



Investor Presentation

Q4 2018



Certain statements in this presentation contain forward-looking statements about the objectives of PFB Corporation (“PFB” or the “Corporation”) and management’s expectations, beliefs, intentions or strategies for the future.

Future events are subject to certain risks, uncertainties and assumptions that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and assumptions include, but are not limited to: general economic conditions; actions by government authorities; actions by regulatory authorities; availability of raw materials; changes in raw materials prices; foreign exchange rates; interest rates; competitor activity; industry pricing pressures; seasonality of the construction industry; and weather.

PFB Corporation Overview



Our Strategic Focus:

- PFB Corporation (“PFB®”) is a vertically-integrated manufacturer of products based on our core competency in expanded polystyrene foams (“EPS”). We own or lease a total of nine facilities in Canada and five in the USA.
- We are industry leaders and the only vertically integrated EPS company in North America; expert in EPS resin, building science applications, and geotechnical applications of our engineered EPS foam products.
- Our innovative designs and high-quality building products for insulated residential and commercial structures, engineered geotechnical products used as soil replacement in foundations, road and bridge construction and protective packaging products on both a custom and a commodity basis are available nationally.
- Value-added, “green” products provide sustainable alternative to traditional building products and address demand for energy-efficient building structures – 35% of energy consumption is in buildings.
- The financial strength of PFB Corporation is evident from our strong balance sheet, our focus on revenue streams in both Canada and the USA, our organic and acquisitive revenue growth and our achieving a targeted return on capital as well as capacity utilization.

Our Growth Strategy

- Grow revenues to 200 million supported by our integrated product strategy
- Execute growth strategies for both organic growth and opportunistic acquisitions
- Focus growth on USA operations and overall footprint

➤ Dividend Policy:

- Quarterly dividend \$0.08 (\$0.32 pa)
Last dividend increase Q4 2017

Fourth Quarter ended December 31st

	2018		2017	
Sales	\$	35,283	\$	28,045
Net Income	\$	2,080	\$	1,240
Per share	\$	0.31	\$	0.18
Adj. EBITDA	\$	3,931	\$	2,659
Per share	\$	0.59	\$	0.40

Last Twelve Months ended December 31st

	2018		2017	
Sales	\$	128,345	\$	105,557
Net income	\$	6,189	\$	2,281
Per share	\$	0.92	\$	0.34
Adj. EBITDA	\$	12,978	\$	7,693
Per share	\$	1.93	\$	1.14

Adjusted “EBITDA” represents earnings or loss before interest, taxes, depreciation and amortization. EBITDA is an absolute measure of our operating performance and provides an indication of the results generated by our business activities prior to how activities are financed, how assets are depreciated and amortized, and how results are taxed.

Link to public disclosure at <http://www.sedar.com>; PFBCorp.com



PFB - Molecules to Mansions Product Strategy



Styrene
Pentane



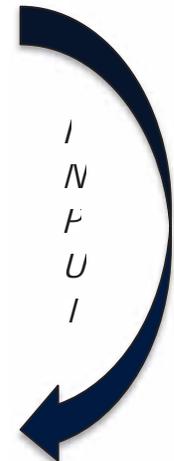
Raw Material



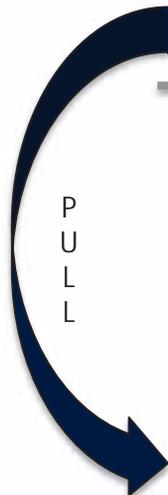
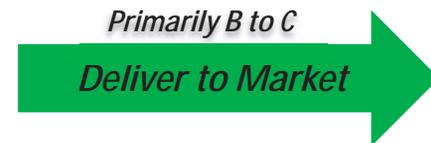
Reaction



EPS Resin



EPS Manufacturing – Building Materials and Products



Design + Log and Timber Fabrication + Log, Timber, Panel & ICF Installation + Project Services





EPS Product Solutions

- Plasti-Fab is a leader in the North American EPS industry
 - Provides customers with nationally branded EPS Insulation and Product Solutions, often including custom design for energy efficient buildings & other applications
- Market segments include roofing, exterior finish systems, insulation reseller channel, OEM, processor, geotechnical applications as well as radon gas mitigation

PlastiSpan®

EnerSpan®

DuroFoam®

DuroSpan®

EnerGreen®

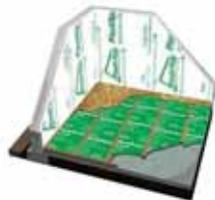
FanFold®

Radon Guard™

GeoSpec®

GeoVoid®

GeoSpan®



Insulated Concrete Forms

- Advantage ICF Systems® (Insulating Concrete Forms)
 - Designed to build insulated foundations and walls from concrete in residential & commercial markets
- Key benefits include - higher energy efficiency, lower utility costs, environmentally friendly, lower jobsite labor costs and flexibility in design



Foundations and Walls



Structural Insulated Panels

- Insulspan® Structural Insulating Panel Systems are structural elements used for walls and to replace roof trusses
- Provides an energy-efficient structural envelope
- Higher effective thermal resistance and lower air infiltration than conventional stick-frame systems
- Supports recent building code changes to higher R value requirements
- Shortens construction time - saves labor



Complete Ready-To-Assemble Package
Pre-cut Panels
Blank Panels



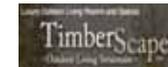
- Over 2,500 homes designed and built
- The premier Mountain style home provider in North America and around the world
- Authentic log & heavy timber construction
- Fully integrated SIP envelope and bundled insulation products



- Over 5,000 homes designed and built
- A leader in the timber framing industry for over 35 years
- Traditional mortise and tenon construction
- Highly energy efficient SIP envelope and bundled insulation products



- Emerging brand, created to serve the growing market
- Combines Insulspan's pedigree in energy-efficiency with the Custom Homes Group's award-winning design expertise
- Modern, urban styling



- Luxurious outdoor structures that have been built around the world
- Sold stand alone, or complementary to a log & timber home
- Pre-designed or customized to the setting

Architectural In-house Design Services



Bundled Log, Timbers, ICF, SIP & Insulation Building Materials



Project Management & Installation Services



PFB Infrastructure and Geographic Footprint



- PFB operates 16 facilities across 11 strategic locations in the US and Canada with 425+ employees
- The only vertically integrated EPS company in North America
- PFB's widely distributed manufacturing capabilities allow it to maintain strong customer relationships and reduce production risk

- ★ PFB Corporation Head Office
- ◆ EPR (Resin) Plant
- ▲ Technical Centre and Lab
- 9 Plasti-Fab Moulding Plants
- 2 Insulspan (SIPS) Plants
- ▲ 2 Custom Homes Group – Timber & Design Centers



Impacts: Social - Environmental - Economic

Stakeholders

Customers

Value added and innovative Products and Services

Brand promise:

- Quality
- Service
- Expertise

Environmental solutions including GreenGuard Certifications

Employees

Safety Core Value

GOAL:ZERO
Home Safe Every Day

SEE IT • OWN IT • MAKE IT SAFER

Employee personal and professional development

Environment of Respect and Opportunity

Shareholders

Profitable revenue growth

Consistent and reliable dividend policy

Return on Capital

Communities

- Reduce energy and water consumption
- Reduce GHG/VOC emissions
- Reduce waste to landfill

Global Reporting Initiatives (GRI)

- Set Targets
- Measure performance
- Transparency

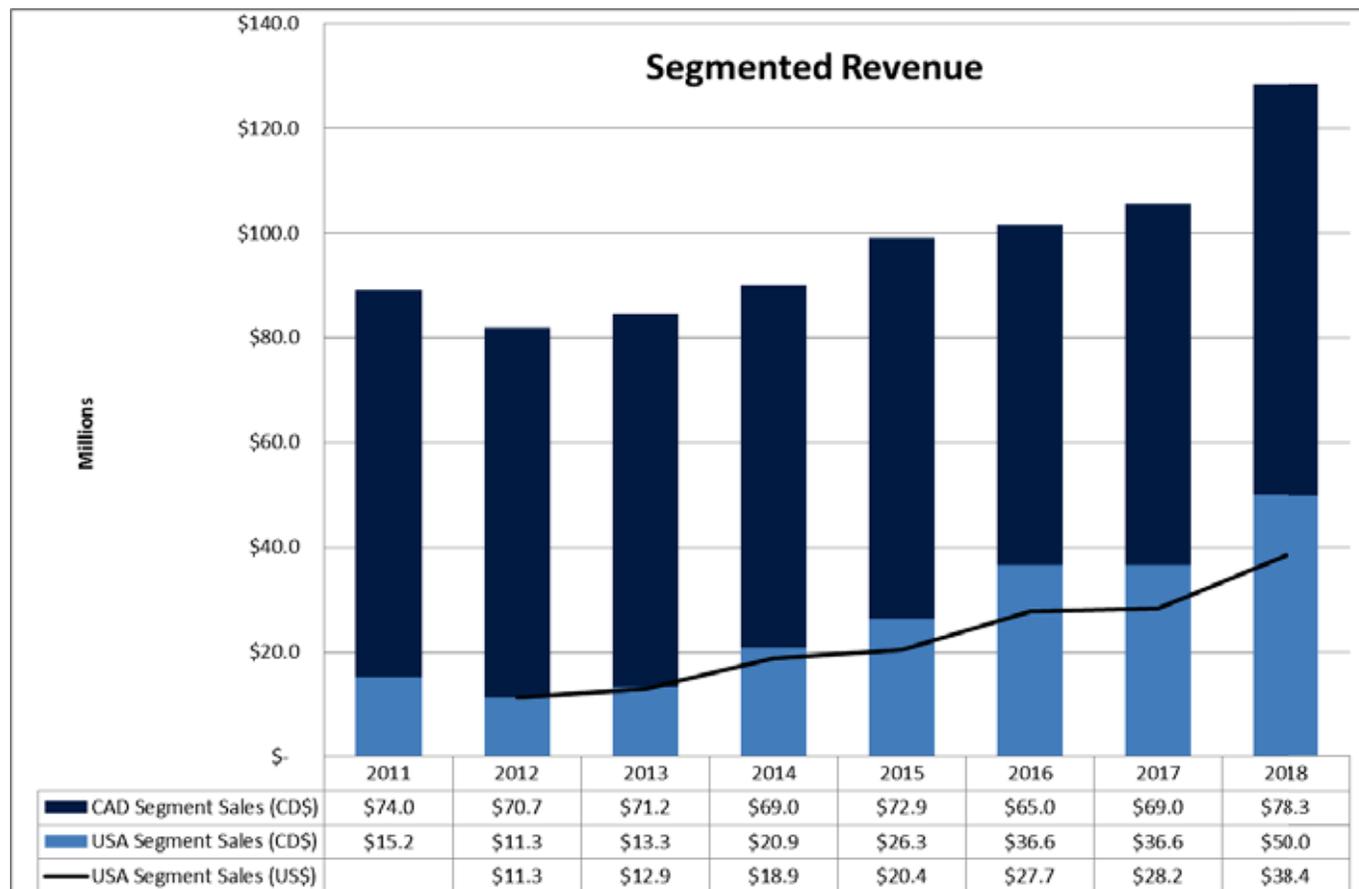
Support of local communities and charitable foundations

Revenue Growth by Operating Segment



- PFB has demonstrated a track record of revenue growth despite oil producing regions downturn in Canada
- The Company has significant and growing exposure to the U.S. building sector
 - USA Segment revenue as a percentage of total revenue was 17% in 2011 and is 39% in 2018

Revenue Mix – Geography



- Q4 -18 Canadian and USA segment sales experienced strong growth over Q4-17 supported by warmer weather patterns for the quarter.
- USA Segment growth in local USD currency continues positive growth trends in Q4-18 and for the year.
- Order books for core EPS operations in the USA and Canadian segments although positive, are typically lower heading into Q1-19. Adverse seasonal weather patterns add an element of uncertainty during this season.
- Custom Homes Group order book is positioned well heading into Q1-19. Continued contractor tightening and rising build costs could impact project timelines.



USA Segment Operating Performance



USA Segment Q4 ended December 31st	2018	2017
Sales	\$ 15,971	\$ 10,815
Operating income	\$ 2,005	\$ 922
USA Segment LTM Dec 31st		
Sales	\$ 49,999	\$ 36,587
Operating income	\$ 4,026	\$ 1,319
<i>All amounts in Canadian dollars</i>		

USA Segment Q4 ended Dec 31th	2018	2017
Sales (USD)	\$ 12,080	\$ 8,501
USA Segment LTM Dec 31st		
Sales (USD)	\$ 38,366	\$ 28,247
<i>All amounts in USA dollars</i>		

Effects of Forex Fluctuations

Raw materials are priced and purchased in USD

- Higher CAD USD values reduce cost of sales
- Higher CAD USD values improve gross margin

Revenues generated in the USA are converted into CAD

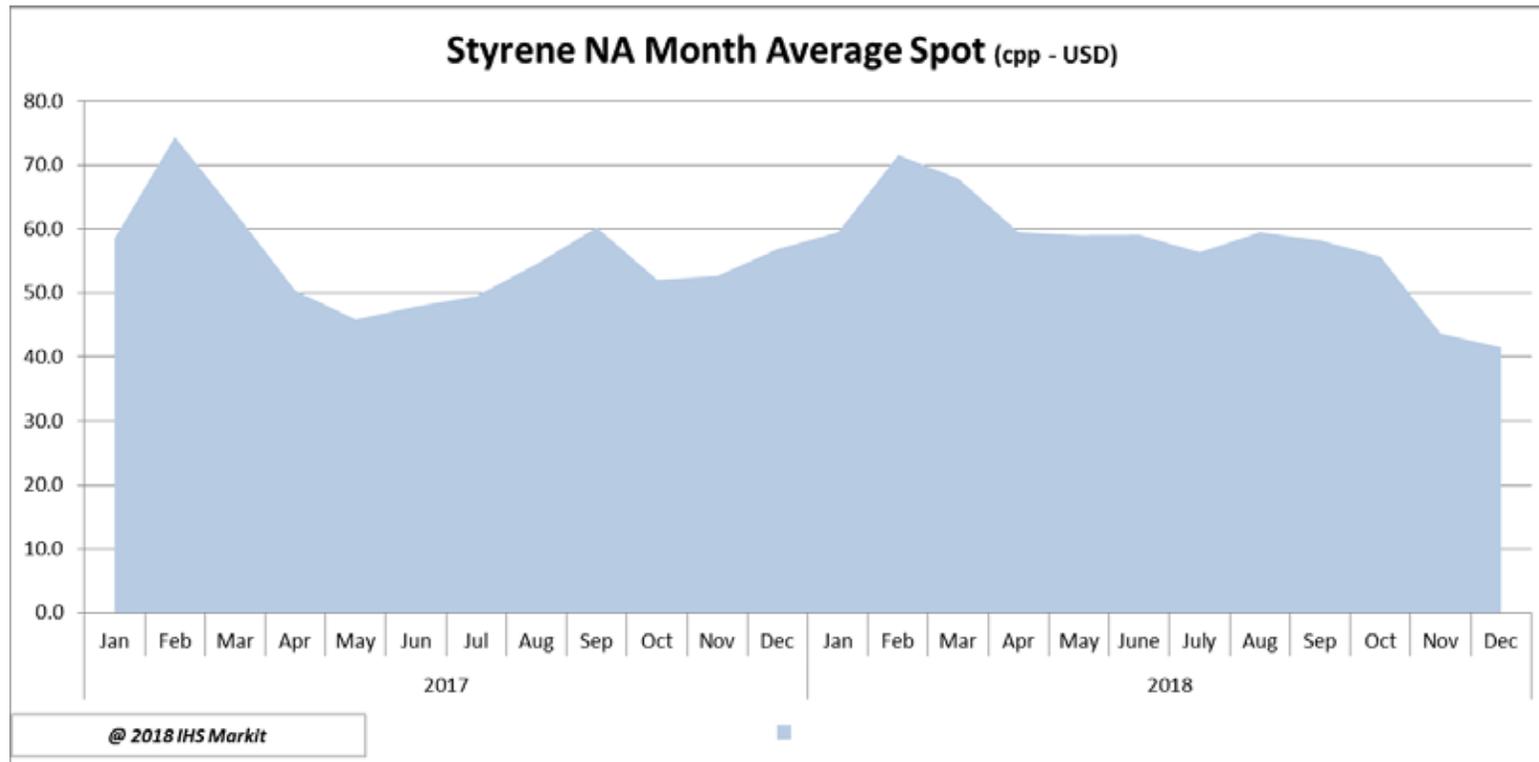
- Lower CAD USD values increase USA revenues in CAD terms
- Lower CAD USD values has the effect of discouraging competitors from abroad in Canada

USD to CAD Chart

9 Feb 2017 00:00 UTC - 30 Dec 2018 00:00 UTC USD/CAD close:1.36324 low:1.21084 high:1.3753



North America Spot Styrene (cpp – USD)



- Q1-18 sharp increase in NA styrene spot price due to unplanned supply chain outages and delayed maintenance turnaround activities retreated and leveled out over the second and third quarters and softened materially into Q4-18
- PFB successfully implemented Q1-18 resin strategies to mitigate material cost impacts in the first half of 2018.
- PFB implemented a price increase effective April 2018 to address overall raw material input costs and other inflationary cost drivers. Increases have taken hold over the course of the year

Trends & Influences on Q4 2018 Financial Results



Consolidated Revenue (in CAD terms)

- Record revenue of \$35,283 in Q4-18 compared with \$28,045 in Q4-17 represents a 25.8% increase.

Drivers of Q4 2018 results:

- NA styrene average spot pricing retreated from the Q1-18 spike and has level out over the second and third quarters and has softened materially into Q4-18
- Resin procurement and production strategies proved effective in mitigating rising raw material input costs over the first half of 2018
- Price increases announced in April 2018 to address rising input costs and overall inflationary impacts have been implemented.
- As a result of the implemented price increase and increased overall revenues, Q4-18 performance exceeded Q4-17 performance.
 - *Gross margin for Q4-18 was 22.8%, an increase of 0.5% over Q4-17 gross margin of 22.3%.*
 - *Net income for Q4-18 of \$2,080 an increase of 68% over Q4-17 net income of \$1,240. Improvements were driven primarily by gains realized through increased business activity during the quarter.*

Canadian Segment Revenue

- Q4-18 revenue was \$19,312 compared with \$17,230 for Q4-17, an increase of 12.1%.
- Strong order books leading into Q4-18 materialized and drove positive growth for the quarter supported by positive weather patterns

USA Segment Revenue

- Q4-18 revenue was \$15,971 CAD compared with \$10,815 CAD for Q4-17, an increase of 47.7% supported somewhat by favorable FX tailwinds for the quarter.
- In local USD terms Q4-18 revenues of 12,080 USD compared with \$8,501 USD in Q4-17, an increase of 42.1%.
- Q4-18 benefited from the completion of several geotechnical projects, increased demand for construction and insulation products and little to no project delays due to weather or other factors.

Foreign Exchange Rates

- The Canadian dollar weakened in Q4-18 when compared to Q4-17. The net impact increased the cost of raw materials, which are priced in US dollars, however increased the translation of US sales into Canadian consolidated sales.



Summary of Quarterly Financial Data



4.1 Financial highlights summary – quarterly

Years ended December 31, 2018 and 2017

\$ thousands, except per share amounts

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Sales	\$ 35,283	\$ 39,374	\$ 32,640	\$ 21,048	\$ 28,045	\$ 28,649	\$ 29,376	\$ 19,487
Gross profit	8,055	9,659	7,428	3,659	6,266	6,645	5,473	2,944
Gross profit margin % ¹	22.8	24.5	22.8	17.4	22.3	23.2	18.6	15.1
Operating income (loss)	2,988	4,668	2,361	(805)	1,712	2,273	745	(1,212)
Net income (loss)	2,080	3,265	1,545	(701)	1,240	1,519	412	(890)
Earnings (loss) per share:								
Basic and diluted	0.31	0.48	0.23	(0.10)	0.18	0.23	0.06	(0.13)
Adjusted EBITDA ¹	3,931	5,607	3,309	131	2,659	3,240	1,762	32
Adjusted EBITDA per share ¹	0.59	\$ 0.83	\$ 0.49	\$ 0.02	\$ 0.40	\$ 0.48	\$ 0.26	\$ -

¹ Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Definitions of non-IFRS measures used in the above table along with relevant other notes are detailed in Section 20 of this MD&A.

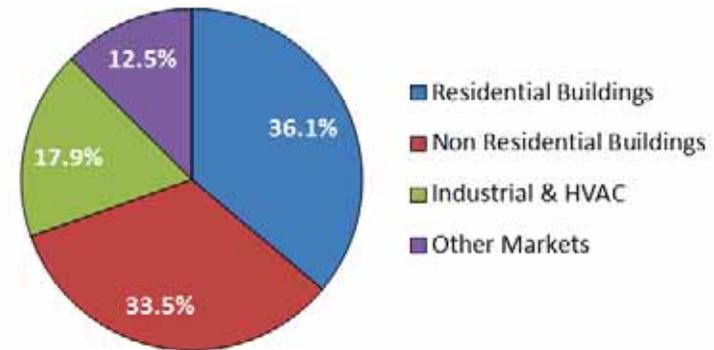
Operations follow seasonal patterns in the construction industry which influences the timing of sales and earnings. Sales in the fourth quarter are typically lower than those seen in the third quarter and they can be influenced by weather.

Insulation Industry Market Share Summary



- 55% of the USA insulation market is controlled by Owens Corning, Dow Chemical, CertainTeed, Johns Manville and Knauf Insulation
- 11% of the USA insulation market is comprised of companies with over \$140 MM in sales
 - Includes: Firestone Building Products, Atlas Roofing, Covestro, Carlisle Companies and BASF
- Resins are typically manufactured by chemical companies, PFB is the only vertically integrated EPS company in North America

US Insulation Market by Market Value (\$8.0 Billion)



Source: The Freedonia Group - Dec 2017

Insulation Demand 2016 (millions dollars)

NA Largest Insulation Manufacturers	% Market	\$MM Sales
Owens Corning	17.1	1,360
Johns Manville	12.2	970
Certain Teed	10.9	865
Kanuf Insulation	9.8	780
Dow Chemical	4.7	375

- US Insulation market projected to grow to \$9.5 billion by 2021
- Foamed Plastic insulation market forecasted to grow to 4.28 billion by 2021

• Compiled from The Freedonia Group - December 2017



PFB Corporation Valuation



Capitalization

Capitalization

(In C\$MM, unless indicated)	Note	Low	High	Q4-18
Price, (\$ per share)	(1)	\$7.90	\$10.45	\$9.50
Shares Outstanding				6.7
Market Capitalization				\$63.8
Plus: Net Debt	(2)			0
Enterprise Value				\$63.8
Cash				\$16.9
TEV / Adjusted EBITDA	(3)			4.92
Forward Dividend - per share (per annum)				\$0.32
Forward Dividend Yield				3.4%

Notes:

(1) Last trade date: Dec/31/18.

(2) Cash exceeds total finance lease obligations, total long-term debt and bank indebtedness, representing zero/nil debt.

(3) LTM period ending Dec/31/18.

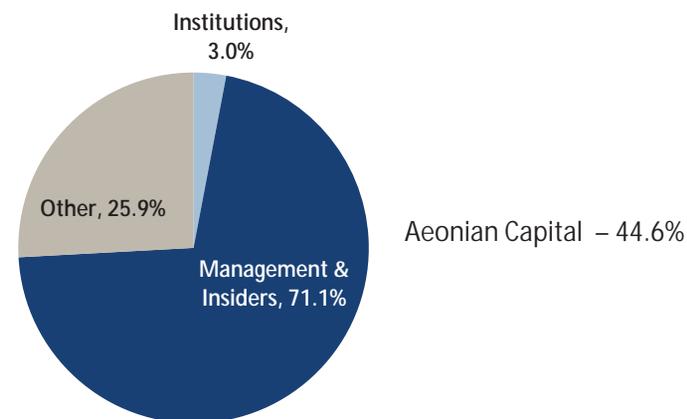
Share Price

CA:PFB Trade Date December 31, 2018 \$9.50 (CAD)

PFB Corp.
PFB (Canada: Toronto)



Ownership



PFB 2018 Statement of Consolidated Income



Consolidated Statements of Income

For the years ended December 31, 2018 and 2017

Thousands of Canadian dollars, except per share amounts



	Note	2018	2017
Sales		\$ 128,345	\$ 105,557
Cost of sales	11	(99,544)	(84,229)
Gross profit		28,801	21,328
Selling expenses		(11,985)	(11,424)
Administrative expenses		(7,452)	(6,399)
Other (losses) gains	6	(152)	13
Operating income		9,212	3,518
Gain on sale of marketable securities		-	275
Investment income		67	114
Finance costs		(766)	(832)
Income before taxes		8,513	3,075
Income tax expense	7	(2,324)	(794)
Net income for the year		\$ 6,189	\$ 2,281



PFB 2018 Consolidated Balance Sheet



Consolidated Balance Sheets

As at December 31, 2018 and 2017
Thousands of Canadian dollars



	Note	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	9	\$ 16,944	\$ 12,180
Cash - restricted	9	1,347	88
Trade receivables	10	13,082	9,809
Inventories	11	11,638	9,998
Income taxes recoverable	7	193	287
Prepaid expenses		374	474
Contract costs	12	475	527
Total current assets		44,053	33,363
Non-current assets			
Marketable securities - restricted	21, 25	1,483	1,239
Property, plant and equipment	14	39,209	40,099
Intangible assets	15	1,447	1,405
Goodwill	16	2,360	2,217
Accrued defined benefit pension plan	17	10	91
Deferred income tax assets	7	270	357
Total non-current assets		44,779	45,408
Total assets		\$ 88,832	\$ 78,771
LIABILITIES			
Current liabilities			
Trade and other payables		\$ 10,894	\$ 8,737
Contract liabilities	18	6,464	5,158
Income taxes payable	7	681	39
Long-term debt	19	350	339
Finance lease obligations	21	255	249
Total current liabilities		18,644	14,522
Non-current liabilities			
Long-term debt		8,218	8,567
Finance lease obligations	21	2,984	2,983
Deferred operating lease obligations	20	719	506
Deferred income tax liabilities	7	1,631	1,368
Total non-current liabilities		13,552	13,424
Total liabilities		32,196	27,946
SHAREHOLDERS' EQUITY			
Common shares	24	20,947	20,947
Equity-settled employee benefits reserve		44	-
Accumulated other comprehensive income		4,176	2,448
Retained earnings		31,469	27,430
Shareholders' equity		56,636	50,825
Total liabilities and shareholders' equity		\$ 88,832	\$ 78,771

Commitments and contingencies (Note 28), and operating leases (Note 27).

The accompanying notes are an integral part of these consolidated financial statements.



PFB 2018 Consolidated Statements of Cash Flows



Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

Thousands of Canadian dollars



	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year		\$ 6,189	\$ 2,281
Adjustments for:			
Depreciation expense	14	3,634	3,768
Amortization expense	15	132	132
Gain on disposal of property, plant and equipment	6, 14	(58)	(51)
Gain on sale of marketable securities		-	(275)
Defined benefit pension plan		(79)	(40)
Finance costs		766	832
Investment income		(67)	(114)
Income tax expense	7	2,324	794
Share-based payment expense		44	-
Unrealized foreign exchange (gains)/losses	6	(69)	25
Changes in non-cash working capital	29	(1,298)	647
Unrealized foreign exchange relating to non-cash working capital		17	(64)
Changes in deferred operating lease obligations	20	214	8
Cash from operating activities, before income taxes		11,749	7,943
Income taxes paid, net		(1,312)	(144)
Net cash from operating activities		10,437	7,799
CASH FLOWS USED IN INVESTING ACTIVITIES			
Increase in restricted cash balance		(1,250)	(51)
Purchase of leased assets	22	-	(18,800)
Reclassification of lease obligations related to purchase of leased assets	22, 23	-	10,982
Non-cash deferred operating lease obligation related to purchase of leased assets	22	-	143
Purchase of property, plant and equipment	14	(1,769)	(1,482)
Purchase of intangible assets	15	(64)	(129)
Proceeds from disposal of property, plant and equipment		82	58
Interest received		48	40
Distributions received from marketable securities		19	74
Net cash used in investing activities		(2,943)	(9,165)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of finance lease obligations	23	(279)	(246)
Settlement of finance lease obligation related to purchase of leased assets	22	-	(10,982)
Changes in long-term debt	19, 23	(338)	8,906
Proceeds from disposal of marketable securities		-	1,883
Finance costs paid		(766)	(832)
Dividends paid to shareholders	24	(2,150)	(1,948)
Net cash used in financing activities		(3,533)	(3,219)
Effects of exchange rate changes on the balance of cash held in foreign currencies		803	(369)
Net increase (decrease) in cash and cash equivalents		4,764	(4,954)
Cash and cash equivalents at the beginning of the year		12,180	17,134
Cash and cash equivalents at the end of the year	9	\$ 16,944	\$ 12,180

The accompanying notes are an integral part of these consolidated financial statements.



Board of Directors & Executive Management



Board of Directors

C. Alan Smith

- Executive Chairman, PFB Corporation
- President, Aeonian Capital Corporation

Frank B. Baker

- PFB Board Member & Retired Businessman

Bruce M. Carruthers

- Corporate Director, (Formerly COO PFB Corporation)

Donald J. Douglas

- President & CEO, Jetstream Capital

John K. Read

- President, Picante Capital Corp.

William H. Smith, Q.C.

- Principal, William H. Smith Professional Corporation

Gordon G. Tallman

- Corporate Director

Leslie Lundquist

- Corporate Director

Vanessa H. Rennie

- Vice President, Aeonian Capital Corporation

Executive Management

Robert Graham

- Chief Executive Officer, PFB Corporation

Mirko Papuga

- Chief Financial Officer, PFB Corporation

Red Ortega

- Chief Information Officer, PFB Corporation

