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## Eastman Reports Best Half-Year In Its History

*By Master site admin*

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Eastman Chemical Co. said it has set another record this year, with second-quarter earnings bringing its best half-year results in company history.

"We continue to establish new high water marks in our all-time hit parade of corporate earnings history, and as you can guess, we're very excited about this great performance across our company," said Brian Ferguson, company chairman and chief executive officer, during a conference call with analysts Friday morning. Eastman's plant just outside of Longview manufactures more than 60 major chemical and plastic products.

On Thursday, the Kingsport, Tenn.-based company reported second-quarter earnings were \$2.51 per diluted share compared with \$1.07 per diluted share in the second quarter of 2004.

Excluding one time items in both years, second-quarter earnings are \$1.59 this year compared with 82 cents per share during the same period in 2004, the company reported. The Associated Press reported those adjusted earnings were below the average estimate for income of \$1.67 per share from analysts surveyed by Thomson Financial.

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Ferguson said this period marked the fourth best quarterly earnings in the company's history. That followed a record-breaking first quarter.

"In the second quarter, we continued to have strong performance throughout the company due to a number of factors, including solid economic growth as well as the actions we have taken to improve our profitability," he said in information the company provided. "As a result, our earnings for the first half of 2005 were the best half-year earnings in our company's history."

Quarterly profit was \$206 million, compared with \$84 million at the same time in 2004. Sales revenue was about \$1.75 billion, about 5 percent more than the almost \$1.68 billion during the same quarter in 2004. Excluding sales from product lines that were restructured, consolidated or divested, sales revenue was 18 percent higher than second quarter 2004.

Ferguson said the company saw improvements despite increased energy and raw material costs, which he said were "more than offset" by higher selling prices, improved volumes and cost reductions the company has been implementing for several years.

Mike Childress, communications and public affairs manager for the Eastman plant just outside Longview, said those efforts have been seen locally as well. In 2004, the Longview facility spent \$35 million on improvements to its Hydrocarbon Cracking Plant No. 4 and other cracking plants. It's an example of making the facility more efficient, he said.

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Also, he said the local facility is experiencing its "safest work year so far," another issue that can contain expenses, and is managing costs with its feedstocks, such as ethane and propane, the raw materials the company uses to make its products.

Eastman shares were down \$2.42 Friday to \$55.39.

Ferguson said Friday that about 60 percent of the company's earnings typically come in the first half of the year, and that should be about right this year as well.

"We've had a great first half," he said. "It's an all-time best, and we expect this to be a really great year