



**FOR IMMEDIATE RELEASE**

## **Tree Island Steel Announces Full Year 2019 Results**

**VANCOUVER, British Columbia, Canada – March 5, 2020 – Tree Island Steel** ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month and year ended December 31, 2019.

For the three-month period ended December 31, 2019, revenues increased by \$0.3 million to \$45.1 million, primarily from the higher sales demand in the quarter and from increased demand on account of the removal of U.S. Section 232 steel import tariffs between the U.S. and Canada which impacted the prior year demand. Gross profit for the fourth quarter decreased to \$3.5 million, from \$3.7 million in the same period in 2018, primarily as a result in the change of product mix. Adjusted EBITDA amounted to a loss of \$43 thousand, compared to a \$1.1 million gain during the same period in 2018.

For the year ended December 31, 2019, revenues decreased by 14.8% to \$200.4 million when compared to 2018. The decrease is primarily due to a combination of lower volumes shipped to the U.S. from our Industrial segment on account of U.S. Section 232 steel import tariffs affecting the first half of 2019, and softer market demand impacting the residential markets. Gross profit decreased to \$17.8 million, from \$25.8 million; and gross margin was lower at 8.9%, as compared to 11.0% in 2018. The decreased gross profit for the year is mainly the result of lower Industrial market volumes, aggressive competitive pricing actions combined with softer residential construction market demand. The lower gross margins also resulted in an Adjusted EBITDA of \$4.8 million, compared to \$13.4 million during the same period in 2018.

"Tree Island has navigated a very difficult time in the industry while remaining committed to quality and a return to long term profitability," said Amar S. Doman, Chairman of Tree Island Steel.



## RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue	45,144	44,882	200,405	235,306
Cost of sales	(40,046)	(40,293)	(176,407)	(205,977)
Depreciation	(1,616)	(903)	(6,227)	(3,492)
Gross profit	3,482	3,686	17,771	25,837
Selling, general and administrative expenses	(3,967)	(3,932)	(15,757)	(16,646)
Operating income	(485)	(246)	2,014	9,191
Foreign exchange gain (loss)	(490)	408	(676)	706
Gain (loss) on property, plant and equipment	5	(666)	5	(664)
Restructuring and other expenses	(1,419)	(799)	(1,901)	(903)
Changes in financial liabilities recognized at fair value	(1)	22	(1)	(67)
Financing expenses	(1,072)	(1,008)	(4,662)	(3,500)
Income (loss) before income taxes	(3,462)	(2,289)	(5,221)	4,763
Current income tax (expense) recovery	217	(21)	(14)	(332)
Deferred income tax (expense) recovery	46	(24)	45	(1,838)
Net income (loss)	(3,199)	(2,334)	(5,190)	2,593
Net income per share	(0.11)	(0.08)	(0.18)	0.09
Dividends per share	0.02	0.02	0.08	0.08
Financial Position as at:	December 31,		December 31,	
	2019		2018	
Total assets	159,122		158,449	
Total non-current financial liabilities	85,627		71,725	

## ADJUSTED EBITDA

(\$'000 unless otherwise stated)

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Operating Income (loss)	(485)	(246)	2,014	9,191
Add back depreciation	1,616	903	6,227	3,492
Foreign exchange gain (loss)	(490)	408	(676)	706
EBITDA <sup>1</sup>	641	1,065	7,565	13,389
IFRS 16 adjustment	(684)	-	(2,722)	-
Adjusted EBITDA <sup>1</sup>	(43)	1,065	4,843	13,389

<sup>1</sup> We define "Adjusted EBITDA" as operating income and adding back total depreciation, foreign exchange gains or losses and deducting the IFRS 16 depreciation impact. Please see Section 2 NON-IFRS MEASURES of the December 31, 2019 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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