



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Second Quarter 2022 Results

VANCOUVER, British Columbia, Canada - July 27, 2022 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the six months ended June 30, 2022.

For the three-month period ended June 30, 2022, revenues increased by \$24.0 million to \$98.4 million with pricing increases across all market segments. Gross profit for the second quarter increased to \$21.6 million, from \$16.8 million in the same period in 2021. Adjusted EBITDA amounted to \$19.3 million, compared to \$14.7 million during the same period in 2021.

For the six months ended June 30, 2022, revenues increased by \$49.9 million to \$191.1 million when compared to 2021. The increase is primarily due to pricing increases across all market segments. Gross profit increased to \$42.4 million from \$29.5 million. The higher gross margins also resulted in an Adjusted EBITDA of \$38.0 million, compared to \$25.4 million during the same period in 2021.

In the second quarter of 2022, we continued to experience commercial construction demand strength over prior year second quarter. Shipments of a variety of agricultural products, also experienced growth over prior year second quarter, driven particularly by ongoing Canadian market demand. Combined with industrial wire sales, overall Canadian volume showed growth across our market segments in the quarter.

“Selling prices were higher in the quarter, recovering inflationary cost increases in our raw materials, freight, labour and utilities. We are cautious in our views on the steel wire and wire product outlook from current volatility in economic conditions. We are closely monitoring future demand with the goal of maintaining a close alignment between raw materials purchases and inventory positions, “ said Remy Stachowiak, President and COO of Tree Island Steel.

On July 27, 2022, the Board of Directors has declared a regular quarterly dividend of \$0.03 per share and an additional \$0.02 per share as a special dividend, on the issued and outstanding Common Shares of the Company, both payable on October 14, 2022, to holders of record at the close of business on September 30, 2022.

“With the rapidly changing cost environment and ongoing labour constraints, we will continue to ensure our financial position is managed through these volatile market conditions, “ said Amar S. Doman, Executive Chair of Tree Island Steel.



RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Revenue	98,370	74,410	191,116	141,252
Cost of sales	(75,477)	(56,115)	(145,972)	(108,865)
Depreciation	(1,305)	(1,456)	(2,721)	(2,921)
Gross profit	21,588	16,839	42,423	29,466
Selling, general and administrative expenses	(3,693)	(3,473)	(7,057)	(6,800)
Operating income	17,895	13,366	35,366	22,666
Foreign exchange loss	75	(99)	(38)	(212)
Financing expenses	(660)	(624)	(1,154)	(1,190)
Other expenses	(21)	(3)	(30)	(3)
Income before income taxes	17,289	12,640	34,144	21,261
Income tax expense	(4,170)	(3,572)	(8,298)	(5,729)
Net income	13,119	9,068	25,846	15,532
Net income per share	0.46	0.32	0.91	0.55

Financial position as at:	June 30, 2022	December 31, 2021
Total assets	196,088	225,806
Total non-current financial liabilities	45,334	38,907

Adjusted EBITDA

(\$'000 unless otherwise stated)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Operating income	17,895	13,366	35,366	22,666
Add back depreciation	1,305	1,456	2,721	2,921
Foreign exchange loss	75	(99)	(38)	(212)
Adjusted EBITDA ¹	19,275	14,723	38,049	25,375

¹ See definition on Adjusted EBITDA in Section 2 NON-IFRS MEASURES of the June 30, 2022, MD&A.



About Tree Island Steel

Tree Island Steel, headquartered in Richmond, British Columbia since 1964, through its four operating facilities in Canada and the United States, produces wire products for a diverse range of industrial, residential construction, commercial construction and agricultural applications. Its products include galvanized wire, bright wire; a broad array of fasteners, including packaged, collated and bulk nails; stucco reinforcing products; concrete reinforcing mesh; fencing and other fabricated wire products. The Company markets these products under the Tree Island®, Halsteel®, K-Lath®, TI Wire®, ToughStrand® and ToughPanel® brand names.

Forward-Looking Statements

This press release includes forward-looking information with respect to Tree Island including its business, operations and strategies, its dividend policy and the declaration and payment of dividends thereunder as well as financial performance and conditions. The use of forward-looking words such as, "may," "will," "expect" or similar variations generally identify such statements. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Although management believes that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including risks and uncertainties discussed under the heading "Risk Factors" in Tree Island's most recent annual information form and management discussion and analysis.

The forward-looking statements contained herein reflect management's current beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, prospective investors should specifically consider various factors including the risks outlined in the Company's most recent annual information form and management discussion and analysis which may cause actual results to differ materially from any forward-looking statement. Such risks and uncertainties include, but are not limited to: general economic, market and business conditions, the impact of COVID-19 on the Company, its customers and vendors, the cyclical nature of our business and demand for our products, financial condition of our customers, competition, volume and price pressure from import competition, deterioration in the Company's liquidity, disruption in the supply of raw materials, volatility in the costs of raw materials, transportation costs and availability, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, intellectual property risks, energy costs, un-insured loss, credit risk, operating risk, relocation of the Etiwanda operations, management of growth, changes in tax, environmental and other legislation, and other risks and uncertainties set forth in our publicly filed materials.

This press release has been reviewed by the Company's Board of Directors and its Audit Committee, and contains information that is current as of the date of this press release, unless otherwise noted. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and management of the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable securities laws.

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