**CanWel Building Materials Group Ltd.**
Suite 1100 – 1055 West Georgia Street
Vancouver, BC V6E 3P3

CanWel

**Press Release**

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# CANWEL BUILDING MATERIALS ANNOUNCES FOURTH QUARTER and FULL YEAR 2015 FINANCIAL RESULTS

## Full Year 2015 Financial Highlights(1)

- **Revenues increased by 8.6% to $825 million**
- **Gross Margin increased to $101.1 million or 12.3% of revenues**
- **Adjusted EBITDA(3) increased by 14% to $32.7 million**

**Fourth Quarter 2015 Financial Highlights**

- **Revenues increased by 23.3% to $193 million**
- **Gross Margin increased to $25.6 million or 13.2% of revenues**
- **Adjusted EBITDA increased by 79.9% to $5.1 million**

**VANCOUVER**, **CANADA** – March 2, 2016 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its fourth quarter and full year 2015 financial results(1) for the period ended December 31, 2015.

For the year ended December 31, 2015, revenues increased by 8.6% to $825 million compared to $759 million in 2014. The increase in revenues relates primarily to contribution from the Company's newly acquired California division's operations, continued focus on product mix strategies and target customer base, as well as the mild weather across Canada during the fourth quarter of 2015. Gross margin dollars increased by 12.5% to $101.1 million compared to $89.9 million in 2014, while gross margin percentage also improved to 12.3% compared to the 11.8% achieved in 2014. The increase in gross margin dollars and percentage is mainly due to contribution from CanWel's newly acquired California division operations and a change in the Company's sales mix within general categories of construction materials and specialty and allied products.

EBITDA(2) for the year ended December 31, 2015 increased to $31.4 million compared to $28.7 million in 2014, an increase of 9.4%. As a result of the foregoing factors, net income(4) amounted to $12.3 million during 2015, unchanged when compared to $12.3 million in the previous year. Excluding special transaction costs, Adjusted EBITDA(3) in 2015 amounted to $32.7 million, compared to $28.7 million in 2014, representing an increase of 14.0%.

For the three-month period ended December 31, 2015, revenues increased by 23.3% to $193 million when compared to $157 million in the same period in 2014. The increase in revenues was primarily due to the impact of the acquisition of California Cascade Industries which was completed during the second half of 2015, and continued focus on product mix strategies and target customer base, as well as the mild weather across Canada.

During the fourth quarter, gross margin increased by 32.9% to $25.6 million, compared to $19.2 million during the corresponding period in 2014. Gross margin percentage also increased to 13.2% of revenues versus 12.3% during the same period in 2014. The increase in gross margin percentage is mainly due to the contribution from CanWel's California operations and a change in the Company's sales mix within general categories of construction materials and specialty and allied products.

EBITDA[2] for the three months ended December 31, 2015 increased by 78.9% to $5.1 million compared to $2.8 million in the same quarter of 2014. As a result of the foregoing factors, net income amounted to $612,000 during the fourth quarter of 2015, when compared to a net loss of $60,000 during the fourth quarter in 2014. Excluding transaction costs, Adjusted EBITDA during the fourth quarter of 2015, amounted to $5.1 million, compared to $2.8 million, representing an increase of 79.9%.

"Despite the overall softness in the Canadian economic climate and its impact on certain regions, I am pleased with our overall financial and operational performance – our fourth consecutive year with sales, margin and EBITDA growth. These key metrics are showing strength and improvement on a year-over-year and quarter-over-quarter basis driven by our strategic and opportunistic entry into the U.S. marketplace in mid-2015, and ongoing focus on our sales mix and focus on quality and service," commented Amar S. Doman, Chairman of the Board. "We remain very excited with the prospects for our business, our expansion into California and the Western United States, and the overall robust platform we have built to deliver shareholder value."

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

| | **Three months ended December 31** | | **Year ended December 31** | |
|---|---|---|---|---|
| (in thousands of dollars) | **2015** | **2014** | **2015** | **2014** |
| Net earnings (loss) | **$612** | ($60) | **$12,295** | $12,316 |
| Provision for (recovery of) income taxes | **226** | (27) | **4,664** | 4,783 |
| Finance costs | **1,609** | 1,510 | **6,960** | 6,736 |
| Depreciation of property, plant and equipment | **1,595** | 1,091 | **5,315** | 3,527 |
| Amortization of intangible assets | **1,018** | 286 | **2,089** | 1,167 |
| Amortization of leasehold inducements | **(28)** | 6 | **(48)** | 67 |
| Share-based compensation | **18** | 17 | **79** | 70 |
| EBITDA | **5,050** | 2,823 | **31,354** | 28,666 |
| Acquisition costs | **28** | - | **1,313** | - |
| Adjusted EBITDA | **$5,078** | $2,823 | **$32,667** | $28,666 |

## About CanWel Building Materials

Founded in 1989, CanWel is headquartered in Vancouver, British Columbia and 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. CanWel operates multiple treating plant and planing facilities in Canada and the United States, and operates distribution centres coast to coast in all major cities and strategic locations across Canada and near San Francisco and Los Angeles, California. CanWel distributes a wide range of building materials, lumber and renovation products. For more information, visit www.canwel.com. Further information can be found in the disclosure documents filed by CanWel with the securities regulatory authorities, available at www.sedar.com

## For further information regarding CanWel please contact:

Ali Mahdavi
Investor Relations
416-962-3300
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", "would", "should", "expect", "believe", "plan", "intend", "anticipate", "predict", "remain", "estimate", "potential", "continue", "could", "might", "project", "targeting', "future" and other similar terminology or the negative or inverse of such words or 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 the assets of California Cascade Industries ("CCI") in quarter 3, 2015(1), Pastway Planing Limited ("Pastway") in quarter 3, 2013, the assets of North American Wood Preservers ("NAWP"), completed in quarter 2, 2013 or Northwest Wood Preservers ("NWP"), completed in quarter 1, 2012 (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, financial reporting systems or environmental matters, 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 CCI, Pastway, NAWP or NWP (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, 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 economies, the relative stability of or level of interest rates, exchange 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 and United States 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, in Canada and the US, 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 2015 MD&A and Annual Financial Statements for further information. Our Q4 2015 and Annual Financial Statements 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, depreciation and amortization, goodwill impairment loss and share-based compensation. This is not a generally accepted earnings measure under IFRS and does not have a standardized meaning under IFRS, and therefore 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 a Company's ability to meet debt service and capital expenditure requirements and because we interpret trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net earnings or cash flows as determined in accordance with IFRS. For a reconciliation of EBITDA to the most directly comparable measures calculated in accordance with IFRS refer to "Reconciliation of Net Earnings to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)".

(3) In the discussion, reference is made to Adjusted EBITDA, which is EBITDA as defined above, before certain one-time or unusual items. 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. 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. For a reconciliation from EBITDA to the most directly comparable measures calculated in accordance with IFRS refer to "Reconciliation of Net Earnings to Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)".

(4) Before accounting for "Other Comprehensive Income"; please refer to our Q4 2015 and Annual Financial Statements for further information.