

POSITION REPORT



Interim Report
Q1 2020



Selected Group Key Performance Indicators

| | 01.01.2019 - 31.03.2019 in EUR mill. | 01.01.2020 - 31.03.2020 in EUR mill. |
|---|--|--|
| Revenues | 205.6 | 193.7 |
| thereof Aerostructures | 84.2 | 69.1 |
| thereof Engines & Nacelles | 47.4 | 46.3 |
| thereof Interiors | 74.0 | 78.3 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹⁾ | 7.7 | 22.1 |
| Earnings before interest and taxes (EBIT) | -8.3 | 13.1 |
| thereof Aerostructures | -1.7 | 6.2 |
| thereof Engines & Nacelles | 0.2 | 3.1 |
| thereof Interiors | -6.8 | 3.8 |
| EBIT margin | -4.0% | 6.7% |
| Earnings after taxes | -5.3 | 8.6 |
| Earnings per share (in EUR) | -0.12 | 0.19 |
| | | |
| | 31.03.2019 in EUR mill. | 31.03.2020 in EUR mill. |
| Cash flow from operating activities | 1.7 | -1.7 |
| Cash flow from investing activities | 0.0 | -5.3 |
| | | |
| | 31.03.2019 in EUR mill. | 31.03.2020 in EUR mill. |
| Net Working Capital | 179.3 | 170.7 |
| Net financial debt | 235.9 | 222.9 |
| Equity ratio | 39.9% | 40.0% |
| Balance sheet total | 742.3 | 797.9 |
| | | |
| | 01.01.2019 – 31.03.2019 | 01.01.2020 – 31.03.2020 |
| Trading volume | 12,434,424 | 13,996,470 |
| Average daily trading volume | 197,372 | 218,694.8 |
| Höchstkurs der Periode | 16.3 | 12.9 |
| Tiefstkurs der Periode | 12.6 | 5.2 |
| Closing price | 12.94 | 7.8 |
| Periodenperformance | -1.8% | -33.9% |
| Market capitalization | 592.5 | 356.9 |

¹⁾ The EBITDA is calculated as the sum of the EBIT plus depreciation and impairment and amortization of the contract performance costs.

Revenues and earnings development

| | Q1 2019 in EUR million | Q1 2020 in EUR million | Change |
|------------------------------------|---------------------------|---------------------------|--------|
| Revenues | 205.6 | 193.7 | -5.8% |
| Earnings before interest and taxes | -8.3 | 13.1 | - |
| Assets | 742.3 | 797.9 | 7.5% |
| Investments of the period | 0.4 | 5.4 | - |

For the sake of greater comparability, the first quarter of the previous financial year has been adjusted to the calendar year. This has resulted in deviations with respect to previous reports. The reference period has neither been evaluated by the auditor nor reviewed.

Revenues in the first three months of 2020 amounted to EUR 193.7 million (reference period 2019: EUR 205.6 million). The 5.8% decline is due to a reduction in development revenues to EUR 7.3 million (reference period 2019: EUR 17.1 million) in the first three months of 2020.

Despite the current external circumstances, product sales remained at almost the same level. In the first quarter of 2020, all major aircraft programs of our main customers Airbus, Boeing, Bombardier, Embraer and Comac, as well as revenues from the respective engine families contributed to the development of revenues in the Group's product business.

The cost of sales in relation to turnover (gross profit on sales) amounted to 88.2 % (reference period 2019: 96.3 %).

Earnings before interest and taxes (EBIT) amounted to EUR 13.1 million in the first three months of 2020 (reference period 2019: EUR -8.3 million). The negative result of the reference period is mainly due to Airbus' announcement that it will cease delivery of A380 aircraft in 2021. This has resulted in a negative one-off effect in the amount of EUR 11.4 million from the write-down of unamortized development costs.

The optimization program announced at the beginning of the 2020 financial year to achieve sustainable reductions in the Group-wide

cost structure is taking effect, and produced initial positive effects in the first quarter of 2020.

FACC has reacted proactively and implemented extensive measures in the face of the Corona crisis.

Since the Corona crisis became public, FACC has reacted quickly and implemented extensive measures by means of an internal CORONA task force. Management is now focusing on creating a balance between the protection of each individual employee, the economic stability of the company and providing support to our customers worldwide. Existing liquidity reserves were significantly expanded immediately through additional credit lines. In addition, all short-term requirements were coordinated with every customer and the supply of materials was secured within the entire supplier chain. Despite considerable developments taking place with regard to CORONA, the health of the entire workforce has been safeguarded at all times, and all our customer requirements have been met entirely. As a result of a significant drop in market requirements, the optimization program "F.A.C.T.", which is already being implemented, has been driven forward with great commitment and enhanced by new operations and strategies. An additional special savings program of EUR 15 million, which was introduced at short notice, has been defined and is currently being implemented. Since 30 March 2020, a short-time working model has been in place for employees in Austria for the duration of three months. Currently, FACC has sufficient credit lines to meet potential future requirements. This also includes the upcoming repayment of a bond with a volume of EUR 90 million on 24 June 2020. In this particular situation, FACC is also benefitting from its high equity ratio.

SEGMENT REPORTING

Aerostructures

| | Q1 2019 in EUR million | Q1 2020 in EUR million | Change |
|------------------------------------|---------------------------|---------------------------|--------|
| Revenues | 84.2 | 69.1 | -18.0% |
| Earnings before interest and taxes | -1.7 | 6.2 | - |
| EBIT margin | -2.1% | 8.9% | - |
| Assets | 319.6 | 339.1 | 6.1% |
| Investments of the period | 0.1 | 2.3 | - |

Revenues in the Aerostructures segment amounted to EUR 69.1 million in the first three months of 2020 (reference period 2019: EUR 84.2 million). Revenues from product deliveries fell by 5.9% to EUR 67.4 million.

Significant revenues in the Aerostructures segment are generated by the Airbus A220, A32F and A350 programs and the B787. The volume of these programs was not able to fully compensate for the previously announced phase-out of the Boeing B737NG Winglets and Airbus A380 structural components.

Earnings before interest and taxes (EBIT) amounted to EUR 6.2 million in the first three months of 2020 (reference period 2019: EUR -1.7 million). Last year's negative result is mainly due to Airbus' announcement that it will cease delivery of A380 aircraft in 2021. This has resulted in a negative one-off effect in the amount of EUR 8.3 million from the write-down of unamortized development costs in the Aerostructures segment.

Engines & Nacelles

| | Q1 2019 in EUR million | Q1 2020 in EUR million | Change |
|------------------------------------|---------------------------|---------------------------|--------|
| Revenues | 47.4 | 46.3 | -2.2% |
| Earnings before interest and taxes | 0.2 | 3.1 | - |
| EBIT margin | 0.5% | 6.8% | - |
| Assets | 164.4 | 165.1 | 0.4% |
| Investments of the period | 0.0 | 1.1 | - |

Revenues in the Engines & Nacelles segment amounted to EUR 46.3 million in the first three months of 2020 (reference period 2019: EUR 47.4 million). Revenues from product deliveries decreased by 8.3% to EUR 42.2 million. This was attributable to a general reduction in the A330neo production rate in line with market demand as well as a reduction in our customer's stocks of finished goods in the area of A350 nacelle systems and a resultant reduction in FACC's call-off orders.

Earnings before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 3.1 million in the first three months of 2020 (reference period 2019: EUR 0.2 million). Last year's negative result is mainly due to Airbus' announcement that it will cease delivery of A380 aircraft in 2021. This has resulted in a negative one-off effect in the amount of EUR 1.2 million from the write-down of unamortized development costs in the Engines & Nacelles segment.

Cabin Interiors

| | Q1 2019 in EUR million | Q1 2020 in EUR million | Change |
|------------------------------------|---------------------------|---------------------------|--------|
| Revenues | 74.0 | 78.3 | 5.8% |
| Earnings before interest and taxes | -6.8 | 3.8 | - |
| EBIT margin | -9.2% | 4.8% | - |
| Assets | 258.3 | 293.8 | 13.7% |
| Investments of the period | 0.2 | 1.9 | - |

Revenues in the Cabin Interiors segment amounted to EUR 78.3 million in the first three months of 2020 (reference period 2019: EUR 74.0 million). Revenues from product deliveries increased by 8.4% to EUR 76.7 million. This is primarily attributable to the ramp-up of the new A320 Airspace cabin, growing deliveries of the COMAC ARJ 21 and a continued stable demand for business jet interiors.

Earnings before interest and taxes (EBIT) in the Cabin Interiors segment amounted to EUR 3.8 million in the first three months of 2020 (reference period 2019: EUR -6.8 million). Last year's negative result is mainly due to the ramp-up costs of new programs (as described in the Interim Reports of the 2019 financial year) and to Airbus' announcement that it will cease delivery of A380 aircraft in 2021. This has resulted in a negative one-off effect in the amount of EUR 2.0 million from the write-down of unamortized development costs in the Cabin Interiors segment.

Financial Position

Inventories at the end of the reporting period amount to EUR 133.1 million (31 December 2019: EUR 122.8 million). Due to the longer lead times, the reduction in material orders was not implemented adequately in line with the decline in production.

Trade receivables increased from EUR 98.8 million to EUR 115.2 million. Due to the current situation, customers rarely take advantage of cash discounts and generally pay only when payment is due.

Other current financial liabilities increased from EUR 26.0 million to EUR 68.5 million. This is primarily attributable to the upcoming repayment of the bond. By issuing a promissory note in July 2019, FACC thus secured sufficient liquidity reserves.

Investments in the first three months of 2020 amount to EUR 5.4 million (reference period 2019: EUR 0.4 million).

The company's share capital amounts to EUR 45.8 million and is fully paid up. It is divided into 45,790,000 individual shares of EUR 1 each.

Outlook

With the emergence of the COVID-19 virus and the global economic stagnation it brought with it in February in China, and in March and April in the rest of the world, the movement of goods and people across the globe underwent drastic changes in the short and medium term. The first quarter of the financial year 2020 developed in line with management's estimates in terms of both sales and increased profitability. It is not yet possible to make a solid and reliable forecast for the year as a whole in the current environment, but significant demand and production restrictions are to be expected in the first half of 2020 and the year as a whole.

Against the backdrop of the CORONA crisis, 80% of the global aircraft fleet is temporarily out of service. The traffic volume in Central Europe decreased by approx. 95% in April 2020 in direct comparison to the rate of service in April 2019. The last 20 years show that the aircraft industry generally boasts a high resilience to economic shocks. Proof of this can be found in the industry's recovery data in the years of crisis between 1997 and 2008, the Asian crisis in 1997, 9/11, SARS and the financial crisis in 2008 - air traffic volumes recovered relatively quickly despite significant dips immediately after the crisis occurred. The major difference between COVID-19 and previous shocks lies in the local crisis management of states and the resultant slump in the global goods and travel volume. The duration of the crisis will depend on how quickly supranational preventative measures are implemented against the coronavirus. Once this has been accomplished, the aviation sector will also recover.

The ability to plan is momentarily very limited and requires an ongoing reassessment of the current situation. We assume that reliable market data will be available in July 2020 for a general assessment of short and medium-term market requirements. Capacities have been adjusted, and the Austrian locations are on short-time from April to June.

As it is currently only partially possible to plan for the 2020 financial year, essential operational and strategic measures have been introduced:

- The activities launched before the outbreak of the COVID-19 crisis to reduce fixed costs will be continued. Additional measures, adapted to the new market situation, are defined and are currently being implemented.
- The investment budget for 2020 will be replanned in a reduced form to meet the modified requirements of the market.
- The measures defined in the fourth quarter of 2019 for the vertical integration of strategic components and materials will be continued and intensified without restriction.
- Due to the current situation relating to the COVID-19 crisis, it was decided to review the investments in the Croatian location and, following a reassessment of the prevailing market situation, to delay their implementation. It is to be emphasized that the location is essential for reducing production costs in the medium and long term.
- In view of strengthening the company's liquidity, the Supervisory Board and Management Board will propose to the Annual General Meeting that no dividends be paid for the short 2019 financial year.
- In order to take due account of the current market situation, management of FACC AG has decided to increase the available liquidity reserves and to make use of state-subsidized funds. Negotiations are currently underway with the core banks to increase the credit line granted within the control bank refinancing framework (KRR) by EUR 60 million.

The economic impact as well as the global development of the COVID-19 crisis call for an ongoing assessment of the current situation. Since the effects on the global economy cannot yet be assessed, an outlook on the results for the 2020 financial year can currently only be given in the present form.

Consolidated Profit and Loss Statement

for the period from 1 January 2020 to 31 March 2020

| | 01.01.2019 – 31.03.2019 EUR'000 | 01.01.2020 – 31.03.2020 EUR'000 |
|---|---------------------------------------|---------------------------------------|
| Revenues | 205,621 | 193,722 |
| COGS - Cost of goods sold | -198,034 | -171,013 |
| Gross profit | 7,587 | 22,708 |
| Research and development expenses | -975 | -190 |
| Selling expenses | -2,076 | -2,043 |
| Administration expenses | -4,100 | -8,724 |
| Other operating income | 1,271 | 1,566 |
| Other operating expenses | -10,011 | -251 |
| Earnings before interest and taxes (EBIT) | -8,304 | 13,067 |
| Financing expenses | -3,151 | -2,671 |
| Other financial result | 1,108 | 619 |
| Financial result | -2,043 | -2,052 |
| Earnings before taxes (EBT) | -10,347 | 11,015 |
| Income taxes | 5,084 | -2,390 |
| Earnings after taxes | -5,263 | 8,625 |
| of which attributable to non-controlling interests | 3 | 6 |
| of which attributable to shareholders of the parent company | -5,266 | 8,618 |
| Diluted (=undiluted) earnings per share (in EUR) | -0.12 | 0.19 |
| Issued shares (in shares) | 45,790,000 | 45,790,000 |

Consolidated Statement of Comprehensive Income

for the period from 1 January 2020 to 31 March 2020

| | 01.01.2019 – 31.03.2019 EUR'000 | 01.01.2020 – 31.03.2020 EUR'000 |
|--|---------------------------------------|---------------------------------------|
| Earnings after taxes | -5,263 | 8,625 |
| Currency translation differences from consolidation | 104 | -104 |
| Cash flow hedges | 6,124 | -6,901 |
| Tax effect | -1,531 | 1,725 |
| Items subsequently reclassified to profit and loss | 4,696 | -5,279 |
| Revaluation effects of termination benefits | -181 | -20 |
| Fair value measurement of securities (fair value through other comprehensive income) | 6 | -27 |
| Tax effect | 44 | 12 |
| Items not subsequently reclassified to profit and loss | -131 | -35 |
| Other comprehensive income after taxes | 4,565 | -5,315 |
| Total comprehensive income | -698 | 3,310 |
| of which attributable to non-controlling interests | 3 | 6 |
| of which attributable to shareholders of the parent company | -700 | 3,304 |

Consolidated Statement of Financial Position

as of 31 March 2020

ASSETS

| | As of 31.12.2019 EUR'000 | As of 31.03.2020 EUR'000 |
|---|--------------------------------|--------------------------------|
| Intangible assets | 22,096 | 22,773 |
| Property, plant and equipment | 181,616 | 181,381 |
| Receivables from customer-related engineering | 109,166 | 108,172 |
| Contract assets | 5,433 | 3,852 |
| Contract costs | 42,665 | 43,009 |
| Other financial assets | 472 | 472 |
| Receivables from related companies | 5,633 | 5,829 |
| Other receivables | 8,838 | 8,881 |
| Deferred taxes | 2,465 | 4,457 |
| Non-current assets | 378,384 | 378,825 |
| Inventories | 122,798 | 133,057 |
| Customer-related engineering | 8,715 | 10,475 |
| Trade receivables | 98,824 | 115,184 |
| Receivables from related companies | 19,390 | 19,775 |
| Current tax income receivables | 407 | 197 |
| Other receivables and deferred items | 35,125 | 31,238 |
| Cash and cash equivalents | 75,790 | 109,174 |
| Current assets | 361,049 | 419,100 |
| Balance sheet total | 739,434 | 797,925 |

EQUITY AND LIABILITIES

| | As of 31.12.2019 EUR'000 | As of 31.03.2020 EUR'000 |
|--|--------------------------------|--------------------------------|
| Share capital | 45,790 | 45,790 |
| Capital reserve | 221,459 | 221,459 |
| Currency translation reserve | -621 | -725 |
| Other reserves | -4,418 | -9,629 |
| Retained earnings | 53,868 | 62,388 |
| Equity attributable to shareholders of the parent company | 316,078 | 319,284 |
| Non-controlling interests | 49 | 55 |
| Equity | 316,127 | 319,339 |
| Promissory note loans | 70,000 | 70,000 |
| Lease liabilities | 79,772 | 80,889 |
| Other financial liabilities | 18,718 | 18,062 |
| Derivative financial instruments | 14 | 1,709 |
| Investment grants | 6,494 | 6,440 |
| Employee benefit obligations | 10,657 | 10,916 |
| Other liabilities | 66 | 66 |
| Deferred tax liabilities | 609 | 624 |
| Non-current liabilities | 186,329 | 188,706 |
| Bonds | 89,916 | 89,959 |
| Lease liabilities | 4,622 | 4,630 |
| Other financial liabilities | 25,994 | 68,532 |
| Derivative financial instruments | 1,910 | 9,688 |
| Contract liabilities from customer-related engineering | 4,845 | 7,962 |
| Trade payables | 83,465 | 79,216 |
| Liabilities from related companies | 4,508 | 3,224 |
| Investment grants | 635 | 635 |
| Income tax liabilities | 1,210 | 1,459 |
| Other provisions | 879 | 1,989 |
| Other liabilities and deferred items | 18,994 | 22,587 |
| Current liabilities | 236,978 | 289,881 |
| Balance sheet total | 739,434 | 797,925 |

Consolidated Statement of Changes in Equity

for the period from 1 January 2020 to 31 March 2020

| | Attributable to shareholders of the parent company | | |
|--|--|----------------------------|---|
| | Share capital EUR'000 | Capital reserve EUR'000 | Currency translation reserve EUR'000 |
| As of 1 January 2019 | 45,790 | 221,459 | -718 |
| Earnings after taxes | 0 | 0 | 0 |
| Other comprehensive income after taxes | 0 | 0 | 104 |
| Total comprehensive income | 0 | 0 | 104 |
| Other | 0 | 0 | 0 |
| As of 31 March 2019 | 45,790 | 221,459 | -615 |
| As of 1 January 2020 | 45,790 | 221,459 | -621 |
| Earnings after taxes | 0 | 0 | 0 |
| Other comprehensive income after taxes | 0 | 0 | -104 |
| Total comprehensive income | 0 | 0 | -104 |
| Other | 0 | 0 | 0 |
| As of 31 March 2020 | 45,790 | 221,459 | -725 |

| Attributable to shareholders of the parent company | | | | | | | |
|---|-----------------------------|----------------------------|------------------------------|------------------|--------------------------------------|-------------------------|--|
| Other reserves | | | | | | | |
| Securities - fair value through other comprehensive income EUR'000 | Cash flow hedges EUR'000 | Reserves IAS 19 EUR'000 | Retained earnings EUR'000 | Total EUR'000 | Non-controlling interests EUR'000 | Total equity EUR'000 | |
| -12 | -8,395 | -3,201 | 42,032 | 296,954 | 30 | 296,984 | |
| 0 | 0 | 0 | -5,266 | -5,266 | 3 | -5,263 | |
| 4 | 4,593 | -135 | 0 | 4,565 | 0 | 4,565 | |
| 4 | 4,593 | -135 | -5,266 | -700 | 3 | -698 | |
| 0 | 0 | 0 | 116 | 116 | 0 | 116 | |
| -8 | -3,802 | -3,336 | 36,882 | 296,370 | 33 | 296,402 | |
| 9 | -1,026 | -3,401 | 53,868 | 316,078 | 49 | 316,127 | |
| 0 | 0 | 0 | 8,618 | 8,618 | 6 | 8,625 | |
| -20 | -5,176 | -15 | 0 | -5,315 | 0 | -5,315 | |
| -20 | -5,176 | -15 | 8,618 | 3,304 | 6 | 3,310 | |
| 0 | 0 | 0 | -98 | -98 | 0 | -98 | |
| -11 | -6,202 | -3,416 | 62,388 | 319,284 | 55 | 319,339 | |

Consolidated Statement of Cash Flows

as of 31 March 2020

| | As of 31.03.2019 EUR'000 | As of 31.03.2020 EUR'000 |
|--|--------------------------------|--------------------------------|
| Earnings before taxes (EBT) | -10,347 | 11,015 |
| Plus financial result | 2,043 | 2,052 |
| Earnings before interest and taxes (EBIT) | -8,304 | 13,067 |
| Plus/minus | | |
| Depreciation, amortisation and impairment | 4,637 | 6,003 |
| Amortisation contract costs | 4,082 | 3,057 |
| Impairment contract costs | 7,287 | 0 |
| Income from the reversal of investment grants | -2,353 | -54 |
| Change in other non-current provisions | -246 | 0 |
| Change in employee benefit obligations | 461 | 239 |
| Other non-cash expenses/income | -11,086 | -7,112 |
| | -5,523 | 15,200 |
| Change in working capital | | |
| Change in inventory and customer-related engineering | 4,264 | -12,243 |
| Change in trade receivables and other receivables, receivables from customer-related engineering and contract assets | 2,996 | -8,430 |
| Change in trade payables and other liabilities | -639 | 2,592 |
| Change in current provisions | 656 | 1,109 |
| Cash flow from ongoing activities | 1,754 | -1,771 |
| Interest received | 331 | 74 |
| Income taxes paid | -395 | -22 |
| Cash flow from operating activities | 1,690 | -1,719 |
| Payments for the acquisition of non-current assets | -374 | -5,385 |
| Proceeds from the disposal of non-current assets | 351 | 59 |
| Cash flow from investing activities | -23 | -5,326 |
| Proceeds from non-current interest-bearing liabilities | 32,499 | 6,059 |
| Repayments of non-current interest-bearing liabilities | -7,907 | -6,751 |
| Change in current interest-bearing liabilities | 33,156 | 42,546 |
| Outflows from leasing agreements | -604 | -1,848 |
| Interest paid | -3,156 | -2,724 |
| Cash flow from financing activities | 53,988 | 37,282 |
| Net changes in cash and cash equivalents | 55,655 | 30,238 |
| Cash and cash equivalents at the beginning of the period | 6,067 | 75,790 |
| Effects from foreign exchange rates | 3,339 | 3,146 |
| Cash and cash equivalents at the end of the period | 65,062 | 109,174 |



Selected Notes

NOTE

The condensed Consolidated Interim Financial Statement as of 31 March 2020 have been prepared in accordance with the rules and regulations of "Prime market - Section Interim Reports" of the Vienna Stock Exchange.

The reporting currency is Euro (EUR). All figures presented in the condensed Consolidated Interim Financial Statement are quoted in thousands of euros (EUR'000), unless otherwise stated.

Rounding errors may occur when adding rounded amounts and percentages due to the use of automated invoicing aids.

WAIVER OF AUDIT REVIEW

The present consolidated interim financial statement has neither been audited nor reviewed.

Ried im Innkreis, 12 May 2020

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 | 9,5 EUR |
| Paying agent | ERSTE GROUP |
| Indices | ATX, ATX GP, ATX IGS, ATX Prime, WBI |
| Share class | Ordinary shares |
| Ticker symbol | FACC |
| Reuters symbol | FACC.VI |
| Bloombergs symbol | FACC AV |
| Shares outstanding | 45,790,000 shares |

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 no-par value shares. The Aviation Industry Corporation of China holds 55.5% of voting rights of FACC AG via AVIC Cabin System Co., Ltd (previously 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 at the end of the reporting period.



