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### Tree Island Wire Income Fund

TSX : TIL.UN

TSX : TIL.DB



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## Tree Island Announces First Quarter 2012 Results

VANCOUVER, BRITISH COLUMBIA--(Marketwire - May 14, 2012) - Tree Island Wire Income Fund (TSX:TIL.UN)(TSX:TIL.DB) -

### Q1 2012 Financial Highlights

- Revenues increased by 13 percent to \$44.0 million
- Gross Profit at \$4.0 million or 9 percent of revenues
- EBITDA<sup>(3)</sup> (before foreign exchange) at \$1.7 million

Tree Island Wire Income Fund ("Tree Island" or the "Fund" <sup>(1)</sup>) announced today its financial results for the three month period ended March 31, 2012.

For the three months ended March 31, 2012<sup>(2)</sup>, higher sales volumes and selling prices resulted in a 13 percent increase in revenues totaling \$44.0 million, compared to \$38.9 million during the corresponding period in 2011. Gross profit decreased \$0.4 million to \$4.0 million, while gross profit per ton also decreased by \$16 per ton to \$130 per ton, compared to \$146 per ton in the same period in 2011. The decrease in gross profit and gross profit per ton primarily reflects the increases in cost of raw materials and were primarily offset by the increase in sales prices and volumes. Gross profit and gross profit per ton were also negatively impacted by the relatively stronger US dollar on costs for our Canadian operations when compared to the same period in 2011. Consequently, EBITDA decreased to \$1.7 million versus \$2.0 million.

"I am encouraged that we are realizing the benefits of our initiatives to maintain market positioning and increase selling prices in an environment that remains demanding and competitively challenging," said Dale R. MacLean, President and CEO of Tree Island Industries. "While we experienced early signs of an improved selling environment, the continued global economic uncertainty coupled with aggressive pricing in certain key product categories provides the backdrop for our outlook to remain cautious. Going forward, we will continue to concentrate our energies on gross profit improvement, cost management and our ability to further optimize capacity utilization."

Amar Doman, Chairman of the Fund noted, "The Fund's top line performance in the first quarter is promising from a market demand perspective. The macro-economic environment at large remains volatile, however there also seem to be some early indications and pockets of strength in certain of our key end markets. While we continue to run the business cautiously given the re-emergence of headwinds and uncertainty in global markets, we remain well positioned to drive economies of scale and demonstrate growth and optimal profitability when healthier market conditions present themselves."

### RESULTS OF OPERATIONS TABLE

Summary of Results (\$000's except for tonnage and per unit amounts)	Three Months Ended March 31	
	2012	2011
<b>Sales Volumes - Tons<sup>(a)</sup></b>	<b>30,618</b>	<b>29,948</b>
Sales	\$ 43,997	\$ 38,944
Cost of sales	39,237	33,887
Depreciation	768	677
Gross profit	3,992	4,380
Selling, general and administrative expenses	3,032	3,085
Operating income	960	1,295
Foreign exchange gain	309	418
Gain on sale of property, plant and equipment	426	-
Changes in financial liabilities recognized at fair value	-	(892)
Loss on renegotiated debt	-	(3,234)

Financing Expenses	(2,261)	(2,066)
Loss before income taxes	(566)	(4,479)
Income tax recovery	148	440
<b>Net loss</b>	<b>(418)</b>	<b>(4,039)</b>
<b>Operating income</b>	960	1,295
Add back depreciation	768	677
<b>EBITDA (b)</b>	<b>1,728</b>	<b>1,972</b>
Foreign exchange gain	309	418
<b>EBITDA including foreign exchange gain</b>	<b>2,037</b>	<b>2,390</b>
<b>Net loss</b>	<b>(418)</b>	<b>(4,039)</b>
Add back significant non-cash items		
Non-cash financing expenses	1,404	1,326
Non-cash loss on renegotiated debt	-	3,234
Changes in fair value of convertible instruments	-	892
<b>Adjusted net income (b)</b>	<b>986</b>	<b>1,413</b>
<b>Per unit</b>		
Net loss per unit - basic and fully diluted	(0.02)	(0.18)
Adjusted Distributable Cash per Unit - basic and fully diluted (b)	0.03	0.03
<b>Per ton</b>		
Gross profit per ton	130	146
EBITDA per ton	56	66
	As at March 31, 2012	As at December 31, 2011
<b>Financial position</b>		
Total assets	97,519	91,005
Total non-current financial liabilities	41,028	42,789

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

(b) See definition of EBITDA, Adjusted Net Income 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, 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 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**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*(In thousands of Canadian dollars - unaudited)*

	March 31 2012	December 31 2011
<b>Assets</b>		
<i>Current</i>		
Cash	3,268	3,852
Accounts receivable	21,650	13,835
Inventories	37,519	36,123
Prepaid expenses	1,258	2,533
	63,695	56,343
<i>Property, plant and equipment</i>	33,515	34,303
<i>Other non-current assets</i>	309	359
	97,519	91,005
<b>Liabilities</b>		
<i>Current</i>		
Senior Credit Facility	17,611	11,247
Accounts payable and accrued liabilities	14,600	13,745
Income taxes payable	2,102	2,093
Other current liabilities	212	158
Fair value of convertible instruments	322	322
Current portion of long-term debt	6,884	4,882
	41,731	32,447
<i>Convertible Debentures</i>	14,637	14,298
<i>Long-term debt</i>	26,391	28,491
<i>Other non-current liabilities</i>	347	364
<i>Deferred income taxes</i>	609	766
	83,715	76,366
<b>Unitholders' Equity</b>	13,804	14,639
	97,519	91,005

**Tree Island Wire Income Fund**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
*(In thousands of Canadian dollars, except units and per-unit amounts - unaudited)*

	Three Months Ended March 31			
	2012		2011	
Sales	\$	43,997	\$	38,944
Cost of goods sold		39,237		33,887
Depreciation		768		677
Gross profit		3,992		4,380
Selling, general and administrative expenses		3,032		3,085
Operating income		960		1,295
Foreign exchange gain		309		418
Gain on sale of property, plant and equipment		426		-
Changes in financial liabilities recognized at fair value		-		(892)
Loss on renegotiated debt		-		(3,234)
Financing expenses		(2,261)		(2,066)
Loss before income taxes		(566)		(4,479)
Income tax recovery		148		440
<b>Net loss for the period</b>	\$	(418)	\$	(4,039)
<b>Net loss per unit</b>				
Basic	\$	(0.02)	\$	(0.18)
Diluted	\$	(0.02)	\$	(0.18)
<b>Weighted-average number of units</b>				
Basic		22,337,889		22,863,913
Diluted		22,337,889		22,863,913

**Tree Island Wire Income Fund**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(In thousands of Canadian dollars - unaudited)*

	Three Months Ended March 31			
	2012		2011	
<b>Cash flows from operating activities</b>				
Net loss for the period	\$	(418)	\$	(4,039)
Items not involving cash				
Depreciation		768		677
Fair value changes on convertible instruments		-		892
Gain on disposal of property, plant and equipment		(426)		-
Amortization of deferred financing		70		70
Loss on renegotiated debt		-		3,234
Non cash accretion of debt discount		1,404		1,326
Deferred income tax recovery		(157)		(583)
Unit-based compensation		22		8
Exchange revaluation on foreign denominated debt		(565)		(590)
Working capital adjustments		(7,160)		(4,771)
		(6,462)		(3,776)
Addback interest paid for financing activities		754		659
<b>Net cash used in operating activities</b>		(5,708)		(3,117)
<b>Cash flows from investing activities</b>				
Proceeds on disposal of property, plant and equipment		470		-
Purchase of property, plant and equipment		(129)		(109)
<b>Net cash provided by (used in) investing activities</b>		341		(109)
<b>Cash flows from financing activities</b>				
Repayment of long-term debt		(598)		(729)
Interest paid		(754)		(659)
Normal course issuer bid		(205)		-
Advance on Senior Credit Facility		6,354		2,148
<b>Net cash provided by financing activities</b>		4,797		760
<b>Effect of exchange rate changes on cash</b>		(14)		(56)
<b>Decrease in cash</b>		(584)		(2,522)
<b>Cash, beginning of period</b>		3,852		5,634
<b>Cash, end of period</b>	\$	3,268	\$	3,112

### Contact Information

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