



Stepan 

Investor Presentation

April 2, 2014

Stepan Company

Except for historical information, all other information in this presentation consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are 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), prospects for our foreign operations, foreign currency fluctuations, certain global and regional economic conditions, the probability of future acquisitions and the uncertainties related to the integration of acquired businesses, the probability of new products, the loss of one or more key customer or supplier relationships, the costs and other effects of governmental regulation and legal and administrative proceedings, and general economic conditions. These forward-looking statements are made only as of the date hereof, and Stepan Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Strategy	Surfactants	Polymers	Specialties
% of Sales	70%	26%	4%
Core Chemistry → End Market			
1) Utilize Technical Leadership in Core Chemistries to Baseload Operations and Provide Economies of Scale	Sulfonation Quaternization → Consumer Products	Esterification → Insulation	Esterification → Neutraceuticals (MCT)
2) Improve Customer and Product Mix by Extending Core Chemistries into Higher Value End Markets and Innovation within All Markets	Sulfonation Quaternization Alkoxylation → General Institutional & Industrial Agricultural Oil Field	Esterification → Powdered Coatings CASE PUSH	Esterification → Neutraceuticals (CLA)
Innovation Priorities			
	<ul style="list-style-type: none"> • Agricultural Surfactants & Solvents • Metathesis: Surfactant as a Solvent Replacement in Institutional & Industrial and Adhesive Removal • EOR Surfactants • Secondary Surfactants for Liquid Cleansing 	<ul style="list-style-type: none"> • Polyols for Metal Panels • Polyols for PUSH applications 	<ul style="list-style-type: none"> • New Applications for MCT and CLA Products
Criteria / Geography			
3) Disciplined Expansion into Geographies based on Established Criteria	Balanced Consumer Product and Functional Opportunities / Brazil	Greater Use of Insulation to Save on Energy Cost / China	Not A Priority
Recent Examples			
4) Fund Growth with Operational Excellence	Rationalization of Canadian Sulfonation Capacity Will Save \$2.5MM/year	Reduced Cycle Times in Columbus will Increase Capacity 15%	New Process for CLA will Reduce Cycle Times and Generate Less Waste

Core surfactant laundry and cleaning products

- Provide economies of scale
- Are Relatively Recession Resistant
- Improve margins through efficiencies and capacity rationalizations
 - Ex. Shutting down Canadian Sulfonation in 2014

Disciplined acquisition strategy focused on adjacent markets and geographies

- Recent example: 2013 Columbus, GA (US) → adjacencies into Powdered Coatings, CASE and PUSH

Strong balance sheet → ability to pursue global growth and innovation opportunities

Strong balance sheet + Growth opportunities

Definitions:

CASE = Coatings, Adhesives, Sealants, Elastomers

PUSH = Polyurethane Systems House

Track Record of Success

- 46 consecutive years of increased cash dividends
- 16% share value CAGR past 10 years vs. 9% Russell 2000 and 7% S&P 500

Growth opportunities are driven by positive macro economic trends

- Emerging middle class with evolution of laundry/ personal wash products that use more surfactants
- Need to feed 2 billion more people will require improved farm efficiency, greater use of chemistry and enabling surfactants in formulations
- Higher levels of insulation recommended or regulated to reduce energy cost will drive increased demand for polyols

Further diversification into higher value Functional and Household, Industrial and Institutional Cleaning markets.

Continued growth in higher value General Surfactants.

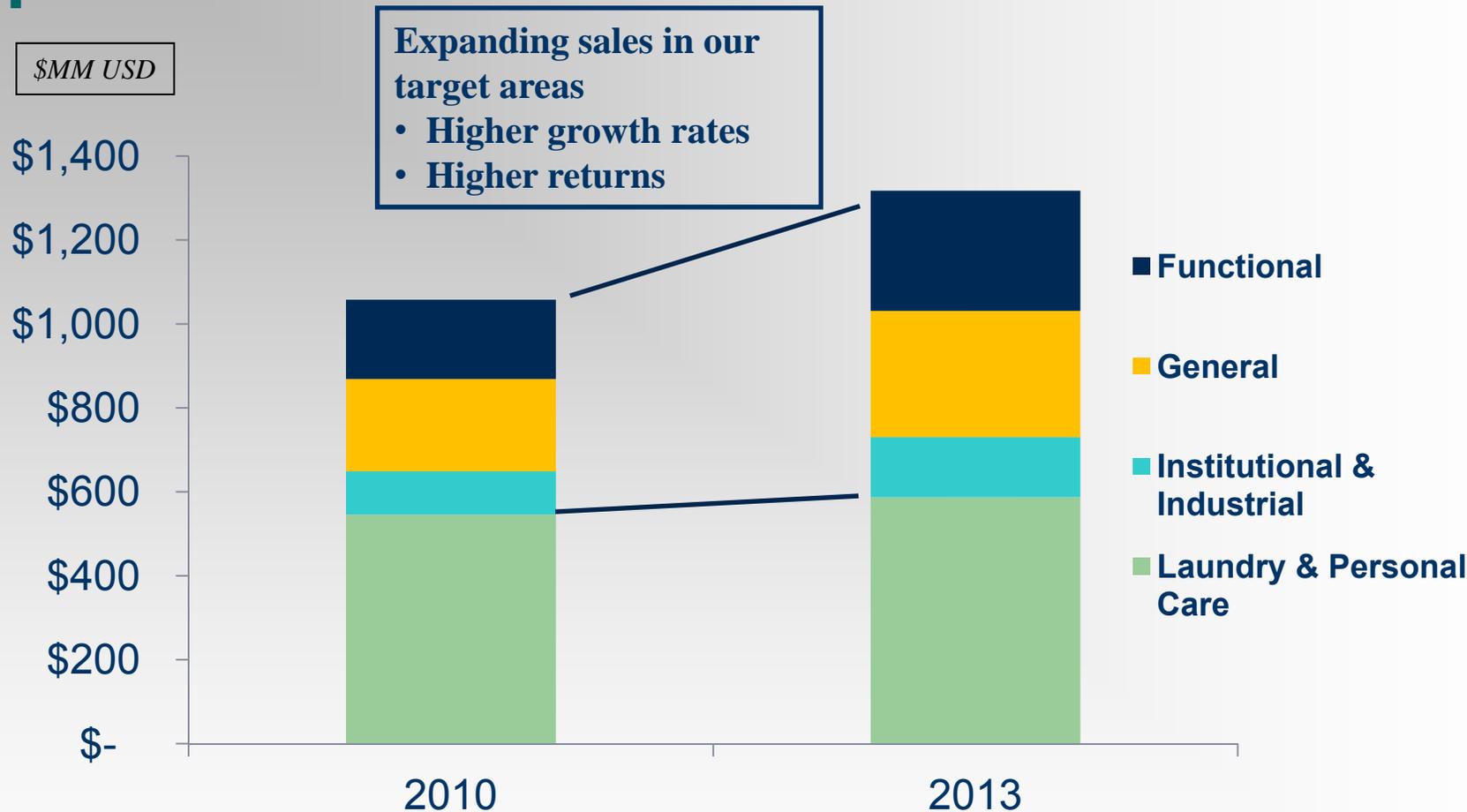
- These sales increased by \$218MM since 2010 with more runway ahead

**Aligned with positive macro economic trends
Growing in higher value markets**

Definition:

- CAGR = Compound Annual Growth Rate
Dividends are included in the final value

Increasing Surfactants sales in higher end products



Sales to higher value end markets increased by \$218MM

Stepan Company Regional Results (\$MM)

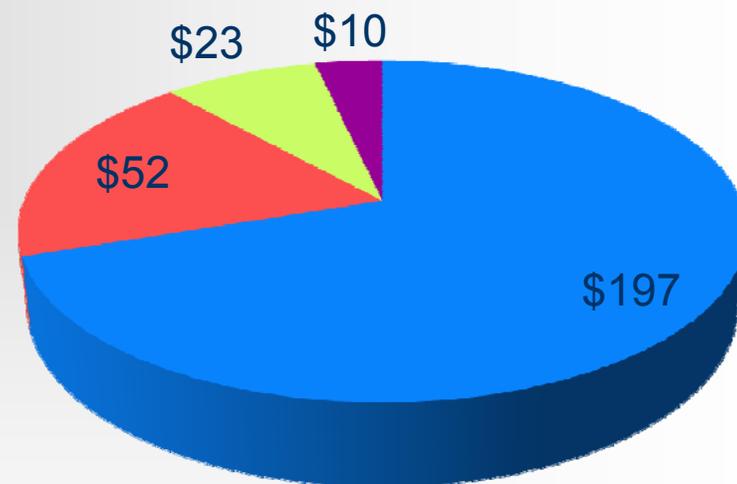
Gross Profit Percent of Sales	
NA	17%
EU	12%
LA	14%
AP	11%

**2013
Net Sales
\$1,881 million**



■ North America ■ Europe ■ Latin America ■ Asia

**2013
Gross Profit
\$282 million**



■ North America ■ Europe ■ Latin America ■ Asia

**Well positioned in North America with highest profitability
Continued growth opportunities overseas, volume leverage**

- Chinese Government mandating greater energy efficiency throughout economy and use of insulation
- Significant investment in China in MDI which is reacted with Polyol to make insulation
- SCL History
 - 2013 Government mandated shut-down of SCL plant
 - 2013 SCL had \$2MM of additional costs to shut-down plant and establish interim supply chain
- SCL on 4Q 2013 Earnings Call → We plan to build a plant

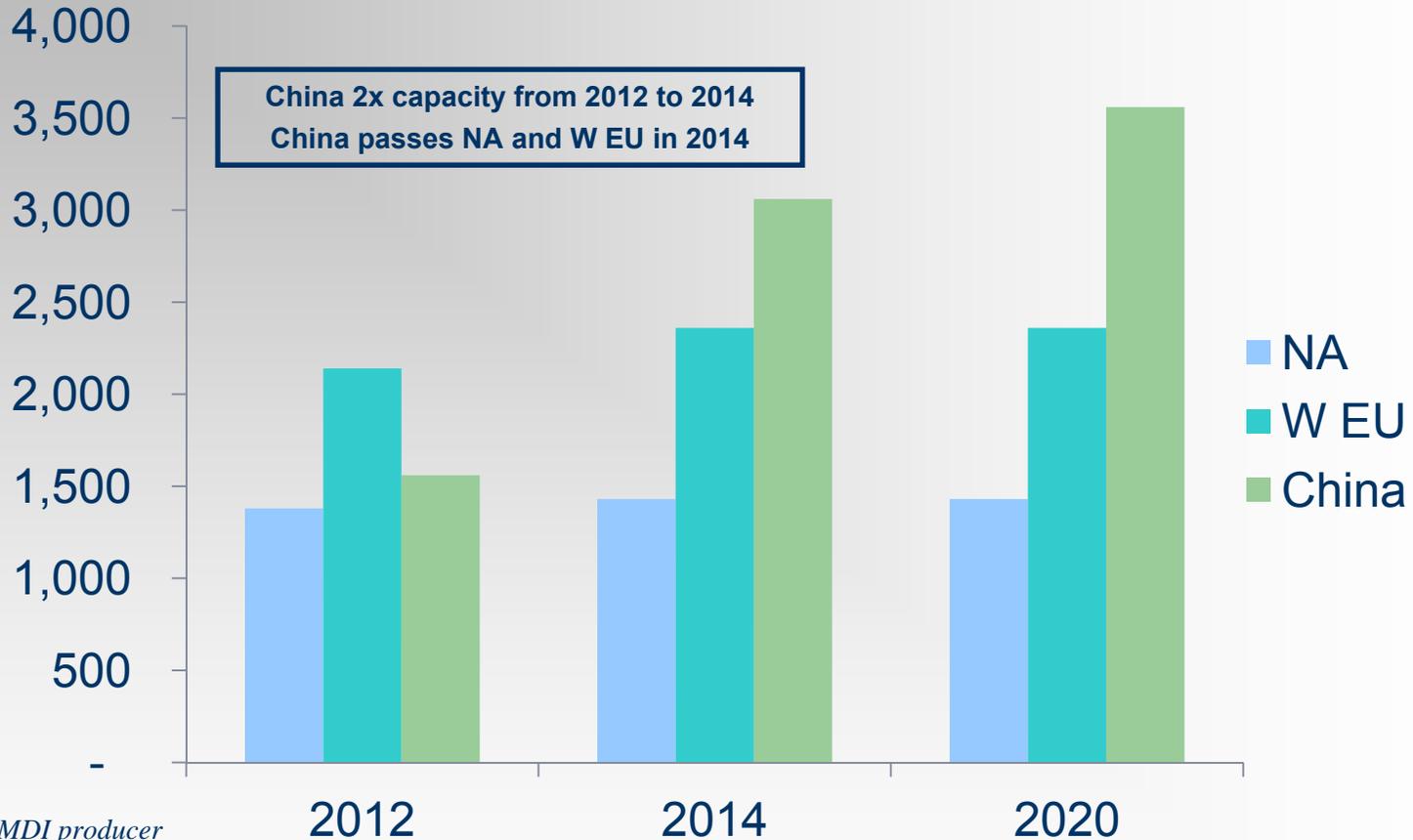
Definitions:

MDI = Methylenebisphenylene Diisocyanate

We plan to participate in what we expect will be the largest Polyol market in the world

Global MDI Capacity, KMT

Thousand Metric Tons



Stepan is not an MDI producer

MDI Producers are making big investments in China with \$6B invested in capacity

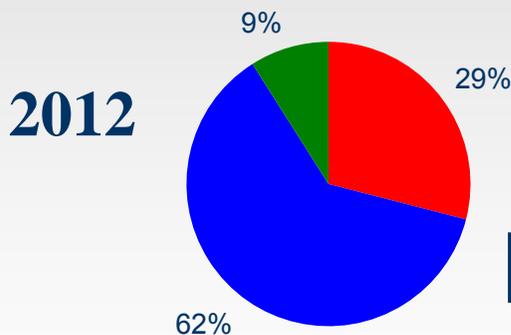
Source: Tecnon OrbiChem 2013

Brazil Large, Growing Consumer Product Market

Laundry – Typical evolution of end products →



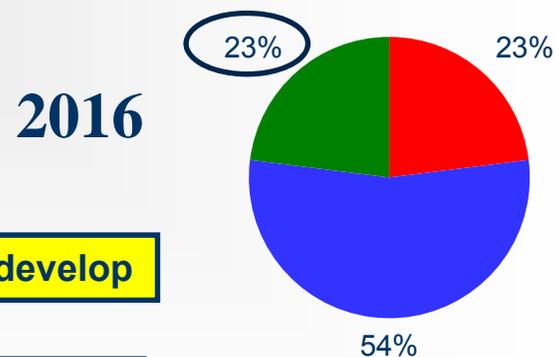
Volume Evolution by Format



- Bar Detergents
- Powder Detergents
- Liquid Detergents

Increased surfactant content as markets develop

Growing middle class with more people using these products



- Bar Detergents
- Powder Detergents
- Liquid Detergents

Source: ICIS Trusted market intelligence for the global chemical, energy and fertilizer industries

Brazil Large, Growing Functional Market, Driven by Agriculture

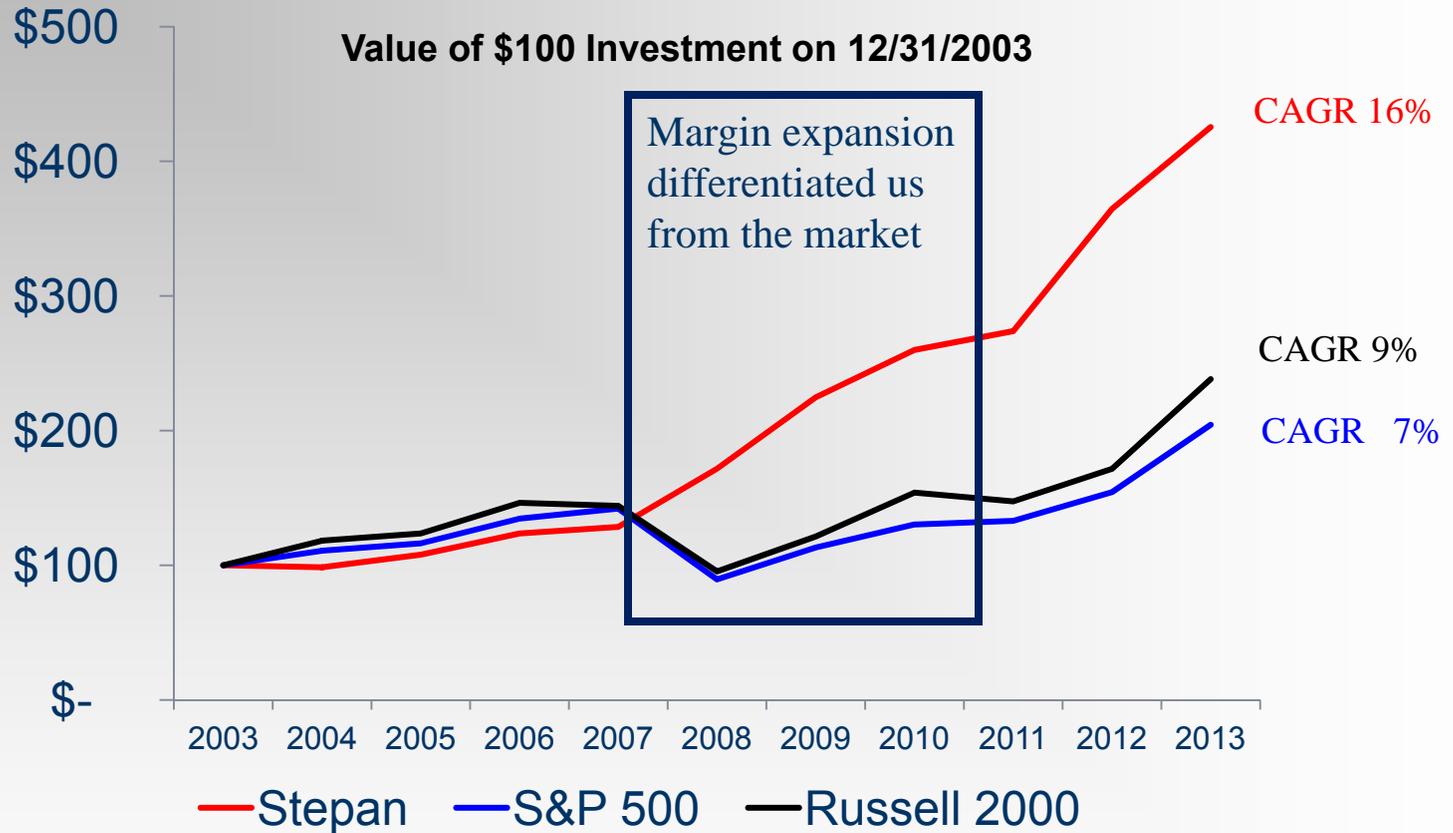


- Global Population forecasted to grow from 7B to 9B people by 2050 *
 - 70% Increase in Crop Production Output is Required
- Income Growth Driving Increased Protein Demand (Livestock → Crop Production)
- Brazil is Largest Agricultural Country in the World

The need to feed 2 billion more people will require improved farm efficiency and enabling surfactants in formulations

Chemistry is part of the solution

Stepan Company Shareholder Returns



**Exceeding market performance over the past 10 years
History of commitment to driving shareholder value**

Thank you for your interest in Stepan Company (NYSE: SCL)

Contact information:

Scott Beamer – CFO

847-446-7500

sbeamer@stepan.com

Appendix

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