



August 2022



## INVESTOR PRESENTATION



# 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 second quarter of 2022 and the 2021 annual report which were filed on August 10, 2022 and March 9, 2022 respectively and are available at [www.sedar.com](http://www.sedar.com).*

# TABLE OF CONTENTS

---

OVERVIEW OF STELLA-JONES

---

COMPETITIVE STRENGTHS

---

STRATEGY AND FUTURE GROWTH

---

FINANCIAL TRENDS

---

CAPITAL ALLOCATION

---

OVERVIEW BY BUSINESS UNIT

---

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

---

2021 FINANCIAL RESULTS

---

Q2-2022 FINANCIAL RESULTS

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2022-2024 OUTLOOK

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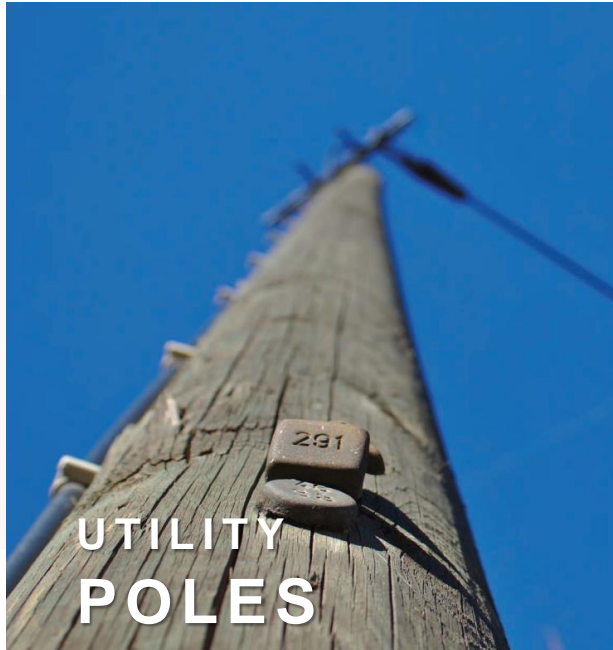
APPENDIX





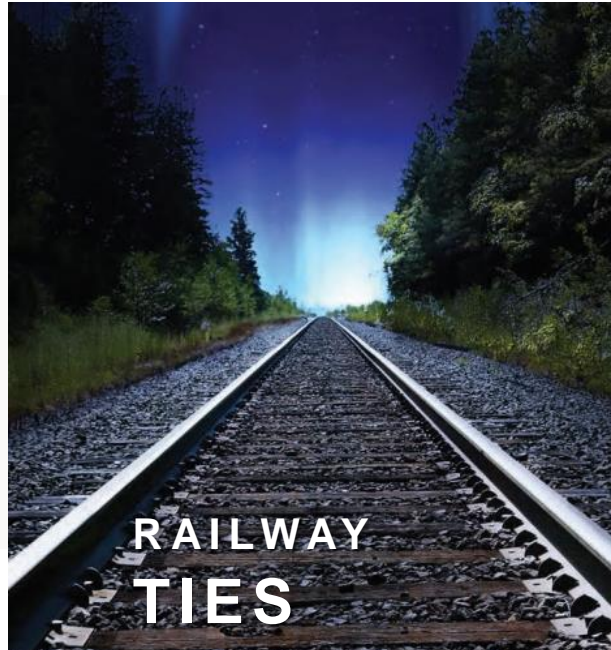
# OVERVIEW OF STELLA-JONES

# BUILDING ON OUR STRONG FUNDAMENTALS



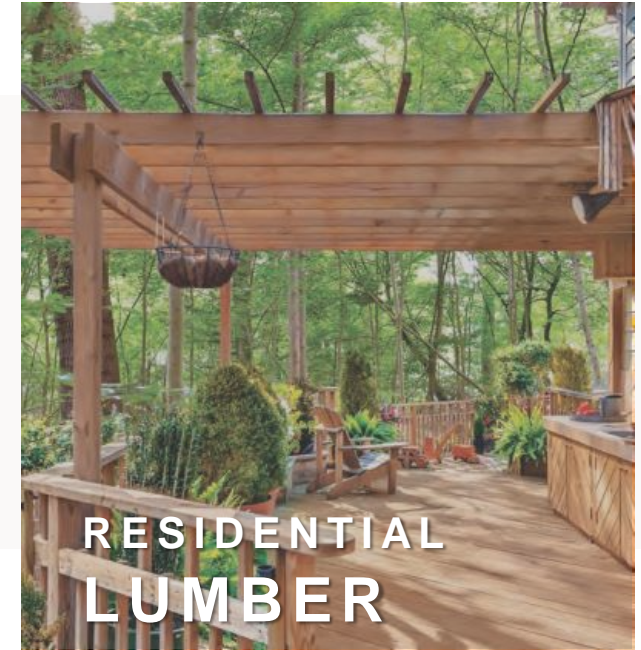
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Supplies all the continent's major electrical utilities and telecommunication companies with wood utility poles



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

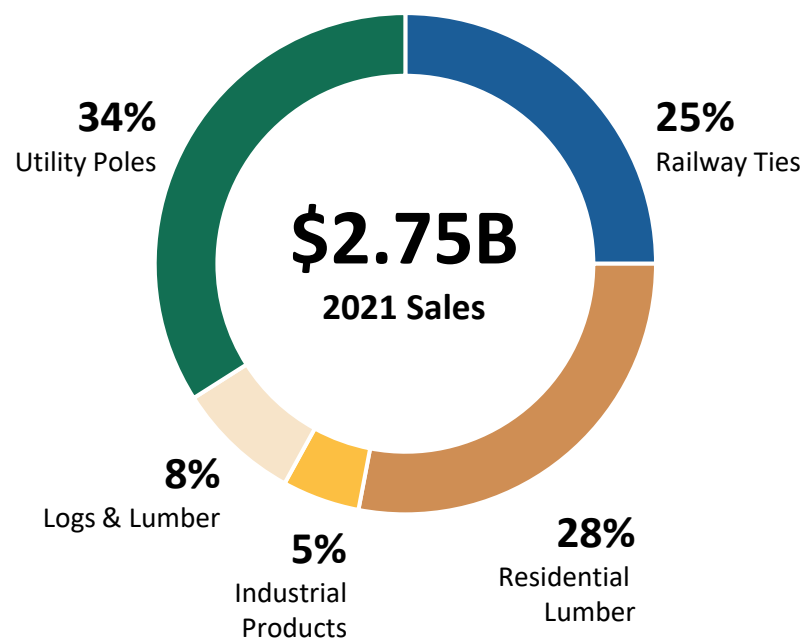


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Manufactures and distributes premium residential lumber and accessories to Canadian and American retailers for outdoor applications

# STELLA-JONES AT A GLANCE

## The Leading North American Supplier Of Pressure-Treated Wood Products



**2,400**<sup>(1)</sup>  
Employees

**42**<sup>(1)</sup>  
Wood Treating Facilities  
27 U.S. and 15 Canada

**12**<sup>(1)</sup>  
Pole Peeling  
Facilities

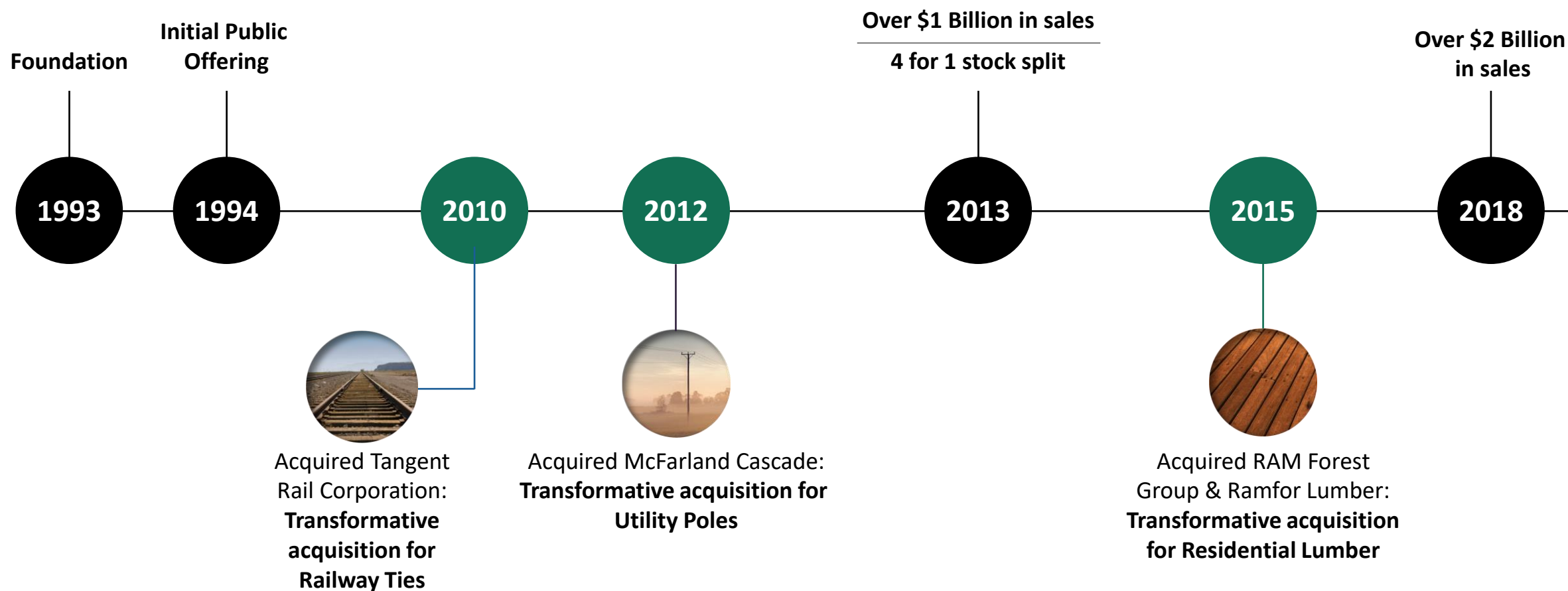
**64%**<sup>(2)</sup>  
Sales  
in the U.S.

**\$2.3B**<sup>(3)</sup>  
Market Cap

**SJ**  
TSX



# IMPORTANT MILESTONES



# GROWTH BY ACQUISITIONS

<b>July 2003</b>	Cambium Group Inc. (Canada)
<b>August 2005</b>	Webster Wood Preserving (U.S.)
<b>July 2006</b>	Bell Pole Company (Canada)
<b>February 2007</b>	Wood utility pole business of J.H. Baxter (U.S.)
<b>April 2008</b>	The Burke-Parsons-Bowlby Corporation (U.S.)
<b>April 2010</b>	Tangent Rail Corporation (U.S.)
<b>December 2011</b>	Thompson Industries (U.S.)
<b>November 2012</b>	McFarland Cascade Holdings (U.S.)
<b>November 2013</b>	The Pacific Wood Preserving Companies® (U.S.)
<b>May 2014</b>	Wood treating facilities of Boatright Railroad Products (U.S.)
<b>September 2015</b>	Treated Materials Co., Inc. (U.S.)
<b>October 2015</b>	Ram Forest Group Inc. and Ramfor Lumber Inc. (Canada)
<b>December 2015</b>	United Wood Treating Company, Inc. (U.S.)
<b>June 2016</b>	Lufkin Creosoting Co., Inc. and 440 Investments, LLC ["Kisatchie"] (U.S.)
<b>December 2016</b>	Bois KMS Ltée and Northern Pressure Treated Wood Ltd. (Canada)
<b>December 2017</b>	Wood Products Industries Inc. (Canada)
<b>February 2018</b>	Prairie Forest Products (Canada)
<b>April 2018</b>	Wood Preservers Incorporated (U.S.)
<b>April 2019</b>	Shelburne Wood Protection Ltd. (Canada)
<b>November 2021</b>	Cahaba Pressure and Cahaba Timber (U.S.)



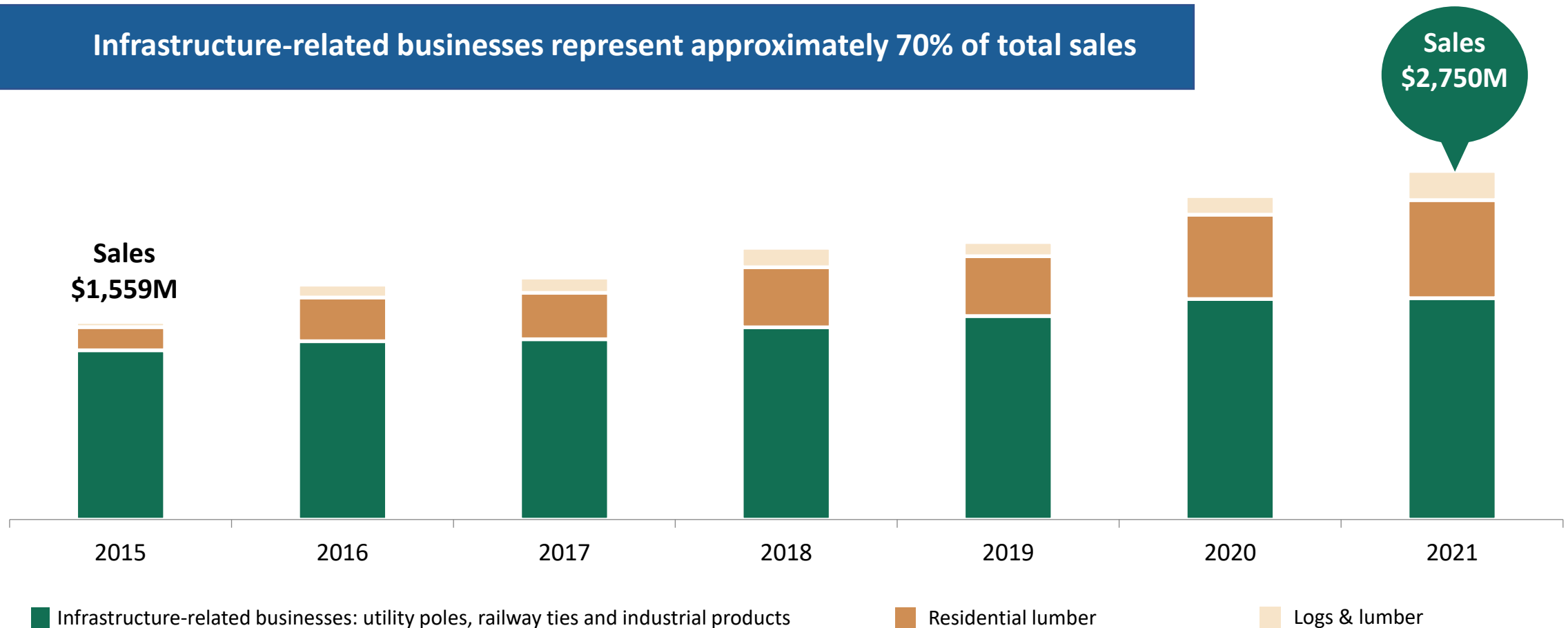
## ACQUISITION CONTRIBUTIONS

- 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

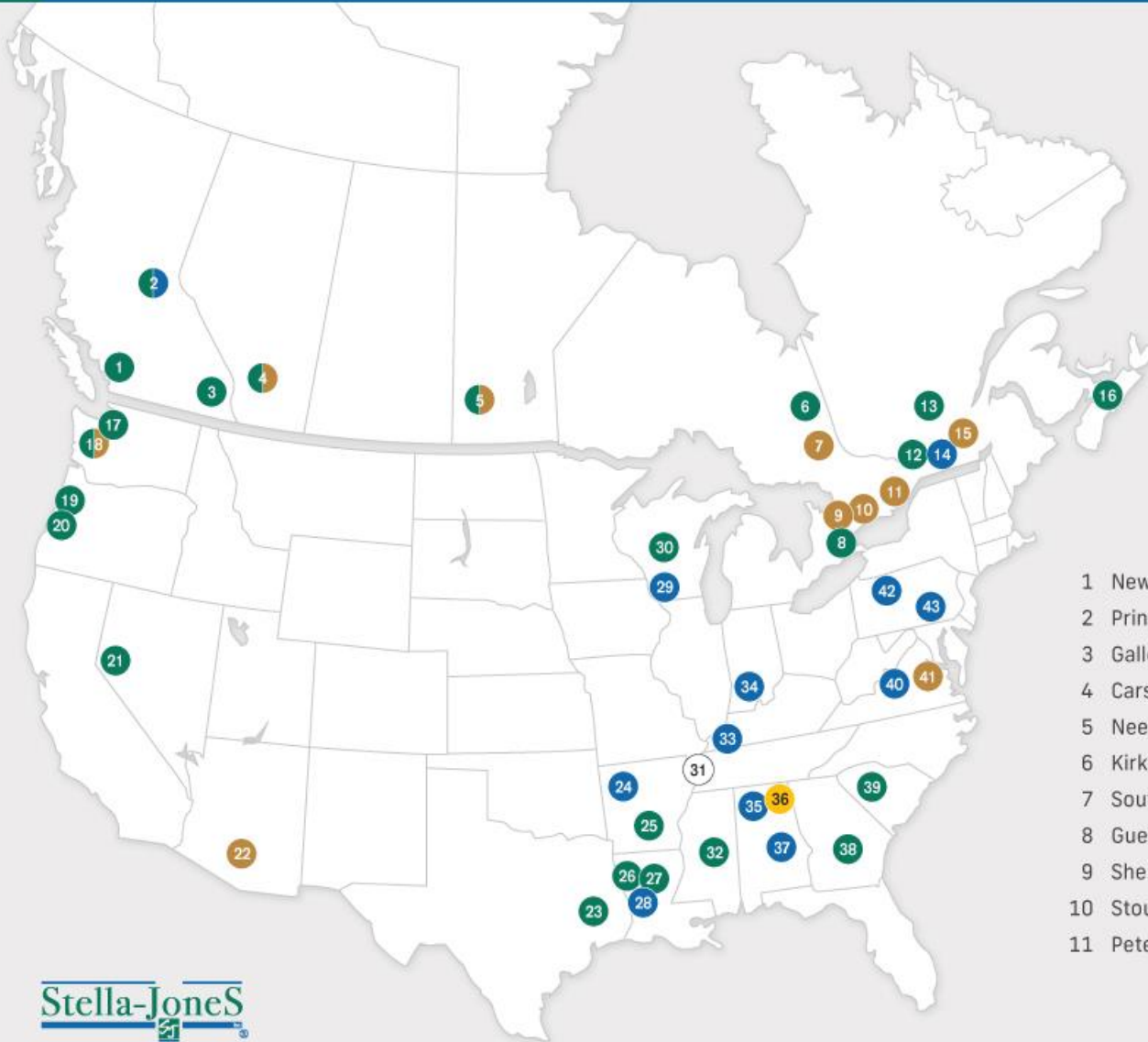


# INFRASTRUCTURE-RELATED BUSINESSES

Infrastructure-related businesses represent approximately 70% of total sales



# STELLA-JONES' CONTINENTAL NETWORK



## PRODUCT CATEGORY

- Utility Poles
- Railway Ties
- Residential Lumber
- Coal Tar Distillery
- 2021 Acquisitions of Cahaba Pressure Treated Forest Products and Cahaba Timber (Utility Poles)

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



# COMPETITIVE STRENGTHS

# 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

# STRATEGY AND FUTURE GROWTH BY BUSINESS UNIT

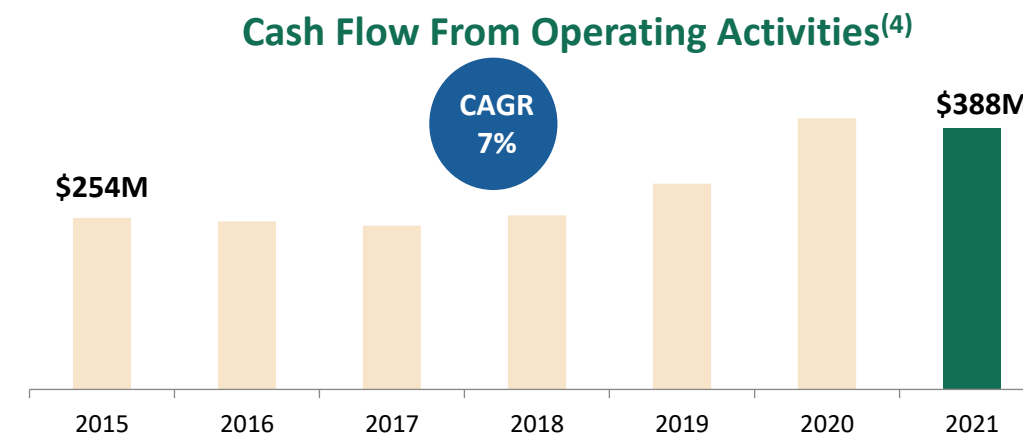
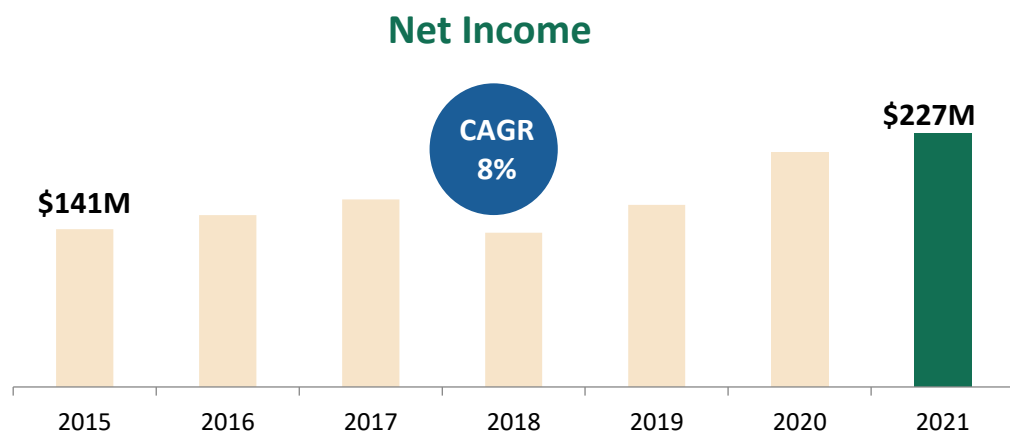
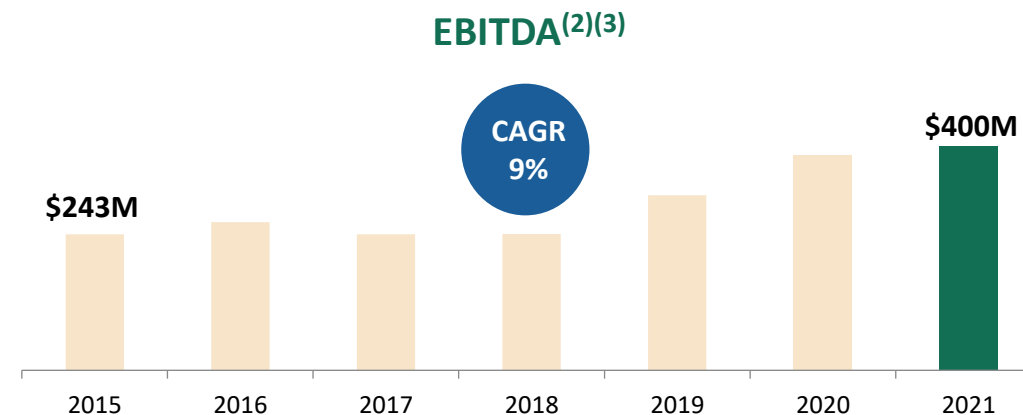
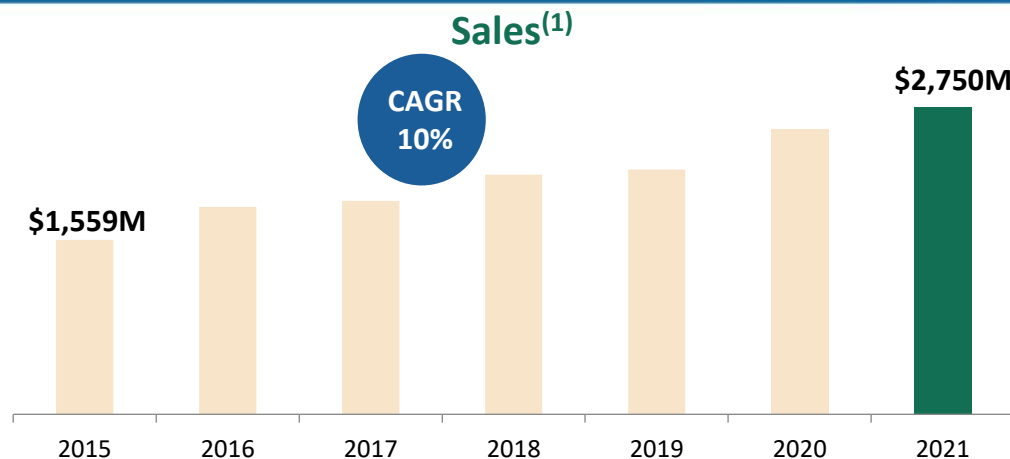
		Market	Growth Drivers	Trends	Growth Strategy
	<b>34%</b> Utility Pole Sales	<ul style="list-style-type: none"> <li>Potential for further consolidation in the North American market</li> </ul>	<ul style="list-style-type: none"> <li>Replacement programs</li> <li>Additional infrastructure for telecommunication</li> </ul>	<ul style="list-style-type: none"> <li>Increasing average age of poles</li> <li>Growth of 5G networks, “fibre-to-home” and other investments related to electric vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions</li> <li>Leveraging increase in replacement demand and telecommunication needs</li> <li>Expanding product offering</li> <li>High single-digit growth</li> </ul>
	<b>25%</b> Railway Tie Sales	<ul style="list-style-type: none"> <li>Market is fairly consolidated</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance requirements</li> <li>Economic stimulus programs</li> <li>Market reach gains</li> </ul>	<ul style="list-style-type: none"> <li>Stable Class 1 maintenance demand</li> <li>Strong non Class 1 market demand</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions</li> <li>Increased market reach</li> <li>Low single-digit growth</li> </ul>
	<b>28%</b> Residential Lumber Sales	<ul style="list-style-type: none"> <li>Partially consolidated in Canada</li> </ul>	<ul style="list-style-type: none"> <li>Home renovation</li> <li>Dealer network</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth for home improvement projects</li> <li>Increased market reach in dealer network</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the dealer network</li> <li>Service big box stores</li> </ul>
	<b>5%</b> Industrial Product Sales	<ul style="list-style-type: none"> <li>Niche business driven primarily by railway bridges and crossings, marine and foundation pilings, construction timber and special projects</li> </ul>			
	<b>8%</b> Logs and Lumber Sales	<ul style="list-style-type: none"> <li>Business used to optimize costs</li> </ul>			



# FINANCIAL TRENDS



# 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](http://www.sedar.com)

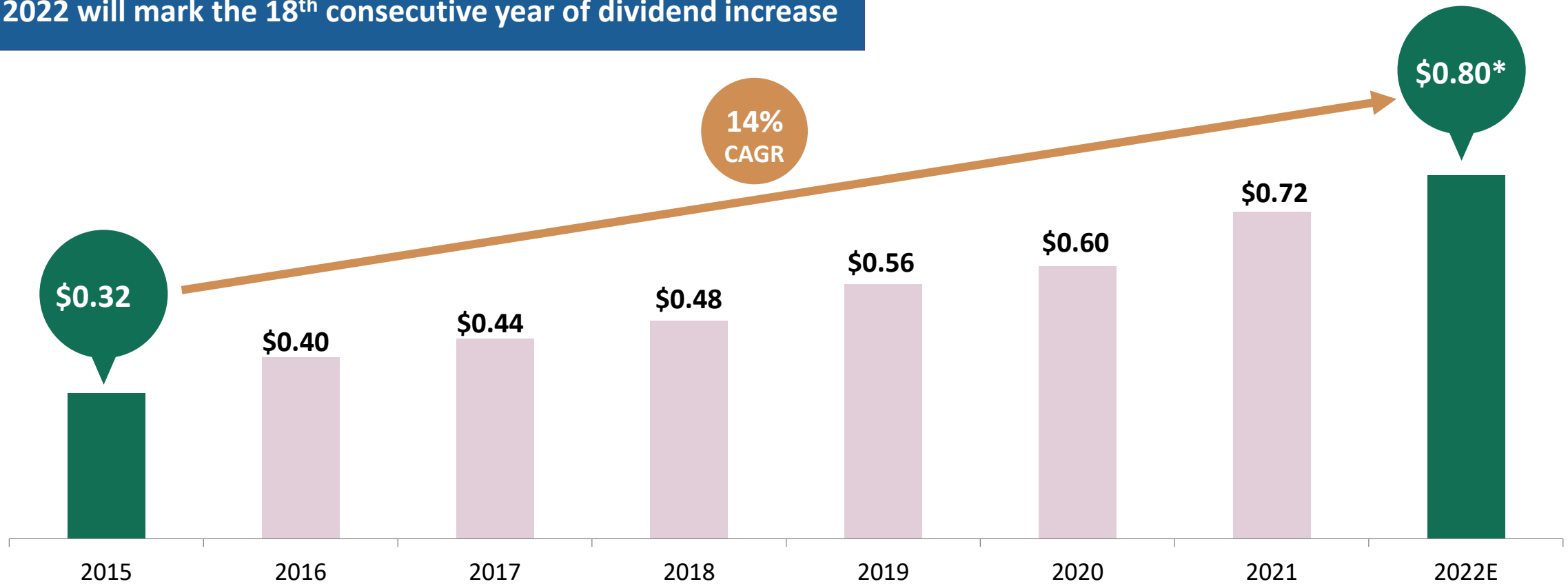
(3) EBITDA prior to 2019 was not restated as permitted by IFRS 16, *Leases*.

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



# INCREASING DIVIDENDS CONSISTENTLY

2022 will mark the 18<sup>th</sup> consecutive year of dividend increase





# CAPITAL ALLOCATION

# CAPITAL ALLOCATION PRIORITIES

1

## Capital Expenditures

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

Expand the capital  
expenditure program  
the growing demand of  
the infrastructure-  
related customer base  
**TARGET: \$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

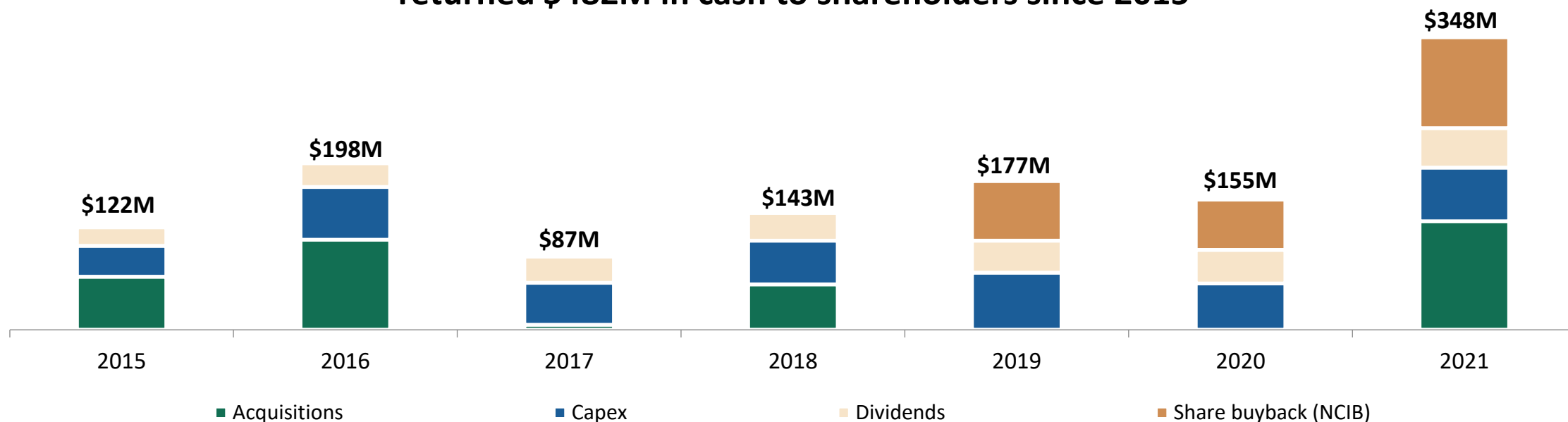
## Share Repurchase

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 \$748M in growth investments and returned \$482M in cash to shareholders since 2015**



## Growth Investments: \$748M

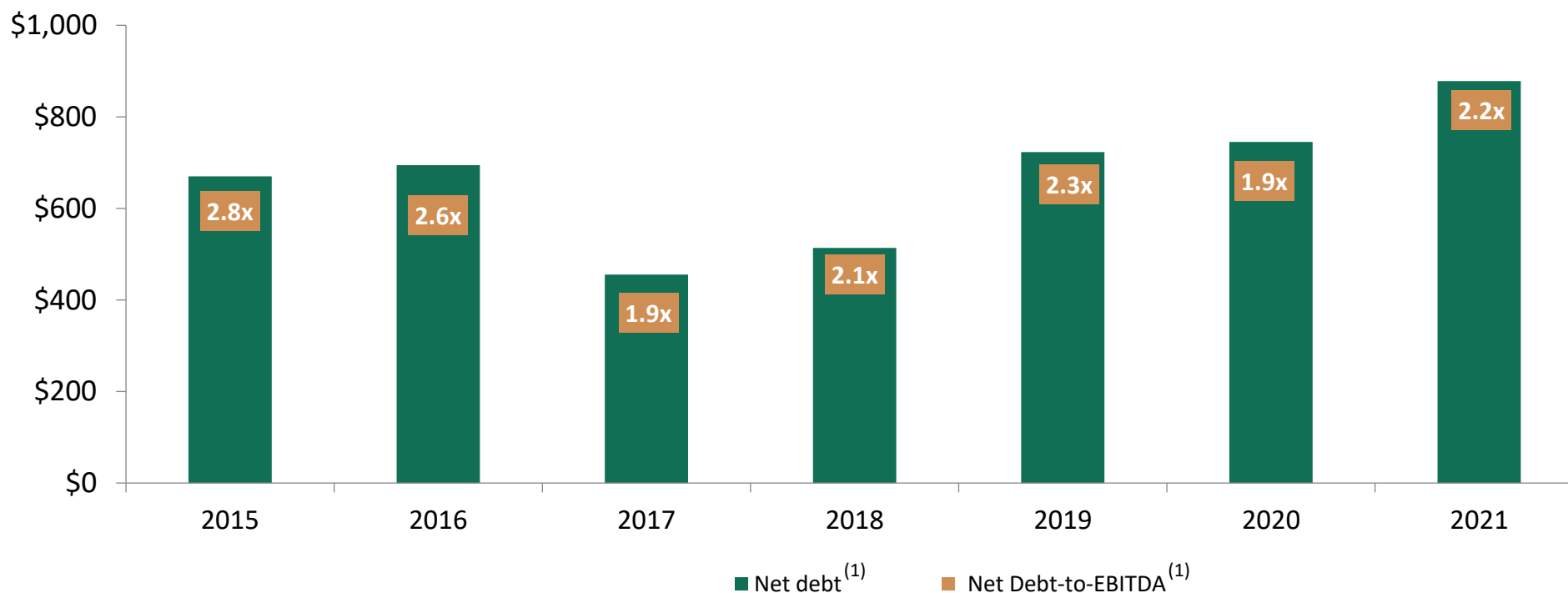
- Acquisitions: \$359M
- Capex: \$389M

## Cash returned to shareholders: \$482M

- Dividends: \$239M
  - 17 consecutive years of dividend increase
- Share repurchases: \$243M
  - 5.7M shares



# 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](http://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.



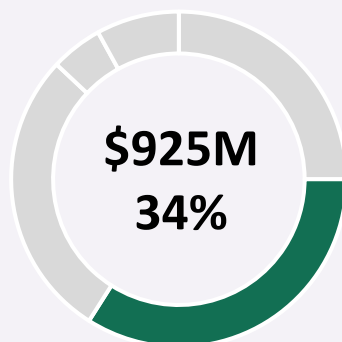
## OVERVIEW BY BUSINESS UNIT

# UTILITY POLES – OVERVIEW

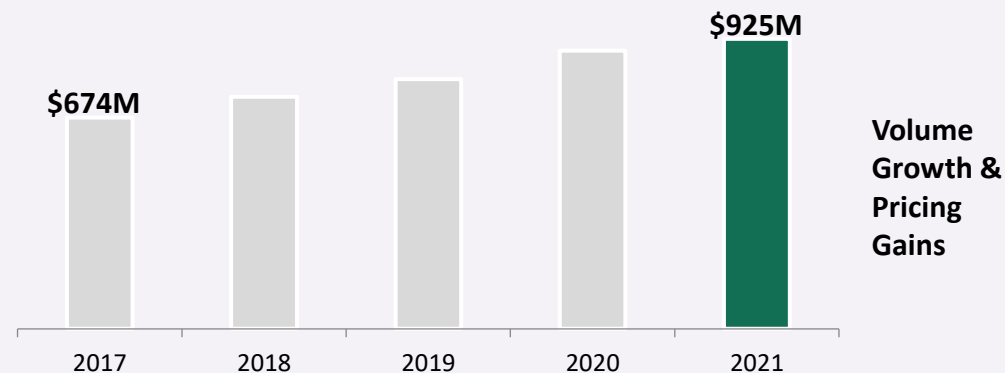
Leading North American supplier of wood utility poles, providing over one million pressure-treated wood poles per year to replace, upgrade and develop new electrical utility and telecommunications lines across Canada and the United States.



2021 Sales



5-Year 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)

### 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)



# UTILITY POLES – MARKET CONDITIONS

Growth in replacement demand from increasing average age of poles and additional infrastructure investments expected to support the expansion of 5G networks, deployment of “fibre-to-home” throughout many rural areas and other investments related to electric vehicles.



## 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



## Marketplace

- Potential for further consolidation in the North American market



## Growth Drivers

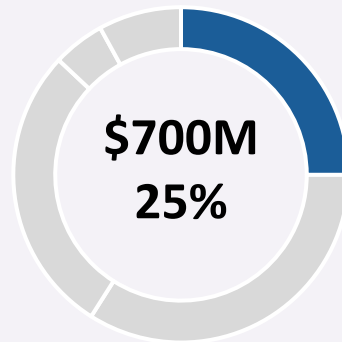
- Replacement programs (life span of poles is typically 65 years)
- Additional infrastructure for telecommunication
- Acquisitions
- Expanding product offering

# RAILWAY TIES – OVERVIEW

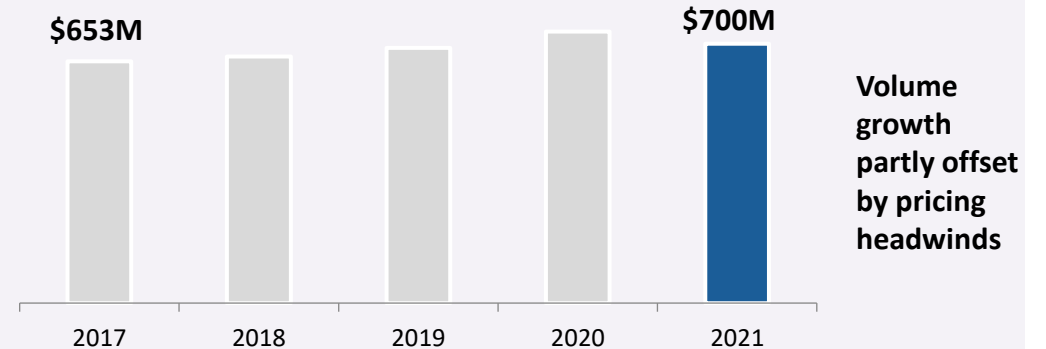
Industry leader in the development, upgrade and maintenance of North America's railroad infrastructure, supplying the continent's demand for railway ties and timbers with over 10 million pressure-treated wooden crossties per year



2021 Sales



5-Year Sales



## 12 Facilities

- 2 in Canada
- 10 in U.S.

## +1,200 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

### Services

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

### Wood Species

- Mixed Hardwood
- Oak

### Preservatives

- Creosote
- Borate
- Copper Naphthenate

# RAILWAY TIES – MARKET CONDITIONS

## Stable railway tie maintenance demand



### 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



### Marketplace

- Market is fairly consolidated



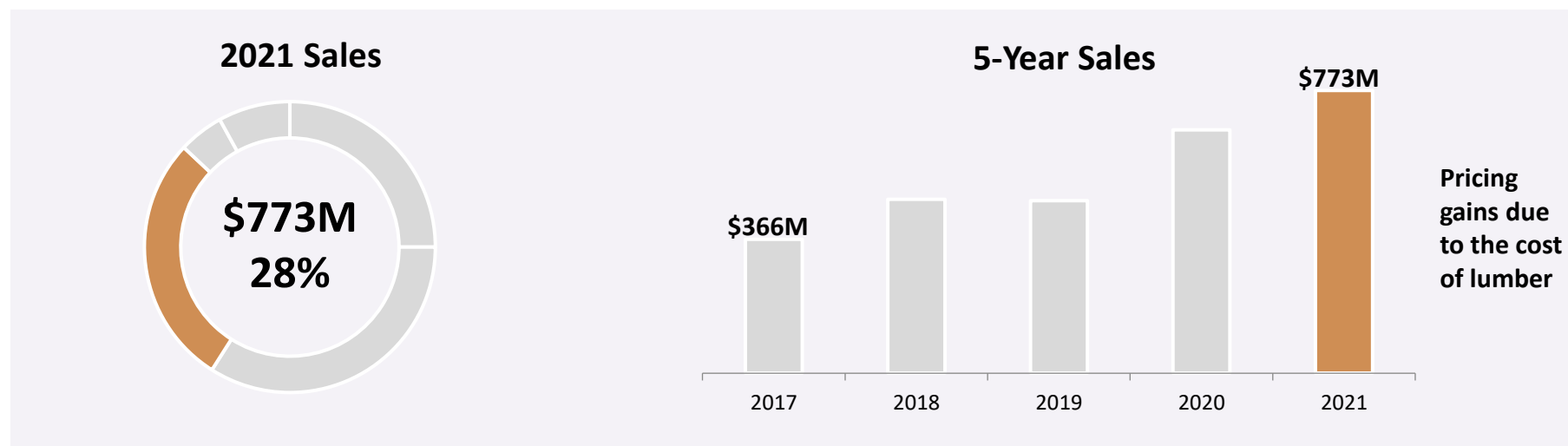
### Growth Drivers

- Maintenance requirements
- Economic stimulus programs
- Acquisitions
- Market reach gains



# 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

Low transportation costs, solid supply, quick delivery times and dedicated distribution centres

## Customers

- ~70% Big box retailer
- Dealer network

## Contracts

- Renewed annually

### Services

- Lumber
- Distribution of complementary accessories

### Wood Species

- Hemlock
- Pine
- Spruce
- Fir

### Preservatives

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

# RESIDENTIAL LUMBER – MARKET CONDITIONS

Continued demand for new construction and outdoor renovation projects in the North American residential and commercial markets



## Product Category Size

- Difficult to access
- Limited pure plays



## Marketplace

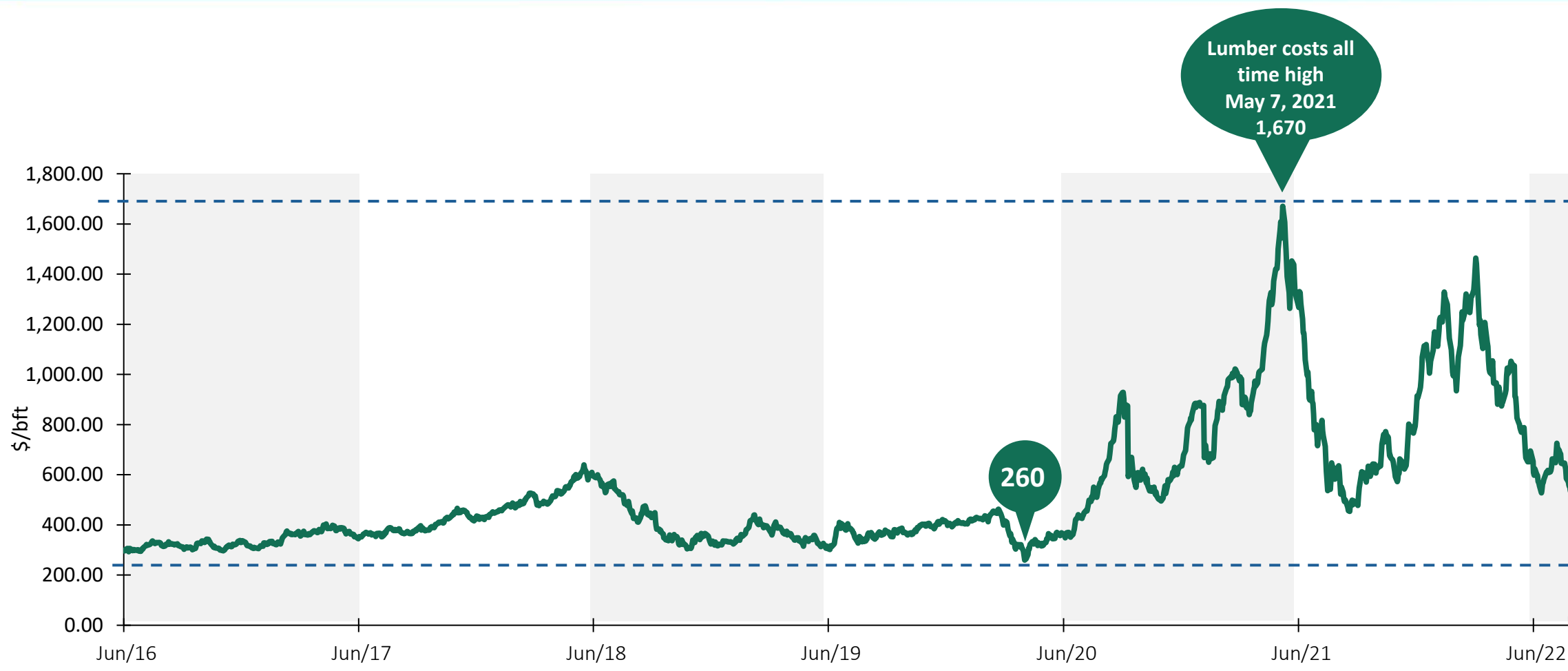
- Partially consolidated in Canada



## Growth Drivers

- Home renovation
- Expanding the dealer network
- Service big box stores

# LUMBER COSTS – 5 YEAR EVOLUTION



July 29, 2022

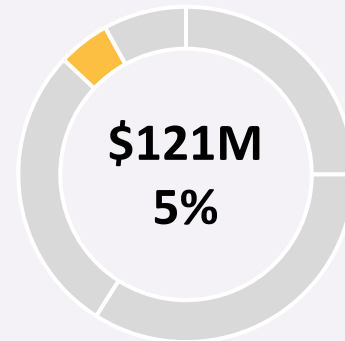


# INDUSTRIAL PRODUCTS – OVERVIEW

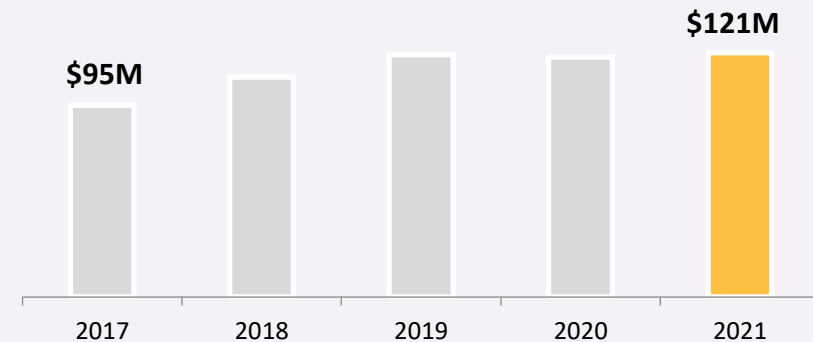
A leading supplier of pressure-treated wood products to the industrial, marine and civic sectors for outdoor applications, including wood for railway bridges and crossings, marine and foundation pilings and construction timbers, offered in a variety of select wood species and preservatives



2021 Sales

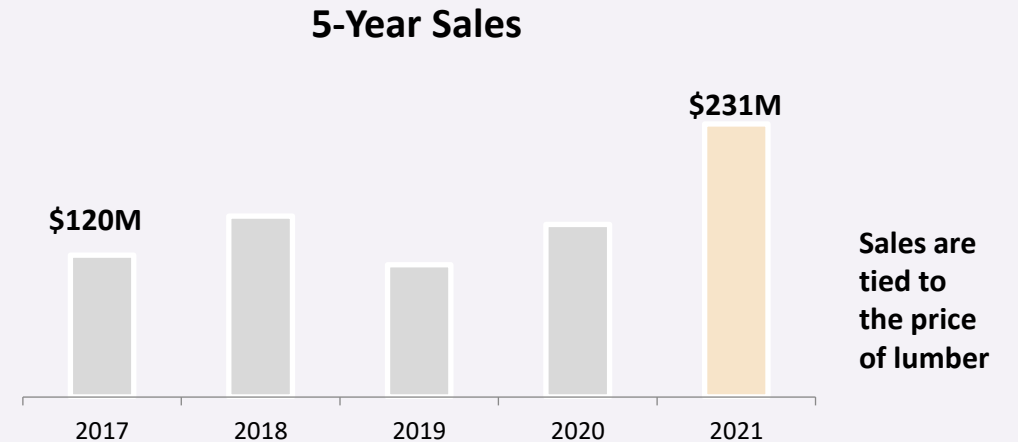
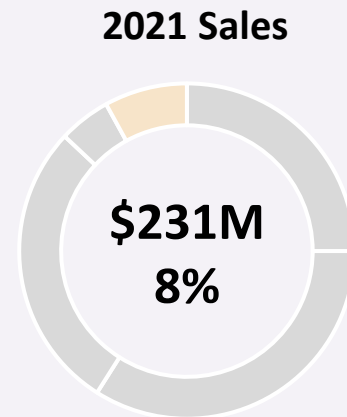


5-Year Sales



# 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:

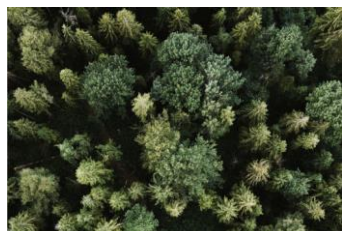


Our latest ESG report is available at  
[www.stella-jones.com/en-CA/investor-relations/environmental-social-governance](http://www.stella-jones.com/en-CA/investor-relations/environmental-social-governance)





# ESG 2020 HIGHLIGHTS



## ENVIRONMENTAL PERFORMANCE

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

**146,447**

Scope 1 & 2 GHG emissions (metric tons of CO<sub>2</sub>e)

**6.7**

Energy intensity (in MWH/1,000 FT<sup>3</sup> of treated wood production)

**3**

Facilities using waterborne preservatives in water stressed areas (7.5% of all facilities)

## PRODUCT STEWARDSHIP

Sustainable forest management, responsible manufacturing and product innovation initiatives

**99%**

Railway tie purchased from small and local businesses<sup>1</sup>

**> 80%**

Residential lumber sourced from sustainably certified sources

**154K**

M<sup>3</sup> of wood sustainably harvested through forest tenures in BC and Manitoba

## PEOPLE

Safety, well being, and a collaborative and inclusive workforce

**16%**

Women in the workforce

**18%**

Employee turnover rate

**3.1**

Lost time injury rate

## GOVERNANCE PRINCIPLES

Integrating ESG is central to our decision-making process.

**9 / 10**

Board members independent from Management\*

**40%**

Women Board Members \*

**1<sup>ST</sup>**

Advisory vote on executive compensation or "Say on Pay"

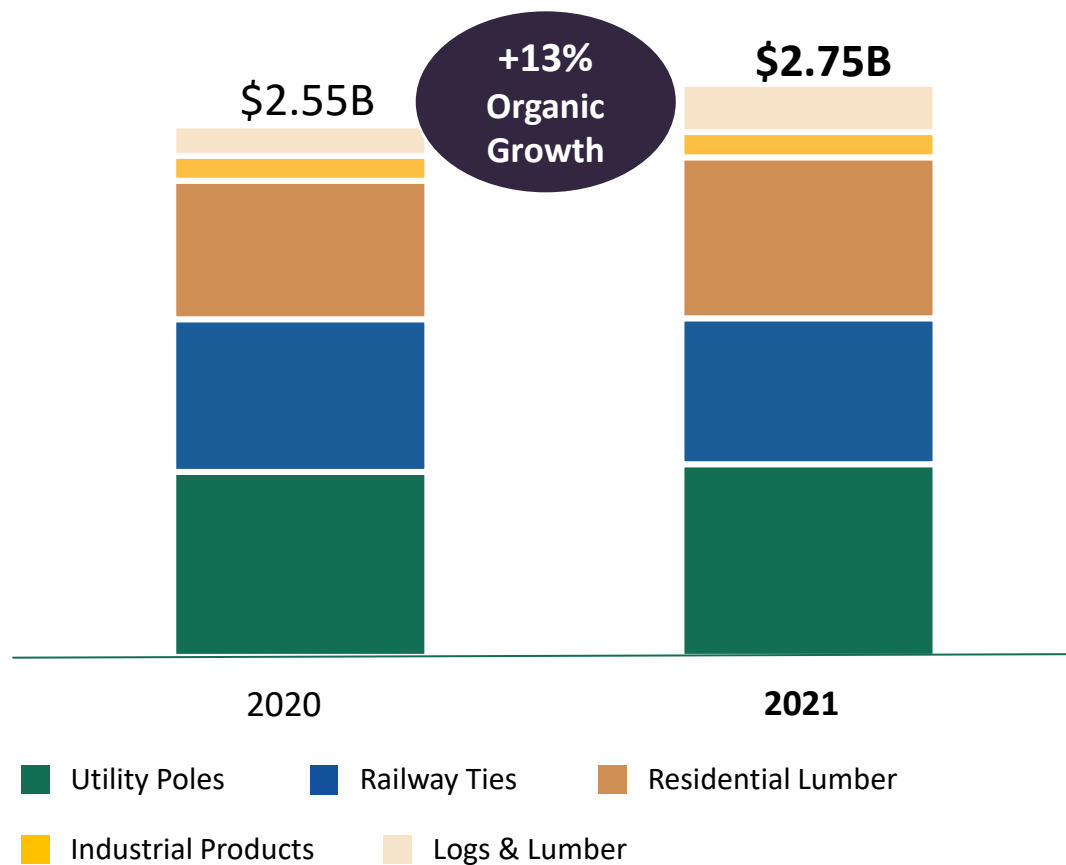
<sup>1</sup> Based on U.S. Small Business Administration (SBA) definition of less than 500 employees.

\* As of January 1, 2021



# 2021 FINANCIAL RESULTS

# 2021 – 21<sup>st</sup> CONSECUTIVE YEAR OF SALES GROWTH



## SALES VARIANCE

2020 Sales (M)	\$2,551
Acquisitions	6
Currency variations	(127)
Organic growth	
Pressure-treated wood	232
Logs and lumber	88
2021 Sales (M)	\$2,750

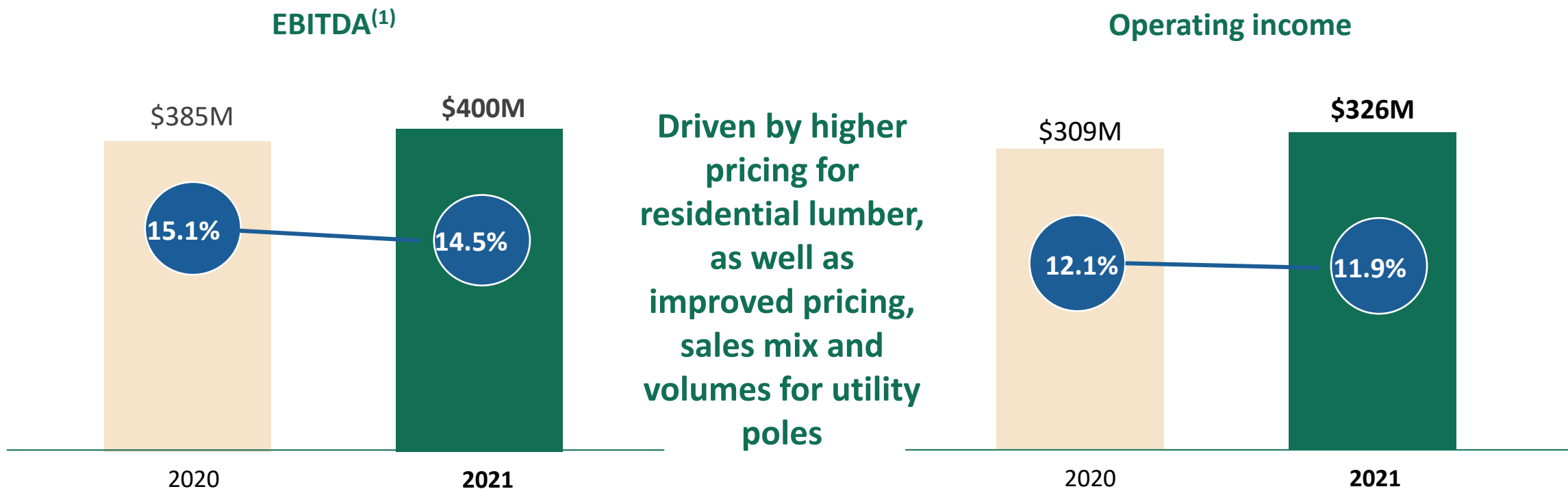
# 2021 – SALES VARIANCE

## Pressure Treated Wood Organic Growth of 10%

(in millions of dollars)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	TOTAL PRESSURE TREATED WOOD	Logs & Lumber	CONSOLIDATED SALES
2020 Sales	888	733	665	119	2,405	146	2,551
Acquisitions	6	-	-	-	6	-	6
FX impact	(52)	(46)	(19)	(7)	(124)	(3)	(127)
Organic growth	83	13	127	9	232	88	320
2021 Sales	925	700	773	121	2,519	231	2,750
Organic growth %	9%	2%	19%	8%	10%	60%	13%

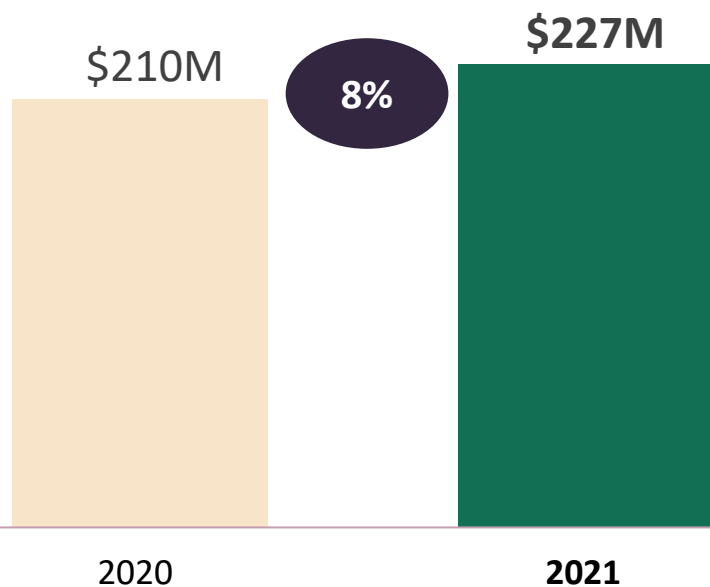


# 2021 – RECORD EBITDA<sup>(1)</sup>



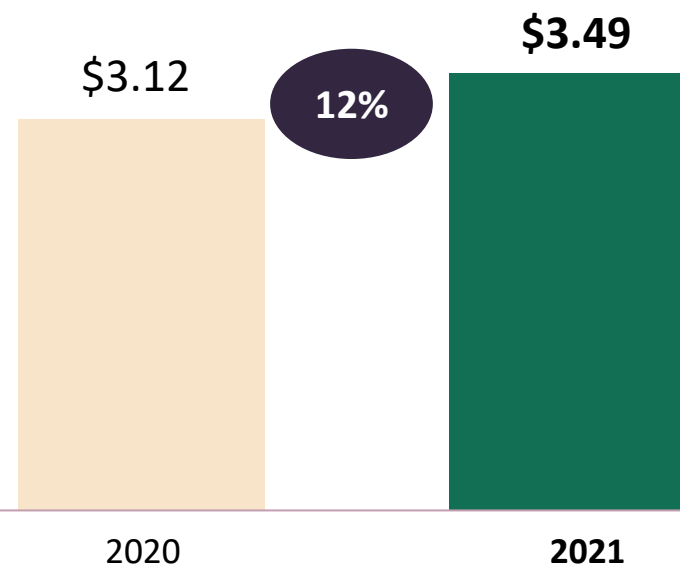
# 2021 – HIGHER NET INCOME & EPS

Net income



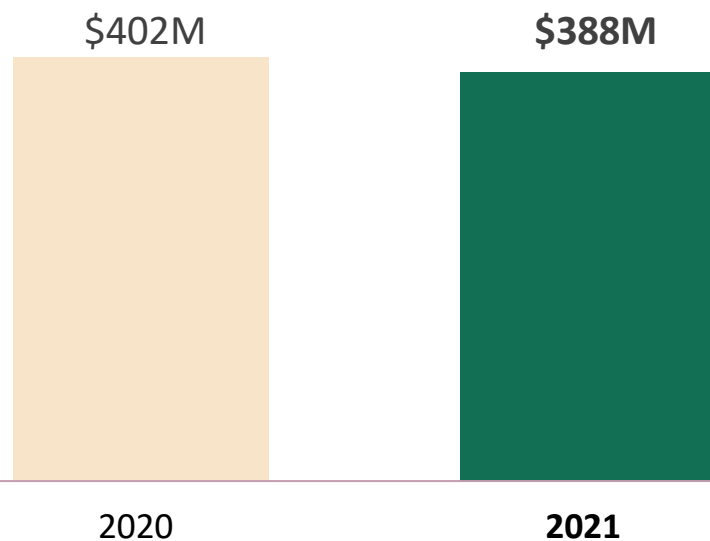
Driven by sales growth; EPS was also positively impacted by share repurchases

EPS



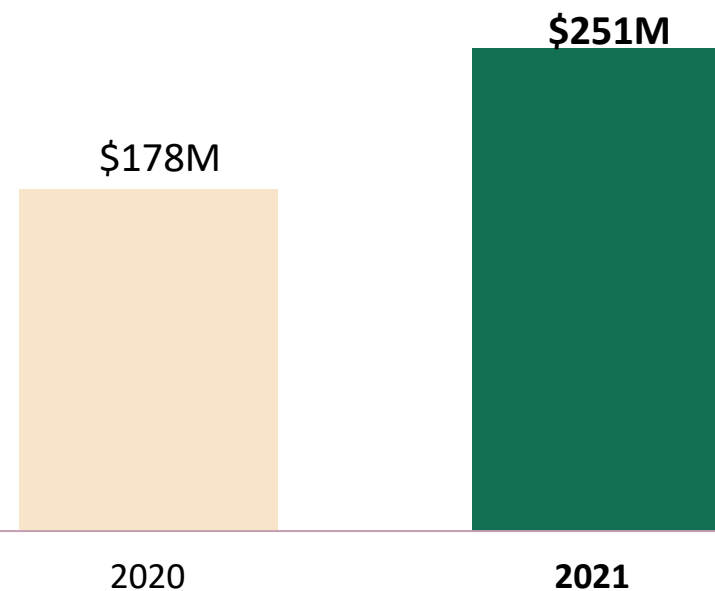
# 2021 - STRONG CASH FLOW GENERATION

Cash flow from operating activities  
before certain items<sup>(1)</sup>



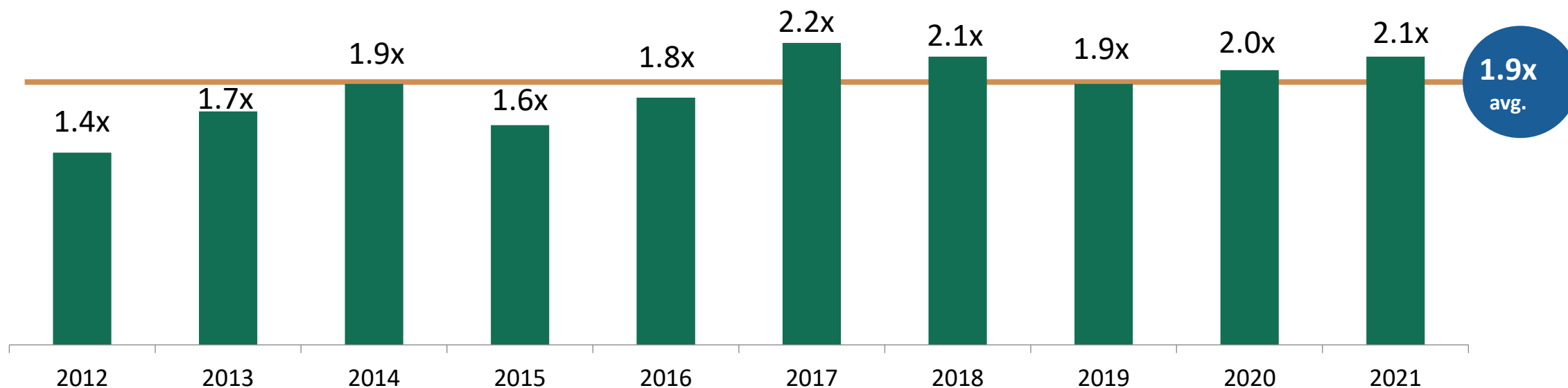
Higher cash from  
operations largely  
due to a decrease in  
railway ties  
inventory

Cash flow from operating activities



# INVENTORY TURNOVER

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

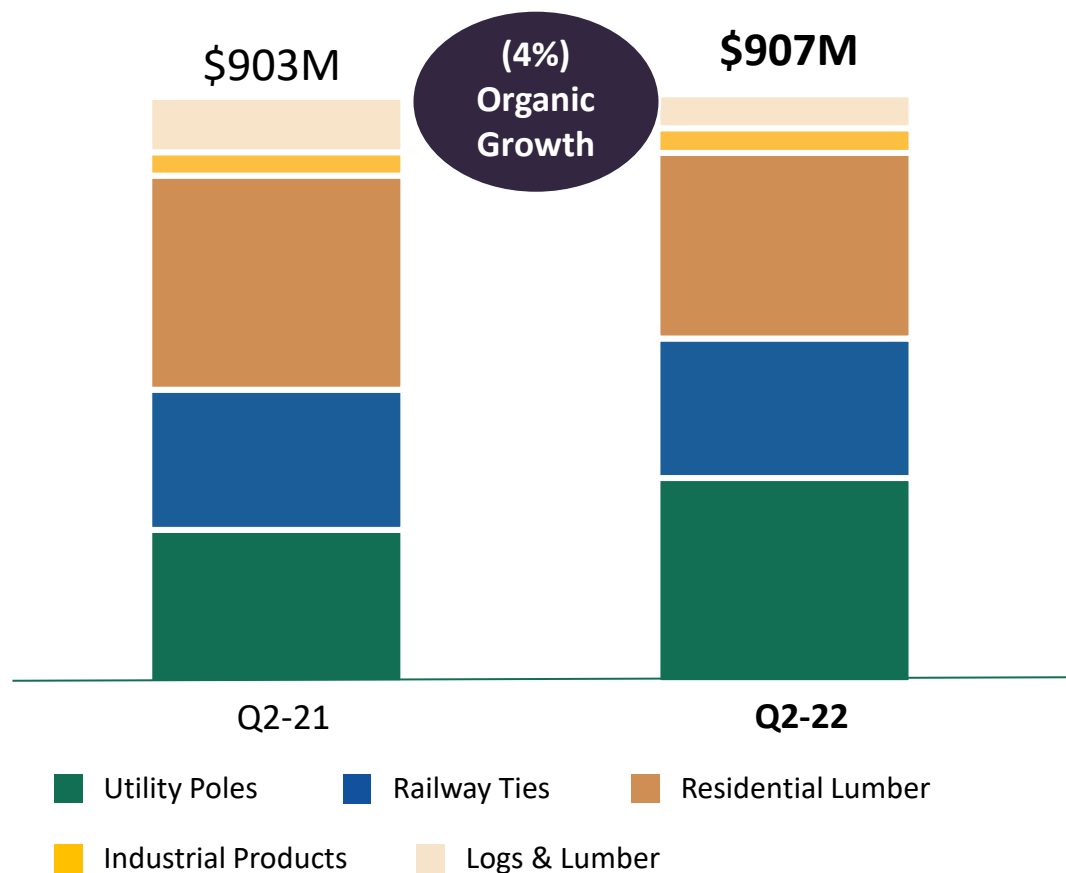






## Q2-2022 FINANCIAL RESULTS

# Q2-22 – SALES



## SALES VARIANCE

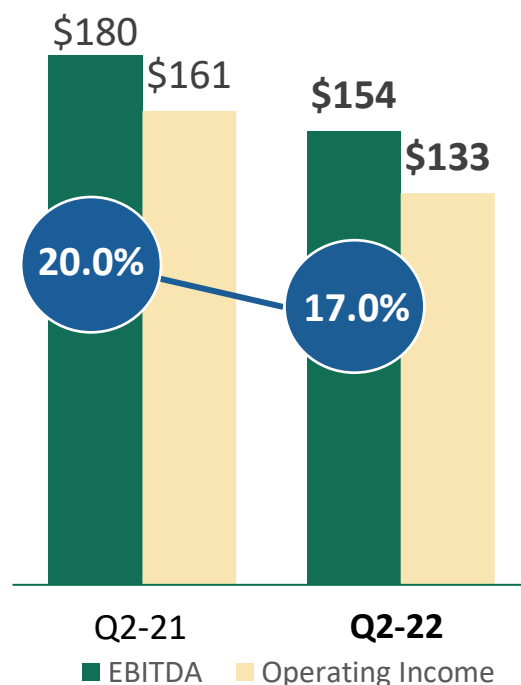
Q2-21 Sales (M)	\$903
Acquisitions	15
Currency variations	22
Organic growth	
Pressure treated wood	-
Logs and lumber	(33)
Q2-22 Sales (M)	\$907

## Q2-22 – SALES VARIANCE

(in millions of dollars)	Utility Poles	Railway Ties	Residential Lumber	Industrial Products	TOTAL PRESSURE TREATED WOOD	Logs & Lumber	CONSOLIDATED SALES
Q2-2021 Sales	236	216	330	36	818	85	903
Acquisitions	15	-	-	-	15	-	15
FX impact	11	7	3	1	22	-	22
Organic growth	54	(8)	(47)	1	-	(33)	(33)
Q2-2022 Sales	316	215	286	38	855	52	907
Organic growth %	23%	(4%)	(14%)	3%	-%	(39%)	(4%)

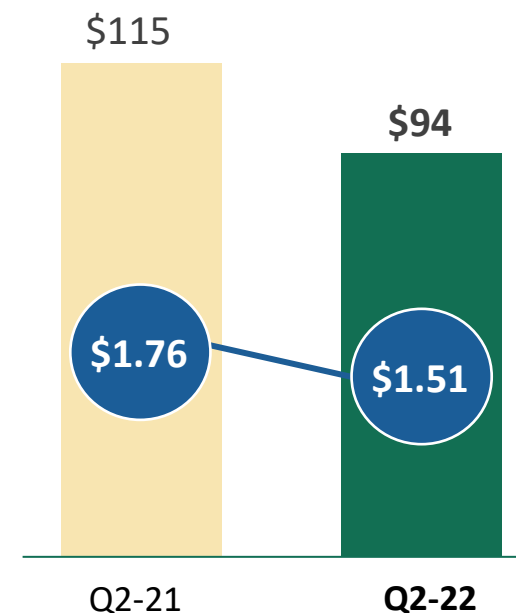
# Q2-22 – RESULTS

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



Primarily driven by the normalization of Residential Lumber gross profit which outweighed margin expansion for Utility Poles and Railway Ties

## Net Income (in millions of \$)





# Q2-22 – CASH FLOW AND CAPITAL ALLOCATION

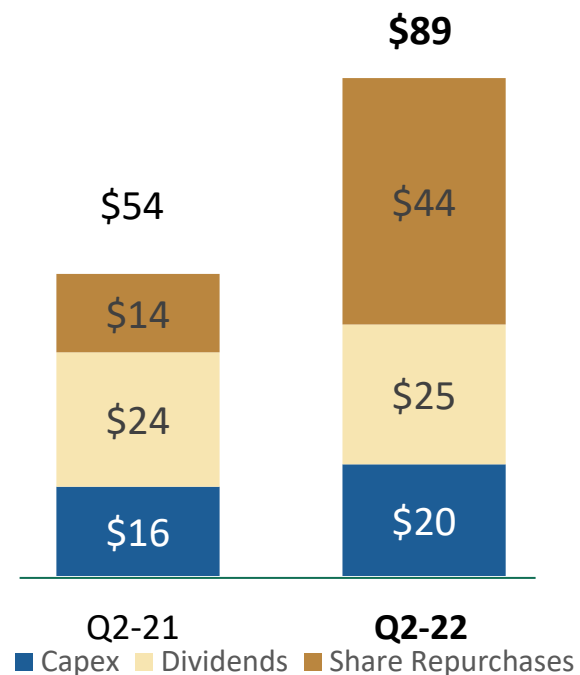
## CFO before certain items<sup>(1)</sup>

(in millions of \$)



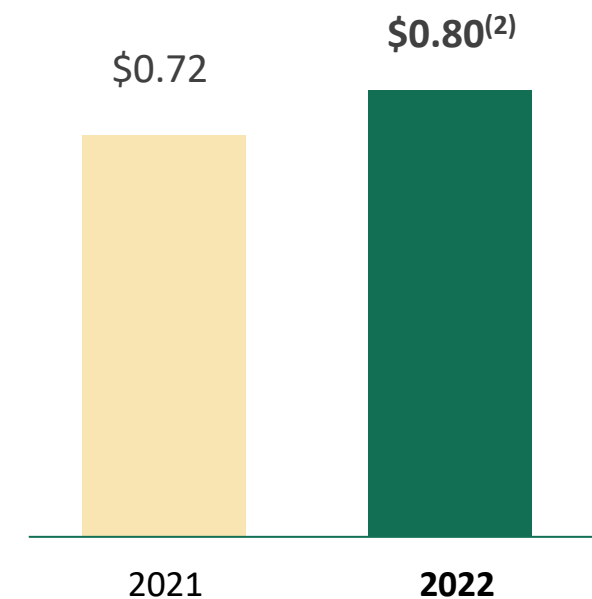
## Capital Allocation

(in millions of \$)



## Dividends

(in \$ per share)





# 2022-2024 OUTLOOK

# 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



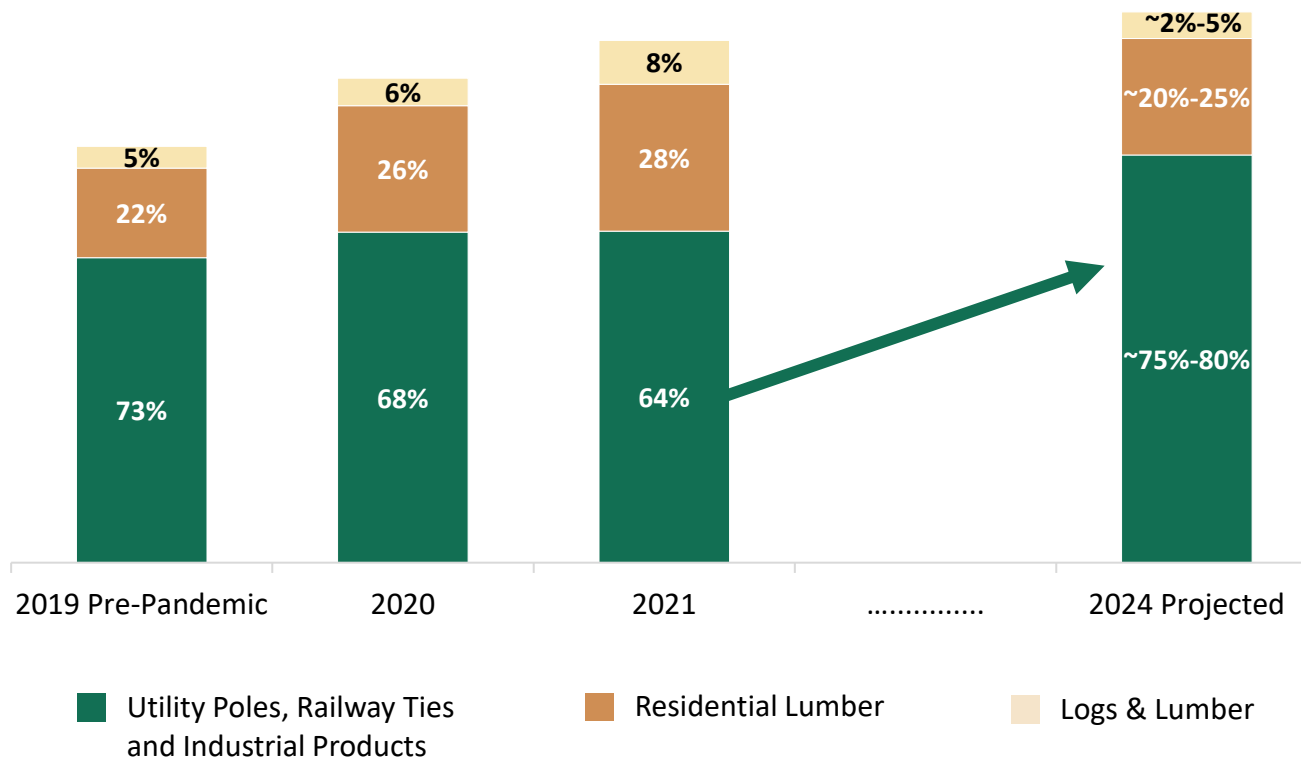
- Strong procurement network provided a steady raw material inflow to meet customer needs despite market tightness
- Expect growth in low single-digits through the end of 2024
- Demand driven by sustained maintenance and replacement demand



- 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

**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.*



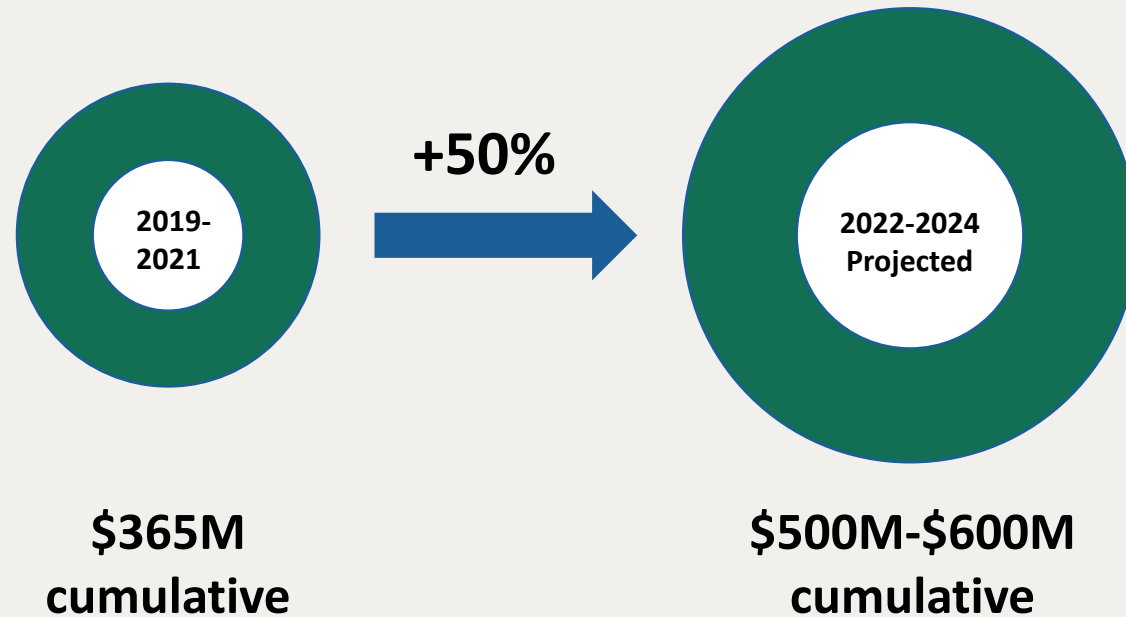
# INVESTING AND INNOVATING IN OUR NETWORK

## 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.

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



# APPENDIX

# INCOME STATEMENT - 5-YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>
Sales <sup>(2)</sup>	2,750	2,551	2,189	2,144	1,908
Gross Profit <sup>(3)</sup>	456	446	358	328	315
Gross Profit margin <sup>(3)</sup>	16.6%	17.5%	16.4%	15.3%	16.5%
EBITDA <sup>(3)</sup>	400	385	313	244	243
EBITDA margin <sup>(3)</sup>	14.5%	15.1%	14.3%	11.4%	12.7%
Operating income	326	309	242	206	207
Operating margin <sup>(3)</sup>	11.9%	12.1%	11.1%	9.6%	10.8%
Net income	227	210	163	138	168
EPS - diluted	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](http://www.sedar.com)



# FINANCIAL POSITION - 5-YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>
Working capital <sup>(2)(3)</sup>	1,146	1,101	1,010	909	779
Total assets	2,665	2,426	2,281	2,062	1,786
Long-term debt <sup>(4)</sup>	734	606	605	514	456
Lease liabilities <sup>(4)</sup>	144	139	118	-	-
Shareholders' equity	1,448	1,373	1,288	1,281	1,116
Net debt <sup>(5)</sup> to total capitalization <sup>(3)</sup>	0.38:1	0.35:1	0.36:1	0.29:1	0.29:1
Net debt <sup>(5)</sup> to EBITDA <sup>(3)</sup>	2.2	1.9	2.3	2.1	1.9
Return on average capital employed <sup>(3)(6)</sup>	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.

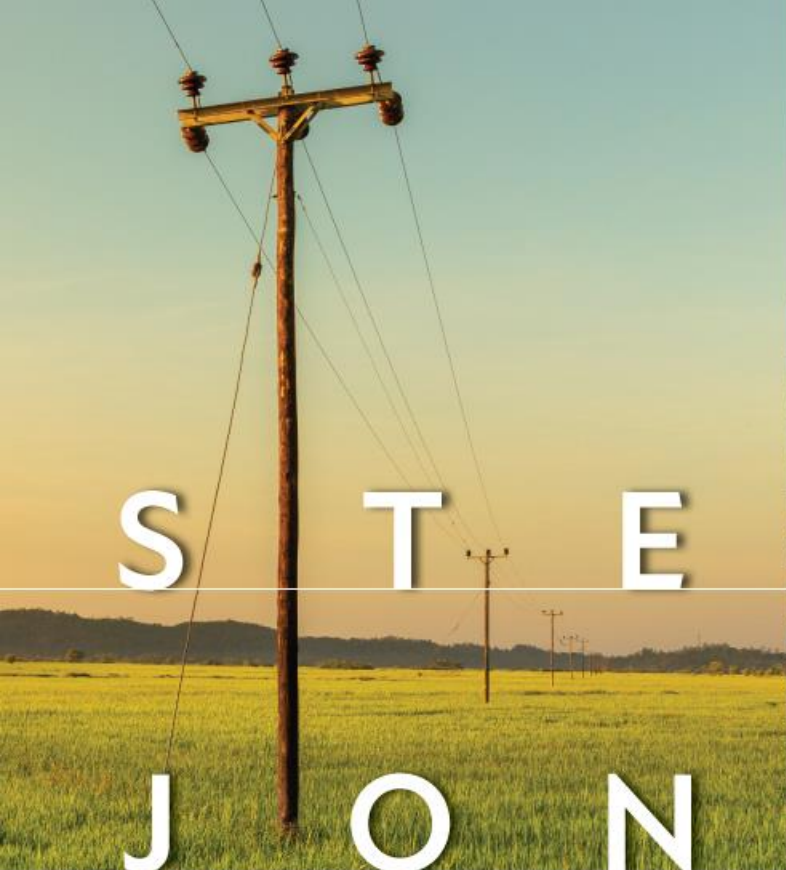
(2) Comparative figures have been adjusted to include the current portion of long-term debt, lease liabilities and provisions and other long-term liabilities.

(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.



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