



A CONSISTENT FORCE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
MAY 4, 2017

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; influence by Stella Jones International S.A. and other factors referred to herein and in the Company's annual information form for the year ended December 31, 2016, and other public documents filed with the Canadian Securities Regulatory Authorities (available on SEDAR at www.sedar.com).

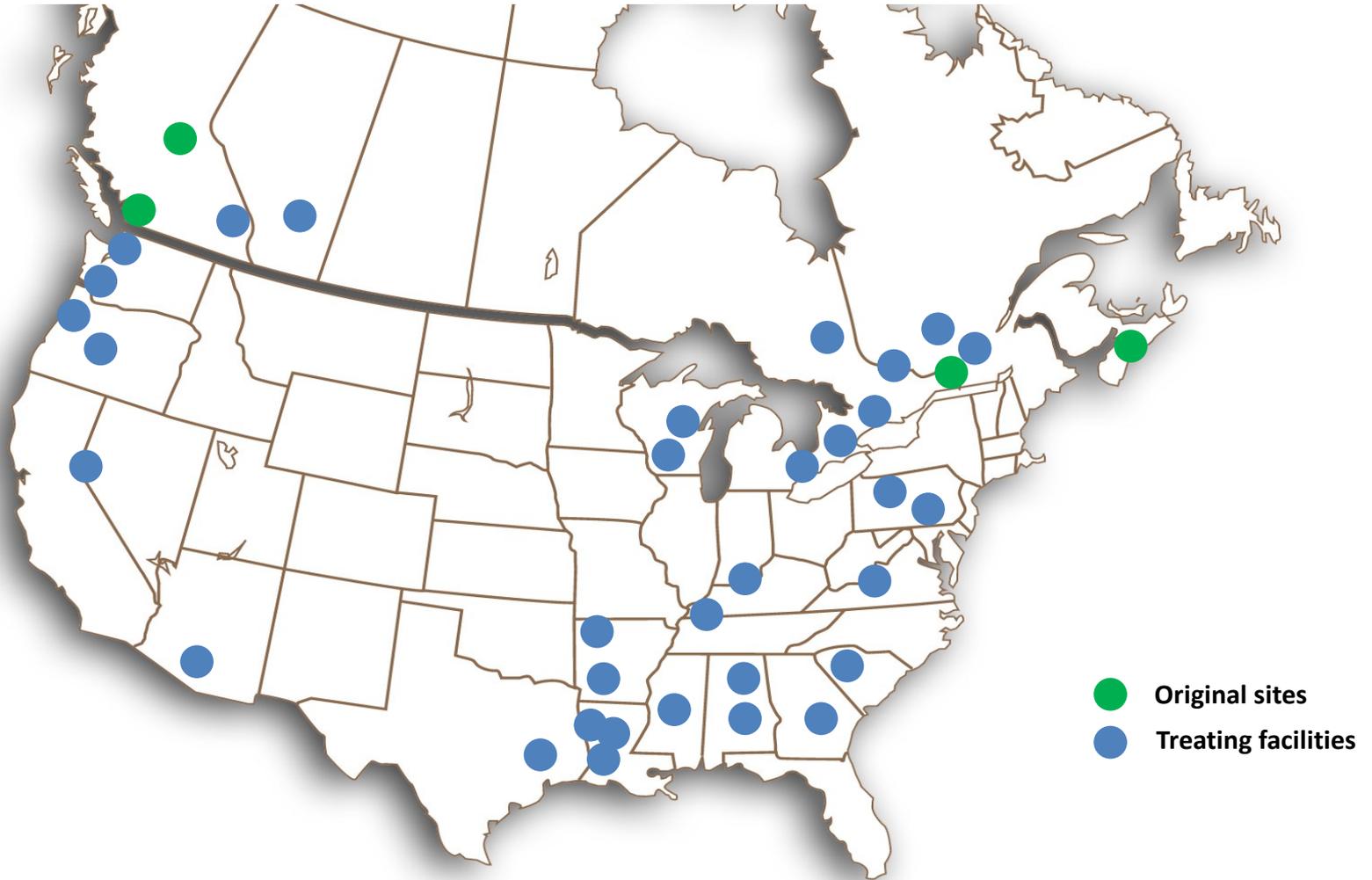
Tom A. Bruce Jones, CBE

Chairman of the Board

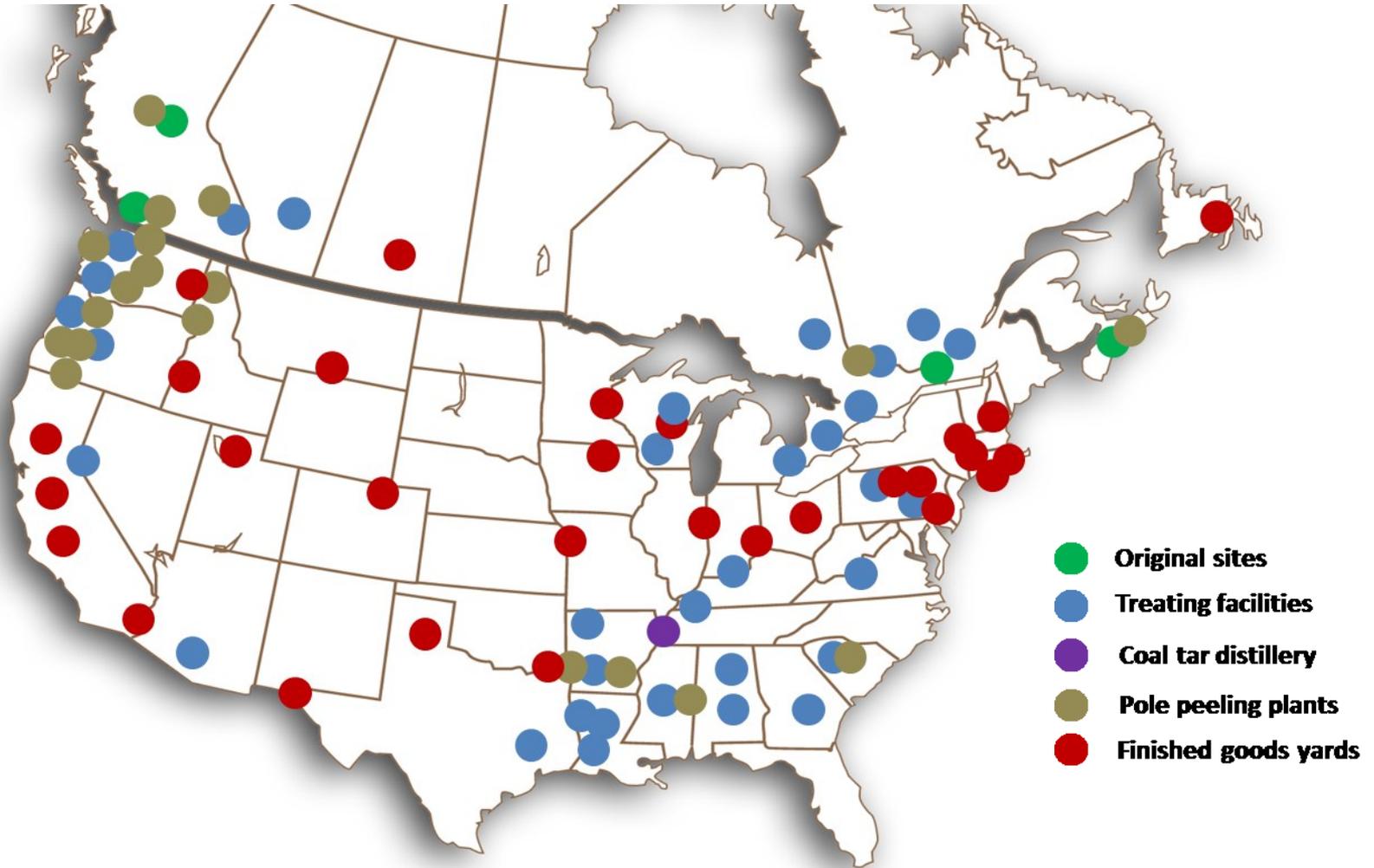
Stella-Jones in 1994



Stella-Jones in 2017



Stella-Jones in 2017



















In 2016, Stella-Jones produced 800,000 utility poles - over 10,000 kilometres laid end to end





And treated over 10 million railway ties –
enough to lay 5,000 kilometres of track



Not to mention treating 700,000 m³ of domestic lumber – more than enough to fill the Bell Centre!

AGENDA

- 1. Opening of the Meeting**
- 2. Chairman and Secretary**
- 3. Notice of Meeting**
- 4. Report of Scrutineers**
- 5. Minutes of the Annual Meeting of Shareholders Held on April 28, 2016**
- 6. Receipt of the Consolidated Financial Statements and of the Independent Auditor's Report for the Year Ended December 31, 2016**
- 7. Election of Directors**

PROPOSED DIRECTORS

- **Tom A. Bruce Jones**
Chairman, James Jones & Sons Limited
- **George J. Bunze**
Vice-Chairman and Director, Kruger Inc.
- **Gianni Chiarva**
Chairman, Stella Jones International S.A.
- **Katherine A. Lehman**
Managing Partner, Hilltop Private Capital LLC
- **James A. Manzi, Jr.**
Corporate Director
- **Brian McManus**
President & CEO, Stella-Jones Inc.
- **Nycol Pageau-Goyette**
President, Pageau Goyette et associés limitée, President, Corporation Montrésor Inc.
- **Simon Pelletier**
Senior Vice-President, North American Sales and Operations, Metso
- **Daniel Picotte**
Partner, Fasken Martineau DuMoulin LLP
- **Mary Webster**
Corporate Director

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- 6. Receipt of the Consolidated Financial Statements and of the Independent Auditor's Report for the Year Ended December 31, 2016**
- 7. Election of Directors**
- 8. Appointment of the Auditors**
- 9. Adoption of a special resolution to amend the Corporation's articles in order to increase the minimum and maximum permitted number of directors**
- 10. Management Presentation**

Brian McManus

President and Chief Executive Officer

A CONSISTENT FORCE

- **In 2016, Stella-Jones maintained its prominent role in the treated wood industry**
- **Over the years, Stella-Jones has been consistently:**
 - Exemplary in the quality of our products
 - Reliable in our proficiency to deliver
 - Disciplined in our pursuit of growth
- **This consistency explains why Stella-Jones has become a highly respected force in its market**

SIXTEENTH CONSECUTIVE YEAR OF GROWTH

- **Record sales and record net income**
- **Sales rose 17.9% to \$1.84 billion**
 - 4.4% increase excluding acquisitions and currency variations
- **Net income increased 8.9% to \$153.9 million**



THE STELLA-JONES BUSINESS MODEL

Strict discipline in:

1- Never straying from our core competence

- Pressure treatment of wood

2- Main product categories

- Railway ties and utility poles constitute fundamental infrastructure components

3- Methodical network expansion

- Logical next step in a geographic and/or strategic sense
- Increase our efficiency
- Better service clients

NETWORK EXPANSION

- **Acquisitions in the United States:**
 - Lufkin Creosoting (Texas); Kisatchie (Louisiana)
 - Three facilities that primarily produce utility poles
 - Expanded our presence in the U.S. Southeast
- **Acquisitions in Canada:**
 - Bois KMS (Québec); Northern Pressure Treated Wood (Ontario)
 - Enhance our ability to supply poles to large utility companies
- **Construction of a new facility in Cameron, Wisconsin**
 - Fully operational in the first quarter of 2017
 - Enhance our ability to service our utility pole customers

RAILWAY TIES – SUSTAINED DEMAND



- Sales of \$716.2 million
- Strong performance in the first half of 2016
- Softer demand in the second half

UTILITY POLES - STABLE DEMAND



- **Sales of \$579.2 million**
 - 9.8% year-over-year increase
 - Excluding acquisitions and the currency conversion effect, sales decreased approximately 4.7%
- **Lower sales of distribution poles due to reduced maintenance demand in certain regions**
- **Transmission pole demand held relatively steady**

RESIDENTIAL LUMBER - SUBSTANTIAL GROWTH



- **Sales of \$345.7 million**
 - 89.4% year-over-year increase
- **Full-year contribution from the 2015 Ram acquisition**
- **Providing residential lumber retailers with a value-added, full service offering**
 - As opposed to previous approach of providing treating services to wholesalers

INDUSTRIAL PRODUCTS - LOGS & LUMBER



- **Industrial product sales of \$96.3 million**
 - Relatively stable from the previous year

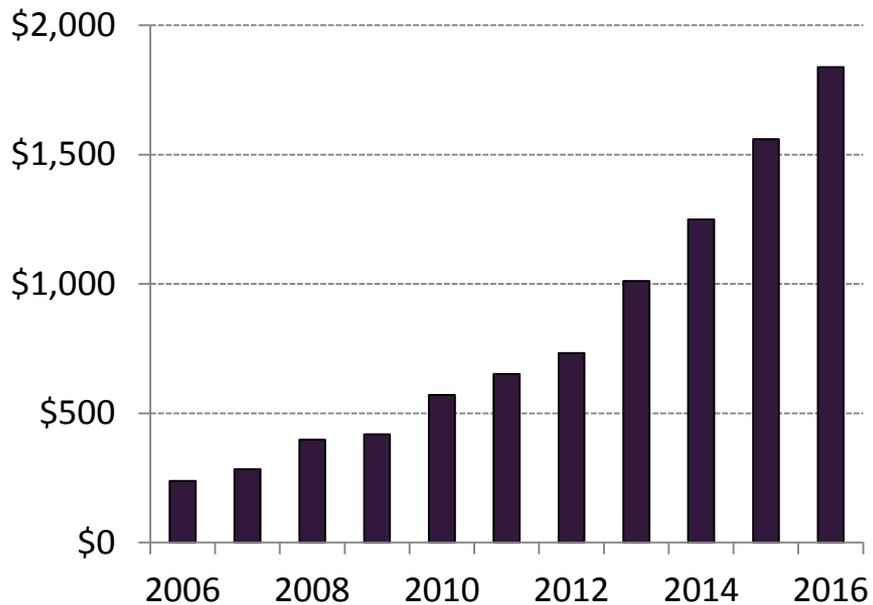
- **Logs & lumber sales of \$100.8 million**
 - \$58.4 million increase over the previous year
 - Mainly reflects the addition of activities focussed on re-selling excess purchased lumber into local home-building markets

Éric Vachon
Senior Vice-President and
Chief Financial Officer

A CONSISTENT FORCE

Sales

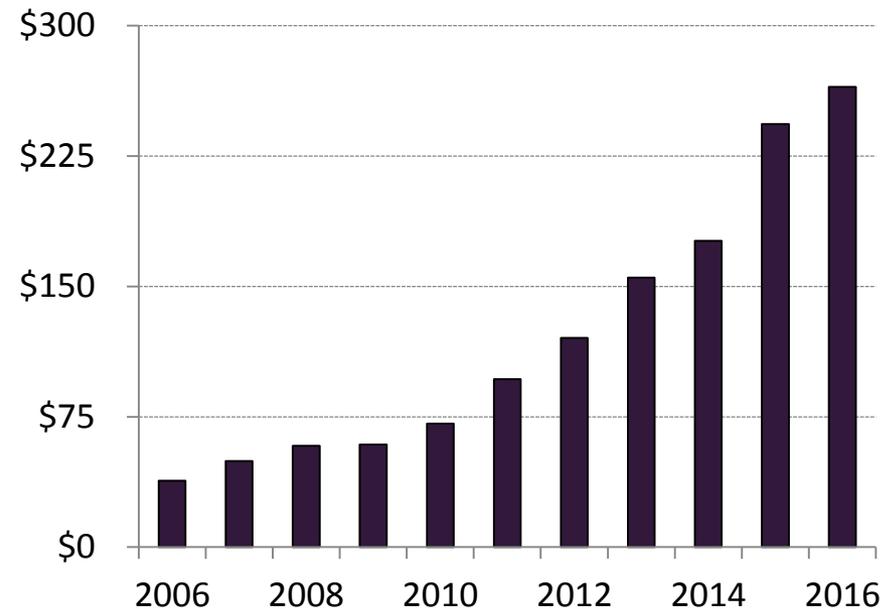
(in millions of \$)



10-year CAGR of 22.7%

EBITDA

(in millions of \$)



10-year CAGR of 21.4%

OPERATING RESULTS

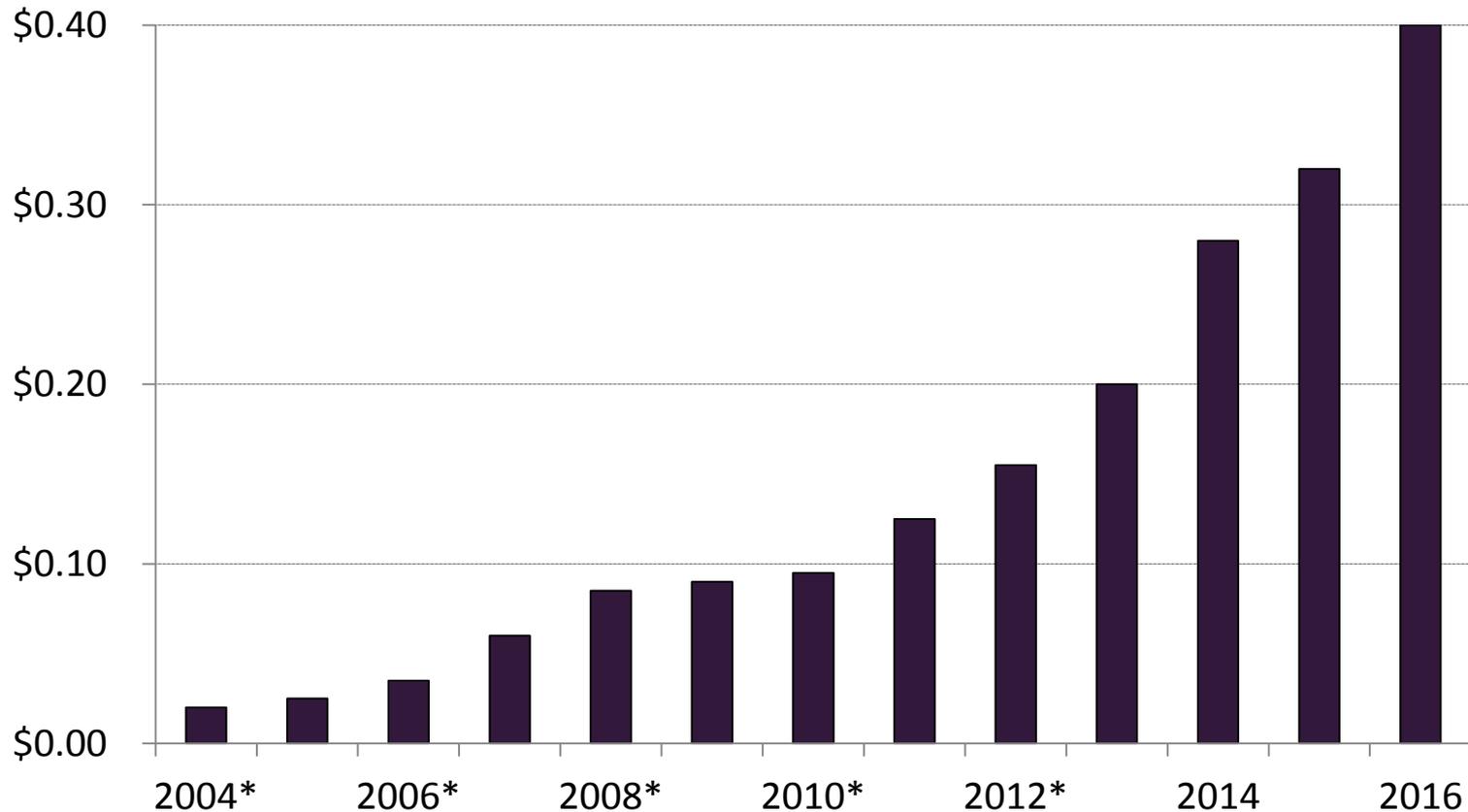
(in millions, except per share data)

Fiscal years ended December 31,

	2016	2015
Sales	\$1,838.4	\$1,559.3
Y/Y sales variation from:		
Acquisitions	\$ 156.8	
Currency variations	\$ 53.1	
Organic growth	\$ 69.1	+4.4%
Gross profit	\$ 333.7	\$ 307.3
Gross profit margin	18.2%	19.7%
Net income	\$ 153.9	\$ 141.4
Diluted earnings per common share	\$ 2.22	\$ 2.04
Cash flow from operating activities*	\$ 268.9	\$ 254.3

* Before changes in non-cash working capital components and interest and income tax paid.

TWELFTH CONSECUTIVE YEAR OF DIVIDEND INCREASE



* Incorporates 4 for 1 stock split by way of dividend on October 1, 2013

FINANCIAL POSITION

(in millions)	Dec. 31, 2016	Dec. 31, 2015
Current assets	\$1,050.5	\$ 1,013.8
Property, plant & equipment	\$ 467.0	\$ 375.5
Capital investments of \$63.2 million, including the new facility in Cameron, Wisconsin		
Intangible assets & goodwill	\$ 431.9	\$ 386.6
Total assets	\$ 1,962.0	\$ 1,776.2

FINANCIAL POSITION

(in millions, except ratio)	Dec. 31, 2016	Dec. 31, 2015
Long-term debt*	\$ 694.4	\$ 669.9
January 2017: US\$150.0 million private placement		
• US\$75.0 million payable in January 2024		
• US\$75.0 million payable in January 2027		
• Proceeds used to reimburse a portion of the committed revolving credit facility		
February 2017: one-year extension to February 2022 of the committed revolving credit facility		
Total liabilities	\$ 935.5	\$ 862.7
Shareholders' equity	\$1,026.4	\$ 913.5
Total debt / total capitalization	0.40:1	0.42:1

* Including current portion

2017 FIRST QUARTER RESULTS

(in millions, except per share data)

Quarters ended March 31,	2017	2016
Sales	\$ 396.9	\$ 421.0
Y/Y sales variation from:		
Acquisitions	\$ 22.8	
Currency variations	\$ (11.3)	
Organic variation	\$ (35.5)	-8.4%
Gross profit	\$ 63.8	\$ 78.8
Gross profit margin	16.1%	18.7%
Net income	\$ 25.9	\$ 35.0
Diluted earnings per common share	\$ 0.37	\$ 0.51

OUTLOOK

- **Year-over-year decrease in railway tie sales**
 - Most operators have slightly reduced their maintenance programs
 - We expect normal buying patterns to resume beyond 2017

- **Gradual return to regular business flow in the utility pole category**
 - Expansion in the southeastern U.S. to have a slight impact on margins

- **Further leverage our reputation in residential lumber**
 - Well positioned to benefit from sustained demand for new construction and outdoor renovation projects in the residential and commercial markets

OUTLOOK

- **Weaker year-over-year performance in the first half of 2017**
 - Margins impacted by product mix and softer pricing
- **Expect a year-over-year increase in the second half**
- **We study every expansion opportunity that offers strategic value**
 - Remain a consistent force in our industry, while consistently enhancing shareholder value



QUESTION PERIOD



**A CONSISTENT
FORCE**