

# SMS group

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## **PRESS RELEASE**

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### **SMS group still enjoying excellent capacity utilization Significant downturn in order intake since September 2008**

The SMS group, Düsseldorf, Germany, is again expecting a slight increase in order intake for the current year 2008, to around EUR 5.4 billion (previous year EUR 5.15 billion). By the end of the year the sales will be somewhat above EUR 3 billion and will thus follow the order intake with the time delay customary in the plant engineering sector. In view of the fact that worldwide economic activity in the steel industry has been vigorous until a few months ago, it has proved possible to once again achieve a record order intake this year. However, as in most industrial sectors, only a few orders have been received since September of this year. Owing to the downturn in project activity, a considerably lower order intake is expected for the coming year. Nevertheless, the high order backlog from the past boom years will safeguard the workload for one to two years.

Once again this year, Russia, India and China were the most important markets for SMS, whereas customers in the traditional steel regions made a more average contribution to the order intake, with the exception of the major order from ThyssenKrupp Steel AG for the new plant project in Alabama, USA.

In addition to the good business situation in the classical machinery and equipment building sector, it is above all the growth areas of electrical and automation systems and service that have contributed to the increased order intake at SMS. The strategy which we as a system supplier have followed for many years, of closely supporting the customer throughout the entire life-cycle of a plant, is essential for the success of our business in these fields.

In order to maintain its leading position on the market, the SMS group is strongly dependent on a constant flow of innovations and, consequently, on highly qualified employees. The proportion of apprentices in the SMS group is currently around seven percent of the employees in Germany, in other words, an above-average level for the sector. Close cooperation with schools and universities, the SMS study grant scheme, well-aimed introductory programs for young engineers, and the newly-created SMS Academy with its wide choice of educational possibilities for all employees underline the particularly strong emphasis placed on vocational training and further development in the firm. During the current year 800 new employees worldwide have been recruited or gained through acquisitions, around 400 of them in Germany. The SMS group has a present strength of approx. 9,000 employees. (2007: around 8,000 employees).

(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 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.