

**Eastman 1Q 2024 Financial Results Prepared Remarks
April 25, 2024****Slides 1 and 2:**

This document provides the CEO's and CFO's prepared remarks for Eastman Chemical Company's first-quarter 2024 financial results. This is to be read with the first-quarter 2024 financial results news release along with the provided slides, which detail our first-quarter 2024 financial results. The aforementioned items were publicly issued and posted on our website (investors.eastman.com) after the close of NYSE trading on April 25, 2024. On April 26, 2024, at 8:00 a.m. ET, Mark Costa, Board Chair and CEO, and Willie McLain, Executive Vice President and CFO, will host a public question-and-answer session with industry analysts that is accessible on our website or by telephone as detailed in our financial results news release. This document, the accompanying slides, and the call/webcast that follows include certain forward-looking statements concerning our plans and expectations. Certain risks and uncertainties that may cause actual results to be different than our plans and expectations are or will be detailed in the company's first-quarter 2024 financial results news release, in the remarks in this document and in the accompanying slides, during the call, and in our filings with the Securities and Exchange Commission, including the Form 10-K filed for full-year 2023 and the Form 10-Q to be filed for first-quarter 2024. All earnings referenced in this presentation, the accompanying slides, and the call/webcast exclude certain non-core and unusual items. Reconciliations to the most directly comparable GAAP financial measures and other associated disclosures, including a description of the excluded and adjusted items, are available in the first-quarter 2024 financial results news release.

Slide 3 – 1Q 2024 highlights

We are building momentum on top of a strong first quarter that resulted in several key highlights. First, sales volume/mix and earnings trended above our original expectations in Advanced Materials and Additives & Functional Products. The improvement was across several key end markets and continues to support our expectations for solid volume growth this year.

Higher sales volume/mix was driven by reduced levels of customer inventory destocking and new application wins, as primary demand in discretionary end markets is not yet improving.

In our circular platform, we have hit a number of key milestones. In March, we achieved on-spec production and began generating revenue from our Kingsport methanolysis facility. The facility is the world's largest chemical recycling facility currently operating. We are incredibly proud to be a leader in the circular economy and show the world what is possible. We are ramping up utilization rates of the facility and continue to see a pathway to approximately \$75 million of incremental EBITDA in FY24 compared to FY23. Hundreds of Eastman employees with the support of their families have dedicated countless hours, including holidays and weekends, to make this project a success. We are grateful for their strong sense of ownership.

We also selected Longview, Texas, as the location of our second U.S.-based methanolysis facility. At the same time, we announced that our Texas project was selected by the U.S. Department of Energy (DOE) to receive up to \$375 million to help fund construction of the facility. We will share more on both projects on the next slides.

Moving to the cellulosic biopolymer platform, we recently announced a brand partnership with Patagonia to help close the loop on textile waste. Eastman will recycle pre- and post-consumer textile waste by breaking down Patagonia's unusable apparel into molecular building blocks that Eastman will use to make new fibers. These cellulosic fibers, sold under the brand name Naia™, are driving growth in our Fibers business this year. We also jointly announced with Sealed Air the launch of a compostable, lightweight tray designed as a drop-in replacement for traditional polystyrene foam trays in protein packaging that can work on existing, industrial food packaging equipment. The new tray is made from Eastman Aventa™ Renew compostable materials, which are produced from sustainably sourced wood pulp and acetyl sourced from a portfolio of recycled material. The tray can be composted in home and industrial environments. Our ability to tune the rate of biodegradability in the end of life is proving to be a compelling value proposition in these applications. These announcements are proof points of our value proposition as we build positive momentum in our Carbon Renewal Technology and our high-value cellulosic stream.

Lastly, we are proud to announce that we have earned the designation of VETS Indexes 4-Star Employer for 2024. The award recognizes Eastman's commitment to recruiting, hiring, retaining, developing, and supporting veterans along with the military-connected community. We are honored by this recognition from VETS Indexes for our commitment to supporting veterans, active-duty service members, and reservists and creating a welcoming environment for them at Eastman.

Slide 4 – Celebrating the startup of the world's largest chemical recycling facility

Moving next to an update on our circular economy platform. We are now in the exciting process of industrializing the world's largest chemical recycling facility. The plant has been fully commissioned, all key process steps have been functionally validated, on spec material has been produced, and we are producing material to support our customers' growth. Most importantly, our customers are recognizing commercial benefit from our innovation, and Eastman is realizing revenue.

We'd like to again recognize the outstanding work by the hundreds of dedicated Eastman team members who have worked tirelessly to overcome obstacles and get us to the current state of operation. There have been a variety of mechanical disruptions which have delayed our plans by about four weeks. We are proud to have worked through these challenges and to be operating the largest chemical recycling plant in the world, transforming polyester plastic waste into virgin-quality materials. The team will continue to leverage our technical and operational depth to accelerate up the learning curve, solve reliability challenges, increase the utilization rate, and expand the range of feedstocks we are using. And we continue to have a pathway to deliver approximately \$75 million of EBTIDA in 2024 vs 2023. We look forward to sharing continued progress on this facility throughout the year.

Slide 5 – Longview, Texas selected as the location of our second U.S.-based methanolysis facility

Next is an update on our second U.S. methanolysis facility. In March, the DOE selected Eastman to receive up to a \$375 million investment for our second U.S. molecular recycling

project, which is a significant validation of Eastman's leadership in the circular economy. We also announced that the project would be located in Longview, Texas, which is the site of our second-largest manufacturing facility.

Eastman was one of 33 companies out of approximately 400 to be selected by the DOE for award negotiations in Bipartisan Infrastructure Law and Inflation Reduction Act funding as part of the Industrial Demonstrations Program. The selection by the DOE of this project is intended to accelerate the demonstration of industry-leading, low-carbon intensity recycled PET. This funding enables expanding the scope of the project to include the deployment of thermal heat batteries and onsite solar power. When combined with our methanolysis technology, we can achieve a step-change improvement in decarbonizing PET resulting in recycled PET with greater than 70 percent reduced carbon emissions compared to fossil virgin production, and approximately 90 percent reduced carbon emissions when including avoided emissions.

Longview, Texas, was chosen as the site of our second U.S. methanolysis facility due to synergies with existing infrastructure and operations, favorable energy supply and footprint, and access to western and central U.S. feedstock pools. The investment will leverage the design of the current Kingsport facility to build Eastman's next recycling unit to depolymerize waste and a polymer facility to create virgin-quality materials for packaging and textiles.

Given the progress that has been made on incentives, the definitive supply agreement with PepsiCo to baseload the facility as well as additional contracts we are negotiating, and the progress we are making with the start-up of our Kingsport facility, we now expect to reach an investment decision for our Longview, Texas, project in third quarter 2024.

On our circular economy project in France, we are continuing to work through the milestones necessary to move forward with capital deployment. We remain confident in the feedstocks we have secured and the strong permit and incentive support of the French government. One of the other milestones is achieving definitive customer agreements for baseload volumes. Given the number of circular economy policies still being finalized in Europe, there is uncertainty with customers on how to proceed. We are fully engaged with

several key brands, but the negotiations have been slowed down due to this uncertainty. In addition, we are continuing to work with our engineering and construction partners on value engineering to address the inflation impacting capital estimates for the project. As a result, we are evaluating the timing of this project.

Slide 6 – Corporate

In first quarter 2024 compared to the fourth quarter 2023, revenue increased 5 percent due to 4 percent higher sales volume/mix and a 1 percent favorable shift in foreign currency. The volume growth was broad-based and included typical seasonal increases and reduced levels of destocking across many markets, including consumer durables, building and construction, agriculture, and personal care. Sales volume/mix turned positive on a year-over-year basis for the first time since third quarter 2022, and we are encouraged to see many signs that our order patterns are reconnecting to primary demand after unprecedented levels of customer inventory destocking over the past 18 months.

Adjusted EBIT increased 23 percent sequentially, driven by volume/mix improvement and improved asset utilization and lower planned maintenance. Price-cost was a headwind. We also remained disciplined on costs and are on track to offset normal annual inflation.

Adjusted EPS of \$1.61 exceeded our guidance range of \$1.30 to \$1.50. Stronger-than-expected volume/mix in the specialty businesses and strong earnings in Fibers were the main drivers of the outperformance. The solid performance on a corporate basis was partially offset by higher costs in Other associated with the delayed startup of the Kingsport methanolysis facility.

Slide 7 – Advanced Materials

In first quarter 2024 compared to the fourth quarter 2023, revenue increased 6 percent due to 6 percent higher sales volume/mix. All product lines improved as seasonal improvements in films and reduced levels of destocking in specialty plastics provided a sequential improvement in sales volume/mix. Adjusted EBIT increased to \$104 million due to higher sales volume/mix and lower manufacturing costs.

Compared to our guidance given in early February, demand for consumer durables products in specialty plastics trended favorably. We continue to see evidence that destocking has ended in this market, including for Tritan™, which had strong demand after many quarters of significant destocking.

Sales volume/mix was up 4 percent compared to last year. This growth was driven by reduced levels of destocking in specialty plastics, particularly in consumer durables. In the automotive end market, sales volume/mix was lower due to a strong first quarter 2023 that included an inventory build for performance films customers in China. Against the backdrop of flat global auto OEM production, we expect solid 2024 growth in our automotive applications in Advanced Materials.

As we move through the second quarter, we expect earnings to continue to improve from first-quarter levels for several reasons. First, typical seasonal patterns are materializing for both specialty plastics and automotive performance films product lines. Second, we are realizing more benefits from innovation-driven application wins in specialty plastics in this more stable demand environment. Third, pockets of destocking in medical are slowing. Offsetting these factors are costs moving into Advanced Materials from Other associated with the Kingsport methanolysis facility. When putting these factors together, we project Advanced Materials second-quarter adjusted EBIT will increase by approximately 25 percent compared with the first quarter.

For the full year, we are confident that second half earnings will be similar to the first half earnings. We expect the positive EBIT contribution from the Kingsport methanolysis facility will be mostly in the second half. We expect innovation-driven growth across several markets, creating our own growth against the backdrop of flat primary end-market demand. We also expect modest volume/mix improvement in the second half due to the end of destocking in medical. These factors should offset the seasonally low volume in the fourth quarter. When considering these factors, we project FY 2024 adjusted EBIT to be between \$460 and \$500 million.

Slide 8 – Additives & Functional Products

In first quarter 2024 compared to fourth quarter 2023, sales revenue increased 10 percent primarily due to 8 percent higher sales volume/mix. Seasonal improvements and reduced levels of destocking in agriculture and building and construction contributed to the sequential improvement. Adjusted EBIT increased due to the higher sales volume/mix.

Compared to our guidance, end-market trends in coatings additives and agriculture were mostly consistent with our expectations for modest seasonal improvements in primary demand. In agriculture, customer inventory destocking appears to be completing sooner than originally expected, leading to solid results in the first quarter. Our agriculture products are mostly exposed to North America, which is where we remain focused. Building and construction demand was also slightly ahead of expectations. Price-cost, which was expected to be a modest headwind, ultimately became a modest tailwind due to the flow through of lower variable costs and continued commercial excellence.

In the second quarter, agriculture demand is expected to be stable sequentially as stronger results in the first quarter lowered the typical step-up into the second quarter. In building and construction, we expect a mild seasonal lift in demand. Higher asset utilization will also be a benefit. When putting these factors together, we project Additives & Functional Products second-quarter adjusted EBIT to be modestly up compared to first quarter 2024.

In the second half of the year, we expect earnings to be slightly below first half levels. The main reason is related to typical seasonal patterns for both agriculture and building and construction, where the first half is usually stronger. Partially offsetting this seasonality is an expected improvement in specialty fluids due to a more normalized project fulfillment schedule. When netting these factors together, we project Additives & Functional Products FY 2024 adjusted EBIT to be between \$430 and \$450 million.

Slide 9 – Fibers

In first quarter 2024 compared to fourth quarter 2023, sales revenue decreased 4 percent due to 7 percent lower sales volume/mix, partially offset by 3 percent higher selling prices. The lower sales volume/mix was due to customer buying patterns for acetate tow.

While sequential volume declined, it ultimately trended slightly more favorably than expected and contributed to earnings ahead of our original expectations. EBIT increased slightly as lower raw material costs and higher selling prices more than offset lower sales volume/mix.

In the second quarter, we expect sales volume/mix and selling prices to be fairly stable, leading to our projection that adjusted EBIT will be similar to first quarter levels.

We have confidence that we can deliver a strong year. Our confidence is fueled by our expectations for solid results in our acetate tow business and strong expected earnings growth for our textiles platform. Naia™ continues to win in the marketplace and is now gaining critical mass. Textiles grew sales volume/mix by a strong double-digit percentage in the first quarter on a year-over-year basis. With solid margins, the growth in our textile platform continues to validate the strength of our sustainable value proposition.

When factoring in this strong textile growth and the stability of the acetate tow business, we project FY 2024 adjusted EBIT to be approximately \$450 million. The implied step-down in EBIT in the second half of the year is a result of first-half-weighted sales volumes due to customer buying patterns and higher manufacturing costs resulting from planned shutdowns in the second half of the year.

Slide 10 – Chemical Intermediates

In the first quarter 2024 compared to the fourth quarter 2023, sales revenue increased 2 percent due to 1 percent higher sales volume/mix and 1 percent higher selling prices. Adjusted EBIT decreased due to a decline in spreads. Compared to our expectations, higher costs for propane flowed into results and offset the benefit from lower natural gas costs. We also had modest headwinds associated with the winter storm in Texas that occurred in January, which resulted in slightly larger-than-expected volume constraints in the first quarter. And finally, purchased propylene prices were higher than expected due to a supplier outage. As a result, adjusted EBIT trended below original expectations.

As we move into the second quarter, we expect a seasonal lift in underlying demand and improved spreads for derivative products. Partially offsetting these tailwinds is a \$20

million unfavorable EBIT impact from manufacturing costs and volume limitations associated with planned maintenance. When putting these factors together, we project Chemical Intermediates second-quarter adjusted EBIT to be modestly higher compared to the first quarter.

For the full year, earnings in the second half of the year are expected to improve from first-half levels. Factors driving this improvement include improved volumes resulting from lower planned maintenance and the lack of destocking. In addition, we expect improved spreads due to typical seasonality and improving raw material and energy costs. When putting these factors together, we project adjusted EBIT for Chemical Intermediates to be around the full-year 2023 level of \$111 million.

Slide 11 – Cash flow and other financial highlights

Generating strong cash flow continues to be a priority for Eastman in 2024. In the first quarter, cash used in operating activities was \$16 million. We continue to expect normal seasonal patterns for our cash flow, with typical second-half weighting. Priorities for use of cash continue to be funding organic growth, paying our dividend, pursuing bolt-on M&A, and share repurchases.

In February, we issued \$750 million of notes due 2034 with a coupon of 5.625%. The majority of the net proceeds were used to repay existing debt. We continue to target net-debt to adjusted EBITDA of approximately 2.5 times and do not expect the need to further delever. We now expect net interest expense to be approximately \$205 million in 2024, lower than the previous expectation of \$215 million.

Capital expenditures are expected to be between \$700 and \$750 million in 2024, reflecting a staggered project timeline for both the Longview, Texas, and the French methanolysis facilities. Share repurchases are expected to total between \$200 and \$300 million in 2024. Our full-year 2024 forecasted adjusted effective tax rate remains unchanged at 15 percent to 16 percent.

Slide 12 – 2024 end-market outlook

Our expectations for primary end-market demand remain largely consistent with our expectations provided in early February. We are encouraged to see continued signs that destocking has ended, and our sales volume is reconnecting back to primary end-market demand. In particular, destocking is complete in consumer durables, agriculture, building and construction, and personal care. In medical, some destocking is continuing into the second quarter, but should be completed as we move into the second half. In the second quarter, we are expecting typical seasonal increases in consumer durables and building and construction. In auto, our outlook on global OEM production remains unchanged, with an expectation for flat global builds. We expect to outperform the underlying market due to innovation-driven leverage to premium autos and electric vehicles. In agriculture, solid demand in the first quarter due to the faster-than-expected completion of destocking is leading to stable demand in the second quarter. We will also benefit from modest market growth in many stable end markets.

Slide 13 – 2024 outlook

Our expectations for 2024 remain on track after delivering a strong first quarter. Drivers of earnings improvement remain largely unchanged from our fourth-quarter 2023 expectations. We expect sales volume growth to be the primary driver of earnings improvement as we are reconnecting to primary demand after several quarters of significant destocking. Looking forward, primary demand in key markets and geographies remains uncertain. In this context, our innovation-driven growth model, including our circular products, is creating our own growth. In total, we expect volume growth and mix improvement will have a greater than \$150 million impact on full-year EBIT.

Volume/mix tailwinds for the year include:

- Sales volume/mix from reduced levels of customer inventory destocking, which is expected to provide a strong improvement to earnings.
- New application wins through our innovation-driven growth model.

- We expect the global auto market to be stable in 2024 relative to 2023, but we expect our growth to be above the underlying end market as we benefit from our investment in innovation.
- The Kingsport methanolysis facility, from which we see a pathway to deliver approximately \$75 million of incremental EBITDA growth with the benefit mostly in the back half of the year.

The total full-year impact of improved asset utilization in 2024 is still expected to be approximately \$100 million, and on a year-over-year basis, the impact will be completely in the back half of the year. We continue to remain disciplined on cost management as we offset inflation. And finally, we expect a higher level of share repurchases in 2024 compared with 2023.

Partially offsetting these growth drivers are a few expected headwinds. First, we are projecting unfavorable price-cost, particularly in acetyls in Chemical Intermediates. Second, we expect approximately \$50 million of higher costs as we continue to invest in growth and capability development. Third, we expect higher depreciation expense of approximately \$30 million related to the investments we are making in growth, including the Kingsport methanolysis facility and new capacity for performance films in Germany and China. Fourth, we expect lower earnings in heat transfer fluids within Additives & Functional Products due to the timing of project completions. And finally, a divested business and a discontinued product line are headwinds in Chemical Intermediates.

Taking this all together, we continue to expect adjusted EPS to be between \$7.25 and \$8.00, which would be strong growth relative to 2023. We also expect full-year 2024 operating cash flow to be approximately \$1.4 billion as higher cash earnings are expected to offset a natural increase in working capital associated with improved sales volume.

Looking specifically at second quarter 2024, our expectations have not changed since our last call in early February. Sequentially, we expect volume/mix growth in the specialty segments consistent with normal seasonal patterns as well as an improvement in price-cost.

We also expect lower costs in Other as we ramp up utilization of our Kingsport methanolysis facility, partially offset by higher planned manufacturing maintenance costs. In the second quarter, Other is expected to be approximately negative \$55 million. Taken together, we expect second-quarter adjusted EPS to be approximately \$2.00.

In the second half of the year relative to the first half, we have an expectation that earnings should moderately improve from first-half levels as we benefit from lower variable costs, continued price discipline, contribution from our Kingsport methanolysis facility, and innovation-driven growth. Taken together, these factors more than offset normal seasonally lower sales volume.

Forward-looking statements

This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, volumes, pricing, margins, cost reductions, expenses, taxes, liquidity, capital expenditures, cash flow, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and statements regarding future economic, industry or market conditions or performance. Such projections and estimates are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans. Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are detailed in the company's filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov and the company's website at www.eastman.com.