



## Tree Island Steel Announces Second Quarter 2020 Results

VANCOUVER, British Columbia, July 29, 2020 -- Tree Island Steel ("Tree Island" or the "Company") (TSX: TSL) announced today its financial results for the three and six months ended June 30, 2020.

For the three-month period ended June 30, 2020, revenues decreased by \$2.2 million to \$50.5 million, from lower volumes shipped in our Commercial and Residential Construction segment sales, which were related to the Covid-19 regional stay-at-home government orders. Gross profit for the second quarter increased to \$5.9 million, from \$4.9 million in the same period in 2019, as a result of improved cost management and product mix. EBITDA amounted to \$4.0 million, compared to \$2.6 million during the same period in 2019, as a result of improved gross profit margins and lower selling, general and administrative costs.

For the six months ended June 30, 2020, revenues increased by \$2.9 million to \$108.5 million when compared to 2019. The increase is primarily due to higher shipped volumes, with growth in our Industrial segment sales. Gross profit increased to \$12.6 million, from \$9.7 million; and gross margin was higher at 11.6%, as compared to 9.2% in 2019. The increased gross profit for the period is primarily the result of higher sales volume, improved efficiencies and cost management. The higher gross margins and lower selling, general and administrative costs resulted in an EBITDA of \$9.0 million, compared to \$4.4 million during the same period in 2019.

"While our second quarter results demonstrated improved gross profit and earnings as a result of rigorous cost focus, we remain cautious given the uncertainty associated with ongoing economic effects of the pandemic" commented Remy Stachowiak, President and COO of Tree Island Steel.

There is significant uncertainty and unpredictability due to the Covid-19 pandemic, with an unclear line of sight into the future. As such, we continue to take specific actions to protect our business. Cost measures are closely tracked and actively managed, from inventory control through to production efficiency initiatives. Market changes and product mix are carefully evaluated and adjusted to support customers in this rapidly changing environment.

"As we navigate through these uncertain times, we will continue to focus on the safety of our employees, customers and communities as an important part of our commitment to drive operational and financial success" said Amar S. Doman, Executive Chairman of Tree Island Steel.

### RESULTS FROM OPERATIONS

(\$'000 unless otherwise stated)

	Three Months Ended June 30,		Six months ended June 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue	50,466	52,618	108,463	105,560
Cost of sales	(43,014)	(46,158)	(92,849)	(92,847)
Depreciation	(1,507)	(1,547)	(3,051)	(3,046)
Gross profit	5,945	4,913	12,563	9,667
Selling, general and administrative expenses	(3,191)	(3,776)	(7,049)	(8,028)
Operating income	2,754	1,137	5,514	1,639
Foreign exchange gain (loss)	(294)	(85)	436	(256)
Gain (loss) on property, plant and equipment	(12)	3	(12)	3
Restructuring and other expenses	(77)	(255)	(77)	(267)
Financing expenses	(790)	(1,258)	(1,753)	(2,479)
Income (loss) before income taxes	1,581	(458)	4,108	(1,360)
Current income tax (expense) recovery	(897)	(92)	(1,153)	(231)
Deferred income tax (expense) recovery	416	15	(38)	(40)
Net income (loss)	1,100	(535)	2,917	(1,631)
Net income per share	0.04	(0.02)	0.10	(0.06)
Dividends per share	0.02	0.02	0.04	0.04

Financial position as at:	June 30, 2020	December 31, 2019
Total assets	156,227	159,122
Total non-current financial liabilities	79,773	85,627

## RESULTS FROM OPERATIONS

(\$'000 unless otherwise states)

	Three Months Ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Operating income (loss)	2,754	1,137	5,514	1,639
Add back depreciation	1,507	1,547	3,051	3,046
Foreign exchange gain (loss)	(294)	(85)	436	(256)
EBITDA <sup>1</sup>	3,967	2,599	9,001	4,429

<sup>1</sup> See definition on EBITDA in Section 2 NON-IFRS MEASURES of the June 30, 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®, Tough Strand® and ToughPanelTM 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 impact of Covid-19 on the company, its customers and vendors, 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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