



Stepan 

First Quarter 2014 Results

April 29, 2014

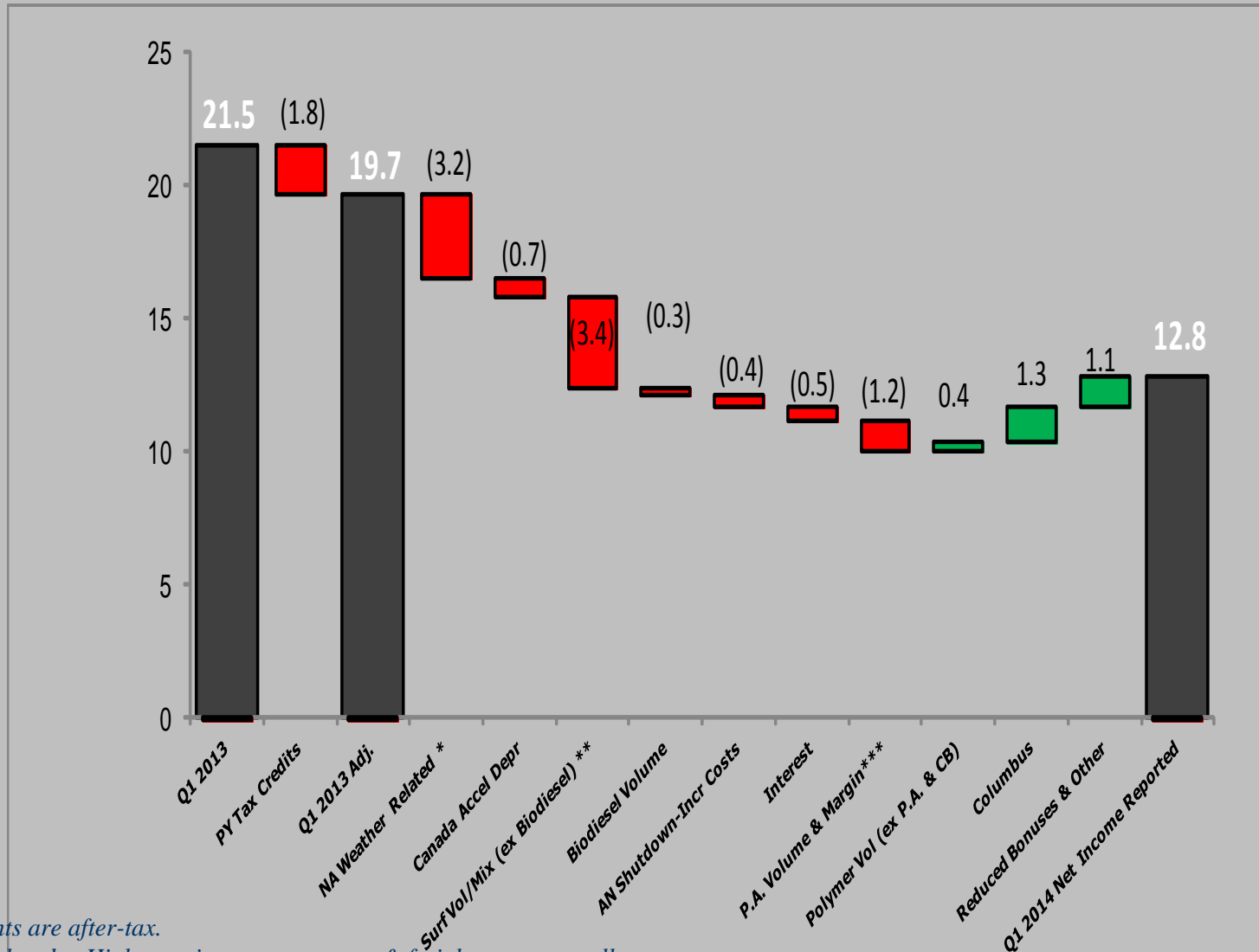
Stepan Company

Except for historical information, all other information in this news release 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, including the expenditures necessary to address and resolve environmental claims and proceedings, disruptions in production at manufacturing facilities, volatility of raw material and energy costs, maintaining and protecting intellectual property rights, interruption or breaches of information technology systems, disruptions in transportation or significant changes in transportation costs, 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.

First Quarter 2014 Financial Recap

- Lower earnings were directly attributable to higher maintenance, energy and freight costs from the adverse weather in North America and lower North American surfactant demand.
- Severe weather in North America negatively impacted Q1 by at least \$5.2MM or \$3.2MM after tax. Weather impacted Stepan, customer and supplier locations and resulted in lost orders and increased costs for the above mentioned items.
- Sales volumes were down 2%. Excluding commodity Biodiesel and Phthalic Anhydride, sales volumes were up 2%.
- Strategic initiatives on track:
 - Brazil volume grew 13%
 - Singapore fully operational and contributing at expected levels
 - Columbus should deliver \$6-\$8MM Operating Income in 2014
 - Enhanced Oil Recovery Surfactants contribution should improve by \$3-\$5MM

Net Income Excluding Deferred Comp Bridge



Notes: All amounts are after-tax.

* NA Weather Related = Higher maintenance, energy & freight costs, as well as lower customer demand from the adverse weather in North America

**Surfactant Volume/Product/Geographic Mix

***P.A. = Phthalic Anhydride

CB = Columbus, GA

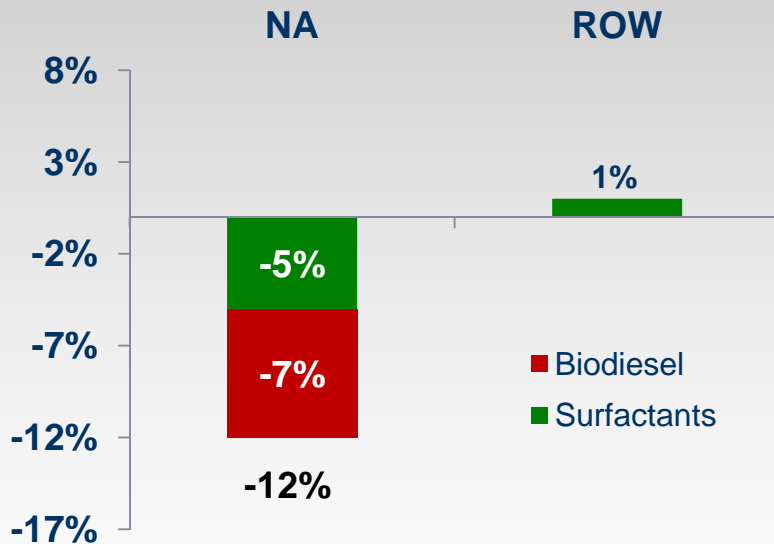
See Appendix for reconciliation of Net Income Excluding Deferred Comp to reported Net Income.

Surfactants

<i>in million \$</i>	1Q 2014	1Q 2013
Net Sales	\$335.7	\$340.0
Oper Inc	\$ 18.3	\$ 29.7

- Surfactant volumes down 6%.
- NA volumes down 12% primarily due to Biodiesel (7%/12%) and Consumer Products (5%/12%) which were down due to weather and lost business from a customer plant closure
- Positive growth in higher value Industrial and Institutional Cleaning
- Regionally, growth was positive outside the US, driven by 13% increase in Brazil
- Continued research investments in high potential, high growth products
 - Enhanced Oil Recovery
 - First Metathesis derivative launched

Segment Sales Volume vs. PY

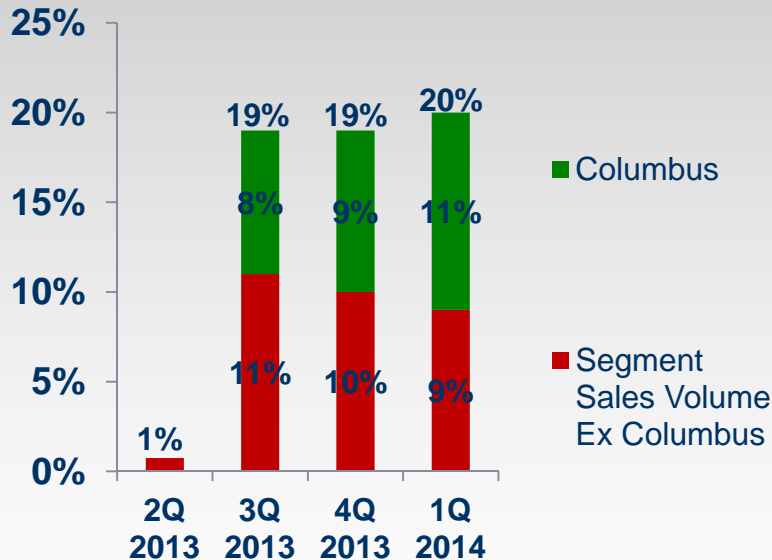


North America is by far the largest region of our business and was significantly impacted by weather and lost business from a customer plant closure

Polymers

<i>in million \$</i>	1Q 2014	1Q 2013
Net Sales	\$119.1	\$96.0
Oper Inc	\$ 10.8	\$ 10.8

Segment Sales Volume vs. PY



- Organic volume +9% driven by
 - Increased energy prices
 - Government mandated or recommended higher energy standards
 - Increased volumes sold into metal panel and CASE applications
 - Strong growth despite 10% volume decline in Phthalic Anhydride
- Columbus acquisition delivering expected growth

Continued volume growth and favorable macro trends

- **Base Business Back on Track after difficult First Quarter**
- **Improving Economies in the United States and Europe should help our Polymer business**
- **Columbus, GA acquisition is fully integrated and is on track to deliver \$6 - \$8MM incremental Operating Income**
- **Enhanced Oil Recovery on track to deliver \$3 - \$5MM improvement**
- **Continued progress in Brazil, planning additional investments**
- **Balance sheet remains strong**

Difficult quarter but on track to deliver long-term objectives

Thank you for your interest in Stepan

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Appendix

Net Income Excluding Deferred Compensation Reconciliation										Appendix I	
<i>(Amounts in Millions)</i>						Three Months Ended					
						March 31					
						2014		2013			
Net Income Attributable to Stepan Company As Reported						\$ 13.0		\$ 19.0			
Deferred Compensation (Income)Expense, Net of Investment Income						(0.2)		2.5			
Net Income Excluding Deferred Compensation						\$ 12.8		\$ 21.5			