



CanWel Building Materials Group Ltd.
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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES FIRST QUARTER 2016 FINANCIAL RESULTS

First Quarter 2016 Financial Highlights:

- Revenues increased by 24% to \$198 million
- Gross Margin dollars increased 51% to \$24.6 million or 12.5% of revenues
- EBITDA increased by 253% to \$5.4 million

VANCOUVER, CANADA – May 16, 2016 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its first quarter 2016 financial results⁽¹⁾ for the period ended March 31, 2016.

For the three-month period ended March 31, 2016, revenues increased by 24% to \$198 million when compared to \$159 million in the same period in 2015. 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 milder weather across Canada.

During the first quarter, gross margin increased by 50.9% to \$24.6 million, compared to \$16.3 million during the corresponding period in 2015. Gross margin percentage also increased to 12.5% of revenues versus 10.2% during the same period in 2015. 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⁾ and Adjusted EBITDA for the three months ended March 31, 2016 increased by 253% to \$5.4 million compared to \$1.5 million in the same quarter of 2015. As a result of the foregoing factors, net earnings amounted to \$912,000 during the first quarter of 2016, when compared to a net loss of \$1.2 million during the first quarter in 2015.

“We are off to a strong start in 2016 with our growth strategy generating robust top-line growth and improved gross margins, resulting in another quarter of solid financial performance with a 253% increase in EBITDA,” commented Amar S. Doman, Chairman of the Board. “Our recent strategic growth initiatives are delivering as expected and we are very excited with the prospects for further growth, strength and market leadership as we continue to execute on our plans.”

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

(in thousands of dollars)	Three months ended March 31,	
	2016	2015
Net earnings (loss)	\$ 912	\$(1,171)
Provision for (recovery of) income taxes	363	(411)
Finance costs	1,753	1,713
Depreciation of property, plant and equipment	1,603	1,094
Amortization of intangible assets	762	291
Amortization of leasehold inducements	(17)	7
EBITDA and Adjusted EBITDA	\$5,376	\$1,523

On May 13, 2016 the Company announced that it had closed its previously announced acquisition of Jemi Fibre Corp. ("Jemi"), a vertically-integrated forest products company that operates primarily in British Columbia and Saskatchewan, which is expected to diversify the Company's operations, providing a stable long-term revenue and asset base and vertical integration via a sustained source of fibre supply, as well as further expand the Company's wood treatment operations by adding two specialty treating plants with limited product overlap.

About CanWel

Founded in 1989, CanWel is headquartered in Vancouver, British Columbia and trades on the Toronto Stock Exchange under the symbol CWX and is Canada's only fully integrated national distributor in the building materials and related products sector. CanWel operates multiple treating plant and planning 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. In addition, through its Jemi Fibre division, CanWel operates a vertically-integrated forest products company based in Western Canada, operating from British Columbia to Saskatchewan, also servicing the US Pacific Northwest. CanWel owns approximately 136,000 acres of private timberlands, strategic Crown licenses and tenures, log harvesting and trucking operations, several post and pole peeling facilities, two pressure-treated specialty wood production plants, and one specialty saw mill.

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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 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 Jemi Fibre Corp. ("Jemi"), or 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 Jemi, 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 Q1 2016 MD&A and Financial Statements for further information. Our Q1 2016 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)".