

Virtual 2020 BMO Chemicals & Packaging Conference

Dow, Inc.

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John McNulty, Managing Director, US Chemicals Analyst, US Equities, BMO
Howard Ungerleider, President and Chief Financial Officer, Dow Inc.

JOHN MCNULTY: OK, thanks, everyone, for joining. It's John McNulty from BMO. And we hope you and your families are all safe and healthy. We obviously wish we could see you live, but unfortunately, that just isn't the case this year. But certainly, hopefully, that will be the case next year. But we're glad you could join us all virtually.

So far, it's been a great day with a lot of interactive dialogue in these group sessions. And I'm sure we'll see that again with our next presentation. And for that presentation, look, we're really happy to have Dow Chemical with us. And for those of you on the line, you'll know this is open and available to the public entirely. So this is not a closed session. So we look forward to taking questions from everyone.

Look, as you know, Dow is a leader in the plastics industry, as well as polyurethane materials, coating monomers, et cetera. The stocks weathered the downturn actually very well in our minds, largely owing to some decisive actions that were taken early on, some solid discipline and a focus on cash generation to support their rich dividend as well.

Now to tell us more about what they're seeing in their businesses, how they're thinking about the future opportunities, we're very happy to have the president and CFO Howard Ungerleider. And then from the investor relations team, we have Colleen Kay. We have Andrew Riker, Damien Polansky, and Melissa Jones from communications.

So now for this group meeting, we have a number of topics that we plan on addressing, both on the short term and long term. But look, the meeting is really meant for your needs. So, obviously, ask questions. Submit them to the Veracast system. We will pitch them to management. They will be pitched anonymously for what that's worth if it matters to any of you.

But look, we found this is a good way to kind of get your questions answered because, look, that's the whole point of these discussions in the first place. The event will last about 40 minutes or so. And then we'll move on to additional session. So Howard, with that, maybe I can turn it over to you if you've got some opening remarks, and then we can dig into the Q&A.

HOWARD UNGERLEIDER: Absolutely, John. And look, thank you for having us. Good afternoon, everyone. John, it's great to hear your voice. It's been too long since we've been in the same room together. I look forward to one day soon getting back to that. And let me just echo, before I start, your comments about making sure that hopefully everybody on the line is healthy and safe.

And look, before I provide a brief update on what we're seeing related to near-term dynamics, let me just say that challenging times like the ones we're experiencing really do serve as a catalyst for progress, as we, from a Dow perspective, continue to become a more innovative, customer centric, inclusive, and sustainable material science company.

And to that end, last week, we published a set of commitments and new actions that Dow will take to support inclusion and advance anti-racism. We call this plan ACT, which is an acronym highlighting the areas of our focus-- Advocacy, Community, and Talent.

And look, doing the right thing is a business imperative for Dow. The data is clear. Companies with diverse and inclusive cultures retain employees longer, grow faster, and perform better on both the top and the bottom line.

Also, last week, we launched an ambitious set of actionable sustainability targets. Dow has a long history, as you know, John, in sustainability and is a leading material science company. We have the responsibility and the opportunity to take action on the pressing, closely linked challenges of climate change and plastic waste.

And the targets that we announced put us on a path to carbon neutrality by 2050 and a world without plastic waste. From a carbon footprint perspective, enabling technologies will bring efficiency to our operations and provide higher earnings, such as our FCDh technology, increasing our renewable energy purchases at very competitive costs. So we just recently announced investments or a new contract in the US and in Latin America. And also partnering with Shell to accelerate technology to electrify ethylene steam crackers.

And our plastics targets really illustrate our commitment to partner with customers, brand owners in the value chain to significantly increase global recycling and to redesign and promote sustainable packaging solutions that each of us as consumers truly want and value. And certainly, Dow's material science know-how and strong design collaboration with our customers have helped us enable innovative solutions, even during the pandemic, and are also reflected in our improved customer experience scores that we track heartily.

Recent collaborations, for example, have resulted in the development of much needed respirators for health care workers, as well as a simplified 3D-printed facial design. We're also the first company in our field to introduce TPS tracking of shipments to help our customers better plan their operations. And given the importance of the supply chain visibility, this has exceptional value at the moment.

These commitments are core to our ambition as a company to become the most innovative, most customer centric, most inclusive, and most sustainable material science company in the world. And we recognize we all must do more.

So now let me just turn to the current economic and business climate. Exiting the first quarter, we all knew this would be a challenging period. And for that reason, we announced more than a billion dollars in proactive, annualized cost in cash interventions to ensure we continue to maximize our financial flexibility. And John, thanks for recognizing that in the intro.

Now despite limited visibility, we did provide our most informed forward looking view to be as transparent as possible. And I would say with a few notable exceptions, our expectations remain generally on target. The actions we took early in the quarter to idle certain assets, most notably in our plastics franchise, have mitigated some of the margin pressures, especially relative to initial market expectations.

In addition, we did see resilient volumes in plastics through the quarter, which are relatively flat on a year over year basis. Strong demand in our packaging and health and hygiene applications helped balance our higher margin and functional polymers exposure to weaker automotive and construction and markets.

However, the extended pandemic related lockdowns in April, May, and now into June did create a delay in the ramp-up for consumer durable applications, further lengthening the inflection point in volume recovery for polyurethanes. But as you see on slide 2, we have seen gradual volume and sales improvement through the second half of the quarter as economies have begun to reopen and consumers have begun to re-engage-- a positive indicator for the rest of the world and for the remainder of the year.

Solid demand trends continue in the packaging, home care, industrial, and institutional cleaning, as well as the health and hygiene industries. Packaging and DIY coatings volumes have been relatively flat through the pandemic, with second quarter volumes actually up through May year over year. And the signs from our order book so far as of today show continued strength in June as well.

Now while the pace of recovery in the quarter was delayed from our prior expectations, we do expect sales to remain in-line with the midpoint of our guidance. Looking at the heat map on the slide, we saw gradual incremental gains from April to May, with expectations for further revenue improvement in June. Also, as you can see on the slide, year over year volume declines in April and May were in the low to mid double digit percent range, while June appears to be down low to mid single digits.

However, the composition of sales by segment is a bit different than what we initially expected, driven by the lower spending in consumer durables and big ticket items. I think we've all clearly seen a softer restart in automotive and construction with US auto sales in May coming in at a pace of about 12 million annualized. And that's down pretty significantly from the prior year's 17 million vehicles sold. And consumers continue to take a cautious approach to large purchases, such as furniture and appliance.

This more sluggish second quarter recovery in durable consumer items has significantly impacted our industrial intermediates and infrastructure operating segment, with really polyurethanes having the greatest exposure to these end markets. Going into the second quarter, we expected demand declines in our polyurethane applications in the 15% to 20% range, but now believe it will be closer to the 25% to 30% range.

When combined with lower operating rates and fixed cost impacts, we now expect an additional $350 million headwind to total EBITDA in the second quarter versus current market expectations. Primarily across our industrial intermediates and our performance materials and coding segments, approximately 2/3 of this impact can be attributed to the delayed and slow recovery in automotive, construction, appliance, and furniture sectors.

The remaining 1/3 is really driven by margin pressure due to lower demand, which is negatively impacting pricing power, along with any G softness, which impacts our [? Equate ?] joint venture. The good news is we have seen a pretty significant rise in Brent crude oil prices from improving supply demand fundamentals, which is driving higher feedstock costs.

And while this should definitely prove to be supportive to our product prices going forward, it is creating an additional punctual headwind for margins in the second quarter. I would say it is very encouraging to see the pace of recovery beginning to accelerate in June in almost every value chain in our portfolio. Our order books and our shipments for this month show that volume expectations continue to improve across all of our businesses.

On the geographic front, we've seen particular improvements in China in the quarter. And although Europe and North America were generally slower to restart than originally expected, we're beginning to see improvements across most sectors here as well. And as demand continues to improve and our operating rates increase, we should begin to see incremental margins improve.

Economic data for North America is starting to reflect a positive inflection point. In May, for example, retail sales rose more than 15% and recovered more than 60% of the declines from the prior three months. And although still at low levels, the US industrial production experienced its biggest monthly increase in 80 years. And the seasonally adjusted annual rate of light vehicle sales rose 40%.

These are all positive indicators of the continued improvement in North America, which we would expect to extend to Latin America in the second half of the year. The billion dollars and actions we began to take at the start of the quarter have proved beneficial. And given the continued uncertainty on the pace and slope of the recovery, you can rest assured that we will remain disciplined in managing through this environment.

To that end and to ensure we maintain our best in class cost structure, we will be taking further cost actions to continue to retain our financial strength. We plan to share more specific detail on these actions in our second quarter earnings call. This disciplined approach will help us remain poised to capture sales and incremental margin uplift as the macroeconomic improvement continues to take hold.

To close, we'll continue to focus on cash generation, balancing production to demand, managing Capex and cost to our new targets, and ensuring safe, sustainable operations, together with a healthy workforce. And on our cash flow, I want to highlight and just reinforce the point that John made in the introduction. And that is that we've delivered higher cash from ops and higher free cash flow versus the same quarter last year every quarter since spin.

And looking forward, the growth opportunities we continue to have in packaging and infrastructure and consumer applications represents a significant growth potential of more than $400 billion in addressable market opportunities today. And that remains unchanged.

So going forward, we remain very well positioned to leverage our innovation, as well as our market application and product positions to continue to drive accelerated value growth as the economy rebounds around the world. And John, thanks for giving me that time. And let's hand it back over to you. I'm happy to get into the Q&A.

JOHN MCNULTY: No, that's great. And then we've got a handful that are already coming into the queue. Maybe I can-- I'll kick it off a little bit. It sounds like there's a bit of a mixed bag where some businesses maybe are coming in a little bit better than expected. It does sound like some are noticeably worse, at least for the second quarter.

I guess, based on the trends that you're seeing as you look at June, I guess, where-- so maybe things started out a little bit slower in April and May. But I guess, relative to kind of where you think you're going to end the quarter, how is that relative to kind of what Dow management was expecting if there was kind of an expectation for that?

HOWARD UNGERLEIDER: Well, I mean, as I said in the opening comments, John, look, it is a mixed bag. Definitely, we've seen, really, through the pandemic, we've seen diverging demand patterns. We saw that in the first quarter in China.

And then we were definitely seeing that in the second quarter in pretty much the rest of the world with Europe right behind China and North America slightly behind Europe and Latin America I would say still ramping into the pandemic, where I think the other countries are starting to sequentially now month to month, week to week, improve.

Those divergent demand patterns, I mean, if I could say it simply, anything that is a consumable or a consumer staple, we've seen relatively healthy growth. Packaging, cleaning ingredients, obviously, any health and hygiene related applications that we have, very strong. Even DIY coatings also very strong.

Anything that really touches a consumer durable has been slow, so things like furniture, things like appliances, bedding. Obviously, automotive is a big one. And so you're right. When you think about our three segments, packaging and specialty plastics has probably been slightly better than we expected as we enter the second quarter.

Polyurethanes clearly has been the laggard. That is the one business that's got the most exposure in our portfolio to all those consumer durable applications. You think about phones that go into furniture that go into appliances that go into bedding that go into construction applications.

And then, our PMC is somewhere in between. You've got good growth in DIY coatings. You've got decent demand in silicones, and in certain applications in silicones. And then, obviously, in our DIS business, in our cleaning ingredients is going well. Anything that touches oil and gas has been obviously down. And the silicone that touches industrial infrastructure has been down as well.

So it is a mixed bag. I think, basically, from a revenue standpoint, we're essentially saying today we're in the middle of the guidance that we gave at the beginning of the quarter. So we said revenue would be between $7 and 1/2 and $8 and 1/2 billion. And right now, if I had to call it, it's going to be right in that middle point.

But earnings are going to be slightly down versus what we expected, really because of the slower-- I would say the extended lockdown impacting consumer durables. And then even though automotive has now restarted, they're not really getting to full rates, probably not even until the end of June. So that is a positive for the third quarter in the second half, but certainly slightly worse in the second quarter than we expected 90 days ago.

JOHN MCNULTY: Got it. Fair enough. So we've gotten a handful of questions, just to clarify on the EBITDA [INAUDIBLE] that you had given. So when you say there's a $300 to $350 million headwind relative to expectations, is that relative to where the consensus currently is right now? Is that kind of what you're saying?

So call it somewhere. You're looking at a June quarter of whatever-- $700 million, give or take a little bit. Is that what you intended to communicate? Because we've gotten a bunch of questions on that.

HOWARD UNGERLEIDER: Yes, that is. I mean, I would say, you know, John, we don't typically give EBITDA guidance specifically. But we just felt with everybody's asking for as much transparency as we possibly can provide, we did our best to provide that with our modeling guidance. But yes, as we sit here today, that 350 would be a subtraction off of the current consensus estimate.

JOHN MCNULTY: Got it, OK. That's fair enough. So one of the things that-- and we kind of highlighted it in the opening remarks. You guys have taken a bit of a leadership position when it came to shutting down a bunch of plants. And, admittedly, they were temporary shutdowns. They weren't meant to be permanent by any means.

I guess, where do you stand in terms of the operations? Because it does sound like the plastic side of your business maybe is one of the areas that's actually holding up better than expected. And I guess, I'm curious, how are you acting or transacting around those plants that you had shut down? Do you have them back up and running at this point? Are they kind of in the process of coming up? How should we be thinking about that?

HOWARD UNGERLEIDER: Yeah, I would say-- so let me give you a kind of operating rate view, and then I'll kind of drill into some of the specifics. But when you think about it from a segment perspective, the enterprise right now is running at about mid 70s from an operating rate perspective.

And then when you think around that mid 70s number, packaging and specialty plastics is at the high end, so that's probably approaching 80%, plus or minus right now. All of our polyethylene reactors are now facing packaging. Our consumer staple applications are pretty much all now back up and running.

We still have a few assets that touch the automotive market. So for example, our EPDM unit is still down. On the other end of the spectrum, industrial intermediates with our polyurethane franchise, those operating rates are probably in the low 70s to maybe the high 60s, depending on the country. And then performance materials and chemicals is really in the middle. And so we're pretty much right at the company average.

In PNSP, I think it's important we have a consumer staples part of our business. And then we have our functional materials business. Our typical consumer staple applications make up about 75% of the portfolio. They have really performed well. And they are up volume standpoint year to date versus last year, despite the pandemic.

The second quarter, I mean, we're not closed, but it'll probably be 5% or 6% volume growth second quarter versus same quarter last year. Don't hold me to that because the quarter's not done. But that's based on the order load and the shipments, that's what it looks like right now.

Whereas on our functional polymers standpoint, these typically target more durable applications-- automotive, construction. Second quarter is probably going to be down in that business 15% to 20% from a volume standpoint versus same quarter last year. So that gives you a little bit of a little bit of a perspective around that world.

JOHN MCNULTY: Got it. OK, no, that's helpful. So a couple of questions coming in. And we'll get to some of the longer term stuff, I think, in a minute. But we have a bunch of shorter term questions.

So I guess, when you think about the progression of business, it sounds like, obviously, things are picking up noticeably in June relative to the May and the April quarters. When you think about the EBITDA guidance that you're giving, is there a way to think about what the run rate would be when you're exiting the quarter?

HOWARD UNGERLEIDER: I hate to give you an answer on that. Let me do that on the second quarter earnings call when we finally close the books. And by that point, we'll have a much better view of, obviously, where June finishes. And by earnings day, we should have a reasonable picture of July.

I do think when you look at the slide that we published this morning and you look in that lower left hand column, I think that does tell you kind of what we are seeing, both from a business

standpoint, but also from a geographic standpoint. You can clearly see PNSP growing above [INAUDIBLE] last year. Everything else, just from a June order book standpoint, getting close, getting close to parity with same quarter last year, which I take as a real positive.

And then you look geographically. Look, I mean, Asia definitely was a big headwind for us in Q1 as China and Southeast Asia was dealing with COVID. But you can see now that's well above on an order basis, that's well above where they were in June of last year.

And every other region is still on an upswing, with the one exception really being Latin America. And they were really the last in. And certainly, Brazil, it looks like it's still dealing with significant increases in the virus day by day. So that's probably not going to be-- I would call Latin America probably not until the end of July, based on the current pace that they're on from a health standpoint, where they'll be able to flatten the curve, based on the current data.

JOHN MCNULTY: Got it. Fair enough. So we've also gotten a handful of questions. So with the new EBITDA level for 2Q kind of coming in lower than expected, I guess, there's some questions that we're getting. And I'll kind of try to lump them all together in one, but around your certainty around the dividend.

Now, I know you've put in-- you've gotten a lot of liquidity over the last couple of months slash quarter like in terms of preparation, so but can you give us give us your comfort around the sustainability of the dividend and your ability to cover that?

HOWARD UNGERLEIDER: Yeah, sure. Let me walk you through a couple of a couple of [INAUDIBLE]. Let me start by saying, look, our priority uses of cash that we've talked about externally that are aligned with management and the board view-- safely and reliably operate our assets. That's the number one.

And then the second priority is the dividend. And then the third priority, if we have cash left over, we'll do incremental deleveraging. I would like to do between $500 million and a billion dollars of incremental deleveraging. Your question about are we comfortable with the dividend, yes.

Let me just walk you through some math. And I think your number for the year is around 5.3. We're not too far off the Street consensus. But look, if you just take kind of a $5 billion EBITDA number today, which is kind of where the Street is, you subtract out interest and taxes, you're at $4 billion, right?

You subtract out $1.25 billion of capex, which is the target that we set, the new lower target that we set and the $2 billion dividend, and then 500 million that we told everybody that [INAUDIBLE]. And you've got you've got enough cash in at $5 billion operationally to do everything that we've told everybody that we're going to do.

Now what is going to be on top of that? So on top of that, we already received at the end of the first quarter the tax refund from the first Nova judgment that was against us, or against Nova. So that came in, in the first quarter. That doesn't include any working capital release.

And if you look, if you remember our first quarter, we had a $600 million release of cash from working capital. I've been on record as saying, look, depending on historical macroeconomic troughs, that number can range from 500 million to a billion and a half. I would tell you that I would be disappointed if by the end of the second quarter, we're not already at the billion dollar number for working capital.

On top of that, you're talking about the [? Olin ?] payment that's contractually due by the end of this year. That's about $500 million. We also have a second judgment against Nova that we're working to achieve. We need to get into the courts. Obviously, with COVID, that's been a little bit slower, and the court slowed.

But we still hope to get into a court sometime before the September, October timeframe. And then hopefully, within a few months, get that verdict. That should be several hundred million dollars.

And we're working on a lot of other things I alluded to in my prepared remarks. I mean, obviously, the 350 million of lower expenses that were part of that billion dollars-- we're working on some additional actions we'll be ready to talk about on the second quarter earnings.

And I think one thing that hopefully you have seen from Jim and myself and the leadership team in Dow is we've tried hard to be proactive. And we're not stopping. That mindset of being proactive, making sure that cash is king or cash is queen, depending on your perspective and point of view-- and it's something that I'm probably the most proud of Team Dow right now. They've really taken the cash flow mindset to a new level.

At spin, we made several changes, right? We changed our-- we're transferring ethylene at market, not cost. We moved from EBITDA to EBIT to recognize that capital is not free. And every P and L leader in the company now has not only a P and L, but they have a balance sheet and a cash flow statement that adds up to the cash flow statement that Jim and I manage together.

And so it's been good teamwork. And even if you look at the last several quarters, really since spin, even with the margin compression and the lower earnings, we've been able to have higher cash [INAUDIBLE] and a higher free cash flow for the same quarter a year ago.

And while I certainly can't promise that we're going to keep that streak alive forever, that is the mindset internally with how we're trying to manage a company quarter to quarter.

JOHN MCNULTY: Got it. Fair enough. And I think that helps answer a bunch of the questions that were coming in. Maybe we can speak to the cost cutting side. So you have, if I remember correctly, you were targeting $350 million of cost saves this year, which it sounds like, at least in some of your prepared remarks, you're looking at other things to really kind of work and squirrel even more out.

I guess, one, how much do you think incrementally you can pull out? And then I guess the second question would tie to that, would be when you look at the chart that you'd highlighted, a lot of the sales volumes as you're kind of coming through June, they're not really far off year

over year from where they were last year. So I guess, how do you balance cutting for necessity right now versus trying to meet the needs as the demand actually comes back?

HOWARD UNGERLEIDER: Yeah, great question. So look, on the billion dollars in total cost in cash efforts, right, so 500 of that was working capital. About 350 to 500, depending on your starting point, was capex. And then about 350 of it was expense. That's kind of the three layers to the billion dollar plus target.

On the $350 million target, that was a 2020 target. For a second quarter, we're probably going to get 20% of that. We remain on track. I would tell you I'll be disappointed if that number doesn't-- if we're not able to achieve around $500 million, instead of 350 for the year. So and that really is just to make sure that we're plugging the hole on the lack of fixed cost absorption because of the lower volumes.

So, right? Look, we could have improved our EBITDA by putting a lot of cash into working capital and keeping our operating rates high. We just felt like the right thing to do is manage our cash and balance supply to demand. So we haven't taken any assets out permanently. But in those more durable facing markets, we've idled more of that capacity. And we're running at lower operating rates, so you get decremental margins, as you know.

As things improve into the second half, we'll get a lot of those incremental margins back once we start turning the assets back up. And I think, look, we feel very good about that decision. And the cash flows, I think, are going to tell the story. Ultimately, once you see that and we report second quarter, I expect you will see pretty strong cash flows. And I believe it will surprise you on the upside.

JOHN MCNULTY: Got it. No, that's hugely helpful. Maybe you can speak to-- we've got a handful of questions on at least the move in oil and what it's doing for PE. I think there's-- I think it's $0.04 nominated for June. There maybe even at least being debated a $0.04 to $0.05 hike for July as well. I guess, can you give us your thoughts on whether the industry can take that at this point, how you're thinking about pricing as we start into the second half.

HOWARD UNGERLEIDER: Yeah, I mean, I'm smiling a little bit because I'm debating whether I want to take a victory lap versus some third party consultants out there. But I would just say this. Look, we've never had this view that pricing in demand was going to crater. And our volumes have been very healthy.

And look, in any economic recession, you definitely get a little bit of volume drop even in consumer staples. But when you think about the pandemic and how everybody's activities have shifted to really eating more in the home, the packaging need per square inch of product and grocery store is much bigger than in a restaurant or in a hotel or in a company cafeteria, for example.

And so demand has been healthy. And I would say when you look at Brent, when Brent first started to take that big leg down, I know everybody was talking about the shale gas advantage is gone and the cost curve is flat. And our view was, look, that just wasn't the case.

Punctually, it's not the case, because if you think about when you crack NAFTA, you make a lot of co-products or a lot of byproducts. Most of those co-products, like butadiene, for example, they're heavy, and they go into durable applications-- automotive. Butadiene goes into tires. People aren't driving. People aren't buying cars. They're not replacing tires. There's nowhere to sell that butadiene.

So even though, punctually, you look at the moment when oil dropped, you say NAFTA is the preferred crack. Even during April and May, that really wasn't practically the case because of the limitations to place a C4 or the other co-products.

Now you've seen Brent move up pretty dramatically, right? I mean, I don't know where it is after we got on the call. But just before the call, it had a forehand. It was hanging on right there at the below $40 a barrel range. And so NAFTA will trade with Brent.

And so if Brent stays up and the supply has really been ratcheted back, and if demand continues to improve and you now start to see these miles driven starting to move back up, and clearly, I think you're going to see more auto miles driven this year into next year than you see flight miles rebound. And so you're going to see that draw on oil. You're going to see the draw on NAFTA.

And I mean, look, if you just look punctually today at the oil to gas ratio, it's 25. And so our view is FA will still be advantaged. Now will it be slightly less advantaged than what it was in 2018? Yes, it likely will be. But that really depends on your view of how quickly the economy globally rebounds and where oil ultimately settles out.

JOHN MCNULTY: Got it. No, that's helpful. And maybe a couple of longer term questions as well because I think we've covered a lot on the near-term stuff for sure. So one of the things that I think we're seeing beyond the pandemic issues is that there's an emerging trend in global trade toward more regional protection, self-sufficiency, that type of thing.

How does Dow react to that? And when you're looking forward over the next whatever it's going to be, the next two to five years in terms of investment, how do you have to participate or play in terms of the investments to make sure that you're well grounded in dealing with some of this regional protection or self-sufficiency type focus?

HOWARD UNGERLEIDER: Yeah, I mean, look, I buy into that trend. And I would say it's something that Dow has spent a lot of time and money on. I mean, we have a mantra inside the company to minimize our molecular tourism.

The cost to move product from one continent to another between the outbound freight storage on either end of the freight across, regardless of what the duties are, the costs associated with that supply chain oftentimes is two to three times the cost to turn our monomers into fully formulated polymers or emulsion or formulations.

So minimizing molecular tourism and producing in the country where the consumption is has always been a key part of our strategy, as is the feedstock flexibility. Region by region, our goal is to be at par, if not advantaged from a feedstock flexibility standpoint, in that region. And I

think that's only likely to accelerate as we come out of kind of a pandemic to whatever the new normal is.

I also think things like our investment in our IT platform, our investments in digital, I really believe that we're leading the space. I mean, last year, we were able to do $3 billion of revenue on our e-commerce platform that basically required no touch. And so as you think about and as we look at our Dow.com customer interactions with the pandemic, those numbers are up 30%, 40% just in the last 60 days.

And I think our ability to scale that to an increasing part of our company is really high. And I also think there's also going to be interesting market opportunities. We didn't make hand sanitizer four months ago. In about two weeks, we were able to make it in five different locations around the world.

And so now we're thinking about hand sanitizer. We're thinking about face shields. When you think about polyurethanes, you think about mobility. You think about RVs. It's still early days, but it does feel like the next three to five years anybody who's got solutions, whether they're polyurethane solutions or acrylic solutions or elastomers or silicone solutions that are going into the RV market, it feels like that's going to be a big, bright spot because people still want to travel.

But they're not sure they want to get on a plane or a bus or sleep in a hotel room that may or may not have been sanitized to their standards. So you can do an RV, and you're sleeping in your own bed. And you're still traveling. So those are things that our marketers are thinking about and actively working on new products, new formulations. And we're pretty excited about the opportunity.

And I said in my opening comments, even if you believe the economy is not going to grow from here, which, by the way, is not my base case, we have a $400 billion of market opportunity in packaging, infrastructure, and home and personal care applications.

And so you think about it on a down revenue basis, we got a 10% share wallet. So we've got 90% headspace if the market doesn't grow. But we've targeted these markets that do grow 1 and 1/2 times the GDP over the medium to long term. And as everybody gets back to whatever the new normal is, those markets will grow. And they likely will grow faster than the average GDP.

So look, nobody likes the environment that we're in. I'm proud of the team that's focused on managing our cost, managing our cash, balancing production to supply and to demand. And our workforce is healthy. And we're collaborating probably better than we ever have.

We've got 22,000 women and men who are working just like you and I are virtually. And they're doing a great job. And we've got 14,000 Dow people that never left the manufacturing facility. And they've been going in every single day because so much of what we provide are essential to the world.

And so I couldn't be prouder. We've got a lot of opportunity, a lot of upside. And yes, we will manage cash. And we will do whatever we can to protect that dividend going forward. That is extremely important to us, John.

JOHN MCNULTY: Got it. Well, look, we've got probably another 10 to 15 questions in the queue. But I think that since we're nearing within seconds of the end of the presentation, that might be the best set of closing remarks we could have asked for. But anything left, Howard, that you want to say before we end the call?

HOWARD UNGERLEIDER: I'd just say thank you, John. Thanks for your interest. Thanks for your coverage. Always appreciate your great questions. And thank you.

JOHN MCNULTY: Well, thanks very much for attending. We really appreciate it. Obviously, you've added a lot to the conference, and we're really happy to have you here. Be safe and good luck throughout the rest of the year. And we'll definitely stay in touch.

HOWARD UNGERLEIDER: Sounds good. You, too.

JOHN MCNULTY: Thanks a lot, operator. I think we're going to end the call now.

[MUSIC PLAYING]