



Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES FOURTH QUARTER & FULL YEAR 2014 FINANCIAL RESULTS

Full Year 2014 Financial Highlights⁽¹⁾

- Revenues increase to \$759 million
- Gross Margin increases to 11.8%
- EBITDA⁽²⁾ increases 28% year-over-year to \$28.7 million
- Net Earnings increase by 35% to \$12.3 million

VANCOUVER, CANADA – February 26, 2015 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its 2014 fourth quarter and year-end financial results for the period ended December 31, 2014.

For the year ended December 31, 2014, revenues increased by 4.6 percent to \$759 million compared to \$726 million in 2013. The increase in revenue relates primarily to the impact of our recent acquisitions and improved market conditions for construction materials. CanWel’s sales in the year were made up of 58 percent of construction materials, compared to 56 percent when compared to the same period in 2013, with the balance of sales resulting from specialty and allied products. Gross margin dollars increased to \$89.9 million compared to \$80.2 million in 2013, outpacing the growth in sales. Gross margin percentage was 11.8 percent in the year, representing a modest increase compared to the 11 percent achieved in 2013. 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 35 percent to \$12.3 million versus \$9.1 million during 2013.

EBITDA⁽²⁾ for the year ended December 31, 2014 was \$28.7 million compared to \$22.5 million in 2013, an increase of 28 percent.

For the three-month period ended December 31, 2014⁽¹⁾, revenues increased to \$156.9 million compared to \$148.5 million in the same period in 2013, an increase of 5.7 percent, as a result of the Company’s continued focus on its target customer base, along with improved market conditions and overall increased activity level and full contribution from its recent acquisitions. During this fourth quarter, gross profit amounted to \$19.2 million, representing a 9.5 percent increase when compared to \$17.6 million during the corresponding period in 2013. Gross margin percentage increased to 12.3 percent of revenues versus 11.8 percent during the same period in 2013. The increase in gross margin dollars and percentage is also reflecting increased targeted sales and improved market conditions.

EBITDA for the three months ended December 31, 2014 increased by 22.1 percent to \$2.8 million compared to \$2.3 million in the same quarter of 2013.

“I am pleased with the strength of the Company’s profitability and earnings relative to our revenue growth, which is indicative of our multifaceted efforts to operate an efficient business while pursuing accretive and strategic acquisitions to improve gross margin levels,” commented Amar S. Doman, Chairman and CEO of the Company. “Looking ahead, we remain cautiously optimistic and hope to have a busy and exciting year ahead, even though economic headwinds already seem to be testing Canada's macro and regional economies. We want to thank our shareholders for their ongoing support and are proud of our delivery of improved financial performance in 2014.”

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

(in thousands of dollars)	Three months ended December 31		Year ended December 31	
	2014	2013	2014	2013
Net (loss) earnings	(\$60)	(\$318)	\$12,316	\$9,105
(Recovery of) provision for income taxes	(27)	(329)	4,783	2,924
Finance costs	1,510	1,594	6,736	6,590
Depreciation of property, plant and equipment	1,091	1,043	3,527	2,629
Amortization of intangible assets	286	283	1,167	1,077
Amortization of leasehold inducements	6	39	67	63
Share-based compensation	17	-	70	63
EBITDA	\$2,823	\$2,312	\$28,666	\$22,451

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”, “would”, “should”, “expect”, “believe”, “plan”, “intend”, “anticipate”, “future”, the negative or inverse of such words, and/or 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 or sustainable at current 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, or if realized may not be sustained; (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 and US 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 plans or 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 and US housing and building materials markets; 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 (and the impact of macroeconomic events in other sectors such as oil and gas pricing and foreign exchange and interest rates), 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 Q4 2014 MD&A and Annual Financial Statements for further information. Our Q4 2014 and Annual Financial Statement 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 2014 and Annual Financial Statements for further information.