



News service MAN Group

Press release of
March 19, 2003

SMS AG: Result slightly positive again / Continued restructuring in response to ongoing market weakness / €6 million pre-tax profits

Düsseldorf. SMS AG, a Group that consists of leading companies in Metallurgical Plant and Rolling Mill Technology, Tube, Long Products and Forging technology as well as Plastics Technology, achieved an order intake in 2002 of €2,001 million and sales of €2,190 million (previous year: €2,239) with some 9,900 employees. This puts the company back in the black with +€6 million before taxes (previous year: loss of –€9 million), after it made a small loss for the first time last year.

Speaking at the financial press conference in Düsseldorf, Chairman of the Board of SMS AG Heinrich Weiss stated that the reason for this still unsatisfactory result is the decline in global market volume for plant and machinery in metallurgical and rolling mill technology of more than a third in recent years as well as the collapse of the European and American markets for plastics processing plant and machinery. The only Business Area to attain a satisfactory result was the newly-formed Tube, Long Products and Forging Technology Business Area, which now consists of Concast AG, tube and copper plants in the shape of SMS Meer and press and forging technology with SMS Eumuco.

“Due to the continued tense situation,” said Weiss, “SMS AG in 2002 determinedly pressed on with the restructuring and cost-cutting program it had introduced in 2001. This is how we are adjusting to the ongoing weak market situation without jeopardizing our company’s position in technological development, global sales structures and quality of production. We have revised our capacities to suit the changed market conditions, and simultaneously upgraded those business areas with the brightest future – service and automation. Given the sustained economic slowdown, the disadvantages of Germany as a location weigh particularly heavily. More than two-thirds of our employees work in German companies. The excessive costs and taxes in the state and social sectors and the stubbornness of the trade unions are forcing us to take ever more drastic cost-cutting measures. This unnecessarily endangers additional jobs and saps the motivation of our employees. Now it is time for the government and the trade unions to finally take action and wake up to their responsibilities.”

Order intake and sales

Reaching a total of €2,001 million, orders received by the SMS Group in 2002 were 5% below the previous year’s level. They break down as follows: €998 million (–15%) for the Metallurgical Plant and Rolling Mill Technology Business Area, €542 million (+12%) for Tube, Long Products and Forging Technology and €461 million (+2%) for Plastics Technology.

As much as 41 per cent of sales were achieved in Europe. North and South America contributed 24 per cent, while sales in the Asian region accounted for 30 per cent.

Liquidity

The cash flow was €74 million compared to €47 million in 2001. Net liquidity fell compared to 12.31.2001 by €67 million to €738 million, affected mainly by the smaller volume of business in plant sales.



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Investment

Compared to business year 2001, real investment increased in the year under review by €3 million to €48 million. There was a focus here on information technology to upgrade the company's global infrastructure as well as on machines for manufacturing core components of SMS machinery and plants in the workshops.

Prospects

"Our expectation", says Heinrich Weiss, "that the economy would be boosted by the US and recover slowly in the second half of 2002 was not fulfilled. The global economy was in a poor state in 2002. Aggravated by the Iraq crisis, the associated oil price rises and falling stock markets, worries about economic developments increased significantly."

"SMS AG", adds Heinrich Weiss, "has responded to this situation by adjusting capacities. As the leading supplier of the entire range of metallurgical plant, machinery and control systems as well as in large areas of plastics technology, we will emerge strengthened from what is the toughest challenge in the history of our company as soon as the economy picks up again."