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AIA ASIA
Company Limited

AIR ASIA Company Limited

2022 Investor Conference



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Agenda

Financial Results

Commercial Business Outlook

Military Business Outlook

Financial Results



Statements of Comprehensive Income

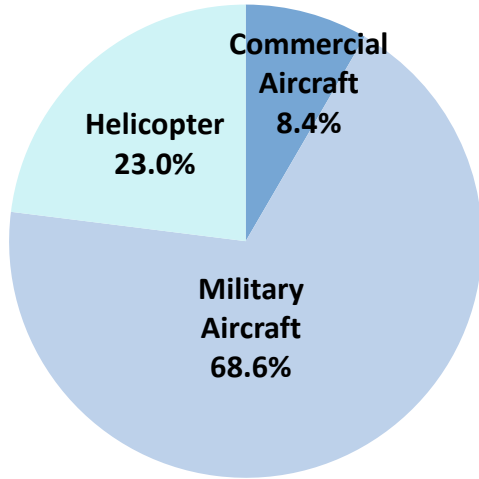
(In NT\$ thousands)

Items	1H22	1H21	1H22 over 1H21	Year 2021	Year 2020	Year 2021 over Year 2020
Net Revenue	1,886,872	1,916,392	(29,520)	3,884,970	3,895,091	(10,121)
Operating Costs	1,782,325	1,816,623	(34,298)	3,656,895	3,704,355	(47,460)
Gross Margin(%)	5.5%	5.2%	0.3%	5.9%	4.9%	1.0%
Operating Expenses	99,452	108,862	(9,410)	220,967	230,977	(10,010)
Operating Margin(%)	0.3%	-0.5%	0.7%	0.2%	-1.0%	1.2%
Non-operating Expenses	(1,811)	76,435	(78,246)	70,863	73,469	(2,606)
Net Income	2,607	60,077	(57,470)	76,984	42,388	34,596
Net Profit Margin(%)	0.1%	3.1%	-3.0%	2.0%	1.1%	0.9%
EPS(NT Dollar)	0.02	0.45	(0.43)	0.53	0.31	0.22
ROE(%)	0.1%	3.4%	-3.2%	4.3%	2.6%	1.7%

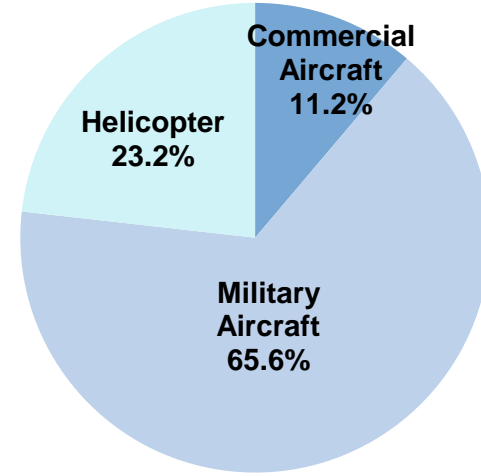


Revenue Analysis

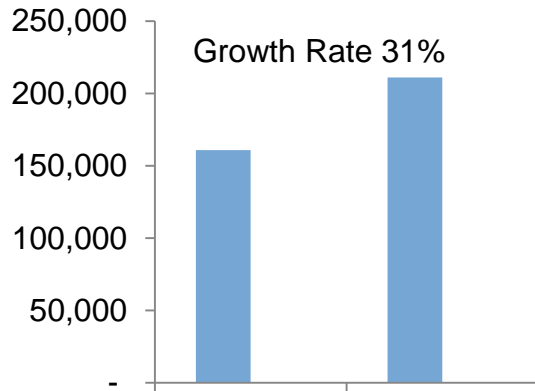
1H2021 Revenue



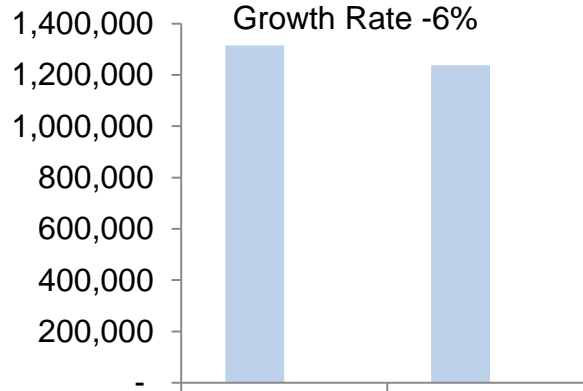
1H2022 Revenue



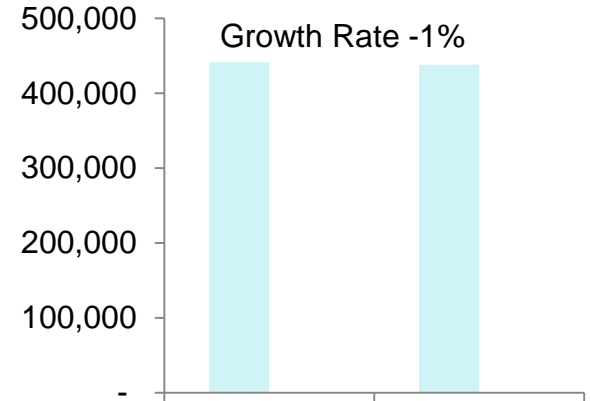
Commercial Aircraft



Military Aircraft



Helicopter

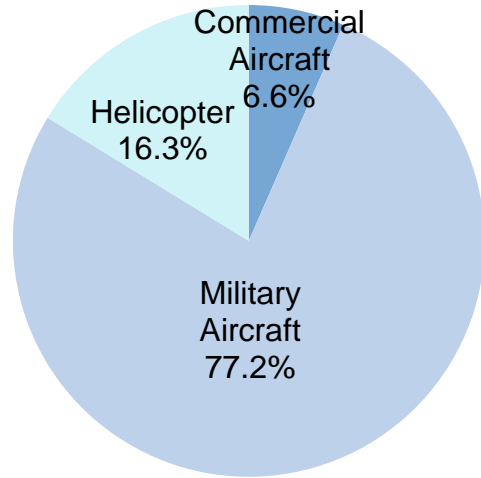


(NT\$ thousands) 2021 1H 2022 1H (NT\$ thousands) 2021 1H 2022 1H (NT\$ thousands) 2021 1H 2022 1H

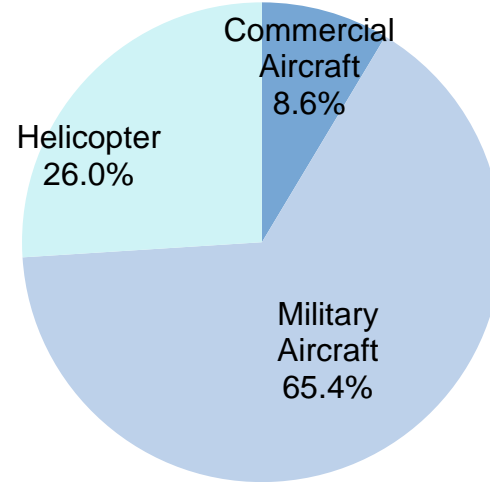


Revenue Analysis

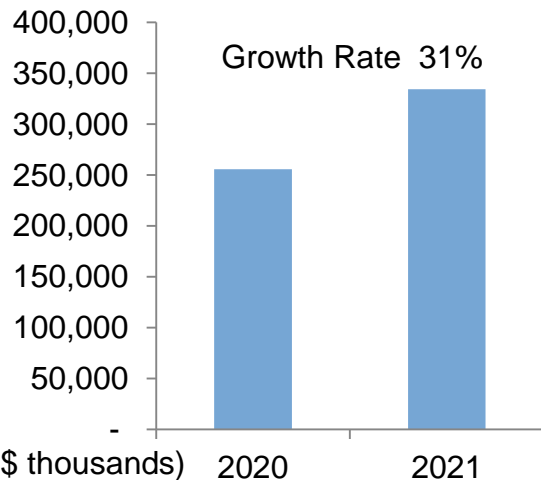
Year 2020 Revenue



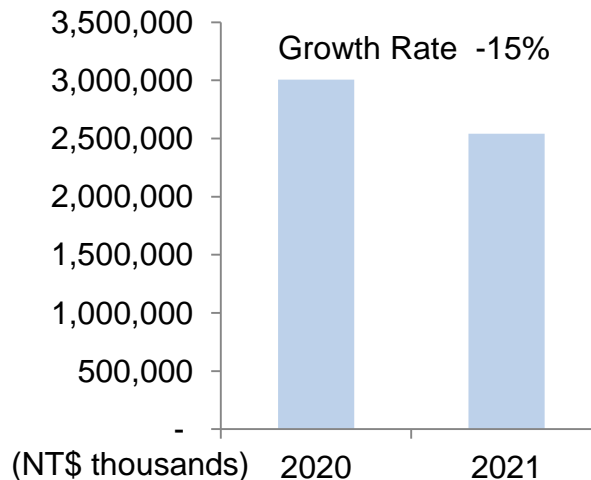
Year 2021 Revenue



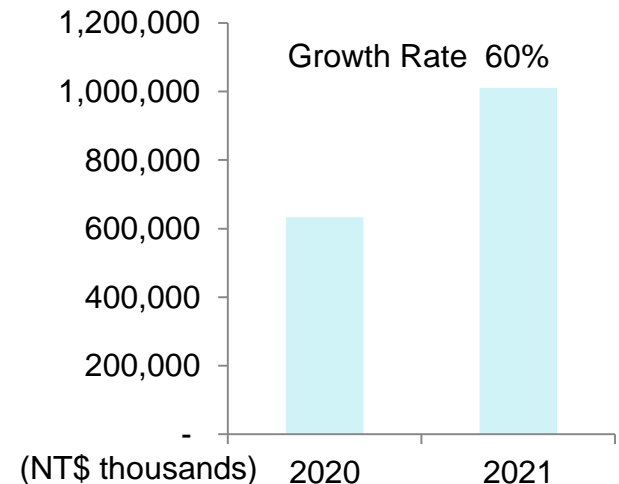
Commercial Aircraft



Military Aircraft



Helicopter



Balance Sheets & Key Indices

(In NT\$ thousands)

Items	1H22		1H21		Year 2021		Year 2020	
	amount	%	amount	%	amount	%	amount	%
Cash and cash equivalents	568,641	12	309,654	7	318,848	7	158,454	4
Contract assets	900,055	19	863,095	18	762,733	16	730,523	17
Accounts Receivable	1,092,590	23	1,382,023	29	1,404,381	30	1,077,859	24
Inventories	959,369	20	962,890	20	987,833	21	1,074,706	25
Other Assets	1,312,546	26	1,217,338	26	1,230,662	26	1,343,805	30
Total Assets	4,833,201	100	4,735,000	100	4,704,457	100	4,385,347	100
Current Liabilities	2,341,265	48	2,345,204	50	2,274,203	48	1,949,088	45
Non-current Liabilities	577,353	12	467,647	9	522,100	11	799,868	17
Total Liabilities	2,918,618	60	2,812,851	59	2,796,303	59	2,748,956	63
Total Equity	1,914,583	40	1,922,149	41	1,908,154	41	1,636,391	37
Total Liabilities and Equity	4,833,201	100	4,735,000	100	4,704,457	100	4,385,347	100

Key Indices

Current Ratio(%)	160%	157%	160%	168%
Debt Ratio(%)	60%	59%	59%	63%
Accounts Receivable Turnover (times)	3.02	3.12	3.13	3.41
Inventory Turnover (times)	3.66	3.57	3.55	2.86



Convertible Bond Condition

Items	Air Asia Company Ltd. 1st Domestic Unsecured Convertible Bond	Air Asia Company Ltd. 2nd Domestic Unsecured Convertible Bonds
Tenor	2019/07/09~2022/07/09	2019/07/10~2024/07/10
Amount	NT\$ 200 millions (2,000 Lots)	NT\$ 300 millions (3,000 Lots)
Coupon Rate	0%	0%
Conversion Price	N/A	NT\$ 16.7 (It will be valid at 2022/09/05.)
Conversion Period	N/A	2019/10/11~2024/07/10 (It cannot be converted at Book Closure date.)
Bonds Converted till 2022/07	114.6 millions converted to 6,040,315 common stock shares	146.8 million converted to 7,736,671 common stock shares
Bonds Not Converted till 2022/07	It matured on 2022/07/09.	153.2 millions are not yet converted.



Commercial Business Outlook



Commercial Market Outline

➤ Recovery on aviation industry

- There are 25,500 A/C in service in 2022, more than 23,000 in 2021 and 13,000 in 2020
- It estimated to be 50% narrow body A/C and 25% regional/propeller A/C de-preserve to back to service in 2022

➤ COVID-19 impact

- Every government support their own MRO industries to build more capabilities for fulfilling maintenance requirements. Less opportunities for Airlines send their A/C to other countries for performing C Checks
- Airlines apply due day extension because of flight hours declined



Commercial Market Outline

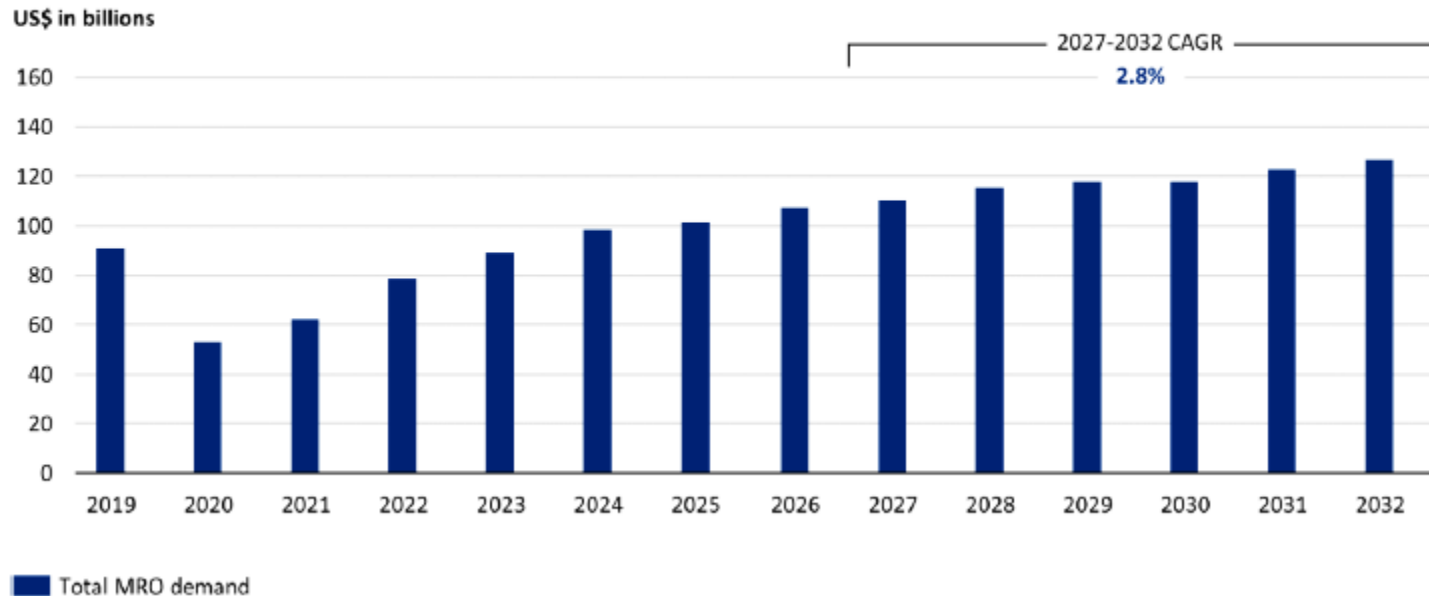
- A/C utilization change becomes big impact of MRO
 - Record number of retirements in 2020, with almost 1,300 A/C estimated to have left service permanently. Raft of premature retirements have affected the MRO industry
 - Aircraft manufacturers are making a strong effort to increase production rates, this effort is likely to lead to more aircraft retirements
 - In 2022, of which more than 1,700, or 75%, must undergo significant airframe checks. The anticipated mass return to service in 2022 and 2023 could create an airframe demand bubble
 - MRO industry not expected to fully recover until 2024



Commercial Market Outline

- A/C utilization change becomes big impact of MRO (Cont.)

Exhibit 24: MRO market forecast, 2019-2032



Note: Oliver Wyman "GLOBAL FLEET AND MRO MARKET FORECAST 2022-2032"

<https://www.oliverwyman.com/our-expertise/insights/2022/feb/global-fleet-and-mro-market-forecast-2022-2032.html>



Commercial Market Outline

- Passenger market has been hit and stagnated because of the pandemic. Cargo market, by contrast, has grown significantly. Current cargo customers such as S.F. Express launch new route and increase their scheduled flights during the epidemic. The endeavor on developing new cargo customers has blossomed, which China Central Longhao Airlines contributes the revenue in 2022
- Put more focus on the resumption plan of each customers to strive for new business as the slowdown of epidemic. In addition to adding A330 A/C into Line Maintenance service contract for AirAsia Berhad and Thai Lion Air, a Vietnamese airline which is planning to operate the flights to Taoyuan airport and Kaohsiung airport in the fourth quarter of 2022 is ready to sign the full technical with certificate of release to service contract recently



Contract Summary

➤ Repair Availability

- JEJU Air
- Peach Aviation
- Bamboo Airways
- Hanseo University

➤ Line Maintenance

- China Central Longhao Airlines
- S.F. Airlines
- Thai Lion Air
- Contracted with 13 Airlines, service to be provided until market recovery

➤ Parking

- BBAM Singapore
- SMBC Aviation
- Air Bikini

➤ National Airborne Service Corps, Ministry of the Interior King Air 200 maintenance project

- Duration : 2020-2024
- Amount : NT\$0.08 billions



Marketing Strategy

- Consolidate customers with long-term maintenance contracts
- Cooperate with Leasing Company with redelivery/delivery check
- Find more domestic customers
- Add new capability of aircraft type
- Enhance customer satisfaction and the maintenance performance with continuous business promotion
- Expand markets proactively to maximize the manpower utilization



Current Market/Customers

- Consolidate customers with long-term maintenance contracts
 - North East Asia
 - ❑ Japan: Peach Aviation
 - ❑ South Korea: T'way Airlines, JEJU Air, Asiana Airlines, Hanseo University
 - South East Asia
 - ❑ Vietnam: VietJet Air, Bamboo Airways
 - ❑ Thailand: Nok Air
 - ❑ Cambodia: Cambodia Airways, Sky Angkor Airlines



Current Market/Customers

- Cooperate with Leasing Company with redelivery/delivery check
 - Delivery check accomplished for AerCap & SMBC
 - BBAM arrange A/C parking in AACL, and continuously assign AACL to perform delivery check
 - Keep relationship and collaboration with top 25 Leasing Companies
- Find more domestic customers
 - Parking: Executive Aviation, Fubon Group, Yoshine, South Pacific Venture
 - Maintenance: Want-Want Group, Minth Group, RealWorld Aviation, Strong Aviation
 - Cross-Industry Collaboration: Hangar rental for commercial shoot



New Capability Current Market/Customers

➤ ATR 42 & 72

- Acquired CAA Taiwan, FAA, MOLIT certificate. End of 2022 will acquire JCAB rating
- GTA signed with Korean customer – Hi Air, and to be signed with Japanese customer
- Developing South East Asia customer, ex. Indonesia and Philippines
- Work with domestic aviation who own ATR

➤ A320neo

- Acquired CAA Taiwan, CAAV(Vietnam) and JCAB rating
- Accomplished 1 A/C for Peach Aviation
- VietJet and Bamboo Airways invite AACL to attend A320neo BID

➤ B737 MAX

- Capability is being established, ex. training, equipment...etc.



Line Maintenance Current Market/Customers

- Enhance customer satisfaction and the maintenance performance with continuous business promotion
 - On-call and manpower support are two main services at present, suggest the current customers to amend the service to full technical with certificate of release to service by continued customer services and maintenance quality
 - ▣ The service for China Central Longhao Airlines has been amended from On-call to full technical without certificate of release to service



Line Maintenance Current Market/Customers

- Expand markets proactively to maximize the manpower utilization
 - New business in South East Asia
 - ▣ AirAsia Berhad and Thai Lion Air have added A330 A/C service into Line Maintenance contracts this year
 - ▣ A Vietnamese airline planning to operate the flights to Taoyuan and Kaohsiung airport in the fourth quarter of 2022 is ready to sign the full technical with certificate of release to service contract recently



Sales Growth Tactics

- Bottleneck and solution in 2022
 - International carriers cancel/postpone maintenance plan or send A/C to local MRO due to COVID-19
 - ▣ Seeking for delivery/redelivery check after long parking. Through high revenue of single delivery check to make up the gap of declining C Check numbers
 - ▣ Strengthen collaboration with domestic carriers and business jets. (RealWorld Aviation, Strong Aviation, Executive Aviation, Skyvision Aviation, APEX Flight Academy, Want-Want Group, and Minth Group.



Sales Growth Tactics

- **Short-Term**
Consolidate domestic customers. Explore delivery/redelivery check with Leasing Companies and Airlines
- **Mid-Term**
Increase customers. Expand serviceable A/C type. Establish authorized maintenance center of HondaJet
- **Long-Term**
Build various A/C maintenance capabilities. Create unique niche market and become irreplaceable



A Customer Oriented Culture



Military Business Outlook



Domestic military aircraft market

2022	2023	2024	2025
Short-term	Mid-term	Long-term	
Complete Navy S-70C rotor blade overhaul capability	Army TH-67 Strategic Fleet Maintenance Project	Army OH-58 Strategic Helicopter Maintenance Project	
	Government Owned Contractor Operated (GOCO) program for the Air Force 2nd Logistics Command Renewal Contract	Plan for the UH-60 APU of the Three Armies and the Air Force F-16 JFS Factory Level Repair Capability Established Plan	
Government Owned Contractor Operated (GOCO) program for the Air Force Songshan Base	Air Force B-1900 Aircraft Weather Radar Structure Modification Project	National Space Center Optical Fiber Optic Gyro (FOG) Technology Transfer Cooperation Program	
	UH-60M rotor blade overhaul project	NASC UH-60M Helicopter Maintenance Project	



Contract Summary

Military Aircraft	Helicopter
Government Owned Contractor Operated (GOCO) program for the Air Force 2nd Logistics Command Duration:2018-2022 Amount: NT\$13.3 billions	OH-58D Helicopter maintenance project Duration:2017-2024 Amount: NT\$1.6 billions
	TH-67 Helicopter maintenance project Duration:2016-2023 Amount: NT\$1.4 billions
Government Owned Contractor Operated (GOCO) program for the Air Force Songshan Base Duration:2022-2026 Amount: NT\$1.7 billions	CH-47SD Helicopter maintenance project Duration:2019-2026 Amount: NT\$1.4 billions
	UH-60M Helicopter maintenance project Duration:2021-2025 Amount: NT\$1.05 billions



Military Aircraft

➤ Component Division Taichung (GOCO Project)

- The maintenance and procurement materials have been replenished one after another, supporting the delivery of parts from the factory to meet the annual maintenance needs of the Air Force. The revenue will continue to grow in the second half of the year; in addition, the F-16 aircraft Industries Cooperation project (including hydraulic system, fuel system, environmental control system, electrical department, etc. and has been successively completed 7 cases and 69 items). Strive the military reparable items to increase the Company' s revenue.



Military Aircraft

- Aircraft Maintenance Division Pingtung (GOCO Project)
 - All types of aircraft perform D-level maintenance operations according to the military 's annual plan, and progresses to strive unplanned work, and cooperate with the military to perform TCTO maintenance and special tasks. In addition, in response to the post-epidemic recovery of the aviation industry, we continue to strengthen the promotion of domestic and foreign civil aircraft for maintenance and painting operations, to make full use of the efficiency of the factory and increase revenue.



Military Aircraft

➤ Aircraft Maintenance Division Songshan

- Obtained a new contract for the maintenance of administrative planes and inspection machines (2022 ~ 2026). Adhering to the past contracting experience, it has carried out various repair and maintenance operations and quality management to meet the military requirements and maintain a stable revenue. The execution of the case contract will increase the Company's benefits.



Aircraft Painting Factory

- It has a professional environmental control spraying booth in Pingtung factory and has the ability to spray the whole aircraft for military and civilian. Customization and pattern design are available with customers requirement and authorization.



The exclusive pattern spraying of the straight tail fin of the customer's aircraft



The sticking of the fuselage runway protective pad and the whole aircraft painting



Helicopter

- In the second half of 2022, we continuously integrate and stabilize the market by performing our contracts of TH-67, OH-58 and CH-47 fleet maintenance for the military and UH-60M fleet maintenance & management for National Airborne Service Corps (NASC).
- We are exclusively authorized by Breeze-Eastern (BE) as the Hoist and Cargo Hook Maintenance Center in Asia (except India and Japan). In addition to NASC and DAPA, we are striving for the business of Korea Fire Service for its rescue hoists and cargo hooks repair/overhaul.
- To strive for upgrade programs of various types of aircraft, e.g., life extension of S-70C helicopters.



Helicopter

- According to the policy of national defense independence (defense autonomy), capabilities for main rotor blades of all types of helicopters are scheduled to establish.
- Strategic alliance with ABS to explore business opportunities through OEM technology transfer.

Aviation Blade Services, Inc. Announces S-70 Main and Tail Rotor Blade Maintenance Training and Services Partnership with the AMS Group and Air Asia Company Limited("AACL")

NEWS PROVIDED BY
Aviation Blade Services, Inc. →
Jun 25, 2021, 11:05 ET

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KISSIMMEE, Fla., June 25, 2021 /PRNewswire/ -- Aviation Blade Services, Inc. ("ABS"), a wholly owned subsidiary of First Aviation Services Inc., announced today the commencement of a multi-year Inspection and Repair Training and Maintenance contract to support Main and Tail Rotor Blade repair for the Taiwanese fleet of S-70/UH-60 rotorcraft. The partnership with AMS Group and Air Asia Company Limited ("AACL") is another significant milestone for Aviation Blade Services in supporting operators worldwide.

註：資料來源 Prnewswire Aviation Blade Services, Inc. Announces S-70 Main and Tail Rotor Blade Maintenance Training and Services Partnership with the AMS Group and Air Asia <https://www.prnewswire.com/news-releases/aviation-blade-services-inc-announces-s-70-main-and-tail-rotor-blade-maintenance-training-and-services-partnership-with-the-ams-group-and-air-asia-301320229.html>



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Thank you

