CanWel Building Materials Group Ltd.
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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES FOURTH QUARTER & FULL YEAR 2012 FINANCIAL RESULTS

Full Year 2012 Financial Highlights[1]

- **Revenues increase to $711 million**
- **Gross Margin at 10.8%**
- **EBITDA[3] increases 105% year-over-year to $20.1 million**

VANCOUVER, Canada – March 27, 2013 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its 2012 fourth quarter and year-end financial results for the period ended December 31, 2012.

For the year ended December 31, 2012, revenues amounted to $711 million compared to $693 million in 2011. The 2.6 percent increase in revenue relates primarily to improved market conditions for construction materials in 2012 and additional treated wood sales volumes. The additional treated wood sales volumes were supported by the purchase of the North West Wood Treaters treating plant assets in the first quarter of 2012. Other factors having a meaningful impact on the Company's volume of sales included the Company's ongoing focus on its customers and the market development of its product portfolio. The Company's sales in the year were made up of 56 percent of construction materials compared to 50 percent in 2011, with the balance resulting from specialty and allied products. The increase in sales of construction materials is attributable to the improved market conditions in this category relative to 2011. Gross margin dollars increased to $76.6 million in the year compared to $76.5 million in 2011. Gross margin percentage was 10.8 percent in the year, a slight decrease compared to the 11.0 percent achieved in 2011. This change in margin percentage is mainly due to an increase in sales of the lower margin construction materials compared to 2011. As a result, net income[2] for the year increased to $8.0 million versus $685,000 during 2011.

EBITDA for the year ended December 31, 2012 was $20.1 million compared to $9.8 million in 2011, an increase of 105 percent. The EBITDA for 2011 was impacted by one-time integration costs of $5.0 million, offset by insurance recovery of $1.9 million. Adjusted EBITDA[4] before these one-time items was $20.1 million compared to $12.9 million in 2011, for an increase of 55.8 percent.

In the year ended December 31, 2012, the Company repurchased and cancelled a total of 3,423,800 common shares pursuant to its 2011 Normal Course Issuer Bid[5] at an average price of $2.24.

For the three month period ended December 31, 2012[1], CanWel reported revenues of $150.4 million compared to $138.3 million for the same period in 2011. Gross margin during the fourth quarter of 2012 amounted to 10.4 percent or $14.9 million versus 9.8 percent or $13.5 million in the fourth quarter of 2011. EBITDA for the three months ended December 31, 2012 totaled $123,000 compared to $821,000. EBITDA in the fourth quarter of 2011 was impacted by one-time integration costs of $1.0 million as well as recoveries of $1.9 million. As a result, adjusted EBITDA before these one-time items was $123,000 compared to negative $46,000 in the fourth quarter of 2011, representing an improvement of $169,000 compared to 2011.

“CanWel’s financial performance in 2012 is indicative of the overall strength of our business model. Last year had its challenges from a macroeconomic perspective with continued volatility in our business segment, however thanks to our ongoing focus on managing costs, dedicated employees and profitable revenue growth, we are very pleased to report revenue growth, and more importantly a 105 percent year-over-year increase in EBITDA,” noted Amar S. Doman, Chairman and CEO of the Company. “While 2013 will have its own unique story with Canadian finance officials continuing to take steps to moderate debt levels and the housing market, 2013 has nevertheless started off at an encouraging pace with demand and volumes pointing in the right direction, providing us with a cautiously optimistic view in the near to midterm.”

Reconciliation of Net Income to EBITDA:

(in thousands of dollars)	Three months ended			Year ended
	December 31 2012	December 31 2011	December 31 2012	December 31 2011
Net (loss) earnings	($1,485)	($1,733)	$8,000	($685)
Income tax (recovery) provision	(497)	211	2,911	1,221
Cash interest expense	1,182	991	4,862	4,365
Depreciation of property, plant and equipment	413	736	2,210	2,177
Amortization of intangible assets	250	250	1,000	1,000
Amortization of financing costs	260	332	1,039	1,310
Share-based compensation	-	34	103	440
EBITDA	$123	$821	$20,125	$9,828
Integration costs	-	1,000	-	5,020
Insurance recovery	-	(1,867)	-	(1,867)
Adjusted EBITDA	$123	($46)	$20,125	$12,981

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 or post integration management 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) and the reader is encouraged to review such disclosure. 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, factors considerations and factors germane to such 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(5) 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 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 Q4 and Full Year 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 19, 2012 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.