

A stylized image of a planet's horizon against a black background. A bright light source is positioned just above the horizon line, creating a lens flare effect and illuminating the top edge of the planet.

# BEYOND HORIZONS

6th Annual General Meeting

Management Report

26th June 2020



# FINANCIAL YEAR 2019

FACC REVIEW



*Successful and reliable through  
innovation, agility and global  
partnerships .*



# KEY FIGURES AT A GLANCE

Successfully positioned in the global aerospace market



**665 mil. EUR**  
revenue



**34.6 mil. EUR**  
operating result



**6.5 billion USD**  
order backlog



**43 %**  
equity ratio



**800 mil. USD**  
new orders

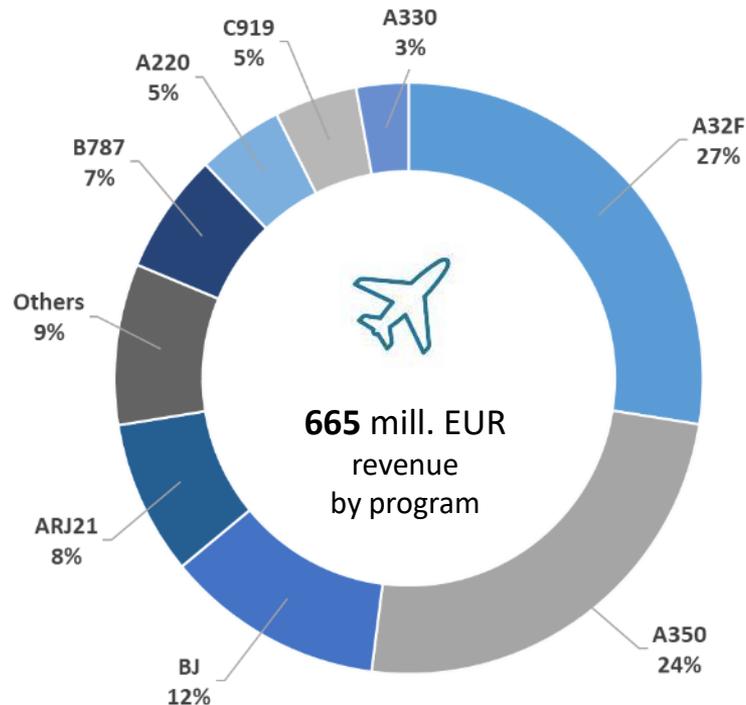
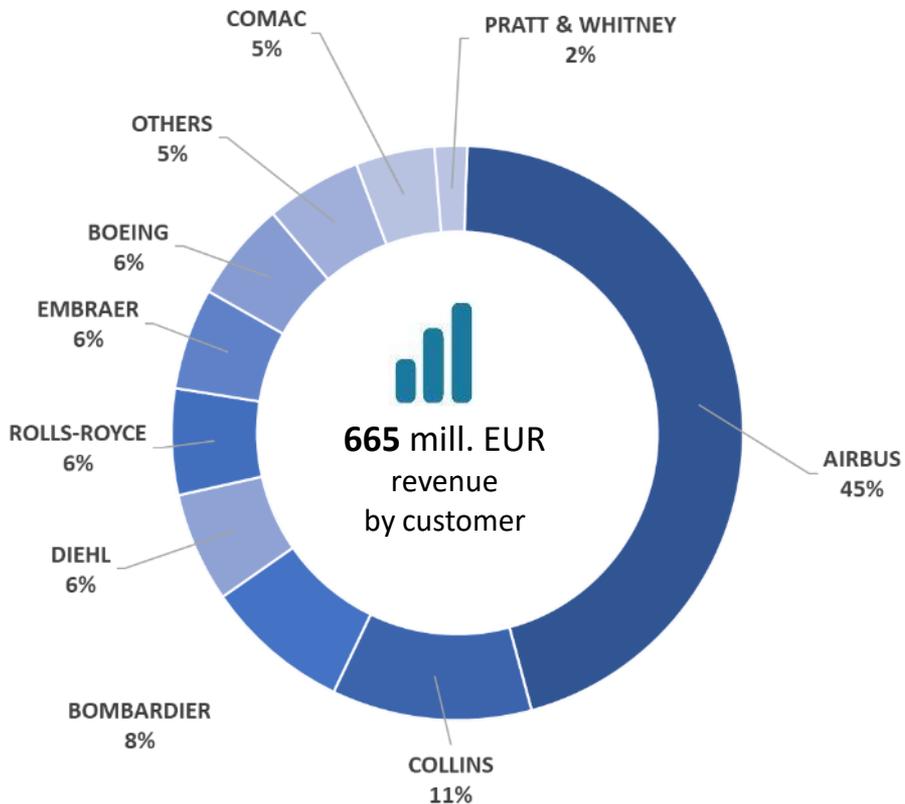


**18 mil. EUR**  
investments in  
technology and growth



# REVENUE DISTRIBUTION

FACC technologies for all OEMs and their programs



# FACC – TECHNOLOGY APPLICATIONS

We are a key player on many successful aircraft

## A320 family

- > The A32F is the most successful airplane produced today
- > FACC supplies many systems to this platform
  - Luggage Bins, Ceiling Panels, Entrance Area
  - Wing to Body Fairings
  - Winglets & Flaps
  - Engine Nacelle Parts

## A350 XWB

- > FACC is the main supplier for many systems
  - Luggage Bins & Passenger Door Linings
  - Nacelle Systems and Engine Composites
  - Wing Spoilers and Winglets



# AWARD-WINNING LEADING COMPANY

FACC honored as Best-in-Class partner

- > Airbus Innovation Award for Wing of Tomorrow
- > Airbus Best Performer Award
- > Rolls-Royce Class Leading Award
- > Rolls-Royce Supplier of the Year Nomination
- > Austrian Export Prize – FACC as an international leading company



An aerial photograph of a narrow, paved road carved into a dark, rocky cliffside. The road is flanked by steep, dark rock faces. In the upper portion of the road, a large, dark shadow of an airplane is cast onto the pavement. In the lower portion of the road, a small figure of a person is walking away from the viewer. The background shows a deep blue sky with some white clouds on the left and a body of water with a rocky shoreline on the right.

CHANGE HAPPENS

*Innovating the future  
is part of FACC's DNA*

INNOVATION LEADS

# TECHNOLOGY TRANSFORMATION

Mobility requires innovative solutions for an environmentally friendly future

Since the 1960s, the aviation industry has come a long way...

75 % LOWER NOISE

75 % LOWER HC

50 % LOWER CO

80 % LOWER FUEL  
BURN

Development and related objectives in the aviation industry

- > From 2020 no further increase in CO2 emissions
- > By 2050, passenger traffic worldwide will have quadrupled relative to 2019
- > Halve CO2 emissions by 2050 - from 2.7 % to <1.5 %
- > 1% annual increase in aircraft efficiency through new technologies and CI
- > New propulsion systems and CO2-neutral synthetic fuels

# RESEARCH PROJECTS IN THE PIPELINE

We innovate mobility of the future together with our customers

## New materials and processes

- > Thermoplastics
- > Biological materials for interiors
- > Components through 3D printing

## Components with optimized performance

- > Bionic surfaces
- > Artificial nervous systems

## New manufacturing methods

- > Automation & digitalization



# INNOVATIONS

We are working on technologies for the next generation of aircraft

## FACC “Wing of Tomorrow”



- > New composite wing technology
- > Innovative FACC materials and processes (FACC "MARI" patent)
- > Highly efficient manufacturing for high volumes
- > Lower cycle time and costs

# NEW MOBILITY SOLUTIONS

Front Runner in UAM-markets

## Development milestones

- > Development period of 12 months
- > Production of 3 flight test vehicles
- > Flight test program underway
- > Further significant milestones
  - Foundation of Airlabs with FACC as co-shareholder
  - Model 216 approval for "restricted" flight operations in China

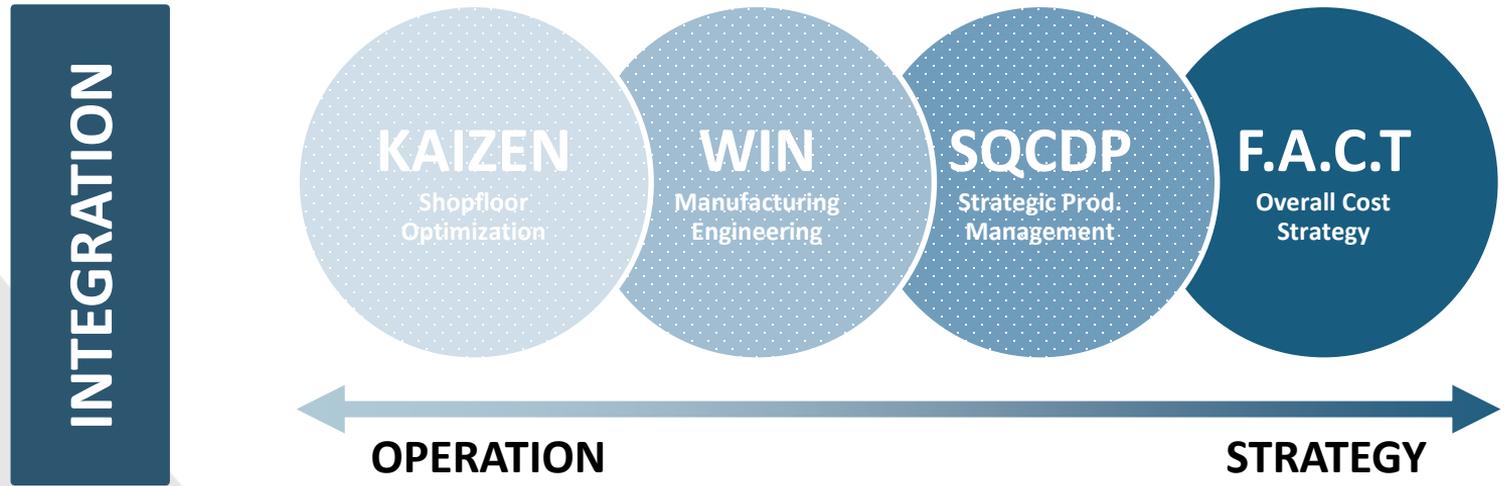


# COST OPTIMIZATION PROJECTS

With F.A.C.T. the next level to increase FACC's competitiveness is on its way

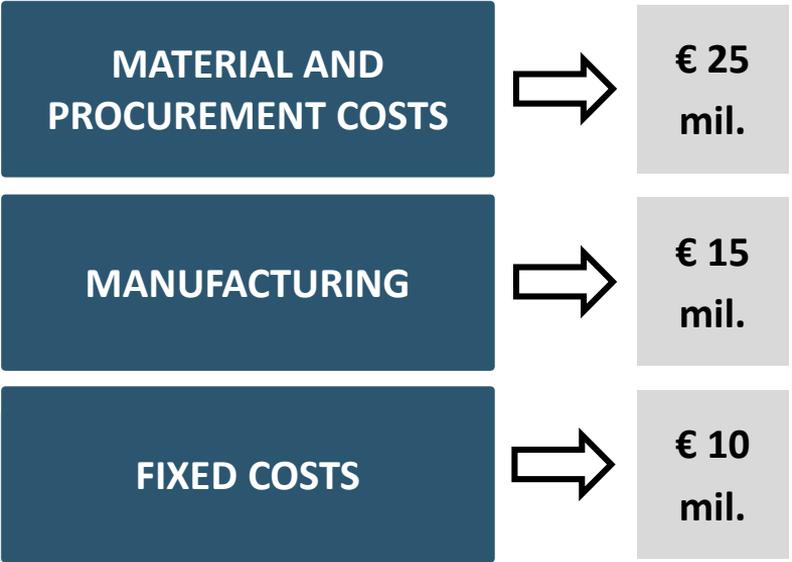


- > Cost reduction assessment in every company area
- > Ensure sustainable cost reduction improvements



# AREAS OF ACTION

EUR 50 MILL. POTENTIAL LOCATED IN THREE TARGET AREAS



**8-10 %**  
 midterm group margin target

MARGIN IMPROVEMENT ONLY REQUIRES LIMITED SALES GROWTH, THEREFORE THE REQUIRED ACTIONS ARE LARGELY WITHIN OUR CONTROL

# FACC SOLUTIONS CROATIA

Plot size of 128.000 m<sup>2</sup> enables expansion

Facility size of 19.000 m<sup>2</sup> to support 1 million labor hours p.a.



# FINANCIALS

ALES STAREK



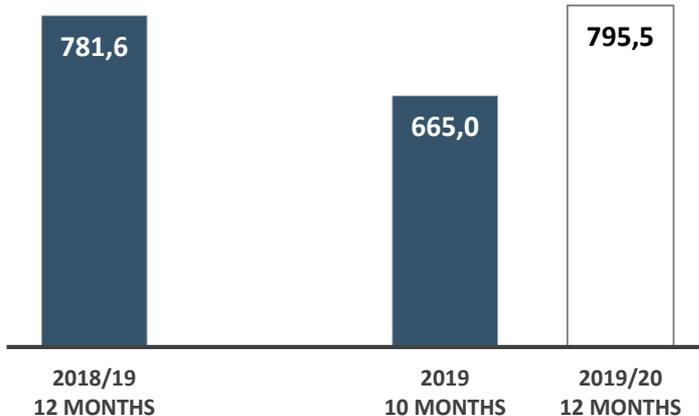
# REVENUES

FACC achieves revenues growth based on a 12 months view

## Revenues

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in million  
EUR



## Revenue growth

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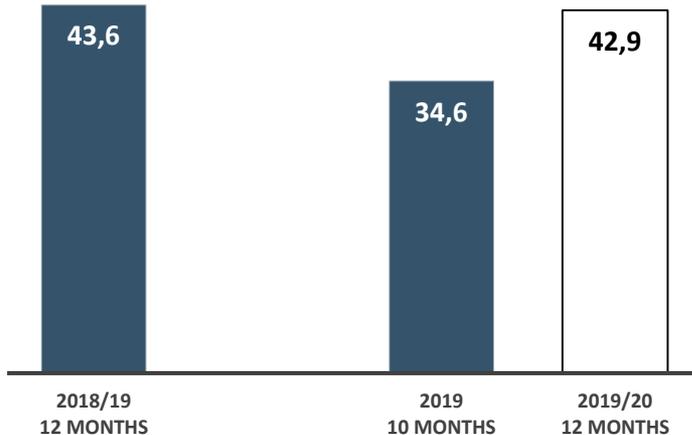
- Due to short financial year, the revenues were reduced, thus making a comparison difficult
- Based on old report scheme, FACC's sales grew by approx. 2 % (yoy)
- Revenue growth mainly in Cabin Interiors and Engine & Nacelles segment
- Aerostructures cannot compensate the A380 and the B737 NG programs entirely

# EBIT

EBIT development in line with management guidance

## EBIT

in million  
EUR



## EBIT Improvements

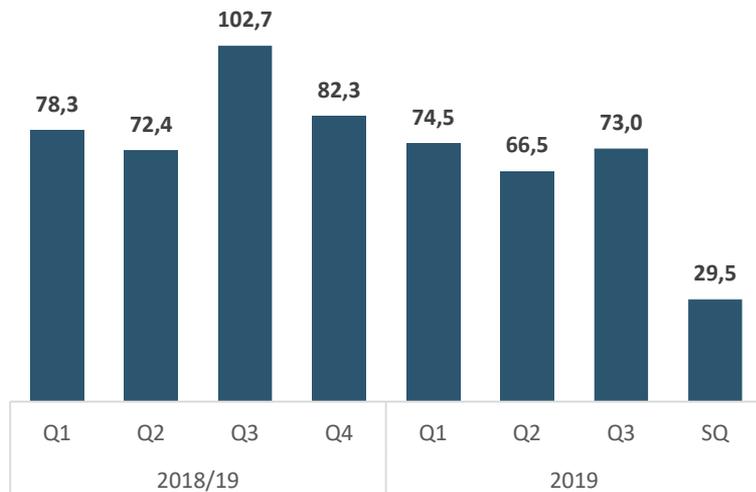
- Due to short financial year, EBIT comparison not applicable
- Despite a negative contribution of Cabin Interiors improvements are already visible
- Aerostructures continues to stay within the margin corridor
- Engines & Nacelles margin further improving

# AEROSTRUCTURES

Program phase out drags on revenues

## Revenue

in million  
EUR



## EBIT and EBIT-Margin

in million  
EUR



# ENGINES & NACELLES

Stable growth fuels increasing contribution margin

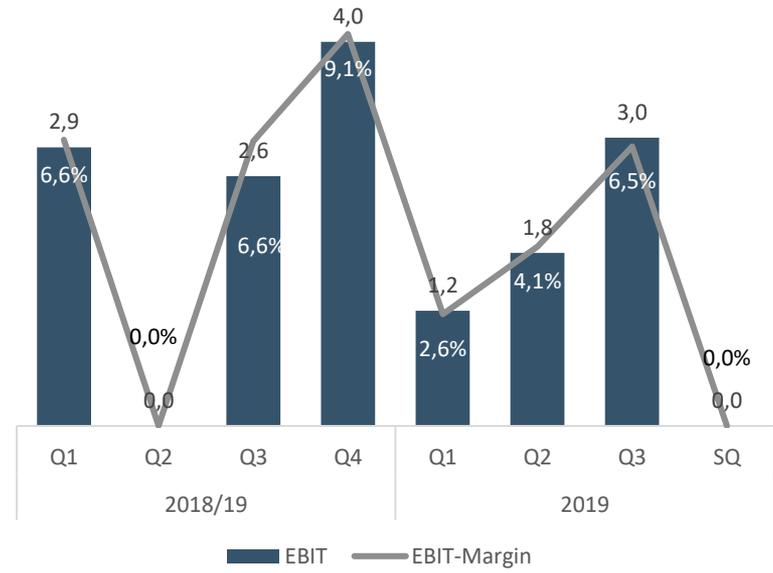
## Revenue

in million  
EUR



## EBIT and EBIT-Margin

in million  
EUR



■ EBIT — EBIT-Margin

# CABIN INTERIORS

Airbus aircraft demand drives revenues

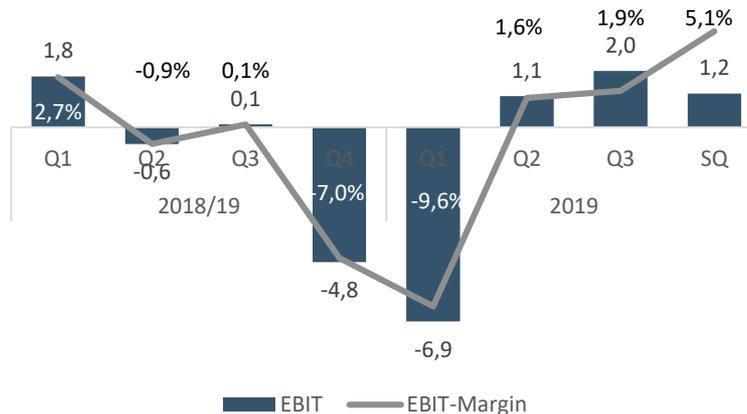
## Revenue

in million  
EUR



## EBIT and EBIT-Margin

in million  
EUR

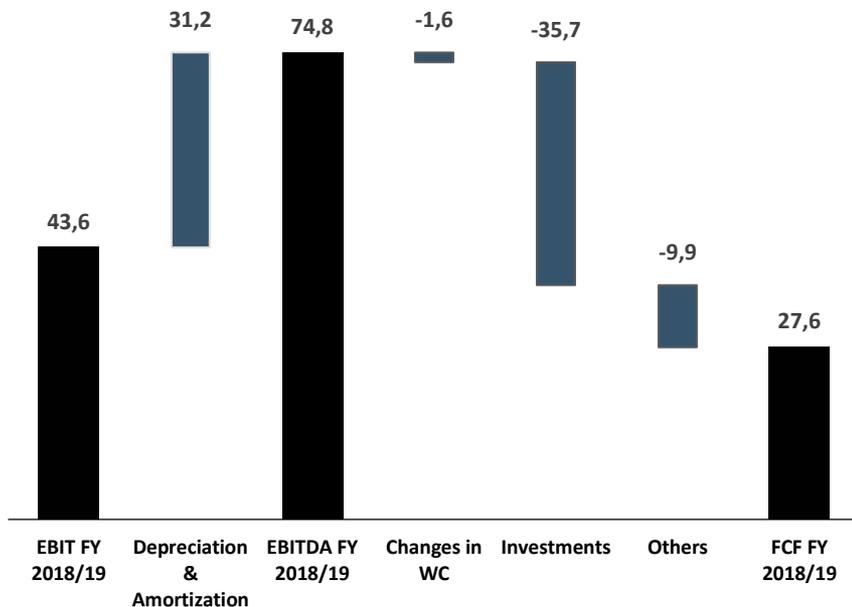


# FREE CASHFLOW

## Reduced investment necessity

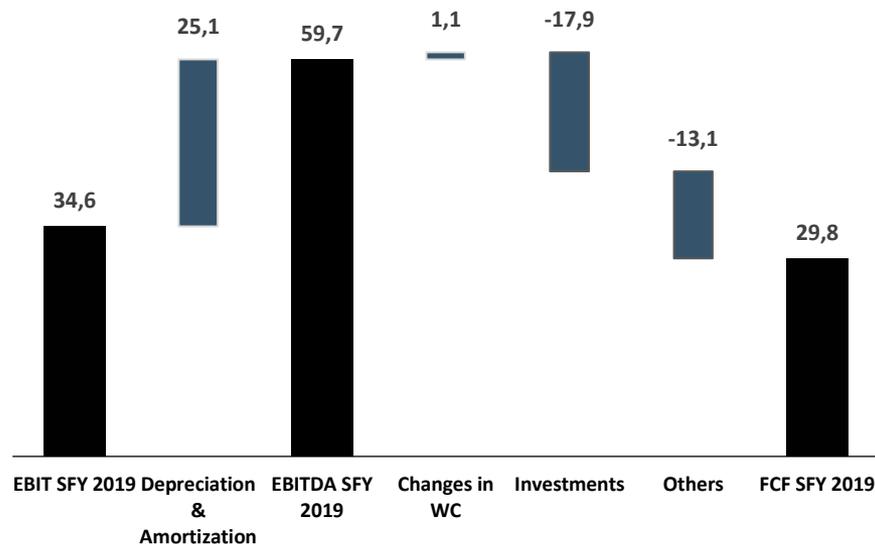
### Free cashflow – FY 2018/19

in EUR mill.



### Free cashflow – FY 2019

in EUR mill.

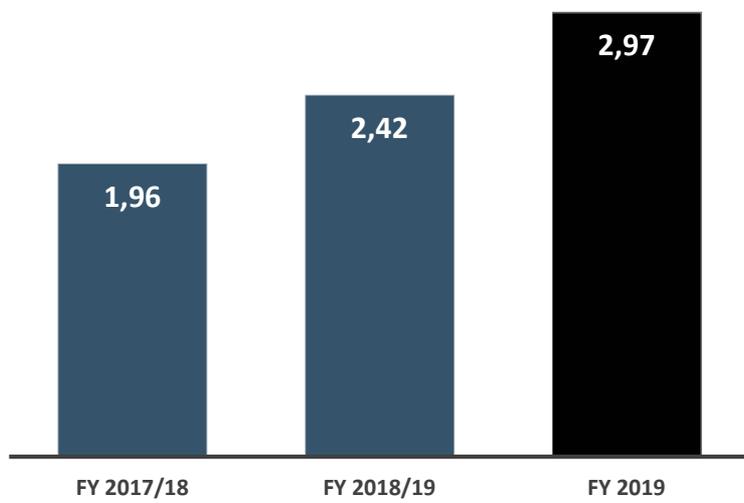


# CAPITAL ALLOCATION

Target of a Net Debt/EBITDA multiple of 2,0-2,5

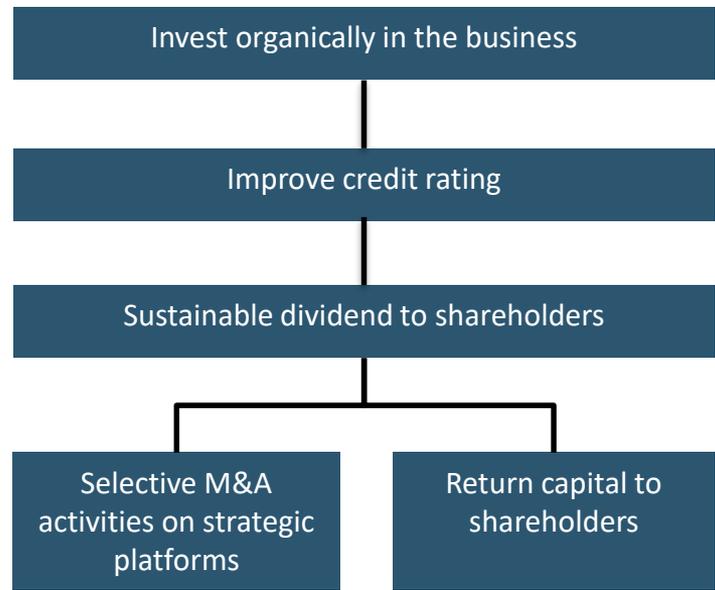
Net Debt/EBITDA ratio

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Capital allocation priorities

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# FINANCIAL STATUS AS OF DEC. 31, 2019

- All covenants in line as of 31.12.2019 and 31.08.2019
- Net Debt/EBITDA covenant had been changed from 3.5 to 4.0 effective 31.08.2019
- Testing intervals will change according to new fiscal year dates: 31.12. and 30.06 – starting with 31.12.2019

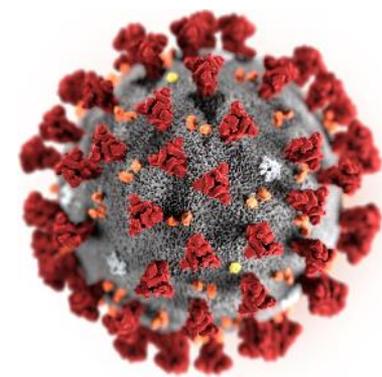
Senior Debt and Cash (Key Elements)			Committed Syndicated Loan Facilities			
	31.12.2019	28.02.2019		Total 31.12.2019	Used 31.12.2019	Available 31.12.2019
Bond	89 916	89 769	Revolving Credit Facility	100 000	0	100 000
Promissory Notes	70 000	34 000	KRR Facility (OEKB)	50 000	0	50 000
Cash	75 790	90 062	M&A Facility	50 000	0	50 000
Net Debt (incl. IFRS16)	213 232	180 858	Term Loan Facility (OEKB)	22 916	22 916	0
Net Debt/EBITDA	2.97	2.42		<b>222 916</b>	<b>22 916</b>	<b>200 000</b>
Gross Debt/Assets	0.39	0.37				

# AEROSPACE MARKET



# COVID-19

## Impacts on the Aerospace Industry



- > **Challenging times** for the entire industry
- > Within weeks, the industry forecast changed from a growth story to a **major crisis in the aerospace industry**
- > Worldwide **air traffic almost suspended, 80% of fleet grounded**
- > Fleet size re-adjustments and early **airplane retirement** (A380 and B747)
- > Weak OEM **order and delivery status** as of 2020/05
  - Airbus: 299 net orders / no orders in May and 24 deliveries
  - Boeing: -295 net orders / no orders in May and 4 deliveries
- > **The airline industry is adjusting their capacities**
- > OEM **long-term rates pending on restart of global travelling & trade**
- > **Long-term effects** on aircraft demand under constant **evaluation**

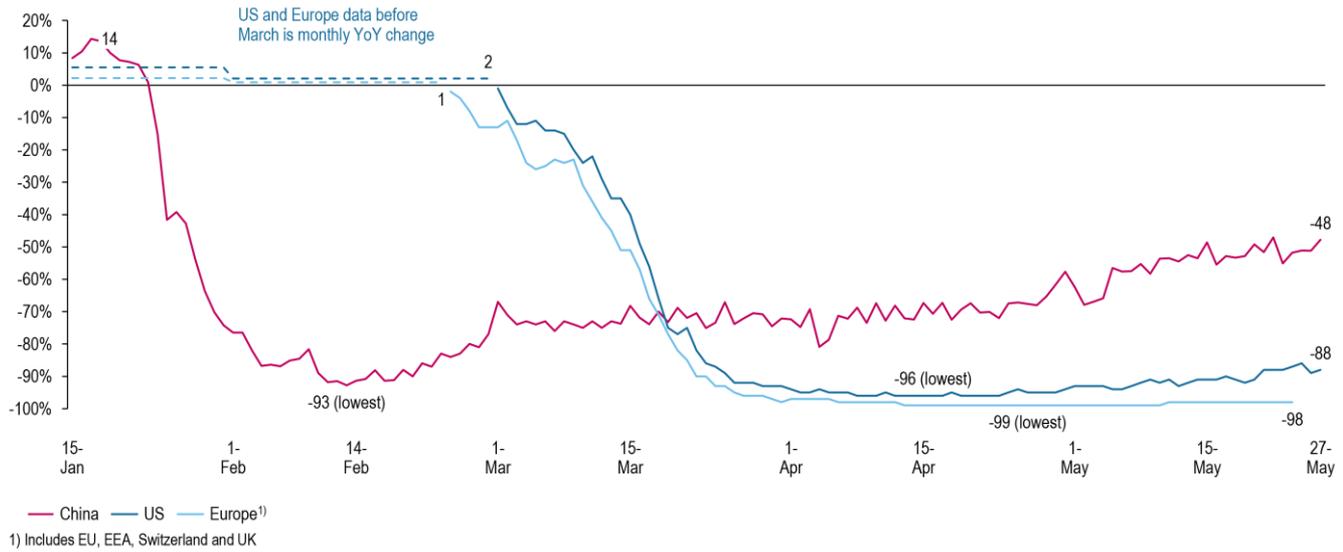
# COVID-19 & FACC

## Impacts and actions taken

- > Noticeable **influence on short and medium-term business development**
- > Full extent of the decline not yet defined due to **market dynamics**
- > Measurements focused on three areas:
  - **Health & safety of our employees**
  - **100% fulfilment of contractual obligations**
  - **Strengthen economic stability and secure liquidity**
- > Ongoing **coordination with customers**
- > Simulation of **market scenarios to** enable fast execution of COVID action plan
  - Investment plans adjusted for 2020
  - Short-time work agreements in place and extended to September 2020
  - Adjustment of employment under preparation

# DAILY PAX FLIGHT

## YoY change in daily air passenger volumes



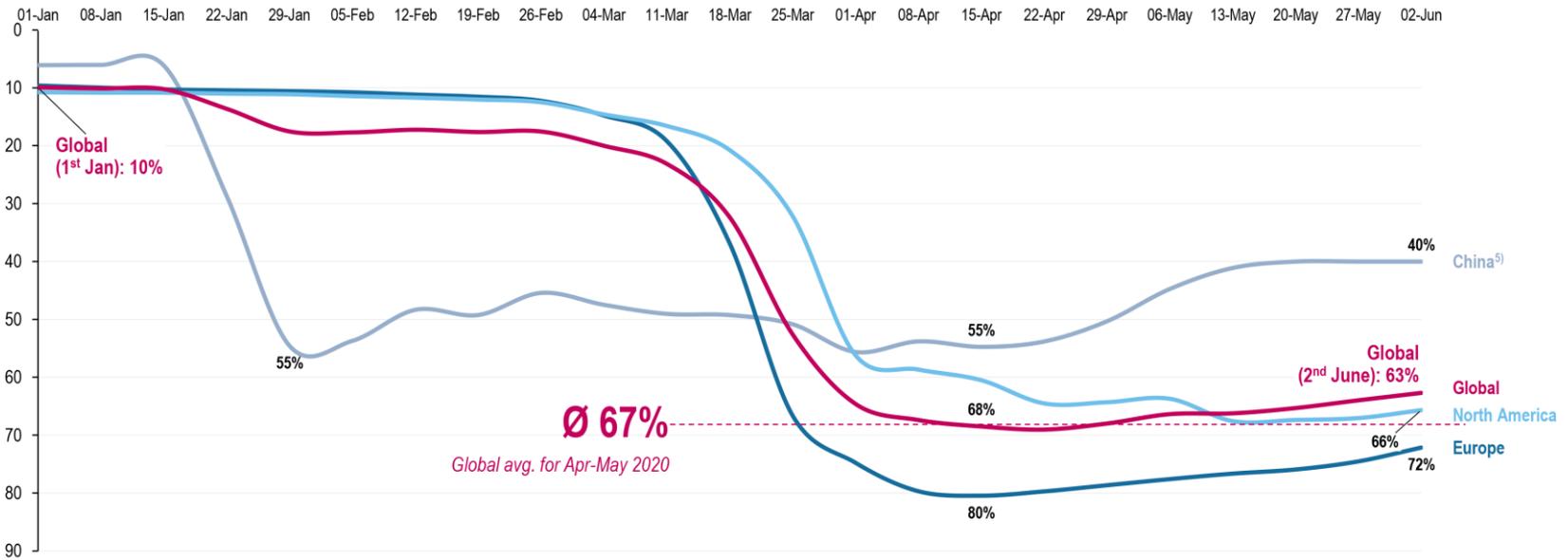
Passenger volumes in Asia are on the rise but remain significantly below 2019.

Chinese lockdown 2 months before Europe, US or other nations.

Air traffic in Europe and USA is still suffering and will probably suffer longer than in China.

# AIRPLANE FLEET ON GROUND

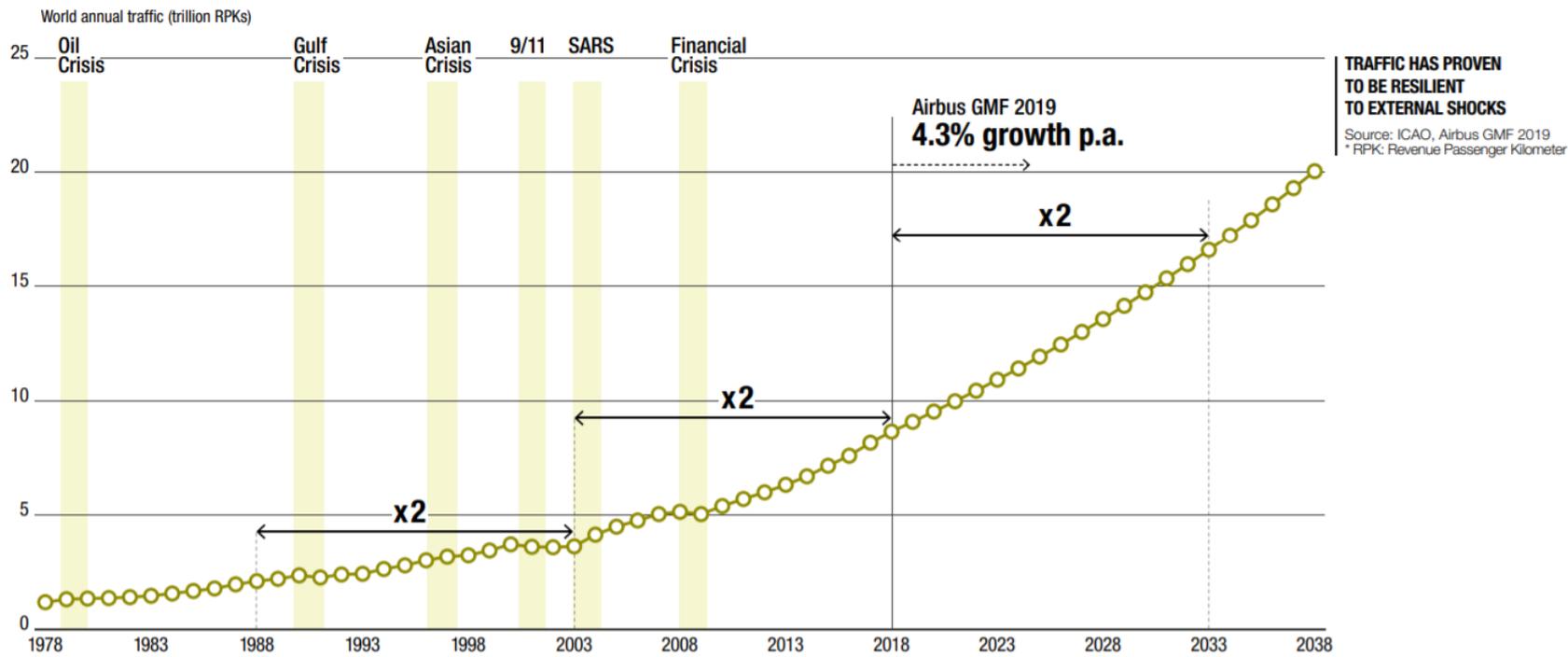
## Grounding bottomed out in late April 2020



1) Considering narrowbodies, widebodies and regional jets only; 2) Based on reported groundings data, adjusted based on press research from 4th March

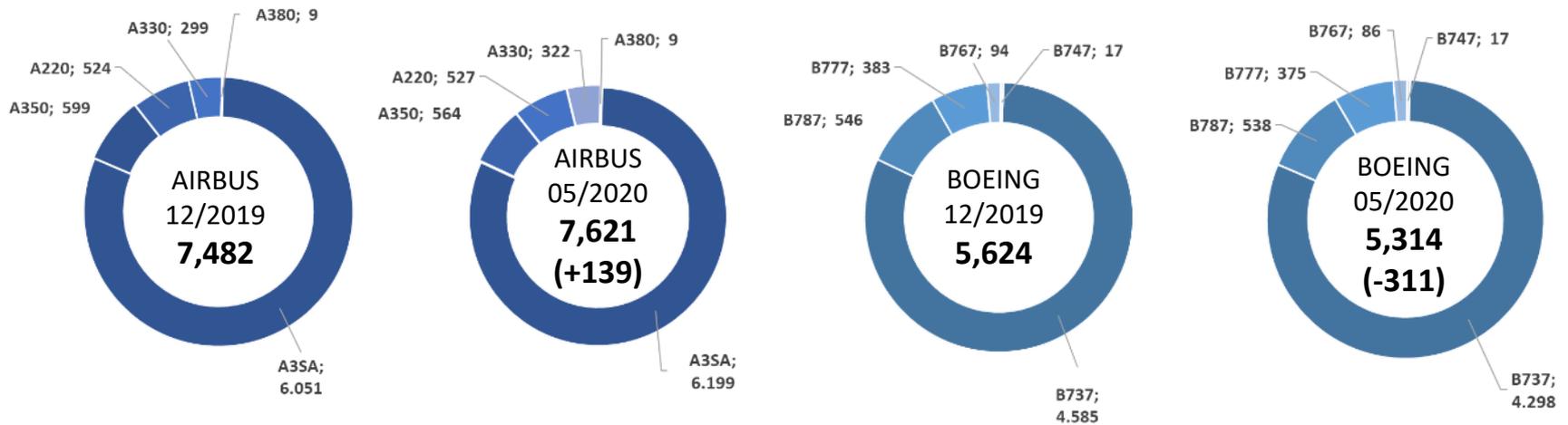
# AIR PASSENGER VOLUMES

Aerospace resilience behavior in times of crisis



# LONG-TERM ORDER BACKLOG

Significant airline orders remain in the pipeline



**Airbus and Boeing together have 12,935 firm airline orders as of 31 May 2020.**  
 This represents a **reduction of -172 orders** compared to **13,107 firm airline orders** as of 31 December 2019.

# MARKET SUMMARY

- > COVID-19 cannot be compared to previous impacts to the industry
- > The impact is more significant, and the recovery will take longer due to a slow industry recovery that is expected globally
- > Short-term rate demand is pending on restart of global travelling
- > We expect that the industry landscape will be reshaped
  - Consolidation of the industry
  - Program transfers from failing suppliers as an opportunity to gain market shares

# THE WAY FORWARD



# SETTING THE COURSE FOR THE FUTURE

Secure Liquidity, Reduce Costs, Gain Market Shares for Growth

- > **Execute** cost reduction program F.A.C.T
- > Secure company liquidity
- > Investments in **technologies & efficiency improvements**
- > **Push market opportunities** to increase revenue volume in all divisions
- > **Vertical integration** strategy to increase profitability
- > **Insourcing of programs** to increase company utilization
- > **Maintain company know-how**
- > Expand activities in the field of **new products**



# 2020 - FULL YEAR OUTLOOK

- > The global economic COVID-19 impact cannot be fully assessed today
- > Due to existing COVID-19 restrictions and reduced overall industry visibility, a serious or reliable outlook for the 2020 financial year is currently not possible
- > Effects and forecasts with regard to FACC will be announced at a later date after the market situation has been evaluated