



**FOR IMMEDIATE RELEASE**

## **Tree Island Steel Announces Third Quarter 2022 Results**

VANCOUVER, British Columbia, Canada - November 10, 2022 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the nine months ended September 30, 2022.

For the three-month period ended September 30, 2022, revenues decreased by \$4.4 million to \$80.2 million with lower U.S. demand, particularly in the construction and industrial market segments. Gross profit for the third quarter decreased to \$14.6 million, from \$21.8 million in the same period in 2021 from lower volumes. Adjusted EBITDA amounted to \$12.2 million, compared to \$20.0 million during the same period in 2021.

For the nine months ended September 30, 2022, revenues increased by \$45.4 million to \$271.3 million when compared to 2021. The increase is primarily due to prior pricing increases across all market segments. Gross profit increased to \$57.0 million from \$51.3 million with these increased selling prices recovering overall inflationary cost increases. The higher gross margins also resulted in an Adjusted EBITDA of \$50.3 million, compared to \$45.4 million during the same period in 2021.

In the third quarter of 2022, we experienced increased volume over prior year third quarter in the Canadian market, notably in the agricultural and commercial construction market segments, supporting fencing, agricultural wire and welded wire reinforcement product demand. However, demand slowed in the U.S. market in the quarter, with residential, commercial construction and industrial customers reducing purchasing volume in volatile economic conditions.

On November 10, 2022 the Board of Directors declared a 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, payable on January 16, 2023 to holders of record at the close of business on December 31, 2022.

During the three months ending September 30, 2022 \$5.9 million of term debt was settled and subsequent to the quarter end, the remaining outstanding balance of \$5.7 million on the Senior Term Loan was paid in full.

On November 7, 2022 the Company announced that it has renewed its normal course issuer bid to purchase up to 1,410,000 shares. The period of the normal course issuer bid will extend from November 9, 2022 to November 8, 2023.

“With the near term economic uncertainty, we remain cautious in our outlook for steel wire and wire products, requiring ongoing diligent management of raw materials, finished goods inventory and overall financial position.” said Remy Stachowiak, President and COO of Tree Island Steel.

“We will continue to adapt to market conditions while remaining committed to long term profitability, supporting the improved financial position we have achieved over the past several years”, said Amar S. Doman, Executive Chair of Tree Island Steel.



## RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenue	80,202	84,642	271,318	225,894
Cost of sales	(64,322)	(61,326)	(210,292)	(170,187)
Depreciation	(1,289)	(1,478)	(4,010)	(4,403)
Gross profit	14,591	21,838	57,016	51,304
Selling, general and administrative expenses	(3,674)	(3,734)	(10,731)	(10,534)
Operating income	10,917	18,104	46,285	40,770
Foreign exchange (loss) gain	(2)	445	(40)	233
Financing expenses	(629)	(663)	(1,783)	(1,853)
Other expenses	(126)	-	(156)	(3)
Income before income taxes	10,160	17,886	44,306	39,147
Income tax expense	(2,147)	(4,488)	(10,445)	(10,217)
Net income	8,013	13,398	33,861	28,930
Net income per share	0.28	0.47	1.19	1.02
Financial position as at:	September 30,		December 31,	
	2022		2021	
Total assets	194,004		225,806	
Total non-current financial liabilities	37,009		38,907	

## Adjusted EBITDA

(\$'000 unless otherwise stated)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Operating income	10,917	18,104	46,285	40,770
Add back depreciation	1,289	1,478	4,010	4,403
Foreign exchange (loss) gain	(2)	445	(40)	233
Adjusted EBITDA <sup>1</sup>	12,204	20,027	50,255	45,406

<sup>1</sup> See definition on Adjusted EBITDA in Section 2 NON-IFRS MEASURES of the September 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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