RESEARCH UPDATE

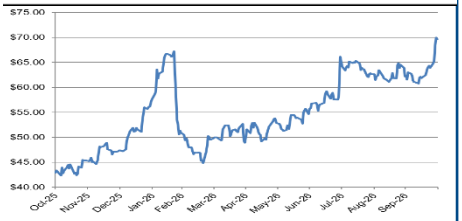
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MARKET STATISTICS	
Price	$69.61
52-Week Range	$41.82 - $70.81
Daily Vol. (3 Month Avg.)	145,870
Market Cap ($M)	$ 1,582.4
Enterprise Value ($M)	$ 2,118.4
Shares Outstanding (M)	22.9
Float (M)	21.4

FINANCIAL SUMMARY	
Equity (M)	$1,218.8
BV/S	$ 53.21
Cash (M)	$ 98.1
Debt (M)	$ 634.1
Net Debt/Cap	31%

Valuation	
Valuation Range	$73.07 - $86.24
2027E Price Target	$ 79.30

FYE: Dec	2025	2026E	2027E
(in $M)			
Rev	$2,332.1	$2,603.1	$2,753.4
Chng%	7%	12%	6%
EBITDA	$ 208.0	$ 148.1	$ 251.0
EPS	$ 2.05	$ (0.03)	$ 3.12
EV/R	0.9x	0.8x	0.8x
EV/EBITDA	10.2x	14.3x	8.4x
P/E	34.0x	nm	22.3x



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 Northbrook, Illinois.

STEPAN COMPANY (NYSE: SCL)

Company Updates

Stepan's 3Q26 strengthened the recovery thesis, with customer additions and share gains driving growth despite flat markets. Organic volume increased 7%, versus 6% in 2Q, while adj. EBITDA moderated following 2Q's pre-buying and lower-cost inventory benefits. We view customer diversification supports growth and manufacturing efficiency, improving absorption across the streamlined network. Higher Catalyst savings support earnings, partly offset by inflation.

Quarterly Results – Sales increased 17% y/y to $692.2M, with price/mix contributing 13 percentage points, primarily from raw-material pass-through and pricing actions. Adj. net income increased 98% to $21.7M, or $0.94/share, while adj. EBITDA increased 18% to $66.3M. Adj. EBITDA declined from $74.4M in 2Q; management suggested averaging the quarters given inventory-cost and demand timing. FCF improved to $8.2M from $(15.0)M sequentially but declined from $40.2M y/y. FCF included $6M of restructuring cash payments and a $32M working-capital build. Net debt increased to $536.0M from $533.7M, while higher trailing adj. EBITDA reduced leverage to 2.4x from 2.5x.

Surfactants – Organic volume increased 8%, while adj. EBITDA increased 27% to $48.2M on higher volumes and margin recovery. Consumer Products, Construction & Industrial, and Oilfield delivered double-digit growth, partly offset by lower Crop Productivity demand. Management reported more than 300 new customers and nearly 900 new customer/product combinations YTD, with double-digit Tier 2/3 growth supplementing multinational-account expansion. Local production provided advantages in Latin America, particularly Mexico, although some benefit could moderate as competitive supply normalizes.

Polymers & Specialty Products – Segment volume increased 3%, with double-digit North American growth partly offset by weaker Europe and Asia demand. Adj. EBITDA increased 4% to $23.3M despite more than $2M of Germany maintenance costs. Specialty Products volume increased 20%, but adj. EBITDA increased 5% to $11.7M as less favorable MCT mix limited conversion. Seasonal pharmaceutical shipments supported quarterly earnings, consistent with the prior-year pattern. Pasadena utilization of 75–80% leaves additional production and tolling-savings opportunities.

Outlook – Management maintained expectations for full-year adj. EBITDA growth, positive FCF and deleveraging. Catalyst savings are expected at $66–70M in 2026, above prior expectations exceeding $60M. Management expects average quarterly savings above $25M in 2027. Further earnings growth should reflect customer retention, mix, and Pasadena returns alongside annualization benefits. Management expects greater savings contributions in 2H27 as Pasadena ramps, affecting earnings cadence. Volume growth should moderate in 4Q, with U.S. Polymer maintenance costs affecting earnings. Stabilizing working-capital requirements could improve cash conversion despite slower growth, while the October $28.5M land sale provides a one-time debt-repayment benefit.

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%. This arrives at a valuation range of $76.40 to $91.79 with a mid-point of $83.40. Currently SCL is trading at a 2027 E EV/EBITDA of 8.4x compared to comps at an average of 10.9x. Using our 2027 E expected EBITDA, and an EV/EBITDA range of 8.5x to 9.5x arrives at a valuation range of $69.73 to $80.69 with a mid-point of $75.21. Using a simple average this arrives at a 2027 E valuation range of $73.07 to $86.24 with a price target at the mid-point of $79.30.

Summary

Exhibit 1: Quarterly Results Comparison to Model

	3Q26 results		
	Reported	Modeled	Notes
Revenues	$ 692.2	$ 626.6	Revenues above expectations
Cost of sales	604.6	552.6	
Gross profit	**87.6**	**74.0**	
Gross margin	**12.7%**	**11.8%**	
Selling	13.7	13.2	
Administrative	26.6	20.1	
R&D and technical services	15.7	15.4	
Deferred compensations	0.0	0.6	
Total opex	61.6	52.9	
Operating inc	**26.0**	**21.1**	Operating margins avove our model despite restructuring costs
Operating margin	**3.8%**	**3.4%**	
EBITDA	**57.5**	**53.6**	
Margin	**8.3%**	**8.5%**	
EBITDA -adj	**66.3**	**57.3**	Adjusted margins remain healthy in the quarter
Margin	**9.6%**	**9.1%**	
Net income (loss)- adj	21.7	13.7	EPS beat due to strong GPM
EPS - adj	**$ 0.94**	**$0.60**	
EPS - GAAP	**$ 0.78**	**$0.47**	

Source: Company Reports; Stonegate Capital Partners, Inc.

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 $76.40 to $91.79 with a mid-point of $83.40.

Sensitivity Analysis:

Discount Rate	Terminal Growth Rates 1.0%	1.5%	2.0%	2.5%	3.0%
9.50%	$82.83	$86.74	$91.16	$96.21	$102.05
9.75%	$79.47	$83.08	$87.15	$91.79	$97.11
10.00%	$76.30	$79.64	$83.40	$87.66	$92.53
10.25%	$73.30	$76.40	$79.88	$83.80	$88.27
10.50%	$70.47	$73.35	$76.57	$80.19	$84.29

Comparison Analysis

Based on our FY27 estimates, Stepan is trading at 8.4x EV/EBITDA multiple compared to comps at an average at 10.9x.

Comparative Analysis

Stepan Company (NYSE:SCL)
(all figures in $M except per share information)

Name	Ticker	Price (1)	Sh	Mrkt Cap	EV	EV/S (2) TTM	EV/S (2) 2026 E	EV/S (2) 2027 E	EV/EBITDA (2) TTM	EV/EBITDA (2) 2026 E	EV/EBITDA (2) 2027 E	P/E (2) TTM	P/E (2) 2026 E	P/E (2) 2027 E
DuPont de Nemours, Inc.	DD	$ 142.66	135.0	$ 19,265.2	$ 20,463.8	2.9x	2.9x	2.7x	12.9x	11.6x	10.9x	366.3x	19.7x	17.9x
LyondellBasell Industries N.V.	LYB	$ 67.06	323.2	$ 21,676.6	$ 32,767.4	1.0x	1.0x	1.0x	7.7x	6.0x	7.6x	16.9x	7.5x	10.6x
Croda International Plc	CRDA	$ 49.22	139.3	$ 1,183.8	$ 1,184.8	3.4x	3.2x	3.1x	31.4x	18.0x	16.4x	86.5x	31.1x	27.7x
Clariant AG	CLN	$ 12.74	329.3	$ 4,665.7	$ 6,905.7	1.3x	1.3x	1.3x	11.0x	9.4x	8.6x	nm	18.2x	14.9x
Huntsman Corporation	HUN	$ 10.06	175.4	$ 1,960.9	$ 4,539.9	0.7x	0.7x	0.6x	14.5x	10.6x	9.3x	nm	nm	42.6x
Sensient Technologies Corporation	SXT	$ 115.67	42.6	$ 5,474.5	$ 6,398.8	3.3x	3.2x	2.8x	17.8x	16.4x	14.0x	29.1x	27.6x	23.5x
Innospec Inc.	IOSP	$ 99.54	24.6	$ 2,726.4	$ 2,519.5	1.2x	1.2x	1.1x	11.9x	11.6x	9.6x	20.3x	20.2x	16.1x
					Average	**2.0x**	**1.9x**	**1.8x**	**15.3x**	**12.0x**	**10.9x**	**103.8x**	**20.7x**	**21.9x**
					Median	**1.3x**	**1.3x**	**1.3x**	**12.9x**	**11.6x**	**9.6x**	**29.1x**	**20.0x**	**17.9x**
Stepan Company	**SCL**	**$69.61**	**22.9**	**$ 1,582.4**	**$ 2,118.4**	**0.8x**	**0.8x**	**0.8x**	**9.9x**	**14.3x**	**8.4x**	**368.7x**	**nm**	**22.3x**

(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 8.5x to 9.5x with a midpoint of 9.00x. 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 $69.73 to $80.69 with a mid-point of $75.21.

When we combine these two valuation methods using a simple average it arrives at a 2026 E valuation range of $73.07 to $86.24 with a price target at the mid-point of $79.30.

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 ……F27

INVESTMENT FACTORS

Stepan produces specialty and intermediate chemicals and is one of the world's largest producers of surfactants (cleaning agents in soaps, detergents, etc.). The Company has been in business for over 90 years and has a history of returning cash to shareholders through dividends and share repurchases. We believe Stepan's current earnings recovery is supported by (1) customer additions and share gains in surfactants, including expansion with Tier 2/3 customers alongside multinational accounts; (2) North American growth in rigid polyols, spray foam and phthalic anhydride; (3) Project Catalyst savings and further efficiencies as Pasadena ramps; and (4) cash-generation initiatives and asset-sale proceeds supporting debt reduction. M&A remains an additional strategic option rather than a necessary assumption in our organic growth outlook.

Investment Positives

Global leader in surfactants – Stepan is one of the world's largest producers of surfactants. Current growth reflects customer additions, share gains and market diversification despite largely flat end markets. Surfactants organic volume increased 8% in 3Q26, with double-digit growth in Consumer Products, Construction & Industrial, and Oilfield partly offset by lower Crop Productivity demand. While the Company has numerous sizable Tier 1 customers that have been doing business with Stepan for decades, Stepan is also expanding its Tier 2/3 relationships through formulation support and broader product offerings. Management reported more than 300 new Surfactants customers and nearly 900 new customer/product combinations YTD. We view this diversification as supporting both commercial growth and improved absorption across existing manufacturing capacity. Agriculture remains a strategic growth opportunity, although its quarterly demand can vary with customer activity and agricultural conditions.

Rigid polyols offer long-term growth opportunities – Stepan is also a leading manufacturer of polyester polyols that are used in rigid foam insulation. Global energy conservation efforts and regulatory requirements are major drivers in the market. These applications provide longer-term opportunities as customers seek to improve building energy efficiency, although the near-term operating backdrop remains uneven. North American Polymer volumes grew at a double-digit rate in 3Q26, supported by rigid polyols, spray foam and phthalic anhydride, while Europe and Asia remained weaker. Management described European construction demand and Chinese industrial demand as soft, making North America the principal current growth driver. Polymers generated adj. EBITDA margins of approximately 13.0% in 3Q26 and 14.8% YTD; quarterly profitability included more than $2M of Germany maintenance costs.

M&A provides additional strategic opportunities – Stepan has a long history of using M&A to expand its product portfolio and enter new markets. In January 2021, the Company acquired INVISTA's aromatic polyester polyol business and associated assets for a base purchase price of $165M, before working-capital and other adjustments. The acquisition expanded manufacturing capabilities in the United States and Europe. In September 2022, Stepan acquired PerformanX's alkoxylates business. These transactions illustrate the role of acquisitions in broadening the Company's capabilities; however, the current recovery outlook is primarily supported by organic customer growth, manufacturing efficiencies and Project Catalyst.

Project Catalyst and Pasadena support earnings improvement – Project Catalyst is streamlining the manufacturing footprint, improving procurement and productivity, and reducing organizational costs. Quarterly savings reached approximately $23M in 3Q26, with management expecting $66–70M in 2026 and average quarterly savings exceeding $25M in 2027. Inflation will absorb part of these gross benefits. Pasadena operated at approximately 75–80% utilization, leaving further production and tolling-savings opportunities as the facility ramps. We believe the combination of higher throughput and a more efficient asset base should support earnings, with the timing of additional savings weighted toward 2H27.

Cash generation and debt reduction remain financial priorities – As of September 30, 2026, Stepan reported cash and total debt of $98.1M and $634.1M, respectively, with net debt of $536.0M and net debt/TTM adj. EBITDA of 2.4x. Higher trailing earnings reduced leverage, although net debt increased slightly from $533.7M at June 30. Quarterly FCF was $8.2M, with growth and higher raw-material costs requiring additional working capital. The October $28.5M land sale provides a separate source of debt-repayment proceeds. We believe stabilizing working-capital requirements could allow more of the earnings recovery to translate into cash generation while supporting dividends, operating investment and further balance-sheet improvement.

Investment Challenges / Risks

Mature end-markets and economic sensitivity
Stepan's markets are impacted by macroeconomic activity. While many of its customers' personal and home care products receive consistent demand, economic cyclicality remains. Additionally, construction, agriculture, and energy end markets are economically sensitive industries. Current Polymer demand remains weaker in Europe and Asia, while Crop Productivity demand declined in 3Q26. These differences can affect regional growth, utilization and product mix even when consolidated volumes increase.

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 their own capabilities and opt to internally manufacture their own product(s) in the future. Local production has provided supply advantages in Latin America, particularly Mexico; normalization in competing supply or imports could affect the persistence of those benefits.

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 and geopolitical disruptions that can affect feedstock availability, energy costs and shipping routes.

Dependence on large customers
While the Company did not report any customers making up more than 10% of revenue in 2025, 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. Expansion with Tier 2/3 customers broadens the customer base but does not eliminate the importance of multinational accounts.

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 substantially 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. Pricing actions and contractual pass-through mechanisms offset higher raw-material costs in recent quarters, but continued volatility can affect recovery timing, margins and working-capital requirements.

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 cash and debt to fund these activities. Access to capital also supports working capital, CapEx and other financial obligations. Reduced financing availability or higher borrowing costs could limit financial flexibility and the pace of investment or debt reduction.

Execution of productivity and manufacturing initiatives
The expected earnings contribution from Project Catalyst and Pasadena depends on the timing and realization of savings, production efficiencies and customer volumes. Inflation may offset part of the gross savings, while restructuring, decommissioning and environmental requirements can create additional cash costs. Operational disruption or delays could affect the expected cadence of improvement.

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	2033 E	2034 E	2035 E	Terminal Value
Revenues	2,180.3	2,332.1	2,603.1	2,753.4	2,877.3	3,001.0	3,124.1	3,249.0	3,372.5	3,490.5	3,605.7	3,717.5	
Operating Income	70.5	78.5	20.1	120.1	129.5	153.1	181.2	198.2	229.3	247.8	263.2	278.8	
Less: Taxes (benefit)	10.1	13.0	(1.5)	24.0	25.8	30.5	36.1	39.5	45.7	49.4	52.5	55.6	
NOPAT	60.4	65.5	21.6	96.2	103.7	122.5	145.1	158.7	183.6	198.4	210.7	223.2	
Plus: Depreciation & Amortization	112.2	126.0	126.4	130.0	135.2	135.0	137.5	138.7	140.0	139.6	137.0	137.5	
Plus: Changes in WC	(14.9)	66.4	13.0	13.8	2.9	(3.0)	(3.1)	(3.2)	(3.4)	(3.5)	(3.6)	(3.7)	
Less: Capex	(122.8)	(122.5)	(105.0)	(105.0)	(103.0)	(103.0)	(101.0)	(101.0)	(101.0)	(101.0)	(100.0)	(100.0)	
Free Cash Flow	35.0	135.4	56.0	134.9	138.8	151.6	178.4	193.1	219.2	233.5	244.1	257.0	3277.2
Discount period - months			3	15	27	39	51	63	75	87	99	111	
Discount period - years			0.3	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	
Discount factor			0.98	0.89	0.81	0.73	0.67	0.61	0.55	0.50	0.46	0.41	
PV of FCF			54.7	119.8	112.0	111.2	119.0	117.1	120.8	117.0	111.2	106.4	1,357.1
Growth rate assumptions:													
Revenue		7.0%	11.6%	5.8%	4.5%	4.3%	4.1%	4.0%	3.8%	3.5%	3.3%	3.1%	
Operating Income		11.4%	-74.4%	497.8%	7.8%	18.2%	18.4%	9.4%	15.7%	8.1%	6.2%	5.9%	
EBITDA		11.9%	-28.4%	70.7%	5.8%	8.8%	10.6%	5.7%	9.6%	4.9%	3.3%	4.0%	
Free Cash Flow		287.5%	-58.7%	141.1%	2.8%	9.2%	17.7%	8.3%	13.5%	6.5%	4.5%	5.3%	
Margin assumptions:													
Operating margin	3.2%	3.4%	0.8%	4.4%	4.5%	5.1%	5.8%	6.1%	6.8%	7.1%	7.3%	7.5%	
Depr as a % of sales	5.1%	5.4%	4.9%	4.7%	4.7%	4.5%	4.4%	4.3%	4.2%	4.0%	3.8%	3.7%	
EBITDA	8.4%	8.8%	5.6%	9.1%	9.2%	9.6%	10.2%	10.4%	11.0%	11.1%	11.1%	11.2%	
Taxes	14.3%	16.6%	-7.3%	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	
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%	-4.0%	-3.8%	-3.6%	-3.4%	-3.2%	-3.1%	-3.0%	-2.9%	-2.8%	-2.7%	

Valuation:

Shares outstanding	22.9
PV of FCF	1,089.2
PV of Terminal Value	1,357.1
Enterprise Value	2446.3
less: Net Debt	536.0
Estimated Total Value:	1,910.3
Est Equity Value/share:	**$83.40**
Price	$69.61

Sensitivity Analysis:

Discount Rate	Terminal Growth Rates 1.0%	1.5%	2.0%	2.5%	3.0%
9.50%	$82.83	$86.74	$91.16	$96.21	$102.05
9.75%	$79.47	$83.08	$87.15	$91.79	$97.11
10.00%	$76.30	$79.64	$83.40	$87.66	$92.53
10.25%	$73.30	$76.40	$79.88	$83.80	$88.27
10.50%	$70.47	$73.35	$76.57	$80.19	$84.29

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 Mar-26	Q2 Jun-26	Q3 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	$ 604.5	$ 684.1	$ 692.2	$ 622.3	$ 2,603.1	$ 646.1	$ 732.2	$ 720.2	$ 654.9	$ 2,753.4
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**	**604.5**	**684.1**	**692.2**	**622.3**	**2,603.1**	**646.1**	**732.2**	**720.2**	**654.9**	**2,753.4**
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	539.7	584.1	604.6	557.8	2,286.2	559.5	636.0	628.6	586.1	2,410.2
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	539.7	584.1	604.6	557.8	2,286.2	559.5	636.0	628.6	586.1	2,410.2
Gross (loss) profit	**383.6**	**395.8**	**427.1**	**277.6**	**272.2**	**75.5**	**71.9**	**71.0**	**51.5**	**269.9**	**64.9**	**100.0**	**87.6**	**64.5**	**316.9**	**86.7**	**96.2**	**91.5**	**68.8**	**343.2**
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	14.9	13.7	13.1	53.8	12.6	14.3	14.0	12.8	53.7
Administrative	87.4	92.9	102.2	93.2	98.3	21.4	22.8	22.9	23.7	90.8	21.3	24.2	26.6	26.8	98.9	20.0	23.4	23.4	21.6	88.5
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	15.0	17.2	15.7	14.1	61.9	15.7	17.8	17.5	15.9	66.8
Deferred compensations	10.0	6.9	(9.4)	4.4	2.2	(1.0)	1.8	0.8	0.5	2.2	0.6	1.4	0.0	0.0	2.0	1.0	1.1	1.1	1.0	4.1
Business restructuring & asset impa	1.2	3.4	1.3	14.0	-	-	-	-	6.2	6.2	65.4	5.1	5.6	4.0	80.1	2.5	2.5	2.5	2.5	10.0
Total operating expenses	212.1	225.0	219.7	219.0	201.7	47.2	53.9	49.2	41.0	191.3	114.5	62.8	61.6	57.9	296.8	51.8	59.1	58.5	53.7	223.1
Income (loss) from operations	**171.5**	**170.8**	**207.3**	**58.6**	**70.5**	**28.3**	**18.0**	**21.8**	**10.5**	**78.5**	**(49.6)**	**37.2**	**26.0**	**6.5**	**20.1**	**34.9**	**37.1**	**33.0**	**15.0**	**120.1**
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**	**16.5**	**42.5**	**34.8**	**10.7**	**104.5**	**37.6**	**39.8**	**35.7**	**17.7**	**130.9**
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)	(5.0)	(5.7)	(6.3)	(6.9)	(23.9)	(6.5)	(6.4)	(6.2)	(6.1)	(25.1)
Other, net	5.0	7.5	(8.8)	1.9	4.1	0.5	1.3	1.5	0.1	3.5	0.1	1.0	0.2	0.2	1.6	0.2	0.2	0.2	0.2	0.8
Total other income (expense):	(0.5)	1.8	(18.6)	(10.2)	(10.0)	(3.6)	(4.2)	(5.3)	(5.6)	(18.6)	(4.9)	(4.7)	(6.1)	(6.7)	(22.4)	(6.3)	(6.2)	(6.0)	(5.9)	(24.3)
Pre-tax income (loss)	**171.1**	**172.5**	**188.7**	**48.4**	**60.4**	**24.7**	**13.8**	**16.5**	**4.9**	**59.9**	**(54.5)**	**32.5**	**19.8**	**(0.2)**	**(2.3)**	**28.6**	**31.0**	**27.0**	**9.2**	**95.8**
Provision for taxes (benefit)	43.4	34.6	41.6	8.2	10.1	5.0	2.4	5.7	(0.1)	13.0	(13.1)	9.6	2.0	(0.0)	(1.5)	7.2	7.7	6.8	2.3	24.0
Net income (loss)	**$ 126.8**	**$ 137.8**	**$ 147.2**	**$ 40.2**	**$ 50.4**	**$ 19.7**	**$ 11.3**	**$ 10.8**	**$ 5.0**	**$ 46.9**	**$ (41.4)**	**$ 22.9**	**$ 17.8**	**$ (0.1)**	**$ (0.8)**	**$ 21.5**	**$ 23.2**	**$ 20.3**	**$ 6.9**	**$ 71.9**
Wtd EPS (loss)	**$ 5.45**	**$ 5.92**	**$ 6.38**	**$ 1.75**	**$ 2.20**	**$ 0.86**	**$ 0.50**	**$ 0.47**	**$ 0.22**	**$ 2.05**	**$ (1.81)**	**$ 1.00**	**$ 0.78**	**$ (0.01)**	**$ (0.03)**	**$ 0.93**	**$ 1.01**	**$ 0.88**	**$ 0.30**	**$ 3.12**
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**	**10.3**	**27.1**	**21.7**	**3.0**	**62.0**	**23.5**	**25.2**	**22.3**	**8.9**	**80.0**
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**	**$ 0.45**	**$ 1.18**	**$ 0.94**	**$ 0.13**	**$ 2.70**	**$ 1.02**	**$ 1.10**	**$ 0.97**	**$ 0.39**	**$ 3.47**
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	22.9	22.9	23.0	23.0	23.0	23.0	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	23.1
EBITDA (1) (2)	254.6	267.1	313.7	176.9	186.9	58.0	50.6	56.1	43.3	208.0	(16.6)	69.1	57.5	38.1	148.1	67.6	69.8	65.8	47.8	251.0
EBITDA - adjusted (1) (3)	259.3	269.3	310.3	176.1	187.0	57.5	51.4	56.2	33.8	198.9	49.6	74.4	66.3	42.2	232.5	70.3	72.5	68.5	50.5	261.8
Margin Analysis																				
Gross margin	20.5%	16.9%	15.4%	11.9%	12.5%	12.7%	12.1%	12.0%	9.3%	11.6%	10.7%	14.6%	12.7%	10.4%	12.2%	13.4%	13.1%	12.7%	10.5%	12.5%
Operating margin	9.2%	7.3%	7.5%	2.5%	3.2%	4.8%	3.0%	3.7%	1.9%	3.4%	-8.2%	5.4%	3.8%	1.1%	0.8%	5.4%	5.1%	4.6%	2.3%	4.4%
Operatin margin - adjusted	9.5%	7.6%	7.8%	3.0%	3.2%	4.7%	3.2%	3.7%	1.9%	3.4%	2.7%	6.2%	5.0%	1.7%	4.0%	5.8%	5.4%	5.0%	2.7%	4.8%
EBITDA margin	13.6%	11.4%	11.3%	7.6%	8.6%	9.8%	8.5%	9.5%	7.8%	8.9%	-2.7%	10.1%	8.3%	6.1%	5.7%	10.5%	9.5%	9.1%	7.3%	9.1%
EBITDA - adjusted margin	13.9%	11.5%	11.2%	7.6%	8.6%	9.7%	8.6%	9.5%	6.1%	8.5%	8.2%	10.9%	9.6%	6.8%	8.9%	10.9%	9.9%	9.5%	7.7%	9.5%
Pre-tax margin	9.1%	7.4%	6.8%	2.1%	2.8%	4.2%	2.3%	2.8%	0.9%	2.6%	-9.0%	4.8%	2.9%	0.0%	-0.1%	4.4%	4.2%	3.8%	1.4%	3.5%
Net income margin	6.8%	5.9%	5.3%	1.7%	2.3%	3.3%	1.9%	1.8%	0.9%	2.0%	-6.8%	3.3%	2.6%	0.0%	0.0%	3.3%	3.2%	2.8%	1.1%	2.6%
Adjusted net income margin	7.1%	6.1%	5.5%	2.2%	2.3%	3.3%	2.0%	1.9%	-0.1%	1.8%	1.7%	4.0%	3.1%	0.5%	2.4%	3.6%	3.4%	3.1%	1.4%	2.9%
Tax rate	25.4%	20.1%	22.0%	16.9%	16.7%	20.1%	17.7%	34.4%	-1.3%	21.7%	24.0%	29.6%	10.2%	25.0%	64.8%	25.0%	25.0%	25.0%	25.0%	25.0%
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%	1.9%	15.0%	17.3%	12.4%	11.6%	6.9%	7.0%	4.0%	5.2%	5.8%
Total cost of revenues	-2.2%	31.2%	20.3%	-12.7%	-6.8%	7.6%	7.4%	10.2%	7.1%	8.1%	4.2%	11.7%	16.4%	11.0%	10.9%	3.7%	8.9%	4.0%	5.1%	5.4%
Operating income	34.8%	-0.4%	21.4%	-71.7%	20.2%	40.3%	-3.8%	-9.0%	36.5%	11.4%	-275.4%	107.1%	19.1%	-37.7%	-74.4%	170.4%	-0.2%	27.3%	129.7%	497.8%
Operating income - adjusted	20.2%	0.5%	21.0%	-67.2%	0.1%	31.0%	1.5%	-8.7%	49.9%	11.7%	-40.4%	126.3%	58.4%	0.4%	32.1%	127.4%	-6.3%	2.8%	65.9%	25.3%
EBITDA	19.5%	4.9%	17.5%	-43.6%	5.6%	15.7%	5.6%	5.8%	20.9%	11.3%	-128.6%	36.7%	2.4%	-12.1%	-28.8%	508.0%	1.0%	14.4%	25.5%	69.5%
EBITDA - adjusted	14.6%	3.9%	15.2%	-43.2%	6.2%	12.3%	7.7%	5.9%	-3.5%	6.4%	-13.8%	44.8%	17.8%	25.0%	16.9%	41.8%	-2.6%	3.3%	19.5%	12.6%
Pre-tax income	35.9%	0.9%	9.4%	-74.4%	24.9%	26.7%	-19.9%	-22.5%	101.1%	-0.9%	-320.9%	136.1%	20.1%	-103.1%	-103.8%	152.5%	-4.9%	36.4%	6090.3%	4328.1%
EPS	23.2%	8.6%	7.8%	-72.5%	25.4%	42.2%	19.4%	-54.0%	49.5%	-6.7%	-310.1%	101.6%	63.7%	-102.3%	-101.7%	151.5%	0.8%	13.4%	6066.4%	9073.7%
EPS - adjusted	10.8%	8.5%	8.0%	-66.8%	-0.4%	32.1%	27.5%	-53.7%	-119.3%	-17.3%	-46.6%	125.9%	97.4%	660.9%	48.5%	126.4%	-7.2%	2.4%	196.8%	28.3%
Share count - fully diluted	-0.3%	0.1%	-1.0%	-0.5%	-0.1%	-0.3%	-0.2%	-0.1%	-0.1%	-0.2%	0.0%	0.2%	0.4%	0.5%	0.3%	0.6%	0.5%	0.4%	0.4%	0.5%

(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

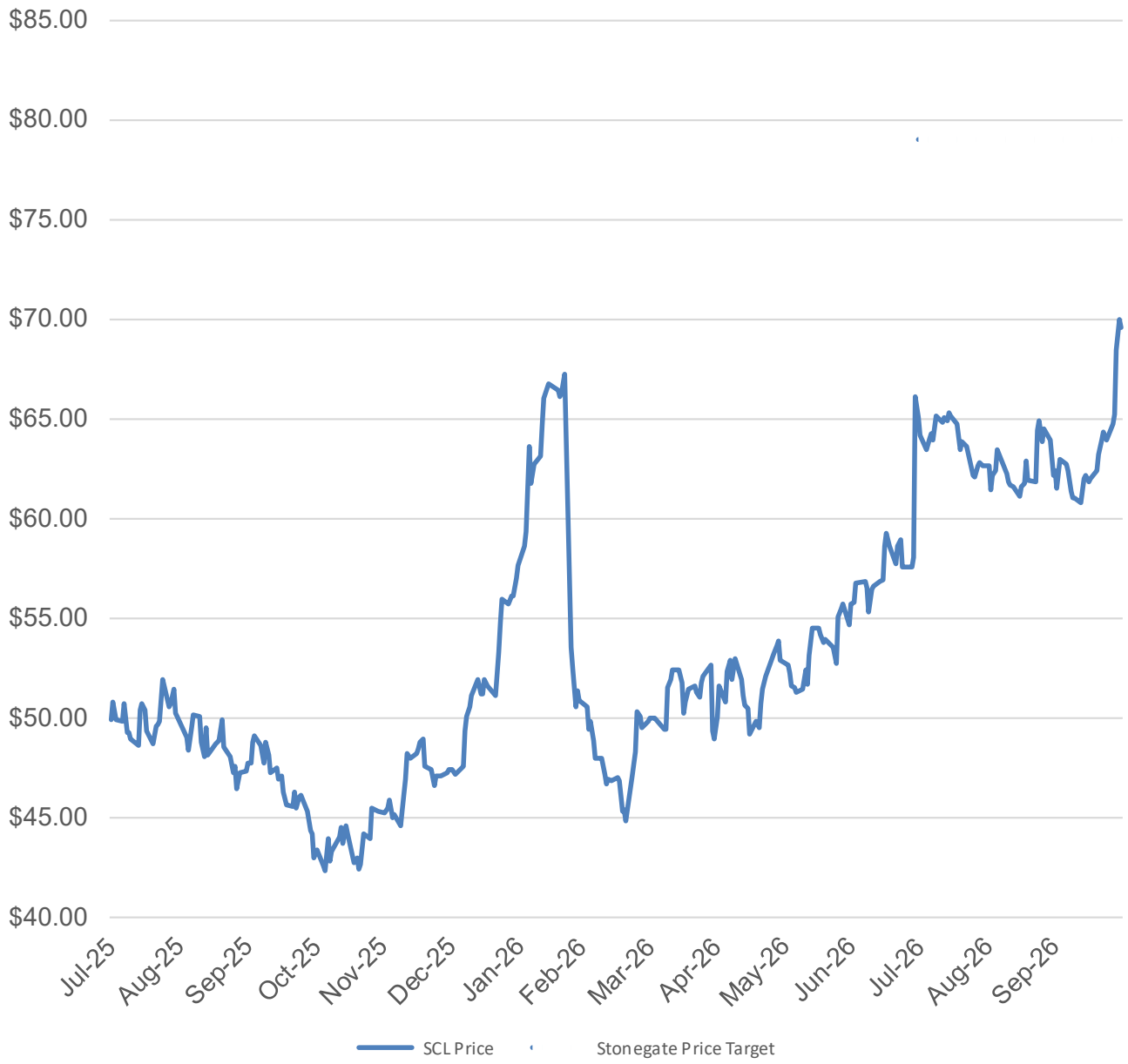
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