



Press Release

Stella-Jones Announces Fourth Quarter And Full Year 2025 Results

Solid Execution and Momentum Entering 2026

- Annual sales of \$3.5 billion, in line with guidance
- Operating income of \$516 million, including insurance settlement gain of \$28 million
- EBITDA⁽¹⁾ of \$661 million, or 18.9% margin⁽¹⁾, including 0.8% increase from insurance settlement
- Strong operating cash flow of \$557 million
- 2023-2025 financial objectives met or exceeded and guidance set for 2026-2028
- Investment in a U.S. greenfield steel lattice facility to capitalize on the accelerating infrastructure spending trend

Montreal, Quebec – February 26, 2026 - Stella-Jones Inc. (TSX: SJ) (“Stella-Jones” or the “Company”) today announced financial results for its fourth quarter and year ended December 31, 2025.

“We concluded the year with sales in line with our guidance, robust volume momentum in utility products, and EBITDA margin above our target, despite softer market conditions,” said Eric Vachon, President and Chief Executive Officer of Stella-Jones. “Our solid performance was enhanced by meaningful progress in our growth strategy, as we executed on new opportunities to strengthen our presence in the utility sector. The acquisitions of Locweld and Brooks position us to serve a broader transmission and distribution market, reinforcing our role as a partner of choice for our infrastructure customers.”

“Entering 2026, we are building on this momentum with an investment to expand our steel lattice structure business in the U.S. with the construction of a greenfield manufacturing facility, enabling us to further capture growing market demand. We are excited about the opportunities ahead and remain committed to driving shareholder value as we pursue our long-term growth initiatives,” he concluded.

Financial Highlights (in millions of Canadian dollars, except ratios and per share data)	Three-month periods ended December 31,		Years ended December 31,	
	2025	2024	2025	2024
Sales	727	730	3,492	3,469
Gross profit ⁽¹⁾	143	138	705	724
Gross profit margin ⁽¹⁾	19.7%	18.9%	20.2%	20.9%
Operating income	83	81	516	503
Operating income margin ⁽¹⁾	11.4%	11.1%	14.8%	14.5%
EBITDA ⁽¹⁾	122	115	661	633
EBITDA margin ⁽¹⁾	16.8%	15.8%	18.9%	18.2%
Net income	50	52	337	319
Earnings per share (“EPS”) - basic & diluted	0.91	0.93	6.09	5.66
Net debt-to-EBITDA ⁽¹⁾			2.4x	2.6x

⁽¹⁾ 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 2025 amounted to \$727 million, compared to sales of \$730 million for the same period in 2024. Excluding the contribution from acquisitions of Locweld Inc. (“Locweld”) and Brooks Manufacturing Co. (“Brooks”) of \$26 million, pressure-treated wood sales decreased \$14 million, or 2% due to a decrease in railway ties volumes and softer residential lumber demand, partially offset by higher wood utility poles sales driven by stronger demand. Logs and lumber sales decreased by \$15 million, mainly driven by less trading activity, compared to the fourth quarter last year.

Pressure-treated wood products:

- **Utility products (61% of Q4-25 sales):** Utility products sales increased to \$447 million in the fourth quarter of 2025, compared to sales of \$385 million in the corresponding period last year. Excluding the contribution from the acquisitions of Locweld and Brooks, utility products sales increased by \$36 million, or 9% versus the same period last year. The increase was all attributable to higher sales volumes, while overall pricing remained relatively flat. Most of the volume gains were driven by new contractual commitments secured in 2023 and 2024, and an increase in purchase activity by certain customers, which began in the third quarter and continued through the fourth quarter.
- **Railway ties (22% of Q4-25 sales):** Railway ties sales decreased by \$31 million to \$162 million in the fourth quarter of 2025, compared to sales of \$193 million in the same period last year. The decrease was in large part explained by less shipments when compared to the same period last year, due to more competitive pressures and timing-related factors.
- **Residential lumber (11% of Q4-25 sales):** Sales in residential lumber decreased to \$80 million in the fourth quarter of 2025, compared to sales of \$93 million in the corresponding period last year. While pricing remained relatively unchanged when compared to the same period last year, the decrease was driven by lower sales volumes.
- **Industrial products (3% of Q4-25 sales):** Industrial products sales decreased by six million dollars to \$25 million in the fourth quarter of 2025, compared to \$31 million in the corresponding period last year, largely due to timing of projects.

Logs and lumber:

- **Logs and lumber (3% of Q4-25 sales):** Sales in the logs and lumber product category were \$13 million in the fourth quarter of 2025, compared to \$28 million in the corresponding period last year. The decrease in sales compared to the fourth quarter of 2024 was due to less logs and lumber trading activity.

Gross profit was \$143 million in the fourth quarter of 2025, compared to gross profit of \$138 million in the fourth quarter of 2024. As a percentage of sales, gross profit increased from 18.9% in the fourth quarter of 2024 to 19.7% in the fourth quarter of 2025. The increase in gross profit, both in absolute dollars and as a percentage of sales, was largely driven by more sales from the higher-margin utility products category.

Similarly, operating income increased by two million dollars to \$83 million in the fourth quarter of 2025, compared to \$81 million in the fourth quarter last year and EBITDA increased by seven million dollars to \$122 million, representing an EBITDA margin of 16.8% versus EBITDA of \$115 million in the fourth quarter last year, or an EBITDA margin of 15.8%.

Net income for the fourth quarter of 2025 was \$50 million, or \$0.91 per share, versus net income of \$52 million, or \$0.93 per share, in the corresponding period of 2024.

Full Year 2025 Results

Sales for the year ended December 31, 2025 reached \$3,492 million, versus sales of \$3,469 million in 2024. Excluding the contribution from acquisitions of \$66 million and the currency conversion effect of \$53 million, pressure-treated wood sales decreased \$64 million, or 2%. The decrease resulted from lower volumes for railway ties and residential lumber. This was offset in part by an increase in wood utility poles demand and better pricing for residential lumber. The decrease in logs and lumber sales compared to last year was largely attributable to less logs and lumber activity.

Pressure-treated wood products:

- **Utility Products (52% of 2025 sales):** Utility products sales increased to \$1,822 million in 2025, compared to sales of \$1,705 million in 2024. Excluding the contribution from the acquisitions of Locweld and Brooks in 2025 and the currency conversion effect, utility products sales increased by \$20 million, or 1%. The increase resulted from volume growth, mostly driven by recently secured contractual commitments, and an increase in the pace of wood poles purchases by certain customers in the latter part of 2025. Despite lower spot market pricing when compared to last year, overall pricing remained relatively stable.
- **Railway ties (24% of 2025 sales):** Railway ties sales were \$821 million in 2025, compared to sales of \$890 million in 2024. Excluding the currency conversion effect, railway ties sales decreased \$86 million, or 10%. The decrease was attributable to lower sales volumes, mainly resulting from a Class 1's shift to treating railway ties in-house, delays in the execution of non-Class 1 projects, as well as increased competitive pressures.
- **Residential lumber (18% of 2025 sales):** Sales in the residential lumber category remained relatively unchanged at \$615 million in 2025 versus \$614 million in 2024. Excluding the currency conversion effect, residential lumber sales decreased by two million dollars, as softer consumer demand when compared to 2024, was largely offset by higher pricing. Even as the lumber market softened, pricing in 2025 remained above 2024 levels, supported by the higher average cost of inventory procured earlier in the year.
- **Industrial products (5% of 2025 sales):** Industrial products sales were \$160 million in 2025 compared to sales of \$154 million in 2024. Excluding the currency conversion effect, industrial products sales increased four million dollars, or 3%, mainly driven by higher project-driven demand.

Logs and lumber:

- **Logs and lumber (1% of 2025 sales):** Sales in the logs and lumber product category were \$74 million in 2025, down compared to \$106 million in 2024. The decrease in sales was explained by less trading activity in 2025 for both logs and lumber.

Gross profit was \$705 million in 2025, compared to \$724 million in 2024, representing a margin of 20.2% and 20.9% respectively. The decrease was largely due to higher manufacturing and depreciation expense, offset in part by the additional gross profit attributable to acquisitions completed in 2025, and the positive impact of the currency conversion.

Operating income amounted to \$516 million, versus \$503 million a year ago, while EBITDA was \$661 million, representing a margin of 18.9%, compared to \$633 million, or a margin of 18.2% last year. The insurance settlement gain recognized in 2025 increased operating income and EBITDA by \$28 million and EBITDA margin by 0.8%.

Net income in 2025 totalled \$337 million, or \$6.09 per share, which included the pre-tax gain on insurance settlement of \$28 million. This compares to net income of \$319 million, or \$5.66 per share, in 2024.

Liquidity and Capital Resources

During the year ended December 31, 2025, Stella-Jones used the cash generated from operations of \$557 million to broaden its infrastructure product offering with the acquisitions of Locweld and Brooks totalling \$259 million, invest in the business and return \$158 million to shareholders, thereby achieving its \$500 million capital return objective over the 2023-2025 period, with total returns of \$506 million. The dividend paid in 2025 amounted to \$1.24 per share, representing an 11% increase compared to 2024.

As at December 31, 2025, the Company maintained a healthy financial position. It had available liquidity⁽²⁾ of \$634 million and its net debt-to-EBITDA stood within the targeted range at 2.4x.

Investment in Greenfield Steel Lattice Structure Facility in the U.S.

Subsequent to year-end, the Board of Directors approved an investment of approximately US\$50 million to expand the Company's steel lattice structure capacity. This investment will fund a new manufacturing facility of approximately 20,000 tons, located in the Southeastern United States. Currently in the final stages of site selection, the facility is designed to meet growing demand from U.S. utilities. The facility is expected to be fully commissioned by the end of 2027.

Financial Objectives

The financial objectives set for 2026-2028 were included in the Company's press release issued on November 20, 2025, in connection with its 2025 Investor Day.

As reflected in its 2025 results, the Company met or exceeded the previously disclosed financial objectives. Please refer to the updated financial objectives disclosed in the Company's second quarter of 2025 MD&A dated August 6, 2025.

⁽²⁾ Sum of cash and cash equivalents and undrawn credit facilities net of outstanding letters of credit and certain guarantees.

Quarterly Dividend Increased 10% to \$0.34 per share

On February 25, 2026, the Board of Directors declared a quarterly dividend of \$0.34 per common share payable on April 24, 2026 to shareholders of record at the close of business on April 2, 2026. This dividend is designated to be an eligible dividend.

Conference Call

Stella-Jones will hold a conference call to discuss these results on February 26, 2026, at 10:00 AM Eastern Standard Time (“EST”). Interested parties can join the call by dialing 1-800 990 2777 (Conference ID 77440). 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/400-066-154-282>. This recording will be available on Thursday, February 26, 2026 as of 1:00 PM EST until 11:59 PM EST on Thursday, March 5, 2026.

About Stella-Jones

Stella-Jones Inc. (TSX: SJ) is a leading North American manufacturer of products focused on supporting infrastructure essential to the electrical distribution and transmission network, and the operation and maintenance of railway transportation systems. It supplies the continent’s major electrical utilities companies with treated wood poles and crossarms, steel lattice towers and steel transmission poles, as well as 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

This press release contains forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). The words “may”, “could”, “should”, “would”, “assumptions”, “plan”, “strategy”, “believe”, “anticipate”, “estimate”, “expect”, “intend”, “objective”, the use of the future and conditional tenses, and words and expressions of similar nature are intended to identify forward-looking statements. Forward-looking statements include, among others, statements about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments, including the statements relating to the Company's 2026-2028 financial objectives, and the Company's plans to expand its steel lattice structure business in the U.S. with the construction of a new manufacturing facility (including the anticipated benefits from the project and expected timing for full commissioning of the project), and are provided for the purpose of assisting the reader in understanding the Company’s financial position, operating results and cash flows and management’s current expectations and plans (and may not be appropriate for other purposes). Such statements are based upon a number of estimates and assumptions and are made by the Company in light of the experience of management and their perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such risks and uncertainties may relate to, among other things, the Company’s dependence on major customers, the availability and cost of raw materials, operational disruption, climate change, reliance on key personnel, information technology, cybersecurity and data protection incidents, global economic conditions, geopolitical uncertainty, the Company’s acquisition strategy, the Company’s future plant expansion, the Company’s ability to raise capital, environmental compliance and litigation, and factors and assumptions referenced herein and in the Company’s continuous disclosure filings. These and other risks and uncertainties related to the business of the Company are described in greater detail in the section entitled “Risks and Uncertainties” of the Company's management discussion and analysis (MD&A) for the year ended December 31, 2025. Many of these risks are beyond the Company's ability to control or predict. Because of these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. This press release reflects information available to the Company as of February 25, 2026, the date of this press release. 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.

Note to readers: The audited consolidated financial statements as well as management’s discussion and analysis for the year ended December 31, 2025 are available on Stella-Jones’ website at www.stella-jones.com.

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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,	
	2025	2024	2025	2024
Sales	727	730	3,492	3,469
Expenses				
Cost of sales (including depreciation and amortization (3 months - \$34 (2024 - \$30) and 12 months - \$129 (2024 - \$115))	584	592	2,787	2,745
Selling and administrative (including depreciation and amortization (3 months - \$5 (2024 - \$4) and 12 months - \$16 (2024 - \$15))	57	50	213	206
Other losses, net	3	7	4	15
Gain on insurance settlement	—	—	(28)	—
	644	649	2,976	2,966
Operating income	83	81	516	503
Financial expenses	17	23	69	88
Income before income taxes	66	58	447	415
Income tax expense				
Current	(1)	2	84	86
Deferred	17	4	26	10
	16	6	110	96
Net income	50	52	337	319
Basic and diluted earnings per common share	0.91	0.93	6.09	5.66

Stella-Jones Inc.

Consolidated Statements of Financial Position

(in millions of Canadian dollars)

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	44	50
Accounts receivable	262	277
Inventories	1,653	1,759
Income taxes receivable	19	11
Other current assets	41	42
	<u>2,019</u>	<u>2,139</u>
Non-current assets		
Property, plant and equipment	1,116	1,048
Right-of-use assets	288	311
Intangible assets	243	170
Goodwill	434	406
Derivative financial instruments	9	21
Other non-current assets	8	8
	<u>4,117</u>	<u>4,103</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	153	180
Deferred revenue	—	17
Current portion of long-term debt	37	1
Current portion of lease liabilities	63	64
Current portion of provisions and other long-term liabilities	20	24
	<u>273</u>	<u>286</u>
Non-current liabilities		
Long-term debt	1,302	1,379
Lease liabilities	240	259
Deferred income taxes	218	197
Provisions and other long-term liabilities	44	37
Employee future benefits	1	4
	<u>2,078</u>	<u>2,162</u>
Shareholders' equity		
Capital stock	187	188
Contributed surplus	5	—
Retained earnings	1,681	1,498
Accumulated other comprehensive income	166	255
	<u>2,039</u>	<u>1,941</u>
	<u>4,117</u>	<u>4,103</u>

Stella-Jones Inc.

Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	2025	2024
Cash flows from (used in)		
Operating activities		
Net income	337	319
Adjustments for		
Depreciation of property, plant and equipment	55	46
Depreciation of right-of-use assets	68	66
Amortization of intangible assets	22	18
Financial expenses	69	88
Income tax expense	110	96
Gain on insurance settlement	(28)	—
Other	(10)	4
	<u>623</u>	<u>637</u>
Changes in non-cash working capital components		
Accounts receivable	34	56
Inventories	85	(82)
Income taxes receivable	(4)	—
Other current assets	11	9
Accounts payable and accrued liabilities	(31)	(40)
	<u>95</u>	<u>(57)</u>
Interest paid	(69)	(85)
Income taxes paid	(92)	(87)
	<u>557</u>	<u>408</u>
Financing activities		
Net change in revolving credit facilities	142	(471)
Proceeds from long-term debt	—	568
Repayment of long-term debt	(144)	(103)
Repayment of lease liabilities	(66)	(62)
Dividends on common shares	(68)	(63)
Repurchase of common shares	(90)	(90)
	<u>(226)</u>	<u>(221)</u>
Investing activities		
Business combinations	(262)	(4)
Purchase of property, plant and equipment	(103)	(132)
Property insurance proceeds	28	10
Additions of intangible assets	(9)	(11)
Proceeds on disposal of assets	9	—
	<u>(337)</u>	<u>(137)</u>
Net change in cash and cash equivalents during the year	<u>(6)</u>	<u>50</u>
Cash and cash equivalents – Beginning of year	<u>50</u>	<u>—</u>
Cash and cash equivalents – End of year	<u>44</u>	<u>50</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:** Sales of a given period, excluding the effect of acquisitions and foreign currency changes
- **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 Sales to Organic Sales Growth (in millions of dollars, except percentages)	Utility Products ⁽¹⁾	Railway Ties	Residential Lumber	Industrial Products	Total Pressure-Treated Wood	Logs & Lumber	Consolidated Sales
Q4-2024	385	193	93	31	702	28	730
Acquisitions	26	—	—	—	26	—	26
FX impact	—	—	—	—	—	—	—
Organic sales growth	36	(31)	(13)	(6)	(14)	(15)	(29)
Q4-2025	447	162	80	25	714	13	727
Organic sales growth %	9%	(16%)	(14%)	(19%)	(2%)	(54%)	(4%)

Reconciliation of Sales to Organic Sales Growth (in millions of dollars, except percentages)	Utility Products ⁽¹⁾	Railway Ties	Residential Lumber	Industrial Products	Total Pressure-Treated Wood	Logs & Lumber	Consolidated Sales
2024	1,705	890	614	154	3,363	106	3,469
Acquisitions	66	—	—	—	66	—	66
Foreign exchange	31	17	3	2	53	—	53
Organic sales growth	20	(86)	(2)	4	(64)	(32)	(96)
2025	1,822	821	615	160	3,418	74	3,492
Organic sales growth %	1%	(10%)	—%	3%	(2%)	(30%)	(3%)

⁽¹⁾ Utility Products comprise of wood utility poles, crossarms and steel structures, namely steel lattice towers and steel transmission poles.

Reconciliation of Operating Income to EBITDA (in millions of dollars)	Three-month periods ended		Years ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Operating income	83	81	516	503
Depreciation and amortization	39	34	145	130
EBITDA	122	115	661	633

Reconciliation of Long-Term Debt to Net Debt (in millions of dollars)	Years ended December 31,	
	2025	2024
Long-term debt, including current portion	1,339	1,380
Add:		
Lease liabilities, including current portion	303	323
Less:		
Cash and cash equivalents	44	50
Net Debt	1,598	1,653
EBITDA (TTM)	661	633
Net Debt-to-EBITDA	2.4x	2.6x