

PRESS RELEASE

Düsseldorf, November 27, 2007

Order for SMS Meer from Russia

SMS Meer supplies large-diameter pipe mill to ChTPZ Group

JSC Chelyabinsk (ChTPZ), Russia, has placed an order with SMS Meer, a company of the SMS group, Germany, for the supply of machines and equipment for a new large-diameter pipe mill employing the JCOE[®] process developed by SMS Meer. With an annual capacity of 600,000 t, the new mill will be the largest that SMS Meer has built to date in Russia. It will be used to produce longitudinal SAW steel pipes with diameters from 508 mm to 1,422 mm and wall thicknesses up to 45 mm in lengths of maximum 18.3 m and material grades up to K80. It is scheduled to go into operation at the Chelyabinsk site in the Southern Urals in 2009 and will be one of the most modern of its kind in the world.

A crucial aspect for the placement of the order was the upgradeable technical concept presented by SMS Meer. It enables the quality standard to be further increased at a later date by integrating further high-tech equipment. Another important detail were the advantages of the JCOE[®] process developed by SMS Meer in conjunction with the JCO[®] pipe forming press as main forming aggregate. This process has established itself on the market in recent years in competition with other processes because it is very flexible and requires lower investment costs.

During the JCOE[®] process, the plate milled and crimped at the edges is gradually guided over its whole length onto the forming tool of the

JCO[®] pipe forming press by means of manipulators. This results in an open-seam pipe with parallel longitudinal edges offering optimum preconditions for pipe welding.

The pipe mill will be equipped with two JCO[®] pipe forming presses, one 18.3-m and one 12.2-m press. The customer is thus well equipped to meet all current and future market demands. The pipes produced in Chelyabinsk will be laid as pipelines for oil and gas.

The advantage of the 18.3-m-long pipes is the lower laying costs, as the number of connecting welds is lower compared with shorter pipes. Thanks to the use of the 12.2-m press, the shorter pipes can be produced with extremely thick walls, even with small diameters, and are therefore well-suited for use in offshore pipelines where they have to withstand enormous pressures. The quality of the pipes meets all the international standards.

As general contractor, SMS Meer is to supply all the machines and equipment for the new large-diameter pipe mill. This includes, in addition to the two JCO[®] pipe forming presses, a plate edge milling machine, plate edge crimping press, two tack welding machines, two mechanical expanders, a hydrostatic pipe tester, facing and chamfering machines as well as the equipment for non-destructive testing. Furthermore, SMS Meer is responsible for the punctual delivery of all the components and for the comprehensive quality control.

The scope of supply also includes a Level-2 automation system as the link between the superordinate computer system to be supplied by the customer and the equipment of the 1st automation level.

(50 lines with max. 55 letters)

SMS group is, under the roof of the holding SMS GmbH, a group of companies internationally active in plant construction and mechanical engineering for the steel and nonferrous metals industry. It consists of the two Business Areas SMS Demag and SMS Meer, which jointly form SMS metallurgy. In 2006, some 9,000 employees worldwide generated a turnover of about EUR 2.8 bn.