



Delivering Our Future Now

August 2022 Investor Presentation



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 (the Exchange Act). 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," "aim," "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 the impact of the COVID-19 pandemic; 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 our 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.

Stepan Company Overview

NYSE: SCL

\$2.8B

MARKET CAP

(*) As of December 31, 2021

~4X

versus 2010

AT STEPAN COMPANY, WE CONNECT WITH THE WORLD THROUGH THE INNOVATIVE CHEMISTRY WE CREATE

Stepan Highlights:

\$2.3 billion in net sales

Three reportable segments

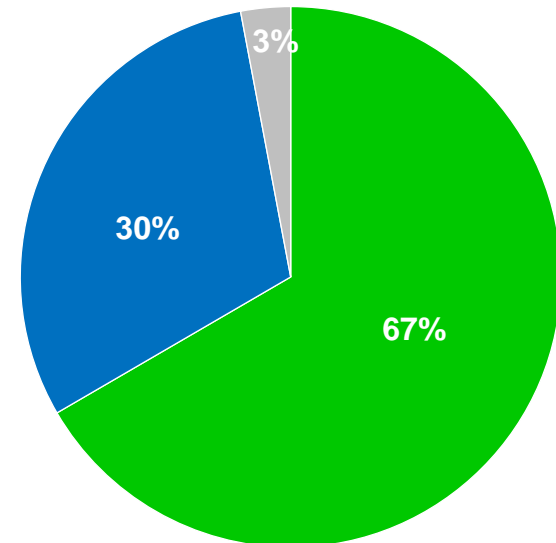
60% of annual net sales tied to non-cyclical markets

21 manufacturing sites with operations in 12 countries

Strong balance sheet

54 consecutive years of dividend increases

2021 Net Sales by Segment



■ Surfactants ■ Polymers ■ Specialty Products

Stepan Company

AT-A-GLANCE



SURFACTANTS

A surfactant is a surface-active agent that changes a liquid's surface tension. They can act as detergents, wetting agents, emulsifiers, foaming agents or dispersants. End products consist of cleaners & disinfectants, laundry & dish detergents, fabric softeners, personal wash products, paints, and agricultural products



POLYMERS

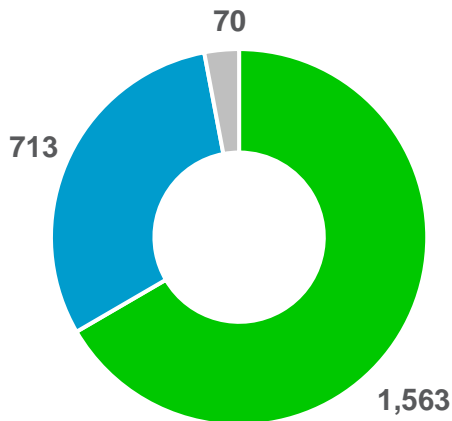
A leading manufacturer of polyester polyols, specialty polyols (CASE) and phthalic anhydride (P.A.). Polyester Polyols are used in insulation and offer sustainability advantages and significant energy savings



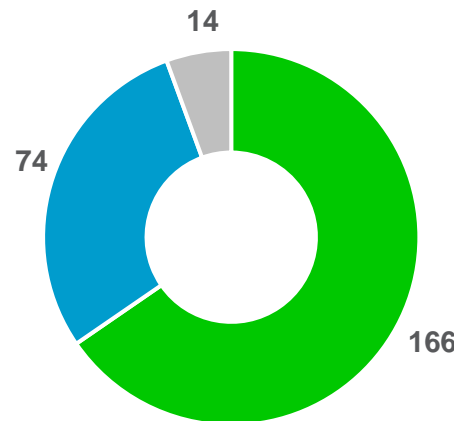
SPECIALTY PRODUCTS

Global producer of patented, science-based nutritional oils used in the food, nutrition and pharmaceutical industries

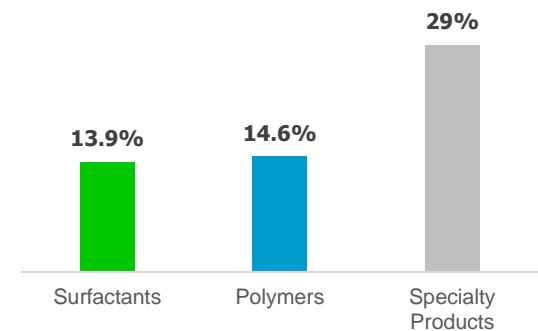
Net Sales (\$ MM)



Operating Income (\$ MM)



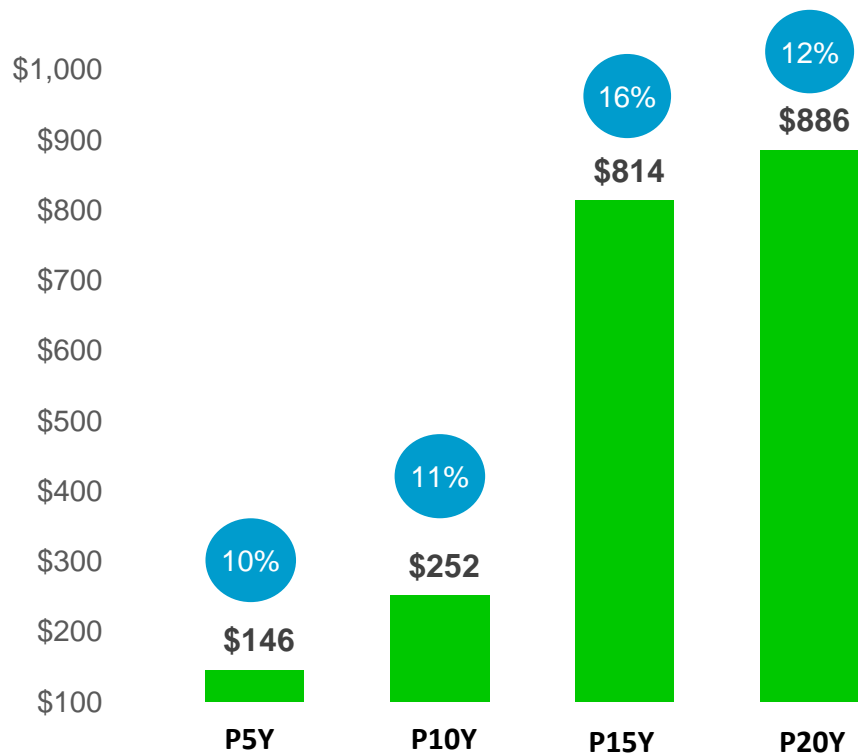
EBITDA Margin*



*Excludes Corporate Allocations; EBITDA Margin is a non-GAAP measure (See appendix for GAAP reconciliation)

Superior Shareholder Returns

Growth of \$100 invested in SCL



(*) As of December 31, 2021

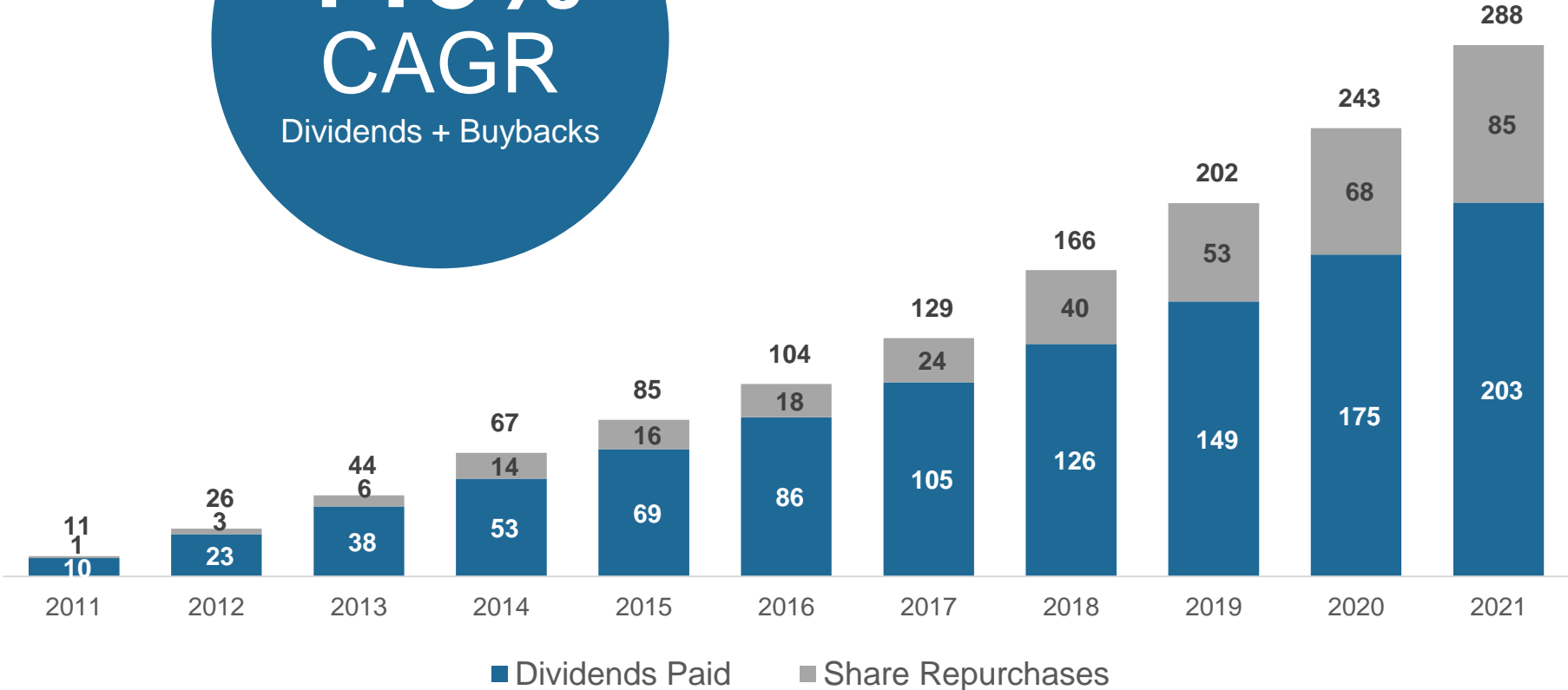
20 Year CAGR
for Stepan vs. Related Indices

| Index | CAGR |
|------------------------------|------------|
| Stepan | 12% |
| S&P 500 | 8% |
| S&P Small Cap Chemical Index | 4% |
| S&P Small Cap Index | 10% |
| Russell 3000 | 8% |
| Russell 2000 | 8% |

Consistent double-digit growth for SCL

Cash Returned to Shareholders

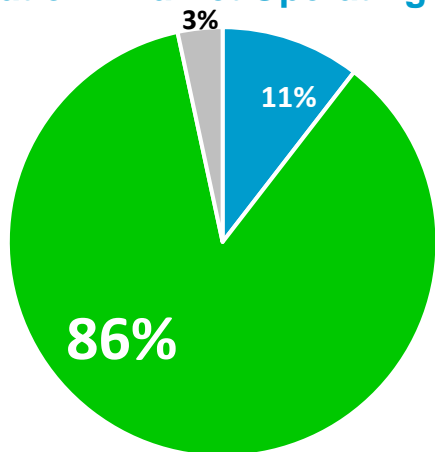
**+15%
CAGR**
Dividends + Buybacks



Cumulative Cash Returned to Shareholders (\$ Millions)

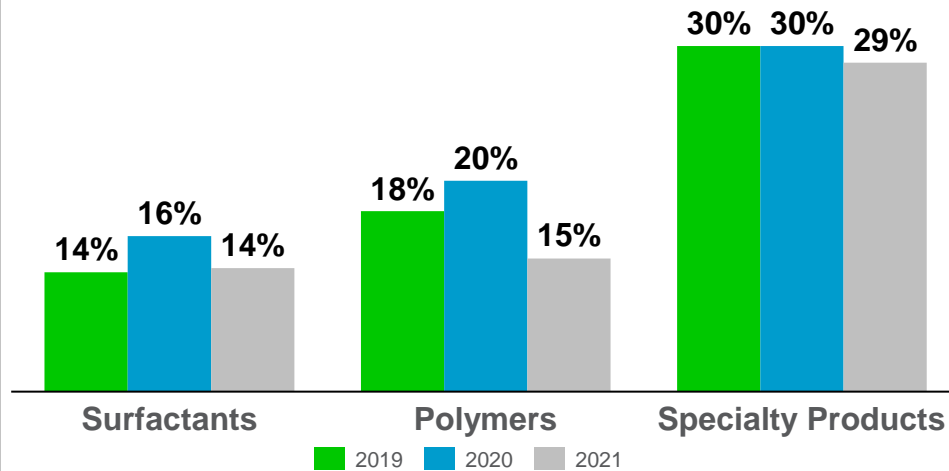
Journey to a Specialty Chemical Company

Diversification - Market Operating Income



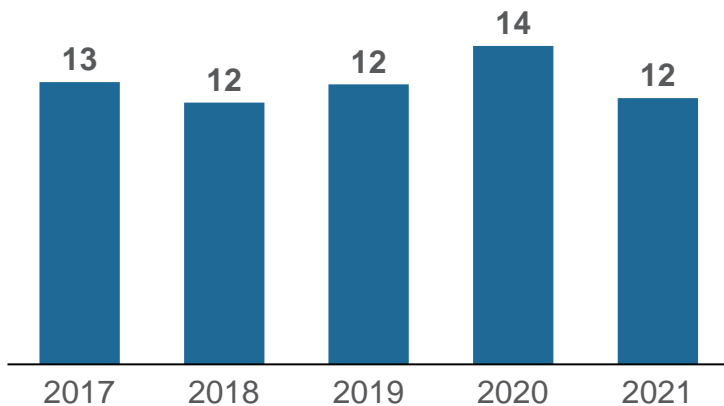
Surfactants Commodity Priority Markets (Rigid + Functional Products + Tier 2/Tier3) All Other

Segment EBITDA Margins*



2019 2020 2021

Total Stepan Adjusted EBITDA Margins**



Percentage Change in Net Sales

| Year | Volume | Selling Price & Mix | Foreign Translation | Total |
|------|--------|---------------------|---------------------|-------|
| 2017 | (1)% | 9% | 1% | 9% |
| 2018 | 3% | 1% | — | 4% |
| 2019 | (2)% | (3)% | (2)% | (7)% |
| 2020 | 3% | — | (2)% | 1% |
| 2021 | 2% | 22% | 1% | 25% |

*Excludes Corporate Allocations; EBITDA Margin is a non-GAAP measure (See appendix for GAAP reconciliation)

**Adjusted EBITDA Margin is a non-GAAP measure (See appendix for GAAP reconciliation)

SURFACTANTS



Surfactants

One of the world's largest merchant producers of surfactants

\$1.6B

NET SALES

11%

OI MARGIN %



Strategic Priorities

Customer Intimacy: Capture growth in high margin product lines as consumers increase consumption of cleaning, disinfection and personal wash products

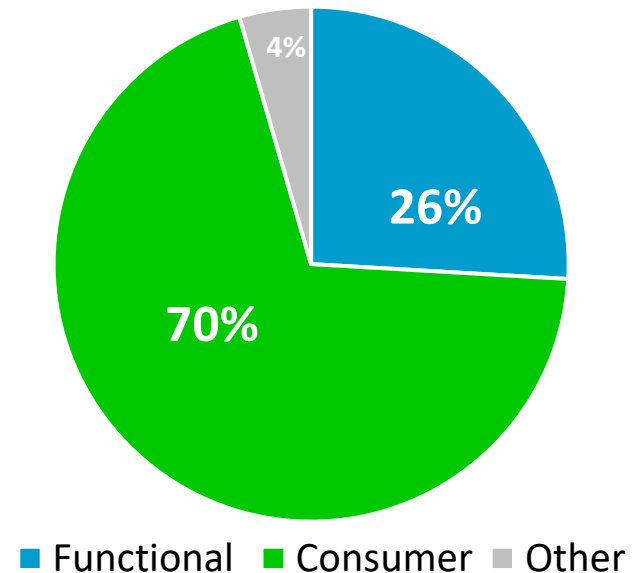
Market Diversification: Grow share in Industrial Markets with special focus on Agricultural and Oilfield Chemicals

Innovation: Collaborate with customers to provide new technologies that meet evolving market needs





Operational Excellence: Focus on fixed cost reduction, asset utilization and plant optimization

M&A: Enter into new end markets and expand product portfolio through strategic acquisitions

Sales by Market



Key Market Needs and Stepan's Solutions

| End Market | Market Needs | Stepan Solutions |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Cleaning & Disinfection Market Size: \$50+Bn</p> | <ul style="list-style-type: none"> • New claims for hard surface disinfection • Powerful cleaning, with low film/streak • Bio-based surfactants • High concentrate liquids • Low 1,4 DX surfactants • Non-ionic surfactants | <ul style="list-style-type: none"> • STEPAN® BTC Biocidal Quaternaries & Portfolio of Registered Formulations • Capacity increase in Biocidal Quaternaries • BIO-SOFT® LFS Technology* • NatSurFact® Rhamnolipids • Significant investment to increase Low 1,4 DX capacity & capability • Specialty Alkoxylates |
|  <p>Personal Hygiene Market Size: \$76+Bn</p> | <ul style="list-style-type: none"> • Improved skin feel • Environmentally-friendly hair conditioners • Concentrated ingredients • Anti-bacterial hand soaps | <ul style="list-style-type: none"> • NINOL® GCC • STEPANQUAT® Helia* & Soleil • NINOL® CAA/ STEPAN-MILD L3 • Increased capacity in Biocidal Quaternaries |
|  <p>Agricultural Chemicals Market Size: \$62+Bn</p> | <ul style="list-style-type: none"> • Adjuvant and solvent technologies for herbicide and fungicides • Compatibility of multi-active and high electrolyte systems • Crystal growth inhibition of active ingredients • Bio-based formulation components • Formulation support | <ul style="list-style-type: none"> • Amines Oxides and High-Performance Natural Metathesis based solvents* • STEPFAC™ 8164 for “in-can” application • STEPGROW™ CT for adjuvants • Novel STEPSPERSE® Polymeric Dispersants • Fermentation based Rhamnolipids • Advanced Formulation Services |
|  <p>Oilfield Solutions Market Size: \$12+Bn</p> | <ul style="list-style-type: none"> • Polymer and lifting cost optimization • Reduced freshwater use in production and long-term asset protection • Yield improvements from mature producing wells • Demulsification | <ul style="list-style-type: none"> • Friction Reduction Boosters (FRB) PETROSTEP® ME-2* • PETROSTEP® Registered Biocidal Quaternary End Use Products (EUP's) • PETROSTEP® PE-1* • KMCO demulsifier portfolio |

Consumer Products

Focusing on creating high quality disinfectants, surface cleaners and personal wash products for household, consumers and institutional cleaning.

\$700+B

MARKET SIZE

Pre-COVID: GDP-
Post-COVID: GDP+?
MARKET CAGR

Stepan Sales
by Consumer
Products End
Market



Laundry Care
\$88B
Market Size



Personal Hygiene
\$76B
Market Size

Cleaning & Disinfection
\$50B
Market Size



Agricultural Chemicals

Provide environmentally-advantaged products to enable cost-effective solutions for our customers

\$62B

MARKET SIZE

GDP+

MARKET CAGR

Market and share growth in corn and soybean and expand product offerings in other crops where we are under-represented.



Corn

Market Size: \$7B

Primary Uses:

- Animal Feed
- Ethanol



Soybean

Market Size: \$10B

Primary Uses:

- Animal Feed
- Food Oil
- Biodiesel



Cereal

Market Size: \$10B

Primary Uses:

- Food
- Animal Feed



Rice

Market Size: \$6B

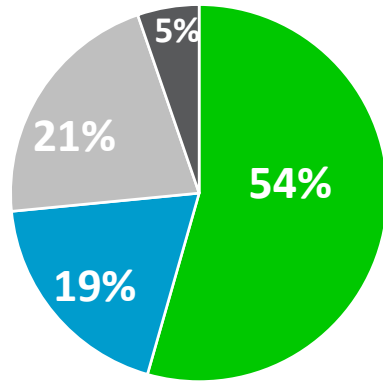
Primary Uses:

- Food

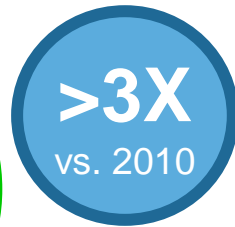
Agricultural Chemicals At Stepan

Provide environmentally-advantaged products to enable cost-effective solutions for our customers

Sales by Region

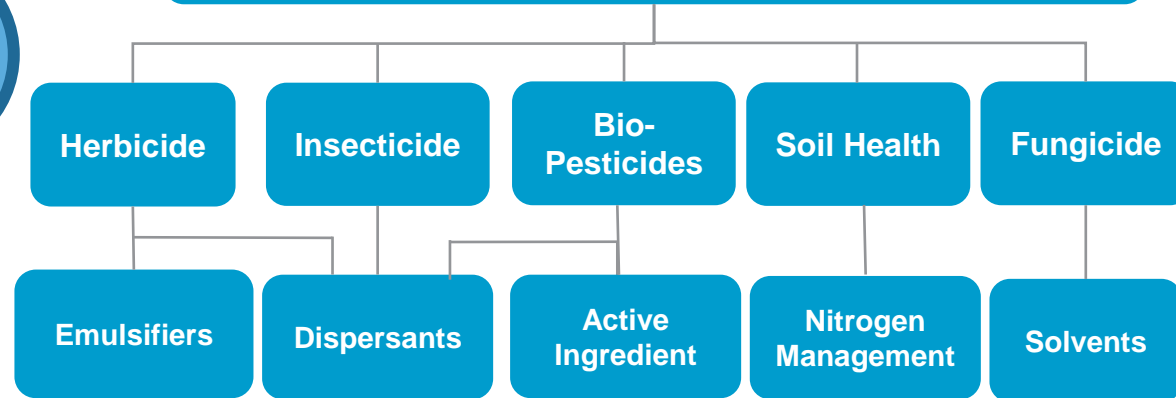


Sales Growth



■ North America ■ Europe ■ Latin America ■ Asia

Agricultural Chemicals



Winder, GA Greenhouse

Investment in Greenhouse and Customer Collaboration Center Will Enable:

- Greater Collaboration with Customers
- Real World Product Testing
- Improvement in Speed to Market
- Enables improved predictive application performance in customer's applications



Oilfield Solutions

Our portfolio is diversified across the upstream market for use in both stimulation and production globally

\$11.7B

MARKET SIZE

GDP+

MARKET CAGR

Stepan Oilfield Solutions is an Established Technology Partner with Our Customers

Stepan Strategy:

2021 was a record year for Oilfield Solutions and we are positioned for growth in 2022 as oil and natural gas values strengthen and grow.

Continue to expand our production chemicals portfolio globally, focusing on demulsifier and corrosion inhibitor intermediates.

Helping our customers reach their net zero targets and implement solutions to enable carbon footprint reduction using higher BCI products and sustainably sourced raw materials.

Capitalize on growth from high margin sustainability driven applications.

Diversify into Energy Adjacent Markets.



Stepan Oilfield Solutions is well positioned to capture growth from industry trends and sustainability drivers in the Oilfield market

Key Technologies for Oilfield

Stepan's key products in Oilfield specifically seek to reduce operator cost



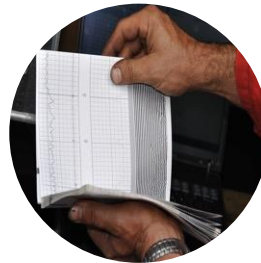
Registered Biocides

- Enable use of **up to 50%** recycled water for hydraulic fracturing – reduce dependency on freshwater resources
- Save **greater than \$50K** per well in freshwater costs
- Protect formation from souring and plugging
- Ensure personnel safety and long-term integrity of production assets
- One of only **3 EPA registered** quaternary technical active owners in US



Flowback Aids

- Reduce formation damage from hydraulic fracturing process **up to 60%**
- Faster initial and more sustained hydrocarbon production after completion



Friction Reducer Boosters

- Enables **50% freshwater reduction** by using recycled water
- **Up to 40% lower** cost of completion additives.
- Reduce reservoir damage by **lowering overall additive loading**



Demulsifiers

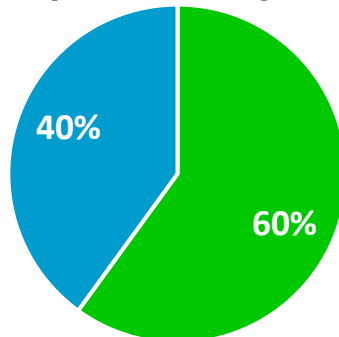
- Reintroduction of **KMCO products**
- Demulsifier intermediates help service companies **deliver consistent field performance** with their formulated products
- Address the dehydration and desalting requirements of crude oils
- Continue to develop demulsifier field kits and next generation products



Production Enhancement

- **Improve hydrocarbon recovery** by remediating stimulation and production damage without requiring additional drilling or completion
- Reduce oil production swings by **up to 60%** post treatment
- **2-4x** improvement in oil production with one treatment
- Multiple field trials initiated with potential global end market reach.

Stepan Sales Split



■ Production ■ Stimulation

A Strong Global Network of Customers

Collaborate with all our customers to drive global growth across all end markets

Partner with Global Tier 1 Customers



Growth within Tier 2 and Tier 3 customer base continues to be a priority for our Surfactant group utilizing enhanced digital engagement capabilities

Surfactant Customer Mix:

| | # Active Global Customers | Average # Products Sold |
|-----------------------|---------------------------|-------------------------|
| Tier 1 | | |
| Tier 2 | | |
| Tier 3 – Distributors | | |

We added

~1,400

new global surfactant customers in 2021

We sold

1,800+

new customer/product combinations in 2021

Looking to cross sell our products to

20,000+

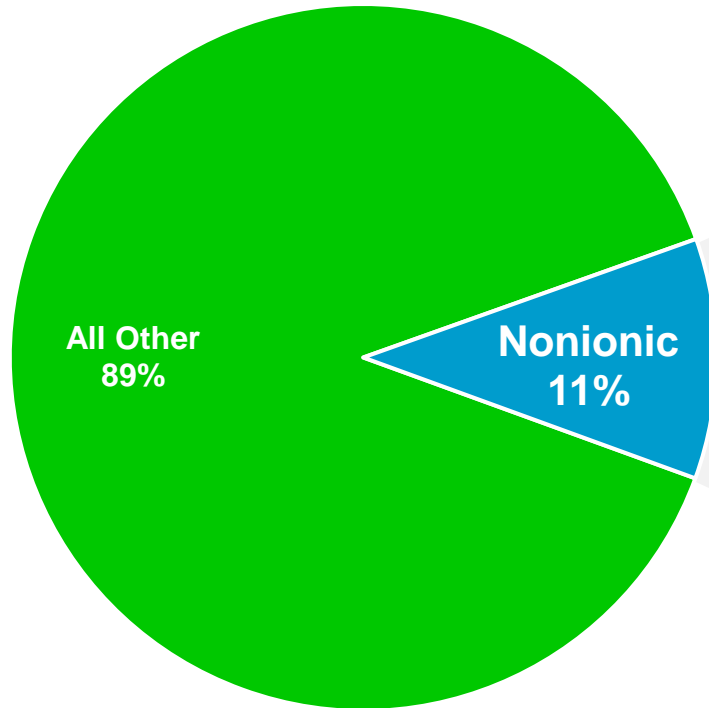
new and existing customers

Significant Opportunity for Growth and Margin Expansion

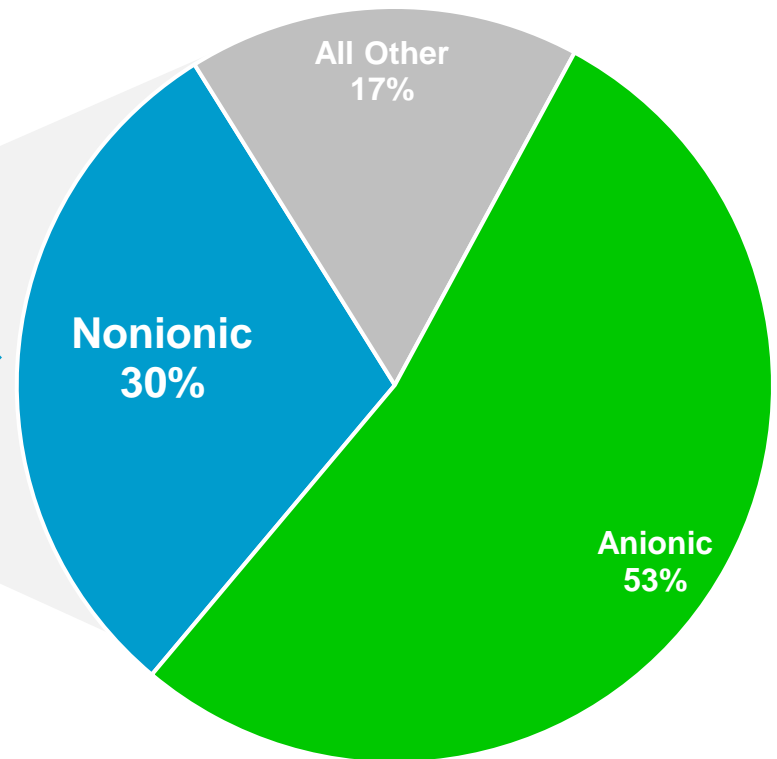
Surfactant Innovation: Room for Growth

Nonionic (alkoxylates) under-represented in Stepan's portfolio

2021 Stepan Global Surfactants

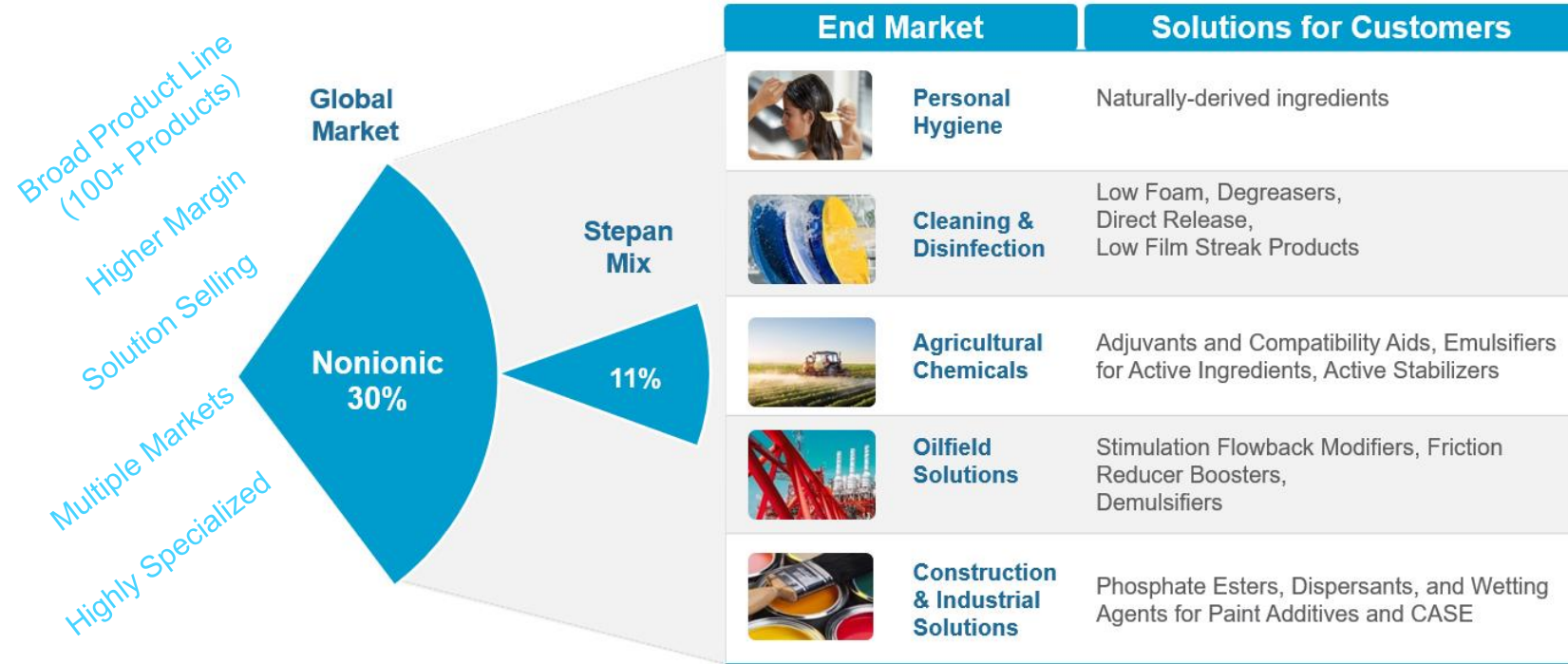


2021 Global Surfactant Market



Nonionic Surfactant Opportunity

Pursuing specialty alkoxyate expansion across all end markets with new technical resources



Pasadena, Texas (United States)

Strategic Investment in Alkoxylation

Project Overview: \$220 million capital investment in state-of-the-art, flexible, multi-reactor facility with approximately **75KTA of annual alkoxylation capacity**

Value Drivers: Insourcing & growth, raw material economics, security of supply

Expected Start-Up - Late 2023.

Portfolio Expansion Through M&A - Fermentation

Solutions to Serve the Next Generation

Fermentation – Bio-surfactants – Rhamnolipids

Ambitions for Stepan Rhamnolipids

- Sustainable surfactant
- 100% Bio-renewable
- Naturally-occurring
- Low toxicity
- Readily Biodegradable



Agriculture

Environmentally-friendly bio-fungicide for disease control and crop protection



Oilfield

Bioremediation of crude oil in contaminated soils



Personal Care

Emulsification for rinse-off and leave-on skin care



Home Care

Hard surface cleaning

Process Development

- NatSurFact® Acquisition (Q1 2020)
- Rhamnolipid Line of Bio-surfactants
- Process Patents
- Rhamnolipid Process Technology

Plant Site

- Acquisition of World Scale Fermentation Plant in Lake Providence Louisiana USA (Q1 2021)
- With Capital Upgrades Capable of Producing 10 – 20KTPA of Rhamnolipids and other Glycolipids Depending on Product Mix

Innovation / R&D

- Process Enhancement Partnerships: Validation, Optimization, Productivity



Product Supply

- US EPA Active Ingredient Registrations for Agriculture Applications in Progress



Sustainable Solutions - Fermentation

Biosurfactant Technologies to Serve the Next Generation

| | Agriculture | Consumer |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| |  |  |
| Markets and Drivers | Green solutions, low or no environmental impact, low residue | Biodegradable functional surfactants, green antimicrobials |
| Potential | Bio-fungicide market: \$4B, 10-15% CAGR | Total addressable market: ~\$300MM, >\$1B expected by 2030 |
| Stepan Development | <ul style="list-style-type: none">• Fermentation and downstream processing• Formulation development• Greenhouse testing | <ul style="list-style-type: none">• Microbiology screening• Product design and development• Application testing |
| Key Investments and Partnerships | <ul style="list-style-type: none">• Fermentation Pilot laboratory• Disease control research• Field trials• Scale up | <ul style="list-style-type: none">• Home care applications• Personal care testing• Strain development for targeted product properties |

POLYMERS



Polymers

A leading manufacturer of polyester polyols used in rigid foam insulation

\$0.7B

NET SALES

10%

OI MARGIN %



Strategic Priorities

Leadership: Maintain leadership position and expand Rigid Polyol use

Customer Intimacy: Provide best in class technical service to deliver value to our global customers

Innovation: Offer superior technologies and performance through product leadership

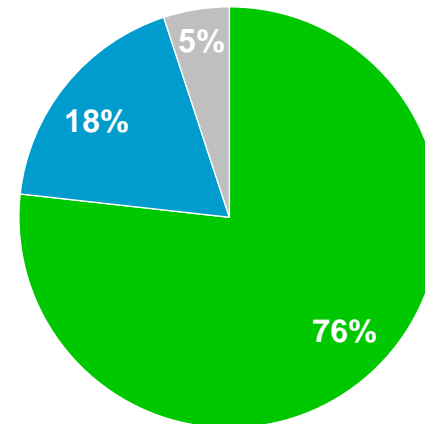
Operational Excellence: Complete strategic projects to increase capacity and manufacture at a lower cost

Market Diversification: Expand Rigid Polyol use in Spray Foam products and increased penetration in Specialty Polyol (CASE)

M&A: Explore options within the building envelope

Supply Assurance: Integration into PA, scale and global network provide low cost and business continuity

Sales by Market



■ Rigid ■ Specialty ■ Phthalic Anhydride

Global Building Insulation Market

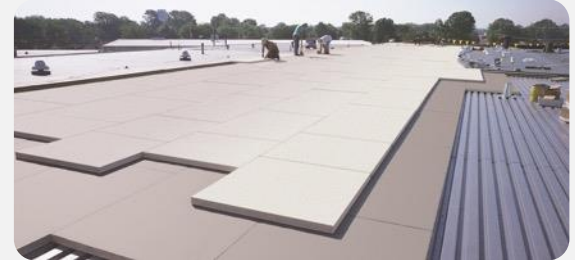
Developing next generation polyols to meet increasing energy conservation efforts and regulatory requirements

\$28B

MARKET SIZE

4-5%

MARKET CAGR



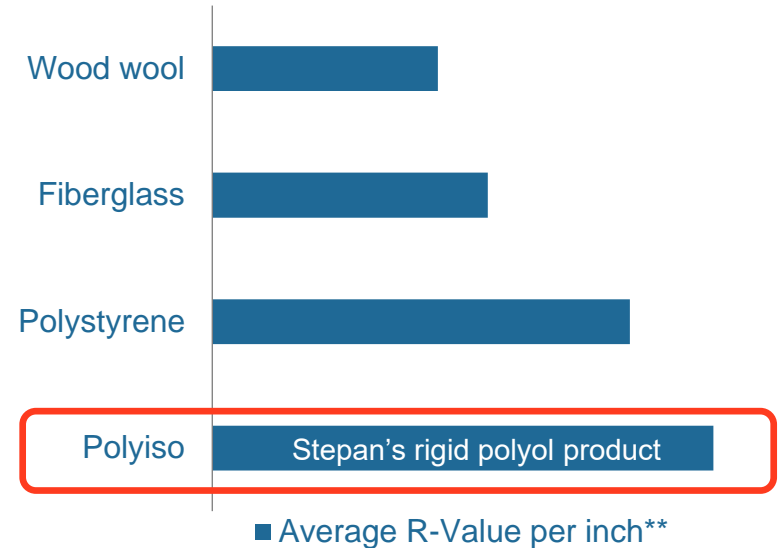
Opportunity:

Global energy conservation efforts and growth in construction

Government mandated or recommended higher insulation levels in buildings

Relative to cost, our polyiso (PIR) polyols impart superior insulation performance and durability versus alternative insulations

Innovation in enhanced technical service offerings and multiple product technology initiatives

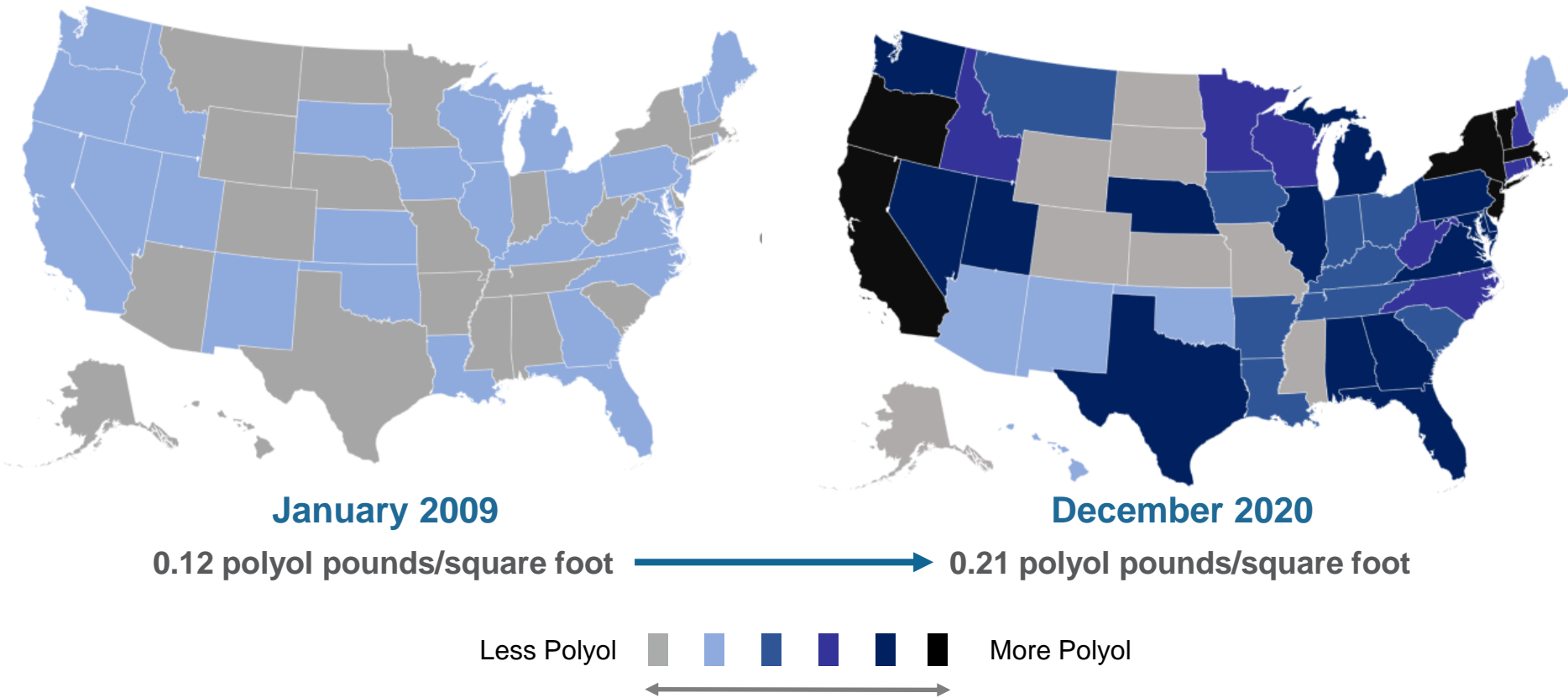


**R-Value = measures the effectiveness of insulating materials; a higher R-value represents greater insulation performance

Rigid Polyol U.S. Market Trend

Strong market growth in the past several years and in the next 5 years (4-5%) for commercial roofing

Polyol Required Per Adopted State Building Code



US Infrastructure Investment and Jobs Act (IIJA)

IIJA enhances existing demand drivers in Rigid Polyol Market



Building Energy Codes

- Building Energy Codes
- INSULATE Buildings Act
- Energy-Efficient Schools
- Federal
- Industrial Efficiency



Roof Retrofits/ Replacements

- Energy Conservation Block Grants
- Increased Weatherization Assistance
- Retrofit roofs for old schools/government facilities



New Construction

- Airports
- Port Infrastructure and Waterways

\$1.2 trillion government spending tailwind

Rigid Polyol European Market Trend

Strong market growth in the past several years and in the next 5 years (4-5%)

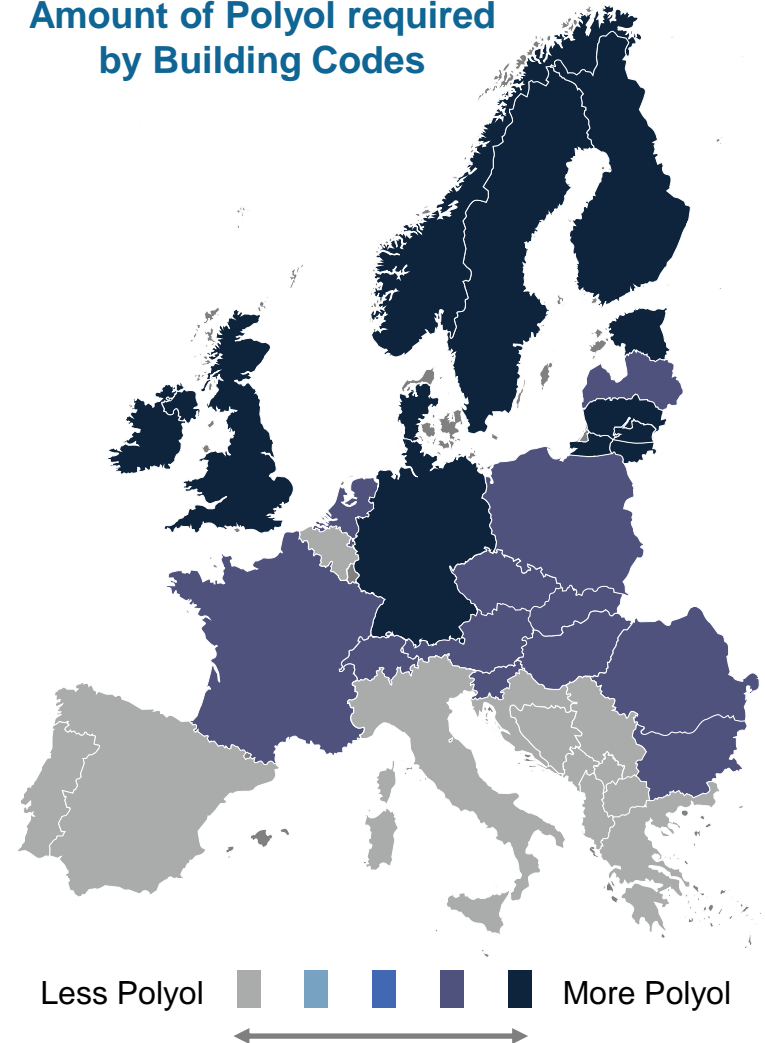
EU Market Growth Highlights:

July 2021 **New Climate Law** effective increasing the **EU target to reduce net emissions by at least 55%** by 2030. This is a substantial increase from the previous target of 40%.

Fit for 55 Package includes amendments to the **Energy Efficiency Directive (EED)** promoting 'energy efficiency first' as an overall principle of EU energy policy. Requirement to renovate each year at least 3% of the total floor area of buildings owned by all levels of public administration and introduces an obligation for EU countries to implement energy efficiency improvement measures as a priority to alleviate energy poverty.

December 2021 The Energy Performance of Buildings Directive (EPBD) Revision introduces new definition of a 'zero emissions building', applicable to all new buildings from 2027 and to all renovated buildings from 2030. The recast EPBD would accelerate energy-efficient renovations in the worst performing 15 % of EU buildings and would set minimum energy performance standards. In due course, every building would need to achieve at least a Class E on a revised A-G scale of energy performance certificates.

Amount of Polyol required by Building Codes



Rigid Polyol China Market Trend

Strong market growth in the past several years and expected to resume in the future.

China Market Growth Highlights:

China Rigid polyol growth is primarily driven by the dynamics of cold storage industry.

China cold storage capacity is expected to grow annually by 10%, attributing to the significantly increasing demand for fresh food and produce.

Higher energy efficiency requirements and new building code secure polyurethane panel as the predominate insulation solution (>90%) in cold storage industry.

China cold chain expansion plan recently announced by China State Council further accelerates the growing demand for the high quality of cold storage facilities



Amount of polyol required by cold storage space



Less Polyol  More Polyol



0.5 Kg Polyol / M²
(Year 2017)



1.6 Kg Polyol / M²
(Year 2020)

Polymers Specialties

Key component of Polymers Diversification Plans

Specialties include polyester polyols used to formulate polyurethane Coatings, Adhesives, Sealants and Elastomers (CASE).



Flexible Packaging Adhesive



Floor Coatings

CASE assets are positioned in major regions to allow supply to a global customer base



Powder Coatings on Agriculture Equipment



Elastomers for Conveyor Belts

Regional Powder Resins business brings additional diversification for North America

Trends

- Low VOC Coatings
- Functional adhesives to replace mechanical fasteners
- Circular economy leading to increased recycled content
- Non-Isocyanate/Non-Amine Curing



Customer Needs

- Polyurethane formulating experience
- Sustainable solutions with reduced carbon footprint



Stepan Focus

- Service excellence
- Technical service with targeted solutions
- Hybrid Technology (PEEPs)

Strong double digit volume growth in North America and Europe related to post-pandemic market recovery.

Growth through M&A

Q1 2021 Acquisition of Aromatic Polyester Polyol Business from INVISTA

✓ **\$120MM+**
Annual Revenue

✓ **\$20MM+**
EBITDA

✓ Accretive to EPS,
EBITDA and EBITDA
margins in 2021

Main Drivers of Acquisition

- Capital Efficient Capacity Expansion
- Attractive Technologies for Both Lamination and Spray Foam Markets
- Eventual BCPs for Our NA & EU Plants



Wilmington, NC (United States)



Vlissingen (the Netherlands)

Benefits of Acquisition

Financial Performance

- **Accretive to Stepan's EPS and EBITDA margins** in 2021
- This transaction allows us to continue our journey to create a more specialized chemical company
- Expected multiple on a post synergy basis to be between 6.5 and 7.5 times (two years post-closing)

Improved Operations/Synergies

- Available spare capacity, plus debottlenecking opportunities in both plants, expected to allow Stepan to support market growth in a capital efficient way.
- New product capabilities (**TERATE® flame retardant polyester polyol**)
- These two additional locations significantly enhance business continuity for our customers

Sustainability

- **Energy conservation** will continue to be a priority for our world
- The long-term prospects for rigid polyol use in insulation remain strong as energy conservation efforts and **more stringent building codes** should continue to drive market growth

Integration is on track.

SPECIALTY PRODUCTS



Specialty Products

Producer of naturally derived ingredients used in the food, nutrition and pharmaceutical industries

\$70MM

NET SALES

20%

OI MARGIN



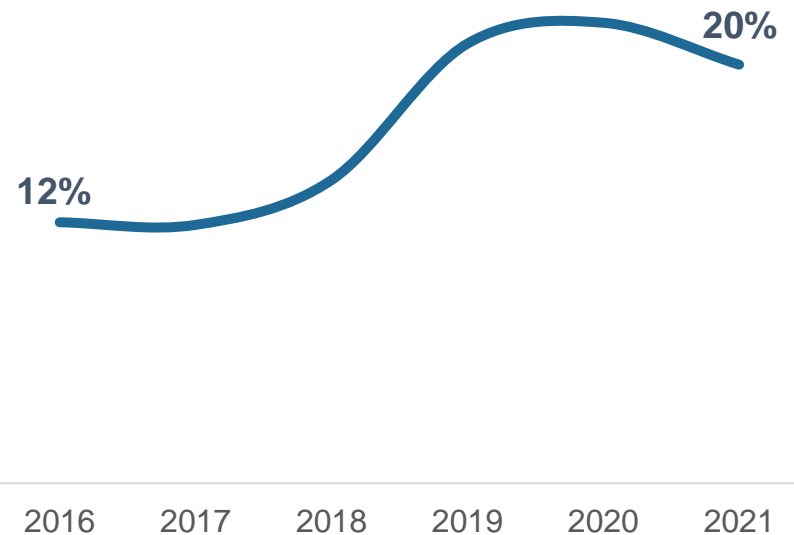
Strategic Priorities:

Customer Intimacy: Maintain service to existing business and expand customer base in food

Innovation: Leverage patented technology to continue growth of NEOBEE® product line

Operational Excellence: Expand margin while optimizing supply chain

Operating Income Margin



Medium-Chain Triglycerides (MCTs)

Driving growth through focused excellence and providing our customers with value-added solutions

\$1B+

MARKET SIZE

6-9%

MARKET CAGR

Market and Share Growth with our NEOBEE Product Line. White space expansion opportunities.

Stepan Strategy:

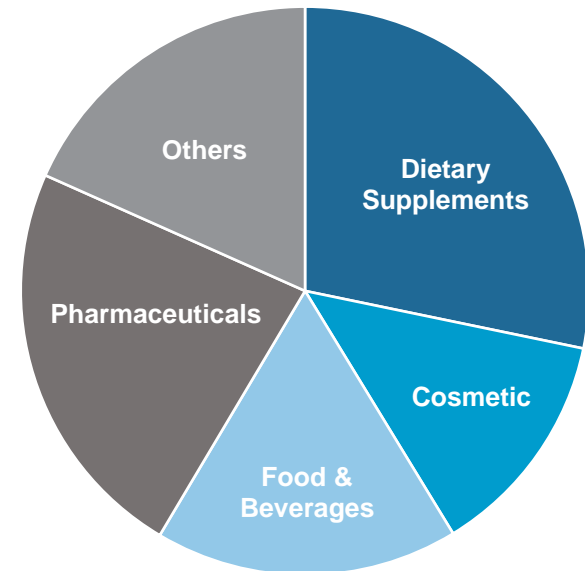
Partner with customers to drive mutual success and value-added solutions. Optimize product portfolio to align with long-term market trends

Increase access to key Raw Material (Fatty Acid) to ensure we can grow more Volume.

Focus on fundamental operations to reduced cost, accelerate growth and deliver best-in-class service

Expand reach into adjacent markets through low-risk innovation and strategic partnerships

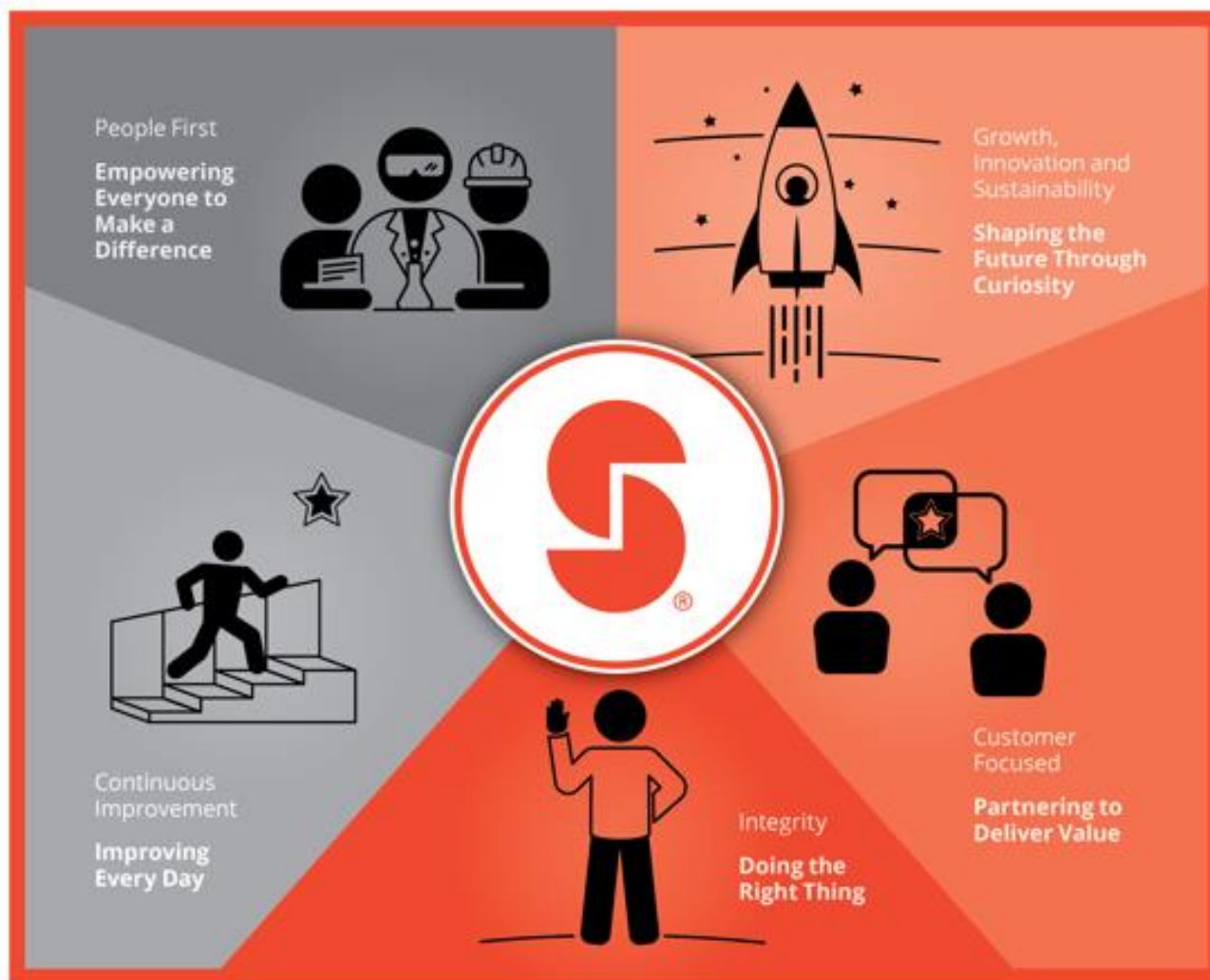
Global MCT Sales Volume



Medium-Chain Triglyceride market offers a unique opportunity for diversified growth and margin expansion

Stepan Values

Our Vision: Innovative Chemical Solutions for a Cleaner, Healthier, More Energy Efficient World



GROWTH, INNOVATION & SUSTAINABILITY

Growth Through Innovation

Partner with customers in pursuit of their growth, innovation & sustainability goals

14 Application centers around the world



State of the Art LEED Certified
Agronomy & Formulation Lab with Greenhouse
Winder, Georgia



MERC Collaboration Lab
Sao Paulo, Brazil

2,763 Intellectual Property Portfolio Size Enabling Competitive Advantages in Strategic Growth Segments

- Sustainability, Agriculture, Fermentation & Polyols

\$55+ MM
Annual investment in R&D



Stepan Fermentation Plant
Lake Providence, Louisiana



Wilmington, NC Polyol Applications Lab



Polyol Foam Production Simulator
Global Technology Center

240 Scientists with
>110 Graduate Degrees



Fermentation Lab Installation
Global Technology Center



Poland Rigid Lamination Applications Lab

New focus and capabilities

Formulation Services
Data Science and Applications
Fermentation
Agronomy

Growth Through Sustainability

Conducting business responsibly

Focus on Safety and Security



Focus on Responsible Chemistries



Commitment to Responsible Practices



TCFD
Task Force on
Climate-related
Financial Disclosures
Coming in 2022

WSJ
100
MOST
SUSTAINABLY
MANAGED
COMPANIES 2020



Stepan's commitment toward responsible practices aligns with the principles outlined by the UN Global Compact, including commitments to ethical business practices, respect for human rights, and reduced environmental impact through our products and operations. Through external reporting to CDP, EcoVadis and other ESG frameworks, we strive to demonstrate continuous improvement in these areas. In 2022, we will initiate our formal support of the Task Force on Climate-related Financial Disclosures (TCFD) to help guide our integration of climate risk and opportunity into our business strategies and overall enterprise risk management process.

Driving Progress Toward the Sustainable Development Goals (SDGs)

Stepan products deliver benefits for environmental and social responsibility

Stepan Products

Stepan Operations & Sourcing



- Agriculture productivity
- Spray drift reduction
- Cold storage

- Hygiene
- Wellness
- Sanitation

- Sanitation
- Biocides
- Algaecides

- Insulation
- Bio-based
- Lightweighting
- High active
- Renewable energy

- Bio-based
- Bio-renewable
- Recycled content
- High active

Over 75% of revenue aligned to five key UN SDGs*

*Through an internal evaluation of Stepan's product portfolio, over 75% of our revenue from products delivers benefit toward the United Nations Sustainable Development Goals (SDGs), with impacts related to zero hunger; responsible consumption of resources; driving action toward climate change mitigation; improved sanitation, health and hygiene; and protection of land and water resources.

Responsible and Sustainable Company

Conducting business responsibly

Stepan Ranked #84 in the World by The Wall Street Journal



Considerations that contributed to Stepan's ranking

The scoring methodology takes a broad view of sustainability that assesses a company's **ability to create value over the long term.**

The ranking reflects a company's management of financially material issues related to the key areas, including the **environment, human capital, social capital and innovation.**

Increasing **transparency** and reporting on sustainability

- Articulation of Stepan's commitment as a **signatory to the UN Global Compact**
- Alignment of reporting to **SASB and GRI frameworks**
- Articulating **sustainability priorities of People, Planet, Practices and Products**
- Setting **sustainability targets** to achieve within a 2025 timeframe

Markets served contributing to sustainable impacts, including in **polyols for energy-saving insulation, cleaning and disinfecting products and agriculture.**

Acquisitions such as that of **NatSurFact® biosurfactants** that positively reflect on Stepan's **commitment to sustainable technologies.**

"The Wall Street Journal ranking is truly a recognition of the hard work, integrity and leadership of Stepan's management and employees," says Jason Keiper, Ph.D., Stepan's Chief Technology and Sustainability Officer. "We are proud to provide essential and sustainable products that support our customers and society, including those for cleaning and disinfection, energy-saving insulation, agriculture and safe food supply. Stepan Company is strengthening its commitment to sustainability and creating long-term stakeholder value, and we are excited to develop new products and partnerships that will reflect the positive impact of what we do and how we do it."

Journey to EcoVadis Gold

Continuous improvement efforts lead to EcoVadis Gold rating

Since 2015 Stepan has participated in the EcoVadis assessment, a provider of business sustainability ratings. For 2022 we achieved Gold rating that placed us in the **94th percentile for our industry**. **We are significantly ahead of Industry Average in ALL metrics.**

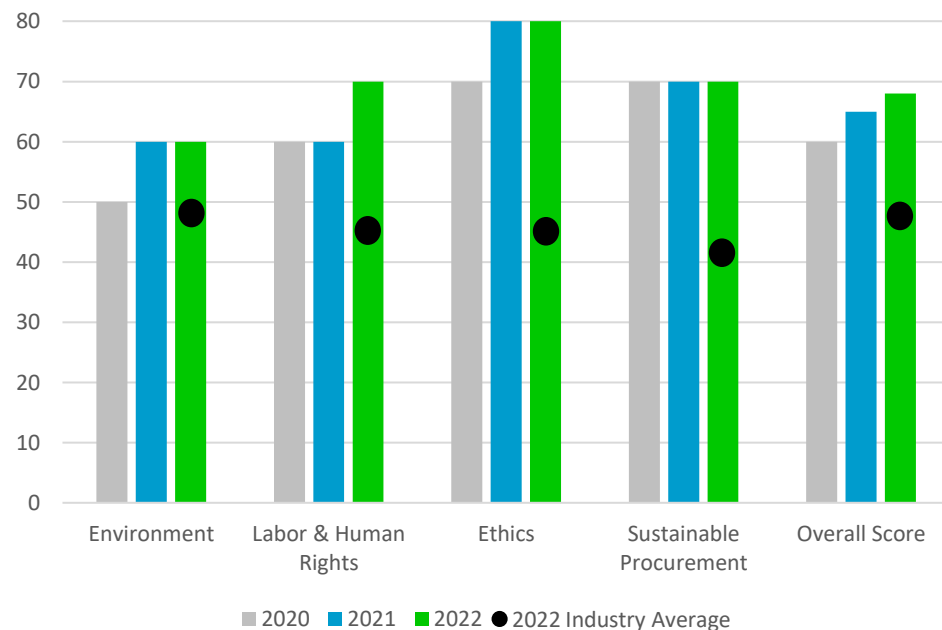


Stepan has demonstrated **continuous improvement since first participating**. This accomplishment reflects our progress in implementing management practices, policies, and behaviors. This work ties directly to our **Growth, Innovation & Sustainability** as well as **Continuous Improvement** values that guide our behaviors at Stepan.

Improvements in Labor and Human Rights ranking as a result of:

- Updated **Diversity and Inclusion and Human Rights workforce policies**.
- Consistent implementation and training on **Stepan's Code of Conduct**.
- Thoughtful **employee engagement, Pulse surveys, and ongoing support during the pandemic**.
- Actions and initiatives taken by the EHSS team to **promote safety** and drive change at the sites.
- Commitment to **evaluating our suppliers on their human and labor rights practices** with the EcoVadis platform.

Stepan EcoVadis Rating 2020-2022



Progress Toward our Sustainability Goals

People

Planet

Products

Practices

Total recordable incident rate < 0.25 total by 2025

10% reduction in GHG emissions per MT production from 2016 baseline by 2025

20% of global electricity from renewable energy by 2025

Water management plans by 2023; 40% decrease in water use/MT by 2025

80% of our R&D investment into sustainable processes and products by 2023

100% employee participation in Safety and Ethics trainings by 2021



Safety Award for 10 sites in 2020
2021 TRIR 0.52

~20% decrease in GHG emissions per MT production from 2016 baseline sites

40% of Stepan's global electricity purchases covered by renewable energy credits

30% global reduction in surface water across our 2016 baseline sites, with significant progress in our Maywood Site

>75% of Stepan's revenue from products with UN SDG benefit new EcoProfile tool

100% of employees training on Ethics and Compliance

Why Invest in Stepan

Proven track record with an opportunity to continue diversifying the portfolio into attractive markets

Looking ahead, we have a great organization and three strong businesses with significant opportunities to grow. We have the financial flexibility (balance sheet, liquidity and cash flow generation) to invest for organic and inorganic (M&A) growth in order to deliver superior shareholder value.



Focus on profitable markets that are growing at rates higher than GDP



One of the world's largest merchant producers of surfactants and a leader in the rigid polyol end market



Longstanding business led by experienced management team



A strong balance sheet provides financial flexibility



Proven track record of delivering EPS growth, dividend payments and strong cash flow generation

1H 2022 Updated

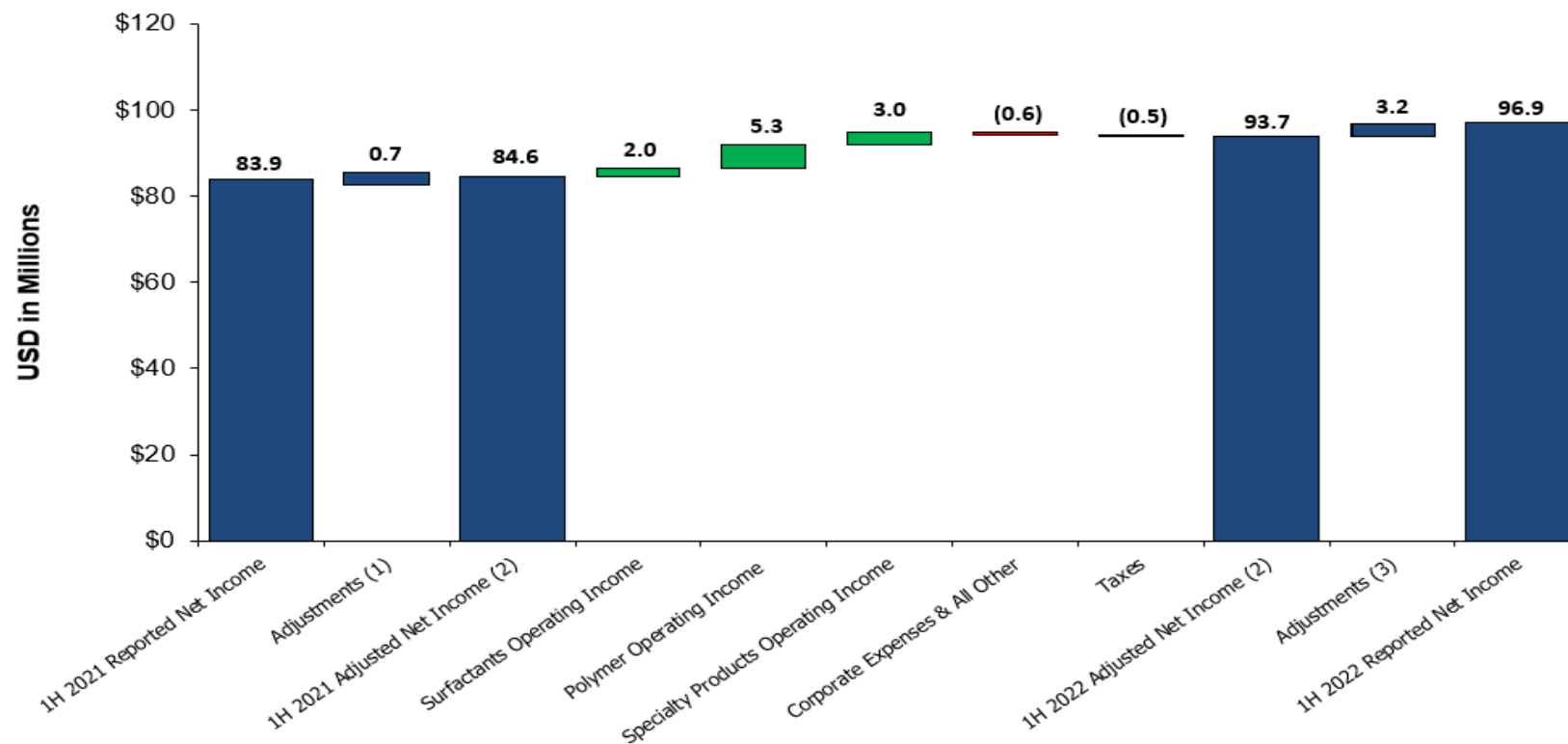
First Half 2022 Financial Recap – RECORD 1H

- Reported first half Net Income was a **RECORD** \$96.9 million, or \$4.19 per diluted share, versus \$83.9 million, or \$3.59 per diluted share, in the first half of 2021.
- Adjusted Net Income⁽¹⁾ was a first half **RECORD** \$93.7 million, or \$4.05 per diluted share, versus \$84.6 million, or \$3.62 per diluted share in the first half of 2021. Adjusted Net Income in the first half of 2022 excludes the following non-operational items:
 - Deferred compensation and cash-settled SARs Income of \$3.8 million, or \$0.17 per diluted share.
 - Restructuring and Environmental Remediation expense of \$0.6 million, or less than \$0.03 per diluted share.
- Surfactant operating income was \$102.0 million versus \$99.1 million in the prior year. This increase was primarily driven by improved product and customer mix that was partially offset by a 2% decline in global sales volume. The lower sales volume was driven by global Commodity Laundry products due to raw material and logistics constraints in North American and lower demand in Latin America. Higher demand in the Functional Products, Personal Care and Institutional Cleaning end markets partially offset the above.
- Polymer operating income was \$48.0 million versus \$41.0 million in the prior year. This increase was primarily attributable to margin recovery, improved mix and a 2% increase in global sales volume. Global Rigid Polyol volume was up 5% versus the prior year driven by North American volume, partially offset by lower demand within the Phthalic Anhydride and Specialty Polyols businesses.
- Specialty Product operating income was a record \$13.6 million versus \$9.6 million in the prior year. This increase was primarily attributable to improved margins and customer mix within the medium chain triglycerides (MCTs) product line, partially offset by order timing differences within the food and flavor business.

(1) Adjusted Net Income is a non-GAAP measure that excludes certain significant, non-recurring items. See Appendix for a GAAP reconciliation.

Net Income Bridge – 1H 2021 to 1H 2022

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



(1) The adjustments to Reported Net Income in 1H 2021 consisted of deferred compensation expense and cash settled SARs expense of \$0.6 million and restructuring costs of \$0.1 million.

(2) Adjusted Net Income is a Non-GAAP measure that excludes certain significant, non-recurring items. See Appendix for a GAAP reconciliation.

(3) The adjustments to Reported Net Income in 1H 2022 consisted of deferred compensation income and cash settled SARs income of \$3.8 million and restructuring costs of \$0.1 million and Environmental Expense of \$0.5 million.

Surfactants – RECORD 1H

Price/Mix improvements offsetting inflationary pressures. Lower volume in Commodity Laundry were partially offset by higher demand in Functional Product, Institutional Cleaning and Personal Care end markets.



1H 2022 Business Results Highlights

Operating Income was a record \$102 million, an increase of \$2.9 million, or 3%, compared to the prior year. Net Sales were up 26% primarily due to pass-through of higher raw material and logistic costs as well as improved product and customer mix, partially offset by the lower volume and unfavorable impact of foreign currency translation.

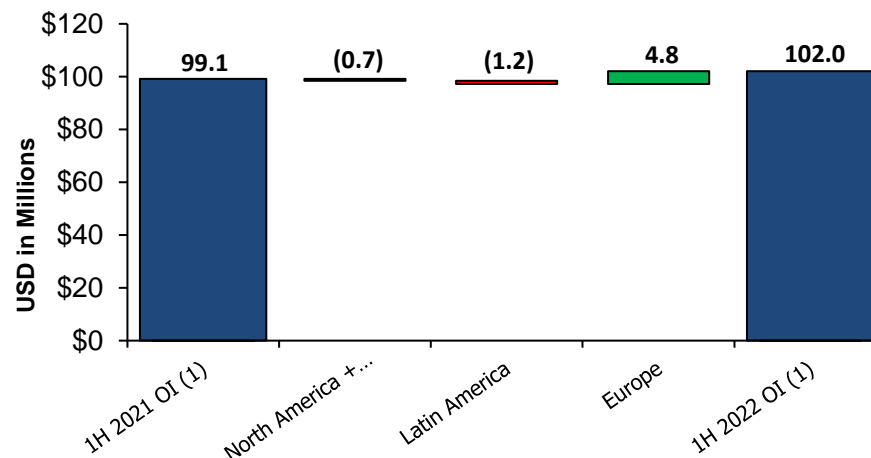
North America results were down by lower volume in Commodity Laundry due to raw material and logistics constraints, partially offset by higher demand in Functional Products end markets.

Latin American results were down due to lower demand in Commodity Laundry and supply chain/ raw material challenges.

Europe results were up with higher volumes and better product and customer mix.

in millions \$

| | 1H 2022 | 1H 2021 |
|-------------------------|-----------------|-----------------|
| Net Sales | \$ 953.4 | \$ 754.9 |
| Operating Income | \$ 102.0 | \$ 99.1 |



(1) OI = Operating Income

All amounts are shown on a pre-tax basis (unless noted differently)

Polymers

Operating Income up +17% due to margin recovery, improved mix and volume growth.



1H 2022 Business Results Highlights

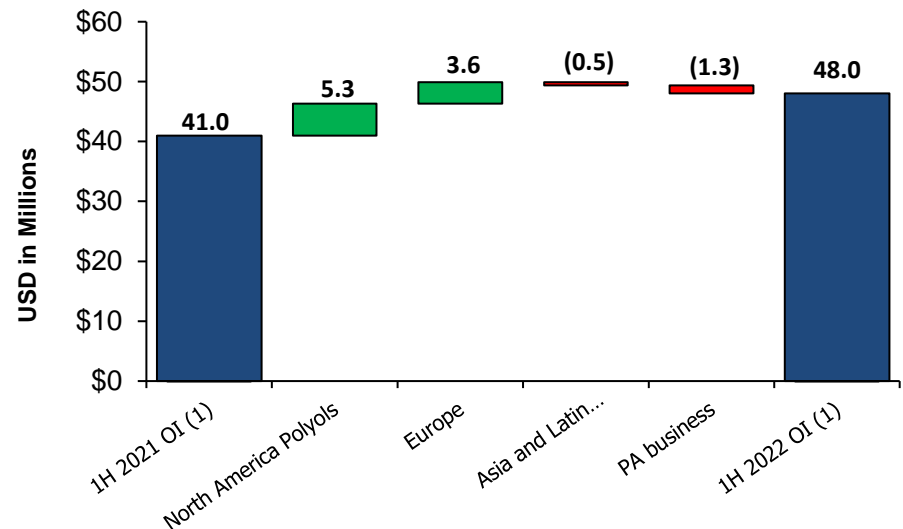
Operating Income was \$48 million, an increase of \$7 million, or 17%, compared to the prior year, due to a 2% increase in volume, margin recovery and improved mix. Net Sales were up 25% primarily due to pass-through of higher raw material and logistic costs and improved mix. Global Rigid Polyol volume was up 5% versus the prior year, which was partially offset by PA and Specialty Polyols lower volumes.

North America Polyol results increased due to higher volumes in Rigid Polyols and margin recovery which was partially offset by PA.

Europe results increased due to volume growth in the base business and the Invista acquisition.

China results decreased due to the current COVID restrictions and lockdowns.

| <i>in millions \$</i> | 1H 2022 | 1H 2021 |
|-------------------------|-----------------|-----------------|
| Net Sales | \$ 426.0 | \$ 340.9 |
| Operating Income | \$ 48.0 | \$ 41.0 |

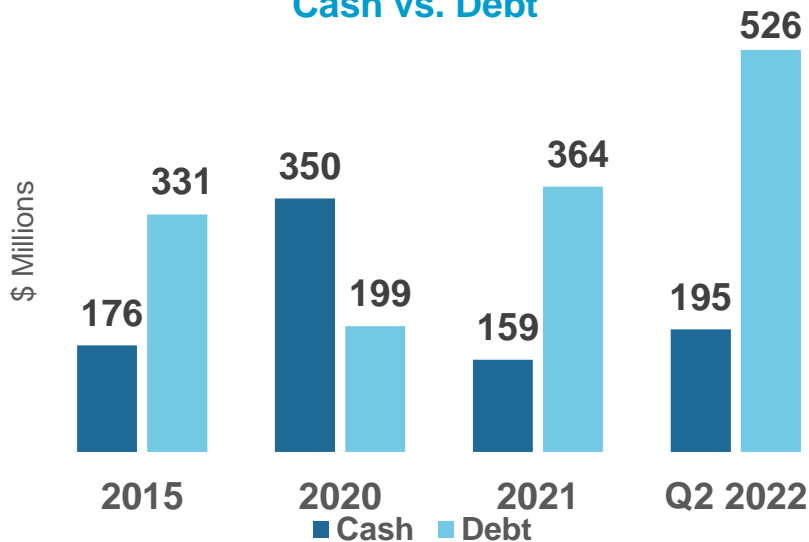


(1) OI = Operating Income

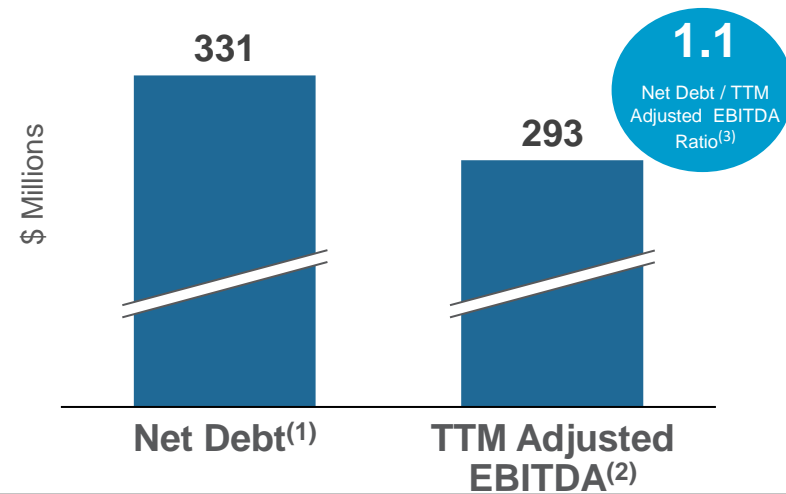
All amounts are shown on a pre-tax basis (unless noted differently)

Strong Balance Sheet and Ample Liquidity to Invest for Growth

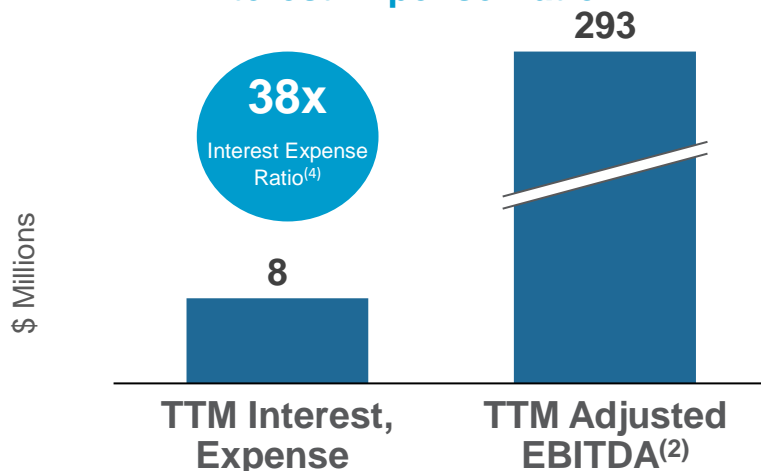
Cash vs. Debt



Net Debt / TTM Adjusted EBITDA



Interest Expense Ratio



Scheduled Debt Principal Repayments

| Year | Amount (\$MM) |
|------------------|---------------|
| 2022 | 24 |
| 2023 | 38 |
| 2024 | 49 |
| 2025 | 63 |
| 2026 | 59 |
| 2027 | 59 |
| 2028 | 45 |
| 2029 | 25 |
| 2030 | 25 |
| 2031 | 25 |
| 2032 | 11 |
| Other (Revolver) | 103 |
| Total | 526 |

(1) Net debt is a non-GAAP measure. See Appendix for a GAAP reconciliation.

(2) TTM Adjusted EBITDA is a non-GAAP measure. See Appendix for a GAAP reconciliation.

(3) Net Debt / TTM Adjusted EBITDA Ratio is a non-GAAP measure. See Appendix for a GAAP reconciliation.

(4) Interest Expense Ratio is a non-GAAP measure. See Appendix for a GAAP reconciliation.

Thank You

Luis E. Rojo

VP and CFO

847-446-7500

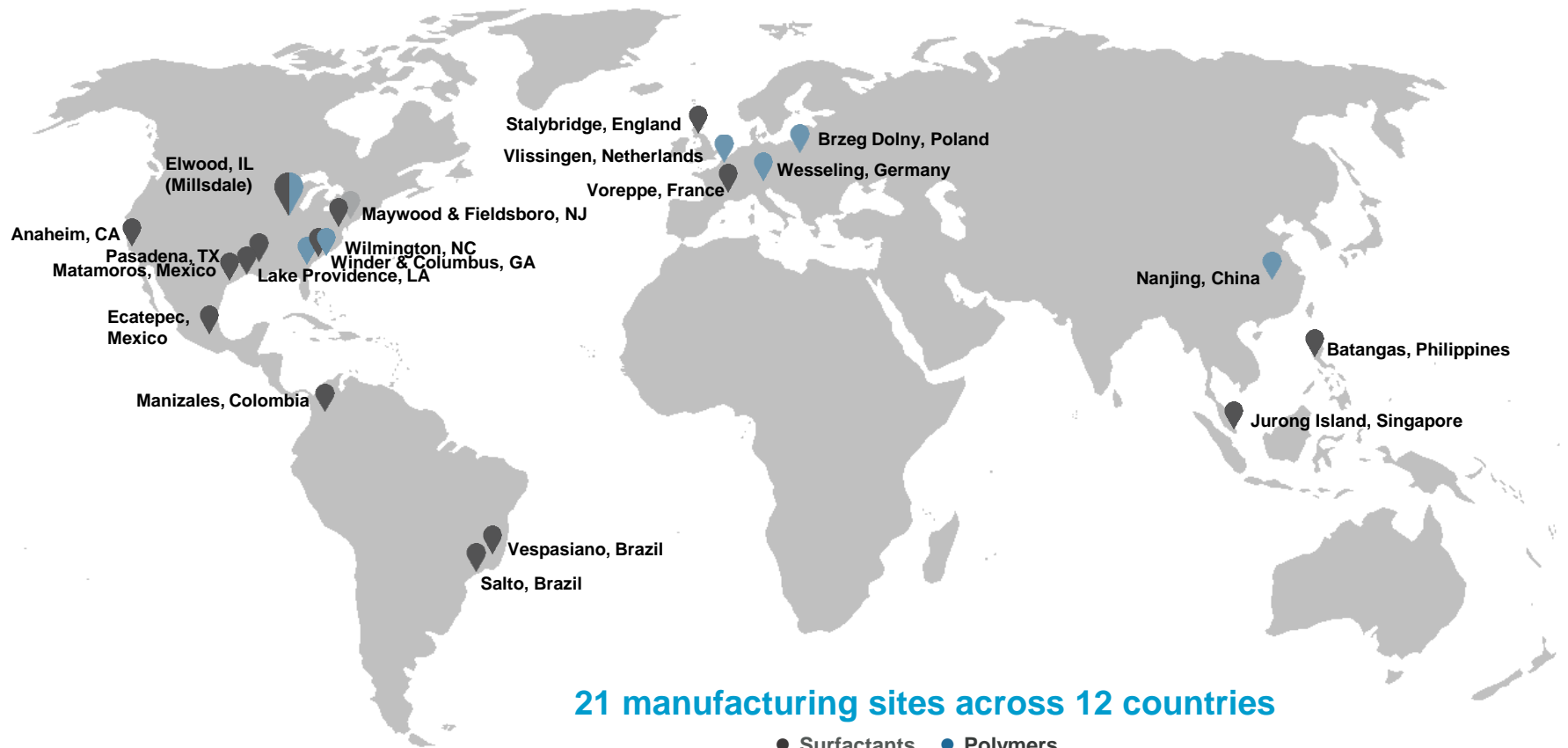
CHEMISTRY THAT CONNECTS US

APPENDIX

Financials, Sources of Information, and Definitions

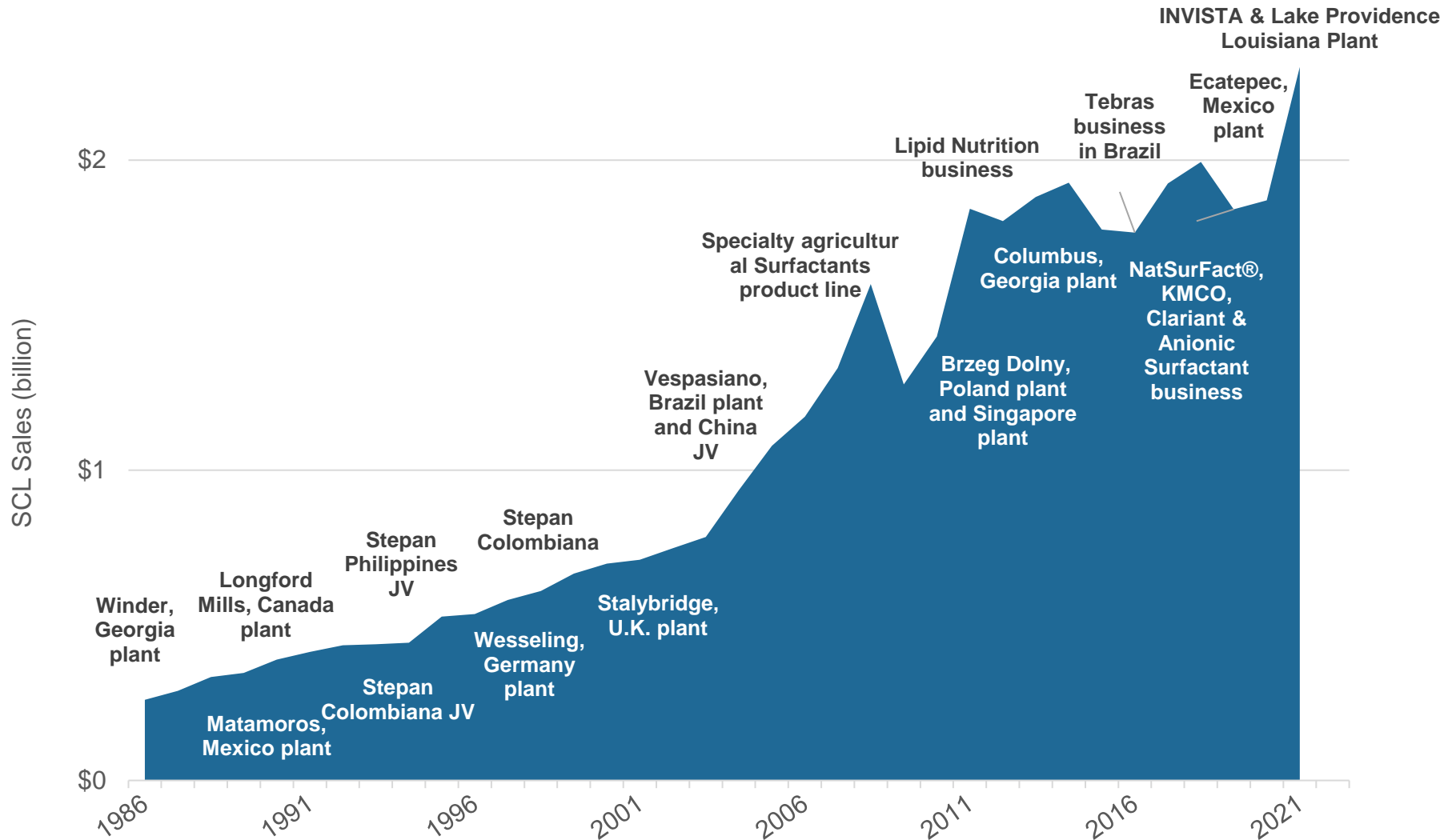
Stepan Network

Strong global network to provide exceptional technical and sales support for our customers



Growth Through M&A

Strong history of M&A to drive growth



Financials

Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019

| <i>(In thousands, except per share amounts)</i> | 2021 | 2020 | 2019 |
|----------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Net Sales (Note 1) | \$ 2,345,966 | \$ 1,869,750 | \$ 1,858,745 |
| Cost of Sales | 1,950,156 | 1,486,137 | 1,519,031 |
| Gross Profit | 395,810 | 383,613 | 339,714 |
| Operating Expenses: | | | |
| Selling (Note 1) | 59,186 | 55,543 | 56,956 |
| Administrative (Note 1) | 92,906 | 87,362 | 82,577 |
| Research, development and technical services (Note 1) | 62,689 | 57,986 | 55,037 |
| Deferred compensation expense (Note 12) | 6,895 | 9,988 | 15,140 |
| | 221,676 | 210,879 | 209,710 |
| Business restructuring and loss on asset disposition (Note 22) | (3,353) | (1,212) | (2,744) |
| Operating Income | 170,781 | 171,522 | 127,260 |
| Other Income (Expense): | | | |
| Interest, net (Note 6) | (5,753) | (5,409) | (5,932) |
| Other, net (Note 8) | 7,509 | 4,954 | 4,571 |
| | 1,756 | (455) | (1,361) |
| Income Before Provision for Income Taxes | 172,537 | 171,067 | 125,899 |
| Provision for Income Taxes (Note 9) \ | 34,642 | 43,411 | 22,798 |
| Net Income | 137,895 | 127,656 | 103,101 |
| Net (Income) Loss Attributable to Noncontrolling Interest (Note 1) | (91) | (886) | 28 |
| Net Income Attributable to Stepan Company | \$ 137,804 | \$ 126,770 | \$ 103,129 |
| Net Income Per Common Share Attributable to Stepan Company (Note 18): | | | |
| Basic | \$ 6.01 | \$ 5.52 | \$ 4.47 |
| Diluted | \$ 5.92 | \$ 5.45 | \$ 4.42 |
| Shares Used to Compute Net Income Per Common Share Attributable to Stepan Company (Note 18): | | | |
| Basic | 22,922 | 22,949 | 23,054 |
| Diluted | 23,287 | 23,256 | 23,316 |

Financials

Consolidated Balance Sheets, December 31, 2021 and 2020

| | December 31, 2021 | December 31, 2020 |
|---------------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current Assets | \$ 913,368 | \$ 905,651 |
| Property, Plant & Equipment, Net | 850,604 | 682,667 |
| Other Assets | 301,640 | 164,018 |
| Total Assets | <u>\$ 2,065,612</u> | <u>\$ 1,752,336</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | \$ 500,476 | \$ 416,554 |
| Deferred Income Taxes | 12,491 | 20,745 |
| Long-term Debt | 322,862 | 160,812 |
| Other Non-current Liabilities | 155,590 | 165,860 |
| Total Stepan Company Stockholders' Equity | 1,074,193 | 986,693 |
| Noncontrolling Interest | - | 1,672 |
| Total Liabilities and Stockholders' Equity | <u>\$ 2,065,612</u> | <u>\$ 1,752,336</u> |

Financials

2021 and 2020 Reconciliations of Non-GAAP Adjusted Net Income and Adjusted Diluted Earnings per Share

| (\$ in thousands, except per share amounts) | Three Months Ended December 31 | | | | Twelve Months Ended December 31 | | | |
|-----------------------------------------------------|-----------------------------------|----------------|------------------|----------------|------------------------------------|----------------|-------------------|----------------|
| | 2021 | EPS | 2020 | EPS | 2021 | EPS | 2020 | EPS |
| Net Income Reported | \$ 16,995 | \$ 0.73 | \$ 30,350 | \$ 1.30 | \$ 137,804 | \$ 5.92 | \$ 126,770 | \$ 5.45 |
| Deferred Compensation (Income) Expense | \$ 2,168 | \$ 0.09 | \$ 2,312 | \$ 0.10 | \$ 1,484 | \$ 0.06 | \$ 4,004 | \$ 0.17 |
| Business Restructuring/Asset Disposition Exp. | \$ 2,343 | \$ 0.10 | \$ 379 | \$ 0.02 | \$ 2,543 | \$ 0.11 | \$ 905 | \$ 0.04 |
| Cash-Settled SARs (Income) Expense | \$ 203 | \$ 0.01 | \$ 79 | \$ 0.00 | \$ 165 | \$ 0.01 | \$ 335 | \$ 0.02 |
| Environmental Remediation Expense | \$ 784 | \$ 0.04 | \$ - | \$ - | \$ 1,503 | \$ 0.06 | \$ - | \$ - |
| Adjusted Net Income | \$ 22,493 | \$ 0.97 | \$ 33,120 | \$ 1.42 | \$ 143,499 | \$ 6.16 | \$ 132,014 | \$ 5.68 |

All amounts in this table are presented after-tax

The Company believes that certain measures that are not in accordance with generally accepted accounting principles (GAAP), when presented in conjunction with comparable GAAP measures, are useful for evaluating the Company's performance and financial condition and provide better clarity on the impact of non-operational items. Internally, the Company uses this non-GAAP information as an indicator of business performance and evaluates management's effectiveness with specific reference to these indicators. These measures should be considered in addition to, and are neither a substitute for, nor superior to, measures of financial performance prepared in accordance with GAAP. The Company's definitions of these measures may differ from similarly titled measures used by other entities.

Financials

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 | | | |
|---------------------------------------------|-------------------------------|----------------|-----------------|----------------|-----------------------------|----------------|-----------------|----------------|
| | 2022 | EPS | 2021 | EPS | 2022 | EPS | 2021 | EPS |
| Net Income Reported | \$52,126 | \$ 2.26 | \$43,278 | \$ 1.85 | \$96,935 | \$ 4.19 | \$83,889 | \$ 3.59 |
| Deferred Compensation (Income) Expense | \$ 518 | \$ 0.02 | \$ (1,050) | \$ (0.04) | \$ (3,431) | \$ (0.15) | \$ 451 | \$ 0.02 |
| Business Restructuring Expense | \$ 61 | \$ 0.01 | \$ 85 | \$ 0.00 | \$ 100 | \$ 0.01 | \$ 146 | \$ 0.01 |
| Cash-Settled SARs (Income) Expense | \$ 55 | \$ 0.00 | \$ (95) | \$ (0.00) | \$ (347) | \$ (0.02) | \$ 103 | \$ 0.00 |
| Environmental Remediation Expense | \$ 249 | \$ 0.01 | \$ - | \$ - | \$ 479 | \$ 0.02 | \$ - | \$ - |
| Adjusted Net Income | <u>\$53,009</u> | <u>\$ 2.30</u> | <u>\$42,218</u> | <u>\$ 1.81</u> | <u>\$93,736</u> | <u>\$ 4.05</u> | <u>\$84,589</u> | <u>\$ 3.62</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 | | | |
|---------------------------------------------|-------------------------------|----------------|-------------------|------------------|-----------------------------|------------------|---------------|----------------|
| | 2022 | EPS | 2021 | EPS | 2022 | EPS | 2021 | EPS |
| Pre-Tax Adjustments | | | | | | | | |
| Deferred Compensation (Income) Expense | \$ 681 | | \$ (1,381) | | \$ (4,514) | | \$ 594 | |
| Business Restructuring Expense | \$ 81 | | \$ 114 | | \$ 133 | | \$ 195 | |
| Cash-Settled SARs (Income) Expense | \$ 73 | | \$ (125) | | \$ (455) | | \$ 136 | |
| Environmental Remediation Expense | \$ 327 | | \$ - | | \$ 630 | | \$ - | |
| Total Pre-Tax Adjustments | \$ 1,162 | | \$ (1,392) | | \$ (4,206) | | \$ 925 | |
| Cumulative Tax Effect on Adjustments | \$ (279) | | \$ 332 | | \$ 1,007 | | \$ (225) | |
| After-Tax Adjustments | <u>\$ 883</u> | <u>\$ 0.04</u> | <u>\$ (1,060)</u> | <u>\$ (0.04)</u> | <u>\$ (3,199)</u> | <u>\$ (0.14)</u> | <u>\$ 700</u> | <u>\$ 0.03</u> |

Net Debt to Total Capitalization Ratio

| (millions USD) | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Debt | 526.0 | 238.9 | 207.9 | 232.6 | 286.8 | 304.4 |
| Cash | 194.6 | 127.1 | 272.9 | 275.3 | 256.7 | 223.8 |
| Net Debt | 331.4 | 111.8 | (65.0) | (42.7) | 30.7 | 80.6 |
| Equity | 1,125.7 | 1,048.8 | 897.4 | 857.7 | 761.2 | 707.3 |
| Net Debt + Equity | 1,457.1 | 1,160.6 | 832.4 | 815.0 | 791.3 | 788.0 |
| Net Debt / (Net Debt + Equity) | 23% | 10% | (8%) | (5%) | 4% | 10% |

Financials

Adjusted EBITDA Reconciliations

| | Q2 2022 – Trailing Twelve Months Adjusted EBITDA Total Stepan |
|--------------------------------------------|---------------------------------------------------------------|
| Net Sales | 2,640 |
| Subtotal Segment Reported Operating Income | 268 |
| Cash Settled SARS | 0 |
| Corporate Expenses | (68) |
| Consolidated Adjusted Operating Income | 199 |
| Depreciation & Amortization | 93 |
| Other | 1 |
| Adjusted EBITDA | 293 |
| <i>Adjusted EBITDA Margin</i> | 11.1% |

Interest Expense Ratio = TTM Adjusted EBITDA / Interest Expense = 293/ 7.7 = 38x
Net Debt/TTM Adjusted EBITDA Ratio = 331/293 = 1.13

Financials

Adjusted Operating Income to Adjusted EBITDA

| | 2021 | | | | |
|-----------------------------|-------------|----------|--------------------|-----------|--------------|
| | Surfactants | Polymers | Specialty Products | Corporate | Total Stepan |
| Net Sales | 1563 | 713 | 70 | - | 2,346 |
| Adjusted Operating Income | 166 | 74 | 14 | (70.7) | 183 |
| Depreciation & Amortization | 51 | 31 | 6 | 3 | 91 |
| Other** | - | - | - | 2.5 | 2.5 |
| Adjusted EBITDA | 218 | 104 | 20 | - | 277 |
| Adjusted EBITDA Margin | 13.9% | 14.6% | 28.7% | - | 11.8% |

| | 2020 | | | | |
|-----------------------------|-------------|----------|--------------------|-----------|--------------|
| | Surfactants | Polymers | Specialty Products | Corporate | Total Stepan |
| Net Sales | 1352 | 452 | 66 | - | 1,870 |
| Adjusted Operating Income | 169 | 68 | 14 | (69.0) | 183 |
| Depreciation & Amortization | 49 | 23 | 6 | 4 | 82 |
| Other** | - | - | - | (1.0) | (1.0) |
| Adjusted EBITDA | 219 | 91 | 20 | - | 264 |
| Adjusted EBITDA Margin | 16.2% | 20.2% | 29.9% | - | 14.1% |

*Adjusted Operating Income is a non-GAAP measure. See Reported Operating Income to Adjusted Operating Income in Appendix for a GAAP reconciliation.

**2021 Includes \$2.6 million of Other Income and (\$0.1) million Minority Interest.

**2020 Includes \$0.2 million of Other Income and \$0.9 million Minority Interest.

Financials

Reported Operating Income to Adjusted Operating Income

| | 2021 | | | | |
|---------------------------|-------------|----------|--------------------|-----------|--------------|
| | Surfactants | Polymers | Specialty Products | Corporate | Total Stepan |
| Reported Operating Income | 166.0 | 73.6 | 14.2 | - | 253.8 |
| Cash Settled SARS | 0.1 | 0.0 | 0.0 | - | 0.2 |
| Corporate Expenses | - | - | - | (70.7) | (70.7) |
| Adjusted Operating Income | 166.1 | 73.6 | 14.2 | (70.7) | 183.2 |

| | 2020 | | | | |
|---------------------------|-------------|----------|--------------------|-----------|--------------|
| | Surfactants | Polymers | Specialty Products | Corporate | Total Stepan |
| Reported Operating Income | 169.1 | 68.2 | 14.0 | - | 251.3 |
| Cash Settled SARS | 0.3 | 0.1 | - | - | 0.4 |
| Corporate Expenses | - | - | - | (68.5) | (68.5) |
| Adjusted Operating Income | 169.4 | 68.3 | 14.0 | (68.5) | 183.2 |

Financials

Reconciliation of Historical Non-GAAP EBITDA and EBITDA Margin, 2021 - 2016

| <i>(in millions)</i> | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 2,346.0 | 1,869.8 | 1,858.7 | 1,993.9 | 1,925.0 | 1,766.2 |
| Net Income Attributable to Stepan Company | 137.8 | 126.8 | 103.1 | 111.1 | 100.8 | 91.0 |
| Provision for Income Taxes | 34.6 | 43.4 | 22.8 | 26.7 | 46.1 | 30.5 |
| Income Before Provision for Income taxes | 172.4 | 170.2 | 125.9 | 137.8 | 146.9 | 121.5 |
| Interest, Net | 5.8 | 5.4 | 5.9 | 10.8 | 11.4 | 13.2 |
| EBIT | 178.2 | 175.6 | 131.9 | 148.6 | 158.4 | 134.7 |
| Depreciation & Amortization | 90.9 | 81.9 | 78.7 | 81.1 | 79.0 | 75.0 |
| EBITDA | 269.1 | 257.4 | 210.6 | 229.7 | 237.4 | 209.7 |
| Pre-tax Adjustments | | | | | | |
| Deferred Compensation | 2.0 | 5.3 | 10.5 | -1.0 | -0.1 | 16.1 |
| Cash Settled SARs | 0.2 | 0.4 | 2.7 | -0.7 | | |
| Business Restructuring | 3.4 | 1.2 | 2.7 | 2.6 | 3.1 | 2.9 |
| Environmental Remediation | 2.0 | | 4.3 | | | |
| Early Debt Repayment | | | 1.2 | | | |
| Interest Adjustment | | | -1.2 | | | |
| Adjusted EBITDA | 276.6 | 264.4 | 230.8 | 230.5 | 240.4 | 228.7 |
| Adjusted EBITDA Margin | 11.8% | 14.1% | 12.4% | 11.6% | 12.5% | 12.9% |

Financials

Reconciliation of Non-GAAP Cash minus Debt

| <i>(in millions)</i> | December 31, 2011 | December 31, 2021 |
|------------------------|--------------------------|--------------------------|
| Cash | \$ 84.1 | \$ 159.2 |
| Debt | 199.5 | 363.6 |
| Cash minus Debt | \$ (115.4) | \$ (204.4) |

Sources of Information and Definitions

Slide 10 and 11 – Consumer Products markets CAGR and size

- Euromonitor, Kline & Company, MarketsandMarkets Research, Grand View Research

Slide 10 and 12 – Agricultural Chemical markets CAGR and size

- AgbioInvestor, Informa Agribusiness Intelligence, Phillips McDougall

Slide 10 and 14 – Oilfield Chemical market CAGR and size

- Spears & Associates January 2021

Slide 17 – Surfactants Market

- Stepan Projections, IHS Markit, Wood Mackenzie

Slide 24 –Market CAGR and size

- MarketsandMarkets Research

Slide 23, 25, 27, 28 – Market CAGR, size and maps

- The Freedonia Group, Global Insulation

Slide 24 – U.S. Commercial Energy Code Adoption maps

- US Department of Energy

Slide 26 – Rigid Polyol European Market Trends and Green Deal Information

- Document 2018/844/EU: Energy Performance of Buildings Directive as published by the European Commission
- Document ISBN 978-92-76-13831-0: The European Green Deal as published by the European Commission
- Document SWD(2020) 550 final: A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives

Slide 27 – Rigid Polyol China Market Trend

- Cold Chain Association of China Federation of Logistics & Purchasing

Slide 31 – MCT markets CAGR and size

- DataIntel

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