



# Stepan



## First Quarter 2026 Earnings Results

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April 28, 2026

# Safe Harbor

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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 accidents, unplanned production shutdowns or disruptions in manufacturing facilities; reduced demand due to customer product reformulations or new technologies; our inability to successfully develop or introduce new products; our inability to successfully develop or introduce new products; our ability to realize cost savings or operating efficiencies associated with strategic initiatives; compliance with laws; compliance with laws; our ability to identify suitable acquisition candidates and successfully complete and 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 changes in global trade policies, tariffs, retaliatory measures and countermeasures, currency exchange rate fluctuations, legal restrictions and taxes; unfavorable resolution of litigation against us; maintaining and protecting intellectual property rights; potential adverse tax consequences due to international scope of our business; downgrades in our credit ratings or our ability to access capital markets; global political, military, security or other instability and increased security regulations; costs, delays and miscalculations in capacity needs 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. In addition to the risks described in the Company's periodic reports, the restructuring actions described herein may involve risks related to the execution of facility closures and asset decommissioning, potential operational disruptions, impacts on employees and local communities, environmental compliance, and the realization of anticipated cost savings and efficiencies.

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, except to the extent required by applicable laws.

# Q1 2026 – Key Messages

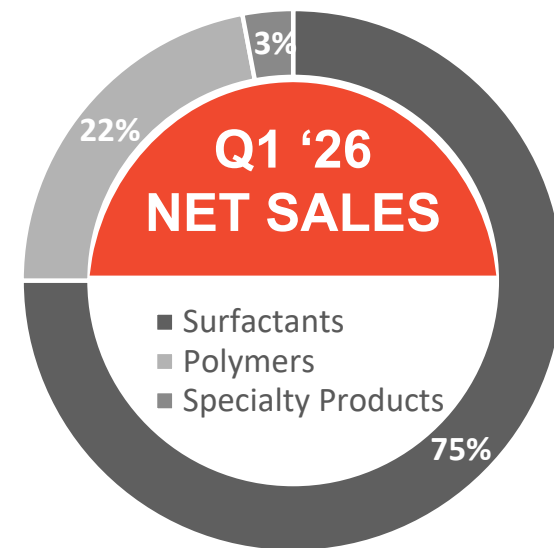
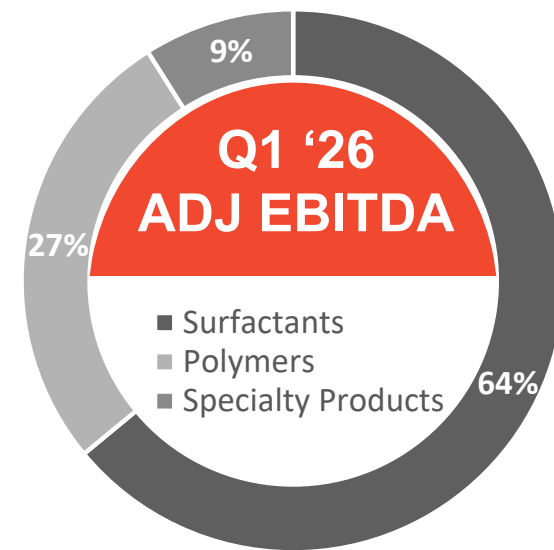
**1** **Reported EBITDA<sup>(1)</sup> -\$16.5MM | Adj. EBITDA<sup>(1)</sup> \$49.6MM**  
 Adjusted EBITDA<sup>(1)</sup> was -14% vs. Q1 2025 — surfactants earnings impacted by lower absorption and production timing differences in Asia, competitive pressures in Mexico, severe weather impacts in North America, and higher oleochemical raw material costs.

**2** **Reported Net Income -\$41.4MM | Adj. Net Income<sup>(2)</sup> \$10.3MM**  
 Adjusted Net Income<sup>(2)</sup> -47% decline year-over-year, Driven primarily by lower Surfactant earnings and higher interest expense related to our Pasadena, TX start-up.

**3** **Free Cash Flow<sup>(3)</sup> -\$14.0MM**  
 Free Cashflow improved 46% year-on-year driven by working capital discipline. Leverage ratio improved to 2.7x vs. 2.9x in Q1 2025.

**4** **Organic volume Flat YoY, Organic net sales +4% YoY**  
 Strong growth within the Agricultural, Oilfield and Industrial Cleaning end markets offset by decreases in Rigid Polyols in Europe.

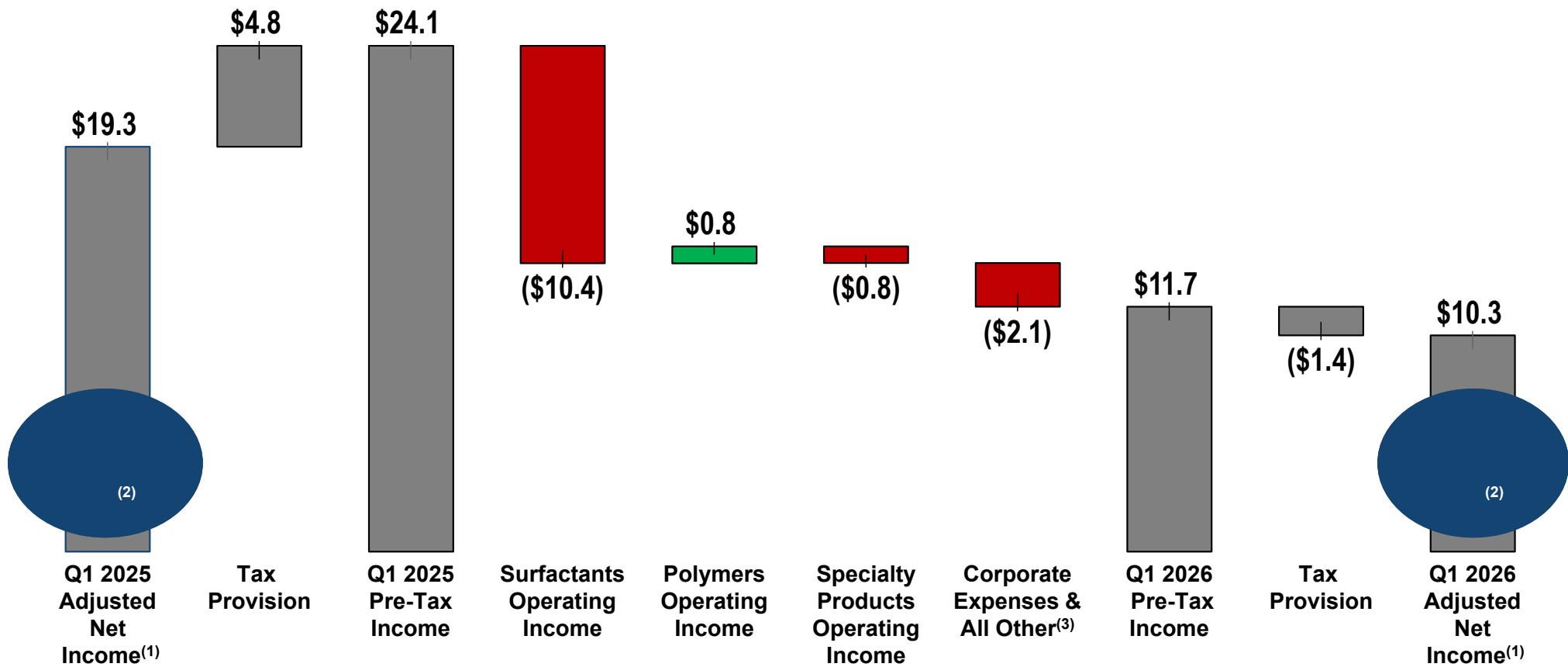
**5** **Project Catalyst on track & Record Safety Performance**  
 We recorded our best quarter performance ever on Safety. Footprint and asset optimization activities on track. Entered into an agreement to sell non-productive assets, specifically land, at our Millsdale site for \$30 million dollars.





# Adjusted Net Income<sup>(1)</sup> Bridge

Q1 2025 to Q1 2026

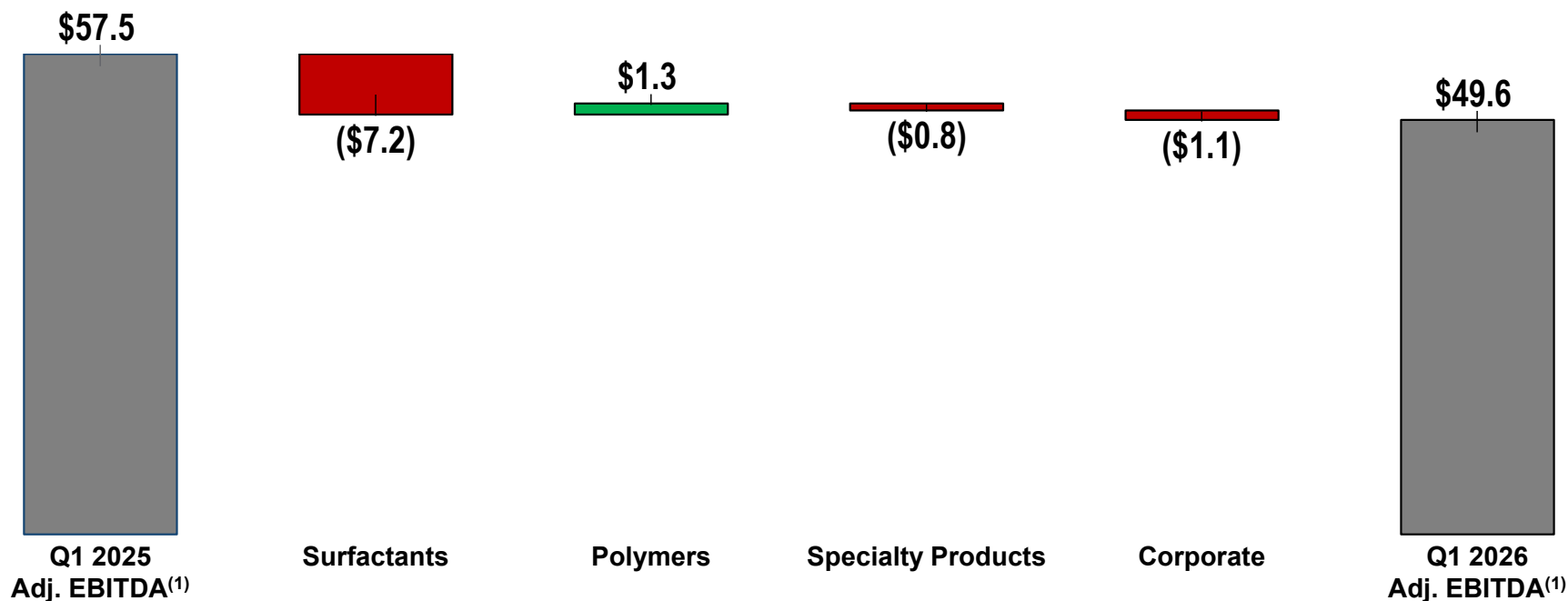


Note: All amounts are in millions of U.S. dollars.

(1) Adjusted Net Income/Loss and Adjusted EPS are Non-GAAP measures that exclude certain significant, non-recurring items. See Appendix II for GAAP reconciliations.  
 (2) See Appendix III for Adjustments Details.  
 (3) Corporate Expenses & All Other consists of the following buckets: I. Corporate Expense of (\$0.5) million, II. Other, net of (\$0.7) million, and III. Interest Expense of (\$0.9) million.

# Adjusted EBITDA<sup>(1)</sup> Bridge

Q1 2025 to Q1 2026



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

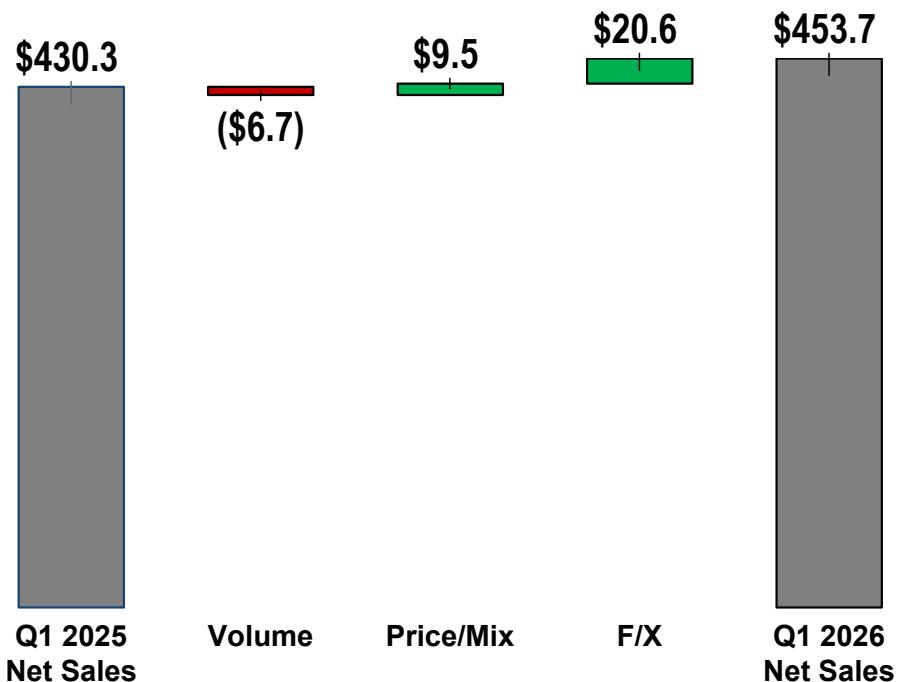
- Surfactants:** Adjusted EBITDA declined 15% year-over-year, due to lower overhead absorption resulting from production timing differences in Asia, competitive pressures in Mexico, severe cold weather patterns in the US, and high oleochemical raw materials.
- Polymers:** Polymer Adjusted EBITDA increased 8% year-over-year, mainly driven by global margin recovery and growth in Spray Foam and commodity Phthalic Anhydride.
- Specialty Products:** Adjusted EBITDA for Specialty Products declined 11% year-over-year, primarily due to product mix and lag in raw materials prices within the medium-chain triglyceride.
- Corporate Expenses:** Corporate expenses reflect normal inflation.



# Surfactants

Q1 2025 to Q1 2026

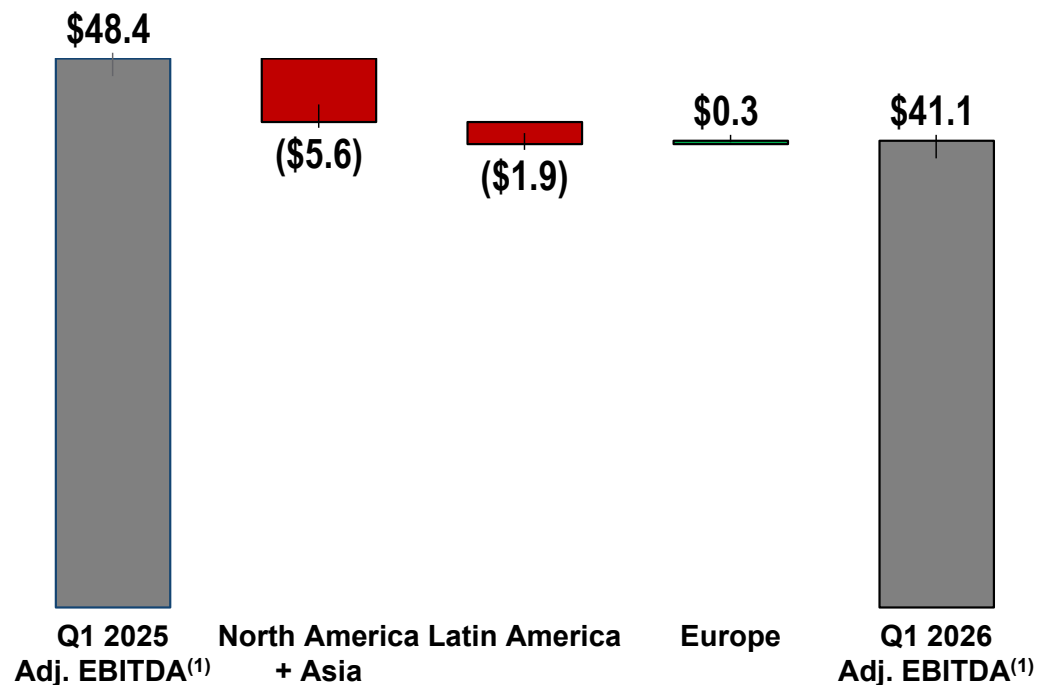
## Net Sales Bridge



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

- **Organic Volume** (ex-divestitures) increased 2% year-over-year, primarily driven by solid growth within the Industrial Cleaning, Crop Productivity, and Oilfield end markets
- **Price/Mix** benefited 2% from pass through of higher raw material costs, improved product and customer mix, and pricing actions during the quarter.
- **F/X** positively impacted net sales by 5%.

## Adjusted EBITDA<sup>(1)</sup> Bridge



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

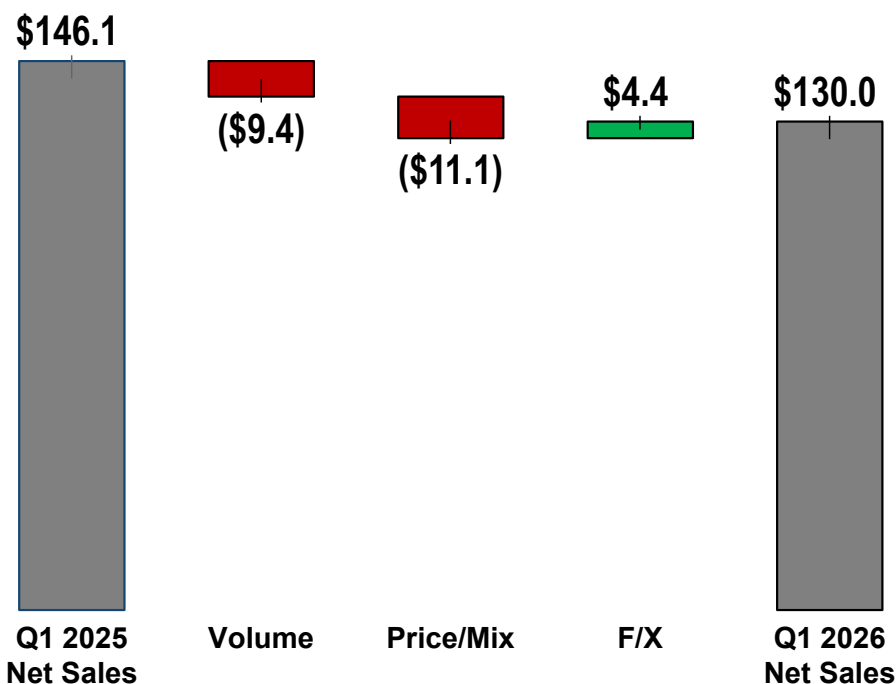
- **North America and Asia.** Adversely impacted due to production timing differences in Asia, cold weather patterns in the US and raw material (oleochemicals) cost escalation.
- **Latin America** results were impacted by competitive pressures in Mexico; partially offset by organic growth in Commodity Consumer end markets.
- **Europe** results benefited by solid growth in Crop Productivity and Laundry Cleaning end markets; partially offset by lower sales to Middle East countries impacted by the current conflict.

# Polymers

Q1 2025 to Q1 2026



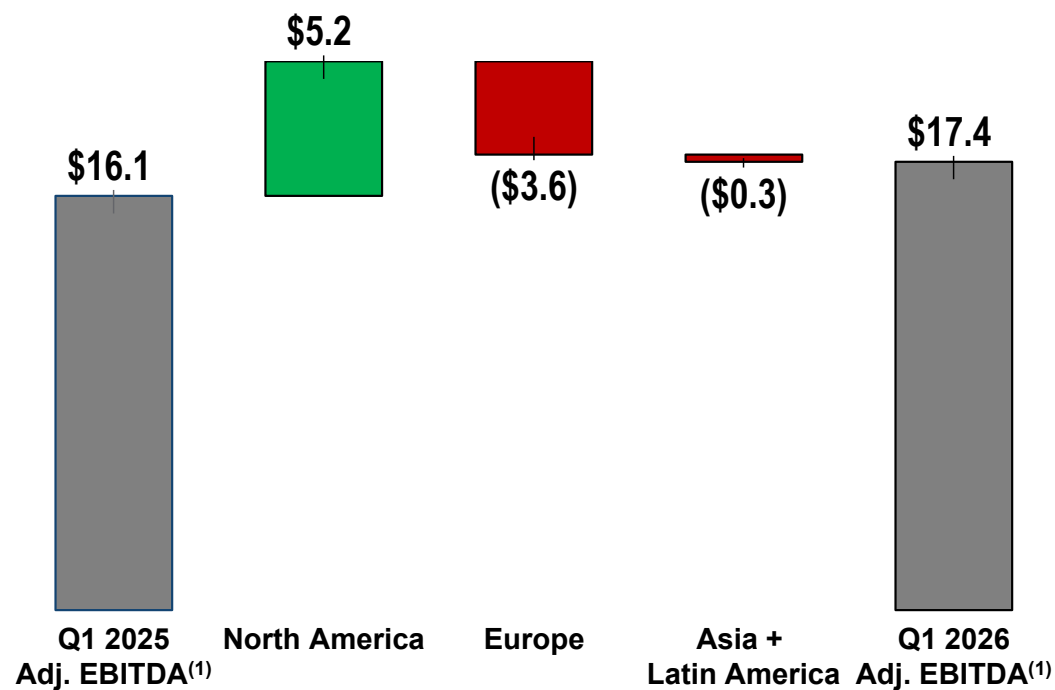
## Net Sales Bridge



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

- **Volume** declined 6% year-over-year, by lower demand across European Rigid Polyol markets, partially offset by growth across our North America & Asia Rigid Polyol and Commodity Phthalic Anhydride businesses.
- **Price/Mix** was impacted by 8% due to contracted pass-through of lower raw material costs and competitive pressures, particularly within European markets.
- **F/X** positively impacted net sales by 3%.

## Adjusted EBITDA<sup>(1)</sup> Bridge



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

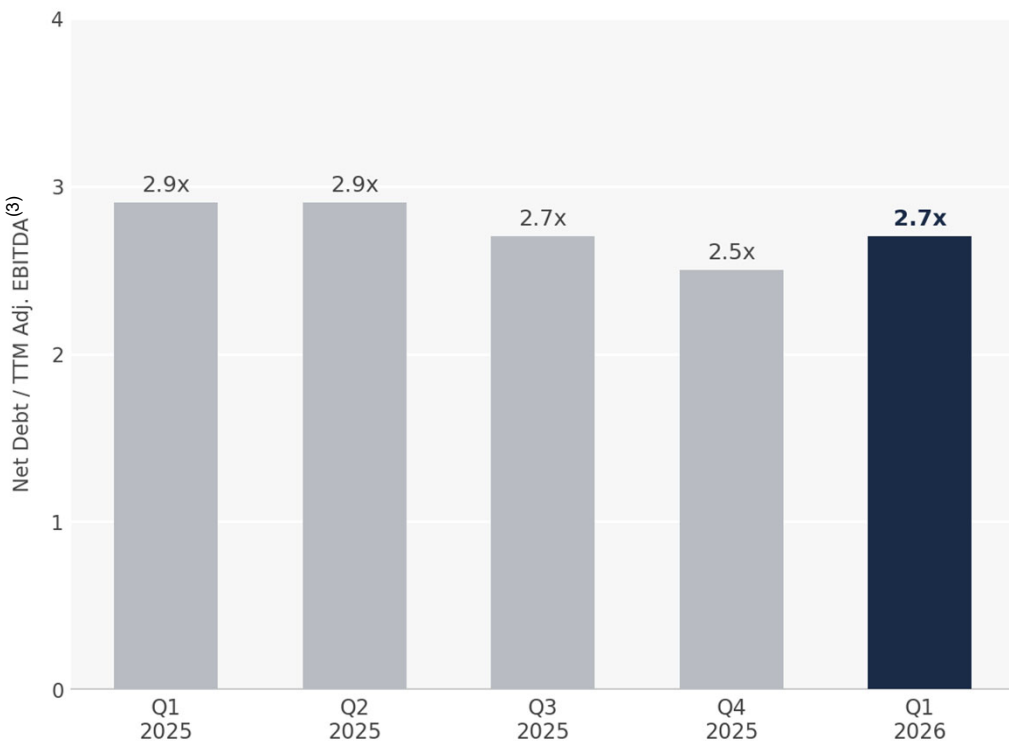
- **North America** results benefited from sales volume growth in Spray Foam Polyols and Commodity Phthalic Anhydride businesses, which was partially offset by less favorable product mix.
- **Europe** results were impacted by lower Rigid Polyol demand and continued competitive pressures.
- **Asia** performance reflected stronger demand for Rigid Polyols offset by lower Specialty Polyols demand tied to weakness in Chinese automotive markets.

# Balance Sheet & Cash Flow

Q1 2025 to Q1 2026



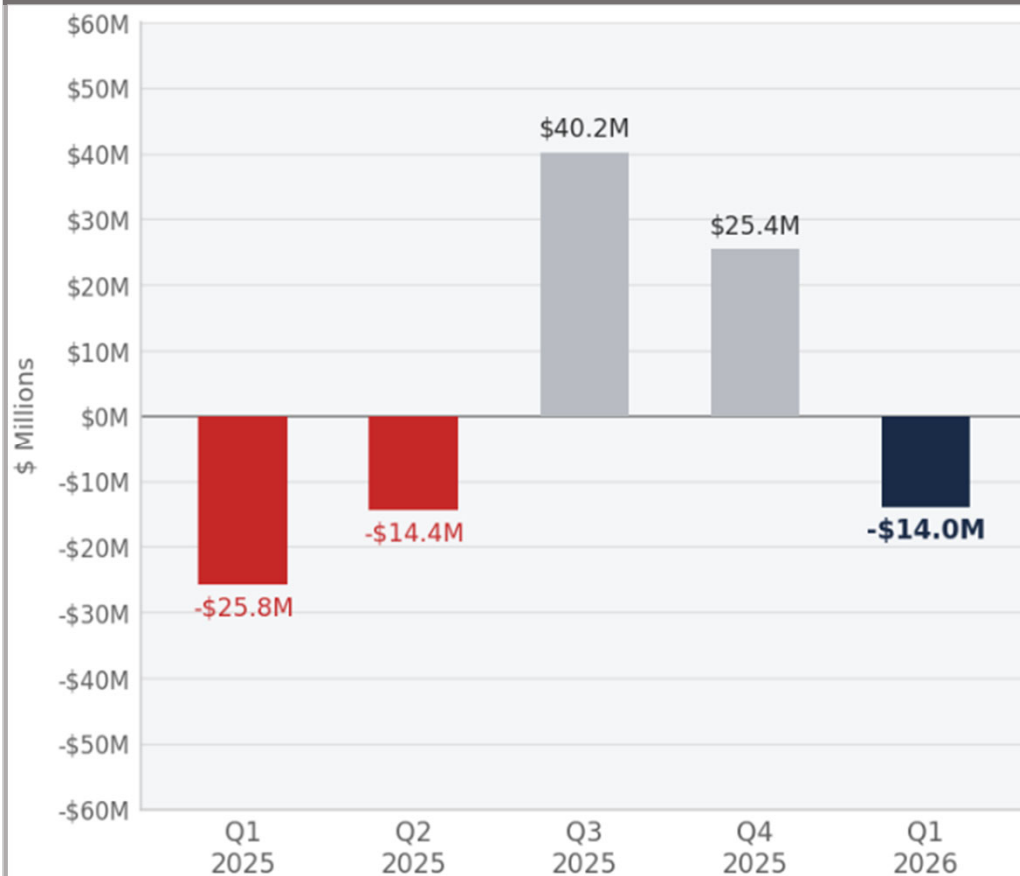
## LEVERAGE RATIO — Net Debt<sup>(1)</sup> / TTM Adj. EBITDA<sup>(2)</sup>



Net Debt	TTM Adjusted EBITDA
<b>\$511MM</b>	<b>\$191MM</b>
vs. \$552MM Q1 2025	vs. \$193MM Q1 2025

Leverage Ratio <sup>(3)</sup>
<b>2.7x</b>
vs. 2.9x Q1 2025

## FREE CASH FLOW<sup>(5)</sup> – Quarterly



FY2026 Capex Guidance
<b>\$105-115MM</b>
Unchanged

Q1 2026 Working Capital <sup>(4)</sup>
<b>\$437MM</b>
vs. \$448MM Q1 2025 ▼ -2% YoY

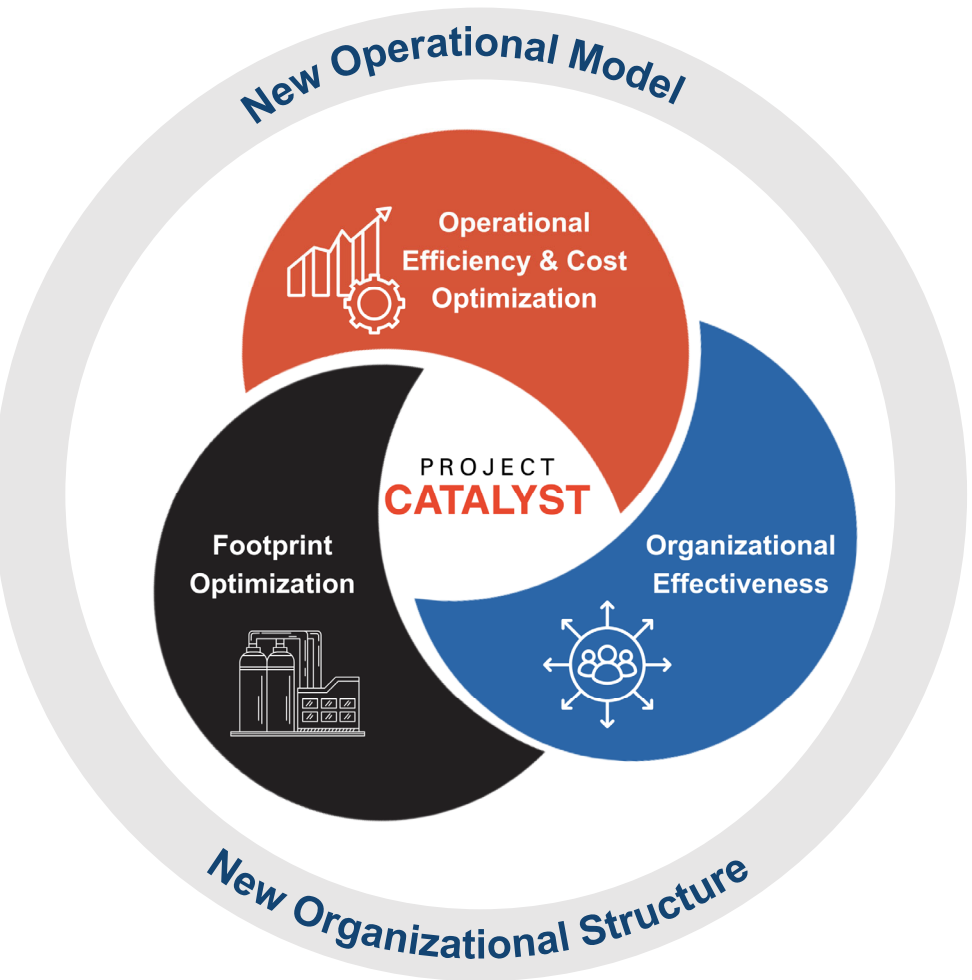
# Delivering Superior Shareholder Value Through a Balanced Growth Strategy



# Project Catalyst

## Strengthening our Foundation for Long-Term Excellence

Project Catalyst is a comprehensive operational and efficiency initiative designed to deliver approximately **\$100 million in pre-tax savings over the next two years**, with an expected ~60% realized in 2026. This program will streamline our global manufacturing footprint and strengthen the foundation for sustainable and profitable growth.



### Operational Efficiency & Cost Optimization

- Capturing procurement savings while advancing productivity through end-to-end operational excellence



### Footprint Optimization

- Optimize production and reduce cost by consolidating volumes into our network at efficient sites and high-performing assets, enhancing scale, reliability and productivity



### Organizational Effectiveness

- Implement clear accountabilities across businesses and functions and focus resources to capture market opportunities to advance the Company's growth strategy

**\$~100MM In Pre-Tax Savings**

# Thank You

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**Stepan** 

# Appendix

Additional Sources of Information and Definitions



# Update on Certain Expectations



(millions USD)	2024 Actual	2025 Actual	2026 Forecast
Capital Expenditures	123	122.5	105 – 115
Debt Repayments*	49	63	59
Interest Net	14	22	25 – 27
Depreciation & Amortization	112	126	125 – 130
Effective Tax Rate (%)	17%	22%	24 – 26%

\* Scheduled Principal Payments of Private Placement Notes



# Reconciliations

Q1 2025 to Q1 2026

## Reconciliation of Non-GAAP Adjusted Net Income and Earnings Per Diluted Share<sup>(1)</sup>

(\$ in thousands, except per share amounts)	Three Months Ended March 31,			
	2026	EPS	2025	EPS
Net Income Reported	\$ (41,406)	\$ (1.81)	\$ 19,711	\$ 0.86
Deferred Compensation (Income) Expense	\$ 477	\$ 0.03	\$ (470)	\$ (0.02)
Environmental Remediation Expense	\$ 78	\$ 0.00	\$ 69	\$ 0.00
Business Restructuring	\$ 51,164	\$ 2.23	\$ -	\$ -
Adjusted Net Income	<u>\$ 10,313</u>	<u>\$ 0.45</u>	<u>\$ 19,310</u>	<u>\$ 0.84</u>

<sup>(1)</sup> All amounts in this table are presented after-tax

## Reconciliation of Pre-Tax to After-Tax Adjustments

(\$ in thousands, except per share amounts)	Three Months Ended March 31,			
	2026	EPS	2025	EPS
<b>Pre-Tax Adjustments</b>				
Deferred Compensation (Income) Expense	\$ 628		\$ (626)	
Environmental Remediation Expense	\$ 102		\$ 92	
Business Restructuring	\$ 65,439		\$ -	
Total Pre-Tax Adjustments	\$ 66,169		\$ (534)	
Cumulative Tax Effect on Adjustments	\$ (14,450)		\$ 133	
After-Tax Adjustments	<u>\$ 51,719</u>	<u>\$ 2.26</u>	<u>\$ (401)</u>	<u>\$ (0.02)</u>

# Reconciliations – Cont.

Q1 2025 to Q1 2026



## Reconciliation of Non-GAAP Adjusted Net Income and Earnings Per Diluted Share<sup>(1)</sup>

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### Summary of First Quarter 2026 Adjusted Net Income Items

Adjusted net income excludes non-operational deferred compensation income/expense, certain environmental remediation costs and other significant and infrequent or non-recurring items.

- **Deferred Compensation:** The first quarter of 2026 reported net income includes \$0.5 million of after-tax expense versus \$0.5 million of after-tax income in the prior year.
- **Environmental Remediation:** The first quarter of 2026 reported net income includes \$0.1 million of after-tax expense versus \$0.1 million of after-tax expense in the prior year.
- **Business Restructuring:** The first quarter of 2026 reported net income includes \$51.2 million of after-tax expense related to restructuring charges. There were no restructuring charges recognized in the prior year quarter.

# Reconciliations – Cont.

Q1 2025 to Q1 2026



## Three Months Ended March 31, 2026

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 18.5	\$ 8.8	\$ 4.7	\$ (81.7)	\$ (49.6)
Depreciation and Amortization	22.6	8.6	1.5	0.4	33.0
Other, Net Income	-	-	-	0.1	0.1
EBITDA					\$ (16.5)
Deferred Compensation	-	-	-	0.6	0.6
Environmental Remediation	-	-	-	0.1	0.1
Business Restructuring	-	-	-	65.4	65.4
Adjusted EBITDA	<u>\$ 41.1</u>	<u>\$ 17.4</u>	<u>\$ 6.2</u>	<u>\$ (15.1)</u>	<u>\$ 49.6</u>

## Three Months Ended March 31, 2025

(\$ in millions)	Surfactants	Polymers	Specialty Products	Unallocated Corporate	Consolidated
Operating Income	\$ 28.9	\$ 8.0	\$ 5.5	\$ (14.2)	\$ 28.2
Depreciation and Amortization	19.4	8.1	1.5	0.3	29.3
Other, Net Income	-	-	-	0.5	0.5
EBITDA					\$ 58.0
Deferred Compensation	-	-	-	(0.6)	(0.6)
Environmental Remediation	-	-	-	0.1	0.1
Adjusted EBITDA	<u>\$ 48.3</u>	<u>\$ 16.1</u>	<u>\$ 7.0</u>	<u>\$ (13.9)</u>	<u>\$ 57.5</u>

# Income Statement

Q1 2025 to Q1 2026



	Three Months Ended March 31,	
	2026	2025
<b>Net Sales</b>	\$ 604,509	\$ 593,255
<b>Cost of Sales</b>	539,658	517,792
<b>Gross Profit</b>	64,851	75,463
<b>Operating Expenses:</b>		
Selling	12,166	12,108
Administrative	21,313	21,414
Research, Development and Technical Services	14,993	14,649
Deferred Compensation Expense	562	(996)
	49,034	47,175
Business Restructuring	65,439	-
<b>Operating Income</b>	(49,622)	28,288
<b>Other Income (Expense):</b>		
Interest, Net	(5,011)	(4,126)
Other, Net	144	502
	(4,867)	(3,624)
<b>Income (Loss) Before Provision for Income Taxes</b>	(54,489)	24,664
<b>Provision for Income Taxes</b>	(13,083)	4,953
<b>Net Income (Loss)</b>	(41,406)	19,711
<b>Net Income (Loss) Per Common Share</b>		
Basic	\$ (1.81)	\$ 0.86
Diluted	\$ (1.81)	\$ 0.86
<b>Shares Used to Compute Net Income Per Common Share</b>		
Basic	22,888	22,867
Diluted	22,888	22,890

# Free Cash Flow (FCF)

## Reconciliations – Cont.



(million USD)	Q1 2026	Q1 2025
Cash Flow from Operations	16.9	6.9
Capital Expenditures	(30.9)	(32.7)
Free Cash Flow	(14.0)	(25.8)

(million USD)	2025	2024	2023
Cash Flow from Operations	147.9	162.1	174.9
Capital Expenditures	(122.5)	(122.8)	(260.3)
Free Cash Flow	25.4	39.3	(85.5)

# Net Debt to Capital Trend

March 2021 – Q1 2026 (Quarterly)



(millions USD)	March 31, 2026	December 31, 2025	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Total Debt	651.7	626.7	659.3	646.0	711.0	537.1	248.4
Cash	140.8	132.7	107.5	125.8	127.0	236.0	150.7
Net Debt	511.0	494.0	551.8	520.2	584.0	301.1	97.7
Equity	1,193.0	1,244.0	1,200.5	1,214.5	1,189.9	1,116.7	1,002.3
Net Debt + Equity	1,704.0	1,738.0	1,752.3	1,734.7	1,773.9	1,417.8	1,100.0
Net Debt / (Net Debt + Equity)	30%	28%	31%	30%	33%	21%	9%

Net Debt/TTM Adjusted EBITDA Ratio = 511/191 = 2.7



# Trailing Twelve Months

## Reconciliations – Cont.

### 03/31/2026 TTM – Adjusted EBITDA

Reported Operating Income	0.6
Depreciation & Amortization	129.7
Other Net Income (Expense)	3.1
Deferred Compensation	0.6
Cash Settled SARS	0.0
Goodwill and Other Intangibles Impairment Expense	6.2
Business Restructuring & Asset Impairment Expense	49.5
Environmental Remediation Expense	(0.1)
Adjusted EBITDA	191.1

## Estimated Cash Impact – Site Closure & Select Asset Decommissioning (Project Catalyst)

(USD millions)	Total Cash Impact Estimate <sup>1</sup>		Non-Cash Impact	Cash Expense Q1 2026	Cash Expense Full Year 2026	Cash Expense 2027-2035	
	Low	High				Low	High
<i>Decommissioning, Dismantling &amp; Environmental</i> <sup>2</sup>	\$24	\$37	-	\$0	\$8	\$16	\$29
<i>Severance and People Related</i> <sup>3</sup>	\$6	\$7	-	\$1	\$5	-	-
<i>Asset Write-Offs/Accelerated Depreciation</i>	-	-	\$62 - \$64	-	-	-	-
<b>Total</b>	\$29	\$44	\$62 - \$64	\$1	\$13	\$16	\$29

NOTE: The company anticipates recognizing restructuring charges in the range of \$70 to \$80 million in 2026; consistent with the February 2026 press release.

<sup>1</sup> Estimates reflect a preliminary range and are subject to change. Variability within the range is primarily driven by uncertainties associated with the scope, timing and outcomes of environmental testing at the Fieldsboro, NJ facility, including the potential identification of conditions requiring additional remediation or regulatory actions.

<sup>2</sup> Decommissioning, dismantling and environmental costs reflect estimated cash expenditures associated with site closures, asset decommissioning and related compliance activities. Estimates are subject to variability based on the scope and timing of environmental assessments, regulatory review processes and remediation requirements.

<sup>3</sup> Severance and people related costs include employee separation, transition and benefit costs, as well as other costs directly related to the restructuring and organizational effectiveness actions undertaken as part of Project Catalyst. These costs exclude ongoing operating expenses and costs not directly associated with the restructuring actions described herein.