

**Aerkomm Inc.**  
**(OTCQX : AKOM)**  
**Investor Presentation**

**June 2018**



# Disclaimer

This presentation incorporates information from a registration statement filed with the SEC, including from a post-effective amendment No. 1 which was declared effective by the SEC on May 7, 2018, for the offering to which this communication relates and contains forward-looking statements. The investors should read the Company's S-1 registration statement, available at [sec.gov](http://sec.gov), in its entirety before investing. All statements contained herein other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions are intended to identify forward looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the "Risk Factors" section of the prospectus. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward looking statements.



# Video 1 – Services to be Provided



# Offering Summary



<b>Issuer</b>	Aerkomm Inc.
<b>Security</b>	Common Stock
<b>Exchange</b>	OTCQX : AKOM
<b>Shares Outstanding Prior to the Offering</b>	41,460,097 shares of Common Stock
<b>Shares Offered</b>	588,235 to 7,058,824 (based on \$8.50 per share)
<b>Price</b>	\$8.50 per share
<b>Offering Size</b>	\$5,000,000 to \$60,000,000 Plus 15% over-subscription option, if the maximum number of 7,058,824 shares are sold in the offering
<b>Lock-Up Agreement</b>	Six-month lock-up period for all directors, officers and certain shareholders
<b>Underwriter</b>	Boustead Securities, LLC
<b>Pricing Date</b>	May 14, 2018



# Investment Highlights

- **Business model**

Unlike “pay to play,” our business model encourages increased flight connectivity services usage, as well as marine, land-based and remote service offerings

- **Dual-band satellite technology**

Increased data throughput via Ka/Ultra Ka band and continued reliable service outside of the Ka/Ultra Ka band coverage areas via Ku-band

- **Experienced management team**

Extensive communications technology and aviation industry expertise

- **Growing market**

The number of airlines offering in-flight Wi-Fi has increased by more than 38% over the past two years\*

- **Applications beyond airlines**

Satellite-based services for high-speed railways, maritime and cruise lines, 4G/5G backhauling, and triple-play services in remote communities

- **MOUs signed for strategic partnerships with well-known global companies in the airline, Internet, communications, and entertainment-related industries**

e.g. Airbus, Hong Kong Airlines, Air Malta, OnurAir, Nelco, and Global Eagle Entertainment. No assurances can be given that any of these MOUs will result in definitive agreements



# Company Overview

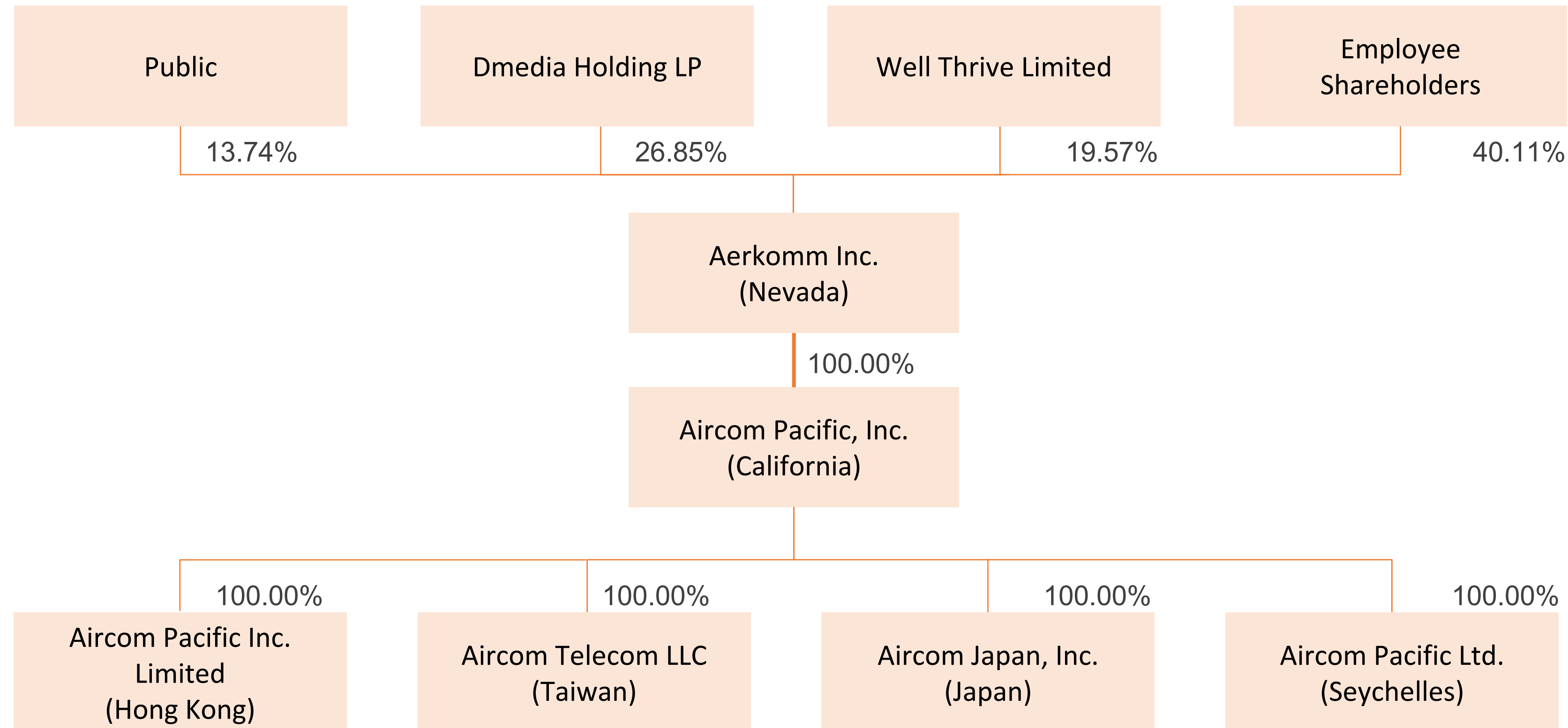


- **Aerkomm Inc.'s operating subsidiary, Aircom Pacific, Inc., was founded in 2014**
  - **Headquarters: Silicon Valley, California, USA**  
**Branch offices: Hong Kong, Japan and Taiwan**
  - **A development stage provider of advanced in-flight entertainment and connectivity solutions**
  - **Global Distribution:**  
**China, the EU, Taiwan, the Philippines, Thailand, and other countries**
  - **Plans to service airline passengers and expand service to high-speed rail, maritime and cruise lines**
  - **Expected Revenue:**  
**Mainly from advertisements and in-flight transactions**



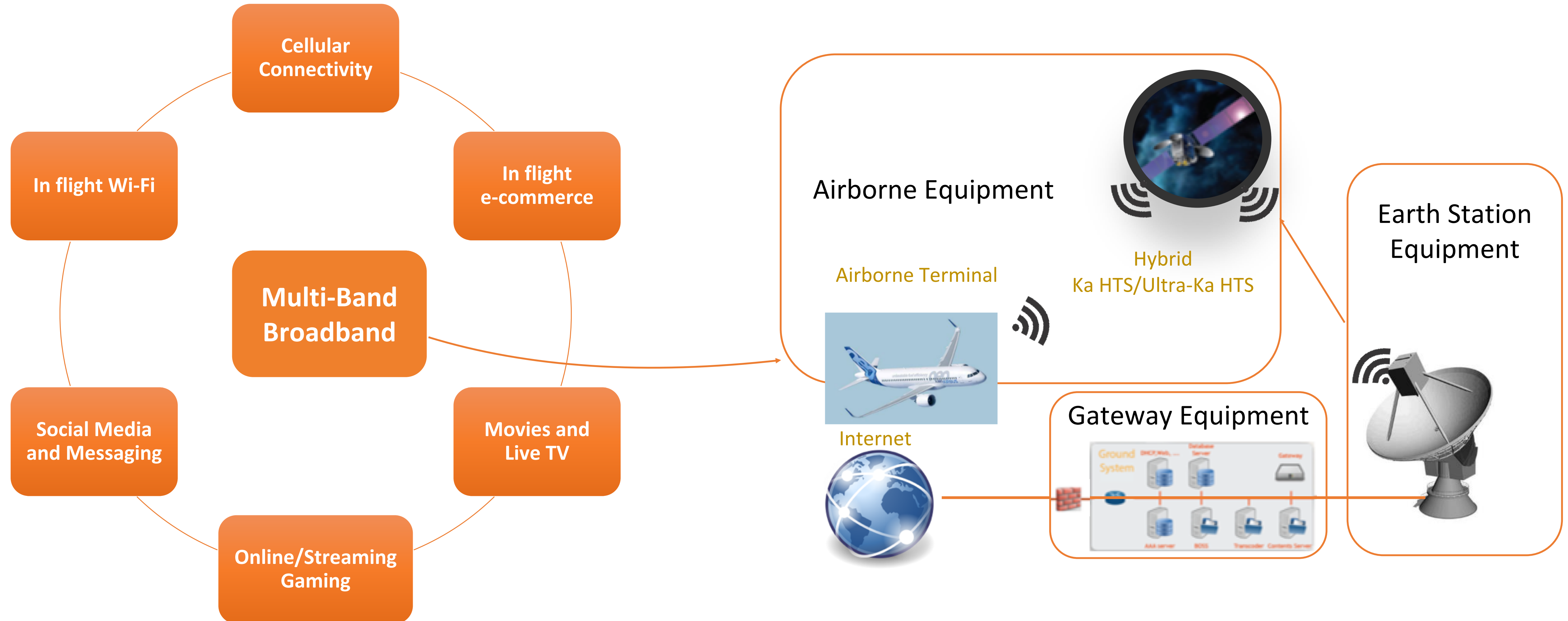
# Corporate Structure

Aerkomm is a holding company. All of its business operations are conducted through its several operating subsidiaries. The chart below presents its corporate structure before the proposed offering:



Source: Company S-1 offering prospectus

# Planned Service Offerings



- The Company plans to provide airline passengers with a broadband in-flight experience that encompasses a wide range of service options

- Broadband, 4G and 5G services will offer passengers and crews freedom of choice on both existing in-flight entertainment systems and their personal devices



# Core Services To Be Offered



**Broadband Internet**



**Live TV**



**Online Gaming and Streaming**



**In-Flight 3G/4G**



**In-Flight Shopping**



**Black Box Live**

# Multi-Band Satellite Technology

## Current Obstacles

- Most in-flight connectivity systems currently rely on the **Ku-band** satellite signals for communication
- Many players in the market are working to provide higher bandwidth and faster transmission rates using the **Ka-band and Ultra-Ka**
- Few **Ka-enabled** satellites, which limits the coverage area in the Asia-Pacific and EU regions
- Future SpaceX and OneWeb LEO **Ultra-Ka** satellites will be ready in the middle of 2022



Aerkomm plans to bring its future airline partners and their passengers the benefits of **both Ka/Ultra Ka and Ku-band** satellite technology

## Aerkomm's Multi-Band System

### Ka/Ultra-Ka band

- Increase data throughput
- Limited coverage area in the Asia-Pacific region
- Support future SpaceX or OneWeb LEO satellite systems for Super-High speed Internet services

### Ku-band

- Offer reliable service outside of the Ka-band coverage area or
- Offer service when Ka-band is not available due to weather or other interference



# Business Model

**An innovative approach that differentiates Aerkomm from existing market players**

- Partner with airlines and offer airline passengers free In-flight Entertainment and Communication services
- Expect to generate revenue through advertisements and in-flight transactions
- Lack of connection fees drives greater usage of broadband services

**THEN**



Old TV programs, movies, and magazines

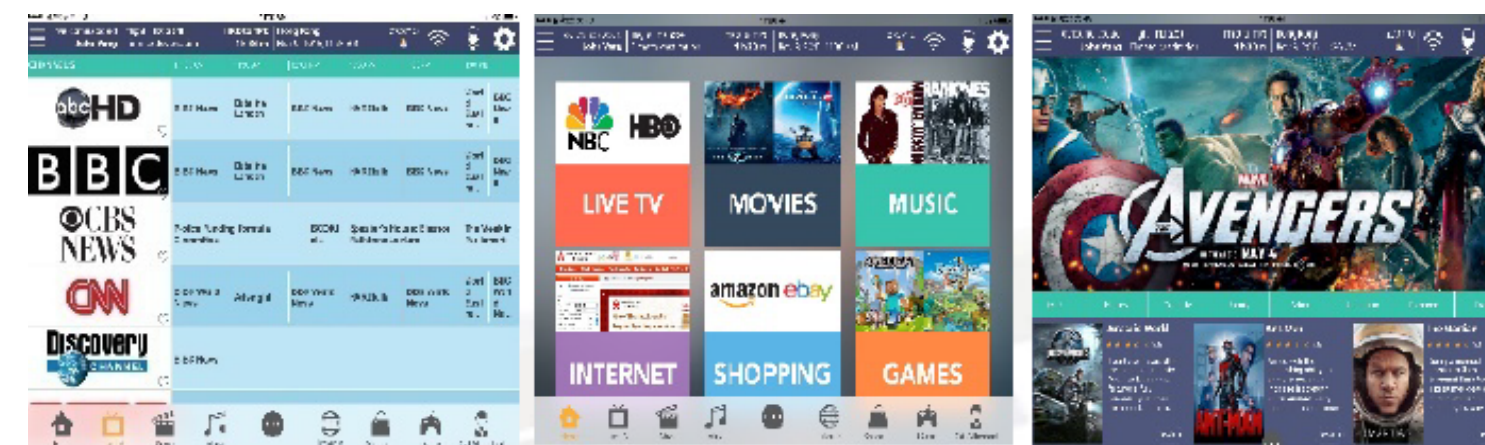


Cut off from the world



Paid Wi-Fi Connectivity Service

**NOW**



Live TV, gaming, and online movies



HONGKONG AIRLINES  
香港航空

by AIRCOMPAC

Connecting with... Devices...



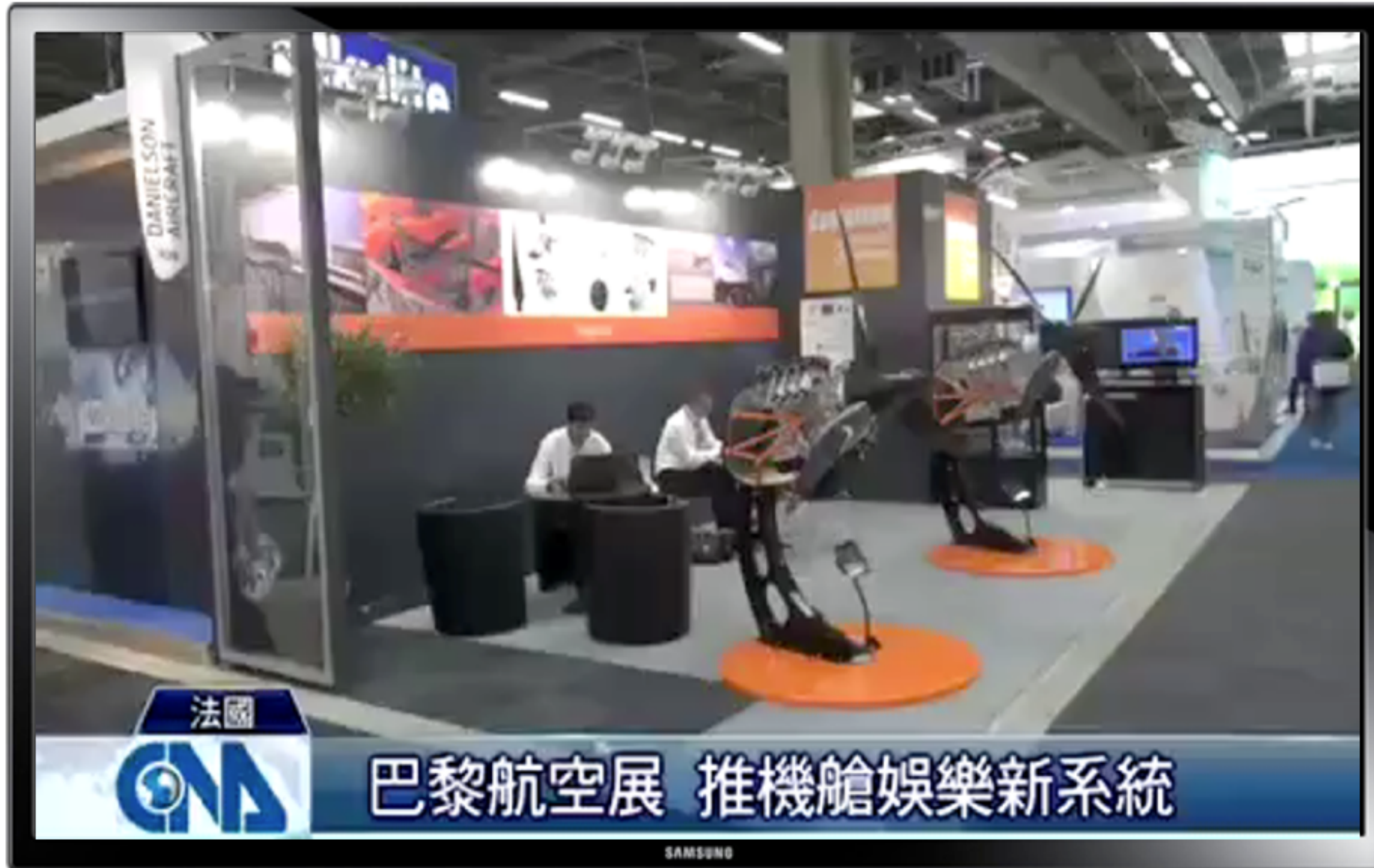
Tailored connectivity



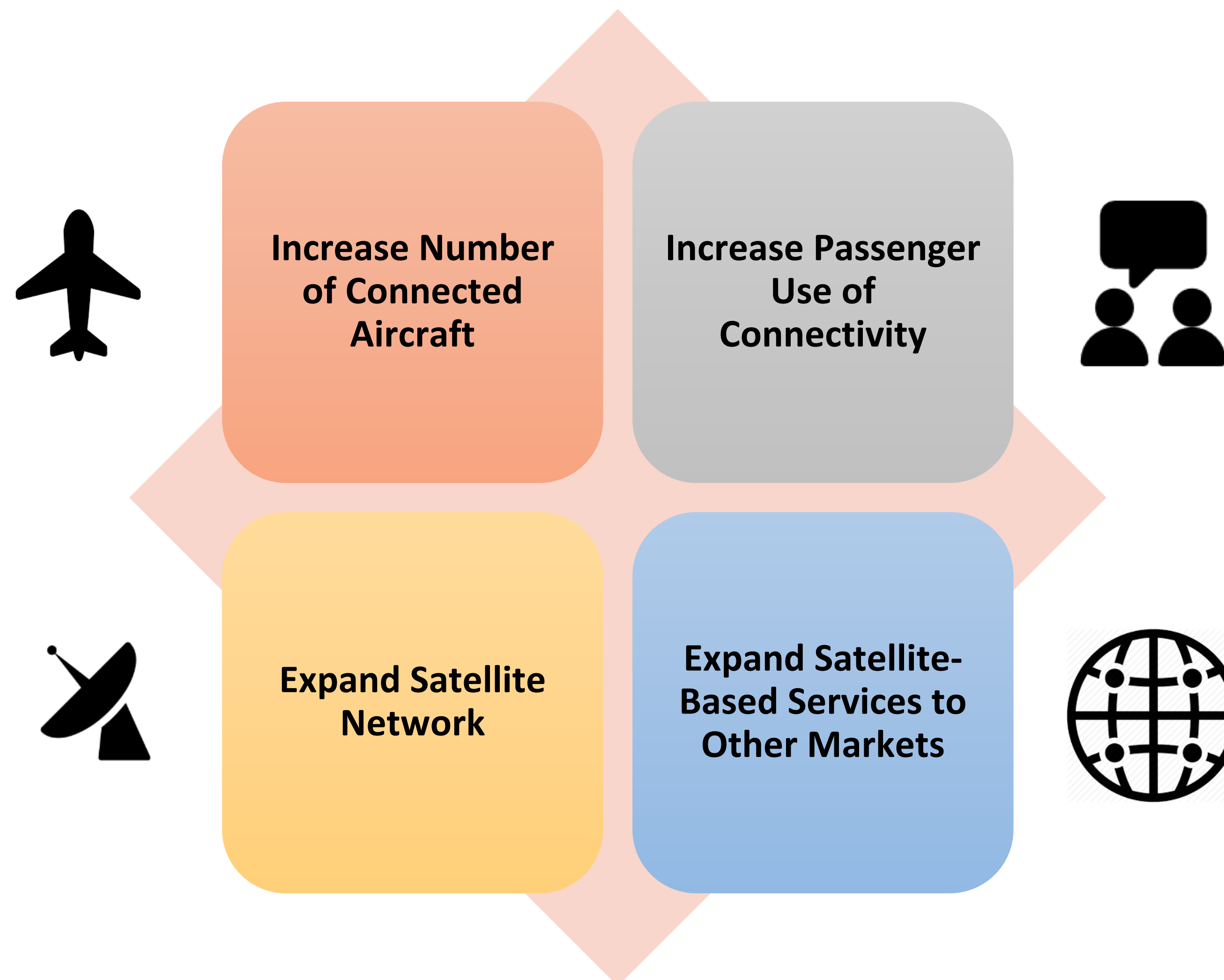
Free Wi-Fi Connectivity Service



## Video 2 - Implementation



# Growth Strategies\*



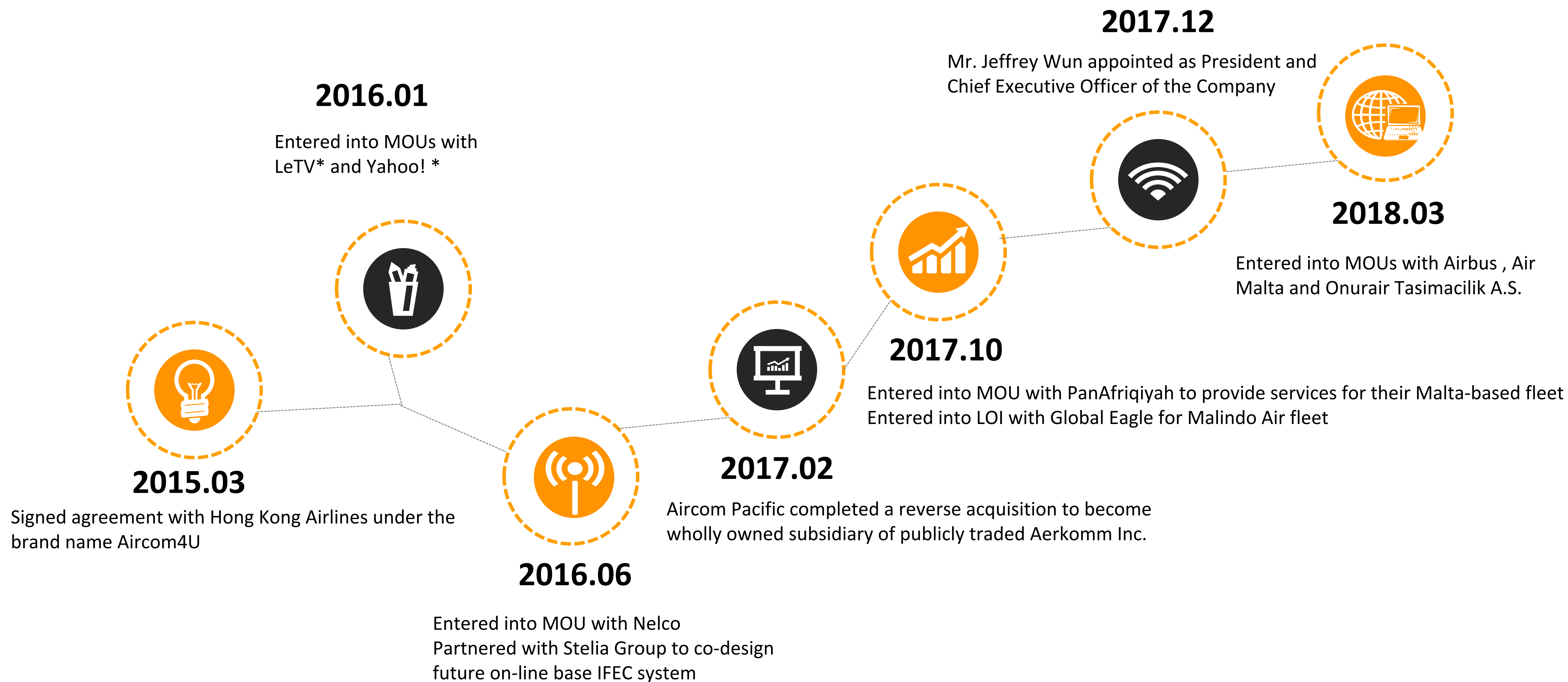


# Strategic Partnerships

MOUs\* signed for strategic partnerships with well-known global companies in the airline, Internet, communications, and entertainment-related industries e.g. Airbus, Hong Kong Airlines, Air Malta, Onurair Tasimacilik, Nelco, and Global Eagle Entertainment



# Company Milestones





# Management Team & Directors



**Jeffrey Wun**

***CEO, President and Chairman***

- Serves as our President and Chief Executive Officer since December 31, 2017
- Has more than 25 years of experience in the communications industry



**Y. Tristan Kuo**

***CFO and Treasurer***

- Serves in the capacity of CFO
- Has more than 30 years of experience in accounting, financing and information systems for companies



**Louis Giordimaina**

***COO-Aviation***

- Serves in the capacity of COO
- An experienced airline executive with more than 40 years of experience in the aviation industry



**Jan-Yung Lin**

***Secretary and Director***

- Serves as a member of our board of directors.
- Has more than 20 years in corporate and business law practices



**Peter Ho**

***CSO***

- Serves in the capacity of CSO
- Has more than 30 years of experience in management, marketing and advertising in media industry



# Non-Executive Directors



**Raymond Choy**

***Independent Director, Audit Chair***

- Extensive experience auditing the financial statements and internal controls of public and private companies



**Albert Hsu**

***Director***

- Has been admitted to practice law as a corporate and business lawyer and patent attorney in Taiwan since 2002



**Colin Lim**

***Independent Director***

- Has experience in the movie and copyright businesses that enables better negotiation and acquisition of sufficient movie copyrights and entertainment content to complement the business model



**James J. Busuttil**

***Independent Director***

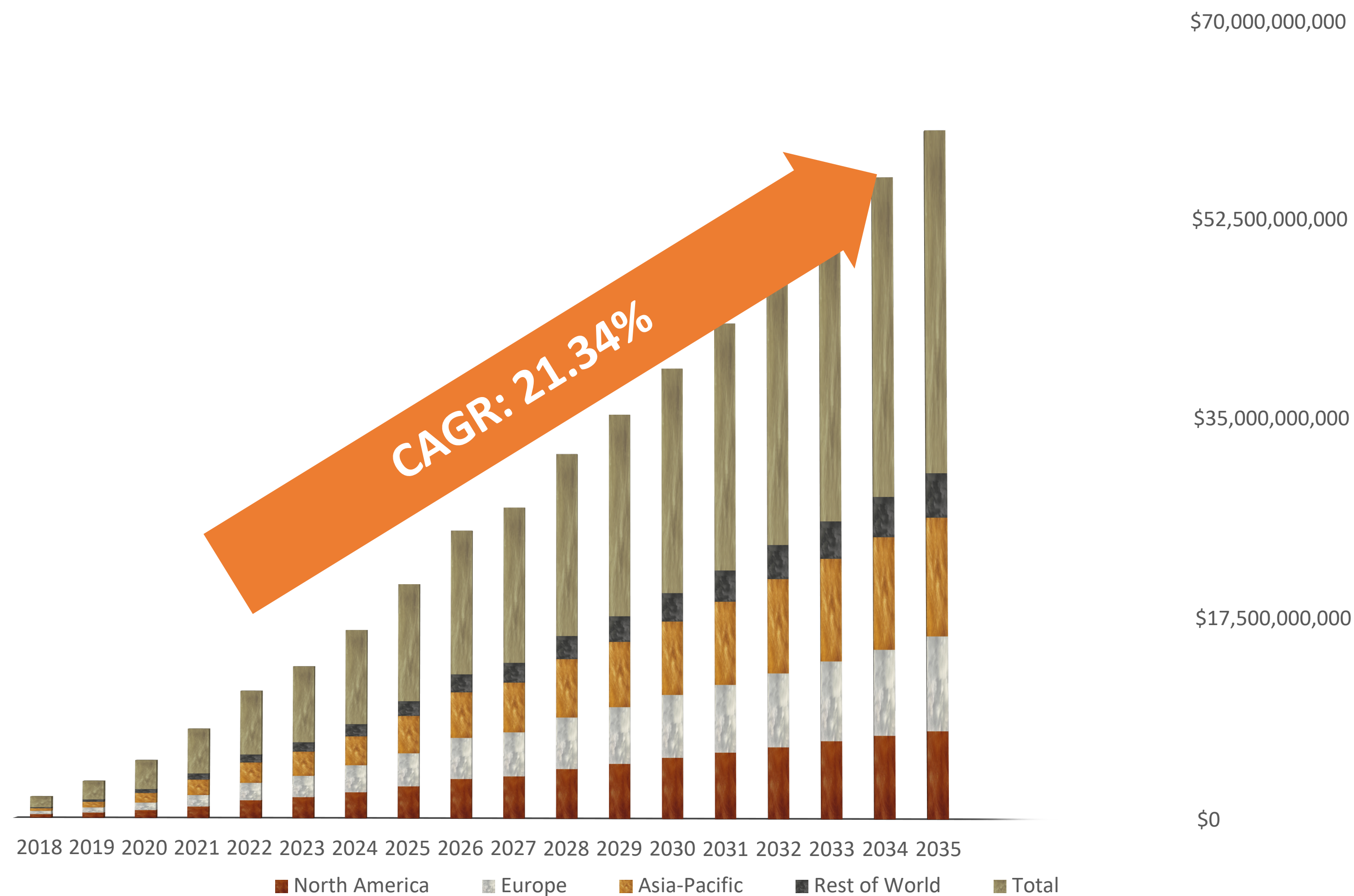
- Member of the Permanent Court of Arbitration (PCA) and London Court of International Arbitration (LCIA)



# In-Flight Wi-Fi Market

## In-Flight Wi-Fi Services Global Revenues

- According to the London School of Economics (“LSE”) report, broadband enabled ancillary revenue is projected to reach US\$925.52 million in 2018
- The LSE report estimates that broadband enabled ancillary revenue will be US\$30 billion by 2035



Source: LSE Report 2018

# In-Flight Wi-Fi Market

- According to the LSE report, by 2035 broadband-access revenue is forecast to remain the highest single source of new ancillary revenue, accounting for 53% of the total market
- The LSE report also shows that connected ancillary revenue for airlines will be US\$30 billion by 2035

The airline value of broadband-enabled ancillary revenue  
In 2018, inflight connectivity will be worth just \$0.9bn to airlines – but that's all going to change...

**\$30bn**  
**by 2035**



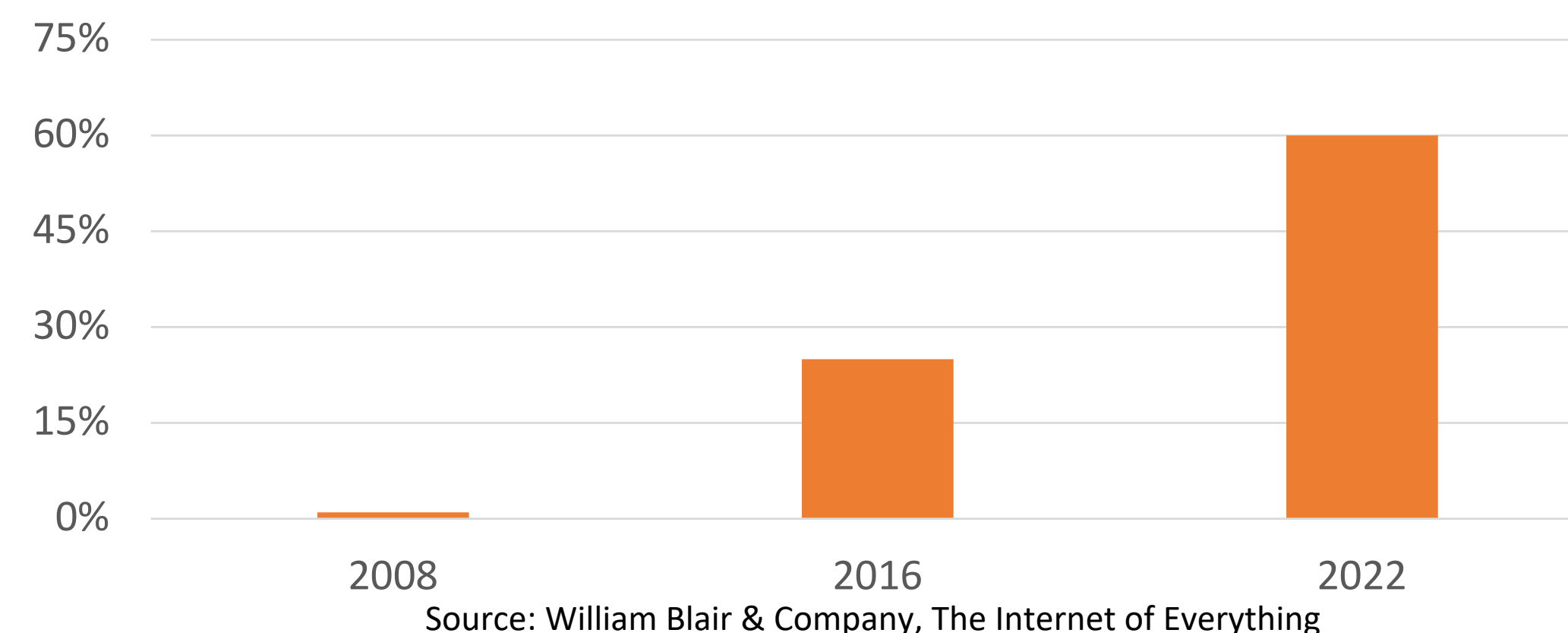
A study quantifying the commercial opportunities of passenger connectivity for the global airline industry (Dr. A Grous – London School of Economics and Political Science, 2017)



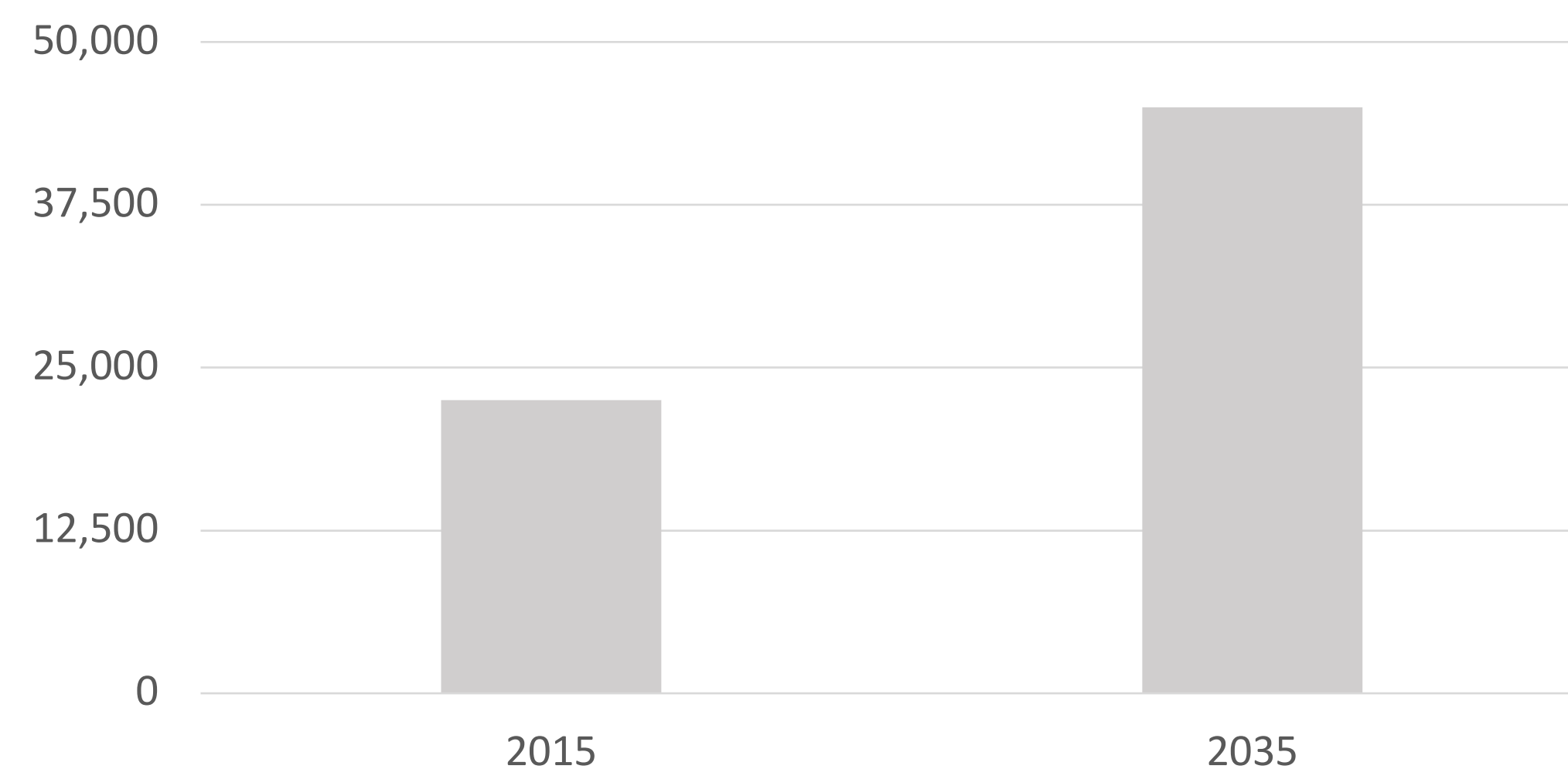
# In-Flight Connectivity

- According to global investment banking and wealth management firm William Blair & Company's equity report "The Internet of Everything," commercial in-flight connectivity ("IFC") is a rapidly growing US\$6 billion market
- William Blair reported that the global industry penetration of commercial aircraft installed with IFC has grown from less than 1% in 2008 to 25% in 2016, with the expectation of surpassing 60% by 2022
- According to the 2013 Global Industry Analyst Report ("GIA"), global IFEC market revenue was forecasted to grow at a compound annual growth rate of 49.7% due to factors such as aircraft expansion, increasing passenger rates, rising penetration rates, and technological advances. The Asia-Pacific region is expected to experience more rapid growth because of the demand from a large population

**Commercial Aircraft with IFC**



**Number of Commercial Aircraft**



# Our Competitors



## GoGo Inflight Internet

Launched in 2008 with Air-to-Ground ("ATG"). ATG offer 3Mbit/s per flight. IPO on June 21, 2013 at \$17 per share. GoGo has not had a profitable quarter since IPO. 2Ku offers Ku band connectivity



## Panasonic

Focuses on in-flight entertainment systems. Launched in mid-2010 utilizing Ku band system installed by Connexion by Boeing



## OnAir

Internet OnAir launched on March 2010. L Band Satellite links offer 864Kbit/s per flight. On board equipment (Satellite Data Unit) provided by Thales



## Global Eagle Entertainment

Founded by veterans from MGM and CBS. Focuses on entertainment content delivery and licensing. Global Eagle acquired Row 44 for \$250 million to gain connectivity capabilities and Southwest Airlines as a customer



# Competitive Comparison

L-Band	✗	✗	✓	✗	✗
Ku-Band	✓	✓	✗	✓	✓
Ka-Band	✓	✗	✗	✗	✓
Ultra Ka-Band	✓	✗	✗	✗	✗
GEO satellite	✓	✓	✓	✓	✓
LEO satellite	✓	✗	✗	✗	✗
BLACK BOX LIVE	✓	✗	✗	✓	✗
Online Streaming Game	✓	✗	✗	✗	✗
Netflix/Hulu/LeTV	✓	✗	✗	✗	✗
Cost to Airline	None	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Cost to Passenger	None	\$\$\$	\$\$\$	\$\$\$	\$\$\$



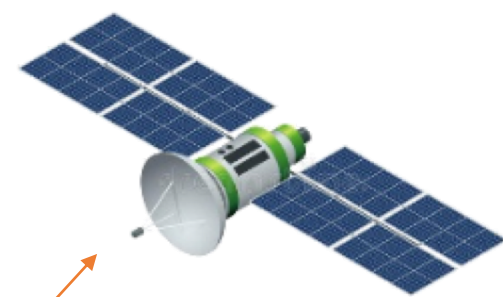
: planned or existing features



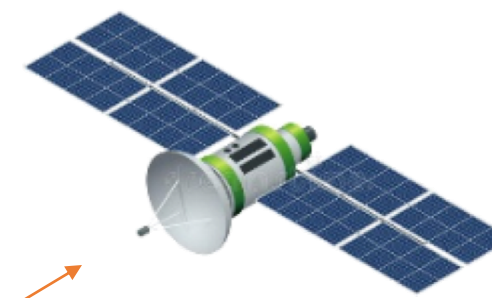
: currently not available

# Potential to Broaden Applications Beyond Airlines

## Current Market



## Potential Markets



Cruise lines



High-speed rail



remote communities

**Aerkomm's Entertainment and Connectivity services could also be used in high-speed rail, cruise lines, remote communities, and other applications**



# Use of Proceeds



**Working Capital**



**Product Development**



**Land and building for ground station and data center \***



**Underwriting discount and commission**



**Offering expenses**

\* Depends on the amount raised in the offering

# Contact Information



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