

AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation
June 6, 2023



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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) reported strong recovery in global air travel. Comparisons with the 2019 pre-pandemic level are as following.

Global air travel reaches

88% of 2019 level

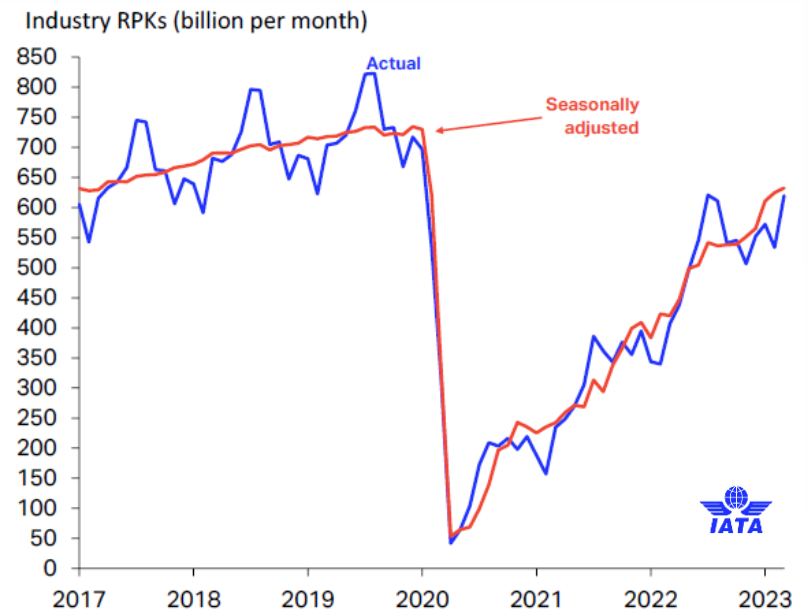
domestic

99%

international

82%

Sources: IATA (Monthly Statistics till March, 2023)



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:
(2023~2032)**



**New Deliveries
158,999**

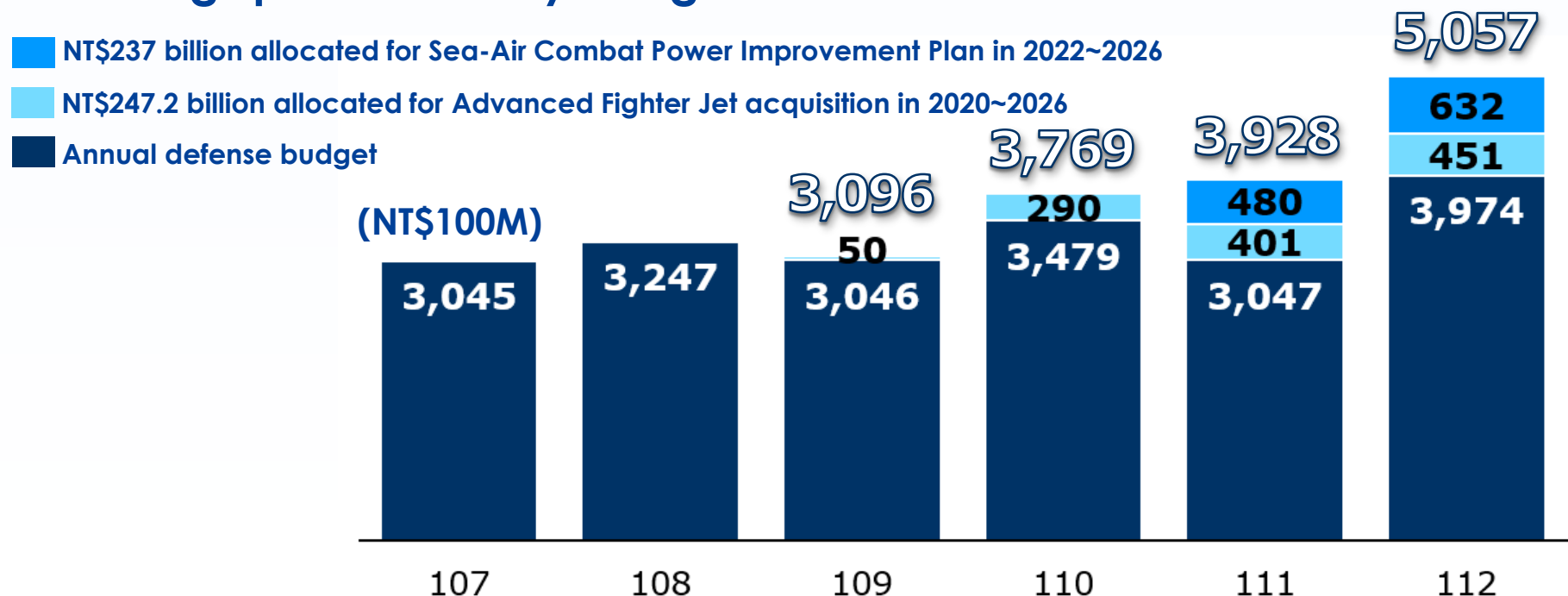


**Market Value
US\$ 937.4 Billion**

Global Market Outlook

Domestic defense market is prosperous

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 delivered as scheduled, domestic production of indigenous jet is on going

1. The AJT program had delivered 10 aircrafts in line with contract in 2022. It is in intensive mode of delivery this year and will deliver a total of 66 aircrafts to the Air Force by 2026.
2. With the increased number of deliveries and the formation of the AJT trainer fleet, AIDC has planned ahead to focus on maintenance and related business of the program and to propose one-stop services including aircraft R&D, production and MRO.

《The one-stop services of AJT》



Operational Focus

Domestic capability of F-16 is growing

1. AIDC, the only company converting the F-16A/B into F-16V other than Lockheed Martin, possesses certified factory, facility, skilled manpower and special process certifications.
2. With the foregoing advantages, AIDC has been selected as the main operator of the F-16 Maintenance Center and obtained certifications for about 200 items by actively participating in Industrial Cooperation Agreement (ICP).
3. F-16 Maintenance Center will keep providing solution to items with high unit price, high failure cost, and long lead time for ROCAF with the aim of realizing self-sufficiency and localization of maintenance.



Operational Focus

Winning a long-term contract for aero-engine components

1. AIDC was granted with a long-term agreement by GE Aviation for turbine center frame (TCF) assembly in GE LEAP engine, seizing the business opportunity of commercial aircraft market recovery in the post-pandemic era.
2. TCF is a high precision assembly in engine hot section, and AIDC is the first certified manufacturer in Asia to supply TCF for LEAP 1B.
3. With AIDC's technology, quality and delivery performance being recognized by its customers, this long-term agreement not only increased the quantity of LEAP 1B to be delivered but also covers assembly of LEAP 1A/C, bringing AIDC's engine business to high value-added areas.



Operational Focus

Successful deployment of energy business

Energy Storage

In addition to the 1st site of energy storage system in Taichung complex, AIDC is building the 2nd and 3rd sites in Sha-Lu complex, scheduled to operate in the second half of the year.

Energy Creation

- Taipower Tunghsiao Power Plant Renewal program : had completed parallel operation test for generator set on March 20, 2023
- CPC power generator equipment procurement : will complete construction at the end of July this year

Energy Storage System
2nd and 3rd sites



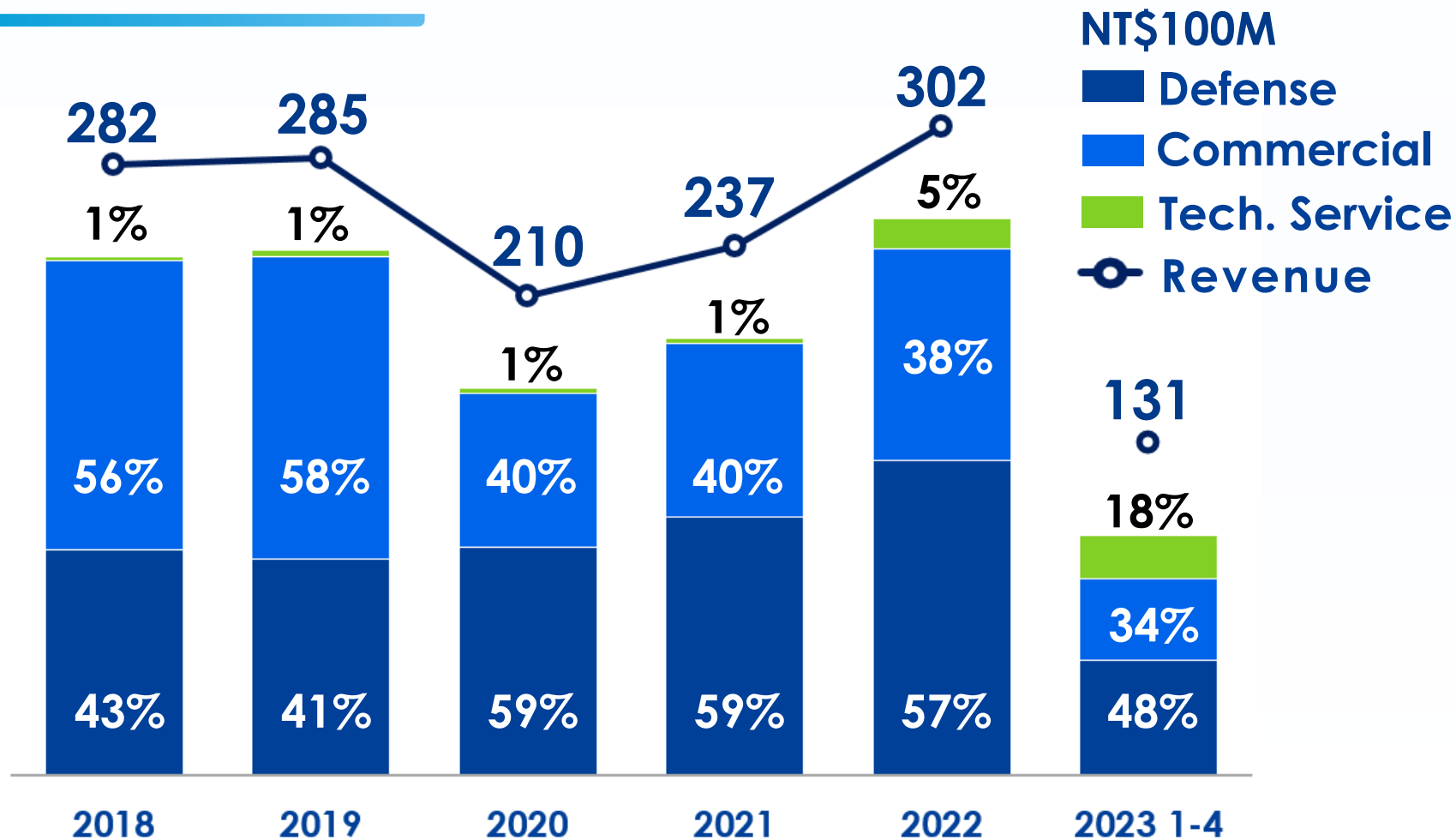
Taipower Tunghsiao Power
Plant Renewal program



CPC power generator
equipment procurement

Financial Performance

Revenue

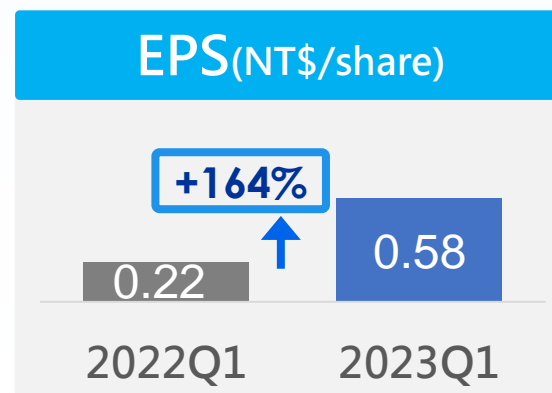
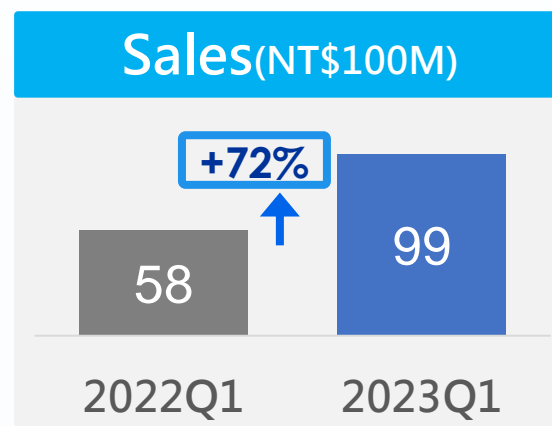


Financial Performance

Q1 2023 VS. Q1 2022

The revenue and profit for 2023 Q1 driven by various momentums were better than the same period last year.

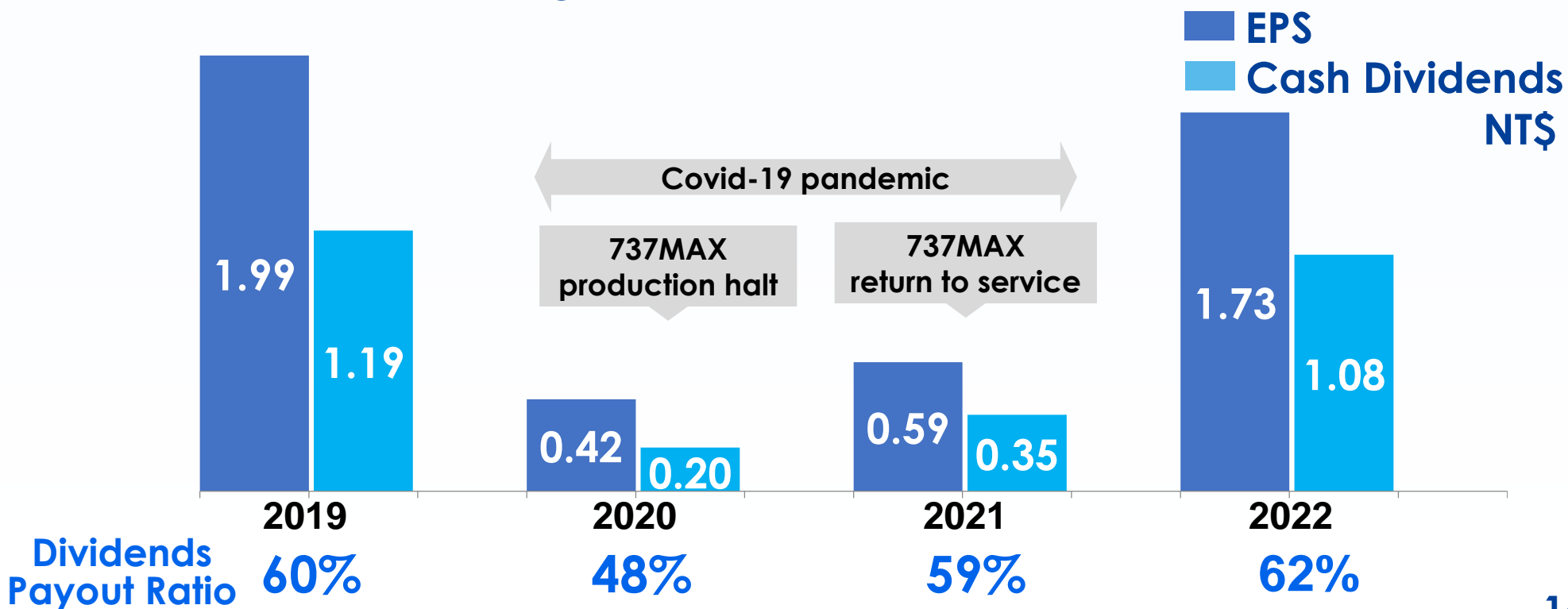
ITEM (NT\$100M)	2022		2022Q1		2023Q1	
	Amount	%	Amount	%	Amount	%
Sales	302	100%	58	100%	99	100%
Gross Profit	29	10%	4	7%	9	9%
Operating Expenses	14	5%	3	5%	3	3%
Profit From Operations	15	5%	1	2%	6	6%
Non-Operating Items	5	2%	1	2%	1	1%
Profit Before Income Tax	20	7%	2	4%	7	7%
Net Profit For The Period	16	5%	2	3%	5	5%
EPS(NTD/Share)	1.73		0.22		0.58	



Financial Performance

Dividend Distribution

The EPS for 2022 is NT\$1.73 per share, moving towards the pre-pandemic level. To show gratitude for the support of shareholders, the cash dividends are NT\$1.08 per share with 62% payout ratio, higher than before.



Endeavors & Prospects

1. Recently, net-zero carbon emissions have become the common vision of the world. Taiwan has also announced a target of net-zero carbon emissions by 2050 and passed the "Climate Change Response Act".
2. AIDC, a player in global aerospace supply chain, takes proactive actions to take up challenges of carbon reduction including:
 - 1) Planning AIDC Carbon-Neutral Pathways with milestone to 2050.
 - 2) Completion of greenhouse gas verification and the third party verification earlier than the schedule required by the government.
 - 3) Paying close attention to the "carbon tariff" regulations of AIDC's major exporting countries such as members of the European Union and the United States. After a preliminary evaluation, AIDC has not been affected as of now.
3. In addition to focusing on its core aerospace businesses, AIDC continues to expand business in carbon reduction to create sustainable values and to fulfill ESG responsibilities.

The background features a dynamic blue motion blur effect with several white gear icons of varying sizes and orientations, suggesting a mechanical or industrial theme.

Thank you

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