STONEGATE CAPITAL PARTNERS

FEBRUARY 24, 2026

INDUSTRY: SPECIALTY CHEMICALS

RESEARCH UPDATE

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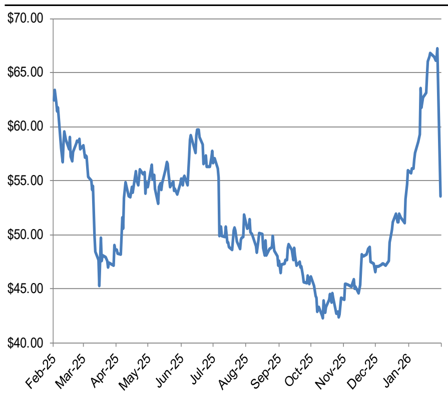
MARKET STATISTICS	
Price	$53.53
52-Week Range	$41.82 - $68.00
Daily Vol. (3 Month Avg.)	184,646
Market Cap ($M)	$ 1,210.8
Enterprise Value ($M)	$ 1,704.8
Shares Outstanding (M)	22.9
Float (M)	21.4

FINANCIAL SUMMARY	
Equity (M)	$1,244.0
BV/S	$ 54.38
Cash (M)	$ 132.7
Debt (M)	$ 626.7
Net Debt/Cap	28%

FYE: Dec	2025	2026E	2027E
(in $M)			
Rev	$2,332.1	$2,419.5	$2,541.9
Chng%	7%	4%	5%
EBITDA	$ 208.0	$ 246.0	$ 272.1
EPS	$ 2.05	$ 2.53	$ 3.39
EV/R	0.7x	0.7x	0.7x
EV/EBITDA	8.2x	6.9x	6.3x
P/E	26.1x	21.2x	15.8x



COMPANY DESCRIPTION

Stepan Company, together with its subsidiaries, produces and sells specialty and intermediate chemicals to other manufacturers for use in various end products in North America, Europe, Latin America, and Asia. The company operates through three segments: Surfactants, Polymers, and Specialty Products. Stepan Company was founded in 1932 and is headquartered in Northfield, Illinois.

STEPAN COMPANY (NYSE: SCL)

Company Updates

Stepan's FY25 results showed solid execution despite oleochemical inflation and market normalization. Net sales rose 7% y/y on better pricing/mix and volume, while adjusted EBITDA increased 11.7%, though adjusted EPS fell on a higher tax rate and after adjusting for the impact from one time asset sales. The Company continues footprint optimization under Project Catalyst, with management expecting ~$100M in pre-tax savings over the next two years, ~60% of which is expected in FY26. Management expects cost and tariff pressure to linger through 1H26, with improvement in 2H26 as costs ease, Pasadena reaches ~70-80% utilization, and Project Catalyst savings take effect. SCL also reported a net leverage ratio of 2.5x.

Quarterly Results – SCL reported revenue, adj EBITDA, and adj EPS of $553.9M, $33.8M, and ($0.02), respectively. This compares to our/consensus estimates of $576M/$570.6M, $53.6M/$52.2M, and $0.44/$0.40, respectively. Year over year revenue growth was driven by a 5% increase in surfactants due to favorable price and mix. Gross margin for the quarter was 9.3%, down sequentially due to typical seasonality. The Company reported free cash flow of $25.4M in the quarter as management has diligently worked to reduce working capital.

Surfactants – Surfactant net sales totaled $402 million for the quarter, up 6% y/y, price/mix benefited from pass through of higher raw material costs, improved product and customer mix, and a 3% positive impact from FX benefit. However, organic volume declined 3% y/y, partially offset by growth in the Agricultural and Industrial Solutions end markets. Segment adjusted EBITDA was $32.1M, down 7.5% y/y, as elevated oleochemical input costs and start-up expenses tied to the new Pasadena facility offset strength across key strategic end markets. The Company remains focused on recovering Surfactant margins as coconut-oil prices normalize and expects continued improvement as Pasadena ramps to full capacity in 2026 and higher-value Tier 2/3 customer penetration expands.

Polymers – The Polymers segment posted revenue of $131.7M, up 1.4% y/y, as selling prices declined due to the pass-through of lower raw-material costs and competitive pressures, partially offset by an 11% increase in volumes and a modest +2% FX benefit. Adjusted EBITDA increased 9% to $12.4M, driven primarily by strong volume growth and improving operating leverage, partially offset by lower unit margins and an unfavorable product and customer mix. Volume gains were led by North America and Asia Rigid Polyols and commodity Phthalic anhydride, while Europe remained softer on weaker Rigid Polyol demand and continued competitive pressure.

Valuation – We use both a DCF and a comparable analysis for our valuation. Our DCF analysis relies on a range of discount rates between 9.5% and 10.5% with a midpoint of 10.0%. This arrives at a valuation range of $70.58 to $84.73 with a mid-point of $77.02. Currently SCL is trading at a FY26 EV/EBITDA of 6.3x compared to comps at an average of 10.6x. Using our F26 expected EBITDA, and an EV/EBITDA range of 8.0x to 9.0x with a midpoint of 8.50x. This arrives at a valuation range of $73.56 to $85.46 with a mid-point of $79.51.

Summary

Exhibit 1: Quarterly Results Comparison to Model

	4Q25 results		
(in millions, except per she)	Reported	Modeled	Notes
Revenues	$ 553.9	$ 576.0	Revenues below expectations
Cost of sales	502.4	504.3	
Gross profit	**51.5**	**71.7**	
Gross margin	**9.3%**	**12.4%**	
Selling	10.7	12.1	
Administrative	23.7	24.2	
R&D and technical services	15.7	14.7	
Deferred compensations	0.5	0.8	
Total opex	41.0	51.8	
Operating inc	**10.5**	**19.9**	Operating margins below our model
Operating margin	**1.9%**	**3.5%**	
EBITDA	**43.3**	**54.1**	
Margin	**7.8%**	**9.4%**	
EBITDA -adj	**33.8**	**53.6**	Margins remain healthy in the quarter
Margin	**6.1%**	**9.3%**	
Net income (loss)- adj	(0.5)	10.1	EPS miss due to our over estimation of GPM
EPS - adj	**$ (0.02)**	**$0.44**	
EPS - GAAP	**$ 0.22**	**$0.46**	

Source: Company Reports; Stonegate Capital Markets, Inc.

INVESTMENT FACTORS

Stepan produces specialty and intermediate chemicals and is one of the world's largest producers of surfactants (cleaning agent in soaps, detergents, etc.). The Company has been in business for almost 90 years and has a history of delivering EPS growth, strong cashflow generation, and delivering consistent return of cash to shareholders via dividends and share buybacks. We believe, Stepan is well positioned to show growth driven by (1) its leading position in the surfactants market that is seeing a resurgence in growth driven by the coronavirus pandemic, and its strategic initiatives to increase tier 2/3 customers; (2) its leading position in the rigid polymers market that has solid end market growth drivers due to global sustainability efforts; (3) M&A opportunities to accelerate growth; and (4) a solid balance sheet and cash flow generation to support its initiatives.

Investment Positives

Global leader in surfactants – Stepan is one of the world's largest producers of surfactants. While historically the segment has seen modest organic growth, the coronavirus pandemic has spurred an increased demand in cleaning and disinfecting. Additionally, Stepan is targeting specific strategic initiatives to drive organic growth and improve margins. While the Company has numerous sizable Tier 1 customer that have been doing business with Stepan for decades, Stepan is currently expanding its Tier 2 and Tier 3 customer base that typically need more support which creates a stickier customer and are less price sensitive leading to better margins. Next, market diversification efforts are targeted by growing its share in agriculture and oilfield chemicals. Both markets command higher growth rates than consumer products.

And its rigid polyol product segment has solid growth opportunities – Stepan is also a leader in the manufacturer of polyester polyols that are used in rigid foam insulation. Global energy conservation efforts and regulatory requirements are major drivers in the market. The global building insulation market is estimated at $28B with a 5-year CAGR of 4-5%. Stepan's rigid polymer products have a higher average R-value vs. other insulation materials, giving it an advantage in fulfilling both the US' and Europe's efforts of "greening" buildings. In China, cold storage (think increasing demand for fresh food and produce) is driving demand for Stepan's products. Growth rates are expected to exceed 10% per year over the next five+ years. Importantly, this segment has higher margins (mid-teens) than the surfactants business.

M&A should add additional growth opportunities – Stepan has a long history of using M&A to expand its product portfolio and enter new markets. In fact, a significant portion of Stepan's historical growth comes through its M&A activities. Its strategy has typically focused on smaller tuck-in type acquisitions. However, the Company's $100M acquisition of INVISTA in January 2021 was its largest in its history. The $165M acquisition increased its polyester polyols business by adding $100M in annual revenue and was accretive to EPS and EBITDA in 2021. Most recently, in September of 2022, SCL acquired PerformanX's alkoxylates business. This was a strategic tuck in that was accretive to EPS and EBITDA margins.

Solid balance sheet and cash flows to support initiatives - As of year-end 2025, Stepan reported cash and debt of $132.7M and $626.7M, respectively leading to a net debt/TTM adj EBITDA ratio of 2.5x. Additionally, Stepan has a long history of reporting free cash flow attributed to a stable customer base. We believe this financial performance helps support Stepan's strategic initiatives along with continuing it track record of returning cash to shareholders via dividends and share repurchases.

Investment Challenges / Risks

Mature end-markets and economic sensitivity

Stepan’s markets are impacted by macroeconomic activity. While many of its customer’s personal home care products receive consistent demand, economic cyclicality remains. Additionally, construction, agriculture, and energy end markets are economically sensitive industries.

Intense competition

The Company faces several significant competitors both domestically and abroad, several with long operating histories as well as regional competitors. There is also the risk that Stepan’s customers will expand its own capabilities and opt to internally manufacture its own product(s) in the future.

International business risk

Stepan operates multiple manufacturing sites with operations in numerous countries. International business risks include, among others, fluctuations in currency exchange rates, legal restrictions, taxes, transportation, logistics, regulations, access to labor, and government actions. Additionally, Stepan is exposed to emerging market risks as well.

Dependence on large customers

While the Company did not report any customers making up more than 10% of revenue in 2024, Stepan does have several sizable global companies that contribute significant amounts of revenue. Additionally, many of these customers are significantly larger and have higher bargaining power. Furthermore, the larger Tier 1 customers in the surfactants business typically have in-house capabilities. Should any of Stepan’s customers decide to switch suppliers or move manufacturing in-house, financial results could be materially impacted.

Raw material exposures and supply chain disruptions

Principal raw materials used include petroleum or plant-based materials. The Company is also dependent on natural gas and electricity. Though the Company is not dependent on any one supplier, raw material volatility can be rapid and significant. While Stepan attempts to pass on these cost increases to customers, there is typically a lag and market pressures may not allow Stepan to pass on increased costs. Additionally, Stepan relies on third-party transportation to deliver raw materials and ship products to customers.

Access to capital

As part of its growth strategy, Stepan seeks M&A opportunities to expand into new markets or to further penetrate current ones. Historically the Company has used current cash as well as debt to fund these activities. As such, any change to Stepan’s access to capital may negatively impact the Company’s strategy.

VALUATION SUMMARY

We use a DCF and comparison analysis to frame valuation.

DCF Analysis

We are assuming Stepan can grow revenues in the mid-single digit range driven by its efforts to increase penetration with Tier 2/3 customers, increased efforts to drive growth in the agriculture and oilfield end markets for surfactants, along with increased demand and traction in the polymers segment. We also assume Stepan can drive additional manufacturing and operational efficiencies that increase margins over our analysis period. We make no assumptions for acquisition growth.

For our sensitivity analysis, we used discount rates between 9.5% and 10.5% and terminal growth rates between 1.0% and 3.0%. Given the company's historical cash flow performance, its strong balance sheet, and history of returning value to shareholders, we believe our discount rate range is appropriate. This arrives at a valuation range of $70.58 to $84.73 with a mid-point of $77.02.

Sensitivity Analysis:

		Terminal Growth Rates				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount Rate	9.50%	$76.85	$80.36	$84.35	$88.90	$94.16
	9.75%	$73.65	$76.90	$80.56	$84.73	$89.52
	10.00%	$70.64	$73.64	$77.02	$80.84	$85.21
	10.25%	$67.80	$70.58	$73.69	$77.21	$81.21
	10.50%	$65.11	$67.69	$70.57	$73.81	$77.48

Comparison Analysis

Based on our FY27 estimates, Stepan is trading at 6.3x EV/EBITDA multiple compared to comps at an average at 10.6x.

Comparative Analysis
Stepan Company (NYSE:SCL)
(all figures in $M expect per share information)

						EV/S (2)			EV/EBITDA (2)			P/E (2)		
Name	Ticker	Price (1)	Sh	Mrkt Cap	EV	TTM	2026 E	2027 E	TTM	2026 E	2027 E	TTM	2026 E	2027 E
DuPont de Nemours, Inc.	DD	$ 50.08	408.9	$20,478.9	$23,400.9	3.4x	3.3x	3.2x	15.5x	13.4x	12.6x	nm	21.8x	19.6x
LyondellBasell Industries N.V.	LYB	$ 56.66	322.2	$18,254.2	$29,650.2	1.0x	1.0x	1.0x	14.4x	10.7x	9.0x	nm	21.6x	15.0x
Croda International Plc	CRDA	$ 40.31	139.7	$ 1,183.8	$ 1,184.8	2.8x	2.8x	2.7x	17.7x	16.5x	15.1x	40.3x	28.3x	25.3x
Clariant AG	CLN	$ 10.03	328.6	$ 3,664.0	$ 6,199.4	1.1x	1.1x	1.1x	14.7x	8.2x	7.9x	29.5x	14.4x	12.5x
Huntsman Corporation	HUN	$ 12.49	174.0	$ 2,416.8	$ 4,839.8	0.8x	0.8x	0.7x	16.5x	13.7x	10.6x	nm	nm	50.0x
Sensient Technologies Corporatioı	SXT	$ 91.87	42.5	$ 4,342.5	$ 5,135.2	2.9x	2.7x	2.4x	16.3x	14.3x	12.1x	29.1x	24.7x	20.6x
Innospec Inc.	IOSP	$ 78.98	24.8	$ 2,176.1	$ 1,917.0	1.0x	0.9x	0.9x	8.6x	8.8x	7.3x	16.9x	15.6x	12.6x
					Average	**1.8x**	**1.8x**	**1.7x**	**14.8x**	**12.2x**	**10.6x**	**28.9x**	**21.1x**	**22.2x**
					Median	**1.1x**	**1.1x**	**1.1x**	**15.5x**	**13.4x**	**10.6x**	**29.3x**	**21.7x**	**19.6x**
Stepan Company	**SCL**	**$53.53**	**22.9**	**$ 1,210.8**	**$ 1,704.8**	**0.7x**	**0.7x**	**0.7x**	**8.7x**	**6.9x**	**6.3x**	**26.1x**	**21.2x**	**15.8x**

(1) Previous day's closing price
(2) Estimates are from Capital IQ except those for SCL which are Stonegate estimates
Source: Company Reports; CapitalIQ; Stonegate Capital Markets

For our EV/EBITDA range we are using a range of 8.0x to 9.0x with a midpoint of 8.50x. Given current and historical comp multiples, combined with the expectation that 2027 will be a more normal year for specialty chemical companies, we believe it is reasonable for the Company to trade closer to comps. As a result, we arrive at a valuation range of $73.56 to $85.46 with a mid-point of $79.51.

We see the following important catalysts for the stock:

- Continued penetration of Tier 2/3 customers …………...……………..………………… F26+
- New acquisitions announced ……………………………………………..…...…………… F26+
- Full Impact of Pasadena Plant ……………………………………………………………F26

DCF Model

Stepan Company
Discounted Cash Flow Model (in millions $, except per share amounts)

Estimates:	2024	2025	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E	2034 E	2035 E	2036 E	Terminal Value
Revenues	2,180.3	2,332.1	2,419.5	2,541.9	2,651.2	2,759.8	2,870.2	2,979.3	3,086.6	3,188.4	3,284.1	3,382.6	
Operating Income	70.5	78.5	103.3	128.7	153.8	168.4	192.3	211.5	231.5	251.9	266.0	274.0	
Less: Taxes (benefit)	10.1	13.0	20.4	27.4	32.8	35.9	41.0	45.1	49.3	53.7	56.7	58.4	
NOPAT	60.4	65.5	82.9	101.2	121.0	132.5	151.3	166.4	182.2	198.2	209.3	215.6	
Plus: Depreciation & Amortization	112.2	126.0	127.4	130.0	128.6	127.0	127.7	127.2	128.1	132.3	136.3	140.4	
Plus: Changes in WC	(14.9)	66.4	12.1	12.7	2.7	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	
Less: Capex	(122.8)	(122.5)	(110.0)	(110.0)	(107.0)	(107.0)	(105.0)	(105.0)	(105.0)	(105.0)	(105.0)	(105.0)	
Free Cash Flow	35.0	135.4	112.4	133.9	145.2	149.7	171.2	185.7	202.2	222.3	237.3	247.6	3156.8
Discount period - months			12	24	36	48	60	72	84	96	108	120	
Discount period - years			1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Discount factor			0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	
PV of FCF			102.2	110.7	109.1	102.2	106.3	104.8	103.7	103.7	100.6	95.5	1,217.1
Growth rate assumptions:													
Revenue		7.0%	3.7%	5.1%	4.3%	4.1%	4.0%	3.8%	3.6%	3.3%	3.0%	3.0%	
Operating Income		11.4%	31.5%	24.5%	19.5%	9.5%	14.2%	10.0%	9.4%	8.8%	5.6%	3.0%	
EBITDA		11.9%	12.8%	12.1%	9.2%	4.6%	8.4%	5.8%	6.2%	6.8%	4.7%	3.0%	
Free Cash Flow		287.5%	-17.0%	19.2%	8.4%	3.1%	14.4%	8.5%	8.9%	10.0%	6.7%	4.3%	
Margin assumptions:													
Operating margin	3.2%	3.4%	4.3%	5.1%	5.8%	6.1%	6.7%	7.1%	7.5%	7.9%	8.1%	8.1%	
Depr as a % of sales	5.1%	5.4%	5.3%	5.1%	4.9%	4.6%	4.5%	4.3%	4.2%	4.2%	4.2%	4.2%	
EBITDA	8.4%	8.8%	9.5%	10.2%	10.7%	10.7%	11.2%	11.4%	11.7%	12.1%	12.3%	12.3%	
Taxes	14.3%	16.6%	19.8%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	21.3%	
Changes in WC	-0.7%	2.8%	0.5%	0.5%	0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	
Capex as a % of sales	-5.6%	-5.3%	-4.5%	-4.3%	-4.0%	-3.9%	-3.7%	-3.5%	-3.4%	-3.3%	-3.2%	-3.1%	

Valuation:

Shares outstanding	22.9
PV of FCF	1,038.9
PV of Terminal Value	1,217.1
Enterprise Value	2256.0
less: Net Debt	494.0
Estimated Total Value:	1,762.0
Est Equity Value/share:	**$77.02**
Price	$53.53

Sensitivity Analysis:

Discount Rate	Terminal Growth Rates 1.0%	1.5%	2.0%	2.5%	3.0%
9.50%	$76.85	$80.36	$84.35	$88.90	$94.16
9.75%	$73.65	$76.90	$80.56	$84.73	$89.52
10.00%	$70.64	$73.64	$77.02	$80.84	$85.21
10.25%	$67.80	$70.58	$73.69	$77.21	$81.21
10.50%	$65.11	$67.69	$70.57	$73.81	$77.48

Source: Company Reports, Stonegate Capital Markets estimates

INCOME STATEMENT

Stepan Company (NYSE:SCL)
Consolidated Statements of Income (in millions $, except per share amounts)
Fiscal Year: December

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Q1 Mar-25	Q2 Jun-25	Q3 Sep-25	Q4 Dec-25	FY 2025	Q1 E Mar-26	Q2 E Jun-26	Q3 E Sep-26	Q4 E Dec-26	FY 2026E	Q1 E Mar-27	Q2 E Jun-27	Q3 E Sep-27	Q4 E Dec-27	FY 2027E
Revenues																				
Revenues	$ 1,869.8	$ 2,346.0	$ 2,773.3	$ 2,325.8	$ 2,180.3	$ 593.3	$ 594.7	$ 590.3	$ 553.9	$ 2,332.1	$ 594.2	$ 614.4	$ 618.4	$ 592.4	$ 2,419.5	$ 629.3	$ 651.6	$ 639.8	$ 621.2	$ 2,541.9
Total revenues	**1,869.8**	**2,346.0**	**2,773.3**	**2,325.8**	**2,180.3**	**593.3**	**594.7**	**590.3**	**553.9**	**2,332.1**	**594.2**	**614.4**	**618.4**	**592.4**	**2,419.5**	**629.3**	**651.6**	**639.8**	**621.2**	**2,541.9**
Cost of revenues																				
Cost of sales	1,486.1	1,950.2	2,346.2	2,048.2	1,908.1	517.8	522.8	519.3	502.4	2,062.2	519.7	535.7	528.1	511.6	2,095.1	539.2	559.2	553.9	543.8	2,196.1
Total cost of revenues	1,486.1	1,950.2	2,346.2	2,048.2	1,908.1	517.8	522.8	519.3	502.4	2,062.2	519.7	535.7	528.1	511.6	2,095.1	539.2	559.2	553.9	543.8	2,196.1
Gross (loss) profit	**383.6**	**395.8**	**427.1**	**277.6**	**272.2**	**75.5**	**71.9**	**71.0**	**51.5**	**269.9**	**74.5**	**78.8**	**90.3**	**80.8**	**324.4**	**90.1**	**92.4**	**85.9**	**77.4**	**345.8**
Operating expenses																				
Selling	55.5	59.2	59.0	48.4	45.6	12.1	14.7	11.3	10.7	48.8	12.2	12.6	12.7	12.1	49.6	12.3	12.7	12.5	12.1	49.6
Administrative	87.4	92.9	102.2	93.2	98.3	21.4	22.8	22.9	23.7	90.8	23.2	24.0	24.1	23.1	94.4	22.5	23.3	23.5	23.4	92.8
R&D and technical services	58.0	62.7	66.6	59.0	55.7	14.6	14.7	14.2	15.7	59.3	14.9	15.4	15.5	14.8	60.5	14.8	15.3	15.0	14.6	59.7
Deferred compensations	10.0	6.9	(9.4)	4.4	2.2	(1.0)	1.8	0.8	0.5	2.2	0.6	0.6	0.6	0.6	2.4	0.6	0.7	0.6	0.6	2.5
Business restructuring & asset impa	1.2	3.4	1.3	14.0	-	-	-	-	6.2	6.2	3.0	3.8	3.8	3.8	14.3	3.1	3.1	3.1	3.1	12.5
Total operating expenses	212.1	225.0	219.7	219.0	201.7	47.2	53.9	49.2	41.0	191.3	53.8	56.3	56.6	54.4	221.1	53.3	55.1	54.8	53.9	217.1
Income (loss) from operations	**171.5**	**170.8**	**207.3**	**58.6**	**70.5**	**28.3**	**18.0**	**21.8**	**10.5**	**78.5**	**20.7**	**22.5**	**33.7**	**26.4**	**103.3**	**36.8**	**37.3**	**31.1**	**23.5**	**128.7**
Inc (loss) from operations - adjusted (	**177.4**	**178.3**	**215.7**	**70.8**	**70.8**	**27.8**	**18.8**	**21.9**	**10.6**	**79.1**	**23.9**	**26.5**	**37.6**	**30.4**	**118.4**	**40.1**	**40.6**	**34.4**	**26.8**	**142.0**
Other income (expense):																				
Interest income (expense), net	(5.4)	(5.8)	(9.8)	(12.1)	(14.2)	(4.1)	(5.5)	(6.8)	(5.7)	(22.1)	(7.2)	(7.0)	(6.9)	(6.7)	(27.8)	(6.8)	(6.6)	(6.5)	(6.3)	(26.2)
Other, net	5.0	7.5	(8.8)	1.9	4.1	0.5	1.3	1.5	0.1	3.5	0.8	0.8	0.8	0.8	3.0	0.8	0.8	0.8	0.8	3.0
Total other income (expense):	(0.5)	1.8	(18.6)	(10.2)	(10.0)	(3.6)	(4.2)	(5.3)	(5.6)	(18.6)	(6.5)	(6.3)	(6.1)	(5.9)	(24.8)	(6.0)	(5.9)	(5.7)	(5.6)	(23.2)
Pre-tax income (loss)	**171.1**	**172.5**	**188.7**	**48.4**	**60.4**	**24.7**	**13.8**	**16.5**	**4.9**	**59.9**	**14.2**	**16.2**	**27.5**	**20.5**	**78.5**	**30.7**	**31.4**	**25.4**	**17.9**	**105.5**
Provision for taxes (benefit)	43.4	34.6	41.6	8.2	10.1	5.0	2.4	5.7	(0.1)	13.0	3.7	4.2	7.2	5.3	20.4	8.0	8.2	6.6	4.7	27.4
Net income (loss)	**$ 126.8**	**$ 137.8**	**$ 147.2**	**$ 40.2**	**$ 50.4**	**$ 19.7**	**$ 11.3**	**$ 10.8**	**$ 5.0**	**$ 46.9**	**$ 10.5**	**$ 12.0**	**$ 20.4**	**$ 15.2**	**$ 58.1**	**$ 22.7**	**$ 23.3**	**$ 18.8**	**$ 13.3**	**$ 78.0**
Wtd EPS (loss)	**$ 5.45**	**$ 5.92**	**$ 6.38**	**$ 1.75**	**$ 2.20**	**$ 0.86**	**$ 0.50**	**$ 0.47**	**$ 0.22**	**$ 2.05**	**$ 0.46**	**$ 0.52**	**$ 0.89**	**$ 0.66**	**$ 2.53**	**$ 0.99**	**$ 1.01**	**$ 0.81**	**$ 0.58**	**$ 3.39**
Net income (loss) - adjusted (1)	**132.0**	**143.5**	**153.5**	**50.7**	**50.5**	**19.3**	**12.0**	**10.9**	**(0.5)**	**41.7**	**12.9**	**14.9**	**23.3**	**18.1**	**69.3**	**25.2**	**25.7**	**21.2**	**15.7**	**87.9**
Wtd EPS (loss) - adjusted (1)	**$ 5.68**	**$ 6.16**	**$ 6.65**	**$ 2.21**	**$ 2.20**	**$ 0.84**	**$ 0.52**	**$ 0.48**	**$ (0.02)**	**$ 1.82**	**$ 0.56**	**$ 0.65**	**$ 1.02**	**$ 0.79**	**$ 3.02**	**$ 1.10**	**$ 1.12**	**$ 0.92**	**$ 0.68**	**$ 3.82**
Basic shares outstanding	22.9	22.9	22.8	22.8	22.8	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9	23.0	22.9	23.0	23.0	23.0	23.1	23.0
Diluted shares outstanding	23.3	23.3	23.1	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9	23.0	23.0	22.9	23.0	23.0	23.1	23.1	23.0
EBITDA (1) (2)	254.6	267.1	313.7	176.9	186.9	58.0	50.6	56.1	43.3	208.0	53.3	55.1	66.3	59.0	246.0	70.0	70.6	64.3	56.7	272.1
EBITDA - adjusted (1) (3)	259.3	269.3	310.3	176.1	187.0	57.5	51.4	56.2	33.8	198.9	56.5	59.1	70.2	63.0	245.8	73.4	73.9	67.7	60.1	272.0
Margin Analysis																				
Gross margin	20.5%	16.9%	15.4%	11.9%	12.5%	12.7%	12.1%	12.0%	9.3%	11.6%	12.5%	12.8%	14.6%	13.6%	13.4%	14.3%	14.2%	13.4%	12.5%	13.6%
Operating margin	9.2%	7.3%	7.5%	2.5%	3.2%	4.8%	3.0%	3.7%	1.9%	3.4%	3.5%	3.7%	5.4%	4.5%	4.3%	5.8%	5.7%	4.9%	3.8%	5.1%
Operatin margin - adjusted	9.5%	7.6%	7.8%	3.0%	3.2%	4.7%	3.2%	3.7%	1.9%	3.4%	4.0%	4.3%	6.1%	5.1%	4.9%	6.4%	6.2%	5.4%	4.3%	5.6%
EBITDA margin	13.6%	11.4%	11.3%	7.6%	8.6%	9.8%	8.5%	9.5%	7.8%	8.9%	9.0%	9.0%	10.7%	10.0%	10.2%	11.1%	10.8%	10.1%	9.1%	10.7%
EBITDA - adjusted margin	13.9%	11.5%	11.2%	7.6%	8.6%	9.7%	8.6%	9.5%	6.1%	8.5%	9.5%	9.6%	11.4%	10.6%	10.2%	11.7%	11.3%	10.6%	9.7%	10.7%
Pre-tax margin	9.1%	7.4%	6.8%	2.1%	2.8%	4.2%	2.3%	2.8%	0.9%	2.6%	2.4%	2.6%	4.5%	3.5%	3.2%	4.9%	4.8%	4.0%	2.9%	4.1%
Net income margin	6.8%	5.9%	5.3%	1.7%	2.3%	3.3%	1.9%	1.8%	0.9%	2.0%	1.8%	2.0%	3.3%	2.6%	2.4%	3.6%	3.6%	2.9%	2.1%	3.1%
Adjusted net income margin	7.1%	6.1%	5.5%	2.2%	2.3%	3.3%	2.0%	1.9%	-0.1%	1.8%	2.2%	2.4%	3.8%	3.1%	2.9%	4.0%	3.9%	3.3%	2.5%	3.5%
Tax rate	25.4%	20.1%	22.0%	16.9%	16.7%	20.1%	17.7%	34.4%	-1.3%	21.7%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Growth Rate Analysis Y/Y																				
Total revenues	0.6%	25.5%	18.2%	-16.1%	-6.3%	7.6%	6.9%	7.9%	5.4%	7.0%	0.2%	3.3%	4.8%	7.0%	3.7%	5.9%	6.1%	3.5%	4.9%	5.1%
Total cost of revenues	-2.2%	31.2%	20.3%	-12.7%	-6.8%	7.6%	7.4%	10.2%	7.1%	8.1%	0.4%	2.5%	1.7%	1.8%	1.6%	3.7%	4.4%	4.9%	6.3%	4.8%
Operating income	34.8%	-0.4%	21.4%	-71.7%	20.2%	40.3%	-3.8%	-9.0%	36.5%	11.4%	-26.8%	25.2%	54.5%	151.7%	31.5%	77.5%	65.8%	-7.7%	-11.1%	24.5%
Operating income - adjusted	20.2%	0.5%	21.0%	-67.2%	0.1%	31.0%	1.5%	-8.7%	49.9%	11.7%	-13.8%	40.9%	71.5%	185.7%	49.7%	67.6%	53.6%	-8.6%	-11.8%	19.9%
EBITDA	19.5%	4.9%	17.5%	-43.6%	5.6%	15.7%	5.6%	5.8%	20.9%	11.3%	-8.1%	8.9%	18.1%	36.4%	18.2%	31.3%	28.1%	-2.9%	-3.9%	10.6%
EBITDA - adjusted	14.6%	3.9%	15.2%	-43.2%	6.2%	12.3%	7.7%	5.9%	-3.5%	6.4%	-1.7%	14.9%	24.9%	86.6%	23.6%	29.8%	25.1%	-3.7%	-4.6%	10.6%
Pre-tax income	35.9%	0.9%	9.4%	-74.4%	24.9%	26.7%	-19.9%	-22.5%	101.1%	-0.9%	-42.3%	17.5%	66.8%	315.0%	31.0%	115.9%	94.0%	-7.9%	-12.5%	34.4%
EPS	23.2%	8.6%	7.8%	-72.5%	25.4%	42.2%	19.4%	-54.0%	49.5%	-6.7%	-46.6%	5.4%	87.5%	201.9%	23.5%	115.0%	93.3%	-8.3%	-12.9%	33.8%
EPS - adjusted	10.8%	8.5%	8.0%	-66.8%	-0.4%	32.1%	27.5%	-53.7%	-119.3%	-17.3%	-33.2%	24.5%	112.4%	3496.2%	65.7%	94.4%	71.7%	-9.3%	-13.4%	26.5%
Share count - fully diluted	-0.3%	0.1%	-1.0%	-0.5%	-0.1%	-0.3%	-0.2%	-0.1%	-0.1%	-0.2%	0.1%	0.3%	0.3%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%

(1) Adjusted numbers exclude 1x items as defined by SCL and deferred comp exp
(2) EBITDA adds back SCL defined SBC & deferred comp
(3) Adjusted EBITDA excludes 1x items as defined by SCL

Source: Company Reports, Stonegate Capital Markets estimates

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