

# SMS group

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## **PRESS RELEASE**

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**Machine and plant builder SMS group achieves record business year – significant increase in order intake, sales and profit**

***Boom in metallurgical machine and plant construction unbroken – Even better development expected in 2008 – 700 new jobs for qualified machine, electrical and automation engineers – Environment protection technique gains in importance – Focus on core business metallurgical plant construction after sale of Plastics Technology – Profit-sharing for employees continues to rise***

The SMS group is a group of leading companies in metallurgical plant and rolling mill technology as well as tube, long-product and forging technology. In business year 2007, it increased its order intake by some 60 percent to EUR 5,142 million (previous year: EUR 3,235 million). Sales reached around EUR 2,937 million (previous year: EUR 2,826 million).

At EUR 176 million, the group's pre-tax result was double the previous year's figure (2006: EUR 85 million).

**On average over the year, a worldwide total of 7,613 employees (previous year: 8,999) worked for the group. The reduction on the previous year's total is due to the sale of the plastics machinery construction business, an area the SMS group pulled out of completely. Now the focus is squarely on its core business of metallurgical plant construction.**

**In 2007, another 520 employees were hired in this area. The group plans to create 700 extra jobs in 2008 – mainly for qualified engineers.**

### **Prospects**

“It is already clear that the exceptional boom in metallurgical plant construction will continue into its fourth year in 2008. Global steel production is expected to increase to 1.4 billion t over the year. We are especially pleased to see that this growth not only comes from the BRIC countries (Brazil, Russia, India and China) alone, but also from our customers in other regions of the world that are increasingly placing orders with us,” said Dr. Heinrich Weiss, Chairman of the SMS group.

The current boom has even broken the traditional business cycle in the steel industry. The reason is that the developing countries require large quantities of steel to build up their economic infrastructure. This trend has been a major factor for years. Meanwhile, more and more of these emerging economies are equipped with state-of-the-art production plants. To stay internationally competitive, North American, Japanese and European steel producers must catch up. That explains why the SMS group expects increased demand for revamps and expansions in these regions.

### **Focus on core business with “SMS metallurgy”**

The broad supply range of the SMS group covers the entire metallurgical process chain including electrical and automation systems, plus service. These products and services are divided between the Business Areas SMS Demag and SMS Meer, yet marketed together under the roof of “SMS metallurgy”. The two Business Areas operate as independent entities that cooperate closely. SMS GmbH is the holding responsible for strategic planning and control of the group. The sole owner of the SMS group is the Weiss family.

In 2007, Business Area SMS Demag increased order intake by some 90 percent to EUR 3,725 million (previous year: EUR 1,972 million), making it the leader in flat products. In this sector, the SMS group supplies plants for metal production and processing, ranging from steelworks to continuous casters right up to strip processing lines – also for nonferrous metals.

Business Area SMS Meer was able to raise its order intake by around 60 percent to EUR 1,353 million (previous year: EUR 857 million). SMS Meer is the leading supplier of tube rolling mills, long-product rolling mills, extrusion and forging presses as well as heating equipment for the steel and nonferrous metal industry.

### **Pullout from plastics machine construction complete**

“Because the SMS group was nowhere near as successful in plastics machine construction as we were in metallurgical machine and plant construction,” explained Dr. Heinrich Weiss, “we decided some time ago to completely pull out of plastics technology. With our sale in this area in 2007, we successfully completed the pullout.”

(74 lines with max. 55 letters)

SMS GmbH is the holding of a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. It consists of the two Business Areas SMS Demag and SMS Meer, which jointly form SMS metallurgy. In 2007, some 8,000 employees worldwide generated a turnover of about EUR 3.0 bn.