments as at 30 September 2009 on page 164 et seq. of this report).

The Group manufactures products in the industrial cranes, crane components, harbour cranes and terminal automation technology sectors. It produces in a total of 16 countries on five continents and, through subsidiaries, agencies and a joint venture, operates an extensive sales and service network linking locations in over 60 countries.

The business activities of the Demag Cranes Group are divided into three segments: Industrial Cranes, Port Technology and Services. This segmentation is also the basis for Group management and monitoring.

In its **Industrial Cranes segment**, the Demag Cranes Group develops and manufactures high-quality components, such as rope hoists, chain hoists, travel units and motors, as well as complete cranes. A distinction is made between Standard Cranes and Process Cranes. Standard Cranes are configured individually from standardised modules for industrial infrastructure applications. Process Cranes, although also made from largely standardised modules, are integrated individually into the customer's specific production processes. With its highly flexible KBK crane construction kit, which is used primarily in industries with changing production requirements (e. g. the automotive industry), Demag Cranes is the world market leader.

In the **Port Technology segment**, we focus on products and services for ports and terminals. These products are sold under the Gottwald brand. The range extends from conventional cargo handling equipment such as Mobile Harbour Cranes to automated solutions for container transport and storage. In this segment, we also offer planning and consultancy services for port operators, software solutions as well as assembly and maintenance services. Our primary focus here is on solutions that enable our customers to optimise their material flow and logistics processes. According to our own market research, we occupy the leading position in mobile harbour cranes. The Demag Cranes Group also ranks among the pioneers and leading international suppliers in the promising terminal automation sector. In our assessment, developing fully integrated, end-to-end solutions including our own software solution and being able to offer them as a complete integrated system gives us a unique competitive edge.

The **Services segment** offers a full range of services for the maintenance, use and refurbishment of cranes and lifting equipment. Apart from standard services such as spare parts supply, technical inspections, maintenance and repairs, the segment increasingly performs consultancy and training services to optimise the use of crane systems. In the area of refurbishment, the segment uses both standard products and sophisticated tailored solutions. The range of service contracts extends from simple recurring inspections through preventive maintenance to full-service arrangements. They cover not just our own Industrial Crane products but also third-party products and related equipment. The use of the latest technical developments such as remote servicing permits condition-based customised services.