



**FOR IMMEDIATE RELEASE**

## **Tree Island Steel Announces Full Year 2014 Results**

### **Q4 2014 Financial Highlights<sup>1</sup>:**

**Volumes up by 16.9% to 31,910 tons**  
**Revenue increases by 18.2% to \$42.3 million**  
**Gross Profit increases by 10.8% to \$4.2 million**  
**EBITDA<sup>2</sup> increases by 19.7% to \$1.2 million**

### **Full Year 2014 Financial Highlights<sup>1</sup>:**

**Volumes up by 23.4% to 139,935 tons**  
**Revenue increases by 19.9% to \$183.9 million**  
**Gross Profit increases by 11.7% to \$19.3 million**  
**EBITDA<sup>2</sup> increases by 9.1% to \$8.0 million**

**VANCOUVER, British Columbia, Canada – February 19, 2015 – Tree Island Steel Ltd.** (“Tree Island” or the “Company”) (TSX:TSL) announced today its financial results for the three and twelve month periods ended December 31, 2014<sup>1</sup>.

For the three-month period ended December 31, 2014, revenues increased by 18.2 percent to \$42.3 million versus \$35.7 million for the same period last year. Volumes also increased by 16.9 percent to 31,910 tons, primarily due to robust and increasing demand in major US markets as well as the Company’s strategy to expand its reach and sales network into new growth markets. Gross profit and EBITDA for the period amounted to \$4.2 million and \$1.2 million versus \$3.8 million and \$1.0 million, respectively, during the corresponding period last year.

Throughout 2014 pricing pressure from both domestic and international competitors depressed overall prices for the products we sold. Nonetheless, we were able to capitalize on our advantages and implement appropriate strategies to record year-over-year growth of 23.4 percent in volume and 19.9 percent in revenues for the twelve month period ended December 31, 2014. Revenues for the year amounted to \$183.9 million on 139,935 tons. Various factors have contributed to the growth, including increased demand in some of our end markets (particularly in the United States), our efforts to capitalize on our relationships with existing customers, developing new customer relationships and expanding the Company’s geographic reach. As a result of the higher sales, gross profit in 2014 increased by 11.7 percent to \$19.3 million and EBITDA grew by 9.1 percent to \$8.0 million. The pace of growth of the business in 2014 required non-recurring investments in capital and staffing, resulting in gross profit and EBITDA for the year growing at a slower pace than volume and revenues.

---

<sup>1</sup> Please refer to our 2014 MD&A for further information.

<sup>2</sup> References made above to “EBITDA” are to operating profit plus depreciation and foreign exchange gains and losses. References to “Adjusted Net Income” are to net income per IFRS adjusted for certain non-cash items including non-cash financing expenses, changes in fair value of convertible instruments, and deferred income tax. 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 is a measure for investors to understand the impact of significant non-cash items that affect our results from operations. Neither EBITDA nor Adjusted Net Income are earnings measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. We believe that EBITDA and Adjusted Net Income are important supplemental measure in evaluating the Company’s performance. You are cautioned that EBITDA and Adjusted Net Income should not be construed as alternatives to net income or loss, determined in accordance with IFRS, or as indicators of performance. Our method of calculating EBITDA and Adjusted Net Income may differ from methods used by other issuers and, accordingly, our EBITDA or Adjusted Net Income may not be comparable to similar measures presented by other issuers.



“2014 was an exciting year as it marked the Company’s 50<sup>th</sup> anniversary and we also saw the results of our hard work and strategy being reflected in the growth of our business. The fourth quarter results continued the strong growth trend of the previous three quarters. The benefits associated with the investments we made in equipment and staffing earlier in 2014 showed up in the latter part of the year,” said Dale R. Maclean, President and CEO of Tree Island Steel. “For 2015, we will continue to adapt our business strategy as appropriate to ensure we continue to capitalize on market opportunities and our competitive advantages so as to continue growing our business and maximize profitability.”

“Despite market pressures driven by strong domestic and international competition, we are very pleased with the Company’s ability to increase revenues, volumes and overall profitability in 2014,” noted Amar S. Doman, Chairman of Tree Island Steel. “Our financial performance in 2014 is evidence that the actions taken by the Company to enable profitable growth and increase shareholder value have taken hold and are working well.”



## Summary of Results

(\$'000 unless otherwise stated)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2014	2013	2014	2013
Sales volume (Tons)	31,910	27,296	139,935	113,403
Revenue	42,265	35,748	183,944	153,440
Cost of sales	(37,367)	(31,250)	(161,798)	(133,242)
Depreciation	(726)	(731)	(2,822)	(2,902)
Gross profit	4,172	3,767	19,324	17,296
SG&A expenses	(3,613)	(3,500)	(14,415)	(12,982)
Operating income	559	267	4,909	4,314
Foreign exchange gain (loss)	(84)	5	269	114
Gain (loss) on sale of PP&E	(4)	1	(14)	(41)
PP&E impairment reversal	-	671	-	671
Gain (loss) on sale of subsidiary	-	(13)	-	218
Changes in fair value of financial instruments	183	(147)	71	(134)
Financing expenses	(843)	(1,489)	(3,826)	(5,890)
Income before income taxes	(189)	(705)	1,409	(748)
Income tax recovery (expense)	245	40	(431)	95
Net income (loss)	56	(665)	978	(653)
Operating income	559	267	4,909	4,314
Add back depreciation	726	731	2,822	2,902
Foreign exchange gain (loss)	(84)	5	269	114
EBITDA	1,201	1,003	8,000	7,330
Net income (loss)	56	(665)	978	(653)
Non-cash financing expenses	270	662	1,063	2,750
Changes in fair value of financial instruments	(183)	147	(71)	134
Deferred tax	(49)	582	501	514
Adjusted net income	94	726	2,471	2,745
Net income per share - basic (\$/Share)	0.00	(0.03)	0.03	(0.05)
Net income per share - diluted (\$/Share)	0.00	(0.03)	0.03	(0.05)
Gross profit per ton (\$/Ton)	131	138	138	153
EBITDA per ton (\$/Ton)	38	37	57	65
			As at December 31	
			2014	2013
Total assets			112,106	85,634
Total non-current financial liabilities			13,073	13,102



## **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, 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.

For further information:

Ali Mahdavi, Investor Relations  
Tree Island Steel Ltd.

(416) 962-3300 or +1(866) 430-6247

e-mail: [amahdavi@treeisland.com](mailto:amahdavi@treeisland.com)

Website: [www.treeisland.com](http://www.treeisland.com)