# FACC AG

21.07.2014 – 07:19 Uhr

## EANS-News: FACC AG / Solid performance in the first quarter of 2014/15

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quarterly report/First quarter 2014/15

· First-quarter sales revenue up 6.2 percent year-on-year to EUR 119.7 million (EUR 112.8 million)
· Earnings according to planning below previous year's figures due to ramp-up of new projects in Q1
· Successful completion of IPO is a company milestone securing long-term profitable growth
· FACC confirms guidance for 2014/15

Ried - FACC AG has made a good start to the fiscal year 2014/15 showing a solid performance: In the first quarter of the fiscal year 2014/15, the FACC Group generated revenue of EUR 119.7 million. This means an increase of EUR 7.0 million or 6.2% compared to the year-on-year amount of EUR 112.8 million.

„FACC has established a strong position under the tier-1 aerospace suppliers in recent years. Our solid performance in the first quarter is an additional proof of this," said Walter Stephan, CEO of FACC AG. „We must now continue improving our position and maintain our successful course as part of the systematic implementation of our strategy 'Vision 2020'. We thereby focus on three key action areas: firstly, disciplined cost and investment management, secondly, our profitability targets and thirdly, improved profitability in all divisions."

Revenue growth was driven by increased product revenue of EUR 15.3 million or 13.5%, while revenue related to development services dropped by EUR 8.3 million or 7.4% at the same time. Product revenue picked up largely with respect to the Airbus A321, Airbus A350 XWB, Boeing 787 and Boeing 737 programs as well as additional product deliveries for aircraft interiors. The slowdown in revenue from development services is largely due to the fact that in the comparative period of the first quarter of 2013/14 the FACC Group invoiced a significant amount for development services with respect to a development project in the Aerostructures segment. In the first quarter of the fiscal year 2014/15, the FACC Group did not invoice a similarly significant amount. Over the course of the current fiscal year, the FACC Group currently expects to invoice for development services in line with the internal planning.

For at the first quarter of the fiscal year 2014/15, earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT) amounted to EUR -5.3 million (Q1 2013/14: EUR 1.2 million), which means a change of EUR -6.4 million. The change in the earnings position is also materially attributable to the higher amount invoiced for development services in Q1 2013/14. In the first quarter of the current fiscal year 2014/15 the FACC Group had not planned to invoice a similar amount and as a result earnings are down relative to the previous year. In addition, the FACC Group also started up a number of new projects in the Interiors segment. This also impacted the results of the first quarter of the fiscal year 2014/15. Given the extensive learning curve factors, new projects affect production costs in the early phases. The FACC Group currently expects to submit further invoices for development services in line with the internal planning. After the first quarter, however, the production costs of these programs are developing as planned. The weakening of the EUR/USD exchange rate during the past 12 months resulted in a weakening of the hedged EUR/USD exchange rate. Although expected, this also had a negative impact on the earnings position.

In the first quarter of 2014/15, investments were made in accordance with the investment budget and amounted to EUR 11.4 million (Q1 2013/14: EUR 11.2

million). Capitalized development costs contained in investments amounted to EUR 6.0 million (Q1 2013/14: EUR 3.2 million), mostly driven by engineering services associated with the development of the Airbus A350-1000 exerting the greatest influence. The expansion of production capacity in the Interiors segment has mostly been completed and is being put into operation as planned. Measures aimed at raising efficiency - particularly with respect to a reduction in production costs, such as learning curve effects, the promotion of synchronized production, and a reduction in the cost of quality and material costs - are being implemented.

As at 31 May 2014, staff numbers amounted to 3,055 employees, compared to 2,458 employees per 31 May 2013. At the Austrian sites, staff numbers increased from 2,590 to 2,681 employees (+91 employees or 3.51%) between 1 March 2014 and 31 May 2014, with the majority (77 employees) being added in production. The FACC Group estimates that staff numbers will remain unchanged in the development and administrative areas over the coming quarters.

Outlook

The commercial aerospace business environment continued to develop positively in the first quarter of 2014/15. From a current perspective, and on the basis of the orders currently booked for the remaining quarters of the fiscal year, the FACC Group assumes that the positive trend of the first quarter will continue. The Group expects revenues to increase in the high single-digit percentage range in fiscal year 2014/15 compared to the fiscal year 2013/14. The operating profit should be slightly above the same level as in the previous year. The planning is subject to long term delivery contracts with customers. Therefore the FACC Group is less focused on the performance achieved during a particular quarterly reporting period. The projections are based on current estimates as well as the latest customer forecasts. However, changes in estimates and customer forecasts may still occur.

The current trend of airlines striving to operate their business more efficiently is driving the demand from airlines for new and thus more efficient aircraft. In light of the economic pressure for the use of efficient aircraft, FACC assumes from a current perspective that the global growth targets for commercial airplanes will be achieved and that the demand for new aircraft will remain strong. This development is further supported by a rise in passenger numbers of more than 4% worldwide, largely in the Asia/Pacific region, the Middle East and Africa. The Farnborough Airshow, that closed its doors on Sunday, has confirmed this trend: The major Western aircraft manufacturers received firm orders for 919 aircraft.

Ramp-ups of newly developed programs, rising production rates and a growing share on existing aircraft types will all help the FACC Group achieve its growth targets. The order backlog of the FACC Group continues to show positive developments. It is also worth mentioning that at the time this quarterly report was being written the FACC Group successfully concluded new orders in regard to the Airbus A320 family. This means that the FACC Group is further strengthening its leading role as a winglet supplier and preferred partner in the commercial aerospace industry. The order backlog of these new contracts is $ 450 million.

The most significant event in the first quarter was the IPO, which got off to a flying start on 25 June 2014 at the time when this quarterly report was being prepared. In doing so, the FACC Group managed to considerably strengthen its equity basis and expand its shareholder base. This further supports the Group's "FACC Vision 2020" strategy when it comes to strengthening and expanding its position as a tier-1 supplier of customers such as Airbus, Boeing, Bombardier, Embraer and all renowned engine manufacturers. ,,The IPO is a major milestone in the history of FACC that will contribute towards achieving our growth ambitions," said Walter Stephan. ,,In the fiscal year 2014/15 alone, we are planning to make substantial investments in expanding capacities, raising the degree of automation and developing new programs. Furthermore, this capital increase will allow us to make targeted acquisitions and participate actively in the consolidation of the global commercial aerospace industry."

| Amounts in millions of Euro | Q1 2014/15 | Q1 2013/14 |
|---|---|---|
| Overall Revenue | 119.7 | 112.8 |
| Revenue per division | | |
| Aerostructures | 60.7 | 59.0 |
| Engines & Nacelles | 20.2 | 19.2 |
| Interiors | 38.9 | 34.5 |
| Earnings before interest, taxes and fair value measurement of derivative financial instruments (EBIT) | -5.3 | 1.2 |
| Net profit after taxes adjusted for the change in the fair values of derivative financial instruments | -5.6 | -1.2 |
| Total employees (end of period) | 3,055 | 2,458 |
| Research and development costs | | |
| Capitalized development | 6.0 | 3.2 |
| costs | 4.3 | 9.5 |
| Research and development costs expensed | 8.6 % | 11.3 % |
| As percentage of revenue | | |

About FACC
FACC AG is one of the world's leading companies in the design, development and production of advanced fiber reinforced composite components and systems for the aviation industry. Their range of products reaches from structural components for the fuselage and wings to engine components to complete passenger cabins for commercial aircraft, business jets and helicopters. FACC is a supplier to all large aircraft manufacturers such as Airbus, Boeing, Bombardier, Embraer, Sukhoi, and COMAC as well as for engine manufacturers and sub-suppliers of manufacturers. In the business year of 2013/14, the FACC Group achieved a turnover of 547.4 million Euros. The company currently employs 3,000 employees. Further information can be found under www.facc.com.

Cautionary Statements
Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," or, in each case, the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with our industry, as well as many other risks specifically related to the Company and its operations.

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