Eastman Chemical Company (EMN)

Updated November 9th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$61	**5 Year Annual Expected Total Return:**	12.2%	**Market Cap:**	$7.0 B
Fair Value Price:	$67	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	12/16/2025
% Fair Value:	92%	**5 Year Valuation Multiple Estimate:**	1.7%	**Dividend Payment Date:**	01/08/2026
Dividend Yield:	5.4%	**5 Year Price Target**	$89	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating**	Hold

Overview & Current Events

Founded in 1920, Eastman Chemical is a global specialty materials company that produces a broad range of products found in items people use every day. It serves transportation, consumables, building and construction, animal nutrition, crop protection, energy, personal and home care, amongst other markets. The $7.00 billion company supplies customers in more than 100 countries and is headquartered in Kingsport, Tennessee. The stock currently yields 5.4% and Eastman has never cut its dividend since its public listing in 1993.

On November 3rd, 2025, Eastman Chemical reported its Q3 results for the period ending September 30th, 2025. For the quarter, sales declined by 11% to $2.20 billion. Revenue decreased primarily due to a 10% lower sales/volume mix and a 1% lower selling price, reflecting weaker demand in consumer discretionary end markets and continued customer inventory reductions. Additives & Functional Products sales fell 4%, Advanced Materials declined 7%, Chemical Intermediates declined 16%, and Fibers fell 24%. Adjusted EPS decreased by 50% to $1.14.

Management emphasized strong execution on cash generation, delivering $402 million in operating cash flow (roughly in line with last year) supported by about $200 million in inventory reduction and continued cost-cutting efforts. The company remains on track to achieve more than $75 million in net cost reductions this year and an additional $100 million in 2026. Despite the challenging macroeconomic and trade environment, Eastman continues to focus on cash flow discipline, structural cost reductions, and progress in its circular economy initiatives. Looking ahead, management expects 2025 adjusted EPS between $5.40 and $5.65 and operating cash flow approaching $1 billion, aided by cost savings, stable pricing, and a ramp-up in Renew rPET volumes. For the year, we expect EPS of $5.55.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$5.71	$5.80	$9.56	$7.65	$5.52	$6.15	$8.85	$7.88	$6.40	$7.89	***$5.55***	***$7.43***
DPS	$1.66	$1.89	$2.09	$2.30	$2.52	$2.67	$2.83	$3.07	$3.18	$3.26	***$3.32***	***$4.44***
Shares[2]	148.6	147.3	144.8	141.2	137.4	136.5	137.1	124.9	119.4	117.9	***115.4***	***105.0***

Most basic material companies can be adversely affected by FX fluctuations, as their business model demands high imports and export volume. Hence, the company's adjusted EPS has fluctuated over the years. Still, by operating in more than 100 countries, Eastman Chemical is well-hedged, with multinational cash flows, which has allowed for somewhat consistent growth in its business and robust profitability over the years.

We have set our medium-term EPS growth estimates at 6%, to be powered by organic growth and stock repurchases. For context, the company has repurchased about 32% of its outstanding shares since 2008. The company repurchased $150 million and $300 million worth of stock during FY-2023 and FY-2024, respectively. We have also set our DPS growth estimates at 6% amid adequate coverage room for such hikes moving forward, despite the most recent, rather humble dividend hike. Still, we remain cautious regarding these growth rates, as the company's performance can fluctuate relatively easily.

[1] Estimated dates based on past ex-dividend and payment dates.

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.0	11.6	13.4	10.5	11.0	12.0	12.9	12.0	12.6	11.7	***11.0***	***12.0***
Avg. Yld.	2.0%	2.5%	2.6%	2.7%	3.4%	3.4%	2.4%	3.2%	3.9%	3.5%	***5.4%***	***5.0%***

Eastman Chemical's valuation has traditionally remained in the low double-digits, reflecting the broader basic materials sector's vulnerability to macroeconomic shifts. This sector often faces low valuations due to its sensitivity to economic conditions, as well as the volatility in commodity prices, which can significantly impact revenues, as seen in 2020. Today, the stock's P/E ratio stands at 11.0 times projected FY2025 adjusted EPS, suggesting an undervaluation at this level. So, despite elevated interest rates and the cyclical nature of Eastman's business, the stock likely deserves a higher multiple.

Safety, Quality, Competitive Advantage, & Recession Resiliency

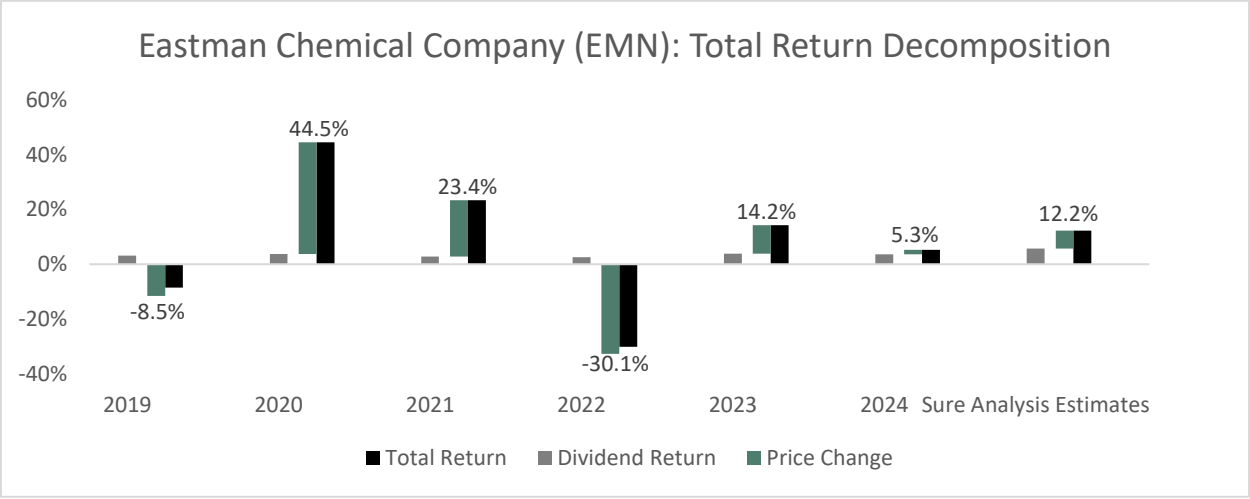
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	29%	33%	22%	30%	46%	43%	32%	39%	50%	41%	***60%***	***60%***

The company's balance sheet has been managed prudently, and we believe that both the current and future dividend coverage is well-secured. The payout ratio has remained under 50% over the past decade and, while a bit higher today, it is still at a rather comfortable 60%. Combined with the fact that management kept its promise of prioritizing a buyback suspension to a dividend cut in 2020, we believe that payouts are quite safe for the time being. Further, long-term debt has been on a decline over the past few years. Eastman has reduced it by around 33% since 2015. It plans to deleverage further based on its guidance. Thus, interest coverage now stands at a comfortable ~5.0X operating cash flows. Still, its business model remains volatile, subject to FX fluctuations, commodity prices, and severe competition. Considering that management has achieved consistent shareholder value creation, with regular dividends and a relatively healthy balance sheet, we are confident that Eastman Chemical's long-term growth story remains sound.

Final Thoughts & Recommendation

Eastman Chemical is a conservative stock in a volatile sector. In the very competitive special materials market, we believe that what differentiates the company is its outstanding management over the years, which has minimized the industry's volatility through thoughtful capital allocation. This was proven during 2020, a year full of unprecedented challenges. Moving forward, we expect the stock's annualized returns to reach 12.2% through 2030. This estimate is mainly powered by EPS growth expectations set at 6%, the 5.4% dividend yield, and a valuation tailwind. We assign Eastman Chemical a hold rating largely due to the dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9,648	9,008	9,549	10,151	9,273	8,473	10,476	10,580	9,210	9,382
Gross Profit	2,580	2,357	2,363	2,479	2,234	1,975	2,500	2,137	2,061	2,290
Gross Margin	26.7%	26.2%	24.7%	24.4%	24.1%	23.3%	23.9%	20.2%	22.4%	24.4%
SG&A Exp.	771	707	729	721	691	654	383	625	768	664
D&A Exp.	571	580	587	604	611	574	538	477	498	509
Operating Profit	1,567	1,427	1,407	1,523	1,309	1,095	1,863	1,248	1,054	1,376
Operating Margin	16.2%	15.8%	14.7%	15.0%	14.1%	12.9%	17.8%	11.8%	11.4%	14.7%
Net Profit	848	854	1,384	1,080	759	478	857	793	894	905
Net Margin	8.8%	9.5%	14.5%	10.6%	8.2%	5.6%	8.2%	7.5%	9.7%	9.6%
Free Cash Flow	972	759	1,008	1,015	1,073	1,059	1,041	364	546	688
Income Tax	275	190	(99)	226	140	41	215	181	191	170

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	15,580	15,457	15,999	15,995	16,008	16,083	15,519	14,667	14,633	15,213
Cash & Equivalents	293	181	191	226	204	564	459	493	548	837
Accounts Receivable	792	812	1,026	1,154	980	1,033	1,091	957	826	791
Inventories	1,479	1,404	1,509	1,583	1,662	1,379	1,504	1,894	1,683	1,988
Goodwill & Int. Ass.	7,168	6,940	6,900	6,652	6,442	6,257	5,003	4,874	4,784	4,664
Total Liabilities	11,559	10,849	10,519	10,117	9,976	9,975	9,731	9,431	9,103	9,361
Accounts Payable	699	704	842	914	890	799	1,228	1,319	1,170	1,309
Long-Term Debt	7,008	6,594	6,540	6,168	5,782	5,618	5,159	5,151	4,846	5,017
Shareholder's Equity	3,941	4,532	5,403	5,803	5,958	6,023	5,704	5,153	5,458	5,779
LTD/E Ratio	1.78	1.46	1.21	1.06	0.97	0.93	0.90	1.00	0.89	0.87

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.4%	5.5%	8.8%	6.8%	4.7%	3.0%	5.4%	5.3%	6.1%	6.1%
Return on Equity	22.3%	19.8%	27.4%	19.0%	12.7%	7.9%	14.4%	14.4%	16.6%	15.9%
ROIC	7.7%	7.7%	11.9%	9.0%	6.4%	4.1%	7.6%	7.4%	8.6%	8.5%
Shares Out.	149.8	148.4	146.1	142.9	138.5	136.5	137.1	124.9	119.4	117.9
Revenue/Share	64.41	60.70	65.36	71.04	66.95	62.07	76.41	84.71	77.14	79.58
FCF/Share	6.49	5.11	6.90	7.10	7.75	7.76	7.59	2.91	4.57	5.84

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.