



AirTAC

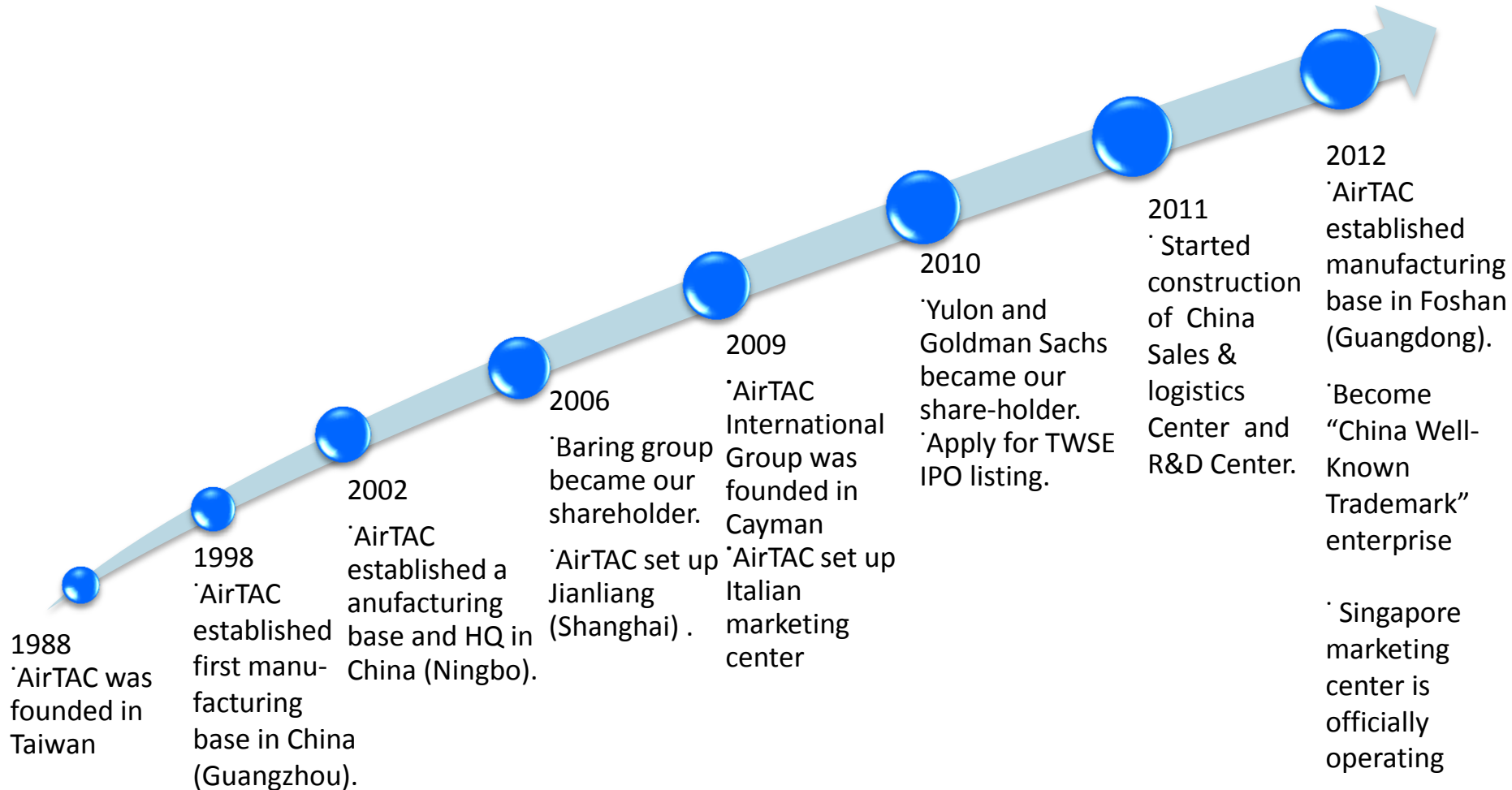
Powered by AIRTAC

Agenda

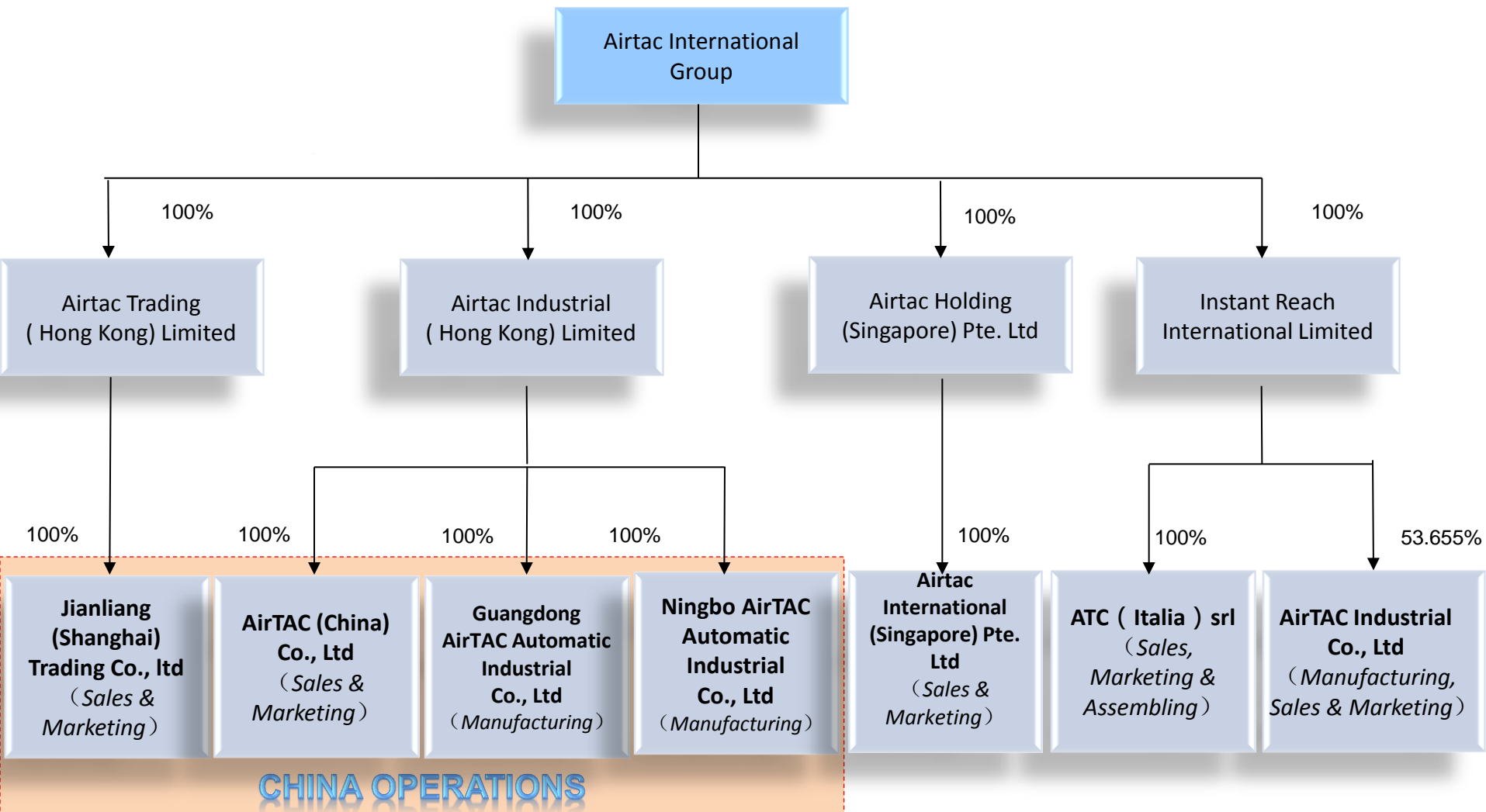
- I Group Overview**
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- III Competitive Advantage**
- IV Financial Outlook**
- V Development prospects & Strategic**

I · Group Overview

Group Overview



Organization Chart



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

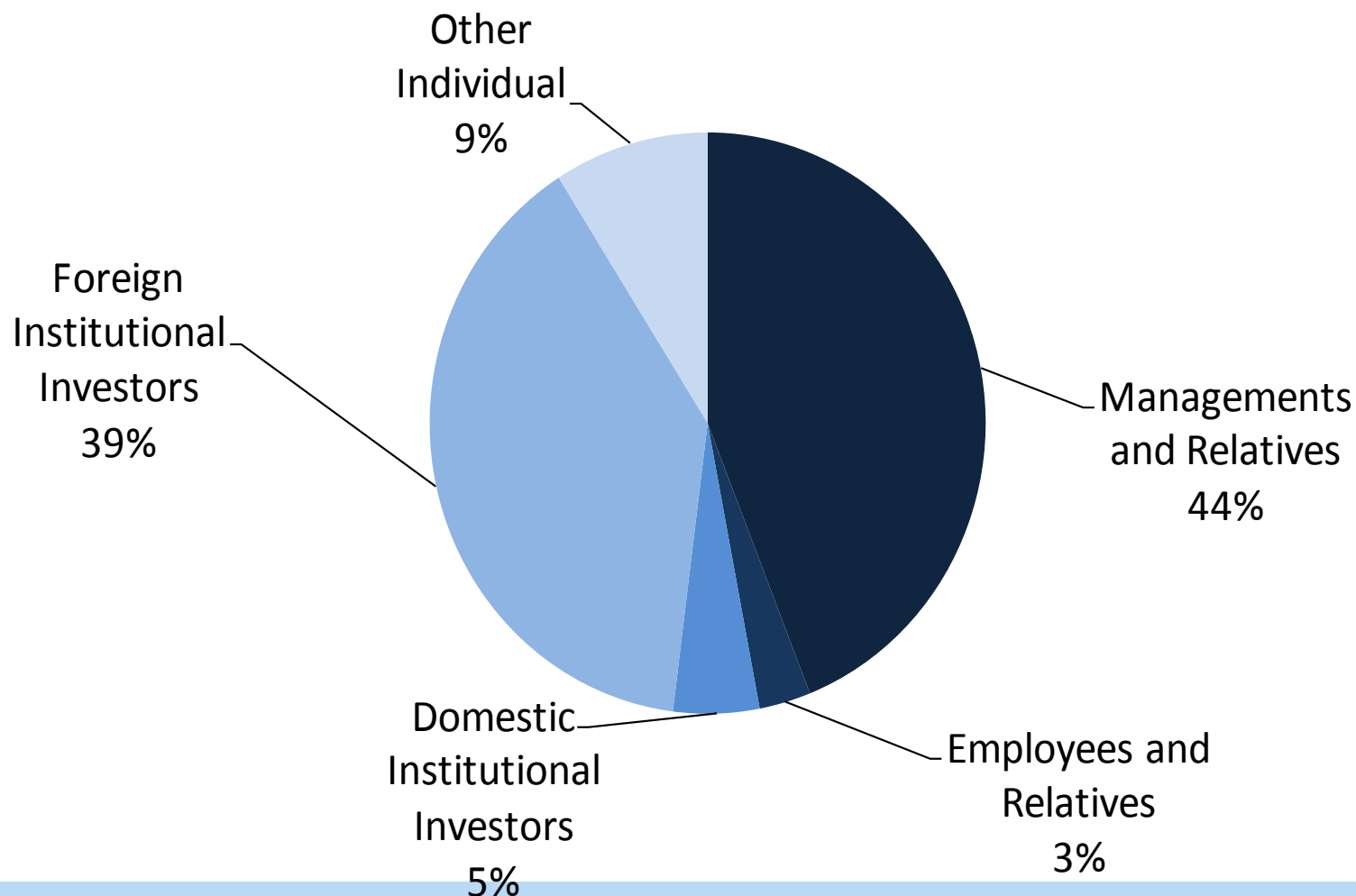
Profit sharing

- 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



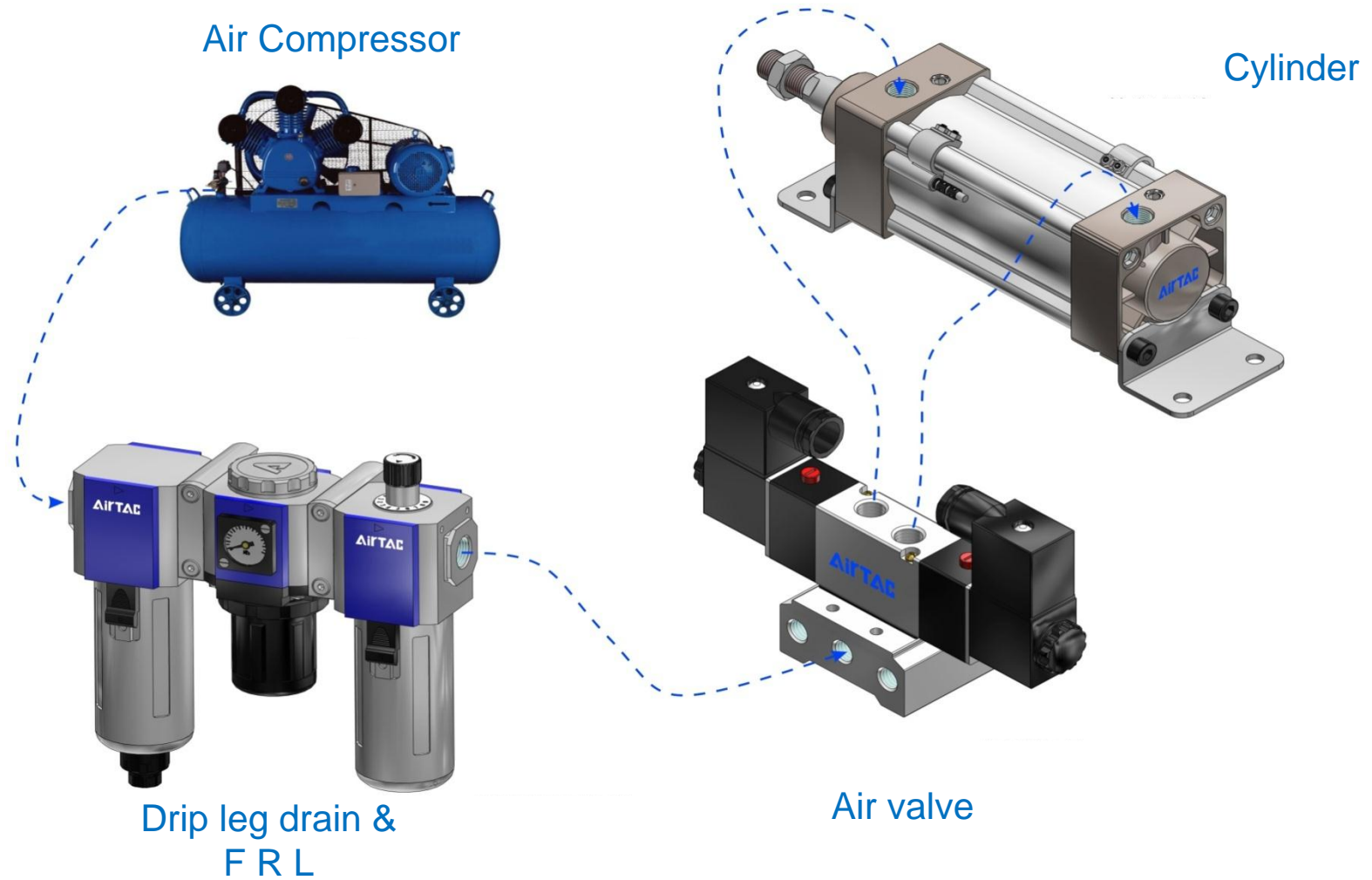
➤ Drip leg drain & F R L



➤ Others



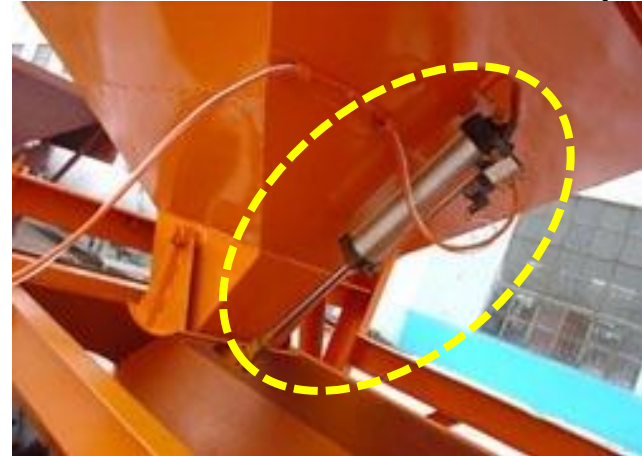
Pneumatic operation of the process



Products Application by Industry

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

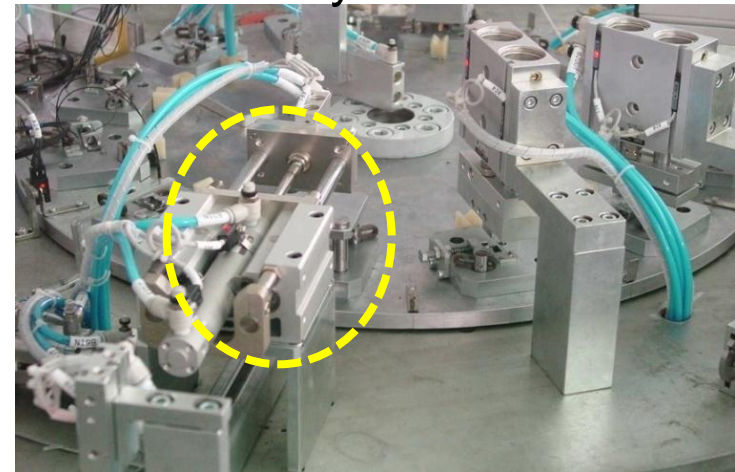
Construction machinery



Environmental processing machinery

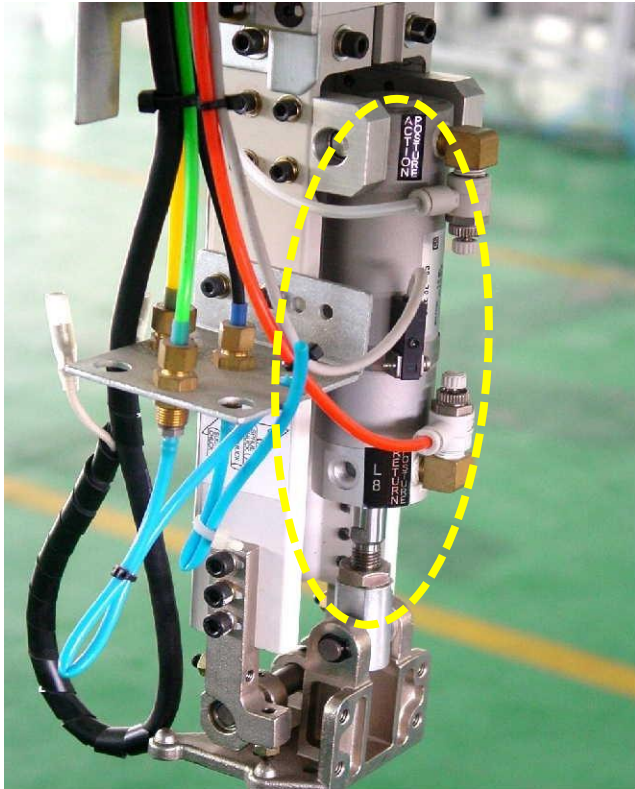


Assembly automation

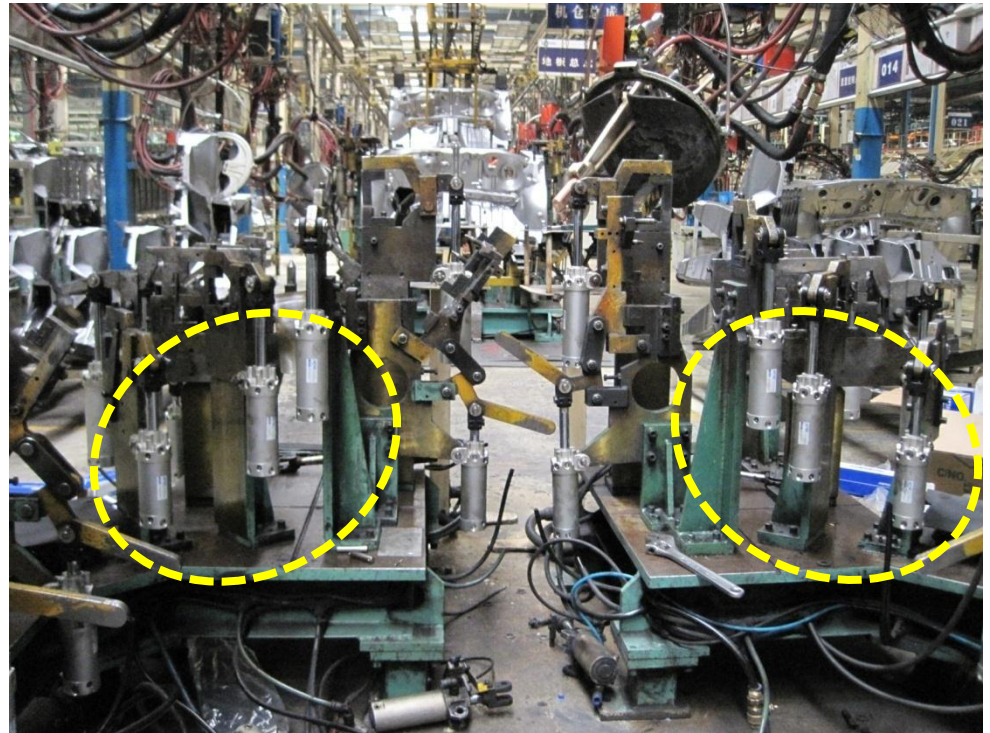


Products Application by Industry

Robot arm

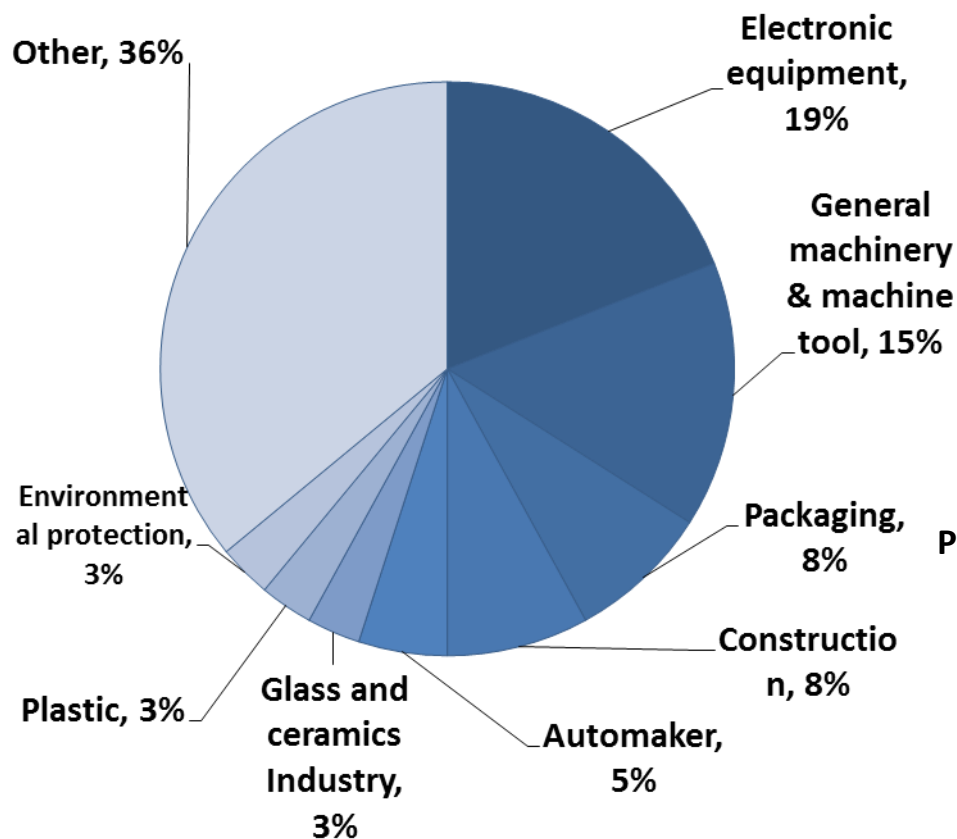


Automobile assembly

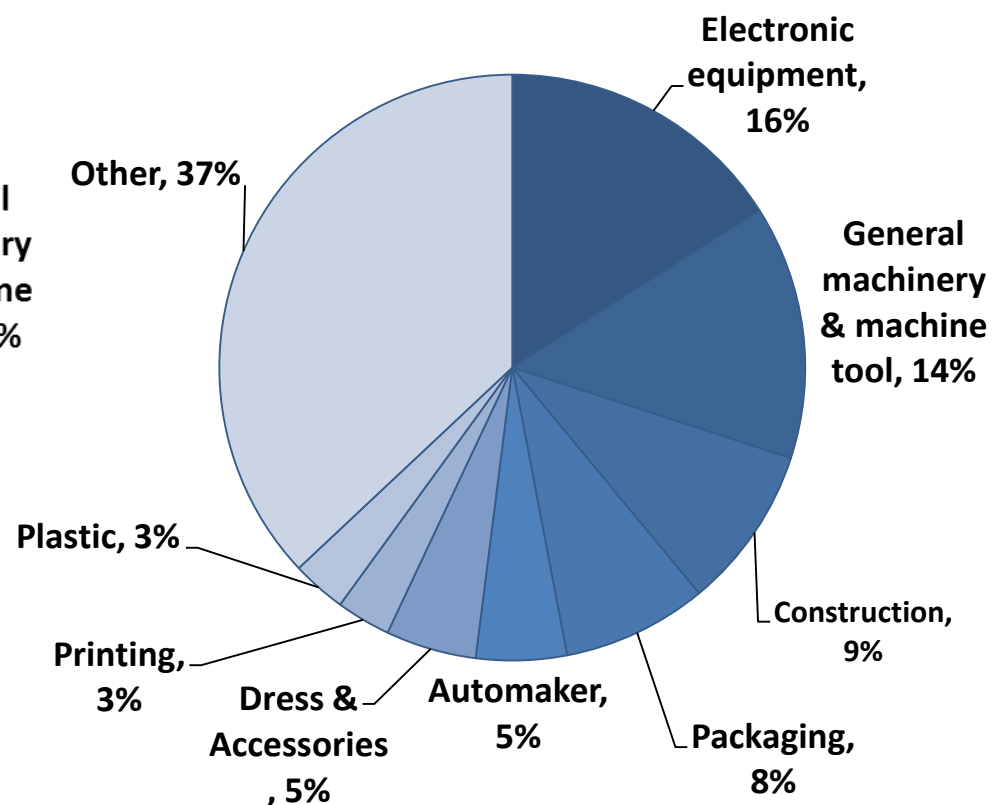


Clients breakdown by industry

2012 Sales



2013Q1 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

- 90% 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

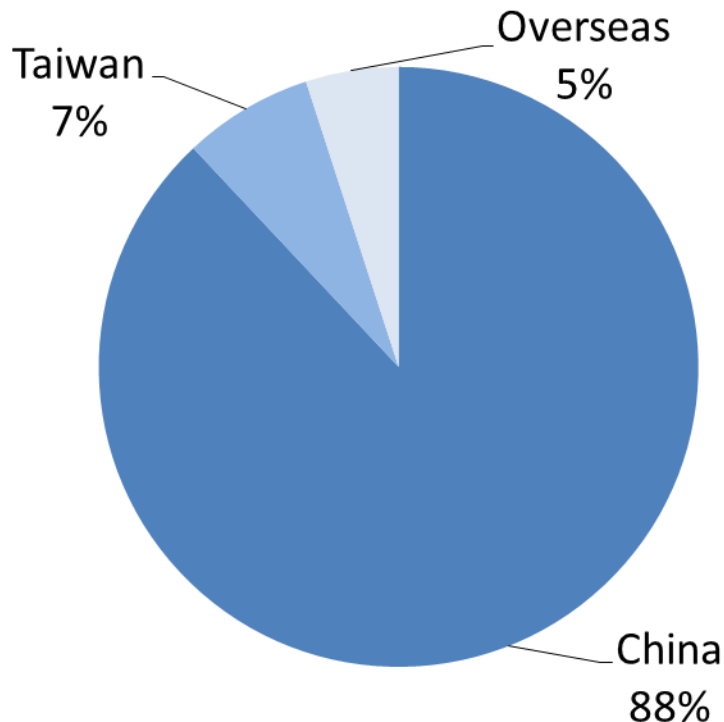
Worldwide manufacturing bases & sales branches



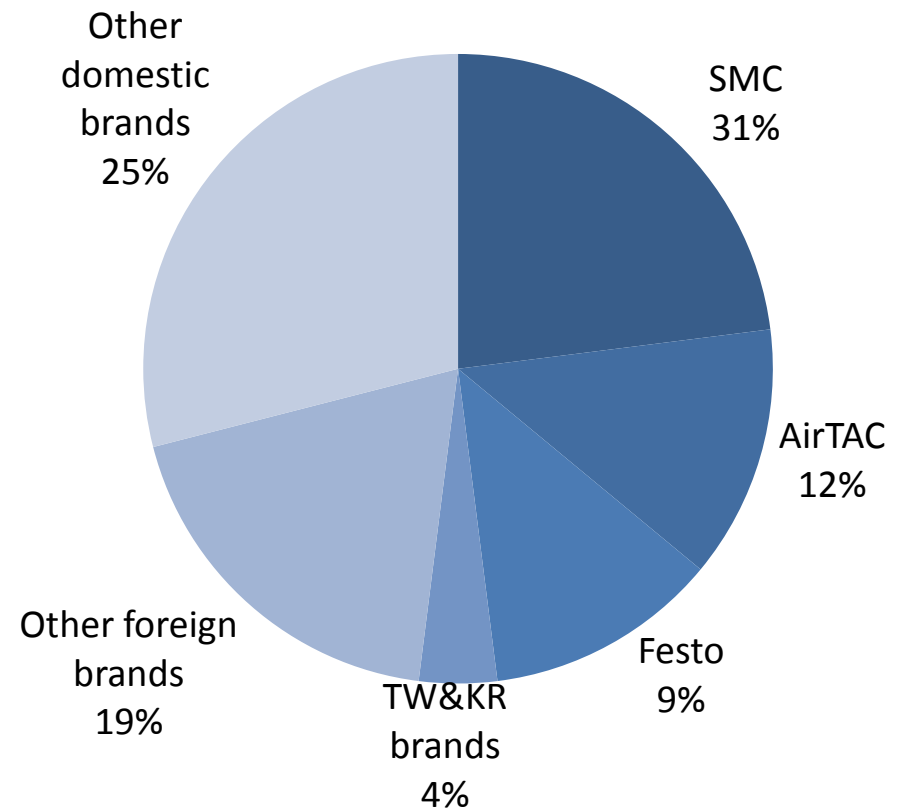
- ◆ Mainland : 2 manufacturing bases; 57 branches, 9 offices
- ◆ Taiwan : 1 manufacturing base and 4 offices
- ◆ Europe : 1 assembling and Distribution center in Italy.
- ◆ Singapore : 1 assembling and sales center
- ◆ Overseas: +30 distribution offices to provide comprehensive sales network and service

Ranked the second largest market share in China

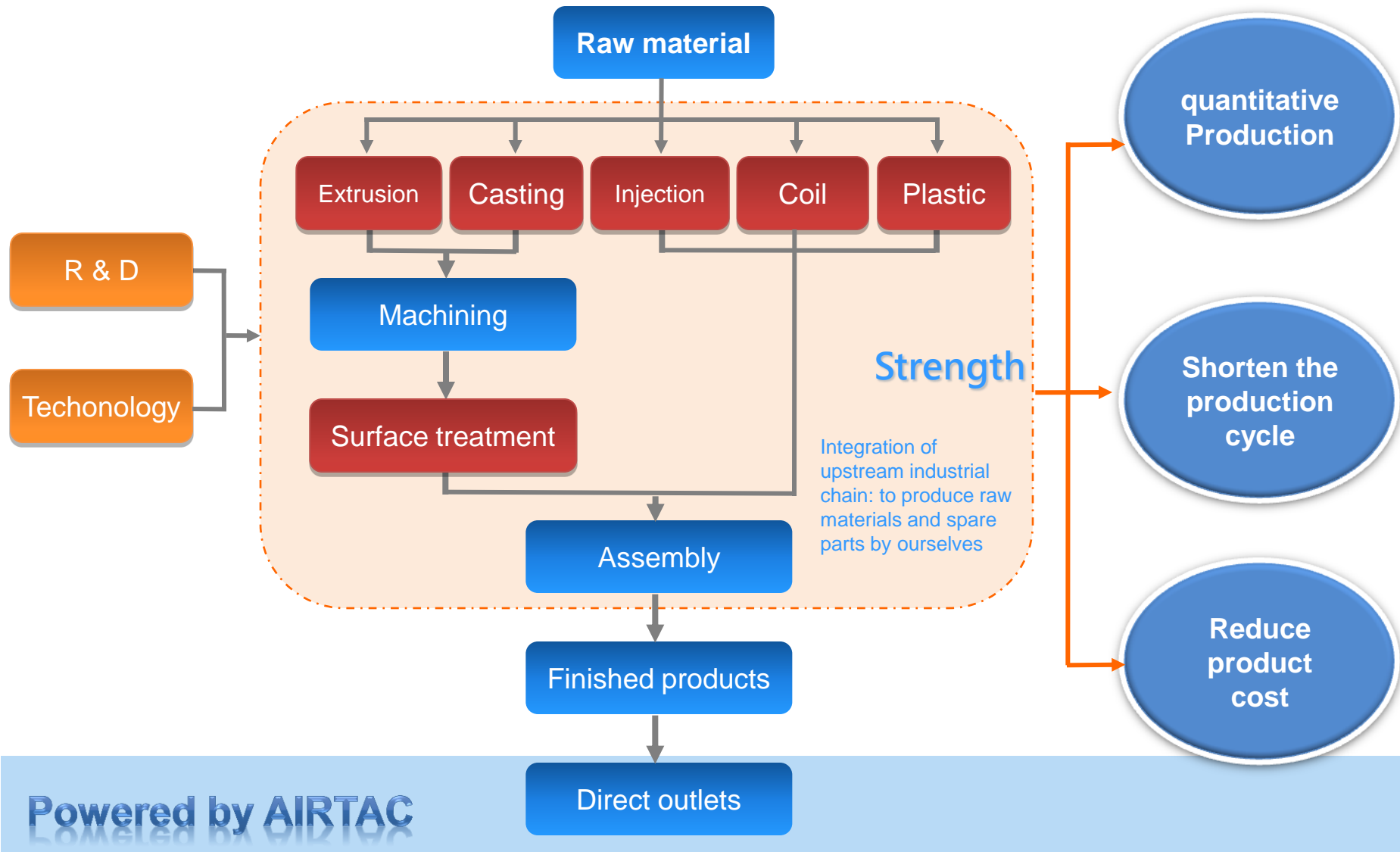
AirTAC Sales by region



Pneumatic equipment - market share in China



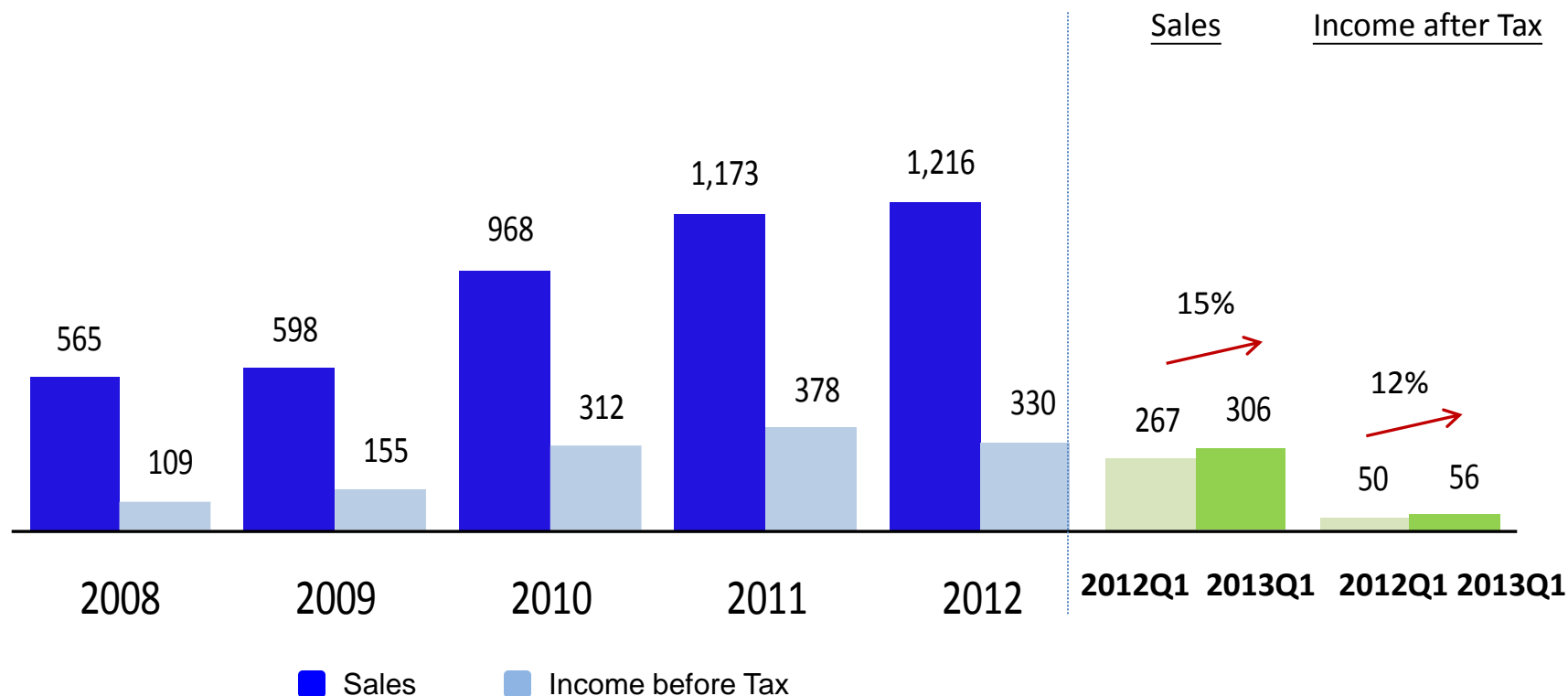
Integration of upstream industrial chain



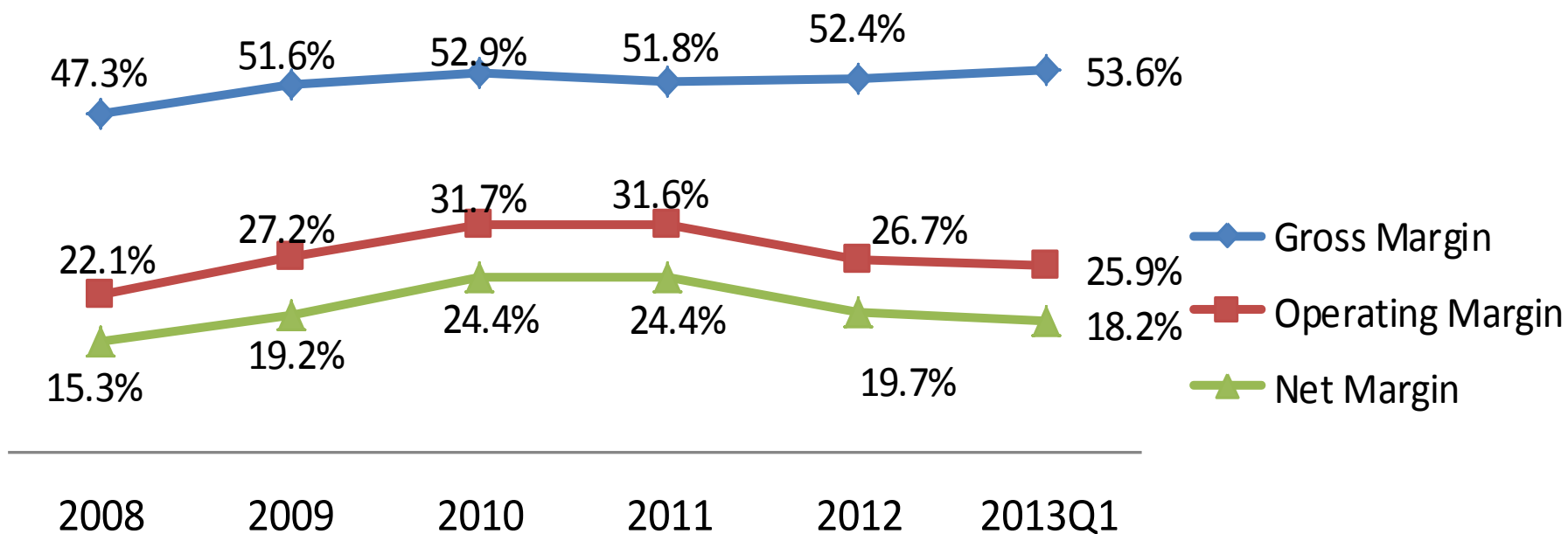
IV · Financial Outlook

2008~2013Q1 Sales & Income after Tax

(\$RMB mn)



2008~2013Q1 Profitability Trend



Income Statement

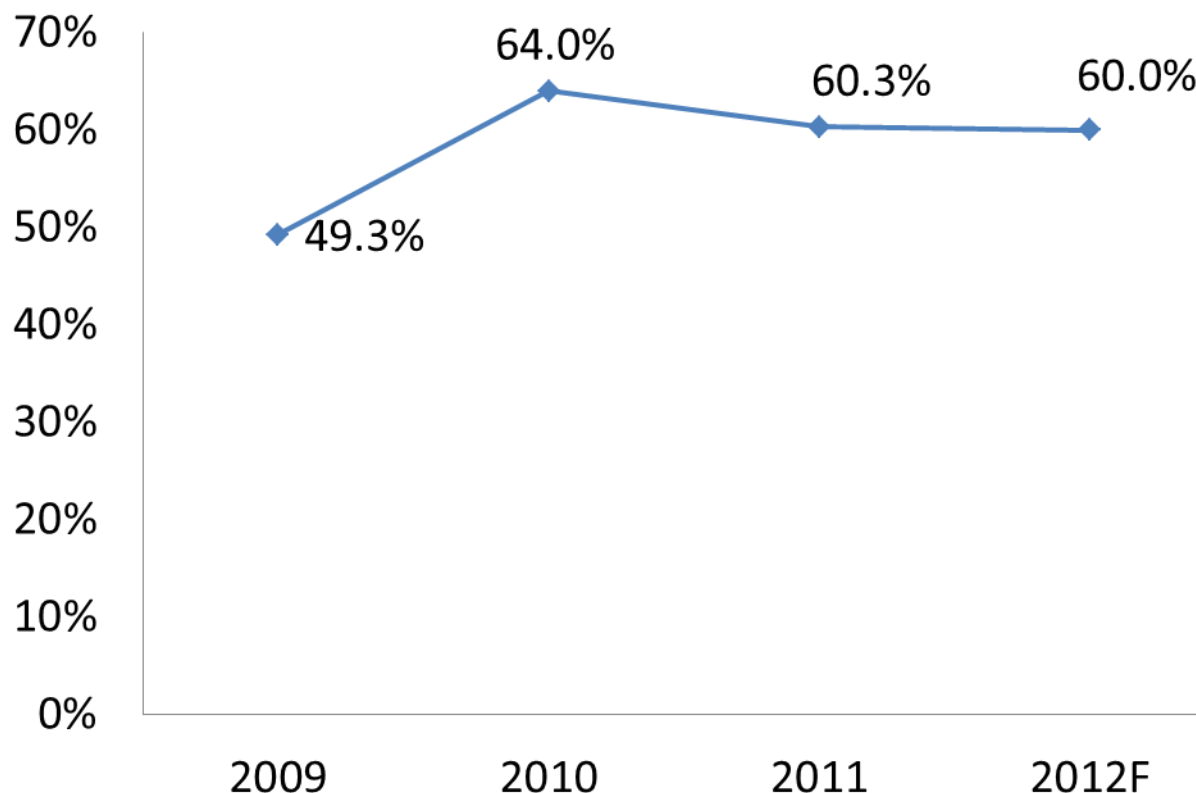
(\$RMB mn)

| | <u>2010</u> | | <u>2011</u> | | <u>2012</u> | | <u>2013Q1</u> | |
|------------------------|-------------|------|-------------|------|-------------|------|---------------|------|
| Sales | \$968 | 100% | \$1,173 | 100% | \$1,216 | 100% | \$306 | 100% |
| Cost | \$456 | 47% | \$566 | 48% | \$579 | 48% | \$142 | 46% |
| Gross Profit | \$512 | 53% | \$607 | 52% | \$637 | 52% | \$164 | 54% |
| Operating Expenses | \$205 | 22% | \$236 | 20% | \$312 | 25% | \$85 | 28% |
| Income from Operations | \$307 | 31% | \$371 | 32% | \$325 | 27% | \$79 | 26% |
| Non-operating Income | \$17 | 2% | \$14 | 1% | \$16 | 1% | \$3 | 1% |
| Non-operating Expenses | \$12 | 1% | \$7 | 1% | \$11 | 1% | \$5 | 2% |
| EBT | \$312 | 32% | \$378 | 32% | \$330 | 27% | \$78 | 25% |
| TAX | \$75 | 8% | \$92 | 8% | \$90 | 7% | \$22 | 7% |
| Net Income | \$237 | 24% | \$286 | 24% | \$240 | 20% | \$56 | 18% |

Balance Sheet

| (\$RMB mn) | 2010 | | 2011 | | 2012 | | 2013Q1 | |
|--------------------------------------|---------|------|---------|------|---------|------|---------|------|
| Cash & Cash Equivalents | \$431 | 29% | \$304 | 17% | \$233 | 11% | \$216 | 9% |
| NR & AR | \$226 | 15% | \$289 | 16% | \$335 | 15% | \$364 | 16% |
| Inventory & Other Current Assets | \$188 | 12% | \$243 | 14% | \$275 | 13% | \$310 | 14% |
| Investment | \$— | —% | \$— | —% | \$— | —% | \$60 | 3% |
| Property, plant and equipment, Other | \$666 | 44% | \$945 | 53% | \$1,335 | 61% | \$1,312 | 58% |
| Total Assets | \$1,511 | 100% | \$1,781 | 100% | \$2,178 | 100% | \$2,262 | 100% |
| Current Liabilities | \$294 | 19% | \$530 | 30% | \$870 | 40% | \$903 | 40% |
| Long-term liabilities, Other | \$196 | 13% | \$104 | 6% | \$89 | 4% | \$97 | 4% |
| Total Liabilities | \$490 | 32% | \$634 | 36% | \$959 | 44% | \$1,000 | 44% |
| Total Equity | \$1,021 | 68% | \$1,147 | 64% | \$1,219 | 56% | \$1,262 | 56% |
| Total Liabilities & Equity | \$1,511 | 100% | \$1,781 | 100% | \$2,178 | 100% | \$2,262 | 100% |

Payout Ratio



Expected 2012 Cash dividends to shareholders – RMB 0.8 per share (around NTD 3.8 per share)

Stock dividends to shareholders – RMB 0.148 per share (around NTD 0.7 per share)

V · Development prospects & Strategic

Goals in the next five years

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

Q&A