

AIDC Investor Conference ⁽²⁶³⁴⁾

Aerospace Industrial Development Corporation
August 22 , 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) released a report in May 2023, displaying the comparison of recent global air travel with the 2019 pre-pandemic level as following.

Global air travel reaches

96% of 2019 level

domestic

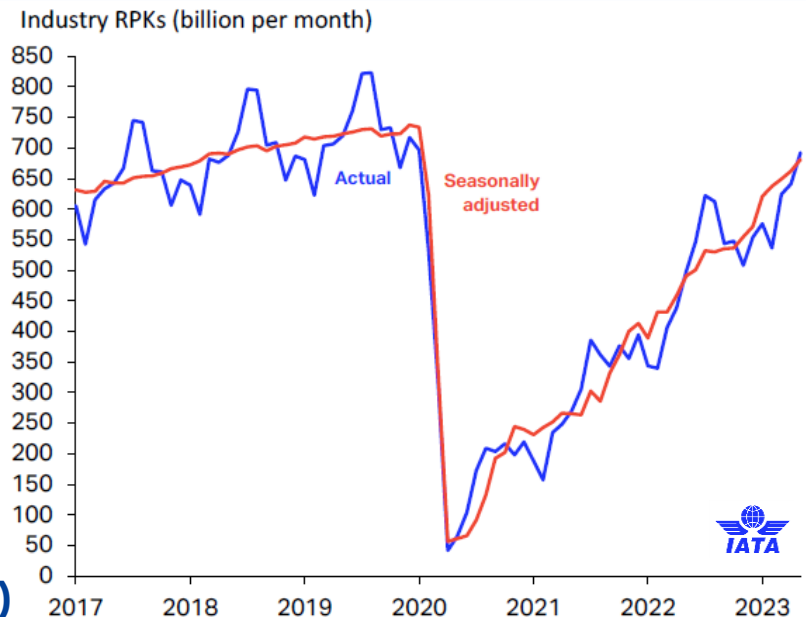
Better than pre-pandemic level

5.3%

international

Recovery is on-going

91%



Sources: IATA (Monthly Statistics till May, 2023)

Global Market Outlook

Commercial market outlook

1. Commercial aircraft :

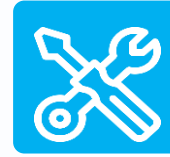
- The Boeing Commercial Market Outlook 2023-2042 forecast highlights include:



New Deliveries
42,595



New Deliveries
Market Value
US\$ 8 Trillion



Service
Market Value
US\$ 3.8 Trillion

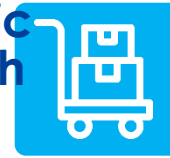
- Airbus' latest edition of its Global Market Forecast for the 2023-2042 period offers a forward-looking view of air traffic and fleet evolutions.



New Deliveries
40,850



Air passenger traffic
Avg. annual growth
3.6%



Air cargo traffic
Avg. annual growth
3.2%

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
158,137

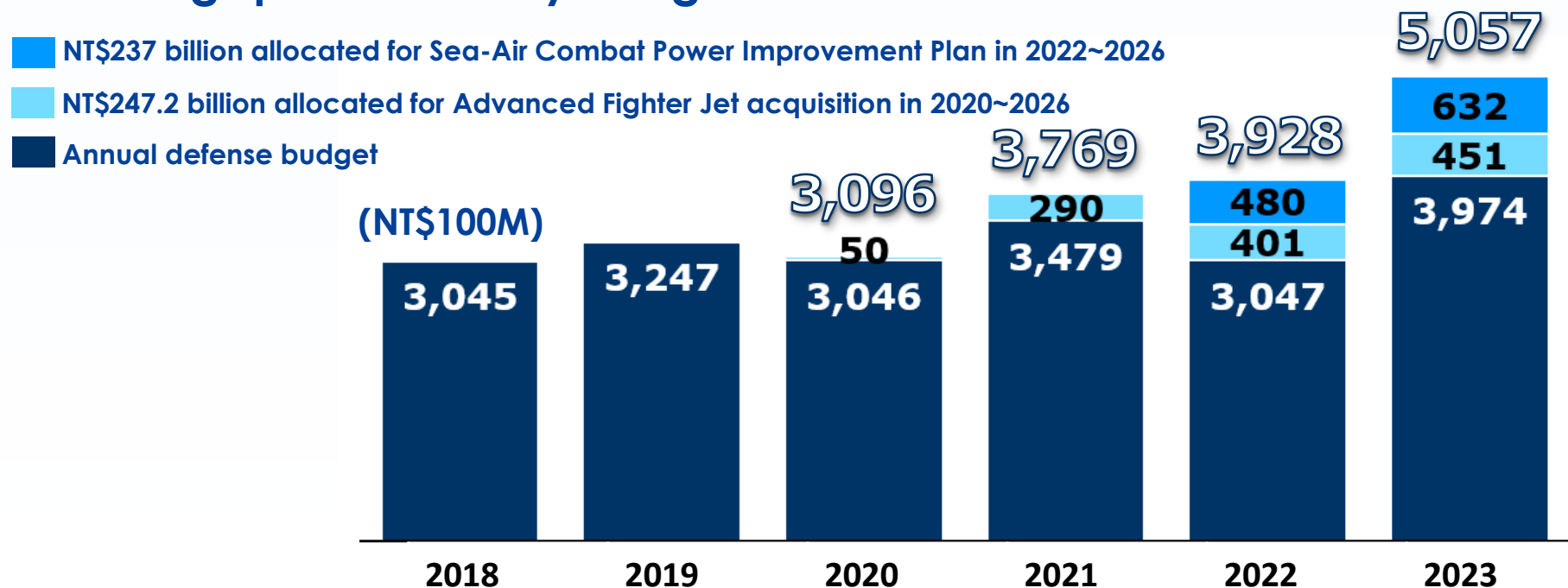


Market Value
US\$ 935.1 Billion

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

Booming defense business in the post-pandemic period

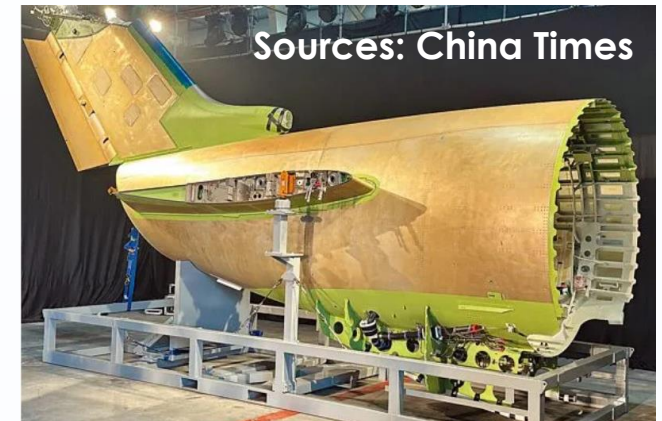
1. According to the contract, 17 AJTs will be delivered this year and a total of 66 aircrafts will be delivered by 2026. This year marks the beginning of high volume delivery of AJT, taking AIDC 's revenue to new heights.
2. For the F-16A/B upgrade program, a total of 139 aircrafts will be delivered by the end of 2023. As of now, more than 120 deliveries have been made. Further relevant contracts have been acquired and are expected to raise AIDC 's revenue.



Operational Focus

Making the 1000th Delivery of rear fuselage section of Challenger

1. AIDC has been involved in the development and manufacturing of the rear fuselage section of the Challenger 350 aircraft for 25 years
2. On Aug. 10, 2023, with the presence of President Tsai Ing-wen, AIDC delivered its 1,000th rear fuselage section to Bombardier, marking the cooperative success of AIDC and suppliers in Taiwan.
3. With capabilities accumulated through military and commercial programs, AIDC has been promoting the technology upgrade of commercial aerospace sector which will in turn enhance the self-reliance of national defense. The new primary trainer will see its domestic production rate rising to 75%, which will make a historical record of Taiwan's aerospace industry.



Operational Focus

Winning a long-term contract for aero-engine components

1. From Feb. 20 to Mar. 6 this year, AIDC participated in the global tender of GE Aviation and won about 30 bids.
2. Moreover, AIDC was granted with a long-term agreement lasting 10 years by GE Aviation for turbine center frame (TCF) assembly in GE LEAP engine.
3. These contracts requires AIDC to not only manufacture more TCF for LEAP 1B but also step into LEAP 1A/C, further pushing AIDC to high value-added areas.



Operational Focus

Fruitful outcome achieved at Paris Air Show

1. The 2023 Paris Air Show, a significant international air show event, kicked off on June 19th. Chairman Hu led a professional team to the event to showcase AIDC's composite material and casting products for military and commercial airplanes and for engines, generating greater publicity in the world stage for the AIDC.

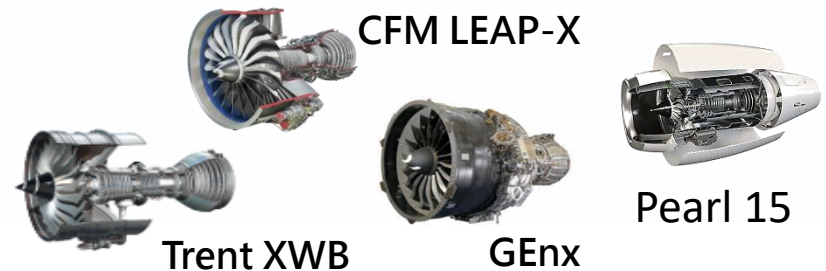


2. AIDC took advantage of the event to pursue new business opportunities and won long-term agreements for components for single-aisle airplanes and for engines, creating momentum to its business growth.

Operational Focus

Seizing business opportunities of global commercial aircraft industry in the post pandemic period

1. Orders are leading indicators of revenue. To date, AIDC has received orders worth of over NT\$ 42 billion for commercial aviation sector (aircraft body and engine), which will add to revenue for the upcoming years.
2. In order to fulfill the contracts, AIDC has planned to invest over NT\$ 2 billion in fixed asset for the next two years.



Operational Focus

Energy business bringing in revenue

1. All of the 3 sites of energy storage system built by AIDC will be in operation by the second half of this year. Judging from the record of the first half of the year, the average revenue generated by each site is expected to be NTD 3 million.
2. The revenue growth of tech service can be attributed to the completion of programs for the Tung Hsiao Power Plant of the Taiwan Power Company and the CPC Corporation. With the experience and recognition gained from these programs, AIDC is ready to expand its energy business.

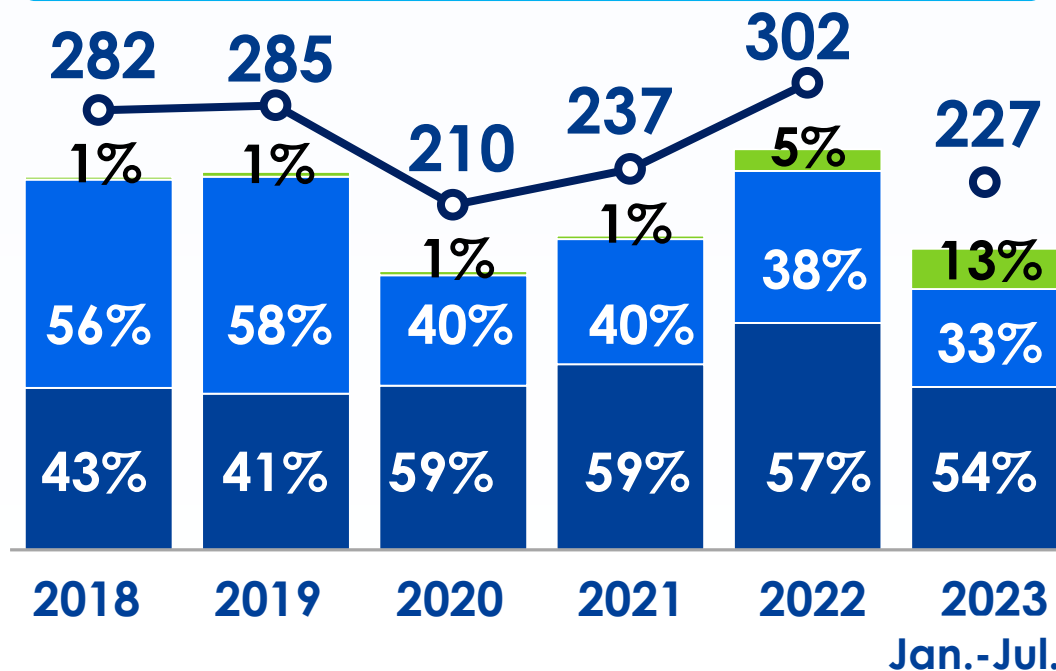


Financial Performance

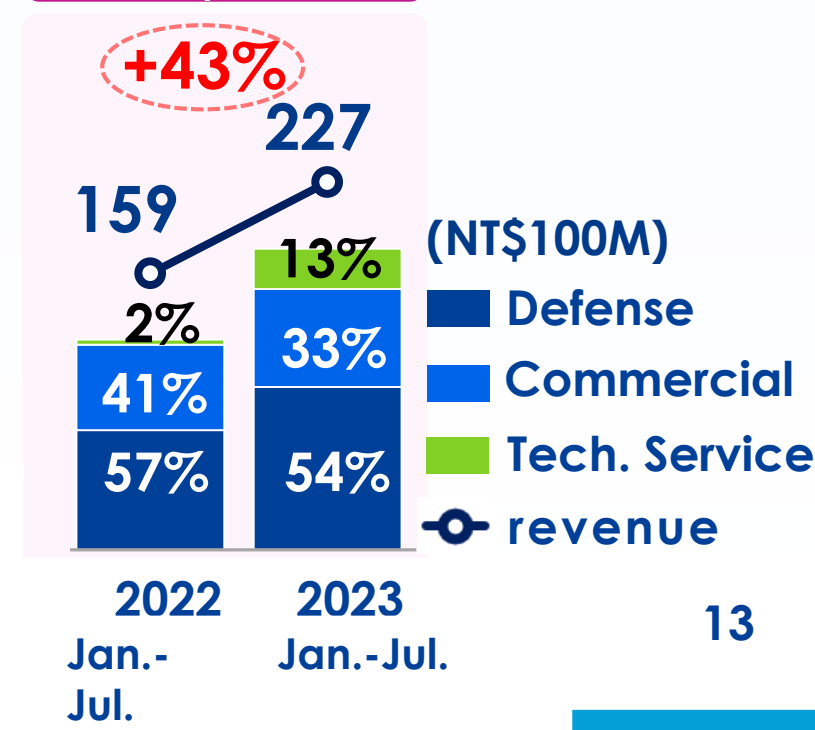
Revenue

The accumulated revenue from Jan. to Jul. this year is better than the same period last year, in which tech. service accounted for 13% of the total revenue(7 times higher period-on-period).

Revenue of recent years



Period-on-Period Comparison

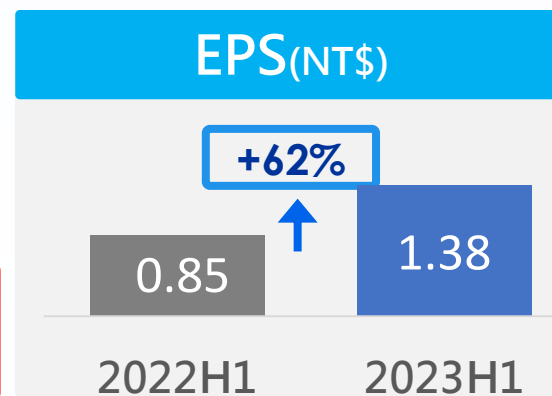
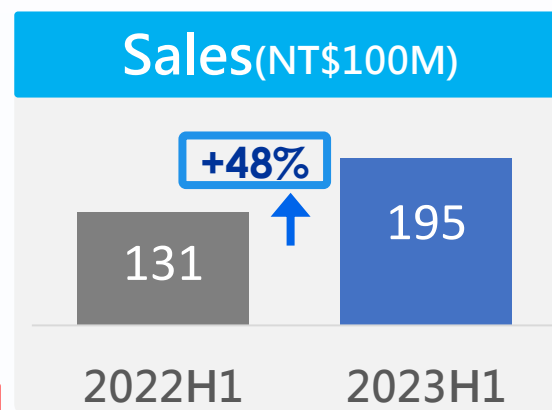


Financial Performance

2023 VS. 2022 (First half of the year)

In the first half of this year, revenue increased by 48% and EPS increased by 62% compared to the same period last year. Both revenue and EPS are the best operating performance in the same period of previous years.

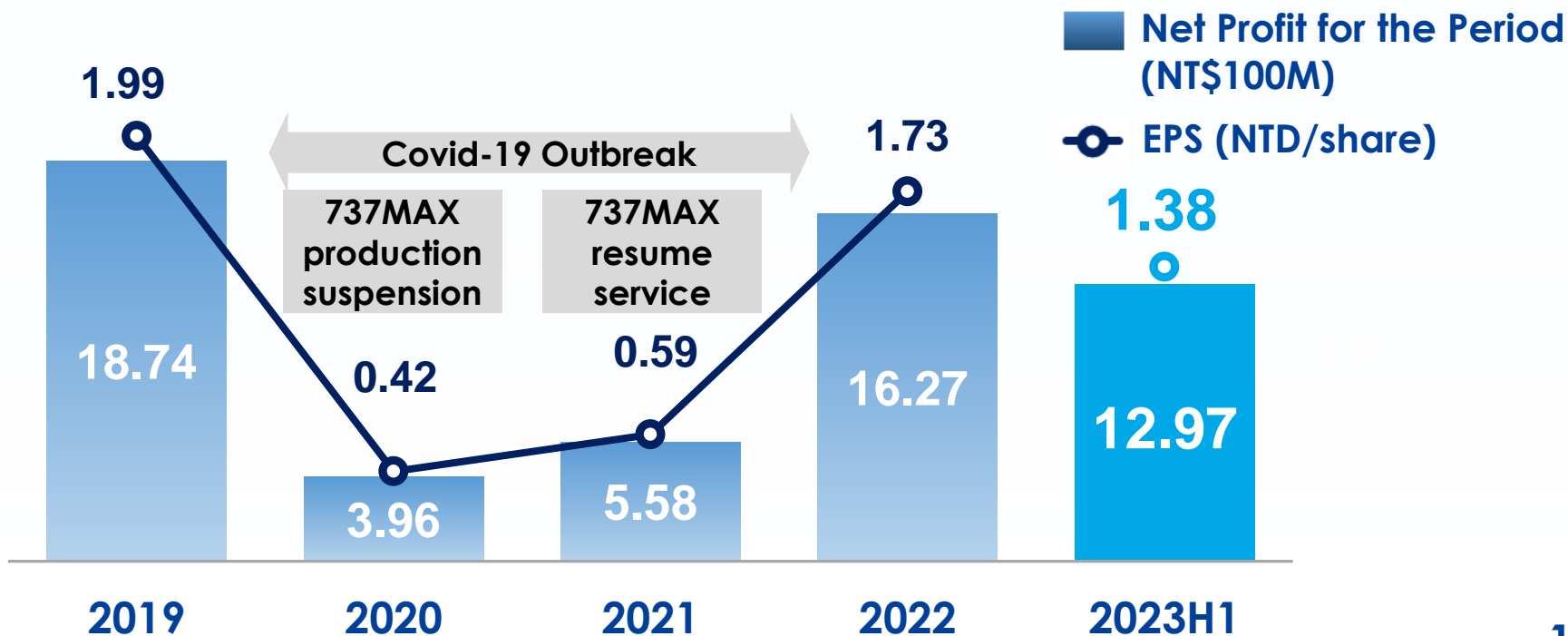
ITEM (NT\$100M)	Q2				H1			
	2022		2023		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales	74	100%	95	100%	131	100%	195	100%
Gross Profit	9	12%	12	13%	13	10%	21	11%
Operating Expenses	3	5%	3	4%	6	5%	6	3%
Profit From Operations	5	7%	8	9%	6	5%	15	8%
Non-Operating Items	2	3%	1	1%	4	2%	2	1%
Profit Before Income Tax	7	10%	10	10%	10	7%	17	9%
Net Profit For The Period	6	8%	8	8%	8	6%	13	7%
EPS(NTD/Share)	0.63		0.80		0.85		1.38	



Financial Performance

Net Profit for the Period & EPS

In the first half of this year, the EPS reached NT\$1.38, and the profit has already reached about 80% of the full year of 2022, continuing to move towards historical record.



Endeavors & Prospects

AIDC upheld the decision of no layoffs, no pay cuts, and no furlough during the pandemic to keep the labor and capability intact, which will be put to use for seizing the following businesses.

Defense



To conduct programs such as the AJT and F-16A/B upgrade on schedule and on quality.

To win business including performance upgrade, new aircraft project, business aviation services and drones.

Commercial



To take advantage of global supply chain chaos in the post-pandemic period to expand business.

To develop thermoplastic composites technologies and to strive for the participation in the next-generation aircraft programs.

Tech. Service



To focus on energy industry and core technology of EMS.

To Develop business opportunities of energy creation and storage as an energy management solutions supplier.

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