

Tree Island Wire Income Fund

TSX: TIL.UN, TIL.DB



Mar 15, 2011 20:37 ET

Tree Island Announces Fourth Quarter and Full Year 2010 Results

VANCOUVER, BRITISH COLUMBIA--(Marketwire - March 15, 2011) - Tree Island Wire Income Fund (TSX:TIL.UN)(TSX:TIL.DB) -

Q4 2010 Financial Highlights

- Revenues of \$27.7 million
- Gross profit improved by \$3.9 million to \$0.5 million as compared to a loss of \$3.4 million in Q4 2009
- EBITDA adjusted for foreign exchange⁽³⁾, improved by \$5.9 million to \$0.5 million, as compared to an EBITDA loss adjusted for foreign exchange of \$5.4 million in Q4 2009

FY 2010 Financial Highlights

- Revenues of \$132.4 million
- Gross profit improved by \$31.4 million to \$6.4 million as compared to a loss of \$25.0 million in 2009
- EBITDA adjusted for foreign exchange⁽³⁾, improved by \$36.5 million to a loss of \$17 thousand as compared to an EBITDA loss adjusted for foreign exchange of \$36.5 million in 2009

Tree Island Wire Income Fund ("Tree Island" or the "Fund"⁽¹⁾) announced today its financial results for the three and twelve month periods ended December 31, 2010.

For the three months ended December 31, 2010⁽²⁾, the Fund reported revenue of \$27.7 million, compared to \$26.7 million during the same period in 2009. Gross profit improved from a loss of \$3.4 million to positive \$0.5 million, while gross profit per ton also increased from a loss of \$160 per ton, to a profit of \$25 per ton. The significant improvement in gross profit and gross profit per ton reflects Tree Island's ongoing focus on profitability, a continued focus on cost control and a reduction in costs as a result of the reversal of a one time prior period accrual of \$1.6 million. These gains were partially offset by lower sales volumes and competitive pricing pressures due to the ongoing poor economic conditions in some of our primary end markets, particularly in the Western United States.

Our focus on cost management continued to favourably impact our fourth quarter. SG&A expenses at \$2.0 million, were \$1.6 million less than in the fourth quarter of last year. EBITDA adjusted for foreign exchange was \$0.5 million, a \$5.9 million improvement from last year's EBITDA loss adjusted for foreign exchange of \$5.4 million.

For the twelve months ended December 31, 2010⁽²⁾, the Fund's revenues were \$132.4 million versus \$165.6 million during the corresponding period in 2009. Gross profit improved by \$31.4 million to \$6.4 million during the twelve month period in 2010. EBITDA adjusted for foreign exchange also improved by \$36.5 million to a loss of \$17 thousand, while the net loss reduced by \$12.1 million to \$14.8 million.

"We are pleased with our fiscal improvements and our success in keeping inventories closely aligned with market conditions," said Ted Leja, President and CEO of Tree Island Industries. "While market demand remains weak and raw material prices are currently volatile, we continue to pursue strategic growth opportunities."

Amar Doman, Chairman of the Fund noted, "The full year results are a testament to management's efforts in rebuilding a fundamentally strong and sound business during difficult times, which positions the Fund to take advantage of a recovery in any of its principal markets."

RESULTS OF OPERATIONS ⁽²⁾	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
Income				
Sales Volumes - Tons	20,565	21,171	99,376	136,198
Revenue	\$ 27,746	\$ 26,740	\$ 132,411	\$ 165,581
Cost of Goods Sold	(25,874)	(28,632)	(120,409)	(183,445)
Depreciation	(1,357)	(1,486)	(5,577)	(7,135)
Gross (Loss) Profit	515	(3,378)	6,425	(24,999)
Gross (Loss) Profit per Ton	\$ 25	\$ (160)	\$ 65	\$ (184)
Selling, General and Administrative Expenses	(2,053)	(3,622)	(12,143)	(21,057)
Operating Loss	(1,538)	(7,000)	(5,718)	(46,056)
Foreign Exchange Gain	725	150	124	2,441
Financing Expenses	(2,581)	(2,276)	(10,958)	(7,660)
Gain (Loss) on Sale of Property, Plant & Equipment	(14)	(14)	66	5,448
Fair Value Changes on Derivatives	-	(7)	-	243
Amortization of Deferred Gain	117	122	477	529
Amortization of Intangible Assets	-	-	-	(660)
Impairment of Intangible Assets	-	-	-	(5,362)
Impairment of Property, Plant and Equipment	(105)	(346)	(105)	(346)
Gain on renegotiated debt	-	17,835	-	17,835
Income Tax (Expense) Recovery	(128)	4,830	1,334	6,712
Net Loss	(3,524)	13,294	(14,780)	(26,876)
EBITDA				
Operating Loss	(1,538)	(7,000)	(5,718)	(46,056)
Add back Depreciation	1,357	1,486	5,577	7,135
EBITDA ⁽³⁾	(181)	(5,514)	(141)	(38,921)
Foreign Exchange Gain	725	150	124	2,441
EBITDA Adjusted for Foreign Exchange	544	(5,364)	(17)	(36,480)
Distributable Cash				
Standardized Distributable Cash per Unit				
Basic	0.3512	0.0998	(0.0169)	2.0117
Fully Diluted	0.3512	0.0739	(0.0169)	2.0117
Adjusted Distributable Cash per Unit				
Basic	(0.0797)	(0.0097)	(0.1768)	(1.2032)

Fully Diluted	(0.0797)	(0.0072)	(0.1768)	(1.2032)
Distributable Cash Paid or Payable per Unit	-	-	-	-
Standardized Distribution Payout %	0%	0%	0%	0%
Adjusted Distribution Payout %	0%	0%	0%	0%

Balance Sheet

Total Assets			86,822	99,693
Net Cash/(Revolving Credit (Net of Cash))			5,623	1,307
Long-term Debt and Debentures			(35,536)	(28,779)

About Tree Island Wire Income Fund

The Fund was launched on November 12, 2002 with the completion on an initial public offering. The Fund has a 100% ownership interest in Tree Island Industries Ltd and its performance depends on the performance of Tree Island Industries Ltd. Headquartered in Richmond, British Columbia, Tree Island Industries Ltd. produces wire products for a diverse range of construction, agricultural, manufacturing and industrial applications. Its products include bright wire, stainless steel wire and galvanized wire; a broad array of fasteners, including packaged, collated and bulk nails; stucco reinforcing products, engineered structural mesh, fencing and other fabricated wire products. The company markets these products under the Tree Island, Halsteel, K-Lath, Industrial Alloys, Tough Strand, and TI Select brand names. Tree Island also owns and operates a Hong Kong-based company that helps source internationally sourced products to the Company and its customers.

Forward-Looking Statements

This press release includes forward-looking information with respect to the Fund and the company, including their business, operations and strategies, 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 the Fund's most recent annual information form and management discussion and analysis.

Forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the statements. Such risks and uncertainties include, but are not limited to: general economic conditions and markets and, in particular, the potential impact of the current economic downturn, risks associated with operations such as competition, dependence on the construction industry, market conditions for the company's products, supplies of and costs for its raw materials, dependence on key personnel, labour relations, regulatory matters, environmental risks, the successful execution of acquisition and integration strategies and other strategic initiatives, foreign exchange fluctuations, the effect of leverage and restrictive covenants in financing arrangements, the cost and availability of capital, the possibility of deterioration in working capital position, the impact on liquidity if the Fund were to go offside of covenants in its debt facilities, the impact that changes in supplier payment terms or slow payment of accounts receivable could have on liquidity, product liability, the ability to obtain insurance, energy cost increases, changes in tax legislation, other legislation and governmental regulation, changes in accounting policies and practices, operations in a foreign country, and other risks and uncertainties set forth in the Fund's publicly filed materials.

This press release has been reviewed by the Fund's Board of Trustees 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 Fund 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.

1. References to the Fund or Tree Island include references to Tree Island Industries Ltd. as the context may require.
2. Please refer to our 2010 MD&A for further information.
3. Reference is made above to EBITDA. We define EBITDA as operating profit or loss plus depreciation. Please refer to our 2010 MD&A for further information. EBITDA is a measure used by management of Tree Island to evaluate financial performance. EBITDA, however, is not a measure of earnings or financial performance recognized by Canadian generally accepted accounting principles ("GAAP") and does not have standardized meanings prescribed by GAAP. Items excluded from EBITDA are significant to understanding and assessing financial performance. EBITDA should not be considered in isolation or as alternatives to net income, cash flows generated by operations or other financial statement data presented in the consolidated financial statements of the Fund, as indicators of financial performance or liquidity under GAAP. Because EBITDA is not a measure determined in accordance with GAAP, as presented, investors are cautioned that EBITDA may not be comparable to similarly-titled measures presented by other issuers (such as other income funds).

Tree Island Wire Income Fund
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)(unaudited)

as at December 31	2010	2009
Assets		
Current		
Cash	\$ 5,623	\$ 4,153
Accounts receivable	9,695	9,064
Income and other taxes receivable	56	6,121
Inventories	30,873	33,626
Prepaid expenses	2,863	3,113
	49,110	56,077
Property, plant and equipment	37,141	43,047
Other non-current assets	571	569
	\$ 86,822	\$ 99,693
Liabilities		
Current		
Revolving credit	\$ -	\$ 2,846
Accounts payable and accrued liabilities	13,243	18,351
Income taxes payable	808	748
Interest payable	68	41
Current portion of long-term debt	5,271	3,030
	19,390	25,016
Convertible Debentures	13,108	5,716
Long-term debt	22,428	23,063
Deferred gain on sale of option	2,710	3,337
Other non-current liabilities	667	361
Future income taxes	854	2,848
	59,157	60,341
Contingent liabilities and commitments		
Unitholders' Equity	27,665	39,352
	\$ 86,822	\$ 99,693

Tree Island Wire Income Fund
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of dollars, except units and per-unit amounts)(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2010	2009	2010	2009

Sales	\$ 27,746	\$ 26,740	\$ 132,411	\$ 165,581
Cost of goods sold	25,874	28,632	120,409	183,445
Depreciation	1,357	1,486	5,577	7,135
Gross profit (loss)	515	(3,378)	6,425	(24,999)
Selling, general and administrative expenses	2,053	3,622	12,143	21,057
Operating (loss)	(1,538)	(7,000)	(5,718)	(46,056)
Foreign exchange gain	725	150	124	2,441
(Loss) gain on sale of property, plant and equipment	(14)	(14)	66	5,448
Impairment and amortization of intangible assets	-	-	-	(6,022)
Property, plant and equipment impairment	(105)	(346)	(105)	(346)
Amortization of deferred gain	117	122	477	529
Fair value changes on derivatives	-	(7)	-	243
Gain on renegotiated debt	-	17,835	-	17,835
Financing expenses	(2,581)	(2,276)	(10,958)	(7,660)
Loss before income taxes	(3,396)	8,464	(16,114)	(33,588)
Income tax recovery (expense)	(128)	4,830	1,334	6,712
Net (loss) income for the period	\$ (3,524)	\$ 13,294	\$ (14,780)	\$ (26,876)
Net (loss) income per unit				
Basic	\$ (0.15)	\$ 0.60	\$ (0.65)	\$ (1.22)
Diluted	\$ (0.15)	\$ 0.45	\$ (0.65)	\$ (1.22)
Weighted-average number of units				
Basic	22,861,661	22,112,489	22,641,642	22,035,040
Diluted	22,861,661	29,831,543	22,641,642	22,035,040

Tree Island Wire Income Fund
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)(unaudited)

	Three Months Ended		Twelve Months Ended	
	2010	December 31 2009	2010	December 31 2009
Cash flows from operating activities				
Net (loss) Income for the period	\$ (3,524)	\$ 13,294	\$ (14,780)	\$ (26,876)
Items not involving cash				
Depreciation	1,357	1,486	5,577	7,135
Fair value changes on derivatives	-	7	-	(243)
Gain on disposal of property, plant and equipment	14	14	(66)	(5,448)
Amortization and write-off of deferred financing	-	746	1,302	1,969
Property, plant and equipment impairment	105	346	105	346
Impairment and amortization of intangibles	-	-	-	6,022
Amortization of deferred gain	(117)	(122)	(477)	(529)
Gain on renegotiated debt	-	(17,835)	-	(17,835)
Non cash accretion of debt discount	1,780	589	7,288	589
Future income tax (recoveries) expense	(388)	1,343	(1,714)	(425)
Unit-based compensation	(223)	104	104	390
Exchange revaluation on foreign denominated debt	(826)	-	(1,263)	-
	(1,822)	(28)	(3,924)	(34,905)
Change in non-cash operating assets and liabilities	9,850	2,420	3,621	79,563
Net cash provided by (used in) operating activities	8,028	2,392	(303)	44,658
Cash flows from investing activities				
Proceeds on disposal of long-lived assets	-	212	80	9,083
Purchase of property, plant and equipment	-	(186)	(79)	(331)
Net cash provided by investing activities	-	26	1	8,752
Cash flows from financing activities				
Issuance of Convertible Debentures, net of transaction costs	-	8,650	9,519	8,650
Repayment of long-term debt	(783)	(209)	(2,996)	(209)
Financing transaction costs incurred	-	(1,803)	(961)	(2,467)
Repayment of revolving credit	(5,014)	(7,091)	(3,655)	(56,369)
Net cash (used in) provided by financing activities	(5,797)	(453)	1,907	(50,395)
Effect of exchange rate changes on cash	(78)	(9)	(135)	(63)
Increase in cash	2,153	1,956	1,470	2,952
Cash, beginning of period	3,470	2,197	4,153	1,201
Cash, end of period	\$ 5,623	\$ 4,153	\$ 5,623	\$ 4,153
Supplemental cash flow information:				
Interest paid	\$ 798	\$ 888	\$ 2,367	\$ 3,056
Income taxes (received)	\$ (5,935)	\$ (4,207)	\$ (5,633)	\$ (4,201)

For more information, please contact

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