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PRESS RELEASE

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SMS group machine and plant construction companies

Order intake, sales and profit increase again in 2008 – long-term investments for stronger competitiveness despite drop in order intake

Boom in metallurgical machine and plant construction up to mid-2008 responsible for increase in order intake, sales and profit – global recession causes downturn in orders in current year 2009 – high orders in hand secure capacity utilization up to 2010 – long-term investments in technical development and manufacturing locations continue – energy and environment technology gains in importance.

The SMS group, a group of leading companies in metallurgical plant and rolling mill technology as well as tube, long-product, and forging technology, increased its order intake in business year 2008 by some 3 percent to EUR 5,288 million (previous year: EUR 5,142 million). Sales totaled EUR 3,601 million (previous year: EUR 2,937 million).

The pre-tax result of the group was EUR 205 million, a growth compared to the previous year of EUR 29 million (2007: EUR 176 million).

At the year, a total of 8,927 employees worked for the SMS group worldwide (previous year: 7,699). In 2008, a total of 1,228 new employees and apprentice came on board (+ 16 percent). Due to the economic crisis, recruitment in 2009 will be limited to growth areas and highly qualified personnel. The apprentice quota in Germany, at 7 percent, is again higher than the industry average.

Prospects

“The global financial and economic crisis has hit the capital goods industry hard, and with it our company. It was only to be expected after the boom of recent years that a deep recession was on the cards, but we were surprised by the speed of the downturn, fueled by the financial crisis”, said Dr. Heinrich Weiss, Chairman of the SMS group.

Due to the worldwide excess capacity in the steel industry, the SMS group anticipates weak investment in new plants for some time to come. However, modernizations will pick up in the traditional steel making companies. Industrialization in the emerging economies will continue to advance after the international financial crisis is over. This is where the SMS group expects to participate in new, larger projects in the near future.

“Because we are affected by economic fluctuations after a time lag,” said Dr. Heinrich Weiss, “we have the advantage that we are still processing a high level of orders in hand. That's why we can plan carefully for the lean years ahead.”

Therefore the SMS group will utilize the freed-up capacities in its engineering departments to intensify technical development and to thoroughly revamp its manufacturing capability. This will lead to further quality improvements of our products and enhance efficiency within the company.

Development of the Business Areas

We already reported at the end of March that, after the Weiss family bought back all the external shares in the company, SMS Demag, the largest Business Area in the SMS group, is now once again known by its "old" name SMS Siemag. Together, SMS Siemag and SMS Meer make up the SMS group. The two Business Areas operate as independent companies that cooperate closely. The holding company, SMS GmbH, is responsible for strategic planning and control of the group. The sole owner of the SMS group is the Weiss entrepreneurial family.

Business Area SMS Siemag increased its order intake in 2008 by some 4 percent to EUR 3,870 million (previous year: EUR 3,725 million). Sales increased by 26.9 percent to EUR 2,549 million (previous year: EUR 2,008 million).

SMS Siemag is a leading supplier in the flat steel sector. The SMS group supplies plants for metal production and processing, ranging from steelworks to continuous casters, and rolling mills to strip processing lines – including plants for nonferrous metals.

Business Area SMS Meer increased its order intake in 2008 by 4.6 percent to EUR 1,415 million (previous year: EUR 1,353 million). Sales increased by 21.1 percent to EUR 1,045 million (previous year: EUR 863 million).

SMS Meer is a leading supplier of tube and pipe rolling mills, long-product rolling mills, extrusion and forging presses, and thermal technology plants for the steel and nonferrous metals industry.

(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 consists of the two Business Areas SMS Siemag and SMS Meer, which jointly form SMS metallurgy. In 2008, some 8,900 employees worldwide generated a turnover of more than EUR 3.6 bn.