

Agenda

1 Quick Overview



2 Challenge & Strategy

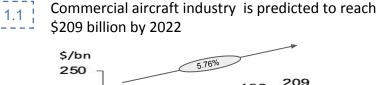
Revenue Forecast

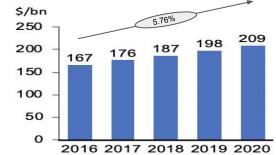




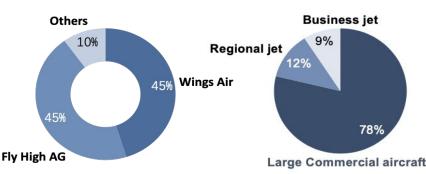
Industry Overview

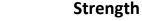
SWOT Analysis of Fly High AG





1.2 Fly High AG and Wings Air occupy most share of the market; Large commercial aircraft accounted for 78% share of aerospace industry





- Increasing market share
- Relatively low marginal cost
- Strong research and development capability
- Healthy revenue and margin
- A350XWB Completes portfolio

SC

Weakness

- Low liquidity
- High production cost
- Frequent product delivery delay
 - Untimely materials from suppliers

 Lack of large aircraft maintenance capacity

Opportunity Threat

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- Main ompetitor credit crisis occurs
- Market still behaves well and ramps up in a high speed stably

seize Chinese market

 US-China trade war increases the chance to

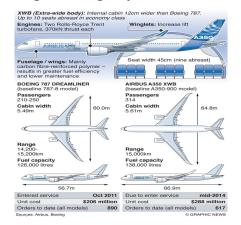
Threat Deterioration of

- EUR/USD exchange rateJoining competitive
- entantsCovid19 and economic
- shutdown
- International trade challenge

Compete in product performance, profitability for airlines, maintenance service and engineering capabilities

Current Competitors

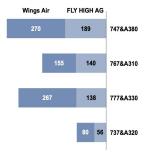
Engineering capabilities



Optimized fuel system, +24000 liters of fuel Revenue fuel cost



Price



Passenger capacity



A350-900 offers 314 seats compared with 301 seats for the 777-200FR. The 350-seat A350-1000 is aimed directly at the 777-300FR.

Potential Competitors

- C919 is the future rival to A320, and CR929 will compete with A350.
- Pros: lower selling price; strong ability to catch Chinese market
- Cons: outdated; higher cost of training pilots, fuel and maintenance

Development Progress First flight in 2017 Order book stood at 815 units

- Chinese Aerospace Valley started

C919

First deliveries expected in 2021 CR929

First flight expected in 2025

C919

- 200 aircrafts produced annually
- · 2000 sales expected in the period **CR929**

Order book might reach 1000 units

Demand by 2030 | China market share Types Wide-body A350 B787 CR929 >4000 >20% A320 B737 C919 >21%



- More investment in R&D to lower fuel cost and depreciation rate for airlines
- Ensure safety and stability
- Enhance bargaining power and strain margins



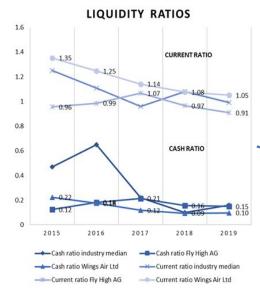
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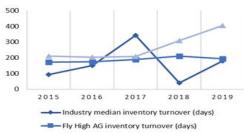
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Revenue Forecast

Liquidity Issue



INVENTORY TURNOVER



Low Liquidity

Causes

- Long inventory turnover period
- Frequent delay in delivery
- Relatively high dividends
- Large fine

Consequences

- Difficulty in funding operations
- Lack of ability to handle a break-out crisis such as the pandemic
- Hard to catch chance when new tech or prospect arrive

Strategy

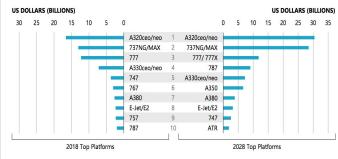
- Expand aircraft maintenance market
- Continue merging
- Larger investment in securities and other financial products

Expand aircraft maintenancemarket

- Engine maintenance exceeded \$30 billion in 2017
- The top 10 aircraft platforms will represent 92 percent of the market by 2028

The total market value of A320 maintenance in the next 4-5 years will increase by more than 20%, and will reach \$24.5 billion by 2022.

TOP AIRCRAFT PLATFORMS BY TOTAL MRO SPEND



Source: Oliver Wyman Global Fleet & MRO Market Forecasts

China will be the key driver of MRO spend growth in Asia

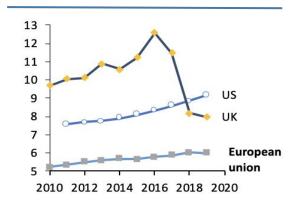
Increase capacity and competitiveness

- Process analysis and production methodology
- Reduce errors, rework, expedite material
- Engineering and workforce development to maximize growth

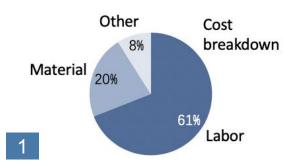
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Production Cost Issue





Analysis



Aircraft manufacturing cost can be divided into labor cost, material cost and other cost

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- Hourly earning in Fly High AG's factory location have rising yearly
- Cost of main material of aircraft increases
- More labor and material fees spent every year

Strategy

- 1 Rising labor cost:
 - Add automate product chain like robot and production modular
 - Cut down the labor expense
 - Develop productivity

2 Growing material cost

- Develop new technology like 3D print
- Produce material massively
- Reduce material expense and enhance utilization rate
- Lessen the cost in designing new product

Market Risk

Currency Risk



Analysis

 Fly High AG's prices are mostly priced in dollars, while costs are mostly denominated in euros. As a result, Fly High AG bore the full brunt of the euro/dollar volatility.



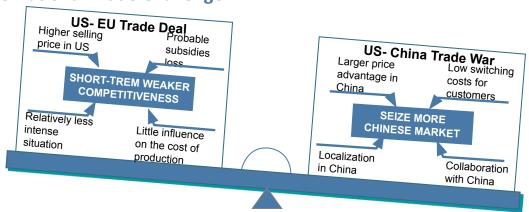
Wings Air Ltd, another company, is almost immune to currency movements because its costs are mainly denominated in dollars.

Strategy

 Entering into derivative contracts.
 Building a long-term hedged portfolio that covers its net exposure to dollar sales.

 Acquisition of US companies to avoid the risk of depreciation of the US dollar.

1.2 | International Trade Challenge

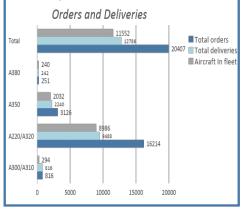


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- US- China Trade War will last longer. It may influence more on Fly High AG.
- China will spend about \$2.9 trillion on new aircraft over the next two decades.

Delivery Postponements Issue

Delivery Postponements Events:

- Airbus has changed its chief executive twice in 100 days after the A380 was delayed
- Delays in A380 delivery schedule knocking billions of euros off
- Emirates cancels 70-plane A350 order in blow to Airbus due to delay.



Technology Problems

Fails to solve the problem of overweight

Not adopted the

circumferential

fibre placement technique



of metal structure in electromagnetic performanceUse carbon fibre for the

Composite materials (53%)

does not have the advantage

Analysis

empennage and the wing "hybrid structure" easier to optimise aircraft aerodynamics



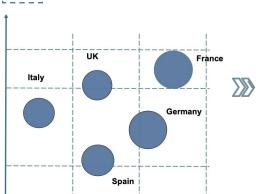
schedule risk of engineering development

Properly define the development

requirements and development stage

 10% reduction in maintenance costs, operating cost 7-8% lower than the Boeing 787 and 25% less than the 777-200ER/300ER

Aircraft Supply Chain Issue:



- A supply chain system with close relations between the main manufacturer, the sub-system supplier and the component supplier is gradually formed
- The aerospace supply chain sometimes struggles to keep pace with OEM customers
- Demand for aircraft is on the rise, but the supply chain hasn't quite adjusted to these additional needs.

- Integrate global supply chain suppliers and establish a dedicated supplier management department
- Establish global collaborative systems including information search, raw material procurement, production and customer support, and customer relationship management
- Provide performance monitoring technology to help suppliers increase output





Revenue Forecast

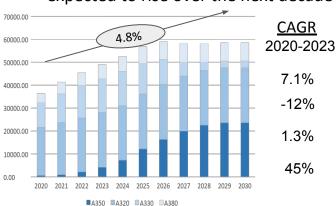


By adopting the above strategies, Fly High AG will ensure a steady and sustainable growth in next decade

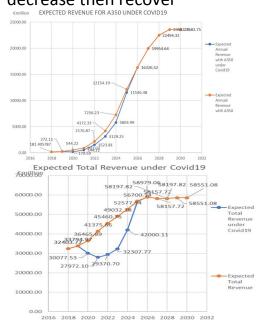
Fly High AG will achieve stable growth in next decade



The A350's share of revenue is expected to rise over the next decade

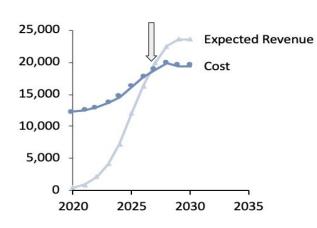


3 Under pandemic, revenue may decrease then recover



Fly High AG will decrease production rate by 30% in 2020. As whole market shrinks, revenue decreases averagely by 11% in 2021, then recovers gradually. RevenueA350XWB

Break-even point for A350XWB occurs in 2027



Considering current air travel demand, increasing production cost, international trade risk, currency risk, expansion in maintenance and improvement in supply chain, A350XWB will reach break-even point in 2027.

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Revenue Forecast



Implemented Risk

Challenge

Initiatives



Implemented Risk

Increasing **Production Cost**

3D printing technology



Lack of standardization, large differences in technical requirements

High cost of 3D printing and long development cycle

Increasing **Production Cost**

Expand aircraft maintenance market



Lack of big data technologies for maintenance logistics

Lack of high-quality talent and working capital

Competitability

More investment in R&D



Unguaranteed development progress as new technology and material burst

Increasing expense in **R&D** further lowers liquidity

Currency Risk

Entering into derivative contracts



The risk of forced liquidation on margin system

Weak internal control for the risk of financial derivatives

THANK YOU

