



News Room



Tree Island Wire Income Fund

TSX : TIL.UN

TSX : TIL.DB



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Tree Island Announces Fourth Quarter and Full Year 2011 Results

VANCOUVER, BRITISH COLUMBIA--(Marketwire - March 29, 2012) - Tree Island Wire Income Fund (TSX:TIL.UN)(TSX:TIL.DB) -

Q4 2011 Financial Highlights

- Revenues of \$35.1 million
- Gross profit improved to \$1.1 million

FY 2011 Financial Highlights

- Revenues of \$150.0 million
- Gross profit improved to \$10.5 million
- EBITDA⁽³⁾ improved to \$1.3 million

Tree Island Wire Income Fund ("Tree Island" or the "Fund"⁽¹⁾) (TSX:TIL.UN)(TSX:TIL.DB) announced today its financial results for the three and twelve month periods ended December 31, 2011.

The Fund's fourth quarter 2011 results showed an improvement on a year-over-year basis. Revenues increased to \$35.1 million from \$27.7 million during the fourth quarter of 2011. The Fund also reported a \$0.6 million improvement in gross profit amounting to \$1.1 million versus \$0.5 million in the fourth quarter of 2010. EBITDA weakened to a loss of \$1.1 million versus an EBITDA loss of \$0.3 million in the fourth quarter of 2010 due in part to one-time expenses related to organizational restructuring in certain functional areas.

For the year ended December 31, 2011, the Fund reported revenues of \$150.0 million, compared to \$132.4 million during the same period in 2010 and sales volumes of 110,314 tons, compared to 99,376 tons in 2010. Gross profit improved to \$10.5 million from \$6.3 million. Gross profit per ton also increased to \$95 per ton from \$63 per ton. The improvement in gross profit, together with our ongoing focus on cost management, resulted in an improvement in EBITDA for fiscal 2011 to \$1.3 million versus an EBITDA for fiscal 2010 of \$50 thousand.

"While we continue to feel the impact of higher input costs and relative weakness in our key markets, I am pleased with our overall efforts to drive toward profitable growth by managing our costs and maintaining our pricing discipline. We will continue to keep a close eye on any emerging signs of recovery in our primary markets and as such our outlook remains cautious," said Dale R. MacLean, President and CEO of Tree Island Industries.

Amar Doman, Chairman of the Fund noted, "Our ongoing focus and efforts towards building on our core business fundamentals is essential and remains our highest priority. We are committed to reengineering the business, which will allow us to return to profitable growth."

Summary of Results (\$'000's except for tonnage and per unit amounts)	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Sales Volumes - Tons ⁽¹⁾	25,282	20,565	110,314	99,376
Sales	\$ 35,081	\$ 27,746	\$ 150,030	\$ 132,411
Cost of sales	(33,196)	(25,825)	(136,331)	(120,487)
Depreciation	(782)	(1,411)	(3,241)	(5,657)
Gross profit	1,103	510	10,458	6,267
Selling, general and administrative expenses	(3,018)	(2,240)	(12,411)	(11,874)

Operating loss	(1,915)	(1,730)	(1,953)	(5,607)
Foreign exchange gain (loss)	517	763	(722)	157
Financing expenses	(2,241)	(2,403)	(8,500)	(11,265)
Changes in financial liabilities recognized at fair value	30	768	2,331	4,362
Gain (loss) on sale of property, plant and equipment	-	(14)	11	66
Impairment of property, plant and equipment	(858)	(116)	(858)	(116)
Loss on renegotiated debt	-	-	(3,234)	-
Loss before income taxes	(4,467)	(2,732)	(12,925)	(12,403)
Income tax recovery (expense)	210	(478)	64	1,193
Net loss	(4,257)	(3,210)	(12,861)	(11,210)
Operating loss	(1,915)	(1,730)	(1,953)	(5,607)
Add back depreciation	782	1,411	3,241	5,657
EBITDA⁽²⁾	(1,133)	(319)	1,288	50
Foreign exchange gain (loss)	517	763	(722)	157
Adjusted EBITDA	(616)	444	566	207
Net loss	(4,257)	(3,210)	(12,861)	(11,210)
Add back (deduct) significant non-cash items				
Non-cash financing expenses	1,387	1,782	5,349	7,288
Non-cash loss on renegotiated debt	-	-	3,234	-
Changes in fair value of convertible instruments	(30)	(768)	(2,331)	(4,362)
Adjusted net loss⁽²⁾	(2,900)	(2,196)	(6,609)	(8,284)
Per unit				
Net loss per unit - basic and fully diluted	(0.19)	(0.14)	(0.56)	(0.50)
Adjusted Distributable Cash per Unit - basic and fully diluted ⁽²⁾	0.05	0.19	0.05	0.19
Per ton				
Gross profit per ton	40	25	95	63
EBITDA per ton	(41)	(16)	12	1
Adjusted EBITDA per ton	(24)	21	5	2

	As at December 31, 2011	As at December 31, 2010
Financial position		
Total assets	91,005	87,450
Total non-current financial liabilities	42,789	35,910

(1) Sales volumes exclude tons which were processed as part of tolling arrangements

(2) See definition of EBITDA, Adjusted Net Loss and Adjusted Distributable Cash in footnote 3 to the press release

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, industrial, residential, 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.

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.

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 Fund'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, 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 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 2011 MD&A for further information.

(3) References made above to "EBITDA" are to operating profit plus depreciation, references to "Adjusted Net Income (Loss)" are to net income (loss) per IFRS adjusted for certain non-cash items including non-cash financing expenses, changes in fair value of convertible instruments and loss on renegotiated debt, and references to "Adjusted Distributable Cash" are to net cash from operating activities less all capital expenditures, less restrictions on distributions arising from compliance issues with financial covenants, less any minority interests and less the impact of changes in non-cash working capital. EBITDA is a measure used by many investors to compare issuers on the basis of ability to generate cash flows from operations. Adjusted Net Income (Loss) is a measure for investors to understand the impact of significant non-cash items that affect our results from operations. Adjusted Distributable Cash is a measure for investors to understand the ability to sustain or support quarterly distributions. Neither EBITDA, Adjusted Net Income (Loss), nor Adjusted Distributable Cash are earnings measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. We believe that EBITDA, Adjusted Net Income (Loss), and Adjusted Distributable Cash are important supplemental measure in evaluating the Fund's performance. You are cautioned that EBITDA, Adjusted Net Income (Loss), and Adjusted Distributable Cash should not be construed as alternatives to net income or loss, determined in accordance with IFRS, as indicators of performance, to cash flows from operating, investing and financing activities as measures of liquidity and cash flows, or cash available for distributions. Our method of calculating EBITDA, Adjusted Net Income (Loss), and Adjusted Distributable Cash may differ from methods used by other issuers and, accordingly, our EBITDA, Adjusted Net Income (Loss), or Adjusted Distributable Cash may not be comparable to similar measures presented by other issuers.

Tree Island Wire Income Fund

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Canadian dollars)

	December 31 2011	December 31 2010	January 1 2010
Assets			
<i>Current</i>			
Cash	\$ 3,852	\$ 5,634	\$ 4,153
Accounts receivable	13,835	9,698	9,064
Income and other taxes receivable	-	56	6,121
Inventories	36,123	30,878	33,626
Prepaid expenses	2,533	2,861	3,113
	56,343	49,127	56,077
<i>Property, plant and equipment</i>	34,303	37,752	43,867
<i>Other non-current assets</i>	359	571	1,453
	\$ 91,005	\$ 87,450	\$ 101,397
Liabilities			
<i>Current</i>			
Senior credit facility	\$ 11,247	\$ -	\$ 3,730
Accounts payable and accrued liabilities	13,745	13,329	18,521
Income taxes payable	2,093	2,141	2,342
Other current liabilities	158	101	76
Fair value of convertible instruments	322	2,653	4,204
Current portion of long-term debt	4,882	5,271	3,030
	32,447	23,495	31,903
<i>Convertible Debentures</i>	14,298	13,108	5,716
<i>Long-term debt</i>	28,491	22,802	23,435
<i>Other non-current liabilities</i>	364	411	203
<i>Deferred income taxes</i>	766	779	2,091
	76,366	60,595	63,348
Unitholders' Equity	14,639	26,855	38,049
	\$ 91,005	\$ 87,450	\$ 101,397

Tree Island Wire Income Fund

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands of Canadian dollars, except units and per-unit amounts)

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Sales	\$ 35,081	\$ 27,746	\$ 150,030	\$ 132,411
Cost of sales	33,196	25,825	136,331	120,487
Depreciation	782	1,411	3,241	5,657
Gross profit	1,103	510	10,458	6,267
Selling, general and administrative expenses	3,018	2,240	12,411	11,874
Operating loss	(1,915)	(1,730)	(1,953)	(5,607)
Foreign exchange gain (loss)	517	763	(722)	157
Gain (loss) on sale of property, plant and equipment	-	(14)	11	66
Property, plant and equipment impairment	(858)	(116)	(858)	(116)
Changes in financial liabilities recognized at fair value	30	768	2,331	4,362
Loss on renegotiated debt	-	-	(3,234)	-
Financing expenses	(2,241)	(2,403)	(8,500)	(11,265)
Loss before income taxes	(4,467)	(2,732)	(12,925)	(12,403)
Income tax (expense) recovery	210	(478)	64	1,193
Net loss for the period	\$ (4,257)	\$ (3,210)	\$ (12,861)	\$ (11,210)
Net loss per unit				
Basic	\$ (0.19)	\$ (0.14)	\$ (0.56)	\$ (0.50)
Diluted	\$ (0.19)	\$ (0.14)	\$ (0.56)	\$ (0.50)
Weighted-average number of units				
Basic	22,843,741	22,861,661	22,856,544	22,641,642
Diluted	22,843,741	22,861,661	22,856,544	22,641,642

Tree Island Wire Income Fund

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Canadian dollars)

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Cash flows from operating activities				
Net loss for the period	\$ (4,257)	\$ (3,210)	\$ (12,861)	\$ (11,210)
Items not involving cash				
Depreciation	782	1,411	3,241	5,657
Fair value changes on convertible instruments	(30)	(768)	(2,331)	(4,362)
Gain (loss) on disposal of property, plant and equipment	-	14	(11)	(66)
Amortization and write-off of deferred financing	71	296	280	1,598
Property, plant and equipment impairment	858	116	858	116
Loss on renegotiated debt	-	-	3,234	-
Non cash accretion of debt discount	1,387	1,780	5,349	7,288
Deferred income tax recoveries	(99)	(698)	(13)	(1,312)
Unit-based compensation	(15)	1	33	7
Conversion of phantom units and debentures	1	-	16	335
Exchange revaluation on foreign denominated debt	(1,141)	(863)	817	(1,300)
Working capital adjustments	3,732	3,959	(8,336)	(2,796)
	1,289	2,038	(9,724)	(6,045)
Addback interest paid for financing activities	692	573	2,524	2,016
Addback income taxes received	-	5,977	59	5,977
Deduct income taxes paid	-	(42)	-	(344)
Net cash provided by (used in) operating activities	1,981	8,546	(7,141)	1,604
Cash flows from investing activities				
Proceeds on disposal of property, plant and equipment	-	-	49	80
Purchase of property, plant and equipment	(152)	-	(471)	(79)
Net cash provided by (used in) investing activities	(152)	-	(422)	1
Cash flows from financing activities				

Issuance of Convertible Debentures, net of transaction costs	-	-	-	9,519
Repayment of long-term debt	(294)	(783)	(2,892)	(2,996)
Interest paid	(692)	(573)	(2,524)	(2,016)
Financing transaction costs incurred	-	-	-	(961)
Normal course issuer bid	(21)	-	(26)	-
Advance on (repayment of) revolving credit	(94)	(4,993)	11,247	(3,637)
Net cash (used in) provided by financing activities	(1,101)	(6,349)	5,805	(91)
Effect of exchange rate changes on cash	(16)	(36)	(25)	(33)
Increase (decrease) in cash	712	2,161	(1,782)	1,481
Cash, beginning of period	3,140	3,473	5,634	4,153
Cash, end of period	\$ 3,852	\$ 5,634	\$ 3,852	\$ 5,634

Contact Information

Tree Island Industries Ltd.
 Nancy Davies
 Chief Financial Officer
 (604) 523-4587
 ndavies@treeisland.com
 www.treeisland.com



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