



TSX:FTG

Operational Excellence



DOING BUSINESS IN CHINA

Partners in Performance



FTG Corporation

Operational **Excellence**

Markets

Aerospace and Defense

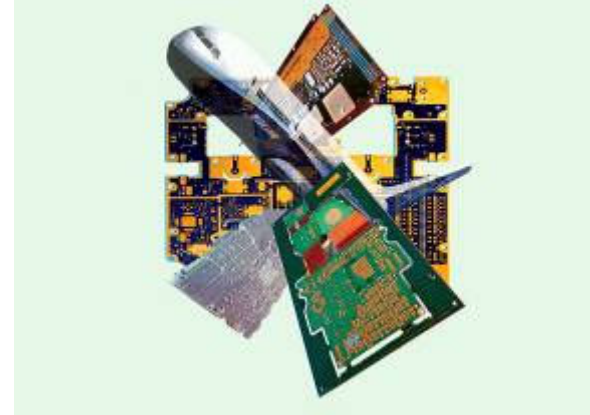


Products

Cockpit Products



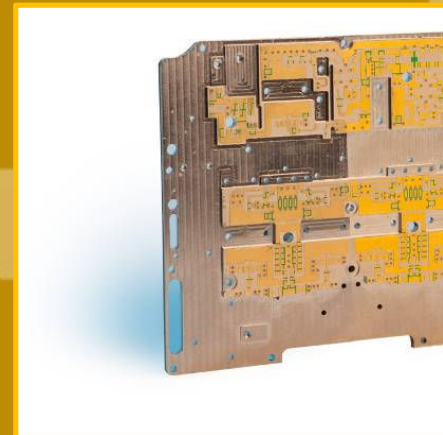
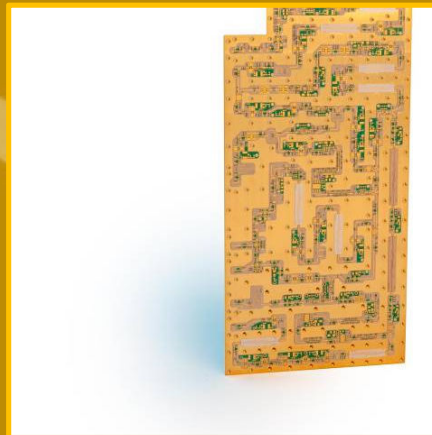
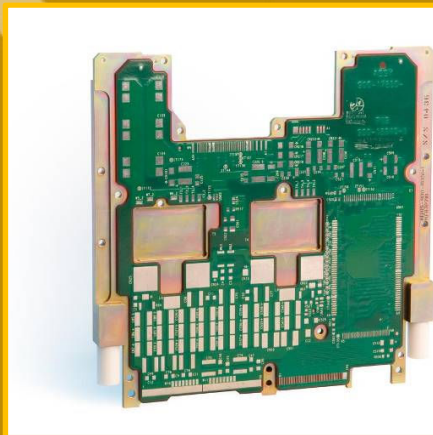
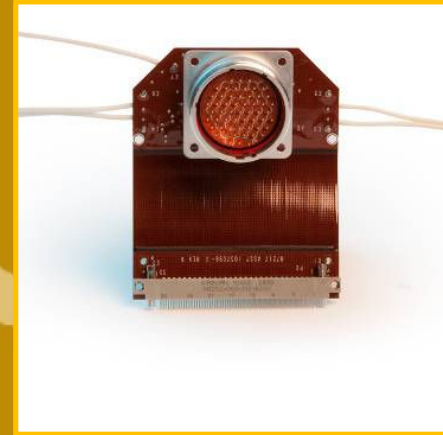
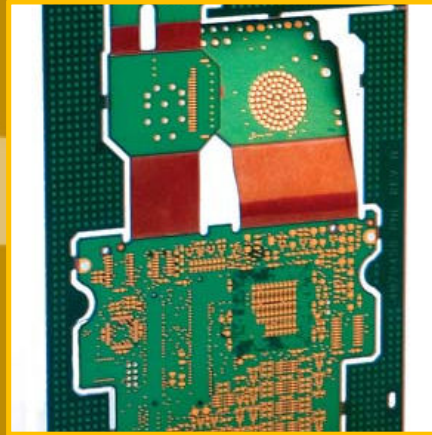
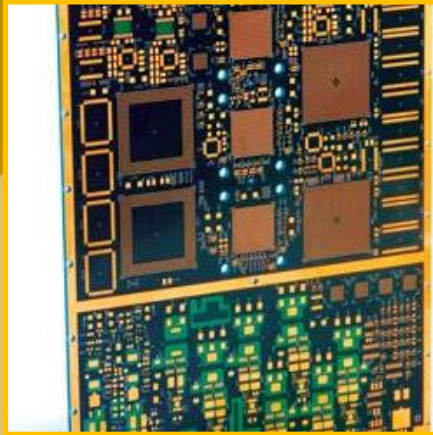
Printed Circuit Boards





Printed Circuit Boards

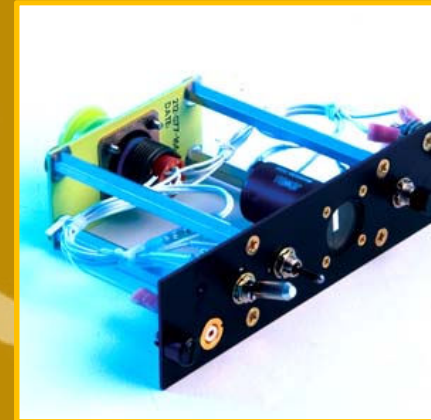
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Cockpit Products

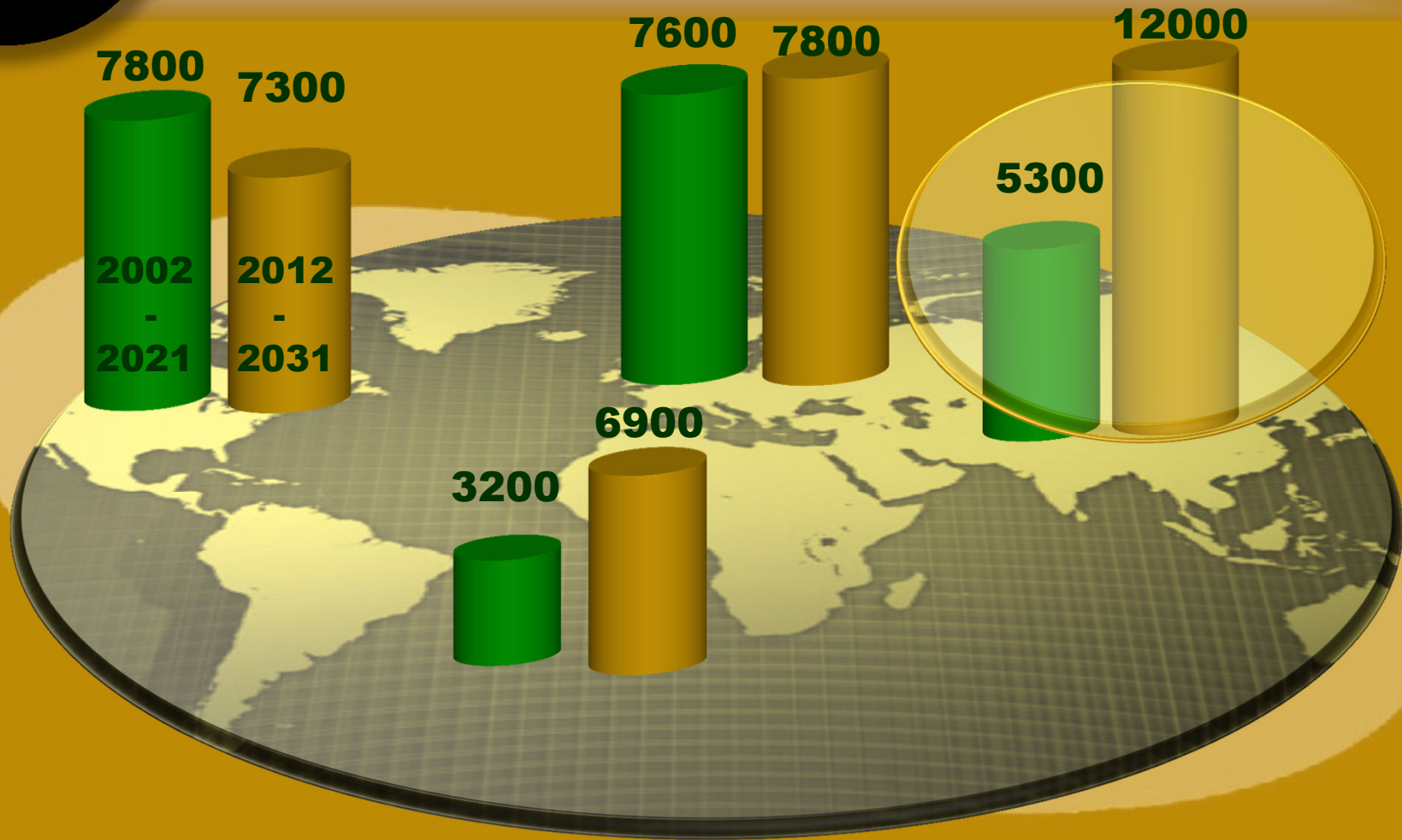
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Global Aircraft Sales

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Aircraft Manufacturers

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May 29, 2012

Operational Excellence

**FTG CORPORATION HAS SIGNED
A LETTER OF INTENT WITH
SHANGHAI AVIONICS CORPORATION
(SAVIC)
FOR COCKPIT CONTROL PANEL
ASSEMBLIES ON THE C919 AIRCRAFT**

- **\$50M+ contract to FTG**
- **“FTG’s commitment to the China market and its localized manufacturing will benefit the C919 program”, said Wang Guoqing, President of SAVIC.**



In The Beginning

Operational Excellence

- **In 2006 FTG began the journey towards doing business in China**
- **For Circuits, we noted:**
 - There were 100's of companies already established
 - Opening a green field facility would be \$20-30M
 - We decided look for a partner
- **For Cockpit Products, we noted:**
 - There was little established capability
 - To open a stand alone facility would cost under \$2M
 - We decided to pursue a wholly owned foreign enterprise (WOFE)



Clueless in Toronto

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When we started:

- We had no clue how to set up a company in China
- We had no clue of Chinese law
- We had no clue how to finance a Chinese company
- We had no clue where to locate
- We had no clue how to sell in China
- We had no clue how to hire in China
- We had no clue how to source equipment or materials



Timeline to Success

Operational **Excellence**





Lessons Learned

Operational **Excellence**

Get Help From Experts

- **Canadian Government**
 - Trade commissioners in country
- **Other companies that have succeeded**
- **Find good legal advisors in country**
- **Find good accounting advisors in country**



Lessons Learned

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Plan For Delays

- **Everything will take longer than planned**
- **Be careful what you promise customers**
- **Make sure the financing you put in place is sufficient to cover delays and extra costs**
- **Notwithstanding this, always push for aggressive target dates**
 - We had our building leasehold improvements done in 8 weeks by setting the date for our Grand Opening



Lessons Learned

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Relationships are Critical in China





Lessons Learned

Operational Excellence

Be Flexible

- **Be willing to adjust plans**
 - As you learn about the market
 - As the market changes
- **FTG's original plan was to:**
 - supply Western companies from China
- **FTG's new plan is to:**
 - Supply Western companies from China
 - Supply Western companies in China
 - Supply Chinese companies in China



Lessons Learned

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Understand the Role of the Chinese Government

- **Be aware that the Chinese economy is managed by the Government**
- **The Government will be aware of all discussions you have**
 - Internal communication in China is worldclass
- **The Government can help immensely**
 - Funding
 - Encouraging companies to support you



FTG Aerospace Tianjin

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Summary

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- **China is a growth market for Aerospace**
- **There are many challenges to doing business in China**
- **All of the challenges can be overcome**
- **Be willing to listen and learn**
- **Be willing to take the time**
 - Most overnight successes take at least 5 years



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