SMS group

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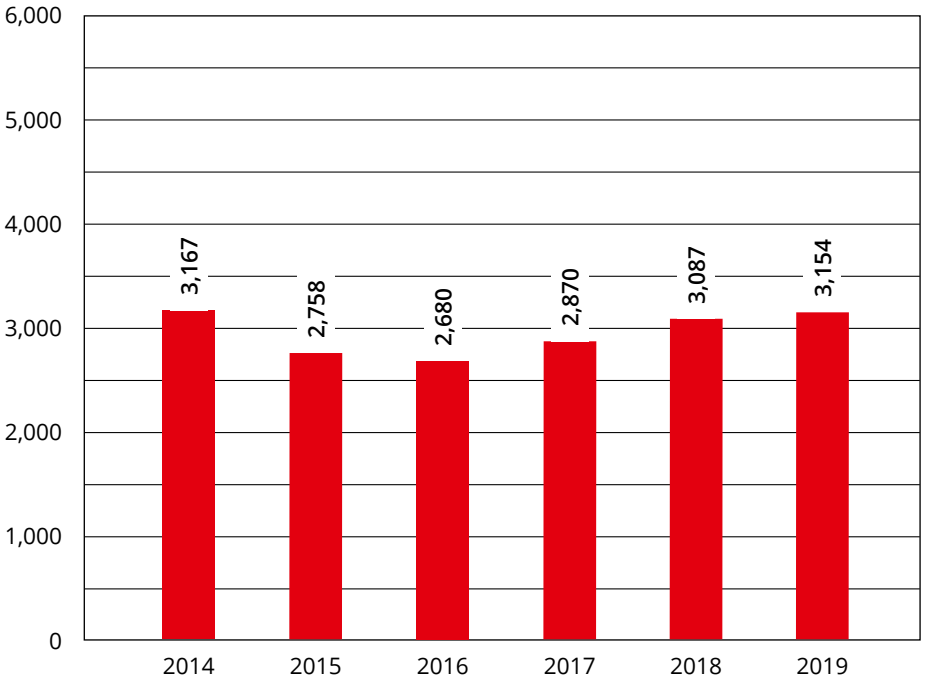
SMS GROUP FIGURES



Order intake in EUR million[1)]

SMS group in EUR million[1)]	2014	2015	2016	2017	2018	2019
Order intake	3,167	2,758	2,680	2,870	3,087	3,154
Sales	3,406	3,310	3,052	2,887	2,805	2,935
Order backlog	4,613	4,018	3,566	3,472	3,623	3,850
Employees[2)]	14,003	14,342	13,903	14,305	13,872	13,793

Figures in accordance with International Financial Reporting Standards (IFRS).

[1)] Including others/consolidated.

[2)] Average with apprentices/others.

EXECUTIVE SUMMARY

ORDER INTAKE

At EUR 3,154 million, SMS group's incoming orders in the past business year were EUR 67 million higher than the previous year's figure (2018: EUR 3,087 million). Overall, we are satisfied with order intake in 2019. At around EUR 3.2 billion, we generated our highest incoming orders since 2014. Our key growth issues service, digitalization and New Horizon confirm our targets in these areas. We therefore slightly outperformed our forecast of stable order intake at the previous year's level (+2.1%).

Order intake came to EUR 2,913 million in metallurgical plant engineering (previous year: EUR 2,812 million). This corresponds to a volume increase of EUR 101 million against 2018. Order intake in plant business picked up slightly, coming to EUR 2,173 million at the end of the year (previous year: EUR 2,113 million). Our service business continued to enjoy steady growth, reaching EUR 740 million by the year-end (previous year: EUR 698 million).

At elexis, the level of incoming orders generated in the previous year could not be sustained, with booked incoming orders in 2019 coming to EUR 197 million (previous year: EUR 222 million) on account of restrained demand and a number of projects being postponed. The trend of a significant slowdown in demand also continued at Elotherm in the 2019 business year. At EUR 47 million, order intake even declined on the low previous year's figure (previous year: EUR 56 million).

SALES

At EUR 2,935 million, sales generated in the past business year was up by EUR 130 million on the previous year (EUR 2,805 million). Our forecast that sales will rise slightly (+4.4%) was confirmed.

This good performance is thanks to metallurgical plant engineering. Sales came to EUR 2,669 million in the 2019 business year, higher than in the previous year (EUR 2,517 million). Sales generated in plant business improved to EUR 1,956 million (previous year: EUR 1,842 million), with sales in the service business climbing to EUR 713 million (previous year: EUR 675 million).

The regional distribution of the SMS group's sales was as follows in 2019:

Western Europe:	29.9%	(previous year: 27.3%)
North America:	17.8%	(previous year: 15.0%)
China:	14.2%	(previous year: 15.7%)
Eastern Europe:	12.0%	(previous year: 10.5%)
India:	9.1%	(previous year: 8.8%)
Asia, other:	6.3%	(previous year: 8.3%)
MENA:	5.1%	(previous year: 8.8%)
Latin America:	4.6%	(previous year: 4.7%)
Africa:	1.2%	(previous year: 0.8%)

elexis generated sales of EUR 206 million in the past business year, almost on par with the previous year (EUR 211 million). Sales at Elotherm came to EUR 65 million.

The sales trend is negative (previous year: EUR 82 million) on account of weak order intake in the last two years.

Burkhard Dahmen (left) and Torsten Heising.

ORDER BACKLOG

As order intake exceeded sales, order backlog totaled EUR 3,850 million (previous year: EUR 3,623 million).

EMPLOYEES

The SMS group employed an average of 13,793 people in the past 2019 business year (previous year: 13,872). This corresponds to another, albeit slight, decrease in the number of employees by 79 people in comparison to the end of the previous year.

The number of employees at elexis/Elotherm was onpar with the previous year's average figure at 1,563 (previous year: 1,562).

RESULT

In business year 2019, SMS group generated pre-tax profit of EUR 64 million, which was well above the previous year's level (EUR 28 million). Thus, our forecast of a significant improvement in earnings before taxes compared to the previous year was entirely borne out.

LIQUIDITY

Cash and cash equivalents were up by EUR 11 million against the previous year to EUR 695 million (previous year: EUR 684 million).

The advance payments received that are customary in the industry are secured by way of bank guarantees. The share of guarantee and borrowing facilities utilized is approximately 45%.

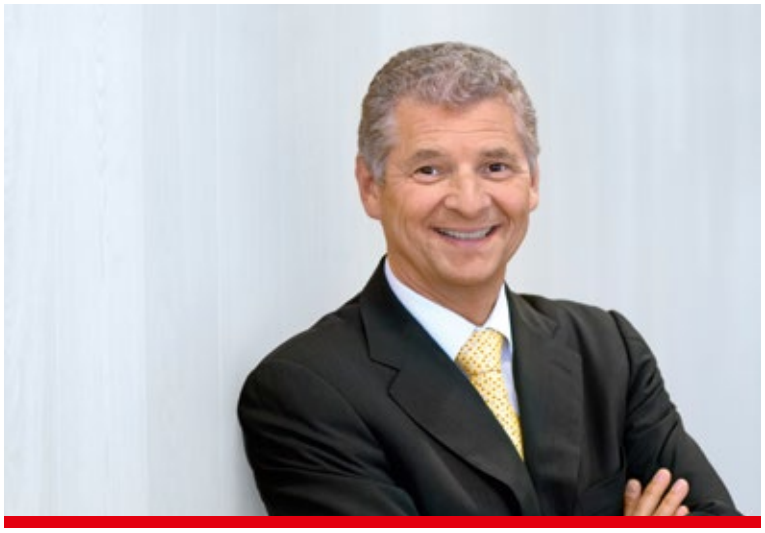
INVESTMENTS

The volume of investments in intangible assets and property, plant and equipment was EUR 39 million (previous year: EUR 38 million). Investments essentially related to the purchase of replacement equipment for mechanical production and to the expansion or replacement of current IT systems, especially for the introduction of Windows 10.

We invested EUR 23 million in other business interests and investment securities (previous year: EUR 55 million). By way of comparison, proceeds from the disposal of financial assets amounted to EUR 17 million (previous year: EUR 18 million).

Burkhard Dahmen,
Spokesman for the Managing Board,
SMS GmbH

Torsten Heising,
Member of the Managing Board, SMS GmbH



Dear business partners,

In the last few months, a virus has changed the world and presented us with an entirely new set of challenges. In a breathtakingly short time, new forms of communication and innovative safety measures have been developed to enable cooperation on global projects, on construction sites and in the workshops.

I would like to take this opportunity to thank all our employees, managers, customers, and suppliers who have shown great pragmatism and composure while working tirelessly to adapt our business to the new situation and reach our stated objectives.

During this time, we will continue to support our customers as Leading Partner and optimize our entire organization for even greater flexibility and market proximity. The regional structure with decentral locations will strengthen personal contact. Using digital platforms for exchange in day-to-day business has already increased our local availability. Existing projects have been successfully advanced under the changed conditions and new projects are already underway.

Based on our profitable development in 2019, we are facing up to the current challenges as the market and technology leader in plant construction. By adapting to the new market conditions in the coming years, we will work even more closely and flexibly with our customers and suppliers.

With highly qualified and motivated employees, we offer the technological answers to digital transformation, the decarbonization of industry and the future service needs of global markets. The crucial pillar supporting all these developments and transformations is and will remain our decentralized, partnership-based corporate culture. It forms the basis for a successful, flexible organization. With this culture of "togetherness", our new SMS group Campus in Mönchengladbach will not only enable new forms of project work for employees in the Rhineland, it will also bring us a major step closer to this innovative future through its connections with all other locations.

SMS group regards the upcoming tasks as an opportunity. For almost 150 years we have proven our ability to rise to new challenges.

Edwin Eichler,
Chairman of the Supervisory Board, SMS GmbH

HEINRICH WEISS

Dear friends and partners of SMS group.

SMS is going through a difficult period, the most challenging I have experienced in the almost fifty years since I took charge of the company. Initially, it was the decline in new orders triggered by global over-capacities in steel production that forced us to restructure and downsize our organization. Now the impacts of the Covid-19 pandemic have dramatically reduced our order intake and thus our workload once again.

The Management with the advice and oversight of my successor on the Supervisory Board, Edwin Eichler, is consequently tackling the crisis. Furthermore, work is underway on a number of attractive future business opportunities that promise considerable growth for our business volume in the medium term. We aim to be not only the market leader, but also the most progressive company in our industry.

Several years ago, we transferred all the shares in SMS group to a family foundation in order to keep the company together, even in difficult times, and to ensure that the character of the family business is preserved.
Over the last decades with just a few exceptions, all of our rivals worldwide that were part of large corporations have either gone out of business or been sold to competitors.
Given the size of most projects in metallurgical plant construction, the level of trust between the owners of our customer companies and the plant supplier is crucial. In this respect, a privately owned company holds a credibility advantage – even if it is no longer owner-managed.

With the foundation, we aim to protect the character of SMS group as a family business for long term. Leadership culture, loyalty and motivation gives us a considerable advantage over large conglomerates.

However, we are facing significant disadvantages now being located in Germany, with its high labour costs and increasing political intervention in the social market economy here. As a result, we will expand investment in our companies outside of Europe.

On behalf of our employees, the management and my family, I would like to thank you for placing your trust in us. Please continue to stand by us, even through difficult times, and share your thoughts with us on how we can further improve the quality of our business with you.

Yours sincerely,

Heinrich Weiss
Chairman of the Shareholders' Committee

INTERVIEW
with the Management Board

The Management Board of SMS group GmbH on the powder atomization plant in Mönchengladbach, from left to right: Hans Ferkel, Torsten Heising, Burkhard Dahmen, Katja Windt, Michael Rzepczyk.

Mr. Dahmen, how did the 2019 financial year go for SMS group?

Burkhard Dahmen: 2019 was a good year overall for SMS group. With SMS digital, we built up our expertise in the future market of digitalization and have now expanded to a team of over 200 specialists in Germany, India, China and the USA. At METEC in Düsseldorf in June, we showed our customers what drives us in the area of digitalization and demonstrated our strong vision for developing digital solutions. This trade fair appearance found a positive resonance and clearly positioned us in the market. Our bold statement that the first green slab will be produced on an SMS plant was another successful strategic step, one that our CTO Hans Ferkel has systematically pursued since he joined SMS group. We can therefore look back on a year marked by numerous formative events, including of course our many new orders and successfully commissioned plants.

Michael Rzepczyk: We won many important orders in our core business. For example, Steel Dynamics (SDI) placed an order for a new plant and we moved into the second phase at Big River Steel. Other major orders included a new caster for Nucor, the continuous hot-dip galvanizing line for Salzgitter Flachstahl, the 28-inch ERW (electric resistance welding) line for Atlas Tube, and last but not least the plate stretcher for Kaiser Aluminum. All in all, we secured many orders that allow us to showcase our outstanding technology and expertise in project management.

Our market leadership and our future market success are based on technologically superior products, first-class project management and highly efficient processes with an ever greater degree of digitalization along the entire value chain.

Burkhard Dahmen, CEO, SMS group GmbH

Torsten Heising: We concluded the year 2019 with our highest order intake since 2014. We still consider ourselves to be excellently positioned for future success. We have set the course with our plans to construct a new office complex in Mönchengladbach for our employees in the Rhineland. From 2023 onwards, we will bring together our teams from Düsseldorf and Mönchengladbach at this modern Campus, which will provide 1,500 state-of-the-art workstations.

By ensuring shorter distances, digital technologies, agile working methods and interdisciplinary project groups, we will be able to work even more effectively, quickly and efficiently.

Construction work on the SMS group Campus in Mönchengladbach will officially begin with the symbolic ground-breaking ceremony in October 2020. The shell of the building is scheduled for completion as early as summer 2022.

In June 2019, SMS group took the opportunity once again to present itself to international industry specialists at METEC in Düsseldorf.

Burkhard Dahmen: Our trade fair appearance lived up to the expectations of a Leading Partner. We presented our many new developments in plant construction and mechanical engineering – because without modern and forward-looking plant technology, it would be impossible to exploit the new opportunities offered by digitalization. Visitors learned how we, as an integrated partner, accompany our customers through the entire plant cycle, from the blast furnace to the casting plants to the rolling mills and strip processing lines – including our Technical Service. In this way, we ensure higher output and superior quality along with greater energy efficiency, environmental protection and sustainability. We also showed that the Learning Steel Mill is already in successful operation today.

New Campus
A technology, service and digitalization center is being created on the SMS premises in Mönchengladbach, offering 1,500 modern workstations. The Campus will be ready for occupancy in 2023.

Prof. Dr.-Ing. Katja Windt: We also presented our latest completely digitalized plants, including those at Big River Steel in the USA and Shandong Iron & Steel Group Rizhao in China. Both companies are prime examples of how our solutions can be applied to digitalize the entire value chain, from liquid steel to the finished product.

Michael Rzepczyk: Naturally, our customers and industry experts also had a chance to share their thoughts at our trade fair booth. Every day, renowned specialists from the metals industry offered insights into their plants at our Leading Partner Talks and gave their perspective on the success of joint projects with SMS group. One highlight was the appearance of David Stickler, Chief Executive Officer of Big River Steel. He praised the long-standing cooperation with SMS group, which has helped his company to ramp up production to a record level at the Osceola plant in Arkansas, USA.

Prof. Dr. Hans Ferkel: The new products that we have combined under the overall strategy New Horizon were another major focus of our METEC appearance. These are innovations and new areas of business around our core competences of plant construction and mechanical engineering.

They include, for example, the entirely new possibilities of 3D printing with metals. In this context, we presented our pilot plant for producing metal powders used in the additive manufacturing process. The plant is located at our Demo Center in Mönchengladbach. Meanwhile, our company Paul Wurth presented the innovative, eco-friendly and sustainable methods of metal production known under the heading "green ironmaking". We also demonstrated to visitors how we recover gold and other valuable metals from e-waste by taking our extensive know-how in furnace technology and adapting it to new applications. The same principle applies to our high-bay storage technology, which is set to revolutionize container loading and storage in ports.

Being honored with the German Design Award 2019 is testament to the innovative strength of SMS group. The prize was awarded for the development of a completely new design for spray heads used to cool the dies in forging presses.

Prof. Dr. Hans Ferkel, CTO, SMS group GmbH

BOXBAY is a joint venture between the global port operator DP World from Dubai and SMS group, with our experience in handling large loads in coil logistics playing a crucial role. We will commission the first high-bay storage system at Terminal 4 in Jebel Ali Port in Dubai. BOXBAY is a disruptive solution that will set new standards with its high performance. Each container is stored on its own shelf, which eliminates the laborious process of shifting multiple containers to access a particular one. Moreover, the high-bay storage system requires up to 66 percent less space.

BOXBAY
The joint venture aims to revolutionize the handling and storage of containers in ports worldwide. The first high-bay storage system (HBS) will go into operation at Terminal 4 of Jebel Ali Port in Dubai.

Which current needs does SMS group observe among its customers?

Burkhard Dahmen: Our customers are increasingly focusing on CO_2-free steel production. With Paul Wurth and the acquisition of Sunfire GmbH, we are already on course to become the world's leading technology partner in this field as well. For us, Sunfire and its hydrogen production technology represent an important step towards CO_2-free steel production. We as SMS group see ourselves as a driver of this progress and as Leading Partner in tomorrow's marketplace.

What benefits arise from the cooperation with Sunfire?

Prof. Dr. Hans Ferkel: As a systems supplier, SMS group has set itself the task of offering a pioneering technology to eliminate the high CO_2 emissions from the steel production process. That is why we have stated that the first CO_2-free slab will be produced on an SMS group plant. Hydrogen plays a key role in green iron production and is therefore crucial for SMS group as a leading equipment manufacturer for the steel making and processing industry.

Our partnership with the start-up Sunfire sends a signal to the market: We are developing technologies for a future of CO_2-free steel production, and we want to offer our customers an extremely efficient solution for producing green hydrogen. We are convinced that high-temperature electrolysis (HTE) yields the best results. In contrast to conventional electrolysis techniques using liquid water, HTE uses steam. In many industries, including the steel industry, waste heat – especially of low calorific value in the 150 to 250 °C temperature range – is usually lost to the atmosphere because it simply cools down unused.

Often it does not make sense for economic and ecological reasons to transport this waste heat for a purpose such as district heating. However, the waste heat is ideally suited to on-site genera-

tion of the steam required for HTE. Water in the vapor state requires much less disassociation energy than water in the liquid state. We exploit previously unused heat to boost the efficiency of hydrogen production by HTE to over 82 percent. Conventional electrolysis methods have a hard time reaching even 60 percent efficiency, as they depend on the use of liquid water. In this way, as well as reducing the waste heat released into our warming atmosphere, we are helping to use the green electricity required for electrolysis much more efficiently. So we are operating more ecologically as well as economically.

Michael Rzepczyk: Above all, it is the technology that sets us apart from the competition as a premium supplier. Our declared objective is to strengthen our leadership role in key technologies – especially in our core business.

How is SMS group strengthening its leadership role?

Prof. Dr.-Ing. Katja Windt: Among other things, we are strengthening our leadership role with intelligent digital services and new business models. Our business areas Technical Service, Digitalization and Electrics and Automation have seen continuous growth over the last few years. Permanent exchange and regular intermeshing between these three areas have led to increasingly sophisticated smart products and services. These open up opportunities for new business models that provide long-term added value for plant operators in the form of enhanced plant performance and optimized operating and maintenance costs.

Michael Rzepczyk: At SMS group, the new plants and service business areas work hand in hand. As Leading Partner, our goal is to provide our customers with maximum support during the complete life cycle of their plants and machines and come up with suitable and efficient solutions whenever new challenges arise.

Through targeted training events in the "Digital Classroom" of the SMS TECademy, we train our customers' operating personnel even before the actual plant construction is complete. This is hugely beneficial for getting the plant up and running quickly.

Michael Rzepczyk, COO, SMS group GmbH

Prof. Dr.-Ing. Katja Windt: Over the last few years, SMS group has developed – and is continuously expanding – a comprehensive service portfolio, especially by adding smart, digital solutions. Digitalization has a tremendous effect not only on our new plants business, but also on our approach to maintenance, which is closely linked with our service business. As a matter of course, the vision of the Learning Steel Mill also encompasses maintenance as an essential area.

Years ago, SMS group established digitalization technology as a key entity within its organization and has expanded its digital service offer ever since. The Smart Maintenance & Asset Health Solutions comprise a whole host of products, from eDoc (electronic equipment documen-

Thanks to the close interaction and continuous exchange between our Technical Service, Digitalization and Electrics and Automation, we are able to offer our customers intelligent products and services that deliver sustainable added value.

Prof. Dr.-Ing. Katja Windt, CDO, SMS group GmbH

tation) to the IMMS (Integrated Maintenance Management System) and the Genius CM® (Condition Monitoring) system, from Smart Alarm to the 24/7 service hotline through to Automation Remote Support. Our energy management solutions complete our strong service portfolio. The SMS group-developed Data Factory assures effective correlations between the various service solutions and provides the platform for the smart use and efficient evaluation of the captured data. All this is based on the SMS group-developed X-Pact® automation solutions. These solutions contain specific, technological functions, models and assistance systems, all of which reduce process control and plant operation activities to a minimum while enabling maximum product quality. By making optimal use of the data provided by the X-Pact® automation systems and supported by Artificial Intelligence, predictive models help to enhance plant availability, improve product quality and reduce operating and maintenance costs.

SMS group continuously adds new digital products to its range of Smart Maintenance & Asset Health Solutions in close cooperation with SMS digital, a main focus being on real-time condition monitoring and predictive maintenance using learning algorithms.

With Predictive Asset Health, we predict the future condition of the plant in order to guarantee the highest possible plant availability, with the support of our Technical Service. Building on this basis, Predictive Quality Execution Systems continuously improve the quality of the products through learning algorithms. The highest plant availability and optimally adjusted quality parameters form the basis for the most efficient order scheduling (Predictive Planning). All these elements form the basis to use our energy management system for sustainable energy savings. All systems are networked together through our Data Factory, which provides all the relevant data in a structured manner. This is how the Learning Steel Mill is made reality for our customers, bringing them a step closer to autonomous production.

What are the new business models that Technical Service is offering its customers?

Prof. Dr.-Ing. Katja Windt: There is a worldwide trend towards service providers taking on the complete maintenance activities on the plant or in customer workshops. We have responded to this trend with our Technical Outsourcing Services. Under this business model, we assume responsibility for various services up to and including the entire plant maintenance. The local SMS group organization can be supplemented by the international 24/7 hotline and remote support from automation and technology experts from the global SMS group network. As a result, the expertise of

our employees ensures that the plant is kept in optimum condition. Plant operators can then concentrate on producing and marketing their products. We also offer performance-based payment models for services such as online and offline maintenance of continuous casting plants or the operation of roll shops.

Torsten Heising: In Equipment as a Service agreements, the amounts payable depend on how well the agreed performance targets have been hit. Possible performance indicators include production volumes or plant availability. As SMS group guarantees the achievement of the specified performance targets under this service model, SMS group also shares the plant operation risk. This gives customers the security that they have a partner at their side who is entirely aligned with their success. Numerous references demonstrate SMS group's expertise in this field and the successful implementation of this model. The fact that longstanding customers have been regularly extending the agreements is testament to their satisfaction with this service model and has led to service partnerships lasting over a decade.

Prof. Dr.-Ing. Katja Windt: More and more customers are also looking for options to reduce capital investments and the amount of tied-up capital, while concentrating their assets on their core value-adding activities. To meet this demand, SMS group offers models under which customers, rather than buying the components, machinery or ancillary equipment from SMS group, use them within the framework of a service package. These Equipment as a Service models are made up of enhanced customized service packages. In addition to providing common services, these models include services for optimizing operating processes and a simple pay-per-use financing model. In this way, customers can avoid high capital investments in production equipment and instead conclude long-term service agreements in which performance targets are specified and the services are billed as performance-dependent operating costs. The customers trust in us because we provide optimal solutions to meet their requirements. With the Equipment as a Service business model, SMS group offers tailor-made solutions that create a win-win situation for ourselves and our customers as partners.

Michael Rzepczyk: We will continue to systematically expand this model and apply it to other areas, whether machines such as ring rolling machines, components such as coiler mandrels in flat rolling mills, or ancillary systems such as the complete plant/machine hydraulics and essential electrical and automation solutions.

With which other technologies will SMS group position itself on the market in the future?

Prof. Dr. Hans Ferkel: We will move into recycling technology for lithium-ion batteries. This enables a particularly sustainable method of recovering valuable materials from vehicle and electronic appliance batteries. We use a hydrometallurgical process in which over 90 percent of the alloying elements can be recovered and subsequently reused for battery production. We are therefore closing the process loop: battery scrap becomes a new battery – with the utmost efficiency and care for the environment. With our partner, the project developer Neometals Ltd. of West Perth, Australia, we have made a joint decision to locate the future demonstration plant in Hilchenbach. Neometals will contribute its technical know-how, including its recycling technology, to the joint venture named

Primobius GmbH. SMS group will contribute the engineering and construction of the future recycling plants.

Burkhard Dahmen: This recycling technology is specifically designed to meet the needs of lithium battery manufacturers worldwide and the global electric vehicle industry. The market entry of Primobius coincides with the rapidly growing share of electric vehicles in the transport sector. Our recycling solution caters to this trend by enabling sustainable battery recycling and ethically responsible extraction of materials for lower CO_2 emissions in battery manufacturing. It thus contributes to the overall sustainability of supply chains for lithium battery production. We see great potential for growth in this sector.

Prof. Dr. Hans Ferkel: We plan to commission the demonstration plant in the second half of 2021. We welcome inquiries from potential customers who want to test recycling of their batteries at the plant.

When it comes to implementing such new projects, SMS group will continue to depend on skilled workers. How is SMS group dealing with the shortage of skilled workers?

Torsten Heising: At SMS group, we have always been committed to transferring product and production knowledge to junior employees from our own ranks at an early stage. One approach we see to address the increasing shortage of skilled workers is to offer training, study support and a broad range of further training opportunities to our employees. In general, it is becoming more and more difficult for companies offering training to attract suitable applicants for commercial, technical or industrial apprenticeships. We therefore actively approach school students early on, for example through our Training Day, partnerships with schools and student internships. On 25 May, for example, we opened the doors of our LernWERK in Hilchenbach to interested students and their parents. Apprentices and trainers welcomed around 400 guests, presented their apprenticeships in theory and practice and answered individual questions. The results speak for themselves: for several years, we have been receiving applications from young people who are interested in apprenticeships at SMS based on their visit to our Training Day.

Michael Rzepczyk: At the same time, we value the knowledge of our experienced employees. Many of them spend the full year on our construction sites around the world. For this reason, we organized an SMS group construction site day for our colleagues on customer sites. A total of 150 employees spent two days working intensively on new and improved solutions for the execution of our orders on the construction sites. The approximately 100 construction site employees then returned to their assignments in the field, both nationally and internationally. We know that for many of them this event is often the only opportunity to get first-hand information about the latest developments and innovations at our SMS group. And in turn, feeding the valuable knowledge and experience they have gained from their respective on-site projects back into the company is a crucial way for us to improve processes.

SMS group participated in an initiative of German family-owned companies in 2019. What was it about?

Torsten Heising: We supported an initiative of German family businesses that delivered its message through a joint advertising campaign. Under the slogan “Made in Germany - Made by Vielfalt” (“Made in Germany - made by diversity”),

a total of fifty German family businesses – from Claas to Hipp and Vorwerk – emphasize that employees from all over the world are giving their best every day. To ensure that this remains the case, we continue to stand for a Germany that is open to the world.

Burkhard Dahmen: SMS group is a family-owned company and sees itself as a representative of German medium-sized businesses. In this respect, it carries a certain industrial and social relevance. We stand out through our market and technology leadership in plant engineering and construction as well as technical service for the materials and raw materials industry. As an innovation and technology leader for the decarbonization of the industrial value chain, we are also mindful of tomorrow's world. This is what makes us a future-oriented high-tech company with global growth prospects and profitable performance. In short: we are a forward-looking employer with a unique corporate culture.

What projects and challenges will SMS group be focusing on in the future?

Burkhard Dahmen: As a future-oriented high-tech company, we have the decisive answers to the three fundamental challenges facing the materials industry today and in the future:

Decarbonization of the entire industrial value chain, from raw material conversion to recycling. For example, iron ore reduced directly by hydrogen is turned into truly green steel with SMS technology. Our projects not only cut CO_2, they also turn it into a new raw material for many branches of industry.
More effective use of plants and equipment across the entire production process. Our rapidly growing Service unit offers comprehensive, integrated solutions worldwide, from mechanical optimization via state-of-the-art automation to digital, autonomous solutions using "learning" processes.

Thanks to our solid core business, our strategic growth areas and the option of making strategic acquisitions in special cases, we are well positioned in the market.

Torsten Heising, CFO, SMS group GmbH

Technological innovations for the materials of the future. Our recent technology push supports our customers in reducing investment costs, enabling "low-cost" solutions for products and advancing the development of lightweight construction and materials. By combining long-term service contracts and financing models such as Equipment as a Service (EaaS), we create flexible partnerships with the aim of increasing the value of investments in the long term.

Moreover, in recent years we have transferred core expertise to new applications through our New Horizon initiative. BOXBAY is one successful example.

STRUCTURE OF SMS GROUP
Divisions

IRONMAKING PLANTS PAUL WURTH

COKE OVEN PLANTS
- Coke oven batteries
- Coke oven auxiliary plants
- Coke oven automation and control
- Coke oven handling machines
- Environmental protection technologies for the metal industry
- Steelmaking by-product recycling plants

BLAST FURNACE PLANTS
- Blast furnace construction and modernization
- Stockhouse and charging systems
- Blast furnace top charging systems
- Blast furnace proper design
- Blast furnace lining and cooling
- Hot blast stoves and energy recovery
- Blast furnace gas cleaning systems
- Furnace automation and control systems
- Coal grinding, drying, and pulverized coal injection plants
- Tapping and measuring technology
- Slag granulation
- Pig casting machines

DIRECT REDUCTION TECHNOLOGY
- MIDREX® direct reduction plants
- Rotary hearth furnaces

METALLURGY AND ENVIRONMENTAL TECHNOLOGY

METALLURGICAL AND STEELMAKING TECHNOLOGY
- Submerged-arc and electric smelting furnaces
- Induction furnaces
- Copper converters
- Vacuum converters
- Conarc®, converter and electric steelworks with the components BOF and AOD converters, electric-arc furnaces and S/EAF and SHARC for the production of carbon, stainless, and rustproof steels as well as special grades
- PEM (Primary Energy Melters)
- Pig iron pre-treatment, secondary and tertiary metallurgy
- Auxiliary equipment

CONTINUOUS CASTERS
- Billet, bloom, and beam blank production (rectangular, square, round, profile)
- Medium, thick, and jumbo slabs
- Thin and ultra-thin slabs, (CSP®/CSP® micro continuous casters)
- BCT® Belt Casting Technology plants

ENVIRONMENTAL TECHNOLOGY
- Gas cleaning systems
- Plants for energy recovery
- Water treatment systems
- Plants for waste material processing and recycling

FLAT ROLLING PLANTS

HOT ROLLING MILLS
- Hot rolling mills
- Steckel rolling mills
- Heavy plate mills
- CSP® technology
- Filter and environmental protection plants
- Water supply systems
- Logistics systems

COLD ROLLING MILLS
- Tandem cold rolling mills
- Reversing rolling mills
- Skin-pass mills
- Multi-roll mills
- Filter and environmental protection plants
- Logistics systems

ALUMINUM PLANTS
- Hot strip rolling mills
- Tandem cold rolling mills
- Individual stands
- Thin strip stands
- Shear and slitting equipment
- Filter and environmental protection plants
- Logistics system

LONG PRODUCTS

SECTION AND BILLET MILLS
- Heavy section mills
- Rail mills
- Blooming mills
- Billet mills
- Medium section mills

BAR AND WIRE ROD MILLS
- Wire rod mills
- Merchant bar mills
- Bar mills for quality and special steels
- Combined wire rod and bar mills
- Rebar mills
- VCC® lines
- Coil handling systems

BRIGHT STEEL PLANTS AND FINISHING LINES
- Drawing machines
- Peeling machines
- Straightening machines
- Grinding and polishing machines
- Thread cutting and chamfering machines
- Pipe end upsetting and sizing presses
- Hydrostatic pipe testers
- Finishing lines
- Heat treatment lines

SEAMLESS TUBE PLANTS
- Cross roll piercing mills
- PQF®-, MPM, and mandrel mills
- Assel mills
- Push bench/CPE/TPE mills
- Plug mills
- Hot pilger mills
- Expanders
- Sizing and stretch-reducing mills
- Cold pilger mills

WELDED TUBE PLANTS
- ERW welded tube plants for tubes up to 26"
- LSAW large-diameter pipe plants for pipes up to 64" (JCOE® and UOE process)
- Expanders
- Coil preparation
- Spiral pipe plants (online/offline process)
- Submerged arc welding plants for finish and rewelding
- Coating technology

TBK AUTOMATION AND MEASURING TECHNOLOGY
- Contour measurement with laser light section sensors for
  - wire and rod
  - light and medium sections
  - rails
  - heavy sections, large bars, and billets
  - tubes
  - special applications such as rings, wheels
- Waviness and straightness measurement
- Surface analysis

PROCESSING LINES AND FURNACE TECHNOLOGY

STRIP PROCESSING LINES
- Pickling lines
- Hot-dip galvanizing lines
- Annealing lines
- Coating lines
- Annealing and pickling lines for stainless steel
- Processing lines for aluminum strip
- Processing lines for Si-electric strip
- Acid regeneration plants
- Hydrometallurgical plants

THERMAL PROCESS TECHNOLOGY
- Furnaces for heat treatment of steel and nonferrous metals
- Cooling plants for heat treatment of steel and nonferrous metals
- Drying furnaces for steel and nonferrous metals
- Furnaces in CSP® plants
- Reheating furnaces

STRUCTURE OF SMS GROUP
Divisions

FORGING PLANTS

FORGING PLANTS AND PRESSES
- Open-die forging presses
- Closed-die forging presses
- Radial forging machines
- Ring and wheel rolling machines
- Forging manipulators
- Extrusion presses

ALUMINUM PLANTS
- Smelting furnaces
- Casters (vertical/horizontal)
- Homogenization plants
  - Continuous homogenization plants
  - Chamber homogenization plants
- Charging machines
- Ingot scalpers and turning equipment
- Band saws
- Plate stretchers
- Extrusion presses for light metal
- Drawing plants

COPPER PLANTS
- Anode casting wheels – CONTILANOD
- Copper wire mills – CONTIROD®
- Copper tube plants – directube®
- Technica continuous casting plants (vertical/horizontal)
- Extrusion presses for heavy metal
- Drawing plants
- Straighteners
- Inner grooving lines

ADDITIVE MANUFACTURING AND POWDER METALLURGY
- Powder atomization plants
- Turnkey solutions on AM volume production
- AM applications
- Powder presses

CONTIROD® is a registered trademark of Aurubis, Belgium.

ELECTRICAL AND AUTOMATION SYSTEMS

GENERAL SOLUTIONS
- Production planning and control systems
- Extensive process know-how in modular X-Pact® automation solutions
- Control and visualization systems
- Plant safety according to EU regulations
- Drive systems
- Energy supply and distribution
- Plug & Work testing and digital twins
- Hardware design and integrative engineering
- Full service 24/7 worldwide

COMPLETE SOLUTIONS FOR
- Metallurgical plants and environmental technology
- Flat rolling plants
- Long products
- Processing lines and furnace technology

SENSOR SYSTEMS
- Ladle Tracking Systems
- Torpedo-Car-GPS-Tracking
- Process Guidance
- Automatic Tapping
- HD LASr
- Fiber Optical Mold Sensor
- Ultrasound-Based Cast Measurement
- Intelligent Spindle
- Intelligent Furnace
- Laser Welding Technology
- Rope Monitoring

SMS DIGITAL

INFRASTRUCTURE
- SMS Data Factory
- Platform solutions
- Digital twins
- 5G applications

PREDICTIVE ASSET HEALTH
- Process monitoring and visualization
- Alarm management
- Slopping prevention

PREDICTIVE PRODUCT QUALITY SOLUTIONS
- Quality monitoring and assurance
- Automatic quality certification
- Automated coil release
- Optimization of alloy materials and additives
- Longitudinal crack prevention
- Optimization of mechanical properties

PREDICTIVE PRODUCTION PLANNING SOLUTIONS
- Demand forecasting
- Production planning systems
- Business intelligence
- Warehousing and intralogistics

PREDICTIVE ENERGY MANAGEMENT
- Requirement planning & procurement
- Efficiency optimization
- Energy tracking

TECHNICAL SERVICE

SPARE PARTS & LOGISTICS
- OEM spare parts
- Spare parts management
- eService
- Warehousing

UPGRADES & MODERNIZATION
- Value added components
- Mechanical, hydraulic, and electrical systems
- Automation equipment

MAINTENANCE & REPAIRS
- Troubleshooting
- Maintenance service
- Condition monitoring
- Equipment checks

CONSULTING & TRAINING
- TECademy specialist training
- Fact-finding audits
- Maintenance audits

PARTICIPATIONS

ELEXIS AG
- Strip and web guiding systems
- Quality assurance systems
- Drive technology
- Automated handling systems plastic

SMS ELOTHERM GMBH
- Hardening machines
- Inductive heating plants
- Laser exposure systems
- Inductive tube welding
- Inductive seam annealing
- Quench and temper lines

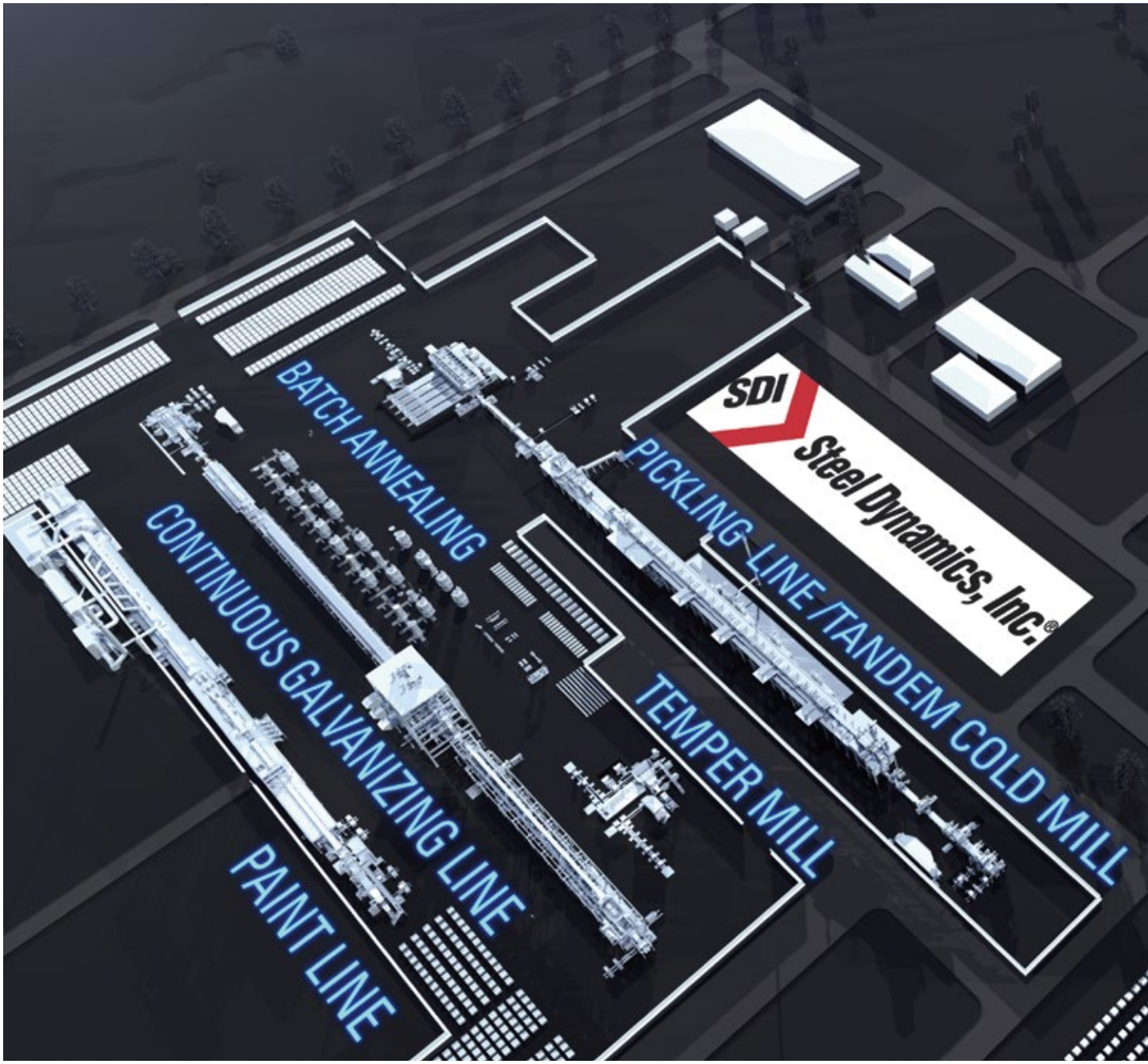
AMOVA GMBH
- High-bay warehouse systems
- Driverless transport systems
- Packing lines

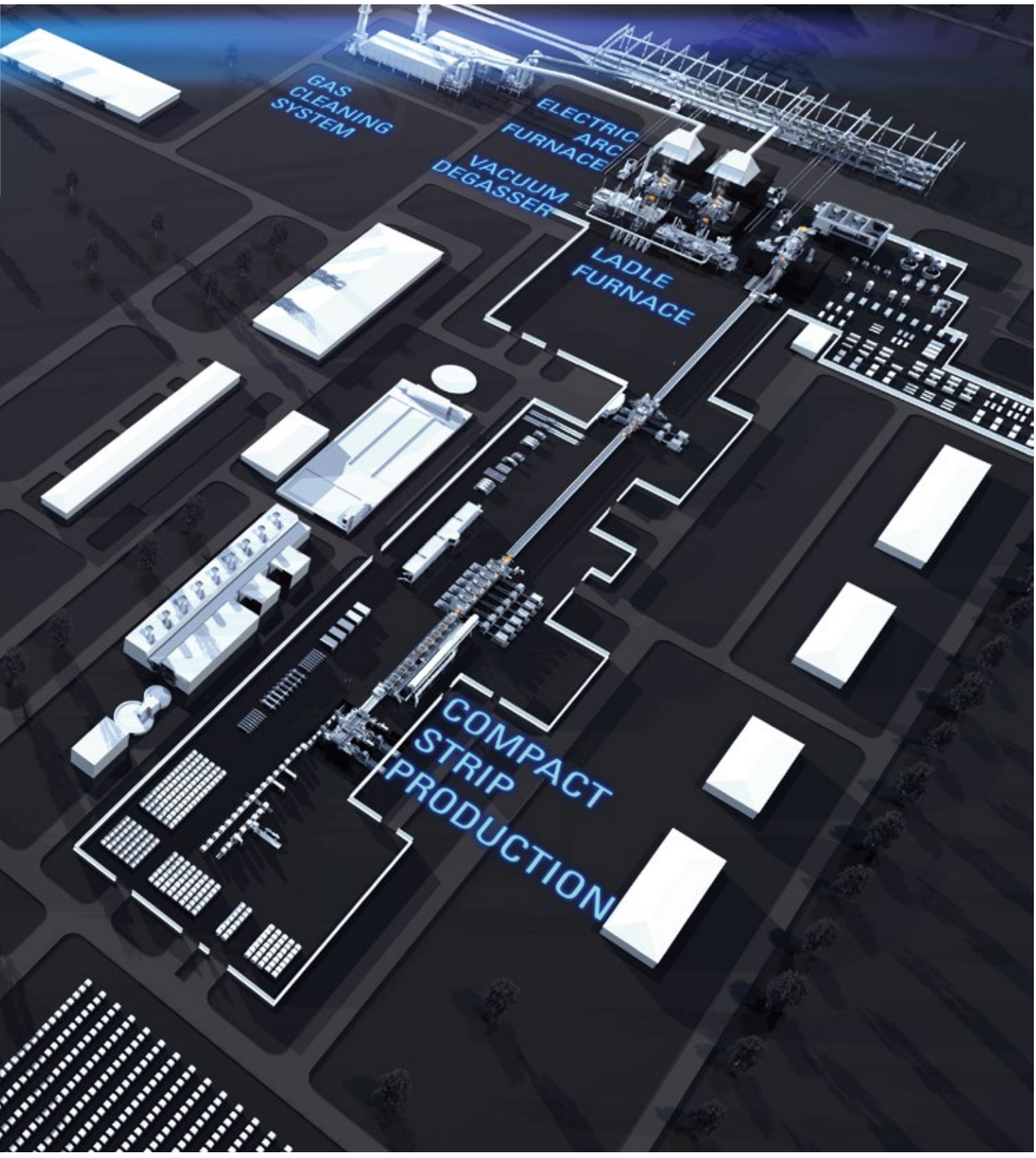
BOXBAY
- High-bay warehouse systems for seaports and inland ports

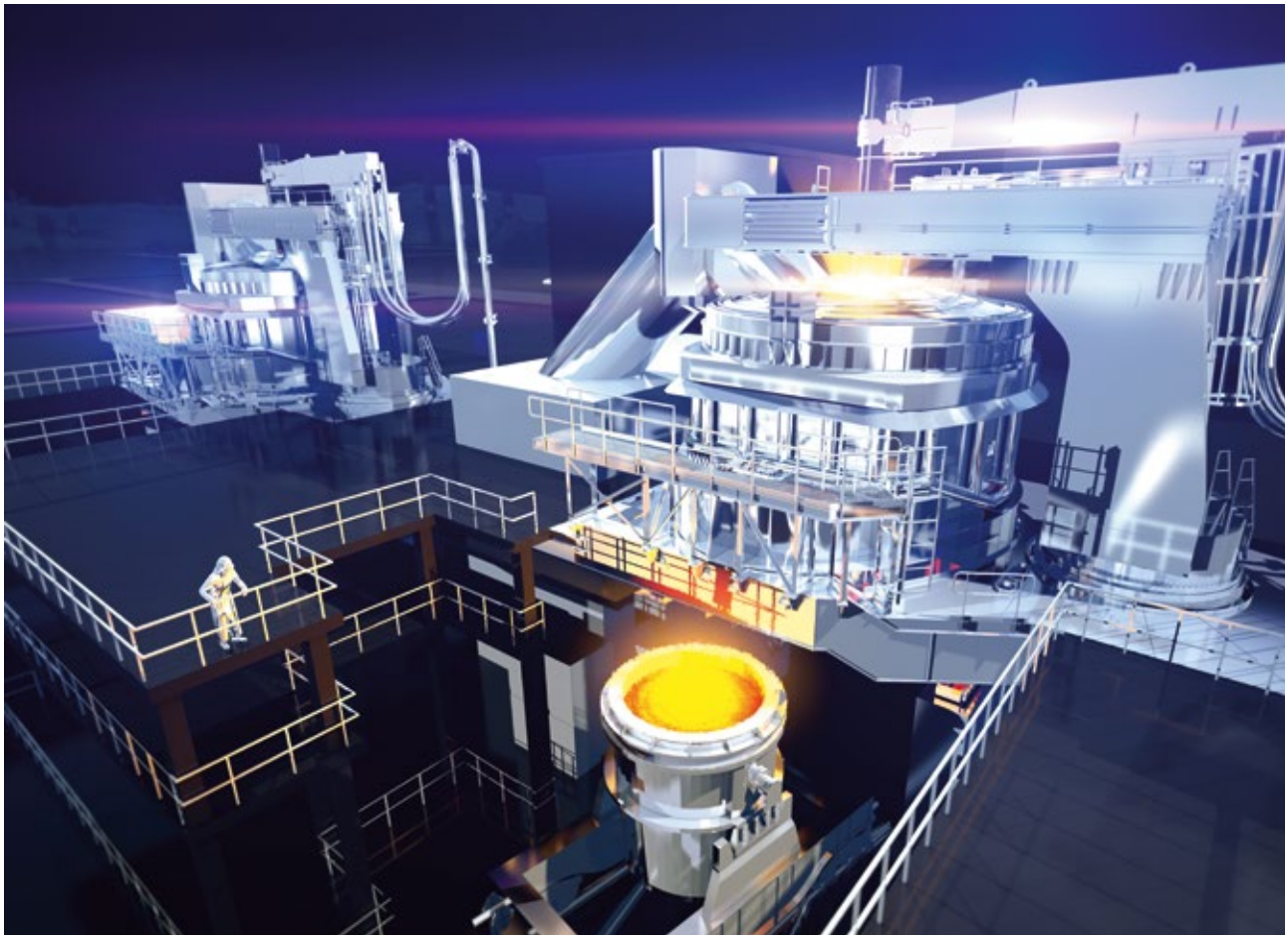
QUINLOGIC GMBH
- Quality assurance systems
  - Quality Execution System (QES)

Major
ORDERS AND COMMISSIONINGS

Our customers trust in our know-how and our longstanding expertise. This also showed in the range of major orders we received in 2019 and the key projects successfully commissioned in the course of the year, some examples of which are described on the following pages.




GAS CLEANING SYSTEM
ELECTRIC ARC FURNACE
VACUUM DEGASSER
LADLE FURNACE
COMPACT STRIP PRODUCTION



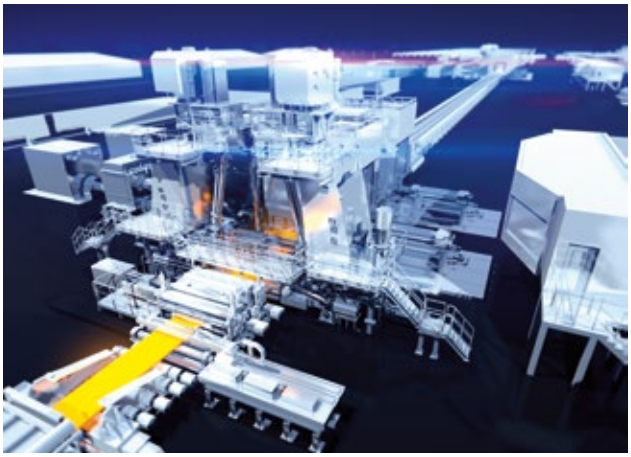
The steelworks will be equipped with two electric arc furnaces, two twin ladle furnaces and a double vacuum tank degasser.

NEW DIMENSIONS

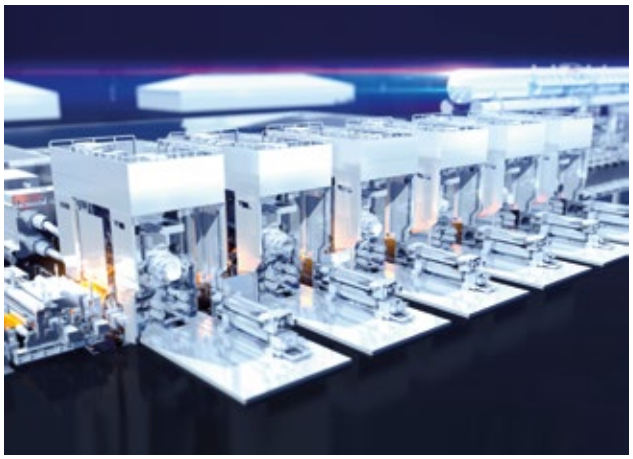
Steel Dynamics Inc. (SDI) selected us to supply a complete steel production line for its Sinton location in Texas, USA – from the meltshop to the CSP® plant, further to the pickling line/tandem cold mill, the galvanizing line and an off-line skin-pass mill. With an annual capacity of over 2.7 million tons of steel, the new facilities' productivity is setting new standards. In addition to the mechanical equipment, we are supplying X-Pact® electrical and automation systems and will provide technical support during installation and commissioning, which is scheduled for mid-2021. Steel Dynamics and SMS group can look back on numerous highlight projects successfully completed jointly by the two companies.

With the construction of the new steel complex in Sinton, we are continuing our successful, trust-based partnership with SDI. Through this project, SDI will be in an excellent position to make products for the rapidly expanding markets of high-strength steel tubes, multi-phase steel for vehicle construction and structural steels for various applications. This new minimill will enable our customer SDI to fulfill their high quality requirements in hot strip production. In particular, the new, extremely high-performance continuous caster in combination with proven thermo-mechanical rolling will allow the production of special steels in unprecedented dimensions.

The caster for SDI's new production line will be a single-strand curved-mold CSP® casting machine.

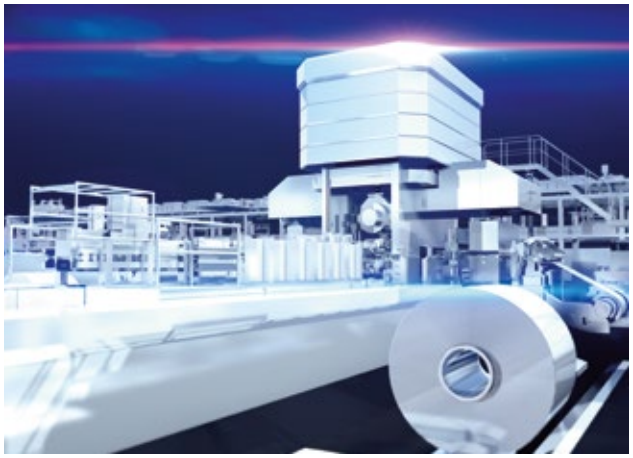


The CSP® roughing mill will be equipped with two mill stands.



The CSP® finishing mill will consist of six rolling stands designed for thermo-mechanical rolling and the rolling of API grades X80.

The continuous pickling line/tandem cold rolling mill downstream of the CSP® plant will have five stands and apply the latest turbulence technology.



The skin-pass mill at the new steel complex in Sinton, Texas, will be able to process hot and cold rolled strip, however, with the focus on cold strip skin-passing.

The continuous galvanizing line will be designed for the processing of high-strength steel grades.

TWO NEW FURNACES FOR ERDEMIR GROUP

Turkey's largest steel producer, Erdemir Group, placed orders with Paul Wurth for the supply of two new blast furnaces, replacing existing furnaces at Erdemir's integrated steelworks in Ereğli and Iskenderun respectively.

Erdemir's iron and steelworks in Ereğli.

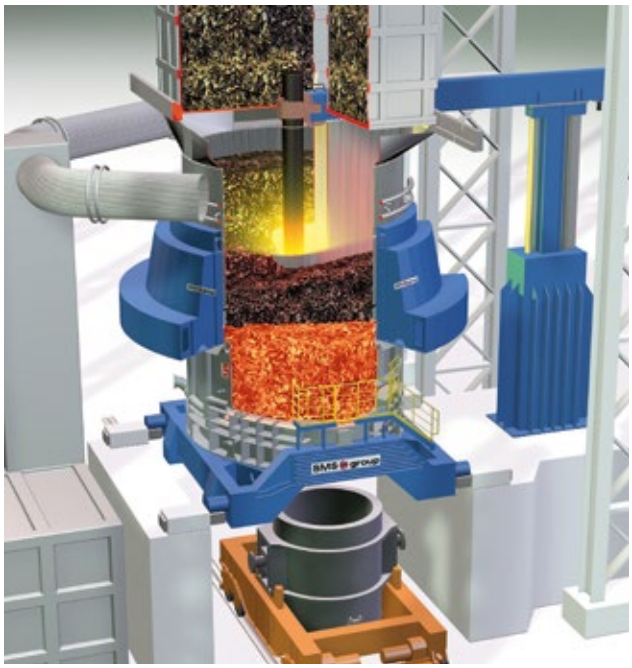
HIGH PROFITABILITY THANKS TO DIGITALIZATION

SMS group supports Big River Steel in expanding its steel plant in Osceola, Arkansas. For the second construction stage, we are supplying the mechanical equipment, electrical and automation systems, and digitalization for an additional electric arc furnace and a twin-ladle furnace, and another gas cleaning system. In addition, the second casting strand, a second tunnel furnace and a further downcoiler will be added to the CSP® plant.

Big River Steel is going to expand North America's most environmentally friendly steel mill together with SMS group.

REDUCED EMISSIONS

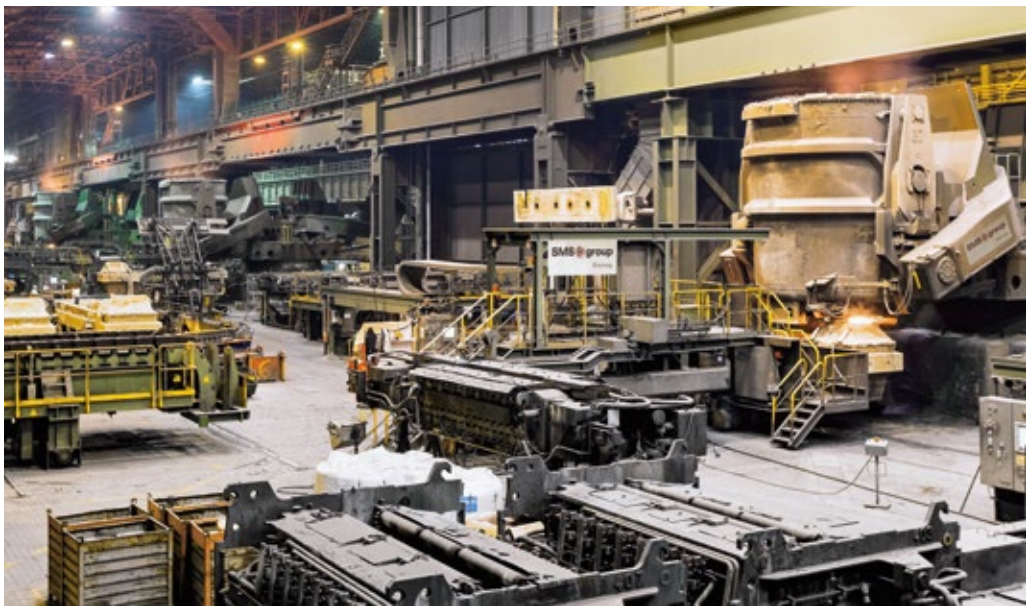
Shijiazhuang Iron & Steel Co., Ltd. (Shigang), a company of the HBIS Group, commissioned us with the supply of two 130-ton SHARC Shaft Arc furnaces and a three-strand vertical bloom casting machine. With this project, Shigang is setting new standards in China for cleaner, more flexible and more efficient steel production.



SHARC
(Shaft Arc Furnace)

UPGRADE FOR CONTINUOUS CASTER

Salzgitter Flachstahl GmbH commissioned us with the design and supply of a novelty in continuous casting technology: we will implement, for the first time ever, a freely suspended segment 0 that will lean against the slab as it leaves the mold and be guided by that slab into a central position relative to the entry into segment 1. Jointly developed by SMS group and Salzgitter, this design has already been tested on another Salzgitter casting machine. The order scope for SMS group includes the upgrade of the machine head of caster No. 1 at the Salzgitter works with new mechanical equipment and new electrical and automation systems. In addition, we will supply – as a first in the market – a universal mold alignment stand that will serve four casting machines of different widths and different technical states. The new stand, including a laser-based alignment system developed by SMS group, will enhance the precision, speed and reliability of the mold measurements.



Four continuous casters at Salzgitter Flachstahl, all supplied by SMS group.

STRATEGIC PARTNERSHIP

Gerdau Ameristeel Corp., USA, selected us for the supply of rolling mill stands to upgrade the heavy section mill in Petersburg, Virginia, and the medium section mill in Cartersville, Georgia. Our convincing technological concepts and, last but not least, the good experience gained during many years of cooperation with SMS group were reasons for Gerdau to entrust us with these upgrading projects.

The new orders continue the good relationship between Gerdau and SMS group.

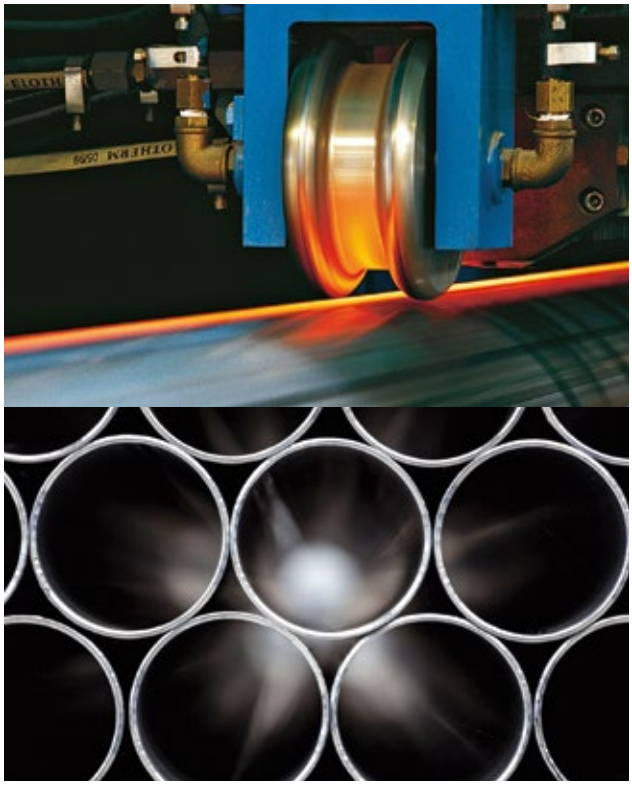
NEW SECTION MILL TO EXTEND PRODUCT RANGE

In China, we signed a contract with Fujian Luoyuan Minguang on the supply of a heavy section mill. As well as the core equipment for the mill, we are supplying a CRS® roller straightening machine, six saws, the complete electrical and automation package, and the medium-voltage drives.

Contract signing. The new section mill will enable Fujian Luoyuan Minguang Iron and Steel to expand its product range and respond to the growing demand for beams in China and the rest of Asia.

ENHANCED MARKET OPPORTUNITIES

In its investment aimed at the expansion of the product range produced at its "Atlas Tube" structural tube division, Zekelman Industries, based in Chicago, USA, once again banks on SMS group technology. The ERW tube welding line ordered from us will be able to process up to 28-inch tubes. This makes the line the largest of its kind in the world and an important reference for us.



The new 28-inch ERW tube welding line will expand the range of products made by Zekelman Industries.

EXPANSION OF PRODUCT PORTFOLIO

Chinese steel and forging company Daye Special Steel Co., Ltd., based in Huangshi City, Hubei Province, awarded us a contract for the engineering and supply of a 50/60-MN, high-speed hydraulic open-die forging press. With this order the customer is placing its trust once again in forging press technology from SMS group: since 2011, Daye has been operating an SMX 800/16 MN radial forging machine from SMS group.

An open-die forging press of the same design as the one being supplied to Daye Steel.

NEW BLAST FURNACE BOOSTS HOT METAL CAPACITY

In October, NLMK blew in its new No. 6 blast furnace. With technology and know-how from Paul Wurth, the Russian steel producer has achieved a significant rise in its hot metal capacity. With a hearth diameter of 12 meters and a useful volume of 3,818 cubic meters, NLMK's new BF6 is designed for an annual capacity of 3.4 million tons of hot metal. The furnace is equipped with 32 tuyeres. Apart from the equipment supply, Paul Wurth provided support in process technology for the operation of the blast furnace.

As part of the contract, Paul Wurth also provides process technological support for the operation of NLMK's new blast furnace.

IMPRESSIVE PRODUCTION RAMP-UP

In Sohar, in the Sultanate of Oman, Jindal Shadeed Iron & Steel LLC (JSIS) successfully commissioned its new six-strand high-speed billet caster. Within about one month from hot commissioning, the sequence length was increased to 42 ladles per sequence – a highly impressive ramp-up. The casting machine was designed, erected and commissioned jointly by JSIS and SMS Concast.

The high-speed billet casting machine at JSIS shortly after commissioning.

200,000 TONS OF STEEL PER MONTH

The combi-caster in operation at JSPL's steel mill in Angul is the largest high-speed billet casting machine in India. JSPL's new caster was commissioned within just twelve months from the project start. JSPL and SMS Concast designed the combi-caster for the production of low- and higher-carbon steels, including free-cutting and ball bearing steels. The seven-strand, nine-meter-radius casting machine operates at speeds ranging between 0.6 and 5 meters per minute.

The new high-speed, seven-strand combi-caster in operation at JSPL Angul in India.

POWERFUL DRIVE, STRONG PERFORMANCE

We successfully modernized the main drive of the edger in Tata Steel IJmuiden's 2,230-millimeter hot wide strip mill No. 2 in the Netherlands. Commissioning took place according to schedule in August 2019. The new drive unit requires less maintenance and enables the transmission of higher torques.

Pre-assembly of the complete edger gear-box and preparation for acceptance by the customer.

THIRD CCM® COMPACT COLD MILL INSTALLATION

May 17, 2019 saw the rolling of the first coil and the successful start-up of the new cold mill at Aisha Steel Mills Limited (ASML) in Karachi, Pakistan. The Compact Cold Mill (CCM®) for ASML is already our third installation of this two-stand rolling mill type. The ASML CCM® is designed for an annual production capacity of 500,000 tons of cold strip, enabling the customer to supply the local market with high-grade cold strip that comes up to international standards.

Well done! The first coil, successfully rolled on the new CCM® at Aisha Steel on May 17, 2019, and signed by the members of the project team.

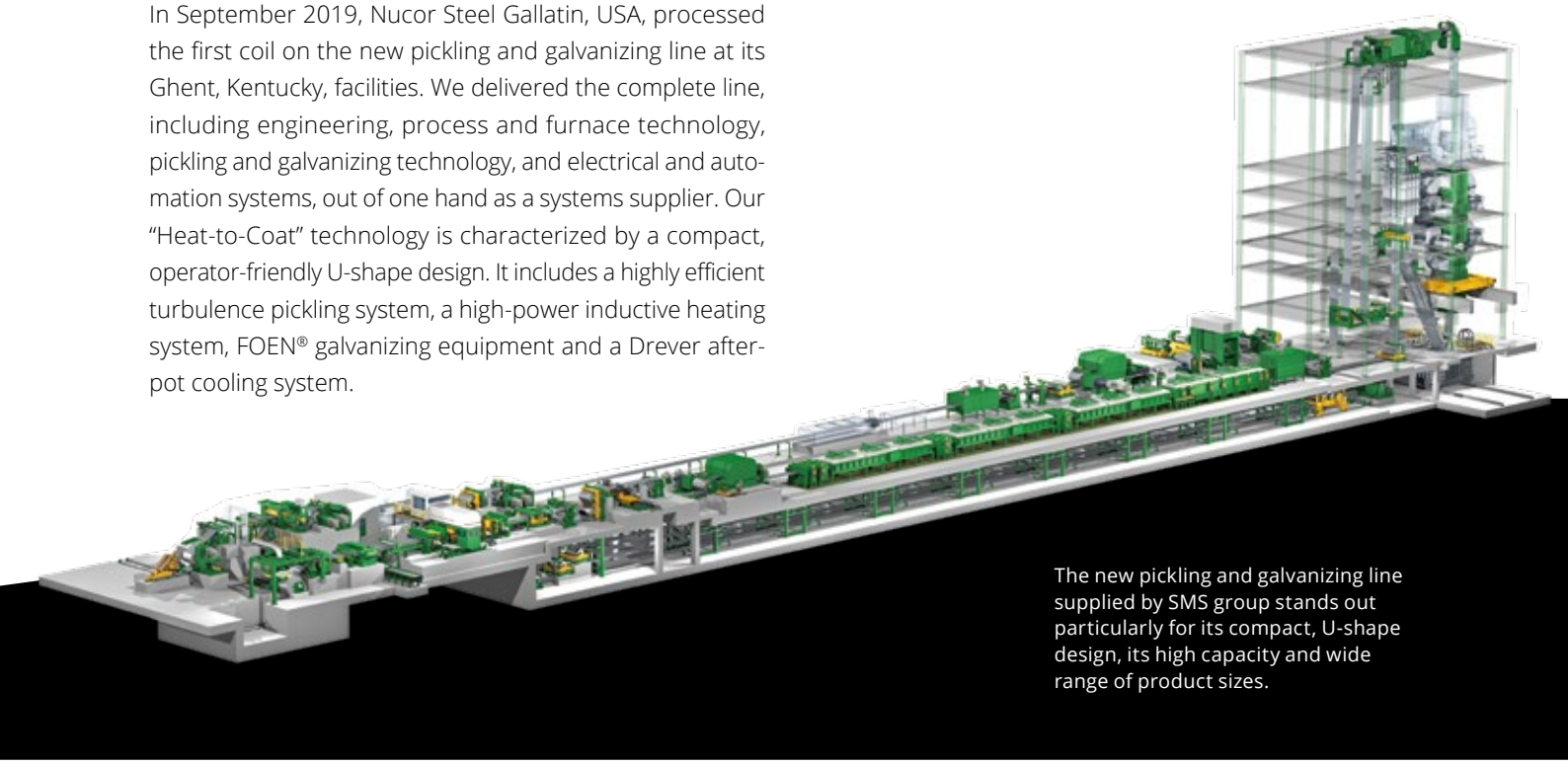
MOST ECO-FRIENDLY REHEATING FURNACE

Shortly after commissioning the new walking beam furnace we supplied to Nucor Steel Marion, Inc., based in Marion, Ohio, USA, we received the Final Acceptance Certificate (FAC) from the customer. The reason for Nucor to issue the FAC after such a short time was the fact that the furnace performed much better than our guaranteed values. With an NOx content of about 25 part per million, the new furnace at Marion is the most energy-efficient, lowest-emission furnace within the Nucor Group. In addition to using innovative pre-fabrication methods, we fitted the furnace with special SMS group-developed ZEROFlame burners.

Billet being discharged from the new reheating furnace at Nucor Marion.

EXTENDED PRODUCT PORTFOLIO

In September 2019, Nucor Steel Gallatin, USA, processed the first coil on the new pickling and galvanizing line at its Ghent, Kentucky, facilities. We delivered the complete line, including engineering, process and furnace technology, pickling and galvanizing technology, and electrical and automation systems, out of one hand as a systems supplier. Our "Heat-to-Coat" technology is characterized by a compact, operator-friendly U-shape design. It includes a highly efficient turbulence pickling system, a high-power inductive heating system, FOEN® galvanizing equipment and a Drever after-pot cooling system.



The new pickling and galvanizing line supplied by SMS group stands out particularly for its compact, U-shape design, its high capacity and wide range of product sizes.

HOT-DIP GALVANIZED STEEL STRIP

Shougang Jingtang (Shougang Jingtang United Iron & Steel), China, successfully commissioned the new hot-dip galvanizing line supplied by us. The line is specially designed for the production of high-strength grades with tensile strengths of up to 1,350 MPa and for an annual capacity of 360,000 tons. The galvanized steel strip produced on the line is used primarily in the automotive industry for the production of light-weight structural and bodywork parts.

The commissioning team and the first coil. Just two hours later, the line was producing material of sellable quality.

ENERGY-SAVING COLOR COATING FOR ALUMINUM STRIP

July 2019 saw the production of the first color-coated coil on the new coating line supplied and commissioned by us for Tianjin Zhongwang, China. A design highlight of the line is its highly compact process section: a perfectly interfacing arrangement of the chemical pretreatment section, followed by the strip coating process and the drying furnace. In many instances, the drying furnace requires no extra energy apart from that recovered from the process. This achieves both high product quality and low resource and energy consumption.

The commissioning team in front of the first coil.

GREENFIELD PROJECT FOR THE PRODUCTION OF AUTOMOTIVE GRADES

We received the Final Acceptance Certificate (FAC) from Shandong Iron and Steel Rizhao for the pickling line/tandem cold mill, the hot-dip galvanizing line and the continuous annealing line we supplied to the Chinese steelmaker. The product focus of the lines is on demanding cold-strip grades for the automotive industry. The lines are part of a new flat steel complex erected by SMS group in the Shandong Province on China's east coast. In addition, the complex comprises a wide hot-strip mill and another annealing line. All the lines were supplied complete with X-Pact® electrical and automation systems.

The product focus of the new lines is on demanding cold-strip grades for the automotive industry.

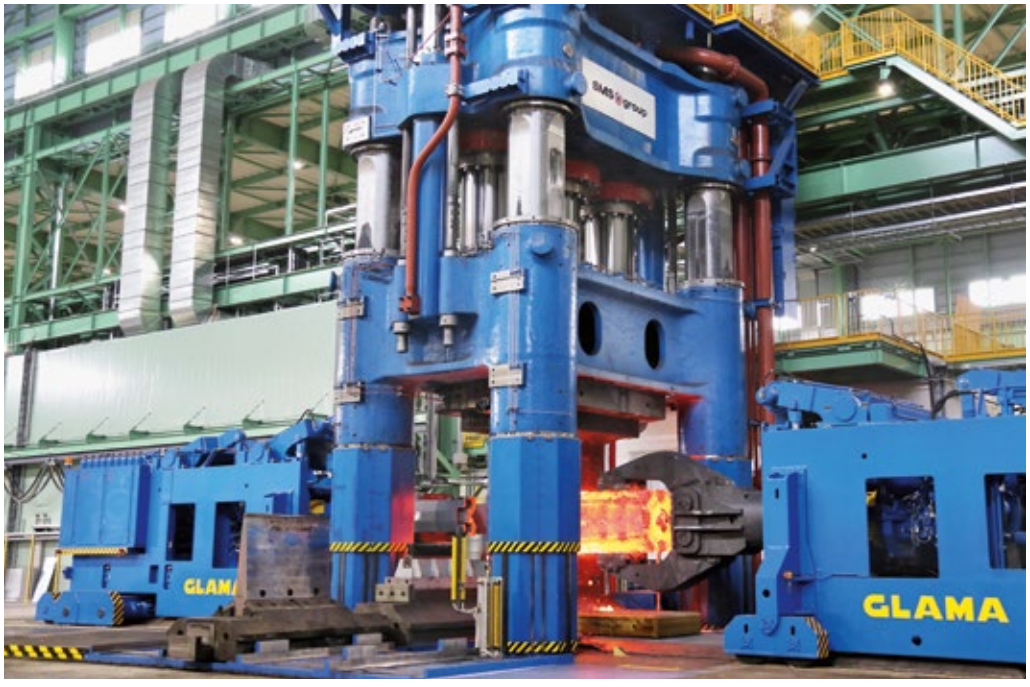
VALUABLE CONTRIBUTION TO PROGRESS

Western Superconducting Technologies, Co. Ltd. (WST), based in Xian, Shaanxi Province, China, successfully commissioned a 63/80-MN two-column high-speed open-die forging press of push-down design. In addition, our supply scope included two integrated rail-bound 25-ton forging manipulators and a mobile 8-ton loading and unloading manipulator. The new equipment provides the customer great flexibility in producing a wide range of high-quality products for the aerospace industry, for example.

The new 63/80-MN high-speed open-die forging press in operation at WST.

FAST, PRECISE AND PRODUCTIVE

Hitachi Metals, Yasugi, Japan, granted us the Final Acceptance Certificate (FAC) after the successful commissioning of its new 90/108-MN open-die forging press. Being the largest four-column open-die forging press in push-down design in 25 years, it operates with a forging force of up to 90 MN and an upsetting force of 108 MN.



The 90/108-MN open-die forging press in operation at the Yasugi works.

CONSOLIDATED FINANCIAL STATEMENTS
as at December 31, 2019

BALANCE SHEET in EUR thousand

ASSETS (in EUR thousand)	Dec. 31, 2019	Dec. 31, 2018
Intangible assets	312,443	322,142
Property, plant and equipment	653,628	619,077
Shares in unconsolidated affiliated companies	13,433	6,574
Shares in investments accounted for using the equity method	70,237	67,639
Other equity investments	25,864	23,174
Investment securities	187,667	180,119
Deferred tax assets	78,140	121,154
Other non-current assets	32,846	65,374
Non-current assets	**1,374,258**	**1,405,253**
Inventories not including short-term contract assets	224,011	249,626
Short-term contract assets	611,304	563,710
Inventories	**835,315**	**813,336**
Trade receivables not including short-term contract assets	538,187	559,264
Short-term contract assets	371,722	277,630
Trade receivables	**909,909**	**836,894**
Receivables from income taxes	29,054	28,160
Other current assets	188,606	137,917
Securities	274,235	276,743
Cash and cash equivalents	695,196	684,207
Current assets	**2,932,315**	**2,777,257**
Total assets	**4,306,573**	**4,182,510**

LIABILITIES (in EUR thousand)	Dec. 31, 2019	Dec. 31, 2018
Issued capital	52,000	52,000
Capital reserves	499,264	408,264
Retained earnings	-16,761	130,068
Income and expense recognized directly in equity	17,338	20,666
Equity attributable to shareholders of SMS GmbH	**551,841**	**610,998**
Non-controlling interests	113,589	116,002
Equity	**665,430**	**727,000**
Non-current financial liabilities	56,599	23,191
Provisions for pensions and similar obligations	804,109	693,157
Deferred tax liabilities	99,963	81,207
Other non-current provisions	65,125	54,072
Other non-current liabilities	163	32
Non-current liabilities and provisions	**1,025,959**	**851,659**
Current financial liabilities	84,066	181,843
Trade payables	395,122	381,938
Liabilities from income taxes	27,796	21,391
Short-term contract liabilities	870,527	664,622
Other current provisions	1,085,486	1,211,606
Other current liabilities	152,187	142,451
Current liabilities and provisions	**2,615,184**	**2,603,851**
Total liabilities	**4,306,573**	**4,182,510**

CONSOLIDATED INCOME STATEMENT in EUR thousand

in EUR thousand	2019	2018
Revenue	**2,934,712**	**2,804,811**
Cost of sales	-2,411,583	-2,266,863
Gross profit	**523,129**	**537,948**
Selling costs	**-291,115**	**-292,124**
General administrative costs	**-130,331**	**-121,957**
Other income not including income from reversals of impairment on financial assets or contract assets	45,712	45,054
Income from reversals of impairment on financial assets and contract assets	6,116	2,760
Other income	**51,828**	**47,814**
Other expenses not including impairment on financial assets or contract assets	-97,526	-124,235
Impairment on financial assets and contract assets	-9,641	-8,062
Other expenses	**-107,167**	**-132,297**
Result from investments accounted for using the equity method	**3,301**	**4,471**
Net result from equity investments not including impairment on financial assets or contract assets	3,574	2,721
Impairment on financial assets and contract assets	-1,432	-2,201
Net investment result	**2,142**	**520**
Earnings before interest and taxes (EBIT)	**51,787**	**44,375**
Net financial result not including impairment on financial assets or contract assets	14,341	-11,754
Impairment on financial assets and contract assets	-2,089	-4,355
Net financial result	**12,252**	**-16,109**
Earnings before taxes (EBT)	**64,039**	**28,266**
Income taxes	-53,787	-12,539
Net profit for the year	**10,252**	**15,727**
Thereof attributable to:		
Shares attributable to shareholders of SMS GmbH	9,751	11,146
Non-controlling interests	501	4,581

SUPERVISORY BOARD AND MANAGING BOARD
SMS GmbH

SUPERVISORY BOARD

Edwin Eichler
Weggis (Switzerland),
Management consultant
Chairman

Tobias Tigges
Siegen,
Chairperson of the Group Works Council of SMS group GmbH
Vice Chairman

Frank-Günter Benner
Hilchenbach,
Member of the Management Flat Rolling Plants Division,
SMS group GmbH

Andree Jorgella
Siegen,
Chief authorized representative of IG Metall Siegen branch

Stephan Klenzmann
Siegen,
Member of the Works Council of SMS group GmbH, Hilchenbach

Dajana Kratzer-Rudolf
Frankfurt am Main,
IG Metall Labor Union
(since 2019-01-21)

Peter Lürßen
Bremen,
Lürssen Werft GmbH & Co. KG
(since 2020-08-01)

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Member of the Shareholders' Committee and the Supervisory Board of Voith GmbH & Co. KGaA

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Chairman of the Works Council of SMS group GmbH,
Mönchengladbach

Dieter Rosenthal
Niederfischbach
(up to 2020-07-31)

Univ.-Prof. Dr.-Ing.
Birgit Vogel-Heuser
Garching

Dr.-Ing. E. H. Heinrich Weiss
Meerbusch,
Chairman of the Shareholders' Committee of SMS Holding GmbH

Michel Wurth
Luxembourg,
ArcelorMittal S. A.

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Burkhard Dahmen
Neuss,
Spokesman

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SMS group GmbH

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Machines, plants, and systems for producing and processing steel and nonferrous metals: submerged arc furnaces (SAF), basic oxygen steel-making plants (BOF, AOD), components and systems for dedusting electric furnaces and steel mills, electric steel mills (AC, DC), secondary metallurgy plants and processes, continuous casters for slabs and long products, combined continuous casting and hot rolling plants for the production of flat products (CSP®), minimills for long products, hot flat rolling and cold rolling mills, tandem trains coupled with pickling lines, finishing lines, powder coating lines, strip-processing and coating lines for steel and nonferrous metals (surface treatment and refining), drive systems, oil film bearings, electrical, automation, and control systems, hydraulic systems, oil lubricating and cooling systems, rolling oils and emulsions, water supply plants, seamless pipe plants, pipe welding plants, finishing plants and machines, milling and sawing machines for aluminum, long product and semi-finished goods rolling mills, wire rolling mills, hydraulic presses, extrusion presses, closed-die forging plants, ring and wheel rolling plants, transport and handling, warehouse technology, packaging machines, grinding plants, service.

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