



**FOR IMMEDIATE RELEASE**

## **Tree Island Steel Announces Second Quarter 2021 Results and Declares Special Dividend**

VANCOUVER, British Columbia, Canada - July 27, 2021 - Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the three month and six month periods ended June 30, 2021.

For the three month period ended June 30, 2021, revenues increased by \$23.9 million to \$74.4 million, compared to the same period in 2020, from higher demand and increased selling prices across all market segments. Gross profit for the second quarter increased to \$16.8 million, from \$5.9 million in the same period in 2020. With the higher gross profit, EBITDA amounted to \$14.7 million, compared to \$4.0 million during the same period in 2020.

For the six month period ended June 30, 2021, revenues increased by \$32.8 million to \$141.3 million when compared to the same period in 2020. The increase is primarily due to higher shipped volumes at increasing prices, with growth across all market segments. Gross profit increased to \$29.5 million from \$12.6 million in the same period in 2020. The higher gross profit also resulted in an EBITDA of \$25.4 million, compared to \$9.0 million during the same period in 2020.

The Company also announced that its Board of Directors today declared a one-time special cash dividend of \$0.05 per share on the issued and outstanding Common Shares of the Company, payable on October 15, 2021, to holders of record at the close of business on September 30, 2021. This special dividend is in addition to the Company's regular quarterly cash dividend of \$0.03 per share that is also scheduled to be paid on October 15, 2021.

"During the second quarter, we experienced ongoing market demand and customer inventory replenishment as a result of the progressive economic reopening, combined with globally tight supply conditions for steel wire rod, our primary raw material. Increased construction activities in both residential and non-residential sectors, as well as demand for multiple industrial OEM steel wire applications and agricultural products, supported improvement in sales volumes," said Remy Stachowiak, President and COO of Tree Island Steel. "However, the supply of steel wire rod remains constrained, as steel mills work towards increasing production and rebuilding inventory to support improved market conditions. These circumstances have driven both wire rod and manufactured wire products pricing towards historic high levels, as rising costs get transferred through the supply chain."

"The elevated pricing along with ongoing inventory and cost management across the business have had a favorable impact on gross profit in the quarter as well as first half of the year. As the steel supply chain rebuilds inventory and availability of product improves, we anticipate more balanced market conditions in the future. As such, we continue to closely manage our materials purchasing and inventory to align with market demand and production capability to support our customers in this dynamic environment, while remaining focused on protecting the health and safety of our employees throughout the reopening."

"We continue to build on the financial results of this second quarter from the healthy demand across all of our markets, and remain prudent in our approach towards raw materials purchasing in this supply constrained environment," said Amar S. Doman, Executive Chair of Tree Island Steel.



## RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Revenue	74,410	50,466	141,252	108,463
Cost of sales	(56,115)	(43,014)	(108,865)	(92,849)
Depreciation	(1,456)	(1,507)	(2,921)	(3,051)
Gross profit	16,839	5,945	29,466	12,563
Selling, general and administrative expenses	(3,473)	(3,191)	(6,800)	(7,049)
Operating income	13,366	2,754	22,666	5,514
Foreign exchange gain (loss)	(99)	(294)	(212)	436
Gain (loss) on property, plant and equipment	-	(12)	-	(12)
Restructuring and other expenses	(3)	(77)	(3)	(77)
Financing expenses	(624)	(790)	(1,190)	(1,753)
Income (loss) before income taxes	12,640	1,581	21,261	4,108
Income tax recovery (expense)	(3,572)	(481)	(5,729)	(1,191)
Net income (loss)	9,068	1,100	15,532	2,917
Net income per share	0.32	0.04	0.55	0.10
Dividends per share	0.03	0.02	0.06	0.04
Financial position as at:		June 30,		December 31,
		2021		2020
Total assets		172,111		146,549
Total non-current financial liabilities		77,273		71,236

## EBITDA

(\$'000 unless otherwise states)

	Three Months Ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Operating income (loss)	13,366	2,754	22,666	5,514
Add back depreciation	1,456	1,507	2,921	3,051
Foreign exchange gain (loss)	(99)	(294)	(212)	436
EBITDA <sup>1</sup>	14,723	3,967	25,375	9,001

<sup>1</sup> See definition on EBITDA in Section 2 NON-IFRS MEASURES of the June 30, 2021, 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.

For further information contact:

Ali Mahdavi, Investor Relations

Tree Island Steel

(416) 962-3300

e-mail: [amahdavi@treeisland.com](mailto:amahdavi@treeisland.com)

Website: [www.treeisland.com](http://www.treeisland.com)