

Schmidt + Clemens



Annual Report
2014

FOREWORD BY THE ADVISORY BOARD



Lutz Werner, Advisory Board Chairman

The positive expectations expressed in the last business report have happily come to fruition for the Schmidt + Clemens Group, with the financial year 2014 closing with a strong financial result. While the profit is around five percent short of budget, the volume of orders on the books is at a very high level.

In the past few years, the Schmidt + Clemens Group has set the course for the long-term success of the business. Considerable sums are being invested in the construction of a modern new factory in Malaysia, in optimization of the plant layout in Kaiserau and in expanding the production capacity in Spain.

The driving force for the company has been its Petrochemicals division, whose tube systems and service activities enabled it to maintain its position as market leader. Once again, the R&D activities and the outstanding market knowledge of the employees proved to be the guarantors of success. The Centralloy® special alloys have fulfilled their promise in practical applications and are today in demand throughout the world. Our further-developed service offerings are becoming increasingly well-established and now include not only installation and dismantling, but also the organization and support of the entire logistics and infrastructure.

S+C Bowers & Jones, our British subsidiary tasked with the manufacture of tools for pipe production, has enjoyed a positive development under the new management. While it did not quite achieve budget in the year under review, the current development of the company towards becoming a supplier of complete roll stands can be assessed positively.

In 2014, the Special Products division focussed increasingly on its target markets for components made of high-alloy stainless steels. The industrial furnace construction and power technology activities developed

positively. All in all, this segment still has much strong potential but must place a clear focus in the current year on meeting its budget.

In the year under review, the activities for entering the market in the On and Offshore business were continued apace, including new registrations which are essential as the basis for inquiries from industry. The presence at conferences and trade shows was expanded. At a conference in Houston, S+C was able for the first time to compare its own special pipes with those of the competition. The first order in the On and Offshore segment is expected for the first quarter of the current financial year.

As worrying as they were, the political developments in Ukraine and Russia as well as Africa and the Middle East did not have any major impact on our financial year. Thanks to our high-tech products and innovative solutions, S+C succeeded in holding its own in this difficult environment. Nevertheless, S+C is bracing itself for major challenges on the world markets in future. A strategic portfolio and a defined geographical marketing approach will contribute to further minimizing the risks.

Under the programme for promoting the development of up-and coming young employees, the participants completed a variety of special

"OUR POSITIVE EXPECTATIONS FOR THE FINANCIAL YEAR 2014 HAVE HAPPILY COME TO FRUITION."

workshops and projects. For the first time, S+C also conducted management audits, the outcomes of which are already in the process of implementation. The aim is to ensure the development of the management and successive levels and stabilize the leadership of the enterprise in the long term. The opening of a modern canteen with a range of healthy food offerings, the further flexibilization of working hours and the wide spectrum of further training courses available are all helping to further strengthen S+C's position as an attractive employer.

On behalf of all members of the Advisory Board, I would like to thank the workforce and management for their hard work and extraordinary commitment. My thanks also go to the business partners of Schmidt + Clemens Group, without whose loyalty and confidence in us the success of the Group would not have been possible. And thanks, finally, to the shareholders, who unanimously back the decisions that have been made and so give their crucial support to the management of the family business, now in the 135th year of its existence.

The Advisory Board is more than optimistic of being able to submit yet another positive report in the coming year.

With best regards,


Lutz Werner, Advisory Board Chairman

FOREWORD BY THE CHIEF EXECUTIVE OFFICER



Jan J. Schmidt-Krayer, Chief Executive Officer

In the past financial year, our work focussed on two major projects in particular: construction of the new production plant in Malaysia and the restructuring at our parent site in Germany.

Our project in Malaysia encompassed not just the construction of a new production plant but also relocation of the entire operation to the new site. It was a remarkable feat to get from the groundbreaking ceremony to producing the first casting in a period of only twelve months. The fact that this project was able to proceed on schedule was also due in large part to the strong support from the government agencies in Malaysia.

Work on reorganizing the plant layout in Lindlar-Kaiserau from the bottom up also began in 2014. Our site is located in a valley, and we are therefore severely restricted in our building options. In the past, buildings have been extended and new buildings have been added, with the result that the production flow was no longer optimally organized. With an extensive programme of construction measures, work began last year on modifying the layout in such a way that it conforms to the logical production steps. On completion of all the activities in 2016 and after investment of around 16.0 million euros, we will be in the position to significantly improve our competitiveness in Kaiserau.

The debt crisis in the euro area, the political situation in the Near East and the war in Ukraine all had an impact on the financial year 2014.

At 278 million euros, the consolidated sales were around 10% down on the previous year, but thanks to our very good product mix, we were able to almost entirely achieve our profit expectations.

In the current financial year, we intend to further refine our profile as a top employer. Our goal is to position Schmidt + Clemens much more strongly as an employer brand. The further training programme "2015+" was launched and, together with our junior management programme, will help us cover our skilled and management personnel requirements in future. Another goal is to make full use of the capacities available at the new site in Malaysia while at the same time maintaining the high quality standard of the Schmidt + Clemens Group. With ACHEMA, to be held in Frankfurt am Main in June, this year will once again see the biggest trade show of our industry. We will be documenting the market-leading position of our company in Hall 11.0 with our Centralloy® materials and products.

At the start of the year, S+C was proud to receive two special accolades. First, our strong market position brought us an entry in the "Lexikon der deutschen Weltmarktführer" – the Lexicon of German World Market Leaders –, and second, the business magazine "Wirtschafts-Woche" numbered S+C among Germany's "Top 100 SME Enterprises" (issue 5, 2015).

My thanks go at this point to all employees of the Schmidt +

Clemens Group who, through their motivation, expertise and extraordinary commitment, have once again contributed to the success of our business. But I would also like to thank the shareholders of our family enterprise and the Advisory Board for the confidence placed in us. We are tackling the challenges of the current year in the knowledge that we can count on this as a reliable basis.

With best regards,

A handwritten signature in blue ink, appearing to read "S+J".

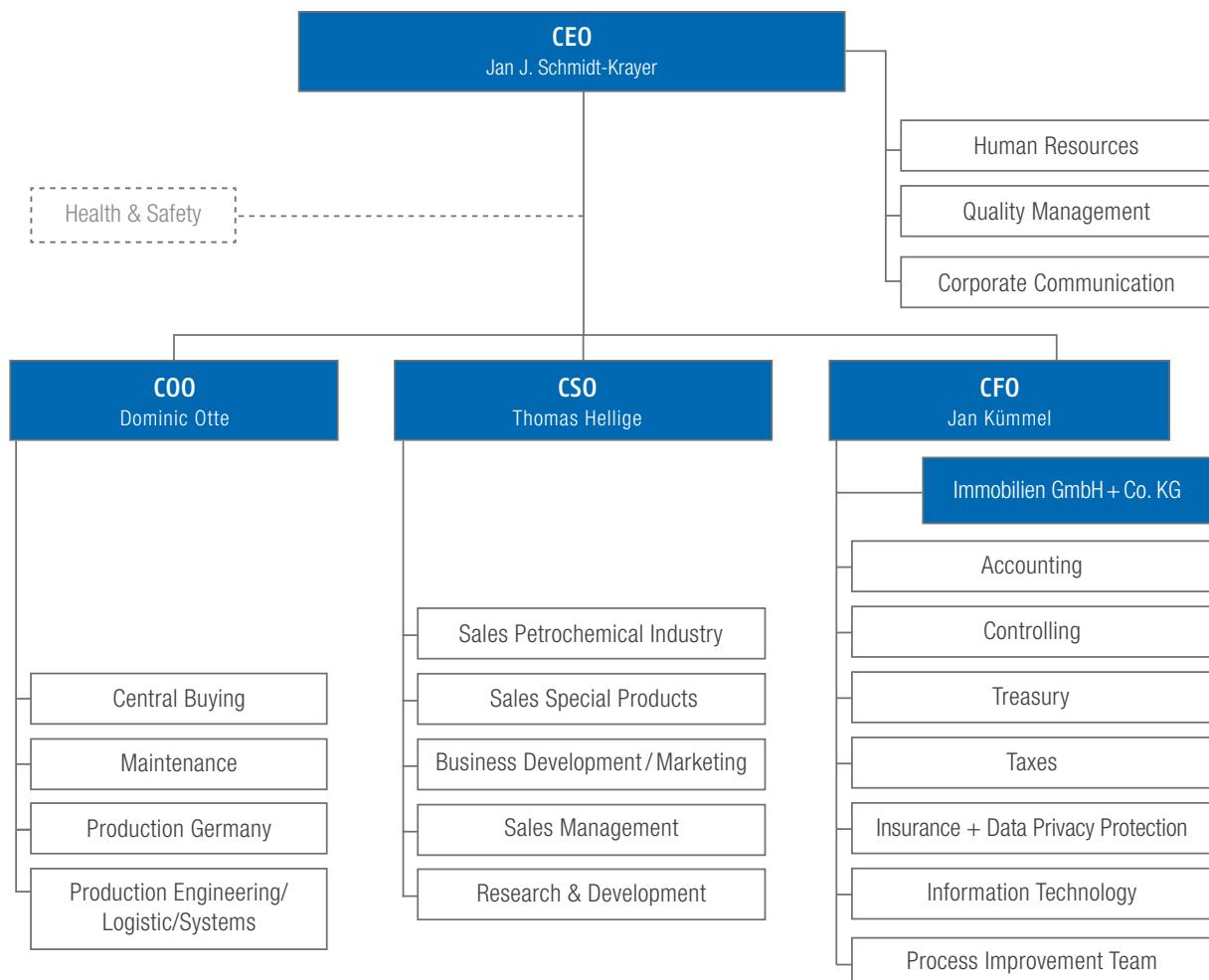
Dipl.-Ing. Jan J. Schmidt-Krayer, Chief Executive Officer

CORPORATE STRUCTURE



From left to right: Dominic Otte, Thomas Hellige, Jan J. Schmidt-Krayer and Jan Kümmel

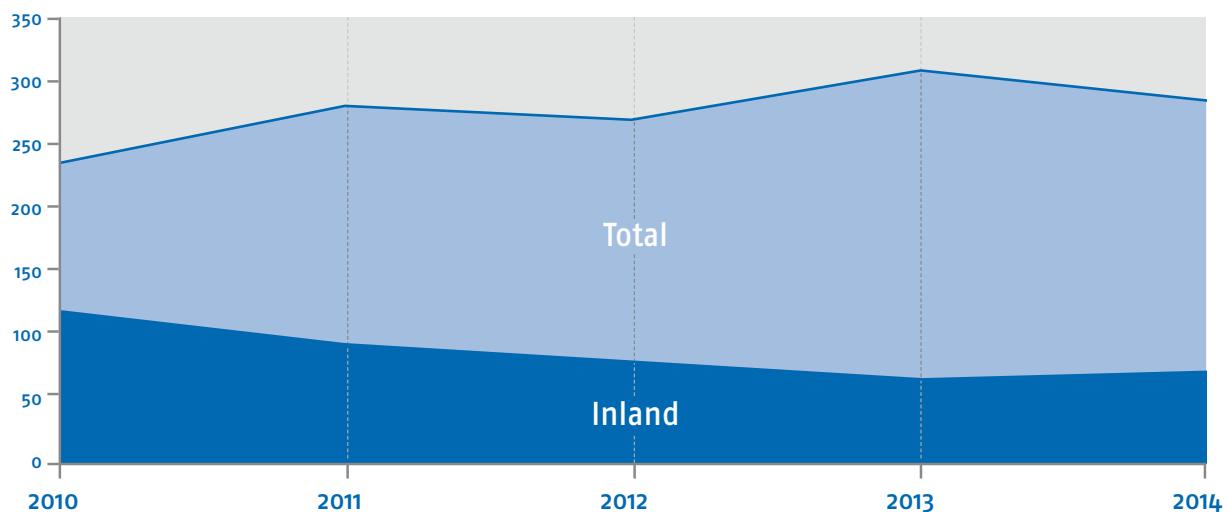
Schmidt + Clemens GmbH + Co. KG



BUSINESS DEVELOPMENT

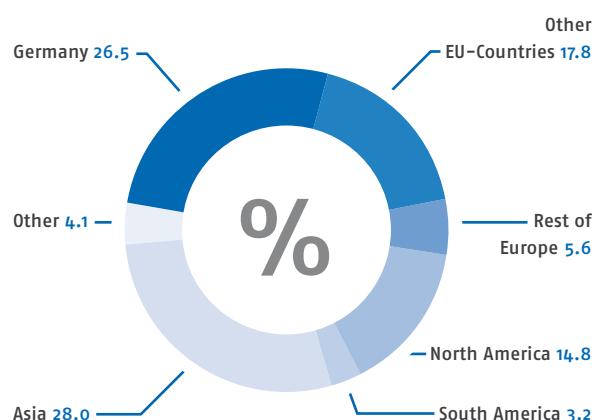
Revenue development in recent years

(in € million)



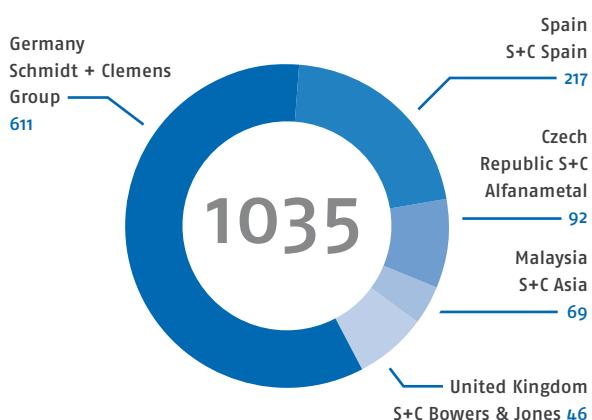
Revenue distribution by region 31.12.2014

(data shown as %)



Number of employees on 31.12.2014

(data shown as %)



ASSETS

151.125 (T €)

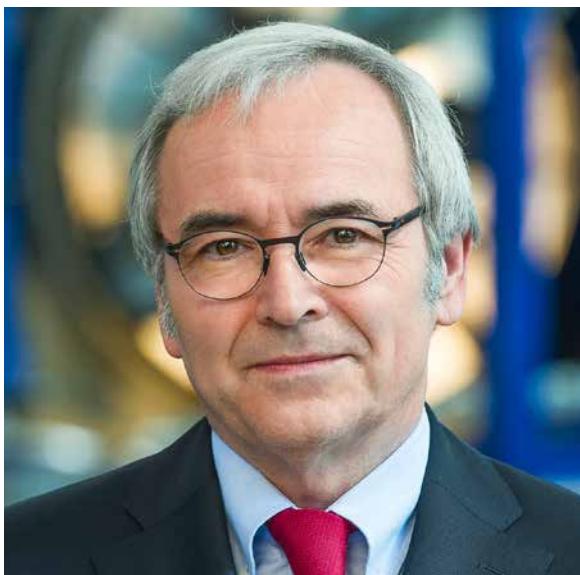
Other Assets	1,197
Liquid Assets	15,482
Accounts Receivable	57,598
Inventories	25,994
Fixed Assets	50,854

LIABILITIES

151.125 (T €)

Accounts Payable	18,048
Liabilities due to Banks	22,348
Provisions	32,188
Special Reserve	0
Capital Resources	78,541

SALES



Thomas Hellige, Chief Sales Officer

Petrochemicals

Thanks to our new materials developed specifically for cracker applications, we were able to win new references in the course of the 2014 financial year. In the field of olefin plants, we concluded some long-term framework agreements with important customers.

In 2014, we once again had the opportunity to furnish proof of our reliability in a number of emergencies, especially in the reformed sector, and safeguard our customers against major losses by making deliveries in record time.

In the site services business, we continued to make good progress. This included booking our biggest order to date – a project for the renovation of a methanol plant in the Middle East.

In the convection zone market segment, we successfully supplied a large project for a fertilizer plant. We are currently engaged in negotiations on a number of other major projects in this area.

Through the successful application of our Centralloy® 60 HT D material, we were able to further strengthen our position in 2014 as the world market leader for radiation tubes for use in the direct reduction of iron ore. The positive customer feedback following use of the new material in the radiation zone of Midrex® reformers, together with intense technical customer support in this field, resulted in Centralloy® 60 HT D coming to be seen as the reference material for the most highly stressed area of the reformer tubes in direct reduction plants.

We were once again able to move into the new financial year with a comfortable volume of orders on hand, and are highly confident of being able to further consolidate and increase our market share through long-term customer relationships, including those in the shape of framework agreements.

Special Products

The region-based restructuring of the sales organization produced initial positive results. It enabled the customer visits in the growth regions of Asia, America and Middle East to be conducted in a much more targeted – and therefore more economical – way and generated a marked rise in the number of inquiries.

The synergies arising from the petrochemicals business were successfully utilized.

In the power technology activities, new framework agreements were concluded with important existing customers for fossil fuel systems. The broadening of the product applications to include alternative energies developed very promisingly. It was thanks to S+C's excellent market position that the demand for components for coal and gas-fired power stations increased in particular.

"THE PROMISING DEVELOPMENT IN THE ON AND OFFSHORE BUSINESS AND THE TECHNICAL COOPERATION WITH STRATEGIC CUSTOMERS OPEN UP GOOD MARKET OPPORTUNITIES FOR S+C."

Further product developments, especially in the field of fuel nozzles, justify a positive outlook for 2015.

The industrial furnace construction business succeeded in booking some new reference projects for our high-performance material, Centralloy® 60 HT R. The steelworks industry in particular showed a keen interest in furnace rollers made of Centralloy® 60 HT R as they offer the possibility for dual savings – first, through their longer service life as compared to conventional materials, and second, through the elimination of the need for cooling systems.

On- and Offshore

The year 2014 saw the development of this second pillar of our business driving forward once more. The excellent results of the research and development work in relation to corrosion-resistant materials provide an excellent basis for further growth. To meet future market requirements, further corrosion-resistant materials were developed up to certification readiness.

Presentations and technical papers given at numerous conferences and trade fairs and also at strategic customers confirmed a keen interest in the alternative products from S+C.

RESEARCH & DEVELOPMENT

Delivery time, diameter, corrosion resistance, lifetime costs, production tolerances and outstanding material properties are the key factors for a successful product launch.

S+C received its first customer inquiries for this new segment in 2014 and submitted specification-compliant offers, which were received with great interest by potential customers. In view of the increasingly sophisticated applications and the constantly growing global demand for special pipes of this kind, we anticipate a positive market development in this area.

Research & Development Services

In 2014, we undertook targeted investment in technical resources in the Research & Development Services (RDS) business field. That included, for example, the procurement of a combined apparatus (differential thermoanalysis – DTA – and dynamic differential scanning calorimetry – DSC) for investigating the behaviour of materials during the heating-up/solidification and annealing treatment processes. Additionally, a software system for the thermodynamic simulation of steel and nickel-based alloys was acquired. The combination of DTA/DSC analysis and the thermodynamic simulation software brings a range of benefits, including a significant reduction in the volume of experimentation required in specifying heat treatment parameters. Another benefit that should not be underestimated is the knowledge gained from the deeper understanding of the processes taking place within the materials. Moreover, both investments ideally complement the high-definition scanning electron microscope procured in the previous year.

With the installation of a welding workplace as part of the Technikum (Technical Centre), RDS is now equipped to reproduce all the

steps involved in production. This is all in addition to the existing time-tested laboratory equipment and test apparatus that has been used by S+C for many years in the fields of metallography, analytics, corrosion and high temperature creep. This means that S+C is now outstandingly placed to pursue development projects in the field of metallic materials and production-related questions and to significantly shorten development cycles. This is also proven by successful developments for use in the On and Offshore business, with the development work on two materials for the base alloys 22 Cr Duplex and 25 Cr Superduplex being successfully concluded in 2014. Our technical presentation was held at NACE Corrosion in the USA, the world's biggest corrosion conference, and in the course of visits to potential international customers.

Aside from the necessary technical resources required, the basis for our research and development work is our uncompromising service commitment. In 2014, the RDS team responsible for process optimization was able to further expand the technical cooperation with strategic customers, including e.g. Equate Petrochemical (Kuwait) and PTT Global Chemical (Thailand). Through the generation and validation of statistical models for the forecasting of process-relevant parameters for steam cracker furnaces, it is possible – depending on the technology and material combinations used – to identify the ideal operating window and significantly improve plant performance. The results were presented, together with our customer Equate Petrochemical, at the Ethylene Middle East Technology Conference in Bahrain.



Schmidt + Clemens Group

CONSOLIDATED FINANCIAL STATEMENT

of the S+C Group as of 31.12.2014 (in thousand €)

	31.12.2013	31.12.2014
FIXED ASSETS	34,786	50,854
1. Intangible Assets	1,218	876
2. Fixed Assets	33,564	49,977
3. Financial Assets	4	1
CURRENT ASSETS	113,658	99,074
1. Inventories	27,584	25,994
2. Accounts Receivable and other Assets	59,068	57,598
3. Securities, Bank, Cash	27,006	15,482
DEFERRED EXPENSES	1,514	1,197
ASSETS	149,958	151,125
Capital Resources*	72,168	78,541
Special reserve for investment premiums	0	0
Provisions	34,723	32,188
LIABILITIES	43,067	40,396
1. Liabilities due to Banks	21,288	22,348
thereof due within 1 year	9,033	2,035
thereof due between 1 and 5 years	12,148	14,063
thereof due after 5 years	107	6,250
2. Accounts Payable	16,096	13,675
3. Other Liabilities	5,683	4,373
DEFERRED INCOME	0	0
LIABILITIES	149,958	151,125

* including shareholders' accounts

NOTES ON THE FINANCIAL SECTION



Jan Kümmel, Chief Financial Officer

Consolidated financial statements

As well as the parent entity, Schmidt + Clemens GmbH + Co. KG, the consolidated financial statements also encompass other domestic and foreign subsidiaries, and therefore all the enterprises in which S+C holds a majority share, whether directly or indirectly. The consolidated financial statements have been drawn up on the basis of the German Commercial Code ("Handelsgesetzbuch") in the version pursuant to the German Accounting Law Modernization Act ("BilMoG").

"S+C GROUP ONCE AGAIN TURNED IN AN EXCELLENT CORPORATE RESULT FOR 2014."

In 2014, the S+C Group earned consolidated sales income of €278 million, i.e. 10% less than the previous year's figure of €310 million. The reasons for this were lower raw material prices and the disposal of unprofitable fields of business.

At €151 million in the year under review, the balance sheet total was on the same level as in the previous year. Because of high investment in our new plant in Malaysia, the value of the fixed assets rose by €16 million. The current assets, on the other hand, fell by €15 million. The amounts owed to banks increased only slightly in the year under review, by €1 million to €22 million.

There are also free credit lines and guarantee facilities available worth €93 million, which in large part are contractually guaranteed for three years. Additionally, pension provisions in an amount of €9 million are available for long-term borrowing. Together with a very good equity ratio, which rose once more compared to 2013, the S+C Group's

fixed assets are financed on a long-term basis. This sound and diversified funding base will also enable S+C in future to respond quickly and flexibly to a growing business volume and finance further strategic investments.

Outlook

Altogether, the S+C Group has set itself ambitious targets for 2015 and the following years for all areas of the business. Achievement of them will also continue to positively influence the company's most important key figures.



PRODUCTION AND PURCHASING



Dominic Otte, Chief Operation Officer

Transformation at the Lindlar-Kaiserau site

In the year under review, work began on the necessary restructuring of the production layout at the Kaiserau site. As well as pooling all the mechanical operations in one place, another main focus is on optimizing the production processes and adjusting the capacities in the Petro sector. Also this reorganization is part of the preparations for the start of the On and Offshore business, as this calls for the integration of additional necessary work steps such as heat treatment and ultrasound testing. The process of comprehensive restructuring of the production organization, involving a total cost of €16 million, is scheduled for completion by the end of 2016.

Great strides towards the start of production

The recompilation of our company in Malaysia and the resulting additional opportunities for expansion will provide the Schmidt + Clemens Group Group with the capacities it needs for the future. The construction work, which was started by Jan Schmidt-Krayer with the ground-breaking ceremony on 12 February 2014, pro-

gressed in great strides. The main work on the drainage system, the electricity and water supply, the steel structure for the production shops and the necessary foundations has already been completed. In December, all plant and machinery was relocated to the new site, installed and taken into operation. The new site offers the possibility to expand the capacity in line with future needs.

Capacity planning

The optimization of order handling with corresponding visibility of the capacity utilization levels made further progress in 2014. A production planning tool was systematically introduced in all areas of production with the goal of identifying bottlenecks in production and dealing with them through process optimization and appropriate investment. This will allow further optimization in the field of speed of delivery – a critical factor for business success. Delivery performance optimization and ensuring competitive throughput times will once again be key corporate strategic objectives in 2015.

**"THE RESTRUCTURING
OF THE KAISERAU SITE
AND THE EXPANSION OF
THE PRODUCTION
CAPACITIES IN MALAYSIA
HAVE BEEN SUCCESSFULLY
IMPLEMENTED."**

Production optimization

The process of encapsulating the spun casting machines in compliance with statutory requirements (Noise and Vibration Protection Regulation) continued in 2014. It is planned for all the spun casting machines to be encapsulated in future. The installation of an additional deep-hole drilling machine eliminated the existing machining bottlenecks. Since July, it has

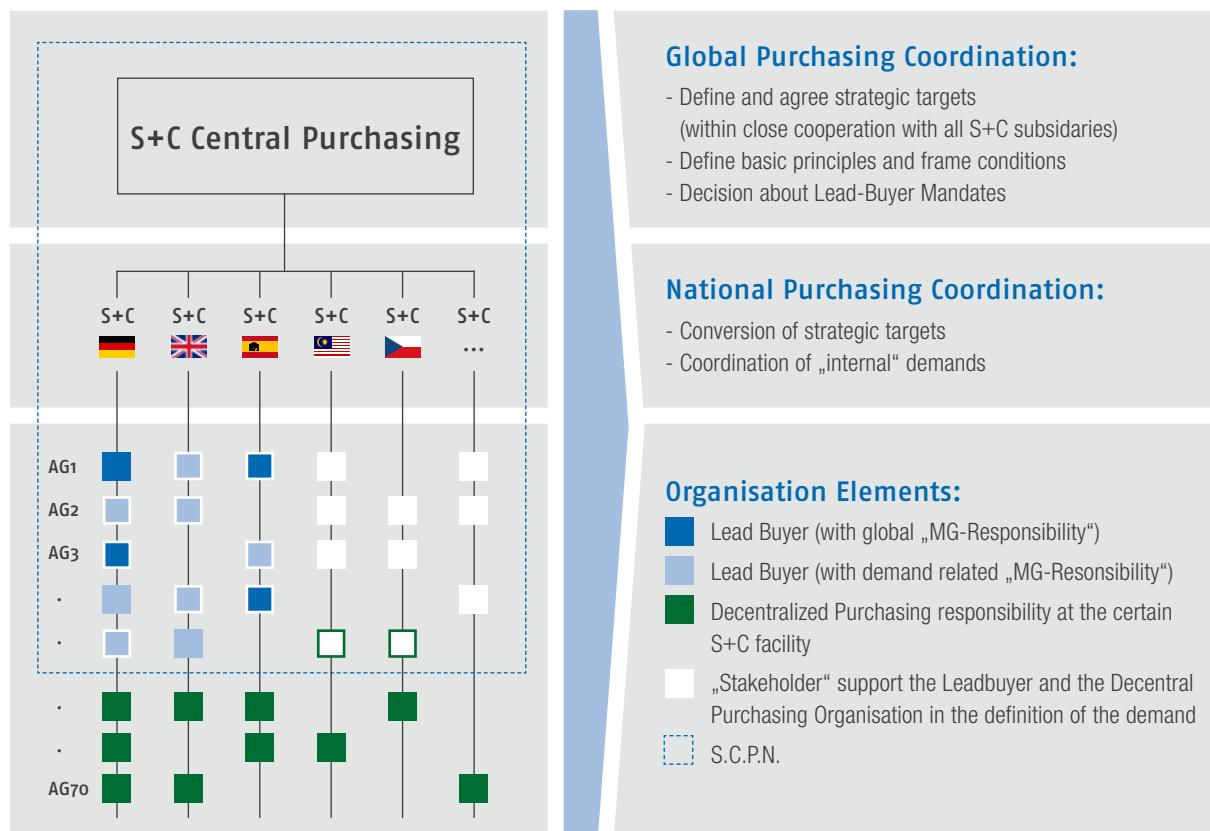
been possible to increase the deep-hole drilling output by over 10%. A further measure for increasing capacity was the technical upgrade of two deep-hole drilling machines. This produced a significant improvement in performance, enabling the processing speed – especially for hard steels – to be raised enormously. Additionally, the need for manual set-up of the deep-hole drilling machines was replaced by pneumatic tube systems. The enhanced level of automation facilitates the set-up process for the operators and improves productivity.

Purchasing – Lead buyer structure

In 2014, S+C was able to achieve a major success with the further development towards a lead buyer organization within the Germany-wide procurement structure. The benefits are effects of scale through pooling, improved risk management, shorter pro-

curement times, greater "weight" with the suppliers, and enhanced quality. This procurement concept will be rolled out in 2015 in the whole of the S+C Group, thus taking it a further step towards a "global purchasing network".

The essential organisation criteria of the S.C.P.N. is the department- and company comprehensive networking within a Leadbuyer Structure



Expansion of production capacities in Spain

Through targeted investment in an additional smelting furnace and a spun casting unit at Schmidt - Clemens Spain, it was possible to increase the production capacity of our Spanish subsidiary by around 20% in the fourth quarter of 2014. These measures had the purpose of bringing the capacities into line with the constantly growing production requirements.

HUMAN RESOURCE MANAGEMENT



Ralf Welters, Director Human Resources S+C Group

On 31 December 2014, there were altogether 1,035 men and women employed throughout the world within the S+C Group, including 611 at the parent site in Lindlar-Kaiserau. 19 apprentices/trainees (including one taken over from an insolvent external company) and BA students began their training at our site in Germany in 2014. Personnel in training therefore accounted for a very high 8.51% share of the total workforce. In 2015, 15 new apprentices/trainees and two students will begin their working lives at S+C. In total, S+C is currently providing training for 52 young people.

Support for medium-term planning

The medium-term planning of the S+C Group anticipates a doubling of sales turnover within the next five to six years and a marked increase in profit. The HR activities in 2014 were largely focussed on putting the preconditions in place to achieve this planned growth. This included, on the one side, restructuring the organization and staffing arrangements in some areas, and on the other, providing personnel development at all levels of the enterprise. The planned growth will also mean increasingly demanding requirements in the areas of leadership, implementation strengths, complexity management and project-based working.

Production support

As the production activities are of overriding importance in our ability to achieve the growth in turnover, a wide range of operational measures were undertaken in this area:

Working in close and highly constructive consultation with the works council, we were able to support the reorganization process that is already under way in Kaiserau on the HR level also. The measures include special company work time arrangements, the creation of staffing flexibility, and building the necessary know-how, e.g. in the field of quality management.

The management tier below the senior production management was restructured and reinforced with new personnel.

For creating the new site in Malaysia, we were able to recruit a manager from within the company to serve as Managing Director for the next few years – a significant contribution to the successful build-up of the new operation.

Personnel development

In the field of personnel development, a number of internal workshops and seminars were held for members of the senior management on the subjects of conflict and complexity management, leadership and project work.

**"IT IS OUR AIM TO PREPARE
OUR EMPLOYEES EVEN MORE
INTENSIVELY FOR THE
CHALLENGES THE GROWTH OF
THE COMPANY WILL CREATE."**

Our internal management audits in the areas of production and administration provided important insights into the potential of our workforce and management employees and also their further training needs.

In the course of the financial year, the S+C-Akademie developed a completely new and very broad-ranging further training scheme for all employees. In future, personnel will have the opportunity to take part in a seminar (e.g. on HR strategy, history of the enterprise, production and quality processes, On and Offshore, new materials etc.) three times a year, conducted by one of the specialists on our management team. The aim is to foster further understanding for the overall entrepreneurial process. For other specific further training requirements, the S+C Akademie will offer the appropriate seminars as hitherto.

Another special highlight is our "Young Talent Programme", which is being held for the first time. In a process of internal assessments and potential evaluations, young people with particular talents have been chosen from within our company and have been taking part in a two-year development programme since mid-2014. The aim is to prepare them for greater responsibility within the company. Seminars, presentations, individually prepared topics – which are also presented in front of the senior management – and discussion evenings with the management are the core points of the programme. Once a year, more young talents – in future also from other countries – will be included in the programme.

Our further qualification activities at a glance

Personnel development	Further training	Basic training
Training in necessary qualifications and skills, including potential assessment and manager/talent development	Employee training; provision of specialist knowledge; skills upgrading measures in the current activity and for the future, e.g. <ul style="list-style-type: none">• Specialist courses/seminars• Language courses• IT user training	Apprenticeship/traineeship or study (Bachelor) in a recognized vocation, e.g. <ul style="list-style-type: none">• Machine and plant operator• Plant fitter/Welder Selection is usually carried out through and extensive assessment centre and intensive interviews

S+C as an attractive employer

In addition to all the internal activities, our growth goals also make it increasingly necessary to recruit skilled personnel, management employees and young graduates from outside. If only for this reason, it is essential to consistently establish S+C's standing as an attractive employer. Besides the proactive communication of all the things we have to offer (company kindergarten, fitness studio, highly modern canteen, flexible working possibilities in the administration and management field, including e.g. sabbaticals), a ground-breaking concept for trainee and student marketing was also developed at the beginning of 2015.

Secondment policy

The internationalization of our enterprise in connection with the planned growth will in future require significantly greater "inter-company permeability" in the filling of specialist and management positions; therefore, a standardized secondment policy, including the ancillary benefits, has been put in place for the temporary posting of workforce and management members to other parts of the Group (e.g. for two to three years). It is hoped that a willingness to move and take on a function at one of our other international sites – whether temporarily or otherwise – will become established as a key element in the personal career planning of our employees.

Operational measures

Also operationally, the prerequisites for future turnover and profit growth were put in place: The shutdown of ETS, avoiding social hardships and in constructive cooperation with the works council, and the elimination of overhead items from the administration were necessary steps for reducing loss-making areas of the business. Faster administrative processes (e.g. pay accounting, staff and cost planning) as well as intense internal training on the subject of compliance – which is becoming increasingly important – are preparing S+C for the requirements of the future.

Outlook

The year 2015 will be largely dominated by implementation of the internal employee and manager development measures devised internally by the S+C-Akademie. Additionally, it is our aim to prepare Sales & Marketing even more intensively for the challenges that the growth in the company will bring. To this end, in-depth management audits, potential assessments and personnel development activities will be conducted in the Petro, Special Products and On and Offshore areas.

The strategic and operational personnel support for the strong-growth site in Malaysia will be a further main focus of the HR activities in the year 2015.

Additionally, we are planning the successive implementation of an employee and manager feedback/assessment system as well as a process of strengthening the deployment flexibility of our blue-collar employees.



OUTLOOK 2015

In the current financial year, the Schmidt + Clemens Group will be presenting itself at two major trade shows, both of which are being held at almost exactly the same time in June: ACHEMA in Frankfurt am Main, and Thermprocess in Düsseldorf. Both events are strategically important for the S+C Group and are an absolute "must" for the industry. While the focus in Frankfurt is on everything to do with the chemical and petrochemical industries, the spotlight in Düsseldorf is on heat-resistant materials. For us, as for our customers, too, the overlap between the two events poses a challenge, especially as to some extent they both target the same groups.

At NACE Corrosion, the leading event on the subject of corrosion, members of our Research & Development team will be giving not just one, but two presentations. With several thousand delegates, NACE Corrosion counts as the most important scientific congress in this field.

We are expecting to see the first order for our On and Offshore business area in the first half of the current year. In this field, the year 2015 will see work continuing on the certification of our Duplex and Superduplex materials and on registration of them with customers and databases.

Production started at the beginning of the year at our new site in Malaysia. The primary task there will be sorting out the typical "teething troubles" and further stabilizing the production process. It is vital for us to achieve a consistent, high level of quality at all our sites.

The task of optimizing the plant layout in Lindlar-Kaiserau which was begun in 2014 will continue in the current year. A new Manufactur-

ing Execution System (MES) is being introduced, with the aim of supporting and simplifying the complex operational processes. The system has already been tried and tested and is scheduled for introduction in Mould Casting, Vertical Casting, Mechanical Workshop and Horizontal Casting in the course of the year.

Our "2015+" further training programme

This year, we launched "2015+", our new further training programme for all employees of the company. In seminars covering an extremely wide range of topics, experts from inside the company have the opportunity to inform their colleagues about our products, processes and markets. This strengthens identification with the company, its products and its customers. The courses on offer also include foreign language training. Employees who need the corresponding language skills for their day-to-day work activities have the opportunity to learn English or Spanish from scratch or to intensify their already existing knowledge of the language. The programme year is also accompanied by intensive training for our management and junior management personnel. At the beginning of the year, Schmidt + Clemens was included in the "Lexikon der deutschen Weltmarktführer" – the Lexicon of German World Market Leaders –, and only a few days later was chosen by "Wirtschafts-Woche", a business magazine belonging to the Handelsblatt Group, for a place on its list of Germany's "Top 100 SME Enterprises". S+C therefore ranks among the companies which in the past few years have achieved the highest growth as measured by the Birch Index.

Production locations

Germany Schmidt + Clemens GmbH + Co. KG

Spain Schmidt - Clemens Spain S.A.U

Czech Republic S+C ALFANAMETAL s.r.o. koncern

Malaysia Schmidt + Clemens (Asia) Sdn. Bhd.

Saudi-Arabia Schmidt + Clemens Saudi Arabia Ltd.

United Kingdom S+C Bowers & Jones Ltd.

Sales locations

Brazil Schmidt + Clemens Brasil

United Arab Emirates Schmidt + Clemens Middle East

India Schmidt + Clemens GmbH + Co. KG, India Liaison Office

USA Schmidt & Clemens Inc.



The Schmidt + Clemens Group will continue to grow in the coming years. Ambitious sales targets in all areas of the business make it essential for us to be able to recruit both skilled/qualified and management personnel of the right quality and in the required numbers in the future also. In this context, the S+C Akademie has a particular role to play. A sustainable personnel marketing concept is being conducted with the aim of making S+C known as an attractive employer outside the region also. It is aimed at trainees/apprentices, skilled/qualified personnel and management employees alike.

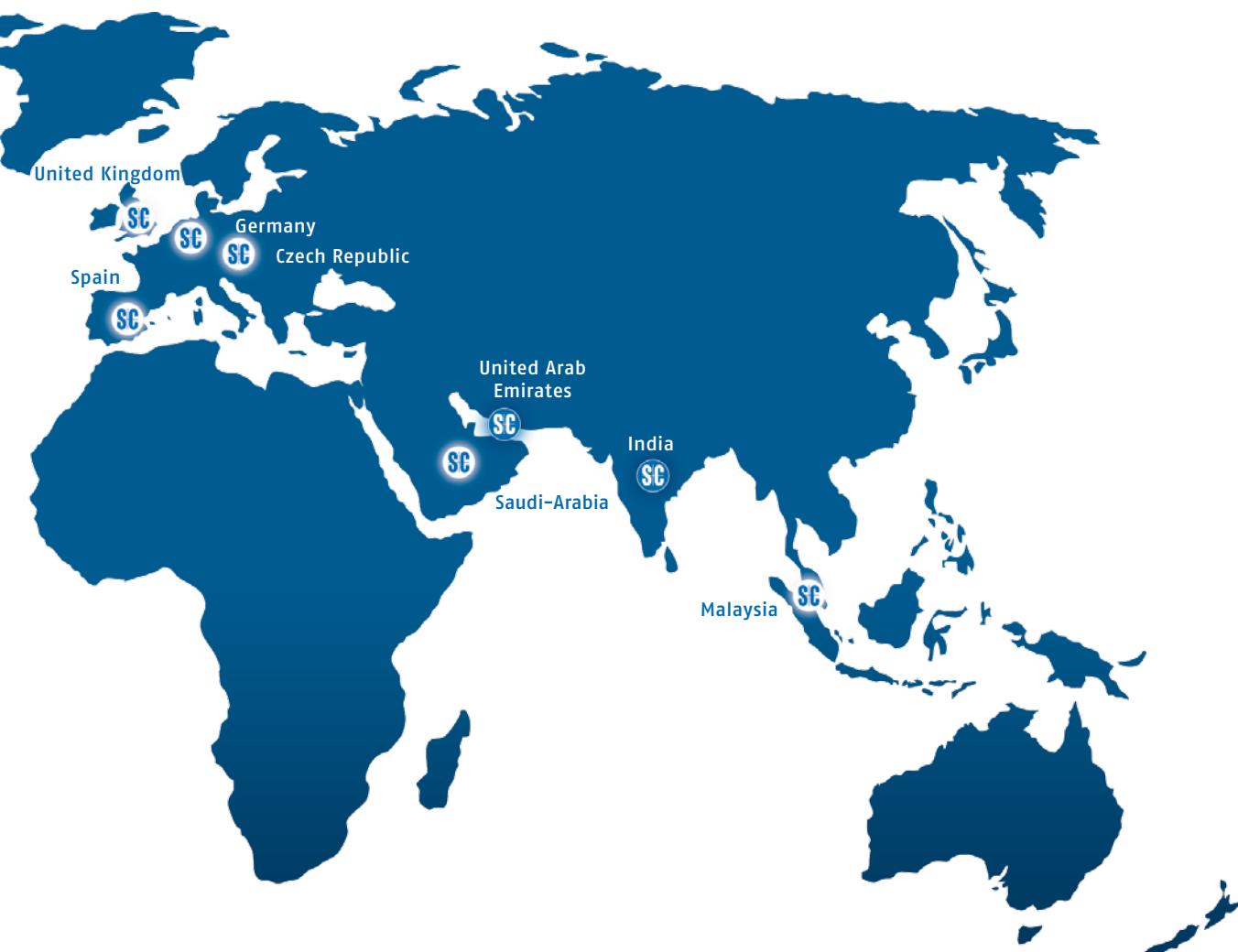
It is planned to double the sales turnover of the Group by the year 2019. It is anticipated that this growth will be generated by the new market for special pipes in the On and Offshore business and from the growth in the service activities. The Petrochemical business will defend its high market share and hence its leading position on the world market.

The aimed-for growth in sales will be dependent on sustained investment in infrastructure, machinery and human resources. In the next five years alone, we will invest an average €18 million per year – a figure that is significantly above the level of previous years. One crucial competitive advantage of S+C are its intense R&D activities. Around 30 scientists, materials specialists and engineers are

employed in our state-of-the-art laboratory and research environment, engaged in the optimization of existing materials and the development of new ones and in the field of near-production process optimization. It is vital for us to maintain this important element of our strategy on a constantly high level and to ensure further patent applications and registrations.

Schmidt + Clemens is well aware of its high social responsibility for people and the environment. We are therefore correspondingly proud that our enterprise is certified to OHSAS 18001:2007 and ISO 14001:2004. Both certificates are sufficient incentive to maintain our efforts in the fields of environmental protection and occupational health and safety on a consistently high level and make every effort to optimize them still further.

As we expressly state in our mission statement, we are committed to respect and tolerance towards cultural differences on the part of customers, suppliers and employees. S+C condemns discrimination and racism of every kind, and we strongly support coexistence between different cultures. At our operating locations throughout the world, we employ people of many different cultures, nationalities and religions. We will continue to foster this kind of diversity, and are convinced that this will contribute to securing the future of the Schmidt + Clemens Group in the long term.



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Industries

- Petrochemical industry
- Iron-ore direct reduction

Industries

- On- and Offshore

Industries

- Power technology
- Industrial furnace construction
- Separation technology
- Pump manufacturing
- Machine and plant construction

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Services

- Metallurgy and material engineering
- Material analysis and examinations
- Metallurgical defect analysis
- Process and material consulting
- Design of tubes and tube systems

- Material welding services
- Mechanical machining
- Heat treatment
- Convection zones
- Site services and logistics

Production locations

Germany, Spain, United Kingdom, Czech Republic, Malaysia, Saudi-Arabia

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