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<<Michael Sison, Analyst, Wells Fargo>>

Yeah. Good morning, everyone. This is Mike Sison with Wells Fargo. I cover the ever-exciting chemical industry for the company, which has outperformed the S&P 500 and our coverage universe is up 14% year-to-date versus the S&P 500, up 8%. Dow has been exceptional. It's kept well pace above the sector, up 45% year-to-date now at $34 or so. But note that during the pandemic Winter Storm Uri, the stock hit a decade high of near $70. Today we have Jeff Tate, CFO of Dow, to tell us how we can get back to those levels and why it's much more exciting than some dinky little Space IPO coming at the end of this week. Jeff, thanks for spending time with us. I know you wanted to open up with some opening remarks.

<<Jeff Tate, Chief Financial Officer>>

Yeah, thanks, Mike, and appreciate the opportunity to be here. So before we get into the Q&A, I'd just like to share some insights on the current macroeconomic backdrop, as well as Dow's execution, as well as our financial position. So on the macro side, global demand across our key end markets remains largely consistent with our prior updates, and the supply picture continues to favor both Dow as well as the industry. On execution, all three of Dow's operating segments are performing well as the second quarter progresses. And as it relates to our financial position, Dow's balance sheet is solid, and our self-help actions were designed to build a more agile and resilient company that outperforms peers across the cycle.

So turning to Slide 2, let me start with the macro backdrop. We're continuing to characterize the current environment as relatively stable on the demand side, but increasingly constrained and more complex on the supply side. So far this quarter, we are seeing higher volumes when compared to the same period over the past several years. And specific to global polyethylene, which goes into essential applications like packaging for food preservation, demand remains resilient. And this is evidenced by our strong pricing actions continuing to take hold. Additionally, we are seeing stability in both consumer and infrastructure applications, largely due to typical seasonal demand uplifts that we expected. And while some reports are showing subdued consumer confidence in many regions, purchasing patterns tell a different story. Retail spending for do-it-yourself and coatings related applications is stable going into traditionally high seasonal periods.

Now the one area that is showing signs of declining demand since April is across automotive markets, as consumers continue to delay large purchases. And while high fuel prices are driving some increased interest in electric vehicles, we have not yet seen that translate into increased sales. Now in terms of supply dynamics, a meaningful portion of global oil, ethylene, and polyethylene capacity remains offline, constrained, or otherwise disrupted as a result of the ongoing conflict in the Middle East. Now given the scale of these supply constraints, we believe the fundamentals are increasingly supportive of tighter near-to-medium-term markets. So a conflict resolution and subsequent reopening of the Strait of Hormuz would begin to restore supply, but the impact would not reverse overnight. With

capacity disruptions and inventories depleted, it will take several quarters for supply chains to normalize and inventories to rebuild.

Additionally, significant infrastructure across the Middle East has been damaged, prolonging the impact of the conflict further out than the timing of any potential resolution. Rapidly escalating petrochemical prices have led to cautious buying behavior in select areas, which is to be expected. Global oil inventories are also rapidly declining, reaching multi-year lows following a large build throughout 2025.

And as we enter peak demand season, stockpiles are being drawn down at a record pace, and the world is quickly approaching operational floor levels. The Americas, however, remain advantaged. Dow continues to benefit from strong feedstock availability in the region, well-supplied natural gas markets, and elevated oil to gas spreads, reinforcing the region's structural cost advantage and increasing export opportunities. So in summary, demand remains largely stable, and supply dynamics remain constructive. Over time, this combination should further support the current constructive pricing and margin environment.

Now turning to Slide 3. Constructive industry dynamics paired with our differentiated portfolio positions Dow well to capture meaningful earnings upside, both from an operational and commercial standpoint. We've already seen positive momentum from our global pricing actions, but with that, it's important to note that pricing still remains below prior peak levels, despite what we would characterize as an unprecedented supply environment. So there is a disconnect between supply disruption and full price realization, which we expect to continue improving over time. And this was evidenced in April when pricing in many parts of the portfolio settled stronger than consultant forecasts. In our largest operating segment, Packaging and Specialty Plastics, roughly 80% of our portfolio is tied to higher value, more resilient applications. Global polyethylene demand remains robust, especially in the Americas.

And while we saw some pre-buying activity in Asia and Europe, it has been followed by normal customer purchasing behavior. Additionally, we have seen no change globally in our order books regarding order cancellations, which is a positive sign of underlying demand and support for future margin stability. In addition to the price increase that was implemented in April, we have a $0.20 price increase announced for the month of June, supported by industry market dynamics and historically tight supply.

At the same time, we're maintaining flexibility on our asset base, including progressing plant maintenance on our Terneuzen 3 Cracker, our lowest cost asset in the European region, which we anticipate restarting this month. The work was completed on budget and on an adjusted timeline that supported both idling of the asset in mid-2025 and a subsequent restart in line with the regional market demand.

In our Industrial Intermediates & Infrastructure segment, supply demand dynamics remain constructive, supporting positive pricing momentum across key value chains, and our order books for the segment are strong relative to prior periods. Performance Materials & Coatings is entering a seasonally stronger demand period, especially in Coatings, where we expect both near-term volume growth and margin expansion. Additionally, we are making significant progress against one of our largest near-term self-help actions, the shutdown of our higher cost siloxanes unit in Barry, United Kingdom, which we began last month. The team executed the work safely, on budget, and several weeks ahead of schedule.

So looking across the entire Dow portfolio, our key differentiators continue to be our feedstock flexibility in Europe, our geographic and asset integration, especially in the cost-advantaged Americas, and the agile regional supply chains we've built in every business that allow us to adapt and respond quickly. That combination allows us to capture upside when conditions improve while maintaining discipline during periods of volatility.

Going forward, we're focused on executing with discipline, driving pricing in every business and in every geography and leveraging our structural advantages to deliver consistent performance.

So with all the puts and takes, we expect to deliver second quarter earnings of approximately $2.2 billion, which is above current consensus and roughly 10% above our prior guidance. This is largely driven by continued resilience in polyethylene demand and pricing as well as margin upside in Industrial Intermediates & Infrastructure.

So next, I'll close on Slide 4 with our financial priorities. We are maintaining Dow's strong liquidity position with approximately $14 billion available at the end of first quarter, and we have no substantive debt maturities until 2029, giving us significant flexibility to navigate near-term volatility while focusing on long-term value creation. Our capital allocation framework also remains consistent, beginning first and foremost, with enabling safe and reliable operations. We also remain focused on maintaining our investment-grade credit rating, funding our operations and our growth and returning cash to shareholders over time. And in the near-term, we intend for any incremental cash to be directed towards deleveraging.

We're also implementing disciplined trade-offs to improve working capital and maximize cash generation as earnings recover, which is a critical lever in this environment. At the same time, we're executing on a number of self-help actions that are expected to deliver meaningful benefits this year. As a reminder, this includes delivering the remaining approximately $500 million from our 2025 cost savings program.

And importantly, we expect to materially complete this program by the end of this quarter. It also includes approximately $500 million in growth and productivity benefits from Transform to Outperform. And we expect to realize approximately $100 million in additional benefits from the completion of our prior growth investments and our portfolio actions. And these actions are not just focused on cost, they represent structural improvements that enhance our long-term agility, lower our cost base and drive earnings growth across the cycle.

So to summarize, Dow is well positioned operationally, supported by a strong and flexible balance sheet and a team that is executing on clear and intentional self-help levers. All of this enables us to capture earnings upside while driving long-term value for our shareholders.

So with that, Mike, I'm happy to take your questions.

<<Michael Sison, Analyst, Wells Fargo>>

Great. Thanks, Jeff. We have about four hours for questions. I'm sure – I'm joking, I'm joking.

<<Jeff Tate, Chief Financial Officer>>

Looking forward to…

<<Michael Sison, Analyst, Wells Fargo>>

But anybody on the webcast, I am live on Bloomberg Messenger, if you do have a question, just send it to me. But I guess just let's start with the better-than-expected 2Q, a little bit $200 million better than your initial guidance. Any color between the segments or the business units that is driving that upside?

<<Jeff Tate, Chief Financial Officer>>

Sure, Mike. Even when we announced our earnings back at the end of April, one of the things that we did highlight is that we saw more potential upside than we did downside to our original guide, which was $2 billion. And in that original guide, there were two key things that we felt like there could be that upside that will come to fruition. And we're seeing this materialize really across the entire portfolio, but two things really stand out. Obviously, the strong pricing momentum that we captured not only from the $0.10 in March, but also the $0.30 in April that we were capturing, which was higher than consultant forecast at the time. Consultant forecast were projecting $0.20 for April. And so capturing that $0.30 gave us a little bit more upside.

But we also, in our Industrial Intermediates & Infrastructure segment because of tightness that you continue to see in the industry on supply, have seen both polyols and MDI, really capture some of that upside for 2Q as well. So when you think about it, consensus right now is at $2.1 billion, which more than likely captured a lot of that polyethylene pricing for April. But then that additional upside that we're seeing above consensus right now is really driven by what we're seeing coming out of our II&I segment for both polyols and MDI.

<<Michael Sison, Analyst, Wells Fargo>>

Okay. We've seen price increases in MDI and the polyols side. Benzene is up though a lot. Is it the spread that has improved? Or is demand a little bit better?

<<Jeff Tate, Chief Financial Officer>>

Well, I would say, obviously, we're going into a higher demand season, right, here. And for us, and this is more of an overall Dow statement, for second quarter, June is really that peak demand month for us, where we capture about 40% of our volume during the month of June for the second quarter. So we're going to be going into that ramp of the high seasonal volumes in June, while at the same time, capturing a lot of the pricing activity that we had already in the marketplace for II&I, a lot of that driven again by the tightness of supply.

<<Michael Sison, Analyst, Wells Fargo>>

And then following up on polyethylene, I get a lot of questions of why is polyethylene demand strong. Consumer seems to be challenged right now with inflation. You had mentioned polyethylene demand is still pretty strong. So maybe a little bit of color there.

<<Jeff Tate, Chief Financial Officer>>

So when you think about – and this is specific for Dow, let's look at even going back to the makeup of our portfolio, where we're continuing to see resiliency on flexible food and specialty packaging from an end market applications standpoint. But if you want to maybe double-click out a little bit, let's just look at April ACC North American data. There are a couple of data points there that really prove out what we're seeing in terms of the demand. April on total sales was the fifth highest month from an April standpoint, okay? Domestic sales were the third highest month on record. Exports set a new April monthly record, which was 17% year-over-year improvement. Operating rates remains strong. Operating rates for April out of the ACC data were 94.4%. And we saw inventories down another 23 million pounds coming out of that April ACC data.

So you look at the market dynamics, you look at what we saw with a really strong April. We look at our order books, obviously. And as I mentioned in my prepared remarks, we haven't seen any let off in demand there. So you combine the ACC data for both March and April, looking at our order books, seeing the resiliency that we've continued to see across the portfolio of polyethylene, demand continues to be healthy for us as we continue to go through the quarter.

<<Michael Sison, Analyst, Wells Fargo>>

Got it. And then maybe we can step back a little bit. When I look back at Winter Storm Uri, the supply chain was kind of down for about two months and peak pricing and peak integrated margins lasted for about a year. Maybe walk through the challenges the global polyethylene has because of the Iran war, I think there's like 30% we've talked about out. And how long you think this pricing could last this time around? Well, I'm not sure if the war is over, but it's two months and a couple of weeks, and then you noted a $0.20 price increase for polyethylene, and I think the consultants say zero. So maybe kind of go through that real quick.

<<Jeff Tate, Chief Financial Officer>>

Sure. It is interesting because I go back to, again, we're going into this June heavy demand season from a volume perspective, which we anticipate to continue to be there for second quarter of this year. But a few things back to the Middle East conflict question from you, Mike, here is that I would like to note, even if there was a resolution, let's say, in the coming days related to the Middle East conflict, there's still based on even industry analysts and experts that it will take several quarters for the supply chain to normalize. And why is that? Well, you think about the sequencing of prioritization that would need to take place.

First of all, you've got to prioritize the ships that are currently in the Strait and how do you get those out of the Strait. Secondly, you have to prioritize and allocate the capital that would be needed to repair the damage that has been done in the region. Thirdly, you then got to prioritize the human capital that will be needed. And a lot of that expertise has actually left the region because of safety reasons when everything started to escalate. So you start to think about those elements of it and then other components of it is you have to then think about the value chain, and the rebuilding of the inventory. And then once you start to get the Strait

opening, how do you then prioritize the sequencing of what comes through from a supply chain perspective.

One of the first things you're going to look at is energy, from a prioritization perspective. Second would be food security, so fertilizers and other commodities. And more than likely then third, you would have petrochemicals and other commodities in our space that would then be prioritized. So you just think about the sequencing of all of those, the prioritization of it, the allocation of it, that would take several quarters for it to work its way through the system.

<<Michael Sison, Analyst, Wells Fargo>>

Okay. And then maybe a follow-up on the polyethylene pricing for $0.20 in June, and your thoughts about that, given where consensus is at. I think others are between $0.10 and $0.20 as well. So...

<<Jeff Tate, Chief Financial Officer>>

Yeah. Well, for us, again, when we continue to look at our order books, we continue to look at the resiliency that we've continued to see around the packaging space, for us, the demand is still healthy. And really, when you look at the supply and not seeing any resolution on the supply side right now, the market dynamics would support actually that June price increase.

<<Michael Sison, Analyst, Wells Fargo>>

Okay. But within your guidance, it's zero.

<<Jeff Tate, Chief Financial Officer>>

For the guide right now, we did not assume a June $0.20 price increase.

<<Michael Sison, Analyst, Wells Fargo>>

Okay. And then maybe talk a little bit about export margins have been very little over the last three years. And because of the conflict, they've gone up, I think they're higher, maybe in some cases than Gulf Coast. Do you think structurally the export margin can stay healthy for a longer period of time because of the conflict? And would you consider exporting more than you do now?

<<Jeff Tate, Chief Financial Officer>>

Well, for us, we're going to continue to have as a top priority is going to be serving the Americas where we've had the sustainable margins for quite some time. If you look at prices in Asia and Europe per se, month-over-month, we've seen those start to stabilize, and actually, Europe is higher from April to May, which is encouraging as you look at demand and look at margin restoration from that vantage point. And so from our vantage point, we will continue to support the Americas first and then obviously, supporting the exports. And for us, that's been about 35% off of the U.S. Gulf Coast from an export prospective.

<<Michael Sison, Analyst, Wells Fargo>>

Right. Okay. Great. And then can we talk about – I think what's been underappreciated a little bit is your cost savings, your productivity, that should boost your underlying earnings power mid-cycle to longer-term. I think you were going to take $1 billion out of cost, you've got $500 million this year. Any thoughts on that? And what could happen going beyond this year?

<<Jeff Tate, Chief Financial Officer>>

Sure. Mike, I would put it this way. We've got a portfolio of different self-help actions that are currently underway. And because we're seeing this near-term tailwind due to the Middle East conflict, we are not losing our commitment or our resolve to continue down the pathway of making those commitments and delivering on what we've already put out. First of all, you're right, our 2025 cost-out program is $1 billion. We captured half of that in 2025, and we're well on track to deliver the other $500 million here in 2026. And in fact, that program will reach full run rate by the end of this quarter, be materially complete.

The second thing is our Transform to Outperform. You've heard us talk about really that's going to be resetting our operating model, simplifying how we work, lowering our cost structure, while at the same time, looking at growth and productivity as we look across our end-to-end processes to really make us more agile across the cycle and more competitive. And that will generate over the next couple of years, a total of $2-plus billion of value with an expectation of $500 million of that being delivered in 2026.

So you take the 2025 program of $0.5 billion, take the Transform to Outperform contribution of $0.5 billion. We also have our growth investments and the asset actions that I mentioned earlier that will deliver another $100 million. So that will deliver in combination, over $1 billion of EBITDA uplift from 2025 to 2026 purely from our self-help actions.

<<Michael Sison, Analyst, Wells Fargo>>

Right. So when I looked at the SpaceX IPO, they're going to lose a lot of money. So clearly, investors are looking for longer-term. So maybe you should lose more money, I don't know, but I'm joking. But when you think about how an investor should look at your earnings power from here, a lot of investors ask me about mid-cycle. But honestly, I'm kind of curious about peak, because when I look back two decades, it's either a trough or peak. I don't see a lot of mid-cycle. So when you think about where the earnings power could go, maybe include Canada in the possibility, where could EBITDA go longer-term for Dow?

<<Jeff Tate, Chief Financial Officer>>

Sure. So even if we were to assume no significant macro recovery for a period of time, Mike, and if we look at just the things that we have in flight right now, and let's use our 2025 EBITDA, that's maybe the ground floor to build off of that. So we delivered $3.3 billion of EBITDA last year. That's coming off of a GDP of less than 3% for the past several years across the globe. That's also coming off of, obviously, oversupply from a supply standpoint, and then looking at the structural changes in Europe over that period of time.

And if you look at our total near-term self-help actions between our $1 billion cost program of 2025 and our Transform to Outperform that I just mentioned of approximately $2 billion,

that gets you near-term $3 billion of EBITDA uplift off of that $3.3 billion that we delivered in 2025. So that gets you quickly to $6 billion, right?

You mentioned our Alberta project, which will commission and come on stream by the end of 2029 with the first phase, that will give us another $1 billion in that time period from 2029 to 2030. So now you're talking about a total of $4 billion of EBITDA uplift from things that we control that are not impacted necessarily by an expectation of a macro recovery. So $3.3 billion plus $4 billion of self-help as well as growth investments gets you to a significantly higher number than where we are today. So I won't try to anticipate kind of what that mid-cycle number would be, but I think that gives you an idea of how we're building off of what we've contributed and delivered in the past year.

<<Michael Sison, Analyst, Wells Fargo>>

Right. I actually do have a couple of questions from the webcast. A little bit on the deleveraging bullet that you had. Are you going to build cash, pay down debt? Or was that just waiting for EBITDA to uplift? Maybe a little bit of color on the deleveraging.

<<Jeff Tate, Chief Financial Officer>>

Absolutely. For us, any incremental cash that we get through this earnings uplift that we're seeing in 2026, one of our top priorities beyond supporting our safe and reliable operations will be supporting deleveraging, and so that incremental cash would be contributed there. But our capital allocation priorities over the cycle remain consistent, which again, is safe, reliable operations, maintaining our investment-grade credit profile, supporting growth as we move forward while remunerating our shareholders in the future.

<<Michael Sison, Analyst, Wells Fargo>>

Okay. And then I did want to talk about Canada a little bit. It's supply out of the Middle East. It's probably easy to transport around the world, safety issues, one of the lower cost. It should be a very attractive asset for folks, or attractive area for folks to get their supply of polyethylene. You had said that the returns on this business at mid-cycle would be 8% to 10%. I mean, where would they be now? It would be much higher, I suppose. And do you think mid-cycle margins for polyethylene should be higher, given structurally China will be using higher cost oil or naphtha? Where could this project really go if given what's happened with the Iran conflict?

<<Jeff Tate, Chief Financial Officer>>

Sure. First of all, a couple of things I would mention, Mike, is that the merits of the Alberta project have never been stronger from a benefit perspective, right? You're talking about a first quartile, low-cost asset that takes full advantage of the Alberta feedstock opportunity that we have there, number one. Secondly, packaging demand will continue to grow faster than GDP for the next several decades. Third, the government incentives remain true, right? We've said $1.5 billion of incentives. So we're going from a $7.5 billion growth CapEx to getting incentives of $1.5 billion, so net CapEx of $6 billion.

And then as you look at, again, being in a region that's away from the hurricane zone of the U.S. Gulf Coast and to your earlier point, it's not necessarily in other areas that may have

higher risk around the globe. So it's positioned in a really nice location. And then our fleet and the low-cost location of all of these assets now positions us even better than we are today once it comes online.

So the second part of your question, do we see the margins potentially being better and the returns ultimately being better than 8% to 10%? Absolutely, we could as we move forward. And just as a reminder, the economics don't include any of the carbon potential value that we would get from this as well.

<<Michael Sison, Analyst, Wells Fargo>>

And then could you just remind investors, 2029 is when the project is supposed to come on? How much CapEx do you have left? And would it make sense to accelerate that and get up and running sooner?

<<Jeff Tate, Chief Financial Officer>>

So what we've said is that you can expect our CapEx spending for the entire company to average about $2.5 billion over the next couple of years. So 2026 through 2028, $2.5 billion. Approximately $1.5 billion of that will be for Alberta and then the remainder would be for maintenance CapEx for our existing fleet. So as we look at it right now, we spend approximately 30% of the CapEx with the remainder to be – a large part of the spending remaining will be on the labor side because a lot of the long lead time equipment has already been ordered. So we're in a good position from that standpoint. Moving faster, more than likely, we will stay on the time frame that we're on, again, with the first phase starting up by the end of 2029.

<<Michael Sison, Analyst, Wells Fargo>>

And then assuming nothing really changes from pricing or anything like that heading into the third quarter, I know it's a little bit early to give specific guidance, but how should investors think about what you've captured? And as that moves into the third quarter, it would seem to me that even with a little bit of seasonal decline, earnings could be better.

<<Jeff Tate, Chief Financial Officer>>

I think, obviously, it is early for us to talk 3Q. But if you just look at typical second quarter, third quarter for Dow, those tend to be pretty similar, right? Now we will continue to have some turnaround activity in third quarter, similar to what we have in second quarter as well. And so we'll be managing through that as we work our way through the quarter. We'll continue to focus on our self-help actions while at the same time, focusing on the pricing actions that fit the market dynamics that are out there today, and we'll see where third quarter takes us. But right now, as we just look at second quarter, the upside that we've identified and discussed here this morning, we feel reasonably confident in, and then we'll continue to progress on our self-help actions and pricing actions for third quarter.

<<Michael Sison, Analyst, Wells Fargo>>

And then unfortunately, wait even longer to give any specific outlooks. But given your stock set, it feels to me that investors or the market thinks 2027 is going to go back to 2025 or

maybe not back to 2025, but it's it feels like EBITDA – investors feel EBITDA is just going to – once the war is over, it goes back to where it was. So any thoughts on how to help investors think about 2027? Again, in my feeling, I think a lot of these issues will last for a year, and any color on how to think about that? You've talked about the cost savings, all that stuff, that's additive. So...

<<Jeff Tate, Chief Financial Officer>>

Yes. And that's really where I'd like to ensure that we're really clear, Mike, is regardless of what happens in the macro, regardless of when the resolution occurs on the Middle East conflict, Dow has a portfolio of self-help actions that continue to ramp. They will ramp in the second half of 2026, and they will continue to accelerate going into 2027. So if you think about just the EBIT uplift and the EBITDA uplift for us, we will continue to see those self-help actions coming to fruition, whether it's through the asset actions from our European decisions that we've made. I mentioned to Barry, UK shutdown for siloxanes that is well ahead of schedule and will give us an EBITDA uplift in the second half of this year and full run rate going into 2027.

Looking at, again, our cost programs as well and our growth investments that we've made that have already RTO-ed and commissioned, we feel like we have a number of items and actions that will deliver beyond what the macros may offer in 2027.

<<Michael Sison, Analyst, Wells Fargo>>

A quick follow-up from folks on the webcast. Any thoughts on how much free cash flow should be generated this year based on the improved outlook for EBITDA?

<<Michael Sison, Analyst, Wells Fargo>>

Yes. When we continue to see the improvement in the EBITDA uplift, our cash conversion will also improve as well. Now I will tell you in the near term, because we're seeing the pricing going up at such the pace that we described earlier, especially what we've seen during the second quarter, we're going to have some of that use of cash for working capital, especially from a receivables standpoint. So as you think about the second half of 2026 is when you really start to see us build momentum in terms of free cash flow.

<<Michael Sison, Analyst, Wells Fargo>>

Right. Well, that's all the questions I have. If you have any closing comments, if not, thank you very much. We appreciate your time.

<<Jeff Tate, Chief Financial Officer>>

Thank you, Mike. Appreciate it.