

Phone: +49 211 881-4449
Fax: +49 211 881-774449
Mobile: +49 151 40226502
E-Mail: thilo.sagermann@sms-group.com
Thilo Sagermann

PRESS RELEASE

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**Service concepts offered by SMS group continue track record
in Russia**

The Russian steelmaker Novolipetsk Iron & Steel Corp (NLMK) has entrusted the SMS group (www.sms-group.com) with the performance of active maintenance and repair services on key plant assets, starting in February 2015.

As a permanent partner, the Technical Service Division of the SMS group is thus assuming part of the responsibility for achieving the production target of 12.5 tons of steel per year envisaged by Novolipetsk Iron & Steel for the Lipetsk site. Starting in February 2015, an SMS team will be available at the newly established Russian service workshop to support the maintenance processes with a service staff of up to 300.

Building on extensive technological know-how and comprehensive expertise in all process chains of the steel industry, the SMS group team is well qualified to sustainably optimize the customer's maintenance processes. Successful references – for example, the services rendered to the continuous casting plant of MMK (Magnitogorsk Iron & Steel Works OJSC) – show that the SMS group not only relieves the operators of steelmaking plants from some of their workload, but may also give positive impetus to their plants' development.

As early as in 2014, NLMK decided to benefit from the know-how of the SMS group's service experts. The SMS group will from now on perform the maintenance activities on the SMS Mevac-supplied RH plants and ladle furnaces, both on and offline. A team of specialists will perform offline maintenance for the nine continuous casting plants in operation and overhaul critical components such as oscillation systems, molds and segments of the continuous casters. The team will have to cope with the challenge of having to deal with casters built during a period ranging from 1967 through 2012.

By transferring maintenance management tasks to the SMS group, plant operators benefit from increased planning security in addition to economic and organizational improvements. Personnel planning plays a key role in this context. In the present case, the SMS group experts will team up with customer's core personnel to integrate their expertise in the maintenance activities. In the process, the operator's staff will be trained by the SMS experts on a high technological level to enhance their skills in dealing with specialist maintenance processes. Efficient maintenance must be based on well-founded strategies and diligently planned measures.

As part of the Integrated Maintenance Management System (IMMS[®]) concept, SMS carried out a detailed ME-RCM analysis (Maintenance Engineering-Reliability Centered Maintenance) at NLMK. The empirical data obtained from this analysis will be integrated into the SAP system in place at NLMK.

NLMK also entrusted the SMS group with the management of the spare parts inventory of the continuous casting plants and the secondary-metallurgy facilities. The SMS group now stocks the daily requirements of parts in a warehouse on the works premises. Through outsourcing, the operator thus ensures access to spare parts whenever necessary, while reducing costs. Through the

worldwide service network of the SMS group, NLMK benefits in various other respects from the cooperation with the systems supplier SMS, for example, through the state-of-the-art coating facilities for mold plates and segment rollers in the SMS service workshop in Chelyabinsk, Russia.

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SMS Pino TESÈ Executive Vice President Technical Service Division
NLMK S. FILATOV Managing Director.

Standing from left to right:

NLMK Sergey BALANDIN Deputy Chief Engineer Maintenance,
SMS Bogdan RYSKULOV Project Director Maintenance Services,
NLMK Alexey Vasilyevich POPOV Director of Repair Complex,
SMS David JEFFREY Regional Vice President – Russia & CIS.

The SMS group is, under the roof of SMS Holding GmbH, a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. Its 13,800 employees generate sales of over EUR 3,5 bn.