

Atlas Engineered Products Ltd.

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Atlas Engineered Products continues growth journey despite pandemic; posts 14% revenue growth in 1Q

Atlas Engineered Products Ltd (CVE:AEP) (OTC:APEUF) has said it is in a solid financial position despite the current coronavirus crisis and saw revenue grow by 14% in the first quarter of this year compared to the same period in 2019.

The wood truss and engineering firm has strong liquidity and entered 2020 with an improved position over the previous year and has instituted a cash preservation strategy, chief executive Dirk Maritz revealed in a letter to shareholders alongside the group's latest numbers.

READ: Atlas Engineered Products inks wood supply deal with Taiga Building Products in Canada

"We continue to grow our orderbook on the back of an exceptional turn-around in 2019, and we successfully closed an oversubscribed private placement in Q1 2020," he added.

Revenue for the three months to March 31, 2020, came in at around C\$7 million, versus around C\$6.2 million in the same quarter in 2019, the firm said. Atlas's aim for 2020 is to reach an annualized revenue run rate of between C\$40 million and C\$45 million with a normalized EBITDA margin of 10%-15%.

Not all of the group's locations were impacted in the same way by the coronavirus pandemic, the company noted. Its British Columbia operations were minimally impacted in the first quarter, for example, and continued to experience record growth into the second quarter.

Meanwhile, Eastern Canada saw restrictions on construction permit approvals that contributed to revenues decreasing at one of its Ontario locations, the firm added.

Gross margin for the group in the first quarter was 16%, down from 19% in the first quarter of last year due to lumber price volatility at the beginning of 2020, Atlas said. The group's net loss after adjustments and taxes came in at C\$762,000, up from a loss of C\$439,000 in the same period of 2019.

The company's cash stood at C\$3.2 million at the end of March, up from C\$83,005 as at the end of 2019, due to an over-subscribed placing completed in February, which puts it in a positive cash position moving ahead.

Maritz summed up, as Canada enters peak building season: "We continue our journey of impressive growth, and we have made significant progress with margin expansion into Q2 2020. We believe that we are well positioned to weather a storm."

Shares in Toronto eased 1.89% to C\$0.26 each.

Price: 0.35

Market Cap: \$20.2 m

1 Year Share Price Graph



Share Information

Code: AEP

Listing: TSX-V

52 week	High	Low
	0.52	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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---Updates for share price---

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