



POSITION REPORT

Interim Report
Q1 2018/19

Selected Group Key Performance Indicators

in EUR million	01.03.2017 –31.05.2017	01.03.2018 –31.05.2018
Revenue	184.3	192.4
of which Aerostructures	85.4	79.4
of which Engines & Nacelles	38.1	44.4
of which Cabin Interiors	60.8	68.5
EBIT	12.9	16.3
EBIT as percentage of revenue	7.0%	8.5%
of which Aerostructures	11.3	13.4
of which Engines & Nacelles	3.3	2.2
of which Cabin Interiors	-1.7	0.7
Net cash flow from operating activities	12.2	24.1
Net cash flow from investing activities	-5.6	-9.7
Total employees (end of period)	3,335	3,422

in EUR million	01.03.2017 –31.05.2017	01.03.2018 –31.05.2018
Net Working Capital	167.7	156.0
Net debt	192.7	178.1
Equity	288.0	285.4
Equity ratio	40.1%	40.0%
Total amount of the consolidated statement of financial position	718.4	714.2
Trading volume	4,191,762	17,379,762
Average daily trading volume	69,863	289,662
High	7.20	24.3
Low	6.48	15.56
Closing price May	7.10	16.66
Annual performance	2.0%	-22.1%
Market capitalisation	325 million	763 million
Dividend per share	-	0.11

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively.
One-off effect from a provision for contingent losses of EUR 2.2 million. For further information see „Selected Notes“.

Group Results

GENERAL INFORMATION

Since the beginning of the 2018/19 financial year, the income statement has been presented in accordance with the cost of sales method. A detailed explanation of the reconciliation of the previous year's figures to the new reporting structure can be found in the „Selected Notes“.

SALES AND EARNINGS DEVELOPMENT

Revenues in the first quarter of 2018/19 amounts to EUR 192.4 million (previous years' period 2017/18: EUR 184.3 million). The 4.4% increase is attributable to the increase in product revenues of 3.0% from EUR 172.8 million to EUR 177.9 million in the first quarter of 2018/19. Key drivers for product revenues are the programs Boeing 787, Airbus A320 Family, Airbus A330, Airbus A350 XWB and Bombardier Challenger 350, Embraer Legacy 450/500 and the revenues from the corresponding engine families. On the other hand, the decline in revenue of EUR 4.2 million resulted from the phase out of the Boeing 737NG winglet production.

The cost of sales generated in relation to sales (gross profit) remained virtually unchanged at 86.5% (comparative period 2017/18: 86.7%). Research and development expenses (which include corporate and customer related research) amounted to EUR 3.4 million in the first quarter 2018/19 (comparative period 2017/18 EUR 2.9 million)

Reported earnings before interest and taxes (EBIT) amounted to EUR 16.3 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR 12.9 million). Earnings before interest and taxes (EBIT) of EUR 12.9 million as at 31 May 2017 include a provision for contingent losses of EUR 2.2 million as a result of the FMA audit concluded on 28 August 2017. As a result of the first-time application of IFRS 15 Revenue from Customers Contracts, there was a positive effect of EUR 3,8 million as of 31 May 2018. The positive currency effect of EUR 4.6 million clearly exceed other negative effects of EUR 0.7 million. The adjusted values of both periods show a significant increase in EBIT of 16%.

In the first quarter of 2018/19, there was an increase of 88 FTE compared to the same period of the previous year. The headcount at the end of the first quarter of 2018/19 was 3,422 FTEs.

SEGMENT REPORT

Aerostructures

in EUR million	01.03.2017 – 31.05.2017	01.03.2018 – 31.05.2018	Change
Revenues	85.4	79.4	-7.0%
Earnings before interest and taxes (EBIT)	11.3	13.4	18.6%
Assets	349.5	328.6	-6.0%
Investments of the period	1.9	4.2	121.1%

Revenues in the Aerostructures segment amounted to EUR 79,4 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR 85.4 million). Revenues from product deliveries fell by 11.3% to EUR 71.1 million. This reduction is based on the phase out of the Boeing 737NG Winglet program. The decline in this program compared to the previous year amounts to EUR 4.2 million.

Earnings before interest and taxes (EBIT) amounted to EUR 13.4 million in the first quarter of 2018/19 (previous year's period 2017/18: 11.3 EUR million).

ENGINES & NACELLES

in EUR million	01.03.2017 – 31.05.2017	01.03.2018 – 31.05.2018	Change
Revenues	38.1	44.4	16.5%
Earnings before interest and taxes (EBIT)	3.3	2.2	–33.3%
Assets	146.6	146.2	–0.3%
Investments of the period	2.3	0.9	–60.9%

Revenues in the Engines & Nacelles segment amounted to EUR 41.4 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR 38.1 million). Revenues from product deliveries increased by 14.4% from EUR 36.3 million to EUR 41.5 million. This increase is mainly due to the A350 XWB program as well as increasing revenues with Rolls-Royce and Pratt & Whitney Engine Composites.

Earnings before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 2.2 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR 3.3 million). The EBIT for the comparative period includes one-off effects from the reduction of provisions for contingent losses in the amount of EUR 2.2 million.

CABIN INTERIORS

in EUR million	01.03.2017 – 31.05.2017	01.03.2018 – 31.05.2018	Change
Revenues	60.8	68.5	12.7%
Earnings before interest and taxes (EBIT)	–1.7	0.7	–141.2%
Assets	222.2	239.5	7.8%
Investments of the period	1.5	4.6	206.7%

Sales in the Cabin Interiors segment amounted to EUR 64.3 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR 60.8 million). Sales from product deliveries increased by 15.8% to EUR 65.3 million (previous years' period 2017/18: EUR 56.3 million).

Earnings before interest and taxes (EBIT) in the Cabin Interiors segment amounted to EUR 0.7 million in the first quarter of 2018/19 (previous year's period 2017/18: EUR –1.7).

INVESTMENTS

Investments in the first quarter of 2018/19 amount to EUR 9.7 million (comparative period 2017/18: EUR 5.6 million).

Intangible assets amounted to EUR 20.8 million at the end of the reporting period (28 February 2018: EUR 147.7 million).

Inventories at the end of the reporting period amount to EUR 138.5 million (28 February 2018: EUR 130.6 million). Trade receivables increased by EUR 6.1 million to EUR 92.1 million compared to the balance sheet date of 2017/18 (28 February 2018: EUR 86.1 million EUR).

ASSETS AND LIABILITIES

Due to the first-time application of IFRS 15, new balance sheet items are used in the consolidated balance sheet. There were also shifts in certain assets and liabilities. At the time of first-time application of IFRS 15 or IFRS 9 (1 March 2018), the consolidated balance sheet total increased by EUR 1 million.

The share capital of the company amounts to EUR 45.8 million and is fully paid up. It is in 45,790,000. Shares of EUR 1 each.

The increase in trade payables to EUR 55.7 million (February 28, 2018: EUR 48.9 million) results mainly from the development of business.

The consolidated balance sheet in the area of non-current assets was increased by the item contract assets of EUR 106.7 million and contract costs of EUR 39.8 million as of May 31 2018. The consolidated balance sheet regarding current liabilities was supplemented with the item customer related engineering in the amount of EUR 38.2 million as of May 31 2018.

Other current liabilities amount to EUR 36.4 million (28 February 2018: EUR 30.2 million). This change is mainly related to changes in working capital.

Outlook

Management's assessment of FACC AG's revenue and earnings performance in the current fiscal year 2018/19 remain unchanged compared to the reporting date of May 19, 2018 – publication of the 2017/18 financial year.

FACC will continue to pursue the sales target of EUR 1 billion by the end of the 2020/21 financial year in line with the company's "Vision 2020" strategy. In the coming years, the company expects to gradually increase the production rates of its most important programs. Thanks to FACC's balanced and modern product and customer portfolio, the company is able to profit from the general growth trend currently underway in almost all aircraft families.

FACC is particularly focused on processing the new orders signed last year, which are worth around EUR 750 million. It is expected that the first revenues from these new orders will be generated in the first half of the 2019/20 financial year.

Based on current market assessments and the Group's existing product mix, FACC expects revenue growth in the single-digit percentage range in the 2018/19 financial year. The initiatives to increase profitability will continue. This will lead to a substantial improvement in earnings.

The focus continues to be on intensive cooperation with global customers in active market development with the aim of increasing FACC market share in the respective segments, implementing the FACC innovation offensive in the area of material, process and product development as well as sales in the area Airline Services – and sustainably expand the maintenance area.

By way of conclusion, the FACC Group will continue to strengthen its business activities, ranging from development and production to global supply chain management, whilst sustainably expanding its role as the partner of choice of the aviation industry. The implementation of the Group's „Vision 2020“ strategy with a view to strengthening and expanding its position as a Tier-1 supplier for Airbus, Boeing, Bombardier, Embraer and all renowned engine manufacturers has top priority.

Consolidated Statement of Comprehensive Income of FACC AG

	01.03.17– 31.05.17 ¹⁾ EUR'000	01.03.18– 31.05.18 EUR'000
Revenues	184,263	192,352
COGS – Cost of Goods sold	–159,747	–166,315
Gross Profit	24,516	26,037
Research and development expenses	–829	–570
Selling expenses	–1,532	–1,887
Administration expenses	–9,230	–8,985
Other operating income	863	1,792
Other operating expenses	–875	–57
Earnings before interest and taxes (EBIT)	12,913	16,331
Financing expenses	–2,745	–1,373
Interest income from financial instruments	53	68
Earnings before taxes (EBT)	10,221	15,026
Income taxes	–1,464	–3,636
Earnings after taxes	8,758	11,390
Currency translation differences from consolidation	–468	139
Fair value measurement of securities (after tax)	–5	2
Cash flow hedges (after tax)	13,371	–11,636
Tax effect	–3,342	2,908
Items subsequently reclassified to profit or loss	9,556	–8,586
Revaluation effects of termination benefits	2	–14
Tax effect	–1	4
Items not subsequently reclassified to profit or loss	1	–11
Other comprehensive income after taxes	9,557	–8,597
Total comprehensive income	18,315	2,794
Income after tax		
attributable to:		
Shareholders of the parent company*	8,757	11,382
Non-controlling interests	1	8
Consolidated comprehensive income		
attributable to:		
Shareholders of the parent company	18,314	2,786
Non-controlling interests	1	8
*Earnings per share (in EUR)		
Undiluted = diluted	0,19	0,25

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively. One-off effect from a provision for contingent losses of EUR 2.2 million. For further information see „Selected Notes“.

Consolidated Statement of Financial Position of FACC AG

Assets

	Balance as of 28.02.18 EUR'000	Balance as of 31.05.18 EUR'000
Non-current assets		
Intangible assets	147,660	20,804
Property, plant and equipment	173,704	134,212
Other non-current financial assets	457	459
Non-current receivables	24,614	24,958
Non-current receivables from related companies	4,750	5,020
Deferred taxes	0	12,047
Contract assets	0	106,060
Closing costs	0	39,845
Total non-current assets	351,185	343,405
Current assets		
Inventory	130,562	138,463
Customer related Engineering	0	39,162
Trade receivables	86,061	92,113
Receivables from construction contracts	17,212	0
Receivables from related companies	13,626	13,048
Current income tax receivables	30	76
Derivative financial instruments	14,591	0
Other receivables and deferred items	26,803	24,279
Cash and cash equivalents	63,488	63,693
Total current assets	352,373	370,835
Total assets	703,558	714,240

Equity and Liabilities

	Balance as of 28,02,18 EUR'000	Balance as of 31,05,18 EUR'000
Equity		
Equity attributable to shareholders of the parent company		
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	-797	-657
Other reserves	981	-7,755
Retained earnings	55,644	26,560
	323,077	285,397
Non-controlling interests	17	25
Total equity	323,094	285,421
Liabilities		
Non-current liabilities		
Promissory note loans	34,000	34,000
Bonds	89,589	89,636
Other financial liabilities	56,093	63,977
Derivative financial instruments	681	1,192
Investment grants	11,405	11,252
Employee benefit obligations	9,268	9,521
Other provisions	8,819	8,369
Deferred taxes	1,246	0
Total non-current liabilities	211,101	217,947
Current liabilities		
Trade payables	48,875	55,697
Liabilities towards related companies	3,548	2,212
Other liabilities and deferred items	30,248	36,431
Other financial liabilities	65,762	54,189
Promissory note loans	0	0
Advance payments received from construction contracts	7,907	45,994
Derivative financial instruments	0	2,395
Other provisions	9,249	9,774
Investment grants	1,130	1,130
Income tax liabilities	2,645	3,049
Total current liabilities	169,363	210,871
Total liabilities	380,464	428,819
Total equity and liabilities	703,558	714,240

Consolidated Statement of Changes in Equity

of FACC AG

	Share capital EUR'000	Capital reserve EUR'000	Currency translation reserve EUR'000
As of 1 March 2017¹⁾	45,790	221,459	-146
Annual income after tax according to income statement (adjusted according to IAS 8)	0	0	0
Other comprehensive income	0	0	-468
Total comprehensive income	0	0	-468
As of 31 May 2017	45,790	221,459	-615
As of 1 March 2017 (previous)²⁾	45,790	221,459	-797
First application of IFRS 15	0	0	0
First application of IFRS 9	0	0	0
As of 1 March 2018 (adjusted)	45,790	221,459	-797
Annual income after tax according to income statement	0	0	0
Other comprehensive income	0	0	139
Total comprehensive income	0	0	139
As of 31 May 2018	45,790	221,459	-657

Other reserves							
Securities – available for sale EUR'000	Cash flow hedges EUR'000	Reserves IAS 19 EUR'000	Retained earnings EUR'000	Equity attributable to shareholders of the parent EUR'000	Non- controlling interests EUR'000	Total equity EUR'000	
4	-9,466	-3,888	15,907	269,660	26	269,686	
0	0	0	8,757	8,757	1	8,758	
-4	10,029	1	0	9,558	0	9,558	
-4	10,029	1	8,757	18,314	1	18,315	
0	563	-3,887	24,664	287,974	27	288,001	
-1	4,598	-3,615	55,644	323,077	17	323,094	
0	0	0	-40,221	-40,221	0	-40,221	
0	0	0	-246	-246	0	-246	
-1	4,598	-3,615	15,177	282,610	17	282,627	
0	0	0	11,382	11,382	8	11,390	
2	-8,727	-11	0	-8,597	0	-8,597	
2	-8,727	-11	11,382	2,786	8	2,794	
0	-4,129	-3,626	26,560	285,397	25	285,421	

¹⁾ The FACC Group uses the modified retrospective method for the first-time application of IFRS 15. Under this method, the comparative information is not adjusted.

²⁾ Due to the first-time application of IFRS 15 and the first-time application of IFRS 9 as of March 01, 2018, there are no-profit equity reductions. Further details can be found in note 43 to the consolidated financial statements 28.02.2018.

Consolidated Statement of Cash Flows

of FACC AG

	Balance as of 31.05.2017 ¹⁾ EUR'000	Balance as of 31.05.18 EUR'000
OPERATING ACTIVITY		
Earnings before taxes (EBT)	10,221	15,026
Plus financing expenses, interest earned from financial instruments and fair value measurement of derivative financial instruments	2,692	1,305
Earnings before interest and taxes (EBIT)	12,913	16,331
Plus/minus		
Depreciation, amortisation and impairment	7,634	3,589
Expenses/Income from the reversal of investment grants	-209	-152
Change in other non-current provisions	-2,082	-451
Change in employee benefit obligations	217	240
Other non-cash expenses/income	6,659	1,845
	25,133	21,402
Change in working capital		
Change in inventory and Customer related Engineering	-23,188	-6,593
Change in trade receivables and other receivables	-18,702	18,275
Change in trade payables and other liabilities	24,266	-9,451
Change in current provisions	4,597	525
Cash flow from ongoing activity	12,106	24,158
Interest received	53	68
Income taxes paid	0	-147
Net cash flow from operating activities	12,159	24,080
INVESTING ACTIVITY		
Payments for the acquisition of intangible assets, plant, property and equipment	-5,595	-9,734
Proceeds from the disposal of intangible assets, plant, property and equipment	0	0
Net cash flow from investing activities	-5,595	-9,734
Free cash flow	6,564	14,345
FINANCING ACTIVITY		
Proceeds from non-current interest-bearing liabilities	17,832	8,219
Repayments of non-current interest-bearing liabilities	-812	-394
Change in current interest-bearing liabilities	-3,552	-20,225
Interest paid	-2,327	-1,807
Net cash flow from financing activities	11,140	-14,207
Net changes in cash and cash equivalents	17,704	138
Cash and cash equivalents at the beginning of the period	48,275	63,488
Effects from foreign exchange rates	719	67
Cash and cash equivalents at the end of the period	66,698	63,693

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively. One-off effect from a provision for contingent losses of EUR 2.2 million. For further information see „Selected Notes“.

Selected Notes

Cost of Sales Method

Since the beginning of the financial year 2018/19, the income statement has been presented according to the cost of sales method. Given that the majority of industry companies use this presentation, this is reflected in better comparability given the increasing internationalization of the FACC. The comparative period Q1 / 2017 was adjusted as follows:

The change in finished goods and work in progress of EUR 8.5 million (total cost method) and own work capitalized of EUR 1.5 million (total cost method) are included in the cost of sales.

The other operating income in the amount of EUR 2.6 million (total cost method) is contained in the cost of sales of the services rendered in the amount of EUR 1.8 million and in other operating income of EUR 0.8 million.

The cost of materials amounting to EUR –111.7 million (total cost method) is included in the cost of sales of the services rendered in the amount of EUR –111.7 million.

Personnel expenses of EUR –46.2 million (total cost method) are included in the cost of sales generated by services at EUR –45.5 million and in administrative expenses of EUR –0.7 million.

The other operating expenses amounting to EUR –18.4 million (total cost method) are included in the costs of production of the services rendered in order to generate revenues of EUR –6.7 million and in distribution costs of EUR –1.5 million administrative costs of EUR –8.5 million, research and development costs of EUR –0.8 million and other operating expenses of EUR –0.9 million.

Depreciation and amortization of EUR –7.6 million (total cost method) is included in the cost of sales of EUR –7.6 million for the services rendered.

IFRS 15 and IFRS 9

FACC will apply IFRS 15 Revenue from Customers Contracts and IFRS 9 Financial Instrument for the first time as of March 01, 2018. This led to changes in the accounting policies. The FACC has adopted the modified retrospective method when adopting IFRS 15 and IFRS 9. The comparative information was not adjusted under this method. The cumulative effect of the first-time adoption of IFRS 15 and the first-time adoption of IFRS 9 was presented as an adjustment to the opening balance sheet values as of 1 March 2018. Further details can be found in note 43 to the consolidated financial statements as of February 28 2018.

	28.02.2018	Adaptation IFRS 9	Adaptation IFRS 15	01.03.2018
Assets				
Non-current assets	351,185	0	-21,939	329,246
Current assets	352,373	-246	23,184	375,311
	703,558	-246	1,244	704,556
Equity and liabilities				
Equity	323,094	-246	-40,221	282,627
Non-current liabilities	211,101	0	-1,246	209,855
Current liabilities	169,363	0	42,711	212,074
	703,558	-246	1,244	704,556

The adjustment effects in Group equity listed in Note 43 to the consolidated financial statements as of February 28 2018 were adjusted on the basis of further analyzes.

Due to a restatement in accordance to IAS 8 in the first quarter of the previous year and new application of accounting standards as of March 1 2018 a condensed statement of comprehensive income is reported for transparency reasons.

	01.03.17 –31.05.17 before Restatement	01.03.17 –31.05.17 after Restatement	01.03.18 –31.05.18 without IFRS 15 and IFRS 9	01.03.18 –31.05.18
Revenues	184,263	184,263	193,272	192,352
COGS – Cost of Goods sold	–161,897	–159,747	–171,076	–166,315
Gross Profit	22,366	24,516	22,195	26,037
Research and development expenses	–829	–829	–570	–570
Selling expenses	–1,532	–1,532	–1,887	–1,887
Administration expenses	–9,230	–9,230	–8,985	–8,985
Other operating income	863	863	1,792	1,792
Other operating expenses	–875	–875	–57	–57
Earnings before interest and taxes (EBIT)	10,763	12,913	12,489	16,331
Financing expenses	–2,745	–2,745	–2,077	–1,373
Interest income from financial instruments	53	53	68	68
Fair value measurement of derivative financial instruments	0	0	0	0
Earnings before taxes (EBT)	8,071	10,221	10,481	15,026
Income taxes	–926	–1,464	–1,716	–3,636
Earnings after taxes	7,145	8,758	8,765	11,390

The restatement results from an audit in accordance with § 2 (1) no. 2 of the Accounting Control Act (examination without special cause), which was completed by the Financial Market Authority (FMA) by decision of 28 August 2017. In the financial statements of February 28, 2017, August 31, 2017, and February 28, 2018, all matters were comprehensively and conclusively explained.

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, are depicted in thousand Euros (EUR '000). 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.

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, 11 July 2018

Robert Machtlinger
Chairperson of the
Management Board

Andreas Ockel
Member of the
Management Board

Aleš Stárek
Member of the
Management Board

Yongsheng Wang
Member of the
Management Board

Investor Relations

BASIC INFORMATION ABOUT THE FACC SHARE

International Securities Identification Number (ISIN)	AT00000FACC2
Currency	EUR
Stock market	Vienna (XETRA)
Market segment	prime market (official trading)
Initial listing	25.06.2014
Issue price	EUR 9.5
Paying agent	ERSTE GROUP
Indices	ATX, ATX GP, ATX IGS, ATX Prime, WBI
Share class	Ordinary shares
Ticker symbol	FACC
Reuters symbol	FACC.VI
Bloomberg symbol	FACC AV
Shares outstanding	45,790,000 shares

FINANCIAL CALENDAR 2018/19

12 July 2018	Payment date (dividends)
16 October 2018	Half Year Financial Report 2018/19

CONTACT

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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 AVIC Cabin Systems Co., Limited (previously FACC International).

The remaining 44.5% of share 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.



