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Press Release

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CANWEL BUILDING MATERIALS REPORTS 2019 FINANCIAL RESULTS

Full Year 2019 Financial Highlights[(1)]:

- Revenues increased by 3.3% to a record $1.33 billion
- Gross Margin at 14.4%
- Adjusted EBITDA[(2)] increased by 20.4% to a record $85.8 million
- Net Earnings amounted to $17.2 million
- Total quarterly dividends of $0.56 per share paid

Q4 2019 Financial Highlights[(1)]:

- Revenues increased by 11.1% to $293.4 million
- Gross Margin at 15.1%
- Adjusted EBITDA[(2)] increased by 126.4% to $18.4 million
- Net Earnings increased to $3.4 million
- Quarterly dividend of $0.14 per share paid

VANCOUVER, **CANADA** – March 11, 2020 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX; CWX.NT.A) announced today its fourth quarter and full year 2019 financial results[(1)] for the period ended December 31, 2019.

For the year ended December 31, 2019[(1)], consolidated revenues increased by 3.3% to a Company record of $1.33 billion, compared to $1.29 billion in the same period in 2018. Sales for the Distribution segment increased by $45.0 million or 3.6%, largely due to the inclusion of the results from the Lignum Acquisition, the Company's 2018 acquisitions, and the Company's continuing focus on its product mix strategies and target customer base. Company sales by product group in the year were made up of 58% construction materials, which is comparable to the same period in 2018, with the remaining balance resulting from specialty and allied products of 35%, and forestry and other of 7%.

For 2019, gross margin decreased by 0.5% to $191.9 million, compared to $192.9 million during the corresponding period in 2018. Gross margin percentage amounted to 14.4% of revenues versus 14.9% in 2018. This minor decrease in margin dollars and margin percentage reflects the negative impacts from lower construction material pricing levels and pricing trends relative to 2018.

Adjusted EBITDA[3] for the full year increased by 19.7% to a record $86.2 million, compared to $72.0 million in 2018. EBITDA[2] was slightly impacted by one-time acquisition costs in both 2019 and 2018, resulting in EBITDA amounting to $85.8 million in 2019, versus $71.2 million in 2018. In 2019, EBITDA and Adjusted EBITDA were positively impacted by the adoption of IFRS 16, in the amount of $20.3 million. Excluding the impact of IFRS 16 adoption, Adjusted EBITDA decreased by $6.1 million or 8.5%. As a result of the foregoing, net earnings amounted to $17.2 million in 2019, when compared to $30.0 million in 2018.

For the three-month period ended December 31, 2019[1], revenues increased 11.1% to $293.4 million when compared to $264.0 million in the same period in 2018. Sales for the Distribution segment increased by $32.8 million or 13.0% compared to the same period in 2018, largely due to the inclusion of the results from the Lignum Acquisition in 2019, the 2018 acquisitions, 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 55% construction materials, with the remaining balance of sales resulting from specialty and allied products of 37%, and forestry and other of 8%.

The pricing environment for construction materials experienced continued pressure and volatility throughout the fourth quarter and full year in 2019. After experiencing approximately eighteen months of generally increasing prices since the beginning of 2017, lumber prices peaked in June 2018, then experienced significant declines throughout 2018 with pricing showing signs of stabilization and a positive trend, towards the end of 2019.

Gross margin dollars increased by 14.4% to $44.2 million, compared to $38.6 million during the corresponding period in 2018. Gross margin percentage increased to 15.1% of revenues versus 14.6% during the same period in 2018. This increase in margin dollars and margin percentage is mainly attributable to the inclusion of the results from the Lignum Acquisition in 2019, the 2018 acquisitions, as well as more favorable trends in construction material pricing compared to 2018.

Adjusted EBITDA[3] for the three-month period ended December 31, 2019[1], amounted to $18.4 million, compared to $8.9 million in 2018. EBITDA[2] was impacted by one-time acquisition costs in 2018, resulting in EBITDA amounting to $18.4 million in 2019, versus $8.1 million in 2018. The reported period EBITDA and Adjusted EBITDA were positively impacted by the adoption of IFRS 16, in the amount of $5.0 million. Excluding the impact of IFRS 16 adoption, Adjusted EBITDA increased by $4.5 million. As a result, net earnings increased to $3.4 million in 2019, compared to $370,000 in 2018.

CanWel paid a total of $0.56 per share in dividends in 2019, or $0.14 per share in quarterly dividends, unchanged from the corresponding period in 2018.

"We are very proud of our financial performance in 2019 as we worked through the continued market and pricing pressures the industry was facing," commented Amar S. Doman, Chairman of the Board. "We are encouraged with our performance in the fourth quarter with ongoing focus on our key financial metrics and cost controls, complemented by our ongoing efforts on evaluating strategic growth opportunities in the backdrop to further fuel profitable growth and sustainable value creation for the future."

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

	Three months ended December 31,		Year ended December 31,	
	2019	**2018**	**2019**	**2018**
(in thousands of dollars)	**$**	**$**	**$**	**$**
Net earnings	**3,372**	370	**17,219**	30,015
Provision for income taxes	**(535)**	(439)	**4,841**	11,131
Finance costs	**4,992**	3,134	**21,868**	11,672
Depreciation of property, plant and equipment	**3,411**	3,340	**13,373**	11,709
Amortization of right-of-use assets	**5,404**	-	**21,616**	-
Amortization of intangible assets	**1,698**	1,700	**6,822**	6,713
Share-based compensation	**10**	-	**29**	25
EBITDA	**18,352**	8,105	**85,768**	71,265
Acquisition costs	**-**	753	**415**	753
Adjusted EBITDA	**18,352**	8,858	**86,183**	72,018

Note: The Company adopted IFRS 16 Leases on January 1, 2019. Comparative periods have not been restated.

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 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, 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(1) 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) 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, 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 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, 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; (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, 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, 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 impact of local, national and international health concerns. 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; 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.

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(1) Please refer to our Q4 2019 MD&A and Financial Statements for further information. Our Q4 2019 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".