



INVESTOR FACT SHEET

FIRST QUARTER
ENDED MARCH 31, 2019

FIRST QUARTER HIGHLIGHTS

- Sales increased 10.5% to \$440.7 million
- EBITDA up 45% to \$63.8 million, explained by increased margins as well as by the adoption of IFRS 16 and a non-cash mark-to-market gain of \$4.4 million on derivative commodity contracts
- Net income and diluted EPS increased to \$29.5 million and \$0.43 per share
- Acquired Shelburne Wood Protection Ltd., located in Ontario, following the end of the quarter

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.

TSX: SJ (as of May 1, 2019)

Price: **\$45.87**

High: **\$48.67**

Low: **\$37.40**

(52 weeks ended May 1, 2019)

Number of Shares Outstanding:
69,129,835

A WORD FROM THE PRESIDENT

First quarter results demonstrated strong sales and profitability growth, which were primarily driven by sales price and market demand increases in the utility pole and railway tie product categories, as well as acquisitions completed last year, combined with the currency conversion effect. These factors were partially offset by lower lumber costs, which impacted sales in the residential lumber and logs and lumber product categories. We continued to follow our strategy of continental expansion, completing a tuck-in acquisition in Ontario in April which further expands our network of residential lumber treating facilities in Canada. Building on our healthy financial position, we expect to generate higher year-over-year sales and margin improvements over last year. As always, we will continue to remain focused on optimizing our operations across the organization while diligently seeking market opportunities in all product categories.

Brian McManus
President and CEO
May 2, 2019

FINANCIAL HIGHLIGHTS

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

	Quarters ended March 31, (unaudited)	
	2019	2018 ²
Sales	440.7	398.8
EBITDA ¹	63.8	44.0
EBITDA margin ¹	14.5%	11.0%
Operating income ¹	45.7	35.5
Net income for the period	29.5	23.1
Per share – basic and diluted (\$)	0.43	0.33
Weighted average shares out. (basic, in '000s)	69,136	69,343

¹ This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. Please refer to the Non-IFRS financial measures section in the Company's management's discussion and analysis dated May 1, 2019.

² On January 1, 2019, the Company retrospectively adopted IFRS 16, Leases, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

RECENT EVENTS

On May 1, 2019 – The Board of Directors declared a quarterly dividend of \$0.14 per common share, payable on June 27, 2019 to shareholders of record at the close of business on June 6, 2019. This dividend is designated to be an eligible dividend.

On April 1, 2019 – The Company completed the acquisition of substantially all of the assets of Shelburne Wood Protection Ltd. ("SWP"), located in Shelburne, Ontario. The SWP plant is specialized in the treatment of residential lumber. The total consideration for the acquisition was approximately \$9.2 million of which \$8.5 million was financed through the Company's syndicated credit facilities and \$0.7 million was recorded as a balance of purchase price. The balance of purchase price bears no interest, will be paid to the seller in two equal amounts on the first and second anniversary of the transaction and was recorded at fair value using an effective interest rate of 3.31%. The SWP acquisition will be accounted as an acquisition of a group of assets.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trail. 12 months ²	2018 ²	2017 ²	2016 ²	2015 ²
Sales	2,165.8	2,123.9	1,886.1	1,838.4	1,559.3
EBITDA ¹	264.2	244.4	243.1	264.8	243.4
EBITDA margin ¹	12.2%	11.5%	12.9%	14.4%	15.6%
Operating income ¹	216.4	206.3	207.4	233.2	220.1
Operating margin ¹	10.0%	9.7%	11.0%	12.7%	14.1%
Net income for the period	144.0	137.6	167.9	153.9	141.4
Per common share – diluted (\$)	2.08	1.98	2.42	2.22	2.04

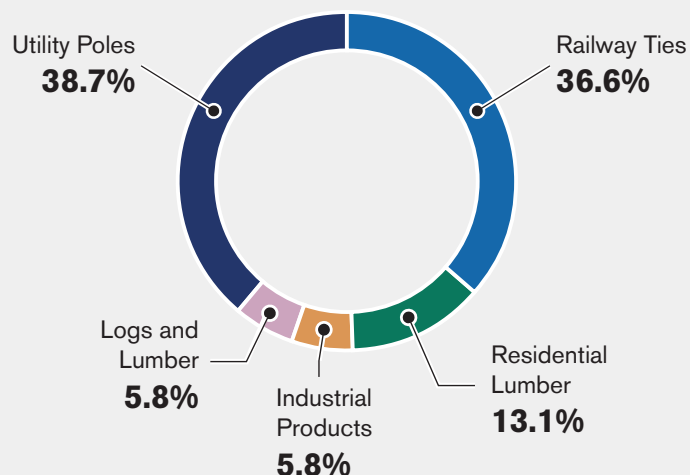
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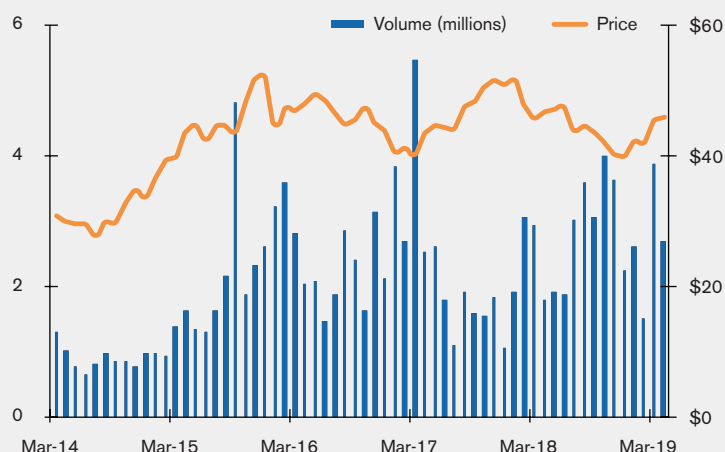
OUTLOOK

The outlook remains unchanged. Management expects higher year-over-year sales, based on current market conditions, assuming stable currencies and the current level of lumber prices. This increase is driven by stronger pricing for railway ties and utility poles as well as increased market reach for the residential lumber and utility pole product categories. Management also expects improved year-over-year margins across all product categories. Higher margins will be primarily driven by increased pricing and volume for railway ties coupled with improved product mix for utility poles. Furthermore, it is important to note that the 2019 EBITDA will be positively impacted by the adoption of IFRS 16.

PRODUCT CATEGORIES (in % of Q1 sales)



STOCK PERFORMANCE



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ANALYST COVERAGE

Mona Nazir	Laurentian Bank Securities
Mark Neville	Scotia Capital
Hamir Patel	CIBC
Benoit Poirier	Desjardins Securities
Brian Pow	Acumen Capital Finance Partners Limited
Walter Spracklin	RBC Capital Markets
Michael Tupholme	TD Securities