



NAFCO Investor Conference

2017. 11. 21

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- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The financial information contained here within is presented in conformity with International Financial Reporting Standards (IFRSs).
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Agenda

01

Company & Business Introduction
by President CK Chiu

02

Financial Performance by Chris Lee

03

Q & A

Company & Business Introduction

CK Chiu / President



Company Introduction

Year of Establishment : 1997

Year of IPO : 2002

Capital : NT\$520M

Sites : Taiwan(Tao-yuan) 、 China(Kunshan)

Number of Employees : 600人

Revenue : 2016 Consolidated Revenue NT\$1.64B

**Products : Aerospace Engine Fasteners 、 Aerospace
Machining Parts 、 Automobile Fasteners**

NAFCO Taiwan Tao-yuan Plant I



NAFCO Taiwan Tao-yuan Plant II



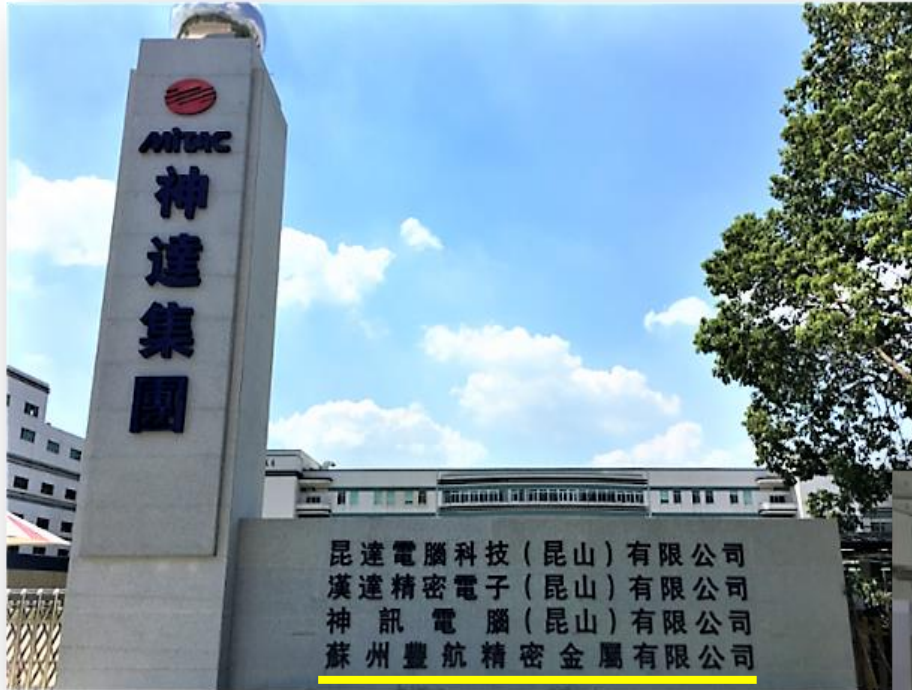
NAFCO Taiwan Tao-yuan Plant III



Floor space : 21,940 m²



NAFCO China



NAFCO SuZhou Precision Co., Ltd (NSP)

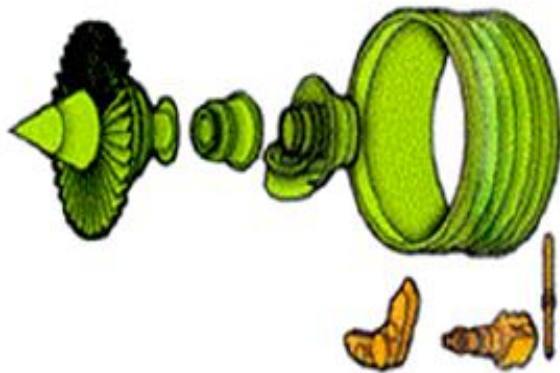
Floor space : 7,009 m²



Machining

Application - Inside the Engine

Fan/Booster Major Module



Gearbox Major Module



Core Major Module

- HPC
- Combustor
- HPT



LPT Major Module



Aerospace Products - Inside the Engine



Self-locking Nut



Speed sensor



Bolt



Lock nut

Aerospace Products & Application - Around the Engine



Latch



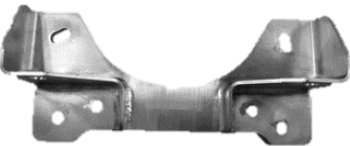
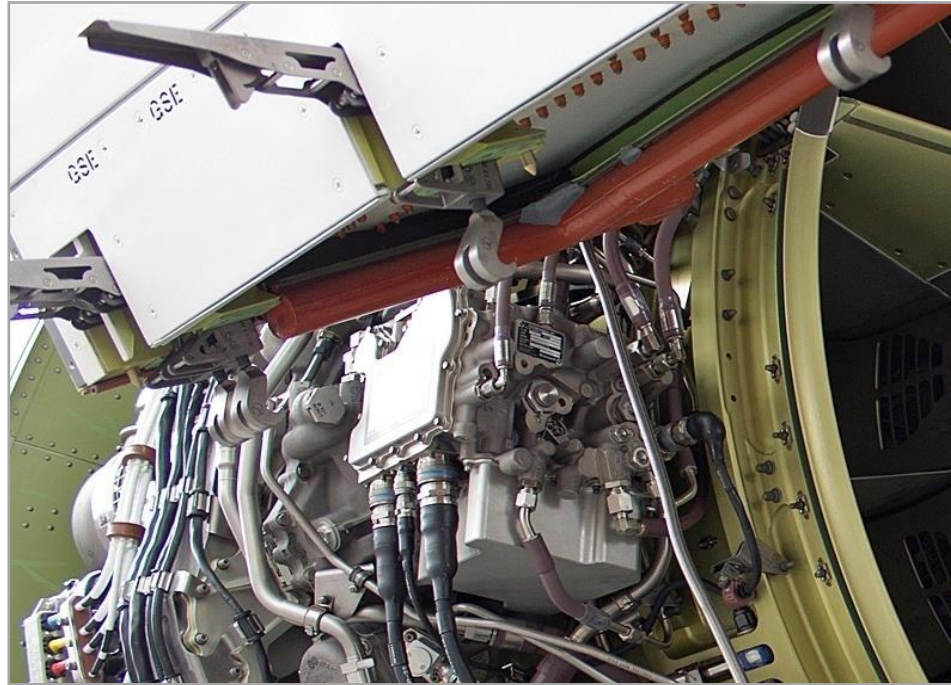
Plug



Fitting , Coupling



Retainer



Bracket



Plate nut



Nut & Bolt

Aerospace Products & Application - Landing Gear System



Nut
(BW)



Bracket,
(LG)



Link,
(LG)



Gland,
(LG)

Automobile Products & Application



Tailgate



Intake Manifold



Brass Inserts



Inserts



Frontend Carrier



Rivet Nuts

V band clamp



Chassis



Self-Lock Nuts



Aerospace Products Development

More than 3,500 approved parts



Certificates

System

Aero



AS9100 C

Automobile



TS16949

Cage code SF773 with US export licenses

Process



- Surface Treatment
- Heat Treatment
- NDT

Test Laboratory (ISO 17025)



- Mechanical

- * Tensile
- * Fatigue
- * Stress rupture
- * Vibration
- Torque

- Metallurgical

- * Grain size
- * Rockwell Hardness
- * Micro Vickers Hardness
- Surface layer thickness
- Alloy depletion
- Alpha case
- IGA / IGO
- Recast layer

- Salt spray

- * TAF certified

Customer Approval Lab

- GE S400
- Snecma
- Airbus

Special Processes



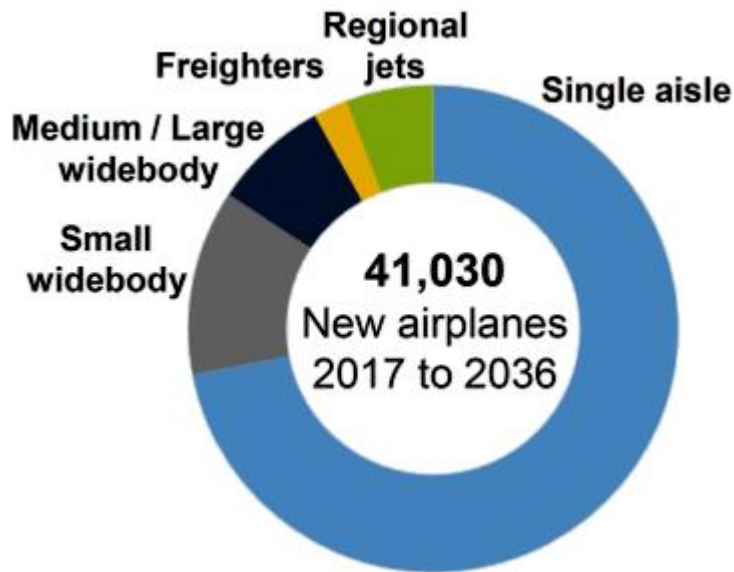
- Heat treatment
 - Vacuum
 - Oil Quench
- Surface Treatment
 - Anodize
 - Silver plating
 - Passivation
 - Ti- cleaning
 - Dry film
- Nondestructive Test (NDT)
 - FPI
 - MPI
- Cutting
 - EDM/WEDM

Special Processes Certificates

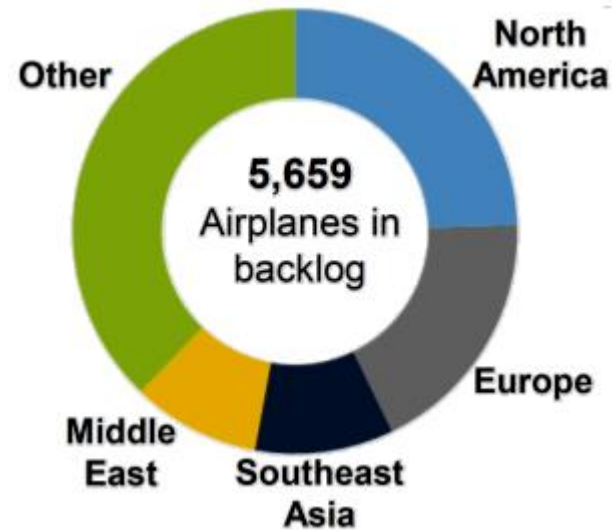
Special Process		NADCAP		GE		SAFRAN		Boeing		MOOG		Triumph	
Facility		TW	SZ	TW	SZ	TW	SZ	TW	SZ	TW	SZ	TW	SZ
Cutting	WEDM	V	V		V								V
Heat Treatment	Vacuum H.T.	V		V		V							
	Oil Quench	V											
Stress Relief							V						
Chemical Processing	Silver plating	V		V		V							
	Dry film	V	V	V	V	V						V	V
	Passivation	V	V	V	V	V						V	V
	Ti-Cleaning	V	V	V	V							V	
	Anodizing	V	V	V	V					V	V	V	V
N.D.T	F.P.I	V	V	V	V	V	V	V	V	V	V	V	V
	M.P.I	V	V	V	V		V	V	V			V	V
Laboratory	Nut product			V		V							
	Bolt product			V		V							

Commercial Aviation Market Outlook 2017-2036

2017 Current Market Outlook (Boeing)

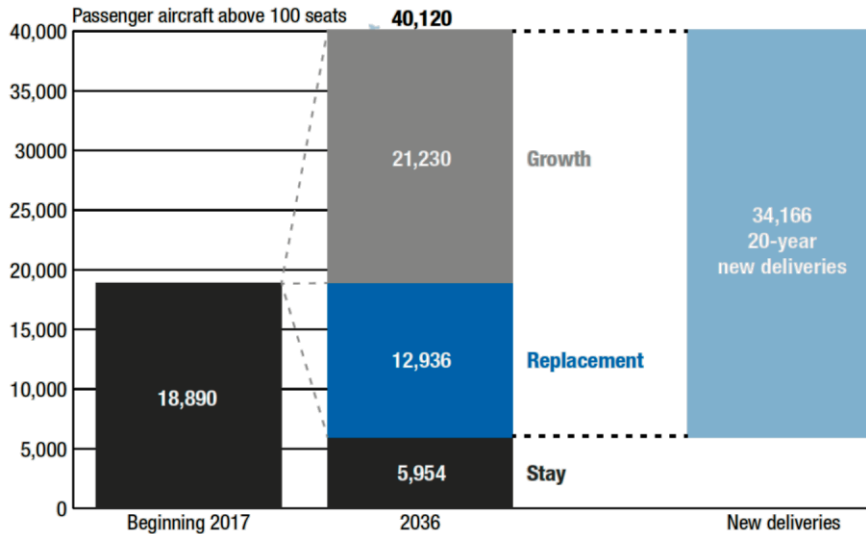


3Q17 BCA Backlog

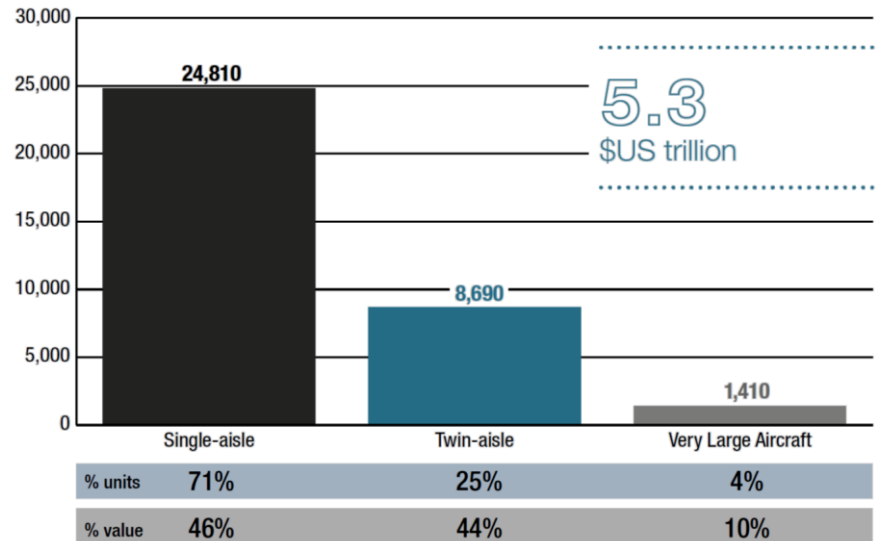
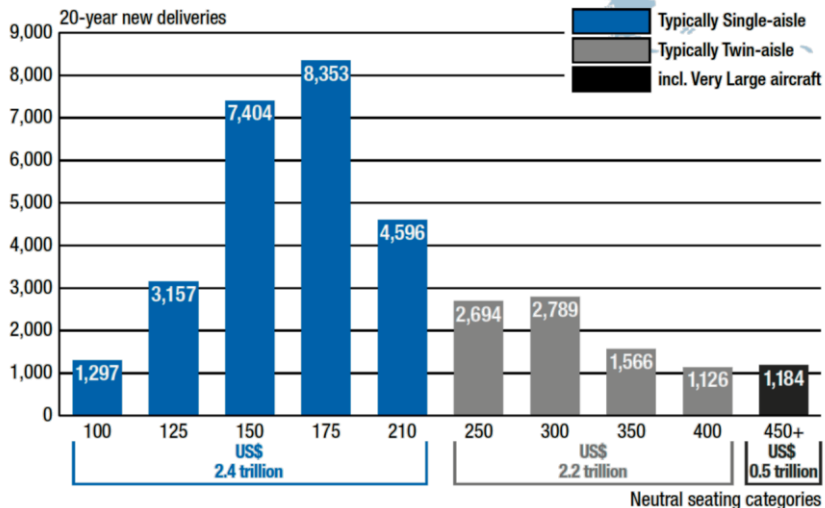


Commercial Aviation Market Outlook 2017-2036

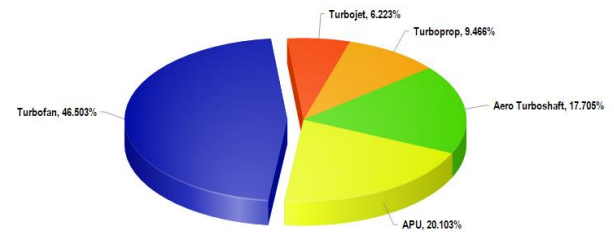
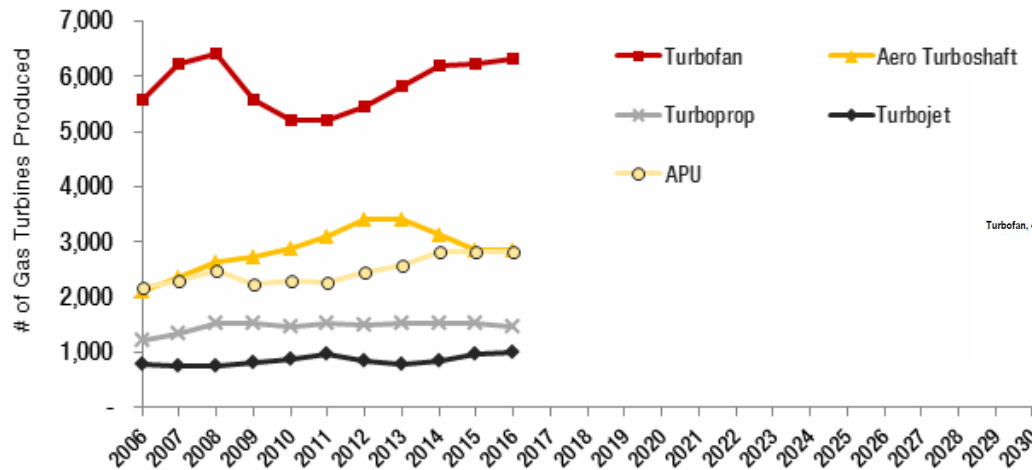
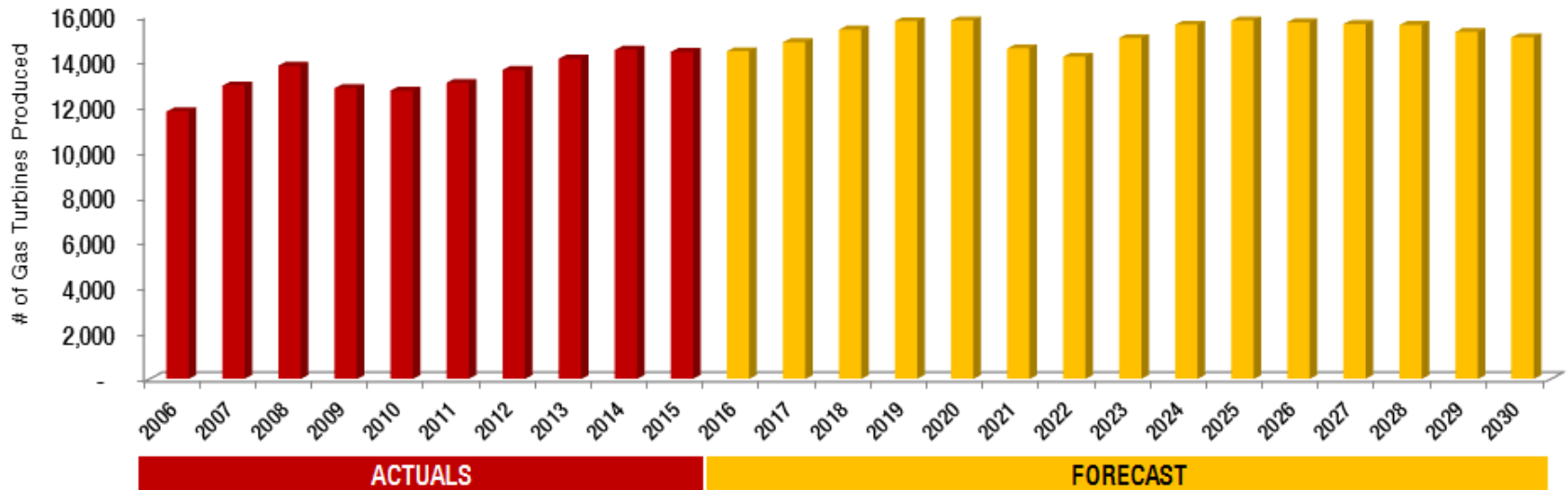
PASSENGER FLEET IN SERVICE EVOLUTION 2017-2036



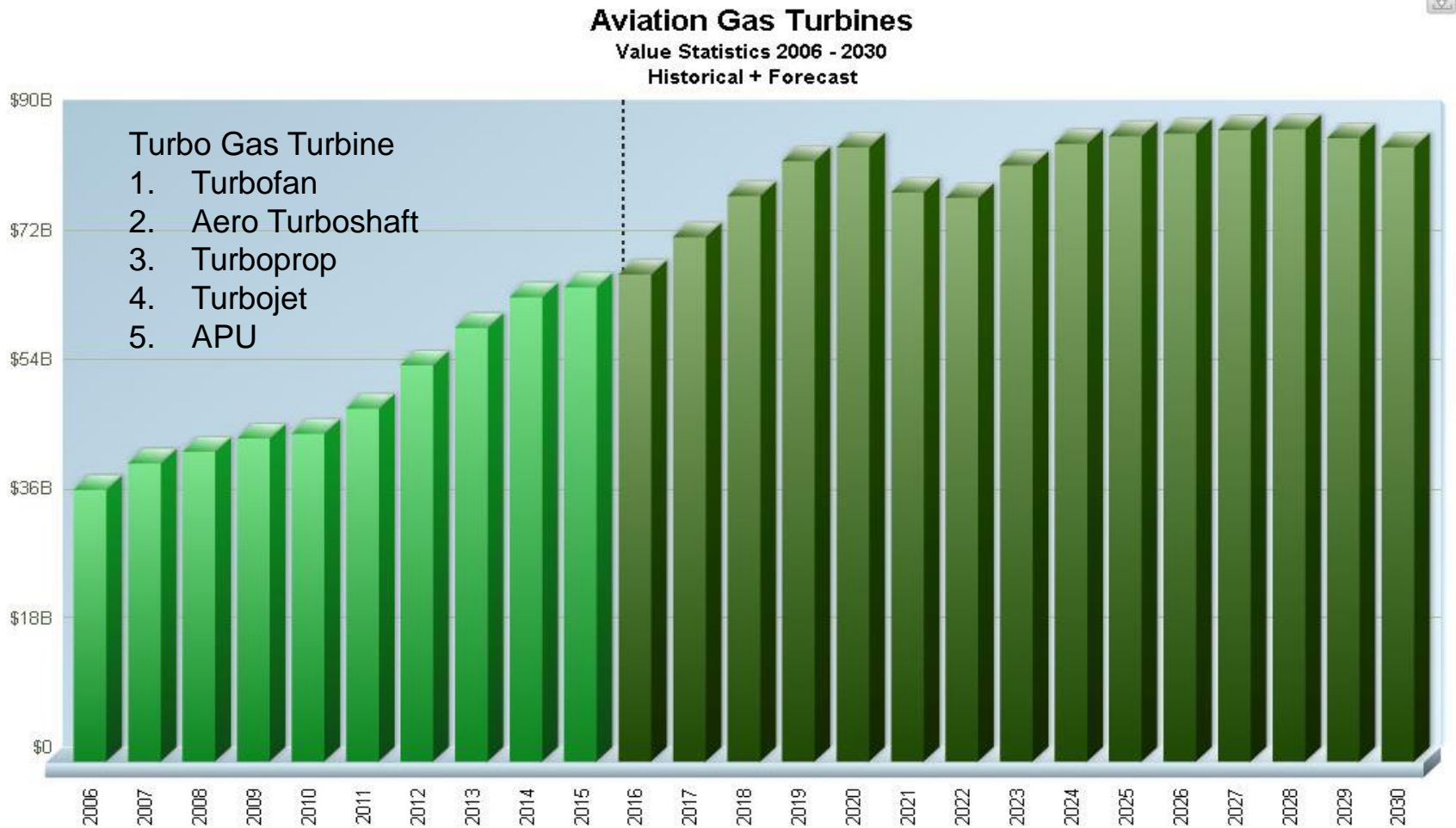
20-YEAR NEW DELIVERIES OF PASSENGER AND FREIGHTER AIRCRAFT: 34,900 UNITS (Airbus)



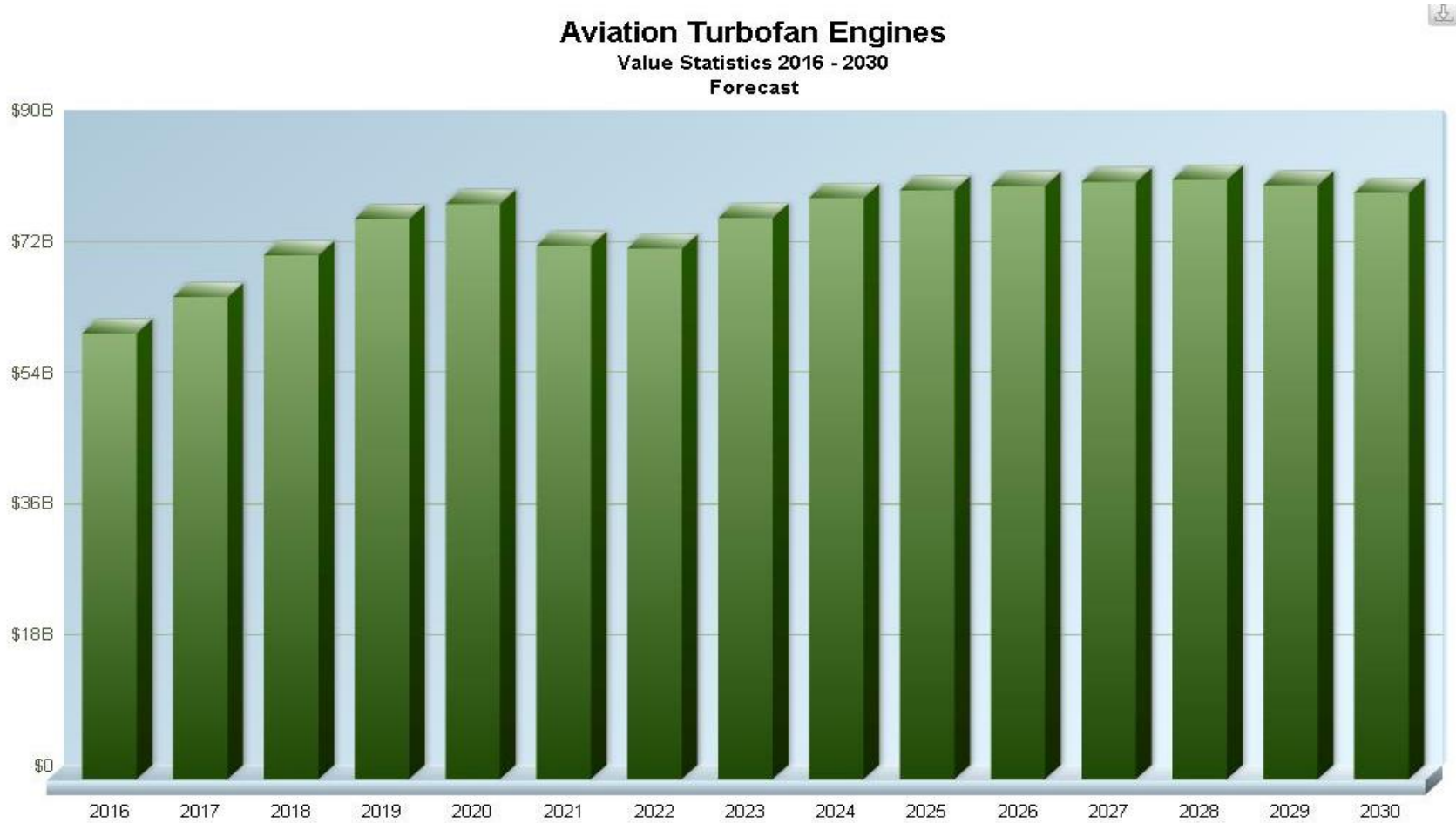
Production of Aviation Gas Turbines 2006-2030 (unit)



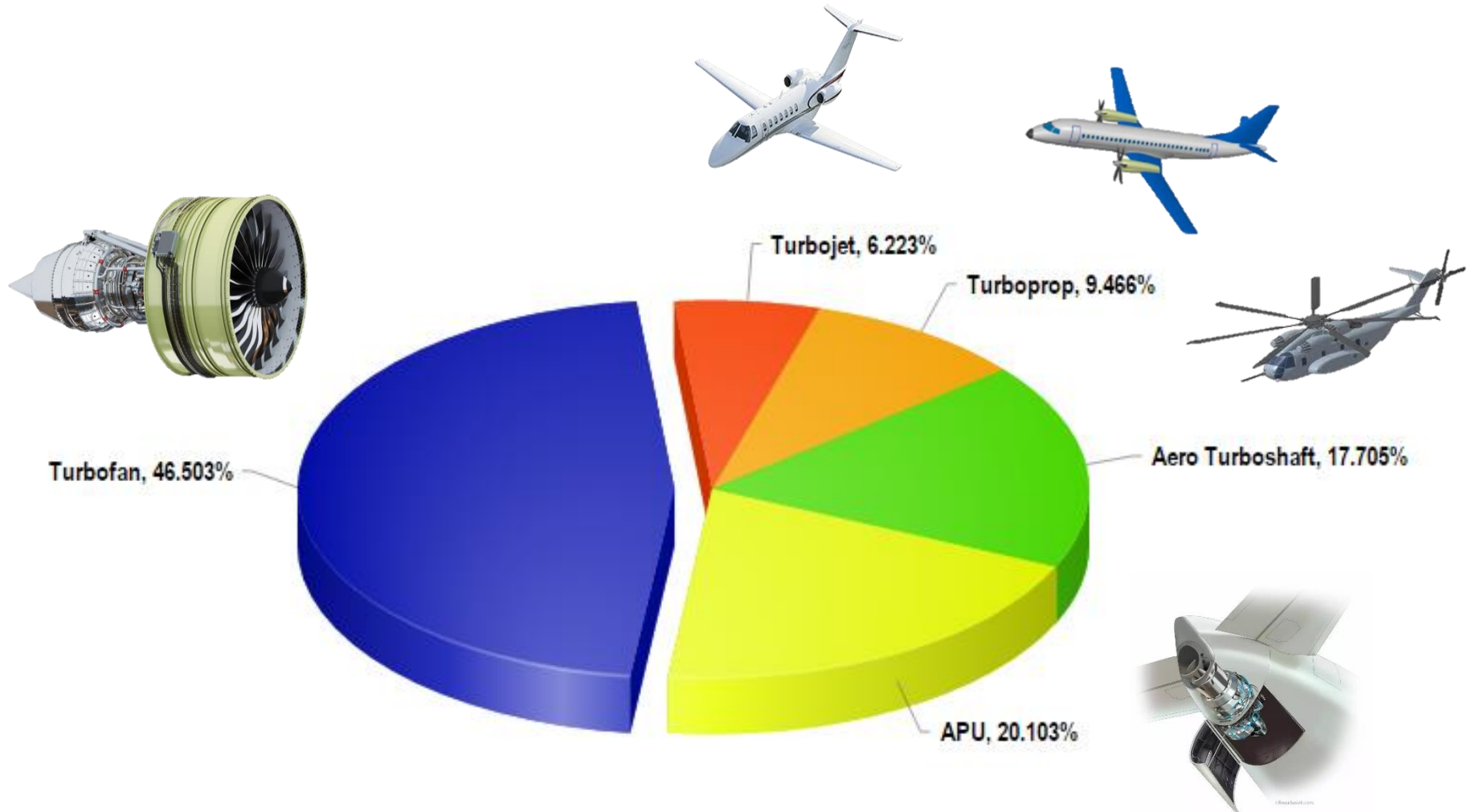
Production of Aviation Gas Turbines 2006-2030 (value)



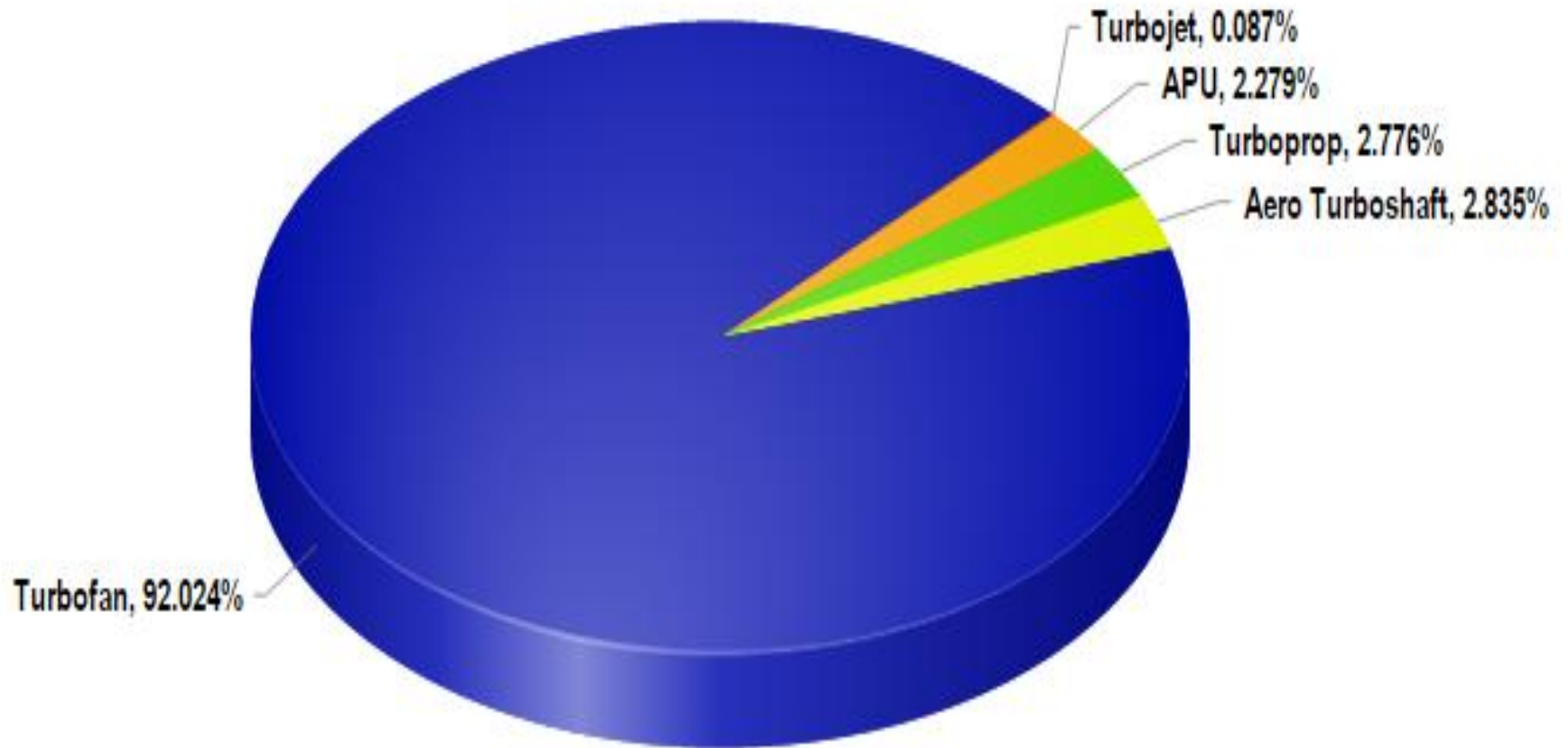
Production of Aviation Turbofan 2006-2030 (value)



Aviation Gas Turbines - Market share % (Unit) 2016-2030



Aviation Gas Turbines - Market share %(Value) 2016-2030

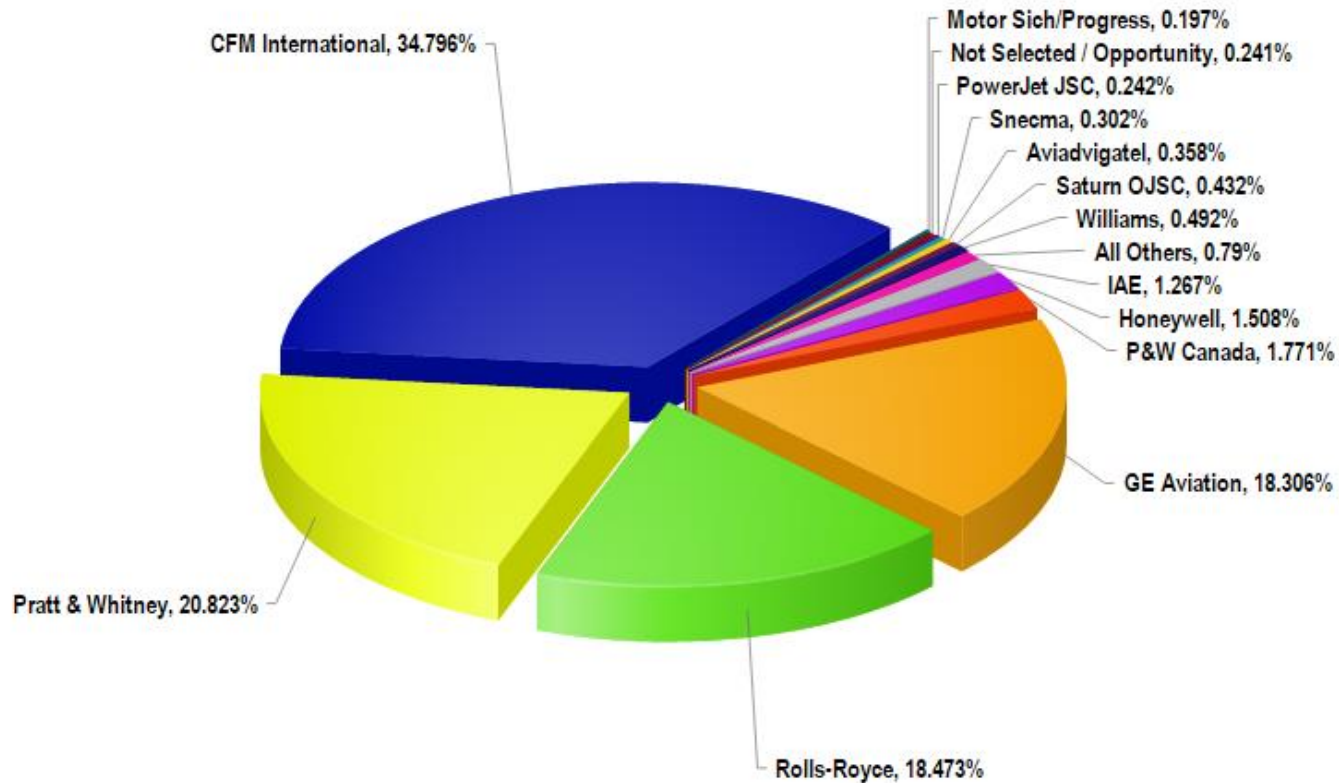


Aviation Turbofan Engines : Market share % (Value)2016-2030

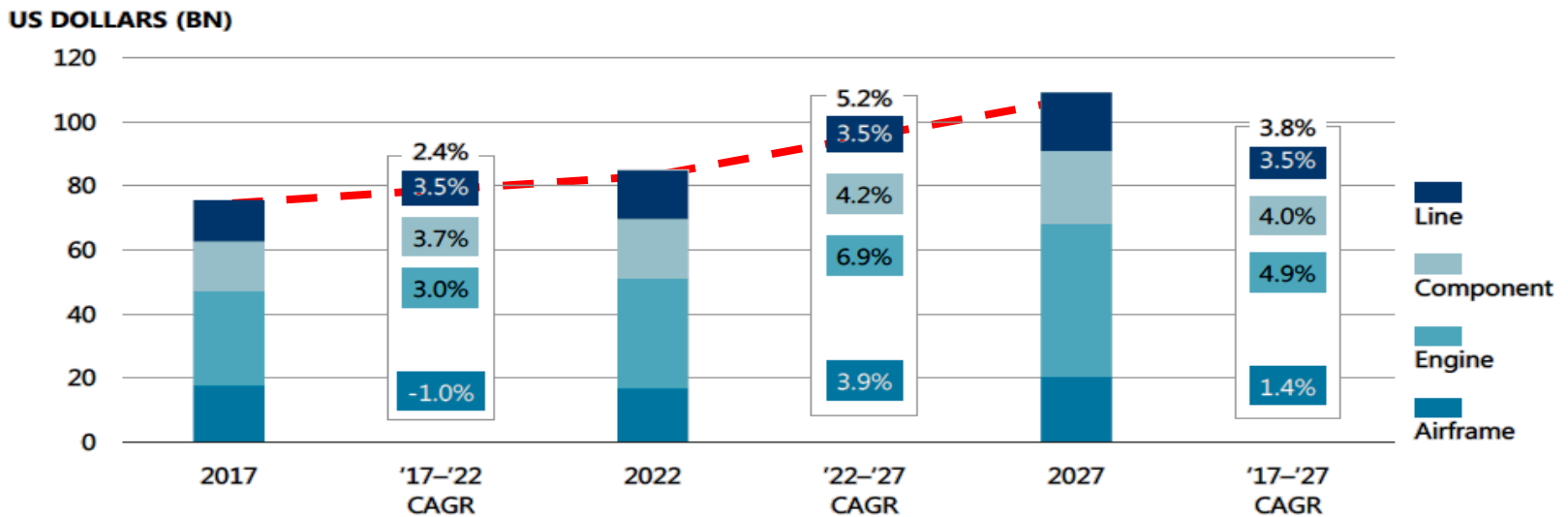
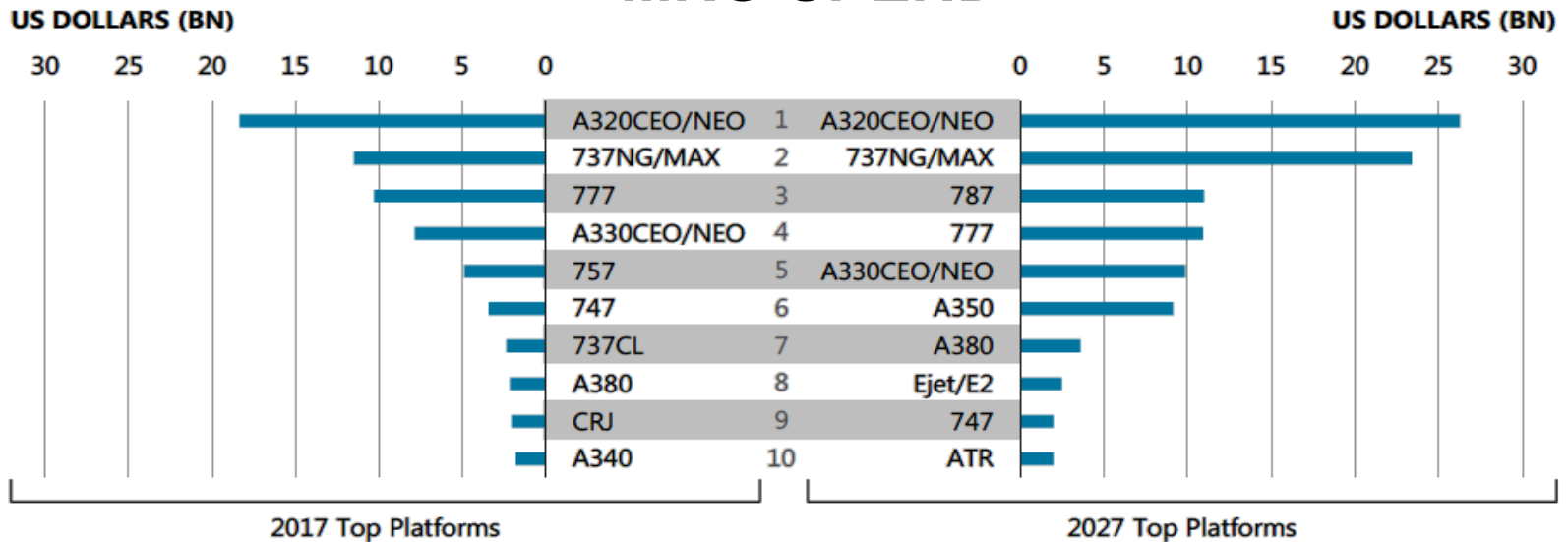
CFM international + GE Aviation ~ 53 %

Aviation Turbofan Engines

Value Statistics % Market Share by Manufacturer 2016 - 2030



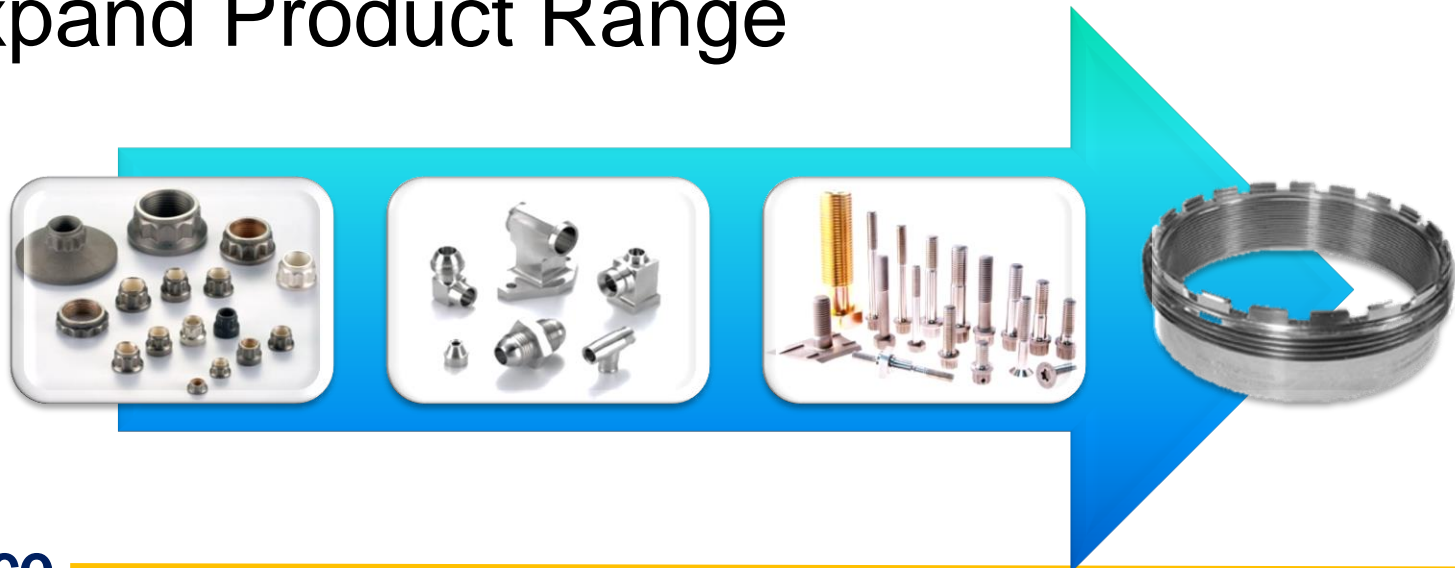
TOP AIRCRAFT PLATFORMS BY TOTAL MRO SPEND



Vertical Integration



Expand Product Range



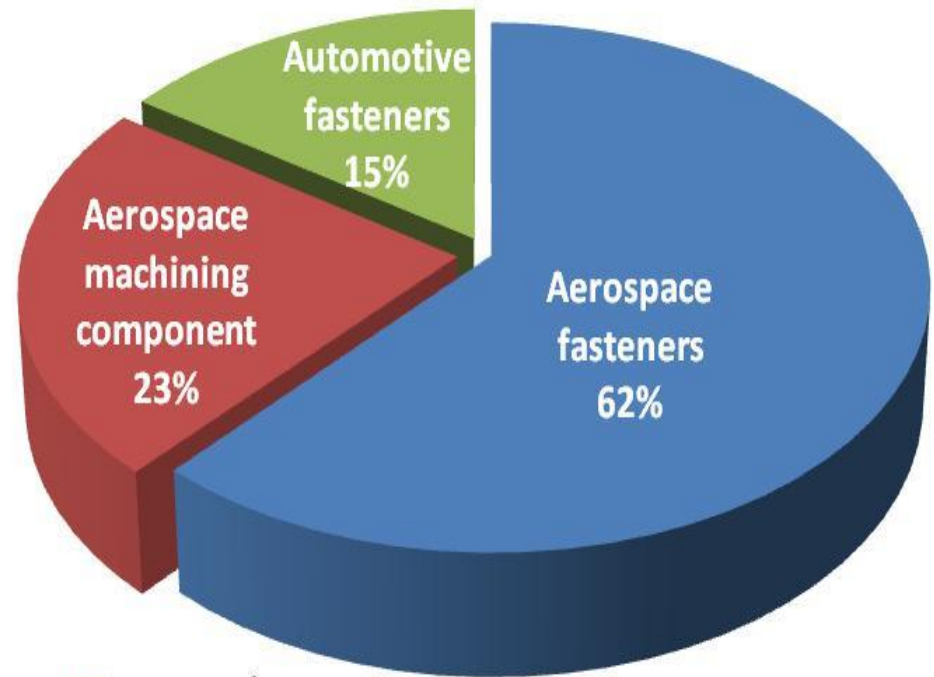
Financial Performance

Chris Lee / Finance Director

2017Q1~Q3 Products Profile (Consolidated)

Unit: NT\$1,000

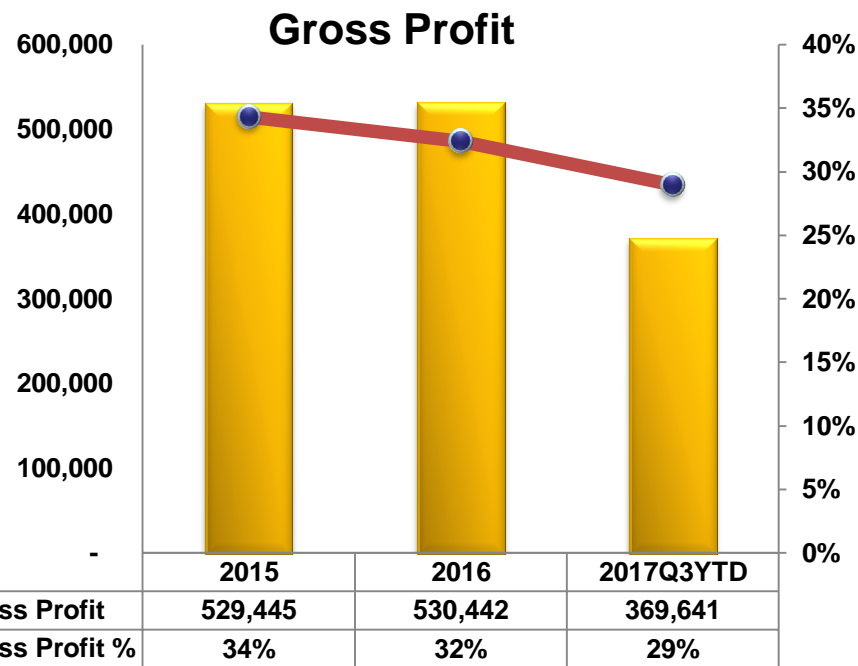
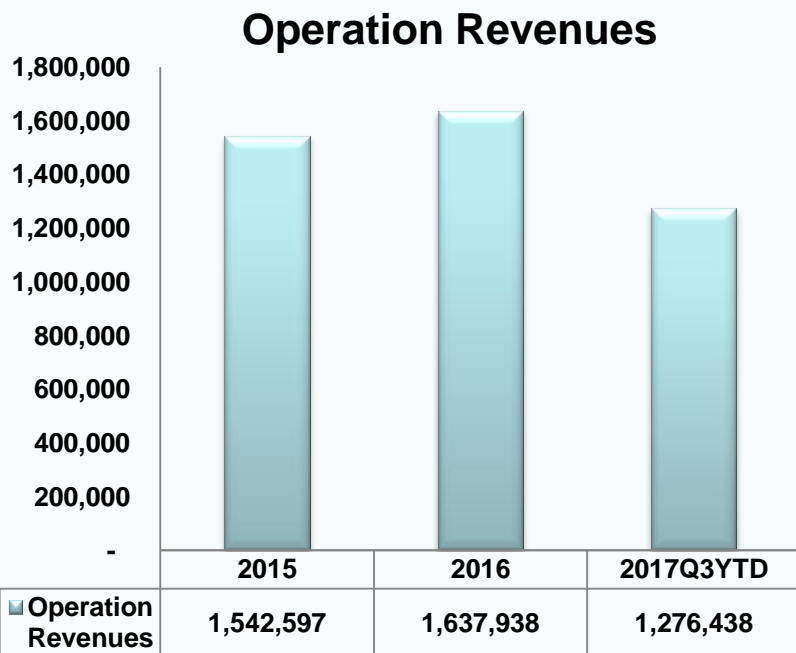
Product	Amount	%
Aerospace fastener	785,663	62%
Aerospace machining component	294,589	23%
Automobile fastener	196,186	15%
TTL	1,276,438	1.00



- Aerospace fasteners
- Aerospace machining component
- Automotive fasteners

Consolidated Operation Revenues & Gross Profit

Unit: NT\$1,000



Consolidated Operation Income & Net Income

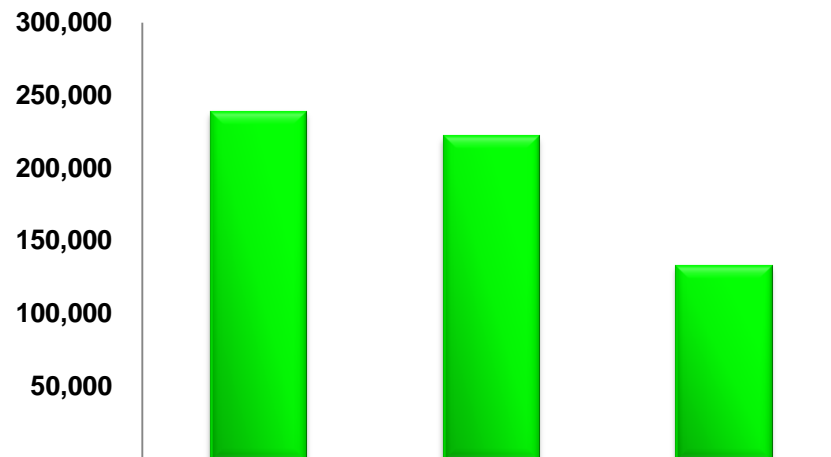
Unit: NT\$1,000

Operation Income



	2015	2016	2017Q3YTD
Operation Income	280,355	276,562	188,527

Net Income



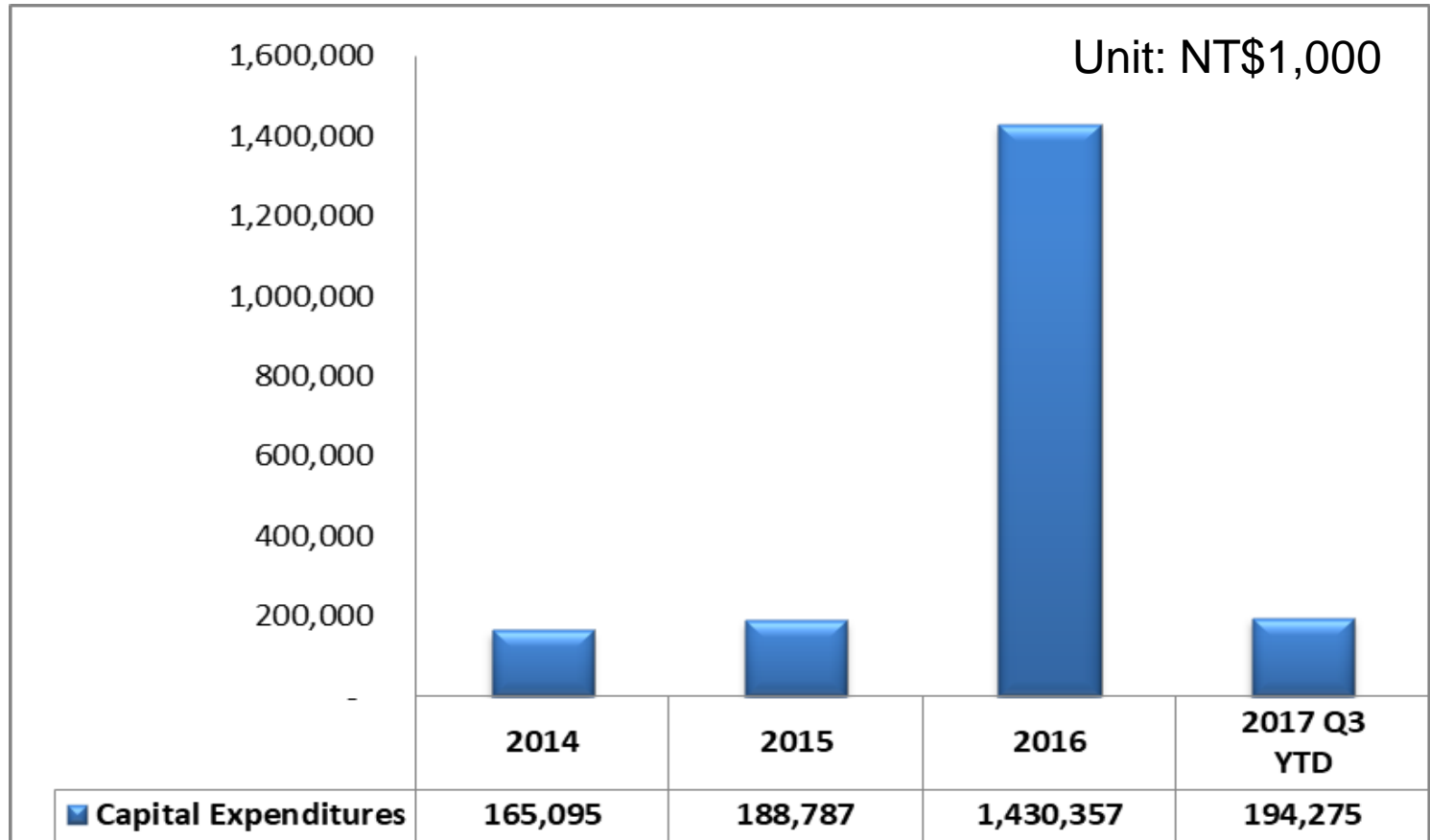
	2015	2016	2017Q3YTD
Net Income	238,228	221,238	132,226

Consolidated Income Statement

Unit : \$1,000

Item	2015	2016	2017Q3YTD
Operation Revenues	1,542,597	1,637,938	1,276,438
Gross Profit	529,445	530,442	369,641
Gross Profit %	34%	32%	29%
Operation Income	280,355	276,562	188,527
Income Before Tax	275,903	271,616	172,066
Net Income	238,228	221,238	132,226
EPS(NTD)	4.53	4.20	2.51
Weight Avg. Outstanding Common Shares	52,647	52,647	52,647
Devidend (NTD)	1.80	1.50	-
Cash Dividend	1.80	1.50	-
Payout Ratio	40%	36%	

Capital Expenditures



Consolidated Balance Sheet

	Unit:NT\$thousands		
Item	2015.12.31	2016.12.31	2017.09.30
Current Assets	771,969	863,395	926,629
Non-current Assets	1,597,707	2,886,034	2,982,297
Total Assets	2,369,676	3,749,429	3,908,926
Current Liabilities	650,915	721,438	1,024,109
Non-current Liabilities	397,161	1,599,293	1,406,590
Total Liabilities	1,048,076	2,320,731	2,430,699
Share capital	526,472	526,472	526,472
Capital surplus	340,105	340,105	340,105
Retained earnings	455,351	579,900	633,155
Other equity interest	(328)	(17,779)	(21,505)
Total Equity	1,321,600	1,428,698	1,478,227



Q & A



Thank you

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