



Dow

4Q 2019 RESULTS

January 29, 2020

AGENDA

Quarterly Highlights & Segment Results

Financial Overview

2019 Year in Review & 2020 Priorities



4Q 2019 HIGHLIGHTS

- Net Sales of \$10.2B – above guidance midpoint
- Volume up 2% YoY excluding the Hydrocarbons & Energy business; demand growth in packaging and construction chemicals
- Removed >\$35MM of stranded costs
- Generated \$1.9B of cash flow from operating activities – continuing operations, up \$531MM YoY
- Significantly improved cash flow conversion (Op. EBITDA-to-CFFO) YoY
- Paid down >\$1B of debt using proceeds from Nova judgment
- Returned \$611MM to shareholders: \$517MM in dividends and \$94MM in share repurchases

2%

Volume growth excl.
H&E business

110%

Op. EBITDA-to-CFFO
conversion

>\$1B

Reduction in
gross debt

~\$600MM

Returned to
shareholders

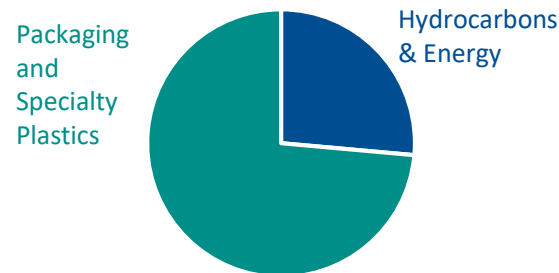


PACKAGING & SPECIALTY PLASTICS

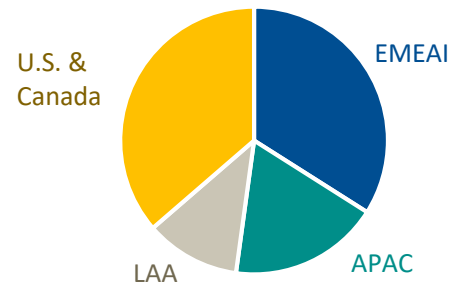
Financial Performance Snapshot <i>In millions, except margin percentages</i>	4Q19 <i>As Reported</i>	4Q18 <i>Pro Forma</i>	B/(W)	
Net Sales	\$4,840	\$5,898	\$(1,058)	(18)%
Op. EBIT	\$648	\$839	\$(191)	(23)%
Op. EBIT Margin	13.4%	14.2%	(80) bps	
Op. EBIT ex. Eq. Earn.	\$621	\$802	\$(181)	(23)%
Op. EBIT Margin ex. Eq. Earn.	12.8%	13.6%	(80) bps	

	Variances vs. SQLY Pro Forma				
	Sales	Local Price	FX	Volume	Op. EBIT
Packaging & Specialty Plastics	-18%	-14%	-1%	-3%	↓
Packaging and Specialty Plastics	↓	↓	↓	↑	↓
Hydrocarbons & Energy	↓	↓	↓	↓	↓

Net Sales by Business



Net Sales by Geographic Region



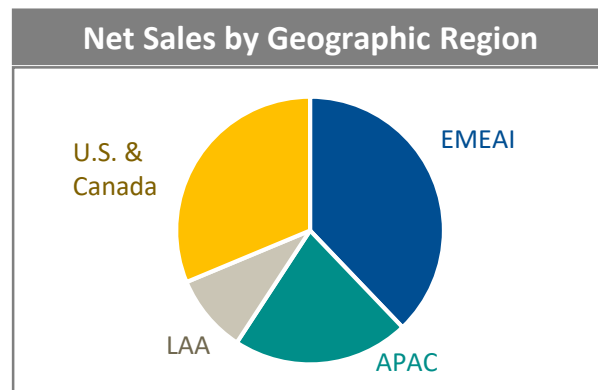
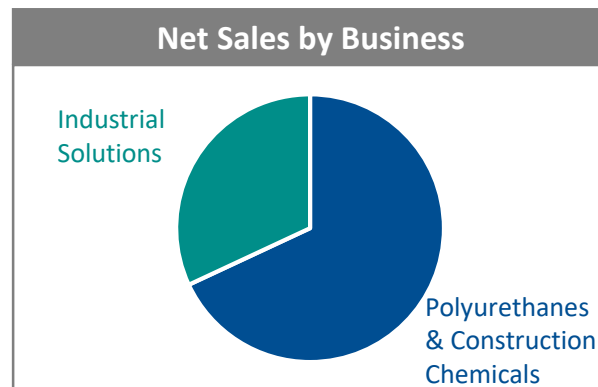
Above-GDP packaging demand growth & cost savings more than offset by PE margin compression & lower equity earnings



INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE

Financial Performance Snapshot <i>In millions, except margin percentages</i>	4Q19 <i>As Reported</i>	4Q18 <i>Pro Forma</i>	<i>B/(W)</i>	
Net Sales	\$3,253	\$3,777	\$(524)	(14)%
Op. EBIT	\$221	\$339	\$(118)	(35)%
Op. EBIT Margin	6.8%	9.0%	(220) bps	
Op. EBIT ex. Eq. Earn.	\$266	\$354	\$(88)	(25)%
Op. EBIT Margin ex. Eq. Earn.	8.2%	9.4%	(120) bps	

	Variances vs. SQLY Pro Forma				
	Sales	Local Price	FX	Volume	Op. EBIT
Ind. Intermediates & Infrastructure	-14%	-13%	-1%	—	↓
Industrial Solutions	↓	↓	↓	↓	↓
Polyurethanes & Construction Chem.	↓	↓	↓	↑	↓



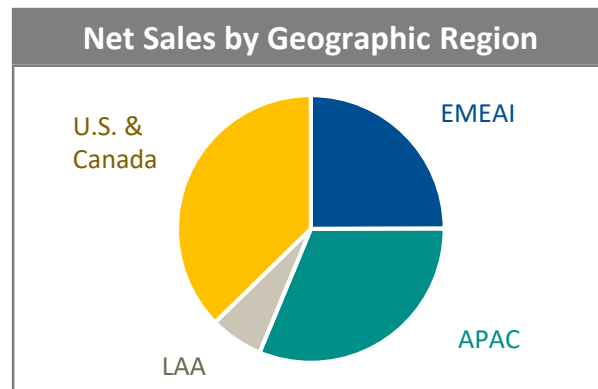
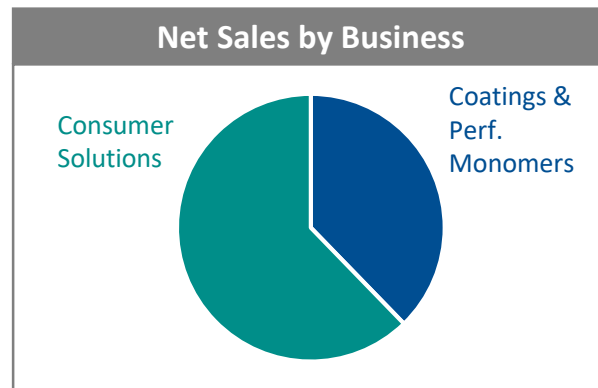
Demand growth in Construction Chemicals was more than offset by margin compression in PU & lower equity earnings



PERFORMANCE MATERIALS & COATINGS

Financial Performance Snapshot <i>In millions, except margin percentages</i>	4Q19 <i>As Reported</i>	4Q18 <i>Pro Forma</i>	B/(W)	
Net Sales	\$2,035	\$2,269	\$(234)	(10)%
Op. EBIT	\$233	\$201	\$32	16%
Op. EBIT Margin	11.4%	8.9%	250 bps	

	Variances vs. SPLY Pro Forma				
	Sales	Local Price	FX	Volume	Op. EBIT
Performance Materials & Coatings	-10%	-8%	-1%	-1%	↑
Consumer Solutions	↓	↓	↓	↓	↓
Coatings & Perf. Monomers	↓	↓	—	↓	↑



Reduced turnaround costs in Performance Monomers more than offset siloxanes margin compression

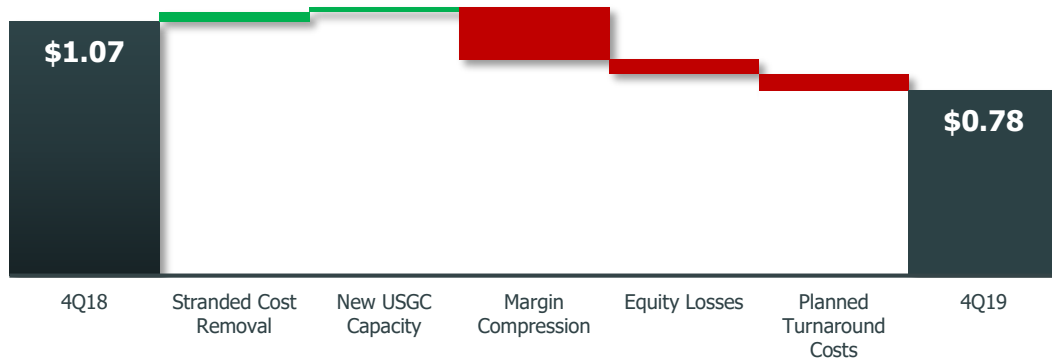


SADARA UPDATE

- Logistics service agreement has been reached in principle; the official signing is imminent
- Process of achieving Project Completion is underway
 - Remaining steps take ~4 weeks
 - Enables Dow's and Aramco's guarantees on Sadara debt to be released
- Sadara will begin discussions with lenders regarding debt re-profiling
 - Goal is to enhance Sadara's financial flexibility
 - Aramco and Dow expect to continue making loans to Sadara in 2020; Dow's share of loans could be up to \$500MM
- In 4Q19, Dow recorded a non-cash impairment for the write-down of its investment in Sadara

4Q 2019 FINANCIAL OVERVIEW

YoY Operating EPS Reconciliation



Key Drivers in the Quarter

- Removed >\$35MM in stranded costs
- Demand growth in packaging applications, supported by contributions from USGC investments
- Strong cash flow from operations
- Unfavorable YoY tax rate offset by lower interest expense, D&A and share count
- Margin compression in polyethylene, siloxanes and PU intermediates
- Lower JV equity earnings, driven primarily by margin compression in MEG and polyethylene
- Higher planned turnaround costs, including ethylene turnaround in The Netherlands and PDH turnaround in Texas

Financial Summary (\$ millions, unless otherwise noted)	4Q19 As Reported	4Q18 Pro Forma	YoY B/(W)	3Q19 As Reported	QoQ B/(W)
Net Sales	\$10,204	\$12,008	\$(1,804)	\$10,764	\$(560)
Equity Earnings (Losses)	\$(21)	\$26	\$(47)	\$(44)	\$23
Income (loss) from Continuing Ops., Net of Tax	\$(2,310)	\$531	\$(2,841)	\$347	\$(2,657)
Operating EBIT	\$1,033	\$1,289	\$(256)	\$1,117	\$(84)
Op. EBIT Margin (%)	10.1%	10.7%	(60) bps	10.4%	(30) bps
Op. EBIT Margin ex. Eq. Earnings (%)	10.3%	10.5%	(20) bps	10.8%	(50) bps
EPS – diluted	\$(3.14)	\$0.68	\$(3.82)	\$0.45	\$(3.59)
Operating EPS – diluted	\$0.78	\$1.07	\$(0.29)	\$0.91	\$(0.13)
Cash Provided by Op. Activities – Cont. Ops.	\$1,920	\$1,389	\$531	\$1,790	\$130
Op. EBITDA to CFFO (Cash Flow Conversion, %)	110%	69%		96%	



PRINCIPAL JOINT VENTURE DETAIL

Dow's Proportionate Share of Principal JV Financial Results

<i>\$ millions (unaudited)</i>	4Q 2019			4Q 2018		
	Sadara	Kuwait JVs	Thai JVs	Sadara	Kuwait JVs	Thai JVs
EBITDA	\$9	\$142	\$70	\$7	\$196	\$47
EBIT	\$(77)	\$105	\$60	\$(78)	\$162	\$38
Net Income <i>Equity Earnings (Losses) to Dow</i>	\$(132)	\$95	\$ -	\$(141)	\$139	\$16
EBITDA in Excess of Eq. Earnings	\$141	\$47	\$70	\$148	\$57	\$31
Net Debt	\$4,593	\$1,666	\$304	\$4,720	\$1,066	\$335

Drivers of YoY Changes

- **Kuwait JVs:** Margin compression in MEG and polyethylene
- **Thai JVs:** Reduced cracker and polyethylene margins
- **Sadara:** Volume gains and cost control more than offset price declines



1Q20 MODELING GUIDANCE: CONDITIONS REMAIN AT END-2019 LEVELS

Net Sales	\$10.0B – \$10.4B
Operational Tax Rate	25% - 27%
Net Income Attrib. to Non-Controlling Int.	~\$20MM

Depreciation & Amortization	~\$735MM
Net Interest Expense (Net of Int. Income)	~\$200MM
Share Count	~745MM

	<i>Sales Drivers (1Q20 vs. 4Q19)</i>	<i>Op. EBIT Drivers (1Q20 vs. 4Q19)</i>
Packaging & Specialty Plastics	Sales ~flat	- Add back: impact of T/A spend in The Netherlands in 4Q19 (~\$65MM tailwind) - PE price recovery from Dec. lows; significant global capacity at zero/negative margins at end-2019 - Lower equity earnings (~\$20MM headwind) - Pension expense up due to lower rates (\$15-20MM headwind)
Industrial Intermediates & Infrastructure	Sales ~flat	- Add back: impact of PDH T/A spend in 4Q19 (~\$40MM tailwind) - Subtract: project-based catalyst sales and solar project fill (~\$50MM headwind) - Impact of 3rd party outage in Tarragona, Spain (~\$40MM headwind) - MDI spreads at trough conditions globally - Lower equity earnings (~\$30MM headwind) - Pension expense up due to lower rates (\$5-10MM headwind)
Performance Materials & Coatings	Sales up 2% - 4%, driven by seasonality	- Add back: impact of PDH T/A spend and seasonality in 4Q19 (~\$70MM tailwind) - Higher T/A spend in Performance Monomers (~\$35MM headwind) - Pension expense up due to lower rates (\$5-10MM headwind)
Corporate	Sales of \$70 - \$80MM	Op. EBIT of \$(70) - \$(90)MM and Op. EBITDA of \$(60) - \$(80)MM



FY 2020 MODELING CONSIDERATIONS

Operational EBIT Drivers vs. FY19

Equity Earnings	Slightly worse equity losses YoY, driven by II&I
Pension Expense	Pension Expense (~\$125MM headwind YoY) – \$75MM in P&SP, \$25MM in II&I, \$25MM in PM&C
Corporate	Op. EBIT of ~\$(325)MM and Op. EBITDA of ~\$(280)MM
Currency	Flat YoY; 1H20 headwind offset in 2H20 (Euro driven)
Turnaround Costs	Flat YoY; heaviest spend in 2Q and 3Q
Stranded Cost	~\$140MM in savings realized YoY

Other Income Statement Considerations

Net Interest Expense	~\$800MM
D&A	~\$2.9B
Net Income Attrib. to Non-Controlling Int.	~\$75MM (reduction to reported Net Income)
Share Count	~740MM (includes base case buyback to offset dilution)
Op. Tax Rate	24% – 27%

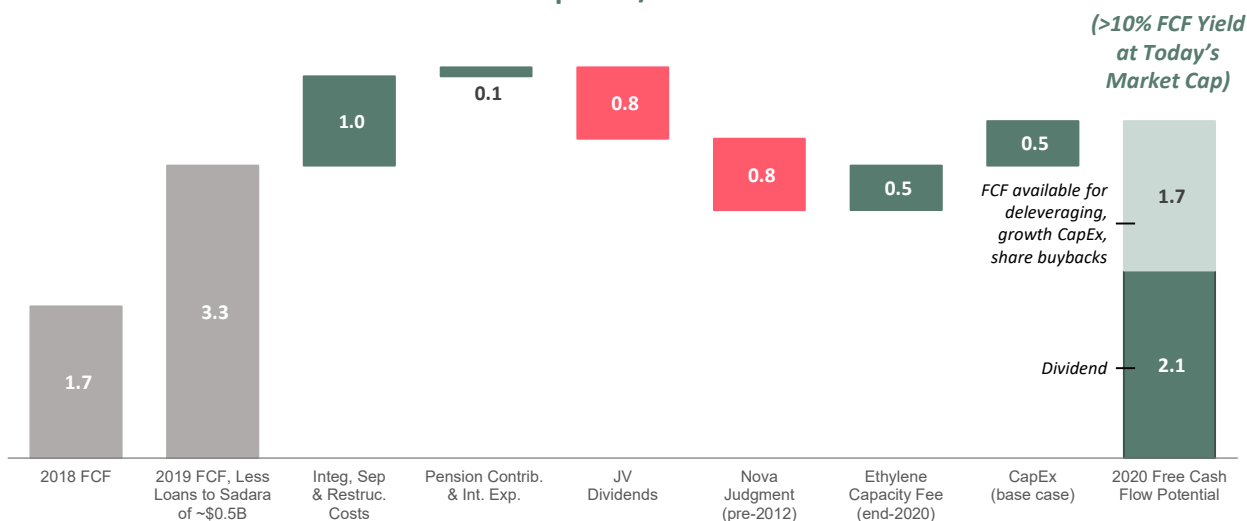
Cash Flow Considerations in 2020

Capex	\$1.5B - \$1.75B (\$250-500MM lower YoY)
Sadara	~\$500MM cash outflow (flat YoY)
Pension Contributions	~\$250MM cash outflow (~\$20MM lower YoY)
Integration, Separation, Severance Spending	~\$250MM cash outflow, primarily spent in 1H20 (down ~\$1B YoY)
Dividends from Equity Companies	~\$250MM (down ~\$800MM YoY)

SIGNIFICANT FCF POTENTIAL, SEVERAL NEAR-TERM ACTIONS IN FOCUS

Base Case Highlights ~\$4B of FCF Potential in 2020

Base Case Cash Upsides/Downsides vs. 2019



~\$1B of FCF Upside Potentials

- Recover tax paid on pre-2012 Nova judgment
- Reach settlement or obtain judgment on post-2012 Nova litigation
- Other cash conversion improvements in focus:
 - Working capital efficiencies
 - Tax structure improvements

Disciplined prioritization of FCF; upside potentials could drive further near-term optionality



2019 YEAR IN REVIEW: DELIVERING ON OUR PRIORITIES



PROFITABLE GROWTH

Capitalize on growth and value-add materials science opportunities

Enhance customer-centricity and speed of innovation through 'Digital Dow'

Complete USGC investments; advance next brownfield increments



DISCIPLINED CAPITAL ALLOCATION

Prioritize lower-risk, faster-payback projects, with capex $\leq$ D&A

Maintain and improve leadership positions in core markets

Higher ROIC, FCF & returns to shareholders



LOW-COST OPERATING MODEL

Achieve best-in-class cost structures

Deliver cost synergy run-rate by end of 1Q19 (\$1.365B)

Reach next level of productivity through 'Digital Dow'



BEST OWNER MINDSET

Implement most value-creating strategies

Culture of benchmarking

Enhanced disclosure (capacities, market-based transfer pricing)

We stuck closely to our playbook, delivered on the priorities in our control and showcased Dow's resilience



PROFITABLE GROWTH HELPED NAVIGATE MARKET HEADWINDS



PROFITABLE GROWTH

- ✓ USGC investments enabled P&SP volume growth and provided additional Op. EBITDA contribution
- ✓ Completed 16 silicone de-bottlenecks, enabling growth in key end-market applications
- ✓ Generated nearly \$3B of revenue through new Dow.com e-commerce portal



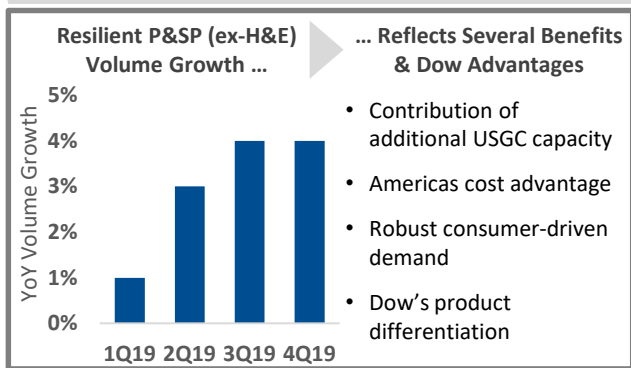
DISCIPLINED CAPITAL ALLOCATION



LOW-COST OPERATING MODEL



BEST OWNER MINDSET



FINANCIAL AND CAPITAL DISCIPLINE ON DISPLAY



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DISCIPLINED CAPITAL ALLOCATION

- ✓ Significantly improved Op. EBITDA-to-CFFO conversion to 78%, up from 41% in 2018
- ✓ Paid down >\$3B of debt; pursued liability management to extend near-term maturities
- ✓ Delivered solid cash returns to shareholders: ~\$2.1B dividends¹ + \$500MM share repurchases

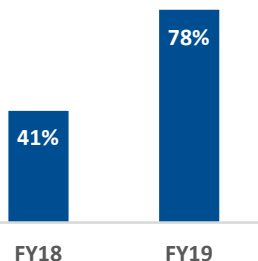


LOW-COST OPERATING MODEL



BEST OWNER MINDSET

Op. EBITDA to
CFFO Conversion



Free Cash Flow (\$B)



2019 Growth CapEx by Business²



Preferentially investing in highest return businesses

(1) Dow paid dividends of \$535 million to DowDuPont in the first quarter of 2019 as well as a cumulative \$1.55 billion to Dow Inc. shareholders in the remaining three quarters of the year.

(2) Growth CapEx defined as CapEx tied to future sales and adding capacity.



COST CONTROL ACTIONS ENABLE LEANER OPERATING MODEL



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LOW-COST OPERATING MODEL

- ✓ Completed \$1.365B cost synergy program and delivered >\$160MM of stranded cost removal
- ✓ Between synergy and stranded costs, delivered more than \$600MM of cost savings
- ✓ Reduced SG&A and R&D by >\$200MM YoY



BEST OWNER MINDSET

>30% Reduction in Headcount,
Resulting From Spin-off & Streamlining Actions



CULTURE OF BENCHMARKING DRIVES TOWARD BEST-IN-CLASS RESULTS



PROFITABLE GROWTH

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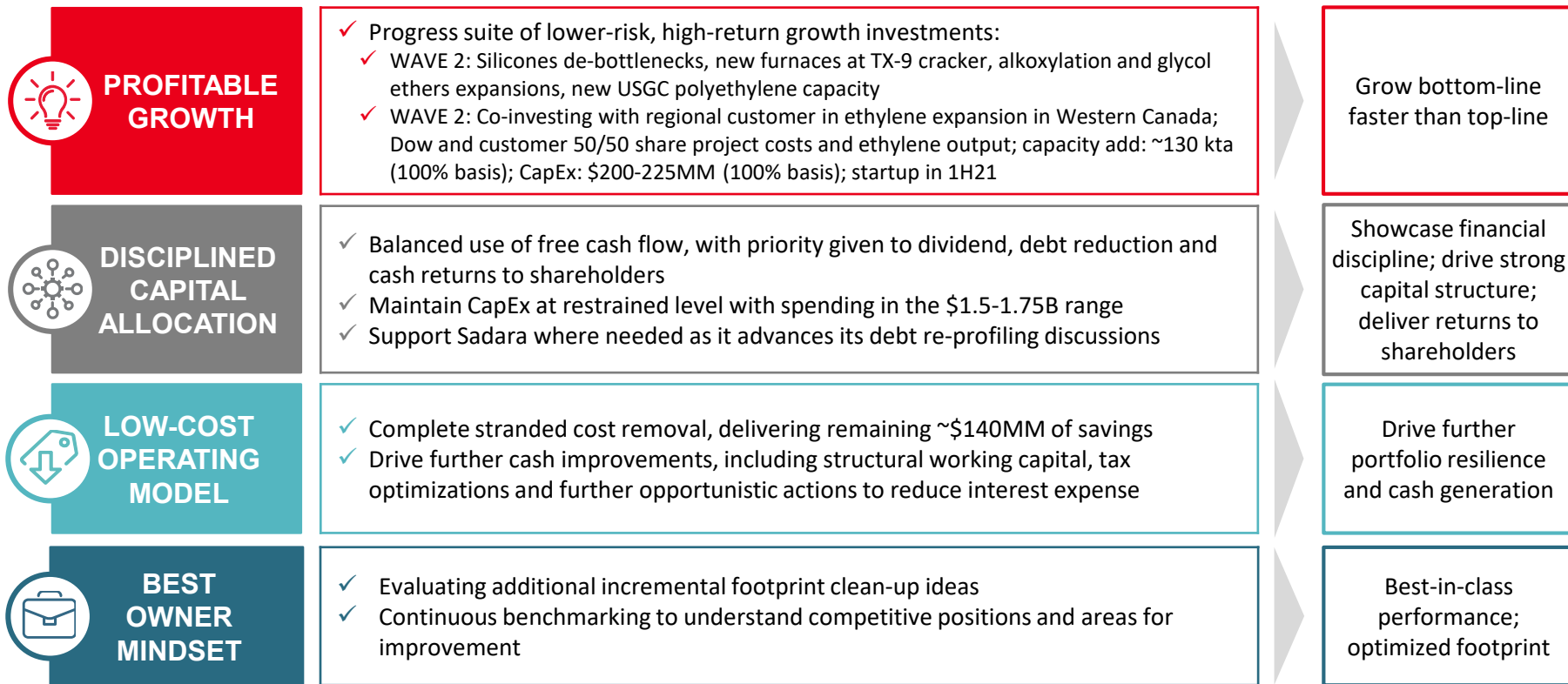
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BEST OWNER MINDSET

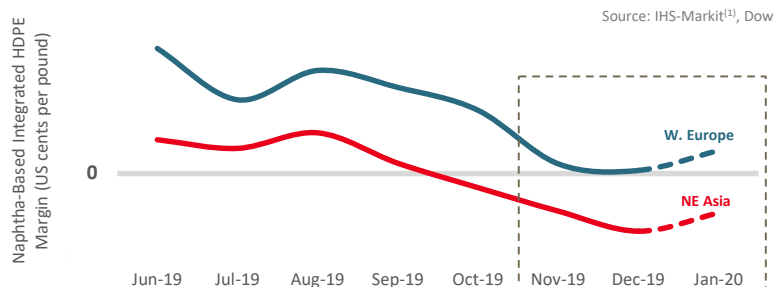
- ✓ Enhanced disclosures: published key capacities, moved to market-based ethylene transfer pricing and shifted operating profit metric from Op. EBITDA to Op. EBIT
- ✓ Increased focus on benchmarking and delivering best-in-class performance
- ✓ Completed several footprint clean-up transactions (e.g., Australia, Germany, West Virginia)

KEY PRIORITIES IN 2020



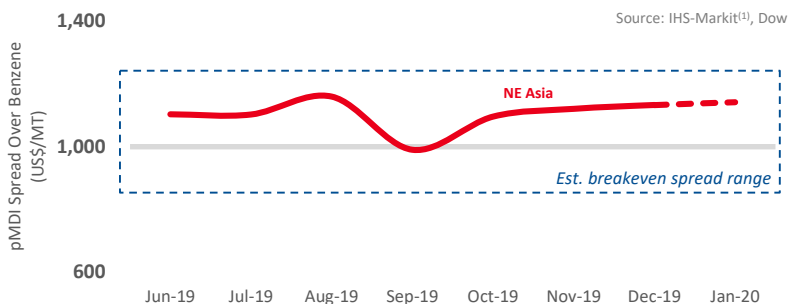
OUTLOOK: SIMILAR CONDITIONS CONTINUE IN THE NEAR-TERM

~40% of Global PE Capacity at/below Breakeven Cash Margin

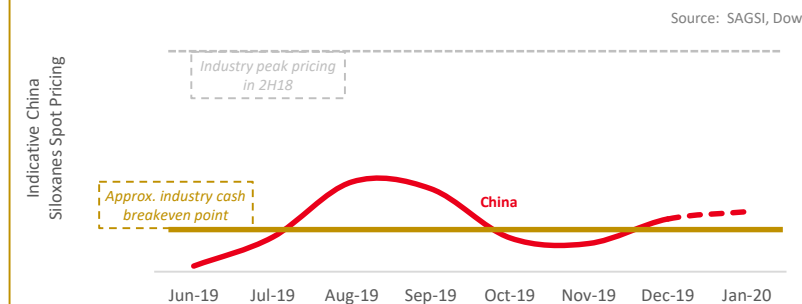


- High-cost capacity for many chains reportedly at breakeven or negative cash margins at the end of 2019
- Third-party industry reports suggest high-cost producers are trimming rates, extending T/As
- In recent months some producers have publicly announced new capacity delays
- Multiple planned ethylene turnarounds in Asia, USGC in 1Q20
- Dow continues to capture volume growth in this environment due to our advantaged cost positions

APAC pMDI Spreads Remain at Breakeven Levels



Spot Siloxane Pricing Bouncing around Breakeven



CLOSING COMMENTS

- Similar conditions continue in the near-term in our key product chains
 - Soft margins in most of our chains in APAC and EUR to start 2020
 - Early signs of price recovery in PE, coming off the lows at the end of 2019
 - Consumer-driven demand still resilient, while industrial sectors remain weak
- Phase 1 trade agreement is a positive step
- Dow has a full suite of actions and advantages to outperform in this period
 - Financial discipline: moderated CapEx, focus on remaining deleveraging, selective growth
 - Portfolio differentiation: Americas cost advantage, feedstock flex, geographic breadth
 - Cash flow strength: FCF optionality, attractive shareholder returns, improving cash conversion
 - Self help: stranded cost savings and continuous productivity mindset

Margin trajectory is poised to inflect – 2020 expected to be a year of stabilization and reset





Seek

Together™

APPENDIX

FULL YEAR 2019 HIGHLIGHTS

- Net Sales of \$43B; achieved 1% volume growth excluding the Hydrocarbons & Energy business
- Diluted EPS of (-\$2.42) and Loss from Continuing Op., net of tax of (-\$1,717); Pro forma Op. EPS of \$3.53; Pro forma Op. EBIT of \$4.4B; Pro forma Op. EBIT Margin 10%
- Exceeded cost structure target by delivering >\$600MM of cost synergy savings and stranded cost removal
- Generated \$5.7B of cash flow from operating activities – continuing operations, up \$2.6B YoY
- Paid down \$3.25B of debt
 - Repaid \$2B term loan using payment received from DuPont
 - Paid down \$1.25B debt using cash from Nova judgement
- Industry-leading dividend delivered ~\$2.1B¹ to shareholders
- Fulfilled share repurchase target of \$500MM

>\$600MM

Cost synergy and stranded cost savings

78%

Op. EBITDA-to-CFFO conversion

>\$3B

debt paid down

~\$2.6B

Returned to shareholders

(1) Dow paid dividends of \$535 million to DowDuPont in the first quarter of 2019, as well as a cumulative \$1.55 billion to Dow Inc. shareholders in the remaining three quarters of the year.



GENERAL COMMENTS

Separation from DowDuPont

On April 1, 2019, DowDuPont Inc. ("DowDuPont" and effective June 3, 2019, n/k/a DuPont de Nemours, Inc. or "DuPont") completed the separation of its materials science business and Dow Inc. became the direct parent company of The Dow Chemical Company and its consolidated subsidiaries ("TDCC" and together with Dow Inc., "Dow" or the "Company"), owning all of the outstanding common shares of TDCC. For filings related to the period commencing April 1, 2019 and thereafter, TDCC was deemed the predecessor to Dow Inc., and the historical results of TDCC are deemed the historical results of Dow Inc. for periods prior to and including March 31, 2019. The information in this report reflects the results of Dow and its consolidated subsidiaries, after giving effect to the distribution to DowDuPont of TDCC's agricultural sciences business ("AgCo") and specialty products business ("SpecCo") and the receipt of E. I. du Pont de Nemours and Company and its consolidated subsidiaries' ("Historical DuPont") ethylene and ethylene copolymers business (other than its ethylene acrylic elastomers business) ("ECP"). The separation was contemplated by the merger of equals transaction effective August 31, 2017, under the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017. TDCC and Historical DuPont each merged with subsidiaries of DowDuPont and, as a result, TDCC and Historical DuPont became subsidiaries of DowDuPont (the "Merger"). Subsequent to the Merger, TDCC and Historical DuPont engaged in a series of internal reorganization and realignment steps to realign their businesses into three subgroups: agriculture, materials science and specialty products. Dow Inc. was formed as a wholly owned subsidiary of DowDuPont to serve as the holding company for the materials science business.

Unaudited Pro Forma Financial Information

In order to provide the most meaningful comparison of results of operations and results by segment, supplemental unaudited pro forma financial information has been included in the following financial schedules. The unaudited pro forma financial information is based on the consolidated financial statements of TDCC, adjusted to give effect to the separation from DowDuPont as if it had been consummated on January 1, 2017. For the twelve months ended December 31, 2019 and the three and twelve months ended December 31, 2018, pro forma adjustments have been made for (1) the margin impact of various manufacturing, supply and service related agreements entered into with DuPont and Corteva in connection with the separation which provide for different pricing than the historical intercompany and intracompany pricing practices of TDCC and Historical DuPont, (2) the removal of the amortization of ECP's inventory step-up recognized in connection with the Merger, and (3) the elimination of the impact of events directly attributable to the Merger, internal reorganization and business realignment, separation, distribution and other related transactions (e.g., one-time transaction costs). The results for the three months ended December 31, 2019, are presented under accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited pro forma financial information has been presented for informational purposes only and is not necessarily indicative of what Dow's results of operations actually would have been had the separation from DowDuPont been completed as of January 1, 2017, nor is it indicative of the future operating results of Dow. The unaudited pro forma information does not reflect restructuring or integration activities or other costs following the separation from DowDuPont that may be incurred to achieve cost or growth synergies of Dow. For further information on the unaudited pro forma financial information, please refer to the Company's Current Report on Form 8-K dated June 3, 2019.

General Comments

Unless otherwise specified, all financial measures in this presentation, where applicable, exclude significant items.



SAFE HARBOR

Cautionary Statement about Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance, financial condition, and other matters, and often contain words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “opportunity,” “outlook,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “will be,” “will continue,” “will likely result,” “would” and similar expressions, and variations or negatives of these words. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements.

Forward-looking statements include, but are not limited to, expectations as to future sales of Dow’s products; the ability to protect Dow’s intellectual property in the United States and abroad; estimates regarding Dow’s capital requirements and need for and availability of financing; estimates of Dow’s expenses, future revenues and profitability; estimates of the size of the markets for Dow’s products and services and Dow’s ability to compete in such markets; expectations related to the rate and degree of market acceptance of Dow’s products; the outcome of certain Dow contingencies, such as litigation and environmental matters; estimates of the success of competing technologies that may become available and expectations regarding the benefits and costs associated with each of the foregoing.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Forward-looking statements are based on certain assumptions and expectations of future events which may not be realized and speak only as of the date the statements were made. In addition, forward-looking statements also involve risks, uncertainties and other factors that are beyond Dow’s control that could cause Dow’s actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. These factors include, but are not limited to: fluctuations in energy and raw material prices; failure to develop and market new products and optimally manage product life cycles; significant litigation and environmental matters; failure to appropriately manage process safety and product stewardship issues; changes in laws and regulations or political conditions; global economic and capital markets conditions, such as inflation, market uncertainty, interest and currency exchange rates, and equity and commodity prices; business or supply disruptions; security threats, such as acts of sabotage, terrorism or war; weather events and natural disasters; ability to protect, defend and enforce Dow’s intellectual property rights; increased competition; changes in relationships with Dow’s significant customers and suppliers; unanticipated expenses such as litigation or legal settlement expenses; unanticipated business disruptions; Dow’s ability to predict, identify and interpret changes in consumer preferences and demand; Dow’s ability to complete proposed divestitures or acquisitions; Dow’s ability to realize the expected benefits of acquisitions if they are completed; the availability of financing to Dow in the future and the terms and conditions of such financing; and disruptions in Dow’s information technology networks and systems. Additionally, there may be other risks and uncertainties that Dow is unable to identify at this time or that Dow does not currently expect to have a material impact on its business.

Risks related to achieving the anticipated benefits of our separation from DowDuPont Inc. include, but are not limited to, a number of conditions including risks outside the control of Dow including risks related to (i) Dow’s inability to achieve some or all of the benefits that it expects to receive from the separation from DowDuPont, (ii) certain tax risks associated with the separation, (iii) Dow’s inability to make necessary changes to operate as a stand-alone company, (iv) the failure of Dow’s pro forma financial information to be a reliable indicator of Dow’s future results, (v) Dow’s inability to enjoy the same benefits of diversity, leverage and market reputation that it enjoyed as a combined company, (vi) Dow’s inability to receive third-party consents required under the separation agreement, (vii) Dow’s customers, suppliers and others’ perception of Dow’s financial stability on a stand-alone basis, (viii) non-compete restrictions under the separation agreement, (ix) receipt of less favorable terms in the commercial agreements we entered into with E. I. du Pont de Nemours and Company n/k/a/ DuPont de Nemours, Inc. (“DuPont”) and Corteva, Inc. (“Corteva”), including restrictions under intellectual property cross-license agreements, than Dow would have received from an unaffiliated third party; and (x) Dow’s obligation to indemnify DuPont and/or Corteva for certain liabilities.

Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. For a more detailed discussion of Dow’s risks and uncertainties, see the section titled “Risk Factors” contained in Dow Inc. and TDCC’s combined Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 in the Current Report on Form 8-K of Dow Inc. and TDCC, filed with the SEC on July 25, 2019, recasting portions of the TDCC 10-K for the fiscal year ended December 31, 2018, and in Part I, Item 1A of the Annual Report on Form 10-K of TDCC for the fiscal year ended December 31, 2019. Dow and TDCC assume no obligation to update or revise publicly any forward-looking statements whether because of new information, future events or otherwise, except as required by securities and other applicable laws.



Non-GAAP & DEFINITIONS

Non-GAAP Financial Measures

This presentation includes information that does not conform to U.S. GAAP and are considered non-GAAP measures. These measures include the Company's pro forma consolidated results and pro forma earnings per share on an adjusted basis. Management uses these measures internally for planning, forecasting and evaluating the performance of the Company's segments, including allocating resources. Dow's management believes that these non-GAAP measures best reflect the ongoing performance of the Company during the periods presented and provide more relevant and meaningful information to investors as they provide insight with respect to ongoing operating results of the Company and a more useful comparison of year-over-year results. These non-GAAP measures supplement the Company's U.S. GAAP disclosures and should not be viewed as alternatives to U.S. GAAP measures of performance. Furthermore, such non-GAAP measures may not be consistent with similar measures provided or used by other companies. Non-GAAP measures included in this release are defined below. Reconciliations for these non-GAAP measures to U.S. GAAP are provided in the Selected Financial Information and Non-GAAP Measures section starting on page 13. Dow does not provide forward-looking U.S. GAAP financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most comparable U.S. GAAP financial measures on a forward-looking basis because the Company is unable to predict with reasonable certainty the ultimate outcome of pending litigation, unusual gains and losses, foreign currency exchange gains or losses and potential future asset impairments, as well as discrete taxable events, without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on U.S. GAAP results for the guidance period.

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Definitions

Pro Forma Operating EBIT is defined as pro forma earnings (i.e., pro forma "income from continuing operations before income taxes") before interest, excluding the impact of significant items.

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

Pro Forma Operating EBIT Margin is defined as pro forma Operating EBIT divided by pro forma Net Sales.

Pro Forma Operating EBIT Excl. Equity Earnings - Pro Forma Operating EBIT ex. Equity Earnings is defined as Pro Forma Operating EBIT less Equity Earnings.

Pro Forma Operating EBIT Margin Excl. Equity Earnings Pro Forma Operating EBIT Margin ex. Equity Earnings is defined as Pro Forma Operating EBIT less equity earnings divided by Pro Forma net sales

Pro Forma Operating Earnings Per Share (EPS) is defined as pro forma Operating EBIT excluding Equity Earnings.

Operating EBIT is defined as earnings (i.e. "Income from continuing operations before taxes") before interest, excluding the impact of significant items.

Operating EBITDA is defined as earnings (i.e. "Income from continuing operations before taxes") before interest, depreciation and amortization, excluding the impact of significant items.

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

Op. EBIT ex. equity earnings is defined as Operating EBIT less Equity Earnings.

Op. EBIT Margin ex. equity earnings is defined as Operating EBIT less Equity Earnings divided by Net Sales.

Operating EPS- Operating earnings per share is defined as "Earnings (loss) per common share from continuing operations - diluted" excluding the after-tax impact of significant items.

Operational Tax Rate is defined as the effective tax rate (i.e., GAAP "Provision for income taxes" divided by "Income from continuing operations before income taxes") excluding the impact of significant items.

Pro Forma operating earnings per share is defined as "Pro Forma earnings per common share from continuing operations - diluted" excluding the after-tax impact of significant items.

Cash Flow from Operating Activities - Continuing Operations (CFFO), excluding the impact of ASU 2016-15 is defined cash flows from operating activities - continuing operations excluding the impact of Accounting Standards Update 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payment" and related interpretive guidance.

Free cash flow (FCF) is defined as "Cash flows from Operating Activities - Continuing Operations", excluding the impact of ASU 2016-15, less capital expenditures. Under this definition, free cash flow represents the cash generated by the Company from operations after investing in its asset base. Free cash flow, combined with cash balances and other sources of liquidity, represent the cash available to fund obligations and provide returns to shareholders. Free cash flow is an integral financial measure used in the Company's financial planning process.

Cash Conversion is defined as "Cash Flow from Operating Activities - Continuing Operations" divided by Operating EBITDA. For periods prior to the fourth quarter of 2018, Cash Conversion is defined as "Cash Flow from Operating Activities - Continuing Operations, excluding the impact of ASU 2016-15, divided by Operating EBITDA.

Net Debt (JVs) is defined as Long-Term Debt plus Current Portion of Long-Term Debt less Cash and Cash Equivalents.

Kuwait Joint Ventures (JVs) refers to EQUATE Petrochemical Company K.S.C.C., The Kuwait Olefins Company K.S.C.C., and The Kuwait Styrene Company K.S.C.C.

Thai Joint Ventures (JVs) refers to Map Ta Phut Olefins Company Limited and The SCG-Dow Group (Siam Polyethylene Company Limited, Siam Polystyrene Company Limited, Siam Styrene Monomer Co., Ltd., Siam Synthetic Latex Company Limited).



OPERATING AND PRO FORMA EPS RECONCILIATION

Significant Items Impacting Results for the Three Months Ended Dec 31, 2019			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> ¹	<i>Net Income</i> ²	<i>EPS</i> ³
Reported results	\$ (2,196)	\$ (2,323)	\$ (3.14)
Less: Significant items			
Integration and separation costs	(99)	(89)	\$ (0.12)
Restructuring, goodwill impairment and asset related charges - net	(2,851)	(2,842)	\$ (3.84)
Loss on divestiture	(5)	(4)	\$ (0.01)
Loss on early extinguishment of debt	(58)	(49)	\$ (0.07)
Indemnification and other transaction related costs	(17)	(17)	\$ (0.02)
Income tax related items	-	101	\$ 0.14
Total significant items	\$ (3,030)	\$ (2,900)	\$ (3.92)
Operating results (non-GAAP)	\$ 834	\$ 577	\$ 0.78

Significant Items Impacting Results for the Three Months Ended Dec 31, 2018			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> ¹	<i>Net Income</i> ²	<i>EPS</i> ³
Pro forma results	\$ 593	\$ 507	\$ 0.68
Less: Significant items			
Integration and separation costs	(344)	(333)	(0.45)
Restructuring, goodwill impairment and asset related charges - net	(46)	(37)	(0.05)
Loss on early extinguishment of debt	(48)	(37)	(0.05)
Income tax related items	-	115	\$ 0.16
Total significant items	\$ (438)	\$ (292)	\$ (0.39)
Operating pro forma results (non-GAAP)	\$ 1,031	\$ 799	\$ 1.07

1. "Income (loss) from continuing operations before income taxes" or pro forma "Income (loss) from continuing operations before income taxes."

2. "Net income (loss) available for Dow Inc. common stockholders" or pro forma "Net income (loss) available for Dow Inc. common stockholders." The income tax effect on significant items was calculated based upon the enacted tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

3. "Earnings (loss) per common share from continuing operations - diluted" or pro forma "Earnings (loss) per common share from continuing operations - diluted."



OPERATING AND PRO FORMA EPS RECONCILIATION (CONTINUED)

Significant Items Impacting Results for the Twelve Months Ended Dec 31, 2019			
In millions, except per share amounts (Unaudited)	Pretax ¹	Net Income ²	EPS ³
Pro forma results	\$ (1,180)	\$ (1,739)	\$ (2.35)
Less: Significant items			
Integration and separation costs	(1,013)	(824)	(1.11)
Restructuring, goodwill impairment and asset related charges - net	(3,219)	(3,160)	(4.26)
Loss on divestitures	(49)	(47)	(0.06)
Loss on early extinguishment of debt	(102)	(83)	(0.11)
Litigation related charges, awards and adjustments	205	178	0.24
Environmental charges	(399)	(311)	(0.42)
Indemnification and other transaction related costs	(144)	(257)	(0.34)
Warranty accrual adjustment of exited business	39	30	0.04
Income tax related items	-	101	0.14
Total significant items	\$ (4,682)	\$ (4,373)	\$ (5.88)
Operating pro forma results (non-GAAP)	\$ 3,502	\$ 2,634	\$ 3.53

Significant Items Impacting Results for the Twelve Months Ended Dec 31, 2018			
In millions, except per share amounts (Unaudited)	Pretax ¹	Net Income ²	EPS ³
Pro forma results	\$ 3,931	\$ 2,982	\$ 3.99
Less: Significant items			
Impact of Dow Silicones ownership restructure	(20)	(18)	\$ (0.02)
Integration and separation costs	(1,074)	(946)	\$ (1.27)
Restructuring, goodwill impairment and asset related charges - net	(198)	(162)	\$ (0.22)
Gain on divestiture	20	15	\$ 0.02
Loss on early extinguishment of debt	(54)	(42)	(0.06)
Income tax related items	-	125	0.17
Total significant items	\$ (1,326)	\$ (1,028)	\$ (1.38)
Operating pro forma results (non-GAAP)	\$ 5,257	\$ 4,010	\$ 5.37

1. "Income from continuing operations before income taxes" or pro forma "Income from continuing operations before income taxes."

2. "Net income available for Dow Inc. common stockholders" or pro forma "Net income available for Dow Inc. common stockholders." The income tax effect on significant items was calculated based upon the enacted tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment."

3. "Earnings per common share from continuing operations - diluted" or pro forma "Earnings per common share from continuing operations - diluted."



OPERATING AND PRO FORMA OPERATING EBIT & EBITDA RECONCILIATION

Reconciliation of "Income (loss) from continuing operations, net of tax" to Operating EBIT and Operating EBITDA	Three Months Ended			Three Months Ended		Twelve Months Ended	
	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>In millions (Unaudited)</i>	<i>Pro Forma</i>	<i>As Reported</i>	<i>As Reported</i>	<i>As Reported</i>	<i>Pro Forma</i>	<i>Pro Forma</i>	<i>Pro Forma</i>
Income (loss) from continuing operations, net of tax	\$ 221	\$ 90	\$ 347	\$ (2,310)	\$ 531	\$ (1,665)	\$ 3,084
+ Provision for income taxes on continuing operations	141	125	90	114	62	485	847
Income (loss) from continuing operations before income taxes	\$ 362	\$ 215	\$ 437	\$ (2,196)	\$ 593	\$ (1,180)	\$ 3,931
- Interest income	18	21	19	23	23	82	83
+ Interest expense and amortization of debt discount	241	237	233	222	281	932	1,062
- Significant items	(558)	(628)	(466)	(3,030)	(438)	(4,682)	(1,326)
Operating EBIT¹	\$ 1,143	\$ 1,059	\$ 1,117	\$ 1,033	\$ 1,289	\$ 4,352	\$ 6,236
+ Depreciation and amortization	743	743	739	713	726	2,938	2,909
Operating EBITDA²	\$ 1,886	\$ 1,802	\$ 1,856	\$ 1,746	\$ 2,015	\$ 7,290	\$ 9,145
Operating EBITDA - Trailing Twelve Months ("TTM") basis			\$ 7,559	\$ 7,290			

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

SEGMENT INFORMATION

Net Sales and Pro Forma Net Sales by Segment	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>In millions (Unaudited)</i>				
Packaging & Specialty Plastics	\$ 4,840	\$ 5,898	\$ 20,245	\$ 24,237
Industrial Intermediates & Infrastructure	3,253	3,777	13,449	15,465
Performance Materials & Coatings	2,035	2,269	8,961	9,865
Corporate	76	64	343	285
Total net sales by segment	\$ 10,204	\$ 12,008	\$ 42,998	\$ 49,852

Operating and Pro Forma Operating EBIT by Segment	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>In millions (Unaudited)</i>				
Packaging & Specialty Plastics	\$ 648	\$ 839	\$ 2,904	\$ 3,593
Industrial Intermediates & Infrastructure	221	339	845	1,767
Performance Materials & Coatings	233	201	918	1,246
Corporate	(69)	(90)	(315)	(370)
Total Operating EBIT by segment	\$ 1,033	\$ 1,289	\$ 4,352	\$ 6,236

Equity in Earnings (Losses) of Nonconsolidated Affiliates	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>In millions (Unaudited)</i>				
Packaging & Specialty Plastics	\$ 27	\$ 37	\$ 162	\$ 287
Industrial Intermediates & Infrastructure	(45)	(15)	(241)	284
Performance Materials & Coatings	2	-	5	4
Corporate	(5)	4	(20)	(20)
Total equity in earnings (losses) of nonconsolidated affiliates by segment	\$ (21)	\$ 26	\$ (94)	\$ 555



SEGMENT INFORMATION (CONTINUED)

Operating and Pro Forma Operating EBIT excluding Equity in Earnings (Losses) of Nonconsolidated Affiliates	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>In millions (Unaudited)</i>				
Packaging & Specialty Plastics	\$ 621	\$ 802	\$ 2,742	\$ 3,306
Industrial Intermediates & Infrastructure	266	354	1,086	1,483
Performance Materials & Coatings	231	201	913	1,242
Corporate	(64)	(94)	(295)	(350)
Total Operating EBIT excluding equity in earnings (losses) of nonconsolidated affiliates by segment	\$ 1,054	\$ 1,263	\$ 4,446	\$ 5,681

Operating and Pro Forma Operating EBIT Margin	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>Percent change (Unaudited)</i>				
Packaging & Specialty Plastics	13.4%	14.2%	14.3%	14.8%
Industrial Intermediates & Infrastructure	6.8%	9.0%	6.3%	11.4%
Performance Materials & Coatings	11.4%	8.9%	10.2%	12.6%
Total Operating EBIT margin	10.1%	10.7%	10.1%	12.5%

Operating and Pro Forma Operating EBIT Margin excluding Equity in Earnings (Losses) of Nonconsolidated Affiliates	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>Percent change (Unaudited)</i>				
Packaging & Specialty Plastics	12.8%	13.6%	13.5%	13.6%
Industrial Intermediates & Infrastructure	8.2%	9.4%	8.1%	9.6%
Performance Materials & Coatings	11.4%	8.9%	10.2%	12.6%
Total Operating EBIT margin excluding equity in earnings (losses) of nonconsolidated affiliates by segment	10.3%	10.5%	10.3%	11.4%



CASH CONVERSION RECONCILIATION

Operating and Pro Forma EBITDA to Cash Flow From Operations (Cash Flow Conversion)	Three Months Ended		Twelve Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	As Reported	Pro Forma	Pro Forma	Pro Forma
<i>In millions</i>				
Cash provided by operating activities - continuing operations (GAAP)	\$ 1,920	\$ 1,389	\$ 5,713	\$ 3,096
Impact of ASU 2016-15 and additional interpretive guidance	-	-	-	657
Cash flows from operating activities - excluding impact of ASU 2016-15 (non-GAAP) ¹	\$ 1,920	\$ 1,389	\$ 5,713	\$ 3,753
Operating and Pro Forma EBITDA	\$ 1,746	\$ 2,015	\$ 7,290	\$ 9,145
Operating EBITDA to cash flow from operations conversion (non-GAAP) ²	110.0%	68.9%	78.4%	41.0%

1. Dow calculates cash flows from operating activities - excluding the impact of ASU 2016-15 as cash provided by (used for) operating activities - continuing operations, excluding the impact of Accounting Standards Update ("ASU") 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" and related interpretive guidance. Management believes this non-GAAP financial measure is relevant and meaningful as it presents cash flows from operating activities inclusive of all trade accounts receivable collection activity, which Dow utilizes in support of its operating activities.
2. Operating EBITDA to cash flow from operations conversion is defined as "Cash Flow from Operating Activities - Continuing Operations" divided by Operating EBITDA. For periods prior to the fourth quarter of 2018, this metric is defined as "Cash Flow from Operating Activities - Continuing Operations," excluding the impact of ASU 2016-15, divided by Operating EBITDA.

Reconciliation of Non-GAAP Cash Flow Measures	Three Months Ended			Three Months Ended		Twelve Months Ended	
	Mar 31, 2019	Jun 30, 2019	Sep 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
<i>In millions</i>							
Cash provided by operating activities - continuing operations (GAAP)	\$ 1,043	\$ 960	\$ 1,790	\$ 1,920	\$ 1,389	\$ 5,713	\$ 3,096
Impact of ASU 2016-15 and related interpretive guidance	-	—	—	—	—	—	657
Cash flows from operating activities - continuing operations, excluding impact of ASU 2016-15 (non-GAAP)	\$ 1,043	\$ 960	\$ 1,790	\$ 1,920	\$ 1,389	\$ 5,713	\$ 3,753
Capital expenditures	(442)	(470)	(472)	(577)	(646)	(1,961)	(2,091)
Free cash flow (non-GAAP) ¹	\$ 601	\$ 490	\$ 1,318	\$ 1,343	\$ 743	\$ 3,752	\$ 1,662
Free cash flow Trailing Twelve Months ("TTM") basis (non-GAAP)			\$ 3,152	\$ 3,752			

1. Free cash flow is defined as cash flows from operating activities - continuing operations, excluding the impact of ASU 2016-15, less capital expenditures. Under this definition, free cash flow represents the cash generated by the Company from operations after investing in its asset base. Free cash flow, combined with cash balances and other sources of liquidity, represent the cash available to fund obligations and provide returns to shareholders. Free cash flow is an integral financial measure used in the Company's financial planning process

