

FINANCIAL INFORMATION**July 28, 2022**

For Eastman Chemical Company Second Quarter 2022 Financial Results Release

Table of Contents

Item		Page
<u>Table 1</u>	<u>Statements of Earnings</u>	<u>1</u>
<u>Table 2A</u>	<u>Segment Sales Information</u>	<u>2</u>
<u>Table 2B</u>	<u>Sales Revenue Change</u>	<u>2</u>
<u>Table 2C</u>	<u>Sales by Customer Location</u>	<u>2</u>
<u>Table 3A</u>	<u>Segment, Other, and Company Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations</u>	<u>3</u>
<u>Table 3B</u>	<u>Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins</u>	<u>4</u>
<u>Table 4A</u>	<u>Non-GAAP Earnings (Loss) Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations</u>	<u>5</u>
<u>Table 4B</u>	<u>Adjusted Effective Tax Rate Calculation</u>	<u>6</u>
<u>Table 5</u>	<u>Statements of Cash Flows</u>	<u>7</u>
<u>Table 6</u>	<u>Total Borrowings to Net Debt Reconciliations</u>	<u>8</u>

Table 1 – Statements of Earnings

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,784	\$ 2,653	\$ 5,498	\$ 5,062
Cost of sales ⁽¹⁾	2,114	1,972	4,278	3,783
Gross profit	670	681	1,220	1,279
Selling, general and administrative expenses	185	202	381	386
Research and development expenses	67	63	132	121
Asset impairments and restructuring charges, net	19	15	21	22
Other components of post-employment (benefit) cost, net	(34)	(37)	(65)	(73)
Other (income) charges, net	14	(1)	2	(5)
Net (gain) loss on divested businesses ⁽²⁾⁽³⁾	(7)	495	(10)	495
Earnings before interest and taxes	426	(56)	759	333
Net interest expense	45	51	91	101
Earnings (loss) before income taxes	381	(107)	668	232
Provision for income taxes	124	37	175	99
Net earnings (loss)	257	(144)	493	133
Less: Net earnings attributable to noncontrolling interest	1	2	2	5
Net earnings (loss) attributable to Eastman	\$ 256	\$ (146)	\$ 491	\$ 128
Basic earnings (loss) per share attributable to Eastman	\$ 2.05	\$ (1.07)	\$ 3.87	\$ 0.94
Diluted earnings (loss) per share attributable to Eastman	\$ 2.03	\$ (1.07)	\$ 3.82	\$ 0.93
Shares (in millions) outstanding at end of period	122.8	135.8	122.8	135.8
Shares (in millions) used for earnings per share calculation				
Basic	124.8	135.9	126.9	136.0
Diluted	126.4	135.9	128.6	137.8

- ⁽¹⁾ Second quarter and first six months 2022 includes \$17 million and \$42 million, respectively, costs, net of insurance proceeds, from the previously reported steam line incident at the Kingsport, site. See Tables [3A](#) and [4A](#).
- ⁽²⁾ Second quarter and first six months 2022 relates to the sale of adhesives resins (including hydrocarbon resins, pure monomer resins, polyolefin polymers, rosins and dispersions, and oleochemical and fatty-acid based resins product lines) previously reported in the Additives & Functional Products ("AFP") segment.
- ⁽³⁾ Second quarter and first six months 2021 related to the sale of rubber additives (including CrystexTM insoluble sulfur and SantoflexTM antidegradants) and other product lines and related assets and technology of the global tire additives business previously reported in the AFP segment. See "Management's Discussion and Analysis of Financial Condition" and "Overview" of the 2021 [Annual Report on Form 10-K](#).

Table 2A – Segment Sales Information

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, unaudited)				
Sales by Segment				
Additives & Functional Products	\$ 835	\$ 655	\$ 1,640	\$ 1,264
Advanced Materials	846	769	1,583	1,485
Chemical Intermediates	861	736	1,660	1,341
Fibers	242	223	455	440
Total Sales by Segment	2,784	2,383	5,338	4,530
Other ⁽¹⁾	—	270	160	532
Total Eastman Chemical Company	\$ 2,784	\$ 2,653	\$ 5,498	\$ 5,062

⁽¹⁾ "Other" includes sales revenue and earnings before interest and taxes ("EBIT") from the divested rubber additives and adhesives resins businesses previously part of the AFP segment. See [Quarterly Report on Form 10-Q](#) for first quarter 2022 for details.

Table 2B – Sales Revenue Change

Second Quarter 2022 Compared to Second Quarter 2021

	Change in Sales Revenue Due To				
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect	Divested Businesses Effect ⁽¹⁾
(Unaudited)					
Additives & Functional Products ⁽¹⁾	27 %	11 %	20 %	(4) %	— %
Advanced Materials	10 %	(1) %	13 %	(2) %	— %
Chemical Intermediates	17 %	— %	19 %	(2) %	— %
Fibers	9 %	(2) %	12 %	(1) %	— %
Other ⁽²⁾	(100) %	— %	— %	— %	(100) %
Total Eastman Chemical Company	5 %	2 %	15 %	(2) %	(10) %

First Six Months 2022 Compared to First Six Months 2021

	Change in Sales Revenue Due To				
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect	Divested Businesses Effect ⁽¹⁾
(Unaudited)					
Additives & Functional Products	30 %	11 %	22 %	(3) %	— %
Advanced Materials	7 %	(3) %	12 %	(2) %	— %
Chemical Intermediates	24 %	— %	25 %	(1) %	— %
Fibers	3 %	(6) %	9 %	— %	— %
Other ⁽²⁾	(70) %	— %	— %	— %	(70) %
Total Eastman Chemical Company	9 %	1 %	17 %	(2) %	(7) %

⁽¹⁾ Contribution to sales revenue of businesses divested which are not in 2022 comparable periods.

⁽²⁾ Sales revenue from divested businesses makes up 100 percent of Other. See [Table 2A](#) Note 1.

Table 2C – Sales by Customer Location

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, unaudited)				
Sales by Customer Location				
United States and Canada	\$ 1,304	\$ 1,197	\$ 2,502	\$ 2,201
Europe, Middle East, and Africa	681	688	1,426	1,344
Asia Pacific	638	611	1,250	1,219
Latin America	161	157	320	298
Total Eastman Chemical Company	\$ 2,784	\$ 2,653	\$ 5,498	\$ 5,062

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

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, unaudited)				
Additives & Functional Products				
Earnings before interest and taxes ⁽²⁾	\$ 148	\$ 109	\$ 293	\$ 216
Asset impairments and restructuring charges, net	—	2	—	2
Excluding non-core and unusual items	148	111	293	218
Advanced Materials				
Earnings before interest and taxes	141	150	202	296
Asset impairments and restructuring charges, net ^{(3) (4)}	17	3	18	4
Accelerated depreciation	—	—	—	4
Excluding non-core items	158	153	220	304
Chemical Intermediates				
Earnings before interest and taxes	154	137	288	206
Asset impairments and restructuring charges, net ⁽⁵⁾	1	7	2	11
Excluding non-core items	155	144	290	217
Fibers				
Earnings before interest and taxes	37	37	61	82
Other				
Earnings (loss) before interest and taxes ⁽²⁾	(54)	(489)	(85)	(467)
Mark-to-market pension and other postretirement benefit plans (gain), net ⁽⁶⁾	(3)	—	(3)	—
Asset impairments and restructuring charges, net ⁽⁷⁾	1	3	1	5
Steam line incident costs, net of insurance proceeds ⁽⁸⁾	17	—	42	—
Net (gain) loss on divested businesses and transaction costs ⁽⁹⁾	(5)	495	1	495
Environmental and others costs ⁽¹⁰⁾	15	—	15	—
Excluding non-core and unusual items	(29)	9	(29)	33
Total Eastman Chemical Company				
Earnings (loss) before interest and taxes	426	(56)	759	333
Mark-to-market pension and other postretirement benefit plans (gain), net	(3)	—	(3)	—
Asset impairments and restructuring charges, net	19	15	21	22
Net (gain) loss on divested businesses and transaction costs	(5)	495	1	495
Steam line incident costs, net of insurance proceeds	17	—	42	—
Accelerated depreciation	—	—	—	4
Environmental and other costs	15	—	15	—
Total earnings (loss) before interest and taxes excluding non-core and unusual items	\$ 469	\$ 454	\$ 835	\$ 854

⁽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 2021 for description of second quarter and first six months 2021 non-core items.

⁽²⁾ See [Table 2A](#) Note 1.

⁽³⁾ Loss on transfer of previously impaired assets to a third party of \$16 million in second quarter and first six months 2022 relates to the previously reported closure of an advanced interlayers manufacturing facility in North America as part of ongoing site optimization.

⁽⁴⁾ Severance charges of \$1 million and \$2 million in second quarter and first six months 2022, respectively, from the previously reported closure of a performance films manufacturing facility in North America as part of ongoing site optimization.

⁽⁵⁾ Site closure costs from closure of the Singapore manufacturing site.

⁽⁶⁾ Net gain of \$3 million in second quarter and first six months 2022 relates to the curtailment and remeasurement of a Non-U.S. pension plan, triggered by the sale of the adhesives resins business and remeasurement of a U.S. pension plan triggered by settlements.

⁽⁷⁾ Severance charges as part of business improvement, offset by site closure costs, net, from the previously reported closure of a tire additives manufacturing facility in Asia Pacific as part of ongoing site optimization.

⁽⁸⁾ See [Table 1](#) Note 1.

⁽⁹⁾ See [Table 1](#) Note 2.

⁽¹⁰⁾ Environmental and other costs from previously divested or non-operational sites and product lines.

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

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, unaudited)				
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items				
Earnings (loss) before interest and taxes	\$ 426	\$ (56)	\$ 759	\$ 333
Costs of sales	17	—	42	4
Selling, general and administrative expenses	2	—	11	—
Asset impairments and restructuring charges, net	19	15	21	22
Other components of post-employment (benefit) cost, net	(3)	—	(3)	—
Other (income) charges, net	15	—	15	—
Net (gain) loss on divested businesses	(7)	495	(10)	495
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 469</u>	<u>\$ 454</u>	<u>\$ 835</u>	<u>\$ 854</u>

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

	Second Quarter				First Six Months			
(Dollars in millions, unaudited)	2022		2021		2022		2021	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products ⁽³⁾	\$ 148	17.7 %	\$ 111	16.9 %	\$ 293	17.9 %	\$ 218	17.2 %
Advanced Materials	158	18.7 %	153	19.9 %	220	13.9 %	304	20.5 %
Chemical Intermediates	155	18.0 %	144	19.6 %	290	17.5 %	217	16.2 %
Fibers	37	15.3 %	37	16.6 %	61	13.4 %	82	18.6 %
Total segment EBIT excluding non-core and unusual items	498	17.9 %	445	18.7 %	864	16.2 %	821	18.1 %
Other ⁽³⁾	(29)		9		(29)		33	
Total EBIT excluding non-core and unusual items	\$ 469	16.8 %	\$ 454	17.1 %	\$ 835	15.2 %	\$ 854	16.9 %

⁽¹⁾ For identification of excluded non-core and unusual 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.

⁽³⁾ See [Table 2A](#) Note 1.

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

	Second Quarter 2022					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
(Dollars in millions, except per share amounts, unaudited)						
As reported (GAAP)	\$ 426	\$ 381	\$ 124	33 %	\$ 256	\$ 2.03
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	19	19	4		15	0.12
Net (gain) loss on divested businesses and transaction costs	(5)	(5)	(61)		56	0.43
Steam line incident costs, net of insurance proceeds	17	17	4		13	0.10
Mark-to-market pension and other postretirement benefit plans (gain), net	(3)	(3)	—		(3)	(0.02)
Environmental and other costs	15	15	4		11	0.09
Interim adjustment to tax provision ⁽²⁾	—	—	(10)		10	0.08
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 469</u>	<u>\$ 424</u>	<u>\$ 65</u>	16 %	<u>\$ 358</u>	<u>\$ 2.83</u>
	Second Quarter 2021					
	Earnings (Loss) Before Interest and Taxes	Earnings (Loss) Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings (Loss) Attributable to Eastman	
					After Tax	Per Diluted Share
(Dollars in millions, except per share amounts, unaudited)						
As reported (GAAP)	\$ (56)	\$ (107)	\$ 37	— %	\$ (146)	\$ (1.07)
Non-Core Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	15	15	3		12	0.09
Net (gain) loss on divested businesses and transaction costs	495	495	30		465	3.38
Interim adjustment to tax provision ⁽²⁾	—	—	(8)		8	0.06
Non-GAAP (Excluding non-core items and with adjusted provision for income taxes) ⁽³⁾	<u>\$ 454</u>	<u>\$ 403</u>	<u>\$ 62</u>	16 %	<u>\$ 339</u>	<u>\$ 2.46</u>

⁽¹⁾ See [Table 3A](#) for description of second quarter 2022 and 2021 non-core and unusual items excluded from non-GAAP EBIT. 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 2022 and 2021 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

⁽³⁾ Second quarter 2021 EPS calculated using diluted shares of 137.6 million.

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

	First Six Months 2022					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
(Dollars in millions, except per share amounts, unaudited)						
As reported (GAAP)	\$ 759	\$ 668	\$ 175	26 %	\$ 491	\$ 3.82
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	21	21	5		16	0.13
Net (gain) loss on divested businesses and transaction costs	1	1	(63)		64	0.50
Steam line incident costs, net of insurance proceeds	42	42	10		32	0.24
Mark-to-market pension and other postretirement benefit plans (gain), net	(3)	(3)	—		(3)	(0.02)
Environmental and other costs	15	15	4		11	0.09
Interim adjustment to tax provision ⁽²⁾	—	—	(16)		16	0.12
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 835</u>	<u>\$ 744</u>	<u>\$ 115</u>	16 %	<u>\$ 627</u>	<u>\$ 4.88</u>

	First Six Months 2021					
	Earnings Before Interest and Taxes	Earnings Before Income Taxes	Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
(Dollars in millions, except per share amounts, unaudited)						
As reported (GAAP)	\$ 333	\$ 232	\$ 99	44 %	\$ 128	\$ 0.93
Non-Core Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	22	22	4		18	0.13
Net (gain) loss on divested businesses and transaction costs	495	495	30		465	3.38
Accelerated depreciation	4	4	1		3	0.02
Interim adjustment to tax provision ⁽²⁾	—	—	(18)		18	0.13
Non-GAAP (Excluding non-core items)	<u>\$ 854</u>	<u>\$ 753</u>	<u>\$ 116</u>	16 %	<u>\$ 632</u>	<u>\$ 4.59</u>

⁽¹⁾ See [Table 3A](#) for description of first six months 2022 and 2021 non-core and unusual items excluded from non-GAAP EBIT. 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 first six months 2022 and 2021 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

Table 4B - Adjusted Effective Tax Rate Calculation

	First Six Months ⁽¹⁾	
	2022	2021
Effective tax rate	26 %	44 %
Tax impact of current year non-core and unusual items ⁽²⁾	(6)%	(25)%
Forecasted full year impact of expected tax events	(4)%	(3)%
Forecasted full year adjusted effective tax rate	<u>16 %</u>	<u>16 %</u>

⁽¹⁾ Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.5 percent for both first six months 2022 and 2021.

⁽²⁾ 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.

Table 5 – Statements of Cash Flows

	Second Quarter		First Six Months	
	2022	2021	2022	2021
(Dollars in millions, unaudited)				
Operating activities				
Net earnings (loss)	\$ 257	\$ (144)	\$ 493	\$ 133
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	122	140	243	289
Mark-to-market pension and other postretirement benefit plans (gain), net	(3)	—	(3)	—
Asset impairment charges	—	5	—	5
Loss on sale of assets	15	—	15	—
(Gain) loss on divested business	(7)	495	(10)	495
Benefit from deferred income taxes	(57)	(30)	(81)	(28)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	(36)	(150)	(163)	(361)
(Increase) decrease in inventories	(188)	(70)	(372)	(214)
Increase (decrease) in trade payables	27	109	179	306
Pension and other postretirement contributions (in excess of) less than expenses	(38)	(44)	(81)	(97)
Variable compensation (in excess of) less than expenses	36	86	(132)	8
Other items, net	117	29	174	106
Net cash provided by operating activities	245	426	262	642
Investing activities				
Additions to properties and equipment	(135)	(107)	(247)	(198)
Proceeds from sale of business	998	—	998	—
Acquisitions, net of cash acquired	(1)	(63)	(1)	(63)
Additions to capitalized software	(4)	(6)	(7)	(12)
Other items, net	15	(2)	13	(4)
Net cash provided by (used in) investing activities	873	(178)	756	(277)
Financing activities				
Net decrease in commercial paper and other borrowings	(236)	—	—	(25)
Proceeds from borrowings	500	—	500	—
Repayment of borrowings	(550)	—	(550)	—
Dividends paid to stockholders	(98)	(94)	(196)	(188)
Treasury stock purchases	(752)	(100)	(752)	(140)
Proceeds from stock option exercises and other items, net	(3)	16	(12)	38
Net cash used in financing activities	(1,139)	(178)	(1,010)	(315)
Effect of exchange rate changes on cash and cash equivalents	(10)	(1)	(11)	(5)
Net change in cash and cash equivalents	(31)	69	(3)	45
Cash and cash equivalents at beginning of period	487	540	459	564
Cash and cash equivalents at end of period	<u>\$ 456</u>	<u>\$ 609</u>	<u>\$ 456</u>	<u>\$ 609</u>

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	June 30,	December 31,
	2022	2021
Total borrowings	\$ 4,991	\$ 5,159
Less: Cash and cash equivalents	456	459
Net debt ⁽¹⁾	<u>\$ 4,535</u>	<u>\$ 4,700</u>

⁽¹⁾ Includes non-cash decrease of \$119 million in 2022 and non-cash decrease of \$113 million in 2021 resulting from foreign currency exchange rates.