

DOW INC. NYSE-DOW

RECENT PRICE **57.64** P/E RATIO **13.3** (Trailing:NMF Median:NMF) RELATIVE P/E RATIO **0.73** DIV'D YLD **4.9%**

VALUE LINE

TIMELINESS - E
SAFETY **2** New 5/3/19
TECHNICAL - E
BETA NMF (1.00 = Market)

LEGENDS
... Relative Price Strength
Options: Yes
Shaded area indicates recession

High:	58.4	Target Price Range	2022 2023 2024
Low:	57.0		
		-----	128
		-----	96
		-----	80
		-----	64
			48
			40
			32
			24
			16
			12

2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+80%)	19%
Low	75	(+30%)	11%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2018	3Q2018	4Q2018	Percent shares traded
to Buy	0	0	0	45
to Sell	0	0	0	30
Hld's(000)	000	000	000	15

On April 1, 2019, DowDuPont (DWDP) completed the spinoff of Dow Inc., its core chemicals operations. DowDuPont shareholders received one Dow share for every three DWDP shares owned. Following the transaction, Dow Chemical began trading on the New York Stock Exchange under the ticker DOW. It also replaced DowDuPont in the Dow Jones Industrial Average.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ^B	2019	2020	© VALUE LINE PUB. LLC	22-24
Sales per sh ^B	--	--	--	--	--	--	--	--	--	66.72	63.65	66.00	Sales per sh ^B	73.65
"Cash Flow" per sh	--	--	--	--	--	--	--	--	--	NA	8.35	9.50	"Cash Flow" per sh	11.25
Earnings per sh ^{AB}	--	--	--	--	--	--	--	--	--	3.99	4.55	5.65	Earnings per sh ^{AB}	7.00
Div'ds Decl'd per sh ^D	--	--	--	--	--	--	--	--	--	NMF	2.10	3.00	Div'ds Decl'd per sh ^D	3.60
Cap'l Spending per sh	--	--	--	--	--	--	--	--	--	NA	4.00	4.00	Cap'l Spending per sh	3.50
Book Value per sh	--	--	--	--	--	--	--	--	--	27.14	27.40	29.15	Book Value per sh	34.95
Common Shs Outst'g ^C	--	--	--	--	--	--	--	--	--	747.20	748.00	750.00	Common Shs Outst'g ^C	750.00
Avg Ann'l P/E Ratio	--	--	--	--	--	--	--	--	--		<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	13.0
Relative P/E Ratio	--	--	--	--	--	--	--	--	--				Relative P/E Ratio	.70
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--				Avg Ann'l Div'd Yield	4.0%
Sales (\$mill)	--	--	--	--	--	--	--	--	--	49852	47600	49500	Sales (\$mill)	55250
Operating Margin	--	--	--	--	--	--	--	--	--	NA	17.5%	18.5%	Operating Margin	20.0%
Depreciation (\$mill)	--	--	--	--	--	--	--	--	--	NA	2850	2900	Depreciation (\$mill)	3200
Net Profit (\$mill)	--	--	--	--	--	--	--	--	--	3084	3400	4240	Net Profit (\$mill)	5250
Income Tax Rate	--	--	--	--	--	--	--	--	--	21.6%	21.0%	21.0%	Income Tax Rate	21.0%
Net Profit Margin	--	--	--	--	--	--	--	--	--	6.2%	7.1%	8.6%	Net Profit Margin	9.5%
Working Cap'l (\$mill)	--	--	--	--	--	--	--	--	--	10498	11750	12900	Working Cap'l (\$mill)	16250
Long-Term Debt (\$mill)	--	--	--	--	--	--	--	--	--	19253	19500	19000	Long-Term Debt (\$mill)	20000
Shr. Equity (\$mill)	--	--	--	--	--	--	--	--	--	20279	20500	21850	Shr. Equity (\$mill)	26200
Return on Total Cap'l	--	--	--	--	--	--	--	--	--	9.1%	10.0%	11.5%	Return on Total Cap'l	12.5%
Return on Shr. Equity	--	--	--	--	--	--	--	--	--	15.2%	16.5%	19.5%	Return on Shr. Equity	20.0%
Retained to Com Eq	--	--	--	--	--	--	--	--	--	NA	9.0%	9.0%	Retained to Com Eq	9.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	NA	46%	53%	All Div'ds to Net Prof	51%

CAPITAL STRUCTURE as of 12/31/18
Total Debt \$19591 mill. Due in 5 Yrs NA
LT Debt \$19253 mill. LT Interest \$1062 mill. (49% of Cap'l)

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 747,200,000 shares out.

MARKET CAP: \$43.1 billion (Large Cap)

CURRENT POSITION (\$MILL.)

	2016	2017	12/31/18
Cash Assets	--	--	4848
Receivables	--	--	9098
Inventory (Avg Cost)	--	--	6899
Other	--	--	713
Current Assets	--	--	21558
Accts Payable	--	--	6935
Debt Due	--	--	338
Other	--	--	3787
Current Liab.	--	--	11060

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	--	--	NMF
"Cash Flow"	--	--	NMF
Earnings	--	--	NMF
Dividends	--	--	NMF
Book Value	--	--	NMF

QUARTERLY SALES (\$ mill.)^B

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	--	--	--	--	--
2017	--	--	--	--	--
2018	--	--	--	--	49852
2019	11000	12000	12400	12200	47600
2020	11200	12600	13000	12700	49500

EARNINGS PER SHARE^{AB}

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	--	--	--	--	--
2017	--	--	--	--	--
2018	--	--	--	--	3.99
2019	1.00	1.15	1.25	1.15	4.55
2020	1.15	1.45	1.55	1.50	5.65

QUARTERLY DIVIDENDS PAID^D

Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	--	--	--	--	--
2016	--	--	--	--	--
2017	--	--	--	--	--
2018	--	--	--	--	--
2019	--	.70	--	--	--

BUSINESS: Dow Inc. was formed on April 1, 2019, following its spinoff from DowDuPont (DWDP). DowDuPont shareholders received one Dow share for every three DWDP shares held. Dow Inc. replaced DowDuPont in the DJIA. The company, focused on materials science, is engaged in designing, manufacturing, and selling of specialty chemicals, polymers, and related products. Its offer-

ings are sold to a broad range of industries, including consumer goods, construction, energy, beauty & personal care, packaging, textiles, automotive, and telecommunications. Incorporated: DE. CEO: Jim Fitterling. President & CFO: Howard Ungerleider. Non-Executive Chairman: Jeff Fettig. Address: 2211 H.H. Dow Way Midland, MI 48674. Phone: (989) 636-1000. Website: www.dow.com

We are initiating coverage of Dow Inc. this week in The Value Line Investment Survey. On April 1, 2019, via a tax-free spinoff to its shareholders, DowDuPont (DWDP) separated its chemicals and polymers business into an independent publicly traded company. DowDuPont shareholders received one share of Dow for every three shares of DWDP owned. The new Dow Inc. now trades on the New York Stock Exchange under the ticker DOW. It also replaced DowDuPont as a component of the Dow Jones Industrial Average. **The investment community has greeted the new equity warmly.** Since the spinoff, DOW's stock price has advanced almost 20%. For comparison, the S&P 500 Index is up less than 4% over the same time frame. The outperformance, in our view, can be attributed to a number of factors, including Dow's healthy business prospects (discussed below), as well as the announcement of a generous dividend. On that note, Dow is scheduled to pay its first quarterly dividend on June 14th to shareholders of record on May 31st. The payout is \$0.70 per share, which works out to annual dividend yield of almost 5%.

Our outlook for Dow's operations is favorable. Although profitability in the first half of 2019 will be hurt by higher plastics costs, we do expect prices to stabilize in the second half. This, coupled with strong demand for many of the company's offerings from its diverse customer base, should lead to healthy bottom-line tallies. On that note, for this year and 2020, we are introducing share-net estimates of \$4.55 and \$5.65, respectively. Looking further out, we expect solid annual gains, and project that profits will reach \$7.00 a share by the 2022-2024 time frame. Simply put, Dow's large product portfolio and market reach should serve it well. **We are recommending the equity at this time.** Although the stock price has advanced materially over the past month, the current quotation still presents a good entry point. The issue is presently trading at a reasonable valuation, and three- to five-year appreciation potential, on a risk-adjusted basis, appears worthwhile. What's more, the 5% dividend yield, along with likely annual increases to the payout, suggests ample total return prospects.

Ian Gendler May 3, 2019

(A) Diluted earnings. Next earnings report due early May.
(B) Results for 2018 based on Pro forma data. Some information not available (NA).

(C) In millions.
(D) Quarterly dividend announced March 2019. First payment expected June 14th.
(E) Unranked due to short trading history.

Company's Financial Strength	A+
Stock's Price Stability	NMF
Price Growth Persistence	NMF
Earnings Predictability	NMF

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