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EANS-Adhoc: FACC AG records a significant increase in earnings in the third quarter of 2014/15 (with document)

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Financial Figures/Balance Sheet/9-month report
22.01.2015

- Revenue recorded an increase of 4.7 %
- Operating earnings in the third quarter at EUR 5.5 million
- New contracts and higher production rates ensure a high degree of capacity utilization in all plants
- Growth of worldwide air traffic expected to continue
- Outlook for the financial year 2014/15 adapted

Ried / In the first three quarters of the fiscal year 2014/15, the FACC AG generated revenue of EUR 381.8 million. This means an increase of EUR 17.1 million or 4.7% compared to the year-on-year amount of EUR 364.7 million. Revenue growth was driven by increased product revenue of EUR 54.4 million or 18.8%, while revenue related to development services dropped by EUR -37.3 million or -49.7% at the same time. Product revenue picked up largely with respect to the Airbus A321, Airbus A350 XWB, Boeing 787, Boeing 737 and Bombardier Challenger 300. All three divisions of the FACC Group - Aerostructures, Engines & Nacelles and Interiors - experienced growth in revenue.

In the third quarter, operating earnings (EBIT) significantly increased to EUR 5.5 million, following a loss of EUR 9.2 million in the second quarter. However, it is largely due to lower allocations in the development area below the previous year's figure of EUR 12.3 million.

"Year to date, positive aspects worth mentioning are the completion of important program milestones, especially in case of new projects. Both the certifications and the subsequent first deliveries of the A350 XWB, the Bombardier CL350 and the Embraer Legacy were performed as forecast. In these projects, we can now continue to ramp up series production and generate additional growth from past investments made therein", said Walter Stephan, CEO of FACC AG, when the FACC Group published its key financial figures for the third quarter. "We have turned in a solid operative performance in the year to date. By the sustainable implementation of numerous measures we have succeeded to raise product revenues by more than 18 %. Particularly notable is the significant improvement in earnings that was achieved in the third quarter, thanks to the introduction of optimization and stabilization measures in the new projects".

In the first three quarters of 2014/15, investments were made as planned and amounted to EUR 55.3 million (Q3 2013/14: EUR 39.4 million). Capitalized development costs contained in investments amounted to EUR 20.8 million (Q3 2013/14: EUR 11.1 million), mostly driven by engineering services associated with the development of the Airbus A350 XWB Winglet, Embraer Legacy 450/500 and Embraer E-Jet 190. The expansion of production capacity in the Interiors division was completed and put into operation.

Outlook

The FACC Group expects the world air traffic to grow also in 2015. Despite the drop in crude oil prices, the trend of airlines striving to operate their business more efficiently remains unchanged and continues to drive the demand from airlines for new more efficient aircraft.

The market environment developed as planned during the first three quarters of the fiscal year. The order level reported for the first three quarters as well as the outlook for the fiscal year as a whole are in line with our budget planning assumptions. The positive trend of the first half continues, so that we should be able to achieve our sales targets. In comparison with the fiscal year 2013/14 and from today's perspective, we expect a single digit revenue increase in the fiscal year 2014/15, with revenue from product deliveries growing at a double-digit rate in Q3 just as in the prior-year period. From today's perspective, this trend will continue. We would expect total revenues for the full year 2014/15 to grow to EUR 580 million.

As for our operating results (EBIT), management expects that some of the on-going customer negotiations may not be concluded entirely over the course of the remainder of the fiscal year 2014/15. As a result, our operating profit may come out considerably below last year's.

The order backlog of the FACC Group continues to develop positively thanks to new orders on the one hand and thanks to the increasing volume of new aircraft on the other hand. Obtaining the type-certificate for the Airbus A350 XWB aircraft in September 2014 and the subsequent first delivery to Qatar Airlines in December 2014 were major milestones for both the fiscal year 2014/15 and the FACC Group's future growth strategies. In connection with these program milestones, the production rate of A350 XWB components will raise from one aircraft per month at present to three per month by the end of the fiscal year. Further rate increases in the fiscal year 2016 are currently being implemented. In the third quarter the FACC Group also implemented the ramp-up of series production of components for the Boeing B787-9, Bombardier Challenger 350 and Embraer Legacy 500 aircraft types.

As a system supplier, the FACC Group will profit significantly from the growing business volumes resulting from new projects from 2015 onwards. "New contracts and higher production rates of various aircraft programs ensure revenue growth and a high degree of capacity utilization in all plants. We will continue to work consequently on the goals set out that will enable us to meet the major technological and economic challenges facing the aerospace industry. With our 'Operational Excellence' program and the associated automation of composite manufacturing, we have successfully launched an optimization program to sustainably increase our efficiency, flexibility and profitability and to make FACC fit for the future. "

The interim report for the Q3 2014/15 is available for download at http://www.facc.com/content/download/3125/18967/file/Report_Q3_2014_E.pdf .

About FACC

FACC AG is one of the world's leading companies in the design, development and production of advanced fibre 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, FACC achieved a turnover of 547.4 million Euros. The company currently employs more than 3,100 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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Further inquiry note:

Investor Relations:

Manuel Taverne

Director Investor Relations

Mobil: 0664/801192819

E-Mail: m.taverne@facc.com

Presse:

Andrea Schachinger

Corporate Communication

Tel: 059/616-1194

E-Mail: a.schachinger@facc.com

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<http://resources.euroadhoc.com/us/oufXZGmO>
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issuer: FACC AG

Fischerstraße 9

A-4910 Ried im Innkreis

phone: +43/59/616-0

FAX: +43/59/616-81000

mail: office@facc.com

WWW: www.facc.com

sector: Industrial Components

ISIN: AT00000FACC2

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