



## Press Release

NOT FOR RELEASE OR DISSEMINATION INTO THE UNITED STATES

### CANWEL BUILDING MATERIALS ANNOUNCES THIRD QUARTER 2012 FINANCIAL RESULTS

#### Q3 2012 Financial Highlights<sup>(1)</sup>

- Revenues increase to \$198 million
- Gross Margin at 11.1%
- EBITDA<sup>(3)</sup> strengthens to \$7.9 million

**VANCOUVER, CANADA** – November 7, 2012 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its third quarter financial results for the three-month period ended September 30, 2012.

For the three-month period ended September 30, 2012, revenues amounted to \$198 million compared to \$196 million in the same period in 2011. The slight increase in revenue relates primarily to improved market conditions for construction materials together with additional treated wood sales volumes. Gross margin amounted to \$21.9 million, or 11.1 percent of revenues, versus \$22.9 million or 11.3 percent of revenues during the third quarter of 2011. The year-over-year decrease in gross margin percentage is mainly due to a higher mix of construction materials in CanWel’s overall sales during the third quarter of 2012. However, net earnings<sup>(2)</sup> for the third quarter of 2012 nearly doubled to \$4.2 million when compared to net earnings in the same period in 2011, when net earnings amounted to \$2.2 million.

EBITDA<sup>(3)</sup> for the three months ended September 30, 2012 increased by 46 percent to \$7.9 million compared to \$5.4 million in the same quarter of 2011. The EBITDA in the third quarter of 2011 was impacted by one-time costs of \$1.2 million related to the integration of BLC. Adjusted EBITDA<sup>(4)</sup> for the third quarter of 2012 also equaled \$7.9 million given the Company had no one-time costs during the period, representing an 18 percent increase when compared to Adjusted EBITDA of \$6.7 million during the third quarter of 2011.

"The third quarter results were in line with our expectations. We continue to demonstrate the fundamental strength and resilience of our business model," noted Amar S. Doman, Chairman and CEO of CanWel. "We continue to work at gaining market share despite a volatile end market environment. Once sales volumes pick up with our customer base, we believe CanWel is well positioned to lever its low cost distribution model. Our continued efforts on strict cost control and margin enhancement will be key drivers, during a period of mixed sentiments concerning the outlook for the Canadian economy."

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

(in thousands of dollars)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2012	2011	2012	2011
Net Earnings (Loss)	\$4,176	\$2,199	\$9,485	\$1,033
Income tax expense	1,542	990	3,408	1,010
Cash interest expense	1,236	1,157	3,680	3,374
Depreciation of property, plant and equipment	379	480	1,797	1,441
Amortization of intangible assets	250	250	750	750
Amortization of financing costs	260	332	779	977
Share-based compensation	34	34	103	406
<b>EBITDA</b>	<b>\$7,877</b>	<b>\$5,442</b>	<b>\$20,002</b>	<b>\$8,991</b>
Integration costs	-	1,228	-	4,018
<b>Adjusted EBITDA</b>	<b>\$7,877</b>	<b>\$6,670</b>	<b>\$20,002</b>	<b>\$13,009</b>

### 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](http://www.sedar.com).

### For further information regarding CanWel please contact:

Ali Mahdavi

Investor Relations

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

[ali.mahdavi@canwel.com](mailto:ali.mahdavi@canwel.com)

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<sup>(3)</sup> 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, 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<sup>(5)</sup> 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 Q3 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 Q3 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 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.
  - (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 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 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 quarterly information for the latest information on the NCIB.