

INVESTOR FACT SHEET



TSX: SJ (as at May 6, 2020)

Price: \$34.11

High: \$48.08

Low: \$23.69

(52 weeks ended May 6, 2020)

Number of Shares Outstanding:
67,477,470

Q1 ENDED MARCH 31, 2020

FIRST QUARTER HIGHLIGHTS

- Sales increased 14% to a first quarter record of \$503 million
- Gross profit grew by 19% from last year
- EBITDA remained stable at \$63 million, negatively impacted by a \$7 million mark-to-market loss on diesel derivative financial instruments
- Updated 2020 outlook to reflect the uncertain impact of the COVID-19 pandemic

Stella-Jones Inc. (TSX: SJ) is a leading producer and marketer of pressure-treated wood products. The Company supplies North America's electrical utilities and telecommunication companies with utility poles, and the continent's railroad operators with railway ties and timbers. 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.

A WORD FROM MANAGEMENT

We had a solid start to the year with sales up a robust 14%. Sales growth for our pressure-treated wood products was supported by stronger demand for utility poles and residential lumber, and improved pricing for utility poles and railway ties. While higher sales led to a 19% increase in gross profit, EBITDA was unfavourably impacted by the mark-to-market variation in diesel derivative commodity contracts. As a result, EBITDA remained stable compared to the same period last year.

While Stella-Jones' operations and products are considered critical to the integrity of the supply chains for North American utilities, railroads and the construction industry, we anticipate headwinds from the COVID-19 pandemic and have therefore updated our 2020 outlook. We remain focused on managing our business prudently while applying rigorous hygiene practices and physical distancing policies throughout the organization. We are confident that our resilient business model and seasoned management team, combined with a solid balance sheet and ample financial flexibility position us well to weather the current crisis and continue to drive growth.

Éric Vachon
President and CEO
May 7, 2020

FINANCIAL HIGHLIGHTS

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

	Quarters ended March 31, (unaudited)	
	2020	2019
Sales	503	441
Gross Profit ¹	83	70
EBITDA ¹	63	64
EBITDA margin ¹	12.5%	14.5%
Operating income ¹	45	46
Net income for the period	28	29
Per share – basic and diluted (\$)	0.41	0.43
Weighted average shares out. (basic, in '000s)	67,469	69,136

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 described in the Management's Discussion and Analysis.

RECENT EVENTS

March 25, 2020 – The Company provided an update on the impact of COVID-19 on its North American operations.

March 11, 2020 – The Company confirmed that it has ceased taking active steps to produce Pentachlorophenol and intends to continue working with its customers to offer a variety of preservative solutions for utility pole wood treatment.

January 16, 2020 – The Company announced the appointment of Robert Coallier to its Board of Directors.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trail. 12 months	2019	2018 ²	2017 ²	2016 ²
Sales	2,231	2,169	2,124	1,886	1,838
EBITDA ¹	312	313	244	243	265
EBITDA margin ¹	14.0%	14.4%	11.5%	12.9%	14.4%
Operating income ¹	241	242	206	207	233
Operating margin ¹	10.8%	11.2%	9.7%	11.0%	12.7%
Net Income for the Period	162	163	138	168	154
Per common share – diluted (\$)	2.35	2.37	1.98	2.42	2.22

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Please refer to the non-IFRS financial measures described in the Management's Discussion and Analysis.

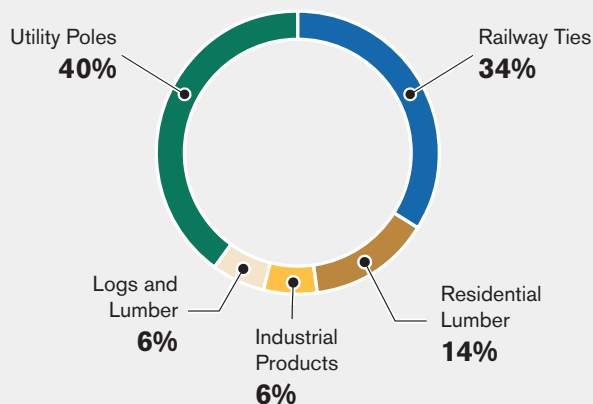
² Results for fiscal 2018 and prior years were not restated as permitted by IFRS 16 "Leases".

OUTLOOK

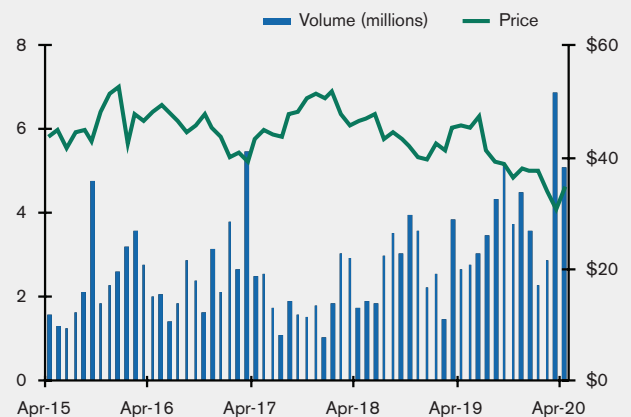
Management believes that the resiliency of the Company's utility pole, railway tie and residential lumber product categories as well as its solid balance sheet and liquidity, places it in a favourable position to navigate through the current challenging environment.

Given, however, the uncertain impact of the COVID-19 pandemic and the weaker economic conditions in North America on the demand for the Company's core product categories, the Company has updated its 2020 outlook. It now expects EBITDA for 2020 to be in the range of \$300 to \$325 million, down \$20 million from the previously disclosed range and EBITDA margin to be lower versus 2019. The Company's guidance is revised to reflect either no improvement or a slight decline in sales volume for utility pole, railway tie and industrial product categories and weaker demand for residential lumber compared to 2019. Please refer to the Company's Management's Discussion and Analysis for details regarding assumptions.

PRODUCT CATEGORIES (in % of Q1 2020 sales)



STOCK PERFORMANCE



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ANALYST COVERAGE

Jim Byrne	Acumen Capital Finance Partners Limited
Mona Nazir	Laurentian Bank Securities
Mark Neville	Scotiabank
Hamir Patel	CIBC World Markets
Benoit Poirier	Desjardins Capital Markets
Walter Spracklin	RBC Capital Markets
Maxim Sytchev	National Bank Financial Markets
Michael Tupholme	TD Securities