

# FUTURE READY

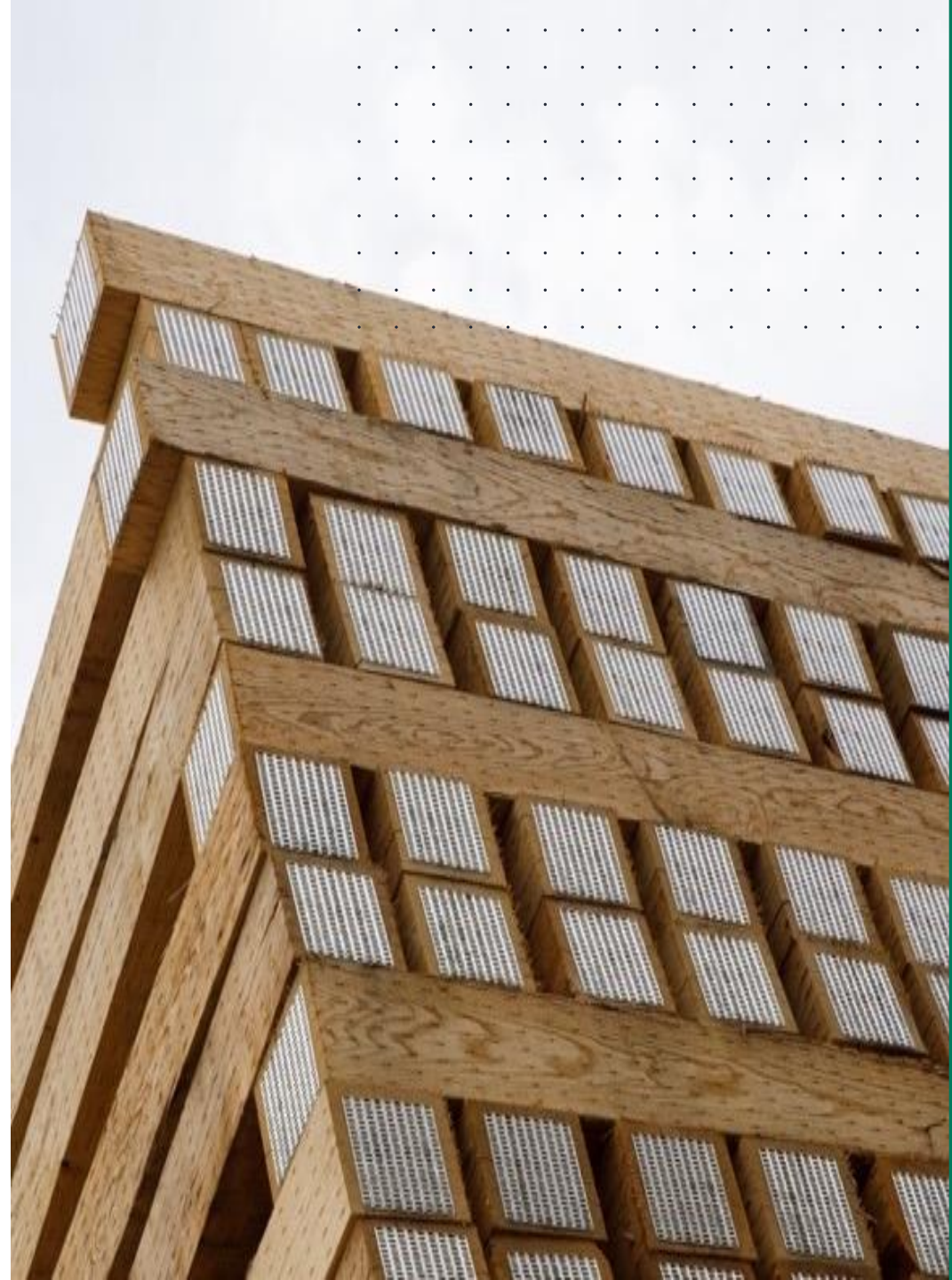
Annual and Special  
Meeting of  
Shareholders



May 8, 2024

# AGENDA

- **Opening of the Meeting**
- Chair, Secretary and Scrutineers
- Notice of Meeting
- Scrutineer's Report
- Voting
- Annual Report & Independent Auditor's Report
- Election of the Directors
- Appointment of Auditors
- Treasury Share Unit Plan
- Advisory Vote on Executive Compensation
- Closing of the Votes
- Termination of the Formal Portion of the Meeting
- Management Presentations
- Question Period





# MANAGEMENT



**Eric Vachon, CPA**  
President &  
Chief Executive Officer



**Silvana Travaglini, CPA**  
Senior Vice-President &  
Chief Financial Officer



**Marla Eichenbaum**  
Vice-President, General  
Counsel & Secretary

# NON-EXECUTIVE DIRECTORS



**Michelle Banik**



**Robert Coalier**



**Anne E. Giardini**



**Rhodri J. Harries**



**Karen Laflamme**



**Katherine A. Lehman**



**James A. Manzi, Jr.**



**Douglas Muzyka**



**Sara O'Brien**



**Simon Pelletier**

# 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, 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, earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin, operating income margin and net debt-to-EBITDA 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.

Please refer to the section "Non-GAAP and other financial measures" of the Company's MD&A for year-ended December 31, 2023 available at [www.sedarplus.ca](http://www.sedarplus.ca).

# Katherine A. Lehman

## Chair of the Board





# ENHANCING OUR SOUND GOVERNANCE

- Audit Committee added responsibility of assessment of related-party transactions
- Broadened mandate of Human Resources and Compensation Committee to include oversight of attracting and retaining talent
- Adopted Human Rights Policy and Indigenous Peoples Policy that outlines commitment to increasing awareness and understanding of Indigenous culture and history
- Codified measurable ESG goals across six strategic topics



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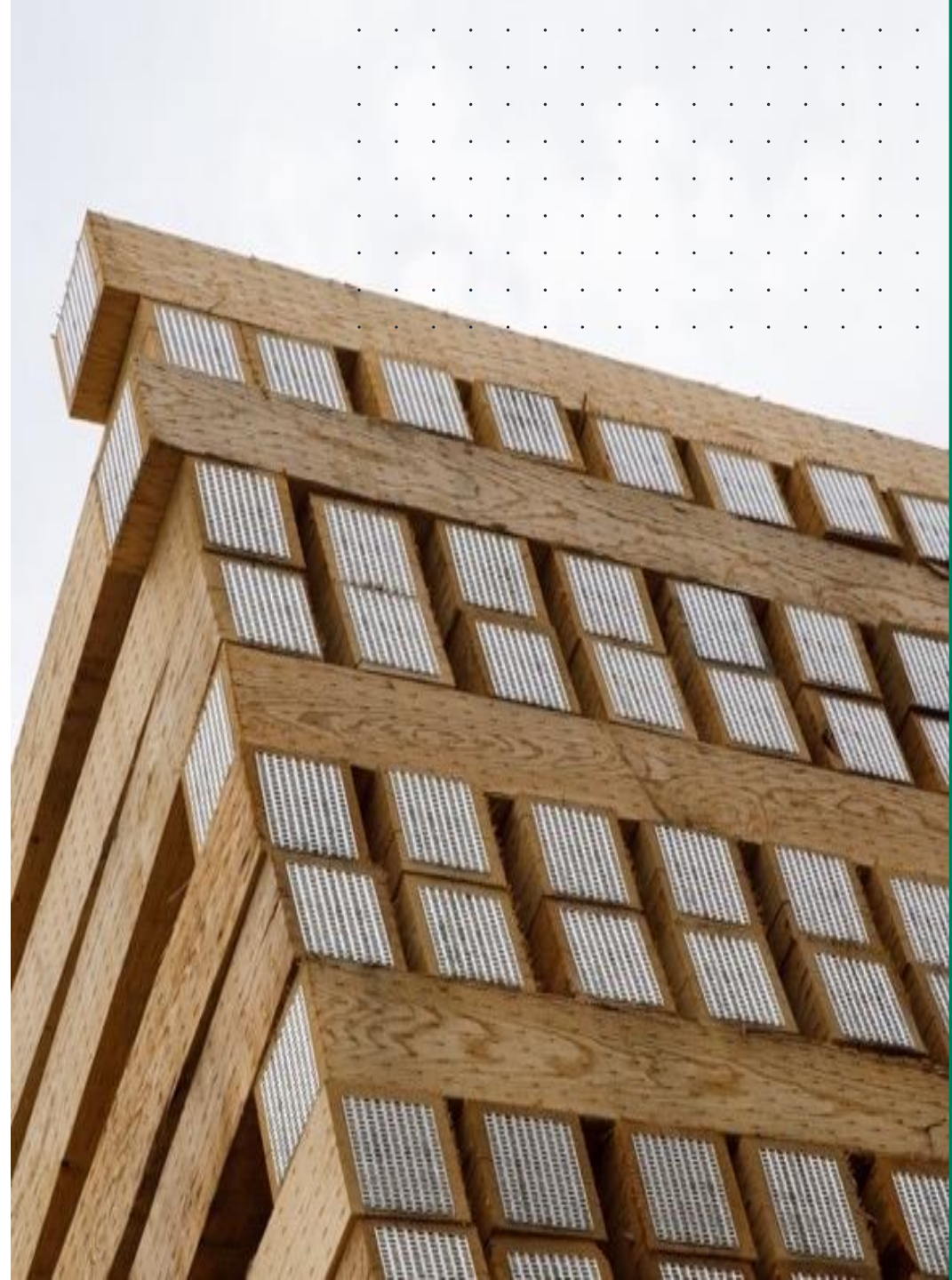
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**Eric Vachon**

President & Chief  
Executive Officer





# FUTURE READY



# DISCIPLINED APPROACH TO BUILDING CAPACITY

## Growth Capex Program

- Increased peeling, drying and treating capacity

## Accretive Acquisitions

- Completed three strategic acquisitions in 2023

## Health and Safety Campaign: “Safety Matters, Because You Matter”

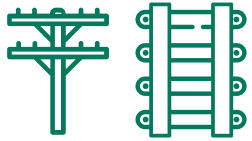
## Supporting Customers Through Robust Logistics

## Strategically Augmenting Capacity

- Captured procurement opportunities
- Prioritized relationships with sawmills and loggers to build robust inventory position



# STRONG LONG-TERM FUNDAMENTALS



Steady utility and railway tie maintenance



Broadband and 5G expansion



Government-led initiatives and mandates



Loyal and dedicated customer base

# FORMALIZED ESG STRATEGY





**Silvana Travaglini**

Senior Vice-President & Chief  
Financial Officer



# RECORD 2023

## FINANCIAL RESULTS

(in millions of Canadian dollars, except per share data and margins)	2023	2022
Sales	<b>3,319</b>	3,065
Gross profit <sup>(1)</sup>	<b>688</b>	524
Gross profit margin <sup>(1)</sup>	<b>20.7%</b>	17.1%
EBITDA <sup>(1)</sup>	<b>608</b>	448
EBITDA margin <sup>(1)</sup>	<b>18.3%</b>	14.6%
Operating income	<b>499</b>	359
Operating income margin <sup>(1)</sup>	<b>15.0%</b>	11.7%
Net income	<b>326</b>	241
Earnings per share – basic and diluted	<b>5.62</b>	3.93

(1) Please refer to the section “Non-GAAP and other financial measures” in Stella-Jones’ MD&A for the year ended December 31, 2023 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

# MAINTAINING A SOLID FINANCIAL POSITION

- Disciplined capital allocation
- Strong balance sheet enables investment and maintenance of inventory
  - Invested in growth opportunities totaling \$150 million
  - Added to inventory position to support anticipated infrastructure demand growth in 2024 and to secure longer-term utility poles sales commitments





# 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 <sup>(1)</sup>	172	136	36	26%
Gross profit margin <sup>(1)</sup>	22.2%	19.2%	n/a	300 bps
EBITDA <sup>(1)</sup>	156	120	36	30%
EBITDA margin <sup>(1)</sup>	20.1%	16.9%	n/a	320 bps
Operating income	124	95	29	31%
Operating income margin <sup>(1)</sup>	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

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

## Q1 2024 Liquidity Uses:

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

Declared quarterly dividend of \$0.28 per common share



**Eric Vachon**  
President &  
Chief Executive Officer





# FINANCIAL OBJECTIVES: 2023-2025

Industry leading  
infrastructure products  
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

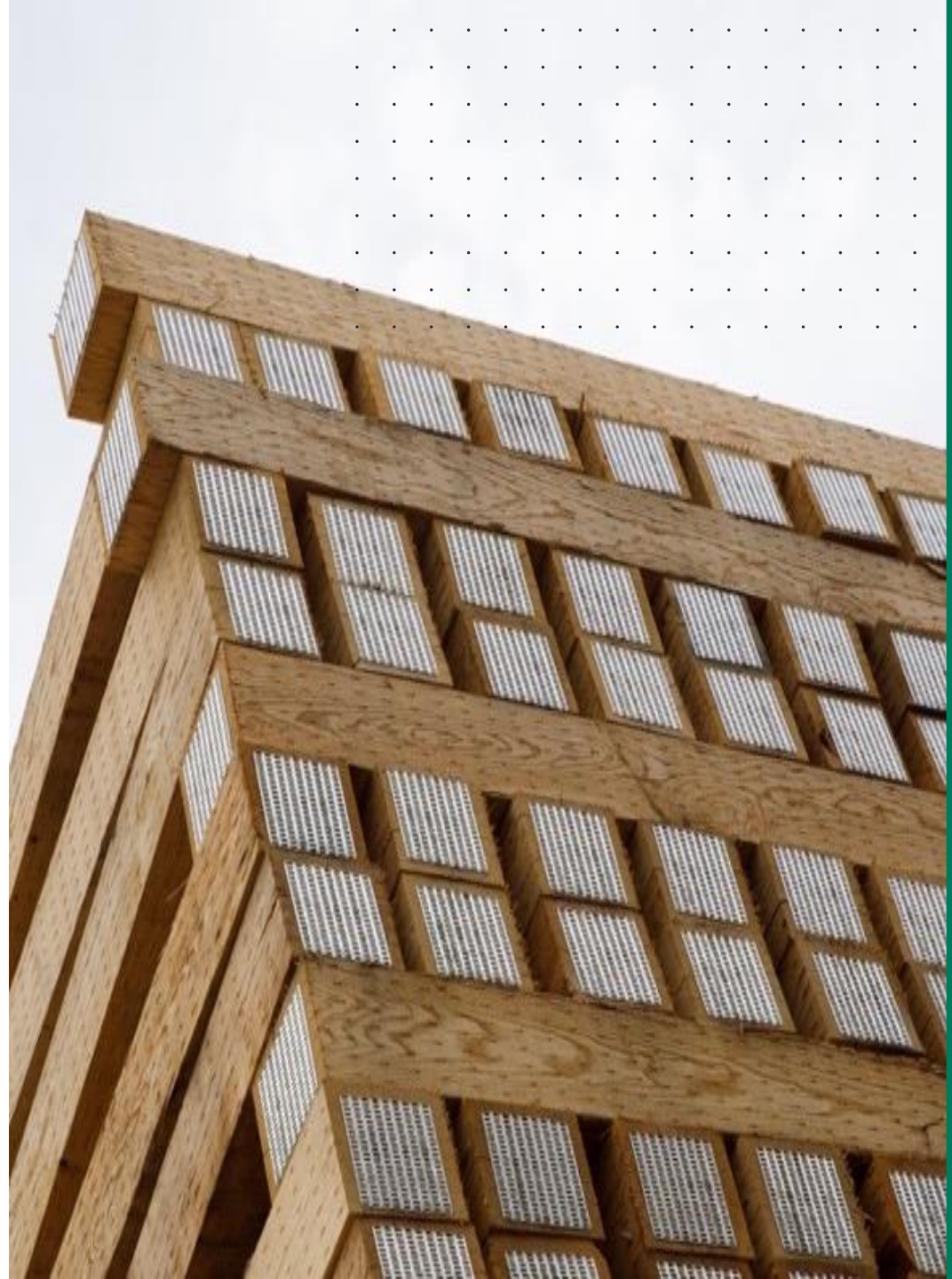
Assumes Canadian dollar will trade, on average, at approximately C\$1.30 per U.S. dollar, with a approximately 70% of total sales generated in the U.S.

# OUR EMPLOYEES: THE KEY TO OUR SUCCESS





# QUESTION PERIOD





# FUTURE READY



[www.stella-jones.com](http://www.stella-jones.com)



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