

INVESTOR FACT SHEET

Q3 2023

ENDED SEPTEMBER 30

TSX: SJ (as at November 6, 2023)

Price: \$75.33

High: \$75.81

Low: \$41.27
(52 weeks ended November 6, 2023)Number of Shares Outstanding:
57,126,588 (November 6, 2023)

THIRD QUARTER HIGHLIGHTS

- Sales of \$949 million, up 13%
- 17% organic sales growth in infrastructure-related businesses
- EBITDA⁽¹⁾ of \$193 million, or a margin⁽¹⁾ of 20.3%, up from 14.1% in Q3 2022
- Net income of \$110 million, or \$1.91 per share, up 79% from EPS in Q3 2022
- Acquired utility pole manufacturing business of Baldwin Pole and Piling ("Baldwin")
- Normal Course Issuer Bid announced for 2023-2024

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

In Q3, Stella-Jones made notable progress in its growth trajectory, delivering not only another quarter of strong sales growth, but record increase in profitability. These results were supported by the ongoing robust performance of our infrastructure-related businesses, and by residential lumber delivering in line with our expectations. While utility poles sales continued to benefit from favourable pricing dynamics, we also saw a progressive improvement in utility poles sales volumes in the quarter, as well as significant production volume gains, stemming from capital projects and the recent acquisition of Baldwin. Combined with replenished railway tie inventory levels, we are confident in the sustained growth of the Company as we move into 2024. Additionally, in the third quarter, we published our 2022 Environmental, Social and Governance Report, in which we introduced our ESG strategy and targets to contribute to a more sustainable future.

As we approach the end of the year, I am pleased with the performance and milestones we have achieved so far in 2023. They highlight our ability to capitalize on favourable industry dynamics by leveraging our expansive North American presence and the invaluable collective expertise of our people to drive long-term profitable growth for our shareholders.

Eric Vachon
President and Chief Executive Officer
November 7, 2023

FINANCIAL HIGHLIGHTS

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

	Quarters ended September 30, (Unaudited)		Nine months ended September 30, (Unaudited)	
	2023	2022	2023	2022
Sales	949	842	2,631	2,400
Gross profit ⁽¹⁾	215	139	551	412
Gross profit margin ⁽¹⁾	22.7%	16.5%	20.9%	17.2%
EBITDA ⁽¹⁾	193	119	488	361
EBITDA margin ⁽¹⁾	20.3%	14.1%	18.5%	15.0%
Operating income	166	98	410	298
Operating income margin ⁽¹⁾	17.5%	11.6%	15.6%	12.4%
Net income for the period	110	65	270	205
Earnings per share ("EPS") – basic and diluted	1.91	1.07	4.63	3.30
Weighted average shares outstanding (basic, in '000s)	57,690	60,682	58,258	62,078

⁽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

November 6, 2023 — The Board of Directors declared a quarterly dividend of \$0.23 per common share, payable on December 21, 2023 to shareholders of record at the close of business on December 4, 2023. This dividend is designated to be an eligible dividend.

November 6, 2023 — The TSX accepted the Company's Notice of Intention to Make a Normal Course Issuer Bid ("Notice"). Pursuant to the Notice, the Company may, during the twelve-month period commencing November 14, 2023 and ending November 13, 2024, purchase for cancellation, up to 2,500,000 common shares, representing approximately 5% of the public float of its common shares.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	Trailing 12 months	2022	2021	2020	2019
Sales	3,296	3,065	2,750	2,551	2,189
EBITDA ⁽¹⁾	575	448	400	385	313
EBITDA margin ⁽¹⁾	17.4%	14.6%	14.5%	15.1%	14.3%
Operating income	471	359	326	309	242
Operating income margin ⁽¹⁾	14.3%	11.7%	11.9%	12.1%	11.1%
Net income for the period	306	241	227	210	163
EPS – basic and diluted	5.25	3.93	3.49	3.12	2.37

⁽¹⁾ Refer to the section "Non-GAAP and other financial measures" in the Company's MD&A.

2023-2025 FINANCIAL OBJECTIVES

The Company provided updated three-year financial objectives at its Investor Day on May 25, 2023. Excluding acquisitions, the Company's 2023-2025 financial objectives are set forth in the following table:

(in millions of dollars, except percentages and ratios)	Updated 2023-2025 Objectives ⁽²⁾
Sales	> \$3,600
EBITDA margin ⁽¹⁾	16%
Return to Shareholders: cumulative	> \$500
Net Debt-to-EBITDA ⁽¹⁾⁽³⁾	2.0x-2.5x

Key Highlights:

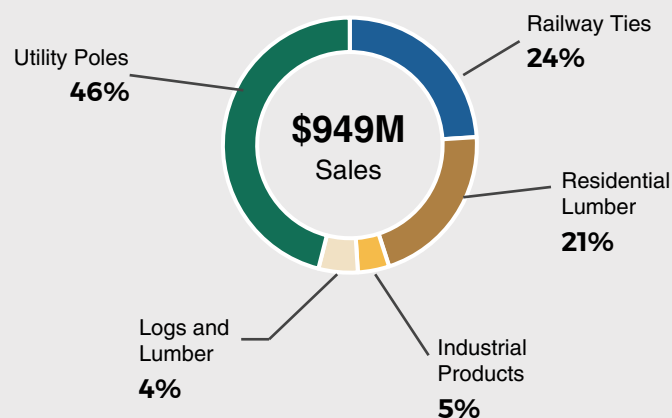
- Projected compound annual growth rate ("CAGR") for sales of 6% for the 2023-2025 period, driven by a 9% CAGR for the Company's infrastructure-related businesses, expected to account for 75%-80% of total sales:
 - Utility poles: 15% sales CAGR, supported by a growth capital expenditure program of \$115 million;
 - Railway ties: low single-digit annual sales growth;
- Residential lumber: annual sales target of \$600-\$650 million, representing less than 20% of total sales;
- Expansion of EBITDA margin⁽¹⁾ to 16% through 2025 driven by improvement in product mix.

⁽¹⁾ Refer to the section "Non-GAAP and other financial measures" in the Company's MD&A.

⁽²⁾ Foreign Exchange: assumes Canadian dollar will trade, on average, at approximately C\$1.30 per U.S. dollar, with sales in the U.S. representing approximately 70% of total sales.

⁽³⁾ May temporarily exceed range to finance growth opportunities related to its infrastructure-related businesses.

PRODUCT CATEGORIES (in % of Q3 2023 sales)



STOCK PERFORMANCE



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