technologies. Linking these local manufacturing centers with the powder production plants in both Kapfenberg, Austria, and Hagfors, Sweden, serves to ensure the division's technology leadership across the entire process chain.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators (KPIs) reflect the pleasing performance of the High Performance Metals Division in the first three quarters of 2017/18. Revenue rose by 9.5% compared with the previous year, from EUR 1,949.5 million to EUR 2,134.9 million. The general increase in revenue, which helped to more than offset higher alloy prices; an improvement in the product mix especially with respect to tool steel; as well as an increase in sales volumes (particularly in Europe and Asia) were key to this expansion. These factors also led to a substantial improvement in results year over year. The operating result (EBITDA) rose in the first three quarters by 15.6%, from EUR 284.5 million in the previous year to EUR 329.0 in the current year. The profit from operations (EBIT) improved in the same period by 22.6%, from EUR 178.5 million to EUR 218.9 million. In turn, this caused the EBITDA margin to rise from 14.6% to 15.4%, and the EBIT margin from 9.2% to 10.3%.
As of the end of the third quarter of the business year 2017/18, the number of employees (FTE) in the High Performance Metals Division was 14,049 and thus 3.4% higher than the figure (13,587) in the same quarter of the previous business year, largely due to economic factors.

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros				Q 1 – Q 3		
	Q 1 2017/18 04/01– 06/30/2017	Q 2 2017/18 07/01– 09/30/2017	Q 3 2017/18 10/01– 12/31/2017	2017/18 04/01– 12/31/2017	2016/17 04/01– 12/31/2016	Change in %
Revenue	770.0	741.2	727.8	2,239.0	1,994.9	12.2
EBITDA	87.2	90.5	83.9	261.6	254.6	2.7
EBITDA margin	11.3%	12.2%	11.5%	11.7%	12.8%	
EBIT	47.0	34.4	42.5	123.9	140.0	–11.5
EBIT margin	6.1%	4.6%	5.8%	5.5%	7.0%	
Employees (full-time equivalent)	13,274	13,450	13,267	13,267	12,822	3.5

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

In contrast to the Group's other divisions, for a good part of the current business year the Metal Engineering Division was confronted with challenging conditions in its core segments. Particularly the demand from the European railway infrastructure market, which is important to the Rail Technology business segment, has been very restrained for quite some time now. Owing to the continued decline in investments in the maintenance and expansion of the European rail network, the few remaining projects triggered fierce price competition.
In contrast to the rail sector, the general climate in the Turnout Systems business segment was characterized by a satisfactory level overall of project activity. The division's global positioning, especially excellent developments in China, made it possible to cushion weaknesses in individual regional markets (the U.S., for example).
The successful start-up of the wire rod mill in the Wire Technology business segment, which boasts state-of-the-art technology, has already led to an excellent level of product quality in the first few months of full operations. As far as demand is concerned, order levels for high-quality wire from the automotive industry were excellent,

whereas project inquiries from the oil and natural gas sector remained few and far between, as before. Due to the ongoing challenges in the market, the ultra high-strength fine wires product segment, which serves primarily the solar and photovoltaics industry, had to recognize EUR 15 million in impairment losses on property, plant and equipment in the first half of 2017/18, which had a corresponding negative one-time effect on earnings.

In the Tubulars business segment, the upward trend in volumes that had made itself felt in quarters past continued in the third quarter of the business year 2017/18, but prices did not rise as much as had been expected at the start of the business year. This is due mainly to the fact that, following the strong recovery that began in the summer of 2016, in the past few months the number of active rigs in the United States has tended to move laterally. But this did not affect the division's production of seamless tubes, which has remained at full capacity throughout the business year 2017/18 to date.

The Welding Consumables business segment managed to stay positive at a stable level despite the fierce competition that has continued unabated throughout the first nine months of 2017/18 on account of the ongoing difficulties in the energy market.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators for the Metal Engineering Division in the first three quarters of 2017/18 were driven chiefly by the recovery in the oil and natural gas sector in terms of quantities, the intensified price competition in the Rail Technology business segment, as well as non-recurring start-up effects in the Wire Technology segment. The revenue growth by 12.2% from EUR 1,994.9 million in the first three quarters of 2016/17 to EUR 2,239.0 million in the current business year reflects, for one, the generally higher price level overall that stems from higher raw materials prices and, for another, the upward trend in the business volume of the Tubular business segment.

The operating result (EBITDA) rose during this period by 2.7% from EUR 254.6 million (margin of 12.8%) to EUR 261.6 million (margin of 11.7%) subject, however, to substantially divergent trends in the individual business segments. While margins in the Rail Technology business segment declined as a result of stiff competition, the operating profit margin in the Tubulars segment rose mainly on account of the substantial year-over-year improvement in capacity utilization. In contrast to EBITDA, at EUR 123.9 million (margin of 5.5%), the profit from operations (EBIT) in the first nine months is 11.5% lower than the previous year (EUR 140.0 million, margin of 7.0%) due to the Wire Technology business segment. For one, current depreciation has risen in the wake of the start-up of the new wire rod mill while, for another, depreciation in the first half of 2017/18 contains EUR 15 million in negative one-off effects from impairment losses on property, plant and equipment in the ultra high-strength fine wires product segment due to challenging market conditions that continue unabated.

As per the close of the third quarter of 2017/18, the Metal Engineering Division had 13,267 employees (FTE), an increase of 3.5% over the same reporting date the previous year (12,822), due largely to the expansion of the production volume in the Tubulars segment.