

TheStreet Quant Ratings

BUY					HOLD			SELL						HOLD	RATING SINCE	10/25/2023	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	
Annual Dividend Rate \$2.80				Annual Dividend Yield 4.88%				Beta 1.31			Market Capitalization \$40.3 Billion			52-Week Range \$47.26-\$58.74		Price as of 3/14/2024 \$57.32	

Sector: **Manufacturing** | Industry Group: **Resin, Synthetic Rubber, Synthetic Fibers, Filaments Manufacturing**

DOW BUSINESS DESCRIPTION

Dow Inc., through its subsidiaries, engages in the provision of various materials science solutions for packaging, infrastructure, mobility, and consumer applications in the United States, Canada, Europe, the Middle East, Africa, India, the Asia Pacific, and Latin America.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	5.70	9.62	-3.78

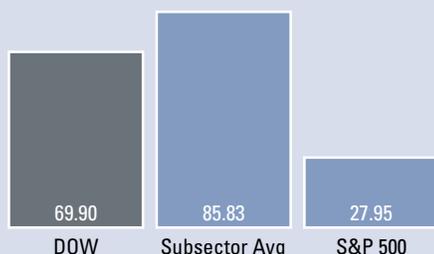
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-10.44	-21.59	5.00
Net Income	-117.12	-87.15	-21.66
EPS	-117.64	-86.86	-20.31

RETURN ON EQUITY (%)

	DOW	Subsector Avg	S&P 500
Q4 2023	3.17	37.60	17.66
Q4 2022	22.12	43.17	19.00
Q4 2021	34.74	39.87	18.28

P/E COMPARISON



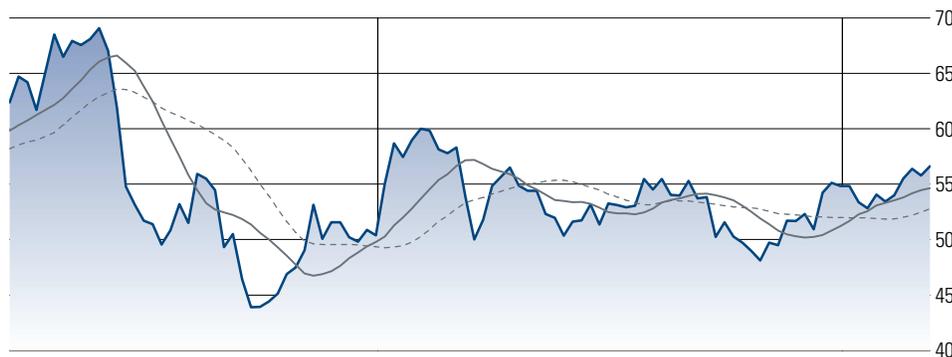
EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

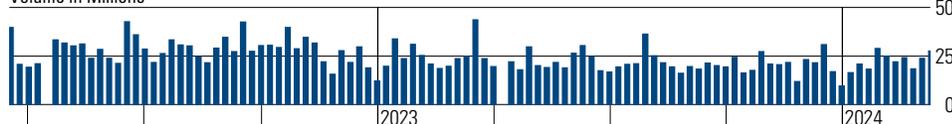
Weekly Price: (US\$) | SMA (50) — SMA (100) --- 1 Year | 2 Years



Rating History



Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate DOW INC (DOW) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its largely solid financial position with reasonable debt levels by most measures, reasonable valuation levels and increase in stock price during the past year. However, as a counter to these strengths, we also find weaknesses including deteriorating net income, disappointing return on equity and poor profit margins.

HIGHLIGHTS

The debt-to-equity ratio is somewhat low, currently at 0.88, and is less than that of the subsector average, implying that there has been a relatively successful effort in the management of debt levels. Along with the favorable debt-to-equity ratio, the company maintains an adequate quick ratio of 1.10, which illustrates the ability to avoid short-term cash problems.

Compared to where it was 12 months ago, the stock is up, but it has so far lagged the appreciation in the S&P 500. Despite the fact that it has already risen in the past year, there is currently no conclusive evidence that warrants the purchase or sale of this stock.

The company, on the basis of change in net income from the same quarter one year ago, has significantly underperformed when compared to that of the S&P 500 and the Chemical Manufacturing subsector. The net income has significantly decreased by 117.1% when compared to the same quarter one year ago, falling from \$613.00 million to -\$105.00 million.

Return on equity has greatly decreased when compared to its ROE from the same quarter one year prior. This is a signal of major weakness within the corporation. Compared to other companies in the Chemical Manufacturing subsector and the overall market, DOW INC's return on equity significantly trails that of both the subsector average and the S&P 500.

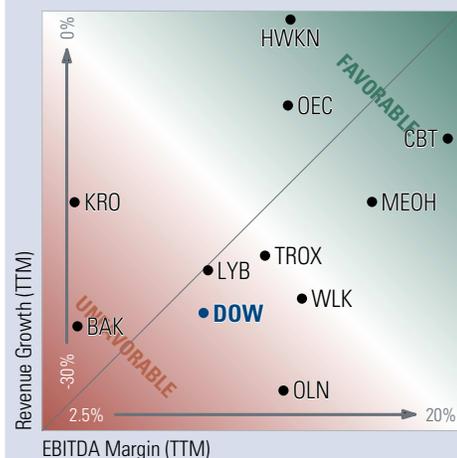
TheStreet Quant Ratings

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PEER GROUP ANALYSIS

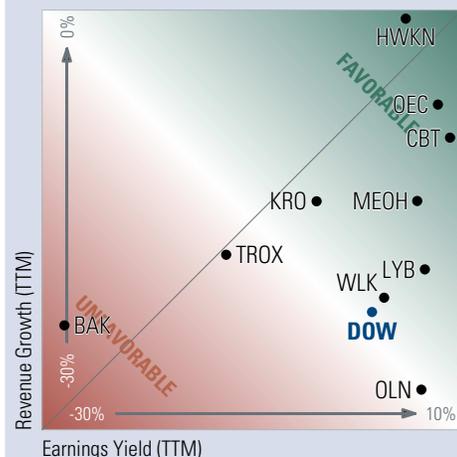
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$1.3 Billion and \$40.3 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -27.1% and -0.6%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

DOW INC falls within the Manufacturing sector and the Resin, Synthetic Rubber, Synthetic Fibers, Filaments Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Plastics Material and Resin Manufacturing .

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around \$29,922 billion in market capitalization as well as \$10,681 billion in annual sales.

The Chemical Manufacturing subsector accounts for 14.6% of those revenues.

The Chemical Manufacturing subsector is based on the transformation of organic and inorganic raw materials by a chemical process and the formulation of products. This subsector distinguishes the production of basic chemicals that comprise the first industry group from the production of intermediate and end products produced by further processing of basic chemicals that make up the remaining industry groups.

PEER GROUP: Chemical Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
DOW	DOW INC	57.32	40,311	69.90	44,622.00	589.00
OLN	OLIN CORP	57.63	6,927	16.28	6,833.00	460.20
CBT	CABOT CORP	86.67	4,804	11.26	3,924.00	441.00
LYB	LYONDELLBASELL INDUSTRIES N	100.00	32,452	15.43	41,107.00	2,114.00
MEOH	METHANEX CORP	42.73	2,879	17.37	3,723.48	174.14
TROX	TRONOX HOLDINGS PLC	16.23	2,545	NM	2,850.00	-316.00
WLK	WESTLAKE CORP	142.51	18,272	38.52	12,548.00	479.00
HWKN	HAWKINS INC	74.45	1,559	21.39	924.29	73.14
BAK	BRASKEM SA	8.33	1,437	NM	14,720.76	-919.09
OEC	ORION SA	22.41	1,298	12.95	1,893.90	103.50
KRO	KRONOS WORLDWIDE INC	11.21	1,289	NM	1,666.50	-49.10

The peer group comparison is based on Major Chemical Manufacturing companies of comparable size.

TheStreet Quant Ratings

Sector: Manufacturing | Resin, Synthetic Rubber, Synthetic Fibers, Filaments Manufacturing

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COMPANY DESCRIPTION

Dow Inc., through its subsidiaries, engages in the provision of various materials science solutions for packaging, infrastructure, mobility, and consumer applications in the United States, Canada, Europe, the Middle East, Africa, India, the Asia Pacific, and Latin America. The company operates through Packaging & Specialty Plastics, Industrial Intermediates & Infrastructure, and Performance Materials & Coatings segments. The Packaging & Specialty Plastics segment provides ethylene, and propylene and aromatics products; and polyethylene, polyolefin elastomers, ethylene vinyl acetate, and ethylene propylene diene monomer rubbers for mobility and transportation, consumer, wire and cable, and construction end-markets. The Industrial Intermediates & Infrastructure segment offers purified ethylene, ethylene and ethanol amines, propylene glycol and polyether polyols, aromatic isocyanates and coatings, adhesives, sealants, elastomers, and composites. This segment also provides caustic soda, and ethylene dichloride and vinyl chloride monomers; and cellulose ethers, redispersible latex powders, and acrylic emulsions. The Performance Materials and Coatings segment provides architectural paints and coatings, and industrial coatings that are used in maintenance and protective industries, wood, metal packaging, traffic markings, thermal paper, and leather; and silicon metal, siloxanes, and intermediates used as key materials in manufacturing differentiated downstream silicone products. It also engages in property and casualty insurance, as well as reinsurance business. Dow Inc. was incorporated in 2018 and is headquartered in Midland, Michigan.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of DOW shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	0.5 out of 5 stars	★	☆	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, DOW has a growth score better than virtually none of the stocks we rate		weak				strong
Total Return	3.0 out of 5 stars	★	★	★	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 50% of the companies we cover.		weak				strong
Efficiency	3.0 out of 5 stars	★	★	★	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 50% of the companies we review.		weak				strong
Price volatility	4.0 out of 5 stars	★	★	★	★	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 70% of the stocks we monitor.		weak				strong
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
Income	4.5 out of 5 stars	★	★	★	★	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 80% of the companies we track.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

TheStreet Quant Ratings

Sector: Manufacturing | Resin, Synthetic Rubber, Synthetic Fibers, Filaments Manufacturing

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial

**INCOME STATEMENT**

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	10,621.00	11,859.00
EBITDA (\$mil)	982.00	1,196.00
EBIT (\$mil)	412.00	597.00
Net Income (\$mil)	-105.00	613.00

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	4,348.00	4,879.00
Total Assets (\$mil)	57,967.00	60,603.00
Total Debt (\$mil)	16,447.00	16,706.00
Equity (\$mil)	18,607.00	20,718.00

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	14.94%	15.10%
EBITDA Margin	9.24%	10.08%
Operating Margin	3.88%	5.03%
Sales Turnover	0.77	0.94
Return on Assets	1.01%	7.56%
Return on Equity	3.17%	22.12%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	1.77	1.81
Debt/Capital	0.47	0.45
Interest Expense	197.00	175.00
Interest Coverage	2.09	3.41

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	702	705
Div / share	0.70	0.70
EPS	-0.15	0.85
Book value / share	26.49	29.39
Institutional Own %	NA	NA
Avg Daily Volume	4,595,014	4,229,864

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

DOW INC's gross profit margin for the fourth quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. Sales and net income have dropped, underperforming the average competitor within its subsector. DOW INC has average liquidity. Currently, the Quick Ratio is 1.10 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year, indicating deteriorating cash flow.

During the same period, stockholders' equity ("net worth") has decreased by 10.18% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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RATINGS HISTORY

Our rating for DOW INC has not changed since 10/25/2023. As of 3/14/2024, the stock was trading at a price of \$57.32 which is 2.4% below its 52-week high of \$58.74 and 21.3% above its 52-week low of \$47.26.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
10/25/23	\$47.54	Downgrade	Buy	Hold
1/13/23	\$58.68	Upgrade	Hold	Buy
10/21/22	\$46.87	Downgrade	Buy	Hold
4/19/22	\$67.05	Upgrade	Hold	Buy
3/17/22	\$62.84	Downgrade	Buy	Hold
3/14/22	\$60.28	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

HOLD. The current P/E ratio indicates a significant discount compared to an average of 85.83 for the Chemical Manufacturing subsector and a significant premium compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 2.16 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 19.07. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, DOW INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
				premium	discount

DOW 69.90 **Peers 85.83**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- DOW is trading at a discount to its peers.

Price/Projected Earnings	1	2	3	4	5
				premium	discount

DOW 13.59 **Peers 18.08**

- Average. An average price-to-projected earnings ratio can signify an subsector neutral stock price and average future growth expectations.
- DOW is trading at a valuation on par with its peers.

Price/Book	1	2	3	4	5
				premium	discount

DOW 2.16 **Peers 19.07**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- DOW is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
				premium	discount

DOW 0.90 **Peers 84.44**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- DOW is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
				premium	discount

DOW 7.75 **Peers 38.76**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- DOW is trading at a significant discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
				premium	discount

DOW 0.26 **Peers 11.16**

- Discount. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- DOW trades at a significant discount to its peers.

Earnings Growth	1	2	3	4	5
	lower				higher

DOW -86.86 **Peers 12.58**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, DOW is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower				higher

DOW -21.59 **Peers 42.35**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- DOW significantly trails its peers on the basis of sales growth.

DISCLAIMER:

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