



B U I L D

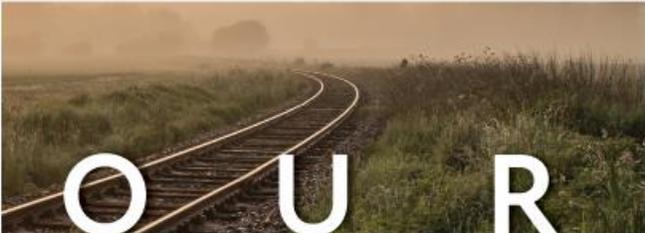
November 2022



I N G



O N



O U R



S T R O N G



F U N D A



M E N T A L S

INVESTOR PRESENTATION

Stella-JoneS^{Inc}


CAUTION REGARDING FORWARD-LOOKING INFORMATION & NON-GAAP AND OTHER FINANCIAL MEASURES

This presentation contains certain statements that are forward-looking, including comments with respect to the Company's objectives, strategies, targets and expectations. The reader is cautioned not to place undue reliance on these statements since a number of known and unknown risks and uncertainties may cause actual results to be materially different from those expressed or implied by such forward-looking statements. Such items include, among others: general political, economic and business conditions (including the impact of the coronavirus [COVID-19] pandemic), evolution in customer demand for the Company's products and services, product selling prices, availability and cost of raw materials, changes in foreign currency rates, the ability of the Company to raise capital and factors and assumptions referenced herein and, in the Company's, most recent Annual MD&A and Annual Information Form. Unless required to do so under applicable securities legislation, the Company's management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes after the date hereof.

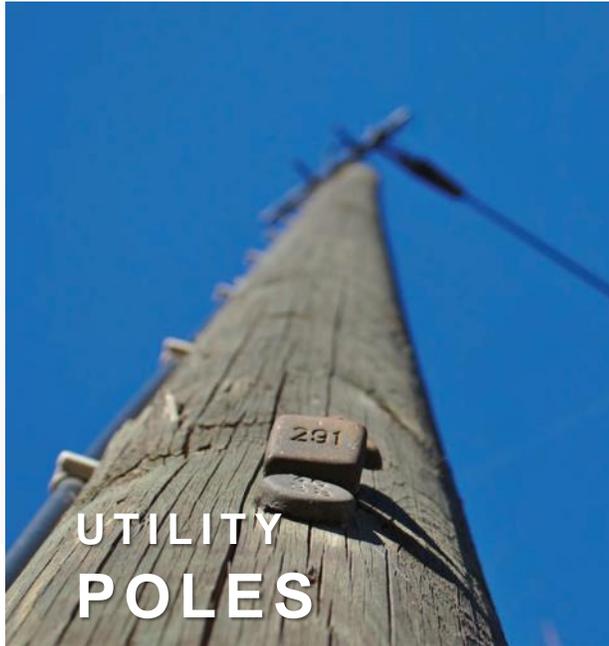
All figures are in Canadian dollars unless otherwise stated.

Gross profit, gross profit margin, operating income before depreciation and amortization (herein referred to as earnings before interest, taxes, depreciation and amortization ["EBITDA"]), EBITDA margin, operating income margin, net debt-to-total capitalization and net debt-to-EBITDA, return on average capital employed, working capital are non-GAAP and other financial measures which do not have a standardized prescribed by IFRS may therefore not be comparable to similar measures presented by other issuers.

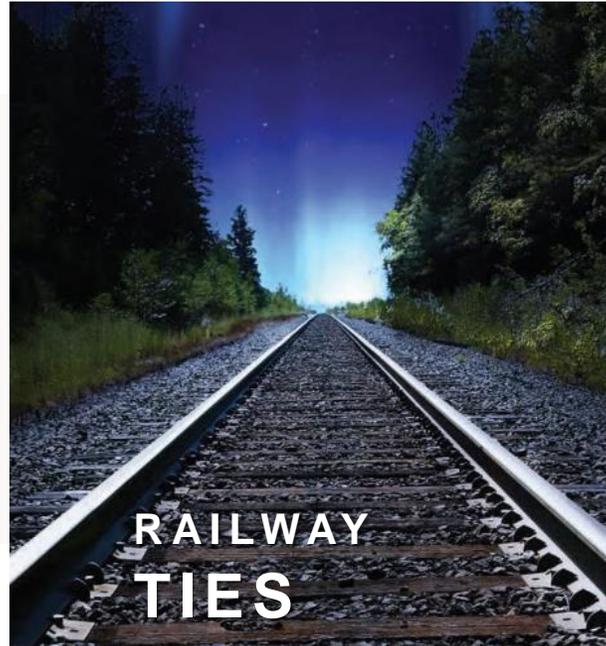
Management considers these non-GAAP and other financial measures to be useful information to assist knowledgeable investors to understand the Company's operating results, financial position and cash flows as they provide a supplemental measure of its performance. Management uses non-GAAP and other financial measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets, to assess the Company's ability to meet future debt service, capital expenditure and working capital requirements, and to evaluate senior management's performance. Management uses net debt to calculate the Company's indebtedness level, future cash needs and financial leverage ratios.

Please refer to the section "Non-GAAP and other financial measures" of the Company's MD&A for the third quarter of 2022 and the Company's 2021 MD&A which were filed on November 9, 2022 and March 9, 2022 respectively and are available at www.sedar.com.

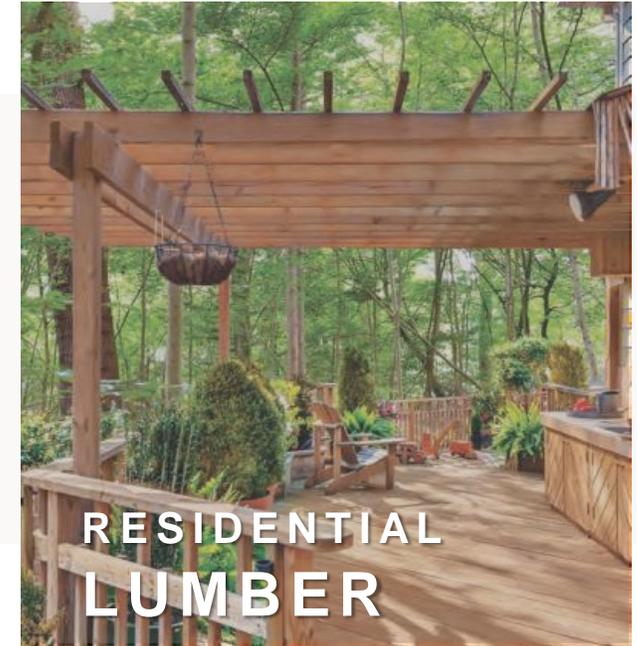
BUILDING ON OUR STRONG FUNDAMENTALS



Supplies the continent's major electrical utilities and telecommunication companies with wood utility poles



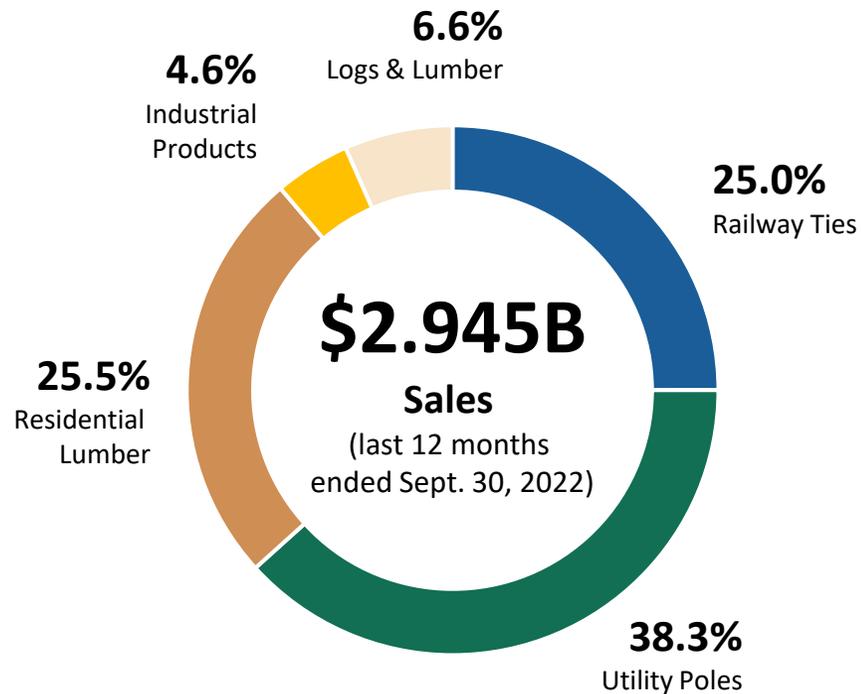
Supplies North America's Class 1, short line and commercial railroad operators with railway ties and timbers



Manufactures and distributes premium residential lumber and accessories to Canadian and American retailers for outdoor applications

STELLA-JONES AT A GLANCE

The Leading North American Supplier Of Pressure-Treated Wood Products



2,530⁽¹⁾
Employees

42⁽¹⁾
Wood Treating Facilities
27 U.S. and 15 Canada

13⁽¹⁾
Pole Peeling
Facilities

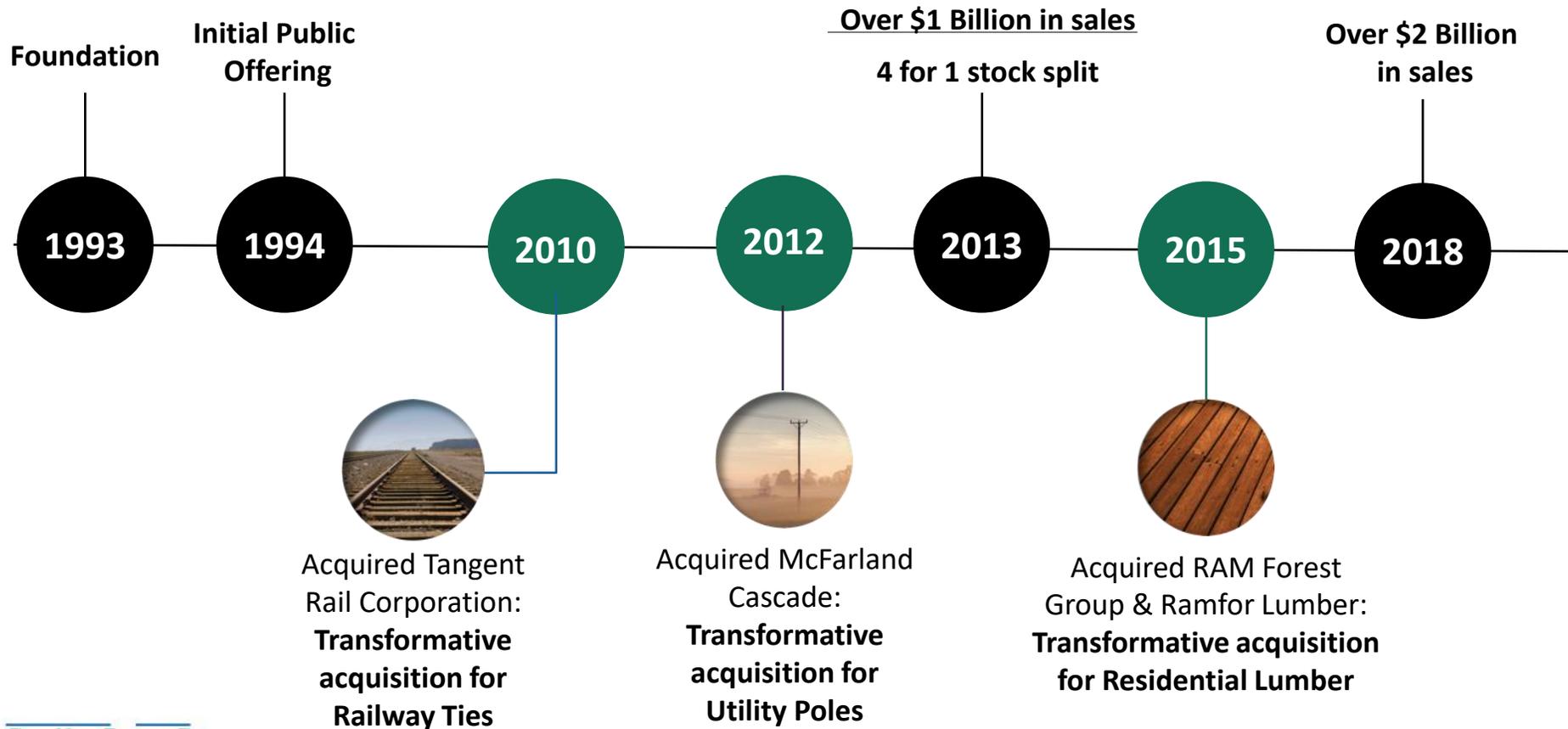
68%⁽²⁾
Sales
in the U.S.

\$2.8B⁽³⁾
Market Cap

SJ
TSX

HISTORICAL MILESTONES

Completed more than 20 acquisitions in the past 20 years

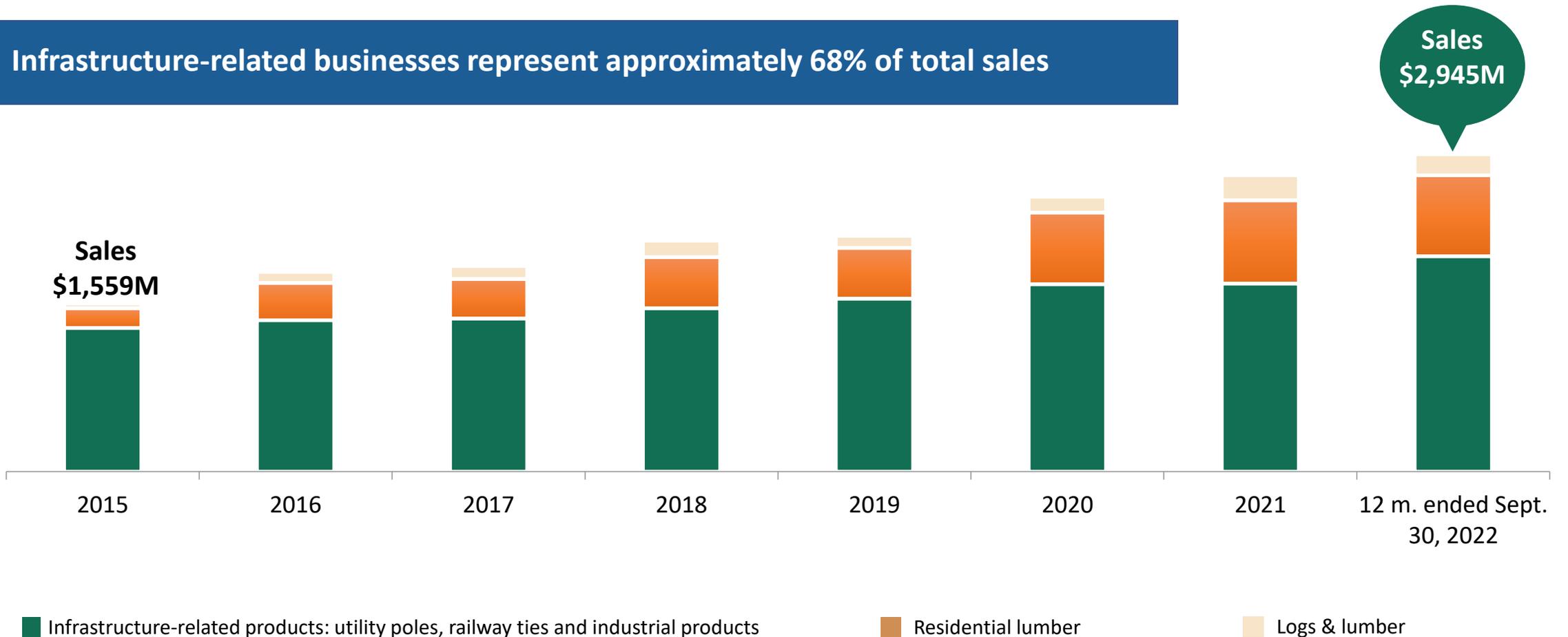


ACQUISITION CONTRIBUTIONS

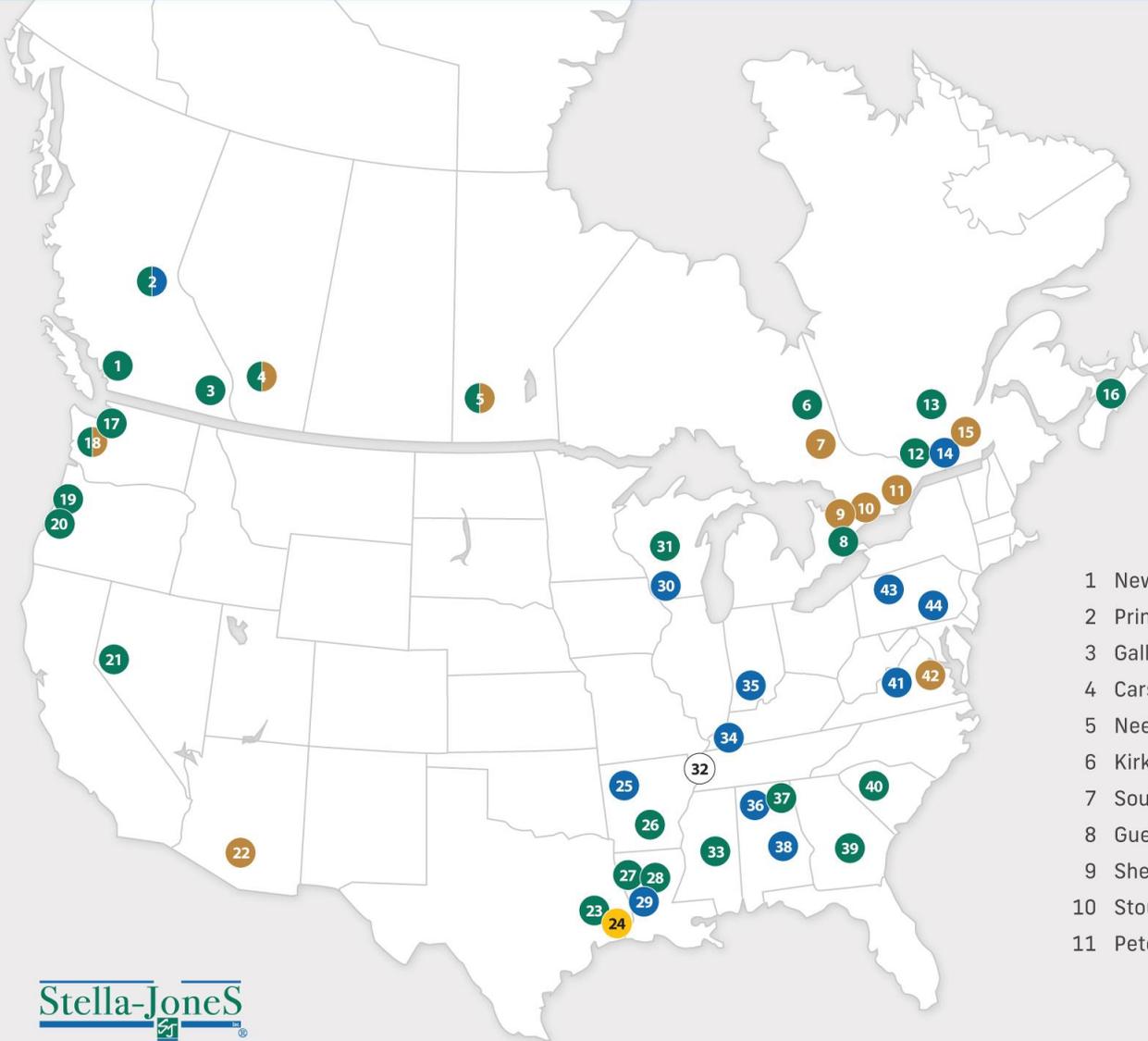
- Stronger industry player
- Expand North American network
- Broaden product line
- Greater customer service/flexibility/emergency response
- Ability to bid on larger projects
- Optimize efficiency of continental network
- Synergies

INFRASTRUCTURE-RELATED BUSINESSES

Infrastructure-related businesses represent approximately 68% of total sales



STELLA-JONES' CONTINENTAL NETWORK



PRODUCT CATEGORY

- Utility Poles
- Railway Ties
- Residential Lumber
- Coal Tar Distillery
- 2022 Acquisition of Texas Electric Cooperatives, Inc.'s wood utility pole manufacturing business

- | | | | |
|-----------------------|-----------------------|---------------------|-----------------------|
| 1 New Westminster, BC | 12 Gatineau, QC | 23 Lufkin, TX | 34 Fulton, KY |
| 2 Prince George, BC | 13 Rivière-Rouge, QC | 24 Jasper, TX | 35 Winslow, IN |
| 3 Galloway, BC | 14 Delson, QC | 25 Russellville, AR | 36 Montevallo, AL |
| 4 Carseland, AB | 15 Sorel-Tracy, QC | 26 Rison, AR | 37 Brierfield, AL |
| 5 Neepawa, MB | 16 Truro, NS | 27 Converse, LA | 38 Clanton, AL |
| 6 Kirkland Lake, ON | 17 Arlington, WA | 28 Pineville, LA | 39 Cordele, GA |
| 7 South River, ON | 18 Tacoma, WA | 29 Alexandria, LA | 40 Whitmire, SC |
| 8 Guelph, ON | 19 Sheridan, OR | 30 Bangor, WI | 41 Goshen, VA |
| 9 Shelburne, ON | 20 Eugene, OR | 31 Cameron, WI | 42 Warsaw, VA |
| 10 Stouffville, ON | 21 Silver Springs, NV | 32 Memphis, TN | 43 Dubois, PA |
| 11 Peterborough, ON | 22 Eloy, AZ | 33 Scooba, MS | 44 McAlisterville, PA |

COMPETITIVE STRENGTHS



Resilient Business Model

- Businesses with steady demand
- Leadership position in product categories
- Decentralized structure with the ability to rapidly adjust to changing environments and customer requirements
- Extensive network to service customers
- Solid and sustained customer relationships
- Long-standing stable sources of wood and registration to produce the wood preservative, creosote
- Track record of delivering solid results

Seasoned Management Team

- Extensive North American industry expertise
- Consistent record of successful acquisitions
- Entrenched culture of entrepreneurship balanced with environmentally sound and sustainable practices

Solid Financial Position

- Strong cash flow and low debt level
- Financial capacity to stockpile and air-season green wood
- Financial strength and flexibility to support growth opportunities

STRATEGY AND FUTURE GROWTH BY BUSINESS UNIT

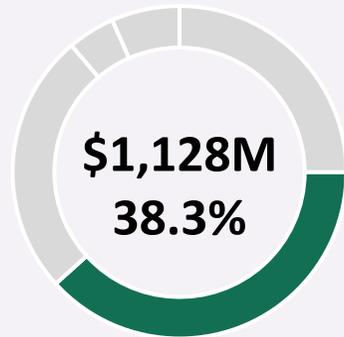
	% of Sales*	Market	Growth Drivers	Trends	Growth Strategy
	38.3% Utility Poles	<ul style="list-style-type: none"> Potential for further consolidation in the North American market 	<ul style="list-style-type: none"> Replacement programs (life span of poles is typically 65 years) Additional infrastructure for telecommunication 	<ul style="list-style-type: none"> Increasing average age of poles Growth of 5G networks, “fibre-to-home” and other investments related to electric vehicles 	<ul style="list-style-type: none"> Acquisitions Leveraging increase in replacement demand and telecommunication needs Expanding product offering High single-digit growth (2022-24)
	25.0% Railway Ties	<ul style="list-style-type: none"> Market is fairly consolidated 	<ul style="list-style-type: none"> Maintenance requirements Economic stimulus programs 	<ul style="list-style-type: none"> Stable Class 1 maintenance demand Strong non Class 1 market demand 	<ul style="list-style-type: none"> Acquisitions Increased market reach Low single-digit growth (2022-24)
	25.5% Residential Lumber	<ul style="list-style-type: none"> Partially consolidated in Canada 	<ul style="list-style-type: none"> Home renovation 	<ul style="list-style-type: none"> Sustainable growth for home improvement projects Increased market reach in dealer network 	<ul style="list-style-type: none"> Expanding the dealer network Service big box stores Normalization to above pre-pandemic 2019 levels (2022-2024)
	4.6% Industrial Products	<ul style="list-style-type: none"> Niche business driven primarily by railway bridges and crossings, marine and foundation pilings, construction timber and special projects 			
	6.6% Logs and Lumber	<ul style="list-style-type: none"> Business used to optimize procurement 			



OVERVIEW BY BUSINESS UNIT

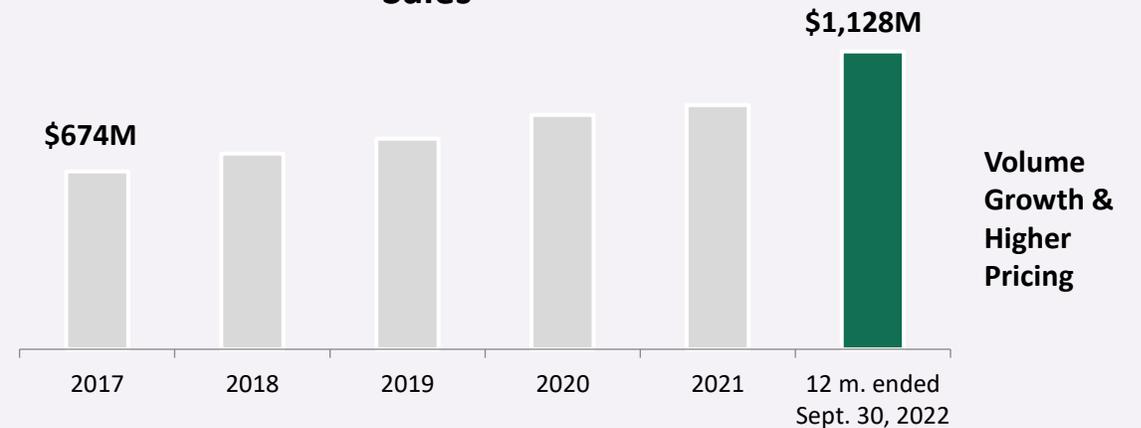
UTILITY POLES – OVERVIEW

Leading North American supplier of wood utility poles, providing over one million pressure-treated wood poles per year to replace, upgrade and develop new electrical utility and telecommunications lines across Canada and the United States



12-month period ended Sept. 30, 2022

Sales



22 Facilities

- 7 in Canada
- 15 in U.S.

Transformative Acquisition

- McFarland (2012)

UTILITY POLES – OFFERING



Competitive Advantages

An extensive distribution network, continuous supply, emergency response and fire-resistant wrap

Customers

- Electrical utility companies
- Telecommunication companies

Contracts

- Majority of business under multi-year agreements
- Varying 3 to 7 years (evergreen features)

Product Category Size

- There are about 150MM poles in North America, of which 105MM are wood
- Wood offers the best value over alternative materials such as steel, composites and concrete

Services

- Incising
- Radial Drilling
- Through Boring
- Framing

Wood Species

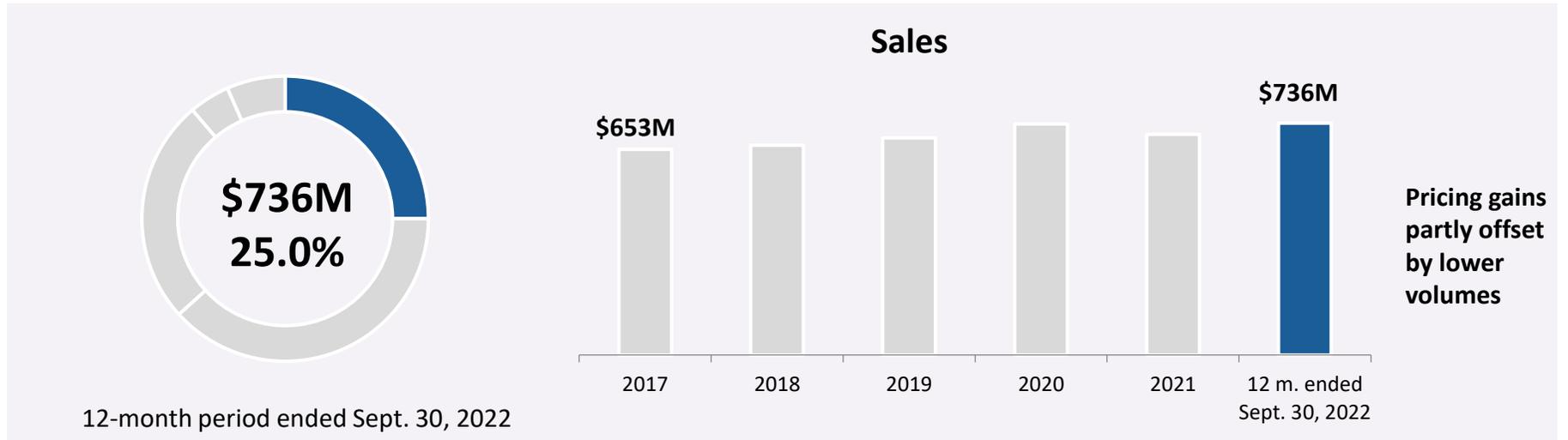
- Western Red Cedar
- Douglas Fir
- Red Pine
- Southern Yellow Pine

Preservatives

- Chromated Copper Arsenate (CCA)
- Creosote
- Copper Naphthenate (CuN)
- Dichloro-octyl-isothiazolinone (DCOI)
- Pentachlorophenol (Penta)

RAILWAY TIES – OVERVIEW

Industry leader in the development, upgrade and maintenance of North America’s railroad infrastructure, with the capacity to supply the continent’s demand for railway ties and timbers with over 10 million pressure-treated wooden crossies per year



12 Facilities

- 2 in Canada
- 10 in U.S.

~850 Suppliers

- Hardwood sawmills

Transformative Acquisition

- Tangent Rail (2010)

RAILWAY TIES – OFFERING



Competitive Advantages

An extensive distribution network, steady supply and short delivery times

Customers

- ~65% Class 1 railroads
- ~35% short and regional rail lines & contractors

Contracts

- Long-term contracts of up to 5 years with Class 1 railroads
- Short and regional rail lines and contractor orders are obtained primarily through spot market bids

Product Category Size

- ~18 million railway tie purchases on an annualized basis in North America
- 90% of ties sold in North America are for maintenance and over 90% are wood

Services

- Pre-Plating
- Pre-boring
- Crossing panels
- End-plating

Wood Species

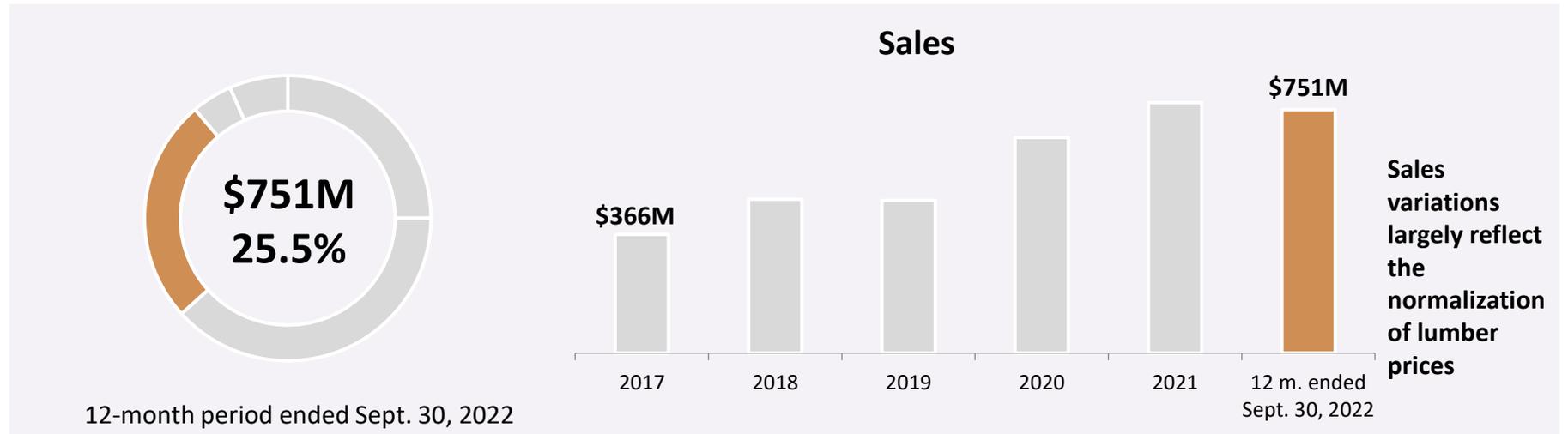
- Mixed Hardwood
- Oak

Preservatives

- Creosote
- Borate
- Copper Naphthenate

RESIDENTIAL LUMBER - OVERVIEW

Provides seamless, end-to-end service to key North American retailers, supplying hundreds of millions of board feet of treated residential lumber across Canada and the United States



8 Facilities

- 6 in Canada
- 2 in U.S.

Transformative Acquisitions

- Ram Forest Group and Ramfor Lumber (2015)

RESIDENTIAL LUMBER - OFFERING



Competitive Advantages

Solid supply, dedicated distribution centres, quick delivery times and low transportation costs

Customers

- ~70% Big box retailers
- Dealer network

Contracts

- Renewed annually

Product Category Size

- Difficult to access
- Limited pure plays

Services

- Lumber
- Distribution of complementary accessories

Wood Species

- Hemlock
- Pine
- Spruce
- Fir

Preservatives

- Micronized Copper Azole (Micropro)
- Alkaline Copper Quaternary (ACQ)
- Copper Azole (CA)

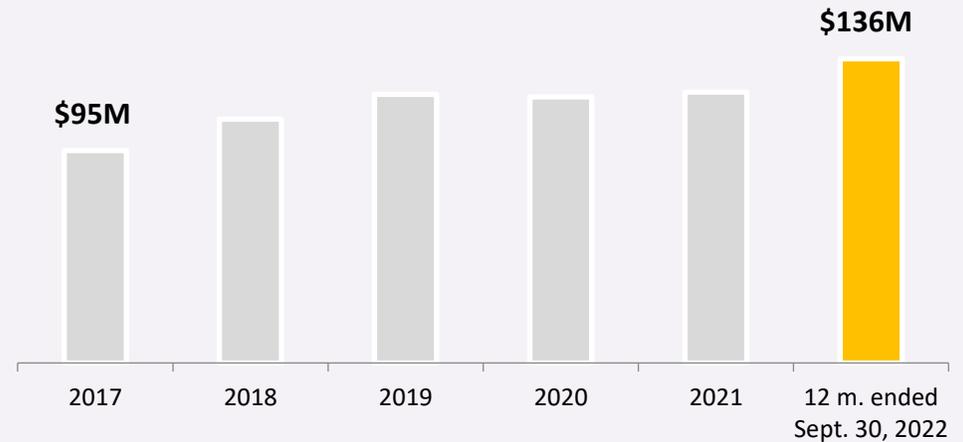
INDUSTRIAL PRODUCTS – OVERVIEW

A leading supplier of pressure-treated wood products to the industrial, marine and civic sectors for outdoor applications, including wood for railway bridges and crossings, marine and foundation pilings and construction timbers, offered in a variety of select wood species and preservatives



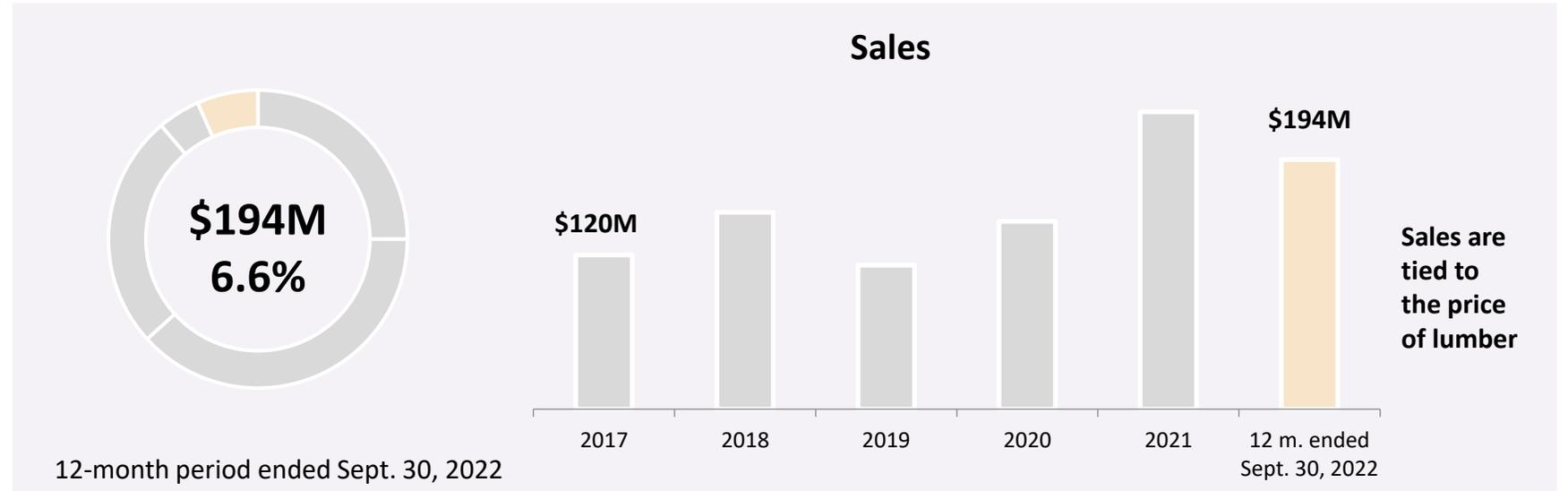
12-month period ended Sept. 30, 2022

Sales



LOGS AND LUMBER – OVERVIEW

Business used to optimize procurement and does not generate a margin





ENVIRONMENTAL, SOCIAL AND GOVERNANCE

PURSuing OUR BUSINESS ACTIVITIES RESPONSIBLY

We are committed to integrating ESG into our daily business decisions and strategies, which will make us a more resilient and agile business in the long-term. Keeping with our vision to consistently improve our sustainability practices and be transparent about our performance, and focusing on our four ESG pillars:

OUR PEOPLE



ENVIRONMENTAL COMMITMENT



PRODUCT STEWARDSHIP



GOVERNANCE PRINCIPLES



Our latest ESG report is available at www.stella-jones.com/en-CA/investor-relations/environmental-social-governance



2021 ESG HIGHLIGHTS



PEOPLE

Safety, well being, and a collaborative and inclusive workforce

40% Women on the Board of Directors, exceeding 30% gender diversity target	SHIELD rollout extends into Canada, our environment, health and safety management program	Community engagement added as a material topic following stakeholder feedback	Streamlined HR processes Planning and implementation of our HR Information System (HRIS)
---	--	--	---



ENVIRONMENTAL COMMITMENT

Regulatory compliance and the effective management of water, energy, and emissions

2° physical risk scenario analysis completed.	Solar analysis for 10 sites with full design and engineering completed for the first site installation	\$1.6M invested in voluntary land remediation programs	GHG data reported from all wood treatment facilities
--	---	---	---



PRODUCT STEWARDSHIP

Sustainable forest management, responsible manufacturing and product innovation initiatives

2.52M Metric tonnes of CO2 sequestered by our wood products in 2021	Supported safety upgrades at 3 sawmills through small business loans and long-term supply commitments	Sustainable procurement certification maintained for residential lumber	750K* trees planted in our managed forest tenures
--	--	--	--



GOVERNANCE PRINCIPLES

Integrating ESG is central to our decision-making process.

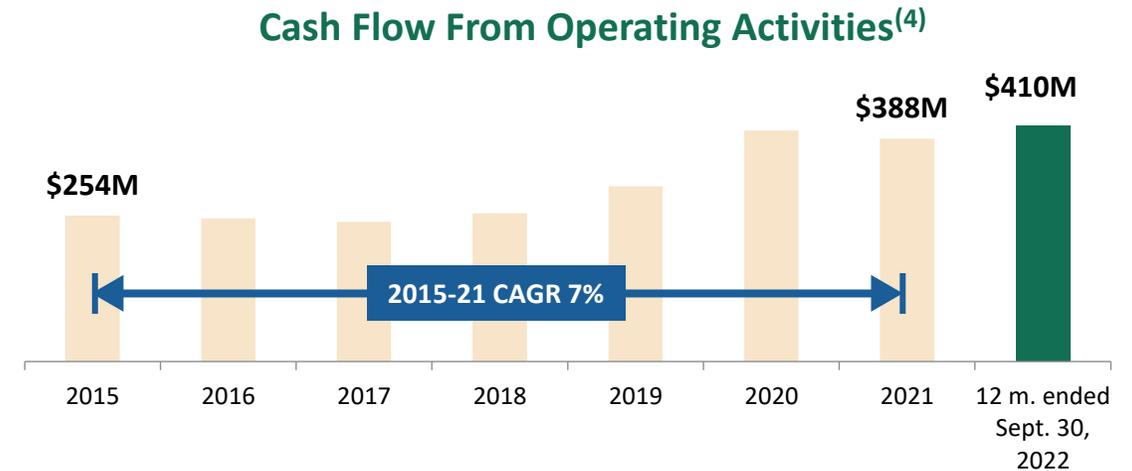
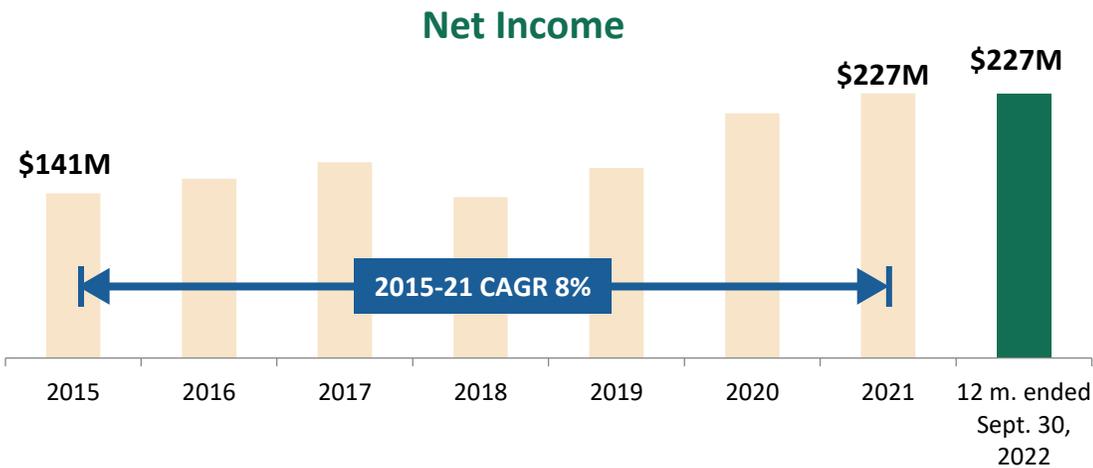
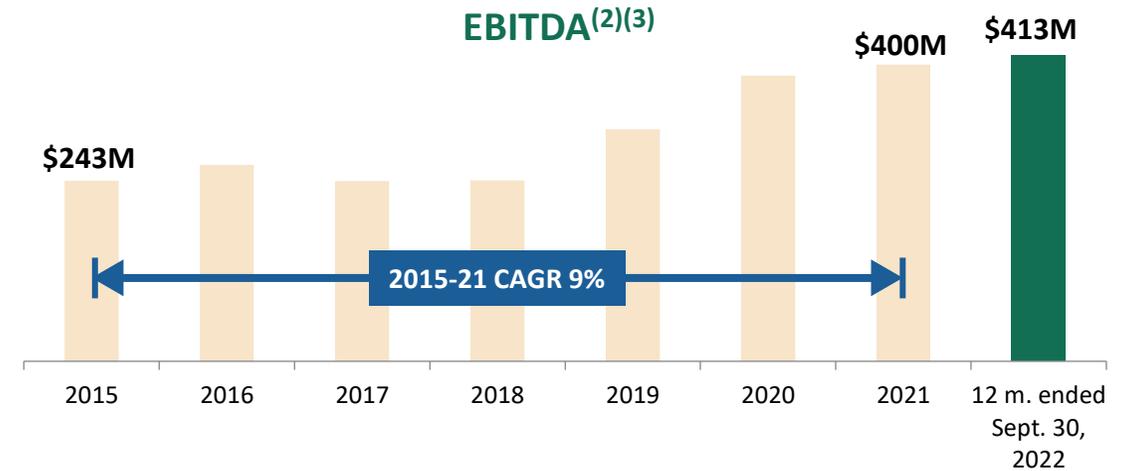
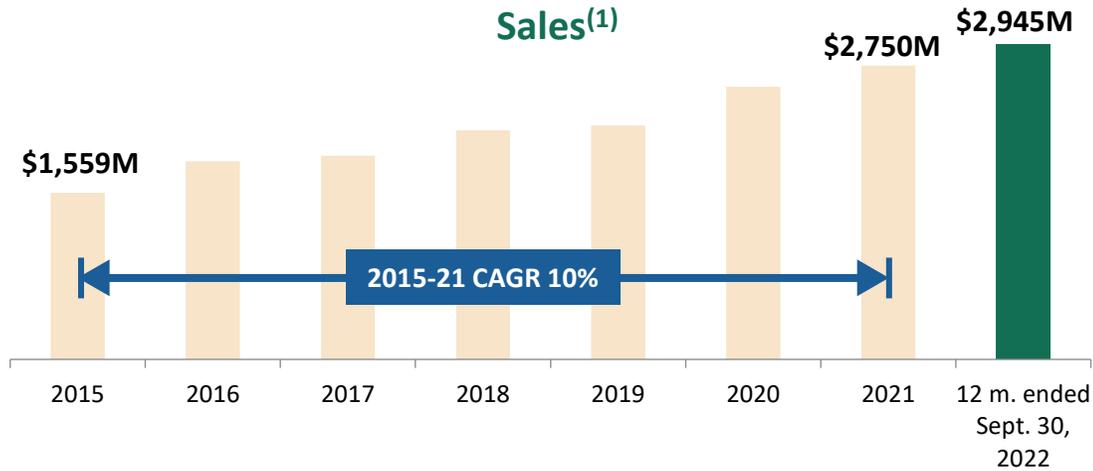
TCFD-aligned disclosures added this year	Indigenous Peoples identified as a priority	Board skills matrix and self-assessment completed	Cyber security maturity assessment completed
---	--	--	---

* Approximately



FINANCIAL OVERVIEW

TRACK RECORD OF PERFORMANCE



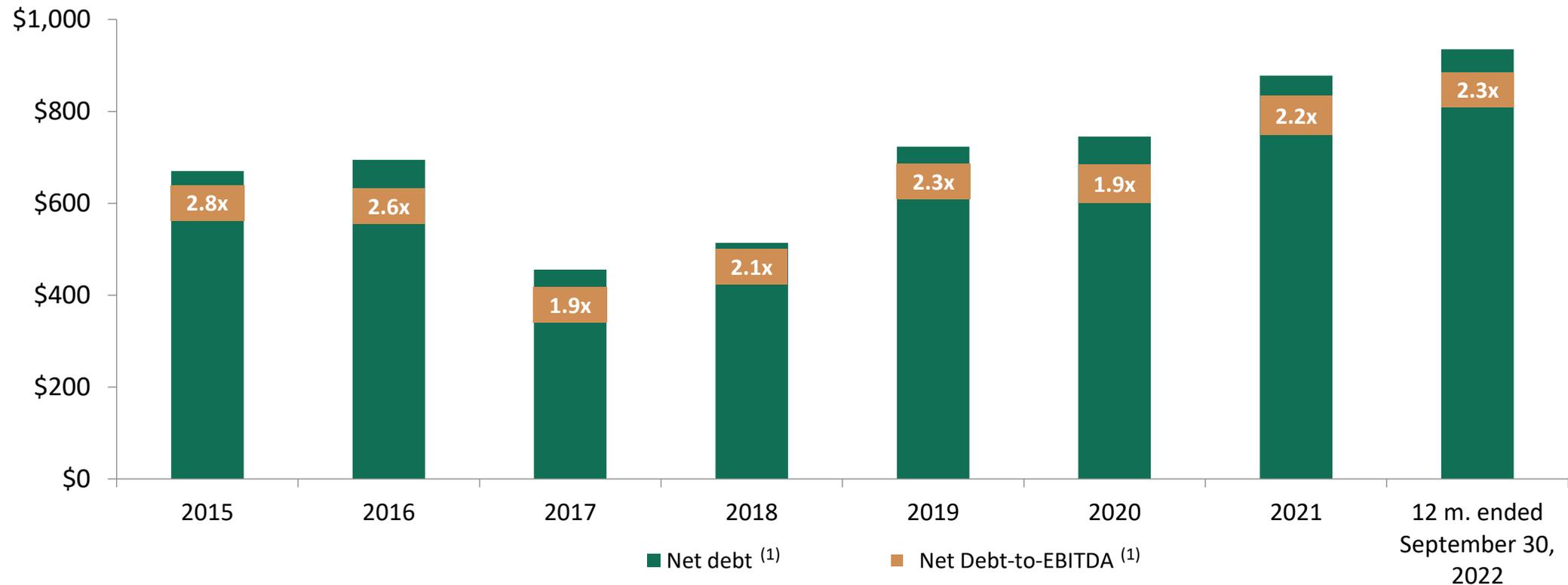
(1) 2016 - 2019 figures were adjusted to reclass freight revenue from COGS to Sales

(2) This is a non-GAAP measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. The disclosures for this measure are incorporated by reference to the section "Non-GAAP and other financial measures" of the Company's 2021 MD&A which was filed on March 9, 2022 and is available at www.sedar.com

(3) EBITDA prior to 2019 was not restated as permitted by IFRS 16, Leases.

(4) Before changes in non-cash working capital components and interest and income taxes paid.

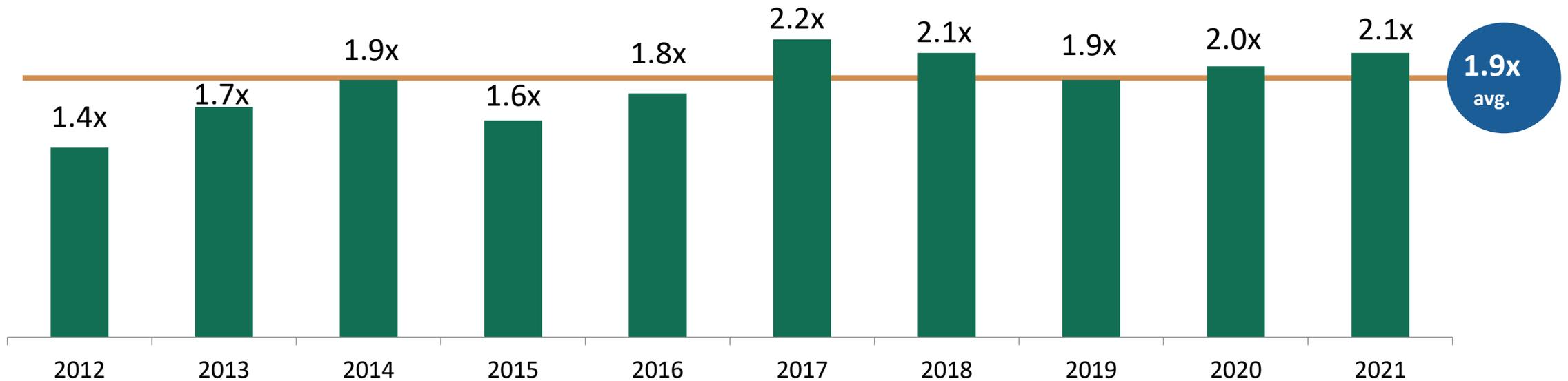
MAINTAINING A SOLID FINANCIAL POSITION



(1) These are non-GAAP and other financial measures which do not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. The disclosures for these measures are incorporated by reference to the section "Non-GAAP and other financial measures" of the Company's 2021 MD&A which was filed on March 9, 2022 and is available at www.sedar.com. Net debt-to-EBITDA calculations for 2015 to 2018 period were not restated, as IFRS 16, *Leases* was adopted in 2019 without restating comparative periods.

ANNUAL INVENTORY TURNOVER

Because of the long periods required to air-season wood, inventory turnover is relatively low.



CAPITAL ALLOCATION PRIORITIES

1

Capital Expenditures

Organic growth, innovation, productivity and asset maintenance
TARGET: \$50M-\$60M annually

Expand capex to reflect growing demand of the infrastructure-related customer base
TARGET: additional \$90M-\$100M over 2022-2024

2

Dividend

Durable dividend payout
TARGET: 20-30% of prior year's EPS
2021 payout: 23%

3

Acquisitions

Pursue accretive transactions to enhance strategic positioning and drive earnings growth

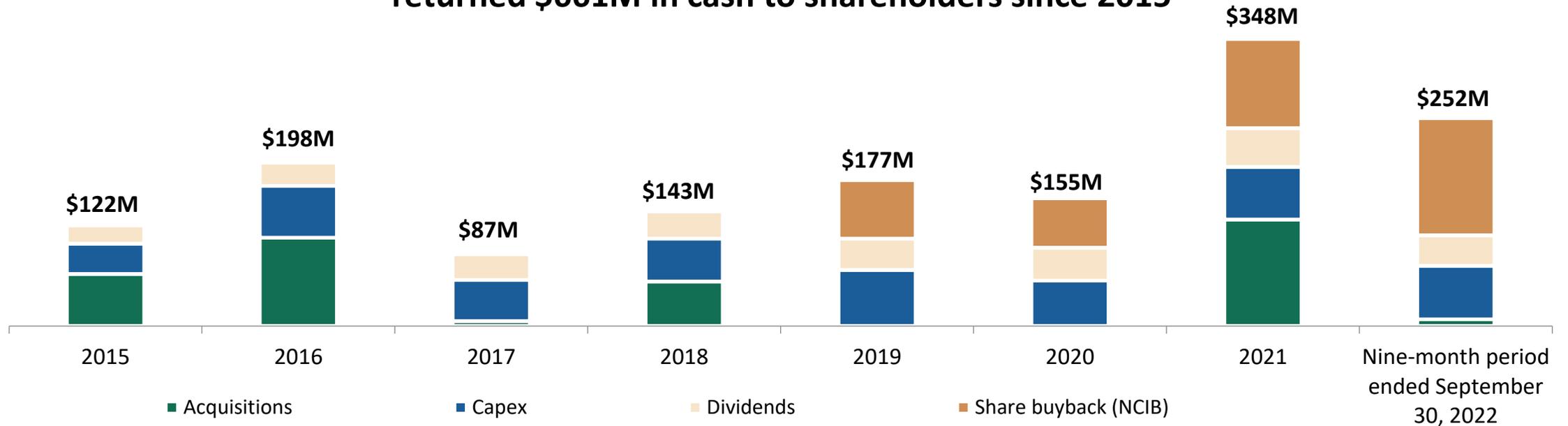
Share Repurchase

Return excess free cash flow to shareholders through share repurchases

Leverage Target: 2.0x-2.5x Net Debt-to-EBITDA

ALLOCATING CAPITAL FOR GROWTH & RETURNS

Stella-Jones has invested \$821M in growth investments and returned \$661M in cash to shareholders since 2015



Growth Investments: \$821M

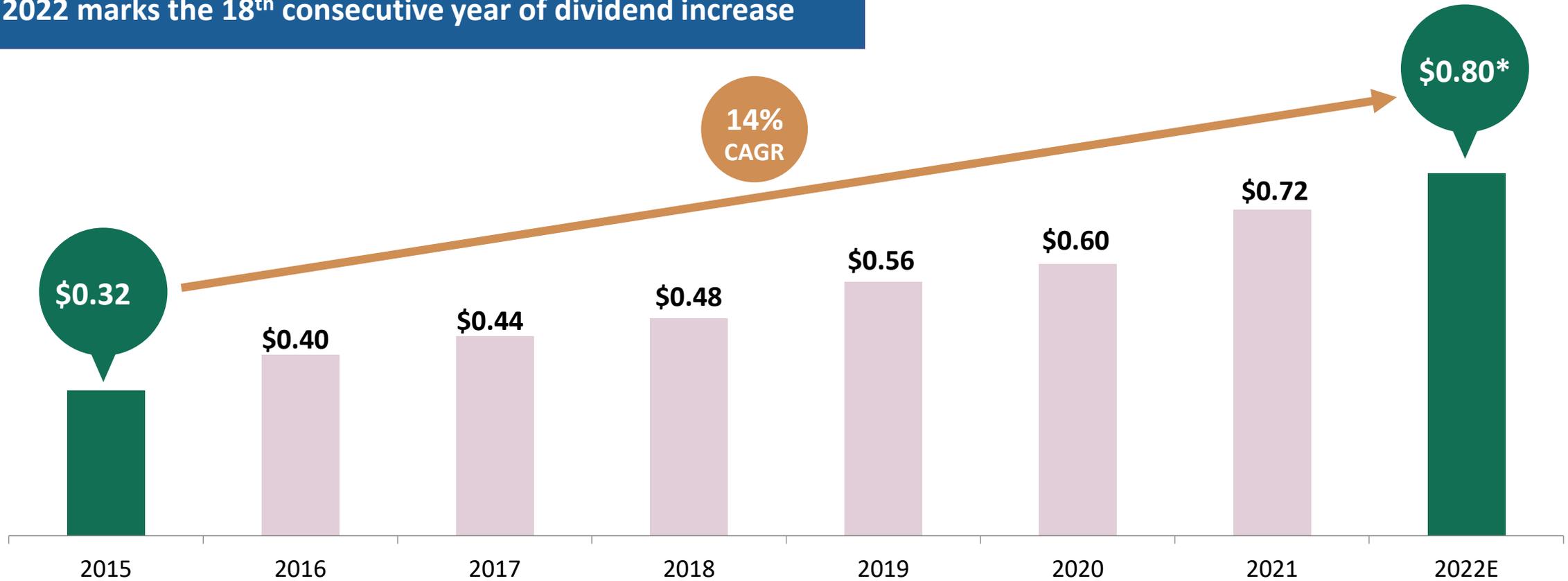
- Acquisitions: \$367M
- Capex: \$454M

Cash returned to shareholders: \$661M

- Dividends: \$276M
 - 18 consecutive years of dividend increase
- Share repurchases: \$385M
 - 9.6M shares

INCREASING DIVIDENDS CONSISTENTLY

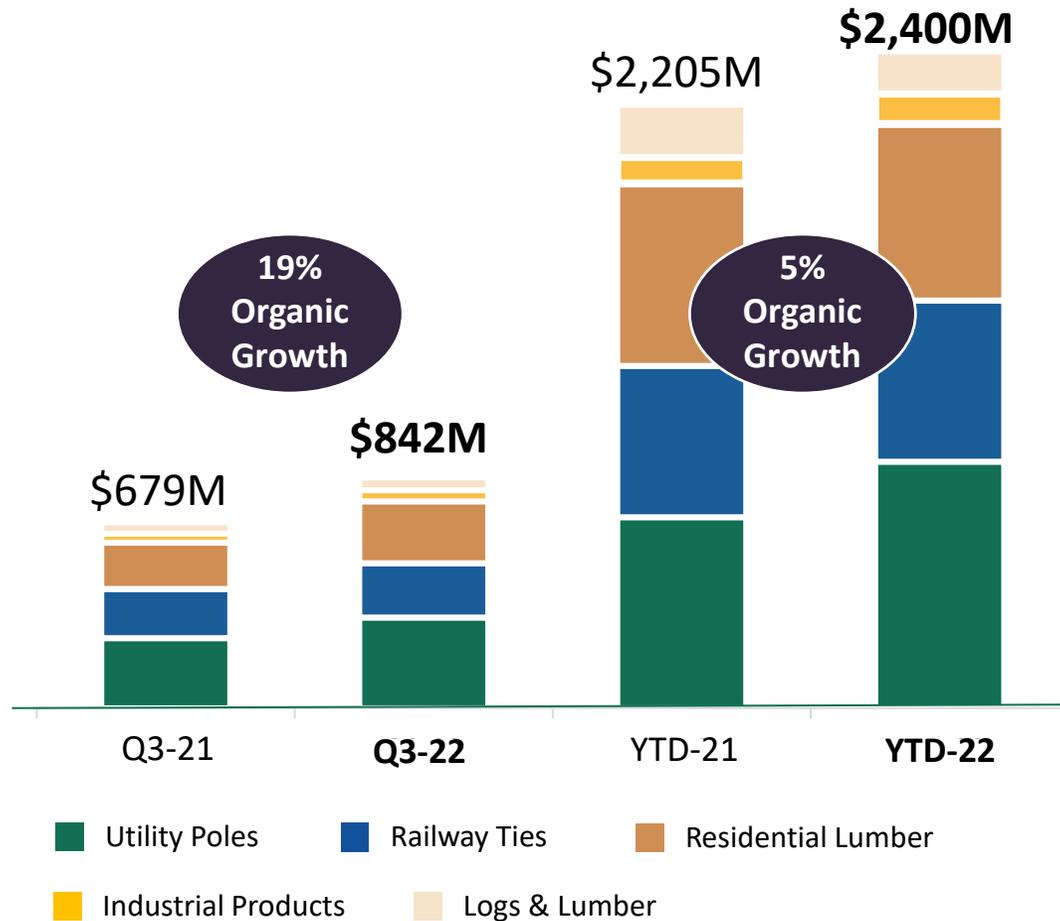
2022 marks the 18th consecutive year of dividend increase





Q3-2022 & YEAR-TO DATE 2022 FINANCIAL RESULTS

Q3 & YTD-22 – SALES



SALES VARIANCE	Q3	YTD
2021 Sales (\$M)	679	2,205
Acquisitions	17	47
Currency variations	18	40
Organic growth	128	108
Pressure treated wood	125	146
Logs and lumber	3	(38)
2022 Sales (\$M)	842	2,400

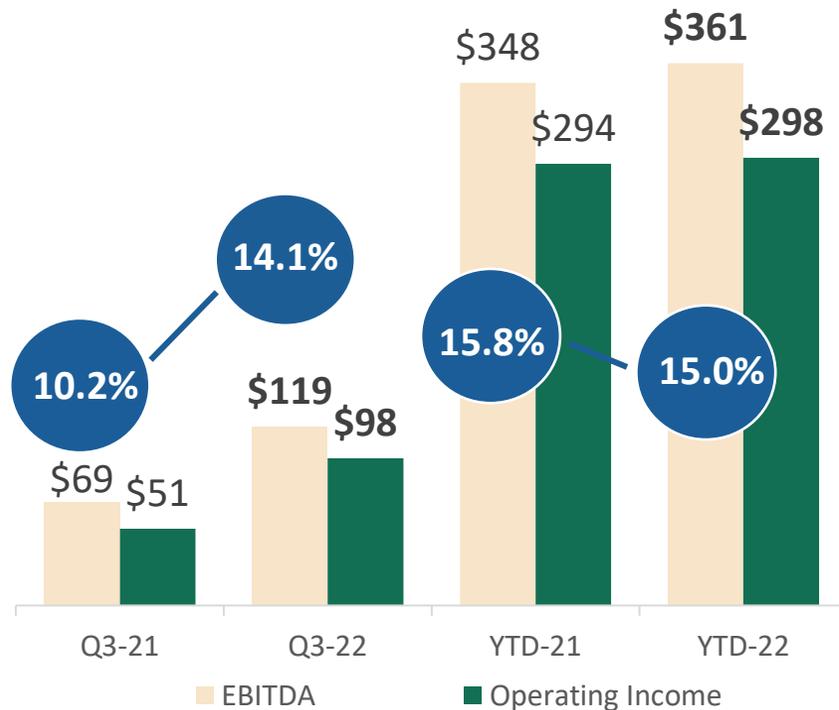
YTD-22 – SALES VARIANCE

Infrastructure-Related Businesses Organic Growth of 13%

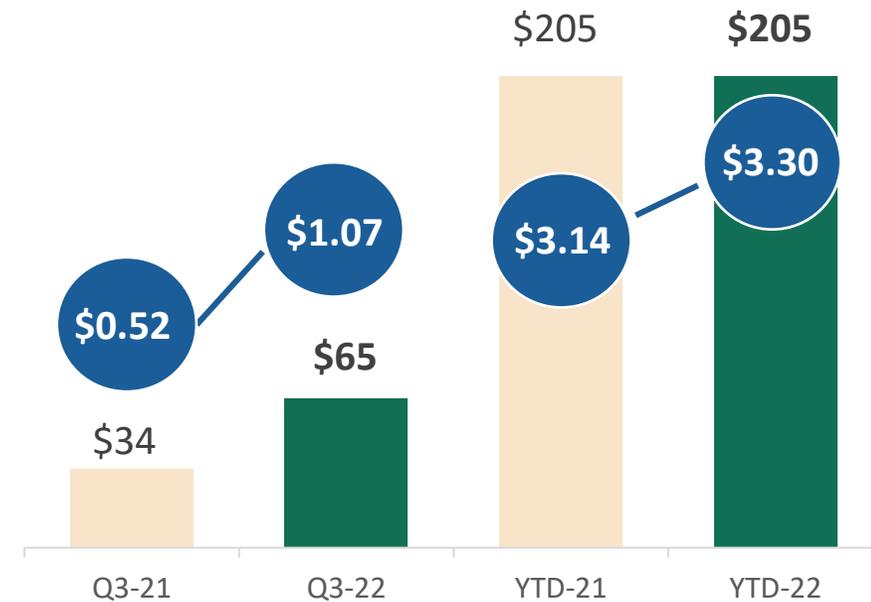
(in millions of dollars)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	TOTAL PRESSURE TREATED WOOD	Logs & Lumber	CONSOLIDATED SALES
YTD 2021	698	553	666	96	2,013	192	2,205
Acquisitions	47	-	-	-	47	-	47
FX impact	20	12	5	2	39	1	40
Organic growth	136	24	(27)	13	146	(38)	108
YTD 2022	901	589	644	111	2,245	155	2,400
<i>Organic growth %</i>	19%	4%	(4%)	14%	7%	(20%)	5%

Q3 & YTD-22 – PROFITABILITY

EBITDA⁽¹⁾ & Operating Income (in millions of \$)



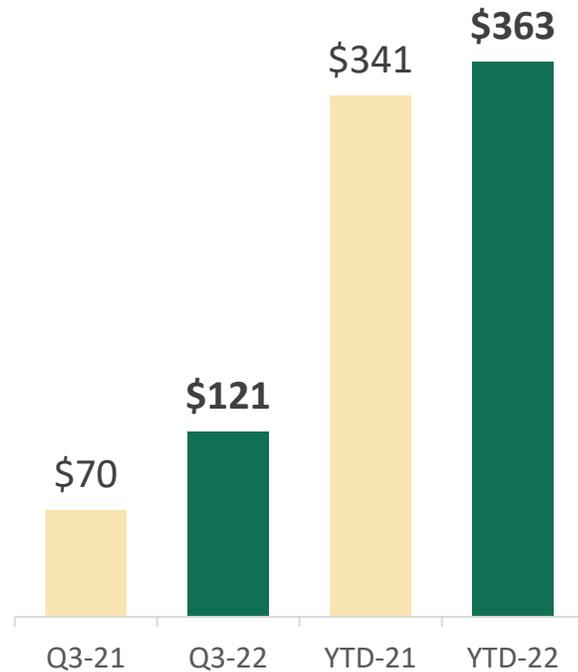
Net Income & Earnings Per Share (in millions of \$, except per share data)



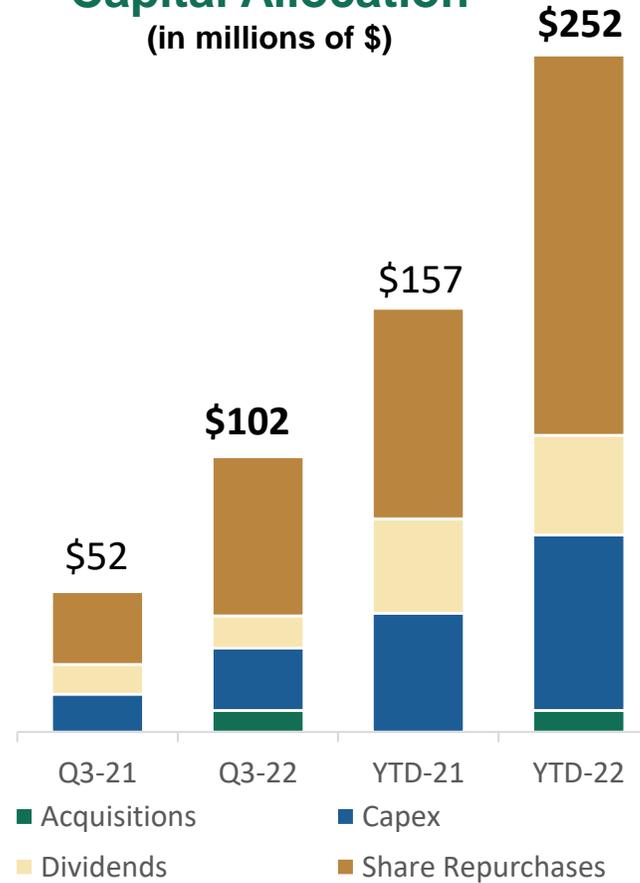
(1) This is a non-GAAP financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. The disclosures for this measure is incorporated by reference to the section "Non-GAAP and other financial measures" of the Company's Q3 2022 MD&A which was filed November 9, 2022 and is available at www.sedar.com

Q3-22 – CASH FLOW AND CAPITAL ALLOCATION

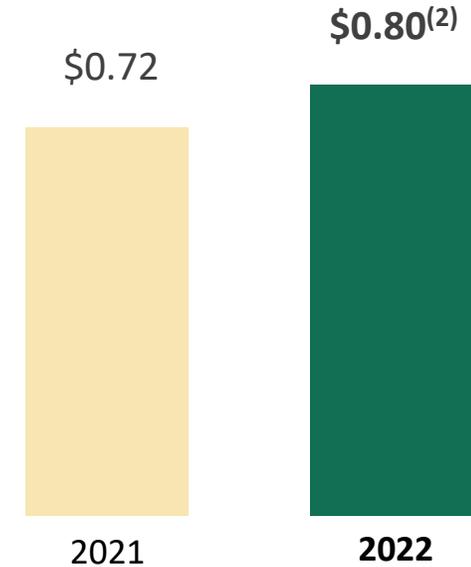
CFO before certain items⁽¹⁾
(in millions of \$)



Capital Allocation
(in millions of \$)



Dividends
(in \$ per share)





2022-2024 FINANCIAL OBJECTIVES

2022-2024 OBJECTIVES BY PRODUCT CATEGORIES



- Support customers with ample and timely supply of key infrastructure requirements
- Expected average growth in high single-digits through the end of 2024
- Growth from replacement demand, internet infrastructure and to support growing electrical needs



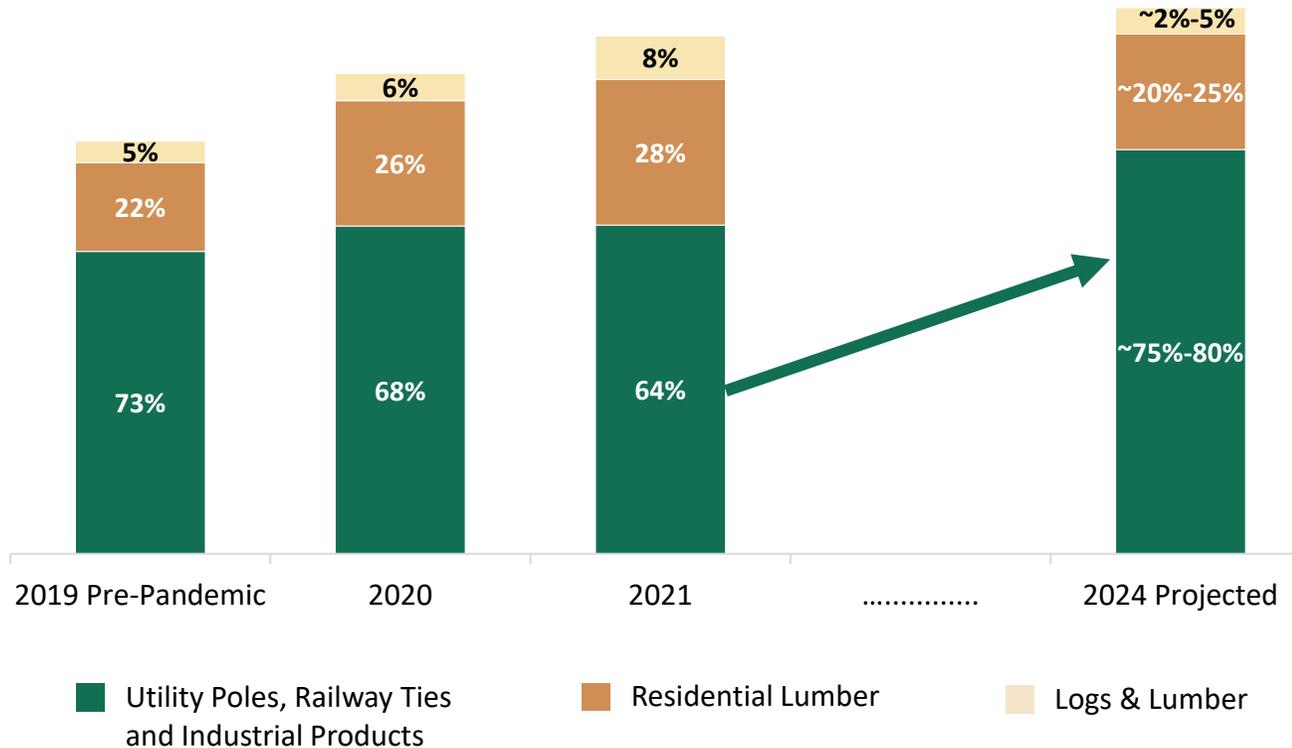
- Strong procurement network provided a steady raw material inflow to meet customer needs despite market tightness
- Expect average growth in low single-digits through the end of 2024
- Demand driven by sustained maintenance and replacement demand



- Navigated through the market price of lumber volatility
- Demand expected to normalize above pre-pandemic levels and represent between 20-25% of sales by 2024

EBITDA margin of approximately 15% for the 2022-2024 period

2022-2024 OUTLOOK – EVOLVING PRODUCT SALES



- Compound annual sales growth rate in the mid-single digit range from 2019 pre-pandemic levels to 2024.
- Infrastructure-related sales are expected to represent 75-80% of total sales by 2024.

Please refer to the Company's MD&A for a complete list of assumptions.

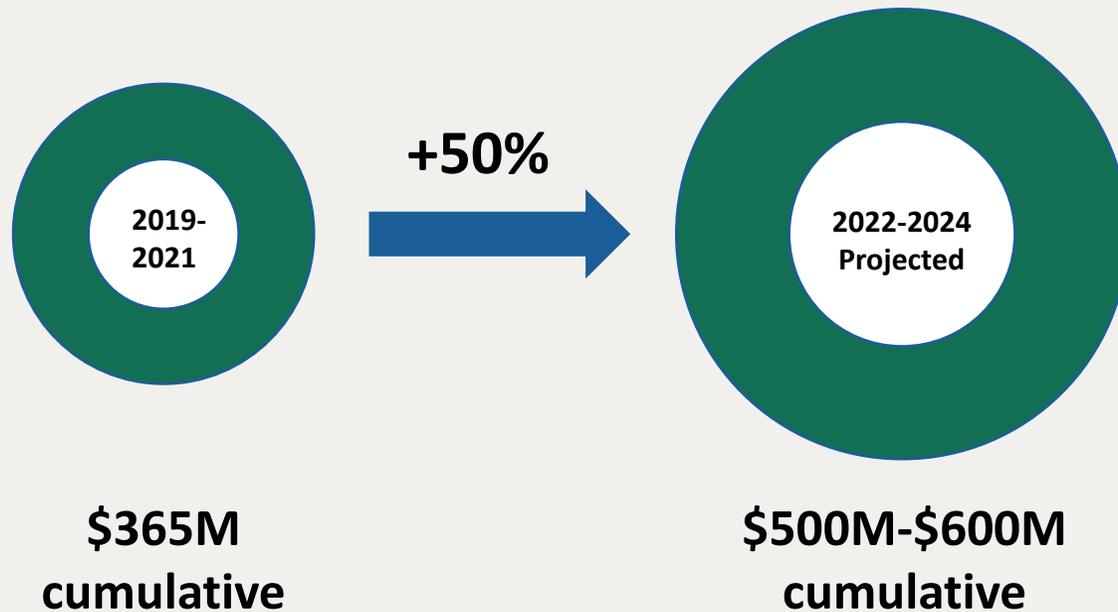
INVESTING AND INNOVATING IN OUR NETWORK

IMPROVEMENTS INCLUDE:

- **Capex Program Expanded** - Incremental \$90M to \$100M over 3 years to support the growing demand of its infrastructure-related customer base, in addition to the \$50 to \$60 million of annual capital expenditures
- **Equipment Upgrades Underway**
- **New Procurement Sites** – Continually being assessed
- **DCOI Preservative to Replace Penta** – Ongoing phased roll-out of plant conversions
- Accelerating Integration of **Fire-Resistant Pole Wrap**



RETURNING CAPITAL TO SHAREHOLDERS



- The Company expects to return approximately \$500 to \$600 million to shareholders in the 2022-2024 period.
- \$180M returned in first nine months of 2022

Please refer to the Company's MD&A for a complete list of assumptions.



APPENDIX

INCOME STATEMENT - FINANCIAL SUMMARY

	12 m. ended Sept. 30, 2022	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Sales ⁽²⁾	2,945	2,750	2,551	2,189	2,144	1,908
Gross Profit ⁽³⁾	477	456	446	358	328	315
Gross Profit margin ⁽³⁾	16.2%	16.6%	17.5%	16.4%	15.3%	16.5%
EBITDA ⁽³⁾	413	400	385	313	244	243
EBITDA margin ⁽³⁾	14.0%	14.5%	15.1%	14.3%	11.4%	12.7%
Operating income	330	326	309	242	206	207
Operating margin ⁽³⁾	11.2%	11.9%	12.1%	11.1%	9.6%	10.8%
Net income	227	227	210	163	138	168
EPS - diluted	3.62	3.49	3.12	2.37	1.98	2.42

(1) Comparative figures for 2017-2018 were not restated as permitted by IFRS 16, Leases

(2) 2017 -2019 figures were adjusted to reclass freight revenue from COGS to sales.

(3) These are non-GAAP financial measures and other measures which do not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. The disclosures for these measures are incorporated by reference to the section "Non-GAAP and other financial measures" of the Company's 2021 MD&A for the which was filed on March 9, 2022 and is available at www.sedar.com

FINANCIAL POSITION - FINANCIAL SUMMARY

	YTD 2022	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Working capital ⁽²⁾⁽³⁾	1,231	1,146	1,101	1,010	909	779
Total assets	2,936	2,665	2,426	2,281	2,062	1,786
Long-term debt ⁽⁴⁾	774	734	606	605	514	456
Lease liabilities ⁽⁴⁾	161	144	139	118	-	-
Shareholders' equity	1,586	1,448	1,373	1,288	1,281	1,116
Net debt ⁽⁵⁾ to total capitalization ⁽³⁾	0.37:1	0.38:1	0.35:1	0.36:1	0.29:1	0.29:1
Net debt ⁽⁵⁾ to EBITDA ⁽³⁾	2.3	2.2	1.9	2.3	2.1	1.9
Return on avg. capital employed ⁽³⁾⁽⁶⁾	12.9%	13.7%	13.7%	11.6%	11.3%	11.8%

(1) Comparative figures for 2017-2018 were not restated as permitted by IFRS 16, Leases.

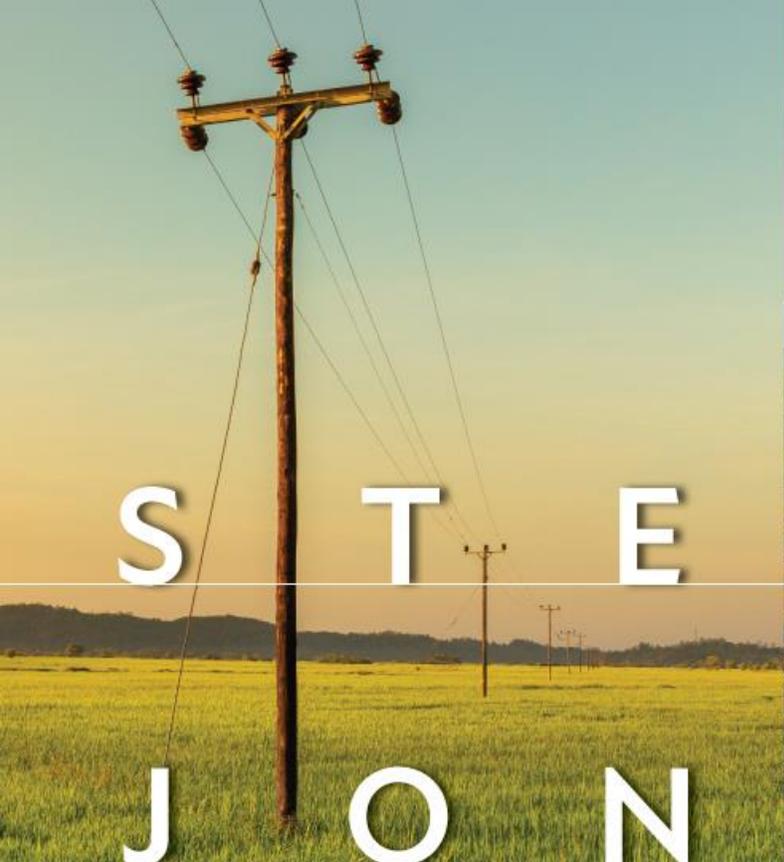
(2) Comparative figures have been adjusted to include the current portion of long-term debt, lease liabilities and provisions and other long-term liabilities.

(3) These are non-GAAP and other financial measures which do 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-GAAP and other financial measures described in the management's discussion and analysis.

(4) Including current portion.

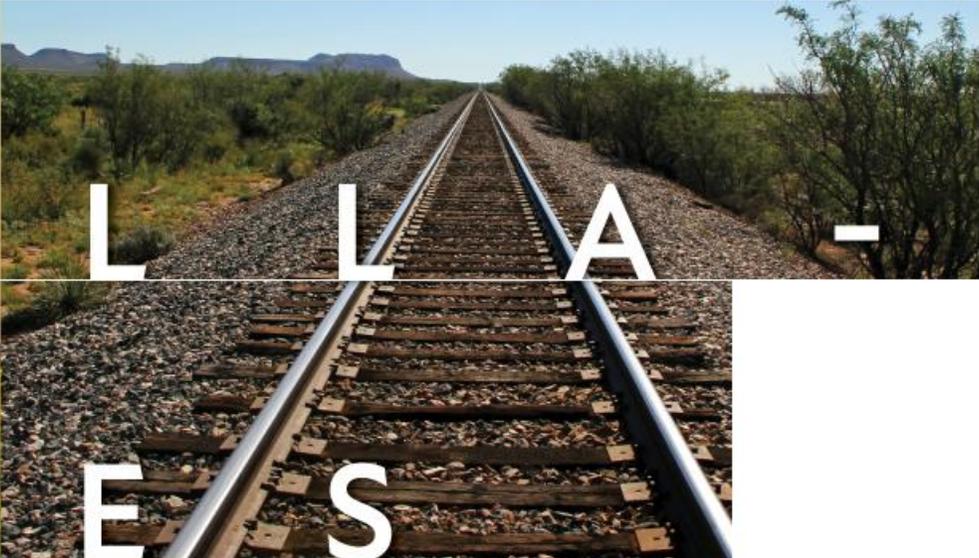
(5) The definition of net debt includes lease liabilities. As IFRS 16, *Leases* was adopted in 2019 without restating comparative periods, the calculations of net debt-to-total capitalization and net-debt-to-EBITDA for the 2017-2018 periods were not restated.

(6) In the first quarter of 2022, the Company changed the composition of this ratio to better reflect its operating performance and the efficiency of its capital allocation process throughout the period. 2019 to 2021 ratios have been adjusted.



S T E

J O N



L L A -

E S



. C O M



Stella-JoneS
SJ INC[®]