

Source: Stella-Jones Inc.

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**STELLA-JONES UPDATES ITS FINANCIAL OBJECTIVES BUILDING ON SUSTAINED GROWTH
2023–2025 Financial Targets to be Unveiled at Investor Day**

- **Deliver sales of over \$3.6 billion by 2025**
- **Expand EBITDA margin ⁽¹⁾ to 16% through 2025**
- **Return over \$500 million of capital to shareholders in the 2023–2025 period**
- **Maintain net debt-to-EBITDA ratio ⁽¹⁾ between 2.0x-2.5x**

Montreal, Quebec—May 25, 2023—Stella-Jones Inc. (TSX : SJ) (“Stella-Jones” or the “Company”) today updated its three-year objectives, reflecting the years 2023–2025. The Company will be featuring its new financial targets at its Investor Day, being held this morning in Toronto, Ontario.

“Following a record year in 2022, coupled with our outstanding start to 2023, we are excited to share updated financial objectives that reflect Stella-Jones’ performance and growth potential,” said Eric Vachon, President and Chief Executive Officer of Stella-Jones. “In light of our favourable position to meet or exceed our original financial targets, we are raising our 2025 sales target to almost 20% above 2022 sales and the 2023–2025 EBITDA margin goal to 16%, primarily driven by the accelerating demand for our higher margin utility poles business.”

“Over its 30-year history, Stella-Jones has cultivated industry-shaping success through customer partnerships, premium product offerings and an unwavering focus on our network. This has culminated in a unique leadership position for our business—one that allows us to leverage the significant capital generated by our strong performance to fuel investments and seize opportunities for growth, while creating continued value for our shareholders. Our inaugural investor day today sets the stage for us to share our new targets and build on what we believe is a defining time for us and for the essential infrastructure businesses we serve.”

UPDATED FINANCIAL OBJECTIVES

The Company's record financial performance over the last year has provided Stella-Jones with the ability to update its three-year financial targets, which now extend to 2025. Excluding future acquisitions, the Company's financial objectives are as follows:

(in millions of dollars, except percentages and ratios)	Initial 2022–2024 Objectives ⁽²⁾	Updated 2023–2025 Objectives ⁽³⁾
Sales	\$2,700-\$3,000	>\$3,600
EBITDA margin ⁽¹⁾	≥ 15%	16%
Return to Shareholders	\$500-\$600	>\$500
Net Debt-to-EBITDA ⁽¹⁾	2.0x-2.5x	2.0x-2.5x

GROWING SALES AND EBITDA MARGIN

After achieving the high-end of its sales target in the first year of the Company's 2022–2024 financial objectives, Stella-Jones expects sales to increase organically at a compound annual growth rate of approximately 6% to over \$3.6 billion by 2025. This growth is expected to be driven by a 9% compound annual sales increase of the Company's infrastructure-related businesses. Led by an improvement in its product mix, Stella-Jones has also increased its target EBITDA margin to 16% for the 2023–2025 period, up from its previous target of approximately 15%.

LEVERAGING STRONG CASH GENERATING PROFILE

Stella-Jones has an established track record of generating consistent and strong cashflows which provides flexibility to deliver significant value to shareholders. The Company is pursuing growth investments to enhance its utility poles capacity for the growing demand, while reaffirming its commitment to return capital to shareholders in excess of \$500 million through dividends and share repurchases, in the 2023–2025 period. The Company continues to maintain its net leverage target range of 2.0x to 2.5x. Given its strong cashflow generating profile, the Company may temporarily exceed its target leverage ratio to finance strategic growth opportunities related to its infrastructure-related businesses.

INVESTOR DAY

Stella-Jones will elaborate on its 2023–2025 financial objectives at the Company's investor day for institutional investors and research analysts, which is taking place today in Toronto, Ontario.

The event will begin at 8 a.m. Eastern Daylight Time (EDT). After the presentation, the leadership team will be available to answer questions. The live webcast can be accessed at the following link: <https://web.lumiagm.com/411173957>. An investor presentation will also be made available on the Investor Relations, Events and Presentations page of the Company's website.

A replay will be available at the same link as the webcast, and on the Investor Relations section of the Company's website following the event.

⁽¹⁾ Refer to the section entitled "Non-GAAP and Other Financial Measures" of the first quarter 2023 Management's Discussion & Analysis for an explanation of the non-GAAP and other financial measures used and presented by the Company.

⁽²⁾ Refer to the 2021 Annual Management's Discussion & Analysis for further details and assumptions used in preparing the 2022–2024 financial objectives.

⁽³⁾ Foreign Exchange: Assumes Canadian dollar will trade, on average, at approximately C\$1.30 per U.S. dollar, with sales in the U.S. representing approximately 70% of total sales.

ABOUT STELLA-JONES

Stella-Jones Inc. (TSX : SJ) is North America's leading producer of pressure-treated wood products. It supplies the continent's major electrical utilities and telecommunication companies with wood utility poles and North America's Class 1, short line and commercial railroad operators with railway ties and timbers. Stella-Jones also provides industrial products, which include wood for railway bridges and crossings, marine and foundation pilings, construction timbers and coal tar-based products. Additionally, the Company manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications, with a significant portion of the business devoted to servicing the Canadian market through its national manufacturing and distribution network. The Company's common shares are listed on the Toronto Stock Exchange.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Company. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such items include, among others: general political, economic and business conditions, evolution in customer demand for the Company's products and services, product selling prices, availability and cost of raw materials, climate change, failure to recruit and retain qualified workforce, information security breaches or other cyber-security threats, changes in foreign currency rates, the ability of the Company to raise capital and factors and assumptions referenced herein and in the Company's continuous disclosure filings. As a result, readers are advised that actual results may differ from expected results. Unless required to do so under applicable securities legislation, the Company 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.

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