



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Full Year 2018 Results

FY 2018 Financial Highlights

Revenues increased to \$235.3 million

Gross profit amounted to \$25.8 million

EBITDA totalled \$13.4 million

VANCOUVER, British Columbia, Canada – February 20, 2019 – Tree Island Steel ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month and year ended December 31, 2018.

For the three-month period ended December 31, 2018, revenues decreased by 17.7% to \$44.9 million as steel import tariffs and the seasonal nature of the residential construction business impacted demand. Improved product pricing over the comparative quarter, combined with a more profitable product mix and emphasis on cost controls, contributed to Tree Island's overall profitability during the quarter. Gross profit for the fourth quarter increased to \$3.7 million, from \$2.5 million in the same period in 2017, while gross margin strengthened to 8.2% from 4.5% in 2017. EBITDA amounted to \$1.1 million, compared to \$1.9 million during the same period in 2017.

For the year ended December 31, 2018, revenues increased a nominal amount to \$235.3 million when compared to \$234.7 million in 2017. Despite the impact of U.S. Section 232 tariffs on overall volumes, gross profit increased to \$25.8 million, from \$18.2 million; and gross margin was higher at 11.0%, as compared to 7.8% in 2017. Improved gross profit is a reflection of Tree Island's focus on pricing discipline and ongoing operational efficiencies. The higher gross margin contributed to EBITDA nearly doubling to \$13.4 million, compared to \$7.0 million during the same period in 2017.

"2018 marked another year of volatility in the macro economic environment. Despite these challenges, we remained steadfast to our commitments on improving operational efficiencies, maintaining pricing discipline, and continuing to leverage our competitive advantages, which include the quality of our products and service, to further strengthen our business," noted Dale R. MacLean, President and CEO. "Our fourth quarter and fiscal year financial results reaffirm the actions we took to date to protect our business and our profitability. As such, we will continue to proactively manage our business and remain alert to the changing economic conditions in 2019."

"Tree Island's business model remains resilient against the rapidly changing trade and business environment," said Amar S. Doman, Chairman of Tree Island Steel.



Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended		Year Ended Months Ended	
	December 31,		December 31,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	44,882	54,561	235,306	234,705
Cost of sales	(40,293)	(51,266)	(205,977)	(213,223)
Depreciation	(903)	(843)	(3,492)	(3,291)
Gross profit	3,686	2,452	25,837	18,191
Selling, general and administrative expenses	(3,932)	(1,482)	(16,646)	(13,899)
Operating income	(246)	970	9,191	4,292
Foreign exchange gain (loss)	408	119	706	(582)
Gain (loss) on property, plant and equipment	(666)	68	(664)	(47)
Other expenses	(799)	(635)	(903)	(635)
Changes in financial liabilities recognized at fair value	22	(420)	(67)	84
Financing expenses	(1,008)	(773)	(3,500)	(2,967)
Income before income taxes	(2,289)	(671)	4,763	145
Current Income tax (expense) recovery	(21)	-	(332)	(2)
Deferred Income tax (expense) recovery	(24)	(1,303)	(1,838)	(1,781)
Net income (loss)	(2,334)	(1,974)	2,593	(1,638)
Operating Income (loss)	(246)	970	9,191	4,292
Add back depreciation	903	843	3,492	3,291
Foreign exchange gain (loss)	408	119	706	(582)
EBITDA ¹	1,065	1,932	13,389	7,001
Net income per share	(0.08)	(0.07)	0.09	(0.05)
Dividends per share	0.02	0.02	0.08	0.08
Financial Position as at:	December 31, 2018		December 31, 2017	
Total Assets	158,449		133,681	
Total non-current financial liabilities	22,589		18,356	

¹ See definition of EBITDA and Adjusted Net Income in Section 2 NON-IFRS MEASURES of the 2018 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® 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.

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