



May 13, 2014

## Tree Island Steel Announces First Quarter 2014 Results

### Q1 2014 versus Q1 2013 Financial Highlights<sup>(1)</sup>:

- Volumes up by 27.3% to 35,136 tons
- Revenue increases by 20.6% to \$45.9 million
- Gross Profit increases by 25.4% to \$5.3 million, or 11.6% of revenues
- EBITDA<sup>(2)</sup> (before foreign exchange) increases by 18% to \$2.1 million

**VANCOUVER, British Columbia - (Marketwired - May 13, 2014) – Tree Island Steel Ltd.** (“Tree Island” or the “Company”) (TSX:TSL) announced today its financial results for the three month period ended March 31, 2014<sup>(1)</sup>.

For the three-month period ended March 31, 2014, revenues increased to \$45.9 million versus \$38.1 million for the same period last year, representing a 20.6% increase. Volumes also increased by 27.3% to 35,136 tons, primarily driven by continued strength and demand in a number of the Company’s end-markets. Gross profit continued its upward trend, amounting to \$5.3 million, representing a 25.4% improvement when compared to the same period in 2013. Gross margin increased to 11.6% from 11.1%, while gross margin per ton remained relatively unchanged at \$151 per ton versus \$153 per ton due to increased competition in certain recovering markets. As a result, EBITDA increased by 18% to \$2.1 million from \$1.8 million during the corresponding period in 2013.

On April 21, 2014, the Company successfully renewed its senior banking facility, on more favorable terms, with Wells Fargo Capital Finance Corporation Canada. The five year secured banking facility (“Senior Credit Facility”) has been increased from \$40.0 million to \$60.0 million and now matures on April 21, 2019. Under the terms of the Senior Credit Facility, up to \$60.0 million may be borrowed for the Company’s financing requirements.

“2014 has started off strong with what appears to be a sustainable recovery in many of our end-markets, resulting in significant quarter one increases across many of our key financial and operating metrics,” said Dale R. MacLean, President and CEO of Tree Island Steel. “Based on the activity level and traffic in our markets and interaction with our customers, we maintain a positive view for the remainder of the year.”

“I am pleased with the Company’s continued increase in its market share, growing revenues and volumes while remaining extremely focused on profitability,” noted Amar S. Doman, Chairman of Tree Island Steel. “The first quarter results are a testament to our focus on profitable growth with revenues, volumes, gross profit, EBITDA and net income showing significant year-over-year improvement.”

**Summary of Results**
**Three Months Ended March 31**

	2014	2013
<i>(\$000's except for tonnage and per unit amounts)</i>		
<b>Sales Volumes – Tons</b>	<b>35,136</b>	<b>27,601</b>
Sales	\$ 45,923	\$ 38,093
Cost of sales	(39,913)	(33,137)
Depreciation	(698)	(720)
Gross profit	5,312	4,236
Selling, general and administrative expenses	(3,875)	(3,147)
Operating income	1,437	1,089
Foreign exchange gain	524	26
Loss on sale of property, plant and equipment	(10)	-
Changes in financial instruments recognized at fair value	(138)	20
Financing Expenses	(1,240)	(1,439)
Income (loss) before income taxes	573	(304)
Income tax (expense) recovery	(212)	167
<b>Net income (loss)</b>	<b>361</b>	<b>(137)</b>
<b>Operating income</b>	<b>1,437</b>	<b>1,089</b>
Add back depreciation	698	720
<b>EBITDA <sup>(a)</sup></b>	<b>2,135</b>	<b>1,809</b>
Foreign exchange gain	524	26
<b>EBITDA including foreign exchange</b>	<b>2,659</b>	<b>1,835</b>
<b>Net Income (Loss)</b>	<b>361</b>	<b>(137)</b>
<b>Add back significant non-cash items</b>		
Non-cash financing expenses	263	654
Changes in financial instruments recognized at fair value	138	(20)
Deferred tax	203	(179)
<b>Adjusted net income <sup>(a)</sup></b>	<b>965</b>	<b>318</b>
<b>Per share</b>		
Net income (loss) per share - basic	0.01	(0.01)
Net income (loss) per share - diluted	0.01	(0.01)
<b>Per ton</b>		
Gross profit per ton	151	153
EBITDA per ton	61	66
<b>Financial position</b>	As at March 31, 2014	As at December 31, 2013
Total assets	\$ 102,940	\$ 85,635
Total non-current financial liabilities	\$ 13,594	\$ 13,536

(a) See definition of EBITDA and Adjusted Net Income in footnote 2 to the press release

**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, agricultural, and specialty 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, Industrial Alloys, TI Wire, and Tough Strand brand names. The Company also owns and operates a China-based company that assists the international sourcing of products to Tree Island and its customers.

## Forward-Looking Statements

This press release includes forward-looking information with respect to Tree Island including its business, operations and strategies, 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, significant exposure to the Western United States due to lack of geographic diversity, dependence on the construction industry, transportation costs, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, reliance on key customers, 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.

- (1) Please refer to our Q1 2014 MD&A for further information.
- (2) References made above to "EBITDA" are to operating profit plus depreciation and references to "Adjusted Net Income" are to net income per IFRS adjusted for certain non-cash items including non-cash financing expenses, changes in fair value of convertible instruments, and deferred income tax. EBITDA is a measure used by many investors to compare issuers on the basis of ability to generate cash flows from operations. Adjusted Net Income is a measure for investors to understand the impact of significant non-cash items that affect our results from operations. Neither EBITDA nor Adjusted Net Income are earnings measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. We believe that EBITDA and Adjusted Net Income are important supplemental measure in evaluating the Company's performance. You are cautioned that EBITDA and Adjusted Net Income should not be construed as alternatives to net income or loss, determined in accordance with IFRS, or as indicators of performance. Our method of calculating EBITDA and Adjusted Net Income may differ from methods used by other issuers and, accordingly, our EBITDA or Adjusted Net Income may not be comparable to similar measures presented by other issuers.

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