FINANCIAL INFORMATION
April 29, 2021

For Eastman Chemical Company First Quarter 2021 Financial Results Release

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Table 1 – Statements of Earnings

(Dollars in millions, except per share amounts; unaudited)	First Quarter 2021	First Quarter 2020
Sales	$ 2,409	$ 2,241
Cost of sales	1,811	1,664
Gross profit	598	577
Selling, general and administrative expenses	184	160
Research and development expenses	58	61
Asset impairments and restructuring charges, net	7	14
Other components of post-employment (benefit) cost, net	(36)	(30)
Other (income) charges, net	(4)	4
Earnings before interest and taxes	389	368
Net interest expense	50	52
Earnings before income taxes	339	316
Provision for income taxes	62	56
Net earnings	277	260
Less: Net earnings attributable to noncontrolling interest	3	2
Net earnings attributable to Eastman	$ 274	$ 258
Basic earnings per share attributable to Eastman	$ 2.01	$ 1.90
Diluted earnings per share attributable to Eastman	$ 1.99	$ 1.89
Shares (in millions) outstanding at end of period	136.3	135.9
Shares (in millions) used for earnings per share calculation		
Basic	136.1	136.0
Diluted	137.6	136.5

Table 2A – Segment Sales Information

(Dollars in millions, unaudited)	First Quarter 2021	First Quarter 2020
Sales by Segment		
Additives & Functional Products	$ 871	$ 822
Advanced Materials	716	615
Chemical Intermediates	605	592
Fibers	217	212
Total Eastman Chemical Company	$ 2,409	$ 2,241

Table 2B – Sales Revenue Change

	First Quarter 2021 Compared to First Quarter 2020			
		Change in Sales Revenue Due To		
(Unaudited)	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	6 %	3 %	— %	3 %
Advanced Materials	16 %	15 %	(1) %	2 %
Chemical Intermediates	2 %	(13) %	14 %	1 %
Fibers	2 %	3 %	(1) %	— %
Total Eastman Chemical Company	7 %	2 %	3 %	2 %

	First Quarter 2021 Compared to Fourth Quarter 2020			
		Change in Sales Revenue Due To		
(Unaudited)	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Additives & Functional Products	13 %	10 %	3 %	— %
Advanced Materials	6 %	6 %	— %	— %
Chemical Intermediates	14 %	(1) %	15 %	— %
Fibers	4 %	4 %	— %	— %
Total Eastman Chemical Company	10 %	5 %	5 %	— %

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	First Quarter 2021	First Quarter 2020
Sales by Customer Location		
United States and Canada	$ 1,004	$ 980
Europe, Middle East, and Africa	656	631
Asia Pacific	608	495
Latin America	141	135
Total Eastman Chemical Company	$ 2,409	$ 2,241

Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations [(1)]

	First Quarter	
(Dollars in millions, unaudited)	2021	2020
Additives & Functional Products		
Earnings before interest and taxes	$ 135	$ 143
Asset impairments and restructuring charges, net [(2)(3)]	2	6
Excluding non-core item	137	149
Advanced Materials		
Earnings before interest and taxes	146	100
Asset impairments and restructuring charges, net [(4)]	1	7
Accelerated depreciation [(4)]	4	—
Excluding non-core items	151	107
Chemical Intermediates		
Earnings before interest and taxes	69	80
Asset impairments and restructuring charges, net [(3)]	4	1
Excluding non-core item	73	81
Fibers		
Earnings before interest and taxes	45	53
Other		
Loss before interest and taxes	(6)	(8)
Total Eastman Chemical Company		
Earnings before interest and taxes	389	368
Asset impairments and restructuring charges, net	7	14
Accelerated depreciation	4	—
Total earnings before interest and taxes excluding non-core items	$ 400	$ 382
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items		
Earnings before interest and taxes	$ 389	$ 368
Costs of sales	4	—
Asset impairments and restructuring charges, net	7	14
Total earnings before interest and taxes excluding non-core items	$ 400	$ 382

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Quarterly Report on Form 10-Q for first quarter 2020 for description of first three months 2020 non-core items.

(2) First quarter 2021 charges for site closure costs of $2 million from the previously reported closure of a tire additives manufacturing facility in Asia Pacific as part of ongoing site optimization, partially offset by a $1 million gain on the sale of impaired assets from the previously reported closure of an animal nutrition manufacturing facility in Asia Pacific as part of ongoing site optimization.

(3) First quarter 2021 site closure costs of $4 million and $1 million in the CI and AFP segments, respectively, resulting from the previously reported plan to discontinue production of certain products at the Singapore manufacturing site.

(4) First quarter 2021 charges for severance and accelerated depreciation related to the previously reported closure of an advanced interlayers manufacturing facility in North America as part of ongoing site optimization.

Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued) [1]

(Dollars in millions, unaudited)	First Quarter 2019
Additives & Functional Products	
Earnings before interest and taxes	$ 146
Asset impairments and restructuring charges, net	4
Excluding non-core items	150
Advanced Materials	
Earnings before interest and taxes	102
Chemical Intermediates	
Earnings before interest and taxes	73
Fibers	
Earnings before interest and taxes	42
Other	
Loss before interest and taxes	(43)
Asset impairments and restructuring charges, net	28
Excluding non-core items	(15)
Total Eastman Chemical Company	
Earnings before interest and taxes	320
Asset impairments and restructuring charges, net	32
Total earnings before interest and taxes excluding non-core items	$ 352
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	$ 320
Asset impairments and restructuring charges, net	32
Total earnings before interest and taxes excluding non-core items	$ 352

[1] See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Quarterly Report on Form 10-Q for first quarter 2019 for descriptions of first quarter 2019 non-core items.

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Table 3A - Segment, Other, and Company Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations (continued) [1]

(Dollars in millions, unaudited)	Fourth Quarter 2020
Additives & Functional Products	
Earnings before interest and taxes	$ 118
Advanced Materials	
Earnings before interest and taxes	134
Asset impairments and restructuring charges, net	3
Accelerated depreciation	1
Excluding non-core items	138
Chemical Intermediates	
Earnings before interest and taxes	35
Asset impairments and restructuring charges, net	1
Excluding non-core item	36
Fibers	
Earnings before interest and taxes	40
Other	
Loss before interest and taxes	(251)
Mark-to-market pension and other postretirement benefit plans (gain) loss, net	240
Asset impairments and restructuring charges, net	8
Excluding non-core items	(3)
Total Eastman Chemical Company	
Earnings before interest and taxes	76
Mark-to-market pension and other postretirement benefit plans (gain) loss, net	240
Asset impairments and restructuring charges, net	12
Accelerated depreciation	1
Total earnings before interest and taxes excluding non-core items	$ 329
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	$ 76
Costs of sales	1
Asset impairments and restructuring charges, net	12
Other components of net periodic (benefit) cost	240
Total earnings before interest and taxes excluding non-core items	$ 329

(1) See "Table 3A - Segment, Other, and Company Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations" of the Current Report on Form 8-K dated January 28, 2021 for fourth quarter 2020 for descriptions of fourth quarter 2020 non-core items.

Table 3B - Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins[1][2]

(Dollars in millions, unaudited)	First Quarter			
	2021		2020	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	$ 137	15.7 %	$ 149	18.1 %
Advanced Materials	151	21.1 %	107	17.4 %
Chemical Intermediates	73	12.1 %	81	13.7 %
Fibers	45	20.7 %	53	25.0 %
Total segment EBIT excluding non-core items	406	16.9 %	390	17.4 %
Other	(6)		(8)	
Total EBIT excluding non-core items	$ 400	16.6 %	$ 382	17.0 %

(1) For identification of excluded non-core items and reconciliations to GAAP EBIT, see Table 3A.
(2) Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See Table 2A for sales.

(Dollars in millions, unaudited)	Fourth Quarter	
	2020	
	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products	$ 118	15.3 %
Advanced Materials	138	20.5 %
Chemical Intermediates	36	6.8 %
Fibers	40	19.2 %
Total segment EBIT excluding non-core items	332	15.2 %
Other	(3)	
Total EBIT excluding non-core items	$ 329	15.1 %

(1) For identification of excluded non-core items and reconciliations to GAAP EBIT, see Table 3A.
(2) Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See Table 2A for sales. For fourth quarter 2020 sales, see "Table 2A - Segment Sales Information" of the Current Report on Form 8-K dated January 28, 2021 for fourth quarter 2020.

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Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations

	First Quarter 2021					
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for (Benefit from) Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman After Tax	Net Earnings Attributable to Eastman Per Diluted Share
As reported (GAAP)	$ 389	$ 339	$ 62	18 %	$ 274	$ 1.99
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	7	7	1		6	0.04
Accelerated depreciation	4	4	1		3	0.02
Interim adjustment to tax provision [2]	—	—	(10)		10	0.08
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	$ 400	$ 350	$ 54	16 %	$ 293	$ 2.13

	First Quarter 2020					
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for (Benefit from) Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman After Tax	Net Earnings Attributable to Eastman Per Diluted Share
As reported (GAAP)	$ 368	$ 316	$ 56	18 %	$ 258	$ 1.89
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	14	14	3		11	0.08
Interim adjustment to tax provision [2]	—	—	(8)		8	0.06
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	$ 382	$ 330	$ 51	16 %	$ 277	$ 2.03

(1) See Table 3A for description of first quarter 2021 and 2020 non-core items excluded from non-GAAP EBIT. Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) The adjusted provision for income taxes for first quarter 2021 and 2020 is calculated applying the forecasted full year effective tax rate as shown in Table 4B.

Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations (continued)

	Fourth Quarter 2020					
					Net Earnings Attributable to Eastman	
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	After Tax	Per Diluted Share
As reported (GAAP)	$ 76	$ 25	$ (9)	(42)%	$ 32	$ 0.23
Non-Core Items: [1]						
Asset impairments and restructuring charges, net	12	12	2		10	0.07
Accelerated depreciation	1	1	—		1	0.01
Mark-to-market pension and other postretirement benefit plans loss, net	240	240	60		180	1.32
Interim adjustment to tax provision [2]	—	—	(9)		9	0.06
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)	$ 329	$ 278	$ 44	16 %	$ 232	$ 1.69

(1) See "Table 3A - Segment, Other, and Company Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations" of the Current Report on Form 8-K dated January 28, 2021 for fourth quarter 2020 for descriptions of fourth quarter 2020 non-core items. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) Fourth quarter 2020 is a reconciliation of the adjustments made in interim quarters to reflect the previously forecasted full year effective tax rate.

	First Quarter 2019					
					Net Earnings Attributable to Eastman	
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	After Tax	Per Diluted Share
As reported (GAAP)	$ 320	$ 264	$ 55	21 %	$ 209	$ 1.49
Non-Core or Unusual Items: [1]						
Asset impairments and restructuring charges, net	32	32	6		26	0.18
Adjustments from tax law changes and outside-U.S. entity reorganizations	—	—	(10)		10	0.07
Interim adjustment to tax provision [2]	—	—	(3)		3	0.03
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	$ 352	$ 296	$ 48	17 %	$ 248	$ 1.77

(1) See Table 3A for description of first quarter 2019 non-core items. Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) The adjusted provision for income taxes for first quarter 2019 was calculated applying the then current forecasted full year effective tax rate.

Table 4A – Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations (continued)

	Second Quarter 2018					
					Net Earnings Attributable to Eastman	
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	After Tax	Per Diluted Share
As reported (GAAP)	$ 491	$ 430	$ 84	20 %	$ 344	$ 2.39
Non-Core or Unusual Items: [1]						
Asset impairments and restructuring charges, net	4	4	2		2	0.02
Coal gasification incident insurance proceeds in excess of costs	(56)	(56)	(13)		(43)	(0.30)
Costs resulting from tax law changes and outside-U.S. entity reorganizations	8	8	2		6	0.04
Adjustment to estimated net tax benefit from tax law changes [2]	—	—	(10)		10	0.07
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	$ 447	$ 386	$ 65	17 %	$ 319	$ 2.22

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Quarterly Report on Form 10-Q for second quarter 2018 for description of second quarter 2018 non-core and unusual items. Provision for income taxes for non-core and unusual items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

(2) The adjusted provision for income taxes for second quarter 2018 was calculated applying the then current forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

	First Three Months [1]	
	2021	**2020**
Effective tax rate	18 %	18 %
Discrete tax items [2]	2 %	(1)%
Tax impact of current year non-core items [3]	1 %	1 %
Changes in tax contingencies and valuation allowances	(1)%	— %
Forecasted full year impact of expected tax events	(4)%	(2)%
Forecasted full year adjusted effective tax rate	16 %	16 %

(1) Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.5 percent for three months 2021 and 2020.

(2) "Discrete tax items" are items that are excluded from a company's estimated annual effective tax rate and recognized entirely in the quarter in which the item occurs. Discrete items for first three months 2021 and 2020 are for share based compensation expense and adjustments to certain prior year tax returns.

(3) Provision for income taxes for non-core items is calculated using the tax rate for the jurisdiction where the gains are taxable and the expenses are deductible.

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Table 5A – Statements of Cash Flows

(Dollars in millions, unaudited)	First Quarter 2021	First Quarter 2020
Operating activities		
Net earnings	$ 277	$ 260
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	149	139
Asset impairment charges	—	9
Provision for (benefit from) deferred income taxes	2	12
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in trade receivables	(211)	(72)
(Increase) decrease in inventories	(144)	(18)
Increase (decrease) in trade payables	197	(104)
Pension and other postretirement contributions (in excess of) less than expenses	(53)	(52)
Variable compensation (in excess of) less than expenses	(78)	(74)
Other items, net	77	71
Net cash provided by operating activities	216	171
Investing activities		
Additions to properties and equipment	(91)	(99)
Additions to capitalized software	(6)	(2)
Other items, net	(2)	—
Net cash used in investing activities	(99)	(101)
Financing activities		
Net increase (decrease) in commercial paper and other borrowings	(25)	539
Dividends paid to stockholders	(94)	(90)
Treasury stock purchases	(40)	(30)
Other items, net	22	(11)
Net cash (used in) provided by financing activities	(137)	408
Effect of exchange rate changes on cash and cash equivalents	(4)	(2)
Net change in cash and cash equivalents	(24)	476
Cash and cash equivalents at beginning of period	564	204
Cash and cash equivalents at end of period	$ 540	$ 680

Table 5B – Net Cash Provided By Operating Activities to Free Cash Flow Reconciliations

(Dollars in millions, unaudited)	First Quarter 2021	First Quarter 2020
Net cash provided by operating activities	$ 216	$ 171
Capital expenditures	(91)	(99)
Free cash flow	$ 125	$ 72

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	March 31, 2021	December 31, 2020
Total borrowings	$ 5,524	$ 5,618
Less: Cash and cash equivalents	540	564
Net debt [1]	$ 4,984	$ 5,054

(1) Includes a non-cash decrease of $68 million in 2021 and a non-cash increase of $132 million in 2020 resulting from foreign currency exchange rates.