POSITION REPORT

First half year
financial report
2018/19

Content

Selected Group Key Performance Indicators

in EUR mill.	Q2 2017 01.06.2017 –31.08.2017	Q2 2018 01.06.2018 –31.08.2018	H1 2017 01.03.2017 –31.08.2017	H1 2018 01.03.2018 –31.08.2018
Revenues	174.4	180.6	358.7	373.0
of which Aerostructures	78.0	72.4	163.5	151.8
of which Engines & Nacelles	40.4	41.1	78.5	85.5
of which Cabin Interiors	56.0	67.2	116.8	135.7
EBITDA	23.9	15.1	44.5	35.0
Earnings before Interest and Taxes (EBIT)	16.8	8.7	29.7	25.1
EBIT as percentage of revenues	9.6%	4.8%	8.3%	6.7%
of which Aerostructures	8.0	9.3	19.3	22.7
of which Engines & Nacelles	4.9	0.0	8.2	2.2
of which Cabin Interiors	3.9	–0.6	2.2	0.2
Earnings after taxes	9.9	4.9	18.6	16.3
Earnings per share (in EUR)	0.21	0.11	0.41	0.36

in EUR mill.	28.02.2017	31.08.2017	28.02.2018	31.08.2018
Cash flow from operation activities	20.0	24.4	63.1	30.4
Cash flow from investing activities	–34.4	–12.6	–35.1	–16.5
Total employees (end of period) – (FTE)	3,393	3,303	3,402	3,434

in EUR mill.	28.02.2017	31.08.2017	28.02.2018	31.08.2018
Net Working Capital	163.8	171.0	173.6	140.6
Net financial debt	197.0	190.7	182.0	177.8
Equity	269.7	306.7	323.1	282.6
Equity ratio	39.3%	43.8%	45.9%	39.3%
Balance sheet total	685.4	700.0	703.6	719.8

	01.06.2017 –31.08.2017	01.06.2018 –31.08.2018	01.03.2017 –31.08.2017	01.03.2018 –31.08.2018
Trading volume	10,781,404	19,355,338	14,973,166	33,891,188
Average daily trading volume	176,744	227,709	121,733	271,129
Yearly high	11.0	21.8	11.0	24.3
Yearly low	7.1	15.4	6.5	15.4
Closing price	10.2	21.7	10.2	21.7
Annual performance	43.9%	5.3%	45.0%	29.8%
Market capitalisation (in EUR mill.)	467	994	467	994

Economic conditions

General economic conditions

The development of the global economy continues to dynamically follow the positive trends of recent years. The International Monetary Fund forecasts growth of 3.9 percent in 2018 and 2019, although the expansion will not continue at a steady pace, but will be mainly driven by the US while the growth of other developed economies such as the Eurozone, Japan and the UK has been revised.

Rising US interest rates and trade tariffs also left their mark on emerging and developing economies. While oil-exporting countries benefited from rising oil prices, Turkey, Argentina, Brazil and India in particular suffered from the overall negative impact.

Industry-specific conditions of the aviation industry

The positive development of the aviation industry was particularly evident at the Farnborough aerospace fair. Total revenue was $ 192 billion, of which $ 154 billion was on civil aerospace programms, which equates to over 1,400 aircraft. This strong increase compared to the last aviation fair 2016 (+67.5 billion US dollars) shows the continuous growth of the industry.

Looking at Airbus and Boeing as a duopoly, it also becomes clear that the market is still on the upswing. Both are recording a net increase in order books and are assuming a continuously rising order book.

General explanations

FACC applies IFRS 15 Revenue from Customer Contracts and IFRS 9 Financial Instruments for the first time as of March 01, 2018. This led to changes in the accounting and valuation methods. The FACC has adopted the modified retrospective method when adopting IFRS 15 and IFRS 9. The comparative information was not adjusted as part of 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 the notes to this half-year financial report and Note 43 to the consolidated financial statements of 28.02.2018.

Sales and earnings development

in EUR mill.	Q2 2017/18	Q2 2018/19	Change	H1 2017/18	H1 2018/19	Change
Revenues	174.4	180.6	3.6%	358.7	373.0	4.0%
Earnings before interest and taxes	16.8	8.7	–48.2%	29.7	25.1	–15.5%
Assets	700.0	719.8	2.8%	700.0	719.8	2.8%
Capital Expenditures	7.0	6.8	–2.9%	15.6	16.6	6.4%

Sales in the first half of 2018/19 amounted to EUR 373.0 million (comparative period 2017/18: EUR 358.7 million). The 4.0% increase is due to an increase in product revenue to EUR 348.4 million in the first half of 2018/19. Unchanged from previous periods, sales drivers remained in the area of product sales. The Boeing 787, Airbus A320 Family, Airbus A330 Airbus A350 XWB and Bombardier Challenger 350 and Embraer Legacy 450/500 programs, as well as revenue from the respective engine families, continue to contribute to the Group‘s growth.

Cost of sales in relation to sales (gross profit) was 88.4% (2017/18: 85.7%). Research and development expenses (which comply with corporate and customer-related developments) amounted to EUR 11.0 million in the first half of 2018/19 (H1 2017/18 EUR 5.6 million).

Reported earnings before interest and taxes (EBIT) amounted to EUR 25.1 million in the first half of 2018/19 (previous year‘s period 2017/18: EUR 29.7 million).

Earnings before interest and taxes (EBIT) of EUR 29.7 million as of August 31, 2017 include, as a result of the FMA audit concluded by decision of August 28, 2017, the reduction of a provision for imminent losses of EUR 7.6 million.

As a result of the first-time application of IFRS 15 Revenue from Customer Contracts, there was a positive effect on earnings before interest and taxes (EBIT) of EUR 3.0 million in the current reporting period 2018/19, whereby the positive currency effects of EUR 3.8 million significantly exceeds other negative effects of EUR 0.8 million.

Due to the first-time application of IFRS 15 as of March 1, 2018 (see explanations in the notes), the key figures EBITDA and EBIT are only comparable to a limited extent with the previous year's figures. Adjusted for the effects of IFRS 15, the operating EBITDA of the period would have been EUR 5.3 million higher, excluding the currency effects mentioned. The difference is largely explained by the reclassification of tools and intangible assets into contractual assets that are not amortized and presented through changes in working capital.

SEGMENT REPORTING

Aerostructures

in EUR mill.	Q2 2017/18	Q2 2018/19	Change	H1 2017/18	H1 2018/19	Change
Revenues	78.0	72.4	–7.2%	163.5	151.8	–7.2%
Earnings before interest and taxes	8.0	9.3	16.3%	19.3	22.7	17.6%
Assets	338.7	334.8	–1.2%	338.7	334.8	–1.2%
Capital Expenditures	1.7	0.9	–47.1%	3.7	5.1	37.8%

Sales in the Aerostructures segment in the first half of 2018/19 amounted to EUR 151.8 million (2017/18: EUR 163.5 million). Sales from product shipments fell by 8.5% to EUR 139.0 million. This reduction is based on the expiring Boeing B737 program as well as lower sales of the Airbus A380 program compared to the prior-year period. The decline here was around EUR 13 million compared to the previous year. Earnings before interest and taxes (EBIT) amounted to EUR 22.7 million in the first half of 2018/19 (previous year's period 2017/18: EUR 19.3 million).

Engines & Nacelles

in EUR mill.	Q2 2017/18	Q2 2018/19	Change	H1 2017/18	H1 2018/19	Change
Revenues	40.4	41.1	1.7%	78.5	85.5	8.9%
Earnings before interest and taxes	4.9	0.0	–	8.2	2.2	–73.2%
Assets	146.8	144.1	–1.8%	146.8	144.1	–1.8%
Capital Expenditures	2.9	1.6	–44.8%	5.4	2.5	–53.7%

Sales in the Engines & Nacelles segment amounted to EUR 85.5 million in the first half of 2018/19 (2017/18: EUR 78.5 million). Sales from product deliveries increased significantly by 8.0% to EUR 80.3 million. This increase was mainly impacted by the Nacelle Airbus A330 program and by engine composites sales in the Airbus A350 program.

The result from operating activities before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 2.2 million in the first half of 2018/19. The result of the comparative period 2017/18 of EUR 8.2 million included special effects of EUR 5.5 million.

Cabin Interiors

in EUR mill.	Q2 2017/18	Q2 2018/19	Change	H1 2017/18	H1 2018/19	Change
Revenues	56.0	67.2	20.0%	116.8	135.7	16.2%
Earnings before interest and taxes	3.9	–0.6	–	2.2	0.2	–90.9%
Assets	214.6	240.9	12.3%	214.6	240.9	12.3%
Capital Expenditures	1.9	4.4	126.3%	3.5	9.0	157.1%

Sales in the Cabin Interiors segment amounted to EUR 135.7 million in the first half of 2018/19 (2017/18: EUR 116.8 million). Sales from product deliveries increased significantly by 18.6% to EUR 129.1 million. This is mainly due to the increase in rates for the Airbus A320 & A350 and Embraer Legacy programs. The result from operating activities before interest and (EBIT) in the Cabin Interiors segment amounted to EUR 0.2 million in the first half of 2018/19 (2017/18: EUR 2.2 million). The introduction of new cabin configurations in the interior sector and associated one-off costs had a negative impact on earnings, especially in the second quarter of 2018/19.

HEADCOUNT DEVELOPMENT

In the first half of 2018/19 there was an increase of 131 FTE compared to the same period of the previous year. The number of employees at the end of the second quarter of 2018/19 is 3,434 FTE.

FINANCIAL

Investments in the first half of 2018/19 amount to EUR 16.6 million (comparative period 2017/18: EUR 15.5 million).

FINANCIAL POSITION

FACC applies IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time as of March 01, 2018. This led to changes in the accounting and valuation methods. The FACC has adopted the modified retrospective method when adopting IFRS 15 and IFRS 9. The comparative information was not adjusted as part of 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 the notes to this half-year financial report and Note 43 to the consolidated financial statements of 28.02.2018.

Intangible assets at the end of the reporting period amount to EUR 20.3 million (28 February 2018: EUR 147.7 million).

Inventories amounted to EUR 129.0 million at the end of the reporting period (28 February 2018: EUR 130.6 million). The increase compared to the 2017/18 balance sheet date is essentially due to the increase in product sales and relates to manufacturing projects which generate increasing sales.

The share capital of the company amounts to EUR 45.8 million and is fully paid up. It is divided into 45,790,000 no-par-value shares of EUR 1 each.

Trade payables of EUR 62.9 million (February 28, 2018: EUR 48.9 million) developed in line with the course of business.

Current other financial liabilities amount to EUR 71.2 million (28 February 2018: EUR 65.8 million). The change is mainly related to the change in working capital.

Outlook

Management's estimates of revenue and earnings development for FACC AG in the current financial year 2018/19 have remained unchanged since the reporting date of May 19, 2018 - financial year 2017/18 - and have been specified in the present outlook.

For subsequent periods, a further increase in the production rate in major programs is assumed. FACC's balanced and modern product and customer portfolio enables the company to benefit from the overall growth of all major aircraft fleets. A special focus of FACC is on the settlement of new orders signed last year in the amount of around EUR 750 million. The first noteworthy sales from these new orders are expected in the first half of the financial year 2019/20. Based on the Group's current market assessment and the current product mix, FACC expects revenue growth in the single-digit percentage range and in the range of EUR 760 - 770 million for the financial year 2018/19. The Group continues to adhere to the initiatives to increase profitability. This will lead to a disproportionate improvement in earnings. The operating result is expected to be between EUR 52 and 55 million.

The focus continues to be on intensive cooperation with global customers. Active processing of the market with the aim of increasing FACC's market share in the respective segments, the implementation of the FACC innovation offensive in the area of material, process and product development as well as measures to sustainably expand sales in the area of airline services and maintenance central focuses. In summary, the FACC Group will further accelerate its development, manufacturing, and global supply chain management activities, further expanding its position as the preferred technology partner to the aerospace industry. The implementation of the Group strategy „Vision 2020" in order to strengthen and expand the rank of Tier 1 supplier for the customers Airbus, Boeing, Bombardier, Embraer and all well-known engine manufacturers has the highest priority.

Consolidated Statement of Financial Position of FACC AG

Assets

	Balance as of 28.02.2018 EUR'000	Balance as of 31.08.2018 EUR'000
Non-current assets		
Intangible assets	147,660	20,276
Property, plant and equipment	173,704	138,215
Other non-current financial assets	457	459
Non-current receivables	24,614	23,917
Non-current receivables towards related companies	4,750	5,246
Contract receivables	0	100,169
Contract costs	0	42,134
Deferred taxes	0	11,541
Total non-current assets	**351,185**	**341,957**
Current assets		
Inventories	130,562	128,985
Customer related Engineering	0	40,611
Trade receiveables	86,061	87,668
Receivables from construction contracts	17,212	0
Receivables towards related companies	13,626	18,637
Current income tax receivables	30	68
Derivative financial instruments	14,591	0
Other receiveables and deferred items	26,803	24,402
Cash and cash equivalents	63,488	77,511
Total current assets	**352,373**	**377,882**
Balance sheet total	**703,558**	**719,838**

Equity and liabilities

	Balance as of 28.02.2018 EUR'000	Balance as of 31.08.2018 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	–728
Other reserves	981	–7,812
Retained earnings	55,644	23,893
	323,077	**282,602**
Non-controlling interests	17	33
Total equity	**323,094**	**282,635**
LIABILITIES		
Non-current liabilities		
Promissory note loans	34,000	0
Bonds	89,589	89,680
Other finacial liabilities	56,093	60,437
Derivative financial instruments	681	0
Investment grants	11,405	11,357
Employee benefit obligations	9,268	9,773
Other provisions	8,819	7,726
Other non-current liabilities	0	4
Deferred taxes	1,246	0
Total non-current liabilities	**211,101**	**178,977**
Current liabilities		
Trade payables	48,875	62,854
Liabilities towards related companies	3,548	2,520
Other liabilities and deferred items	30,248	26,253
Promissory note loans	0	34,000
Other financial liabilities	65,762	71,170
Advance payments received from customer related Engineering	7,907	45,812
Derivative financial instruments	0	6,178
Other provisions	9,249	5,260
Investment grants	1,130	1,130
Income tax liabilities	2,645	3,050
Total current liabilities	**169,363**	**258,227**
Total liabilities	**380,464**	**437,204**
Balance sheet total	**703,558**	**719,838**

Consolidated Statement of Comprehensive Income of FACC AG

	01.06.2017 –31.08.2017 EUR'000	01.06.2018 –31.08.2018 EUR'000	01.03.2017 –31.08.2017 EUR'000	01.03.2018 –31.08.2018 EUR'000
Revenues	174,437	180,645	358,700	372,997
COGS – Cost of Goods sold	–147,744	–163,244	–307,492	–329,559
Gross Profit	**26,693**	**17,401**	**51,208**	**43,438**
Research and developement expenses	–755	–411	–1,584	–981
Selling expenses	–1,281	–1,926	–2,813	–3,813
Administration expenses	–7,880	–9,133	–17,110	–18,118
Other operating income	1,194	2,806	2,057	4,598
Other operating expenses	–1,166	–17	–2,041	–74
Earnings before interest and taxes (EBIT)	**16,805**	**8,719**	**29,718**	**25,050**
Financing expenses	–2,475	–2,322	–5,220	–5,007
Other financial result	–8	125	44	1,506
Earnings before taxes (EBT)	**14,321**	**6,522**	**24,542**	**21,548**
Income taxes	–4,435	–1,578	–5,899	–5,215
Earnings after taxes	**9,886**	**4,943**	**18,644**	**16,334**
Currency translation differeneces from consolidation	–131	–70	–600	69
Fair value measurement of securities	1	0	–4	2
Cash flow hedges	11,843	–62	25,232	–11,699
Tax effect	–2,949	16	–6,307	2,924
Items subsequently reclassified to profit or loss	**8,764**	**–117**	**18,320**	**–8,703**
Revaluation effects of termination benefits	3	–18	4	–28
Tax effect	–1	5	–1	7
Items not subsequently reclassified to profit or loss	**2**	**–14**	**3**	**–21**
Other comprehensive income after taxes	**8,767**	**–131**	**18,324**	**–8,724**
Total comprehensive income	**18,653**	**4,813**	**36,968**	**7,609**
Income after tax attributable to:				
Shareholders of the parent company	9,892	4,935	18,649	16,318
Non-controlling interests	–6	8	–5	16
Consolidated comprehensive income attributable to:				
Shareholders of the parent company	18,659	4,805	36,972	7,593
Non-controlling interests	–6	8	–5	16
Earnings per share (in EUR)				
Undiluted = diluted	0,22	0,11	0,41	0,36

Consolidated Statement of Cash Flows

of FACC AG

	Balance as of 31.08.2017 EUR'000	Balance as of 31.08.2018 EUR'000
CASHFLOW FROM OPERATING ACTIVITY		
Earnings before taxes (EBT)	24,542	21,548
Plus financial result	5,176	3,502
Earnings before interest and taxes (EBIT)	**29,718**	**25,050**
Plus/minus		
Depreciation, amortisation and impairment	14,761	9,984
Expenses/Income from the reversal of investment grants	–343	–288
Change in other non-current provisions	–5,340	–1,093
Change in employee benefit obligations	452	477
Other non-cash expenses/income	8,628	6,778
	47,877	40,908
Change in working capital		
Change in inventory and Customer related Engineering	–16,146	1,286
Change in trade receivables and other receivables, as well as contract receivables	–24,260	14,915
Change in trade payables and other liabilities	18,717	–22,543
Change in current provisions	–1,788	–3,988
Cashflow from ongoing activity	**24,400**	**30,578**
Interest received	44	193
Income taxes paid	–38	–356
Cashflow from operating activities	**24,407**	**30,414**
CASHFLOW FROM INVESTING ACTIVITY		
Payments for the acquisition of non-current assets	–12,593	–16,547
Proceeds from the disposal of non-current assets	16	0
Cashflow from investing activities	**–12,577**	**–16,547**
CASHFLOW FROM FINANCING ACTIVITY		
Proceeds from non-current interest-bearing liabilities	6,635	26,991
Repayments of promissory note loans	–8,000	0
Repayments of non-current interest-bearing liabilities	–12,279	–12,767
Change in current interest-bearing liabilities	20,235	–4,591
Dividend payment	0	–5,037
Interest paid	–4,842	–4,229
Cashflow from financing activities	**1,749**	**366**
Net changes in cash and cash equivalents	13,579	14,233
Cash and cash equivalents at the beginning of the period	48,275	63,488
Effects from foreign exchange rates	–55	–211
Cash and cash equivalents at the end of the period	**61,798**	**77,511**

Consolidated Statement of Changes in Equity

of FACC AG

	Share capital EUR '000	Capital reserves EUR '000	Currency translation reserve EUR '000
As of 1 March 2017[1)]	**45,790**	**221,459**	**–146**
Annual income after tax according to income statement	0	0	0
Other comprehensive income	0	0	–600
Total comprehensive income	**0**	**0**	**–600**
As of 31 August 2017	**45,790**	**221,459**	**–746**
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	**45,790**	**221,459**	**–797**
Annual income after tax according to income statement	0	0	0
Other comprehensive income	0	0	69
Dividend payment	0	0	0
Total comprehensive income	**0**	**0**	**69**
As of 31 August 2018	**45,790**	**221,459**	**–728**

Other reserves						
Securities – hold and sell	Cash flow hedges	Reserves IAS 19	Retained earnings	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
4	**–9,466**	**–3,888**	**15,907**	**269,660**	**26**	**269,686**
0	0	0	18,649	18,649	–5	18,644
–3	18,924	3	0	18,324	0	18,324
–3	**18,924**	**3**	**18,649**	**36,973**	**–5**	**36,968**
1	**9,458**	**–3,885**	**34,556**	**306,633**	**21**	**306,654**
–1	**4,598**	**–3,615**	**55,644**	**323,077**	**17**	**323,094**
0	0	0	–42,786	–42,786	0	–42,786
0	0	0	–246	–246	0	–246
–1	**4,598**	**–3,615**	**12,612**	**280,045**	**17**	**280,062**
0	0	0	16,318	16,318	16	16,334
2	–8,774	–21	0	–8,724	0	–8,724
0	0	0	–5,037	–5,037	0	–5,037
2	**–8,774**	**–21**	**11,281**	**2,556**	**16**	**2,573**
0	**–4,176**	**–3,636**	**23,893**	**282,602**	**33**	**282,635**

[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.

Selected Notes (abridged)

To the Consolidated Financial Statement for the first half of 2018/19

1. GENERAL INFORMATION

The FACC Group headquartered in Ried im Innkreis is an Austrian group of companies which specializes in the development, production and maintenance of aircraft components. Its main areas of business include the production of structural components such as fan cowls, wing fairings and control surfaces and the manufacture of interiors of modern commercial aircraft such as overhead stowage compartments, cabin linings and service units. The components are largely made from composite materials. The Group also incorporates metallic elements made of titanium, high-alloy steels and other metals into these composite components, which are delivered to the assembly lines of its customers ready for installation.

FACC AG has been listed on the Vienna Stock Exchange in the prime market segment (official trading) since 25 June 2014.

FACC AG is a member of the consolidation group of Aviation Industry Corporation of China, Ltd., headquartered in Beijing (Building 19, A5, Shuguang Xili, Chaoyang District, Beijing), company registration number 91110000710935732K.

2. SUMMARY OF KEY ACCOUNTING AND VALUATION METHODS

a) Basic principles for the preparation of the Interim Consolidated Financial Statement

The Interim Consolidated Financial Statement of 31 August 2018 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), as to be applied within the European Union (EU) and in accordance with IAS 34 (Interim Financial Reporting).

The condensed Interim Consolidated Financial Statement does not contain all the information and disclosures required for the preparation of a consolidated financial statement at the end of the financial year, and is therefore to be consulted in conjunction with the Consolidated Financial Statement of 28 February 2018.

The accounting and valuation principles which form the basis for this Interim Consolidated Financial Statement differ from those applied as of 28 February 2018 due to the first-time application of IFRS 15 and IFRS 9 as of 1 March 2018. The accounting and valuation principles applied as of 31 August 2018 are, in all other respects, consistent with those applied as of 28 February 2018.

The Interim Consolidated Financial Statement is presented in euros, the functional currency of the FACC Group.

The financial statements of foreign subsidiaries are converted into euros in accordance with the functional currency concept of IAS 21. The euro is the local currency of all subsidiaries since they conduct their business independently of each other from a financial, economic and organizational point of view.

Unless otherwise indicated, all amounts have been rounded to the nearest thousand (TEUR), subject to possible rounding differences.

Effects of the first-time application of IFRS 15 and IFRS 9:

FACC applied IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments, for the first time as of 1 March 2018, resulting in a change in accounting and valuation principles. When adopting IFRS 15 and IFRS 9, FACC applied the modified retrospective method. Comparative information was not adjusted under this method. The cumulative effect of the first-time application of IFRS 15 and IFRS 9 was reported 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 Statement of 28 February 2018.

The following reconciliation is not to be considered a complete balance sheet as it only contains those balance sheet items that were adjusted as a result of the first-time application of IFRS 15 and IFRS 9 as of 1 March 2018.

	28.02.2018	Adaptation IFRS 9	Adaptation IFRS 15	01.03.2018
ASSETS				
Intangible assets	147,660	0	–127,335	20,325
Property, plant and equipment	173,704	0	–48,457	125,246
Contract receivables	0	0	100,021	100,021
Contract costs	0	0	38,251	38,251
Deferred taxes	0	0	13,016	13,016
Non-current assets	**351,185**	**0**	**–24,504**	**326,681**
Inventories	130,562	0	40,395	170,957
Trade receiveables	86,061	–246	0	85,816
Receivables from construction contracts	17,212	0	–17,212	0
Current assets	**352,373**	**–246**	**23,184**	**375,311**
Balance sheet total	**703,558**	**–246**	**–1,320**	**701,992**
EQUITY AND LIABILITIES				
Retained earnings	55,644	–246	–42,786	12,612
Equity	**323,094**	**–246**	**–42,786**	**280,062**
Deferred taxes	1,246	0	–1,246	0
Non-current liabilities	**211,101**	**0**	**–1,246**	**209,855**
Advance payments received from customer related Engineering	7,907	0	42,711	50,619
Current liabilities	**169,363**	**0**	**42,711**	**212,074**
Balance sheet total	**703,558**	**–246**	**–1,320**	**701,992**

The adjustment effects on Group equity stated in Note 43 to the Consolidated Financial Statement of 28 February 2018 were modified as a result of further analyses.

Contract assets

Development services and the development of customized tools, which represent contractual obligations on the part of the Group and have already been partially recognized as revenue, are reported as contract assets.

If development services or tool developments are not paid immediately or in full but are charged to the customer as price premiums on series components, actual sales revenues may depend on whether the planned quantity of series products has been achieved. This constitutes a variable remuneration which is recognized as a contract asset on the basis of a prudent estimate and is reassessed on a regular basis.

Payments to customers are treated as advance discounts and are reported under contract assets. They are recognized as a reduction in revenue according to the expected duration of the program.

When assessing the impairment of contract assets, the regulations on financial assets must be observed.

Contract costs

In the absence of an enforceable contractual claim to remuneration for the provision of development services and the development of tools pursuant to IFRS 15, the associated expenses shall be capitalized as contract costs. The services rendered together with the subsequent series production constitute a single unit. In this case, the cost of development and the price of tools are added to the price of the series components and recognized as sales revenue once the serial parts have been delivered. The contract costs are spread over the duration of the program and recognized as expenses.

Customized development services

Development services and the development of customized tools are recorded as customized development services to the extent that they represent contractual obligations on the part of the Group and control has not yet passed. They are capitalized at an amount equal to the associated expenses.

Advance payments received from customized development services

Advance payments received for customized development services are reported under current liabilities, provided that control has not yet passed. Payments in foreign currencies are valuated at the respective period-end exchange rate.

Revenues

Under IFRS 15, revenue is recognized either at a point in time or over time as soon as the control over the goods or services has passed to the customer.

Provided that a significant financing component is determined in the case of long-term amortization via series deliveries, sales revenues are only recognized in the amount of the present value of the agreed payments. As compounding effects are recognized as income in the financial result, the payments received are not fully allocated to sales revenues, as was previously the case.

Payments to customers are treated as advance discounts and are recorded as a reduction in revenue spread over the duration of the program in the Consolidated Statement of Comprehensive Income.

In addition to the non-availability of an alternative use, revenue recognition over time requires, in particular, a legal right to payment for services already rendered (costs plus share of profit). This criterion results in individual contracts being recognized as revenue at a point in time in accordance with IFRS 15. In the case of revenue recognition at a point in time, revenue from services is recorded at cost until control has passed. In the case of revenue recognition over time, revenue is allocated according to the cost-to-cost method.

Due to the first-time adoption of new accounting standards as of 1 March 2018, a condensed consolidated profit and loss statement was presented in order to ensure transparency.

Consolidated Statement of Profit and Loss of FACC AG	01.03.2017 – 31.08.2017 after Restatement	01.03.2018 – 31.08.2018 without IFRS 15 and IFRS 9	01.03.2018 – 31.08.2018
Revenues	358,700	376,847	372,997
COGS – Cost of Goods sold	–307,492	–336,389	–329,559
Gross Profit	**51,209**	**40,459**	**43,438**
Research and developement expenses	–1,584	–981	–981
Selling expenses	–2,813	–3,813	–3,813
Administration expenses	–17,110	–18,118	–18,118
Other operating income	2,057	4,598	4,598
Other operating expenses	–2,041	–74	–74
Earnings before interest and taxes (EBIT)	**29,718**	**22,071**	**25,050**
Financing expenses	–5,220	–5,007	–5,007
Other financial result	44	193	1,506
Earnings before taxes (EBT)	**24,542**	**17,256**	**21,548**
Income taxes	–5,899	–4,629	–5,215
Earnings after taxes	**18,644**	**12,628**	**16,334**

As from the beginning of the financial year, the Consolidated Statement of Comprehensive Income is prepared using the cost-of-sales method. As the majority of companies in the industry adhere to this method of presentation, this allows for greater comparability in view of the increasing internationalization of the FACC Group. The reference period H1/2017/18 has been adjusted as follows:

Changes in the inventory of finished and unfinished products of EUR 3.5 million (total cost method) and own work capitalized of EUR 3.1 million (total cost method) are included in cost of sales.

Of other operating income of a total of EUR 10.0 million (total cost method), EUR 7.8 million are included in cost of sales, EUR 0.1 million in research and development expenses and EUR 2.1 million in other operating income.

Of material costs of a total of EUR –213.7 million (total cost method), EUR -213.5 million are included in cost of sales and EUR –0.2 million in research and development expenses.

Of personnel costs of a total of EUR –85.5 million (total cost method), EUR –74.4 million are included in cost of sales, EUR –1.0 million in research and development expenses, EUR -1.7 million in distribution costs and EUR -8.4 million in administration costs.

Of other operating expenses of a total of EUR –31.3 million (total cost method), EUR –19.9 million are included in cost of sales, EUR –0.5 million in research and development expenses, EUR –1.1 million in distribution costs, EUR –7.8 million in administration costs and EUR –2.0 million in other operating expenses.

Of depreciation, amortization and impairment of a total of EUR –14.8 million (total cost method), EUR –14.1 million are included in cost of sales and EUR –0.7 million in administration costs.

b) Estimates and discretionary powers

The preparation of the Interim Consolidated Financial Statement requires management to make use of certain estimates and assumptions which impact on the reported assets and liabilities as well as on the contingent liabilities, the reporting of other liabilities on the balance sheet date and the disclosure of income and expenses during the reporting period. The actual amounts may differ from the estimates given.

Estimates and discretionary powers are explained in Note 7, Estimates and discretionary powers, to the Consolidated Financial Statement of FACC AG as of 28 February 2018 and have been applied unchanged to the balance sheet date of 31 August 2018, with the exception of the amended accounting rules pursuant to IFRS 15 and IFRS 9.

c) Seasonality of business

The Group's business operations are subject to only minor seasonal fluctuations.

d) Consolidated companies

The interim financial statements of the subsidiaries included in the Interim Consolidated Financial Statement relate to the uniform interim reporting date of 31 August 2018 and were prepared in accordance with IFRS, as to be applied within the European Union. The individual financial statements of FACC AG and its subsidiaries are incorporated into the Consolidated Financial Statement in compliance with the uniform accounting and valuation methods applicable to the Group.

The consolidated companies of the FACC Group as of 31 August 2018 remained unchanged compared to the consolidated companies as of 28 February 2018.

3. FINANCIAL RISK MANAGEMENT

a) Principles of financial risk management

Due to its business activities, the FACC Group is exposed to a variety of financial risks: market risks (includes foreign currency risks, interest-related risks from changes to the attributed fair value, interest-related cash flow risks and market price risks), credit risks and liquidity risks. The overarching risk management of the Group is focused on the unpredictability of the developments on the financial markets and aims to minimize potential negative impacts on the Group's financial situation. The Group makes use of derivative financial instruments to hedge against specific risks. In principle, the Group does not employ derivative financial instruments for speculation purposes. Risk management is performed by the central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close cooperation with the operative units of the Group.

b) Financial risk factors

These include, in particular, exchange rate risks and interest rate risks. Apart from these two groups of risks, there are no other significant market price risks.

c) Contract volumes of derivative financial instruments and corresponding attributed fair values

The nominal value of certain types of derivative financial instruments serves as a basis for comparison with the instruments reported in the balance sheet, but do not necessarily reflect the current attributed fair value and thus do not provide a measure of the credit or market price risks to which the Group is exposed.

d) Carrying amounts and fair value of financial instruments

The original financial instruments essentially include other non-current financial assets, trade receivables, bank balances, bonds, financial liabilities and trade payables. All purchases and sales of financial instruments are recorded as of the date of settlement. Financial instruments are generally valued at acquisition cost at the time of acquisition, which is equivalent to their fair value attributed at that point in time. Financial assets are derecognized when the rights to payment resulting from the investment have expired or have been transferred and the Group has essentially transferred all risks and benefits of ownership. Financial liabilities are derecognized once the obligation to pay has expired.

The following table shows the carrying amounts and attributed fair values of the individual financial assets and financial liabilities, broken down by class or measurement category in accordance with IFRS 9 (28 February 2018: IAS 39).

Information on the attributed fair value of financial assets and financial liabilities that were not measured at fair value is not included if the carrying amount constitutes a reasonable approximation of the attributed fair value.

		Fair value			
	Carring amount 28.02.2018 EUR'000	Total 28.02.2018 EUR'000	Level 1	Level 2	Level 3
At amortised cost					
Non-current receivables	24,614	0	0	0	0
Non-current receivables towards related companies	4,750	0	0	0	0
Other non-current assets – Securities (unquoted)	43	0	0	0	0
Trade receiveables	86,061	0	0	0	0
Receivables from construction contracts	17,212	0	0	0	0
Receivables towards related companies	13,626	0	0	0	0
Other receiveables and deferred items	302	0	0	0	0
Cash and cash equivalents	63,488	0	0	0	0
	210,097	**0**	**0**	**0**	**0**
At fair value trough profit and loss					
Other non-current assets – Securities (quoted)	413	413	413	0	0
Derivative financial instruments	14,591	14,591	0	14,591	0
	15,004	**15,004**	**413**	**14,591**	**0**

		Fair value			
	Carring amount 28.02.2018 EUR'000	Total 28.02.2018 EUR'000	Level 1	Level 2	Level 3
At amortised cost					
Financial liabilities	245,443	252,208	96,354	0	155,854
Trade payables	48,875	0	0	0	0
Advance payments received from customer related Engineering	7,907	0	0	0	0
Liabilities towards related companies	3,548	0	0	0	0
Other financial liabilities	20,571	0	0	0	0
	326,345	**252,208**	**96,354**	**0**	**155,854**
At fair value trough profit and loss					
Derivative financial instruments	681	681	0	681	0
	681	**681**	**0**	**681**	**0**

		Fair value			
	Carring amount 31.08.2018 EUR'000	Total 31.08.2018 EUR'000	Level 1	Level 2	Level 3
At amortised cost					
Non-current receivables	23,917	0	0	0	0
Non-current receivables towards related companies	5,246	0	0	0	0
Contract receiveables	100,169	0	0	0	0
Other non-current assets – Securities (unquoted)	43	0	0	0	0
Trade receiveables	87,668	0	0	0	0
Receivables towards related companies	18,637	0	0	0	0
Cash and cash equivalents	77,511	0	0	0	0
	313,191	**0**	**0**	**0**	**0**
At fair value trough profit and loss					
Other non-current assets – Securities (quoted)	416	416	416	0	0
Derivative financial instruments	0	0	0	0	0
	416	**416**	**416**	**0**	**0**

		Fair value			
	Carring amount 31.08.2018 EUR'000	Total 31.08.2018 EUR'000	Level 1	Level 2	Level 3
At amortised cost					
Financial liabilities	255,287	260,719	95,112	0	165,607
Trade payables	62,854	0	0	0	0
Advance payments received from customer related Engineering	45,812	0	0	0	0
Liabilities towards related companies	2,520	0	0	0	0
Other financial liabilities	15,878	0	0	0	0
	382,351	**260,719**	**95,112**	**0**	**165,607**
At fair value trough profit and loss					
Derivative financial instruments	6,178	6,178	0	6,178	0
	6,178	**6,178**	**0**	**6,178**	**0**

e) Determination of the attributed fair value

Financial instruments are classified into three categories reflecting different levels of valuation certainty. FACC employs the following hierarchy levels to assign a valuation method to financial instruments measured at fair value:

Level 1: valuation of a specific financial instrument on the basis of market prices

Level 2: valuation of similar instruments on the basis of market prices or by using valuation models based exclusively on valuation parameters observable on the market

Level 3: valuation by means of models featuring significant valuation parameters which are not observable on the market

The following table shows the valuation methods used to determine the attributed fair values as well as the main unobservable input factors employed.

Type	Valuation method	Significant non-observable input factors	Connection between significant non-observable input factors and fair value measurement
Financial instruments measured at fair-value			
Securities (quoted)	Current stock market price on the balance sheet date	Non-Applicable	Non-Applicable
Forward exchange transactions	The fair value is determined using quoted forward rates on the reporting date and net present value calculations based on yield curves with high credit ratings in corresponding currencies.	Non-Applicable	Non-Applicable
Financial instruments not measured at fair value			
Anleihen	Current stock market price on the balance sheet date	Non-Applicable	Non-Applicable
Übrige verzinsliche Verbindlichkeiten	Discounting of cash flows	Risk premium for own credit risk	Non-Applicable

4. SEGMENT REPORTING

Segment reporting follows the internal management and reporting of FACC AG. Earnings before interest and taxes (EBIT) is the key performance indicator on the basis of which the business segments are managed and which is reported to the corporate decision-maker responsible (Management Board of FACC AG).

Due to different applications of the products, three operative segments were created:

- **Aerostructures:** development, production, distribution and repair of structural components
- **Engines & Nacelles:** development, production, distribution and repair of engine components
- **Cabin Interiors:** development, production, distribution and repair of cabin interiors

In addition to the three operative segments, the Group also comprises the central services Finance and Controlling, Human Resources, Legal, Quality Assurance, Research & Developement, Communication & Marketing, Purchasing and IT (including Engineering Services). The central services support the operative segments in the fulfillment of their duties within the framework of a matrix organization. Their income and outlays are allocated to the three segments using a predetermined procedure.

31.08.2017	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total
Revenues	163,456	78,465	116,779	**358,700**
Earnings before interest and taxes (EBIT)	19,290	8,200	2,229	**29,718**
Investments	3,734	5,373	3,486	**12,593**
Amortisation and impairment	8,266	1,995	4,500	**14,761**
Assets on 31 August 2017	338,668	146,764	214,564	**699,995**

31.08.2018	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total
Revenues	151,842	85,486	135,669	**372,997**
Earnings before interest and taxes (EBIT)	22,724	2,172	153	**25,050**
Investments	5,050	2,543	8,953	**16,546**
Amortisation and impairment	4,929	2,380	2,676	**9,984**
Assets on 31 August 2018	334,832	144,134	240,873	**719,838**

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Please refer to the Management Report for significant changes to the Consolidated Statement of Comprehensive Income.

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment has increased by TEUR 12,969 due to the large number of investment activities.

Receivables from derivative financial instruments have shifted due to the development of foreign currencies and are now reported under current liabilities under derivative financial instruments.

Equity changed to TEUR 282,635 as a result of the current result (TEUR +16,334), the first-time application of IFRS 15 and IFRS 9 (TEUR –43,032) and the distribution of dividends (TEUR –5,037).

Promissory note loans were reclassified from non-current liabilities to current liabilities in the first half of 2018/19.

Please refer to the Management Report for further significant changes to the Consolidated Statement of Financial Position.

7. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Working capital has remained largely unchanged compared to the previous-year period.

Investment cash flow has increased compared to the previous-year period due to the increase in investment activities.

Please refer to the Management Report for further significant changes to the Consolidated Statement of Cash Flows.

8. BUSINESS RELATIONS WITH RELATED COMPANIES AND PERSONS

Transactions with related companies and persons outside the scope of consolidation of FACC AG were concluded in the period from 1 March 2018 to 31 August 2018 on arm's length terms.

	Receivables 31.08.2017 EUR'000	Liabilities 31.08.2017 EUR'000	Revenues 2017/18 EUR'000	Expenses 2017/18 UR'000
Companies with significant influence on the Group:	0	0	311	0
Joint venture in which the parent undertaking is involved:	26,908	1,374	2,377	4,559
	26,908	1,374	2,689	4,559

	Receivables 31.08.2018 EUR'000	Liabilities 31.08.2018 EUR'000	Revenues 2018/19 EUR'000	Expenses 2018/19 EUR'000
Companies with significant influence on the Group:	1,467	0	1,755	0
Joint venture in which the parent undertaking is involved:	22,416	2,520	12,070	6,460
	23,883	2,520	13,825	6,460

9. EARNINGS PER SHARE

The number of shares issued as of the interim balance sheet date was 45,790,000. Since no dilutive potential ordinary shares were outstanding or treasury shares were held in the past financial year, the diluted earnings per share correspond to the undiluted earnings per share.

Earnings per share of EUR 0.36 (31.8.2017: EUR 0.41) were calculated by dividing the result by the weighted number of shares attributable to the shareholders of the parent company.

10. EVENTS AFTER THE INTERIM BALANCE SHEET DATE

No events requiring disclosure took place after the interim balance sheet date, 31 August 2018.

11. WAIVER OF AUDIT REVIEW

The present Interim Consolidated Financial Statement has neither been audited nor reviewed.

12. DECLARATION OF THE LAWFUL REPRESENTATIVES PURSUANT TO SECTION 87 PARAGRAPH 1 SUBPARAGRAPH 3 OF THE AUSTRIAN STOCK EXCHANGE ACT

We hereby confirm to the best of our knowledge that the condensed Interim Consolidated Financial Statement of 31 August 2018, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and earnings performance of the Group. We further confirm that the Half-Year Group Management Report gives a true and fair view of the assets, liabilities, financial position and earnings performance of the Group with respect to important events which occurred during the first half of the financial year and their impact on the condensed Interim Consolidated Financial Statement, the principal risks and uncertainties during the remaining six months of the financial year and major transactions with related companies and persons requiring disclosure.

Ried im Innkreis, 15 October 2018

Robert Machtlinger
Chairman 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

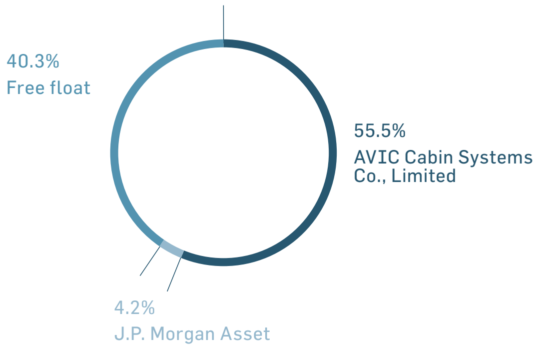
BASIC INFORMATION ABOUT THE FACC SHARE

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

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 shares represent free float and are held by both international and Austria investors. FACC AG did not hold any treasury shares as of the end of the interim reporting period.



CONTACT

Manuel Taverne
Director Investor Relations
Phone +43 59 616 2819
Mobile +43 59 616 72819
m.taverne@facc.com