

INVESTOR FACT SHEET

Q4 2023
ENDED DECEMBER 31

TSX: SJ (as at February 28, 2024)

Price: **\$82.43**

High: **\$85.23**

Low: **\$49.86**
(52 weeks ended February 28, 2024)

Number of Shares Outstanding:
56,761,865 (February 28, 2024)

FOURTH QUARTER AND 2023 ANNUAL HIGHLIGHTS

- Annual sales of \$3,319 million, up 8%, driven by 13% organic sales growth in infrastructure product categories
- Record increase in 2023 EBITDA⁽¹⁾, up 36% to \$608 million, or a margin⁽¹⁾ of 18.3%
- Annual net income of \$326 million, or \$5.62 per share, up 43% from 2022 EPS
- Quarterly cash dividend increased by 22% to \$0.28 per share
- Leadership position strengthened by strategic capacity-enhancing investments

Stella-Jones Inc. (TSX: SJ) Stella-Jones is a leading North American 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

We concluded 2023 with a marked improvement in profitability and the successful execution of investments to support the continued growth momentum in our infrastructure product categories. With the first year of our three-year strategic plan now completed, I am proud of our collective achievements. We reinforced our solid industry presence through strategic acquisitions and capital projects, we worked to secure additional long-term sales commitments to seize growing demand from existing and new customers, and we leveraged the forward-thinking and expert know-how of our team to deliver exceptional results.

Driven by the increased level of profitability, we announced a 22% growth in the Company's quarterly dividend. This is the 20th year of continuous dividend increases, which truly speaks to our confidence in the long-term financial strength of our business. We are optimistic that the thoughtful planning and execution of our business strategy, combined with recently set sustainability targets and our disciplined capital management, will enable us to sustain profitable growth and deliver meaningful value for all our stakeholders. On the heels of such a banner year for our business, Stella-Jones' growth prospects are promising and we are ready for the future.

Eric Vachon
President and Chief Executive Officer
February 29, 2024

FINANCIAL HIGHLIGHTS

Financial Highlights (in millions of Canadian dollars, except per share data and margins)	Q4-23	Q4-22	2023	2022
Sales	688	665	3,319	3,065
Gross profit ⁽¹⁾	137	112	688	524
Gross profit margin ⁽¹⁾	19.9%	16.8%	20.7%	17.1%
EBITDA ⁽¹⁾	120	87	608	448
EBITDA margin ⁽¹⁾	17.4%	13.1%	18.3%	14.6%
Operating income	89	61	499	359
Operating income margin ⁽¹⁾	12.9%	9.2%	15.0%	11.7%
Net income for the period	56	36	326	241
Earnings per share ("EPS") – basic and diluted	0.98	0.61	5.62	3.93
Weighted average shares outstanding (basic, in '000s)	57,076	59,449	57,963	61,421

⁽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

January 26, 2024 — The Company amended and restated the syndicated credit agreement in order to increase the amount available under the unsecured revolving credit facility to US\$600 million and extend the term of the US\$475 million tranche to February 27, 2028, and the US\$125 million tranche to February 27, 2026.

February 28, 2024 — The Board of Directors declared a quarterly dividend of \$0.28 per common share, payable on April 19, 2024 to shareholders of record at the close of business on April 1, 2024. This dividend is designated to be an eligible dividend.

5-YEAR FINANCIAL REVIEW

(in millions of Canadian dollars, except per share data and margins)	2023	2022	2021	2020	2019
Sales	3,319	3,065	2,750	2,551	2,189
EBITDA ⁽¹⁾	608	448	400	385	313
EBITDA margin ⁽¹⁾	18.3%	14.6%	14.5%	15.1%	14.3%
Operating income	499	359	326	309	242
Operating income margin ⁽¹⁾	15.0%	11.7%	11.9%	12.1%	11.1%
Net income for the period	326	241	227	210	163
EPS – basic and diluted	5.62	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: PROGRESS IN 2023

In the first year of its 2023-2025 financial plan, the Company delivered a strong performance and made significant progress towards the achievement of its financial objectives, as summarized in the table below. Based on 2023 financial metrics, the Company is on track to meet its 2025 objectives.

(in millions of dollars, except percentages and ratios)	2023-2025 Objectives ⁽¹⁾	2023	Results
Sales	> \$3,600	\$3,319	On Track
EBITDA margin ⁽³⁾	16%	18.3%	On Track
Return to Shareholders: cumulative	> \$500	\$195	On Track
Net Debt-to-EBITDA ^{(2) (3)}	2.0x-2.5x	2.6x	On Track

⁽¹⁾ Excludes acquisitions and 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.

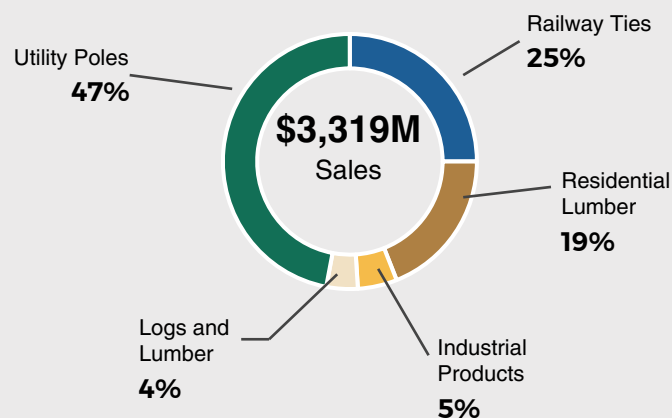
⁽²⁾ The Company may deviate from its leverage target to pursue acquisitions and other strategic opportunities, and/or fund its seasonal working capital requirements. In 2023, the Company financed \$152 million of strategic growth opportunities.

⁽³⁾ Refer to the section "Non-GAAP and other financial measures" in the Company's MD&A.

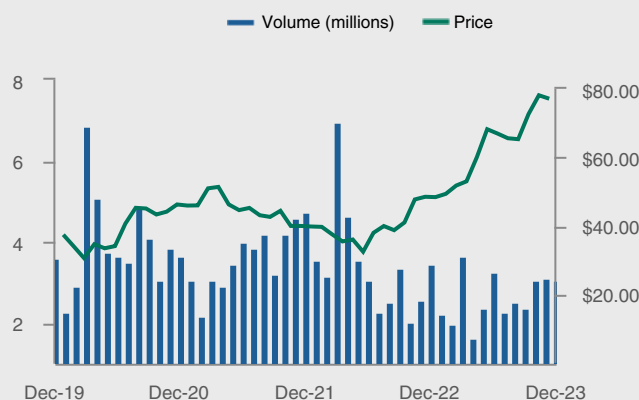
Key Highlights:

- 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 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;
- EBITDA margin of 16% through 2025 driven by improvement in product mix.

PRODUCT CATEGORIES (in % of 2023 sales)



STOCK PERFORMANCE



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