


# THE NEW DOW: FINANCIAL STRENGTH, FLEXIBILITY & DISCIPLINE

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# THE NEW DOW: A COMPELLING INVESTMENT OPPORTUNITY

## HIGHER EARNINGS & CASH FLOW

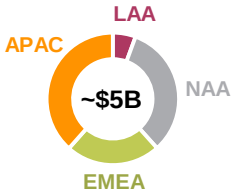
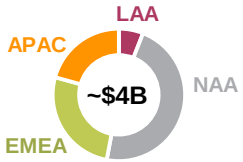
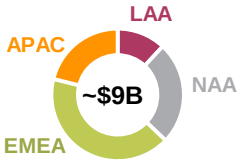
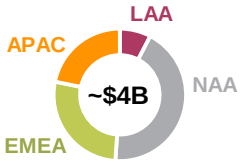
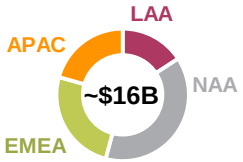
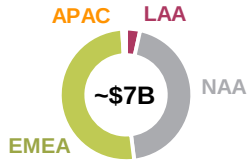
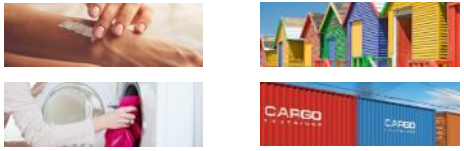
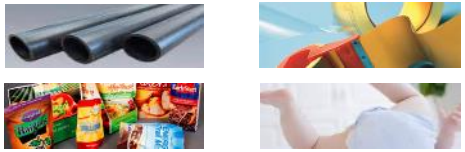
- Reduced cost structure
- Suite of low-risk growth projects
- Cycle discipline
- Lower Capex
- Higher EBITDA-to-CFFO conversion

## HIGHER VALUE

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

| $2B to >$3B EBITDA Upside | >13% ROIC | $3-4B FCF Upside | Attractive Shareholder Returns |
|---|---|---|---|
| vs. 2Q18 TTM | Target Across the Cycle | vs. 2Q18 TTM | |

# THE NEW DOW PORTFOLIO: POWERFUL SCALE AND LEADING POSITIONS

| | PERFORMANCE MATERIALS & COATINGS | | INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE | | PACKAGING & SPECIALTY PLASTICS | |
|---|---|---|---|---|---|---|
| | Consumer Solutions | Coatings & Monomers | Polyurethanes & CAV | Industrial Solutions | Packaging and Specialty Plastics | Hydrocarbons & Energy |
| **GLOBAL SCALE & REACH**<br>Pro Forma 2017 Net Sales |  |  |  |  |  |  |
| **ADDRESSABLE APPLICATIONS** |  | |  | |  | |
| | ~$50B Addressable Applications | | ~$100B Addressable Applications | | ~$200B Addressable Applications | |
| **APPLICATIONS & END USES** | Personal & home care, high-performance building, advanced assembly, release liners and tapes | Architectural paint, protective and functional coatings, traffic and road marking, metal, leather, paper | Insulation, furniture and bedding, footwear, infrastructure applications | Solvents, lubricants, surfactants, heat transfer fluids, energy, life sciences, consumer applications | Flexible and rigid packaging for food and consumer, health and hygiene, artificial turf, pressure pipe and power/telecom transmission applications | |

# OUR FINANCIAL GOALS

- Disciplined capital allocation and strong credit profile across the cycle
- Operating return on invested capital > 13%
- Grow bottom-line faster than top-line
- Cash flow conversion of ~90%

Management incentives squarely aligned with shareholders

**LEADERSHIP COMPENSATION METRICS**

- ROIC
- Relative TSR
- EBIT Growth
- Cash Flow

# NEW DOW'S DISCIPLINED CAPITAL ALLOCATION FRAMEWORK



## CREDIT PROFILE

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



## GROWTH INVESTMENTS

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



## DIVIDEND POLICY

- Industry-leading long-term payout ratio target across the cycle of ~45% of Net Income
- Grow dividend as earnings & FCF expand



## SHARE REPURCHASES

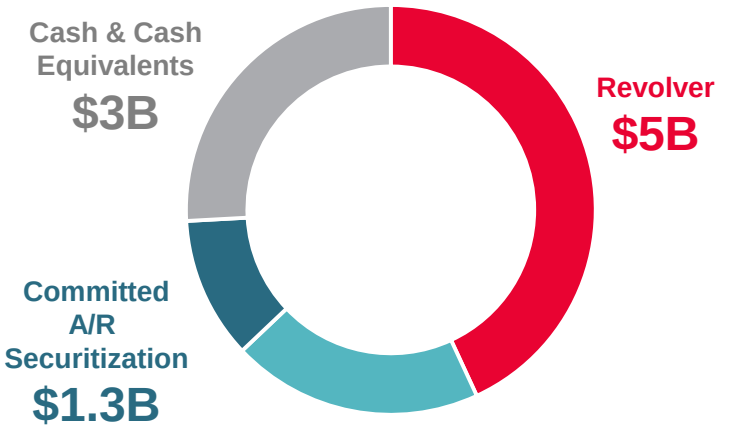
- Share repurchases are a consistent part of ongoing capital deployment
- Near-term target for repurchases of ≥ 20% of Net Income

***Maximize shareholder returns while minimizing risk***

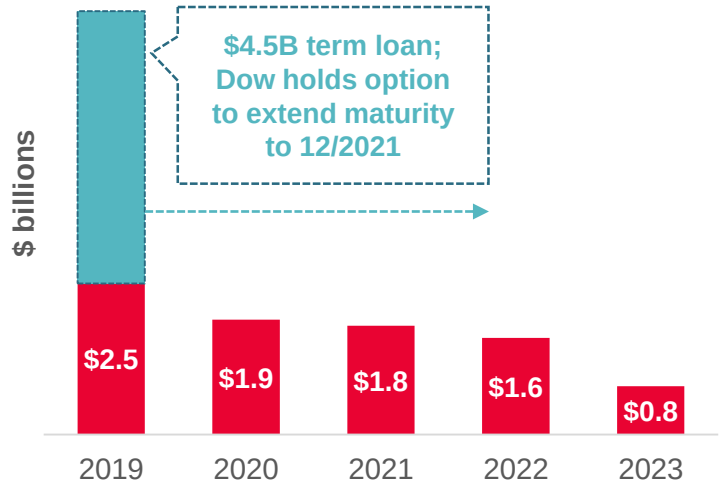
(1) Based on rating agency adjustments.

# NEW DOW WILL HAVE A STRONG & FLEXIBLE BALANCE SHEET

## $11-12B OF AVAILABLE LIQUIDITY AT SPIN

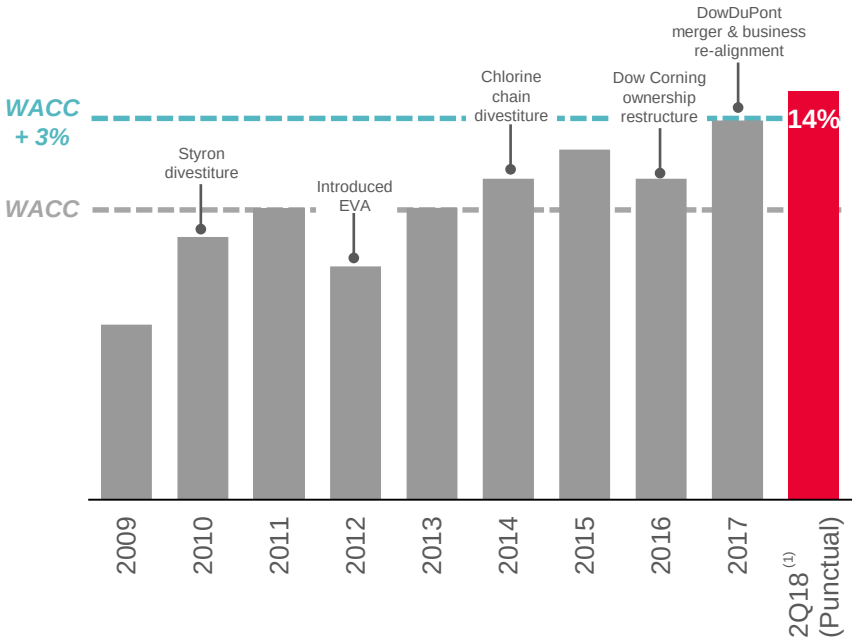



## MANAGEABLE DEBT MATURITY PROFILE




***Aligned to maintaining strong investment grade credit rating across the cycle***

# DRIVING ROIC ABOVE OUR TARGET ON A CONSISTENT BASIS



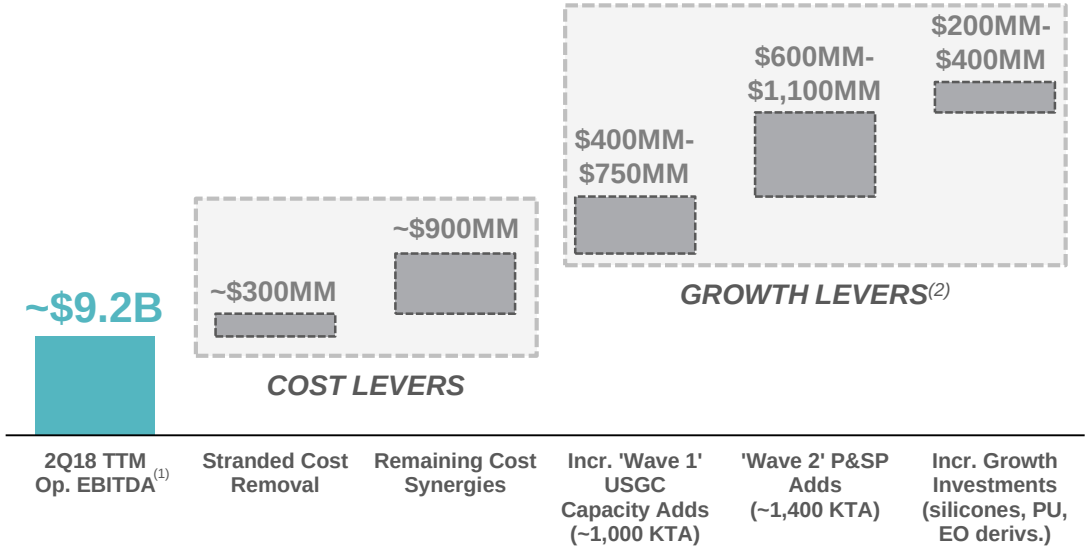

- ROIC target of ≥ 3% spread over our WACC, across the cycle
- Significant progress made to drive ROIC higher
  - Disciplined day-to-day execution
  - Non-core divestitures of low-return businesses
  - Cost savings from synergies and productivity
- Poised to improve further
  - Lower-risk, higher-return Capex profile
  - Actions to achieve target capital structure
  - Significant cost synergies in progress

***Our Goal: Consistently drive ROIC above our target***

(1) Data for 2009-2017 based on Historical Dow financials; punctual 2Q18 is based on Pro Forma financials.

# SIGNIFICANT NEAR-TERM EARNINGS UPSIDE POTENTIAL

## MULTIPLE VALUE LEVERS DIRECTLY IN OUR CONTROL…




## …AND MORE POTENTIAL

- JV improvements – MEGlobal USGC capacity add, Sadara ramp
- Continuous productivity to at least offset cost inflation
- Global demand growth
- ~$900MM of JV EBITDA in excess of Dow's equity earnings

***Levers drive our earnings growth, dampen volatility & enhance productivity***

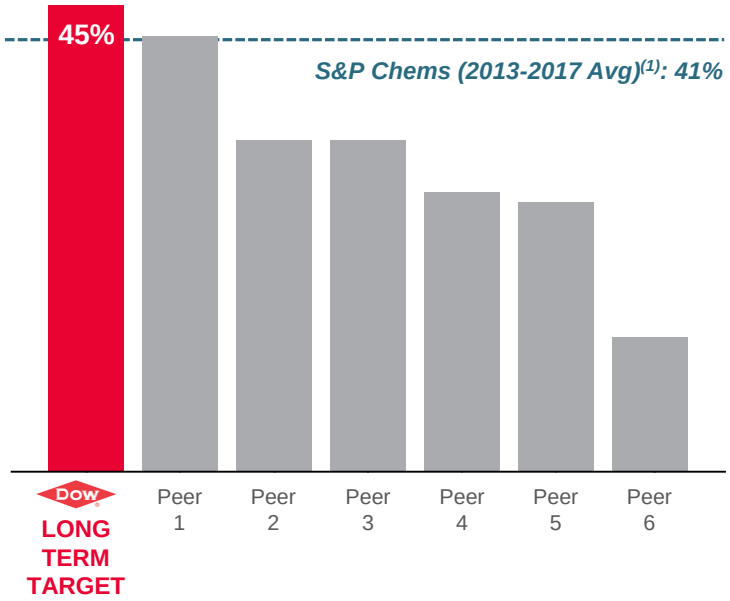
(1) Based on 2Q18 TTM Pro Forma financials.
(2) P&SP ranges are based on average margins in 2016-2018E per IHS-Markit data/forecast as of mid-October 2018; assumes a 90% operating rate.

# TARGETED LEVERS TO DRIVE HIGHER EBITDA-TO-CFFO CONVERSION

| | | CASH FLOW OPPORTUNITY *(vs. 2018E)* |
|---|---|---|
| Merger-Related Costs | Reduce integration, separation and restructuring costs | ~$1B |
| Net Working Capital | Drive net working capital efficiency | ~$100MM for every 1 day improvement |
| Pension Contributions | Reduced voluntary contributions as rates rise | Up to ~$300MM |
| Interest Expense | De-leveraging, opportunistic re-financing | Up to ~$100MM |
| Corporate Improvements | Further global tax optimization, cash from JVs | |

# STRONG FINANCIAL POSITION ENABLES ATTRACTIVE SHAREHOLDER RETURNS

## DIVIDEND PAYOUT RATIO (2013-2017 AVG)




- Targeting industry-leading long-term dividend payout ratio across the cycle of ~45% of Net Income
- Provides attractive dividend *and* profitable growth
- Grow dividend over time with Net Income and free cash flow
- Intend to have a competitive dividend at spin
- Share repurchases of ≥ 20% of Net Income over the near-term

(1) Source: Bloomberg; peers include: Celanese, Eastman, Ecolab, LyondellBasell, PPG, Westlake

# THE NEW DOW: A COMPELLING INVESTMENT OPPORTUNITY

| | | |
|---|---|---|
| **Low-risk, profitable business growth – in our control**<br>**Accelerated bottom-line growth with synergies & productivity** | **$2B to >$3B** | EBITDA Upside vs. 2Q18 TTM |
| **Path to sustainably higher ROIC across the cycle** | **>13%** | ROIC Target Across the Cycle |
| **Better earnings-to-cash flow conversion** | **~90%** | EBITDA to CFFO Conv. Target |
| **Attractive shareholder remuneration** | **65%** | 45% LT Dividend Payout Target<br>≥ 20% of N.I. near-term SBB target |
| **Strong and flexible capital structure through the cycle** | **2.5x – 3.0x** | Adj. Debt to EBITDA Target Across the Cycle |

***All Squarely Focused on Maximizing Shareholder Value***




# THANK YOU

# SAFE HARBOR STATEMENTS

### Cautionary Statement about 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 December 11, 2015, The Dow Chemical Company (“Dow”) and E. I. du Pont de Nemours and Company (“DuPont”) entered into an Agreement and Plan of Merger, as amended on March 31, 2017, (the “Merger Agreement”) under which the companies would combine in an all-stock merger of equals transaction (the “Merger”). Effective August 31, 2017, the Merger was completed and each of Dow and DuPont became subsidiaries of DowDuPont.

Forward-looking statements by their nature address matters that are, to varying degrees, uncertain, including the intended separation, subject to approval of the DowDuPont’s Board of Directors and customary closing conditions, 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 DowDuPont’s control. Some of the important factors that could cause DowDuPont’s, Dow’s or DuPont’s actual results (including DowDuPont’s agriculture business, materials science business or specialty products business as conducted by and through Dow and DuPont) 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 through Dow and 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, 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 Dow or DuPont), 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 DowDuPont, adversely impact demand or production; ability to discover, develop and protect new technologies and to protect and enforce the DowDuPont’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 as well as the preliminary registration statements on Form 10, in each case as amended from time to time, of each of Dow Holding Inc. and Corteva, Inc., 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, DuPont’s, Dow Holding Inc.’s or Corteva Inc.’s consolidated financial condition, results of operations, credit rating or liquidity. None of DowDuPont, Dow, DuPont Dow Holding Inc. or Corteva, Inc. 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 reports on Form 10-K of each of DowDuPont, Dow and DuPont and as set forth in the preliminary registration statements on Form 10, in each case as amended from time to time, of each of Dow Holdings Inc. and Corteva, Inc.

# SAFE HARBOR STATEMENTS (CONTINUED)

**Cautionary Statement about Forward-Looking Statements, continued**

Discussion of segment revenue, operating EBITDA and price/volume metrics on a divisional basis for Materials Science is based on the combined results of the Performance Materials & Coatings, Industrial & Infrastructure, and Packaging & Specialty Plastics segments; unless otherwise noted. The segment disclosures have 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 assuming completion of the Intended Business Separations.

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In order to provide the most meaningful comparison of results of operations and results by segment, supplemental unaudited pro forma financial information has been included in the following financial schedules. The unaudited pro forma financial information is based on the historical consolidated financial statements and accompanying notes of both Dow and DuPont and has been prepared to illustrate the effects of the Merger, assuming the Merger had been consummated on January 1, 2016. The results for the three months ended March 31, 2018, are presented on a U.S. GAAP basis. For all other periods presented, 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 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 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. 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 Dow and DuPont or the costs necessary to achieve any cost or growth synergies.

**Regulation G**

This presentation includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. These measures include the Company's pro forma consolidated results and pro forma earnings per share on an adjusted basis, which excludes the after-tax impact of pro forma significant items and the after-tax impact of pro forma amortization expense associated with DuPont's intangible assets. Management uses these measures internally for planning, forecasting and evaluating the performance of the Company's segments, including allocating resources. DowDuPont'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. Reconciliations of non-GAAP measures to GAAP are provided in the financial schedules attached to the earnings news release and the Investor Relations section of the Company's website. DowDuPont does not provide forward-looking GAAP financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most comparable GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the ultimate outcome of pending litigation, unusual gains and losses, foreign currency exchange gains or losses, potential future asset impairments and purchase accounting fair value adjustments, as well as discrete taxable events, without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP results for the guidance period.

# DEFINITIONS

## Definitions

Pro Forma Operating EBIT is defined as pro forma earnings (i.e., pro forma “income from continuing operations before income taxes”) before interest, excluding the impact of adjusted significant items. Pro forma Operating EBITDA is defined as pro forma earnings (i.e., pro forma “income from continuing operations before income taxes”) before interest, depreciation and amortization, excluding the impact of significant items.

Adjusted Pro Forma EBIT is defined as pro forma earnings (“i.e., pro forma “income from continuing operations before income taxes”) before interest, excluding the impact of significant items and AgCo and SpecCo costs. Adjusted Pro Forma EBITDA is defined as pro forma earnings (“i.e., pro forma “income from continuing operations before income taxes”) before interest, depreciation and amortization excluding the impact of significant items and AgCo and SpecCo costs. AgCo and SpecCo costs are defined as costs previously assigned to DowDuPont’s Agriculture division and Specialty Product division that did not meet the definition of discontinued operations.

Operating EBITDA Margin is defined as Adjusted Pro Forma Operating EBITDA, divided by Pro Forma Net Sales.

Operating EBIT Margin is defined as Adjusted Pro Forma Operating EBIT, divided by Pro Forma Net Sales.

Free Cash Flow is defined as Cash Flow From Operations Less Capital Expenditures.

EBITDA-to-Cash Conversion is defined as Cash Flow From Operations, divided by Operating EBITDA.

Operating Return on Invested Capital (ROIC) is defined as Operating Net Operating Profit After Tax (NOPAT), divided by Net Capital. NOPAT is defined as Operating income plus interest expense and less income taxes, adjusted to exclude significant items. Net Capital is defined as the average invested capital (equity plus debt).

Operating Return on Invested Capital (ROIC) Ex. Goodwill is defined as Operating Net Operating Profit After Tax (NOPAT), divided by Net Capital excluding Goodwill. NOPAT is defined as Operating income plus interest expense and less income taxes, adjusted to exclude significant items. Net Capital is defined as the average invested capital (equity plus debt) excluding Goodwill.

Dividend Payout Ratio is defined as Dividends Paid to Shareholders, divided by Op. Net Income.