

AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation
Dec 7, 2022



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Outline

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

Global Market Outlook

Global air passenger market making strong recovery

The International Air Transport Association (IATA) made global air travel recovery comparisons with the 2019 pre-pandemic level as following.

Global air travel reaches

74% of 2019 level

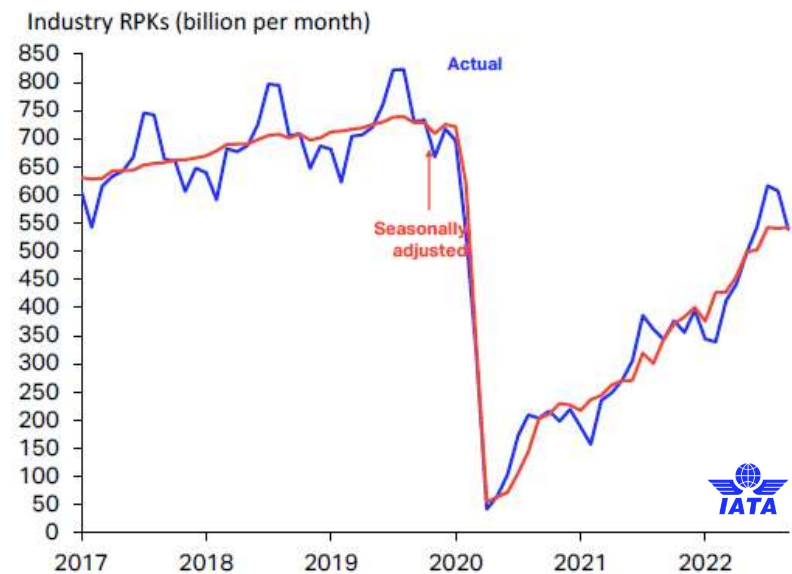
domestic

81%

international

70%

《Global Air passenger market (RPKs)》



Sources: IATA (IATA Monthly Statistics till Sep., 2022)

Global Market Outlook

Commercial market outlook

1. Commercial aircraft :

The Boeing Commercial Market Outlook 2022-2041 forecast highlights include:



New Deliveries
41,170



RPK
Avg.
annual growth **3.8%**



Service Market Value
US\$ 3.6 Trillion



Air traffic to reach the pre-pandemic level in early 2024

Global Market Outlook

Commercial market outlook

1. Commercial aircraft :

Airbus' latest edition of its Global Market Forecast for the 2022-2041 period offers a forward-looking view of air traffic and fleet evolutions.



New Deliveries
39,490



RPK
Avg.
annual growth **3.6%**



Air traffic to reach the pre-pandemic level
between 2023 to 2025

Global Market Outlook

Commercial market outlook

2. Business Jet: Honeywell Forecast: (2023~2032)



**New Deliveries
8,500**



**Market Value
US\$ 274 Billion**

3. Aero Engine: Forecast International: (2022~2031)



**New Deliveries
154,772**

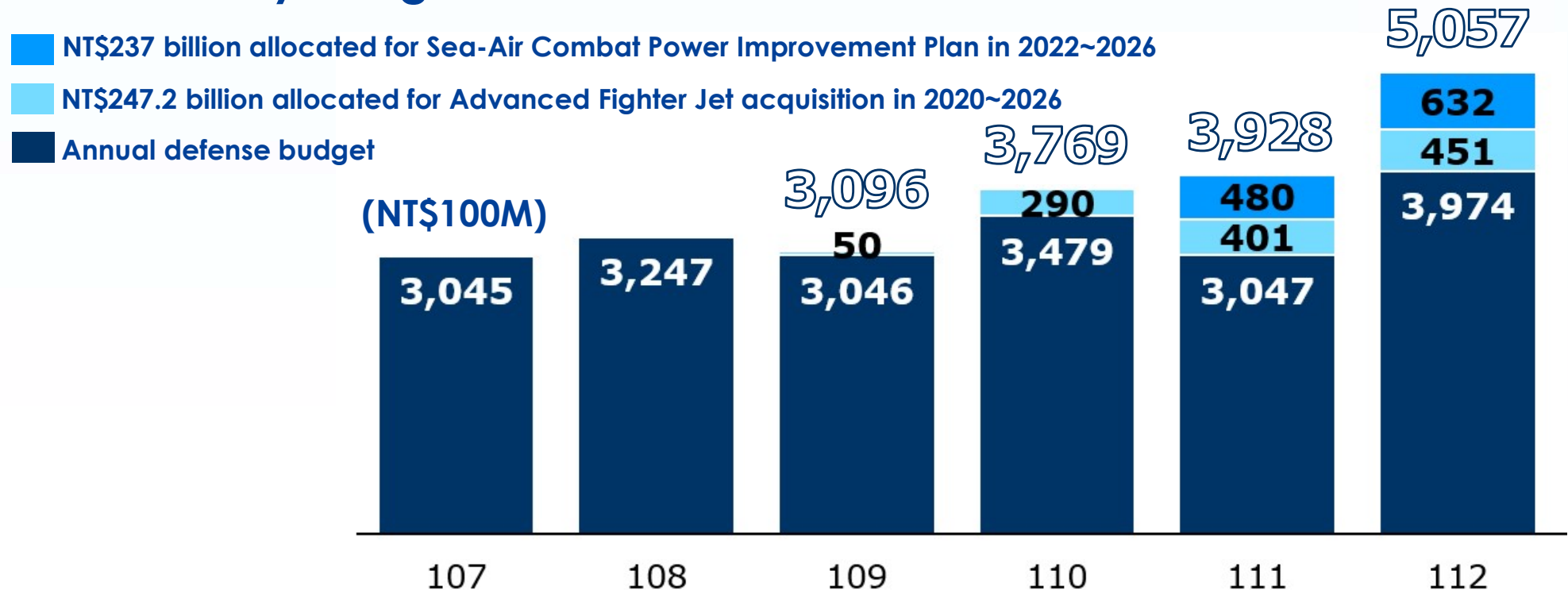


**Market Value
US\$ 916.9 Billion**

Global Market Outlook

Domestic defense market is growing

The Ministry of National Defense (MND) has proposed more than NT\$390 billion for defense spending in 2023 to enhance Taiwan's defense capabilities. The total budget is over NT\$500 billion including special military budget.



Sources: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, ROC(Taiwan), edited by AIDC

Operational Focus

AJT trainer delivered as scheduled, Domestic production of indigenous jet advances

1. The AJT program was in intensive mode of delivery in 2022. It will deliver a total of 66 aircrafts to the Air Force by 2026.
2. With the increased number of deliveries and the formation of new AJT trainer fleet, AIDC strives for the business opportunities of the AJT total logistic support by establishing a one-stop operation for aircraft production and maintenance to ensure quality and efficient services. Under the tensions of the Taiwan Straits, AIDC pledges to give the strongest support to the national defense.



Operational Focus

President Tsai attended “F-16 MSC Achievement Exhibition”

President Tsai attended “F-16 MSC Achievement Exhibition” held by AIDC on Nov. 1, 2022. “Being able to perform fighter maintenance all by ourselves and to speed up the fleet turnaround time are the important reasons that we built this defense supply chain, as well as the goal that we established the F-16 Maintenance & Support Center,” the President said.

- 11 companies including AIDC obtained airworthiness certifications from ROC Air Force
- 100+ components can be repaired domestically
- Maintenance capabilities is growing by the collective effort of the domestic suppliers with AIDC fostering aviation technologies over the supply chain.



Operational Focus

Business opportunities for engine core components confirmed at British Airshow

1. As the market showed signs of recovery, Chairman Hu led senior executives to participate in the Farnborough Airshow in July 2022. AIDC and Rolls Royce signed a letter of intent for the core components of new generation engine.



2. AIDC also conducted several business talks to stay connected across major customers of civil aircraft to seek opportunities in the reshaping of supply chains, affirming that AIDC is ready to serve the industry in the post pandemic era.

Operational Focus

Commercial sector awarded Diamond Supplier for three consecutive years

1. Global transportation company Bombardier, the world's third largest civil aircraft manufacturer, has been in cooperation with AIDC for over 20 years since its CL300 business jet program.
2. AIDC received the Diamond Supplier Award from Bombardier for three consecutive years even when the global aviation supply chain was under severe impact of the pandemic.

The achievement shows that the excellent quality, punctual delivery, rapid response, crisis management and overall competitiveness of AIDC is highly appreciated by its customer.



Operational Focus

Wade into energy market,
Expand boundary into the blue ocean



Chairman Hu talked about the chances and challenges of "New Energy, Green Business" at Global Views Leaders Forum 2022.

Energy Storage

Get a head start

- AIDC's Taichung plant started up its 5MW energy storage system in October 2021, which brought in stable monthly revenue.
- AIDC is planning to invest in the second and third sites at the Sha Lu plant.
- In the future, AIDC hopes to partner with prominent companies and focus on integrating energy storage system to provide total solutions.

Creating Energy

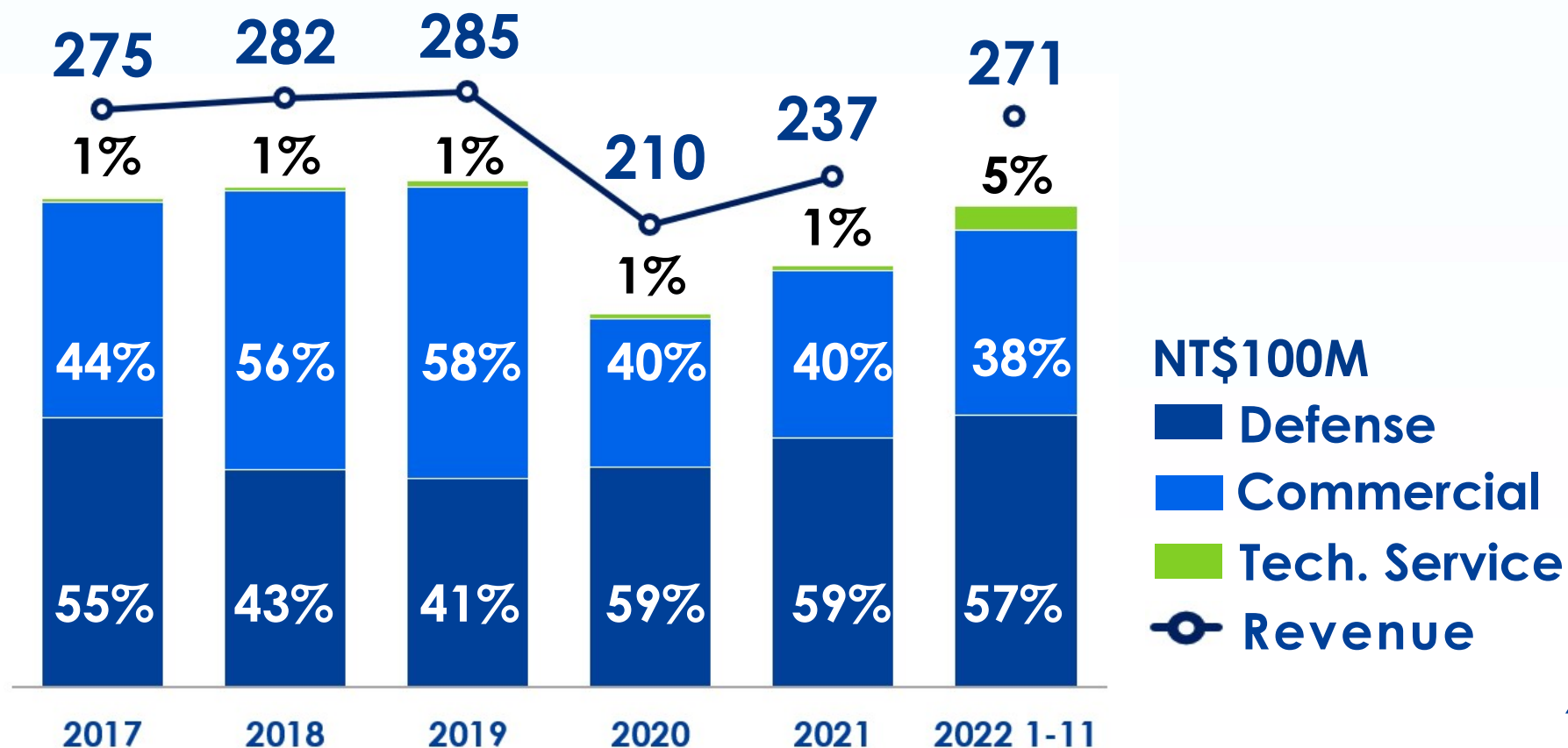
Expand business in the blue ocean

- AIDC worked closely with GE Gas Power to promote its aero-derivative fast-generator (LM2500) to obtain major orders such as the "Tai-power Tong-xiao Power Plant Renewal Project" and the "CPC Self-use Power Generation Equipment Procurement Project".
- By further cooperation, AIDC is developing "localized maintenance" capacity for the LM2500 in Taiwan to expand the considerable maintenance business opportunities.

Financial Performance

Revenue

The mass production of the AJT program, increased commercial deliveries owing to market recovery, and growth of the energy business together raised the revenue closer to the pre-pandemic level.



Financial Performance

2022Q3 & 2021Q3 Comparison

For the nine months period ended 30 September 2022, the revenue, operating profit, and earnings per share increased significantly compared with the same period last year.

NT\$100M

ITEM	Q3				Q1~Q3			
	2021		2022		2021		2022	
Sales	56.9	100%	81.6	100%	163.2	100%	212.8	100%
Gross Profit	5.5	10%	7.0	9%	9.2	6%	19.5	9%
Operating Expenses	2.9	5%	3.0	4%	8.3	5%	9.2	4%
Profit From Operations	2.6	5%	4.0	5%	0.9	1%	10.3	5%
Non-Operating Items	0.0	0%	3.4	4%	4.0	2%	7.0	3%
Profit Before Income Tax	2.6	5%	7.4	9%	4.8	3%	17.2	8%
Net Profit	2.3	4%	5.7	7%	3.7	2%	13.7	6%
EPS (NT Dollar)	0.24		0.61		0.39		1.46	

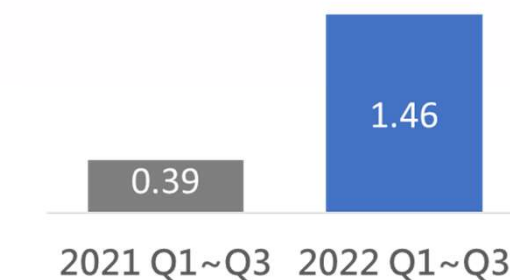
Sales(NT\$100M)



Operating
Income(NT\$100M)



EPS (NT\$/Share)



Endeavors & Prospects

Sustainable values, Sustainable operations

1. Fully supported by its leadership in the effort of ESG, AIDC won four TCSA awards, including the Taiwan Top 100 Sustainability Model Enterprises Award, Corporate Sustainability Reporting Award, Best Performance in Information Security and Ethics.
2. In addition to its core aerospace businesses, AIDC continues to expand business in carbon reduction to create sustainable values and to fulfill ESG responsibilities. By accelerating its transformation with carbon reduction, AIDC actively takes its share in making contributions to the global target of Net Zero Emissions.



The background is a vibrant blue with a series of diagonal, slightly blurred lines that create a sense of motion. 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.

Thank you

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