

AIDC Investor Conference (2634)

Aerospace Industrial Development Corporation
November 14, 2024



Disclaimer

1. This presentation may contain predictions, estimates or other information that might be considered forward-looking which are subject to significant risks and uncertainties. Actual results may differ and will be disclosed via the “Market Observation Post System.”
2. Some of the photos shown on certain slides are credited to “Flaticon” (<https://www.flaticon.com>) °
3. All copyrights reserved by AIDC, and contents of this presentation may not be reproduced, copied, or used in other way without permission.

Outline

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

Market Outlook

Global air passenger demand keeps growing

The International Air Transport Association (IATA) reported passenger load factor reached 83.6%, indicating strong demand for air travel.

Global
Air travel demand

+7.1%

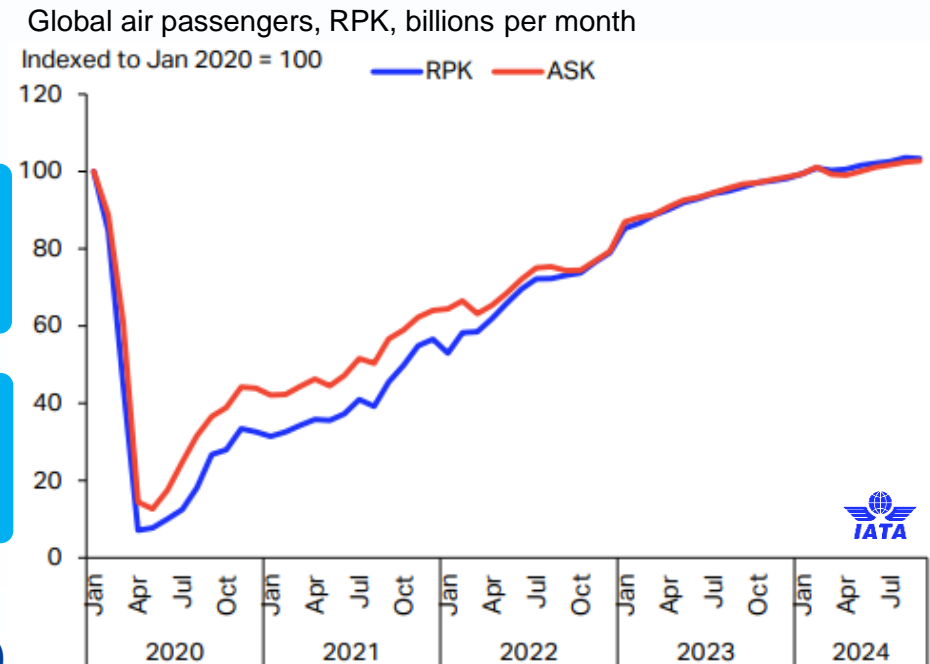
International

+9.2%

Domestic

+3.7%

Sources: IATA (Monthly Statistics till September, 2024)



Sources: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

Market Outlook

Global market outlook

1. Commercial aircraft :

Airbus Global Market Forecast (2024-2043):



New Deliveries
42,430



Passenger Traffic
Avg. annual growth 3.6%



Single Aisle
33,510 (nearly 80%)

Boeing Global Market Forecast (2024-2043):



New Deliveries
43,975



Passenger Traffic
Avg. annual growth 4.7%



Single Aisle
33,380 (nearly 76%)

Market Outlook

Global market outlook

2. Business Jet: Honeywell Forecast: (2025-2034)



New Deliveries
8,500



Market Value
US\$ 280 Billion

3. Aero Engine: Forecast International: (2024-2033)



New Deliveries
158,167

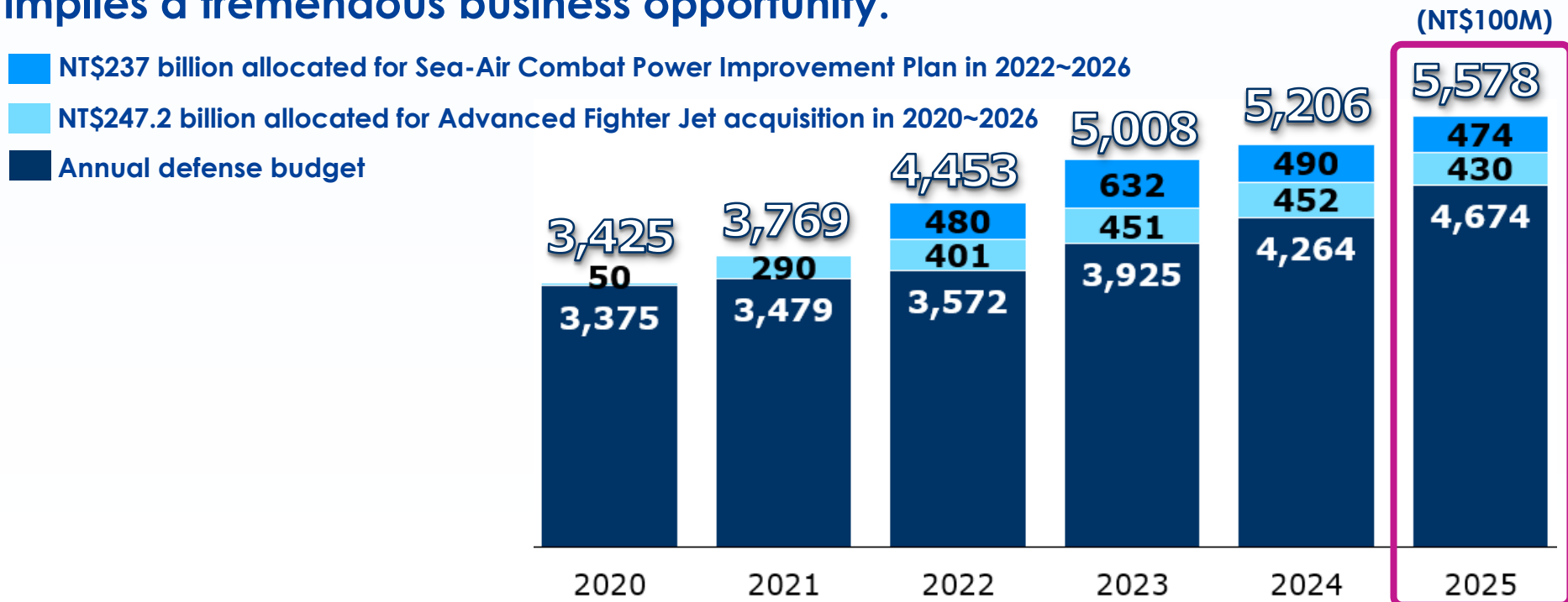


Market Value
US\$ 1.01 Trillion

Market Outlook

Domestic defense market prospect

The Ministry of National Defense (MND) has proposed more than NT\$460 billion for defense spending in 2025 to enhance Taiwan's defense capabilities. The total budget is over NT\$550 billion including special military budget, which implies a tremendous business opportunity.



Market Outlook

Domestic defense market prospect

The government plans to promote the military industry, which includes the establishment of key technical capabilities of drones and counter-drone systems, aviation systems, engine forging, and independent maintenance of military aircraft.

Military industry

to enhance the self-reliance of the defense industry

➤ Objectives

- To create non-red supply chain and build the "top democratic supply chain center" for drones in the Asia-Pacific region
- By 2028, the value of the drone industry is expected to grow tenfold, reaching NT\$30 billion
- To boost drone production capacity to 15,000 units per month in the event of a sudden surge in demand
- To establish a temperature-controlled forge production line for engine components
- To deliver 165 vessels to the ROC Navy by 2028

➤ Strategies

To integrate drone system capacity

- ✓ To build core technology and capacity of drones and counter-drone systems
- ✓ To promote international cooperation and win business opportunities without red supply chain
- To establish the Taibao R&D Center and to enhance mass production capabilities at the NCSIST Aerospace Park in Minsyong

To promote self-reliance of military aircrafts

- ✓ To develop aerospace core technologies and products such as aviation systems and engine forging capacity
- ✓ To build capability of independent maintenance of military aircraft
- ✓ To strive for international orders through obtaining authorization of export license from original manufacturer

To promote self-reliance of naval vessels

- To build technical capacity for unmanned vessels and unmanned underwater vehicles
- To utilize R&D subsidy resources to develop core technology or equipment

Sources: Executive Yuan, ROC(Taiwan)

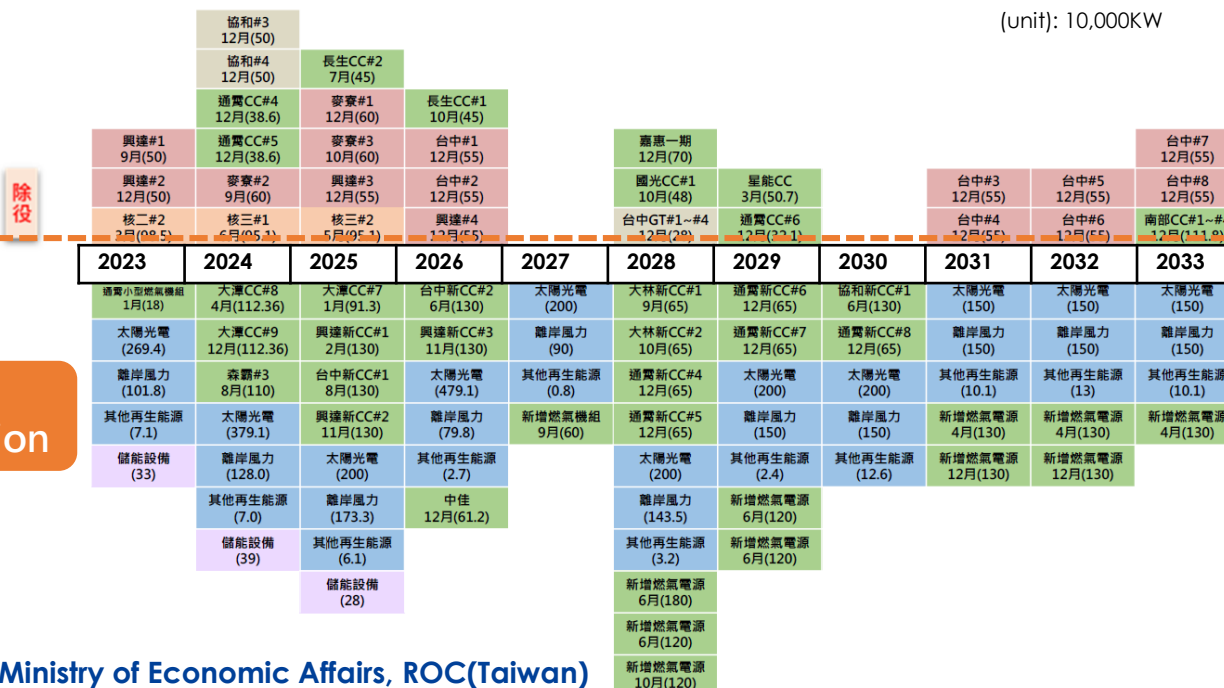
Market Outlook

Domestic energy market prospect

In accordance with the energy transition and net-zero emission policies, the Ministry of Economic Affairs plans that the overall power supply system will gradually move towards a low-carbon and low-air pollution emission one in the next 10 years.

Power plant: ■ Coal-fired ■ gas-fired ■ fuel ■ nuclear power ■ renewable energy ■ energy storage

(unit): 10,000KW



Offshore wind and other renewable energy

gas power

New Construction

Sources: the Ministry of Economic Affairs, ROC(Taiwan)

Operational Focus

Wins AH-1W Helicopter System Maintenance Project Bid

1. The Ministry of National Defense's AH-1W attack helicopter system maintenance project bid was announced on September 12. AIDC won the bid and will perform the contract until December, 2031. The contract budget is nearly NT\$3.2 billion.
2. Building on its excellent track record of maintenance performance, the Company will prudently implement projects including AJT maintenance, IDF maintenance, Air Force Academy A/C Maintenance GOCO, military helicopter system maintenance, and continue to strive for maintenance business opportunities.



**AH-1W
Helicopter
Maintenance**



**AJT
Maintenance**



**IDF
Maintenance**



**Air Force Academy A/C
Maintenance GOCO**



**UH-60M
Helicopter
Maintenance**

Operational Focus

Leading the "Taiwan Excellent Drone Overseas Business Opportunity Alliance" to Seize Overseas Business Opportunities

1. The Ministry of Economic Affairs announced the establishment of the "Taiwan Excellent Drone Overseas Business Opportunity Alliance" on September 10. AIDC Chairman serves the leader. The alliance aims to promote the international development of Taiwan's drone industry, enhance industrial competitiveness, and to become the Asian hub for a democratic drone supply chain.
2. The government has set a goal for the domestic industry of a monthly production capacity of 15,000 drones and an overall industrial output value of NT\$30 billion by 2028.
3. The Company will continue to expand its drone business, technology capabilities, international influence, market share, and revenue through its comprehensive capabilities in R&D, system integration, and mass production.



Operational Focus

Taiwan and Oklahoma's Drone Industries Form an Alliance

1. On September 30, "Taiwan Excellent Drone Overseas Business Opportunity Alliance" and the Oklahoma Defense Industry Association signed an UAV Industry Cooperation memorandum, aiming to jointly create a large-scale UAV supply chain in the Asia-Pacific.
2. Oklahoma has the largest military and commercial aviation maintenance base in the United States and performs testing for U.S. military drone. The manufacturers express strong willingness to cooperate with Taiwan and are open to various cooperation models.
2. The United States has recently been actively looking for "non-red" supply chains for drones. The arrival of the Oklahoma delegation marks that Taiwan-US cooperation has already taken shape.



Operational Focus

Receives Rolls-Royce's Annual Best Progress Award

1. Rolls-Royce, the world's leading aerospace engine manufacturer, awarded AIDC the Annual Best Progress Award at its annual supplier conference on September 4 to commend the Company's achievements in strategic planning, and performance in lean practices and delivery.
2. This award demonstrates that the Company has put emphasis on customer needs and that its performances are highly recognized by customers. The award improves the Company's international image and helps deepen its relationship with Rolls-Royce.



Operational Focus

Receives Bombardier's Diamond Supplier Award for the Fourth Time

1. AIDC is recognized as one of Bombardier's Diamond Supplier winners for 2023, marking the fourth time after receiving the award in 2019-2021.
2. This recognition underscores AIDC's continuing excellence in development and manufacturing of the CL3500 business jet's rear fuselage, vertical tail, horizontal tail, elevators and rudders. AIDC has been collaborating with Bombardier for over 20 years.
3. Bombardier's Diamond Supplier certification not only acknowledges the long-term collaboration between the two companies, but also is a boost to AIDC's commercial business in post-epidemic era.



Operational Focus

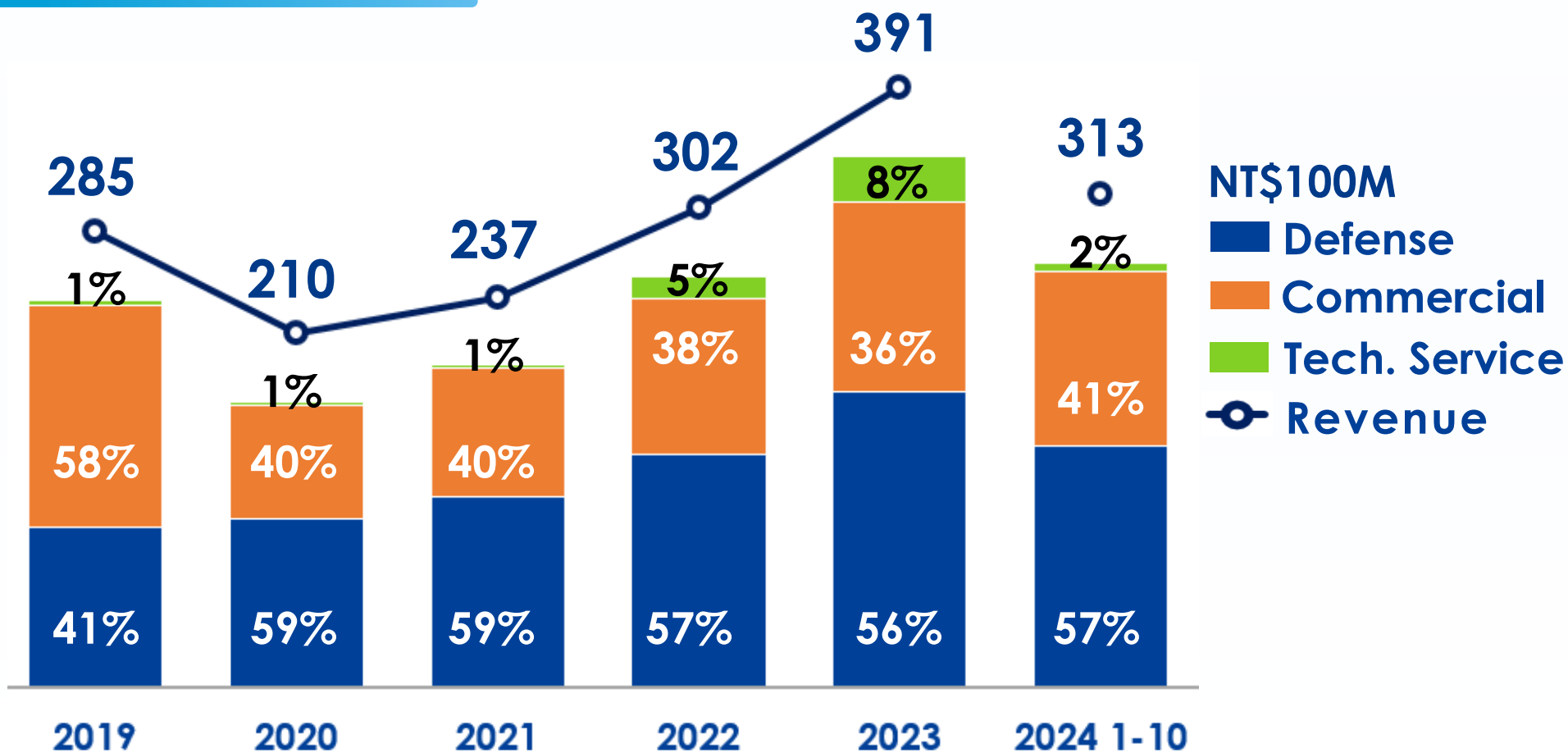
“AixWARE smart manufacturing solution and integration platform” First appearance at the Plastics and Rubber Industry Exhibition

1. Facing challenges such as rapid market changes and global supply chain disruption, AIDC actively develops “AixWARE”, a smart manufacturing solutions and integration platform that uses advanced scheduling, robotic arm, automatic quality inspection and other technologies to improve production efficiency and accuracy to realize digital management and analysis and create resilient strength to the industry.
2. This platform integrates technologies from partners including Industrial Research Institute, Dassault Systèmes, Chen Hsong, and MULTIPLAS, and has strong openness and compatibility. It is conducive for AIDC to cooperate with domestic enterprises to promote smart manufacturing and digital transformation. The Company had signed LOIs with RAY HWA TECHNOLOGY Company and Moldex3D Company.



Financial Performance

Revenue

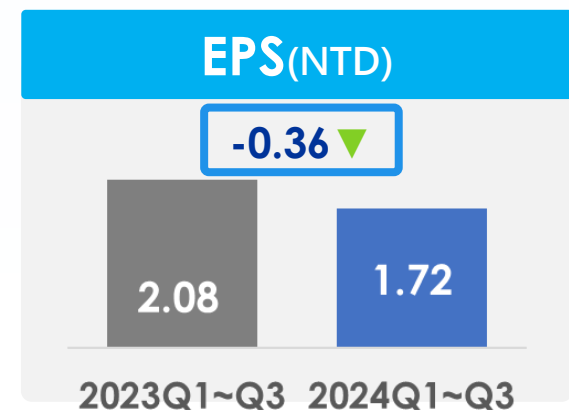
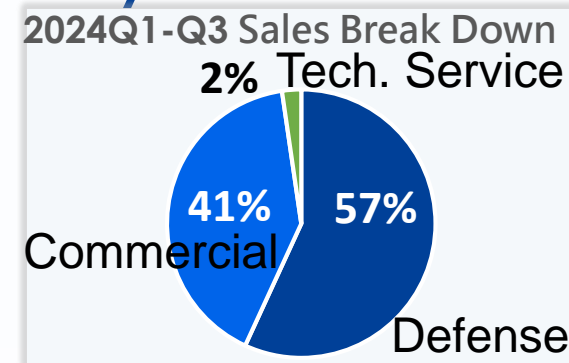


Financial Performance

2024 Q3 VS. 2023 Q3

As of Q3, revenue composition is 57% Defense, 41% Commercial, and 2% Tech. Service, with an EPS of NT\$1.72—a decrease of NT\$0.36 from last year due to AJT supply chain delays.

Item (NT \$100M)	Q3				Q1-Q3			
	2023		2024		2023		2024	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Sales	100	100%	86	100%	295	100%	280	100%
Gross Profit	10	11%	7	8%	31	11%	28	9%
Operating Expenses	4	4%	3	2%	10	3%	9	3%
Operating Profit	6	6%	4	6%	21	7%	18	6%
Non-Operating Items	2	2%	-1	-1%	4	1%	3	1%
Profit Before Income Tax	8	8%	3	5%	25	8%	21	8%
Net Profit For The Period	7	7%	2	4%	20	7%	16	6%
EPS(NTD/Share)	0.70		0.26		2.08		1.72	

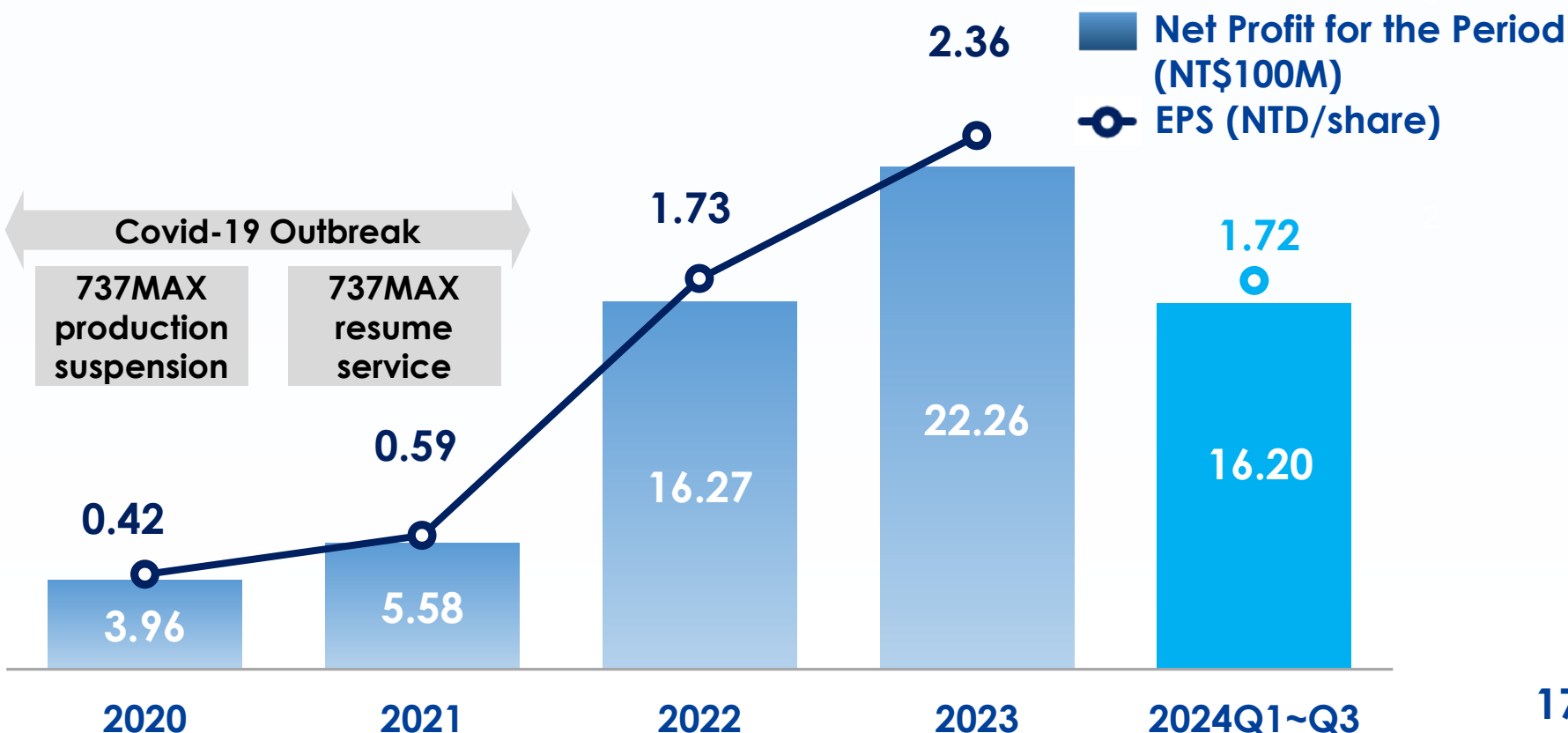


Q3 2024 saw a NT\$130 million exchange loss, down from a NT\$140 million gain in Q3 2023, resulting in a NT\$270 million decrease in profit.

Financial Performance

Net Profit for the Period & EPS

For Q1-Q3 this year, the EPS is NT\$1.72.



Endeavors & Prospects

Towards Sustainability

As the global aviation industry is experiencing strong recovery, and the government is promoting defense industry, energy transition and net-zero emission, AIDC continues to pursue growth through seizing business opportunities of defense, commercial, tech. service, and distribution & investment sectors.

Defense	Conducts the AJT and the maintenance programs on schedule and on quality. Promotes maintenance, upgrade, drone and counter-drone system, as well as F-16 related business.
Commercial	Makes the most of AIDC's capacity to win more business and focuses on high profit business. Develops thermoplastic composites, forging, and casting business. Strives for the participation in new regional aircraft/business jet programs.
Tech. Service	Explores energy business. Utilizes core technology of EMS and BMS and expands business opportunities in blue oceans as an energy management solutions supplier. Continues to expand business in flight, IT, simulator, and space market.
Distribution & Investment	Increases the number of contracted manufacturers and expands sales volume. Increases reinvestment benefits.

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