

METAL ENGINEERING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Engineering Division performed well overall in the 2024/25 financial year, supported by its global presence and the positive market conditions in the **Railway Systems** business segment. In contrast, the **Industrial Systems** business segment saw varied performance across its product areas.

The good global demand in the **Railway Systems** segment continued in this reporting period, with only a seasonal slowdown in the second half of the year due to lower construction site activity during the winter months. Despite the overall economic weakness in Europe, the railway infrastructure market remained robust, particularly in the **rails** product segment, which focuses primarily on European markets. As a result, the Donawitz rail plant in Austria operated at high capacity throughout the financial year.

The **turnout systems** product segment saw consistently good demand in both the European Union and the UK, with particularly positive developments in Germany and Austria. In North America, the 2024/25 financial year was satisfactory overall. Good demand in the passenger transport ("Transit") sector helped offset weaker activity in the heavy haul sector ("Class 1") at times. South America and South Africa also saw favorable developments in heavy haul transport. In Egypt, the first turnout systems from the new joint venture with the Egyptian state railways were successfully delivered in the second half of the year, with promising development. Demand for turnout systems remained solid in Australia and India. In China, following the development of the high-speed rail network in recent years, the market has matured, with current demand focused on maintenance. As a result, delivery volumes in 2024/25 fell short of past exceptional levels but remained satisfactory.

The **signaling** product segment complements the product portfolio with intelligent digital solutions, including point machine systems, monitoring systems for track and rolling stock, and axle counters. With the launch of the new "zentrak" software platform, voestalpine Railway Systems now offers a fully integrated system for railway asset management. The platform enables real-time tracking and condition monitoring, improving maintenance planning, reducing costs, and increasing track availability. The signaling segment continued its growth trajectory in the 2024/25 financial year and delivered very satisfactory results.

In the **Industrial Systems** business segment, product performance varied significantly. For example, the **wire technology** product segment (wire rod and drawn wire), which is heavily focused on Europe, faced persistently difficult market conditions. Demand for wire rod was very subdued in the key customer industries such as automotive, construction, and mechanical engineering. Drawn wire performed better, particularly in specialty segments like shaped wire for the energy industry, special wire for ball bearings and prestressing wire for railroad sleepers. After a solid start, demand in the **tubulars** product segment weakened significantly over the course of the reporting period. Falling global prices for crude oil and natural gas led to reduced exploration activities, particularly in North America, as well as lower volume requirements and prices for OCTG pipes (oil and gas production pipes). Although market conditions stabilized at the end of the financial year, the US administration's tariff policy led to renewed uncertainty.

Thanks to its global reach, the **welding** product segment remained stable at a good level. In Europe, general economic weakness dampened demand for equipment, welding rods and electrodes. North America recorded a somewhat subdued but adequate market trend, while demand in South America declined more sharply. In contrast, business development in Asia, particularly China, was strong, and the growth markets of India, Africa and the Middle East showed solid demand for welding technology products.

FINANCIAL KEY PERFORMANCE INDICATORS

Following the very strong performance in the previous year, the Metal Engineering Division recorded declines in its financial performance indicators in the 2024/25 business year. Revenue decreased by 3.4%, from EUR 4,315.7 million in 2023/24 to EUR 4,167.9 million in the 2024/25 business year. The individual business segments and product segments showed varying trends. The Railway Systems business segment was able to increase revenue year-on-year, with a significant contribution coming from the turnout systems product segment, which expanded its overall business volume. In contrast, the Industrial Systems business segment recorded a decline in revenue. Slowing momentum in the tubulars product segment and challenging market conditions in wire technology led to lower prices and volumes in the shipping of seamless tubes and wire products, respectively. A similar picture emerged in

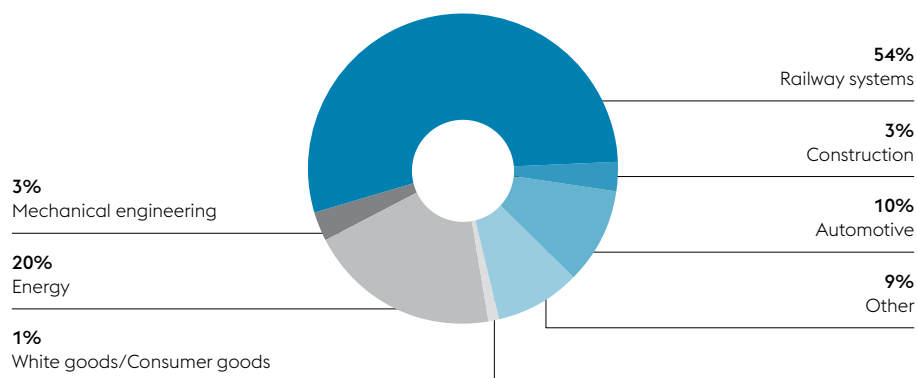
terms of sales revenue. While the Railway Systems business segment improved its operating result (EBITDA) year-on-year, the EBITDA trend in Industrial Systems showed a downward trajectory despite cost-cutting measures. The operating contribution from the tubulars product segment declined during the reporting period due to lower demand for seamless tubes for oil and gas exploration. Overall, the EBITDA of the Metal Engineering Division fell by 23.9%, from EUR 606.2 million (margin of 14.0%) in the 2023/24 business year to EUR 461.1 million (margin of 11.1%) in 2024/25. EBIT (operating profit) declined by 36.1% over the same period, from EUR 427.7 million (margin of 9.9%) to EUR 273.5 million (margin of 6.6%).

In a direct quarterly comparison between Q3 and Q4 of 2024/25, the revenue level of the Metal Engineering Division remained nearly stable, while earnings improved. Revenue in Q4 stood at EUR 990.0 million, essentially unchanged from the previous quarter's figure of EUR 996.5 million. Slightly weaker revenue in the Railway Systems business segment was offset by a revenue increase in the Industrial Systems business segment. The division succeeded in increasing EBITDA by 18.3%, from EUR 95.5 million (margin of 9.6%) in Q3 to EUR 113.0 million (margin of 11.4%) in Q4 of 2024/25. In a direct quarter-on-quarter comparison, the Industrial Systems business segment was able to improve its operational performance. This was driven primarily by a significant improvement in earnings in the welding product segment. The wire technology segment also saw a quarter-on-quarter improvement in EBITDA. EBIT for the division reached EUR 63.9 million in Q4 2024/25 (margin of 6.5%), which was an increase of 30.4% compared with EUR 49.0 million (margin of 4.9%) in Q3 2024/25.

As of March 31, 2024, the Metal Engineering Division employed 15,071 people (FTEs), representing an increase of 2.4% compared with the same date in the previous financial year (14,724). This rise is primarily due to the acquisitions of welding wire manufacturer Italfil S.p.A. in the welding product segment and the production facilities of Wabtec Components LLC through an asset deal in the turnout systems product segment.

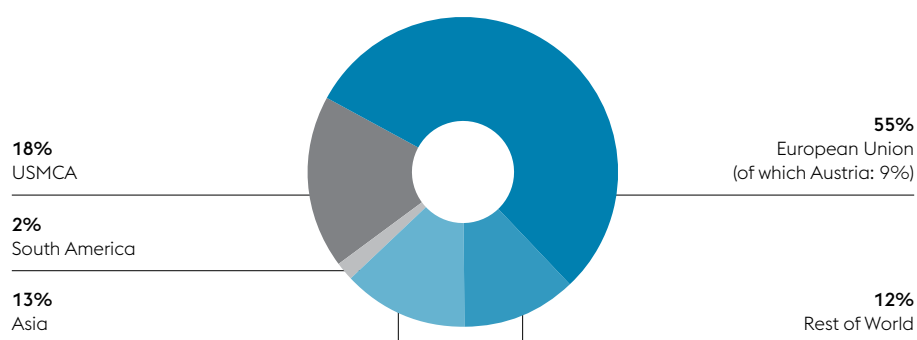
CUSTOMERS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2024/25



MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2024/25



QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros

	1 st quarter 2024/25	2 nd quarter 2024/25	3 rd quarter 2024/25	4 th quarter 2024/25	BY		Change in %
					2024/25	2023/24	
Revenue	1,086.4	1,095.0	996.5	990.0	4,167.9	4,315.7	-3.4
EBITDA	132.0	120.6	95.5	113.0	461.1	606.2	-23.9
EBITDA margin	12.1%	11.0%	9.6%	11.4%	11.1%	14.0%	
EBIT	86.5	74.1	49.0	63.9	273.5	427.7	-36.1
EBIT margin	8.0%	6.8%	4.9%	6.5%	6.6%	9.9%	
Employees (full-time equivalent)	14,696	14,977	14,789	15,071	15,071	14,724	2.4