



First Quarter 2017 Results

April 25, 2017

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, the 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," "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 news release. 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 8-K and Form 10-Q 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, global competition, volatility of raw material and energy costs, disruptions in transportation or significant changes in transportation costs, reduced demand due to customer product reformulations or new technologies, the probability of future acquisitions and the uncertainties related to the integration of acquired businesses, maintaining and protecting intellectual property rights, international business risks, including currency exchange rate fluctuations, legal restrictions and taxes, our ability to estimate and maintain appropriate levels of recorded liabilities, our debt covenants, our ability to access capital markets, downturns in certain industries and general economic downturns, global political, military, security or other instability, costs related to expansion or other capital projects, interruption or breaches of information technology systems, the costs and other effects of governmental regulation and legal and administrative proceedings and our ability to retain executive management and key personnel.

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 First Quarter 2017 Earnings Conference Call Agenda

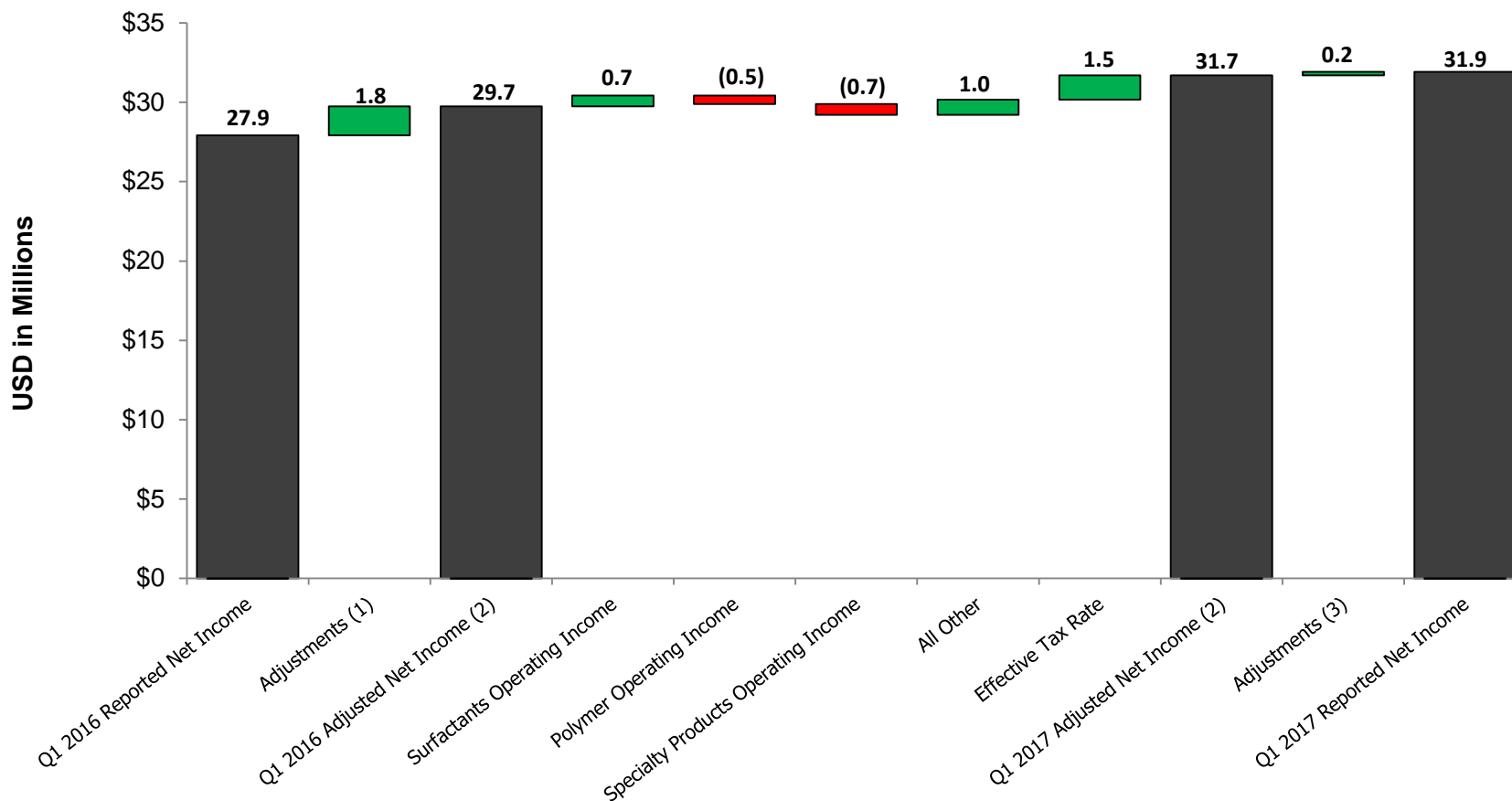
First Quarter Financial Highlights	F. Quinn Stepan Jr., <i>Chairman, President and Chief Executive Officer</i>
First Quarter Results	Scott Beamer <i>Vice President and Chief Financial Officer</i>
Financial and Strategic Outlook	F. Quinn Stepan Jr., <i>Chairman, President and Chief Executive Officer</i>
Analyst / Shareholder Questions	
Closing Remarks	F. Quinn Stepan Jr., <i>Chairman, President and Chief Executive Officer</i>

First Quarter 2017 Financial Recap

- **Q1 Reported Net Income** was a record \$31.9 million or \$1.37 per diluted share, a 14% increase versus \$27.9 million or \$1.22 per diluted share in Q1 2016. Reported net income was impacted by the following non-operational items:
 - Deferred compensation income of \$0.8 million, or \$0.03 per diluted share.
 - Restructuring expense of \$0.6 million, or \$0.02 per diluted share.
- **Q1 Adjusted Net Income*** was a record \$31.7 million, or \$1.36 per diluted share, a 7% increase versus \$29.7 million, or \$1.30 per diluted share, in Q1 2016.
- **Surfactant Operating Income** was a record \$38.2 million, up \$1.0 million, or 3%, versus Q1 2016. The increase over the prior year was primarily due to lower manufacturing costs related to previous actions taken to close plants in Canada and Brazil.
- **Polymer Operating Income** was \$21.4 million, down \$0.8 million, or 4%, versus Q1 2016. The decrease over prior year was primarily due to higher costs associated with the new production facility in China and higher raw material costs. This was partially offset by strong global Rigid Polyol sales volume.
- **Specialty Product Operating Income** was \$1.3 million, down \$1.1 million versus Q1 2016. The decrease over prior year was due to order timing differences within our pharmaceutical and flavor business.

Net Income Bridge – Q1 2016 to Q1 2017

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



(1) The adjustment to Reported Net Income in Q1 2016 was related to deferred compensation expense of \$1.8.

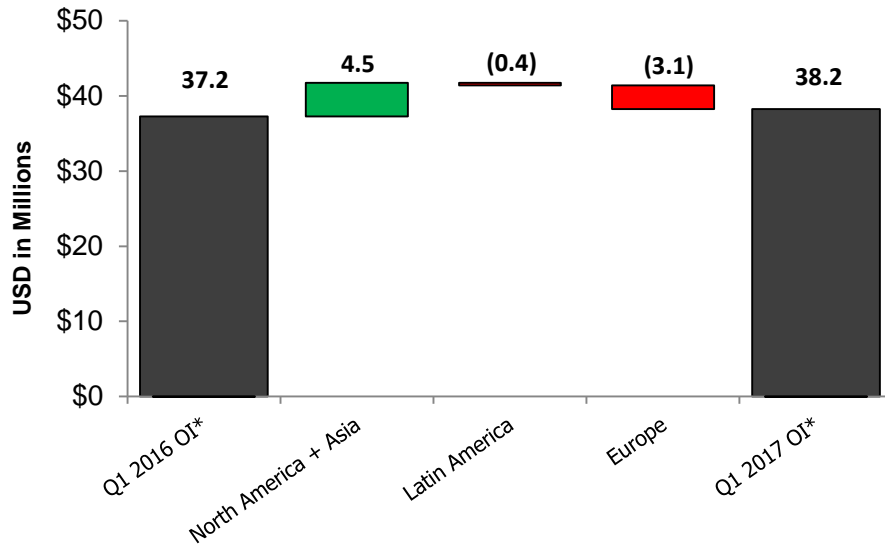
(2) Adjusted Net Income is a Non-GAAP measure which excludes certain significant, non-recurring items. See Appendix II for a reconciliation of Adjusted Net Income to Reported Net Income.

(3) The adjustments to Reported Net Income in Q1 2017 were related to deferred compensation income of \$0.8 and restructuring costs of \$0.6.

Surfactants

Record quarter of operating income

<i>in million \$</i>	Q1 2017	Q1 2016
Net Sales	\$322.6	\$310.0
Operating Income	\$ 38.2	\$ 37.2



*OI = Operating Income

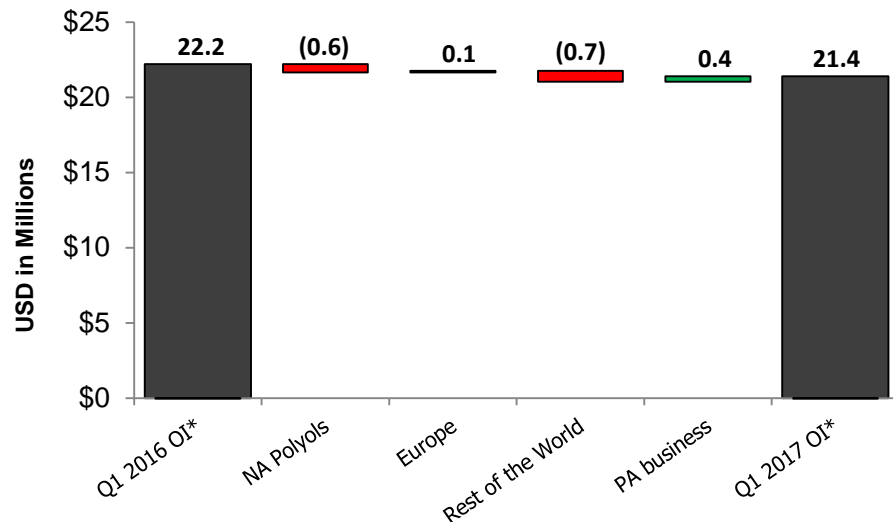
All amounts are shown on a pre-tax basis (unless noted differently)

- Operating Income increased \$1.0 million over prior year. Volume declined 7% for the quarter.
- North America increase was driven by lower costs as a result of the Canadian plant shutdown. Consumer Products volume was down 11%.
- Latin America results were negatively impacted by lower Consumer Products commodity demand. This was partially offset by contributions from the Tebras/ PBC acquisition.
- European results were negatively impacted by lower Consumer Products demand.
- Slower start to the Agricultural season in both North America and Europe. Improved Agricultural volume in Latin America.
- Continued strong performance in our niche Gypsum business.

Polymers

Strong Global Rigid Polyol sales volume, offset by higher operating costs in China

<i>in million \$</i>	Q1 2017	Q1 2016
Net Sales	\$126.6	\$113.9
Operating Income	\$ 21.4	\$ 22.2



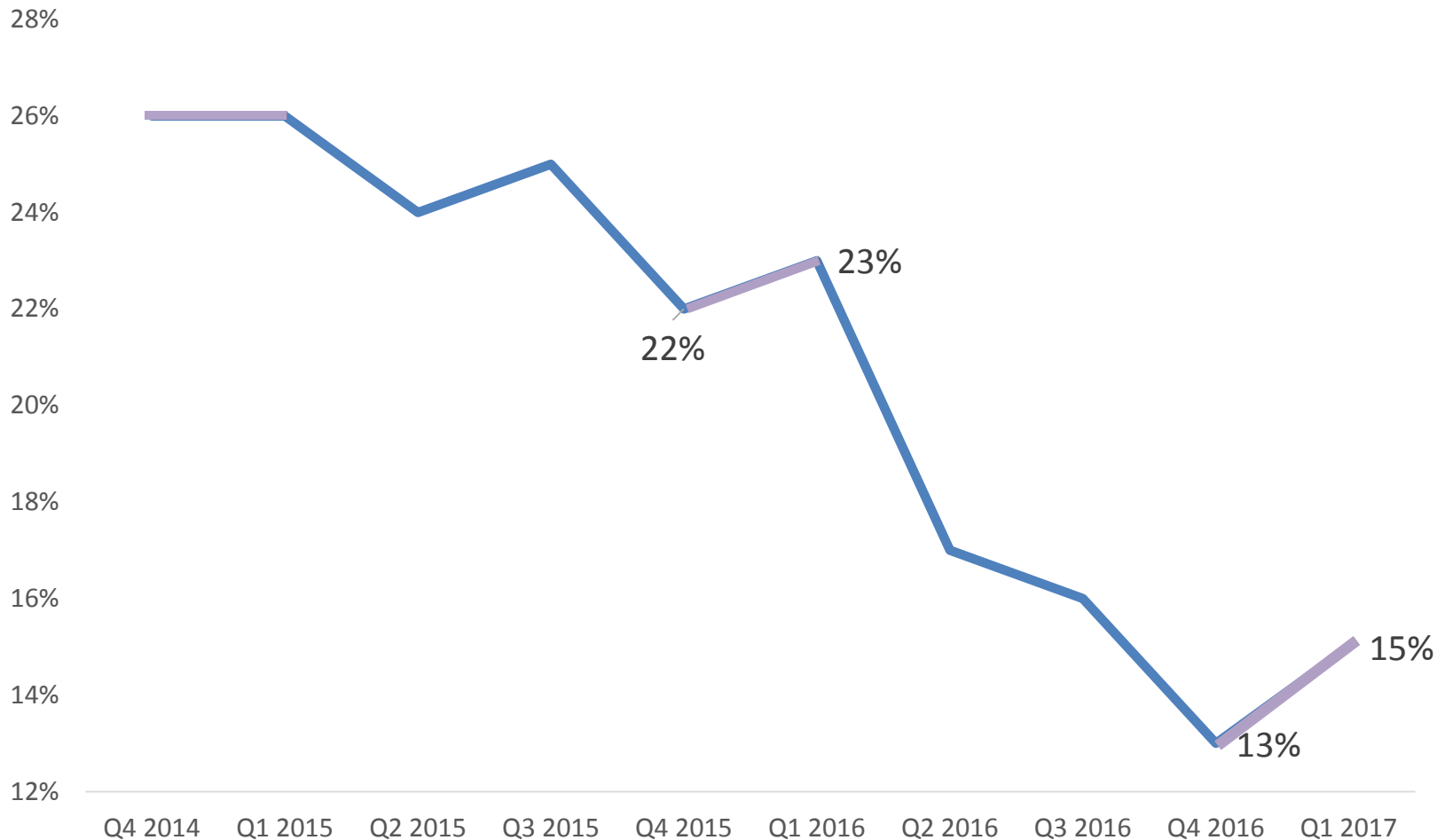
- Operating Income was \$21.4 million, a decrease of \$0.8 million compared to prior year.
- Global Rigid Polyol volumes were up 13% over prior year due to strong market demand driven by increased insulation standards and growth in construction. Higher sales volumes were offset by increased raw material costs.
- North America Specialty Polyol results were down compared to prior year due to higher raw material costs.
- In China, the impact of higher plant operating costs was partially offset by higher export shipments.
- Phthalic Anhydride (PA) results increased over prior year due to favorable production yields, despite lower sales volume.

*OI = Operating Income.

PA = Phthalic Anhydride

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

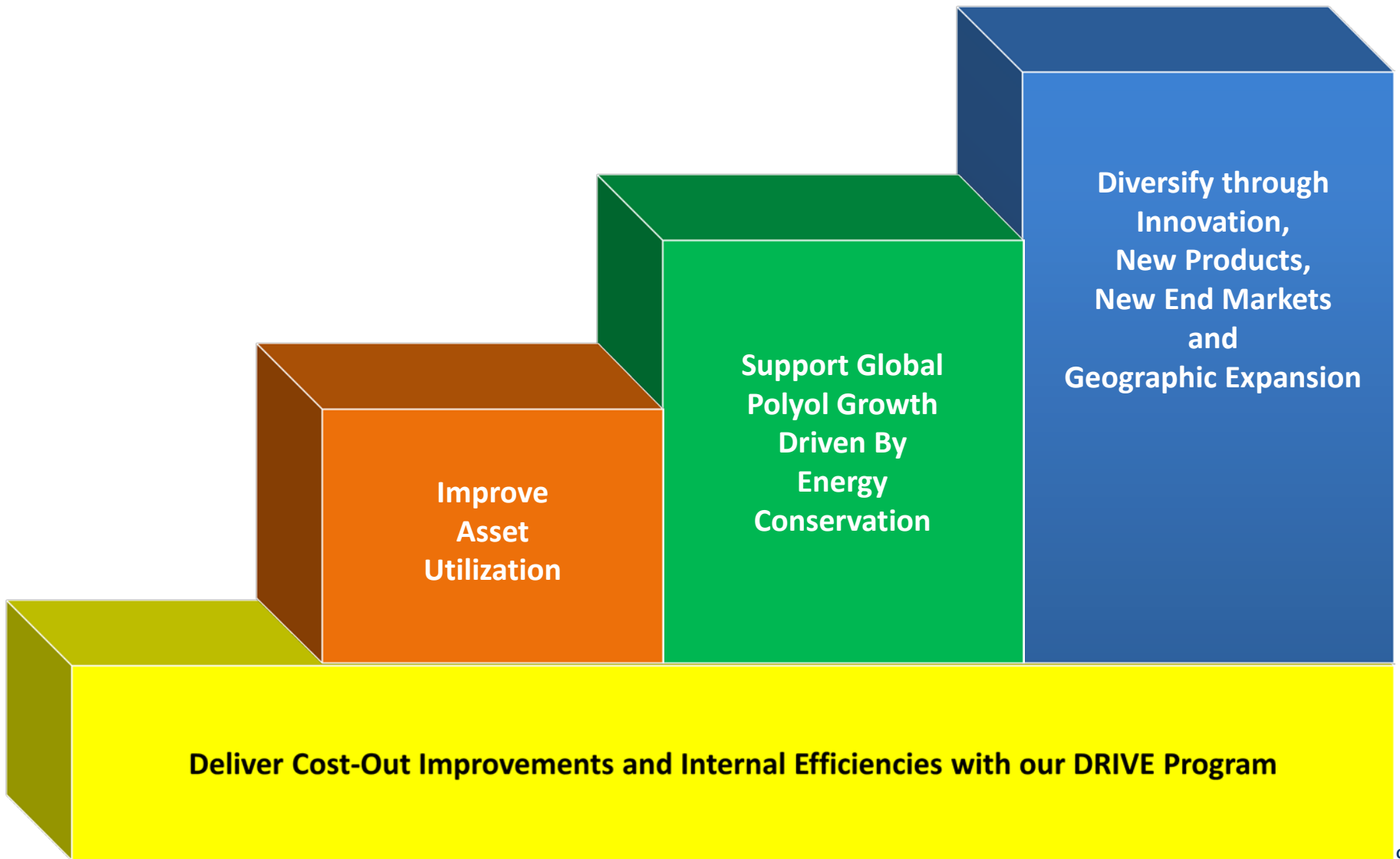
Net Debt Ratio



Some consumption of cash in Q1 is typical

Financial strength to enable growth

Our Path to Increased Shareholder Value



Thank you for your interest in Stepan

Contact information:

Scott D. Beamer – VP, CFO

847-446-7500

Appendix I

Update on Certain Expectations

	2016 Actual	2017 Expected
Capital expenditures	\$103 million	\$100 to \$120 million
Debt repayments	\$11.4 million	\$20.7 million
Interest expense	\$13.2 million	\$12.2 million
Effective Tax Rate	24%	28% to 30%

Appendix II

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

	Three Months Ended March 31			
<i>(\$ in thousands, except per share amounts)</i>	2017	EPS	2016	EPS
Net Income Reported	\$ 31,913	\$ 1.37	\$ 27,916	\$ 1.22
Deferred Compensation (Income) Expense	\$ (802)	\$ (0.03)	\$ 1,821	\$ 0.08
Business Restructuring	589	\$ 0.02	—	—
Adjusted Net Income	\$ 31,700	\$ 1.36	\$ 29,737	\$ 1.30

Reconciliation of Pre-Tax to After-Tax Adjustments

	Three Months Ended March 31			
<i>(\$ in thousands, except per share amounts)</i>	2017	EPS	2016	EPS
<u>Pre-Tax Adjustments</u>				
Deferred Compensation (Income) Expense	\$ (1,293)		\$ 2,937	
Business Restructuring	786		—	
Total Pre-Tax Adjustments	\$ (507)		\$ 2,937	
Cumulative Tax Effect on Adjustments	\$ 294		\$ (1,116)	
After-Tax Adjustments	\$ (213)	\$ (0.01)	\$ 1,821	\$ 0.08

Appendix III

Foreign Exchange Impact – Q1 2017

	Surfactants	Polymers	Specialty	Consolidated
(in Millions USD)				
Net sales	(3.2)	(1.1)	(0.1)	(4.4)
Gross Profit	0.0	(0.1)	(0.0)	(0.1)
Operating Expenses	(0.0)	(0.1)	(0.0)	(0.1)
Operating Income	0.1	(0.1)	(0.0)	(0.0)
Pretax Income				(0.1)