

A stylized image of a planet's horizon against a black background. A bright sun is rising behind the horizon, creating a lens flare effect with several rays of light extending outwards.

FACC AG ANALYST PRESENTATION & OUTLOOK 2020

August 2020


OVERVIEW FIRST HALF YEAR 2020

Effects of the Corona crisis clearly visible on FACC

- > Q1 revenues and earnings according to plan
- > Fixed cost reduction program is taking effect.
- > Establishing a COVID-19 Task Force to ensure the health of employees and secure the supply to all customers
- > Adaption of FACC sites to new market requirements
- > Additional measures defined to align cost structure with new market size.
- > Despite a difficult market environment, a positive operating EBIT in H1 2020 was achieved.
- > COVID-19 related impairments of EUR 37.4 mill. processed in the Q2 results.
- > Liquidity of the company increased by EUR 60 mill. by the COVID-19 KRR of the OeKB.
- > Repayment of corporate bond successfully executed
- > Market transparency enables an earnings outlook for the 2020 financial year:
 - EBIT range between EUR -55 and -65 million (including COVID-19 one-off effects)
 - Revenues expectation in the range of EUR 500 - 520 million


KEY FIGURES H1/2020


COVID-19 impacts major key figures in H1/2020

292 mill. 
Revenues
 -26 % to previous year


98 mill. 
Revenues
 In Q2 after 194 mill. in Q1/2020

+ 0,6 mill. 
 Positive operating EBIT despite Corona environment


- 37,4 mill. 
 Impairment due to Corona

- 36,9 mill. 
 EBIT after one-offs

9 mill. 
 Investments in the sites

15 mill. 
 Corona savings program

29 mill. 
 Support by government measures

60 mill. 
 Additional liquidity by KRR credit lines

STRATEGIC PROJECTS

Research, efficiency and new projects all according to plan

- > „FACC Innovation Center“ with new facilities in order to develop new production processes.
- > Vertical integration on track
 - In house production of lightweight metal parts and production of business jet interiors in order to increase profitability
- > Insourcing of work packages in order to use existing capacities.
- > A320 Entrance Area in new **Airspace Design**
 - **First delivery** on track in August
 - **Serial production** implementation reduces the COVID-19 effects



GLOBAL AEROSPACE MARKET



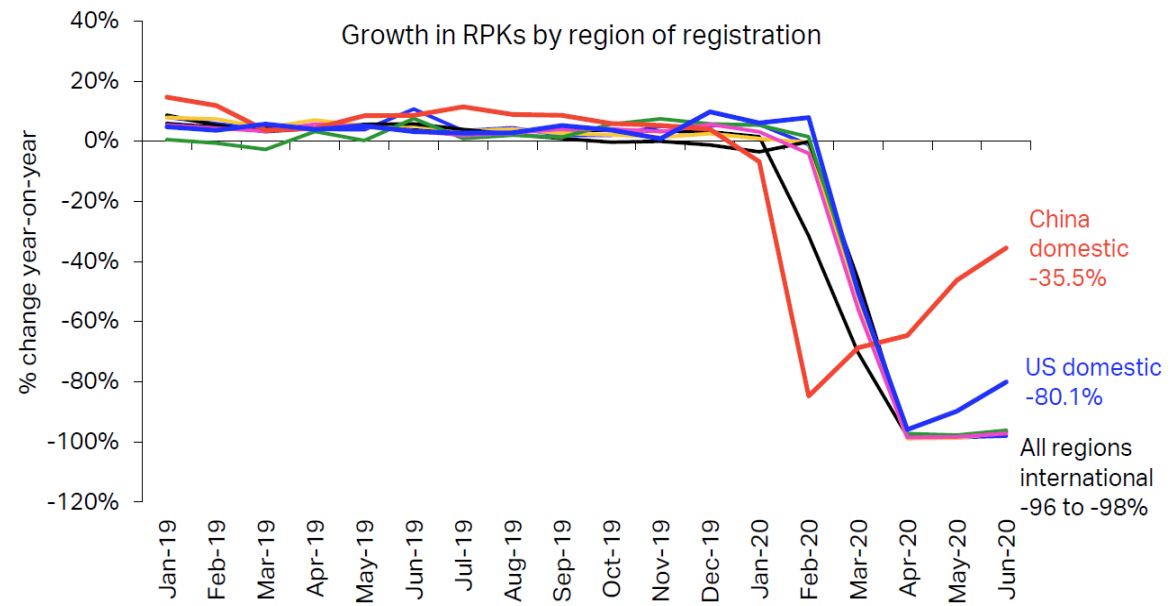
GLOBAL MARKET OVERVIEW

Industry downsizing with extended rebound period

- > **80% unprecedented drop in traffic** as a result from COVID-19
- > **Stressed financial** situation at airlines
- > **Recovery** restarted but likely to be **slow, uneven** and with different **regional dynamics**
- > Fleet size re-adjustments and early **airplane retirements** (A380 and B747)
- > **Industry is reducing employment** (airlines, OEMs, supplier networks)
- > **Impact is deeper** and **rebound** will take **longer** compared to crises in 2001 or 2008
 - Market understanding shapes up after 6 month
 - Pre-Corona levels likely to be reached by 2024 or 2025

POST CORONA AIRTRAVEL DEVELOPMENT

Change in daily air passenger volume



Passenger volumes in China are on the rise but remain significantly below 2019.

China lock down was 2 month before Europe, US or other nations.

Air traffic in Europe and USA still suffer and probably will suffer longer compared to China.

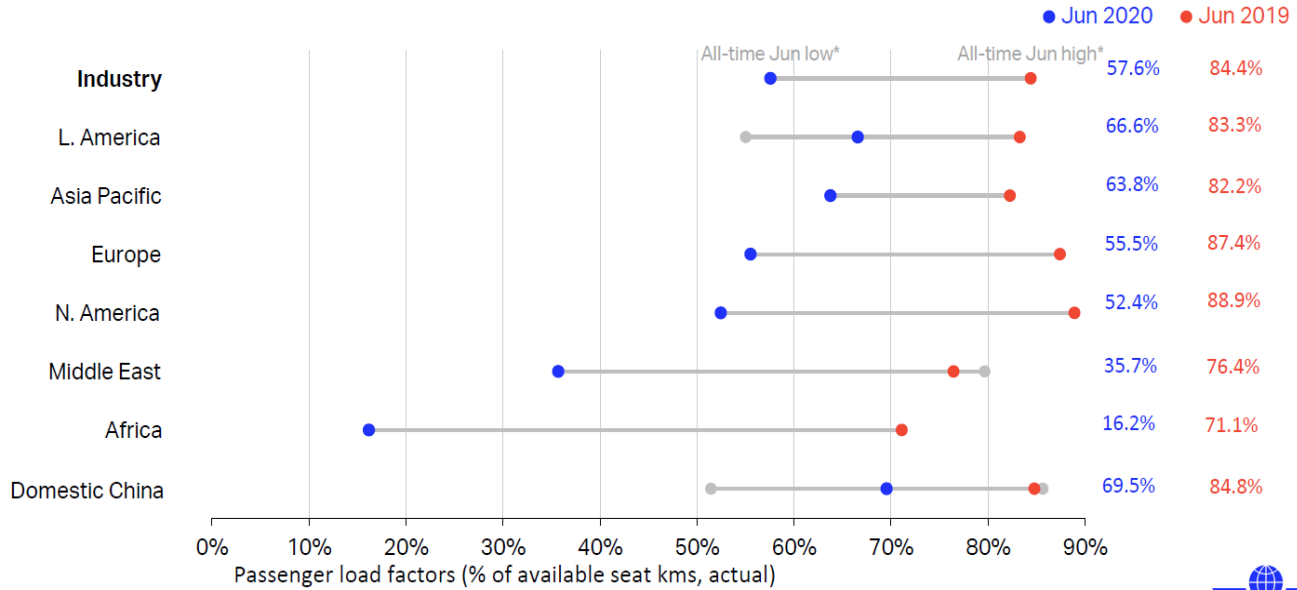
China shut down faster and more restrictive, other continents with fragmented counter measures.



Source: IATA Economics using data from IATA Statistics

LOAD FACTOR AS OF JUNE 2020

Routes are added but load factors still low



Airplane Load Factors remain at all time lows in most regions.

June domestic load factors on average at 62,9%.

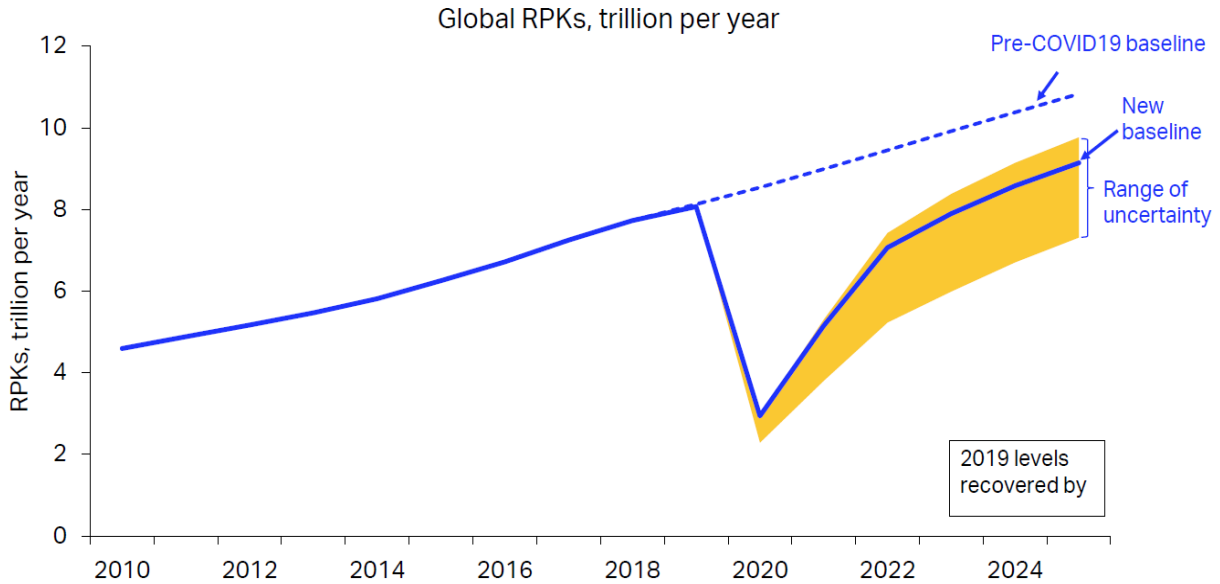
International load factor still weak at a level of 38,9%.

*Data from 1990 onwards



MARKET RECOVERY ASSESSMENT

4-5 year “Step by Step” market recovery expected



2019 market level regained in 2024 or 2025.

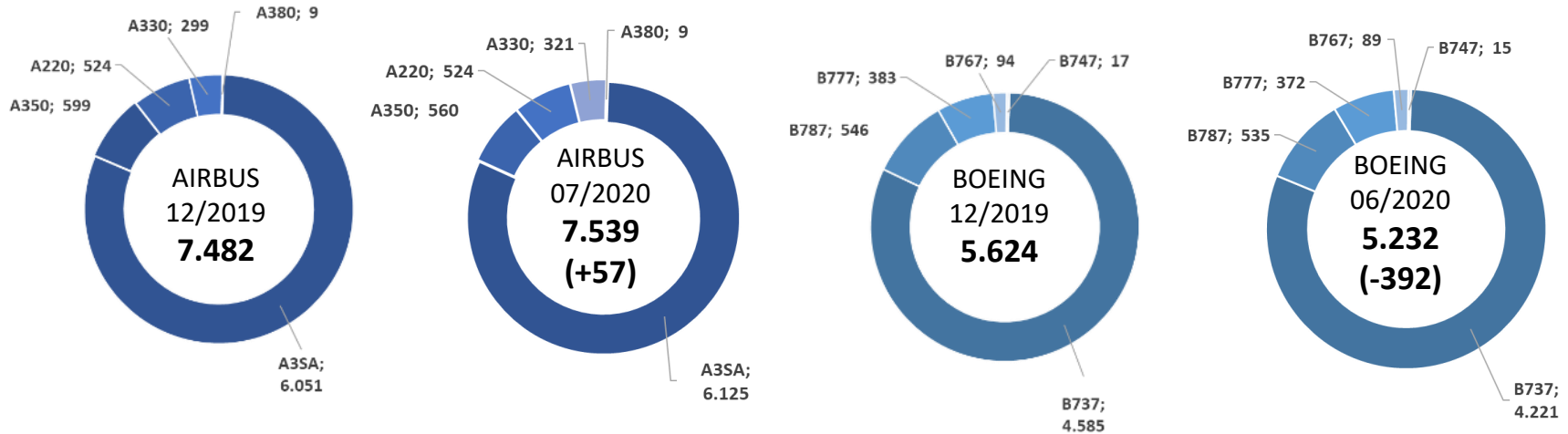
75% growth forecasted for 2021 but RPK still 36% below Pre-Corona levels .

Range of uncertainty still existing.



CUSTOMER ORDER BOOK AS OF 06/2020

Still strong order-book, but also cancelations and delivery date deferrals



Airbus and Boeing are still holding 12,771 Firm Orders (Status as of July for AI and June for BCA 2020).

This represents a reduction of -336 Firm Orders compared to 13,107 Firm Orders at Dec 2019.

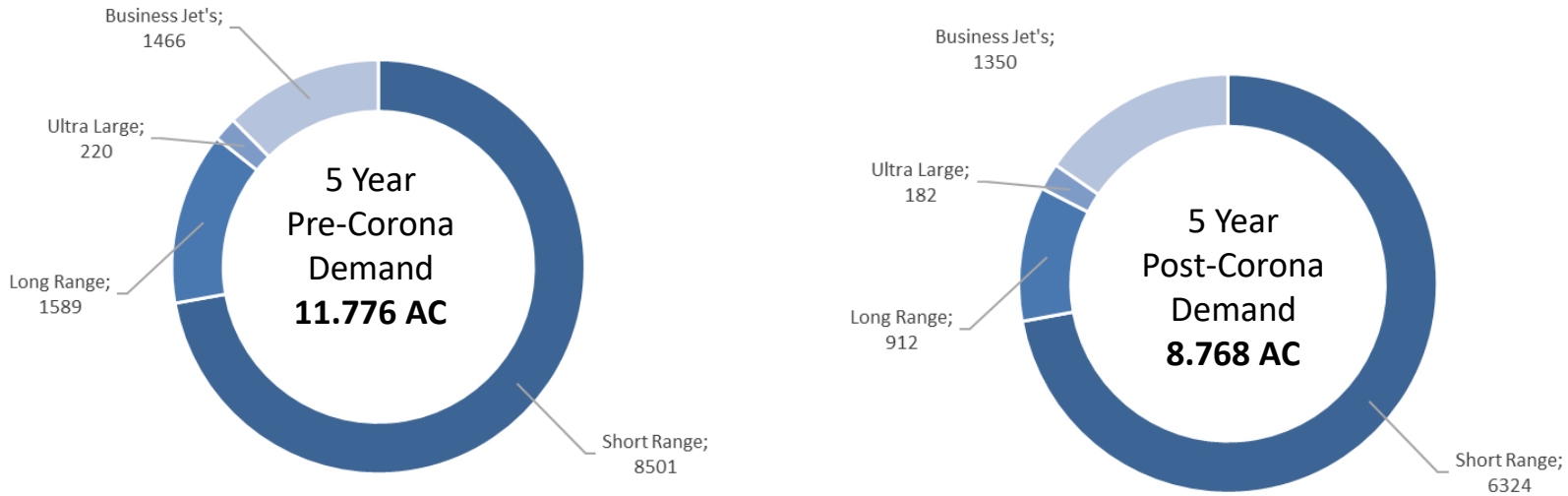
FUTURE AIRCRAFT RATES

Market visibility is improving but still uncertainty in long term planning

- > Demand Alignment with customers ongoing and progressing well
- > Short term planning accuracy increased
- > Longer term forecast (2021+) still under coordination with some market uncertainty
 - Long Range Aircraft Rates (A350, B787) more impacted (up to 50% demand reduction)
 - Short Range Aircraft Rates (A32F, A220) less impacted with faster rebound
 - Business Jet's with short term impact but fast recovery
 - B747 production stop announced following A380
- > Inventory adjustments at OEMs with additional short term impacts to FACC

Production Rate Development

Production Rates for major FACC platforms Pre- versus Post Corona



Based in our assessment, Corona will lower the FACC demand driven airplanes by 3.008 between 2021 and 2025.

Based on today's available market information, 2019 Pre-Corona levels will be reached between 2024 and 2025

CORONA CASH ACTION PLAN

Fixed- & Variable Cost Reduction and cash flow actions are launched

Internal Measures

1. Right-sizing the company
 - EUR 13 mill. from reduction in W/C
 - EUR 28 mill. from reduction in B/C
2. Working Capital
 - EUR 40 mill. Inventory reduction until 06/2021
 - EUR 10 mill. acceleration of NRC-payments
 - EUR 10,8 mill. frozen money FPI
3. Investment Control
 - EUR 10 mill. reduction in General Investments (50% compared to previous years)

Government Support

1. Short Term Work (EUR 25 mill.)
2. Fixed Cost Funding
3. Tax Deferrals (EUR 25 mill.)
4. Trade 2020 losses against 2018 and 2019 corporate taxes
5. Increase in investment support and extra R&T funding

H1 - 2020

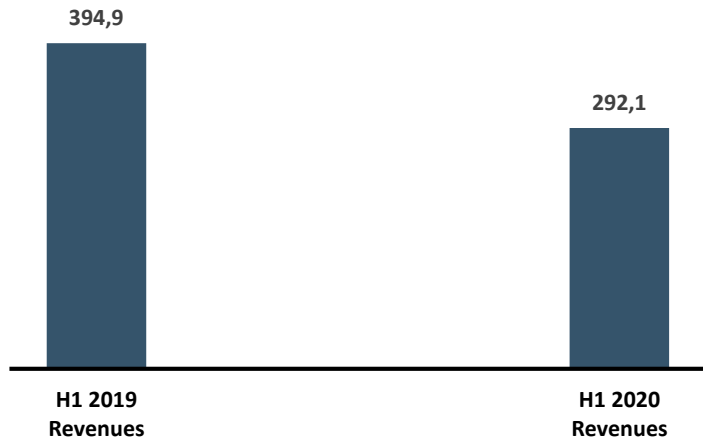
Financial KPIs

Aleš Stárek, CFO

FACC GROUP

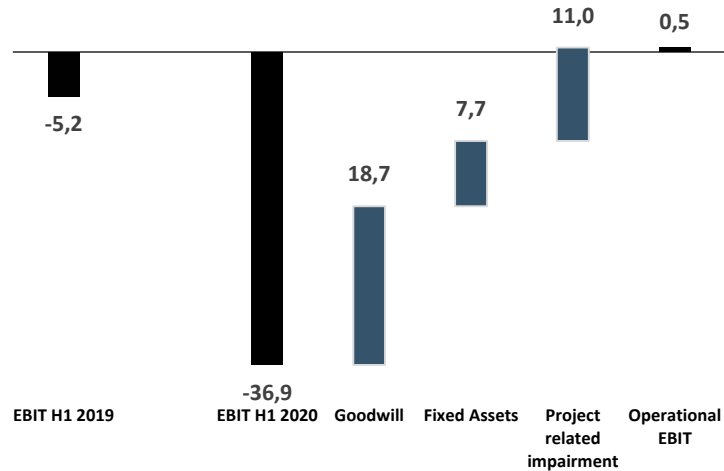
Revenues

in EUR mill.



EBIT

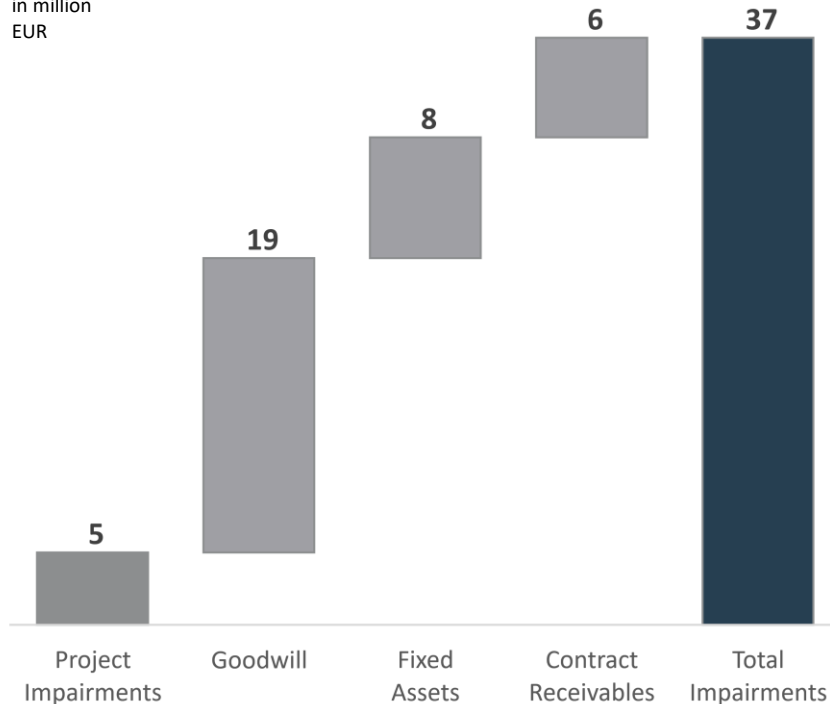
in EUR mill.



IMPAIRMENTS

Impairments and changes in estimates

in million
EUR



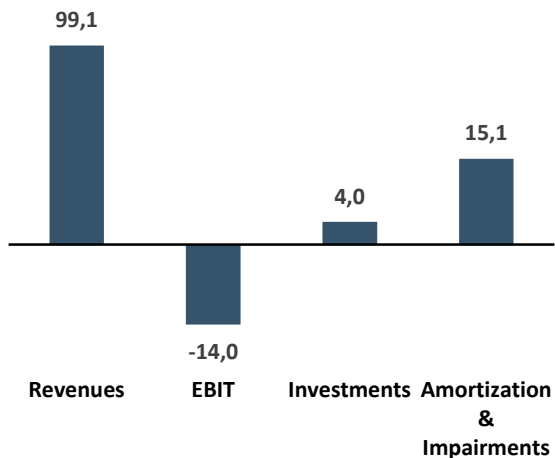
- > Based on market development of FACC customers
- > Impairments calculated by NPV method

SEGMENT REPORTING H1 2020

Revenue and EBIT decrease evenly distributed across all segments

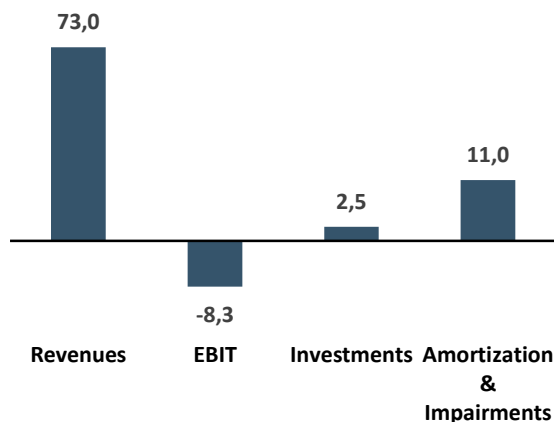
Aerostructures

in EUR mill.



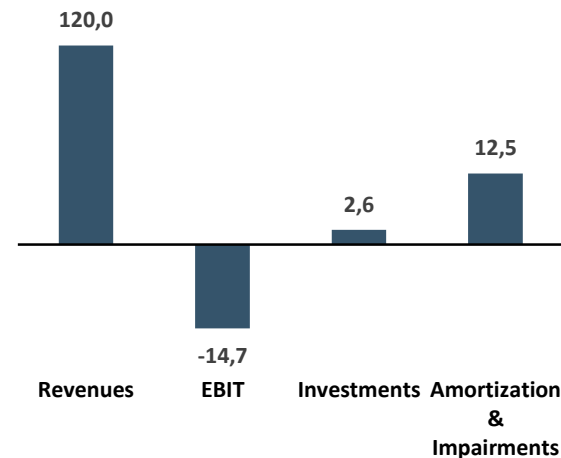
Engines & Nacelles

in EUR mill.



Cabin Interiors

in EUR mill.

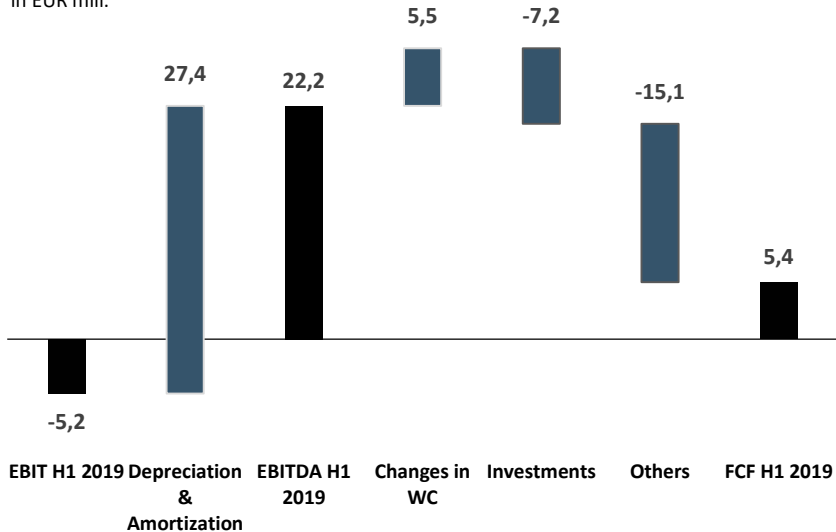


FREE CASHFLOW

Free cashflow impacted by safeguarding delivery to customer

Free cashflow – H1 2019

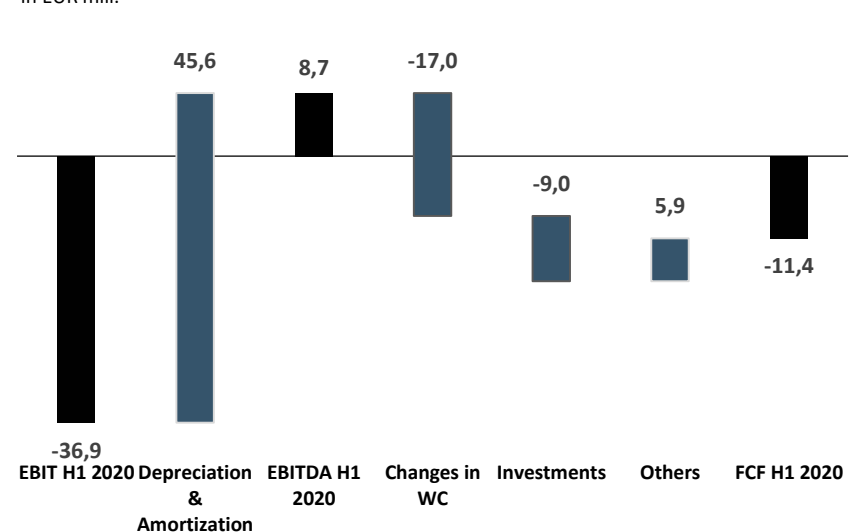
in EUR mill.



- > Impact of A380 cancellation in the amount of 11.4 EUR mill.

Free cashflow – H1 2020

in EUR mill.



- > Impact of impairments in the amount of 37.4 EUR mill.
- > Short time work contribution of 17.1 EUR mill.

FINANCIAL STATUS AS OF JUNE 30, 2020

- Covenants in line as of 31.12.2019 and 30.06.2020
- Next testing (semi-annual): 31.12.2020
- Steps in order to ensure liquidity and financing underway

Senior Debt and Cash (Key Elements)

	31.12.2019	30.06.2020
Bond	89 916	0
Promissory Notes	70 000	70 000
OEKB COVID-19 KRR	0	60 000
Cash	75 790	98 836
Net Debt (incl. IFRS16)	213 232	234 372
Gross Debt/Assets	0.39	0.46

Committed Syndicated Loan Facilities

	Total 31.12.2019	Used 31.03.2020	Available 31.03.2020
Revolving Credit Facility	100 000	0	100 000
KRR Facility (OEKB)	50 000	50 000	0
M&A Facility	50 000	0	50 000
Term Loan Facility (OEKB)	22 916	22 916	0
	222 916	72 916	150 000

OUTLOOK

THE WAY FORWARD



KEY PRIORITIES

- > Secure operations in a safe environment
- > Manage deliveries to our worldwide customers
- > Execute Cost Reduction plans started in 2019 and amended in 2020
- > Right-size the company and match new production demand with cost structure
- > Strong focus on cash and preserve liquidity
- > Increase utilization from ramp up of new contracts and SOW in-loading
- > Win additional market share on key airplane platforms
- > Continue Innovation Projects to secure market position



OUTLOOK 2020 AND BEYOND

The economic impact as well as the global development of the COVID 19 crisis requires an ongoing assessment of the situation. On the basis of the information currently available from FACC's main customers regarding short and medium-term construction rates, it must be assumed that **revenues** of approximately EUR 500 - 520 million can be achieved for the 2020 business year.

On the **earnings** side, the management expects EBIT in a range of EUR -55 to -65 million. This also includes the impairment losses and adjustments of EUR 37 million already described as well as the cost for the reduction of staff (social plan).

For **subsequent years**, management expects the 2021 financial year to be at the same level as 2020. Only in the following years is it expected that renewed growth will occur within the framework of the market development of the programs essential for FACC and that additionally planned new projects will ensure sustainable growth.

DISCLAIMER

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