

**FINANCIAL INFORMATION****April 28, 2022**

For Eastman Chemical Company First Quarter 2022 Financial Results Release

**Table of Contents**

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

**Table 1 – Statements of Earnings**

	First Quarter	
	2022	2021
(Dollars in millions, except per share amounts; unaudited)		
Sales	\$ 2,714	\$ 2,409
Cost of sales <sup>(1)</sup>	2,164	1,811
Gross profit	550	598
Selling, general and administrative expenses	196	184
Research and development expenses	65	58
Asset impairments and restructuring charges, net	2	7
Other components of post-employment (benefit) cost, net	(31)	(36)
Other (income) charges, net	(12)	(4)
Gain on divested business <sup>(2)</sup>	(3)	—
Earnings before interest and taxes	333	389
Net interest expense	46	50
Earnings before income taxes	287	339
Provision for income taxes	51	62
Net earnings	236	277
Less: Net earnings attributable to noncontrolling interest	1	3
Net earnings attributable to Eastman	\$ 235	\$ 274
Basic earnings per share attributable to Eastman	\$ 1.82	\$ 2.01
Diluted earnings per share attributable to Eastman	\$ 1.80	\$ 1.99
Shares (in millions) outstanding at end of period	128.9	136.3
Shares (in millions) used for earnings per share calculation		
Basic	129.0	136.1
Diluted	130.7	137.6

- <sup>(1)</sup> First quarter 2022 includes \$25 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"). See "Kingsport Steam Line Incident" and Tables 3A and 4A.
- <sup>(2)</sup> Sale of rubber additives (including Crystex™ insoluble sulfur and Santoflex™ antidegradants) and other product lines and related assets and technology of the global tire additives business of the Additives & Functional Products ("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**

	First Quarter	
	2022	2021
(Dollars in millions, unaudited)		
Sales by Segment		
Additives & Functional Products	\$ 805	\$ 609
Advanced Materials	737	716
Chemical Intermediates	799	605
Fibers	213	217
Total Sales by Segment	2,554	2,147
Other <sup>(1)</sup>	160	262
<b>Total Eastman Chemical Company</b>	<b>\$ 2,714</b>	<b>\$ 2,409</b>

<sup>(1)</sup> "Other" includes sales revenue and earnings before interest and taxes ("EBIT") from the divested rubber additives and held for sale adhesives resins businesses previously part of the AFP segment. See [Current Report on Form 8-K](#) furnished on April 18, 2022.

**Table 2B – Sales Revenue Change**

	First Quarter 2022 Compared to First Quarter 2021			
	Revenue % Change	Change in Sales Revenue Due To		
		Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
(Unaudited)				
Additives & Functional Products <sup>(1)</sup>	32 %	10 %	25 %	(3) %
Advanced Materials	3 %	(6) %	10 %	(1) %
Chemical Intermediates	32 %	1 %	33 %	(2) %
Fibers	(2) %	(9) %	7 %	— %
Other <sup>(1)</sup>	(39) %	(50) %	11 %	— %
Total Eastman Chemical Company	13 %	(5) %	19 %	(1) %

<sup>(1)</sup> See [Table 2A](#) Note 1.

**Table 2C – Sales by Customer Location**

	First Quarter	
	2022	2021
(Dollars in millions, unaudited)		
Sales by Customer Location		
United States and Canada	\$ 1,198	\$ 1,004
Europe, Middle East, and Africa	745	656
Asia Pacific	612	608
Latin America	159	141
<b>Total Eastman Chemical Company</b>	<b>\$ 2,714</b>	<b>\$ 2,409</b>

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

(Dollars in millions, unaudited)	First Quarter	
	2022	2021
<b>Additives &amp; Functional Products</b>		
Earnings before interest and taxes <sup>(2)</sup>	\$ 145	\$ 107
<b>Advanced Materials</b>		
Earnings before interest and taxes	61	146
Asset impairments and restructuring charges, net <sup>(3)</sup>	1	1
Accelerated depreciation	—	4
Excluding non-core items	62	151
<b>Chemical Intermediates</b>		
Earnings before interest and taxes	134	69
Asset impairments and restructuring charges, net <sup>(4)</sup>	1	4
Excluding non-core items	135	73
<b>Fibers</b>		
Earnings before interest and taxes	24	45
<b>Other</b>		
Earnings (loss) before interest and taxes <sup>(2)</sup>	(31)	22
Asset impairments and restructuring charges, net	—	2
Steam line incident costs, net of insurance proceeds <sup>(5)</sup>	25	
Transaction costs net of gain on divested business <sup>(6)</sup>	6	—
Excluding non-core and unusual items	—	24
<b>Total Eastman Chemical Company</b>		
Earnings before interest and taxes	333	389
Asset impairments and restructuring charges, net	2	7
Transaction costs net of gain on divested business	6	—
Steam line incident costs, net of insurance proceeds	25	
Accelerated depreciation	—	4
Total earnings before interest and taxes excluding non-core and unusual items	\$ 366	\$ 400
<b>Company Non-GAAP Earnings Before Interest and Taxes Reconciliations by Line Items</b>		
Earnings before interest and taxes	\$ 333	\$ 389
Costs of sales	25	4
Selling, general and administrative expenses	9	—
Asset impairments and restructuring charges, net	2	7
(Gain) loss on divested business	(3)	—
Total earnings before interest and taxes excluding non-core and unusual items	\$ 366	\$ 400

<sup>(1)</sup> See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Quarterly Report on Form 10-Q](#) for first quarter 2021 for description of first quarter 2021 non-core items.

<sup>(2)</sup> See [Table 2A](#) Note 1.

<sup>(3)</sup> Site closure costs in first quarter 2022 due to the previously reported closure of an advanced interlayers manufacturing facility in North America as part of ongoing site optimization.

<sup>(4)</sup> Site closure costs in first quarter 2022 of \$1 million in the Chemical Intermediates ("CI") segment resulting from the previously reported plan to discontinue production of certain products at the Singapore manufacturing site.

<sup>(5)</sup> See [Table 1](#) Note 1.

<sup>(6)</sup> See [Table 1](#) Note 2.

**Table 3B - Segment Non-GAAP Earnings Before Interest and Taxes Margins<sup>(1)(2)</sup>**

(Dollars in millions, unaudited)

	First Quarter			
	2022		2021	
	Adjusted EBIT	Adjusted EBIT Margin	Adjusted EBIT	Adjusted EBIT Margin
Additives & Functional Products <sup>(3)</sup>	\$ 145	18.0 %	\$ 107	17.6 %
Advanced Materials	62	8.4 %	151	21.1 %
Chemical Intermediates	135	16.9 %	73	12.1 %
Fibers	24	11.3 %	45	20.7 %
Total segment EBIT excluding non-core and unusual items	366	14.3 %	376	17.5 %
Other <sup>(3)</sup>	—		24	
Total EBIT excluding non-core and unusual items	<u>\$ 366</u>	<u>13.5 %</u>	<u>\$ 400</u>	<u>16.6 %</u>

<sup>(1)</sup> For identification of excluded non-core and unusual items and reconciliations to GAAP EBIT, see [Table 3A](#).

<sup>(2)</sup> Adjusted EBIT margin is non-GAAP EBIT divided by GAAP sales. See [Table 2A](#) for sales.

<sup>(3)</sup> See [Table 2A](#) Note 1.

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

First Quarter 2022						
(Dollars in millions, except per share amounts, unaudited)	<b>Earnings Before Interest and Taxes</b>	<b>Earnings Before Income Taxes</b>	<b>Provision for Income Taxes</b>	<b>Effective Income Tax Rate</b>	<b>Net Earnings Attributable to Eastman</b>	
					<b>After Tax</b>	<b>Per Diluted Share</b>
<b>As reported (GAAP)</b>	\$ 333	\$ 287	\$ 51	18 %	\$ 235	\$ 1.80
<b>Non-Core and Unusual Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	2	2	1		1	—
Transaction costs net of gain on divested business	6	6	(2)		8	0.07
Steam line incident costs, net of insurance proceeds	25	25	6		19	0.14
Interim adjustment to tax provision <sup>(2)</sup>	—	—	(6)		6	0.05
<b>Non-GAAP (Excluding non-core and unusual items and with adjusted provision for income taxes)</b>	<b>\$ 366</b>	<b>\$ 320</b>	<b>\$ 50</b>	<b>16 %</b>	<b>\$ 269</b>	<b>\$ 2.06</b>
First Quarter 2021						
(Dollars in millions, except per share amounts, unaudited)	<b>Earnings Before Interest and Taxes</b>	<b>Earnings Before Income Taxes</b>	<b>Provision for Income Taxes</b>	<b>Effective Income Tax Rate</b>	<b>Net Earnings Attributable to Eastman</b>	
					<b>After Tax</b>	<b>Per Diluted Share</b>
<b>As reported (GAAP)</b>	\$ 389	\$ 339	\$ 62	18 %	\$ 274	\$ 1.99
<b>Non-Core Items:</b> <sup>(1)</sup>						
Asset impairments and restructuring charges, net	7	7	1		6	0.04
Accelerated depreciation	4	4	1		3	0.02
Interim adjustment to tax provision <sup>(2)</sup>	—	—	(10)		10	0.08
<b>Non-GAAP (Excluding non-core items and with adjusted provision for income taxes)</b>	<b>\$ 400</b>	<b>\$ 350</b>	<b>\$ 54</b>	<b>16 %</b>	<b>\$ 293</b>	<b>\$ 2.13</b>

<sup>(1)</sup> See [Table 3A](#) for description of first 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.

<sup>(2)</sup> The adjusted provision for income taxes for first quarter 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 Three Months <sup>(1)</sup>	
	2022	2021
Effective tax rate	18 %	18 %
Discrete tax items <sup>(2)</sup>	1 %	2 %
Tax impact of current year non-core and unusual items <sup>(3)</sup>	1 %	1 %
Changes in tax contingencies and valuation allowances	(1)%	(1)%
Forecasted full year impact of expected tax events	(3)%	(4)%
Forecasted full year adjusted effective tax rate	<u>16 %</u>	<u>16 %</u>

- <sup>(1)</sup> 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 three months 2022 and 2021.
- <sup>(2)</sup> "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 tax items for both first three months 2022 and 2021 are for share based compensation expense and adjustments to certain prior year tax returns.
- <sup>(3)</sup> 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)	<b>First Three Months</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net earnings	\$ 236	\$ 277
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	121	149
Gain on divested business	(3)	—
Provision for (benefit from) deferred income taxes	(24)	2
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in trade receivables	(127)	(211)
(Increase) decrease in inventories	(184)	(144)
Increase (decrease) in trade payables	152	197
Pension and other postretirement contributions (in excess of ) less than expenses	(43)	(53)
Variable compensation payments (in excess of) less than expenses	(168)	(78)
Other items, net	57	77
<b>Net cash provided by operating activities</b>	<b>17</b>	<b>216</b>
<b>Investing activities</b>		
Additions to properties and equipment	(112)	(91)
Additions to capitalized software	(3)	(6)
Other items, net	(2)	(2)
<b>Net cash used in investing activities</b>	<b>(117)</b>	<b>(99)</b>
<b>Financing activities</b>		
Net increase (decrease) in commercial paper and other borrowings	236	(25)
Dividends paid to stockholders	(98)	(94)
Treasury stock purchases	—	(40)
Proceeds from stock option exercises and other items, net	(9)	22
<b>Net cash provided by (used in) financing activities</b>	<b>129</b>	<b>(137)</b>
Effect of exchange rate changes on cash and cash equivalents	(1)	(4)
Net change in cash and cash equivalents	28	(24)
Cash and cash equivalents at beginning of period	459	564
Cash and cash equivalents at end of period	<b>\$ 487</b>	<b>\$ 540</b>

**Table 6 – Total Borrowings to Net Debt Reconciliations**

(Dollars in millions, unaudited)	<b>March 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
Total borrowings	\$ 5,363	\$ 5,159
Less: Cash and cash equivalents	487	459
Net debt <sup>(1)</sup>	<b>\$ 4,876</b>	<b>\$ 4,700</b>

<sup>(1)</sup> Includes a non-cash decrease of \$30 million in 2022 and a non-cash decrease of \$113 million in 2021 resulting from foreign currency exchange rates.