

Stella-Jones (Stella) is a market leader in the production of railway ties, utility poles and residential lumber using pressure-treated wood.

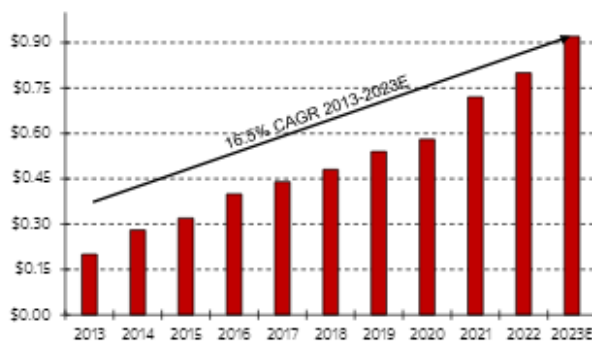
Thesis

- Exposure to two recession-resistant business lines within its portfolio of three separate segments.
- Participates in market segments that have a continuous replacement cycle of 40-60 years.
- Nearly met or exceeded its financial objectives laid out one year ago for the financial period covering 2022-2024. Sales exceeding \$3 billion in 2022 and EBITDA margins approaching its +15% goal.
- Generates significant free cash flow, rewarding shareholders by increasing both dividend and buyback programs while keeping debt in check.

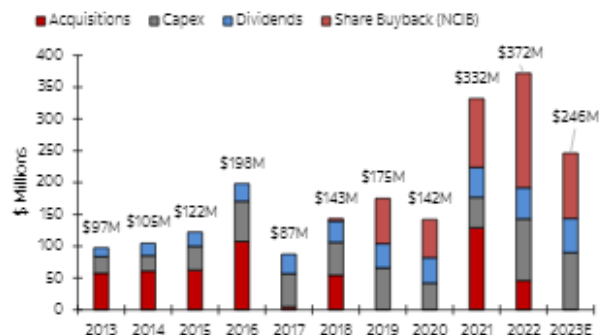
Opportunity

- Upside within the utility pole business line as the U.S. Inflation Reduction Act of 2022 has provided additional incentives for business to spend on infrastructure projects in the next few years in areas including electrification, communication and 5G deployment.
- Opportunities to grow market share, both organically and through acquisitions, in the years ahead.
- Company has suggested they may enter another complementary business line.

Dividend Per Share (2013 – 2023E)



Capital Allocation (2013-2023E)



Source: Scotiabank and FactSet. March 2023.

[Listen to Portfolio Manager, Aleksy Wojcik discuss Stella-Jones Now >](#)

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