

4Q 2022 RESULTS

January 26, 2023

4Q 2022 RESULTS

AGENDA

- Quarterly Results
- Operating Segment Performance
- Outlook
- Competitive Position for Long-Term Value Creation

4Q 2022 Performance Overview

- **Net sales were $11.9B**
  - Local price down 5% YoY and 6% QoQ
  - Slower GDP growth and customer destocking; volume down 8% YoY and 9% QoQ
  - U.S. dollar strength decreased reported sales by 4% YoY and 1% QoQ
- **Net income was $647MM** and **operating EBIT was $601MM**
  - Reduced operating rates to match market dynamics
- Generated **$2.1B of cash flow** from operating activities – continuing operations
  - Free cash flow was $1.5B
  - Cash flow conversion of 166% in the quarter
- Returned **$620MM to shareholders**, including $495MM in dividends and $125MM in share repurchases in the quarter

$11.9B
NET SALES

$1.3B
OPERATING EBITDA

$1.5B
FREE CASH FLOW

$620MM
RETURNED TO SHAREHOLDERS

Operating EBIT, Operating EBITDA, Free Cash Flow, Free Cash Flow Yield, Cash Flow Conversion, Operating ROIC, Shareholder Yield, Net Debt and Diluted Shares Outstanding are Non-GAAP measures.
See the Appendix for definitions and a reconciliation to the most directly comparable U.S. GAAP measure.

2022 Full-Year Highlights

Financial Highlights

Increased net sales by nearly

$2B

year-over-year

Delivered operating EBIT of

$6.6B

Generated

$7.5B

in cash provided by operating activities

Achieved

80%

Cash flow conversion of operating EBITDA

Returned

$4.3B

to shareholders through dividends and share buybacks

Delivered operating ROIC

15%

above our 13% commitment across the economic cycle

Sustainability Highlights

Among top 20 global corporations using renewable, clean energy; **expanded access to**

>900 MW

of renewable energy

Aligned comprehensive disclosures to GRI, GHG Protocol, TCFD, SASB and WEF in our annual INtersections Report

Advanced to #15 on the 2022 DiversityInc Top 50 Companies for Diversity list

Reached preliminary investment decision for building the **world's first net-zero,**[1] **integrated ethylene cracker and derivatives site** in Fort Saskatchewan, Alberta, Canada

Further **enhanced structural oversight and responsibility of the board** for enterprise risk management

Donated **$37.3MM** in corporate, foundation and in-kind investments

Improved global Dow employee representation of women to

29.5%

and U.S. ethnic minorities to

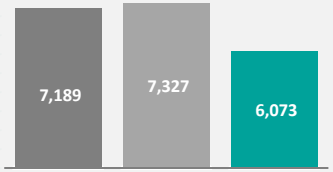
27.5%

1.With respect to Scope 1 & 2 carbon dioxide emissions

4Q 2022 Operating Segment Performance

Packaging & Specialty Plastics

REVENUE ($MM)



Y-o-Y

Sales ↓ 16%; Volume ↓ 4%; Price ↓ 9%

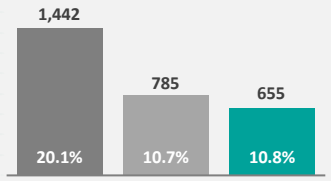
Price gains in functional polymers more than offset by lower polyethylene and olefin prices; volume down on lower olefins and packaging demand in EMEAI

Q-o-Q

Sales ↓ 17%; Volume ↓ 7%; Price ↓ 9%

Results driven by lower hydrocarbons sales and polyethylene price declines

Op. EBIT ($MM) **& Op. EBIT Margin %**



Y-o-Y

Op. EBIT ↓ 55%; Margins ↓ 930 bps

Results driven primarily by lower integrated polyethylene margins

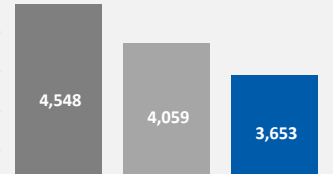
Q-o-Q

Op. EBIT ↓ 17%; Margins ↑ 10 bps

Lower raw material and energy costs more than offset by lower polyethylene prices and operating rates

Ind. Intermediates & Infrastructure

REVENUE ($MM)



Y-o-Y

Sales ↓ 20%; Volume ↓ 14%; Price ↓ 1%

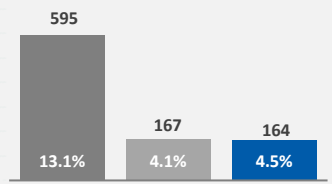
Results primarily driven by lower demand in EMEAI for industrial, consumer durables, and building & construction applications

Q-o-Q

Sales ↓ 10%; Volume ↓ 7%; Price ↓ 2%

Increased deicing fluid demand more than offset by declines in building & construction, consumer durables and industrial applications

Op. EBIT ($MM) **& Op. EBIT Margin %**



Y-o-Y

Op. EBIT ↓ 72%; Margins ↓ 860 bps

Driven by lower demand and increased energy costs, particularly in EMEAI

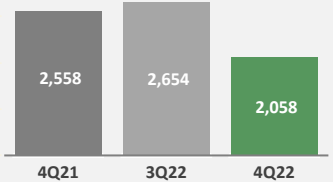
Q-o-Q

Op. EBIT ↓ 2%; Margins ↑ 40 bps

Results primarily due to lower energy costs offset by lower volumes

Perf. Materials & Coatings

REVENUE ($MM)



Y-o-Y

Sales ↓ 20%; Volume ↓ 13%; Price ↓ 2%

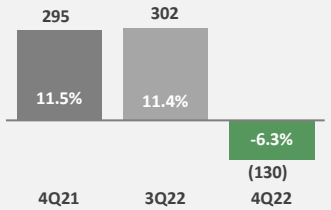
Resilient demand in mobility more than offset by declines in building & construction and lower pricing for siloxanes and acrylic monomers

Q-o-Q

Sales ↓ 22%; Volume ↓ 15%; Price ↓ 6%

Price declines for siloxanes and monomers; lower demand for coatings, industrial and building & construction applications

Op. EBIT ($MM) **& Op. EBIT Margin %**



Y-o-Y

Op. EBIT ↓ 144%; Margins ↓ 1,780 bps

Price declines in siloxanes and acrylic monomers and lower operating rates to align with end-market dynamics

Q-o-Q

Op. EBIT ↓ 143%; Margins ↓ 1,770 bps

Results primarily driven by lower prices, demand and operating rates

Dynamic Macro Environment Continues in 2023



Source: Based on internal and third-party markers

U.S. – Destocking Helping Inventory Levels to Normalize

- ✚ Consumer confidence[1] rebounding to 108.3 in Dec'22 on easing inflation
- — New mortgages down ~30% in 4Q22 vs 2Q22; Dec'22 housing starts down 22% YoY
- — Dec ISM Manufacturing PMI at 48.4 and light vehicle sales down ~8% YoY in FY22
- — U.S. GDP in FY23 revised down to ~0.2%

EU – Lower Near-term Energy Costs, Structural Concerns Remain

- ✚ EU gas storage near 5-year high, futures impacted by weather forecasts
- — EU GDP FY23 ~0.3% and waning consumer and credit demand
- — S&P Eurozone Manufacturing PMI contractionary below 50, Jul'22 to Dec'22
- — S&P Eurozone Construction PMI at 42.6 in Dec'22; lowest level since May'22

China – Slower Recovery with Potential Pent-Up Demand

- ✚ China GDP recovering in FY23 to ~4.2%, pickup likely after Lunar New Year
- ✚ China's Dec CPI at 1.8% YoY and PPI at -0.7% YoY, supporting monetary policy easing
- — Caixin Manufacturing PMI remains below 50, slipping further in Dec'22
- — 2022 population shrank for first time in six decades, threatening future growth

1. The Conference Board Consumer Confidence Index

Implementing Targeted Actions to Achieve $1B Savings

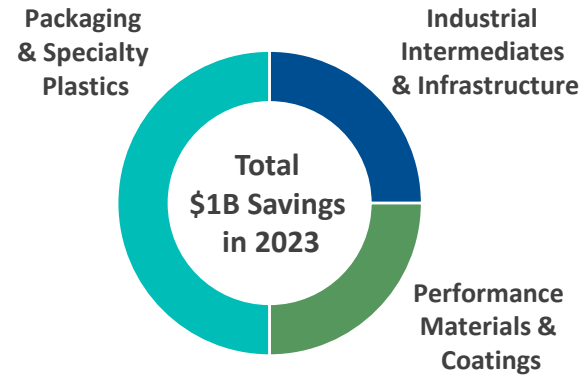
Actions to Maintain Low-Cost-to-Serve Structural Operating Model
Expected to Deliver $500MM EBITDA Savings in 2023

- Optimizing labor and services costs, including a global workforce reduction of approximately 2,000 roles
- Increasing productivity via end-to-end process improvements
- Shutting down select assets while further evaluating our asset base, particularly in Europe, to ensure long-term competitiveness and enhance cost efficiency

Actions to Maximize Near-Term Cash Flow while Reducing OpEx Spend
Expected to Deliver $500MM EBITDA Savings in 2023

- Decreasing turnaround spend, with our continued focus on maintaining safe and reliable operations
- Reducing purchased raw materials, logistics and utilities costs
- Aligning spending levels to macroeconomic environment

Targets Total $1B EBITDA Savings in 2023 with <2-Year Payback on Investment



The Company will record a charge in the range of $550 – 725MM in 1Q23, primarily related to severance; costs associated with exiting and optimizing purchased services agreements; and asset write-downs and write-offs

Proactively optimizing our cost structure in response to near-term macroeconomic uncertainty, while maintaining long-term value creation focus

1Q23 Modeling Guidance

Continuation of Value-Chain Destocking Pressure in Early 1Q23

Net Sales	~$11.0 – $11.5B
Quarterly Operational Tax Rate	~25 – 29%
Net Income Attrib. to Non-Controlling Int.	~$25MM

Depreciation & Amortization	~$700MM
Net Interest Expense (Net of Int. Income)	~$125MM
Average Share Count	~710MM

	Top-Line Ranges (1Q23 vs. 4Q22)		*Base Case Op. EBIT Drivers (1Q23 vs. 4Q22)*
	Sales % Δ QoQ		
	Low	High	
Packaging & Specialty Plastics	*-10%*	*-5%*	▪ Decreased feedstock costs offset by destocking in functional polymers and in Europe ▪ Improved export logistics but continuation of slower demand in Asia Pacific impacting equity earnings (~$50MM net headwind) ▪ Lower sales from non-recurring licensing activity (~$75MM headwind) ▪ Decreased planned maintenance activity (~$50MM tailwind)
Industrial Intermediates & Infrastructure	*-7%*	*-3%*	▪ Demand remains stable in energy markets offset by inflationary pressures on industrial demand ▪ Lower seasonal volumes in building & construction ▪ Impact from third-party outages on USGC from Winter Storm Elliot (~$25MM headwind)
Performance Materials & Coatings	*FLAT*	*+5%*	▪ Demand recovery for performance silicones after year-end destocking partially offset by lower siloxane pricing ▪ Improved supply availability and lower costs ($50MM tailwind) ▪ Turnaround at Deer Park acrylic monomers site in Performance Monomers (~$25MM headwind)
Corporate	*Sales of ~$75MM*		▪ Op. EBIT of $(75)MM and Op. EBITDA of $(65)MM

FY 2023 Modeling Considerations

Operating EBIT Drivers vs. FY22	
Equity Earnings	Down ~$300-400MM YoY
Pension Impact	~$100MM better YoY
Corporate	Op. EBIT of ~$(275)MM and Op. EBITDA of ~$(250)MM
Turnaround Costs	Down ~$300MM YoY

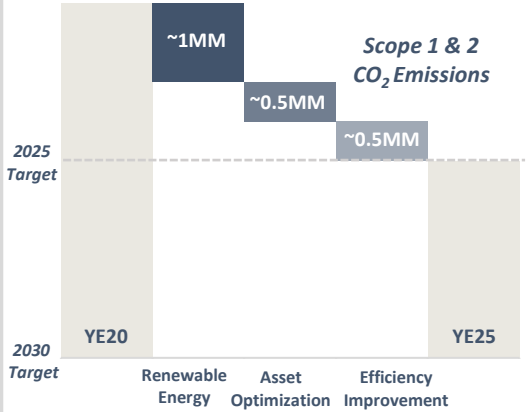
Other Income Statement Considerations	
Net Interest Expense	~$500MM
D&A	~$2.8B
Net Income Attrib. to Non-Controlling Int.	~$100MM (reduction to reported Net Income)
Year-End Share Count	~710MM (~Flat YoY)
Op. Tax Rate	25% – 29%

Cash Flow Considerations in 2023	
Dividends from Equity Companies	~$350MM
Pension contributions	~$150MM
CapEx	~$2.2B
Restructuring and Implementation costs	~$400MM cash outflow

Year-Over-Year Market Drivers	
Potential Upside	Higher oil price and oil-gas spreads, China re-opening, softer landing for US economy, more stable energy markets in Europe, easing inflation and supply chain constraints; foreign exchange impacts
What We are Watching	Pressures from higher interest rates on building and construction demand, PMI levels, global energy markets, consumer confidence, geopolitical dynamics

Near-Term Delivery of our Decarbonize & Grow Strategy

Reducing CO_2 Emissions by ~2MM mta/year[2] by YE25



Increasing our use of renewable energy, optimizing our assets to be more carbon-efficient, and driving continuous emissions reductions throughout our global asset base

On-Track to Deliver >$2B/year EBITDA[1] Growth

Projects	Start-Up	Est. EBITDA[1]	Status
Fort Saskatchewan cracker expansion	2H 2021	~$75 – 100MM	☑ *Complete*
FCDh unit in Louisiana	4Q 2022	~$75 – 100MM	☑ *Commissioned*
Alkoxylates capacity investments (US/EU)	2022	~$50 – 75MM	☑ *EU Start-up in Q1*
Silicones downstream debottlenecking projects	2022	~$75 – 100MM	☑ *Delivered*
Digital Acceleration Program	2021 - 2023	~$300MM	☑ *On-track by YE23*
PU systems investments and additional alkoxylates capacity	2023 – 2025	~$100 – 150MM	*On track*
C2/PE and functional polymers incremental projects	2023 – 2025	~$200 – 300MM	*On-track*
Multiple coatings and additional silicones debottlenecks	2023 – 2025	~$275 – 300MM	*On track*
Growth from Operating Investments	2022 – 2025	~$1B	*On-going*

In-flight actions to grow underlying EBITDA by >$2B/year while also reducing CO_2 emissions by ~2MM mta

1. EBITDA/year run-rate estimated based on Dow and IHS historical margins and operating rate of 90%.
2. Refers to Scope 1 and Scope 2 carbon dioxide emissions

DECARBONIZE & GROW: PROTECT THE CLIMATE & TRANSFORM THE WASTE

Expect to grow capacity and underlying earnings by >$3B/year while reducing CO_2 emissions by ~30%[1] by 2030

	Innovation, Renewable Energy & Efficiency	Alberta Net-Zero Scope 1 & 2 CO_2 Emissions Site	Terneuzen 2030 Reduced CO_2 Emissions Site	Transform the Waste
2022	✓ *Achieved* Secured **>900MW of renewable power** **FCDh** LA3 commissioned in 4Q22	✓ *Achieved* PID by YE22	→ *In progress* Secure partner agreements & subsidies for Terneuzen 2030 **Board, regulatory approval, and FID**	**Valoregen** hybrid recycling site in France; **start-up in ~2023** Mura Technology plant in **U.K.** to **start-up in ~2023** with 20 KTA advanced recycled capacity
2025	→ *In progress* **E-cracking** pilot project PID in 2023 → *On track* **EDH** pilot plant ~2025 **E-cracking** pilot start-up ~2025 **Power sourcing revision** ~2028 **EDH** commercial-scale demonstration by ~2030	→ *In progress* Secure partner agreements & subsidies by 3Q23 **Board, regulatory approval and FID by YE23** → *On track* **Phase 1** construction begins 2024 **Phase 1** construction completed; start-up ~2027 **Phase 2** construction completed; start-up ~2029	→ *On track* **Project construction** begins as early as ~2024 **Clean energy** commissioning Project **completion** and deployment by ~2030	Mura **Germany** advanced recycling facility; FID in ~2023 and start-up in **~2025** Mura to achieve as much as **600 KTA total** global advanced recycling capacity by **~2030** Dow and WM residential recycling project to **divert >120 KTA plastic film from landfills**
~2MM mta CO_2 reduction				
2030				
~5MM mta CO_2 reduction	**>2MM CO_2 mta reduction**	**>1MM CO_2 mta reduction** ***Decarbonizes ~20% of Dow's global C2 capacity while growing our PE supply >15%***	**>1.5MM CO_2 mta reduction**	**Commercialize 3MM mta of circular & renewable solutions**

1. Using 2005 as a baseline; applies to scope 1 and 2 carbon emissions
2. The target presented expected to be achieved by projects currently in progress

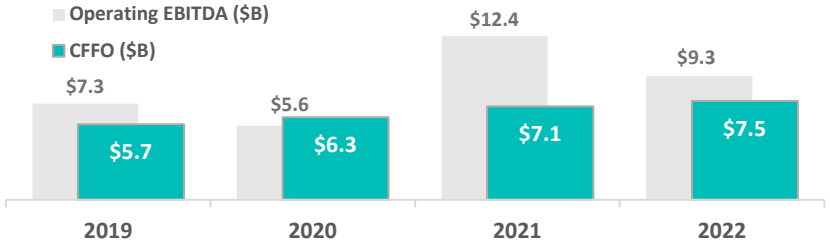
PID: Preliminary Investment Decision
FID: Final Investment Decision

Continued Focus on Cash Flow Generation

Enhanced Financial Performance and Capital Structure

	Key Metrics	At Spin	YE22
Earnings/ Cash Flow	Operating EBITDA (3-Year Avg.)[1]	$8.2B	$9.1B
	Free Cash Flow (3-Year Cumulative)[1]	$5.6B	$16.2B
	Free Cash Flow (TTM)	$1.5B	$5.7B
	Free Cash Flow Yield (TTM)	4%	16%
	Shareholder Yield (TTM)	7%[2]	12%
Capital Structure	Available Liquidity	$10.6B	$13.7B
	Net Debt	$16.7B	$10.6B
	Underfunded Pension	~$7.8B	~$2.5B
	Diluted Shares Outstanding	752MM[2]	709MM
	RA Adj. Leverage (3-Year Avg.)[3]	~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+** (Positive) **BBB** (Positive)

Stable Cash Flow from Operations (CFFO) Generation



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

Continued commitment to our disciplined and balanced approach to capital allocation

1) At Spin: 2017-2019; YE22: 2020-2022
2) As of April 5, 2019
3) Ratings adjusted leverage. Based on latest reported data from Moody's; At Spin: 2017-2019; YE22: 2020,2021, 3Q22 TTM

Enhancing our Competitive Position for Long-Term Success

Proactively Navigating the Current Environment

$1B
Savings from playbook of targeted actions

~$300MM
YE 2023 run-rate benefits from completed digitalization program

80%
FY22 cash flow conversion

Delivering Attractive Returns with Financial Strength

15%
3-year average operating ROIC

No substantive long-term debt maturities due until
2027

80%
Operating net income returned to shareholders since spin

Advancing our Decarbonize and Grow Strategy

>$2B
Run-rate EBITDA contributions by mid-decade from growth investments

~5MM mta
30% Reduction in CO_2 emissions by 2030[1]

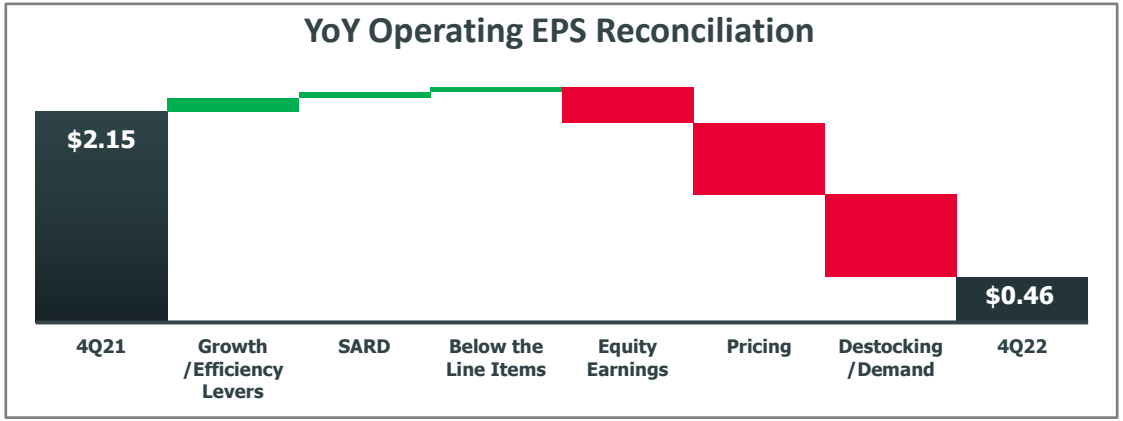
>$3B
Underlying EBITDA[2] improvement by 2030

Committed to a disciplined and balanced approach to capital allocation as we decarbonize and grow

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


APPENDIX

4Q 2022 Financial Highlights



Financial Summary *($ millions, unless otherwise noted)*	4Q22	4Q21	YoY B/(W)	3Q22	QoQ B/(W)
Net Sales	$11,859	$14,364	$(2,505)	$14,115	$(2,256)
Equity Earnings (Losses)	$(43)	$224	$(267)	$(58)	$15
Net Income – GAAP	$647	$1,761	$(1,114)	$760	$(113)
Operating EBIT	$601	$2,265	$(1,664)	$1,195	$(594)
Op. EBIT Margin (%)	*5.1%*	*15.8%*	*(1,070) bps*	*8.5%*	*(340) bps*
Operating EBITDA	$1,255	$2,920	$(1,665)	$1,863	$(608)
Earnings per share – GAAP	$0.85	$2.32	$(1.47)	$1.02	$(0.17)
Operating earnings per share – diluted	$0.46	$2.15	$(1.69)	$1.11	$(0.65)
Cash Provided by Op. Activities – Cont. Ops.	$2,078	$2,557	$(479)	$1,940	$138

Key Drivers in the Quarter YoY

- Growth and efficiency levers improving underlying earnings
- Lower SARD due to continued focus on cost efficiency
- Lower share count and interest expense
- Equity losses led by margin compression at Kuwait joint ventures and Sadara
- Pricing down primarily in P&SP due to lower pricing for polyethylene and upstream olefins
- Inflation impacting demand; global destocking driving reduced operating rates, particularly in Europe

Operating EBIT, Operating EBITDA, Free Cash Flow, Free Cash Flow Yield, Cash Flow Conversion, Operating ROIC, Shareholder Yield, Net Debt and Diluted Shares Outstanding are Non-GAAP measures.
See the Appendix for definitions and a reconciliation to the most directly comparable U.S. GAAP measure.

PRINCIPAL JOINT VENTURE DETAIL

Dow's Proportional Share of Principal JV Financial Results

$ millions (unaudited)	4Q 2022			4Q 2021			3Q 2022		
	Sadara	**Kuwait JVs**	**Thai JVs**	**Sadara**	**Kuwait JVs**	**Thai JVs**	**Sadara**	**Kuwait JVs**	**Thai JVs**
EBITDA	$58	$62	$40	$142	$206	$54	$27	$92	$15
EBIT	$(45)	$22	$35	$45	$162	$49	$(68)	$50	$9
Net Income *Equity Earnings to Dow*	**$(87)**	**$2**	**$26**	**$20**	**$145**	**$41**	**$(105)**	**$29**	**$2**
EBITDA in Excess of Eq. Earnings	$145	$60	$14	$122	$61	$13	$132	$63	$13
Net Debt	$4,131	$1,664	$325	$4,309	$1,480	$268	$4,078	$1,772	$256

Drivers of JV Performance

- **Sadara: YoY** lower prices in all businesses; **QoQ** improved polyurethane margins
- **Kuwait JVs: YoY and QoQ** Results impacted by lower MEG prices
- **Thai JVs: YoY** Strength in functional polymers more than offset by lower demand for ethylene and propylene derivatives; **QoQ** improved cracker margins

OPERATING EARNINGS PER SHARE (EPS) RECONCILIATION

Significant Items Impacting Results for the Three Months Ended Dec 31, 2022			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 865	$ 613	$ 0.85
Less: Significant items			
Digitalization program costs	(76)	(64)	(0.09)
Restructuring, implementation costs and asset related charges - net	(9)	(7)	(0.01)
Russia / Ukraine conflict charges	68	56	0.08
Litigation related charges, awards and adjustments	381	288	0.40
Indemnification and other transaction related costs	7	7	0.01
Total significant items	$ 371	$ 280	$ 0.39
Operating results (non-GAAP)	$ 494	$ 333	$ 0.46

Significant Items Impacting Results for the Three Months Ended Dec 31, 2021			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 2,118	$ 1,736	$ 2.32
Less: Significant items			
Digitalization program costs	(48)	(38)	(0.05)
Restructuring, implementation costs and asset related charges - net	-	-	-
Net gain on divestitures and asset sale	16	16	0.02
Indemnification and other transaction related costs	35	35	0.05
Income tax related items	-	111	0.15
Total significant items	$ 3	$ 124	$ 0.17
Operating results (non-GAAP)	$ 2,115	$ 1,612	$ 2.15

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)

Significant Items Impacting Results for the Twelve Months Ended Dec 31, 2022			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 6,090	$ 4,582	$ 6.28
Less: Significant items			
Digitalization program costs	(230)	(183)	(0.25)
Restructuring, implementation costs and asset related charges - net	(40)	(32)	(0.04)
Russia / Ukraine conflict charges	(118)	(86)	(0.11)
Loss on early extinguishment of debt	(8)	(6)	(0.01)
Litigation related charges, awards and adjustments	381	288	0.40
Indemnification and other transaction related costs	4	4	0.01
Income tax related items	-	25	0.03
Total significant items	$ (11)	$ 10	$ 0.03
Operating results (non-GAAP)	$ 6,101	$ 4,572	$ 6.25

Significant Items Impacting Results for the Twelve Months Ended Dec 31, 2021			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
Reported results	$ 8,145	$ 6,311	$ 8.38
Less: Significant items			
Digitalization program costs	(169)	(132)	(0.17)
Restructuring, implementation costs and asset related charges - net	(69)	(55)	(0.07)
Loss on early extinguishment of debt	(574)	(471)	(0.63)
Net gain on divestitures and asset sale	16	16	0.02
Litigation related charges, awards and adjustments	54	42	0.06
Indemnification and other transaction related costs	30	30	0.04
Income tax related items	-	111	0.15
Total significant items	$ (712)	$ (459)	$ (0.60)
Operating results (non-GAAP)	$ 8,857	$ 6,770	$ 8.98

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)

Significant Items Impacting Results for the Three Months Ended Sep 30, 2022			
In millions, except per share amounts (Unaudited)	*Pretax* [1]	*Net Income* [2]	*EPS* [3]
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

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" In millions (Unaudited)	*Three Months Ended*						*Twelve Months Ended*	
	Dec 31, 2020	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*	*Dec 31, 2022*	*Dec 31, 2022*	*Dec 31, 2021*
Net income	$ 1,254	$ 1,761	$ 1,552	$ 1,681	$ 760	$ 647	$ 4,640	$ 6,405
+ Provision for income taxes	562	357	503	488	241	218	1,450	1,740
Income before income taxes	$ 1,816	$ 2,118	$ 2,055	$ 2,169	$ 1,001	$ 865	$ 6,090	$ 8,145
- Interest income	11	20	28	36	41	68	173	55
+ Interest expense and amortization of debt discount	210	170	167	165	155	175	662	731
- Significant items	961	3	(225)	(77)	(80)	371	(11)	(712)
Operating EBIT [1]	$ 1,054	$ 2,265	$ 2,419	$ 2,375	$ 1,195	$ 601	$ 6,590	$ 9,533
+ Depreciation and amortization	726	655	752	684	668	654	2,758	2,842
Operating EBITDA [2]	$ 1,780	$ 2,920	$ 3,171	$ 3,059	$ 1,863	$ 1,255	$ 9,348	$ 12,375
Operating EBITDA - trailing twelve months ("TTM") basis	$ 5,589	$ 12,375	$ 13,275	$ 12,761	$ 11,013	$ 9,348		

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 "Income (Loss) from Continuing Operations, net of tax" to "Pro Forma Operating EBIT" and "Pro Forma Operating EBITDA"

Reconciliation of "Income (Loss) from Continuing Operations, net of tax" to "Pro Forma Operating EBIT" and "Pro Forma Operating EBITDA" In millions (Unaudited)	*Twelve Months Ended* *Dec 31, 2017*	 *Dec 31, 2018*	 *Dec 31, 2019*
Income (Loss) from continuing operations, net of tax	$ (1,287)	$ 2,940	$ (1,717)
+ Provision for income taxes on continuing operations	1,524	809	470
Income (Loss) from continuing operations before income taxes	$ 237	$ 3,749	$ (1,247)
- Interest income	66	82	81
+ Interest expense and amortization of debt discount	914	1,063	933
+ Pro forma adjustments	1,120	180	65
- Significant items	(3,372)	(1,326)	(4,682)
Pro forma Operating EBIT [1]	$ 5,577	$ 6,236	$ 4,352
+ Pro forma depreciation and amortization	2,684	2,909	2,938
Pro forma Operating EBITDA [2]	$ 8,261	$ 9,145	$ 7,290

1. Pro forma Operating EBIT is defined as earnings (i.e., “Income (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., “Income (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 In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	$ 7,327	$ 6,073	$ 7,189	$ 29,260	$ 28,128
Industrial Intermediates & Infrastructure	4,059	3,653	4,548	16,606	16,851
Performance Materials & Coatings	2,654	2,058	2,558	10,764	9,672
Corporate	75	75	69	272	317
Total	$ 14,115	$ 11,859	$ 14,364	$ 56,902	$ 54,968

Operating EBIT by Segment In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	$ 785	$ 655	$ 1,442	$ 4,110	$ 6,638
Industrial Intermediates & Infrastructure	167	164	595	1,418	2,282
Performance Materials & Coatings	302	(130)	295	1,328	866
Corporate	(59)	(88)	(67)	(266)	(253)
Total	$ 1,195	$ 601	$ 2,265	$ 6,590	$ 9,533

Equity in Earnings (Losses) of Nonconsolidated Affiliates by Segment In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	$ 55	$ 56	$ 130	$ 359	$ 490
Industrial Intermediates & Infrastructure	(114)	(96)	90	(91)	471
Performance Materials & Coatings	1	4	2	10	7
Corporate	-	(7)	2	(10)	7
Total	$ (58)	$ (43)	$ 224	$ 268	$ 975

SEGMENT INFORMATION (CONTINUED)

Adjusted Operating EBIT by Segment In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	$ 730	$ 599	$ 1,312	$ 3,751	$ 6,148
Industrial Intermediates & Infrastructure	281	260	505	1,509	1,811
Performance Materials & Coatings	301	(134)	293	1,318	859
Corporate	(59)	(81)	(69)	(256)	(260)
Total	$ 1,253	$ 644	$ 2,041	$ 6,322	$ 8,558

Operating EBIT Margin by Segment In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	10.7 %	10.8 %	20.1 %	14.0 %	23.6 %
Industrial Intermediates & Infrastructure	4.1 %	4.5 %	13.1 %	8.5 %	13.5 %
Performance Materials & Coatings	11.4 %	(6.3)%	11.5 %	12.3 %	9.0 %
Total	8.5 %	5.1 %	15.8 %	11.6 %	17.3 %

Adjusted Operating EBIT Margin by Segment In millions (Unaudited)	*Three Months Ended Sep 30, 2022*	*Three Months Ended*		*Twelve Months Ended*	
		Dec 31, 2022	*Dec 31, 2021*	*Dec 31, 2022*	*Dec 31, 2021*
Packaging & Specialty Plastics	10.0 %	9.9 %	18.3 %	12.8 %	21.9 %
Industrial Intermediates & Infrastructure	6.9 %	7.1 %	11.1 %	9.1 %	10.7 %
Performance Materials & Coatings	11.3 %	(6.5)%	11.5 %	12.2 %	8.9 %
Total	8.9 %	5.4 %	14.2 %	11.1 %	15.6 %

CASH CONVERSION AND FREE CASH FLOW RECONCILIATION

Reconciliation of Cash Flow Conversion In millions (Unaudited)	*Three Months Ended*				
	Dec 31, 2021	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*	*Dec 31, 2022*
Cash provided by operating activities - continuing operations (GAAP)	$ 2,557	$ 1,612	$ 1,856	$ 1,940	$ 2,078
Operating EBITDA (non-GAAP)	$ 2,920	$ 3,171	$ 3,059	$ 1,863	$ 1,255
Cash Flow Conversion (non-GAAP) [1]	87.6 %	50.8 %	60.7 %	104.1 %	165.6 %
Cash Flow Conversion - trailing twelve months ("TTM") basis (non-GAAP)	57.1 %	67.1 %	68.5 %	72.3 %	80.1 %

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

Reconciliation of Free Cash Flow In millions (Unaudited)	*Three Months Ended*							*Twelve Months Ended*	
	Mar 31, 2019	*Dec 31, 2020*	*Dec 31, 2021*	*Mar 31, 2022*	*Jun 30, 2022*	*Sep 30, 2022*	*Dec 31. 2022*	*Dec 31, 2022*	*Dec 31, 2021*
Cash provided by operating activities - continuing operations (GAAP)	$ 1,043	$ 1,656	$ 2,557	$ 1,612	$ 1,856	$ 1,940	$ 2,078	$ 7,486	$ 7,069
Capital expenditures	(442)	(297)	(466)	(315)	(457)	(452)	(599)	(1,823)	(1,501)
Free Cash Flow (non-GAAP) [1]	$ 601	$ 1,359	$ 2,091	$ 1,297	$ 1,399	$ 1,488	$ 1,479	$ 5,663	$ 5,568
Free Cash Flow - trailing twelve months ("TTM") basis (non-GAAP) [2]	$ 1,453	$ 5,000	$ 5,568	$ 7,382	$ 7,093	$ 6,275	$ 5,663		
End of period market capitalization [3]	$ 38,580	$ 41,247	$ 41,701	$ 46,395	$ 37,065	$ 30,916	$ 35,519		
Free Cash Flow Yield (non-GAAP) [4]	3.8%	12.1%	13.4%	15.9%	19.1%	20.3%	15.9%		

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.

FREE CASH FLOW RECONCILIATION (CONTINUED)

Reconciliation of Free Cash Flow In millions (Unaudited)	Twelve Months Ended Dec 31, 2017	 Dec 31, 2018	 Dec 31, 2019
Cash provided by (used for) operating activities - continuing operations (GAAP)	$ (6,443)	$ 3,096	$ 5,713
Impact of ASU 2016-15 and additional interpretive guidance	9,462	657	-
Cash flows from operating activities - continuing operations - excluding impact of ASU 2016-15 (non-GAAP) [1]	$ 3,019	$ 3,753	$ 5,713
Capital expenditures	(2,807)	(2,091)	(1,961)
Free Cash Flow (non-GAAP) [2]	$ 212	$ 1,662	$ 3,752

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. 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.

RECONCILIATION OF OPERATING RETURN ON CAPITAL (ROC)

Reconciliation of Operating Return on Capital (ROC) In millions (Unaudited)	*Three Months Ended* *Dec 31, 2022*	*Dec 31, 2021*	*Dec 31, 2020*
Net income available for Dow Inc. common stockholders (GAAP)	$ 613	$ 1,736	$ 1,236
- Significant items, after tax	289	124	629
Operating Net Income (non-GAAP)	$ 324	$ 1,612	$ 607
Net income attributable to noncontrolling interests	$ 34	$ 25	$ 18
Gross interest expense	188	183	220
Imputed interest expense - operating leases	14	15	16
Tax on gross interest expense	(48)	(45)	(76)
Operating Net Operating Profit After Tax (non-GAAP)	$ 512	$ 1,790	$ 785
Operating Net Operating Profit After Tax - trailing twelve months ("TTM") basis (non-GAAP)	$ 5,264	$ 7,510	$ 1,977
Average Total Capital (non-GAAP)	$ 34,935	$ 33,481	$ 32,785
Operating Return on Capital - trailing twelve months ("TTM") basis (non-GAAP) [1]	15.1 %	22.4 %	6.0 %
Operating Return on Capital - trailing twelve months ("TTM") basis (non-GAAP) 1 Three-Year Average			14.6%

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

Reconciliation of Net Debt In millions (Unaudited)	*Dec 31, 2022*	*Dec 31, 2021*	*Mar 31, 2019*
Notes payable	$ 362	$ 161	$ 295
Long-term debt due within one year	362	231	2,367
Long-term debt	14,698	14,280	17,158
Gross debt (GAAP)	$ 15,422	$ 14,672	$ 19,820
- Cash and cash equivalents	3,886	2,988	3,001
- Marketable securities	939	245	101
Net Debt (non-GAAP)	$ 10,597	$ 11,439	$ 16,718

General Comments

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 presentation 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 Inc. 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., "Income (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., "Income (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.
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 Payments" ("ASU 2016-15"), is defined as cash provided by (used in) operating activities - continuing operations, excluding the impact of ASU 2016-15 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.
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).