POSITION REPORT

First half year financial report

2019

Content

Selected Group Key Performance Indicators

	01.06.2018 – 31.08.2018[1] in EUR mill	**01.06.2019– 31.08.2019 in EUR mill**	01.03.2018 – 31.08.2018[1] in EUR mill.	**01.03.2019 – 31.08.2019 in EUR mill.**
Revenues	177.8	179.7	367.4	373.4
thereof Aerostructures	72.3	66.5	150.5	141.0
thereof Engines & Nacelles	38.9	43.4	82.6	89.9
thereof Interiors	66.7	69.8	134.2	142.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA) [2]	15.6	15.5	38.4	29.9
Earnings before interest and taxes (EBIT)	9.2	8.6	28.5	16.0
thereof Aerostructures	9.5	5.7	24.1	18.8
thereof Engines & Nacelles	0.0	1.8	2.9	3.0
thereof Interiors	–0.3	1.1	1.5	–5.8
EBIT margin	5.2%	4.8%	7.8%	4.3%
Earnings after taxes	5.3	4.4	18.9	8.4
Earnings per share (in EUR)	0.12	0.10	0.41	0.18
	28.02.2018 in EUR mill.	**31.08.2018 in EUR mill.**	28.02.2019 in EUR mill.	**31.08.2019 in EUR mill.**
Cash flow from operating activities	63.1	31.7	63.3	18.2
Cash flow from investing activities	–35.1	–16.5	–35.7	–6.0
Net Working Capital	173.6	140.6	162.5	163.4
Net financial debt	182.0	177.8	180.9	222.2
Equity ratio	45.9%	39.8%	41.2%	39.1%
Net Debt/EBITDA[3]	1.96	2.04	2.42	3.48
Balance sheet total	703.6	719.8	725.8	768.8
	FTE	FTE	FTE	FTE
Headcount (at the balance sheet date)	3,402	3,434	3,465	3,424
	01.06.2018 – 31.08.2018	**01.06.2019– 31.08.2019**	01.03.2018 – 31.08.2018	**01.03.2019 – 31.08.2019**
Trading volume	18,255,789	14,408,314	35,635,551	23,895,694
Average daily trading volume	280,858	225,130	285,084	188,155
Höchstkurs der Periode	21.8	13.0	24.3	15.1
Tiefstkurs der Periode	15.4	9.4	15.4	9.4
Closing price	21.7	10.07	21.7	10.07
Periodenperformance	27.8%	–21.3%	5.3%	–26.6%
Market capitalization	993.6	461.1	993.6	461.1

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Annual Report 2018/19, Note 3 - Correction of errors).
[2] The EBITDA is calculated as the sum of the EBIT plus depreciation and impairment and amortization of the contract performance costs.
[3] The Net Debt/EBITDA ratio is derived from the EBITDA of the last twelve months and is reported every half year.

Economic conditions

General economic conditions

Excerpt from an OECD report dated September 2019: "Economic prospects are weakening for both advanced and emerging economies. Trade conflicts and political uncertainty are taking an increasing toll on growth prospects worldwide, weakening public trust and hampering investments. The OECD projects that the global economy will grow by 2.9% in 2019 and 3% in 2020 - the weakest annual growth rates since the financial crisis. The Interim Economic Outlook covers all G20 economies and includes downward revisions to projections from the previous Economic Outlook in May 2019 for almost all countries. According to the OECD report, the relevant global economic regions will develop differently in 2020, with growth of 2% predicted for the United States, 1% for Europe and 5% for China.

Industry-specific conditions of the aviation industry

According to the latest IATA publications for Q2/2019, the positive trend of recent years in the global aviation environment is continuing. Revenue passenger kilometers recorded further growth over the previous year, with an increase of 4.20% indicating a further increase in the number of kilometers flown and thus an increase in airline activity. The load factor (seat occupancy rate per flight), which is of great importance to airlines, also remains stable at a record level of 82.7% despite the increasing capacity on the market.

While Airbus increased the number of aircraft delivered from 303 to 389 in the first half of 2019, total aircraft shipments decreased from 497 to 479 in the first half of the year. This is due to the delivery halt of the B737 MAX in effect since April 2019. Boeing is currently producing 42 B737 MAX aircraft per month and parking them for the time being in order to return the aircraft ordered and required by the market to service as quickly as possible once approval has been obtained by the relevant authorities. The production rates of all major aircraft types have stabilized at a high level, and no significant rate increases are expected for 2020.

The order backlog for commercial aircraft with more than 100 seats still stands at more than 14,000 aircraft. Together with a delivery rate of approx. 1,800 aircraft (reference year 2018), this will ensure a high capacity utilization within the aircraft industry.

Following lengthy legal proceedings, the World Trade Organization (WTO) has now authorized the USA to impose punitive tariffs on Airbus aircraft, which also include imported Airbus aircraft produced outside the USA. Aircraft components, and thus products of the FACC Group, are not affected. A similar lawsuit initiated by the European Union against Boeing is still pending, with a decision by the WTO regarding the potential imposition of punitive tariffs on the USA expected within the next few months.

General explanations

At the 5th Annual General Meeting held on 9 July 2019, a resolution was passed to change the financial year to the calendar year. 2019 is therefore a short financial year ending on 31 December 2019 (1 March 2019 - 31 December 2019).

With effect from 1 March 2019, the FACC-Group adopted IFRS 16 Leases and this has resulted in changes to the accounting and valuation principles. For the adoption of IFRS 16, the FACC-Group applied the modified retrospective method.

Revenues and earnings development

	Q2 2018/19	**Q2 2019**	Change	H1 2018/19	**H1 2019**	Change
Revenues	177.8	179.7	1.1%	367.4	373.4	1.6%
Earnings before interest and taxes (EBIT)	9.2	8.6	–6.0%	28.5	16.0	–43.8%
EBIT margin	5.2%	4.8%	–7.0%	7.7%	4.3%	–44.7%
Assets	719.8	768.8	6.8%	719.8	768.8	6.8%
Investments of the period	6.8	0.5	–92.1%	16.5	6.0	–63.5%

Revenues in the first six months of 2019 amounted to EUR 373.4 million (comparative period 2018/19: EUR 367.4 million). This 1.6% increase is attributable to an increase in development revenues to EUR 344.7 million in the first six months of 2019.

Key drivers with respect to product revenues remained unchanged compared to the previous periods. All major aircraft programs of our main customers Airbus, Boeing, Bombardier and Embraer as well as sales from the respective engine families continue to contribute to the Group's growth.

The cost of sales in relation to sales (gross profit on sales) stood at 90.6 % (comparative period 2018/19: 88.8 %).

The increase in cost of sales compared to the previous year is mainly attributable to the temporary increase in manufacturing costs in the Cabin Interiors segment. These substantial costs are due to the new order, which are essential for the future development of the segment.

Costs of around EUR 1.4 million were incurred in the first half year of 2019 in connection with the construction of the site in Croatia, mainly for the acquisition of land.

Reported earnings before interest and taxes (EBIT) amounted to EUR 16.0 million in the first six months of 2019 (comparative period 2018/19: EUR 28.5 million).

SEGMENT REPORTING

Aerostructures

in EUR mill.	Q2 2018/19	**Q2 2019**	Change	H1 2018/19	**H1 2019**	Change
Revenues	72.3	66.5	–7.9%	150.5	141.0	–6.3%
Earnings before interest and taxes (EBIT)	9.5	5.7	–40.3%	24.1	18.8	–22.1%
EBIT margin	13.1%	8.5%	–35.1%	16.0%	13.3%	–16.8%
Assets	334.8	328.7	–1.8%	334.8	328.7	–1.8%
Investments of the period	0.9	0.4	–	5.1	2.2	–55.5%

Revenues in the Aerostructures segment amounted to EUR 141.0 million in the first six months of 2019 (comparative period 2018/19: EUR 150.5 million). Revenues from product deliveries fell by 10.6 % to EUR 122.2 million. The Airbus A220, A32F, A350 programs as well as the B787 program are the main revenue drivers in this segment. The volume of these programs was not sufficient to fully compensate for the announced phase-out of the Boeing B737NG winglet and Airbus A380 structural components.

Earnings before interest and taxes (EBIT) stood at EUR 18.8 million in the first six months of 2019 (comparative period 2018/19: EUR 24.1 million).

Engines & Nacelles

in EUR mill.	Q2 2018/19	Q2 2019	Change	H1 2018/19	H1 2019	Change
Revenues	38.9	43.4	11.7%	82.6	89.9	8.8%
Earnings before interest and taxes (EBIT)	0.0	1.8	–	2.9	3.0	3.8%
EBIT margin	0.0%	4.1%	–	3.5%	3.3%	–4.6%
Assets	144.1	165.5	14.8%	144.1	165.5	14.8%
Investments of the period	1.6	0.0	–	2.5	0.7	–71.8%

Revenues in the Engines & Nacelles segment amounted to EUR 89.9 million in the first six months of 2019 (comparative period 2018/19: EUR 82.6 million). Revenues from product deliveries increased by 7.8 % to EUR 85.2 million. This increase is still being driven by a sustained rate increase of all programs that are of significance for the segment.

Earnings before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 3.0 million in the first six months of 2019 (comparative period 2018/19: EUR 2.9 million).

Cabin Interiors

in EUR mill.	Q2 2018/19	Q2 2019	Change	H1 2018/19	H1 2019	Change
Revenues	66.7	69.8	4.6%	134.2	142.4	6.1%
Earnings before interest and taxes (EBIT)	–0.3	1.1	–	1.5	–5.8	–
EBIT margin	–0.5%	1.6%	–	1.1%	–4.0%	–
Assets	240.9	274.7	14.0%	240.9	274.7	14.0%
Investments of the period	4.3	0.1	–98.3%	9.0	3.1	–65.7%

Revenues in the Cabin Interiors segment amounted to EUR 142.4 million in the first six months of 2019 (comparative period 2018/19: EUR 134.2 million). Sales from product deliveries increased significantly by 8.1 % to EUR 137.3 million. This is primarily driven by the rates in the Airbus A32F, A350 and a stable demand for business jet cabin interiors. The revenues from the projects COMAC ARJ 21 and C919 could once again be increased and are a major revenue driver.

Earnings before interest and taxes (EBIT) in the Cabin Interiors segment stood at EUR –5.8 million in the first six months of 2019 (comparative period 2018/19: EUR 1.5 million).

The start-up costs for recently launched projects continue to weigh on the earnings in the segment.

Financial Position

With effect from 1 March 2019, the FACC-Group adopted IFRS 16 Leases and this has resulted in changes to the accounting and valuation principles. For the adoption of IFRS 16, the FACC-Group applied the modified retrospective method and practical expedient in line with IFRS 16. Further details can be found in the selected notes.

The IFRS 16 effect on intangible assets amounted to EUR 33.8 million. On the liabilities side, the effect was spread between current and non-current other financial liabilities.

Inventories at the end of the reporting period stood at EUR 126.9 million (28 February 2019: EUR 123.8 million). The increase relative to the 2018/19 balance sheet date can be mainly attributed to both a rise in finished goods and work in progress as well as to higher quantities of raw materials in stock.

Trade receivables decreased from EUR 96.0 million to EUR 80.6 million. This can be attributed to a decline in sales from Q4 2018/19 to Q2 2019. Accordingly, trade payables decreased from EUR 74.8 million to EUR 66.2 million.

Investments in the first three months of 2019 totaled EUR 6.0 million (comparative period 2018/19: EUR 16.5 million).

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.

Bonds were reclassified from non-current liabilities to current liabilities in the first half of 2019. In addition, promissory note loans in the amount of EUR 70 million were taken up in tranches ranging from 5, 7 and 10 years including a USD component and a promissory note loans in the amount of EUR 34 million were repaid.

Outlook

At the 5th Annual General Meeting held on 9 July 2019, a resolution was passed to change the financial year to the calendar year. 2019 is therefore a short financial year ending on 31 December 2019 (1 March 2019 - 31 December 2019).

For the current financial year (short financial year), management expects sales of around EUR 600 million and an EBIT margin of almost 6% based on the premise of business continuing as planned. This expectation corresponds to a continuation of customer requirements for the remainder of the financial year. It should be noted here that the development during the year is not linear due to various seasonal effects.

All other statements on the influences on sales and earnings expectations and measures to increase sales and earnings remain unchanged, taking into account the shortened financial year.

With its balanced and comprehensive customer and product portfolio, the company will continue to gain market share in the 2019 financial year. Changes in the product mix, in particular the phasing out of the high-revenue B737NG winglet program, will be compensated by the new orders acquired in the 2017/18 and 2018/19 financial years. The discontinuation of the A380 aircraft program with effect from 2021 will be preceded by an adjustment of production rates in the 2019 financial year. From FACC`s perspective the A380 revenues in the fiscal year 2018/19 in the amount of ca. USD 20 million are mostly compensated due to new orders in the first six months of the fiscal year 2019.

FACC is particularly focused on processing the new orders signed. The engineering work for these new and promising products has made considerable progress, numerous approval tests have been completed according to plan, and the series ramp-up is in full swing. The first revenues from these new orders are expected for the first half of the 2019 financial year, followed by a gradual rate ramp-up which is scheduled to occur over the next 12 to 18 months.

The measures implemented in recent years to increase automation and digitilization will be stepped up further in order to offset natural cost increases.

Furthermore, additional activities will be initiated.

- Specifically, FACC will start the construction of an additional production facility in Croatia. The construction of the site will be completed by the end of 2020, with production capacities available from the beginning of 2021.

- The initiatives to vertically integrate core competences into the FACC production network, which were first introduced in the financial year 2015, will be sustainably strengthened. The aim is to simplify the value stream, further cut material and purchasing costs and to substantially reduce the company's dependence on individual supply chains.

By way of conclusion, the FACC Group will continue to expand its business activities, ranging from development and production to global supply chain management, whilst sustainably strengthening 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 in the global aerospace industry has top priority.

Consolidated Profit and Loss Statement[1)]

for the period from 1 March 2019 to 31 August 2019 (Short Financial Year)

	01.06.2018 – 31.08.2018[1)] EUR'000	**01.06.2019 – 31.08.2019 EUR'000**	01.03.2018 – 31.08.2018[1)] EUR'000	**01.03.2019 – 31.08.2019 EUR'000**
Revenues	177,838	179,688	367,383	373,366
COGS - Cost of goods sold	–161,658	–161,473	–326,387	–338,385
Gross profit	**16,180**	**18,215**	**40,996**	**34,981**
Research and developement expenses	–411	–264	–981	–638
Selling expenses	–1,926	–1,765	–3,813	–4,108
Administration expenses	–7,455	–10,951	–12,265	–20,486
Other operating income	2,806	3,350	4,598	7,205
Other operating expenses	–17	23	–74	–947
Earnings before interest and taxes (EBIT)	**9,176**	**8,609**	**28,461**	**16,008**
Financing expenses	–3,634	–3,565	–5,007	–6,488
Other financial result	1,438	811	1,506	1,540
Financial result	**–2,197**	**–2,754**	**–3,502**	**–4,948**
Earnings before taxes (EBT)	**6,979**	**5,854**	**24,960**	**11,060**
Income taxes	–1,693	–1,417	–6,067	–2,676
Earnings after taxes	**5,287**	**4,438**	**18,892**	**8,383**
of which attributable to non-controlling interests	8	6	16	7
of which attributable to shareholders of the parent company	**5,279**	**4,432**	**18,876**	**8,377**
Diluted (=undiluted) earnings per share (in EUR)	**0.12**	**0.10**	**0.41**	**0.18**
Issued shares (in shares)	**45,790,000**	**45,790,000**	**45,790,000**	**45,790,000**

[1)] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Annual Report 2018/19, Note 3 - Correction of errors).

Consolidated Statement of Comprehensive Income

for the period from 1 March 2019 to 31 August 2019 (Short Financial Year)

	01.06.2018 – 31.08.2018[1) EUR'000	**01.06.2019 – 31.08.2019 EUR'000**	01.03.2018 – 31.08.2018[1) EUR'000	**01.03.2019 – 31.08.2019 EUR'000**
Earnings after taxes	5,287	4,438	18,892	8,383
Currency translation differeneces from consolidation	–70	46	69	80
Cash flow hedges	–520	–1,550	–15,110	149
Tax effect	130	387	3,777	–37
Items subsequently reclassified to profit and loss	–460	–1,117	–11,264	191
Revaluation effects of termination benefits	–14	–33	–28	–66
Fair value measurement of securities (fair value through other comprehensive income)	0	21	2	22
Tax effect	3	3	6	11
Items not subsequently reclassified to profit and loss	–10	–9	–19	–33
Other comprehensive income after taxes	–471	–1,125	–11,283	159
Total comprehensive income	4,816	3,312	7,609	8,542
of which attributable to non-controlling interests	8	6	16	7
of which attributable to shareholders of the parent company	4,808	3,306	7,593	8,535

[1)] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Annual Report 2018/19, Note 3 - Correction of errors).

Consolidated Statement of Financial Position

as of 31 August 2019 (Short Financial Year)

ASSETS

	As of 28.02.2019 EUR'000	**As of 31.08.2019 EUR'000**
Intangible assets	21,309	21,610
Property, plant and equipment	139,084	176,969
Receivables from customer-related engineering	86,053	88,866
Contract assets	15,099	19,054
Contract costs	39,976	39,989
Other financial assets	457	479
Receivables from related companies	6,156	6,826
Other receivables	8,657	8,695
Deferred taxes	8,101	8,104
Non-current assets	**324,892**	**370,592**
Inventories	123,781	126,922
Customer-related engineering	28,851	34,219
Trade receiveables	95,998	80,649
Receivables from related companies	24,218	25,394
Current tax income receivables	38	67
Other receivables and deferred items	37,949	34,272
Cash and cash equivalents	90,062	96,724
Current assets	**400,898**	**398,247**
Balance sheet total	**725,790**	**768,839**

Consolidated Statement of Financial Position

as of 31 August 2019 (Short Financial Year)

EQUITY AND LIABILITIES

	As of 28.02.2019 EUR'000	**As of 31.08.2019 EUR'000**
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	–665	–585
Other reserves	–7,321	–7,242
Retained earnings	39,674	41,182
Equity attributable to shareholders of the parent company	**298,937**	**300,604**
Non-controlling interests	34	41
Equity	**298,971**	**300,645**
Promissory note loans	0	70,000
Bonds	89,769	0
Lease liabilities	20,212	54,120
Other financial liabilities	57,917	50,566
Derivative financial instruments	64	1,141
Investment grants	7,379	7,628
Employee benefit obligations	9,860	10,480
Other provisions	12	0
Other liabilities	22	22
Deferred tax liabilities	450	3,896
Non-current liabilities	**185,685**	**197,853**
Promissory note loans	34,000	0
Bonds	0	89,857
Lease liabilities	0	4,633
Other financial liabilities	69,021	49,786
Derivative financial instruments	10,532	6,886
Contract liabilities from customer-related engineering	17,312	20,874
Trade payables	74,819	66,245
Liabilities from related companies	4,623	8,996
Investment grants	510	510
Income tax liabilities	2,279	1,468
Other provisions	6,621	2,376
Other liabilities and deferred items	21,417	18,709
Current liabilities	**241,134**	**270,341**
Balance sheet total	**725,790**	**768,839**

Consolidated Statement of Changes in Equity

for the period from 1 March 2019 to 31 August 2019 (Short Financial Year)

	Attributable to shareholders of the parent company			
	Share capital EUR'000	Capital reserve EUR'000	Currency translation reserve EUR'000	
As of 1 March 2018 (previous)[1) 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	
Earnings after taxes	0	0	0	
Other comprehensive income after taxes	0	0	69	
Dividend payment	0	0	0	
Total comprehensive income	0	0	69	
As of 31 August 2018	45,790	221,459	–728	
As of 1 March 2019	45,790	221,459	–665	
Earnings after taxes	0	0	0	
Other comprehensive income after taxes	0	0	80	
Dividend payment	0	0	0	
Total comprehensive income	0	0	80	
As of 31 August 2019	45,790	221,459	–585	

	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
	–1	6,470	–3,615	53,772	323,077	17	323,094
	0	0	0	–39,137	–39,137	0	–39,137
	0	0	0	–246	–246	0	–246
	–1	6,470	–3,615	14,389	283,694	17	283,711
	0	0	0	18,876	18,876	16	18,892
	2	–11,332	–21	0	–11,283	0	–11,283
	0	0	0	–5,037	–5,037	0	–5,037
	2	–11,332	–21	13,839	2,557	16	2,572
	0	–4,863	–3,636	28,229	286,252	33	286,284
	–2	–3,991	–3,328	39,674	298,937	34	298,971
	0	0	0	8,377	8,377	7	8,384
	16	111	–49	0	159	0	159
	0	0	0	–6,869	–6,869	0	–6,869
	16	111	–49	1,508	1,667	7	1,675
	14	–3,880	–3,378	41,182	300,604	41	300,645

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Annual Report 2018/19, Note 3 - Correction of errors).

[2] The FACC Group uses the modified retrospective method for the first-time application of IFRS 15 and the first-time application of IFRS 9 (see Annual Report 2018/19, Note 4 - Effects of the first-time application of IFRS 15 and IFRS 9).

Consolidated Statement of Cash Flows

as of 31 August 2019 (Short Financial Year)

	As of 31.08.2018[1] EUR'000	As of 31.08.2019 EUR'000
Earnings before taxes (EBT)	24,960	11,060
Plus financial result	3,502	4,948
Earnings before interest and taxes (EBIT)	**28,461**	**16,008**
Plus/minus		
Depreciation, amortisation and impairment	7,606	10,971
Amortisation contract costs	2,378	2,884
Income from the reversal of investment grants	–288	–108
Change in other non-current provisions	–1,093	–12
Change in employee benefit obligations	477	555
Other non-cash expenses/income	14,021	–10,548
	51,562	**19,751**
Change in working capital		
Change in inventory and customer-related engineering	1,286	–9,496
Change in trade receivables and other receivables, receivables from customer-related engineering and contract assets	–2,054	20,491
Change in trade payables and other liabilities	–16,229	–8,271
Change in current provisions	–3,988	–4,244
Cash flow from ongoing activities	**30,577**	**18,230**
Interest received	1,506	342
Income taxes paid	–356	–362
Cash flow from operating activities	**31,727**	**18,209**
Payments for the acquisition of non-current assets	–16,547	–6,038
Proceeds from the disposal of non-current assets	0	26
Cash flow from investing activities	**–16,547**	**–6,012**
Proceeds from promissory note loans	0	70,000
Proceeds from non-current interest-bearing liabilities	26,991	0
Repayments of promissory note loans	0	–34,000
Repayments of non-current interest-bearing liabilities	–12,379	–13,549
Change in current interest-bearing liabilities	–4,591	–14,602
Outflows from leasing agreements	–389	–1,290
Dividend payment	–5,037	–6,869
Interest paid	–5,542	–6,363
Cash flow from financing activities	**–947**	**–6,672**
Net changes in cash and cash equivalents	**14,233**	**5,526**
Cash and cash equivalents at the beginning of the period	63,488	90,062
Effects from foreign exchange rates	–211	1,136
Cash and cash equivalents at the end of the period	**77,511**	**96,724**

[1] Due to an error correction in accordance with IAS 8, the previous year's figures were adjusted retrospectively (see Annual Report 2018/19, Note 3 - Correction of errors).

Selected Notes

GENERAL INFORMATION

The FACC Group (hereinafter referred to as FACC) with headquarters in Ried im Innkreis is an Austrian enterprise involved in the development, production and maintenance of aircraft components. Its primary fields of activity include the production of structural components such as parts of engine cowlings, wing claddings or control surfaces and the production of interiors fittings in the modern commercial aircraft such as overhead stowage compartments, cabin linings and service units. The majority of the components are manufactured from composite materials. FACC also integrates metallic components made of titanium, high-alloyed steels and other metals into these composite components and delivers the ready-to-install components to the manufacturers ' assembly lines.

FACC AG has been listed on the Vienna Stock Exchange in the Prime Market exchange segment (commercial trade) since 25 June 2014.

FACC AG is part of the consolidation scope of Aviation Industry Corporation of China, Ltd. with headquarters in Beijing (Building 19, A5, Shuguang Xili, Chaoyang District, Beijing), commercial registration number 91110000710935732K.

SUMMARY OF KEY ACCOUNTING AND VALUATION METHODS

1. Basic principles for the preparation of the Interim Consolidated Financial Statement

The Interim Consolidated Financial Statement of 31 August 2019 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 2019.

The accounting and valuation principles, which form the basis for this Interim Consolidated Financial Statement, differ from those applied as of 28 February 2019 due to the first-time application of IFRS 16 as of 1 March 2019. The accounting and valuation principles applied as of 31 August 2019 are, in all other respects, consistent with those applied as of 28 February 2019.

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 (EUR'000), subject to possible rounding differences.

2. Effects of the first-time application of IFRS 16

With effect from 1 March 2019, the FACC-Group adopted IFRS 16 Leases and this has resulted in changes to the accounting and valuation principles. For the adoption of IFRS 16, the FACC-Group applied the modified retrospective method and practical expedient in line with IFRS 16.C10 a), c), d) was also employed.

The right-of-use, which were first recorded as of 1 March 2019, are reported in the consolidated statement of financial position from 31 August 2019 as non-current assets under the position property, plant and equipment.

The lease liabilities are reported under the position "Lease liabilities (longterm)" and "Lease liabilities (shortterm)".

The adjustments in the balance sheet relating to the first-time application of IFRS 16 are as follows:

31.08.2019 EUR'000	As reported	First application of IFRS 16	Balances without adoption of IFRS 16
Property, plant and equipment	176,969	35,802	141,167
Lease liabilities (longterm)	54,120	31,299	22,821
Lease liabilities (shortterm)	4,633	4,633	0
Balance sheet total	**768,839**	**35,802**	**733,037**

The adjustment effects from the first-time application of IFRS 16 are shown in the profit and loss statement as follows:

31.08.2019 EUR'000	As reported	First application of IFRS 16	Balances without adoption of IFRS 16
COGS - Cost of goods sold	–338,385	69	–338,453
Selling expenses	–4,108	0	–4,108
Administration expenses	–20,486	114	–20,600
Financing expenses	–6,488	–425	–6,064

The right-of-use refer to asset types as shown below:

	01.03.2019 EUR'000	31.08.2019 EUR'000
Properties and buildings	29,629	32,146
Technical facilities and vehicles	1,092	961
IT	3,063	2,694
Rights-of-use total	**33,785**	**35,802**

The right-of-use developed in the first half-financial year 2019 as follows:

	Properties and buildings EUR'000	Technical facilities and vehicles EUR'000	IT EUR'000	Total EUR'000
As of 1 March 2019	29,629	1,092	3,063	33,785
Additions	4,053	71	341	4,464
Disposals	0	–9	0	–9
Amortisation	–1,536	–193	–710	–2,438
As of 31 August 2019	**32,146**	**961**	**2,694**	**35,802**

The following table shows the reconciliation of the obligation arising from operating leases as at 28 February 2019 to the lease liability recognized as at 1 March 2019. The weighted average incremental borrowing rate applied for the valuation of lease liabilities as at 1 March 2019 was about 2 %.

Obligation from operating leases and rental agreements in accordance with IAS 17 as at 28 February 2019	**25,373**
Recognition exemption for low value assets	–33
Recognition exemption for short-term leases	–1,766
Adjustment due to different treatment of cancellation, extension and purchase options	16,207
New contracts/amended contracts	209
Lease liabilities before discounting	**39,991**
Lease liabilities discounted at the incremental borrowing rate at the date of initial application	**33,785**
Liabilities from finance leasing as at 28 February 2019	20,212
Lease liabilities as at 1 March 2019	**53,997**
thereof shortterm	*5,826*
thereof longterm	*48,172*

3. Use of assumptions and estimates

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

Estimates and discretionary powers are explained in Note 8, Estimates and discretionary powers, to the Consolidated Financial Statement of FACC AG as of 28 February 2019 and have been applied unchanged to the balance sheet date of 31 August 2019, with the exception of the amended accounting rules pursuant to IFRS 16.

4. Seasonality of business

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

5. Consolidated companies

The interim financial statements of the subsidiaries included in the Interim Consolidated Financial Statement related to the uniform interim reporting date of 31 August 2019 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 2019 increased by one investment compared to the scope of consolidated companies as of 28 February 2019.

The contract for the acquisition of all shares in the Croatian NEMAR d.o.o. was signed on May 6, 2019. The company was renamed FACC Solutions Croatia d.o.o. The purchase price was kHRK 58. The purchase price essentially reflects the fair value of the company's assets. A goodwill in the amount of kEUR 5 was immediately amortized with an effect on net income.

FINANCIAL RISK MANAGEMENT

1. 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. The central treasury department (Group treasury) performs risk management. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the operative units of the Group.

2. 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.

3. 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.

4. 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.

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 28.02.2019 EUR'000	Total 28.02.2019 EUR'000	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Valuation at amortised cost					
Other financial assets - securities (unquoted)	44	0	0	0	0
Receivables from related companies	6,156	0	0	0	0
Other receivables	8,657	0	0	0	0
Trade receiveables	89,430	0	0	0	0
Receivables from related companies	24,218	0	0	0	0
Other receiveables and deferred items	10,895	0	0	0	0
Cash and cash equivalents	90,062	0	0	0	0
	229,463	**0**	**0**	**0**	**0**
Fair value through other comprehensive income					
Trade receivables (within factoring)	6,568	6,568	6,568	0	0
Other financial assets - securities (quoted)	413	413	413	0	0
	6,981	**6,981**	**6,981**	**0**	**0**
Valuation at amortised cost					
Financial liabilities	270,920	274,499	93,348	0	181,151
Trade payables	74,819	0	0	0	0
Liabilities from related companies	4,623	0	0	0	0
Other financial liabilities	11,633	0	0	0	0
	361,995	**274,499**	**93,348**	**0**	**181,151**
Fair value trough profit and loss					
Derivative financial instruments	10,596	10,596	0	10,596	0
	10,596	**10,596**	**0**	**10,596**	**0**

	Carrying amount 31.08.2019 EUR'000	Fair value Total 31.08.2019 EUR'000	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000
Valuation at amortised cost					
Other financial assets - securities (unquoted)	44	0	0	0	0
Receivables from related companies	6,826	0	0	0	0
Other receivables	8,695	0	0	0	0
Trade receiveables	80,649	0	0	0	0
Receivables from related companies	25,394	0	0	0	0
Other receiveables and deferred items	10,978	0	0	0	0
Cash and cash equivalents	96,724	0	0	0	0
	229,310	**0**	**0**	**0**	**0**
Fair value through other comprehensive income					
Trade receivables (within factoring)	0	0	0	0	0
Other financial assets - securities (quoted)	435	435	435	0	0
	435	**435**	**435**	**0**	**0**
Valuation at amortised cost					
Financial liabilities	318,963	321,590	92,484	0	229,106
Trade payables	66,245	0	0	0	0
Liabilities from related companies	8,996	0	0	0	0
Other financial liabilities	8,955	0	0	0	0
	403,159	**321,590**	**92,484**	**0**	**229,106**
Fair value trough profit and loss					
Derivative financial instruments	8,028	8,028	0	8,028	0
	8,028	**8,028**	**0**	**8,028**	**0**

5. 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			
Bonds	Current stock market price on the balance sheet date	Non-Applicable	Non-Applicable
Other interst-bearing liabilities	Discounting of cash flows	Risk premium for own credit risk	Non-Applicable

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.

31.08.2018	Aerostructures EUR'000	Engines & Nacelles EUR'000	Cabin Interiors EUR'000	Total EUR'000
Revenues	150,539	82,648	134,196	367,383
Earnings before interest and taxes (EBIT)	24,085	2,882	1,494	28,461
Investments	5,050	2,543	8,954	16,547
Depreciation, amortisation and impairment	3,680	1,711	2,215	7,606
Assets on 31 August 2018	334,832	144,134	240,873	719,838
thereof non-current assets on 31 August 2018	*139,914*	*60,228*	*100,652*	*300,794*

31.08.2019	**Aerostructures EUR'000**	**Engines & Nacelles EUR'000**	**Cabin Interiors EUR'000**	**Total EUR'000**
Revenues	141,024	89,937	142,404	373,366
Earnings before interest and taxes (EBIT)	18,765	2,993	–5,751	16,008
Investments	2,249	718	3,071	6,038
Depreciation, amortisation and impairment	4,714	2,806	3,451	10,971
Assets on 31 August 2019	328,653	165,493	274,692	768,839
thereof non-current assets on 31 August 2019	*173,062*	*73,640*	*99,787*	*346,489*

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIV INCOME

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

NOTES TO THE CONSOLIDATED STATEMENT OF FINACIAL POSITION

Property, plant and equipment has increased by kEUR 35.802 due to the first time application of IFRS 16.

Equity changed to kEUR 300,645 as a result of the current result (TEUR +8,377) and the distribution of dividends (kEUR –6,869).

Bonds were reclassified from non-current liabilities to current liabilities in the first half of 2019. In addition, promissory note loans in the amount of kEUR 70,000 were taken up in tranches ranging from 5, 7 and 10 years including a USD component and promissory note loans in the amount of kEUR 34,000 were repaid.

On August 29th, 2018, FACC Operations GmbH signed a syndicated loan for EUR 225,000 with seven participating banks. FACC AG acts as guarantor. A Net Debt / EBITDA <3.5 was defined as the financial covenant. Based on the proven effects of changes in accounting standards (IFRS 15, IFRS 16), the threshold was increased from 3.5 to 4.0 starting from 31.08.2019 in agreement with the underwriting banks. The limit is tested every six months. If the limit is exceeded, the creditors have the right to terminate the contract.

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

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

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 2019 to 31 August 2019 on arm's length terms.

	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**

	Receivables 31.08.2019 EUR'000	Liabilities 31.08.2019 EUR'000	Revenues 2019 EUR'000	Expenses 2019 EUR'000
Companies with significant influence on the Group	342	0	599	0
Joint venture in which the parent undertaking is involved	31,878	8,996	14,359	14,136
	32,219	**8,996**	**14,959**	**14,136**

In addition, a consulting agreement with Maffeo Aviation Consulting, Woodinville, USA, which is controlled by a Supervisory Board, was in place in the 2019 short financial year. The consulting agreement amounted to kEUR 13 (previous year: kEUR 45) in the first half financial year, of which kEUR 0 (previous year: kEUR 0) had not yet been paid on the balance sheet date.

As in the previous year, there were no write-downs of doubtful receivables in connection with transactions with related parties, nor were any expenses recognized for doubtful or irrecoverable receivables in the first half-financial year 2019 or the previous year. Guarantees were neither granted nor received.

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 0.18 (31.08.2018: EUR 0.41) were calculated by dividing the result by the weighted number of shares attributable to the shareholders of the parent company.

EVENTS AFTER THE INTERIM BALANCE SHEET DATE

No events requiring disclosure took place after the interim balance sheet date, 31 August 2019.

NOTE

The condensed Consolidated Interim Financial Statement as of 31 August 2019 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.

At the 5th Annual General Meeting held on 9 July 2019, a resolution was passed to change the financial year to the calendar year. 2019 is therefore a short financial year ending on 31 December 2019 (1 March 2019 - 31 December 2019).

WAIVER OF AUDIT REVIEW

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

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 as of 31 August 2019, 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 condensed 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 six months of the short financial year and their impact on the condensed Interim Consolidated Financial Statement, the principal risks and uncertainties during the remaining four months of the short financial year and major transactions with related companies and persons requiring disclosure.

Ried im Innkreis, 15 October 2019

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

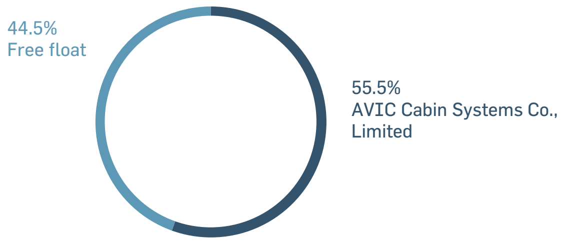
Investor Relations

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

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.



CONTACT

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