



# THE NEW DOW

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# SAFE HARBOR

## Cautionary Statement about Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance, financial condition, and other matters, and often contain words such as “believe,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “may,” “opportunity,” “outlook,” “plan,” “seek,” “should,” “strategy,” “will,” “will be,” “will continue,” “will likely result,” “would,” “target” and similar expressions, and variations or negatives of these words. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements.

Forward-looking statements include, but are not limited to, expectations as to future sales of Dow’s products; the ability to protect Dow’s intellectual property in the United States and abroad; estimates regarding Dow’s capital requirements and need for and availability of financing; estimates of Dow’s expenses, future revenues and profitability; estimates of the size of the markets for Dow’s products and services and Dow’s ability to compete in such markets; expectations related to the rate and degree of market acceptance of Dow’s products; the outcome of certain Dow contingencies, such as litigation and environmental matters; estimates of the success of competing technologies that may become available and expectations regarding the the benefits and costs associated with each of the foregoing.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Forward-looking statements are based on certain assumptions and expectations of future events which may not be realized and speak only as of the date the statements were made. In addition, forward-looking statements also involve risks, uncertainties and other factors that are beyond Dow’s control that could cause Dow’s actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. These factors include, but are not limited to: fluctuations in energy and raw material prices; failure to develop and market new products and optimally manage product life cycles; significant litigation and environmental matters; failure to appropriately manage process safety and product stewardship issues; changes in laws and regulations or political conditions; global economic and capital markets conditions, such as inflation, market uncertainty, interest and currency exchange rates, and equity and commodity prices; business or supply disruptions; security threats, such as acts of sabotage, terrorism or war, weather events and natural disasters; ability to protect, defend and enforce Dow’s intellectual property rights; increased competition; changes in relationships with Dow’s significant customers and suppliers; unanticipated expenses such as litigation or legal settlement expenses; unanticipated business disruptions; Dow’s ability to predict, identify and interpret changes in consumer preferences and demand; Dow’s ability to complete proposed divestitures or acquisitions; Dow’s ability to realize the expected benefits of acquisitions if they are completed; the availability of financing to Dow in the future and the terms and conditions of such financing; and disruptions in Dow’s information technology networks and systems. Additionally, there may be other risks and uncertainties that Dow is unable to identify at this time or that Dow does not currently expect to have a material impact on its business.

Effective April 1, 2019, Dow DuPont completed the previously announced separation of its materials science business. The separation was effected by way of a pro rata distribution of all of the then-issued and outstanding shares of Dow common stock to DowDuPont shareholders of record as of the close of business, Eastern Time, on March 21, 2019. Accordingly, effective April 1, 2019, TDCC became a wholly-owned subsidiary of Dow Inc. and DowDuPont no longer beneficially owns any equity interest in Dow Inc. and will no longer consolidate Dow into its financial results. Beginning in the second quarter of 2019, Dow’s consolidated results will reflect the results of Dow Inc. and its consolidated subsidiaries – that is, TDCC after giving effect to the distribution of TDCC’s agricultural sciences business and TDCC’s specialty products business and the receipt of DuPont’s ethylene and ethylene copolymers businesses (other than its ethylene acrylic elastomers business). For additional information on the separation of the materials science business, refer to the Current Report on Form 8-K filed by Dow Inc. on April 2, 2019, that certain Amendment No. 4 to the Registration Statement on Form 10 filed by Dow Inc. on March 8, 2019 and related filing with the SEC.

Risks related to achieving the anticipated benefits of our separation from DowDuPont Inc. and include, but are not limited to, a number of conditions including risks outside the control of Dow including risks related to (i) our inability to achieve some or all of the benefits that we expect to receive from the separations, (ii) certain tax risks associated with the separations, (iii) our inability to make necessary changes to operate as a stand-alone company, (iv) the failure of our pro forma financial information to be a reliable indicator of our future results, (v) our inability to enjoy the same benefits of diversity, leverage and market reputation that we enjoyed as a combined company, (vi) restrictions under the intellectual property cross-license agreements, (vii) our inability to receive third-party consents required under the separation agreement, (viii) our customers, suppliers and others’ perception of our financial stability on a stand-alone basis, (ix) non-compete restrictions under the separation agreement, (x) receipt of less favorable terms in the commercial agreements we will enter into with DuPont and Corteva than we would have received from an unaffiliated third party and (xi) our indemnification of DuPont and/or Corteva for certain liabilities.

Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. For a more detailed discussion of Dow’s risks and uncertainties, see the “Risk Factors” contained in Dow’s registration statement on Form 10, as amended, filed with the Securities and Exchange Commission.



# SAFE HARBOR (CONTINUED)

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## Non-GAAP Financial Measures

This presentation includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. Dow's management believes that these non-GAAP measures best reflect the ongoing performance of Dow during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of Dow and a more useful comparison of year-over-year results. These non-GAAP measures supplement Dow's U.S. GAAP disclosures and should not be viewed as an alternative to U.S. GAAP measures of performance. Furthermore, such non-GAAP measures may not be consistent with similar measures provided or used by other companies. This data should be read in conjunction with Dow's quarterly report on Form 10-Q for the period ended March 31, 2019, filed with the Securities and Exchange Commission. For the definitions and reconciliations of non-GAAP measures presented herein, see slide 17 in the Appendix.

## Unaudited Pro Forma Financial Information

In order to provide the most meaningful comparison of results of operations and results by segment, supplemental unaudited pro forma financial information is provided. The unaudited pro forma financial information has been developed by applying adjustments to the historical consolidated financial statements and accompanying notes of both The Dow Chemical Company ("Historical Dow") and E. I. du Pont de Nemours & Company ("Historical DuPont") and has been prepared to illustrate the effects of the merger of Historical Dow and Historical DuPont (the "Merger") with subsidiaries of DowDuPont, assuming the Merger had been consummated on January 1, 2016. The results for the twelve and three months ended December 31, 2018 and three months ended December 31, 2017, are presented on a U.S. GAAP basis. For all other periods presented, adjustments have been made for (1) the purchase accounting impact, (2) accounting policy alignment, (3) eliminate the effect of events that are directly attributable to the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017 (e.g., one-time transaction costs), (4) eliminate the impact of transactions between Historical Dow and Historical DuPont, and (5) eliminate the effect of consummated divestitures agreed to with certain regulatory agencies as a condition of approval for the Merger. All pro forma adjustments and the assumptions underlying the pro forma adjustments are further described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed consolidated financial information. The unaudited pro forma financial information was based on and should be read in conjunction with the separate historical financial statements and accompanying notes contained in each of the Historical Dow and Historical DuPont Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K for the applicable periods. The pro forma financial statements were prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflected herein are preliminary and based upon available information and certain assumptions that DowDuPont believes are reasonable under the circumstances. The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of what DowDuPont's results of operations actually would have been had the Merger been completed as of January 1, 2016, nor is it indicative of the future operating results of DowDuPont. The unaudited pro forma financial information does not reflect any cost or growth synergies that DowDuPont may achieve as a result of the Merger, future costs to combine the operations of Historical Dow and Historical DuPont or the costs necessary to achieve any cost or growth synergies.

## Segment Disclaimer

Discussion of segment revenue, operating EBITDA and price/volume metrics on a divisional basis for the Materials Science business of DowDuPont is based on the combined results of the Performance Materials & Coatings, Industrial & Infrastructure, and Packaging & Specialty Plastics segments of DowDuPont. Segment disclosure has been presented in this manner for informational purposes only and should not be viewed as an indication of each division's current or future operating results on a standalone basis following the separation of Dow from DowDuPont.

## Trademarks

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# COMPELLING INVESTMENT OPPORTUNITY

## HIGHER EARNINGS & CASH FLOW

- Reduced cost structure
- Suite of low-risk growth projects
- Cycle discipline
- Lower capex
- Higher EBITDA-to-CFFO conversion

## HIGHER VALUE

- Greater financial & capital discipline
- Streamlined, focused portfolio
- Lower volatility vs. peers
- Higher ROIC
- Higher free cash flow

**\$2B to \$3B Near-Term  
EBITDA Upside**  
vs. FY18

**>13% ROIC**  
Target Across the Cycle

**\$3B to \$4B Near-Term  
FCF Upside**  
vs. FY18

**Attractive Shareholder  
Returns**



# DISCIPLINED CAPITAL ALLOCATION FRAMEWORK



## CREDIT PROFILE

- Strong investment-grade credit profile across the cycle
- Target adj. gross debt to EBITDA<sup>(1)</sup> of 2.5x – 3.0x across the cycle



## GROWTH INVESTMENTS

- Lower-risk capex spending
- Near-term capex  $\leq$  D&A, with target IRR  $>$  13%
- R&D spend of  $\leq$  2% of Sales



## DIVIDEND POLICY

- Industry-leading long-term payout ratio target across the cycle of  $\sim$ 45% of Operating Net Income
- Grow dividend as earnings and FCF expand



## SHARE REPURCHASES

- Share repurchases are a consistent part of ongoing capital deployment
- Combined with dividend, targeting total shareholder remuneration of  $\sim$ 65% of Operating Net Income

**Maximize Shareholder Returns While Minimizing Risk**



(1) Based on rating agency adjustments.

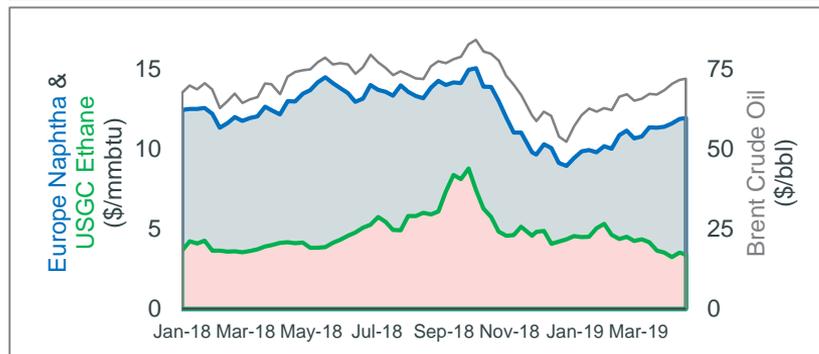
# IMPROVING VALUE CHAIN FUNDAMENTALS

## Consumer Indicators Pointing Higher

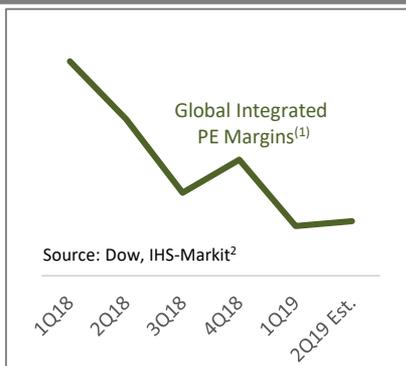
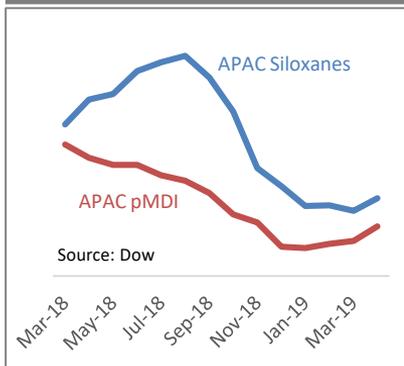
<b>Industrial Production</b> year-over-year	<span style="color: green;">■</span>	<ul style="list-style-type: none"> <li>▪ US +3.7%</li> <li>▪ EU -1.1%</li> <li>▪ China +5.3%</li> </ul>
<b>Auto Production</b> month-over-month	<span style="color: red;">■</span>	<ul style="list-style-type: none"> <li>▪ US: Up</li> <li>▪ EU: Down</li> <li>▪ China: Down</li> </ul>
<b>U.S. Rig Count / Brent Oil</b>	<span style="color: green;">■</span>	<ul style="list-style-type: none"> <li>▪ +2% YOY</li> <li>▪ ~\$70 barrel</li> </ul>
<b>Single Family Housing Starts</b> month-over-month	<span style="color: red;">■</span>	<ul style="list-style-type: none"> <li>▪ US : Down</li> <li>▪ EU : Down (YoY)</li> <li>▪ China : Down</li> </ul>
<b>Consumer Confidence</b> month-over-month	<span style="color: green;">■</span>	<ul style="list-style-type: none"> <li>▪ US : Up</li> <li>▪ EU : Up</li> <li>▪ China: Up</li> </ul>

Sources: IMF / World Bank and OECD Global Annual Economic Outlook, IHS-Markit Strategy Council, Oxford Economics, Goldman Sachs and Capital Economics

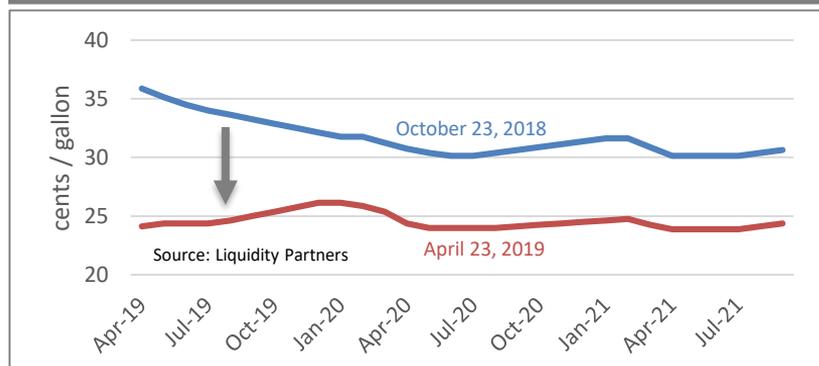
## Naphtha-Ethane Spread is Widening



## Prices are Stabilizing, Potentially Inflecting



## Ethane Futures Have Come Down



(1) Representative of Dow's product and geographic mix.

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# NEAR-TERM PRIORITIES



## PROFITABLE GROWTH

Capitalize on growth and value-add materials science opportunities

Enhance customer-centricity and speed of innovation through 'Digital Dow'

Complete USGC investments; advance next brownfield increments



## DISCIPLINED CAPITAL ALLOCATION

Prioritize lower-risk, faster-payback projects, with capex  $\leq$  D&A

Maintain and improve leadership positions in core markets

Higher ROIC, FCF & returns to shareholders



## LOW-COST OPERATING MODEL

Achieve best-in-class cost structures

Deliver cost synergy run-rate by end of 1Q19 (\$1.365B); Achieve ~\$600MM of YoY savings in 2019

Reach next level of productivity through 'Digital Dow'



## BEST OWNER MINDSET

Implement most value-creating strategies

Culture of benchmarking

Enhanced disclosure (capacities, market-based transfer pricing)



Seek

Together™