



Q1 2023
ENDED MARCH 31

TSX: SJ (as at May 9, 2023)

Price: **\$55.04**

High: **\$55.67**

Low: **\$30.54**
(52 weeks ended May 9, 2023)

Number of Shares Outstanding:

58,354,493 (May 9, 2023)

INVESTOR FACT SHEET

FIRST QUARTER HIGHLIGHTS

- Sales of \$710 million for the first quarter
- Strong 18% organic sales growth in infrastructure-related businesses
- Record EBITDA⁽¹⁾ of \$120 million, or a margin⁽¹⁾ of 16.9%, up from 13.5% in Q1 2022
- Net income of \$60 million, or \$1.03 per share, up 41% from EPS in Q1 2022

Stella-Jones Inc. (TSX: SJ) Stella-Jones is North America's leading producer of pressure-treated wood products. It supplies the continent's major electrical utilities and telecommunication companies with wood utility poles and North America's Class 1, short line and commercial railroad operators with railway ties and timbers. Stella-Jones also provides industrial products and manufactures and distributes premium treated residential lumber and accessories. The Company's common shares are listed on the Toronto Stock Exchange.

A WORD FROM MANAGEMENT

The Company had an excellent start to the year, propelled by the momentum of our growth in 2022. Our record results in Q1 featured strong sales, higher EBITDA and margin, and were marked by an out-performance of our utility poles product category, which saw a 29% organic sales increase. Our first quarter results also reflected steady sales growth in railway ties, aligned with our expectations for this product category, and an anticipated pullback in residential lumber sales compared to 2022.

Stella-Jones' performance in the first quarter further evidenced our ongoing proactivity in securing fibre supply and increasing pole production capacity, and our financial strength to support growth. We are executing on our plan to grow our infrastructure-related businesses, and deliver on our commitment to return capital to shareholders. As we continue to invest in our business and seek expansion opportunities, we are fulfilling or exceeding the objectives laid out in our 3-year plan and I am proud of our business for continuously delivering such a high standard of service to our customers.

Éric Vachon
President and CEO
May 10, 2023

FINANCIAL HIGHLIGHTS

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

	Quarters ended	
	March 31, (Unaudited)	
	2023	2022
Sales	710	651
Gross profit ⁽¹⁾	136	100
Gross profit margin ⁽¹⁾	19.2%	15.4%
EBITDA ⁽¹⁾	120	88
EBITDA margin ⁽¹⁾	16.9%	13.5%
Operating income	95	67
Operating income margin ⁽¹⁾	13.4%	10.3%
Net income for the period	60	46
Earnings per share ("EPS") – basic and diluted	1.03	0.73
Weighted average shares outstanding (basic, in '000s)	58,801	63,272

⁽¹⁾ These are non-GAAP and other financial measures which do 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 section "Non-GAAP and other financial measures" in the Company's Management's Discussion and Analysis ("MD&A").

RECENT EVENTS

May 9, 2023 — The Board of Directors declared a quarterly dividend of \$0.23 per common share payable on June 23, 2023 to shareholders of record at the close of business on June 5, 2023. This dividend is designated to be an eligible dividend.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trailing 12 months	2022	2021	2020	2019
Sales	3,124	3,065	2,750	2,551	2,189
EBITDA ⁽¹⁾	480	448	400	385	313
EBITDA margin ⁽¹⁾	15.4%	14.6%	14.5%	15.1%	14.3%
Operating income	387	359	326	309	242
Operating income margin ⁽¹⁾	12.4%	11.7%	11.9%	12.1%	11.1%
Net income for the period	255	241	227	210	163
EPS – basic and diluted (\$)	4.19	3.93	3.49	3.12	2.37

⁽¹⁾ These are non-GAAP and other financial measures which do not have a standardized meaning prescribed by IFRS and may therefore not be comparable to similar measures presented by other issuers.

OUTLOOK

The Company continues to be favourably positioned to meet or exceed the financial objectives set for 2024, as summarized in the table below. Driven by the out-performance of utility poles, sales in 2024 are now expected to exceed the target range. By 2024, utility poles sales are projected to grow at a compound annual rate of 20% from 2022 and the Company's EBITDA margin is expected to exceed the 15% target by approximately 100 basis points.

(in millions of dollars, except percentages)	2022-2024 Financial Objectives published March 9, 2022 ⁽¹⁾	Trailing 12- month Q1 2023	Result
Sales	\$2,700-\$3,000	\$3,124	✓
Infrastructure-Related Businesses	75-80% of sales	72%	↗
Residential Lumber	20-25% of sales	22%	✓
EBITDA margin ⁽²⁾	≥ 15%	15.4%	✓
Utility Poles Growth Capex: cumulative	\$90-\$100	\$49 ⁽³⁾	↗
Return to Shareholders: cumulative	\$500-\$600	\$273 ⁽³⁾	↗
Net Debt-to-EBITDA ⁽²⁾	2.0x-2.5x	2.8x ⁽⁴⁾	✓

✓ Target range met or exceeded

↗ Progressing toward target range

⁽¹⁾ Refer to the 2021 Annual MD&A for further details and assumptions used in preparing the 2022-2024 financial objectives.

⁽²⁾ Refer to section entitled "Non-GAAP and Other Financial Measures" of the Company's MD&A 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.

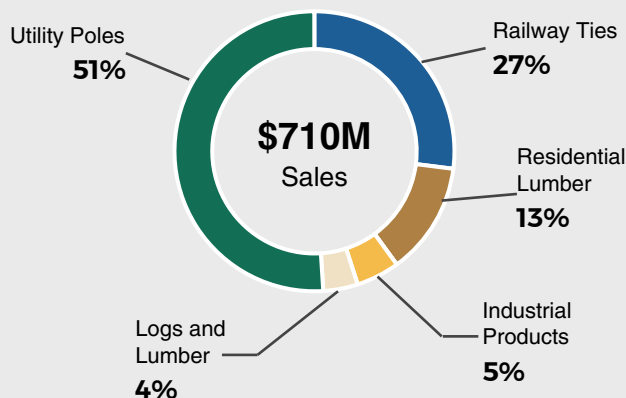
⁽³⁾ Cumulative amount for the period 2022 to Q1 2023.

⁽⁴⁾ As per its capital allocation policy, the Company may deviate from its leverage target to fund its seasonal working capital requirements.

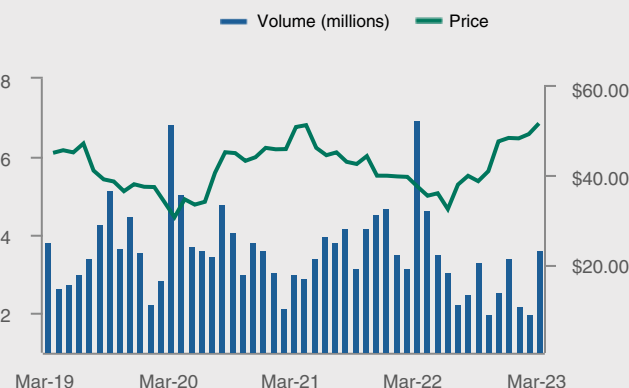
INVESTOR DAY

Stella-Jones will hold an investor day on May 25, 2023 in Toronto, Ontario at 8 a.m. EDT. A link to the webcast of the event will be available the morning of May 25th on the Company's website.

PRODUCT CATEGORIES (in % of Q1 2023 sales)



STOCK PERFORMANCE



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