Quarterly Financial Report

Q3 2014/15

FACC AG, Fischerstraße 9
A-4910 Ried im Innkreis

Pilot. Passion. Partnership.

facc With momentum into the future

Dear Sir or Madam,

FACC AG looks back on many years of success. Last September we celebrated our 25th anniversary, symbolising 25 years of constant growth across many aspects of our business, including product diversity, customer portfolio, production capacity, revenue and profitability. Over all those years, we have developed and built our skills and competences and created the basis for further successful growth.

Building on this overall positive momentum, Q3 showed a significant improvement over the first half of 2014/15. The first half was characterised by the production ramp-up of a number of individual projects and this had a negative effect on earnings. In Q3, thanks to a combination of increasing sales volumes and our consistent implementation of various measures to optimize production and enhance efficiency, operating results have improved significantly vis-à-vis Q2 2014/15 and also against Q3 last year.

Our customers trust in the services of FACC: The order of the French engine nacelle producer Aircelle (Safran) to develop and manufacture engine cowlings is the perfect proof.

Most recent announcements by the major aircraft manufacturers show that 2014 was again a record year. Deliveries have again increased by more than 6 percent, and our customers, the aircraft manufacturers have announced further production rate increases. Also, new aircraft orders remain at record levels and ensure that the orders received by Airbus and Boeing increased significantly: Book-to-bill for both is greater than 2, meaning that twice as many aircraft were ordered than delivered by the two aircraft manufacturers! As a consequence, the orders placed with FACC AG, were also up significantly, thus providing a sound basis for the future development of the Company.

Regardless of the challenges that are still ahead of us, I am confident that we have now created a good basis to improve our profitability. In short: The course for growing profitability has been set.

Walter A. Stephan
Chairman & Chief Executive Officer of FACC AG

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facc Selected Group Key Performance Indicators

	1/3/2014 -30/11/2014 EUR'000	1/3/2013 -30/11/2013 EUR'000
Revenue	381,798	364,730
EBITDA	6,881	26,047
EBITDA as percentage of revenue	1.8%	7.1%
EBIT	-9,027	12,349
EBIT as percentage of revenue	-2.4%	3.4%
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments	-11,814	5,443
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments as percentage of revenue	-3.1%	1.5%
Reasearch and development costs Capitalised development costs	20,774	11,112
Reasearch and development costs expensed	19,727	34,921
Total as percentage of revenue	10.6%	12.6%
Cash generated from operations	-70,918	-47,046
Cash flow from investing activities	-55,320	-39,444
Total employees (end of period)	3,180	2,795

	30/11/14 EUR'000	28/02/14 EUR'000
Net working capital	226,391	146,084
Net debt	169,796	150,726
Equity	326,124	224,828
Equity ratio	47.5%	39.5%
Total amount of the consolidated statement of financial position	687,097	569,320

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Current Business Situation

CURRENT BUSINESS SITUATION

In the first three quarters of the fiscal year 2014/15, the FACC Group generated revenue of EUR 381,798k.This means an increase of EUR 17,068k or 4.7% compared to the year-on-year amount of EUR 364,730k. Revenue growth was driven by increased product revenue of EUR 54,395k or 18.8%, while revenue related to development services dropped by EUR -37,327k or -49.7% at the same time. Product revenue picked up largely with respect to the Airbus A321, Airbus A350 XWB, Boeing 787, Boeing 737 and Bombardier Challenger 300 programmes.

The slowdown in revenue from development services is largely due to the fact that in the comparative period of the first nine months of 2013/14, we invoiced a significant amount for development services (invoiced in Q1 2013/14) as well as for manufacturing tools (invoiced in Q2 and Q3 2013/14) with respect to two development projects in the Aerostructures division. In the first three quarters of the fiscal year 2014/15, we did not invoice a similarly significant account. Over the remainder of the fiscal year (Q4 of the fiscal year 2014/15), we currently expect to invoice development services in line with our internal planning.

For the first three quarters of the fiscal year 2014/15, earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT) amounted to EUR -9,027k (Q3 2013/14: EUR 12,349k). The change in the earnings position is materially attributable to the higher amount invoiced for development services in the first three quarters of the prior year. In the first two quarters of the current fiscal year 2014/15, we had not planned to invoice a similar amount for development services. The development services planned to be invoiced in Q3 were postponed to Q4. As a result, our earnings from development services are down relative to the first three quarters of 2013/14.
Overall, earnings before interest, taxes and fair value measurement (EBIT) in Q3 improved significantly compared to Q1 and Q2 of fiscal year 2014/15 (EBIT Q1 2014/15: EUR -5,280k, EBIT Q2 2014/15: EUR -9,216k, EBIT Q3 2014/15: EUR +5,469k).
Compared to the previous year, EBIT increased from EUR 4.673k in the third quarter of 2013/14 to EUR 5.469k in the third quarter of 2014/15.

The projects of the Aerostructures division are developing largely according to plan. Results from existing and new projects as well as the profitability of the projects correspond to projections. The stabilisation process with respect to the new projects has further progressed in Q3, and the modification process that is typical for new projects (such as changes resulting from flight test results) has been completed.

Current Business Situation

The delivery rate for B737 winglet modifications has significantly increased in the modification centre FSI Wichita in Q3. The throughput times for a modification were more than halved, and the modification rate per month has been trebled in Q3 compared to Q1 and Q2. The number of B737 modifications and the resulting revenue are expected to stabilise largely at Q3 level. The capacity increases in the Aerostructures facilities has also progressed as planned. The structural expansions (Plant 3) were completed in Q3, the installation of new equipment has also progressed and we started operations in the new plant during the quarter. This will support further revenue growth in Q4 of the current fiscal year.

In addition, we also started up a number of new projects in the Interiors division. This also impacted the results of the first three quarters of the fiscal year 2014/15, as the production costs in early phases are affected by customer required modifications and changes resulting from flight test results. After Q1, the production costs of these programmes developed as planned. In Q2, the costs exceeded the planned figures due to external influences in the extensive supply chain. The production process and supply chain costs for these new projects stabilized in the third quarter. This gave rise to improved earnings in the Interiors division compared to the first two quarters. As planned before, these stabilizing processes will be continued during the following months and this should lead to a sustainable improvement in earnings from the affected new projects.

In the Engines & Nacelles division, the introduction of additional modifications to an engine component exerted a material influence on overall process and production costs in the first three quarters. Planned reductions in material costs were off-set by increases in the price of certain raw materials. The short term nature of the modifications led to higher production costs and longer throughput times. To prevent supply delays we had to transport components by air freight instead of by sea. This in turn led to higher freight costs. Towards the end of Q3 we were able to revert back to sea freight and this will continue over the coming weeks. Measures aimed at raising efficiency – particularly with respect to reducing process costs, such as learning curve effects, the promotion of synchronised production, and a reduction in quality and material costs. Working together with our customers we are also implementing technical / engineering changes to further reduce costs. Once these have been completed we will have a lower costs basis over the coming quarters.

Current Business Situation

Non-current assets increased particularly with regard to intangible assets and property, plant and equipment. In the first three quarters of 2014/15, investments were made in accordance with the investment budget and amounted to EUR 55,320k (Q3 2013/14: EUR 39,444k). Capitalised development costs contained in investments amounted to EUR 20,774k (Q3 2013/14: EUR 11,112k), mostly driven by engineering services associated with the development of the Airbus A350 Winglet, Embraer Legacy 450/500 and Embraer E-Jet 190. The expansion of production capacity in the Interiors division was completed and put into operation.

Current assets reported a significant increase due to the growth in product revenue which has led to an increase in receivables and inventories.

The IPO also significantly strengthened the FACC Group's equity. The Group shows an equity ration of 47.5% (28 February 2014: 39.5%). During the reporting period for the first nine months, a dividend in the amount of EUR 19,000k was paid.

Liabilities rose from EUR 344,492k in Q3 2013/14 to EUR 360,974k.

Cash and cash equivalents of the FACC Group stand at EUR 51,926k (28 February 2014: EUR 51,012k). Cash flow in the first three quarters of 2014/15 materially benefitted from the net proceeds of EUR 138,447k from the IPO. During the first three quarters we invested in working capital, especially in inventories to support the stronger delivery volumes expected for Q4 of the fiscal year (particularly in the last two months). Investing activities resulted in net cash outflows in the amount of EUR 55,320k. This was driven by the planned investments in the expansion of Plant II and Plant III as well as by investments in capitalised engineering services and investments in tools for new airplane programmes. The net cash flow from financing activities was affected by the net proceeds from the IPO as well as by the dividend payment in the amount of EUR 19,000k. At the end of the interim reporting period, free liquidity based on available credit lines (without cash and cash equivalents) stands at EUR 68,100k as compared to EUR 82,000k at the end of the same interim reporting period of the past fiscal year.

As per 30 November 2014, FACC employed 3,180 staff, compared to 2,795 employees as per 30 November 2013. Staff numbers increased, as a result of the ramp up of new aircraft programs and the ensuring higher production volumes.

facc Outlook

OUTLOOK

The market environment developed as planned during the first three quarters of the fiscal year. The order level reported for the first three quarters as well as the outlook for the fiscal year as a whole are in line with our budgetplanning assumptions. The positive trend of the first half continues, so that we should be able to achieve our sales targets. In comparison with the fiscal year 2013/14 and from today's perspective, we expect a single digit revenue increase in the fiscal year 2014/15, with revenue from product deliveries growing at a double-digit rate in Q3 just as in the prior-year period. From today's perspective, this trend will continue. We would expect total revenues for the full year 2014/15 to grow to EUR 580 mill.

As for our operating results (EBIT), management expects that some of the on-going customer negotiations may not be concluded entirely over the course of the remainder of the fiscal year 2014/15. As a result, our operating profit may come out considerably below last year’s.

Obtaining the type-certificate for the Airbus A350 XWB aircraft in September 2014 – as planned – and the subsequent first delivery of the Airbus A350 XWB to the launch customer Qatar Airlines in December 2014 were major milestones for both the fiscal year 2014/15 and the FACC Group's future growth strategies. In connection with these A350 programme milestones, further measures to support the ramp-up of series production at FACC's manufacturing plants have been implemented in Q3. These measures will enable a continuous increase in the production rate of A350 XWB components for one aircraft per month at present to three per month by the end of the fiscal year and further rate increases for the fiscal year 2015/16.

In addition to the positive effects of the production ramp-up with regard to the FACC products for the A350 XWB, we also implemented the ramp-up of series production of components for the Boeing B787-9, Bombardier Challenger 350 and Embraer Legacy 500 aircraft types.

As a system supplier, the FACC Group will profit significantly from the growing business volumes resulting from new projects from 2015 onwards. This will both increase revenues to FACC and ensure high capacity utilisation. Measures taken to stabilise production for these new projects is developing as planned, which in turn led and will lead in the future to a sustained decrease in process costs. From a current perspective, the repayment by customers of development costs incurred by the FACC Group will be realised as planned.

facc Outlook

We continued to pursue the outsourcing of discrete product families to strategic supply chain partners in Q3 and significant product families from the Engines & Nacelles and Aerostructures divisions were outsourced in Q3. Along with these relocations, we reduce manufacturing costs, further decrease USD exposure, create production space for the manufacturing of high-tech products and further expand the global manufacturing network.

Even despite the drop in crude oil prices, the trend of airlines striving to operate their business more efficiently remains unchanged and continues to drive the demand from airlines for new more efficient aircraft. OEMs and airlines are focusing on continuously improving the operational efficiency of the relatively modern aircraft currently in service through the implementation of modification programmes. Since production was started in Q1 2014, the FACC subsidiary FSI Wichita has completed and delivered 250 modification packages for the Boeing B737 aircraft type. To meet the demand of the series production was increased to a high level of 30 to 40 refurbishments per month. For the coming quarters and in line with forecasts and current estimates of our customers, we expect the modification business to develop steadily.

The FACC Group's approval by the EASA and the Austrian civil aviation authority (ACG) as a "design organisation" enables the FACC Group to gain market shares in the modification and repair markets. This approval means that the FACC Group and its subsidiaries will be in the position to develop and directly offer modification packages to the airline customers. In addition to the primary OEM business, the FACC Group aims at generating additional growth from the modification business in the coming years.

The order backlog of the FACC Group continues to develop positively thanks to new orders on the one hand and thanks to the increasing volume of new aircraft on the other hand. This further supports the Group's "FACC Vision 2020" programme when it comes to strengthening and expanding its position as a Tier 1 supplier of customers such as Airbus, Boeing, Bombardier, Embraer and all renowned engine manufacturers.

Consolidated Statement of Financial Position

	Balance as at 30/11/2014 EUR'000	Balance as at 28/2/2014 EUR'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	145,357	126,307
Property, plant and equipment	150,084	129,862
Other non-current financial assets	1,763	1,730
Non-current receivables	23,021	16,676
Total non-current assets	**320,226**	**274,575**
CURRENT ASSETS		
Inventories	114,907	81,049
Trade receiveables	112,112	100,111
Receivables from construction contracts	41,630	25,144
Other receiveables and deferred income	29,944	19,027
Receivables from affiliated companies	16,353	14,812
Derivative financial instruments	0	3,590
Cash and cash equivalents	51,926	51,012
Total current assets	**366,872**	**294,745**
TOTAL ASSETS	**687,097**	**569,320**
EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	45,790	35
Capital reserve	220,588	125,006
Currency translation reserve	-99	-127
Other reserves	-9,768	-1,434
Retained earnings	69,598	101,353
	326,109	**224,833**
Non-controlling interests	14	-5
TOTAL EQUITY	**326,124**	**224,828**
LIABILITIES		
NON-CURRENT LIABILITIES		
Promissory note loans	42,000	45,000
Bonds	89,024	88,893
Other finacial liabilities	61,813	57,028
Derivative financial instruments	10,873	9,953
Investment grants	10,021	9,776
Employee benefit obligations	8,571	7,581
Deferred taxes	9,688	20,128
Total non-current liabilities	**231,991**	**238,359**
CURRENT LIABILITIES		
Trade payables	45,548	55,694
Other liabilities and deferred income	26,653	23,553
Other finacial liabilities	25,885	10,817
Promissory note loans	3,000	0
Derivative financial instruments	19,378	0
Other provisions	7,639	10,476
Investment grants	838	838
Income tax liabilities	42	4,755
Total current liabilities	**128,983**	**106,133**
TOTAL LIABILITIES	**360,974**	**344,492**
TOTAL EQUITY AND LIABILITIES	**687,097**	**569,320**

Consolidated Statement of Comprehensive Income

	Q3 14/15	Q3 13/14	Q1-Q3 14/15	Q1-Q3 13/14
	1/9/2014 - 30/11/2014	1/9/2013 - 30/11/2013	1/3/2014 - 30/11/2014	1/3/2013 - 30/11/2013
	EUR'000	EUR'000	EUR'000	EUR'000
REVENUE	145,938	136,626	381,798	364,730
Changes in inventories	3,708	5,080	11,738	12,840
Own work capitalised	4,990	2,661	12,077	7,278
Cost of materials and purchased services	-88,966	-87,345	-247,758	-231,482
Staff costs	-42,407	-39,192	-120,287	-102,220
Despreciation and amortisation	-5,545	-5,184	-15,907	-13,697
Other operating income and expenses	-12,250	-7,974	-30,687	-25,100
EARNINGS BEFORE INTEREST, TAXES AND FAIR VALUE MEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS	**5,469**	**4,673**	**-9,027**	**12,349**
Finance costs	-2,836	-1,422	-7,967	-4,434
Interest income from financial instruments	256	16	440	25
Fair value Measurement of derivative financial instruments	-257	-952	-920	1,516
PROFIT BEFORE TAXES	**2,633**	**2,315**	**-17,473**	**9,457**
Income taxes	-702	-499	4,739	-2,498
PROFIT AFTER TAXES	**1,931**	**1,817**	**-12,734**	**6,959**
ITEMS SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Currency translation differeneces from consolidation	3	-23	28	-31
Fair value measurement of securities (net of tax)	5	0	25	0
Cash flow hedges (net of tax)	-6,208	-191	-8,359	-165
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**-6,200**	**-215**	**-8,306**	**-196**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-4,269**	**1,602**	**-21,040**	**6,763**
PROFIT AFTER TAXES ATTRIBUTABLE TO:				
Equity holders of the parent	**1,910**	**1,852**	**-12,753**	**6,994**
Non-controlling equity holders	**20**	**-35**	**20**	**-35**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Equity holders of the parent	**-4,290**	**1,637**	**-21,060**	**6,797**
Non-controlling equity holders	**20**	**-35**	**20**	**-35**

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Consolidated Statement of Cash Flows

	1/3/2014 - 30/11/2014 EUR'000	1/3/2013 - 30/11/2013 EUR'000
OPERATING ACTIVITIES		
Earnings before interest, taxes and fair value measurement of derivative financial instruments	-9,027	12,349
Fair value measurement of derivative finacial instruments	-920	1,516
	-9,947	**13,866**
Plus/minus		
Change in investment grants	245	-567
Depreciation and amortisation	15,907	13,697
Losses/(gains) on disposal of non-current assets	783	10,947
Changes in financial instruments	23,888	-1,738
Change in non-current receivables	-6,345	0
Change in employee benefit obligations, non-current	990	667
	25,522	**36,872**
Changes in net current assets		
Change in inventories	-33,858	-38,280
Changes in receivables and deferred items	-40,945	-24,287
Change in trade payables	-10,146	-16,266
Change in current provisions	-2,837	-5,149
Change in other current liabilities	-8,654	65
CASH GENERATED FROM OPERATIONS	**-70,918**	**-47,046**
Interest received	440	25
Tax paid	-4,753	5
NET CASH GENERATED FROM OPERATING ACTIVITIES	**-75,231**	**-47,016**
INVESTMENT ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	0	391
Purchase of property, plant and equipment	-30,080	-24,350
Purchase of intangible assets	-4,466	-4,374
Payment for addition to development costs	-20,774	-11,112
NET CASH USED IN INVESTING ACTIVITIES	**-55,320**	**-39,444**
FINANCING ACTIVITIES		
Proceeds from financial loans and bonds	8,240	104,727
Repayments of financial loans and bonds	11,744	-21,359
Payments of interest on financial loans and bonds	-7,967	-4,434
Cash proceeds from capital contributions	138,447	0
Dividends paid	-19,000	-1,700
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**131,465**	**77,234**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**914**	**-9,226**
Cash and cash equivalents at the beginning of the period	51,012	36,958
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**51,926**	**27,732**

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Consolidated Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	OTHER RESERVES Available-for-sale securities	Hedging reserve	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
BALANCE AS AT 1 MARCH 2014	**35**	**125,006**	**-127**	**0**	**-45**	**0**	**-1,389**
Profit after taxes	0	0	0	0	0	0	0
OTHER COMPREHENSIVE INCOME							
Currency translation differences from consolidation	0	0	28	0	0	0	0
Fair value measurement of securities (net of tax)	0	0	0	0	25	0	0
Revaluation effects of pension and termination benefits (net of tax)	0	0	0	0	0	0	0
Cash flow hedges (net of tax)	0	0	0	0	0	-8,359	0
TOTAL OTHER COMPREHENSIVE INCOME	0	0	28	0	25	-8,359	0
TOTAL COMPREHENSIVE INCOME	0	0	28	0	25	-8,359	0
Dividends paid	0	0	0	0	0	0	0
Share capital increase (from capital reserve)	29,965	-29,965	0	0	0	0	0
Share capital increase new shares	15,790	125,547	0	0	0	0	0
BALANCE AS AT 30 NOV. 2014	**45,790**	**220,588**	**-99**	**0**	**-20**	**-8,359**	**-1,389**

	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
BALANCE AS AT 1 MARCH 2014	**101,353**	**224,833**	**-5**	**224,828**
Profit after taxes	-12,753	-12,753	20	-12,734
OTHER COMPREHENSIVE INCOME				
Currency translation differences from consolidation	0	28	0	28
Fair value measurement of securities (net of tax)	0	25	0	25
Revaluation effects of pension and termination benefits (net of tax)	0	0	0	0
Cash flow hedges (net of tax)	0	-8,359	0	-8,359
TOTAL OTHER COMPREHENSIVE INCOME	0	-8,306	0	-8,306
TOTAL COMPREHENSIVE INCOME	-12,753	-21,059	20	-21,040
Dividends paid	-19,000	-19,000	0	-19,000
Share capital increase (from capital reserve)	0	0	0	0
Share capital increase new shares	0	141,337	0	141,337
BALANCE AS AT 30 NOV. 2014	**69,600**	**326,110**	**15**	**326,125**

Consolidated Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	OTHER RESERVES Available-for-sale securities	OTHER RESERVES Hedging reserve	OTHER RESERVES Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
BALANCE AS AT 1 MARCH 2013	**35**	**144,006**	**-75**	**0**	**-55**	**625**	**-1,179**
Profit after taxes	0	0	0	0	0	0	0
OTHER COMPREHENSIVE INCOME							
Currency translation differences from consolidation	0	0	-31	0	0	0	0
Fair value measurement of securities (net of tax)	0	0	0	0	0	0	0
Revaluation effects of pension and termination benefits (net of tax)	0	0	0	0	0	0	0
Cash flow hedges (net of tax)	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	0	0	-31	0	0	-165	0
TOTAL COMPREHENSIVE INCOME	0	0	-31	0	0	-165	0
Dividends paid	0	0	0	0	0	0	0
Effects from initial consolidation	0	0	0	0	0	0	0
BALANCE AS AT 30 NOV. 2013	**35**	**144,006**	**-106**	**0**	**-55**	**460**	**-1,179**

	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
BALANCE AS AT 1 MARCH 2013	**55,188**	**198,545**	**0**	**198,545**
Profit after taxes	6,994	6,994	-35	6,959
OTHER COMPREHENSIVE INCOME				
Currency translation differences from consolidation	0	-31	0	-31
Fair value measurement of securities (net of tax)	0	0	0	0
Revaluation effects of pension and termination benefits (net of tax)	0	0	0	0
Cash flow hedges (net of tax)	0	-165	0	-165
TOTAL OTHER COMPREHENSIVE INCOME	0	-196	0	-196
TOTAL COMPREHENSIVE INCOME	6,994	6,798	-35	6,763
Dividends paid	-1,700	-1,700	0	-1,700
Effects from initial consolidation	0	0	15	15
BALANCE AS AT 30 NOV. 2013	**60,482**	**203,643**	**-20**	**203,623**

Selected Comments on the Quarterly Financial Report

1. GENERAL

The FACC Group, headquartered in Ried, is a group incorporated in Austria for the development, production and servicing of aircraft components. The Company was founded in 1989. The principal activities of the FACC Group are the manufacturing of structural components, such as parts of engine cowlings, wing claddings or control surfaces, as well as interiors for modern commercial aircraft. The components are manufactured using mainly composites. Within the components made of such composites, the Group also integrates metallic components of titanium, high-alloy steel and other metals, and supplies these components to the aircraft final assembly lines ready for fitting.

Corporate structure of the Group
In the first three months of the fiscal year 2014/15, the Group was subject to structural processes under company law in preparation for the planned IPO. This was made in order to generate a corporate structure that is typical in the market:

- Aero Vision Holding GmbH ('AVH') was merged with FACC AG (formerly Aerospace Innovation Investment GmbH) by way of universal succession on 28 February 2014.
- Aerospace Innovation Investment GmbH was converted into an 'Aktiengesellschaft' (stock corporation under Austrian law) by simultaneously changing the company's name into FACC AG.
- The former FACC AG was converted into a 'GmbH' (limited company under Austrian law) by simultaneously changing the company's name into FACC Operations GmbH.

With the exception of AVH, which was merged with FACC AG (formerly Aerospace Innovation Investment GmbH), there has been no change in the consolidated group of FACC AG as at 30 November 2014 compared to the consolidated group of the consolidated financial statements as at 28 February 2014.

2. ACCOUNTING AND VALUATION METHODS

These interim financial statements as at 30 November 2014 have been prepared in accordance with the International Accounting Standard 34 (IAS 34).

The accounting and valuation methods applied to the consolidated financial statements as at 28 February 2014 have been consistently applied to these interim financial statements. There are no new or amended standards and interpretations effective for these interim financial statements 2014/15 that are expected to have a material impact on the Group. For further information on the accounting and valuation methods, reference is made to the consolidated financial statements as at 28 February 2014, which form the basis of these interim financial statements.

The information in the notes is limited to selected material disclosures. For further information, reference is made to the consolidated financial statements as at 28 February 2014, which form the basis of these interim financial statements.

The preparation of the interim financial statements in accordance with generally accepted accounting and valuation methods requires the use of assumptions and estimates which have an effect on the amount and the presentation of the reported assets and liabilities, as well as

Selected Comments on the Quarterly Financial Report

on the disclosed contingent assets and liabilities as at the end of the interim reporting period, and have an effect on the reported income and expenses during the reporting period. Although these assumptions are made to the best of our knowledge based on current transactions, the actual values may in the end deviate from these assumptions.

The interim financial statements have been prepared in euro thousand (kEUR); the information disclosed therein is also presented in euro thousand. Where rounded amounts and percentages are aggregated, rounding differences may occur due the use of automated calculation aids.

3. SEASONALITY

Our operating results are subject to fluctuations as revenue varies from quarter to quarter. The allocation of the total revenue for a given fiscal year to a particular financial quarter is largely correlated to production operations of aviation industry customers. For this reason, the quarters during which customers normally conduct plant holidays are lower in revenue than quarters without such effects. Moreover, the revenue for a certain quarter may be affected by invoicing for larger tooling and development projects, which is generally the case during the fourth quarter. In addition, our customers typically place their orders, to a large extent, in December which results in increased revenue recorded in January, i.e., in our fourth quarter. Further, the seasonality effect is influenced by airlines as the quantity of their purchase orders for new aircraft varies on seasonal passenger volumes. In the past, our results have varied from quarter to quarter which had an impact on our working capital and financial results. It is anticipated that these effects will continue to take place in the future.

4. SELECTED COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

Intangible assets amount to EUR 145,357k (28 February 2014: EUR 126,307k). The change is mainly due to additions from development projects in connection with A350, Embraer Legacy and Embraer E-Jet 190, as well as due to an addition in connection with a delivery right under a new contract.

The non-current receivables amount to EUR 23,021k (28 February 2014: EUR 16,676k). This increase is related to a non-current receivable from the billing of development services with longer term payment terms or receivables that were retrospectively granted longer term payment terms.

Inventories amount to EUR 114,907k (28 February 2014: EUR 81,049k). The rise is mainly due to the increase in product revenue as well as to the rise in business volume that is particularly expected for the remaining months (particularly in the last two months of the fiscal year). In addition, inventories increased in connection with certain projects in the ramp- up or stabilisation phase.

Receivables from construction contracts amount to EUR 41,630k (28 February 2014: EUR 25,144k) at the end of the interim reporting period. Compared to 28 February 2014, the amount recognised for construction contracts as at 30 November 2014 was higher by

Selected Comments on the Quarterly Financial Report

EUR 16,486k. The change mainly results from development contracts (based on milestone contracts) in connection with Bombardier Global 7000/8000, Airbus A350, SSJ100, Airbus A330/340 Redesign, Airbus A380 Redesign, and Comac C919.

Share capital

The share capital of the Company amounts to EUR 45,790k and is fully paid in. It is divided into 45,790,000 non-par value shares with a value of EUR 1.00 per share. Changes in the share capital in the interim reporting period resulted from the transactions as presented below:

At the ordinary general meeting dated 6 May 2014, the share capital of Aerospace Innovation Investment GmbH (now FACC AG) was increased from EUR 35k by EUR 29,965k to EUR 30,000k by way of a capital increase from company funds by conversion of a corresponding amount of the unappropriated capital reserve reported in the consolidated financial statements as at 28 February 2014. With regard to the dividend, we refer to the section "Related-party transactions".

At the extraordinary general meeting dated 23 June 2014, the following resolutions were passed:

The Company's share capital of EUR 30,000k is increased by EUR 15,790k to EUR 45,790k by way of cash contributions to be paid immediately in full through the issue of 15,790,000 new bearer shares without a nominal value upon the sole shareholder waiving its subscription right. The capital increase is made in connection with the IPO of the Company.

For a period of up to five years, the management board is authorised to increase the Company's share capital, subject to approval of the supervisory board, by up to EUR 19,895k new non-par bearer shares against contribution in cash or in kind, excluding subscription rights.

For a period of up to five years, the management board is authorised, subject to approval of the supervisory board, to make a contingent capital increase of up to EUR 3,000k by issuing up to 3,000,000 new non-par bearer shares against cash contribution in order to grant share options to employees, executive employees and members of the management board of the Company or to one of its affiliated companies.

The share capital of the Company may be increased by up to EUR 15,000k through the issue of up to 15,000,000 new non-par value bearer shares to be issued to creditors of convertible bonds. This conditional capital serves to grant subscription or conversion rights to creditors of convertible bonds and to prepare the merger of several companies.

The shares from the capital increase dated 23 June 2014 were issued in the course of the IPO dated 25 June 2014.

Selected Comments on the Quarterly Financial Report

Capital reserve

The capital reserve amounts to EUR 220,588k. In the first half of the year, unappropriated capital reserves in the amount of EUR 29,965k were converted into share capital. (Resolution of the ordinary general meeting dated 6 May 2014)

An amount of EUR 125,547k arising from gross IPO proceeds was allocated to the capital reserve. Costs of acquiring capital incurred by the Company in connection with its initial listing in the amount of EUR 11,558k were offset against the capital reserve, taking into account deferred tax effects in the amount of EUR 2,889k.

Trade payables in the amount of EUR 45,548k (as at 28 February 2014: EUR 55,694k) developed in line with the course of business. Trade payables tend to be higher by the end of a fiscal year than over the course of a fiscal year, as a result of seasonality effects that drive higher business volumes in the last quarter of a fiscal year.

Current other financial liabilities amount to EUR 25,885k (28 February 2014: EUR 10,817k). The change is primarily related to the financing of the change in working capital and of the change in non-current receivables.

The information required pursuant to IAS 34.16 A(j) with regard to the fair value of financial instruments is presented below.
The fair values of derivative financial instruments for foreign currency and interest rate hedging are as follows:

	Volume USD'000	Volume EUR'000	Fair value EUR'000
BALANCE AS AT 28/2/2014			
Forward foreign exchange contracts - USD	155,000	-	3,590
Structured currency options - USD	-	-	-
Interest rate swaps	-	20,000	-9,953
BALANCE AS AT 30/11/2014			
Forward foreign exchange contracts - USD	410,000	-	-19,378
Structured currency options - USD	-	-	-
Interest rate swaps	-	20,000	-10,873

Selected Comments on the Quarterly Financial Report

The current and non-current financial assets and liabilities can be broken down as follows in accordance with the categories of IAS 39:

	Category IAS 39[1])	Carrying amount as at 28 February 2014 EUR'000	Fair value as at 28 February 2014 EUR'000	Carrying amount as at 30 November 2014 EUR'000	Fair value as at 30 November 2014 EUR'000
ASSETS					
Measurement at (amortised) cost					
Non-current receivables	LaR	16,676	16,676	23,021	23,021
Trade receivables	LaR	100,111	100,111	112,112	112,112
Receivables from construction contracts	LaR	25,144	25,144	41,630	41,630
Receivables from affiliated companies	LaR	14,812	14,812	16,353	16,353
Cash and cash equivalents	LaR	51,012	51,012	51,926	51,926
Measurement at fair value					
Book-entry securities (not listed)	AfS	1,346	1,346	1,346	1,346
Securities (listed)	AfS	384	384	417	417
Derivates with positive fair value (interest rate swaps)	AtFVtP&L	–	–	–	–
Derivates with positive fair value (forward foreign exchange contracts)	–	3,590	3,590	–	–
Derivates with positive fair value (structured currency options)	AtFVtP&L	–	–	–	–
Total financial assets		**213,075**	**213,075**	**246,805**	**246,805**

[1] LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

Selected Comments on the Quarterly Financial Report

	Category IAS 39[1]	Carrying amount as at 28 February 2014 EUR'000	Fair value as at 28 February 2014 EUR'000	Carrying amount as at 30 November 2014 EUR'000	Fair value as at 30 November 2014 EUR'000
LIABILITIES					
Measurement at (amortised) cost					
Promissory note loans	FLAC	45,000	45,000	45,000	45,000
Bonds	FLAC	88,893	92,691	89,024	96,525
Bank borrowings	FLAC	67,845	67,845	87,698	87,698
Trade payables	FLAC	55,694	55,694	45,548	45,548
Measurement at fair value					
Derivates with negative fair value (interest rate swaps)	AtFVtP&L	9,953	9,953	10,873	10,873
Derivates with negative fair value (forward foreign exchange contracts)	–	–	–	19,378	19,378
Derivates with negative fair value (structured currency options)	AtFVtP&L	–	–	–	–
Total financial liabilities		**267,385**	**271,183**	**297,521**	**305,022**

[1] LaR Loans and Receivables
AfS Available for Sale
AtFVtP&L At Fair Value through Profit and Loss
FLAC Financial Liabilities at Amortised Cost

Related-party transactions outside of the consolidated group for the period 1 March 2014 to 30 November 2014

With the related company Shanghai Aircraft Manufacturing Co., Ltd., revenue was generated in the amount of EUR 2,083k (Q3 2013/14: EUR 1,916k).

With the related company Fesher Aviation Component (Zhenjiang) Co., Ltd., revenue was generated in the amount of EUR 2,439k (Q3 2013/14: EUR 847k).

With the related company FACC International Co., Ltd., costs were invoiced in the amount of EUR 1,811k (Q3 2013/14: EUR 675k).

With the related company Chengdu Avic International Trading Co. Ltd., revenue was generated in the amount of EUR 1k (Q3 2013/14: EUR 0k).

At the ordinary general meeting, the shareholders of Aerospace Innovation Investment GmbH (now FACC AG) resolved to distribute a dividend to the sole shareholder in the amount of EUR 19,000k. The dividend was paid in the second quarter of the current fiscal year.

Selected Comments on the Quarterly Financial Report

5. SELECTED COMMENTS ON THE STATEMENT OF COMPREHENSIVE INCOME

Revenue amounts to EUR 381,798k (Q3 2013/14: EUR 364,730k). The increase in revenue is mainly due to the change in product revenue of EUR 289,575k as at 30 November 2013 to EUR 343,969k as at 30 November 2014, while revenue with regard to development services at the same time changed from EUR 75,156k as at 30 November 2013 to EUR 37,828k as at 30 November 2014. Major drivers behind the growth in product revenue were the Boeing 787, Airbus A321, Airbus A350 XWB, Boeing B737, and Bombardier Challenger 300 programmes. The invoicing of two bills with regard to the services for development projects in the Aerostructures division positively impacted development services revenue as at 30 November 2013 compared to 30 November 2014.

The change in the items cost of materials and purchased services as well as staff costs results from the higher production rates compared to the previous period. As a result of the early industrialisation stage of several projects that are being ramped up simultaneously, these expenses are affected by the respective ramp-up costs particularly in Q2.

The change in the item other operating income and expenses is mainly due to the higher production rates and also to the higher costs for outbound freight as well as increased freight costs in the Engine & Nacelles division where – particularly in the first two quarters – sea freight was substituted for air freight in order to avoid major delays in delivery in connection with a programme.

Compared to the previous period, the item finance costs also includes prorated interest due to the bond issued in June 2013.

6. EVENTS AFTER THE BALANCE SHEET DATE

No material events have occurred after the interim reporting date.

7. SEGMENT REPORTING

Segment reporting is consistent with the internal management and reporting of FACC. Due to the products' different applications, three operating segments were created. The “FACC Aerostructures” division covers development, manufacture and sales of structural components, the “FACC Interiors” division handles the development, manufacture and sales of interiors, and the “FACC Engines & Nacelles” division is responsible for the manufacture and sales of engine components.
All operating segments are led by vice presidents. After conclusion of the customer agreements and order processing, the individual orders are manufactured in the four Plants. Apart from these three operating segments, the Company as a whole includes the central services of finances and controlling, personnel, quality assurance, purchasing and IT (including engineering services). In the form of a matrix organisation, these central services support the operating segments in the completion of their tasks.

Please see the next page for figures!

Selected Comments on the Quarterly Financial Report

SEGMENT REPORTING

1/3/2014-30/11/2014	Aerostructures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	Total EUR'000
INFORMATION ON PROFITABILITY				
Revenue	201,012	65,012	115,774	381,798
Earnings before interest, taxes and fair value measurement of derivative financial instruments	13,920	-18,260	-4,686	-9,027
Depreciation and amortisation	7,069	4,884	3,954	15,907
Earnings before interest, taxes and fair value measurement of derivative financial instruments and depreciation and amortisation	20,988	-13,376	-732	6,880
INFORMATION ON ASSETS				
Assets	350,556	153,975	182,566	687,097
Capital expenditure in the fiscal year	32,614	1,855	20,851	55,320

1/3/2013-30/11/2013	Aerostructures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	Total EUR'000
INFORMATION ON PROFITABILITY				
Revenue	197,980	63,672	103,078	364,730
Earnings before interest, taxes and fair value measurement of derivative financial instruments	19,178	-11,824	4,996	12,349
Depreciation and amortisation	6,834	4,023	2,841	13,697
Earnings before interest, taxes and fair value measurement of derivative financial instruments and depreciation and amortisation	26,012	-7,802	7,836	26,046
INFORMATION ON ASSETS				
Assets	248,051	115,401	152,077	515,529
Capital expenditure in the fiscal year	17,656	3,688	18,100	39,444

WAIVER OF REVIEW / AUDIT

These quarterly financial statements were neither audited nor reviewed.

Ried im Innkreis, 22 January 2014

Walter A. Stephan	Minfen Gu	Robert Machtlinger
Chairman of the Management Board	Member of the Management Board	Member of the Management Board

Information on Shares

Performance of FACC shares

The shares of FACC AG have been traded since 25 June 2014 under the trading symbol "FACC" and the ISIN (International Securities Identification Number) AT00000FACC2 on the official market (Prime Market) of the Vienna Stock Exchange.

On the first day of trading, 25 June 2014, the closing price was EUR 9.50 and was equal to the issue price. The highest closing price in the period from 25 June 2014 to 30 November 2014 was EUR 9.55 (1 July 2014) and the lowest closing price amounted to EUR 6.35 (16 October 2014). The average quotation for the share in this period was EUR 8.08.

Market capitalisation was EUR 368,600k on average, with the highest value, EUR 437,300k, being reported on 1 July 2014 and the lowest, EUR 290,800k on 16 October 2014. All information regarding the market capitalisation refers to the period from 27 June 2014 to 30 November 2014.

Trading volume

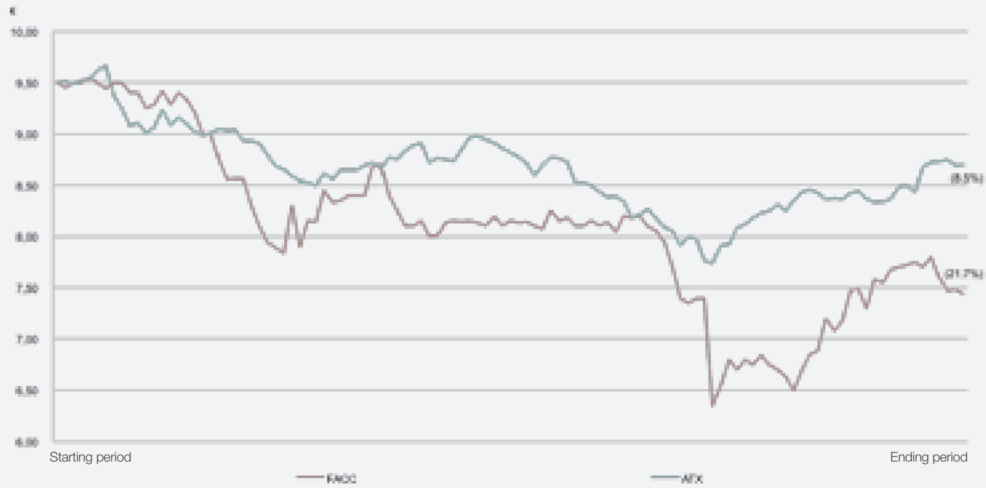
In the period from 25 June 2014 to 30 November 2014 the average daily volume of trade in FACC stock amounted to 95,411 shares. The highest trading volume, 1,975,115 shares was seen on the first day of trading and the lowest trading volume was generated on 8 September 2014, at 4,097 shares.

Data in respect of FACC shares

Bloomberg Ticker	FACC AV
International Securities Identification Number (ISIN)	AT00000FACC2
Date of admission	25 June 2014
Class of shares	Ordinary Share
Stock market	Vienna (Prime Market)
Total number of non-par value shares issued	45,790,000
Issue price IPO in June 2014	EUR 9.50
Closing price on 30 November 2014	EUR 7.44

Information on Shares

Price development of the FACC share in relation to the ATX in the period from 25 June 2014 to 30 November 2014 (The ATX was indexed to FACC stock on 25 June 2014)



Note

FACC compiled the forecasts, budgets and forward-looking assessments and statements contained in this report on the basis of information available to the Group at the time the report was prepared.

In the event that the assumptions underlying these forecasts prove to be incorrect, targets are not achieved or certain risks materialise, actual results may deviate from those currently anticipated.

We are not obliged to revise these forecasts in light of new information or future events.

This report was prepared and the data contained in it verified with the greatest possible care.

However, rounding and transmission errors, and misprints cannot be entirely ruled out. This report is also available in German. In cases of doubt, the German-language version shall prevail.

CONTACT INVESTOR RELATIONS

Manuel Taverne
Director Investor Relations
FACC AG
Fischerstraße 9
A4910 Ried/Innkreis
phone +43/59-616-2819
mobile +43/59-616-72819
e-mail m.taverne@facc.com

CAPITAL MARKET CALENDAR FISCAL YEAR 2015/16

May 21, 2015	Publication of the annual financial report / annual report 2014/2015 fiscal year
June 15, 2015	General meeting (AGM)
July 16, 2015	Quarterly report for Q1 financial year 2015/16
October 22, 2015	Half-year financial report for financial year 2015/16
January 21, 2016	Quarterly report for Q3 financial year 2015/16