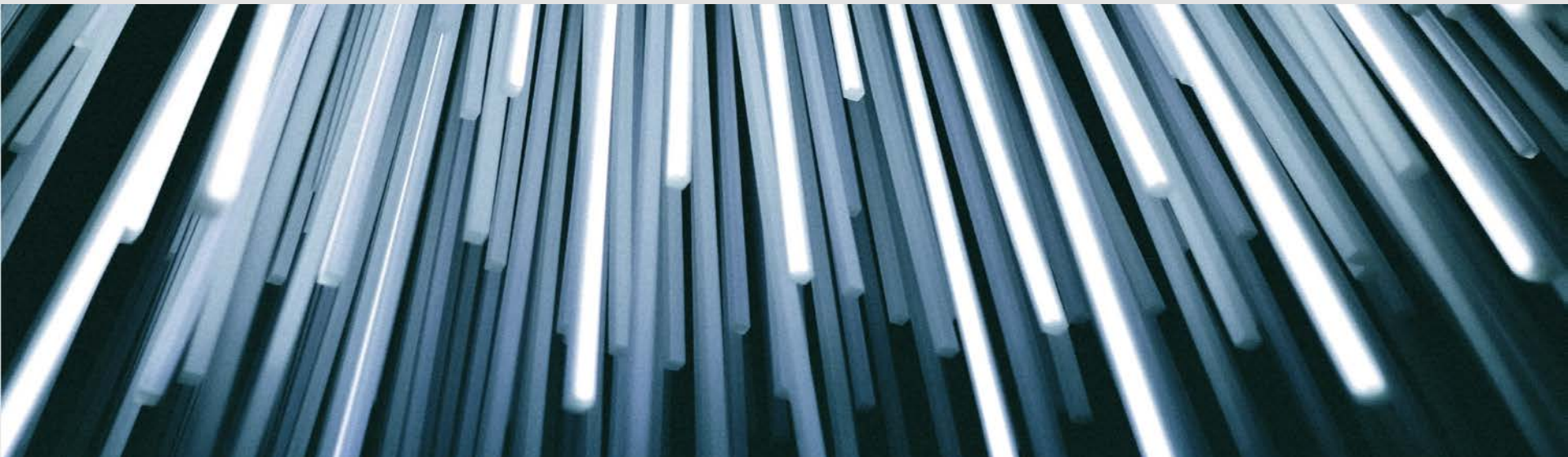




Third Quarter 2024 Earnings Results

October 30, 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

Opening Remarks

» F. Quinn Stepan, Jr., Chairman of the Board of Directors

2024 Third Quarter Highlights

» Luis E. Rojo, President & Chief Executive Officer

2024 Third Quarter Financial Results

» Samuel S. Hinrichsen, Vice President & Interim Chief Financial Officer

Strategic Outlook

» Luis E. Rojo, President & Chief Executive Officer

» Analysts Q&A Session

Closing Remarks

» Luis E. Rojo, President & Chief Executive Officer

Third Quarter 2024 Highlights

Net Income Up

Reported Net Income was \$23.6 million and Adjusted Net Income⁽¹⁾ was \$23.7 million, up 88% and 61% respectively, year-over-year, mainly due to higher margins and a lower effective tax rate.

EBITDA⁽²⁾ Growth

EBITDA⁽²⁾ was \$53.0 million and Adjusted EBITDA⁽²⁾ was \$53.1 million, up 18% and 11% respectively, year-over-year.

Volume Down

Volume was down 1% year-over-year. Double-digit growth in several Surfactant end markets was fully offset by demand weakness in Polymers.

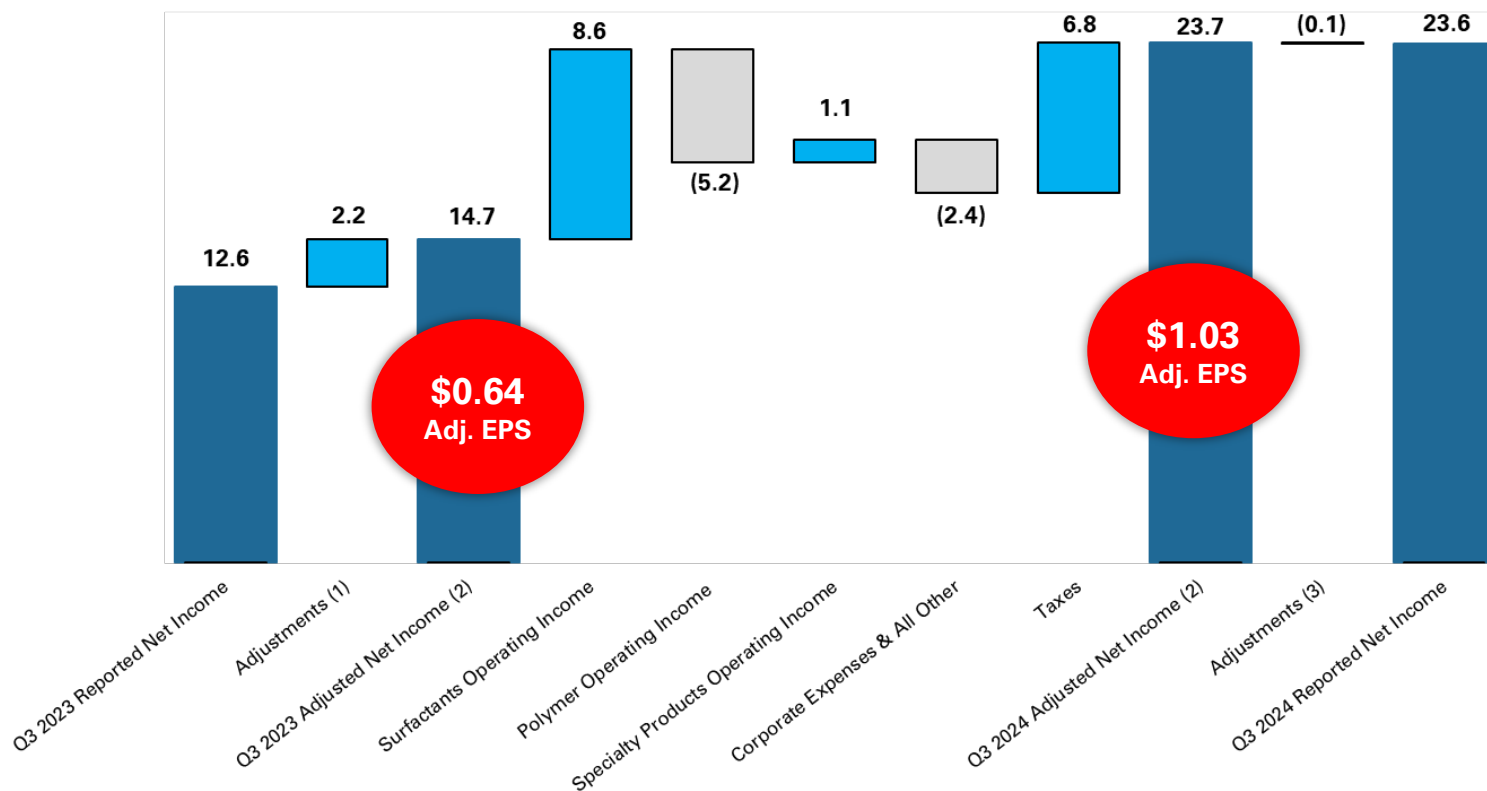
Positive Cash From Operations

Generated Cash from Operations of \$22.7 million and Free Cash Flow (FCF⁽³⁾) of (\$4.0) million. This cash flow includes an increase in inventory levels to protect the business during the hurricane season. We expect a reduction in inventory levels during the fourth quarter of 2024.

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 \$13 million in pre-tax savings in the third quarter.

Net Income Bridge – Q3 2023 to Q3 2024

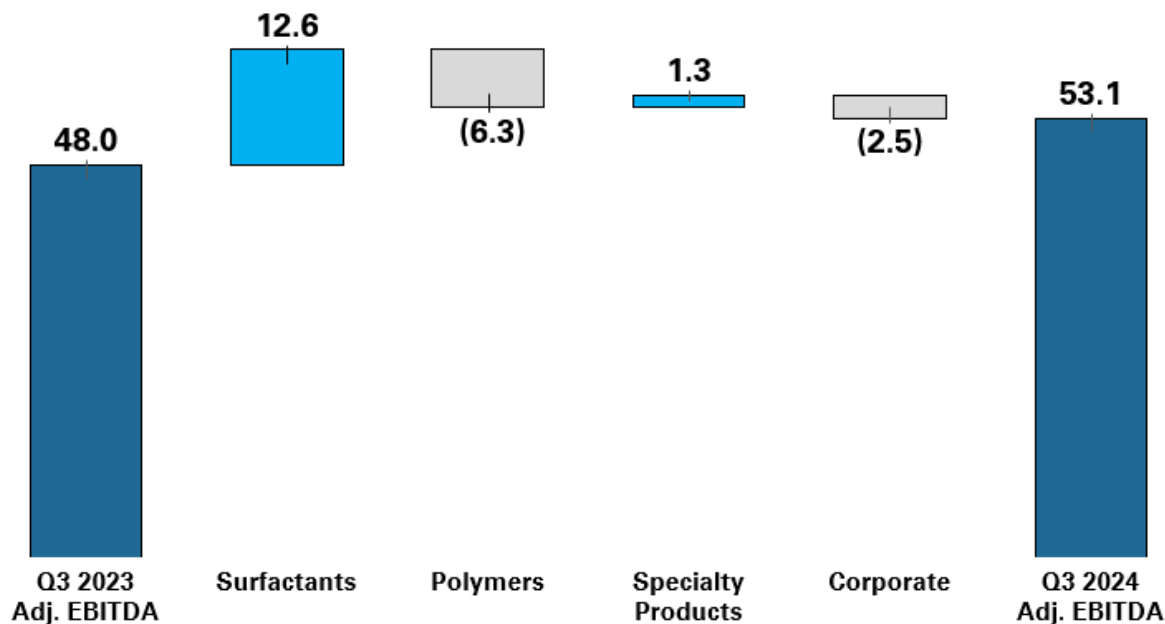


Note: All amounts are in millions of U.S. dollars and are reported after-tax.

- (1) The adjustments to Reported Net Income in Q3 2023 consisted of deferred compensation income and cash-settled SARs income of \$2.1 million and environmental remediation expense and restructuring costs of \$4.3 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 Q3 2024 consisted of deferred compensation income of \$0.4 million and environmental remediation expense of \$0.4 million.

Adjusted EBITDA⁽¹⁾ Bridge – Q3 2023 to Q3 2024

STEPAN CONSOLIDATED – Q3 Adj. EBITDA 2023 Actual vs PY



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

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

- » **Surfactants** Adjusted EBITDA growth was driven by volume growth across several end markets and margin improvement, partially offset by higher pre-operating expenses associated with our Pasadena facility.
- » **Polymers** results decreased mainly as a result of a 13% decrease in global Rigid Polyol demand, which were partially offset by volume growth in our Specialty Polyol business.
- » **Specialty Products** results increased due to margin recovery of our Medium-Chain Triglycerides (MCT) product line.
- » **Corporate** expenses up due to the Asia fraud event (\$3.3MM). Excluding this, Corporate expenses were down versus prior year due to productivity efforts implemented at the end of 2023.

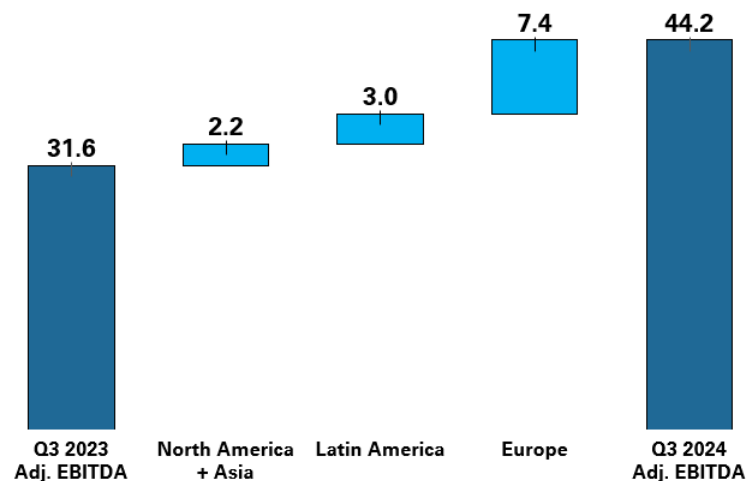
Global Surfactants

Q3 2023 to Q3 2024 Net Sales Bridge



- » **Volume** was driven by double-digit growth across our Agricultural Chemicals, Oilfield, Construction and Industrial Solutions end-markets, and with our distribution partners. This was partially offset by lower demand within the Consumer Products end market.
- » **Price/Mix** was impacted by improved product and customer mix.
- » **F/X** adversely impact net sales by 2%.

Q3 2023 to Q3 2024 Adjusted EBITDA⁽¹⁾ Bridge

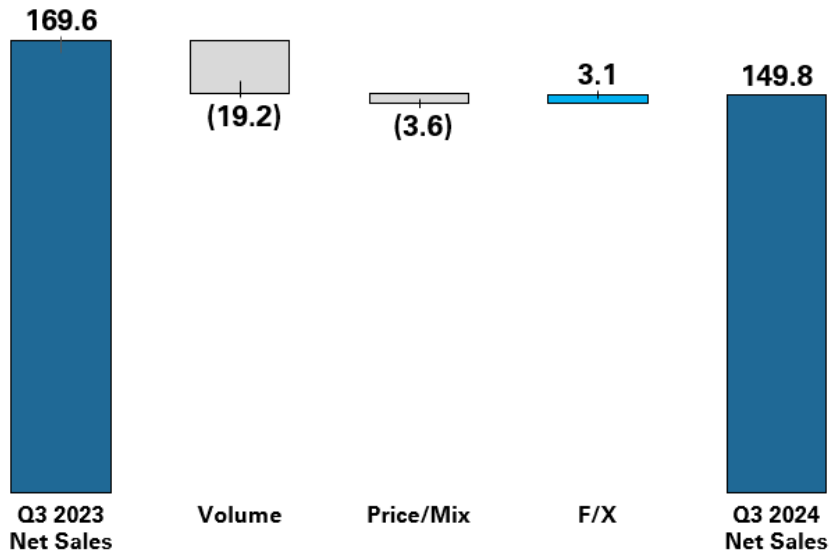


⁽¹⁾ Adjusted EBITDA is a Non-GAAP measure. See Appendix III for GAAP reconciliations.

- » **North America and Asia** benefitted from improved margins, stronger end market demand across the Oilfield, Construction and Industrial Solutions, and Agricultural Chemicals end markets and growth in sales with our distribution partners. This was offset by higher pre-operating expenses related to our Pasadena facility.
- » **Latin America** results were driven by stronger Agricultural Chemicals demand in Brazil, continued business recovery in Mexico, new contracted business for Amphoteric, and higher sales with our distribution partners.
- » **Europe** results benefitted from margin improvements, growth in end-market demand across our Consumer Products, Agricultural Chemicals, Construction and Industrial Solutions businesses, and higher sales with our distribution partners.

Global Polymers

Q3 2023 to Q3 2024 Net Sales Bridge



- » **Volume** was impacted by a 13% decrease in global Rigid Polyols demand, which was partially offset by growth in our Specialty Polyols business.
- » **Price/Mix** was impacted by lower Rigid Polyols volume, the contracted pass-through of lower raw material costs, and competitive pressures.
- » **F/X** positively impacted net sales by 2%.

Q3 2023 to Q3 2024 Adjusted EBITDA⁽¹⁾ Bridge

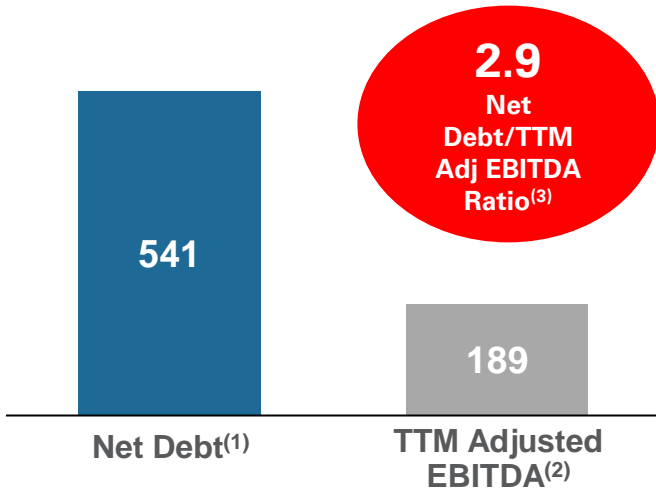


⁽¹⁾ Adjusted EBITDA is a Non-GAAP measure. See Appendix III for GAAP reconciliations.

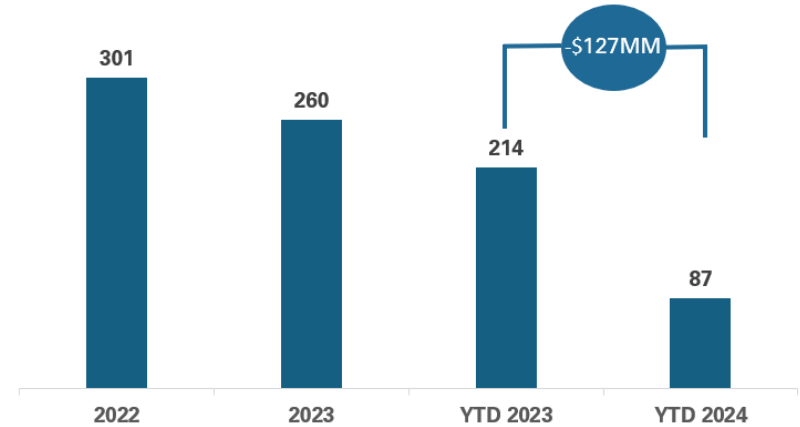
- » **North America** results were driven by lower Rigid Polyol volume, which was partially offset by growth in our Specialty Polyol business.
- » **Europe** results decreased due to lower volume in our Rigid Polyol and Specialty Polyol businesses, partially offset by higher margins.
- » **Asia** results benefitted from higher margins, which was partially offset by lower volume.

Balance Sheet & Cash Flow

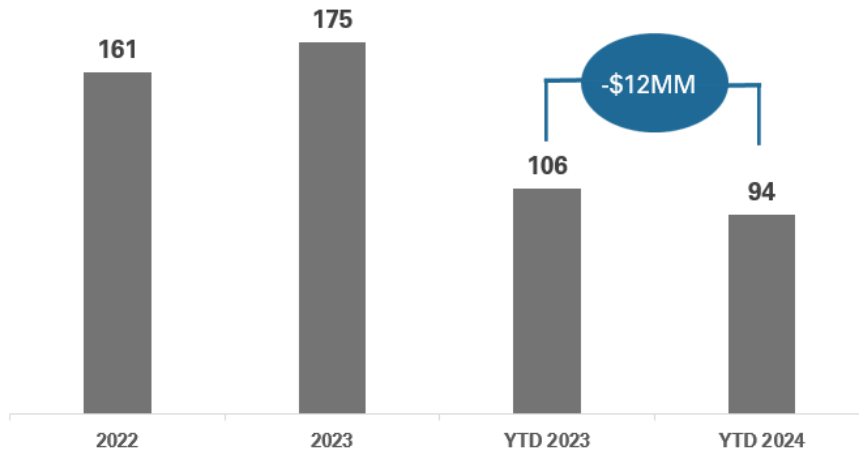
Net Debt⁽¹⁾ / TTM Adjusted EBITDA⁽²⁾ (\$MM)



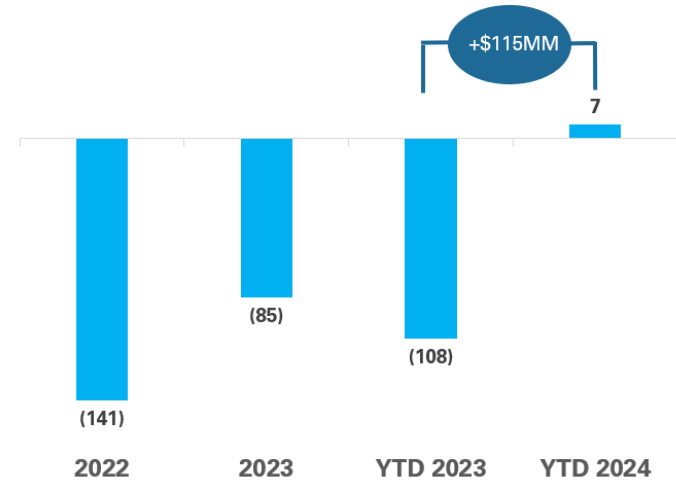
Capital Expenditures (\$MM)



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



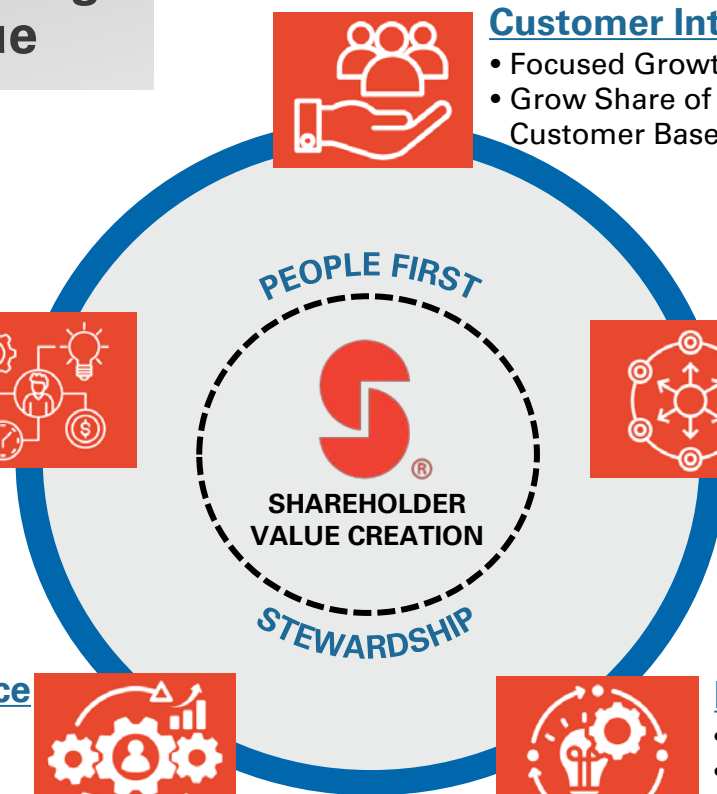
Priority Market Diversification

- 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
Dec 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 2024 year-to-date across multiple end use markets and applications
- » This will become Stepan's third alkoxylation site, providing strategically located capacity for growth in ethoxyates and propoxyates



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 addressing 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 margin contributions from Low 1,4-Dioxane products increased year-to-date in 2024



Thank You

Samuel S. Hinrichsen

VP and Interim 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 - 125
Debt Repayments	38	38	38	54
Interest Net	6	10	12	14-15
Depreciation & Amortization	91	95	105	114-116
Effective Tax Rate (%)	20%	22%	17%	19 - 20% ^(*)

(*) We continue to expect to elect Bonus Depreciation for our Pasadena plant capital investment at the start up in December 2024. The forecasted effective tax rate has decreased because of new tax planning projects that we expect to allow a reduction of taxable GILTI income to zero. Projected cash payment for 2024 U.S. Federal 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 September 30,				Nine Months Ended September 30,			
	2024	EPS	2023	EPS	2024	EPS	2023	EPS
Net Income Reported	\$ 23,606	\$ 1.03	\$ 12,571	\$ 0.55	\$ 47,020	\$ 2.05	\$ 41,397	\$ 1.80
Deferred Compensation								
Income	\$ (350)	\$ (0.02)	\$ (2,038)	\$ (0.09)	\$ (1,043)	\$ (0.05)	\$ (2,795)	\$ (0.12)
Business Restructuring Expense	\$ -	\$ -	\$ 4,219	\$ 0.18	\$ -	\$ -	\$ 4,365	\$ 0.19
Cash-Settled SARs Income	\$ -	\$ -	\$ (61)	\$ -	\$ -	\$ -	\$ (145)	\$ (0.01)
Environmental Remediation								
Expense	\$ 405	\$ 0.02	\$ 39	\$ -	\$ 1,736	\$ 0.08	\$ 384	\$ 0.02
Adjusted Net Income	<u>\$ 23,661</u>	<u>\$ 1.03</u>	<u>\$ 14,730</u>	<u>\$ 0.64</u>	<u>\$ 47,713</u>	<u>\$ 2.08</u>	<u>\$ 43,206</u>	<u>\$ 1.88</u>

Reconciliation of Pre-Tax to After-Tax Adjustments

(\$ in thousands, except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	EPS	2023	EPS	2024	EPS	2023	EPS
Pre-Tax Adjustments								
Deferred Compensation								
Income	\$ (466)		\$ (2,717)		\$ (1,390)		\$ (3,726)	
Business Restructuring Expense	\$ -		\$ 5,628		\$ -		\$ 5,827	
Cash-Settled SARs Income	\$ -		\$ (82)		\$ -		\$ (193)	
Environmental Remediation								
Expense	\$ 541		\$ 52		\$ 2,315		\$ 513	
Total Pre-Tax Adjustments	\$ 75		\$ 2,881		\$ 925		\$ 2,421	
Cumulative Tax Effect on Adjustments	\$ (20)		\$ (722)		\$ (232)		\$ (612)	
After-Tax Adjustments	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 2,159</u>	<u>\$ 0.09</u>	<u>\$ 693</u>	<u>\$ 0.03</u>	<u>\$ 1,809</u>	<u>\$ 0.08</u>

Appendix III

Adjusted EBITDA and EBITDA Reconciliations Q3 2024 and Q3 2023⁽¹⁾

Three Months Ended September 30, 2024

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 26.3	\$ 15.2	\$ 3.7	\$ (21.3)	\$ 23.9
Depreciation and Amortization	\$ 17.9	\$ 8.2	\$ 1.5	\$ 0.5	\$ 28.1
Other, Net Income	\$ -	\$ -	\$ -	\$ 1.0	\$ 1.0
EBITDA					\$ 53.0
Deferred Compensation	\$ -	\$ -	\$ -	\$ (0.4)	\$ (0.4)
Environmental Remediation	\$ -	\$ -	\$ -	\$ 0.5	\$ 0.5
Adjusted EBITDA	\$ 44.2	\$ 23.4	\$ 5.2	\$ (19.7)	\$ 53.1

Three Months Ended September 30, 2023

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 15.4	\$ 21.8	\$ 2.4	\$ (20.1)	\$ 19.5
Depreciation and Amortization	\$ 16.3	\$ 7.9	\$ 1.5	\$ 0.6	\$ 26.3
Other, Net Income	\$ -	\$ -	\$ -	\$ (0.7)	\$ (0.7)
EBITDA					\$ 45.1
Deferred Compensation	\$ -	\$ -	\$ -	\$ (2.7)	\$ (2.7)
Cash Settled SARs	\$ (0.1)	\$ -	\$ -	\$ -	\$ (0.1)
Business Restructuring	\$ -	\$ -	\$ -	\$ 5.6	\$ 5.6
Environmental Remediation	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1
Adjusted EBITDA	\$ 31.6	\$ 29.7	\$ 3.9	\$ (17.2)	\$ 48.0

⁽¹⁾ Refer to Income Statement on appendix VII for an Operating Income to Net Income reconciliation.

Appendix IV

Trailing Twelve Months Adjusted EBITDA Reconciliation

	9/30/2024 TTM – Adjusted EBITDA
Reported Operating Income	63.0
Depreciation & Amortization	110.7
Other Net Income (Expense)	3.1
Deferred Compensation	1.6
Cash Settled SARS	0.1
Goodwill and Other Intangibles Impairment Expense	2.0
Business Restructuring & Asset Impairment Expense	6.2
Environmental Remediation Expense	2.8
Adjusted EBITDA	189.5

Appendix V

Free Cash Flow (FCF) Reconciliations

(million USD)	Q3 2024	Q3 2023
Cash Flow from Operations	22.7	70.1
Capital Expenditures	(26.7)	(53.7)
Free Cash Flow	(4.0)	16.4

(million USD)	Year-to-Date 2024	Year-to-Date 2023
Cash Flow from Operations	93.8	105.9
Capital Expenditures	(86.6)	(213.6)
Free Cash Flow	7.2	(107.7)

(million USD)	2023	2022
Cash Flow from Operations	174.9	160.8
Capital Expenditures	(260.3)	(301.6)
Free Cash Flow	(85.4)	(140.8)

Appendix VI

Net Debt to Total Capitalization Ratio

(millions USD)	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019
Total Debt	688.5	649.4	564.9	279.8	207.9	231.9
Cash	147.3	105.5	165.7	105.3	310.4	286.0
Net Debt	541.2	543.9	399.2	174.5	(102.5)	(54.1)
Equity	1,219.4	1,202.8	1,130.2	1,057.3	938.2	854.2
Net Debt + Equity	1,760.6	1,746.7	1,529.4	1,231.8	835.7	800.1
Net Debt / (Net Debt + Equity)	31%	31%	26%	14%	(12%)	(7%)

Net Debt/TTM Adjusted EBITDA Ratio = 541/189 = 2.9

Appendix VII

Income Statement

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Sales	\$ 546,842	\$ 562,226	\$ 1,654,665	\$ 1,793,637
Cost of Sales	471,157	490,990	1,439,147	1,582,444
Gross Profit	75,685	71,236	215,518	211,193
Operating Expenses:				
Selling	11,394	11,811	34,610	35,987
Administrative	26,254	22,904	73,513	68,132
Research, Development and Technical Services	13,532	14,477	41,881	43,720
Deferred Compensation Expense	556	(3,101)	2,729	(856)
	51,736	46,091	152,733	146,983
Business Restructuring Expense	-	5,628	-	5,827
Operating Income	23,949	19,517	62,785	58,383
Other Income (Expense):				
Interest, Net	(3,621)	(2,987)	(9,353)	(9,674)
Other, Net	989	(690)	4,551	3,348
	(2,632)	(3,677)	(4,802)	(6,326)
Income Before Provision for Income Taxes	21,317	15,840	57,983	52,057
Provision for Income Taxes	(2,289)	3,269	10,963	10,660
Net Income	23,606	12,571	47,020	41,397
Net Income Per Common Share				
Basic	\$ 1.03	\$ 0.55	\$ 2.06	\$ 1.82
Diluted	\$ 1.03	\$ 0.55	\$ 2.05	\$ 1.80
Shares Used to Compute Net Income Per Common Share				
Basic	22,836	22,786	22,829	22,770
Diluted	22,923	22,930	22,936	22,956