



# Annual General Meeting

May 14, 2010



# Amar Doman

Chairman, Board of Trustees

# Board of Trustees



- Amar Doman
- Michael Fitch
- Sam Fleiser
- Theodore (Ted) Leja
- Harry Rosenfeld



# Annual General Meeting

May 14, 2010



**Ted Leja**

President & CEO

# Presentation Agenda



- Overview of 2009
- “Back to Basics” Strategy
- Financial Review
- Market Outlook

# Forward-Looking Statement



This presentation contains forward-looking statements based on assumptions considered reasonable at the time they were prepared. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. These statements speak only to the conditions in existence as of the date of this presentation, and the Fund maintains no obligation to update such statements.

# 2009 Business Conditions



One of the most challenging years on record



## IMPACT

### Customer Demand



US residential construction at 50-year low

Sharp downturn in commercial construction, Industrial/OEM and specialty activity

**Reduced sales volumes and revenues; underutilized capacity**

### Raw Material



Collapse in market price for steel rod

Overvalued inventories  
Lower product prices

**Inventory writedowns  
Negative gross profit  
Loan compliance issues**

### Financing



Global credit crisis

**Pressure from existing lenders  
Reduced access to new capital**

# Cost Reduction



- Company-wide focus on reducing costs
- Consolidated manufacturing plants
  - Closed Fontana manufacturing facility and Corona distribution facility
- Implemented significant workforce reductions
- Froze salaries for non-union personnel, discontinued bonus plan

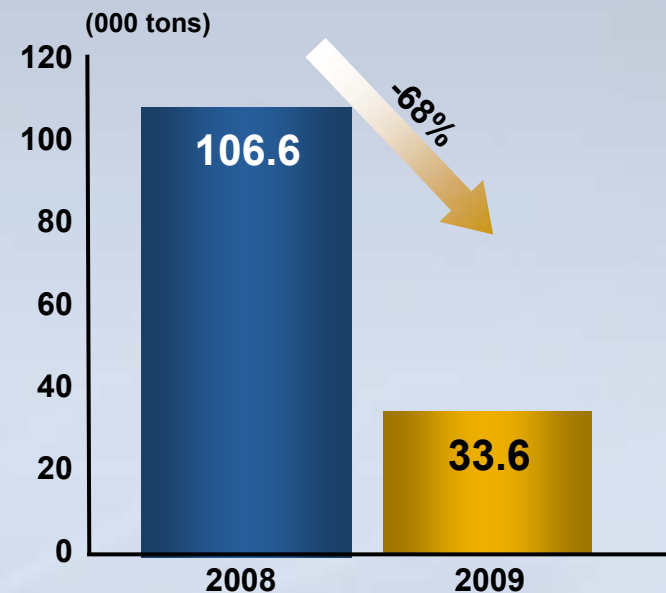
**Reduced SG&A Expense by \$2.8 million**

# Working Capital Management



- Aggressively moved over-valued and over-stocked inventory
- Modified purchasing and operational practices to keep inventory values closer aligned with market values

Inventory Levels



Generated cash to reduce credit line

# Financial Position



- Tightened management of working capital and cash
- Sold surplus lands for net proceeds of \$8.7 million
- Converted significant trade payables to long-term debt

**Reduced revolving credit, net of cash, by \$65.3 million in 2009**

# Secured New Financing



- \$9.75 million\* – Private placement debenture issue
- \$10 million\* – Rights Offering to Unitholders
  - Issue was oversubscribed
- \$35 million senior secured revolving credit facility with Wells Fargo Canada

\* Before expenses

# 'Back to Basics' Strategy



- Increased focus on profitable product lines
  - Emphasizing Tree Island premium products
  - Select brand products providing complementary service for customers
- Tight control of input costs and manufacturing efficiency
- Strict inventory management
- Pricing discipline



**Improved Q1 profitability**



# Brian Irving

Vice President, Finance

# Financial Overview



- 2009 Financial Results
- First Quarter Market Conditions
- First Quarter 2010 Results

# 2009 Results



<b>C\$ millions</b>	<b>2009</b>	<b>2008</b>
Revenue	165.6	322.7
Gross Profit	(25.0)	8.1
SG&A Expense	21.1	23.9
Net (Loss) Income	(26.9)	(65.0)
EBITDA*	(38.9)	(5.3)

\* Before foreign exchange

# Q1 Overview

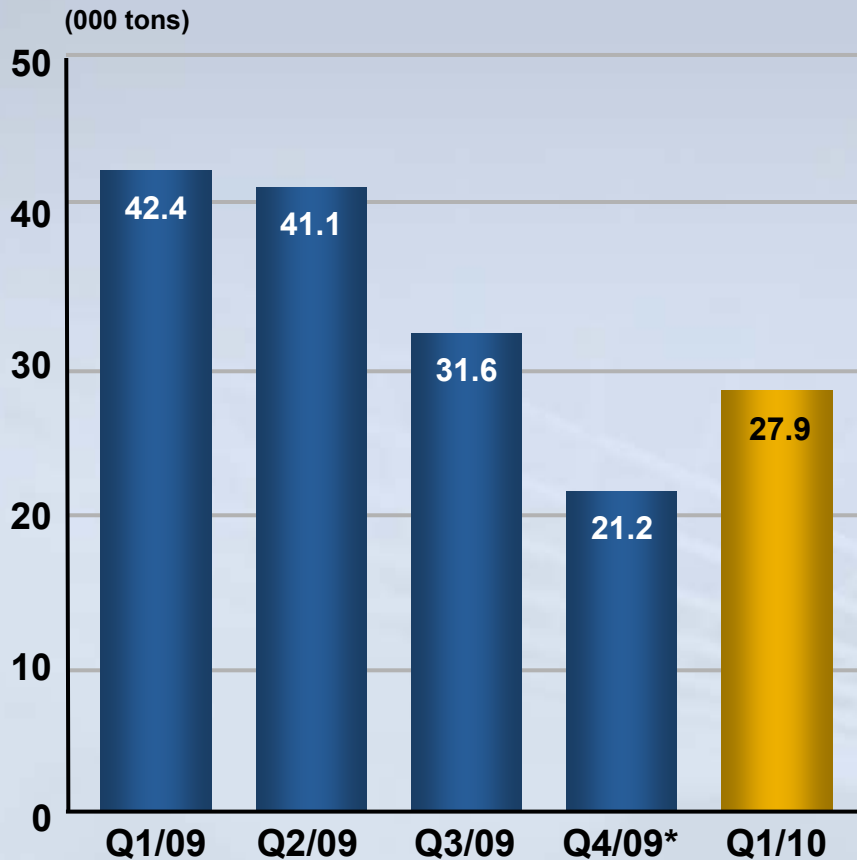


- Continuation of challenging market conditions
- US residential construction markets stabilized
  - Housing starts still at historically low levels
- Weakness in commercial construction and industrial/OEM markets

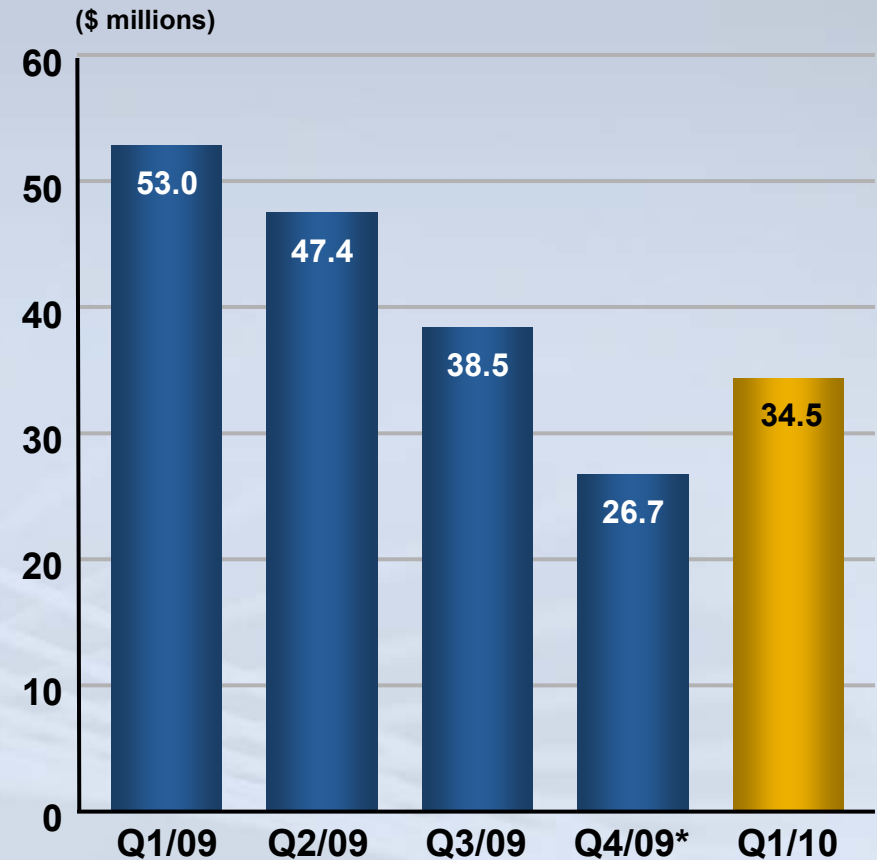
# Quarterly Sales Volumes and Revenue



## Quarterly Sales Volumes



## Quarterly Revenue

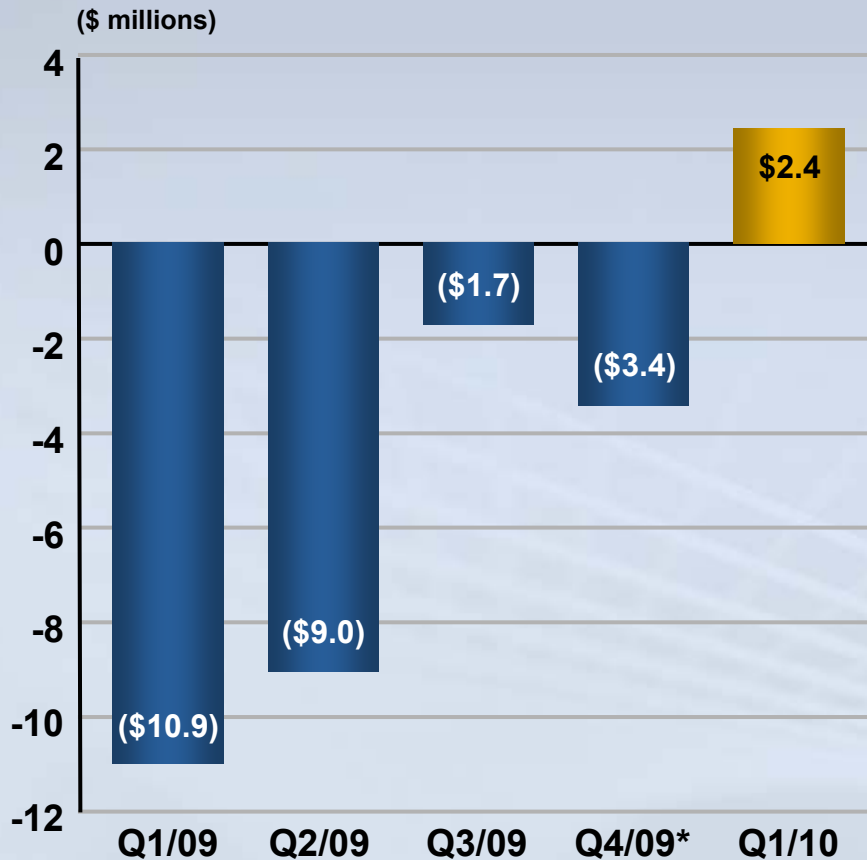


*\*Due to the seasonality of construction and agricultural markets, our results are traditionally lower in the fourth quarter than in other quarters*

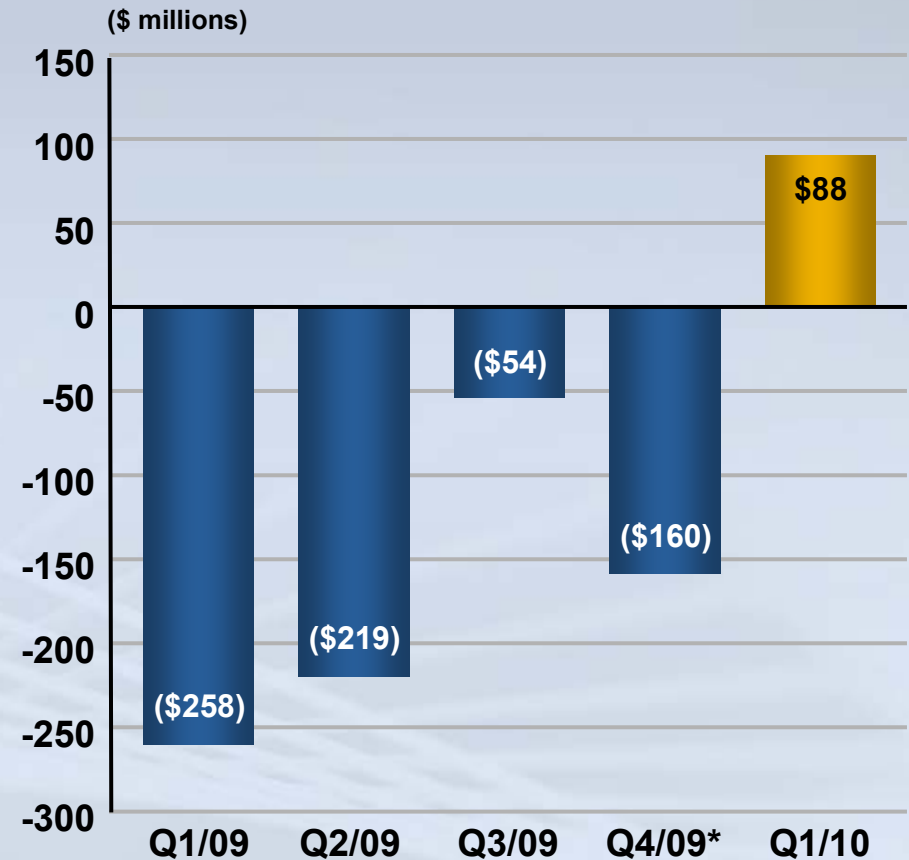
# Quarterly Gross Profit and Gross Profit/Ton



## Quarterly Gross Profit

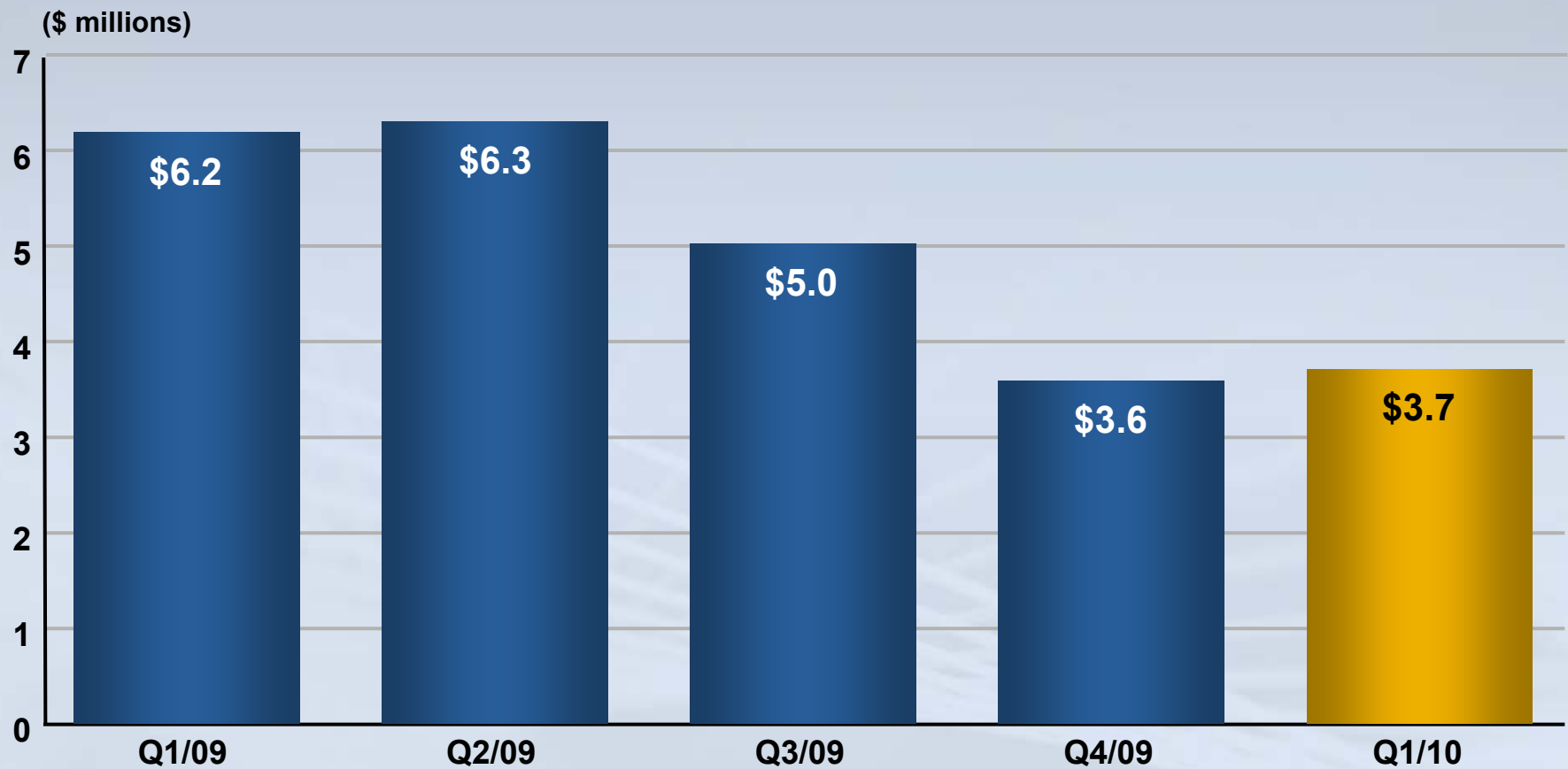


## Quarterly Gross Profit Per Ton

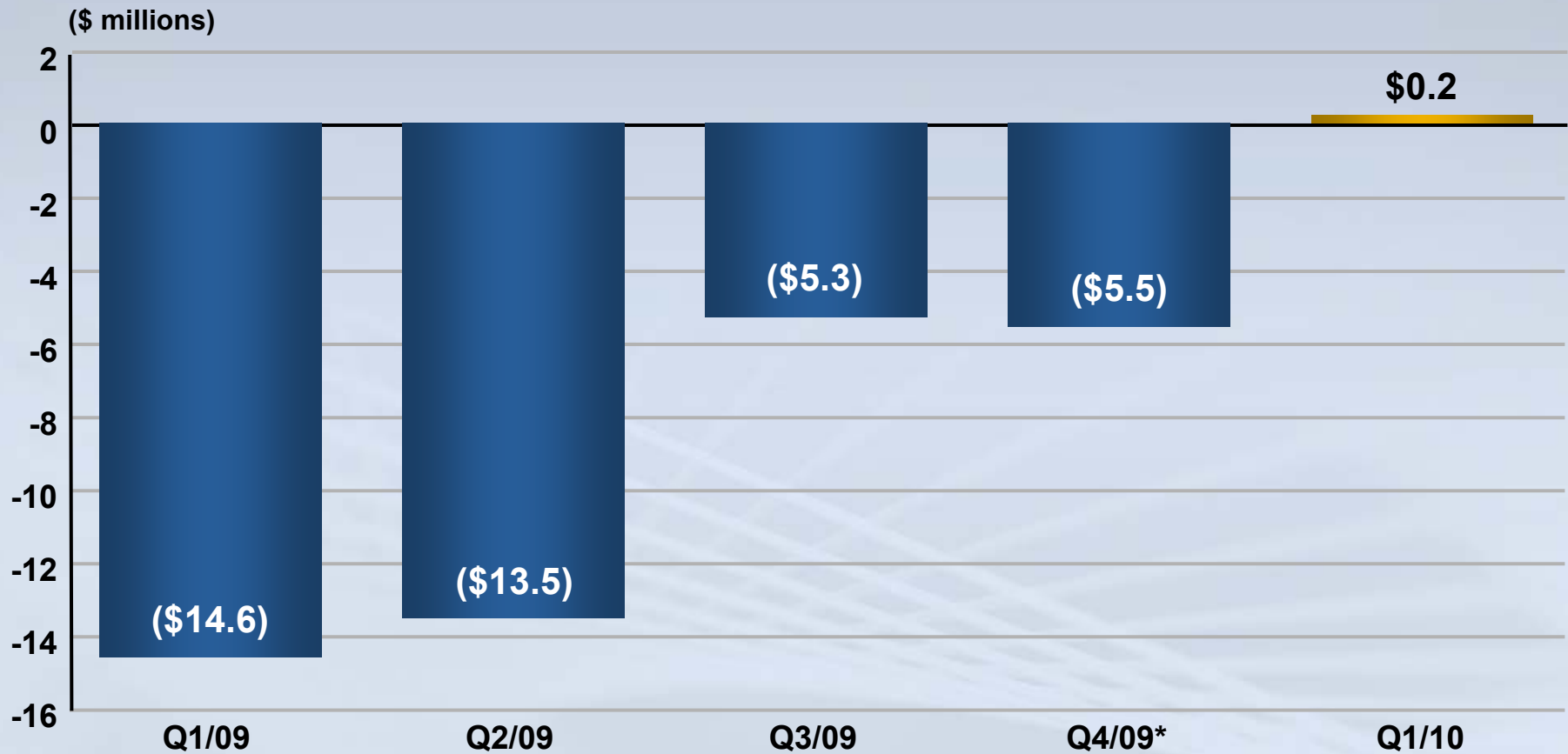


*\*Due to the seasonality of construction and agricultural markets, our results are traditionally lower in the fourth quarter than in other quarters*

# Quarterly SG&A



# Quarterly EBITDA Before FX



*\*Due to the seasonality of construction and agricultural markets, our results are traditionally lower in the fourth quarter than in other quarters*

# Balance Sheet



<b>C\$ millions</b>	<b>2010 31-Mar</b>	<b>2009 30-Sep</b>
Revolving Credit Net of Cash	0.6	14.3
Working Capital*	37.9	(3.7)
Convertible Debentures	12.5	
Long Term Debt	22.4	

*\*Net current assets, less net current liabilities, excluding revolving credit net of cash.*



**Ted Leja**

President & CEO

# Market Outlook



**Residential**

■ Stabilizing, but recovery expected to be gradual



**Commercial**

■ Delayed recovery



**Industrial/ OEM**

■ Continued weak demand



**Agricultural**

■ Stable



**Specialty Alloy**

■ Stable

# Raw Material Volatility



- 30% increase in steel rod market prices in Q1 2010
- Potential for continued volatility
- Managing raw material inventories tightly
- Pursuing increase in finished product prices



# Summary



- Expectation of continued market challenges in 2010 as markets experience a slow recovery
- Keeping costs and inventories closely aligned with market conditions
- Managing working capital tightly
- Driving for improved profitability with “Back to Basics” strategy



# Annual General Meeting

May 14, 2010