

**PLAN IN
ACTION**

Investor Presentation

May 2023



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 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, most recent Annual Management's Discussion & Analysis ("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 margin, earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin and net debt-to-EBITDA 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 Company uses gross profit and gross profit margin to evaluate its ongoing operational performance. The Company believes EBITDA and EBITDA margin provide investors with useful information because they are common industry measures, used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. These measures are also key metrics of the Company's operational and financial performance. And the Company believes the net debt-to-EBITDA ratio is an indicator of the financial leverage of the Company.

Please refer to the section "Non-GAAP and other financial measures" of the Company's MD&A for quarter-ended March 31, 2023 available at www.sedar.com.

Stella-Jones At-A-Glance



\$3.6B*
Market Cap



SJ
TSX



13
Pole Peeling
Facilities



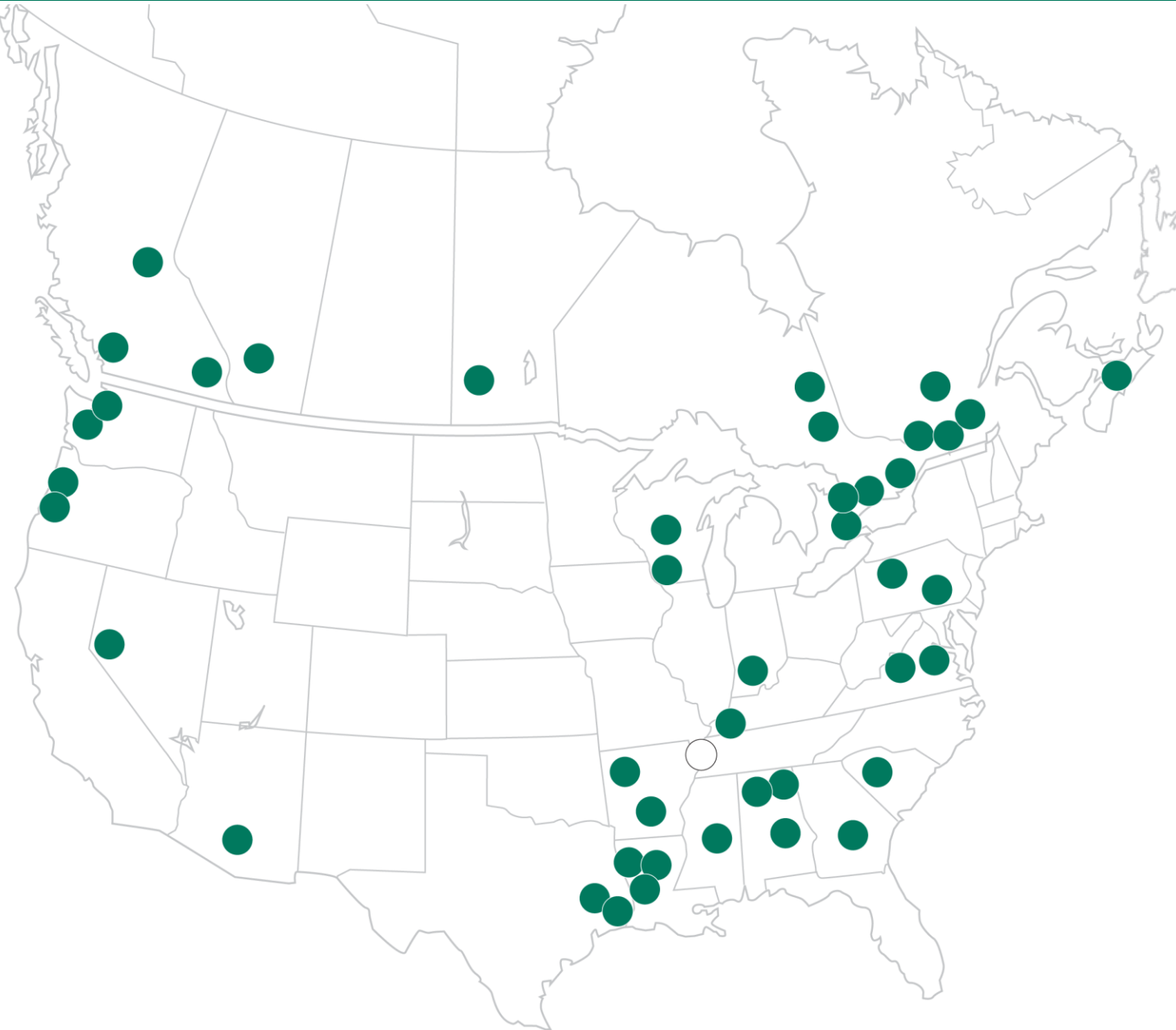
43
Wood Treating
Facilities 27 U.S.
and 16 Canada



70%
Sales
in the U.S.

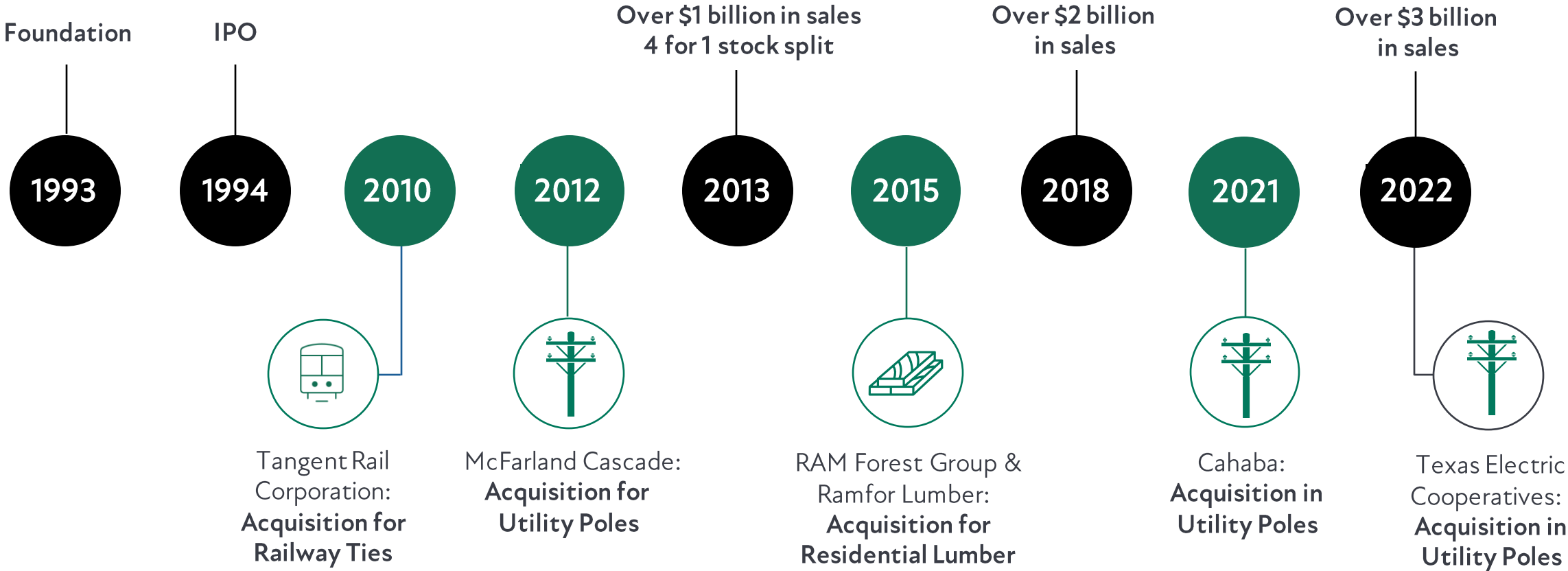


2,615
Employees



Historical Milestones

Completed more than 20 acquisitions in the past 20 years



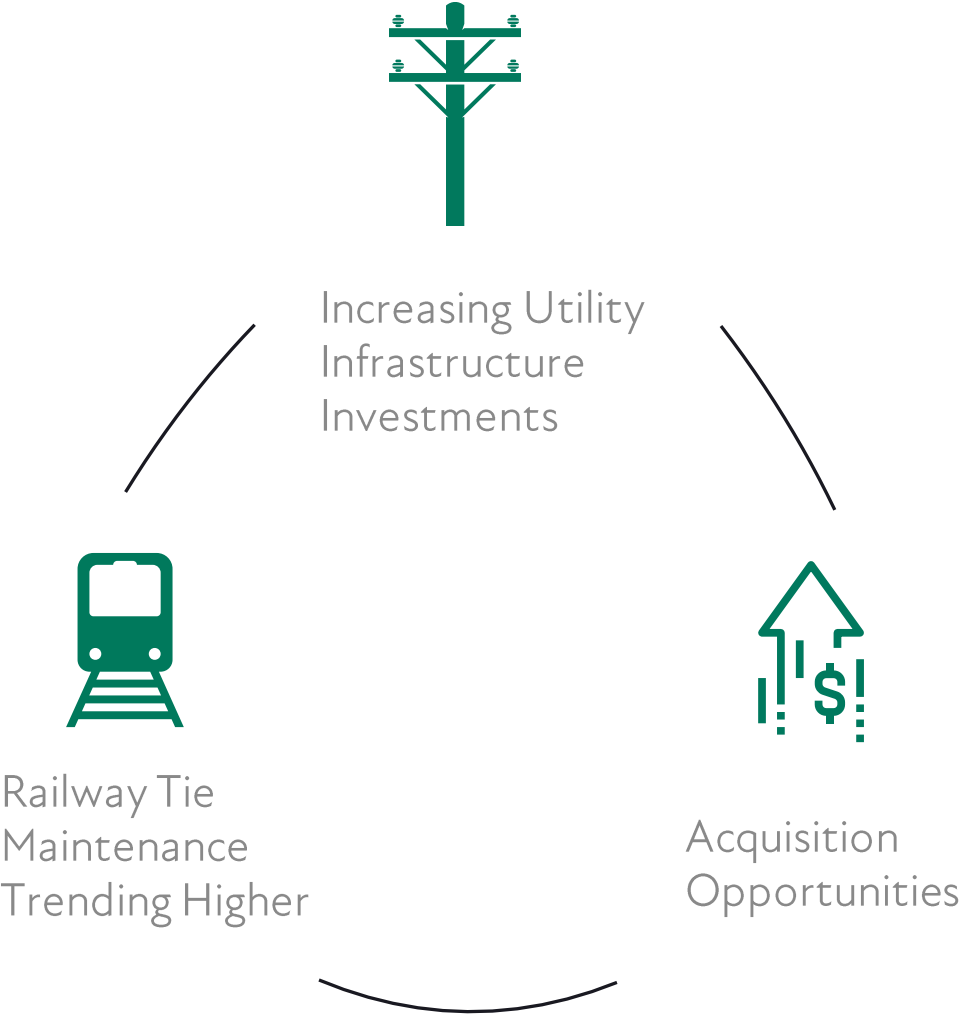
Our Mission

To be the performance leader in the industries in which we operate, and a model corporate citizen, exercising environmental responsibility and integrity.



Growth Catalysts

- Significant investments by utility companies to ensure infrastructure will support North America’s future needs
- Well positioned to support North American rail infrastructure
- Acquisition opportunities to better serve customers in areas of procurement and logistics



Acquisition Criteria

Acquisition opportunities to better serve railroad and utility customers

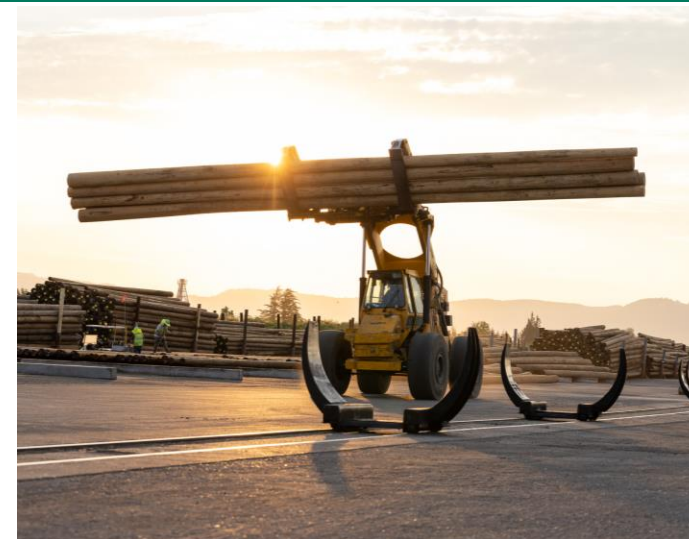
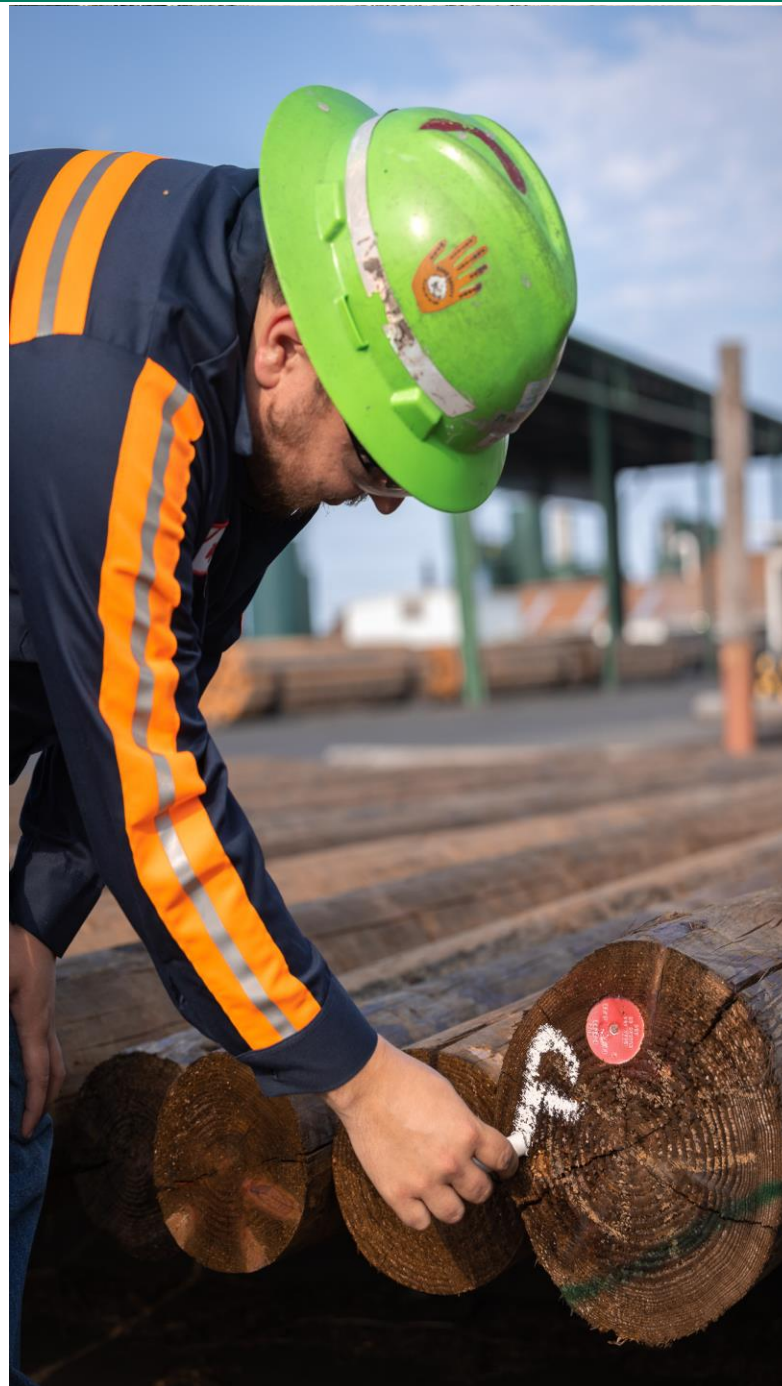
- Continued focus on wood treating
- Consideration given to complementary products or materials
- Subject to strict evaluation criteria
 - Accretive to margins and returns
 - Steady revenues and free cash flow
 - Seasoned management team



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Utility Poles

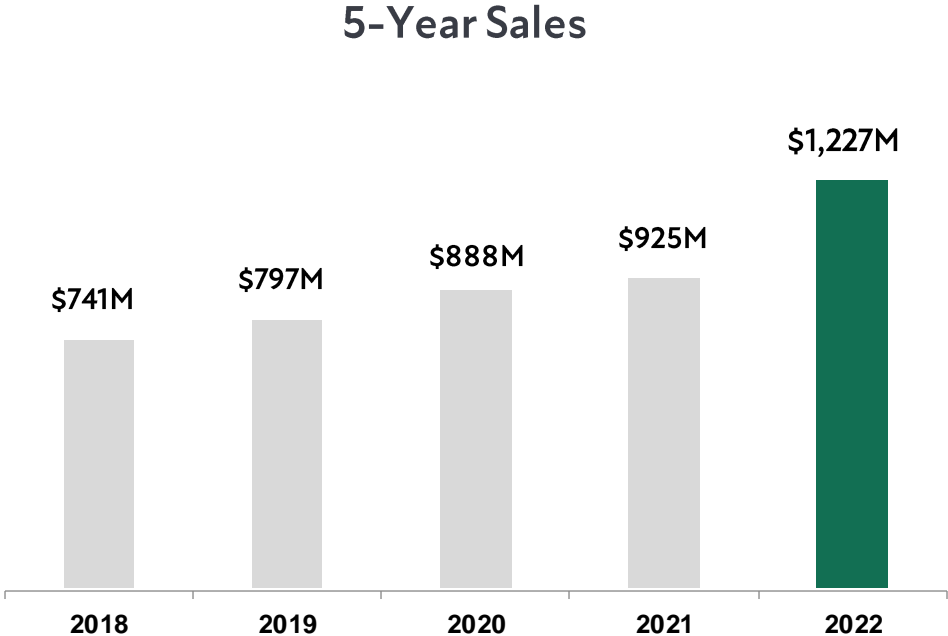
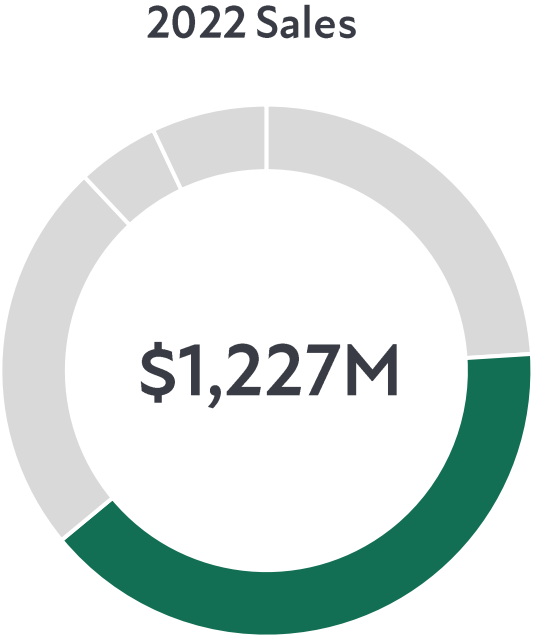
Stella-JoneS
by 



Utility Poles: Overview

- Stella-Jones is the leading manufacturer of pressure-treated wood products supplying major electrical utilities and telecommunication companies with wood utility poles across North America
- Customer base typically prefers treated wood poles because of their durability, cost effectiveness and safety

40%
of Total Sales



Large & Diversified North American Presence

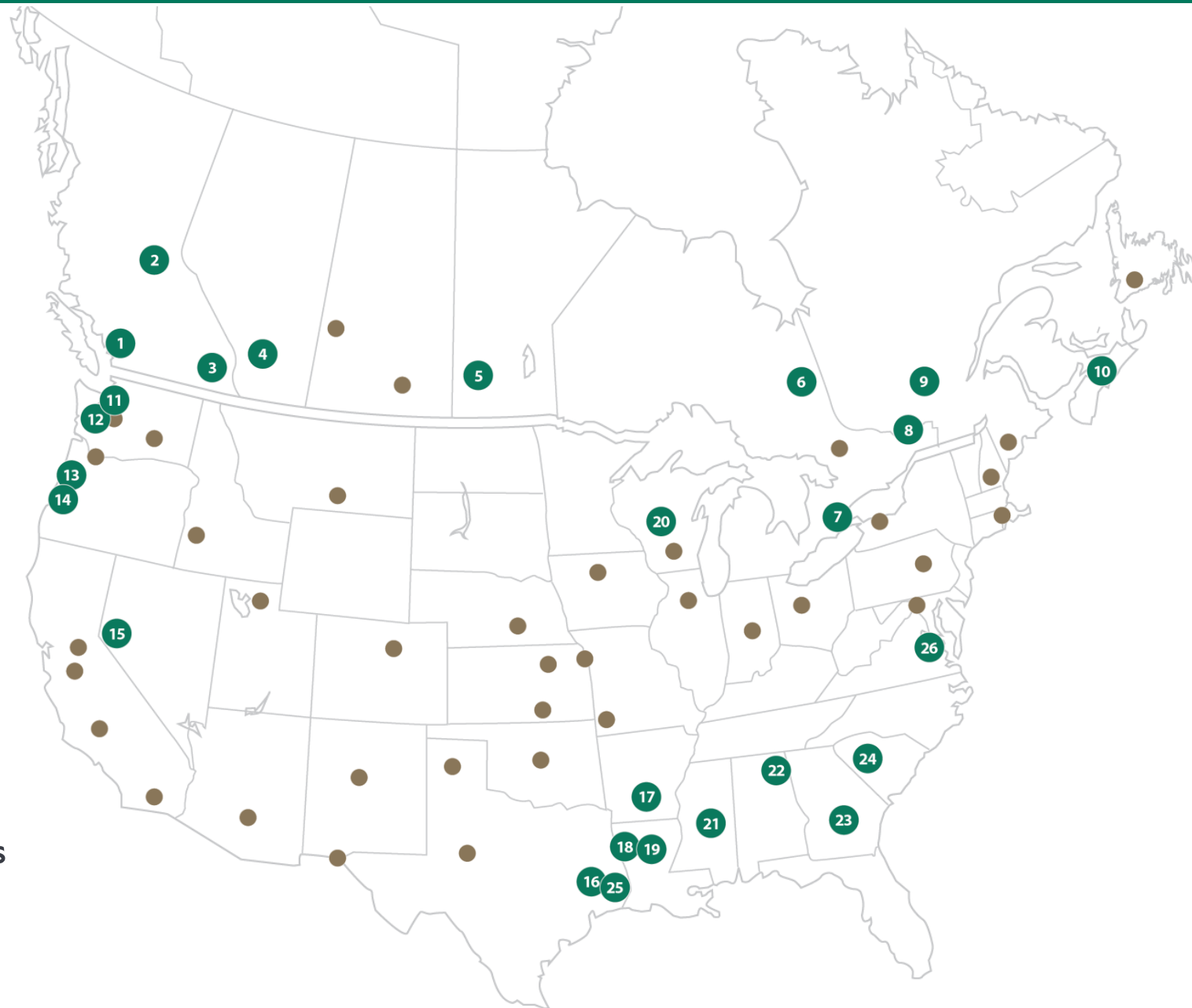
- | | |
|------------------------|------------------------|
| 1. New Westminster, BC | 14. Eugene, OR |
| 2. Prince George, BC | 15. Silver Springs, NV |
| 3. Galloway, BC | 16. Lufkin, TX |
| 4. Carseland, AB | 17. Rison, AR |
| 5. Neepawa, MB | 18. Converse, LA |
| 6. Kirkland Lake, ON | 19. Pineville, LA |
| 7. Guelph, ON | 20. Cameron, WI |
| 8. Gatineau, QC | 21. Scooba, MS |
| 9. Rivière-Rouge, QC | 22. Brierfield, AL |
| 10. Truro, NS | 23. Cordele, GA |
| 11. Arlington, WA | 24. Whitmire, SC |
| 12. Tacoma, WA | 25. Jasper, TX |
| 13. Sheridan, OR | 26. Warsaw, VA |

Product Category

- Pole Treating Facilities
- Finished Goods Yards

26 Treating Facilities

10 in Canada
16 in U.S.



Competitive Strengths



Robust Procurement Network



Consistent Access to Wood Fibre



Expansive Inventory



Manufacturing Network



Extensive Transportation Network



Broad and Diversified Customer Base



Growth Drivers



Utility Pole
Maintenance



Fire-Resistant
Wrap Utility
Poles



Broadband
Expansion



Renewable
Generation/
Transmission
Wheeling



Electric Vehicle
Expansion

Utility Poles – Key Takeaways

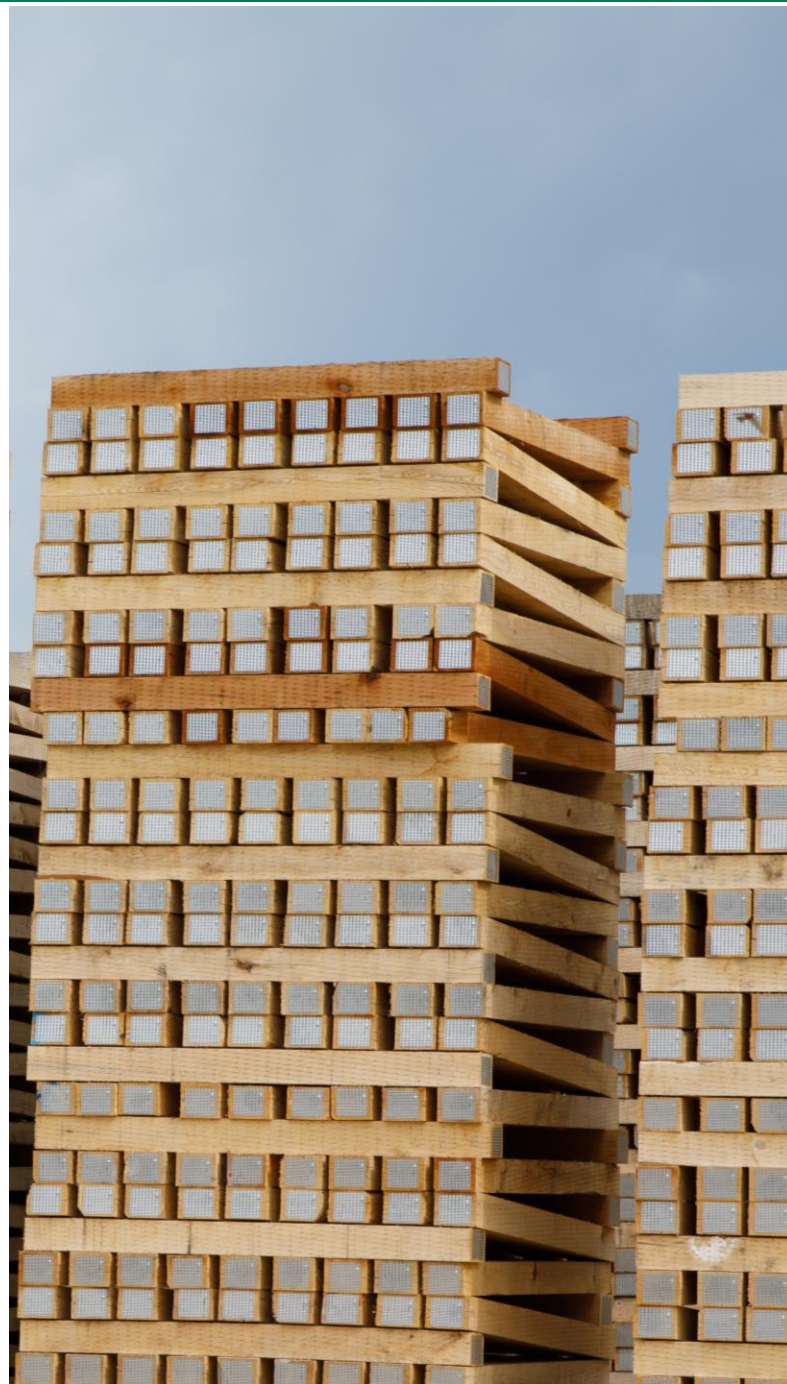
- Industry-leading position in steady maintenance-driven market
- Accelerated demand to remain strong in the near term
- Customers seeking long-term agreements to secure supply
- Proactive investments to respond to significant demand growth



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Railway Ties

Stella-JoneS

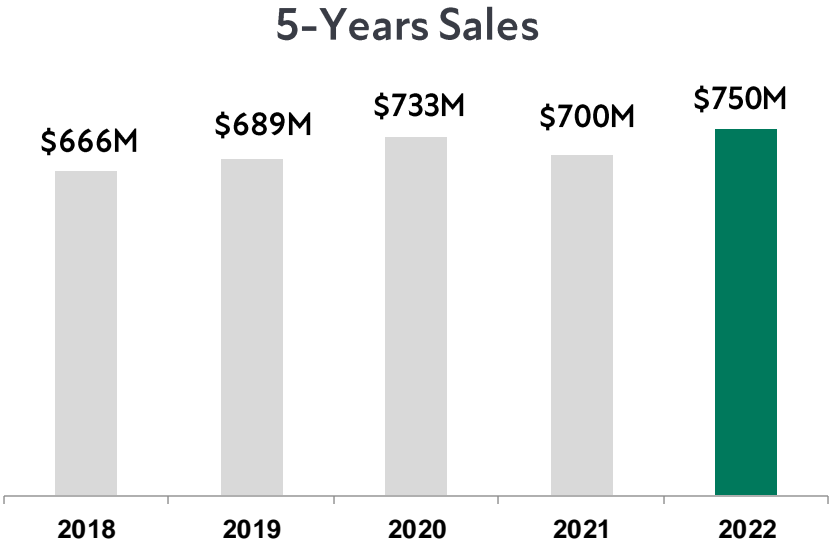
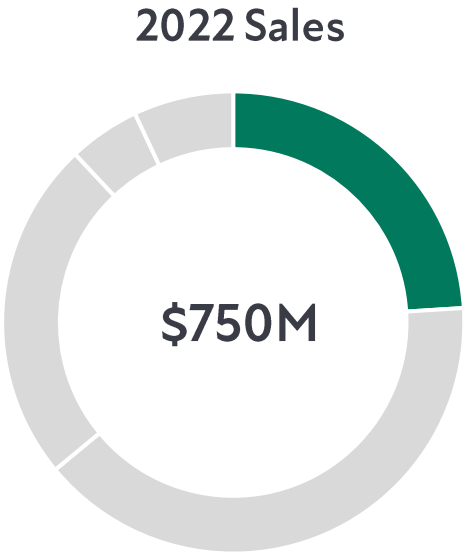



Railway Ties: Overview

Stella-Jones has the treating capacity, sources of supply and purchasing power to meet the needs of Class 1, Short Line railroads and commercial operators from coast to coast

Our extensive supplier network of over 850 hardwood sawmills allows us to offer crossties and switch ties in a variety of sizes. Multiple value-added options are also available to meet our customers needs, including bridge fabrication and pre-plating

24%
of Total Sales



Large & Diversified North American Presence

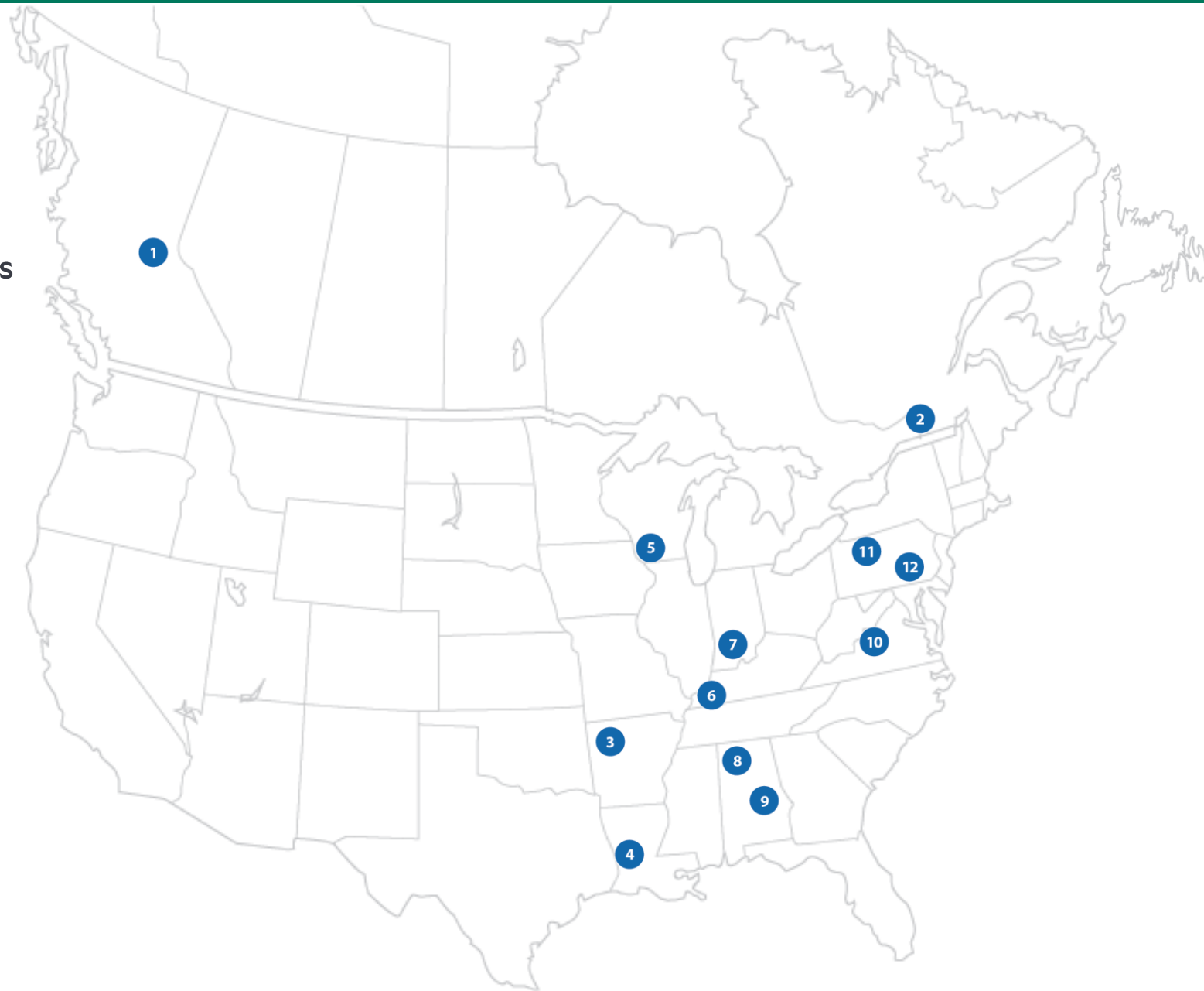
1. Prince George, BC
2. Delson, QC
3. Russellville, AR
4. Alexandria, LA
5. Bangor, WI
6. Fulton, KY
7. Winslow, IN
8. Montevallo, AL
9. Clanton, AL
10. Goshen, VA
11. Dubois, PA
12. McAlisterville, PA

12 Treating Facilities

2 in Canada
10 in U.S.

~850 Suppliers

Hardwood
sawmills



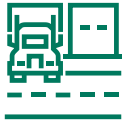
Product Category

- Railway Ties

Competitive Strengths



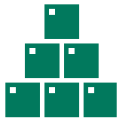
Established Customer Relationships



Extensive Manufacturing, Distribution & Procurement Networks



Differentiated Product Offering



Robust Inventory Levels



Growth Drivers



Increased
Volumes



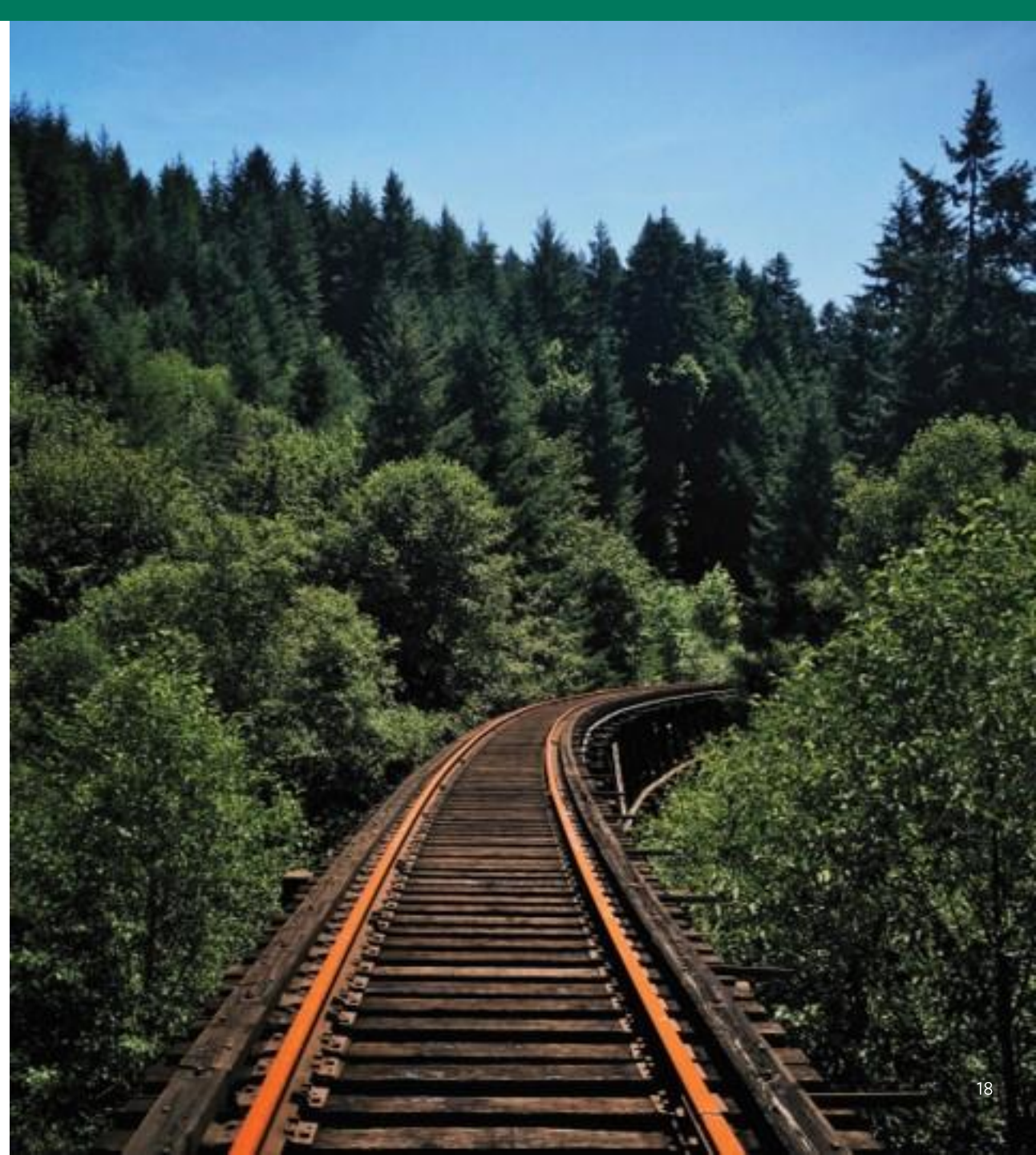
Favourable
Pricing
Dynamics



Product
Innovation
and Expansion

Railway Ties - Key Takeaways

- 90% of North American rail infrastructure built on wooden cross ties
- Infrastructure Bill in the US expected to drive project requests
- Strong relationships with Class 1 customers
- New product offerings will contribute to long-term growth
- Technological investments will drive efficiency and safety



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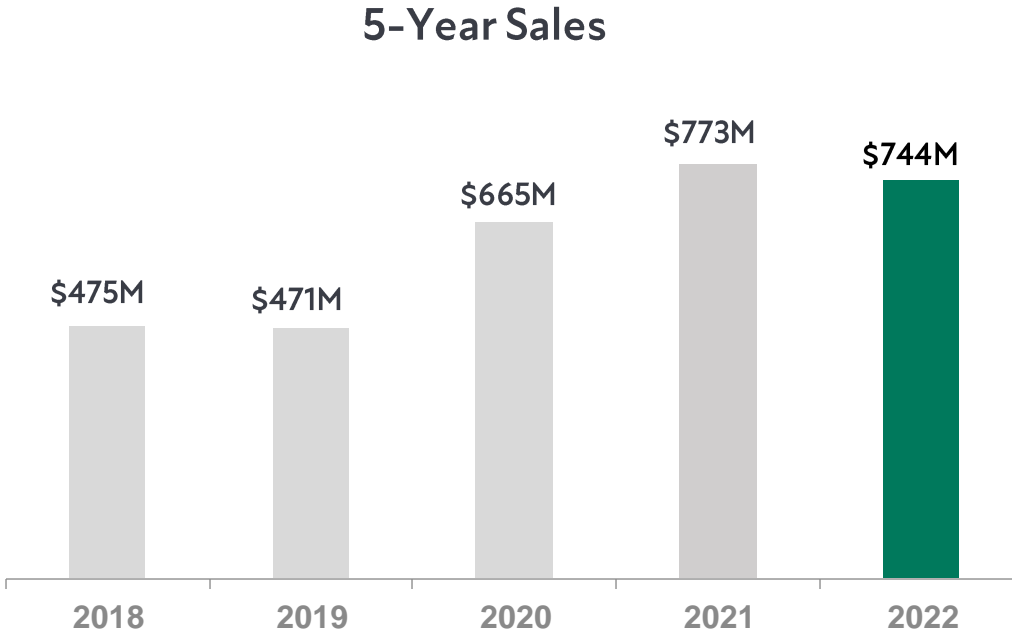
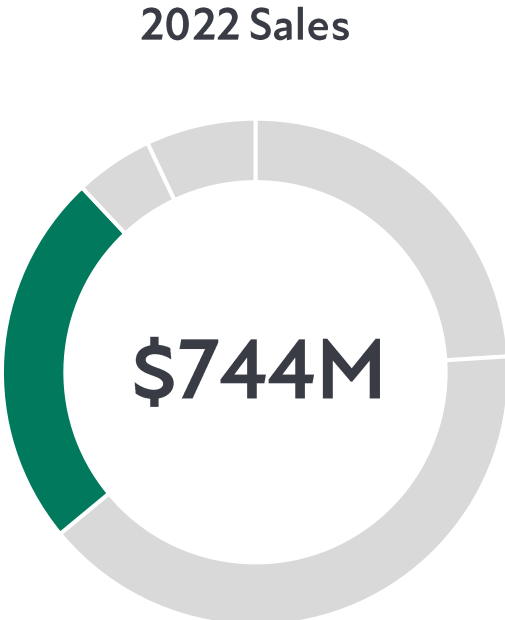
Residential Lumber



Residential Lumber: Overview

Stella-Jones manufactures and distributes premium grade residential treated lumber, composite decking products and accessories to Canadian and American retailers

24%
of Total Sales



Product Category Overview



Treated Lumber and Distribution Facilities: 6 in Canada and 2 in US



Products: Treated Lumber and Wood Accessories, Composite Decking and Complementary Attachments



Customers: ~70% Big Box, ~30% Dealer Network



Competitive Strengths



Premium-Quality Products



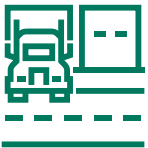
Always In-Stock



Speed to Market



Strong Procurement Team



Dedicated Distribution Centres with Exceptional Service and Support

Growth Drivers



Product Expansion
Through Retail Partners



Sourcing and
Procurement Opportunities



Favourable Macro Trends



Residential Lumber– Key Takeaways

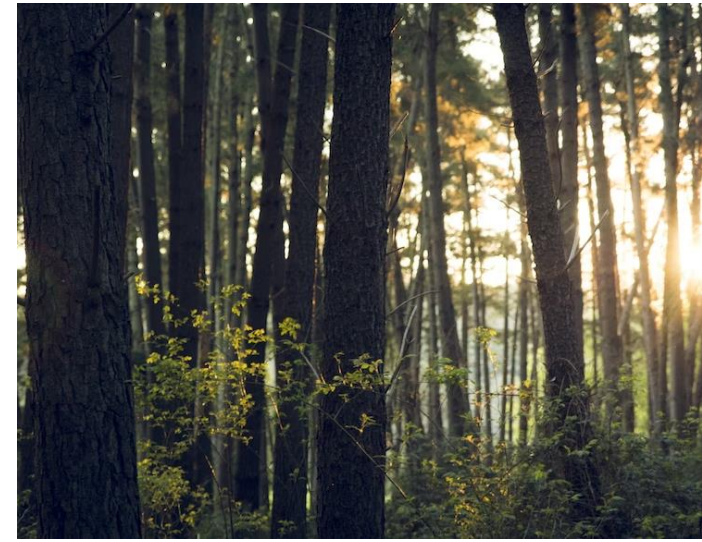
- Normalized market price of lumber
- Residential Lumber product category expected to grow above pre-pandemic levels
- Dedicated customer base that values premium lumber
- Quality products, seamless supply chain and customer support provide holistic experience
- Proven ability to keep retailers and big box stores in stock
- Best-in-class team ensures continual supply



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ESG

Stella-Jones
 [®]



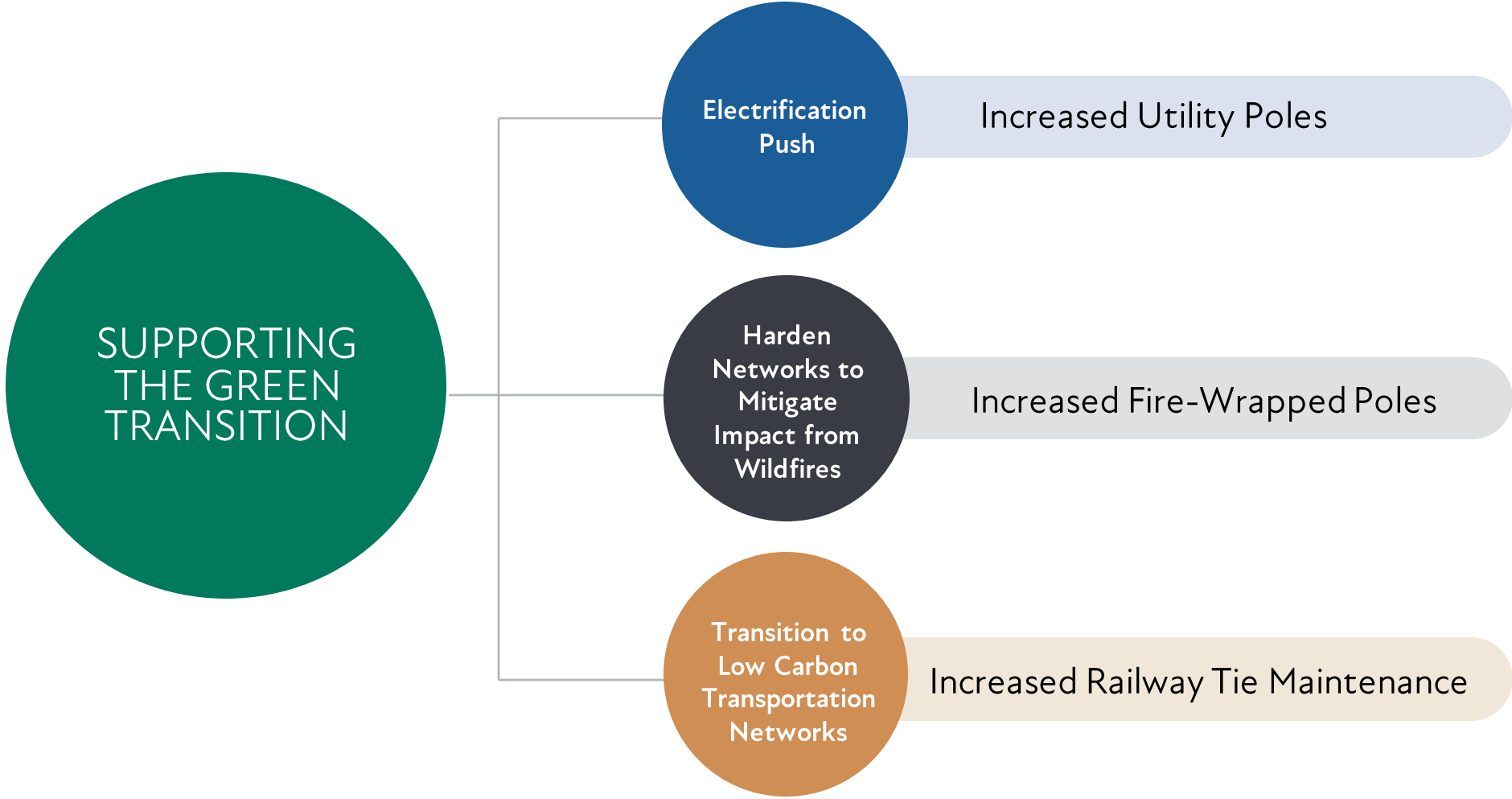
Sustainability at Stella-Jones

Our products store
significantly more carbon

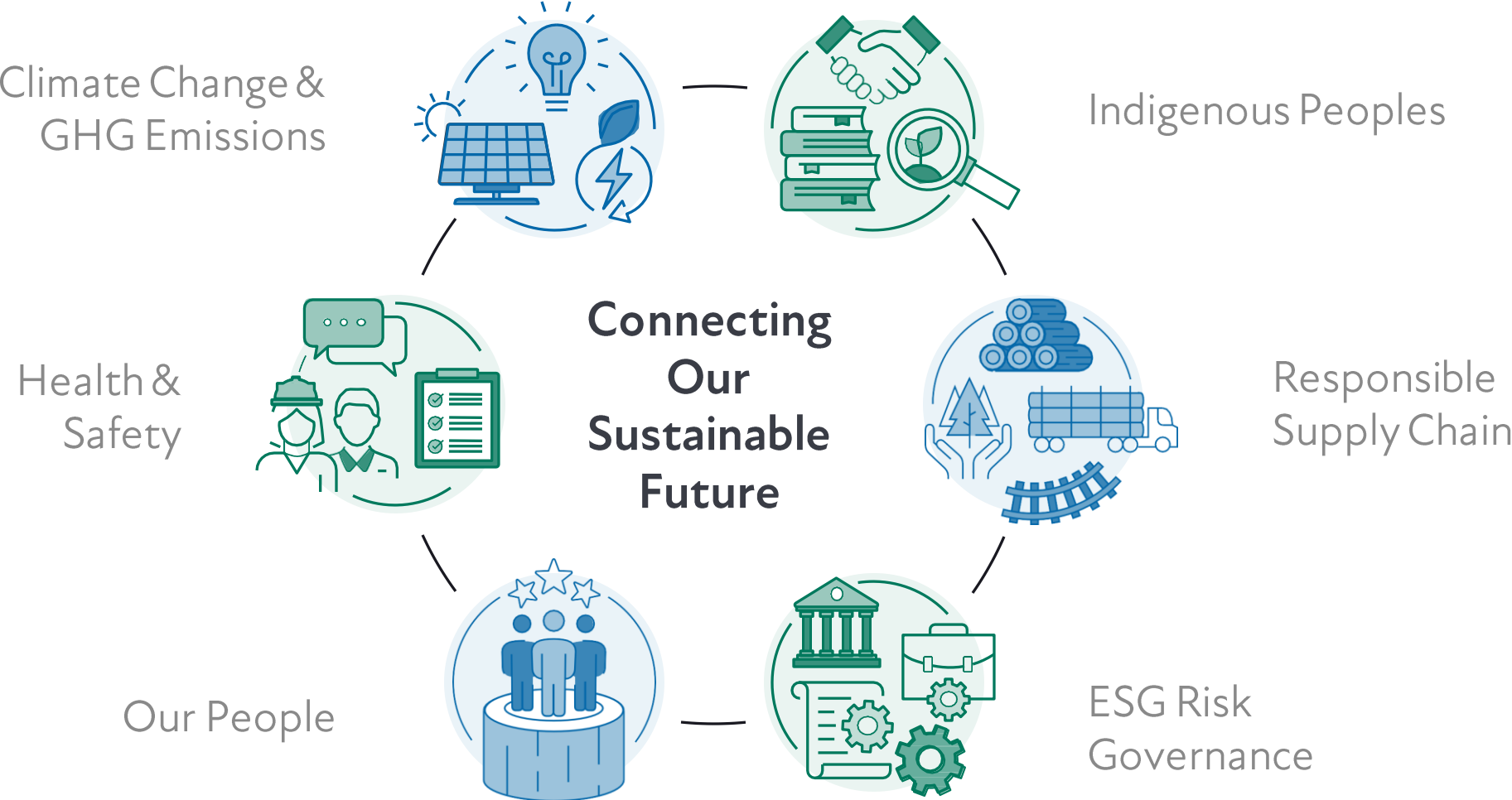
than emitted over their life-time and
can be an effective solution to mitigate
climate change

Sustainability at Stella-Jones

How Stella-Jones is positioned to support the low carbon economy of tomorrow

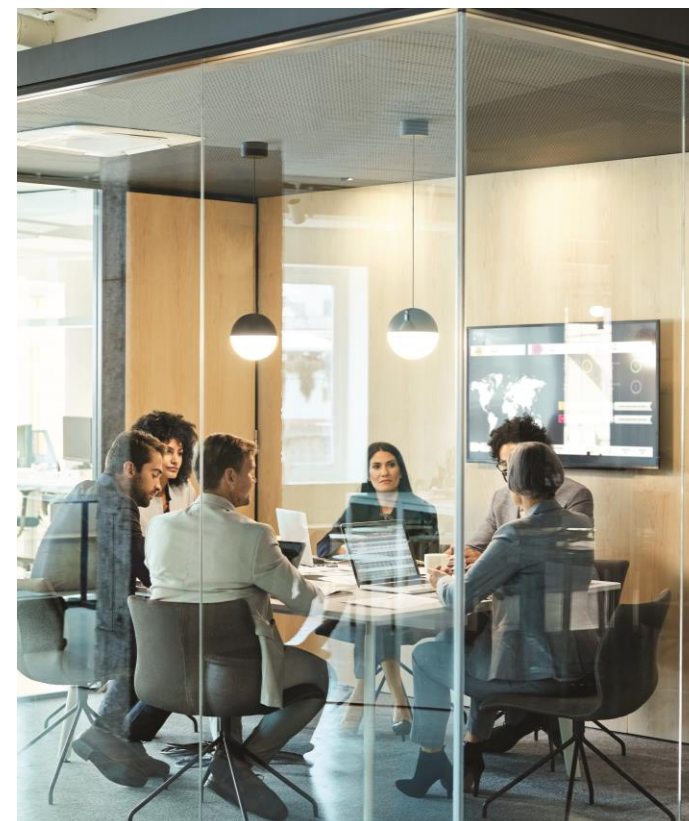


Our ESG Strategy



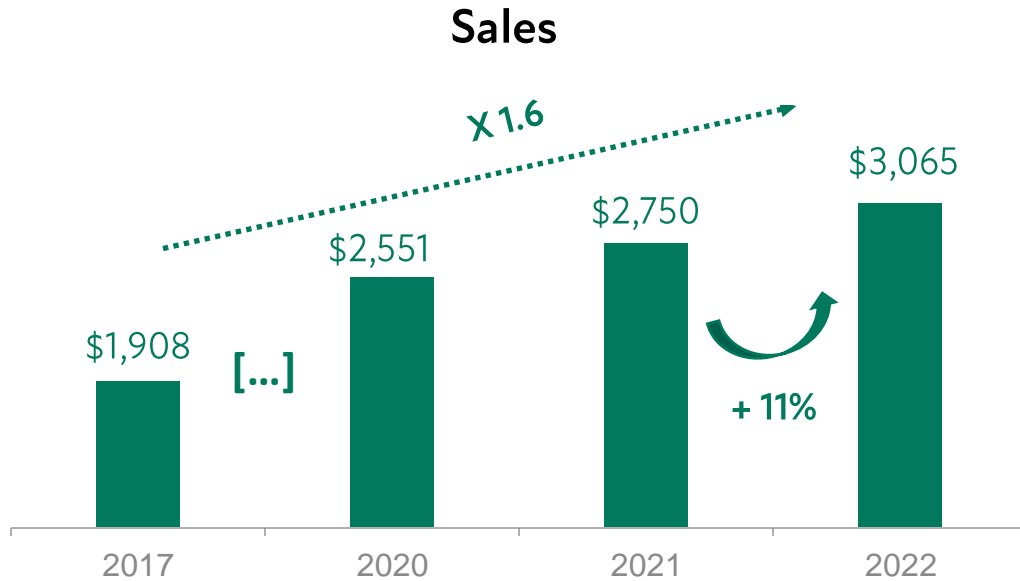
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Financial Outlook

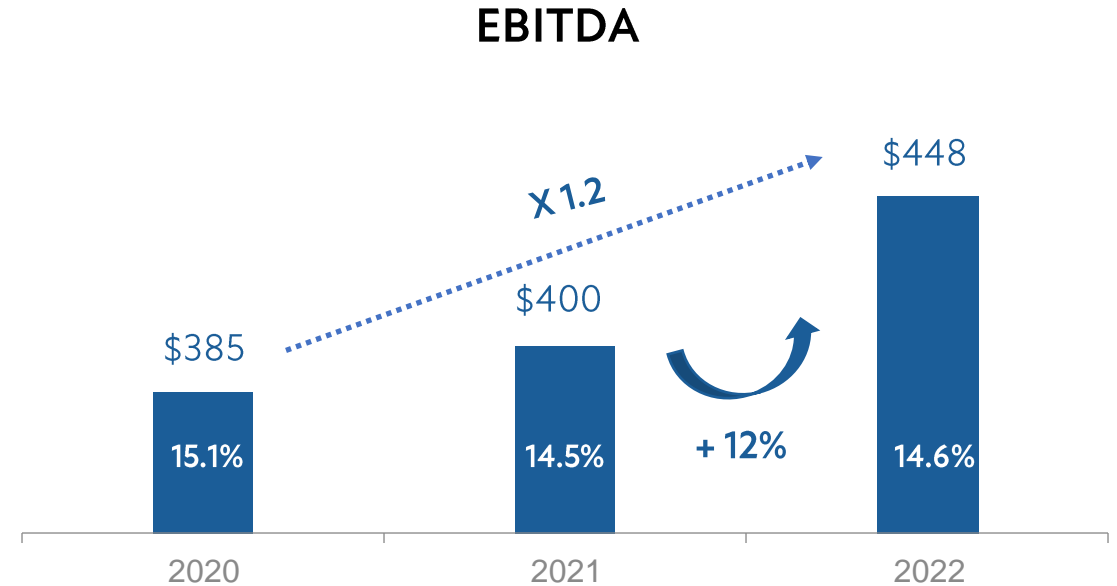


Track Record of Sustainable and Profitable Growth

(in millions of dollars)



- Strong and steady maintenance-driven demand



- EBITDA margin remained stable despite challenging macro-economic environment

Strong Cash Flow Generation

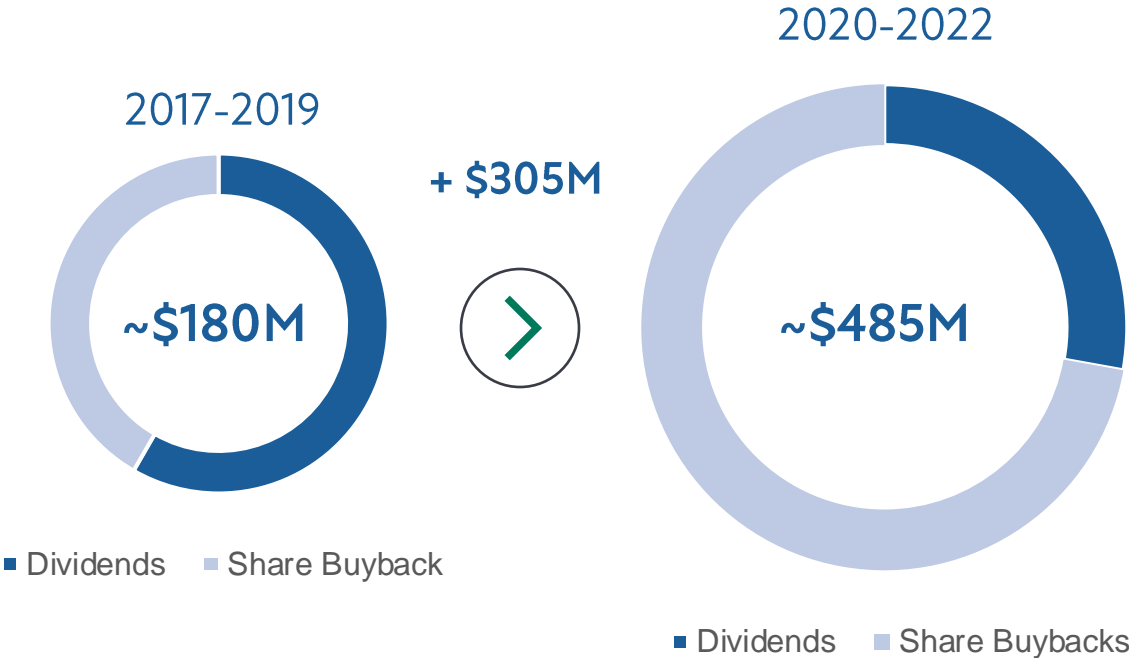
(in millions of dollars)

Cash Flow From Operating Activities



- Invest in our business and inventory position
- Expand pole production capacity
- Seize new growth opportunities

Committed to Returning Capital to Shareholders



Updated Financial Objectives: 2023 - 2025

Industry leading infrastructure-related businesses expected to account for **75%-80%** of sales

>\$3.6B	Organic Sales
16%	EBITDA Margin
>\$500M	Return to Shareholders
2.0x-2.5x	Net Debt-to-EBITDA ratio

Assumes Canadian dollar will trade, on average, at approximately C\$1.30 per U.S. dollar, with approximately 70% of total sales generated in the U.S.

Sales Growth Forecast

Utility
Poles

Projected CAGR from 2022-2025
15%

Railway
Ties

Annual organic sales growth
Low single digit range

Residential
Lumber

Expected annual sales given
industry-leading status
\$600-\$650M

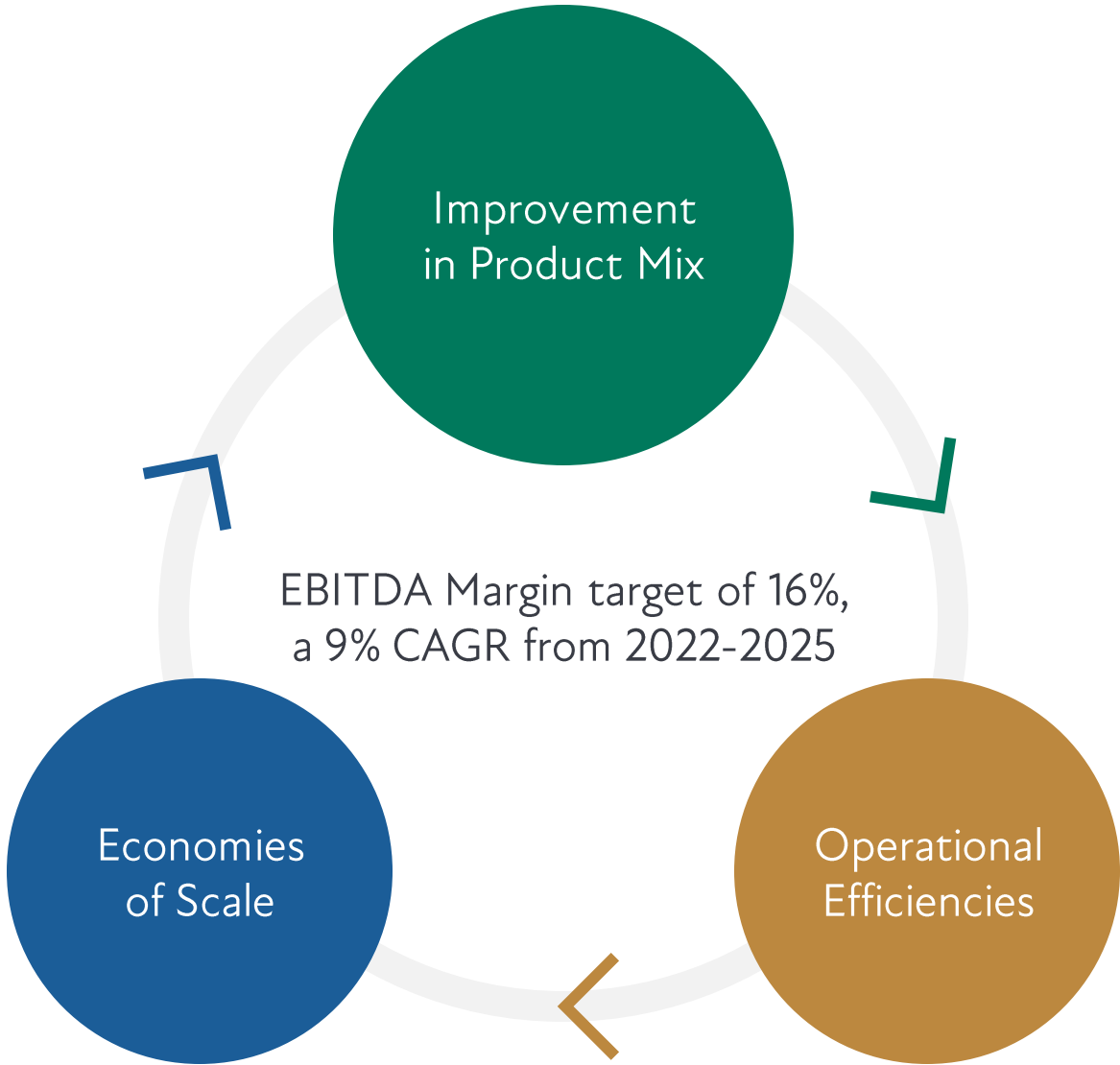


Total sales:

- >\$3.6B organic sales by 2025
- Projected CAGR of 6% from 2022-2025

EBITDA Growth Drivers

- ✓ Strong Demand in Utility Poles
Higher pricing and higher volumes
- ✓ Growth in Railway Ties
Stable source of revenue
- ✓ Strong Partnerships in Residential Lumber
Levels to stabilize



Disciplined Capital Allocation

Net Leverage Target: 2.0x-2.5x



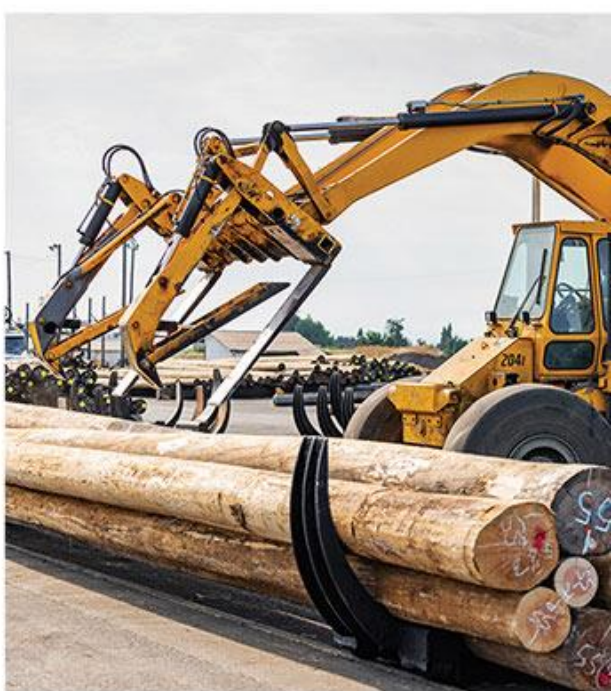
Maintaining a Solid Financial Position

- Strong balance sheet enables investment and maintenance of inventory
 - Low inventory turnover given timeframe required for air-drying
- Inventory is Stella-Jones' largest asset
 - Represented \$1.2 billion as at December 31, 2022
- Targeting Net Debt-to-EBITDA ratio of 2.0x – 2.5x
 - Low leverage ratio provides flexibility for strategic opportunities



Financial Outlook - Key Takeaways

- Sales to remain robust, targeting >\$3.6 billion by 2025:
 - Expected strong increase in utility poles
 - Steady railway ties demand
 - Consistent residential lumber performance
- EBITDA margin of 16% through 2025 expected due to:
 - Product mix improvement
 - Increased operational efficiencies
 - Maximizing economies of scale
- Return to shareholders of >\$500 million over 2023-2025 period
- Conservative Net Debt-to-EBITDA ratio of 2x-2.5x



Appendix

2022 – Financial Highlights

<i>(in millions of Canadian dollars, except per share data and margins)</i>	2022	2021	Variation (\$)	Variation (%)
Sales	3,065	2,750	315	11%
Gross Profit	524	456	68	15%
Gross Profit margin	17.1%	16.6%	n/a	50 bps
EBITDA	448	400	48	12%
EBITDA Margin	14.6%	14.5%	n/a	10 bps
Operating income	359	326	33	10%
Operating income margin	11.7%	11.9%	n/a	(20 bps)
Net income	241	227	14	6%
Earnings per share – basic and diluted	3.93	3.49	0.44	13%
Weighted average shares outstanding (basic, in '000s)	61,421	65,002	(3,581)	(6%)

Q1 2023 - Financial Highlights

(in millions of Canadian dollars, except per share data and margins)

	Q1-23	Q1-22	Variation (\$)	Variation (%)
Sales	710	651	59	9
Gross Profit	136	100	36	36
Gross Profit margin	19.2%	15.4%	n/a	380 bps
EBITDA	120	88	32	36
EBITDA Margin	16.9%	13.5%	n/a	340 bps
Operating income	95	67	28	42
Operating income margin	13.4%	10.3%	n/a	310 bps
Net income	60	46	14	30
Earnings per share – basic and diluted	1.03	0.73	0.30	41

Cash Flow and Capital Allocation

Q1 2023 Liquidity Uses:

- Support seasonal increase in working capital requirements
- Invest to maintain operating asset quality
- Expand pole production capacity
- Acquiring assets of IndusTREE
- Returning capital to shareholders

Normal Course Issuer Bid Highlights:

- Repurchased ~600,000 shares for ~\$30 million
- >1 million shares repurchased since November 2022
- ~4.5 million fewer average shares outstanding as at Q1 2023 compared to prior period

Declared Quarterly Dividend of \$0.23 per common Share



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