



FOR IMMEDIATE RELEASE

Tree Island Steel Announces First Quarter 2019 Financial Results

VANCOUVER, British Columbia, Canada – May 2, 2019 – Tree Island Steel ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month period ended March 31, 2019.

For the three-month period ended March 31, 2019, revenues amounted to \$52.9 million compared to \$66.5 million in the same period last year, mostly attributable to lower sales volumes to U.S. customers. The increase in costs to our U.S. customers resulting from the U.S. steel import tariffs continue to limit demand for our Industrial product offerings combined with unseasonably adverse weather conditions across North America dampened sales volumes in the Residential construction business. Despite the higher average selling prices, the lower demand and production volumes resulted in a gross profit of \$4.7 million for the quarter, compared to \$6.7 million in the same period in 2018. The resulting gross profit margin for the quarter was 9.0 percent compared to 10.1 percent in the same period last year. As a result, EBITDA in the first quarter of 2019 amounted to \$1.8 million compared to \$3.5 million during the first quarter of 2018.

"Tree Island's first quarter financial results were impacted by the weaker demand and business activity in our end markets. The unseasonably adverse weather conditions together with increases in competition from low-priced imports reaffirms our focus on cost management, efficiencies and price discipline. As the weather improves, we are cautiously expecting improved volumes in our construction market, but we are still expecting the Section 232 tariffs to limit demand of impacted product lines sold to our U.S. customers," said Dale R. MacLean, Tree Island's President and CEO.

"The macro-economic environment was not favourable across the industry during the first quarter, however our cost control measures and operational efficiencies allowed us to generate positive EBITDA in a tough environment," said Amar S. Doman, Chairman of Tree Island Steel. "Over the years, we have successfully built a strong foundation at Tree Island to withstand these macro pressures with a view to be well positioned and generate optimal results when the market cycle and pricing environment returns to more favourable levels."



Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended March 31,	
	2019	2018 ¹
Revenue	52,942	66,491
Cost of sales	(46,696)	(58,980)
Depreciation ²	(1,499)	(819)
Gross profit	4,747	6,692
Selling, general and administrative expenses	(4,244)	(4,142)
Operating income	503	2,550
Foreign exchange gain (loss)	(171)	119
Gain (loss) on property, plant and equipment	-	(1)
Other expenses	(12)	(26)
Changes in financial liabilities recognized at fair value	-	(91)
Financing expenses ³	(1,221)	(755)
Income (loss) before income taxes	(901)	1,796
Current Income tax (expense) recovery	(139)	-
Deferred Income tax (expense) recovery	(55)	(693)
Net income (loss)	(1,095)	1,103
Operating Income	503	2,550
Add back depreciation	1,499	819
Foreign exchange gain	(171)	119
EBITDA ⁴	1,831	3,488
Net income per share	(0.04)	0.04
Dividends per share	0.02	0.02

Financial Position as at:	March 31, 2019	December 31, 2018
Total assets ⁵	184,871	158,449
Total non-current financial liabilities ⁶	53,733	21,928

¹ On adoption of IFRS 16 Leases, the comparative information presented for 2018 have not been restated and is presented as previously reported.

² Tree Island recognized depreciation of \$0.7 million from the adoption of IFRS 16 during Q1 2019. See Note 3 of the Q1 2019 Interim Unaudited Condensed Consolidated Financial Statements.

³ Tree Island recognized financing expenses of \$0.4 million from the adoption of IFRS 16 during Q1 2019. See Notes 3 and 10 of the Q1 2019 Interim Unaudited Condensed Consolidated Financial Statements.

⁴ See definition of EBITDA and Adjusted Net Income in Section 2 NON-IFRS MEASURES of the Q1 2019 MD&A.

⁵ Tree Island recognized right-of-use assets of \$32.0 million at the end of Q1 2019 from the adoption of IFRS 16. See Note 3 of the Q1 2019 Interim Unaudited Condensed Consolidated Financial Statements.

⁶ Tree Island recognized lease liability of \$34.7 million at the end of Q1 2019 from the adoption of IFRS 16. See Note 3 of the Q1 2019 Interim Unaudited Condensed Consolidated Financial Statements.



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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