

FINANCIAL INFORMATION**February 1, 2024**

For Eastman Chemical Company Fourth Quarter and Full Year 2023 Financial Results Release

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Table 1 – Statements of Earnings

	Fourth Quarter		Twelve Months	
	2023	2022	2023	2022
(Dollars in millions, except per share amounts; unaudited)				
Sales	\$ 2,207	\$ 2,373	\$ 9,210	\$ 10,580
Cost of sales ⁽¹⁾⁽²⁾	1,743	1,997	7,149	8,443
Gross profit	464	376	2,061	2,137
Selling, general and administrative expenses	191	172	727	726
Research and development expenses	57	64	239	264
Asset impairments and restructuring charges, net	15	29	37	52
Other components of post-employment (benefit) cost, net	49	(6)	41	(101)
Other (income) charges, net	(2)	(9)	38	(6)
Net (gain) loss on divested businesses ⁽³⁾	(323)	50	(323)	43
Earnings before interest and taxes	477	76	1,302	1,159
Net interest expense	52	48	215	182
Earnings before income taxes	425	28	1,087	977
Provision for income taxes	114	26	191	181
Net earnings	311	2	896	796
Less: Net earnings attributable to noncontrolling interest	1	1	2	3
Net earnings attributable to Eastman	<u>\$ 310</u>	<u>\$ 1</u>	<u>\$ 894</u>	<u>\$ 793</u>
Basic earnings per share attributable to Eastman	<u>\$ 2.63</u>	<u>\$ 0.01</u>	<u>\$ 7.54</u>	<u>\$ 6.42</u>
Diluted earnings per share attributable to Eastman	<u>\$ 2.61</u>	<u>\$ 0.01</u>	<u>\$ 7.49</u>	<u>\$ 6.35</u>
Shares (in millions) outstanding at end of period	117.3	118.8	117.3	118.8
Shares (in millions) used for earnings per share calculation				
Basic	118.0	119.5	118.6	123.5
Diluted	118.7	120.5	119.4	124.9

⁽¹⁾ Twelve months 2023 includes \$8 million insurance proceeds, net of costs, fourth quarter 2022 included \$3 million insurance proceeds, net of costs, and twelve months 2022 included \$39 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⁾ Twelve months 2023 includes \$23 million accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

⁽³⁾ Fourth quarter and twelve months 2023 related to the sale of the Company's operations in Texas City, Texas, (excluding the plasticizers operations ("Texas City Operations")). Fourth quarter and twelve 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)	Fourth Quarter		Twelve Months	
	2023	2022	2023	2022
Sales by Segment				
Advanced Materials	\$ 705	\$ 736	\$ 2,932	\$ 3,207
Additives & Functional Products ⁽¹⁾	640	756	2,834	3,475
Chemical Intermediates ⁽¹⁾	513	564	2,143	2,716
Fibers	346	317	1,295	1,022
Total Sales by Segment	2,204	2,373	9,204	10,420
Other ⁽²⁾	3	—	6	160
Total Eastman Chemical Company	\$ 2,207	\$ 2,373	\$ 9,210	\$ 10,580

⁽¹⁾ Fourth quarter and twelve 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 twelve months 2022 includes sales revenue and EBIT from a previously divested business.

(Dollars in millions, unaudited)	Third Quarter 2023
Sales by Segment	
Advanced Materials	\$ 746
Additives & Functional Products	670
Chemical Intermediates	527
Fibers	323
Total Sales by Segment	2,266
Other	1
Total Eastman Chemical Company	\$ 2,267

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Table 2B – Sales Revenue Change

(Unaudited)	Fourth Quarter 2023 Compared to Fourth Quarter 2022			
	Change in Sales Revenue Due To			
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect
Advanced Materials	(4) %	(5) %	1 %	— %
Additives & Functional Products	(15) %	(6) %	(10) %	1 %
Chemical Intermediates	(9) %	7 %	(16) %	— %
Fibers	9 %	(4) %	13 %	— %
Total Eastman Chemical Company ⁽¹⁾	(7) %	(2) %	(5) %	— %

(Unaudited)	Twelve Months 2023 Compared to Twelve Months 2022				
	Change in Sales Revenue Due To				
	Revenue % Change	Volume / Product Mix Effect	Price Effect	Exchange Rate Effect	Divested Business Effect
Advanced Materials	(9) %	(11) %	3 %	(1) %	— %
Additives & Functional Products	(18) %	(13) %	(5) %	— %	— %
Chemical Intermediates	(21) %	(8) %	(13) %	— %	— %
Fibers	27 %	1 %	26 %	— %	— %
Total Eastman Chemical Company ⁽¹⁾	(13) %	(9) %	(2) %	— %	(2) %

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

(Unaudited)	Fourth Quarter 2023 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) %	(3) %	(1) %	(1) %
Additives & Functional Products	(4) %	(2) %	(1) %	(1) %
Chemical Intermediates	(2) %	— %	(2) %	— %
Fibers	7 %	7 %	— %	— %
Total Eastman Chemical Company	(2) %	(1) %	(1) %	— %

Table 2C – Sales by Customer Location

(Dollars in millions, unaudited)	Fourth Quarter		Twelve Months	
	2023	2022	2023	2022
Sales by Customer Location				
United States and Canada	\$ 907	\$ 1,034	\$ 3,938	\$ 4,738
Europe, Middle East, and Africa	612	677	2,558	2,783
Asia Pacific	573	531	2,227	2,443
Latin America	115	131	487	616
Total Eastman Chemical Company	<u>\$ 2,207</u>	<u>\$ 2,373</u>	<u>\$ 9,210</u>	<u>\$ 10,580</u>

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

(Dollars in millions, unaudited)	Fourth Quarter		Twelve Months	
	2023	2022	2023	2022
Advanced Materials				
Earnings before interest and taxes	\$ 65	\$ 43	\$ 343	\$ 376
Asset impairments and restructuring charges, net	—	—	—	19
Excluding non-core item	65	43	343	395
Additives & Functional Products				
Earnings before interest and taxes	67	76	436	546
Chemical Intermediates				
Earnings before interest and taxes	347	24	434	346
Asset impairments and restructuring charges, net	—	—	—	3
Gain on divested business ⁽³⁾	(323)	—	(323)	—
Excluding non-core items	24	24	111	349
Fibers				
Earnings before interest and taxes	113	49	393	131
Asset impairments and restructuring charges, net ⁽⁴⁾	—	9	6	9
Accelerated depreciation ⁽⁴⁾	—	—	23	—
Excluding non-core items	113	58	422	140
Other				
Loss before interest and taxes	(115)	(116)	(304)	(240)
Mark-to-market pension and other postretirement benefit plans loss, net	53	22	53	19
Asset impairments and restructuring charges, net ⁽⁵⁾	15	20	31	21
Steam line incident (insurance proceeds) costs, net ⁽⁶⁾	—	(3)	(8)	39
Loss on divested business and transaction costs ⁽³⁾	—	53	—	61
Environmental and other costs ⁽⁷⁾	—	—	13	15
Adjustments to contingent considerations	—	(6)	—	(6)
Excluding non-core and unusual items	(47)	(30)	(215)	(91)
Total Eastman Chemical Company				
Earnings before interest and taxes	477	76	1,302	1,159
Mark-to-market pension and other postretirement benefit plans loss, net	53	22	53	19
Asset impairments and restructuring charges, net	15	29	37	52
Steam line incident (insurance proceeds) costs, net	—	(3)	(8)	39
Net (gain) loss on divested businesses and transaction costs	(323)	53	(323)	61
Accelerated depreciation	—	—	23	—
Environmental and other costs	—	—	13	15
Adjustments to contingent considerations	—	(6)	—	(6)
Total earnings before interest and taxes excluding non-core and unusual items	<u>\$ 222</u>	<u>\$ 171</u>	<u>\$ 1,097</u>	<u>\$ 1,339</u>

⁽¹⁾ See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the [Annual Report on Form 10-K](#) for 2022 for description of 2022 non-core and unusual items.

⁽²⁾ See [Table 2A](#) Note 1.

⁽³⁾ See [Table 1](#) Note 3.

⁽⁴⁾ Site closure costs and accelerated depreciation related to the closure of an acetate yarn manufacturing facility in Europe.

⁽⁵⁾ Severance charges as part of corporate cost reduction actions.

⁽⁶⁾ See [Table 1](#) Note 1.

⁽⁷⁾ 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)**

	Fourth Quarter		Twelve 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	\$ 477	\$ 76	\$ 1,302	\$ 1,159
Cost of sales	—	(3)	15	39
Selling, general and administrative expenses	—	3	—	18
Asset impairments and restructuring charges, net	15	29	37	52
Other components of post-employment (benefit) cost, net	53	22	53	19
Other (income) charges, net	—	(6)	13	9
Net (gain) loss on divested businesses	(323)	50	(323)	43
Total earnings before interest and taxes excluding non-core and unusual items	\$ 222	\$ 171	\$ 1,097	\$ 1,339

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

	Third Quarter
	2023
(Dollars in millions, unaudited)	
Advanced Materials	
Earnings before interest and taxes	\$ 93
Additives & Functional Products	
Earnings before interest and taxes	105
Chemical Intermediates	
Earnings before interest and taxes	6
Fibers	
Earnings before interest and taxes	109
Other	
Loss before interest and taxes	(57)
Total Eastman Chemical Company	
Earnings before interest and taxes	<u>\$ 256</u>

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

(Dollars in millions, unaudited)	Fourth Quarter				Twelve 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	\$ 65	9.2 %	\$ 43	5.8 %	\$ 343	11.7 %	\$ 395	12.3 %
Additives & Functional Products ⁽³⁾	67	10.5 %	76	10.1 %	436	15.4 %	546	15.7 %
Chemical Intermediates ⁽³⁾	24	4.7 %	24	4.3 %	111	5.2 %	349	12.8 %
Fibers	113	32.7 %	58	18.3 %	422	32.6 %	140	13.7 %
Total segment EBIT excluding non-core and unusual items	269	12.2 %	201	8.5 %	1,312	14.3 %	1,430	13.7 %
Other	(47)		(30)		(215)		(91)	
Total EBIT excluding non-core and unusual items	<u>\$ 222</u>	10.1 %	<u>\$ 171</u>	7.2 %	<u>\$ 1,097</u>	11.9 %	<u>\$ 1,339</u>	12.7 %

(Dollars in millions, unaudited)	Third Quarter	
	2023	
	Adjusted EBIT	Adjusted EBIT Margin
Advanced Materials	\$ 93	12.5 %
Additives & Functional Products	105	15.7 %
Chemical Intermediates	6	1.1 %
Fibers	109	33.7 %
Total segment EBIT excluding non-core and unusual items	313	13.8 %
Other	(57)	
Total EBIT excluding non-core and unusual items	<u>\$ 256</u>	11.3 %

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

Fourth 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)	\$ 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>
Fourth Quarter 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)	\$ 76	\$ 28	\$ 26	95 %	\$ 1	\$ 0.01
Non-Core and Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	29	29	(1)		30	0.26
Mark-to-market pension and other postretirement benefit plans loss, net	22	22	5		17	0.14
Loss on divested business and transaction costs	53	53	3		50	0.40
Steam line incident (insurance proceeds) costs, net	(3)	(3)	—		(3)	(0.01)
Adjustments to contingent considerations	(6)	(6)	(2)		(4)	(0.04)
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>\$ 171</u>	<u>\$ 123</u>	<u>\$ 15</u>	13 %	<u>\$ 107</u>	<u>\$ 0.89</u>

⁽¹⁾ See [Table 3A](#) for description of fourth 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⁾ Fourth quarter 2023 and 2022 is a reconciliation of the adjustments made in interim quarters to reflect the previously forecasted full year effective tax rate.

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

Twelve 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)	\$ 1,302	\$ 1,087	\$ 191	18 %	\$ 894	\$ 7.49
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	37	37	5		32	0.26
Gain on divested business	(323)	(323)	(98)		(225)	(1.88)
Accelerated depreciation	23	23	3		20	0.17
Steam line incident (insurance proceeds) costs, net	(8)	(8)	(2)		(6)	(0.05)
Mark-to-market pension and other postretirement benefit plans loss, net	53	53	14		39	0.33
Environmental and other costs	13	13	4		9	0.08
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 1,097</u>	<u>\$ 882</u>	<u>\$ 117</u>	13 %	<u>\$ 763</u>	<u>\$ 6.40</u>
Twelve 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)	\$ 1,159	\$ 977	\$ 181	19 %	\$ 793	\$ 6.35
Non-Core or Unusual Items: ⁽¹⁾						
Asset impairments and restructuring charges, net	52	52	4		48	0.39
Loss on divested business and transaction costs	61	61	(32)		93	0.74
Mark-to-market pension and other postretirement benefit plans loss, net	19	19	5		14	0.12
Steam line incident costs (insurance proceeds), net	39	39	10		29	0.23
Environmental and other costs	15	15	4		11	0.09
Adjustments to contingent considerations	(6)	(6)	(2)		(4)	(0.04)
Non-GAAP (Excluding non-core and unusual items)	<u>\$ 1,339</u>	<u>\$ 1,157</u>	<u>\$ 170</u>	15 %	<u>\$ 984</u>	<u>\$ 7.88</u>

⁽¹⁾ See [Table 3A](#) for description of 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.

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

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)	\$ 256	\$ 199	\$ 23	12 %	\$ 175	\$ 1.47

⁽¹⁾ See [Table 3A](#) for description of third 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⁾ The adjusted provision for income taxes for third quarter 2023 was calculated applying the then forecasted full year effective tax rate.

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Table 5 – Statements of Cash Flows

(Dollars in millions, unaudited)	Fourth Quarter		Twelve Months	
	2023	2022	2023	2022
Operating activities				
Net earnings	\$ 311	\$ 2	\$ 896	\$ 796
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	118	117	498	477
Mark-to-market pension and other postretirement benefit plans loss, net	53	22	53	19
(Gain) loss on sale of assets	(15)	—	(15)	15
(Gain) loss on divested business	(323)	50	(323)	43
(Benefit from) provision for deferred income taxes	54	(82)	(102)	(136)
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:				
(Increase) decrease in trade receivables	58	204	126	93
(Increase) decrease in inventories	54	119	201	(430)
Increase (decrease) in trade payables	173	(127)	(190)	60
Pension and other postretirement contributions (in excess of) less than expenses	(27)	(34)	(66)	(149)
Variable compensation payments (in excess of) less than expenses	69	14	142	(103)
Other items, net	(73)	172	154	290
Net cash provided by operating activities	452	457	1,374	975
Investing activities				
Additions to properties and equipment	(179)	(203)	(828)	(611)
Proceeds from sale of businesses	418	—	456	998
Acquisition, net of cash acquired	(3)	—	(77)	(1)
Additions to capitalized software	(1)	(3)	(5)	(13)
Other items, net	13	—	22	19
Net cash provided by (used in) investing activities	248	(206)	(432)	392
Financing activities				
Net increase (decrease) in commercial paper and other borrowings	(399)	(29)	(326)	326
Proceeds from borrowings	—	—	796	500
Repayment of borrowings	—	—	(808)	(750)
Dividends paid to stockholders	(94)	(91)	(376)	(381)
Treasury stock purchases	(100)	(100)	(150)	(1,002)
Other items, net	—	(3)	(24)	(14)
Net cash used in financing activities	(593)	(223)	(888)	(1,321)
Effect of exchange rate changes on cash and cash equivalents	2	4	1	(12)
Net change in cash and cash equivalents	109	32	55	34
Cash and cash equivalents at beginning of period	439	461	493	459
Cash and cash equivalents at end of period	\$ 548	\$ 493	\$ 548	\$ 493

Table 6 – Total Borrowings to Net Debt Reconciliations

(Dollars in millions, unaudited)	December 31,	December 31,
	2023	2022
Total borrowings	\$ 4,846	\$ 5,151
Less: Cash and cash equivalents	548	493
Net debt ⁽¹⁾	<u>\$ 4,298</u>	<u>\$ 4,658</u>

⁽¹⁾ Includes non-cash increase of \$20 million in 2023 and non-cash decrease of \$85 million in 2022 resulting from foreign currency exchange rates.