

INVESTOR FACT SHEET



TSX: SJ (as at March 9, 2021)

Price: \$48.97

High: \$49.43

Low: \$23.34

(52 weeks ended March 9, 2021)

**Number of Shares Outstanding:
65,386,143**

Q4 ENDED DECEMBER 31, 2020

FOURTH QUARTER HIGHLIGHTS

- Sales in 2020 increased to \$2.6 billion
- EBITDA rose 23% to a record \$385 million, a margin of 15.1%
- Net income reached \$210 million or \$3.12 per share
- Strong financial position with a net debt-to-EBITDA ratio of 1.9x
- Quarterly cash dividend increased 20% to \$0.18 per share
- Amends Normal Course Issuer Bid to increase maximum shares to be repurchased

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

Stella-Jones' record performance in 2020 exemplifies the resiliency of our business model, the strength of our continental network and our team's ability to effectively adapt and deliver strong results for stakeholders, despite the challenges faced throughout the year. Sales were up for the 20th consecutive year, reaching \$2.6 billion, which drove the 23% increase in EBITDA to a record \$385 million. The unprecedented rise in residential lumber demand and pricing, and the continued solid sales growth in utility poles and railway ties allowed us to generate cash from operations of \$178 million which we deployed to invest in our network and return capital to shareholders. In line with our capital allocation strategy, today we announced a dividend increase of 20% and an increase to the maximum number of shares to be repurchased under the Normal Course Issuer Bid, demonstrating our confidence in Stella-Jones' strong cashflow generation.

While the impact of the ongoing global pandemic on the demand for our products and operations remains uncertain, we are currently projecting organic sales growth in 2021, driven by our utility poles and residential lumber product categories. We continue to actively implement our strategy, focusing on network efficiencies, innovation and accretive acquisitions, in order to enhance our business resilience and the Company's long-term value creation. With ample financial flexibility we are well positioned to continue to drive growth and generate consistent value for shareholders.

Éric Vachon
President and CEO
March 10, 2021

FINANCIAL HIGHLIGHTS

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

	Quarters ended December 31, (audited)		Years ended December 31, (audited)	
	2020	2019	2020	2019
Sales ¹	533	445	2,551	2,189
Gross profit ²	85	70	446	358
Gross profit margin ²	16.0%	15.7%	17.5%	16.4%
EBITDA ²	70	59	385	313
EBITDA margin (%) ²	13.1%	13.3%	15.1%	14.3%
Operating income	50	41	309	242
Operating income margin ²	9.4%	9.2%	12.1%	11.1%
Net income for the period	34	28	210	163
Per share – basic and diluted (\$)	0.52	0.41	3.12	2.37
Weighted average shares outstanding (basic, in '000s)	66,654	67,898	67,260	68,761

¹ Prior period 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.

RECENT EVENTS

December 1, 2020 – Stella-Jones announced appointment of Ms. Anne Giardini to its Board of Directors.

March 9, 2021 – Stella-Jones received approval from the Toronto Stock Exchange to amend its Normal Course Issuer Bid in order to increase the maximum number of common shares that may be repurchased for cancellation by the Company during the 12-month period ending August 9, 2021, from 2,500,000 to 3,500,000 common shares.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	2020	2019	2018 ³	2017 ³	2016 ³
Sales ¹	2,551	2,189	2,144	1,908	1,854
EBITDA ²	385	313	244	243	265
EBITDA margin ²	15.1%	14.3%	11.4%	12.7%	14.3%
Operating income	309	242	206	207	233
Operating income margin ²	12.1%	11.1%	9.6%	10.8%	12.6%
Net Income for the Period	210	163	138	168	154
Per common share – diluted (\$)	3.12	2.37	1.98	2.42	2.22

¹ Figures have been adjusted to conform to the current period presentation.

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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*.

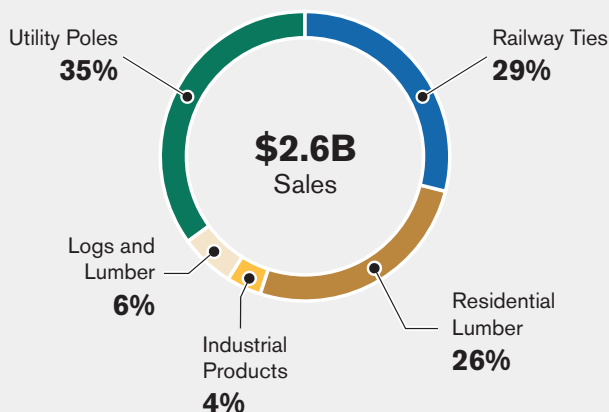
UPDATED OUTLOOK

The Company is targeting to deliver EBITDA in the range of \$385 to \$410 million in 2021. This guidance anticipates a reduction of approximately \$50 million in sales from the deterioration of the value of the U.S. dollar relative to the Canadian dollar.

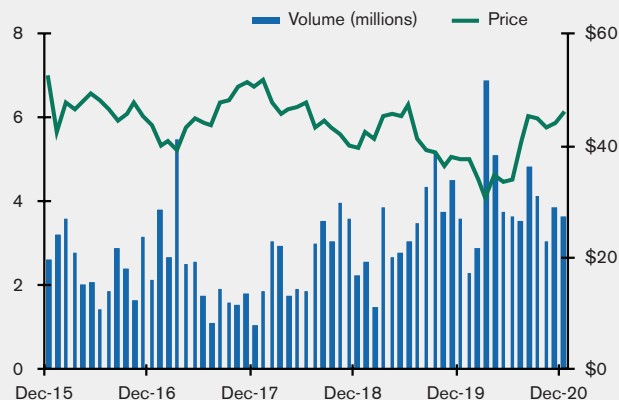
Excluding the impact of the currency conversion, the Company is projecting sales growth in the low to mid-single digit range in 2021. Utility poles and residential lumber sales are expected to increase in the mid to high-single digit range compared to 2020, while railway ties and industrial product sales are projected to be relatively comparable to those generated in 2020. For utility poles, the sustained healthy replacement maintenance demand, including an increase in value-added fire-resistant wrapped pole sales, is expected to contribute to higher year-over-year sales. For residential lumber, the forecasted increase in sales is driven by the continued strong demand for home improvement projects, current estimates of higher pricing, as well as a projected increase in market reach.

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 management's discussion and analysis for a complete list of assumptions.

PRODUCT CATEGORIES (in % of 2020 sales)



STOCK PERFORMANCE



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ANALYST COVERAGE

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