



Figure 14: Eastman Quarterly Segment Income Statement 2013-2014E (\$ in millions, except per-share data)

| | 2013 | | | | | 2014E | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | YEAR | Q1A | Q2A | Q3 | Q4 | YEAR |
| Sales | | | | | | | | | | |
| Additives & Functional Products | 419 | 430 | 445 | 425 | 1,719 | 423 | 452 | 465 | 440 | 1,780 |
| % Change | 5% | 2% | 10% | 11% | 7% | 1% | 5% | 4% | 4% | 4% |
| Adhesives & Plasticizers | 345 | 339 | 321 | 321 | 1,326 | 345 | 358 | 335 | 337 | 1,375 |
| % Change | (8%) | (9%) | (8%) | (5%) | (7%) | 0% | 6% | 4% | 5% | 4% |
| Advanced Materials | 584 | 625 | 583 | 557 | 2,349 | 581 | 631 | 590 | 568 | 2,370 |
| % Change | 3% | 4% | 4% | 5% | 4% | (1%) | 1% | 1% | 2% | 1% |
| Fibers | 346 | 363 | 363 | 369 | 1,441 | 354 | 386 | 380 | 380 | 1,500 |
| % Change | 7% | 14% | 4% | 14% | 10% | 2% | 6% | 5% | 3% | 4% |
| Specialty Fluids & Intermediates | 607 | 677 | 620 | 593 | 2,497 | 601 | 633 | 650 | 621 | 2,505 |
| % Change | (5%) | 4% | 5% | 1% | 1% | (1%) | (6%) | 5% | 5% | 0% |
| Total Segment Sales | 2,301 | 2,434 | 2,332 | 2,265 | 9,332 | 2,304 | 2,460 | 2,420 | 2,346 | 9,530 |
| Other | 6 | 6 | 6 | 0 | 18 | 1 | 0 | 1 | 1 | 3 |
| Sales | 2,307 | 2,440 | 2,338 | 2,265 | 9,350 | 2,305 | 2,460 | 2,421 | 2,347 | 9,533 |
| % Change | (1%) | 3% | 3% | 4% | 3% | (0%) | 1% | 4% | 4% | 2% |
| Operating Profit | | | | | | | | | | |
| Additives & Functional Products | 98 | 105 | 111 | 92 | 408 | 94 | 103 | 110 | 108 | 415 |
| Operating Margin | 23.4% | 24.4% | 24.9% | 21.6% | 23.6% | 22.2% | 22.8% | 23.7% | 24.5% | 23.3% |
| % Change | 4% | 0% | 6% | 3% | 3% | (4%) | (2%) | (1%) | 17% | 2% |
| Adhesives & Plasticizers | 49 | 50 | 41 | 33 | 173 | 47 | 56 | 45 | 37 | 185 |
| Operating Margin | 14.2% | 14.7% | 12.8% | 10.3% | 13.0% | 13.6% | 15.6% | 13.4% | 11.0% | 13.5% |
| % Change | (26%) | (31%) | (44%) | (37%) | (34%) | (4%) | 12% | 10% | 12% | 7% |
| Advanced Materials | 65 | 81 | 69 | 45 | 260 | 71 | 80 | 80 | 64 | 295 |
| Operating Margin | 11.1% | 13.0% | 11.6% | 8.1% | 11.1% | 12.2% | 12.7% | 13.6% | 11.3% | 12.4% |
| % Change | 7% | 29% | 21% | 55% | 24% | 9% | (1%) | 16% | 42% | 13% |
| Fibers | 114 | 116 | 113 | 119 | 462 | 117 | 123 | 115 | 125 | 480 |
| Operating Margin | 32.9% | 32.0% | 31.1% | 32.2% | 32.1% | 33.1% | 31.9% | 30.3% | 32.9% | 32.0% |
| % Change | 13% | 21% | 15% | 28% | 19% | 3% | 6% | 2% | 5% | 4% |
| Specialty Fluids & Intermediates | 95 | 118 | 90 | 61 | 364 | 64 | 96 | 85 | 65 | 310 |
| Operating Margin | 15.7% | 17.4% | 14.5% | 10.3% | 14.6% | 10.6% | 15.2% | 13.1% | 10.5% | 12.4% |
| % Change | 30% | 22% | (6%) | (34%) | 1% | (33%) | (19%) | (6%) | 7% | (15%) |
| Segment Operating Profit | 421 | 470 | 424 | 350 | 1,665 | 393 | 458 | 435 | 399 | 1,685 |
| % Change | 7% | 9% | (1%) | (2%) | 3% | (7%) | (3%) | 3% | 14% | 1% |
| Other | (18) | (16) | (19) | (21) | (74) | (10) | (17) | (14) | (14) | (55) |
| Operating Profit | 403 | 454 | 405 | 329 | 1,591 | 383 | 441 | 421 | 385 | 1,630 |
| Operating Margin | 17.5% | 18.6% | 17.3% | 14.5% | 17.0% | 16.6% | 17.9% | 17.4% | 16.4% | 17.1% |
| % Change | 11% | 13% | 2% | 1% | 7% | (5%) | (3%) | 4% | 17% | 2% |
| Pro Forma/Actual EBITDA | | | | | | | | | | |
| Additives & Functional Products | | | | | 501 | | | | | 513 |
| EBITDA Margin | | | | | 29.1% | | | | | 28.8% |
| % Change | | | | | 2% | | | | | 2% |
| Adhesives & Plasticizers | | | | | 218 | | | | | 230 |
| EBITDA Margin | | | | | 18.4% | | | | | 18.7% |
| % Change | | | | | (29%) | | | | | 6% |
| Advanced Materials | | | | | 404 | | | | | 443 |
| EBITDA Margin | | | | | 17.2% | | | | | 18.7% |
| % Change | | | | | 16% | | | | | 10% |
| Fibers | | | | | 527 | | | | | 545 |
| EBITDA Margin | | | | | 36.6% | | | | | 36.3% |
| % Change | | | | | 15% | | | | | 3% |
| Specialty Fluids & Intermediates | | | | | 444 | | | | | 395 |
| EBITDA Margin | | | | | 17.8% | | | | | 15.8% |
| % Change | | | | | 1% | | | | | (11%) |
| Segment EBITDA | | | | | 2,094 | | | | | 2,126 |
| % Change | | | | | 3% | | | | | 2% |
| Other | | | | | (70) | | | | | (51) |
| EBITDA | | | | | 2,024 | | | | | 2,075 |
| EBITDA Margin | | | | | 21.6% | | | | | 21.8% |
| % Change | | | | | 5% | | | | | 3% |
| Interest Expense | (47) | (46) | (44) | (43) | (180) | (42) | (45) | (47) | (47) | (181) |
| % Change | 147% | 142% | (8%) | (10%) | 34% | (11%) | (2%) | 7% | 8% | 1% |
| Other Income (Expense) | (1) | 0 | (1) | (1) | (3) | 3 | 8 | 0 | 0 | 11 |
| Pretax Income | 355 | 408 | 360 | 285 | 1,408 | 344 | 404 | 374 | 338 | 1,460 |
| Pretax Margin | 15.4% | 16.7% | 15.4% | 12.6% | 15.1% | 14.9% | 16.4% | 15.4% | 14.4% | 15.3% |
| % Change | 38% | 36% | 2% | 0% | 18% | (3%) | (1%) | 4% | 19% | 4% |
| Taxes | (101) | (124) | (96) | (72) | (393) | (96) | (112) | (105) | (95) | (407) |
| Tax Rate | 28.5% | 30.4% | 26.7% | 25.3% | 27.9% | 27.9% | 27.7% | 28.0% | 28.0% | 27.9% |
| Net Income Attributable to Noncontrolling Interests | (1) | (2) | (1) | (3) | (7) | (1) | (2) | (1) | (3) | (7) |
| Net Income | 253 | 282 | 263 | 210 | 1,008 | 247 | 290 | 268 | 240 | 1,046 |

Source: Deutsche Bank estimates, Eastman