



2015 Q1 Investor Conference

Accountability • Innovation • Dedication • Customer Orientation

Aerospace Industrial Development Corporation

Date: April 27, 2015



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I. Markets

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1. Defense Business

- 70% of ROC Air Force aircraft will reach their maximum service life within the next 10 years and the PRC military deployment with new weapon systems along the Taiwan Strait indicate the need for weapon system replacement in order to maintain a national defense force.
- The ROC military weapon system establishment plan includes IDF upgrade, F-16A/B upgrade and related manufacturing, assembly and maintenance.
- Air Force trainer policy plans is in place which includes; 2 models in 3 phases. has been determined. An Advanced trainer replacement is targeted for 2019.
- The voluntary military service policy and projects of streamlining armed forces structure and organization will encourage the MND to release business such as military aircraft commercial maintenance and GOCO.



I. Markets

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2. Commercial Aviation

- Based on Boeing and Airbus forecasts, global air transportation will grow at a rate of 4.7%-5.0% in the next 20 years.
- Light-weight, fuel-efficient and environmentally friendly green airplanes continue to lead the demand for new airplanes, in which composites play a key role.
- The Asia Pacific region tops the global demand for new airplanes with a significant percentage of 37%-40%. Single aisle airplanes lead the market.

2014-2033	Passenger Airplanes required	Freighter Airplanes required	New Airplanes required	Market value
Boeing CMO	35,930	840	36,770	US\$ 5200 B
Airbus GMF	30,555	803	31,358	US\$ 4600 B



Source : Boeing CMO (2014-2033)

Source : Airbus GMF (2014-2033)

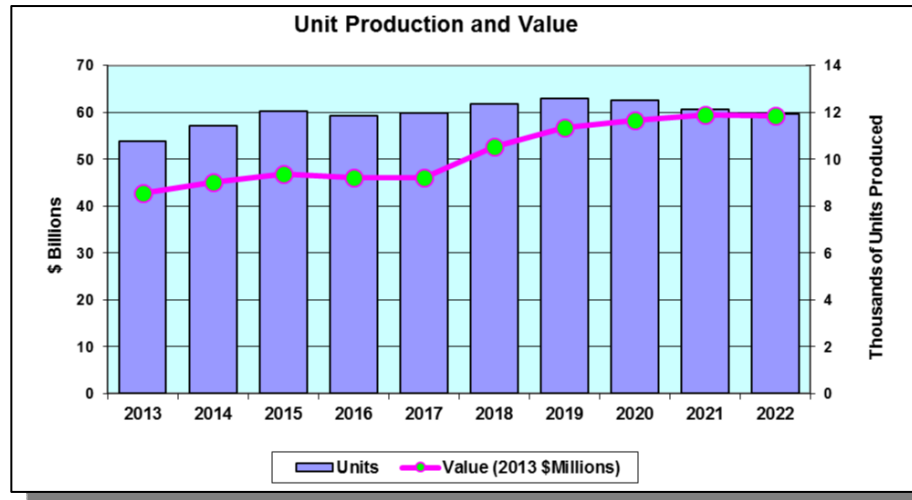


I. Markets

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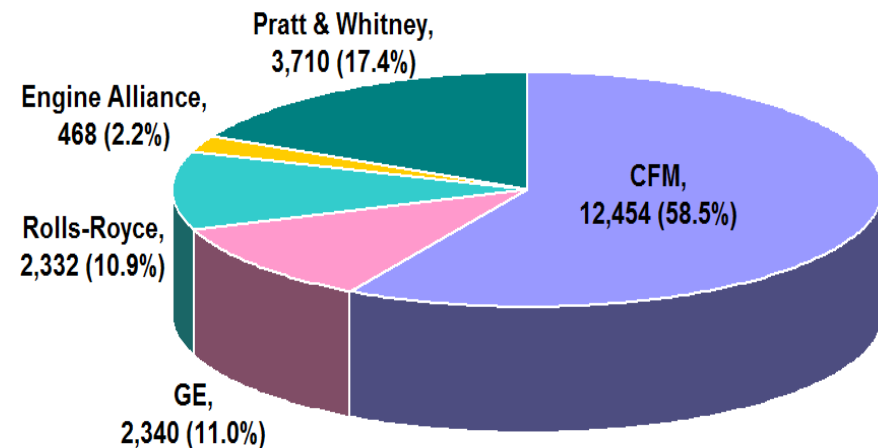
- Engine requirements will continue to grow in tandem with demand for new passenger, cargo and business airplanes.

Commercial airplane/engine market outlook



Source :Teal Group

The Share of the Firm Engine Order Book 21,304 engines on Sep. 30, 2014



Source :Aircraft Engine

Forecasts of the global aviation manufacturers and professional market assessment institutes indicate an optimistic long-term development of the global aviation industry.



II. Operations and Financial Status

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1. Income Statement

Unit: NTD in Millions

ITEM	Y2014		Y2013	
	Amount	%	Amount	%
Revenue	24,924	100	23,086	100
Cost of Goods Sold	22,159	89	20,839	90
Gross Profit	2,765	11	2,247	10
Operating Expenses	1,310	5	1,002	4
Operating Income	1,455	6	1,245	5
Non-operating Income	384	2	144	1
Pre-tax Income	1,839	7	1,389	6
Income Tax Expenses	-33	-0	100	0
Net Income	1,872	8	1,289	6
EPS(NT\$)	2.06		1.42	
* Cash dividend/share	0.92			

* : Earning distribution of 2014 to be adopted by Annual Shareholders' Meeting.

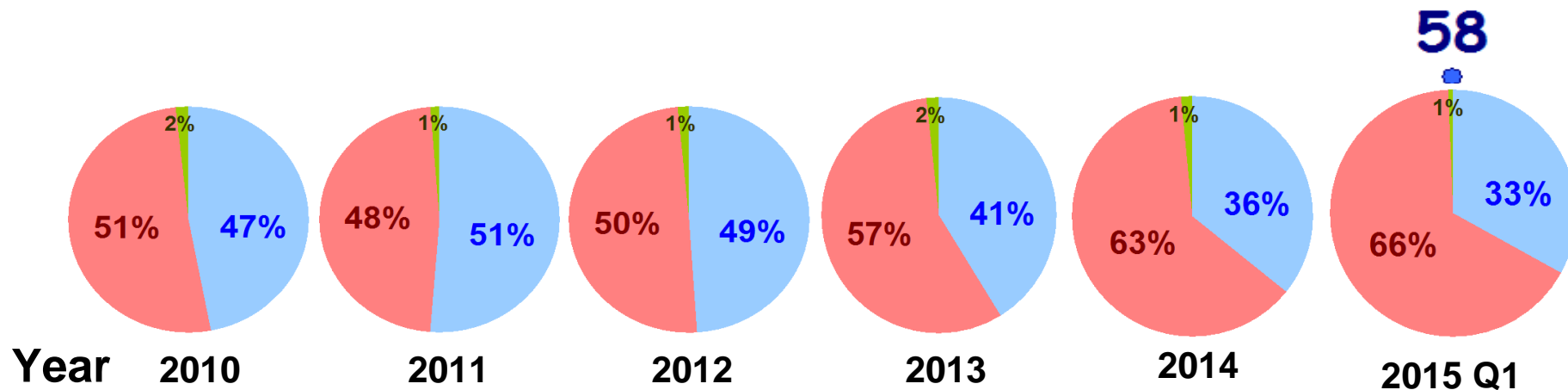
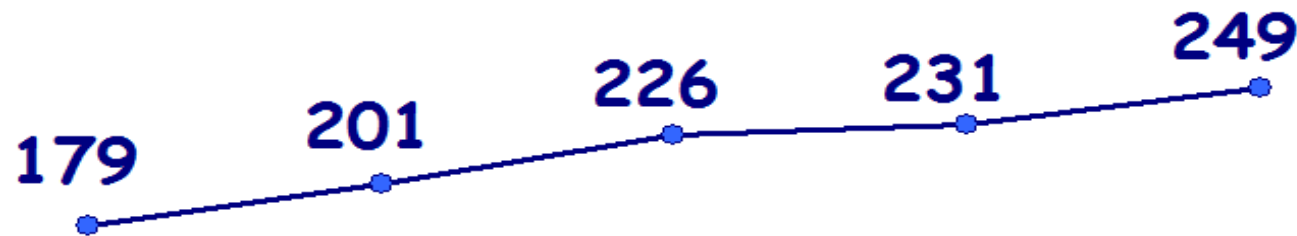


II. Operations and Financial Status

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2. Revenues

Unit: NT100M Dollars



—●— Revenue Defense Commercial Tech. Service



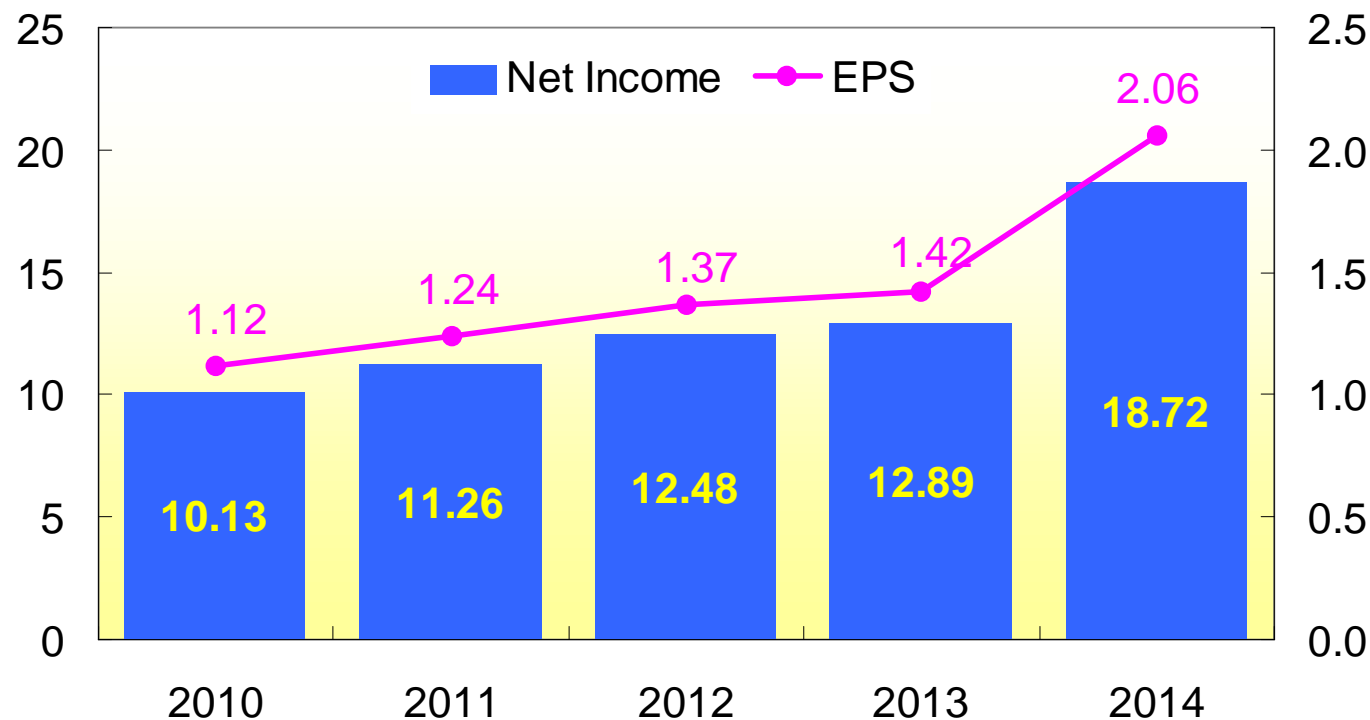
II. Operations and Financial Status

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3. Net Income and EPS for the last 5 years

Net Income in NT 100M Dollars

EPS in NT\$/share



Note : All of the numbers are based on auditors' report; 2010-2012 ROC GAAP were observed; the IFRS was adopted since 2013.

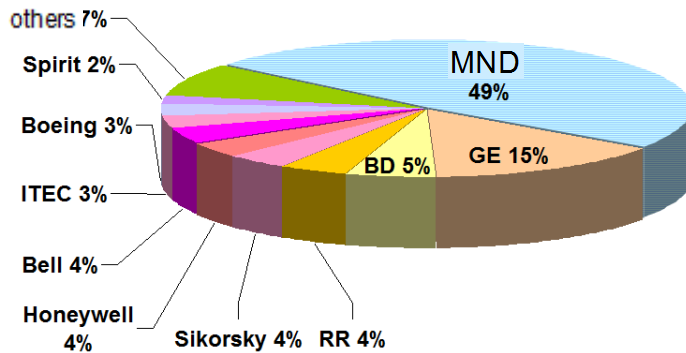


II. Operations and Financial Status

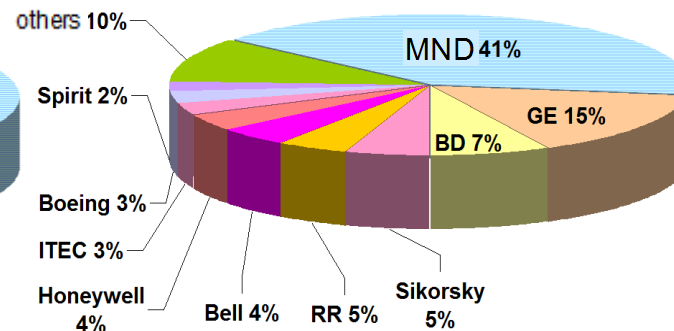
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4. Top 10 Customers

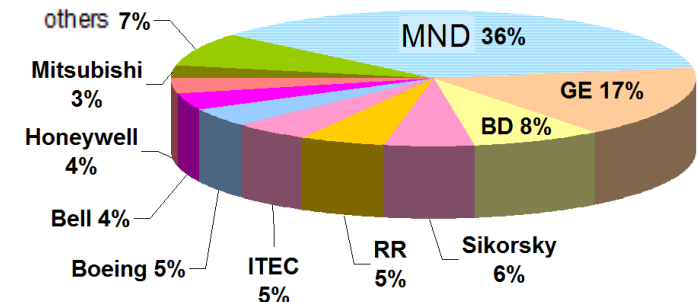
2012



2013



2014



- Ministry of National Defense
- GE Aviation
- (BD) Bombardier Aerospace.
- (RR) Rolls-Royce Plc
- Sikorsky Aircraft Corporation
- Honeywell International Inc.
- Bell Helicopter Textron
- (ITEC) International Turbine Engine Company LLC
- Boeing Commercial Airplane Group
- Spirit AeroSystems, Inc.
- Others
- Mitsubishi

AIDC's business has turned from solely military to cover both military and commercial. Future efforts include expanding production capacity as well as the scope of our commercial business.



III. Operation Outlook

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1. For 2014 and Q1 2015 AIDC garnered orders valued more than 70B NT dollars. There are 180 ongoing orders. To date, the value of orders on-hand has exceeded 100B NT dollars, therefore AIDC is confident of our participation in the future growth of aviation industry.
2. Major business endeavors:
 - Defense business: perform fighter upgrade; pursue fleet commercial maintenance and AIDC indigenous aircraft development and integration, and flight service, testing and tow target businesses.
 - Commercial business: aim towards Tier 2 and 3 system or component supplier; pursue aircraft segment and engine component high value-added business; invest on capacity expansion; and continue lean manufacturing to establish competitive niche.
 - Fixed assets investment: invest 2.4B NT dollars on 3 construction projects, including military aircraft (F-16A/B) maintenance hangar, engine case manufacturing center (ECMC) and new composite plant (TACC-19).



III. Operation Outlook

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3. Outlook for 2015

The commercial aviation business segment, both airplane and engine, is expected to grow concurrently with the global aviation industry, while the military business segment also sustains steady growth. It is expected both segments will generate revenues no less than that received in 2014.



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Q & A