

# 4Q and FY 2023 financial results

February 1, 2024

**EASTMAN**

## Prepared remarks

These slides should be reviewed with the accompanying prepared remarks posted on our website.

## 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](http://www.sec.gov) and the company's website at [www.eastman.com](http://www.eastman.com).

## Non-GAAP financial measures

Earnings referenced in this presentation and the accompanying prepared remarks exclude certain non-core and unusual items. "Adjusted EBIT" is Earnings Before Interest and Taxes ("EBIT") adjusted for non-core and unusual items. "Adjusted EBIT Margin" is Adjusted EBIT divided by GAAP sales. "Adjusted EBITDA" is Earnings Before Interest, Taxes, Depreciation, and Amortization adjusted for non-core and unusual items. "Net Debt" is total borrowings less cash and cash equivalents. "Net Debt to Adjusted EBITDA" is Net Debt divided by EBITDA adjusted for 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 our fourth quarter and full year 2023 financial results news release which is posted in the "Investors" section of our website, at the end of this presentation, and in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Forms 10-K filed for 2022 and 10-K to be filed for 2023 with the SEC for the periods for which non-GAAP financial measures are presented.

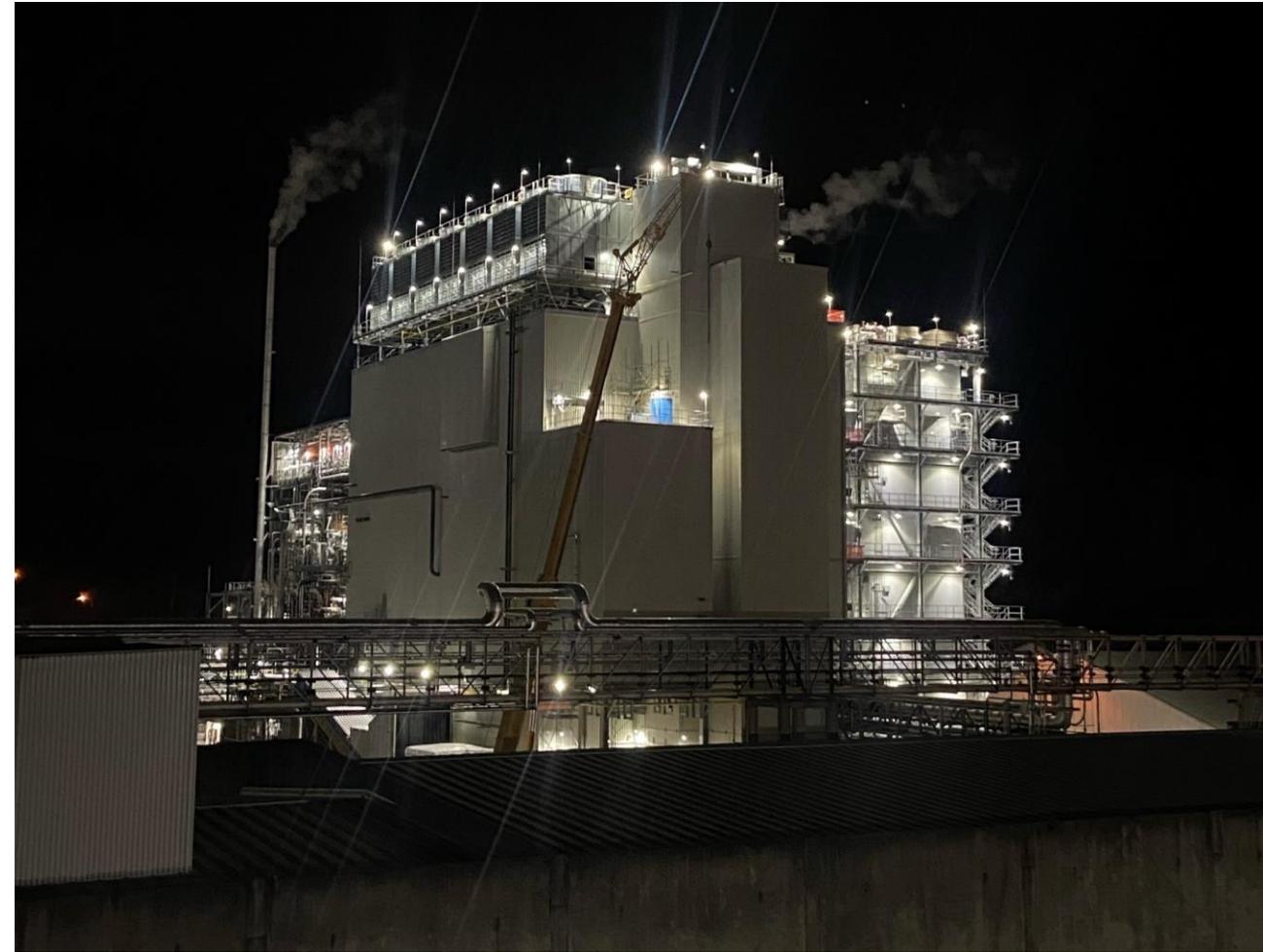
# 2023 highlights

- Delivered approximately \$1.4 billion of cash from operations in 2023
- Demonstrated commercial excellence in pricing by leveraging the strength of our value proposition to offset significant macro-driven volume challenges
- Introduced plastic waste into the Kingsport methanolysis facility and expect to produce on spec material and to generate revenue soon
- Strong progress with cellulosic biopolymer platform with key brand launches
- Increased dividend for 14<sup>th</sup> consecutive year and returned >\$525 million cash to stockholders
- Closed sale of Texas City Operations for \$490 million
- Recognized for outstanding commitment to support veterans and active-duty service members

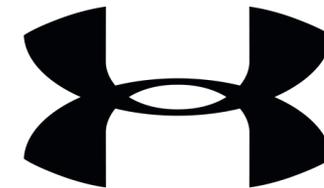
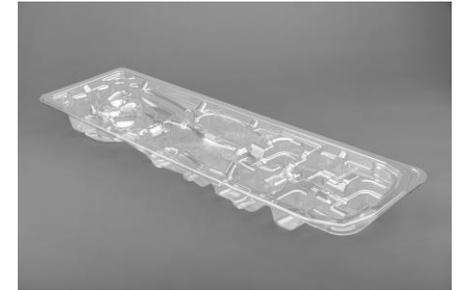


# Kingsport methanolysis facility update

- Commissioning of facility completed
- Introduced plastic waste to the facility – achieving a significant milestone
- Expect to produce on spec material and generate revenue soon
- Mixed plastics processing (MPP) processed and inventoried ~40M lbs of hard-to-recycle waste plastic for use as feedstock
- On track to deliver ~\$75M incremental EBITDA from Kingsport methanolysis in 2024



# Strong customer engagement for Renew materials across broad range of markets and applications



# Continued progress advancing circular platform

- **Kingsport methanolysis expect to produce on spec material and generate revenue soon**
- **Significant progress on France methanolysis facility and second U.S. methanolysis facility**
- **Timing of capital deployment for these projects contingent on:**
  - Finalization of engineering & construction budgets
  - Achieving definitive customer agreements for baseload volumes
  - Progress on incentives in both Europe and the U.S.
- **Will continue to provide regular updates on progress of the platform**

# Corporate

\$M (except EPS)	4Q23	4Q22	3Q23	FY23	FY22
Revenue	2,207	2,373	2,267	9,210	10,580
Adjusted EBIT	222	171	256	1,097	1,339
Adjusted EBITDA				1,572	1,816
Adjusted EBIT margin	10.1%	7.2%	11.3%	11.9%	12.7%
Adjusted EPS	1.31	0.89	1.47	6.40	7.88

Revenue change %	Total	Vol / Mix	Price	FX
4Q23 vs 4Q22	-7	-2	-5	0
4Q23 vs 3Q23	-2	-1	-1	0
FY23 vs FY22*	-13	-9	-2	0

\*Divested business effect (2)%

## 4Q23 vs. 4Q22 highlights

- Resilient prices and lower variable costs
- Continued weak primary demand with seasonal declines across most end markets
- Benefits of cost reduction actions
- Aggressive customer inventory destocking continued in agriculture, medical, and packaging
- Lower capacity utilization due to inventory management and higher planned maintenance
- Increased pension expense and higher variable compensation expense

# Advanced Materials

\$M (except EPS)	4Q23	4Q22	3Q23	FY23	FY22
Revenue	705	736	746	2,932	3,207
Adjusted EBIT	65	43	93	343	395
Adjusted EBIT margin	9.2%	5.8%	12.5%	11.7%	12.3%

Revenue change %	Total	Vol / Mix	Price	FX
4Q23 vs 4Q22	-4	-5	1	0
4Q23 vs 3Q23	-5	-3	-1	-1
FY23 vs FY22	-9	-11	3	-1

## 4Q23 vs. 4Q22 highlights

- Resilient pricing and lower variable costs
- Strength in the automotive end market
- Continued weak end-market demand and destocking in medical, packaging, building and construction end markets
- Lower capacity utilization due to inventory management and higher planned maintenance costs

## 2024 Outlook

### Tailwinds

- Primary demand similar to 2023 across most key end markets
- Improved volume/mix from less customer inventory destocking
- Growth from Kingsport methanolysis facility
- Innovation driving growth above underlying end markets
- Higher capacity utilization

### Headwinds

- Primary demand in building and construction similar to slightly down
- Continued investment in growth and capabilities

Expect FY 2024 adjusted EBIT above \$450 million

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# Additives & Functional Products

\$M (except EPS)	4Q23	4Q22	3Q23	FY23	FY22
Revenue	640	756	670	2,834	3,475
Adjusted EBIT	67	76	105	436	546
Adjusted EBIT margin	10.5%	10.1%	15.7%	15.4%	15.7%

Revenue change %	Total	Vol / Mix	Price	FX
4Q23 vs 4Q22	-15	-6	-10	1
4Q23 vs 3Q23	-4	-2	-1	-1
FY23 vs FY22	-18	-13	-5	0

## 4Q23 vs. 4Q22 highlights

- Weak end-market demand in building and construction and timing of heat transfer fluid fills
- Aggressive customer inventory destocking in agriculture
- Lower capacity utilization due to inventory management
- Favorable price-cost

## 2024 Outlook

### Tailwinds

- Reduced levels of destocking in building and construction and agriculture end markets
- Modest market growth in agriculture, personal care, and water treatment
- Higher capacity utilization

### Headwinds

- Primary demand in building and construction similar to slightly down
- Timing of heat transfer fluid project fills
- Modestly lower price-cost due to cost-pass-through contract lags

**Expect FY 2024 adjusted EBIT to be similar to FY 2023**

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# Fibers

\$M (except EPS)	4Q23	4Q22	3Q23	FY23	FY22
Revenue	346	317	323	1,295	1,022
Adjusted EBIT	113	58	109	422	140
Adjusted EBIT margin	32.7%	18.3%	33.7%	32.6%	13.7%

Revenue change %	Total	Vol / Mix	Price	FX
4Q23 vs 4Q22	9	-4	13	0
4Q23 vs 3Q23	7	7	0	0
FY23 vs FY22	27	1	26	0

## 4Q23 vs. 4Q22 highlights

- Substantially higher selling prices for acetate tow were due to an increase in industry capacity utilization and higher raw material, energy, and distribution prices throughout 2022
- High single-digit % volume/mix growth in textiles

## 2024 Outlook

### Tailwinds

- Stable selling prices and volumes in acetate tow
- Continued growth in Naia™ textiles

Expect FY 2024 adjusted EBIT to be slightly above FY 2023

# Chemical Intermediates

\$M (except EPS)	4Q23	4Q22	3Q23	FY23	FY22
Revenue	513	564	527	2,143	2,716
Adjusted EBIT	24	24	6	111	349
Adjusted EBIT margin	4.7%	4.3%	1.1%	5.2%	12.8%

Revenue change %	Total	Vol / Mix	Price	FX
4Q23 vs 4Q22	-9	7	-16	1
4Q23 vs 3Q23	-2	0	-2	0
FY23 vs FY22	-21	-8	-13	0

## 4Q23 vs. 4Q22 highlights

- Lower selling prices across the segment due to lower raw material prices and weak end-market demand
- Increased spreads
- Lower sales volume/mix
- Lower capacity utilization due to inventory management

## 2024 Outlook

### Tailwinds

- Demand similar to 2023 across most key end markets
- Reduced levels of customer inventory destocking
- Higher capacity utilization
- Improved spreads in olefins

### Headwinds

- Divested business and a permanent customer plant shutdown
- Spread compression in acetyls

# Cash flow and other financial highlights

## Resilient cash flow

Strong operating  
cash flow 2023  
**~\$1.4 billion**

Disciplined working  
capital management

## Balance sheet and tax rate

Year-end reduction of net debt  
further strengthens our solid

**Investment-grade  
balance sheet**

FY23 adjusted  
effective tax rate

**13%**

## Balanced stockholder returns

**14 consecutive  
years growing  
our dividend**

\$150 million of share  
repurchases in FY23  
with higher levels  
expected in FY24

## Track record of disciplined portfolio management

**Divesting  
non-core assets**

**Attractive  
bolt-on M&A**

# 2024 end market outlook

End market		1Q24 sequential	FY24 vs FY23
<b>Transportation</b> (~15% of corporate revenue)	+	<ul style="list-style-type: none"> <li>Projecting modest decline in global OEM production</li> <li>Offsetting production decline with innovation-driven growth</li> </ul>	<ul style="list-style-type: none"> <li>Projecting flat global OEM production</li> <li>EMN outperforming the market due to innovation-driven leverage to premium autos and EVs</li> </ul>
<b>Consumer durables and electronics</b> (~12% of corporate revenue)	+	<ul style="list-style-type: none"> <li>Primary demand trends similar to Q423 as customers remain cautious</li> <li>Signs that destocking is complete</li> </ul>	<ul style="list-style-type: none"> <li>Primary demand similar to 2023 levels</li> <li>Benefit from lack of destocking</li> <li>Innovation-driven growth from circular economy through the year</li> </ul>
<b>Building and construction</b> (~12% of corporate revenue)	-	<ul style="list-style-type: none"> <li>Demand remains soft across most regions</li> <li>Signs that destocking is complete</li> </ul>	<ul style="list-style-type: none"> <li>Primary demand flat to slightly down with normal seasonal patterns</li> <li>Benefit from lack of destocking</li> </ul>
<b>Agriculture and medical</b> (~15% of corporate revenue)	+	<ul style="list-style-type: none"> <li>Destocking continuing into Q1 after starting later in 2023</li> </ul>	<ul style="list-style-type: none"> <li>Market fundamentals remain positive</li> <li>Less destocking compared to FY23</li> </ul>
<b>Other stable end markets</b> (~35% of corporate revenue)	+	<ul style="list-style-type: none"> <li>Modest primary demand growth</li> <li>Signs that destocking is complete</li> </ul>	<ul style="list-style-type: none"> <li>Stable primary end market demand</li> <li>Benefit from lack of destocking</li> </ul>

# 2024 outlook

## Tailwinds vs FY2023

- Specialty volume and mix improvement
  - Absence of significant customer inventory destocking in most end markets
  - Modest recovery in some stable end markets
- ~\$100 million from improved asset utilization resulting from lack of inventory destocking
- ~\$75 million of incremental EBITDA growth from Kingsport methanolysis facility
- Modest improvement in Fibers
- Cost management to offset inflation
- Higher level of share repurchases

## Headwinds/Uncertainties vs FY2023

- Lower price/cost negatively impacting margins, primarily in Chemical Intermediates
- Higher costs related to investments in growth and capabilities
- Higher depreciation expense due to continued investment in growth

**Expect FY24 adjusted EPS \$7.25 to \$8.00**

**Expect FY24 operating cash flow approximately \$1.4 billion**

# Appendix

# Underlying assumptions and modeling items for FY2024

- Brent crude oil: \$80 – 90 / barrel
- Natural gas prices consistent with recent FY24 Henry Hub average forward curves: \$2.75 – 3.50/MMBTU
- ~\$100 million tailwind FY24 vs FY23 from higher asset utilization
- Interest expense of ~\$215 million
- Full-year adjusted effective tax rate 15 - 16%
- Foreign currency exchange rates, net of hedging: USD/EURO \$1.10; CNY/USD 7.20; JPY/USD 140
- FY24 Depreciation & Amortization expense \$30 million higher vs FY23\*
- Corporate 'Other' adjusted Loss Before Interest and Taxes of ~(\$175) million for FY24 and ~(\$60) million for 1Q24
- Capital expenditures less than \$800 million
- Higher levels share repurchases vs FY2023

### Adjusted EBITDA to Net Earnings reconciliation

(Dollars in millions)	<u>2023</u>	<u>2022</u>
<b>Net earnings</b>	<b>\$ 896</b>	<b>\$ 796</b>
Plus:		
Depreciation	382	384
Accelerated Depreciation	23	-
Amortization	93	93
Net interest expense	215	182
Provision (benefit) for income taxes	191	181
<b>EBITDA</b>	<b>\$ 1,800</b>	<b>\$ 1,636</b>
Add back:		
Mark-to-market pension and other postretirement benefits (gains) losses, net	53	19
Asset impairments and restructuring charges (gains), net	37	52
(Gain) loss on business held for sale and related transaction costs	(323)	61
Environmental and other costs	13	15
Net costs resulting from the steam line incident	(8)	39
Adjustments to contingent considerations	-	(6)
<b>Adjusted EBITDA</b>	<b>1,572</b>	<b>\$ 1,816</b>