



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Q1 2018 Results

Q1 2018 Financial Highlights¹

Revenues increased by 5.5% to \$66.5 million

Gross profit amounted to \$6.7 million

EBITDA earned was \$3.5 million

VANCOUVER, British Columbia, Canada – May 3, 2018 – Tree Island Steel Ltd. ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month period ended March 31, 2018.

For the three-month period ended March 31, 2018, revenues were \$66.5 million versus \$63.0 million during the corresponding period in 2017 on account of implementing price increases into the market to counteract the increasing domestic and offshore rod costs. Throughout the quarter, the average selling price increased each month with the implementation of successive price increases that were reinforced by complementary industry wide actions resulting in improved profitability relative to the negative trends experienced throughout much of 2017.

Gross profit for the first quarter amounted to \$6.7 million versus \$7.5 million during the same period in 2017, while gross profit margin was at 10.1% compared to 11.9% in the same period last year. Gross profit and gross profit margin were lower due to margin compression in the earliest part of the quarter while additional price increases were being implemented. As the quarter progressed, profitability continued to improve as average selling price increases counteracted the continued rise of raw material costs. Volumes were lower in the quarter in the Construction market segments due to adverse weather as well as targeted actions to reduce low profit items to improve product mix in particular in the Residential and Industrial markets. As a result, EBITDA for the quarter amounted to \$3.5 million, compared to \$4.2 million during the same period in 2017.

"The first quarter of 2018 demonstrates a return to an improving profitability trend in our business after the challenging industry-wide cycle we faced through much of 2017. The improvement in profitability is largely attributable to our continued focus on pricing discipline as we address sustained inflationary raw material costs." said Dale R. MacLean, President and CEO.

"We are encouraged by the positive pricing trends in the market and the improving profitability across Tree Island's product range." said Amar S. Doman, Chairman of Tree Island Steel Ltd.

¹ Please refer to our Q1 2018 MD&A for further information.



Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended March 31,	
	<u>2018</u>	<u>2017</u>
Revenue	66,491	63,040
Cost of sales	(58,980)	(54,729)
Depreciation	(819)	(816)
Gross profit	6,692	7,495
Selling, general and administrative expenses	(4,142)	(4,221)
Operating income	2,550	3,274
Foreign exchange gain (loss)	119	97
Gain (loss) on sale of property, plant and equipment	(1)	(47)
Other expenses	(26)	-
Changes in financial liabilities recognized at fair value	(91)	10
Financing expenses	(755)	(711)
Income before income taxes	1,796	2,623
Current Income tax (expense) recovery	-	(241)
Deferred Income tax (expense) recovery	(693)	(632)
Net income (loss)	1,103	1,750
Operating Income	2,550	3,274
Add back depreciation	819	816
Foreign exchange gain (loss)	119	97
EBITDA ²	3,488	4,187
Net income per share	0.04	0.06
Dividends per share	0.02	0.02
Sales volume (tons) ³	46,009	51,337
Gross profit per ton (\$/ton)	145	146
EBITDA per ton (\$/ton)	76	82
Financial Position as at:	March 31, 2018	December 31, 2017
Total Assets	140,431	133,681
Total non-current financial liabilities	18,524	18,356

² See definition of EBITDA and Adjusted Net Income in Section 2 NON-IFRS MEASURES of the 2018 MD&A.

³ Sales volume excludes tons which were processed as part of tolling arrangements.



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® and Tough Strand® 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 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, 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, 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.

For further information:

Ali Mahdavi, Investor Relations
Tree Island Steel Ltd.

(416) 962-3300

e-mail: amahdavi@treeisland.com

Website: www.treeisland.com