



Tree Island Steel Announces First Quarter 2020 Results

VANCOUVER, British Columbia, May 07, 2020 -- Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the three months ended March 31, 2020.

One of the key pillars in our business is and always has been the health and safety of our employees and now gains even more importance as we manage through the health impacts of the Covid-19 pandemic. To address these additional health considerations, we have implemented additional safety protocols in alignment with necessary regulations and health guidelines in the jurisdictions in which we operate to protect the health and safety of our employees and their families.

In terms of the financial results for the quarter, for the three-month period ended March 31, 2020, revenues increased by \$5.1 million, or 9.5%, to \$58 million, primarily from higher shipped volumes, with growth in our Industrial segment sales into the U.S. along with an increase in residential construction product sales. Gross profit for the first quarter increased 39.3% to \$6.6 million, from \$4.7 million in the same period in 2019, mainly as a result of higher sales volumes and cost management. Adjusted EBITDA increased to \$4.4 million, compared to \$1.2 million during the same period in 2019.

Due to the pandemic, the economic outlook in our markets is highly uncertain and expected to negatively impact demand due to the various shelter-at-home government orders as well as closure of non-essential businesses. Through this crisis the company will continue managing its cost structure while monitoring inventory and other working capital to support ongoing sales and operations.

"Through these unprecedented events, we will continue to prioritize our commitment to health and safety, the quality of our products, customer engagement and our long term objectives," said Amar S. Doman, Chairman of Tree Island Steel.

RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three months ended March 31,	
	2020	2019
Revenue	57,993	52,942
Cost of sales	(49,835)	(46,696)
Depreciation	(1,544)	(1,499)
Gross profit	6,614	4,747
Selling, general and administrative expenses	(3,858)	(4,244)
Operating income	2,756	503
Foreign exchange gain (loss)	730	(171)
Restructuring and other expenses	-	(12)
Financing expenses	(951)	(1,221)
Income (loss) before income taxes	2,535	(901)
Current income tax (expense) recovery	(252)	(139)
Deferred income tax (expense) recovery	(454)	(55)
Net income (loss)	1,829	(1,095)
Net income per share	0.06	(0.04)
Dividends per share	0.02	0.02
	March 31,	March 31,
Financial position as at:	2020	2019
Total assets	172,407	159,122
Total non-current financial liabilities	89,750	85,628

RESULTS FROM OPERATIONS

(\$'000 unless otherwise states)

	Three months ended March 31,	
	2020	2019
Operating income (loss)	2,756	502
Add back depreciation	1,544	1,499
Foreign exchange gain (loss)	730	(171)
EBITDA1	5,030	1,831
IFRS 16 Adjustment	(663)	(662)
Adjusted EBITDA1	4,367	1,169

¹ See definition on EBITDA and Adjusted EBITDA in Section 2 NON-IFRS MEASURES of the March 31 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® 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 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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