

EANS-Adhoc: FACC AG / FACC takes up the challenges of the COVID-19 crisis

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Financial Figures/Balance Sheet/Earnings Forecast/Mid Year Results
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Ried i. Innkreis -

- * Revenues of EUR 292 million (- 26 %) in the first half 2020, due to lower demand in Q2 as a result of the COVID-19 crisis
- * Negative one-off COVID-19 effects (impairments) significantly reduce half-year EBIT to EUR - 36 million
- * Operating EBIT before impairments positive at EUR 0.5 million despite challenging environment
- * Full-year revenue forecast at around EUR 500 to 520 million

FACC AG ranks among the leading technology groups in the aerospace industry. In the second quarter of 2020, FACC did not remain untouched by the global impact of the corona crisis. All key financial figures decreased, some of these significantly. The company has drawn up a solid plan for the future in order to meet these challenging times.

In the second quarter of 2020, FACC was unable to withstand the global impact of the corona crisis. 80 % of aircraft fleets worldwide were grounded for months, take-overs of new aircraft were postponed, and hardly any new orders were placed. This resulted in necessary adjustments of the production rates of the main customers to the new market conditions and, as a consequence, a reduced sales volume for FACC. Revenues in the first half of 2020 amounted to EUR 292.1 million (comparative period 2019: EUR 394.9 million). This decline of 26.0% is mainly attributable to the corona-related slump in the aircraft industry, which had a noticeable impact on business performance, particularly in April, May and June of the reporting period.

EBIT before impairment stood at EUR 0.5 million in the first half of the year, with all segments recording lower results. Impairments arising from the COVID-19 pandemic and its impact on the medium-term market environment amounted to EUR - 37.4 million. As a result, EBIT in the first six months of 2020 decreased to EUR -36.9 million (comparative period 2019: EUR -5.2 million).

"The corona pandemic is taking its toll on the entire global economy. In this phase, we are focusing on three major goals: With our task force, we have been working consistently since February to protect the health of our employees as best as possible. At the same time, we want to support and accompany our customers with consistent delivery reliability - and we have succeeded in doing so completely during the pandemic. At the same time, we have set up a solid plan for the future in these dynamic times and thus ensure the stability of the company," reports Robert Machtlinger, CEO of FACC AG. Existing liquidity reserves have been expanded with additional credit lines, short and medium-term customer requirements are continuously coordinated, and the supply chain for the procurement of materials has been secured. "The Corona aid packages made available by the Austrian Federal Government were also helpful in overcoming the crisis in recent months and have provided the company and the entire workforce with very good support in overcoming the crisis in the short term," says Machtlinger looking back.

Since 30 March 2020, FACC has been implementing the short-time working model for its entire workforce in Austria. While capacity utilization was still close to 100% for many projects in March, it fell to 50% in the following months. From September onwards, capacity utilization is expected to rise again to around 70%. Nevertheless, the need to streamline the organization has become necessary. Through vertical integration, i.e. the insourcing of previously outsourced work packages into the FACC organization, as well as the insourcing of projects currently produced abroad, further job-securing and stabilizing measures are being implemented.

Outlook

The economic impact and the global development of the COVID-19 crisis call for an ongoing assessment of the situation. Production rate adjustments in the aviation industry could be coordinated with customers in recent months. Despite the regular coordination of market and customer needs, the further development of the COVID-19 pandemic and the resulting economic policy challenges mean that an estimate of the economic development in the second half of 2020 is still subject to remaining uncertainties. For the time being, a precise forecast of the results of COVID-19 is only possible within a certain range.

Based on the information currently available on the aircraft programs essential for FACC and the short and medium-term production rates of FACC's key customers, the revenue expectation for the business year 2020 is between EUR 500 and 520 million. As regards earnings, management is anticipating EBIT in the range of EUR -55 to -65 million. This includes the COVID-19 impairment and adjustments of EUR 37 million already outlined in the half-year report as well as costs for the staff reductions announced for the second half of 2020.

For the following years, management assumes that the 2021 financial year will remain at the level of 2020. From 2022 onwards, it is expected that renewed growth will occur in line with the market development of the programs essential for FACC and that additionally planned new projects will ensure growth.

Robert Machtlinger commented: "We expect to see lower but stable demand up until the end of the financial year. We believe renewed growth is feasible from 2022 onwards. From today's perspective, we will return to our pre-corona levels in four to five years."

Overall, FACC has responded well to the corona crisis to date. At the same time, the company is aware that the coming months will continue to be very challenging. The long-term perspective remains positive, however, since from today's point of view the passenger volume will also increase again worldwide after the crisis.

Further inquiry note:

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