

**Source:** Stella-Jones Inc.

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**STELLA-JONES ANNOUNCES FIRST QUARTER RESULTS**  
***2023-2025 financial objectives remain unchanged***

- Sales of \$773 million, relatively unchanged from Q1 2024
- Operating income of \$143 million, including insurance settlement of \$38 million
- Strong EBITDA<sup>(1)</sup> of \$179 million, or 23.2% margin<sup>(1)</sup>, including 5% from insurance settlement
- Robust available liquidity of \$691 million at quarter-end
- Acquisition post-quarter of a steel transmission structure manufacturer, aligned with strategy to support North American infrastructure

**Montreal, Quebec – May 7, 2025** - Stella-Jones Inc. (TSX: SJ) (“Stella-Jones” or the “Company”) today announced financial results for its first quarter ended March 31, 2025.

“We delivered a strong EBITDA margin in the first quarter, reflecting the resilience and strength of our business through softer volumes,” said Eric Vachon, President and Chief Executive Officer of Stella-Jones. “Though macroeconomic headwinds continue to impact volume growth, at this stage we remain confident in our ability to achieve our financial objectives. We are executing on sound financial and operational foundations, and we remain assured in the long-term growth outlook for our infrastructure businesses.”

“Today, the Company entered into a definitive agreement to acquire Locweld Inc., a leading manufacturer of lattice towers and steel poles for electrical transmission. This transaction marks a step forward in Stella-Jones’ long-term vision, allowing us to enhance our infrastructure offering and establish a presence in the growing steel transmission structure industry. It is a significant marker in our growth strategy, which we expect will unlock investment opportunities and position us to create more value for our customers and shareholders,” he concluded.

Financial Highlights (in millions of Canadian dollars, except ratios and per share data)	Three-month periods ended March 31,	
	2025	2024
Sales	773	775
Gross profit <sup>(1)</sup>	168	172
Gross profit margin <sup>(1)</sup>	21.7%	22.2%
Operating income	143	124
Operating income margin <sup>(1)</sup>	18.5%	16.0%
EBITDA <sup>(1)</sup>	179	156
EBITDA margin <sup>(1)</sup>	23.2%	20.1%
Net income	93	77
Earnings per share ("EPS") - basic and diluted	1.67	1.36
Weighted average shares outstanding (basic, in '000s)	55,720	56,786
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.

## FIRST QUARTER RESULTS

Sales in the first quarter of 2025 remained relatively unchanged at \$773 million, compared to \$775 million in the corresponding period last year. Excluding the currency conversion effect of \$38 million, pressure-treated wood sales decreased \$36 million, or 5%, driven by lower volumes across most product categories, partially offset by favourable pricing for utility poles and residential lumber. The decrease in logs and lumber sales compared to the first quarter last year was largely attributable to less lumber trading activity.

### Pressure-treated wood products:

- **Utility poles (54% of Q1-25 sales):** Utility poles sales increased to \$419 million in the first quarter of 2025, compared to sales of \$402 million in the corresponding period last year. Excluding the currency conversion effect, utility poles sales decreased by five million dollars, or 1% when compared to the same period last year, as favourable pricing, largely due to product mix, was offset by a decrease in volumes. Sales volumes in the first quarter of 2025 benefited from incremental multi-year commitments secured in 2024 from new customers, but ongoing macroeconomic challenges, as well as unfavourable weather conditions led to lower volumes.
- **Railway ties (27% of Q1-25 sales):** Railway ties sales decreased by \$19 million to \$208 million in the first quarter of 2025, compared to sales of \$227 million in the same period last year. Excluding the currency conversion effect, sales of railway ties decreased by \$31 million, or 14%, largely attributable to lower sales volumes. The decrease was explained by the transition of a Class 1 railroad toward treating more railway ties internally and timing of non-Class 1 projects.
- **Residential lumber (11% of Q1-25 sales):** Sales in residential lumber remained relatively stable at \$88 million in the first quarter of 2025, compared to sales of \$87 million in the corresponding period last year. Higher pricing attributable to the increase in the market price of lumber when compared to Q1 2024 was offset by lower volumes, mainly due to unfavourable weather conditions which led to a later start of outdoor renovation activities.
- **Industrial products (5% of Q1-25 sales):** Industrial product sales increased to \$39 million in the first quarter of 2025, compared to \$36 million in the corresponding period last year, largely due to more bridge projects.

## **Logs and lumber:**

- **Logs and lumber (3% of Q1-25 sales):** Sales in the logs and lumber product category were \$19 million in the first quarter of 2025, compared to \$23 million in the corresponding period last year. The decrease in sales compared to the first quarter last year was largely due to less lumber trading activity, influenced by macroeconomic challenges.

Gross profit was \$168 million in the first quarter of 2025 compared to \$172 million in the corresponding period last year, representing a margin of 21.7% and 22.2%, respectively. The decrease in gross profit was largely driven by lower sales volumes across most product categories.

Despite lower sales volumes, operating income increased to \$143 million in the first quarter of 2025, compared to \$124 million in the corresponding period last year, due to the insurance settlement for a 2023 fire incident at one of the Company's facilities that was recorded in Q1 2025. Similarly, EBITDA increased to \$179 million in the first quarter of 2025, representing a margin of 23.2%, compared to \$156 million, or a margin of 20.1%, in the corresponding period last year. The insurance settlement recorded in the first quarter of 2025 increased EBITDA by \$38 million and EBITDA margin by 5%.

Net income for the first quarter of 2025 was \$93 million, or \$1.67 per share, versus net income of \$77 million, or \$1.36 per share, in the corresponding period of 2024.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the quarter ended March 31, 2025, Stella-Jones used its liquidity to support the seasonal increase in working capital requirements, maintain its assets, as well as repurchase \$15 million of shares. During the quarter, the Company also declared a dividend totaling \$17 million.

As at March 31, 2025, the Company maintained a healthy financial position. It had available liquidity of \$691 million and its net debt-to-EBITDA stood at 2.6x.

## **LEADERSHIP ANNOUNCEMENT**

On April 14, 2025, Wesley Bourland was appointed as Senior Vice-President and Chief Operating Officer. Having served in several senior operations leadership roles, Mr. Bourland will leverage his expertise in manufacturing, strategic planning and process optimization to drive operational excellence.

## **QUARTERLY DIVIDEND**

On May 6, 2025, the Board of Directors declared a quarterly dividend of \$0.31 per common share payable on June 20, 2025 to shareholders of record at the close of business on June 2, 2025.

## **ACQUISITION OF LOCWELD INC.**

Today, the Company entered into a definitive agreement to acquire Locweld Inc. ("Locweld"), a leading designer and manufacturer of lattice towers and steel transmission poles, for a purchase price of \$58 million on a cash-free debt-free basis and subject to customary working capital adjustments. An additional performance-based consideration of up to seven million dollars may be paid contingent upon achieving specific financial and operational milestones. Stella-Jones will finance the acquisition through its existing revolving credit facilities. Closing of the acquisition is expected to occur today.

Based in Candiac, Quebec, Locweld has established a strong reputation for its commitment to quality and service, with over 75 years of operations. Led by a seasoned management team, Locweld employs approximately 220 people and services customers in both Canada and the United States from its 220,000 square foot facility. Sales for Locweld's year ended September 30, 2024 reached approximately \$55 million.

## CONFERENCE CALL

Stella-Jones will hold a conference call to discuss these results on May 7, 2025, at 8:00 a.m. Eastern Daylight Time ("EDT"). 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/400-108-123-801>. This recording will be available on Wednesday, May 7, 2025, as of 1:00 p.m. EDT until 11:59 p.m. EST on Wednesday, May 14, 2025.

## ANNUAL MEETING OF SHAREHOLDERS

Stella-Jones will hold its Annual Meeting of Shareholders on May 7, 2025, at 11:00 a.m. EDT. Interested parties may attend in-person at: 1250 René-Lévesque Blvd. West, suite 3610 Montréal, Québec or virtually by webcast at: <https://meetings.400.lumiconnect.com/400-203-666-026> entering the password: stella2025 (case-sensitive).

## 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 and the acquisition described herein. 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:** Condensed interim unaudited consolidated financial statements for the first quarter ended March 31, 2025 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)

For the three-month periods ended March 31, 2025 and 2024

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

	2025	2024
<b>Sales</b>	<u>773</u>	<u>775</u>
<b>Expenses</b>		
Cost of sales (including depreciation and amortization of \$32 (2024 - \$28))	605	603
Selling and administrative (including depreciation and amortization of \$4 (2024 - \$4))	50	47
Other losses, net	3	1
Gain on insurance settlement	(28)	—
	<u>630</u>	<u>651</u>
<b>Operating income</b>	<u>143</u>	<u>124</u>
<b>Financial expenses</b>	<u>20</u>	<u>22</u>
<b>Income before income taxes</b>	<u>123</u>	<u>102</u>
<b>Income tax expense</b>		
Current	28	24
Deferred	2	1
	<u>30</u>	<u>25</u>
<b>Net income</b>	<u>93</u>	<u>77</u>
<b>Basic and diluted earnings per common share</b>	<u>1.67</u>	<u>1.36</u>

# Stella-Jones Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(in millions of Canadian dollars)

	As at March 31, 2025	As at December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	81	50
Accounts receivable	378	277
Inventories	1,798	1,759
Income taxes receivable	15	11
Other current assets	40	42
	<u>2,312</u>	<u>2,139</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,053	1,048
Right-of-use assets	303	311
Intangible assets	166	170
Goodwill	406	406
Derivative financial instruments	17	21
Other non-current assets	9	8
	<u>4,266</u>	<u>4,103</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	181	180
Income taxes payable	30	—
Deferred revenue	—	17
Current portion of long-term debt	7	1
Current portion of lease liabilities	64	64
Current portion of provisions and other long-term liabilities	26	24
	<u>308</u>	<u>286</u>
<b>Non-current liabilities</b>		
Long-term debt	1,474	1,379
Lease liabilities	252	259
Deferred income taxes	198	197
Provisions and other long-term liabilities	32	37
Employee future benefits	4	4
	<u>2,268</u>	<u>2,162</u>
<b>Shareholders' equity</b>		
Capital stock	188	188
Retained earnings	1,559	1,498
Accumulated other comprehensive income	251	255
	<u>1,998</u>	<u>1,941</u>
	<u>4,266</u>	<u>4,103</u>

# Stella-Jones Inc.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2025 and 2024

(in millions of Canadian dollars)

	2025	2024
<b>Cash flows from (used in)</b>		
<b>Operating activities</b>		
Net income	93	77
Adjustments for		
Depreciation of property, plant and equipment	14	11
Depreciation of right-of-use assets	17	16
Amortization of intangible assets	5	5
Financial expenses	20	22
Income tax expense	30	25
Gain on insurance settlement	(28)	—
Other	(14)	3
	<u>137</u>	<u>159</u>
Changes in non-cash working capital components		
Accounts receivable	(77)	(94)
Inventories	(41)	(117)
Other current assets	3	7
Accounts payable and accrued liabilities	(11)	11
	<u>(126)</u>	<u>(193)</u>
Interest paid	(25)	(22)
Income taxes paid	(2)	(6)
	<u>(16)</u>	<u>(62)</u>
<b>Financing activities</b>		
Net change in revolving credit facilities	137	41
Proceeds from long-term debt	—	168
Repayment of long-term debt	(36)	(102)
Repayment of lease liabilities	(17)	(15)
Repurchase of common shares	(15)	(15)
	<u>69</u>	<u>77</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(20)	(23)
Property insurance proceeds	—	10
Additions of intangible assets	(2)	(2)
	<u>(22)</u>	<u>(15)</u>
<b>Net change in cash and cash equivalents during the period</b>	<u>31</u>	<u>—</u>
<b>Cash and cash equivalents – Beginning of period</b>	<u>50</u>	<u>—</u>
<b>Cash and cash equivalents – End of period</b>	<u>81</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.

Reconciliation of Operating Income to EBITDA (in millions of dollars)	Three-month periods ended March 31,	
	2025	2024
Operating income	143	124
Depreciation and amortization	36	32
<b>EBITDA</b>	<b>179</b>	<b>156</b>

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	As at March 31, 2025	As at December 31, 2024
Long-term debt, including current portion	1,481	1,380
Add:		
Lease liabilities, including current portion	316	323
Less:		
Cash and cash equivalents	81	50
<b>Net Debt</b>	<b>1,716</b>	<b>1,653</b>
EBITDA (TTM)	656	633
<b>Net Debt-to-EBITDA</b>	<b>2.6x</b>	<b>2.6x</b>