

WE ARE FACC



Interim Report Q3 2017/18

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Group Results

REVENUE AND EARNINGS DEVELOPMENT¹⁾

in EUR million	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenues	205.3	191.2	564.0	518.6
EBIT (reported)	31.9	5.6	61.7	5.6
One off effects	-16.0	-	-21.5	-
EBIT after one off effects	15.9	5.6	40.1	5.6
EBIT margin (related to the EBIT after one off effects)	8.0%	2.9%	7.2%	1.1%

Revenues for the first nine months of 2017/18 amount to EUR 564.0 million (comparative period 2016/17: EUR 518.6 million). The increase of 8.8% is attributable to a further significant increase in product sales of 11.4% to EUR 527.8 million.

Unchanged from the previous periods, the growth drivers remain in the area of product sales. The Boeing 737, 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. In addition, stable revenues from the Bombardier C-Series and Global 5000/6000 Business Jets programs contributed to growth.

Earnings before interest, taxes (EBIT) amounted to EUR 61.7 million in the first nine months of 2017/18 (comparative period 2016/17: EUR 5.6 million). The increase in product deliveries and the sustained implementation of operational measures continue to lead to a significant increase in operating earnings compared to previous periods.

Furthermore, positive one-time effects amounting to EUR 21.5 million were taken into account in the consolidated profit for the first nine months. Of this amount, EUR 15.9 million is attributable to the Engines & Nacelles segment and EUR 5.6 million to the Interiors segment. Adjusted for these effects, the Group's EBIT in the first nine months amounts to EUR 40.1 million.

SEGMENT REPORTING

Aerostructures

Sales in the Aerostructures segment amounted to EUR 251.3 million in the first nine months of 2017/18 (comparative period 2016/17: EUR 240.3 million). Sales from product deliveries increased by 7.9% to EUR 234.7 million. The Airbus A350 XWB and A321 programs as well as the

Bombardier C-Series and Global 7000/8000 programs mainly supported this increase.

Earnings before interest and taxes (EBIT) amounted to EUR 29.6 million in the first nine months of 2017/18 (comparative period 2016/17: EUR 28.6 million).

in EUR million	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenues	87.8	93.8	251.3	240.3
EBIT	10.3	14.4	29.6	28.6
EBIT margin	11.8%	15.3%	11.8%	11.9%

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated respectively.

Engines & Nacelles

in EUR million	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenues	43.2	37.0	121.7	103.9
EBIT (reported)	12.2	-5.9	20.4	-14.2
One off effects	-10.4	-	-15.9	-
EBIT after one off effects	1.8	-5.9	4.5	-14.2
EBIT margin (related to the EBIT after one off effects)	4.1%	-15.9%	3.7%	-13.6%

Sales in the Engines & Nacelles segment amounted to EUR 121.7 million in the first nine months of 2017/18 (comparative period 2016/17: EUR 103.9 million). Sales from product deliveries increased significantly by 16.0% to EUR 114.8 million. Significant sales drivers are the Airbus A350 XWB and Boeing 787 programs as well as sales in the field of engine composites in general.

Adjusted for one-time effects, earnings before interest and taxes (EBIT) in the Engines & Nacelles segment amounted to EUR 4.5 million in the first nine months of 2017/18 (previous year's period: EUR -14.2 million). The increased efficiency, learning curve effects, automation measures and volume effects in the division led to the current improvement in earnings in relation to sales.

Interiors

in EUR million	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenues	74.3	60.4	191.1	174.4
EBIT (reported)	9.5	-2.9	11.7	-8.8
One off effects	-5.7	-	-5.7	-
EBIT after one off effects	3.8	-2.9	6.0	-8.8
EBIT margin (related to the EBIT after one off effects)	5.5%	-4.7%	3.3%	-5.1%

Revenues in the Interiors segment amounted to EUR 191.1 million in the first nine months of 2017/18 (comparative period 2016/17: EUR 174.4 million). Sales from product deliveries increased by 13.3% to EUR 178.3 million.

Adjusted for non-recurring items, earnings before interest and (EBIT) in the Interiors segment amounted to EUR 6.0

million in the first nine months of 2017/18 (comparative period 2016/17: EUR -8.8 million). The continuing series production ramp-up of new projects in the Interior area as well as the targeted implementation of material cost reductions, volume and learning curve effects are leading to the planned improvement in earnings in this segment as well.

INVESTMENTS

Investments in the first nine months of 2017/18 amount to EUR 20.9 million (comparative period 2016/17: EUR 24.0 million).

Receivables from construction contracts increased by EUR 9.0 million to EUR 27.8 million compared to the balance sheet date of 2016/17 (28 February 2017: EUR 18.8 million).

BALANCE SHEET

Intangible assets at the end of the reporting period amount to EUR 148.3 million (28 February 2017: EUR 149.7 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.

Inventories amounted to EUR 134.7 million at the end of the reporting period (28 February 2017: EUR 113.4 million). The increase compared to the balance sheet date 2016/17 continues to be influenced by the increase in product sales and relates to manufacturing projects which generate increasing sales.

Trade payables of EUR 79.8 million (February 28, 2017: EUR 59.8 million) developed in line with the course of business.

Current other financial liabilities amount to EUR 61.3 million (28 February 2017: EUR 46.3 million). The change is mainly related to the change in working capital.



FACC PILOT.

Outlook

The growth trend in the civil aviation industry will continue in the future according to the current market assessments: Analyses of the OEMs confirm the constant annual increase in passenger volume of around 5%. Over the next 20 years, the fleet of aircraft worldwide will more than double from currently 21,000 commercial aircraft (Source: Market Outlook - Boeing 2017) to 46,950 by 2036. From the existing fleet 17,900 aircraft will be decommissioned and replaced by modern aircraft. According to this assessment, there is a need for 41,000 new aircraft within the next 20 years.

However, there is also a clear shift towards the new growth markets of China and India. The traffic volume (travel activity per year and inhabitants) is expected to quadruple in these countries by the year 2036. Travel per inhabitant per inhabitant in the US and Europe will increase by a further 20%, although it is already at a high level today.

The demand for business jets is also gradually recovering following the significant slump in the global financial crisis in 2008. According to experts, the business jet market is set to climb into a climb over the next ten years. By 2027, sales of more than 8,300 new business jets with a value of \$ 252 billion are forecasted. The majority of business jets will fly in North America, followed by Europe and Asia. In particular, large-scale business jets are in demand. Also in the market for used business jets is expected to increase in prices. The global MRO market is estimated to be \$ 137 billion over the next decade. FACC will be able to benefit from this market in future through its business jet portfolio, both in the interior, as well as in the structural and engine sectors.

The achievement of the sales target of EUR 1 billion according to the "Vision 2020" until the end of the fiscal year 2020/21 remains. The recently concluded agreements with Airbus, Bombardier and Rolls-Royce, worth around EUR 650 million, will support the FACC growth strategy in the coming years. Furthermore, the gradual increase in the production rate of major programs planned for the following years has been confirmed by the customers and is currently being implemented. Published rate reductions for the two wide-bodied Airbus A380s and Boeing B787s and the associated reduction in revenues are more than

overcompensated by the increasing production rates. FACC's balanced and modern product and customer portfolio enables the company to benefit from the overall growth of all major aircraft families. From today's perspective, sales growth to 740 – 750 million (previous year period: EUR 706 million) is expected for the 2017/18 financial year.

The maintenance, repair and overhaul market – most notably the maintenance and repair of composite systems – is increasingly becoming a business with potential due to the increasing share of composite structures in new aircraft. Supported by FACC's extensive experience in the development and manufacture of composite systems, FACC is strengthening its activities in the market to increasingly offer maintenance and repair services to airlines in addition to its core business.

The focus of management continues to be on sustainably strengthening the company's earning power. Based on the milestone achieved in the context of efficiency and cost optimization initiatives, management expects a significant increase in earnings compared to the previous year, and expects an operating result (adjusted for one-time effects) of EUR 45 – 50 million for the 2017/18 financial year. This corresponds to an EBIT margin of approximately 6%.

In summary, the FACC Group will continue to accelerate its activities in development, manufacturing and global supply chain management, sustainably expanding its position as a preferred partner to the aviation industry. The implementation of the Group strategy "Vision 2020" in order to strengthen and expand the rank of an Tier 1 supplier among the customers Airbus, Boeing, Bombardier, Embraer as well as all well-known engine manufacturers has the highest priority.



FACC PASSION.

Consolidated Statement of Financial Position

	Balance as of 28/2/2017 restated ¹⁾ EUR'000	Balance as of 30/11/2017 EUR'000
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	149,743	148,316
Property, plant and equipment	166,116	166,561
Other non-current financial assets	465	467
Non-current receivables	27,866	25,252
Deferred taxes	13,286	–
Total non-current assets	357,475	340,596
CURRENT ASSETS		
Inventory	113,379	134,672
Trade receivables	98,875	106,638
Receivables from construction contracts	18,788	27,793
Other receivables and deferred items	20,047	26,888
Receivables from related companies	28,533	26,089
Derivative financial instruments	–	13,142
Cash and cash equivalents	48,275	56,994
Total current assets	327,897	392,215
TOTAL ASSETS	685,372	732,811
EQUITY		
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		
Share capital	45,790	45,790
Capital reserve	221,459	221,459
Currency translation reserve	-145	-732
Other reserves	-13,350	2,007
Retained earnings	15,907	57,059
	269,661	325,583
Non-controlling interests	26	14
TOTAL EQUITY	269,687	325,597
LIABILITIES		
NON-CURRENT LIABILITIES		
Promissory note loans	34,000	34,000
Bonds	89,416	89,546
Other financial liabilities	67,581	61,541
Investment grants	12,381	12,169
Employee benefit obligations	9,045	9,702
Other provisions	26,195	10,820
Deferred taxes	–	2,090
Total non-current liabilities	238,618	219,867
CURRENT LIABILITIES		
Trade payables	59,809	79,782
Liabilities towards related companies	1,813	6,549
Other liabilities and deferred items	27,433	23,459
Other financial liabilities	46,295	61,311
Promissory note loans	8,000	–
Derivative financial instruments	19,179	–
Other provisions	13,373	12,568
Investment grants	1,166	1,165
Income tax liabilities	–	2,513
Total current liabilities	177,068	187,347
TOTAL LIABILITIES	415,685	407,214
TOTAL EQUITY AND LIABILITIES	685,372	732,811

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively.

Consolidated Statement of Comprehensive Income

	Q3 2016/17 restated ¹⁾	Q3 2017/18	Q1-Q3 2016/17 restated ¹⁾	Q1-Q3 2017/18
	EUR'000	EUR'000	EUR'000	EUR'000
REVENUE	191,204	205,306	518,576	564,006
Changes in inventory of finished and unfinished products	176	4,323	14,093	7,781
Own work capitalised	2,377	2,868	7,616	5,978
Other operating income	5,282	7,960	13,975	17,618
Cost of materials and purchased services	-119,979	-117,941	-337,991	-331,619
Personnel costs	-47,412	-46,872	-131,690	-132,329
Depreciation, amortisation and impairment	-7,211	-7,960	-21,136	-22,722
Other operating expenses	-18,848	-15,747	-57,847	-47,062
Earnings before interest and taxes (EBIT)	5,589	31,935	5,596	61,653
Financing expenses	-1,599	-2,911	-9,273	-8,132
Interest income from financial instruments	76	42	370	86
Fair value measurement of derivative financial instruments	1,578	-	5,098	-
Earnings before taxes (EBT)	5,643	29,066	1,791	53,608
Income taxes	-826	-6,568	44	-12,467
Earnings after taxes	4,817	22,498	1,835	41,141
ITEMS SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Currency translation differences from consolidation	66	14	86	-586
Fair value measurement of securities (after tax)	-5	5	9	2
Cash flow hedges (after tax)	-6,614	-3,574	208	15,350
ITEMS NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Revaluation effects of pensions and termination benefits (after tax)	-5	2	175	5
Other comprehensive income	-6,557	-3,566	478	14,758
Total comprehensive income	-1,740	18,932	2,313	55,899
INCOME AFTER TAX				
ATTRIBUTABLE TO:				
Shareholders of the parent company	4,809	22,504	1,827	41,153
Non-controlling interests	8	-7	8	-12
CONSOLIDATED COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Shareholders of the parent company	-1,748	18,938	2,305	55,911
Non-controlling interests	8	-7	8	-12
Earnings per share (in EUR)	0,11	0,49	0,04	0,90
Undiluted = diluted				

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively.

Consolidated Statement of Cash Flows

	1/3/2016– 30/11/2016 restated ¹⁾ EUR'000	1/3/2017– 30/11/2017 EUR'000
OPERATING ACTIVITY		
Earnings before taxes (EBT)	1,791	53,608
Plus financing expenses, interest earned from financial instruments and fair value measurement of derivative financial instruments	3,805	8,045
Earnings before interest and taxes (EBIT)	5,596	61,653
Plus/minus		
Depreciation, amortisation and impairment	21,135	22,722
Expenses/Income from the reversal of investment grants	183	-671
Change in other non-current provisions	2,830	-15,375
Change in employee benefit obligations	-1,609	679
Other non-cash expenses/income	-4,823	6,632
	23,312	75,640
Change in working capital		
Change in inventory	-26,473	-21,947
Change in trade receivables and other receivables	-37,080	-60,304
Change in trade payables and other liabilities	4,243	42,871
Change in current provisions	-710	-406
Cash flow from ongoing activity	-36,708	35,854
Interest received	203	86
Income taxes paid	-1	-44
Net cash flow from operating activity	-36,506	35,896
INVESTING ACTIVITY		
Payments for the acquisition of intangible assets, plant, property and equipment	-24,037	-20,899
Proceeds from the disposal of intangible assets, plant, property and equipment	–	3
Net cash flow from investing activity	-24,037	-20,896
FREE CASH FLOW	-60,543	15,001
FINANCING ACTIVITY		
Proceeds from non-current interest-bearing liabilities	38,548	6,629
Repayments of promissory note loans	–	-8,000
Repayments of non-current interest-bearing liabilities	-5,561	-12,885
Change in current interest-bearing liabilities	–	14,526
Interest paid	-9,199	-7,679
Net cash flow from financing activities	23,788	-7,410
Net changes in cash and cash equivalents	-36,753	7,590
Cash and cash equivalents at the beginning of the period	56,215	48,275
Effects from foreign exchange rates	899	1,128
Cash and cash equivalents at the end of the period	20,361	56,994

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated retrospectively.

Consolidated Statement of Changes in Equity

	OTHER RESERVES					
	Share capital	Capital reserve	Currency translation reserve	Securities – available for sale	Cash flow hedges	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As of 1 March 2017 (previous)	45,790	221,459	-145	-17	-9,444	-3,889
Error correction according to IAS 8	–	–	–	–	–	–
As of 1 March 2017 (adjusted)	45,790	221,459	-145	-17	-9,444	-3,889
Annual income after tax according to income statement	–	–	–	–	–	–
Other comprehensive income	–	–	-586	2	15,350	5
Total comprehensive income	–	–	-586	2	15,350	5
As of 30 November 2017	45,790	221,459	-732	-15	5,906	-3,884

	Retained earnings	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
As of 1 March 2017 (previous)	30,240	283,993	26	284,019
Error correction according to IAS 8	-14,333	-14,333	–	-14,333
As of 1 March 2017 (adjusted)	15,907	269,661	26	269,687
Annual income after tax according to income statement	41,152	41,152	-12	41,140
Other comprehensive income	–	14,770	–	14,770
Total comprehensive income	41,152	55,922	-12	55,910
As of 30 November 2017	57,059	325,583	14	325,597

Consolidated Statement of Changes in Equity

	OTHER RESERVES					
	Share capital	Capital reserve	Currency translation reserve	Securities – available for sale	Cash flow hedges	Reserve IAS 19
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As of 1 March 2016 (previous)	45,790	221,459	-250	-27	-9,727	-3,722
Error correction according to IAS 8	–	–	–	–	–	–
As of 1 March 2016 (adjusted)	45,790	221,459	-250	-27	-9,727	-3,722
Annual income after tax according to income statement (adjusted according to IAS 8)	–	–	–	–	–	–
Other comprehensive income	–	–	86	9	208	175
Total comprehensive income	–	–	86	9	208	175
As of 30 November 2016	45,790	221,459	-164	-18	-9,519	-3,547

	Retained earnings	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
	As of 1 March 2016 (previous)	50,842	304,365	17
Error correction according to IAS 8	-50,164	-50,164	–	-50,164
As of 1 March 2016 (adjusted)	678	254,201	17	254,218
Annual income after tax according to income statement (adjusted according to IAS 8)	1,827	1,827	8	1,835
Other comprehensive income	–	478	–	478
Total comprehensive income	1,827	2,305	8	2,313
As of 30 November 2016	2,505	256,506	25	256,531



FACC PARTNERSHIP.

Segment Reporting¹⁾

1/3/2017–30/11/2017	Divisions			Total EUR'000
	Aero- structures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	
Information on profitability				
Revenue	251,283	121,659	191,064	564,006
Income before interest, taxes, depreciation and amortisation	42,200	23,419	18,556	84,375
Depreciation, amortisation and impairment	-12,790	-3,064	-6,868	-22,722
Income before interest and taxes	29,610	20,355	11,689	61,653
EBIT-Marge	11.8%	16.7%	6.1%	10.9%
Information on assets				
Assets	349,882	158,779	224,150	732,811
Investments during the fiscal year	6,700	7,909	6,290	20,899

1/3/2016–30/11/2016	Divisions			Total EUR'000
	Aero- structures EUR'000	Engines & Nacelles EUR'000	Interiors EUR'000	
Information on profitability				
Revenue	240,335	103,874	174,368	518,576
Income before interest, taxes, depreciation and amortisation	39,641	-10,827	-2,080	26,734
Depreciation, amortisation and impairment	-11,043	-3,332	-6,761	-21,136
Income before interest and taxes	28,598	-14,159	-8,841	5,597
EBIT-Marge	11.9%	-13.6%	-5.1%	1.1%
Information on assets				
Assets	342,783	143,389	214,046	700,217
Investments during the fiscal year	10,067	5,702	8,267	24,037

¹⁾ Due to an error correction according to IAS 8, previous year's figures have been restated respectively.

NOTE

The condensed consolidated interim financial statements as of 30 November, 2017 were prepared in accordance with the regulations “Prime market – section interim reports“ of the Vienna stock exchange. They are based on the consolidated financial statements as of 28 February, 2017 and should therefore always be read in conjunction with these statements. The reporting currency is euro (EUR). The figures shown in these condensed consolidated interim financial statements, unless stated otherwise, have been rounded up to the next million (“mn”) to one decimal place. Arithmetic differences due to rounding effects can occur when adding up rounded amounts and percentages using automatic tools.

WAIVER OF REVIEW/AUDIT

The present quarterly report of FACC AG was neither audited nor reviewed.

Ried im Innkreis, 16 January 2018

Robert Machtlinger m. p.
Chairman of the Management Board

Aleš Stárek m. p.
Member of the Management Board

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim consolidated financial statements, which were prepared in accordance with the prevailing accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. We also confirm that the condensed group management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group with regard to important events that have occurred during the first three months of the current financial year and their impact on the condensed interim consolidated financial statements with regard to the principal risks and uncertainties for the remaining nine months.

Yongsheng Wang m. p.
Member of the Management Board

Andreas Ockel m. p.
Member of the Management Board

Investor Relations

Basic information about the FACC share

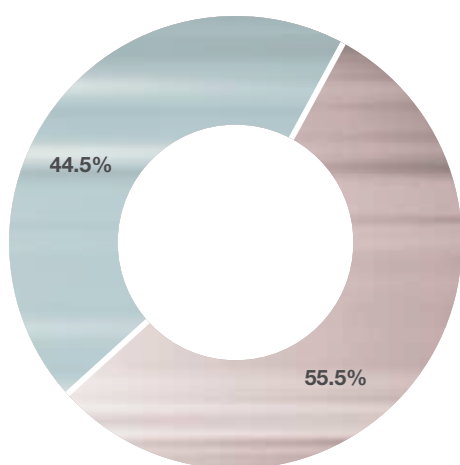
Securities ID number (ISIN)	AT00000FACC2
Currency	EUR
Stock Exchange	Vienna (XETRA)
Market segment	Prime Market (official trading)
First day of trading	25 June, 2014
Issue price	EUR 9.5
Paying agent	Erste Group
Indices	ATX GP, ATX IGS, ATX Prime, WBI
Share class	ordinary shares
Ticker symbol	FACC
Reuters symbol	FACC.VI
Bloomberg symbol	FACC AV
Number of shares issued	45,790,000

CONTACT DETAILS

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SHAREHOLDER STRUCTURE AND SHARE CAPITAL

FACC AG's share capital amounts to EUR 45,790,000 and is divided into 45,790,000 shares. The Aviation Industry Corporation of China (AVIC) holds 55.5% of voting rights in FACC AG via 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 as of the end of the interim reporting period.



- FACC International
- Free float

