Source:	**Stella-Jones Inc.**	**Stella-Jones Inc.**
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STELLA-JONES ANNOUNCES FOURTH QUARTER AND YEAR-END RESULTS

Strong 2023 performance and a solid start to the Company's three-year strategic plan

- **Annual sales of $3,319 million, up 8%, driven by 13% organic sales growth in infrastructure product categories**
- **Record increase in 2023 EBITDA[(1)], up 36% to $608 million, or a margin[(1)] of 18.3%**
- **Annual net income of $326 million, or $5.62 per share, up 43% from 2022 EPS**
- **Quarterly cash dividend increased by 22% to $0.28 per share**
- **Leadership position strengthened by strategic capacity-enhancing investments**

Montreal, Quebec – February 29, 2024 - Stella-Jones Inc. (TSX: SJ) ("Stella-Jones" or the "Company") today announced financial results for its fourth quarter and year ended December 31, 2023.

"We concluded 2023 with a marked improvement in profitability and the successful execution of investments to support the continued growth momentum in our infrastructure product categories," said Eric Vachon, President and Chief Executive Officer of Stella-Jones. "With the first year of our three-year strategic plan now completed, I am proud of our collective achievements. We reinforced our solid industry presence through strategic acquisitions and capital projects, we worked to secure additional long-term sales commitments to seize growing demand from existing and new customers, and we leveraged the forward-thinking and expert know-how of our team to deliver exceptional results."

"Driven by the increased level of profitability, we announced a 22% growth in the Company's quarterly dividend. This is the 20th year of continuous dividend increases, which truly speaks to our confidence in the long-term financial strength of our business. We are optimistic that the thoughtful planning and execution of our business strategy, combined with recently set sustainability targets and our disciplined capital management, will enable us to sustain profitable growth and deliver meaningful value for all our stakeholders. On the heels of such a banner year for our business, Stella-Jones' growth prospects are promising, and we are ready for the future," concluded Mr. Vachon.

Financial Highlights (in millions of Canadian dollars, except per share data and margins)	**Q4-23**	**Q4-22**	**2023**	**2022**
Sales	688	665	3,319	3,065
Gross profit[(1)]	137	112	688	524
Gross profit margin[(1)]	19.9%	16.8%	20.7%	17.1%
EBITDA[(1)]	120	87	608	448
EBITDA margin[(1)]	17.4%	13.1%	18.3%	14.6%
Operating income	89	61	499	359
Operating income margin[(1)]	12.9%	9.2%	15.0%	11.7%
Net income for the period	56	36	326	241
Earnings per share ("EPS") - basic and diluted	0.98	0.61	5.62	3.93
Weighted average shares outstanding (basic, in '000s)	57,076	59,449	57,963	61,421

(1) Refer to the section "Non-GAAP and other financial measures" in this press release.

FOURTH QUARTER RESULTS

Sales for the fourth quarter of 2023 amounted to $688 million, up 3% from sales of $665 million for the same period in 2022. Excluding the contribution from the acquisition of the utility pole manufacturing business of Texas Electric Cooperatives, Inc. (“TEC”) in November 2022 and Baldwin Pole and Piling ("Baldwin") in July 2023 of $15 million and currency conversion of one million dollars, pressure-treated wood sales rose $22 million, or 4%, driven by the 8% organic sales growth of the Company’s infrastructure businesses, namely utility poles, railway ties and industrial products. Higher pricing for utility poles and railway ties was partially offset by lower volumes and a decrease in residential lumber sales.

Pressure-treated wood products:

- **Utility poles (56% of Q4-23 sales)**: Utility poles sales amounted to $383 million, up from $326 million for the same period last year. Excluding the contribution from acquisitions, sales increased 13%, driven by pricing gains. The lower sales volume in the quarter was largely explained by the softer pace of utility pole purchases, mostly attributable to capital budget constraints of certain customers.

- **Railway ties (24% of Q4-23 sales)**: Sales of railway ties amounted to $165 million, compared to $161 million last year. Railway ties sales rose 2%, as improved pricing for both Class 1 and non-Class 1 business was largely offset by lower non-Class 1 volumes.

- **Residential lumber (12% of Q4-23 sales)**: Residential lumber sales totaled $82 million, down from $100 million of sales generated in the same period in 2022. The decrease in residential lumber sales stemmed from lower pricing attributable to the decrease in the market price of lumber, as well as lower sales volumes.

- **Industrial products (4% of Q4-23 sales)**: Industrial product sales amounted to $27 million, down from $32 million last year, mainly due to the timing of projects related to railway bridges and crossings.

Logs and lumber:

- **Logs and lumber (4% of Q4-23 sales)**: Logs and lumber sales totaled $31 million, down 33% compared to the same period last year, driven by a decrease in the market price of logs and lumber, partially offset by higher log sales activity, compared to the fourth quarter last year.

Gross profit(1) was $137 million in the fourth quarter of 2023, versus $112 million, in the fourth quarter of 2022, representing a margin(1) of 19.9% and 16.8% respectively. The increase in absolute dollars was largely attributable to the margin expansion for utility poles and railway ties, offset in part by lower sales volumes and a decrease in the gross profit of residential lumber. As a percentage of sales, the gross profit also benefited from a better product mix.

Similarly, operating income totaled $89 million in 2023 versus operating income of $61 million in the corresponding period of 2022, while EBITDA(1) increased to $120 million, or a margin of 17.4%, compared to $87 million, or a margin of 13.1% reported in the fourth quarter of 2022.

Net income for the fourth quarter of 2023 was $56 million, or $0.98 per share, compared to net income of $36 million, or $0.61 per share, in the corresponding period of 2022.

(1) Refer to the section "Non-GAAP and other financial measures" in this press release.

2023 RESULTS

Sales in 2023 were up 8% to $3,319 million, compared to $3,065 million last year. Excluding the contribution from acquisitions of $75 million and the positive effect of currency conversion of $84 million, pressure-treated wood sales rose $169 million, or 6%. Infrastructure sales grew organically by $274 million or 13%, while residential lumber sales dropped by $105 million. All the infrastructure product categories benefited from higher year-over-year sales prices, partially offset by lower volumes, while residential lumber sales were impacted by the decrease in the market price of lumber when compared to the prior year. This lower pricing more than offset the increase in residential lumber volumes.

Pressure-treated wood products:

- **Utility poles (47% of 2023 sales)**: Utility poles sales increased to $1,571 million in 2023, compared to sales of $1,227 million in 2022. Excluding the contribution from the acquisition of assets of TEC and Baldwin, and the currency conversion effect, utility poles sales increased by $222 million, or 18%, driven by pricing gains. While production volumes benefited in 2023 from growth projects, sales volumes were lower compared to the prior year. Sales volumes in 2023 were impacted by the deferred maintenance of California utilities due to extreme weather events in the first half of the year and the softer pace of utility pole purchases of certain customers in the latter part of the year.

- **Railway ties (25% of 2023 sales)**: Railway ties sales were $828 million in 2023, compared to sales of $750 million in 2022. Excluding the currency conversion effect, railway ties sales increased $52 million, or 7%, largely attributable to sales price increases, in response to higher costs, and higher Class 1 volumes. Overall, sales volumes were lower year-over-year due to the non-Class 1 business, which was impacted by the Company's reduced level of treated ties inventory following the limited fibre supply availability in 2022.

- **Residential lumber (19% of 2023 sales)**: Sales in the residential lumber category decreased to $645 million in 2023, compared to sales of $744 million in 2022. Excluding the currency conversion effect, residential lumber sales decreased $105 million, or 14%, driven by a decrease in pricing attributable to the lower market price of lumber when compared to 2022. Better consumer demand and the resulting higher sales volumes in 2023 was not sufficient to offset the lower pricing.

- **Industrial products (5% of 2023 sales)**: Industrial product sales increased to $148 million in 2023 compared to sales of $143 million in 2022. Excluding the currency conversion effect, industrial product sales remained stable compared to last year.

Logs and lumber:

- **Logs and lumber (4% of 2023 sales)**: Sales in the logs and lumber product category were $127 million in 2023, down from $201 million in 2022. The decrease in sales was largely due to a decline in the market price of lumber and less lumber trading activity compared to last year. Logs sales remained stable as higher log sales activity was offset by the lower market price of logs.

Gross profit(1) was $688 million in 2023 compared to $524 million in 2022, representing a margin(1) of 20.7% and 17.1%, respectively. The increase in gross profit in absolute dollars was largely due to the margin expansion of the Company's infrastructure businesses, particularly stemming from utility poles, partially offset by lower sales volumes and a decrease in the gross profit of residential lumber. The acquisition of the wood utility pole manufacturing businesses in late 2022 and in 2023, and the positive impact of the currency conversion, further contributed to the higher gross profit for the year ended December 31, 2023. As a percentage of sales, the gross profit also benefited from a better product mix, led by the strong growth of utility poles sales and the lower relative proportion of residential lumber sales.

Operating income totaled $499 million in 2023 versus operating income of $359 million in 2022, while EBITDA[(1)] increased 36% to $608 million in 2023, compared to $448 million in 2022. Benefiting from the strong organic sales growth and a better product mix, EBITDA margin[(1)] expanded from 14.6% in 2022 to 18.3% in 2023.

Net income in 2023 was $326 million, versus net income of $241 million in 2022. Earnings per share in 2023 were $5.62, compared to earnings per share of $3.93 in 2022.

(1) Refer to the section "Non-GAAP and other financial measures" in this press release.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2023, Stella-Jones used the cash generated from operations of $107 million and available credit to maintain and upgrade its assets, expand and secure production capacity, including acquiring three businesses, as well as return $195 million of capital to shareholders. In 2023, the dividend paid amounted to $0.92 per share, representing a 15% increase compared to 2022.

As at December 31, 2023, the net debt-to-EBITDA[(1)] ratio increased above the target range, at 2.6x, largely explained by the investment in strategic growth opportunities totaling $152 million in 2023.

Subsequent to year-end, the Company amended and restated the syndicated credit agreement in order to increase the amount available under the unsecured revolving credit facility to US$600 million and extend the term of the US$475 million tranche to February 27, 2028, and the US$125 million tranche to February 27, 2026.

(1) Refer to the section "Non-GAAP and other financial measures" in this press release.

NORMAL COURSE ISSUER BID

On November 6, 2023, the TSX accepted the Company’s Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 2,500,000 common shares during the 12-month period commencing November 14, 2023 and ending November 13, 2024, representing approximately 5% of the public float of its common shares.

In 2023, the Company repurchased 2,286,484 common shares for cancellation in consideration of $142 million, under its NCIBs then in effect.

QUARTERLY DIVIDEND INCREASED 22% TO $0.28 PER SHARE

On February 28, 2024, the Board of Directors declared a quarterly dividend of $0.28 per common share payable on April 19, 2024 to shareholders of record at the close of business on April 1, 2024. This dividend is designated to be an eligible dividend.

2023-2025 FINANCIAL OBJECTIVES: PROGRESS IN 2023

In the first year of its 2023-2025 financial plan, the Company delivered a strong performance and made significant progress towards the achievement of its financial objectives, as summarized in the table below. Based on 2023 financial metrics, the Company is on track to meet its 2025 objectives.

(in millions of dollars, except percentages and ratios)	**2023-2025 Objectives** [(1)]	**2023**	**Results**
Sales	> $3,600	$3,319	On Track
EBITDA margin [(3)]	16%	18.3%	On Track
Return to Shareholders: cumulative	> $500	$195	On Track
Net Debt-to-EBITDA [(2) (3)]	2.0x-2.5x	2.6x	On Track

[(1)] Excludes acquisitions and 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.

[(2)] The Company may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements. In 2023, the Company financed $152 million of strategic growth opportunities.

[(3)] Refer to the section entitled "Non-GAAP and Other Financial Measures" of this press release.

Key Highlights:

a. Projected compound annual growth rate ("CAGR") for sales of 6% for the 2023-2025 period, driven by a 9% CAGR for the Company's infrastructure businesses, expected to account for 75%-80% of total sales:
    - Utility poles: 15% sales CAGR, supported by a growth capital expenditure program of $115 million;
    - Railway ties: low single-digit annual sales growth;

b. Residential lumber: annual sales target of $600-$650 million, representing less than 20% of total sales;

c. EBITDA margin of 16% through 2025 driven by improvement in product mix.

CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on February 29, 2024, at 10:00 a.m. Eastern Standard Time. Interested parties can join the call by dialing 1-866-518-4114. A live audio webcast of the conference call will be available on the Company's website, on the Investor relations section's home page or here: https://web.lumiagm.com/440096911. This recording will be available on Thursday, February 29, 2024, as of 1:00 PM until 11:59 PM on Thursday, March 7, 2024.

ABOUT STELLA-JONES

Stella-Jones Inc. (TSX: SJ) is a leading North American 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 Canadian customers through its national manufacturing and distribution network. The Company's common shares are listed on the Toronto Stock Exchange.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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, operational disruption, 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.

Note to readers: The audited consolidated financial statements for the year ended December 31, 2023 as well as management's discussion and analysis are available on Stella-Jones' website at www.stella-jones.com.

Head Office	Exchange Listings	Investor Relations
3100 de la Côte-Vertu Blvd., Suite 300 Saint-Laurent, Québec H4R 2J8 Tel.: (514) 934-8666 Fax: (514) 934-5327	The Toronto Stock Exchange Stock Symbol: SJ **Transfer Agent and Registrar** Computershare Investor Services Inc.	Silvana Travaglini Senior Vice-President and Chief Financial Officer Tel.: (514) 934-8660 Fax: (514) 934-5327 stravaglini@stella-jones.com

(expressed in millions of Canadian dollars, except earnings per common share)

	For the three-month periods ended December 31,		For the years ended December 31,	
	2023	**2022**	**2023**	**2022**
Sales	688	665	3,319	3,065
Expenses				
Cost of sales (including depreciation and amortization (3 months - $28 (2022 - $21) and 12 months - $94 (2022 - $74))	551	553	2,631	2,541
Selling and administrative (including depreciation and amortization (3 months - $3 (2022 - $5) and 12 months - $15 (2022 - $15))	44	44	181	157
Other losses, net	4	7	8	8
	599	604	2,820	2,706
Operating income	89	61	499	359
Financial expenses	21	11	68	33
Income before income taxes	68	50	431	326
Income tax expense				
Current	(12)	15	83	79
Deferred	24	(1)	22	6
	12	14	105	85
Net income	56	36	326	241
Basic and diluted earnings per common share	0.98	0.61	5.62	3.93

(expressed in millions of Canadian dollars)

	2023	2022
Assets		
Current assets		
Accounts receivable	308	287
Inventories	1,580	1,238
Income taxes receivable	11	—
Other current assets	48	58
	1,947	1,583
Non-current assets		
Property, plant and equipment	906	755
Right-of-use assets	285	160
Intangible assets	169	171
Goodwill	375	369
Derivative financial instruments	21	29
Other non-current assets	5	6
	3,708	3,073
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	204	201
Income taxes payable	—	7
Current portion of long-term debt	100	1
Current portion of lease liabilities	54	41
Current portion of provisions and other long-term liabilities	26	9
	384	259
Non-current liabilities		
Long-term debt	1,216	940
Lease liabilities	240	126
Deferred income taxes	175	158
Provisions and other long-term liabilities	31	26
Employee future benefits	10	7
	2,056	1,516
Shareholders' equity		
Capital stock	189	194
Retained earnings	1,329	1,192
Accumulated other comprehensive income	134	171
	1,652	1,557
	3,708	3,073

(expressed in millions of Canadian dollars)

	2023	2022
Cash flows from (used in)		
Operating activities		
Net income	326	241
Adjustments for		
Depreciation of property, plant and equipment	40	31
Depreciation of right-of-use assets	53	42
Amortization of intangible assets	16	16
Financial expenses	68	33
Income tax expense	105	85
Other	11	9
	619	457
Changes in non-cash working capital components		
Accounts receivable	(7)	(43)
Inventories	(353)	(75)
Income taxes receivable	(2)	—
Other current assets	8	(9)
Accounts payable and accrued liabilities	9	22
	(345)	(105)
Interest paid	(68)	(32)
Income taxes paid	(99)	(65)
	107	255
Financing activities		
Net change in revolving credit facilities	362	139
Proceeds from long-term debt	33	63
Repayment of long-term debt	(1)	(33)
Repayment of lease liabilities	(50)	(41)
Dividends on common shares	(53)	(49)
Repurchase of common shares	(142)	(180)
Other	2	—
	151	(101)
Investing activities		
Business combinations	(93)	(46)
Purchase of property, plant and equipment	(155)	(97)
Additions of intangible assets	(10)	(11)
	(258)	(154)
Net change in cash and cash equivalents during the year	—	—
Cash and cash equivalents – Beginning of year	—	—
Cash and cash equivalents – End of year	—	—

NON-GAAP AND OTHER FINANCIAL MEASURES

This section includes information required by National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure in respect of "specified financial measures" (as defined therein).

The below-described non-GAAP measures have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. The Company's method of calculating these measures may differ from the methods used by others, and, accordingly, the definition of these non-GAAP financial measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures should not be viewed as a substitute for the related financial information prepared in accordance with GAAP.

Non-GAAP financial measures include:

- **Gross profit**: Sales less cost of sales
- **EBITDA**: Operating income before depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets (also referred to as earnings before interest, taxes, depreciation and amortization)
- **Net debt:** Sum of long-term debt and lease liabilities (including the current portion)

Non-GAAP ratios include:

- **Gross profit margin**: Gross profit divided by sales for the corresponding period
- **EBITDA margin**: EBITDA divided by sales for the corresponding period
- **Net debt-to-EBITDA**: Net debt divided by trailing 12-month (TTM) EBITDA

Other specified financial measures include:

- **Operating income margin**: Operating income divided by sales for the corresponding period

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. More specifically:

- **Gross profit and gross profit margin:** The Company uses these financial measures to evaluate its ongoing operational performance.
- **EBITDA and EBITDA margin:** The Company believes these measures 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.
- **Net debt and net debt-to EBITDA:** The Company believes these measures are indicators of the financial leverage of the Company.

The following tables present the reconciliations of non-GAAP financial measures to their most comparable GAAP measures.

Reconciliation of operating income to EBITDA (in millions of dollars)	**Three-month periods ended December 31,**		**Years ended December 31,**	
	2023	**2022**	**2023**	**2022**
Operating income	89	61	499	359
Depreciation and amortization	31	26	109	89
EBITDA	**120**	**87**	**608**	**448**

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	**Years ended December 31,**	
	2023	**2022**
Long-term debt, including current portion	1,316	941
Add:		
Lease liabilities, including current portion	294	167
Net Debt	**1,610**	**1,108**
EBITDA (TTM)	608	448
Net Debt-to-EBITDA	**2.6x**	**2.5x**