TAGLICH BROTHERS

MEMBER: FINRA, SIPC | WWW.TAGLICHBROTHERS.COM

Research Report – Update

Investors should consider this report as only a single factor in making their investment decision.

Unique Fabricating, Inc.

Speculative Buy

John Nobile
November 18, 2020

UFAB $4.11 — (NYSE MKT)

	2018A	2019A	2020E	2021E
Revenues (millions)	$174.9	$152.5	$119.3	$145.0
Earnings (loss) per share*	$0.37	$(0.93)	$(0.41)	$0.39

52-Week range	$4.80 – $1.44	Fiscal year ends:	December
Common shares out a/o 10/30/20	9.8 million	Revenue per share (TTM)	$12.36
Approximate float	7.2 million	Price/Sales (TTM)	0.3X
Market capitalization	$40 million	Price/Sales (FY2021)E	0.3X
Tangible book value/share	$0.44	Price/Earnings (TTM)	NMF
Price/tangible book value	9.4X	Price/Earnings (FY2021)E	10.6X

**2019 includes an estimated $(0.69) per share restructuring/impairment charge. 2020 includes an estimated $(0.09) per share restructuring charge.*

Headquartered in Auburn Hills, MI, Unique Fabricating (UFAB) is engaged in the engineering and manufacturing of components for use in the transportation, appliance, medical, and consumer markets. The company's products are comprised of multi-material foam, rubber, and plastic components and are used for noise, vibration and harshness management, and water and air sealing.

Key investment considerations:

Reiterating Speculative Buy rating and raising our twelve-month price target to $5.50 per share from $5.00 based on our forecasted increase in sales and return to profitability in 2021.

The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities. This is expected to result in reduced sales for UFAB in 2020. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17.1 million by 2023.

Growing North American vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in UFAB's sales growth outpacing vehicle production rates in 2021. New business awarded in 3Q20 should be accretive to 2021 sales.

For FY20, we project a 21.8% decrease in revenue to $119.3 million and a loss of $(0.41) per share. We previously projected revenue of $116.7 million and a loss of $(0.57) per share. Our projections reflect 3Q20 results.

For FY21, we project a 21.6% increase in revenue to $145 million and EPS of $0.39. We previously projected revenue of $142 million and EPS of $0.09. Our projections reflect 3Q20 business orders and significant (16.7%) growth in 2021 North American vehicle production.

UFAB reported (on 11/12/20) 3Q20 income of $0.10 per share on a 7.8% decrease in revenue to $35.6 million. The loss in 3Q19 was $(0.13) per share. We projected 3Q20 revenue of $33 million and a loss of $(0.02) per share.

****Please view our disclosures on pages 13 - 15.***

37 Main Street, Cold Spring Harbor N.Y. 11724
(631) 757-1500

Recommendation and Valuation

Reiterating Speculative Buy rating on Unique Fabricating, Inc. and raising our twelve-month price target to $5.50 per share from $5.00. Our rating and price target should be supported by our forecasted increase in sales and return to profitability in 2021.

The company's product sales and programs are highly correlated with new vehicle production in North America. The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities. According to LMC Automotive, North American production is projected to decrease to 13.1 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17.1 million by 2023.

Growing North American vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in UFAB's sales growth outpacing vehicle production rates in 2021. New business awarded in 3Q20 should be accretive to 2021 sales.

UFAB currently trades at a trailing twelve-month P/S multiple of 0.3X (unchanged). Company peers trade at a multiple of 0.5X trailing twelve-month sales (unchanged). We believe UFAB'S valuation should improve as pandemic conditions ease and sales growth resumes. We applied a multiple of 0.4X (unchanged) to our FY21 sales projection of $14.83 per share, discounted to account for execution risk, to obtain a year-ahead value of approximately $5.50 per share.

Business

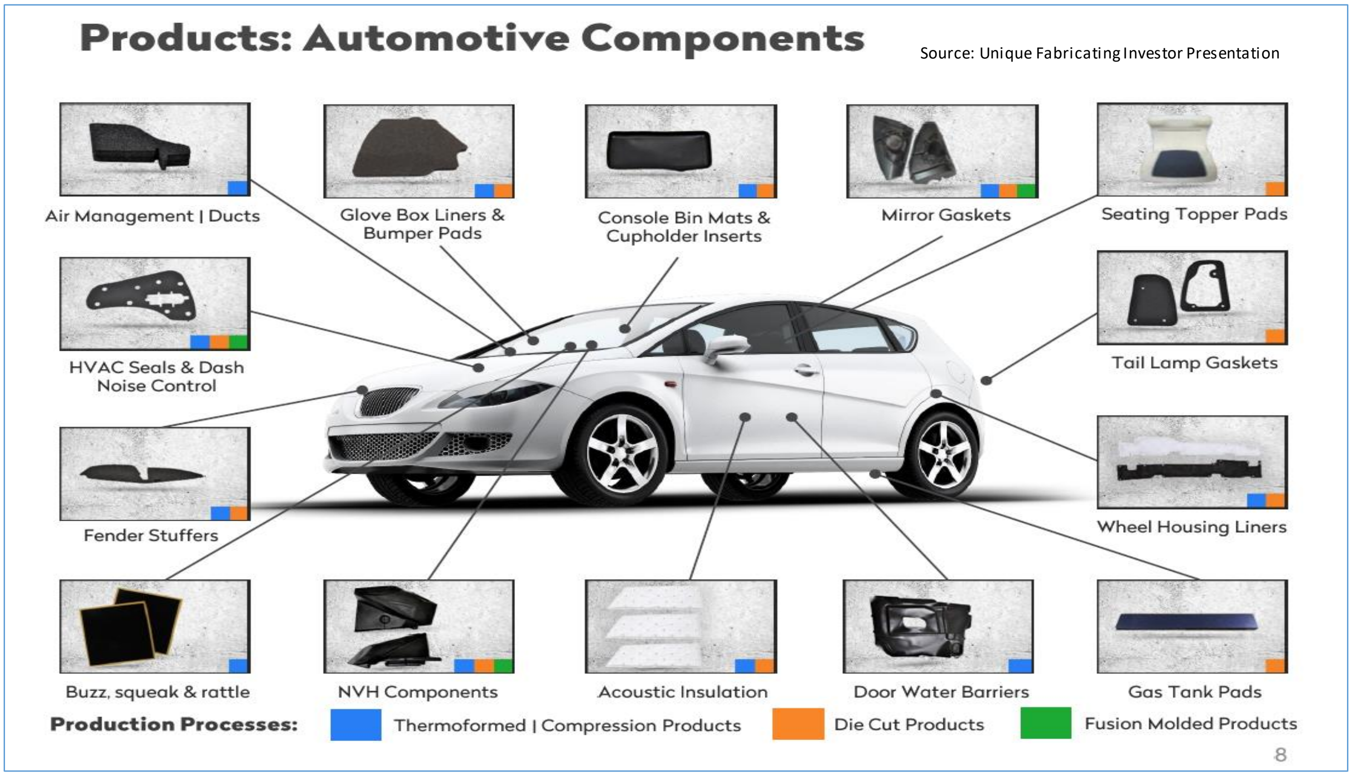
Headquartered in Auburn Hills, MI, Unique Fabricating (UFAB) is engaged in the engineering and manufacturing of components for use in the transportation, appliance, medical, and consumer markets. The company's products are comprised of multi-material foam, rubber, and plastic components and are used for noise, vibration and harshness management, acoustical management, water and air sealing, decorative and other functional applications.

Unique manufactures air management products, heating ventilating and air conditioning (HVAC) products, seals, fender stuffers, air ducts, acoustical insulation, door water shields, gas tank pads, light gaskets, topper pads, mirror gaskets, glove box liners, personal protection equipment, and packaging.

UFAB's products are sold mainly to the North American transportation market (approximately 85% of total sales in 2019), which includes automotive and heavy-duty trucks. The company also serves the appliance, medical, and consumer markets.

By sealing out air, noise and water intrusion, and by providing sound absorption and blocking, Unique's products improve the interior comfort of a vehicle. Unique's products perform similar functions for appliances, water heaters and HVAC systems, improving thermal characteristics, reducing noise and prolonging equipment life.

Pictured at the top on the next page are UFAB's products used by automotive customers.



Industry

UFAB engineers and manufactures multi-material foam, rubber, and plastic components.

Urethane Foam Products Manufacturing
Products made with this type of foam are used to insulate objects, reduce shock in packaging, seat cushioning, carpet cushioning, car interiors, fluid filtration systems, and anti-noise and vibration systems.

The Urethane Foam Manufacturing industry is expected to expand annually by 0.4% reaching $12 billion in 2020 from 2015. This projection has been adjusted downward from 0.6% since the start of the COVID-19 pandemic. IBISWorld projects average annual revenue growth of 1.1% to $12.6 billion in 2025 from $12 billion in 2020. With automotive at 11.9% of the total market, this would equate to a $1.5 billion market for automotive and automotive parts manufacturers by 2025 assuming the current percentages hold steady.

The state of the US automotive industry, including domestic production volumes, affects demand for foam products. The automotive industry uses polyurethane foam in car seats and insulation applications with demand directly correlated to automobile production levels. When more vehicles are manufactured, more foam products will be purchased by the automotive industry for inputs into their vehicles and their components. A greater focus on fuel efficiency will result in more prevalent use of foam in automobile production, given its light weight. LMC Automotive projects North American vehicle production to decrease to 13.1 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021 and reach 17.1 million in 2023.

Rubber Products Manufacturing
The rubber products manufacturing industry is estimated to generate sales of approximately $16.9 billion in 2020 (according to IBISWorld) with 27.8% or $4.7 billion coming from the automotive segment. IBISWorld projects overall industry revenue growth at an annualized rate of 4.9% reaching $21.4 billion over the five years to 2025. Increased demand for rubber products from key markets and consumers, likely heightened in 2021 and 2022 due to pent-up demand following the economic slowdown caused by the COVID-19 pandemic are expected to drive

industry growth with the construction and automotive markets expected to rebound and help overall industry growth.

Plastic Products Manufacturing
Revenue for the Plastic Products Miscellaneous Manufacturing industry is projected to decline in 2020 as a result of weakened demand and falling prices from COVID-19. IBISWorld projects the plastic products manufacturing industry to generate approximately $103.4 billion in sales in 2020, down 1.2% from $104.7 billion in 2019. The overall industry is projected to grow at an annualized rate of 0.9% to $108.2 billion in 2025.

Automotive manufacturers are the industry's second-largest market segment (23.8%). Plastic offers automobile manufacturers an inexpensive, lightweight and corrosive-free material that can be used inside and outside the vehicle. While the overall segment has declined over the five years to 2020, plastic product usage in automobiles has expanded as manufacturers have increasingly sought to improve vehicle fuel efficiency.

Federal regulations requiring cars to have an average fuel economy of 54.5 miles per gallon by 2025 could boost automotive manufacturing moving forward. A simple way for car manufacturers to increase fuel efficiency is to produce lighter cars by using plastic materials instead of steel.

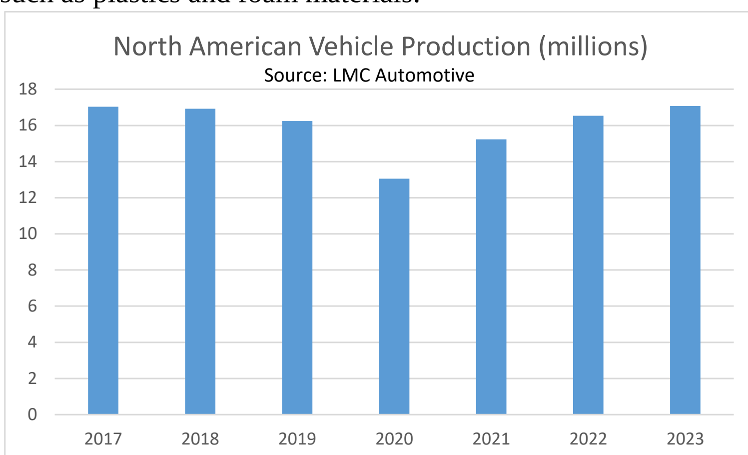
Primary End Market

The automotive parts industry provides components, systems, subsystems and modules to OEMs for the manufacture of new vehicles. Within the automotive parts industry, North America is UFAB's core market.

Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced. Although OEM demand is tied to actual vehicle production, participants in the automotive parts industry also have the opportunity to grow through increasing product content per vehicle. We believe that the current trend of increasing fuel efficiency and lowering vehicle weight should help drive increased usage of parts produced by UFAB.

The evolution of materials utilized in vehicles is moving away from conventional steel and is expected to be increasingly replaced by lighter weight materials such as plastics and foam materials.

The outbreak and subsequent spread of COVID-19 has had an adverse impact on the outlook for North American vehicle production in the short- to mid-term with most vehicle manufacturers having had some form of a shutdown at their facilities. North American production is projected to decrease to 13.1 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections for North American vehicle production are 17.1 million by 2023 (see chart at right).



3Q20 and 9M20 Financial Results

3Q20 – Net income was $980,000 or $0.10 per share on a 7.8% decrease in revenue to $35.6 million. The net loss in 3Q19 was $1.3 million or $(0.13) per share. The net loss for 3Q19 included $990,000 or $(0.10) per share of restructuring expenses. We projected 3Q20 revenue of $33 million and a net loss of $189,000 or $(0.02) per share.

The decrease in revenue was primarily due to the end of certain customer's transportation programs and lost sales from previous facility closures.

Gross profit increased to $8.1 million from $7.2 million with gross margins increasing to 22.7% from 18.6%. The increase in gross margins was primarily due to a $1.7 million inventory allowance charge in 3Q19, which did not occur in 3Q20, offset in part by reduced manufacturing overhead coverage and COVID-19 related costs. SG&A expenses decreased 4.4% to $6.3 million from $6.5 million. Operating margin (excluding restructuring charges) increased to 5.1% from 1.6%. Interest expense decreased to $711,000 from $1.1 million due primarily to a favorable effect from an interest rate swap and a lower overall interest rate associated with the company's PPP loan. The company paid income tax of $166,000 compared to a benefit of $252,000 in 3Q19.

9M20 – The net loss was $4.5 million or $(0.46) per share on a 27% decrease in revenue to $85.3 million. The net loss in 9M19 was $9.1 million or $(0.93) per share. The net loss for 9M19 included $6.8 million or $(0.69) per share of impairment expenses and $1.8 million or $(0.19) per share of restructuring expenses.

The decrease in revenue was primarily driven by customer shutdowns related to the COVID-19 pandemic and the end of certain customer's transportation programs.

Gross profit decreased to $16.9 million from $23.7 million with gross margins decreasing to 19.8% from 20.3%. SG&A expenses decreased 13.4% to $18.4 million from $21.2 million. Operating margin (excluding impairment charges) was a negative (1.8)% versus a positive 2.1% in 9M19. Interest expense decreased to $3 million from $3.6 million. The company received an income tax benefit of $1.2 million compared to a benefit of $597,000 in 9M19.

Liquidity - As of September 30, 2020, the company had $2.3 million cash, a current ratio of 2, $49.5 million of debt (of which $4.2 million is current) for a debt/equity ratio of 1.4X, and approximately 31% of assets covered by equity.

	9 Months Ended (in thousands $)	
	9/20A	9/19A
Sales	85,286	116,905
Cost of sales	68,395	93,219
Gross profit	16,891	23,686
Selling, general, and administrative	18,397	21,234
Restructuring / impairment expenses	1,193	8,575
Operating income	(2,699)	(6,123)
Other income (expense)	26	29
Interest expense	(3,000)	(3,580)
Income before income taxes	(5,673)	(9,674)
Income tax (benefit)	(1,200)	(597)
Net income	(4,473)	(9,077)
EPS	(0.46)	(0.93)
Shares Outstanding	9,780	9,779
Margin Analysis		
Gross margin	19.8%	20.3%
SG&A	21.6%	18.2%
Operating margin	(3.2)%	(5.2)%
Tax rate	21.2%	6.2%
Net margin	(5.2)%	(7.8)%
Year / Year Growth		
Total Revenues	(27.0)%	
Net Income	NMF	
EPS	NMF	

Source: Company filings

In 9M20, cash provided by operations was approximately $649,000 consisting of a cash loss of $14,000 and a $663,000 decrease in working capital. The decrease in working capital was primarily due to an increase in payables offset in part by an increase in prepaid expenses. Cash used in investing activities of $650,000 consisted of capital expenditures offset in part by proceeds from the sale of property, plant, and equipment. Cash provided by financing of $1.6 million consisted primarily of a net increase in debt. Cash increased by $1.6 million to $2.3 million at September 30, 2020.

The company has a $73 million credit agreement with Citizens Bank, NA. The credit agreement consists of a revolving line of credit of up to $30 million, term loans totaling $38 million, and a two year $5 million line of credit dedicated to capital expenditures. The revolver and term loans mature on November 7, 2023 and bear interest at the greater of the prime rate or the federal funds rate plus a margin ranging from 1.75% to 3.25%, or LIBOR plus a margin ranging from 2.75% to 4.25%, based on senior leverage ratio thresholds measured quarterly. The effective interest rate as of September 30, 2020 was 5.25%. The company also has a PPP loan (discussed below) with a 1% annual rate.

As of September 30, 2020, the company was in compliance with its financial covenants. In response to the anticipated impact of COVID-19, on April 24, 2020, Unique Fabricating entered into a Promissory Note for approximately $6 million with Citizens Bank, NA pursuant to the US Small Business Administration Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by

Congress and signed into law on March 27, 2020. The note is unsecured, bears interest at an annual rate of 1% with principal and interest payments deferred for the first six months, and matures in two years. The PPP note may be forgiven subject to the terms of the program.

Economic Outlook

As Unique's customers are principally engaged in the North American automotive industry (approximately 85% of FY19 sales), the economic outlook for this region should have a direct influence on its sales.

In October 2020, the International Monetary Fund (IMF) revised its global economic estimates to a decline of 4.4% for 2020 and growth of 5.2% for 2021. In June 2020, the IMF predicted a GDP decline of 5.2% for 2020 and growth of 5.4% for 2021. The 2020 upward revision primarily reflects better-than-anticipated 2Q20 GDP. The 2021 downward revision primarily reflects the more moderate downturn projected for 2020.

The IMF revised its economic growth estimate for the US to a decline of 4.3% for 2020 and growth of 3.1% for 2021. In June 2020, the IMF projected a decline in US growth of 8% for 2020 and growth of 4.5% for 2021.

The advance estimate of US GDP growth (released on October 29, 2020) showed the US economy increased at an annual rate of 33.1% in 3Q20, up from the 31.4% decline reported in 2Q20. The 3Q20 US GDP estimate primarily reflects increases in consumer spending, inventory investment, exports, business investment, and housing investment, partially offset by a decrease in government spending.

Projections

The company's product sales and programs are highly correlated with new vehicle production in North America. The outbreak and subsequent spread of COVID-19 had an adverse impact on the outlook for North American vehicle production with most vehicle manufacturers having had some form of a shutdown at their facilities. According to LMC Automotive, North American production is projected to decrease to 13.1 million in 2020 from approximately 16.2 million in 2019. As COVID-19 conditions ease, projections are for North American vehicle production to begin growing in 2021, reaching 17.1 million by 2023.

Growing North American vehicle production along with the trend of reducing a vehicle's weight and increasing passenger comfort should result in UFAB's sales growth outpacing vehicle production rates in 2021. New business awarded in 3Q20 should be accretive to 2021 sales.

FY20 **-** We project a 21.8% decrease in revenue to $119.3 million and a net loss of $4 million or $(0.41) per share. We previously projected revenue of $116.7 million and a net loss of $5.6 million or $(0.57) per share. The change in our projections reflects 3Q20 results.

We project gross profit decreasing 22.6% to $24.4 million due primarily to the reduction in revenue and gross margin compression to 20.4% from 20.7% on reduced overhead coverage. Helping to offset the gross margin compression should be a full year of cost savings from the closing of UFAB'S Evansville, Indiana facility in September 2019, and the Bryan, Ohio facility closing in January 2020.

SG&A expenses should decrease to $24.6 million from $26.8 million due primarily to cost reduction efforts. SG&A margins should increase to 20.7% from 17.5%.

We project interest expense decreasing to $3.7 million from $4.3 million on lower debt levels. Our tax rate estimate is 20.6%.

We project UFAB will generate $3.4 million cash from operations on $3 million of cash earnings and a $402,000 decrease in working capital. The decrease in working capital should come primarily from a decrease in receivables offset in part by an increase in prepaid expenses. Cash from operations should cover projected capital expenditures and repayment of debt, increasing cash by $432,000 to $1.1 million at December 31, 2020.

FY21 - We project a 21.6% increase in revenue to $145 million and net income of $3.8 million or $0.39 per share. We previously projected revenue of $142 million and net income of $839,000 or $0.09 per share. Our projections reflect 3Q20 business orders and significant (16.7%) growth in 2021 North American vehicle production.

We project gross profit increasing 13.8% to $33.4 million due primarily to the increase in revenue and gross margin expansion to 23% from 20.4% on greater overhead coverage.

SG&A expenses should increase to $26 million from $24.6 million to support revenue growth. SG&A margins should decrease to 17.9% from 20.7%. Operating income is projected to increase to $7.4 million from an operating loss of $1.5 million in 2020.

We project interest expense decreasing to $2.2 million from $3.7 million as the company reduces its debt levels. Our tax rate estimate is 26%.

We project UFAB will generate $11.3 million cash from operations on $10 million of cash earnings and a $1.3 million decrease in working capital. The decrease in working capital should come primarily from a decrease in receivables offset in part by an increase in prepaid expenses. Cash from operations should cover projected capital expenditures and repayment of debt, increasing cash by $245,000 to $1.3 million at December 31, 2021.

Risks

In our view, these are the principal risks underlying the stock.

Pandemic concerns – The outbreak of COVID-19 and any other outbreaks of contagious diseases could have a material adverse effect on UFAB's business. COVID-19 has significantly impacted economic activity and markets worldwide, and could continue to negatively affect the company's business. These effects could include, but are not limited to, disruptions or restrictions on UFAB's employees' ability to work effectively due to illness, travel bans, quarantines, shelter-in-place orders or other limitations. Temporary closures of the company's facilities or the facilities of its customers or suppliers could affect UFABs ability to timely meet its customer's orders and negatively impact its supply chain.

A substantial portion of 1H20 was affected by the shutdown of manufacturing operations in North America by General Motors Company (GM), Fiat Chrysler Automobiles (FCA) and Ford Motor Company (Ford). Direct and indirect sales through Tier I suppliers, to GM, FCA, and Ford represented approximately 51%, of UFAB's net sales for FY19. The closures of customers' operations had a substantial adverse effect on UFAB's business.

Substantial debt level – As of September 30, 2020, UFAB had approximately $49.5 million of debt outstanding. If the company were to default on paying its debt or fail to comply with the covenants, its lenders could take action that could lead to stockholders losing their investment.

Major customers may exert significant influence - The vehicle component supply industry is highly fragmented and serves a limited number of large OEMs that have a significant amount of leverage over their suppliers. The company's contracts with major OEM and Tier 1 customers frequently provide for annual productivity cost reductions which UFAB has been able to offset through product design changes, increased productivity and similar programs with its suppliers. If UFAB is unable to generate sufficient production cost savings to offset price reductions, its gross margins and profitability would be adversely affected.

Competition – The vehicle component supply industry is highly competitive. UFAB'S products primarily compete on the basis of price, breadth of product offerings, product quality, technical expertise and development capability, product delivery and product service. Increased competition may lead to price reductions resulting in reduced gross margins and loss of market share.

Exchange rate risks – UFAB has two manufacturing facilities in Mexico and one in Canada. Because a portion of the company's manufacturing costs are incurred in Mexican pesos and Canadian dollars, fluctuations in the US dollar/Mexican peso, and US dollar/Canadian dollar exchange rates, may have a material effect on profitability, cash flows, and financial position.

Cyclical nature of business - The demand for the company's products is largely dependent on North American production of automobiles. UFAB's business is cyclical in nature as new vehicle demand is dependent on, among other things, consumer spending, which is closely tied to the overall strength of the economy. A weakening economy would likely lead to declines in vehicle production and adversely impact the company's financial condition. A potential disruption of US economic conditions lies in the global spread of the coronavirus that is likely to cause supply chain and demand issues which could adversely impact corporate operating results.

Potential impact of tariffs – The current US administration has taken steps to apply or consider applying tariffs on automobiles, parts, and other products and materials which could have the potential to disrupt existing supply chains and impose additional costs on UFAB's business.

Material weaknesses in internal control over financial reporting – As of September 30, 2020, the company identified a material weakness, primarily related to limited finance staffing levels that are not commensurate with its financial accounting and reporting requirements. If UFAB is unable to successfully remediate this material weakness, its financial statements could contain material misstatements.

Liquidity risk - Shares of Unique Fabricating have risks common to those of the microcap segment of the market. Often these risks cause microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume and can lead to large spreads and high volatility in stock price. There are 7.2 million shares in the float and the average daily volume is approximately 13,000 shares.

Miscellaneous risk - The company's ability to maintain its dividend and its financial results and equity values are subject to other risks and uncertainties including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Unique Fabricating, Inc.

Consolidated Balance Sheets
(in thousands $)

	FY17A	FY18A	FY19A	9/20A	FY20E	FY21E
Cash	1,431	1,410	650	2,271	1,082	1,327
Accounts receivable	27,204	30,831	24,701	27,001	26,508	24,167
Inventory	16,330	16,285	13,047	12,481	12,247	12,405
Prepaid expenses and other	4,608	3,495	4,160	5,786	5,786	5,786
Total current assets	49,573	52,021	42,558	47,539	45,623	43,685
Property, plant and equipment	22,975	25,078	23,415	22,779	22,889	22,422
Goodwill	28,871	28,871	22,111	22,111	22,111	22,111
Intangible assets	19,636	15,568	11,625	8,624	7,711	5,255
Other assets	1,750	1,749	1,959	12,547	12,547	12,547
Total assets	**122,805**	**123,287**	**101,668**	**113,600**	**110,881**	**106,020**
Accounts payable	11,708	11,465	9,324	12,598	12,392	12,095
Current portion of long-term debt	3,800	3,350	2,847	4,175	4,175	4,175
Income taxes payable	349	41	-	-	-	-
Accrued compensation	2,841	2,848	1,225	1,296	1,296	1,296
Other accrued liabilites	1,027	1,432	1,979	5,208	5,208	5,208
Total current liabilities	19,725	19,136	15,375	23,277	23,071	22,774
Long-term debt	27,289	34,668	33,220	35,622	34,639	28,130
Line of credit	22,476	17,905	11,418	9,706	7,706	5,706
Other liabilities	2,433	2,690	2,195	9,920	9,920	9,920
Total liabilities	**71,923**	**74,399**	**62,208**	**78,525**	**75,336**	**66,530**
Total stockholders' equity	**50,882**	**48,888**	**39,460**	**35,075**	**35,545**	**39,490**
Total liabilities & stockholders' equity	**122,805**	**123,287**	**101,668**	**113,600**	**110,881**	**106,020**

Source: Company filings and Taglich Brothers' estimates

Income Statements for the Fiscal Years Ended
(in thousands $)

	2017A	2018A	2019A	2020E	2021E
Sales	175,288	174,910	152,489	119,285	145,000
Cost of sales	135,234	135,575	120,981	94,914	111,645
Gross profit	40,054	39,335	31,507	24,371	33,355
Selling, general, and administrative	29,767	29,781	26,751	24,647	26,000
Restructuring / impairment expenses	-	1,156	9,512	1,193	-
Operating income	10,287	8,398	(4,755)	(1,469)	7,355
Other income (expense)	78	(59)	11	26	-
Interest expense	(2,745)	(3,778)	(4,287)	(3,651)	(2,200)
Income before income taxes	7,620	4,561	(9,031)	(5,094)	5,155
Income tax (benefit)	1,133	862	37	(1,049)	1,340
Net income	6,487	3,699	(9,068)	(4,045)	3,815
EPS	0.66	0.37	(0.93)	(0.41)	0.39
Shares Outstanding	9,899	9,909	9,779	9,780	9,780
EBITDA		14,969	2,119	5,505	13,355
Margin Analysis					
Gross margin	22.9%	22.5%	20.7%	20.4%	23.0%
SG&A	17.0%	17.0%	17.5%	20.7%	17.9%
Operating margin	5.9%	4.8%	(3.1)%	(1.2)%	5.1%
Tax rate	14.9%	18.9%	(0.4)%	20.6%	26.0%
Net margin	3.7%	2.1%	(5.9)%	(3.4)%	2.6%
Year / Year Growth					
Total Revenues	2.8%	(0.2)%	(12.8)%	(21.8)%	21.6%

Source: Company filings and Taglich Brothers' estimates

Quarterly Income Statement 2019A to 2021E
(in thousands $)

	3/19A	6/19A	9/19A	12/19A	2019A	3/20A	6/20A	9/20A	12/20E	2020E	3/21E	6/21E	9/21E	12/21E	2021E
Sales	39,467	38,889	38,550	35,583	152,489	34,976	14,759	35,550	34,000	119,285	35,500	36,000	36,500	37,000	145,000
Cost of sales	31,167	30,677	31,375	27,762	120,981	27,901	13,019	27,474	26,520	94,914	27,442	27,774	28,050	28,379	111,645
Gross profit	8,300	8,212	7,174	7,821	31,507	7,075	1,740	8,076	7,480	24,371	8,059	8,226	8,450	8,621	33,355
Selling, general, and administrative	7,273	7,424	6,538	5,516	26,751	5,865	6,281	6,251	6,250	24,647	6,500	6,500	6,500	6,500	26,000
Restructuring / impairment expenses	90	7,494	991	937	9,512	920	273	-	-	1,193	-	-	-	-	-
Operating income	937	(6,706)	(354)	1,368	(4,755)	290	(4,814)	1,825	1,230	(1,469)	1,559	1,726	1,950	2,121	7,355
Other income (expense)	17	25	(13)	(18)	11	(24)	18	32	-	26	-	-	-	-	-
Interest expense	(1,100)	(1,331)	(1,149)	(707)	(4,287)	(1,666)	(624)	(711)	(650)	(3,651)	(610)	(570)	(530)	(490)	(2,200)
Income before income taxes	(146)	(8,012)	(1,516)	643	(9,031)	(1,400)	(5,420)	1,146	580	(5,094)	949	1,156	1,420	1,631	5,155
Income tax (benefit)	43	(389)	(252)	635	37	(263)	(1,103)	166	151	(1,049)	247	301	369	424	1,340
Net income	(189)	(7,623)	(1,264)	8	(9,068)	(1,137)	(4,317)	980	429	(4,045)	702	855	1,051	1,207	3,815
EPS	(0.02)	(0.78)	(0.13)	0.00	(0.93)	(0.12)	(0.44)	0.10	0.04	(0.41)	0.07	0.09	0.11	0.12	0.39
Shares Outstanding	9,779	9,779	9,779	9,779	9,779	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780	9,780
EBITDA					2,119					5,505					13,355
Margin Analysis															
Gross margin	21.0%	21.1%	18.6%	22.0%	20.7%	20.2%	11.8%	22.7%	22.0%	20.4%	22.7%	22.9%	23.2%	23.3%	23.0%
SG&A	18.4%	19.1%	17.0%	15.5%	17.5%	16.8%	42.6%	17.6%	18.4%	20.7%	18.3%	19.8%	17.8%	17.6%	17.9%
Operating margin	2.4%	(17.2)%	(0.9)%	3.8%	(3.1)%	0.8%	(32.6)%	5.1%	3.6%	(1.2)%	4.4%	4.8%	5.3%	5.7%	5.1%
Tax rate	NMF	NMF	NMF	26.0%	(0.4)%	18.8%	20.4%	14.5%	26.0%	20.6%	26.0%	26.0%	26.0%	26.0%	26.0%
Net margin	(0.5)%	(19.6)%	(3.3)%	0.0%	(5.9)%	(3.3)%	(29.2)%	2.8%	1.3%	(3.4)%	2.0%	2.4%	2.9%	3.3%	2.6%
Year / Year Growth															
Total Revenues	(16.6)%	(15.0)%	(8.3)%	(10.6)%	(12.8)%	(11.4)%	(62.0)%	(7.8)%	(4.4)%	(21.8)%	1.5%	143.9%	2.7%	8.8%	21.6%

Source: Company filings and Taglich Brothers' estimates

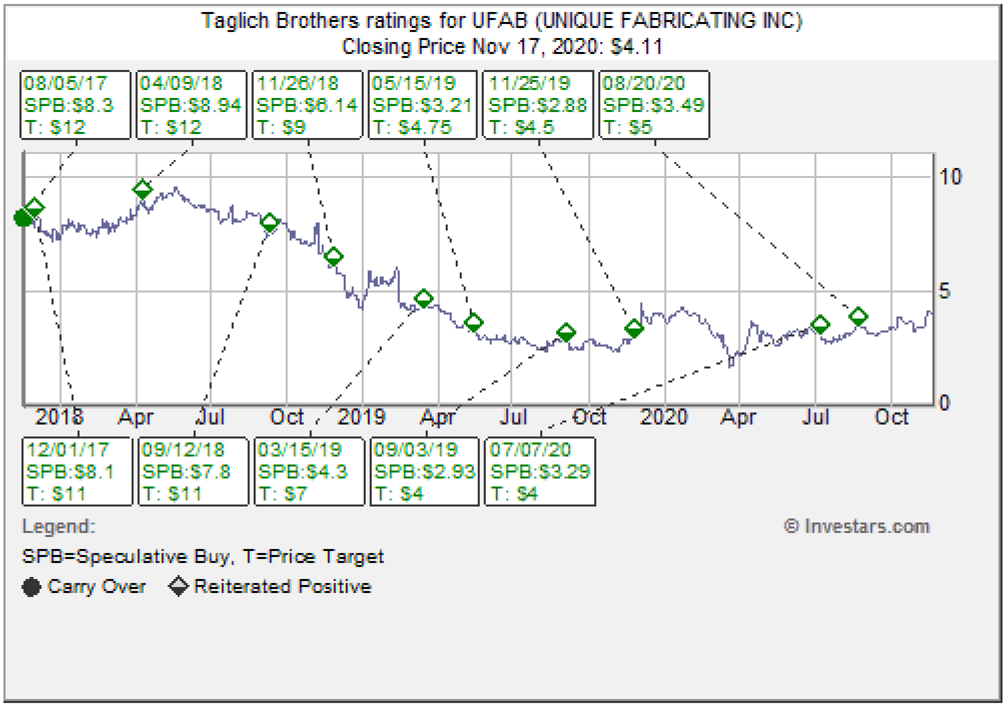
Unique Fabricating, Inc.

Statement of Cash Flows for the Periods Ended
(in thousands $)

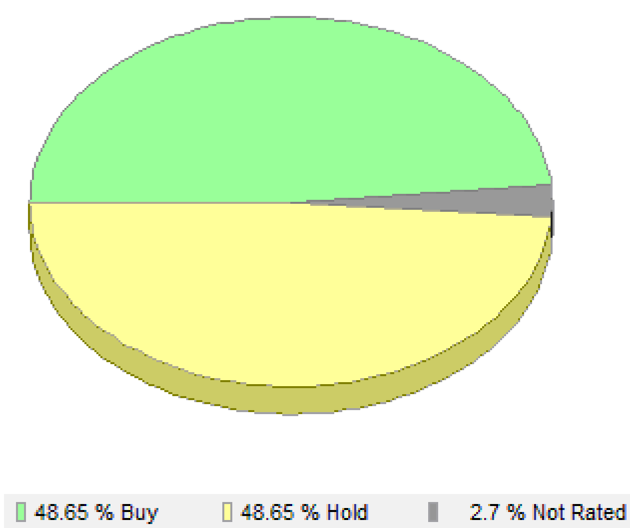
	FY17A	FY18A	FY19A	9M20A	FY20E	FY21E
Net income (loss)	6,487	3,699	(9,068)	(4,473)	(4,045)	3,815
Impairment of goodwill	-	-	6,760	-	-	-
Inventory allowance	-	-	1,742	-	-	-
Depreciation and amortization	6,320	6,630	6,863	5,211	6,948	6,000
Amortization of debt issuance costs	149	147	177	111	148	148
(Gain) loss on sale of assets	63	(138)	68	118	118	-
Loss on extinguishment of debt	-	59	-	-	-	-
Bad debt adjustment	128	13	243	-	250	250
Loss (gain) on derivative instruments	(228)	452	578	469	469	-
Stock option expense	150	131	130	88	130	130
Deferred taxes	(1,552)	(291)	(1,153)	(1,538)	(1,010)	(361)
Cash earnings (loss)	11,517	10,702	6,340	(14)	3,008	9,982
Changes in assets and liabilities						
Accounts receivable	(444)	(3,641)	5,888	(2,300)	(1,807)	2,341
Inventory	402	45	2,584	635	800	(158)
Prepaid expenses and other assets	(1,766)	1,212	(570)	(2,629)	(1,730)	(614)
Accounts payable	(1,706)	1,008	(1,104)	3,563	3,068	(297)
Accrued and other liabilities	(194)	104	(1,117)	1,394	71	-
(Increase) decrease in working capital	(3,708)	(1,272)	5,681	663	402	1,272
Net cash provided by (used in) operations	**7,809**	**9,430**	**12,021**	**649**	**3,410**	**11,254**
Purchase of property and equipment	(4,140)	(5,394)	(2,759)	(1,533)	(2,500)	(2,500)
Proceeds from sale of property and equipment	52	904	119	883	883	-
Net cash provided by (used in) investing	**(4,088)**	**(4,490)**	**(2,640)**	**(650)**	**(1,617)**	**(2,500)**
Net change in bank overdraft	(38)	(1,251)	(1,036)	(289)	(289)	-
Proceeds from debt	-	10,132	1,300	-	-	-
Payments on term loans	(3,375)	(2,962)	(3,350)	(2,186)	(3,169)	(6,509)
Proceeds from (payments on) revolving facilities	6,231	(4,422)	(6,565)	(1,751)	(3,751)	(2,000)
Debt issuance costs	-	(634)	-	(151)	(151)	-
Proceeds from exercise of stock options and warrants	37	38	-	-	-	-
Proceeds from PPP loan	-	-	-	5,999	5,999	-
Distribution of cash dividends	(5,850)	(5,862)	(490)	-	-	-
Net cash provided by (used in) financing	**(2,995)**	**(4,961)**	**(10,141)**	**1,622**	**(1,361)**	**(8,509)**
Net change in cash	**725**	**(21)**	**(760)**	**1,621**	**432**	**245**
Cash - beginning of period	**706**	**1,431**	**1,410**	**650**	**650**	**1,082**
Cash - end of period	**1,431**	**1,410**	**650**	**2,271**	**1,082**	**1,327**

Source: Company filings and Taglich Brothers' estimates

Price Chart



Taglich Brothers' Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months

Rating	#	%
Buy	**3**	**15**
Hold		
Sell		
Not Rated		

Important Disclosures

As of the date of this report, Taglich Brothers, Inc. and/or its affiliates, own more than 1% of UFAB common stock. Michael Taglich, President of Taglich Brothers, Inc., owns or has a controlling interest in 605,213 shares of UFAB common stock. Robert Taglich, Managing Director of Taglich Brothers, Inc., owns or has a controlling interest in 494,694 shares of UFAB common stock and 8,663 warrants. Doug Hailey, Managing Director – Investment Banking at Taglich Brothers, Inc. owns or has a controlling interest in 24,821 shares of UFAB common stock. William Cook, Vice President – Investment Banking at Taglich Brothers, Inc. and a Director at Unique Fabricating, owns or has a controlling interest in 45,142 shares of UFAB common stock and 7,500 shares subject to exercisable options. Robert Schroeder, Vice President – Investment Banking at Taglich Brothers, Inc. owns or has a controlling interest in 16,353 shares of UFAB common stock. Richard Oh, Managing Director at Taglich Brothers, Inc. owns or has a controlling interest in 51,600 shares of UFAB common stock. Other employees at Taglich Brothers, Inc. own or have controlling interests in 1,800 shares of UFAB common stock. Taglich Brothers, Inc. had an investment banking relationship with the company mentioned in this report. In March 2013, Taglich Brothers, Inc. arranged the equity financing for the Management Buyout of Unique Fabricating, Inc. In December 2013, Taglich Brothers, Inc. arranged the equity financing for UFAB's acquisition of Prescotech Industries, Inc. In July 2015, Taglich Brothers, Inc. served as the Joint Book Running Manager in the Initial Public Offering of common stock for the company.

All research issued by Taglich Brothers, Inc. is based on public information. Unique Fabricating, Inc. does not pay Taglich Brothers, Inc. for the creation and dissemination of research reports.

General Disclosures

The information and statistical data contained herein have been obtained from sources, which we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to changes in figures or our views. This is not a solicitation of any order to buy or sell. Taglich Brothers, Inc. is fully disclosed with its clearing firm, Pershing, LLC, is not a market maker and does not sell to or buy from customers on a principal basis. The above statement is the opinion of Taglich Brothers, Inc. and is not a guarantee that the target price for the stock will be met or that predicted business results for the company will occur. There may be instances when fundamental, technical and quantitative opinions contained in this report are not in concert. We, our affiliates, any officer, director or stockholder or any member of their families may from time to time purchase or sell any of the above-mentioned or related securities. Analysts and members of the Research Department are prohibited from buying or selling securities issued by the companies that Taglich Brothers, Inc. has a research relationship with, except if ownership of such securities was prior to the start of such relationship, then an Analyst or member of the Research Department may sell such securities after obtaining expressed written permission from Compliance.

Analyst Certification

I, John Nobile, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views contained in this report.

Public companies mentioned in this report:

Fiat Chrysler Automobiles (NYSE: FCAU)
Ford Motor Company (NYSE: F)
General Motors, Inc. (NYSE: GM)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Discontinued – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.