



INVESTOR FACT SHEET

Third quarter ended September 30, 2016

EXPANDING POSSIBILITIES

Stella-Jones Inc. 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).

A WORD FROM THE PRESIDENT

Stella-Jones' sales and net income growth in the third quarter reflects the contribution from acquisitions and our greater reach in the residential lumber product category. As anticipated, year-over-year railway tie sales were lower following strong demand in the previous twelve months, while market conditions remained relatively soft in the utility pole category. Still, improved working capital resulted in a solid cash flow generation that we directed towards reducing our debt.

Sales reached \$512.6 million, up 18.4% from \$433.1 million a year ago. The acquisition of Ram Forest Group Inc. and Ramfor Lumber Inc. (together, "Ram") on October 1, 2015, contributed sales of approximately \$30.5 million. The acquisitions of Lufkin Creosoting Co., Inc. ("Lufkin Creosoting") and of 440 Investments, LLC, the parent company of Kisatchie Treating, LLC, Kisatchie Pole & Piling, LLC, Kisatchie Trucking, LLC and Kisatchie Midnight Express, LLC (collectively, "Kisatchie"), both completed on June 3, 2016, added combined sales of \$20.6 million, while acquisitions in the southeastern United States completed in the second half of 2015 added sales of approximately \$6.5 million. The conversion effect from fluctuations in the value of the Canadian dollar, Stella-Jones' reporting currency, versus the U.S. dollar, had a positive impact of \$3.0 million on the value of U.S. dollar denominated sales when compared with last year's third quarter. Excluding these factors, organic growth was approximately \$18.9 million, or 4.4%.

Operating income amounted to \$67.3 million, or 13.1% of sales, versus \$62.9 million, or 14.5% of sales, last year. The increase in absolute dollars reflects the contribution from acquisitions and the effect of currency translation. As a percentage of sales, the decrease is mainly attributable to greater logs and lumber sales, which are made at a value close to their cost of sales, a less favourable product mix this year compared to 2015 and softness in selling prices for certain regions.

Net income for the third quarter of 2016 increased 16.1% to \$45.7 million, or \$0.66 per diluted share, compared with \$39.3 million, or \$0.57 per diluted share, in the third quarter of 2015.

Brian McManus
President and CEO
November 8, 2016

THIRD QUARTER HIGHLIGHTS

- Sales of \$512.6 million, up 18.4% from \$433.1 million a year ago
- 16.1% increase in net income to \$45.7 million, or \$0.66 per diluted share, versus \$39.3 million, or \$0.57 per diluted share, last year
- Significant debt reduction of \$92.5 million during the quarter resulting from strong cash flow generation

FINANCIAL HIGHLIGHTS

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

	Quarters ended Sept. 30, (unaudited)		Nine months ended Sept. 30, (unaudited)	
	2016	2015	2016	2015
Sales	512.6	433.1	1,496.6	1,201.8
Operating income	67.3	62.9	205.1	171.8
Net income for the period	45.7	39.3	135.4	108.4
Per share – basic (\$)	0.66	0.57	1.96	1.57
Per share – diluted (\$)	0.66	0.57	1.96	1.57
Weighted average shares out. (basic, in '000s)	69,255	69,025	69,200	68,989

RECENT EVENT

On November 7 2016, the Board of Directors declared a quarterly dividend of \$0.10 per common share. The dividend is payable on December 21, 2016 to shareholders of record at the close of business on December 2, 2016.

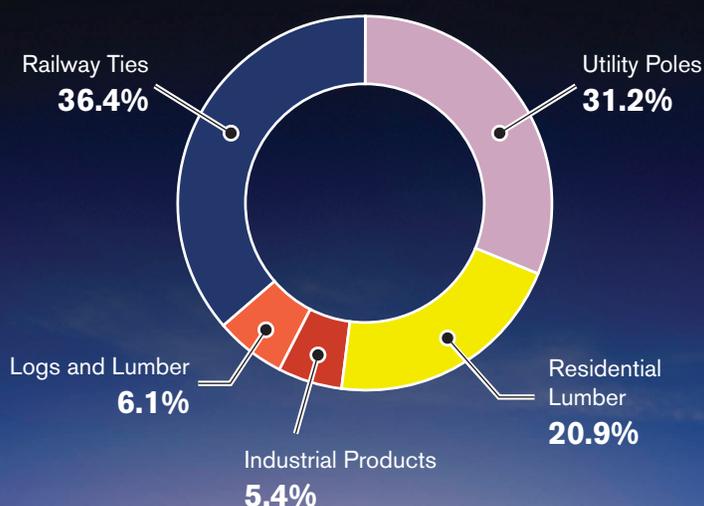
5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data)	Trail. 12-months	2015	2014	2013	2012
Sales	1,854.1	1,559.3	1,249.5	1,011.3	732.4
Operating income	253.4	220.1	155.7	138.7	109.6
Operating margin	13.7%	14.1%	12.5%	13.7%	15.0%
Net income for the period	168.4	141.4	103.8	92.5	73.1
Per common share – diluted (\$)	2.43	2.04	1.50	1.34	1.13

OUTLOOK

In the short-term, Stella-Jones expects lower year-over-year railway tie demand through the early stages of 2017 following a strong first half in 2016. In the utility pole category, regular maintenance demand is expected to gradually return to normal patterns in 2017, while transmission pole sales should improve with more stable resource prices. The Company is also confident that it will sustain its momentum in the residential lumber category and further benefit from solid demand for new construction and outdoor renovation projects in the North American residential and commercial markets. With its stronger financial position, Stella-Jones has greater flexibility to pursue its proven business strategy. The Company will seek opportunities to further grow its presence in core businesses by expanding its continental network, while ensuring an optimal dividend policy.

PRODUCT CATEGORIES (IN % OF Q3 SALES)



STOCK PERFORMANCE



Stella-Jones Inc.

www.stella-jones.com

3100 Côte-Vertu, Suite 300

Saint-Laurent, Québec H4R 2J8

Tel: (514) 934-8666

INVESTOR RELATIONS

Éric Vachon
Senior Vice-President and
Chief Financial Officer
Tel: (514) 940-3903
Fax: (514) 934-5327
Email: evachon@stella-jones.com

ANALYST COVERAGE

Leon Aghazarian
Justin Keywood
Mona Nazir
Mark Neville
Sara O'Brien
Benoît Poirier
Brian Pow
Michael Tupholme

National Bank Financial
GMP Securities
Laurentian Bank Securities
Scotia Capital
RBC Capital Markets
Desjardins Securities
Acumen Capital Finance Partners Limited
TD Securities

STOCK INFORMATION

Toronto Stock Exchange Symbol: SJ
Price as of November 7, 2016: \$47.98
High/Low: \$54.00 - \$39.00
(52 weeks ended November 7, 2016)
Number of Shares Outstanding: 69,271,486
(November 7, 2016)