

FINANCIAL INFORMATION**April 25, 2024**

For Eastman Chemical Company First Quarter 2024 Financial Results Release

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Table 1 – Statements of Earnings

	First Quarter	
	2024	2023
(Dollars in millions, except per share amounts; unaudited)		
Sales	\$ 2,310	\$ 2,412
Cost of sales ⁽¹⁾⁽²⁾	1,778	1,883
Gross profit	532	529
Selling, general and administrative expenses	191	191
Research and development expenses	59	62
Asset impairments and restructuring charges, net	11	22
Other components of post-employment (benefit) cost, net	(5)	(3)
Other (income) charges, net	13	11
Earnings before interest and taxes	263	246
Net interest expense	49	52
Earnings before income taxes	214	194
Provision for income taxes	49	60
Net earnings	165	134
Less: Net earnings attributable to noncontrolling interest	—	—
Net earnings attributable to Eastman	\$ 165	\$ 134
Basic earnings per share attributable to Eastman	\$ 1.40	\$ 1.13
Diluted earnings per share attributable to Eastman	\$ 1.39	\$ 1.12
Shares (in millions) outstanding at end of period	117.6	119.2
Shares (in millions) used for earnings per share calculation		
Basic	117.4	118.9
Diluted	118.2	119.7

⁽¹⁾ First quarter 2023 includes \$8 million insurance proceeds, net of costs, from the previously reported operational incident at the Kingsport site as a result of a steam line failure (the "steam line incident").

⁽²⁾ First quarter 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

Table 2A – Segment Sales Information

	First Quarter	
	2024	2023
(Dollars in millions, unaudited)		
Sales by Segment		
Advanced Materials	\$ 748	\$ 742
Additives & Functional Products	704	777
Chemical Intermediates	523	589
Fibers	331	303
Total Sales by Segment	2,306	2,411
Other	4	1
Total Eastman Chemical Company	<u>\$ 2,310</u>	<u>\$ 2,412</u>

	Fourth Quarter
	2023
(Dollars in millions, unaudited)	
Sales by Segment	
Advanced Materials	\$ 705
Additives & Functional Products	640
Chemical Intermediates	513
Fibers	346
Total Sales by Segment	2,204
Other	3
Total Eastman Chemical Company	<u>\$ 2,207</u>

Table 2B – Sales Revenue Change

First Quarter 2024 Compared to First Quarter 2023				
(Unaudited)	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	1 %	4 %	(3) %	— %
Additives & Functional Products	(9) %	(1) %	(8) %	— %
Chemical Intermediates	(11) %	2 %	(13) %	— %
Fibers	9 %	7 %	2 %	— %
Total Eastman Chemical Company	(4) %	3 %	(7) %	— %

First Quarter 2024 Compared to Fourth Quarter 2023				
(Unaudited)	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	6 %	6 %	(1) %	1 %
Additives & Functional Products	10 %	8 %	1 %	1 %
Chemical Intermediates	2 %	1 %	1 %	— %
Fibers	(4) %	(7) %	3 %	— %
Total Eastman Chemical Company	5 %	4 %	— %	1 %

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)		First Quarter	
		2024	2023
Sales by Customer Location			
United States and Canada	\$	969	\$ 1,065
Europe, Middle East, and Africa		659	709
Asia Pacific		564	521
Latin America		118	117
Total Eastman Chemical Company	\$	2,310	\$ 2,412

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

(Dollars in millions, unaudited)	First Quarter	
	2024	2023
Advanced Materials		
Earnings before interest and taxes	\$ 104	\$ 86
Additives & Functional Products		
Earnings before interest and taxes	109	124
Chemical Intermediates		
Earnings before interest and taxes	16	42
Fibers		
Earnings before interest and taxes	117	65
Asset impairments and restructuring charges, net	—	6
Accelerated depreciation	—	23
Excluding non-core items	117	94
Other		
Loss before interest and taxes	(83)	(71)
Asset impairments and restructuring charges, net ⁽²⁾	11	16
Steam line incident (insurance proceeds) costs, net	—	(8)
Excluding non-core and unusual items	(72)	(63)
Total Eastman Chemical Company		
Earnings before interest and taxes	263	246
Asset impairments and restructuring charges, net	11	22
Steam line incident (insurance proceeds) costs, net	—	(8)
Accelerated depreciation	—	23
Total earnings before interest and taxes excluding non-core and unusual items	\$ 274	\$ 283
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items		
Earnings before interest and taxes	\$ 263	\$ 246
Cost of sales	—	15
Asset impairments and restructuring charges, net	11	22
Total earnings before interest and taxes excluding non-core and unusual items	\$ 274	\$ 283

⁽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 2023 for description of first quarter 2023 non-core and unusual items.

⁽²⁾ Severance charges as part of fourth quarter 2023 cost reduction initiatives.

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

	Fourth Quarter 2023
(Dollars in millions, unaudited)	
Advanced Materials	
Earnings before interest and taxes	\$ 65
Additives & Functional Products	
Earnings before interest and taxes	67
Chemical Intermediates	
Earnings before interest and taxes	347
Gain on divested business	(323)
Excluding non-core item	24
Fibers	
Earnings before interest and taxes	113
Other	
Loss before interest and taxes	(115)
Mark-to-market pension and other postretirement benefit plans (gain), net	53
Asset impairments and restructuring charges, net	15
Excluding non-core and unusual items	(47)
Total Eastman Chemical Company	
Earnings before interest and taxes	\$ 477
Mark-to-market pension and other postretirement benefit plans (gain), net	53
Asset impairments and restructuring charges, net	15
Gain on divested business	(323)
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 222</u>
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	\$ 477
Asset impairments and restructuring charges, net	15
Other components of post-employment (benefit) cost, net	53
Net (gain) loss on divested businesses	(323)
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 222</u>

⁽¹⁾ For the description of fourth quarter 2023 non-core and unusual items, see Table 3A in the [Quarterly Report on Form 8-K](#) furnished for the fourth quarter 2023.

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

	First Quarter			
	2024		2023	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 104	13.9 %	\$ 86	11.6 %
Additives & Functional Products	109	15.5 %	124	16.0 %
Chemical Intermediates	16	3.1 %	42	7.1 %
Fibers	117	35.3 %	94	31.0 %
Total segment EBIT excluding non-core and unusual items	346	15.0 %	346	14.4 %
Other	(72)		(63)	
Total EBIT excluding non-core and unusual items	<u>\$ 274</u>	11.9 %	<u>\$ 283</u>	11.7 %

	Fourth Quarter	
	2023	
	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 65	9.2 %
Additives & Functional Products	67	10.5 %
Chemical Intermediates	24	4.7 %
Fibers	113	32.7 %
Total segment EBIT excluding non-core and unusual items	269	12.2 %
Other	(47)	
Total EBIT excluding non-core and unusual items	<u>\$ 222</u>	10.1 %

⁽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.

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

First Quarter 2024						
	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)	\$ 263	\$ 214	\$ 49	23 %	\$ 165	\$ 1.39
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	11	11	3		8	0.07
Interim adjustment to tax provision ⁽²⁾	—	—	(17)		17	0.15
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 274</u>	<u>\$ 225</u>	<u>\$ 35</u>	16 %	<u>\$ 190</u>	<u>\$ 1.61</u>
First Quarter 2023						
	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)	\$ 246	\$ 194	\$ 60	31 %	\$ 134	\$ 1.12
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	22	22	4		18	0.14
Accelerated depreciation	23	23	3		20	0.17
Steam line incident (insurance proceeds) costs, net	(8)	(8)	(2)		(6)	(0.05)
Adjustments from tax law changes ⁽³⁾	—	—	(23)		23	0.19
Interim adjustment to tax provision ⁽²⁾	—	—	(6)		6	0.06
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 283</u>	<u>\$ 231</u>	<u>\$ 36</u>	16 %	<u>\$ 195</u>	<u>\$ 1.63</u>

⁽¹⁾ See [Table 3A](#) for description of first quarter 2024 and 2023 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⁾ Increase to the provision for state income taxes due to adjustment of the amount recognized in prior years resulting from state guidance issued in first quarter 2023 related to the 2017 Tax Cuts and Jobs Act.

⁽³⁾ The adjusted provision for income taxes for first quarter 2024 and 2023 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 2023					
	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)	\$ 477	\$ 425	\$ 114	27 %	\$ 310	\$ 2.61
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	15	15	1		14	0.12
Gain on divested business	(323)	(323)	(98)		(225)	(1.89)
Mark-to-market pension and other postretirement benefit plans loss, net	53	53	14		39	0.33
Interim adjustment to tax provision ⁽²⁾	—	—	(17)		17	0.14
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 222</u>	<u>\$ 170</u>	<u>\$ 14</u>	8 %	<u>\$ 155</u>	<u>\$ 1.31</u>

⁽¹⁾ See [Table 3A](#) for description of fourth quarter 2023 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⁾ Fourth quarter 2023 is a reconciliation of the adjustments made in interim quarters to reflect the previously forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

	First Three Months ⁽¹⁾	
	2024	2023
Effective tax rate	23 %	31 %
Discrete tax items ⁽²⁾	(1)%	— %
Tax impact of current year non-core and unusual items ⁽³⁾	1 %	(8)%
Changes in tax contingencies and valuation allowances	(1)%	(1)%
Forecasted full year impact of expected tax events	(6)%	(6)%
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 in both first three months 2024 and 2023.

⁽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 2024 are related to share based compensation expense.

⁽³⁾ 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

(Dollars in millions, unaudited)	First Three Months	
	2024	2023
Operating activities		
Net earnings	\$ 165	\$ 134
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	127	141
(Benefit from) provision for deferred income taxes	(17)	(7)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in trade receivables	(105)	(91)
(Increase) decrease in inventories	(100)	(44)
Increase (decrease) in trade payables	49	(132)
Pension and other postretirement contributions (in excess of) less than expenses	(19)	(19)
Variable compensation payments (in excess of) less than expenses	(78)	(16)
Other items, net	(38)	32
Net cash used in operating activities	(16)	(2)
Investing activities		
Additions to properties and equipment	(185)	(174)
Proceeds from sale of businesses	—	16
Acquisition, net of cash acquired	—	(73)
Additions to capitalized software	(1)	(2)
Other items, net	7	(19)
Net cash used in investing activities	(179)	(252)
Financing activities		
Net decrease in commercial paper and other borrowings	—	(326)
Proceeds from borrowings	742	796
Repayment of borrowings	(498)	—
Dividends paid to stockholders	(95)	(94)
Other items, net	(1)	(19)
Net cash provided by financing activities	148	357
Effect of exchange rate changes on cash and cash equivalents	(2)	3
Net change in cash and cash equivalents	(49)	106
Cash and cash equivalents at beginning of period	548	493
Cash and cash equivalents at end of period	\$ 499	\$ 599

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	March 31,	December 31,
	2024	2023
Total borrowings	\$ 5,080	\$ 4,846
Less: Cash and cash equivalents	499	548
Net debt ⁽¹⁾	\$ 4,581	\$ 4,298

⁽¹⁾ Includes non-cash decrease of \$12 million in 2024 and non-cash increase of \$20 million in 2023 resulting from foreign currency exchange rates.