



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

## Press Release

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### CANWEL BUILDING MATERIALS ANNOUNCES FIRST QUARTER 2017 FINANCIAL RESULTS

#### Q1 2017 Financial Highlights<sup>(1)</sup>:

- Revenues increased 12.8% to \$223 million
- Gross Margin dollars increased 16.4% to \$27.0 million or 12.1% of revenues
- EBITDA<sup>(2)</sup> increased 51.5% to a first quarter record \$8.2 million

**VANCOUVER, CANADA** – May 9, 2017 – CanWel Building Materials Group Ltd. (“CanWel” or “the Company”) (TSX:CWX) announced today its first quarter 2017 financial results<sup>(1)</sup> for the period ended March 31, 2017.

For the three month period ended March 31, 2017<sup>(1)</sup>, consolidated revenues increased by 12.8% to \$223 million when compared to \$198 million in the same period in 2016. Sales in the Building Materials Distribution segment comprised approximately 38% of this increase, largely due to the Company’s continuing focus on its product mix strategies and target customer base, as well as the results from the TFI acquisition. The majority of the sales increase however was attributable to the Company’s new Forestry segment, notwithstanding that such sales were impacted by continued adverse wet weather conditions across British Columbia and Saskatchewan. These adverse weather conditions continued to negatively impact the Forestry segment through the first several weeks of the first quarter of 2017, although once these conditions abated in the latter part of the first quarter, the Forestry operations returned to full productivity.

Gross margin dollars increased by 16.4% to \$27.0 million, compared to \$23.2 million during the corresponding period in 2016. Gross margin percentage also increased to 12.1% of revenues versus 11.7% during the same period in 2016. The increase in gross margin percentage margin percentage and dollars is mainly due to the results from the Company’s 2016 acquisitions and a change in the Company’s sales mix within general categories of construction materials and specialty and allied products.

EBITDA<sup>(2)</sup> increased to \$8.2 million, a record for the Company’s first quarter, representing a 51.5% increase in EBITDA when compared to the first quarter of 2016. As a result, Net Earnings<sup>(3)</sup> increased by 82.9% to \$1.7 million, when compared to \$912,000 during the corresponding period in 2016.

"Despite the impact of the adverse weather conditions on our forestry operations, I am pleased with the overall strength of our business model with margin growth outpacing top line growth during one of our slow seasonal quarters," commented Amar S. Doman, Chairman of the Board. "Our hard work across the Company resulted in a record EBITDA for our first quarter. We have continued our focus on execution as we entered the second quarter. Both of our business segments are returning to results in-line with our expectations. Additionally, I would note that the recently announced Softwood Lumber duties are generally a non-event for CanWel, as we rarely ship softwood lumber into the United States."

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

(in thousands of dollars)	Three months ended March 31,	
	2017	2016
Net earnings	\$1,668	\$ 912
Provision for income taxes	749	363
Finance costs	1,899	1,753
Depreciation of property, plant and equipment	3,113	1,603
Amortization of intangible assets	744	762
<b>EBITDA</b>	<b>\$8,173</b>	<b>\$5,393</b>

### Conference Call Details

The Company will host an analyst call on May 9, 2017 at 6:30 pm ET to discuss the Company's financial performance for the period ended March 31, 2017.

To access the call, please dial 1-888-334-3032 or 1-719-325-2135. A replay of the conference call will be available from 8:30 pm ET on May 9, 2017, until 11:59 pm ET, May 23, 2017. To access the replay, call 1-844-512-2921 or 1-412-317-6671, followed by passcode 9955078.

### 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 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. 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 and two pressure-treated specialty wood production plants and a specialty saw mill.

**For further information regarding CanWel please contact:**

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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<sup>(2)</sup> 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 Total Forest Industries Ltd. (“TFI”) in quarter 3, 2016, Jemi Fibre Corp. (“Jemi”) in quarter 2, 2016, or the assets of California Cascade Industries (“CCI”) in quarter 3, 2015, 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 (“NWT”), 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 TFI, Jemi, CCI, Pastway, NAWP or NWT (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, trade and tariff risks, differing law or regulations across jurisdictions, volatility of commodity prices, inventory risks, resource industry risks, resource extraction risks, risks relating to remote operations, forestry management and silviculture risks, fire, flood and natural disaster 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; international trade and tariff risks, political risks, 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. There is a risk that some or all of these assumptions may prove to be incorrect. These and other factors could cause or contribute to actual results differing materially from those contemplated by forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements or information. There are numerous risks associated with an investment in the Company’s common shares, which are also further described in the “Risk Factors” sections of the Company’s annual information form dated March 30, 2017 and final short form prospectus dated April 10, 2017, as well as its other public filings on SEDAR. These forward-looking statements speak only as of the date of this press release. We caution that the foregoing factors that may affect future results are not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by applicable securities laws, the Company 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 Annual and Q1, 2017 MD&A and Financial Statements for further information. Our Annual and Q1 2017 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) Not including non-recurring items and before accounting for “Other Comprehensive Income”; please refer to our Annual and Q1 2017 Financial Statements for further information.