

## INVESTOR FACT SHEET

### Second quarter ended June 30, 2017

Stella-Jones Inc. (TSX: SJ) is a leading producer and marketer of pressure treated wood products. The Company supplies North America's railroad operators with railway ties and timbers, and the continent's electrical utilities and telecommunication companies with utility poles. Stella-Jones also manufactures and distributes residential lumber and accessories to retailers for outdoor applications, as well as industrial products for construction and marine applications. The Company's common shares are listed on the Toronto Stock Exchange.

# A CONSISTENT FORCE

## A WORD FROM THE PRESIDENT

Stella-Jones generated solid operating results in the second quarter. This performance was driven by higher railway tie volume stemming from earlier than expected deliveries for certain orders, partially offsetting the impact of lower year-over-year pricing in this product category. In addition, healthy demand in the utility pole category reflects sales synergies stemming from Stella-Jones' expansion in the southeastern United States over the past two years.

Sales reached \$594.2 million, up 5.5% from \$563.1 million last year. Acquisitions contributed sales of approximately \$16.0 million, while the conversion effect from fluctuations in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, had a positive impact of \$16.9 million on the value of U.S. dollar denominated sales. Excluding these factors, sales decreased marginally by \$1.8 million, or 0.3%.

Operating income stood at \$74.5 million, or 12.5% of sales, compared with \$83.2 million, or 14.8% of sales in the second quarter of the previous year. The decrease in absolute dollars and as a percentage of sales essentially reflects lower selling prices for railway ties and a less favourable geographical mix in the utility pole category.

Net income for the second quarter of 2017 was \$48.9 million, or \$0.71 per diluted share, versus \$54.7 million, or \$0.79 per diluted share, in the second quarter of 2016.

**Brian McManus**  
President and CEO  
August 9, 2017

## SECOND QUARTER HIGHLIGHTS

- Sales of \$594.2 million, up 5.5% from \$563.1 million a year ago
- Operating income of \$74.5 million, compared with \$83.2 million in the prior year
- Net income of \$48.9 million, versus \$54.7 million last year
- Diluted EPS of \$0.71, compared with \$0.79 a year ago

## FINANCIAL HIGHLIGHTS

(in millions of Canadian dollars, except per share data)

	Quarters ended June 30, (unaudited)		Six months ended June 30, (unaudited)	
	2017	2016	2017	2016
Sales	594.2	563.1	991.2	984.0
Operating income	74.5	83.2	115.3	137.8
Net income for the period	48.9	54.7	74.8	89.7
Per share – basic and diluted (\$)	0.71	0.79	1.08	1.30
Weighted average shares out. (basic, in '000s)	69,322	69,185	69,314	69,162

## RECENT EVENT

On August 8, 2017, the Board of Directors declared a quarterly dividend of \$0.11 per common share, payable on September 22, 2017 to shareholders of record at the close of business on September 1, 2017.

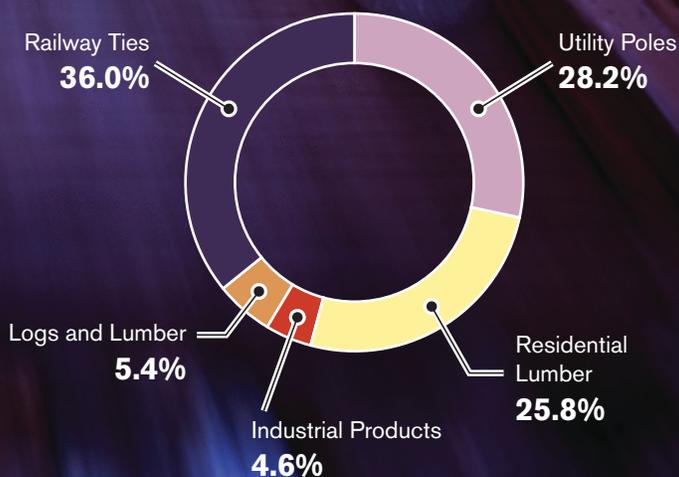
## 5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data)	Trail. 12 months	2016	2015	2014	2013
Sales	<b>1,845.5</b>	1,838.4	1,559.3	1,249.5	1,011.3
Operating income	<b>210.8</b>	233.2	220.1	155.7	138.7
Operating margin	<b>11.4%</b>	12.7%	14.1%	12.5%	13.7%
Net income for the period	<b>139.0</b>	153.9	141.4	103.8	92.5
Per common share – diluted (\$)	<b>2.01</b>	2.22	2.04	1.50	1.34

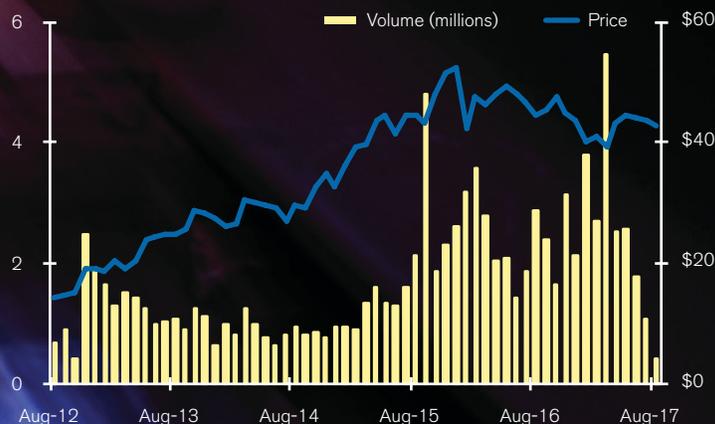
## OUTLOOK

As previously anticipated, the Company expects higher year-over-year sales in the second half of 2017 when compared to the previous year. While higher railway tie volume will be offset by lower pricing, a return to normal maintenance demand patterns and improving demand for special projects should result in higher year-over-year sales in the utility pole category. However, overall operating margins will remain affected by soft railway tie pricing and a less favourable geographical sales mix for utility poles. Stella-Jones remains committed to maximizing operating efficiencies and minimizing costs throughout the organization, while continuing to study any expansion opportunity that offers strategic value in its main product categories to the benefit of its shareholders.

## PRODUCT CATEGORIES (in % of Q2 sales)



## STOCK PERFORMANCE



Stella-Jones Inc.

[www.stella-jones.com](http://www.stella-jones.com)

3100 Côte-Vertu, Suite 300

Saint-Laurent, Québec H4R 2J8

Tel: (514) 934-8666

### INVESTOR RELATIONS

Éric Vachon  
Senior Vice-President and  
Chief Financial Officer  
Tel.: (514) 940-3903  
Fax: (514) 934-5327  
Email: [evachon@stella-jones.com](mailto:evachon@stella-jones.com)

### ANALYST COVERAGE

Leon Aghazarian  
Justin Keywood  
Mona Nazir  
Mark Neville  
Benoît Poirier  
Brian Pow  
Walter Spracklin  
Michael Tupholme

National Bank Financial  
GMP Securities  
Laurentian Bank Securities  
Scotia Capital  
Desjardins Securities  
Acumen Capital Finance Partners Limited  
RBC Capital Markets  
TD Securities

### STOCK INFORMATION

Toronto Stock Exchange Symbol: SJ  
Price as of August 8, 2017: \$42.91  
High/Low: \$49.44 - \$37.17  
(52 weeks ended August 8, 2017)  
Number of Shares Outstanding: 69,328,862  
(August 8, 2017)