

AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation
Sep. 3, 2019



Disclaimer

1. This 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>).
2. Some of the photos shown on certain slides are credited to “Flaticon” (<https://www.flaticon.com>).
3. All copyrights reserved by AIDC, and contents of this presentation may not be reproduced, copied, or used in other way without permission.

Outline

1 Global Market Outlook

2 Financial Performance

3 Endeavors & Prospects

Global Market Outlook

Aerospace and Defense: 2018 year in review and 2019 forecast



2018 Sustained Steady Growth	Revenue	US\$760B	↑ 9.0%
	Operating profit	US\$ 81B	↑ 9.3%
	Operating margin	10.7 %	↑ 0.1%

2019 Optimistic Predictions for Growth	Opportunity	Air travel demand, aircraft aftermarket and defense budgets continue to grow.
	Challenge	China-US trade dispute, Boeing 737 MAX groundings

Global Market Outlook

Commercial aircraft market continues to grow

**Boeing's forecast for the
next 20 years**

Deliveries 44,040

Value US\$6.8T

Source: Boeing(30+ seater) forecast

**Embraer's forecast for the
next 20 years**

Deliveries 10,550

Value US\$ 600B

Source: Embraer (less 150 seater) forecast



**Helicopter for the
next 10 years**

Deliveries 18,000

Value US\$ 224B

Source: Forecast International



**Aero engine for the
next 10 years**

Deliveries 164,000

Value US\$ 930B

Source: Forecast International

Global Market Outlook

AIDC's diversified defense business opportunities



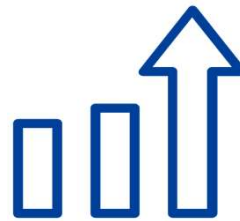
**New Generation
Fighter**

**R&D and
Manufacturing**

Co-production



New AJT



**Performance
Upgrade**

Retrofit

**Mid-life
Extension**



F-16A/B Upgrade



**Logistics &
Maintenance**

**Commercial
Maintenance**

GOCO

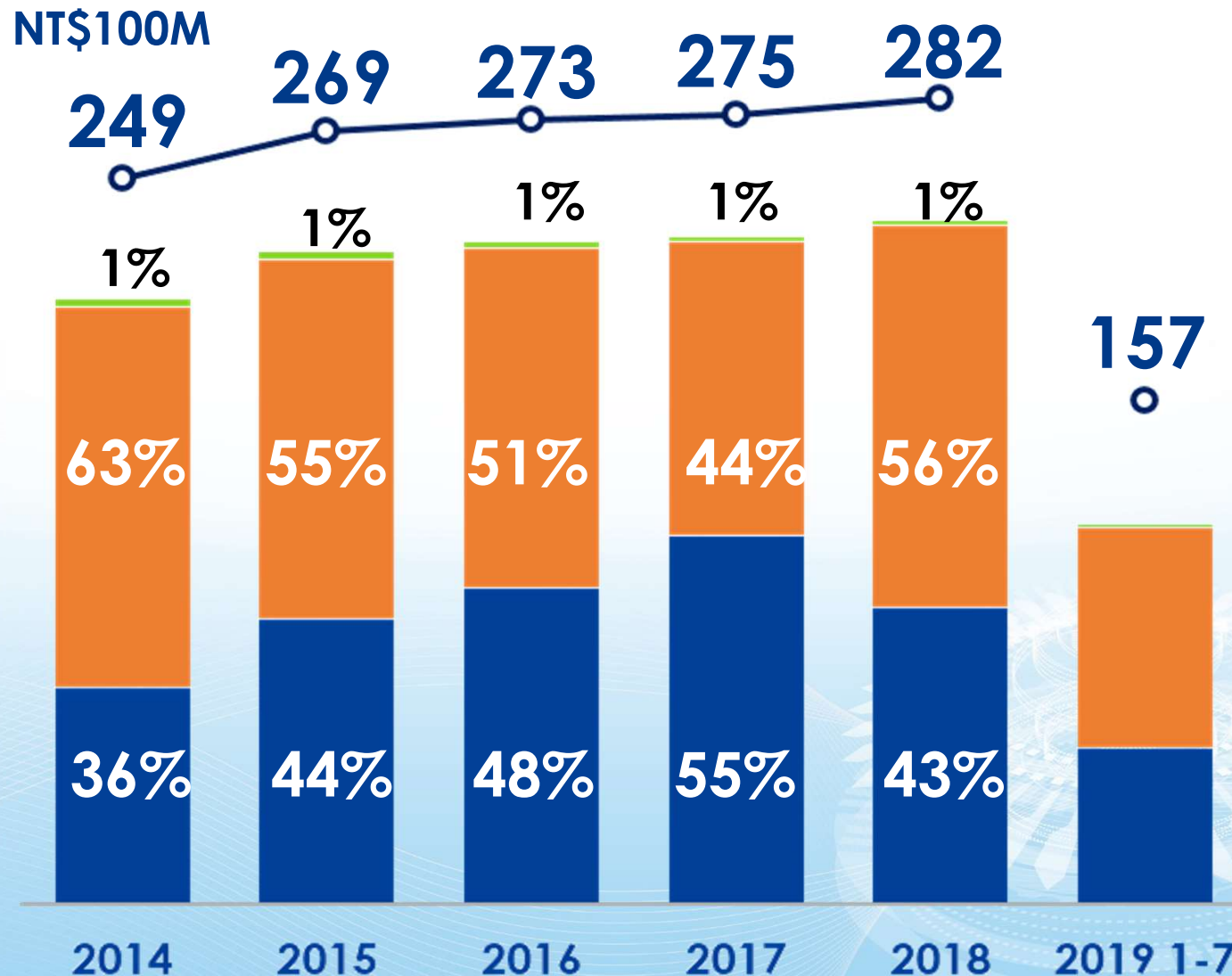


**IDF Commercial
Maintenance**

Financial Performance

Steady growth in revenue

○ Revenue ■ Commercial
■ Defense ■ Tech. Service



Financial Performance

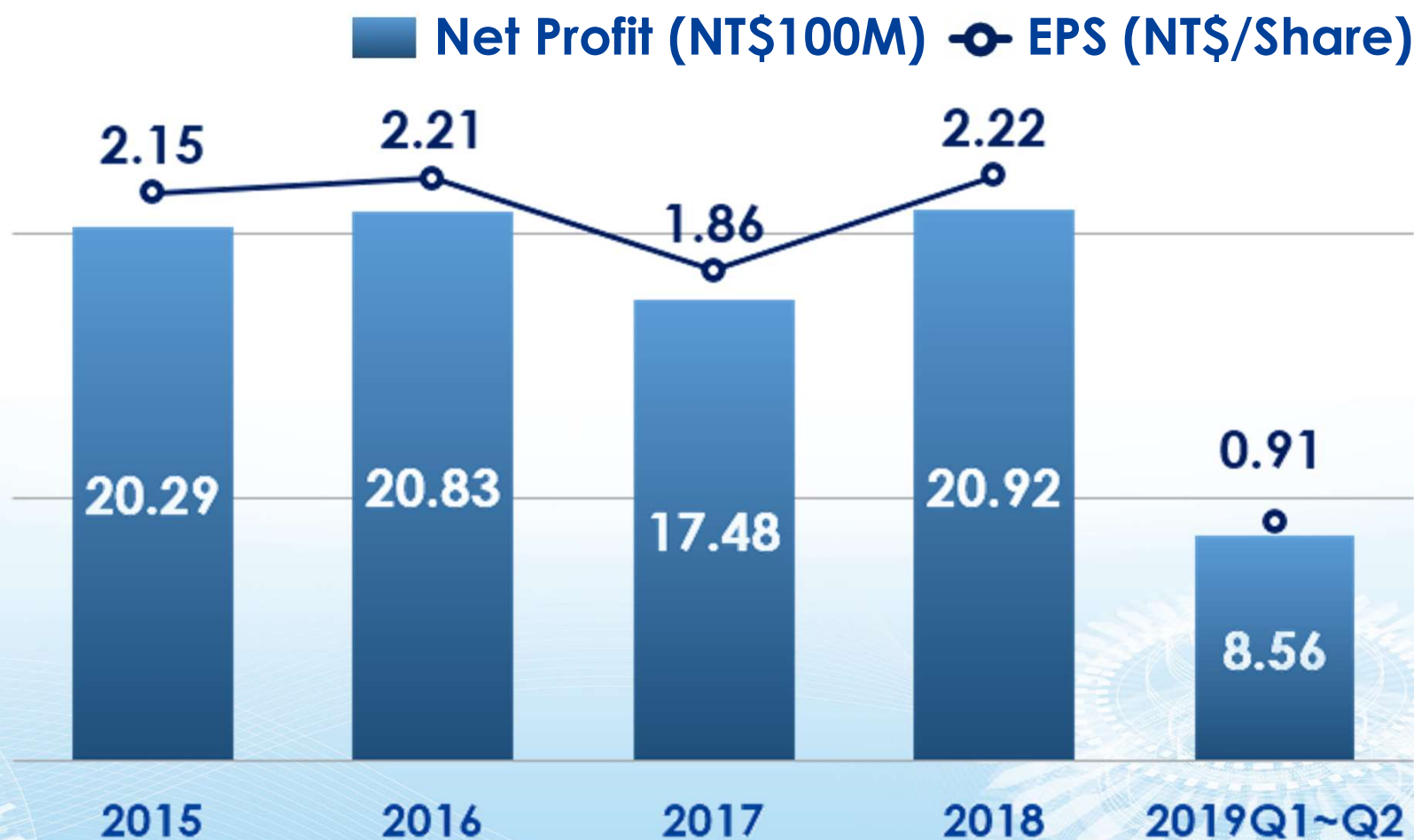
2019Q2 & 2018Q2 Comparison

in 100M NTD

ITEM	Q2				Q1~Q2			
	2019		2018		2019		2018	
Sales	70	100%	65	100%	131	100%	127	100%
Cost Of Goods Sold	62	88%	57	88%	115	88%	112	88%
Gross Profit	8	12%	8	12%	16	12%	15	12%
Operating Expenses	3	5%	3	4%	6	5%	6	4%
Profit From Operations	5	7%	5	8%	10	7%	10	8%
Non-operating Income And Expenses	1	1%	3	5%	1	1%	2	1%
Profit Before Income Tax	6	8%	8	13%	11	8%	11	9%
Net Profit For The Year	4	6%	6	10%	9	6%	9	7%

Financial Performance

Net Profit & Earnings Per Share



Remarks: Denominator of 2017 EPS includes stock dividend. 2015 & 2016 were retrospectively adjusted.

Financial Performance

Fixed asset investment-Case lines 4 & 5

Authorized to manufacture hot
section assembly

May 3, 2019 to break ground



Q2 2020 to inaugurate



Endeavors and Prospects

Complete the Advanced Jet Trainer and F-16A/B Upgrade programs on-time and meeting all specification requirements

Advanced Jet Trainer

AJT Contract Awarded
in April 2017

Assembly launched in
Jun. 2018

Prototype to roll out in
Sep. 2019



F-16A/B Upgrade

AIDC & LM Agreement signed in
Nov. 2014

Plants inaugurated on Feb. 21, 2017 to support F-16A/B Upgrade



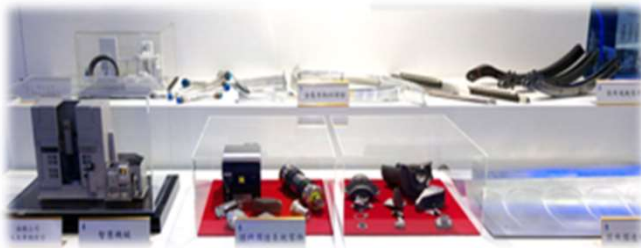
F-16A/B Upgrade & Maintenance Plants



Endeavors and Prospects

Integrate supply chain

AJT



**Machining, 3D printing,
Aluminum alloy, Composites
and System parts**



**Domestic outsourcing drives
aerospace industrial chains**



**Integrate domestic
suppliers competitive edge**



**Support supply chain
transformation and upgrade**



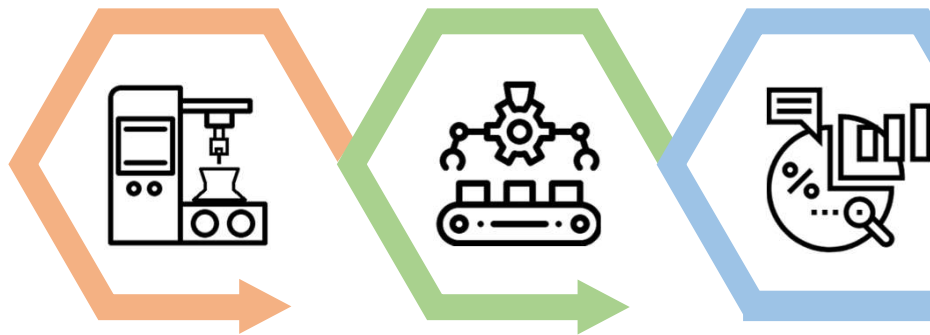
**Enhance regional aerospace
market competition position**



In line with global market

Endeavors and Prospects

Implement Intelligent Manufacturing



iAIDC

Intelligent Mfg. Platform
Quality, Efficiency, Cost

AIDC Private
Cloud

Intelligent
Mfg./Management
AIDC iCloud



Intelligent Machinery, Intelligent Manufacturing, Intelligent Management
Digitalize, Visualize



Intelligent Mfg.
Gold Award

Endeavors and Prospects

Business Concepts and Development Direction



**Upgrade
Capability**



**Break
New
Ground**



**Generate
Profit**



**Sustainable
Development**

- Thank you -

The background is a deep blue with a subtle pattern of white circuit lines and a faint globe. The globe shows the continents of Asia and Australia. There are also some small white dots and lines scattered across the background, giving it a technological or digital feel.

Thank you

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