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PRESSE-INFORMATION

June 9, 2011, Düsseldorf

Market for metallurgical plant and machinery picks up

SMS group grasps opportunities of the upswing

Recovery in order intake – stable profit – higher investment in production facilities and technological innovations – growth areas electrics and automation, service, energy saving and green technology

The SMS group of metallurgical plant and machinery construction companies attracted an order intake in business year 2010 totaling EUR 2.931 billion (2009: EUR 2.341 billion) and generated sales of EUR 3.036 billion (2009: EUR 3.891 billion).

The net result for the group, at EUR 262 million, was EUR 39 million higher than the figure in the previous year (2009: EUR 223 million).

The two Business Areas SMS Siemag and SMS Meer profited equally from the upswing on their markets. Specifically, order intake at SMS Siemag was up by 28 percent to EUR 1.892 billion, and at SMS Meer by 20.6 percent to EUR 1.039 billion.

Profit sharing for employees

The average number of employees in the SMS group over the year 2010 totaled 9,209 (2009: 9,001). There has been a profit-sharing scheme in place for seven years; in 2010, it paid out around 1.6 times a month's

salary instead of the Christmas bonus (55 percent of a month's salary) otherwise due.

The market for metallurgical plants and rolling mill technology bounced back noticeably in 2010. Now, after the crisis has been overcome, the number of projects open for bidding has increased.

Capacity utilization in the SMS group companies is essentially ensured until early 2012.

While customers in the industrialized countries are mainly focusing on revamps and business with new plants is still slow, the situation in the emerging economies is different. Since the end of the credit crunch, these countries have resumed their industrialization drive and investment in new plants is on the rise again.

There is a strong demand for metallurgical plants above all in India, China, Brazil, and smaller Asian and South American countries.

In 2010, the SMS Siemag Business Area registered healthy interest in plants for the production of aluminum and other nonferrous metals. The group's other Business Area, SMS Meer, achieved its best results with long product rolling mills. Project activity in China was slightly lower because so much new capacity has already been built up in recent years.

Principally, the SMS group expects further growth in India, China, South America, and the Middle East. Per-capita steel consumption in these regions is still relatively low. However, the unresolved debt crisis in Europe and the USA, political instability in the Middle East, and the high volatility of prices for raw materials all create uncertainty about further growth on these markets.

Competitive edge improved again

Dr. Heinrich Weiss, Chairman and CEO of the SMS group, says “We made good use of the breather provided by the financial and economic crisis. Bucking the general trend, we increased investments, put even more effort into technological development, upgraded our manufacturing capacities, and enhanced our already strong market position in areas vital to the future such as green technology and energy saving.”

SMS Meer built a new workshop in Shanghai for some EUR 22 million. It was commissioned in October 2010.

Currently, we are investing more than EUR 80 million in one of Europe’s most modern heavy machinery construction workshops in Hilchenbach, the seat of the family-owned company founded more than 140 years ago. Included here is a new training workshop for apprentices that alone accounted for EUR 4 million.

Heinrich Weiss points out “We have a huge capacity for innovation. We can also count on an experienced core staff committed to continuous learning. Then there’s our cautious financial policy that keeps us independent of banks. All this gave us the scope over the last two years to ensure we would emerge from this crisis even stronger than before.”

Continuity in supporting the next generation and investment in training and on-the-job qualification

To retain its leading market position, the SMS group relies on constant innovations that can only be achieved with highly qualified employees. Fully aware of this, the company trained 429 young people throughout Germany in 2010.

Even during the crisis, the apprentice quota at the group was some seven percent of the SMS workforce in Germany: That is higher than the industry average.

Close cooperation programs with schools and universities, the SMS study support scheme, special introduction programs for young engineers, plus the SMS Academy with a broad range of educational events for all employees prove how important training and on-the-job qualification are to the company.

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The SMS group is, under the roof of the holding SMS GmbH, a group of global players 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 2010, some 9,200 employees globally generated sales of EUR 3 billion.