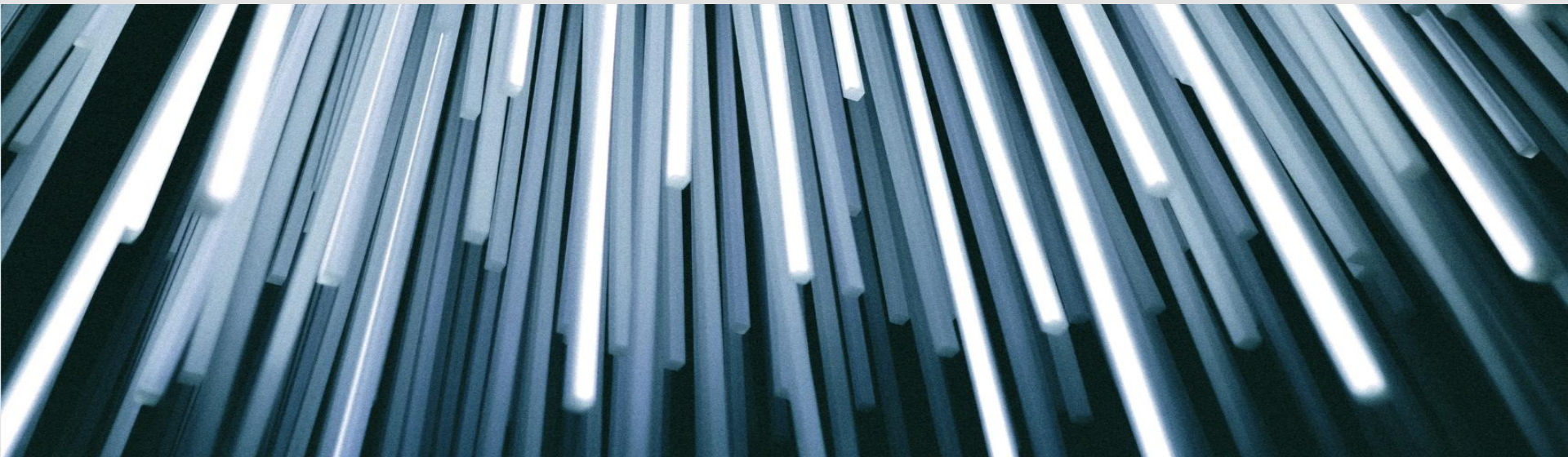




Second Quarter 2024 Earnings Results

July 31, 2024

Providing innovative chemical solutions for a cleaner, healthier, more energy efficient world.



Cautionary Statement

Certain information in this presentation consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements about Stepan Company's plans, objectives, strategies, financial performance and outlook, trends, the amount and timing of future cash distributions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, Stepan Company's actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "guidance," "predict," "potential," "continue," "likely," "will," "would," "should," "illustrative" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by Stepan Company and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements.

There are a number of risks, uncertainties and other important factors, many of which are beyond Stepan Company's control, that could cause actual results to differ materially from the forward-looking statements contained in this presentation. Such risks, uncertainties and other important factors include, among other factors, the risks, uncertainties and factors described in Stepan Company's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports, and include (but are not limited to) risks and uncertainties related to disruptions in production or accidents at manufacturing facilities; reduced demand due to customer product reformulations or new technologies; our inability to successfully develop or introduce new products; compliance with laws; our ability to make acquisitions of suitable candidates and successfully integrate acquisitions; global competition; volatility of raw material and energy costs and supply; disruptions in transportation or significant changes in transportation costs; downturns in certain industries and general economic downturns; international business risks, including currency exchange rate fluctuations, legal restrictions and taxes; unfavorable resolution of litigation against us; maintaining and protecting intellectual property rights; our ability to access capital markets; global political, military, security or other instability; costs related to expansion or other capital projects; interruption or breaches of information technology systems; our ability to retain its executive management and key personnel; and our debt covenants.

These forward-looking statements are made only as of the date hereof, and Stepan Company undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Earnings Conference Call Agenda

2024 Second Quarter Highlights

» Scott R. Behrens, President & Chief Executive Officer

2024 Second Quarter Financial Results

» Luis E. Rojo, Vice President & Chief Financial Officer

Strategic Outlook

» Scott R. Behrens, President & Chief Executive Officer

» Analysts Q&A Session

Closing Remarks

» Scott R. Behrens, President & Chief Executive Officer

Second Quarter 2024 Highlights

Net Income Down

Reported Net Income was \$9.5 million and Adjusted Net Income⁽¹⁾ was \$9.4 million, down 25% and 22% respectively year-over-year, mainly due to a higher effective tax rate.

Special Items

Pre-Tax Earnings were negatively impacted by \$18.9 million due to higher operating costs at our Millsdale site, primarily related to a flood event (\$11.8 million), pre-commissioning expenses at our new Alkoxylation investment in Pasadena, Texas (\$3.6 million), and expenses related to a criminal fraud event at a subsidiary in Asia (\$3.5 million).

EBITDA⁽²⁾ Growth

EBITDA⁽²⁾ was \$47.9 million and Adjusted EBITDA⁽²⁾ was \$47.7 million, up 3% and 4% respectively, year-over-year.

Volume Growth

Volume grew 4% year-over-year. Surfactant and Polymer sales volume was up 5% and 2% respectively, year-over-year.

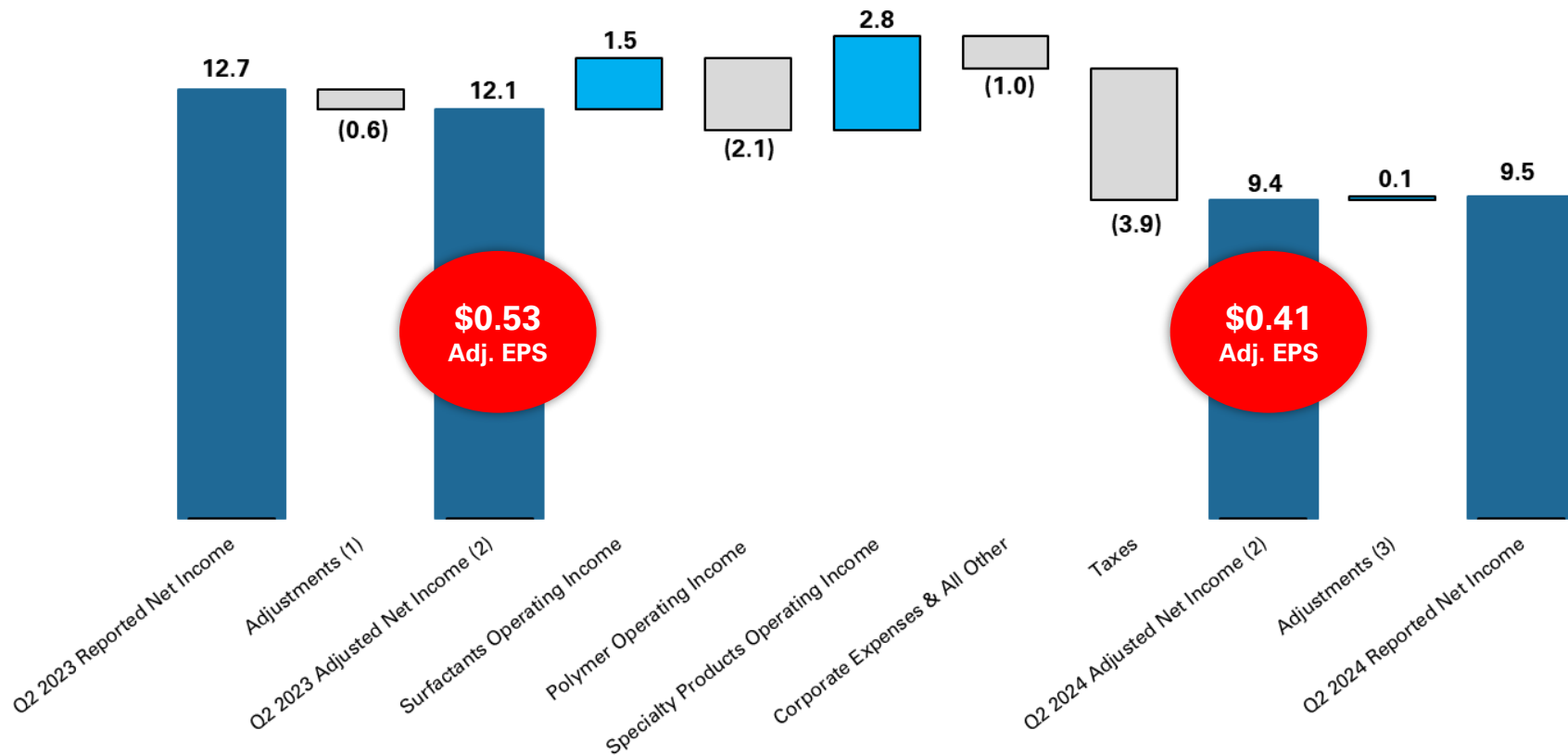
Positive Cash From Operations

Generated Cash from Operations of \$29.5 million and Free Cash Flow (FCF⁽³⁾) of (\$0.2) million, down \$40.3 million versus Q2 2023 driven by higher operating costs at our Millsdale site, pre-commissioning expenses at our new Alkoxylation Pasadena, Texas, site, and expenses related to the criminal fraud event in Asia.

Cost Out on Track

Company is on track to deliver the \$50 million cost reduction goal for 2024 through disciplined efforts in supply chain, and the benefit of the Q4 2023 workforce productivity actions. Delivered \$2.7 million in pre-tax savings (net of the higher operating costs at Millsdale) in Q2 2024.

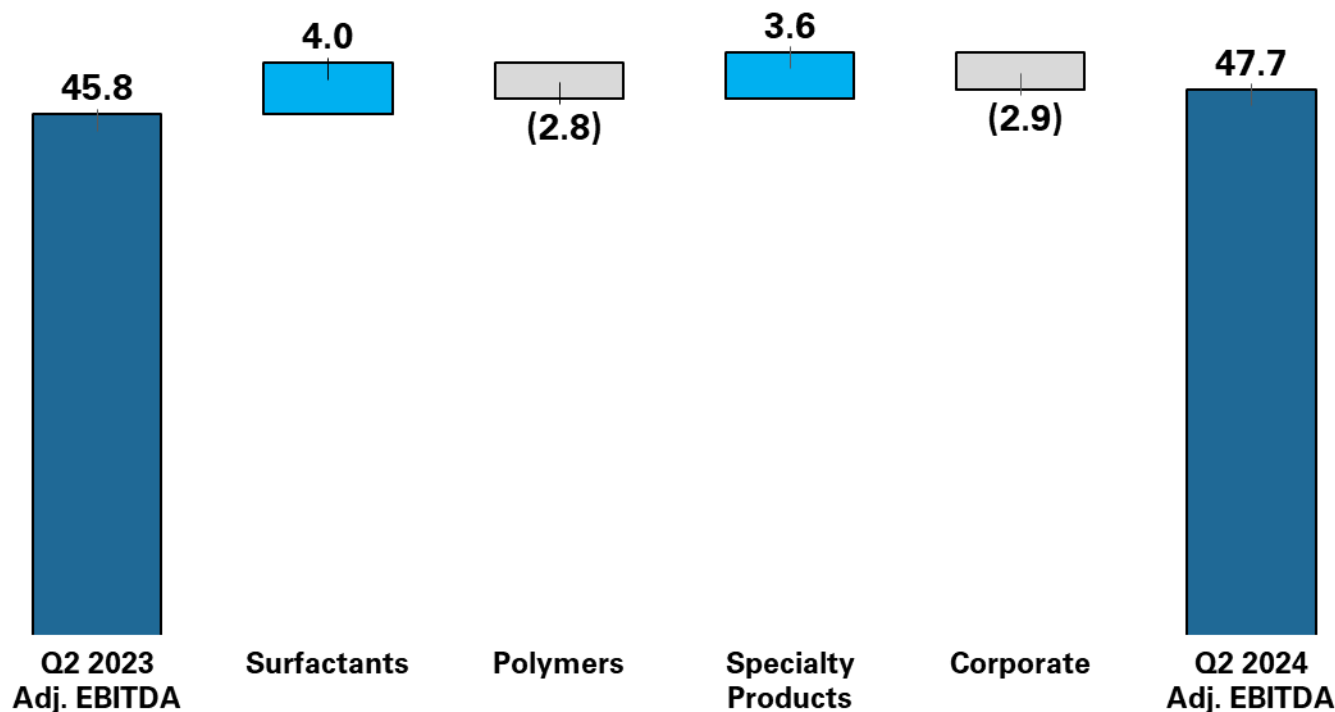
Net Income Bridge – Q2 2023 to Q2 2024



Note: All amounts are in millions of U.S. dollars and are reported after-tax.

- (1) The adjustments to Reported Net Income in Q2 2023 consisted of deferred compensation income and cash-settled SARs income of \$0.7 million and environmental remediation expense and restructuring costs of \$0.1 million.
- (2) Adjusted Net Income and Adjusted EPS are Non-GAAP measures that exclude certain significant, non-recurring items. See Appendix II for GAAP reconciliations.
- (3) The adjustments to Reported Net Income in Q2 2024 consisted of deferred compensation income of \$0.3 million and environmental remediation expense of \$0.2 million.

Adjusted EBITDA⁽¹⁾ Bridge – Q2 2023 to Q2 2024



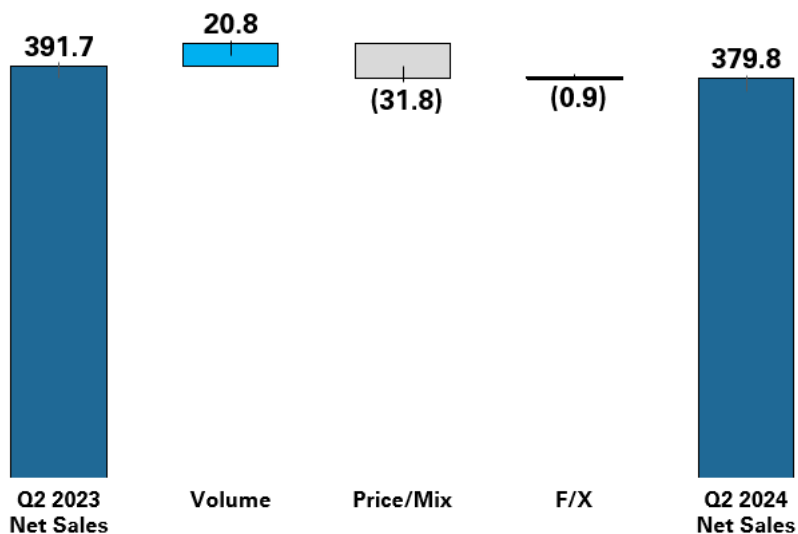
Note: All amounts are in millions of U.S. dollars.

⁽¹⁾ Adjusted EBITDA is a Non-GAAP measure. See Appendix III for GAAP reconciliations.

- » **Surfactants** Adjusted EBITDA growth was driven by volume growth and margin improvement, partially offset by higher expenses associated with our Pasadena facility and expenses related to operational issues at the Millsdale site
- » **Polymers** results decreased mainly as a result of expenses related to operational issues at our Millsdale site, which were partially offset by volume growth in our Rigid Polyol and Specialty Polyol businesses
- » **Specialty Products** results increased due to margin recovery and higher Medium-Chain Triglycerides (MCT) product line end market demand
- » **Corporate** expenses up due to the Asia fraud event. Excluding this, Corporate expenses down versus prior year due to productivity efforts implemented at the end of 2023.

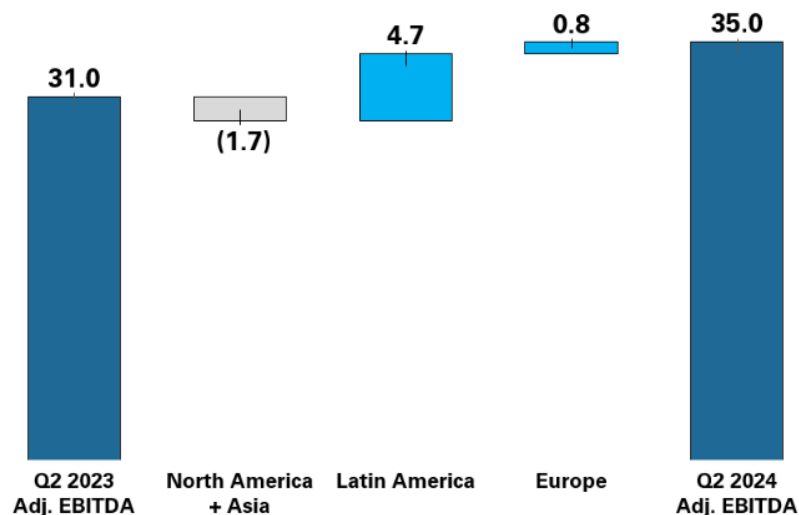
Global Surfactants

Q2 2023 to Q2 2024 Net Sales Bridge



- » **Volume** was driven by double-digit growth across our Laundry and Cleaning, Construction and Industrial Solutions and Oilfield end-markets and with our distribution partners. Continued destocking in Agricultural Chemicals partially offset this growth.
- » **Price/Mix** was impacted by the pass-through of lower raw material cost, less favorable product and mix, and competitive pressure in Latin America.
- » **F/X** adversely impact net sales by less than 1%.

Q2 2023 to Q2 2024 Adjusted EBITDA⁽¹⁾ Bridge

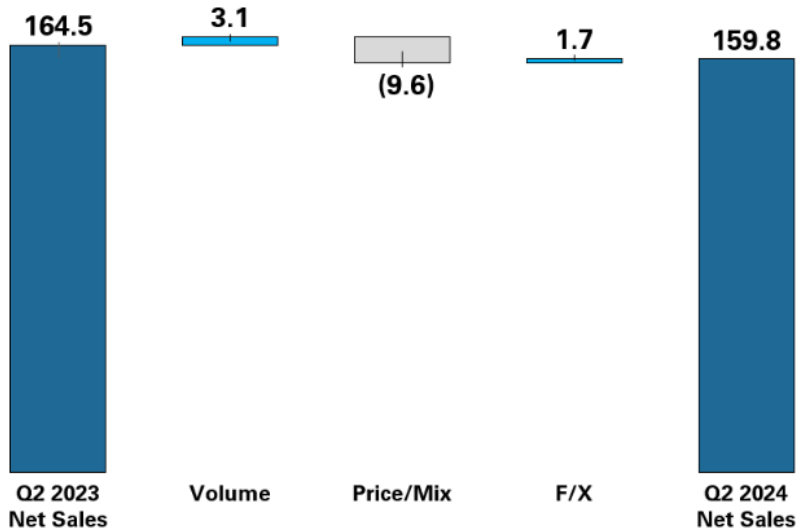


⁽¹⁾ Adjusted EBITDA is a Non-GAAP measure. See Appendix III for GAAP reconciliations.

- » **North America and Asia** benefitted from improved margins, higher sales with our distribution partners, and stronger Oilfield end market demand. This was offset by incremental expenses related to operational disruptions at the Millsdale site (\$7.0 million), continued destocking in Agricultural Chemicals and higher expenses related to our Pasadena facility.
- » **Latin America** results were driven by stronger Agricultural Chemicals demand in Brazil, business recovery in Mexico, and new contracted business for Amphoteric.
- » **Europe** results benefitted from stronger end-market demand across our Laundry and Cleaning and Construction and Industrial Solutions end markets, and higher sales with our distribution partners.

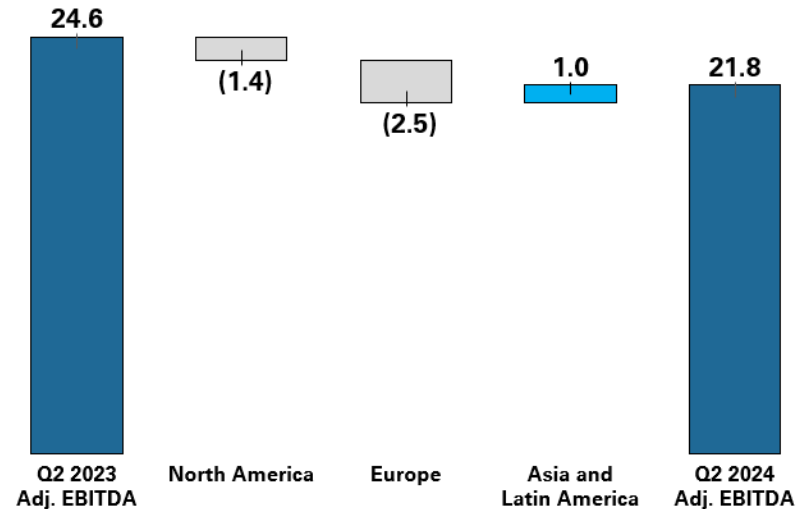
Global Polymers

Q2 2023 to Q2 2024 Net Sales Bridge



- » **Volume** growth was driven by Global Rigid and Specialty Polyols, up 2% and 28% respectively.
- » **Price/Mix** was impacted by the contracted pass-through of lower raw material costs and the impact of lower commodity PA volume.
- » **F/X** positively impacted net sales by 1%.

Q2 2023 to Q2 2024 Adjusted EBITDA⁽¹⁾ Bridge

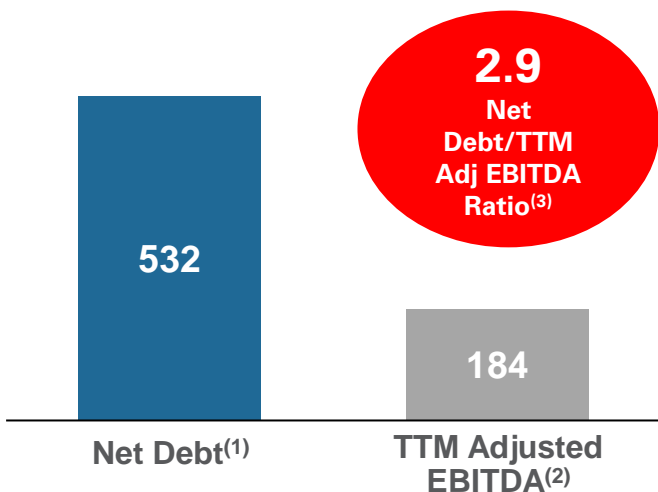


⁽¹⁾ Adjusted EBITDA is a Non-GAAP measure. See Appendix III for GAAP reconciliations.

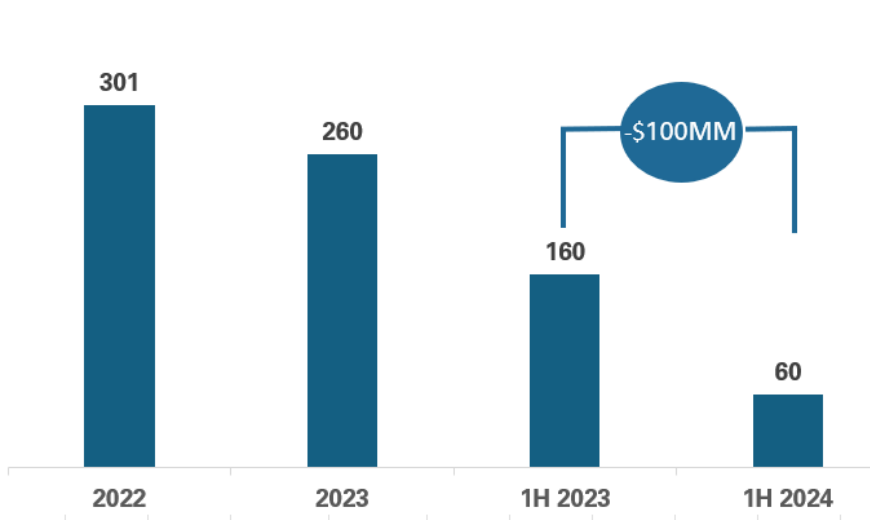
- » **North America** results were driven by higher volume and improved margins, which was more than offset by incremental expenses related to operational and infrastructure issues at the Millsdale site (\$4.8 million) and lower Phthalic Anhydride volume.
- » **Europe** results decreased due to lower margins, partially offset by higher sales volume in the Rigid Polyol and Specialty Polyol businesses.
- » **Asia** results benefitted from double-digit volume growth and margin expansion.

Balance Sheet & Cash Flow

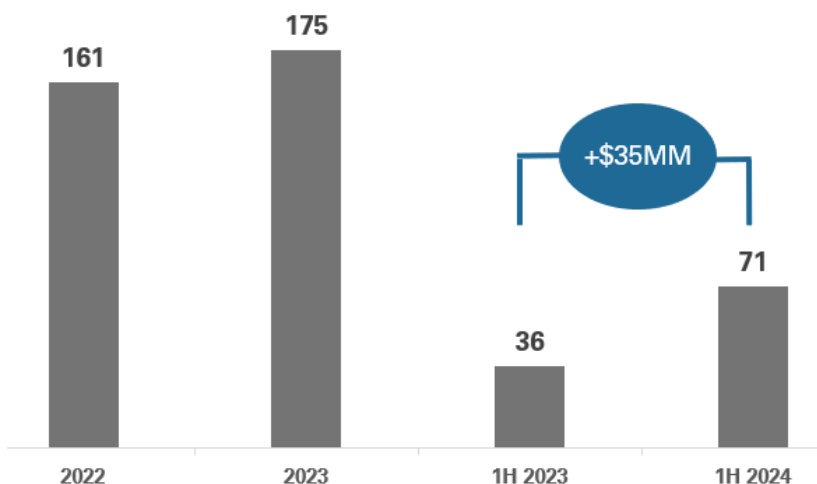
Net Debt⁽¹⁾ / TTM Adjusted EBITDA⁽²⁾ (\$MM)



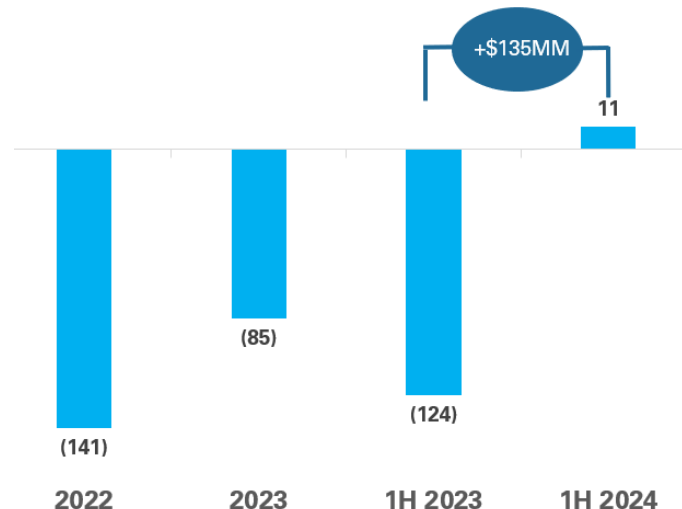
Capital Expenditures (\$MM)



Cash from Operations (\$MM)



Free Cash Flow⁽⁴⁾ (\$MM)



Stepan Strategic Priorities & Growth Strategy

Creating and Delivering Shareholder Value

Efficient Capital Allocation

- Continue Investing for Long Term Growth
- Returning Cash to Shareholders
- Inorganic Growth (M&A)



Cost & Operational Excellence

- Safe and Efficient Manufacturing
- Asset Reliability
- Cost Reduction
- Productivity Gains



Customer Intimacy & Extended Reach

- Focused Growth with Strategic Tier 1 Customers
- Grow Share of Wallet and expand Tier 2 & 3 Customer Base



Priority Market Diversification

- Agricultural Chemicals
- Oilfield Chemicals
- HI&I
- Specialty Alkoxylation
- Rigid Polyol including Spray Foam



Innovation & Sustainability

- World Class R&D Capabilities
- Broad Portfolio of Sustainable Technologies & Products
- Strategic Development Programs with Customers



Strategic Capital Investments Update

New Alkoxylation Capacity: Pasadena, Texas

\$265MM
Estimated CapEx

75KTA
Annual
Alkoxylation
Capacity

Startup
expected in
Q4 2024

Summary & Benefits

- » Alkoxylates are a core surfactant technology consumed across Stepan's key agricultural, oilfield, construction and household end use markets
- » Business continued volume growth in 2023 across multiple end use markets and applications
- » This will become Stepan's third alkoxylation site, providing strategically located capacity for growth in ethoxylates and propoxylates



COMPLETED: Low 1,4-Dioxane Capabilities: Multiple US Locations

Q4 2023
All Sites
Completed

3
Facilities with 1,4
Dx Removal
Capabilities

Leader
Installed Production
Capacity to NA
Market

Summary & Benefits

- » Legislation banning the sale of consumer products containing certain 1,4 dioxane levels is in effect in the State of New York. Customers have made long-term commitments to Low 1,4 Dioxane Ether Sulfates.
- » Investment in 1,4 Dioxane removal enables us to maintain and grow our North American Sulfonation business
- » New contracted business started during the second half of 2023 and will continue to ramp up in 2024. First Half 2024 volume grew double-digits year-over-year.



Thank You

Luis E. Rojo

VP and CFO

847-446-7500

APPENDIX

Financials and GAAP Reconciliations

Appendix I

Update on Certain Expectations

(millions USD)	2021 Actual	2022 Actual	2023 Actual	2024 Forecast
Capital Expenditures	195	301	260	120 - 140
Debt Repayments	38	38	38	54
Interest Net	6	10	12	14-16
Depreciation & Amortization	91	95	105	118-122
Effective Tax Rate (%)	20%	22%	17%	36 - 38% ^(*)

(*) Higher Effective Tax Rate due to the anticipated disallowance of the GILTI deduction and Foreign Tax Credits resulting from the expected election of Bonus Depreciation for our Pasadena capital investment. Projected cash payment for 2024 Federal U.S. Taxes is zero.

Appendix II

Reconciliation of Non-GAAP Adjusted Net Income and Earnings Per Diluted Share

(\$ in thousands, except per share amounts)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	EPS	2023	EPS	2024	EPS	2023	EPS
Net Income Reported	\$ 9,521	\$ 0.42	\$ 12,684	\$ 0.55	\$ 23,414	\$ 1.02	\$ 28,826	\$ 1.25
Deferred Compensation								
(Income) Expense	\$ (305)	\$ (0.01)	\$ (653)	\$ (0.02)	\$ (693)	\$ (0.03)	\$ (757)	\$ (0.03)
Business Restructuring Expense	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ 146	\$ 0.01
Cash-Settled SARs (Income) Expense	\$ -	\$ -	\$ (44)	\$ -	\$ -	\$ -	\$ (84)	\$ -
Environmental Remediation								
Expense	\$ 180	\$ -	\$ 39	\$ -	\$ 1,331	\$ 0.06	\$ 345	\$ 0.01
Adjusted Net Income	<u>\$ 9,396</u>	<u>\$ 0.41</u>	<u>\$ 12,057</u>	<u>\$ 0.53</u>	<u>\$ 24,052</u>	<u>\$ 1.05</u>	<u>\$ 28,476</u>	<u>\$ 1.24</u>

Reconciliation of Pre-Tax to After-Tax Adjustments

(\$ in thousands, except per share amounts)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	EPS	2023	EPS	2024	EPS	2023	EPS
Pre-Tax Adjustments								
Deferred Compensation								
(Income) Expense	\$ (407)		\$ (871)		\$ (924)		\$ (1,009)	
Business Restructuring Expense	\$ -		\$ 42		\$ -		\$ 199	
Cash-Settled SARs Income	\$ -		\$ (58)		\$ -		\$ (111)	
Environmental Remediation								
Expense	\$ 240		\$ 52		\$ 1,774		\$ 461	
Total Pre-Tax Adjustments	<u>\$ (167)</u>		<u>\$ (835)</u>		<u>\$ 850</u>		<u>\$ (460)</u>	
Cumulative Tax Effect								
on Adjustments	\$ 42		\$ 208		\$ (212)		\$ 110	
After-Tax Adjustments	<u>\$ (125)</u>	<u>\$ -</u>	<u>\$ (627)</u>	<u>\$ (0.02)</u>	<u>\$ 638</u>	<u>\$ 0.03</u>	<u>\$ (350)</u>	<u>\$ (0.01)</u>

Appendix III

Adjusted EBITDA and EBITDA Reconciliations Q2 2024 and Q2 2023

Three Months Ended June 30, 2024

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 17.1	\$ 13.6	\$ 7.3	\$ (19.3)	\$ 18.7
Depreciation and Amortization	\$ 17.9	\$ 8.2	\$ 1.5	\$ 0.4	\$ 28.0
Other, Net Income				\$ 1.2	\$ 1.2
EBITDA	\$ 35.0	\$ 21.8	\$ 8.8	\$ (17.7)	\$ 47.9
Deferred Compensation	\$ -	\$ -	\$ -	\$ (0.4)	\$ (0.4)
Environmental Remediation	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.2
Adjusted EBITDA	\$ 35.0	\$ 21.8	\$ 8.8	\$ (17.9)	\$ 47.7

Three Months Ended June 30, 2023

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 15.1	\$ 16.3	\$ 3.8	\$ (17.4)	\$ 17.8
Depreciation and Amortization	\$ 16.0	\$ 8.3	\$ 1.4	\$ 0.8	\$ 26.5
Other, Net Income	\$ -	\$ -	\$ -	\$ 2.4	\$ 2.4
EBITDA	\$ 31.1	\$ 24.6	\$ 5.2	\$ (14.2)	\$ 46.7
Deferred Compensation	\$ -	\$ -	\$ -	\$ (0.9)	\$ (0.9)
Cash Settled SARs	\$ (0.1)	\$ -	\$ -	\$ -	\$ (0.1)
Business Restructuring	\$ -	\$ -	\$ -	\$ -	\$ -
Environmental Remediation	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1
Adjusted EBITDA	\$ 31.0	\$ 24.6	\$ 5.2	\$ (15.0)	\$ 45.8

Appendix IV

Trailing Twelve Months Adjusted EBITDA Reconciliation

	6/30/2024 TTM – Adjusted EBITDA
Reported Operating Income	58.6
Depreciation & Amortization	108.9
Other Net Income (Expense)	1.4
EBITDA	168.9
Deferred Compensation	(0.7)
Cash Settled SARS	0.0
Goodwill and Other Intangibles Impairment Expense	2.0
Business Restructuring & Asset Impairment Expense	11.8
Environmental Remediation Expense	2.3
Adjusted EBITDA	184.4

Appendix V

Free Cash Flow (FCF) Reconciliation

(million USD)	1H 2024	1H 2023
Cash Flow from Operations	71.1	35.8
Capital Expenditures	(59.9)	(159.9)
Free Cash Flow	11.2	(124.1)

Appendix VI

Net Debt to Total Capitalization Ratio

(millions USD)	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Debt	657.1	682.6	526.0	238.9	207.9	232.6
Cash	124.7	133.9	194.6	127.1	272.9	275.3
Net Debt	532.4	548.7	331.4	111.8	(65.0)	(42.7)
Equity	1,192.4	1,215.1	1,125.7	1,048.8	897.4	857.7
Net Debt + Equity	1,724.8	1,763.8	1,457.1	1,160.6	832.4	815.0
Net Debt / (Net Debt + Equity)	31%	31%	23%	10%	(8%)	(5%)

Net Debt/TTM Adjusted EBITDA Ratio = 532/184 = 2.9