



Agriculture Division of DowDuPont

# Form 10

April 2019

# Safe Harbor and Non-GAAP Statements

## Forward-Looking Statements

This communication 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 and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “target,” and similar expressions and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to varying degrees, uncertain, including the intended separation, subject to approval of the Company’s Board of Directors, of DowDuPont’s agriculture, materials science and specialty products businesses in one or more tax-efficient transactions on anticipated terms (the “Intended Business Separations”). Forward-looking statements are not guarantees of future performance and are based on certain assumptions and expectations of future events which may not be realized. Forward-looking statements also involve risks and uncertainties, many of which are beyond the Company’s control. Some of the important factors that could cause DowDuPont’s, Dow’s or DuPont’s actual results, including DowDuPont’s agriculture business (either directly or as conducted by and through DowDuPont) to differ materially from those projected in any such forward-looking statements include, but are not limited to: (i) costs to achieve and achieving the successful integration of the respective agriculture, materials science and specialty products businesses of DowDuPont (either directly or as conducted by Dow or DuPont), anticipated tax treatment, unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, productivity actions, economic performance, indebtedness, financial condition, losses, future prospects, business and management strategies for the management, expansion and growth of the combined operations; (ii) costs to achieve and achievement of the anticipated synergies by the combined agriculture, materials science and specialty products businesses; (iii) risks associated with the Intended Business Separations, including conditions which could delay, prevent or otherwise adversely affect the proposed transactions, including possible issues or delays in obtaining required regulatory approvals or clearances related to the Intended Business Separations, associated costs, disruptions in the financial markets or other potential barriers; (iv) disruptions or business uncertainty, including from the Intended Business Separations, could adversely impact DowDuPont’s business (either directly or as conducted by and through DowDuPont), or financial performance and its ability to retain and hire key personnel; (v) uncertainty as to the long-term value of DowDuPont common stock; and (vi) risks to DowDuPont’s, Dow’s and DuPont’s business, operations and results of operations from: the availability of and fluctuations in the cost of feedstocks and energy; balance of supply and demand and the impact of balance on prices; failure to develop and market new products and optimally manage product life cycles; ability, cost and impact on business operations, including the supply chain, of responding to changes in market acceptance, rules, regulations and policies and failure to respond to such changes; outcome of significant litigation, environmental matters and other commitments and contingencies; failure to appropriately manage process safety and product stewardship issues; global economic and capital market conditions, including the continued availability of capital and financing, as well as inflation, interest and currency exchange rates; changes in political conditions, including trade disputes and retaliatory actions; business or supply disruptions; security threats, such as acts of sabotage, terrorism or war, natural disasters and weather events and patterns which could result in a significant operational event for the Company, adversely impact demand or production; ability to discover, develop and protect new technologies and to protect and enforce the Company’s intellectual property rights; failure to effectively manage acquisitions, divestitures, alliances, joint ventures and other portfolio changes; unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management’s response to any of the aforementioned factors. These risks are and will be more fully discussed in the current, quarterly and annual reports filed with the U. S. Securities and Exchange Commission by DowDuPont. While the list of factors presented here is, considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on DowDuPont’s, Dow’s or DuPont’s consolidated financial condition, results of operations, credit rating or liquidity. None of DowDuPont, Dow or DuPont assumes any obligation to publicly provide revisions or updates to any forward-looking statements whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. A detailed discussion of some of the significant risks and uncertainties which may cause results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors” (Part I, Item 1A) of the 2017 annual report on Form 10-K of each of DowDuPont and DuPont and the preliminary registration statement on Form 10 of the Corteva, Inc. in each case amended from time to time.

# Safe Harbor and Non-GAAP Statements (cont'd)

## **DowDuPont Unaudited Pro Forma Financial Information**

This presentation contains pro forma segment net sales and segment Operating EBITDA of the DowDuPont Agriculture Division. This unaudited pro forma financial information is based on the historical consolidated financial statements of both Dow and DuPont and was prepared to illustrate the effects of the Merger, assuming the Merger had been consummated on January 1, 2016. For all periods presented prior to the three months ended December 31, 2017, adjustments have been made for (1) the preliminary purchase accounting impact, (2) accounting policy alignment, (3) eliminate the effect of events that are directly attributable to the Merger Agreement (e.g., one-time transaction costs), (4) eliminate the impact of transactions between Dow and DuPont, and (5) eliminate the effect of consummated or probable and identifiable divestitures agreed to with certain regulatory agencies as a condition of approval for the Merger. 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 DowDuPont, Dow and 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, are 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. For further information on the unaudited pro forma financial information, please refer to DowDuPont's Current Report on Form 8-K dated October 26, 2017.

## **Corteva 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 have been included in the following presentation. The following presentation presents the pro forma results of Corteva, after giving effect to events that are (1) directly attributable to the Merger, the divestiture of Historical DuPont's specialty products and materials science businesses, the receipt of Dow AgroSciences, debt retirement transactions related to paying off or retiring portions of Historical DuPont's existing debt liabilities, and the separation and distribution to DowDuPont stockholders of all the outstanding shares of Corteva common stock; (2) factually supportable and (3) with respect to the pro forma statements of income, expected to have a continuing impact on the consolidated results. Refer to the Form 10 registration statement, which can be found on the investors section of the DowDuPont website, for further details on the above transactions. The pro forma financial statements were prepared in accordance with Article 11 of Regulation S-X, and are presented for informational purposes only, and do not purport to represent what the results of operations would have been had the above actually occurred on the dates indicated, nor do they purport to project the results of operations for any future period or as of any future date.

# Safe Harbor and Non-GAAP Statements (cont'd)

## Non-GAAP Information

This document includes information that does not conform to U.S. generally accepted accounting principles ("GAAP") and are considered non-GAAP measures. These measures include total pro forma segment operating EBITDA and Corteva pro forma operating EBITDA. Corteva's management believes that these non-GAAP measures best reflect the ongoing performance of the Company during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of the Company and a more useful comparison of year-over-year results. These non-GAAP measures supplement the Company'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 the Form 10 filing. A reconciliation between these non-GAAP measures to GAAP are included with this presentation.

Corteva pro forma operating EBITDA is defined as pro forma earnings (i.e., pro forma income from continuing operations before income taxes) before interest, depreciation, amortization, non-operating costs, net and foreign exchange gains (losses), excluding the impact of adjusted significant items. Non-operating costs, net consists of non-operating pension and other post-employment benefit (OPEB) costs, environmental remediation and legal costs associated with legacy businesses and sites of Historical DuPont. Total segment pro forma operating EBITDA is defined as Corteva pro forma operating EBITDA excluding corporate expenses.

# Reconciliation of Ag Division to Corteva, Inc.

(in millions)	2016	2017	2018
DWDP Segment Net Sales	\$ 14,060	\$ 14,342	\$14,301
Excluded businesses	-	(139)	-
Other	(19)	37	(14)
<b>Corteva Net Sales</b>	<b>\$ 14,041</b>	<b>\$ 14,240</b>	<b>\$14,287</b>

# Reconciliation of Ag Division to Corteva, Inc.

(in millions)	2016	2017	2018
DWDP Ag segment operating EBITDA	\$ 2,322	\$ 2,611	\$ 2,705
Functional and leveraged costs included in the segment <sup>1,2,4</sup>	(458)	(442)	(337)
Excluded businesses	(26)	(65)	(38)
Non-op pension costs	83	32	(80)
Other	(5)	(33)	(56)
Segment operating EBITDA*	1,916	2,103	2,194
Corporate costs <sup>1,3,4</sup>	(186)	(151)	(141)
<b>Corteva operating EBITDA*</b>	<b>\$ 1,730</b>	<b>\$ 1,952</b>	<b>\$ 2,053</b>

1. 2016, 2017 and 2018 functional, leveraged and corporate costs are estimated based on the total costs incurred as part of Dow and DuPont.
2. With a single industry focus, Agriculture functional costs such as finance, human resources, information technology and legal directly support the business and are included in segment results.
3. Corporate costs are comprised of corporate leadership, corporate strategy, corporate insurance, board costs, philanthropy cost and audit fees. We expect corporate costs to be ~1% of sales post spin.
4. The 2018 corporate, functional and leveraged costs include about ~\$115-135 in costs that are not expected to continue. The 2017 corporate, functional and leveraged costs include about ~\$175-225 in costs that are not expected to continue. We expect to reduce functional and leveraged costs as we align and consolidate systems across the company post spin.

# Corteva, Inc. Standup Costs

(in millions of \$)	2016	2017	2018
Spin Adjustments:			
Excluded businesses	\$ (26)	\$ (65)	\$ (38)
Non-op pension costs	83	32	(80)
Other	(5)	(33)	(56)

(in millions of \$)	2016	2017	2018
Additional Standalone Costs:			
Functional and leveraged costs included in the segment	\$ 458	\$ 442	\$ 337
Corporate costs	186	151	141
Costs not expected to continue	(175-225)	(175-225)	(115-135)
Net additional standalone costs	\$ 419-469	\$ 368-418	\$ 343-363

Net additional stand alone costs are estimated to be \$343 to \$363 million. The 2018 corporate, functional and leveraged costs include about ~\$115-135 in costs that are not expected to continue. These stranded costs will continue through Spin in 2019. We expect to reduce functional and leveraged costs as we align and consolidate systems across the company post spin.

# On Track for June 2019 Spin

SEPTEMBER 17, 2018

OCTOBER 2018

MAY 9, 2019

THROUGH MAY 2019

MAY 2019

JUNE 1, 2019<sup>(1)</sup>

Management  
Announcements

Initial Form 10  
Filing  
BOD  
Announcements

Investor Day

Form 10  
Amendments

- Pro forma financial statements
- Capital structure and dividend policy

Equity  
Road Show

Expected Spin

(1) Subject to the approval of the DowDuPont Board of Directors.

# Appendix

## **Corteva Agriscience ("Corteva" or the "Company")**

### ***Reconciliation of non-GAAP financial measures***

Some Corteva communications or presentations to investors contain certain financial measures that are not defined under accounting principles generally accepted in the United States of America ("GAAP"). Non-GAAP financial measures are clearly identified as such in all presentations in which they are included.

Management uses these measures internally for planning and forecasting, and intends to use these metrics in evaluating the performance of the Company's segments, including allocating resources. Corteva's management believes that these non-GAAP measures best reflect the ongoing performance of the Company during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of the Company and a more useful comparison of year-over-year results. These non-GAAP measures supplement the Company'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.

For a reconciliation between the bases for these non-GAAP financial measures and the most directly comparable GAAP financial measures, please see the following tables. Refer also to Amendment 3 to the Form 10 for additional information.

### ***Corteva 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 have been included in the following presentation. The following presentation presents the pro forma results of Corteva, after giving effect to events that are (1) directly attributable to the Merger, the divestiture of Historical DuPont's specialty products and materials science businesses, the receipt of Dow AgroSciences, and the separation and distribution to DowDuPont stockholders of all the outstanding shares of Corteva common stock; (2) factually supportable and (3) with respect to the pro forma statements of income, expected to have a continuing impact on the consolidated results. Refer to the Form 10 registration statement, which can be found on the investors section of the DowDuPont website, for further details on the above transactions.

The pro forma financial statements were prepared in accordance with Article 11 of Regulation S-X, and are presented for informational purposes only, and do not purport to represent what the results of operations would have been had the above actually occurred on the dates indicated, nor do they purport to project the results of operations for any future period or as of any future date.

**Corteva**  
Selected Segment Information

**Pro forma net sales by segment**

<i>In millions</i>	YTD 2018	YTD 2017	YTD 2016
Seed	\$ 7,842	\$ 8,056	\$ 7,835
Crop Protection	6,445	6,184	6,206
<b>Total pro forma net sales</b>	<b>\$ 14,287</b>	<b>\$ 14,240</b>	<b>\$ 14,041</b>

**Corteva Pro forma Operating EBITDA**

<i>In millions</i>	YTD 2018	YTD 2017	YTD 2016
Seed	\$ 1,139	\$ 1,170	\$ 997
Crop Protection	1,055	933	919
<b>Total Segment Pro forma Operating EBITDA (non-GAAP) <sup>1</sup></b>	<b>2,194</b>	<b>2,103</b>	<b>1,916</b>
Corporate	(141)	(151)	(186)
<b>Corteva Pro forma Operating EBITDA (non-GAAP) <sup>1</sup></b>	<b>\$ 2,053</b>	<b>\$ 1,952</b>	<b>\$ 1,730</b>

1. Segment Pro forma Operating EBITDA is defined as Corteva Pro forma Operating EBITDA excluding corporate expenses. Corteva Pro forma Operating EBITDA is defined as pro forma earnings (i.e., pro forma income from continuing operations before income taxes) before interest, depreciation, amortization, non-operating costs, net and foreign exchange gains (losses), excluding the impact of adjusted significant items. Non-operating costs, net consists of non-operating pension and other post-employment benefit (OPEB) costs, environmental remediation and legal costs associated with legacy businesses and sites of Historical DuPont.

**Corteva Pro forma significant items (Pretax)**

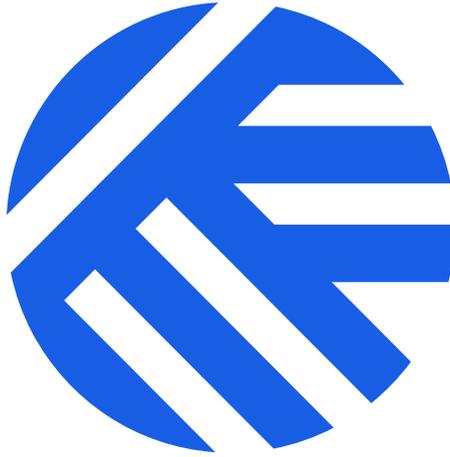
<i>In millions</i>	YTD 2018	YTD 2017	YTD 2016
<b>Seed</b>			
Bayer CropScience arbitration	\$ -	\$ 469	\$ -
Loss on deconsolidation of subsidiary	53	-	-
Restructuring and asset-related (benefits) charges - net	368	133	27
Gain on sale of assets	(22)	-	-
<b>Total Seed</b>	<b>399</b>	<b>602</b>	<b>27</b>
<b>Crop Protection</b>			
Customer claim adjustment/recovery	-	-	(53)
Environmental charges	-	-	2
Restructuring and asset-related (benefits) charges - net	58	(2)	69
<b>Total Crop Protection</b>	<b>58</b>	<b>(2)</b>	<b>18</b>
<b>Corporate</b>			
Integration costs	571	217	74
Restructuring and asset-related (benefits) charges - net	268	140	357
<b>Total Corporate</b>	<b>839</b>	<b>357</b>	<b>431</b>
<b>Total pro forma significant items by segment (Pretax)</b>	<b>\$ 1,296</b>	<b>\$ 957</b>	<b>\$ 476</b>

**Corteva**  
Selected Non-GAAP Calculation of Corteva Pro Forma Operating EBITDA

<i>In millions</i>	YTD 2018	YTD 2017	YTD 2016
	<i>Pro Forma</i>	<i>Pro Forma</i>	<i>Pro Forma</i>
<b>Pro forma (loss) income from continuing operations, net of tax (GAAP) <sup>1</sup></b>	<b>\$ (4,962)</b>	<b>\$ 2,569</b>	<b>\$ 528</b>
(Benefit from) provision for income taxes	408	(2,943)	(270)
<b>Pro forma (loss) income from continuing operations before income taxes</b>	<b>\$ (4,554)</b>	<b>\$ (374)</b>	<b>\$ 258</b>
+ Depreciation and Amortization	903	766	705
- Interest income	(87)	(109)	(109)
+ Interest expense	76	74	101
+ Exchange losses, net	127	373	207
+/- Non-operating costs (benefits), net	(211)	265	92
+ Goodwill impairment charge	4,503	-	-
+ Significant items	1,296	957	476
<b>Corteva Pro forma Operating EBITDA (non-GAAP) <sup>2</sup></b>	<b>\$ 2,053</b>	<b>\$ 1,952</b>	<b>\$ 1,730</b>

1. Pro forma income from continuing operations, net of tax, has been prepared in accordance with Article 11 of Regulation S-X and is considered the most directly comparable GAAP measure to Pro Forma Operating EBITDA.

2. Corteva Pro forma Operating EBITDA is defined as pro forma earnings (i.e., pro forma income from continuing operations before income taxes) before interest, depreciation, amortization, non-operating costs, net and foreign exchange gains (losses), excluding the impact of adjusted significant items. Non-operating costs, net consists of non-operating pension and other post-employment benefit (OPEB) costs, environmental remediation and legal costs associated with legacy businesses and sites of Historical DuPont.



# **CORTEVA™**

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