

Kentucky's Growing Opportunity in AEROSPACE

KENTUCKY AEROSPACE

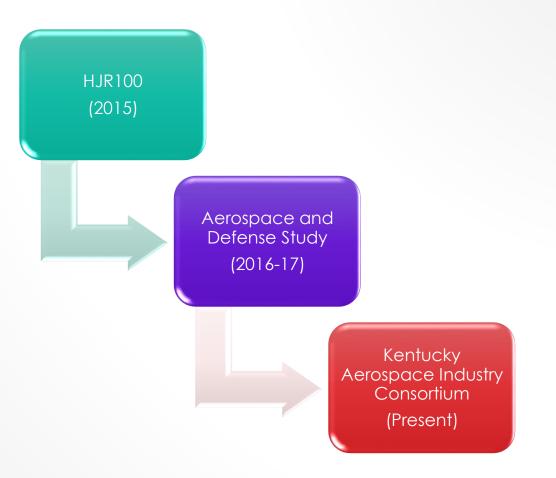


RISE OF KENTUCKY AEROSPACE

Last year, Kentucky's top five export products were:

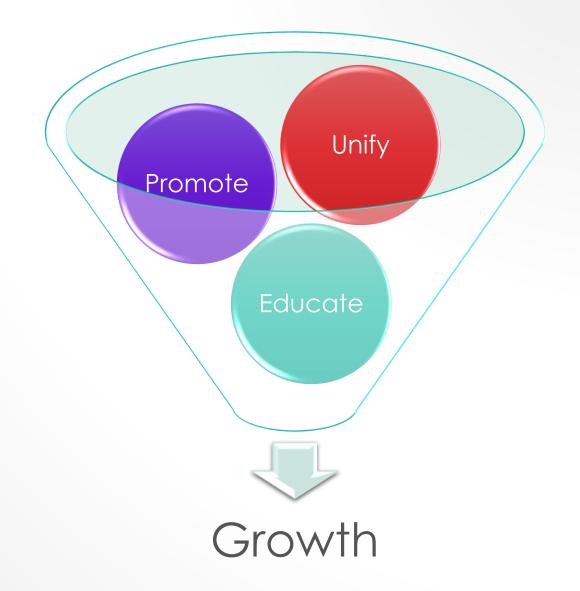
1. <u>Aerospace products and parts, at \$12.4</u> <u>billion</u>

- 2. Motor vehicles and parts, at \$5.5 billion
- 3. Pharmaceuticals and medicines at \$1.8 billion
- 4. Resin, rubber, fibers and filament, at \$1.1 billion
- 5. Basic chemicals, at \$741 million



KAIC

- Unification
 - Bring industry under one voice.
 - Enhance collaboration
 - Facilitate partnerships
- Promotion
 - Internally
 - Externally
- Business Development
 - Industry Certifications
 - Cybersecurity
- Education and Research
 - Promote industry driven research
 - Integrated workforce



THE GREAT AEROSPACE MIGRATION

Decades ago the auto industry moved south, now aerospace is following that same migration path...

Reasons

- Tax incentives
- Cheap energy costs
- The auto industry's strong
 presence
- Right to Work Legislation
- Low Cost of Living
- Presence of Military
 Installations



COMPANIES IN KENTUCKY



OPPORTUNITY IN AEROSPACE

Current Opportunity

- Poised for another record-breaking year in exports
- Aerospace Industry Migration
- Existing automobile and aerospace supply chain
- Decline of automobile sales (2% in 2019)
- Aerospace is non-exportable, and recession proof

KAIC Need

- Timeline
 - Jan 2018 KAIC Grant Funding
 - Sept 2019 End of Grant Funding
 - Oct 2019 KAIC absorbed by KAM
- Request
 - Funding for Executive Director under KAM

Value Proposition

- Provides Kentucky a dedicated, independent industry-focused organization
- Develop robust, connected, and capable supply chain
- Identify supply chain gaps and target
 list of companies to pursue
- Lead the Elevate Kentucky program to bring autonomous testing to Kentucky
 - Facilitating communication across universities, DoD, Congressional delegations and neighboring states
 - Establish Ft. Knox and Ft. Campbell as DoD centers for engineering and manufacturing excellence in autonomous fechnology



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Kentucky's A&D at a glance

- Over 120 A&D manufacturers in the state
- \$12.4B in exports
 - #1 export for state: 39% of total state exports
 - 8.2% of total U.S. A&D exports
- State & local tax contribution: \$88M
- Over 12,500 full-time employment
- Five-year employment growth rate: 22.3%
- Average salary of A&D workers in KY: \$74K
- Average salary of A&D engineers in KY: \$93K

KAIC Snapshot

- KAIC created by Governor 18 months ago
- 10 state partnerships
- Over 100 members
 - Average member has less than 100 employees
 - Average member revenue is less than \$20M
- Engaged with over 400 companies

U.S. A&D at a glance

- \$865B in economic output for U.S.
- 2.4M jobs across the country
- 44K new aircraft to be built by 2038

A&D in Kentucky since KAIC

• \$36.7M in new A&D

investments

- 169 new A&D related jobs
 - Organized 34 A&D events for the state
 - 7 AS9100 workshops
 - 7 cybersecurity workshops
 - 4 international airshow delegations
 - 2 KY Aerospace days at the Capitol
 - 7 other industry events
 - 70 facility tours

KAIC Request

• Funding for an Executive Director under the Kentucky Association of Manufacturers

KAIC ACCOMPLISHMENTS

ACTIONS

- Engaged with over 400 organizations
- Presented at 20 state events
- Conducted over 70 facility tours
- Over 70 total memberships
- Special Lane Report Aerospace Release
- First Kentucky Delegation's to 4 different international aerospace events
- Organized 2 Kentucky Aerospace Day's and "Aerospace Day" Proclamation
- Executed **8** workshops with over **300** in attendance
- Assisted companies in improving business plan, supply chain, quality management, cyber security, government relations, and prime manufacturer contacts

RESULTS

- Increased statewide awareness of the impact of aerospace in Kentucky
- Assisted companies in understanding growth opportunities in aerospace and defense
- Built an international Aerospace and Defense Brand for Kentucky
- Created a networking environment for small to medium sized business in aerospace market
- Educated local business on quality management systems and cyber security awareness and provided certification opportunities
- Increased AS9100D from 22 to 45 companies in 2018
- Liaised between private industry and government entities to reduce red tape
- Developed a connected, robust, and capable supply chain to attract additional business