Dow Presents at the
Citi 2023 Basic Materials Conference

Jim Fitterling, Dow Chair and CEO

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PROACTIVELY NAVIGATING DYNAMIC MARKET CONDITIONS

	NAA	LAA	EMEAI	China	Rest of World
Packaging					
Infrastructure[1]					
Consumer					
Mobility					

Source: Based on internal and third-party markers

Maintaining operational discipline as outlook remains challenging and 4Q impacted by seasonal demand declines

Expect net sales at the mid-point of the ~$10.0-10.5B range

Earnings outlook remains in line with modeling considerations shared during the 3Q23 earnings presentation, primarily supported by lower feedstock costs

- **P&SP:** Lower feedstock costs and elevated oil-to-gas spreads partly offset by reduced equity earnings due to planned turnaround
- **II&I:** Elevated energy and feedstock costs; ongoing outage at Louisiana Operations and seasonal volume decline in building & construction, partly offset by deicing fluid demand
- **PM&C:** Seasonal demand decline in building & construction and continued margin pressure in upstream siloxanes and monomers

Demand trends:

- 3Q23 was the third quarter in a row of sequentially higher volumes
- Operating rate was flat sequentially in 3Q23, despite a St. Charles planned turnaround and the Louisiana Operations outage
- Steady improvement in demand from China, with sequential improvements in both 2Q and 3Q

1. Includes housing and residential construction trends

Our Growth and Sustainability Roadmap to 2030

Decarbonize and Grow

Grow underlying earnings by ~$3B/year, while reducing GHG emissions by ~5MM mta by 2030[1]

Near-Term Growth and Efficiency Investments

✓ *Achieved*

FS1 cracker expansion

FCDh unit in Louisiana

Alkoxylates capacity investments

Silicones downstream debottlenecking projects

Start-up of MDI distillation and prepolymers facility

Increased use of clean energy with >1,000 MW of renewable power

→ *In Flight*

P&SP: Enhancing feedstock flexibility and PE/functional polymers incremental growth projects

II&I: PU systems investments and additional alkoxylates capacity

PM&C: Multiple coatings and silicones debottlenecks

~$2B of EBITDA by mid-decade
>2MM mta CO_2e reduction

PATH2ZERO

→ *Alberta Path2Zero*

✓ **Board of Directors approves FID**

Construction to begin in 2024;
Phased start-ups ~2027 thru 2029

✓ Developed emissions reduction plans for **top 25 manufacturing sites**

→ *Transformative, Next-Generation Solutions*

EDH pilot plant in ~2025; commercial scale in ~2030

E-cracking pilot start-up by ~2025

Solar power purchase agreement in Bahía Blanca by ~2025

X-energy advanced nuclear at Seadrift site ~2030

At **Terneuzen** site, compressor electrification 2027/2029 and circular hydrogen ~2030+

~$1B of EBITDA by 2030
~3MM mta CO_2e reduction

Transform the Waste

Commercialize 3MM mta of circular & renewable solutions

✓ Successfully leveraged USGC assets for **bio & circular feedstocks processing** in 3Q23

→ *Strategic Partnerships & Offtake Agreements*

Valoregen hybrid recycling site in France; mechanical recycling start-up in 4Q23

Mura Technology plant in U.K. to start-up in 4Q23 with 20 KTA advanced recycling capacity

New Energy Blue to increase Dow's bio-based renewable plastics production by ~2026

Mura Germany 120 KTA advanced recycling facility start-up in ~2026; reaching as much as 600 KTA total global capacity by ~2030

WM residential recycling project to divert >120 KTA plastic film from landfills

>$0.5B of EBITDA (~2030)

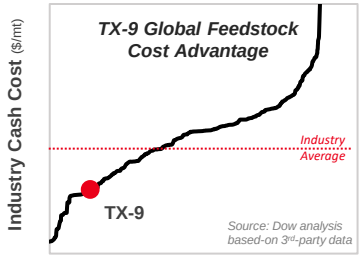
Disciplined organic growth investments

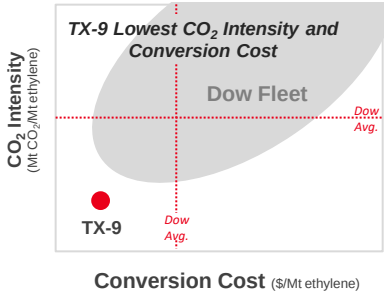
- Continue to invest in higher return, lower-risk, faster payback efficiency and incremental growth projects
- Counter cyclical investments in breakthrough growth projects based on affordability
- Invest in attractive value-add trends with partners that complement Dow's capabilities to de-risk the projects
- Keep CapEx spending at or below D&A with >13% ROIC over the economic cycle

1. Applies to Scope 1 and 2 GHG emissions in CO_2 equivalent (CO_2e) versus 2020 levels

ALBERTA PATH2ZERO BUILDS ON TX-9'S WORLD-CLASS PERFORMANCE

TX-9 is Delivering Attractive Returns and Best-in-Class Emissions



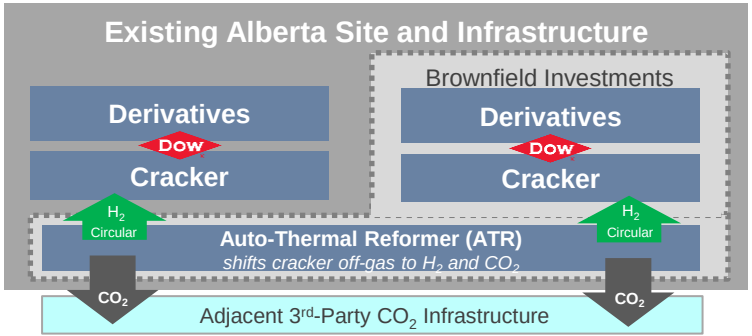


- Best-in-class execution, capital efficiency and reliability
- Demonstrated ~20% lower capital cost per ton and >65% lower conversion cost than Dow fleet
- Consistently running at >110% of expanded nameplate capacity
- TX-9 emits ~60% less CO_2/mt than average cracker in Dow fleet
- Delivering >15% ROIC since start-up in 2017

Alberta Project Enhances Our Cost-Advantaged Footprint and Adds Zero-Emissions Capacity

Dow's Ethylene Footprint in the Americas



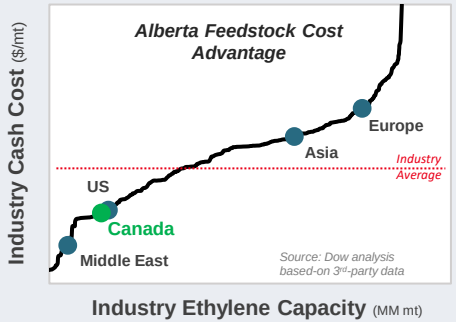


TX-9 demonstrates leading capital efficiency, operational performance, and emissions reduction

Alberta Path2Zero: A Strategic Investment with Key Value Drivers

The Alberta Feedstock Advantage

- Ample natural gas in Canada at a discount to USGC prices, reducing ethane costs
- Structurally cheaper NG prices with lower volatility than the USGC
- Region has ample ethane supply available to support our project; Dow has already secured majority of cost-advantaged ethane



Best-in-Class Engineering and Construction Approach

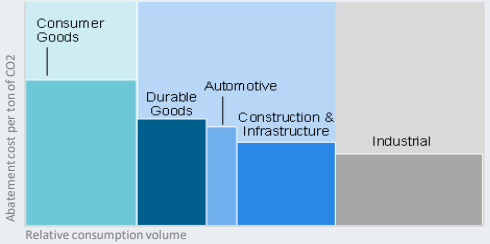
- Lower capital intensity vs. TX-9 including decarbonization assets driven by engineering efficiencies, site optimizations, larger scale facilities and improved construction techniques
- Leveraging 3rd party investments for decarbonization and CO_2 infrastructure assets to reduce Dow's capital outlay
- Focus on established and trusted strategic partnerships to further enhance project execution

Partner	Role
Linde	Auto-Thermal Reformer (ATR) and Integrated CO_2 capture /compression
Wolf Midstream	CO2 transportation; Alberta trunk line under contract
Ravago	3rd party logistics for finished product

Upside Potential from Higher-Value, Sustainable Offerings

- Continued global ethylene and PE demand growth of ~1.2 – 1.4X GDP; demand shifting to circular and lower-emissions solutions due to increasing regulations and strong consumer preferences[1]
- Commercialization of low/zero emissions products to drive further upside to the ~$1B EBITDA growth target
- Pursuing value capture mechanisms to capitalize on first mover advantage and provide brand owner verifiable, traceable and auditable claims

Reduces Scope 3 abatement costs for downstream value chain partners which can be >$100 per ton of CO_2



Source: Dow analysis based on third party data

Strategic investment targets >13% ROIC while decarbonizing 20% of our global ethylene footprint

1. Source: OECD, Nexant, IHS Markit, IEA, Industry interviews, Dow internal analysis

ADVANCING PROGRESS ON ALBERTA PATH2ZERO

Alberta Net-Zero Scope 1 & 2 Emissions Site

Key Project Milestones

✓	1Q23	**Fluor** selected as front-end engineering and design partner
✓	2Q23	**Linde** selected as industrial gas partner for clean hydrogen
✓	3Q23	**Front-end engineering and design** completed
✓	4Q23	**Board of Directors approves FID**
	2024	**Construction** to begin
	~2025	Complete **detailed design and equipment procurement**
	~2027	**Phase 1** commission and start-up
	~2029	**Phase 2** commission and start-up

~$1B/yr of EBITDA growth by 2030

~1MM mta CO_2e reduction

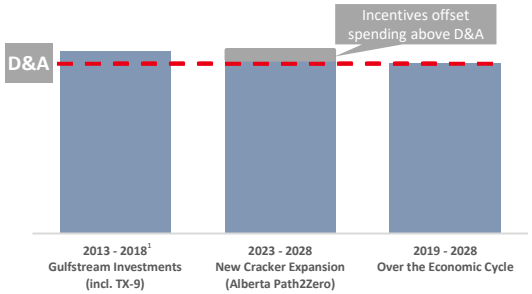
Decarbonizes ~20% of Dow's global C2 capacity while growing our PE supply >15%

World's First Cracker & Derivatives Complex with Net-Zero CO_2 Emissions

- Global ethylene and PE demand continues to grow at ~1.2 – 1.4X GDP with no new ethylene capacity coming online in cost-advantaged North America until ~2026-2027
- Decarbonizes existing assets while growing PE supply by ~2MM mta by 2030
  - **Phase 1** target start-up in ~2027 – Adds ~1,285 KTA of C2/PE capacity
  - **Phase 2** target start-up in ~2029 – Adds ~600 KTA of C2/PE capacity
- Expected capex of $6.5B, excluding the benefit of >$1.5B in cash and tax incentives
- Total enterprise CapEx will ramp in 2024 to ~$3B and expected to exceed D&A in 2025-27
- Expected EBITDA through the cycle of ~$1B/year at full run rates (~2030) with targeted returns greater than Dow's enterprise ROIC goal of >13% over the economic cycle

Maintaining CapEx Discipline

Avg. CapEx within ~D&A Across the Cycle



Key Value Drivers to Deliver >13% ROIC

- **Alberta Advantage** – Cost competitive basis for natural gas relative to USGC and ROW, reducing ethane costs
- **Industry-Leading Capital Efficiency** – Expected to have the lowest capital intensity per ton in Dow fleet
- **Higher-Value, Sustainable Product Offering** – Deliver low-emissions solutions with enhanced performance by decarbonizing ~20% of our ethylene capacity
- **Best-Owner Mindset** – Leveraging 3rd party investments for decarbonization and CO_2 infrastructure assets, reducing capital outlay

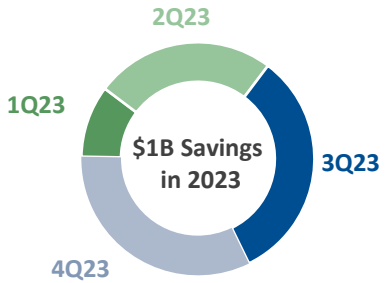
1. 2013-2015 reported on a pre-Spin basis.

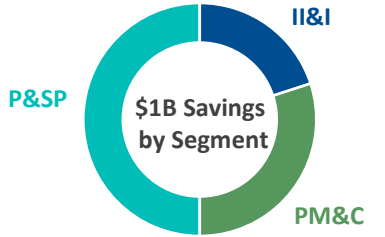
Financial and Operational Discipline Enables Value Capture

Extending our Low-Cost-to-Serve Advantages

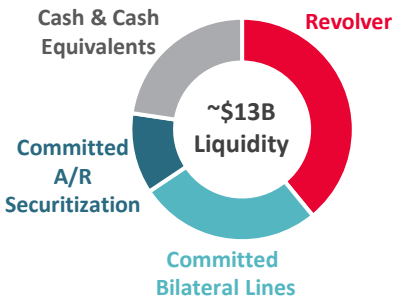
On Track to Deliver $1B of Cost Savings in 2023

- >85% of impacted roles **exited** at end of 3Q; >90% by end of year
- **Reducing** planned maintenance turnaround spend by $300MM year-over-year
- In-flight actions to **rationalize select higher-cost, lower-return assets** in Polyurethanes, Coatings and Industrial Solutions
- Executing **structural improvements** to raw materials, logistics and utility costs





Further Enhancing our Financial Position



- Reduced net debt and pension liabilities by >$10B since Spin
- No substantive debt maturities due until 2027
- Nearly all debt at a fixed rate
- FY23 expected annual net interest expense down ~40% vs. 2019
- Strong investment-grade credit ratings

Reduced Cash Commitments by ~$1B Since Spin



>$1B of Unique-to-Dow Cash Flow Levers



Well-Positioned to Continue to Drive Shareholder Value

Enhanced Financial Performance and Capital Structure

	Key Metrics	At Spin	3Q23
Earnings/ Cash Flow	Operating EBITDA (3-Year Avg.)[1]	$8.2B	$9.2B
	Cash Conversion Rate (TTM)	42%	103%
	Free Cash Flow (3-Year Cumulative)[1]	$5.6B	$14.5B
	Free Cash Flow (TTM)	$1.5B	$3.4B
	Free Cash Flow Yield (TTM)	4%	9%
	Shareholder Yield (TTM)	7%[2]	7%
Capital Structure	Available Liquidity	~$11B	~$13B
	Net Debt	$16.7B	$10.9B
	Net Debt to Total Capital	46%[3]	35%
	Underfunded Pension	~$7.8B	~$2.9B
	Diluted Shares Outstanding	752MM[2]	~710MM
	RA Adj. Leverage (3-Year Avg.)[4]	~3.6x	~2.6x
	Targeted RA Adj. Leverage	2.5 – 3.0x	2.0 – 2.5x
	Credit Ratings (Moody's/Fitch/S&P)	**Baa2** (Stable) **BBB+** (Stable) **BBB** (Stable)	**Baa1** (Stable) **BBB+** (Stable) **BBB** (Stable)

Distinct Competitive Advantages Drive Long-Term Value

- **Global Scale and Leading Positions** in key value chains
- **Diverse End-Market Participation** with flexible operating model to quickly respond to evolving market trends
- **Advantaged Assets** with industry-leading feedstock flexibility
- **Operational and Financial Discipline** with low-cost operating model and disciplined and balanced approach to capital allocation

Capital Allocation Priorities Over the Economic Cycle

- **Safely and reliably** run our operations
- **Organic investments** with CapEx ≤ D&A and ROIC >13%
- **Strong investment-grade credit profile** of 2.0x – 2.5x rating agency adj. debt-to-EBITDA
- **Dividend policy** targeting ~45% of operating net income
- **Share repurchases** with dividend to meet ~65% of operating net income; covering dilution

1. At Spin: 2017-2019 Pro-forma results; 3Q23: 3Q21-3Q23 TTMs
2. As of April 5, 2019
3. At Spin: 2Q19
4. Ratings adjusted leverage. Based on latest reported data from Moody's; At Spin: 2017-2019 Pro-forma results; 3Q23: 2020-2022

SAFE HARBOR

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