

**Source:** Stella-Jones Inc.

**Stella-Jones Inc.**

**Contacts:** Silvana Travaglini, CPA

**Stephanie Corrente**

Senior Vice-President and Chief Financial Officer  
Stella-Jones

Director, Corporate Communications  
Stella-Jones

Tel.: (514) 934-8660

[stravaglini@stella-jones.com](mailto:stravaglini@stella-jones.com)

[communications@stella-jones.com](mailto:communications@stella-jones.com)

---

**STELLA-JONES ANNOUNCES FOURTH QUARTER AND YEAR-END RESULTS**  
**Company Focused on Sustained Profitable Growth**

- Annual sales of \$3,469 million, up 5% vs the prior year
- Operating income of \$503 million
- EBITDA<sup>(1)</sup> of \$633 million, or 18.2% margin<sup>(1)</sup>
- EPS of \$5.66, compared to \$5.62 in 2023
- Strong operating cash flow of \$408 million
- Increasing quarterly dividend by 11% to \$0.31 per share
- Reaffirms 2023-2025 financial objectives

**Montreal, Quebec – February 27, 2025** - Stella-Jones Inc. (TSX: SJ) (“Stella-Jones” or the “Company”) today announced financial results for its fourth quarter and year ended December 31, 2024.

“We concluded another year of sales and EBITDA growth, reflecting the enduring strength of our business and unwavering customer-centric approach,” said Eric Vachon, President and Chief Executive Officer of Stella-Jones. “We achieved solid results in our infrastructure product categories, even in the face of softer market demand for utility poles. We acquired new customers, maintained our expanded EBITDA margin of over 18%, and delivered strong operating cashflows. Given our conviction in the long-term fundamentals of our business, we have also increased the quarterly dividend for the 21<sup>st</sup> consecutive year.”

“As we turn to 2025, we remain confident in the growth prospects of our current infrastructure business, supported by the accelerated need to strengthen North America’s aging electrical grid, and the opportunities in railway ties to drive increased profitability. We also look to build even stronger customer relationships by expanding our offering to our infrastructure customers. As we drive forward, we will continue to focus on optimizing our operating model and generating a healthy EBITDA margin. With our strong cash flow-generating business and disciplined capital allocation strategy, we are confident that our actions will continue to enhance shareholder value.”

<b>Financial Highlights</b> (in millions of Canadian dollars, except ratios and per share data)	<b>Three-month periods ended December 31,</b>		<b>Years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Sales	730	688	3,469	3,319
Gross profit <sup>(1)</sup>	138	137	724	688
Gross profit margin <sup>(1)</sup>	18.9%	19.9%	20.9%	20.7%
Operating income	81	89	503	499
Operating income margin <sup>(1)</sup>	11.1%	12.9%	14.5%	15.0%
EBITDA <sup>(1)</sup>	115	120	633	608
EBITDA margin <sup>(1)</sup>	15.8%	17.4%	18.2%	18.3%
Net income	52	56	319	326
Earnings per share ("EPS") - basic and diluted	0.93	0.98	5.66	5.62
Weighted average shares outstanding (basic, in '000s)	55,966	57,076	56,403	57,963
Net debt-to-EBITDA <sup>(1)</sup>			2.6x	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.

## FOURTH QUARTER RESULTS

Sales for the fourth quarter of 2024 amounted to \$730 million, up 6% from sales of \$688 million for the same period in 2023. Excluding the currency conversion of \$14 million, pressure-treated wood sales rose \$31 million, or 5% due to higher railway ties sales attributable to an increase in Class 1 volumes and improved residential lumber sales, while utility poles sales were relatively unchanged. Lower logs and lumber sales were driven by a decrease in log sales activity, compared to the fourth quarter last year.

### Pressure-treated wood products:

- **Utility poles (53% of Q4-24 sales):** Utility poles sales totaled \$385 million in the fourth quarter of 2024, compared to sales of \$383 million in the corresponding period last year. Excluding the currency conversion effect, sales decreased by 2%, due to lower volumes from non-contract business, offset in large part by favourable price adjustments to cover increased costs.
- **Railway ties (26% of Q4-24 sales):** Sales of railway ties amounted to \$193 million, compared to \$165 million in the same period last year. Excluding the currency conversion effect, railway ties sales rose 15%, largely explained by the timing of Class 1 shipments. For the year, Class 1 volumes increased modestly when compared to 2023.
- **Residential lumber (13% of Q4-24 sales):** Residential lumber sales totaled \$93 million, up from \$82 million of sales generated in the same period in 2023, reflecting a 12% organic sales growth. The increase in residential lumber sales stemmed from favourable pricing attributable to the increase in the market price of lumber, as well as higher sales volumes, when compared to the same period last year.
- **Industrial products (4% of Q4-24 sales):** Industrial products sales amounted to \$31 million, up from \$27 million last year. The organic sales growth of 11% was mainly attributable to higher sales for railway bridges and crossings.

### Logs and lumber:

- **Logs and lumber (4% of Q4-24 sales):** Logs and lumber sales totaled \$28 million, down 10% compared to the same period last year.

Gross profit was \$138 million in the fourth quarter of 2024, relatively unchanged compared to the gross profit

of \$137 million in the fourth quarter of 2023. As a percentage of sales, gross profit decreased from 19.9% in the fourth quarter of 2023 to 18.9% in the fourth quarter of 2024 due to a less favourable sales mix.

Net income for the period amounted to \$52 million, or \$0.93 per share, compared with \$56 million, or \$0.98 per share, in the corresponding period of 2023.

## 2024 RESULTS

Sales for the year ended December 31, 2024 reached \$3,469 million, up 5%, versus sales of \$3,319 million in 2023. Excluding the contribution from the acquisition of the Baldwin assets of \$25 million and the currency conversion effect of \$36 million, pressure-treated wood sales rose \$110 million, or 3%. Infrastructure sales, namely utility poles, railway ties and industrial products, grew organically by \$144 million or 6%, while residential lumber sales decreased by \$34 million. Favourable pricing across all the infrastructure product categories and higher railway ties volumes were partially offset by lower volumes for utility poles and residential lumber. The decrease in logs and lumber sales compared to last year was largely attributable to less logs sales.

### Pressure-treated wood products:

- **Utility poles (49% of 2024 sales):** Utility poles sales increased to \$1,705 million in 2024, compared to sales of \$1,571 million in 2023. Excluding the contribution from the acquisition of assets of Baldwin in July 2023 and the currency conversion effect, utility poles sales increased by \$88 million, or 6%, driven by sales price adjustments to cover increased costs. This increase was offset in part by lower volumes when compared to last year. Incremental multi-year commitments were secured from new and existing customers but volumes were impacted by the slower pace of purchases and a deferral in the execution of projects by utilities, largely influenced by economic factors, including inflation and utilities' supply chain constraints, as well as timing of utilities' rate-based funding.
- **Railway ties (26% of 2024 sales):** Railway ties sales were \$890 million in 2024, compared to sales of \$828 million in 2023. Excluding the currency conversion effect, railway ties sales increased \$51 million, or 6%. The increase was attributable to higher volumes, mainly for non-Class 1 business due to the replenished level of railway ties inventory, as well as improved pricing, when compared to last year.
- **Residential lumber (18% of 2024 sales):** Sales in the residential lumber category decreased to the lower end of the Company's \$600 to \$650 million target range for this product category, at \$614 million in 2024, compared to sales of \$645 million in 2023. Excluding the currency conversion effect, residential lumber sales decreased \$34 million, or 5%, all explained by lower sales volumes due to softer consumer demand. The average market price of lumber remained relatively unchanged in 2024 when compared to 2023.
- **Industrial products (4% of 2024 sales):** Industrial products sales were \$154 million in 2024 compared to sales of \$148 million in 2023. Excluding the currency conversion effect, industrial product sales increased five million dollars, or 3%, mainly driven by higher sales for railway bridges and crossings.

### Logs and lumber:

- **Logs and lumber (3% of 2024 sales):** Sales in the logs and lumber product category were \$106 million in 2024, down from \$127 million in 2023. The decrease in sales was explained by less logs sales activity.

Gross profit increased to \$724 million in 2024, compared to \$688 million in 2023, representing a margin of 20.9% and 20.7% respectively. Similarly, EBITDA increased to \$633 million in 2024 compared to \$608 million in 2023, largely due to the sales growth of the Company's infrastructure product categories. EBITDA margin remained relatively unchanged at 18.2% in 2024, compared to 18.3% in 2023.

Net income in 2024 was \$319 million, compared to net income of \$326 million in 2023. Despite the lower net income, earnings per share in 2024 was higher at \$5.66 versus \$5.62 in 2023 due to the continued repurchase of shares through the Company's normal course issuer bids.

## LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2024, Stella-Jones used the cash generated from operations of \$408 million to invest in its network as well as return \$153 million to shareholders. In 2024, the Company invested a net amount of \$88 million to maintain its assets and enhance productivity and \$34 million to complete its growth investments for utility poles. Over the 2022 to 2024 period, approximately \$130 million was invested in growth capital expenditures. The dividend paid in 2024 amounted to \$1.12 per share, representing a 22% increase compared to 2023. As at December 31, 2024, the Company had returned to shareholders \$348 million out of the \$500 million committed for the 2023 to 2025 period.

As at December 31, 2024, the Company maintained a healthy financial position with available liquidity of \$802 million. Its net debt-to-EBITDA ratio stood slightly above the target range at 2.6x, as the appreciation of the closing rate of the U.S. dollar relative to the Canadian dollar resulted in a higher value of the Company's net debt denominated in U.S. dollars, when expressed in Canadian dollars.

Subsequent to year-end, the Company amended the U.S. Farm Credit Agreement in order to, among other things, extend the term of the Revolving Credit Facility of US\$150 million from March 3, 2028 to February 4, 2030.

## REAFFIRMING 2023-2025 FINANCIAL OBJECTIVES

The following is a summary of the Company's 2023-2025 financial objectives:

<i>(in millions of dollars, except percentages and ratios)</i>	<b>2023-2025 Objectives</b>
Sales	<i>approx. \$3,600</i>
EBITDA margin	<i>&gt; 17%</i>
Return to Shareholders: cumulative	<i>&gt; \$500</i>
Net Debt-to-EBITDA	<i>2.0x-2.5x</i>

The Company assumed that the Canadian dollar will trade, on average, at Can \$1.36 per U.S. dollar for 2025.

## QUARTERLY DIVIDEND INCREASED 11% TO \$0.31 PER SHARE

On February 26, 2025, the Board of Directors declared a quarterly dividend of \$0.31 per common share payable on April 18, 2025 to shareholders of record at the close of business on April 1, 2025. This dividend is designated to be an eligible dividend.

## CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on February 27, 2025, at 10:00 a.m. Eastern Standard Time ("EST"). Interested parties can join the call by dialing 1-800 206-4400. 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://meetings.lumiconnect.com/400-781-821-877>. This recording will be available on Thursday, February 27, 2025, as of 1:00 p.m. EST until 11:59 p.m. EST on Thursday, March 6, 2025.

## ABOUT STELLA-JONES

Stella-Jones Inc. (TSX: SJ) is a leading North American manufacturer of products focused on supporting infrastructure that are 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 companies with treated wood utility poles and North America's Class 1, short line and commercial railroad operators with treated wood railway ties and timbers. It also supports infrastructure with industrial products, namely timbers for railway bridges, crossings and construction, marine and foundation pilings, 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, regulatory and environmental compliance 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 as well as the management's discussion and analysis for the year ended December 31, 2024 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>
--	--	--

# Stella-Jones Inc.

## Consolidated Statements of Income

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

	For the three-month periods ended December 31,		For the years ended December 31,	
	2024	2023	2024	2023
<b>Sales</b>	730	688	3,469	3,319
<b>Expenses</b>				
Cost of sales (including depreciation and amortization (3 months - \$30 (2023 - \$28) and 12 months - \$115 (2023 - \$94))	592	551	2,745	2,631
Selling and administrative (including depreciation and amortization (3 months - \$4 (2023 - \$3) and 12 months - \$15 (2023 - \$15))	50	44	206	181
Other losses, net	7	4	15	8
	649	599	2,966	2,820
<b>Operating income</b>	81	89	503	499
<b>Financial expenses</b>	23	21	88	68
<b>Income before income taxes</b>	58	68	415	431
<b>Income tax expense</b>				
Current	2	(12)	86	83
Deferred	4	24	10	22
	6	12	96	105
<b>Net income</b>	52	56	319	326
<b>Basic and diluted earnings per common share</b>	0.93	0.98	5.66	5.62

# Stella-Jones Inc.

## Consolidated Statements of Financial Position

(in millions of Canadian dollars)

	2024	2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	50	—
Accounts receivable	277	308
Inventories	1,759	1,580
Income taxes receivable	11	11
Other current assets	42	48
	<u>2,139</u>	<u>1,947</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,048	906
Right-of-use assets	311	285
Intangible assets	170	169
Goodwill	406	375
Derivative financial instruments	21	21
Other non-current assets	8	5
	<u>4,103</u>	<u>3,708</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	180	204
Deferred revenue	17	—
Current portion of long-term debt	1	100
Current portion of lease liabilities	64	54
Current portion of provisions and other long-term liabilities	24	26
	<u>286</u>	<u>384</u>
<b>Non-current liabilities</b>		
Long-term debt	1,379	1,216
Lease liabilities	259	240
Deferred income taxes	197	175
Provisions and other long-term liabilities	37	31
Employee future benefits	4	10
	<u>2,162</u>	<u>2,056</u>
<b>Shareholders' equity</b>		
Capital stock	188	189
Retained earnings	1,498	1,329
Accumulated other comprehensive income	255	134
	<u>1,941</u>	<u>1,652</u>
	<u>4,103</u>	<u>3,708</u>

# Stella-Jones Inc.

## Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	2024	2023
<b>Cash flows from (used in)</b>		
<b>Operating activities</b>		
Net income	319	326
Adjustments for		
Depreciation of property, plant and equipment	46	40
Depreciation of right-of-use assets	66	53
Amortization of intangible assets	18	16
Financial expenses	88	68
Income tax expense	96	105
Other	4	11
	<u>637</u>	<u>619</u>
Changes in non-cash working capital components		
Accounts receivable	56	(7)
Inventories	(82)	(353)
Income taxes receivable	—	(2)
Other current assets	9	8
Accounts payable and accrued liabilities	(40)	9
	<u>(57)</u>	<u>(345)</u>
Interest paid	(85)	(68)
Income taxes paid	(87)	(99)
	<u>408</u>	<u>107</u>
<b>Financing activities</b>		
Net change in revolving credit facilities	(471)	362
Proceeds from long-term debt	568	33
Repayment of long-term debt	(103)	(1)
Repayment of lease liabilities	(62)	(50)
Dividends on common shares	(63)	(53)
Repurchase of common shares	(90)	(142)
Other	—	2
	<u>(221)</u>	<u>151</u>
<b>Investing activities</b>		
Business combinations	(4)	(93)
Purchase of property, plant and equipment	(132)	(155)
Property insurance proceeds	10	—
Additions of intangible assets	(11)	(10)
	<u>(137)</u>	<u>(258)</u>
<b>Net change in cash and cash equivalents during the year</b>	<u>50</u>	<u>—</u>
<b>Cash and cash equivalents – Beginning of year</b>	<u>—</u>	<u>—</u>
<b>Cash and cash equivalents – End of year</b>	<u>50</u>	<u>—</u>



## 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:

- **Organic sales growth:** Sales of a given period compared to sales of the comparative period, excluding the effect of acquisitions and foreign currency changes
- **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) less cash and cash equivalents

Non-GAAP ratios include:

- **Organic sales growth percentage:** Organic sales growth divided by sales for the corresponding period
- **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:

- **Organic sales growth and organic sales growth percentage:** The Company uses these measures to analyze the level of activity excluding the effect of acquisitions and the impact of foreign exchange fluctuations, in order to facilitate period-to-period comparisons. Management believes these measures are used by investors and analysts to evaluate the Company’s performance.
- **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 December 31,</b>		<b>Years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Operating income	81	89	503	499
Depreciation and amortization	34	31	130	109
<b>EBITDA</b>	<b>115</b>	<b>120</b>	<b>633</b>	<b>608</b>

<b>Reconciliation of Long-Term Debt to Net Debt</b> (in millions of dollars)	<b>Years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Long-term debt, including current portion	1,380	1,316
Add:		
Lease liabilities, including current portion	323	294
Less:		
Cash and cash equivalents	50	—
<b>Net Debt</b>	<b>1,653</b>	<b>1,610</b>
EBITDA (TTM)	633	608
<b>Net Debt-to-EBITDA</b>	<b>2.6x</b>	<b>2.6x</b>