

**Source:** Stella-Jones Inc.

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**STELLA-JONES ANNOUNCES SECOND QUARTER RESULTS**  
**Ongoing growth of infrastructure product categories**

- Sales increased 8% compared to prior year, to \$1,049 million
- Infrastructure products sales grew 17%, building upon an 18% growth in Q2 2023
- Operating income increased 13% to \$168 million, representing a margin<sup>(1)</sup> of 16.0%
- EBITDA<sup>(1)</sup> increased 14% to \$200 million, representing an EBITDA margin<sup>(1)</sup> of 19.1%
- Net income increased to \$110 million or \$1.94 per share, up 13% from Q2 2023 EPS

**Montreal, Quebec – August 7, 2024** - Stella-Jones Inc. (TSX: SJ) (“Stella-Jones” or the “Company”) today announced financial results for its second quarter ended June 30, 2024.

“The Company recorded strong second quarter results, reflecting the effective execution of our growth strategy,” said Eric Vachon, President and Chief Executive Officer of Stella-Jones. “With our infrastructure product categories representing almost 80% of sales in the first half of 2024, we are pleased with the growth of utility poles, railway ties and industrial products. Our investments continue to allow us to deliver a compelling offering and execute on our service promise to customers, while we focus on the sustained growth potential of product categories that support infrastructure”.

“Our demonstrated ability to create value through profitable growth is complemented by the responsible actions we undertake across our operations and value chain. On August 1<sup>st</sup>, we published our 2023 Environmental, Social and Governance report, which highlights our progress since the inauguration of our sustainability strategy last year. We continue to prioritize meaningful action for our people, our communities and our stakeholders and I am proud of our collective contribution to a more sustainable infrastructure across North America,” concluded Mr. Vachon.

<b>Financial Highlights</b> (in millions of Canadian dollars, except ratios and per share data)	<b>Three-month periods ended June 30,</b>		<b>Six-month periods ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Sales	1,049	972	1,824	1,682
Gross profit <sup>(1)</sup>	226	200	398	336
Gross profit margin <sup>(1)</sup>	21.5%	20.6%	21.8%	20.0%
Operating income	168	149	292	244
Operating income margin <sup>(1)</sup>	16.0%	15.3%	16.0%	14.5%
EBITDA <sup>(1)</sup>	200	175	356	295
EBITDA margin <sup>(1)</sup>	19.1%	18.0%	19.5%	17.5%
Net income for the period	110	100	187	160
Earnings per share ("EPS") - basic and diluted	1.94	1.72	3.30	2.73
Weighted average shares outstanding (basic, in '000s)	56,585	58,292	56,684	58,543
<b>As at</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Net debt-to-EBITDA <sup>(1)</sup>	2.5x		2.6x	

<sup>(1)</sup> These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. For more information, please refer to the section entitled "Non-GAAP and Other Financial Measures" of this press release for an explanation of the non-GAAP and other financial measures used and presented by the Company and a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures.

## SECOND QUARTER RESULTS

Sales in the second quarter of 2024 were up 8% to \$1,049 million versus sales of \$972 million for the corresponding period last year. Excluding the contribution from the acquisition of Baldwin Pole and Piling Company, Inc., Baldwin Pole Mississippi, LLC and Baldwin Pole & Piling, Iowa Corporation (collectively, "Baldwin") and the positive effect of currency conversion, sales were up \$54 million or 6%. The increase was driven by a 13% sales growth of utility poles, railway ties and industrial products, namely infrastructure product categories, offset in part by lower residential lumber and logs and lumber sales when compared to the same period last year. Utility poles and railway ties benefited from volume and pricing gains, while residential lumber sales were unfavourably impacted by softer demand when compared to the same period last year.

### Pressure-treated wood products:

- **Utility poles (45% of Q2-24 sales):** Utility poles sales increased to \$470 million in the second quarter of 2024, compared to sales of \$388 million in the corresponding period last year. Excluding the contribution from the acquisition of the Baldwin assets and the currency conversion effect, utility poles sales increased by \$64 million, or 16%, driven by higher pricing and an increase in volumes, largely attributable to incremental commitments secured from new and existing customers.
- **Railway ties (25% of Q2-24 sales):** Railway ties sales increased by \$27 million to \$265 million in the second quarter of 2024, compared to sales of \$238 million in the same period last year. Excluding the currency conversion effect, sales of railway ties increased by \$23 million, or 10%, largely due to higher volumes for non-Class 1 business, given the replenished level of ties inventory, as well as pricing gains, partially offset by lower Class 1 volumes.
- **Residential lumber (23% of Q2-24 sales):** Sales in residential lumber decreased by \$28 million to \$243 million in the second quarter of 2024, compared to sales of \$271 million in the corresponding period last year. This decrease was mainly driven by lower sales volumes due to softer demand.
- **Industrial products (4% of Q2-24 sales):** Industrial product sales were \$46 million, compared to \$43 million in the corresponding period last year. The increase of three million dollars was largely volume-driven.

## **Logs and lumber:**

- **Logs and lumber (3% of Q2-24 sales):** Logs and lumber sales totaled \$25 million, compared to \$32 million in the corresponding period last year. The decrease in sales compared to the second quarter last year was largely attributable to lower logs sales activity.

Gross profit was \$226 million in the second quarter of 2024 compared to \$200 million in the corresponding period last year, representing a margin of 21.5% and 20.6%, respectively. The increase in gross profit in absolute dollars was largely due to the favourable pricing realized for utility poles and railway ties. As a percentage of sales, the gross profit also benefited from a better product mix, led by the strong growth of utility poles and the lower relative proportion of residential lumber sales.

Similarly, operating income totaled \$168 million in the second quarter of 2024 versus operating income of \$149 million in the corresponding period of 2023, while EBITDA increased to \$200 million, representing a margin of 19.1%, compared to \$175 million, or a margin of 18.0% reported in the second quarter of 2023.

Net income for the second quarter of 2024 was \$110 million, or \$1.94 per share, compared to net income of \$100 million, or \$1.72 per share, in the corresponding period of 2023.

## **SIX-MONTH RESULTS**

For the first six months of 2024, sales amounted to \$1,824 million, versus \$1,682 million for the corresponding period last year, driven by a 12% sales growth of infrastructure product categories, excluding the contribution of the acquisition of the Baldwin assets of \$25 million and the currency conversion of \$12 million. The increase was explained by pressure-treated wood sales which rose by \$116 million, or 7%, while logs and lumber sales decreased by \$11 million or 19%. The pressure-treated wood sales growth stemmed from favourable pricing for utility poles and railway ties and higher railway ties volumes, partially offset by lower volumes for residential lumber. The lower logs and lumber sales compared to the same period last year was largely attributable to less logs sales and lumber trading activity.

Gross profit increased to \$398 million, or 21.8% of sales, from \$336 million or 20.0% of sales, in the corresponding period last year. Operating income amounted to \$292 million, versus \$244 million a year ago, while EBITDA was \$356 million, compared to \$295 million in the prior year and EBITDA margin expanded from 17.5% in 2023 to 19.5% in 2024.

Net income in the first six months of 2024 was \$187 million, or \$3.30 per share, versus net income of \$160 million, or \$2.73 per share, in the corresponding period last year.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the quarter ended June 30, 2024, Stella-Jones used the cash generated from operations of \$177 million to maintain its assets and expand production capacity, as well as repay its long-term debt, repurchase \$20 million of shares and payout \$32 million of dividends.

As at June 30, 2024, the Company maintained a solid financial position with a net debt-to-EBITDA of 2.5x.

## **QUARTERLY DIVIDEND**

On August 6, 2024, the Board of Directors declared a quarterly dividend of \$0.28 per common share payable on September 23, 2024 to shareholders of record at the close of business on September 3, 2024. This dividend is designated to be an eligible dividend.

## PUBLICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) REPORT

On August 1, 2024, the Company published its 2023 ESG report. It can be found on the Stella-Jones website at: [www.stella-jones.com/en-CA/investor-relations/environmental-social-governance](http://www.stella-jones.com/en-CA/investor-relations/environmental-social-governance).

### CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on August 7, 2024, at 10:00 a.m. Eastern Daylight Time ("EDT"). 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/445332295>. This recording will be available on Wednesday, August 7, 2024, as of 1:00 p.m. EDT until 11:59 p.m. EDT on Wednesday, August 14, 2024.

### ABOUT STELLA-JONES

Stella-Jones Inc. (TSX: SJ) is a leading North American manufacturer of pressure-treated wood products, focused on supporting infrastructure that is essential to the delivery of electrical distribution and transmission, and the operation and maintenance of railway transportation systems. 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. It also supports infrastructure with industrial products, namely 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.

### 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:** Condensed interim unaudited consolidated financial statements for the second quarter ended June 30, 2024 as well as management's discussion and analysis are available on Stella-Jones' website at [www.stella-jones.com](http://www.stella-jones.com).

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

## Condensed Interim Consolidated Statements of Income

(Unaudited)

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

	<b>For the three-month periods ended June 30,</b>		<b>For the six-month periods ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Sales</b>	1,049	972	1,824	1,682
<b>Expenses</b>				
Cost of sales (including depreciation and amortization (3 months - \$28 (2023 - \$22) and 6 months - \$56 (2023 - \$43))	823	772	1,426	1,346
Selling and administrative (including depreciation and amortization (3 months - \$4 (2023 - \$4) and 6 months - \$8 (2023 - \$8))	56	48	103	89
Other losses, net	2	3	3	3
	881	823	1,532	1,438
<b>Operating income</b>	168	149	292	244
<b>Financial expenses</b>	20	16	42	30
<b>Income before income taxes</b>	148	133	250	214
<b>Income tax expense</b>				
Current	36	31	60	55
Deferred	2	2	3	(1)
	38	33	63	54
<b>Net income</b>	110	100	187	160
<b>Basic and diluted earnings per common share</b>	1.94	1.72	3.30	2.73

**Stella-Jones Inc.**

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(expressed in millions of Canadian dollars)

	As at June 30, 2024	As at December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Accounts receivable	444	308
Inventories	1,658	1,580
Income taxes receivable	4	11
Other current assets	55	48
	2,161	1,947
<b>Non-current assets</b>		
Property, plant and equipment	962	906
Right-of-use assets	305	285
Intangible assets	167	169
Goodwill	387	375
Derivative financial instruments	25	21
Other non-current assets	7	5
	4,014	3,708
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	231	204
Income taxes payable	18	—
Current portion of long-term debt	1	100
Current portion of lease liabilities	58	54
Current portion of provisions and other long-term liabilities	21	26
	329	384
<b>Non-current liabilities</b>		
Long-term debt	1,378	1,216
Lease liabilities	258	240
Deferred income taxes	183	175
Provisions and other long-term liabilities	36	31
Employee future benefits	9	10
	2,193	2,056
<b>Shareholders' equity</b>		
Capital stock	189	189
Retained earnings	1,450	1,329
Accumulated other comprehensive income	182	134
	1,821	1,652
	4,014	3,708

# Stella-Jones Inc.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(expressed in millions of Canadian dollars)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
<b>Cash flows from (used in)</b>				
<b>Operating activities</b>				
Net income	110	100	187	160
Adjustments for				
Depreciation of property, plant and equipment	12	10	23	19
Depreciation of right-of-use assets	16	12	32	24
Amortization of intangible assets	4	4	9	8
Financial expenses	20	16	42	30
Income tax expense	38	33	63	54
Other	(3)	3	—	5
	197	178	356	300
Changes in non-cash working capital components				
Accounts receivable	(44)	(20)	(138)	(123)
Inventories	76	23	(41)	(115)
Other current assets	(13)	(8)	(6)	(10)
Accounts payable and accrued liabilities	10	22	21	33
	29	17	(164)	(215)
Interest paid	(20)	(14)	(42)	(29)
Income taxes paid	(29)	(54)	(35)	(61)
	177	127	115	(5)
<b>Financing activities</b>				
Net change in revolving credit facilities	(75)	(2)	(34)	215
Proceeds from long-term debt	—	—	168	—
Repayment of long-term debt	—	(1)	(102)	(1)
Repayment of lease liabilities	(15)	(12)	(30)	(23)
Dividends on common shares	(32)	(27)	(32)	(27)
Repurchase of common shares	(20)	(30)	(35)	(60)
Other	—	1	—	—
	(142)	(71)	(65)	104
<b>Investing activities</b>				
Business combinations	—	(20)	—	(33)
Purchase of property, plant and equipment	(33)	(33)	(56)	(61)
Property insurance proceeds	—	—	10	—
Additions of intangible assets	(2)	(3)	(4)	(5)
	(35)	(56)	(50)	(99)
<b>Net change in cash and cash equivalents during the period</b>	—	—	—	—
<b>Cash and cash equivalents – Beginning of period</b>	—	—	—	—
<b>Cash and cash equivalents – End of period</b>	—	—	—	—

## 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 financial measures, non-GAAP ratios and other financial 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 measures may not be comparable to similar measures presented by other issuers. In addition, non-GAAP financial measures, non-GAAP ratios and other 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 financial measures include:

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

Management considers these non-GAAP and specified financial measures to be useful information to assist knowledgeable investors to understand the Company’s financial position, operating results 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 and are used to evaluate senior management’s 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.

<b>Reconciliation of Operating Income to EBITDA</b> (in millions of dollars)	<b>Three-month periods ended</b> <b>June 30,</b>		<b>Six-month periods ended</b> <b>June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating income	168	149	292	244
Depreciation and amortization	32	26	64	51
<b>EBITDA</b>	<b>200</b>	<b>175</b>	<b>356</b>	<b>295</b>

<b>Reconciliation of Long-Term Debt to Net Debt</b> (in millions of dollars)	<b>As at</b> <b>June 30, 2024</b>	<b>As at</b> <b>December 31, 2023</b>
Long-term debt, including current portion	1,379	1,316
Add:		
Lease liabilities, including current portion	316	294
<b>Net Debt</b>	<b>1,695</b>	<b>1,610</b>
EBITDA (TTM)	669	608
<b>Net Debt-to-EBITDA</b>	<b>2.5x</b>	<b>2.6x</b>