Dow Revenues Slide, Company Cuts Spending

MIDLAND, Mich. (AP) — Dow Chemical said Thursday that revenues slid in the third quarter and the company that makes the basic ingredients for everything from toys to cars is not counting on better conditions this year or next.

The company has sold billions in assets, cut thousands of jobs and slashed costs, and Dow saw a sharp increase in net income over the past three months as raw materials costs fell.

Andrew Liveris, Dow's chairman and CEO, said the global economy was on a firmer footing, and described the recovery at home as "slow and tenuous."

The recovery right now, however, is being driven by sales in Asia, especially China, Dow said.

Dow Chemical Co., of Midland, Mich., says profit grew to $711 million, or 63 cents per share, compared with $428 million, or 46 cents per share a year ago. Excluding one-time benefits and losses, Dow earned 24 cents per share. Revenue fell 22 percent, to $12 billion from $15.4 billion.

The company is attempting to shift much of its production to specialty chemicals to soften volatility inherent in industrial chemicals sales.

Revenues in electronic and specialty materials tumbled 15 percent, more than $1 billion compared with last year, but there are signs of improvement. Revenues increased 8 percent from the last quarter, with volumes jumping 7 percent. The company also is getting better prices this quarter.

Billions in government funding to cut down on emmissions with new efficient lighting and other technology may be a boon for companies like Dow.

Dow made a significant push into the specialty chemicals market with its $15 billion buyout of Rohm & Haas. It still needs sales from chemicals used in things like paint, home building materials and cars to improve.

Revenues from the infrastructure and coatings business slumped 22 percent compared with last year, though there are signs that the market is stabilizing. Revenues rose 7 percent over the past three months.

"The global economy is now on firmer footing, and, in our view, the United States economy is beginning a slow and tenuous recovery, with unemployment continuing to be a drag on consumer spending," said Liveris. "Therefore, our 2009/2010

operating plans do not count on material improvements in market conditions, and we remain tightly focused on those factors we can control."

Dow shares fell 25 cents to $25.25 in premarket trading.

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