

# AIDC Investor Conference <sup>(2634)</sup>

Aerospace Industrial Development Corporation  
Mar 10, 2023



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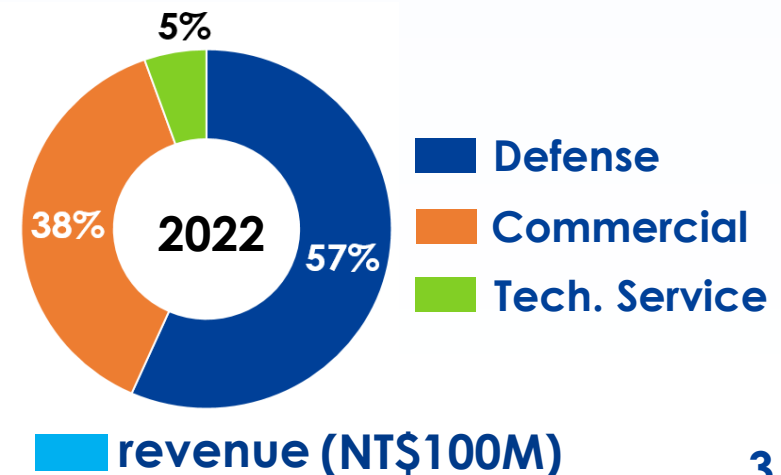
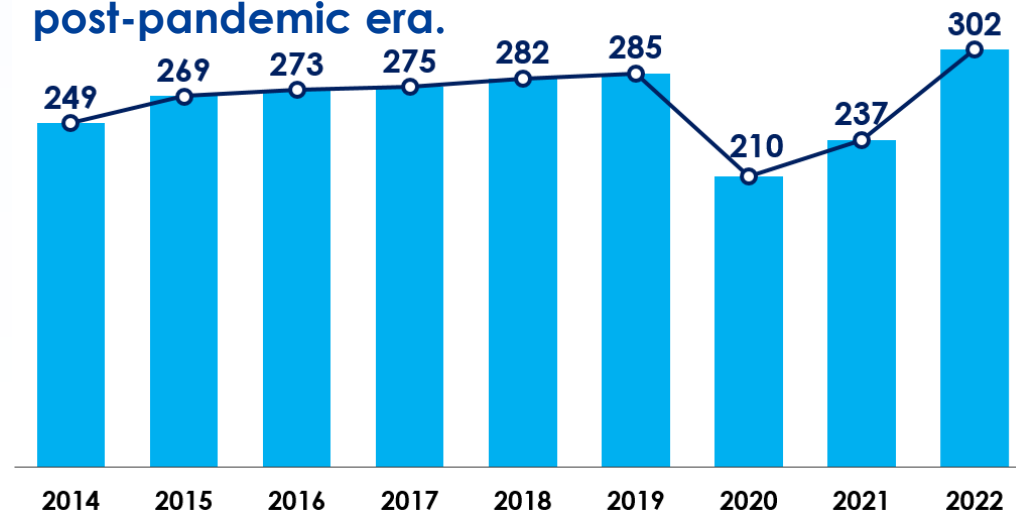
# Outline

- 1. FY 2022 Business Results**
- 2. Aerospace Market Outlook & Business Strategies**
- 3. R&D for Ambitious Business Growth**
- 4. Financial Performance**
- 5. Towards Sustainability(ESG)**

# FY 2022 Business Results

## Revenue hits record high in 2022

1. The mass production of the AJT program, increased commercial deliveries owing to market recovery, and growth of the energy business together raised the revenue, operating income and EPS higher than last year apparently.
2. The global aerospace market keeps recovering. AIDC upheld the principle of no layoffs, no pay cuts, and no furlough during the pandemic, by which AIDC maintained the best capacity for manpower and production line. Against the background of labor and material shortage and supply chain disruption in other countries, AIDC is in a better position to seize the business opportunity in the post-pandemic era.





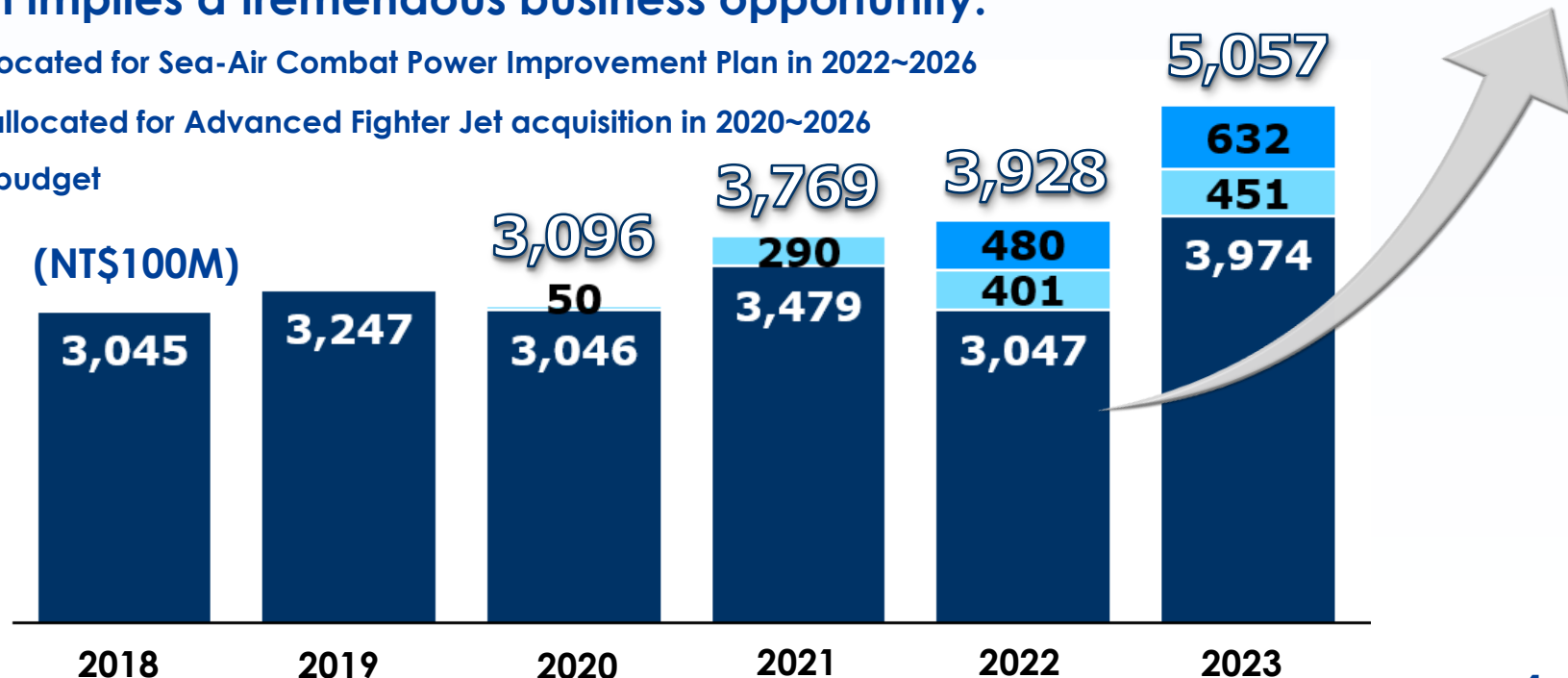
### Domestic defense market prospers

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, which implies a tremendous business opportunity.

■ NT\$237 billion allocated for Sea-Air Combat Power Improvement Plan in 2022~2026

■ NT\$247.2 billion allocated for Advanced Fighter Jet acquisition in 2020~2026

■ Annual defense budget



### Programs conducted on schedule and on quality

AIDC conscientiously performs programs of AJT, F-16A/B upgrade, IDF maintenance, military helicopter maintenance and so on.

AJT - Yung Ying (Brave Eagle)  
More than 10 deliveries accumulated



F-16A/B Upgrade  
More than 100 deliveries accumulated



AH-1W  
Helicopter  
Maintenance



UH-60M  
Helicopter  
Maintenance



IDF  
Maintenance



Air Force Academy A/C  
Maintenance GOCO



F-16  
Maintenance



### Promoting F-16 related business opportunity

AIDC takes advantage of performing F-16A/B upgrade program and the capacity of F-16 maintenance center to promote related business of F-16V sales, maintenance and service life extension.

The Goals of F-16 Service Center



Inauguration of F-16 Service Center



F-16 Maintenance Hangar



### Expanding business of military aircraft upgrade, new aircraft development, aircraft maintenance and UAV

AIDC actively promotes program development of IDF electronic warfare system and new primary jet trainer, strives for fleet maintenance business, and cooperates with domestic UAV sector in an effort to take the role as the UAV mass production center to cater for the need for about 3,000 drones required by national military.





### Global air passenger market making gradual recovery

1. According to the analysis by the International Air Transport Association (IATA), global air passenger traffic in 2022 has recovered by 68.5% compared to 2019 pre-pandemic levels.
2. The Boeing & Airbus Commercial Market Outlook 2022-2041 forecast highlights include :

#### New Deliveries



**Boeing**  
**41,170**

**Airbus**  
**39,490**

**737 MAX:** The monthly production rate is 10 aircrafts in the first half of 2021 and is expected to reach 33.3~37.5 in 2023.

**A320neo:** The monthly production rate is expected to increased from 40 in the pandemic period to 52.2 aircrafts in 2023.

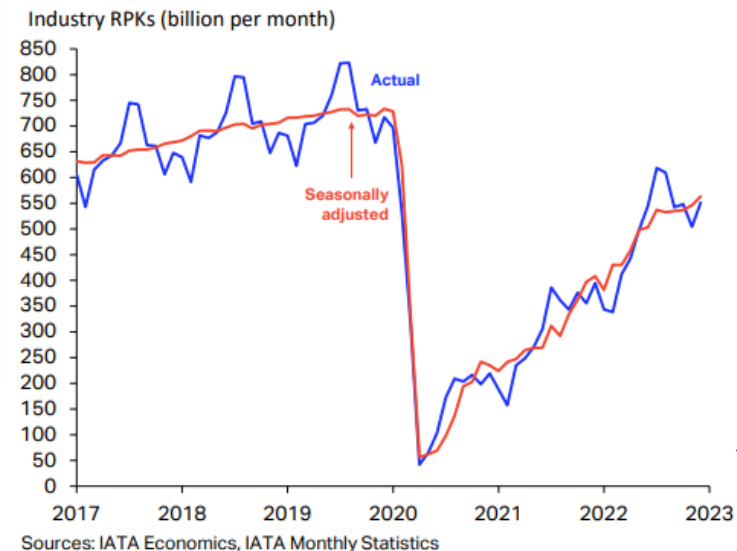
#### RPK avg. annual growth



**Boeing**  
**3.8%**

**Airbus**  
**3.6%**

#### 《Global Air passenger market (RPKs)》



### Global air passenger market making gradual recovery

#### 3. Business Jet: Honeywell Forecast: (2023~2032)



**New Deliveries**  
**8,500**



**Market Value**  
**US\$ 274 Billion**

#### 4. Aero Engine: Forecast International: (2022~2031)



**New Deliveries**  
**154,772**



**Market Value**  
**US\$ 916.9 Billion**

### Enhancing civil aircraft composites technology and making full use of existing production capacity

1. To stabilize existing orders and expand market shares; to win orders jointly with strategic partners.
2. To develop new-generation composites technologies including TPC, RTM and co-cure, and strive to participate in the development of next-generation passenger aircraft.



A320 Belly Fairing



Sikorsky S-92 Cockpit



CL350 Empennage & Tailcone



A220



737 Pressurized Door



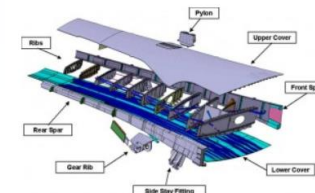
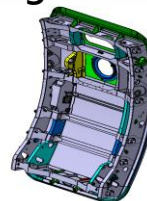
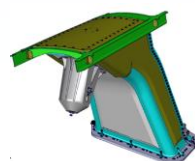
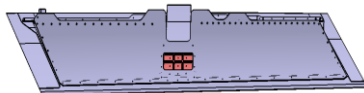
787 H.S. Leading Edge Panel



A320neo

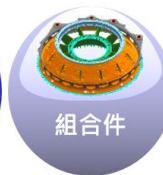
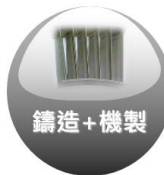


B737MAX



### Improving aero-engine production technology to expand business in the blue ocean market

1. To build a precision casting center of excellence to provide customers with one-stop service.
2. To enter MRO market in commercial aircraft and expand related business.



#### GE Aviation



CFM56



GE90



CFM LEAP-X



GEnx

#### Rolls-Royce



TRENT 1000



V2500



Trent XWB



Pearl 15



# Aerospace Market Outlook & Business Strategies

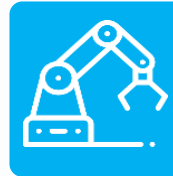
## Commercial aircraft

### Pursuing global outsourcing and improving management method



#### Global Strategic Outsourcing

Fully incorporate domestic and foreign business sources to boost competitiveness.



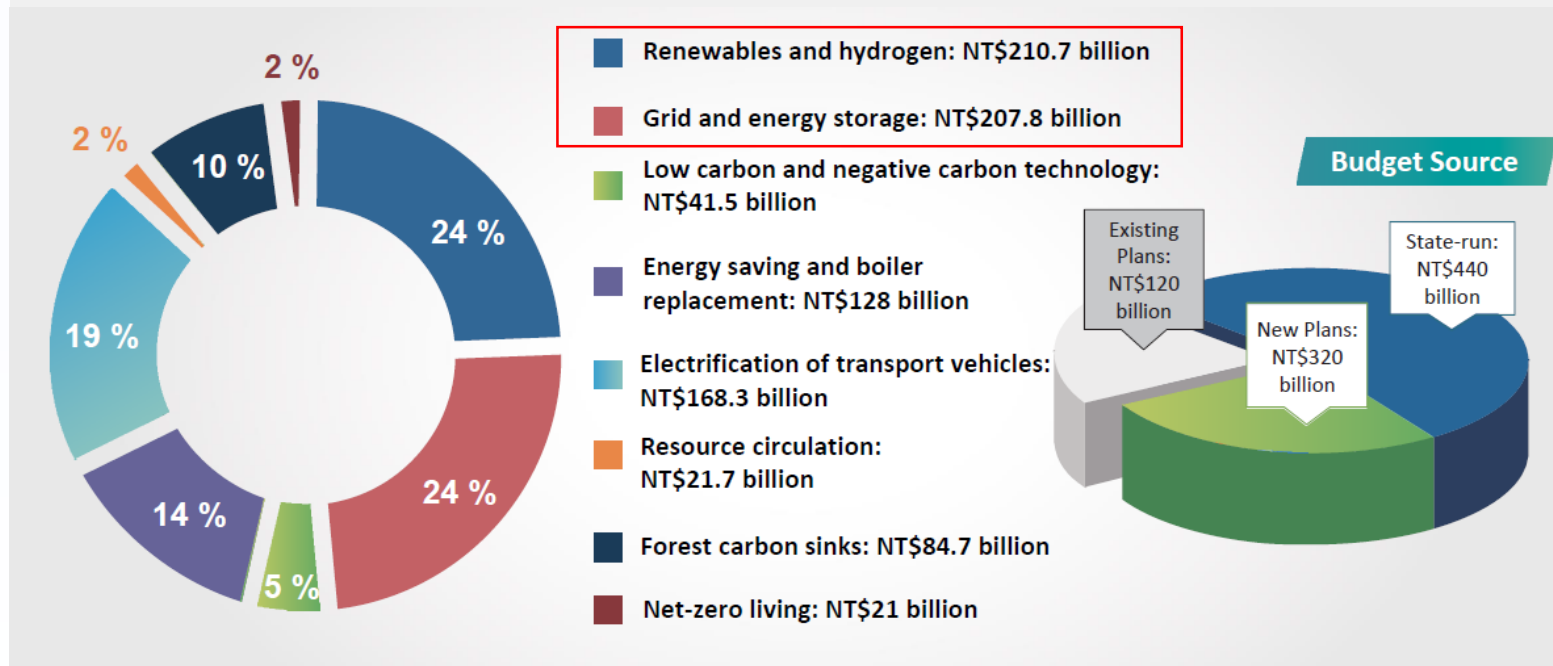
#### Intelligent Manufacturing

Strengthen production efficiency through Lean management and intelligent manufacturing.



### Booming market of energy saving and carbon reduction

A budget of nearly NT\$900 billion by 2030 for major plans toward 2050 net-zero transition



Source: Phased Goals and Actions Toward Net-Zero Transition, National Development Council

### Develop business opportunities of energy creation, storage, and management/utilization

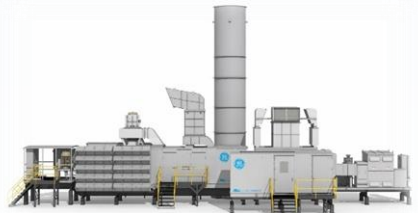
- **Energy Creation**

1. After the two indicative programs for the Tung Hsiao Power Plant of the Taiwan Power Company and the CPC Corporation, AIDC currently focuses on the need of cogeneration and power plants in the private sector and aims at expanding its foothold in the market of gas turbine generator set in Taiwan in the long run.

2. By applying the low-cost hydrogen production technique of Academia Sinica to create a demonstration generator set in a short time, AIDC is able to further its cooperation with GE in major hydrogen generator set.

- **Energy Storage** Generate earnings by putting the three existed programs on the Energy Trading Platform of the Taiwan Power Company; and strive for business opportunity by working with domestic quality partners.

- **Energy Management/Utilization** Dive into the research and development of energy management system(EMS) to build independent core engineering capability.



### Extending aerospace technology & system integration related areas

Expand AIDC's niche market of satellite and smart simulation application; and grow business of air emergency medical service, atmosphere measurement service and information service.



Satellite



Train Simulator



Aerial Target Service



Aerial Typhoon Monitoring



# R&D for Ambitious Business Growth

## R&D Plans



**Core technologies for new primary trainer and AJT upgrade**

Enhance R&D skills for the development of new primary jet trainer and AJT related products.



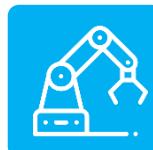
**New product development**

Develop R&D skills to produce space component, avionics, engine parts, and EMS.



**Maintenance**

Establish maintenance capacity and develop parts of diminishing manufacturing sources.



**Manufacturing**

Develop manufacturing technology of thermoplastic composite and improve the process for production, assembly and automation.



**Management technique**

Promote iAIDC project and Lean activity.

# Financial Performance

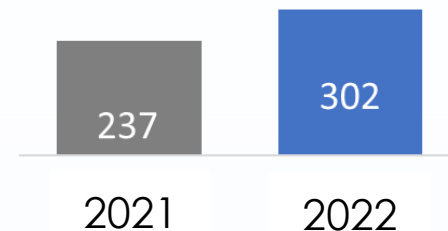
## 2022 & 2021 Comparison

Revenue in 2022 hit a record high since AIDC went public, and profit was also in a continuous upward trend. Revenue, operating income and EPS all increased compared to the previous year.

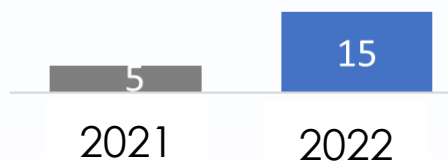
in NT\$100M

ITEM	2021		2022 (Unaudited)	
	Amount	%	Amount	%
Sales	237	100%	302	100%
Gross Profit	18	7%	29	10%
Operating Expenses	13	5%	14	5%
Profit From Operations	5	2%	15	5%
Non-Operating Items	2	1%	5	2%
Profit Before Income Tax	7	3%	20	7%
Net Profit For The Year	6	2%	16	6%
EPS(NTD/Share)	0.59		1.73	

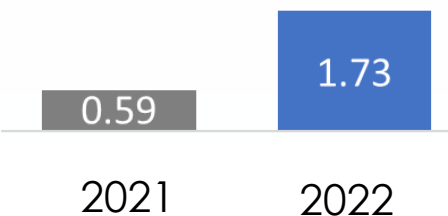
Sales(NT\$100M)



Operating  
Income(NT\$100M)



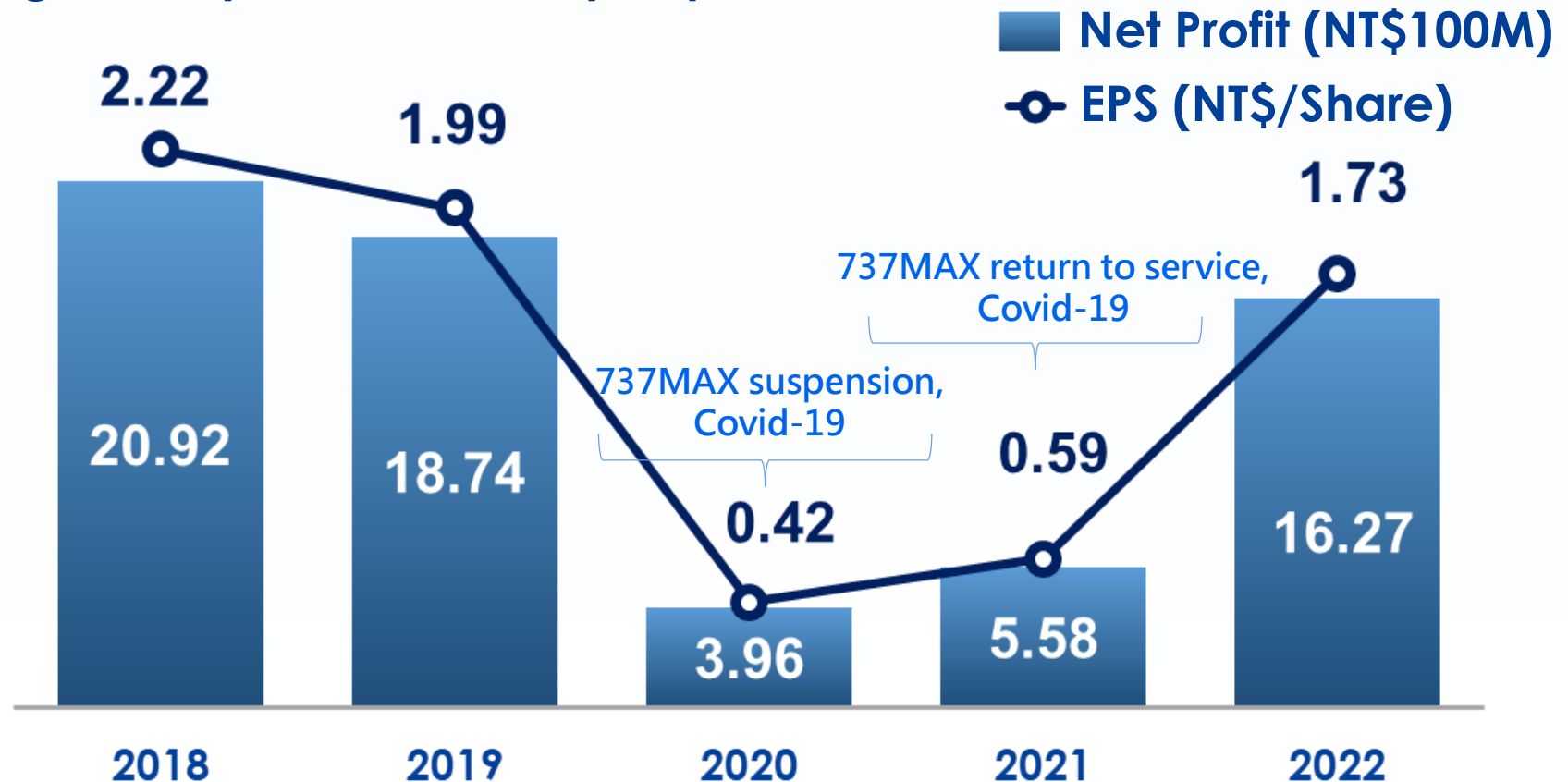
EPS (NT\$/Share)



# Financial Performance

## Net Profit & EPS

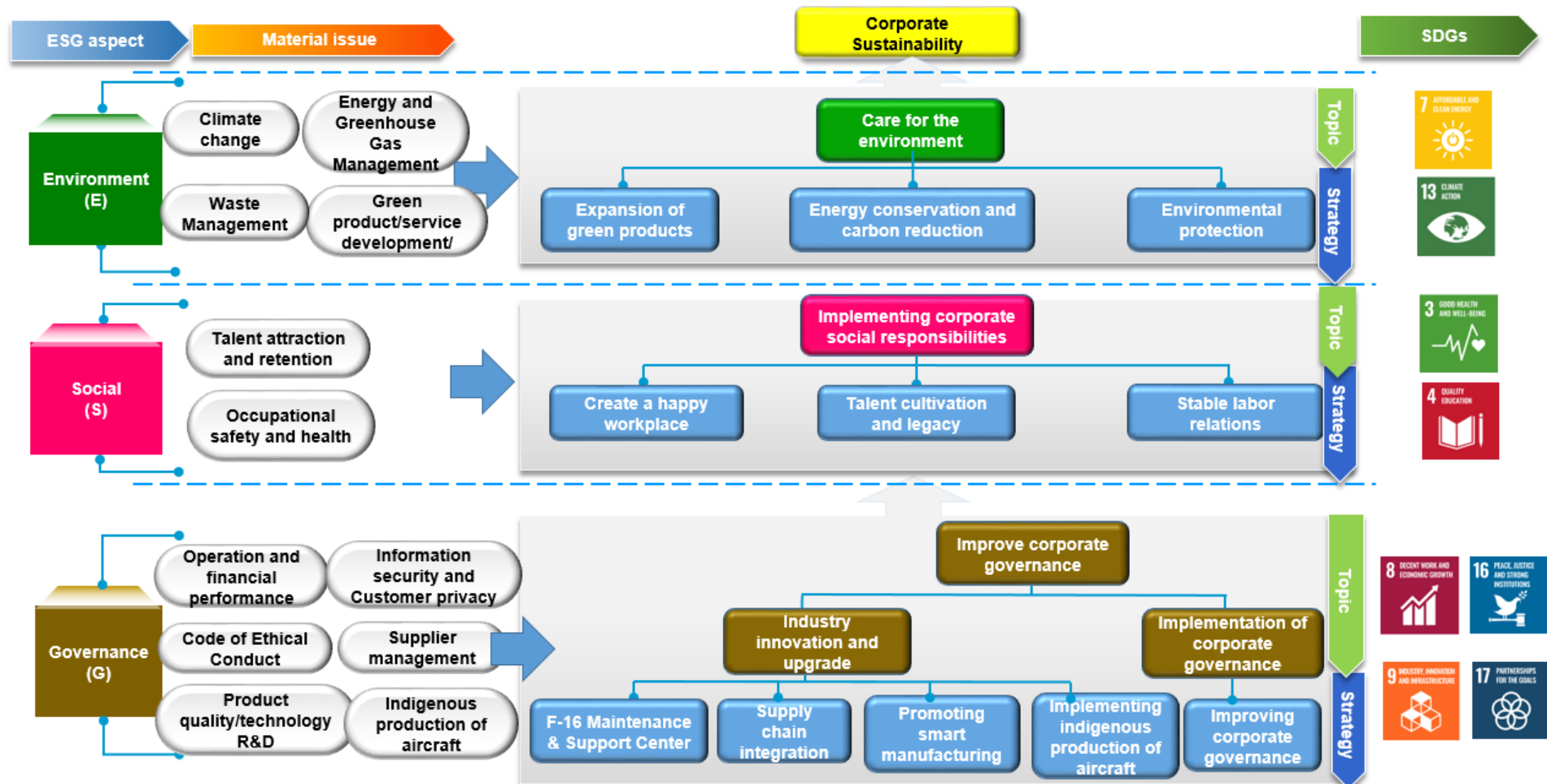
With efforts devoted in recent 2-3 years, AIDC's performance has gradually recovered to pre-pandemic level.



# Towards Sustainability(ESG)

## Sustainable Goals

AIDC develops sustainable themes by focusing on ESG aspects of environmental, social, and corporate governance, and connects to 8 United Nations Sustainable Development Goals (SDGs).





# Towards Sustainability(ESG)

## AIDC takes proactive actions to take up challenges of carbon reduction in the aviation industry

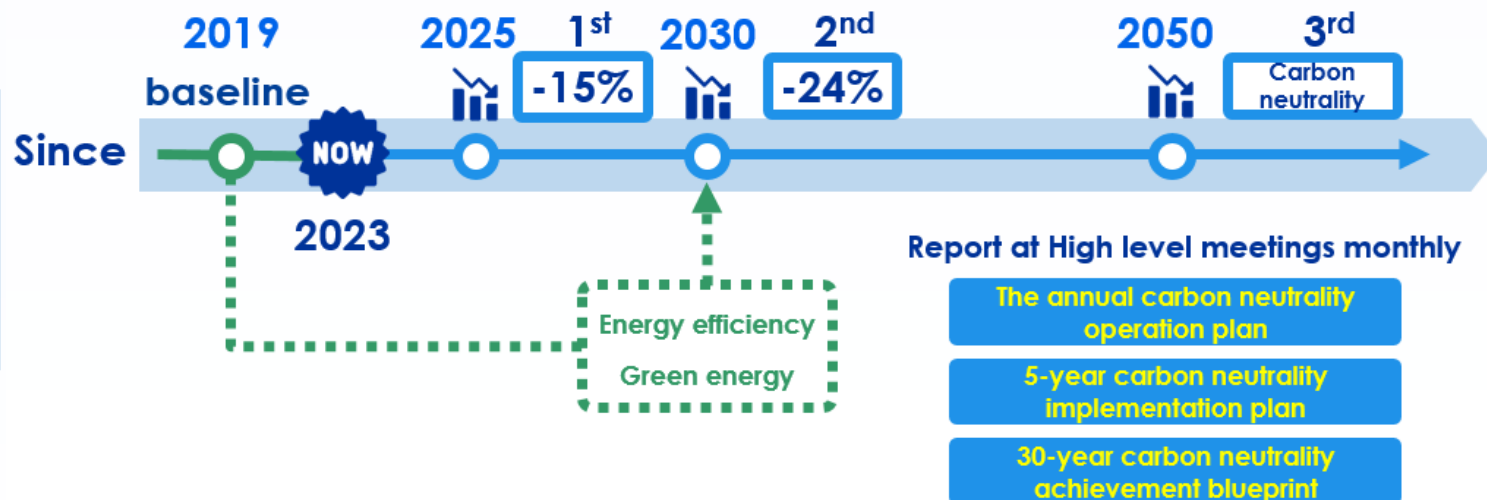
Carbon tax

1. EU Carbon Border Adjustment Mechanism transition period starts in 2023 and will officially be implemented in 2027.
2. US Clean Competition Act plans to be implemented in 2024.
3. Other countries, such as Japan and South Korea, are also working on developing similar mechanisms.



AIRBUS

**Decarbonisation  
Goal : 2050 Net-zero  
CO2 emissions**



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 and enhancement of operational resilience, AIDC actively takes its share in making contributions to the global target of Net Zero Emissions.

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, passing behind the 'Thank you' text.

# Thank you

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