

# FUTURE READY

## Q3 2024 Financial Results



November 6, 2024

# FORWARD LOOKING INFORMATION & NON-GAAP MEASURES

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 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.

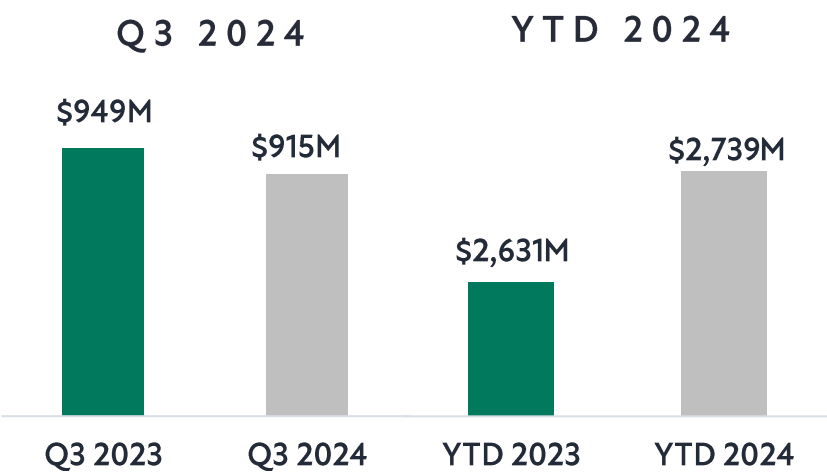
Gross profit, gross profit margin, operating income before depreciation and amortization (herein referred to as earnings before interest, taxes, depreciation and amortization ["EBITDA"]), EBITDA margin, operating income margin and net debt-to-EBITDA are non-GAAP and other financial measures which do not have a standardized prescribed by International Financial Reporting Standards ("IFRS") and 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.

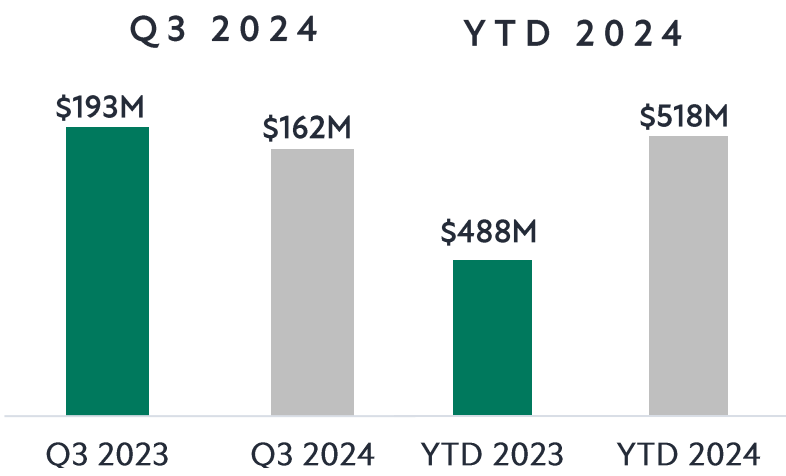
Please refer to the section "Non-GAAP and other financial measures" of the Company's latest MD&A, available at [www.sedarplus.ca](http://www.sedarplus.ca).

# SALES, EBITDA MARGINS AND OPERATING CASH FLOWS

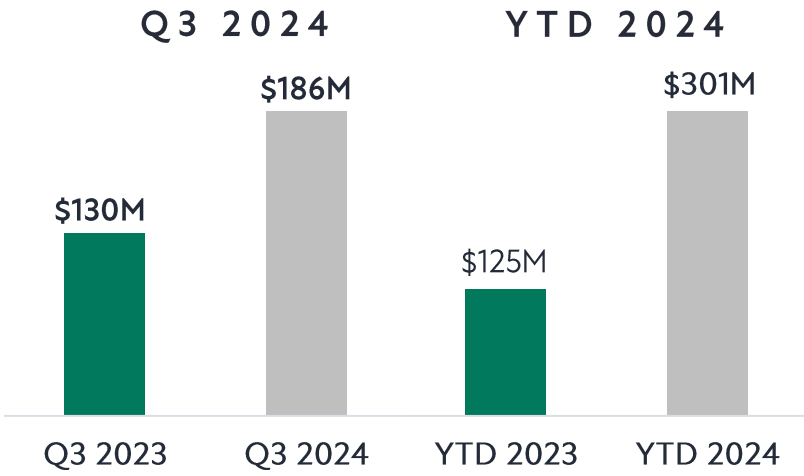
## SALES



## EBITDA<sup>(1)</sup>



## OPERATING CASH FLOWS



<sup>(1)</sup>This indicated term has no standardized meaning under GAAP and is not likely to be comparable to similar measures presented by other issuers. For more information on these financial measures, please refer to the section entitled “Non-GAAP and Other Financial Measures” of the Company’s latest Management’s Discussion and Analysis (“MD&A”) 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.

# UPDATED 2023-2025 FINANCIAL GUIDANCE

*(in millions of Canadian dollars, except percentages and ratios)*

## 2023-2025 Objectives

	May 2023 <sup>(1)</sup>	Updated November 2024 <sup>(4)</sup>
Sales	> \$3,600 organic	Approx. \$3,600 total
EBITDA Margin <sup>(2)</sup>	16%	> 17%
Return to Shareholder: cumulative	> \$500	> \$500
Net Debt-to-EBITDA <sup>(2) (3)</sup>	2.0x-2.5x	2.0x-2.5x

(1) Refer to the 2023 MD&A for further details and assumptions used in preparing the 2023-2025 financial objectives presented in May 2023

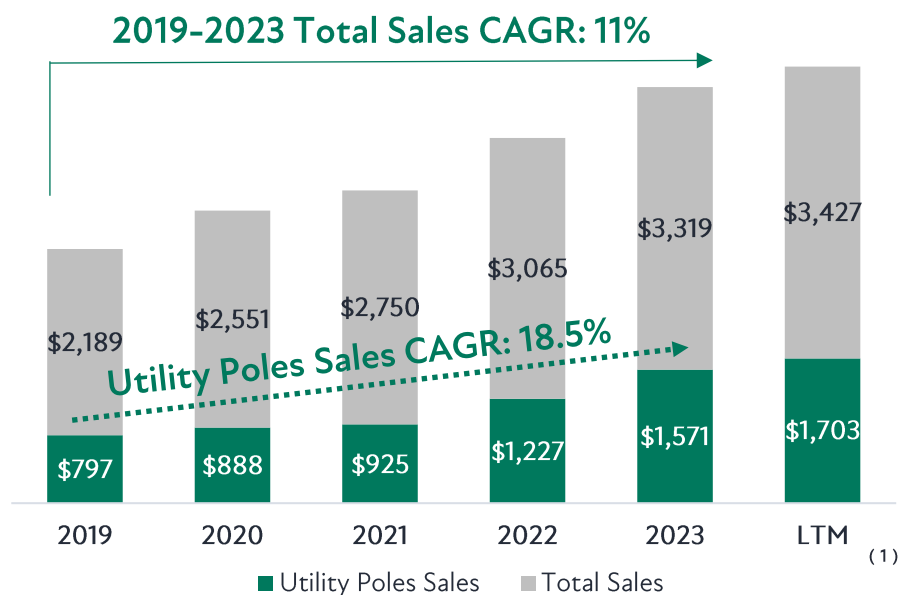
(2) EBITDA margin and net debt-to-EBITDA are non-GAAP ratios. These indicated terms have no standardized meaning under GAAP and are not likely to be comparable to similar measures presented by other issuers. For more information on these financial measures, please refer to the section entitled "Non-GAAP and Other Financial Measures" of the Company's latest MD&A 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.

(3) The Company may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements.

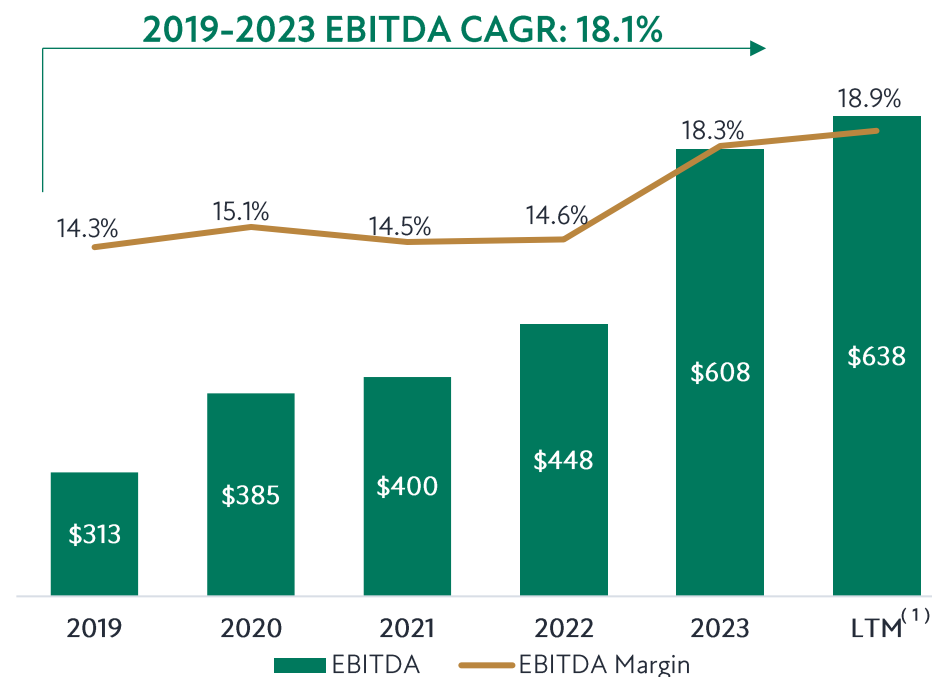
(4) The projections do not include the impact of potential future acquisitions and assume that foreign currency exchange rates remain generally consistent with current levels.

# ESTABLISHED TRACK RECORD OF PERFORMANCE

## SALES



## EBITDA<sup>(2)</sup>



(1) Last twelve months as at September 30, 2024

(2) Please refer to the section “Non-GAAP and other financial measures” in the Company’s latest MD&A 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

# STRONG LONG-TERM FUNDAMENTALS FOR UTILITY POLES



Utility Pole  
Maintenance



Broadband  
Expansion



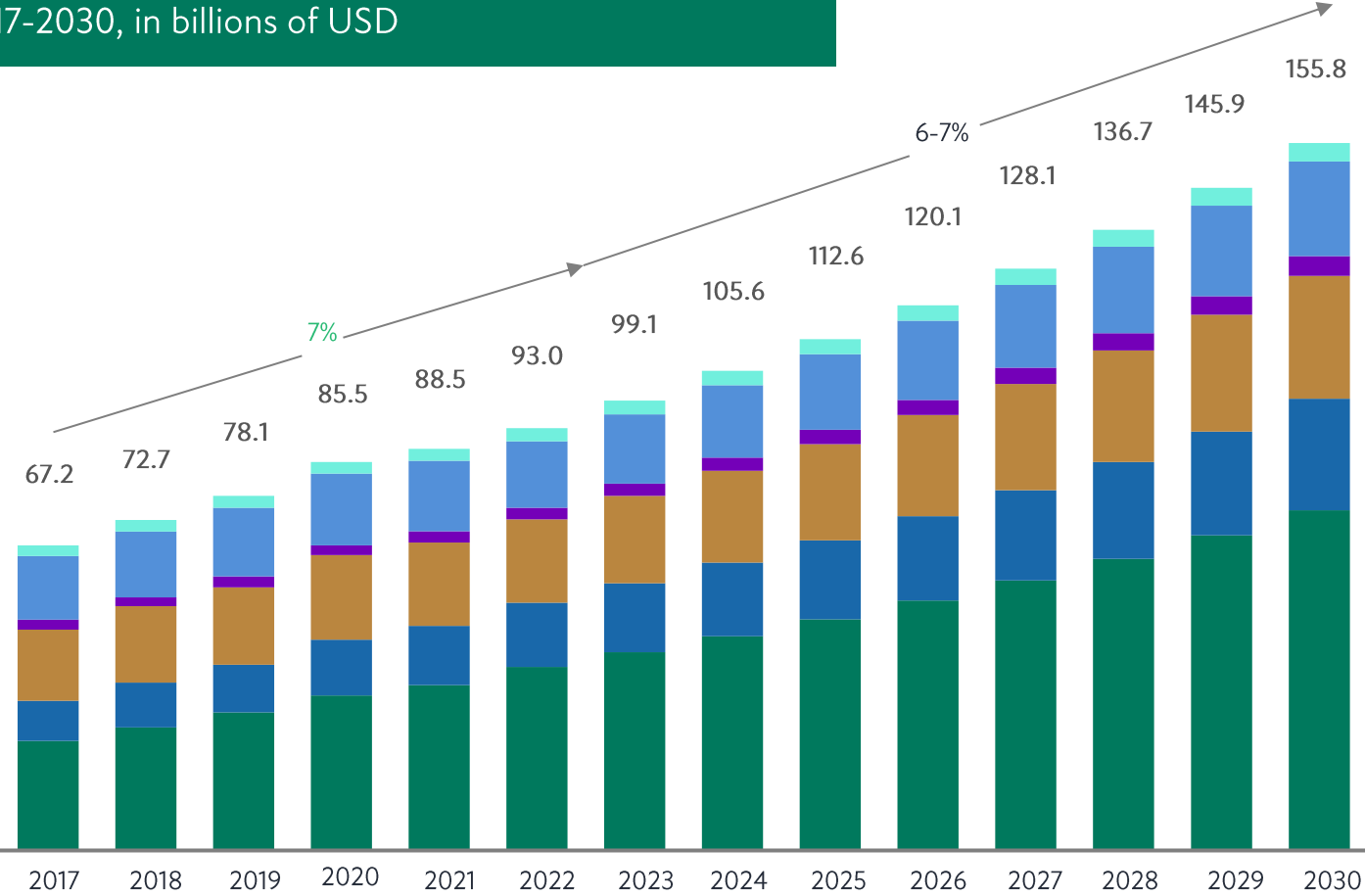
Electric Vehicle  
Expansion



Proliferation  
of AI

# MARKET OVERVIEW

Total transmission and distribution (“T&D”) addressable market size 2017-2030, in billions of USD



Source: Major Consulting Practice

Forecasted T&D spend expected to sustain historic growth speed of ~6-7%

CAGR by segment		
	17-22	22-30
Substation – Opex and Maintenance	4%	5%
Substation – Capex	1%	5%
Transmission – Opex and Maintenance	3%	7%
Transmission – Capex	3%	5%
Distribution – Opex and Maintenance	10%	7%
Distribution – Capex	11%	8%



# PRODUCT CATEGORY OVERVIEW

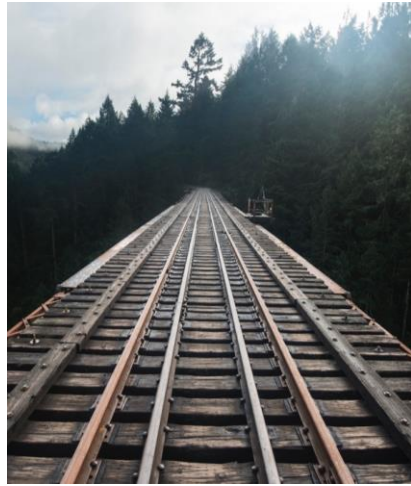
## UTILITY POLES



*49% of Sales*

- Sales of **\$448** million
- Expected growth in line with industry's projected capex spending

## RAILWAY TIES



*22% of Sales*

- Sales of **\$205** million
- Expected to continue to deliver low single-digit growth

## INDUSTRIAL PRODUCTS



*4% of Sales*

- Sales of **\$41** million

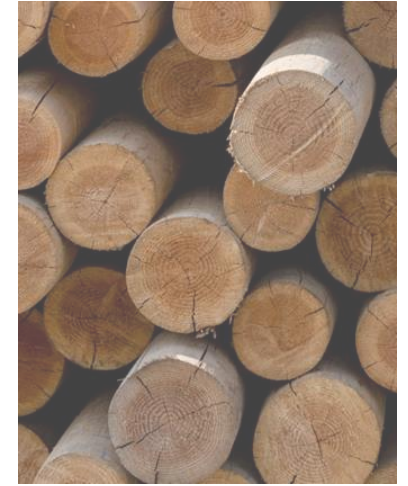
## RESIDENTIAL LUMBER



*21% of Sales*

- Sales of **\$191** million
- Sales expected to be within \$600-\$650 million target

## LOGS & LUMBER



*4% of Sales*

- Sales of **\$30** million



# Q3 & YTD 2024 FINANCIAL HIGHLIGHTS

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

	Q3-24	Q3-23	YTD Q3-24	YTD Q3-23
Sales	915	949	2,739	2,631
Utility Poles:	448	438	1,320	1,188
Railway Ties:	205	230	697	663
Residential Lumber:	191	202	521	563
Other:	71	79	201	217
Operating income	130	166	422	410
Operating income margin <sup>(1)</sup>	14.2%	17.5%	15.4%	15.6%
EBITDA <sup>(1)</sup>	162	193	518	488
EBITDA margin <sup>(1)</sup>	17.7%	20.3%	18.9%	18.5%
Net income	80	110	267	270
Earnings per share – basic and diluted	1.42	1.91	4.72	4.63

<sup>(1)</sup> Please refer to the section “Non-GAAP and other financial measures” in the Company’s latest MD&A 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.

# DISCIPLINED CAPITAL ALLOCATION STRATEGY

**\$301M**

YTD Operating  
Cashflow

**\$112M**

YTD Return of Capital  
to Shareholders

**2.5x**

Net debt-to-EBITDA<sup>(1)</sup>  
As at September 30, 2024

*Investment-grade capital allocation strategy allows pursuit of growth opportunities while returning capital to shareholders.*

## New NCIB Program



- 2.5M shares authorized
- Reflects cash generative nature of business

## Return to Shareholders Commitment



- Returned ~ \$310M of the \$500M committed

## Inaugural \$400M, 7-Year Senior Notes



- Reflects confidence in business fundamentals and future prospects
- ~ \$750M of available capital as at October 1, 2024

(1) Please refer to the section “Non-GAAP and other financial measures” in the Company’s latest MD&A 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

# ACQUISITIONS: CORNERSTONE OF GROWTH STRATEGY

- Pursuit of acquisitions by leveraging infrastructure customer base, North American footprint and distribution network
- Dedicated resources to identify opportunities that are a good fit for our business



# KEY TAKEAWAYS



Continued  
sales growth



Strong EBITDA  
margin of  
over 17%



Acquisitions  
expected to be  
source of  
growth



Investment-grade  
capital allocation  
strategy



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