



# **Dow FY20**

## **Benchmarking Update**

# POINTS OF DISTINCTION ENABLE CONTINUED OUTPERFORMANCE

Leading Cash Flow and Shareholder Remuneration Yield	Attractive End Market Growth		Differentiated Portfolio with Leading Positions	
<ul style="list-style-type: none"> <li>~\$9B in Free Cash Flow<sup>1</sup> generated</li> <li>Disciplined focus drove 93% op. cash flow conversion<sup>1,7</sup></li> <li>Free cash flow yield<sup>2,7</sup> of ~11% <b>best-in-class and well ahead of peers</b>; sector and overall market average</li> <li><b>Best-in-class shareholder yield vs. peers<sup>3</sup></b></li> <li><b>Top quartile</b> cost management &amp; margin performance</li> </ul>	Packaging ~1.5x GDP	Consumer ~1.5x GDP	<div> <div>#1 Siloxanes</div> <div>#1 Acrylic Binders</div> <div>#1 Propylene Oxide</div> <div>#1 Propylene Glycol</div> <div>#1 Polyols</div> <div>#1 Purified Ethylene Oxide</div> <div>#1 Amines</div> </div> <div> <div>#1 Solvents</div> <div>#1 Ethylene</div> <div>#2 Polyethylene</div> <div>#1 Ethylene Copolymers</div> <div>#1 Polyethylene Licensing</div> <div>#1 Polyolefins Elastomers</div> <div>#1 Polyolefins Plastomers</div> </div>	
	 	 		
	Infrastructure ~1.3x GDP	Mobility ~1.5x GDP		

## Dow Continues to be a Compelling Investment Opportunity

	Dow	Peer Range <sup>4</sup>	S&P 500 Chemicals	S&P 500
EV/EBITDA NTM <sup>5,6</sup>	7.9x	5.0x – 9.9x	13.3x	14.6x
Free Cash Flow Yield <sup>2,7</sup>	10.6%	2.2% - 7.9%	3.6%	4.6%
Dividend Yield <sup>6</sup>	4.5%	2.3% - 4.8%	1.9%	1.5%
Net Debt Change <sup>8</sup>	↓ ~\$5B	↓ ~\$3B to ↑ ~\$5B	-	-

*End-market recovery benefits Dow's consumer-led portfolio, further enhancing performance and shareholder returns*

(1) 2019 and 2020 total  
(2) 2019-2020 average  
(3) 2020

(4) Benchmarking peer set includes: Arkema, BASF, Covestro, Eastman, Huntsman, Lyondell, Wacker  
(5) NTM is defined as Next Twelve Months

(6) As of 03/31/2021; FactSet  
(7) 2019 Dow data is on a pro forma basis  
(8) YE2020 vs YE2018



# BENCHMARKING PEERS



# TOTAL DOW BENCHMARKING: SUMMARY OF OBSERVATIONS

## Benchmarking: Strengths & Gaps

### Total Dow

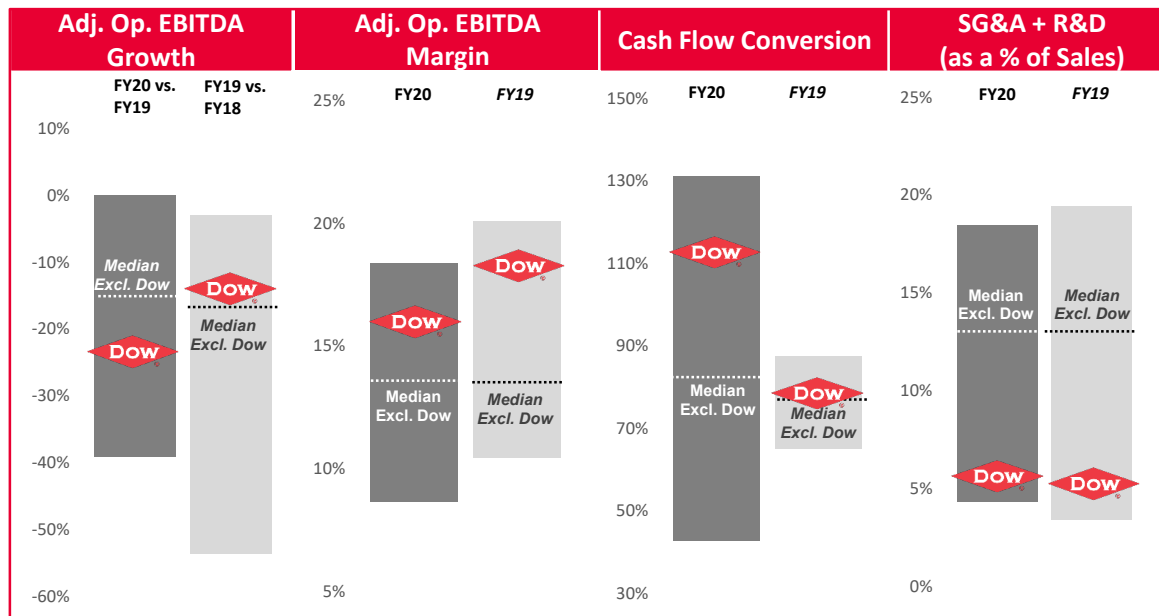
- ✗ FY20 YoY Adj. Op. EBITDA growth trailed the peer median as resilient demand for packaging applications and recovery in durable good end markets was more than offset by upstream pricing pressures in siloxanes and acrylic monomers, along with lower relative participation for polyurethanes in Asia, which experienced a shorter COVID-19 downturn
  - **In-Flight Actions:** Implement faster payback, higher ROIC expansions; reduce merchant positions of intermediates
    - Expansion of FS-1 cracker is underway (+65KTA) that will feed downstream derivative PE demand
    - South China Specialties Hub (~250KTA) specialty PU and alkoxylates to participate in Asia growth
    - Downstream silicones expansions (~15 projects in 2021) to reduce merchant siloxane intermediates exposure
- ✓ FY20 Adj. Op. EBITDA margin remained resilient and among the best in the peer group through the economic downturn and recovery from COVID-19
- ✓ Cash Flow Conversion among highest in the peer group from a disciplined focus on cash generation and structural working capital efficiency gains
- ✓ SG&A + R&D as % of sales remained among best in peer group from continued cost discipline
- ✓ Best-in-class Free Cash Flow yield above sector and market averages
- ✓ Shareholder remuneration yield remains best-in-class
- ✓ Net debt reduced more than peers on strong cash generation and focused capital allocation priorities

## BENCHMARKING SNAPSHOT (1,2,3,4)

### FY20 UPDATE & FY19

#### CORE STRENGTHS

- Hallmark safety performance and operational excellence
- Focused portfolio with market leading positions in key value chains
- Consumer tilted portfolio in growing end-market verticals
- Global footprint with integrated value chains that provide differentiated product offerings



#### FOCUS AREAS

- Maintain focus on cash generation and low-cost curve position
- Continued disciplined capital allocation
- Use innovation pipeline to collaborate with customers and capture growth trends
- Invest in incremental, higher return, faster payback growth opportunities
- Deliver sustainable future through Industry leading ESG position

(1) Adjusted Operating EBITDA is defined as Operating EBITDA, excluding equity earnings.

Adj. Op. EBITDA Margin excludes transactions with certain nonconsolidated affiliates.

(2) Benchmarking peer set range includes: Arkema, BASF, Covestro, Eastman, Huntsman, Lyondell, Wacker

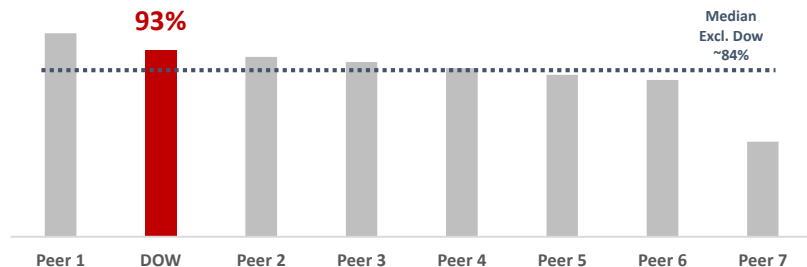
(3) Cash Flow Conversion is defined as Cash From Continuing Operations divided by Operating EBITDA

(4) Median excludes Dow

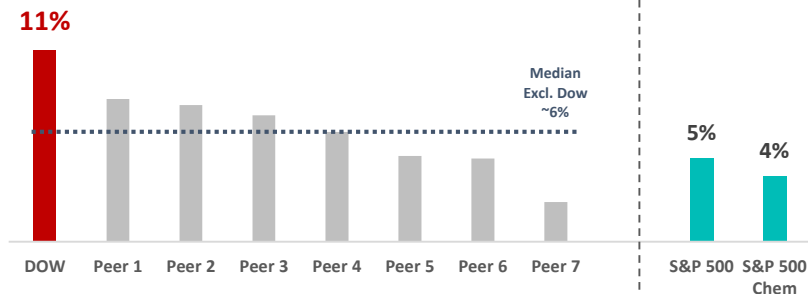


# TOP-QUARTILE CASH, REMUNERATION YIELD AND DEBT REDUCTION

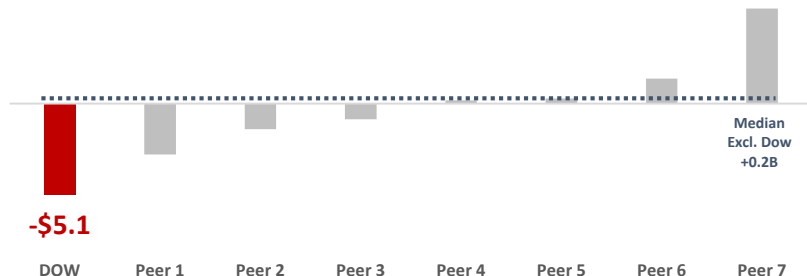
**Operating Cash Flow (2019-2020)**  
as % of Operating EBITDA



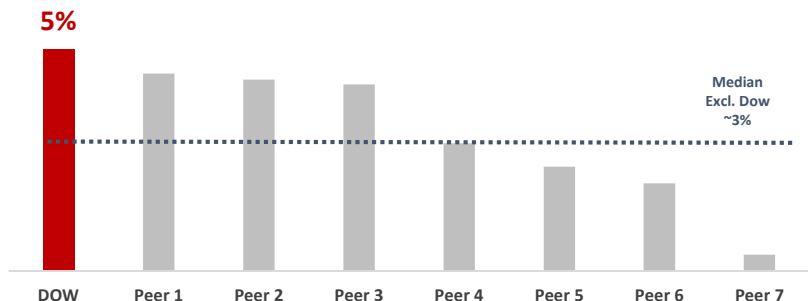
**Average Annual Free Cash Flow (2019-2020)**  
as % of 2020 Market Cap



**Net Debt Change (\$B)**  
YE20 vs. YE18



**Shareholder Remuneration (2020)**  
as % of 2020 Market Cap



(1) Benchmarking peer set range includes: Arkema, BASF, Covestro, Eastman, Huntsman, Lyondell, Wacker  
 (2) Source: Dow data, FactSet and Company Releases for Peers  
 (3) Dow Market Capitalization as of YE2020 was ~\$41.2B



Unless otherwise noted, all 2018 and 2019 financial information for Dow is on a pro forma basis  
 For further unaudited pro forma financial information, refer to the Company's Current Report on Form 8-K dated June 3, 2019, and 4Q20 Earnings materials included in the Current Report on Form 8-K dated January 28, 2021.

# CULTURE OF BENCHMARKING: SUMMARY OF OBSERVATIONS

## Segment

## FY20 Benchmarking: Strengths & Gaps

P&SP	<ul style="list-style-type: none"> <li>✓ FY20 YoY Adj. Op. EBITDA growth tracked the peer median as peers with more exposure to naphtha rebounded from a lower 2019 performance from cost pressures</li> <li>✓ FY20 Adj. Op. EBITDA margin more resilient than most peers</li> <li>✓ Op. EBITDA per pound polyolefin capacity ahead of peers; advantage continues to widen</li> <li>✓ Free Cash Conversion continued to improve and is best-in-class among the peer set</li> <li>✓ SG&amp;A + R&amp;D as % of sales remained among lowest in the peer group</li> </ul>
II&I	<ul style="list-style-type: none"> <li>✗ FY20 YoY Adj. Op. EBITDA growth and Adj. Op. EBITDA margin trailed the peer median as strengthening durable good end-markets in 2H20 were offset by decisive actions taken earlier in 1H20 to match production to demand, as well as lower relative participation in Asia which experienced a shorter COVID-19 demand downturn</li> <li>✓ Free Cash Conversion is best-in-class among the peer set</li> <li>✓ SG&amp;A + R&amp;D as % of sales remained among lowest in the peer group</li> </ul>
PM&C	<ul style="list-style-type: none"> <li>✗ FY20 YoY Adj. Op. EBITDA growth trailed the peer median due to greater exposure to siloxanes and acrylic monomers that were more heavily impacted by demand downturn and competitive pricing actions</li> <li>✗ FY20 Adj. Op. EBITDA margin trailed the peer median as strong demand for home care and DIY coatings was more than offset by personal care and automotive applications that lagged broader recovery</li> <li>✓ Free Cash Conversion among highest in the peer group</li> <li>✓ SG&amp;A + R&amp;D as % of sales best-in-class; expanded advantage vs. next closest peer</li> </ul>

Source: Dow data, CapitalIQ, Company Releases

Adjusted Operating EBITDA is defined as Operating EBITDA, excluding equity earnings

Adj. Op. EBITDA Margin excludes transactions with certain nonconsolidated affiliates.

Free Cash Conversion for Dow is defined as Adj. Op. EBITDA, less Capex, divided by Adj. Op. EBITDA



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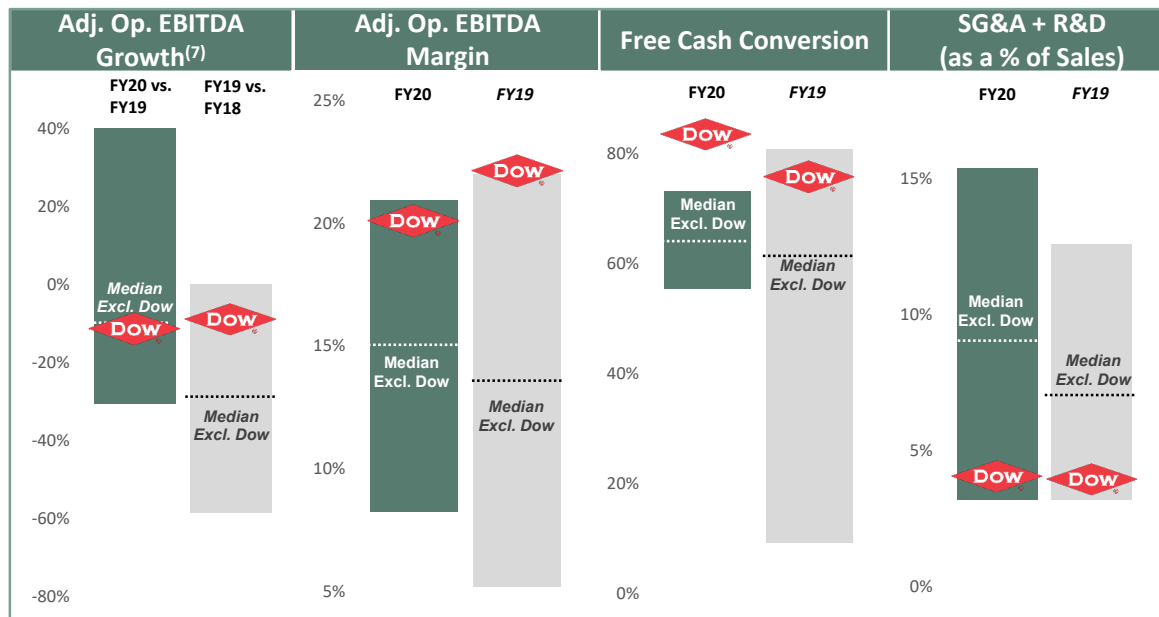
# PACKAGING & SPECIALTY PLASTICS

## BENCHMARKING SNAPSHOT (1,2,3,4,5,6)

### FY20 UPDATE & FY19

#### CORE STRENGTHS

- World-class packaging franchise
- Most flexible feedstock capability in the industry
- Flexible polyolefins assets
- Proprietary catalyst and process technology
- Differentiated co-monomer capability
- Global, low-cost footprint



Source: Dow data, CapitalIQ, Company disclosures

#### FOCUS AREAS

- Maintain focus on cash conversion and cost discipline
- Leverage differentiated product offerings and innovation pipeline to meet growing demand
- Accelerate sell-up opportunities of higher margin product mix
- Incremental quick payback investments and capacity expansions
- Plastics circularity, energy intensity, CO<sub>2</sub> footprint

(1) Adjusted Operating EBITDA is defined as Operating EBITDA, excluding equity earnings

Adj. Op. EBITDA Margin excludes transactions with certain nonconsolidated affiliates.

(2) Benchmarking peer set range includes: LyondellBasell Olefins & Polyolefins, Chevron Phillip Chemical, Borealis Polyolefins, ExxonMobil Chemicals (entire segment)

(3) Free Cash Conversion for Dow is defined as Adj. Op. EBITDA, less Capex, divided by Adj. Op. EBITDA

(4) Median excludes Dow

(5) SG&A + R&D reflects corporate level for peers where segment level data is unavailable

(6) CPChem results are as of 3Q20 TTM

(7) Adj. Op. EBITDA Growth chart capped for visual purposes; top peer was ~90%

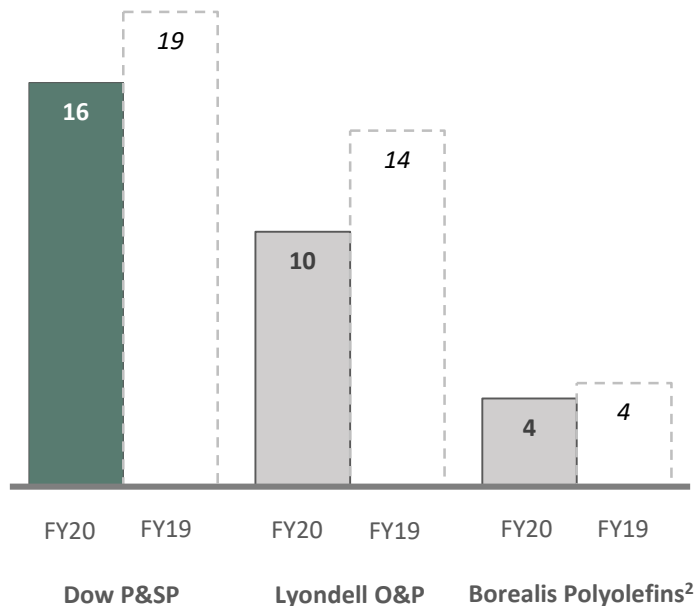


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# RETURN ON POLYOLEFIN CAPACITY

## Op. EBITDA Per Pound Polyolefins Capacity<sup>1</sup> (cpp)



(1) Segment Op. EBITDA based on FY20 reported figures including equity income from affiliates/JVs. Capacity based on latest company reported nameplate for PE and PP (2019 for Dow, 2020 10-K for Lyondell) including share of JVs, or ICIS reported capacity for 2019 including share of JVs if not available (Borealis).

(2) Borealis Polyolefins EBITDA adjusted for equity earnings from JVs

Source: Peer company reported capacities, ICIS

## Dow's P&SP Returns Remain Ahead of Peers

- Full feedstock-to-polymer integration continues to deliver enhanced value
- Differentiated portfolio provides margin resiliency
  - Functional Polymers portfolio provides differentiated applications
  - Leading market & application participation
- Additional benefits from:
  - Uniquely advantaged feedstock cost positions
  - Superior upstream cracker flexibility



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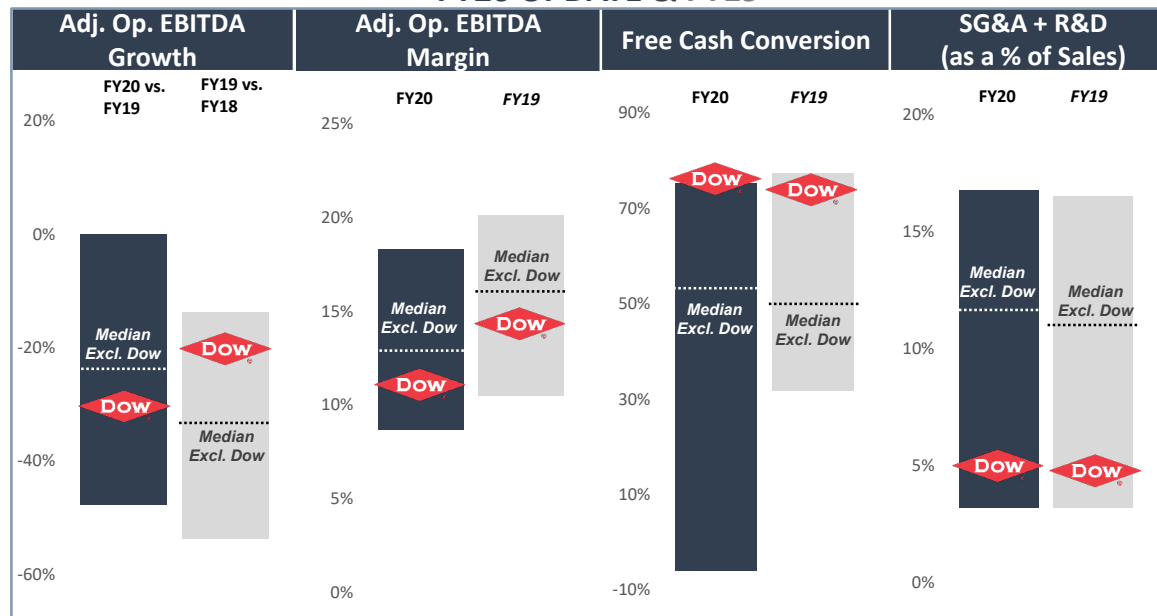
# INDUSTRIAL INTERMEDIATES & INFRASTRUCTURE

## BENCHMARKING SNAPSHOT (1,2,3,4,5)

### FY20 UPDATE & FY19

#### CORE STRENGTHS

- Top global producer of key raw materials (EO, PO)
- Flexible manufacturing model through integration
- Top 3 PU Systems House business
- Industrial Solutions contains products with some of the highest returns to ethylene



#### FOCUS AREAS

- Maintain focus on cash conversion and cost discipline
- Drive PU mix towards higher margin Perf. Polyols & Systems
- Implement faster payback, higher ROIC expansions (China Specialties hub, differentiated PU applications and DIS alkoxyates)

(1) Adjusted Operating EBITDA is defined as Operating EBITDA, excluding equity earnings.

Adj. Op. EBITDA Margin excludes transactions with certain nonconsolidated affiliates.

(2) Benchmarking peer set range includes: Eastman, Huntsman, Covestro, LyondellBasell Intermediates & Derivatives segment

(3) Free Cash Conversion for Dow is defined as Adj. Op. EBITDA, less Capex, divided by Adj. Op. EBITDA

(4) Median excludes Dow

(5) SG&A + R&D reflects corporate level for peers where segment level data is unavailable



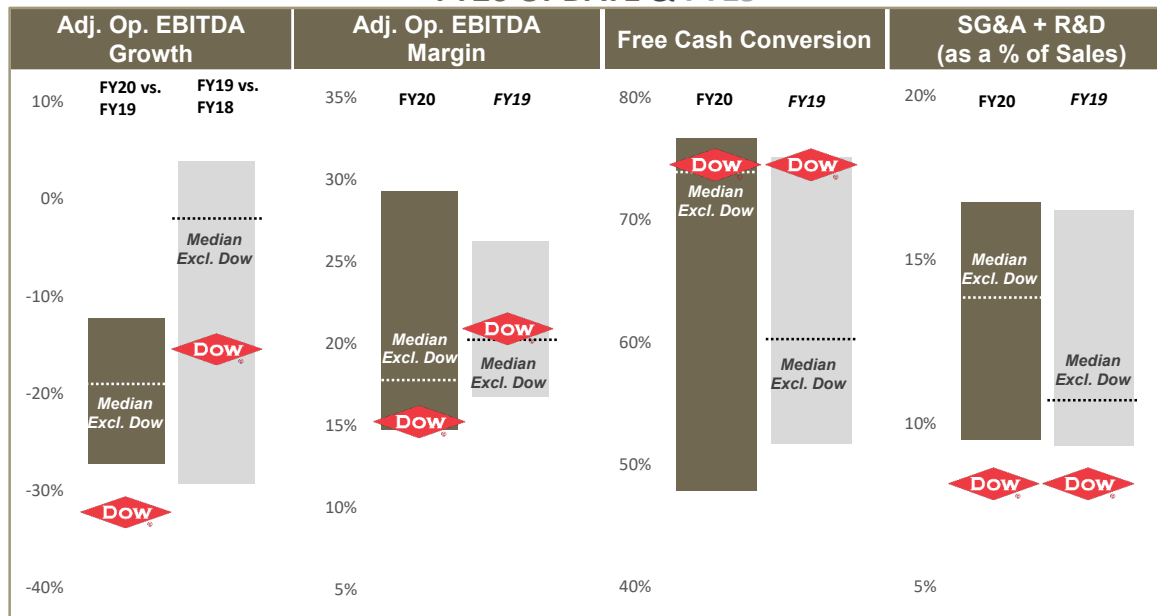
# PERFORMANCE MATERIALS & COATINGS

## BENCHMARKING SNAPSHOT (1,2,3,4)

### FY20 UPDATE & FY19

#### CORE STRENGTHS

- World-class silicones franchise
- Lowest cost siloxanes producer
- Leading coatings solutions provider
- World-scale acrylic monomer assets
- One of the largest B2B digital platforms
- Unique hybrid chemistry opportunities
- Leading SG&A and R&D efficiency



#### FOCUS AREAS

- Maintain focus on cash conversion and cost discipline
- Accelerate organic growth and explore bolt-on inorganic growth
- Innovate with customers on sustainable solutions
- Improve acrylic monomer and siloxane margins; drive more captive use
- Grow industrial coatings in prioritized end markets

(1) Adjusted Operating EBITDA is defined as Operating EBITDA, excluding equity earnings.

Adj. Op. EBITDA Margin excludes transactions with certain nonconsolidated affiliates.

(2) Benchmarking peer set range includes: Celanese Acetyl Chain, Wacker Silicones segment, Shin-Etsu Silicones segment, Arkema, Covestro Coatings segment

(3) Free Cash Conversion for Dow is defined as Adj. Op. EBITDA, less Capex, divided by Adj. Op. EBITDA

(4) Median excludes Dow

(5) SG&A + R&D reflects corporate level for peers where segment level data is unavailable



# GENERAL COMMENTS

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## Background

On April 1, 2019, DowDuPont completed the separation of its materials science business and Dow Inc. became the direct parent company of TDCC, 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 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 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, and (2) 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 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. Such statements often address expected future business and financial performance, financial condition, and other matters, and often contain words or phrases 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 or phrases.

Forward-looking statements are based on current assumptions and expectations of future events that are subject to risks, uncertainties and other factors that are beyond Dow’s control, which may cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements and speak only as of the date the statements were made. These factors include, but are not limited to: sales of Dow’s products; Dow’s expenses, future revenues and profitability; the continuing global and regional economic impacts of the coronavirus disease 2019 (“COVID-19”) pandemic and other public health-related risks and events on Dow’s business; capital requirements and need for and availability of financing; size of the markets for Dow’s products and services and ability to compete in such markets; failure to develop and market new products and optimally manage product life cycles; the rate and degree of market acceptance of Dow’s products; significant litigation and environmental matters and related contingencies and unexpected expenses; the success of competing technologies that are or may become available; the ability to protect Dow’s intellectual property in the United States and abroad; developments related to contemplated restructuring activities and proposed divestitures or acquisitions such as workforce reduction, manufacturing facility and/or asset closure and related exit and disposal activities, and the benefits and costs associated with each of the foregoing; fluctuations in energy and raw material prices; management of process safety and product stewardship; changes in relationships with Dow’s significant customers and suppliers; changes in consumer preferences and demand; changes in laws and regulations, political conditions or industry development; 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; and disruptions in Dow’s information technology networks and systems.

Risks related to Dow’s separation from DowDuPont Inc. include, but are not limited to: (i) Dow’s inability to achieve some or all of the benefits that it expects to receive from the separation from DowDuPont Inc.; (ii) certain tax risks associated with the separation; (iii) the failure of Dow’s pro forma financial information to be a reliable indicator of Dow’s future results; (iv) non-compete restrictions under the separation agreement; (v) receipt of less favorable terms in the commercial agreements Dow entered into with DuPont and Corteva, Inc. (“Corteva”), including restrictions under intellectual property cross-license agreements, than Dow would have received from an unaffiliated third party; and (vi) 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. A detailed discussion of principal risks and uncertainties which may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors” contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020. These are not the only risks and uncertainties that Dow faces. 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. If any of those risks or uncertainties develops into an actual event, it could have a material adverse effect on Dow’s business. Dow assumes 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. 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. 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

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

Adjusted Operating EBITDA is defined as Operating EBITDA less equity earnings.

Adjusted Operating EBITDA Margin is defined as Adjusted Operating EBITDA divided by net sales, excluding certain transactions with nonconsolidated affiliates.

Free cash flow (FCF) is defined as "Cash provided by (used for) operating activities - continuing operations", 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.

Free Cash Flow Yield is defined as Free cash flow divided by market capitalization.

Shareholder Remuneration is defined as Dividends paid to stockholders plus Purchases of treasury stock.

Shareholder Yield is defined as Shareholder Remuneration divided by market capitalization.

Cash Flow Conversion is defined as "Cash provided by (used for) operating activities - continuing operations" divided by Operating EBITDA or Pro Forma Operating EBITDA. Management believes cash flow conversion is an important financial metric as it helps the Company determine how efficiently it is converting its earnings to cash flow.

Free cash conversion is defined as Adjusted Operating EBITDA less capital expenditures divided by Adjusted Operating EBITDA.

Net Debt is defined as "Notes payable" plus "Long-term debt due within one year" plus "Long-term debt" less "Cash and cash equivalents" and "Marketable securities."

