

# DuPont 1Q 2021 Earnings Conference Call

May 4, 2021



# Delivering on our Commitments



## Strong 1Q21 financial results

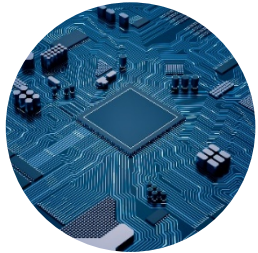
- Organic revenue growth of 7 percent versus the year-ago period
- Volume growth and disciplined cost control drove operating leverage and EBITDA margin expansion despite global supply constraints
- Raising full year 2021 financial guidance for net sales, operating EBITDA and adjusted EPS

## Progress against strategic priorities

- Successful completion of N&B separation & related exchange offer
- Repaid \$3B term loan in 1Q21; additional \$2B de-levering in May
- Resumed share repurchases & increased buyback authorization
  - \$500 million of repurchases in 1Q21; \$1.5 billion of new authorization
- Signed agreement to acquire Laird Performance Materials<sup>(1)</sup>
- Dividends of ~\$160 million in 1Q21; grow dividend annually with earnings
- Biomaterials, Clean Technologies and Solamet<sup>®</sup> business divestitures targeted to close in 2H21<sup>(1)</sup>

(1) Subject to regulatory approval and customary closing conditions.

# Key End-Market Trends



## Electronics

- > Continued strength as new technology ramps and need for data centers and servers drive robust demand
- > Premium smartphone volumes up driven by 5G proliferation



## Automotive

- > Strong global auto demand pressured by global supply constraints
- > Global auto inventories below normal levels



## Water

- > Demand for advanced water filtration and purification strong, led by Asia Pacific
- > Reverse osmosis and ultrafiltration growth driven by industrial and desalination demand as well as strength in residential and commercial markets



## Construction

- > North America residential construction and do-it-yourself repair markets remained strong
- > Commercial construction weaker than 2019 but above 2020 lows



## Industrial

- > Improvement in aerospace, defense, and oil & gas demand vs 2020 bottom; not back to 2019 levels
- > Demand in electrical infrastructure and Tyvek® protective garment markets at or above 2019 levels

# 1Q 2021 Financial Highlights

**NET SALES**  
**\$4.0 billion**  
**+8%**

**ORGANIC SALES<sup>(1)</sup>**  
**+7%**

**OPERATING EBITDA<sup>(1)</sup>**  
**\$1.05 billion**

**Adjusted EPS<sup>(1)</sup>**  
**\$0.91 / share**

**1Q 2021 Cash from Operating Activities**  
**\$378 million**

**Net Sales of \$4.0B**  
**Portfolio (2)%, Currency +3%,**  
**Volume +7%, Price 0%**

- › Organic Sales by Segment – E&I (+14%), M&M (+8%), W&P (+1%)
- › Organic Sales by Region – Asia Pac (+20%), Lat. Am. (+6%), EMEA (-2%), U.S. & Can. (-4%)
- › Year-over-year volume improvement in all three segments
- › Continued strong demand in semiconductors technologies and smartphones (E&I); water filtration and residential construction (W&P)
- › Continued recovery of global automotive markets from prior year lows and strong demand for microcircuit materials; global supply constraints in certain key raw materials (M&M)
- › Slower recovery in aerospace and oil/gas

**Operating EBITDA margin<sup>(1)</sup>**  
**expansion of 160 basis points;**  
**1.9x operating EBITDA leverage <sup>(1)</sup>**

- › Operating EBITDA<sup>(1)</sup> up 15% from year-ago period
- › Year-over-year improvement driven by strong volumes as well as benefits from prior year cost savings initiatives
- › Gross margin flat versus the prior year with improvement in E&I and M&M; total company gross margin up 280 basis points sequentially
- › Adjusted EPS up 90% versus prior year

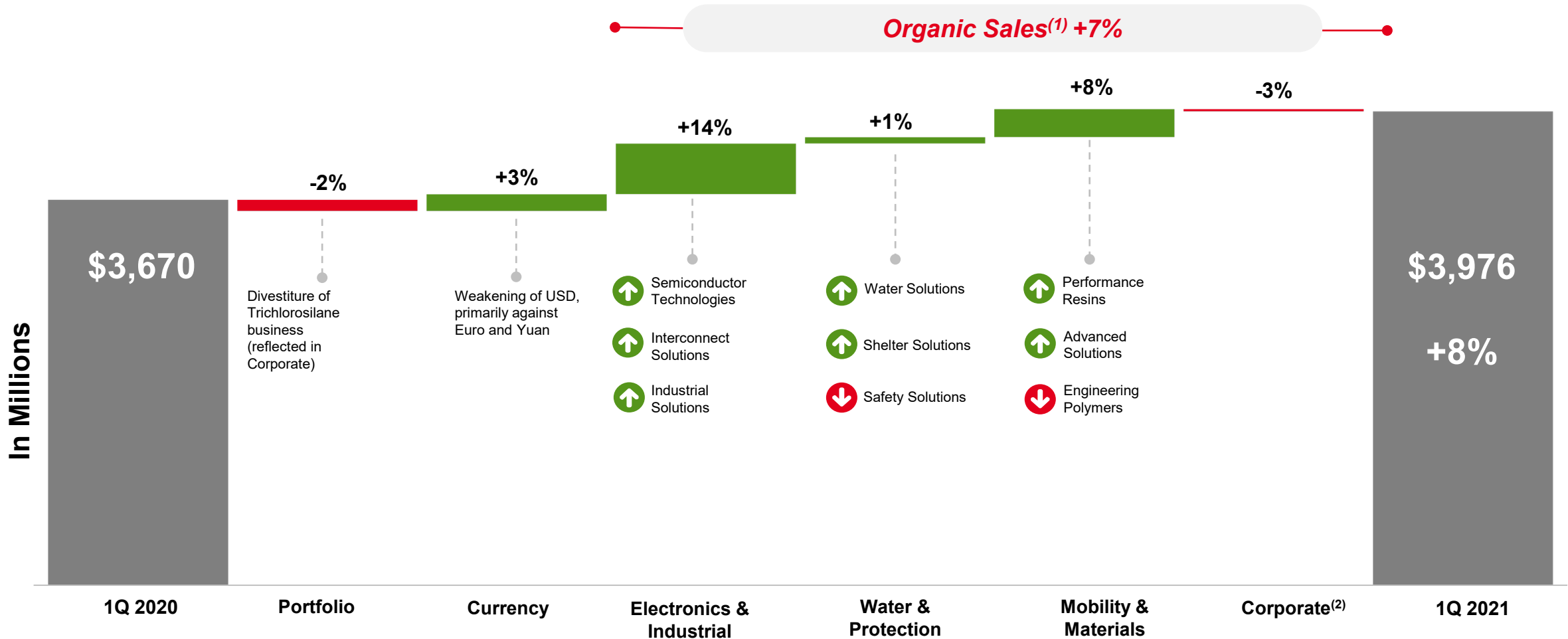
**Free Cash Flow<sup>(1)</sup>**  
**of \$95 million**

- › Free cash flow reflects capital expenditures of \$283 million
- › Working capital headwinds of about \$300 million led by higher accounts receivable balances on increased sales.



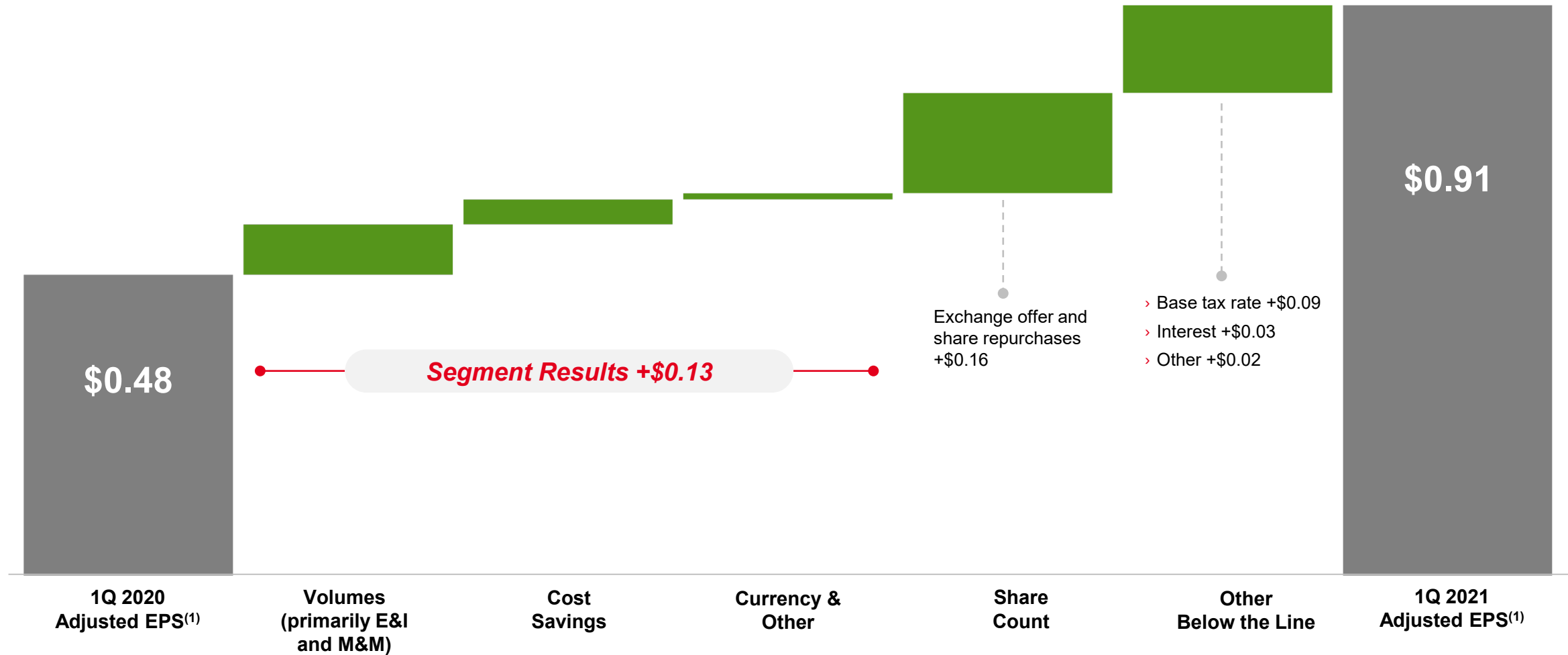
<sup>(1)</sup> Organic sales, operating EBITDA, adjusted EPS, and free cash flow are non-GAAP measures. Operating EBITDA margin and operating EBITDA leverage are derived from non-GAAP measures. Refer to slide 14 for definitions and additional information.

# 1Q 2021 Net Sales Bridge



1) Organic sales is a non-GAAP measure. Refer to slide 14 for definitions and additional information.  
 2) Corporate reflects sales of the Clean Technologies, Biomaterials and Solamet businesses, each of which the Company has signed definitive agreements to divest. In addition, Corporate in prior year reflects results of the trichlorosilane business through its divestiture in third quarter 2020.

# 1Q 2021 Adjusted EPS<sup>(1)</sup> Bridge



(1) Adjusted EPS is a non-GAAP measures. Refer to slide 14 for definitions and additional information.

# Balance Sheet and Cash

## Net Working Capital

- › Notable improvement since 1Q 2020 led by driving down past due receivables and gains in inventories
- › Headwinds 1Q 2021 vs. year-end 2020 mainly due to higher receivable balances in line with increased sales

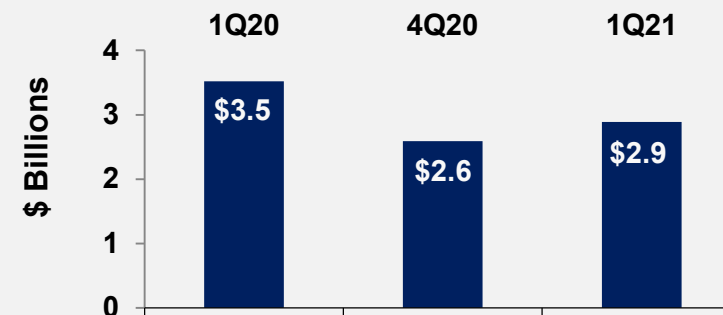
## Cash and Debt

- › \$3B term loan repaid in Feb 2021; will redeem \$2B bond in May 2021
- › Targeting run and maintain cash balance of \$1.5B
- › Net debt to EBITDA<sup>(1)</sup> target of 2.75x

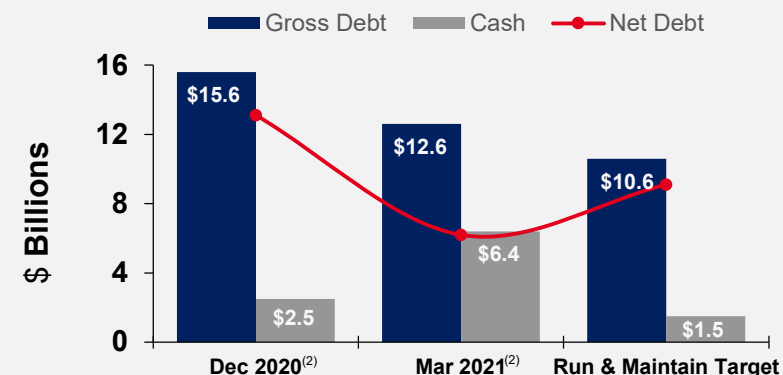
## Sources/Uses of Cash for Full Year 2021

- › Sources:
  - › \$7.3B cash from IFF/N&B transaction
  - › Cash flow from operations
  - › \$0.9B gross proceeds from non-core business divestitures<sup>(3)</sup>
- › Uses:
  - › \$2.3B purchase price for Laird Performance Materials<sup>(3)</sup>
  - › Opportunistic with share repurchases; ~\$1.5-2B in 2021
  - › \$0.6B for dividends<sup>(4)</sup>; 35-45% payout to grow with earnings
  - › CapEx and R&D at ~5% and ~4% of net sales

## Net Working Capital - Trade



## Cash and Debt



(1) Net debt includes debt adjustments for pensions and operating leases. EBITDA refers to operating EBITDA as defined on slide 14.

(2) Dec 2020 excludes cash related to the N&B/IFF transaction which is classified as "Restricted" as of 12/31/20. The related N&B bonds are also excluded from Dec 2020 as those bonds are reflected as part of liabilities of discontinued operations at 12/31/20. March 2021 cash balance includes ~\$2B classified as marketable securities as of 3/31/21 to be used to fund redemption of \$2B SMR bond in May.

(3) Subject to regulatory approval and customary closing conditions.

(4) Subject to approval by DuPont's Board of Directors.

# 2Q and FY 2021 Guidance

	2Q 2021 Guidance	Current FY 2021 Guidance	Previous FY 2021 Guidance
Net Sales	\$3.925 - \$4.025 billion	Net Sales \$15.70 - \$15.90 billion	\$15.39 - \$15.59 billion
Operating EBITDA <sup>(1)</sup>	\$990 - \$1,010 million	Operating EBITDA <sup>(1)</sup> \$3.98 - \$4.08 billion	\$3.83 - \$3.93 billion
Adjusted EPS <sup>(1)</sup>	\$0.93 to \$0.95	Adjusted EPS <sup>(1)</sup> \$3.60 to \$3.75	\$3.30 to \$3.45

- › Full year financial results of Clean Technologies, Biomaterials and Solamet<sup>®</sup> included in the FY 2021 estimates above<sup>(2)</sup>
- › Guidance above excludes planned acquisition of Laird Performance Materials<sup>(3)</sup>.




(1) Operating EBITDA and Adjusted EPS are non-GAAP measures. Refer to slide 14 for definitions and additional information.

(2) Clean Technologies, Biomaterials and Solamet business divestitures are expected to occur in second half 2021 subject to regulatory approval and customary closing conditions.

(3) Acquisition of Laird Performance Materials is expected to close in third quarter 2021 subject to regulatory approval and customary closing conditions.

# Appendix

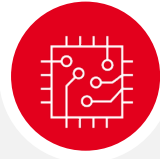
# Segment Results – 1Q 2021

	Net Sales (Organic Change v. 1Q'20)	Operating EBITDA (Change v. 1Q'20)	Operating EBITDA Margin <sup>(1)</sup> (Change v. 1Q'20)	Segment Highlights
 <b>Electronics &amp; Industrial</b>	\$1,300 million <b>+14%</b>	\$436 million <b>+33%</b>	33.5% <b>+420 bps</b>	<ul style="list-style-type: none"> <li>• Semiconductor and smartphones drove top-line growth</li> <li>• Strong volume growth and gain on asset divestiture drove earnings.</li> </ul>
 <b>Water &amp; Protection</b>	\$1,328 million <b>+1%</b>	\$355 million <b>(1)%</b>	26.7% <b>(130) Bps</b>	<ul style="list-style-type: none"> <li>• Strong demand for water technologies and ongoing strength in residential construction partially offset by softness in aerospace</li> <li>• Sales and cost productivity gains offset by higher manufacturing and supply chain costs</li> </ul>
 <b>Mobility &amp; Materials</b>	\$1,215 million <b>+8%</b>	\$278 million <b>+29%</b>	22.9% <b>+320 bps</b>	<ul style="list-style-type: none"> <li>• Continued recovery in global automotive market drove double-digit growth for resins; strong demand for specialized pastes and adhesives</li> <li>• Demand strong for engineered polymers; however, global supply constraints for key raw materials resulted in low-single digit volume declines</li> <li>• Margin expansion on higher volumes and productivity actions</li> </ul>

Corporate reflects the results of the Clean Technologies, Biomaterials and Solamet® businesses, each of which the Company has signed definitive agreements to divest, as well as other general corporate expenses. In addition, Corporate in the prior year reflects results of the trichlorosilane business and equity earnings associated with the Hemlock Semiconductor joint venture through their divestitures in third quarter 2020.

# 2Q 2021 End-Market Expectations

## Segment



### Electronics & Industrial



### Water & Protection



### Mobility & Materials

## Key Drivers

- Strong momentum continuing in Semiconductor Technologies
- Continued strong smartphone demand expected
- Ongoing recovery in industrial end markets

- Aramids continues to improve, primarily in industrial and automotive; longer recovery for aerospace and defense
- Demand for Tyvek® protective garments shifting to traditional industrial base
- Residential construction & retail remains strong; commercial construction improving
- Demand in Water Solutions remains strong

- IHS expecting global auto builds of 19.9 million in 2Q 2021, down slightly from 1Q 2021 due to semiconductor chip shortage
- Continued strength in automotive demand; global supply constraints for key raw materials persists
- Electronics & electrical strong despite short-term supply shortages; industrial levels normalizing

**Escalating raw material and logistics costs; taking price actions to mitigate impact**

# Additional Modeling Guidance – Full Year 2021<sup>(1)</sup>

## Below-the-line estimates:

<b>Base Tax Rate</b>	21% - 22%
<b>D&amp;A</b> Includes Merger-Related Amortization	~\$1,340 million, pre tax
<b>Merger-Related Amortization</b>	~\$480 million, pre tax
<b>Interest Expense<sup>(3)</sup></b>	~\$520 million, pre tax
<b>Exchange (Gains)/Losses</b>	~\$40 million, after tax
<b>Non-Controlling Interest</b>	~\$30 million, after tax
<b>Share count – diluted<sup>(6)</sup></b> Weighted Average	~530 million – 2Q 2021 ~548 million – FY 2021 <sup>(7)</sup>

## Items included in Operating EBITDA:

<b>R&amp;D</b>	~\$600 - 650 million
<b>Corporate costs<sup>(2)</sup></b>	~\$135 million

## Other Cash Uses:

<b>Capital Expenditures</b>	~\$825 million
<b>Dividends<sup>(4)</sup></b>	~\$640 million
<b>Transaction Costs<sup>(5)</sup></b>	~\$175 - \$200 million

1) Modeling guidance for FY 2021 excludes assumed impact of planned acquisition of Laird Performance Materials which is subject to regulatory approval and customary closing conditions.

2) General purpose corporate costs reflected within Corporate.

3) Interest expense expected to decline through the year with debt paydown in Feb 2021 (\$3B term loan) and anticipated redemption in May 2021 (\$2B bond).

4) Subject to approval of the DuPont Board of Directors.

5) These transaction costs are excluded from Operating EBITDA and Adjusted EPS. The majority of these transactions costs relate to the N&B separation and are reflected in discontinued operations.

6) Assumes completion of remaining \$500 million in share repurchases under program expiring on June 1, 2021. Excludes benefit from any future share repurchases under new \$1.5B program expiring on June 30, 2022.

7) Weighted average share count which includes approximately 735 million shares that were outstanding in the month of January 2021 prior to the exchange offer.

# Safe Harbor Statement

## *Cautionary Statement Regarding 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.

On April 1, 2019, the Company completed the separation of the materials science business through the spin-off of Dow Inc., ("Dow") including Dow's subsidiary The Dow Chemical Company (the "Dow Distribution"). On June 1, 2019, the Company completed the separation of the agriculture business through the spin-off of Corteva, Inc. ("Corteva") including Corteva's subsidiary E. I. du Pont de Nemours and Company ("EID"), (the "Corteva Distribution and together with the Dow Distribution, the "DWDP Distributions").

On February 1, 2021 the Company completed the divestiture of the Nutrition & Biosciences ("N&B") business to International Flavors & Fragrance Inc. ("IFF") in a Reverse Morris Trust transaction (the "N&B Transaction") that resulted in IFF issuing shares to DuPont stockholders.

On March 8, 2021, DuPont announced entry into a definitive agreement to acquire the Laird Performance Materials business, subject to regulatory approval and customary closing conditions, (the "proposed Laird PM Acquisition").

Forward-looking statements address matters that are, to varying degrees, uncertain and subject to risks, uncertainties and assumptions, many of which that are beyond DuPont's control, that could cause actual results to differ materially from those expressed in any forward-looking statements. Forward-looking statements are not guarantees of future results. Some of the important factors that could cause DuPont's actual results to differ materially from those projected in any such forward-looking statements include, but are not limited to: (i) ability to achieve expectations regarding the timing, completion, integration, and accounting and tax treatments related to the proposed Laird PM Acquisition; (ii) the ability to achieve expected benefits, synergies and operating efficiencies in connection with the proposed Laird PM Acquisition within the expected time frames or at all or to successfully integrate the Laird Performance Materials business; (iii) ability to achieve anticipated tax treatments in connection with the N&B Transaction or the DWDP Distributions; (iv) changes in relevant tax and other laws; (v) indemnification of certain legacy liabilities of EID in connection with the Corteva Distribution; (vi) risks and costs related to the performance under and impact of the cost sharing arrangement by and between DuPont, Corteva and The Chemours Company related to future eligible PFAS costs; (vii) failure to effectively manage acquisitions, divestitures, alliances, joint ventures and other portfolio changes, including meeting conditions under the Letter Agreement entered in connection with the Corteva Distribution, related to the transfer of certain levels of assets and businesses; (viii) uncertainty as to the long-term value of DuPont common stock; (ix) risks and uncertainties related to the novel coronavirus (COVID-19) and the responses thereto (such as voluntary and in some cases, mandatory quarantines as well as shut downs and other restrictions on travel and commercial, social and other activities) on DuPont's business, results of operations, access to sources of liquidity and financial condition which depend on highly uncertain and unpredictable future developments, including, but not limited to, the duration and spread of the COVID-19 outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions resume; and (x) other risks to DuPont's business, operations; each as further discussed in detail in and results of operations as discussed in DuPont's annual report on Form 10-K for the year ended December 31, 2020 and its subsequent reports on Form 10-Q and Form 8-K. 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 or supply chain disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on DuPont's consolidated financial condition, results of operations, credit rating or liquidity. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. DuPont assumes no 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.



# Safe Harbor Statement

## *Cautionary Statement About Forward-Looking Statements, continued*

### **Non-GAAP Financial Measures:**

This presentation includes information that does not conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and are considered non-GAAP measures. Management uses these measures internally for planning, forecasting and evaluating the performance of the Company, including allocating resources. DuPont's management believes these non-GAAP financial measures are useful to investors because they provide additional information related to the ongoing performance of DuPont to offer a more meaningful comparison related to future results of operations. These non-GAAP financial measures supplement disclosures prepared in accordance with U.S. GAAP, and should not be viewed as an alternative to U.S. GAAP. Furthermore, such non-GAAP measures may not be consistent with similar measures provided or used by other companies. Reconciliations for these non-GAAP measures to U.S. GAAP are provided in the Selected Financial Information and Non-GAAP Measures in the accompanying earnings news release and on the Investors section of the Company's website. Non-GAAP measures included in this release are defined below. The Company does not provide forward-looking U.S. GAAP financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most comparable U.S. GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the ultimate outcome and timing of certain future events. These events include, among others, the impact of portfolio changes, including asset sales, mergers, acquisitions, and divestitures; contingent liabilities related to litigation, environmental and indemnifications matters; impairments; and discrete tax items. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP results for the guidance period.

Adjusted earnings per common share from continuing operations - diluted ("Adjusted EPS"), is defined as earnings per common share from continuing operations - diluted, excluding the after-tax impact of significant items, after-tax impact of amortization expense associated with intangibles acquired as part of the Merger and the after-tax impact of nonoperating pension / other post employment benefits ("OPEB") benefits / charges. Although amortization of Historical EID intangibles acquired as part of the Merger is excluded from these non-GAAP measures, management believes it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in amortization of additional intangible assets. Management estimates amortization expense in 2021 associated with intangibles acquired as part of the DWDP Merger to be approximately \$480 million on a pre-tax basis, or approximately \$0.70 per share.

Operating EBITDA, is defined as earnings (i.e. income (loss) from continuing operations before income taxes) before interest, depreciation, amortization, non-operating pension / OPEB benefits / charges, and foreign exchange gains / losses, adjusted to exclude significant items. Operating EBITDA margin is calculated as operating EBITDA divided by net sales. Operating EBITDA leverage is calculated as the year-over-year percentage change in operating EBITDA divided by the year-over-year percentage change in net sales.

Significant items are items that arise outside the ordinary course of the Company's business that management believes may cause misinterpretation of underlying business performance, both historical and future, based on a combination of some or all of the item's size, unusual nature and infrequent occurrence. Management classifies as significant items certain costs and expenses associated with integration and separation activities related to transformational acquisitions and divestitures as they are considered unrelated to ongoing business performance.

Organic Sales is defined as net sales excluding the impacts of currency and portfolio.

Free cash flow is defined as cash provided by/used for operating activities less capital expenditures. As a result, free cash flow represents cash that is available to the Company, after investing in its asset base, to fund obligations using the Company's primary source of liquidity, cash provided by operating activities. Management believes free cash flow, even though it may be defined differently from other companies, is useful to investors, analysts and others to evaluate the Company's cash flow and financial performance, and it is an integral measure used in the Company's financial planning process. Free cash flow conversion is defined as free cash flow divided by net income adjusted to exclude non-cash impairment charges, gains or losses on divestitures, and after-tax Historical EID merger-related amortization.



© 2021 DuPont de Nemours, Inc. All rights reserved.

*DuPont™, the DuPont Oval Logo, and all products, unless otherwise noted, denoted with ™, SM or ® are trademarks, service marks or registered trademarks of affiliates of DuPont de Nemours, Inc.*