JP MORGAN CHASE

Moderator: Alex Shum
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Coordinator: Welcome. Thanks for standing by. This call is for JPMorgan Chase & Company personnel only. If you're not an employee or a consultant of JPMorgan Chase & Company, please disconnect at this time.

For the duration of today's conference all parties will be in a listen-only mode. I'd like to inform all parties that today's conference is being recorded. If you have any objections, you may disconnect at this time.

I'd now like to turn the conference over to Jeff Zekauskas. Thank you, you may begin.

Jeff Zekauskas: Hi, good morning. This is a public conference call.

I'd like to welcome everyone this morning to the JPMorgan Virtual Industrials Conference. We changed the format of our 2020 conference from an in-person format to a virtual one in the interest of health and safety. And so, thank you very much for taking the time to attend this morning.

It's my pleasure to introduce Howard Ungerleider, the Chief Financial Officer of Dow Chemical. Howard is a 30-year Dow veteran, with extensive experience both on the business side of Dow and on the financial side. He's managed its plastics businesses for years, as well as its more differentiated

assets. Howard will make a brief presentation and then Howard and I will conduct the fireside chat.

Howard?

Howard Ungerleider: …Jeff, and everybody, good morning. And Jeff, thanks for clarifying that this is an open to the public call.

Jeff Zekauskas: Yes.

Howard Ungerleider: So if you're not a JPMorgan employee or customer, please stay on the line, this is a public call. But, thanks, Jeff. Good morning to you, good morning to the JPMorgan team, and really thanks to everybody for the opportunity to speak today.

You know, as Jeff said, before we jump into questions, I'd like to just provide a brief update on our priorities and the progress we've made against them. I'll reference some slides and you can find those slides in the Investors section of Dow's Web site. It's under the Events and Presentations page. So let me just jump right in.

Beginning on Slide 2, I'd like to provide an update on our progress against the priorities and targets that we laid out to shareholders at our Investor Day in 2018. We have continued to maintain our focus on these priorities, consistently delivering progress against the milestones and targets every quarter, doing what we said we would do.

On Slide 3 you can see the progress we've made on each of our priorities since then. We successfully executed and started up all of our (Wave 1) growth

projects. And these investments contributed approximately $250 million of EBITDA in 2019.

We also followed through on prioritizing lower-risk incremental growth projects. For example, we completed 16 silicone debottlenecks last year and more than 10 already identified for 2020. We advanced our industrial solutions investments in glycol ethers and our capsulas capacity on the Gulf Coast. We also progressed our incremental ethylene capacity add on the Gulf Coast. And we recently, on the fourth quarter call we announced a quick win ethylene addition in western Canada as well.

Our focus on disciplined capital allocation and cash generation is also producing results. Last year we paid down more than $3 billion of debt, and we pursued opportunistic liability management such that our next major maturity is not due until the second half of 2023.

We've been proactive on adjusting our CapEx spending to the realities we see in our end-markets. And last year we generated 5.7 billion of cash from operations. And we significantly improved our EBITDA to cash from ops conversion in 2019 as well.

We also delivered our synergy (and stranded) cost targets. We further right-sized our cost structure by completing our nearly $1.4 billion cost synergy program. And we achieved more than 160 billion - 660 million, excuse me, of stranded cost savings.

Our best owner mindset continues to underscore everything that we do. And we completed several actions to increase transparency and drive a culture of benchmarking.

To that end we shifted our primary profit metric from EBITDA to EBIT. We disclosed key product capacities across our enterprise. We implemented a market-based ethylene transfer pricing internally. We completed several incremental footprint cleanup transactions. This year we've now added cash flow as a metric on our annual incentive plan. And today we're providing a benchmarking update, which I'll summarize in a moment.

We achieved all of these things in spite of challenging macroeconomic and end-market conditions in 2019.

Now, turning to Slide 4, I'd like to just take a moment to highlight the work we've done to ensure a strong and flexible capital structure, which remains a critical element to our long-term success. One of the foundational things we've done is to ensure we maintain a strong and diverse liquidity position. At the end of 2019 we had more than $11 billion of liquidity coming from multiple sources. Our near-term debt profile is very manageable as a result of our deleveraging and liability management actions.

Our latest activity happened just a few weeks ago. We returned to Europe with our first Eurobond in several years. We issued 2.25 billion euros at a weighted average coupon of about 1%. We immediately used the proceeds in a debt-neutral way to pay down existing debt, including the (may-call) of the 1.25 billion U.S. 3% notes due in 2022. And we paid down $750 million on the outstanding term loan.

And I would say not only was this prudent liability management, but our timing allowed us to refinance debt at a lower coupon, leading to annual interest expense savings of $40 million. Now when you add that to the total deleveraging actions we already took last year, we anticipate a total interest expense savings of approximately 90 million in 2020 versus 2019. Looking

ahead, we'll continue to be opportunistic in managing our debt (tolerance) to preserve our financial strength and our flexibility.

Moving to Slide 5, you heard clearly in our fourth quarter earnings call that we remain focused on generating free cash flow through operational cash flow improvements, driving a higher cash flow conversion, and also pursuing several non-operational cash flow items as well. Our base case shown here highlights approximately $4 billion of free cash flow potential in 2020. We plan to deploy our free cash flow in a balanced way, aligned with our top priorities.

The dividend remains our number one priority. We're currently on the high side of our capital structure targets, so, deleveraging continues to also be a top priority as well. We'll continue to of course evaluate additional CapEx investments and lower risks after payback opportunities were available. And we'll also return additional capital to shareholders. At a minimum this year, we plan to do share repurchases to cover dilution, which is in the $200 million range.

Further cash optionality of approximately 1 billion could also come from several non-operational items that are in progress. Any funds from these opportunities will also be used in a balanced way between deleveraging and returns to shareholders. The bottom line is we're confident in our ability to deliver against our disciplined financial playbook, and we will continue to deploy free cash flow in a manner that balances actions to strengthen our credit profile, enhance our financial flexibility, and reward our owners.

Turning to Slide 6. As you can see, and hopefully you've heard from us repeatedly over the past year, we continue to be focused on the playbook we've outlined for investors. At our Investor Day in 2018 we discussed our

drive for an internal culture of benchmarking in order to understand and strengthen our relative competitive positions. And we committed to share our progress with shareholders on a periodic basis.

Today I'm pleased to bring forward our benchmarking update, which summarizes our performance versus our peer group for the full year 2019. We're providing an update against the same metrics and benchmark peer set that we shared at Investor Day in 2018, to maintain both transparency and consistency. You'll find the comprehensive benchmarking update within the slide presentation, which is available on Dow's investment Web site.

For the sake of time, I'll focus my comments this morning on a few key takeaways. First, we see that Dow outperformed our peer set in most instances and we made good progress to narrow our gaps and/or extend our advantage over the peer set. Dow's packaging in specialty plastics segment outperformed the benchmark across all measures. Cash conversion and (SARD) outperformed peers across all three segments as well.

EBITDA growth was above benchmark in two of our three segments, in packaging and specialty plastics, and industrial intermediates and infrastructure. EBITDA margins were also above benchmark in two of three segments -- packaging and specialty plastics, and performance materials and chemicals.

And second, as you'll see in the benchmarking slides, Dow's polyolefin margins stood out from the pack. In 2019 we showed our margins to be both stickier and more resilient than our competitors, driven by several factors -- our industry-leading feedstock flexibility, our unique cost advantage position including the U.S. Gulf Coast, western Canada and Argentina. And even in a

region like Europe we can see the benefits of our asset capability and feedstock flexibility there as well.

Our fully integrated position from cost advantage feedstocks to a suite of polyolefins, elastomers and functional polymers. And finally, our product market and application portfolio, which is differentiated by Dow's material science capabilities, evidenced by our ability to grow volume year over year and every quarter of last year.

The last thing, I am very proud of the progress that team Dow has made in the past year and a half. We've continued to deliver on our strategic operational and financial playbook that we outlined for investors, and our actions have enabled a stronger and a more competitive Dow.

Now before we move into the Q-and-A, I'd like to address a couple of issues that are likely on investors' minds -- COVID-19 and the real-time change that we saw yesterday in oil prices. Let me first address the coronavirus implications.

First and foremost, on the COVID situation, our hearts go out to all of the communities and families around the world who are dealing with the immediate impacts of this issue. On the Dow side, our teams continue to respond admirably. All of our people are safe. The vast majority of our plants in China are running. A few are still running at reduced rates to balance with demand and logistics limitations.

The Dow team has done a great job managing through this with employees, customers and suppliers. Given that we have assets on the ground in China, we have seen direct top and bottom-line impacts since Chinese New Year. In the first quarter we've been running at about a 20% to 30% lower sales level in

China than typical, or about a $400 million headwind to sales. The lost variable margin on that translates to about $100 million direct bottom-line EBITDA impact in China.

As the virus has spread further and continue to upset supply chains around the world, we do expect some additional bottom-line impact on top of that, which I would say are difficult to quantify at this time. However, if I had to size the total impact of COVID on our first quarter, based on what I know today, both the impact in China and the knock-on impacts around the world, I would range the total impact to Dow in the first quarter in the $200 million range on EBITDA.

Now this is clearly a dynamic situation, but I would say the good news is that the cases in China, and actually now in South Korea as well, had been ramping down, in China for the last couple of weeks and South Korea for approximately a week. And China is in the process of getting back to more normalized demand levels.

Turning to the oil changes, if the current pricing scenario persists, it will likely have an impact on several of our chains and our JVs. In spite of these challenges, we feel very good about our absolute position on the cost curve, and our benchmarking that we published this morning has proven our differentiation once again versus our peers.

While the world has clearly thrown us some new headwinds, we are no stranger to managing risks. And in fact, that's the very reason we've taken the steps we have in the past few years, to be prepared for market uncertainties. Dow is well-positioned for a variety of reasons.

We have substantial absolute cost advantage assets, not just in the U.S. Gulf Coast but also in Canada and Argentina. We have industry-leading feedstock flexibility, which allows us to maneuver quickly as market dynamics change, giving us an advantage over our competitors.

Our business portfolio is more consumer-driven, which gives us a level of resilience as we are tied to end-markets that have held up better through the uncertainties. And again, our benchmarking data proves that out from last year.

We have incredible breadth and depth in our core end-markets and geographies, which gives us the reach and the capabilities to moderate these types of impacts. And we continue to drive a culture of benchmarking, along with the best owner mindset that pushes our portfolio towards best-in-class performance, in order to continue to stay ahead of our competition.

And in terms of financial strength, we have purposely built our balance sheet. As I mentioned earlier, no significant maturities coming to until the back half of 2023. Free cash flow generation has continued to exceed the same quarter last year, despite the lower earnings. And please don't forget that working capital, especially at these lower hydrocarbon values, should become a significant source of cash as well. And as I mentioned earlier, also we are working on several non-operational cash inflows also.

In short, our financial and operating playbook has significant flexibility to adjust to these headwinds. We have the operating levers in place to act quickly. So you'll continue to see Dow act proactively to navigate the current environment.

With that, Jeff, let's go to the Q-and-A.

Jeff Zekauskas: Okay. Thank you for that very comprehensive introduction, Howard.

You spoke about perhaps Dow suffering a $200 million penalty in the first quarter from the coronavirus, half of that being in China. Does that mean that your European operations really haven't been touched so much yet? And could you comment on this data of European demand given the spread of the virus in Italy?

Howard Ungerleider: Yes, I would say your comment is more or less correct, Jeff. You know, I mean our assets - our big assets in Europe are in the Netherlands, in Germany and in Spain. So in Italy we do have some smaller assets. We do have some assets that are in the country, and so those are going to be hampered probably more from a demand perspective. Just like what we saw in China, we really were able to get our employees to the assets and running after Chinese New Year as soon as the government lifted the restrictions, we don't have any assets in Hubei Province.

But I would imagine, and the reason why I frame the impact of about 100 million in China and I'm assuming about 100 million the rest of the world is because of some of those knock-on impacts, the China products as raw materials around the world, we do have some assets in Italy and so that likely has some impact. And I think in terms of the indirect impact on demand. I mean, you know, your honest guess is as good as mine, but I would say we're seeing about a half a point knock-off at GDP. You know, some of the more bearish cases suggest maybe a full point knock-off of global GDP for the quarter. So I think that's kind of the range that we're looking at and that's how I sized that 200 million.

But to the point that I made in my opening, it is a dynamic situation. But I take comfort in that demand in China is coming back. You know, I was talking to Mauro Gregorio, who runs our silicones business, early this morning, and our order book in consumer solutions for China in the month of March is well ahead of a normal March. And so that would signal more of a V-shaped recovery as they continue to ramp down. And now South Korea's cases for five or six days in a row are trending down as well. So that's another good data point.

Jeff Zekauskas: So it seems that Asian demand is now recovering a little bit. You know, investors, you know, get nervous when they look at petrochemical companies in times that have so much energy price fluctuation and volatility in demand. How do you see the trough earnings of Dow Chemical? You had a very, very strong year in 2019. And I think people fear that, you know, if the economy is quite weak, you know, maybe this would look something like a trough year. How would you view something like that, Howard?

Howard Ungerleider: So, Jeff, you know, when we did all the capital structure work preparing for the spin-out of the new Dow, you know, we did a range of Monte Carlo simulations with margins compressing with economic recession, with trough margins, and really the range of EBITDA outcomes for the portfolio as we spun out on the low side was about $6 billion of EBITDA and on the high side was $13 billion. That's really the range of outcomes on a, you know, on a Monte Carlo - multiple Monte Carlo simulation basis.

So if you want to say, you know, what would the downside case be, you know, you could say $6 billion. I don't know off the top of my head where your trough number is, there's a couple of analysts that have a number out there that's a little bit lower, in the $5-1/2 billion range. But I would say

that's, you know, that's in line with all of the work that we did for capital structure.

Jeff Zekauskas: Yes. When you think about the trough earnings of Dow, Howard, do you really locate the trough against an oil price? In other words, do you say, well, the trough earnings of Dow are at this level if oil is at 55 or 45 or 35? Or is there another way that you do it when you get to your 6 billion number?

Howard Ungerleider: You know, you've been covering the sector for a long time and I've been here, as you mentioned in the opening, 30 years.

Jeff Zekauskas: Yes.

Howard Ungerleider: I would say oil, you know, oil is one factor, but really supply/demand overall is a more important factor. So, certainly when oil goes down, product prices typically go down. But it really will depend on supply/demand fundamentals around the world on whether your margins are able to expand or contract. I can show you historical data that says, when oil has been $30, we've had big margins.

Jeff Zekauskas: Yes.

Howard Ungerleider: And I can show you an oil at $110 we've had trough margins.

So, yes, I mean, look at down-shock that we saw yesterday, our product prices, likely naphtha, as you know, more than 50% of the world's crackers are naphtha based.

Jeff Zekauskas: Sure.

Howard Ungerleider: Naphtha historically does trade with oil. So as oil moves off, if you believe naphtha - if you believe oil is going to stay low, now I mean it's up 8% or 9% earlier this morning before we jumped on the call…

Jeff Zekauskas: Sure.

Howard Ungerleider: …so, you know, we'll see everything settles out. Let's not forget, 30 days ago it had a (unintelligible) in front of it.

Jeff Zekauskas: Sure.

Howard Ungerleider: And, you know, I would say, when you look - when you look historically with these kinds of shocks, when oil has dropped at this kind of magnitude, probably 70% or 80% of the time in history when that's happened, oil in the next 12 months has moved back up 30% or 40%.

So, but yes, to answer your direct question, oil will be a contributor to our revenue, so our revenue will go down. It's not necessarily the only factor that will impact our margins. It really comes down to demand and what do you think - what do you think about global GDP? And even more importantly, what do you think about industrial production? And then, what do you think about the inventory destocking or restocking?

I would say when we ended last year, last year was I would call it an 11-month of demand year. January started out very strong, better than our expectations. And then we really saw the coronavirus or the COVID-19 impact, which took a little bit of the demand wind out. But I would say, you know, there's a reasonable likelihood that once the world gets through the virus, you'll get back to a normalized demand and, you know, margins in theory then could expand from here.

Jeff Zekauskas: Uh-huh. Sort of the offset to the pressure from oil prices is that ethane prices and propane prices in the United States have moved lower. Have you shifted your feedstock slate at all or are you pretty much trying to produce ethylene with as much ethane as you can?

Howard Ungerleider: I would say your first point I think is very valuable and one that I don't think the market, when you look at what happened yesterday, I don't think the market's pricing in any of that thinking. So, clearly, naphtha does with oil, propane typically does move with naphtha, and then propane (does that kind of a range) for ethane. So if you believe that lower oil is going to stay with us for a little while, then it is likely that ethane and propane move down.

You know, look, you know (Jack Bruno) and (Keith Cleeson), they're looking at that, our feed slate on a normal basis every week, on a basis like what happened in the last 72 hours on a daily basis. And so as you imagine, we're constantly shifting the feed slate to maximize cash. And that's how we look at it, you know, site by site, cracker by cracker, honestly furnace by furnace.

Jeff Zekauskas: Uh-huh. Howard, I was wondering if you might discuss the state of Sadara and its financing. You know, it was an asset that was built in the time of high oil prices, and it suffered from lower oil prices and from slowness in global demand. There's some financing issues that are there. Can you give us an idea of what the puts and takes are as far as Sadara goes with Dow now?

Howard Ungerleider: Yes, sure, Jeff. You know, I would say that, you know, Sadara is, from an asset perspective, it is a great asset. It's world-class technology, 26-unit operation, some of the only technology in the kingdom for the first time. We're running the assets hard. You know, I would say, with that said, Sadara is not immune to the margin compression that Dow has seen, our other joint

ventures have seen, and all of our sector peers have seen, especially in the polyolefins area and the isocyanates and polyurethanes area. And that's really what's contributed to the additional drop in equity earnings related to Sadara.

You know, where we sit today both, you know, I would say Dow and our partner Saudi Aramco, remain committed to Sadara. We have completed the lender reliability test. We have one remaining agreement, logistics agreement, in the kingdom that Sadara needs to sign inside the kingdom, before we can achieve project completion. We have agreement in principle between Sadara, the rail provider, as well as Saudi Aramco and Dow, we are waiting for signatures. We don't have signatures yet, but I expect that to happen imminently.

And then once that happens, then the next step, that will probably take the balance of the year, is we will work together with Sadara and Saudi Aramco and the lenders to re-profile the debt. We're looking to give Sadara some time to become cash flow self-sufficient, so that they can continue to take their costs out, so that they can continue to ramp and sell up the production. I mean, one of the downsides of starting up a mega-project, 26 world-scale unit operations all within a matter of 18 months, is you tend to sell that up on the largest volume, which typically is the lowest unit value or unit return sales.

And so, you know, this is something that is standard Dow practice that we're also working with each of our joint ventures, and Sadara is no different. Every product, direct, or anybody who has a P&L, looks at their margin velocity per reactor hour or per hour of production, and every quarter they look to trim their fourth quartile on that basis and try to add volume or revenue that's in the first and second quartile. And so we want to give Sadara that time to be able to get their margins improving. And then of course a little bit of time will also help with the overall economic cycle as well, no doubt.

Jeff Zekauskas: So you're - thank you for that. Your expectation is Dow will complete the - or Sadara will complete its rail agreement, and then sometime in the course of 2019 it's - debt will be restructured for the future. Is that your base case?

Howard Ungerleider: Yes, I would say base case is, you know, while I can't guarantee it, my base case is that the signatures on that rail agreement will happen before the end of the quarter. And then we will go into discussions with the lenders. I don't like to use the word restructure. We're not asking - we will not ask the lenders to take a haircut, but we prefer the term re-profile. So we'll be working with the lenders to adjust tenors and to adjust the amortization schedule to give Sadara that time.

Jeff Zekauskas: Uh-huh. Can you talk a little bit about the global (urethanes) or MDI market? In that it was a very profitable market a couple of years ago. Last year it experienced slower demand and price pressure. It looked like things were strengthening, but, you know, but then maybe things softened towards the end of the year. Do you have a point of view of how urethanes and MDI will act this year? And is it different in different geographies?

Howard Ungerleider: Yes, sure, Jeff. I mean, I think, look, I think the world has a lot of things that cycle today.

Jeff Zekauskas: Yes.

Howard Ungerleider: …you know, and isocyanates or polyurethanes are no different, but really if you think about, you know, they're a large supplier - isocyanate is a large supplier to big ticket, durable items, whether it's refrigeration, whether it's homes, or whether it's transportation, mobility. So I mean, if you have a - if you have a whole backend demand or production on, you know, new vehicle

production, you're going to see that back up into isocyanates. And I think, you know, you've seen that happen in infrastructure related markets last year and transportation markets, and I think, you know, that's what's really caused the drop-off in margins.

You know, yes, in 2017, in the first half of 2018, we really had fly-up margins. There was really robust economic activity across all of those downstream markets that was pulling on isocyanate. And we had several across-the-sector production outages, which led to, let's say, above normalized margins, and then I think we flagged that in Investor Day as at least $500 million that would come. And then what we didn't expect is it coming down to, you know, breakeven economics, (a) marginal producer, which we've seen from a sector perspective pretty much across polyolefins, isocyanates, and even siloxane.

So, you know, at the end of last year you had the marginal high-cost producer at breakeven or negative margins, you know, MDI spreads over (benzene), MDI pricing is I think the lowest it's been in more than a decade. And so, you know, is it likely that it goes lower from here? You know, perhaps, depending on your point of view of oil and the flow-through to propylene and benzene and their derivatives, but I would say what you already started to see prior to COVID is people delaying or canceling new projects and people, both in China as well as in the U.S. Gulf, shutting some capacity.

And that is typical of, you know, when we look at - I've been with Dow 30 years, at this point in the economics of petrochemical cycle, when you've got the high-cost incremental producer at breakeven or negative cash, one of two things has to happen. Either you get a little bit of air in the hose, and so they get pricing up that allows them to get back to breakeven, or the next time they have to make a cash decision on a maintenance spend, a turnaround spend,

any kind of an issue where they're going to have to put a large chunk of cash in, they will typically decide not to, and they'll either mothball that capacity or they will shut it down.

In the last, you know, in the last, in the financial crisis, you saw on polyolefins, you saw 4 million metric tons of capacity come out. Two of it came out permanently, two of it was idled or mothballed and came back in to the grid between 2012 and 2014.

So, you know, I think, whether it's isocyanates or siloxanes or polyolefins, you're in that same kind of a mode right now where I would call a bouncing along the bottom.

Jeff Zekauskas: Uh-huh. Thank you for that, Howard. If I can ask you some general orientation questions about Dow Chemical now. Dow Chemical was part of DuPont, or Dow DuPont. And in that period of time, there were various assets that moved from Dow over to DuPont that were more specialized, in engineering materials, silicones. And I had thought that the direction of Dow Chemical pre-Dow-DuPont merger was that the company wanted to be a more differentiated company, a more specialized company, a company with longer-term, stronger growth characteristics.

Now with those businesses having moved over, do you have to reset your strategy, that is, do you move more to an upstream focus or do you try to rebuild what it was that you created before? How is Dow situated differently strategically after those assets having moved over to DuPont?

Howard Ungerleider: Yes. Look, Jeff, I think - it's a great question. I think the strategy from a Dow perspective is the same strategy that we announced at (Spin), right? I mean, what is the new Dow? The new Dow is, our focus, our ambition is to

be the most innovative, most customer-centric, most inclusive, and most sustainable material science company in the world. We participate in three and increasingly four market verticals -- packaging materials, infrastructure materials, home and personal care materials. Those are the big three. And we also have about $2 billion of revenue targeted at the mobility or the transportation market vertical.

When you add those market verticals up, they're conservatively, and I'm saying a very conservative definition, you've got $400 billion of market opportunity today. You know, and if you say we're about a $40 billion or $45 billion turnover revenue company, we only have a 10% share of our market today. So, plenty of room for growth. But then the exciting part is those markets are growing at at least 1-1/2 times global GDP.

And so our goal is to try and be the most, you know, we want to have operationally excellent execution and we want to deliver new products and new applications for those market verticals, for those value chains that continue to grow our enterprise from a value creation standpoint. Right? It doesn't necessarily mean we have to be the biggest, but we certainly want to be the most value-creating enterprise that touches material science in those three or four market verticals. And I would tell you, you know, that's why I get up every day and that's what gets me excited to be a part of Team Dow.

Jeff Zekauskas: Uh-huh. So when we look at DuPont, DuPont is doing reverse, (more of trust) transactions, various separations. Is that something that also Dow could do, that is, you know, you have a Trinseo operations, you have urethane operations? Are there opportunities for those types of combinations? Or is it really more the case that Dow wants to stay an integral entity?

Howard Ungerleider: I would say we have done those things, I mean…

Jeff Zekauskas: Yeah.

Howard Ungerleider: And you've been with us every step of the way, when I think about the - when I think about the Styron transaction that created Trinseo, when I think about the RMT transaction that created Olin, the new Olin, I should say, to be fair to them. When I think about the tax-efficient restructuring of the ownership of Dow Corning. All of those things helped us to deliver, plus the merge and spin with DuPont that brought the ethylene co-polymers business from DuPont. And so, you know, we're very happy with the portfolio we have.

We are, you know, you saw one of our priorities is best owner mindset. So I would say we're continuing to look at cleanup. We did some cleanup last year. We'll continue to do cleanup this year. That's probably in the, you know, last year was in the millions of dollars. I think when we look at benchmarking, it's a possibility that we'll have some infrastructure assets that we'll look to see if we are the best owner of, versus somebody else. And that could be another series of transactions that happen over the next few years.

But we like the portfolio we have. They're growth markets. We have best-in-class technology, whether that's process, chemistry, catalysts, co-monomer. The hybrid chemistry opportunity alone, we're the only silicone player that has olefins and propylene and urethanes and acrylics, and we're the only olefins player and polyurethanes player that has silicones.

So our ability to take hybrid chemistry between silicones and C2/C3 derivatives, you know, that's not going to move the needle next quarter, Jeff, but for the next 10 years I think there's real opportunity for us to grow in those

market verticals and deliver unique hybrid molecules that deliver performance like silicones, more of the cost of the carbon molecule.

Jeff Zekauskas: Thank you for that. Maybe as a final question, Howard, can you give us an update on your ethylene expansion at Texas 9 in Freeport? Has that project come on stream? Will you have turn off Texas 9 for a period of time in order to link up that production? And if you do, how long might that take?

Howard Ungerleider: Yes. It should be coming up from a startup or beginning of a commissioning phase by the end of this month. And then probably by the time we get to the earnings call in late April, it should be in full startup mode. So I would say middle of the second quarter is probably a target for full startup at this point in time.

Jeff Zekauskas: Okay. I very much appreciate doing the fireside chat with you, Howard. And I think with that, we'll close the call.

Howard Ungerleider: Me too, Jeff. Thanks for the time. Next time in person, okay?

Jeff Zekauskas: I look forward to it, Howard. Take care.

Howard Ungerleider: You too. See you.

Jeff Zekauskas: Okay. This closes our call.

Coordinator: That concludes today's conference. Thank you for participating. You may disconnect at this time.

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