



CanWel Building Materials Group Ltd.
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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES FOURTH QUARTER & FULL YEAR 2013 FINANCIAL RESULTS AND ADOPTS ADVANCE NOTICE BYLAW

Full Year 2013 Financial Highlights⁽¹⁾

- Revenues increase to \$726 million
- Gross Margin at 11.1%
- EBITDA⁽²⁾ increases 13% year-over-year to \$22.5 million
- Net Earnings increase by 20% to \$9.1 million

VANCOUVER, Canada – March 6, 2014 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its 2013 fourth quarter and year-end financial results for the period ended December 31, 2013.

For the year ended December 31, 2013, revenues amounted to \$726 million compared to \$711 million in 2012. The increase in revenue relates primarily to the impact of our recent acquisitions and improved market conditions for construction materials. Other factors having a meaningful impact on the Company’s volume of sales included the Company’s ongoing focus on its customers and the continued development of its product portfolio. CanWel’s sales in the year were made up of 56 percent of construction materials, unchanged when compared to the same period in 2012, with the balance of sales resulting from specialty and allied products. Gross margin dollars increased to \$80.2 million in the year compared to \$76.6 million in 2012, outpacing the growth in sales. Gross margin percentage was 11.1 percent in the year, representing a modest increase compared to the 10.8 percent achieved in 2012. This change in margin percentage is mainly due to positive contribution from the Company’s acquisitions, and ongoing focus on effective cost management. As a result, net earnings⁽³⁾ for the year increased by 20 percent to \$9.1 million versus \$7.6 million during 2012.

EBITDA for the year ended December 31, 2013 was \$22.5 million compared to \$19.9 million in 2012, an increase of 13 percent.

In the year ended December 31, 2013, the Company repurchased and cancelled a total of 1.3 million convertible debentures pursuant to its 2012 Normal Course Issuer Bid⁽⁵⁾ at a discount to face value.

For the three month period ended December 31, 2013⁽¹⁾, CanWel reported revenues of \$148 million compared to \$150 million for the same period in 2012. Gross margin dollars increased by 18% to \$17.6 million during the quarter, versus \$14.9 million during the same period last year. Also, gross margin percentage increased significantly to 11.8 percent, when compared to 9.9 percent during the same period in 2012. EBITDA for the three months ended December 31, 2013 totaled \$2.3 million compared to \$36,000.

“Despite the cautious macroeconomic environment, I am very pleased with CanWel’s ability to once again demonstrate resilience in its business platform and deliver revenue, gross margin, EBITDA and net earnings growth on a year-over-year basis,” noted Amar S. Doman, Chairman and CEO of the Company. “In recent months, we saw pricing for construction and building materials stabilize, which combined with continued contribution from our recent strategic acquisitions and improved market conditions should bode very well for CanWel in 2014.”

Reconciliation of Net Income to EBITDA:

(in thousands of dollars)	Three months ended December 31		Year ended December 31	
	2013	2012 ⁽¹⁾	2013	2012 ⁽¹⁾
Net (loss) earnings	(318)	(\$1,592)	9,105	\$7,566
(Recovery of) provision for income taxes	(329)	(536)	2,924	2,755
Finance costs	1,594	1,558	6,590	6,378
Depreciation of property, plant and equipment	1,043	413	2,629	2,210
Amortization of intangible assets	283	250	1,077	1,000
Amortization of leasehold inducements	39	(57)	63	(120)
Share-based compensation	-	-	63	103
EBITDA	\$2,312	\$36	\$22,451	\$19,892

1. On January 1, 2013 the Company retrospectively adopted the amendments for IAS 19 – Employee Benefits. The comparative amounts for 2012 have been restated. See “Changes in Accounting Policies” for further discussion.

Advance Notice By-Law

The Company today also announced the approval and adoption by its board of directors (the “Board”) of amendments to its by-laws to include advance notice provisions (the “Advance Notice Provisions”), the purpose of which is to require advance notice to be provided to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to: (i) a requisition of a meeting of shareholders made pursuant to the provisions of the Canada Business Corporations Act; or (ii) a shareholder proposal made pursuant to the provisions of that Act.

The purpose of the Advance Notice Provision is to provide shareholders, directors and management of the Company with a clear framework for nominating directors. Among other things, the Advance Notice Provision fixes a deadline by which shareholders of the Company must submit nominations to the Company prior to any annual or special meeting of the shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

In the case of an annual meeting of the shareholders of the Company, notice to the Company must be made not less than 30 days and no more than 65 days prior to the date of the annual meeting; provided, however, in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice Provision is effective immediately and will be placed before shareholders for ratification at the upcoming annual general and special meeting of shareholders of the Company scheduled for May 8, 2014. A copy of the by-law amendment can be viewed by going to the Company’s profile at www.sedar.com.

About CanWel Building Materials

CanWel Building Materials trades on the Toronto Stock Exchange under the symbol CWX and is one of Canada’s largest national distributors in the building materials and related products sector, operating distribution centres coast to coast in all major cities and strategic locations across Canada. CanWel distributes a wide range of building materials, lumber and renovation products. Further information can be found in the disclosure documents filed by CanWel with the securities regulatory authorities, available at www.sedar.com.

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Certain statements in this press release may constitute “forward-looking” statements. When used in this press release, such statements use words, including but not limited to, “may”, “will”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “future” and other similar terminology. These forward-looking statements reflect the current expectations of CanWel’s management regarding future events and operating performance, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CanWel, including the cash flow from operations, dividends or EBITDA⁽²⁾ generated or paid by CanWel, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors. These factors include (i) the risk that the integration of the acquisition of Pastway Planing Limited (“Pastway”) in quarter 3, 2013, the assets of North American Wood Preservers (“NAWP”), completed in quarter 2, 2013, Northwest Wood Preservers (“NWP”), completed in quarter 1, 2012 or Broadleaf Logistics Company (“BLC”) completed on February 1, 2010 (collectively the “Acquisition”) may result in significant challenges, and management of CanWel may be unable to accomplish the integration of the Acquisition smoothly or successfully or without spending significant amounts of time, money or other resources thereon; any inability of management to successfully integrate the operations of the combined business, including, but not limited to, information technology and financial reporting systems, any of which could have a material adverse effect on the business, financial condition and results of operations of CanWel; (ii) the risk that revenues, profits and margins of the Company may not remain consistent with historical levels, (iii) the risk that competing firms which manufacture or distribute competitive product lines will aggressively defend or seek market share, or that existing customers or suppliers of Pastway, NAWP, NWP or BLC (some of whom are competitors of CanWel) will cease doing business with the Company, in each case reducing, eliminating or reversing any potential positive economic impact on CanWel of the Acquisition; (iv) the risk that any increased sales, margin, profit or distributable cash resulting from the Acquisition may not be fully realized, realized at all or may take longer to realize than expected; (v) the risk of disruption from the integration of the Acquisition making it more difficult to maintain relationships with customers, employees or suppliers. Factors also include, but are not limited to, dependence on market and economic conditions, sales and margin risk, competition, information system risks, availability of supply of products, risks associated with the introduction of new product lines, product design risk, environmental risks, regulatory risk, differing law or regulations across jurisdictions, volatility of commodity prices, inventory risks, customer and vendor risks, acquisition and integration risks, availability of credit, credit risks, litigation risks and interest rate risks. A further description of these and other risks which could cause results to differ materially from those described in these forward-looking statements can be found in the periodic and other reports filed by CanWel with Canadian securities commissions and available on SEDAR (<http://www.sedar.com>). In addition, a number of material factors or assumptions were utilized or applied in making the forward-looking statements, and may include, but are not limited to, assumptions regarding the performance of the Canadian economy, the relative stability of interest rates, volatility of commodity prices, more limited availability of access to equity and debt capital markets to fund, at acceptable costs, the Company’s future growth plans, the implementation and success of the integration of the Acquisition, the ability of the Company to refinance its debts as they mature, the Canadian housing and building materials market; the amount of the Company’s cash flow from operations; tax laws; and the extent of the Company’s future acquisitions and capital spending requirements or planning as well as the general level of economic activity, in Canada, and abroad, discretionary spending, uptake of the Company’s NCIB program⁽⁴⁾ and unemployment levels.

These forward-looking statements speak only as of the date of this press release. CanWel does not undertake, and specifically disclaims, any obligation to update or revise any forward looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

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- (1) Please refer to our Q4 and Full Year 2013 MD&A and Financial Statements for further information. Our 2013 filings are reported under International Financial Reporting Standards (“IFRS”).
 - (2) In the discussion, reference is made to EBITDA, which represents earnings from continuing operations before interest, provision for income taxes, gain or loss on sale of fixed assets, depreciation and amortization, goodwill impairment loss and stock-based compensation. This is not a generally accepted earnings measure under IFRS and does not have a standardized meaning under IFRS, the measure as calculated by the Company may not be comparable to similarly-titled measures reported by other companies. EBITDA is presented as we believe it is a useful indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.
 - (3) Before accounting for “Other Comprehensive Income”; please refer to our Q4 and Full Year 2013 Financial Statements for further information.
 - (4) Please also refer to the forward looking statement information in our November 19, 2013 news release for additional forward looking statement information and cautions pertaining to the Company’s Normal Course Issuer Bid (“NCIB”), which are hereby incorporated by reference, and as may also be applicable to the Plan or NCIB as the case may be. Although CanWel intends to purchase common shares and or convertible debentures for cancellation under its NCIB and / or the Plan, there can be no assurances that any such purchases will be completed. Please refer to our public disclosure filings for the latest information on the NCIB.