

**Eastman Q1 2026 Financial Results Prepared Remarks  
April 30, 2026****Slides 1 and 2**

This document is the CEO's and CFO's prepared remarks for Eastman Chemical Company's first-quarter 2026 financial results. This is to be read with the first-quarter 2026 financial results news release along with the provided slides, which detail our first-quarter 2026 financial results. The aforementioned items were publicly issued and posted on our website (investors.eastman.com) after the close of NYSE trading on April 30, 2026. On May 1, 2026, 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 2026 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 2025 and the Form 10-Q to be filed for first quarter 2026. 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 2026 financial results news release.

**Slide 3 – 1Q 2026 highlights**

We delivered a solid first quarter that was in line with our expectations for both earnings and cash flow. We saw strong sequential sales volume/mix improvement of more than 10 percent in our specialty businesses, driven by normal seasonality, less caution from customers following year-end inventory management, and innovation-driven growth. We also drove 240 basis points of sequential adjusted EBIT margin improvement through better sales

volume and disciplined price-cost management. The Middle East conflict has significantly disrupted the chemical industry, and we took immediate action across many fronts. In response to substantial raw material inflation, we announced significant price increases across the portfolio to help protect price-cost in specialties and expand spreads in Chemical Intermediates. In addition, we leveraged our integrated and advantaged U.S. asset footprint and global reach to remain a reliable supplier to our customers in a dynamic global environment. And we continued to build momentum in the commercial ramp-up of the Kingsport methanolysis facility, which remains on track with our operational and financial goals.

At the same time, we maintained strong momentum against our key financial priorities, including year-over-year earnings growth, cost savings of \$125 million to \$150 million, net of inflation, and strong cash flow. One of the many ways we're driving cost savings and growth is through artificial intelligence. We're leveraging AI to strengthen how we compete and grow by embedding intelligence directly into our commercial, manufacturing, and innovation workflows. A strong example is in our commercial organization, where AI acts as a virtual coach, helping sellers prepare, engage customers, and capture insights at scale. In R&D, we are using AI to speed up innovation by identifying opportunities faster and by using molecular modeling to design solutions tailored to meet specific customer needs. In manufacturing, capabilities like digital twins and machine learning are advancing how we operate and maintain our assets and execute capital to improve quality, efficiency, and growth. These innovations, alongside a few others, were recently recognized with a CIO 100 Award. As we continue to integrate artificial intelligence into our workflows and business processes, we see meaningful opportunities for sustained growth and productivity over the next several years.

#### **Slide 4 – Well-positioned to navigate significant disruption created by the Middle East conflict**

As the conflict in the Middle East unfolded, the Eastman team sprang into action quickly and decisively to support our customers and protect supply continuity. First, we are advantaged with over 80 percent of our assets located in the U.S. and are vertically integrated to local sources of supply. For some critical raw materials, we made targeted purchases where we could see near-term demand growth. In most cases, we have multiple sources for the raw materials we buy to help ensure supply resiliency. As a result, we do not anticipate any significant

impacts from supply availability across our portfolio. In response to substantial and immediate inflation across our raw material basket, we raised prices across our portfolio. We are implementing price increases of approximately \$500 million for the remainder of 2026. We expect to expand spreads in Chemical Intermediates and keep pace with higher raw material and distribution costs in Advanced Materials and Additives and Functional Products. More broadly, our integrated U.S. asset footprint is a real advantage for Eastman because it positions us as a reliable supplier in a volatile global environment. Our assets can also create opportunities to capture incremental volume when competitors are constrained by raw material availability. Despite the volatility in our supply chains being created by the Middle East conflict, we are maintaining our disciplined approach and are laser focused on cost savings, cash flow, and capital allocation.

Altogether, the Middle East conflict is creating near-term net tailwinds for Eastman. Commodity market fundamentals have tightened substantially in a matter of weeks. In the specialty businesses, we are implementing price increases to offset higher raw material and distribution costs. In Fibers, some volume is at risk for customers in the Middle East.

### **Slide 5 – Corporate**

In first quarter compared to fourth quarter, sales revenue increased 10 percent, driven by a strong increase in sales volume/mix as a result of normal seasonal increases, application wins from innovation, and reduced customer caution after tariff-related destocking in 2025. At the corporate level, price-cost was neutral as modestly lower selling prices were offset by lower raw material costs. Higher-than-normal energy costs resulting from Winter Storm Fern were offset by the recognition of an expected refund for tariffs paid under IEEPA. We also benefited from lower shutdown costs in the quarter. Selling, general and administrative expense was a headwind, as variable compensation reset to a new year.

Operating cash flow was in line with our expectations and was a \$137 million use of cash in the first quarter. The increase in inventories was concentrated in AFP as we were preparing for a large shutdown. Inventories in Advanced Materials substantially declined to partially offset the build in other segments in connection to planned shutdowns.

**Slide 6 – Advanced Materials**

In first quarter compared to fourth quarter, Advanced Materials sales revenue increased 9 percent, driven by a 10 percent sequential increase in sales volume/mix from normal seasonality and reduced customer tariff-related destocking. Compared to our original expectations, sales revenue trends were in line as specialty plastics was somewhat ahead and films was somewhat below, driven by the weak underlying automotive market. EBIT increased due to higher sales volume/mix, partially offset by a higher-than-expected asset utilization headwind, modestly lower selling prices, and higher energy costs. The lower asset utilization was driven in part by some weather-related impacts in performance films and a continued effort to optimize inventory levels.

Looking ahead to the second quarter compared to the first quarter, we expect normal seasonal sales volume/mix increases across the segment. We also expect to continue to ramp revenue and earnings from the methanolysis facility. We do not believe there was much prebuying in the first quarter, as customer behavior varied and did not suggest any broad pattern of behavior. Some customers bought ahead, while others are taking a more cautious approach given the uncertain demand backdrop. We also expect price-cost through the quarter to keep pace with higher raw material and distribution costs. In addition, we expect improved asset utilization in the quarter as operations improve and seasonal demand increases, consistent with our strong order book. When combining all of these factors together, we expect Advanced Materials second-quarter adjusted EBIT to be substantially higher than first quarter.

Looking at full-year 2026, our outlook for Advanced Materials is largely consistent with what we outlined in January and continues to point to a stronger second half of the year. We continue to expect the circular platform to be a key growth driver and remain on track to deliver 4 percent to 5 percent revenue growth in Advanced Materials and approximately \$30 million of incremental earnings in 2026. The benefit from this platform will continue to ramp up throughout the year. More broadly, the segment will continue to benefit from innovation driving application wins and delivering above-market growth. The second half compared to the first half is also expected to benefit from improved asset utilization. We are also implementing

price increases to fully catch up to higher raw material and distribution costs by third quarter, creating a tailwind in the second half.

Headwinds include continued weakness in underlying demand for consumer discretionary end markets. For auto in particular, industry consultants continue to reduce their projections for OEM production and now project low-single-digit declines in 2026. Taking all of these factors together, we expect Advanced Materials to deliver significant year-over-year EBIT improvement in 2026, consistent with what we expected in January.

### **Slide 7 – Circular platform delivering growth and earnings in challenging market**

Moving to our circular platform, we are delivering growth and earnings in a challenging market environment. We remain on track to deliver 4 percent to 5 percent revenue growth in Advanced Materials and approximately \$30 million of incremental earnings in 2026. On the commercial front, the first quarter was another record for new business wins in durables, cosmetics, and beverage packaging, which reinforces the strength of the Renew value proposition. Our unparalleled performance, clarity, and virgin quality continue to be validated in every trial and across a range of applications. Operationally, the Kingsport methanolysis facility continued to operate well and remains on track with production targets. Taken together, this platform is uniquely positioned to address customers' need for circular solutions without any compromise in performance or quality. This continues to reinforce our confidence in our ability to achieve our targeted EBITDA growth of approximately \$200M from this platform over time.

### **Slide 8 – Additives & Functional Products**

In first quarter compared to fourth quarter, Additives & Functional Products sales revenue increased 12 percent, driven by an 11 percent increase in sales volume/mix from seasonal increases across the portfolio. Adjusted EBIT increased due to the higher volume/mix, the benefit from lower shutdown costs, and continued cost-reduction initiatives. Price-cost was stable. EBIT also benefited from lower shutdown expense in the quarter.

Compared to our original expectations, AFP performed better across all lines of the income statement, delivering strong performance on revenue and cost savings.

Looking ahead to the second quarter compared to the first quarter, we continue to see solid demand in our stable end markets like personal care, pharma, agriculture, and water treatment. We also expect the segment to benefit from the usual modest seasonal uplift in sales volume/mix. Price-cost is also expected to be positive as higher pricing adjusts in our cost-pass-through contracts. These tailwinds will be more than offset by an approximately \$15 million headwind from planned shutdown activity in the quarter. When putting these factors together, we are projecting AFP second-quarter EBIT to be slightly lower than first quarter.

In the second half compared to the first half, we are projecting a modest decline in volume. Like usual, we continue to expect modest seasonal declines in the second half of the year, including agriculture and building and construction. We also expect to drive growth from innovation in the semiconductor market leveraging our ultra-high purity EastaPure solvents. We also expect price-cost to remain well-managed as we work to offset higher raw material and distribution costs with higher selling prices. When putting these factors together, we continue to expect full-year 2026 adjusted EBIT to be similar to 2025.

**Slide 9 – Fibers**

In first quarter compared to fourth quarter, Fibers revenue declined 4 percent due to 2 percent lower sales volume/mix and 2 percent lower selling prices. Sales volume was modestly impacted by the Middle East conflict and by ongoing customer inventory destocking in acetate tow. Selling prices met expectations as some customer contracts renewed at modestly lower rates. EBIT decreased due to lower sales volume and lower price-cost due to lower selling prices and higher energy prices.

Looking ahead to the second quarter compared to the first quarter, we expect tow volume to improve modestly, but the Middle East conflict continues to create some volume risk. We also expect higher shutdown costs of about \$5 million in the quarter. When we put those factors together, we expect Fibers second-quarter EBIT to be similar to first quarter.

As we look to the second half, we expect earnings to be better than first half for a few reasons. First, we expect tow volume to increase throughout the year as many customers catch up on order quantities to hit annual contractual minimum commitments. However, the Middle

East conflict does create some volume risks for acetate tow as our customers assess how to operate in and export from the region. Second, we continue to take costs out of the business and are optimizing across our production lines at our Tennessee Operations to structurally lower costs. And finally, we are also taking actions to drive above-market growth of our high-value Naia filament business. While we continue to expect modest growth in textiles, the Middle East conflict is negatively impacting global textiles demand. On a full-year basis, we are not realizing the utilization benefit we expected from volume growth across the stream. When considering all these factors together, we project full-year 2026 adjusted EBIT for Fibers to be in the range of \$210 million to \$240 million.

**Slide 10 – Chemical Intermediates**

In first quarter compared to fourth quarter, Chemical Intermediates sales revenue increased 18 percent, driven by a 17 percent increase in sales volume/mix and a 1 percent increase in selling prices. The volume improvement reflected normal seasonal increases, year-end customer inventory destocking, and higher available volume after a fourth quarter shutdown. EBIT increased due to increased sales volume/mix and lower shutdown costs, partially offset by lower spreads. Spreads were particularly weak in the first two months, including the impact of higher energy costs from Winter Storm Fern. In March, the abrupt shock to global oil and energy markets led to a substantial increase in spreads.

Looking ahead to the second quarter compared to the first quarter, we expect Chemical Intermediates spreads to increase substantially as a result of tightening commodity market conditions. We also expect improved sales volume/mix due to the Middle East conflict, some competitor outages in the U.S., and normal seasonal demand. Offsetting these tailwinds is an approximately \$20 million headwind from a large, planned shutdown. When we put these factors together, we expect second-quarter EBIT to approach \$50 million.

For full-year 2026, the outlook for Chemical Intermediates has improved compared to January. Spreads in the second quarter will provide a meaningful tailwind compared to expectations just three months ago. We do not yet know how long these market conditions will persist, but the business is well positioned to capture value and keep our customers supplied

from our advantaged U.S.-based asset footprint. At the same time, we also expect to have lower shutdown costs in the third quarter compared to the second quarter. We also continue to expect higher volume in 2026 due to the absence of olefin cracker shutdowns and some modest growth in North America due to reduced imports following value-chain tariff-related pre-buy. The segment is also expected to benefit from our cost-reduction initiatives. When added together, these factors point to significant improvement in earnings for 2026.

**Slide 11 – 2026 outlook**

Compared to January, a few key elements in our outlook have changed, but many of our underlying assumptions and focus areas are no different than three months ago.

Starting with what has changed. The Middle East conflict is a significant disruption for our industry, which is likely to create net upside to earnings. The most pronounced impact is in Chemical Intermediates, where tightening market conditions are providing an immediate uplift in margins. In our specialty businesses, we are raising prices to offset higher raw material and distribution costs and expect to fully offset those costs throughout the year. We also see potential volume/mix upsides in the specialties, where our U.S. asset footprint enables security of supply for our customers. It is not yet clear how inflation throughout the value chain will impact consumer demand, but so far, our order book remains strong.

What has not changed are our core assumptions and focus areas for 2026. We continue to project no improvement in underlying consumer discretionary demand, although we expect meaningful growth from our innovation-driven growth model led by new wins at our Kingsport methanolysis facility, as well as application wins across the company. We also continue to expect a modest decline in Fibers price and higher energy costs, consistent with our outlook in January. In addition, we continue to expect an asset utilization benefit of \$25 million to \$50 million from lower shutdown costs and volume growth. Our cost-reduction actions are on track to deliver \$125 million to \$150 million, net of inflation, building on actions already taken in 2025. Foreign currency remains a tailwind of \$25 million to \$50 million. And as shared in January, variable compensation expense has reset to a normal factor in 2026 and is a \$50 million to \$75 million headwind.

When considering all of these factors together, we remain confident that we can improve earnings in 2026 compared to 2025. Due to continued uncertainty and limited visibility into future macroeconomic conditions, we are not providing a full-year adjusted EPS range.

Looking specifically at the second quarter, we expect a sequential increase in adjusted earnings per share. Tailwinds include improved sales volume/mix in Advanced Materials and, to a lesser extent, Additives & Functional Products. Spreads in Chemical Intermediates are expected to be a substantial tailwind. We also project prices to catch up to higher raw material and distribution costs in the specialties through the quarter. Headwinds include approximately \$45 million of costs from planned maintenance. When putting these factors together, we project second-quarter adjusted EPS to be in the range of \$1.70 to \$1.90. This guidance assumes stable levels of consumer demand.

On cash flow, significant inflation in raw materials and higher selling prices are putting increased pressure on working capital. In the second quarter, we expect accounts receivable to be a headwind to cash flow, and we are also carefully building targeted inventory levels for some critical raw materials to ensure security of supply in the near term. It is uncertain how long this inflationary environment will last, but risks are increasing for additional headwinds to accounts receivable and inventory values in the second half. Offsetting some of these potential headwinds is our improved earnings outlook for Chemical Intermediates. We will remain disciplined in our approach to working capital management as we move throughout the year, and at this time we still see a pathway for operating cash flow to approach 2025 levels. The path to execute on this plan is narrow, and we continue to focus on cash generation as a key financial priority. When looking at uses of cash, we are maintaining our disciplined approach to capital expenditures with an expectation to spend approximately \$400 million this year, about \$150 million below 2025. Given the expected timing of cash flow in 2026, share repurchases will be conducted in the second half of the year.

### **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, volume, pricing, margins, sales, cost reductions, expenses, taxes, liquidity, capital expenditures, cash flow, dividends, share repurchases or other

financial items, supply and demand, capacity and utilization, growth opportunities, 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 sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and as updated 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](http://www.sec.gov) and the company's website at <http://www.eastman.com>.