



**FOR IMMEDIATE RELEASE**

## **Tree Island Steel Announces Third Quarter 2019 Financial Results**

**VANCOUVER, British Columbia, Canada – October 24, 2019 – Tree Island Steel** ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three-month and nine-month periods ended September 30, 2019.

For the three-month period ended September 30, 2019, revenues amounted to \$49.7 million compared to \$55.8 million in the same period last year, attributable to lower pricing with reduced raw material costs, industry wide competitive pricing pressures, and a lower demand in the Residential and Commercial segments. The lower selling prices and softer demand in the quarter resulted in a gross profit of \$4.6 million for the quarter, compared to \$6.9 million in the same period in 2018. As a result, EBITDA in the third quarter of 2019 amounted to \$2.5 million compared to \$3.4 million during the third quarter of 2018.

For the nine-month period ended September 30, 2019, revenues amounted to \$155.3 million compared to \$190.4 million in the first nine months of last year, attributable to lower sales volumes to U.S. customers, impacted by Section 232 steel tariffs affecting the first half of 2019, and softer market demand. These impacts resulted in a gross profit of \$14.3 million for the first nine months of 2019, compared to \$22.1 million in the same period in 2018. As a result, EBITDA in the first three quarters of 2019 amounted to \$6.9 million compared to \$12.3 million during the same period of 2018.

“Our Q3 financial results were impacted in part by Section 232 steel tariffs in the first half of the year and an overall weaker demand for wire and wire products. While Q3 revenues and gross profit have decreased compared to Q2 and Q1, we have actively implemented cost cutting measures to reduce the overall impact on profitability. We are committed to the continuous improvement of profitability and will remain focused on customer engagement, improving efficiency and managing costs,” said Dale R. MacLean, Tree Island’s President and CEO. “Since our exemption from the steel tariffs between Canada and the U.S., we are focusing on regaining our market share and expanding the US market by re-establishing our long standing customer and market foundation.”



## Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 <sup>1</sup>	2019	2018 <sup>1</sup>
Revenue	49,701	55,846	155,261	190,424
Cost of sales	(43,513)	(48,014)	(136,361)	(165,691)
Depreciation <sup>2</sup>	(1,565)	(903)	(4,611)	(2,589)
Gross profit	4,623	6,929	14,289	22,144
Selling, general and administrative expenses	(3,762)	(4,379)	(11,790)	(12,714)
Operating income	861	2,550	2,499	9,430
Foreign exchange gain (loss)	70	(77)	(186)	298
Gain (loss) on property, plant and equipment	(3)	(2)	-	2
Other expenses	(215)	(39)	(482)	(104)
Changes in financial liabilities recognized at fair value	-	(123)	-	(89)
Financing expenses <sup>3</sup>	(1,111)	(850)	(3,590)	(2,492)
Income (loss) before income taxes	(398)	1,459	(1,759)	7,045
Current Income tax (expense) recovery	-	(311)	(231)	(311)
Deferred Income tax (expense) recovery	39	(125)	(1)	(1,814)
Net income (loss)	(359)	1,023	(1,991)	4,920
Operating Income	861	2,550	2,499	9,430
Add back depreciation	1,565	903	4,611	2,589
Foreign exchange gain	70	(77)	(186)	298
EBITDA <sup>4</sup>	2,496	3,376	6,924	12,317
Net income per share	(0.01)	0.03	(0.07)	0.17
Dividends per share	0.02	0.02	0.06	0.06
Financial Position as at:	September 30, 2019		December 31, 2018	
Total assets <sup>5</sup>	174,223		158,449	
Total non-current financial liabilities <sup>6</sup>	49,395		21,928	

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

<sup>2</sup> Tree Island recognized depreciation of \$0.7 million from the adoption of IFRS 16 during Q3 2019. See Note 3 of the Q3 2019 Interim Unaudited Condensed Consolidated Financial Statements.

<sup>3</sup> Tree Island recognized financing expenses of \$0.4 million from the adoption of IFRS 16 during Q3 2019. See Notes 3 and 10 of the Q3 2019 Interim Unaudited Condensed Consolidated Financial Statements.

<sup>4</sup> See definition of EBITDA and Adjusted Net Income in Section 2 NON-IFRS MEASURES of the Q3 2019 MD&A.

<sup>5</sup> Tree Island recognized right-of-use assets of \$29.8 million at the end of Q3 2019 from the adoption of IFRS 16. See Note 3 of the Q3 2019 Interim Unaudited Condensed Consolidated Financial Statements.

<sup>6</sup> Tree Island recognized lease liability of \$33.0 million at the end of Q3 2019 from the adoption of IFRS 16. See Note 3 of the Q3 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 ToughStrand® 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, uninsured 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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