



**TSX.V:AEP**  
**OTC:APEUF**

# **INVESTOR PRESENTATION**

Winter 2019

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## FORWARD LOOKING STATEMENTS

**The financial modelling is a projection, preliminary and subject to change. All forward–looking statements attributable to the Company or persons acting on its behalf apply only as of the date of this document, and are expressly qualified in their entirety by the cautionary statements included elsewhere in this document. The financial modelling is a projection, is preliminary, and is subject to change; the Company undertakes no obligation to update or revise these forward–looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. Inevitably, some assumptions will not materialize, and anticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic, and competitive risks, and the assumptions underlying the projections may be inaccurate in any material respect. Therefore, the actual results achieved may vary significantly from the forecasts, and the variations may be material.**

## CHANGE OF YEAR- END

**As of 2019, pursuant to Section 4.8(2) of NI 51-102 Atlas Engineered Products Ltd. has changed its financial year-end from May 31 of each year to December 31 of each year to better align its financial reporting periods to those of its peers.**

Atlas Engineered Products Ltd. is a longstanding Canadian supplier of trusses and engineered wood products, operating for more than 18 years. Atlas' goal is to be the leading disruptor and consolidator of the engineered wood products and components sector in Canada.

### Our STRATEGY

**ORGANIC & ACQUISITIVE GROWTH** - We will create value for our stakeholders through the SMART acquisition and roll-up of Engineered Product Companies with strong Regional Brands on their own, and be recognized as a North American provider of CHOICE in Engineered Products, serving the Residential & Commercial Building / Construction Industry

### Our VISION

“The Engineered Product Supplier of CHOICE To Our Customers Across North America”

### We ARE:

“Expert **DESIGNERS**, with rock solid **ENGINEERING** skills plus leading **MANUFACTURING, CONSTRUCTION, and ASSEMBLY** capabilities”

- **EXPERT** Designers of Engineered Materials & Products
- **TOP-CLASS** Manufacturers & Assemblers of Quality Engineered Products
- **TRUSTED** partner to our clients in the Residential and Commercial Building & Construction Industry
- **PROUDLY** Canadian led, and aspiring North American Industry Leader



## **Dirk Maritz** President & CEO

Dirk joins Atlas from SMS Equipment Inc. (Canada) where he served since 2012. From 2004 to 2012 he was President and CEO of Tradelander Group and FridgeTech Services operating throughout Africa. He positioned these organizations to be industry and market leaders, growing revenues exponentially while improving bottom-line from break-even to a 40%+ return on capital employed. Dirk is a visionary leader and change agent with over 15 years of proven experience as a CEO, VP and Director in large, complex, multi-industry companies.

## **William (Bill) Woods** Chief Financial Officer

Mr. Woods is a seasoned executive with more than 20 years of experience in North American mining, manufacturing, biotech, telecommunications, and transportation companies. He previously held the positions of CFO and Chief Operating Officer of Athabasca Minerals, CFO of Cardio-Metabolics, CFO of Liberty Mines, and served as Vice President Finance for companies in the transportation, manufacturing, and business brokerage fields. He has held the Chartered Professional Accountant (CPA, CMA) designation since 1986.

## **Hadi Abassi** EVP: Strategic Business Development

Mr. Abassi founded Atlas Engineered Products Ltd. in 1999 at its Nanaimo facility to manufacture roof trusses for customers on Vancouver Island. In 2003, he established Coastal Windows as a dealer, then subsequently as a manufacturer of custom doors and windows. Mr. Abassi holds a degree in Mechanical Engineering from Swindon Technical College.

## **Brittany Ray-Wilks** Group Manager: Human Resources

Brittany holds a Bachelors degree in Business Administration – Human Resources Management. She is a vibrant organizational developer and human resources practitioner. Brittany also held positions of Corporate Services Manager at Atlas, as well as worked for the Corporation of the District of Saanich.

# BOARD OF DIRECTORS

## Don Hubbard, ICD.D

### Board Chair

Mr. Hubbard is currently President and CEO of Hubbard Consulting Ltd., and Owner, Partner, and Manager of RCR Mining LLP. He was also Board Chair of the Vancouver Island Health Authority from 2010-2017. Formerly Mr. Hubbard was General Manager of Lafarge North West Division and Island operations, which merged with Hub City Paving. He holds the ICD.D designation from the Institute of Corporate Directors.

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## Kevin Smith

### Director

Mr. Smith is a Chartered Accountant and has been Chief Financial Officer of IntraCorp Projects Ltd., since August 14, 2012. He served as Chief Financial Officer, Executive Vice President, and Corporate Secretary at Whistler Blackcomb Holdings Inc. until September 10, 2012, where he successfully led it through an initial public offering in 2010. He is a Director of Lite Access Technologies Inc. Mr. Smith holds a Bachelor of Science from the University of British Columbia.

## Greg Smith

### Director

Mr. Smith held senior positions in investment banking before transitioning to private equity with the acquisition of one of the largest HVAC companies in Western Canada. He was Portfolio Manager for Phillips, Hager & North and Executive Director, Canadian Securitization Group, CIBC World Markets in Toronto for close to 10 years. Currently he serves as President and Director of Broadway Refrigeration & Air Conditioning Co. Ltd. and Omega Mechanical Ltd. and as Chairman of Lite Access Technologies.

# CAPITAL STRUCTURE

## Atlas Engineered Products Ltd.

TSX.V:AEP  
OTC:APEUF

Current Price	<b>\$0.36 (as of Jan 7)</b>
Market Capitalization	<b>\$14.26M</b>
Shares Outstanding (Basic)	<b>44.99M</b>
Average Daily Volume	<b>34.7K</b>
52 Week High	<b>\$0.72</b>
52 Week Low	<b>\$0.34</b>
Insider Ownership	<b>31.64%</b> <b>(9,713,494 shares)</b>

### OPTIONS & WARRANTS

Options (exercisable at \$0.53)	<b>2,370,000</b>
Warrants (exercisable at \$0.40)	<b>737,500</b>
<b>Fully Diluted Shares Outstanding</b>	<b>48,527,500</b>



<b>DEBT</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Value (CAD)</b>
Revolving Line of Credit	Prime+1.75%	N/A	\$
Current Portion of Capital Leases	Misc.	May 2020-October 2021	\$1,067,000
Long-term Portion of Capital Leases	Misc.	May 2020-October 2021	\$3,127,000
Non-Revolving Term Loan from RBC	Prime+2.5%	N/A	\$5,465,000
Non-Revolving Term Loan from RBC	Prime+1.0%	N/A	\$546,000
Term Loan from RBC	5.05%	Jan 2025	\$437,000
<b>Total Debt Outstanding</b>			<b>\$10,642,000</b>

# GROWTH STRATEGY

## PROFIT GROWTH

We **FOCUS** on growing Profitability in our currently Owned Assets through:

- ✓ Gross Margin improvements
- ✓ Lowest Cost Producer Methodology
- ✓ Economies of Scale
- ✓ Buying Power Savings
- ✓ Lean and Nimble Overheads
- ✓ Capitalizing on Synergies
- ✓ Best Practices in Processes
- ✓ Standardized Policies & Procedures

## ORGANIC GROWTH

Strong organic growth driven by:

- ✓ Offering additional products through traditional channels. Flooring systems, floor panels, and wall panels are produced and sold by few locations, yet represent a significant opportunity to grow 'wallet share' of building projects.
- ✓ Adding sales talent at all locations to capture market share and drive revenue growth

## ACQUISITION GROWTH

To achieve our goal of \$50 million in sales in 2019 and continued growth afterwards:

- ✓ Acquire targets with strong financial performance, satisfying our SMART Acquisition criteria, using structures that minimize dilution
- ✓ Maintain strong share value as a currency for acquisitions
- ✓ Be prudent in our due diligence
- ✓ Integrate intelligently at lowest cost

# OUR BUSINESS

AEP  
TSXv

**ATLAS**  
ENGINEERED PRODUCTS LTD.

**ATLAS IS A STEADY STATE  
BUSINESS  
GROWING WITHIN  
A MATURE INDUSTRY**

## Advanced Technology

Atlas engineered truss and panel products are manufactured to order for the specific building projects in which they will be used. They offer the advantages of:

- **Less waste**
- **Easier installation**
- **Superior design value**
- **Increased design flexibility**
- **Shorter cycle times**
- **Higher profit margins for clients (builders, developers)**

## Comprehensive Solution

Atlas is unique in offering a group of products designed to work together as a system:

- **Atlas produces engineered wood product solutions for both the residential and commercial building markets**
- **Atlas collaborates with clients to increase efficiencies and savings in transportation and labour costs, as well as to reduce time and waste on the job site**
- **Atlas employs specialized software applications and chooses the right materials to optimize solutions, giving itself and its clients both significant flexibility and cost advantages**



# PRODUCTS AND SERVICES

- ✓ **Design, Engineering and Permitting Services**
- ✓ **Floor Joists**
- ✓ **Floor Trusses**
- ✓ **Floor Panels**
- ✓ **Roof Trusses**
- ✓ **Wall Panels**
- ✓ **Windows**
- ✓ **Project Management and Site Assembly Services**



## I-JOIST



## RIM BOARD



## LVL



# INDUSTRY CHARACTERISTICS

## Steady Outlook

Structural wood products is a mature industry with low volatility in revenue

The same is true for the truss manufacturing and engineered wood segment of the construction supply industry

## Key Drivers

- Value of residential construction
- Housing starts
- Value of non-residential construction
- Canadian-dollar exchange rate

## Addressable Market

**\$1 billion** for trusses, joists, and engineered beams

**\$2.5 billion** for trusses, joists, engineered beams, **PLUS** prefabricated walls and floors

## INDUSTRY KEY STATISTICS

Annual Growth  
(2012-2017)

**8.8%**

Annual Growth  
(2017-2022)

**2.9%**

Revenue

**\$7.8 billion**

Profit

**\$1.1 billion**

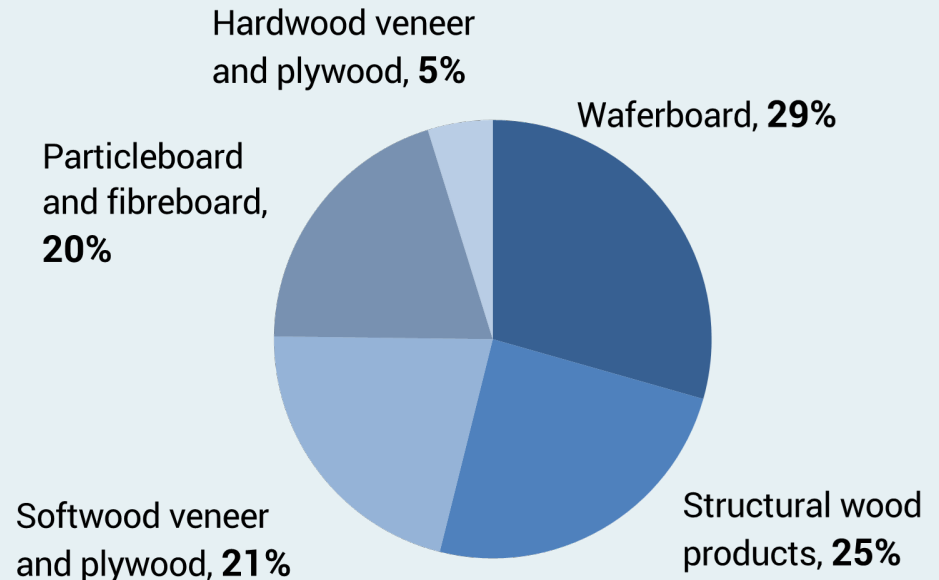
Exports

**\$4.2 billion**

Businesses

**538**

## PRODUCT AND SERVICES SEGMENTATION (2017)



# INDUSTRY CHARACTERISTICS

## FRAGMENTATION

The engineered product manufacturing segment of the construction supply industry is characterized by hundreds of small regional operators with sales in the range of \$3 million to \$15 million, headed by owner-managers that need succession planning

## OPPORTUNITY

Atlas has become the preferred exit choice for many of these small operators. Their choice gives Atlas:

- Opportunities to profit from operational efficiencies, technological advances, advantages of scale in procurement, and expanded product distribution
- Opportunities for arbitrage as acquired companies transition from private ownership to public amid varying transaction structures and prices



# ACQUISITION HISTORY

AEP acquires **Clinton Truss** for **\$2.6 million** in cash

2/21/18

Clinton had revenues of **\$3.6 million** and EBITDA of **\$675,000** in 2017

AEP acquires **Satellite Truss** for **\$1.2 million** in cash

8/1/18

Satellite had revenues of **\$1.5 million** in 2017

AEP acquires **Coastal Windows** for **\$250,000** in cash and **\$400,000** in AEP shares

10/01/18

Coastal had revenues of **\$1.7 million** and EBITDA of **\$89,000** in 2017

AEP acquires **Tandelle-Pacer** for **\$8.1 million** in cash, **\$500,000** in AEP shares

11/19/18

Tandelle-Pacer had revenues of **\$14.4 million** and EBITDA of **\$1.9 million** in 2017

# SYNERGIES

## SYNERGY

## PROCESS

## RESULT

**Sales  
Productivity &  
Penetration**

**Improved Territorial Market Coverage, Enhance Sales  
Processes & Marketing Management**

**Growing Market Share  
& Participation Rates**

**Design &  
Engineering  
Skill**

**Consolidate, Standardize & Increase Design & Engineering  
Capabilities**

**Increase Product &  
Service Offering**

**Capacity  
Planning &  
Utilization**

**Increase Automation, Equipment Utilization & Staff  
Productivity, Smart Equipment Selection & Multiple Shift  
Planning**

**Increased Quantity &  
Quality Throughput**

**Focus on  
Lowering  
Fabrication  
Costs**

**Enhance Plant Efficiency, Manufacturing Flows and Controls,  
Improve Quality Management Systems, Lower Wastages,  
AUTOMATE**

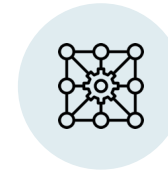
**Lower Costs & Increase  
Margins**



**Deploy information and communication technologies strategically to give Atlas a competitive advantage in the marketplace. Support company-wide enterprise resource planning (ERP), design and engineering, customer relationship management (CRM), and supply chain management methods.**



**Establish a design and engineering centre to help all sales and manufacturing locations across Canada achieve efficiency, cost-effectiveness, high expertise, and fine quality.**



**Use regional facilities to manufacture and distribute the floor and wall panel components needed by truss plants in dispersed local markets.**



**Institute national purchasing to supply raw materials to every Atlas facility economically and just-in-time.**



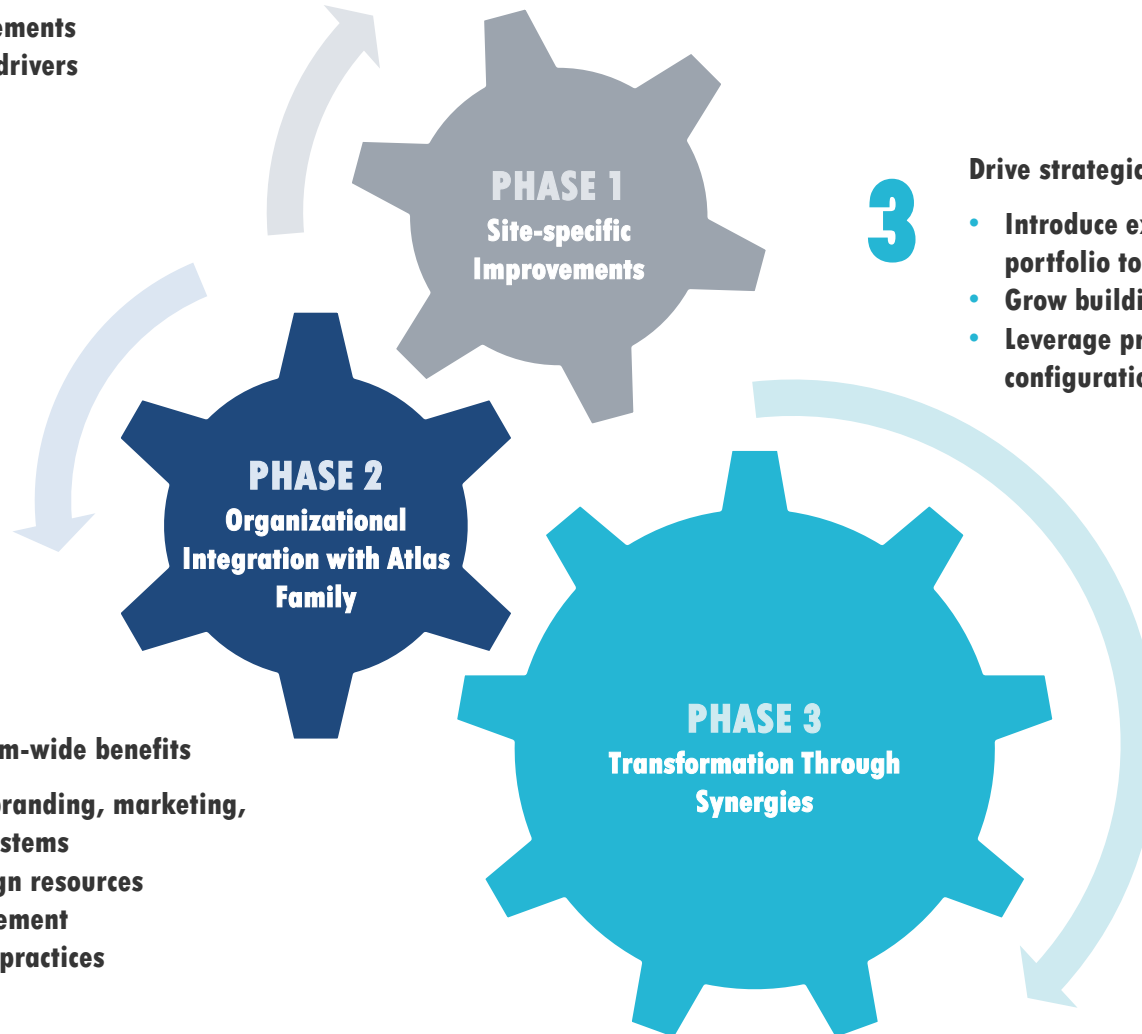
**As is common in the 'business process outsourcing' industry, deploy Atlas personnel to work with large customers in-house. As resident design and project management teams, become ideally positioned to lead construction projects from inception through to lockup.**

# INTEGRATION STEPS

1

Address 'low hanging fruit' opportunities identified during due diligence:

- Cost savings
- Sales improvements
- Performance drivers



3

Drive strategic initiatives

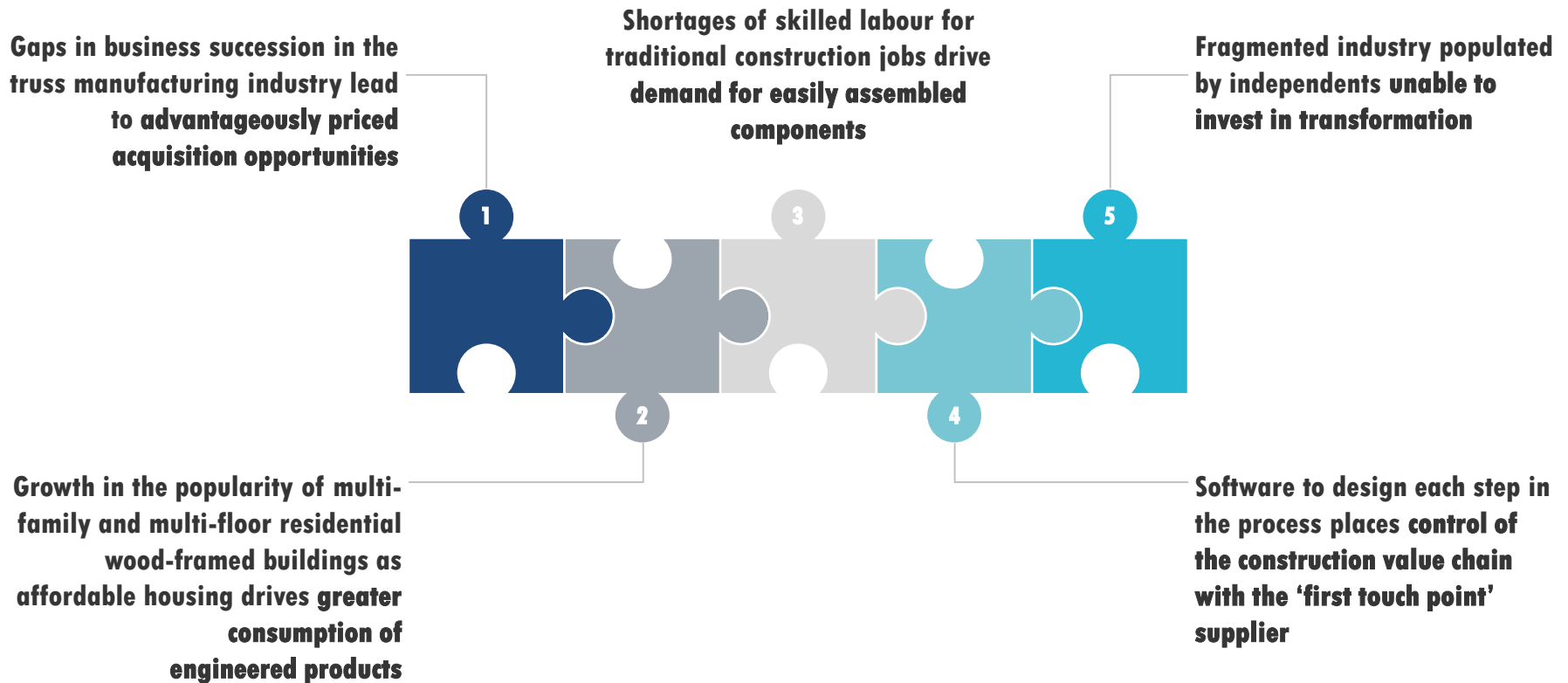
- Introduce expanded product portfolio to new sites
- Grow building project wallet share
- Leverage product mix from plant configuration

2

Introduce system-wide benefits

- Integrated branding, marketing, and sales systems
- Shared design resources
- Joint procurement
- Pooled best practices

# CATALYSTS





# INVESTMENT HIGHLIGHTS

## MARKET LEADER



- ✓ Atlas is an established Canadian supplier of engineered wood products, in business for more than 18 years, NOW with operations across Canada in British Columbia, Manitoba, and Ontario

## MULTIPLE AVENUES FOR GROWTH



- ✓ Fragmented industry ripe for consolidation and disruption
- ✓ Attractive profile of organic growth of 20% for the last 12 months (LTM) at its three locations

## POSITIVE INDUSTRY TRENDS



- ✓ Engineered wood products is a mature industry with low volatility and steady growth
- ✓ Fabrication of trusses and prefabricated floor and wall panels is expected to grow at a significantly higher rate owing to labour and skills shortages in the construction industry

## STRONG TRACK RECORD OF PROFITABILITY



- ✓ Strong profitability with revenue run rate of \$18.8 million and \$2.3 million of earnings before interest, taxes, depreciation, and amortization, with growing EBITDA margins for fiscal 2019

## CAPABLE LEADERSHIP TEAM



- ✓ Highly talented, experienced, and motivated team of Employees
- ✓ Strong management team with 15+ years average industry experience

# CONTACT US



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**Dirk Maritz**  
President & CEO

**Bill Woods**  
Chief Financial Officer



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