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PRESS RELEASE

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Planned cooperation

SMS group and AFERPI sign contract on new steel complex in Piombino, Italy

Acciaierie e Ferriere di Piombino SpA (AFERPI) (www.aferpi.it) and SMS group (www.sms-group.com) have signed a contract on the supply of a new steel complex replacing outdated facilities at the Piombino site in Italy. The new complex will consist of a meltshop with a capacity of more than one million and a rail and section mill with a capacity of 700,000 tons per year.

The new plant will feature latest technology designed to produce premium steels at high productivity combined with environmentally friendly solutions for low energy consumption and low emissions. SMS group will supply a 140-ton SHARC direct-current EAF, which operates very efficiently and in a highly eco-friendly way thanks to the extremely efficient preheating of the charge. The SHARC (Shaft Arc Furnace) will be charged with a high rate of virgin materials, such as HBI, in addition to scrap in order to reliably meet the required cleanness of the steel produced.

The steel plant will also comprise a twin ladle furnace and a twin vacuum degasser. These facilities will make it possible to adjust the

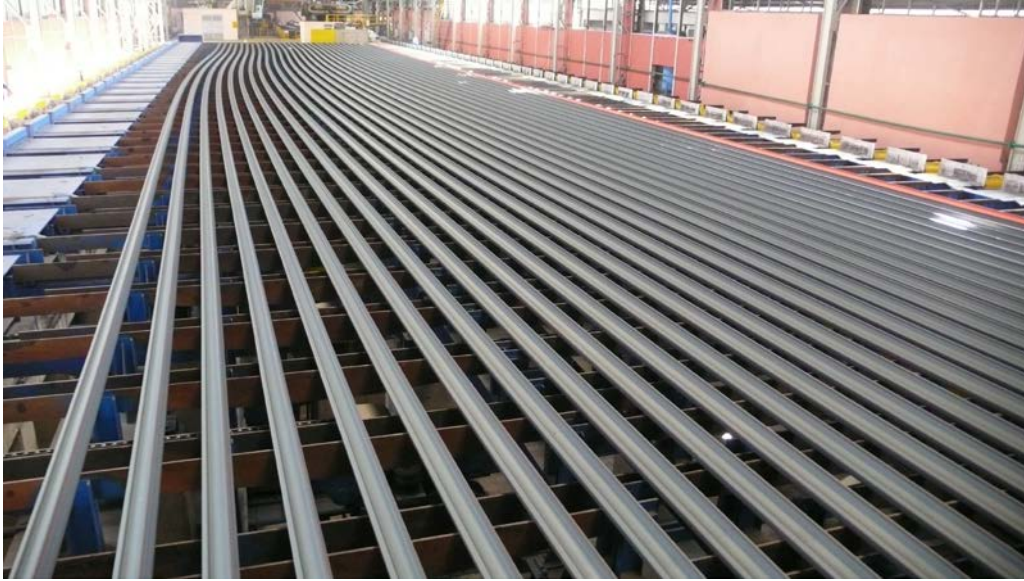
liquid steel precisely to the required target composition before the steel is cast either on the new bloom caster or the new billet caster for SBQ (Special Bar Quality) products. Both casting machines will be equipped with CONVEX[®] mold technology and Mechanical Soft Reduction systems. The blooms will be processed in the newly built rail mill, the billets in the existing bar and wire rod mills.

The new rail and section mill will produce rails with a length of 120 meters as well as various beams, sections and sheet piles. Designed for quick program changing, the mill will comprise a tandem reversing mill with Compact Cartridge Stands (CCS[®]) and a Compact Roller Straightener (CRS[®]) as successfully in operation in numerous rail and section mills. The CCS[®] mill stands will be equipped with hydraulic adjustment systems to allow rolling at very close tolerances. The scope of supply also includes a RailCool[®] rail head hardening line.

The rail finishing line will process long and short rails and feature testing facilities, cutting and drilling machines as well as gap presses. A separate finishing line will process all the sections rolled.

This project will enable AFERPI to continue steel and rail production in Piombino with latest state-of-the-art equipment. The new steel complex will have all it takes to make world-class products.

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Cooling bed with pre-bending unit for rails.

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 14,000 employees generate sales of over EUR 3,4 bn.