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PRESS RELEASE

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SMS Demag and Midrex sign alliance agreement

During the METEC 2007 trade fair a strategic alliance agreement was signed between SMS Demag AG, a company of the SMS group, Germany, Midrex Technologies, Inc., USA, and Kobe Steel Ltd., Japan.

The purpose of the agreed cooperation is to achieve a joint market presence for suitable projects in order to implement a minimill iron and steel plant on behalf of customers.

The combination of the MIDREX[®] direct reduction process and the steelworks technology of SMS Demag with downstream CSP[®] (Compact Strip Production) facility constitutes an optimally tuned minimill concept for producing high-grade hot strip in a manner which efficiently reduces energy and costs.

The alliance between the two firms is advantageous to our customers in that project realization is greatly simplified and optimum metallurgical results are achieved through close cooperation at the technical level.

The MIDREX[®] process is a method for the large-scale industrial production of direct-reduced iron ore in the form of DRI (direct reduced iron) or HBI (Hot Briquetted Iron). These products can be charged as Fe carriers into electric-arc or CONARC[®] furnaces and melted down there.

The MIDREX[®] process provides an alternative to the classical blast-furnace route and, by the nature of the process, produces a considerably lower degree of CO₂ emissions.

Kobe Steel is the licensor of the MIDREX[®] process.

(26 lines with max. 55 letters)

SMS group is, under the roof of the holding SMS GmbH, a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. It essentially consists of the two Business Areas SMS Demag and SMS Meer, which jointly form SMS metallurgy. In 2006, some 9,000 employees worldwide generated a turnover of about EUR 2.8 bn.