

# Report of the Supervisory Board



Dear Shareholders,

In the 2018/19 financial year, the global aerospace supply industry continued to grow steadily, and the number of commercial aircraft delivered by the major OEMs has set once more a historical record. At the same time, however, the industry has also been facing several challenges but also strategic opportunities. In consideration of all that, FACC AG was still able to enhance its innovation potential by improving its management capabilities and seizing new opportunities.

Through developing new areas for future growth and overcoming volatility issues, the company achieved an encouraging operating result in the 2018/19 financial year. The Company's revenues reached EUR 782 million and operating EBIT reached EUR 43 million as well as order backlog reached USD 6.5 billion.

In the past financial year, the Supervisory Board of FACC AG performed its duties in accordance with applicable laws, the articles of association of FACC AG and the Austrian Corporate Governance Code. The Supervisory Board approved, after an in-depth review, necessary resolutions and supported the management regularly and in a timely and comprehensive fashion on all material issues relating to the corporate planning, strategic direction and development, business performance and state of the Group.

The communication between the Management Board and the Supervisory Board was characterized by a high degree of openness, which allowed the Supervisory Board to comprehensively assess the management of the company at all times and support the Board of Directors with regard to key decisions.

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## MEETINGS OF THE SUPERVISORY BOARD

During the 2018/19 financial year, the committees convened in accordance with the Austrian Corporate Governance Code. The meetings dealt largely with the discussion of the course of business and resolutions regarding business matters and other important business issues. The Supervisory Board of FACC AG is currently composed of eight shareholder representatives and four union representatives and is committed to compliance with the Austrian Corporate Governance Code.

The Supervisory Board met five times during the 2018/19 financial year. The attendance of the Supervisory Board members in the meetings reached 97%.

The Supervisory Board carried out its activities during the financial year with great care. It oversaw the Management Board's governance and advised it in decision-making processes based on detailed

written and verbal reports as well as constructive discussions between the Supervisory Board and the Management Board. The Management Board provided the Supervisory Board with regular, timely, and comprehensive reports on the company's operations, on the general economic situation in its key markets, and the overall business environment, as well as on the opportunities and risks to FACC's business development. FACC successfully continued its growth path in the 2018/19 financial year and made significant progress in implementing its strategic goals.

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## THE AUDIT COMMITTEE

The Audit Committee held four meetings during the 2018/19 financial year.

In 2018/19, the Audit Committee looked at important topics related to accounting standards and processes, the internal audit program, risk management, and the Group's internal control system. The auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., participated in each of the Audit Committee's meetings, and the Supervisory Board regularly took advantage of the opportunity to discuss matters with the auditor.

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## THE PERSONNEL AND COMPENSATION COMMITTEE

The Personnel and Compensation Committee held three meetings during the 2018/19 financial year.

At the meetings, the Committee reviewed the company management structure and recruiting process and implemented a long-term incentive plan for the company's senior management.

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## THE STRATEGY COMMITTEE

The Strategy Committee held two meetings during the 2018/19 financial year.

At the meetings, matters on the company's five-year plans, Vision 2020, new business development and strategic technology development were studied and reviewed. It repeatedly dealt with strategic considerations regarding the long-term focus of the company's portfolio.

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## AUDIT

At its meeting on 21 May 2019, together with the auditors, the Audit Committee of the Supervisory Board studied in detail the annual financial statements including the Management Report, the Corporate Governance Report, the Consolidated Financial Statements including the Group Management Report and the auditor's report.

Following its own examination, the Audit Committee endorsed the findings of the auditor's report and informed the Supervisory Board accordingly. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Management Report, the Group Management Report and the Corporate Governance Report, endorsed the result of the audit of the Financial Statements, and Consolidated Financial Statements. The Supervisory Board concurred with the Annual Financial Statements, which are thus adopted pursuant to section 96 paragraph 4 of the Austrian Stock Corporation Act. The Supervisory Board also agreed with the recommendation of the Audit Committee and will propose to the Annual General Meeting that Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. be appointed as the auditors for the 2019/20 financial year. Furthermore, the Supervisory Board concurs with the recommendation of the Management Board to distribute a dividend of EUR 0.15 per eligible share for the 2018/19 fiscal year.

The Supervisory Board would like to thank all employees and members of the Management Board of FACC AG for their continuous commitment and achievement. Many thanks to the shareholders of FACC AG for their trust.

Ried im Innkreis, May 2019

Geng Ruguang  
Chairman of the Supervisory Board