



## Press Release

**NOT FOR RELEASE OR DISSEMINATION INTO THE UNITED STATES**

**For Immediate Release**

### **CANWEL BUILDING MATERIALS GROUP LTD. ANNOUNCES NORMAL COURSE ISSUER BID**

Vancouver, Canada – November 22, 2019 - CanWel Building Materials Group Ltd. (“CanWel” or the “Company”) (TSX:CWX) announced that The Toronto Stock Exchange (“TSX”) has accepted today CanWel’s notice of intention to proceed with a normal course issuer bid through the facilities of the TSX.

CanWel intends to purchase for cancellation up to 5,995,340 of its common shares by way of a normal course issuer bid through the facilities of the TSX. The 5,995,340 common shares represent approximately 10% of the public float per TSX policies. Pursuant to such TSX policies, daily purchases made by CanWel will not exceed 26,476 common shares or 25% of the average daily trading volume of 105,905 common shares on the TSX during the prior six full months of trading, subject to certain prescribed exceptions. As of November 22, 2019, there were 77,763,481 issued and outstanding common shares of CanWel.

Although CanWel intends to purchase common shares for cancellation under its normal course issuer bid, there can be no assurances that any such purchases will be completed. Such purchases, if any, may commence on November 26, 2019 and will terminate on November 25, 2020, or on such earlier date as CanWel may complete its purchases pursuant to the notice of intention filed today with the TSX or provide notice of termination. Any such purchases will be made by CanWel at the prevailing market price at the time of acquisition and through the facilities of the TSX.

CanWel believes that the market price of the common shares may, at certain times throughout the duration of the normal course issuer bid, be undervalued based solely on CanWel’s opinion.

To the best of the knowledge of the directors and senior officers of CanWel, no director, senior officer, associate of a director or senior officer, or person holding 10% or more of the common shares of CanWel intends at present to sell common shares during the course of this bid. However, sales by such persons through the facilities of the TSX or elsewhere may occur as the personal circumstances or decisions of any such person, unrelated to the bid, determine. The benefits to any such person whose common shares are purchased would be the same as the benefits available to all other holders whose common shares are purchased.

The Company also announced approval from the TSX for an Automatic Share Purchase Plan ("Plan") commencing on November 26, 2019, which will enable the Company to continue purchasing common shares under the normal course issuer bid during Company-imposed blackout periods. Purchases will be made on the TSX as well as other Canadian marketplaces.

The Plan will co-terminate with the expiry of the NCIB at the close of business on, November 25, 2020, and, subject to pre-determined pricing and volume restrictions imposed by the Company, to the rules and policies of the TSX and to the specific terms of the NCIB, all trades under the Plan are entirely at the broker's discretion.

The Company previously acquired 142,200 common shares pursuant to the normal course issuer bid that commenced on November 26, 2018 (the "2018 NCIB") at a weighted average price of \$4.32 per common share. All purchases under the 2018 NCIB were completed through the facilities of the TSX or other Canadian marketplaces. Under the 2018 NCIB, the TSX had approved the purchase of up to 6,085,605 common shares.

## **About CanWel**

Founded in 1989, CanWel is headquartered in Vancouver, British Columbia and trades on the TSX 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, 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 117,000 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:**

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 forward-looking statements often but not always, can be identified by the use of forward-looking words such as, 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 other known and unknown or unpredictable risks, uncertainties and other factors which may cause the actual results, performance or achievements of CanWel, including but not limited to sales, earnings, cash flow from operations, dividends or EBITDA<sup>(1)</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. Such forward-looking statements should therefore be construed in the light of such factors. Actual events could differ materially from those projected herein and depend on a number of factors. These factors include but are not limited to: (i) fluctuations in the market price of CanWel's common shares from time to time; (ii) the availability of funding under CanWel's existing senior credit facility to finance acquisitions of common shares of CanWel; (iii) the risk that CanWel may not be able to (a) operate the lumber marketing and distribution business Lignum Forest Products LLP (the "Lignum Acquisition") or integrate the Lignum Acquisition into its operations successfully, or without negative impact on its business, or without requiring spending significant or unexpected amounts of time, money or other resources thereon, or at all, thereby impacting CanWel's ability to make purchases under the normal course issuer bid; may not be able to satisfy conditions to the Lignum Acquisition on the expected terms and schedule; (b) the risk that cost savings and synergies expected to result from the Lignum Acquisition may not be fully realized or may take longer to realize than

expected; (c) the risk that the existing and acquired business from the Lignum Acquisition will not be integrated successfully or that there is an unexpected disruption from, or reaction to, the Lignum Acquisition making it more difficult to maintain relationships with customers, employees or suppliers; (iv) the risk that CanWel may not be able to (a) operate the lumber pressure treating plant and related equipment and business formerly owned by Western Wood Treating, Inc. (the "Plant") or integrate the Plant into its operations successfully, or without negative impact on its business, or without requiring spending significant or unexpected amounts of time, money or other resources thereon, or at all; (b) the risk that CanWel may not be able to obtain the final permits and operational authority to operate the Plant, or on terms and conditions or at a cost satisfactory to it, or at all; (v) the risk that (a) the construction and completion of the CanWel's plant in Oregon (originally announced in quarter 2, 2018 (the "Oregon Plant")) originally expected to be in Q4 2018, may not be able to be completed or operated within expected timelines or costs, or on other terms, conditions or costs satisfactory to it, or at all; (b) the risk that CanWel may not be able to obtain the final permits and operational authority to operate the Oregon Plant on the terms and conditions satisfactory to it, or at all, or at a cost satisfactory to it; (c) the potential inability of CanWel to complete the formal documentation and satisfy the other conditions required to complete the Oregon Plant; (vi) 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 with the Lignum Acquisition, the Plant and the Oregon Plant, 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, sales and marketing, operations, 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, thereby impacting CanWel's ability to make purchases under the normal course issuer bid; (vii) the risk that revenues, profits and margins of the Company may not remain consistent with historical levels or be as expected, thereby impacting CanWel's ability to make purchases under the normal course issuer bid; (viii) 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 Oregon Plant and existing customers or suppliers of the Plant, Honsador, TFI, Jemi or CCI (some of whom are competitors of CanWel) will change, reduce or cease doing business with CanWel, in each case reducing, eliminating or reversing any potential positive economic impact on CanWel of the Acquisitions, and thereby impacting CanWel's ability to make purchases under the normal course issuer bid; (ix) the risk that any cost savings, synergies, increased sales, margin, profit or distributable cash resulting or expected from the Acquisitions may not be fully realized, realized at all or may take longer to realize than expected, thereby impacting CanWel's ability to make purchases under the normal course issuer bid; (x) the risk of disruption from the introduction, implementation and/or integration of the Acquisitions making it more difficult to maintain relationships with customers, employees or suppliers, thereby impacting CanWel's ability to make purchases under the normal course issuer bid; (xi) risks related to the operation of pressure treatment facilities, including but not limited to environmental and remediation risks, labour risks, litigation risks, risks related to maintenance capital expenditures for manufacturing and processing facilities and risks related to capital expenditures for environmental risks; (xii) additional risks and uncertainties affecting the Company, any of which may impact upon, among other things, the number of common shares, if any, to be acquired by CanWel pursuant to the above notice of intention including among others, regulatory and legal risk, increased debt and interest costs, general economic and business conditions, product selling and prices, product performance, consumer preferences, litigation risk, design and liability risk, environmental risks, remediation risks, software and software design risk, commodity price fluctuations, information systems risk, interest rate changes, operating costs, political or economic instability in local or national markets, chemical or commodity prices, exchange rate risks for product inputs, tariffs and tax risks and general competitive conditions; and (xiii) other statements other than historical facts. As indicated above, completion of the transactions described herein are subject to various conditions, including (among others) obtaining related necessary governmental operating and regulatory permits and approvals. Although CanWel believes that the expectations and the conditions reflected in such forward-looking statements are reasonable, CanWel can give no assurance that each of these conditions will be satisfied to the satisfaction of CanWel or that expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. 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 additional factors 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, CanWel's future growth plans, the implementation and success of the integration of the Acquisitions, the ability of CanWel to refinance its debts as they mature, the Canadian and United States housing and building materials markets; the direct and indirect effect of the U.S. housing market and economy; international trade and tariff risks, political risks, the amount of CanWel's cash flow from operations; tax laws; and the extent of CanWel'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; the effect of general economic conditions, including market demand for CanWel's products, and prices for such products; the effect of forestry, land use, environmental and other governmental regulations; and the risk of losses from fires, floods and other natural disasters 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 CanWel's common shares or senior unsecured notes, which are also further described in the "Risk Factors" sections of CanWel's annual information form dated March 29, 2019 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 CanWel, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Neither CanWel nor any of its associates or directors, officers, partners, affiliates, or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in these communications will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Except as required by applicable securities laws and legal or regulatory obligations, CanWel is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

- (1) 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 CanWel 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<sup>(2)</sup>".
- (2) 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 CanWel 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 CanWel'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".