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**PRESS RELEASE**

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**SMS group records highest level of order intake in ten years**

- EBT of 87 million euros represents significant year-on-year improvement
- Decarbonization, circular economy and digitalization remain key growth drivers
- Primobius recycling process for vehicle batteries scores first commercial successes
- Outlook: Results are anticipated to further improve significantly due to high capacity utilization and increasing investment activity

With an 86 percent increase, SMS group almost doubled its order intake to reach 3,507 million euros in the 2021 financial year, recording the highest level in ten years. The reasons for this substantial rise are catch-up effects in the wake of the previous year's slump triggered by the COVID-19 pandemic and the growing demand for decarbonization and recycling technologies.

SMS group experienced a significant increase in the order backlog coming in at 3,944 million euros. Due to delays caused by the pandemic in the schedules for acceptance, the 2021 financial year closed with sales down 6.8 percent from the previous year at 2,559 million euros.

(in EUR million)	2020	2021	Difference
<b>Order intake</b>	1,885	3,507	86.0%
<b>Order backlog</b>	3,028	3,944	30.3%
<b>Sales</b>	2,745	2,559	-6.8%
<b>Earnings before taxes (EBT)</b>	-120	87	207
<b>Free cash flow</b>	24	145	121
<b>Net liquidity</b>	863	978	13.3%
<b>Investments</b>	83	151	81.9%

Earnings before taxes (EBT) amounted to 87 million euros. With this result, SMS has returned to a post-pandemic situation of profitable growth. HR costs in Germany have been sustainably reduced by 75 million euros as a result of the extension of the future-oriented collective agreement and socially acceptable staff reductions. The free cash flow rose significantly to a total of 145 million euros. Net liquidity climbed to 978 million euros. Investments were also higher than the year before, totaling 151 million euros.

### **Technology partner for the decarbonization of the steel industry**

With the acquisition of the remaining shares of Paul Wurth in April 2021, SMS has further strengthened its position as technology partner and full-line supplier for the steel industry.

Burkhard Dahmen, CEO of SMS group, said, “Almost all industrialized countries have set themselves ambitious climate targets and resolved transformation strategies for their steel industries. Today, integrated steelworks produce around 1.3 billion tons of crude steel per year via the conventional BF-BOF route, accounting for 90 percent of all CO<sub>2</sub> emissions from the steel industry. In the decades to come, these production capacities will be subject to transformation. As a systems supplier, we are in a position to support our customers comprehensively in every situation.”

### **Circular economy – the new growth area**

Under the hashtag #turningmetalsgreen, SMS not only supplies solutions and systems to the steel industry, but also develops technologies that enable the recovery and reuse of nearly all types metals. In November 2021, a long-term, strategic partnership agreement was concluded with copper producer Aurubis, covering the development and construction of several modular recycling plants in Europe and North America. These modern multi-metal recycling plants will recover valuable metals, such as copper, nickel, tin, zinc, platinum and various precious metals, for reuse in the value creation cycle.

### **Environmental technologies for tomorrow's mobility**

The LIB (lithium-ion battery) recycling process from Primobius has secured its first commercial successes. After the start of commercial operation of the demonstration plant in Hilchenbach in spring 2022, Mercedes-Benz was one of the first customers to decide to use this process in its operations. Primobius will be building its first industrial-scale plant at the Mercedes-Benz location in Kuppenheim (Baden-Württemberg), Germany.

### **Increasing use of performance-based subscription models in the service business**

SMS is rigorously pursuing the expansion of its service business. The three focus areas of electrics/automation, digitalization and technical service provide integrated solutions – to an increasing extent under performance-based subscription agreements.

Prof. Dr.-Ing Katja Windt, CDO of SMS group, said, “Many of our customers want to be able to focus more on their core processes and, therefore, have their maintenance services handled by service partners. Here, efficiency and sustainability are the primary performance indicators. We at SMS are positioned to support our customers during the entire lifecycle of their plants as a dependable single-source partner: during the

design and commissioning of plants, and throughout their decades-long operation, including all upgrades and revamps.”

### **Investment in KAEFER Isoliertechnik completed**

SMS has acquired a 50 percent stake in global industrial service provider KAEFER Isoliertechnik GmbH & Co. KG together with private equity investor Altor. The closing of the transaction took place on May 24, 2022. SMS expects that the industrial services market will experience significant growth over the next few years. Together with KAEFER, SMS will explore new opportunities for cooperation in future-oriented areas, such as decarbonization, the energy transition and LNG technology.

### **Positive outlook**

SMS expects a sustainable and perceptible increase in incoming orders and a marked improvement in results over the next few years. The order intake in 2022 is expected to level out at the previous year's figure, even in view of the Russia-Ukraine war.

Link for the download of images:

<https://www.sms-group.com/press-media/photos>

Link to Annual Report 2021:

<https://www.sms-group.com/press-and-media#c1828>

SMS group is renowned worldwide for its future-oriented technologies and outstanding service for the metals industry. The company applies its 150 years of experience and its digital know-how to provide the industry continuously with innovative products and processes – even beyond its core business – and generates worldwide sales of around 2.6 billion euros. SMS is the right partner for challenging projects, and supports its customers throughout the lifecycle of their plants, enabling profitable and resource-efficient value creation chains. Paving the way for a carbon-neutral and sustainable metals industry is the company's stated goal. As a global player with German roots, SMS takes responsibility for its 14,500 employees.