



FOR IMMEDIATE RELEASE

Tree Island Steel Announces Second Quarter 2015 Results and Implementation of Quarterly Dividend

Q2 2015 Financial Highlights¹

Volumes up by 6.8% to 38,880 tons
Revenue increases by 18.3% to \$56.5 million
Gross Profit increases by 76.1% to \$8.1 million
EBITDA¹ increases by 172.4% to \$4.7 million

YTD 2015 Financial Highlights¹:

Volumes up by 11.7% to 79,896 tons
Revenue increases by 23.4% to \$115.6 million
Gross Profit increases by 64.8% to \$16.4 million
EBITDA¹ increases by 132.9% to \$10.2 million

VANCOUVER, British Columbia, Canada – July 28, 2015 – Tree Island Steel Ltd. ("Tree Island" or the "Company") (TSX:TSL) announced today its financial results for the three and six-month periods ended June 30, 2015. The Company also announced that it has adopted a dividend policy and declares its first quarterly dividend of \$0.01 per common share for the third quarter of 2015.

For the three-month period ended June 30, 2015, revenues increased by 18.3 percent to \$56.5 million versus \$47.8 million for the same period last year. Volumes increased by 6.8 percent to 38,880 tons from 36,398 in 2014. The Company's ability to take advantage of the increase in volumes while remaining focused on cost controls and operational efficiencies on a year-over-year basis contributed to improved profitability during the second quarter. As a result, gross profit for the three months amounted to \$8.1 million, representing an increase of 76.1 percent over last year while EBITDA grew from \$1.7 million last year to \$4.7 million, representing a year-over-year increase of 172.4 percent.

For the six month period ended June 30, 2015, revenues amounted to \$115.6 million on 79,896 tons, compared to \$93.7 million on 71,534 tons during the same period in 2014. Gross profit for the first half of 2015 totaled \$16.4 million, compared to \$9.9 million last year, representing an increase of 64.8 percent, while EBITDA also increased by 132.9 percent to 10.2 million from \$4.4 million last year.

The Company's board of directors (the "Board") has approved a dividend policy of \$0.01 per common share per quarter commencing in the third quarter of 2015. The Company's dividend policy will be reviewed quarterly and is based on a number of factors including current operations, operating costs, financial tests and other covenants under the Company's credit facilities, available investment opportunities, the supply and cost of raw materials, foreign exchange rates, the Company's hedging program and the satisfaction of applicable corporate liquidity and solvency tests for the declaration and payment of dividends.

The Company has declared its first quarterly dividend of \$0.01 per common share to be paid on October 15, 2015 to shareholders of record on September 30, 2015 with an *ex-dividend* date of September 28, 2015. The dividend has been designated as an "eligible dividend" for Canadian income tax purposes.



"Our performance in the second quarter and the first half of the year illustrates the benefits attributable to the investment in our people and business and the profitable growth validates our business strategy," noted Dale R. Maclean, President and CEO of Tree Island Steel. "Overall demand in Tree Island's end markets remains robust and we are well-positioned to drive profitable growth in future periods."

"On behalf of the Board, we are pleased to announce the commencement of a quarterly dividend that reflects the Board of Director's confidence in Tree Island's business and future strategies" commented Amar S. Doman, Chairman.



Summary of Results

(\$'000 unless otherwise stated)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------------------------|---------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Sales volume (Tons) | 38,880 | 36,398 | 79,896 | 71,534 |
| Revenue | 56,541 | 47,782 | 115,584 | 93,704 |
| Cost of sales | (47,656) | (42,458) | (97,721) | (82,370) |
| Depreciation | (742) | (700) | (1,486) | (1,397) |
| Gross profit | 8,143 | 4,624 | 16,377 | 9,937 |
| SG&A expenses | (4,024) | (3,379) | (8,386) | (7,254) |
| Operating income | 4,119 | 1,245 | 7,991 | 2,683 |
| Foreign exchange gain (loss) | (130) | (208) | 762 | 316 |
| Gain (loss) on sale of PP&E | - | - | (6) | (10) |
| Changes in FV of financial instruments | (160) | (128) | (283) | (266) |
| Financing expenses | (851) | (829) | (1,700) | (2,070) |
| Income before income taxes | 2,978 | 80 | 6,764 | 653 |
| Income tax recovery (expense) | (915) | 91 | (2,584) | (121) |
| Net income | <u>2,063</u> | <u>171</u> | <u>4,180</u> | <u>532</u> |
| Operating income | 4,119 | 1,245 | 7,991 | 2,683 |
| Add back depreciation | 742 | 700 | 1,486 | 1,397 |
| Foreign exchange gain | (130) | (208) | 762 | 316 |
| EBITDA | <u>4,731</u> | <u>1,737</u> | <u>10,239</u> | <u>4,396</u> |
| Net income | 2,063 | 171 | 4,180 | 532 |
| Non-cash financing expenses | 285 | 262 | 581 | 525 |
| Changes in FV of financial instruments | 160 | 128 | 283 | 266 |
| Deferred tax | (67) | (102) | (182) | 101 |
| Adjusted net income | <u>2,441</u> | <u>459</u> | <u>4,862</u> | <u>1,424</u> |
| Net income per share- basic (\$/Share) | 0.07 | 0.01 | 0.13 | 0.02 |
| Net income per share- diluted (\$/Share) | 0.07 | 0.01 | 0.13 | 0.02 |
| Gross profit per ton (\$/Ton) | 209 | 127 | 205 | 139 |
| EBITDA per ton (\$/Ton) | 122 | 48 | 128 | 61 |
| | <u>As at June 30,</u> | <u>As at December 31,</u> | | |
| | <u>2015</u> | <u>2014</u> | | |
| Total assets | 127,158 | 112,106 | | |
| Total non-current financial liabilities | 15,559 | 13,073 | | |



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, agricultural, and specialty 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, Industrial Alloys, TI Wire, and Tough Strand brand names. The Company also owns and operates a China-based company that assists the international sourcing of products to Tree Island and its customers.

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, significant exposure to the Western United States due to lack of geographic diversity, dependence on the construction industry, transportation costs, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, reliance on key customers, 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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