

HELIX WEST

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HELIX SEMINARS & WORKSHOP



GUEST SPEAKERS
Luke Pinkerton CTO, Helix
Samhar Hoz, Engineer, Helix

Friday, 25 May, 9:00 AM to 3:30 PM

NEWS

FAB-FORM
MD&A
1st Quarter 2018

MD&A TO OUR SHAREHOLDERS

The cover is a screen shot of the home page of our Helix West website. On the 25th of May, we held a set of seminars and workshops to educate and promote Helix micro rebar. World experts on fiber technology, Luke Pinkerton, CTO and Samhar Hoz, PEng, of Helix Steel discussed the science of fiber design, testing methodology and the use of structural fibers in walls, slabs and bridge decks. Katherine Chevier, Quality Control Manager at Lafarge Concrete discussed mix design and steel fibers.

Helix is a "sleeper" product. Using quiet persuasion, our sales increased 66.2% last year over 2016. We are hoping for a similar increase in 2018. With an innovative product such as Helix, patience and persistence are of critical importance in achieving success. We believe the seminars and workshops will yield similar success as with Nudura.

As always, thank you Board Members, Shareholders, and progressive Dealers and Contractors for your continued support and commitment.

The Company's independent auditors have neither reviewed nor audited these Consolidated Financial Statements.

Sincerely



Richard Fearn
President and CEO
30 May 2018



Herb Bentz
Chief Financial Officer
30 May 2018

MANAGEMENT DISCUSSION & ANALYSIS

31 December 2016

This discussion and analysis of the financial results of Fab-Form Industries Ltd. (Fab-Form or the Company) should be read in conjunction with the consolidated audited financial statements for the year 2017 and accompanying notes. The results reported therein have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on the SEDAR (System for Electronic Document Analysis and Retrieval) website at www.sedar.com.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute "forward-looking statements" as is defined in applicable securities laws. These statements include, without limitation, the success of developing, manufacturing and distributing new products and other similar statements concerning anticipated future events, conditions or results that are not historical in nature, and reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by several material factors, many of which are beyond the Company's control. Such factors include, among others, risks and uncertainties relating to product development; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; potential defects in product performance; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; the uncertainty of capturing market share and other risks and uncertainties. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the Report Date and, except as required by law, the Company is under no obligation to update or alter any forward-looking information.

COMPANY DESCRIPTION

Fab-Form Industries Ltd. (the "Company" or "Fab-Form") is a company domiciled in Canada and incorporated under the Company Act of British Columbia. The address of the Company's head office is Unit 19, 1610 Derwent Way, Delta BC V3M 6W1. The Company develops, manufactures and distributes proprietary technology to form concrete footings, columns, foundations and walls for building structures. The Company also exclusively distributes Helix® micro rebar into the BC market and Nudura® insulating concrete form into the Lower Mainland market. The Company has traded on the TSX Venture Exchange ("TSX-V" under the symbol FBF) since 2000.

INTERIM MD&A REPORTING

The reader should refer to our interim consolidated financial statements for the three-month period ended 31 March 2018 and our consolidated financial statements for the year ended 31 December 2017 while reading this discussion. The reader should also refer to the MD&A in our 2017 Annual Report as any MD&A information that has not changed materially since year end is not repeated here.

MANAGEMENT DISCUSSION & ANALYSIS

31 December 2016

OPERATING RESULTS

1. First Quarter Profit & Loss

	Jan - Mar 18	Jan - Mar 17	Change	% Change
Sales	509,541	383,710	125,832	32.8%
COGS	364,265	275,185	89,080	32.4%
Gross Profit <i>(% gross profit)</i>	145,276 <i>28.5%</i>	108,525 <i>28.3%</i>	36,752	33.9%
Expenses				
Admin Expenses	37,865	24,405	13,460	55.2%
Selling & Marketing	42,782	35,874	6,908	19.3%
Interest Expense	2,303	2,634	(332)	-12.6%
Wages & Benefits	15,580	5,485	10,095	184.1%
Total Expense	98,530	68,398	30,132	44.1%
Net Ordinary Income	46,746	40,126	6,620	16.5%
Other Expense				
Provision for income tax	16,093	-	16,093	100.0%
Forex (gain) loss	(2,331)	646	(2,976)	-461.1%
Inventory Write-off	1,053	0	1,053	100.0%
Total Other Expense	14,815	646	14,170	-2195.1%
Comprehensive income	31,931	39,481	(7,550)	-19.1%
Average shares outstanding	8,500,698	7,797,988		
Income per share	0.0038	0.0051		

Sales in January and February were up only 4.7% and 8.0% respectively over 2017 due to cold weather. Sales in March rebounded 70.7% higher than the previous year, leading to an increase for the quarter of 32.8% over 2017.

Gross profits increased 33.9% for the quarter over 2017, inline with the sales increase.

Comprehensive income for the first quarter of 2018 was \$31,931, a 19.1% decrease over 2017's \$39,481. The decrease was due substantially to a provision for income taxes of \$16,093 as well as higher administrative and selling expenses of \$30,132 over 2017 as detailed below.

MANAGEMENT DISCUSSION & ANALYSIS

31 December 2016

2. Product Sales

	<u>Jan - Mar 18</u>	<u>Jan - Mar 17</u>	<u>Change</u>	<u>% Change</u>
Fastbag	1,178	1,811	-633	-35.0%
Fastfoot	42,801	34,509	8,291	24.0%
Fast-Tube	936	2,846	-1,910	-67.1%
Helix	57,584	37,577	20,007	53.2%
Sundry Income	185	190	-5	-2.5%
Monopour	4,632	11,109	-6,477	-58.3%
Nudura	306,588	217,558	89,029	40.9%
Bracing	56,249	44,143	12,106	27.4%
Rentals	12,938	7,534	5,404	71.7%
ICF Accessories	26,452	26,433	19	0.1%
Total Sales	509,541	383,710	125,832	32.8%

Helix, Nudura, and bracing rentals all showed healthy increases over the first quarter of 2017. Fast-Tube sales have dropped off significantly due to the defective fabric. As well the production machinery is being upgraded to improve operating efficiency. New fabric is being ordered to replace the defective fabric.

3. Cost of Sales

	<u>Jan - Mar 18</u>	<u>Jan - Mar 17</u>	<u>Change</u>	<u>% Change</u>
Total Direct Product COGS	348,703	265,171	83,532	31.5%
Indirect Product COGS				
Customer Delivery VanICF	-606	-784	178	22.7%
Customer Delivery FBF	161	-955	1,116	116.9%
Brokerage	-1,084	-169	-916	-542.5%
Packing materials	540	552	-13	-2.3%
Amortization production equip.	1,853	1,688	165	9.8%
Production tools	485	0	485	100.0%
Production rental	7,379	7,639	-261	-3.4%
Variable Overhead	1,629	1,794	-165	-9.2%
Wages not allocated	5,205	248	4,957	1,998.9%
Total Indirect Product COGS	15,562	10,014	5,548	55.4%
Total COGS	364,265	275,185	89,080	32.4%

Total direct product cost of goods sold increased inline with the rate of sales. Indirect product cost of goods increased at 55.4% in 2018 due substantially to higher wages not allocated. These are wages not allocated to specific products, for example counting inventory and maintaining the warehouse. When ever possible, wages are allocated to specific products.

4. General and Administration

	<u>Jan - Mar 18</u>	<u>Jan - Mar 17</u>	<u>Change</u>	<u>% Change</u>
Amortization & depreciation	1,221	1,877	-656	-35.0%
Occupancy	2,961	3,031	-70	-2.3%
Patent & TM maintenance fees	122	205	-83	-40.5%
Professional fees	5,343	1,945	3,398	174.7%
Pubco	3,211	3,601	-389	-10.8%
General expenses	23,163	12,104	11,059	91.4%
Telecommunications	1,844	1,642	202	12.3%
Total Admin Expenses	37,865	24,405	13,460	55.2%

Professional fees increase in the first quarter of 2018 due to the accrual of auditor fees (not accrued in the first quarter of 2017). General expenses increased 55.2% over the first quarter of 2017 due to amortization of design software, increased administration wages and new computers.

MANAGEMENT DISCUSSION & ANALYSIS

31 December 2016

5. Selling and Marketing

	Jan - Mar 18	Jan - Mar 17	Change	% Change
Selling & marketing	42,782	35,874	6,908	19.3%

Selling and marketing expenses increased 19.3% in the first quarter of 2018 due to higher trade show costs (Buildex Vancouver and the World of Concrete in Las Vegas) allocated to all product lines. Trade show costs are amortized over the next twelve month based on monthly sales of each product.

6. Selected Quarterly Financial Summary

The following table provides selected quarterly financial information derived from the Company's financial statements for each of the eight recently completed quarters.

	2018		2017		2016			
	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
Revenues	509,541	617,345	650,546	758,441	383,710	331,970	528,475	462,199
Net Income (loss)	31,931	(54,159)	123,089	104,019	41,772	30,885	80,453	61,285
Shares outstanding (diluted)	8,500,698	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988	7,797,988
Income (loss) per diluted share	0.0038	(0.0069)	0.0158	0.0133	0.0054	0.0040	0.0103	0.0079

Additional financial information on the Company can be found on SEDAR at www.sedar.com.

Approved

"Board of Directors"

30 May 2017

FAB-FORM INDUSTRIES LTD.
FURTHER INFORMATION

FAB-FORM INDUSTRIES LTD., headquartered in Delta BC, is a manufacturer and distributor of green and cost effective concrete forming products for the building industry. Its common shares trade on the Toronto Venture Exchange under the symbol "FBF".

For additional information, please contact:

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Shareholders and interested investors should visit:

www.fab-form.com/investor/overview.php
www.vancouvericf.com
www.helixwest.com
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