



BUILDING ON OUR STRENGTHS

INVESTOR
PRESENTATION

November 2019

FORWARD-LOOKING STATEMENTS

This presentation contains certain statements that are forward-looking, including comments with respect to the Company's objectives, strategies, targets and expectations. We caution you not to place undue reliance on these statements since a number of known and unknown risks and uncertainties may cause actual results to be materially different from those expressed or implied by such forward-looking statements. Such risks include: economic conditions; dependence on major customers; availability and cost of raw materials; environmental risk; risks related to acquisitions; litigation risk; insurance coverage; currency risk; interest rate fluctuations; customers' credit risk; cyber risk; corporate tax risk and other factors referred to herein and in the Company's annual information form, and other public documents filed with the Canadian Securities Regulatory Authorities (available on SEDAR at www.sedar.com).

NON-IFRS MEASURES

Gross profit, operating income, operating income before depreciation of property, plant and equipment and amortization of intangible assets (herein referred to as earnings before interest, taxes, depreciation and amortization [“EBITDA”]), cash flow from operating activities before changes in non-cash working capital components and interest and income taxes paid, total debt to total capitalization and total debt to EBITDA are financial measures not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers.

Management considers these non-IFRS measures to be useful information to assist knowledgeable investors regarding the Company’s financial condition and operating results as they provide additional measures of its performance. Please refer to the Company’s MD&A for a reconciliation of EBITDA to net income.

ADOPTION OF IFRS 16, *LEASES* (“IFRS 16”)

- *On January 1, 2019, the Company retrospectively adopted IFRS 16*
- *Comparatives for the 2018 reporting period have not been restated*
- *The application of this new standard resulted in:*
 - *The addition of right-of-use assets and lease liabilities to the consolidated statements of financial position*
 - *Instead of lease expenses, right-of-use asset depreciation and financing costs will be recorded to the consolidated statements of income*
- *Please refer to the impact of new accounting pronouncements and interpretation section in the Company’s MD&A for further details on the adoption of IFRS 16.*

AGENDA

- Investment Thesis
- Overview of Stella-Jones
- Strategy and Future Growth
- Overview by Business Unit
- Financial Trends
- Q3-2019 Results
- Appendix



INVESTMENT THESIS

INVESTMENT THESIS

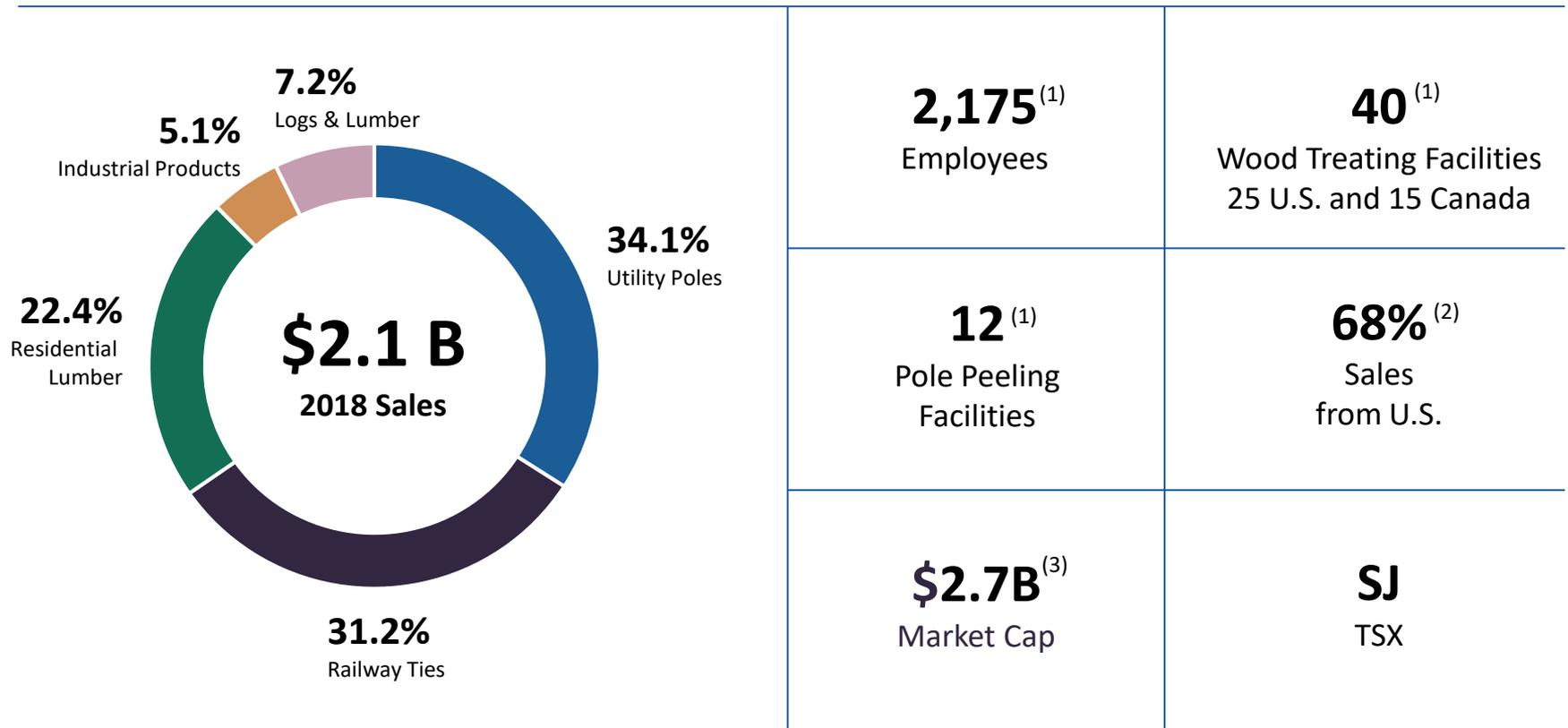
- Balanced portfolio of businesses
- Track record of performance
- Leadership positions in markets served
- Scope of network in North America
- Solid balance sheet
- Proven consolidator with disciplined acquisition strategy
- Experienced and proven management team



OVERVIEW OF STELLA-JONES

STELLA-JONES AT A GLANCE

A Leading North American Supplier of Pressure Treated Wood Products

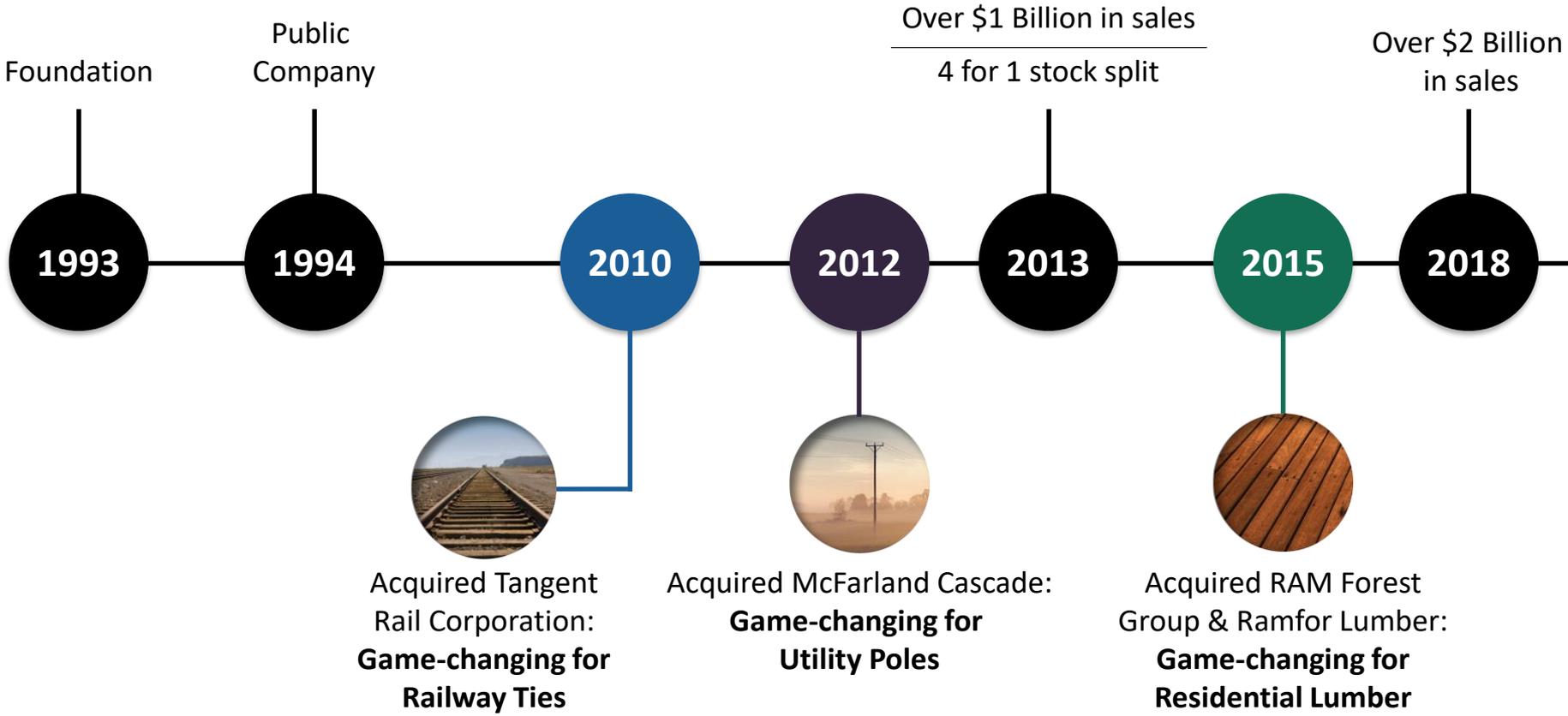


(1) As at Q3-19

(2) Based on fiscal 2018 results

(3) As at November 7, 2019

IMPORTANT MILESTONES



GROWING BY ACQUISITIONS

July 2003	Cambium Group Inc. (Canada)
August 2005	Webster Wood Preserving (U.S.)
July 2006	Bell Pole Company (Canada)
February 2007	Wood utility pole business of J.H. Baxter (U.S.)
April 2008	The Burke-Parsons-Bowlby Corporation (U.S.)
April 2010	Tangent Rail Corporation (U.S.)
December 2011	Thompson Industries (U.S.)
November 2012	McFarland Cascade Holdings (U.S.)
November 2013	The Pacific Wood Preserving Companies® (U.S.)
May 2014	Wood treating facilities of Boatright Railroad Products (U.S.)
September 2015	Treated Materials Co., Inc. (U.S.)
October 2015	Ram Forest Group Inc. and Ramfor Lumber Inc. (Canada)
December 2015	United Wood Treating Company, Inc. (U.S.)
June 2016	Lufkin Creosoting Co., Inc. and 440 Investments, LLC ["Kisatchie"] (U.S.)
December 2016	Bois KMS Ltée and Northern Pressure Treated Wood Ltd (Canada)
December 2017	Wood Products Industries Inc. (Canada)
February 2018	Prairie Forest Products (Canada)
April 2018	Wood Preservers Incorporated (U.S.)
April 2019	Shelburne Wood Protection Ltd. (Canada)



Acquisition Contribution

- Stronger industry player
- Expand North American network
- Broaden product line
- Greater customer service/ flexibility/ emergency response
- Ability to bid on larger projects
- Synergies

STELLA-JONES' CONTINENTAL NETWORK



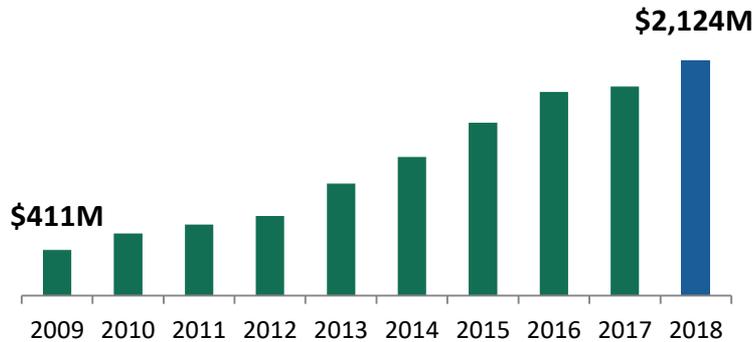
- Treating Facilities
- ◆ Coal Tar Distillery

- | | | |
|--------------------------|-----------------------|------------------------|
| 1 New Westminster, BC | 15 Truro, NS | 29 Cameron, WI |
| 2 Prince George, BC | 16 Arlington, WA | 30 Memphis, TN |
| 3 Galloway, BC | 17 Tacoma, WA | 31 Scooba, MS |
| 4 Carseland, AB | 18 Sheridan, OR | 32 Fulton, KY |
| 5 Neepawa, MB | 19 Eugene, OR | 33 Winslow, IN |
| 6 South River, ON | 20 Silver Springs, NV | 34 Montevallo, AL |
| 7 Guelph, ON | 21 Eloy, AZ | 35 Clanton, AL |
| 8 Shelburne, ON * | 22 Lufkin, TX | 36 Cordele, GA |
| 9 Stouffville, ON | 23 Russellville, AR | 37 Whitmire, SC |
| 10 Peterborough, ON | 24 Rison, AR | 38 Goshen, VA |
| 11 Gatineau, QC | 25 Converse, LA | 39 Warsaw, VA |
| 12 Rivière-Rouge, QC | 26 Pineville, LA | 40 Dubois, PA |
| 13 Delson, QC | 27 Alexandria, LA | 41 McAllisterville, PA |
| 14 Sorel-Tracy, QC | 28 Bangor, WI | |

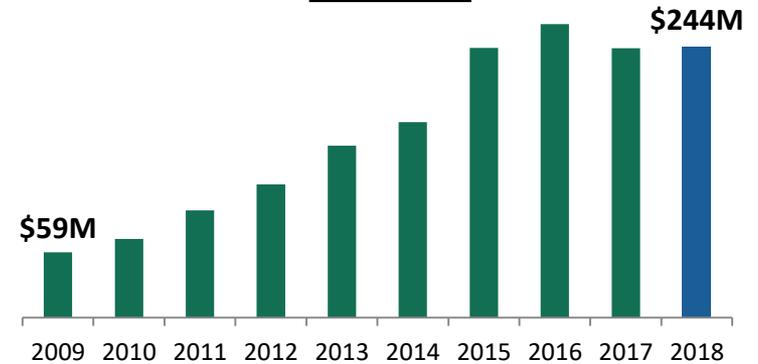
*Acquired April 2019

TRACK RECORD OF PERFORMANCE

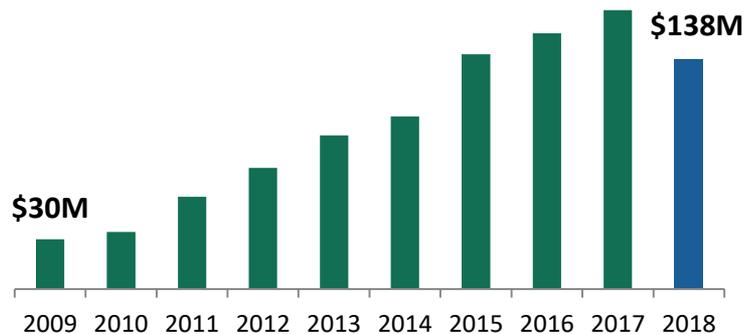
Sales



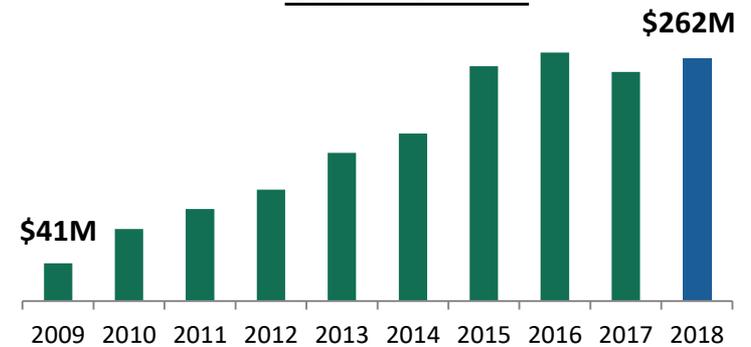
EBITDA⁽¹⁾



Net income



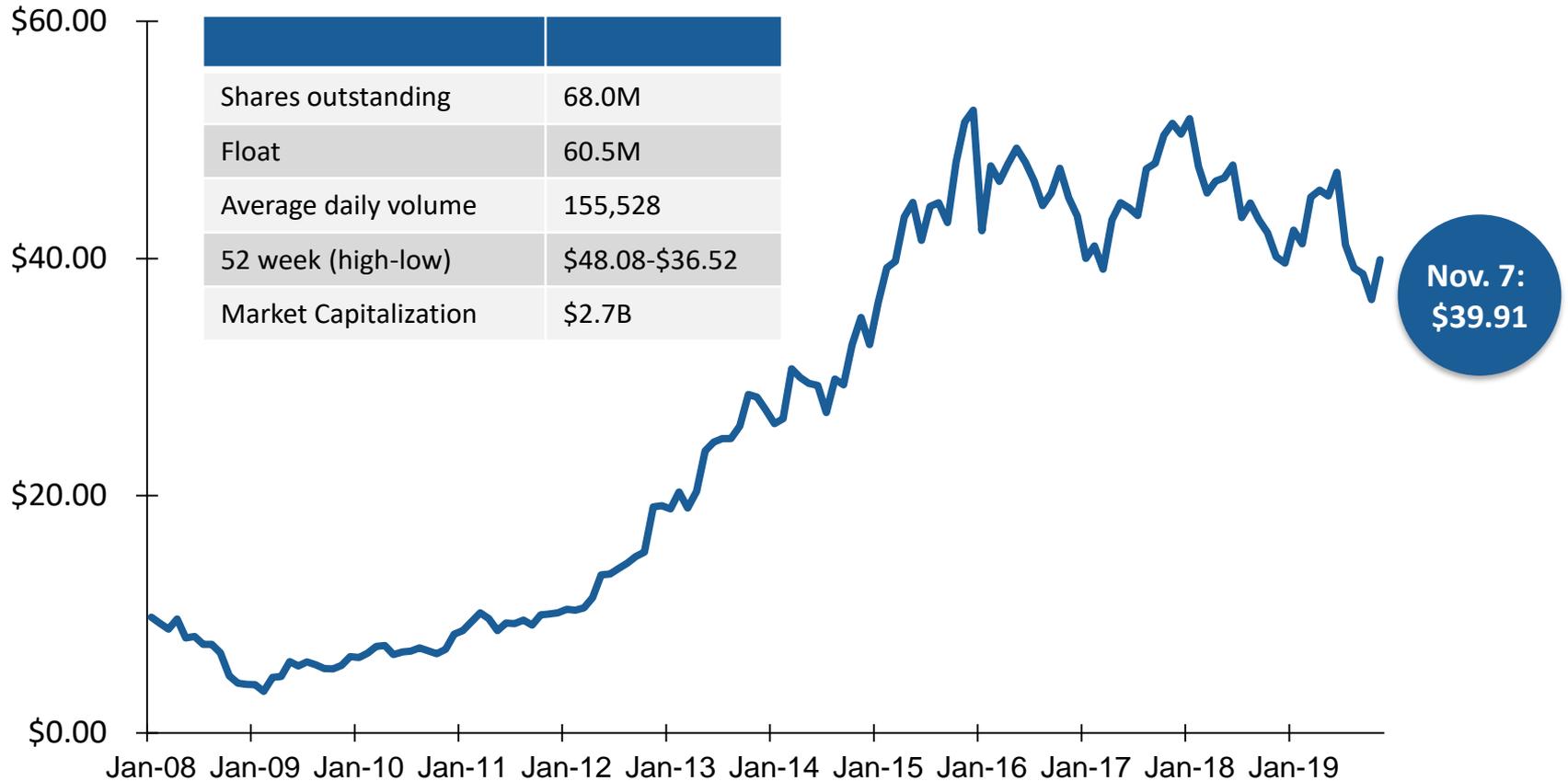
Cash Flow⁽¹⁾⁽²⁾



⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽²⁾Before changes in non-cash working capital components and interest and income tax paid.

STOCK PRICE PERFORMANCE



Source: Yahoo Finance



STRATEGY AND FUTURE GROWTH

STRATEGY AND FUTURE GROWTH BY BUSINESS UNIT

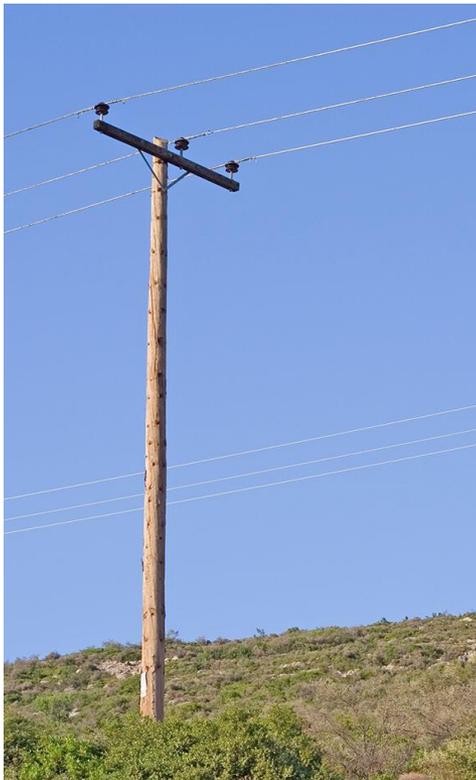
		Market	Growth Drivers	Trends	Growth Strategy
	34.1% Utility Pole Sales	<ul style="list-style-type: none"> Potential for further consolidation in the North American market 	<ul style="list-style-type: none"> Replacement programs Weather related events Mid-single digit growth 	<ul style="list-style-type: none"> Increase in replacement demand as average age of poles is very high 	<ul style="list-style-type: none"> Acquisitions Leveraging the upcoming increase in replacement demand
	31.2% Railway Tie Sales	<ul style="list-style-type: none"> Stable market Market is fairly consolidated 	<ul style="list-style-type: none"> Maintenance requirements Market share gains GDP growth 	<ul style="list-style-type: none"> Increasing costs of untreated railway ties Tighter supply market 	<ul style="list-style-type: none"> Tuck-in acquisitions Increased market reach
	22.4% Residential Lumber Sales	<ul style="list-style-type: none"> Partially consolidated 	<ul style="list-style-type: none"> Home renovation Dealer network 	<ul style="list-style-type: none"> Lower lumber prices 	<ul style="list-style-type: none"> Expanding the dealer network Select acquisitions
	5.1% Industrial Product Sales	<ul style="list-style-type: none"> Niche business driven primarily by bridge timbers, road crossings, pilings and special projects 2018 acquisition in Warsaw, VA will further contribute to sales in this category 			
	7.2% Logs and Lumber Sales	<ul style="list-style-type: none"> Business used to optimize our costs 			



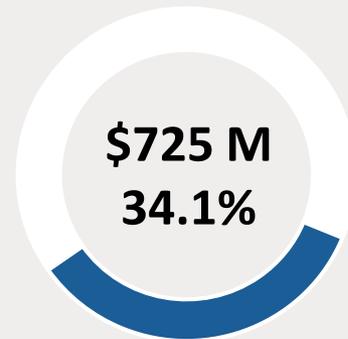
OVERVIEW BY BUSINESS UNIT

UTILITY POLES - OVERVIEW

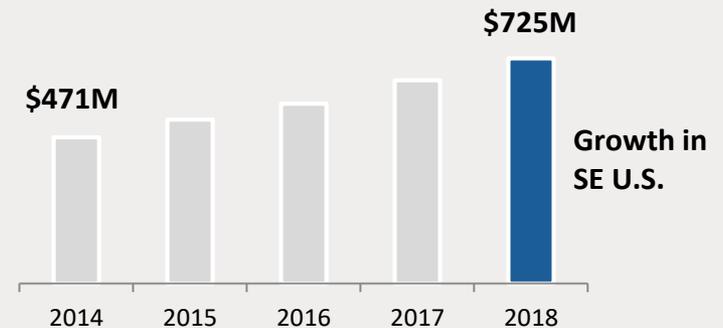
Leading North American supplier of wood utility poles, providing one million poles per year to replace, upgrade and develop new electrical utility and telecommunications lines across Canada and the United States



2018 Sales



5-Year Sales



20 Facilities

- 7 in Canada
- 13 in U.S.

Transformative Acquisition

- McFarland (2012)

UTILITY POLES - OFFERING



Competitive Advantages

An extensive transportation network, continuous supply and emergency response

Customers

- Electrical utility companies
- Telecommunication companies

Contracts

- ~80% of business under multi-year agreements
- Price increases are indexed
- Varying 3 to 7 years (evergreen features)

Services

- Incising
- Radial Drilling
- Through Boring
- Framing
- Laminated Wood Pole Design

Wood Species

- Western Red Cedar
- Douglas Fir
- Red Pine
- Southern Yellow Pine

Preservatives

- Pentachlorophenol (Penta)
- Chromated Copper Arsenate
- Creosote
- Copper Naphthenate

UTILITY POLES – MARKET CONDITIONS

Increase in replacement demand as average age of poles is very high



Market Size

- There are about 150MM poles in North America, of which 105MM are wood
- Wood offers the best value over alternative materials such as steel, composites and concrete



Marketplace

- Potential for further consolidation in the North American market

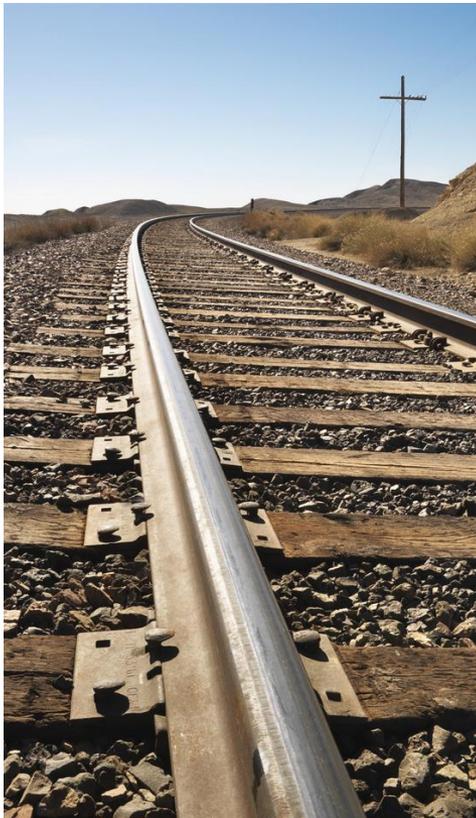


Growth Drivers

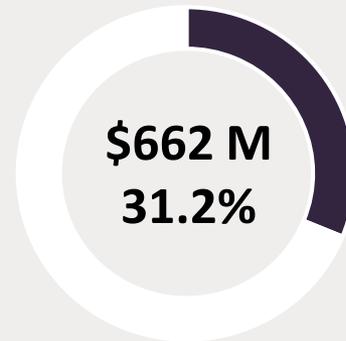
- Replacement programs (life span of poles is typically 65 years)
- Weather related events
- Mid-single digit growth

RAILWAY TIES - OVERVIEW

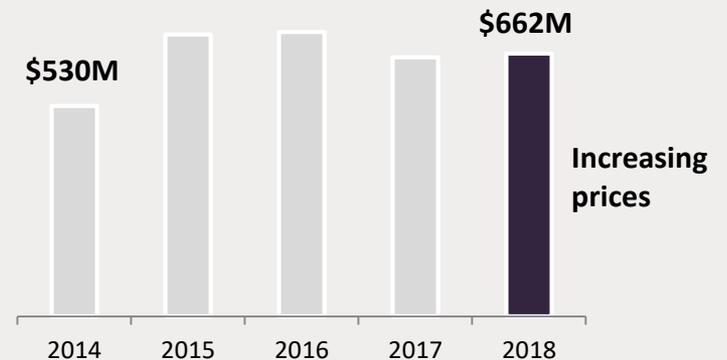
Industry leader in the production of quality pressure treated railroad ties and timbers, supplying over 12 million cross ties per year



2018 Sales



5-Year Sales



12 Facilities

- 2 in Canada
- 10 in U.S.

+1,200 Suppliers

- Hardwood sawmills

Transformative Acquisition

- Tangent Rail (2010)

RAILWAY TIES - OFFERING



Competitive Advantages

An extensive transportation network, continuous supply and short delivery times

Customers

- ~65% Class 1 railroads
- ~35% short and regional rail lines & contractors

Contracts

- Long-term contracts of up to 10 years with Class 1 railroads
- Short and regional rail lines and contractor orders are obtained primarily through spot market bids

Services

- Pre-Plating
- Pre-boring
- Disposal

Wood Species

- Mixed Hardwood
- Oak

Preservatives

- Creosote
- Borate
- Copper Naphthenate

RAILWAY TIES – MARKET CONDITIONS

Increasing costs of untreated railway ties, combined with tighter supply is expected to lead to continued upward selling price adjustments in 2019



Market Size

- ~24 million railway tie purchases on an annualized basis in North America
- 90% of ties sold in North America are for maintenance and over 90% are wood



Marketplace

- Stable market
- Market is fairly consolidated



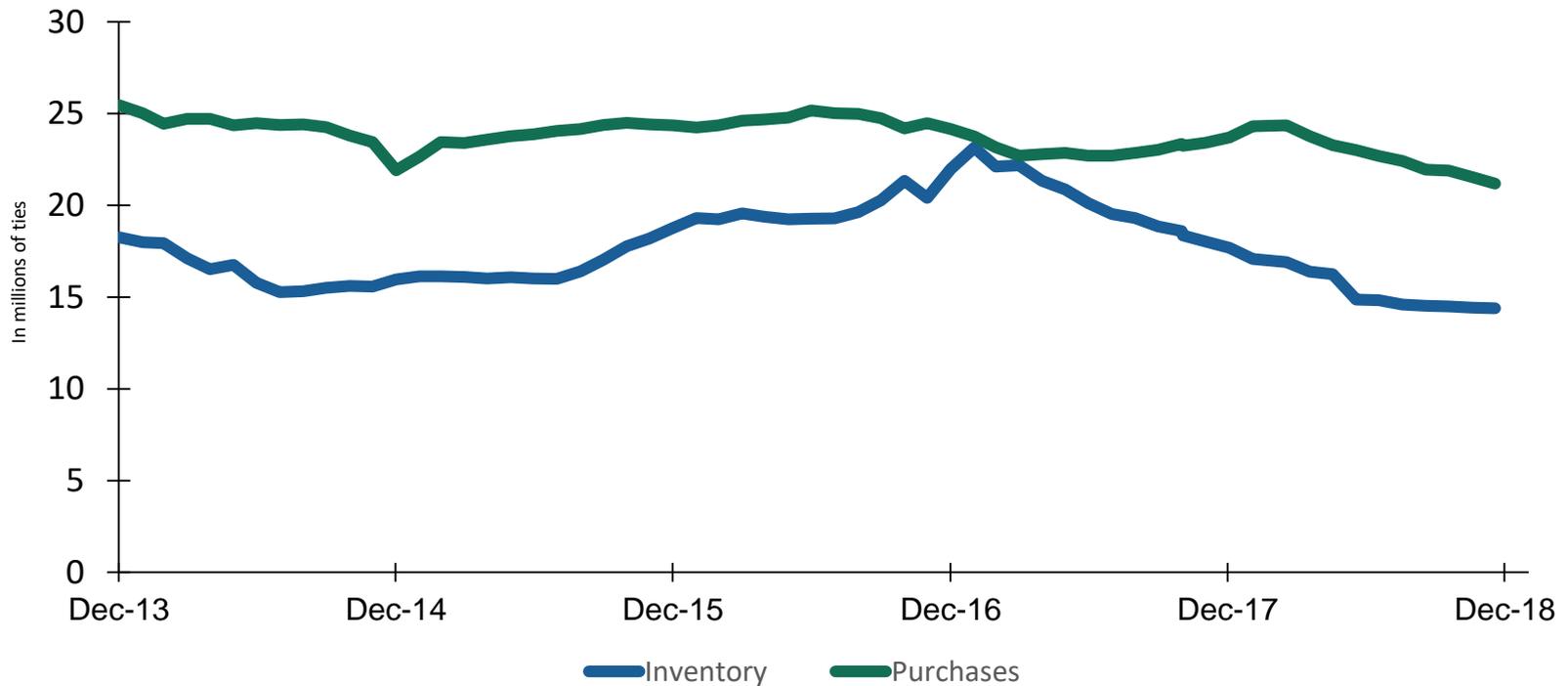
Growth Drivers

- Maintenance requirements
- Market reach gains
- Tuck-in acquisitions
- GDP growth

ANNUALIZED RAILWAY TIE – PURCHASES & INVENTORY



Industry inventory levels are lower at 14.4 million as at December 31, 2018, as purchases are outpacing production



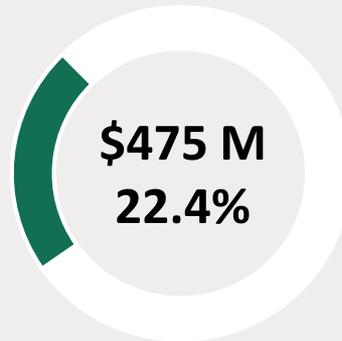
Source: Railway Tie Association (RTA)

RESIDENTIAL LUMBER - OVERVIEW

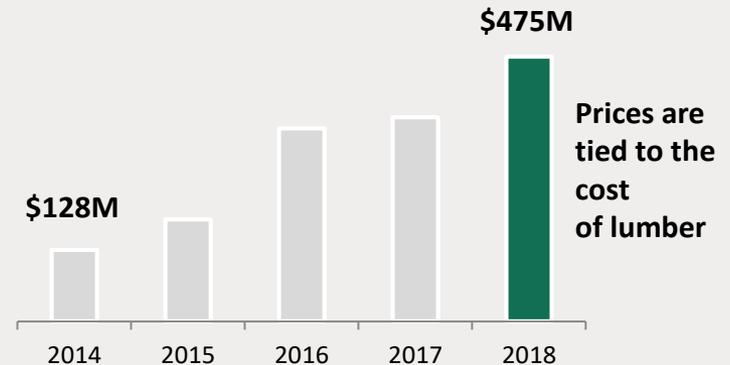
Provides seamless, end-to-end service to key North American retailers, supplying hundreds of millions of board feet of treated residential lumber across Canada and the United States each year



2018 Sales



5-Year Sales



8 Facilities

- 6 in Canada
- 2 in U.S.

Transformative Acquisition

- RAM Forest Group (2015)

RESIDENTIAL LUMBER - OFFERING



Competitive Advantages

Low transportation costs, continuous supply and short delivery times

Customers

- ~80% Big box retailer
- Dealer network

Contracts

- Renewed annually

Services

- Lumber
- Distribution of complementary accessories

Wood Species

- Hemlock
- Pine
- Spruce
- Fir

Preservatives

- Alkaline Copper Quaternary (ACQ)
- Copper Azole (CA)
- Micronized Copper Azole (MCA)

RESIDENTIAL LUMBER – MARKET CONDITIONS

Continued demand for new construction and outdoor renovation projects in the North American residential and commercial markets to be partially offset by lower lumber costs



Market Size

- Difficult to access
- Limited pure plays



Marketplace

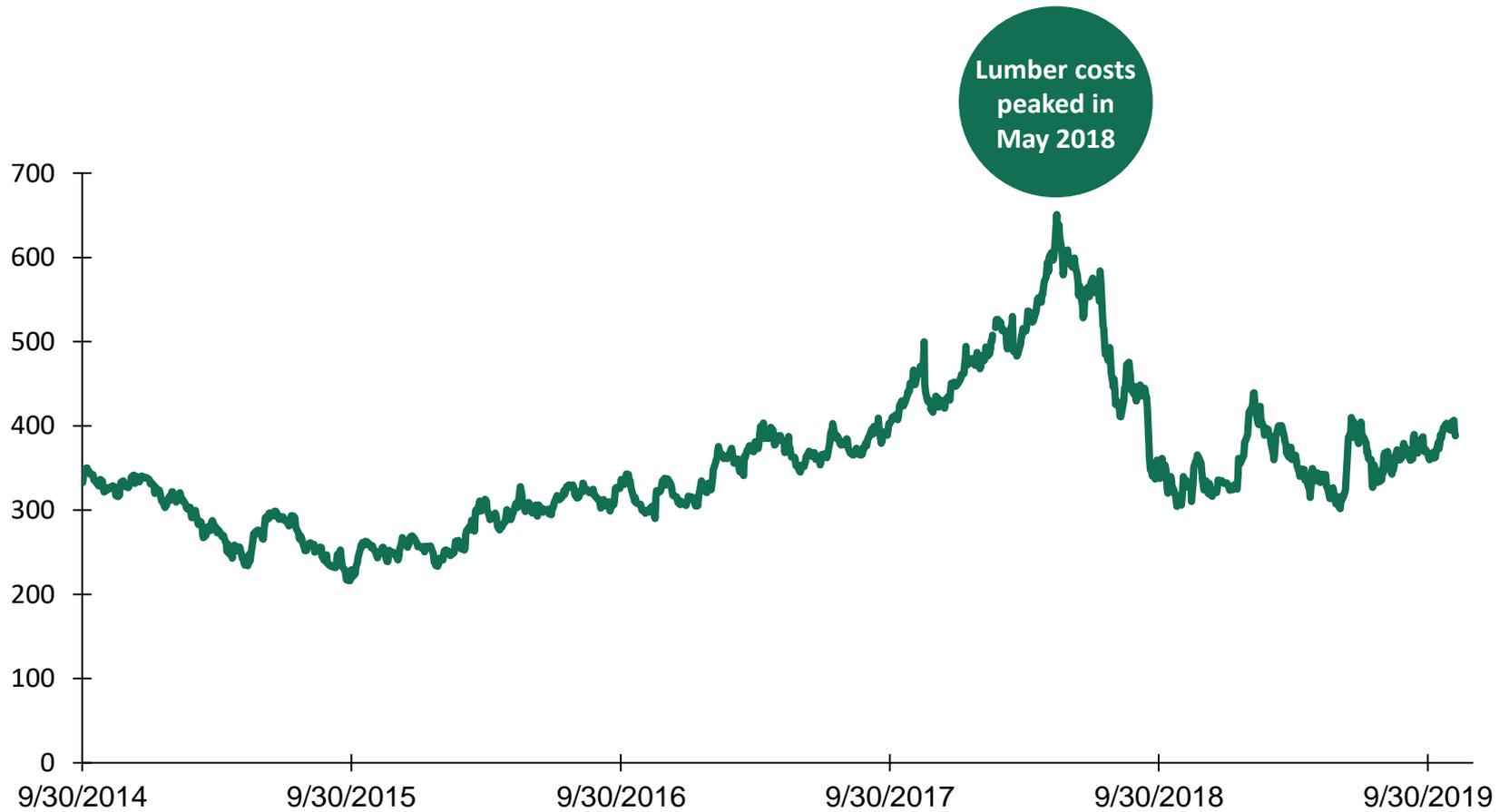
- Partially consolidated



Growth Drivers

- Home renovation
- Expanding the dealer network
- Select acquisitions

LUMBER COSTS – 5 YEAR EVOLUTION

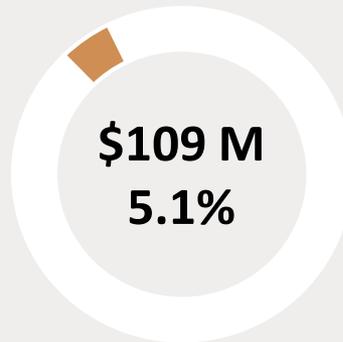


INDUSTRIAL PRODUCTS - OVERVIEW

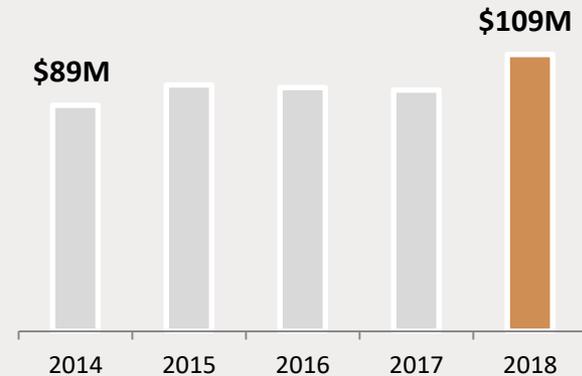
A leading supplier of pressure treated wood products to the marine, industrial and civic sectors for outdoor applications including piling, wharf timbers, bridge timbers, crane mats, railway crossings and laminated poles



2018 Sales



5-Year Sales

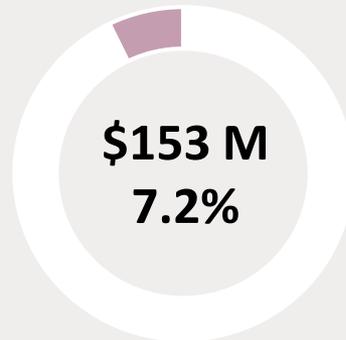


LOGS AND LUMBER - OVERVIEW

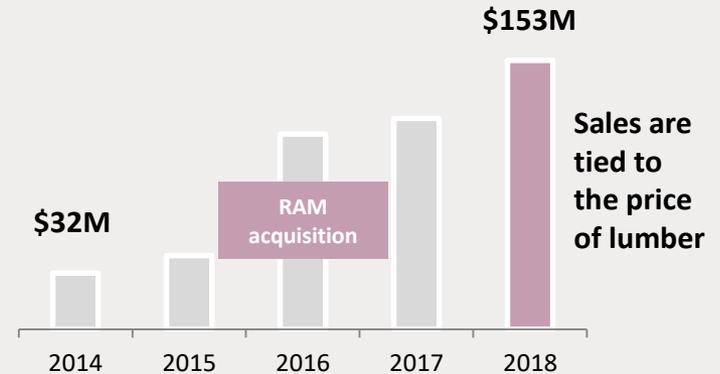
Business used to optimize our costs by selling non-pole quality logs and excess untreated dimensional lumber to the market



2018 Sales



5-Year Sales



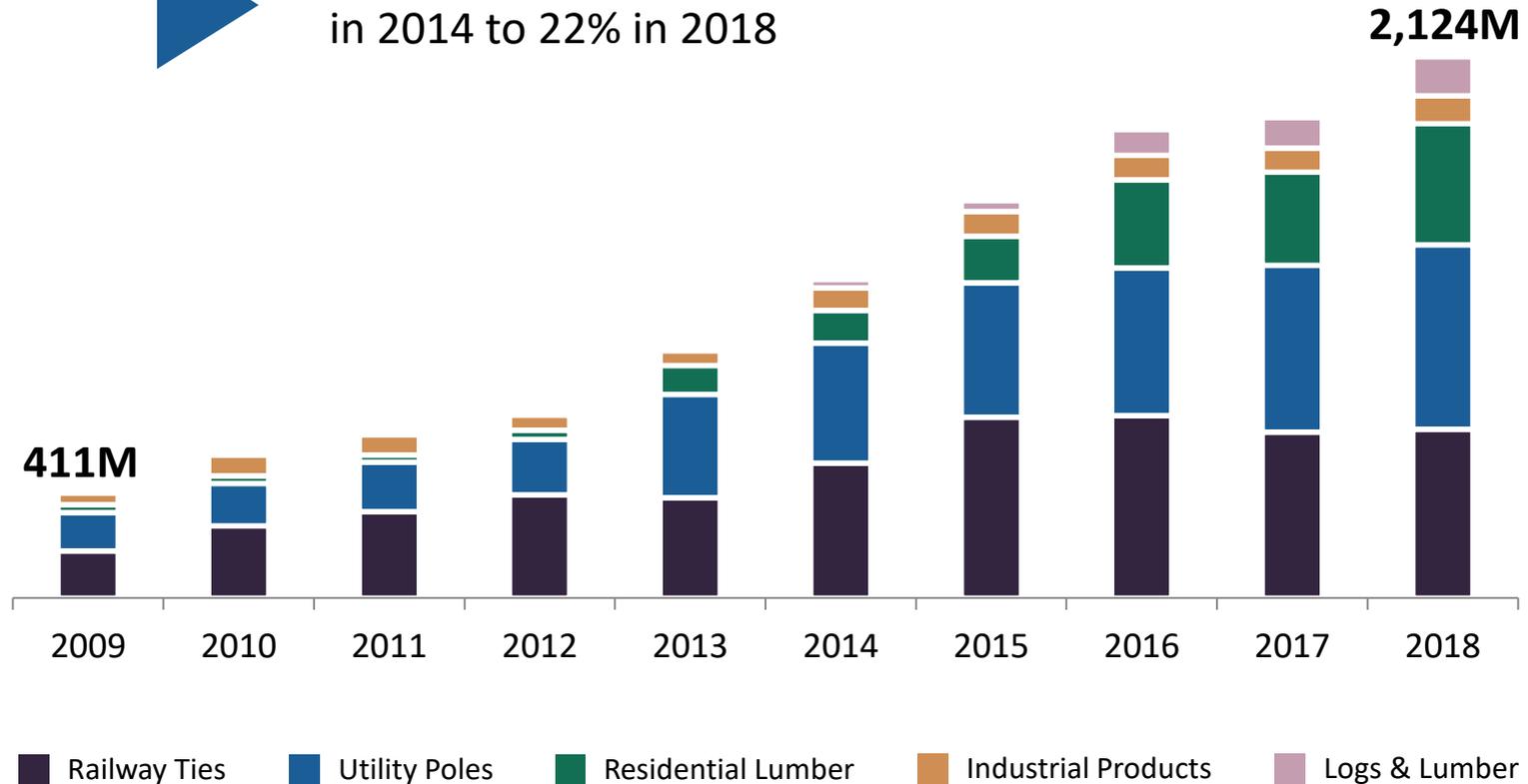


FINANCIAL TRENDS

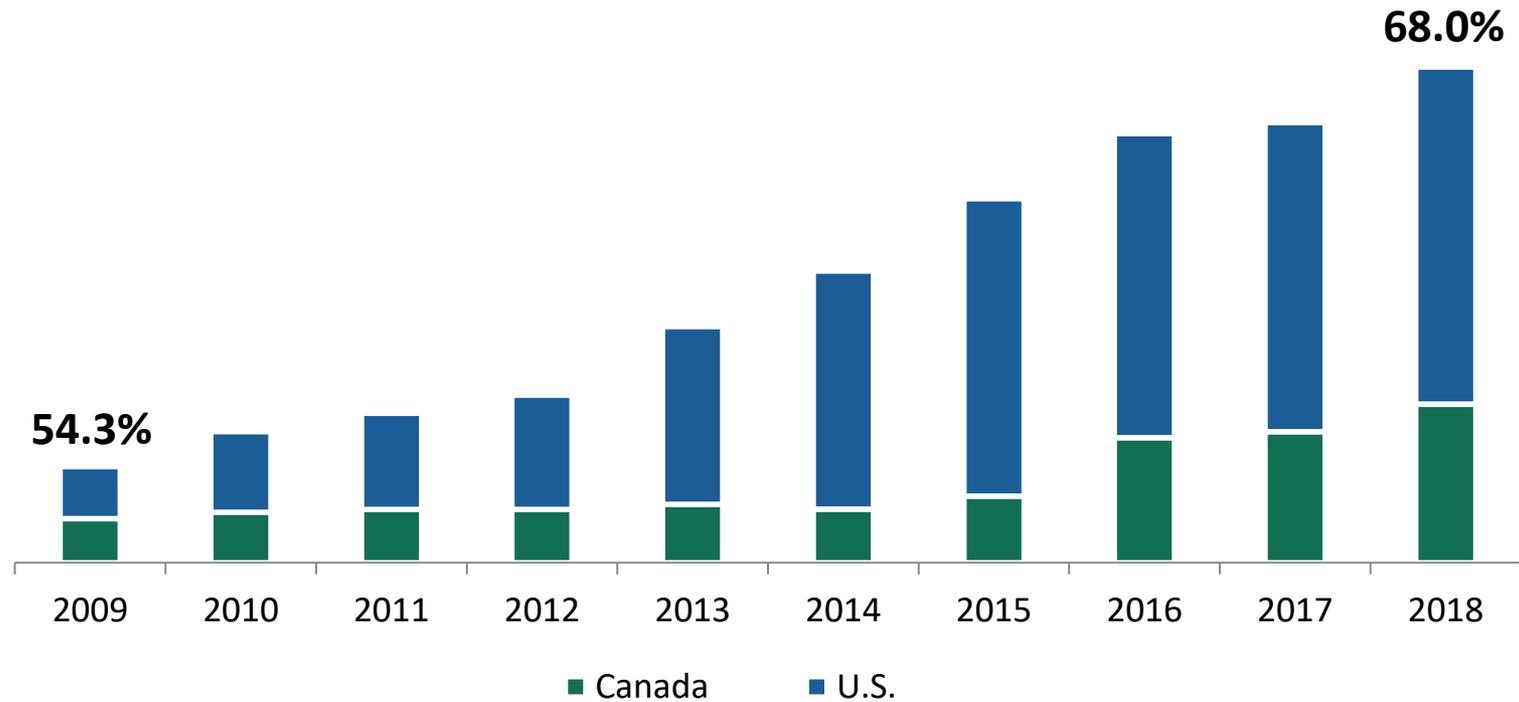
Building a Strong Third Pillar



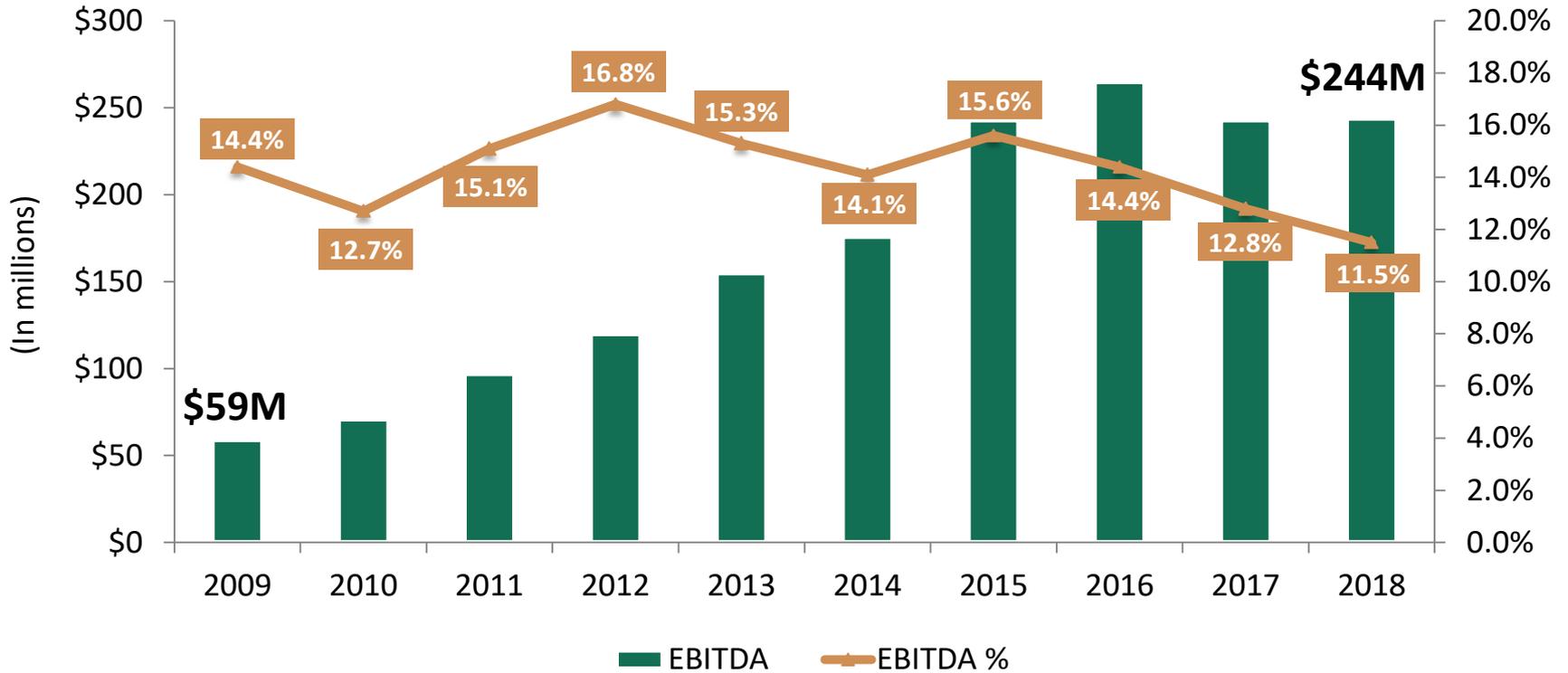
Residential lumber grew from 10% of sales in 2014 to 22% in 2018



Growing Proportion of U.S. Sales as a % of Total Sales



EBITDA⁽¹⁾

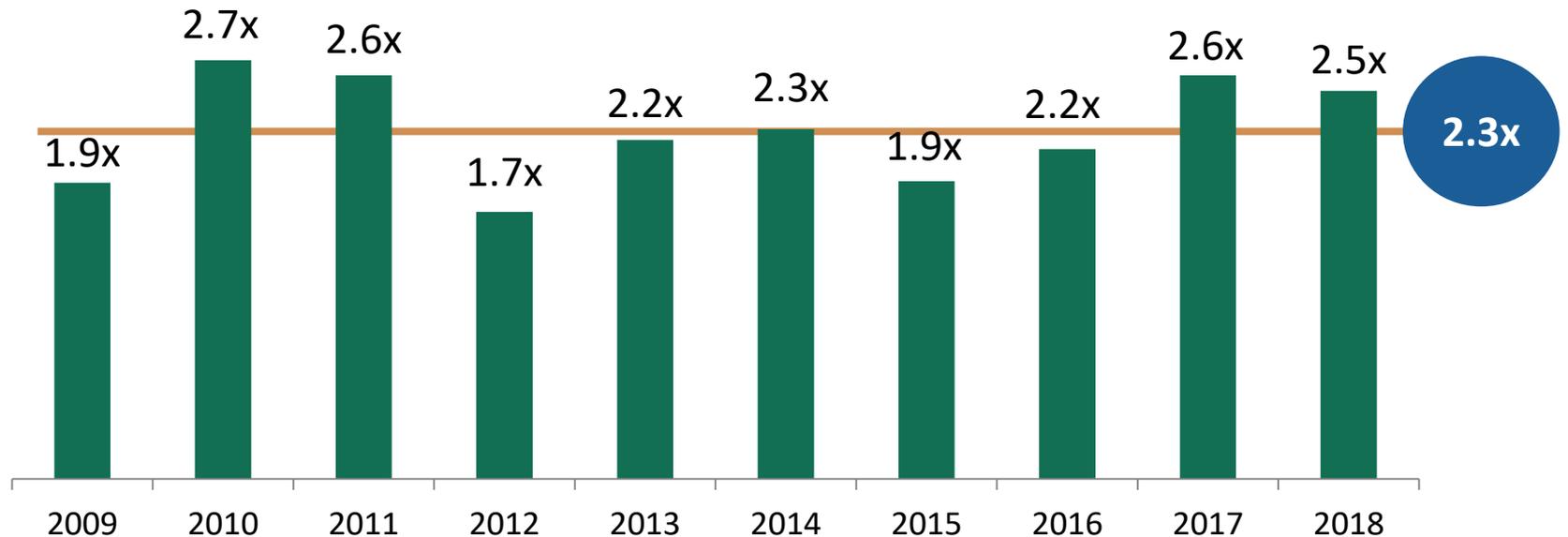


⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.

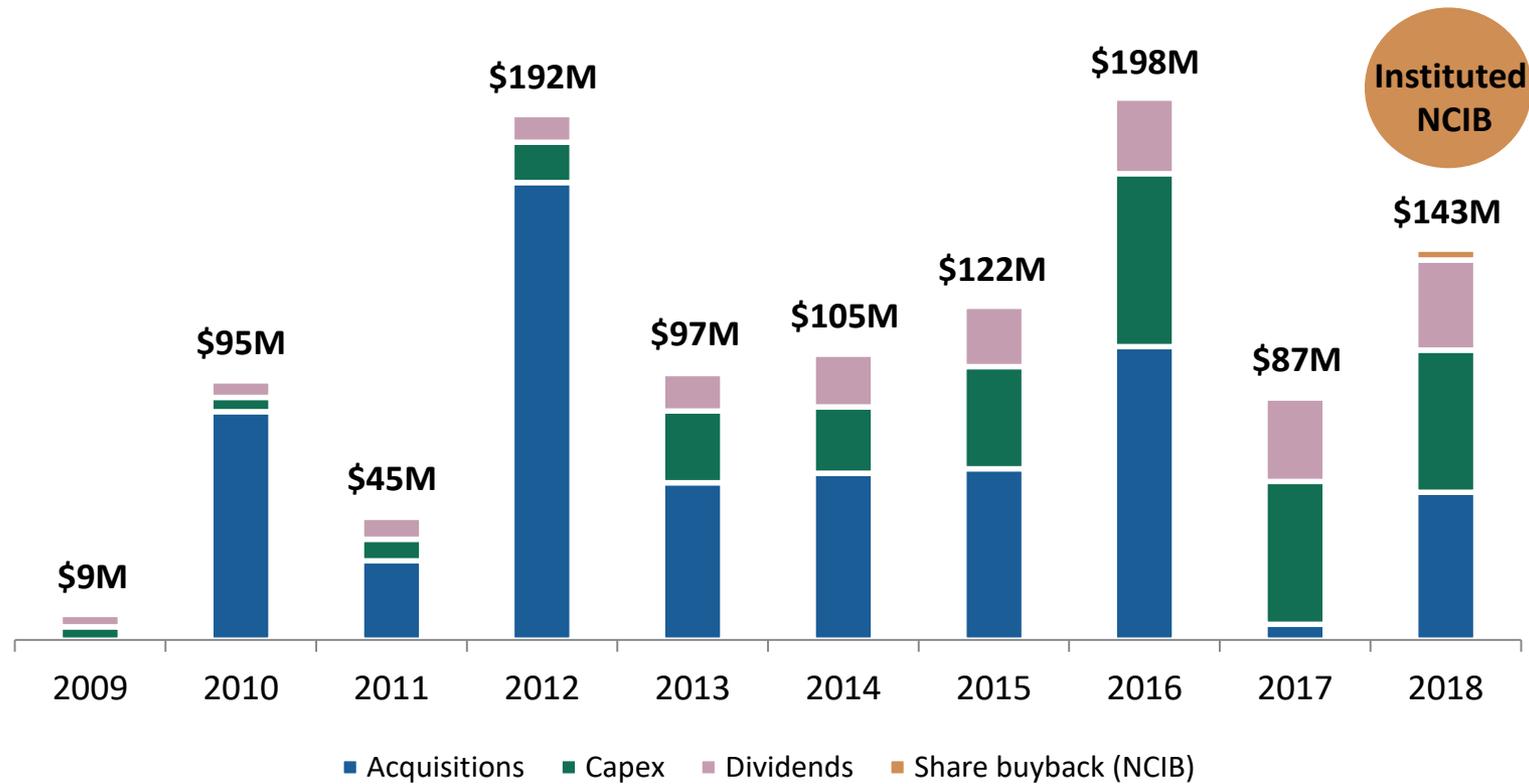
Inventory Turnover



Because of the long periods required to air-season wood, inventory turnover has historically been relatively low



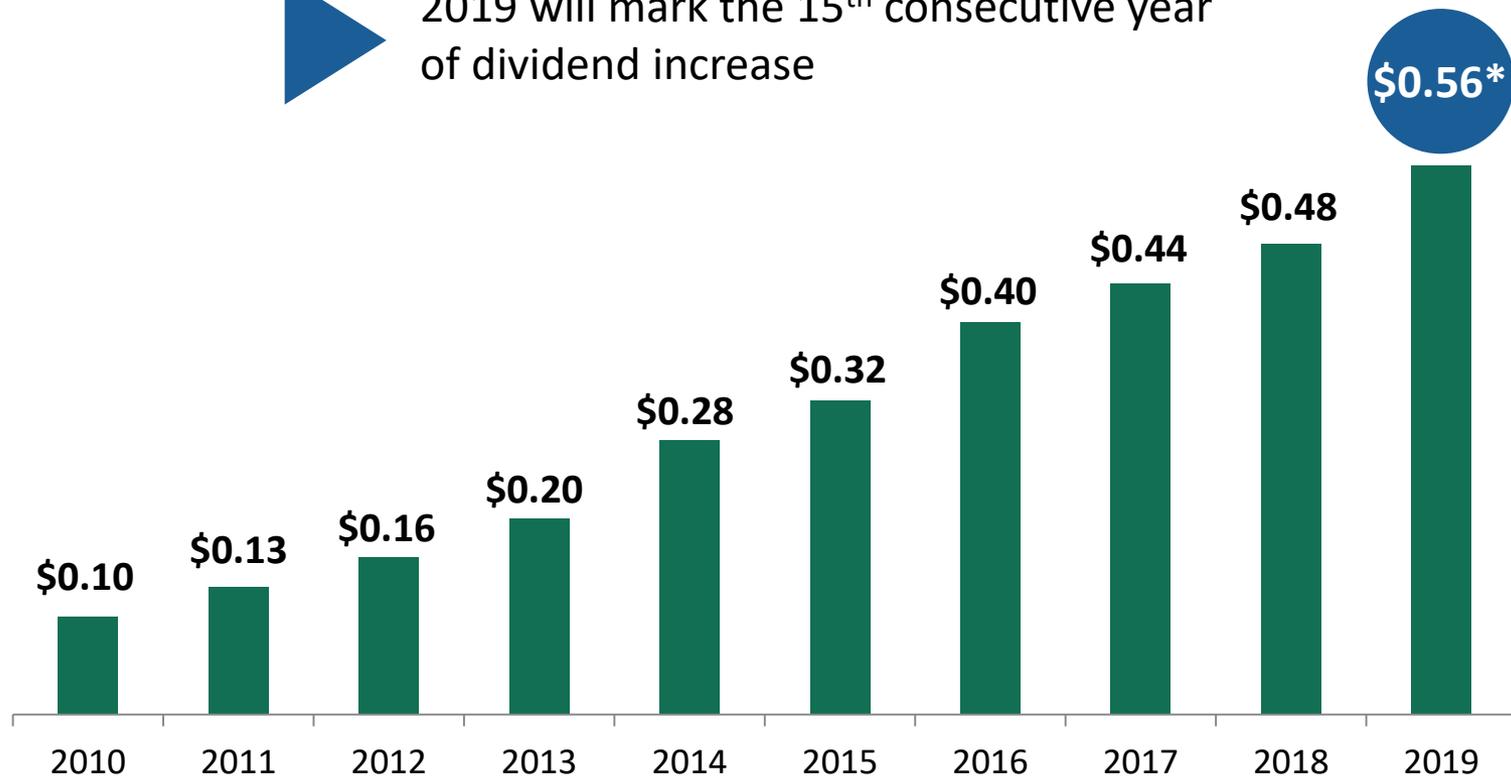
Allocating Capital Equitably



Increasing Dividends Consistently



2019 will mark the 15th consecutive year of dividend increase

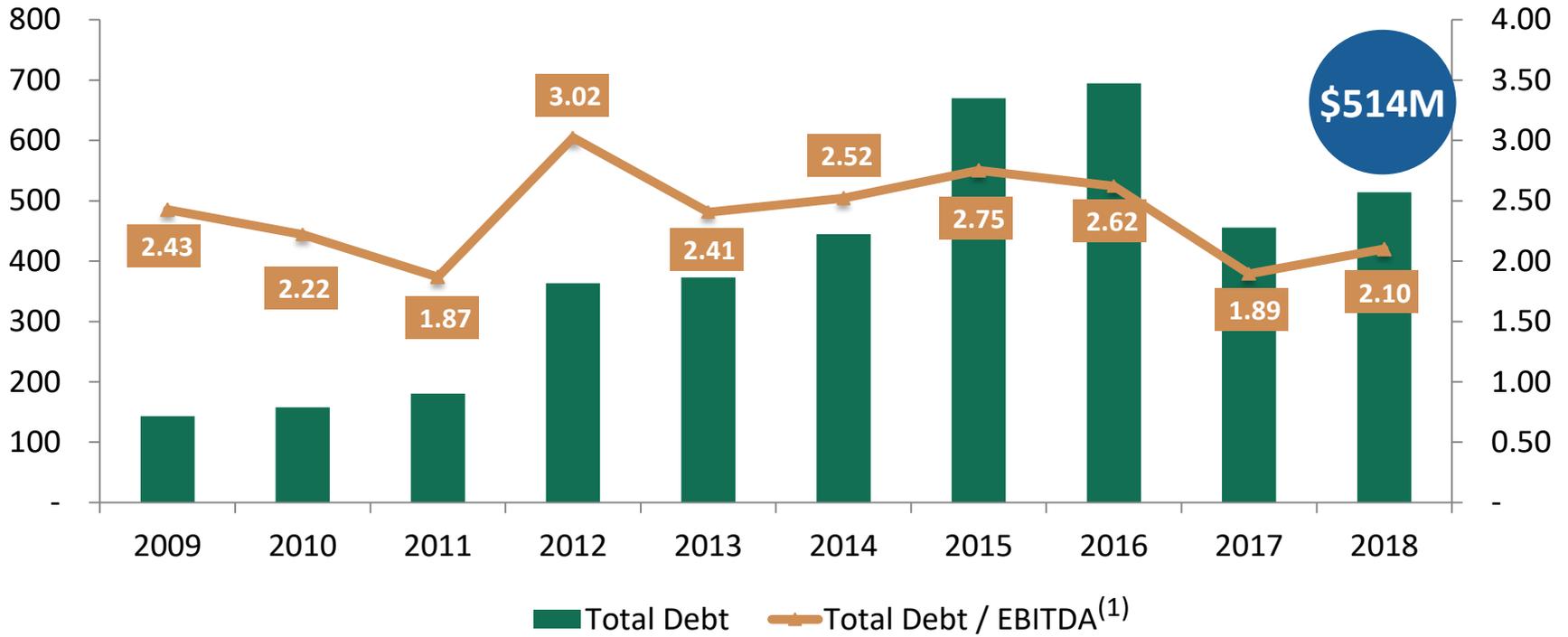


* Projected based on the latest quarterly dividend

Maintaining a Solid Financial Position



\$291.6 million available on the Company's syndicated credit facilities as at December 31, 2018

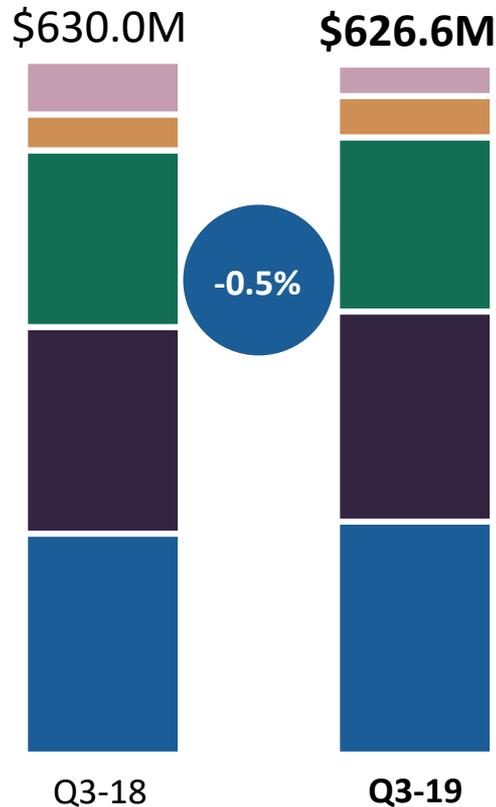


⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.



Q3 2019 RESULTS

Q3-19 – Stable Sales



SALES VARIANCE

Q3-18 Sales (M)	\$630.0
Currency variations	2.8
Organic growth	(6.2)
Q3-19 Sales (M)	\$626.6

■ Utility Poles
 ■ Railway Ties
 ■ Residential Lumber
 ■ Industrial Products
 ■ Logs & Lumber

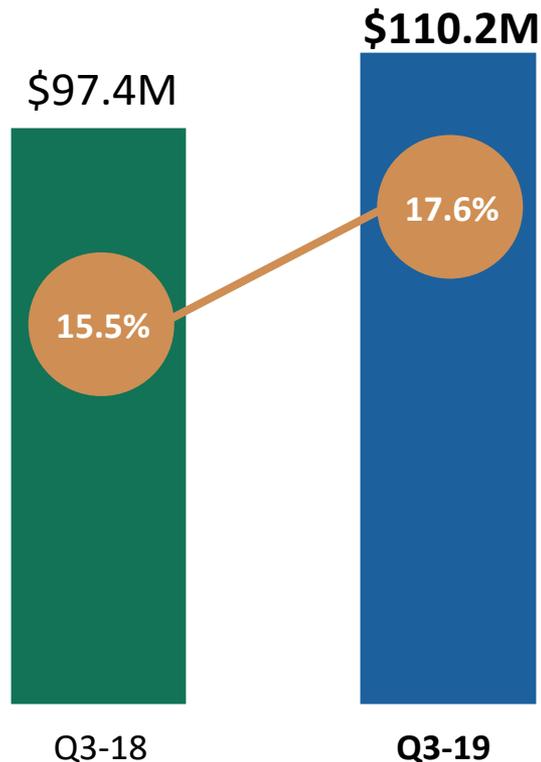
Q3-19 – Sales Variance

 Organic growth of (1.0%) on a consolidated basis

(in millions of dollars)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	Logs & Lumber	Consolidated Sales
Q3-2018 Sales	200.6	187.7	160.5	32.4	48.8	630.0
FX impact	1.3	0.7	0.5	0.3	-	2.8
Organic growth	9.6	2.3	(2.8)	4.9	(20.2)	(6.2)
Q3-2019 Sales	211.5	190.7	158.2	37.6	28.6	626.6
Organic growth %	4.8%	1.2%	(1.7%)	15.1%	(41.4%)	(1.0%)

*Numbers may not add exactly due to rounding

Q3-19 – Increased Gross Profit⁽¹⁾ and Margin



Gross profit increased due to:

- Higher selling prices
- Lower lumber costs
- Improved operational efficiencies

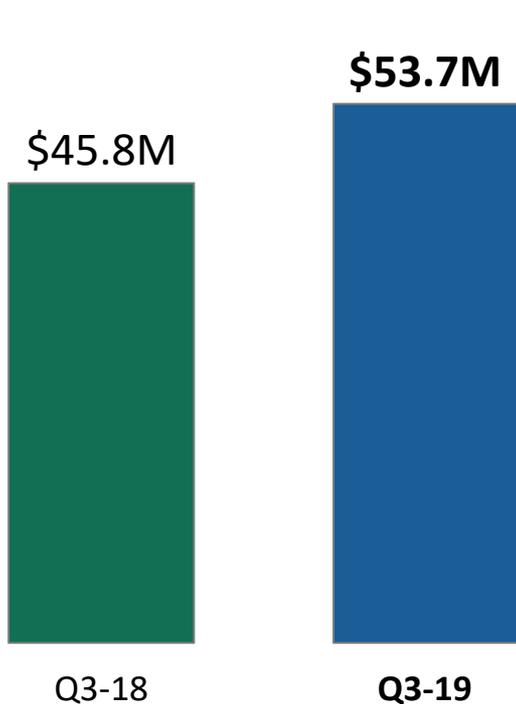
Partially offset by:

- Higher volume for utility poles
- Higher production costs for railway ties
- Effect of currency translation

⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.

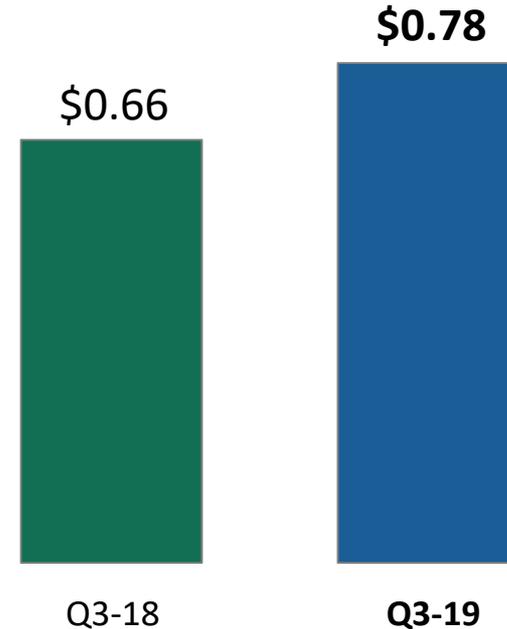
Q3-19 – Net Income & EPS Increased

Net income



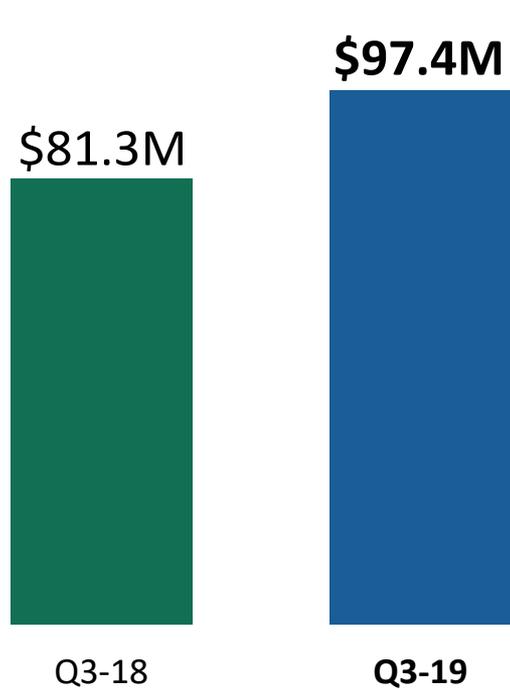
Due to the increase in operating income

EPS

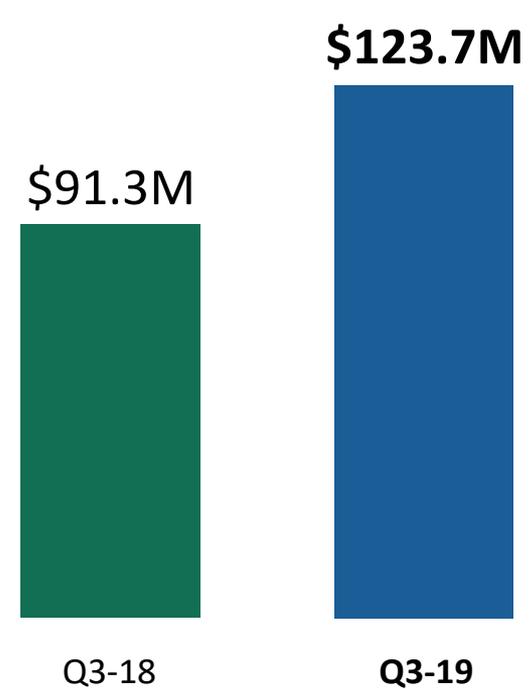


Managing Cash Flow for Seasonality

Cash Flow before certain items⁽¹⁾⁽²⁾



Cash Flow from Operating Activities



Due to higher net income, the effect of the adoption of IFRS 16 and favorable changes in working cap items

⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽²⁾ Before changes in non-cash working capital components and interest and income tax paid.

2019 Outlook

Based on current market conditions and assuming stable currencies and the current level of lumber prices

Consolidated	Higher sales (excluding logs and lumber product category)
	Improved margins
Utility Poles	Sales and margins are expected to increase
Railway Ties	Sales are expected to be comparable year-over-year
Residential Lumber	Sales are expected to be slightly below last year



APPENDIX

Income Statement - 5-Year Financial Summary

	2018	2017	2016	2015	2014
Sales	2,123.9	1,886.1	1,838.4	1,559.3	1,249.5
EBITDA ⁽¹⁾	244.4	243.1	264.8	243.4	176.3
<i>EBITDA %⁽¹⁾</i>	<i>11.5%</i>	<i>12.9%</i>	<i>14.4%</i>	<i>15.6%</i>	<i>14.1%</i>
Operating income ⁽¹⁾	206.3	207.4	233.2	220.1	155.7
<i>Operating %⁽¹⁾</i>	<i>9.7%</i>	<i>11.0%</i>	<i>12.7%</i>	<i>14.1%</i>	<i>12.5%</i>
Net income	137.6	167.9	153.9	141.4	103.8
EPS - diluted	1.98	2.42	2.22	2.04	1.50

⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.

Financial Position - 5-Year Financial Summary

	2018	2017	2016	2015	2014
Working capital	909.0	779.4	928.0	854.4	615.1
Total assets	2,062.2	1,786.0	1,960.9	1,778.9	1,289.0
Total debt ⁽¹⁾	513.5	455.6	694.0	669.9	444.6
Shareholders' equity	1,281.4	1,115.5	1,026.4	913.5	692.3
Total debt ⁽²⁾ to total capitalization ⁽¹⁾	0.29:1	0.29:1	0.40:1	0.42:1	0.39:1
Total debt ⁽²⁾ to trailing 12-month EBITDA ⁽¹⁾	2.10	1.89	2.62	2.75	2.52

⁽¹⁾ Including the current portion of long-term debt.

⁽²⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.



WWW.STELLA-JONES.COM