

AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation
April 21, 2021



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.”
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.



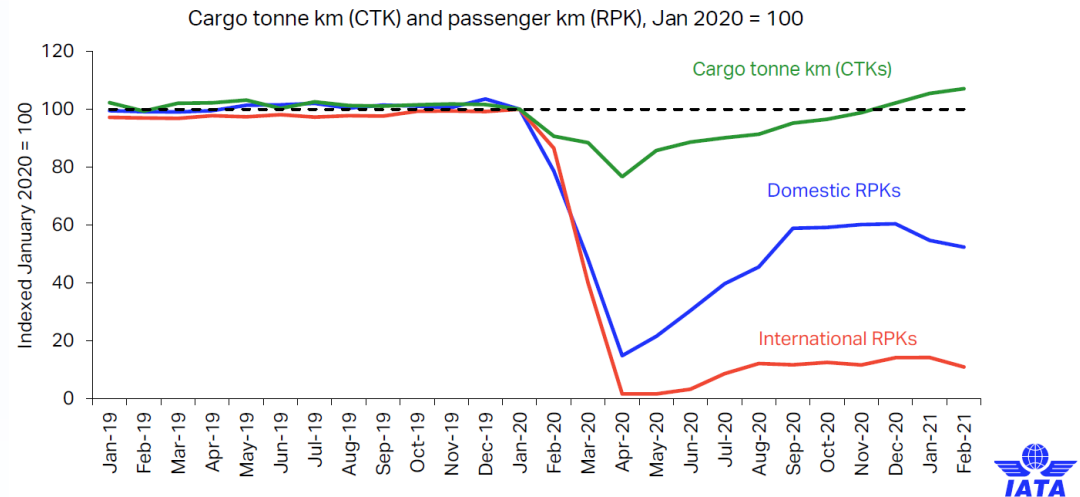
Outline

- 1. Global Market Outlook**
- 2. Operational Focus**
- 3. Financial Performance**
- 4. Endeavors & Prospects**

Global Market Outlook

Aerospace industry on path to a gradual recovery

1. IATA cited that COVID-19 significantly impacted demand for the air travel, especially for international passenger market. And the cargo market leads the recovery.



2. With large scale vaccinations and wide spread immunity from COVID-19, the aerospace market is expected to improve and reach a 50% growth in 2021 relative to the prior year.

Global Market Outlook

Single-aisle airplanes lead the way for recovery

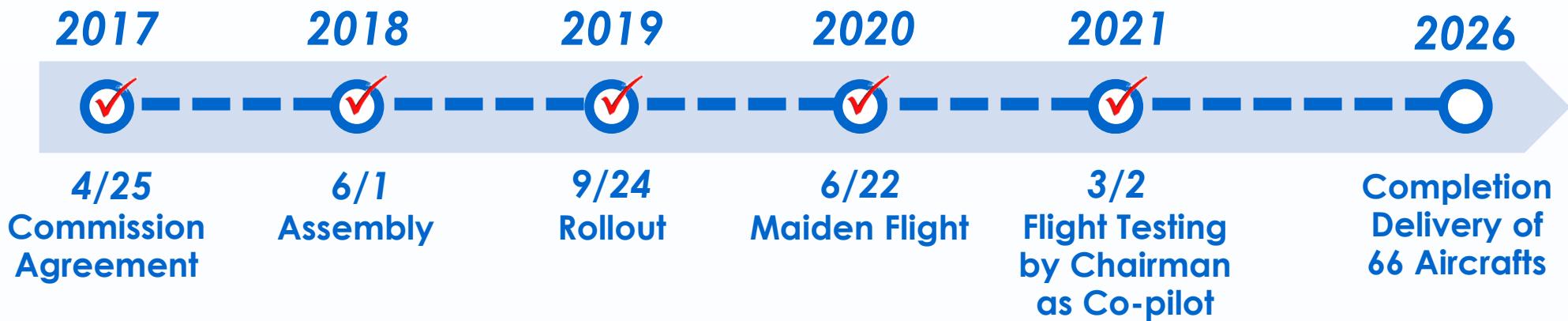
1. Airbus and Boeing both anticipate that the global aerospace market will return to 2019 level in 3 years, the same with the opinion of IATA.
2. Boeing believes the market would recover from 3 phases: domestic traffic to recover earlier, followed by regional demand, and long-haul international traffic to recover later.
3. Single-aisle airplanes and the applied engines are foreseen to lead the way for recovery.



Source: Boeing 2020 Q4 Performance Review

Operational Focus

The AJT program reached major milestones

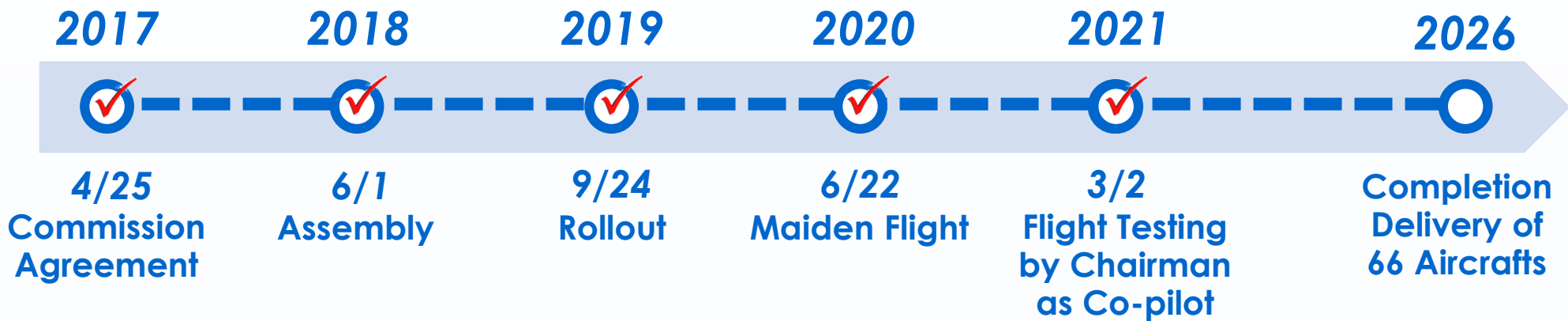


1. The prototype of the AJT was rolled out and named by the President Tsai as the Yung-ying (Brave Eagle) on Sep. 24, 2019.
2. The maiden flight of the first prototype of the AJT took place on Jun. 22, 2020 and the second prototype conducted its first flight on Dec. 25.



Operational Focus

First AJT delivery to pave the way for mass production



1. AIDC Chairman participated the flight test on Mar. 2, 2021 as a co-pilot to verify the performance. AIDC will be ready to deliver the first AJT this year and step into mass production.
2. The AJT program paves the way for introducing a new primary trainer and the next-gen fighter, bringing in constant growth momentum.



Operational Focus

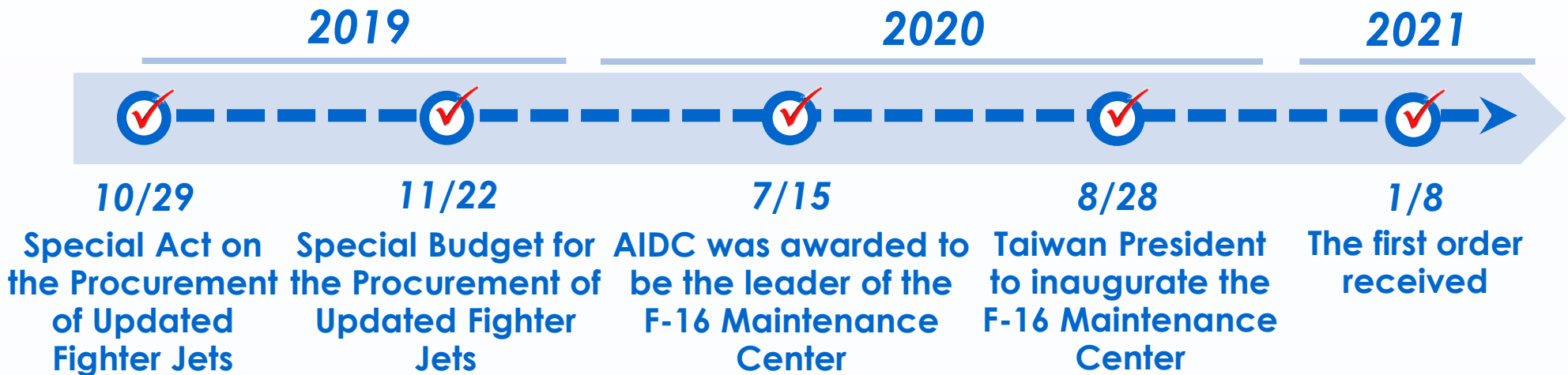
F-16A/B upgrade program on schedule

1. The program is to upgrade F-16A/B to F-16V, by which AIDC had become the only company besides Lockheed Martin to possess the F-16V configuration change capacity and experience.
2. As AIDC delivered aircrafts, the 4th Tactical Fighter Wing of ROCAF at Chiayi had become the first combatant wing equipped with the F-16V, significantly boosted air defense capability.



Operational Focus

The F-16 Maintenance Center garnered the first order



1. Following the inauguration of the F-16 Maintenance Center by Taiwan President Tsai in 2020, AIDC had integrated domestic supply chain to form the F-16 maintenance national team.



2. The first order was received in the beginning of this year to fulfill F-16 fleet maintenance demand by 2025.

Operational Focus

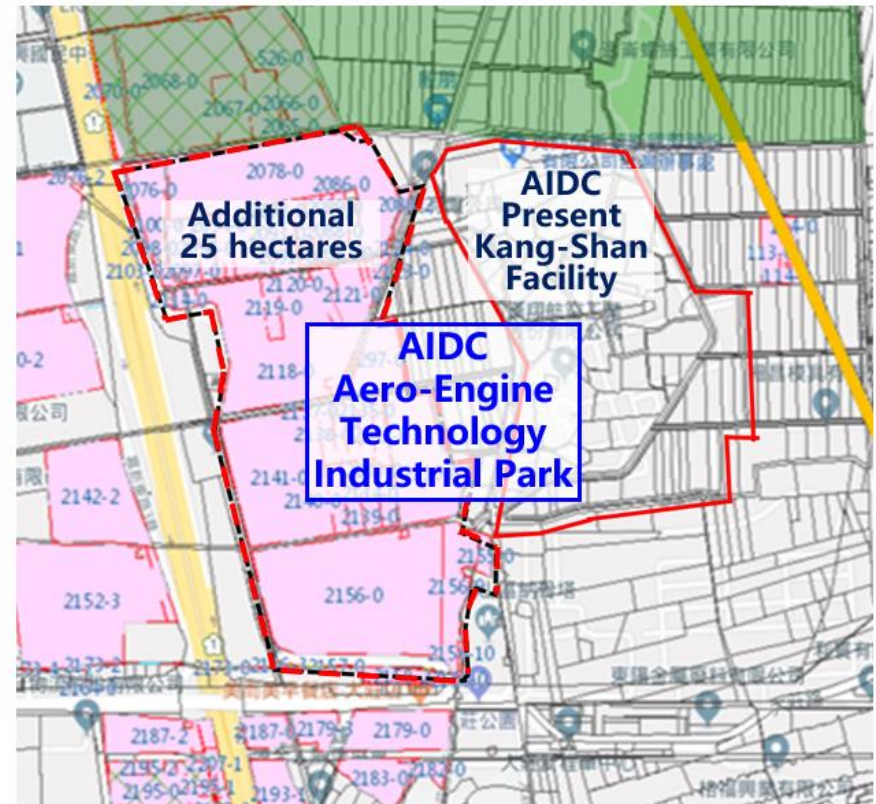
Working closely with NCSIST to expand business scope

1. AIDC expanded business scope with National Chung-Shan Institute of Science and Technology (NCSIST) and obtained contracts in regard to information system establishment, aero-engine assembly, airframe maintenance, aircraft interior design, flight service and so on.
2. Aiming at missile weapon systems, communication systems, military and civil radar systems and guiding management systems, AIDC intends to use its strong manufacturing capabilities to strive to become the main manufacturing base for the NCSIST.

Operational Focus

AIDC Aero-Engine Technology Industrial Park to launch

1. Having strong confidence on global aerospace market in the post-pandemic era, AIDC plans to develop the “Aero-Engine Technology Industrial Park” by renting additional 25 hectares nearby AIDC’s Kang-Shan facility.
2. Phase I is to develop aero-engine maintenance in regard to F-16 and civil engine. Phase II is to expand as aero-Engine Technology Industrial Park and poised to receive orders from aerospace recovery.



Operational Focus

Extending aerospace technology to create diversified income

1. In addition to aerospace market, AIDC diversifies into technology service business.
2. With the advent of an era of electric vehicles, AIDC applies avionics and composite technology to strive for related business and participate in electric vehicle market development.
3. Besides, AIDC extensively expands business to develop energy storage system, marine system component manufacturing, automatic rollover bed and heavy machinery simulation system.
4. AIDC has established a cultural and creative team, tasking with selling its products via online shopping malls and physical stores to enhance sales opportunities.



Electric Vehicle
Market



Energy Storage
System

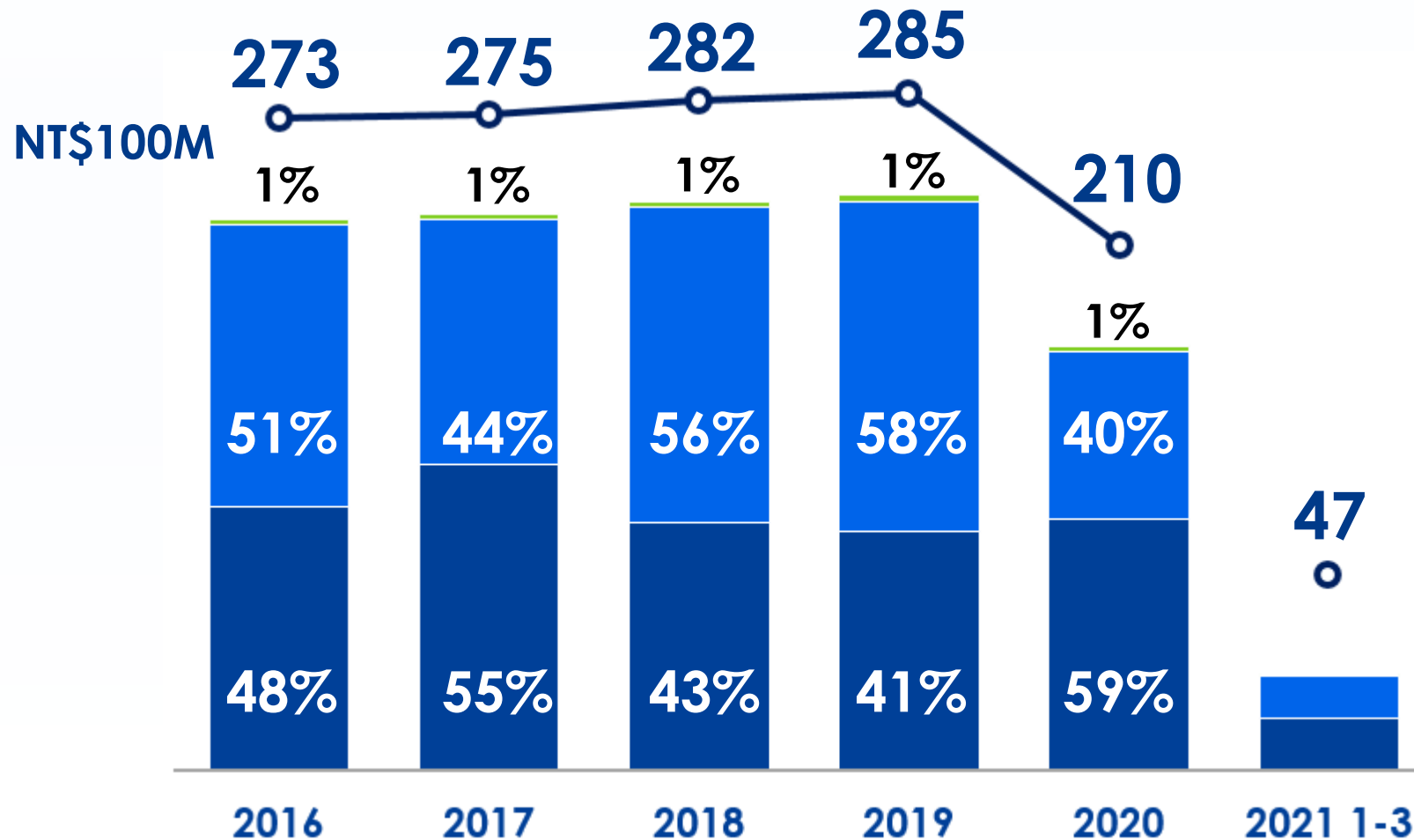


Automatic
Rollover Bed

Financial Performance

Revenue

Revenue Commercial
Defense Tech. Service



Financial Performance

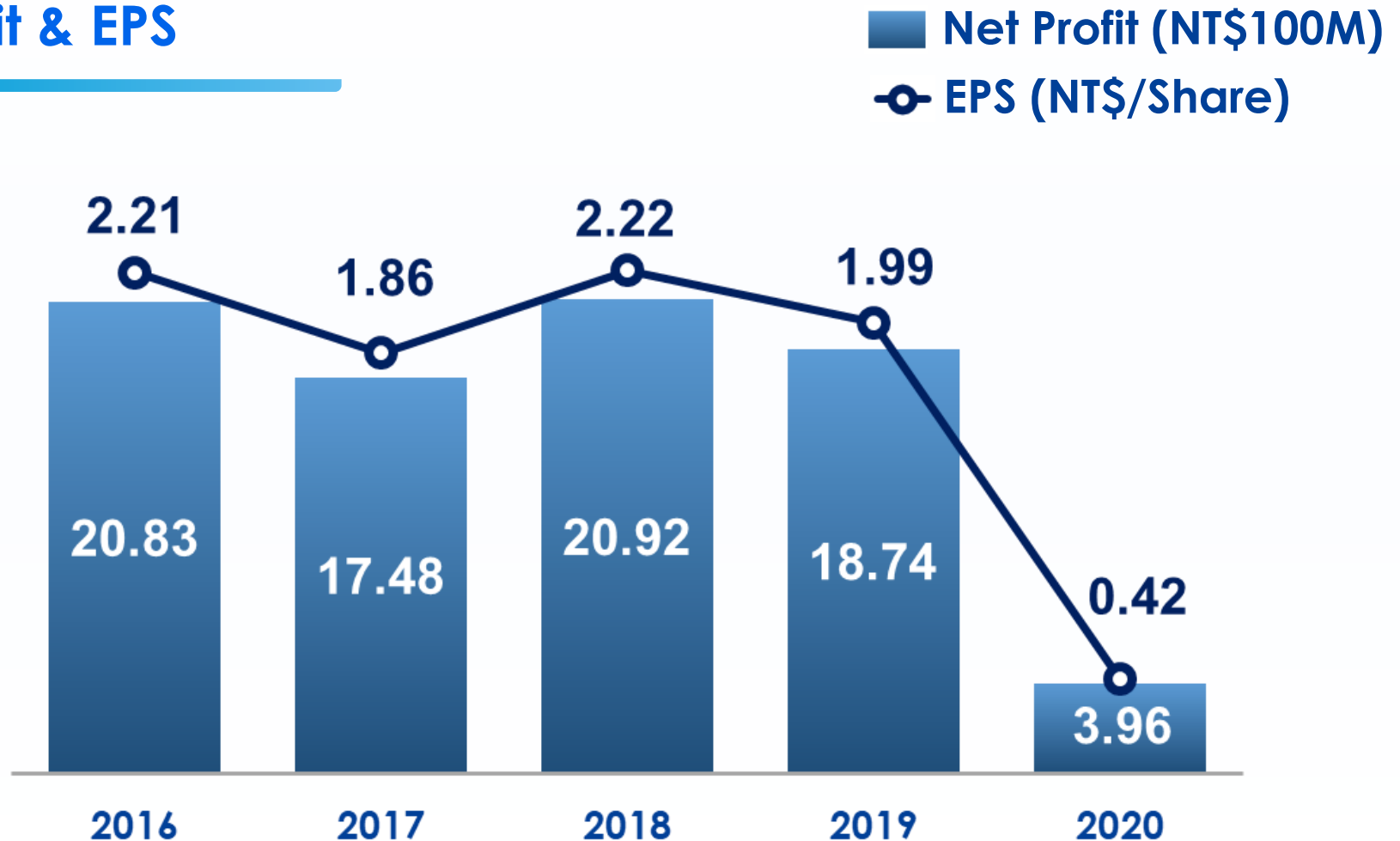
2019 & 2020 Comparison

in 100M NTD

ITEM	2019		2020	
Sales	285	100%	210	100%
Cost Of Goods Sold	247	87%	196	93%
Gross Profit	38	13%	14	7%
Operating Expenses	14	5%	12	6%
Profit From Operations	24	8%	2	1%
Non-operating Income And Expenses	-1	0%	3	1%
Profit Before Income Tax	24	8%	5	2%
Net Profit For The Year	19	6%	4	2%
EPS(NTD/Share)	1.99		0.42	

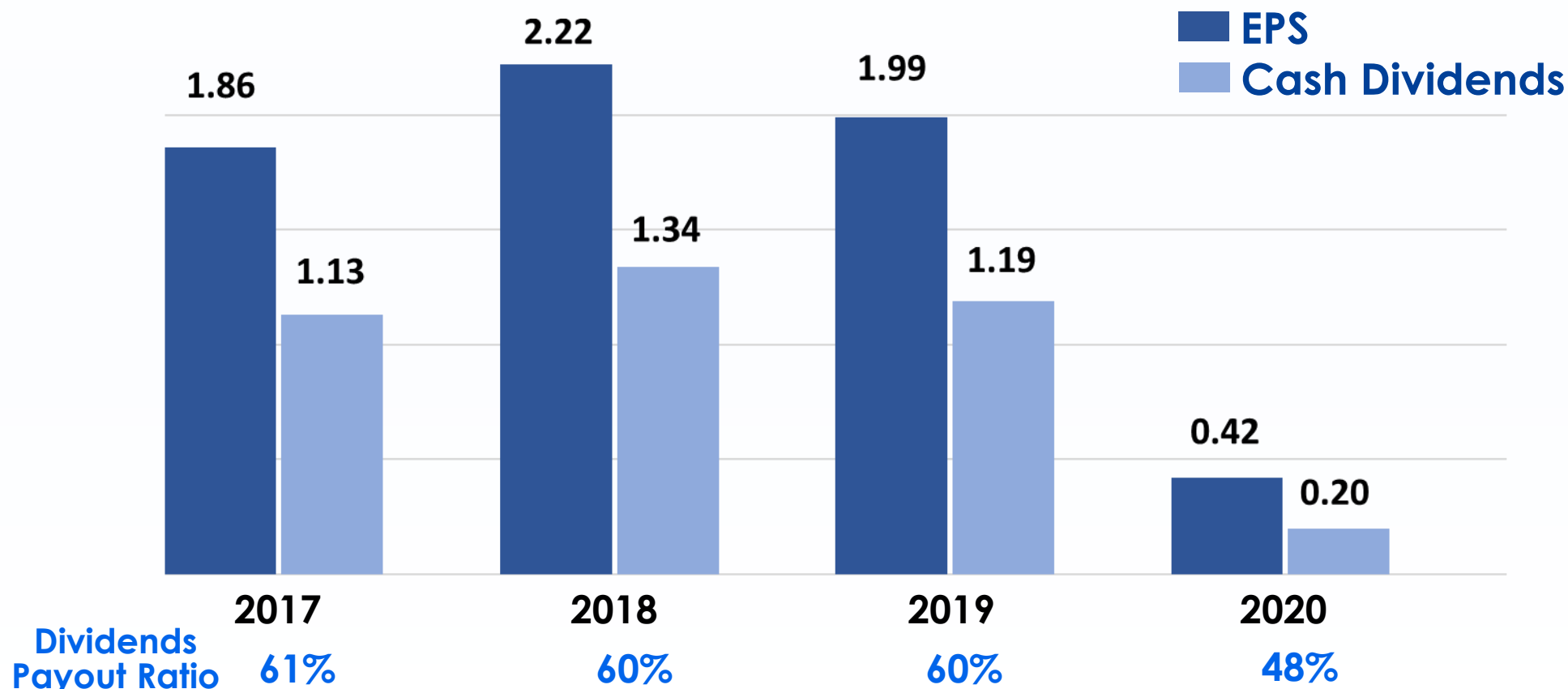
Financial Performance

Net Profit & EPS



Financial Performance

Dividend Distribution



Remark: Cash dividend in 2020 is to be distributed after having approval of the next Shareholders Meeting.

Endeavors & Prospects

Business plan and prospects

National Defense

- Implementing the AJT and F-16A/B upgrade programs as requirements.
- Striving for the F-16 maintenance business and the cooperation opportunity with the NCSIST.
- Promoting a new primary trainer and the next-gen fighter with self-reliant development in line with national defense policy.
- Striving for being the grade A supplier of National Defense Industry Development Act so as to pursue high-tech defense business.

Commercial Aviation

- Aerospace industry is on path to a gradual recovery due to vaccine.
- 737Max returned to service in many countries and Southwest Airlines just placed an order for 100 planes.
- Single-aisle airplane leads the way for recovery, AIDC's A320, A220, 737 programs are ready to soar.
- Case lines 4 and 5 are to produce the hot section assembly of GE LEAP engine. The components attained certification successively recently and are expected to enter production in June 2021.

Technology Services

- Energy Storage System, Green Energy Industry
- Electric Vehicle Market
- Automatic Rollover Bed
- Advanced Simulation Training System
- AIDC Cultural and Creative Product

Endeavors & Prospects

AIDC has been strictly attached to its corporate philosophy of “Accountability, Innovation, Dedication, Customer Orientation” to boost Taiwan aerospace industry to transformation and upgrading, reshaping the strength to cater to the post-pandemic era.



The background is a vibrant blue with a sense of motion, created by numerous fine, parallel lines that sweep across the frame from the bottom left towards the top right. On the right side, there is a large, faint white outline of a gear. Inside the gear, there is a smaller white circle containing a checkmark symbol. A thin white horizontal line runs across the middle of the image, partially obscured by the text.

Thank you

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