

# Management Operating Review

## February 2019

**Meeting Date: March 19, 2019**

## Executive Summary

## Key Initiatives & 2019 Plan

## Financial Review

## Governance Reporting

## Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

# Executive Summary



## Desirable:

- February 2019 EBITDA: +580K (5.2% of Rev) vs. AOP \$438K, \$142K ahead of AOP and +\$1.2M vs. prior year February 2019

	Feb-16	Feb-17	Feb-18	Feb-19
Sales	\$8,911,297	\$9,489,335	\$9,596,914	\$11,178,469
EBITDA	(\$37,842)	\$306,329	(\$608,426)	\$580,173
	-0.4%	3.2%	-6.3%	5.2%

- February Securements YTD 2019:

	Gross \$	NA %	Net \$
2019 YTD Feb Securements Avg	\$ 16,462,801	61.93%	\$ 6,274,203
2018 YTD Feb Securements Avg		63.47%	\$ 4,487,205
Impact of Pricing Change on 2019 YTD Securements			\$ 1,786,998

\*Proactive Price Change Started in Q4-2018

- 12 Month Rolling Backlog Reached New Record High of **\$92M / Total backlog \$100.4M**
- YOY Janesville output up 43%, 2019 Jan/Feb: 13,237 units vs. 2018 Jan/Feb: 9203 units
  - 2019 Feb output up ~90% vs. 2018 Feb (Feb 2019: 5,926 units vs. Feb 2018 3,113 units), Feb 2018 had a 1 week furlough
- Southwest (Pilot) +\$30K EBITDA Jan 2019 vs. \$(64)K EBITDA Jan 2018, a lot more work to do but continued good trend
- Texas rebound with +\$35k EBITDA Feb 2019 vs. \$(147)k EBITDA Feb 2018
- HX Series: Pilot run action list being worked, next pilot run week of 3/25, team runs 1<sup>st</sup> glass order week of 3/18

## Undesirable:

- Warranty/TCAR/Janesville Quality Challenges, team actively addressing this via structured DMAIC process, \$100K improvement in February vs. January but offset by accrual based on risks with Mystic Casino potential delamination (from 2017)
- Aging Equipment in Janesville starting to surface as main root cause based on pareto of downtime/output misses as well as warranty root cause (delamination)
- “Weaker” than normal business in China, Hong Kong and Malaysia due to Chinese New Year in February, expect to rebound in March
- Germany slow start to the year vs. plan

# Consolidated Summary P&L



\$'000	MTD				Variance			PY MTD			Variance			YTD		Var		PY YTD	
	Act		Bud		\$	%		Act		\$	%			Act	Bud	\$	%	Act	%
Gross Revenue	\$ 11,178	\$ 10,898	\$ 280	2.6%	\$ 9,597	\$ 1,582	16.5%	\$ 21,418	\$ 21,796	\$ (378)	(1.7%)	\$ 19,622	9.2%						
Net Revenue	11,178	10,898	280	2.6%	9,597	1,582	16.5%	21,418	21,796	(378)	(1.7%)	19,622	9.2%						
Material	3,851	3,924	(73)	(1.9%)	3,577	274	7.6%	7,118	8,348	(1,230)	(14.7%)	7,336	(3.0%)						
Labor	3,335	3,322	13	0.4%	3,105	230	7.4%	6,795	6,644	151	2.3%	6,514	4.3%						
Other COGS	1,118	955	162	17.0%	939	179	19.0%	2,236	1,911	326	17.0%	1,883	18.8%						
Total COGS	8,304	8,201	102	1.2%	7,621	683	9.0%	16,149	16,903	(754)	(4.5%)	15,732	2.7%						
Gross Margin	2,875	2,697	178	6.6%	1,976	899	45.5%	5,269	4,893	376	7.7%	3,890	35.5%						
Gross Margin %	25.7%	24.7%			20.6%			24.6%		22.4%				19.8%					
R&D	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	N/A						
Sales & Marketing	1,085	1,267	(182)	(14.3%)	1,275	(190)	(14.9%)	2,153	2,534	(381)	(15.0%)	2,505	(14.1%)						
Administrative	1,216	995	221	22.2%	1,318	(102)	(7.7%)	2,411	1,990	422	21.2%	2,625	(8.1%)						
Other Opex	(7)	(3)	(3)	89.8%	(9)	2	(26.3%)	(23)	(7)	(16)	230.8%	(61)	(62.7%)						
Total Opex	2,295	2,258	36	1.6%	2,584	(290)	(11.2%)	4,542	4,517	25	0.6%	5,070	(10.4%)						
EBITDA	580	438	142	(32.4%)	(608)	1,189	195.4%	727	377	351	(93.1%)	(1,180)	(161.7%)						
EBITDA %	5.2%	4.0%			(6.3%)			3.4%		1.7%			(6.0%)						
Net Income (Loss)	\$ (339)	\$ (383)	\$ 44	11.6%	\$ (1,506)	\$ 1,167	77.5%	\$ (1,266)	\$ (1,142)	\$ (124)	(10.9%)	\$ (2,973)	57.4%						
Capex	\$ 1,277	\$ —	\$ 1,277		\$ 256	\$ 1,021		\$ 1,522	\$ —	\$ 333		\$ 333	357.4%						

### Revenue:

- Revenue \$280k higher than AOP and \$1.6M ahead of F18 and also \$1M higher than January.
- Janesville had strong shipments and exceeded AOP by 543k, though the FO were short by \$239k, mainly SE and SW. Countries short by \$244k, mainly due to Chinese New Year in HK, China and Malaysia. Significant positive impact of \$220k from eliminations due to not fully aligned AOP.

### GM/COGS:

- Overall GM better by \$178k including accruals for rework & warranty of \$130K and a \$270K cost of sales accrual still resulting at 25.7% vs 24.7% AOP. Strong \$899k ahead of PY. Compared to AOP Janesville is slightly below by \$50k, Countries by \$560k and Field offices ahead of \$60k. All this is overbalanced by an pick up from Eliminations of roughly \$700k. It seems the Eliminations in the AOP are far off from the typical business and the new AOP update should provide a much better basis.

### OPEX:

- Overall OPEX is in line with the AOP at \$2.250M per month.
- Slight increase is mainly caused by higher bad debt accruals.

### EBITDA:

- Total EBITDA is at \$580k and by \$142k ahead of AOP and nearly \$1.2M ahead of PY.

# Covenant Analysis



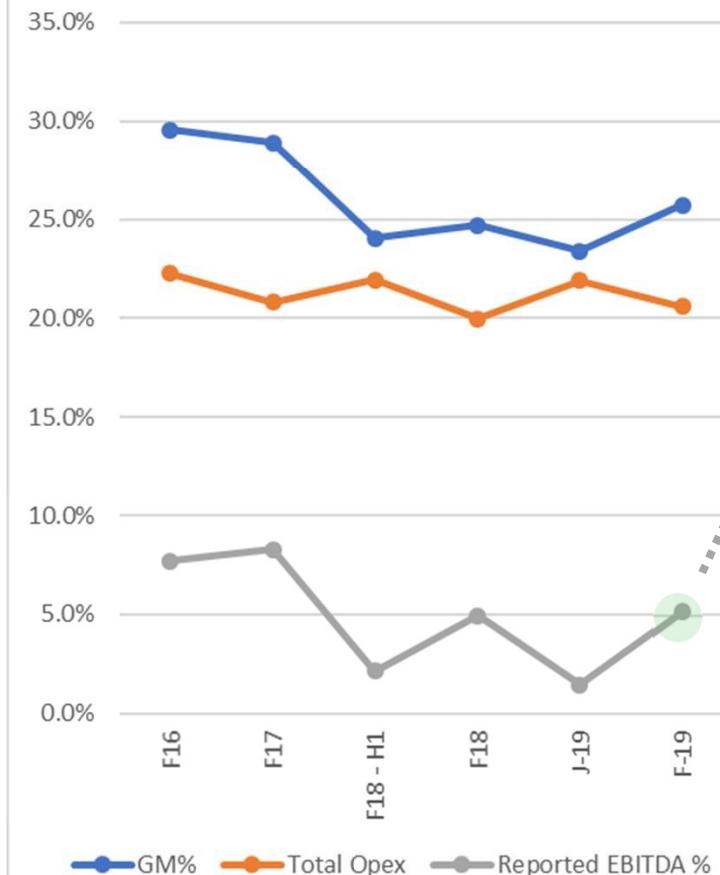
\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	2019
	Act	Act	Bud	Act									
Fixed Charge Coverage Ratio (JP Morgan Chase- Monthly and LBC Credit Partners- Quarterly)													
<b>Net Income (Loss)</b>	\$ (928)	\$ (339)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,215
<b>Bank EBITDA Calculation:</b>													
Interest and amortization	344	347	273	274	273	274	275	266	254	254	262	258	3,354
Taxes	(7)	43	(64)	156	157	244	156	158	161	(45)	(47)	(46)	866
Depreciation and amortization	494	495	577	577	577	577	577	577	577	577	577	577	6,759
Monitoring fees (including expenses)	250	18	-	340	-	-	340	-	-	370	-	-	1,318
Gain/loss on disposition of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
FX gain/loss	(6)	16	-	-	-	-	-	-	-	-	-	(203)	(193)
Severance	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Non-recurring items:</i>													-
Pension Buyout (not to exceed \$500K)	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Costs (not to exceed \$2.4M)	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total non-recurring items</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Bank EBITDA</b>	\$ 147	\$ 580	\$ 592	\$ 1,816	\$ 1,476	\$ 1,826	\$ 1,816	\$ 1,476	\$ 1,476	\$ 1,019	\$ 649	\$ 446	\$ 13,318
<b>Less:</b>													
Unfinanced CAPEX	245	112	10	150	150	200	240	250	250	170	170	170	2,118
Cash income and franchise taxes	(7)	43	(64)	156	157	244	156	158	161	(45)	(47)	(46)	866
Cash Monitoring fees (including expenses)	-	18	-	-	-	340	-	-	370	-	-	-	728
<b>Numerator</b>	\$ (91)	\$ 407	\$ 646	\$ 1,510	\$ 1,169	\$ 1,382	\$ 1,080	\$ 1,068	\$ 1,065	\$ 524	\$ 526	\$ 322	\$ 9,607
<b>Fixed Charges:</b>													
Cash Interest	300	301	273	274	273	274	275	266	254	254	262	258	3,264
Regularly scheduled principal payments	209	-	209	-	-	209	-	-	-	209	-	-	836
Capital Lease payments	3	3	3	3	3	3	3	3	3	3	3	3	37
<b>Total Fixed Charges</b>	\$ 512	\$ 304	\$ 276	\$ 486	\$ 276	\$ 277	\$ 487	\$ 270	\$ 257	\$ 466	\$ 265	\$ 261	\$ 4,137
TTM Numerator	4,359	5,523	5,875	7,868	9,432	8,119	9,453	9,425	9,456	9,769	9,982	10,520	10,520
TTM Fixed Charges	4,410	4,439	4,443	4,455	4,456	4,470	4,471	4,451	4,435	4,252	4,206	4,137	4,137
<b>Fixed Charge Covenant Ratio</b>	<b>0.99</b>	<b>1.24</b>	<b>1.32</b>	<b>1.77</b>	<b>2.12</b>	<b>1.82</b>	<b>2.11</b>	<b>2.12</b>	<b>2.13</b>	<b>2.30</b>	<b>2.37</b>	<b>2.54</b>	<b>2.54</b>
<b>Required</b>	<b>1.10X</b>	<b>1.00X</b>											
Leverage Ratio (LBC Credit Partners- Quarterly)													
<b>Total Debt for Leverage Calculation</b>	\$ 42,975	\$ 41,365	\$ 41,156	\$ 40,856	\$ 40,856	\$ 40,147	\$ 39,647	\$ 39,147	\$ 38,438	\$ 38,138	\$ 37,738	\$ 37,229	\$ 37,229
TTM Bank EBITDA	\$ 6,978	\$ 8,136	\$ 8,425	\$ 10,465	\$ 12,111	\$ 11,125	\$ 12,505	\$ 12,753	\$ 13,182	\$ 12,982	\$ 12,970	\$ 13,318	\$ 13,318
<b>Leverage Ratio</b>	<b>6.16</b>	<b>5.08</b>	<b>4.89</b>	<b>3.90</b>	<b>3.37</b>	<b>3.61</b>	<b>3.17</b>	<b>3.07</b>	<b>2.92</b>	<b>2.94</b>	<b>2.91</b>	<b>2.80</b>	<b>2.80</b>
<b>Required</b>				<b>5.00X</b>			<b>4.25X</b>		<b>3.75X</b>		<b>3.75X</b>		<b>3.75X</b>

# % of Revenue Trends



	F16	F17	2018 F18 - H1	F18	J-19	F-19
GM%	29.6%	28.9%	24.0%	24.7%	23.4%	25.7%
Total OpeX	22.3%	20.8%	21.9%	20.0%	21.9%	20.6%
Reported EBITDA %	7.7%	8.3%	2.2%	4.9%	1.4%	5.2%

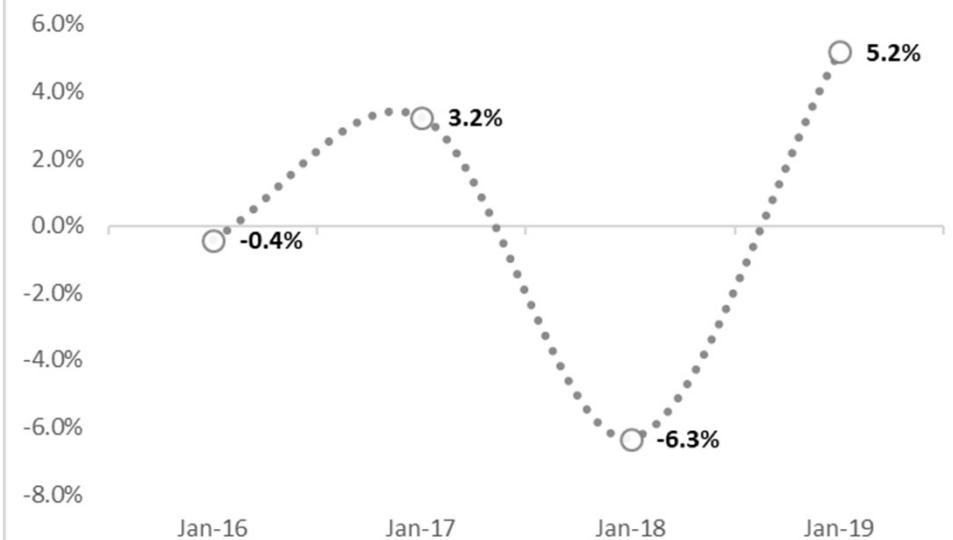
Key % Trends - GM, OPEX, EBITDA



	Feb-16	Feb-17	Feb-18	Feb-19
Sales	\$8,911,297	\$9,489,335	\$9,596,914	\$11,178,469
EBITDA	(\$37,842)	\$306,329	(\$608,426)	\$580,173
	-0.4%	3.2%	-6.3%	5.2%

<b>Total Cost of Sales</b>	\$6,676,131	\$6,995,460	\$7,621,069	\$8,303,568
<b>% of Total Sales</b>	74.9%	73.7%	79.4%	74.3%
<b>Gross Profit</b>	\$2,235,166	\$2,493,875	\$1,975,845	\$2,874,901
<b>% of Total Sales</b>	25.1%	26.3%	20.6%	25.7%

February EBITDA % Trend



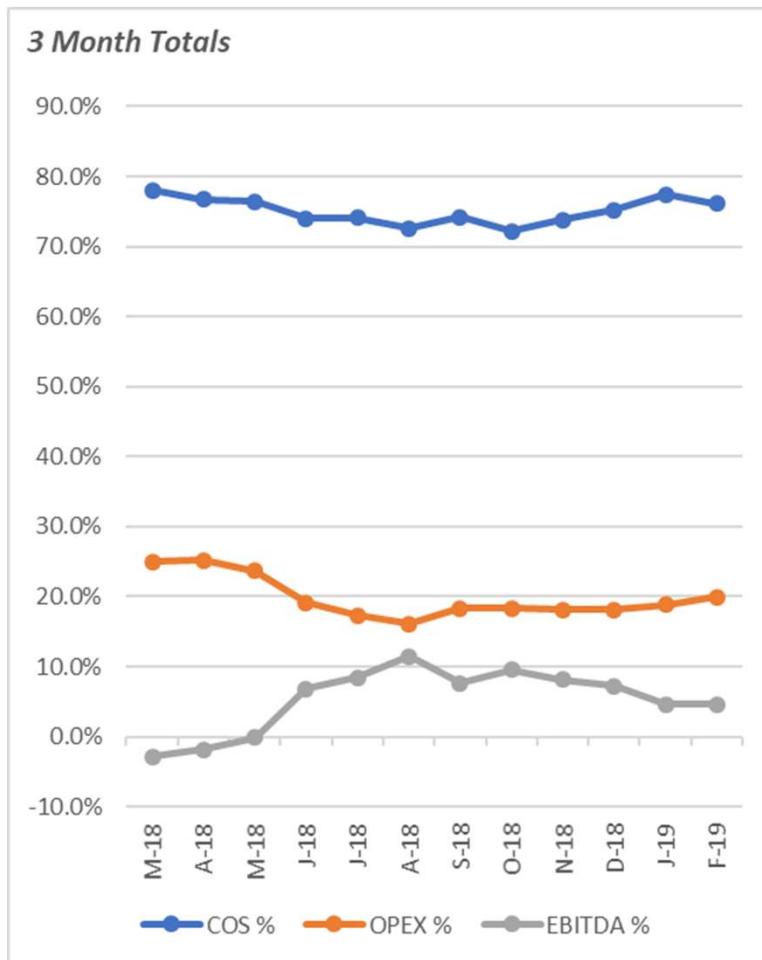
February 2019 w/ "positive" EBITDA represents a \$1.2M swing YOY...

Compared to Historical Actuals February 2019 was a "Solid Start", +\$1.2K Swing vs. 2018...

# % of Revenue Trends – Rolling 3 Months



	M-18	A-18	M-18	J-18	J-18	A-18	S-18	O-18	N-18	D-18	J-19	F-19
COS %	78.1%	76.7%	76.4%	74.0%	74.1%	72.5%	74.2%	72.2%	73.8%	75.2%	77.4%	76.1%
OPEX %	25.0%	25.2%	23.7%	19.1%	17.3%	16.1%	18.3%	18.3%	18.1%	18.2%	18.8%	20.0%
EBITDA %	-2.9%	-1.8%	-0.1%	6.8%	8.5%	11.5%	7.6%	9.5%	8.2%	7.2%	4.6%	4.6%

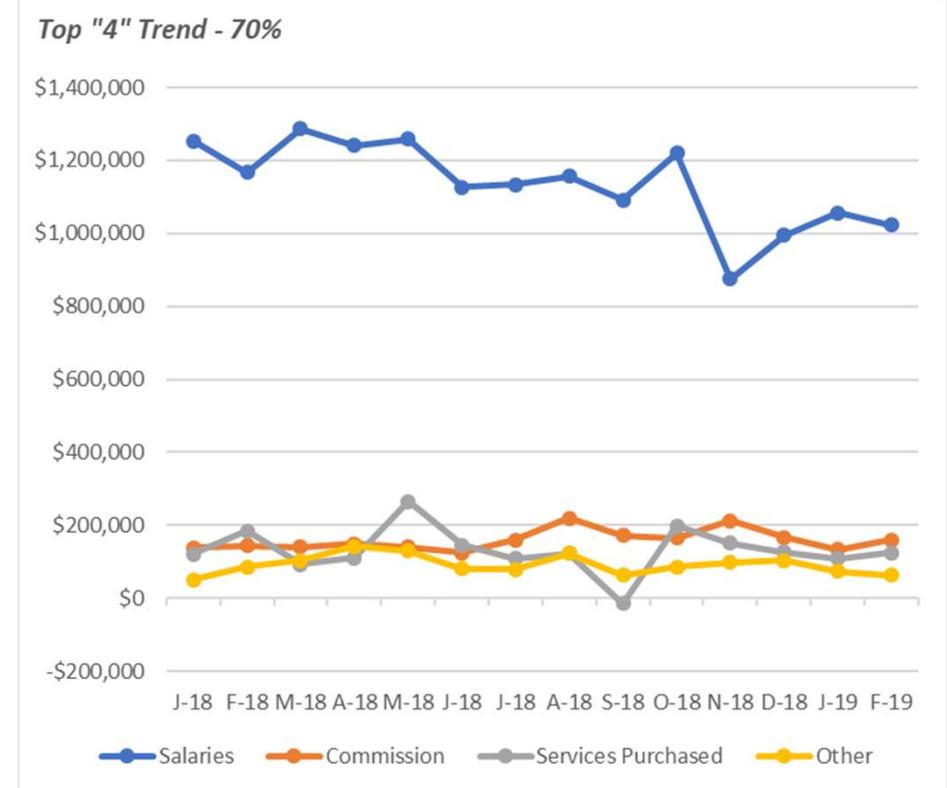
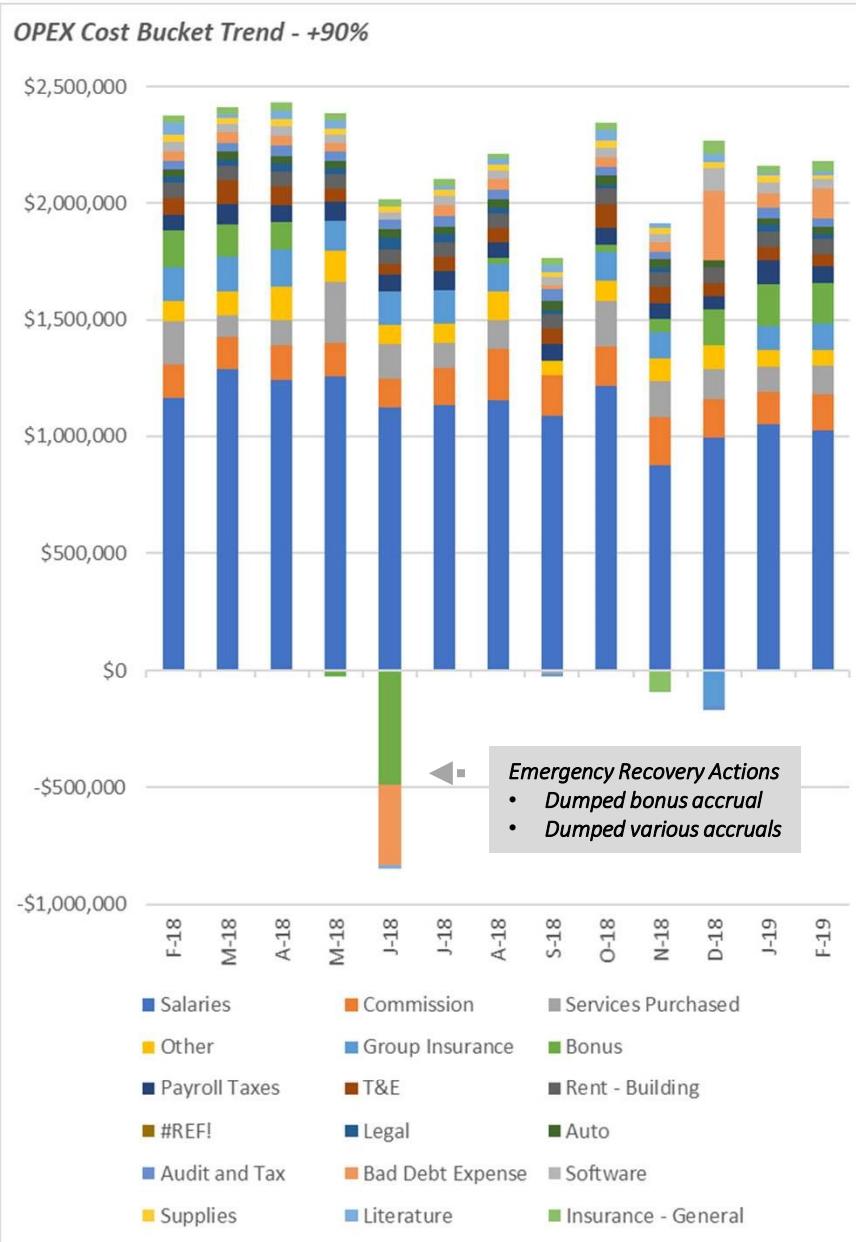


**Impact on COS Run-Rate Last 3 Months: ~\$2.0M+ in “1x Negative Impacts” to COS...**

- Global Direct Labor: \$741K in February vs. \$815K/month Q4F18 but higher than avg F18 of \$715k, this includes:
  - JVL Union Benefits “true up” Dec: \$90K impact
  - JVL ramping a 2<sup>nd</sup> shift (starting Feb 18) & Janesville Direct Labor Pay increase (to get higher level of talent)
- MGM Project: \$390K impact, \$100K low margin impact, \$135K in Install overrun, \$155K in claim/settlement
- Texas Historical Quote Challenges: \$137K, incorrect measurements, missed rental charges, general contractor back charges
- Warranty/Rework JVL: \$320K Impact over 3 months, multiple projects, action plan in progress to address. Accrual of \$130K in Feb to cover pending issues (Mystic Lake)
- Inventory Adjustments: \$316K in JVL, difference from Cycle count vs. actual, true up

**In a Project Based Business There Are Massive Monthly Sales/Cost Swings, a 3 Month View is Less Variable...**

# OPEX Trend Overview

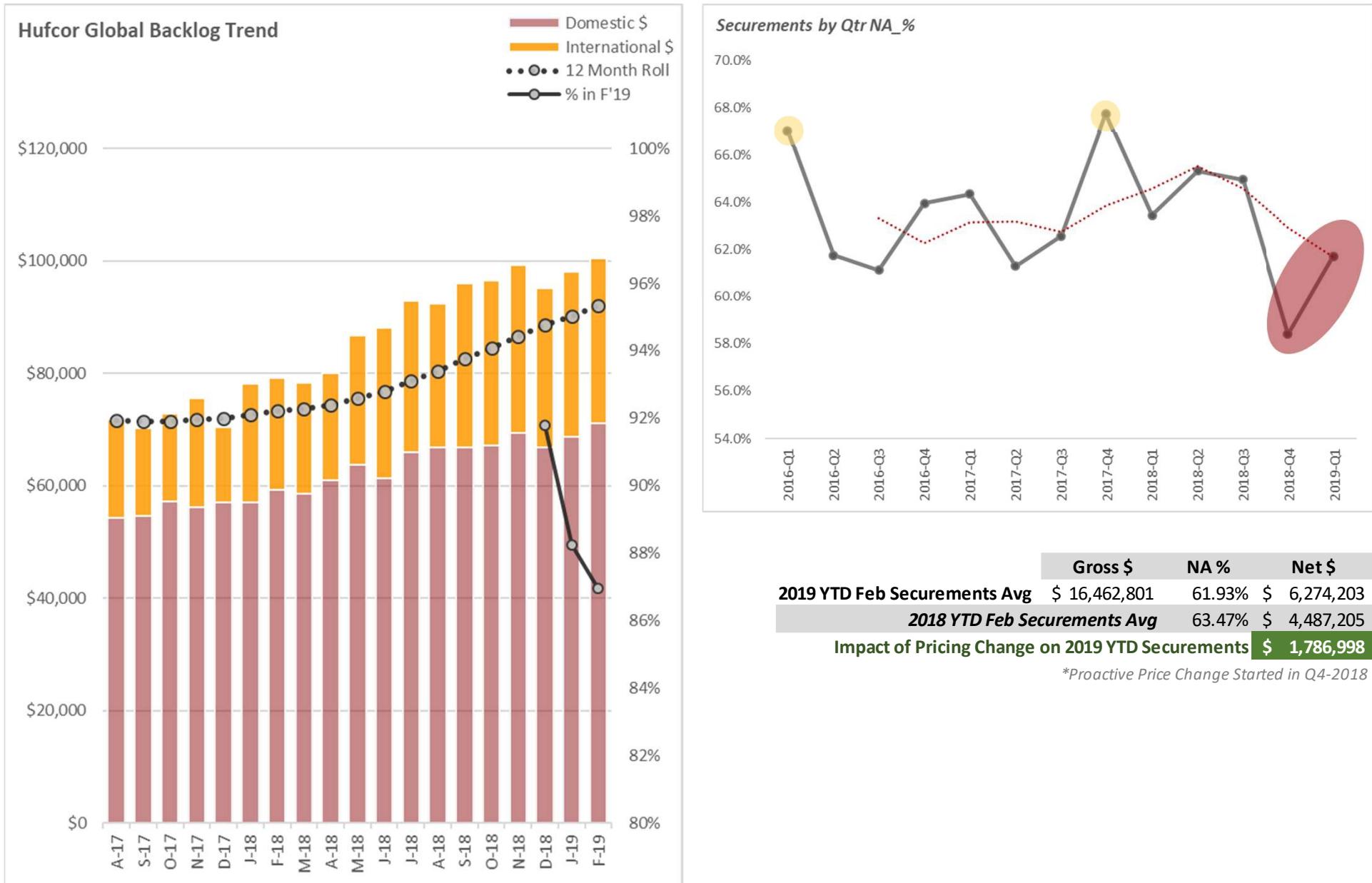


## OPEX Run-Rate Change(s):

- Dec/Jan/Feb - Bad Debt (cleaning up legacy challenges): \$420K
- Dec/Jan/Feb - Bonus Accruals (China - 2018 & LT for 2019): \$500K
  - Bad debt will continue to be an ongoing issue in 2019
- “Re-investing” in people cautiously, primarily sales
- Cross functional team working on bonus plan for 2019

**OPEX Continues to Be Under Control vs. 1<sup>st</sup> ½ of 2018, Deep Diving People/Service Costs...**

# Global Backlog Trend

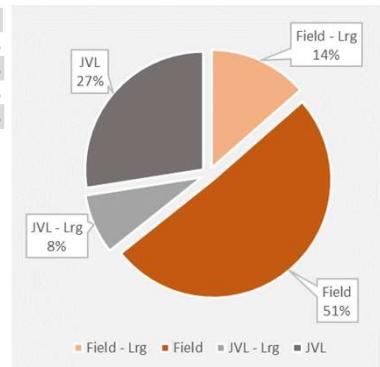


*Price Increase Has Not Slowed Down BL Trend, Strong Growth YOY...*

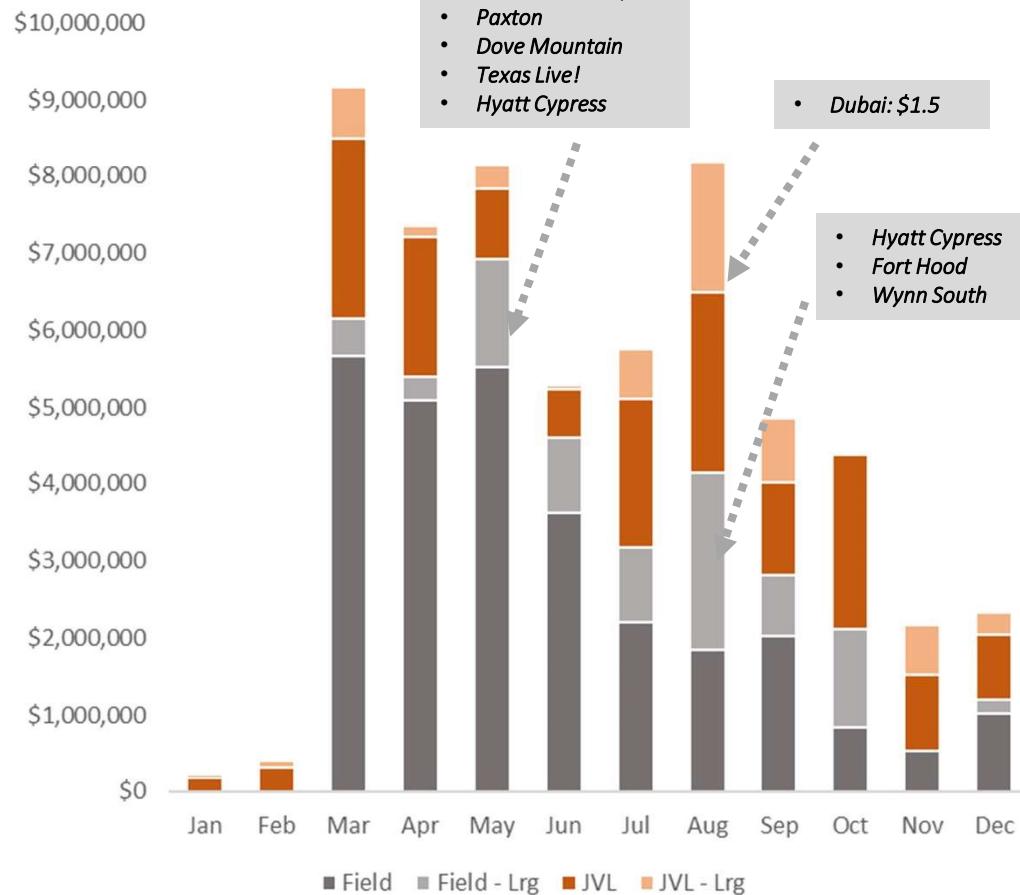
# Domestic Backlog “Mix”



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	%
Field - Lrg	\$0	\$0	\$491,523	\$299,803	\$1,411,300	\$983,305	\$956,164	\$2,304,669	\$800,070	\$1,278,210	\$0	\$190,044	\$8,715,088	15%
Field	\$0	\$0	\$5,658,486	\$5,085,915	\$5,515,187	\$3,626,739	\$2,206,102	\$1,835,076	\$2,016,560	\$835,467	\$529,967	\$1,012,965	\$28,322,463	49%
JVL - Lrg	\$57,056	\$83,126	\$680,645	\$146,987	\$308,061	\$54,445	\$645,899	\$1,690,641	\$834,076	\$0	\$644,010	\$292,195	\$5,437,141	9%
JVL	\$177,774	\$318,710	\$2,333,510	\$1,813,447	\$913,787	\$627,040	\$1,947,481	\$2,349,870	\$1,202,567	\$2,253,425	\$989,472	\$840,125	\$15,767,207	27%
	<b>\$234,830</b>	<b>\$401,836</b>	<b>\$9,164,163</b>	<b>\$7,346,151</b>	<b>\$8,148,335</b>	<b>\$5,291,528</b>	<b>\$5,755,646</b>	<b>\$8,180,256</b>	<b>\$4,853,273</b>	<b>\$4,367,102</b>	<b>\$2,163,449</b>	<b>\$2,335,329</b>	<b>\$58,241,899</b>	



## Domestic Backlog \$s



- January: Wynn Boston (not shipped) \$258k
- February: Wynn Boston \$290K, Wynn South 132k
- March: Wynn South 280k
- April: Wynn South 300k
- May: Paxton \$455k, Hard Rock Tampa \$491k, Dove Mountain \$404k, Texas Live! \$366k, Oklahoma 103k, Hyatt Cypress 102k
- June: Dubai \$381K, Hidden Arches 667k
- July: Dubai \$628K, Wynn South \$127k, WT Sampson \$523k
- August: Dubai \$1.5M, Wynn South \$408K, Hyatt Cypress \$728K, Fort Hood 702k
- September: Wynn South \$388K, Marriott Bonnet Creek \$379K
- October: Wynn South \$931k
- November: Dubai \$432K
- December: Kalahari 576k

**Backlog is 64% Driven by Field Offices Currently, “Large” 24% of Total...**

# YOY Shipments, Securements, & Recent Price (NA) Change



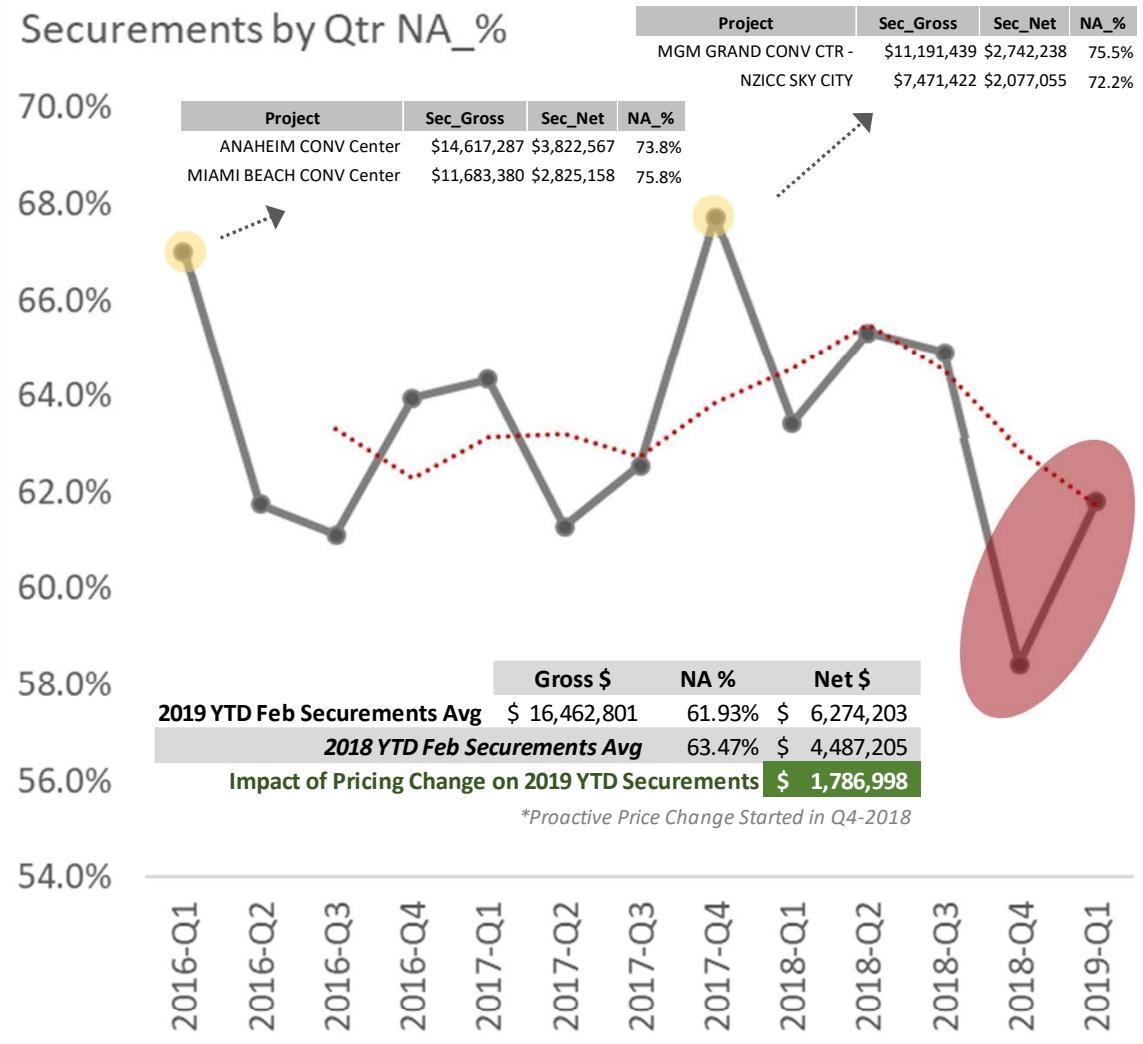
JVL Shipments by Year

Year	JVL Gross \$	JVL Net \$	NA_%	GM%
2016	\$132,222,739	\$51,928,926	60.7%	29.6%
2017	\$154,300,975	\$56,539,104	63.4%	28.9%
2018	\$155,711,707	\$55,615,466	64.3%	25.3%
2019	\$28,838,697	\$10,533,159	63.5%	28.9%

## Shipment Comments:

- Each year the NA% Discount Grew
- As NA Increased GM Decreased, So There is “Some” Correlation
  - YTD (August) 2018 New Securement Average Discount: **64.7%**
- Actual Shipment NA% Continues to Be “Highly” Discounted
  - February Actual: 63.1%
  - As Sold GM% out of Janesville up ~3 points in February but still “low”, continue to purge old pricing projects...

Securements by Qtr NA\_%



*Discount “NA%” Increased Offsetting YOY Revenue Growth Benefit...*

*2019 Less is “More”, Securements Need to Be “Contribute” vs. Just Drive Unit Volume...*

# 2019 New Price List Overview - Domestic



Panels	Markup	Disc	Margin
630 Trimmed panels all Heights	1.9531	20%	36%
630 Untrimmed panels all Heights	2.1552	20%	42%
640 Trimmed panels to 24ft 3	2.1552	20%	42%
640 Untrimmed panels to 24ft 3	2.2727	20%	45%
640 Trimmed or Untrimmed> 24ft 3	2.2727	20%	45%
Pocket doors to 24 ft Trimmed	2.1552	20%	42%
Pocket doors to 24 ft Untrimmed	2.2727	20%	45%
Pocket doors to 40 ft Trimmed or Untrimmed	2.2727	20%	45%
Summit Vertical Wall	2.0833	20%	40%
GU Ultra Glasswall	2.4038	20%	48%
GF InVista Glasswall	3.1250	20%	60%
GT Timber Frame Glasswall	2.5000	20%	50%
GL Trimless Glasswall	2.5000	20%	50%
<b>Accordion Doors</b>	<b>2.5000</b>	20%	<b>50%</b>
Track Non-Discountable	Markup	Disc	Margin
All Operable Wall and Glasswall Tracks	1.5625	0%	36%
Summit Vertical Wall Tracks	1.6667	0%	40%
Unispans	2.0000	0%	50%
Unispan Stacks	2.0000	0%	50%
Accordion	2.0000	0%	50%
Specials	Markup	Disc	Margin
PVRS - Discountable	2.0833	20%	40%
PVRS - Tracks and Non-Discountable	1.6667	0%	40%

\*Accordion doors changed from 42% to 50%      02/05/19

## Overview:

- The Q4 NA% reduction was purely a “stop gap” to slow the bleeding while the team prepares for the PS5 launch in 2019
- Since Q4 2018 a cross functional team has been:
  - Rerolling standard costs
  - Taking existing projects and applying the new “pricing” to compare w/ the old NA discounting to ensure we have accurate cost/price assumptions
  - Comparing win/loss data to dial in pricing to be inline with market expectations

## Other Changes:

- Track will no longer be discounted
- PVRs & custom engineering will be “priced” to drive margin vs. done for “free”

- The 2018 Q4 NA/Price Change is driving better securements for 2019...***
- New pricing converts to a “standard” discount off MSRP with the launch of PS5...***
- Executive LT will still be able to influence the 20% the discount on certain projects based on strategic considerations...***

**Team Has Been Comparing Existing Projects to “New Pricing” to Ensure Accuracy...**

## Janesville Deferred Maintenance Cost Summary

Item	Allowable Spend Per	Quoted Amount	Actual Spend To Date	Work- % Complete	Variance	Projected Completion	Replace / Repair	Notes
Parking Lot Paving	\$ 815,737	\$ 1,428,978	\$ -	0%	\$ (613,241)	Q3 '19	Replace	
Termite Treatment	\$ 89,360	\$ 45,000	\$ 45,000	100%	\$ 44,360	Done	Repair	
Plant Roof	\$ 1,780,650	\$ 1,747,446	\$ 1,689,191	95%	\$ 33,204	Q1 '19	Replace	
Truck Docks	\$ 20,000	\$ 20,000	\$ 20,000	0%	\$ -	Q2 '19	Replace	Quoted through external contractor
Fire Doors	\$ 100,000	\$ 100,000	\$ 20,000	0%	\$ -	Q2 '19	Replace	TBD- Needs to be quoted
Wall Finishes	\$ 532,200	\$ 1,048,261		0%	\$ (516,061)	Q3 '19	Replace	Does not include painting of flat roof
Skylights	\$ 7,650	\$ 7,650	\$ -	50%	\$ -	Q1 '19	Replace	Cost included in Plant Roof
Plant Floor Concrete	\$ 300,000	\$ 300,000	\$ 300,000	0%	\$ -	Q3 '19	TBD	TBD- Needs to be quoted
Storm Drainage System	\$ 20,000	\$ 3,000	\$ 3,000	100%	\$ 17,000	Done	Repair	
Condensing Units	\$ 48,000	\$ -	\$ -	0%		Q2 '19	Replace	Cost included in Factor Space Heating
Factory Space Heating	\$ 102,000	\$ 442,469		0%	\$ (340,469)	Q2 '19	Replace	
Distribution Panels Cleaning	\$ 15,000	\$ 15,000		100%	\$ -	Done	Repair	Quoted through external contractor
EHS (remaining equipment guarding)	\$ 364,500	\$ 364,500	\$ 38,000	10%	\$ -	Q3 '19	TBD	TBD- Needs to be quoted. Arc flash, SPP, Asbestos inspection have been completed
Exit Signs/Lights	\$ 25,000	\$ 25,000	\$ 25,000	0%	\$ -	Q2 '19	Replace	TBD- Needs to be quoted
Dust Systems	\$ 30,000	\$ 31,500	\$ 31,500	80%	\$ (1,500)	Q2 '19	Replace	Purchased but not installed
<b>Total</b>	<b>\$ 4,250,097</b>	<b>\$ 5,578,804</b>	<b>\$ 2,171,691</b>		<b>\$ (1,376,707)</b>			

Plug Number (do not have quote)

Have quote, but not agreed to proposal

Replace- Original condition of asset so poor, or non-existent the entire asset needs to be replaced

Repair- Original condition of asset only needs a few new components to be brought back to good working order

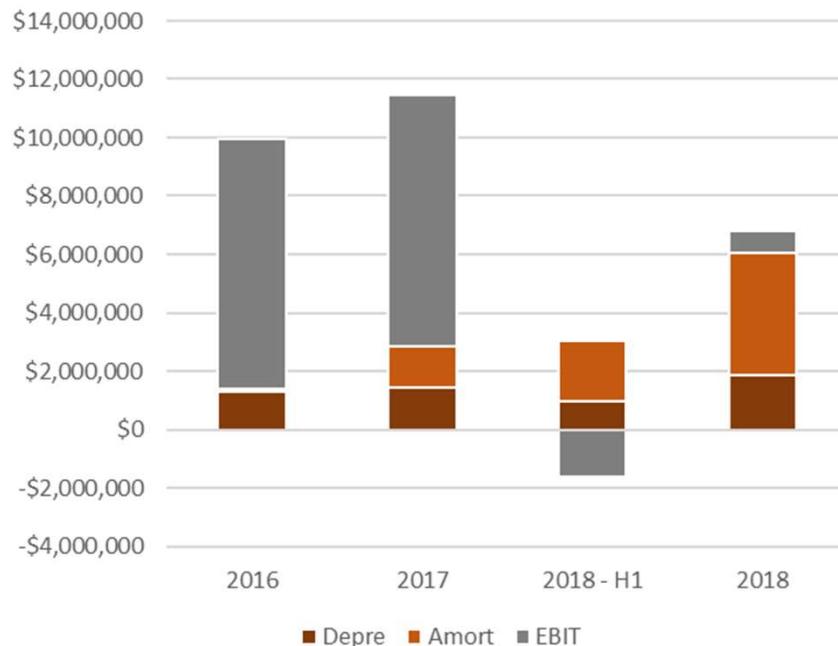
- Creating path forward on remaining items is to spend remaining funds as efficiently as possible
- Deferred maintenance budget from Mark Dunn only has 1 hard quote (EHS) items
- Budget numbers based on best guess from contractors in Columbus, GA
- Per SPA, collective savings in the individual categories can be applied to increases in others w/o approval; currently have unallocated amounts that, if not applied to the current categories or spent by 2019 deadline, would require Seller approval for spend or return to Seller/OGC based upon %'s in SPA
- Anticipate spending all amounts allowed to appropriately improve overall facility

**No Portion of the \$4.2M Improves Hufcor's Bottomline, Only Repair/Replace...**

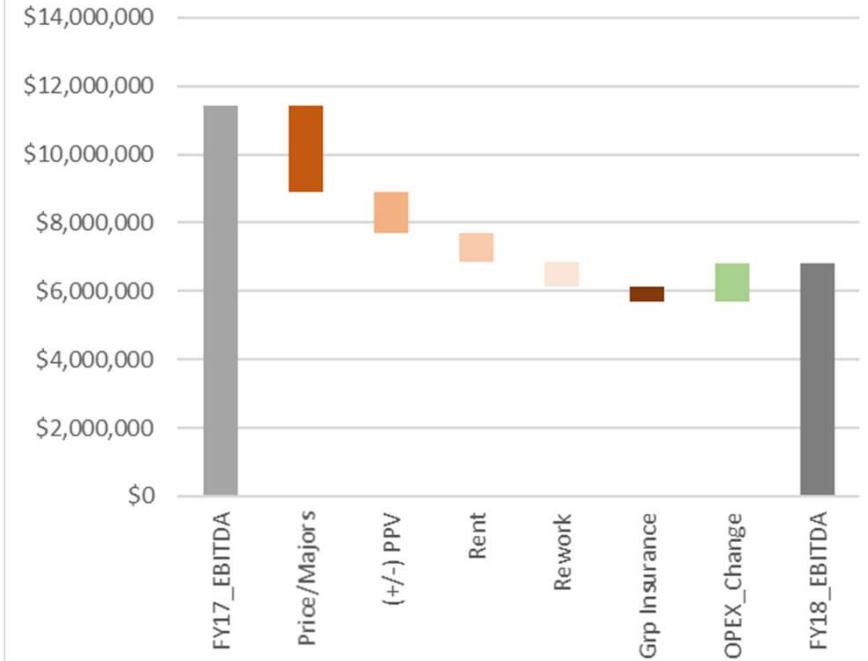
# 2017 to 2018 EBITDA Bridge



**EBIT & D&A Mix by Year**



**2017 to 2018 EBITDA Bridge**



Period	Depre	Amort	EBIT
2016	\$1,316,213	\$67,908	\$8,552,546
2017	\$1,434,170	\$1,425,218	\$8,581,512
2018 - H1	\$960,204	\$2,073,864	-\$1,632,221
2018	\$1,883,785	\$4,147,728	\$765,839

	F'16 Actuals	F'17 Actuals	F'18 Actuals
<b>Due Diligence Adjustments</b>	-\$1,881,083	-\$1,625,447	-\$1,777,473

*From 2016 to 2018 Significant Amount of Diligence & Cost “Shifts”...*

## Executive Summary

### Key Initiatives & 2019 Plan

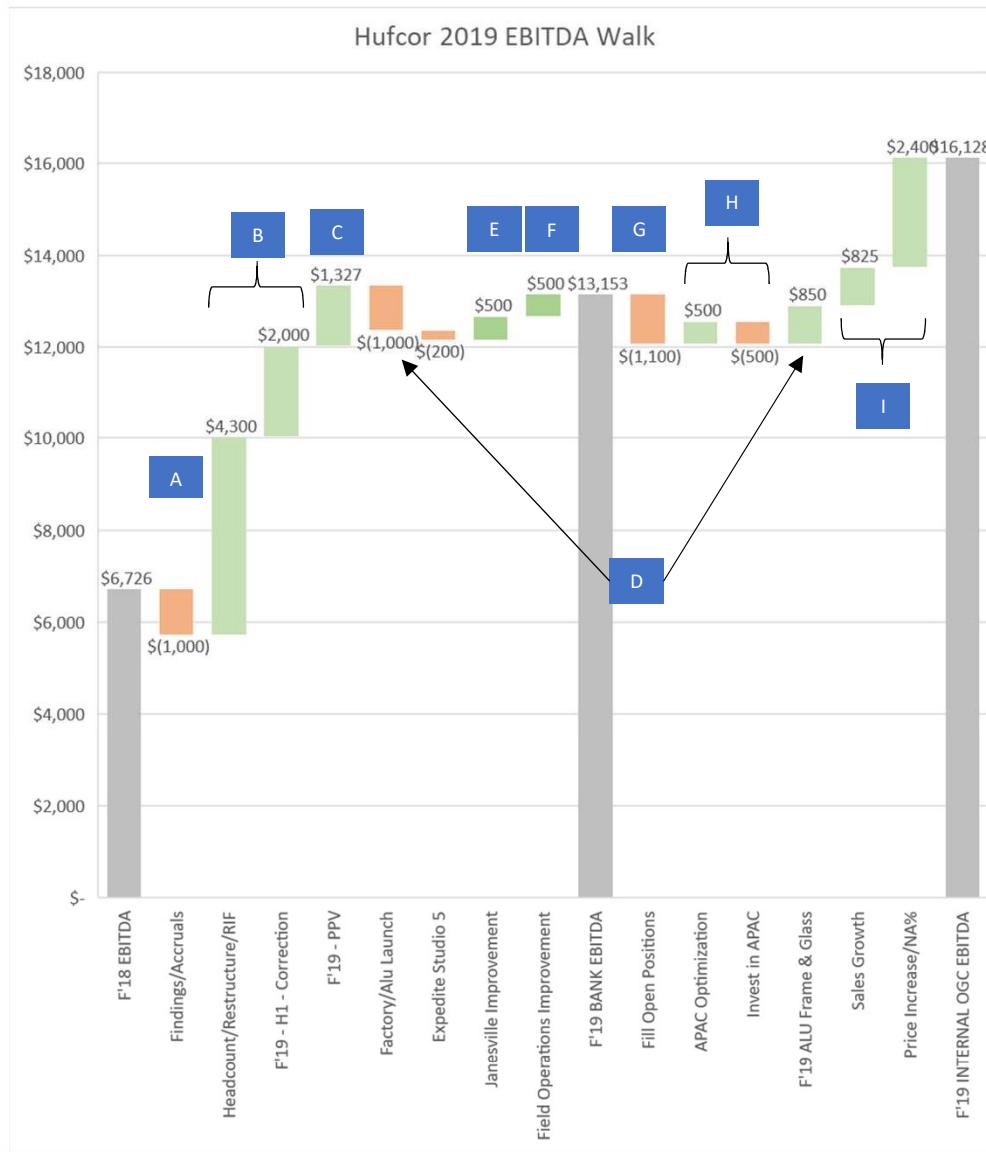
## Financial Review

## Governance Reporting

## Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

# EBITDA Bridge – 2019 (Bank + Upside Funnel of Actions)



Focus Area	Initiative	EBITDA	Owner	Status	Estimated Timing
	F'18 EBITDA	\$ 6,726			
A	Findings/Accruals	\$ (1,000)	ELT	Complete	Q42019
B	Headcount/Restructure/RIF	\$ 4,300	ELT	Complete	Q42019
C	F'19 - H1 - Correction	\$ 2,000	ELT	Q42018 / Q12019	Q42018 / Q12019
D	F'19 - PPV	\$ 1,327	Smith/Hernandez	Q42019	Q42019
E	Factory/Alu Launch	\$ (1,000)	Smith/Kontranowski	Q42019	Q42019
F	F'19 ALU Frame & Glass	\$ 850	Smith/Kontranowski	Q42019	Q42019
G	Janesville Improvement	\$ 500	Smith/Narczykiewicz	Q22019	Q22019
H	Field Operations Improvement	\$ 500	Berens/Kontranowski	Q22019	Q22019
I	Fill Open Positions	\$ (1,100)	Lawry	Q42019	Q42019
	APAC Optimization	\$ 500	Smith/Lawry	Q22019	Q22019
	Address Malaysia Site	\$ (500)	Smith	Q22019	Q22019
	Sales Growth	\$ 825	Kontranowski	Q42019	Q42019
	Price Increase/NA%	\$ 2,400	Kontransowski	Complete	Q42018
	Expedite Studio 5	\$(200)	Kontranowski		
	<b>Total</b>	<b>\$16,128</b>			

## Comments:

- 2018 YE EBITDA: \$6,726
- Built in \$1,000 of accruals for “findings”
- Primary 2018 Action (2 RIFs) – Net Impact \$4.3M
- 2018 H1 “Correction” is a combination of multiple cost cutting actions & a refocus on the “basics”
- Updated APAC Plan based on January 2019 visit
- Growth/price actions underway, Q4 2018 new prices were rolled out, PS5 on track for Q1, and team is refocusing on glass in 2019

**2018 Actions + Initiatives Build a Funnel to \$16.1M EBITDA in 2019...**

Identified	Quantified	Addressed	Finding	Description	Action	Next Step
✓	✓	✓	Pricing	YOY Discounting Impacting Gross Profit	Rolled out Increase End of Q2	Launch PS5
✓	✓	✓	Labor	Contractual Starting Wage Sub Market	Renegotiated Contract Addendum	Launch Athens Factory
✓	✓	✓	OPEX	OPEX % of Revenue Unsustainable	Multiple Cost Initiatives	Monitor Spend
✓	✓	✓	LD	Poor MGM Project Execution	Closed in 2018	accrual booked
✓	✓	✓	Tax	Malaysia Tax	Baker Tilley confirmed no issue	closed, confirmed by BT
✓	✓	✓	AR/Bad Debt	MGM Project	Accrued and Settled	execution of repair and true up
✓	✓	✓	Tax	2017 Taxes not filed - City of St. Louis	Grant Thornton Addressing	filed
✓	✓			Anaheim Project	Anaheim open litigation	waiting for retainage
✓	✓		Building	Malaysia Factory Building Sinking	CAPEX to address	repair planned for Q2
✓	✓		Building	JVL Building - Def. Maintenance Over Budget	Working on Key Areas (Like Roof)	Descoping To Reallocate
✓	✓		Bond	Bond Capacity Challenges	Meeting with Surety	
✓			Tax	China Tax	Audit	
✓			Warranty	Warranty Review, Extended Warranty Process	Define new process, cost, accounting	

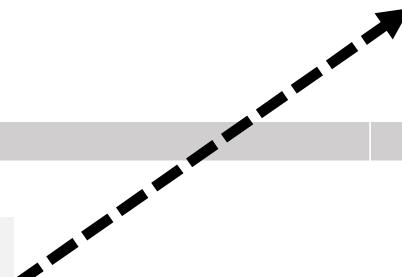
*Plan Continues to Be Somewhat Fluid, Finding Additional Pre/Post Q3 2017 Matters to Resolve...*

# Special Impacts - Last Four Months

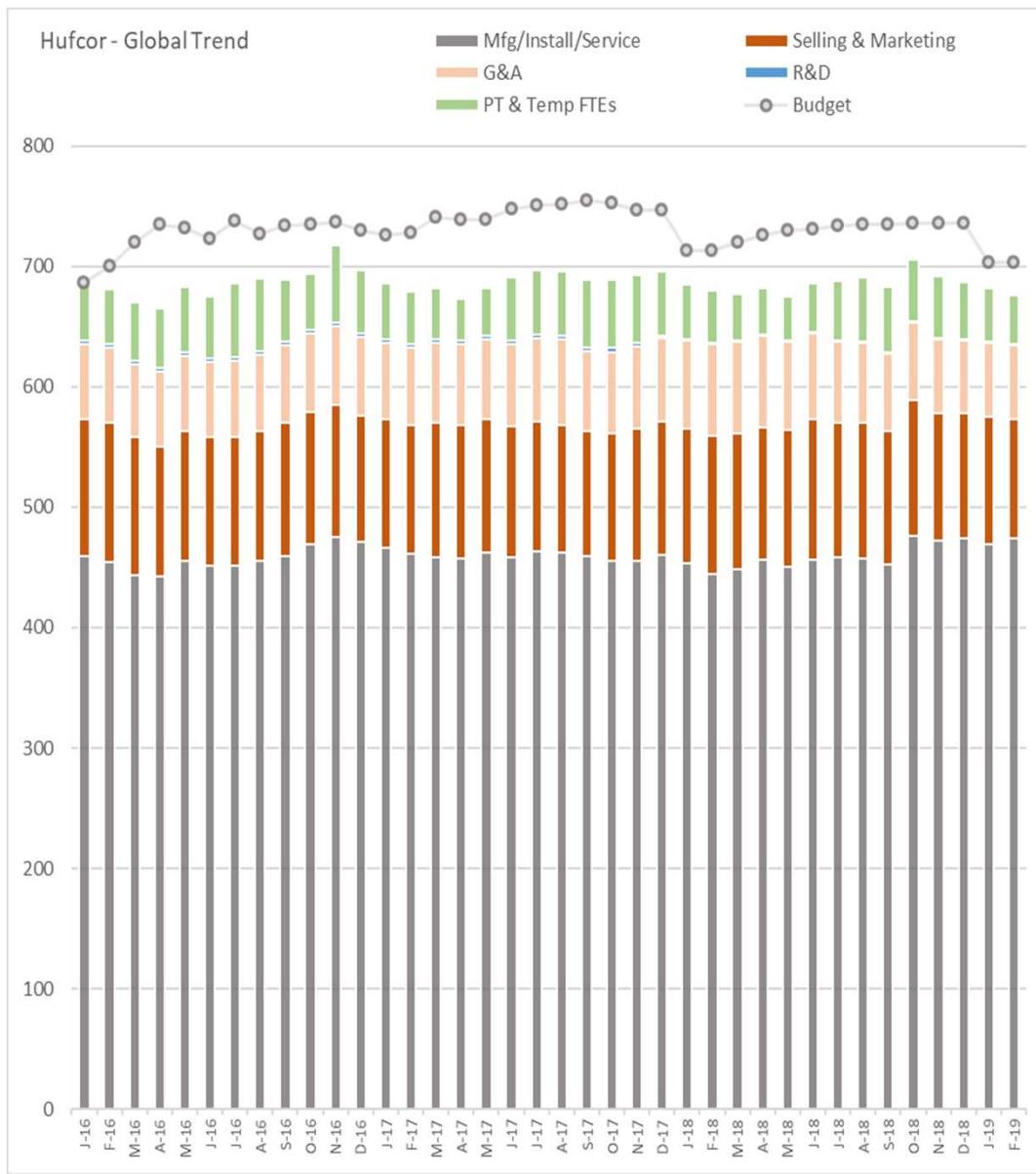


Month	Topic & Description	\$ Amount
Nov-18	International Freight cost overrun (JVL)	\$180,000
Nov-18	Installation cost overrun (MGM)	\$135,000
Nov-18	Shipment of low margin project (MGM)	\$100,000
Nov-18	Missing panels & labor (TX)	\$25,000
Nov-18	Incorrect measurements (TX)	\$10,000
Nov-18	Missed rental charges (TX)	\$14,000
Nov-18	Material & Labor issues in Countries (MAL, CHN, GER)	\$167,000
		\$631,000
Dec-18	Bad debt (all US)	\$175,000
Dec-18	AR write off's (all US)	\$153,000
Dec-18	Project Paris accrual (SW/JVL - below the line)	\$512,000
Dec-18	Project MGM claims (SW)	\$155,000
Dec-18	Gen Contractor back charges (TX)	\$43,000
Dec-18	Warranty & Rework (JVL)	\$260,000
Dec-18	Union benefits true up	\$90,000
Dec-18	Inventory difference	\$316,000
		\$1,704,000
Jan-19	Warranty & Rework (JVL)	\$60,000
Jan-19	Gen Contractor back charges (TX)	\$45,000
		\$105,000
Feb-19	Bad debt (all US)	\$120,000
Feb-19	Warranty & Rework (JVL)	\$130,000
		\$250,000
<b>Total</b>		<b>\$2,690,000</b>

Per new LBC proposed schedule (not finalized), \$310K would be “excluded” / below the line for covenant calculation



*Hufcor Still Experiencing a Large Amount of “Clean Up” Impact (EBITDA and/or Cash)...*



## F'19 H1 Correction: \$2M

- Opex Cost Controls Implemented in H2 2018 resulting in \$4M annual savings, \$2M will roll over into 2019
- SG&A Costs, T&E, All Controllable Spend, OT, Manufacturing Overhead etc.

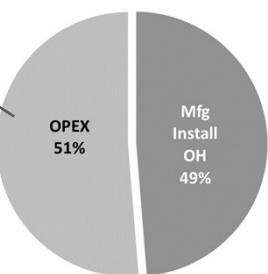
## Headcount Reduction/Restructure/RIF: \$4.3M

- 74% Direct FTEs
  - Global Factory Output +35% on ~7% Increase in FTEs (OT Normalized to FTEs), Absolute HC Flat
- YTD Indirect Actions:
  - Round 1 - August
    - 17 Employees
    - Savings \$1.9M (Net)
  - Round 2 - October
    - 22 Employees
    - Savings \$2.4M (Net)

**YTD – 69.5 FTEs Below Budget (9%)**

RIF Impact Areas

\$4.3M Full  
Year  
Impact...



**Net \$4.3M Cost Out (+90% in NA) or 12.5% Reduction in Run Rate HC Costs...**

**F'19+ Actions:**

- Global Actions and Weekly Operating Mechanism Started
- Aluminum Extrusion to APAC: \$257K By Q3 2019
- Direct price reduction with NA Aluminum supply base \$50K
- Global supplier develop for region Aluminum extrusion in volume negotiations Q2 2019
- Second source in NA for Steel, Paint Steel, Glass and Vinyl Q2 2019
- Global Market Trent process by Q2 for Steel and Aluminum Q1 2019
- Supplier development for Metal Fab and Machine Parts Buy & Make Q1 2019
- Gypsum second supplier develop from LCC and distribution in USA Q2 2019
- Direct Supplier negotiations strategy with global supplier via discount letter Q1 2019
- Steel mill direct negotiations for carbon steel for Hufcor low gage material Q1 2019

Action Item	Savings \$ (000's)
Aluminum thru US suppliers	\$ 50
Steel (Mkt Price)	\$ 168
Machined Parts vendor change	\$ 32
JVL Parts - Suspension Brackets to KANDU	\$ 22
JVL Parts - carrier assy - Alpha Plastics	\$ 88
Glass move to TrueLite	\$ 1
Hufcor Guangzhou Sourcing	\$ 97
<b>Total YTD 2019 PPV JVL</b>	<b>\$ 459</b>
I-Tech Change over	\$ 375
Steel (Mkt Price)	\$ 100
Machined Parts vendor change	\$ 35
Plastic Extrusions Parts	\$ 25
Gyp-Panel Ray	\$ 37
Welded parts - find local source	\$ 35
Move from Omnova to Color Design	\$ 33
Change reveal Track design	\$ 25
Adhesive - vendor change	\$ 20
Glass move to TrueLite	\$ 19
GL/GF/GT - new vendor in TX	\$ 20
<b>2019 JVL PPV</b>	<b>\$ 1,183</b>
Australia	\$ 157
Germany	\$ 87
Hong Kong	\$ 39
China	\$ 15
Malaysia	\$ 21
<b>Total Global PPV</b>	<b>\$ 1,502</b>

**Actively Working Plans for \$1.3M+ 2019 Save, 2<sup>nd</sup> “Source” Key Focus of 2019 to Create Leverage...**

**Objectives:**

- Open additional North America Manufacturing Footprint (Athens, GA)
- Launch HX Series Product and Standardize Glass Globally
  - Phase 1: USA
  - Phase 2: Germany & APAC – Q42019/2020

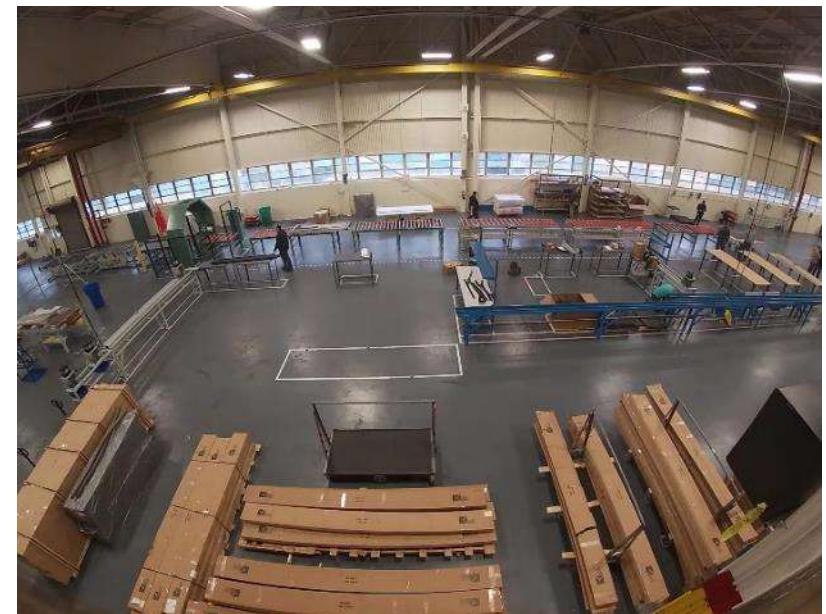
**Benefits:**

- HX Series:
  - 5 Week Lead Times
  - Standard Offering in Modern Finishes for anything <9 meters tall (working on 12M option)
  - Global Capacity Leverage
  - 22% Cost Savings vs. 600 Series Same Option
- Glass Capacity
  - 2X Glass Capacity on GF and GL Products

**Timeline/Updates:**

- Pilot Run (w/Supplier, Hufcor and Customer) Complete
  - 100 Improvement Ideas Generated
  - 41 Complete / 27 In Process / 32 to Start
- 1<sup>st</sup> Glass Order: 90 panel GF for School in Texas, build week of March 18
- 2<sup>nd</sup> pilot run scheduled for week of March 25
- Cooper pricing matrix complete
- Need to finalize pricing of passdoor/pocketdoor
- Working Launch Timelines/Roll Out
- PS5 needs to generate the CSV files for the mill

**Investment: \$1.28M (USA), Spend to date: ~\$1.00M**



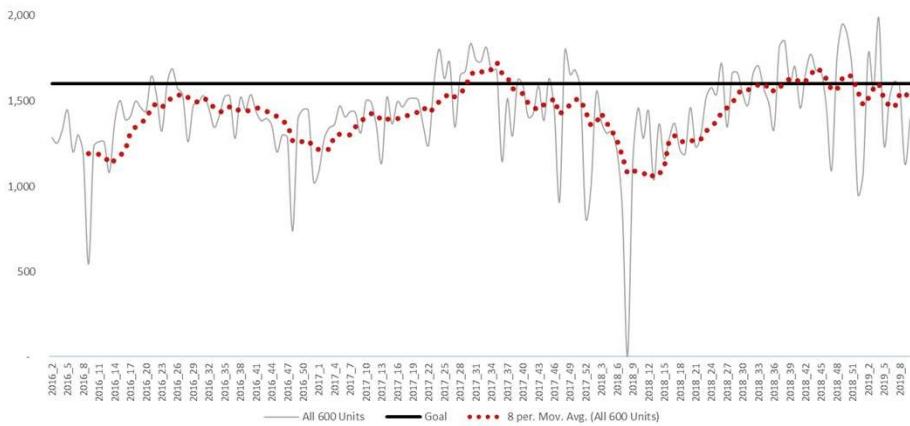
Height	Panels Shipped	%
<16 ft	80,508	83%
17ft-24ft	10,006	10%
>24ft	6,517	7%
Total	97,031	

93% of Panels  
Shipped since 2016  
are <24 feet

***~22% Cost Savings With New HX Series, Projecting 4-6 Week Lead Times...***

## JVL Output/Week

	2016	2017	2018	Last 13 Weeks
FY Wk Avg	1,364	1,479	1,429	1,579
	8.4%	-3.4%	10.5%	



## February Performance:

- Revenue: \$5.4M, Gross Margin: 18% (includes \$130K Warranty Accrual in COS), GM 20.5% net 1x accrual...highest in 4 months.
  - Direct Labor: 8.3%, \$77K lower than Jan2019 on similar volume
  - OT down by 50% in February as compared to January and \$15K below FY18 avg of \$46K/month
- EBITDA: \$133K (absorbed \$63K bad debt expense + \$130K warranty accrual (Mystic River from 2017)
- YOY output up 43%, 2019 Jan/Feb: 13,237 units vs. 2018 Jan/Feb: 9203 units
  - 2019 Feb output up ~90% vs. 2018 Feb (Feb 2019: 5,926 units vs. Feb 2018 3,113 units), Feb 2018 had a 1 week furlough

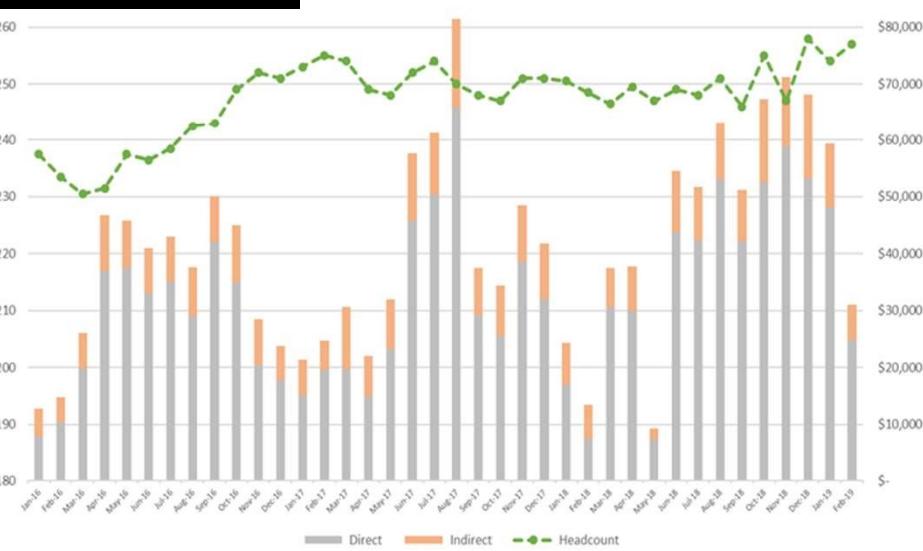
## Actions Complete (Feb):

- 2<sup>nd</sup> shift started on 2/18
- Hired Shipping Supervisor (terminated on 3/13)
- Hired 1 Production Supervisor
- Freight Increase deployed on 3/1
- Draft of JVL CI Roadmap Competed

## Actions Next 30 Days:

- Complete TCAR end to end process Value Stream Map (currently in Analyze Phase)
- Finalize JVL CI Roadmap & assign projects
- ISO 9001:2015 Audit on 3/13-14
- In process / 1<sup>st</sup> Piece Inspections / Engineering Support
- Hire Shipping Supervisor

## JVL Headcount/OT

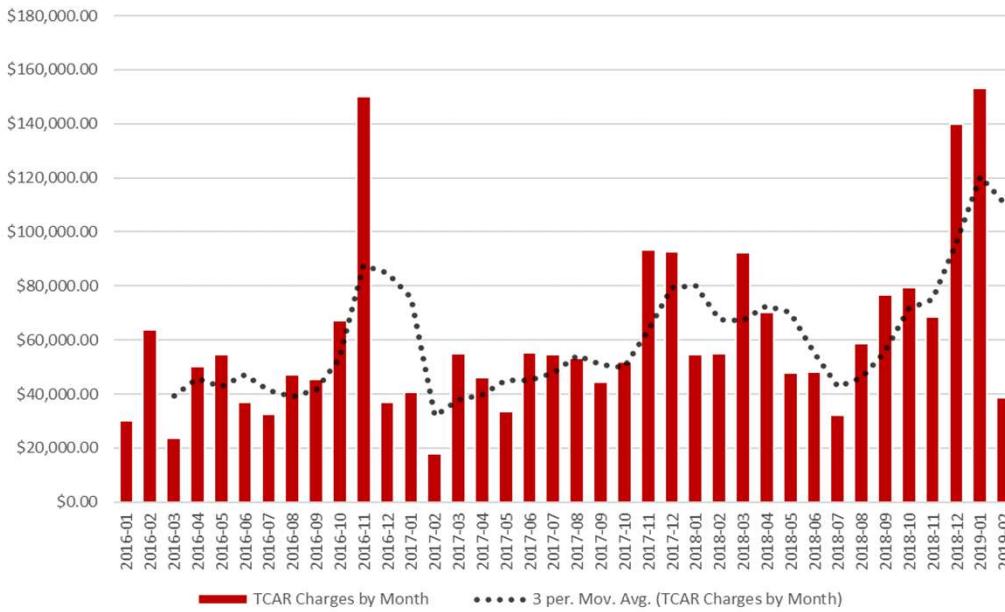


**Focus on Upgrading Supervisors, Training Labor, Root Cause on “Misses”...**

# Janesville Improvement - TCAR



*TCAR Charges by Month*



## Comments:

- 75% decrease in TCAR \$s paid in February as compared to January due to actions and root cause process implemented in past 30 days
- Starting to see some themes from root causes: lack of process, standard work order entry/show drawing challenges and equipment related items in JVL (including delamination items)...more detail / data to come

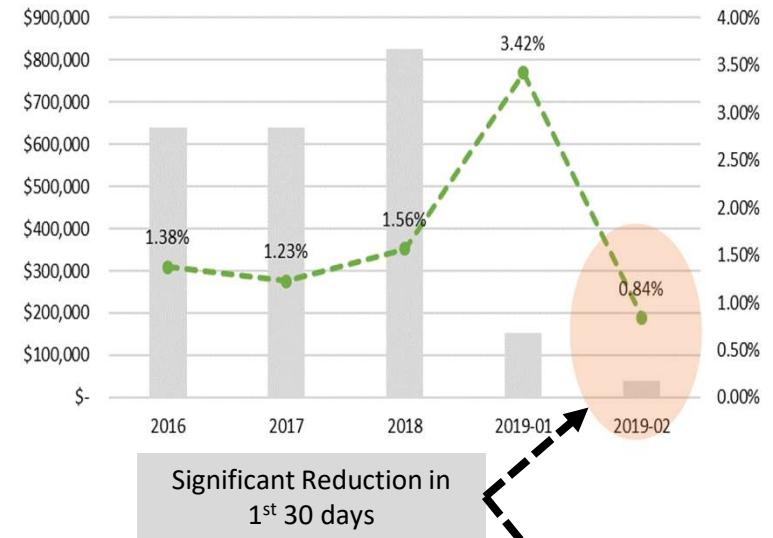
## Actions Complete:

- Approval process with Root Cause Implemented both JVL & Field

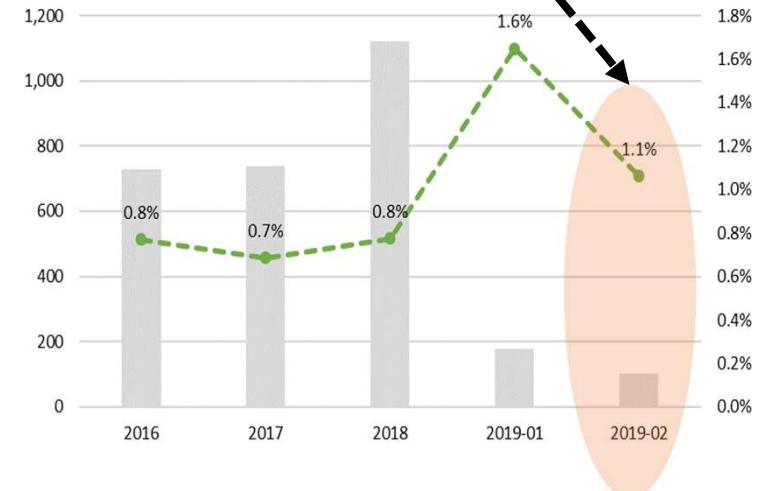
## Actions Next 30/60/90 Days:

- Compile root cause/pareto data and drive improvement actions around themes on the pareto
- Standard Work Development

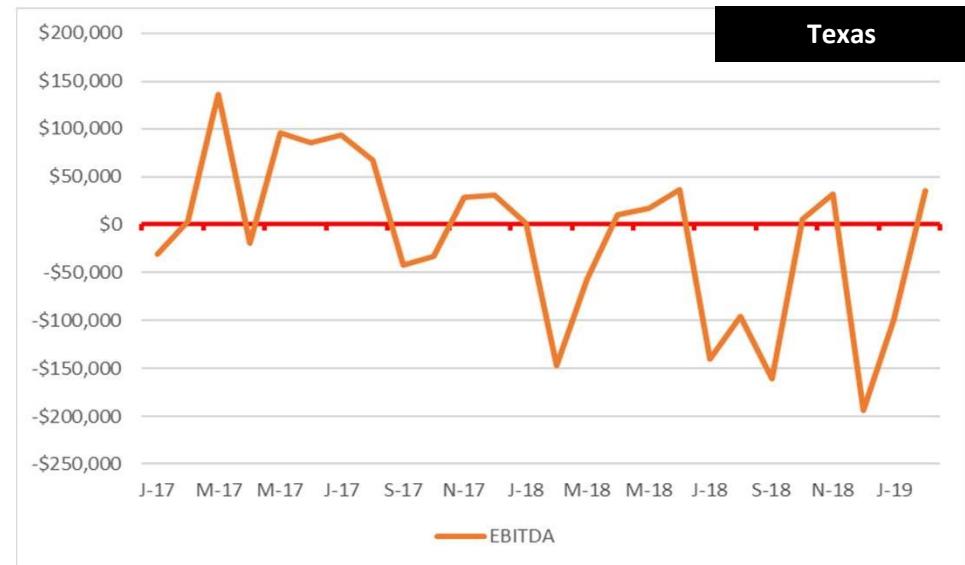
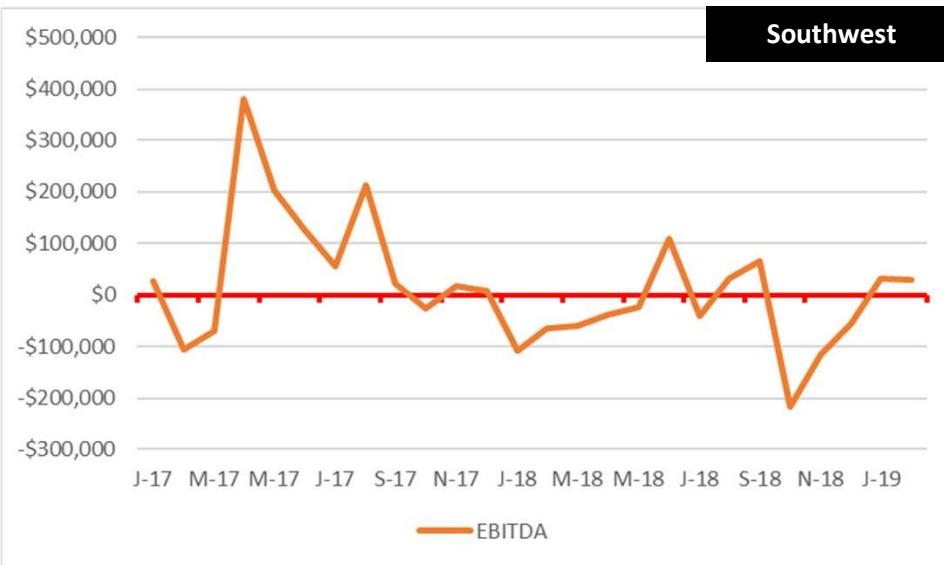
*TCAR \$ and % Total Project Revenue*



*TCAR Count and % Total Units Produced*



***Focus on TCARs/Rework to Control...Improve Process...Standardize...***



### Southwest February Performance:

- SW EBITDA profit of \$30K, Driven By:
  - CA/NV Service, Smaller projects with high margin
  - Better execution on new install projects
- If bad debt not applied this month SW would show ~\$50k EBITDA
  - ~\$22k in bad debt accrual
- Feb/Mar : Pushed out \$382K net Revenue due to:
  - General Contractor Movement: <\$437k>
  - Janesville Late Shipment: <\$65k>
  - Other: +120k (rollover from Jan to Feb)

### Actions Complete:

- Continue to build on service sales process improvement
- Continue increased focus on new hires in SW
- Rolled out standard contract review form to domestic sites

### Actions Next 30 Days:

- Focus on new talent and training (sales school JVL Apr '19)
- Create first draft of project execution SOP
- Streamline service sales process for proposal and invoicing

### Texas February Performance:

- Filled 2/3 critical positions in Feb (Service Sales Mgr SA & Houston / DFW)
- Sales finished at \$1,120 vs. \$848K plan due to the January roll over
- Finished EBITDA at \$35K including \$34K bad debt / back charges recognized in February from 2017 and early 2018.
- Material Cost finished at 59% vs. 65% plan driving improved margin
- Labor finished at 13.5% vs. 16.5% plan driving improved labor management and efficiencies
- February Securements: \$1.4M vs \$1.2M Plan
- February quotes: \$3.7M, lower than desirable based on open positions
- March projected to be a record securement month for Texas including: Little Elm #2 @ \$1.5M, Hyatt Regency @ \$550K, Western Currency @ \$168K
- March Sales currently projecting ~ \$1.25M vs. \$1M Plan

### Actions Complete:

- Filled 2 positions

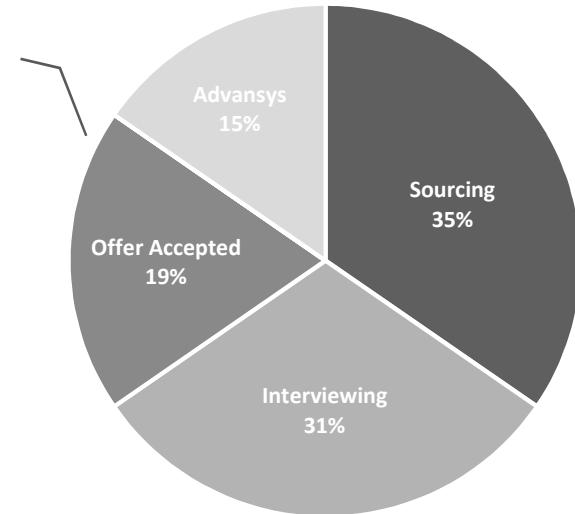
### Actions Next 30 Days:

- Fill critical roles Sales-Houston, A&D - TX

## Key Status / Actions:

- Filled 5 positions and have 5 accepted offers (1 offers rescinded & 1 offer rejected) since February BOD
- Sales
  - Sr. Director, Regional Product Sales (A&D) – Offer Accepted (4/2/19)
  - TX Estimator – Offer Accepted (3/18/19)
  - TX & CA Sales Reps – Partnering with Search Partner
- Operations
  - Logistics Manager - Sourcing
- Finance
  - Director of Finance – Offer Accepted (3/18/19)
  - 3 Robert Half Temps/Consultants on board by 3/18/19
- Advansys:
  - BIM – Final interviews
  - AR/AP Support – Offer Extended
  - Contracts Admin - Sourcing

5 Offers Accepted  
(start dates within 1 week)



Function	Open Reqs	Filled Reqs	Status	Status Notes
Engineering	1	0	○	1 (JVL)
Estimating	3	2	●	2 (TX - Offer Accepted), 1 (CA)
Finance	1	1	●	1 (TX - Offer Accepted)
HR	1	0	○	1 (JVL)
Installation	2	0	○	2 (FL - Interviewing)
IT	2	0	○	2 (JVL)
Operations	4	0	○	4 (JVL - CS, ME, Driver)
Sales	3	1	●	2 (TX - 1 Offer Accepted), 1 (CA)
Sales - A&D	3	1	●	1 (Midwest - Offer Accepted); 2 (South & East)
Service	2	0	○	1 (TX); 1 (AZ)

***Focusing on Upgrading Talent and Staffing to Drive Growth...***

# Global Communication Road Map



Month	Town Halls	Field Office / Country Town Halls	Lunch & Learns	Other	Accountable	Comments	Status
January		CA Field Office Hong Kong Malaysia China		Proactive Business Update with Key Distributors	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / M. Kontranowski		✓ 100 ✓ 100 ✓ 100 ✓ 100 ✓ 100
February			JVL - Marketing & Engineering JVL - Operations & Large Projects Dept JVL - Finance, IT & HR	Global LT Monthly Update	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli		✓ 100 ✓ 100 ✓ 100 ✓ 100
March	Global Janesville Germany Australia Hong Kong China Malaysia		US - Regional Sales Reps & Key Distributors		K. Miceli K. Narczykiewicz R. Lehmann G. Sauer W. Chiang S. Wong A. Teoh K. Miceli	March 21 & 22	
April		Germany	Germany - Key Employees	Global LT Monthly Update	K. Miceli / J. Smith K. Miceli / J. Smith K. Miceli	Post MOR/BOD meetings cascading results	
May		FL Field Office	FL - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli K. Miceli / M. Kontranowski K. Miceli	Post MOR/BOD meetings cascading results	
June				Global LT Monthly Update	K. Miceli	Post MOR/BOD meetings cascading results	
July		TX Field Office	TX - Key Employees	Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli K. Miceli	Post MOR/BOD meetings cascading results	
August	Global Janesville Germany Australia Hong Kong China Malaysia				K. Miceli K. Narczykiewicz R. Lehmann G. Sauer W. Chiang S. Wong A. Teoh		
September		Chicago Field Office	MN/IL/IN - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli K. Miceli	Post MOR/BOD meetings cascading results	
October		Australia China Malaysia	Australia, China, Malaysia - Key Employees	Global LT Monthly Update	J. Smith / K. Lawry J. Smith / K. Lawry J. Smith / K. Lawry J. Smith / K. Lawry K. Miceli	Post MOR/BOD meetings cascading results	
November		Germany Cairo	Germany - Key Employees Advansys / Cairo - Key Employees	Global LT Monthly Update	K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli / K. Lawry K. Miceli	Post MOR/BOD meetings cascading results	
December		Potomac Field Office	MD - Key Employees	Proactive Business Update with Key Distributors Global LT Monthly Update	K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli / M. Kontranowski K. Miceli	Post MOR/BOD meetings cascading results	

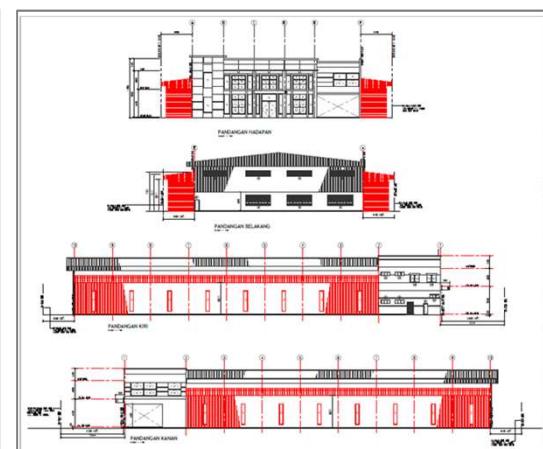
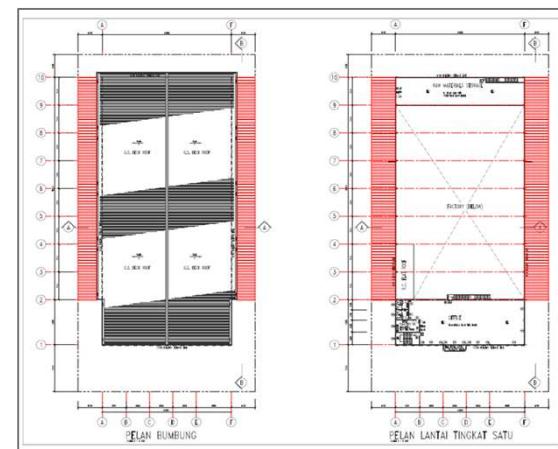
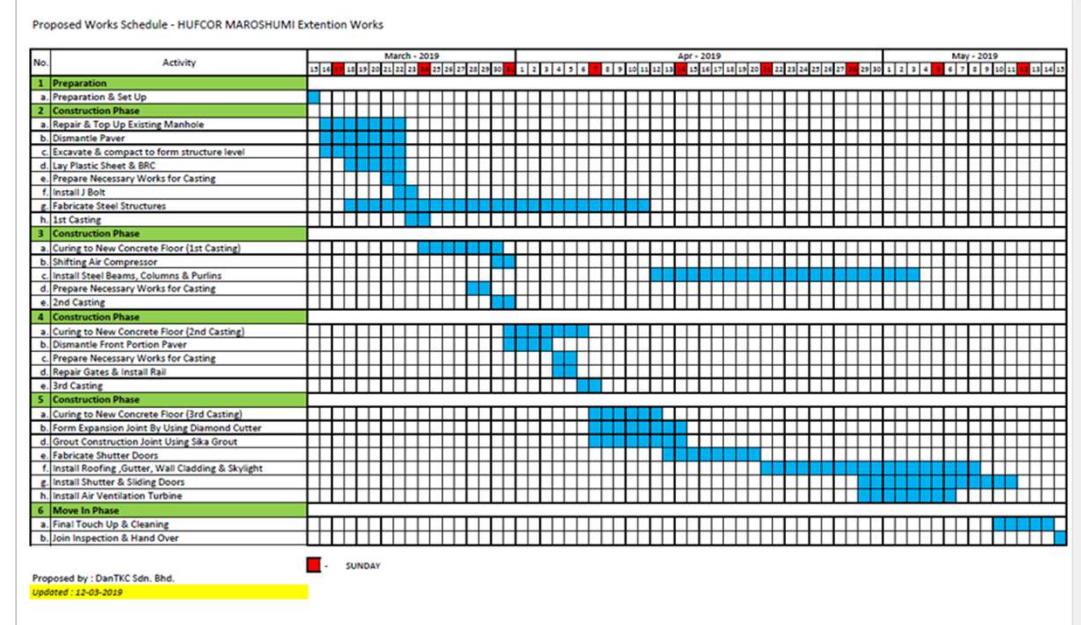
**High Touch Communication Plan Across Multiple Levels...**

## **Phase 1: Rooftop Extension & Rectify Sinking Ground**

# Construction Timeline

- Civil / Structural Design - **Completed**
  - Authority Filing – **Approved**
  - Contract Tendering - **Completed**
  - Tender Award – **Completed**
  - Project kick off meeting – **Completed**
  - Work Schedule Plan - **Approved**
  - Fix sinking ground, sump, drainage – **3 -4 WK March**
  - Ground compaction, section by section concrete casting – **throughout April**
  - Roof structural beams – **April / May**
  - Roofing , walling and doors - **May**
  - Services installation - **mid May**
  - Hand Over – **end May**

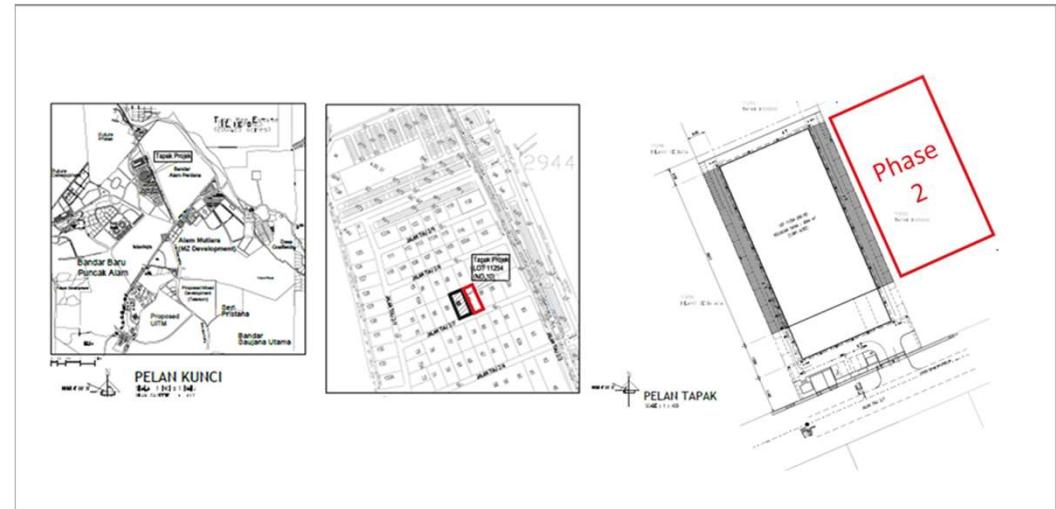
Estimated completion: **1<sup>st</sup> June 2019**



**Phase 1 Roof Extension On Schedule, by June 2019 (\$250K), Ground Breaking March 2019...**

### Proposed Phase 2 ( TBD )

- Built a new factory on vacant lot adjacent to existing building
- Decide on manufacturing platforms (700 only or with 600?)
- Conduct VSM by end March 2019
- Estimated additional floor space 2,000m
- Estimated construction cost US\$ 1.4Mil
- Construction Milestone
  - Civil / Structural Design - 2months
  - Authority Filing and Approval - 5- 6 months
  - Construction – 6-8 months
  - Certificate of Fitness - 2-3 months
  - Estimated completion end 2020



***Phase 2: 2020 (\$1.4M), Decision on Manufacturing Platform(s) Needed Before VSM...***

# EU Recovery Road Map – Melle/Zach



	EU 2017 Actuals	%	EU 2018 Actuals	%	EU 2019 Revised Plan	%	EU 2020	%
Revenue Germany					\$ 8,040,000		\$ 10,320,000	
Revenue RoEU					\$ 6,120,000		\$ 6,500,000	
<b>Total Revenue</b>	<b>\$ 8,584,288</b>		<b>\$ 11,752,058</b>		<b>\$ 14,160,000</b>		<b>\$ 16,820,000</b>	
Direct Material	\$ 3,864,803		\$ 5,825,015		\$ 6,513,000		\$ 7,400,800	
Direct Labor	\$ 993,990		\$ 1,251,730		\$ 1,146,960		\$ 1,328,780	
Inside Install Labor	\$ 0		\$ 0		\$ 85,000		\$ 170,000	
Outside Install Labor	\$ 911,495		\$ 1,202,988		\$ 1,588,000		\$ 1,800,000	
Mfg/Install Overhead	\$ 1,707,878		\$ 1,682,116		\$ 1,872,000		\$ 2,186,600	
<b>Total Cost Of Sales</b>	<b>\$ 7,478,166</b>	<b>87.1%</b>	<b>\$ 9,961,849</b>	<b>84.8%</b>	<b>\$ 11,204,960</b>	<b>79.1%</b>	<b>\$ 12,886,180</b>	<b>76.6%</b>
<b>Gross Margin</b>	<b>\$ 1,106,122</b>		<b>\$ 1,790,209</b>		<b>\$ 2,955,040</b>		<b>\$ 3,933,820</b>	
<b>% of Revenue</b>	<b>12.9%</b>		<b>15.2%</b>		<b>20.9%</b>		<b>23.4%</b>	
Selling Expense	\$ 923,969		\$ 1,307,319		\$ 1,440,000		\$ 1,600,000	
Administrative Expense	\$ 646,832		\$ 799,804		\$ 840,000		\$ 870,000	
Misc (Income)/Expense	-\$ 191,002		-\$ 73,094		\$ 72,000		\$ 75,000	
<b>Tot Selling/Admin/Misc</b>	<b>\$ 1,379,799</b>	<b>16.1%</b>	<b>\$ 2,034,029</b>	<b>17.3%</b>	<b>\$ 2,352,000</b>	<b>16.6%</b>	<b>\$ 2,545,000</b>	<b>15.1%</b>
<b>EBIT</b>	<b>-\$ 273,677</b>		<b>-\$ 243,820</b>		<b>\$ 603,040</b>		<b>\$ 1,388,820</b>	
<b>% of Revenue</b>	<b>-3.2%</b>		<b>-2.1%</b>		<b>4.3%</b>		<b>8.3%</b>	
D&A	\$ 162,155		\$ 175,750		\$ 168,000		\$ 168,000	
<b>Bank EBITDA</b>	<b>-\$ 111,522</b>		<b>-\$ 68,070</b>		<b>\$ 771,040</b>		<b>\$ 1,556,820</b>	
<b>% of Revenue</b>	<b>-1.3%</b>		<b>-0.6%</b>		<b>5.4%</b>		<b>9.3%</b>	

- The sales growth in EU has not produced material/labor productivity & SG&A has increased as a % of sales
- Legacy “agent” sales force in Germany is not driving required price or selling newer Hufcor glass products
- 2019/2020 requires a “shift” from non Hufcor selling agents to a mixed model of agents and Hufcor A&D sellers inside Germany
- Outside of Germany the focus will be the UK & France

## Updates Last 30 Days:

- First Germany sales rep starts 08Aug2019
- New sales agent in place for south Germany to get us started in the most important area of Germany
- Remaining agents will get new contract, set up in a way that they work within Hufcor parameters/requirements
- List of agents in place, prioritized by contract cancellation dates to avoid commission payments
- Visit of Zach F. planned for week of 25Mar2019 to review progress and work on glass strategy / pricing model
- Order intake trending well. YTD order intake @ \$2.8M. YTD backlog \$ 5.3M. YTD invoiced \$ 2.4M.
- France dual distribution model initiative will start after completion of 2 large projects with French distributor
- UK strategy to be developed post BREXIT. Initial discussion planned during visit of Zach F. and UK manager week of 25Mar2019

***EU Region Has Operated at Negative EBITDA for Multiple Years...***

## New German Model:

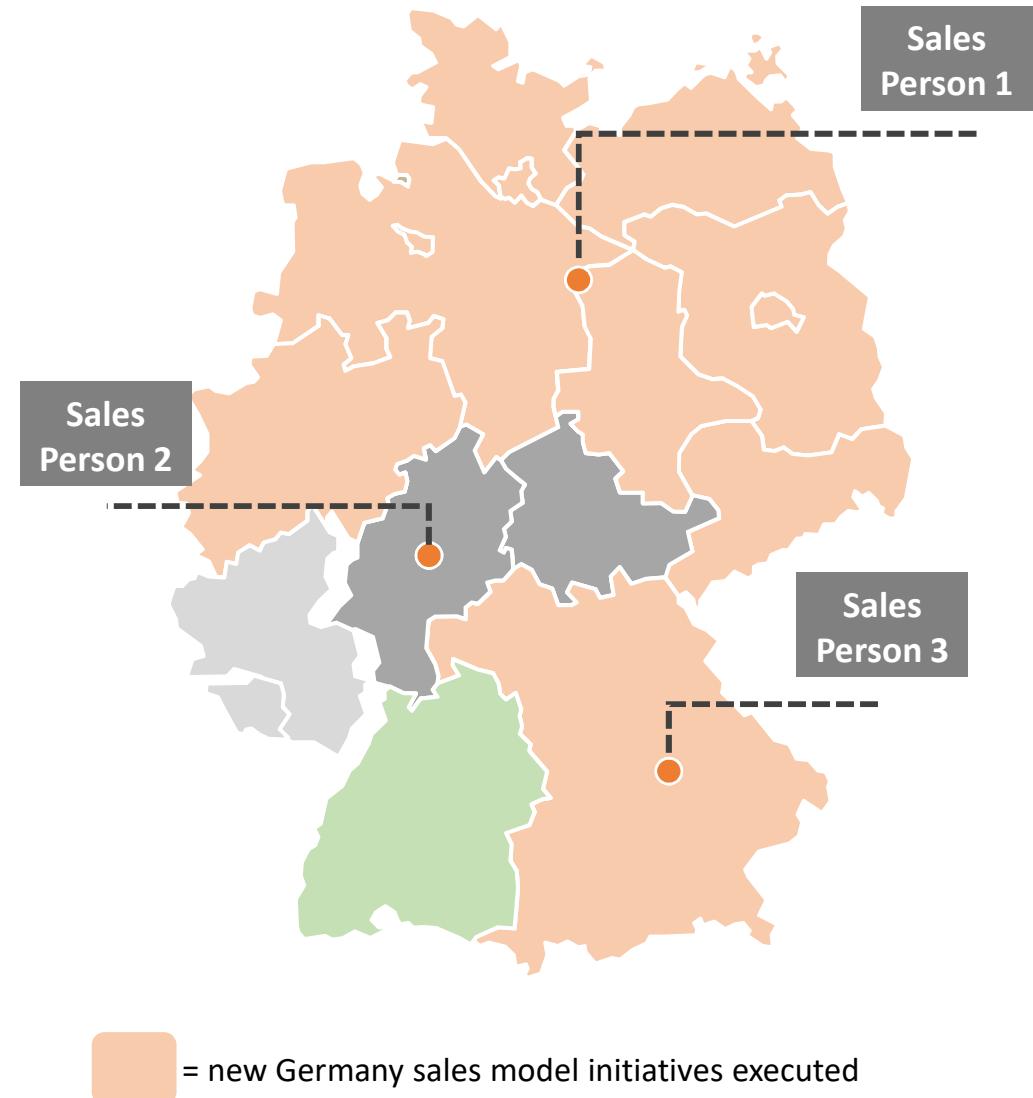
- Going from 19 independent agents to 6 and hiring 3 of our own, as well as Business Development function
- New German model enables us to grow the next 4 years
- Considering adding outside installation support in Germany in 2019
- Strong 2019 Backlog supports the growth model

## Timeline:

- Q1: BD in place and A&D focus increase
- Q2: Rep 1 onboard
- Q3: Rep 2 & 3 onboard & installation team in place
- Q4: All contracts with agents cancelled

## Update Last 30 Days:

- In negotiation phase with 2<sup>nd</sup> BD/Sales role
- Contract with 4 agents terminated, including agent with largest area/revenue
- Started with 2 new agents in South Germany in order not to loose momentum in largest area of Germany. They are HUFCOR exclusive and former installation companies.



*Convert from 19 Independent Agents to 6, Hire 3 Hufcor Sales People...*

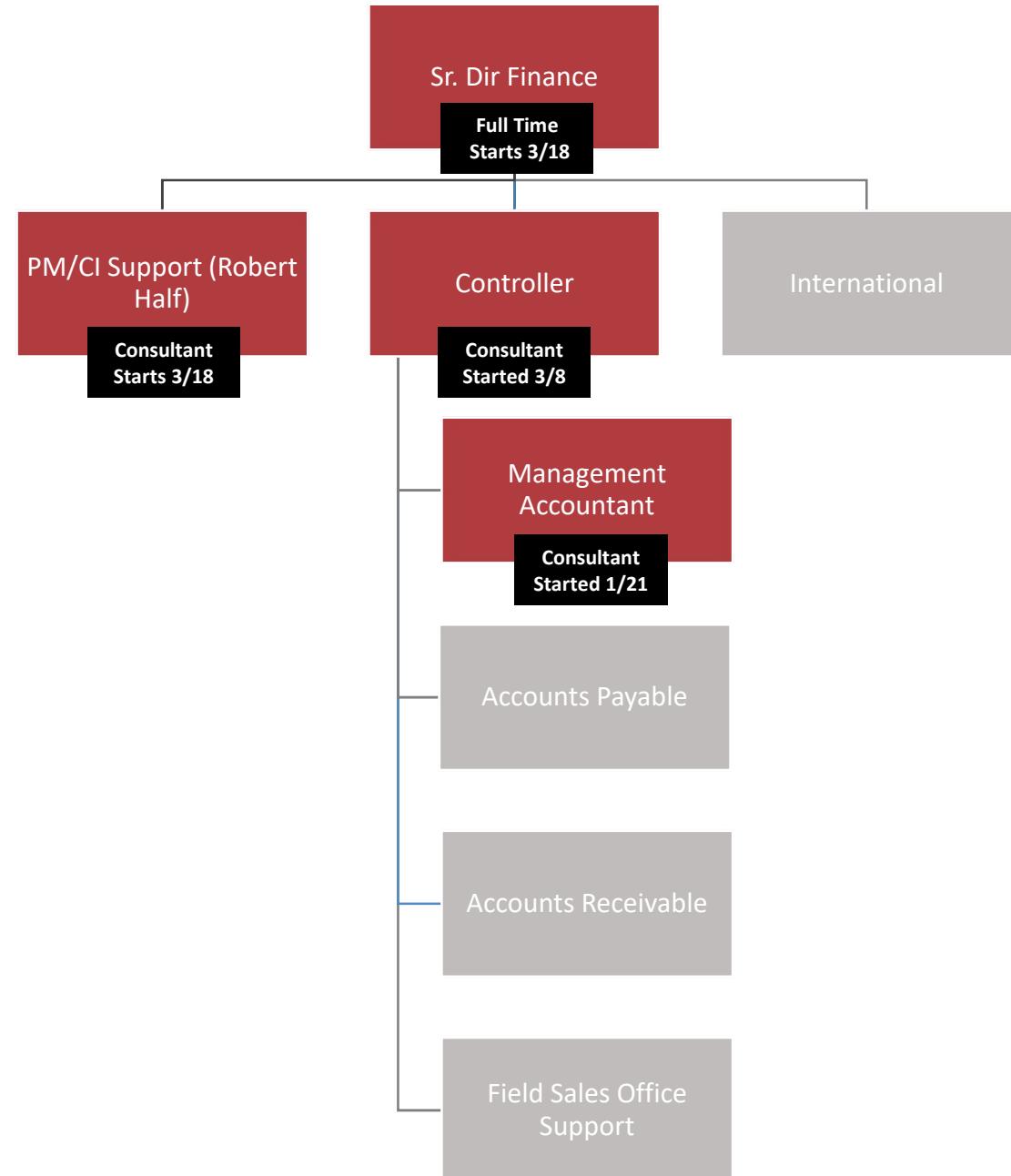
# Finance Organization – Current Coverage



## Current State:

- Sr. Director Finance
  - Starts: 3/18
- Continuous Improvement PM (Robert Half)
  - Starts: 3/18
  - Backup Resource (2 deep on MEC)
- Controller (Robert Half)
  - Started: 3/8
- Management Accountant (Robert Half)
  - Started 1/21

Next 30 day focus is on documentation of current state and locking down month end close process, will quickly convert some of the Robert Half Consulting resources to continuous improvement...



# Field Office Learning(s) – South West



## Hufcor AP

	ID_Invoice_Count	\$s		
2018 Total	2,514	\$10,695,900.01		
Vendor_Name	ID_Invoice_Count	\$s	\$	Count
Hufcor Inc	846	\$6,383,062.23	59.7%	33.7%
Sunstate Installations Inc	325	\$1,673,185.45	15.6%	12.9%
Crown Incorporated	15	\$389,080.00	3.6%	0.6%
Litania Sports Group Inc	103	\$312,915.01	2.9%	4.1%
Interkal	19	\$172,089.62	1.6%	0.8%
Sports Equipment Installation Inc	50	\$162,909.42	1.5%	2.0%
DGJD Inc	7	\$162,672.64	1.5%	0.3%
Galura Vinyl Wall Covering	12	\$127,960.00	1.2%	0.5%

## Overview:

- 53% of the \$s and 34% of the invoices that the SW FO manually processed last year are from Hufcor JVL
  - Need to automate the Hufcor to Hufcor transactions
  - Today a Hufcor JVL invoice is “manually” reentered back into QuickBooks at the FO
- Need to work on automating and streamlining how we are billed to reduce paperwork...

## Hufcor AR

	2018 Debit	2018 Credit	
2018 Total	\$337,379.73	\$13,509,175.66	
Customer/Project Name	Debit	Credit	% of Total
MGM Resorts:170340 MGM Grand Convention Center	\$182,102.07	\$4,404,499.71	33%
Turner Construction Company-Anaheim:160238 Anaheim Conv Ctr Betterment	\$17,181.00	\$328,379.27	2%
Pasadena Center Operating Company:180111 Pasadena Convention Center	\$0.00	\$271,902.25	2%
TFW Construction Development:170291 Lot 23 - Lift	\$2,850.00	\$253,310.91	2%
Swinerton Builders Inc-LA:180126 Sycuan Casino	\$0.00	\$236,618.69	2%
Beaver County School District:180214 Milford HS- Bleachers	\$0.00	\$164,072.00	1%
Ed Grush General Contractor Inc:170176 YULA	\$0.00	\$155,804.03	1%
Bruns Belmont Construction:170103 Cottonwood Elementary STEAM	\$5,224.77	\$149,290.47	1%
Burke Construtction Group:170369 LTS-Phoenix	\$0.00	\$124,693.00	1%
Burke Construtction Group:170354 LTS-Cadence	\$0.00	\$122,983.90	1%
TFW Construction Development:170302 Lot 24 Carlsbad Oaks	\$6,018.00	\$102,568.76	1%
AZ Service:Hyatt Regency Scottsdale:18120	\$0.00	\$94,568.00	1%
AF Construction:180127 Coral Academy of Science	\$0.00	\$91,605.33	1%
Paul C Miller Construction:170347 Troy HS	\$0.00	\$91,558.85	1%
Tilden-Coil Constructors, Inc.:170146 CBU College of Engineering	\$0.00	\$91,397.88	1%
DPR Construction - San Diego CA:180176 Neurocrine	\$4,393.32	\$89,278.59	1%

Count
Total in 2018
Projects Under \$2K

## Overview:

- 51% of all projects in 2018 were under \$2K
- We should begin using a credit card to receive payment real time vs. chasing hundreds of invoices

**Majority of Transactions are Internally Driven & Manual, 50% of Customer Invoices Under \$2K...**

## PartitionStudio™

Sign in to access your account

Remember Me

[Reset Password](#)
  
  
[SIGN IN](#)

### Wall Configurator

Identity    Product    Room    Faces    Track    Panels

**Product Selection**

Product Group: Glasswall  
 Product Style: Paired Panels  
 Product Series: GL2 (Frameless Glasswall)

**Product Attributes**

Unispan: Not Required (radio button selected)

**Wall End Conditions**

Left Wall: 2" Wall Gap  
 Right Wall: 1/2" Wall Gap

**Paired Panels**

Panels are hinged in pairs allowing fast setup. They may be stacked at either or both ends of the track or in a "pocket". One or more pair of panels may also be placed anywhere along the track for use as sight dividers.

**Standard Features**

**Panels**

- Panels are of glass, mechanically fastened to top and bottom horizontal rails

**Rails**

- The support rails are of anodized aluminum

**Glass**

- Glass options
- Glass options

Series: GL2 • Opening Width: 0' 0" • Opening Height: 0' 0" • Gross Track: 0 • Gross Panels: 0

## Partition Studio (PS5):

- Fully operational website April 8th for start of Sales School Training
- Customer Service validation April 12 (2 weeks of testing)

## HX Programming being incorporated

- Working through data and changes with descriptor builder code and freight planning out of Athens
- Materials / Colors / Constructions still being developed

## Resources

- Continue to work with Advansys on coding, onboarding/skill set ramp period took longer than expected
- Prioritizing internal Hufcor JVL resources to focus only on PS5 while managing through old PS4 actions that arise

***Partition Studio 5 Launch Mid-April, Aggressively Working Through Issues...***

# Domestic Market (ABI > 50)

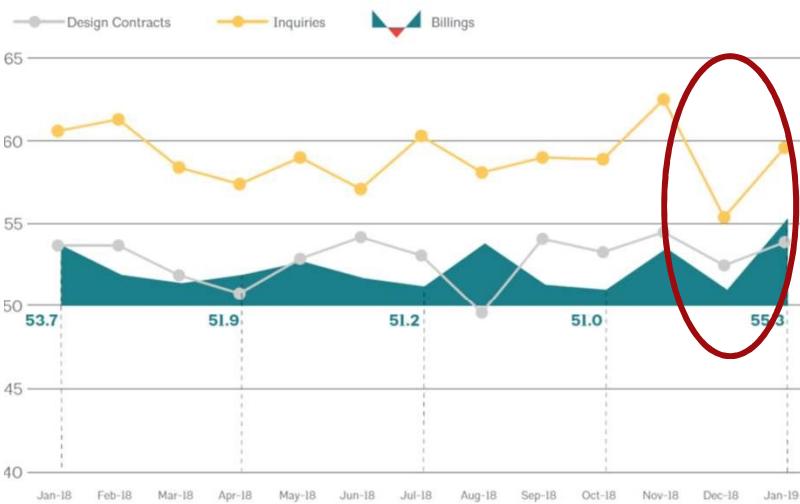
I: \$3.0M



## National

Architecture firm report strengthening billings to start 2019

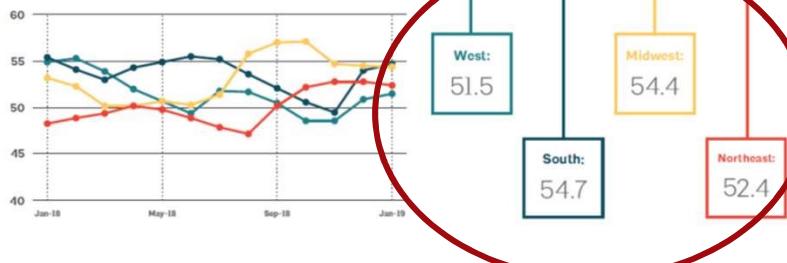
Graphs represent data from January 2018–January 2019.



## Regional

Firms in all regions of the country report strong billings growth

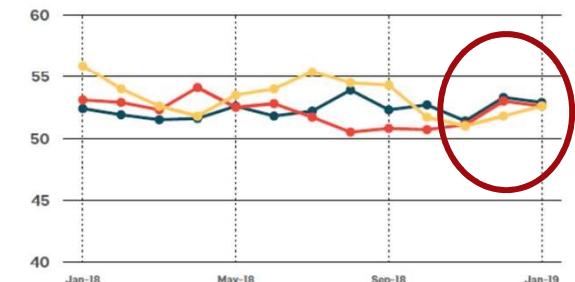
Graphs represent data from January 2018–January 2019 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



## Sector

Business conditions continue to improve at firms of all specializations

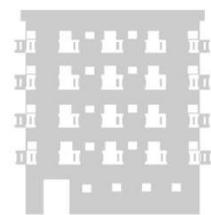
Graphs represent data from January 2018–January 2019 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



**Commercial/Industrial:** 52.6



**Institutional:** 52.9



**Residential:** 52.6

Despite concerns about the longest government shutdown in history that lingered well into January, architecture firms reported very strong firm billings to start 2019. The AIA's Architecture Billings Index (ABI) score climbed to 55.3 in January, the highest score in more than two years and substantially higher than the modest growth seen throughout 2018. Indicators of work in the pipeline, including inquiries into new projects and the value of new design contracts, also strengthened in January.

Billings growth was also reported by architecture firms of all specializations in January. Firms in both the South and West regions reported stronger firm billings, following some softness near the end of 2018, while firms in the Northeast reported steady growth for the fifth consecutive month, following a period of declining billings during the first half of 2018. And firms of all specializations also reported improving business conditions in January, although the pace of growth slowed modestly at firms with commercial/industrial and institutional specializations. Effects of the government shutdown were also generally modest across the broader economy in January. On one hand, The Conference Board's [Consumer Confidence Index](#) dropped in both January and December, largely due to a decline in the short-term consumer outlook for income, business, and labor market conditions. While this decline is most likely due to the shutdown, it is not expected to have a lasting negative impact on consumer confidence and does not appear to indicate the start of a broader downturn.

**55.3 in January, the highest score in more than two years ...**

## Executive Summary

## Key Initiatives & 2019 Plan

## Financial Review

## Governance Reporting

## Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

# P&L by Location - Domestic



	Janesville	RVTC	Chicago	Indiana	Minnesota	Potomac	Southeast	Southwest	Texas	Sales OH	Total Domestic
<b>Net Revenue</b>	<b>5,376,198</b>	<b>363,420</b>	<b>497,212</b>	<b>117,973</b>	<b>400,438</b>	<b>358,215</b>	<b>1,268,332</b>	<b>725,092</b>	<b>1,120,436</b>	<b>4,487,698</b>	<b>7,326,335</b>
Material	2,588,163	0	283,740	64,403	229,113	159,948	726,320	321,618	699,860	0	2,085,004
Labor	1,328,388	36,345	111,667	12,271	86,723	108,017	198,622	214,612	185,624	0	2,282,269
Other COGS	483,099	292,558	5,792	2,084	2,634	9,317	67,557	12,096	40,064	0	915,201
<b>Total COGS</b>	<b>4,399,650</b>	<b>328,903</b>	<b>401,199</b>	<b>78,758</b>	<b>318,470</b>	<b>277,282</b>	<b>992,499</b>	<b>548,326</b>	<b>925,548</b>	<b>3,542,082</b>	<b>5,282,474</b>
<b>Gross Margin</b>	<b>976,548</b>	<b>34,517</b>	<b>96,013</b>	<b>39,215</b>	<b>81,968</b>	<b>80,933</b>	<b>275,833</b>	<b>176,766</b>	<b>194,888</b>	<b>945,616</b>	<b>2,043,861</b>
<i>Gross Margin %</i>	18.16%	9.50%	19.31%	33.24%	20.47%	22.59%	21.75%	24.38%	17.39%	21.07%	27.90%
R&D	0	0	0	0	0	0	0	0	0	0	0
Sales & marketing	222,230	0	60,504	15,168	42,946	44,802	124,874	81,712	85,939	0	678,175
Administrative	624,137	9,104	22,244	3,288	11,781	16,041	53,611	65,097	73,604	0	878,907
<i>Other Opex</i>	-3,237	0	0	0	0	0	-1,250	217	-24	0	-4,294
<b>Total OPEX (excl D&amp;A)</b>	<b>843,130</b>	<b>9,104</b>	<b>82,748</b>	<b>18,456</b>	<b>54,727</b>	<b>60,843</b>	<b>177,235</b>	<b>147,026</b>	<b>159,519</b>	<b>0</b>	<b>1,552,788</b>
<b>EBITDA</b>	<b>133,418</b>	<b>25,413</b>	<b>13,265</b>	<b>20,759</b>	<b>27,241</b>	<b>20,090</b>	<b>98,598</b>	<b>29,740</b>	<b>35,369</b>	<b>945,616</b>	<b>491,073</b>
<i>EBITDA Margin %</i>	2.48%	6.99%	2.67%	17.60%	6.80%	5.61%	7.77%	4.10%	3.16%	21.07%	6.70%

# P&L by Location – International & Consolidated



	HK/Macau	China/Shanghai	Malaysia/Singapore	Australia Consol	Europe	Total Int'l	CONSOLIDATED
<b>Net Revenue</b>	<b>349,351</b>	<b>119,704</b>	<b>240,057</b>	<b>2,180,054</b>	<b>996,281</b>	<b>3,852,134</b>	<b>11,178,469</b>
Material	100,652	45,684	104,964	1,114,868	451,686	1,765,953	3,850,957
Labor	158,728	56,146	49,043	484,955	303,768	1,052,640	3,334,909
Other COGS	28,609	-17	13,445	116,631	43,833	202,501	1,117,702
<b>Total COGS</b>	<b>287,989</b>	<b>101,813</b>	<b>167,452</b>	<b>1,716,454</b>	<b>799,287</b>	<b>3,021,094</b>	<b>8,303,568</b>
<b>Gross Margin</b>	<b>61,362</b>	<b>17,891</b>	<b>72,605</b>	<b>463,600</b>	<b>196,994</b>	<b>831,040</b>	<b>2,874,901</b>
<i>Gross Margin %</i>	17.56%	14.95%	30.24%	21.27%	19.77%	21.57%	25.72%
R&D	0	0	0	0	0	0	0
Sales & marketing	50,157	21,697	24,516	199,925	110,617	406,912	1,085,087
Administrative	68,442	46,285	24,221	153,647	44,677	337,272	1,216,179
<b>Other Opex</b>	<b>4,960</b>	<b>1,483</b>	<b>-9,057</b>	<b>-780</b>	<b>1,150</b>	<b>-2,244</b>	<b>-6,538</b>
<b>Total OPEX (excl D&amp;A)</b>	<b>123,559</b>	<b>69,465</b>	<b>39,680</b>	<b>352,792</b>	<b>156,444</b>	<b>741,940</b>	<b>2,294,728</b>
<b>EBITDA</b>	<b>-62,197</b>	<b>-51,574</b>	<b>32,925</b>	<b>110,808</b>	<b>40,550</b>	<b>89,100</b>	<b>580,173</b>
<i>EBITDA Margin %</i>	-17.80%	-43.08%	13.72%	5.08%	4.07%	2.31%	5.19%

# Balance Sheet



\$'000	Dec-18 Act	Dec-18		Jan-19		Feb-19		Variance	
		Act	Act	Act	Bud	\$	%		
<b><u>Current Assets</u></b>									
Cash and cash equivalents	\$ 2,668	\$ 2,668	\$ 2,929	\$ 2,754	\$ 3,500	\$ (746)	(21.3%)		
Short term investments	–	–	–	–	–	–	N/A		
Accounts receivable, gross	36,879	36,879	35,320	37,264	31,916	5,348	16.8%		
Accounts receivable, reserves	(1,407)	(1,407)	(1,455)	(1,545)	–	(1,545)	N/A		
Accounts receivable, net	35,472	35,472	33,865	35,719	31,916	3,803	11.9%		
Inventory, gross	13,393	13,393	14,393	15,038	12,302	2,736	22.2%		
Inventory, reserves	(298)	(298)	(243)	(253)	–	(253)	N/A		
Inventory, net	13,095	13,095	14,150	14,785	12,302	2,483	20.2%		
Prepaid expenses and other current assets	1,666	1,666	1,832	1,728	2,028	(299)	(14.8%)		
Current portion of deferred taxes	5,559	5,559	5,612	5,579	5,797	(218)	(3.8%)		
Other current assets	261	261	285	331	–	331	N/A		
<b>Total Current Assets</b>	<b>58,721</b>	<b>58,721</b>	<b>58,673</b>	<b>60,897</b>	<b>55,543</b>	<b>5,354</b>	<b>9.6%</b>		
<b><u>Non-Current Assets</u></b>									
Property, plant & equipment, gross	36,262	36,262	36,688	37,895	37,923	(28)	(0.1%)		
Accumulated depreciation	(22,835)	(22,835)	(23,108)	(23,208)	(22,835)	(373)	1.6%		
Property, plant & equipment, net	13,427	13,427	13,580	14,687	15,089	(401)	(2.7%)		
Identifiable intangible assets, gross	15,231	15,231	15,247	15,236	9,039	6,197	68.6%		
Accumulated amortization	(5,523)	(5,523)	(5,870)	(6,215)	–	(6,215)	N/A		
Identifiable intangible assets, net	9,707	9,707	9,377	9,022	9,039	(18)	(0.2%)		
Deferred financing cost	1,950	1,950	1,906	1,955	1,903	52	2.7%		
Other non-current assets	3,719	3,719	3,723	2,705	2,696	9	0.3%		
<b>Total Non-Current Assets</b>	<b>28,804</b>	<b>28,804</b>	<b>28,585</b>	<b>28,368</b>	<b>28,727</b>	<b>(359)</b>	<b>(1.2%)</b>		
<b>Total Assets</b>	<b>\$ 87,524</b>	<b>\$ 87,524</b>	<b>\$ 87,258</b>	<b>\$ 89,265</b>	<b>\$ 84,270</b>	<b>\$ 4,996</b>	<b>5.9%</b>		
<b><u>Current Liabilities</u></b>									
Current portion of long-term debt	\$ 835	\$ 835	\$ 1,250	\$ 835	\$ 835	–	0.0%		
Line of Credit	7,832	7,832	10,203	11,382	7,979	3,403	42.6%		
Accounts payable	13,527	13,527	12,301	12,035	9,666	2,369	24.5%		
Accrued liabilities	6,224	6,224	6,134	6,842	6,334	508	8.0%		
Accrued compensation	2,121	2,121	1,508	1,551	–	1,551	N/A		
Income taxes payable	129	129	83	113	260	(146)	(56.3%)		
Other current liabilities	2,721	2,721	2,630	2,911	2,011	900	44.7%		
<b>Total Current Liabilities</b>	<b>33,389</b>	<b>33,389</b>	<b>34,108</b>	<b>36,531</b>	<b>27,085</b>	<b>9,446</b>	<b>34.9%</b>		
<b><u>Long-term liabilities</u></b>									
Long-term debt less current maturities	31,730	31,730	31,521	31,521	31,521	0	0.0%		
Deferred income taxes	46	46	47	68	45	24	53.5%		
Other non-current liabilities	46	46	48	47	49	(2)	(4.8%)		
<b>Total Long-Term Liabilities</b>	<b>31,822</b>	<b>31,822</b>	<b>31,616</b>	<b>31,636</b>	<b>31,615</b>	<b>22</b>	<b>0.1%</b>		
<b>Total Liabilities</b>	<b>65,211</b>	<b>65,211</b>	<b>65,724</b>	<b>68,167</b>	<b>58,700</b>	<b>9,468</b>	<b>16.1%</b>		
<b><u>Shareholders' Equity</u></b>									
Common stock	–	–	–	–	–	–	N/A		
Capital in excess of stated value	36,350	36,350	36,350	36,350	36,350	–	0.0%		
Retained earnings	(14,038)	(14,038)	(14,966)	(15,125)	(11,590)	(3,535)	30.5%		
Accumulated other comprehensive income	47	47	512	512	47	465	991.1%		
Other equity transactions	(46)	(46)	(361)	(460)	763	(1,223)	(160.3%)		
<b>Total Shareholders' Equity</b>	<b>22,313</b>	<b>22,313</b>	<b>21,535</b>	<b>21,278</b>	<b>25,570</b>	<b>(4,292)</b>	<b>(16.8%)</b>		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 87,524</b>	<b>\$ 87,524</b>	<b>\$ 87,258</b>	<b>\$ 89,445</b>	<b>\$ 84,270</b>	<b>\$ 5,176</b>	<b>6.1%</b>		

## Management Discussion

### Working Capital:

- A new program will be created once the new budget has been established (Target March)

### A/R, Net:

- A/R collection efforts are still in effect but February was a slow month. Out of \$1.9M AR increase, \$0.9M is just a reclassification of a down payment (GIBCA).
- A new program of domestically special focus on top30 overdue has been started.

### Inventory:

- Inventory has been further increased by \$600k

### AP:

- Based on careful cash management, AP stayed flat MoM.

### Total Debt:

- Based on the topics above working capital has been increased by \$1.6M and the line of credit has been increased by \$1.2M.

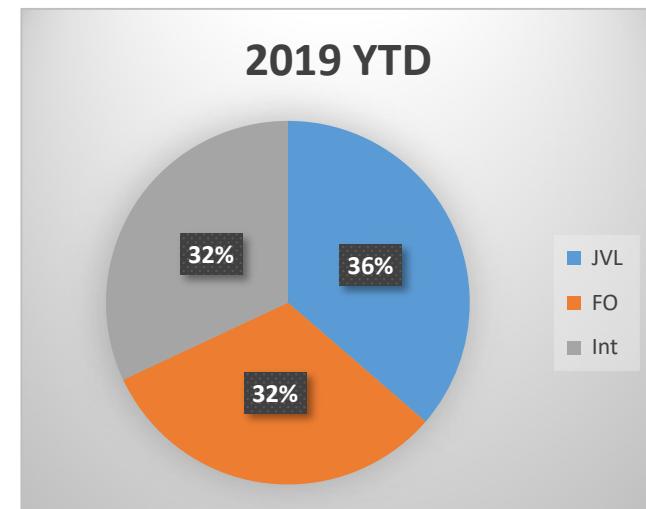
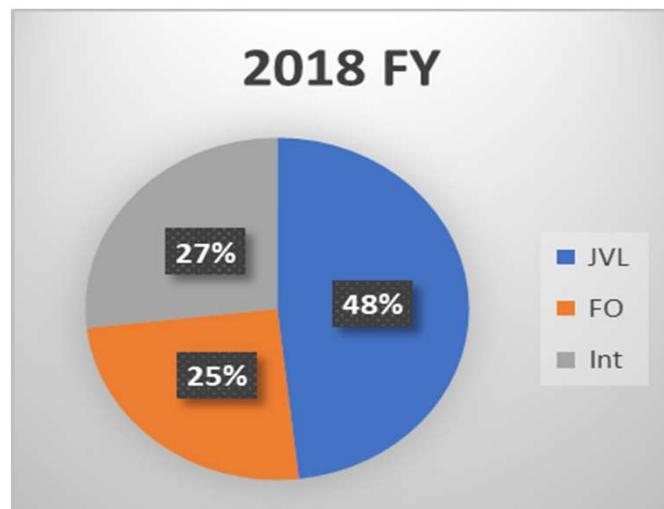
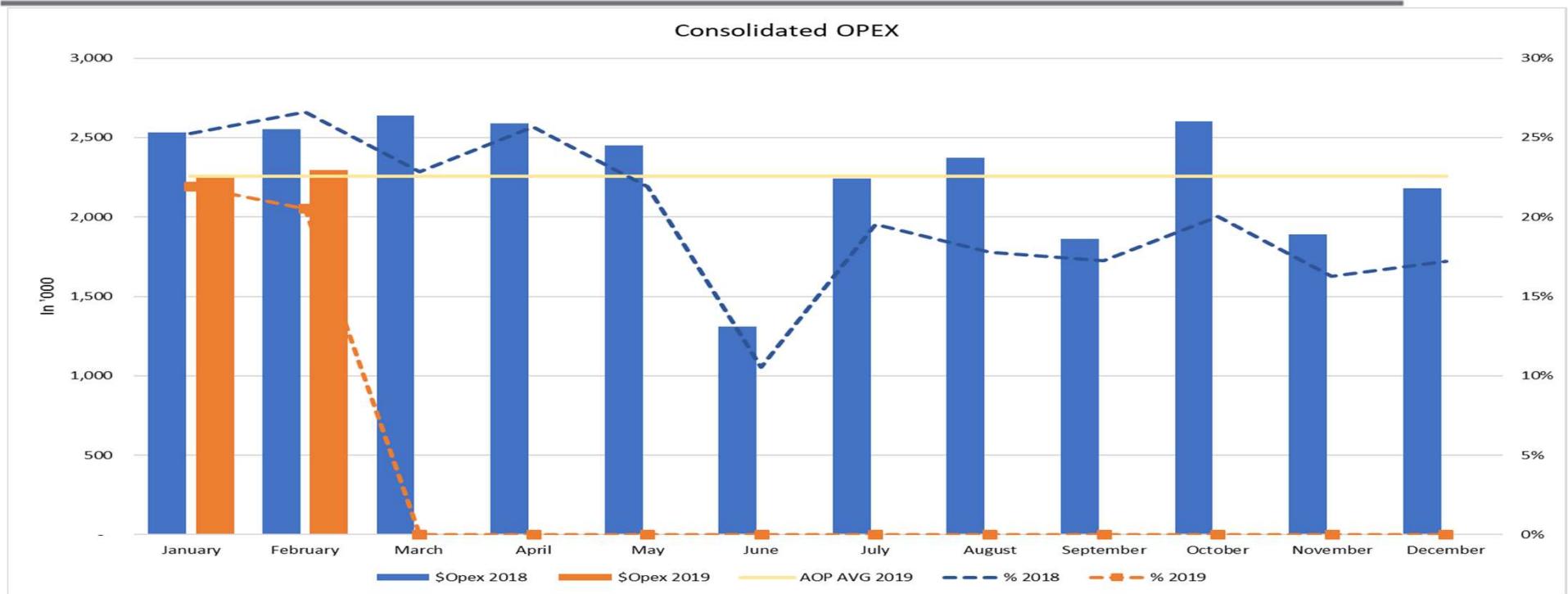
\$'000	MTD				Variance				PY MTD				Variance				YTD				Var		PY YTD	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	Bud	\$	%	Act	%	Act	%	Act	%	Act	%	
<b>Opex Overview:</b>																								
Payroll	\$ 1,023	\$ 1,194	\$ (171)	(14.3%)	\$ 1,167	\$ (144)	(12.4%)	\$ 2,079	\$ 2,388	\$ (309)	(12.9%)	\$ 2,421	\$ (2,421)	(14.1%)	\$ 2,421	\$ (2,421)	(14.1%)	\$ 2,421	\$ (2,421)	(14.1%)	\$ 2,421	\$ (2,421)	(14.1%)	
Benefits	209	250	(41)	(16.4%)	264	(55)	(20.8%)	448	501	(52)	(10.4%)	588	\$ 588	(23.7%)	\$ 588	\$ (588)	(23.7%)	\$ 588	\$ (588)	(23.7%)	\$ 588	\$ (588)	(23.7%)	
Bonus	176	112	64	57.4%	159	18	11.1%	352	224	128	57.4%	293	\$ 293	20.2%	\$ 293	\$ (293)	20.2%	\$ 293	\$ (293)	20.2%	\$ 293	\$ (293)	20.2%	
Marketing	22	28	(5)	(19.6%)	101	(79)	(77.9%)	37	56	(19)	(33.3%)	131	\$ 131	(71.6%)	\$ 131	\$ (131)	(71.6%)	\$ 131	\$ (131)	(71.6%)	\$ 131	\$ (131)	(71.6%)	
Commissions	159	191	(32)	(16.6%)	144	15	10.4%	293	382	(89)	(23.3%)	284	\$ 284	3.2%	\$ 284	\$ (284)	3.2%	\$ 284	\$ (284)	3.2%	\$ 284	\$ (284)	3.2%	
Travel and Entertainment	82	87	(4)	(5.2%)	105	(23)	(21.8%)	162	173	(11)	(6.3%)	202	\$ 202	(19.6%)	\$ 202	\$ (202)	(19.6%)	\$ 202	\$ (202)	(19.6%)	\$ 202	\$ (202)	(19.6%)	
Rent and Facilities	69	65	4	6.1%	66	3	4.4%	137	130	7	5.8%	130	\$ 130	5.8%	\$ 130	\$ (130)	5.8%	\$ 130	\$ (130)	5.8%	\$ 130	\$ (130)	5.8%	
Insurance	43	32	11	35.1%	32	11	33.4%	78	63	15	23.1%	63	\$ 63	23.2%	\$ 63	\$ (63)	23.2%	\$ 63	\$ (63)	23.2%	\$ 63	\$ (63)	23.2%	
Professional Fees	76	69	7	9.9%	81	(5)	(6.2%)	154	138	16	11.4%	162	\$ 162	(5.2%)	\$ 162	\$ (162)	(5.2%)	\$ 162	\$ (162)	(5.2%)	\$ 162	\$ (162)	(5.2%)	
Utl., Repair, Maint., & Sec.	38	34	4	10.5%	36	2	5.3%	66	69	(3)	(3.6%)	73	\$ 73	(9.7%)	\$ 73	\$ (73)	(9.7%)	\$ 73	\$ (73)	(9.7%)	\$ 73	\$ (73)	(9.7%)	
Office Expenses	4	6	(2)	(32.5%)	5	(1)	(14.7%)	9	12	(3)	(25.6%)	10	\$ 10	(10.2%)	\$ 10	\$ (10)	(10.2%)	\$ 10	\$ (10)	(10.2%)	\$ 10	\$ (10)	(10.2%)	
IT	58	48	10	21.5%	59	(1)	(1.4%)	113	95	18	18.9%	119	\$ 119	(5.0%)	\$ 119	\$ (119)	(5.0%)	\$ 119	\$ (119)	(5.0%)	\$ 119	\$ (119)	(5.0%)	
Bad Debts	127	12	115	967.9%	40	88	220.4%	192	24	168	703.5%	62	\$ 62	208.5%	\$ 62	\$ (62)	208.5%	\$ 62	\$ (62)	208.5%	\$ 62	\$ (62)	208.5%	
Supplies	10	18	(7)	(41.6%)	23	(12)	(54.6%)	35	35	0	0.1%	60	\$ 60	(41.4%)	\$ 60	\$ (60)	(41.4%)	\$ 60	\$ (60)	(41.4%)	\$ 60	\$ (60)	(41.4%)	
FX	—	—	—	N/A	50	(50)	(100.0%)	—	—	—	N/A	4	\$ 4	(100.0%)	\$ 4	\$ (4)	(100.0%)	\$ 4	\$ (4)	(100.0%)	\$ 4	\$ (4)	(100.0%)	
Other Expenses	198	114	84	74.3%	254	(56)	(22.0%)	385	227	158	69.7%	468	\$ 468	(17.6%)	\$ 468	\$ (468)	(17.6%)	\$ 468	\$ (468)	(17.6%)	\$ 468	\$ (468)	(17.6%)	
<b>Total Opex</b>	<b>\$ 2,295</b>	<b>\$ 2,258</b>	<b>\$ 36</b>	<b>1.6%</b>	<b>\$ 2,584</b>	<b>\$ (290)</b>	<b>(11.2%)</b>	<b>\$ 4,542</b>	<b>\$ 4,517</b>	<b>\$ 25</b>	<b>0.6%</b>	<b>\$ 5,070</b>	<b>\$ (10.4%)</b>											

## Management Discussion

- Payroll/Benefits:** Compensation expense below AOP in line with expectations
- Bonus:** We started new bonus accruals for 2019 at 100%. In addition we are accruing 10k/month for sales push program for glass (accrued in other)
- Marketing:**
- Commissions:**
- Travel and Entertainment:**
- Bad Debt:** The \$127k bad debt is mainly driven by the intended build up to the standard accrual and some write offs in Texas (\$32k)
- Professional Fees:**
- Other Expenses:**

*Start of the Year in Line with Expectations...*

# OPEX Summary



*Start of the Year in Line with Expectations...*

# AR & AP Aging Detail



\$'000

AR Aging						
Days	Dec-18	%	Dec-18	Jan-19	Feb-19	%
0-30	\$ 16,376	44.4%	\$ 16,376	\$ 17,425	\$ 17,585	47.2%
30-60	5,342	14.5%	5,342	3,956	4,976	13.4%
60-90	3,176	8.6%	3,176	2,707	3,503	9.4%
>90	11,985	32.5%	11,985	11,232	11,201	30.1%
<b>Total Gross AR</b>	<b>\$ 36,879</b>	<b>100.0%</b>	<b>\$ 36,879</b>	<b>\$ 35,320</b>	<b>\$ 37,264</b>	<b>100.0%</b>
<b>Reserves</b>	(1,407)		(1,407)	(1,455)	(1,545)	
<b>Total Net AR</b>	<b>\$ 35,472</b>		<b>\$ 35,472</b>	<b>\$ 33,865</b>	<b>\$ 35,719</b>	
<b>Change in AR Reserve</b>			(205)	(48)	(90)	
<b>Actual Bad Debt P&amp;L Charge</b>			295	64	127	
<b>LTM Bad Debt P&amp;L Charge</b>			<b>\$ 434</b>	<b>\$ 403</b>	<b>\$ 375</b>	

AP Aging						
Days	Dec-18	Dec-18	Jan-19	Feb-19	%	
0-30	\$ 10,682	\$ 10,682	\$ 9,608	\$ 9,187	76.3%	
30-60	1,234	1,234	555	730	6.1%	
60-90	343	343	640	643	5.3%	
>90	1,268	1,268	1,498	1,475	12.3%	
<b>Total</b>	<b>\$ 13,526</b>	<b>\$ 13,526</b>	<b>\$ 12,301</b>	<b>\$ 12,035</b>	<b>100.0%</b>	

Retainage						
Days	Dec-18	%	Dec-18	Jan-19	Feb-19	%
0-30	\$ 1,182	3.2%	\$ 1,197	\$ 1,182	\$ 910	2.4%
% of AR	7.2%		7.3%	6.8%	5.2%	
30-60	325	0.9%	318	325	642	1.7%
% of AR	6.1%		5.9%	8.2%	12.9%	
60-90	337	0.9%	522	337	347	0.9%
% of AR	10.6%		16.4%	12.4%	9.9%	
>90	3,037	8.2%	3,717	3,037	3,259	8.7%
% of AR	25.3%		31.0%	27.0%	29.1%	
<b>Total Retainage</b>	<b>\$ 4,881</b>	<b>13.2%</b>	<b>\$ 5,754</b>	<b>\$ 4,881</b>	<b>\$ 5,158</b>	<b>13.8%</b>
% of AR	13.2%		15.6%	13.8%	13.8%	

# Accrued Liabilities – Current (Excluding Debt)



\$'000

## Accrued Liabilities - Current (Excluding Debt)

Account Name	Nov-18	Dec-18	Jan-19	Feb-19	%
Accrued Compensation	\$ 2,088	\$ 2,121	\$ 1,508	\$ 1,551	12.6%
Income Taxes Payable	298	129	83	113	0.9%
Customer Deposits	540	545	817	724	5.9%
Accrued Bonuses	103	307	487	679	5.5%
Accrued Insurance	1,064	800	1,034	1,271	10.3%
Accrued Commission	319	330	265	224	1.8%
Accrued Interest	512	799	260	510	4.1%
Accrued Professional Fees	359	278	202	312	2.5%
Accrued Supplier Invoices	346	302	163	195	1.6%
Transaction Cost Accrual	-	-	-	-	—
Accrued Other Non-Income Taxes	1,123	1,005	1,039	1,141	9.3%
Curr Portion Emp Retirement Plans	1,143	1,039	995	989	8.1%
Accrued Warranty	845	1,549	1,572	1,605	13.1%
All Other	2,163	1,992	1,930	2,965	24.1%
<b>Total Accrued Liabilities</b>	<b>\$ 10,904</b>	<b>\$ 11,195</b>	<b>\$ 10,354</b>	<b>\$ 12,278</b>	<b>100.0%</b>

# Cash Flow Statement



\$'000	MTD		Variance		PY-MTD		Variance		YTD		Variance		PY YTD		Variance	
	Act	Bud	\$	%	Act	\$	%	Act	Bud	\$	%	Act	\$	%	Act	\$
<b>Cash flow from operations</b>																
Net Income (Loss)	\$ (339)	\$ (383)	\$ 44	(11.6%)	\$ (1,506)	\$ 1,167	(77.5%)	\$ (1,266)	\$ (1,142)	\$ (124)	10.9%	\$ (2,973)	\$ 1,707	(57.4%)		
Depreciation, amortization and other	495	577	(\$82)	(14.2%)	259	237	91.4%	989	1,154	(165)	(14.3%)	588	401	68.1%		
Capitalized fees & expenses	(49)	32	(\$81)	(255.9%)	32	(\$81)	(255.9%)	(5)	63	(68)	(107.9%)	63	(68)	(107.9%)		
Gain (loss) on sale of fixed assets	—	—	—	N/A	(19)	19	(100.0%)	—	—	—	N/A	(19)	19	(100.0%)		
Non-cash interest expense	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Non-cash dividends	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Deferred income tax	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
<i>Change in operating assets and liabilities:</i>																
Accounts receivable	(1,901)	(276)	(1,625)	588.3%	1,043	(2,944)	(282.3%)	(317)	365	(682)	(186.8%)	2,031	(2,348)	(115.6%)		
Inventory	(635)	(232)	(403)	173.2%	439	(1,073)	(244.8%)	(1,691)	(669)	(1,021)	152.6%	(426)	(1,265)	297.1%		
Prepaid expenses and other current assets	119	7	112	1576.5%	101	18	17.6%	(5)	(182)	178	(97.5%)	176	(181)	(102.6%)		
Accounts payable	(11)	403	(414)	(102.8%)	295	(307)	(103.8%)	(1,308)	1,286	(2,595)	(201.7%)	563	(1,871)	(332.5%)		
Accrued expenses	1,676	159	1,517	954.8%	(54)	1,730	(3226.5%)	950	433	517	119.2%	(1,197)	2,147	(179.4%)		
Accrued income taxes	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Other changes in operating assets and liabilities	9	—	9	N/A	146	(137)	(94.1%)	(133)	—	(133)	N/A	154	(287)	(186.6%)		
Other cash flow from operations	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
<b>Total Cash Flow from Operations</b>	<b>\$ (636)</b>	<b>\$ 286</b>	<b>\$ (922)</b>	<b>(322.6%)</b>	<b>\$ 736</b>	<b>\$ (1,372)</b>	<b>(186.5%)</b>	<b>\$ (2,786)</b>	<b>\$ 1,308</b>	<b>\$ (4,094)</b>	<b>(313.0%)</b>	<b>\$ (1,039)</b>	<b>\$ (1,747)</b>	<b>168.1%</b>		
<b>Cash flow from investing</b>																
Additions to property, plant and equipment	\$ (186)	\$ —	\$ (186)		\$ (256)	\$ 69	(27.2%)	\$ (432)	\$ —	\$ (432)	N/A	\$ (333)	\$ (99)	29.7%		
Acquisitions of companies, net of cash acquired	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Investment in intangibles	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Earnout payments	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Other cash flow from investing (goodwill)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
<b>Total Cash Flow from Investing</b>	<b>\$ (186)</b>	<b>\$ —</b>	<b>\$ (186)</b>		<b>\$ (256)</b>	<b>\$ 69</b>	<b>(27.2%)</b>	<b>\$ (432)</b>	<b>\$ —</b>	<b>\$ (432)</b>	<b>N/A</b>	<b>\$ (333)</b>	<b>\$ (99)</b>	<b>29.7%</b>		
<b>Cash flow from financing</b>																
Proceeds from the issuance (repayment) of ST	\$ 764	\$ (47)	\$ 810	(1742.5%)	\$ 711	\$ 53	7.5%	\$ 3,550	\$ (323)	\$ 3,873	(1200.6%)	\$ 3,421	\$ 129	3.8%		
Proceeds from the issuance of debt	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Repayment of debt	—	—	—	N/A	—	—	N/A	(209)	(209)	0	(0.1%)	(209)	—	0.0%		
Capital lease	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Common stock issued (repurchased)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Common stock cash dividends paid	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Preferred stock issued (repurchased)	—	—	—	N/A	—	—	N/A	—	—	—	N/A	—	—	N/A		
Other cash flow from financing costs	—	—	—	N/A	—	—	N/A	—	—	—	N/A	(0)	0	(100.0%)		
<b>Total Cash Flow from Financing</b>	<b>\$ 764</b>	<b>\$ (47)</b>	<b>\$ 810</b>	<b>(1742.5%)</b>	<b>\$ 711</b>	<b>\$ 53</b>	<b>7.5%</b>	<b>\$ 3,341</b>	<b>\$ (532)</b>	<b>\$ 3,873</b>	<b>(728.6%)</b>	<b>\$ 3,212</b>	<b>\$ 130</b>	<b>4.0%</b>		
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ (117)</b>	<b>\$ 332</b>	<b>\$ (449)</b>	<b>(135.1%)</b>	<b>\$ 16</b>	<b>\$ (132)</b>	<b>(846.8%)</b>	<b>\$ (37)</b>	<b>\$ 627</b>	<b>\$ (664)</b>	<b>(105.9%)</b>	<b>\$ (297)</b>	<b>\$ 260</b>	<b>(87.5%)</b>		
<b>Net change in cash</b>	<b>\$ (175)</b>	<b>\$ 571</b>	<b>\$ (747)</b>	<b>(130.7%)</b>	<b>\$ 1,206</b>	<b>\$ (1,382)</b>	<b>(114.5%)</b>	<b>\$ 86</b>	<b>\$ 1,403</b>	<b>\$ (1,317)</b>	<b>(93.9%)</b>	<b>\$ 1,542</b>	<b>\$ (1,456)</b>	<b>(94.4%)</b>		
Beginning cash	2,929	3,500	(571)	(16.3%)	4,671	(1,741)	(37.3%)	2,668	2,668	—	0.0%	4,335	(1,667)	(38.5%)		
Change in cash	(175)	571	(747)	(130.7%)	1,206	(1,382)	(114.5%)	86	1,403	(1,317)	(93.9%)	1,542	(1,456)	(94.4%)		
<b>Ending cash</b>	<b>\$ 2,754</b>	<b>\$ 4,071</b>	<b>\$ (1,317)</b>	<b>(32.4%)</b>	<b>\$ 5,877</b>	<b>\$ (3,123)</b>	<b>(53.1%)</b>	<b>\$ 2,754</b>	<b>\$ 4,071</b>	<b>\$ (1,317)</b>	<b>(32.4%)</b>	<b>\$ 5,877</b>	<b>\$ (3,123)</b>	<b>(53.1%)</b>		

## Management Discussion

**Working Capital:** February was a slow month for collections. AR went up \$1.9M though thereof \$900k is reclassification of an AR to liabilities as this is a down payment received from GIBCA. Inventory went up another \$600k. AP stayed flat due to careful cash management. Overall WC increased by \$1.6M

## Cash Management:

## Executive Summary

## Key Initiatives & 2019 Plan

## Financial Review

## Governance Reporting

## Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

## **Red flags:**

- No governance concerns identified to date

## **Ongoing Governance Activities:**

- Internal Control Authority Matrix to be reviewed at Q12019 BOD

## **Action:**

- None

# Management Governance Summary (continued)



Governance Matter	February 2019 Update
a) Requests for waivers or out-of-the-ordinary course approvals under the Internal Control and Corporate Governance Matrix, Code of Ethics or any internal control	None
b) Any conflicts of interest or the appearance of any such conflict or potential conflict	None
c) Any actual or apparent weakness or inadequacy in the Company's policies of internal controls and financial reporting	None
d) Any reports or complaints regarding accounting, internal accounting controls or auditing matters	None

## Executive Summary

## Key Initiatives & 2019 Plan

## Financial Review

## Governance Reporting

### Appendix:

- Supplemental Financial Information
- Additional Back Up Slides

# Squeeze Report



	Net Revenue					Adj. EBITDA					Net Debt			
	Act	Bud	Variance	PY	Variance	Act	Bud	Variance	PY	Variance	Act	Bud	PY	
This Month	\$ 11,178	\$ 10,898	2.6%	\$ 9,597	16.5%	\$ 580	\$ 438	32.4%	\$ (608)	-195.4%	\$ 40,984	\$ 36,835	\$ 36,696	
Quarter to Date	\$ 21,418	\$ 21,796	-1.7%	\$ 19,622	9.2%	\$ 727	\$ 377	93.1%	\$ (1,430)	-150.9%				
Year to Date	\$ 21,418	\$ 21,796	-1.7%	\$ 19,622	9.2%	\$ 727	\$ 377	93.1%	\$ (1,430)	-150.9%				
<b>LTM Trends (\$'000s)</b>	<b>3/31/18</b>	<b>4/30/18</b>		<b>5/31/18</b>	<b>6/30/18</b>	<b>7/31/18</b>	<b>8/31/18</b>	<b>9/30/18</b>	<b>10/31/18</b>	<b>11/30/18</b>	<b>12/31/18</b>	<b>1/31/19</b>	<b>2/28/19</b>	<b>LTM</b>
Net Revenue	\$ 11,532	\$ 10,099	\$ 11,197	\$ 12,431	\$ 11,494	\$ 13,343	\$ 10,780	\$ 12,994	\$ 11,633	\$ 12,673	\$ 10,240	\$ 11,178	\$ 139,592	
Gross Margin	2,941	2,367	2,449	3,954	2,679	3,600	2,908	3,818	2,553	2,862	2,394	2,875	35,399	
<i>Gross Margin %</i>	25.5%	23.4%	21.9%	31.8%	23.3%	27.0%	27.0%	29.4%	21.9%	22.6%	23.4%	25.7%	25.4%	
SG&A	2,649	2,624	2,524	1,332	2,248	2,375	1,855	2,635	1,893	2,018	2,247	2,295	26,695	
<b>EBITDA</b>	<b>292</b>	<b>(257)</b>	<b>(74)</b>	<b>2,621</b>	<b>431</b>	<b>1,224</b>	<b>1,053</b>	<b>1,183</b>	<b>660</b>	<b>845</b>	<b>147</b>	<b>580</b>	<b>8,704</b>	
<i>Rep. EBITDA %</i>	2.5%	(2.5%)	(0.7%)	21.1%	3.7%	9.2%	9.8%	9.1%	5.7%	6.7%	1.4%	5.2%	6.2%	
<b>Capex</b>	<b>\$ 106</b>	<b>\$ 57</b>	<b>\$ 76</b>	<b>\$ 40</b>	<b>\$ 30</b>	<b>\$ 71</b>	<b>\$ 17</b>	<b>\$ 323</b>	<b>\$ 323</b>	<b>\$ 905</b>	<b>\$ 245</b>	<b>\$ 1,277</b>	<b>\$ 3,468</b>	
Accounts Receivable, Net	\$ 34,044	\$ 31,181	\$ 32,153	\$ 33,740	\$ 34,289	\$ 36,303	\$ 37,623	\$ 38,232	\$ 38,946	\$ 35,472	\$ 33,865	\$ 35,719	\$ 35,719	
Inventory, Net	11,785	12,085	11,954	11,349	11,761	11,833	12,067	12,167	13,263	13,095	14,150	14,785	14,785	
Accounts Payable	11,357	10,298	11,065	11,344	11,124	10,762	12,498	11,581	12,491	13,527	12,301	12,035	12,035	
<b>CCC</b>	<b>\$ 34,472</b>	<b>\$ 32,967</b>	<b>\$ 33,043</b>	<b>\$ 33,745</b>	<b>\$ 34,926</b>	<b>\$ 37,374</b>	<b>\$ 37,192</b>	<b>\$ 38,818</b>	<b>\$ 39,718</b>	<b>\$ 35,040</b>	<b>\$ 35,714</b>	<b>\$ 38,469</b>	<b>\$ 38,469</b>	
DSO	103.7	94.9	92.4	93.6	91.3	90.2	96.4	94.2	101.8	89.7	93.1	93.1	93.4	
DSI	45.7	45.5	42.9	42.5	40.4	38.8	40.5	40.4	43.1	41.5	45.8	49.0	38.7	
DPO	38.5	39.6	39.2	39.3	38.6	36.9	39.0	39.0	42.0	40.5	43.3	44.1	42.2	
<b>C2C</b>	<b>111.0</b>	<b>100.7</b>	<b>96.1</b>	<b>96.9</b>	<b>93.1</b>	<b>92.1</b>	<b>97.9</b>	<b>95.5</b>	<b>102.9</b>	<b>90.7</b>	<b>95.6</b>	<b>97.9</b>	<b>89.9</b>	
Bank revolver	\$ 7,022	\$ 8,420	\$ 9,202	\$ 7,826	\$ 9,659	\$ 10,568	\$ 9,847	\$ 11,456	\$ 13,184	\$ 7,832	\$ 10,203	\$ 11,382	\$ 11,382	
Unclassified external debt / OID	33,207	32,995	32,992	32,989	32,777	32,774	32,774	32,565	32,565	32,771	32,356	32,356	32,356	
OpenGate debt	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Debt Outstanding	40,229	41,415	42,195	40,815	42,436	43,342	42,620	44,021	45,749	40,397	42,975	43,739	43,739	
Cash and equivalents	3,507	2,836	4,012	3,331	3,596	2,725	3,422	2,953	3,271	2,668	2,929	2,754	2,754	
<b>Total Net Debt</b>	<b>\$ 36,722</b>	<b>\$ 38,579</b>	<b>\$ 38,182</b>	<b>\$ 37,484</b>	<b>\$ 38,840</b>	<b>\$ 40,617</b>	<b>\$ 39,198</b>	<b>\$ 41,068</b>	<b>\$ 42,478</b>	<b>\$ 37,729</b>	<b>\$ 40,045</b>	<b>\$ 40,984</b>	<b>\$ 40,984</b>	
<b>Beginning Cash Balance</b>	<b>\$ 5,877</b>	<b>\$ 3,507</b>	<b>\$ 2,836</b>	<b>\$ 4,012</b>	<b>\$ 3,331</b>	<b>\$ 3,596</b>	<b>\$ 2,725</b>	<b>\$ 3,422</b>	<b>\$ 2,953</b>	<b>\$ 3,271</b>	<b>\$ 2,668</b>	<b>\$ 2,929</b>	<b>\$ 5,877</b>	
Add / (Less): Operating Cash Flow	430	(1,806)	193	720	(1,346)	(1,645)	1,423	(1,524)	(1,039)	5,209	(2,150)	(1,499)	(3,034)	
Add / (Less): Investing Cash Flow	(106)	(57)	(76)	(40)	(30)	(71)	(17)	(323)	(323)	(905)	(245)	(1,277)	(3,468)	
Add / (Less): Financing Cash Flow	(2,345)	1,207	811	(1,358)	1,639	936	(690)	1,431	1,593	(5,432)	2,577	1,385	1,756	
Effect of FX rates / Other	(350)	(16)	248	(4)	3	(92)	(19)	(54)	87	524	80	(183)	224	
<b>Ending Cash Balance</b>	<b>\$ 3,507</b>	<b>\$ 2,835</b>	<b>\$ 4,012</b>	<b>\$ 3,330</b>	<b>\$ 3,597</b>	<b>\$ 2,726</b>	<b>\$ 3,423</b>	<b>\$ 2,953</b>	<b>\$ 3,272</b>	<b>\$ 2,667</b>	<b>\$ 2,929</b>	<b>\$ 1,356</b>	<b>\$ 1,356</b>	
<b>Long-term trend</b>														
<b>Calendar year ending</b>														
<b>Summary Financials</b>	<b>12/31/2016</b>	<b>12/31/2017</b>	<b>12/31/2018</b>		<b>2/28/2019</b>		<b>2/28/2019</b>							
Total Net Revenue	\$ 129,057	\$ 137,907	\$ 137,796	\$ 142,736	\$ 139,592									
EBITDA, Reported	9,865	11,351	6,797	13,431	8,704									
<i>EBITDA, Reported %</i>	7.6%	8.2%	4.9%	9.4%	6.2%									
Accounts Receivable, Net	29,845	34,196	35,472	35,719	35,719									
Inventory, Net	8,768	11,979	13,095	14,785	14,785									
Accounts Payable	8,819	8,748	13,527	12,035	12,035									
<b>CCC</b>	<b>29,794</b>	<b>29,794</b>	<b>35,040</b>	<b>38,469</b>	<b>38,469</b>									
<b>Net Debt</b>	<b>\$ 15,803</b>	<b>\$ 35,027</b>	<b>\$ 37,729</b>	<b>\$ 40,984</b>	<b>\$ 40,984</b>									

# Monthly P&L



\$'000	Jan-19		Feb-19		Mar-19		Apr-19		May-19		Jun-19		Jul-19		Aug-19		Sep-19		Oct-19		Nov-19		Dec-19		FY		FY		Var		PY		Var	
	Act	Act	Act	Bud	Bud	Bud	\$	%	Act	\$	%																							
Gross Revenue	\$ 10,240	\$ 11,178	\$ 10,898	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 12,954	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 10,898	\$ 142,736	\$ 143,114	\$ (378)	(0.3%)	\$ 137,796	\$ 4,940	3.6%					
Net Revenue	10,240	11,178	10,898	12,954	12,954	12,954	12,954	12,954	12,954	12,954	12,954	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	10,898	142,736	143,114	(378)	(0.3%)	137,796	4,940	3.6%					
Material	3,267	3,851	3,674	4,535	4,535	4,535	4,185	4,535	4,535	4,535	4,535	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	3,617	48,503	49,734	(1,230)	(2.5%)	48,075	428	0.9%					
Labor	3,460	3,335	3,322	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,586	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	41,599	41,449	151	0.4%	42,598	(999)	(2.3%)					
Other COGS	1,119	1,118	955	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	955	955	955	955	955	955	955	955	955	955	955	12,077	11,752	326	2.8%	13,102	(1,025)	(7.8%)					
Total COGS	7,845	8,304	7,951	9,124	9,124	9,124	8,774	9,124	9,124	9,124	9,124	7,895	7,895	7,895	7,895	7,895	7,895	7,895	7,895	7,895	7,895	7,895	102,180	102,934	(754)	(0.7%)	103,776	(1,595)	(1.5%)					
Gross Margin	2,394	2,875	2,947	3,830	3,830	4,180	3,830	3,830	3,830	3,830	3,830	3,003	3,003	3,003	3,003	3,003	3,003	3,003	3,003	3,003	3,003	3,003	40,556	40,180	376	0.9%	34,020	6,535	19.2%					
Gross Margin %	23.4%	25.7%	27.0%	29.6%	29.6%	32.3%	29.6%	29.6%	29.6%	29.6%	29.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	27.6%	28.4%	28.1%			24.7%							
R&D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	—	—					
Sales & Marketing	1,068	1,085	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	14,821	15,201	(381)	(2.5%)	14,603	218	1.5%						
Administrative	1,195	1,216	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	12,361	11,939	422	3.5%	12,941	(581)	(4.5%)					
Other Opex	(16)	(7)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(57)	(41)	(16)	38.5%	(322)	264	(82.2%)					
Total Opex	2,247	2,295	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	2,258	27,124	27,099	25	0.1%	27,223	(99)	(0.4%)						
EBITDA	147	580	688	1,572	1,572	1,922	1,572	1,572	1,572	1,572	1,572	745	745	745	745	745	745	745	745	745	745	745	13,431	13,081	351	2.7%	6,797	6,634	97.6%					
EBITDA %	1.4%	5.2%	6.3%	12.1%	12.1%	14.8%	12.1%	12.1%	12.1%	12.1%	12.1%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	9.4%	9.1%			4.9%							
Net Income (Loss)	\$ (928)	\$ (339)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,215	\$ 1,339	\$ (124)	\$ (143)	\$ (140)	\$ (140)	\$ (140)	\$ (140)	\$ (140)	\$ (140)	\$ (7,771)	\$ 8,986	\$ (7,771)	\$ (115.6%)								
Capex	\$ 245	\$ 1,277	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,522	\$ —	\$ —	\$ 1,522	N/A	\$ 2,279	\$ (756)	(33.2%)					

# Monthly EBITDA & Net Income (Loss) Bridge



\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	PY	Var		
	Act	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%
EBITDA - as reported	\$ 147	\$ 580	\$ 688	\$ 1,572	\$ 1,572	\$ 1,922	\$ 1,572	\$ 1,572	\$ 1,572	\$ 745	\$ 745	\$ 745	\$13,431	\$13,081	\$ 351	2.7%	\$ 6,797	\$ 6,634	97.6%
Depreciation and amortization	(494)	(495)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(577)	(6,759)	(6,924)	165	(2.4%)	(6,032)	(727)	12.1%
Interest and amortization	(344)	(347)	(273)	(274)	(273)	(274)	(275)	(266)	(254)	(254)	(262)	(258)	(3,354)	(3,216)	(138)	4.3%	(3,962)	607	(15.3%)
Other financial income/expense	6	(16)	–	–	–	–	–	–	–	–	–	–	(10)	–	(10)	N/A	(216)	207	(95.6%)
Non-financial income/expense	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	–	–	N/A
Monitoring fees (including expenses)	(250)	(18)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(96)	(1,228)	(1,152)	(76)	6.6%	(1,100)	(127)	11.6%
Restructuring costs	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	(1,387)	1,387	(100.0%)
Non-recurring items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	N/A	(1,403)	1,403	(100.0%)
Taxes	7	(43)	64	(156)	(157)	(244)	(156)	(158)	(161)	45	47	46	(866)	(450)	(416)	92.5%	(469)	(397)	84.8%
<b>GAAP Net Income (Loss)</b>	<b>\$ (928)</b>	<b>\$ (339)</b>	<b>\$ (194)</b>	<b>\$ 469</b>	<b>\$ 469</b>	<b>\$ 731</b>	<b>\$ 467</b>	<b>\$ 474</b>	<b>\$ 484</b>	<b>\$ (137)</b>	<b>\$ (143)</b>	<b>\$ (140)</b>	<b>\$ 1,215</b>	<b>\$ 1,339</b>	<b>\$ (124)</b>	<b>(9.3%)</b>	<b>\$ (7,771)</b>	<b>\$ 8,986</b>	<b>(115.6%)</b>

# Monthly Cost of Goods Sold by Component



\$'000	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY	FY	Var	PY	Var		
	Act	Act	Bud	Bud	\$	%	Act	\$	%										
<b>Material</b>																			
Material costs at standard	\$ 3,235	\$ 3,739	\$ 3,350	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 4,149	\$ 3,510	\$ 3,510	\$ 3,510	\$ 45,747	\$ 45,473	\$ 274	0.6%	\$ 46,555	\$ (808)	(1.7%)
Materials FX loss / (gain)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Purchase price variance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Freight in	32	112	324	386	386	36	386	386	386	108	108	108	2,756	4,261	(1,505)	(35.3%)	1,520	1,236	81.3%
Cost revision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Scrap costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Consumables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
<b>Total Material COGS</b>	<b>\$ 3,267</b>	<b>\$ 3,851</b>	<b>\$ 3,674</b>	<b>\$ 4,535</b>	<b>\$ 4,535</b>	<b>\$ 4,185</b>	<b>\$ 4,535</b>	<b>\$ 4,535</b>	<b>\$ 4,535</b>	<b>\$ 3,617</b>	<b>\$ 3,617</b>	<b>\$ 3,617</b>	<b>\$ 48,503</b>	<b>\$ 49,734</b>	<b>\$ (1,230)</b>	<b>(2.5%)</b>	<b>\$ 48,075</b>	<b>\$ 428</b>	<b>0.9%</b>
<b>Labor</b>																			
Direct labor	\$ 1,087	\$ 1,028	\$ 930	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 1,106	\$ 930	\$ 930	\$ 930	\$ 12,470	\$ 12,215	\$ 254	2.1%	\$ 12,047	\$ 423	3.5%
Direct labor - bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Direct labor - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Direct labor - benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Direct labor - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Direct labor - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Indirect labor	734	672	719	735	735	735	735	735	735	719	719	719	8,690	8,723	(33)	(0.4%)	8,888	(198)	(2.2%)
Indirect labor - bonus	9	9	2	2	2	2	2	2	2	2	2	2	35	20	14	71.0%	37	(2)	(6.4%)
Indirect labor - overtime	59	32	36	43	43	43	43	43	43	36	36	36	494	475	19	4.1%	568	(74)	(13.0%)
Indirect labor - benefits	599	587	576	605	605	605	605	605	605	576	576	576	7,120	7,086	34	0.5%	6,893	227	3.3%
Indirect labor - other	143	103	38	(56)	(56)	(56)	(56)	(56)	(56)	38	38	38	62	(107)	170	#####	1,289	(1,226)	(95.2%)
Sub-contractor costs	829	904	1,021	1,152	1,152	1,152	1,152	1,152	1,152	1,021	1,021	1,021	12,728	13,036	(308)	(2.4%)	12,876	(148)	(1.2%)
<b>Total Labor COGS</b>	<b>\$ 3,460</b>	<b>\$ 3,335</b>	<b>\$ 3,322</b>	<b>\$ 3,586</b>	<b>\$ 3,322</b>	<b>\$ 3,322</b>	<b>\$ 3,322</b>	<b>\$ 41,599</b>	<b>\$ 41,449</b>	<b>\$ 151</b>	<b>0.4%</b>	<b>\$ 42,598</b>	<b>\$ (999)</b>	<b>(2.3%)</b>					
<b>Other</b>																			
Repairs and maintenance	\$ 40	\$ 49	\$ 35	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 35	\$ 35	\$ 35	\$ 480	\$ 461	\$ 18	4.0%	\$ 474	\$ 6	1.2%
Absorption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Freight out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	N/A
Rent / facilities	140	145	122	122	122	122	122	122	122	122	122	122	1,503	1,463	41	2.8%	1,501	3	0.2%
Utilities	54	74	32	38	38	38	38	38	38	32	32	32	487	423	64	15.2%	521	(34)	(6.5%)
Other cost of sales	884	850	766	801	801	801	801	801	801	766	766	766	9,607	9,405	202	2.1%	10,606	(999)	(9.4%)
<b>Total Other COGS</b>	<b>\$ 1,119</b>	<b>\$ 1,118</b>	<b>\$ 955</b>	<b>\$ 1,003</b>	<b>\$ 955</b>	<b>\$ 955</b>	<b>\$ 955</b>	<b>\$ 12,077</b>	<b>\$ 11,752</b>	<b>\$ 326</b>	<b>2.8%</b>	<b>\$ 13,102</b>	<b>\$ (1,025)</b>	<b>(7.8%)</b>					
<b>Total COGS</b>	<b>\$ 7,845</b>	<b>\$ 8,304</b>	<b>\$ 7,951</b>	<b>\$ 9,124</b>	<b>\$ 9,124</b>	<b>\$ 8,774</b>	<b>\$ 9,124</b>	<b>\$ 9,124</b>	<b>\$ 9,124</b>	<b>\$ 7,895</b>	<b>\$ 7,895</b>	<b>\$ 7,895</b>	<b>\$ 102,180</b>	<b>\$ 102,934</b>	<b>\$ (754)</b>	<b>0.7%</b>	<b>\$ 103,776</b>	<b>\$ (1,595)</b>	<b>(9.3%)</b>

# Monthly Cashflow



\$'000	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	FY	FY	Variance	PY	Variance			
	Act	Act	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	\$	%	Act	\$	%	
<b>Cash flow from operations</b>																				
Net Income (Loss)	\$ (928)	\$ (339)	\$ (194)	\$ 469	\$ 469	\$ 731	\$ 467	\$ 474	\$ 484	\$ (137)	\$ (143)	\$ (140)	\$ 1,215	\$ 1,339	\$ (124)	(9.3%)	\$ (7,771)	\$ 8,986	(115.6%)	
Depreciation, amortization and other	494	495	577	577	577	577	577	577	577	577	577	577	6,759	6,924	(165)	(2.4%)	6,032	727	12.1%	
Capitalized fees & expenses	44	(49)	32	32	32	32	32	32	32	32	32	32	311	379	(68)	(18.0%)	457	(146)	(31.9%)	
Gain (loss) on sale of fixed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	14	(14)	(100.0%)	
Non-cash interest expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Non-cash dividends	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Deferred income tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
<i>Change in operating assets and liabilities:</i>																			\$ -	
Accounts receivable	1,584	(1,901)	979	(1,449)	(209)	(1,518)	(153)	(418)	(293)	525	(785)	785	(2,853)	(2,171)	(682)	31.4%	(1,266)	(1,587)	125.3%	
Inventory	(1,056)	(635)	503	(1,887)	441	84	(84)	294	(128)	1,109	(136)	136	(1,358)	(337)	(1,021)	303.4%	(1,112)	(246)	22.1%	
Prepaid expenses and other current assets	(123)	119	310	(520)	117	588	(126)	(239)	(365)	859	(137)	(54)	428	250	178	71.1%	246	183	74.3%	
Accounts payable	(1,297)	(11)	(1,458)	916	(294)	(56)	350	294	(294)	(211)	297	(297)	(2,061)	534	(2,595)	(486.1%)	3,670	(5,731)	(156.2%)	
Accrued expenses	(726)	1,676	159	1,294	159	(1,655)	295	733	2,463	(4,901)	734	133	364	(152)	517	(39.1%)	(832)	1,196	(143.8%)	
Accrued income taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Other changes in operating assets and liabilities	(142)	9	—	—	—	—	—	—	—	—	—	—	(133)	—	(133)	N/A	139	(272)	(195.7%)	
Other cash flow from operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
<b>Total Cash Flow from Operations</b>	<b>\$ (2,150)</b>	<b>\$ (636)</b>	<b>\$ 908</b>	<b>\$ (569)</b>	<b>\$ 1,291</b>	<b>\$ (1,218)</b>	<b>\$ 1,358</b>	<b>\$ 1,748</b>	<b>\$ 2,477</b>	<b>\$ (2,148)</b>	<b>\$ 439</b>	<b>\$ 1,172</b>	<b>\$ 2,672</b>	<b>\$ 6,766</b>	<b>\$ (4,094)</b>	<b>(60.5%)</b>	<b>\$ (424)</b>	<b>\$ 3,096</b>	<b>(730.1%)</b>	
<b>Cash flow from investing</b>																				
Additions to property, plant and equipment	\$ (245)	\$ (186)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (432)	\$ —	\$ (432)	N/A	\$ (2,279)	\$ 1,847	(81.1%)	
Acquisitions of companies, net of cash acquired	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Investment in intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Earnout payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Other cash flow from investing (goodwill)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
<b>Total Cash Flow from Investing</b>	<b>\$ (245)</b>	<b>\$ (186)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (432)</b>	<b>\$ —</b>	<b>\$ (432)</b>	<b>N/A</b>	<b>\$ (2,279)</b>	<b>\$ 1,847</b>	<b>(81.1%)</b>	
<b>Cash flow from financing</b>																				
Proceeds from the issuance (repayment) of ST	\$ 2,786	\$ 764	\$ (668)	\$ 1,018	\$ (1,052)	\$ 1,458	\$ (910)	\$ (1,508)	\$ (2,237)	\$ 2,596	\$ (200)	\$ (932)	\$ 1,115	\$ (2,758)	\$ 3,873	(140.4%)	\$ 1,758	\$ (643)	(36.6%)	
Proceeds from the issuance of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Repayment of debt	(209)	—	—	(209)	—	—	(209)	—	—	(209)	—	—	(836)	(836)	0	(0.0%)	(753)	(83)	11.0%	
Capital lease	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Common stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Common stock cash dividends paid	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Preferred stock issued (repurchased)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	—	N/A	
Other cash flow from financing costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	(0)	0	(100.0%)	
<b>Total Cash Flow from Financing</b>	<b>\$ 2,577</b>	<b>\$ 764</b>	<b>\$ (668)</b>	<b>\$ 809</b>	<b>\$ (1,052)</b>	<b>\$ 1,458</b>	<b>\$ (1,119)</b>	<b>\$ (1,508)</b>	<b>\$ (2,237)</b>	<b>\$ 2,387</b>	<b>\$ (200)</b>	<b>\$ (932)</b>	<b>\$ 279</b>	<b>\$ (3,594)</b>	<b>\$ 3,873</b>	<b>(107.8%)</b>	<b>\$ 1,005</b>	<b>\$ (726)</b>	<b>(72.2%)</b>	
<b>Effect of FX rates on cash and cash equivalents</b>	<b>\$ 80</b>	<b>\$ (117)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (240)</b>	<b>\$ (2,437)</b>	<b>\$ (1,773)</b>	<b>\$ (664)</b>	<b>37.5%</b>	<b>\$ 30</b>	<b>\$ (2,467)</b>	<b>(8270.1%)</b>	
<b>Net change in cash</b>	<b>\$ 262</b>	<b>\$ (175)</b>	<b>\$ (1)</b>	<b>\$ (0)</b>	<b>\$ (1)</b>	<b>\$ (0)</b>	<b>\$ (1)</b>	<b>\$ (0)</b>	<b>\$ 0</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ (1)</b>	<b>\$ 82</b>	<b>\$ 1,399</b>	<b>\$ (1,317)</b>	<b>(94.1%)</b>	<b>\$ (1,667)</b>	<b>\$ 1,750</b>	<b>(104.9%)</b>	
Beginning cash	2,668	2,929	2,754	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	2,668	2,668	—	—	4,335	\$ (1,667)	(38.5%)	
Change in cash	262	(175)	(1)	(0)	(1)	(0)	(1)	(0)	(1)	0	(1)	(1)	82	1,399	(1,317)	(94.1%)	(1,667)	\$ 1,750	(104.9%)	
Ending cash	\$ 2,929	\$ 2,754	\$ 2,754	\$ 3,500	\$ 3,499	\$ 3,500	\$ 3,499	\$ 3,500	\$ 3,499	\$ 3,499	\$ 3,499	\$ 3,499	\$ 2,667	\$ 832	—	—	\$ 2,667	\$ 832	31.2%	

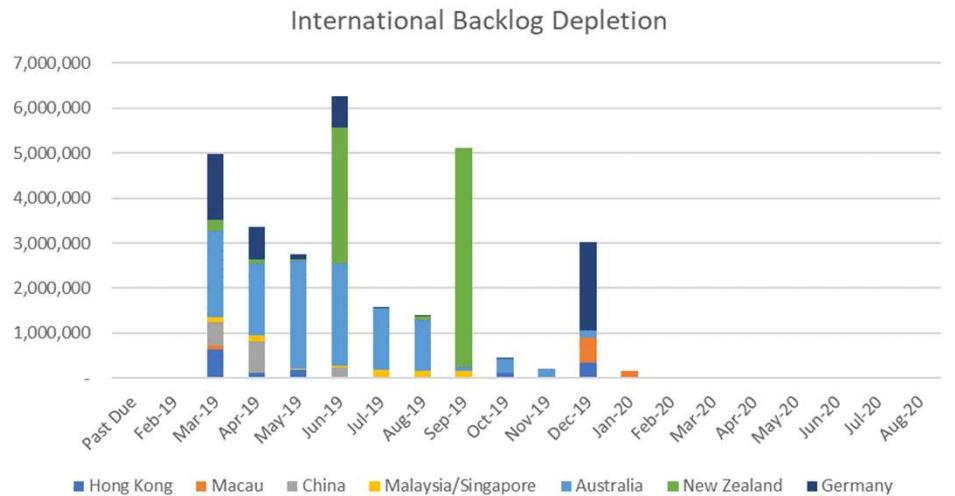
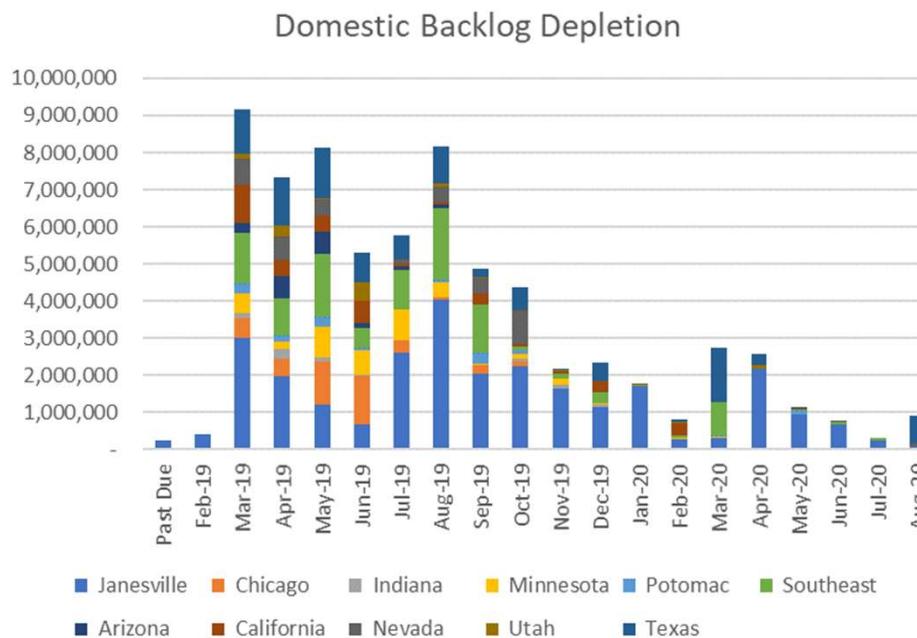
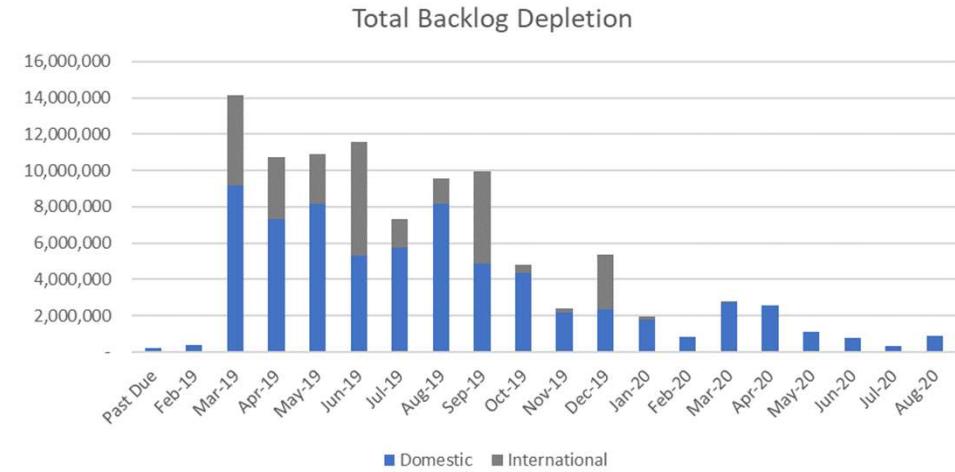
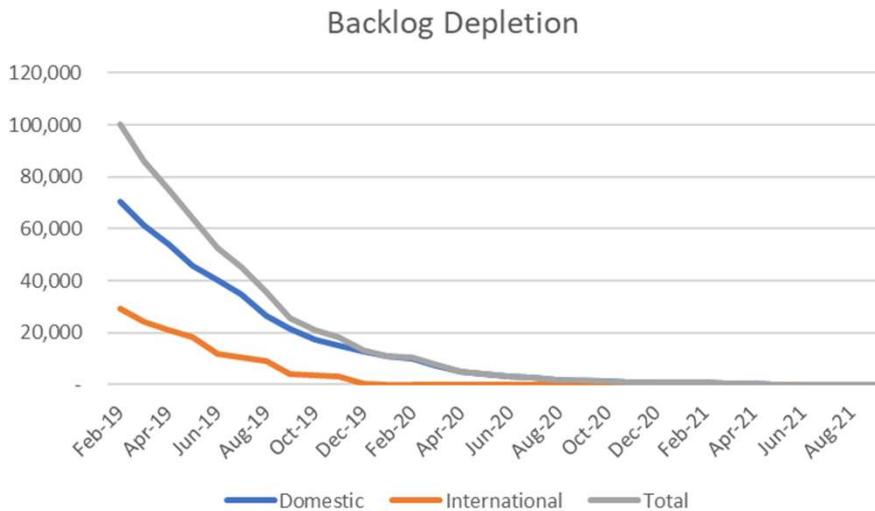
# 13 Week Cash Forecast



Hufcor Inc. Global Consolidated 13 Week Cash Flow Forecast

\$ 000's	Week Ending:	22-Feb	1-Mar	8-Mar	15-Mar	22-Mar	29-Mar	5-Apr	12-Apr	19-Apr	26-Apr	3-May	10-May	17-May	Total
<b>Total Inflows</b>		2,529	3,810	2,939	3,063	3,036	3,200	2,666	2,493	2,526	2,727	3,332	2,694	3,094	38,110
<b>Total Operating Disbursements</b>		(2,483)	(3,933)	(2,288)	(3,410)	(2,124)	(3,474)	(2,534)	(2,789)	(2,291)	(3,105)	(2,896)	(2,479)	(2,345)	(36,150)
<b>Net Operating Cash Flow</b>		47	(123)	651	(347)	912	(274)	133	(296)	235	(378)	436	215	749	1,960
Interest Expense		-	47	-	-	-	-	1,049	-	-	-	48	-	-	1,144
Taxes		219	-	51	33	225	-	47	6	123	103	-	54	45	907
CapEx		20	39	20	20	20	20	39	20	20	20	39	20	20	317
Other Non-Op		4	5	5	5	5	7	5	12	5	5	5	5	5	72
<b>Total Non-Operating Disbursements</b>		243	91	76	58	250	27	1,140	39	148	128	92	79	70	2,440
<b>Total Net Cash Flow</b>		(196)	(214)	575	(405)	662	(301)	(1,007)	(334)	87	(506)	344	137	679	(480)
Beginning Bank Cash		1,731	1,653	1,520	1,459	1,433	1,514	1,379	1,368	1,516	1,487	1,613	1,444	1,747	1,731
Net Global Cash Flow		(196)	(214)	575	(405)	662	(301)	(1,007)	(334)	87	(506)	344	137	679	(480)
Transfers In / (Out)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Draw / Sweep		119	81	(636)	379	(581)	166	997	482	(116)	632	(513)	166	(762)	415
<b>Ending Bank Cash</b>		1,653	1,520	1,459	1,433	1,514	1,379	1,368	1,516	1,487	1,613	1,444	1,747	1,665	1,665
<b>Term Loan Balance</b>		32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,774	32,564	32,564	32,564	32,564
Beginning Revolver Balance		10,442	10,565	10,653	10,017	10,397	9,816	9,982	11,013	11,495	11,379	12,011	11,527	11,694	10,442
Domestic PIK Interest		5	7	-	-	-	-	34	-	-	-	30	-	-	76
Draw / Sweep		119	81	(636)	379	(581)	166	997	482	(116)	632	(513)	166	(762)	415
<b>Ending Revolver Balance</b>		10,565	10,653	10,017	10,397	9,816	9,982	11,013	11,495	11,379	12,011	11,527	11,694	10,932	10,932
<b>Borrowing Base</b>		18,131	18,384	17,850	17,371	17,078	17,509	17,114	16,875	16,986	17,325	17,382	17,128	16,784	16,784
<b>Availability</b>		7,566	7,731	7,833	6,975	7,262	7,527	6,101	5,380	5,608	5,314	5,855	5,434	5,852	5,852
<b>Liquidity</b>		9,219	9,251	9,292	8,407	8,776	8,906	7,469	6,896	7,094	6,927	7,299	7,181	7,517	7,517
<b>Total Debt</b>		43,339	43,427	42,791	43,171	42,590	42,756	43,787	44,269	44,153	44,785	44,301	44,258	43,496	43,496

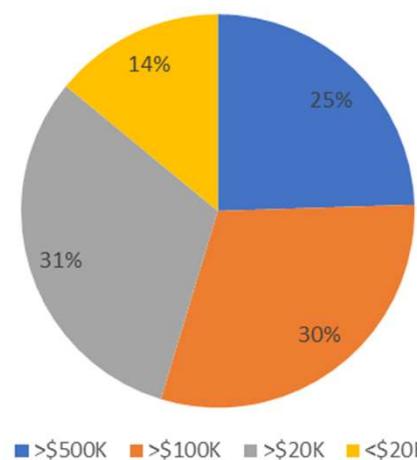
# Backlog Depletion – Product Only



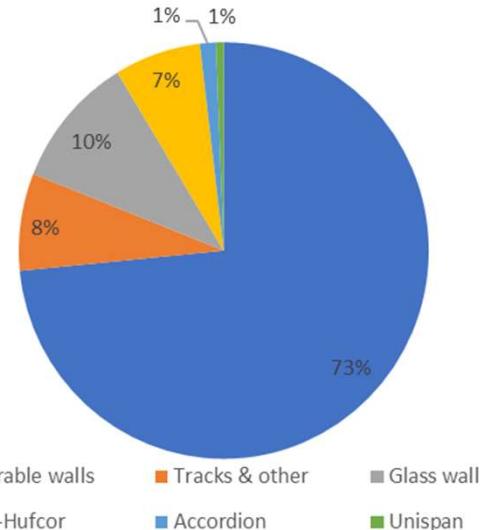
# Backlog Composition – Product Only



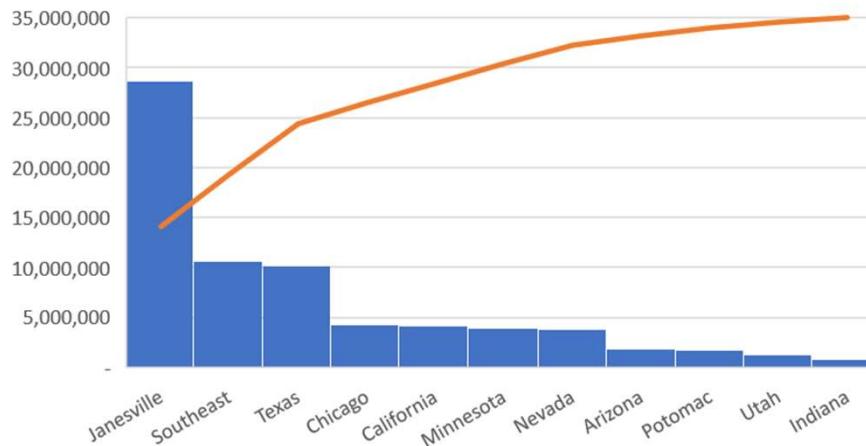
Global Backlog by Project Size



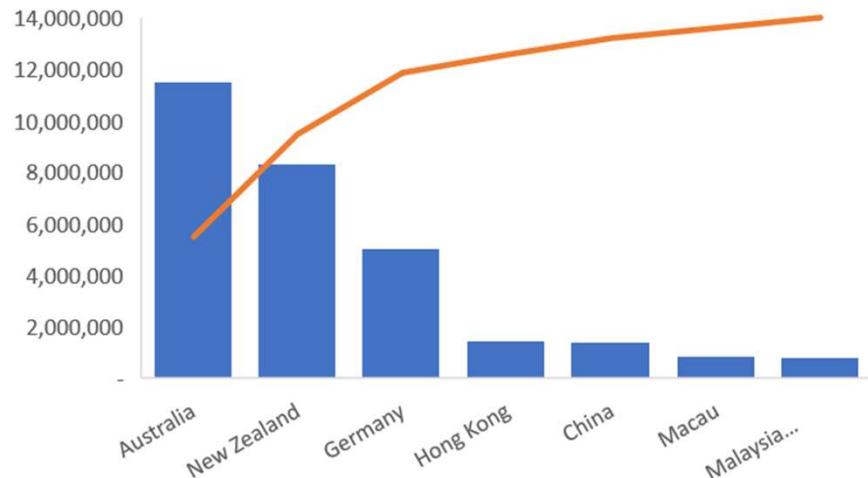
Domestic Backlog by Product



Domestic Backlog by Sales Office



International Backlog by Country



# Headcount by Month



Month	Indirect Labor - Indirect Labor - Delivery & Research & Sales &								Total Permanent	Agency FTE & Temps	Total Headcount	Bud Headcount	Difference to Bud
	Direct Labor	Hourly	Salary	Dist.	Development	Marketing	Administrative	Other					
2019 January (A)	271	104	94	7	1	106	61	-	644	47	691	712	(21)
2019 February (A)	274	105	95	7	1	99	61	-	642	43	685	712	(27)
2019 March (B)	281	110	104	9	2	113	60	-	679	37	716	716	-
2019 April (B)	281	113	104	9	2	113	60	-	682	37	719	719	-
2019 May (B)	281	113	104	9	2	114	60	-	683	37	720	720	-
2019 June (B)	281	113	104	9	2	114	60	-	683	37	720	720	-
2019 July (B)	281	113	104	9	2	114	60	-	683	37	720	720	-
2019 August (B)	281	113	104	9	2	114	60	-	683	37	720	720	-
2019 September (B)	281	113	104	9	2	115	60	-	684	37	721	721	-
2019 October (B)	281	113	104	9	2	115	60	-	684	37	721	721	-
2019 November (B)	281	113	104	9	2	115	60	-	684	37	721	721	-
2019 December (B)	281	113	104	9	2	115	60	-	684	37	721	721	-
Final Headcount	281	113	104	9	2	115	60	-	684	37	721	721	-

## Management Discussion

- Headcount during January 2019 consists of the following the following: Domestic (373) and International (318)

# 2019 Focus on 5



	<b>1 - Team Centric</b>	<b>2 - Safety</b>	<b>3 – Quality</b>	<b>4 - Delivery</b>	<b>5 – Cost/Growth</b>
<b>Macro</b>	<ul style="list-style-type: none"> <li>▪ High “Say Do” Ratio</li> <li>▪ “One Hufcor”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Safety First</li> <li>▪ 5S Maturity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Right “First” Time</li> <li>▪ Bias for Action</li> </ul>	<ul style="list-style-type: none"> <li>▪ World Class Lead Times</li> <li>▪ “Perfect Order”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on GM%</li> <li>▪ New Products &amp; Globalization</li> </ul>
<b>Detail Focus Areas</b>	<ul style="list-style-type: none"> <li>a. Performance Management Process</li> <li>b. Development Plans</li> <li>c. X-Training</li> <li>d. Organizational Design</li> <li>e. Goal Alignment</li> <li>f. Global Standard Work Development</li> <li>g. Town Halls</li> <li>h. Quarterly Lunch &amp; Learns (L&amp;L)</li> </ul>	<ul style="list-style-type: none"> <li>a. RIR / First Aid Pareto &amp; Action Plan</li> <li>b. 5S</li> <li>c. Consistent Policies</li> <li>d. Management System: <ul style="list-style-type: none"> <li>a. High Hazard</li> <li>b. LOTO</li> <li>c. Job Site</li> <li>d. Confined Space</li> </ul> </li> <li>e. Environmental Compliance</li> </ul>	<ul style="list-style-type: none"> <li>a. Standard Work Adherence</li> <li>b. ISO Certifications</li> <li>c. Poka-Yoke</li> <li>d. Scrap</li> <li>e. Correct Tools/Equipment</li> <li>f. Right First Time Delivery to Jobsite</li> </ul>	<ul style="list-style-type: none"> <li>a. PFEP</li> <li>b. SKU Rationalization</li> <li>c. Level Load</li> <li>d. Lean Mgmt System</li> <li>d. Global Standard BOM</li> <li>a. Part “reuse”</li> <li>b. SKU naming convention</li> <li>c. Warm Start Focus</li> <li>d. Customer Service Excellence</li> <li>e. Project Management Excellence</li> <li>f. NA Growth Readiness</li> </ul>	<ul style="list-style-type: none"> <li>a. Strategic Procurement (PPV) &amp; Dual Sourcing</li> <li>b. Gross Margin reporting at: SKU / Project</li> <li>c. Product Line Expansion <ul style="list-style-type: none"> <li>a. Alu Frame, Glass, Demountable</li> <li>b. Optimize Vertical Wall</li> </ul> </li> <li>d. Global PS5 &amp; Price</li> <li>e. APAC Optimization</li> <li>f. Advansys Partnership</li> </ul>
<b>Reactive KPI(s)</b>	<ul style="list-style-type: none"> <li>• Absenteeism &lt; 15%</li> <li>• Staffing Cycle Time, &lt; 60 days for prof., &lt; 30 days for union</li> <li>• G&amp;O 100% Completion</li> <li>• Mid Year/End of Year 100% Completion</li> <li>• L&amp;L Quarterly and Town Hall 2x/year 100% Complete</li> </ul>	<ul style="list-style-type: none"> <li>• RIR: 50% Reduction to 4.9</li> <li>• Lost Time: 0</li> </ul>	<ul style="list-style-type: none"> <li>• TCAR Reduction</li> <li>• 24 Hour Response Time (Calls and E mails)</li> <li>• Customer Feedback</li> <li>• In field Service Warranty \$ Reduction</li> </ul>	<ul style="list-style-type: none"> <li>• +90% OTD</li> <li>• Past Due \$s below \$100K (average)</li> <li>• Past Due Aging – Below 30 Days</li> <li>• 24 Hour Response Time (Calls and E mails)</li> <li>• Project Schedule Fidelity</li> <li>• Increase Output X% at each location</li> </ul>	<ul style="list-style-type: none"> <li>• EBITDA - \$16M (12.9% of sales)</li> <li>• Direct Mat'l: 33.4% of Sales</li> <li>• Manf. O/H: 18.5% of Sales</li> <li>• Opex: 17.5% of Sales</li> <li>• GM% - +31%</li> <li>• Launch Standard Glass in NA, GER &amp; AUS Q1</li> <li>• Launch AL Frame NA &amp; GER Q1</li> <li>• Launch PS5 &amp; Price Book Q12019</li> </ul>
<b>Proactive KPI(s)</b>	<ul style="list-style-type: none"> <li>• 100% Completion of Cross Training Plan for critical roles within each function</li> <li>• High “Say - Do” Ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Concern(s) Closed: +1,000 globally</li> <li>• Global 5S Score Maturity by YE: 3</li> </ul>	<ul style="list-style-type: none"> <li>• Warranty Trending</li> </ul>	<ul style="list-style-type: none"> <li>• S&amp;OP Launch</li> <li>• Inventory +90% “Green” per PFEP</li> <li>• Inventory Accuracy: +98%</li> <li>• SQDC Operating Mechanisms</li> <li>• Weekly Sales &amp; Securement Op Mech (Internal + Distributors)</li> </ul>	<ul style="list-style-type: none"> <li>• PPV: +\$3M</li> <li>• Dual Source +50% of Critical Spend</li> <li>• OT - Below \$350K</li> </ul>
<b>Stretch Goal(s)</b>					<ul style="list-style-type: none"> <li>• Revenue \$150M+</li> <li>• Glass Sales: +\$20M Globally</li> </ul>

*Goals Aligned Cross Functionally & Globally = “One Hufcor”...*

# 2019 Risks & Opportunities



	Description	Potential Impact	Plan to Address
Risks	<ul style="list-style-type: none"> <li>Infrastructure &amp; Financial Planning (Facilities, Equipment &amp; IT/Network)           <ul style="list-style-type: none"> <li>Equipment decades old</li> <li>IT fragmented and out of date</li> <li>Facility condition (HQ, Malaysia sinking etc.)</li> <li>Supplier Tooling</li> <li>Excess Capacity (too many facilities)</li> <li>Financial Reporting Tools</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Operational Performance Challenges including: Increased OT, Potential Scrap/Rework</li> <li>Potential Delay to Strategic Initiatives (i.e. APAC Consolidation)</li> <li>Increased R&amp;M Spend</li> <li>Cash Drain on the business</li> <li>Forecast Inaccuracy</li> </ul>	<ul style="list-style-type: none"> <li>Developing CAPEX plan to address and balancing with Cash/EBITDA performance but level of accuracy will vary as we start to "dig in" (example JVL Deferred Maint.)</li> <li>Rooftop consolidation plan created – on hold pending Malaysia facility readiness (sinking)</li> <li>Deep diving financial tool kit and creating plan</li> </ul>
	<ul style="list-style-type: none"> <li>Domestic (USA) Regional Sales Office Execution Readiness           <ul style="list-style-type: none"> <li>Lack of Trained People</li> <li>Lack of Basic Process/5S</li> <li>Unknown Actual vs. Estimate Project Financial Impact</li> <li>Lack of Daily Tools (aka ability to invoice)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Variability to Monthly Performance at regional level (P&amp;L Impact)</li> <li>Inability to forecast accurately month to month</li> <li>Q1/Q2 People Onboarding Variability</li> </ul>	<ul style="list-style-type: none"> <li>Pricing Updates</li> <li>Contract Revie</li> <li>Implement SQDC &amp; Std Work</li> <li>Review Financial System</li> <li>Root Cause Project Variances and Measure Project Schedule Fidelity</li> <li>Look at Field Sales Compensation Plan and Staffing Levels</li> </ul>
	<ul style="list-style-type: none"> <li>Product Line Gaps           <ul style="list-style-type: none"> <li>Glass</li> <li>Global Standard Product</li> <li>Vertical Lift</li> <li>Partition Studio 4 (not global or cloud based)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Unable to shift capacity globally</li> <li>Material PPV a challenge</li> <li>Sales "misses" due to not having full product offerings</li> </ul>	<ul style="list-style-type: none"> <li>Global Aluminum Frame (700 Series)</li> <li>Completion of base Glass catalog &amp; Globalization</li> <li>Partition Studio 5</li> </ul>
	<ul style="list-style-type: none"> <li>Market Upside:           <ul style="list-style-type: none"> <li>Glass</li> <li>Aluminum Standard Product (700 Series)</li> <li>Tennent Fit Out Market</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Significant market upside at very solid margin (35%+)</li> </ul>	<ul style="list-style-type: none"> <li>Reallocate engineering resources to shop floor to drive line design improvements &amp; "real time" issue resolution</li> <li>Driving price conversations with supply base</li> <li><u>Implement Lean Management System</u></li> </ul>
	<ul style="list-style-type: none"> <li>Growth/Operating Cash/Working Capital</li> </ul>	<ul style="list-style-type: none"> <li>Market Upside</li> <li>Increased Operating Cash Flow</li> </ul>	<ul style="list-style-type: none"> <li>Daily/Weekly Focus on AR/AP</li> <li>Deep Dive Raw Material and Finished Good Levels and Materials Management</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Organization Depth (Globally)           <ul style="list-style-type: none"> <li>Organization Maturity Skill Set not capable of transformational level execution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Operational Execution issues (SQDC) globally driving customer satisfaction challenges</li> <li>Leadership Churn</li> <li>Market concerns (customer feedback)</li> </ul>	<ul style="list-style-type: none"> <li>Implementing Performance Management Process: G&amp;O's, Organization Capability Review, Performance Management of team</li> </ul>

# Field Office Key Issues



No.	Issue	Plan to Address
1	Many projects are being priced with insufficient margin above estimated cost	<ul style="list-style-type: none"> <li>• Communicate pricing “cultural shift” to sales organization</li> <li>• Implement reduced, standard Negotiated Allowance levels across the sales organization</li> <li>• Implement centralized contract review process for &gt;\$100K projects</li> <li>• Implement standardized local contract review process and ensure local sales leadership adherence through centralized spot checking of &lt;\$100K projects</li> <li>• [Adjust sales incentive compensation to reward achieving margin – TO BE VERIFIED BY MIKE]</li> </ul>
2	Some project estimates have missing or insufficient cost components (e.g., understated labor)	<ul style="list-style-type: none"> <li>• Implement standard work for estimators</li> <li>• Implement project manager review process for newer estimators</li> <li>• Implement formal estimator training program for newer estimators</li> <li>• Implement financial system that facilitates comparison of actual vs. estimated project costs by line item</li> <li>• Establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region</li> </ul>
3	Some actual project costs are exceeding appropriately estimated projects costs	<ul style="list-style-type: none"> <li>• Implement financial system that facilitates comparison of actual vs. estimated project costs by line item</li> <li>• Establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region</li> </ul>
4	Field offices do not have consistent or optimized operational processes	<ul style="list-style-type: none"> <li>• Implement SQDC (Safety, Quality, Delivery, Cost) culture / process</li> <li>• Implement standard work for all new installation projects (project coordinators and project managers) and service sales projects (service techs and service managers)</li> </ul>
5	Some field offices have vacant positions and/or otherwise non-optimized staffing	<ul style="list-style-type: none"> <li>• Fill vacant positions</li> <li>• Assess staffing at each office (after standard work is completed) and make adjustments, as needed</li> </ul>
6	Field office financial and project tracking are error-prone, cumbersome, and non-transparent due to ineffective systems (QuickBooks and Excel)	<ul style="list-style-type: none"> <li>• Select appropriate financial system</li> <li>• Deploy new financial system across offices</li> <li>• Update standard work, as needed, to reflect new financial system</li> </ul>

# Field Office Key Initiatives (1/2)

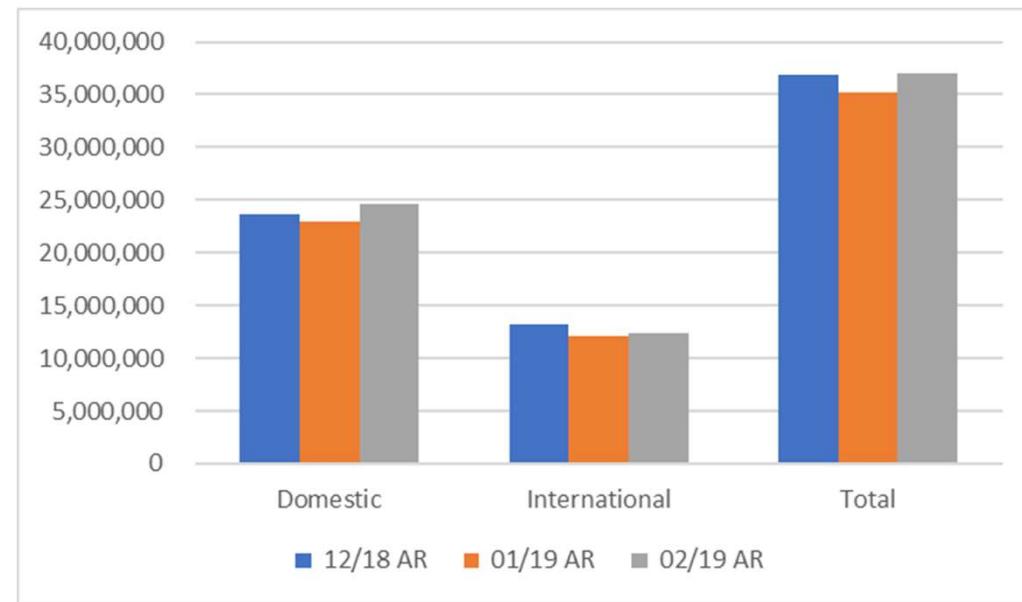


No.	Initiative	Issue	Lead	Progress To-Date	Next Steps	Progress
1	Communicate new pricing policy	1	Mike	<ul style="list-style-type: none"> <li>Communicated pricing “cultural shift” to sales organization on 8/29/18</li> <li>Implemented new lower standard NAs (with 35% GM target) on 8/29/18</li> </ul>	<ul style="list-style-type: none"> <li>N/A (complete)</li> </ul>	
2	Implement contract review processes	1	Neal	<ul style="list-style-type: none"> <li>Established contract review committee for &gt;\$500K projects in July 2018 (Mike Kontranowski, Neal Berens, Scott Staeder, Deb Dunkin)</li> <li>Implemented contract review process by Deb Dunkin for \$100K-\$500K projects in Oct 2018 (after observing issues with smaller projects)</li> </ul>	<ul style="list-style-type: none"> <li>Implement standardized local contract review process across all offices by Jan 2019</li> <li>Add spot contract review for &lt;\$100K projects by Deb Dunkin in Jan 2019</li> </ul>	<ul style="list-style-type: none"> <li>Complete</li> </ul>
3	Implement SQDC	4	Neal	<ul style="list-style-type: none"> <li>Implemented SQDC boards in Florida, Potomac, Chicago, and Dallas in Jul-Sep 2018</li> <li>Implemented SQDC culture in LA in Sep 2018</li> <li>Implemented weekly 15-minute SQDC call with each field offices starting Sep 2018</li> </ul>	<ul style="list-style-type: none"> <li>Implement SQDC boards in LA by Dec 2018</li> </ul>	<ul style="list-style-type: none"> <li>Complete</li> </ul>
4	Implement standard work	2,3,4	Neal	<ul style="list-style-type: none"> <li>Reviewed processes across all field offices in Jun-Sep 2018</li> <li>Developed standard work procedures for new installation and service sales projects in Oct 2018</li> <li>Conducted standard work training in LA office on 11/13/18</li> </ul>	<ul style="list-style-type: none"> <li>Conduct standard work training for NV and AZ offices on 11/16/18</li> <li>Refine standard work and ensure appropriate adoption in Southwest region through Jan 2019</li> <li>Roll out standard work in Chicago and Potomac office in Feb-Apr 2019</li> <li>Roll out standard work in Dallas and Florida office in May-Jul 2019</li> </ul>	<ul style="list-style-type: none"> <li>Standard work training complete although it will continuously improve</li> </ul>

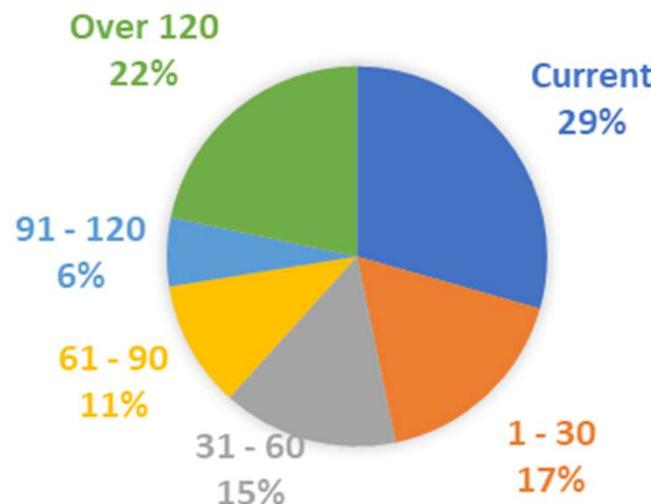
# Field Office Key Initiatives (2/2)



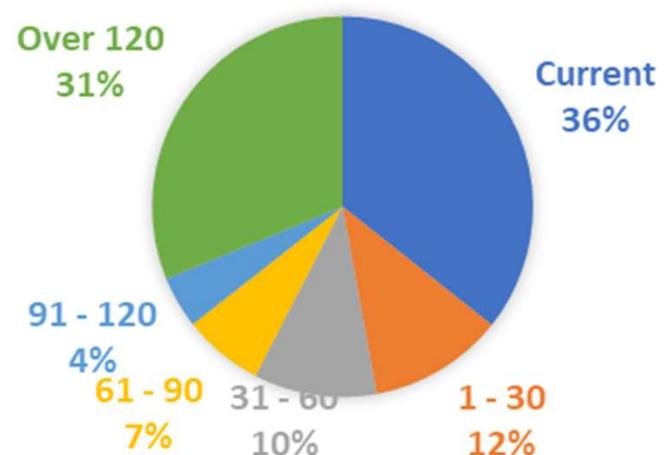
No.	Initiative	Issue	Lead	Progress To-Date	Next Steps	Progress
5	Ensure appropriate staffing	5	Neal	<ul style="list-style-type: none"> <li>Initiated search for CA and NV service sales managers in Nov 2018 (Kelly driving process)</li> </ul>	<ul style="list-style-type: none"> <li>Hire CA and NV service sales managers by Feb 2019</li> <li>Assess Southwest staffing needs/changes by Jan 2019 (after standard work deployed)</li> <li>Assess staffing needs/changes at remaining offices in Feb-Jul 2019 (after standard work deployed in each office)</li> </ul>	<ul style="list-style-type: none"> <li>Hired new CA/NV service sales manager</li> <li>Staffing assessment completed in SW. Present to leadership Mar '19</li> </ul>
6	Implement new financial system	2,3,6	Mirko	<ul style="list-style-type: none"> <li>Began reviewing options in Sep 2018</li> <li>Potential Solution presented in January 2019 – Decision not to implement yet due to risks and cost</li> </ul>	<ul style="list-style-type: none"> <li>Gradual improvements of existing systems (e.g. AR, upload of AP)</li> </ul>	
7	Implement root cause analysis process for project cost overages	2,3	Neal		<ul style="list-style-type: none"> <li>After new financial system deployed, establish process to perform root cause analysis on projects where actual costs exceed estimated costs, and institute weekly review call with ops and sales leaders from each region</li> </ul>	
8	Ensure estimator accuracy	2	Mike		<ul style="list-style-type: none"> <li>Deploy project manager review process for new estimators by Dec 2018 (driven by Neal)</li> <li>Develop estimator training program by [Month 2019 – MIKE TO CONFIRM]</li> </ul>	<ul style="list-style-type: none"> <li>In progress. Working with 1 estimator and PM's on implementing</li> </ul>
9	Adjust sales incentive compensation	1	Mike		<ul style="list-style-type: none"> <li>[TBD]</li> </ul>	



## DOMESTIC



## INTERNATIONAL



*AR Reduced, Need Focus on International Overdue >120 Days*