



EASTMAN

Eastman Chemical (NYSE: EMN)

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Company Overview

EASTMAN

1 Company Overview

2 Industry Outlook

3 Investment Thesis

4 Valuation

5 Risks & Catalysts

6 Recommendation

Eastman Chemical Company (NYSE:EMN)

Business Description

- Eastman Chemical Company is a global specialty materials company that produces a broad range of products within four operating segments: Advanced Materials, Additives & Functional Products, Chemical Intermediates, and Fibers
 - Began in 1920 for the purpose of producing chemicals for Eastman Kodak Company's photographic business
- Initially, Eastman was diversified between commodity and specialty chemical businesses before divesting the commodity segment and initiatives and pursuing growth through the development and acquisition of more specialty businesses
- Eastman has 36 manufacturing facilities and equity interests in two manufacturing ventures across 12 countries
- Eastman is headquartered in Kingsport, Tennessee

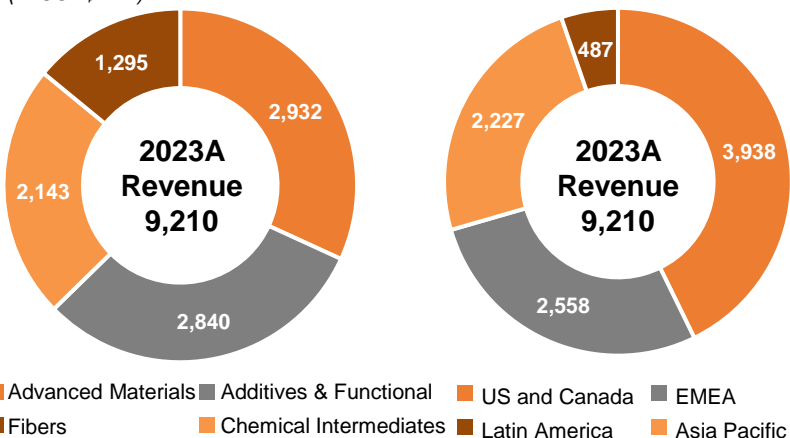
Management Team



Name	Mark Costa	William McLain Jr.	Chris Killian	Brad Lich
Position	Chairman and CEO	CFO	CTO	CCO
Experience	18	24	28	22
Background	In 2006, joined Eastman as CMO from consulting firm Monitor	Former accountant at PwC	Started at Eastman as a research chemist in 1996	Prior to Eastman, Lich was co-founder and CEO of CoatingsMart

Segmented Revenue

(In USD\$ mm)



Timeline

- During the summer of 1920, Tennessee Eastman was founded to provide raw materials for Kodak's photographic business
- The '60s and '70s saw tremendous growth with sales reaching \$2bn and the opening of a manufacturing plant outside the U.S.
- In 1994, Eastman spun off from Kodak as the 10th largest chemical company in the U.S.
- Over the past 30 years, Eastman pursued global expansion with its 2nd largest acquisitions and introduction of new products
- Looking forward, progress in molecular recycling makes EMN the premier innovation leader within the circular economy

Chemical Intermediates Segment

Value Chain Positioning

Value Chain

1 Raw Materials

Commodity inputs (natural gas, propane and coal) drive significant volatility in selling prices and segment spreads



2 Manufacturing

Segment Breakdown
Intermediates (78%)
Plasticizers (22%)

Eastman leverages large scale and **vertical integration** to support its specialty operating segments with advantaged cost positions

3 Products

Intermediates and plasticizer sales volumes and prices heavily **cyclical**, caused by periods of internal and external production demand

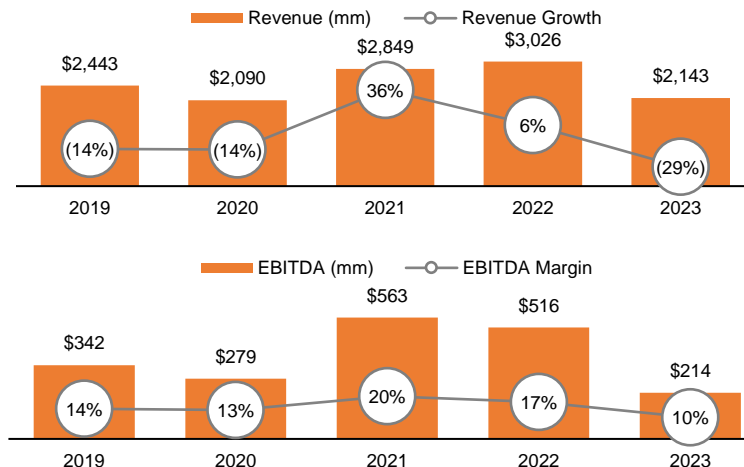


4 End Markets

End-markets include industrial chemicals and processing, building and construction, health and wellness, and food and feed



Segment Financial Performance (5Y)

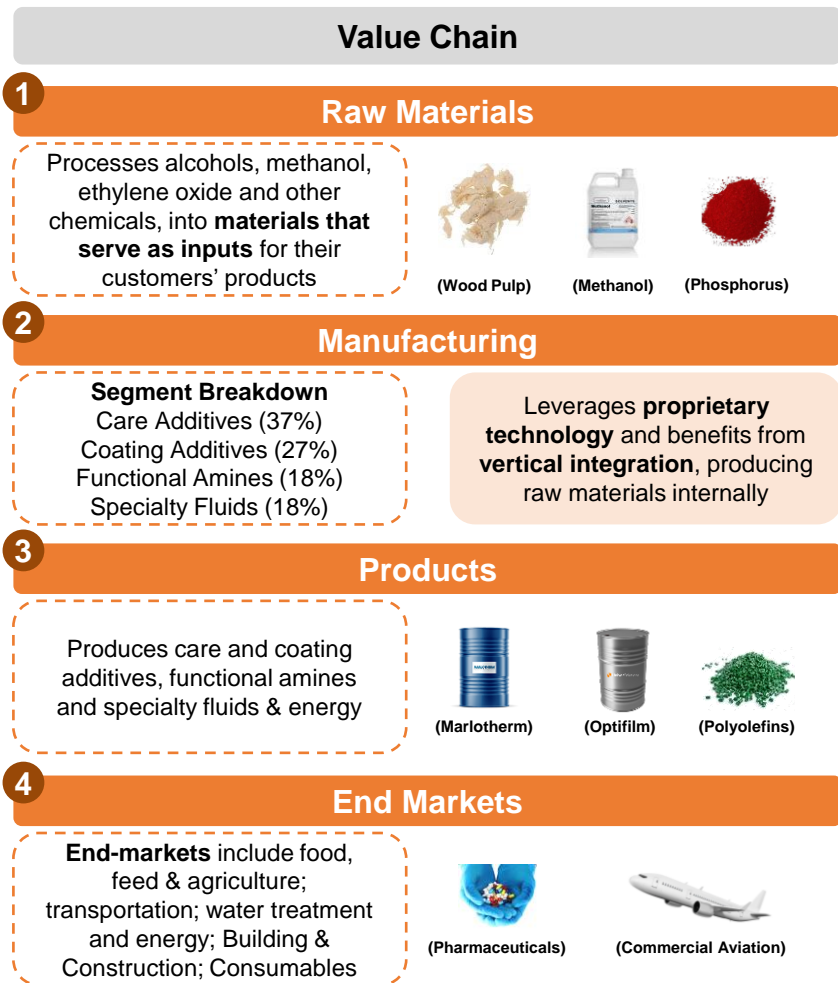


Forward Outlook

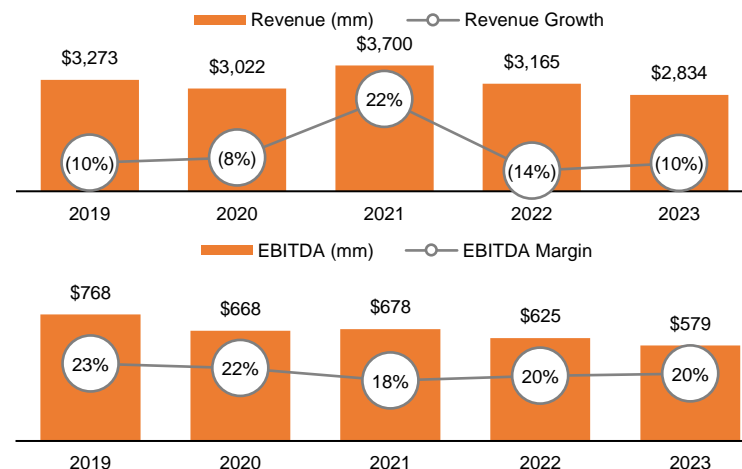
- Continued sales volume/mix due to the end of customer inventory destocking
 - Higher expected production capacity utilization
 - Continued improvement in segment cyclicity reduction efforts by Eastman's management
-
- Spread compression across all businesses, driving down EBIT, due to downwards pressure on raw materials and energy prices
 - Divesture from operations in Texas (total estimated consideration of \$498mm) in 2023

Additives & Functional Products Segment

Value Chain Positioning



Segment Financial Performance (5Y)



Forward Outlook

- Investing in additional capabilities of EastaPure electronic solvents for use in manufacturing of semiconductor chips
 - Higher expected production capacity utilization
- Modestly lower price-cost due to cost-pass-through contract lags
 - Decline in EBIT driven by lower specialty fluids sales, due to lower heat transfer fluid project fulfillments

Fibers Segment

Value Chain Positioning

Value Chain

1 Raw Materials

Wood pulp, methanol, high sulfur coal, waste plastics and textiles, natural and synthetic fibers, and additives



(Wood Pulp)



(High Sulfur Coal)



(Waste Plastics)

2 Manufacturing

Segment Breakdown

- Acetate Tow (70%)
- Acetate Yarn (11%)
- Acetyl Chemical (14%)
- Nonwovens (5%)

Acetate flake production supplied from Eastman's **vertically integrated coal gasification facility**

3 Products

Manufactures acetate tow and tricetin plasticizers for use in cigarette filters cellulosic filament yarn and staple fibers



(Nonwoven Fibers)



(Estrobond)

4 End Markets

End-market applications include, apparel, home furnishing, industrial fabrics, as well as filtration applications

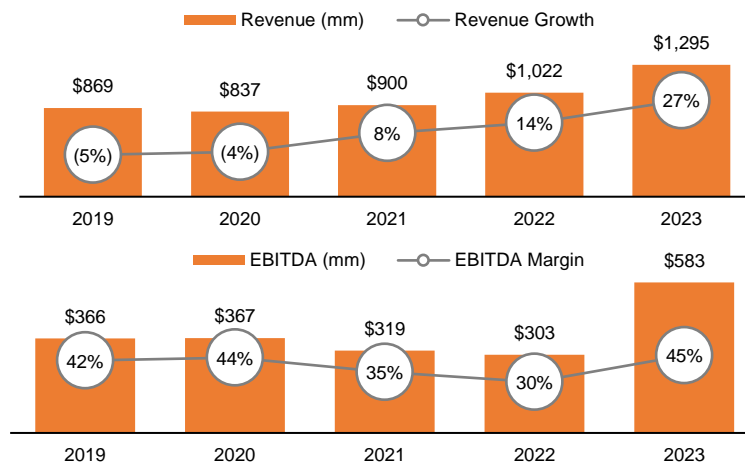


(Agriculture & Mining)



(Health & Wellness)

Segment Financial Performance (5Y)



Forward Outlook



- Stable selling prices and volumes in acetate tow, tailwinds with sustainable Naia products
- Improved cost structure leading to steady margin expansion and an attractive bottom line



- Uncertain macro-economic environment causing uncertainty for the segment

Advanced Materials Segment

Value Chain Positioning

Value Chain

1

Raw Materials

Produces and markets polymers, films and plastics with **differentiated performance** properties for **value-added** end uses



(Polyethylene)



(Polyvinyl Alcohol)

2

Manufacturing

Segment Breakdown

Advanced Interlayers (34%)
Performance Films (21%)
Specialty Plastics (45%)

Continually **innovates** to develop new products; Eastman Tritan, High-performance automotive glass

3

Products

Segment competes on **differentiated technology**, application development, long-term customer relationships and scale



(Window Film)



(Tritan Bottle)



(Film Solution)

4

End Markets

End-markets include transportation, electronics, building & construction, medical & pharma and consumables



(Residential Windows)

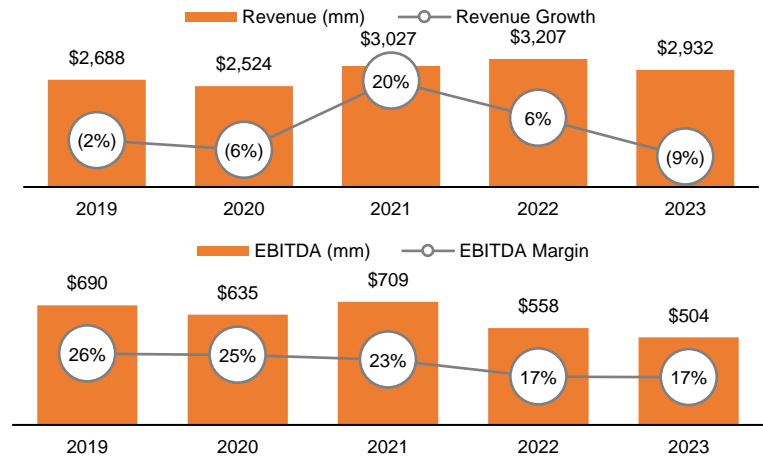


(Automotive Transportation)



(Consumer Packaging)

Segment Financial Performance (5Y)



Forward Outlook



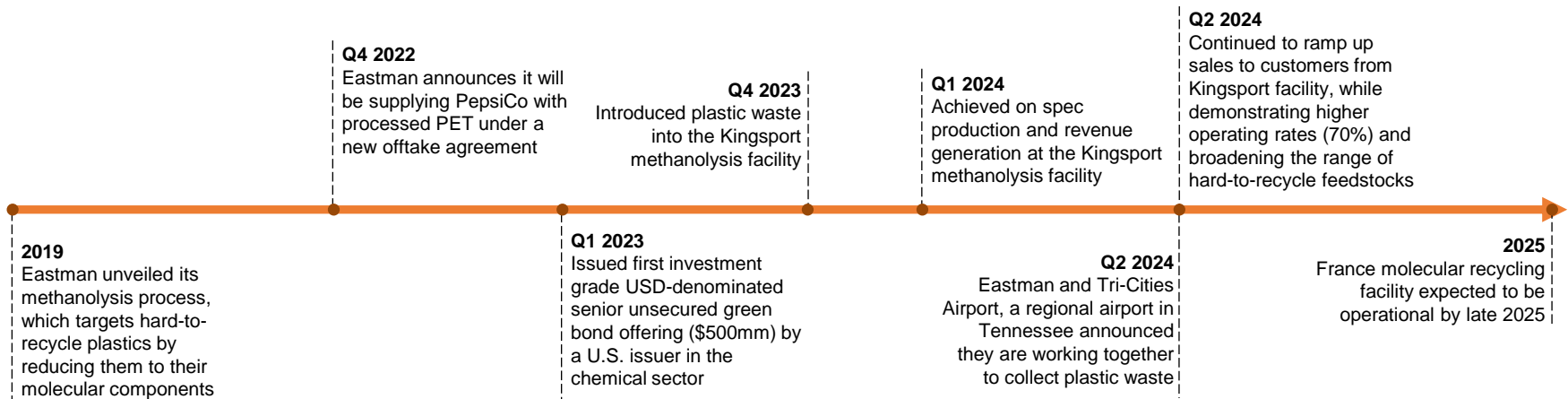
- Customer destocking trend continues to taper down, allowing for stronger demand
- Growth driven from Kingsport methanolysis facility and overall end-market innovation



- Management forecasts weaker demand in building and construction
- Higher than expected ramp-up costs on the Kingsport facility

Advanced Materials – Reclaimed Plastics Division

Segment History



Products Offered



Tritan Renew: Specialty plastic, offering durability for many lifestyle and household products, up to 50% certified recycled content



Naia Renew: Cellulosic fiber used in textile industry featuring 60% sustainable wood pulp and 40% recycled waste material



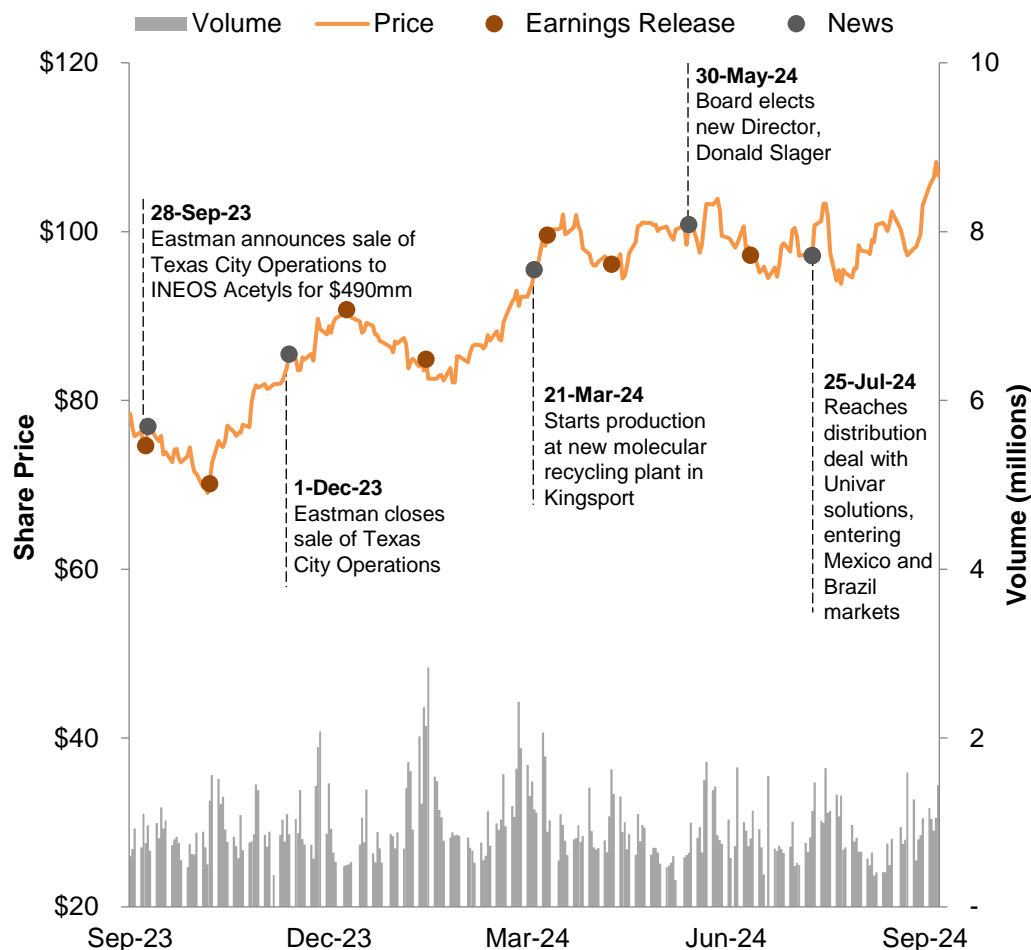
Aventa Renew: Compostable material used in food packaging (overwrap trays), sustainably sourced from wood pulp and recycled acetyl

Facilities and Investments

- Kingsport Tennessee – This facility, which is one of the largest of its kind in the world, can process over 100,000 metric tons of plastic waste per year, diverting it from landfills and incinerators
 - The facility produces virgin-quality recycled material, which is used as a feedstock for Tritan™ Renew and other specialty polyesters for key customers, including Procter & Gamble, Estée Lauder™ and NutriBullet®
- Eastman expects that 2024 capital expenditure will be less than \$800 million, primarily for targeted growth initiatives, including the Advanced Materials segment methanolysis plastic-to-plastic molecular recycling manufacturing facilities in France and a second site in the USA

PV Chart and Capitalization Table

Price-Volume Analysis



Market Data

(in C\$ millions)

Capitalization

Share Price (20-Sep-2024)	(USD\$)	\$106.63
Basic Shares Outstanding	(mm)	116.8
Dilutive Securities	(mm)	0.7
Market Capitalization	(USD\$ mm)	12,526
(-) Cash & Equivalents	(USD\$ mm)	(530)
(+) Short-Term Debt	(USD\$ mm)	770
(+) Long-Term Debt	(USD\$ mm)	4,366
(+) Minority Interest	(USD\$ mm)	72
Enterprise Value	(USD\$ mm)	17,204

Trading Multiples

EV / 2023A EBITDA	-	11.1x
EV / 2024E EBITDA	-	9.6x
EV / 2025E EBITDA	-	8.7x
P / 2023A EPS	-	14.2x
P / 2024E EPS	-	13.9x
P / 2025E EPS	-	11.9x

Market Data

52-Week High	(USD\$)	\$108.81
% of 52-Week High	(%)	98.0%
52-Week Low	(USD\$)	\$68.89
Beta	-	1.02

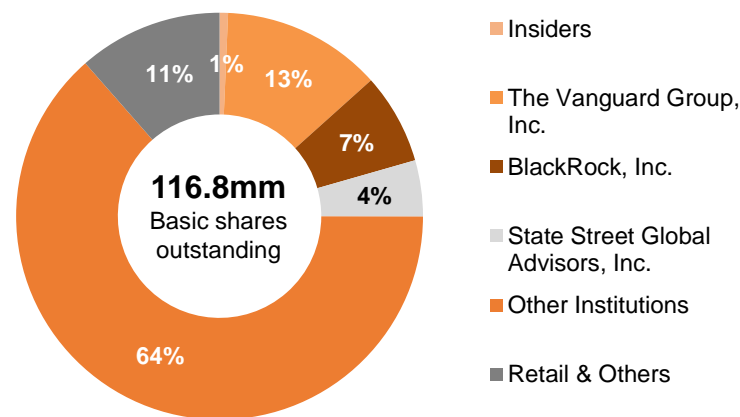
Shareholder Overview

Shareholder Summary

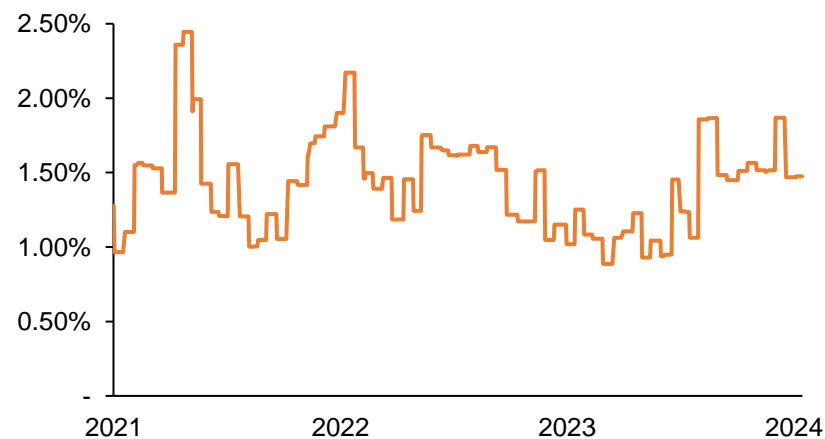
(In millions)

	# of Shares Held	% of Shares Outstanding
Insiders		
Costa, Mark J.	0.4	0.3%
Lich, Brad A.	0.1	0.1%
Crawford, Stephen Glenn	0.0	0.0%
Stuckey, Perry	0.0	0.0%
Other Insiders	0.2	0.2%
Total Insiders	0.8	0.7%
Institutions		
The Vanguard Group	14.8	12.7%
BlackRock	8.4	7.2%
State Street Global Advisors	5.2	4.5%
Capital Research and Management	5.0	4.2%
Putnam LLC	4.9	4.2%
Geode Capital Management	2.8	2.4%
Massachusetts Financial Services	2.7	2.3%
Dimensional Fund Advisors	2.3	2.0%
EARNEST Partners	2.2	1.9%
Morgan Stanley	2.2	1.9%
Other Institutions	53.3	45.6%
Total Institutions	103.7	88.8%
Retail & Other Investors	12.3	10.6%
Public Float	116.0	99.3%
Total Basic Shares Outstanding	116.8	100.0%

Ownership Structure



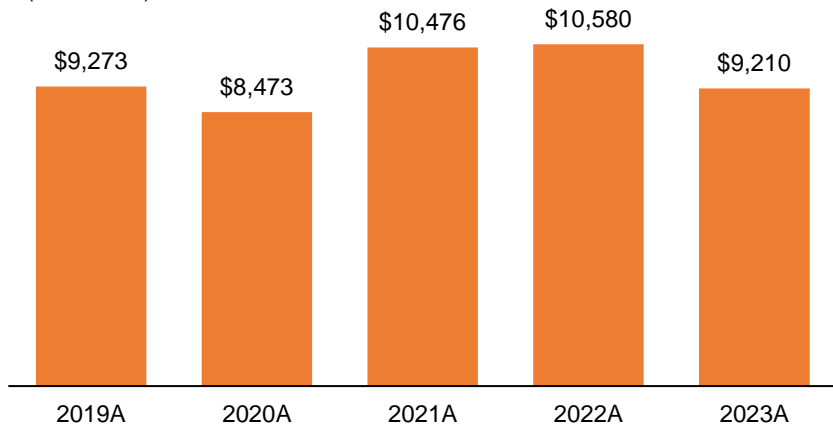
Short Interest



Company Metrics

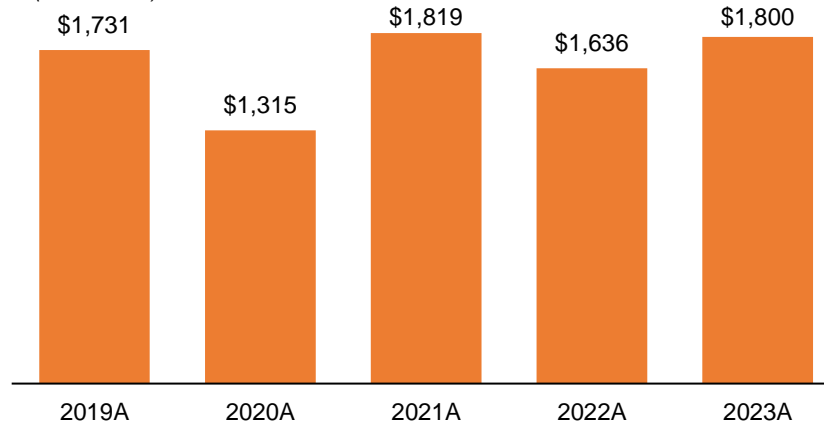
Revenue

(In USD mm)



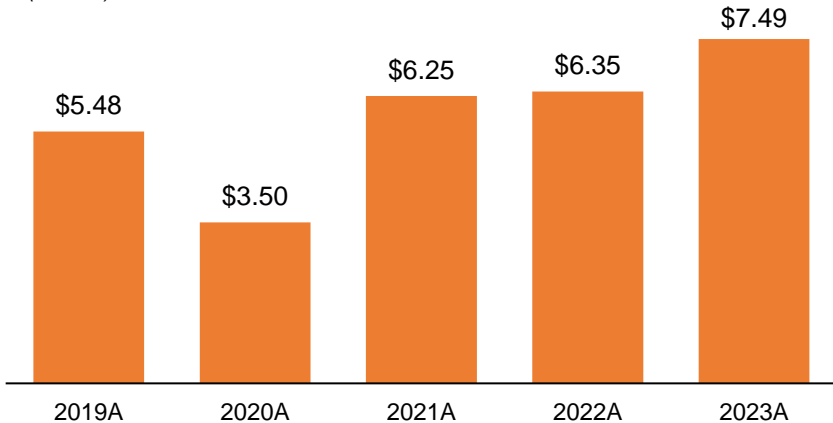
EBITDA

(In USD mm)



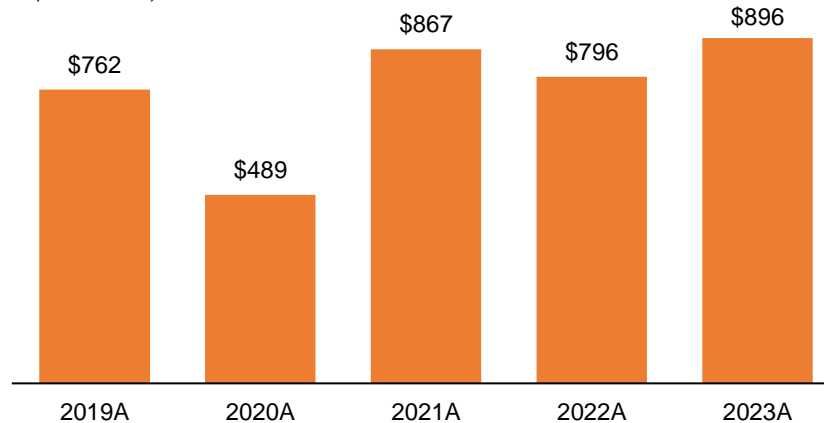
EPS

(In USD)



Net Income

(In USD mm)



Industry Overview

EASTMAN

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Chemical Intermediates

Industry Overview

- The Global Chemical Intermediates market is predicted to be **\$122.81 billion in 2024** and reach **\$182.97 billion by 2029**, growing at an industry **CAGR of 8.3%** through 2029
- The price uncertainty and volatility surrounding crude oil prices is a cause of significant uncertainty for the Chemical Intermediates market (see graph)
- Demand similar to 2023 across most key end markets
- Higher sales volume/mix due to reduced levels of customer inventory destocking
- The IIJA was signed into law in late 2021, and it infused more than US\$70 billion to EV and clean energy infrastructure, The energy transition is generating a wave of manufacturing activity that depends on chemicals and materials for support

Chemical Intermediates Competitors

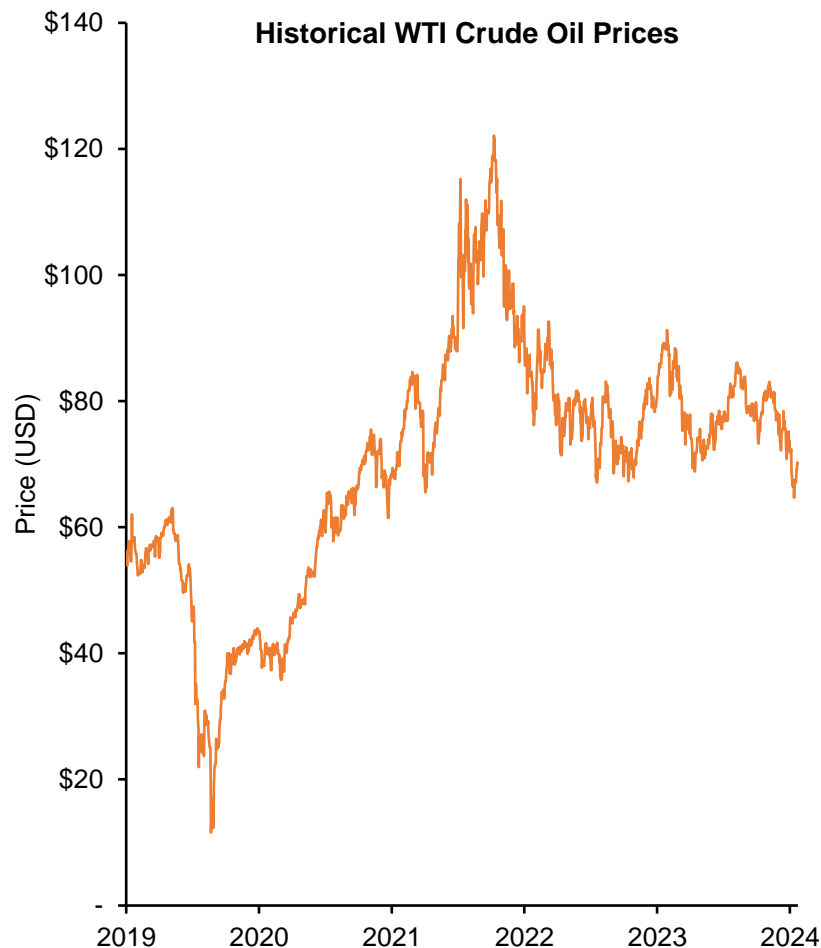
Intermediates



Plasticizers



Drivers & End Markets



Additives & Functional Products

Industry Overview

- Year-to-date total chemical railcar shipments are 4.3% higher
- Segment is experiencing reduced levels of customer inventory destocking in building and construction and agriculture end markets, and expects modest market growth in end markets; agriculture, personal care, and water treatment
- Primary demand in building and construction is expected to be slightly down through 2024
- Shintech plans to build a 500kt/yr ethane-based ethylene cracker at an existing site in LA. Shintech built a 500kt/yr ethylene cracker at Plaquemine in 2019. Other US ethylene expansions on the horizon include a Chevron Phillips Chemical and QatarEnergy JV in Texas

Additives & Functional Products Competitors

Care Additives



Coating Additives



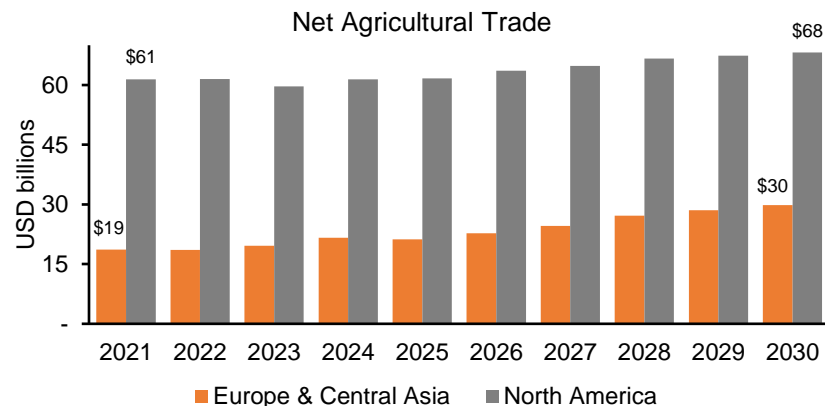
Functional Amines



Specialty Fluids & Energy



Drivers & End Markets



Strong outlook in the segment's largest end-market provides stability in cash flow from Eastman's core operations

End-Market	Global Market Size (USD billions)	Expected 10-year CAGR
Water Treatment	\$69.73	7.30%
Automotive	\$6,861.45	6.77%
Paints & Coatings	\$206.56	4.50%
Heat Transfer Fluids	\$11.06	3.70%
Agricultural Fumigants	\$2.60	4.50%

Advanced Materials & Fibers

Advanced Materials

- The global advanced materials market is projected to reach **\$115.80 billion** by 2030, growing at a **CAGR of 6.54%** from 2023 to 2030
- Growth driven from increasing demand for high-performance materials, serving broad industries including aerospace, automotive, electronics and healthcare
 - Automotive and transportation segments held 38.33% of the end-market in 2022, where lightweight, fuel-efficient materials are growing in need
- Global sustainability shift provides healthy tailwind as energy efficiency and sustainable development are top of mind
- Raw material input costs and regulatory environment provides uncertainty, dampening visibility on forward-looking margins

Advanced Materials Competitors

Advanced Interlayers



Performance Films



Specialty Plastics



Fibers Segment

- The high-performance fibers market is expected to reach \$25.3 billion by 2030, growing at a CAGR of 8.7% from 2022 to 2030
- Benefit from shift in sustainable product demand, particularly in the eco fibers segment, currently valued at \$62 billion
- High production costs for advanced fibers (PBO, PBI & aramid fibers) are limiting growth from competitors, while incumbents with a scale advantage are set to dominate
- Despite strong growth, synthetic alternatives still pose a threat in certain applications
- Non-woven fibers growth supported by disposable and hygienic products
- Early investments and continued innovation in biodegradable materials is the playbook for success in this segment

Fibers Competitors

Acetate Tow



Acetate Yarn and Fiber



Acetyl Chemical Products

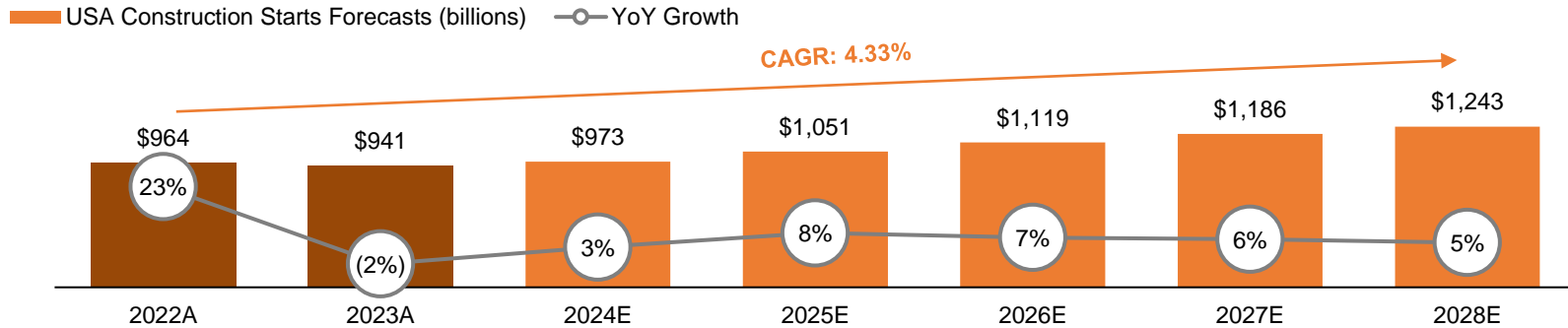


Nonwovens



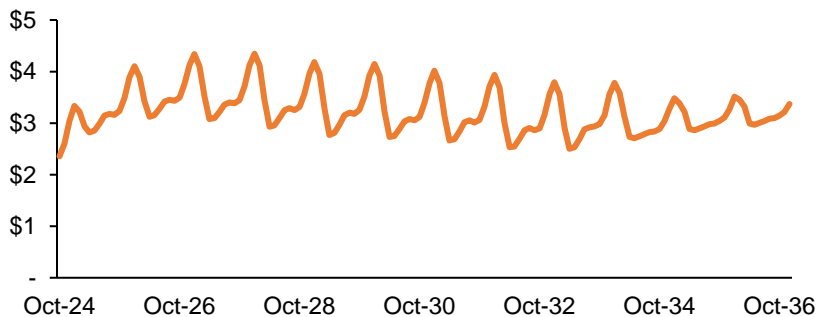
Growth and Pricing Drivers Outlook

Building & Construction Outlook



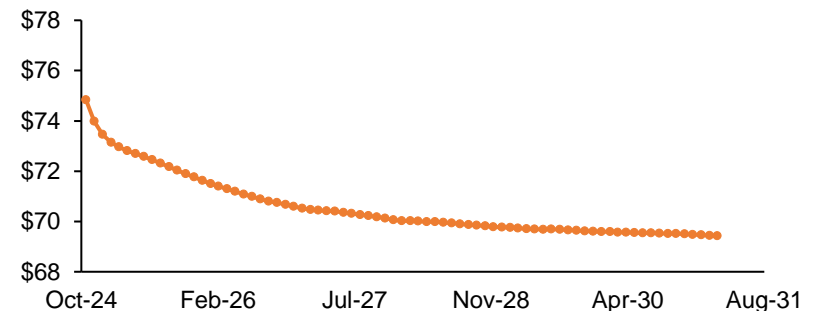
Resurgence of demand attributable to lower mortgage rates, improved customer sentiment and more millennials entering their prime “home-buying” years, additionally technological advancements and energy efficient building practices are to be implemented shortly

Natural Gas Prices (Henry Hub Futures)



Expected cyclicality from natural gas leading to times of reduced costs and times of margin compression

Crude Oil (Brent Futures)

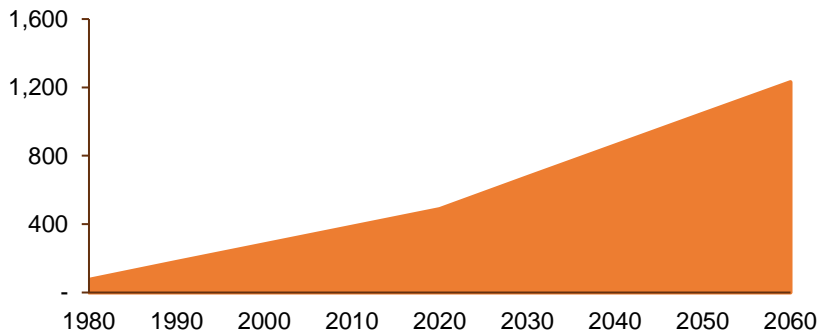


Futures implying reduced cost input for manufacturers and lower energy costs, leads to more competitive pricing

Recycled Plastics

Annual Global Plastic Production

(In millions of tons)



With increases in expected global plastic production, there is a growing opportunity for recycling

Industry Drivers

- The global recycled plastic market, valued at USD \$44 billion in 2021 is expected to grow at 8.2% from 2021 to 2028
- There is an increasing demand for sustainability, advancements in recycling technologies, and stricter regulation
 - In 2022, Canada introduced the Single-Use Plastics Ban Act which mandated that plastic packaging must contain at least 50% recycled content by 2030
 - The EPA is formulating a plan to address plastic pollution by improving post-use material management
- As per a 2016 McKinsey report, ~95% of the annual value of plastic packaging is lost after its initial use and a mere 14% undergoes recycling, resulting in a global material value retention of 5% (including losses in the process)

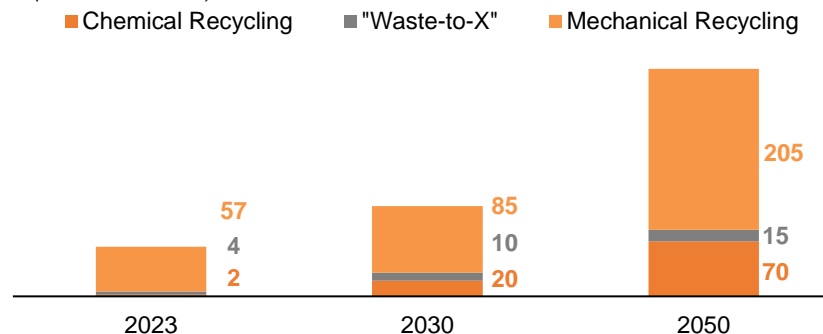
Reclaimed Plastics Process



Chemical Recycling

The process of changing the chemical structure of polymeric waste and turning it into raw materials for the creation of other products

(In millions of tons)



A Pie Large Enough For All To Share

Commentary

- Global plastic manufacturing and usage has consistently grown due to population growth, prevalence of single-use plastics and improved plastics manufacturing capabilities
- Go-forward projected growth in plastics manufacturing due to expanded use cases, increases access in developing countries and continued growth in single-use plastic
- Investments are being made to improve recycling infrastructure

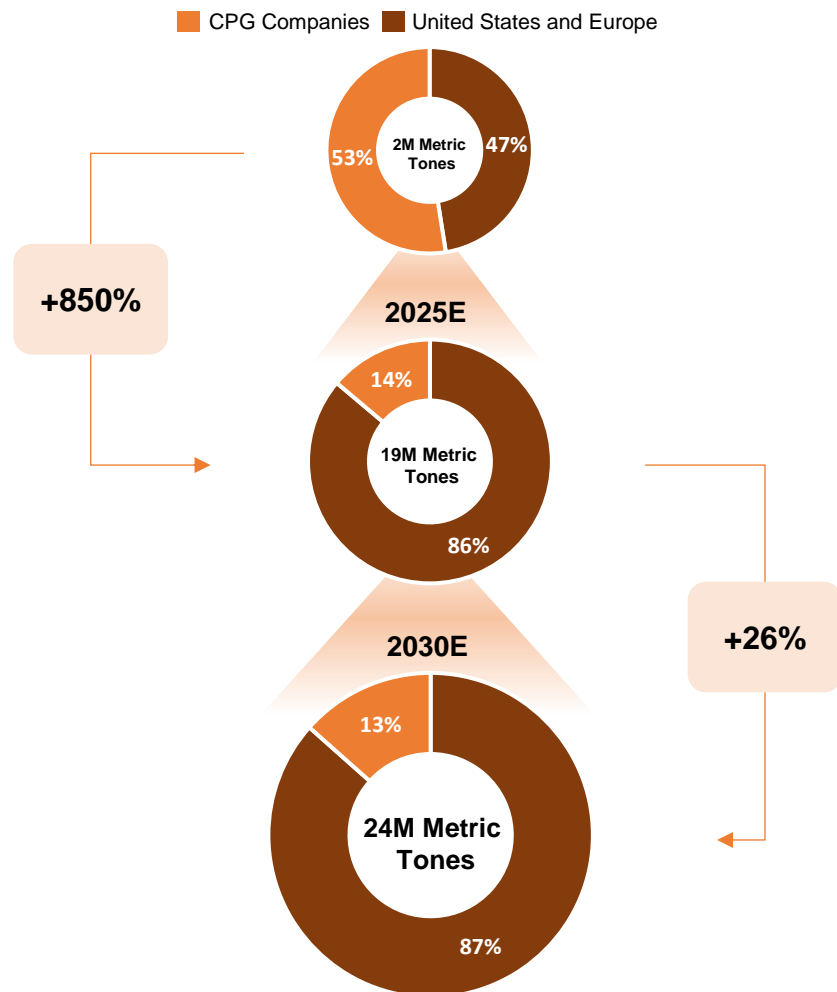
While plastic production has come under scrutiny in recent years due to negative environmental impact, go-forward policy will revolve around increasing recycling rates and manufacturing sustainable plastics rather than reducing plastics usage

Asia-Pacific Region

Recycled content laws in the Asia-Pacific region are evolving, with several countries introducing or tightening regulations




- Japan** enacted its Plastic Resource Circulation Act in 2022, mandating the use of recycled content in various products
- China** policies on recycled content are part of its broader efforts to reduce plastic waste. China has introduced a five-year plan aimed at reducing plastic pollution, which includes a focus on increasing recycling rates
- South Korea** is in the process of amending its environmental regulations to require labeling of recycled content in plastic packaging. This will apply to products sold domestically and is part of broader measures to increase recycling

Visualizing the Growing TAM







Peer Benchmarking

Analysis of Peer Investments in Plastic Recycling

Company	Strategic Partnership	Acquisitions / Investments	Other Initiatives	Target Description	Year
	GC has collaborated with external parties which utilizes plastic waste as raw materials to develop valuable products in six business groups	<p>Minority investments include ECONIC, Boston Materials and Tidal Vision</p> <p>Investment in Interface Polymers</p> <p>Thailand Recycling facility to treat 60k tons of plastic waste per year</p>	GC Group invests in the European Circular Bioeconomy Fund (ECBF) as part of its "Together to Net Zero" roadmap	Interface Polymers is a developer of high-performance additives for performance plastics to enhance recyclability	2023
	SUEZ and LyondellBasell extend their collaboration with samsonite to produce a new range of suitcases using recycled plastics	<p>Invested in QCP Holdings (50% JV)</p> <p>Investment in Mepol Group</p> <p>JV with AFA Nord to build a mechanical recycling plant that produces 26k tons of recycled polastics</p>	Goal of making 2mm metric tons of recycled and renewable-based polymers annually by 2030	<p>QCP: mechanical recycler with 55k tons of annual capacity, that transforms post-consumer plastic waste into high-quality polymers that can be used to make new products</p> <p>Mepol: Manufactures recycled compounds</p>	2022 – 2023
	Signed an agreement with Honda Motor to jointly develop molecular recycling technology for materials recovered from end-of-life vehicles	N/A	Toray Group is developing molecular recycled grade products based on a proprietary mechanical recycling process	N/A	N/A



Peer Benchmarking

Analysis of Peer Investments in Plastic Recycling

Company	Strategic Partnership	Acquisitions / Investments	Other Initiatives	Target Description	Year
	<p>DOW and Mura Technology to build multiple facilities in the U.S. and Europe for advanced recycling</p> <p>Dow and Nexus Circular Announce Plans to Build New Advanced Recycling Facility in Dallas, TX</p>	<p>Equity Round of funding (Mura Technology – 2022)</p> <p>Investment to build the single largest hybrid recycling site in France that will secure post-consumer resins (70k tons annual capacity)</p>	<p>50% of DOW global polyethylene capacity will be circular, renewable or zero-carbon emissions by 2030</p>	<p>Mura Technologies offers plastic recycling services that recycles plastics back into chemicals form which they were made</p>	2022
	N/A	N/A	<p>Expanding portfolio of products that contain recycled content, or have end-of-life characteristics</p> <p>Developing Products focused on improving the sustainability of building and construction materials</p>	N/A	N/A
	N/A	N/A	<p>Added 100% post-industrial recycled grades to its resins and films and co polymer offerings</p>	N/A	N/A
	N/A	<p>Mechanical PET Recycling Facility (\$95mm) – capacity of 49k tons</p>	<p>Increase PET bottle recycling capacity to 300k annual metric tons by 2025</p>	<p>Acquired PET Recycling facility from CarbonLite Recycling LLC (2021) and from Perpetual Recycling Solutions (2019)</p>	2019 – 2021

Peer Benchmarking

Analysis of Peer Investments in Plastic Recycling

Company	Strategic Partnership	Acquisitions / Investments	Other Initiatives	Target Description	Year
	<p>Koa collaborated with Berry to introduce a new body cleanser and body moisturizer bottle made from 100% post-consumer recycled plastics</p> <p>Supply agreement with PureCycle to secure more than 270,000 tons of recycled materials per year by 2025</p>	<p>Acquisition of Laddawn</p> <p>Investment in 2 mechanical recycling facilities for FDA-Grade Material for packaging (most recently in 2021)</p>	<p>One of Europe's largest plastics recycler, handling around 200k tons of material annually</p> <p>Sustainable packaging goal of 30% circular plastics use across its fast-moving consumer goods packaging by 2030</p>	<p>Laddawn: Manufactures plastic bags and film for packaging application</p>	<p>2016 – 2023</p>
	<p>Signed an offtake agreement with Indaver, to buy a minimum of 50% of the recycled styrene created by the company</p>	<p>Buyout of Healthland</p> <p>Investment in Belgium depolymerization recycling plant to produce 15k tons annually</p> <p>PS recycling plant in the Netherlands to produce 25k metric tons annually by FY2024</p>	<p>Recycled polystyrene yogurt containers, and other food applications</p> <p>Developed recycled material solutions for outdoor applications such as smart doorbells and outdoor security cameras</p>	<p>Healthland: Collector and recycler of post-consumer/industrial plastics in Europe</p> <p>Trinseo's recycling methods include mechanical recycling as well as advanced technologies including depolymerization</p>	<p>2020 – 2022</p>

Few of Eastman's peers compete in the Hybrid, Chemical and Molecular Recycling space, which provides higher quality recycled material than a mechanical recycling process. As the need for high-grade recycled plastics emerges in end markets such as food and beverage, Eastman is set to benefit from their technological advantage over their peers

Investment Thesis

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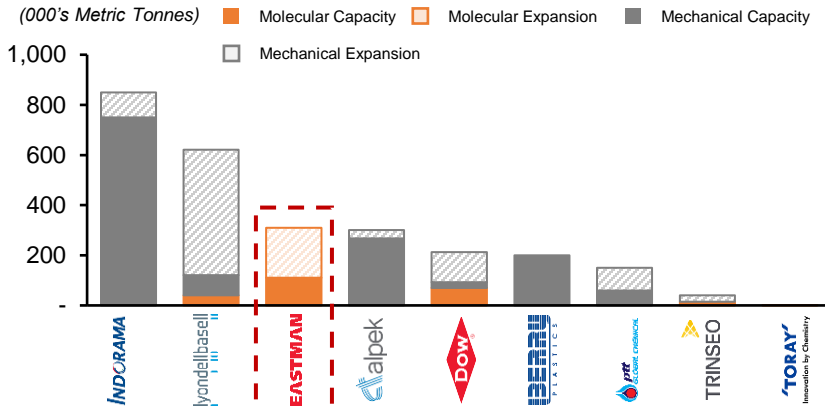
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Best Positioned To Capture Secular Tailwinds

Eastman's Rapid Investment in Molecular Capacity



Rapid expansion in molecular recycling differentiates themselves from peers

Molecular Recycling versus Mechanical Recycling

Plastics are **not infinitely mechanically recyclable**; between 3 and 7 times. **Chemical recycling makes plastic infinitely recyclable**

Chemical recycling allows for the removal of impurities **and creates virgin-quality material**, it also **enables the manufacturing of products for sensitive applications such as food-contact packaging**

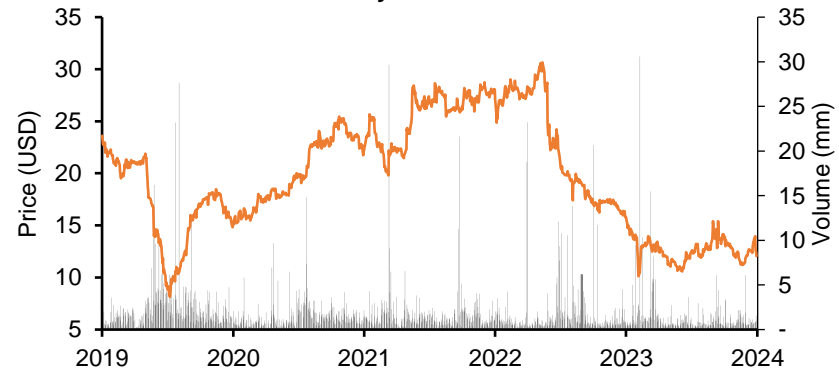
The main drawback with **mechanical recycling is that it changes the molecular structure** of the plastic, in turn **reducing its material integrity**

Molecular recycling technologies can address the most difficult-to-recycle plastics and meet the growing demand for high-quality food and medical-grade recycled plastics. Even though mechanical recycling is the most developed technology, it also requires investment in material recovery infrastructure, technologies, and companies that recapture and recycle

Case Study: Struggling Peers

- Trinseo:** Spun out from Dow Chemical 15 years ago and shifted its focus from commodity feedstocks to value-added engineered materials. This failed has led to a substantial drop in sales and severely compressed margins (gross margin now stands at only 34% of what it was five years ago)
- PureCycle:** Focuses on recycling polypropylene into a material close to virgin quality, but it faces significant financial hurdles. As of 2023, the company reported negative EBITDA of \$113.9 million and remains in the pre-revenue stage, although it projects to make \$19 million in revenue for 2024.
- Indorama:** Recognized as a leader and the first major player in the industry, recently faced regulatory challenges regarding its aggressive acquisition strategy – a threat to future expansion

ALPEK 5-year P/V Chart



Alpek has lost more than 50% of its value since February 2023, when management provided guidance of lower sales and weaker margins. Alpek continues to pay a 24% dividend yield, despite consistently weak earnings

Market Undervaluing Reclaimed Plastic Segment

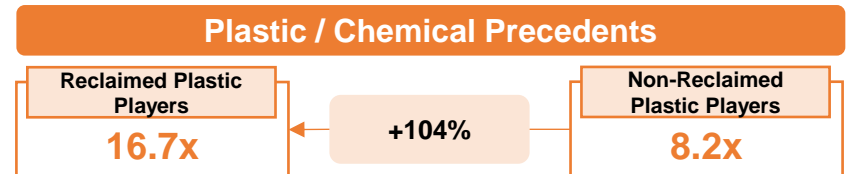
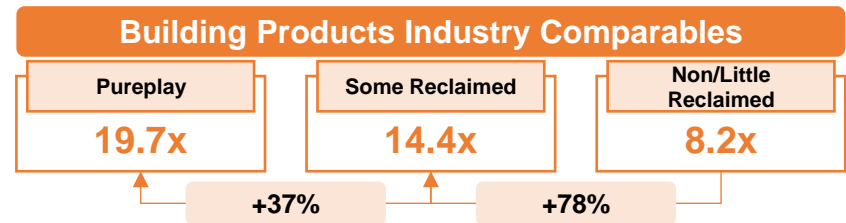
Trends within the Plastics Recycling Universe

- Several companies use recovered/recycled plastic to make finished products, such as building materials (the vast majority) and outdoor living products (some of them)
 - Trex and Azek, 2 pioneers in the reclaimed materials industry, have vertically integrated some or all of the recycling operations in-house, while most other players outsource recycled plastic directly to recyclers.
 - Vertically integrated public comps (TREX & AZEK) seem to be trading at a significantly higher multiple than others
- We are also observing a surging demand for recycled materials from large plastic consumers, such as Mondelēz International, PepsiCo, Unilever and Colgate Palmolive

Recent Circular Economy Initiatives

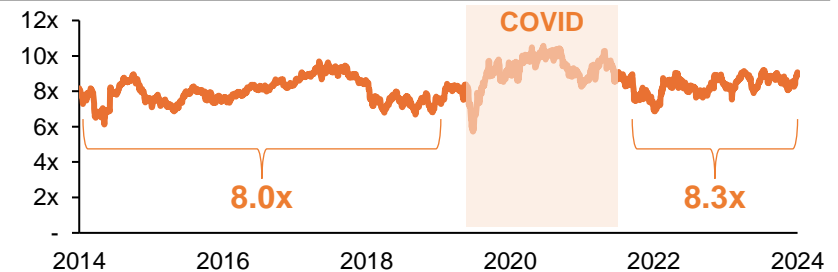
Partner	Type	Date	Description
	Sales Contract	Nov. 2022	Eastman will be supplying PepsiCo with processed PET under a new offtake agreement
	Sales Contract	Nov. 2022	Eastman will sell P&G processed PET under a new offtake agreement (beginning in 2026)
	Recycled Plastics Collection	Jul. 2024	Eastman and Tri-Cities Airport (a regional airport in Tennessee) announced they are working together to collect plastic waste
	Funding/Subsidy	Mar. 2024	Eastman's second U.S. molecular recycling project has been selected by the Department of Energy for up to \$375 million in Bipartisan Infrastructure Law and Inflation Reduction Act funding

Higher Premiums Awarded to Reclaimed Players



Investors award a higher premium to companies with reclaimed exposure

EMN EV/ Forward EBITDA Multiples



Despite shifting to reclaimed plastic as both a revenue driver and raw material input (a significant structural change in growth prospects and financial profile) EMN is still trading in-line with their 10-year historical. As Eastman increases its exposure to plastics recycling, **multiples will expand** to approach the trading levels of vertically integrated recyclers

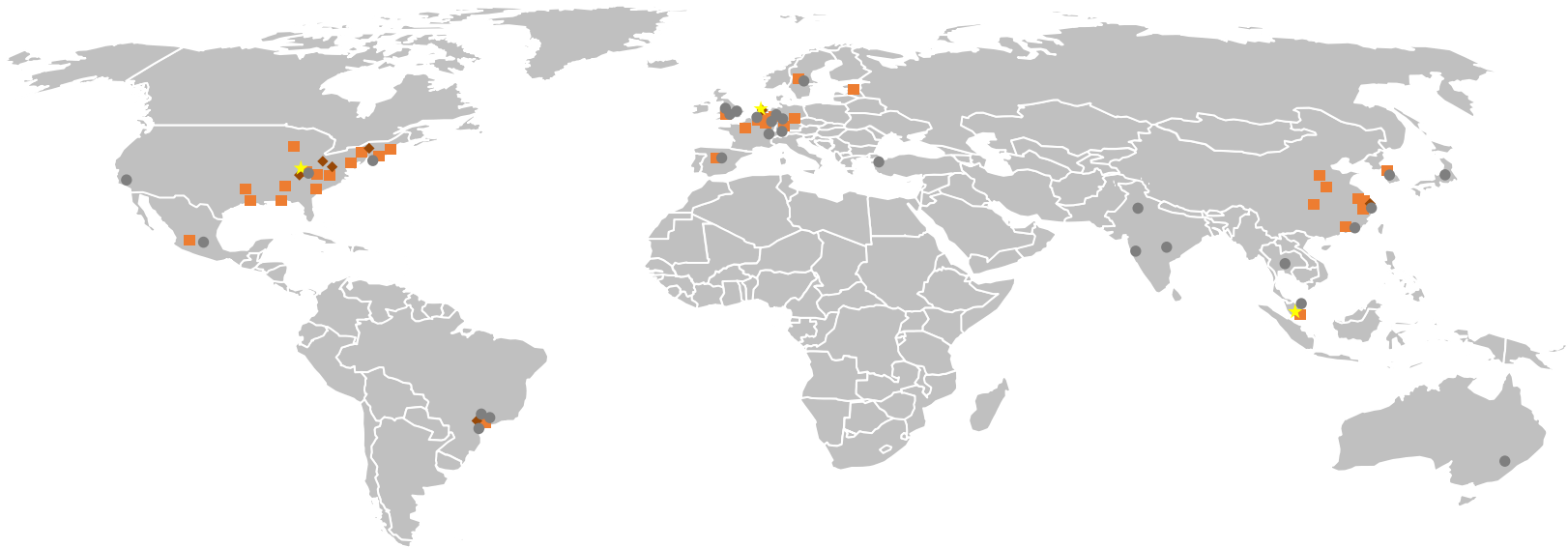
INVESTMENT THESIS II: INNOVATION & INTEGRATION DRIVING STABILITY **EASTMAN**

Vertical Integration Provides Insulation from Volatility

Facility Map

Eastman has 1 corporate headquarter, 2 regional headquarters, 29 offices, 7 technical service centers, and 35 manufacturing sites

■ Manufacturing Site ◆ Technical Service Centre ★ Headquarter ● Office



Vertically Integrated Manufacturing Process

- **Raw Material Production:** Eastman produces key petrochemicals and renewable materials used in its downstream products
- **Chemical Intermediates:** Eastman manufactures critical intermediates, minimizing reliance on external suppliers
- **Manufacturing:** The company converts raw materials and intermediates into high-value polymers, films, and plastics
- **Distribution and Customer Relations:** Eastman maintains control over how its products reach end markets, enabling product customization and market alignment
- **Recycling and Sustainability:** Eastman invests in closed-loop recycling, integrating sustainability into its operations

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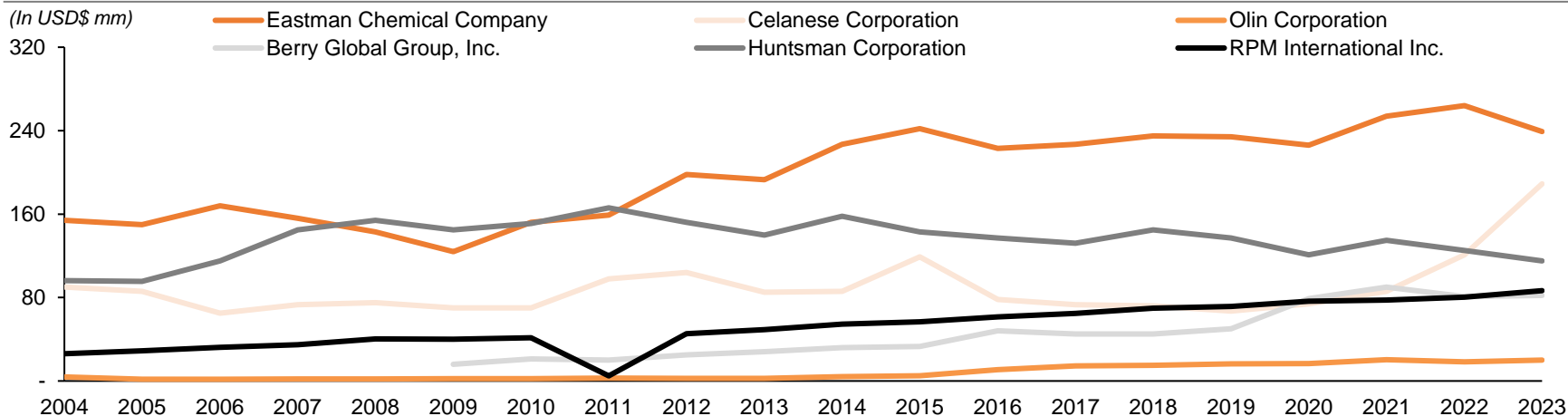
Over the past 20 years, **Eastman's gross margin expanded ~7.5%** through divestitures in more volatile segments and significant investments in developing a robust group of manufacturing facilities and offices globally and a highly integrated manufacturing and distribution process

Vertically Integrated Manufacturing Process

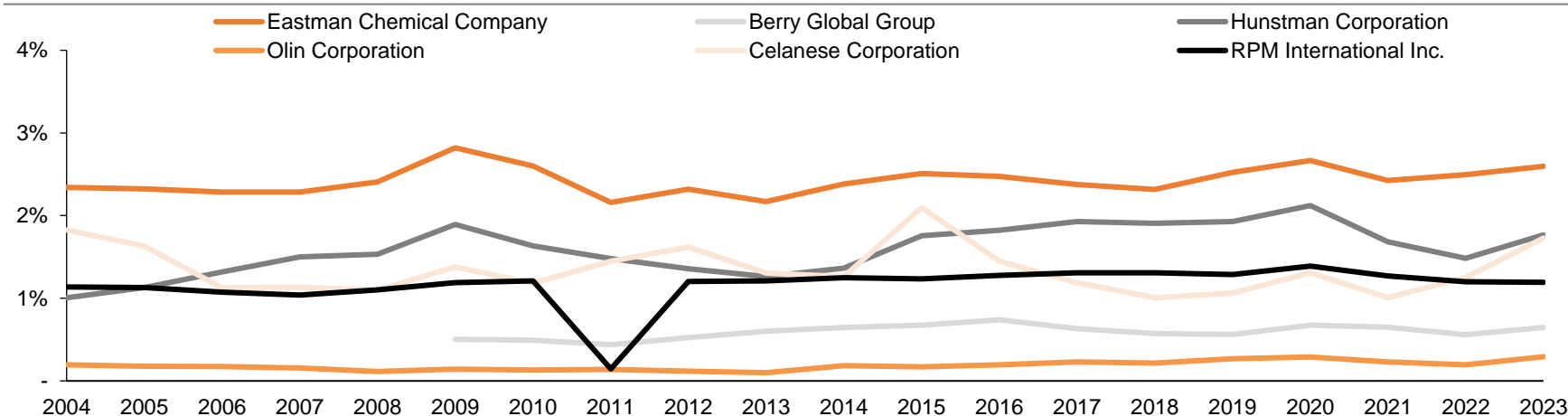
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INVESTMENT THESIS II: INNOVATION & INTEGRATION DRIVING STABILITY **EASTMAN**
Superior R&D Capabilities Through Persistent Spending

Absolute R&D Outsizes Peer Group (Enterprise Value \$5bn to \$25bn)

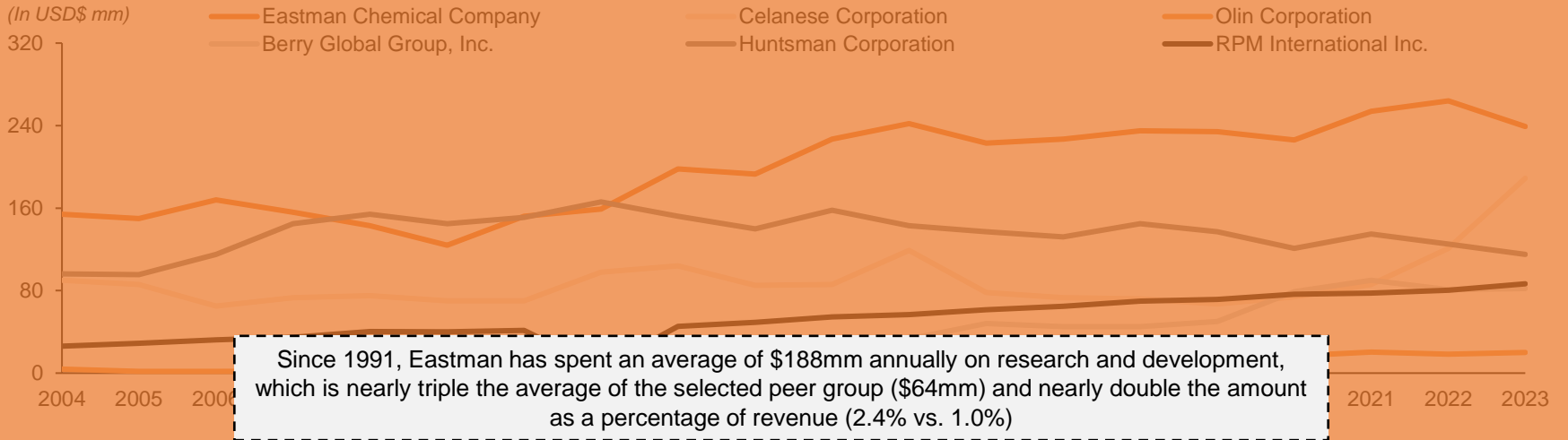


Consistent Spend on R&D as a % of Revenue

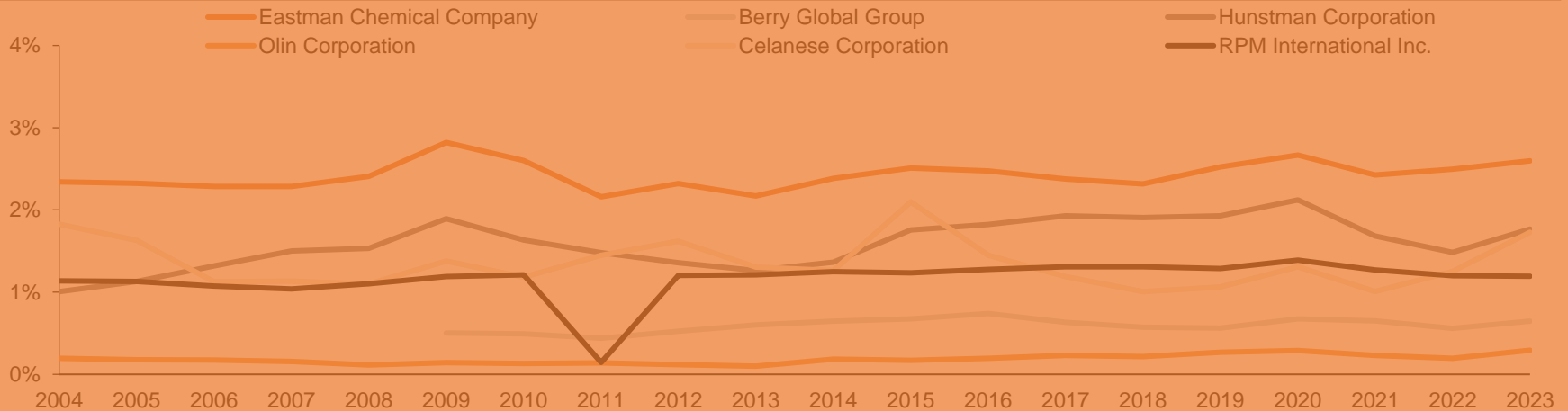


INVESTMENT THESIS II: INNOVATION & INTEGRATION DRIVING STABILITY **EASTMAN**
Superior R&D Capabilities Through Persistent Spending

Absolute R&D Outsizes Peer Group (Enterprise Value \$5bn to \$25bn)



Consistent Spend on R&D as a % of Revenue



Innovation & Strategic Divestitures

Innovation & Partnerships



Eastman introduces new electronic grade solvent to deliver superior quality
Created to meet growing demand for semiconductors and used as solvent in wafer fabrication



Eastman and Tri-Cities Airport partnering to collect plastic waste
Airport plastics will be sorted and processed by a new mixed plastics processing facility



Eastman molecular recycling facility achieves on-spec initial production and is generating revenue
The project will deliver \$75 million of EBITDA in 2024 and Eastman plans to invest in two additional plants



Medical component made with Tritan prevents drug mixing
Airport plastics will be sorted and processed by a new mixed plastics processing facility

Through significant investment, Eastman develops unique partnerships and creates products to solve critical problem's clients face

Strategic Divestitures

Texas City Operations

December 1st, 2023
Eastman completed the sale of its Texas City Operations, part of Eastman's Chemical Intermediates segment, to INEOS Acetyls for **\$490mm**, consisting of \$415mm cash at closing

Adhesives Resins Business

March 31st, 2022
Eastman completed the sale of its adhesive's resins business, part of Eastman's Additives & Functional Products segment, to Synthomer plc. for **\$1bn** cash, representing an **11 times** trailing twelve-month adjusted EBTIDA multiple

Tire Additives Business

November 1st, 2021
Eastman completed the sale of its tire additives business, part of Eastman's Additives & Functional Products segment, to One Rock Capital Partners for **\$800mm**, with \$725mm upfront and \$75mm based on future performance

Eastman sold off it's lower performing segments for higher multiples than the combined platform, proving the value of its vast portfolio

EASTMAN

1 Company Overview

2 Industry Outlook

3 Investment Thesis

4 Valuation

5 Risks & Catalysts

6 Recommendation

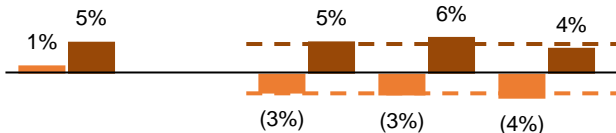
Operational Benchmarking

Revenue Growth (%)

■ 2024E - - - Median
■ 2025E - - - Median

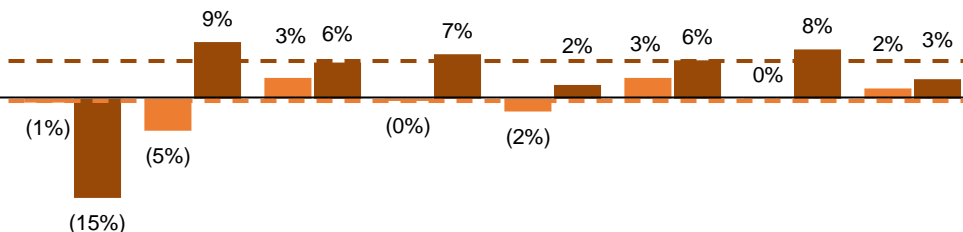
Core Peers

2024E Median, (3.3%)
 2025E Median, 4.9%



Non-Pureplay Plastic & Specialty Chemicals

2024E Median, (0.2%)
 2025E Median, 5.7%



EASTMAN

Celanese

DOW

Quaker Houghton

LYB

Olin

DUPONT

W

Berry

ADVANSIX

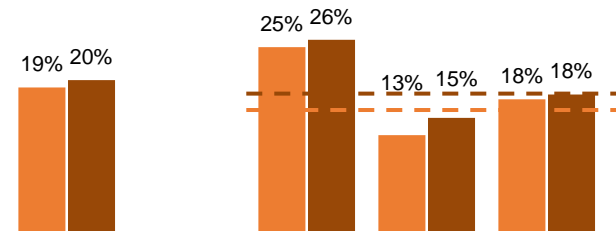
HUNTSMAN

RPM

EBITDA Margin (%)

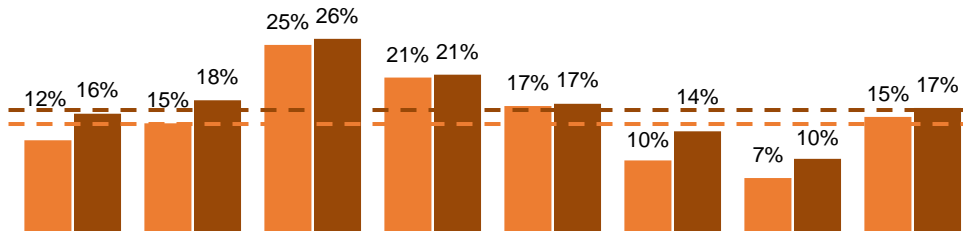
Core Peers

2024E Median, 17.4%
 2025E Median, 18.4%



Non-Pureplay Plastic & Specialty Chemicals

2024E Median, 15.0%
 2025E Median, 16.9%



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LYB

Olin

DUPONT

W

Berry

ADVANSIX

HUNTSMAN

RPM

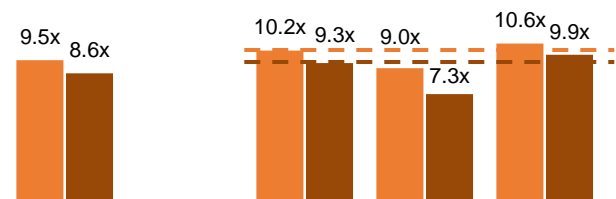
Valuation Benchmarking

TEV / EBITDA (x)

■ 2024E - - - Median
■ 2025E - - - Median

Core Peers

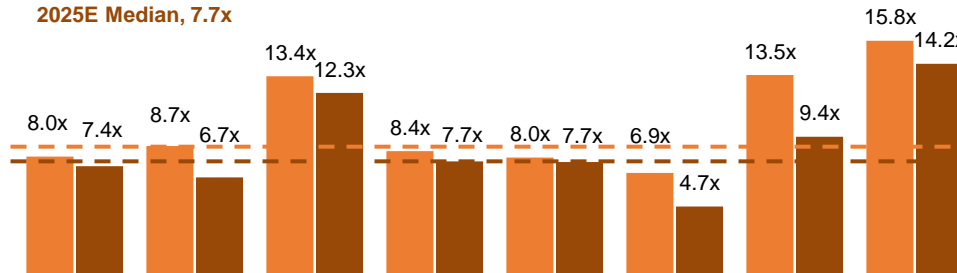
2024E Median, 10.2x
 2025E Median, 9.3x



EASTMAN Celanese **Dow** Quaker Houghton

Non-Pureplay Plastic & Specialty Chemicals

2024E Median, 8.6x
 2025E Median, 7.7x

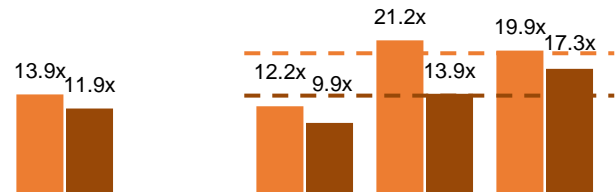


LYB Olin DUPONT W Berry ADVANSix HUNTSMAN RPM

Price / Earnings Per Share (x)

Core Peers

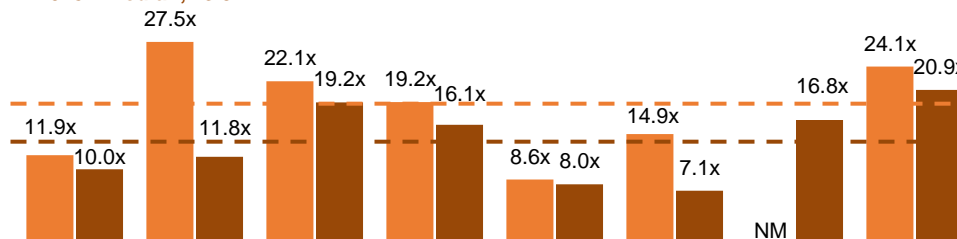
2024E Median, 19.9x
 2025E Median, 13.9x



EASTMAN Celanese **Dow** Quaker Houghton

Non-Pureplay Plastic & Specialty Chemicals

2024E Median, 19.2x
 2025E Median, 13.9x



LYB Olin DUPONT W Berry ADVANSix HUNTSMAN RPM

Valuation Output & Commentary

Analysis Commentary

- Comparable peer universe selected based on industry, business segment, end markets, and exposure to reclaimed recycling processes
- EMN trades at a slight discount to core peers and at a premium to non-pureplay plastic & speciality chemicals based on 24E / 25E EBITDA
 - Trading at a slight discount to core peers despite 24E / 25E EBITDA margin being ~200bps greater
 - EMN possesses significantly higher EBITDA margins compared to non-pureplay plastic & speciality chemicals
- EMN trades at a steep discount on a 24E / 25E P/E basis to core peers & non-pureplay plastic & speciality chemical peers
- EMN's revenue growth outlook remains positive for 24E despite core peers and non-pureplay plastic & speciality chemicals forecasting (3.3%) and (0.2%) in 2024E, respectively
- EMN should be valued based on 75th percentile (upper limit) due to warranting a higher premium based on growth prospects

Return by Multiple

Metric	Multiple			Implied Share Price			Implied Return		
	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit	Lower Limit	Median	Upper Limit
P / 2023A EPS	9.3x	20.5x	31.7x	\$69.82	\$153.51	\$237.19	(34.5%)	44.0%	122.4%
P / 2024E EPS	16.7x	19.6x	22.4x	\$128.41	\$150.41	\$172.42	20.4%	41.1%	61.7%
P / 2025E EPS	11.7x	13.9x	16.2x	\$104.71	\$124.63	\$144.56	(1.8%)	16.9%	35.6%
EV / 2023A EBITDA	8.5x	10.4x	12.3x	\$72.61	\$97.49	\$122.36	(31.9%)	(8.6%)	14.8%
EV / 2024E EBITDA	8.0x	9.4x	10.7x	\$83.60	\$104.31	\$125.02	(21.6%)	(2.2%)	17.2%
EV / 2024E EBITDA	7.2x	8.5x	9.8x	\$82.68	\$104.34	\$125.99	(22.5%)	(2.2%)	18.2%

Discounted Cash Flow Analysis

Discounted Cash Flow Summary

(USD millions)	Forecast Period												Terminal
	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026A	2027A	2028A	2029A	
Revenue	10,151	9,273	8,473	10,476	10,580	9,210	9,376	9,819	10,251	10,657	11,030	11,361	11,361
% Growth		(9%)	(9%)	24%	1%	(13%)	2%	5%	4%	4%	3%	3%	-
EBITDA	2,273	2,065	1,821	2,210	1,907	1,810	1,922	2,132	2,312	2,498	2,687	2,878	2,878
% Margin	22%	22%	21%	21%	18%	20%	21%	22%	23%	23%	24%	25%	25%
(-) D&A	(604)	(611)	(574)	(538)	(477)	(498)	(448)	(501)	(590)	(687)	(790)	(900)	(909)
EBIT	1,669	1,454	1,247	1,672	1,430	1,312	1,475	1,631	1,722	1,811	1,897	1,978	1,969
% Margin	16%	16%	15%	16%	14%	14%	16%	17%	17%	17%	17%	17%	17%
% Growth		87%	86%	134%	86%	92%	112%	111%	106%	105%	105%	104%	-
(-) Cash Taxes	(354)	(308)	(264)	(354)	(303)	(278)	(313)	(346)	(365)	(384)	(402)	(419)	(418)
Tax rate (%)	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
NOPAT	1,315	1,146	983	1,318	1,127	1,034	1,162	1,285	1,357	1,427	1,495	1,559	1,552
(+) D&A	604	611	574	538	477	498	448	501	590	687	790	900	909
(-) CapEx	(528)	(425)	(383)	(578)	(624)	(833)	(675)	(687)	(743)	(799)	(855)	(909)	(909)
% of Revenue	5%	5%	5%	6%	6%	9%	7%	7%	7%	8%	8%	8%	8%
(-) Change in NWC	(55)	45	211	(547)	621	193	(86)	(116)	(122)	(121)	(131)	(127)	(127)
UFCF	1,336	1,377	1,385	731	1,601	892	849	983	1,082	1,194	1,300	1,423	1,425
<i>Stub Period</i>							0.27	1.00	1.00	1.00	1.00	1.00	
<i>Discount Period</i>							0.05	0.60	1.60	2.60	3.60	4.60	
<i>WACC</i>							0.08	0.08	0.08	0.08	0.08	0.08	
<i>Discount Factor</i>							100%	96%	89%	82%	76%	71%	
<i>PV of UFCF</i>							846	939	958	980	989	1,004	

Valuation Assumptions

- Revenue growth based on consensus estimates to FY2025E, thereafter tapering down to 2.0% - 3.5% dependent on segment
- EBIT Margin based on consensus estimates to FY2025E, thereafter expanding 20bps – 120bps dependent on segment; expansion driven by change in input from pricier volatile crude oil to stable cheaper plastic
- D&A forecasted as a % of CapEx and set equal to CapEx in terminal year
- CapEx forecasted as a % of total revenue

WACC: **7.90%**

Perp. Growth Rate: **3.0%**

FDSO: **118 million**

Statutory Tax Rate: **21%**

Forecast Assumptions

Revenue	A&F	▪ Consensus estimates to 2025E, then tapering down to 3.0%
	A.M.	▪ Consensus estimates to 2025E, then tapering down to 3.5% (higher growth than other segments attributed to increasing exposure in reclaimed plastic industry)
	C&I	▪ Consensus estimates to 2025E, then tapering down to 2.5%
	Fiber	▪ Consensus estimates to 2025E, then tapering down to 2.5%
EBIT Margin	A&F	▪ Consensus estimates to 2025E, then expanding +20bps based on recovery to pre-COVID margins
	A.M.	▪ Consensus estimates to 2025E, then expanding +120bps based on shift to cheaper less volatile input cost, circularity is created for their products and others, and increasing exposure in fast-growing higher margin industry
	C&I	▪ Consensus estimates to 2025E, then expanding +20bps based on recovery to pre-COVID margins
	Fiber	▪ Consensus estimates to 2025E, then expanding +60bps based on Thesis III
Capital Expenditures and D&A		▪ Street +100-300bps due to expected construction of France and Tennessee Recycled Facilities matching CapEx of Kingsport Facility; D&A assumed to taper up to 99.0% of CapEx, then set equal in terminal year
Terminal Value		▪ Exit Multiple assumed 75 th percentile of estimates / comparable analysis based on shift to higher multiple segment
WACC	Cost of Equity	▪ Cost of equity of 7.90% calculated using a Beta of 1.07, 3.74% RFR, and 5.00% ERP
	Cost of Debt	▪ After tax cost of debt calculated at 3.9% using EMN's recent debt issuance and 21% statutory tax rate

Indicative of Room for Appreciation

Valuation Summary

Gordon Growth Method

<i>Terminal Growth Rate</i>	2.50%
Terminal Value	26,400
PV of Terminal Value	18,613
Sum of PV of FCF	5,716
Enterprise Value	24,328
% Terminal Value	76.5%
% PV of FCF	23.5%
(-) Net Debt	(4,678)
Equity Value	19,650
Shares Outstanding	117.7
Implied Share Price	\$166.9
Premium to Current Share Price	54.6%
Implied Exit Multiple	8.5x

Exit Multiple Method

<i>EBITDA Multiple</i>	8.8x
Terminal Value	25,257
PV of Terminal Value	17,807
Sum of PV of FCF	5,716
Enterprise Value	23,522
% Terminal Value	75.7%
% PV of FCF	24.3%
(-) Net Debt	(4,678)
Equity Value	18,844
Shares Outstanding	117.70
Implied Share Price	\$160.1
Premium to Current Share Price	48.2%
Implied PGR	2.26%

Sensitivity Tables

Equity Value Per Share

Discount rate	Exit Multiple				
	7.8x	8.3x	8.8x	9.3x	9.8x
	6.9%	\$149.75	\$158.74	\$167.74	\$176.74
7.4%	\$146.26	\$155.06	\$163.87	\$172.67	\$181.48
7.9%	\$142.85	\$151.47	\$160.09	\$168.71	\$177.33
8.4%	\$139.53	\$147.97	\$156.41	\$164.85	\$173.29
8.9%	\$136.30	\$144.56	\$152.82	\$161.08	\$169.34

Implied Return

Discount rate	Exit Multiple				
	7.8x	8.3x	8.8x	9.3x	9.8x
	6.9%	38.6%	47.0%	55.3%	63.6%
7.4%	35.4%	43.6%	51.7%	59.9%	68.0%
7.9%	32.3%	40.2%	48.2%	56.2%	64.2%
8.4%	29.2%	37.0%	44.8%	52.6%	60.4%
8.9%	26.2%	33.8%	41.5%	49.1%	56.8%

Equity Value Per Share

Margin Sensitiv	Revenue Growth Sensitivity				
	(1.0%)	(0.5%)	0.0%	0.5%	1.0%
	(2.0%)	\$128.11	\$133.57	\$139.15	\$144.86
(1.0%)	\$138.10	\$143.80	\$149.62	\$155.58	\$161.66
0.0%	\$148.08	\$154.02	\$160.09	\$166.30	\$172.64
1.0%	\$158.07	\$164.25	\$170.56	\$177.01	\$183.61
2.0%	\$168.06	\$174.47	\$181.03	\$187.73	\$194.58

Implied Return

Margin Sensitiv	Revenue Growth Sensitivity				
	(1.0%)	(0.5%)	0.0%	0.5%	1.0%
	(2.0%)	18.6%	23.7%	28.8%	34.1%
(1.0%)	27.9%	33.1%	38.5%	44.0%	49.7%
0.0%	37.1%	42.6%	48.2%	54.0%	59.8%
1.0%	46.3%	52.1%	57.9%	63.9%	70.0%
2.0%	55.6%	61.5%	67.6%	73.8%	80.2%

Risks & Catalysts

EASTMAN

1 Company Overview

2 Industry Outlook

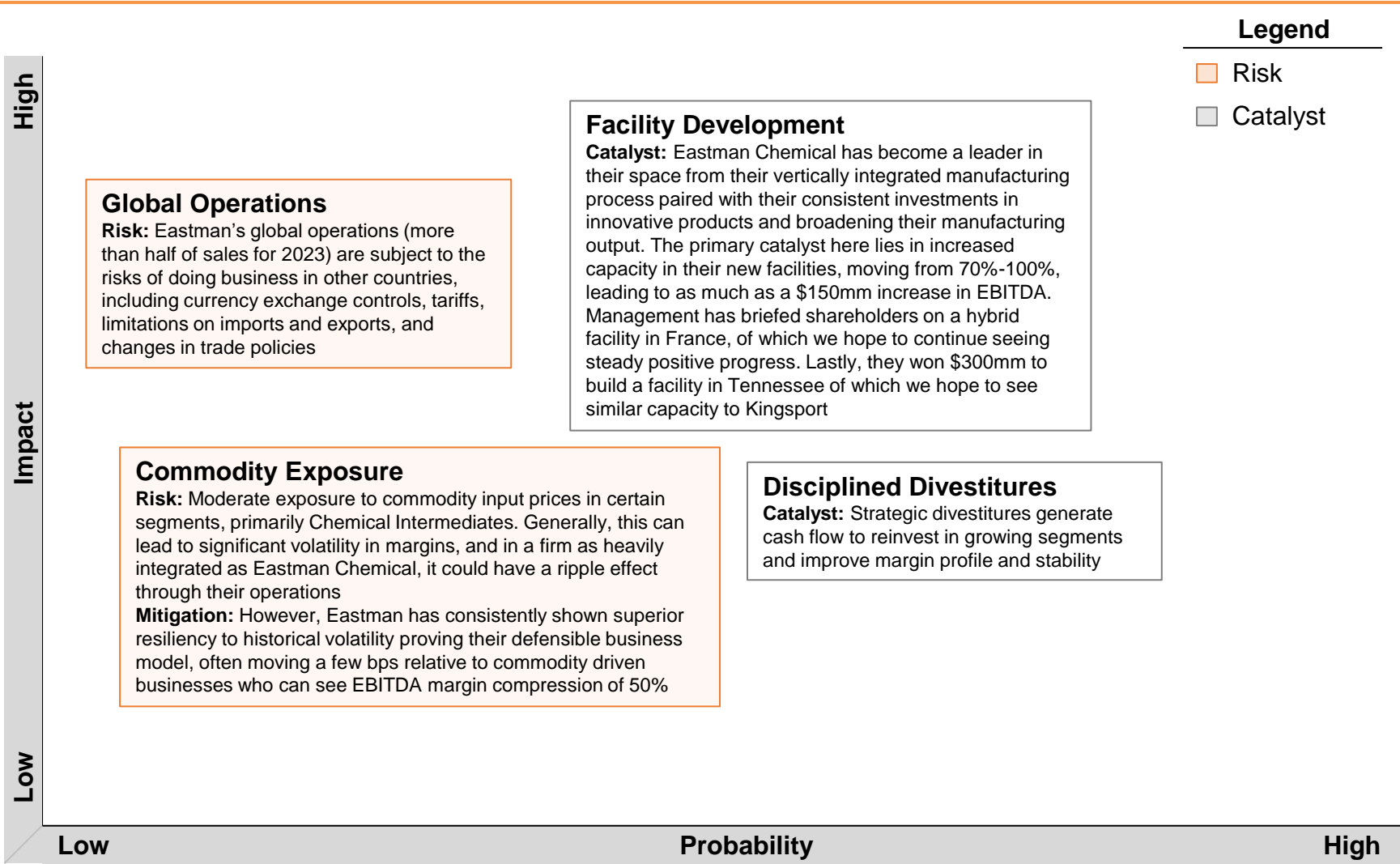
3 Investment Thesis

4 Valuation

5 Risks & Catalysts

6 Recommendation

Risk Considerations and Potential Catalysts



Recommendation

EASTMAN

1 Company Overview

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4 Valuation

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6 Recommendation

RECOMMENDATION

The Four W's

1

What do we like?

- Eastman is well-positioned for long-term success, particularly as its molecular recycling initiatives become operational and contribute a new revenue stream. With an ongoing shift toward becoming a specialty chemical company, now is ideal to start building a position
- EMN's legacy segments and emphasis on vertical integration provide stability and downside protection to high growth ventures
- EMN's management team is aligned with investors;
 - Executive incentive compensation plan is ~81% of total potential salary;
 - Annual awards are based on 75% of adjusted EBIT and 25% on operating cash flow;
 - Long term stock-based compensation is based on a 3-year ROIC target, and stock and dividend performance relative to peers
 - Management has demonstrated ability to allocate capital effectively through divestment and discontinuation of under-performing assets
- Relatively insulated from competition as 2/3rds of revenue comes from products where Eastman has leading share

2

What do we not like?

- The Chemical Intermediates segment is heavily exposed to commodity prices, despite efforts to mitigate effects on pricing/margins

3

What needs to happen?

- Positive news regarding molecular plant in France and further insight on the new molecular plant being built in the USA
- Kingsport facility production at 100% providing an incremental \$75mm - \$150mm EBITDA

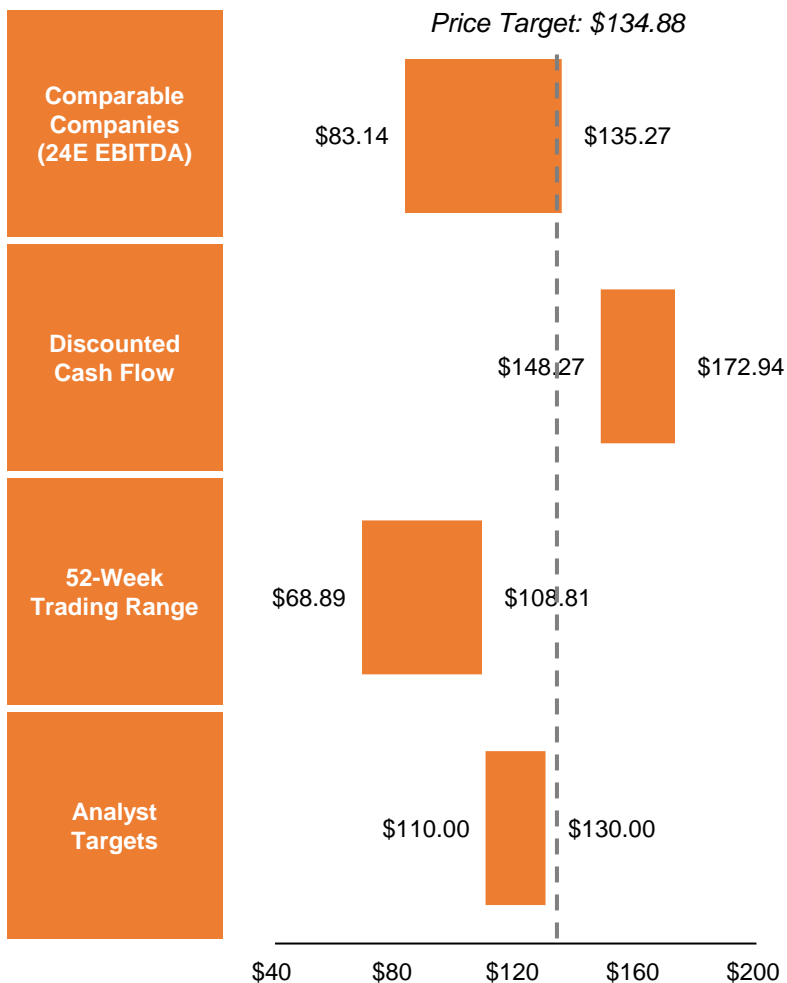
4

What do we need to learn more about?

- Alternative forms of advanced recycling and their development
- Molecular chemical processing costs and how they will change in the future

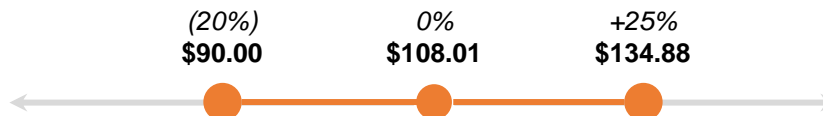
Buy With Price Target of \$134.88 (+25%)

Indicative Valuation Range

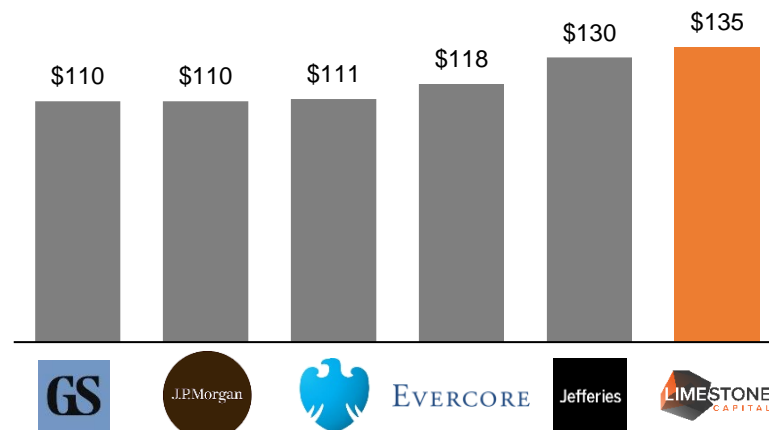


Price Target

Valuation Summary		
Analysis	Price	Weight
Comparables	\$109.21	30%
DCF	\$159.31	50%
Street Consensus	\$115.80	10%
52-Week High	\$108.81	10%
Average	\$134.88	100%



Select Broker Summary



Appendix

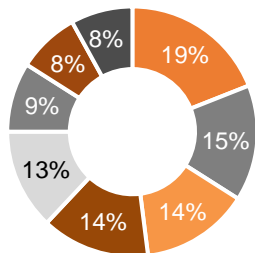


Segment Overview & Principal Products

Additives & Functional Products

Care & Coatings Additives, Functional Amines, Specialty Fluids

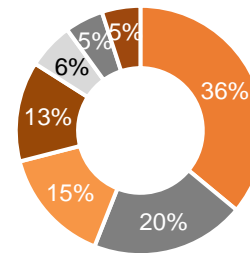
- Food, feed, and agriculture
- Water treatment and energy
- Other markets
- Consumables
- Transportation
- Personal care and wellness
- Building and construction
- Durables and electronics



Advanced Materials

Advanced Interlayers, Performance Films, Specialty Plastics

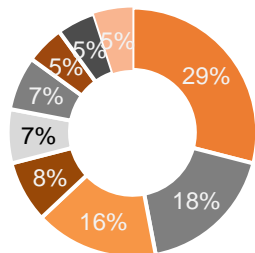
- Transportation
- Building and construction
- Consumables
- Other markets
- Durables and electronics
- Medical and pharma
- Personal care and wellness



Chemical Intermediates

Intermediates, Plasticizers

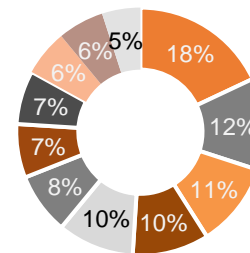
- Industrial chemicals
- Building and construction
- Durables and electronics
- Food, feed, and agriculture
- Medical pharma
- Other markets
- Consumables
- Transportation
- Water treatment and energy



Eastman (Fibers Segment Products)

Acetate Tow, Acetate Yarn & Fiber, Acetyl Chemicals, Nonwovens

- Transportation
- Building and construction
- Other markets
- Food, fee, and agriculture
- Personal care and wellness
- Filter media
- Durables and electronics
- Consumables
- Industrial chemicals
- Medical and pharma

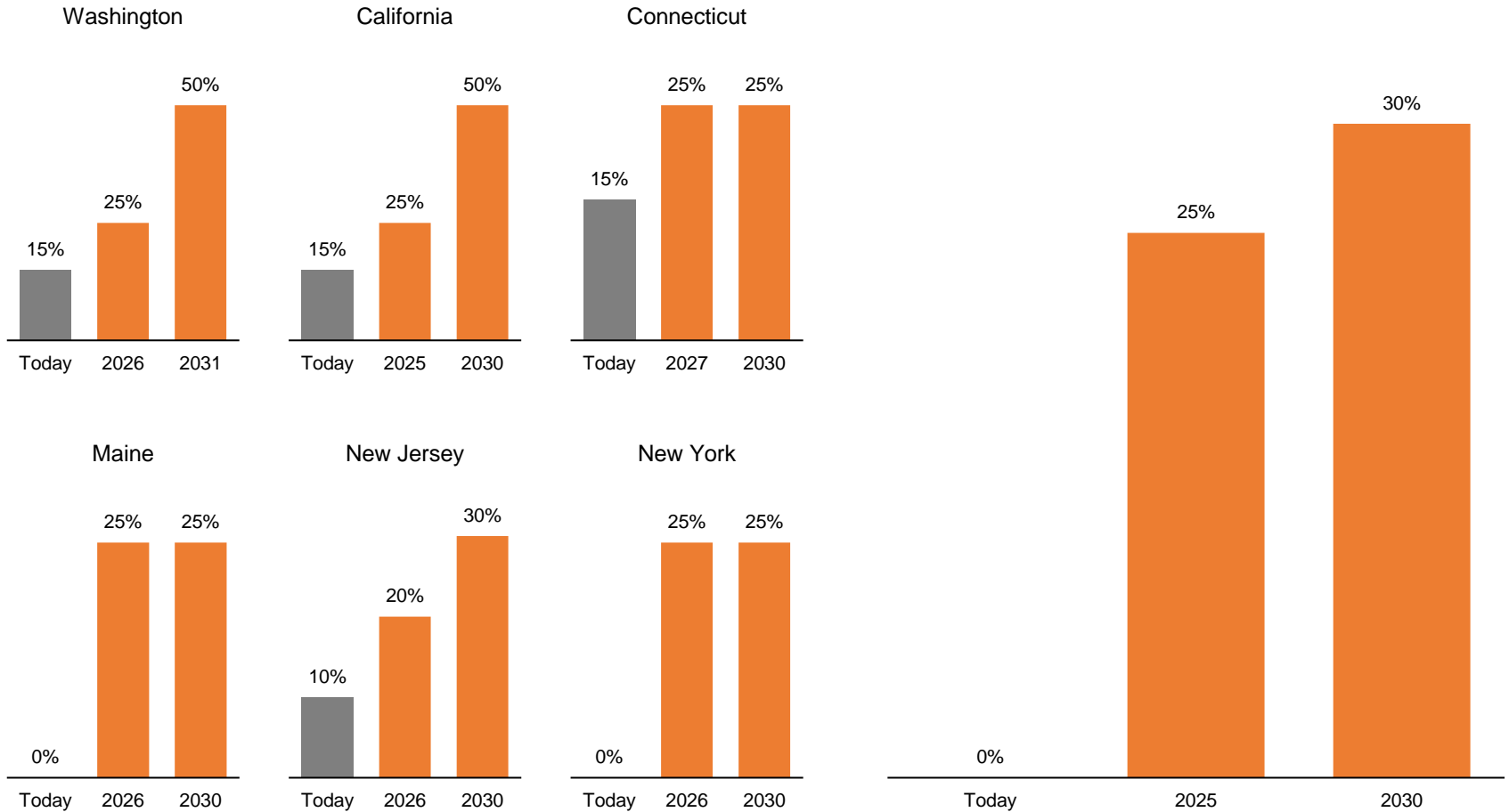


Regulatory Tailwinds

Mandated Recycled Content by Geography

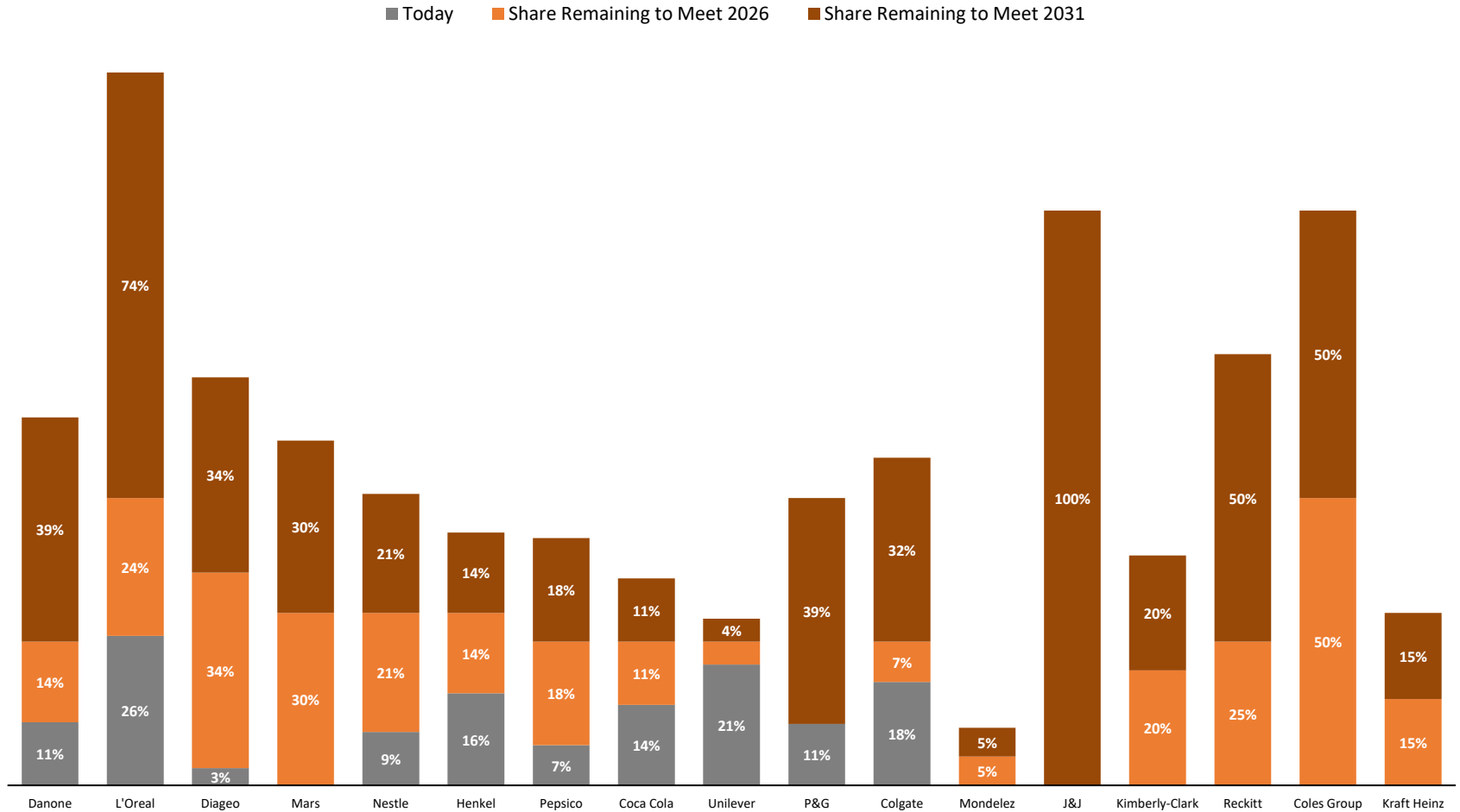
United States

Europe



Regulatory Tailwinds


Mandated Recycled Content by CPG Companies



Building Product Comparables

(In CAD millions)	Market Cap.	EV	EV/EBITDA		
			2023A	2024E	2025E
<u>Reclaimed Plastics - Outdoor Living / Decking Companies</u>					
Trex Company, Inc.	\$10,225	\$10,360	22.0x	20.2x	17.9x
The AZEK Company Inc.	\$9,054	\$9,510	17.4x	16.8x	15.4x
Median			19.7x	18.5x	16.6x
<u>Some Reclaimed Plastics Segments - Outdoor Living</u>					
Fortune Brands Innovations, Inc.	\$14,583	\$18,203	13.5x	12.6x	11.7x
Central Garden & Pet Company	\$3,436	\$4,551	10.0x	9.3x	11.1x
Westlake Corporation	\$25,208	\$29,326	8.4x	7.7x	7.3x
Victoria PLC	\$274	\$2,303	7.7x	7.2x	6.9x
Berry Global Group, Inc.	\$10,483	\$22,527	8.1x	7.7x	7.5x
Mohawk Industries, Inc.	\$13,465	\$16,608	8.4x	7.7x	7.3x
<u>Some Reclaimed Plastic Segments - Other Building Products</u>					
Kingspan Group plc	\$23,013	\$26,100	15.7x	14.3x	13.0x
Carlisle Companies Incorporated	\$27,555	\$28,302	15.2x	14.2x	13.5x
Masco Corporation	\$24,310	\$28,362	13.7x	12.9x	12.1x
Leggett & Platt, Incorporated	\$2,355	\$4,922	8.7x	8.2x	7.7x
Median			14.4x	13.5x	12.6x
<u>Non/Little-Reclaimed Plastics - Building / Home Products</u>					
American Woodmark Corporation	\$1,959	\$2,546	8.0x	7.4x	21.5x
Louisiana-Pacific Corporation	\$10,107	\$10,179	12.3x	12.1x	10.6x
JELD-WEN Holding, Inc.	\$1,823	\$3,373	7.3x	6.6x	5.4x
Ethan Allen Interiors Inc.	\$1,072	\$1,029	8.2x	7.8x	14.7x
Armstrong World Industries, Inc.	\$7,806	\$8,664	13.3x	12.3x	11.2x
Median			8.2x	7.8x	11.2x

Precedent Transactions

Target	Date	Description	Valuation
	Nov. 2017	Manufactures and supplies specialty films, coatings, and custom-printing and engineered laminations	Implied EV/Revenue: 1.0x Implied EV/EBITDA: 9.0x
	Sep. 2019	Produces and sells perfumes, aromas, and natural products and engages in upcycling	Implied EV/Revenue: 2.9x Implied EV/EBITDA: 16.8x
	Aug. 2020	Manufactures and markets chemical products, including those used in coatings and performance additives	Implied EV/Revenue: 0.5x Implied EV/EBITDA: 7.3x
	Mar. 2020	Manufactures specialty chemicals and recycles plastic materials	Implied EV/Revenue: 2.0x Implied EV/EBITDA: 16.5x

APPENDIX

Revenue Build

Revenue Forecast													
Additives & Functional Products	\$mm	3,647	3,273	3,022	3,700	3,165	2,834	2,802	2,900	2,998	3,095	3,192	3,287
1: Bear	%	-	(10.3%)	(7.7%)	22.4%	(14.5%)	(10.5%)	(1.1%)	3.5%	3.2%	3.0%	2.7%	2.5%
2: Base	%	-	(10.3%)	(7.7%)	22.4%	(14.5%)	(10.5%)	(1.1%)	3.5%	3.4%	3.2%	3.1%	3.0%
3: Bull	%	-	(10.3%)	(7.7%)	22.4%	(14.5%)	(10.5%)	(1.1%)	3.5%	3.6%	3.7%	3.9%	4.0%
4: Tegus Forecast	%	-	(10.3%)	(7.7%)	22.4%	(14.5%)	(10.5%)	(1.7%)	6.0%	6.0%	6.0%	6.0%	6.0%
3-Year CAGR	%	-	-	-	0.5%	(1.1%)	(2.1%)	(8.8%)	(2.9%)	1.9%	3.4%	3.2%	3.1%
4-Year CAGR	%	-	-	-	-	(3.5%)	(3.5%)	(1.9%)	(5.9%)	(1.3%)	2.2%	3.3%	3.2%
Advanced Materials	\$mm	2,755	2,688	2,524	3,027	3,207	2,932	3,102	3,359	3,596	3,808	3,986	4,126
1: Bear	%	-	(2.4%)	(6.1%)	19.9%	5.9%	(8.6%)	5.8%	8.3%	6.9%	5.6%	4.3%	3.0%
2: Base	%	-	(2.4%)	(6.1%)	19.9%	5.9%	(8.6%)	5.8%	8.3%	7.1%	5.9%	4.7%	3.5%
3: Bull	%	-	(2.4%)	(6.1%)	19.9%	5.9%	(8.6%)	5.8%	8.3%	7.2%	6.1%	5.1%	4.0%
4: Tegus Forecast	%	-	(2.4%)	(6.1%)	19.9%	5.9%	(8.6%)	3.3%	6.0%	4.0%	6.0%	4.0%	4.0%
3-Year CAGR	%	-	-	-	3.2%	6.1%	5.1%	0.8%	1.6%	7.0%	7.1%	5.9%	4.7%
4-Year CAGR	%	-	-	-	-	3.9%	2.2%	5.3%	2.6%	2.9%	6.8%	6.5%	5.3%
Chemical Intermediates	\$mm	2,831	2,443	2,090	2,849	3,026	2,143	2,113	2,182	2,248	2,313	2,375	2,434
1: Bear	%	-	(13.7%)	(14.4%)	36.3%	6.2%	(29.2%)	(1.4%)	3.2%	2.9%	2.6%	2.3%	2.0%
2: Base	%	-	(13.7%)	(14.4%)	36.3%	6.2%	(29.2%)	(1.4%)	3.2%	3.1%	2.9%	2.7%	2.5%
3: Bull	%	-	(13.7%)	(14.4%)	36.3%	6.2%	(29.2%)	(1.4%)	3.2%	3.2%	3.1%	3.1%	3.0%
4: Tegus Forecast	%	-	(13.7%)	(14.4%)	36.3%	6.2%	(29.2%)	(1.1%)	5.0%	4.0%	8.0%	4.0%	4.0%
3-Year CAGR	%	-	-	-	0.2%	7.4%	0.8%	(9.5%)	(10.3%)	1.6%	3.1%	2.9%	2.7%
4-Year CAGR	%	-	-	-	-	1.7%	(3.2%)	0.3%	(6.5%)	(7.2%)	1.9%	3.0%	2.8%
Fibers	\$mm	918	869	837	900	1,022	1,295	1,349	1,378	1,409	1,442	1,477	1,514
1: Bear	%	-	(5.3%)	(3.7%)	7.5%	13.6%	26.7%	4.2%	2.2%	2.1%	2.1%	2.0%	2.0%
2: Base	%	-	(5.3%)	(3.7%)	7.5%	13.6%	26.7%	4.2%	2.2%	2.2%	2.3%	2.4%	2.5%
3: Bull	%	-	(5.3%)	(3.7%)	7.5%	13.6%	26.7%	4.2%	2.2%	2.4%	2.6%	2.8%	3.0%
4: Tegus Forecast	%	-	(5.3%)	(3.7%)	7.5%	13.6%	26.7%	4.2%	4.0%	3.0%	8.0%	3.0%	3.0%
3-Year CAGR	%	-	-	-	(0.7%)	5.6%	15.7%	14.4%	10.5%	2.9%	2.2%	2.3%	2.4%
4-Year CAGR	%	-	-	-	-	2.7%	10.5%	12.7%	11.2%	8.4%	2.7%	2.3%	2.4%

Operational Build

Operational Forecast													
Additives & Functional Products													
EBIT	\$mm	671	550	448	537	483	436	446	470	488	506	524	542
3-Year CAGR	%	-	-	-	(7.2%)	(4.2%)	(0.9%)	(6.0%)	(0.9%)	3.8%	4.3%	3.7%	3.6%
4-Year CAGR	%	-	-	-	-	(7.9%)	(5.6%)	(0.1%)	(3.3%)	0.2%	3.8%	4.1%	3.7%
EBIT Margin	\$mm	18.4%	16.8%	14.8%	14.5%	15.3%	15.4%	15.9%	16.2%	16.3%	16.3%	16.4%	16.5%
1: Bear	%	18.4%	16.8%	14.8%	14.5%	15.3%	15.4%	15.9%	16.2%	16.1%	16.1%	16.0%	16.0%
2: Base	%	18.4%	16.8%	14.8%	14.5%	15.3%	15.4%	15.9%	16.2%	16.3%	16.3%	16.4%	16.5%
3: Bull	%	18.4%	16.8%	14.8%	14.5%	15.3%	15.4%	15.9%	16.2%	16.4%	16.6%	16.8%	17.0%
4: Tegus Forecast	%	18.4%	16.8%	14.8%	14.5%	15.3%	15.4%	15.3%	15.3%	15.6%	16.4%	17.7%	17.7%
3-Year CAGR	%	-	-	-	(7.6%)	(3.2%)	1.2%	3.1%	2.0%	1.9%	0.9%	0.5%	0.5%
4-Year CAGR	%	-	-	-	-	(4.6%)	(2.2%)	1.8%	2.8%	1.6%	1.5%	0.8%	0.5%
Advanced Materials													
EBIT	\$mm	501	518	448	532	395	343	468	533	585	635	681	722
3-Year CAGR	%	-	-	-	2.0%	(8.6%)	(8.5%)	(4.2%)	10.5%	19.5%	10.7%	8.5%	7.3%
4-Year CAGR	%	-	-	-	-	(5.8%)	(9.8%)	1.1%	0.0%	10.3%	16.7%	9.8%	7.9%
EBIT Margin	\$mm	18.2%	19.3%	17.7%	17.6%	12.3%	11.7%	15.1%	15.9%	16.3%	16.7%	17.1%	17.5%
1: Bear	%	18.2%	19.3%	17.7%	17.6%	12.3%	11.7%	15.1%	15.9%	16.1%	16.4%	16.7%	17.0%
2: Base	%	18.2%	19.3%	17.7%	17.6%	12.3%	11.7%	15.1%	15.9%	16.3%	16.7%	17.1%	17.5%
3: Bull	%	18.2%	19.3%	17.7%	17.6%	12.3%	11.7%	15.1%	15.9%	16.4%	16.9%	17.5%	18.0%
4: Tegus Forecast	%	18.2%	19.3%	17.7%	17.6%	12.3%	11.7%	14.4%	15.2%	15.4%	15.9%	16.5%	17.0%
3-Year CAGR	%	-	-	-	(1.1%)	(13.9%)	(13.0%)	(4.9%)	8.8%	11.6%	3.4%	2.5%	2.5%
4-Year CAGR	%	-	-	-	-	(9.3%)	(11.7%)	(4.0%)	(2.5%)	7.2%	9.3%	3.1%	2.5%

Operational Build (cont'd)

Chemical Intermediaries													
EBIT	\$mm	278	192	171	461	412	111	109	178	186	193	200	207
3-Year CAGR	%	-	-	-	18.4%	29.0%	(13.4%)	(38.2%)	(24.4%)	18.7%	21.1%	3.9%	3.7%
4-Year CAGR	%	-	-	-	-	10.3%	(12.8%)	(10.7%)	(21.1%)	(18.1%)	14.8%	16.5%	3.8%
EBIT Margin	\$mm	9.8%	7.9%	8.2%	16.2%	13.6%	5.2%	5.1%	8.2%	8.3%	8.3%	8.4%	8.5%
1: Bear	%	9.8%	7.9%	8.2%	16.2%	13.6%	5.2%	5.1%	8.2%	8.1%	8.1%	8.0%	8.0%
2: Base	%	9.8%	7.9%	8.2%	16.2%	13.6%	5.2%	5.1%	8.2%	8.3%	8.3%	8.4%	8.5%
3: Bull	%	9.8%	7.9%	8.2%	16.2%	13.6%	5.2%	5.1%	8.2%	8.6%	9.1%	9.5%	10.0%
4: Tegus Forecast	%	9.8%	7.9%	8.2%	16.2%	13.6%	5.2%	3.8%	4.9%	5.5%	7.6%	8.9%	10.0%
3-Year CAGR	%	-	-	-	18.1%	20.1%	(14.1%)	(31.8%)	(15.6%)	16.8%	17.5%	1.0%	1.0%
4-Year CAGR	%	-	-	-	-	8.5%	(9.9%)	(11.0%)	(15.7%)	(11.8%)	12.6%	13.1%	1.0%
Fibers													
EBIT	\$mm	219	194	180	142	140	422	452	451	464	477	492	507
3-Year CAGR	%	-	-	-	(13.4%)	(10.3%)	32.8%	47.1%	47.6%	3.2%	1.8%	3.0%	3.0%
4-Year CAGR	%	-	-	-	-	(10.6%)	21.4%	25.9%	33.5%	34.9%	3.1%	2.1%	3.0%
EBIT Margin	\$mm	23.9%	22.3%	21.5%	15.8%	13.7%	32.6%	33.5%	32.7%	32.9%	33.1%	33.3%	33.5%
1: Bear	%	23.9%	22.3%	21.5%	15.8%	13.7%	32.6%	33.5%	32.7%	32.9%	33.1%	33.3%	33.5%
2: Base	%	23.9%	22.3%	21.5%	15.8%	13.7%	32.6%	33.5%	32.7%	32.9%	33.1%	33.3%	33.5%
3: Bull	%	23.9%	22.3%	21.5%	15.8%	13.7%	32.6%	33.5%	32.7%	32.9%	33.1%	33.3%	33.5%
4: Tegus Forecast	%	23.9%	22.3%	21.5%	15.8%	13.7%	32.6%	35.2%	35.5%	34.9%	34.2%	33.9%	33.9%
3-Year CAGR	%	-	-	-	(12.9%)	(15.0%)	14.9%	28.5%	33.6%	0.3%	(0.4%)	0.6%	0.6%
4-Year CAGR	%	-	-	-	-	(12.9%)	9.9%	11.7%	20.0%	24.5%	0.4%	(0.2%)	0.6%

Operational Build (cont'd)

Capex & Depreciation													
Capex % of Revenue	%	5%	5%	5%	6%	6%	9%	7%	7%	7%	8%	8%	8%
1: Bear	%	5%	5%	5%	6%	6%	9%	7%	7%	7%	8%	8%	8%
2: Base	%	5%	5%	5%	6%	6%	9%	7%	7%	7%	8%	8%	8%
3: Bull	%	5%	5%	5%	6%	6%	9%	7%	7%	7%	8%	8%	8%
4: Tegus Forecast	%	5%	5%	5%	6%	6%	9%	7%	7%	6%	5%	5%	5%
<i>Memo: Street Estimates</i>	\$mm								640	585	585	585	585
Total Capex	\$mm	528	425	383	578	624	833	675	687	743	799	855	909
Depreciation % of Capex	%	114%	144%	150%	93%	76%	60%	66%	73%	79%	86%	92%	99%
1: Bear	%	114%	144%	150%	93%	76%	60%	66%	73%	79%	86%	92%	99%
2: Base	%	114%	144%	150%	93%	76%	60%	66%	73%	79%	86%	92%	99%
3: Bull	%	114%	144%	150%	93%	76%	60%	66%	73%	79%	86%	92%	99%
4: Tegus Forecast	%	114%	144%	150%	93%	76%	60%	75%	74%	69%	65%	61%	58%
<i>Memo: Street Estimates</i>	\$mm							506	510	516	521	525	525
Total Depreciation	\$mm	604	611	574	538	477	498	448	501	590	687	790	900