



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Q3 2017 Results

Q3 2017 Financial Highlights¹

Volumes of 42,871 tons were in line with the same period last year²

Revenues increased by 2.8% to \$55.6 million when compared to the same period last year²

Gross profit amounted to \$2.3 million

EBITDA totalled -\$1.5 million

YTD 2017 Financial Highlights

Volumes increased by 2.4% to 139,843 tons when compared to last year²

Revenues increased by 4.1% to \$180.1 million when compared to last year²

Gross profit amounted to \$15.7 million

EBITDA totalled \$5.1 million

VANCOUVER, British Columbia, Canada – November 2, 2017 – 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, 2017.

For the three month period ended September 30, 2017, revenues increased 2.8% over the same period last year when excluding the stainless product lines from the comparison, which were divested in late 2016. Inclusive of the stainless product lines, revenues decreased by 3.6% to \$55.6 million versus \$57.7 million during the corresponding period in 2016. Gross profit for the three months amounted to \$2.3 million versus \$9.6 million during the same period in 2016 due to the continued compression between selling price and input costs. As a result, gross margin in the quarter was 4.1%. The lower gross profit resulted in EBITDA amounting to (\$1.5) million versus \$5.4 million during the third quarter of 2016.

For the nine-month period ended September 30, 2017 volume and revenues improved by 2.4% and 4.1% over the same period last year, respectively, when excluding the stainless product lines from the comparisons. Inclusive of the stainless product lines, revenues decreased by 2.8% to \$180.1 million versus \$185.4 million during the corresponding period in 2016. For the nine month period, Gross profit was \$15.7 million (representing a gross margin of 8.7%) and EBITDA amounted to \$5.1 million.

"The third quarter followed a continuation of industry wide pressures on margins driven by higher raw material input costs and an aggressive pricing environment," said Dale R. MacLean, President and CEO. "Raw material prices for rod and zinc, which make up the majority of the production costs for manufacturers like us, continued to trend upward at a much more rapid pace than corresponding price adjustments for finished goods. Over time, we anticipate market conditions to be in better balance as we work through this current industry cycle."

"The past six months has been a very challenging time for our industry with rapid increases in input costs and stagnant prices for finished goods," noted Amar S. Doman, Chairman of Tree Island Steel Ltd. "We will continue our focus on long-term profitable growth as a guiding principle when addressing this malaise and further strengthen the Company for optimal performance as we navigate through this cycle and return to more normalized margin and operating patterns."

¹ Please refer to our Q3 2017 MD&A for further information.

² The comparison excludes the stainless product lines, which were divested on September 30, 2016.



Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	55,643	57,726	180,144	185,350
Cost of sales	(52,530)	(47,305)	(161,953)	(150,743)
Depreciation	(814)	(839)	(2,448)	(2,492)
Gross profit	2,299	9,582	15,743	32,115
Selling, general and administrative expenses	(3,872)	(4,880)	(12,417)	(14,573)
Operating income (loss)	(1,573)	4,702	3,326	17,542
Foreign exchange gain (loss)	(737)	(172)	(701)	(93)
Gain (loss) on sale of property, plant and equipment	(41)	12	(115)	12
Changes in financial liabilities recognized at fair value	248	(223)	504	607
Financing expenses	(758)	(593)	(2,194)	(2,030)
Income (loss) before income taxes	(2,861)	3,726	820	16,038
Income tax (expense) recovery	709	(1,039)	(480)	(1,762)
Net income (loss)	<u>(2,152)</u>	<u>2,687</u>	<u>340</u>	<u>14,276</u>
Operating Income (loss)	(1,573)	4,702	3,326	17,542
Add back depreciation	814	839	2,448	2,492
Foreign exchange gain (loss)	(737)	(172)	(701)	(93)
EBITDA ³	<u>(1,496)</u>	<u>5,369</u>	<u>5,073</u>	<u>19,941</u>
Net income (loss) per share	(0.07)	0.09	0.01	0.46
Dividends per share	0.02	0.02	0.06	0.05
Sales volume (tons) ⁴	42,871	43,633	139,843	139,423
Gross profit per ton (\$/ton)	54	220	113	230
EBITDA per ton (\$/ton)	(35)	123	36	143
Financial Position as at:	<u>September 30, 2017</u>		<u>December 31, 2016</u>	
Total Assets	143,370		137,455	
Total non-current financial liabilities	17,732		19,090	

³ See definition of EBITDA in Section 2 NON-IFRS MEASURES of the Q3 2017 MD&A.

⁴ Sales volume excludes tons which were processed as part of tolling arrangements.



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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