



**ANNUAL AND SPECIAL
MEETING OF
SHAREHOLDERS**

May 7, 2020

**FORWARD
DRIVEN**

CUSTOMER FOCUSED

AGENDA

1 Opening of the Meeting

Chair, Secretary and Scrutineers

Notice of Meeting

Scrutineer's Report

Minutes of Previous Meeting

Annual Report & Independent Auditor's Report

Election of the Directors

Appointment of Auditors

Advisory Vote on the Corporation's Approach to Executive Compensation

Proposed Amendment to the Corporation's Employee Share Purchase Plans

Termination of the Meeting

Management Presentations

Question Period

MANAGEMENT



Eric Vachon, CPA, CA

President and
Chief Executive Officer



Silvana Travaglini, CPA, CA

Senior Vice-President and Chief
Financial Officer



Marla Eichenbaum

Vice-President, General Counsel
and Secretary

Caution Regarding Forward-Looking Information

This presentation contains statements that are forward-looking in nature. Such statements involve known and unknown risks and uncertainties that may cause the actual results of the Company to be materially different from those expressed or implied by such forward-looking statements. Such items include, among others: general economic and business conditions (including the impact of the global outbreak of the novel coronavirus [COVID-19 pandemic]), evolution in customer demand for the Company's products and services, product selling prices, availability and cost of raw materials, changes in foreign currency rates, the ability of the Company to raise capital and factors and assumptions referenced herein and, in the Company's, most recent Annual MD&A and Annual Information Form. Unless required to do so under applicable securities legislation, the Company's management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes after the date hereof.

The terms "gross profit" "EBITDA", "EBITDA margin", "operating income", "operating margins" and "Cash flow from operating activities before changes in non-cash working capital components and interest and income taxes paid", are financial measures which are not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Please refer to the Non-IFRS financial measures described in Stella-Jones' MD&A for the first quarter of 2020 and the 2019 annual report for additional information.

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, as permitted*
- *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 statement of income*
- *Please refer to the impact of new accounting pronouncements and interpretation section in the Company’s annual MD&A for further details on the adoption of IFRS 16.*



Katherine A. Lehman
Chair of the Board

AGENDA

Opening of the Meeting

- 2 Chair, Secretary and Scrutineers
- 3 Notice of Meeting
- 4 Scrutineer's Report
- 5 Minutes of Previous Meeting
- 6 Annual Report & Independent Auditor's Report
- 7 Election of the Directors

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ELECTION OF DIRECTORS



Robert Coallier
Corporate Director



Rhodri J. Harries
Executive Vice-President,
Chief Financial and
Administration Officer,
Gildan Activewear



Karen Laflamme
Corporate Director



Katherine A. Lehman
Chair of the Board,
Stella-Jones Inc.
Managing Partner,
Hilltop Private Capital LLC



James A. Manzi, Jr.
Corporate Director



Douglas Muzyka
Corporate Director



Simon Pelletier
Senior Vice-President,
North American Sales
and Operations, Metso



Éric Vachon
President and CEO,
Stella-Jones Inc.



Mary Webster
Corporate Director

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11 Termination of the Meeting

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Question Period



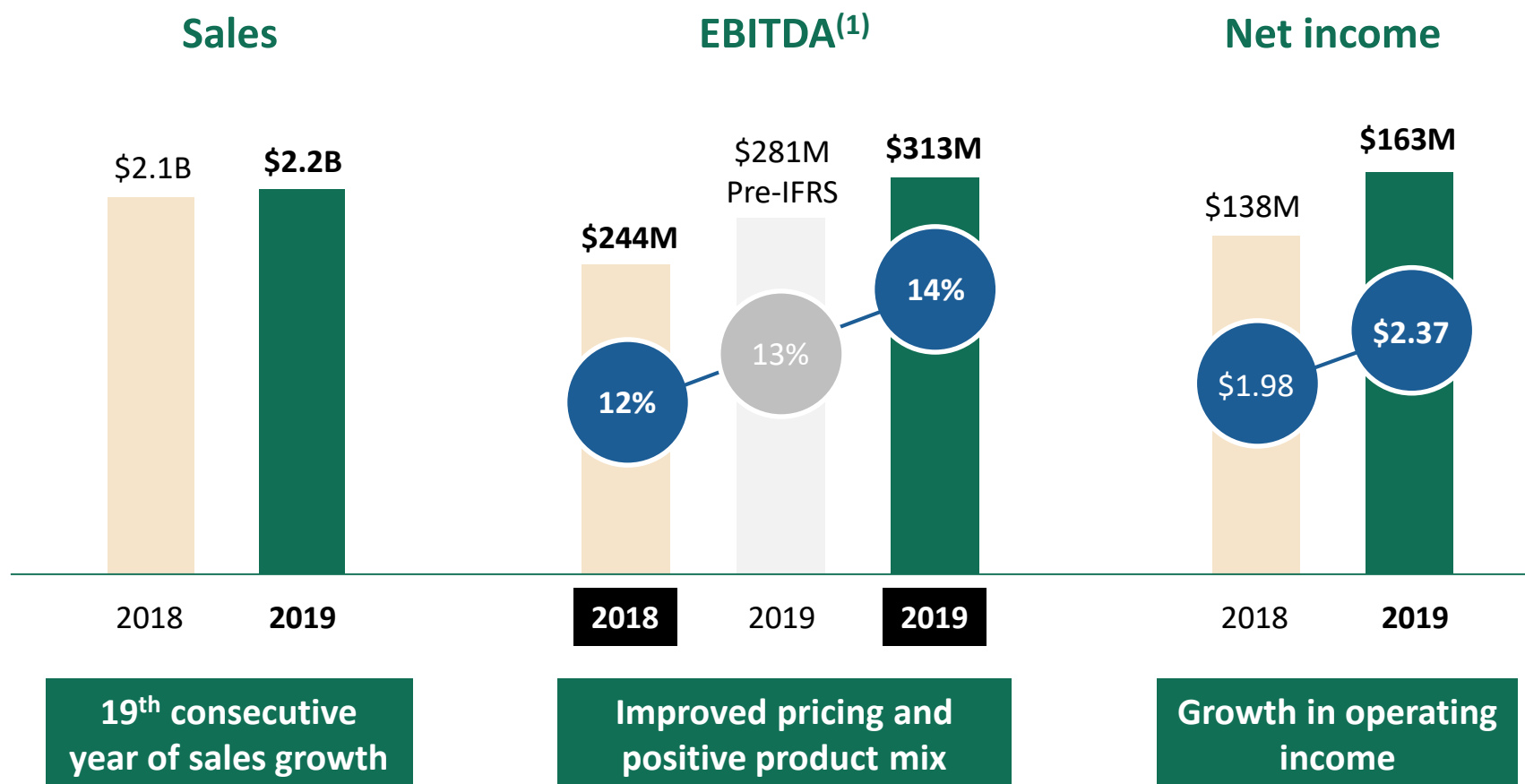
Éric Vachon
President and
Chief Executive Officer

PROACTIVELY MANAGING COVID-19



- Seasoned management team in place
- Implemented rigorous hygiene practices and physical distancing policies throughout the organization
- Committed to support essential businesses and allow them to operate resiliently during this pandemic
- Resilient business model, flexible cost structure and solid balance sheet

2019 – GROWTH IN SALES AND PROFITABILITY



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

FORWARD DRIVEN, CUSTOMER FOCUSED



Grow the Business



**Return Value
to Shareholders**

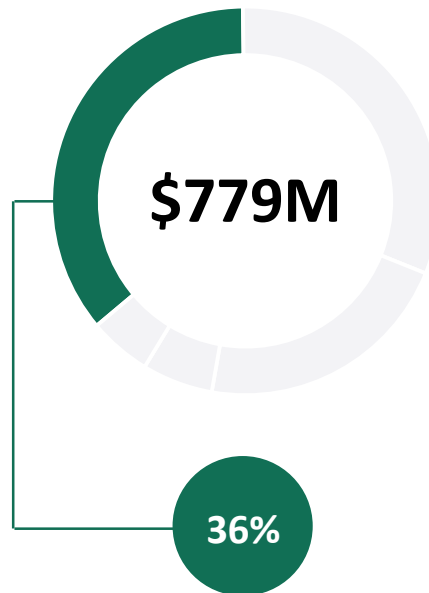


**Respond to
Customer Needs**

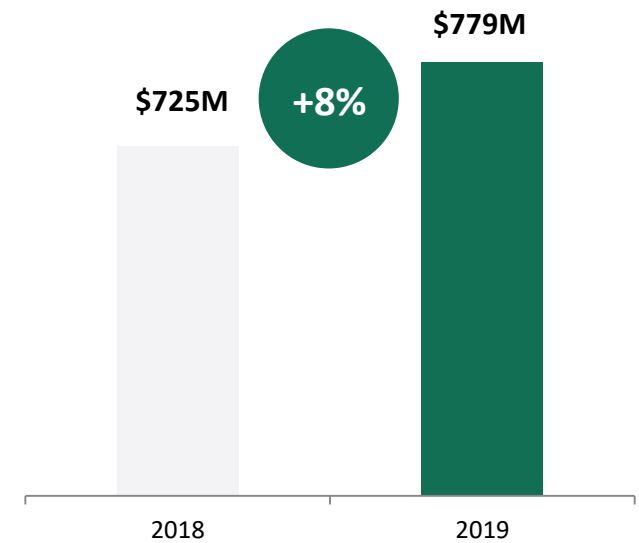
UTILITY POLES



2019 Sales



Sales Variation



Organic Growth

\$36M

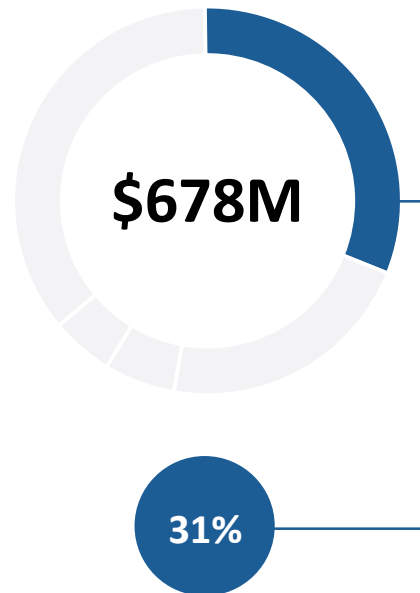


5%

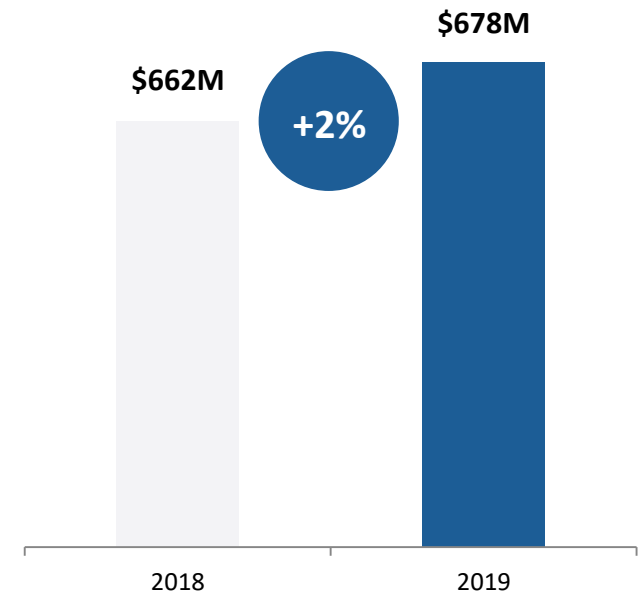
RAILWAY TIES



2019 Sales



Sales Variation

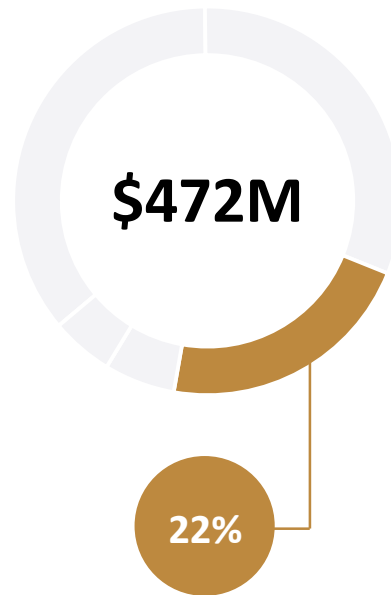


Sales remained stable

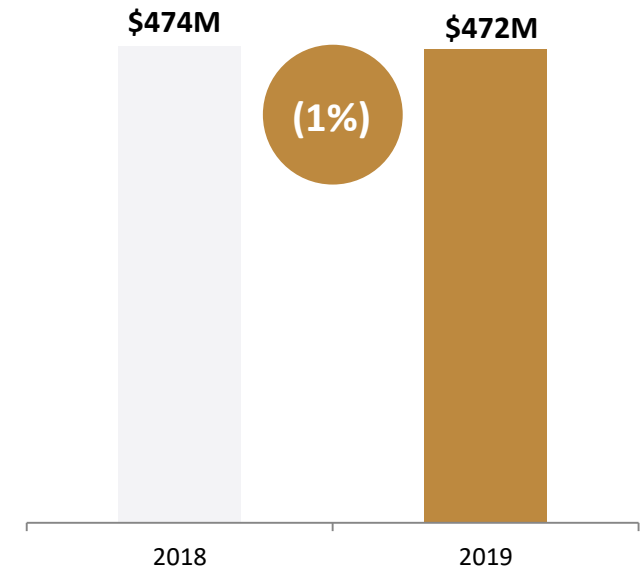
RESIDENTIAL LUMBER



2019 Sales



Sales Variation



Organic Growth

(\$15M)

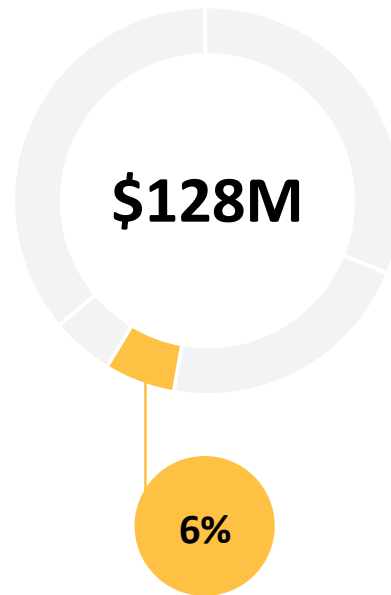


(3%)

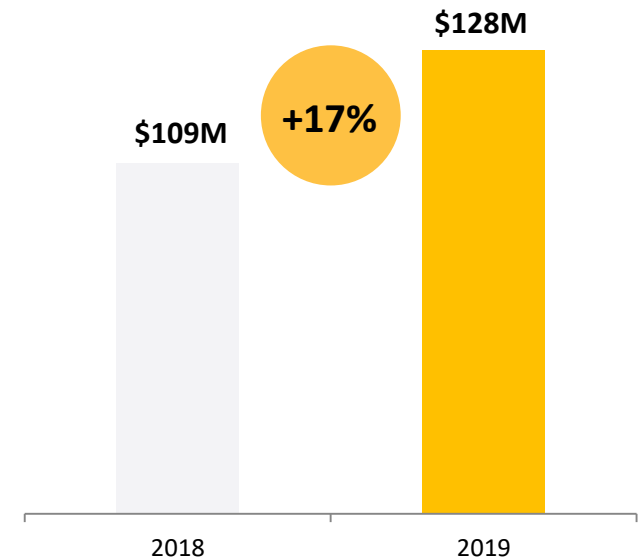
INDUSTRIAL PRODUCTS



2019 Sales



Sales Variation



Organic Growth

\$12M

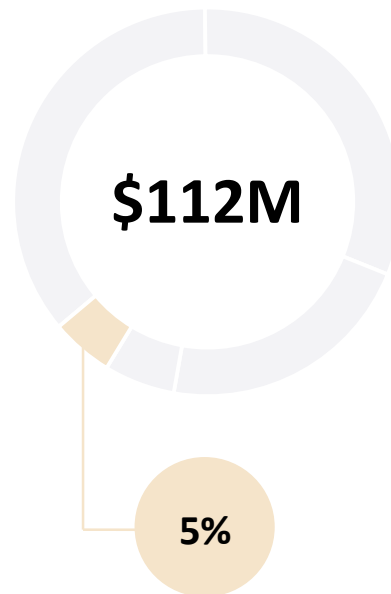


11%

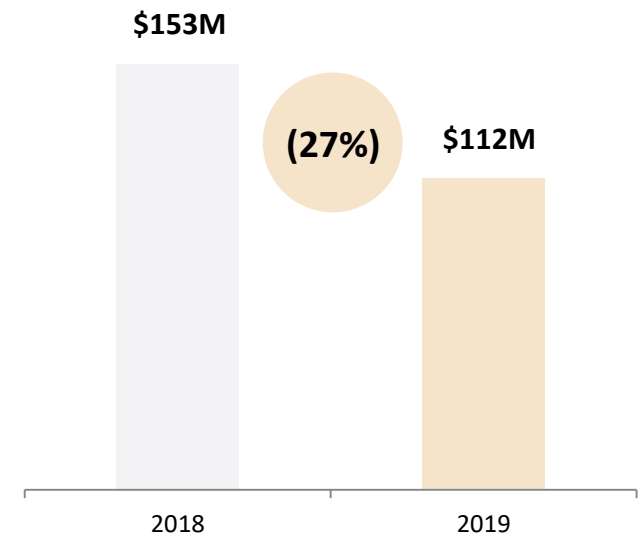
LOGS & LUMBER



2019 Sales



Sales Variation



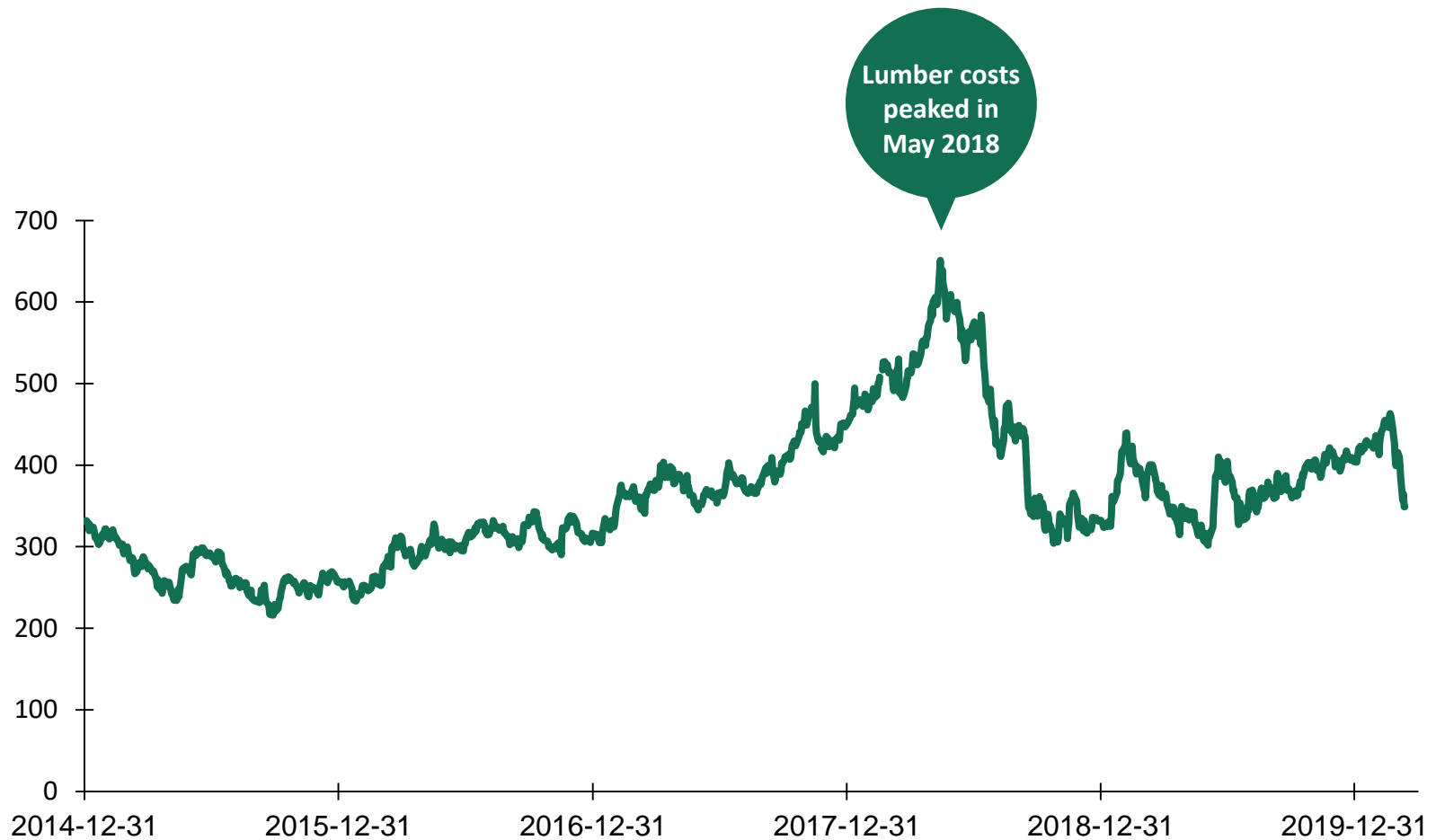
Organic Growth

(\$42M)



(28%)

LOWER LUMBER COSTS IMPACTING RESULTS



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)

THE STRENGTH OF OUR CONTINENTAL NETWORK

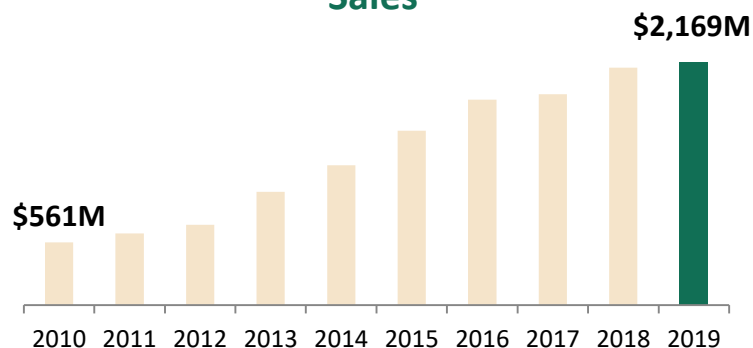




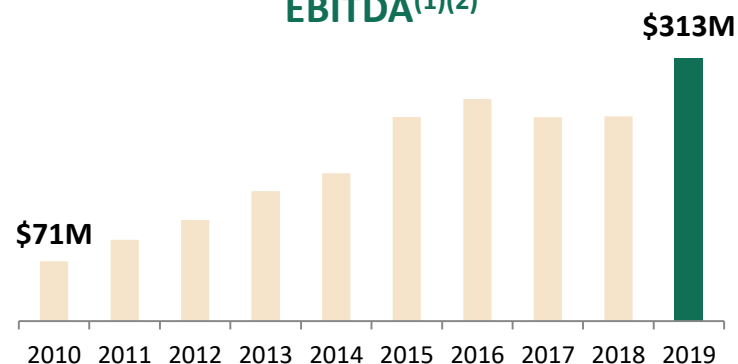
Silvana Travaglini, CPA, CA
Senior Vice-President and
Chief Financial Officer

DRIVING GROWTH FORWARD

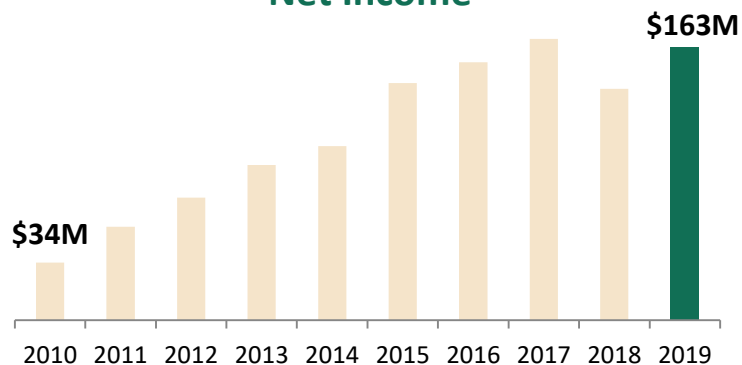
Sales



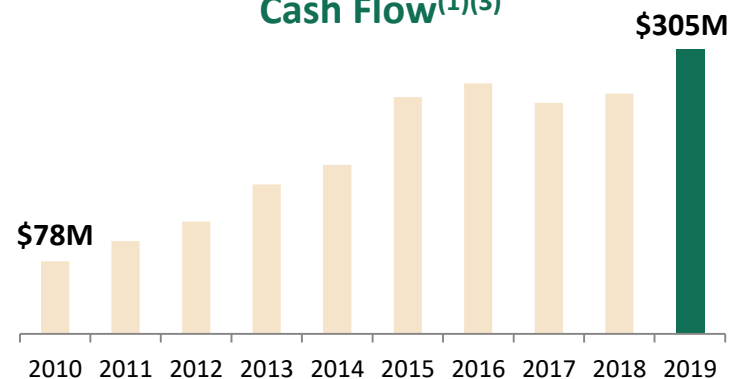
EBITDA⁽¹⁾⁽²⁾



Net Income



Cash Flow⁽¹⁾⁽³⁾

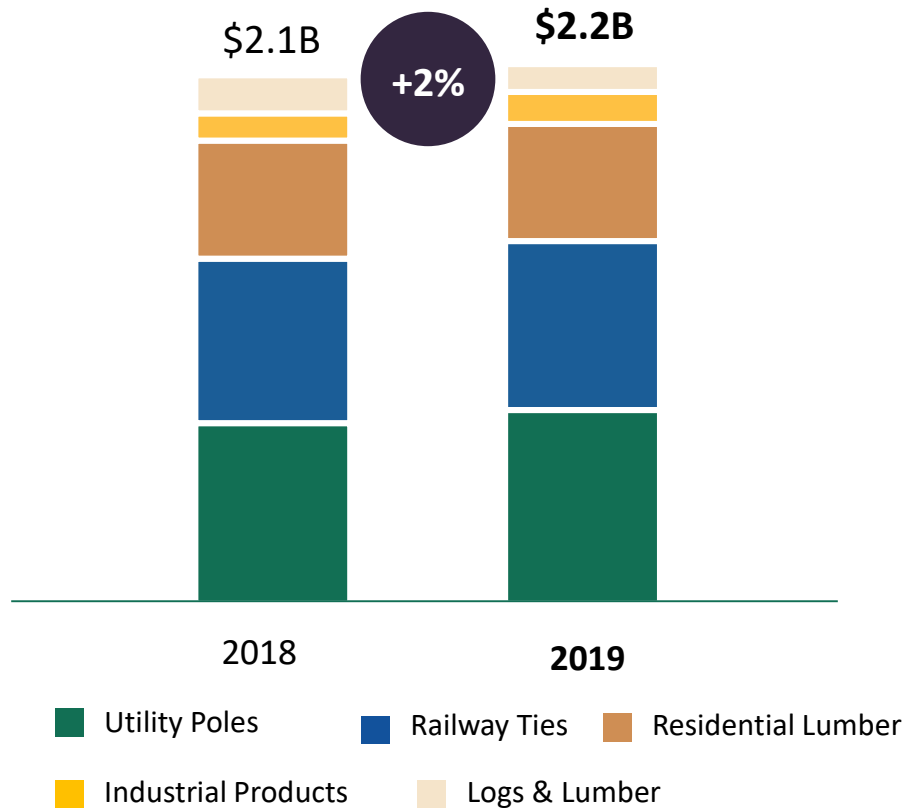


⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽²⁾ 2019 EBITDA was impacted by the adoption of IFRS 16.

⁽³⁾ Before changes in non-cash working capital components and interest and income tax paid.

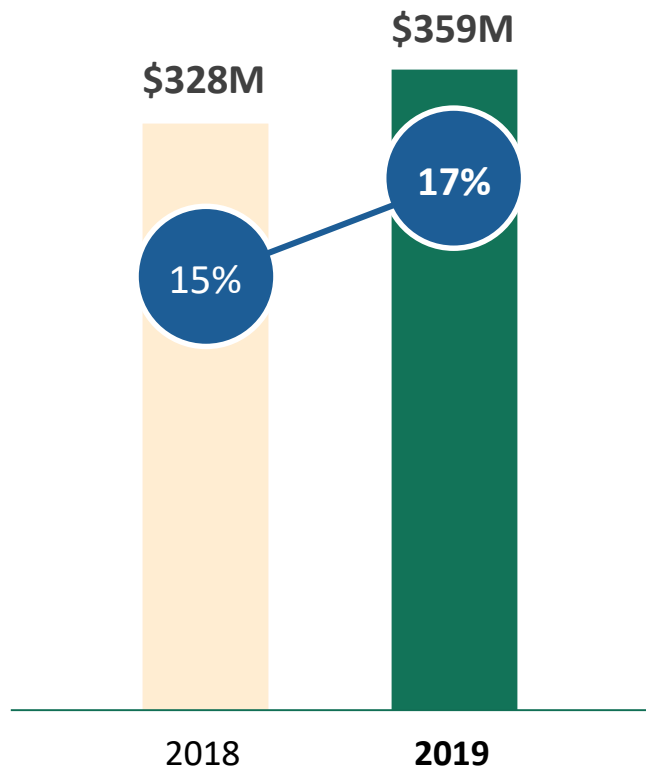
2019 – SALES INCREASED FOR 19TH CONSECUTIVE YEAR



SALES VARIANCE

2018 Sales (M)	\$2,124
Acquisitions	11
Currency variations	42
Organic growth	
Pressure treated wood	34
Logs and lumber	(42)
2019 Sales (M)	\$2,169

2019 – HIGHER GROSS PROFIT⁽¹⁾ AND MARGIN

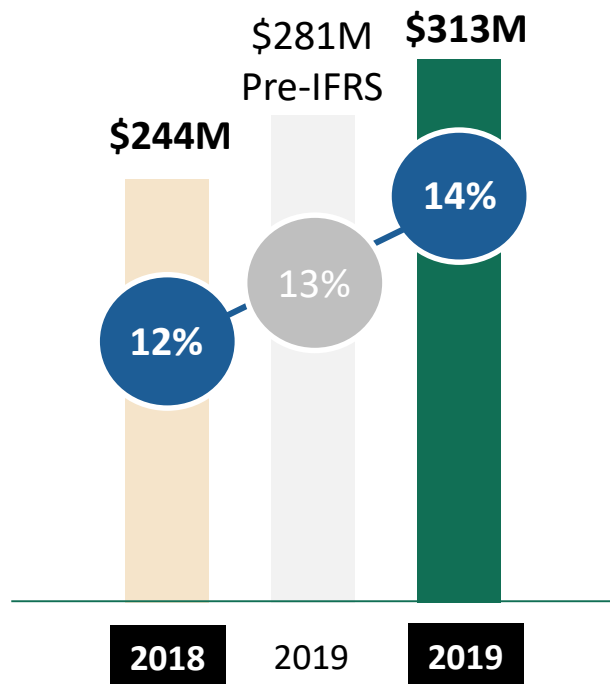


Higher selling prices for utility poles and railway ties drove the gross profit improvement

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

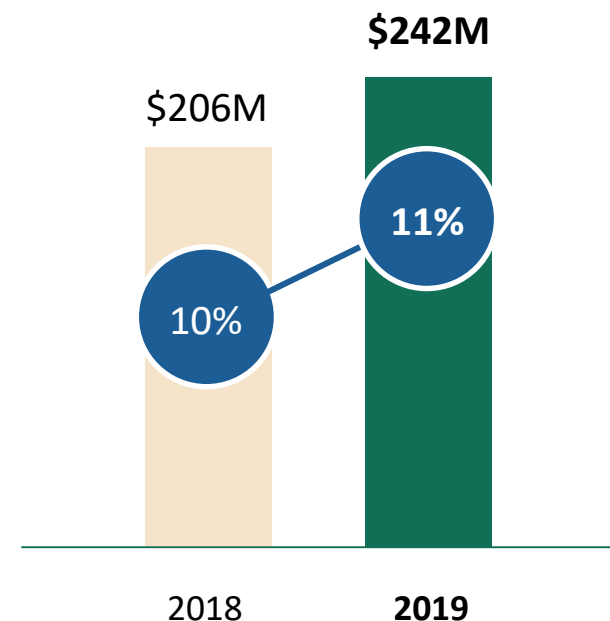
2019 – HIGHER EBITDA⁽¹⁾ AND MARGINS

EBITDA⁽¹⁾



Driven by
improved pricing
and favourable
product mix

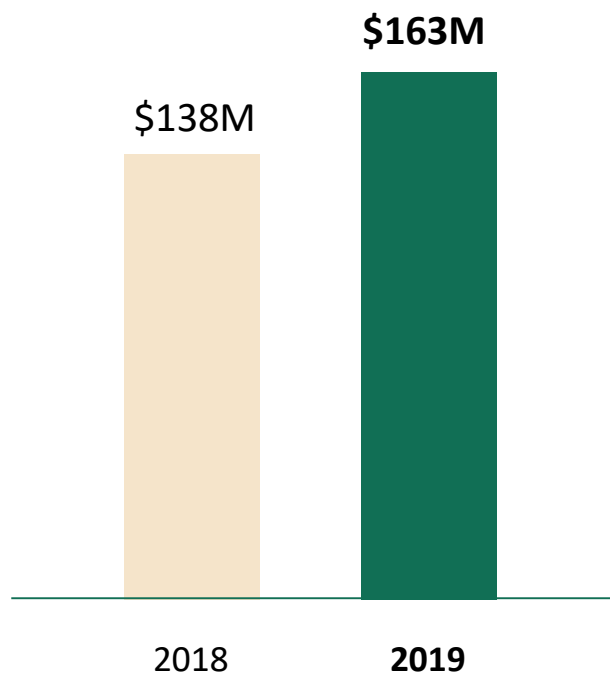
Operating Income⁽¹⁾



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

2019 – HIGHER NET INCOME & EPS

Net income



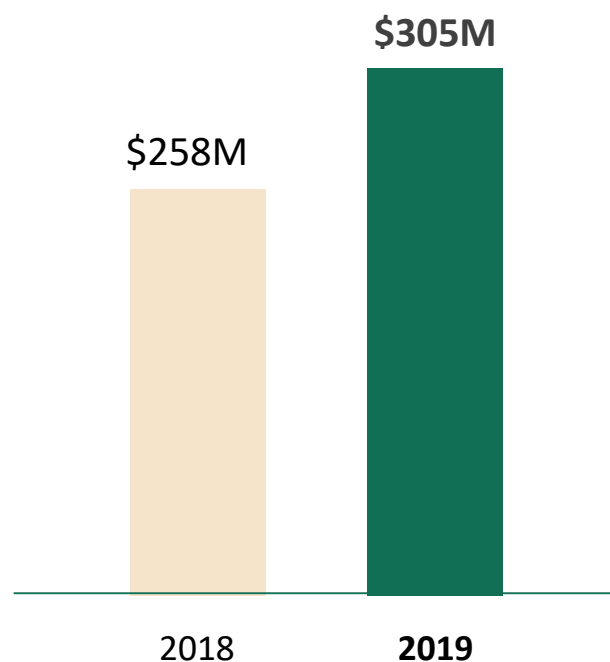
EPS



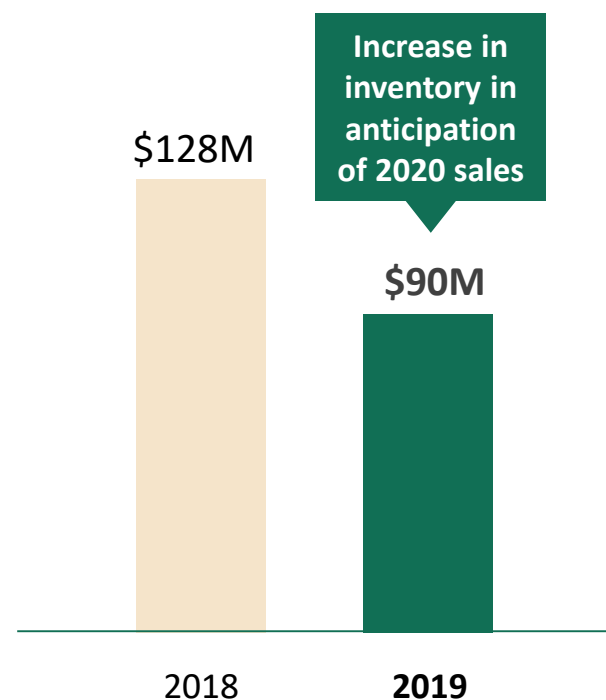
Driven by sales
growth

2019 – LOWER CFO DUE TO INCREASED INVENTORY

Cash Flow before certain items⁽¹⁾⁽²⁾



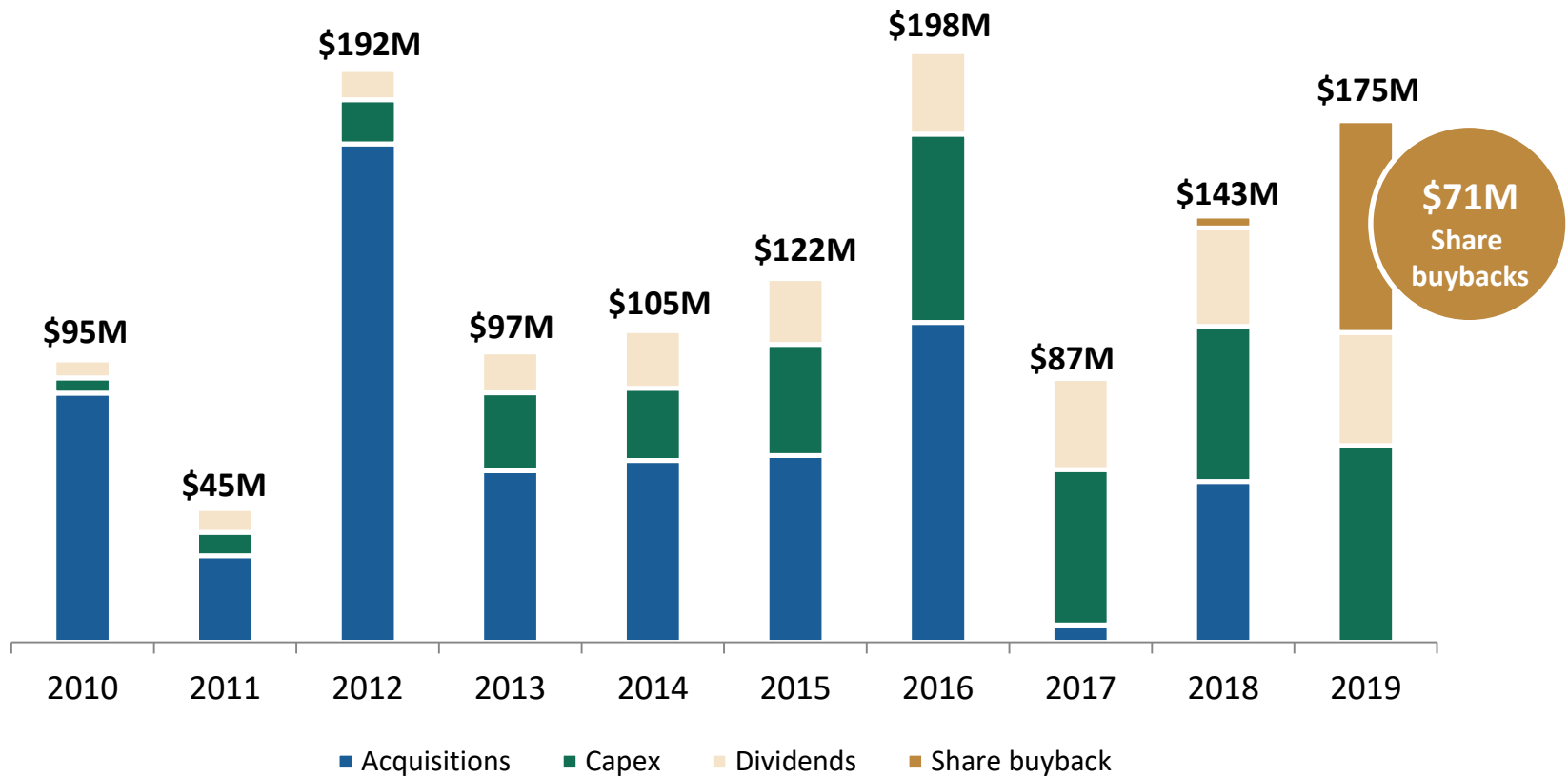
Cash Flow from Operating Activities



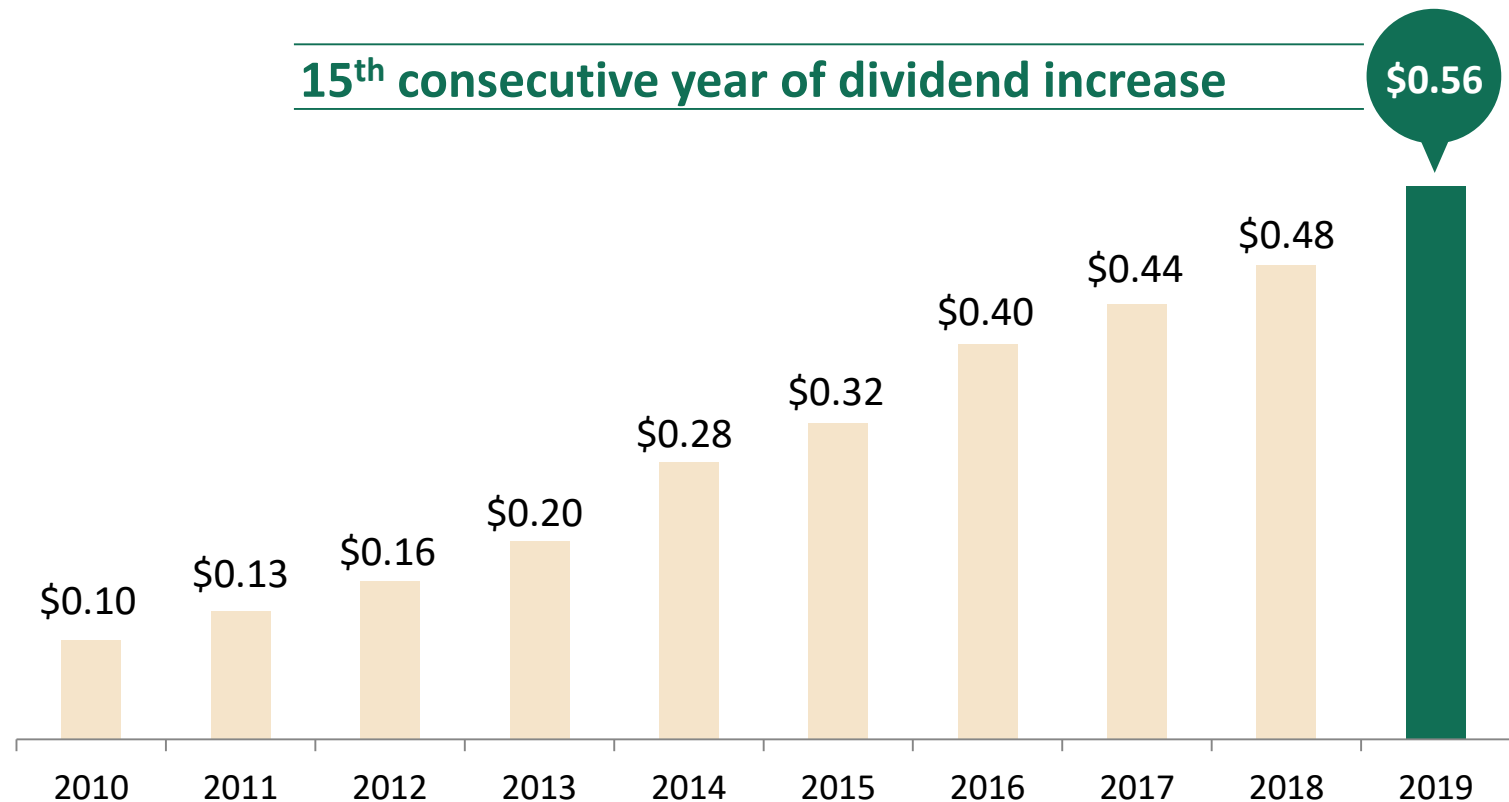
⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

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

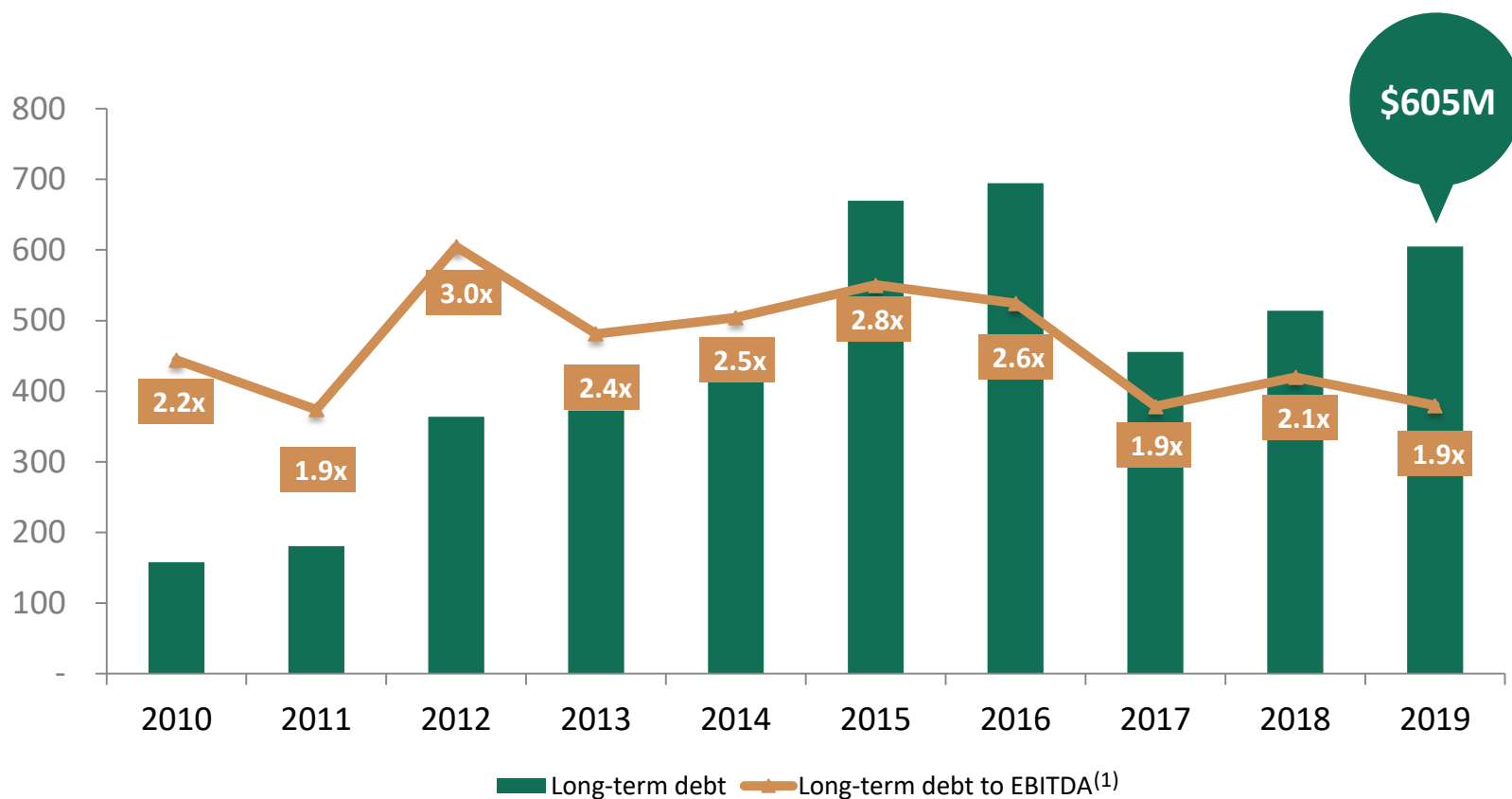
ALLOCATING CAPITAL FOR GROWTH & RETURNS



INCREASING DIVIDENDS CONSISTENTLY



MAINTAINING A SOLID FINANCIAL POSITION



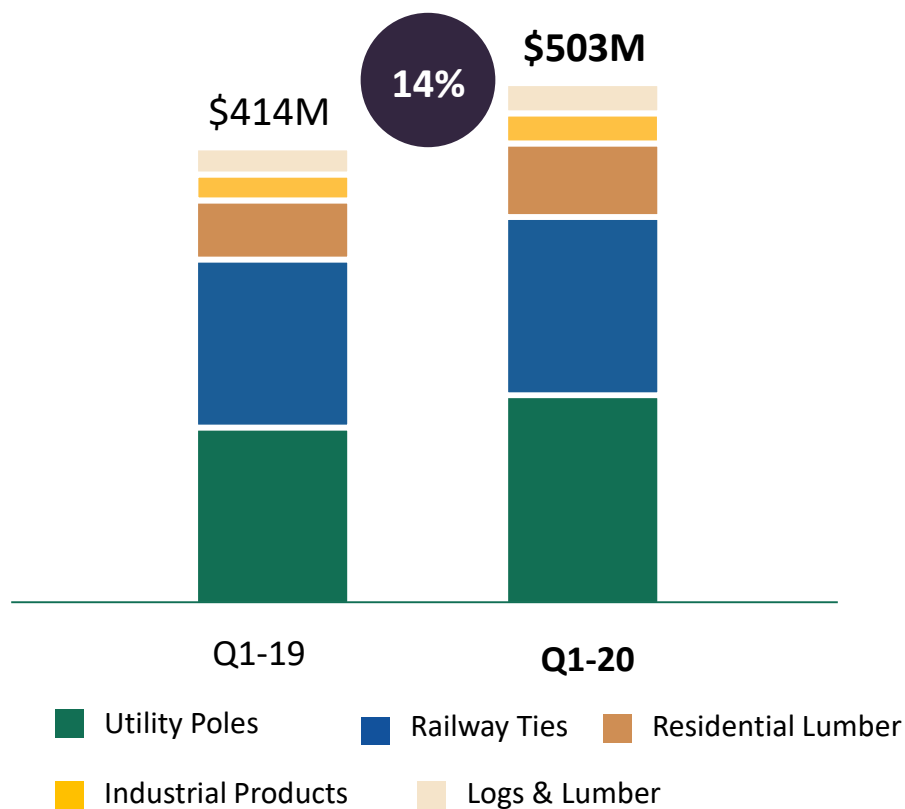
⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.



Q1-2020

FINANCIAL RESULTS

Q1-20 – SALES UP 14%

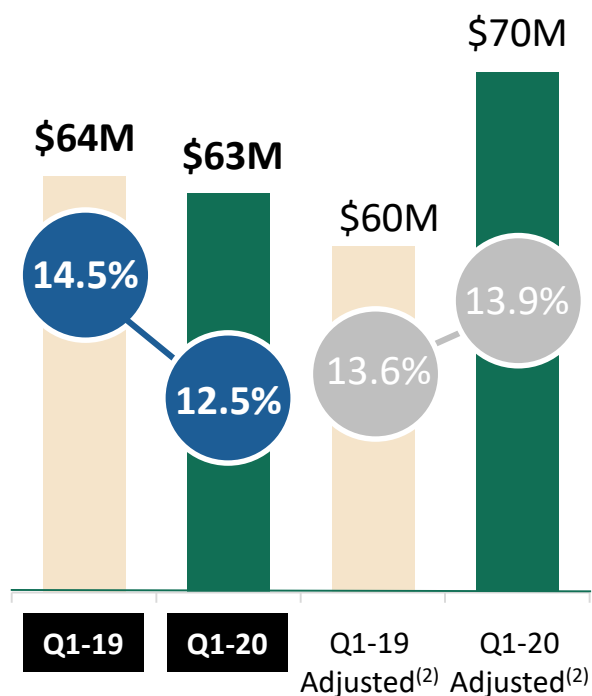


SALES VARIANCE

Q1-19 Sales (M)	\$441
Currency variations	3
Organic growth	
Pressure treated wood	56
Logs and lumber	3
Q1-20 Sales (M)	\$503

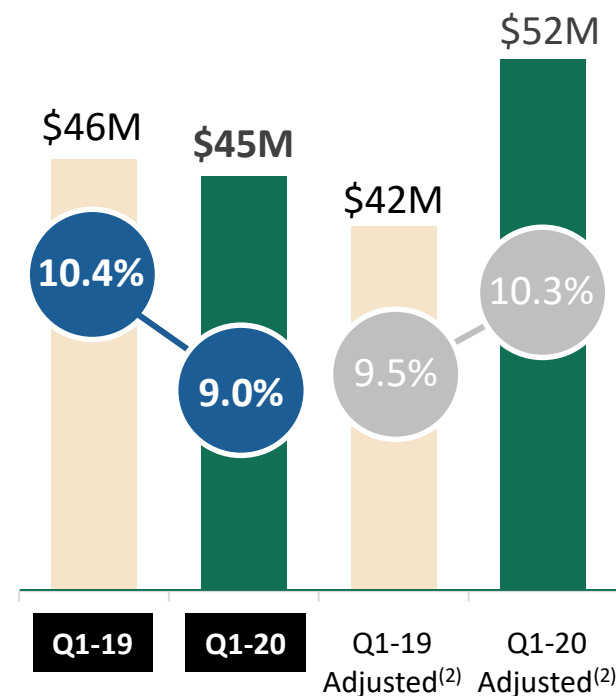
Q1-20 – STABLE EBITDA⁽¹⁾ AND OPERATING INCOME⁽¹⁾

EBITDA⁽¹⁾



Impacted by
mark-to-market
derivative
commodity
contracts

Operating Income⁽¹⁾

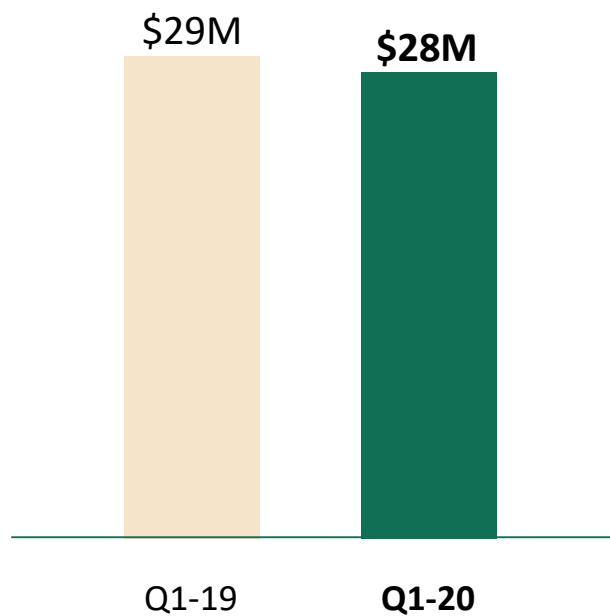


(1) This is a non-IFRS financial measure. Please refer to the Company's MD&A.

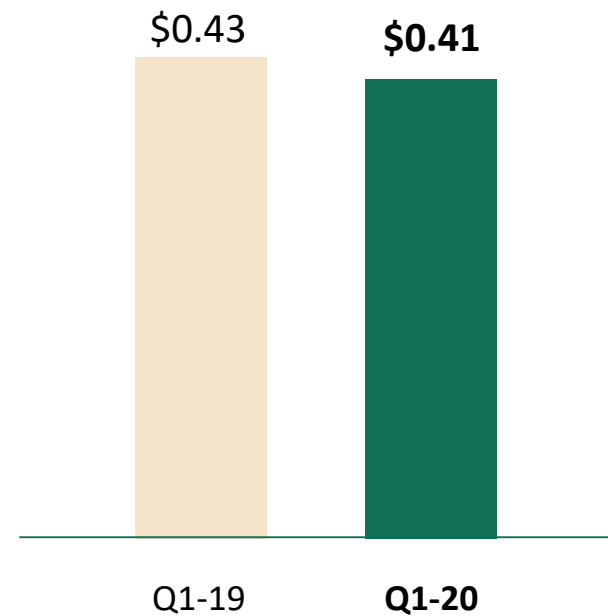
(2) Excluding the mark-to-market impact related to the diesel derivative commodity contracts.

Q1-20 – STABLE NET INCOME & EPS

Net income

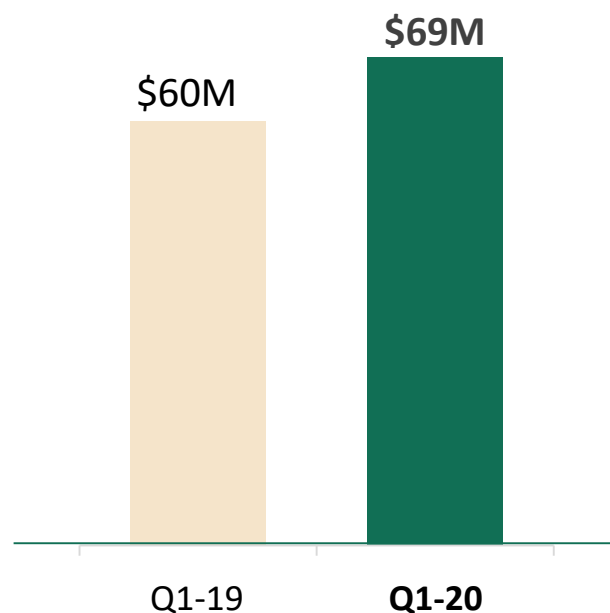


EPS

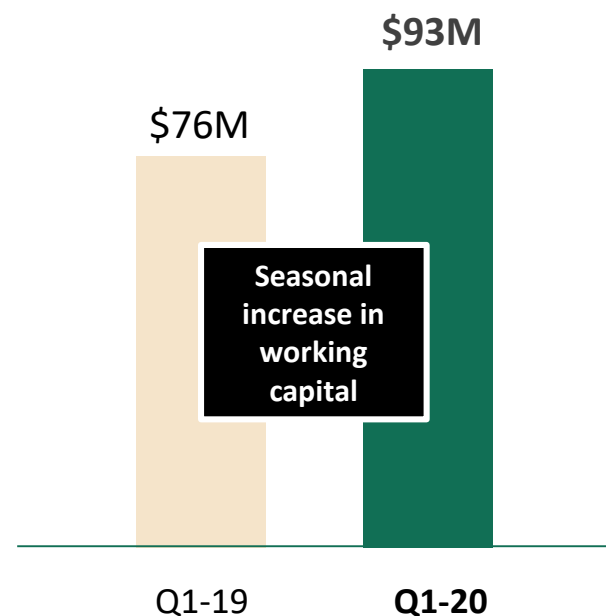


Q1-20 – LOWER CFO DUE TO INCREASED INVENTORY

Cash Flow before certain items⁽¹⁾⁽²⁾



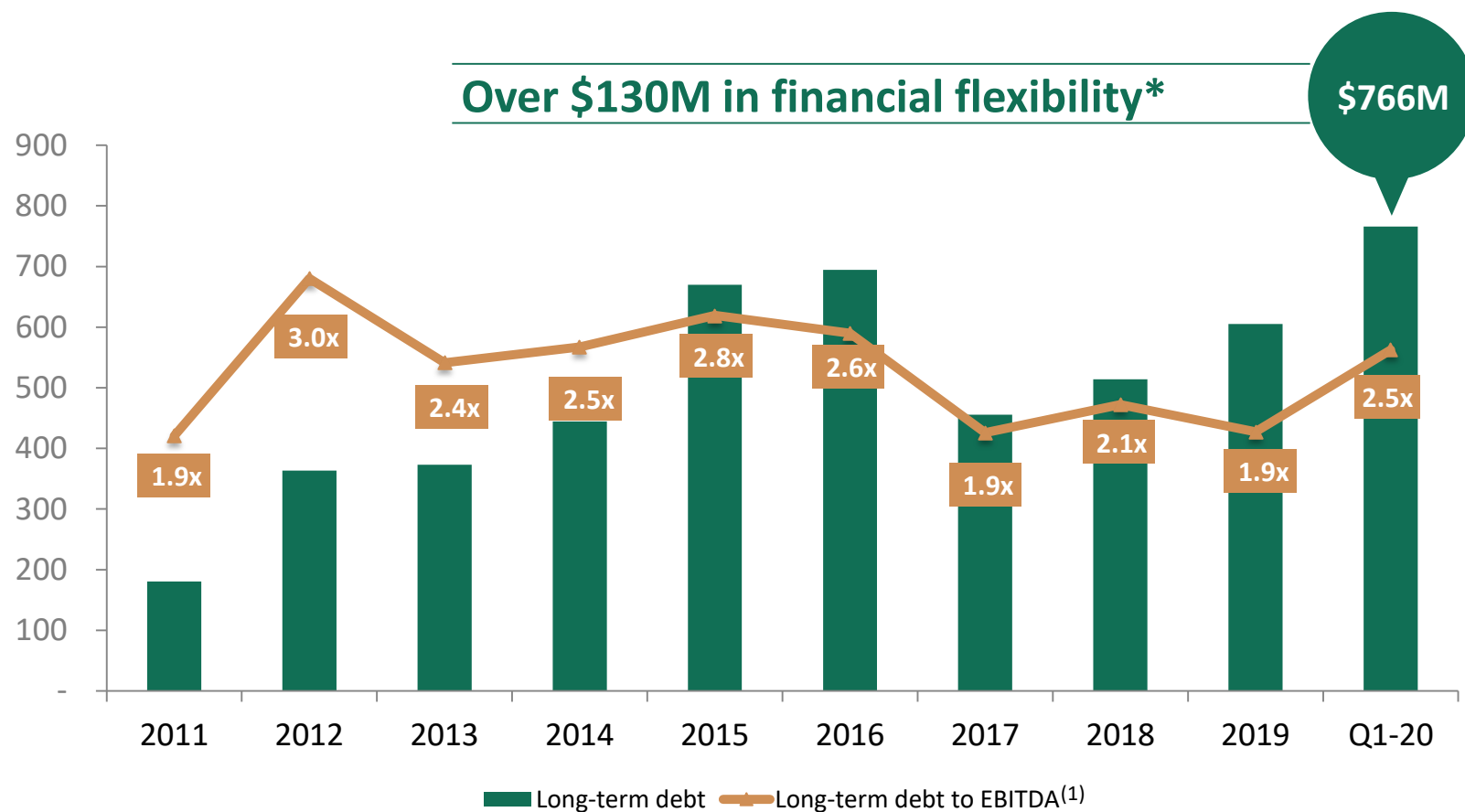
Cash Flow Used in Operating Activities



⁽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 taxes paid

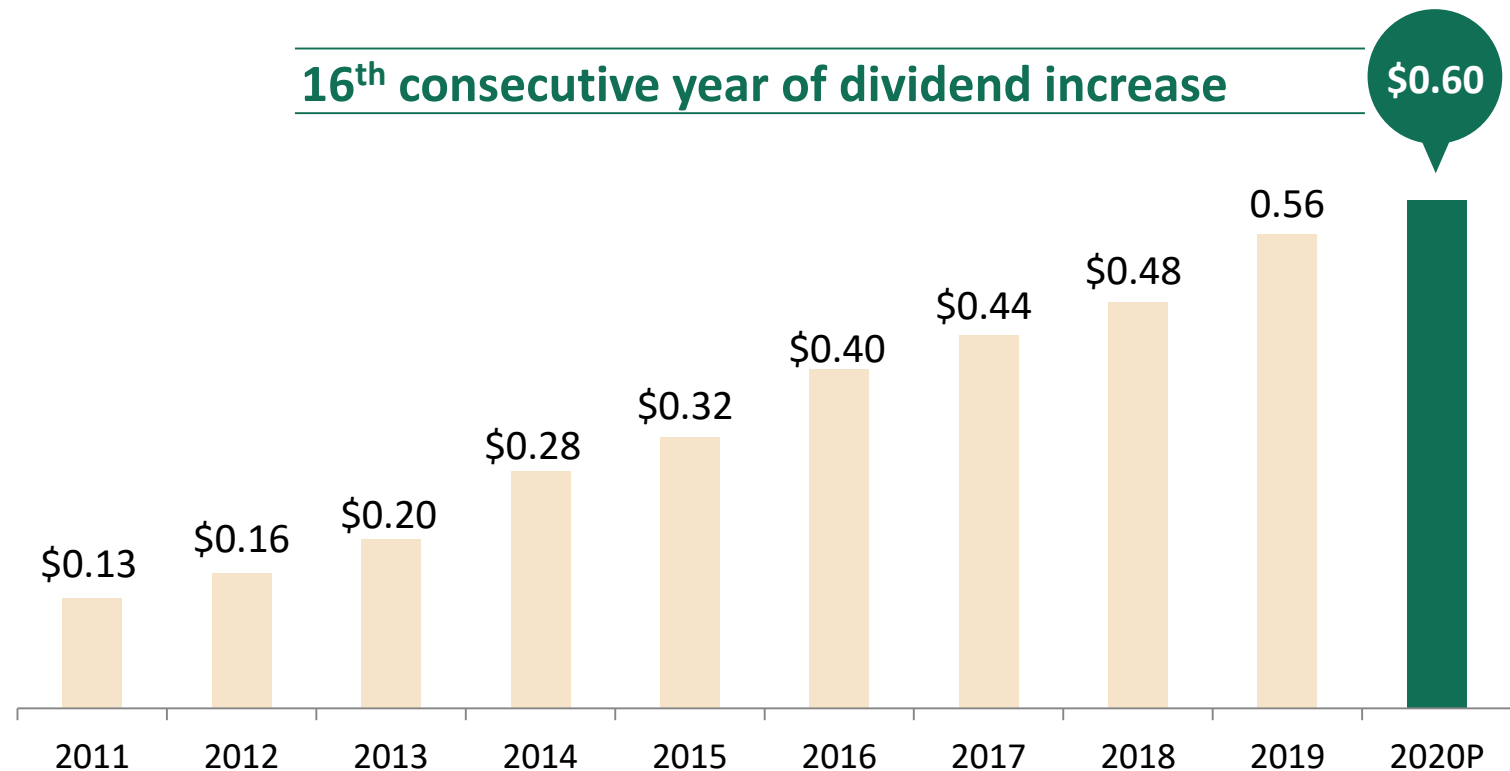
MAINTAINING A SOLID FINANCIAL POSITION



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

* As at March 31, 2020

INCREASING DIVIDENDS CONSISTENTLY





Éric Vachon
President and
Chief Executive Officer

UPDATED 2020 OUTLOOK

GUIDANCE

- Updated EBITDA guidance in the range of \$300 to \$325 million
- EBITDA margin is expected to be lower than 2019

BASED ON:

- No improvement or slight decline in sales volume for utility pole, railway tie and industrial product categories
- Weaker demand for residential lumber versus last year

MATERIAL ASSUMPTIONS

- Gradual lift in government-imposed restrictions by the end of Q2
- Limited disruptions to operations
- No significant reduction in demand for replacement maintenance programs of major railway and utility pole customers
- Limited impact on cost of operations
- Stability in the current U.S. exchange rates

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Dial-in Numbers

For Toronto and overseas participants:

647 788-4922

For all other North American participants:

1 877 223-4471



WWW.STELLA-JONES.COM



**ANNUAL AND SPECIAL
MEETING OF
SHAREHOLDERS**

May 7, 2020

**FORWARD
DRIVEN**

CUSTOMER FOCUSED