

PRESS RELEASE

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SMS group plans global adjustment of its corporate structure, reaffirms strategy and long-term goals



Transforming for growth with a clear and ambitious innovation strategy.

The Covid-19 pandemic has impacted numerous industries, and the steel market is among those facing reduced forecasts and order volumes. After the 2019 financial year, in which both order intake (EUR 3.15 billion) and sales (EUR 2.94 billion) rose once more, SMS group is lowering its outlook for the coming years. The global market leader in metallurgical plant construction expects this year's order intake to be around one third below the level originally planned, but reaffirms its growth strategy and realignment towards

areas of future growth.

The area most severely affected by the current decline is Plant Construction, where a long-term reduction in order intake is expected. The Service and Digitalization business is proving much more stable and will continue to grow, thanks to a combination of big data technologies and new business models such as Equipment as a Service, which allows customers to turn their capital expenses into operating expenses.

Besides strengthening the growth areas of Service, Digital and Electrics/Automation, the growth strategy of SMS group is based on establishing global leadership in the decarbonization of industry. Key elements of this strategy include the use of hydrogen in CO₂-free steelmaking and priority projects in the recycling of batteries and electronic scrap. A profitable core business provides the basis for all the growth areas.

As well as establishing new technologies in the metals industry, such as 3D metal printing and the recovery of precious metals from electronic scrap, SMS group transfers its expertise to other industries. Examples include generating environmentally friendly synthesis gases from sewage sludge, which have numerous uses including fuel and energy production. Through this "New Horizon" strategy, SMS is diversifying its product portfolio outside its core business. The most recent example is the commissioning of a high-bay storage system for shipping containers in Dubai. This facility of the SMS joint venture BOXBAY not only offers three times the capacity of a typical container storage facility on the same area, it also boasts a far higher handling speed, improved worker safety and a carbon-neutral footprint.

To further strengthen its ability to act quickly and effectively in the market, SMS group will continue to supplement its organic growth with acquisitions of suitable start-ups or established specialists.

To optimize the conditions for future market success, SMS group will adjust its corporate structure. Key components of the planned new organizational structure are a cross-divisional and international focus on

customer projects. In contrast to the present structure, six regions will assume project responsibility for sales and execution. In place of the current business units, Centers of Excellence (CoEs) will be created that will deliver their services and technologies to the projects. The entire organization will be served by Global Support Functions. Consultations about the new organization, which will be implemented worldwide from spring 2021, will be held with the relevant committees in the coming weeks.

SMS group is a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. It has some 14,000 employees who generate worldwide sales of more than EUR 2.9 billion. The sole owner of the holding company SMS GmbH is the Familie Weiss Foundation.