

WE ARE FACC



Interim Report Q1 2017/18

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Selected Group Key Performance Indicators

in EUR million	01.03.2016 - 31.05.2016 ¹⁾	01.03.2017 - 31.05.2017
Revenue	163.2	184.3
EBITDA	9.3	18.4
EBITDA as percentage of revenue	6.0%	10.0%
EBIT	2.0	10.8
EBIT as percentage of revenue	1.2%	5.8%
Net profit after taxes	-1.9	7.2
Net cash flow from operating activities	21.6	12.2
Net cash flow from investing activities	-7.2	-5.6
Total employees (end of period)	3,205	3,335

in EUR million	28.02.2017	31.05.2017
Net Working Capital	163.8	167.7
Net debt	197.0	192.7
Equity	284.0	300.7
Equity ratio	41.7%	42.1%
Total amount of the consolidated statement of financial position	680.6	714.2

¹⁾ Error correction according to IAS 8 published on <http://www.facc.com/en/Investor-Relations/Financial-Reports>

Current business situation

REVENUE AND EARNINGS DEVELOPMENT

In the first quarter of 2017/18, revenues amounted to EUR 184.3 million (comparative period in 2016/17: EUR 163.2 million). This growth in revenues of 12.9% was mainly driven by a further significant increase in product revenues by 13.4% from EUR 152.4 million to EUR 172.8 million in the period under review. The main drivers in terms of product revenues were once again the Boeing 737, Boeing 787, Airbus A320 aircraft family, Airbus A330, Airbus A350 XWB as well as the Bombardier Challenger 350 and Embraer Legacy 450/500 aircraft programmes including revenues from the corresponding aircraft families.

Costs of materials and other services rendered in relation to revenues (materials ratio) declined by 5.1 percentage points to 60.6% (comparative period in 2016/17: 65.7%).

Personnel costs in relation to revenues (staff ratio) fell by 2.0 percentage points to 25.1% (comparative period in 2016/17: 27.1%). In the first quarter of 2017/18, staffing le-

vels increased by 130 FTE compared to the same period in the previous year. The Group's total headcount amounted to 3,335 FTE as of the end of the first quarter 2017/18.

In the period under review, amortisation and depreciation charges amounted to EUR 7.6 million (comparative period in 2016/17: EUR 7.2 million). This increase developed as planned in line with the investment activities of the past years.

Earnings before interest and taxes (EBIT) amounted to EUR 10.8 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR 2.0 million). The increase in product deliveries along with operating measures in connection with efficiency optimisation and cost cutting efforts led to a significant improvement in earnings compared to the same period in the previous year.

SEGMENT REPORTING

Aerostructures

in EUR million	01.03.2016 - 31.05.2016	01.03.2017 - 31.05.2017	Change
Revenue	74.2	85.4	15.2%
Earnings before interest, taxes, depreciation and amortisation	10.5	15.7	49.3%
Depreciation and amortisation	-3.7	-4.4	19.3%
Earnings before interest and taxes	6.8	11.3	65.5%
Total Assets	334.4	345.4	3.3%
Capital Expenditures	3.0	2.0	-32.0%

Revenues in the Aerostructures segment amounted to EUR 85.4 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR 74.2 million). Revenues from product deliveries increased by 16.3% to EUR 80.2 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.

Earnings before interest and taxes (EBIT) stood at EUR 11.3 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR 6.8 million).

Engines & Nacelles

in EUR million	01.03.2016 - 31.05.2016	01.03.2017 - 31.05.2017	Change
Revenue	30.9	38.1	23.3%
Earnings before interest, taxes, depreciation and amortisation	-2.6	2.2	-
Depreciation and amortisation	-1.2	-1.0	-
Earnings before interest and taxes	-3.8	1.2	-
Assets	126.5	144.8	-14.5%
Capital Expenditures	1.9	2.5	-30.7%

Revenues in the Engines & Nacelles segment amounted to EUR 38.1 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR 30.9 million). Revenues from product deliveries rose significantly by 22.7% from EUR 29.6 million to EUR 36.3 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.

Earnings before interest and taxes (EBIT) in the Engines & Nacelles segment stood at EUR 1.2 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR -3.8 million). The adopted efficiency-enhancing measures along with volume effects within the division led to an ongoing improvement in earnings in relation to revenues.

Interiors

in EUR million	01.03.2016 - 31.05.2016	01.03.2017 - 31.05.2017	Change
Revenue	58.1	60.8	4.5%
Earnings before interest, taxes, depreciation and amortisation	1.4	0.6	-59.0%
Depreciation and amortisation	-2.4	-2.3	-
Earnings before interest and taxes	-1	-1.7	-
Assets	216.9	219.3	1.1%
Capital Expenditures	2.3	1.6	-32.1%

Revenues in the Interiors segment amounted to EUR 60.8 million in the first quarter of 2017/18 (comparative period in 2016/17: EUR 58.1 million). Revenues from product deliveries rose by 4.6% to EUR 56.3 million.

Earnings before interest and taxes (EBIT) in the Interiors segment amounted to EUR -1.7 million in the first quar-

ter of 2017/18 (comparative period in 2016/17: EUR -1.0 million). Ramp-up costs incurred in previous quarters (Q2-Q4 16/17) due to the start of series production for a number of new projects were gradually reduced. Earnings in Q1/2017/18 are in line with planning figures.

FINANCIAL POSITION

In the first quarter of 2017/18, total investments amounted to EUR 5.6 million (comparative period in 2016/17: EUR 7.2 million).

ASSETS SITUATION

At the end of the period under review, intangible assets amounted to EUR 148.8 million (28 February 2017: EUR 149.7 million).

Inventories amounted to EUR 136.5 million at the end of the period under review (28 February 2017: EUR 113.4 million). This change is mainly due to the increase in product revenues and concerns production projects that generate rising revenue streams.

Trade-receivables from construction contracts remained almost unchanged at EUR 95.9 million compared to the balance sheet date of 2016/17 (28 February 2017: EUR 98.9 million).

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 70.5 million (28 February 2017: EUR 59.8 million) developed in line with the business performance.

Current other financial liabilities amounted to EUR 43.2 million (28 February 2017: EUR 46.3 million). The change is primarily related to the change in working capital.



FACC PILOT.

Outlook

The growth trend in the civil aviation industry is expected to continue moving forward. The market analysis of the major OEMs confirm that passenger volumes will show an annual growth rate of roughly 5%. Over the next two decades, the global aircraft fleet, which currently amounts to 21,000 commercial aircraft (source: market outlook, Airbus/Boeing 2016), will more than double to roughly 42,500 units by 2035. At the same time, 14,800 airliners from the existing fleet will reach the end of their service life and be replaced by modern aircraft models. Based on these estimates, a total of 36,300 new airliners will be required over the next 20 years.

However, a significant shift to the new growth markets of China and India is also expected moving forward. Traffic volumes (flights per year and per capita) are expected to quadruple in these markets up to 2035. In the US and Europe, where air travel is already widespread, the frequency of trips is expected to increase by an additional 20%.

FACC will continue to pursue a sales target of one billion euros for the 2020/2021 financial year in line with the company's "Vision 2020". The contracts with Bombardier und Rolls-Royce, which have been recently finalised, will support FACC's growth strategy over the next few years. Besides, the company expects to gradually increase the production rates of its most important programmes 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 relevant aircraft families. From today's perspective, the company expects a moderate growth in revenues for the 2017/18 financial year. Based on the current market situation, demand is anticipated to increase

sharply again starting from 2018.

The MRO (maintenance, repair and overhaul) market, and more specifically the maintenance and repair of composite systems, represent a business field with high potential, with composite materials accounting for an ever-increasing proportion of new aircraft. Based on its extensive experience in the development and manufacture of composite systems, FACC is pursuing the ultimate objective of increasingly providing repair and maintenance services to airlines in addition to its core business.

Besides, the management will continue to focus on strengthening the company's earnings power and liquidity over the long term. Initiatives aimed at increasing the degree of automation, the global supply chain management as well as the ongoing expansion of the service and retrofit business should contribute to further strengthening the Group's profitability. This measures will be accompanied by a consequent and continuous improvement of the working capital.

In summary, the FACC Group will continue to strengthen its business activities, ranging from development, manufacturing through to global supply chain management, while sustainably expanding its role as a preferred partner of the aviation industry. The implementation of the "Vision 2020" strategy, especially when it comes to consolidating and expanding the company's standing as a Tier 1 supplier of customers such as Airbus, Boeing, Bombardier, Embraer and all renowned engine manufacturers, is a top priority.

Consolidated Statement of Financial Position

	Balance as of 28.02.2017 EUR'000	Balance as of 31.05.2017 EUR'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	149,743	148,795
Property, plant and equipment	166,116	165,481
Other non-current financial assets	465	459
Non-current receivables	27,866	26,074
Deferred taxes	8,508	4,611
Total non-current assets	352,698	345,420
CURRENT ASSETS		
Inventory	113,379	136,477
Trade receivables	98,875	95,946
Receivables from construction contracts	18,788	21,950
Other receivables and deferred items	20,047	18,278
Receivables from related companies	28,533	27,460
Derivative financial instruments	–	1,932
Cash and cash equivalents	48,275	66,698
Total current assets	327,897	368,741
TOTAL ASSETS	680,595	714,162
EQUITY		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	-145	-614
Other reserves	-13,350	-3,324
Retained earnings	30,240	37,383
	283,993	300,694
Non-controlling interests	26	27
TOTAL EQUITY	284,019	300,721
LIABILITIES		
NON-CURRENT LIABILITIES		
Promissory note loans	34,000	34,000
Bonds	89,416	89,459
Other financial liabilities	67,581	84,673
Investment grants	12,381	12,164
Employee benefit obligations	9,045	9,261
Other provisions	7,085	7,153
Deferred taxes	–	–
Total non-current liabilities	219,508	236,710
CURRENT LIABILITIES		
Trade payables	59,809	70,467
Other liabilities and deferred income	27,433	34,466
Other financial liabilities	46,295	43,234
Promissory note loans	8,000	8,000
Derivative financial instruments	19,179	–
Other provisions	13,373	17,571
Investment grants	1,166	1,165
Income tax liabilities	–	773
Liabilities to toward related companies	1,813	1,055
Total current liabilities	177,068	176,730
TOTAL LIABILITIES	396,576	413,440
TOTAL EQUITY AND LIABILITIES	680,595	714,162

Consolidated Statement of Comprehensive Income

	Q1 2016/17 31.05.2016 ¹⁾	Q1 2017/18 31.05.2017
	EUR'000	EUR'000
REVENUE	163,166	184,263
Changes in inventories	9,832	8,469
Own work capitalised	2,677	1,502
Other operating income	2,928	2,609
Cost of materials and purchased services	-107,190	-111,695
Staff costs	-44,132	-46,154
Despreciation and amortisation	-7,229	-7,634
Other operating income and expenses	-18,021	-20,598
Earnings before interest and taxes	2,029	10,763
Finance costs	-4,303	-2,745
Interest income from financial instruments	8	53
Fair value Measurement of derivative financial instruments	1,709	-
Profit before taxes	-556	8,071
Income taxes	389	-926
Profit after taxes	-167	7,145
ITEMS SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		
Currency translation differeneeces from consolidation	32	-469
Fair value measurement of securities (net of tax)	4	-4
Cash flow hedges (net of tax)	5,143	10,029
ITEMS SUBSEQUENTLY NOT RECLASSIFIED TO PROFIT OR LOSS		
Revaluation effects of pension and termination benefits (net of tax)	233	2
Other comprehensive income for the year	5,412	9,557
Total comprehensive income for the year	5,245	16,702
PROFIT AFTER TAXES ATTRIBUTABLE TO		
Profit after taxes attributable to	-167	7,144
Non-controlling equity holders	-	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO		
Equity holders of the parent	5,245	16,701
Non-controlling equity holders	-	1
Earnings per share (undiluted = diluted, in EUR)	-	0,16

¹⁾ Error correction according to IAS 8 published on <http://www.facc.com/en/Investor-Relations/Financial-Reports>

Consolidated Statement of Cash Flows

	31.05.2016 ¹⁾	31.05.2017
	EUR'000	EUR'000
OPERATING ACTIVITIES		
Income net of tax	-556	8,071
Plus financing expenses, interest earned from financial instruments and fair value measurement of derivative financial instruments	2,586	2,692
Income before interest, taxes and fair value measurement of derivative financial instruments	2,029	10,763
Plus/minus		
Depreciation, amortization and impairment	7,229	7,634
Income from the dissolution of investment grants	-172	-209
Change in other non-current accruals	-	67
Change in obligations toward employees	344	217
Other non-cash expenses/income	-1,486	6,659
	7,944	25,133
Change in inventory	-19,451	-23,188
Change in trade receivables and other receivables	-14,406	-18,702
Change in trade payables and other liabilities	6,324	24,266
Change in current accruals	-1,973	4,597
Cash flow from ongoing activities	-21,562	12,105
Interest received	8	53
Taxes paid	-	-
Net cash flow from operating activities	-21,554	12,158
INVESTMENT ACTIVITY		
Payouts for the acquisition of intangible assets, plant, property and equipment	-7,201	-5,595
Net cash flow from investment activity	-7,201	-5,595
FINANCING ACTIVITY		
Deposits from non-current liabilities subject to interest	15,170	17,832
Change in current liabilities subject to interest	-796	-3,552
Interest paid	-4,303	-2,327
Net cash flow from financing activity	10,071	11,141
Net changes in cash and cash equivalents	-18,684	17,704
Cash and cash equivalents at the beginning of the period	56,215	48,275
Measurement effects from foreign currency differences	-1,128	719
Cash and cash equivalents at the end of the period	36,403	66,699

¹⁾ Error correction according to IAS 8 published on <http://www.facc.com/en/Investor-Relations/Financial-Reports>

Consolidated Statement of Changes in Equity

	OTHER RESERVES					
	Share capital	Capital reserve	Currency translation reserve	Available-for-sale securities	Hedging reserves	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 March 2017	45,790	221,459	-145	-17	-9,444	-3,889
Profit after taxes	-	-	-	-	-	-
Other comprehensive income	-	-	-470	-4	10,029	2
Cash flow hedges (net of tax)	-	-	-	-	10,029	-
Total comprehensive income	-	-	-470	-4	10,029	2
Balance as at 31 May 2017	45,790	221,459	-615	-21	585	-3,887

	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 2017	30,240	283,993	26
Profit after taxes	7,144	7,144	1	7,145
Other comprehensive income	-	9,556	-	9,556
Cash flow hedges (net of tax)	-	10,029	-	10,029
Total comprehensive income	7,144	16,700	1	16,701
Balance as at 31 May 2017	37,383	300,694	27	300,721

Consolidated Statement of Changes in Equity

	Notes	SONSTIGE RÜCKLAGEN					Reserves IAS 19 EUR'000
		Share capital	Capital reserves	Currency translation reserve	Securities – available for sale	Cash flow hedges	
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
As of 1 March 2016 (previous)		45,790	221,459	-250	-27	-9,727	-3,722
Error correction according to IAS 8		–	–	–	–	–	–
As of 1 March 2016 (adjusted)		45,790	221,459	-250	-27	-9,727	-3,722
Earnings after tax according to previous year report		–	–	–	–	–	–
Net income according to profit and loss statement		–	–	–	–	–	–
Annual income after tax according to income statement (adjusted according to IAS 8)		–	–	–	–	–	–
Other comprehensive income/loss	12	–	–	32	4	5,143	233
Total comprehensive income		–	–	32	4	5,143	233
As of 31 May 2016		45,790	221,459	-219	-23	-4,583	-3,488

	Retained Earnings	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
	As of 1 March 2016 (previous)	50,842	304,365	17
Error correction according to IAS 8	37,271	37,271	–	37,271
As of 1 March 2016 (adjusted)	13,571	267,094	17	267,111
Earnings after tax according to previous year report	252	252	–	252
Net income according to profit and loss statement	-419	-419	–	-419
Annual income after tax according to income statement (adjusted according to IAS 8)	-167	-167	–	-167
Other comprehensive income/loss	–	5,412	–	5,412
Total comprehensive income	-167	5,245	–	5,245
As of 31 May 2016	13,404	272,339	17	272,356

NOTE

The condensed consolidated interim financial statements as of 31 March, 2017 were prepared in accordance with the regulations “Prime market – section interim reports“ of the Vienna stock exchange. They are based on the consolidated financial statements as of 28 February, 2017 and should therefore always be read in conjunction with these statements. The reporting currency is euro (EUR). The figures shown in these condensed consolidated interim financial statements, unless stated otherwise, have been rounded up to the next million (“mn”) to one decimal place. Arithmetic differences due to rounding effects can occur when adding up rounded amounts and percentages using automatic tools.

WAIVER OF REVIEW/AUDIT

The present quarterly report of FACC AG was neither audited nor reviewed.

Ried im Innkreis, 12 July 2017

Robert Machtlinger m. p.
Chairman of the Management Board

Aleš Stárek m. p.
Member of the Management Board

Yongsheng Wang m. p.
Member of the Management Board

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.

FACC PARTNERSHIP.



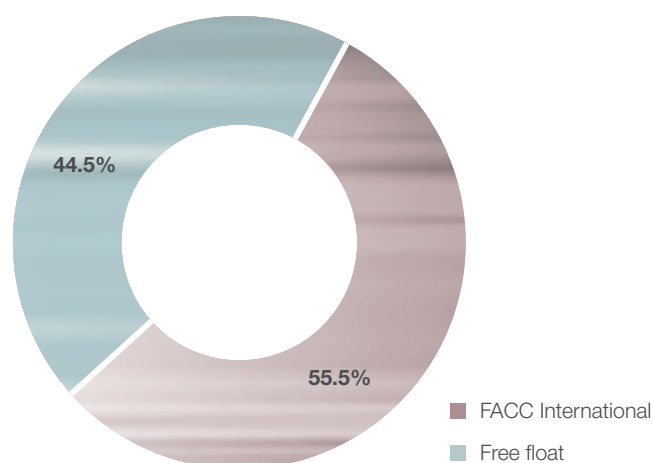
Investor Relations

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

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.



CONTACT DETAILS

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FINANCIAL CALENDAR 2017/18

13 June 2017	publication of the annual financial report and of the annual report 2016/17
18 July 2017	ordinary Annual General Meeting
12 July 2017	quarterly financial report Q1 2017/18
18 October 2017	semi-annual financial report 2017/18
17 January 2018	quarterly financial report Q3 2017/18

