



FTG CORPORATION



**Aerospace & Defence Electronic
Products & Subsystems**

FTG: TSX

April 2024

Disclaimer

This presentation contains certain forward-looking statements. These forward-looking statements are related to, but not limited to, FTG's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such statements are based on the current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Company's industry, generally. The preceding list is not exhaustive of all possible factors. Such forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking statements. Other than as may be required by law, FTG disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.



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FTG Today: Pioneering Aerospace & Defence Solutions

A Global Force, Crafting Cutting-Edge Electronic Products and Subsystems that Propel the Industry Forward

Markets



Aerospace & Defence

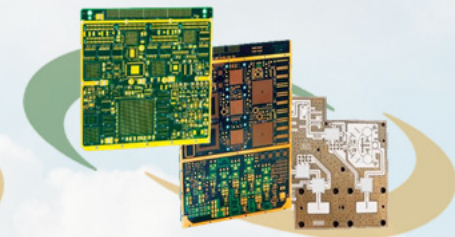
Products

Cockpit Products



FTG Aerospace

Printed Circuit Boards



FTG Circuits

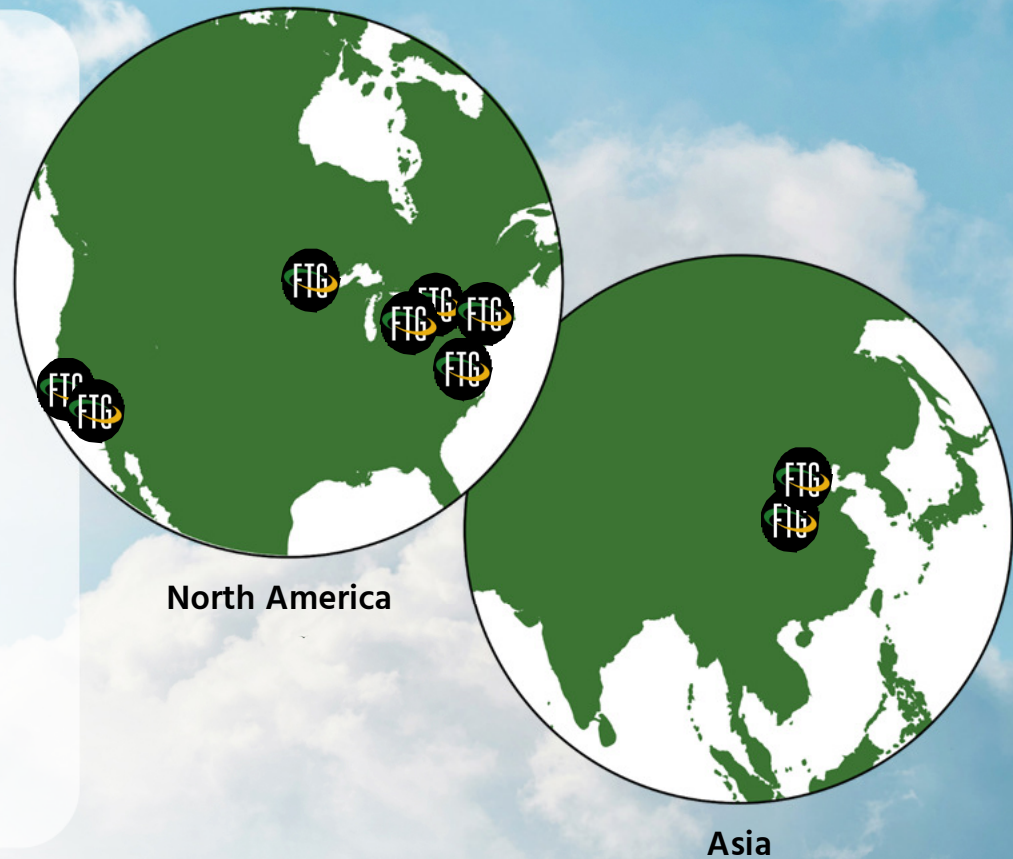


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FTG at a Glance

Financial And Operational Snapshot

- ✓ **TSX: FTG**
- ✓ **50% Growth in Sales (2022-2023) Driven by Acquisitions & Organic Growth:**
 - ✓ \$90M Sales in 2022
 - ✓ \$135M Sales in 2023
- ✓ **9 Sites Globally:**
 - ✓ 5 in USA
 - ✓ 2 in Canada
 - ✓ 2 in China
- ✓ **23.9M Common Shares, approximately:**
 - ✓ 4.8M owned by Oakwest Ltd
 - ✓ 2.7M owned by Brad Bourne – CEO
 - ✓ 2.4M owned by TD Asset Management
 - ✓ 0.5M owned by other Mgmt/Directors
- ✓ **690 Employees Globally**



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FTG Strategic Initiatives

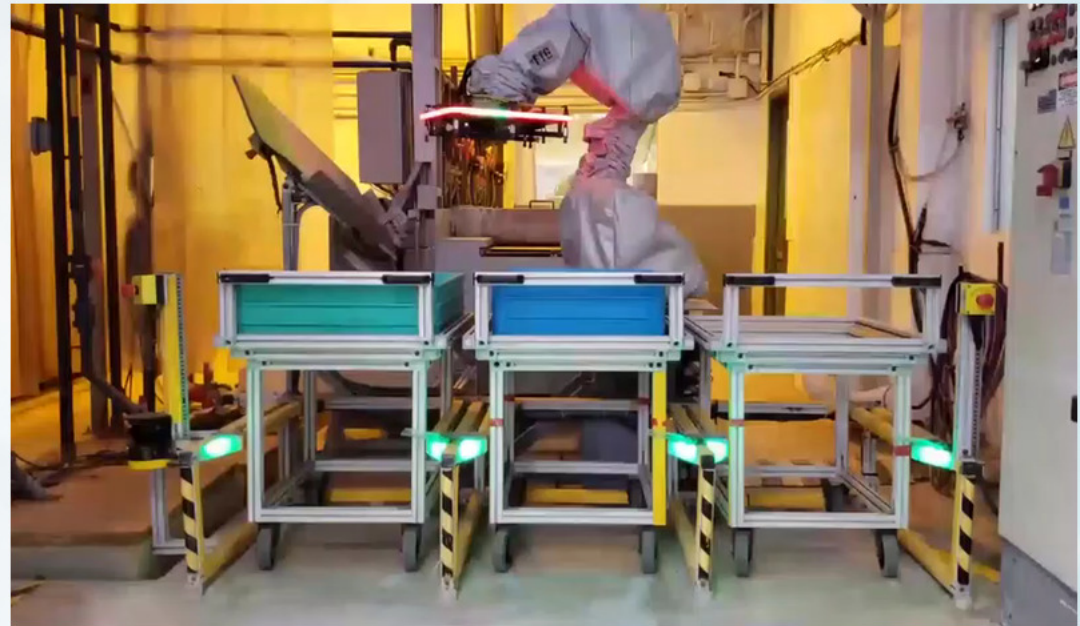


FTG Operating System

Solidifying Leadership Team –

Laying The Groundwork To Scale Effectively, Without Compromising Performance

- **Build/Strengthen the team**
- **Standardize FTG operating system across the company:**
 - Leverage best practices from inside and outside FTG
 - Ensure consistent performance across all sites
 - Ensure standard reporting across the company
- **Drive Efficiencies**
 - Understand key metrics
 - Streamline processes
 - Automate



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FTG - Strong Leadership Team

Operational Excellence –

Proven Success in Scaling and Optimizing Manufacturing and Assembly Procurement Processes

Brad Bourne
CEO

SALES
(15 STAFF)

CIRCUITS
(475 STAFF)

AEROSPACE
(200 STAFF)

CORPORATE LEADERS

OPERATIONS LEADERS

Jamie Crichton

Peter Dimopoulos
Sales

Leo LaCroix
Circuits, USA

Shawn Thompson
Aero, Chatsworth

Bryan Clark

Hitesh Talati
Circuits, Toronto

**Mustapha
Boumedienne**
Aero, Toronto

Hardeep Heer

Kaiyan Gu
FTG Printronics

Brandon Kuecker
Aero, Tianjin

John Newbury



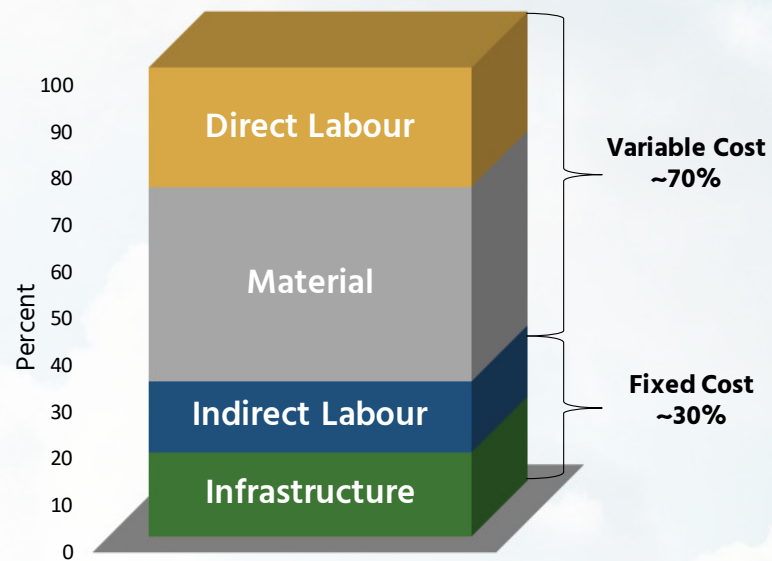
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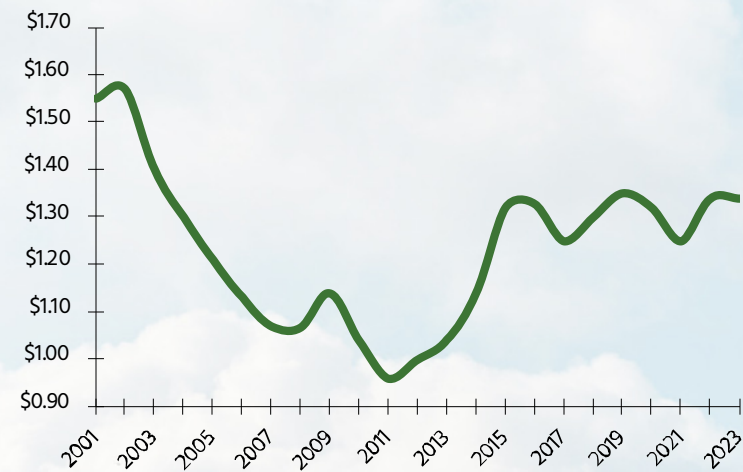
FTG Scalable Economics

Top Line Drives Bottom Line



Contribution Margin of ~30% on incremental revenue

CAD/USD Exchange Rate



Over 90% of FTG's revenue denominated in USD



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Commercial Aircraft Deliveries

AIRCRAFT DELIVERIES



Airbus total backlog

8,014
AIRCRAFT

Boeing total backlog

5,866
AIRCRAFT

Airbus

- Ramping from **50** to **75** A320s per month by **2026**
- Ramping A350 from **5** to **10** per month by **2026**
- Ramping from **5** to **14** A220 per month by **2026**

Boeing

- Ramping from **36** to **50** 737s per month by **2026**
- Ramping from **5** to **10** 787s per month by **2025**



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Business Jet Forecast - Global

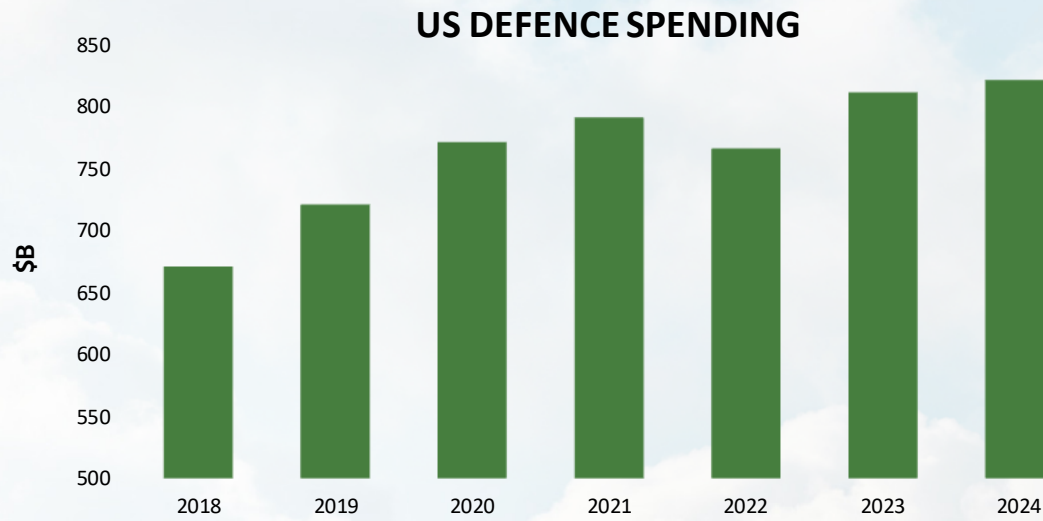


Business Jet deliveries are ramping in 2023 to 2026 to above pre-pandemic levels



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US Defence Spending



Defence spending is increasing as geopolitical tensions increase around the globe

FTG's Multiple Levers For Continued Growth

1. Market/ Industry Growth

Growth in the industry

2. New Programs

Win content on new programs in development

3. Operational Excellence

Quality, delivery, customer service

4. New Technology

Increase product offerings to grow content per aircraft

5. Globalization

Offer Canada, USA and China solutions

6. Acquisitions

In support of increased capacity, add technology, add geographic region

Capacity and Plant Utilization



Circuits

- Toronto**
70-80%
 - Can add staff on afternoon/night/ weekend shifts
 - Can offload lower tech work to free up capacity for higher value product
- Chatsworth**
50-60%
 - Currently running day shift, with minimal afternoon shift
- Fredericksburg**
50-60%
 - Running day shift, with small afternoon crew in select areas
- Haverhill**
40-50%
 - Running day shift only
- Minnetonka**
60-70%
 - Has similar capacity to Toronto plant



Aerospace

- Toronto**
60-70%
 - Running day shift, and small afternoon shift
- Chatsworth**
50-60%
 - Running day shift only
- Tianjin**
40-50%
 - Running day shift, with few people on afternoon



FTG Printronics

- Overall**
N/M
 - JV partner has large capacity available



FTG Overall 55-65%

- Total overall available capacity is over \$200M
- Staff additions are required to ramp utilization



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FTG Strategic Initiatives



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Barriers to Entry

-  Technology/Capabilities
-  Government certifications
-  Customer certifications and approvals
-  Customer Relationships
-  Operational Performance
-  Financial Strength
-  Global Footprint







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FTG's Market Segmentation Dynamics

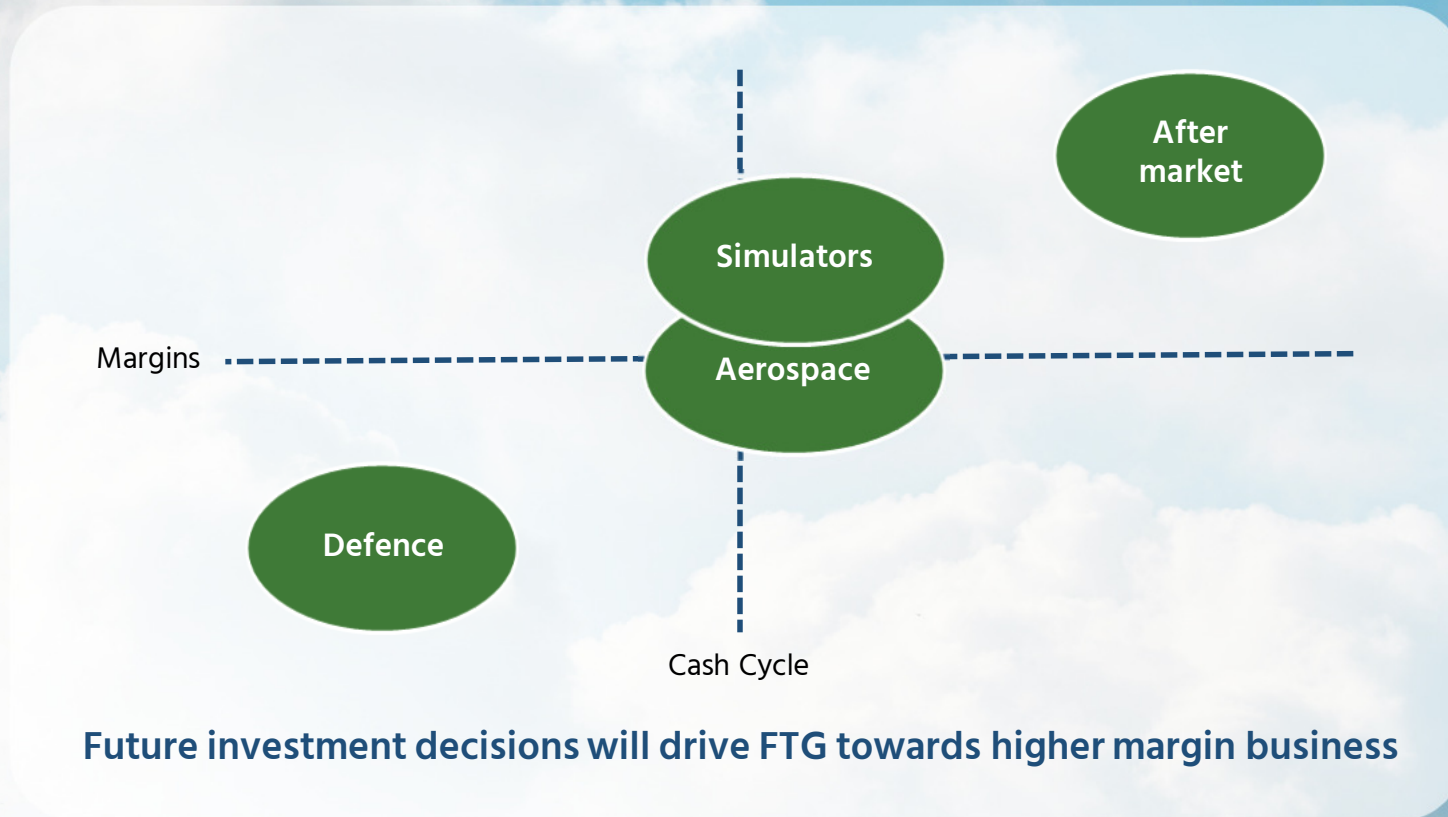
Analysis For Optimal Capital Deployment

Benchmarking data used to assess financial attractiveness of various market segments

	 Defence Production	 Aerospace Production	 Simulation	 Aftermarket Spares, Repairs, and Support
POSITIVES	<ul style="list-style-type: none">▪ Short cash cycles▪ Long term programs	<ul style="list-style-type: none">▪ Good margins▪ Long term programs	<ul style="list-style-type: none">▪ Higher margins	<ul style="list-style-type: none">▪ Highest margins
NEGATIVES	<ul style="list-style-type: none">▪ Lower margins▪ Subject to annual funding approvals	<ul style="list-style-type: none">▪ Annual productivity expectations▪ Longer cash cycles	<ul style="list-style-type: none">▪ Lower production rates▪ Higher engineering needs	<ul style="list-style-type: none">▪ Longest cash cycles

Market Positioning

Benchmarking Process Used To Assess Financial Attractiveness Of Various Market Segments



Future investment decisions will drive FTG towards higher margin business

Aerospace Technology Growth

Technology Growth Drives Higher Content Per Aircraft And Accelerates Revenue Growth



Electronic Assembly



Power Supply



Electro-mech Assembly



Switch Panel



Panel



Keyboard



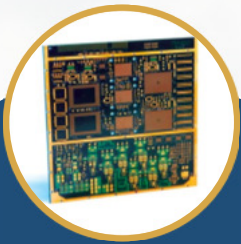
40%

of 2023 sales
are assemblies



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Circuits – Technology Growth



HDI
Micro Vias
Sequential
Lamination
Filled Vias



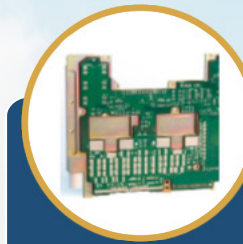
Rigid Flex
Assembly



High Frequency
RF Circuitry



Hybrid Materials
RF Circuitry
Digital Circuitry



Thermal
Management



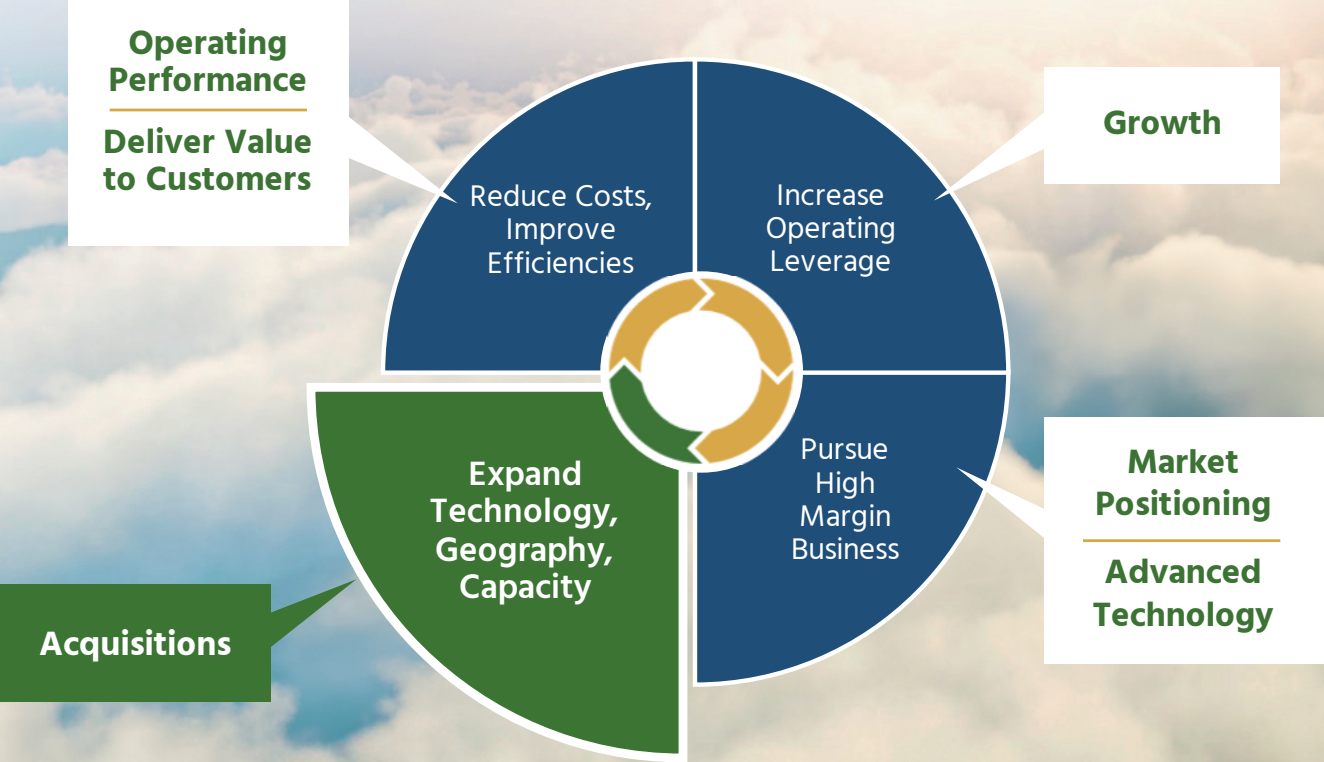
Semi / Fully
Additive Process
(Averatek)
UHDI

Over 50% of sales are high technology or specialty products

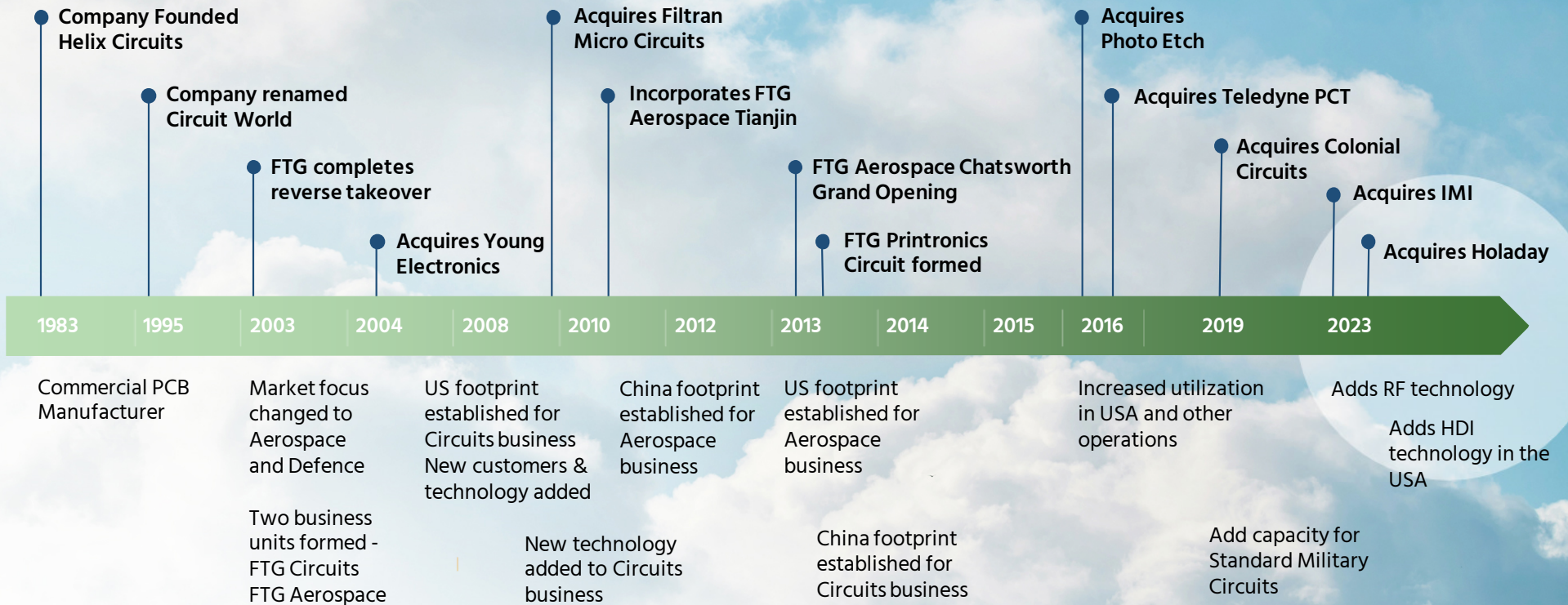


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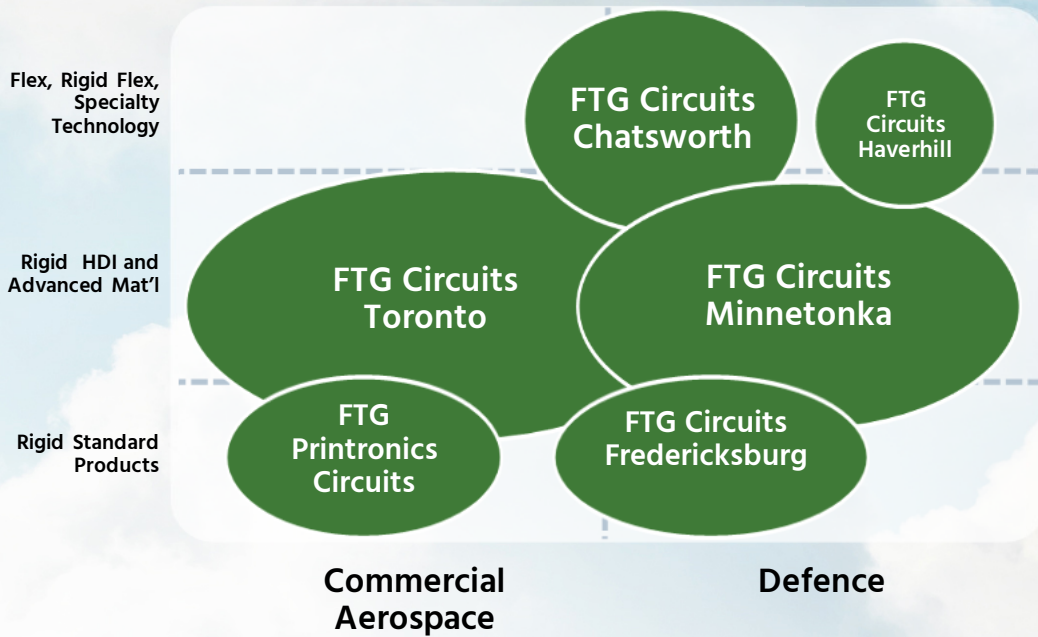


Corporate Development Milestones

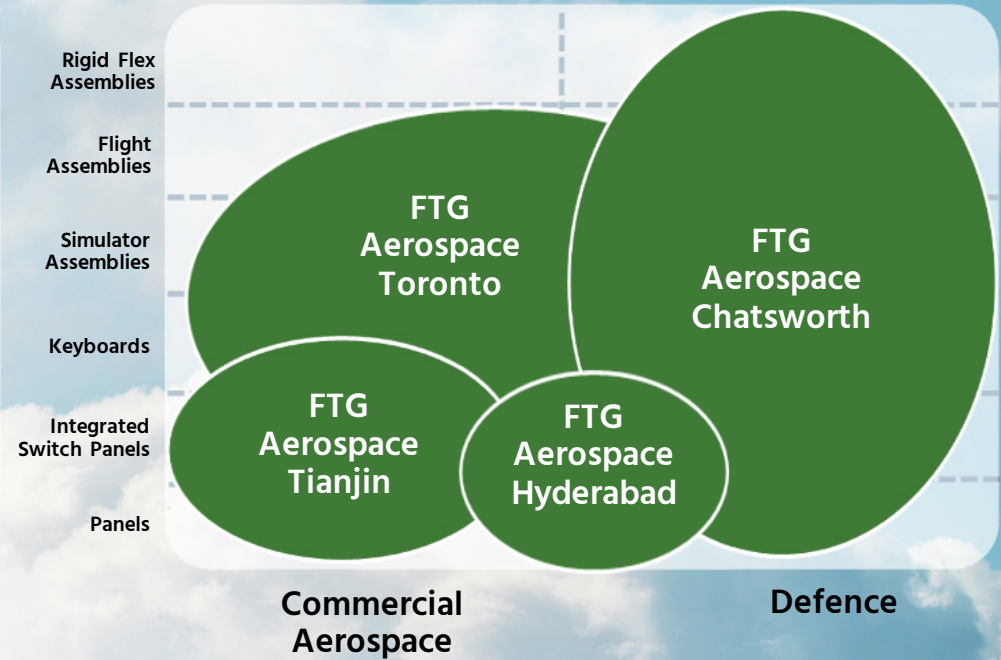


FTG Site Positioning

Circuits



Aerospace



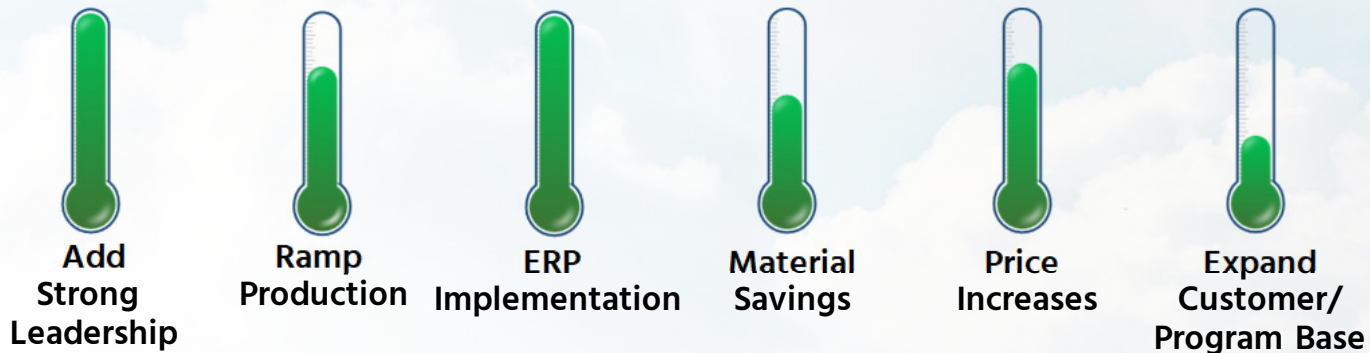
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FTG Circuits Minnetonka

OVERVIEW

- Focused on high tech circuit boards
- Focused on aerospace/defence
- 110,000 sq ft facility
- Operate as is, where is
- Leverage FTG's 8 person sales team
- FTG's USA tax losses to shield future earnings

INTEGRATION ACTION STATUS



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FTG Circuits Haverhill

OVERVIEW

- Focused on RF circuit boards
- Focused on defence market
- 30,000 sq ft facility
- Operate as is, where is
- Leverage FTG's 8 person sales team
- FTG's USA tax losses to shield future earnings

INTEGRATION ACTION STATUS



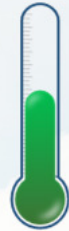
Add Select
Equipment to
Increase
Capacity



ERP
Implementation



Material
Savings



Expand
Customer
Base



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Future M&A Considerations

Future Acquisitions

Key criteria for future acquisitions include:

- Aligned with FTG market and product focus
- Expand technology offering
- Expand geographic coverage
 - Europe for commercial airspace
 - Europe, India, other top ten countries outside of US for defence
- Accelerate FTG's penetration of the aftermarket segment
- Drive up plant utilization
- Attractive price, attractive multiple
- Accretive to earnings

Capital Allocation

Capital allocation plans include:

1. Invest organically to ramp throughput and drive technology
2. Pursue corporate development opportunities
3. We have an NCIB to buy back up to 5% of outstanding shareholder stock
 - 616,400 shares repurchased since 2022

Deploy cash available to improve profitability and shareholder returns



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Financial Highlights – By Quarter

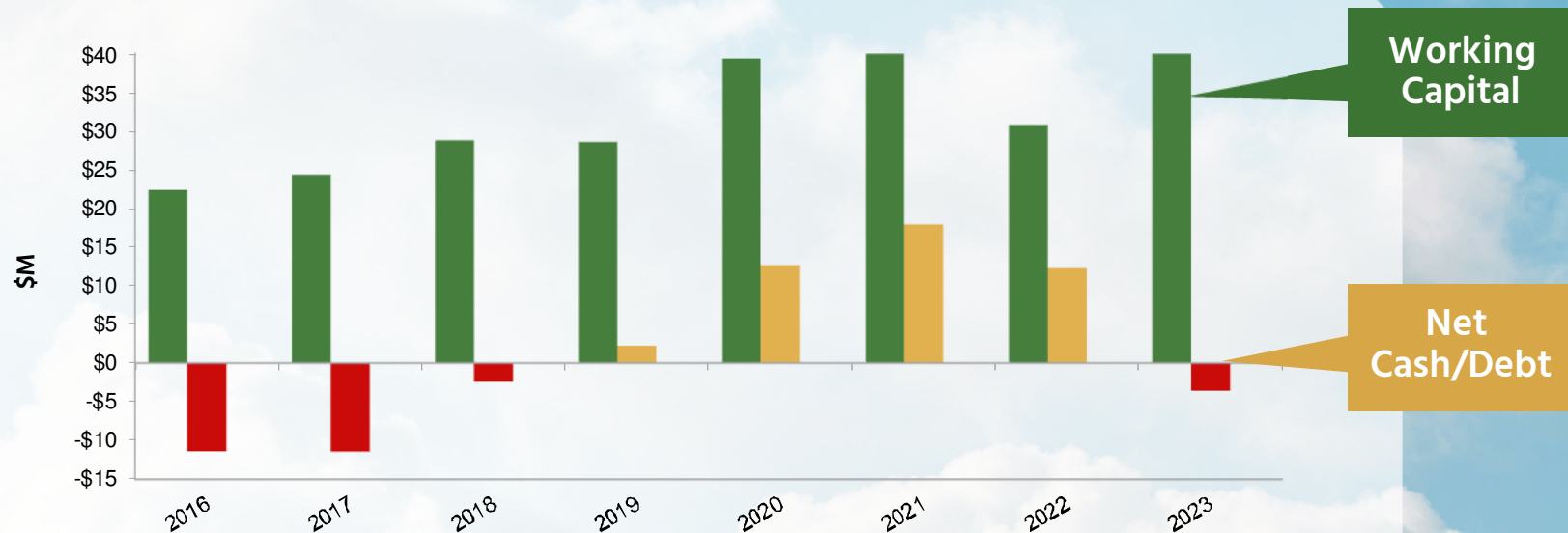


Revenue has doubled since pandemic lows



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Balance Sheet Highlights

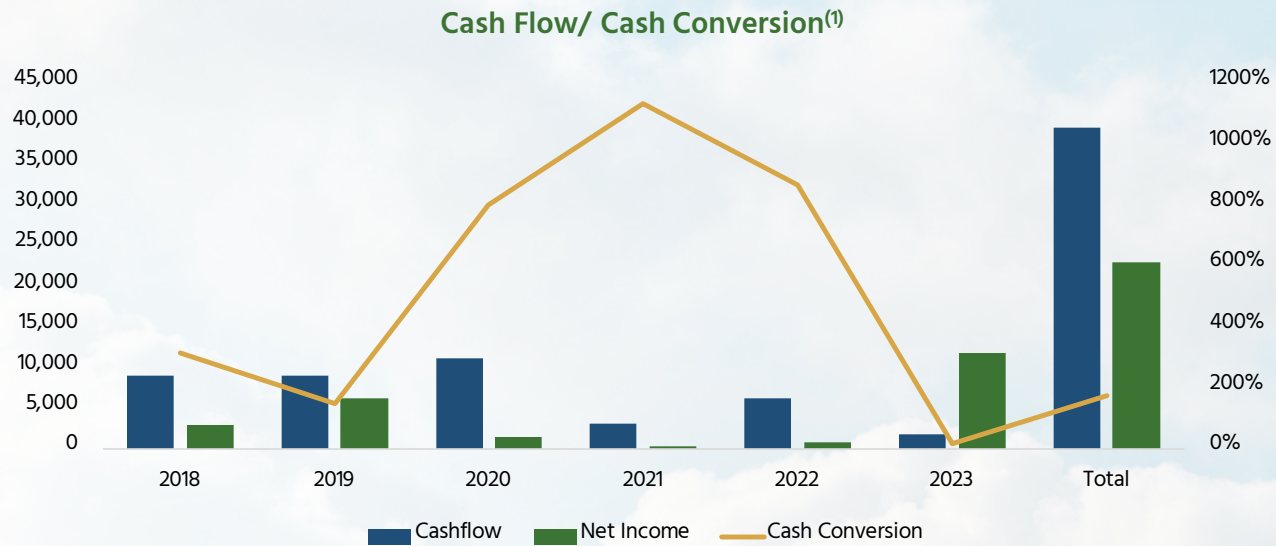


Working Capital | Working capital remains strong after the acquisitions
Net Cash | FTG has minimal debt after completing two acquisitions in 2023



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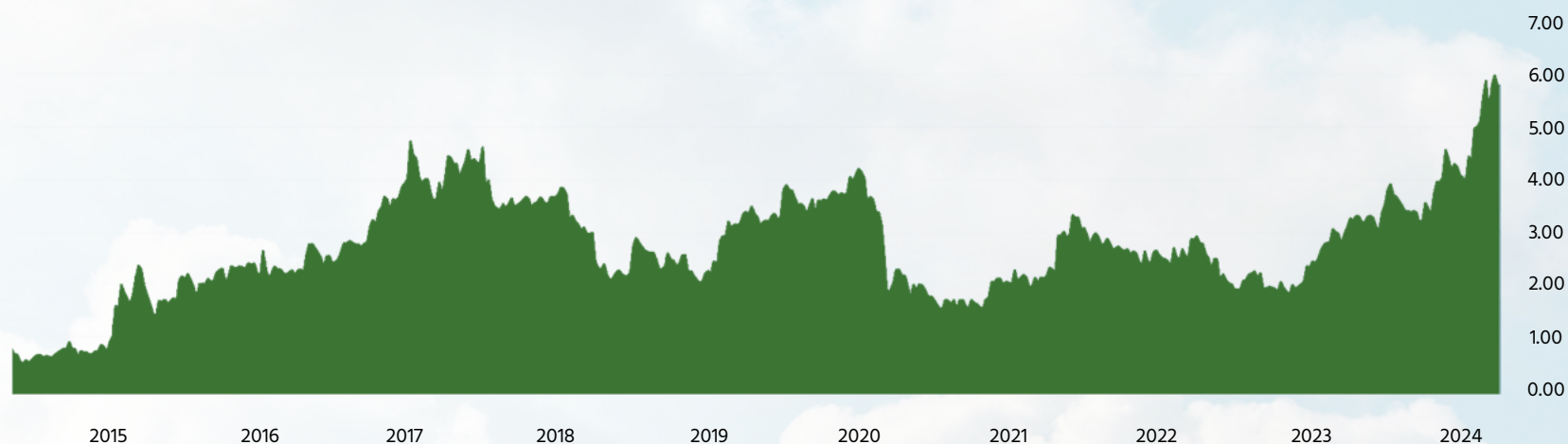
Cash Flow Highlights



**Cash conversion above 100% every year except 2023.
2023 cash conversion impacted by large ramp in production
and resulting working capital growth.**

(1) Cashflow excludes acquisition costs and building purchase/sale.

FTG's Stock Performance



**Stock is up 200% since announcing the two acquisitions and strong organic growth in 2023.
Stock is up 1,000% in the last decade.
FTG TTM EV/EBITDA is 6-7X**



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ESG at FTG

Focus On Environmental, Social & Governance Factors Across All Operations



Environment: Reduction of impact on the environment in areas such as water recycling, higher efficiency equipment, and committed further investments, with the support of the Canadian and Ontario Governments.



Social: FTG is committed to having a safe, secure and diverse workforce. We proactively review and improve all aspects of safety at our sites.



Governance: Increased board diversity, robust business ethics policies, strong risk management practices.



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