STEEL DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Steel Division performed very well in the 2024/25 financial year, defying an extremely difficult European steel market.

Against the backdrop of stagnating economic growth, a sharp decline in industrial production and reduced investment activity across Europe, the steel market experienced low demand and falling steel prices over long periods, while import volumes remained high.

The Steel Division's strategic focus on high-quality steel sheets for technically demanding applications and its long-standing access to market segments for special steel grades enabled it to perform very satisfactorily despite weak demand in some areas.

Demand for steel sheets in the European **automotive industry** was solid during the first half of 2024/25. Despite an overall decline in automotive production in Europe, deliveries remained stable thanks to active market engagement and the division's reliable delivery performance. After the summer of 2024, demand for volumes dipped sharply following profit warnings from well-known car manufacturers but recovered somewhat towards the end of the financial year.

The **construction industry** remained stagnant at a low level over the entire 2024/25 financial year. Although the European Central Bank (ECB) initiated a cycle of interest rate cuts in the first quarter of the financial year and lowered key interest rates to almost neutral levels by the end of the reporting period, the interest-sensitive construction sector did not see any significant stimulus.

The **household appliances and consumer goods industry** also remained weak. Depressed consumer sentiment and a lack of new housing projects reduced demand for furnishings. In addition, residual effects from the COVID-19-driven boom, when many people invested in new household appliances, are still being felt in this segment.

The **mechanical engineering industry** was similarly subdued due to the low level of industrial production in Europe and a general reluctance to invest.

In contrast, the **energy sector** provided a bright spot. The Steel Division supplies high-tech heavy plate for international pipeline projects and the offshore industry, and demand in this market remained strong throughout the 2024/25 financial year. The increasingly complex technological requirements for materials confirm the Steel Division's strategy and further reinforced its position as a preferred supplier.

At the end of the business year 2024/25, the newly elected US administration imposed 25% tariffs on steel and aluminum imports into the United States of America—similar to those enacted in 2018 under Section 232. The Steel Division only exports very small quantities of steel products to the USA, primarily grades that are not produced there, meaning that customers are reliant on imports.

Raw material prices showed comparatively low price fluctuations in the 2024/25 financial year. Iron ore, the most important raw material in steel production, remained largely stable at around USD 100 per ton, while metallurgical coal declined from around USD 230 per ton to around USD 170 per ton over the course of the financial year. Steel scrap prices fluctuated but ended the year near their starting point at just under USD 400 per ton, after a temporary drop to USD 340 per ton in fall 2024.

The implementation of the greentec steel project to transform steel production at the Linz site went according to plan, both in terms of time and budget. An important milestone in the 2024/25 financial year was the official groundbreaking ceremony for the construction of the 220 kV supply ring by electricity grid operator Austrian Power Grid (APG), following a positive environmental impact assessment (EIA). Construction of the plant's electricity supply infrastructure began, and contracts for the erection of the new steel construction halls were awarded.

FINANCIAL KEY PERFORMANCE INDICATORS

Revenue in the Steel Division declined by 4.7% year-on-year, from EUR 6,087.8 million in the 2023/24 business year to EUR 5,799.1 million in 2024/25. Falling raw material costs, combined with a subdued economic environment, had a dampening effect on price levels for flat steel products. Shipping volumes also declined slightly compared to the previous year. An improved product mix—specifically the expansion of high-tech heavy plate deliveries to the energy sector—contributed positively to revenue. This strong development in the energy segment is also reflected in the division's earnings. Performance in the Steel Division was further supported by the implementation of extensive cost-cutting and efficiency-enhancing measures. As a result, the Steel Division was able to increase operating result (EBITDA) by 8.3%, from EUR 686.6 million (margin of 11.3%) in the previous year to

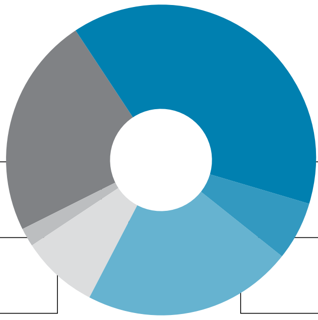
EUR 743.8 million (margin of 12.8%) in the current reporting period, despite challenging market conditions. In addition to improvements in product mix and productivity, lower input costs for raw materials and energy helped offset declining price and shipment levels. Profit from operations (EBIT) rose accordingly by 11.8%, from EUR 428.3 million in the 2023/24 business year to EUR 478.8 million in 2024/25. The EBIT margin therefore increased from 7.0% to 8.3%.

In a direct comparison between Q3 and Q4 of 2024/25, the Steel Division significantly improved its financial performance indicators. Revenue rose by 15.6%, from EUR 1,336.5 million in Q3 to EUR 1,544.5 million in Q4, due to higher sales volumes. Price levels, however, declined slightly quarter-on-quarter. Between Q3 and Q4 of 2024/25, EBITDA improved significantly—up 69.4% from EUR 129.4 million (margin of 9.7%) to EUR 219.2 million (margin of 14.2%). The sharp increase in delivery volumes was a key driver of the very strong earnings performance in Q4. EBIT in the Steel Division rose by 142.7%, from EUR 62.6 million in Q3 to EUR 151.9 million in Q4 of 2024/25.

On the reporting date of March 31, 2025, the number of employees (FTE) had declined slightly by 0.7% to 10,675. On the same date in the previous year, the Steel Division had a workforce of 10,747.

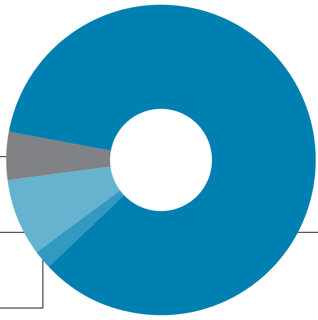
CUSTOMERS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2024/25



MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2024/25



QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	1st quarter 2024/25	2nd quarter 2024/25	3rd quarter 2024/25	4th quarter 2024/25	BY 2024/25	BY 2023/24	Change in %
Revenue	1,566.1	1,352.0	1,336.5	1,544.5	5,799.1	6,087.8	−4.7
EBITDA	229.7	165.5	129.4	219.2	743.8	686.6	8.3
EBITDA margin	14.7%	12.2%	9.7%	14.2%	12.8%	11.3%	
EBIT	164.2	100.1	62.6	151.9	478.8	428.3	11.8
EBIT margin	10.5%	7.4%	4.7%	9.8%	8.3%	7.0%	
Employees (full-time equivalent)	10,816	10,924	10,705	10,675	10,675	10,747	−0.7