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**Press Release**

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# CANWEL BUILDING MATERIALS ANNOUNCES SECOND QUARTER 2012 FINANCIAL RESULTS

## Q2 2012 Financial Highlights[(1)]

- **Revenues increase to $207M**
- **Gross margin improves to 11.8%**
- **EBITDA[(3)] strengthened to $9.8M**

**VANCOUVER**, **CANADA** – August 2, 2012 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its second quarter financial results for the three-month period ended June 30, 2012.

For the three-month period ended June 30, 2012, revenues amounted to $207 million compared to $205 million in the same period in 2011. The increase in revenue relates primarily to improved market conditions for construction materials together with additional treated wood sales volumes. The additional treated wood sales volumes were supported by the establishment of the Northwest Wood Treaters' operations which asset acquisition closed in the first quarter of 2012. Gross margin amounted to $24.4 million, or a 2.1 percent increase versus $23.9 million during the second quarter of 2011. Gross margin as a percentage of revenues was 11.8 percent in the quarter, an improvement compared to the 11.7 percent achieved in the same quarter of 2011. The increase in margin percentage is mainly due to higher prices for construction materials and ongoing cost management. Net earnings[(2)] for the second quarter of 2012 doubled to $5.3 million when compared to the same period in 2011, when net earnings amounted to $2.6 million.

EBITDA[(3)] for the three months ended June 30, 2012 was $9.8 million compared to $6.3 million in the same quarter of 2011. The EBITDA in the second quarter of 2011 was impacted by the one-time costs of $776,000 related to the re-organization of BLC. Adjusted EBITDA[(4)] equaled EBITDA of $9.8 million given the Company had no one-time costs during the second quarter of 2012, representing a 37 percent increase when compared to Adjusted EBITDA of $7.1 million during the second quarter of 2011.

"Despite the continued choppy macroeconomic environment, CanWel's financial performance in the second quarter is a testament to the strength and quality of our underlying business foundation," noted Amar S. Doman, Chairman and CEO of CanWel. "I am especially pleased with our continued focus and success in growth of higher margin products and construction materials, which represented approximately 58 percent of our revenue mix in the second quarter. Together with our ongoing focus on cost management, our second quarter results demonstrate strength in gross margin and EBITDA."

**Reconciliation of Net Earnings (Loss) to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA):**

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| (in thousands of dollars) | 2012 | 2011 | 2012 | 2011 |
| Net Earnings (Loss) | $5,292 | $2,637 | $5,309 | $(1,166) |
| Income tax expense | 1,859 | 1,346 | 1,866 | 20 |
| Cash interest expense | 1,350 | 1,248 | 2,444 | 2,217 |
| Depreciation of property, plant and equipment | 733 | 479 | 1,418 | 960 |
| Amortization of intangible assets | 250 | 250 | 500 | 500 |
| Amortization of financing costs | 260 | 332 | 519 | 645 |
| Share-based compensation | 35 | 57 | 69 | 371 |
| EBITDA | $9,779 | $6,349 | $12,125 | $3,547 |
| Integration costs | - | 776 | - | 2,790 |
| Adjusted EBITDA | $9,779 | $7,125 | $12,125 | $6,337 |

The Company also announced approval from the TSX for an Automatic Share Purchase Plan ("Plan")[(5)] commencing on August 8, 2012, which will enable the Company to continue purchasing shares under it Normal Course Issuer Bid ("NCIB") during its company-imposed blackout periods. The Plan will co-terminate with the expiry of the NCIB at the close of business on November 20, 2012, and, subject to pre-determined pricing and volume restrictions imposed by the Company, to the rules and policies of the TSX and to the specific terms of the NCIB, all trades under the Plan are entirely at the broker's discretion. The NCIB was approved by the TSX to commence on November 21, 2011 and enables CanWel to purchase and cancel up to 3,475,000 of its shares. As at August 1, 2012, the Company had purchased and cancelled 2,180,500 shares under the NCIB.

## 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[(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 the assets of 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 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, 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 Company's future growth plans, the implementation and success of the integration of the Acquisition, and to enable 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 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 Q2 2012 MD&A and Financial Statements for further information. Our 2012 filings are reported under International Financial Reporting Standards ("IFRS").

(2) Before accounting for "Other Comprehensive Income"; please refer to our Q2 2012 Financial Statements for further information.

(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 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.

(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-IFRS measure, and does not have a standardized meaning under IFRS, the measure as calculated by the Company may not 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.

(5) Please also refer to the forward looking statement information in our November 17, 2011 news release for additional forward looking statement information and cautions pertaining to the 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 for cancellation under its NCIB and / or the Plan, there can be no assurances that any such purchases will be completed.