



Figure 11: Eastman Annual Income Statement 2011-2015E (\$ in millions, except per-share data)

	2011	2012	2013	2014E	2015E
<b>Sales</b>	7,178	8,102	9,350	9,533	9,915
<i>% Change</i>	11%	13%	15%	2%	4%
<b>Cost of Sales</b>	(5,538)	(5,978)	(6,939)	(7,068)	(7,272)
<b>Gross Profit</b>	1,640	2,124	2,411	2,465	2,643
<i>Gross Margin</i>	22.8%	26.2%	25.8%	25.9%	26.7%
<i>% Change</i>	8%	30%	14%	2%	7%
<b>Selling &amp; Administrative</b>	(469)	(607)	(624)	(625)	(645)
<i>SG&amp;A/Sales</i>	6.5%	7.5%	6.7%	6.6%	6.5%
<i>% Change</i>	4%	29%	3%	0%	3%
<b>Research &amp; Development</b>	(158)	(198)	(196)	(210)	(218)
<i>R&amp;D/Sales</i>	2.2%	2.4%	2.1%	2.2%	2.2%
<i>% Change</i>	(1%)	25%	(1%)	7%	4%
<i>(S&amp;A+R&amp;D)/Sales</i>	8.7%	9.9%	8.8%	8.8%	8.7%
<b>Operating Profit</b>	1,013	1,319	1,591	1,630	1,780
<i>Operating Margin</i>	14.1%	16.3%	17.0%	17.1%	18.0%
<i>% Change</i>	11%	30%	21%	2%	9%
<b>EBITDA</b>	1,305	1,689	2,021	2,086	2,245
<i>Operating Margin</i>	18.2%	20.8%	21.6%	21.9%	22.6%
<i>% Change</i>	11%	29%	20%	3%	8%
<b>Interest Expense</b>	(76)	(134)	(180)	(181)	(188)
<i>% Change</i>	(23%)	76%	34%	1%	4%
<b>Other Income/Expense</b>	19	10	(3)	11	0
<b>Pretax Income</b>	956	1,195	1,408	1,460	1,592
<i>Pretax Margin</i>	13.3%	14.7%	15.1%	15.3%	16.1%
<i>% Change</i>	20%	25%	18%	4%	9%
<b>Taxes</b>	(304)	(391)	(393)	(407)	(446)
<i>Tax Rate</i>	31.8%	32.7%	27.9%	27.9%	28.0%
<b>Net Income Attributable to Noncontrolling Interests</b>	0	(2)	(7)	(7)	(8)
<b>Net Income</b>	652	802	1,008	1,046	1,138
<i>Net Margin</i>	9.1%	9.9%	10.8%	11.0%	11.5%
<i>% Change</i>	24%	23%	26%	4%	9%
<b>Basic Shares Outstanding</b>	139.7	145.5	154.0	149.4	145.4
<i>% Change</i>	(3%)	4%	6%	(3%)	(3%)
<b>Diluted Shares Outstanding</b>	143.0	148.9	156.5	151.5	147.8
<i>% Change</i>	(3%)	4%	5%	(3%)	(2%)
<b>Basic EPS</b>	\$4.66	\$5.51	\$6.55	\$7.00	\$7.83
<i>% Change</i>	28%	18%	19%	7%	12%
<b>Diluted EPS</b>	\$4.56	\$5.39	\$6.44	\$6.90	\$7.70
<i>% Change</i>	28%	18%	20%	7%	12%

Source: Deutsche Bank estimates, Eastman