

## **PRESS RELEASE**

Düsseldorf, January 19, 2007

### Order for SMS Demag AG

#### **Electric arc furnace meltshop for OAO Severskij Tube**

OAO Severskij Tube (TMK Group), Russia, has awarded SMS Demag, Germany, a contract for the supply of an electric arc furnace meltshop with a production capacity of 1.0 million t per year for its Polevskoy works.

SMS Demag's supply includes a 135-t electric arc furnace of the newly developed ARCESS<sup>®</sup> type, scrap yard equipment, a dedusting plant, additives supply system as well as lime and filter-dust injection equipment.

The characteristic feature of the ARCESS<sup>®</sup> furnace is its optimized use of electric energy and burner/oxygen injection technology which together yield a high productivity at low production cost.

SMS Demag's supply also comprises the complete electrical equipment including the higher-level process control system (Level 1) and the technological process model (Level 2) for the furnace process. SMS Demag will test the automation system according to its proven "Plug & Work" procedure prior to commissioning, thereby ensuring an optimal interaction between the metallurgical, mechanical and automation systems.

Following the already successfully commissioned ladle furnace and the bloom caster which is currently under erection, this new contract continues Severskij Tube's efforts to implement its investment program. The TMK Group is one of the largest producers of pipe steel grades for Russia's oil, gas and building industry, with production concentrated in the Volsky, Taganrog and Severskij works. The new electric arc furnace meltshop at Severskij will replace the Siemens-Martin steelworks completely and satisfy the stringent pollution control requirements.

Commissioning is scheduled to take place at the end of 2007.

(30 lines with max. 55 letters)

SMS GmbH is the holding for 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 on the one hand into the Business Areas SMS Demag and SMS Meer under SMS metallurgy and, on the other hand, into the Business Area SMS Plastics Technology. In the year 2005 some 9,250 employees worldwide generated a turnover of about EUR 2.33 bn.