

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1		Q 2		H 1		Change in %
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	
	04/01- 06/30/2024	04/01- 06/30/2025	07/01- 09/30/2024	07/01- 09/30/2025	04/01- 09/30/2024	04/01- 09/30/2025	
Revenue	1,086.4	1,087.0	1,095.0	1,018.3	2,181.4	2,105.3	-3.5
EBITDA	132.0	102.0	120.6	89.9	252.6	191.9	-24.0
EBITDA margin	12.1%	9.4%	11.0%	8.8%	11.6%	9.1%	
EBIT	86.5	54.4	74.1	42.3	160.6	96.7	-39.8
EBIT margin	8.0%	5.0%	6.8%	4.2%	7.4%	4.6%	
Employees (full-time equivalent), end of period	14,696	15,008	14,977	15,186	14,977	15,186	1.4

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

In the first half of the 2025/26 business year, the Metal Engineering Division performed well overall, maintaining a stable level of activity. The Railway Systems business unit continued its positive development. By contrast, the product segments of the Industrial Systems business unit showed mixed results.

The **Railway Systems** business unit continued to benefit from strong global demand in the first half of 2025/26. The rails product segment performed steadily at a high level during the reporting period, supported by the current robust demand on the European market.

The turnout systems segment is a global player with local production sites in all major railway markets worldwide. In Europe, demand remained at a good level in the first half of 2025/26. Demand was particularly strong in Central and Eastern Europe. North America recorded positive development overall. Towards the end of the reporting period, however, the railway market was impacted by significantly higher procurement costs as a result of the tariffs implemented by the US administration. In Brazil, demand picked up noticeably again in the first half of 2025/26 after flattening out somewhat at the beginning of the business year. In China, the market for railway infrastructure developed largely stable at a satisfactory level. Railway markets on the African continent also developed positively in the first half of 2025/26.

The signaling product segment (sensor and signaling technology) continued its positive development in the reporting period. Demand in Europe remained stable and was supported by additional deliveries to the Arab region.

Positive volume effects from sustained high demand for sleepers in Central and Eastern Europe contributed significantly to the encouraging performance of the fixation product segment in the first half of 2025/26.

As in previous periods, the performance of the **Industrial Systems** business unit varied depending on the product segment. Thanks to its broad global presence, the welding product segment recorded stable overall performance at a good level. While demand in Europe remained subdued and there were temporary shifts in North America, the markets in China, the Middle East, and Africa developed positively.

In addition to declining demand due to falling activity in oil and gas exploration, the tubulars product segment was primarily affected by the US administration's tariff policy during the reporting period. Since June 4, 2025, an additional import duty of 50 % on steel products entering the US has been in effect.

In the wire technology product segment, demand remained subdued in the first half of 2025/26 in the main sectors of automotive, construction, and mechanical engineering. Only special applications such as prestressing wires for railroad sleepers and special wires for wind tower construction showed a positive demand trend. In this environment and the associated intensity of competition, business development in the reporting period was at a low, albeit stable, level.

FINANCIAL KEY PERFORMANCE INDICATORS METAL ENGINEERING DIVISION

Revenues in the Metal Engineering Division declined by 3.5 % year-on-year from EUR 2,181.4 million in the first half of 2024/25 to EUR 2,105.3 million in the first half of 2025/26. The decline is primarily attributable to slightly lower prices for wire and seamless tube products. In terms of sales volumes, however, the division actually achieved slight growth in the current reporting period.

Operating profit (EBITDA) amounted to EUR 191.9 million (margin 9.1 %) in the first half of 2025/26, down 24.0 % on the previous year's figure of EUR 252.6 million (margin 11.6 %). While the Railway Systems business unit continued to perform solidly, the Industrial Systems business unit suffered losses. Particularly noteworthy are the difficult market conditions in the wire product segment and the impact of US import tariffs, coupled with declining demand in the tubulars product segment. Profit from operations (EBIT) declined by 39.8 % year-on-year from EUR 160.6 million (margin 7.4 %) to EUR 96.7 million (margin 4.6 %).

In a direct quarterly comparison from the first to the second quarter of 2025/26, revenue decreased by 6.3 % from EUR 1,087.0 million to EUR 1,018.3 million. US tariffs on steel products, which were increased to 50 % at the beginning of June 2025, had a significant negative impact on earnings in the Tubulars product segment in the second quarter. In addition, the segment was also confronted with declining prices for seamless pipes.

EBITDA fell by 11.9 % in a direct quarterly comparison, from EUR 102.0 million (margin 9.4 %) to EUR 89.9 million (margin 8.8 %). This was mainly due to the earnings performance in the tubulars product segment as a result of declining prices and volumes as well as the additional cost burden from US tariffs. EBIT declined by 22.2 % from EUR 54.4 million (margin 5.0 %) to EUR 42.3 million (margin 4.2 %).

As of September 30, 2025, the Metal Engineering Division employed 15,186 people (FTE, full-time equivalent). Compared to the same date in the previous business year (14,977), this represents an increase of 1.4 %