

FINANCIAL INFORMATION**July 25, 2024**

For Eastman Chemical Company Second Quarter 2024 Financial Results Release

Table of Contents

Item		Page
Table 1	Statements of Earnings	1
Table 2A	Segment Sales Information	2
Table 2B	Sales Revenue Change	3
Table 2C	Sales by Customer Location	3
Table 3A	Segment, Other, and Company Non-GAAP Earnings (Loss) Before Interest and Taxes Reconciliations	4
Table 3B	Segment Non-GAAP Earnings (Loss) Before Interest and Taxes Margins	6
Table 4A	Non-GAAP Earnings Before Interest and Taxes, Net Earnings, and Earnings Per Share Reconciliations	7
Table 4B	Adjusted Effective Tax Rate Calculation	9
Table 5	Statements of Cash Flows	10
Table 6	Total Borrowings to Net Debt Reconciliations	10

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Table 1 – Statements of Earnings

	Second Quarter		First Six Months	
	2024	2023	2024	2023
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,363	\$ 2,324	\$ 4,673	\$ 4,736
Cost of sales ⁽¹⁾⁽²⁾	1,764	1,740	3,542	3,623
Gross profit	599	584	1,131	1,113
Selling, general and administrative expenses	180	185	371	376
Research and development expenses	60	60	119	122
Asset impairments and restructuring charges, net	—	—	11	22
Other components of post-employment (benefit) cost, net	(4)	(3)	(9)	(6)
Other (income) charges, net	26	19	39	30
Earnings before interest and taxes	337	323	600	569
Net interest expense	50	54	99	106
Earnings before income taxes	287	269	501	463
Provision for (benefit from) income taxes	56	(3)	105	57
Net earnings	231	272	396	406
Less: Net earnings attributable to noncontrolling interest	1	—	1	—
Net earnings attributable to Eastman	<u>\$ 230</u>	<u>\$ 272</u>	<u>\$ 395</u>	<u>\$ 406</u>
Basic earnings per share attributable to Eastman	<u>\$ 1.96</u>	<u>\$ 2.28</u>	<u>\$ 3.37</u>	<u>\$ 3.41</u>
Diluted earnings per share attributable to Eastman	<u>\$ 1.94</u>	<u>\$ 2.27</u>	<u>\$ 3.33</u>	<u>\$ 3.39</u>
Shares (in millions) outstanding at end of period	116.9	118.6	116.9	118.6
Shares (in millions) used for earnings per share calculation				
Basic	117.3	118.8	117.4	118.9
Diluted	118.6	119.6	118.5	119.6

⁽¹⁾ First six months 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 six months 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

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Table 2A – Segment Sales Information

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2024	2023	2024	2023
Sales by Segment				
Advanced Materials	\$ 795	\$ 739	\$ 1,543	\$ 1,481
Additives & Functional Products	718	747	1,422	1,524
Chemical Intermediates	515	514	1,038	1,103
Fibers	330	323	661	626
Total Sales by Segment	2,358	2,323	4,664	4,734
Other	5	1	9	2
Total Eastman Chemical Company	<u>\$ 2,363</u>	<u>\$ 2,324</u>	<u>\$ 4,673</u>	<u>\$ 4,736</u>

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

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Table 2B – Sales Revenue Change

Second Quarter 2024 Compared to Second Quarter 2023				
(Unaudited)	Change in Sales Revenue Due To			
	Revenue	Volume /	Price Effect	Exchange
	% Change	Product Mix		Rate
		Effect	Effect	Effect
Advanced Materials	8 %	12 %	(4) %	— %
Additives & Functional Products	(4) %	— %	(4) %	— %
Chemical Intermediates	— %	6 %	(6) %	— %
Fibers	2 %	1 %	1 %	— %
Total Eastman Chemical Company	2 %	6 %	(4) %	— %

First Six Months 2024 Compared to First Six Months 2023				
(Unaudited)	Change in Sales Revenue Due To			
	Revenue	Volume /	Price Effect	Exchange
	% Change	Product Mix		Rate
		Effect	Effect	Effect
Advanced Materials	4 %	9 %	(4) %	(1) %
Additives & Functional Products	(7) %	1 %	(8) %	— %
Chemical Intermediates	(6) %	4 %	(10) %	— %
Fibers	6 %	3 %	3 %	— %
Total Eastman Chemical Company	(1) %	5 %	(6) %	— %

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

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2024	2023	2024	2023
Sales by Customer Location				
United States and Canada	\$ 994	\$ 1,000	\$ 1,963	\$ 2,065
Europe, Middle East, and Africa	650	635	1,309	1,344
Asia Pacific	590	557	1,154	1,078
Latin America	129	132	247	249
Total Eastman Chemical Company	\$ 2,363	\$ 2,324	\$ 4,673	\$ 4,736

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

(Dollars in millions, unaudited)	Second Quarter		First Six Months	
	2024	2023	2024	2023
Advanced Materials				
Earnings before interest and taxes	\$ 131	\$ 99	\$ 235	\$ 185
Additives & Functional Products				
Earnings before interest and taxes	123	140	232	264
Chemical Intermediates				
Earnings before interest and taxes	22	39	38	81
Fibers				
Earnings before interest and taxes	122	106	239	171
Asset impairments and restructuring charges, net	—	—	—	6
Accelerated depreciation	—	—	—	23
Excluding non-core items	122	106	239	200
Other				
Loss before interest and taxes	(61)	(61)	(144)	(132)
Asset impairments and restructuring charges, net ⁽²⁾	—	—	11	16
Steam line incident (insurance proceeds) costs, net	—	—	—	(8)
Environmental and other costs ⁽³⁾	16	13	16	13
Excluding non-core and unusual items	(45)	(48)	(117)	(111)
Total Eastman Chemical Company				
Earnings before interest and taxes	337	323	600	569
Asset impairments and restructuring charges, net	—	—	11	22
Steam line incident (insurance proceeds) costs, net	—	—	—	(8)
Environmental and other costs	16	13	16	13
Accelerated depreciation	—	—	—	23
Total earnings before interest and taxes excluding non-core and unusual items	\$ 353	\$ 336	\$ 627	\$ 619
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items				
Earnings before interest and taxes	\$ 337	\$ 323	\$ 600	\$ 569
Cost of sales	—	—	—	15
Asset impairments and restructuring charges, net	—	—	11	22
Other (income) charges, net	16	13	16	13
Total earnings before interest and taxes excluding non-core and unusual items	\$ 353	\$ 336	\$ 627	\$ 619

⁽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 and first six months 2023 non-core and unusual items.

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

⁽³⁾ 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) ⁽¹⁾**

	First Quarter 2024
(Dollars in millions, unaudited)	
Advanced Materials	
Earnings before interest and taxes	\$ 104
Additives & Functional Products	
Earnings before interest and taxes	109
Chemical Intermediates	
Earnings before interest and taxes	16
Fibers	
Earnings before interest and taxes	117
Other	
Loss before interest and taxes	(83)
Asset impairments and restructuring charges, net	11
Excluding non-core and unusual items	(72)
Total Eastman Chemical Company	
Earnings before interest and taxes	263
Asset impairments and restructuring charges, net	11
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 274</u>
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	263
Asset impairments and restructuring charges, net	11
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 274</u>

⁽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 2024 for description of first quarter 2024 non-core and unusual items.

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

	Second Quarter				First Six Months			
	2024		2023		2024		2023	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 131	16.5 %	\$ 99	13.4 %	\$ 235	15.2 %	\$ 185	12.5 %
Additives & Functional Products	123	17.1 %	140	18.7 %	232	16.3 %	264	17.3 %
Chemical Intermediates	22	4.3 %	39	7.6 %	38	3.7 %	81	7.3 %
Fibers	122	37.0 %	106	32.8 %	239	36.2 %	200	31.9 %
Total segment EBIT excluding non-core and unusual items	398	16.9 %	384	16.5 %	744	16.0 %	730	15.4 %
Other	(45)		(48)		(117)		(111)	
Total EBIT excluding non-core and unusual items	<u>\$ 353</u>	14.9 %	<u>\$ 336</u>	14.5 %	<u>\$ 627</u>	13.4 %	<u>\$ 619</u>	13.1 %

	First Quarter	
	2024	
	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 104	13.9 %
Additives & Functional Products	109	15.5 %
Chemical Intermediates	16	3.1 %
Fibers	117	35.3 %
Total segment EBIT excluding non-core and unusual items	346	15.0 %
Other	(72)	
Total EBIT excluding non-core and unusual items	<u>\$ 274</u>	11.9 %

⁽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.

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

Second Quarter 2024						
(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)	\$ 337	\$ 287	\$ 56	20 %	\$ 230	\$ 1.94
Non-Core and Unusual Items: ⁽¹⁾						
Environmental and other costs	16	16	3		13	0.10
Interim adjustment to tax provision ⁽²⁾	—	—	(13)		13	0.11
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	\$ 353	\$ 303	\$ 46	16 %	\$ 256	\$ 2.15
Second Quarter 2023						
(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	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
Adjustments from tax law changes ⁽³⁾	—	—	23		(23)	(0.19)
Interim adjustment to tax provision ⁽²⁾	—	—	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 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⁾ The adjusted provision for income taxes for second quarter 2024 and 2023 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

⁽³⁾ Second quarter and first six months 2023 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. Additionally, an increase in first six months 2023 was recognized as a result of state guidance issued in first quarter 2023 related to the 2017 Tax Cuts and Jobs Act (the "Tax Reform Act").

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

	First Six Months 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)	\$ 600	\$ 501	\$ 105	21 %	\$ 395	\$ 3.33
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	11	11	3		8	0.07
Environmental and other costs	16	16	3		13	0.10
Interim adjustment to tax provision ⁽²⁾	—	—	(30)		30	0.26
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 627</u>	<u>\$ 528</u>	<u>\$ 81</u>	16 %	<u>\$ 446</u>	<u>\$ 3.76</u>

	First Six Months 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)	\$ 569	\$ 463	\$ 57	12 %	\$ 406	\$ 3.39
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⁾	—	—	14		(14)	(0.11)
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 619</u>	<u>\$ 513</u>	<u>\$ 80</u>	16 %	<u>\$ 433</u>	<u>\$ 3.62</u>

⁽¹⁾ See [Table 3A](#) for description of first six month 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⁾ The adjusted provision for income taxes for first six months 2024 and 2023 is calculated applying the forecasted full year effective tax rate as shown in [Table 4B](#).

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First Quarter 2024

(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)	\$ 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>

⁽¹⁾ See [Table 3A](#) for description of first quarter 2024 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 quarter 2024 was calculated applying the then forecasted full year effective tax rate.

Table 4B - Adjusted Effective Tax Rate Calculation

	First Six Months ⁽¹⁾	
	2024	2023
Effective tax rate	21 %	12 %
Tax impact of current year non-core and unusual items ⁽²⁾	1 %	2 %
Changes in tax contingencies and valuation allowances	(1)%	2 %
Forecasted full year impact of expected tax events	(5)%	— %
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 six months 2024 and 2023.

⁽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)	Second Quarter		First Six Months	
	2024	2023	2024	2023
Operating activities				
Net earnings	\$ 231	\$ 272	\$ 396	\$ 406
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	126	119	253	260
Benefit from deferred income taxes	(20)	(86)	(37)	(93)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	(33)	124	(138)	33
(Increase) decrease in inventories	(138)	(29)	(238)	(73)
Increase (decrease) in trade payables	40	(158)	89	(290)
Pension and other postretirement contributions (in excess of) less than expenses	(10)	(10)	(29)	(29)
Variable compensation payments (in excess of) less than expenses	58	65	(20)	49
Other items, net	113	113	75	145
Net cash provided by operating activities	367	410	351	408
Investing activities				
Additions to properties and equipment	(115)	(239)	(300)	(413)
Proceeds from sale of businesses	—	—	—	16
Acquisition, net of cash acquired	—	(3)	—	(76)
Additions to capitalized software	(2)	(2)	(3)	(4)
Other items, net	(4)	(2)	3	(21)
Net cash used in investing activities	(121)	(246)	(300)	(498)
Financing activities				
Net increase in commercial paper and other borrowings	—	603	—	277
Proceeds from borrowings	—	—	742	796
Repayment of borrowings	(43)	(808)	(541)	(808)
Dividends paid to stockholders	(95)	(94)	(190)	(188)
Treasury stock purchases	(100)	(50)	(100)	(50)
Other items, net	11	(4)	10	(23)
Net cash (used in) provided by financing activities	(227)	(353)	(79)	4
Effect of exchange rate changes on cash and cash equivalents	(4)	—	(6)	3
Net change in cash and cash equivalents	15	(189)	(34)	(83)
Cash and cash equivalents at beginning of period	499	599	548	493
Cash and cash equivalents at end of period	\$ 514	\$ 410	\$ 514	\$ 410

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	June 30,	December 31,
	2024	2023
Total borrowings	\$ 5,033	\$ 4,846
Less: Cash and cash equivalents	514	548
Net debt ⁽¹⁾	\$ 4,519	\$ 4,298

⁽¹⁾ Includes non-cash decrease of \$17 million in 2024 and non-cash increase of \$20 million in 2023 resulting from foreign currency exchange rates.