Eastman Chemical Company (EMN)

Updated October 31st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$67	**5 Year Annual Expected Total Return:**	12.1%	**Market Cap:**	$7.6 B
Fair Value Price:	$73	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date[1]:**	12/15/2026
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	1.9%	**Dividend Payment Date:**	01/07/2027
Dividend Yield:	5.1%	**5 Year Price Target**	$98	**Years Of Dividend Growth:**	16
Dividend Risk Score:	C	**Sector:**	Materials	**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 $7.6 billion company supplies customers in more than 100 countries and is headquartered in Kingsport, Tennessee. The stock currently yields 5.1% and Eastman has never cut its dividend since its public listing in 1993.

On October 29th, 2026, Eastman reported Q3 results for the period ended September 30th. Sales rose 8% to $2.39 billion, driven by 7% higher selling prices and 1% higher sales volume/mix. Adjusted EPS increased to $1.84 from $1.14 a year earlier as improved asset utilization, lower maintenance costs, and favorable price-cost dynamics outweighed higher compensation expense. Advanced Materials sales increased 5%, Additives & Functional Products grew 9%, Chemical Intermediates rose 16%, and Fibers was unchanged.

Higher raw-material and distribution costs, softer automotive and consumer-durables demand, and planned shutdowns remain headwinds. Eastman is implementing about $500 million of price increases and remains on track for $125–$150 million of cost savings, net of inflation. The reinstatement of a $375 million DOE award supports expansion of its circular recycling platform. Management expects full-year adjusted EPS of $6.00–$6.20 and operating cash flow of about $850 million, down from its prior $900 million outlook. We now expect FY2026 adjusted EPS of $6.10.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$5.80	$9.56	$7.65	$5.52	$6.15	$8.85	$7.88	$6.40	$7.89	$5.42	***$6.10***	***$8.16***
DPS	$1.89	$2.09	$2.30	$2.52	$2.67	$2.83	$3.07	$3.18	$3.26	$3.33	***$3.36***	***$4.50***
Shares[2]	147.3	144.8	141.2	137.4	136.5	137.1	124.9	119.4	117.9	115.6	***115.3***	***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 reduced its split-adjusted outstanding share count by about 21% since year-end 2008. The company repurchased $300 million and $100 million worth of stock during FY-2024 and FY-2025, 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] Upcoming ex-dividend and payment dates are estimated based on historical cadence.

[2] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	11.6	13.4	10.5	11.0	12.0	12.9	12.0	12.6	11.7	14.0	***10.9***	***12.0***
Avg. Yld.	2.5%	2.6%	2.7%	3.4%	3.4%	2.4%	3.2%	3.9%	3.5%	4.4%	***5.1%***	***4.6%***

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 10.9 times projected FY2026 adjusted EPS. We have set our fair multiple at 12.0 times. Thus, we find the stock modestly undervalued. The 5.1% yield is well-above the company's historical average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	22%	30%	46%	43%	32%	39%	50%	41%	61%	***55%***	***55%***

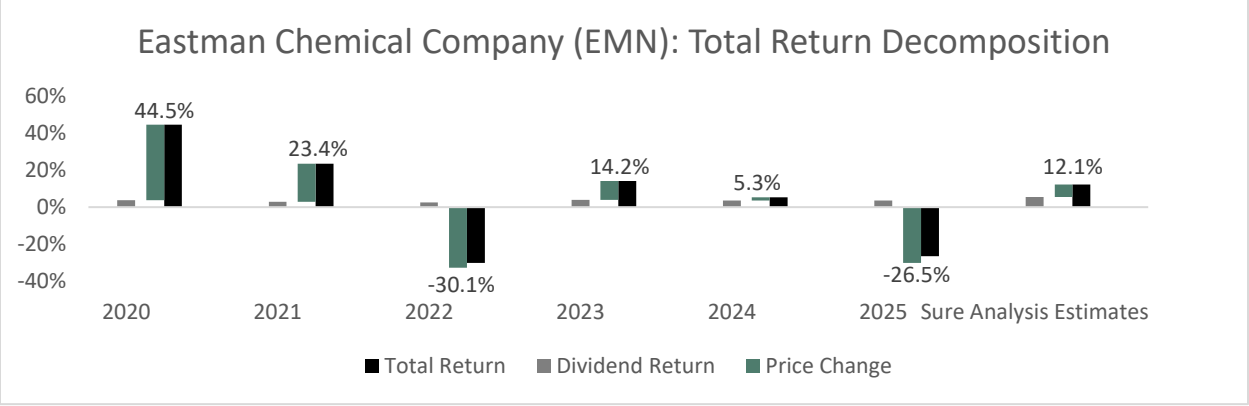
The company's balance sheet has been managed prudently, and we believe that both the current and future dividend coverage is well-secured. The payout ratio has hovered at safe levels during the past decade. While it's a bit higher today, it is still at a rather comfortable 55%. Combined with the fact 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. However, net debt increased to $4.45 billion at September 2026 from $4.22 billion at year-end 2025, as working-capital pressures constrained cash generation. Reported EBIT covered net interest expense about 4.9 times during the first nine months, while lower cash-flow guidance warrants continued attention to leverage. 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 12.1% through 2031. This estimate is mainly driven by EPS growth expectations set at 6%, the 5.1% dividend yield, and a modest 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	9,008	9,549	10,151	9,273	8,473	10,476	10,580	9,210	9,382	8,763
Gross Profit	2,357	2,363	2,479	2,234	1,975	2,500	2,137	2,061	2,290	1,862
Gross Margin	26.2%	24.7%	24.4%	24.1%	23.3%	23.9%	20.2%	22.4%	24.4%	21.2%
SG&A Exp.	707	729	721	691	654	383	625	768	664	658
D&A Exp.	580	587	604	611	574	538	477	498	509	513
Operating Profit	1,427	1,407	1,523	1,309	1,095	1,863	1,248	1,054	1,376	949
Operating Margin	15.8%	14.7%	15.0%	14.1%	12.9%	17.8%	11.8%	11.4%	14.7%	10.8%
Net Profit	854	1,384	1,080	759	478	857	793	894	905	475
Net Margin	9.5%	14.5%	10.6%	8.2%	5.6%	8.2%	7.5%	9.7%	9.6%	5.4%
Free Cash Flow	759	1,008	1,015	1,073	1,059	1,041	364	546	688	424
Income Tax	190	(99)	226	140	41	215	181	191	170	93

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	15,457	15,999	15,995	16,008	16,083	15,519	14,667	14,633	15,213	14,860
Cash & Equivalents	181	191	226	204	564	459	493	548	837	566
Accounts Receivable	812	1,026	1,154	980	1,033	1,091	957	826	791	803
Inventories	1,404	1,509	1,583	1,662	1,379	1,504	1,894	1,683	1,988	1,980
Goodwill & Int. Ass.	6,940	6,900	6,652	6,442	6,257	5,003	4,874	4,784	4,664	4,635
Total Liabilities	10,849	10,519	10,117	9,976	9,975	9,731	9,431	9,103	9,361	8,822
Accounts Payable	704	842	914	890	799	1,228	1,319	1,170	1,309	1,211
Long-Term Debt	6,594	6,540	6,168	5,782	5,618	5,159	5,151	4,846	5,017	4,904
Shareholder's Equity	4,532	5,403	5,803	5,958	6,023	5,704	5,153	5,458	5,779	5,961
LTD/E Ratio	1.46	1.21	1.06	0.97	0.93	0.90	1.00	0.89	0.87	0.83

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.5%	8.8%	6.8%	4.7%	3.0%	5.4%	5.3%	6.1%	6.1%	3.2%
Return on Equity	19.8%	27.4%	19.0%	12.7%	7.9%	14.4%	14.4%	16.6%	15.9%	8.0%
ROIC	7.7%	11.9%	9.0%	6.4%	4.1%	7.6%	7.4%	8.6%	8.5%	4.3%
Shares Out.	148.4	146.1	142.9	138.5	136.5	137.1	124.9	119.4	117.9	115.6
Revenue/Share	60.70	65.36	71.04	66.95	62.07	76.41	84.71	77.14	79.58	75.80
FCF/Share	5.11	6.90	7.10	7.75	7.76	7.59	2.91	4.57	5.84	3.67

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

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