

Stella-Jones Inc

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Stella-Jones boosts dividend by 40% as Q4 sales grow on strong U.S. dollar

Stella-Jones Inc. (TSE:SJ), a producer of pressure treated wood products, reported profit and sales growth in the fourth quarter thanks to a strong U.S. dollar, and it hiked its quarterly dividend by 40 percent.

Net income rose 19 percent to C\$19.7 million, or 29 Canadian cents per diluted share, for the three months ended Dec. 31, from C\$16.5 million, or 25 Canadian cents per share, in the year-earlier period, the Montreal, Quebec-based company said in a statement today.

Sales grew 33 percent to C\$211.9 million from C\$159.3 million.

The company attributed the sales growth to fluctuations in the value of the Canadian dollar, versus the U.S. dollar, which increased the value of U.S. dollar denominated sales by \$5.8 million. Excluding these factors, sales decreased approximately \$6.7 million.

Analysts were looking for earnings of 30 Canadian cents per share on revenue of C\$218.1 million. Analysts' estimates typically strip out unusual items.

The board raised the company's quarterly dividend to 7 cents per share, payable on April 30 to shareholders of record at the close on April 2.

"By virtue of recent acquisitions and key strategic decisions, Stella-Jones has not only become larger, it has become a stronger and more efficient organization," Chief Executive Officer Brian McManus said in the statement.

Looking forward, Stella-Jones projects demand for its core products "to remain healthy" in 2014.

Although "a stronger economy could result in a tighter market for untreated railway ties and utility poles, as demand for other wood-based products also increases, we believe our inventory position and the strength of our procurement network should allow Stella-Jones to meet demand at the most optimal cost," McManus said.

As at Dec. 31, the company's long-term debt stood at \$372.9 million, compared with \$349.6 million at the end of the previous year.

Stella-Jones shares rose 0.7 percent to C\$27.04 at market close in Toronto yesterday, giving the company a market value of C\$1.86 billion. The stock is down 0.8 percent this year.

Price: 37.03

Market Cap: \$2.53 billion

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: SJ

Listing: TSX

52 week High Low
48.28 36

Sector: Builders and building materials

Website: stella-jones.com

Company Synopsis:

Stella-Jones Inc. (TSX: SJ) is a leading North American producer and marketer of industrial pressure treated wood products, specializing in the production of railway ties and timbers, as well as wood poles supplied to electrical utilities and telecommunications companies.

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