

# INVESTOR FACT SHEET



**TSX: SJ** (as at August 4, 2020)

**Price: \$40.43**

**High: \$42.83**

**Low: \$23.34**

(52 weeks ended August 4, 2020)

**Number of Shares Outstanding:  
67,488,235**

## Q2 ENDED JUNE 30, 2020

### SECOND QUARTER HIGHLIGHTS

- EBITDA increased 28% to a record \$120 million
- Net income rose to \$69 million or \$1.02 per share
- Net debt to trailing 12-month EBITDA decreased to 1.9x
- Updated 2020 outlook to reflect strong quarterly performance
- Announced a Normal Course Issuer Bid

**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 pleased with our financial performance, as each of our three core product categories continued to deliver improved results. Bolstered by exceptional demand for residential lumber, we realized double-digit sales growth of 15% and increased EBITDA by 28% to \$120 million this quarter, surpassing the \$100 million mark for the first time in a single quarter. We generated \$146 million of cash from operations and reduced our leverage, further improving our financial strength and flexibility. Based on our strong quarterly performance and resilient business model, we have increased our annual 2020 EBITDA guidance and announced our intention to repurchase up to 2,500,000 of the Company's outstanding shares, under a Normal Course Issuer Bid.

Critical to the integrity of the supply chain for utilities, railroads and the construction industry, Stella-Jones has continued to operate all of its North American facilities and support its customers during the varying stages of restrictions and re-openings implemented by authorities to address the COVID-19 pandemic. The Company continues to reinforce measures implemented to mitigate health risks to its employees, business partners and communities where it operates. I wish to thank each and every one of our 2,300 employees across North America for doing their part to successfully operate our business during these challenging times and contribute to a record performance this quarter.

**Éric Vachon**  
President and CEO  
August 5, 2020

### FINANCIAL HIGHLIGHTS

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

	Quarter ended June 30, (unaudited)		Six months ended June 30, (unaudited)	
	2020	2019	2020	2019
Sales <sup>1</sup>	768	667	1,276	1,113
Gross Profit <sup>2</sup>	131	108	214	178
EBITDA <sup>2</sup>	120	94	183	158
EBITDA margin <sup>2</sup>	15.6%	14.1%	14.3%	14.2%
Operating income <sup>2</sup>	101	77	146	123
Net income for the period	69	52	97	81
Per share – basic and diluted (\$)	1.02	0.76	1.43	1.18
Weighted average shares outstanding (basic, in '000s)	67,479	69,131	67,474	69,134

<sup>1</sup> Prior period figures have been adjusted to conform to the current period presentation.

<sup>2</sup> 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 Management's Discussion and Analysis.

## RECENT EVENT

August 5, 2020 – The Company announced a Normal Course Issuer Bid.

## 5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trail. 12 months	2019	2018 <sup>3</sup>	2017 <sup>3</sup>	2016 <sup>3</sup>
Sales <sup>1</sup>	2,352	2,189	2,144	1,908	1,854
EBITDA <sup>2</sup>	338	313	244	243	265
EBITDA margin <sup>2</sup>	14.4%	14.3%	11.4%	12.7%	14.3%
Operating income <sup>2</sup>	265	242	206	207	233
Operating margin <sup>2</sup>	11.3%	11.1%	9.6%	10.9%	12.6%
Net Income for the Period	179	163	138	168	154
Per common share – diluted (\$)	2.63	2.37	1.98	2.42	2.22

<sup>1</sup> Figures have been adjusted to conform to the current period presentation.

<sup>2</sup> 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 Management's Discussion and Analysis.

<sup>3</sup> Results for fiscal 2018 and prior years were not restated as permitted by IFRS 16, Leases.

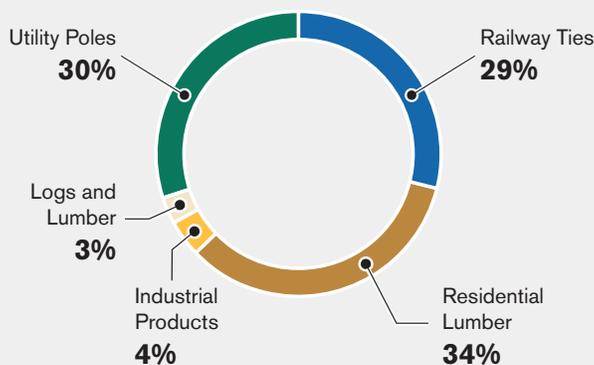
## OUTLOOK

The financial outlook with respect to annual EBITDA for 2020 is revised to reflect the strong quarterly performance, bolstered by the robust demand for residential lumber. The Company now expects EBITDA for 2020 to be in the range of \$320 to \$345 million, up \$20 million from the previously disclosed guidance, and EBITDA margin to be comparable to 2019.

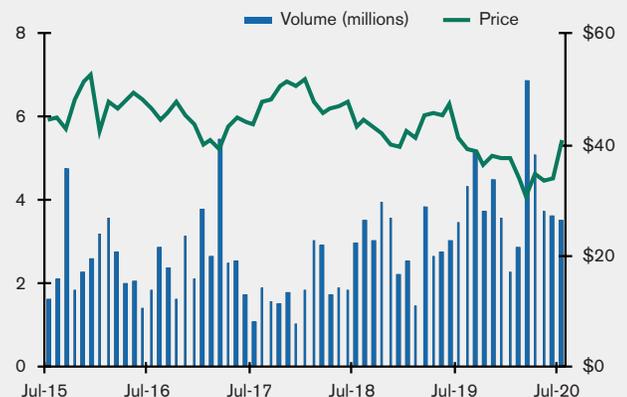
As part of its capital allocation approach, the Company intends to target a net debt-to-EBITDA ratio between 2.0x and 2.5x. While maintaining a healthy financial position, the targeted leverage should allow the Company to return capital to shareholders and take advantage of growth opportunities to further strengthen its position in the Company's core product categories, both organically and through acquisitions, and enhance shareholder value.

Please refer to the Company's Management's Discussion and Analysis for further details.

## PRODUCT CATEGORIES (in % of Q2 2020 sales)



## STOCK PERFORMANCE



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### INVESTOR RELATIONS

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### ANALYST COVERAGE

Jim Byrne	Acumen Capital Finance Partners Limited
Mona Nazir	Laurentian Bank Securities
Mark Neville	Scotiabank
Hamir Patel	CIBC World Markets
Benoit Poirier	Desjardins Capital Markets
Walter Spracklin	RBC Capital Markets
Maxim Sytchev	National Bank Financial Markets
Michael Tupholme	TD Securities