



INVESTOR FACT SHEET

THIRD QUARTER
ENDED SEPTEMBER 30, 2019

THIRD QUARTER HIGHLIGHTS

- EBITDA up 22% to \$96.1 million, driven by increased gross margins as well as by the adoption of IFRS 16, *Leases*
- Net income and diluted EPS increased to \$53.7 million and \$0.78 per share
- Solid operating cash flow used to reduce debt by \$63.7 million and to repurchase shares totalling \$30.0 million
- Sales reached \$626.6 million, down \$3.4 million compared to 2018, impacted primarily by lower sales in the logs and lumber product category

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 at November 6, 2019)

Price: **\$36.98**

High: **\$48.08**

Low: **\$36.52**

(52 weeks ended November 6, 2019)

Number of Shares Outstanding:
67,989,468

A WORD FROM MANAGEMENT

We are pleased with our third quarter results, which saw sales in our utility pole, railway tie and industrial product categories increase due to a combination of higher pricing and increased volume. Third quarter sales increased year-over-year when adjusting for the impact of lower lumber costs, which are primarily a pass-through to customers. Our sales were negatively impacted by \$20.2 million in the logs and lumber product category due to these lower lumber costs and sales in the residential lumber product category also declined for this reason, but were partially offset by higher volumes. Profitability increased, driven by improved pricing, lower lumber costs, a positive product mix and improved operational efficiencies.

In the quarter, we used our solid cash flow mainly to reduce our leverage by \$63.7 million and to repurchase shares totalling \$30.0 million. As expected, excluding the logs and lumber product category, we plan on concluding fiscal 2019 with higher year-over-year sales and margins. For 2020, we expect continued overall growth in sales and profitability driven by our three core product categories.

Éric Vachon
President and CEO
November 7, 2019

FINANCIAL HIGHLIGHTS

(in millions of Canadian dollars, except per share data and margin)	Quarters ended September 30, (unaudited)		Nine months ended September 30, (unaudited)	
	2019	2018 ²	2019	2018 ²
Sales	626.6	630.0	1,729.2	1,691.1
EBITDA ¹	96.1	78.5	254.1	202.6
EBITDA margin ¹	15.3%	12.5%	14.7%	12.0%
Operating income ¹	78.6	67.9	200.9	174.5
Net income for the period	53.7	45.8	135.4	117.0
Per share – basic and diluted (\$)	0.78	0.66	1.96	1.69
Weighted average shares out. (basic, in '000s)	68,901	69,357	69,057	69,350

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 Management's Discussion and Analysis.

² Results for fiscal 2018 were not restated as per IFRS 16.

RECENT EVENT

On September 12, 2019 – The Company announced the appointment of Éric Vachon as its new President and Chief Executive Officer effective October 11, 2019. On the same date, Mr. Vachon joined the Company's Board of Directors. The Company has initiated steps towards filling a senior financial position.

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	2,161.9	2,123.9	1,886.1	1,838.4	1,559.3
EBITDA ¹	295.9	244.4	243.1	264.8	243.4
EBITDA margin ¹	13.7%	11.5%	12.9%	14.4%	15.6%
Operating income ¹	232.8	206.3	207.4	233.2	220.1
Operating margin ¹	10.8%	9.7%	11.0%	12.7%	14.1%
Net income for the period	155.9	137.6	167.9	153.9	141.4
Per common share – diluted (\$)	2.27	1.98	2.42	2.22	2.05

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 Management's Discussion and Analysis.

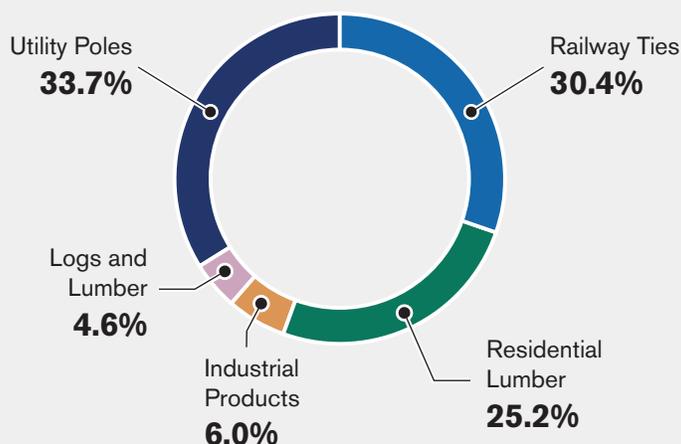
² Results for fiscal 2018 and prior years were not restated as per IFRS 16.

OUTLOOK

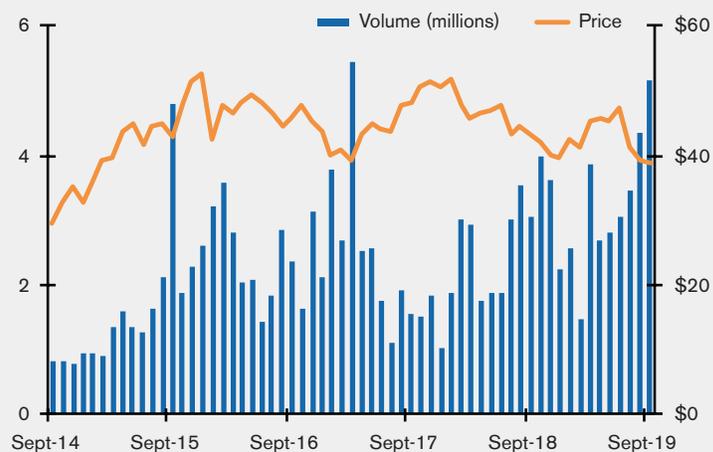
For 2019, excluding sales from the logs and lumber product category, Management expects higher year-over-year overall sales, based on current market conditions, the current level of lumber prices and stable currencies. This increase is driven by stronger pricing for railway ties and utility poles as well as increased market reach for the utility pole product category. Management also expects improved year-over-year margins on a consolidated basis. Higher margins will be primarily driven by increased pricing for railway ties, coupled with improved product mix and demand for utility poles. Furthermore, it is important to note that the 2019 EBITDA will be positively impacted by the adoption of IFRS 16. For additional details per product category, please refer to the Company's Management's Discussion and Analysis for the quarter.

For 2020, based on current market conditions and assuming stable currencies, Management expects higher year-over-year overall sales for Stella-Jones driven by stronger pricing and increased market reach in the utility pole, railway tie and residential lumber product categories. As a result, operating margins, in absolute dollars are expected to improve over 2019. Operating margins as a percentage of sales are also expected to increase primarily driven by pricing improvements and operational efficiencies.

PRODUCT CATEGORIES (in % of Q3 sales)



STOCK PERFORMANCE



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INVESTOR RELATIONS

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ANALYST COVERAGE

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