

PRESS RELEASE

Düsseldorf, March 2, 2007

Order for SMS Demag AG

Integrated electric steelworks and continuous casting facilities for long products

The Pervouralsky New Pipe Works (PNTZ) of Russia has placed an order with SMS Demag, Germany, as the leader of an international consortium, for the supply of a turnkey electric steelworks with two continuous casting plants. The new steelworks will produce the starting material for the existing tube rolling mills of the ChTPZ group and will attain an annual production of max. 1 million t of steel. The product mix comprises carbon steels, above all for the manufacture of pipes for the oil and natural gas industry.

SMS Demag's supply scope for the new steelworks incorporates a scrap yard, a 120-t electric arc furnace with modern ARCESS® technology, a 120-t ladle furnace and a VD vacuum tank degasser. Likewise included are the dust extraction plant, laboratory equipment, water treatment plant, steam generating system and a supply system for alloying agents.

Two continuous casting machines will cast the steel into round billets and blooms. For this purpose, Concast AG, Switzerland, will supply a five-strand caster designed to cast 660,000 t of rounds with diameters of 150 and 220 mm. The second caster will come with three strands to produce 440,000 t of rounds with diameters of 220, 460 and 550 mm.

The supply scope of the turnkey project will contain the complete X-Pact® electrical and automation systems. For the power supply, the medium and low-voltage distribution will be designed wholly according to the customer's requirements and incorporated into the integrated plant concept. Within the automation supply scope, our customer will receive the complete operating and monitoring stations and, for the electric furnace, the process model which will enable production to take place under optimum energy and cost conditions.

Commissioning is scheduled for the end of 2008.

In 2005, PNTZ was acquired by the ChTPZ group which accounts for around 22 % of the entire Russian tube and pipe production.

(34 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.