CanWel Building Materials Group Ltd.
1600-1100 Melville Street,
P.O. Box 39
Vancouver, BC V6E 4A6

Press Release

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CANWEL BUILDING MATERIALS REPORTS 2020 FINANCIAL RESULTS, Q1 DIVIDEND PAYMENT AND SPECIAL DIVIDEND

Full Year 2020 Financial Highlights(1):
- Revenues increased by 21.0% to $1.61 billion
- Gross Margin at 15.9%
- Adjusted EBITDA(3) increased by 66.0% to $143.1 million
- Net Earnings(4) amounted to $59.6 million
- Loans and borrowings reduced by $87.5 million or 28.8%, to $281.3 million
- Total quarterly dividends of $0.54 per share paid(5)

- CanWel to pay Q1 dividend of $0.12
- CanWel to pay special dividend of $0.04

Q4 2020 Financial Highlights(1):
- Revenues increased by 37.0% to $402.0 million
- Gross Margin at 16.7%
- Adjusted EBITDA(3) of $36.7 million
- Net Earnings(4) of $15.0 million
- Quarterly dividend of $0.12 per share paid(5)

VANCOUVER, **CANADA** – March 11, 2021 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX; CWX.NT.A) announced today its fourth quarter and full year 2020 financial results(1) for the period ended December 31, 2020.

For the year ended December 31, 2020(1), consolidated revenues increased by 21.0% to $1.61 billion, compared to $1.33 billion in 2019. The increase in sales is attributable to improvements in both sales volumes and pricing. Quarantine-related home improvement activities along with strong housing starts on both sides of the border resulted in increased demand from consumers spending more time and efforts on home renovation and repair projects. Additionally, construction materials pricing increased during the second half of 2020. Company sales by product group in the year were made up of 65% construction materials, compared to 58% in 2019, with the remaining balance resulting from specialty and allied products of 29%, and forestry and other of 6%.

For 2020, gross margin dollars increased by 33.5% to $256.2 million, compared to $191.9 million in 2019. Gross margin percentage amounted to 15.9% of revenues versus 14.4% in 2019. The increase in gross margin dollars and margin percentage is primarily due to the improvements in construction materials pricing during the year.

Adjusted EBITDA[3] for the full year increased by 66.0% to $143.1 million, compared to $86.2 million in 2019. EBITDA[2] was slightly impacted by one-time acquisition costs in both 2020 and 2019, resulting in EBITDA[2] amounting to $142.5 million in 2020, versus $85.8 million in 2019.

For the three-month period ended December 31, 2020[1], revenues increased 37.0% to $402.0 million when compared to $293.4 million in the same period in 2019, largely due to strong home improvement activity and strong housing starts, which continued into the fourth quarter of 2020. The Company's sales by product group in the quarter were made up of 67% construction materials, with the remaining balance of sales resulting from specialty and allied products of 27%, and forestry and other of 6%.

Lumber, plywood and OSB prices experienced unprecedented increases in the second half of 2020, impacted by a combination of limited supply and elevated demand. Production curtailments by major producers earlier in the year contributed to low levels of supply chain inventory, while home construction activity and the repair and remodel market remained strong. We continue to manage our risk prudently in this pricing environment.

Gross margin dollars increased by 51.6% to $67.0 million, compared to $44.2 million during the corresponding period in 2019. Gross margin percentage increased to 16.7% of revenues versus 15.1% during the same period in 2019. This increase in margin dollars and margin percentage is mainly attributable to the previously mentioned improvements in construction materials pricing.

Adjusted EBITDA[3] for the three-month period ended December 31, 2020[1], amounted to $36.7 million, compared to $18.4 million in 2019. EBITDA[2] was impacted by one-time acquisition costs in 2020, resulting in EBITDA[3] amounting to $36.1 million in 2020, versus $18.4 million in 2019.

CanWel paid a total of $0.54 per share[5] in dividends in 2020, versus $0.56 per share in 2019.

On a year-over-year basis, as at December 31, 2020, through continued disciplined balance sheet optimization, and working capital management strategies, CanWel reduced its total loans and borrowings by $87.5 million, to $281.3 million.

“I am extremely proud of our ability to react and respond positively with robust financial and operational discipline to the unprecedented and unfortunate global pandemic, which negatively impacted many parts of the global economy," commented Amar S. Doman, Chairman of the Board. "As an essential service, we successfully managed to keep our employees safe across our operations in Canada and the U.S., delivered on our customers' needs, while remaining focused on cost efficiencies, tight inventory management and capturing robust sales across our business platforms, which has resulted in strong financial results in 2020.”

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

	Three months ended December 31,		Years ended December 31,	
	2020	**2019**	**2020**	**2019**
(in thousands of dollars)	**$**	**$**	**$**	**$**
Net earnings	**15,011**	3,372	**59,587**	17,219
Provision for (recovery of) income taxes	**5,677**	(535)	**22,451**	4,841
Finance costs	**2,932**	4,992	**15,706**	21,868
Depreciation of property, plant and equipment	**5,240**	3,388	**15,699**	13,350
Amortization of right-of-use assets	**5,385**	5,404	**22,001**	21,616
Amortization of intangible assets	**1,844**	1,721	**6,949**	6,845
Share-based compensation	**34**	10	**92**	29
EBITDA	**36,123**	18,352	**142,485**	85,768
Acquisition costs	**620**	-	**620**	415
Adjusted EBITDA	**36,743**	18,352	**143,105**	86,183

Quarterly and Special Dividend

The Company is pleased to announce that its board of directors has declared a dividend for the 44th consecutive quarter, which will be paid on April 15, 2021, to shareholders of record on March 31, 2021, of $0.12 per share.

The Company is also very pleased to announce a one time special dividend of $0.04 per share payable April 15, 2021, to shareholders of record at the close of business on March 31, 2021.

"Given the strength of our business over the past number of quarters, our improved cost structure, strong balance sheet and solid cash flow, the board approved a special dividend to shareholders," said Amar S. Doman, Chairman of the Board.

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 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 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, 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”, “forecast”, “budget”, “schedule”, “continue”, “could”, “might”, “project”, “targeting”, "future" and other similar terminology or the negative or inverse of such words or terminology. Forward-looking information in this news release includes, without limitation, statements with respect to: the ultimate impact (express or implied) of the novel coronavirus COVID-19 (“COVID-19”) pandemic on the Company’s operational and financial results, including but not limited to future results; which impact is difficult to estimate or quantify as it will depend on inter alia the duration of the contagion, the impact of government policies, and the pace of economic recovery. 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, EBITDA(2) generated, dividends generated or paid by CanWel, including whether at the rate as of the date hereof, or some other dividend rate, or special dividend if any, in the future which may be lower than the current rate, 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) the risk that CanWel may not be able to 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; may not be able to satisfy conditions to the Lignum Acquisition on the expected terms and schedule; (ii) 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; (iii) 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 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; (v) 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; (vi) the risk that the construction and completion of 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; (vii) 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; (viii) the acquisition of Honsador Acquisition Corp. (“Honsador”) in quarter 3, 2017, (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 or unexpected amounts of time, money or other resources thereon; (ix) the risk that any inability of management to successfully integrate the operations of the businesses or combined businesses discussed above, including, but not limited to, operational, 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; (x) the risk that revenues, profits and margins of CanWel may not remain consistent with historical levels or be as expected; (xi) 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 or Honsador (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; (xii) 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; (xiii) 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; (xiv) risks related to the operation of pressure treatment facilities, including but not limited to environmental and remediation risks, labour risks, risks related to maintenance capital expenditures for manufacturing and processing facilities and risks related to capital expenditures for environmental risks; (xv) the potential inability of CanWel to complete the formal documentation and satisfy the other conditions required to complete the Oregon Plant; and (xvi) 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. There are a number of additional risks and uncertainties affecting or that could affect CanWel, which could cause actual results and developments to differ materially from those described in, expressed or implied by these forward- looking statements, include, among others: regulatory and legal risk, increased debt and interest costs, general economic and business conditions, product selling and prices, product performance, consumer preferences, design and liability risk, environmental risks, remediation risks, software and software design risk, commodity price fluctuations, information systems risk, cybersecurity risks, 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. Factors also include, but are not limited to, dependence on market and economic conditions, sales and margin risk, competition, information system risks, cybersecurity 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, interest rate risks, insurance risks, risks related to climate change and risks related to the impact of local, national, and international health concerns, including but not limited to the impact and / or escalation of the COVID-19 pandemic, including but not limited to changes in: government and health policies; consumer behavior; behavior of the population, business and economic activity levels; consumption, and, the COVID19 pandemic impacting the willingness of customers to purchase products from CanWel, causing labour or product shortages for CanWel, interrupting supplies from third parties upon which CanWel relies, or resulting in governmental regulation adversely impacting CanWel’s business directly or indirectly. 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 U.S. 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; exchange rate fluctuations between the Canadian and US dollar; retention of key personnel; CanWel’s ability to sustain its level of sales and earnings margins; CanWel’s ability to grow its business long term and to manage its growth; CanWel’s management information systems upon which it is dependent are not impaired or compromised by breaches of CanWel’s cybersecurity; CanWel’s insurance is sufficient to cover losses that may occur as a result of its operations; 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 31, 2020 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.

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(1) Please refer to our Q4 2020 MD&A and Financial Statements for further information. Our Q4 2020 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 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".

(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 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".

(4) Not including non-recurring items and before accounting for "Other Comprehensive Income"; please refer to our Annual and Q4 2020 Financial Statements for further information.

(5) The Company adjusted its quarterly common share dividend from $0.14 to $0.12 per share, effective for the dividend paid on October 15, 2020, to shareholders of record on September 30, 2020. Please refer to the press release dated June 15, 2020 for further information. CanWel paid three quarterly distributions at 14 cents and one at 12 cents in 2020 totalling 54 cents, although CanWel declared two dividends at 14 cents and two dividends at 12 cents totaling 52 cents, the difference being in the declaration dates and the actual payment dates. Please refer to our Annual Financial Statements for more information.