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PRESS RELEASE

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Major orders from MMK totaling approx. EUR 1 billion

The Magnitogorsk Metallurgical Combine (MMK), Russia, has awarded to SMS Demag AG, a company of the SMS group, Germany, an order for the supply of equipment for secondary metallurgical facilities, a set of cold strip units with a coupled pickling line and tandem cold mill, and strip refining plant and equipment worth some EUR 530 million. Together with MMK's order for a continuous casting plant and a heavy plate mill placed with SMS Demag at the beginning of this year, the order volume totals approx. EUR 1 billion.

The new order for secondary metallurgical facilities, a set of cold strip units and strip refining equipment comprises the supply of all the mechanical components and the entire electrical and automotive systems. The facilities will be put into operation in 2009 and 2010.

MMK is one of Russia's leading steel producers and, by means of this investment, is expanding its production of cold-rolled and galvanized strip to a high standard of quality. This strip is intended above all for the manufacture of automotive sheets and motor-car internal parts as well as for the domestic appliance and construction industries.

The expansion of the secondary metallurgical facilities, supplied by SMS Mevac GmbH, is a pre-condition for the production of high-quality steel grades. The supply scope comprises a ladle furnace with two treatment stations, a Duplex RH-Top facility, a deslagging stand and two ladle treatment stations. The facilities will also be used for producing pipe and shipbuilding steels, which are to be processed in the 5-m heavy plate mill.

The cold rolling stage consists of a coupled pickling line and tandem cold mill with an annual capacity of approx. 2.0 million t. It is equipped with the proven turbulence-tank pickling technology and possesses five four-high stands. The plant is the world's most powerful coupled pickling line and tandem cold mill, with its high drive power ratings and a rolling force of 35 MN per stand. All stands operate with CVC plus[®] technology, with the final stand being additionally fitted with multizone cooling and the Dry-Strip drying system. The facility is equipped with the "Rotary Inspect" inline inspection line to enable quality control to take place during the actual production wherever possible.

The strip processing lines comprise the hot-dip galvanizing line and a combined hot-dip galvanizing line and continuous annealing line, each with integrated skin-pass stands, a recoiling and inspection line and two packaging lines. A noteworthy feature is the wide range of materials, from mild to high-strength grades, which are processed into galvanized strip with GI and GA grades. Three acid regeneration plants allow the pickling acid to be fed back completely into the system.

The entire automation system will be set up in our test facilities beforehand and tested according to the Plug & Work concept. Plug & Work simulates the production sequence and allows the automation functions to be tested and optimized under realistic conditions prior to installation in the works.

(51 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.