



BEYOND
HORIZONS
WELCOME TO THE WORLD OF FACC

8th Annual General Meeting

Management Report

31 May 2022

”

The 2021 financial year was a year of stabilization for the aviation industry. Within the scope of its strategic orientation "Roadmap 2030", FACC was able to set an important course for the future.

We would like to thank the entire staff at FACC, our shareholders, supervisory board members, customers and partners for their excellent cooperation and support!

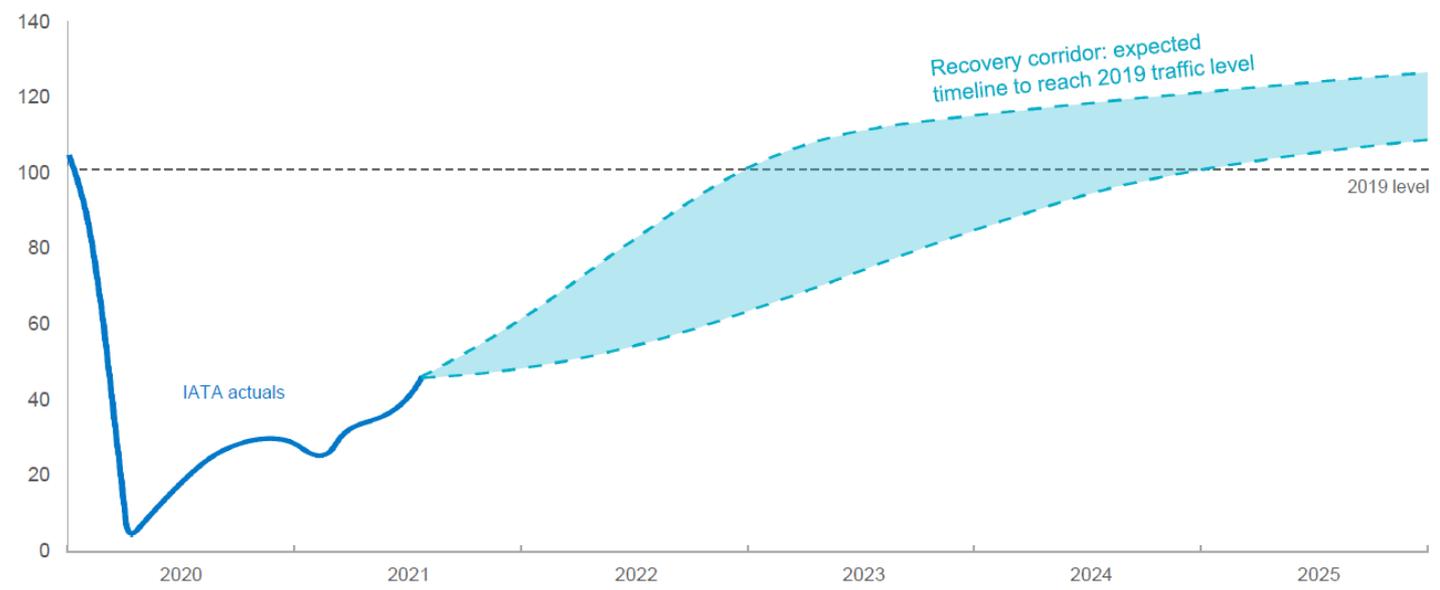
THE MARKET AT A GLANCE

Robert Machtlinger, CEO FACC AG

RECOVERY OF AIR TRAFFIC

Full recovery expected by 2025

Traffic (RPKs) base 100 compared to equivalent month in 2019

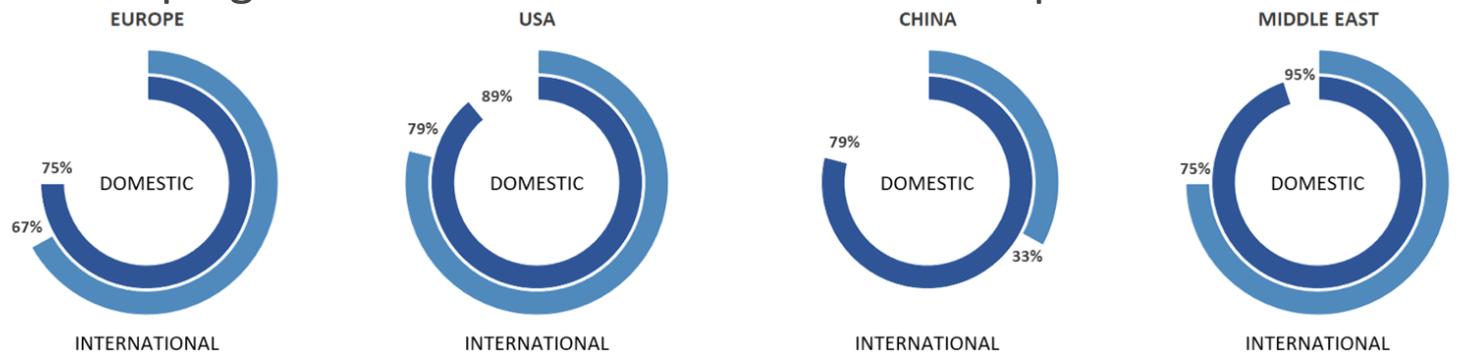


Source: OAG, FR24, SABRE, IATA, IHS Markit, OWID, September 21 projection from Airbus GMF

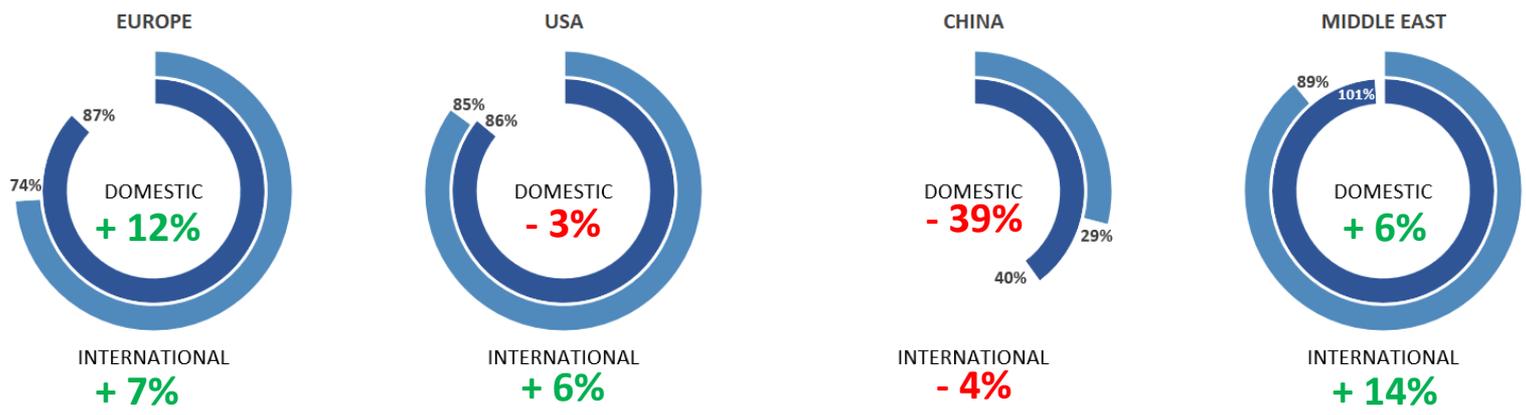
CURRENT PASSENGER NUMBERS

Markets still developing at different rates but in line with expectations

Week of Feb.24.2022 vs. equivalent week in 2019



Week of May.18.2022 vs. equivalent week in 2019



LONG-TERM MARKET DEVELOPMENT

Faster continental recovery; intercontinental travel is recovering at a slower rate

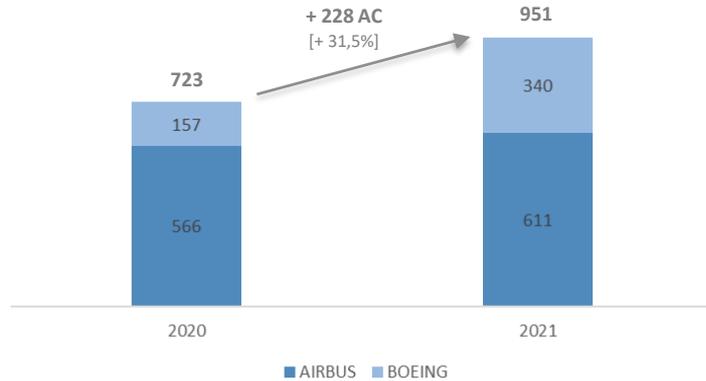


- > Sustained recovery in all segments. Back to pre-crisis level as of 2024.
- HOWEVER
- > Slower development of international travel. Full recovery as of 2025.
- > Continental travel will return to pre-crisis levels as of 2023.

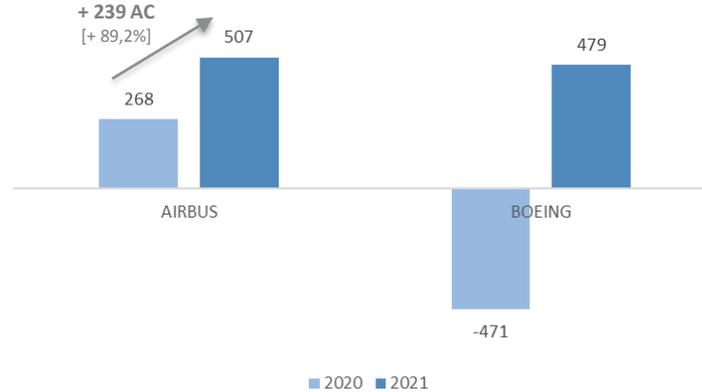
AIRBUS & BOEING INCREASE RATE OF CONSTRUCTION

Deliveries & orders (Note: Data valid for aircraft with over 100 passengers)

DELIVERIES



NET ORDERS

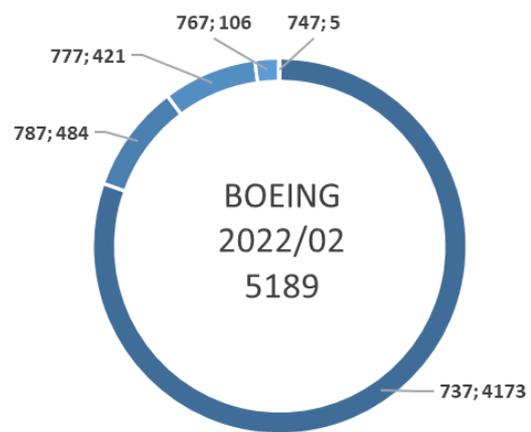
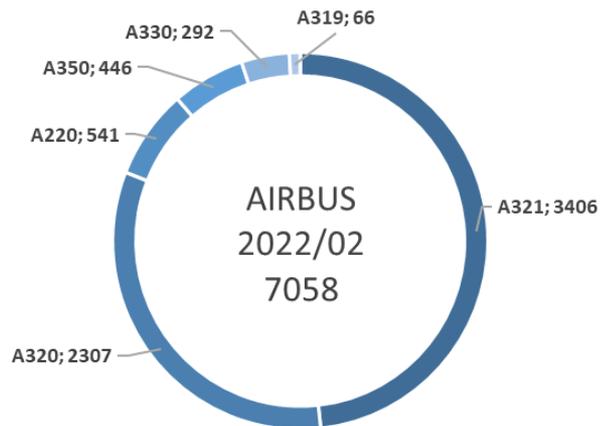


Orders 2020: - 203 AC = Book-to-bill: NEGATIVE

Orders 2022 + 986 AC = Book-to-bill: 1.03

OEM ORDER BOOK

12,247 aircraft on firm order result in a planning horizon of approx. 7 years

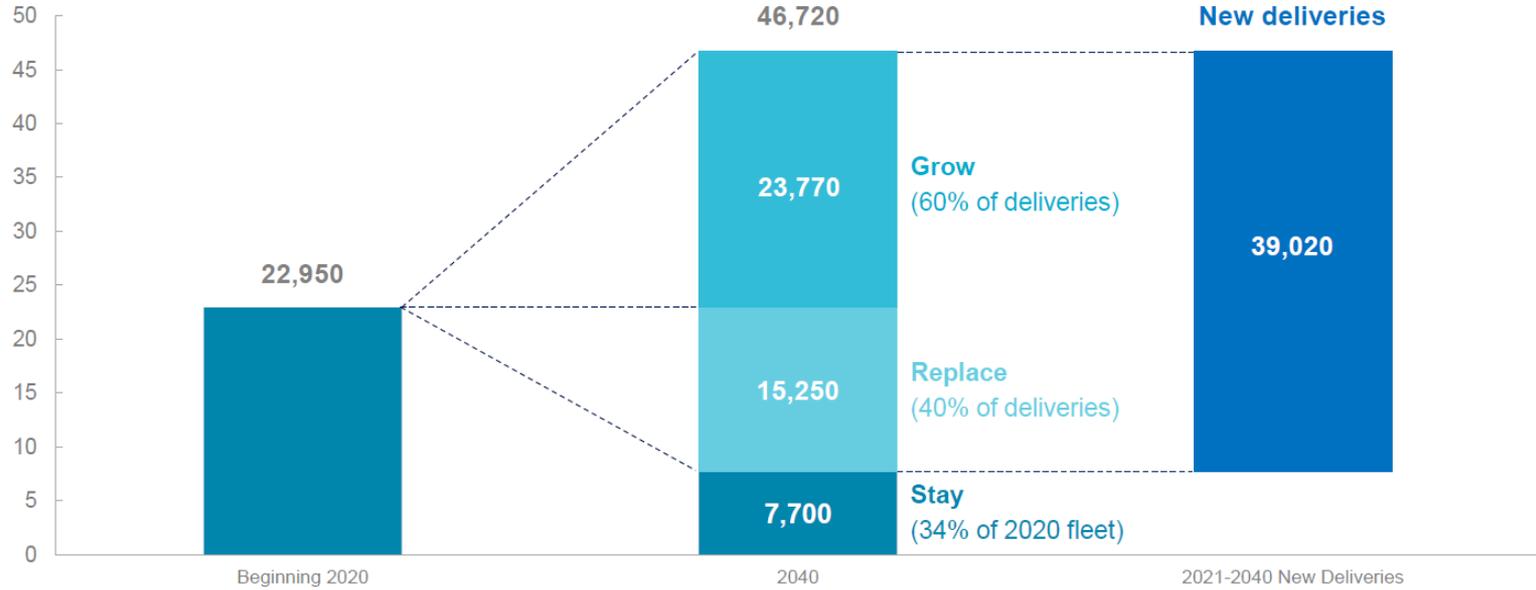


Airbus (58%) and Boeing (42%) jointly hold 12,247 orders (as of February 2022).

FLEET DEVELOPMENT UNTIL 2040

Over 39,000 new aircraft, 45% of which are destined for Asia

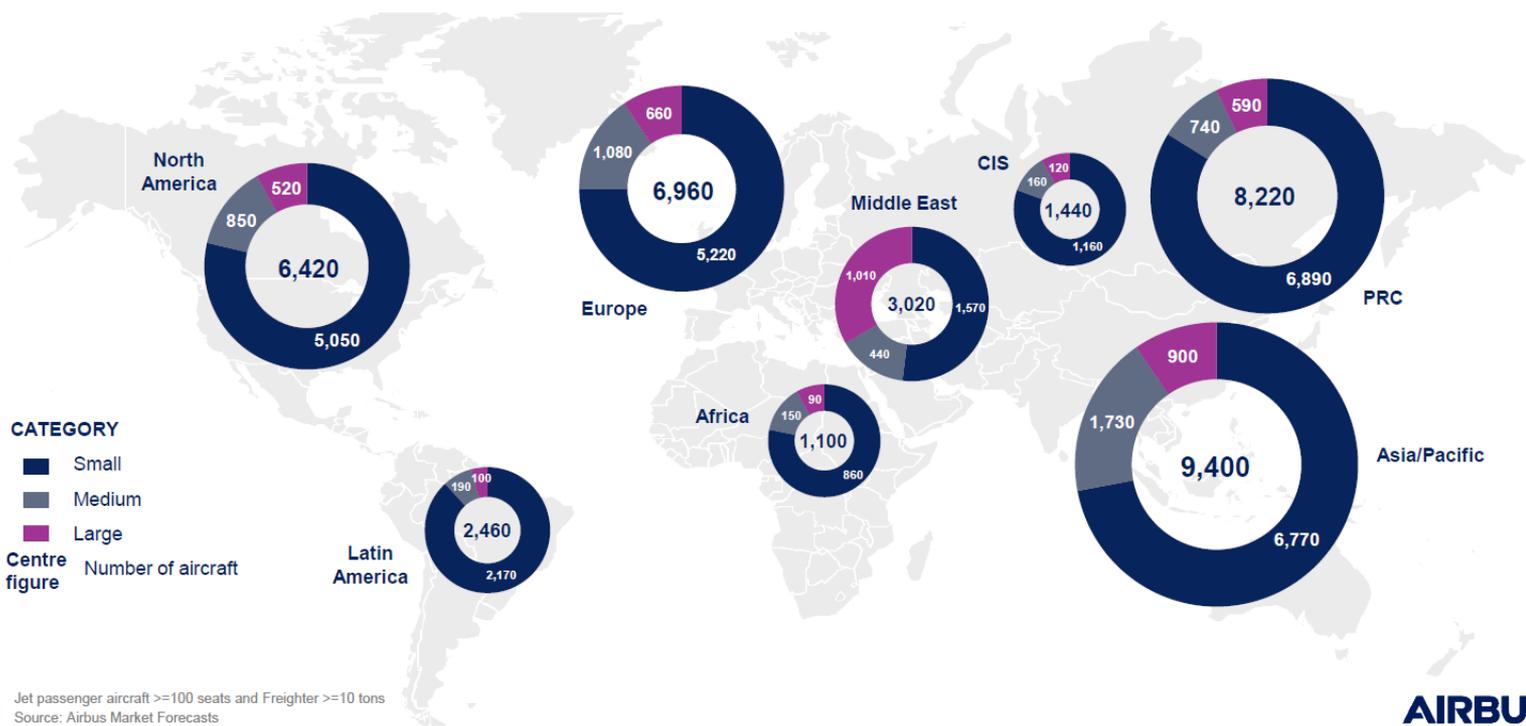
Fleet in service (thousands)



Notes: Passenger aircraft (≥100seats) & Freight (>10t) | Rounded figures to nearest 10
 Source: Airbus GMF 2021

MAJOR AIRCRAFT MARKETS

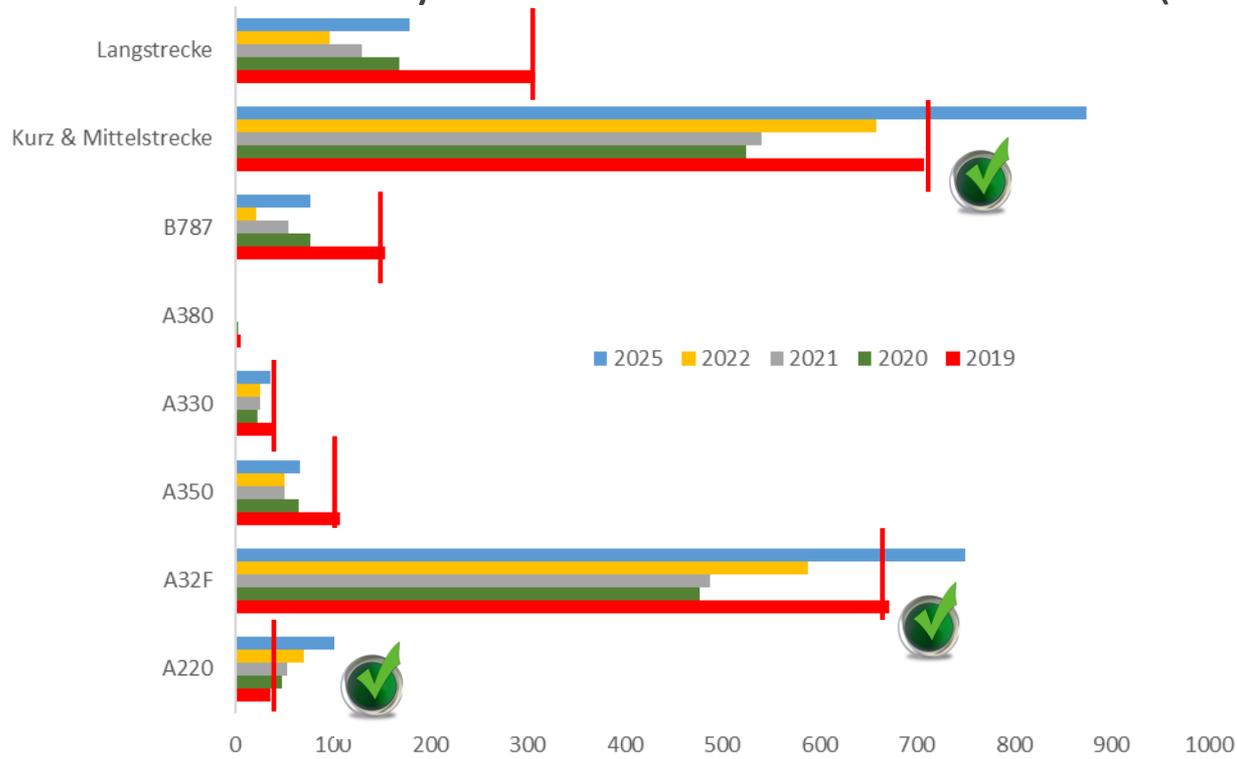
45% of demand originates from Asia and China



Jet passenger aircraft >=100 seats and Freighter >=10 tons
 Source: Airbus Market Forecasts

MARKET DEVELOPMENT UNTIL 2025

Production cycles before and after COVID-19 (estimated by FACC)



- > Demand for long-haul aircraft will not reach pre-crisis levels again before 2025.
- > The industry and FACC will lack long-term product revenues from long-haul aircraft.
- > Production rates of short & medium-range aircraft will increase significantly and will be above 2019 levels in 2023.
- > A220 demand (short-haul) will increase. Growing revenues from the A220 will compensate for the shortfall in FACC revenues from long-haul models from 2024 onwards.

SUSTAINABLE TURNAROUND IN THE AVIATION INDUSTRY

GROWING PASSENGER NUMBERS, INCREASING AIRCRAFT DELIVERIES & NEW ORDERS FOR AIRCRAFT FROM AIRLINES ARE POSITIVE SIGNALS FOR OUR INDUSTRY.



FACC FINANCIAL YEAR 2021

CORE PRIORITIES 2021



Goal: To achieve operational turnaround



Measure 1: Adjusting costs and increasing vertical integration



Measure 2: Remaining innovation leader with the FACC Roadmap 2030



Measure 3: Securing new orders, expanding market presence & capacity utilization



Measure 4: Strengthening financial power

STRINGENT EFFICIENCY PROGRAM

Successful implementation of improvement measures



Increasing efficiency and capacity utilization

Further increase in productivity, insourcing of work packages and logistics services



Further adjustment of personnel costs

Organizational adjustments and introduction of payroll system 2.0



Materials & supplier management

Reduction of material inventories by **EUR 14.8 mill.** and roll-out of COMPETE – a program to develop FACC supply chain performance



Reduction of net debt

Significant reduction of net debt by **EUR 54.3 mill.** and realignment of financing terms

THE FACC FY 2021 IN FIGURES



EUR 497.6 mill.
Group sales
-5.5 % compared to
previous year



EUR 70.5 mill.
Free cash flow



EUR 4.3 mill.
Operating EBIT



EUR -25.1 mill.
Earnings after one-off effects



USD 1 billion
New orders



EUR 26.1 mill.
Investments in
technology & innovation



MILESTONES 2021 / MARKET SHARES

1 billion new orders & successful entry into the aerospace sector



Dassault Falcon 10X
Serving as a supplier of interiors as well as structures since 2021

Airbus A220 tail unit component production

The A220 aircraft family will be an important platform for FACC as of FY 2024, with revenue potential of 100 mill. p.a.

State-of-the-art cabin technology for **Bombardier Global 3500**

Entry into aerospace with **Ariane 6** structural components

OPERATIONS

Andreas Ockel, COO FACC AG



CORE PRIORITIES 2021 - IMPLEMENTATION



Achieving of operational turnaround

Digitalization of quality management (CAQ)



Cost adjustment and increased vertical integration

Optimization of production and reduction of throughput times
 Increase in plant capacity utilization and reduction in material costs through in-house production (vertical integration)



Implementation of FACC Strategy 2030 "Committed to the Sky"

Implementing the COMPETE Partner Program within supplier network
 Developing innovative manufacturing competencies



New orders and expansion of FACC's market presence

Reliability, innovation, product quality, delivery performance are recognized and rewarded by our customers



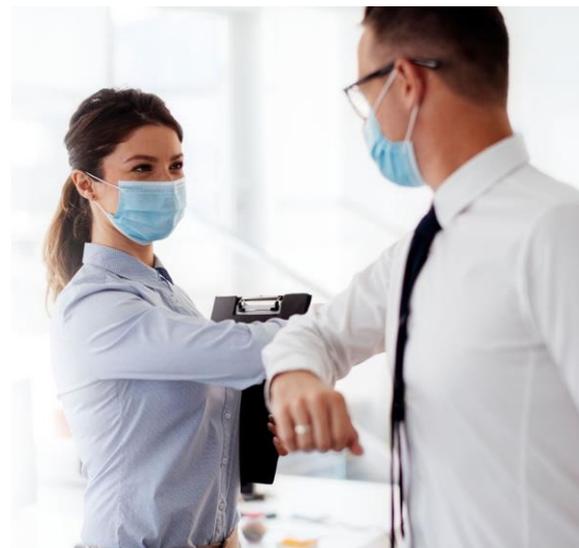
Strengthening of financial power

Focus on inventory management
 Increases in productivity through lean manufacturing, automation, digital production control and monitoring (Manufacturing Execution System)

COVID-19 PROTECTIVE MEASURES

Maximum protection of staff through testing, tracing & vaccination strategy

- > **Area-wide protection measures** including internal tracing system
- > In-house **PCR test line** and 5 FACC **antigen test lines**
 - Over 80,000 tests performed / 4 teams of doctors on duty
 - 99.75% participation of staff in tests
- > **FACC vaccination line**
 - 7 medical teams vaccinate at FACC in June 2021
 - Vaccinations for FACC crew and their families
 - 23 nearby companies used FACC vaccination lines (approx. 700 people)
- > **80 - 98 % immunization rate** of FACC crew depending on area
- > Over **750 000 EUR** extra costs (catering staff, Covid-19 testing costs during working hours, ...)



MILESTONES 2021 / PRODUCTION NETWORK

Start of production on schedule of FACC Plant 6 and FACC US facility Florida

Data FACC Plant 6 / Croatia:

- > 105. 000 m² land area
- > 10. 000 m² production & office space and EUR 13 mill. initial investment
- > Successful start of production in Nov. 2021 after 11 months of construction
- > Currently 160 employees, by year end expansion to approx. 250 FTE's



Data FACC US facility Florida:

- > Strategic business location, largest business jet market is in Florida + 13 Aircraft Service Center
- > 750 m² operating area with approx. EUR 1 mill. investment volume
- > Goal: MRO market expansion through business jet cabin maintenance & modifications



MILESTONES 2021 / VERTICAL INTEGRATION

Increase efficiency, flexibility and quality through vertical integration

VI 1: Automated production of metal hardware:

- > Replace suppliers with in-house manufacturing and save between 10 -40% (depending on component) compared to purchasing
- > Increase flexibility & quality through local manufacturing



VI 2: In-house production of BJ furniture:

- > Internal manufacturing & reduction of dependencies
- > Reduction of overall costs and increase of flexibility
- > Development of new materials (e.g.: self-healing surfaces)



VI 3: Logistics and shipping:

- > In-sourcing of activities to reduce overall costs by reducing the number of interfaces
- > Digitalization of processes easier to implement in-house



COMPETE PARTNER PROGRAMM

Partner program within supplier network for sustainable, joint growth

COMPETE: the details

FACC assesses its suppliers according to the following criteria:



COST EFFECTIVENESS

Competitive pricing through cost effectiveness.



OPERATIONAL EXCELLENCE

Excellent delivery reliability and the fulfilment of all quality requirements through lean management on the shop floor.



MATERIALS OF THE FUTURE

Innovative materials for a step-change in production processes and products.



PARTNERSHIP AND PASSION

A strategic focus on aerospace as the core business is the basis for partnership-based cooperation.



EFFICIENCY IN ALL PROCESSES

Optimisation and operationalisation of all business processes through focused digitalisation.



TRANSPARENCY IN QUOTATIONS

Disclosure of cost calculations for joint analysis and for optimising the value creation for both partners.

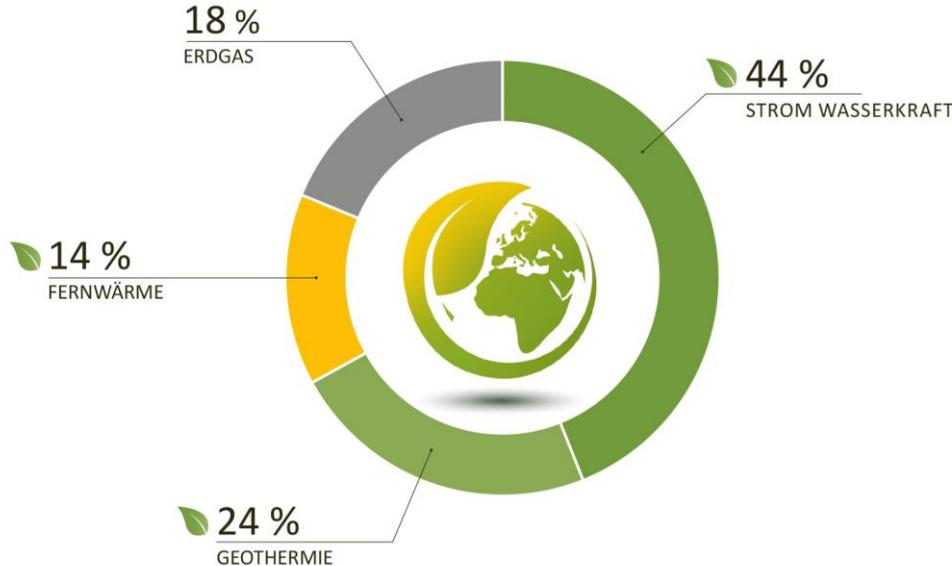


ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Taking responsibility for people and the environment and adhering to the Code of Conduct.

SUSTAINABLE ENERGY MIX

Our path to CO₂-neutral production



- > Total energy consumption of FACC approx. 77.4 GWh
- > More than two thirds of energy demand from sustainable sources. 98% of indoor heating from geothermal energy (since 2007) & heat regeneration
 - 100% electricity from renewable resources since 2021
 - Photovoltaic plants since 2016
- > Currently approx. 14 GWh, consumption of natural gas (process heat generation) reduced by half since 2006

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades against a blue sky with scattered white clouds. A white commercial airplane is flying in the upper left portion of the sky. A large black curved shape is on the left side of the image, containing the text.

FINANCIAL YEAR 2021

ESSENTIAL

KEY FINANCIAL FIGURES

WE ASSUME RESPONSIBILITY

FACC sustainability strategy in a nutshell

Environment



Carbon-neutral production by 2040

↓

40% reduction in CO₂ emissions by 2030 (relative to 2005)

↓

100% LED lighting by 2024, starting in Austria

Social



Maintaining a women's quota of 50% for scholarships and in apprenticeship training

↓

Active encouragement of women to pursue a career in tech and finance based on two school campaigns per year

↓

Retaining 15 to 20 nationalities at all management levels

Governance



Zero violations of the FACC Code of Conduct

↓

Increasing awareness of CSR and compliance by the end of 2022

↓

Internal CSR rating of the top-250 suppliers by 2023

LEGAL DISPUTE WITH SUPPLIERS

Arbitration proceedings in London

- > The supplier's claims were based on contracts from 2008, in particular concerning
 - A project transfer commitment allegedly given at that time as well as
 - Price adjustments based on modifications introduced and associated change clause in the contract
- > Arbitration action brought by the supplier at the end of 2019
- > Opinion of London legal experts: "positive decision for FACC highly probable"
- > The arbitration court surprisingly ruled against the opinion of our experts in November 2021
- > Current status: FACC is in appeal before the London High Court

LITIGATION / FPI

Settlement with Walter A. Stephan in the fraud case of 2015/16

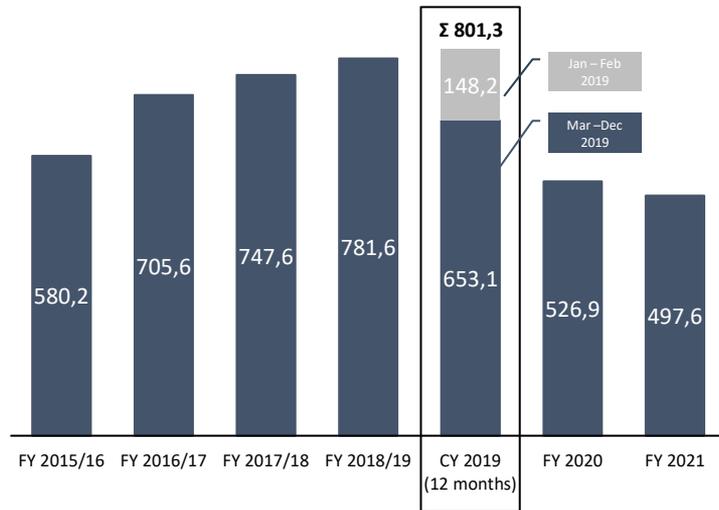
- > Final decisions of the OGH in September 2021:
 - No liability of former CEO for damages from FPI
 - Comprehensive settlement with W. Stephan including customary confidentiality agreement in spring 2022
- > Funds frozen (approx. EUR 10.8 mill.):
 - Transferred by the China to the Republic of Austria in summer 2019.
 - Not yet disbursed by the Republic of Austria to FACC
 - Legal steps by FACC still pending
- > Lawsuit against former FACC CFO:
 - Still pending in Germany
- > Lawsuit against former auditors:
 - Still pending
- > FPI consulting & legal costs to date EUR 5.5 mill.

FACC GROUP TURNOVER

In line with management forecasts

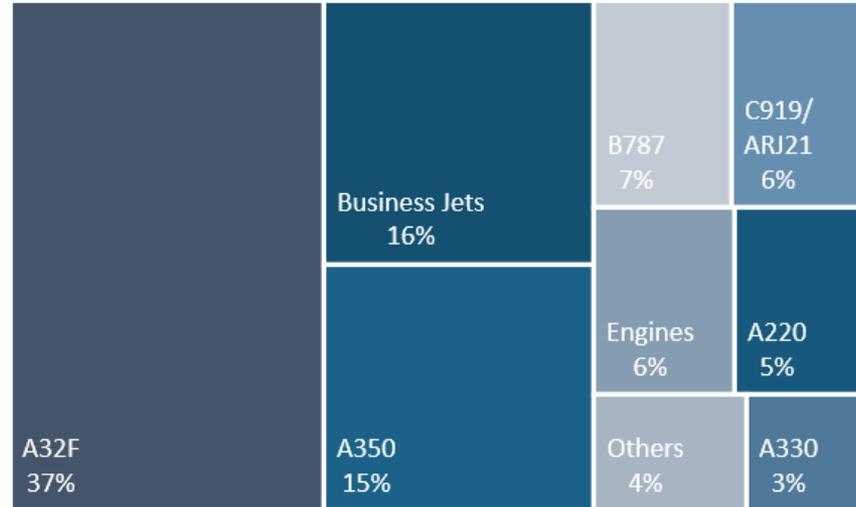
Development of Group turnover

in million EUR



Turnover development per aircraft platform

In % of revenue

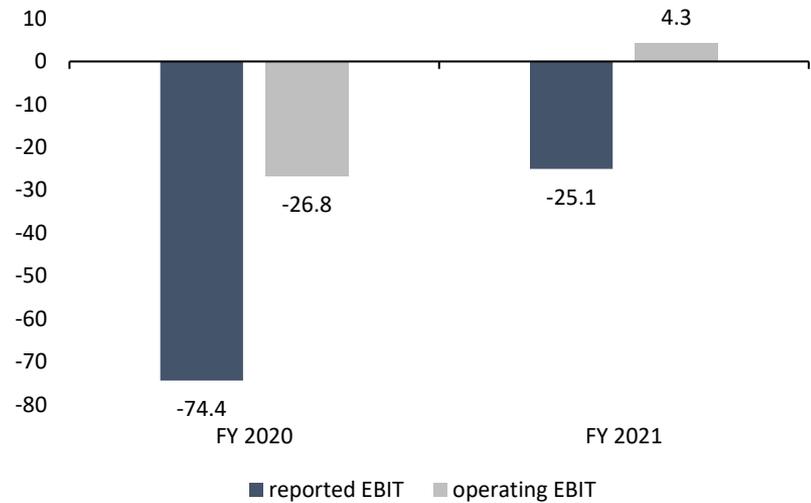


EBIT

Impacted by one-off effects

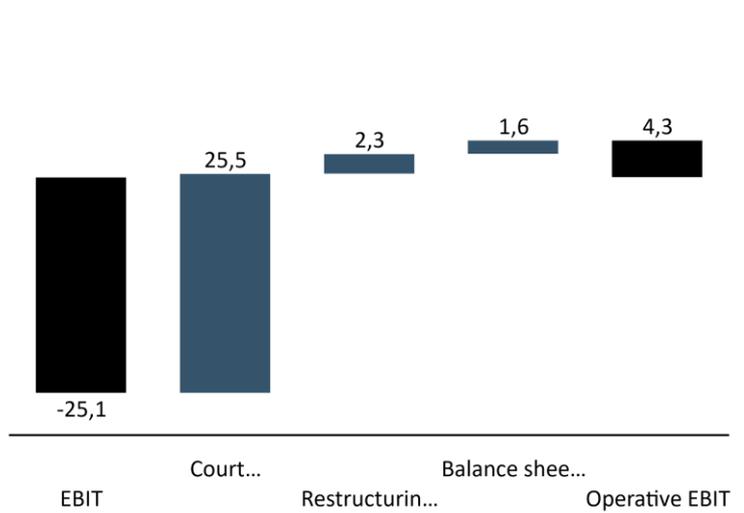
EBIT development

in million EUR



One-off effects FY 2021

in million EUR

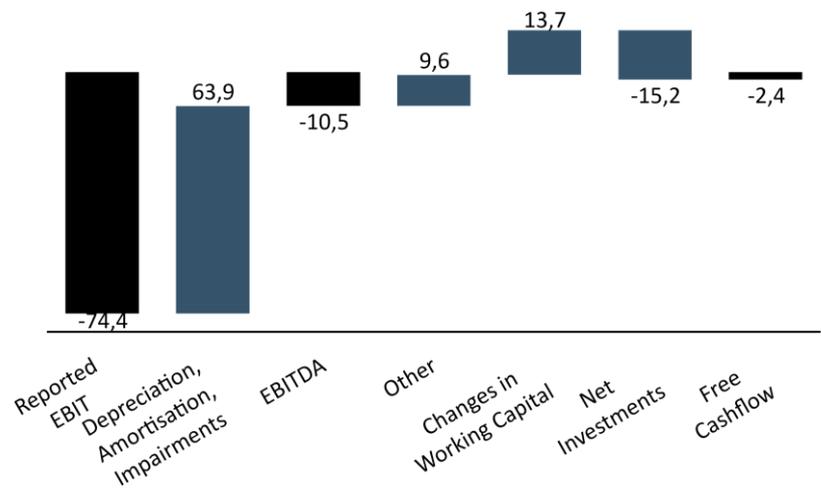


CASH FLOW

Strict control over the entire FY 2021

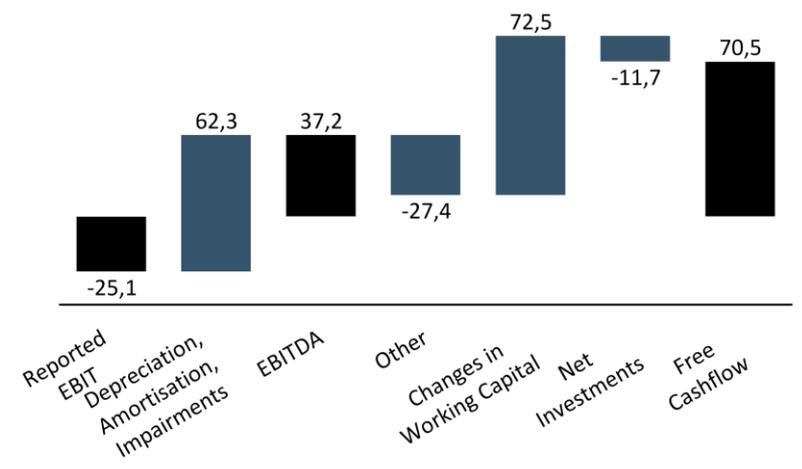
Free cash flow FY 2020

in million EUR



Free cash flow FY 2021

in million EUR



COMPANY GOALS FY 2022

- FACC **growth in revenue of 10%** is the result of higher customer demand and new projects
- **Tripling of EBIT** compared to 2021 (basis = operating result 2021)
- **Expansion of plant 6 (Zagreb)** to a capacity of 250 employees
- Focus on **liquidity** and reduction of **net debt**
- **Planned investments** in the amount of EUR 30 mill. in **technology & growth**



BEYOND
HORIZONS