



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Third Quarter 2020 Results

VANCOUVER, British Columbia, Canada - October 27, 2020 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the three and nine months ended September 30, 2020.

For the three-month period ended September 30, 2020, revenues increased by \$3.5 million to \$53.2 million, from higher volumes shipped in our Agricultural, Industrial and Residential construction segment sales. Gross profit for the third quarter increased to \$6.7 million, from \$4.6 million in the same period in 2019 and gross profit margin increased to 12.6% from 9.3%, as a result of increased sales volumes and ongoing cost management actions in the period. EBITDA amounted to \$4.3 million, compared to \$2.5 million during the same period in 2019, as a result of improved gross profit margins and sales volume increase.

For the nine months ended September 30, 2020, revenues increased by \$6.4 million to \$161.7 million when compared to the same period in 2019. The increase is primarily due to higher shipped volumes, with growth in our Agricultural, Industrial and Residential Construction segment sales across all geographies. Gross profit increased to \$19.2 million, from \$14.3 million; and gross margin was higher at 11.9%, as compared to 9.2% in 2019. The increased gross profit for the period is primarily the result of higher sales volume, improved efficiencies and cost management. The higher gross margins and cost management additionally resulted in an EBITDA of \$13.3 million, compared to \$6.9 million during the same period in 2019.

"We continue to maintain our employees' safety as our primary focus, adapting our health and safety protocols from guidance provided by the respective health authorities in the jurisdictions that we operate. While we are seeing strength of demand in our markets, we continue to remain cautious about the long-term effects the pandemic could have on demand, and we will continue to diligently monitor our cost structures and working capital levels to ensure a timely and efficient delivery of products to our customers," said Remy Stachowiak, President and COO of Tree Island Steel.

"As we continue to adapt to the current economic climate, we are committed to ensure that the decisions we make today will have a positive impact on the long term success of the company and its stakeholders," said Amar S. Doman, Chairman of Tree Island Steel.



RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenue	53,236	49,701	161,697	155,261
Cost of sales	(45,048)	(43,513)	(137,901)	(136,359)
Depreciation	(1,504)	(1,565)	(4,548)	(4,611)
Gross profit	6,684	4,623	19,248	14,291
Selling, general and administrative expenses	(3,508)	(3,762)	(10,557)	(11,790)
Operating income	3,176	861	8,691	2,501
Foreign exchange gain (loss)	(383)	70	53	(186)
Gain (loss) on property, plant and equipment	17	(3)	5	-
Restructuring and other expenses	(122)	(215)	(199)	(482)
Financing expenses	(1,992)	(1,111)	(3,745)	(3,590)
Income (loss) before income taxes	696	(398)	4,805	(1,757)
Income tax recovery (expense)	(176)	39	(1,363)	(232)
Net income (loss)	520	(359)	3,442	(1,989)
Net income per share	0.02	(0.01)	0.12	(0.07)
Dividends per share	0.02	0.02	0.06	0.06

Financial position as at:	September 30, December 31,	
	2020	2019
Total assets	151,013	159,122
Total non-current financial liabilities	72,525	85,627

RESULTS FROM OPERATIONS

(\$'000 unless otherwise states)

	Three Months Ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating income (loss)	3,176	861	8,691	2,501
Add back depreciation	1,504	1,565	4,548	4,611
Foreign exchange gain (loss)	(383)	70	53	(186)
EBITDA ¹	4,297	2,496	13,292	6,926

¹ See definition on EBITDA in Section 2 NON-IFRS MEASURES of the September 30, 2020, 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®, Tough Strand® and ToughPanel™ 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 COVID-19 pandemic impact on the company, 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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