METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2025/26 04/01–06/30/2025	2026/27 04/01–06/30/2026	2025/26 07/01–09/30/2025	2026/27 07/01–09/30/2026	2025/26 04/01–09/30/2025	2026/27 04/01–09/30/2026	Change in %
Revenue	1,087.0	1,048.2	1,018.3	1,014.9	2,105.3	2,063.1	-2.0
EBITDA	102.0	91.0	89.9	86.2	191.9	177.2	-7.7
EBITDA margin	9.4%	8.7%	8.8%	8.5%	9.1%	8.6%	
EBIT	54.4	43.7	42.3	39.9	96.7	83.6	-13.5
EBIT margin	5.0%	4.2%	4.2%	3.9%	4.6%	4.1%	
Employees (full-time equivalent), end of period	15,008	14,821	15,186	14,959	15,186	14,959	-1.5

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Despite a continuously challenging economic environment, the Metal Engineering Division posted stable overall performance in the first half of the 2026/27 business year. Railway Systems performed well, benefiting from sustained high demand and additional project business. In Industrial Systems, however, the picture was mixed. This was mainly caused by continued subdued demand in Europe on the one hand, and geopolitical uncertainties in the Middle East as well as adverse trade conditions, particularly between the EU and the U.S., on the other.

In the **Railway Systems** business unit, the positive trend in the rail infrastructure business continued in the first half of 2026/27. Order intake remained at a high level and was supported by numerous infrastructure projects in Europe as well as international project contracts.

The **Track Systems** product segment continued to perform well in the first half of the 2026/27 business year. Capacity utilization remained high. Key drivers included the DACH region (Germany, Austria and Switzerland) and additional project activity in Central and Southeastern Europe. Sustained robust demand in the tram and metro segments in Europe and South America also supported business performance.

The globally positioned **Turnout Systems** product segment also recorded positive development during the reporting period. In Europe, demand remained at a good level, driven by commuter rail and infrastructure projects. North America also performed well, supported by robust demand in the freight and transit sectors. In China, additional activities in the high-speed rail sector boosted momentum, while in India, some projects continued to be affected by delays. South America showed a rather moderate trend, while Africa continued to perform satisfactorily overall.

The **Signaling** product segment (sensor and monitoring technology) benefited from a positive market environment in the first half of the 2026/27 business year. In particular, projects in the field of axle counting technology provided additional momentum. Temporarily weaker performance in individual European markets was partially offset by international project activities.

The **Fixations** product segment showed an overall positive trend in the first half of the 2026/27 business year. Demand for concrete sleepers remained at a good level, particularly in Central and Eastern Europe. The fixations business was characterized by project postponements and delays in certain export markets.

Industrial Systems showed mixed performance in the first half of the 2026/27 business year:

The **Welding** business unit recorded a stable performance overall during the reporting period. Demand in Europe remained subdued overall and was affected by prevailing geopolitical uncertainties resulting from the wars in Ukraine and the Middle East. Market momentum was also subdued in North, Central, and South America. At the same time, strong demand in China had a supportive effect.

For the **Tubulars** business unit, the business environment remained challenging in the first half of the 2026/27 business year. Current U.S. trade policy and additional pressures from further protectionist measures (provisional additional duties[1]) weighed on business performance. In addition, geopolitical tensions led to a decline and delay in revenue. To mitigate the impact, capacity adjustments were implemented. Furthermore, additional measures are currently under review.

The **Wire** business unit continued to face challenging conditions in the automotive, construction, and mechanical engineering industries. A persistently difficult demand and pricing environment characterized performance in the first half of the 2026/27 business year. Despite the implementation of the European CBAM (Carbon Border Adjustment Mechanism) system, market conditions allowed for only sporadic and minor price increases. By contrast, some product areas (special profiles, premium ball-bearing steels, tension wires for railroad ties and for wind turbine tower construction) continued to perform steadily and provided support.

[1] countervailing duties, anti-dumping duties

FINANCIAL KEY PERFORMANCE INDICATORS METAL ENGINEERING DIVISION

Revenue trends in the Metal Engineering Division showed a slight year-over-year decline of 2.0%, from EUR 2,105.3 million in the first half of 2025/26 to EUR 2,063.1 million in the first half of 2026/27. The Railway Systems business unit showed a stable trend in revenue, whereas Industrial Systems faced a decline in revenue due to further protectionist measures and, in this context, provisional additional duties[1] in the Tubulars product segment.

Operating profit (EBITDA) also declined, falling by 7.7% from EUR 191.9 million (margin: 9.1%) in the prior year to EUR 177.2 million (margin: 8.6%) in the current reporting period. Similar to revenue, operating profit (EBITDA) in the Railway Systems division remained at a consistently strong level. The somewhat weaker performance in Industrial Systems is again attributable to the challenging conditions for Tubulars. Operating profit (EBIT) for the first half of 2026/27, at EUR 83.6 million (margin 4.1%), was 13.5% below the prior-year figure (EUR 96.7 million, margin 4.6%).

The development within the Metal Engineering Division from the first to the second quarter of 2026/27 was slightly weaker. Similar to the year-over-year comparison, the Railway Systems business unit continued to perform at a solid level in the second quarter 2026/27; however, Industrial Systems reported a decline in revenue as a result of the difficult operating conditions for the business unit Tubulars. Specifically, the Metal Engineering Division's revenue decreased by 3.2% in a direct quarter-over-quarter comparison, from EUR 1,048.2 million to EUR 1,014.9 million. EBITDA amounted to EUR 86.2 million in the second quarter of 2026/27 (margin: 8.5%), representing a 5.3% decrease from the previous quarter (EUR 91.0 million, margin: 8.7%). EBIT reached EUR 39.9 million in the second quarter of 2026/27 (margin: 3.9%), representing a decrease of 8.7% compared with the first quarter of 2026/27 (EUR 43.7 million, margin: 4.2%).

As of September 30, 2026, the Metal Engineering Division employed 14,959 employees (FTE, full-time equivalent). Compared to the same date in the previous business year (15,186), this represents a decrease of 1.5%.