

INVESTOR FACT SHEET

Stella-Jones


Q4 2022

ENDED DECEMBER 31

TSX: SJ (as at March 7, 2023)

Price: **\$51.75**

High: **\$51.90**

Low: **\$30.54**
(52 weeks ended March 7, 2023)

Number of Shares Outstanding:

58,694,418 (March 7, 2023)

FOURTH QUARTER AND 2022 ANNUAL HIGHLIGHTS

- Sales of \$3,065 million, up 11%, driven by infrastructure-related product category sales
- EBITDA⁽¹⁾ up 12% to \$448 million, from \$400 million in 2021
- Net income reached \$241 million, or \$3.93 per share
- Acquired wood utility pole manufacturing business of Texas Electric Cooperatives, Inc.
- Quarterly cash dividend increased 15% to \$0.23 per share

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

Stella-Jones concluded 2022 on a very strong note, and I am proud of the robust performance we delivered as a Company. Our fourth quarter sales continued their upward trajectory, reflecting more than a 25% organic increase in utility poles sales, sustained growth in railway ties sales and better than anticipated residential lumber sales. Our exceptional results in 2022 can be credited to several contributors, from the efforts of our dedicated team to our expansive North American network. In a year of challenging market and macroeconomic conditions, our proven ability to procure the fibre required to meet customer demand and pass through cost increases were true keystones of our success, and a testament to the resilient character of our business model.

Our strong performance was further bolstered by the contributions of our most recent accretive acquisitions. The timely addition of Cahaba has allowed us to seize growth opportunities, while Texas Electric Cooperatives' pole treating facility represents a strategic addition to our network, and I am very pleased with its contribution thus far. 2022 marks a 22nd consecutive year of increased sales for Stella-Jones and the completion of the first year of our three-year plan, marked by exceptional utility poles sales growth, which we expect will continue in 2023. From where we stand, we are well on our way to meet or exceed our objectives, and remain favourably positioned for the future, with continued growth in sales, profitability and in turn, shareholder value.

Éric Vachon
President and CEO
March 7, 2023

FINANCIAL HIGHLIGHTS

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

	Quarters ended		Years ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Sales	665	545	3,065	2,750
Gross profit ⁽¹⁾	112	65	524	456
Gross profit margin ⁽¹⁾	16.8%	11.9%	17.1%	16.6%
EBITDA ⁽¹⁾	87	52	448	400
EBITDA margin ⁽¹⁾	13.1%	9.5%	14.6%	14.5%
Operating income	61	32	359	326
Operating income margin ⁽¹⁾	9.2%	5.9%	11.7%	11.9%
Net income for the period	36	22	241	227
Earnings per share – basic and diluted (\$)	0.61	0.34	3.93	3.49
Weighted average shares outstanding (basic, in '000s)	59,449	64,292	61,421	65,002

⁽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.

RECENT EVENTS

March 3, 2023 — The Company amended and restated the U.S. Farm Credit Agreement to increase the amount available under the credit facilities to US\$550 million and to extend the term of U.S. Farm Revolving Credit Facility to March 3, 2028.

March 7, 2023 — The Board of Directors declared a quarterly dividend of \$0.23 per common share payable on April 21, 2023 to shareholders of record at the close of business on April 3, 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)	2022	2021	2020	2019	2018 ⁽²⁾
Sales	3,065	2,750	2,551	2,189	2,144
EBITDA ⁽¹⁾	448	400	385	313	244
EBITDA margin ⁽¹⁾	14.6%	14.5%	15.1%	14.3%	11.4%
Operating income	359	326	309	242	206
Operating income margin ⁽¹⁾	11.7%	11.9%	12.1%	11.1%	9.6%
Net income for the period	241	227	210	163	138
Earnings per common share – basic and diluted (\$)	3.93	3.49	3.12	2.37	1.98

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⁽²⁾ Results for fiscal 2018 were not restated as permitted by IFRS 16, Leases.

OUTLOOK

In 2022, the Company made important strides in the achievement of the Company's 2022-2024 financial objectives, as summarized in the table below. Its strong 2022 performance places the Company on a solid footing for 2023 and positions it favourably to meet or exceed the financial objectives set for 2022 to 2024. The Company will provide more insights on the above at its upcoming Investor Day on May 25, 2023 in Toronto, Ontario.

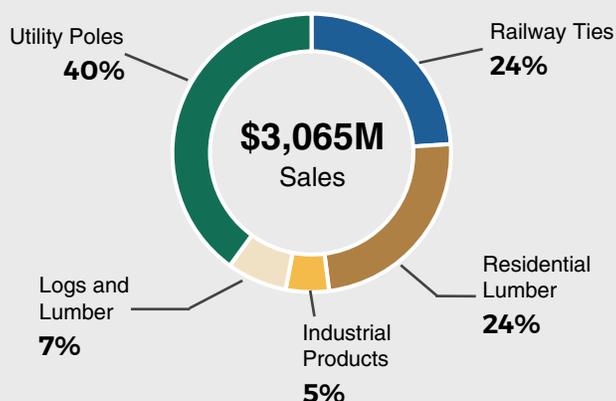
(in millions of dollars, except percentages)	2022-2024 Financial Objectives published March 9, 2022	2022	Result
Sales	\$2,700-\$3,000	\$3,065	✓
Infrastructure-Related Businesses	75-80% of sales	69%	↗
Residential Lumber	20-25% of sales	24%	✓
EBITDA margin ⁽¹⁾	≥ 15%	14.6%	↗
Utility Poles Growth Capex	\$90-\$100	\$33	↗
Return to Shareholders	\$500-\$600	\$230	↗
Net Debt-to-EBITDA ⁽¹⁾	2.0x-2.5x	2.5x	✓

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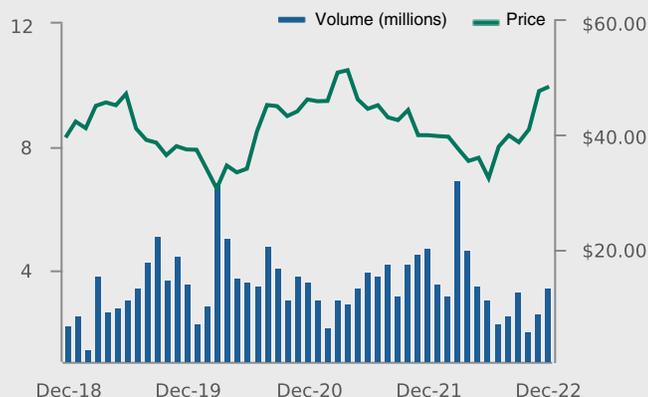
✓ **Target range met** ↗ **Progressing toward target range**

The 2022-2024 financial objectives are based on the Company's current outlook and take into account a number of economic and market assumptions. Please refer to the 2021 Annual MD&A for further details and assumptions.

PRODUCT CATEGORIES (in % of 2022 sales)



STOCK PERFORMANCE



3100 de la Côte-Vertu Blvd.
Suite 300
Saint-Laurent, Québec
H4R 2J8
Tel: 514 934-8666
www.stella-jones.com

INVESTOR RELATIONS

Silvana Travaglini, CPA
Senior Vice-President and Chief
Financial Officer
Tel.: 514 934-8660
Email: stravaglini@stella-jones.com

ANALYST COVERAGE

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