

PROVEN RESILIENCY

ANNUAL MEETING OF
SHAREHOLDERS

May 3, 2021

Stella-Jones[®]



AGENDA

1 Opening of the Meeting

Chair, Secretary and Scrutineers

Notice of Meeting

Scrutineer's Report

Minutes of Previous Meeting

Annual Report & Independent Auditor's Report

Election of the Directors

Appointment of Auditors

Advisory Vote on the Corporation's Approach to Executive Compensation

Termination of the Meeting

Management Presentations

Question Period

MANAGEMENT



Eric Vachon, CPA, CA
President and
Chief Executive Officer



Silvana Travaglini, CPA, CA
Senior Vice-President and
Chief Financial Officer



Marla Eichenbaum
Vice-President, General
Counsel and Secretary

Caution Regarding Forward-Looking Information

This presentation contains statements that are forward-looking in nature. Such statements involve known and unknown risks and uncertainties that may cause the actual results of the Company to be materially different from those expressed or implied by such forward-looking statements. Such items include, among others: general 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.

The terms "gross profit", "gross profit margin", "EBITDA", "EBITDA margin", "operating margins", "Cash flow from operating activities before changes in non-cash working capital components and interest and income taxes paid", "net debt" and "net debt-to-EBITDA" are financial measures which are not prescribed by IFRS and are not likely to be comparable to similar measures presented by other issuers. Please refer to the Non-IFRS financial measures described in Stella-Jones' MD&A for the first quarter of 2021 and the 2020 annual report for additional information.



Katherine A. Lehman
Chair of the Board

AGENDA

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2 Chair, Secretary and Scrutineers

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5 Minutes of Previous Meeting

6 Annual Report & Independent Auditor's Report

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ELECTION OF DIRECTORS



Robert Coallier
Corporate Director



Anne E. Giardini
Corporate Director



Rhodri J. Harries
Executive Vice-President,
Chief Financial and
Administration Officer,
Gildan Activewear Inc.



Karen Laflamme
Corporate Director



Katherine A. Lehman
Chair of the Board,
Stella-Jones Inc.
Managing Partner,
Hilltop Private Capital LLC



James A. Manzi, Jr.
Corporate Director



Douglas Muzyka
Corporate Director



Simon Pelletier
Chief Executive Officer,
H-E Parts International



Éric Vachon
President and
Chief Executive Officer,
Stella-Jones Inc.



Mary Webster
Corporate Director

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11 Management Presentations

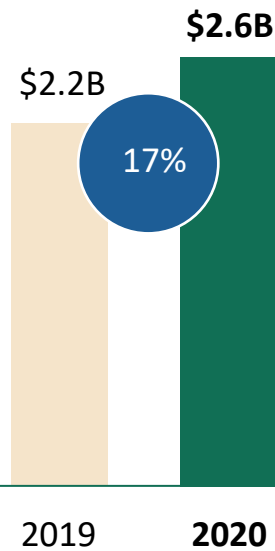
Question Period



Éric Vachon
President and
Chief Executive Officer

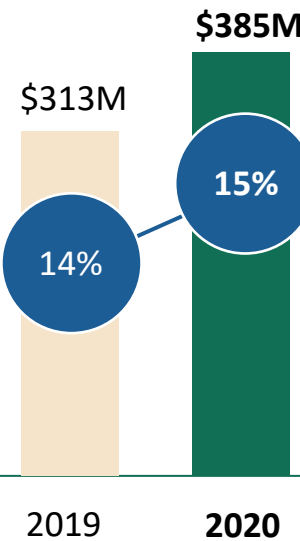
2020 – GROWTH IN SALES AND PROFITABILITY

Sales



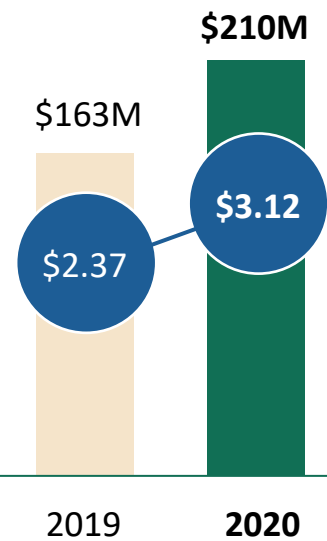
20th consecutive year of sales growth

EBITDA⁽¹⁾



Driven by volume and pricing gains across the three core product categories

Net income



Driven by strong sales growth

⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

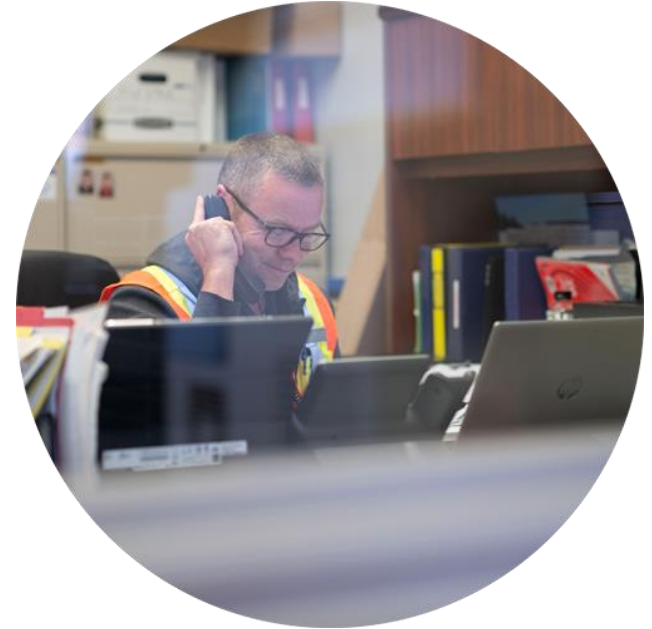
PROVEN RESILIENCY



**Strength of Our
Experienced Team**



**Agility of Our
North American Network**

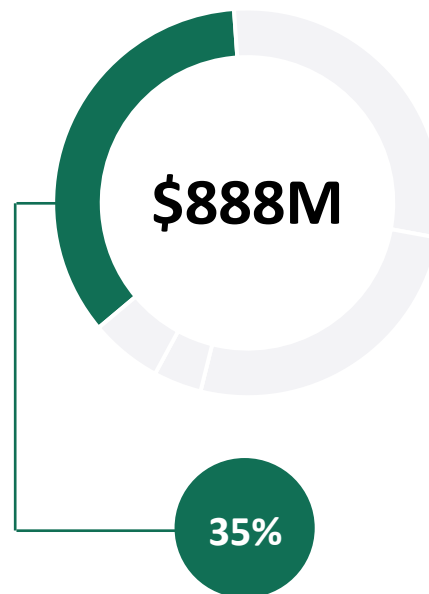


**Unparalleled
Customer Service**

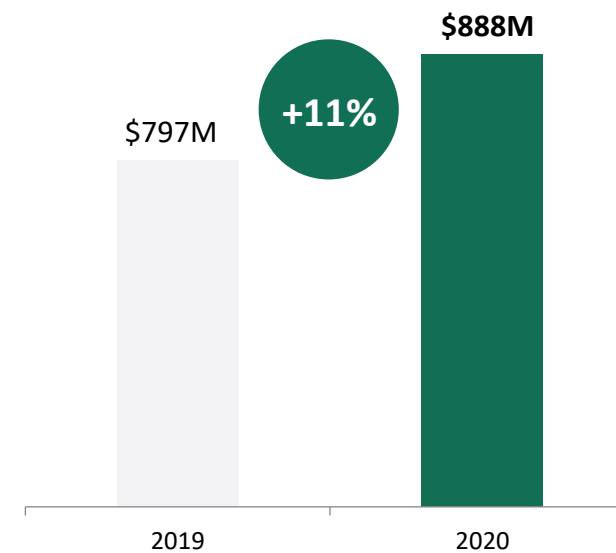
UTILITY POLES



2020 Sales



Sales Variation



Organic Growth

\$83M

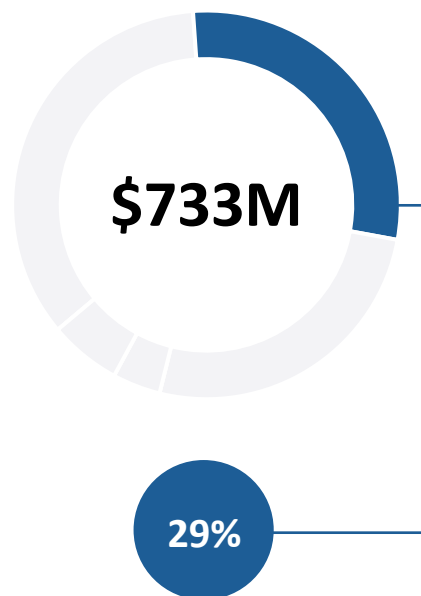
 **10%**

Note: 2019 figure was adjusted to reclass some freight revenue from COGS to sales.

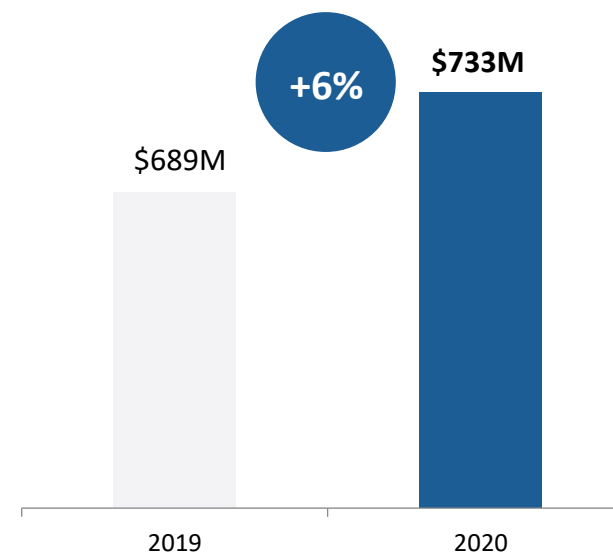
RAILWAY TIES



2020 Sales



Sales Variation



Organic Growth

\$37M



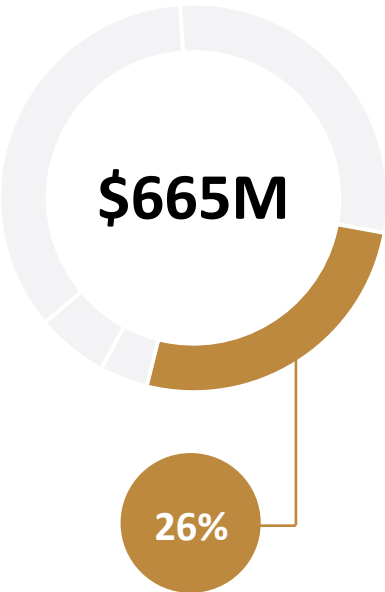
5%

Note: 2019 figure was adjusted to reclass some freight revenue from COGS to sales.

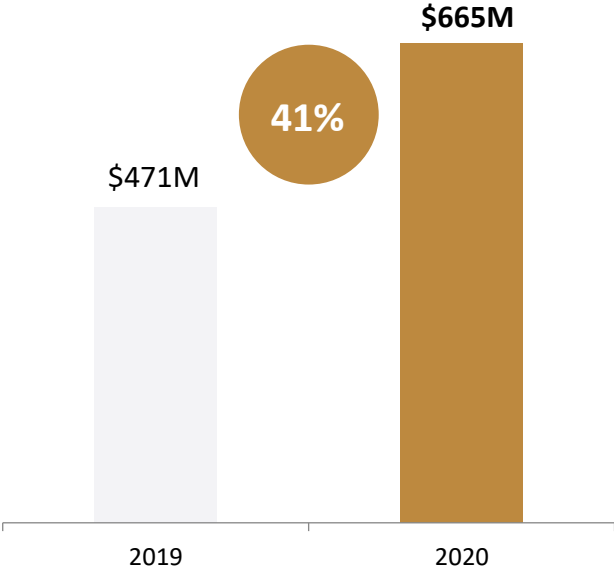
RESIDENTIAL LUMBER



2020 Sales



Sales Variation



Organic Growth

\$191M

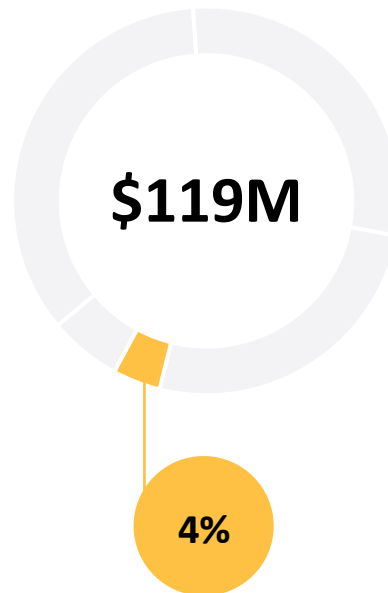


41%

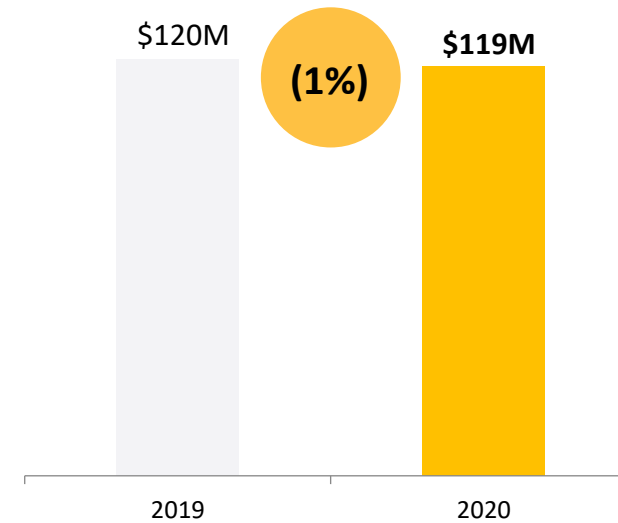
INDUSTRIAL PRODUCTS



2020 Sales



Sales Variation



Organic Growth

(\$2M)

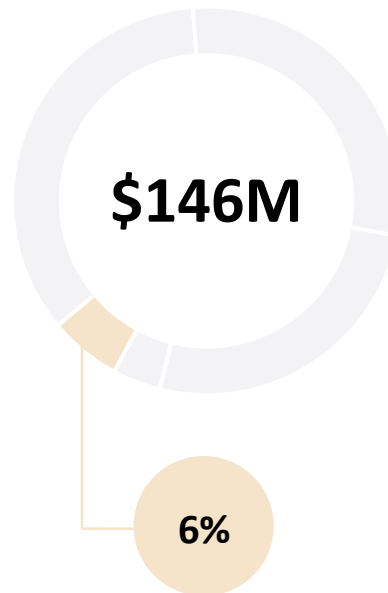


(2%)

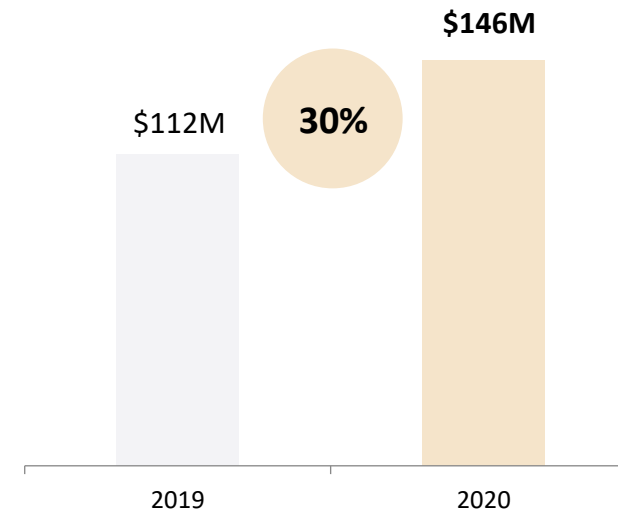
LOGS AND LUMBER



2020 Sales



Sales Variation



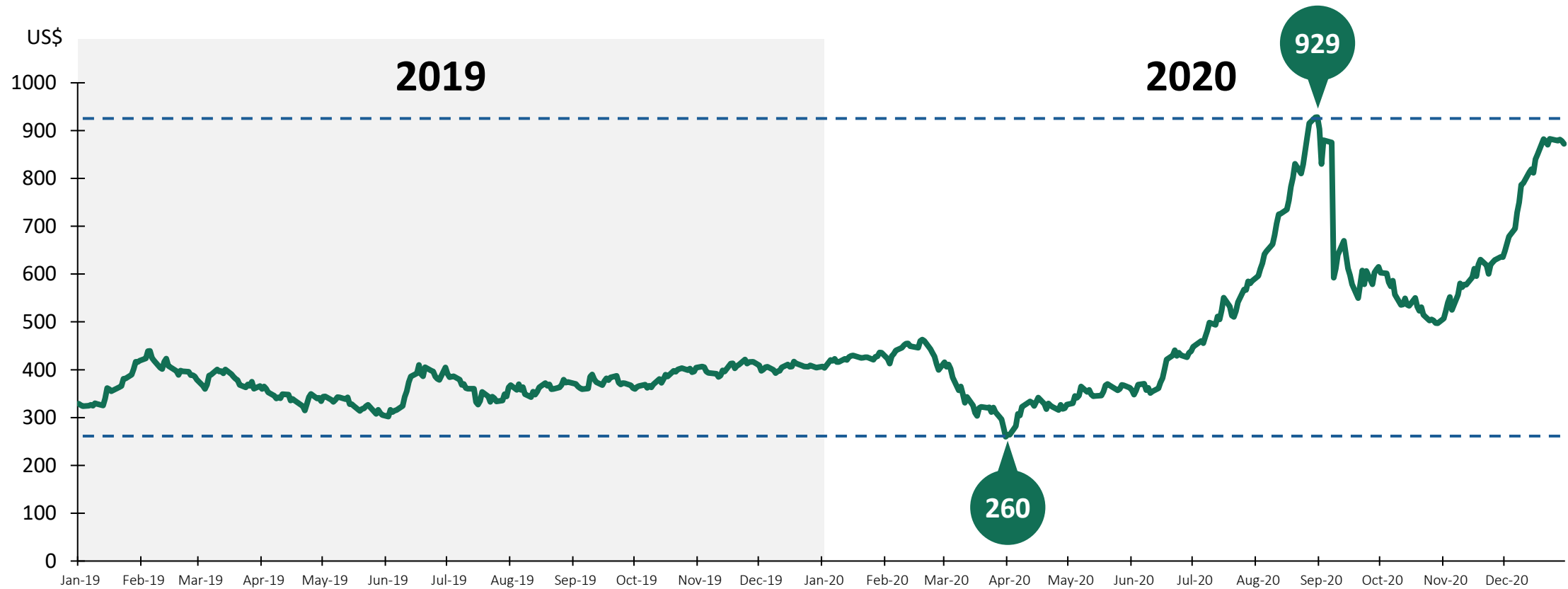
Organic Growth

\$34M



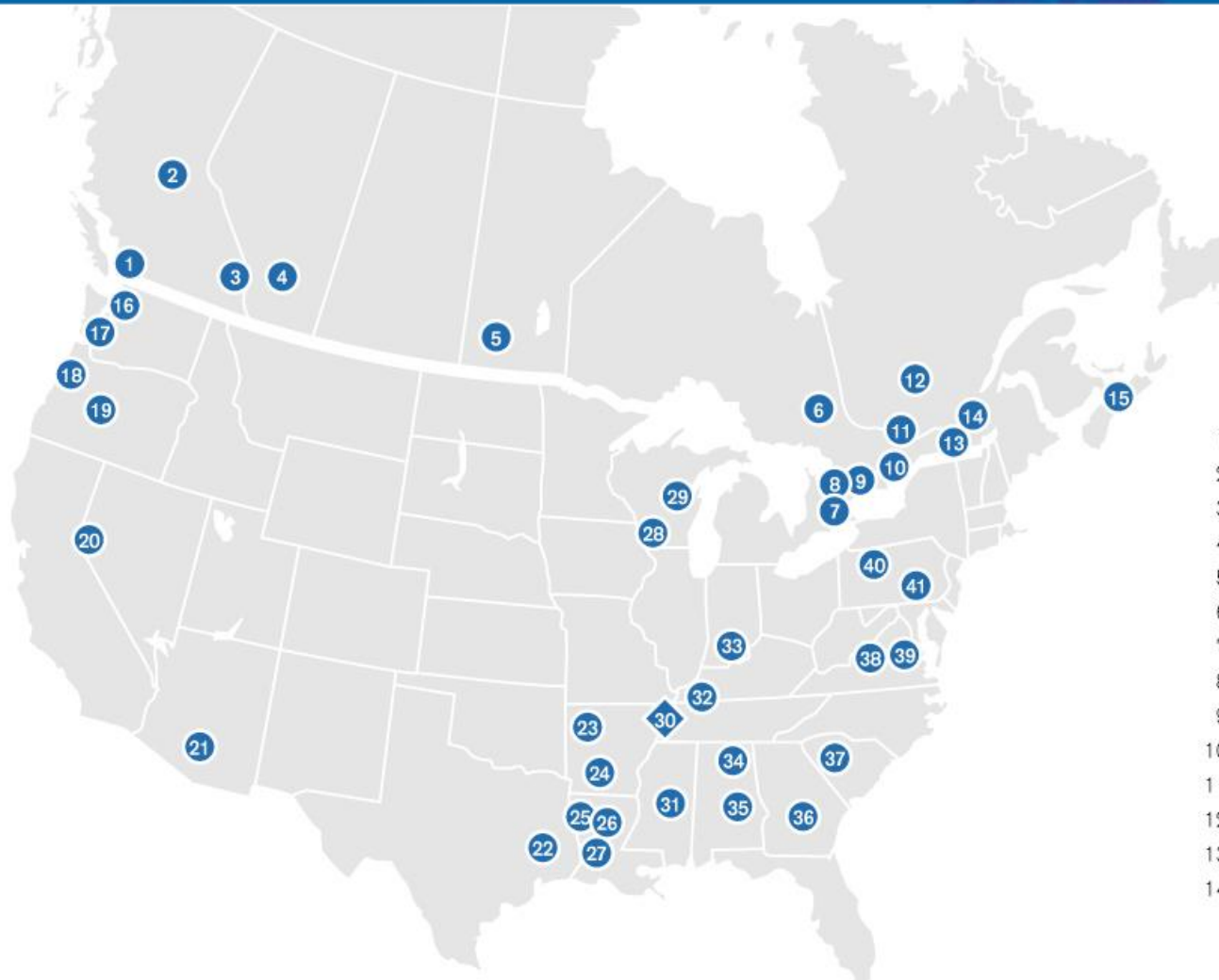
30%

HIGHER MARKET LUMBER PRICES BENEFITTING RESULTS



Source: Factset (LB00-USA - Random Length Lumber Continuous Contract (CME \$/bft))

THE STRENGTH OF OUR CONTINENTAL NETWORK



● Treating Facilities

◆ Coal Tar Distillery

1 New Westminster, BC
 2 Prince George, BC
 3 Galloway, BC
 4 Carseland, AB
 5 Neepawa, MB
 6 South River, ON
 7 Guelph, ON
 8 Shelburne, ON
 9 Stouffville, ON
 10 Peterborough, ON
 11 Gatineau, QC
 12 Rivière-Rouge, QC
 13 Delson, QC
 14 Sorel-Tracy, QC

15 Truro, NS
 16 Arlington, WA
 17 Tacoma, WA
 18 Sheridan, OR
 19 Eugene, OR
 20 Silver Springs, NV
 21 Eloy, AZ
 22 Lufkin, TX
 23 Russellville, AR
 24 Rison, AR
 25 Converse, LA
 26 Pineville, LA
 27 Alexandria, LA
 28 Bangor, WI

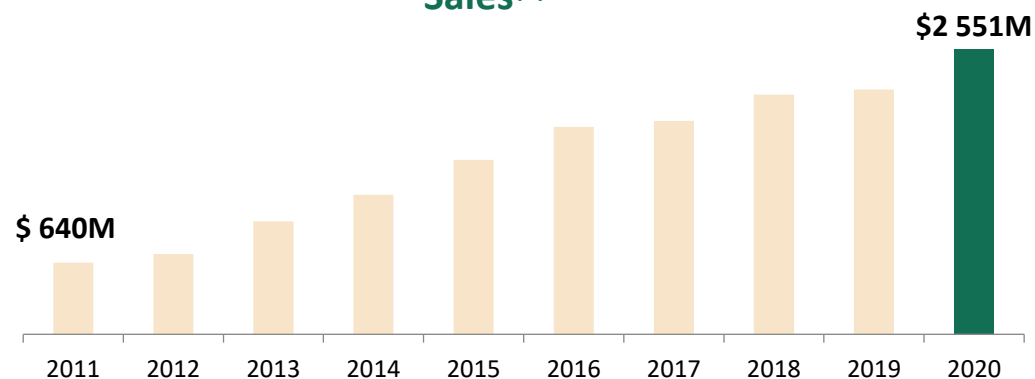
29 Cameron, WI
 30 Memphis, TN
 31 Scooba, MS
 32 Fulton, KY
 33 Winslow, IN
 34 Brierfield, AL
 35 Clanton, AL
 36 Cordele, GA
 37 Whitmire, SC
 38 Goshen, VA
 39 Warsaw, VA
 40 Dubois, PA
 41 McAlister, PA



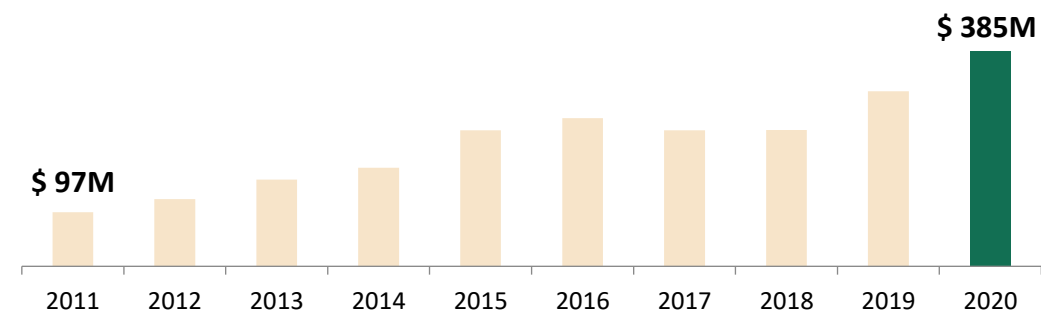
Silvana Travaglini, CPA, CA
Senior Vice-President and
Chief Financial Officer

TRACK RECORD OF PERFORMANCE

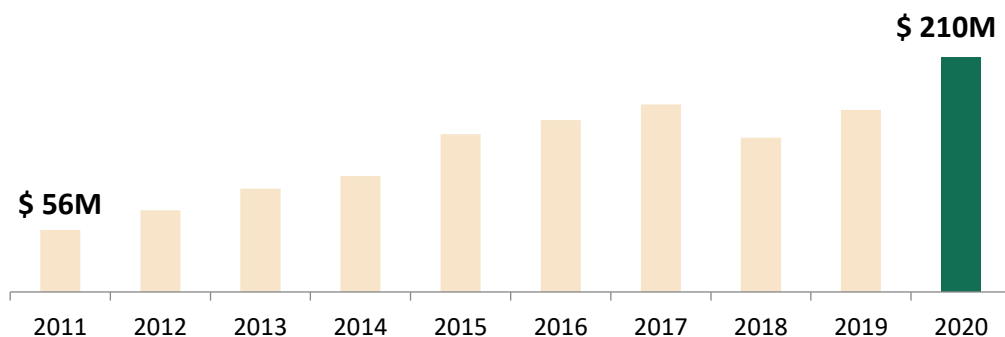
Sales⁽¹⁾



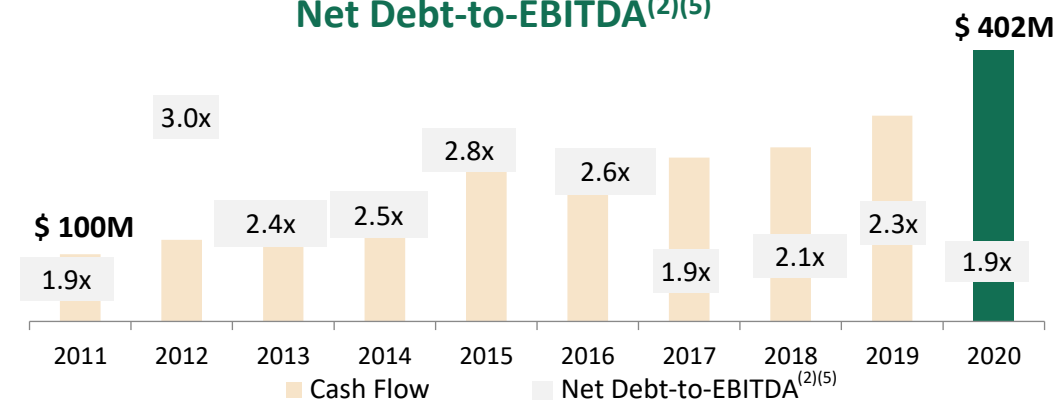
EBITDA⁽²⁾⁽³⁾



Net income



**Cash Flow⁽²⁾⁽⁴⁾ &
Net Debt-to-EBITDA⁽²⁾⁽⁵⁾**



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

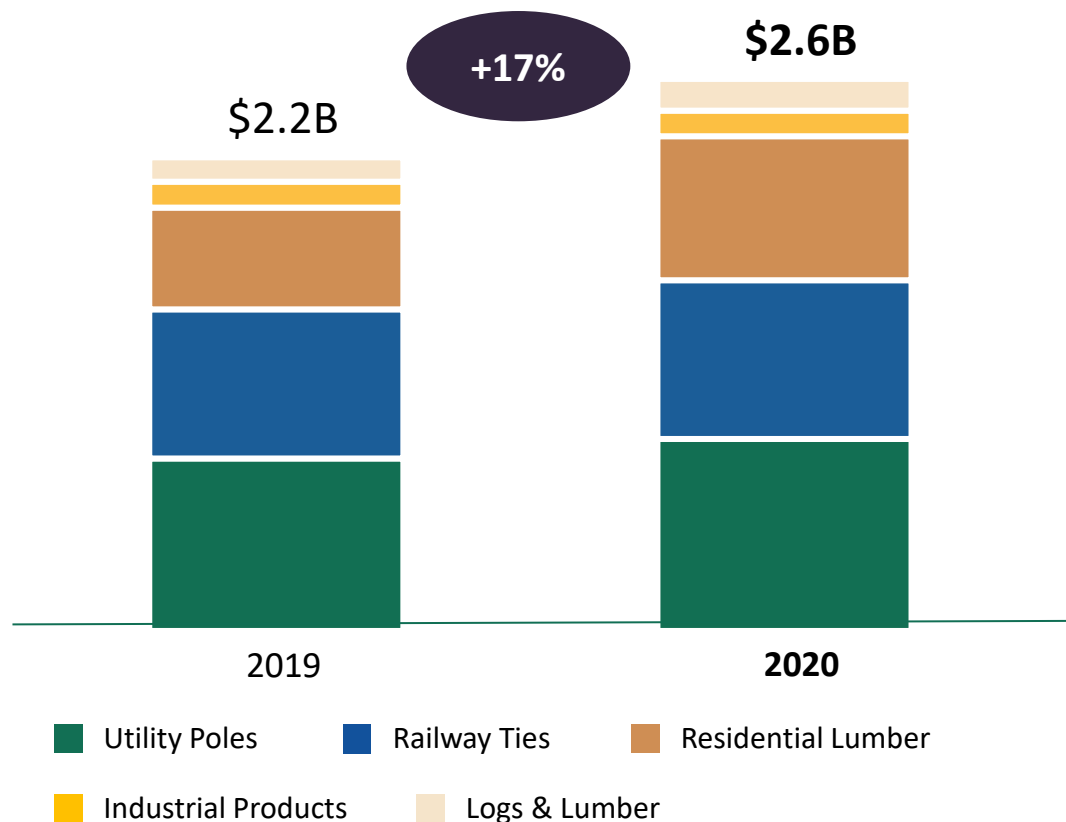
⁽²⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽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 tax paid.

⁽⁵⁾ The definition of net debt includes lease liabilities. Net debt-to-EBITDA calculations for 2011 to 2018 period were not restated, as IFRS 16, *Leases* was adopted in 2019 without restating comparative periods.

2020 – 20th CONSECUTIVE YEAR OF SALES GROWTH

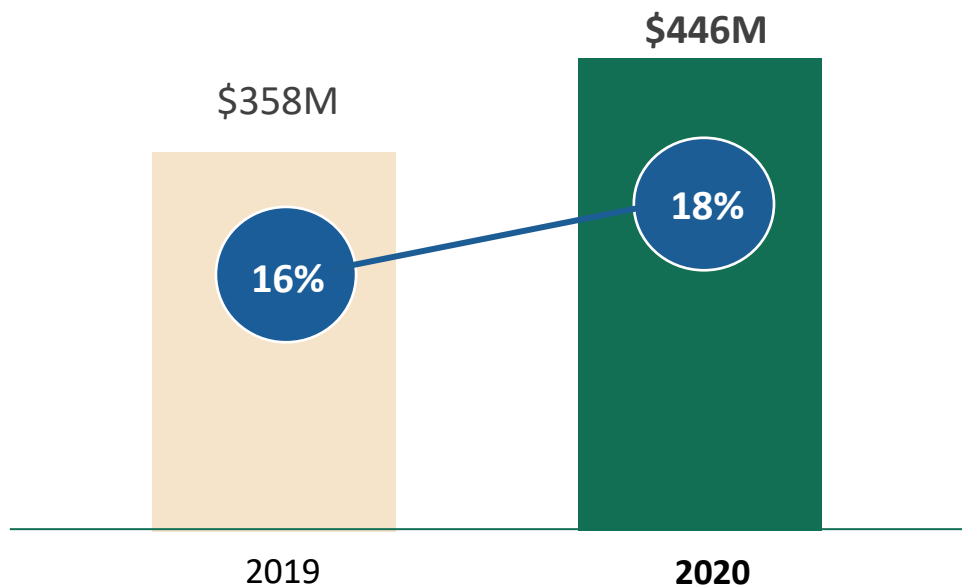


SALES VARIANCE

2019 Sales (M)	\$2,189
Currency variations	19
Organic growth	
Pressure-treated wood	309
Logs and lumber	34
2020 Sales (M)	\$2,551

Note: Comparative figures have been adjusted to conform to the current year's presentation.

2020 – HIGHER GROSS PROFIT⁽¹⁾ AND MARGIN

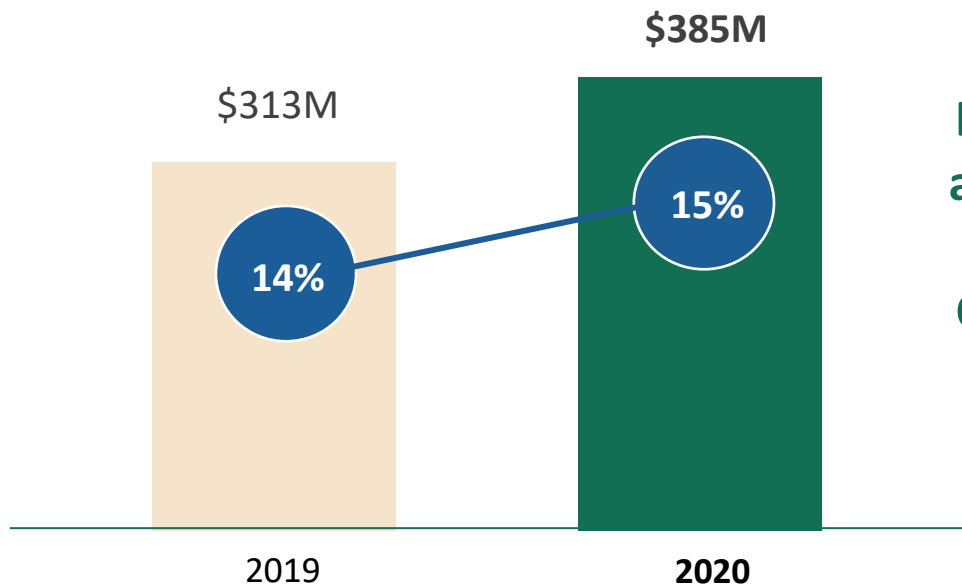


Driven by sales price increases for residential lumber in the 2nd half of the year, stronger residential lumber demand and favourable sales mix for utility poles and railway ties

⁽¹⁾This is a non-IFRS financial measure. Please refer to the Company's MD&A.

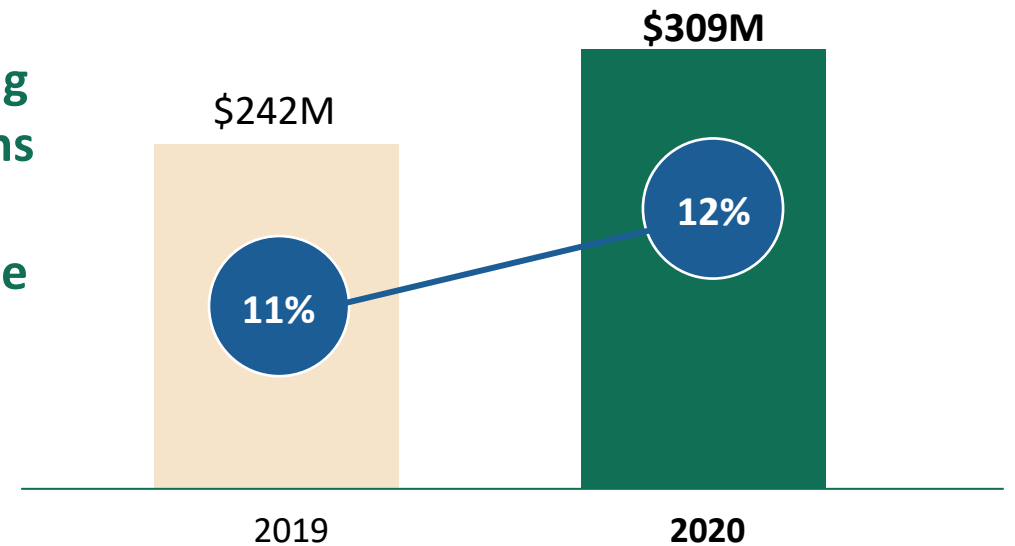
2020 – RECORD EBITDA⁽¹⁾

EBITDA⁽¹⁾



Driven by pricing and volume gains across the Company's three core product categories

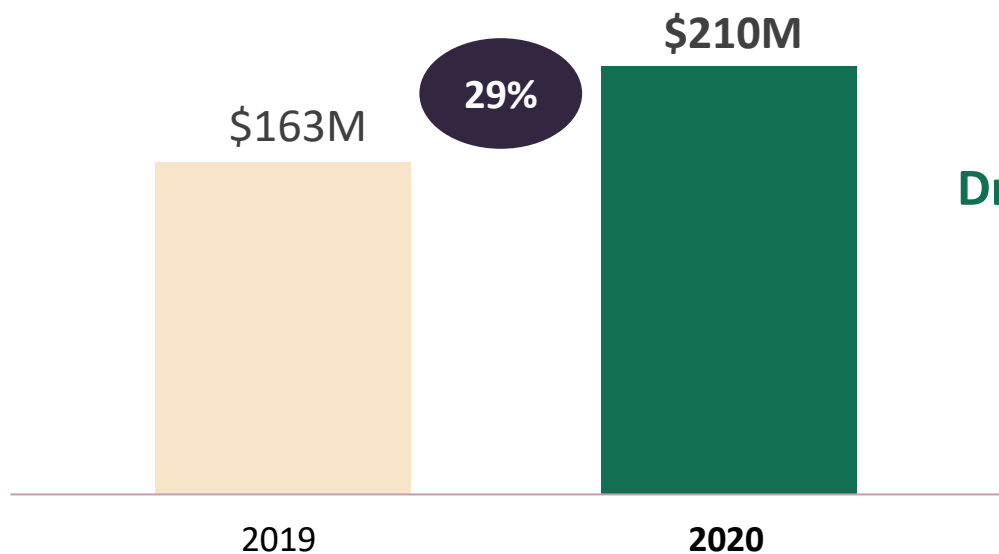
Operating Income



⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

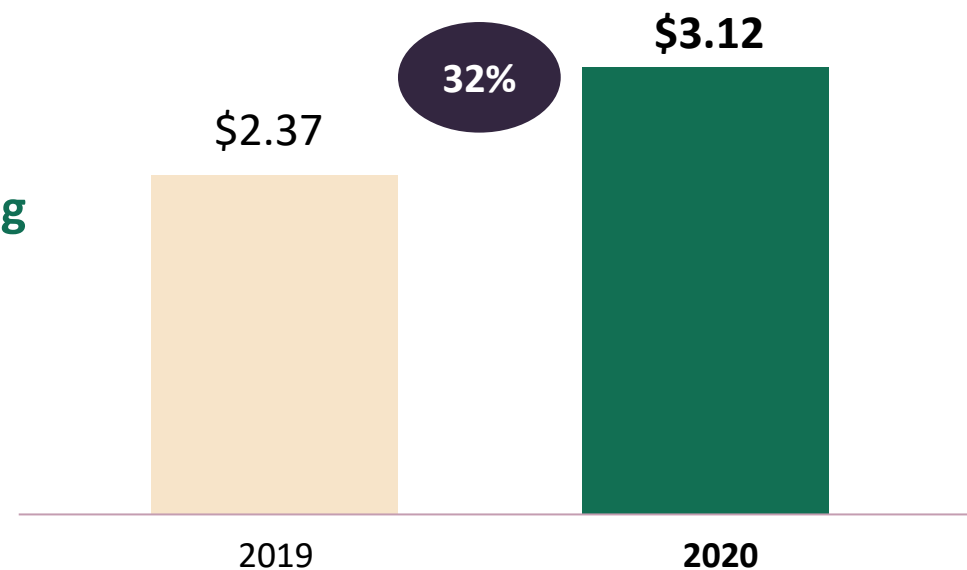
2020 – HIGHER NET INCOME & EPS

Net income



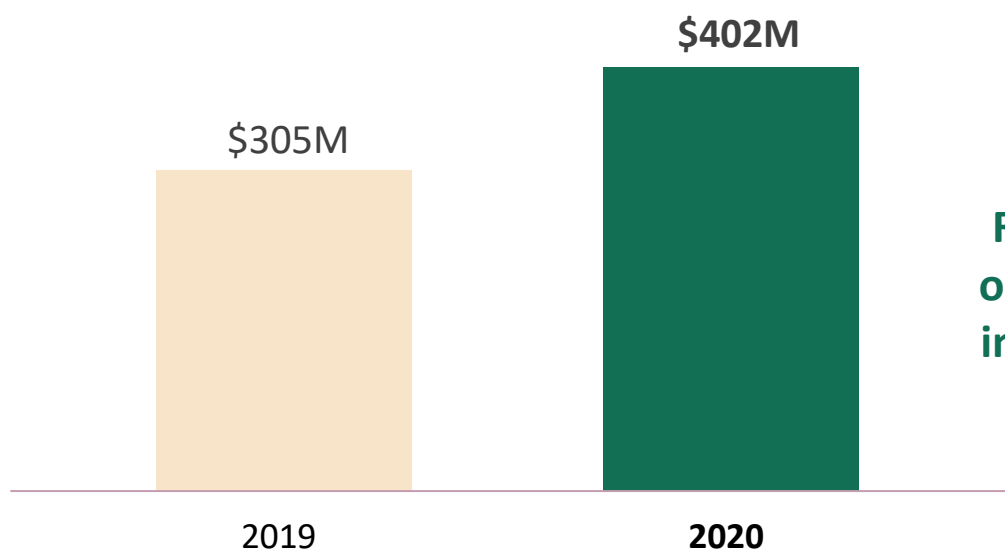
Driven by strong
sales growth

EPS



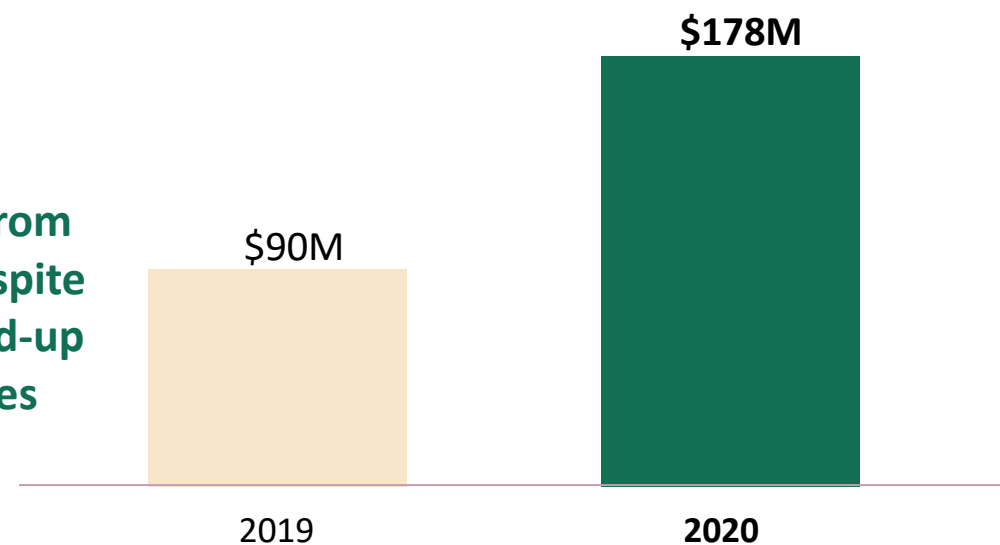
2020 - STRONG CASH FLOW GENERATION

Cash Flow before certain items⁽¹⁾⁽²⁾



Record cash from operations despite inventory build-up for 2021 sales growth

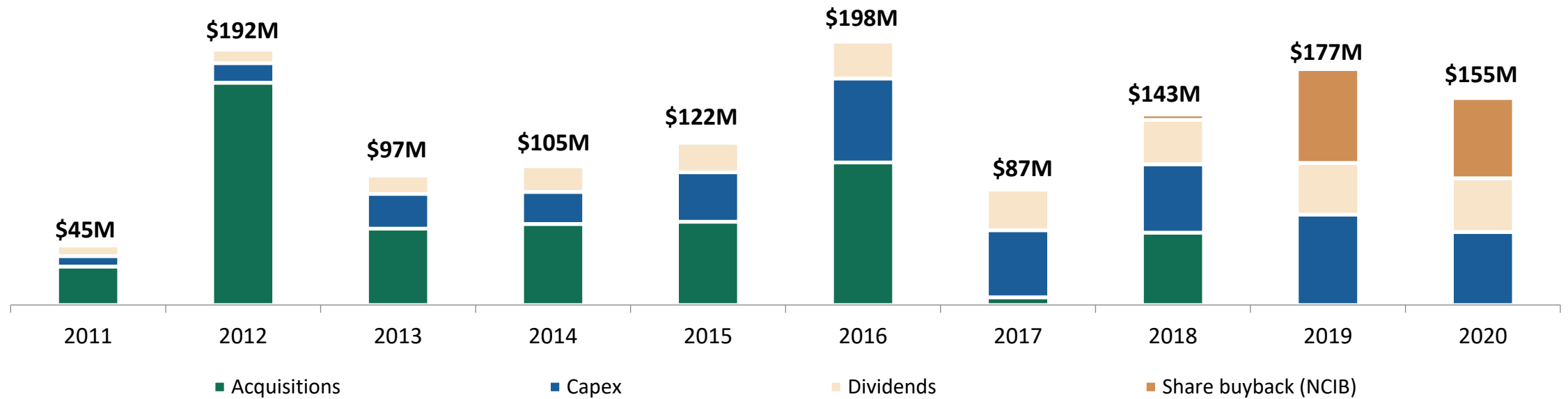
Cash Flow from Operating Activities



⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽²⁾ Before changes in non-cash working capital components and interest and income tax paid.

ALLOCATING CAPITAL FOR GROWTH & RETURNS



Growth Investments: \$944M

- Acquisitions: \$545M
- Capex: \$399M

Cash returned to shareholders: \$379M

- Dividends: \$244M
 - CAGR 19%
 - 16 consecutive years of dividend increase
- Share repurchases: \$135M
 - 3.3M shares

CAPITAL ALLOCATION PRIORITIES

1

Capital Expenditures

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

2

Dividend

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

3

Acquisitions

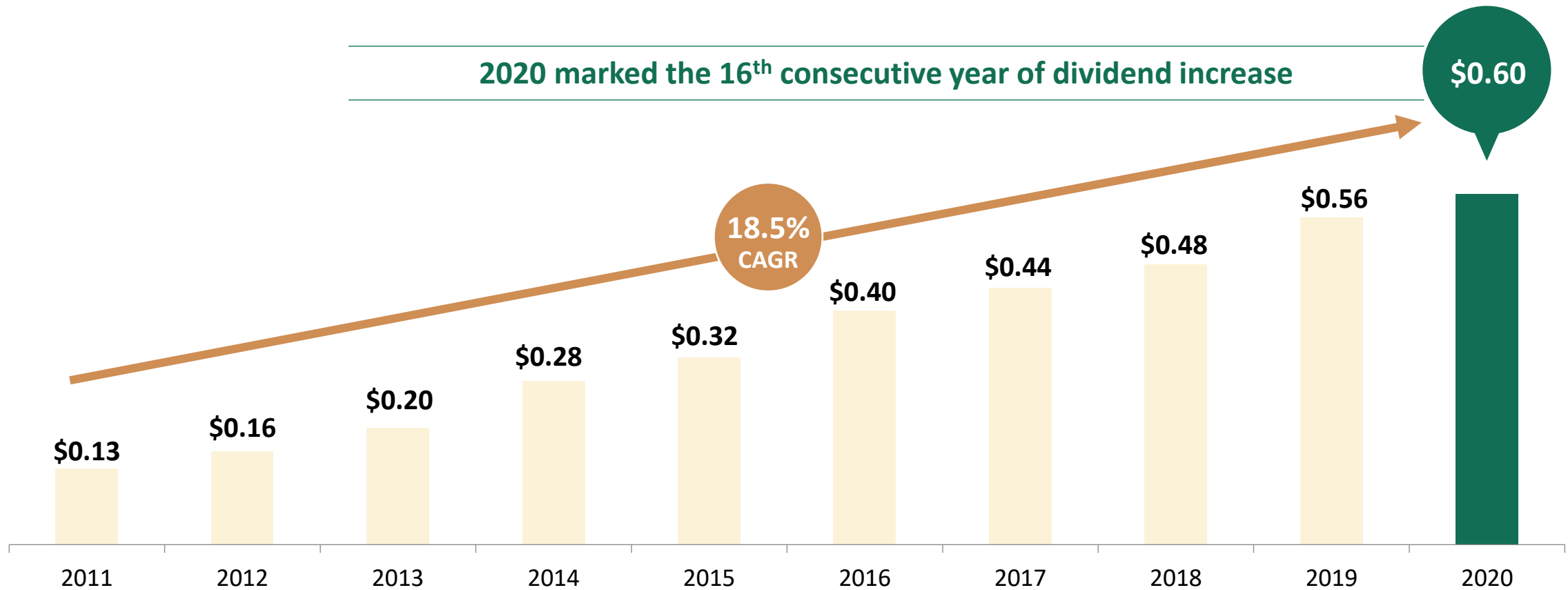
Pursue accretive
transactions to
enhance strategic
positioning and drive
earnings growth

Share Repurchase

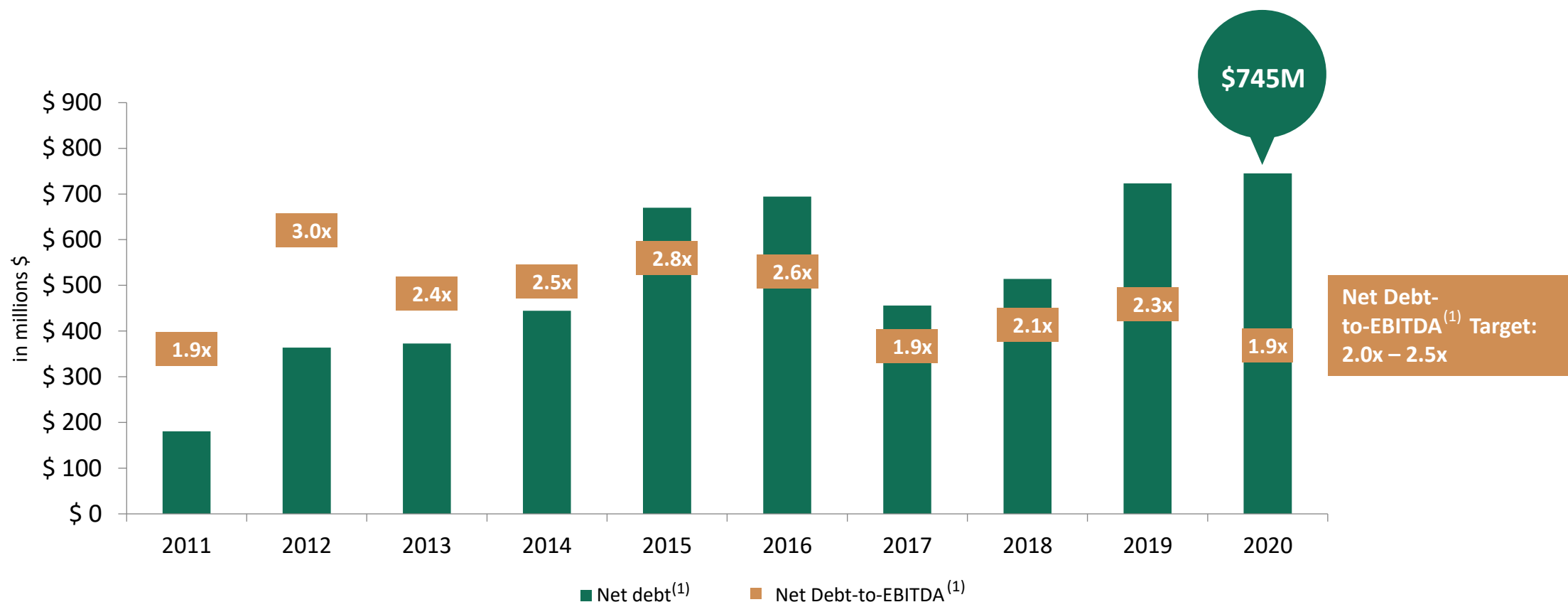
Return excess free cash
flow to shareholders
through share
repurchases

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

INCREASING DIVIDENDS CONSISTENTLY



MAINTAINING A SOLID FINANCIAL POSITION



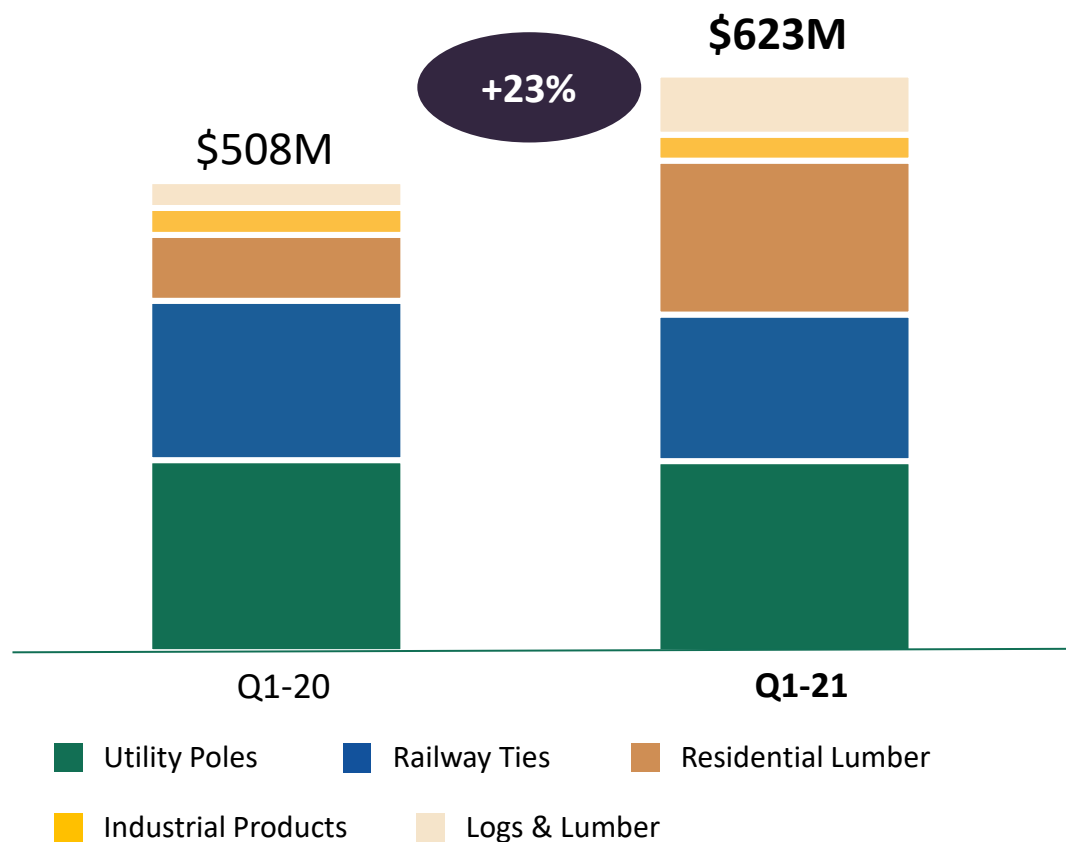
⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A. The definition of net debt includes lease liabilities. Net debt-to-EBITDA calculations for 2011 to 2018 period were not restated, as IFRS 16, *Leases* was adopted in 2019 without restating comparative periods.



Q1-2021 FINANCIAL RESULTS



Q1-21 – SALES UP 23%



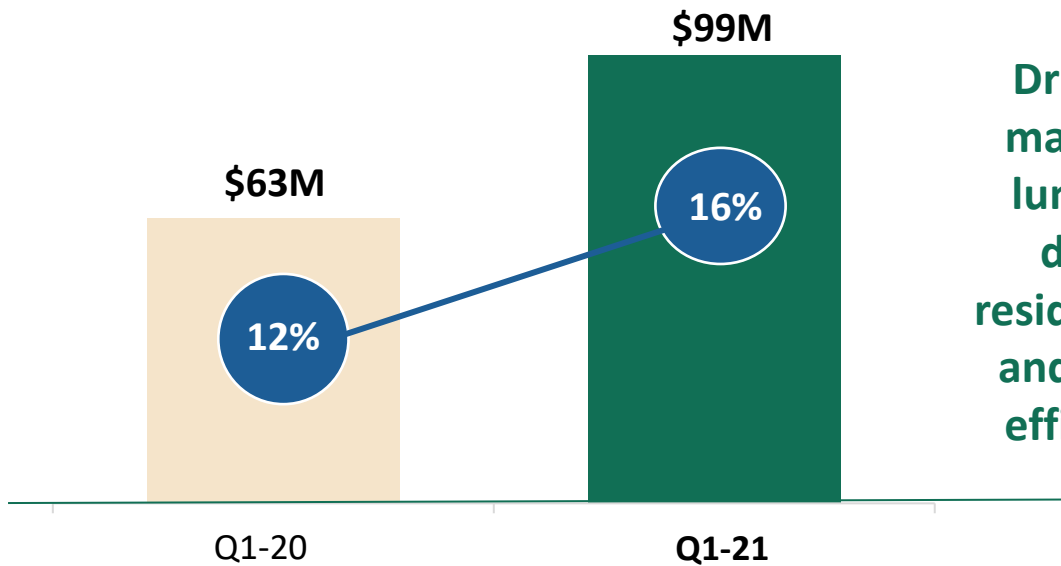
Note: Comparative figures have been adjusted to conform to the current year's presentation.

SALES VARIANCE

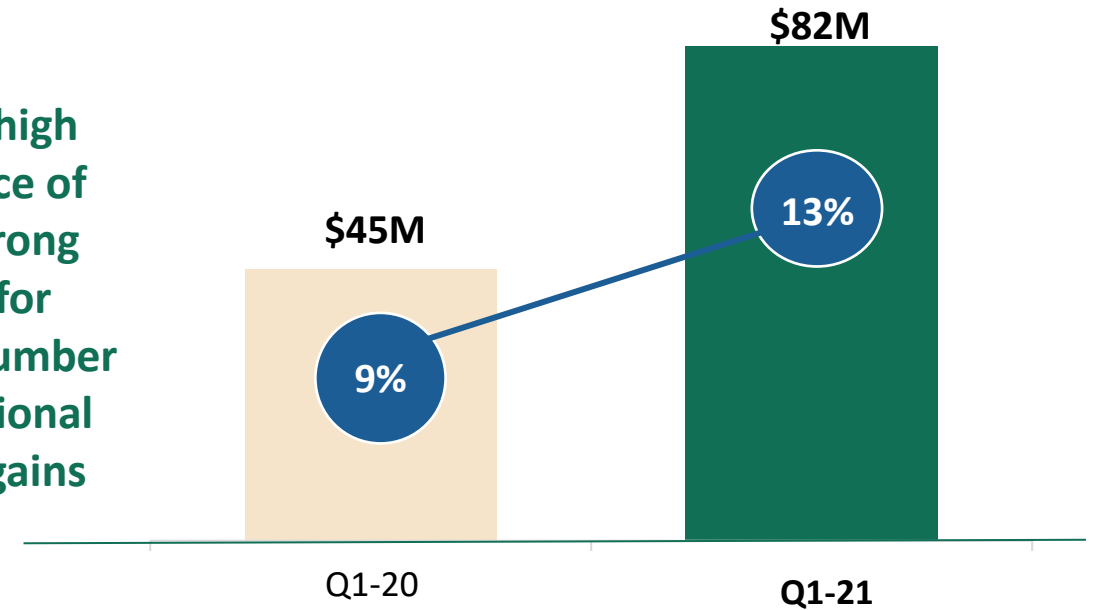
Q1-20 Sales (M)	\$508
Currency variations	(23)
Organic growth	
Pressure treated wood	102
Logs and lumber	36
Q1-21 Sales (M)	\$623

Q1-21 – INCREASING EBITDA⁽¹⁾ AND OPERATING INCOME

EBITDA⁽¹⁾



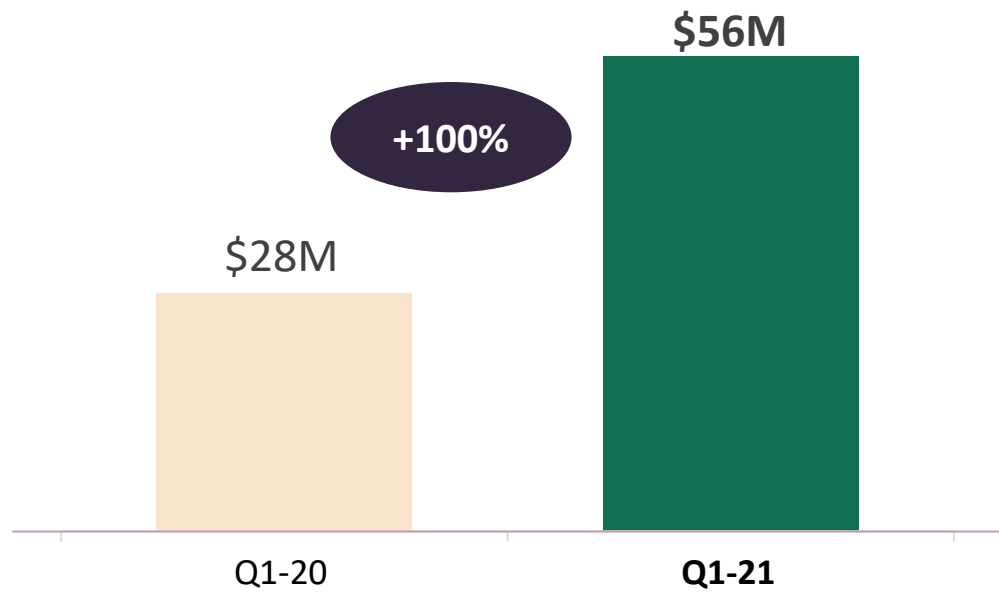
Operating income



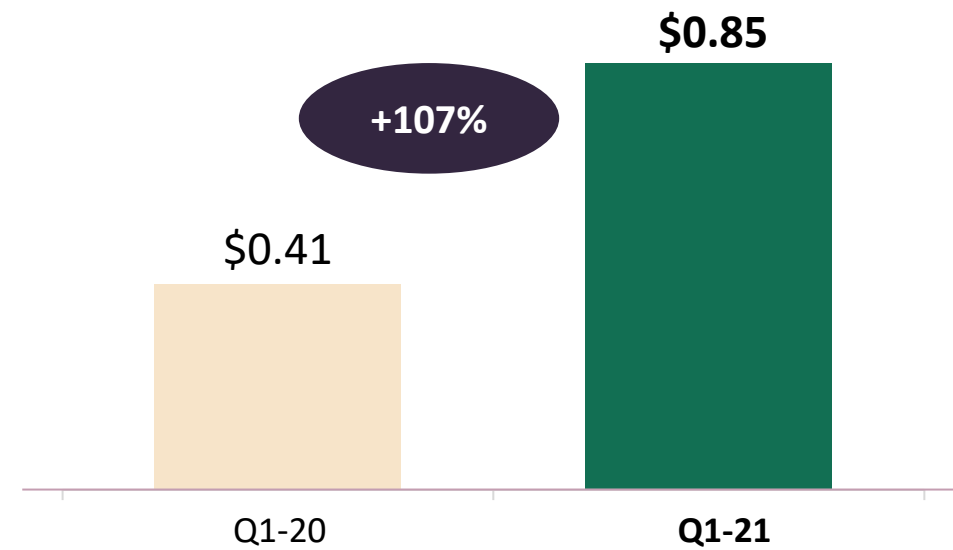
(1) This is a non-IFRS financial measure. Please refer to the Company's MD&A.

Q1-21 – INCREASING NET INCOME & EPS

Net income

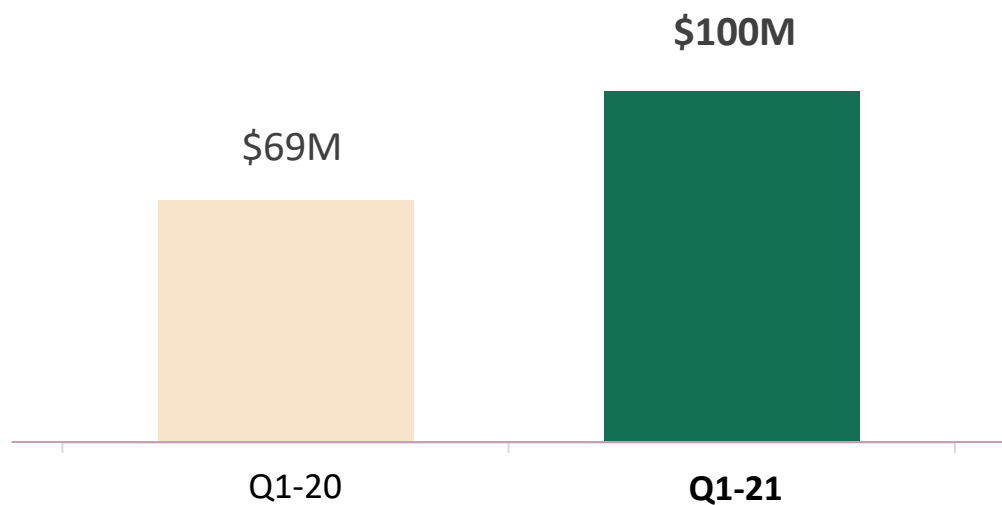


EPS

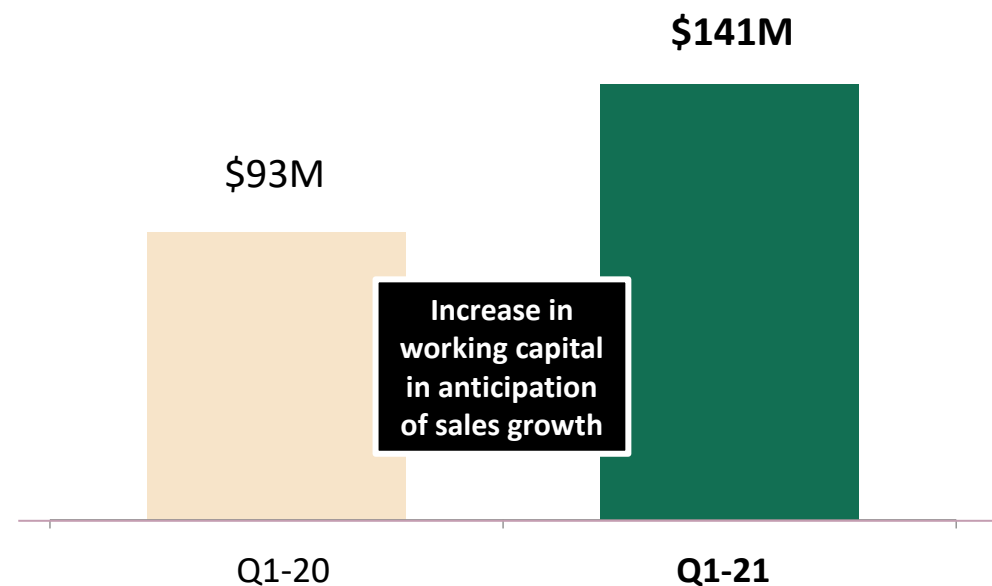


Q1-21 – LOWER CFO DUE TO INCREASED INVENTORY

Cash Flow before certain items⁽¹⁾⁽²⁾



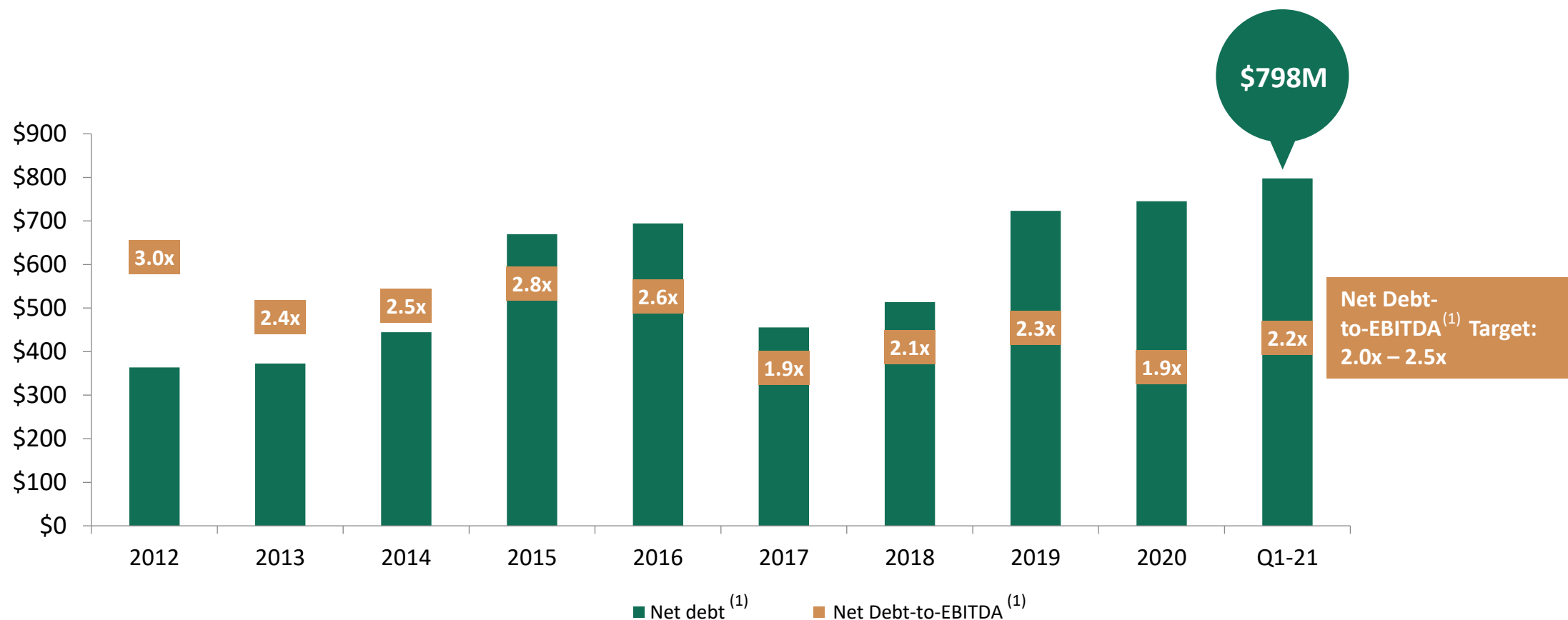
Cash Flow Used in Operating Activities



⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A.

⁽²⁾ Before changes in non-cash working capital components and interest and income taxes paid

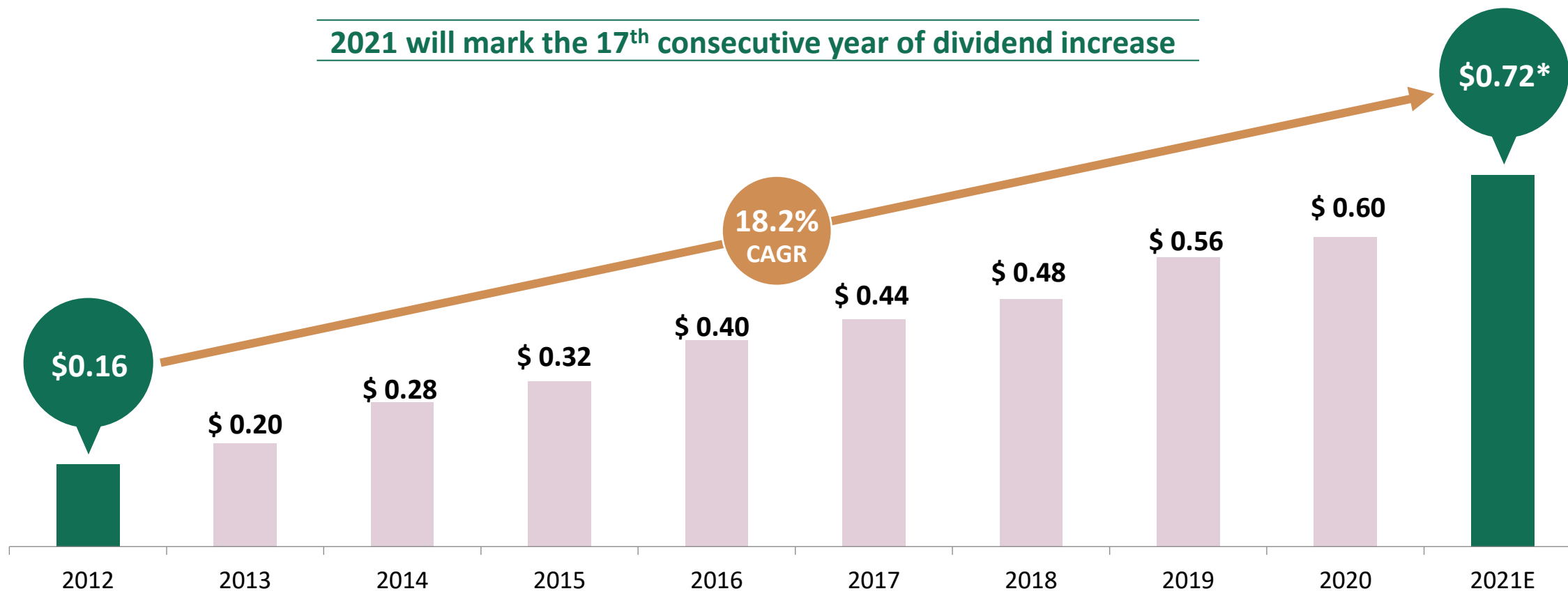
MAINTAINING A SOLID FINANCIAL POSITION



⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A. The definition of net debt includes lease liabilities. Net debt-to-EBITDA calculations for 2011 to 2018 period were not restated, as IFRS 16, *Leases* was adopted in 2019 without restating comparative periods.

INCREASING DIVIDENDS CONSISTENTLY

2021 will mark the 17th consecutive year of dividend increase



* Projected based on the latest quarterly dividend



Éric Vachon
President and
Chief Executive Officer

2021 OUTLOOK & PRIORITIES

2021 UPDATED GUIDANCE

- **EBITDA⁽¹⁾** guidance in the range of \$450 to \$480 million
- **Organic sales** growth ranging between 15% to low 20%
- **Utility poles** sales expected to increase in the mid to high-single digits
- **Residential lumber** sales expected to increase 45% to 65%
- **Railway ties** and **industrial product** sales to be relatively comparable to 2020

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

⁽¹⁾ This is a non-IFRS financial measure. Please refer to the Company's MD&A

2021 PRIORITIES

- Pursue acquisitions
- Continue to focus on innovation, improve our operating efficiencies and expand our capacity
- Sustain and improve profitability
- Enhance ESG practices and develop strategies to meet ESG goals

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