



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Q3 2018 Results

Q3 2018 Financial Highlights¹

Revenues increased by 0.4% to \$55.8 million
Gross profit amounted to \$6.9 million
EBITDA increased to \$3.4 million

YTD 2018 Financial Highlights

Revenues increased by 5.7% to \$190.4 million
Gross profit amounted to \$22.1 million
EBITDA increased to \$12.3 million

VANCOUVER, British Columbia, Canada – November 2, 2018 – Tree Island Steel Ltd. ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month and nine-month periods ended September 30, 2018.

For the three-month period ended September 30, 2018, revenues increased by 0.4% to \$55.8 million, with stronger average selling prices and Tree Island's improved product mix mitigating the impact of lower sales volumes. The higher product pricing as compared to last year, coupled with a more profitable product mix and the focus on operational efficiencies, improved Tree Island's profitability over last year. Sales volumes were lower in the quarter, primarily from our focus on improving the product mix in the Residential market and from reduced demand in the Industrial market on account of the impact of steel import tariffs. Third quarter gross profit increased to \$6.9 million, from \$2.3 million in the same period in 2017, while gross margin strengthened to 12.4% from 4.1% in Q3 2017. The higher gross profit resulted in third quarter EBITDA increasing to \$3.4 million, from a loss of \$1.5 million during the same period in 2017.

Results for the first nine months of 2018 are reflective of Tree Island's focus on pricing discipline resulting in higher average selling prices, combined with improved operational efficiencies and actions taken to mitigate the effects of steel tariffs. Nine month revenues increased by 5.7% to \$190.4 million year-over-year; gross profit increased to \$22.1 million, from \$15.7 million; and gross margin was higher at 11.6%, as compared to 8.7% in the first nine months of 2017. The increase in the year-to-date EBITDA of \$12.3 million also compared favourably to the \$5.1 million achieved during the same period in 2017.

Going forward, Dale R. MacLean, President and CEO noted, "The tariffs imposed by the U.S. government on imported steel wire products continue to create uncertainty and higher costs for our U.S. customers. We also took immediate but necessary steps to rebalance our production levels and work force in the third quarter as we responded to changing sales demand. More recently, the retaliatory and safeguard measures announced by the Canadian government add to the complexity of the ongoing trade environment, however, we are extensively engaged with the Canadian government to ensure Tree Island's interests are understood as the trade negotiations on steel tariffs evolve. We will continue to take the necessary steps to protect our business and our profitability in this fluid environment. Our third quarter financial results reaffirm our commitment to operational excellence and maintaining pricing discipline, and we will maintain this focus going forward."

"Tree Island's business model and financial stability, built over the past number of years, has provided the Company with a solid foundation to navigate and adapt to changing market conditions," said Amar S. Doman, Chairman of Tree Island Steel Ltd.

¹ Please refer to our Q3 2018 MD&A for further information.



Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	55,846	55,643	190,424	180,144
Cost of sales	(48,014)	(52,530)	(165,691)	(161,953)
Depreciation	(903)	(814)	(2,589)	(2,448)
Gross profit	6,929	2,299	22,144	15,743
Selling, general and administrative expenses	(4,379)	(3,872)	(12,714)	(12,417)
Operating income	2,550	(1,573)	9,430	3,326
Foreign exchange gain (loss)	(77)	(737)	298	(701)
Gain (loss) on sale of property, plant and equipment	(2)	(41)	2	(115)
Other expenses	(39)	-	(104)	-
Changes in financial liabilities recognized at fair value	(123)	248	(89)	504
Financing expenses	(850)	(758)	(2,492)	(2,194)
Income before income taxes	1,459	(2,861)	7,045	820
Current Income tax (expense) recovery	(311)	-	(311)	(2)
Deferred Income tax (expense) recovery	(125)	709	(1,814)	(478)
Net income (loss)	1,023	(2,152)	4,920	340
Operating Income	2,550	(1,573)	9,430	3,326
Add back depreciation	903	814	2,589	2,448
Foreign exchange gain (loss)	(77)	(737)	298	(701)
EBITDA ²	3,376	(1,496)	12,317	5,073
Net income per share	0.03	(0.07)	0.17	0.01
Dividends per share	0.02	0.02	0.06	0.06
Financial Position as at:	September 30, 2018		December 31, 2017	
Total Assets	165,704		133,681	
Total non-current financial liabilities	22,330		18,356	

² 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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