

FUTURE READY

Q1 2024 Financial Results



May 8, 2024

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, 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, 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.

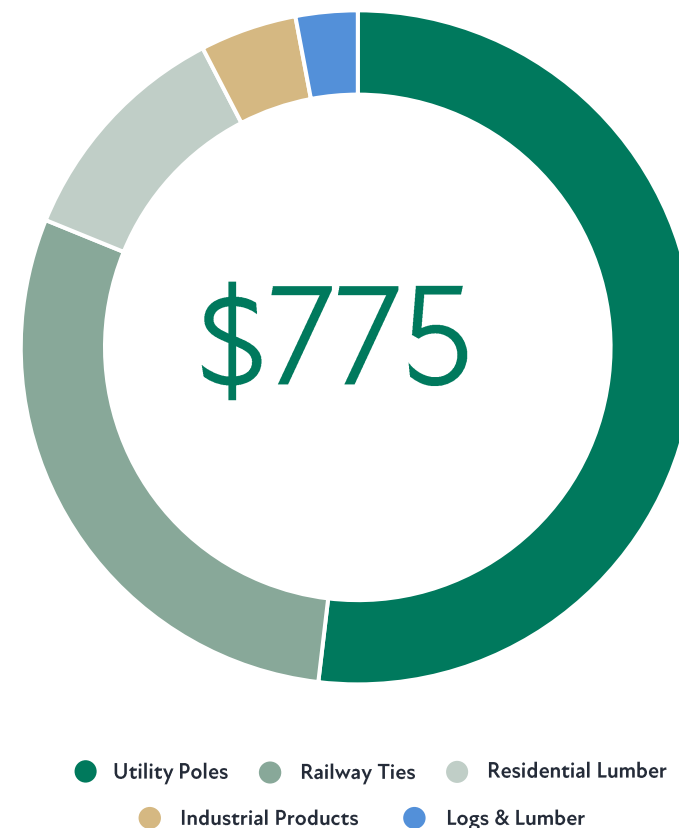
Please refer to the section "Non-GAAP and other financial measures" of the Company's latest MD&A, available at www.sedarplus.ca.

STRONG START TO 2024 FOLLOWING RECORD 2023 RESULTS

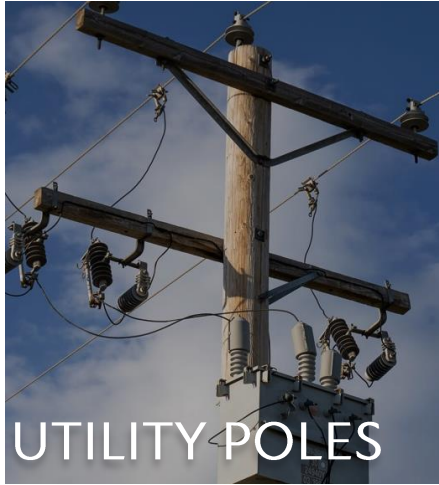
Highlights:

- Total sales of \$775 million, up 9% from Q1 2023 from significant growth in infrastructure product categories
- Record EBITDA of \$156 million, up 30% from Q1 2023
- EBITDA margin increased to 20.1% from 16.9% in Q1 2023
- Net income of \$77 million, or \$1.36 per share, up 32% from Q1 2023 Earnings Per Share

SALES BY PRODUCT CATEGORY
(in millions of \$)



PRODUCT CATEGORY OVERVIEW



52% of Sales

- Sales increased to **\$402** million
- Organic growth of **7%**, driven by higher pricing



29% of Sales

- Sales increased to **\$227** million
- Increase driven by higher volumes for non-Class 1 customers



5% of Sales

- Sales of **\$36** million



11% of Sales

- Sales of **\$87** million



3% of Sales

- Sales of **\$23** million

Q1 2024 FINANCIAL PERFORMANCE

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

	Q1-24	Q1-23	Variation (\$)	Variation (%)
Sales	775	710	65	9%
Gross Profit ⁽¹⁾	172	136	36	26%
Gross Profit margin ⁽¹⁾	22.2%	19.2%	n/a	300 bps
EBITDA ⁽¹⁾	156	120	36	30%
EBITDA Margin ⁽¹⁾	20.1%	16.9%	n/a	320 bps
Operating income	124	95	29	31%
Operating income margin ⁽¹⁾	16.0%	13.4%	n/a	260 bps
Net income	77	60	17	28%
Earnings per share – basic and diluted	1.36	1.03	0.33	32%

⁽¹⁾ Please refer to the section “Non-GAAP and other financial measures” in Stella-Jones’ MD&A for the three-months ended March 31, 2024 for an explanation of the non-GAAP and other financial measures used and presented by Stella-Jones and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures

Q1 2024 CASH FLOW AND CAPITAL ALLOCATION

Net debt-to-EBITDA⁽¹⁾ ratio of 2.7x

- Largely due to increase in working capital requirements during the first quarter of each year

Q1 2024 Liquidity Uses:

- Support seasonal increase in working capital requirements
- Maintain assets
- Expand production capacity
- Return capital to shareholders

Returned ~\$225 million to shareholders since the start of our 2023-2025 guidance

Declared quarterly dividend of \$0.28 per common share



(1) Please refer to the section “Non-GAAP and other financial measures” in Stella-Jones’ MD&A for the three-months ended March 31, 2024 for an explanation of the non-GAAP and other financial measures used and presented by Stella-Jones and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures

FOCUSED ON GROWING SALES AND EBITDA MARGIN

OBJECTIVES: 2023-2025

	SALES	SALES MIX	EBITDA
Utility Poles	15% CAGR		
Railway Ties	Low single-digit annual growth		
Infrastructure product categories	9% CAGR	75-80%	16% through 2025, driven by the increased proportion of higher-margin utility poles sales in the Company's total mix
Residential Lumber	\$600 - \$650 million per year	< 20%	

Consolidated Objectives: **6%** Sales CAGR, **9%** EBITDA CAGR

FUTURE READY



www.stella-jones.com



[Stella-Jones](#)



[Stella-Jones](#)

