



# 3Q 2022 RESULTS

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October 20, 2022

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## AGENDA

- Quarterly Results
- Operating Segment Performance
- Outlook
- Strategic Priorities for Long-Term Value Creation

# 3Q 2022 PERFORMANCE OVERVIEW

- **Net sales were \$14.1B**
  - Market conditions in EMEAI led sales and volume declines YoY and QoQ
  - Strength in higher-margin functional polymers and performance silicones
  - Local price increased 3% YoY and declined 6% QoQ
  - U.S. dollar strength impacted sales by 4% YoY and 1% QoQ
- **Operating EBIT was \$1.2B**
  - Margin compression due to higher energy costs primarily in EMEAI
- **Generated \$1.9B of cash flow** from operating activities – continuing operations
  - Cash conversion of 104% in the quarter
- **Returned \$1.3B to shareholders**, including \$800MM in share repurchases and \$493MM in dividends in the quarter

**\$14.1B**  
NET SALES

**\$1.9B**  
OPERATING EBITDA

**\$1.5B**  
FREE CASH FLOW

**\$1.3B**  
RETURNED TO  
SHAREHOLDERS







# 3Q 2022 OPERATING SEGMENT PERFORMANCE

Segment	REVENUE (\$MM)	Y-o-Y	Q-o-Q	Op. EBIT (\$MM) & Op. EBIT Margin %	Y-o-Y	Q-o-Q
Packaging & Specialty Plastics		<b>Sales ↓ 5%; Volume flat; Price ↓ 2%</b> Price gains in functional polymers more than offset by lower polyethylene pricing; volume remained consistent	<b>Sales ↓ 11%; Volume ↓ 3%; Price ↓ 7%</b> Results driven by lower polyethylene prices; reduced volumes due to global logistics constraints and lower demand in EMEA		<b>Op. EBIT ↓ 60%; Margins ↓ 1460 bps</b> Results due to lower polyethylene prices and higher raw material and energy costs	<b>Op. EBIT ↓ 45%; Margins ↓ 670 bps</b> Results primarily due to lower local prices and reduced volumes due to global logistics and lower demand in EMEA
Ind. Intermediates & Infrastructure		<b>Sales ↓ 9%; Volume ↓ 9%; Price ↑ 5%</b> Price gains in both businesses; volume gains in Industrial Solutions more than offset by declines in Polyurethanes & Construction Chemicals	<b>Sales ↓ 7%; Volume flat; Price ↓ 5%</b> Stable volumes were more than offset by lower local price and currency		<b>Op. EBIT ↓ 77%; Margins ↓ 1180 bps</b> Price gains more than offset by weak EMEA demand and increased energy and raw material costs	<b>Op. EBIT ↓ 61%; Margins ↓ 560 bps</b> Results primarily due to lower price and higher energy costs
Perf. Materials & Coatings		<b>Sales ↑ 5%; Volume ↓ 5%; Price ↑ 15%</b> Price gains in both businesses and all regions; resilient demand in mobility and home care more than offset by declines in building & construction end-markets	<b>Sales ↓ 12%; Volume ↓ 7%; Price ↓ 3%</b> Results primarily due to lower demand and decreased local price for siloxanes as well as planned maintenance turnaround activity		<b>Op. EBIT ↑ 6%; Margins ↑ 20 bps</b> Price gains for both silicones and coatings applications led to margin expansion	<b>Op. EBIT ↓ 46%; Margins ↓ 730 bps</b> Results driven by lower prices for siloxanes and increased raw material and energy costs



# PROACTIVELY NAVIGATING EVOLVING MARKET DYNAMICS

Current snapshot of end-market demand by region

	NAA	LAA	EMEA1	APAC (excl. China)	China
 <b>Packaging</b>	Green	Green	Red	Yellow	Yellow
 <b>Infrastructure</b>	Yellow	Yellow	Red	Yellow	Red
 <b>Consumer</b>	Yellow	Yellow	Red	Yellow	Red
 <b>Mobility</b>	Yellow	Yellow	Yellow	Yellow	Green

Source: Based on internal and third-party markers

## BUSINESS & OPERATIONAL ACTIONS

- 4Q22**
- ✓ Maintain 15% reduction in capacity across polyethylene assets; prioritizing higher-margin functional polymers
  - ✓ Capture fixed cost and energy savings via global cold furnace idling program for crackers
  - ✓ Operational mitigation plans will remain in place across European assets for regional reduced gas consumption of >15%
  - ✓ Reduce operating rates across polyurethane assets in Europe to mitigate high energy costs while matching demand
  - ✓ Continuing to idle assets across PM&C for 2-6 weeks to manage cost and match demand
  - ✓ Ongoing focus to improve marine-packed cargo logistics in the U.S. Gulf Coast

**2023**

Additional actions focused on production optimization, turnaround spending, and reductions in purchased services; playbook of actions with potential to deliver more than \$1B in cost savings

Taking disciplined actions while leveraging global scale, advantaged feedstock and derivative flexibility



# 4Q22 MODELING GUIDANCE

## Maintaining Operational Discipline in Dynamic Macroeconomic Environment

Net Sales	~\$11.5 – \$12.0B	Depreciation & Amortization	~\$675MM
Quarterly Operational Tax Rate	~29 – 33%	Net Interest Expense (Net of Int. Income)	~\$125MM
Net Income Attrib. to Non-Controlling Int.	~\$25MM	Average Share Count	~715MM

	<b>Top-Line Ranges (4Q22 vs. 3Q22)</b>		<b>Base Case Op. EBIT Drivers (4Q22 vs. 3Q22)</b>
	<b>Sales % Δ QoQ</b>		
	<b>Low</b>	<b>High</b>	
<b>Packaging &amp; Specialty Plastics</b>	-15%	-10%	<ul style="list-style-type: none"> <li>Stable demand for consumables and food packaging, particularly in U.S. &amp; Canada</li> <li>Energy/feedstock volatility impacting consumer spending, primarily in Europe; demand seasonality (~\$200MM headwind)</li> <li>Lower planned maintenance activity (~\$50MM tailwind)</li> </ul>
<b>Industrial Intermediates &amp; Infrastructure</b>	-10%	-5%	<ul style="list-style-type: none"> <li>Seasonal increase in deicing fluid demand; inflation impacting durable and construction demand, particularly in Europe</li> <li>Propylene oxide and MEG margins impacted by increased supply from Asia (~\$25MM headwind)</li> <li>Lower planned maintenance activity (~\$25MM tailwind)</li> </ul>
<b>Performance Materials &amp; Coatings</b>	-15%	-10%	<ul style="list-style-type: none"> <li>Resilient demand for mobility and personal care applications; seasonality impacting demand for coatings</li> <li>Increased industry siloxane supply in China and Asian acrylic monomer exports pressuring margins (\$275MM headwind)</li> <li>Lower planned maintenance activity (~\$25MM tailwind)</li> </ul>
<b>Corporate</b>	Sales of ~\$50MM		Op. EBIT of \$(75)MM and Op. EBITDA of \$(65)MM



# WELL-POSITIONED IN A DYNAMIC MACRO ENVIRONMENT

## Distinct Competitive Advantages



### Global Scale and Leading Positions

- Diversified sales mix across regions and businesses
- Leading positions in key value chains
- World-scale footprint to navigate regional dynamics



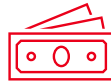
### Diverse End-Market Participation

- Market verticals growing above GDP and expanding to \$800B by 2025
- Accelerating demand for sustainable and circular solutions
- Flexible operating model to quickly respond to evolving demand trends



### Advantaged Assets

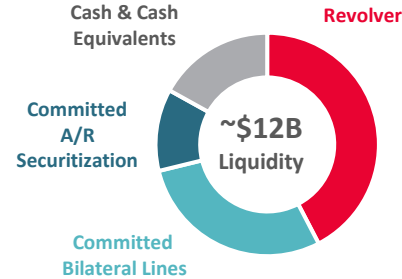
- 65% of production capacity in the cost-advantaged Americas
- 2-3x more LPG flexibility in Europe vs. peers
- Dynamic feed flex capabilities to respond to market dynamics



### Operational and Financial Discipline

- Low-cost operating model with top-quartile cost structure vs. peers
- Disciplined and balanced approach to capital allocation
- Culture of benchmarking and best-owner mindset

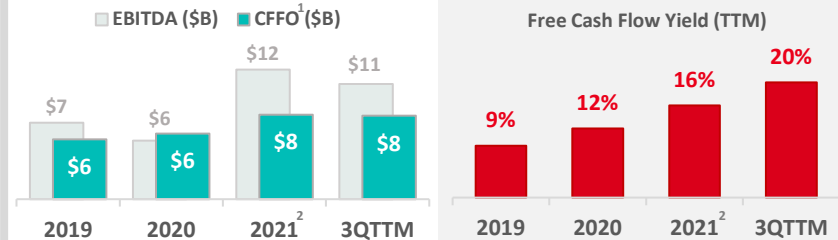
## Solid Financial Position



### Healthy Debt and Credit Profile

- No substantive debt maturities due until 2027
- Nearly all debt at a fixed rate
- Annual net interest expense ~\$0.5B; down nearly 40% vs. 2019
- Investment grade credit ratings (Baa1/BBB+/BBB)

## Robust Cash Flow Generation



**Strong cash flow generation to support long-term value creation**

1) CFFO = Cash provided by (used for) operating activities - continuing operations (GAAP)  
 2) CFFO and Free Cash Flow Yield for 2021 excludes the impact of the \$1B elective pension contribution



# ADVANCING OUR “DECARBONIZE & GROW” STRATEGY

## Improving Underlying Earnings by ~\$300-400MM<sup>1</sup> in 2022

### Near-Term Growth Levers

- **P&SP:** 4Q22 FCDh start-up on-track
- **II&I:** U.S. Alkoxylation project started-up in 3Q22; EU project to start-up in 4Q22
- **PM&C:** Asset debottlenecks

### Efficiency Levers

- **Restructuring:** \$300MM achieved YE21
- **Digitalization:** \$300MM by YE25

## Growing Annual Underlying Earnings by >\$3B by 2030, while Reducing CO<sub>2</sub> Emissions by ~30%<sup>2</sup>

*EBITDA  
Growth<sup>1</sup>*

Efficiency Levers  
~\$0.6B

Near-Term Growth  
Investments ~\$2B

Alberta Project  
~\$1B

*Path2Zero  
(emissions  
reduction)*

Renewables, Asset  
Optimization and Efficiency  
>2MM mta/yr

EU/Americas  
Emission Reductions  
>1.5MM mta/yr

Alberta Project  
>1MM mta/yr

## Investments Capitalize on Fast-Growing Demand for Sustainable and Circular Innovations



**ENGAGE™**  
PV Elastomer  
Technology for  
Solar

**DOWSIL™**  
Flexible  
Silicone  
Adhesive



**ECOFAST™** Pure  
Sustainable  
Textile Treatment

**SiLASTIC™**  
Self-Sealing  
Silicone



## Maintaining our Disciplined 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

**Maintaining a disciplined and balanced approach to capital allocation**

1) EBITDA/year run-rate estimated based on Dow and IHS historical margins and operating rate of 90%  
2) Versus 2005 baseline





# RAISING THE BAR TO COMMERCIALIZE 3MM MTA OF CIRCULAR & RENEWABLE SOLUTIONS BY 2030

## Building an Industrial Ecosystem

- Founding member of the **Alliance to End Plastic Waste**
- Established the **Closed Loop Circular Plastics Fund**
- Scaling advanced recycling with **Mura Technology**
- Developed disruptive PCR PE film solutions with **Circulate Capital**
- **Fuenix Eco Group, Gunvor and New Hope Energy** partnerships to source pyrolysis oil
- Invested in **Mr. Green Africa** to scale solutions to reuse waste
- **Valoregen** to build the largest hybrid recycling site in France
- Nine of Dow's largest sites received **ISCC Plus** recognition related to tracking sustainable feedstock use



## Delivering Innovative Solutions

- **REVOLOOP™** Post-Consumer Recycled Resins for flexible or rigid packaging applications
- **AFFINITY™ REN** Bio-Based High-Performance Polyolefin Elastomers
- **ENGAGE™ REN** for low-carbon emissions footwear
- **RENUVA™** Program converts used mattresses into raw materials
- Automotive waste turns into new car products with **SPECFLEX™ C & VORANOL™ C** foam systems
- **AMPLIFY™ SI** Silicone Enhanced Polymer System increases use of recycled plastic from 70% to 90%
- **RHOBARR™** Dispersions improve recyclability for coated paper products
- **ECOSURF™ EH** Readily Biodegradable Surfactants



## Meeting Increasing Brand-Owner Demand

Dow technology to support **Crocs** in reducing the CO<sub>2</sub> impact in manufacturing process



**Kellogg's Kashi Bear Naked** brand to roll out fully recyclable packaging, enabled by Dow RecycleReady Technology

Dow and **Sport Singapore** upcycle shoes into sports infrastructure using **ECOGROUND™** Binders



**Liby** and Dow introduce China's first fully recyclable laundry packaging

Commercialized **recyclable toothpaste tubes** used by major consumer brands








**SILASTIC™** Self-Sealing Silicone enables **Bridgestone's B-SEALS**, a recyclable, silicone-based tire sealant technology

Expanded sustainability targets & accelerated delivery with new circular & renewable business platform



# CONSISTENT STRATEGIC PRIORITIES FOR LONG-TERM VALUE CREATION

 <b>DISCIPLINED CAPITAL ALLOCATION</b>	 <b>PROFITABLE GROWTH</b>	 <b>LOW-COST OPERATING MODEL</b>	 <b>BEST-OWNER MINDSET</b>	 <b>ESG LEADERSHIP</b>
Execute lower-risk, faster-payback projects, capex $\leq$ D&A over cycle	Maintain and grow leadership positions in key markets	Maintain top-quartile cost structure	Maintain culture of benchmarking	Decarbonize assets to zero-carbon emissions while expanding capacity
Maintain strong credit profile while improving financial flexibility	Advance incremental higher-growth, faster-payback investments	Delivered restructuring program run-rate of ~\$300MM in 2021	Enhanced transparency and disclosure	Capitalize on growth from high-margin, sustainability-driven applications
Higher ROIC, cash flow & returns to shareholders	Deliver ~\$300MM of EBITDA benefit from digitalization	Disciplined execution to deliver projects on-time and on-budget	Evaluate and execute non-core asset transactions	Management incentives aligned with shareholders and ESG targets

## ACROSS THE ECONOMIC CYCLE:

Increase underlying EBITDA by another >\$3B

Maintain industry-leading cash generation

>13% ROIC

Return 65% of net income to shareholders

2.0x – 2.5x adjusted debt-to-EBITDA





# APPENDIX

# FY 2022 MODELING CONSIDERATIONS & LATEST UPDATES [*POSITIVE* / *NEGATIVE*]

## Operating EBIT Drivers vs. FY21

Equity Earnings	Down ~\$600-700MM YoY (net of T/As)
Pension Expense	~\$FLAT YoY
Corporate	Op. EBIT of ~\$(275)MM and Op. EBITDA of ~\$(250)MM
Turnaround Costs	~+\$100MM YoY incl. JVs

## Other Income Statement Considerations

Net Interest Expense	~\$525MM
D&A	~\$2.8B
Net Income Attrib. to Non-Controlling Int.	~\$100MM (reduction to reported Net Income)
Year-End Share Count	~710MM
Op. Tax Rate	21% – 25%

## Cash Flow Considerations in 2022

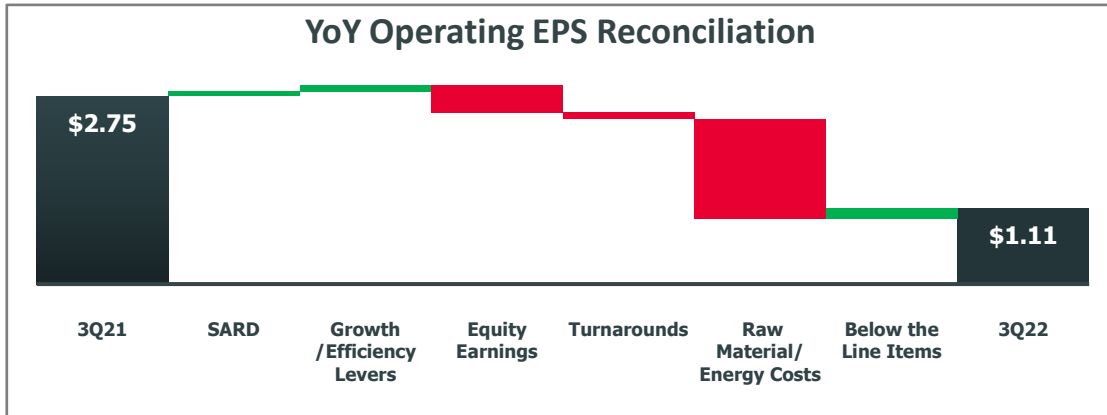
Dividends from Equity Companies	~\$900MM (up ~\$600MM YoY)
Pension	~\$250MM (~\$1B lower YoY)
Liability Management	Executed \$750MM make whole call in 2Q22
CapEx	~\$1.9B
2020 Restructuring Program	~\$175MM cash outflow (~\$75MM lower YoY)
Digital Initiative	~\$250MM cash outflow (~\$100MM higher YoY)

## Year-Over-Year Market Drivers

Favorable	Elevated oil price and oil-gas spreads, cost interventions, and infrastructure spending
What We are Watching	Inflationary pressures on raw materials and energy, supply chain constraints, foreign exchange impact, consumer confidence, COVID lockdowns, geopolitical dynamics



# 3Q 2022 FINANCIAL HIGHLIGHTS



Financial Summary <i>(\$ millions, unless otherwise noted)</i>	3Q22	3Q21	YoY B/(W)	2Q22	QoQ B/(W)
Net Sales	\$14,115	\$14,837	\$(722)	\$15,664	\$(1,549)
Equity Earnings (Losses)	\$(58)	\$249	\$(307)	\$195	\$(253)
Net Income – GAAP	\$760	\$1,706	\$(946)	\$1,681	\$(921)
Operating EBIT <i>Op. EBIT Margin (%)</i>	\$1,195 8.5%	\$2,886 19.5%	\$(1,691) (1,100) bps	\$2,375 15.2%	\$(1,180) (670) bps
Operating EBITDA	\$1,863	\$3,611	\$(1,748)	\$3,059	\$(1,196)
Earnings per share – GAAP	\$1.02	\$2.23	\$(1.21)	\$2.26	\$(1.24)
Operating earnings per share <sup>1</sup>	\$1.11	\$2.75	\$(1.64)	\$2.31	\$(1.20)
Cash Provided by Op. Activities – Cont. Ops.	\$1,940	\$2,719	\$(779)	\$1,856	\$84

## Key Drivers in the Quarter YoY

- Growth and efficiency levers improving underlying earnings
- Lower SARD cost due to continued focus on cost efficiency
- Lower D&A expense, share count and interest expense
- Inflationary pressures on raw material and energy costs impacting margins
- Turnaround expense up due to increased planned maintenance activity
- Equity losses due to margin compression in polyurethanes at Sadara and MEG at Kuwait Joint Ventures

(1) Op. Earnings Per Share, Op. EBIT, Op. EBIT Margin, Op. EBITDA, Free Cash Flow and Cash Flow Conversion are non-GAAP measures. See appendix for further discussion.



# PRINCIPAL JOINT VENTURE DETAIL

Dow's Proportional Share of Principal JV Financial Results									
	3Q 2022			3Q 2021			2Q 2022		
	Sadara	Kuwait JVs	Thai JVs	Sadara	Kuwait JVs	Thai JVs	Sadara	Kuwait JVs	Thai JVs
<i>\$ millions (unaudited)</i>									
EBITDA	\$27	\$92	\$15	\$186	\$187	\$54	\$156	\$178	\$41
EBIT	\$(68)	\$50	\$9	\$99	\$146	\$47	\$64	\$136	\$36
<b>Net Income</b> <i>Equity Earnings to Dow</i>	<b>\$(105)</b>	<b>\$29</b>	<b>\$2</b>	<b>\$67</b>	<b>\$123</b>	<b>\$41</b>	<b>\$28</b>	<b>\$113</b>	<b>\$29</b>
EBITDA in Excess of Eq. Earnings	\$132	\$63	\$13	\$119	\$64	\$13	\$128	\$65	\$12
Net Debt	\$4,078	\$1,772	\$256	\$4,512	\$1,600	\$252	\$4,198	\$1,876	\$271

## Drivers of JV Performance

- **Sadara:** Driven by margin compression in polyurethanes
- **Kuwait JVs:** Results impacted by lower MEG pricing
- **Thai JVs:** Strength in functional polymers offset by lower demand for ethylene and propylene derivatives



# OPERATING EARNINGS PER SHARE (EPS) RECONCILIATION

<b>Significant Items Impacting Results for the Three Months Ended Sep 30, 2022</b>			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> <sup>1</sup>	<i>Net Income</i> <sup>2</sup>	<i>EPS</i> <sup>3</sup>
Reported results	\$ 1,001	\$ 739	\$ 1.02
Less: Significant items			
Digitalization program costs	(62)	(47)	(0.07)
Restructuring, implementation costs and asset related charges - net	(11)	(9)	(0.01)
Indemnification and other transaction related costs	(7)	(7)	(0.01)
Total significant items	\$ (80)	\$ (63)	\$ (0.09)
Operating results (non-GAAP)	\$ 1,081	\$ 802	\$ 1.11

<b>Significant Items Impacting Results for the Three Months Ended Sep 30, 2021</b>			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> <sup>1</sup>	<i>Net Income</i> <sup>2</sup>	<i>EPS</i> <sup>3</sup>
Reported results	\$ 2,248	\$ 1,683	\$ 2.23
Less: Significant items			
Digitalization program costs	(40)	(32)	(0.04)
Restructuring, implementation costs and asset related charges - net	(16)	(13)	(0.02)
Loss on early extinguishment of debt	(472)	(387)	(0.52)
Litigation related charges, awards and adjustments	54	42	0.06
Total significant items	\$ (474)	\$ (390)	\$ (0.52)
Operating results (non-GAAP)	\$ 2,722	\$ 2,073	\$ 2.75

1. "Income before income taxes."

2. "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 - diluted," which includes the impact of participating securities in accordance with the two-class method.



# OPERATING (EPS) RECONCILIATION (CONTINUED)

<b>Significant Items Impacting Results for the Nine Months Ended Sep 30, 2022</b>			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> <sup>1</sup>	<i>Net Income</i> <sup>2</sup>	<i>EPS</i> <sup>3</sup>
Reported results	\$ 5,225	\$ 3,969	\$ 5.41
Less: Significant items			
Digitalization program costs	(154)	(119)	(0.16)
Restructuring, implementation costs and asset related charges - net	(31)	(25)	(0.03)
Russia / Ukraine conflict charges	(186)	(142)	(0.19)
Loss on early extinguishment of debt	(8)	(6)	(0.01)
Indemnification and other transaction related costs	(3)	(3)	-
Income tax related items	-	25	0.03
Total significant items	\$ (382)	\$ (270)	\$ (0.36)
Operating results (non-GAAP)	\$ 5,607	\$ 4,239	\$ 5.77

<b>Significant Items Impacting Results for the Nine Months Ended Sep 30, 2021</b>			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> <sup>1</sup>	<i>Net Income</i> <sup>2</sup>	<i>EPS</i> <sup>3</sup>
Reported results	\$ 6,027	\$ 4,575	\$ 6.06
Less: Significant items			
Digitalization program costs	(121)	(94)	(0.12)
Restructuring, implementation costs and asset related charges - net	(69)	(55)	(0.07)
Loss on early extinguishment of debt	(574)	(471)	(0.63)
Litigation related charges, awards and adjustments	54	42	0.06
Indemnification and other transaction related costs	(5)	(5)	(0.01)
Total significant items	\$ (715)	\$ (583)	\$ (0.77)
Operating results (non-GAAP)	\$ 6,742	\$ 5,158	\$ 6.83

1. "Income before income taxes."

2. "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 - diluted," which includes the impact of participating securities in accordance with the two-class method.





# OPERATING (EPS) RECONCILIATION (CONTINUED)

<b>Significant Items Impacting Results for the Three Months Ended Jun 30, 2022</b>			
In millions, except per share amounts (Unaudited)	<i>Pretax</i> <sup>1</sup>	<i>Net Income</i> <sup>2</sup>	<i>EPS</i> <sup>3</sup>
Reported results	\$ 2,169	\$ 1,661	\$ 2.26
Less: Significant items			
Digitalization program costs	(51)	(40)	(0.05)
Restructuring, implementation costs and asset related charges - net	(10)	(8)	(0.01)
Loss on early extinguishment of debt	(8)	(6)	(0.01)
Indemnification and other transaction related costs	(8)	(8)	(0.01)
Income tax related items	-	25	0.03
Total significant items	\$ (77)	\$ (37)	\$ (0.05)
Operating results (non-GAAP)	\$ 2,246	\$ 1,698	\$ 2.31

1. "Income before income taxes."

2. "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 - diluted," which includes the impact of participating securities in accordance with the two-class method.



# RECONCILIATION OF NET INCOME TO OPERATING EBIT & OPERATING EBITDA

Reconciliation of "Net income" to "Operating EBIT" and "Operating EBITDA"	Three Months Ended						Nine Months Ended	
	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)								
Net income	\$ 1,254	\$ 1,706	\$ 1,761	\$ 1,552	\$ 1,681	\$ 760	\$ 3,993	\$ 4,644
+ Provision for income taxes	562	542	357	503	488	241	1,232	1,383
Income before income taxes	\$ 1,816	\$ 2,248	\$ 2,118	\$ 2,055	\$ 2,169	\$ 1,001	\$ 5,225	\$ 6,027
- Interest income	11	14	20	28	36	41	105	35
+ Interest expense and amortization of debt discount	210	178	170	167	165	155	487	561
- Significant items	961	(474)	3	(225)	(77)	(80)	(382)	(715)
Operating EBIT <sup>1</sup>	\$ 1,054	\$ 2,886	\$ 2,265	\$ 2,419	\$ 2,375	\$ 1,195	\$ 5,989	\$ 7,268
+ Depreciation and amortization	726	725	655	752	684	668	2,104	2,187
Operating EBITDA <sup>2</sup>	\$ 1,780	\$ 3,611	\$ 2,920	\$ 3,171	\$ 3,059	\$ 1,863	\$ 8,093	\$ 9,455
Operating EBITDA - trailing twelve months ("TTM") basis	\$ 5,589	\$ 11,235	\$ 12,375	\$ 13,275	\$ 12,761	\$ 11,013		

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

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

Reconciliation of "Loss from Continuing Operations, net of tax" to "Pro Forma Operating EBIT" and "Pro Forma Operating EBITDA"	Twelve Months Ended
In millions (Unaudited)	Dec 31, 2019
Loss from continuing operations, net of tax	\$ (1,717)
+ Provision for income taxes on continuing operations	470
Loss from continuing operations before income taxes	\$ (1,247)
- Interest income	81
+ Interest expense and amortization of debt discount	933
+ Pro forma adjustments	65
- Significant items	(4,682)
Pro forma Operating EBIT <sup>1</sup>	\$ 4,352
+ Pro forma depreciation and amortization	2,938
Pro forma Operating EBITDA <sup>2</sup>	\$ 7,290

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

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



# SEGMENT INFORMATION

Net Sales by Segment	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)					
Packaging & Specialty Plastics	\$ 8,233	\$ 7,327	\$ 7,736	\$ 23,187	\$ 20,939
Industrial Intermediates & Infrastructure	4,370	4,059	4,481	12,953	12,303
Performance Materials & Coatings	3,003	2,654	2,526	8,706	7,114
Corporate	58	75	94	197	248
Total	\$ 15,664	\$ 14,115	\$ 14,837	\$ 45,043	\$ 40,604

Operating EBIT by Segment	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)					
Packaging & Specialty Plastics	\$ 1,436	\$ 785	\$ 1,954	\$ 3,455	\$ 5,196
Industrial Intermediates & Infrastructure	426	167	713	1,254	1,687
Performance Materials & Coatings	561	302	284	1,458	571
Corporate	(48)	(59)	(65)	(178)	(186)
Total	\$ 2,375	\$ 1,195	\$ 2,886	\$ 5,989	\$ 7,268

Equity in Earnings (Losses) of Nonconsolidated Affiliates by Segment	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)					
Packaging & Specialty Plastics	\$ 138	\$ 55	\$ 124	\$ 303	\$ 360
Industrial Intermediates & Infrastructure	57	(114)	122	5	381
Performance Materials & Coatings	2	1	3	6	5
Corporate	(2)	-	-	(3)	5
Total	\$ 195	\$ (58)	\$ 249	\$ 311	\$ 751



# SEGMENT INFORMATION (CONTINUED)

Adjusted Operating EBIT by Segment In millions (Unaudited)	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
Packaging & Specialty Plastics	\$ 1,298	\$ 730	\$ 1,830	\$ 3,152	\$ 4,836
Industrial Intermediates & Infrastructure	369	281	591	1,249	1,306
Performance Materials & Coatings	559	301	281	1,452	566
Corporate	(46)	(59)	(65)	(175)	(191)
<b>Total</b>	<b>\$ 2,180</b>	<b>\$ 1,253</b>	<b>\$ 2,637</b>	<b>\$ 5,678</b>	<b>\$ 6,517</b>

Operating EBIT Margin by Segment In millions (Unaudited)	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
Packaging & Specialty Plastics	17.4 %	10.7 %	25.3 %	14.9 %	24.8 %
Industrial Intermediates & Infrastructure	9.7 %	4.1 %	15.9 %	9.7 %	13.7 %
Performance Materials & Coatings	18.7 %	11.4 %	11.2 %	16.7 %	8.0 %
<b>Total</b>	<b>15.2 %</b>	<b>8.5 %</b>	<b>19.5 %</b>	<b>13.3 %</b>	<b>17.9 %</b>

Adjusted Operating EBIT Margin by Segment In millions (Unaudited)	Three Months Ended Jun 30, 2022	Three Months Ended		Nine Months Ended	
		Sep 30, 2022	Sep 30, 2021	Sep 30, 2022	Sep 30, 2021
Packaging & Specialty Plastics	15.8 %	10.0 %	23.7 %	13.6 %	23.1 %
Industrial Intermediates & Infrastructure	8.4 %	6.9 %	13.2 %	9.6 %	10.6 %
Performance Materials & Coatings	18.6 %	11.3 %	11.1 %	16.7 %	8.0 %
<b>Total</b>	<b>13.9 %</b>	<b>8.9 %</b>	<b>17.8 %</b>	<b>12.6 %</b>	<b>16.1 %</b>



# CASH CONVERSION AND FREE CASH FLOW RECONCILIATION

Reconciliation of Cash Flow Conversion	Three Months Ended				
	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022
In millions (Unaudited)					
Cash provided by operating activities - continuing operations (GAAP)	\$ 2,719	\$ 2,557	\$ 1,612	\$ 1,856	\$ 1,940
Operating EBITDA (non-GAAP)	\$ 3,611	\$ 2,920	\$ 3,171	\$ 3,059	\$ 1,863
Cash Flow Conversion (non-GAAP) <sup>1</sup>	75.3 %	87.6 %	50.8 %	60.7 %	104.1 %
Cash Flow Conversion - trailing twelve months ("TTM") basis (non-GAAP)	54.9 %	57.1 %	67.1 %	68.5 %	72.3 %

1. Cash Flow Conversion is defined as "Cash provided by operating activities - continuing operations" divided by Operating EBITDA.

Reconciliation of Free Cash Flow	Three Months Ended							Nine Months Ended	
	Dec 31, 2019	Dec 31, 2020	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)									
Cash provided by operating activities - continuing operations (GAAP)	\$ 1,920	\$ 1,656	\$ 2,719	\$ 2,557	\$ 1,612	\$ 1,856	\$ 1,940	\$ 5,408	\$ 4,512
Capital expenditures	(577)	(297)	(413)	(466)	(315)	(457)	(452)	(1,224)	(1,035)
Free Cash Flow (non-GAAP) <sup>1</sup>	\$ 1,343	\$ 1,359	\$ 2,306	\$ 2,091	\$ 1,297	\$ 1,399	\$ 1,488	\$ 4,184	\$ 3,477
Free Cash Flow - trailing twelve months ("TTM") basis (non-GAAP) <sup>2</sup>	\$ 3,752	\$ 5,000	\$ 4,836	\$ 5,568	\$ 7,382	\$ 7,093	\$ 6,275		
End of period market capitalization <sup>3</sup>	\$ 40,582	\$ 41,247	\$ 42,572	\$ 41,701	\$ 46,395	\$ 37,065	\$ 30,916		
Free Cash Flow Yield (non-GAAP) <sup>4</sup>	9%	12%	11%	13%	16%	19%	20%		

1. Free Cash Flow is defined as "Cash provided by 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.

2. Free Cash Flow in the first quarter of 2021 reflects a \$1 billion elective pension contribution.

3. Calculated as the period-end share price of Dow Inc. times the period-end shares outstanding of Dow Inc.

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



# RECONCILIATION OF OPERATING RETURN ON CAPITAL (ROC)

Reconciliation of Operating Return on Capital (ROC)	Three Months Ended	
	Sep 30, 2022	Sep 30, 2021
In millions (Unaudited)		
Net income	\$ 739	\$ 1,683
- Significant items, after tax	(63)	(390)
Operating Net Income (non-GAAP)	\$ 802	\$ 2,073
Net income attributable to noncontrolling interests	\$ 21	\$ 23
Gross interest expense	173	194
Imputed interest expense - operating leases	14	17
Tax on gross interest expense	(43)	(48)
Operating Net Operating Profit After Tax (non-GAAP)	\$ 967	\$ 2,259
Operating Net Operating Profit After Tax - trailing twelve months ("TTM") basis (non-GAAP)	\$ 6,541	\$ 6,505
Average Total Capital (non-GAAP)	\$ 34,559	\$ 32,971
Operating Return on Capital - trailing twelve months ("TTM") basis (non-GAAP) <sup>1</sup>	18.9 %	19.7 %

1. Operating ROC is defined as net operating profit after tax (excluding significant items) divided by total average capital, also referred to as ROIC. Operating ROC measures how effectively a company has utilized the money invested in its operations.

# RECONCILIATION OF NET DEBT

<b>Reconciliation of Net Debt</b>		
In millions (Unaudited)	<i>Sep 30, 2022</i>	<i>Dec 31, 2021</i>
Notes payable	\$ 185	\$ 161
Long-term debt due within one year	364	231
Long-term debt	12,921	14,280
Gross debt (GAAP)	\$ 13,470	\$ 14,672
- Cash and cash equivalents	2,216	2,988
- Marketable securities	148	245
Net Debt (non-GAAP)	\$ 11,106	\$ 11,439



# 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

Certain statements in this report are “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; any sanction, export restrictions, supply chain disruptions or increased economic uncertainty related to the ongoing conflict between Russia and Ukraine; capital requirements and need for and availability of financing; unexpected barriers in the development of technology, including with respect to Dow’s contemplated capital and operating projects; Dow’s ability to realize its commitment to carbon neutrality on the contemplated timeframe; 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 including the ongoing conflict between Russia and Ukraine; weather events and natural disasters; and disruptions in Dow’s information technology networks and systems; and risks related to Dow’s separation from DowDuPont Inc. such as Dow’s obligation to indemnify DuPont de Nemours, Inc. and/or Corteva, Inc. 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, 2021 and the Company’s subsequent Quarterly Reports on Form 10-Q. 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 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. 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.

## Trademarks

The Dow Diamond, logo and all products, unless otherwise noted, denoted with ™, ℠ or ® are trademarks, service marks or registered trademarks of The Dow Chemical Company or its respective subsidiaries or affiliates. Solely for convenience, the trademarks, service marks and trade names referred to in this communication may appear without the ™, ℠ or ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names. This presentation may also contain trademarks, service marks and trade names of certain third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this communication is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us.

## Definitions

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

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

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

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

Operating EBIT Margin is defined as Operating EBIT as a percentage of net sales.

Adjusted Operating EBIT is defined as Operating EBIT less equity earnings (losses).

Adjusted Operating EBIT Margin is defined as Operating EBIT less equity earnings (losses), divided by net sales.

Adjusted Operating EBITDA is defined as Operating EBITDA less equity earnings (losses).

Adjusted Operating EBITDA Margin is defined as Adjusted Operating EBITDA divided by net sales.

Operating Earnings Per Share is defined as "Earnings per common share - 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 before income taxes"), excluding the impact of significant items.

Free Cash Flow is defined as "Cash flows from operating activities - continuing operations - excluding impact of ASU 2016-15" less capital expenditures. Under this definition, free cash flow represents the cash generated by Dow 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 Dow'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. 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.

Operating Net Income is defined as net income, excluding the after-tax impact of significant items.

Operating Return on Capital (ROC) is defined as net operating profit after tax, excluding the impact of significant items, divided by total average capital, also referred to as ROIC. Net operating profit after tax (excluding significant items) is a net income measure the Company uses in presentations to investors that excludes net income attributable to noncontrolling interests, and interest expense, exclusive of the significant items.

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."

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).

