



Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES FIRST QUARTER 2012 FINANCIAL RESULTS

Q1 2012 Financial Highlights⁽¹⁾

- Revenues increase to \$156 million
- EBITDA⁽³⁾ totals \$2.3 million compared to (\$2.8) million in Q1 2011
- Adjusted EBITDA⁽⁴⁾ of \$2.3 million versus (\$786,000) in Q1 2011

VANCOUVER, CANADA – May 8, 2012 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its first quarter financial results for the three-month period ended March 31, 2012.

For the three-month period ended March 31, 2012, revenues amounted to \$156 million compared to \$154 million in the same period in 2011. The modest revenue growth compared to last year was driven by improved market conditions, coupled with additional treated wood sales volumes from CanWel’s recent acquisition of NWT. Gross margin amounted to \$15.4 million or 10 percent, versus \$16.8 million or 11 percent, when compared to the corresponding period in 2011. The decrease in gross margin percentage was mainly due to a change in the Company’s sales mix from that in the first quarter of 2011. During the first quarter, CanWel’s sales were made up of 59 percent of construction materials compared to 52 percent in the same period in 2011.

EBITDA⁽³⁾ and net earnings from continuing operations for the three-month period ended March 31, 2012 significantly improved to \$2.3 million and \$17,000 respectively, compared to negative \$2.8 million and net loss of \$3.8 million in 2011, respectively.

“I am pleased with our improved financial performance during the first quarter, and encouraged with the level of activity in our end markets during a seasonally slow period,” noted Amar S. Doman, Chairman and CEO of CanWel. “With integration efforts completed, we are now realizing the efforts of our integration activities as evidenced in our reduced expenses, and I believe CanWel is well positioned to take advantage of increased market demand to generate revenue growth and improved profitability, while having the ability to weather any overall market volatility.”

Reconciliation of Net Earnings to EBITDA⁽³⁾⁽⁴⁾:

	Three months ended March 31	
(in thousands of dollars)	2012	2011
Net Earnings (loss)	\$17	\$(3,802)
Income tax provision (recovery)	7	(1,326)
Cash interest expense	1,093	969
Depreciation of property plant and equipment	685	481
Amortization of intangible and other assets	250	250
Amortization of financing costs	260	313
Stock-based compensation	34	314
EBITDA	\$2,346	\$(2,801)
Integration costs	-	2,015
Adjusted EBITDA	\$2,346	\$(786)

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 operations¹, dividends or EBITDA⁽³⁾ 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 Broadleaf Logistics Company completed on February 1, 2010 (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 Broadleaf Logistics 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 Broadleaf Logistics Company (some of whom are competitors of CanWel) will cease doing business with the Broadleaf Logistics Company or CanWel, 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, 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, relatively stable interest rates, volatility of commodity prices, more limited availability of access to equity and debt capital markets to fund, at acceptable costs, the Corporation's future growth plans, the implementation and success of the integration of the Acquisition, and to enable the Corporation 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 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.

- (1) Please refer to our Q1 2012 MD&A for further information. Our 2012 filings are reported under IFRS.
- (2) GAAP is defined as Generally Accepted Accounting Principles in Canada.
- (3) 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 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.
- (4) In the discussion, reference is made to Adjusted EBITDA, which is EBITDA as defined in (3) above, before certain one time or unusual items. This is a non-GAAP 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. Adjusted EBITDA is presented as we believe it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements from its regular business, before non-recurring items. Adjusted EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.