

# AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation  
Apr 23, 2024



# Disclaimer

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# Outline

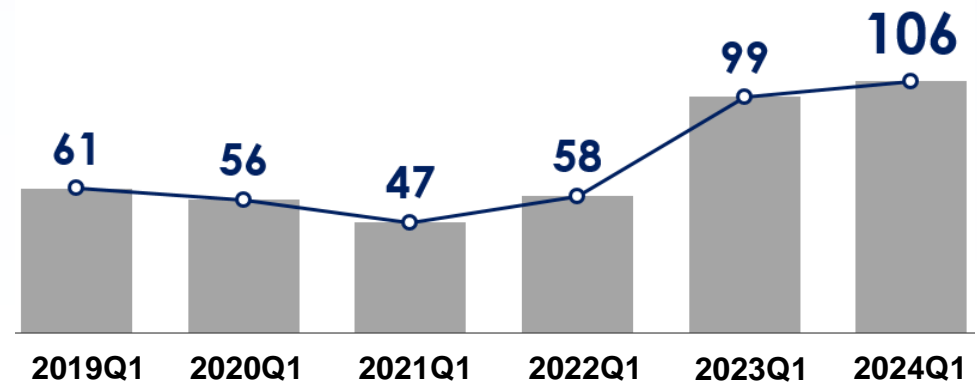
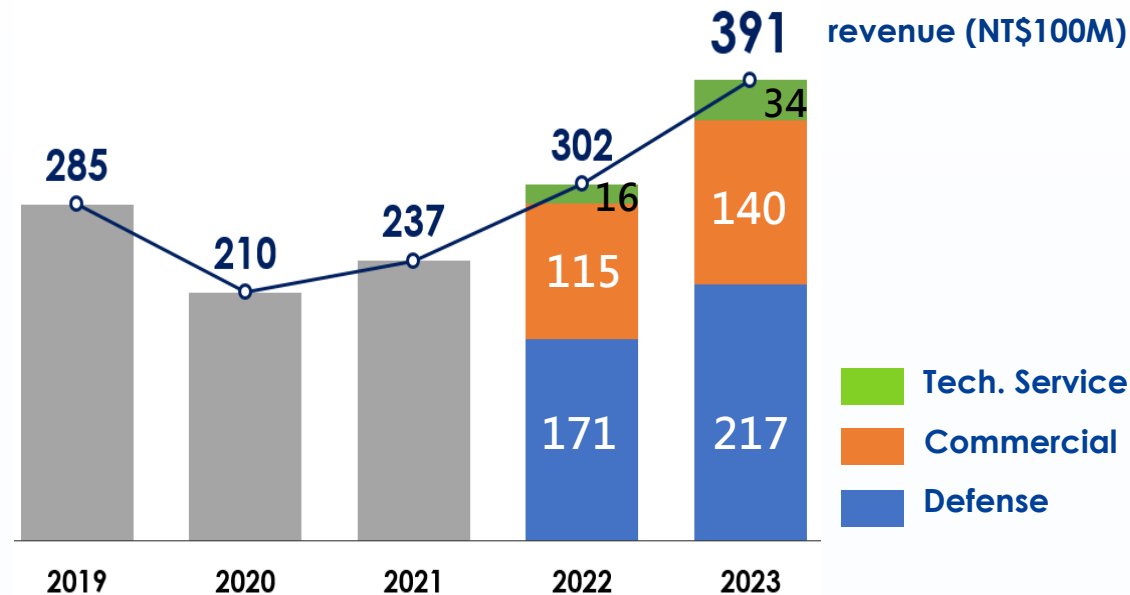
- 1. FY 2023 Business Results**
- 2. Aerospace Market Outlook & Business Strategies**
- 3. R&D for Ambitious Business Growth**
- 4. Financial Performance**
- 5. Towards Sustainability**

# FY 2023 Business Results

## Revenue hit record high in 2023

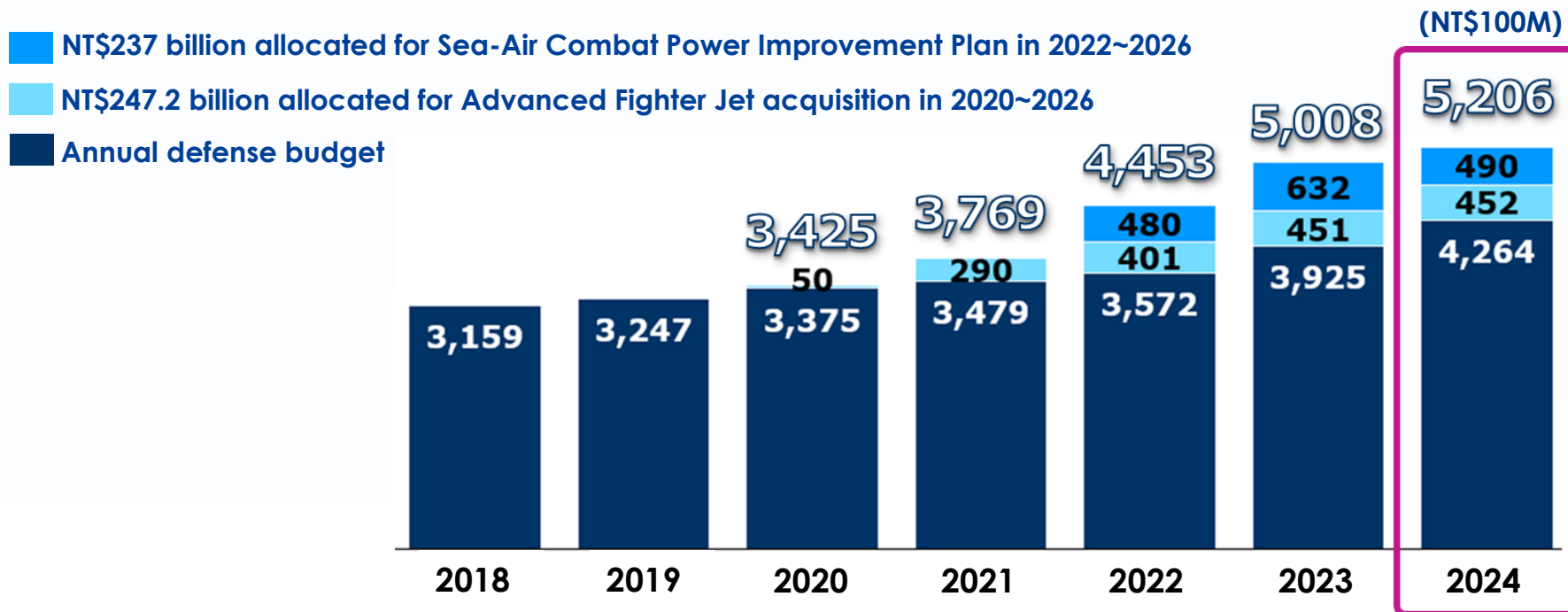
In 2023, AIDC's revenue from defense business increased by NT\$4.6 billion year over year (YOY) with the mass production of the AJT program, and revenue from other businesses together increased by NT\$4.3 billion YOY with growing commercial aircraft deliveries and growth of the energy business.

**Growth continues;  
Q1 revenue of this year  
exceeds NT\$10 billion**



## Domestic defense market prospers

The Ministry of National Defense (MND) has proposed more than NT\$420 billion for defense spending in 2024 to enhance Taiwan's defense capabilities. The total budget is over NT\$520 billion including special military budget, which implies a tremendous business opportunity.



### As AJT Program being conducted on schedule, AIDC focuses on upcoming fleet maintenance business



AJT - Yung Ying (Brave Eagle)  
A total of 66 jets was planned to be delivered by the end of 2026

2021 2022 2023 2024 2025 2026



2 deliveries 8 17 18 18 3



In order to win fleet maintenance contracts, AIDC has been promoting its one-stop service for military aircraft manufacturing and maintenance.

AIDC conscientiously performs programs of AJT, IDF maintenance, military helicopter maintenance and so on.



IDF Maintenance



Air Force Academy A/C Maintenance GOCO



AH-1W Helicopter Maintenance



UH-60M Helicopter Maintenance

### With completion of F-16A/B Upgrade Program, AIDC begins contract renewal negotiations

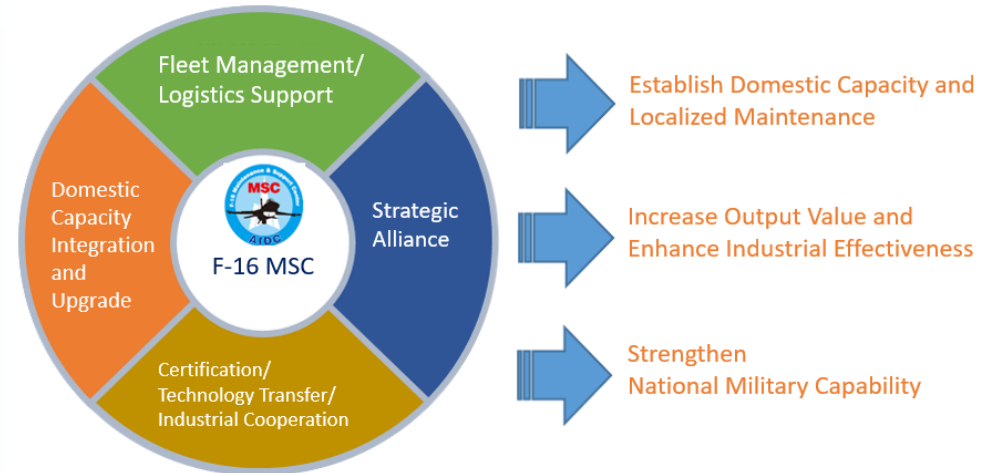


F-16A/B Upgrade Program completed in 2023 with a total of 139 jets delivered.

AIDC continues to strive for F-16 maintenance and life extension business opportunity, while strengthening cooperation with NCSIST in development and mass production to expand space and energy business.



### The Goals of F-16 Service Center



In 2021, AIDC won "F-16 Service Center Open Contract", a five-year order worth NT\$2.3 billion from MND. As AIDC effectively solves ROCAF's shortage of parts, the order grows year by year, and the contract renewal negotiations have been initiated.

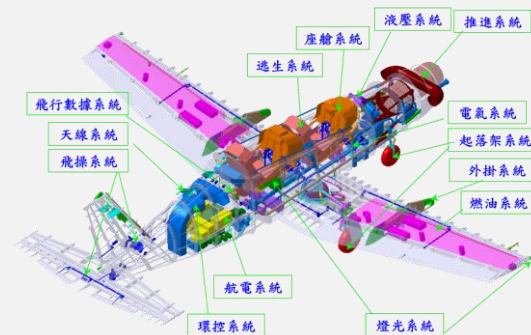
### Targeting the upgrade of E-2 Hawkeye, AIDC promotes military aircraft business

On Feb. 23, this year(2024), AIDC signed strategic cooperation MOU with Northrop Grumman for the E-2 Hawkeye, laying out the plan for potential upgrade business to assist ROCAF in upgrading E-2K in Taiwan.



AIDC actively promotes new programs including aircraft development (new primary jet trainer), military aircraft upgrade (IDF electronic warfare system), fleet maintenance, and life extension business.

#### primary jet trainer development



## AIDC expands business of UAV

### NCSIST

AIDC has experience in manufacturing drones for NCSIST and is ready to cater for the need of defense sector.



NCSIST's Drone

### Domestic sector

To take the role as a key player in domestic mass production of UAV system.

### Foreign sector

To strive for key parts production and logistics maintenance business, to step into the global supply chain, and to implement localization of maintenance.



MQ-9B

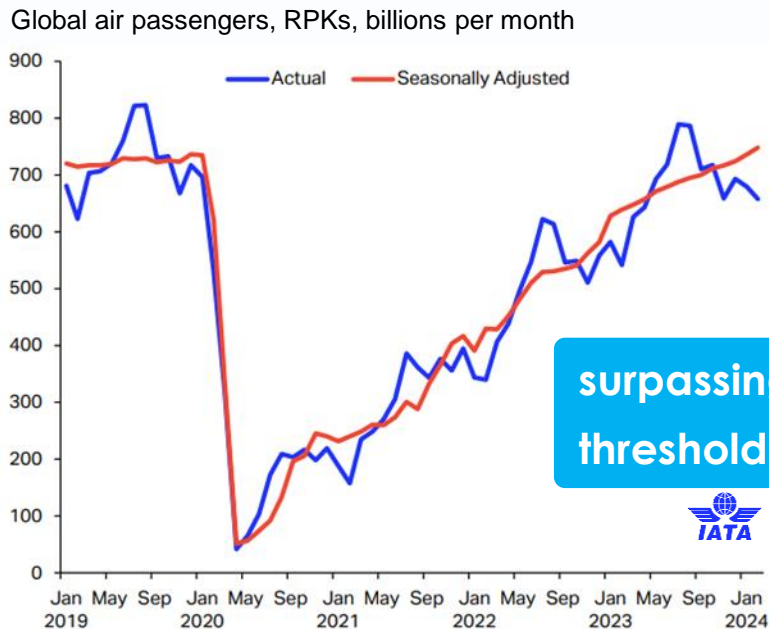
### Counter-Drone System

To cooperate with domestic and foreign companies to obtain drone counter-drone systems business.

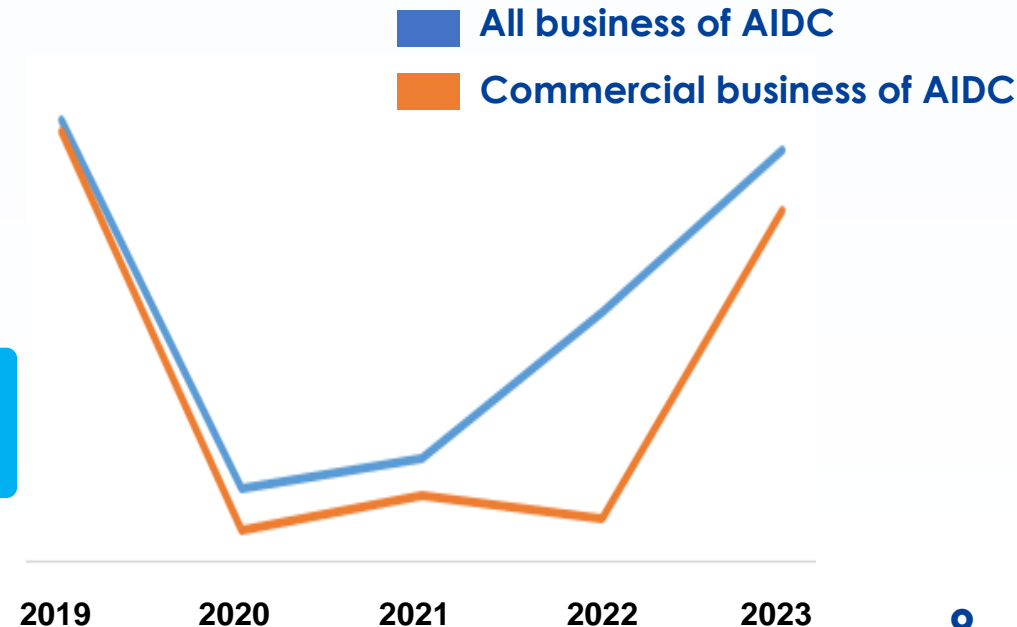
### Global air passenger market recovering

According to the analysis by the International Air Transport Association (IATA), In February 2024, the airline industry achieved full recovery in total passenger traffic, surpassing the 2019 threshold by 5.7%. AIDC's commercial business keeps pace with the recovery with new orders gradually increasing.

#### «Global air passenger market (RPKs)»



#### «AIDC's new business order (in dollars)»



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

### Global air passenger market recovering

**Commercial Aircraft  
Commercial Market  
Outlook 2023-2042 forecast  
by Boeing & Airbus**

**New Deliveries**



**Boeing  
42,595**

**Airbus  
40,850**

**Business Jet  
Honeywell Forecast:  
(2024~2033)**



**New Deliveries  
8,500**



**Market Value  
US\$ 278 Billion**

**Aero Engine  
Forecast International:  
(2023~2032)**



**New Deliveries  
159,382**



**Market Value  
US\$ 945.2 Billion**

### Commercial business keeps pace with market recovery

- In 2023, AIDC received orders worth over NT\$ 48 billion for commercial aviation sector (aircraft body and engine), which will add to revenue for the upcoming years.
- AIDC kept its labor and capability intact during the pandemic. Now in the post pandemic period, AIDC actively seizes high profit business opportunities and expands production proportion.

#### Civil aircraft



A320neo



B737MAX



A220

#### Aero engine



CFM LEAP-X



Trent XWB



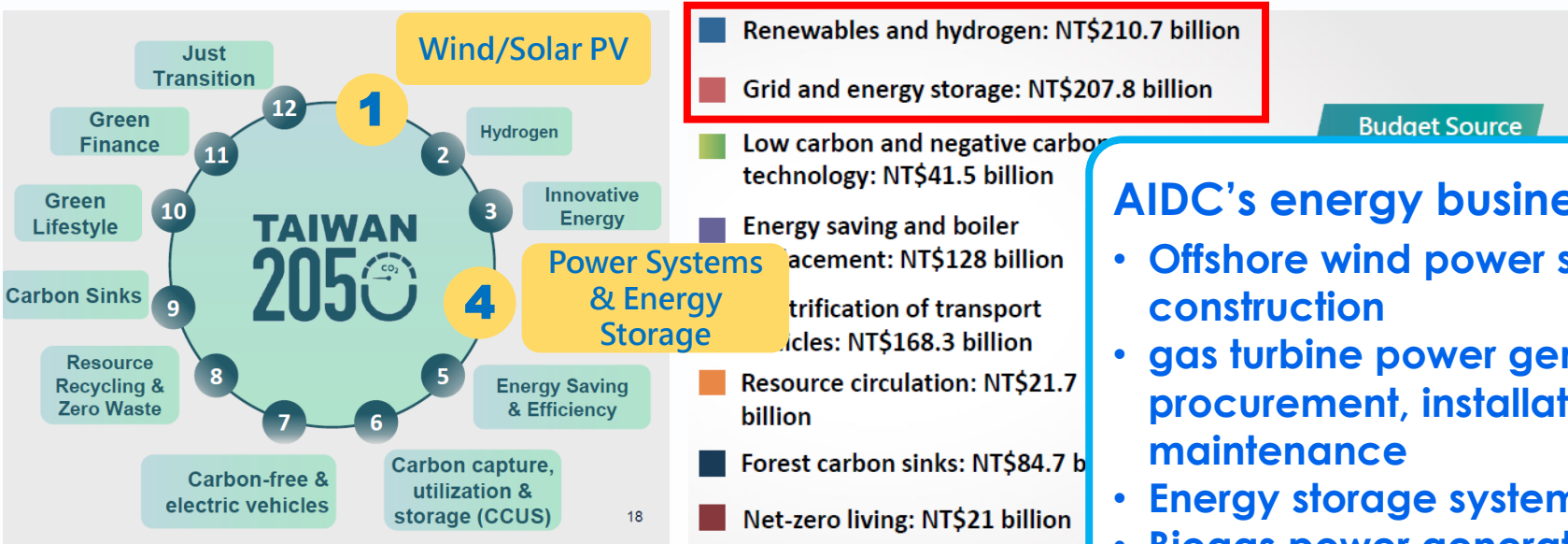
GEnx



Pearl 15

### National policies drive green energy market

According to “Taiwan’s Pathway to Net-Zero Emissions in 2050”, the budget of “Renewables and hydrogen” and “Grid and energy storage” total more than NT\$400 billion.



#### AIDC's energy business' pathway:

- Offshore wind power substation construction
- gas turbine power generator procurement, installation and maintenance
- Energy storage system construction
- Biogas power generator construction



Source: NCSD “Taiwan’s Pathway to Net-Zero Emissions in 2050”

### AIDC expands gas turbine power generation business, and strives for winning localized maintenance business

- AIDC cooperated with GE on "Taipower Tunghsiao Power Plant Renewal program" and "CPC power generator equipment procurement".
- AIDC signed "hybrid hydrogen power generation application" and "maintenance localization" MOU of aero-derivative gas turbine power generator with GE to strive for business of steam-electricity, emergency power generation for public facilities, and maintenance.

#### Energy Creation Business Roadmap



**GE VERNOVA**  
Our portfolio of energy businesses



derivative gas turbine power generator



steam-electricity



emergency power generation



maintenance

### AIDC expands green energy business

- On Jan. 16, this year, AIDC signed MOU of "Energy Storage Technology and Global Market Development Cooperation" with Formosa Smart Energy, to jointly develop localized energy storage system solutions with the aim of entering global energy storage systems market.
- As the three self-built energy storage systems operating stably, AIDC goes further to develop core technology of EMS and BMS as an energy management solutions supplier.



#### Energy Storage Business Roadmap

01

Target at energy storage market

02

Build up EMS & BMS capability

03

Combine with PCS

04

Form alliance with energy storage manufacturers

05

Build up our own brand

### Extending aerospace technology to system integration related areas



The budget of the 3<sup>rd</sup> phase of the "National Space Technology Development Program" is NT\$25 billion over 2019-2028. In 2023, it is increased to more than NT\$40 billion to develop the low-orbit communication satellites.



Satellite Structure

AIDC has been deeply involved in the field of space satellites for more than 20 years, starting from FORMOSAT-2 to Taiwan's self-made TRITON. AIDC has obtained the flight verification of the satellite structure from TASA and is the only qualified source.

AIDC will work closely with the NSTC, TASA, and the academia to seize business in Taiwan's space field, such as satellite manufacturing, ground equipment, satellite applications, etc., and actively expand space satellite business.

AIDC continues to strengthen business of smart simulation application, air emergency medical service, atmosphere measurement service and information service.



Train Simulator



Aerial Target Service



Aerial Typhoon Monitoring

# R&D for Ambitious Business Growth

## Investment in Research and Development Plans



**Core technologies for next generation military aircraft**  
Enhance R&D for new primary jet trainer and next generation fighter, and for the upgrade and life extension business.



**New product development**  
Emphasize R&D for EMS, BMS, and space component.



**Maintenance**  
Establish maintenance capacity for military aircrafts such as IDF, AJT, and F-16.



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



**Management technique**  
Promote iAIDC project.

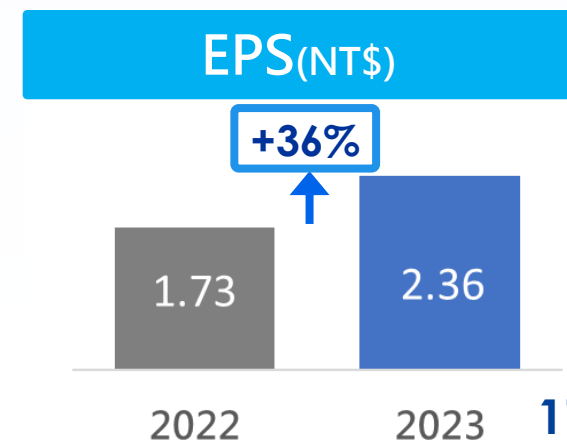
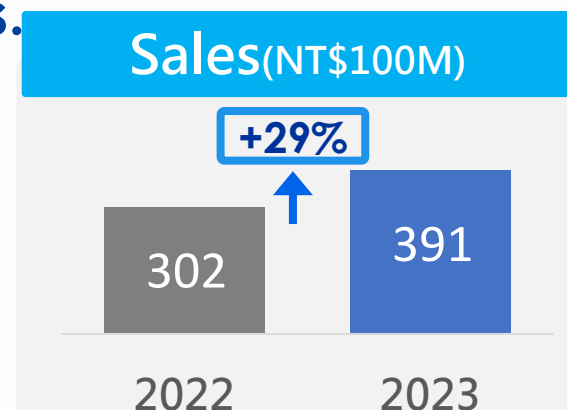
# Financial Performance

## 2023 VS. 2022

In 2023, AIDC's revenue increased by 29% and EPS increased by 36% compared to the same period in 2022.

Both revenue and EPS achieved excellent results.

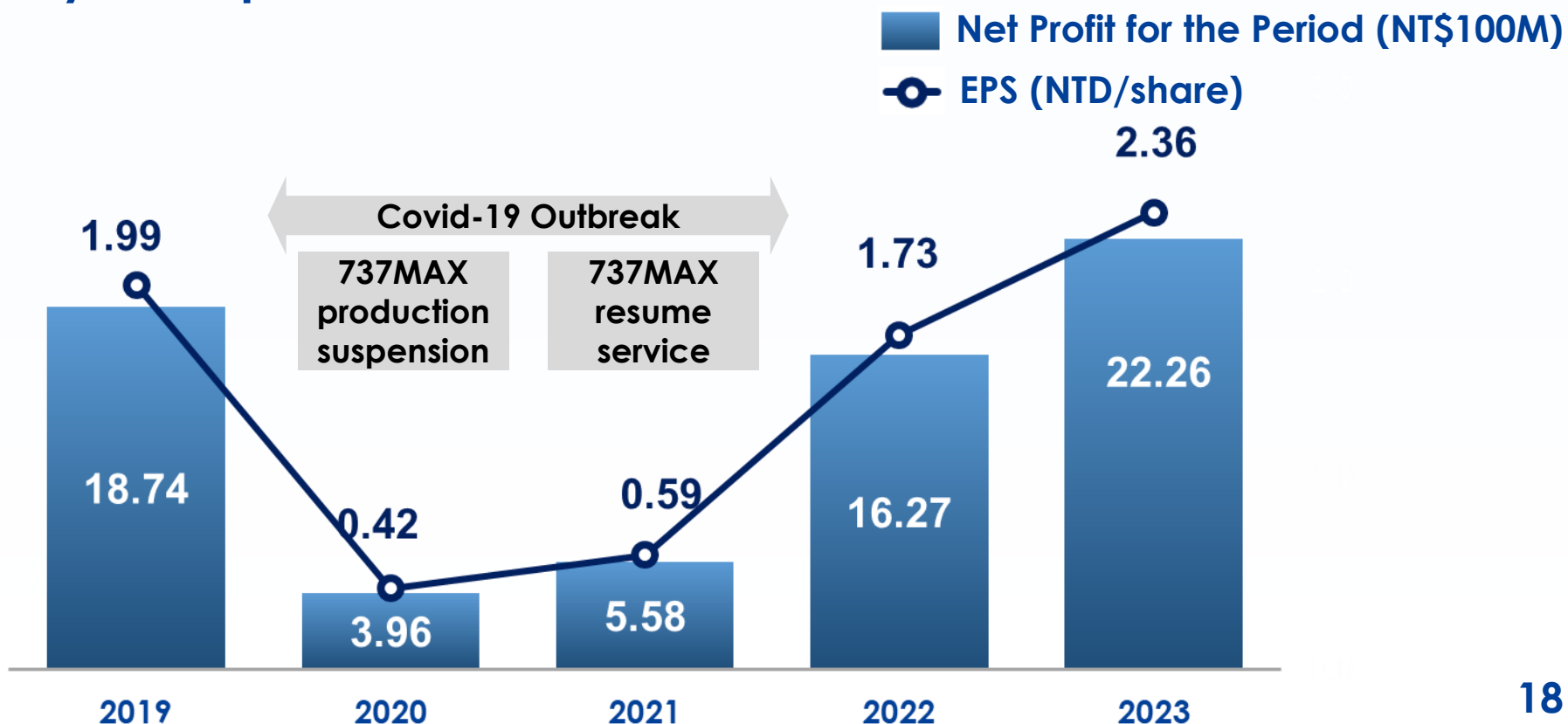
ITEM	2022		2023	
	Amount	%	Amount	%
Sales	302	100%	391	100%
Gross Profit	29	10%	44	11%
Operating Expenses	14	5%	16	4%
Profit From Operations	15	5%	28	7%
Non-Operating Items	5	2%	1	0%
Profit Before Income Tax	20	7%	28	7%
Net Profit For The Period	16	5%	22	6%
EPS(NTD/Share)	1.73		2.36	



# Financial Performance

## Net Profit for the Period & EPS

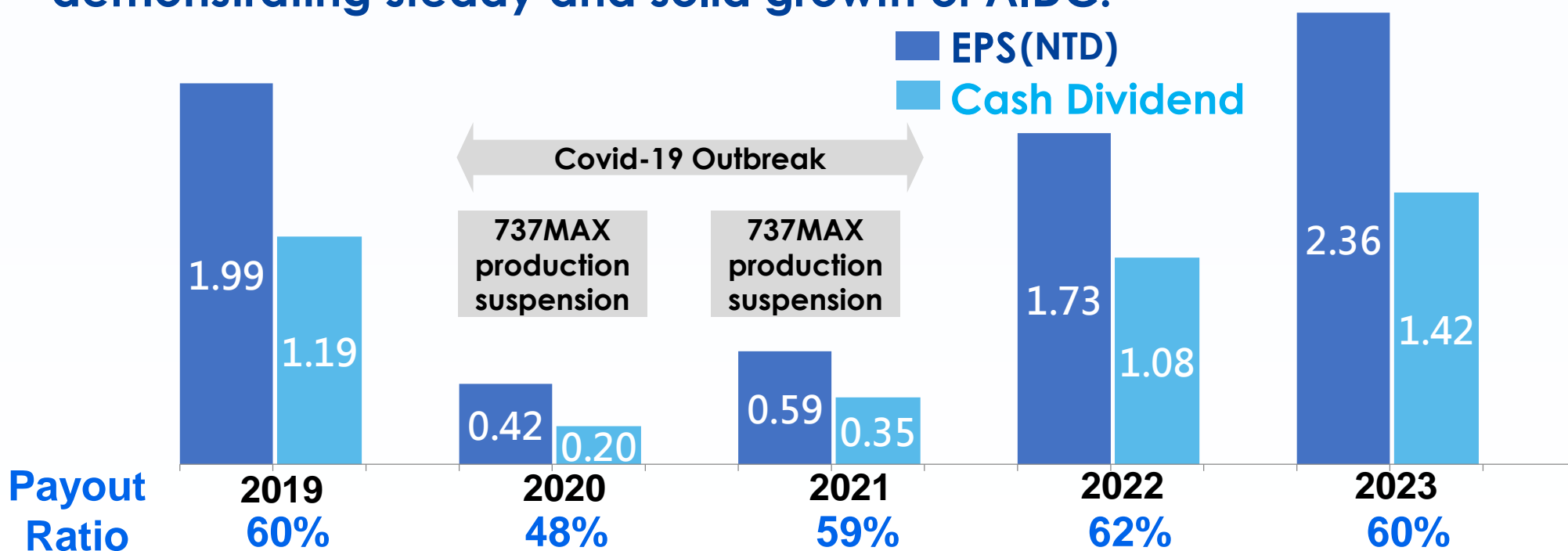
Following a significant growth in 2022, AIDC's EPS reached NT\$2.36 in 2023, continuing to set a new record since the company went public.



# Dividend Policy

## Dividend and Payout Ratio

In 2023, AIDC's EPS reached NT\$2.36. As a token of appreciation for shareholders' support, a cash dividend of NT\$1.42 was distributed, with a payout ratio of 60%, demonstrating steady and solid growth of AIDC.



The dividend distribution for 2023 is pending approval at the shareholders' meeting.

# Towards Sustainability

AIDC will continue to meet the demand of defense sector, monitor civil aircraft market, expand technology service business, and actively strive for winning carbon reduction business. AIDC will also take various management actions to improve cost and expense control and to move towards sustainable development.



## Defense

To conduct the AJT program on schedule and on quality. To utilize its F-16 upgrade capability to win related business. To promote upgrade, new aircraft project, maintenance and drones business.



## Commercial

To concentrate on high profit business. To develop thermoplastic composites technologies and to strive for the participation in the next-generation aircraft programs.



## Tech. Service

To focus on carbon reduction business and core technology of EMS and BMS. To expand business opportunities in blue oceans as an energy management solutions supplier.



## Distribution & Investment

The fourth pillar of AIDC's business to add growth momentum to the company.

-Thank you-

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.

# Q & A

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