



BUILD

ING

ON

OUR

STRONG

FUNDAMENTALS

2022

May 11

ANNUAL MEETING OF  
SHAREHOLDERS



# AGENDA

## 1 Opening of the Meeting

---

Chair, Secretary and Scrutineers

Notice of Meeting

Scrutineer's Report

Voting

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

Close of Voting and Report on Results

Termination of the Meeting

Management Presentations

Question Period

# MANAGEMENT



**Éric 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 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 risks 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.

The terms "EBITDA", "EBITDA margin", "net debt" and "net debt-to-EBITDA" are non-GAAP and other 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 2022 and the 2021 annual report for additional information.





**Katherine A. Lehman**  
Chair of the Board

# ENHANCING OUR SOUND GOVERNANCE

## KEY HIGHLIGHTS OF THE YEAR

- Published **3<sup>rd</sup> ESG report**, overseen by the EH&S Committee
- Expanded Audit Committee scope to include **cybersecurity oversight**
- Addition of **Board skills matrix** to Management Proxy Circular
- Established **30% Board gender diversity target**

## BOARD REFRESHMENT

- **Mary Webster** – End of term following 15 years' exceptional service to Board/EH&S Committee
- **Sara O'Brien** – New Board nominee, 20+ years of capital markets experience



# AGENDA

Opening of the Meeting

2 Chair, Secretary and Scrutineers

3 Notice of Meeting

4 Scrutineer's Report

5 Voting

6 Minutes of Previous Meeting

7 Annual Report & Independent Auditor's Report

8 Election of the Directors

Appointment of Auditors

Advisory Vote on the Corporation's Approach to Executive Compensation

Close of Voting and Report on Results

Termination of the Meeting

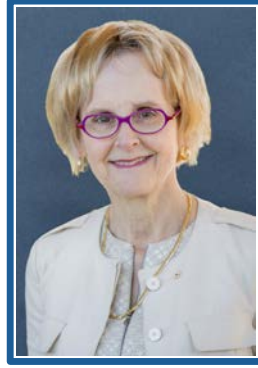
Management Presentations

Question Period

# ELECTION OF DIRECTORS



**Robert Coalier**  
Corporate Director



**Anne E. Giardini**  
Corporate Director



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



**Karen Laflamme**  
Corporate Director



**Katherine A. Lehman**  
Chair of the Board,  
Stella-Jones Inc.  
Partner,  
Palladium Heritage



**James A. Manzi, Jr.**  
Corporate Director



**Douglas Muzyka**  
Corporate Director



**Sara O'Brien**  
Portfolio Manager,  
Canadian Equities,  
Caisse de dépôt et placement  
du Québec (CDPQ)



**Simon Pelletier**  
President and CEO,  
H-E Parts International



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



# AGENDA

Opening of the Meeting

Chair, Secretary and Scrutineers

Notice of Meeting

Scrutineer's Report

Voting

Minutes of Previous Meeting

Annual Report & Independent Auditor's Report

Election of the Directors

9 Appointment of Auditors

10 Advisory Vote on the Corporation's Approach to Executive Compensation

11 Close of Voting and Report on Results

12 Termination of the Meeting

13 Management Presentations

Question Period



## Éric Vachon

President and  
Chief Executive Officer

# INTRODUCTION

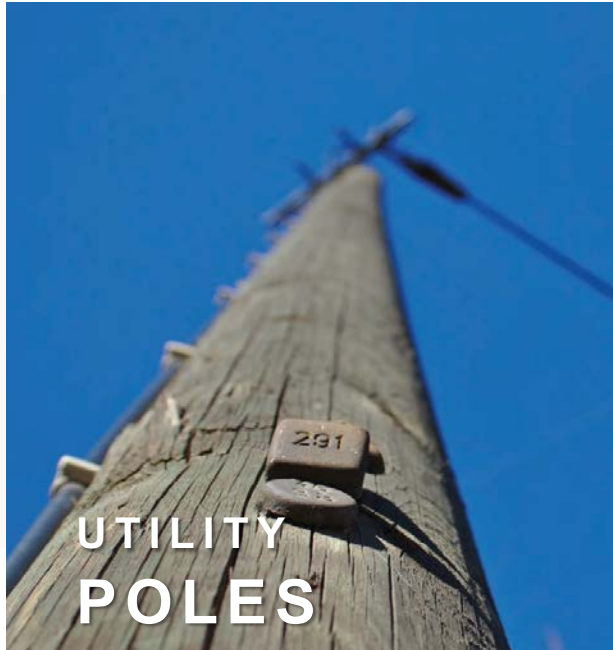
As an essential business, **Stella-Jones** has **continued to operate, deliver and thrive** through the challenging circumstances of the last two years.

**Our 2,400 dedicated employees and ongoing commitment to a culture of safety and agility made this possible.**



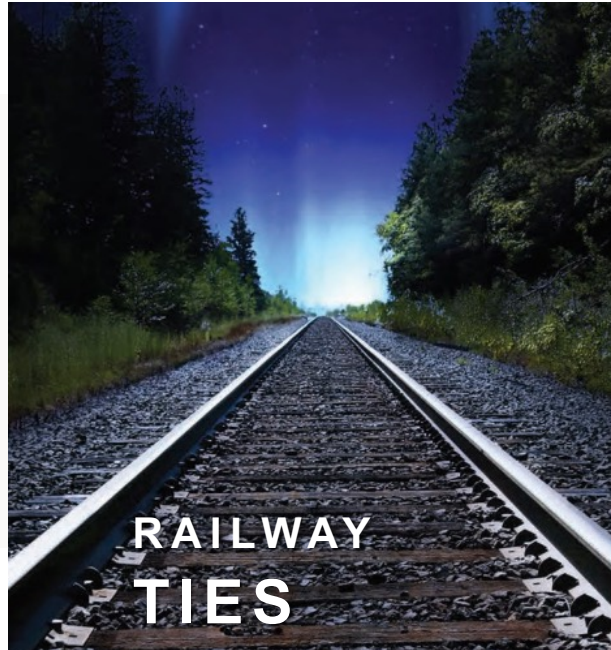


# BUILDING ON OUR STRONG FUNDAMENTALS



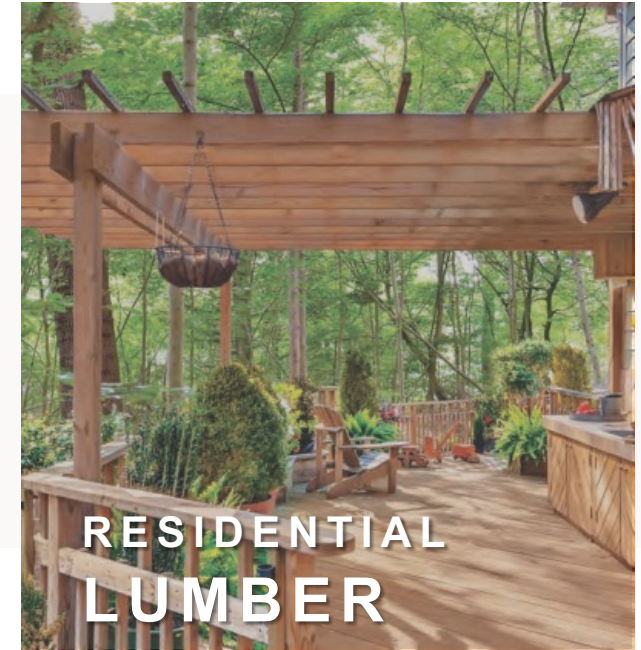
---

Supplies all 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



# 2021 – RECORD PERFORMANCE

**\$2.75 billion**

**Sales**

**\$400 million**

**EBITDA<sup>(1)</sup>**

**\$227 million**

**Net Income**

**\$251 million**

**Cash Flow from  
Operations**

- Stellar team
- Strength in fibre sourcing
- Unparalleled customer service
- Strong fundamentals of our business

# PRODUCT CATEGORY OVERVIEW & 2022-2024 OUTLOOK



- Supported customers with transition to an alternative preservative solution and fire-resistant wrap
- Expected to grow in the high single-digits to end of 2024
- Growth from replacement demand, internet infrastructure and to support growing electrical needs

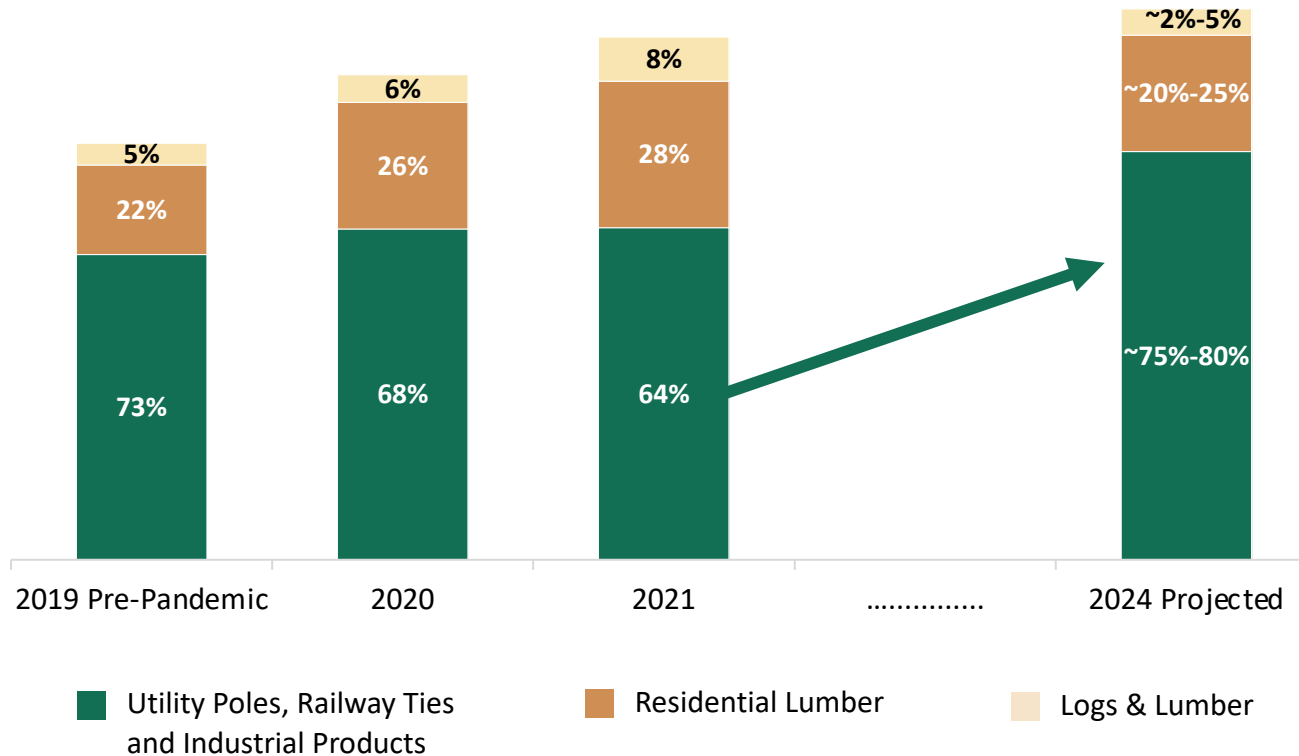


- Strong procurement network provided a steady raw material inflow to meet customer needs despite market tightness
- Expect growth in low single-digits through the end of 2024
- Demand driven by sustained maintenance and replacement demand



- 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

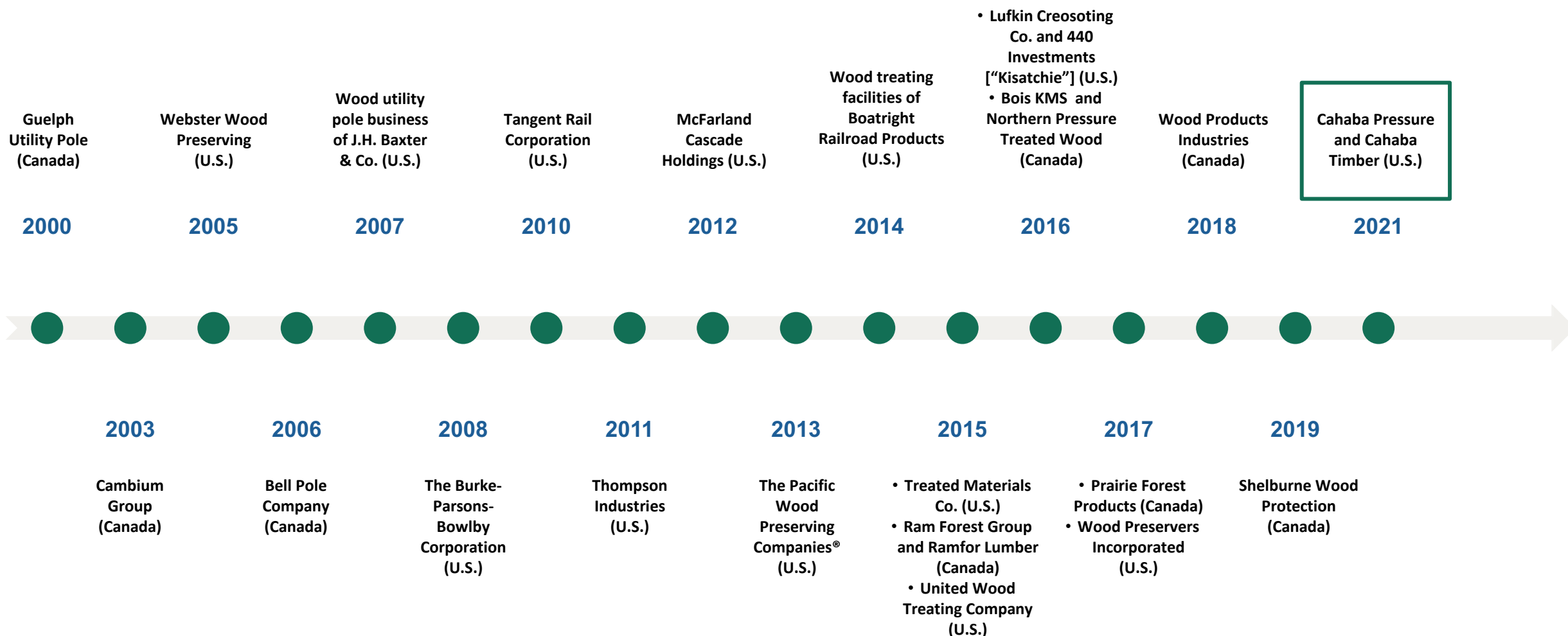
# 2022-2024 OUTLOOK – EVOLVING PRODUCT SALES



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.*

# GROWTH BY ACQUISITION





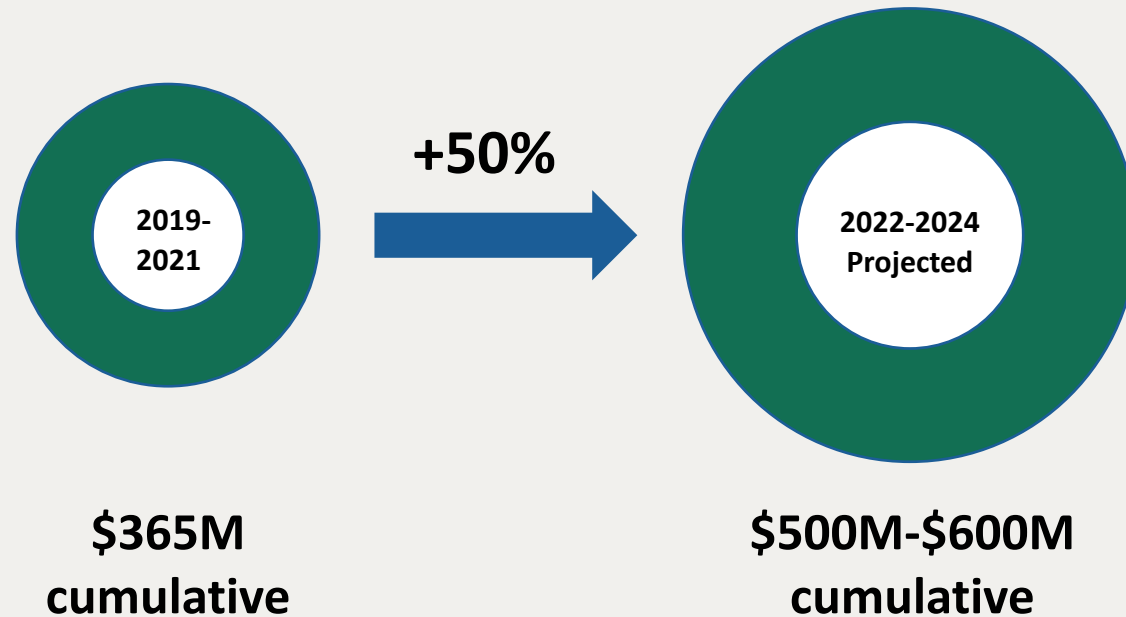
# INVESTING AND INNOVATING IN OUR NETWORK

## IMPROVEMENTS INCLUDE:

- **Capex Program Expanded** - Incremental \$90M to \$100M over 3 years to support Utility Poles growth
- **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.**

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

# PRIORITIZING THE INTEGRATION OF ESG



## OUR ENVIRONMENTAL COMMITMENT

To reduce the environmental impact of our operations by improving the use and management of natural resources, maximizing manufacturing efficiencies and exhibiting strong governance systems to meet compliance with laws and regulations.



## OUR PRODUCT STEWARDSHIP

Contribute to sustainable forest management and climate change mitigation through carbon sequestration in our products and invest in research and innovation to enhance our product offerings while acting as a leader in our industry.



## OUR PEOPLE

Ensure a strong, collaborative, inclusive workplace that empowers employees to achieve professional and personal goals while fostering a culture of safety that prioritizes the well-being of our people.



## OUR GOVERNANCE PRINCIPLES

Embody a culture of ethical business practices and integrity through effective corporate communication, transparency, governance and the integration of ESG into our decision-making processes to drive long-term value.



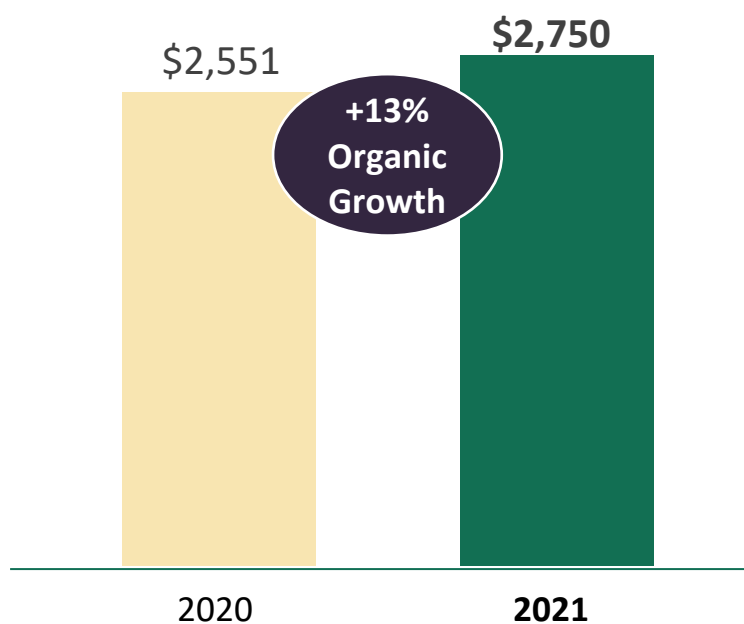


**Silvana Travaglini, CPA, CA**  
Senior Vice-President and  
Chief Financial Officer

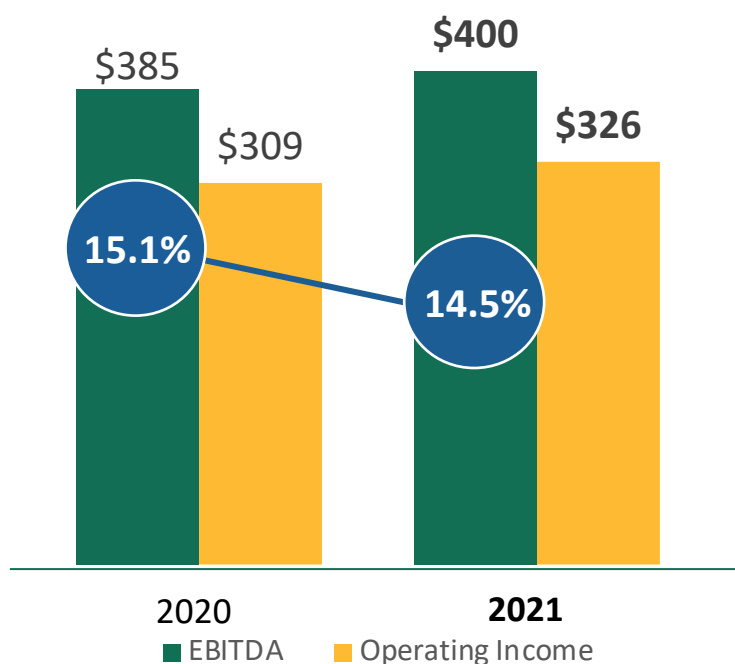


# 2021 – RECORD RESULTS

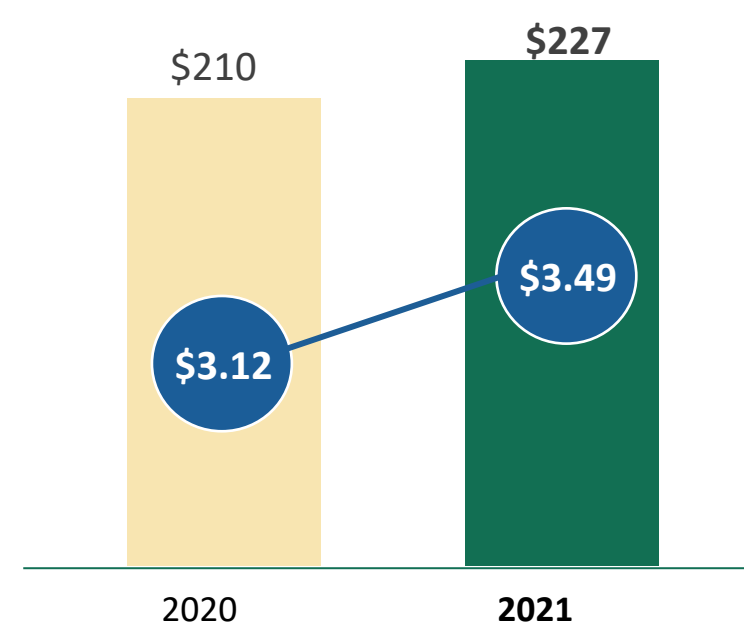
**Sales**  
(in millions of \$)



**EBITDA<sup>(1)</sup> & Operating Income**  
(in millions of \$)

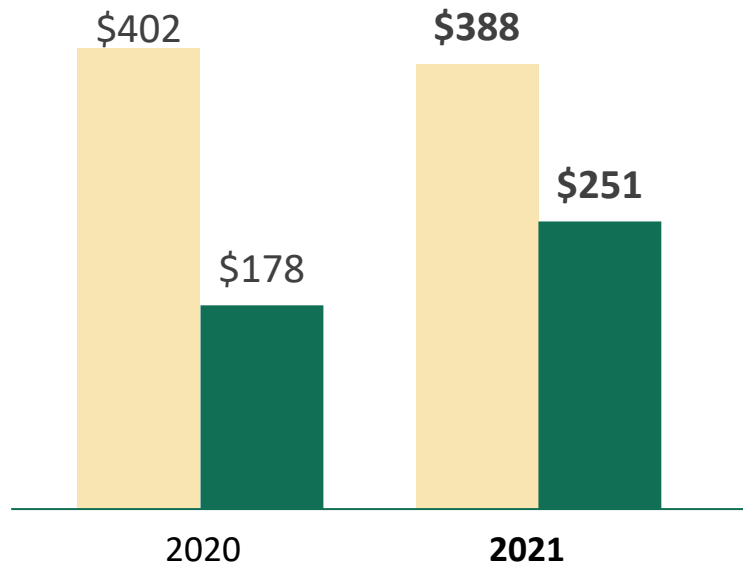


**Net Income**  
(in millions of \$)



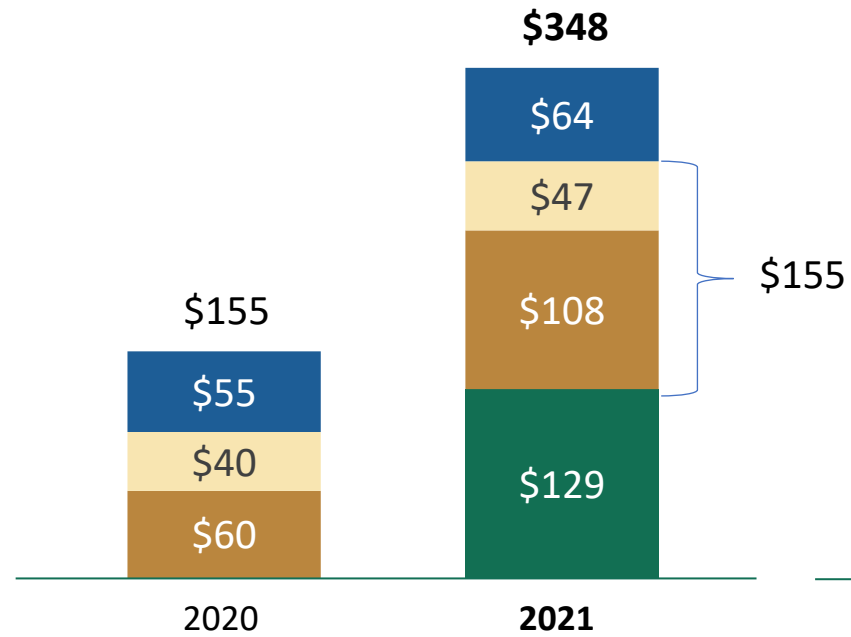
# 2021 – STRONG CASH FLOW & DISCIPLINED CAPITAL ALLOCATION

## CFO before certain items <sup>(1)</sup> & CFO (in millions of \$)



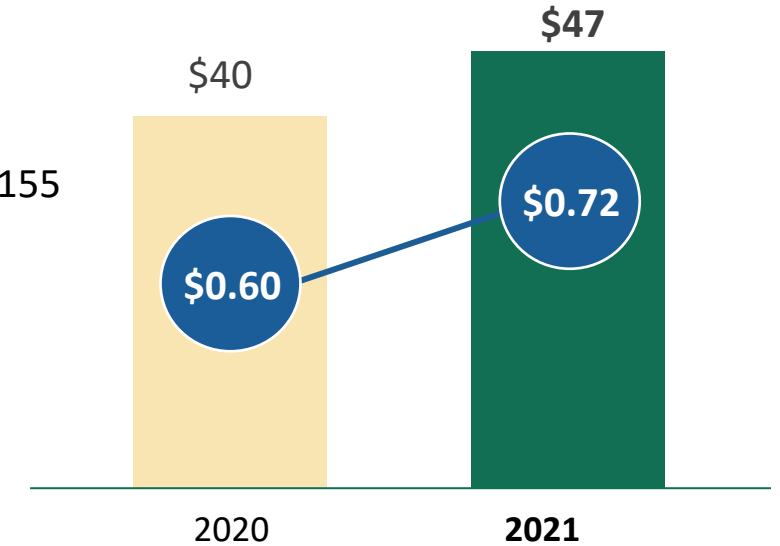
■ Cash flow from operating activities before certain items  
■ Cash flow from operating activities

## Capital Allocation (in millions of \$)



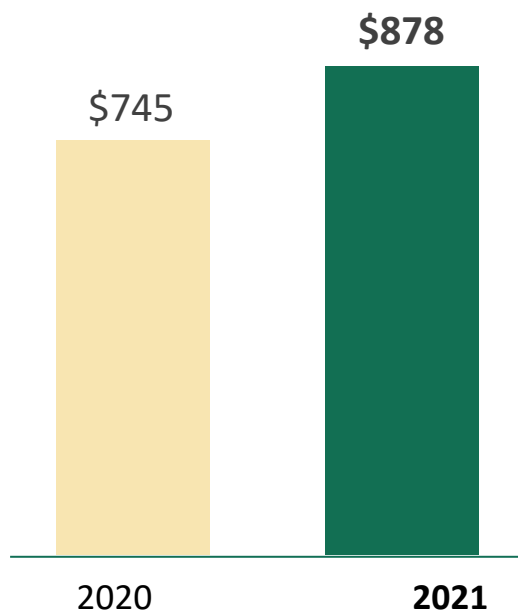
■ Acquisitions ■ Share Repurchases ■ Dividends ■ Capex

## Dividends (in millions of \$)

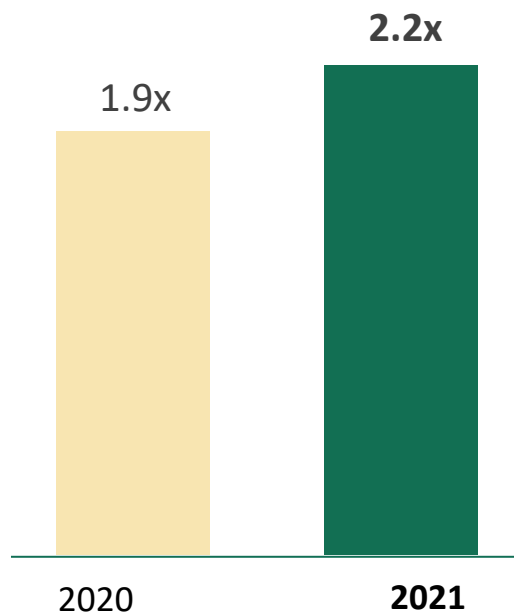


# 2021 – MAINTAINING A SOLID FINANCIAL POSITION

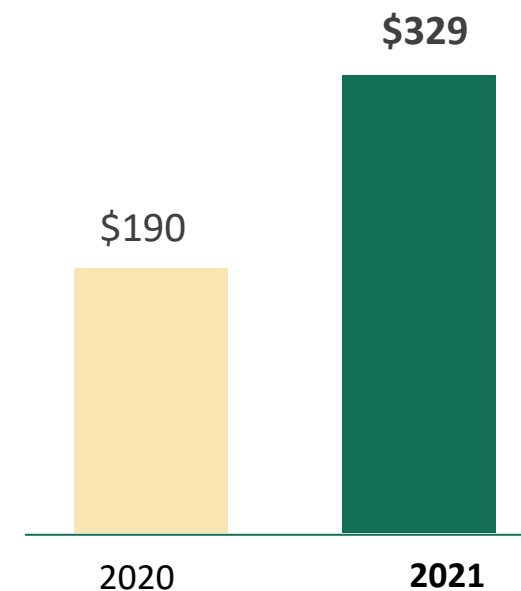
**Net Debt<sup>(1)</sup>**  
(in millions of \$)



**Net Debt-to-EBITDA<sup>(1)</sup>**  
(Leverage ratio)

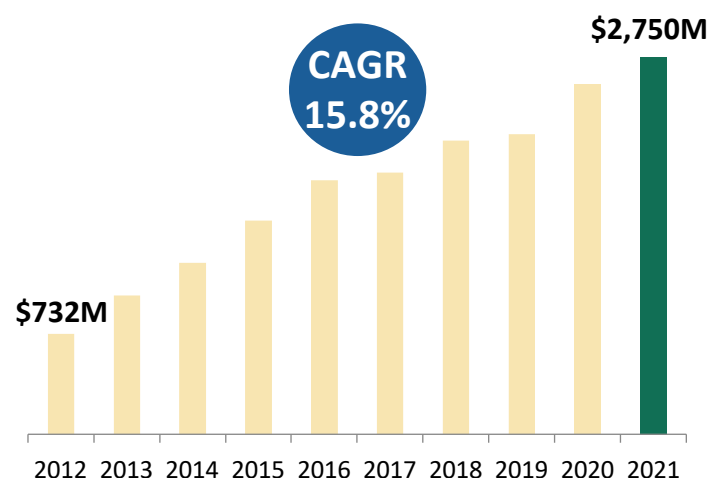


**Available Liquidity**  
(in millions of \$)

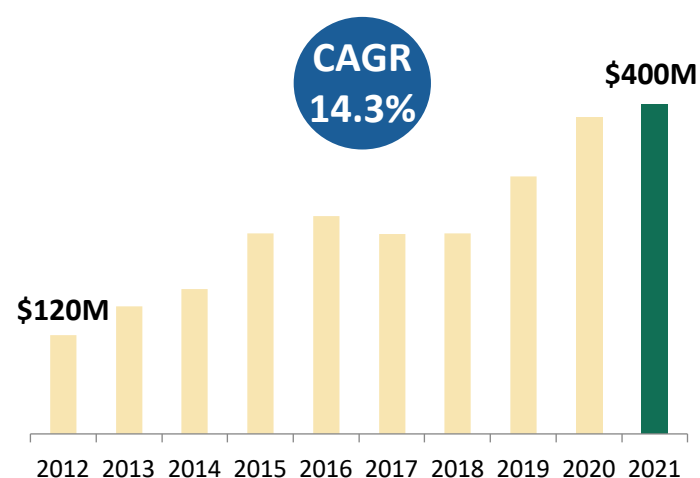


# 10-YEAR TRACK RECORD - RESULTS

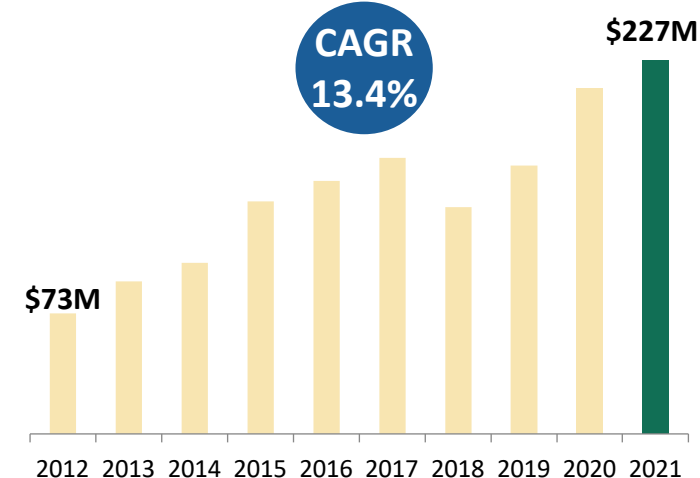
**Sales<sup>(1)</sup>**  
(in millions of \$)



**EBITDA<sup>(2)(3)</sup>**  
(in millions of \$)



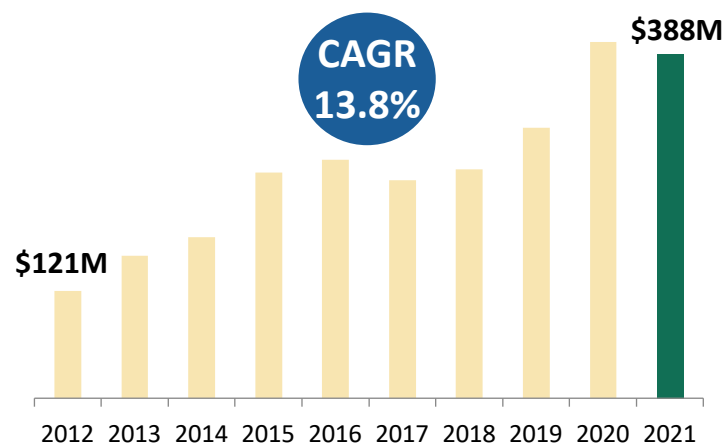
**Net Income**  
(in millions of \$)



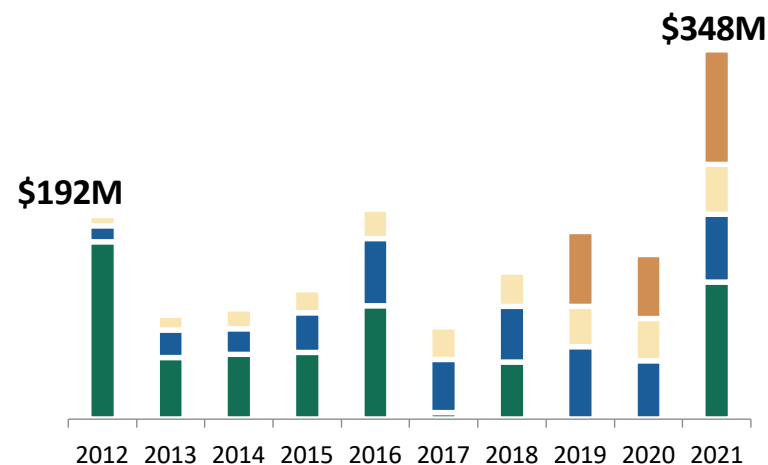


# 10-YEAR TRACK RECORD – CFO & CASH DEPLOYMENT

**CFO before certain items<sup>(1)</sup>**  
(in millions of \$)



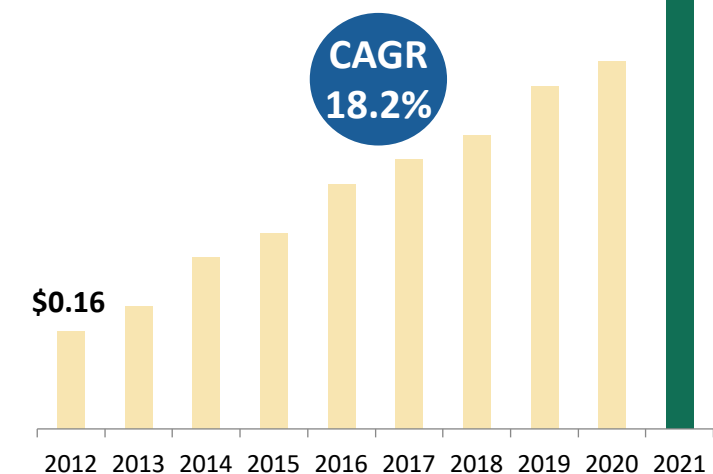
**Capital Allocation**  
(in millions of \$)



■ Acquisitions: \$645M  
■ Capex: \$454M

■ Dividends: \$282M  
■ Share repurchases: \$243M

**Dividends**  
(in \$ per share)

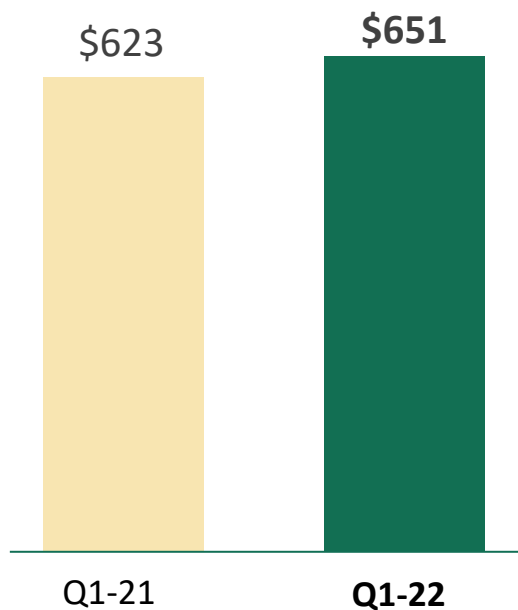




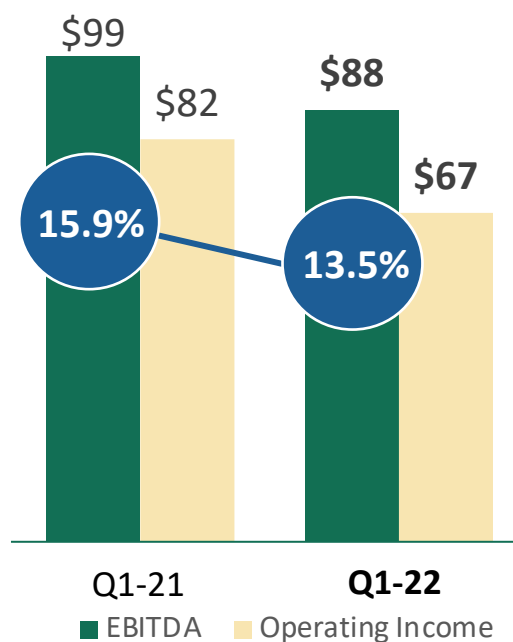
# Q1-2022 FINANCIAL RESULTS

# Q1-22 – RESULTS

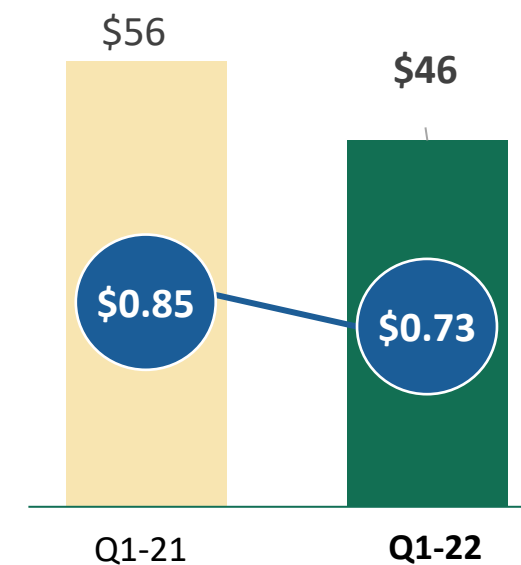
**Sales**  
(in millions of \$)



**EBITDA<sup>(1)</sup> & Operating Income**  
(in millions of \$)

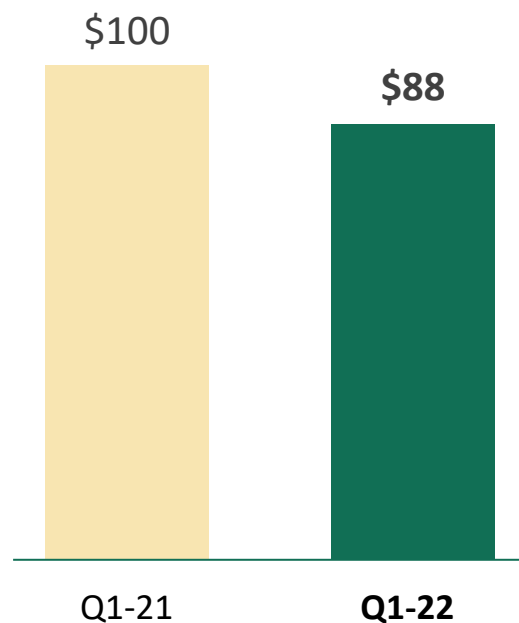


**Net Income**  
(in millions of \$)

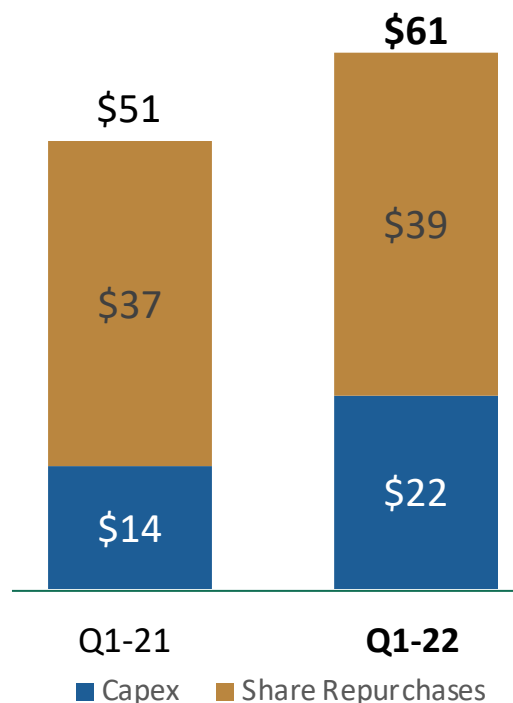


# Q1-22 – CASH FLOW AND CAPITAL ALLOCATION

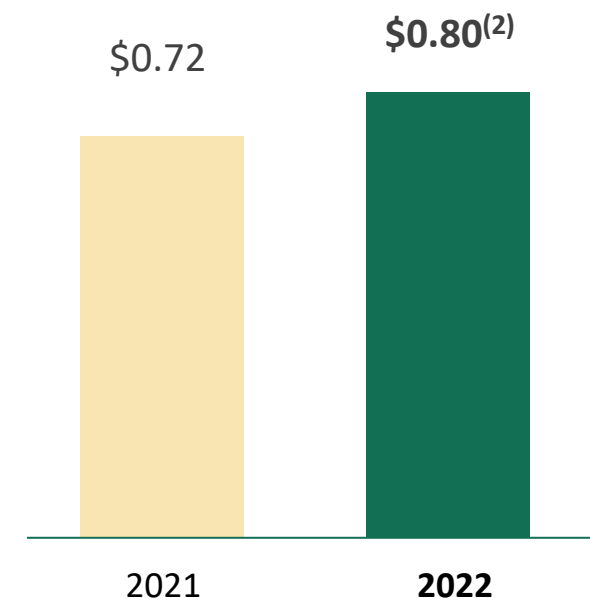
**CFO before certain items<sup>(1)</sup>**  
(in millions of \$)



**Capital Allocation**  
(in millions of \$)



**Dividends**  
(in \$ per share)







## Éric Vachon

President and  
Chief Executive Officer

# AGENDA

Opening of the Meeting

Chair, Secretary and Scrutineers

Notice of Meeting

Scrutineer's Report

Voting

Minutes of Previous Meeting

Annual Report & Independent Auditor's Report

Election of the Directors

Appointment of Auditors

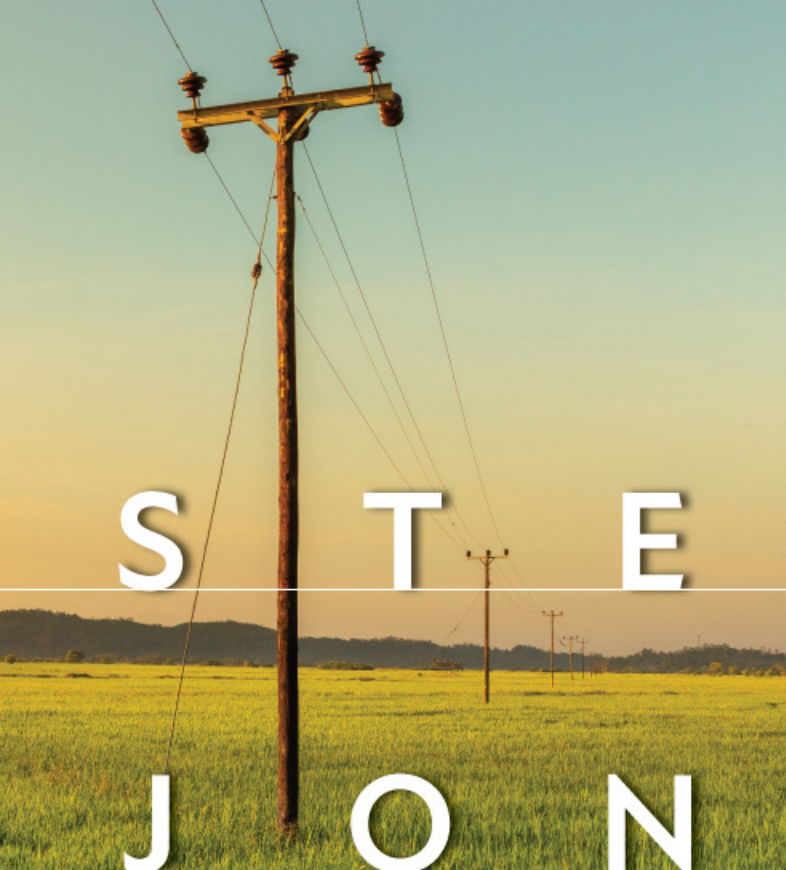
Advisory Vote on the Corporation's Approach to Executive Compensation

Close of Voting and Report on Results

Termination of the Meeting

Management Presentations

14 Question Period



Stella-JoneS<sup>®</sup>





BUILD

ING

ON

OUR

STRONG

FUNDAMENTALS

2022

May 11

ANNUAL MEETING OF  
SHAREHOLDERS

