

AIDC Investor Conference (2634)

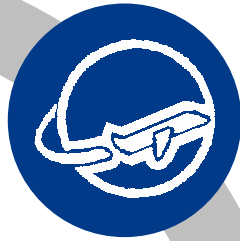
Aerospace Industrial Development Corporation
Dec. 20, 2018



Disclaimer

1. Our presentation may contain predictions, estimates or other information that might be considered forward-looking which are subject to significant risks and uncertainties, actual results may differ and will be disclosed via the “Market Observation Post System” at the following link: (<http://mops.twse.com.tw/mops/web/index>).
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Outline



Global Market Outlook



Business Status



Endeavors & Prospects

Global aerospace market outlook

Commercial Aircraft

Boeing and Airbus Forecast 2018-2037



Sources :

- Boeing Current Market Outlook 2018-2037 (>30 seats)
- Airbus Global Market Forecast 2018-2037 (>100 seats)

Global aerospace market outlook

Aero Engine

Forecast International 2018-2027



LEAP engine orders



Sources :

- Forecast International
- CFM International Official Press

Global aerospace market outlook

Business Jet & Helicopter



Embraer Forecast 2018-2037



Honeywell Forecast 2018-2022



Sources :

- Embraer Market Outlook 2018-2037 (<150 seats)
- Honeywell 20th Annual Turbine-Powered, Civilian Helicopter Purchase Outlook

Challenges for the aerospace industry



Industry 4.0



**Trade
Protectionism**



**Intelligent
Manufacturing**



**Close to
the Market**



**Additive
Manufacturing**



Tax Incentives

Emerging aerospace clusters pose a threat

Malaysian Aerospace Market — KLIABC 2018

Aerospace Industry Revenue in 2017



Malaysia
NT\$100 billion



Taiwan
NT\$108.5 billion



○ Manufacturing ○ MRO

Taiwan defense budget

For the last 5 years, the average is 1.8% of the GDP.

In 2019, 21.3% of defense budget will be allocated to develop Taiwan's indigenous defense industry.

NT\$100M ○ - % of GDP



Source : Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan)

AIDC business status



3 Directions

1 Indigenous development of the AJT

2 Intelligent manufacturing

3 Supply chain integration



Financial review

Indigenous development of the AJT

首飛倒數 First Flight Countdown 558 days

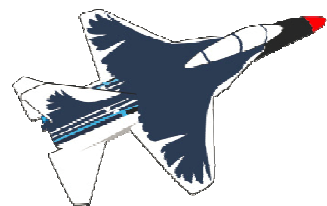
AIDC AJT Program

2018.12.20

376
Working days

Indigenous development of the AJT

Local suppliers contract award



2017.12.06



2018.04.24

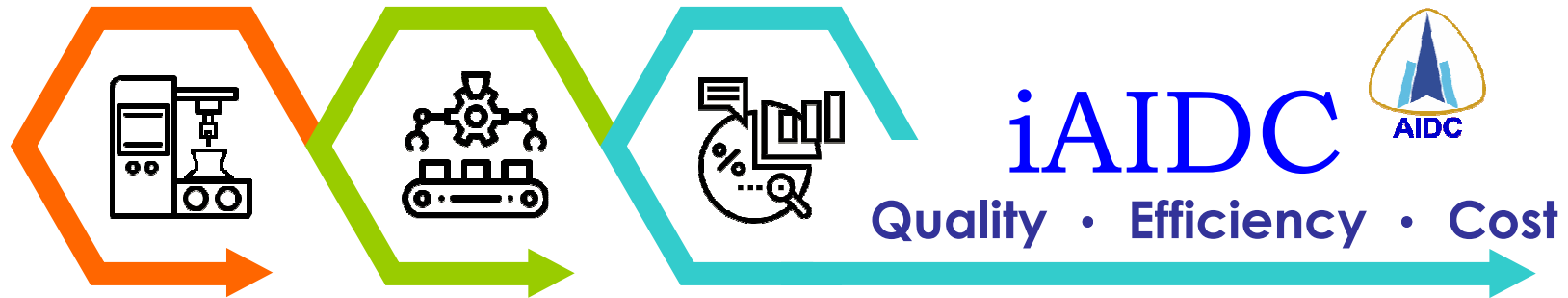


2018.10.17



108 local suppliers awarded contracts.
135 companies are approved for AJT program.

Intelligent manufacturing



Intelligent Machinery · Intelligent Manufacturing · Intelligent Management



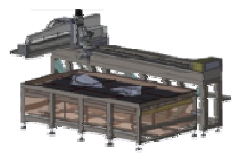
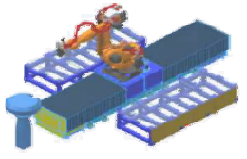
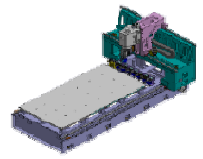
Intelligent manufacturing

AIDC received 2018
Intelligent Manufacturing
Gold Award

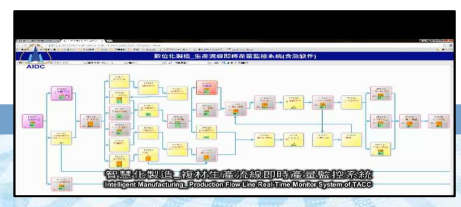


Domestic Machines

5-axis Composite Material Machining Center; Routing Robot; Intelligent 5-Axis Waterjet Cutting; Composite Grinding Robot

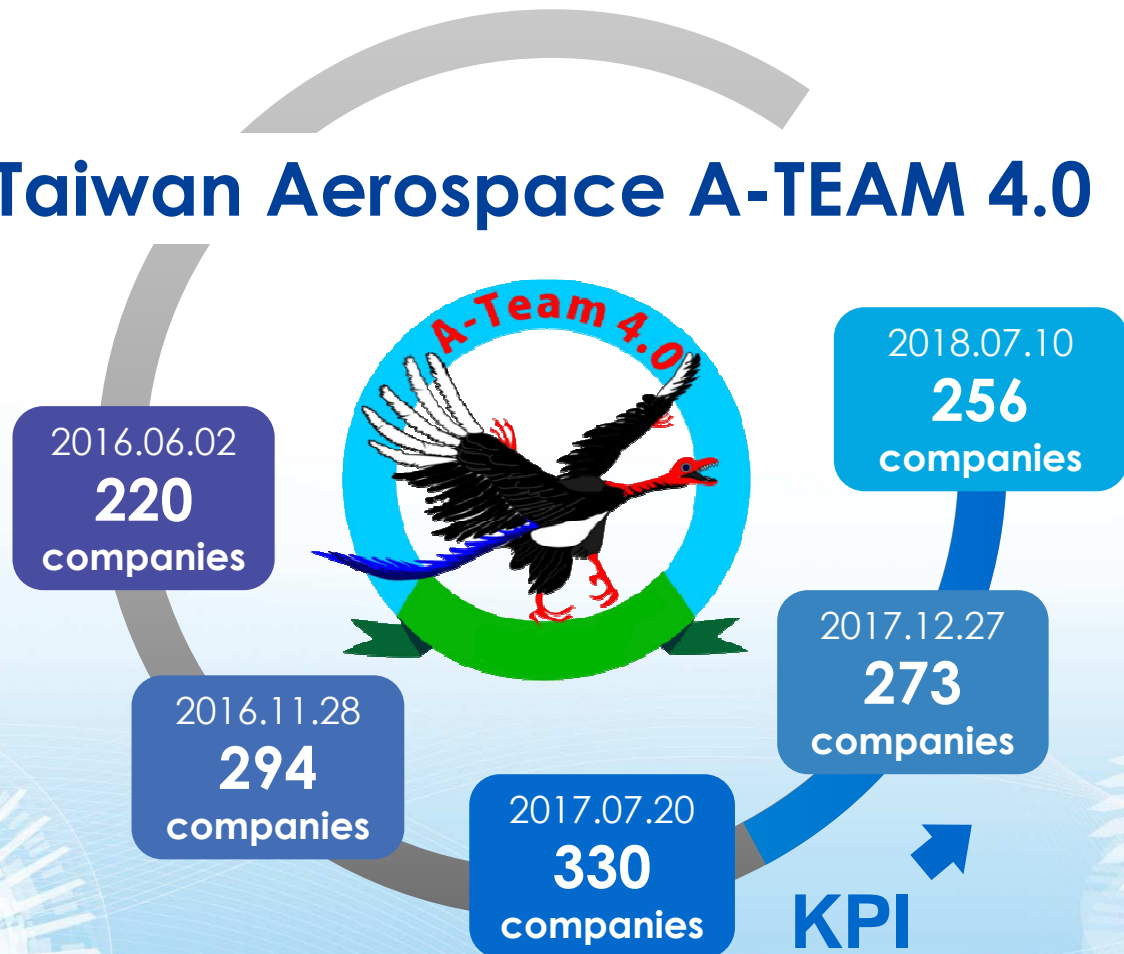


Intelligent Production Line



Supply chain integration

Taiwan Aerospace A-TEAM 4.0



Implementation of lean production to enter international aerospace market

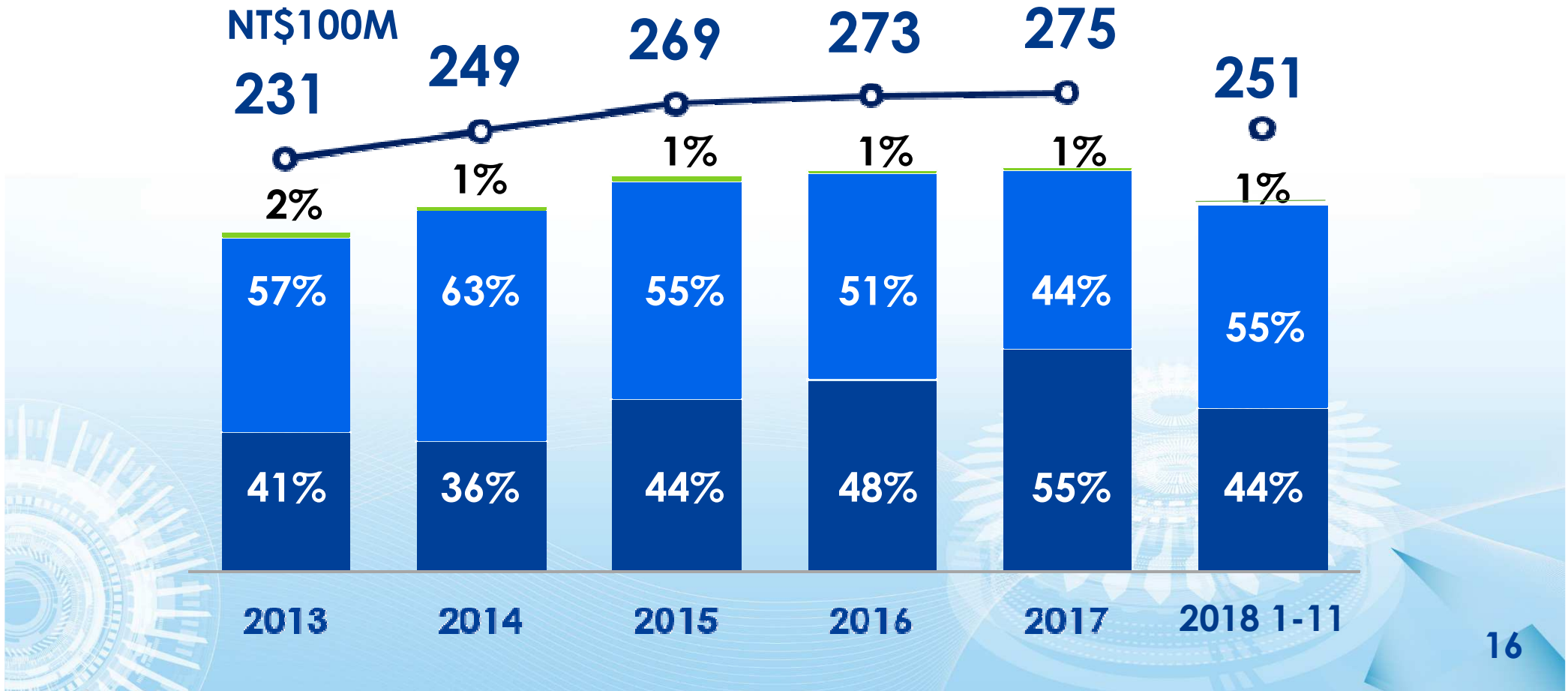


Financial review



Steady growth in revenue

○ Revenue ■ Commercial
■ Defense ■ Tech. Service



Financial review

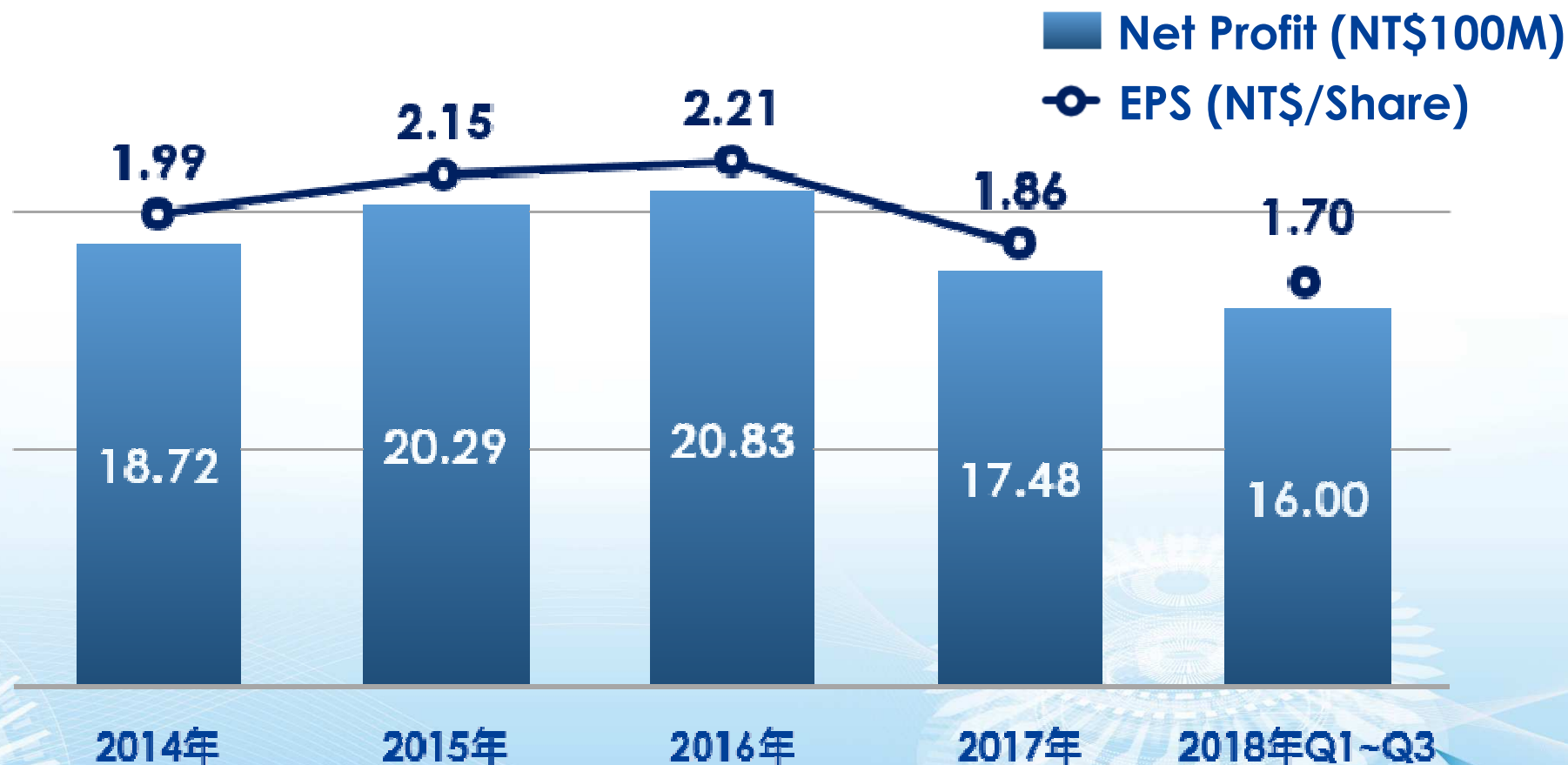
2018 & 2017 Comparison

NT\$100M

Item	Q3				Q1~Q3			
	2018		2017		2018		2017	
Sales	71	100%	70	100%	198	100%	194	100%
Cost of Goods Sold	60	85%	60	85%	172	87%	167	86%
Gross Profit	11	15%	10	15%	26	13%	27	14%
Operating Expenses	3	4%	3	4%	9	4%	8	4%
Profit From Operations	8	11%	8	11%	18	9%	19	10%
Non-operating Income	0	0%	0	0%	2	1%	-4	-2%
Profit Before Income Tax	8	11%	8	11%	20	10%	15	8%
Net Profit	7	9%	6	9%	16	8%	12	6%
EPS(NTD\$/Share)	0.71		0.65		1.70		1.23	

Financial review

Net Profit & EPS



Remarks: Denominator of 2017 EPS includes stock dividend. 2014-2016 were retrospectively adjusted.

Endeavors & Prospects

Global aerospace industry will focus on 4 aspects



Quality



On-Time Delivery



Digitalization



Environment

Source: 2018 Airbus Global Supplier Conference

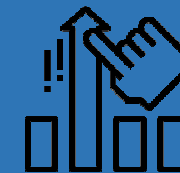
AIDC accelerates toward transformation

Micro Company ⇨ Small Enterprise ⇨ Sustainable Development



TCSA The 2018 Taiwan
Corporate Sustainability Awards
**AIDC wins a silver medal in Traditional
Manufacturing category.**

2019



“SPEED”
”

Smart **P**rocess **E**volution **E**ffectiveness **D**etermination

The background is a deep blue color with a subtle pattern of white circuit lines and a glowing globe in the center. The globe is semi-transparent and shows the continents. The circuit lines are thin and form a grid-like pattern around the globe. There are also some small white dots scattered across the background, resembling stars or data points.

Thank you

漢翔航空工業股份有限公司
Aerospace Industrial Development Corporation