

Interim Report

Q1 2016/17



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Foreword CEO

Dear Shareholders!

The start of the 2016/17 financial year was characterised by the ongoing dynamism of the aviation industry and, as a consequence, the constant challenge of meeting the requirements of both our customers and stakeholders. Thanks to rising production rates with new projects – first and foremost those of the Airbus A350 – we were able to considerably increase our production revenues by 23.3% to EUR 154 million in the first quarter of 2016/17. Group revenues, including revenues from development services, totalled EUR 165 million in the period under review. The consistent implementation of measures to enhance efficiency, the stabilisation of our numerous sustainable new projects and the use of automation led to a further improvement in earnings. The planned increase in production rates and the resulting strong order intake not only ensure a high degree of capacity utilisation at the company's sites for the years to come but also create new jobs at our production plants in Upper Austria.

The first quarter of 2016/17 was not only characterised by operating improvements but also by personnel changes. As a further consequence of the "Fake President Incident", FACC AG's CEO Walter Stephan was dismissed by the Supervisory Board with immediate effect in its meeting on 24 May 2016. As the newly designated CEO of FACC AG, I have personally conducted open and constructive discussions with all major business partners and customers of FACC AG about this change in management and they have all expressed their unqualified trust in our company, our management and our workforce.



For the further course of the 2016/17 financial year, I expect an ongoing positive business performance. In addition to double-digit revenue growth for the full-year 2016/17, our focus will mainly be on the achievement of our earnings targets, which we will meet in line with the expectations of our stakeholders.

Robert Machtlinger
Chief Executive Officer of FACC AG



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Selected Group Key Performance Indicators

in EUR million	01.03.2015 - 31.05.2015	01.03.2016 - 31.05.2016
Revenue	136.7	164.9
EBITDA	7.5	9.9
EBITDA as percentage of revenue	5.5%	6.0%
EBIT	1.2	2.6
EBIT as percentage of revenue	0.9%	1.6%
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments	-0.4	-1.5
Net profit after taxes adjusted for the change in the fair values of derivative financial instruments as percentage of revenue	-0.3%	-0.9%
RESEARCH AND DEVELOPMENT COST		
Capitalised development costs	8.0	3.4
Research and development costs expensed	5.6	5.2
Total research and development costs as percentage of revenue	9.9%	5.2%
Cash generated from operations	-16.3	-21.3
Cash flow from investing activities	-13.1	-7.2
Total employees (end of period)	3,081	3,205

in EUR million	29.02.16	31.05.2016
Net Working Capital	160.0	199.9
Net debt	171.9	206.1
Equity	304.4	310.1
Equity ratio	43.5%	43.4%
Total amount of the consolidated statement of financial position	699.2	714.6

Current business situation

REVENUE AND EARNINGS DEVELOPMENT

In the first quarter of 2016/17, revenues amounted to EUR 164.9 million (comparative period in 2015/16: EUR 136.7 million). This growth in revenues of 20.7% was mainly driven by a significant increase in product revenues of 23.3% from EUR 125.1 million in the first quarter 2015/16 to EUR 154.2 million in the period under review. Depending on the maturity level of FACC AG's programme portfolio, revenues related to development services of EUR 10.7 million in Q1 2016/17 recorded a stable development.

As in the previous quarters of the 2015/16 financial year, the main growth drivers with regard to product revenues were the Boeing 787 and 737, Airbus A321, Airbus A350 XWB as well as Bombardier Challenger 350 and Embraer Legacy 450/500 programmes.

In the period under review, amortisation and depreciation charges amounted to EUR 7.3 million (comparative period in 2015/16: EUR 6.4 million). This increase developed as planned in line with the investment activities of the past years.

Earnings before interest, taxes and fair-value measurement of derivative instruments (EBIT) amounted to EUR 2.6 million in the first quarter of 2016/17 (comparative period 2015/16: EUR 1.2 million). The increase in product deliveries and the adoption of effective operating measures combined with efficiency improvements and cost reductions led to significantly improved earnings compared to the same period in the previous year.

SEGMENT REPORTING

Aerostructures

in EUR million	01.03.2015 - 31.05.2015	01.03.2016 - 31.05.2016	Change
Revenue	66.7	74.2	11.2%
Earnings before interest, taxes and fair value measurement of derivative financial instruments	8.1	6.7	-17.2%
Despreciation and amortisation	2.6	3.7	41.3%
Assets	362.2	341.6	-5.7%
Capital Expenditures	8.0	3.0	-62.7%

Revenues in the Aerostructures segment amounted to EUR 74.2 million in the first quarter of 2016/17 (comparative period in 2015/16: EUR 66.7 million). Revenues from product deliveries increased by 16.3% to EUR 69.0 million in the period under review. This increase was mainly driven by the Airbus A350 and A321 programmes as well as the Bombardier C-Series and Global 7000/8000 programmes. Revenues from development activities amounted to EUR

5.2 million in the first quarter of 2016/17 (comparative period 2015/16: EUR 7.4 million).

Earnings before interest, taxes and fair-value measurement (EBIT) in the Aerostructures segment stood at EUR 6.7 million in the first quarter of 2016/17 (comparative period in 2015/16: EUR 8.1 million).

Engines & Nacelles

in EUR million	01.03.2015 - 31.05.2015	01.03.2016 - 31.05.2016	Change
Revenue	24.7	32.1	29.9%
Earnings before interest, taxes and fair value measurement of derivative financial instruments	-3.4	-3.7	–
Despreciation and amortisation	1.3	1.2	-9.1%
Assets	145.4	142.7	-1.8%
Capital Expenditures	0.9	1.9	121.0%

Revenues in the Engines & Nacelles segment amounted to EUR 32.1 million in the first quarter of 2016/17 (comparative period in 2015/16: EUR 24.7 million). Revenues from product deliveries rose significantly by 30.7% from EUR 23.6 million to EUR 30.8 million. This growth was mainly driven by the Airbus A350 and Boeing 787 programmes as well as by rising revenues in the engine composites area. Revenues from development activities stood at EUR 1.3 million in the period under review (comparative period in 2015/16: EUR 1.1 million).

Earnings before interest, taxes and fair-value measurement (EBIT) in the Engines & Nacelles segment stood at EUR -3.7 million in the first quarter of 2016/17 (comparative period in 2015/16: EUR -3.4 million). The measures put in place by the company to enhance efficiency within the Division led to an ongoing improvement in earnings in relation to revenues.

Interiors

in EUR million	01.03.2015 - 31.05.2015	01.03.2016 - 31.05.2016	Change
Revenue	45.3	58.7	29.6%
Earnings before interest, taxes and fair value measurement of derivative financial instruments	-3.5	-0.4	–
Despreciation and amortisation	2.4	2.4	1.3%
Assets	226.4	230.3	1.7%
Capital Expenditures	4.3	2.3	-46.1%

Revenues in the Interiors segment amounted to EUR 58.7 million in the first quarter of 2016/17 (comparative period in 2015/16: EUR 45.3 million). Revenues from product deliveries rose significantly by 29.0% from EUR 42.2 million to EUR 54.4 million. Revenues from development activities stood at EUR 4.3 million in the period under review (comparative period in 2015/16: EUR 3.1 million).

Earnings before interest, taxes and fair-value measurement (EBIT) in the Interiors segment amounted to EUR -0.4 million in the first quarter of 2016/17 (comparative period in

2015/16: EUR -3.5 million). Especially the recruitment of personnel for the implementation of the A350 XWB cabin interiors growth projects, the Legacy 450/500 business jet interior projects and the CL350 programme and the slower learning-curve effects associated therewith had a temporarily negative impact on the earnings situation. As planned, total headcount in the production area was increased with a view to tackling the high level of order intake.

FINANCIAL POSITION

In the first quarter of 2016/17, total investments amounted to EUR 7.2 million (comparative period in 2015/16: EUR 13.1 million). Capitalised development costs contained in investments amounted to EUR 3.4 million (comparative period in 2015/16: EUR 8.0 million). Additions to property, plant and equipment also recorded a significant decrease of EUR 1.1 million to EUR 3.8 million.

ASSETS SITUATION

At the end of the period under review, intangible assets amounted to EUR 166.3 million (29 February 2016: EUR 166.0 million). This change is mainly due to additions from development projects in connection with Airbus A350 and A320 new cabin projects, Embraer Legacy and Embraer E-Jet 190 programmes.

Inventories amounted to EUR 127.3 million at the end of the period under review (29 February 2016: EUR 107.8 million). This change is mainly due to the increase in product revenues and concerns production projects that generate rising revenue streams.

Receivables from construction contracts remained almost unchanged at EUR 28.6 million compared to the balance sheet date of 2015/16 (29 February 2016: EUR 28.6 million).

Receivables from affiliated companies declined by EUR 10.1 million to EUR 8.9 million as of the end of the reporting period. Incoming payments in connection with services for establishing a manufacturing site in China as well as engineering services for the program ARJ21 were booked.

The company's share capital amounting to EUR 45.8 million is fully paid up and is divided into 45,790,000 shares with a current value of EUR 1 each.

Trade payables in the amount of EUR 72.0 million (29 February 2016: EUR 72.7 million) developed in line with the business performance.

Current other financial liabilities amounted to EUR 40.9 million (29 February 2016: EUR 21.6 million). The change is primarily related to the change in working capital.

STAFF

Total headcount amounted to 3,205 employees as of 31 May 2016. As of 31 May 2015, total headcount stood at 3,081 employees.

Outlook

The products developed over the last few years are increasingly starting serial production. Sales volumes of the A350 projects will more than double over the next two to three years, becoming a major driver of the company's overall business development. In addition to the series production of the A350 projects, current forecasts also envisage a further increase in demand also for both the B787 and A320 programmes over the next year or two. Following the delivery of the first C-Series aircraft models to Swiss and the resulting increase in demand, further sustainable operating growth is expected moving forward.

Thanks to FACC's balanced and modern product and customer portfolio, the company can profit from the general growth trend currently underway in almost all aircraft families. Development work on the large projects of the past ten to twelve years, particularly for the A380, A350, B787 aircraft models, are completed. The main focus currently lies on the optimal industrialisation of these projects as well as on ongoing improvement projects.

The investments made by the FACC Group in the A350 XWB, B787, Legacy 450/500, Bombardier CL 350 and Global 7000/8000 new projects are showing sustainable effects. As a system supplier, FACC will profit significantly from the serial ramp-up of these projects. In addition to increasing revenues, this will also ensure a high degree of capacity utilisation at the company's plants.

From a current perspective, repayment of development costs incurred by the company will be realised as planned. Thus, the accomplishment of "FACC Vision 2020" of

achieving constant growth seems to be realistic from today's perspective. In its planning for the 2016/17 financial year, FACC assumes that revenue growth will be in the double digit percentage range.

In the near future, revenues from development services will fail to match the levels recorded in the 2012 and 2013 financial years. As mentioned before, both Airbus and Boeing have decided to avoid major new developments in the near future and, instead, carry out ongoing improvements to existing aircraft, which are less risky in terms of technical requirements and more viable from a financial perspective.

As part of the "FACC Vision 2020", a number of dedicated "Operational Excellence" projects were launched with a view to improving efficiency and boosting profitability. These projects aim to increase the degree of automation in production, raise productivity and reduce products' processing costs as well as to boost margins by outsourcing the production of simple composite parts. These projects are having an impact. Increased automation will also take centre stage in the 2016/17 financial year with a view to further enhancing FACC's overall efficiency. The main objective of these activities will continue to be a general increase in the overall productivity of 7 to 10% depending on the respective product mix.

A woman with long brown hair, wearing a white lab coat, a white hairnet, and white gloves, is working on a large piece of dark, textured fabric. She is looking down at her work with a focused expression. The background shows a factory or industrial setting with overhead lights and equipment. The word "facc" is visible on her lab coat pocket.

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Consolidated Statement of Financial Position

	Balance as of 29.02.2016 EUR'000	Balance as of 31.05.2016 EUR'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	166,067	166,322
Property, plant and equipment	168,748	168,453
Other non-current financial assets	451	456
Non-current receivables	30,232	29,879
Deferred taxes	241	–
Total non-current assets	365,739	365,110
CURRENT ASSETS		
Inventories	107,823	127,274
Trade receivables	106,384	130,097
Receivables from construction contracts	28,633	28,604
Other receivables and deferred income	15,337	18,192
Receivables from associated companies	19,060	8,944
Cash and cash equivalents	–	–
Amount current assets	56,215	36,404
Total current assets	333,451	349,515
TOTAL ASSETS	699,190	714,625
EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	-250	-219
Revenue reserves	–	–
Other reserves	-13,476	-8,095
Retained earnings	50,842	51,094
	304,365	310,029
Non-controlling interests	17	17
TOTAL EQUITY	304,381	310,046
LIABILITIES		
NON-CURRENT LIABILITIES		
Promissory note loans	42,000	42,000
Bonds	89,242	89,286
Other financial liabilities	75,213	70,309
Investment grants	12,385	12,205
Employee benefit obligations	10,759	10,792
Deferred taxes	–	1,047
Amount non-current liabilities	229,600	225,639
CURRENT LIABILITIES		
Trade payables	72,679	71,956
Other liabilities and deferred income	25,526	32,331
Other financial liabilities	21,634	40,869
Derivative financial instruments	33,476	22,294
Other provisions	10,393	9,420
Investment grants	904	904
Income tax liabilities	171	92
Liabilities to associated companies	425	1,075
Amount current liabilities	165,209	178,940
TOTAL LIABILITIES	394,808	404,579
TOTAL EQUITY AND LIABILITIES	699,190	714,625

Consolidated Statement of Comprehensive Income

	Q1 2015/16 31.05.2015 EUR'000	Q1 2016/17 31.05.2016 EUR'000
REVENUE	136,680	164,942
Changes in inventories	6,658	9,832
Own work capitalised	5,999	2,677
Cost of materials and purchased services	-90,371	-108,189
Staff costs	-41,230	-44,132
Despreciation and amortisation	-6,340	-7,336
Other operating income and expenses	-10,187	-15,204
Earnings before interest, taxes and fair value measurement of derivative financial instruments	1,209	2,588
Finance costs	-2,516	-4,303
Interest income from financial instruments	176	8
Fair value Measurement of derivative financial instruments	1,401	1,709
Profit before taxes	270	3
Income taxes	755	250
Profit after taxes	1,025	252
ITEMS SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		
Currency translation differeneeces from consolidation	-146	32
Fair value measurement of securities (net of tax)	-3	4
Cash flow hedges (net of tax)	-2,021	5,143
ITEMS SUBSEQUENTLY NOT RECLASSIFIED TO PROFIT OR LOSS		
Revaluation effects of pension and termination benefits (net of tax)	6	233
Other comprehensive income for the year	-2,164	5,412
Total comprehensive income for the year	-1,139	5,664
PROFIT AFTER TAXES ATTRIBUTABLE TO		
Equity holders of the parent	1,023	252
Non-controlling equity holders	2	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO		
Equity holders of the parent	-1,141	5,664
Non-controlling equity holders	2	0
Earnings per share, in relation to the profit after taxes attributable to equity holders of the parent during the year (expressed in EUR per share)	0.02	0.01

Consolidated Statement of Cash Flows

	31.05.2015 EUR'000	31.05.2016 EUR'000
OPERATING ACTIVITIES		
Earnings before interest, taxes and fair value measurement of derivative financial instruments	1,209	2,588
Fair value measurement of derivative financial instruments	1,401	1,709
	2,610	4,298
Plus/minus		
Change in investment grants	-166	-172
Depreciation and amortisation	6,340	7,336
Changes in financial instruments	13,853	-11,182
Cashflow Hedge	-29,080	6,858
Change in non-current receivables	2,143	352
Revaluation effects of pension and termination benefits	8	311
Change in employee benefit obligations, non-current	203	33
FX-differences from Cash and Cash equivalents	-1,090	1,128
	-5,179	8,962
Changes in net current assets		
Change in inventories	-16,368	-19,451
Changes in receivables and deferred items	6,669	-16,424
Change in trade payables	-6,310	-723
Change in current provisions	-206	-974
Change in other current liabilities	5,105	7,359
Cash generated from operations	-16,289	-21,250
Interest received	176	8
Tax paid	-	-
Net cash generated from operating activities	-16,113	-21,242
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	-4,886	-3,799
Purchase of intangible assets	-243	-46
Payment for addition to development costs	-8,018	-3,355
Net cash used in investing activities	-13,147	-7,201
FINANCING ACTIVITIES		
Proceeds from financial loans and bonds	32,816	15,170
Repayments of financial loans and bonds	-498	-796
Payments of interest on financial loans and bonds	-2,516	-4,303
Net cash generated from/(used in) financing activities	29,802	10,071
Net change in cash and cash equivalents	542	-18,372
Cash and cash equivalents at the beginning of the period	110,955	56,215
FX-differences from Cash and Cash equivalents	1,091	-1,128
Cash and cash equivalents at the end of the period	112,588	36,716

Consolidated Statement of Changes in Equity

	OTHER RESERVES						
	Share capital	Capital reserve	Currency translation reserve	Revenue reserves	Available-for-sale securities	Hedging reserves	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2016	45,790	221,459	-250	0	-27	-9,727	-3,722
Profit after taxes	-	-	-	-	-	-	-
Other comprehensive income							
Currency translation differences from consolidation	-	-	32	-	-	-	-
Fair value measurement of securities (net of tax)	-	-	-	-	4	-	-
Revaluation effects of pension and termination benefits (net of tax)	-	-	-	-	-	-	233
Cash flow hedges (net of tax)	-	-	-	-	-	5,143	-
Total other comprehensive income	-	-	32	-	4	5,143	233
Total comprehensive income	-	-	32	-	4	5,143	233
Balance as at 31 May 2016	45,790	221,459	-218	0	-23	-4,584	-3,489

	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 2016	50,842	304,365	17	304,382
Profit after taxes	252	252	-	252
Other comprehensive income				
Currency translation differences from consolidation	-	32	-	32
Fair value measurement of securities (net of tax)	-	4	-	4
Revaluation effects of pension and termination benefits (net of tax)	-	233	-	233
Cash flow hedges (net of tax)	-	5,143	-	5,143
Total other comprehensive income	-	5,412	-	5,412
Total comprehensive income	252	5,664	-	5,664
Balance as at 31 May 2016	51,094	310,029	17	310,046

Consolidated Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	Available- for-sale securities	OTHER RESERVES Hedging reserves	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2015	45,790	220,535	-170	-14	-19,779	-4,221
Profit after taxes	–	–	–	–	–	–
Other comprehensive income						
Currency translation differences from consolidation	–	–	-146	–	–	–
Fair value measurement of securities (net of tax)	–	–	–	-3	–	–
Revaluation effects of pension and termination benefits (net of tax)	–	–	–	–	–	6
Cash flow hedges (net of tax)	–	–	–	–	-2,022	–
Total other comprehensive income	–	–	-146	-3	-2,022	6
Total comprehensive income	–	–	-146	-3	-2,022	6
Subsequent adjustment of IPO costs	–	1,089	–	–	–	–
Balance as at 31 May 2015	45,790	221,624	-316	-17	-21,801	-4,215

	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 2015	72,759	314,900	8	314,908
Profit after taxes	1,023	1,023	2	1,025
Other comprehensive income				
Currency translation differences from consolidation	–	-146	–	-146
Fair value measurement of securities (net of tax)	–	-3	–	-3
Revaluation effects of pension and termination benefits (net of tax)	–	6	–	6
Cash flow hedges (net of tax)	–	-2,022	–	-2,022
Total other comprehensive income	–	-2,164	–	-2,164
Total comprehensive income	1,023	-1,141	2	-1,139
Subsequent adjustment of IPO costs	–	1,089	–	1,089
Balance as at 31 May 2015	73,781	314,847	10	314,857

WAIVER OF REVIEW/AUDIT

These quarterly financial statements were neither audited nor reviewed.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim consolidated financial statements, which were prepared in accordance with the prevailing accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. We also confirm that the condensed group management report gives a true and fair view of the assets, liabilities,

financial position and profit or loss of the Group with regard to important events that have occurred during the first three months of the current financial year and their impact on the condensed interim consolidated financial statements with regard to the principal risks and uncertainties for the remaining nine months.

Ried im Innkreis, 13 July 2016

Robert Machtlinger
Chairman of the Management Board

Wang Yongsheng
Member of the Management Board

Investor Relations

Basic information about the FACC share

ISIN	AT00000FACC2
Currency	EUR
Stock exchange	Vienna (XETRA)
Market segment	Prime Market (official trading)
First day of trading	June 25, 2014
Issue price	EUR 9.5
Paying agent	Erste Group
Indices	ATX GP, ATX IGS, ATX Prime, WBI
Share class	ordinary shares
Ticker symbol	FACC
Reuters symbol	FACC.VI
Bloomberg symbol	FACC AV
Number of shares issued	45,790,000

Key share data

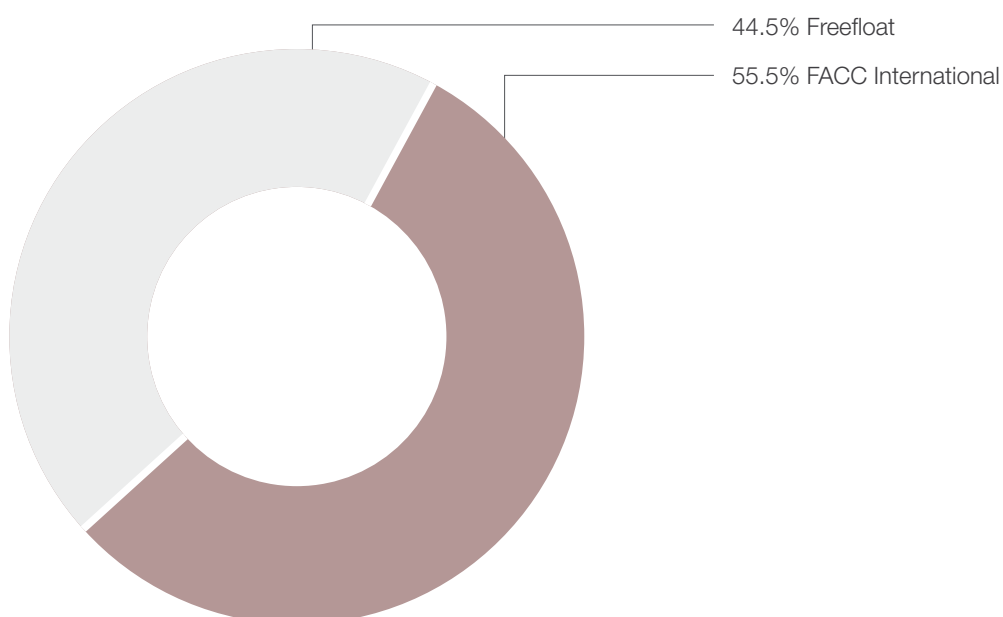
		Q1 2016/17
Trading volume	shares	3,003,732
Average daily trading volume	shares	14,991,419
Monetary turnover	EUR million	14.9
Highest closing price over the year	EUR	5.600
Lowest closing price over the year	EUR	4.561
Closing price	EUR	4.946
performance year-to-date	%	-6.3%
Market capitalisation	EUR million	226.5

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

FACC AG's share capital amounts to EUR 45,790,000 and is divided into 45,790,000 shares. The Aviation Industry Corporation of China (AVIC) holds 55.5% of voting rights in FACC AG via FACC International. The remaining 44.5% of shares represent free float and are held by both

international and Austrian investors. FACC AG did not hold any treasury shares as of the end of the interim reporting period.

Shareholder structure



CONTACT DETAILS:

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Financial calendar 2016/17

July 13, 2016 Quarterly financial report Q1 2016/17

July 15, 2016 Annual General Meeting

October 20, 2016 Semi-annual financial report 2016/17

January 24, 2017 Quarterly financial report Q3 2016/17

