



ANNUAL MEETING OF SHAREHOLDERS

May 3, 2018

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Management



Brian McManus
President and
Chief Executive Officer



Eric Vachon, CPA, CA
Senior Vice-President and
Chief Financial Officer



Marla Eichenbaum
Vice-President, General Counsel
and Secretary

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Election of Directors



Brian McManus
President and CEO,
Stella-Jones Inc.



Nycol Pageau-Goyette
President, Pageau Goyette
et associés limitée



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



Daniel Picotte
Partner, Fasken Martineau
DuMoulin LLP



Mary Webster
Corporate Director

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

Agenda



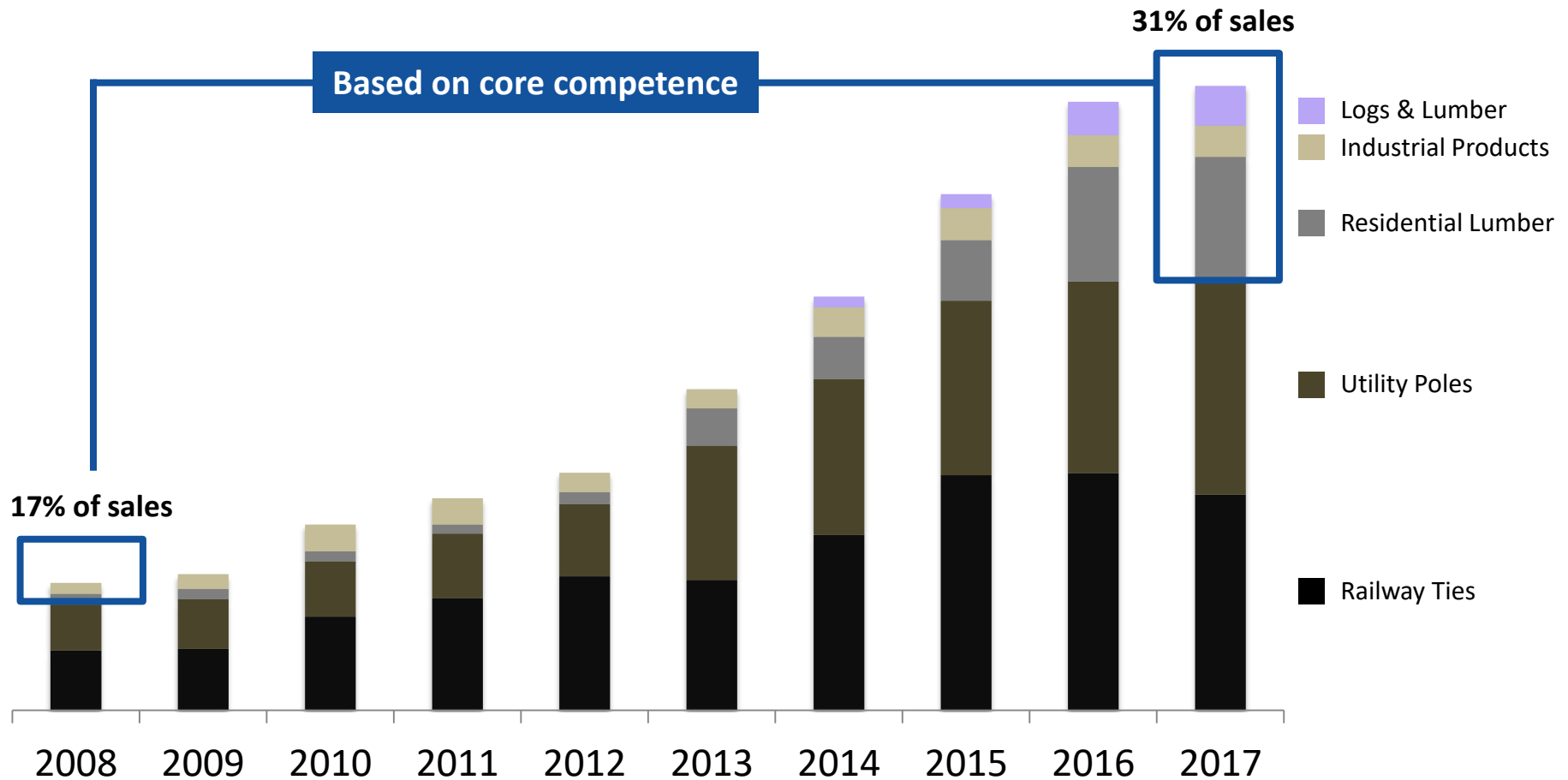
1. Opening of the Meeting
2. Chairman, Secretary and Scrutineers
3. Notice of Meeting
4. Scrutineer's Report
5. Minutes of Previous Meeting
6. Annual Report & Independent Auditor's Report
7. Election of the Directors
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period



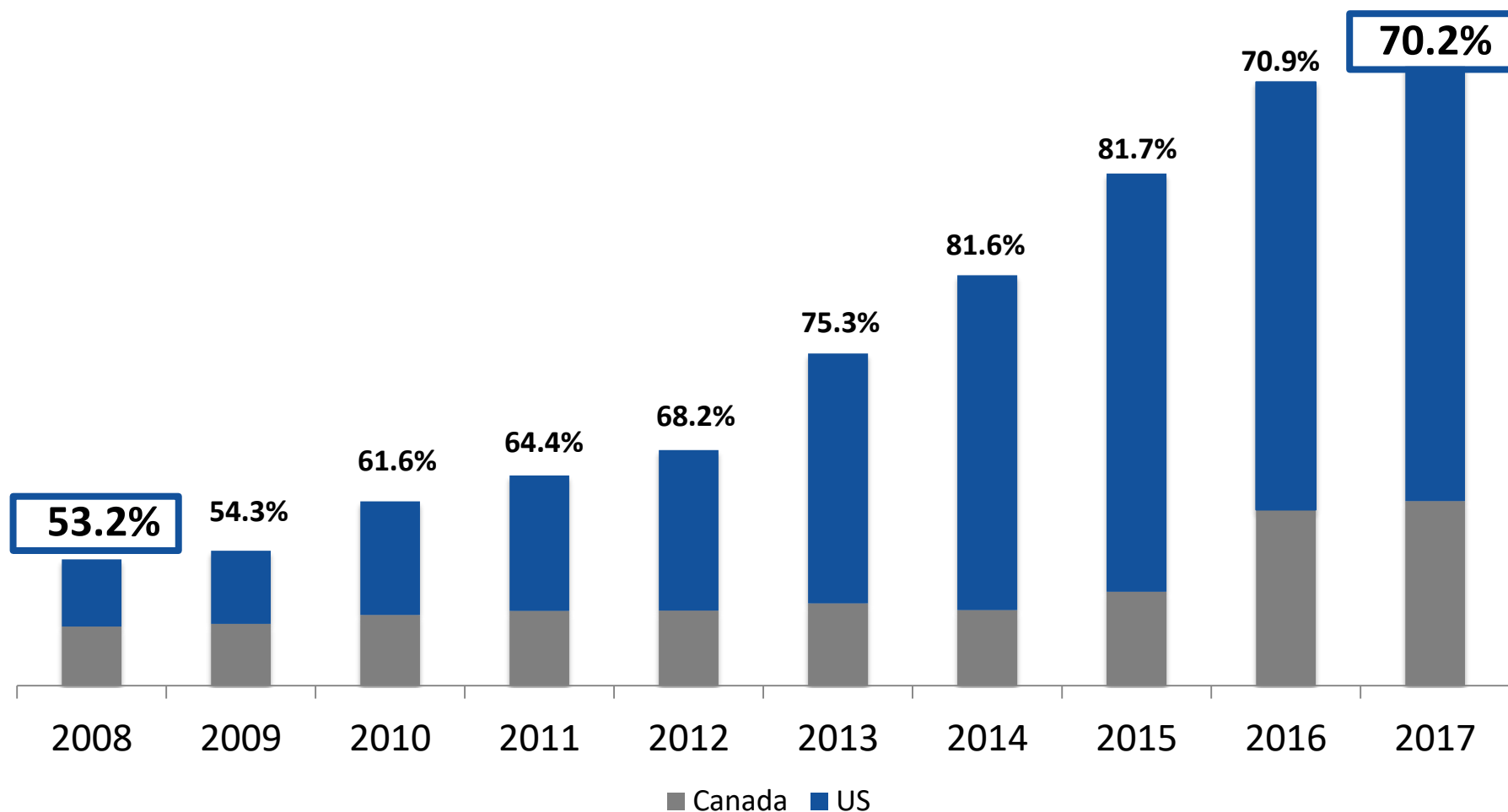
Brian McManus

President and
Chief Executive Officer

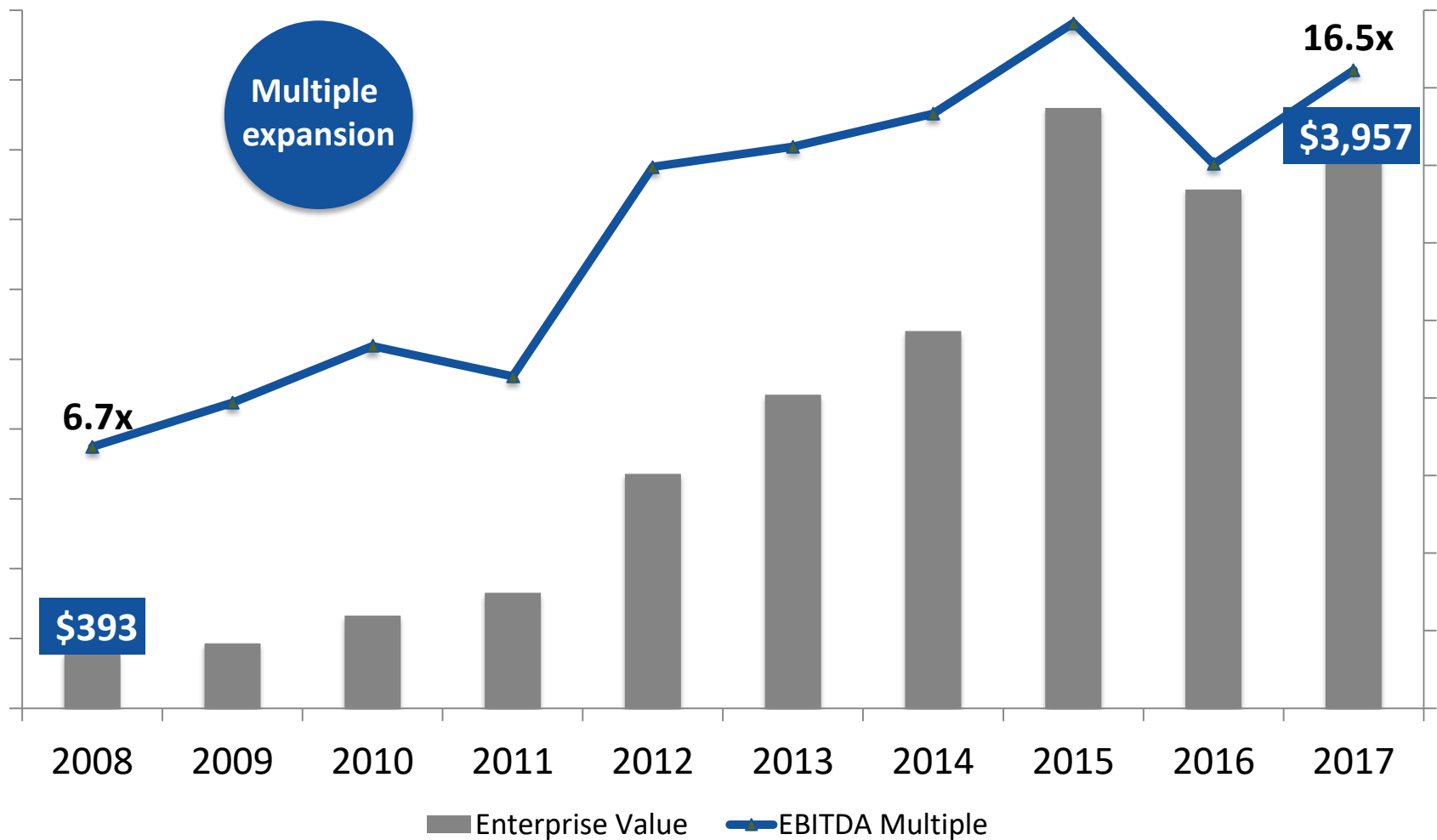
Diversifying Product Mix



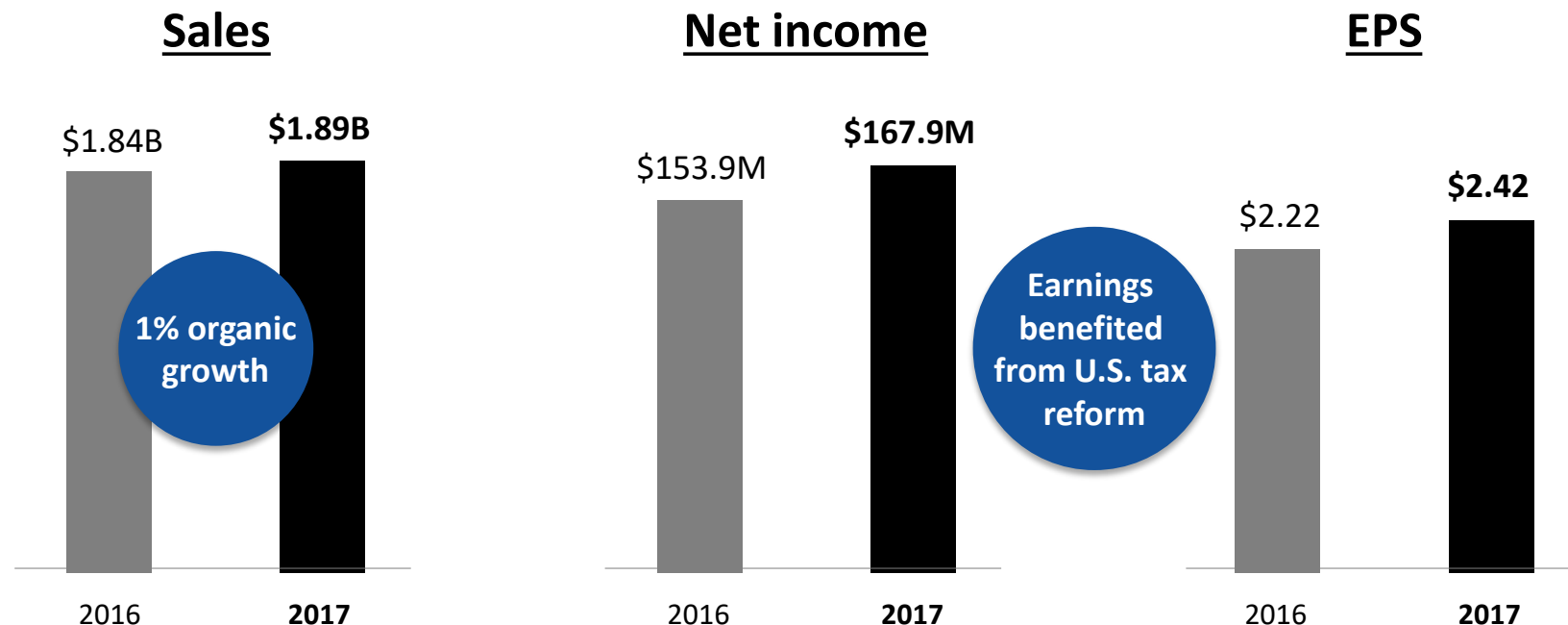
Growing Proportion of U.S. Sales



Creating Shareholder Value



Growing Revenues and Earnings

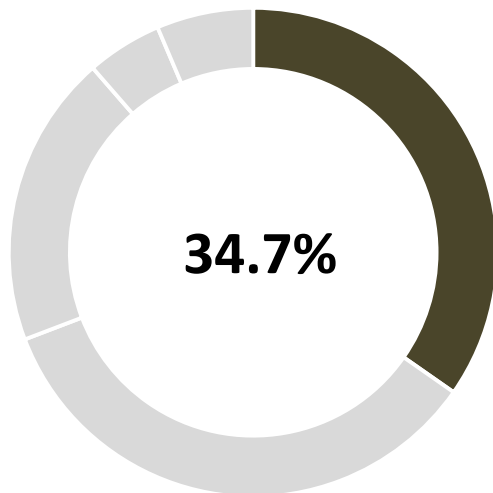


Margins impacted by pricing pressures in the railway tie category and by overall product mix

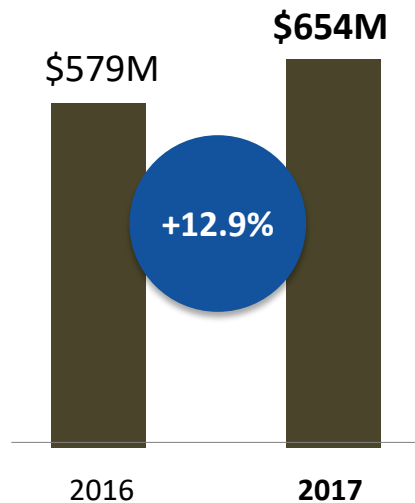
Utility Poles



Percentage of Sales



Sales



Organic Sales

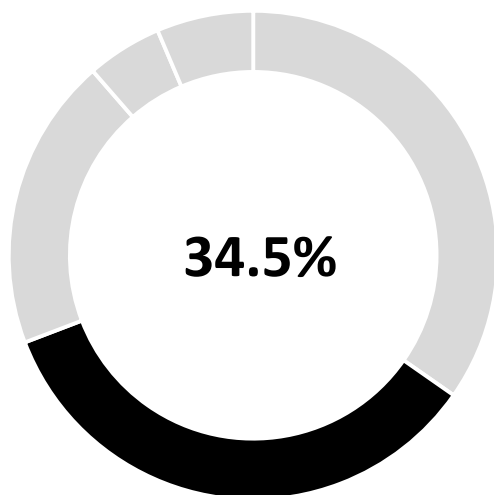


- Historical level of maintenance demand
- Growth in Southeastern U.S.

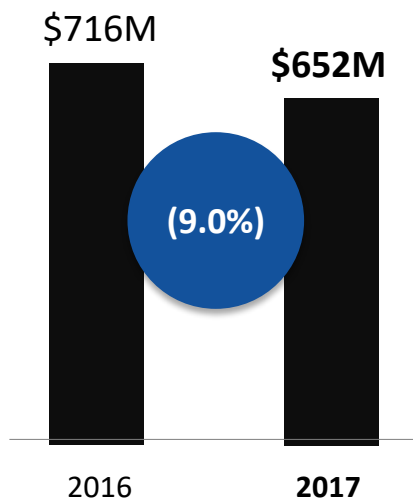
Railway Ties



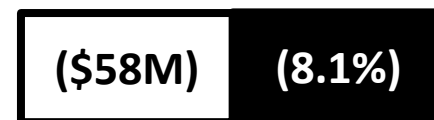
Percentage of Sales



Sales



Organic Sales

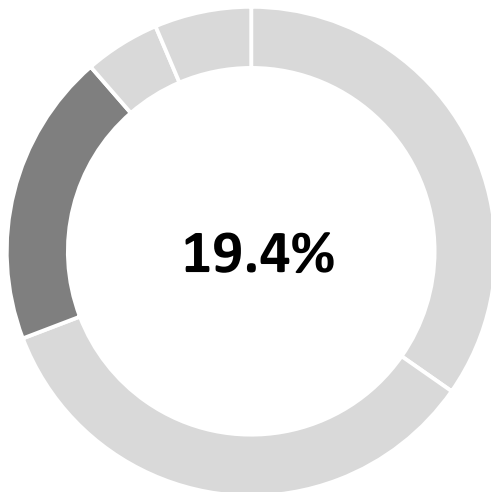


- Lower pricing

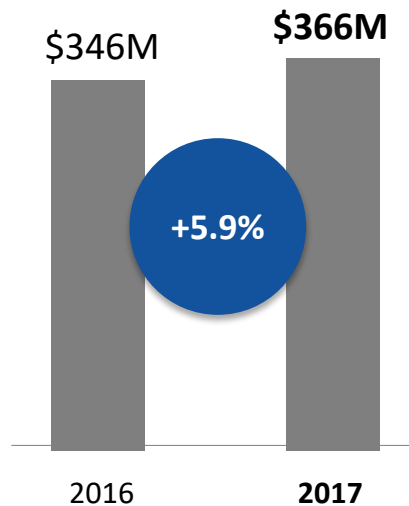
Residential Lumber



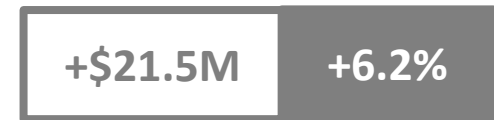
Percentage of Sales



Sales



Organic Sales

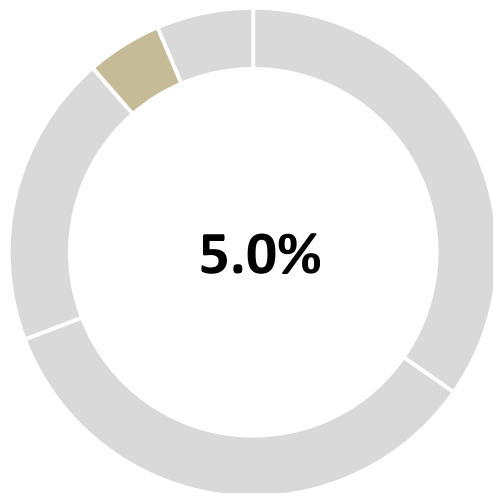


- Higher pricing

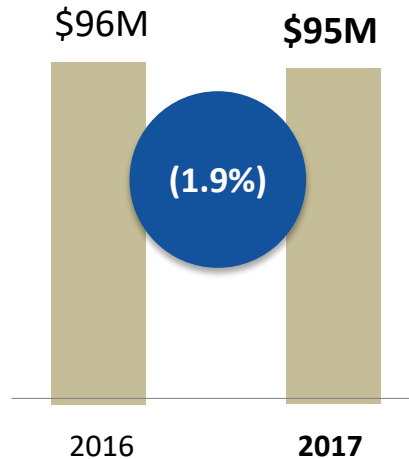
Industrial Products



Percentage of Sales



Sales



Organic Sales

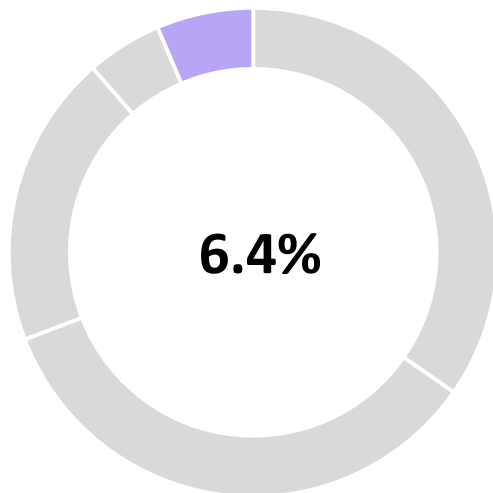
(\$2.2M) (2.3%)

- Lower sales of marine pilings in Canada

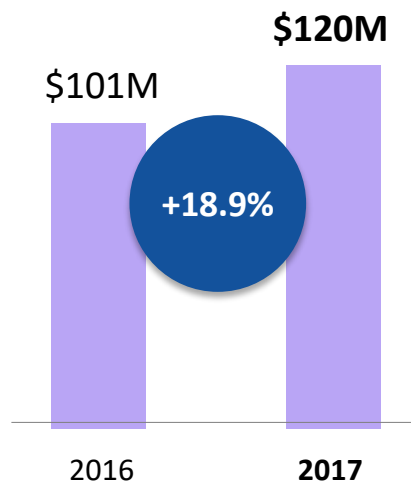
Logs & Lumber



Percentage of Sales



Sales



Organic Sales

+\$19.1M +18.9%

- Timing of lumber purchases & resale activities
- Timing of timber harvesting
- Higher selling prices

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., 3 wood treating facilities)
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.)



- Treating Facilities
- ◆ Coal Tar Distillery

1 New Westminster, BC
 2 Prince George, BC
 3 Galloway, BC
 4 Carseland, AB
 5 Neepawa, MB
 6 South River, ON
 7 Guelph, ON
 8 Gormley, ON
 9 Peterborough, ON
 10 Gatineau, QC
 11 Rivière-Rouge, QC
 12 Delson, QC
 13 Sorel-Tracy, QC

14 Truro, NS
 15 Arlington, WA
 16 Tacoma, WA
 17 Sheridan, OR
 18 Eugene, OR
 19 Silver Springs, NV
 20 Eloy, AZ
 21 Lufkin, TX
 22 Russellville, AR
 23 Rison, AR
 24 Converse, LA
 25 Pineville, LA
 26 Alexandria, LA
 27 Bangor, WI

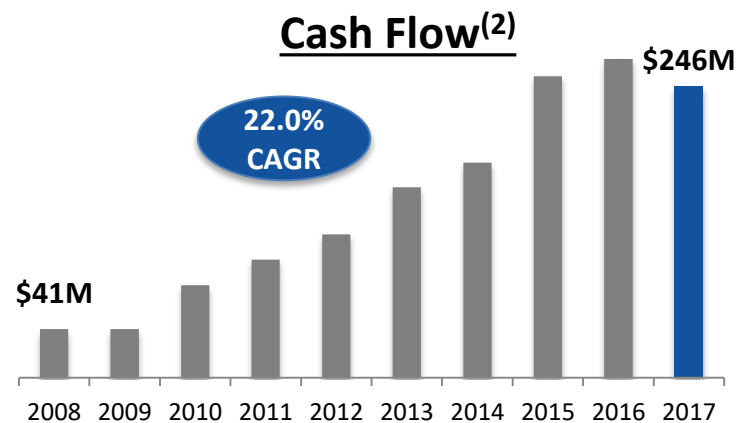
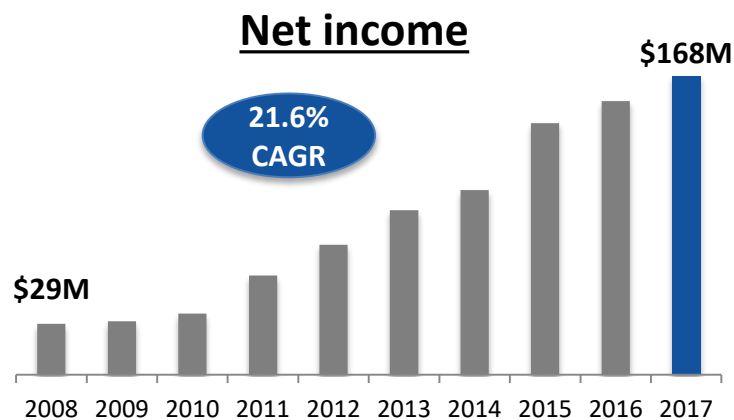
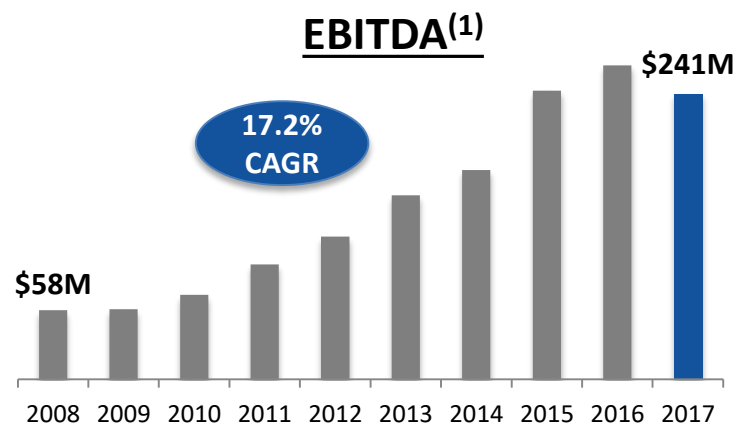
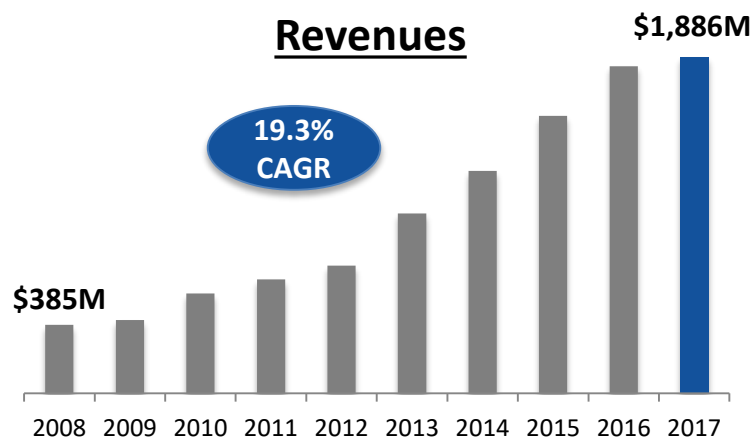
28 Cameron, WI
 29 Memphis, TN
 30 Scooba, MS
 31 Fulton, KY
 32 Winslow, IN
 33 Montevallo, AL
 34 Clanton, AL
 35 Cordele, GA
 36 Whitmire, SC
 37 Goshen, VA
 38 Warsaw, VA
 39 Dubois, PA
 40 McAllisterville, PA



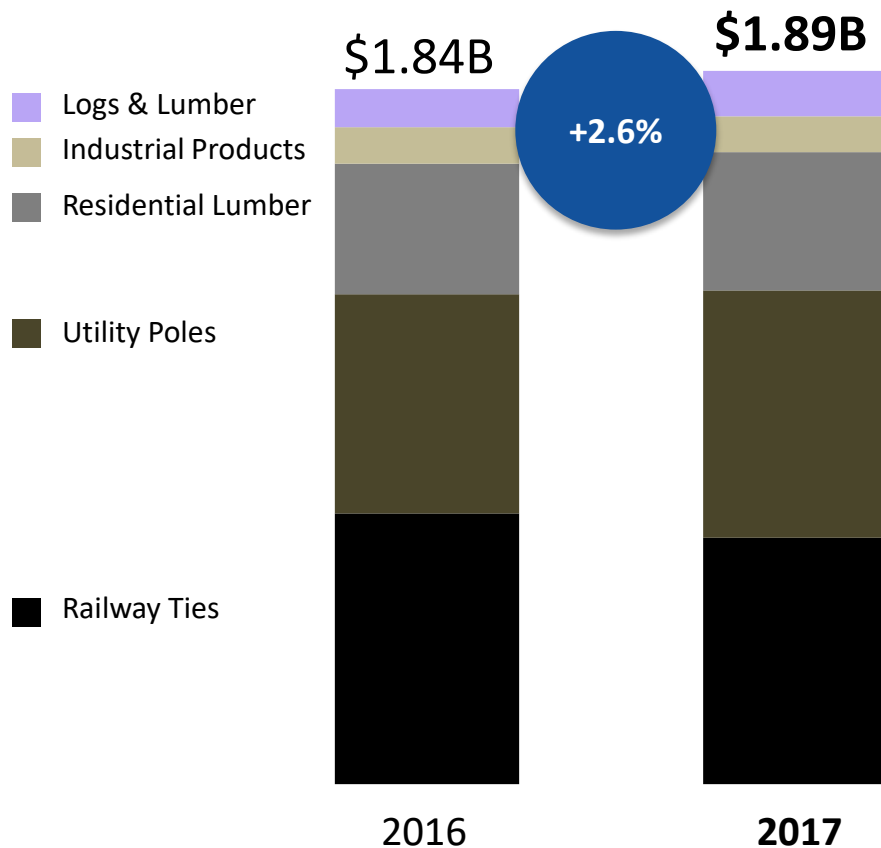
Eric Vachon, CPA, CA

Senior Vice-President and
Chief Financial Officer

Track Record of Performance



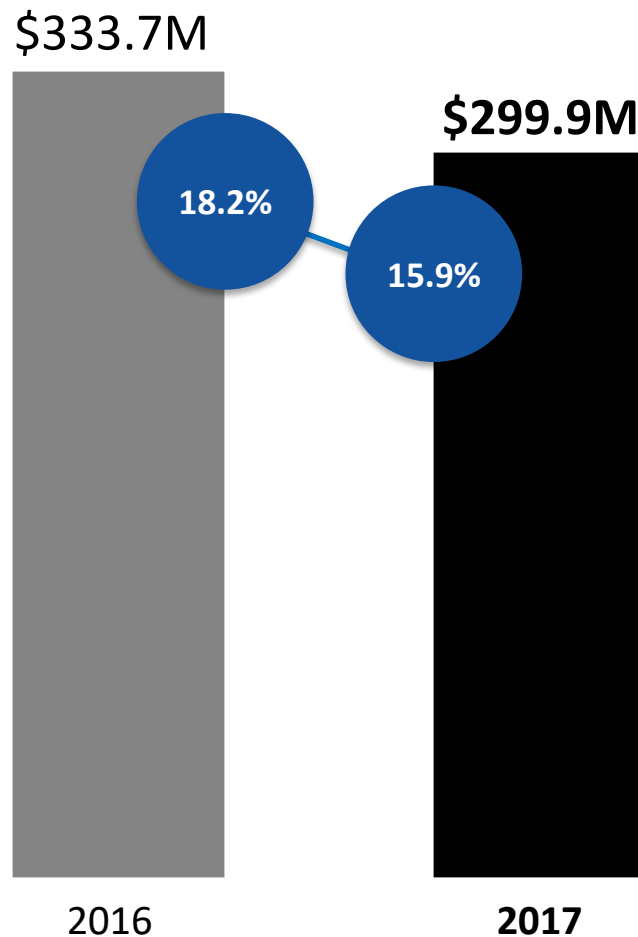
2017 – Sales Increased for 17th Consecutive Year



SALES VARIANCE

2016 Sales (M)	\$1,838.4
Acquisitions	44.0
Currency variations	(17.0)
Organic growth	20.8
2017 Sales (M)	\$1,886.1

2017 – Gross Profit Under Temporary Pressure



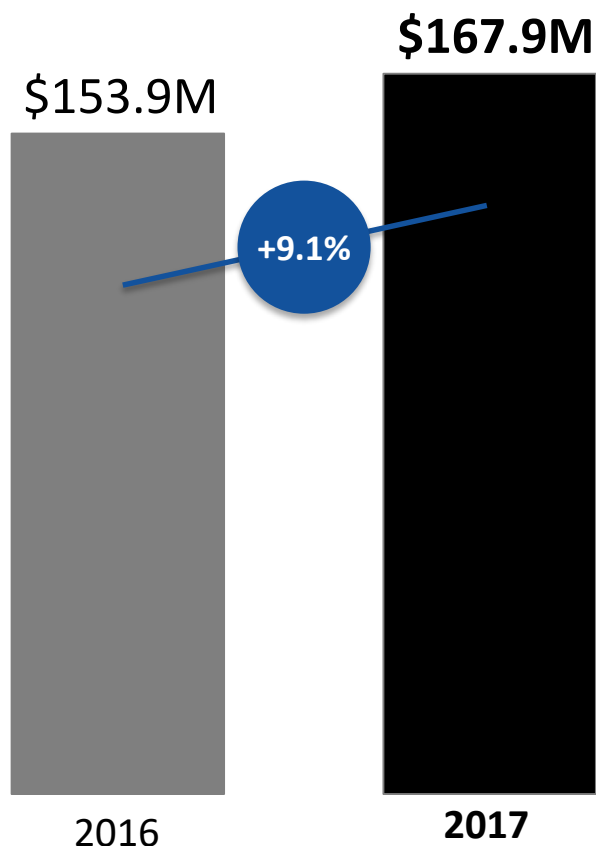
- ① Lower selling prices for railway ties
- ② Less favourable geographical mix in utility poles
- ③ Increased untreated lumber costs

2017 – Net Income & EPS Increased

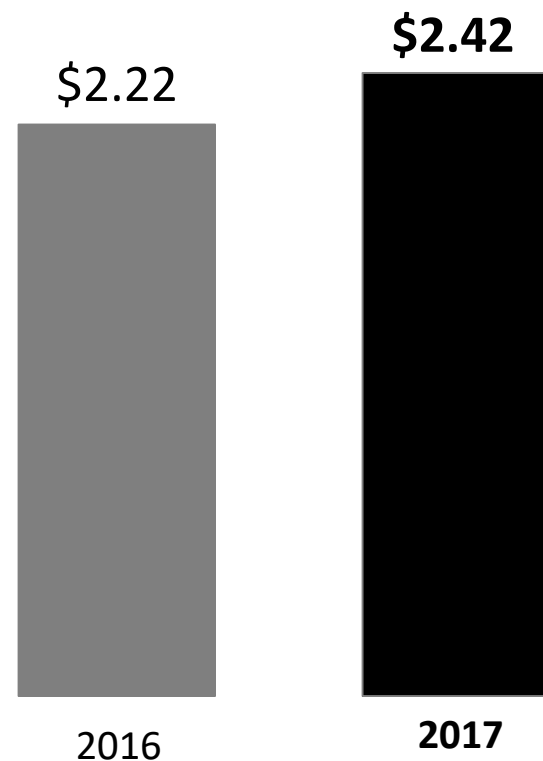


Net income

EPS



Benefited
from \$30M in U.S.
tax reform



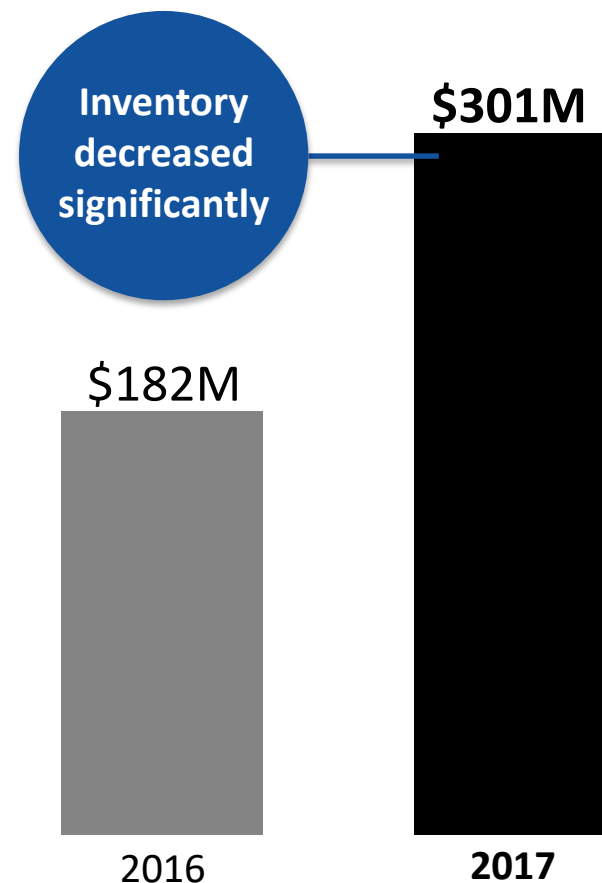
Generating Significant Cash Flow



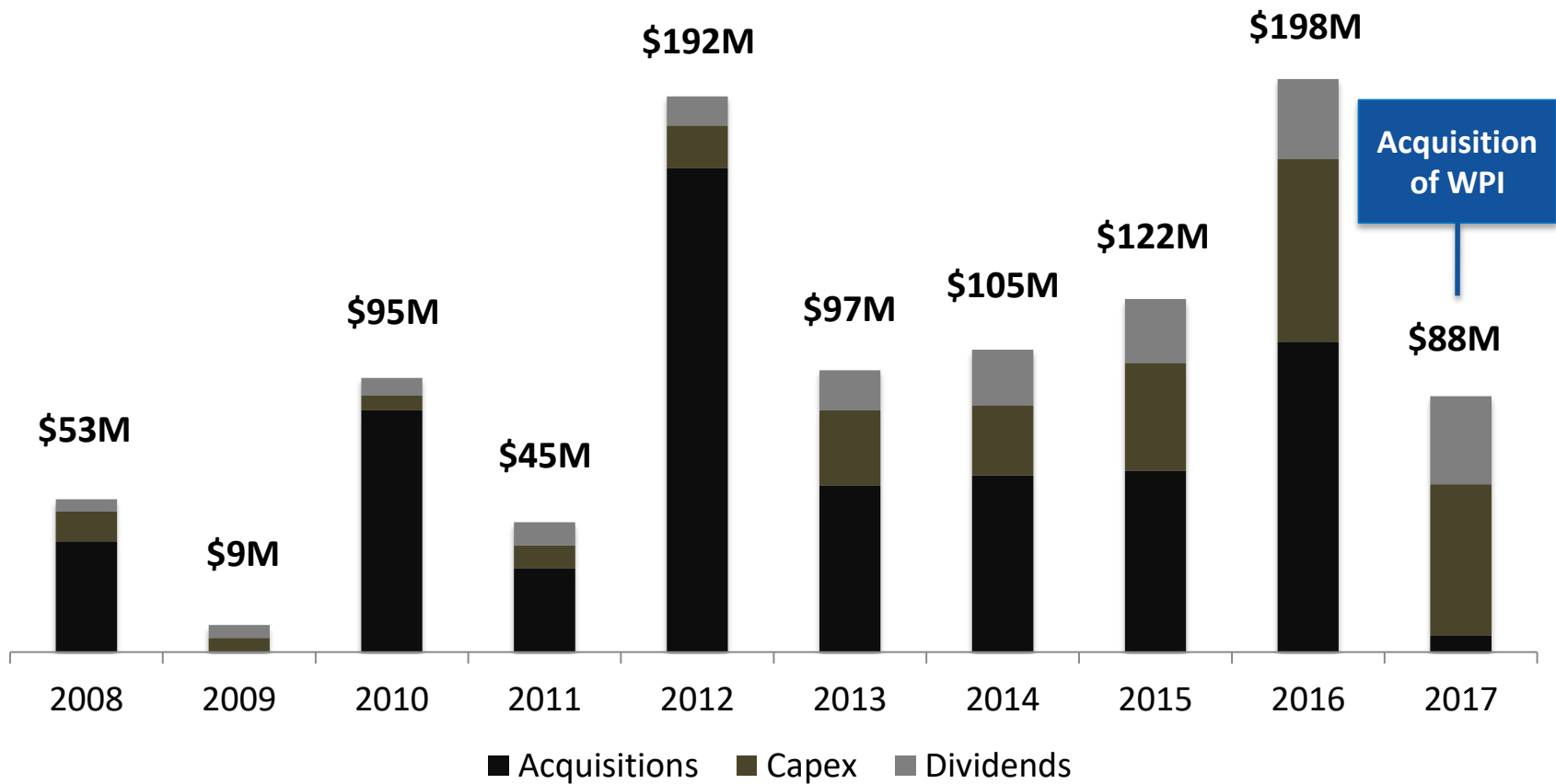
Cash Flow before certain items⁽¹⁾



Cash Flow from Operating Activities



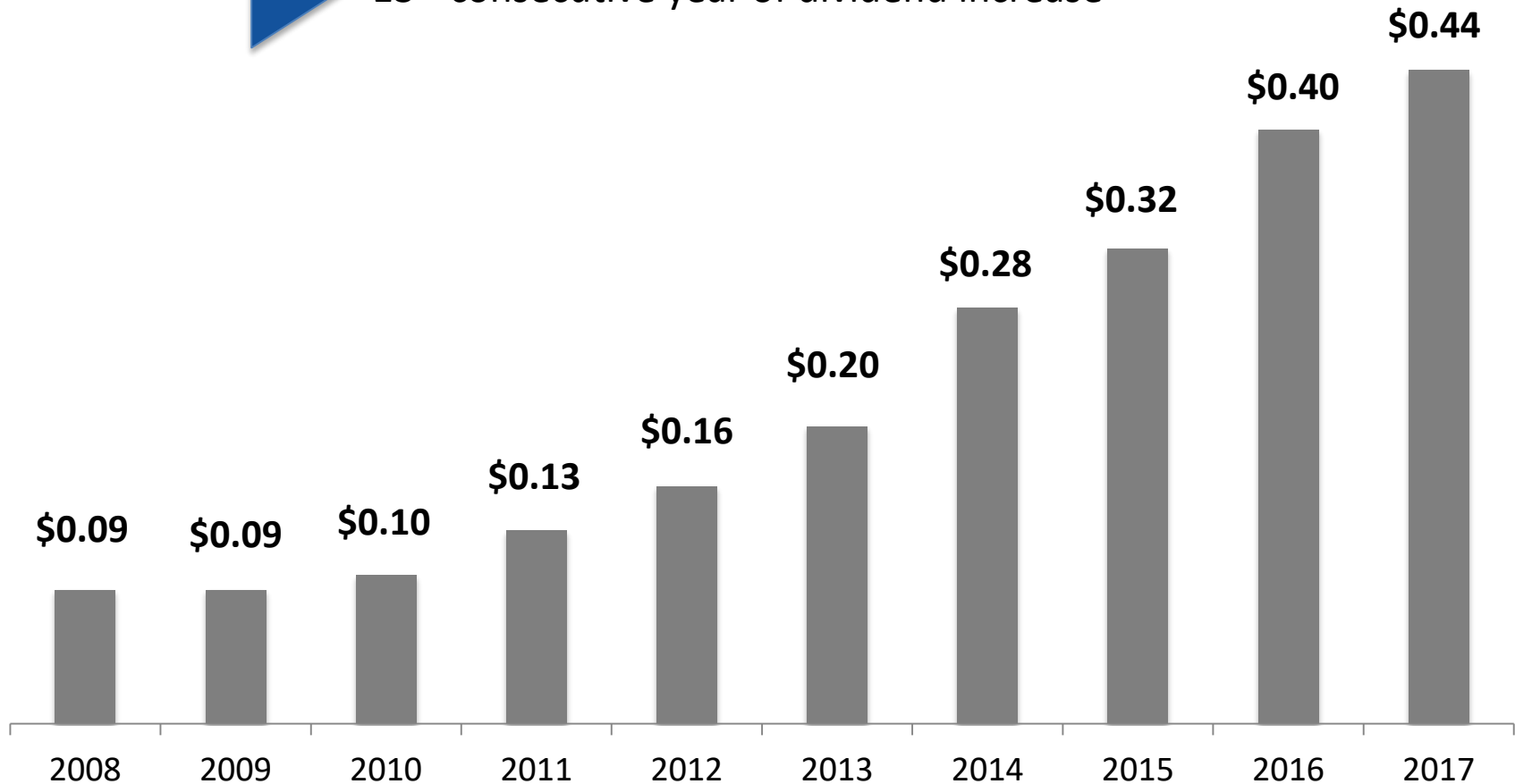
Deploying Capital Prudently



Increasing Dividends Consistently



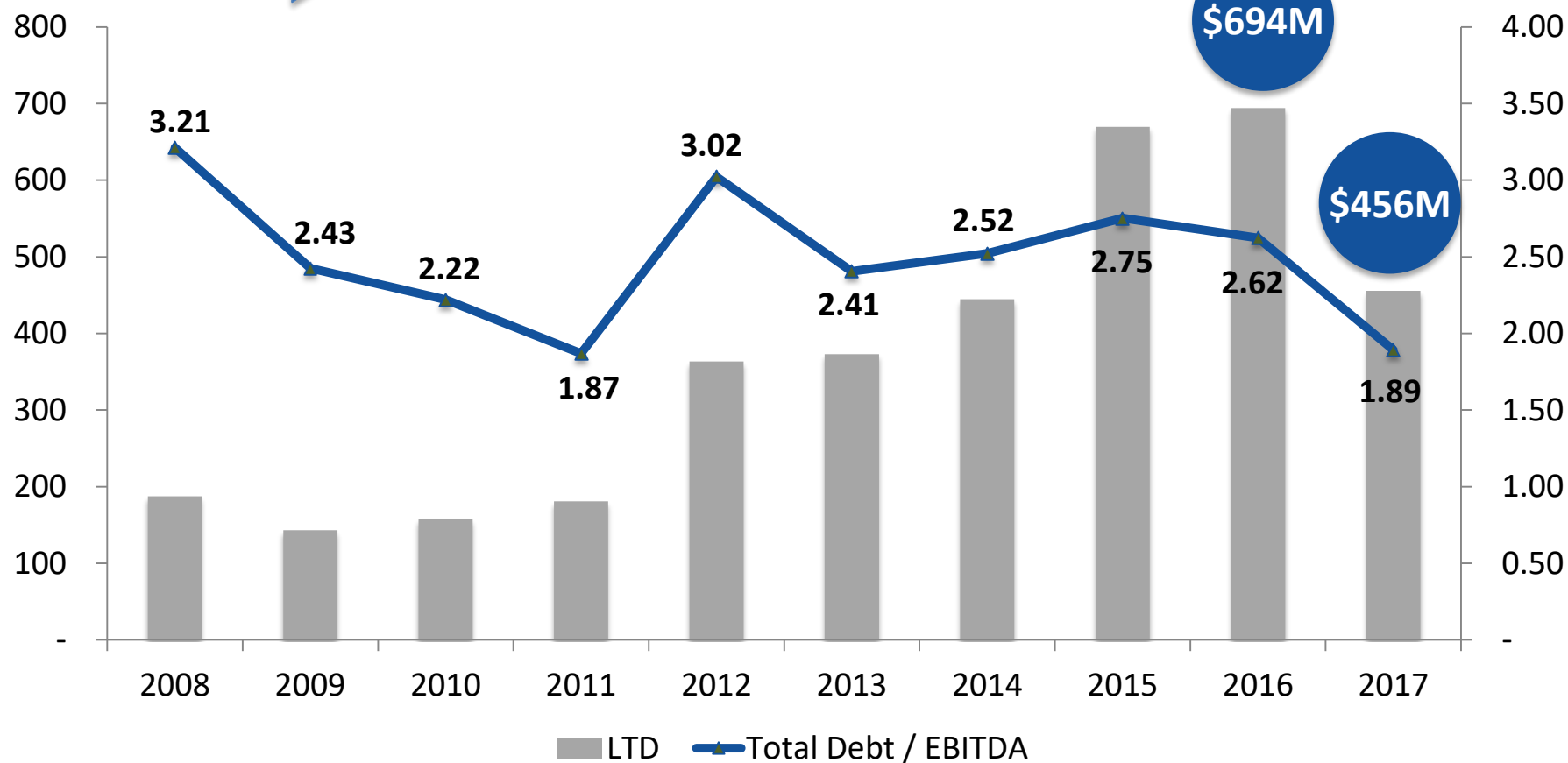
13th consecutive year of dividend increase



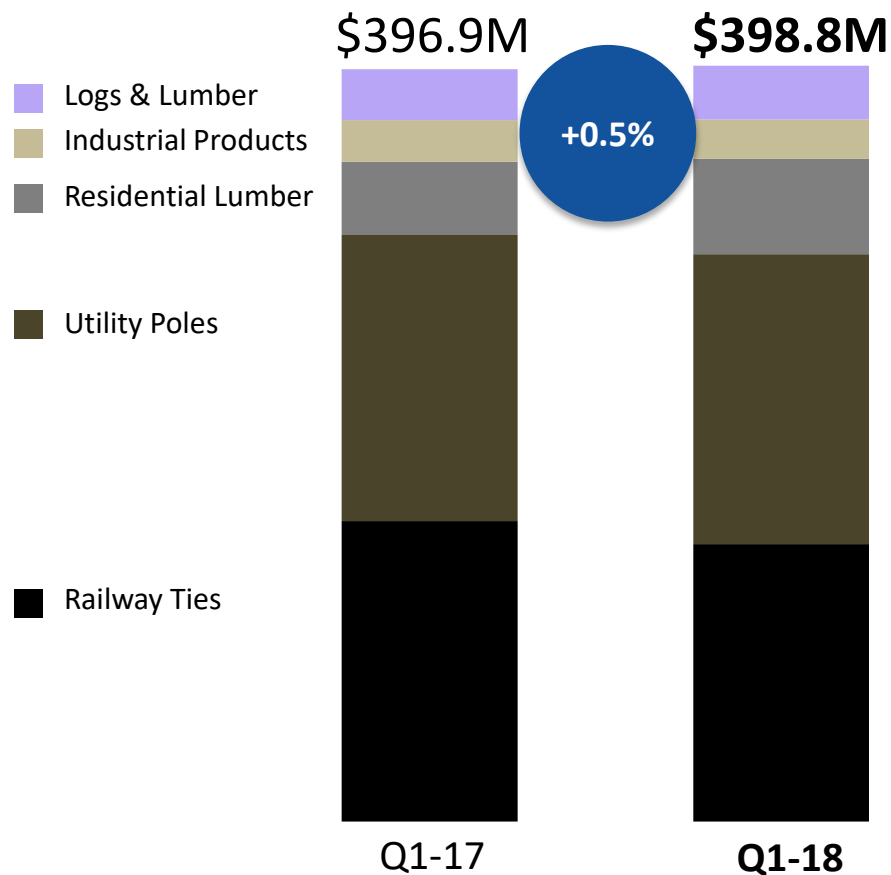
Maintaining a Solid Financial Position



\$354.5 million available on the Company's syndicated credit facilities



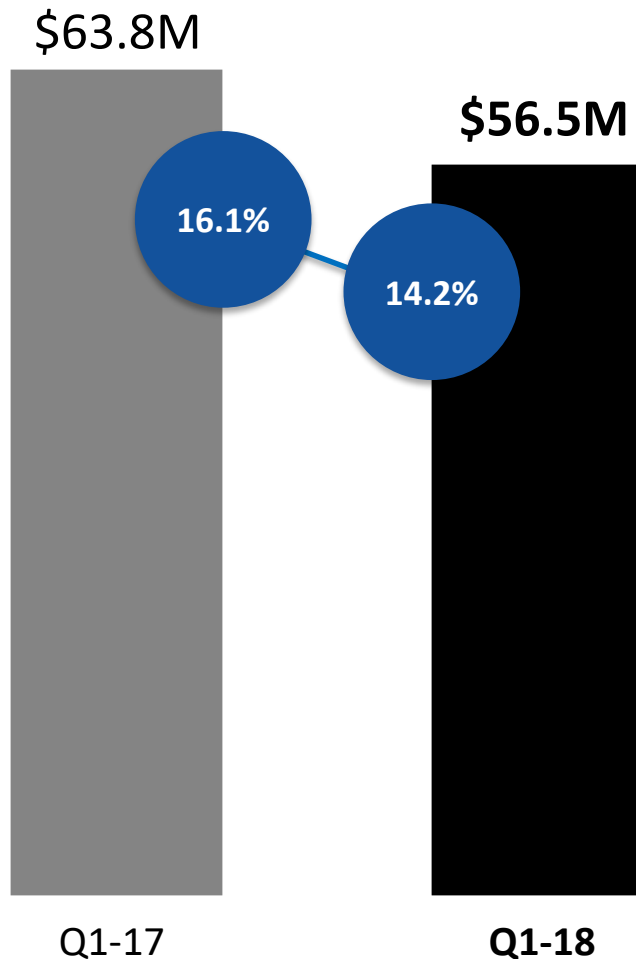
Q1-18 – Sales Increased Modestly



SALES VARIANCE

Q1-17 Sales (M)	\$396.9
Acquisitions	3.1
Currency variations	(16.1)
Organic growth	14.9
Q1-18 Sales (M)	\$398.8

Q1-18 – Gross Profit Still Under Pressure



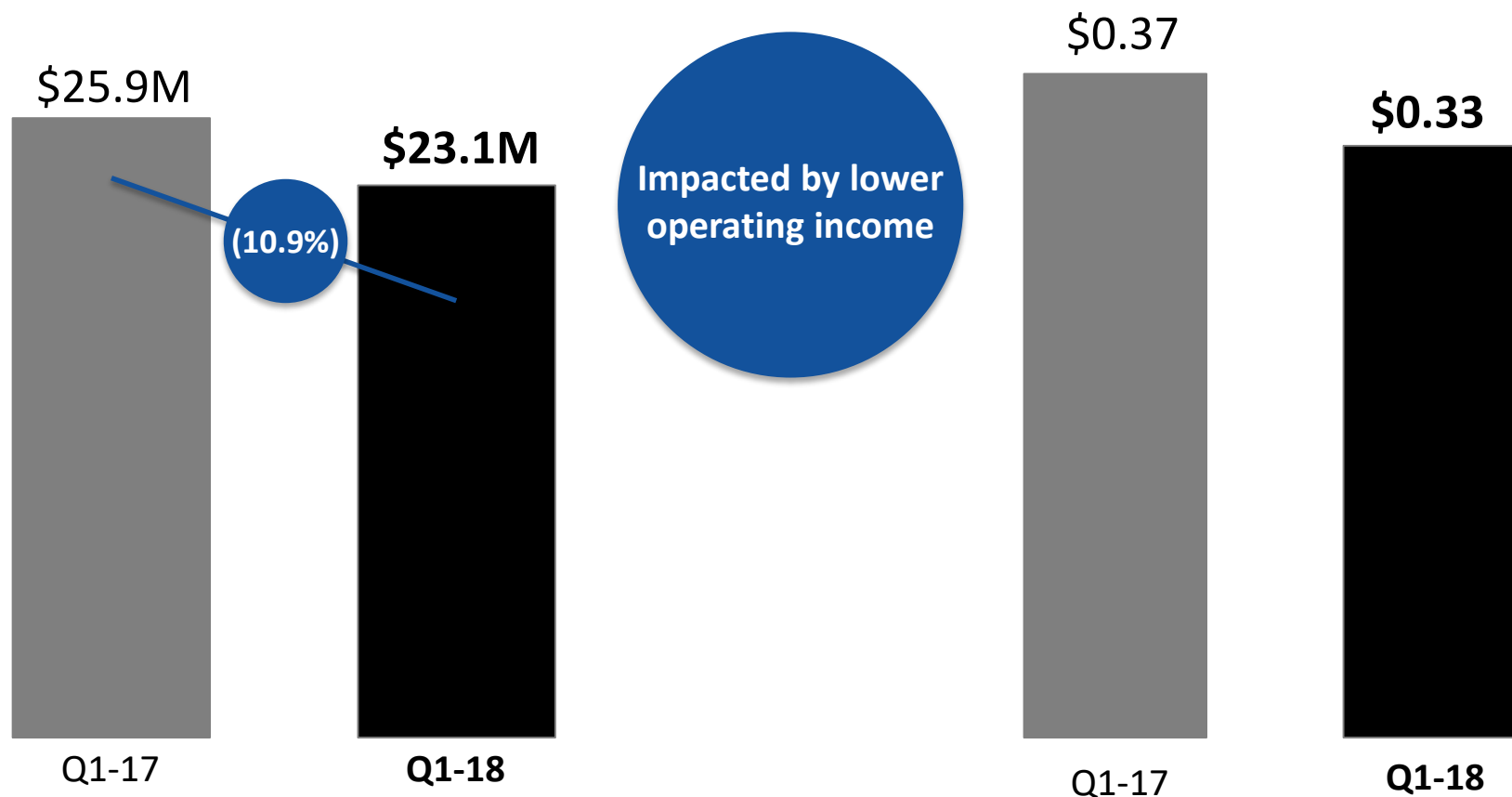
- ① Cost of sales was negatively impacted by the conversion of Class 1 railroad customer to a full service “black-tie” program
- ② Increasing utility pole fiber costs and timing of price increases

Q1-18 – Net Income & EPS Decreased



Net income

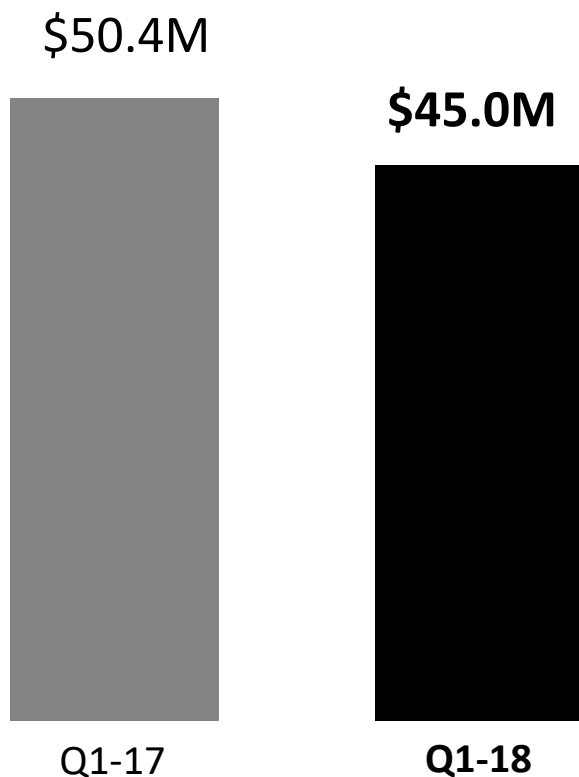
EPS



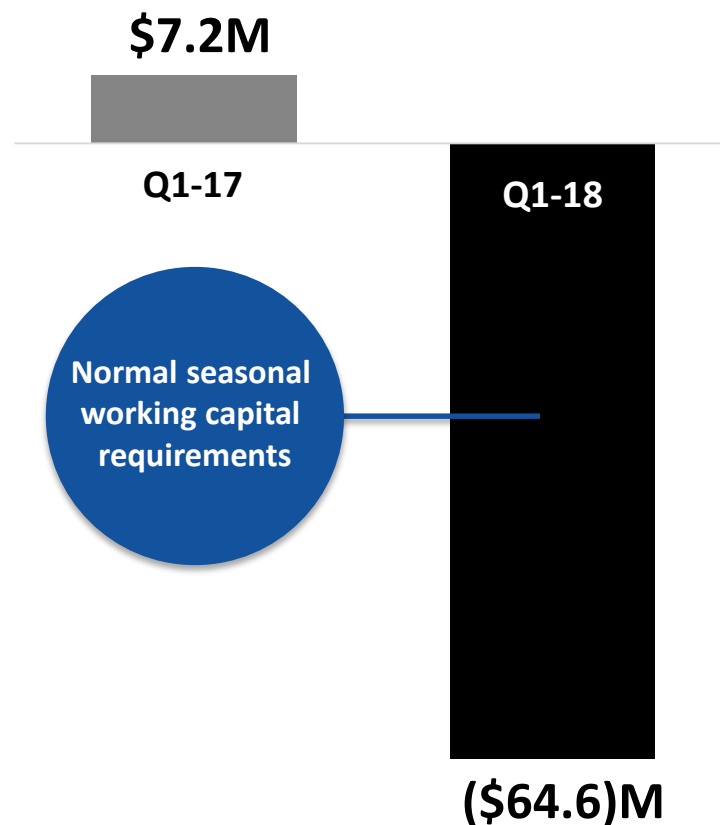
Managing Cash Flow for Seasonality



Cash Flow before certain items⁽¹⁾



Cash Flow from Operating Activities



Increasing Dividends Consistently



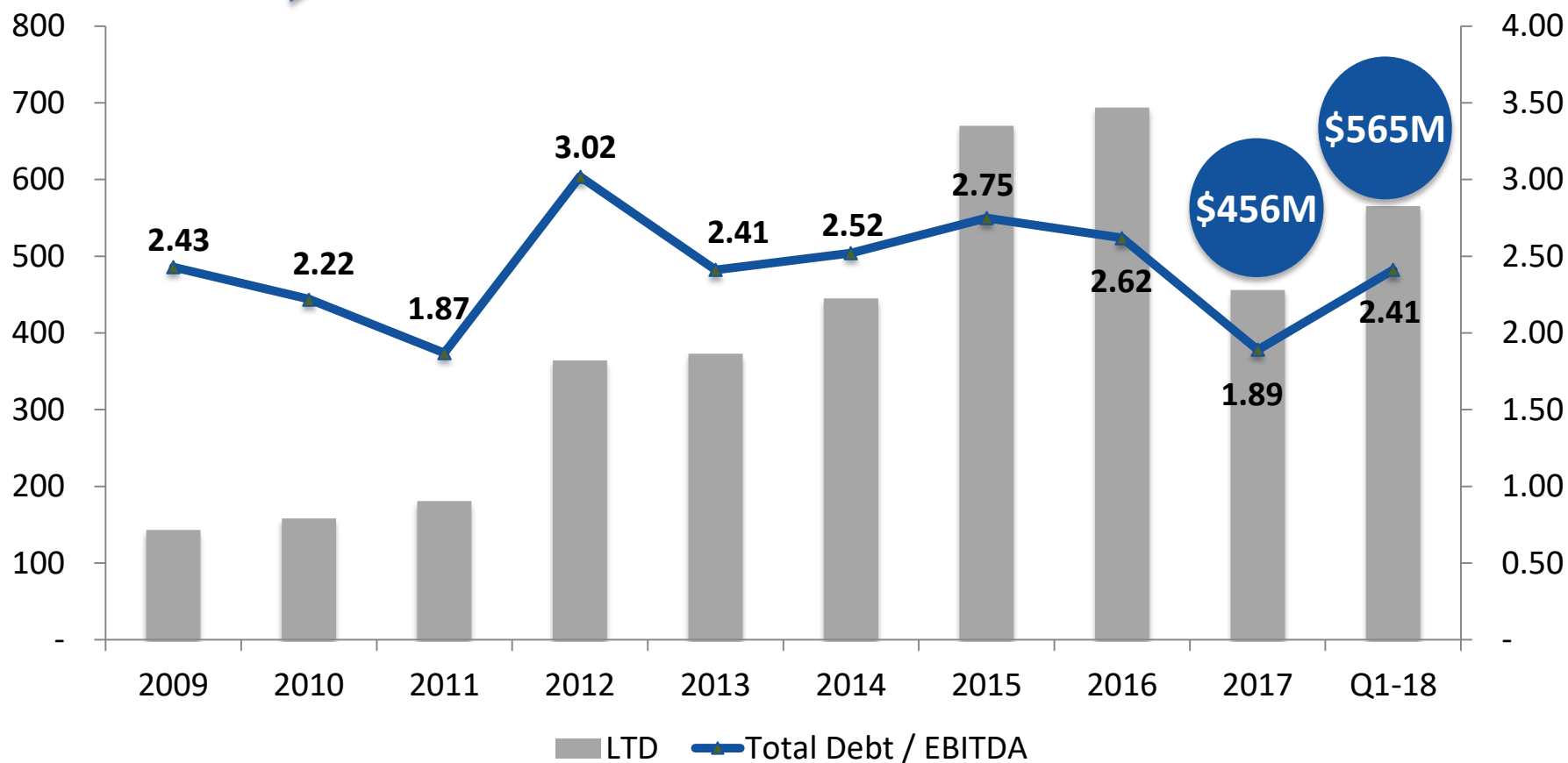
2018 will be the 14th consecutive year of dividend increase



Maintaining a Solid Financial Position



\$204.7 million available on the Company's syndicated credit facilities





Brian McManus

President and
Chief Executive Officer

Outlook



▶ Based on current market conditions and stable currencies

	Sales 2018 vs 2017	Margins 2018 vs 2017
Consolidated	Progressive improvement	Progressive improvement (1 st half softer)
Railway Ties	Stable	Softer margins in 1 st half
Utility Poles	Better sales mix	Margin pressure on cost increases & timing of pricing adjustments
Residential Lumber	Increased sales	

Agenda



1. Opening of the Meeting
2. Chairman, 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
8. Appointment of Auditors
9. Termination of the Meeting
10. Management Presentations
11. Question Period

THANK YOU



www.stella-jones.com

