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AIA ASIA
Company Limited

AIR ASIA Limited Company

2023 Investor Conference



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Agenda

Financial Results

Commercial Business Outlook

Military Business Outlook

Financial Results



Statements of Comprehensive Income

(In NT\$ thousands)

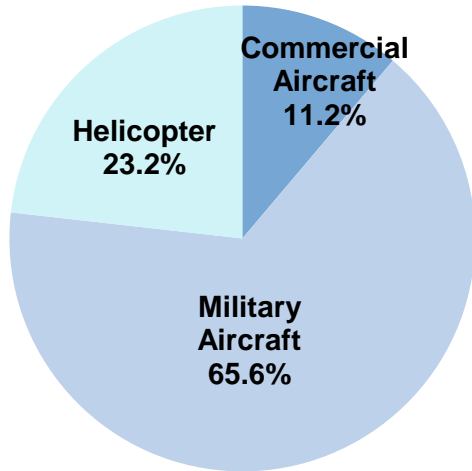
Without Employee
stock option & Loss
valuation of Asset

Items	1H23	1H22	1E23 over 1E22	1H23	1E23 over 1E22
Net Revenue	2,390,373	1,886,872	503,501	2,402,624	515,752
Operating Costs	2,278,611	1,782,325	496,286	2,241,132	458,807
Gross Margin(%)	4.7%	5.5%	-0.8%	6.7%	1.2%
Operating Expenses	120,711	99,452	21,259	109,144	9,692
Operating Margin(%)	-0.4%	0.3%	-0.7%	2.2%	1.9%
Non-operating Expenses	(16,433)	(1,811)	(14,622)	(16,433)	(14,622)
Net Income	(26,645)	2,607	(29,252)	34,652	32,045
Net Profit Margin(%)	-1.1%	0.1%	-1.2%	1.4%	1.3%
EPS(NT Dollar)	(0.16)	0.02	(0.18)	0.21	0.19
ROE(%)	-1.3%	0.1%	-1.4%	1.7%	1.6%

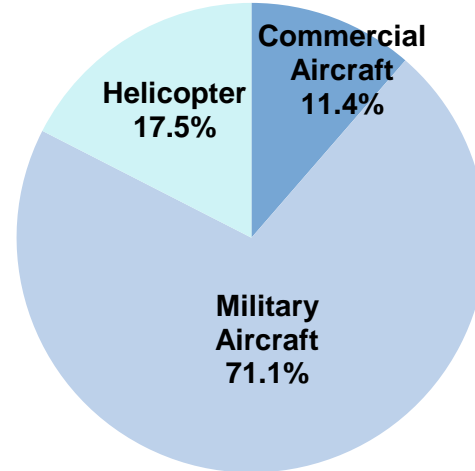


Revenue Analysis

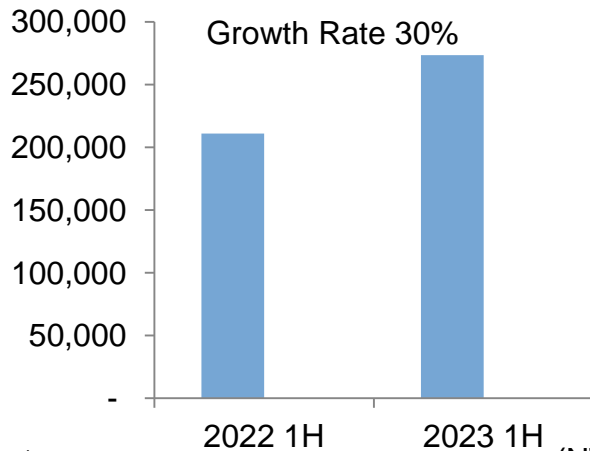
1H2022 Revenue



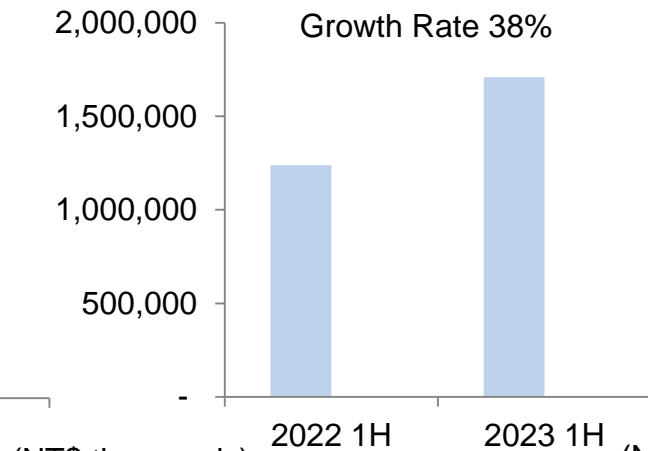
1H2023 Revenue



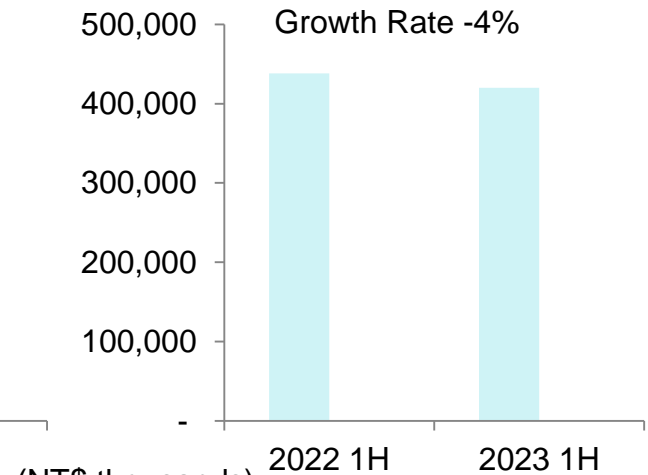
Commercial Aircraft



Military Aircraft



Helicopter



(NT\$ thousands)

(NT\$ thousands)

(NT\$ thousands)



Balance Sheets & Key Indices

(In NT\$ thousands)

Items	1H23		1H22		Year 2022		Year 2021	
	amount	%	amount	%	amount	%	amount	%
Cash and cash equivalents	231,697	4	568,641	12	252,947	5	318,848	7
Contract assets	1,116,539	20	900,055	19	913,851	19	762,733	16
Accounts Receivable	1,684,816	31	1,092,590	22	1,208,472	25	1,404,381	29
Inventories	1,078,819	20	959,369	20	1,191,766	24	987,833	21
Other Assets	1,393,761	25	1,312,546	27	1,343,940	27	1,230,662	27
Total Assets	5,505,632	100	4,833,201	100	4,910,976	100	4,704,457	100
Current Liabilities	3,006,600	55	2,341,265	48	2,479,066	50	2,274,203	47
Non-current Liabilities	456,084	8	577,353	12	507,432	11	522,100	11
Total Liabilities	3,462,684	63	2,918,618	60	2,986,498	61	2,796,303	58
Total Equity	2,042,948	37	1,914,583	40	1,924,478	39	1,908,154	42
Total Liabilities and Equity	5,505,632	100	4,833,201	100	4,910,976	100	4,704,457	100

Key Indices

Current Ratio(%)	143%	160%	151%	160%
Debt Ratio(%)	63%	60%	61%	59%
Accounts Receivable Turnover (times)	3.30	3.02	3.11	3.13
Inventory Turnover (times)	4.01	3.66	3.50	3.54



Commercial Business Outlook



Market Overview-Airline

- Aircraft amount on the duty is approaching pre-pandemic peaks
 - There are 27,400 aircrafts on the duty in the beginning of 2023, which is approaching the pre-pandemic peaks (28,000 aircrafts) in January 2020
- High usage of narrow-body aircraft
 - Domestic routes have resumed earlier than international routes, and narrow-body aircraft are mainly used on domestic flights
 - Due to international routes have not recovered completely and higher fuel consumption of wide-body aircraft, some airlines operate narrow-body aircraft on medium-haul routes



Market Overview-Airline

- Replacement of the old aircraft by new-generation aircraft
 - Outstanding performance: Boeing 737 MAX and Airbus A320neo has better performance and lower fuel consumption than the old aircraft
 - Graduate retirement of the old aircraft: Airlines phase out Boeing 737NG and Airbus A320ceo, and transitioning to next-generation aircraft
 - New generation aircraft become mainstream: Boeing and Airbus are expanding production lines, and delivery volumes are gradually increasing. It is anticipated that the Boeing 737 MAX and Airbus A320neo will be the dominant narrow-body aircraft in the market



Market Overview-Airline

- Prospects for the aviation industry
 - As the global pandemic is gradually under control, the aviation industry is expected to grow in 2023
 - Demand for international flights has not yet fully recovered, but is expected to increase in the coming years as travel demand recover
 - The usage of next-generation aircraft will greatly improve the operational efficiency of fleet



Market Overview-MRO

- Maintenance demands increase rapidly ,the MRO (Maintenance, Repair, and Overhaul) industry turns to seller's market
 - Due to economy recovery of Asia-Pacific, passenger and flights in 2023 are gradually returning to pre-pandemic levels
 - The needs for narrow-body aircraft is increasing, but lead time of new aircraft cannot catch up the demands. Thus, airlines bring back the storage aircraft for launching more flights to have more revenue
 - During the pandemic, many aircraft were sent to storage. To save the costs, airlines extend the due day when A/C was on ground. For returning to services, overdue aircraft need to be performed proper maintenance, so the MRO demand is highly required



Market Overview-MRO

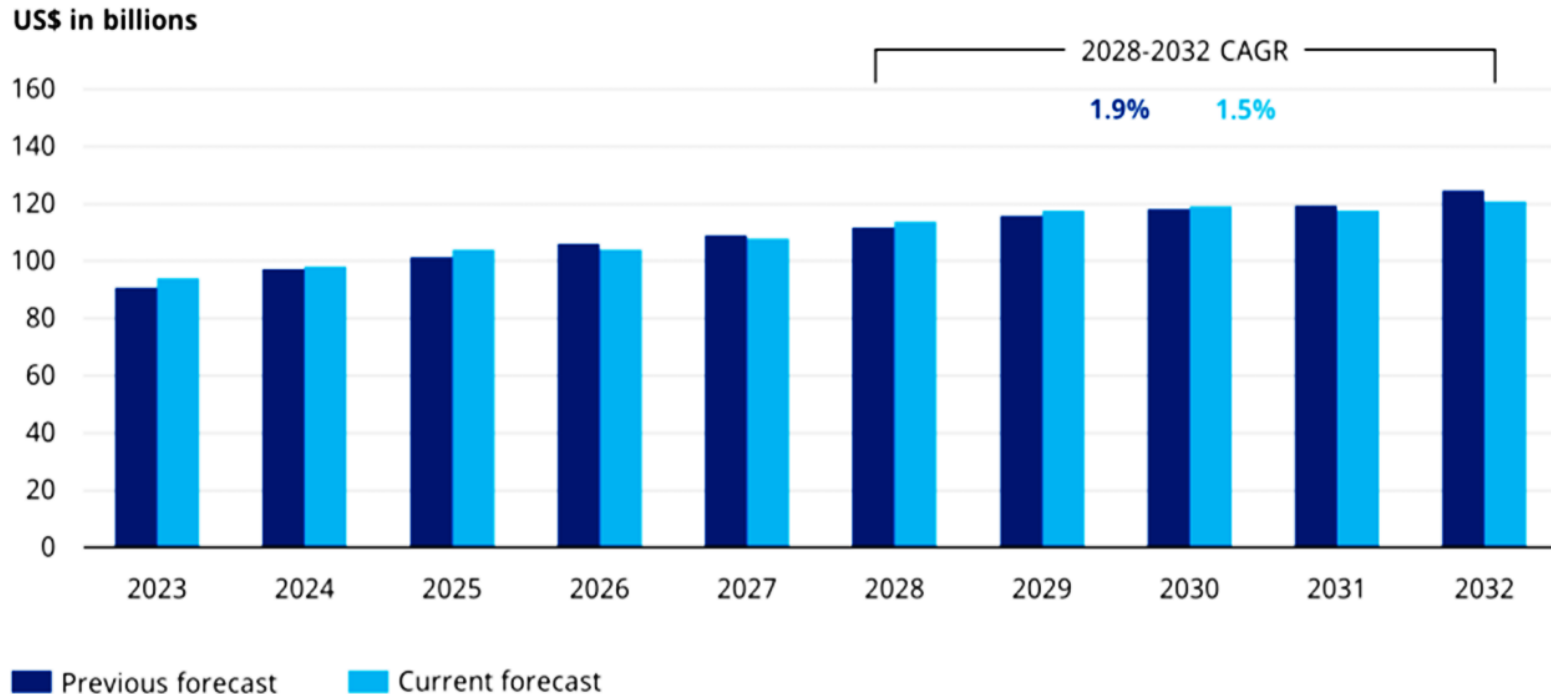
- Maintenance demands increase rapidly ,the MRO (Maintenance, Repair, and Overhaul) industry turns to seller's market (Cont.)
 - In 1st half of 2023, the revenue of commercial unit of Air Asia Company Listed (AACL) has grown 30% more than 1st half of 2022. It indicates that the aviation industry is in a phase of rapid recovery, and the maintenance market is in highly demanding
 - It is expected that the demand will remain high in 2023 and 2024



Market Overview-MRO

➤ 2023-2032 MRO Market Forecast

Exhibit 23: MRO Market Forecast, 2023-2032



Note: CAGR stands for compound annual growth rate

Source: Oliver Wyman analysis

Note: Oliver Wyman "GLOBAL FLEET AND MRO MARKET FORECAST 2023-2033"

<https://www.oliverwyman.com/our-expertise/insights/2023/feb/global-fleet-and-mro-market-forecast-2023-2033.html>



Market Overview-Line

- International flights has generally resuming the routes to Taiwan after the relief of the pandemic since December 2022, and the recovery of aviation industry has also reflected in Line Maintenance. Accordingly, the number of served flights has increased from 200 flights in January 2023 to more than 400 flights in May. Currently, the customers of Line Maintenance Department includes AirAsia Group (Thai AirAsia, Philippines AirAsia, AirAsia Berhad, AirAsia X, etc.), Thai Lion Group (Thai Lion Air, Batik Air Malaysia which known as Malindo Air), Vietjet Group (Vietjet and Thai Vietjet), Bamboo Airways, and other passenger/cargo airlines



Market Overview-Line

- Although the closure of borders during the pandemic results in the obstacles to develop business abroad, Line Maintenance Department has still endeavored customers to sign the contracts by the effective sharing of customer and application to information equipment that leads the business continued in steady growth. Therefore, the contracted customers has increased from 19 airlines in the end of 2022 to 24 airlines as of July 2023. Moreover, marketing is under endeavored negotiation for contract signing with 7 airlines in Northeast and Southeast Asia which operated with Boeing 737NG, 737 MAX, Airbus A320, and A330 series, which are the main types of the current market



Contract Summary

➤ Base Maintenance + Parking

- AirAsia Group
- Jeju Air
- Peach Aviation
- T' way Airlines
- Vietjet Air
- APEX
- Mandarin Airlines
- AerCap
- Avolon
- BBAM Singapore
- SMBC Aviation

➤ Line Maintenance

- AirAsia Group
 - Thai Lion Group
 - Vietjet Group
 - S.F. Airlines
 - Bamboo Airways, Tiger Air
 - Royal Air Philippines
- 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
- Exploring new business opportunities
- 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



Market Development Status

- Long-Term cooperative foreign customers (with fleet)
 - USA
 - ❑ Hawaii: Aloha Air Cargo, Transair
 - ❑ Alaska: Northern Air Cargo
 - Northeast Asia
 - ❑ Japan: Peach Aviation, JTA, JAC, Toki air
 - ❑ South Korea: T' way Airlines, JEJU Air, Hanseo University
 - Southeast Asia
 - ❑ Philippines: Philippines AirAsia
 - ❑ Vietnam: VietJet Air, Bamboo Airways
 - ❑ Cambodia: Cambodia Airways



Market Development Status

- Cooperate with Leasing Company with redelivery/delivery check
 - Aercap continues sending aircraft for parking and perform de-registration/re-registration tasks
 - GTA-signing with Aercap, Air Castle, BBAM and Avolon
 - Keep relationship and collaboration with top 25 Leasing Companies
- Domestic customer maintenance
 - Parking: Executive Aviation, Skyvision, Fubon Group, South Pacific Venture
 - Maintenance: Want-Want Group, Minth Group, RealWorld Aviation, Strong Aviation



Development of the New Capability

➤ ATR 42 & 72

- Acquired CAA Taiwan, FAA, MOLIT, JCAB
- 1 aircraft maintenance completed for Mandarin Airlines and JAC
- Developing the Northeast Asia market. The new partnership established with JAC, Toki Air (Japan), Sum Air (South Korea), also engaging actively with ATR customer in the region

➤ A320neo

- Acquired CAA Taiwan, FAA, JCAB, CAAT and CAAV
- Accomplished maintenance for the aircraft from Peach Aviation, Vietjet, and Bamboo Airways

➤ B737 MAX

- Capability is being established, Planning to obtain the certificates from Taiwan, South Korea, and the USA. We aimed at securing the business opportunities with customers such as T' way 、 Jeju Air 、 Airfast 、 Avolon 、 VJC and TVJ



Line Maintenance Current Market/Customers

- Improve customer satisfaction, performance and promotion
 - At present, our contract is still based on " ON CALL" and manpower support. Some customers are satisfy with our service, so their turn to have " CRS " in the contract
 - In the future, we will continue to improve customer service and quality, "CRS" will be our main target
 - ▣ Bamboo Airways turn to "CRS" from March this year, and Air Asia Philippine turn to "CRS" from June this year



Line Maintenance Current Market/Customers

- Expand market and maximize the manpower
 - We have made new gains in the Asian market, so we should recruit people appropriately, and plan the use of manpower
 - ▣ Bamboo Airways had signed an agreement of "CRS" in TPE and KHH from March
 - ▣ Vietjet and Thai Vietjet have completed the contract and will provide transit check in May and August



Sales Growth Tactics

➤ Business strategy of 2023

- Seeking the opportunity of the heavy checks for the large number of aircraft which stored during the pandemic to increase revenue
- Enhancing the cooperation with the leasing company, expanding the business scope upon other aviation by aircraft parking, transferring, delivering/redelivering and inspection
- Expanding the ATR market in Northeast Asia
- Accomplish the capacity for Boeing 737 MAX and Airbus A320neo. In the meantime, expedite the certificate application of relevant aviation authorities

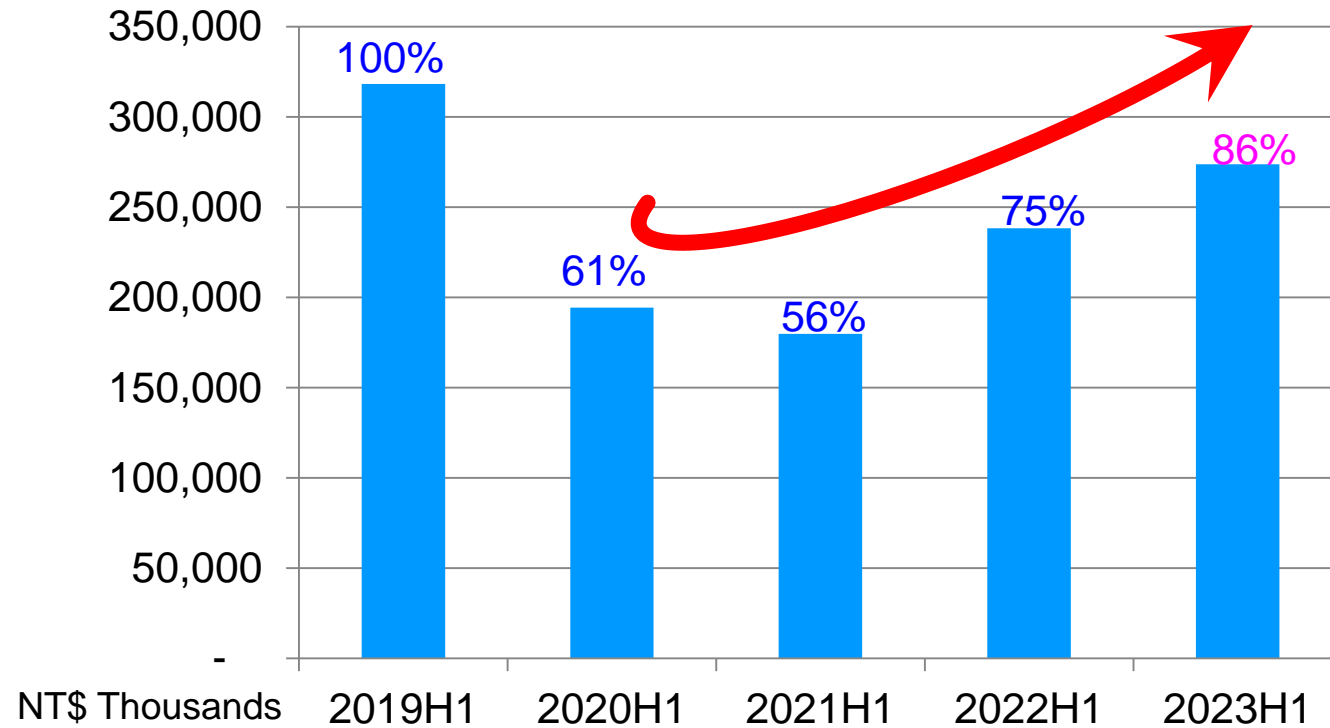


Sales Growth Tactics

- **Short-Term**
Expanding the capacity, maintaining quality and focusing on heavy checks business
- **Mid-Term**
Expanding the customer base and broaden the range of supported aircraft models
- **Long-Term**
Establish diverse aircraft maintenance capabilities, create unique value propositions, and enhance competitive advantages



Commercial Business Recovery



A Customer Oriented Culture



Military Business Outlook



Main Government Business

Year Contract	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
GOCO			5Y NT\$13.36B						5Y NT\$13.36B								
GOCO (Songshan)			4Y NT\$1.89B					5Y NT\$1.76B				3Y NT\$1.06B					
OH-58D		7Y NT\$1.63B															
TH-67	7Y NT\$1.41B								8Y NT\$1.81B								
CH-47SD			7Y NT\$1.4B														
NASC UH-60M						5Y NT\$1.05B				2Y NT\$0.42B							
NASC King Air					4Y NT\$0.08B												



Helicopter

- We constantly maintain and secure our current markets with performance of our contracts on 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 Taiwan Military, we are expanding the business of Korea Aerospace Industries (KAI) for repair/overhaul of hoists and cargo hooks.



Helicopter

- To strive for upgrade programs on various types of aircraft, e.g., wiring harness replacement for MD500 helicopters.
- We are scheduling to complete establishments of main rotor blades for all types of helicopters, in compliance with Self-Reliant Defense policy.



Military Aircraft

➤ Component Division Taichung (GOCO Project)

- Accessories Factory(GOCO Project) : The 2nd ALC GOCO contract renewal (2023~2027) has been completed. According to the successive supply of materials and the delivery schedule, the delivery schedule of the repair parts will be adjusted to meet the annual repair requirements of the ROCAF. The revenue in the second half of the year will continued growth. Meanwhile, completed 23 items of the P-3C propeller system etc. and F-16 industrial cooperation case (have been completed in 3 program 23 items such as the hydraulic system, heavy-duty landing gear, PTO shaft and cooling sensor etc., continue to implement program have fuel system, environmental control system, electrical system and CSD etc. 4 program 37 items) to build the repair capability and to strive for military parts to be repaired into the factory to increase the Company's revenue.



Military Aircraft

- Aircraft Maintenance Division Pingtung (GOCO Project)
 - Pingtung Plant (GOCO Project) : Various types of aircraft enter the factory according to the military's annual plan to perform Depot Level Maintenance operations, and related work progress is promoted to stabilize. Actively strive for non-planned work business and cooperate with the military to implement important TCTO maintenance and project tasks etc. other additional entrusted work. In response to the recovery of the aviation industry we will continue to strengthen the promotion of domestic and foreign civil aviation aircraft to the Pingtung Plant for maintenance and painting operations, so as to fully utilize the efficiency of the plant and to increase the revenue.



Military Aircraft

➤ Aircraft Maintenance Division Songshan

- Songshan Plant : Has obtained a new maintenance contract of the administrative planes and radio check planes (2022~2026). Adheres to past contracting experience, implements various repair and maintenance operations and quality management, achieves the correctness rate required by the military and maintains stable revenue. Also completes the weather radar structure reform contract is signed, and the schedule is controlled and executed to increase the Company's benefits.



Military Aircraft

➤ Engine and Accessory Factory

- Carry out the maintenance case of the Army's 4 types helicopters and GOCO, Air Force Academy maintenance case and Songshan case, continuing control the material arrival schedule and flexibly adjust the maintenance arrangement to ensure completed on schedule and quality. Another FOG (Fiber Optic Gyroscope) production setup plan, controlling the schedule of plant facilities, equipment procurement and personnel training etc., to ensure that the production line will be accepted for production and delivery the first FOG in February 2024. So as to achieve OEM production operations transform into a production business to increase business scope and revenue. To meet the requirement of the National Chung-Shan Institute of Science and Technology (NCSIST) for the purchase and assembly of three drones, use existing manpower to establish a drone assembly line, develop drone assembly capability, and strive for subsequent business opportunities in the mass production of drones from the NCSIST.



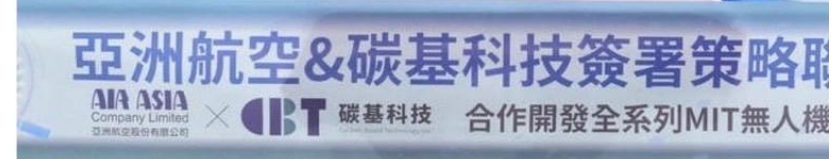
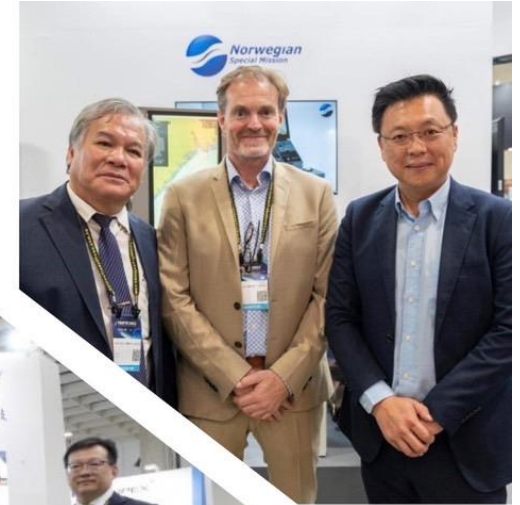
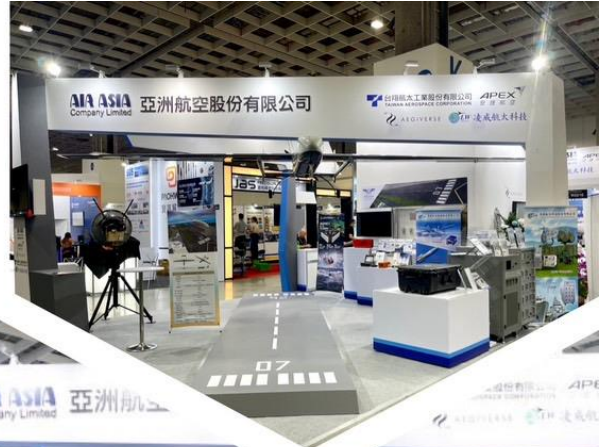
Market Analysis of Commercial Specification UAVs for Military Use

Specification	Services	Quantity	Budget	Year	Budget/Each	Vendors for Selection
Small UAV	ROCAF	315	NT\$284.96M	2024	NT\$905K	<ul style="list-style-type: none"> Thunder Tiger Corp. GEOSAT Aerospace & Technology Inc. Coretronic Intelligent Robotics Corp.
	ROCA	320	NT\$274.78M	2024~2025	NT\$859K	
Acquisition UAV	ROCA	72	NT\$566.6M	2024~2025	NT\$7.869M	<ul style="list-style-type: none"> MiTAC Information Technology Corp. Strong Engineering Consulting Co., Ltd
Land-based UAV	ROCN	96	NT\$2.414B	2024~2028	NT\$25.15M	<ul style="list-style-type: none"> Evergreen Aviation Technologies Corp. GEOSAT Aerospace & Technology Inc.
Carrier-based UAV	ROCN	16	NT\$424.68M	2024~2025	NT\$26.542M	<ul style="list-style-type: none"> FairTech Corp. Taiwan UAV Co., Ltd
Surveillance and reconnaissance UAV	ROCN	960	NT\$617.55M	2024~2025	NT\$643K	<ul style="list-style-type: none"> MiTAC Information Technology Corp. Coretronic Intelligent Robotics Corp.

※ Source: National Defense Budget of 2024, Ministry of Economic Affairs announcement.



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Thank you

