



CanWel Building Materials Group Ltd.
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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES SECOND QUARTER 2015 FINANCIAL RESULTS

Q2 2015 Financial Highlights⁽¹⁾

- Revenues at \$224.5 million
- Gross Margin at 11.9%
- EBITDA⁽²⁾ amounts to \$12.2 million

VANCOUVER, CANADA – July 29, 2015 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its second quarter financial results⁽¹⁾ for the three-month and six-month periods ended June 30, 2015.

For the three-month period ended June 30, 2015⁽¹⁾, revenues remained relatively unchanged at \$224.5 million when compared to \$225.9 million in the same period in 2014. The slight decrease in revenues during the second quarter of 2015 was primarily due to the impact of market condition factors. During this second quarter, gross margin amounted to \$26.8 million, compared to \$27.7 million during the corresponding period in 2014. Gross margin percentage was slightly lower at 11.9 percent of revenues versus 12.2 percent during the same period in 2014. The slight decrease in gross margin percentage was mainly due to a change within the Company’s sales mix as well as the impact of the Canadian dollar’s decline, resulting in an increase in the cost of sales.

EBITDA⁽²⁾ for the three months ended June 30, 2015 amounted to \$12.2 million compared to \$12.6 million in the same quarter of 2014. As a result of the foregoing factors, net income⁽³⁾ amounted to \$6.1 million during the second quarter of 2015, when compared to \$6.9 million during the second quarter in 2014.

For the six-month period ended June 30, 2015⁽¹⁾, the Company generated EBITDA of \$13.7 million on revenues of \$384 million. Gross margin and gross margin percentage during the same period amounted to \$43 million, and 11.2 percent, respectively. This compares to 2014 EBITDA of \$13.8 million on revenues of \$375 million, and gross margin and gross margin percentage of \$43 million and 11.5 percent, respectively.

“CanWel’s steady EBITDA performance in softening market conditions is attributed to our company wide focus on customer service, pricing discipline and in our breadth of product lines,” commented Amar S. Doman, Chairman of the Board. “Our solid business platform is further enhanced by our third quarter acquisition of California Cascade Industries, who I would like to welcome to the CanWel family. By expanding our manufacturing and treating facilities into the United States, we continue to seek out accretive transactions enhancing shareholder value.”

CanWel is also pleased to announce that it has extended its credit facility with Wells Fargo Capital Finance Canada (“Wells Fargo”) until July 2021. The Company is appreciative of the

support of Wells Fargo over the past 15 plus years and looks forward to further solidifying its relationship for years to come.

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

(in thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net earnings	\$6,087	\$6,939	\$4,917	\$5,792
Provision for income taxes	2,726	2,611	2,315	2,199
Finance costs	1,942	1,925	3,654	3,578
Depreciation of property, plant and equipment	1,106	790	2,200	1,578
Amortization of intangible assets	291	289	581	577
Amortization of leasehold inducements	(16)	11	(9)	55
Share-based compensation	62	53	62	53
EBITDA	\$12,198	\$12,618	\$13,720	\$13,832

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. CanWel operates multiple treating plant and planing facilities in Canada and the US, 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. 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", "predict", "remain", "estimate", "potential", "continue", "could", "might", "project", "targeting", "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⁽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 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 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 economy, the relative stability 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 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.

- (1) Please refer to our Q2 2015 MD&A and Financial Statements for further information. Our Q2 2015 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 Q2 2015 Financial Statements for further information.