

FINANCIAL INFORMATION**October 26, 2023**

For Eastman Chemical Company Third Quarter 2023 Financial Results Release

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Table 1 – Statements of Earnings

	Third Quarter		First Nine Months	
	2023	2022	2023	2022
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,267	\$ 2,709	\$ 7,003	\$ 8,207
Cost of sales ⁽¹⁾⁽²⁾	1,783	2,168	5,406	6,446
Gross profit	484	541	1,597	1,761
Selling, general and administrative expenses	160	173	536	554
Research and development expenses	60	68	182	200
Asset impairments and restructuring charges, net	—	2	22	23
Other components of post-employment (benefit) cost, net	(2)	(30)	(8)	(95)
Other (income) charges, net	10	1	40	3
Net (gain) loss on divested business ⁽³⁾	—	3	—	(7)
Earnings before interest and taxes	256	324	825	1,083
Net interest expense	57	43	163	134
Earnings before income taxes	199	281	662	949
Provision for (benefit from) income taxes	20	(20)	77	155
Net earnings	179	301	585	794
Less: Net earnings attributable to noncontrolling interest	1	—	1	2
Net earnings attributable to Eastman	<u>\$ 178</u>	<u>\$ 301</u>	<u>\$ 584</u>	<u>\$ 792</u>
Basic earnings per share attributable to Eastman	<u>\$ 1.50</u>	<u>\$ 2.48</u>	<u>\$ 4.92</u>	<u>\$ 6.34</u>
Diluted earnings per share attributable to Eastman	<u>\$ 1.49</u>	<u>\$ 2.46</u>	<u>\$ 4.89</u>	<u>\$ 6.26</u>
Shares (in millions) outstanding at end of period	118.6	120.0	118.6	120.0
Shares (in millions) used for earnings per share calculation				
Basic	118.5	121.0	118.7	124.9
Diluted	119.0	122.3	119.5	126.4

⁽¹⁾ First nine months 2023 includes \$8 million insurance proceeds, net of costs, and first nine months 2022 included \$42 million costs, net of insurance proceeds, from the previously reported operational incident at the Kingsport site as a result of a steam line failure (the "steam line incident").

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

⁽³⁾ Third quarter and first nine months 2022 related 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).

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Table 2A – Segment Sales Information

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Sales by Segment				
Advanced Materials	\$ 746	\$ 888	\$ 2,227	\$ 2,471
Additives & Functional Products ⁽¹⁾	670	906	2,194	2,719
Chemical Intermediates ⁽¹⁾	527	665	1,630	2,152
Fibers	323	250	949	705
Total Sales by Segment	2,266	2,709	7,000	8,047
Other ⁽²⁾	1	—	3	160
Total Eastman Chemical Company	\$ 2,267	\$ 2,709	\$ 7,003	\$ 8,207

⁽¹⁾ Third quarter and first nine months 2022 sales revenue and earnings before interest and taxes ("EBIT") have been recast as a result of the Company's product moves during first quarter 2023.

⁽²⁾ "Other" in first nine months 2022 includes sales revenue and EBIT from a previously divested business.

(Dollars in millions, unaudited)	Second Quarter
	2023
Sales by Segment	
Advanced Materials	\$ 739
Additives & Functional Products	747
Chemical Intermediates	514
Fibers	323
Total Sales by Segment	2,323
Other	1
Total Eastman Chemical Company	\$ 2,324

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Table 2B – Sales Revenue Change

(Unaudited)	Third Quarter 2023 Compared to Third Quarter 2022			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	(16) %	(17) %	1 %	— %
Additives & Functional Products	(26) %	(18) %	(9) %	1 %
Chemical Intermediates	(21) %	(2) %	(19) %	— %
Fibers	29 %	2 %	28 %	(1) %
Total Eastman Chemical Company ⁽¹⁾	(16) %	(11) %	(5) %	— %

(Unaudited)	First Nine Months 2023 Compared to First Nine Months 2022				
	Change in Sales Revenue Due To				
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect	Divested Business Effect
Advanced Materials	(10) %	(13) %	4 %	(1) %	— %
Additives & Functional Products	(19) %	(15) %	(4) %	— %	— %
Chemical Intermediates	(24) %	(13) %	(11) %	— %	— %
Fibers	35 %	2 %	33 %	— %	— %
Total Eastman Chemical Company ⁽¹⁾	(15) %	(12) %	— %	(1) %	(2) %

⁽¹⁾ Sales revenue in Other is included in Total Eastman Chemical Company.

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

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Sales by Customer Location				
United States and Canada	\$ 966	\$ 1,202	\$ 3,031	\$ 3,704
Europe, Middle East, and Africa	602	680	1,946	2,106
Asia Pacific	576	662	1,654	1,912
Latin America	123	165	372	485
Total Eastman Chemical Company	<u>\$ 2,267</u>	<u>\$ 2,709</u>	<u>\$ 7,003</u>	<u>\$ 8,207</u>

**Table 3A - Segment, Other, and Company
Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations ⁽¹⁾⁽²⁾**

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Advanced Materials				
Earnings before interest and taxes	\$ 93	\$ 131	\$ 278	\$ 333
Asset impairments and restructuring charges, net	—	1	—	19
Excluding non-core item	93	132	278	352
Additives & Functional Products				
Earnings before interest and taxes	105	143	369	470
Chemical Intermediates				
Earnings before interest and taxes	6	68	87	322
Asset impairments and restructuring charges, net	—	1	—	3
Excluding non-core item	6	69	87	325
Fibers				
Earnings before interest and taxes	109	21	280	82
Asset impairments and restructuring charges, net ⁽³⁾	—	—	6	—
Accelerated depreciation ⁽³⁾	—	—	23	—
Excluding non-core items	109	21	309	82
Other				
Loss before interest and taxes	(57)	(39)	(189)	(124)
Mark-to-market pension and other postretirement benefit plans (gain), net	—	—	—	(3)
Asset impairments and restructuring charges, net ⁽⁴⁾	—	—	16	1
Net steam line incident costs (insurance proceeds) ⁽⁵⁾	—	—	(8)	42
Net (gain) loss on divested business and transaction costs	—	7	—	8
Environmental and other costs ⁽⁶⁾	—	—	13	15
Excluding non-core and unusual items	(57)	(32)	(168)	(61)
Total Eastman Chemical Company				
Earnings before interest and taxes	256	324	825	1,083
Mark-to-market pension and other postretirement benefit plans (gain), net	—	—	—	(3)
Asset impairments and restructuring charges, net	—	2	22	23
Net steam line incident costs (insurance proceeds)	—	—	(8)	42
Net (gain) loss on divested business and transaction costs	—	7	—	8
Accelerated depreciation	—	—	23	—
Environmental and other costs	—	—	13	15
Total earnings before interest and taxes excluding non-core and unusual items	\$ 256	\$ 333	\$ 875	\$ 1,168

⁽¹⁾ See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Quarterly Report on Form 10-Q](#) for third quarter 2022 for description of third quarter and first nine months 2022 non-core and unusual items.

⁽²⁾ See [Table 2A](#) Note 1.

⁽³⁾ Site closure costs and accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

⁽⁴⁾ Severance charges as part of fourth quarter 2022 cost reduction initiatives.

⁽⁵⁾ See [Table 1](#) Note 1.

⁽⁶⁾ Environmental and other costs from previously divested or non-operational sites and product lines.

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

	Third Quarter		First Nine Months	
	2023	2022	2023	2022
(Dollars in millions, unaudited)				
Company Non-GAAP Earnings Before Interest and Taxes				
Reconciliations by Line Items				
Earnings before interest and taxes	\$ 256	\$ 324	\$ 825	\$ 1,083
Costs of sales	—	—	15	42
Selling, general and administrative expenses	—	4	—	15
Asset impairments and restructuring charges, net	—	2	22	23
Other components of post-employment (benefit) cost, net	—	—	—	(3)
Other (income) charges, net	—	—	13	15
Net (gain) loss on divested business	—	3	—	(7)
Total earnings before interest and taxes excluding non-core and unusual items	\$ 256	\$ 333	\$ 875	\$ 1,168

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

	Second Quarter
	2023
(Dollars in millions, unaudited)	
Advanced Materials	
Earnings before interest and taxes	\$ 99
Additives & Functional Products	
Earnings before interest and taxes	140
Chemical Intermediates	
Earnings before interest and taxes	39
Fibers	
Earnings before interest and taxes	106
Other	
Loss before interest and taxes	(61)
Environmental and other costs	13
Excluding non-core and unusual items	(48)
Total Eastman Chemical Company	
Earnings before interest and taxes	323
Environmental and other costs	13
Total earnings before interest and taxes excluding non-core and unusual items	\$ 336
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	\$ 323
Other (income) charges, net	13
Total earnings before interest and taxes excluding non-core and unusual items	\$ 336

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

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

(Dollars in millions, unaudited)	Third Quarter				First Nine Months			
	2023		2022		2023		2022	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 93	12.5 %	\$ 132	14.9 %	\$ 278	12.5 %	\$ 352	14.2 %
Additives & Functional Products ⁽³⁾	105	15.7 %	143	15.8 %	369	16.8 %	470	17.3 %
Chemical Intermediates ⁽³⁾	6	1.1 %	69	10.4 %	87	5.3 %	325	15.1 %
Fibers	109	33.7 %	21	8.4 %	309	32.6 %	82	11.6 %
Total segment EBIT excluding non-core and unusual items	313	13.8 %	365	13.5 %	1,043	14.9 %	1,229	15.3 %
Other	(57)		(32)		(168)		(61)	
Total EBIT excluding non-core and unusual items	<u>\$ 256</u>	11.3 %	<u>\$ 333</u>	12.3 %	<u>\$ 875</u>	12.5 %	<u>\$ 1,168</u>	14.2 %

(Dollars in millions, unaudited)	Second Quarter	
	2023	
	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 99	13.4 %
Additives & Functional Products	140	18.7 %
Chemical Intermediates	39	7.6 %
Fibers	106	32.8 %
Total segment EBIT excluding non-core and unusual items	384	16.5 %
Other	(48)	
Total EBIT excluding non-core and unusual items	<u>\$ 336</u>	14.5 %

⁽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.

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

Third Quarter 2023						
(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	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	\$ 256	\$ 199	\$ 20	10 %	\$ 178	\$ 1.49
Non-Core and Unusual Items: ⁽¹⁾						
Interim adjustment to tax provision ⁽²⁾	—	—	3		(3)	(0.02)
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 256</u>	<u>\$ 199</u>	<u>\$ 23</u>	12 %	<u>\$ 175</u>	<u>\$ 1.47</u>
Third Quarter 2022						
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	(Benefit from) Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	\$ 324	\$ 281	\$ (20)	(7)%	\$ 301	\$ 2.46
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	2	2	—		2	0.01
Net (gain) loss on divested business and transaction costs	7	7	28		(21)	(0.16)
Interim adjustment to tax provision ⁽²⁾	—	—	32		(32)	(0.26)
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 333</u>	<u>\$ 290</u>	<u>\$ 40</u>	14 %	<u>\$ 250</u>	<u>\$ 2.05</u>

⁽¹⁾ See [Table 3A](#) for description of third quarter 2023 and 2022 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 third quarter 2023 and 2022 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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

First Nine Months 2023						
(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	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	\$ 825	\$ 662	\$ 77	12 %	\$ 584	\$ 4.89
Non-Core or 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 costs (insurance proceeds), net	(8)	(8)	(2)		(6)	(0.05)
Environmental and other costs	13	13	4		9	0.08
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>\$ 875</u>	<u>\$ 712</u>	<u>\$ 103</u>	15 %	<u>\$ 608</u>	<u>\$ 5.09</u>
First Nine Months 2022						
(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	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	\$ 1,083	\$ 949	\$ 155	16 %	\$ 792	\$ 6.26
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	23	23	5		18	0.14
Net (gain) loss on divested business and transaction costs	8	8	(35)		43	0.35
Mark-to-market pension and other postretirement benefit plans (gain), net	(3)	(3)	—		(3)	(0.02)
Steam line incident costs (insurance proceeds), net	42	42	10		32	0.25
Environmental and other costs	15	15	4		11	0.09
Interim adjustment to tax provision ⁽²⁾	—	—	16		(16)	(0.13)
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 1,168</u>	<u>\$ 1,034</u>	<u>\$ 155</u>	15 %	<u>\$ 877</u>	<u>\$ 6.94</u>

⁽¹⁾ See [Table 3A](#) for description of first nine months 2023 and 2022 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 nine months 2023 and 2022 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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

Second Quarter 2023						
(Dollars in millions, except per share amounts, unaudited)	Earnings Before Interest and Taxes	Earnings Before Income Taxes	(Benefit from) Provision for Income Taxes	Effective Income Tax Rate	Net Earnings Attributable to Eastman	
					After Tax	Per Diluted Share
As reported (GAAP)	\$ 323	\$ 269	\$ (3)	(1)%	\$ 272	\$ 2.27
Non-Core and Unusual Items: ⁽¹⁾						
Environmental and other costs	13	13	4		9	0.08
Adjustment from tax law changes ⁽²⁾	—	—	23		(23)	(0.19)
Interim adjustment to tax provision ⁽³⁾	—	—	20		(20)	(0.17)
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	\$ 336	\$ 282	\$ 44	16 %	\$ 238	\$ 1.99

⁽¹⁾ See [Table 3A](#) for description of second 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⁾ Adjustment from tax law changes included a decrease to the provision due to state tax law changes that were enacted in second quarter 2023 that extend the carryforward period to utilize existing state credits.

⁽³⁾ The adjusted provision for income taxes for second quarter 2023 was calculated applying the then forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

	First Nine Months ⁽¹⁾	
	2023	2022
Effective tax rate	12 %	16 %
Tax impact of current year non-core and unusual items ⁽²⁾	1 %	(1)%
Changes in tax contingencies and valuation allowances	1 %	1 %
Forecasted full year impact of expected tax events	1 %	(1)%
Forecasted full year adjusted effective tax rate	15 %	15 %

⁽¹⁾ Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 14.5 percent and 15.0 percent for first nine months 2023 and 2022, respectively.

⁽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.

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Table 5 – Statements of Cash Flows

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2023	2022	2023	2022
Operating activities				
Net earnings	\$ 179	\$ 301	\$ 585	\$ 794
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	120	117	380	360
Mark-to-market pension and other postretirement benefit plans (gain), net	—	—	—	(3)
Loss on sale of assets	—	—	—	15
Loss (gain) on divested business	—	3	—	(7)
(Benefit from) provision for deferred income taxes	(63)	27	(156)	(54)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	35	52	68	(111)
(Increase) decrease in inventories	220	(177)	147	(549)
Increase (decrease) in trade payables	(73)	8	(363)	187
Pension and other postretirement contributions (in excess of) less than expenses	(10)	(34)	(39)	(115)
Variable compensation payments (in excess of) less than expenses	24	15	73	(117)
Other items, net	82	(56)	227	118
Net cash provided by operating activities	514	256	922	518
Investing activities				
Additions to properties and equipment	(236)	(161)	(649)	(408)
Proceeds from sale of businesses	22	—	38	998
Acquisition, net of cash acquired	2	—	(74)	(1)
Additions to capitalized software	—	(3)	(4)	(10)
Other items, net	30	6	9	19
Net cash (used in) provided by investing activities	(182)	(158)	(680)	598
Financing activities				
Net increase (decrease) in commercial paper and other borrowings	(204)	355	73	355
Proceeds from borrowings	—	—	796	500
Repayment of borrowings	—	(200)	(808)	(750)
Dividends paid to stockholders	(94)	(94)	(282)	(290)
Treasury stock purchases	—	(150)	(50)	(902)
Other items, net	(1)	1	(24)	(11)
Net cash used in financing activities	(299)	(88)	(295)	(1,098)
Effect of exchange rate changes on cash and cash equivalents	(4)	(5)	(1)	(16)
Net change in cash and cash equivalents	29	5	(54)	2
Cash and cash equivalents at beginning of period	410	456	493	459
Cash and cash equivalents at end of period	\$ 439	\$ 461	\$ 439	\$ 461

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Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	September 30, 2023	December 31, 2022
Total borrowings	\$ 5,220	\$ 5,151
Less: Cash and cash equivalents	439	493
Net debt ⁽¹⁾	<u>\$ 4,781</u>	<u>\$ 4,658</u>

⁽¹⁾ Includes non-cash decrease of \$2 million and \$85 million in 2023 and 2022, respectively, resulting from foreign currency exchange rates.