INVESTOR FACT SHEET

Stella-JoneS

Q2 2021

ENDED JUNE 30

TSX: SJ (as at August 3, 2021)

Price: $45.70

High: $54.09
Low: $40.12
(52 weeks ended August 3, 2021)

Number of Shares Outstanding:
64,765,496 (August 2, 2021)

SECOND QUARTER HIGHLIGHTS

- Sales increased 18% to $903 million
- EBITDA rose 50% to a new record of $180 million, or a margin of 20%
- Net income reached $115 million, or $1.76 per share
- Solid financial position with a net debt-to-EBITDA ratio of 1.7x
- Annual 2021 EBITDA forecast revised to $410 to $440 million

Stella-Jones Inc. (TSX: SJ) is a leading producer and marketer of pressure-treated wood products. The Company supplies North America's electrical utilities and telecommunication companies with utility poles, and the continent's railroad operators with railway ties and timbers. Stella-Jones also manufactures and distributes residential lumber and accessories to retailers for outdoor applications, as well as industrial products for construction and marine applications. The Company's common shares are listed on the Toronto Stock Exchange.

A WORD FROM MANAGEMENT

We are very pleased with our second quarter performance, which included strong sales growth in each of our product categories. Volume gains in utility poles and railway ties, combined with unprecedented high market prices of lumber, drove sales to over $900 million and EBITDA to a record quarter.

These results allowed us to generate operating cash flows of $173 million, reduce the indebtedness related to the seasonal investment in working capital in the first quarter and return $38 million to shareholders during the quarter. While we have revised the full-year EBITDA forecast to reflect the normalization of lumber market conditions, we foresee solid EBITDA growth in 2021 and are confident that our leading utility poles and railway ties core product categories will continue to deliver sustained growth. With our financial strength, scale and focus on execution and innovation, we are uniquely positioned to capitalize on growth opportunities and generate solid returns for our shareholders.

Éric Vachon
President and CEO
August 3, 2021

FINANCIAL HIGHLIGHTS

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

	Quarters ended June 30, (unaudited)		Six months ended June 30, (unaudited)	
	2021	**2020**	**2021**	**2020**
Sales	**903**	768	**1,526**	1,276
Gross profit [(1)]	**197**	131	**309**	214
Gross profit margin [(1)]	**21.8%**	17.1%	**20.2%**	16.8%
EBITDA [(1)]	**180**	120	**279**	183
EBITDA margin [(1)]	**20.0%**	15.6%	**18.3%**	14.4%
Operating income	**161**	101	**243**	146
Operating income margin [(1)]	**17.8%**	13.2%	**15.9%**	11.4%
Net income for the period	**115**	69	**171**	97
Earnings per share – basic and diluted	**1.76**	1.02	**2.61**	1.43
Weighted average shares outstanding (basic, in '000s)	**65,356**	67,479	**65,532**	67,474

[(1)] This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers.

RECENT EVENTS

August 2, 2021 – The Board of Directors declared a quarterly dividend of $0.18 per common share payable on September 17, 2021 to shareholders of record at the close of business on September 1, 2021. This dividend is designated to be an eligible dividend.

July 30, 2021 – The Company obtained a one-year extension of its unsecured syndicated revolving credit facility to February 27, 2026. The extension was granted through an amendment to the sixth amended and restated credit agreement dated as of May 3, 2019. All terms and conditions remain substantially unchanged.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trailing 12 months	2020	2019	2018[3]	2017[3]
Sales [1]	**2,801**	2,551	2,189	2,144	1,908
EBITDA [2]	**481**	385	313	244	243
EBITDA margin [2]	**17.2%**	15.1%	14.3%	11.4%	12.7%
Operating income	**406**	309	242	206	207
Operating income margin [2]	**14.5%**	12.1%	11.1%	9.6%	10.9%
Net Income for the period	**284**	210	163	138	168
Per common share – diluted	**4.30**	3.12	2.37	1.98	2.42

[1] Figures have been adjusted to conform to the current period presentation.
[2] This is a non-IFRS financial measure which does not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers. Please refer to the non-IFRS financial measures described in the Company's management's discussion and analysis.
[3] Results for fiscal 2018 and prior years were not restated as permitted by IFRS 16, *Leases*.

UPDATED OUTLOOK

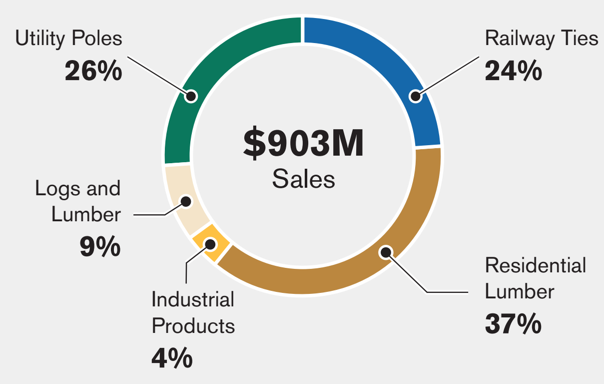
The Company has revised its full-year financial forecast to reflect the softening of residential lumber demand in the second half of 2021. Stella-Jones continues to foresee solid EBITDA growth in 2021 compared to 2020 but expects EBITDA to be in the range of $410 to $440 million, compared to the previously disclosed guidance of $450 to $480 million. The margin expansion realized in the first half of 2021 is projected to offset the margin compression expected from declining market prices of lumber until the Company averages down its higher cost of inventory. As a result, the Company anticipates EBITDA margin as a percentage of sales for 2021 to remain comparable to 2020.

Excluding the impact of the currency conversion, the Company is projecting sales growth in the low-to-high teens for 2021 compared to 2020, down from the projected increase of 15% to low 20% previously disclosed. The decrease in the sales growth projection largely stems from the expected slowdown in consumer demand for residential lumber. Residential lumber sales are expected to increase 15% to 20% compared to 2020, down from the previously disclosed forecasted increase of 45% to 65%. While the sales growth forecast for utility poles remains unchanged with a high-single digit increase compared to 2020, railway ties and industrial products sales are projected to increase in the low-single digit range. For railway ties, the current pricing headwinds are expected to ease by the end of the year and the Company believes it will continue to benefit from increased maintenance activity.

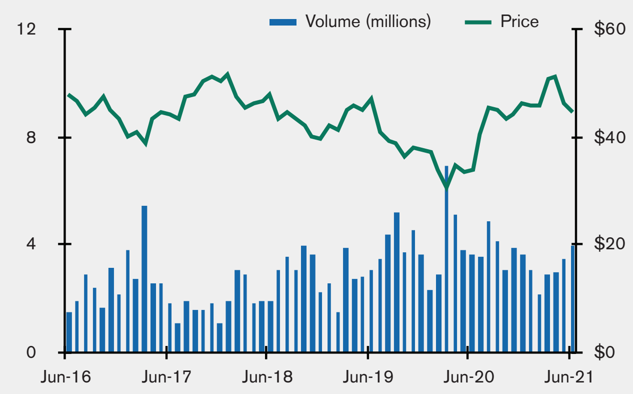
This updated guidance anticipates a reduction of approximately $130 million in sales from the depreciation of the value of the U.S. dollar relative to the Canadian dollar to C$1.25 per U.S. dollar.

The Company's financial guidance is based on its current outlook for 2021 and takes into account a number of economic and market assumptions. Please refer to the Company's Management's Discussion and Analysis for a complete list of assumptions.

PRODUCT CATEGORIES (in % of Q2 2021 sales)



STOCK PERFORMANCE



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INVESTOR RELATIONS

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ANALYST COVERAGE

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Benoît Laprade	Scotia Capital
Hamir Patel	CIBC World Markets
Benoit Poirier	Desjardins Securities
Jim Byrne	Acumen Capital Finance Partners
Walter Spracklin	RBC Capital Markets
Michael Tupholme	TD Securities
Maxim Sytchev	National Bank Financial