

INVESTOR FACT SHEET

Stella-Jones




Q1 2021

ENDED MARCH 31

TSX: SJ (as at April 30, 2021)

Price: **\$51.40**

High: **\$53.75**

Low: **\$30.38**

(52 weeks ended April 30, 2021)

Number of Shares Outstanding:
65,393,234

FIRST QUARTER HIGHLIGHTS

- Sales increased 23% to a first quarter record of \$623 million
- EBITDA rose 57% to \$99 million, or a margin of 15.9%
- Net income doubled to reach \$56 million or \$0.85 per share
- Solid financial position with a net debt-to-EBITDA ratio of 2.2x
- Annual 2021 EBITDA guidance raised to \$450 to \$480 million
- Entered into a new senior unsecured credit agreement of up to US\$350 million, subsequent to quarter-end

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 an exceptionally robust start to the year, continuing our momentum of growth. Our first quarter performance was fueled by record pricing and volume gains in the residential lumber product category, solid utility poles results, and strong railway ties demand tempered by pricing pressures in certain markets. EBITDA grew by 57% to an all-time first quarter high of \$99 million and net income doubled to \$56 million compared to the same period last year.

In anticipation of continued strong market conditions for residential lumber and solid demand in the other core product categories, we leveraged our healthy balance sheet this quarter to increase working capital and invest in our network. In April, we increased our available liquidity with a new senior unsecured credit facility, further enhancing our financial flexibility. Together with our resilient business model and solid competitive position, we are well positioned to take advantage of the momentum in demand, create opportunities to grow our core businesses and deliver EBITDA in the mid-to-high \$400 million range in 2021.

Éric Vachon

President and CEO

May 3, 2021

FINANCIAL HIGHLIGHTS

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

	Quarters ended March 31, (unaudited)	
	2021	2020
Sales ¹	623	508
Gross profit ²	112	83
Gross profit margin ²	17.9%	16.4%
EBITDA ²	99	63
EBITDA margin ²	15.9%	12.4%
Operating income	82	45
Operating income margin ²	13.1%	8.8%
Net income for the period	56	28
Earnings per share – basic and diluted	0.85	0.41
Weighted average shares outstanding (basic, in '000s)	65,711	67,469

¹ Prior period figures have been adjusted to conform to the current period presentation.

² 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 Company's management's discussion and analysis.

RECENT EVENTS

On May 2, 2021 – the Board of Directors declared a quarterly dividend of \$0.18 per common share payable on June 22, 2021 to shareholders of record at the close of business on June 1, 2021. This dividend is designated to be an eligible dividend.

On April 29, 2021 – the Company's U.S. subsidiary entered into a credit agreement with a syndicate of lenders within the United States farm credit system pursuant to which senior unsecured credit facilities in an aggregate amount of up to US\$350 million were made available, including a term loan facility of up to US\$250 million and a revolving credit facility of US\$100 million. On that day, a drawdown of US\$100 million was made under the revolving credit facility to fully repay a bridge term loan presented as short-term debt.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trailing 12 months	2020	2019	2018 ³	2017 ³
Sales ¹	2,666	2,551	2,189	2,144	1,908
EBITDA ²	421	385	313	244	243
EBITDA margin ²	15.8%	15.1%	14.3%	11.4%	12.7%
Operating income	346	309	242	206	207
Operating income margin ²	13.0%	12.1%	11.1%	9.6%	10.8%
Net Income for the period	238	210	163	138	168
Per common share – diluted	3.56	3.12	2.37	1.98	2.42

¹ Figures have been adjusted to conform to the current period presentation.

² 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 Company's management's discussion and analysis.

³ Results for fiscal 2018 and prior years were not restated as permitted by IFRS 16, *Leases*.

UPDATED OUTLOOK

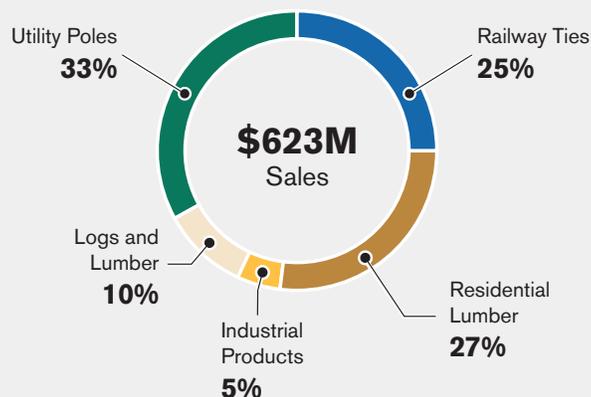
The Company's financial outlook provided in the management's discussion and analysis for the year ended December 31, 2020 is updated to reflect the strong quarterly performance, largely attributable to the unprecedented rise in the market price of lumber, and the expectation that the higher levels of pricing for lumber will continue to favourably impact the profitability of the residential lumber product category during the seasonal peak demand period.

Stella-Jones is now targeting to deliver EBITDA in the range of \$450 to \$480 million in 2021, up from the previously disclosed guidance of \$385 to \$410 million. This updated guidance anticipates a reduction of approximately \$90 million in sales from the depreciation of the value of the U.S. dollar relative to the Canadian dollar to C\$1.27 per U.S. dollar.

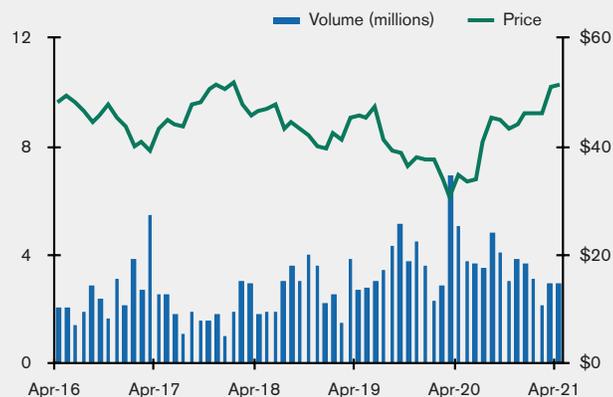
Excluding the impact of the currency conversion, the Company is projecting 2021 sales growth of 15% to low 20% range compared to 2020. The projected 2021 sales for utility poles, railways ties and industrial products remain unchanged. Utility poles sales are expected to increase in the mid to high-single digit range compared to 2020, due to sustained healthy replacement demand, including an increase in value-added fire-resistant wrapped pole sales, while railway ties and industrial product sales are projected to be relatively comparable to those generated in 2020. For residential lumber, sales are now forecasted to increase in the range of 45% to 65% compared to 2020, driven by the current trend of higher pricing, which is projected to continue during the seasonal peak demand period for this product category.

The Company's financial guidance is based on its current outlook for 2021 and takes into account a number of economic and market assumptions. Please refer to management's discussion and analysis for a complete list of assumptions.

PRODUCT CATEGORIES (in % of Q1 2021 sales)



STOCK PERFORMANCE



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