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PRESS RELEASE

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Machine and plant constructor SMS group increases order intake, sales and profit

Exceptional boom in metallurgical plant construction – Improved result – Training quota, at 8 %, far above average – Even better operative result expected for 2006

The SMS group, consisting of leading companies in metallurgical plant and rolling mill technology, tube, long product and forging technology as well as plastics technology, increased its order intake in business year 2005 to EUR 2,811 million (previous year: EUR 2,282 million) and its sales to EUR 2,334 million (previous year: EUR 2,170 million). Globally, a total of 9,223 employees (previous year: 9,479) worked for the group. Business year 2005 closed with a group result of EUR 42 million, with debit amounts from the purchase of the 28-percent share Siemens AG previously held in the SMS subsidiary SMS Demag AG already factored in the 2005 result.

Considering forecasts for a stable global economic development, the special boom in metallurgical plant construction and the expansion of the SMS group range of products and services in the fields of service, electrical and automation systems, Dr. Heinrich Weiss, Chairman of the SMS group, expects a high order intake once again for the current business year of 2006, and an even better operative result than previous year.

The steel industry saw another very good year in 2005. Meanwhile, China accounts for almost 30 % of global steel production. However, the dynamically developing steel industries in south-east Asia, Russia, India and South America also contributed to the upswing. Investment activities in North America and western Europe were limited to revamps and only a few new construction projects.

Relating to the Tube, Long Product and Forging Technology Business Area, order intake and sales grew, and the result also improved again.

Regarding the Plastics Technology Business Area, the companies of the Extrusion Technology Division were able to increase their order intake compared to the previous year. Results also improved slightly.

In contrast, the Injection Molding Technology Division again suffered a substantial loss that made serious restructuring necessary. The production of injection molding machines at the Meinerzhagen location in Germany will have to close in mid-2006. That means injection molding machines will be manufactured exclusively in Kottlingbrunn, Austria.

On course for growth

Dr. Heinrich Weiss: "Today, the increased demands made on us as a technology partner of our customers can only be met if we not only supply machinery and plants, but also offer a seamless understanding of the production processes. This requires extensive system expertise including electrical and automation systems as well as service for our plants. Therefore we are continuing to expand these areas."

Order intake and sales

At EUR 2,811 million, order intake by the SMS group in 2005 was some 23 % above the level of business year 2004. The figure is made up of EUR 1,782 million from Metallurgical Plant and Rolling Mill Technology, EUR 572 million from Tube, Long Product and Forging Technology and EUR 457 million from Plastics Technology.

42 % of the order intake was achieved in Europe, some 22 % in North and South America and around 34 % in Asia.

Sales totaled EUR 2,334 million (previous year: EUR 2,170 million).

Prospects

Dr. Heinrich Weiss: “Considering forecasts for a stable global economic development, the special boom in metallurgical plant construction and the expansion of our range of products and services, we expect the current business year once again to produce an even better operative result than last year.”

SMS GmbH is the holding of a group of companies internationally active in plant construction and mechanical engineering relating to the processing of steel, non-ferrous metals and plastics. The group is divided into the Business Areas of Metallurgical Plant and Rolling Mill Technology, Tube, Long Product and Forging Technology and Plastics Technology. In the year 2005 around 9,250 employees worldwide generated a turnover of about EUR 2.33 bn.