

Atlas Engineered Products Ltd.

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Atlas Engineered Products continues its efficiency drive in Canada's wood product industry

- Specializes in the manufacture and supply of roof trusses and wood products and is consolidating the industry in North America
- Company uniquely positioned for growth, with growing footprint in burgeoning industry
- Addressable Canadian market of C\$2.5 billion for trusses, joists, engineered beams, prefabricated walls and floors

What Atlas Engineered Products does:

Atlas Engineered Products Ltd (CVE:AEP) (OTCMKTS:APEUF) is a growth company, which specializes in the manufacture and supply of roof trusses and wood products and is consolidating the industry in North America.

The firm acquires profitable and well-established firms in the sector, and since listing as AEP in November 2017 with just one manufacturing plant of its own, has now bought five further companies.

The acquisitive opportunity is large because many are ageing companies, whose owners are looking to monetize their considerable investment.

Atlas aims to strengthen the finances of these smaller firms and protect the interest of the owners while providing career growth to loyal employees. Companies acquired recently include Satellite Building Components (Ontario), Coastal Windows and Doors (British Columbia) Pacer Building Components (Ontario), and South Central Building Systems (Manitoba).

For the uninitiated, trusses are pre-fabricated, triangular frameworks that support the roof of a house. The addressable market in Canada for trusses, joists and engineered beams is said to be \$1 billion, while it's \$2.5 billion for those products, together with prefabricated walls and floors.

How is it doing:

Improving operational efficiencies has been a key focus for the firm and in June this year, it said it had partnered with major global building industry supplier MiTek Canada Inc.

The deal also saw Atlas buy MiTek's building products and services, in a bid to optimize its plants and automate where applicable.

The move has paid off and in October Atlas said it expected third-quarter revenue to be nearly 18% higher than the previous quarter, as it was seeing growth in all its business lines, including residential, commercial and agricultural.

In the US, it also said it had begun delivering trusses and wall panels to a Michigan brand name hotel project in a

Price: 0.35

Market Cap: \$20.2 m

1 Year Share Price Graph



Share Information

Code: AEP

Listing: TSX-V

52 week High Low
0.5 0.19

Sector: Manufacturing & engineering

Website: atlasengineeredproducts.com

Company Synopsis:

Atlas Engineered Products is one of Canada's leading suppliers of trusses and engineered wood products. The company was formed some 20 years ago and operates manufacturing and distribution facilities across Canada to meet the needs of residential and commercial builders.

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contract worth over C\$750,000, representing a significant expansion of the firm's reach into the USA.

That comment came on the back of second-quarter numbers which showed the company was profitable for the first time since going public in 2017, with net income of C\$162,876 for the three months to end June. Revenue also jumped 152% to C\$15.2 million, up from C\$6 million in the same period a year earlier.

The profit was achieved through significant organic growth and operational efficiencies in the first half, the company said, while revenue was boosted by "additional revenue from acquisitions".

On October 25, the firm said it had added experienced business development specialist and entrepreneur Bill Gammel to the executive team as vice president (VP) of sales effective immediately.

He is a hands-on executive with "proven ability to drive sales to achieve improved bottom-line results", the company said.

Inflection points:

- More acquisitions
- Third quarter results
- More deals

What the boss said:

Speaking to Proactive in July, president and CEO Dirk Maritz said: "We're not only on an acquisition drive. It's not only about increasing our footprint. It's about what we do with that footprint."

Maritz explained that increasing efficiency, productivity and reducing wastage was setting the company up for sustainable margin expansion.

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