



AirTAC

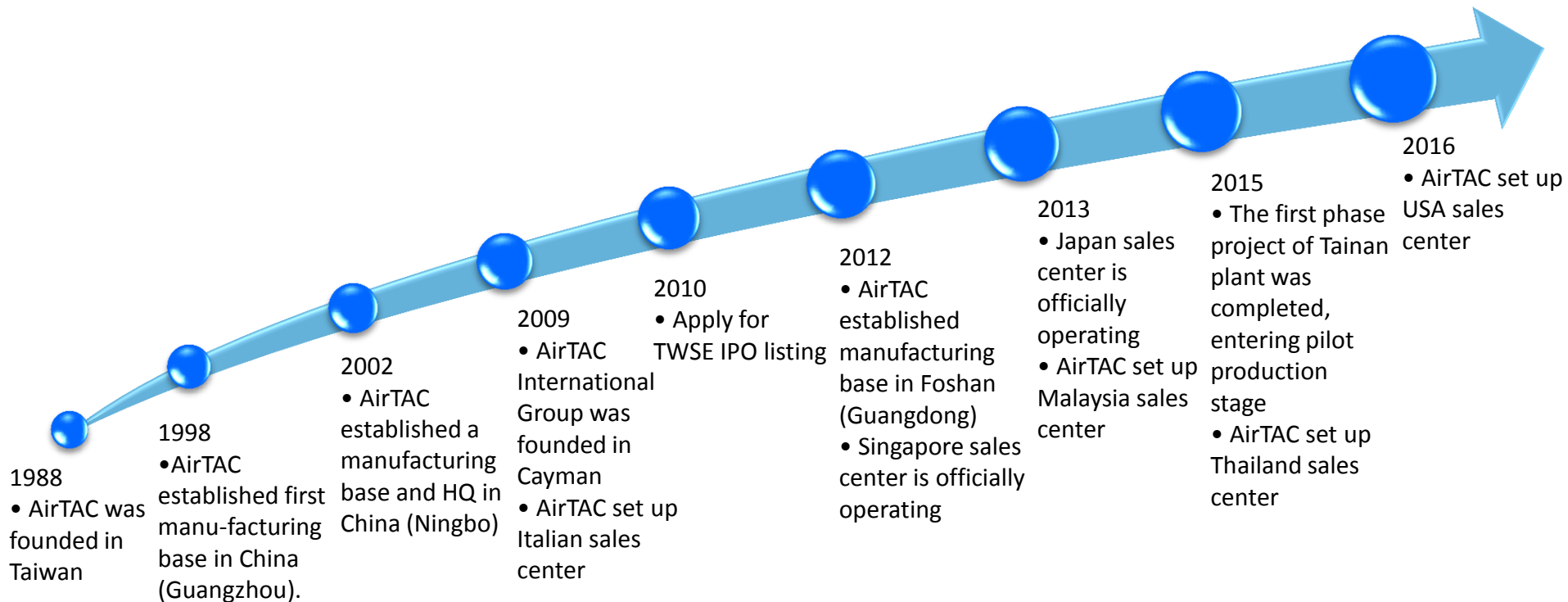
Powered by AIRTAC

Agenda

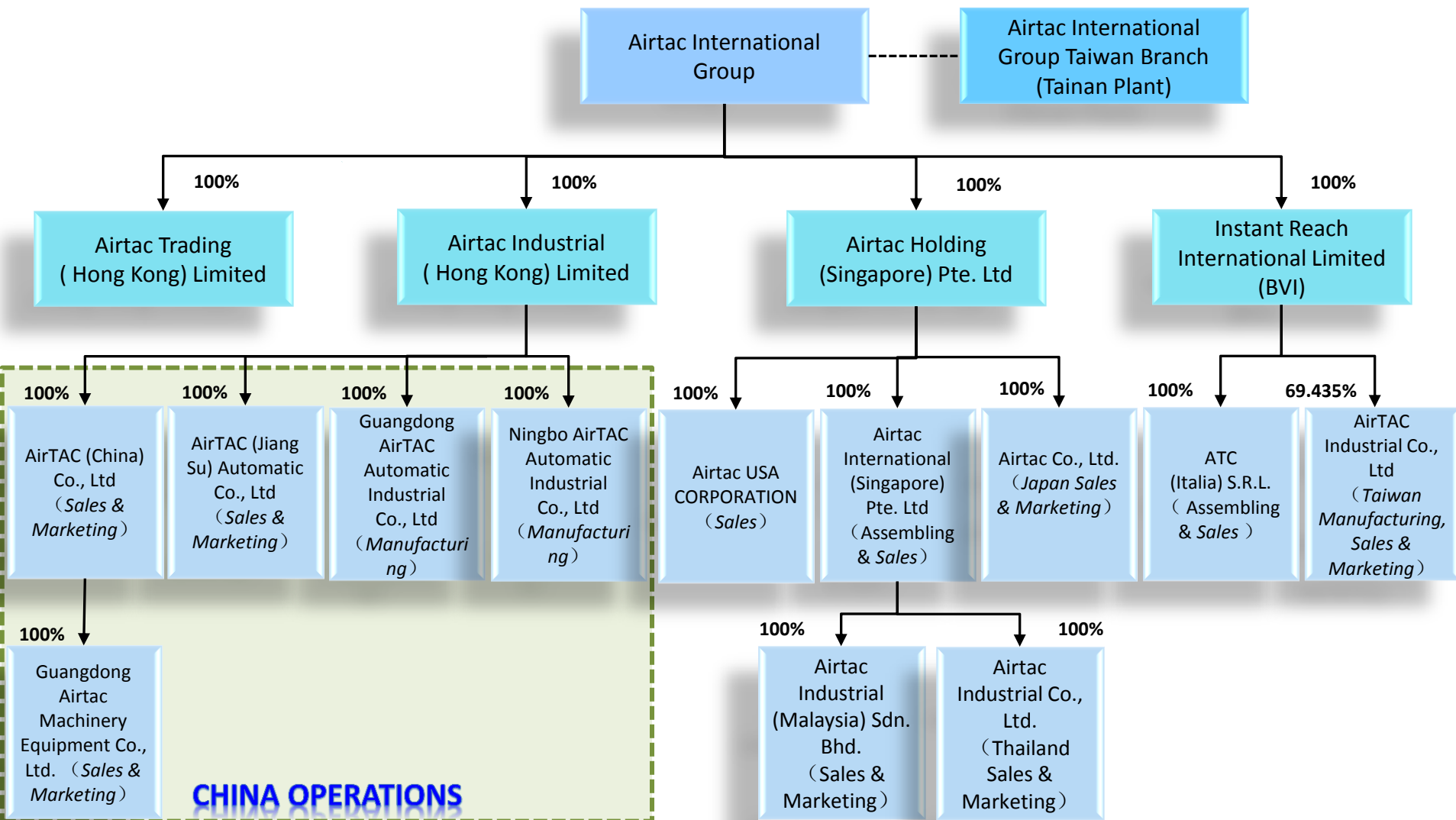
- I Group Overview**
- II Product & Market**
- III Competitive Advantage**
- IV Financial Outlook**
- V Development prospects & Strategic**

I · Group Overview

Group Overview



Organization Chart



CHINA OPERATIONS

Corporate Culture

People-oriented

- Value employees as the most precious resource.
- Encourage them to glow with company.

Commitments

- AirTAC commitment to sustain growth and fulfill social responsibility

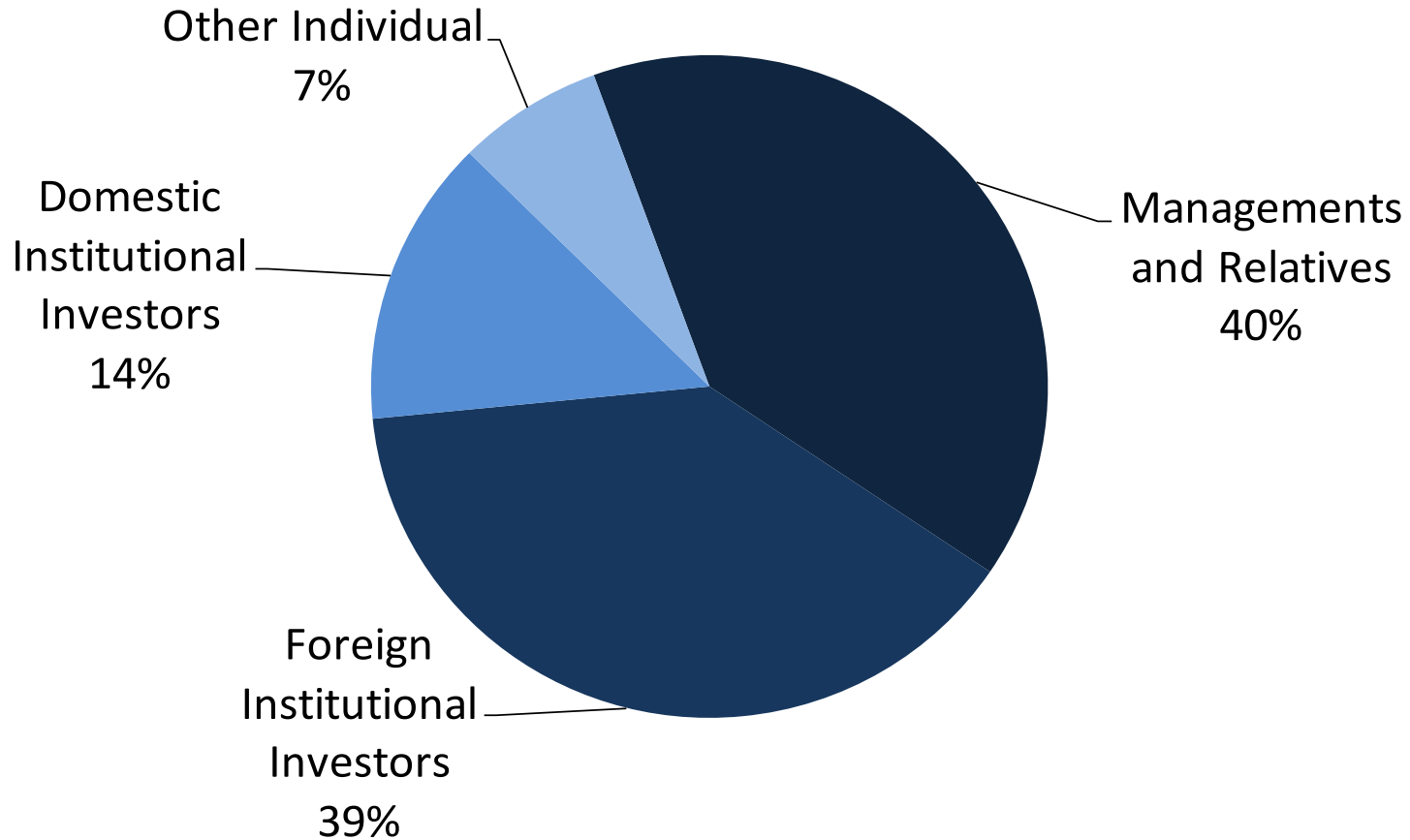
Profit sharing

- Share the profit with every employees to reward their contribution and efforts.

Co-development

- Match talent-development with organization development by providing the best career path for talented people with expertise or leadership skills.

AirTAC Shareholder Structure



II · Product & Market

Diversified Product Lines

▶ Cylinder



▶ Air valve & mechanical valve



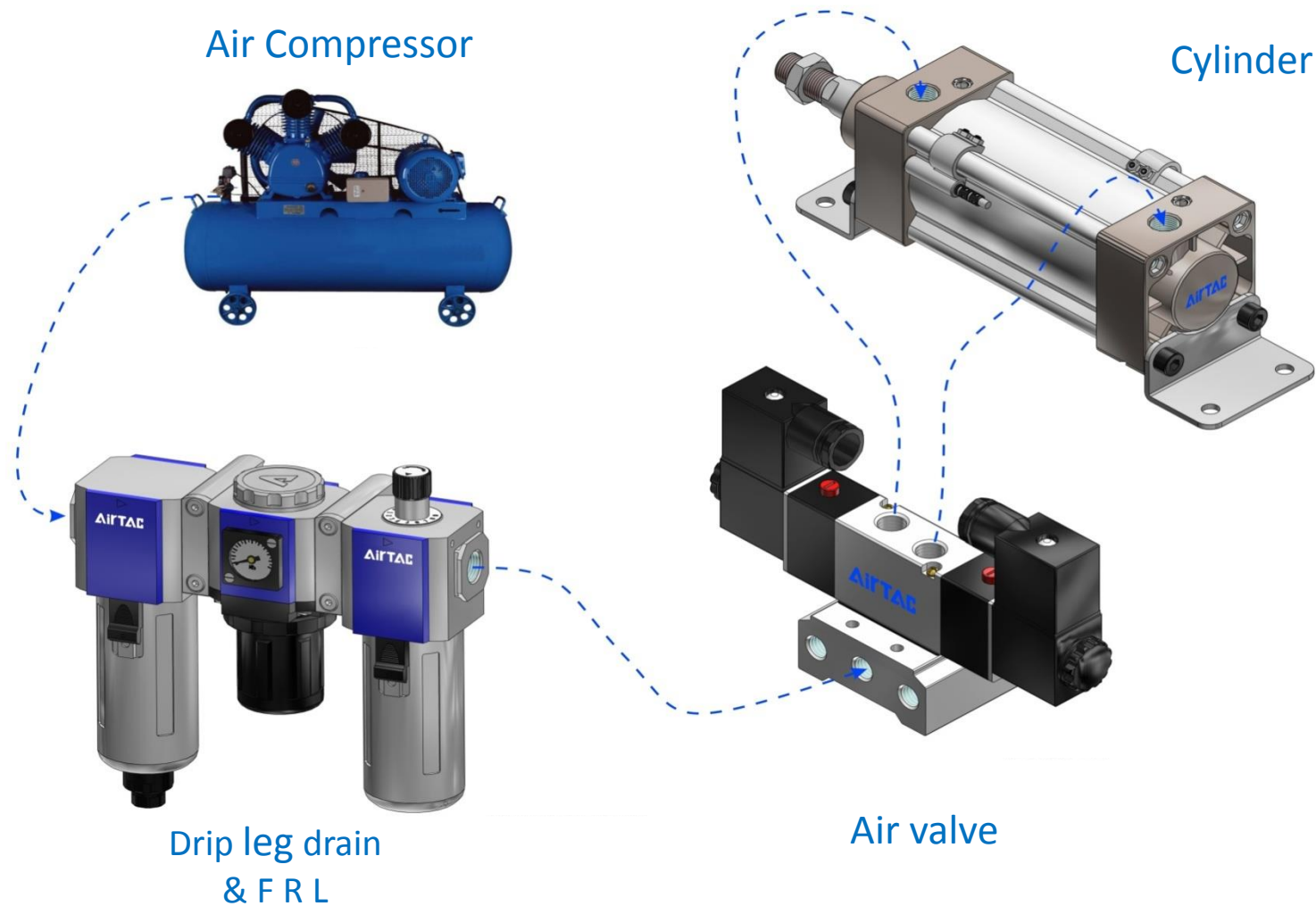
▶ Drip leg drain & F R L



▶ Others



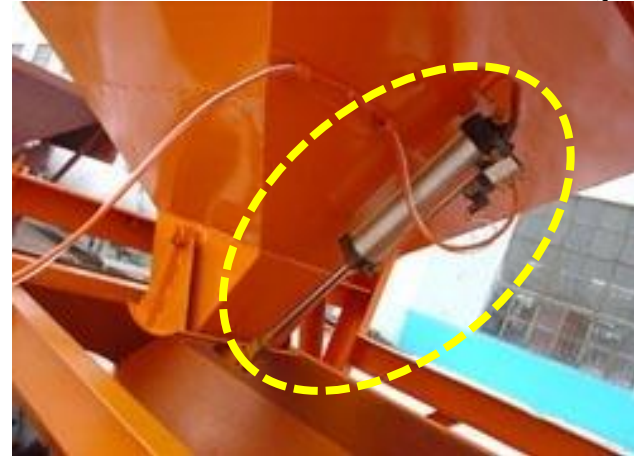
Pneumatic operation of the process



Products Application by Industry

AirTAC products are applied in various industrial automation equipment and machine, such as environmental protection machinery, construction machinery, electronic industry, automative assembly line and the robot arm.

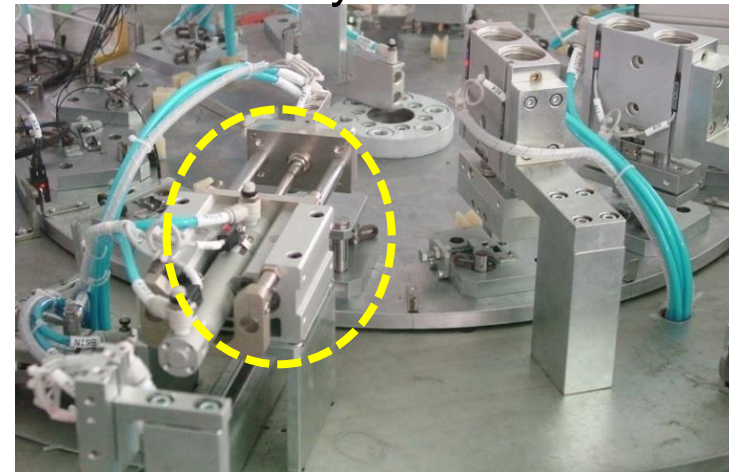
Construction machinery



Environmental processing machinery

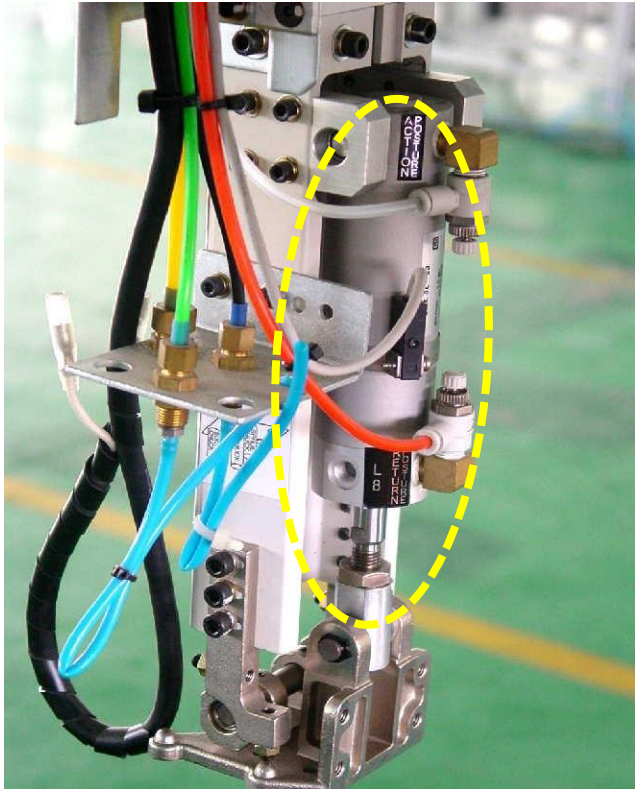


Assembly automation

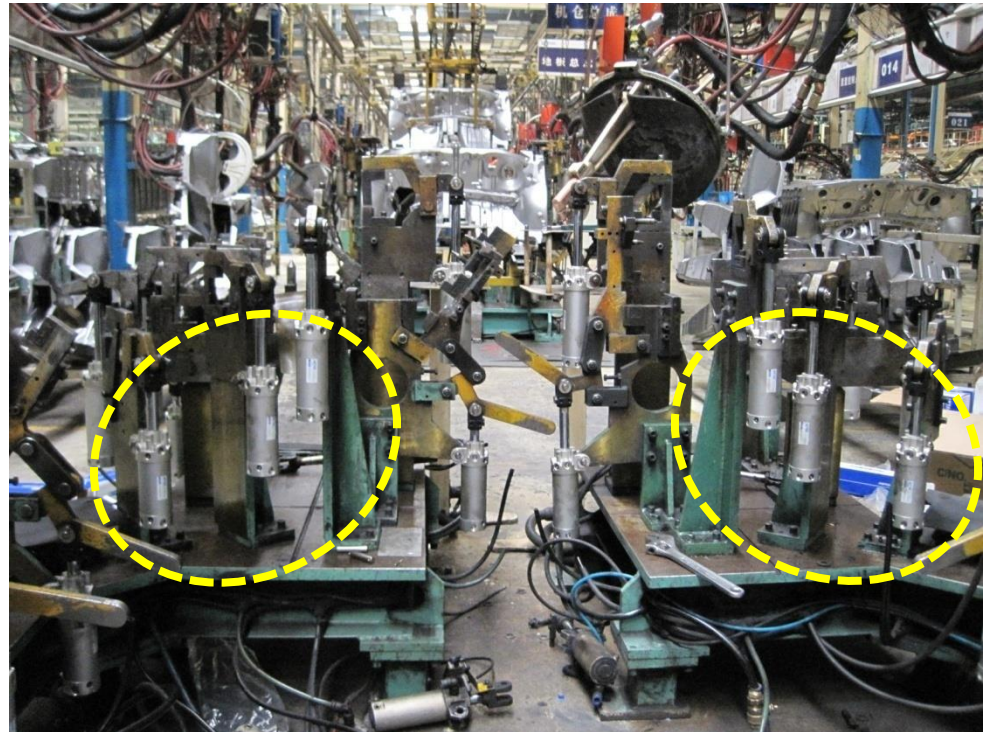


Products Application by Industry

Robot arm

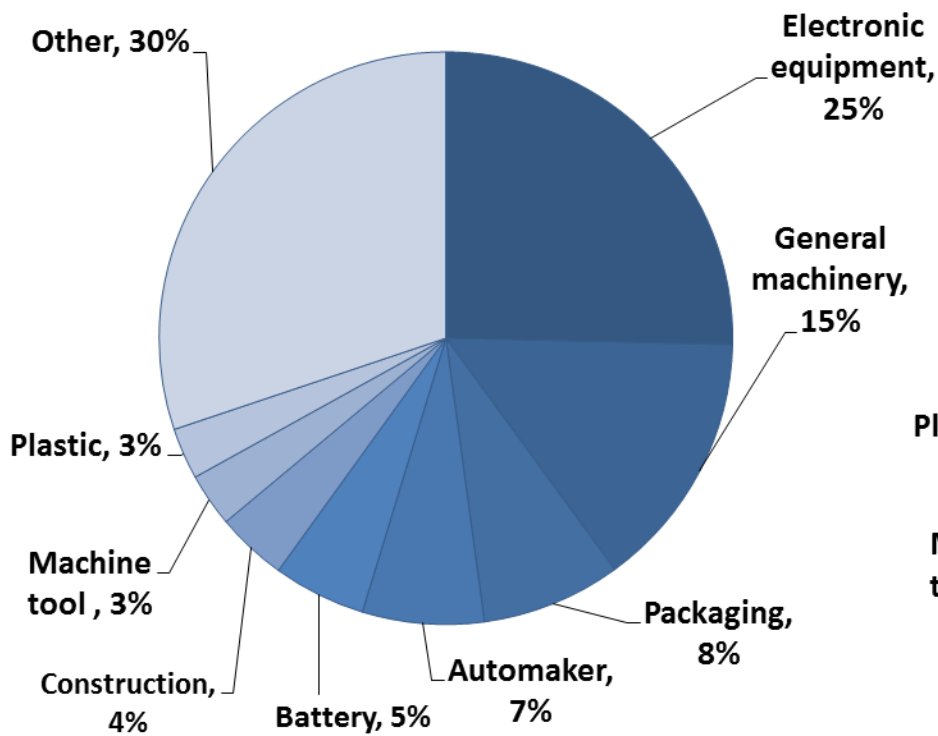


Automobile assembly

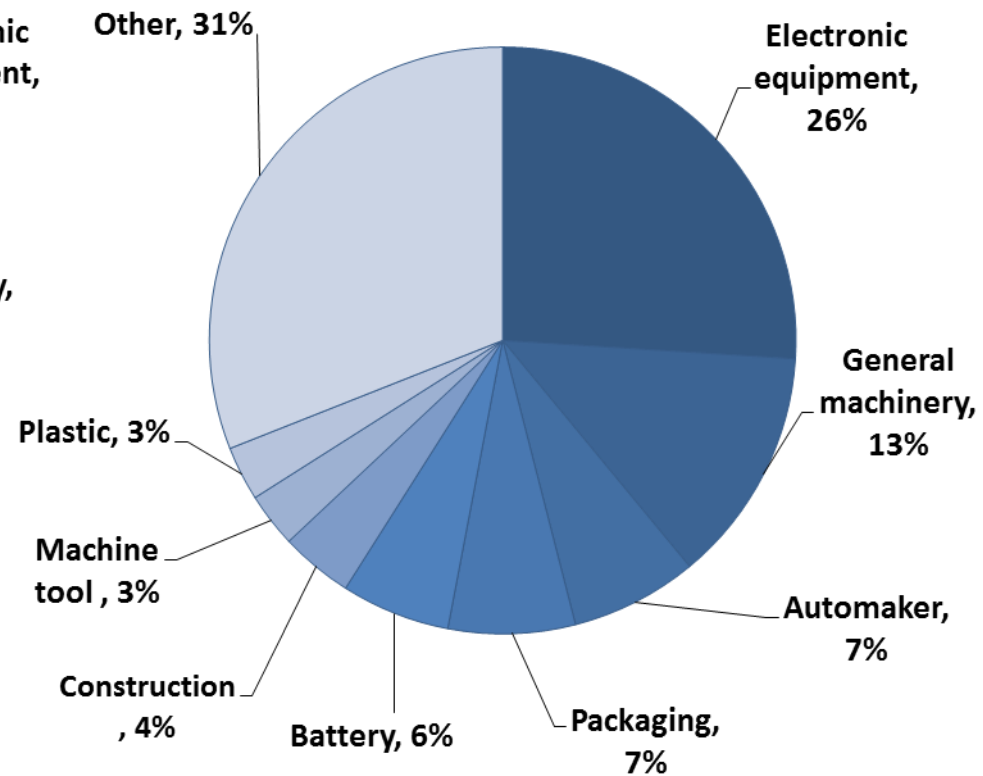


Clients breakdown by industry

2016 Sales



2017Q1 Sales



III · Competitive Advantage

Competitive Advantage

Own Brand

- Sell products under the **AirTAC** brand.
- Establish spec & price in Greater China.

Own Sales Channels

- Strong self own sales channels in Greater China.
- Provide nation-wide after-sales service in Greater China.

Comprehensive Vertical Integration

- 85% of component are manufactured in house.
- Achieve better profitability than its peers.

Tech Innovation

- Maintain high-quality products by sealant technology.
- Improve production process continuously.

Worldwide manufacturing bases & sales branches

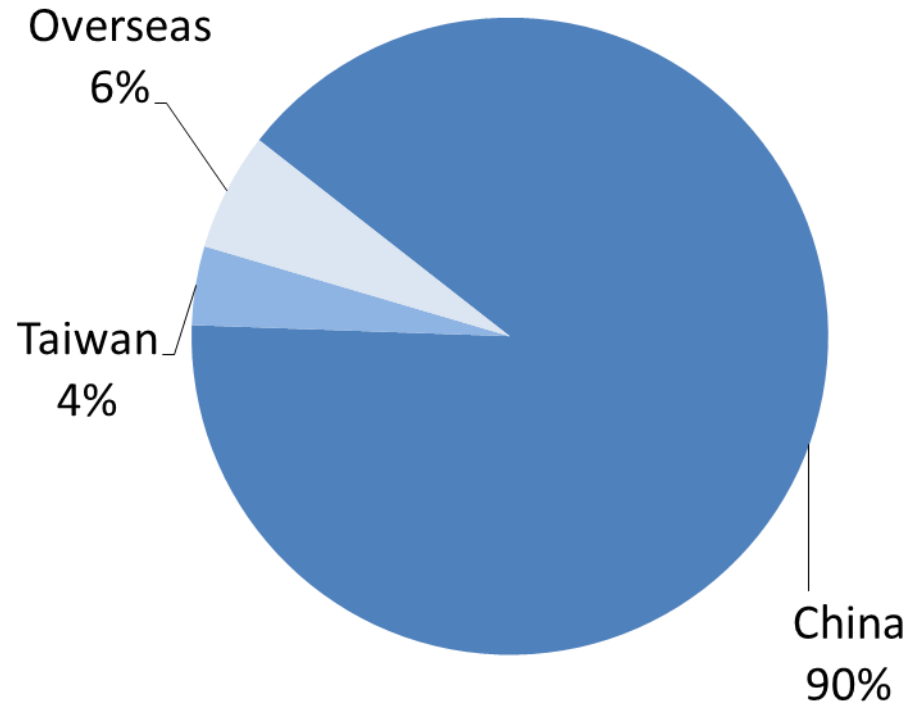


● Manufacturing Base ● Overseas Sales Center ● Sales Channels

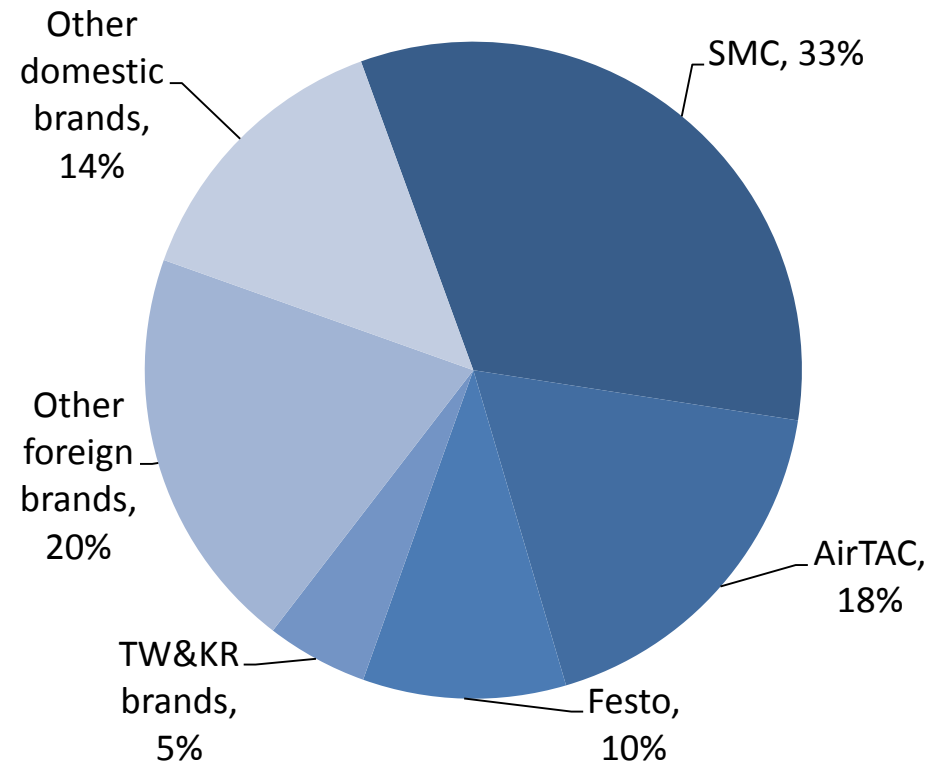
- ◆ Mainland : 2 manufacturing bases; 38 branches, 47 offices
- ◆ Taiwan : 1 manufacturing base and 3 offices
- ◆ Europe : 1 assembling and sales center in Italy
- ◆ Singapore : 1 assembling and sales center
- ◆ Japan : 1 sales center
- ◆ Malaysia : 1 sales center
- ◆ Thailand : 1 sales center
- ◆ USA : 1 sales center
- ◆ Overseas : +40 distributors to provide comprehensive sales network and service

Ranked the second largest market share in China

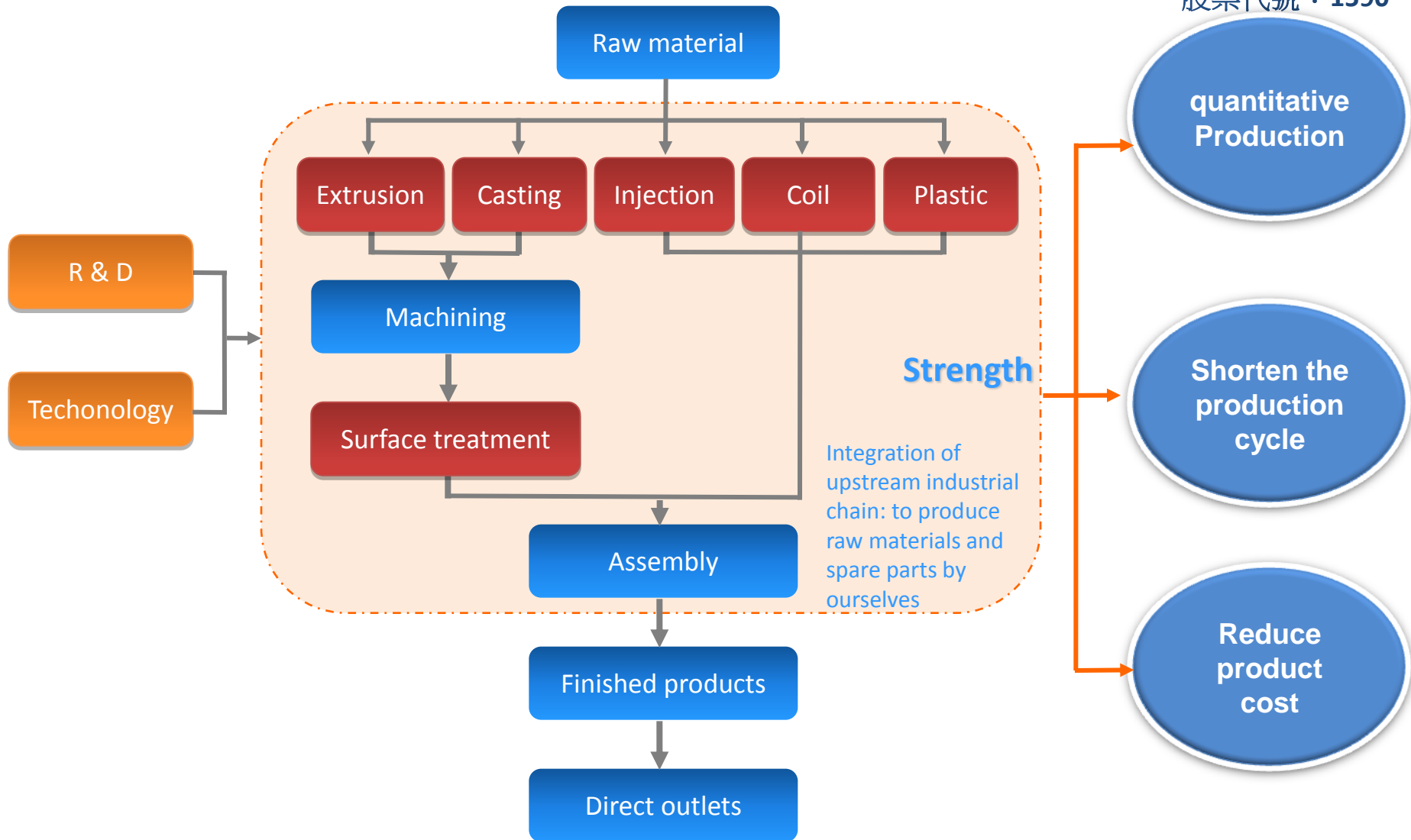
AirTAC Sales by region



Pneumatic equipment - market share in China



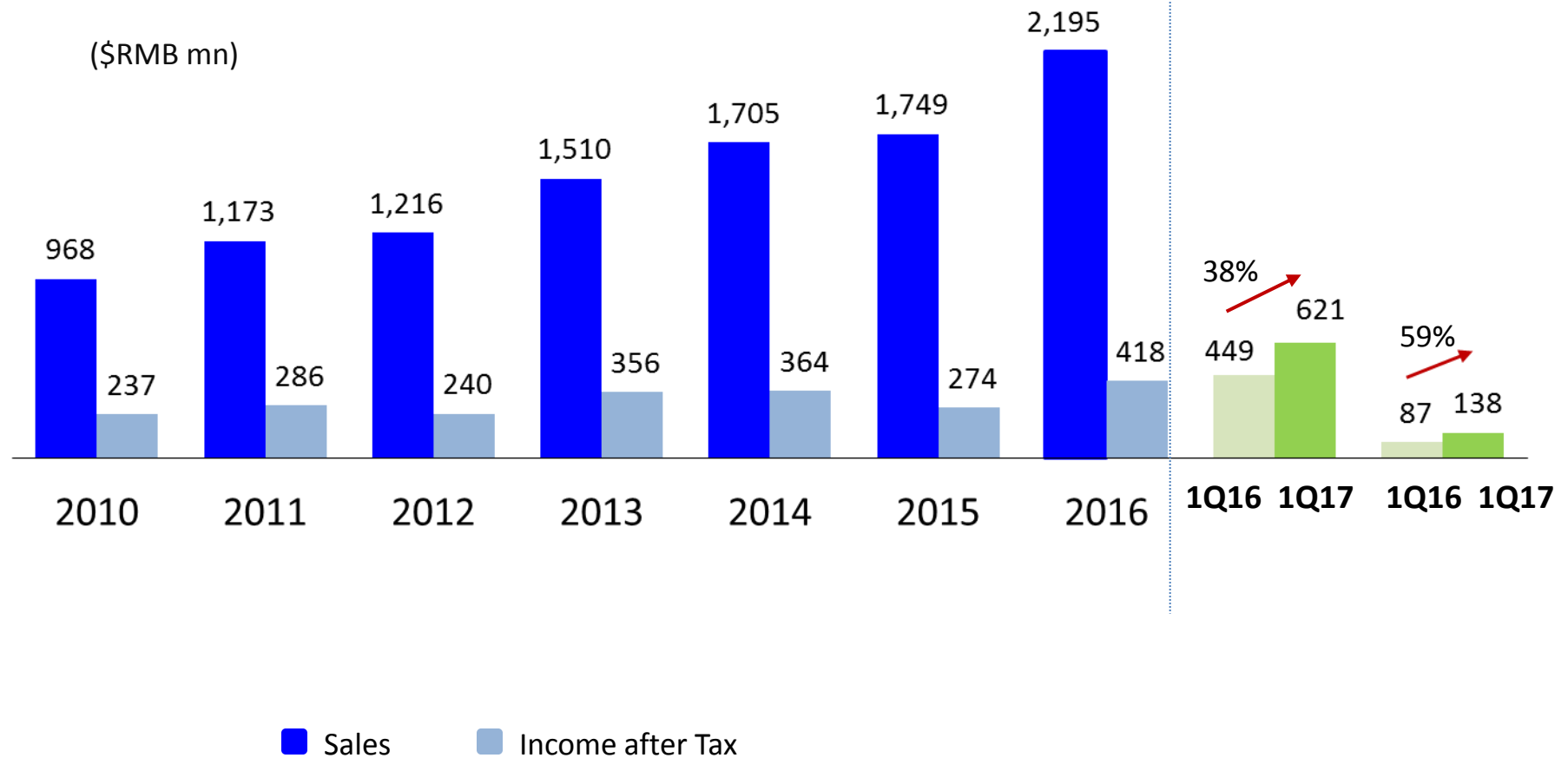
Integration of upstream industrial chain



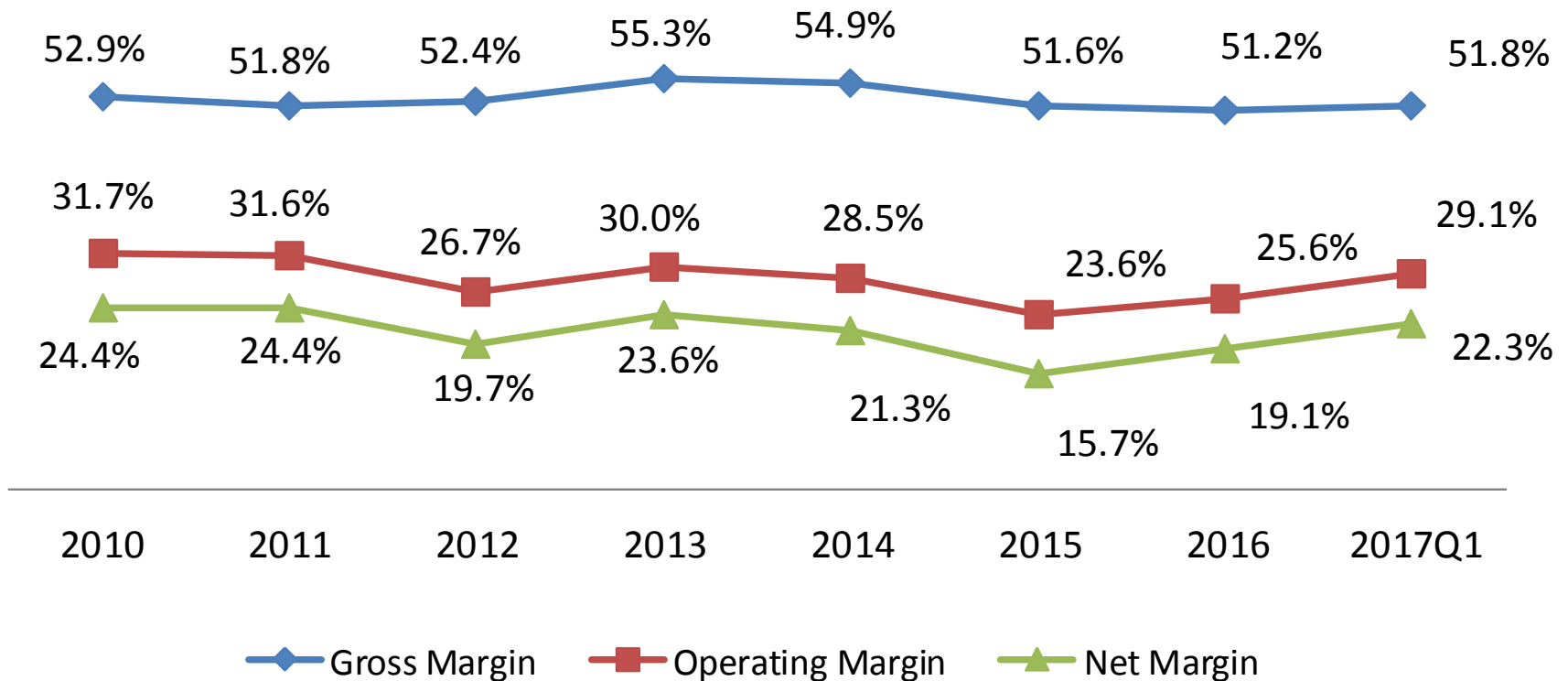
IV · Financial Outlook

2010~2017Q1 Sales & Income after Tax

Sales Income after Tax



2010~2017Q1 Profitability Trend



Income Statement

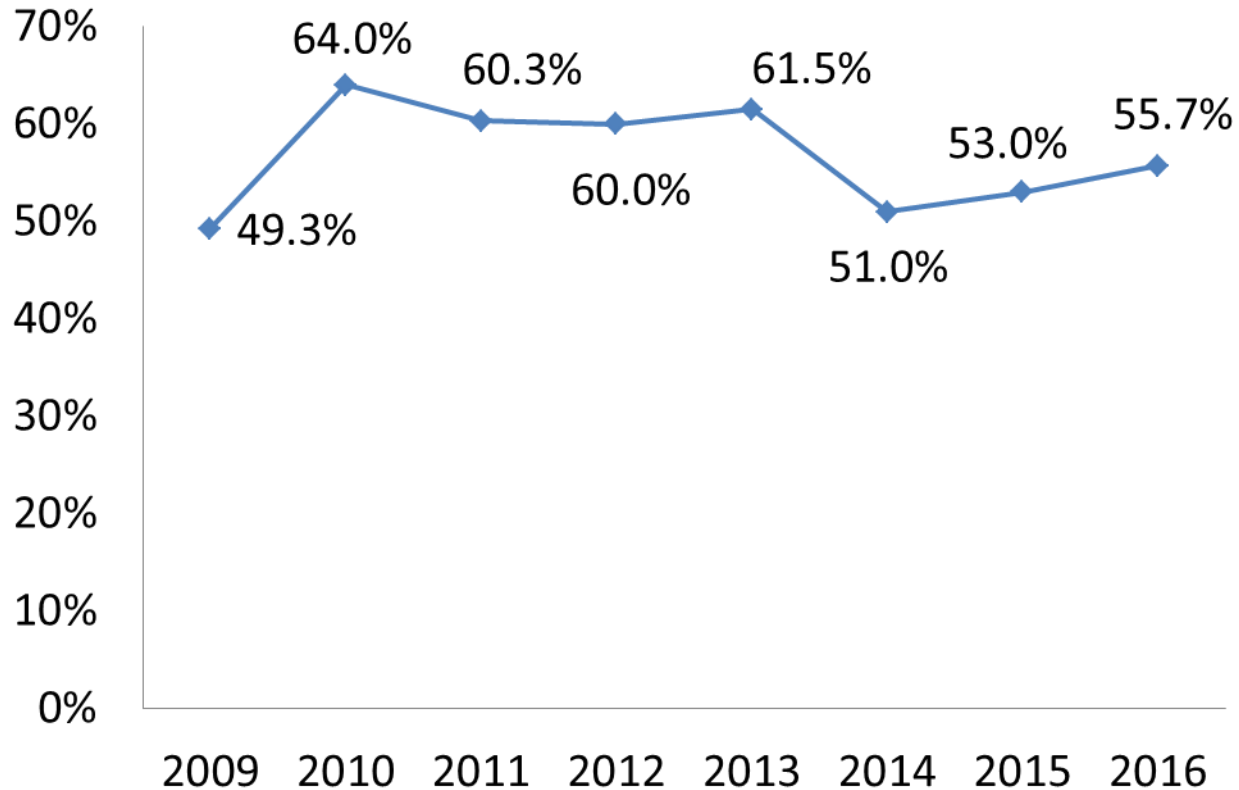
| (\$RMB mn) | 2014 | | 2015 | | 2016 | | 2017Q1 | |
|-----------------------------|---------|------|---------|------|---------|------|--------|------|
| Sales | \$1,705 | 100% | \$1,749 | 100% | \$2,195 | 100% | \$621 | 100% |
| Cost | \$768 | 45% | \$847 | 48% | \$1,071 | 49% | \$299 | 48% |
| Gross Profit | \$937 | 55% | \$902 | 52% | \$1,124 | 51% | \$322 | 52% |
| Operating Expenses | \$450 | 27% | \$490 | 28% | \$561 | 25% | \$141 | 23% |
| Income from Operations | \$487 | 28% | \$412 | 24% | \$563 | 26% | \$181 | 29% |
| Non-operating Income & Exp. | \$- | -% | -\$46 | -3% | \$24 | 1% | \$4 | 1% |
| EBT | \$487 | 28% | \$366 | 21% | \$587 | 27% | \$185 | 30% |
| TAX | \$123 | 7% | \$92 | 5% | \$169 | 8% | \$47 | 8% |
| Net Income | \$364 | 21% | \$274 | 16% | \$418 | 19% | \$138 | 22% |

Balance Sheet

(\$RMB mn)

| | 2014 | | 2015 | | 2016 | | 2017Q1 | |
|---------------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Cash & Cash Equivalents | \$490 | 13% | \$619 | 14% | \$798 | 16% | \$788 | 15% |
| NR & AR | \$545 | 14% | \$608 | 15% | \$816 | 16% | \$898 | 17% |
| Inventory | \$363 | 10% | \$393 | 9% | \$467 | 10% | \$526 | 10% |
| Other Current Assets | \$61 | 2% | \$257 | 6% | \$53 | 1% | \$59 | 1% |
| Property, plant and equipment, Other | \$2,260 | 61% | \$2,419 | 56% | \$2,839 | 57% | \$3,043 | 57% |
| Total Assets | \$3,719 | 100% | \$4,296 | 100% | \$4,973 | 100% | \$5,314 | 100% |
| Bank Debt | \$1,436 | 39% | \$1,907 | 44% | \$2,227 | 45% | \$2,399 | 45% |
| Other Current Liabilities | \$241 | 6% | \$240 | 6% | \$340 | 7% | \$363 | 7% |
| Other Long-term liabilities | \$67 | 2% | \$65 | 2% | \$77 | 1% | \$79 | 1% |
| Total Liabilities | \$1,744 | 47% | \$2,212 | 52% | \$2,644 | 53% | \$2,841 | 53% |
| Total Equity | \$1,975 | 53% | \$2,084 | 48% | \$2,329 | 47% | \$2,473 | 47% |
| Total Liabilities & Equity | \$3,719 | 100% | \$4,296 | 100% | \$4,973 | 100% | \$5,314 | 100% |

Dividend Payout (Include stock dividends)



Expected 2016 Cash dividends to shareholders – RMB 1.2283 per share(around NTD 5.5 per share)

V · Development prospects & Strategic

Goals in our expending schedule

1. Expand sales channels
2. Expand overseas markets
3. Expand product portfolio
4. To be global top 3 players

Q & A