CanWel Building Materials Group Ltd.
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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES THIRD QUARTER 2018 FINANCIAL RESULTS

Q3 2018 Financial Highlights(1):

- Revenues increased 10.5% to $350.2 million
- Gross Margin dollars totaled $50.8 million or 14.5% of revenues
- EBITDA(2) amounted to $20.1 million
- Net Earnings(1) amounted to $8.5 million
- Quarterly dividend of $0.14 per share paid
- Growth capital secured with $60.0 million bought deal senior unsecured notes offering

YTD 2018 Financial Highlights(1):

- Revenues increased 19.5% to $1.03 billion
- Gross Margin dollars totaled $154.3 million or 15.0% of revenues
- EBITDA increased 30.6% to $63.1 million
- Net Earnings increased 28.1% to $29.6 million

VANCOUVER, **CANADA** – November 8, 2018 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX, CWX.NT.A) announced today its third quarter 2018 financial results(1) for the period ended September 30, 2018.

For the three-month period ended September 30, 2018(1), revenues increased 10.5% to $350.2 million when compared to $316.8 million in the same period in 2017. Sales increased largely due to the inclusion of the results from the Honsador Building Products Group Acquisition and the Company's continuing focus on its product mix strategies and target customer base. The Company's sales by product group in the quarter were made up of 58% construction materials, with the remaining balance of sales resulting from specialty and allied products of 35% and forestry and other of 7%. The pricing environment for construction materials experienced a significant decline throughout the third quarter.

Gross margin dollars increased by 20.9% to $50.8 million, compared to $42.0 million during the corresponding period in 2018. Gross margin percentage also increased to 14.5% of revenues versus 13.3% during the same period in 2017. The increase in margin dollars and percentage mainly reflects margin improvements due to the results from CanWel's acquisitions.

EBITDA for the period was lower by 5.6% at $20.1 million when compared to $21.3 million during the same period in 2017. EBITDA for the comparative period in 2017 was impacted by non-recurring acquisition costs of $0.4 million. Adjusted EBITDA(3) before this non-recurring item was lower by 7.4% at $20.1 million compared to $21.7 million in the same quarter of 2017. As a result of the foregoing factors, net earnings for the quarter ended September 30, 2018, amounted to $8.5 million compared to $11.6 million in the same quarter of 2017.

Subsequent to quarter-end, as part of the Company's balance sheet optimization plan to support its growth objectives, CanWel announced the closing of a bought deal offering of senior unsecured notes (the "Notes") of the Company for total gross proceeds of $60.0 million. While the net proceeds of the offering were initially applied to reduce bank debt, the Notes provide CanWel with readily available growth capital at an attractive locked-in cost of 6.375% per annum for a five year period, during a rising interest rate environment. The Notes will mature on Oct. 9, 2023, and will pay interest semi-annually in arrears on Oct. 9 and April 9 in each year.

For the nine-month period ended September 30, 2018[(1)], the Company generated record EBITDA of $63.1 million, on revenues of $1.03 billion. Gross margin and gross margin percentage during the same period amounted to $154.3 million, and 15.0%, respectively. This compares to 2017 EBITDA of $48.3 million on revenues of $859.7 million, and gross margin and gross margin percentage of $109.1 million and 12.7%, respectively. Adjusted EBITDA before non-recurring acquisition and restructuring costs increased 25.5% to $63.1 million compared to $50.3 million in the same period in 2017. As a result of the foregoing factors, net earnings for the nine-month period ended September 30, 2018 increased 28.1% to $29.6 million versus $23.1 million in the comparative period of 2017.

"Despite a weak macro-economic backdrop during the third quarter, I am pleased with our financial performance during a period which saw lumber, plywood and OSB pricing all slip dramatically," commented Amar S. Doman, Chairman and CEO of CanWel. "Based on these interim results, we expect the market to appreciate the benefits of our diversified business model which allows for us to withstand some of the market pressures driven by the commodity pricing environment. For years, our relentless focus has been to build a strong foundation with sustainable growth at the forefront of everything we do, and these results during a weak environment validate our strategy and efforts."

During the quarter, CanWel proudly opened its new state-of-the-art distribution centre located in Acton, Ontario. This custom built facility is situated on approximately 20 acres of land, and serviced directly by national mainline rail as well as fibre optics, resulting in meaningful efficiencies and significant scale to provide best-in-class service and broader inventories for customers. The new Acton location can receive daily rail service, and stage as many as 11 rail cars inside the facility, while servicing and reloading dozens of trucks on site.

Furthermore, CanWel's Junction City, Oregon lumber pressure treating plant is nearing completion and is expected to start production under the name Oregon Cascade Building Materials in late November, to service the key Washington and Oregon markets.

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2018	**2017**	**2018**	**2017**
(in thousands of dollars)	**$**	**$**	**$**	**$**
Net earnings	**8,489**	11,561	**29,645**	23,055
Provision for income taxes	**3,995**	4,482	**11,570**	9,225
Finance costs	**3,070**	1,909	**8,538**	5,913
Depreciation of property, plant and equipment	**2,875**	2,607	**8,380**	7,899
Amortization of intangible assets	**1,681**	720	**5,002**	2,216
EBITDA	**20,110**	21,279	**63,135**	48,308
Acquisition costs	**-**	424	**-**	1,158
Restructuring costs	**-**	-	**-**	834
Adjusted EBITDA	**20,110**	21,703	**63,135**	50,300

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; distribution centres coast-to-coast in all major cities and strategic locations across Canada; in the United States near Portland, Oregon (under construction), San Francisco and Los Angeles, California and in 14 locations in the State of Hawaii through its wholly owned Honsador Building Products Group. CanWel distributes a wide range of building materials, lumber, renovation and electrical products. In addition, through its CanWel 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.

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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 CanWel may not be able to complete or operate the lumber pressure treating plant and related equipment and business formerly owned by Superior Forest Products, Inc. and affiliates (the "Plant") on terms and conditions satisfactory to it, or at all, or at a cost satisfactory to it; (ii) the risk that CanWel may not be able to obtain the final permits and operational authority to operate the Plant on the terms and conditions satisfactory to it, or at all, or at a cost satisfactory to it; (iii) the risk that the construction and completion of the Plant expected in Q4 2018 or integration of the Plant in quarter 2, 2018, the acquisition of Honsador Acquisition Corp ("Honsador") in quarter 3, 2017, 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 and California Cascade-Fontana, Inc. ("CCI") in quarter 3, 2015, (collectively, the "Acquisitions") may result in significant challenges, and management of CanWel may be unable to accomplish the integration of the Acquisitions 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; (iv) the risk that revenues, profits and margins of the Company may not remain consistent with historical levels, (v) the risk that competing firms which manufacture or distribute competitive product lines will aggressively defend or seek market share, or that potential customers of the Plant and existing customers or suppliers of Honsador, TFI, Jemi or CCI (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 Acquisitions; (vi) the risk that any increased sales, margin, profit or distributable cash resulting from the Acquisitions may not be fully realized, realized at all or may take longer to realize than expected; and (vii) the risk of disruption from the integration of the Acquisitions 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, product liability risks, 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, contract performance risks, acquisition and integration risks, availability of credit, credit risks, performance bond 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, availability or 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 Acquisitions, 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 29, 2018 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.

(1) Please refer to our Q3 2018 MD&A and Financial Statements for further information. Our Q3 2018 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, including amortization of deferred financing costs, provision for income taxes, depreciation and amortization. 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) and Adjusted EBITDA”.

(3) In the discussion, reference is made to Adjusted EBITDA, which is EBITDA as defined above, before certain non-recurring 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 earnings or cash flows as determined in accordance with IFRS. For a reconciliation from Adjusted 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) and Adjusted EBITDA”.