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PRESS RELEASE

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Slump in order intake

SMS group increases investment in times of crisis

As a result of the global financial and economic crisis, the order intake of the SMS group in 2009 will take a dive to less than half of the previous year's result (2008: EUR 5.15 billion). So far, capacity utilization has hardly been affected, because the company is still working its way through a high stock of orders from the boom years. That also explains why sales in 2009 are set to match the previous year's level of EUR 3.6 billion.

However, short-time work has already started in some areas, and it looks likely to spread in the course of next year.

"We'll use the crisis to boost our technological development and efficiency," Dr. Heinrich Weiss, Chairman of the SMS group stated.

"Our investment programs will go ahead as planned, with budgets increased anti-cyclically so we can make the most of low purchase prices. Next to our headquarters in Hilchenbach, Germany, our family-owned company, founded over 130 years ago, is building one of Europe's most modern heavy machinery construction shops.

Going green is just one reason our technological development will focus on resource-saving machine and plant construction strategies.

That, in turn, means our customers will benefit from increased competitiveness".

Poised for the next upswing

According to Weiss, the current recession was to be expected after the long boom, but the credit crunch exacerbated it. "Basically, this cycle fits into the long-term pattern of the German machinery and plant construction market. There have always been boom years followed by a few lean years. Our innovativeness and experienced, constantly higher trained core staff plus our independence from banks due to our cautious financial policy make me confident we'll pull through this crisis even stronger than before."

To maintain its leading market position, the SMS group relies on continuous innovation and expert personnel. Despite the crisis, the trainee quota in the group is currently some seven percent of the workforce – much higher than the industry average. Close cooperation with schools and universities, the SMS student support scheme, tailor-made introduction programs for newly-qualified engineers, and the SMS Akademie with its broad range of education classes for all staff members demonstrate the special emphasis on training and further qualification in the company. The number of employees in the group worldwide is around 8,900.

(41 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. In 2008, some 8,900 employees worldwide generated a turnover of more than EUR 3.6 bn.