

FINANCIAL INFORMATION**October 31, 2024**

For Eastman Chemical Company Third Quarter 2024 Financial Results Release

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Table 1 – Statements of Earnings

	Third Quarter		First Nine Months	
	2024	2023	2024	2023
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,464	\$ 2,267	\$ 7,137	\$ 7,003
Cost of sales ⁽¹⁾⁽²⁾⁽³⁾	1,859	1,783	5,401	5,406
Gross profit	605	484	1,736	1,597
Selling, general and administrative expenses	183	160	554	536
Research and development expenses	65	60	184	182
Asset impairments, restructuring, and other charges, net	30	—	41	22
Other components of post-employment (benefit) cost, net	(5)	(2)	(14)	(8)
Other (income) charges, net	3	10	42	40
Earnings before interest and taxes	329	256	929	825
Net interest expense	49	57	148	163
Earnings before income taxes	280	199	781	662
Provision for income taxes	99	20	204	77
Net earnings	181	179	577	585
Less: Net earnings attributable to noncontrolling interest	1	1	2	1
Net earnings attributable to Eastman	<u>\$ 180</u>	<u>\$ 178</u>	<u>\$ 575</u>	<u>\$ 584</u>
Basic earnings per share attributable to Eastman	<u>\$ 1.55</u>	<u>\$ 1.50</u>	<u>\$ 4.91</u>	<u>\$ 4.92</u>
Diluted earnings per share attributable to Eastman	<u>\$ 1.53</u>	<u>\$ 1.49</u>	<u>\$ 4.86</u>	<u>\$ 4.89</u>
Shares (in millions) outstanding at end of period	115.9	118.6	115.9	118.6
Shares (in millions) used for earnings per share calculation				
Basic	116.4	118.5	117.0	118.7
Diluted	117.8	119.0	118.3	119.5

⁽¹⁾ Third quarter and first nine months 2024 includes inventory adjustment charges of \$7 million related to the planned closure of a solvent-based resins production line at an advanced interlayers facility in North America.

⁽²⁾ First nine 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").

⁽³⁾ First nine months 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

Table 2A – Segment Sales Information

	Third Quarter		First Nine Months	
	2024	2023	2024	2023
(Dollars in millions, unaudited)				
Sales by Segment				
Advanced Materials	\$ 787	\$ 746	\$ 2,330	\$ 2,227
Additives & Functional Products	744	670	2,166	2,194
Chemical Intermediates	593	527	1,631	1,630
Fibers	336	323	997	949
Total Sales by Segment	2,460	2,266	7,124	7,000
Other	4	1	13	3
Total Eastman Chemical Company	\$ 2,464	\$ 2,267	\$ 7,137	\$ 7,003

	Second Quarter
	2024
(Dollars in millions, unaudited)	
Sales by Segment	
Advanced Materials	\$ 795
Additives & Functional Products	718
Chemical Intermediates	515
Fibers	330
Total Sales by Segment	2,358
Other	5
Total Eastman Chemical Company	\$ 2,363

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Table 2B – Sales Revenue Change

(Unaudited)	Third Quarter 2024 Compared to Third Quarter 2023			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	5 %	8 %	(3) %	— %
Additives & Functional Products	11 %	11 %	— %	— %
Chemical Intermediates	13 %	7 %	6 %	— %
Fibers	4 %	2 %	2 %	— %
Total Eastman Chemical Company	9 %	8 %	1 %	— %

(Unaudited)	First Nine Months 2024 Compared to First Nine Months 2023			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	5 %	9 %	(4) %	— %
Additives & Functional Products	(1) %	4 %	(5) %	— %
Chemical Intermediates	— %	5 %	(5) %	— %
Fibers	5 %	3 %	3 %	(1) %
Total Eastman Chemical Company	2 %	6 %	(4) %	— %

(Unaudited)	Third Quarter 2024 Compared to Second Quarter 2024			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	(1) %	(1) %	— %	— %
Additives & Functional Products	4 %	4 %	— %	— %
Chemical Intermediates	15 %	13 %	2 %	— %
Fibers	2 %	2 %	— %	— %
Total Eastman Chemical Company	4 %	4 %	— %	— %

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2024	2023	2024	2023
Sales by Customer Location				
United States and Canada	\$ 1,032	\$ 966	\$ 2,995	\$ 3,031
Europe, Middle East, and Africa	640	602	1,949	1,946
Asia Pacific	653	576	1,807	1,654
Latin America	139	123	386	372
Total Eastman Chemical Company	\$ 2,464	\$ 2,267	\$ 7,137	\$ 7,003

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

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2024	2023	2024	2023
Advanced Materials				
Earnings before interest and taxes	\$ 100	\$ 93	\$ 335	\$ 278
Asset impairments, restructuring, and other charges, net ⁽²⁾	18	—	18	—
Cost of sales impact of restructuring activities ⁽²⁾	4	—	4	—
Excluding non-core item	122	93	357	278
Additives & Functional Products				
Earnings before interest and taxes	127	105	359	369
Cost of sales impact of restructuring activities ⁽²⁾	3	—	3	—
Excluding non-core item	130	105	362	369
Chemical Intermediates				
Earnings before interest and taxes	43	6	81	87
Fibers				
Earnings before interest and taxes	112	109	351	280
Asset impairments, restructuring, and other charges, net	—	—	—	6
Cost of sales impact of restructuring activities ⁽³⁾	—	—	—	23
Excluding non-core items	112	109	351	309
Other				
Loss before interest and taxes	(53)	(57)	(197)	(189)
Asset impairments, restructuring, and other charges net ⁽⁴⁾	12	—	23	16
Steam line incident (insurance proceeds) costs, net	—	—	—	(8)
Environmental and other costs ⁽⁵⁾	—	—	16	13
Excluding non-core and unusual items	(41)	(57)	(158)	(168)
Total Eastman Chemical Company				
Earnings before interest and taxes	329	256	929	825
Asset impairments, restructuring, and other charges, net	30	—	41	22
Cost of sales impact of restructuring activities	7	—	7	23
Steam line incident (insurance proceeds) costs, net	—	—	—	(8)
Environmental and other costs	—	—	16	13
Total earnings before interest and taxes excluding non-core and unusual items	\$ 366	\$ 256	\$ 993	\$ 875

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

⁽²⁾ Third quarter and first nine months 2024 includes asset impairment charges of \$5 million, severance charges of \$4 million, and site closure costs of \$9 million related to the planned closure of a solvent-based resins production line at an advanced interlayers facility in North America. In addition, third quarter and first nine months 2024 includes inventory adjustment charges of \$4 million and \$3 million in the Advanced Materials ("AM") segment and the Additives and Functional Products ("AFP") segment, respectively, related to this planned closure.

⁽³⁾ First nine months 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

⁽⁴⁾ Third quarter and first nine months 2024 includes charges of \$6 million related to growth and profitability improvement initiatives. Additionally, third quarter and first nine months 2024 includes severance charges of \$6 million and \$17 million, respectively, as part of corporate cost reduction initiatives.

⁽⁵⁾ 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)**

	Third Quarter		First Nine Months	
	2024	2023	2024	2023
(Dollars in millions, unaudited)				
Company Non-GAAP Earnings Before Interest and Taxes				
Reconciliations by Line Items				
Earnings before interest and taxes	\$ 329	\$ 256	\$ 929	\$ 825
Cost of sales	7	—	7	15
Asset impairments, restructuring, and other charges, net	30	—	41	22
Other (income) charges, net	—	—	16	13
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 366</u>	<u>\$ 256</u>	<u>\$ 993</u>	<u>\$ 875</u>

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

	Second Quarter
	2024
(Dollars in millions, unaudited)	
Advanced Materials	
Earnings before interest and taxes	\$ 131
Additives & Functional Products	
Earnings before interest and taxes	123
Chemical Intermediates	
Earnings before interest and taxes	22
Fibers	
Earnings before interest and taxes	122
Other	
Loss before interest and taxes	(61)
Environmental and other costs	16
Excluding non-core and unusual items	(45)
Total Eastman Chemical Company	
Earnings before interest and taxes	337
Environmental and other costs	16
Total earnings before interest and taxes excluding non-core and unusual items	\$ 353
Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items	
Earnings before interest and taxes	337
Other (income) charges, net	16
Total earnings before interest and taxes excluding non-core and unusual items	\$ 353

⁽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 2024 for description of second 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⁾

	Third Quarter				First Nine 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	\$ 122	15.5 %	\$ 93	12.5 %	\$ 357	15.3 %	\$ 278	12.5 %
Additives & Functional Products	130	17.5 %	105	15.7 %	362	16.7 %	369	16.8 %
Chemical Intermediates	43	7.3 %	6	1.1 %	81	5.0 %	87	5.3 %
Fibers	112	33.3 %	109	33.7 %	351	35.2 %	309	32.6 %
Total segment EBIT excluding non-core and unusual items	407	16.5 %	313	13.8 %	1,151	16.2 %	1,043	14.9 %
Other	(41)		(57)		(158)		(168)	
Total EBIT excluding non-core and unusual items	\$ 366	14.9 %	\$ 256	11.3 %	\$ 993	13.9 %	\$ 875	12.5 %

	Second Quarter	
	2024	
	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 131	16.5 %
Additives & Functional Products	123	17.1 %
Chemical Intermediates	22	4.3 %
Fibers	122	37.0 %
Total segment EBIT excluding non-core and unusual items	398	16.9 %
Other	(45)	
Total EBIT excluding non-core and unusual items	\$ 353	14.9 %

⁽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**

Third 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)	\$ 329	\$ 280	\$ 99	35 %	\$ 180	\$ 1.53
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments, restructuring, and other charges, net	30	30	8		22	0.19
Cost of sales impact of restructuring activities	7	7	2		5	0.04
Interim adjustment to tax provision ⁽²⁾	—	—	(59)		59	0.50
Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)	<u>\$ 366</u>	<u>\$ 317</u>	<u>\$ 50</u>	16 %	<u>\$ 266</u>	<u>\$ 2.26</u>
Third 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)	\$ 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>

⁽¹⁾ See [Table 3A](#) for description of third 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 third quarter 2024 and 2023 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 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)	\$ 929	\$ 781	\$ 204	26 %	\$ 575	\$ 4.86
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments, restructuring, and other charges, net	41	41	11		30	0.27
Cost of sales impact of restructuring activities	7	7	2		5	0.04
Environmental and other costs	16	16	3		13	0.10
Interim adjustment to tax provision ⁽²⁾	—	—	(89)		89	0.75
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 993</u>	<u>\$ 845</u>	<u>\$ 131</u>	16 %	<u>\$ 712</u>	<u>\$ 6.02</u>
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, restructuring, and other charges, net	22	22	4		18	0.14
Cost of sales impact of restructuring activities	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)	<u>\$ 875</u>	<u>\$ 712</u>	<u>\$ 103</u>	15 %	<u>\$ 608</u>	<u>\$ 5.09</u>

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

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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)	<u>\$ 353</u>	<u>\$ 303</u>	<u>\$ 46</u>	16 %	<u>\$ 256</u>	<u>\$ 2.15</u>

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

Table 4B - Adjusted Effective Tax Rate Calculation

	First Nine Months ⁽¹⁾	
	2024	2023
Effective tax rate	26 %	12 %
Tax impact of current year non-core and unusual items ⁽²⁾	2 %	1 %
Changes in tax contingencies and valuation allowances	(1)%	1 %
Forecasted full year impact of expected tax events ⁽³⁾	(11)%	1 %
Forecasted full year adjusted effective tax rate	<u>16 %</u>	<u>15 %</u>

⁽¹⁾ Effective tax rate percentages are rounded to the nearest whole percent. The forecasted full year effective tax rates are 15.5 percent and 14.5 percent in first nine months 2024 and 2023, 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.

⁽³⁾ Expected future tax events may include finalization of tax returns; federal, state, and foreign examinations or the expiration of statutes of limitation; and corporate restructurings.

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Table 5 – Statements of Cash Flows

(Dollars in millions, unaudited)	Third Quarter		First Nine Months	
	2024	2023	2024	2023
Operating activities				
Net earnings	\$ 181	\$ 179	\$ 577	\$ 585
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	127	120	380	380
Asset impairment charges	5	—	5	—
Benefit from deferred income taxes	(39)	(63)	(76)	(156)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	(16)	35	(154)	68
(Increase) decrease in inventories	16	220	(222)	147
Increase (decrease) in trade payables	(53)	(73)	36	(363)
Pension and other postretirement contributions (in excess of) less than expenses	(10)	(10)	(39)	(39)
Variable compensation payments (in excess of) less than expenses	64	24	44	73
Other items, net	121	82	196	227
Net cash provided by operating activities	396	514	747	922
Investing activities				
Additions to properties and equipment	(120)	(236)	(420)	(649)
Proceeds from sale of businesses	—	22	—	38
Acquisition, net of cash acquired	—	2	—	(74)
Additions to capitalized software	(1)	—	(4)	(4)
Other items, net	19	30	22	9
Net cash used in investing activities	(102)	(182)	(402)	(680)
Financing activities				
Net (decrease) increase in commercial paper and other borrowings	—	(204)	—	73
Proceeds from borrowings	495	—	1,237	796
Repayment of borrowings	(498)	—	(1,039)	(808)
Dividends paid to stockholders	(95)	(94)	(285)	(282)
Treasury stock purchases	(100)	—	(200)	(50)
Other items, net	4	(1)	14	(24)
Net cash used in financing activities	(194)	(299)	(273)	(295)
Effect of exchange rate changes on cash and cash equivalents	8	(4)	2	(1)
Net change in cash and cash equivalents	108	29	74	(54)
Cash and cash equivalents at beginning of period	514	410	548	493
Cash and cash equivalents at end of period	\$ 622	\$ 439	\$ 622	\$ 439

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	September 30,	December 31,
	2024	2023
Total borrowings	\$ 5,054	\$ 4,846
Less: Cash and cash equivalents	622	548
Net debt ⁽¹⁾	\$ 4,432	\$ 4,298

⁽¹⁾ Includes non-cash increase of \$8 million in 2024 and non-cash increase of \$20 million in 2023 resulting from foreign currency exchange rates.