

# PRESS RELEASE

## **Demag Cranes Increases Year-End Forecast for Earnings thanks to Profit Boost in Third Quarter**

- **Group order intake remains strong (up 17.3 percent)**
- **Group revenue growing dynamically (up 11.6 percent)**
- **Adjusted Group EBIT boosted significantly (up 82.9 percent)**
- **Net financial debt reduced further**
- **Year-end forecast for earnings increased: Previously anticipated Group adjusted EBIT of some EUR 125 million to be exceeded**

Düsseldorf, Germany 7 August 2008. The Demag Cranes Group has continued to deliver an excellent business performance with strong drive in the third quarter (1 April to 30 June) of financial year 2007/2008. Thanks to an ongoing strong order situation, financial figures were up again significantly in a year-on-year comparison. Harald J. Joos, Chief Executive Officer of Demag Cranes AG emphasises: "The third quarter was excellent. In addition to our operative strength, we profit, above all, from our international diversification."

### **Order Situation Continues To Be Very Positive**

In the third quarter of financial year 2007/2008, order intake and the order book also showed excellent results. In a quarterly year-on-year comparison, order intake was boosted solely thanks to organic growth by 17.3 percent from EUR 295.3 million to EUR 346.5 million. The Industrial Cranes and Services segments mainly contributed to this positive development. Compared to 30 June 2007, the order book even improved somewhat by 26.2 percent, reaching EUR 532.2 million. Compared to the first nine months of the previous year, order intake volume increased by 11.6 percent from EUR 890.8 million to EUR 994.5 million.

At segment level, the Industrial Cranes profited from ongoing keen demand for products in the third quarter. Order intake was up by 23.7 percent at EUR 183.4 million. In a nine-month year-on-year comparison, the Industrial Cranes segment achieved a growth rate of 16.9 percent. This very satisfactory development was mainly due to the Standard Crane and Process Crane product lines. Compared to the prior-year balance sheet date (30 June 2007), the order book of this segment soared by 32.2 percent to EUR 352.1 million. Order intake in the Port Technology segment was up 4.8 percent over the prior-year quarter and up 3.2 percent in a year-on-year comparison of the first nine months. As the mainstay of this segment is based almost exclusively on project business with a relatively low number of units, segment order intake is subject to fluctuations during the year. In the Port Technology segment, the order book at EUR 121.5 million was 16.0 percent higher than the prior-year quarterly figure as at the balance sheet

date. In the third quarter, the Services segment recorded an increase in order intake of 16.8 percent, achieving a total of EUR 87.6 million compared to the prior-year period. In a cumulative comparison with the first three quarters of financial year 2006/2007, at EUR 254.9 million, order intake was up 8.9 percent in financial year 2007/2008. The order book rose – compared to the prior-year balance sheet date – by 15.6 percent to EUR 58.5 million.

### **Group Revenue Continues to Grow Dynamically**

Group revenue rose in a quarterly year-on-year comparison by 11.6 percent to EUR 308.2 million. Compared with the first three quarters of financial year 2006/2007, this figure was up by 13.8 percent. All three segments contributed to varying degrees to this positive performance.

In the third quarter of financial year 2007/2008, the Industrial Cranes segment generated revenue amounting to EUR 145.2 million, which represents an increase of 21.2 percent. Compared to the first nine months of the previous year, revenue rose by 20.4 percent to EUR 419.5 million, all product lines experiencing considerable growth. Revenue in the Port Technology segment grew by 3.4 percent to EUR 81.7 million compared to the prior-year quarter and by 7.2 percent vis-à-vis the first three quarters of financial year 2006/2007. This growth is mainly due to ongoing high demand for Mobile Harbour Cranes. In the Services segment, revenue went up 4.9 percent to EUR 81.3 million, the main driver being spare parts business. In a year-on-year nine-month comparison, segment revenue increased by 9.6 percent.

### **Adjusted Group EBIT Boosted Significantly**

Demag Cranes Group also boosted earnings significantly in the third quarter of financial year 2007/2008. Adjusted EBIT rose considerably by 82.9 percent to EUR 38.7 million. On a cumulative basis, adjusted EBIT for the first three quarters of financial year 2007/2008 soared by 57.7 percent to EUR 102.7 million compared to the same period of financial year 2006/2007. All three segments contributed to this very satisfactory development.

Once again, the Industrial Cranes segment recorded a surge in earnings. The adjusted EBIT of EUR 14.6 million was a remarkable 160.7 percent higher than in the same quarter of the previous year. Adjusted Group EBIT rose notably by 132.2 percent compared to the prior-year figure to EUR 37.3 million. This highly positive performance is attributable to the considerable increase in revenue for all product groups and to improvement in efficiency thanks to our efforts to make the best possible use of our capacities worldwide. In the Port Technology segment, the Demag Cranes Group also achieved the anticipated improvement in its results of operations. In the third quarter of financial year 2007/2008, adjusted segment EBIT went up significantly to EUR 6.1 million. On a cumulative basis, adjusted EBIT amounted to EUR 13.4 million, a figure that indicates that the Demag Cranes Group is on track in achieving its goal of generating the forecast adjusted EBIT of EUR 18 million to EUR 20 million in the Port Technology segment by the end of the year. In the Services segment, adjusted EBIT in a quarterly year-on-year comparison grew by 13.6 percent to EUR 20.1 million, this growth being mainly attributable to the spare parts business. On a nine-month basis, adjusted EBIT improved by 25.1 percent to EUR 58.0 million.

### **Net Financial Debt Reduced Further**

Due to a notable increase in free cash flow before financing, net financial debt could be reduced even further to EUR 48.6 million in the period under report. While equity grew to EUR 245.6 million, gearing (net financial debt in relation to equity) decreased to 19.8 percent. On the balance sheet date as at 30 September 2007, this figure was at 55.8 percent.

### **Year-End Forecast for Earnings Increased: Group Adjusted EBIT of EUR 125 million to Be Exceeded**

Based on the positive business performance of the Group, the Management Board of Demag Cranes AG continues to anticipate Group revenue of some EUR 1.2 billion for the full financial year. Due to the outstanding results in the third quarter, the Management Board anticipates that the previously forecast EUR 125 million for adjusted Group EBIT for financial year 2007/2008 to be exceeded. As Demag Cranes CEO, Joos underscores: "We continue to focus on profitable growth. For the full financial year, a Group profit margin of some eleven percent is absolutely realistic in light of a strong third quarter."

### **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 port 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 2006/2007, the Group, with its 5,813 employees, generated revenue of around EUR 1,080 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 AG. We Can Handle It.**

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#### **Conditions for forward-looking predictions**

This press release contains forward-looking predictions about Demag Cranes AG, to its subsidiaries and affiliated companies as well as economic and political frameworks, which can influence the business performance of Demag Cranes. All these statements are based on assumptions, which the Management Board have made on the information available. If these assumptions do not occur, or only partly, or if further risks occur, the actual business performance can deviate from the predictions.

Therefore no guarantee can be accepted for these assumptions.

## Selected Financials as at the End of the Third Quarter of Financial Year 2007/2008 (30 June 2008)

| in EUR millions                                   | Q3<br>2007/2008 | Q3<br>2006/2007 | Change       | Q1-Q3<br>2007/2008 | Q1-Q3<br>2006/2007 | Change       |
|---|-----------------|-----------------|--------------|--------------------|--------------------|--------------|
| <b>Group</b>                                      |                 |                 |              |                    |                    |              |
| Order intake                                      | 346.5           | 295.3           | 17.3 %       | 994.5              | 890.8              | 11.6 %       |
| Order book <sup>1</sup>                           | 532.2           | 421.7           | 26.2 %       | 532.2              | 421.7              | 26.2 %       |
| Revenue   | 308.2           | 276.2           | 11.6 %       | 880.8              | 773.8              | 13.8 %       |
| Adjusted EBIT <sup>2</sup>                        | 38.7            | 21.2            | 82.9 %       | 102.7              | 65.2               | 57.7 %       |
| in % of revenue                                   | 12.6 %          | 7.7 %           | 4.9 % pts.   | 11.7 %             | 8.4 %              | 3.2 % pts.   |
| Adjusted net income after tax <sup>3</sup>        | 24.8            | 11.7            | 112.4 %      | 62.9               | 35.8               | 75.6 %       |
| Adjusted earnings per share (in EUR) <sup>3</sup> | 1.17            | 0.55            | 112.7 %      | 2.97               | 1.69               | 75.7 %       |
| Net financial debt <sup>1</sup>                   | 48.6            | 152.1           | -68.0 %      | 48.6               | 152.1              | -68.0 %      |
| Gearing in %                                      | 19.8 %          | 76.8 %          | -57.0 % pts. | 19.8 %             | 76.8 %             | -57.0 % pts. |
| Employees <sup>1</sup>                            | 5,994           | 5,771           | 3.9 %        | 5,994              | 5,771              | 3.9 %        |
| <b>Industrial Cranes</b>                          |                 |                 |              |                    |                    |              |
| Order intake                                      | 183.4           | 148.2           | 23.7 %       | 527.0              | 450.7              | 16.9 %       |
| Order book <sup>1</sup>                           | 352.1           | 266.3           | 32.2 %       | 352.1              | 266.3              | 32.2 %       |
| Revenue   | 145.2           | 119.8           | 21.2 %       | 419.5              | 348.4              | 20.4 %       |
| Adjusted EBIT <sup>2, 4</sup>                     | 14.6            | 5.6             | 160.7 %      | 37.3               | 16.1               | 132.2 %      |
| in % of revenue                                   | 10.0 %          | 4.7 %           | 5.4 % pts.   | 8.9 %              | 4.6 %              | 4.3 % pts.   |
| <b>Port Technology</b>                            |                 |                 |              |                    |                    |              |
| Order intake                                      | 75.5            | 72.0            | 4.8 %        | 212.6              | 205.9              | 3.2 %        |
| Order book <sup>1</sup>                           | 121.5           | 104.8           | 16.0 %       | 121.5              | 104.8              | 16.0 %       |
| Revenue   | 81.7            | 79.0            | 3.4 %        | 219.2              | 204.4              | 7.2 %        |
| Adjusted EBIT <sup>2, 4</sup>                     | 6.1             | -2.9            | 311.4 %      | 13.4               | 3.2                | 322.2 %      |
| in % of revenue                                   | 7.4 %           | -3.6 %          | 11.1 % pts.  | 6.1 %              | 1.5 %              | 4.5 % pts.   |
| <b>Services</b>                                   |                 |                 |              |                    |                    |              |
| Order intake                                      | 87.6            | 75.0            | 16.8 %       | 254.9              | 234.2              | 8.9 %        |
| Order book <sup>1</sup>                           | 58.5            | 50.6            | 15.6 %       | 58.5               | 50.6               | 15.6 %       |
| Revenue   | 81.3            | 77.5            | 4.9 %        | 242.2              | 221.0              | 9.6 %        |
| Adjusted EBIT <sup>2, 4</sup>                     | 20.1            | 17.7            | 13.6 %       | 58.0               | 46.3               | 25.1 %       |
| in % of revenue                                   | 24.7 %          | 22.8 %          | 1.9 % pts.   | 23.9 %             | 21.0 %             | 3.0 % pts.   |

1 As at the end of the period

2 Adjustments made to compensate for impacts due to the application of purchase accounting and one-off effects.

3 Adjustments made to compensate for impacts due to the application of purchase accounting, one-off and tax effects.

4 The costs of the central Holding of Demag Cranes AG are disclosed separately and are not allocated to the business segments.

Rounding: All listed amounts have been calculated on the basis of EUR thousands. For this reason, figures indicated in both EUR millions and percentages may show slight discrepancies due to rounding.