



Fourth Quarter 2019 Earnings Call

March 17, 2020

Cautionary Statement Regarding Forward-looking Statements Pursuant to Safe Harbor Provisions of The Private Securities Litigation Reform Act of 1995

Cautionary Statement Regarding Forward-Looking Statements

This presentation includes “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning Kodak’s plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and business trends and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “predicts,” “forecasts,” “strategy,” “continues,” “goals,” “targets” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward-looking statements. All forward-looking statements, including management’s examination of historical operating trends and data, are based upon Kodak’s expectations and various assumptions.

Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks and uncertainties described in more detail in Kodak’s Annual Report on Form 10-K for the year ended December 31, 2019 under the headings “Business,” “Risk Factors,” “Legal Proceedings” and/or “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and in other filings Kodak makes with the U.S. Securities and Exchange Commission from time to time, as well as the following: Kodak’s ability to improve and sustain its operating structure, cash flow, profitability and other financial results; Kodak’s ability to achieve cash forecasts, financial projections and projected growth; Kodak’s ability to achieve the financial and operational results contained in its business plans; Kodak’s ability to comply with the covenants in its various credit facilities; Kodak’s ability to fund continued investments, capital needs and restructuring payments and service its debt and Series A Preferred Stock; changes in foreign currency exchange rates, commodity prices and interest rates; Kodak’s ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; Kodak’s ability to effectively compete with large, well-financed industry participants; continued sufficient availability of borrowings and letters of credit under Kodak’s revolving credit facility, Kodak’s ability to obtain additional financing if and as needed and Kodak’s ability to provide or facilitate financing for its customers; the performance by third parties of their obligations to supply products, components or services to Kodak; Kodak’s ability to effect strategic transactions, such as divestitures, acquisitions, strategic alliances and similar transactions, or to achieve the benefits sought to be achieved from such strategic transactions; and the impact on Kodak of the global economic environment or medical epidemics such as the recent coronavirus outbreak.

There may be other factors that may cause Kodak’s actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements included or referenced in this presentation. Kodak undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, except as required by law.



Agenda

- **Introduction** **Paul Dils, Chief Tax Officer and Director of Investor Relations**
- **CEO Perspective** **Jim Continenza, Executive Chairman**
- **2019 Financial Results and Review** **David Bullwinkle, Chief Financial Officer**
- **Questions and Answers** **Jim Continenza and David Bullwinkle**



CEO Perspective

- 2019 Key Highlights:
 - 2019 cash balance of \$233 million, flat when compared to 2018.
 - Sale of Flexographic Packaging Division.
 - Issuance and sale of \$100 million aggregate principal amount of 5.00% Secured Convertible Notes due 2021.
 - Repaid in full \$395 million of the First Lien Term Loans.
 - Established strategic relationship in the People's Republic of China with Lucky HuaGuang Graphics Co. Ltd.
 - Growth in profitable revenue:
 - Volume for KODAK SONORA Process-Free Plates grew by 22 percent year-over-year
 - Annuities revenue for KODAK PROSPER grew by 5 percent year-over-year



CEO Perspective

- New Organizational Structure for 2020 will leverage our technologies in core print and advanced materials and chemicals businesses.
 - Financial results will be reported in the following structure:
 - Print businesses are comprised of the following:
 - ☐ Traditional Print Segment:
 - Prepress Solutions formerly part of Print Systems segment.
 - ☐ Digital Print Segment:
 - Electrophotographic Printing Solutions formerly part of the Print Systems segment.
 - Enterprise Inkjet Systems segment.
 - Kodak Software segment.
 - Advanced materials and chemicals businesses are comprised of the following:
 - ☐ Advanced Materials and Chemicals Segment:
 - Brand, Film and Imaging segment, excluding licensing of the Kodak brand to third parties.
 - Advanced Materials and 3D Printing segment.
 - The Brand Segment will be reported as a separate segment.
 - Eastman Business Park will no longer be a reportable segment.



CEO Perspective

- Creating One-Kodak organization:
 - New, simplified organization structure:
 - Focus on generating cash
 - Reducing operating expenses
- Kodak is committed to the following three industries:
 - Print
 - Advanced Materials
 - Chemicals
- Kodak is focused on customer needs
- The future is digital and Kodak is doubling down on digital
- For printers today, Kodak Solutions are a smart investment
 - Introduction of new products and capabilities in the next six to twelve months:
 - UTECO Sapphire EVO press



2019 Full Year Net Earnings

	Twelve Months Ended December 31,	
	2019	2018
Net Earnings (Loss)	\$ 116	\$ (16)
Net gain on sale of Flexographic Packaging Business	(214)	-
Workers Compensation and Legal Reserve Adjustments	3	(11)
Korean Withholding Tax	-	(16)
Trade Name Impairments	4	13
Changes in Fair Value of Embedded Derivative Liability Features	42	-
Adjusted Net Loss	<u><u>\$ (49)</u></u>	<u><u>\$ (30)</u></u>

This document should be read in conjunction with Eastman Kodak Company's Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Form 10-K").



2019 Full Year Results

(\$ millions)	FY 2019	FY 2018	(Decline) / Improvement - \$
Revenue	\$1,242	\$1,320	(\$78)
Add Back: Unfavorable Impact of Foreign Exchange ²	\$27		
Less: License Revenue Received from HuaGuang Graphics Co. Ltd Transaction	(\$13)		
Adjusted Revenue	\$1,256	\$1,320	(\$64)
Operational EBITDA ¹	\$12	\$1	\$11
Less: Favorable Impact of Foreign Exchange ²	(\$2)		
Less: Year-Over-Year Favorable Impact of Aluminum Costs	(\$7)		
Less: License Revenue Received from HuaGuang Graphics Co. Ltd Transaction	(\$13)		
Add Back: Increase in Workers Compensation Reserves	\$3		
Adjusted Operational EBITDA	(\$7)	\$1	(\$8)

- Strong performance in key growth engines:
 - Volume for KODAK SONORA Process-Free Plates grew by 22 percent
 - Annuities revenue for KODAK PROSPER grew by 5 percent
- Continued investment in ULTRASTREAM and advanced materials

This document should be read in conjunction with the 2019 Form 10-K.

⁽¹⁾ Operational EBITDA is equivalent to “Segment Operational EBITDA” as presented in Note 27. Segment Information to the financial statements included in the 2019 Form 10-K.

⁽²⁾ Refer to page 14, footnote 5 of this presentation for the explanation on the calculation of constant currency.



2019 Full Year Cash Flow

(\$ Millions)

		Twelve Months Ended December 31,		
		2019	2018	Change
Primary Drivers of Cash:				
Cash from Operations:				
Net earnings (loss)		\$ 116	\$ (16)	\$ 132
Depreciation and amortization		55	73	(18)
Pension and other postretirement income		(91)	(106)	15
Change in fair value of embedded conversion features derivative liability		42	-	42
Asset impairments	\$42M Use of Cash from Net Earnings	6	13	(7)
Stock based compensation		7	6	1
Non-cash changes in workers' compensation and legal reserves		3	(11)	14
Net gains on sales of businesses/assets		(201)	(13)	(188)
Provision for deferred income taxes		21	18	3
Change in working capital	\$54M Generation of Cash from Balance Sheet Changes	57	(28)	85
Decrease in liabilities excluding borrowings and trade payables		(10)	(31)	21
Other items, net		7	33	(26)
Net cash provided by (used in) operating activities		12	(62)	74
Net cash provided by (used in) investing activities		311	(22)	333
Net cash used in financing activities		(298)	(11)	(287)
Effect of exchange rate changes on cash, cash equivalents and restricted cash		(2)	(7)	5
Net increase (decrease) in cash, cash equivalents, restricted cash and cash in assets held for sale		\$ 23	\$ (102)	\$ 125
Net increase (decrease) in cash, cash equivalent, restricted cash and cash in assets held for sale		\$ 23	\$ (102)	\$ 125
Net (increase) decrease in restricted cash and cash included in assets held for sale		(23)	7	(30)
Net decrease in cash and cash equivalents		\$ -	\$ (95)	\$ 95

This document should be read in conjunction with 2019 Form 10-K.





Questions and Answers

Non-GAAP Measures

In this full year 2019 earnings presentation, reference is made to the following non-GAAP financial measures:

- Operational EBITDA;
- Revenues and Operational EBITDA on a constant currency basis;
- Revenues on a constant currency basis excluding license revenue received from HuaGuang Graphics Co. Ltd transaction;
- Operational EBITDA on a constant currency basis excluding impact of aluminum costs, license revenue received from HuaGuang Graphics Co. Ltd transaction and increase in workers compensation reserves; and
- Net Earnings (Loss) excluding the net gain on sale of the Flexographic Packaging Business, workers compensation and legal reserve adjustments, Korean withholding tax, trade name impairments and changes in fair value of embedded derivative liability features for the Series A Preferred Stock and 2019 Convertible Notes (“Adjusted Net Loss”).

Kodak believes that these non-GAAP measures represent important internal measures of performance as used by management. Accordingly, where they are provided, it is to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing the underlying performance of Kodak, its financial condition, results of operations and cash flow.

Kodak’s segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization (“Operational EBITDA”).

The Non-GAAP reconciliation for Adjusted Net Loss is presented on page 7 of this presentation.



Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Total Revenues to Total Revenues on a constant currency basis excluding license revenue received from HuaGuang Graphics Co. Ltd transaction for the twelve months ended December 31, 2019 and 2018, respectively:

	FY 2019	FY 2018	\$ Change
Total Revenues	\$ 1,242	\$ 1,320	\$ (78)
Impact on foreign exchange ⁽⁵⁾	27		27
Total Revenues on a constant currency basis	\$ 1,269	\$ 1,320	\$ (51)
License revenue received from HuaGuang Graphics Co. Ltd transaction	(13)		(13)
Total Revenues on a constant currency basis excluding license revenue received from HuaGuang Graphics Co. Ltd transaction	\$ 1,256	\$ 1,320	\$ (64)

Refer to Page 14 of this presentation for footnote explanations.



Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Net Earnings (Loss) to Operational EBITDA, Operational EBITDA on a constant currency basis and Operational EBITDA on a constant currency basis excluding the impact of aluminum costs, license revenue received from HuaGuang Graphics Co. Ltd transaction and increase in workers compensation reserves for the twelve months ended December 31, 2019 and 2018, respectively:

(in millions)

	FY 2019	FY 2018	\$ Change
Net Earnings (Loss)	\$ 116	\$ (16)	\$ 132
Depreciation and amortization	55	70	(15)
Restructuring costs and other ⁽¹⁾	16	17	(1)
Stock based compensation	7	6	1
Consulting and other costs ⁽²⁾	7	14	(7)
Idle costs ⁽³⁾	5	3	2
Former CEO separation agreement consideration	2	-	2
Other operating expense, net, excluding income from transition services agreement ⁽⁴⁾	22	9	13
Interest expense ⁽¹⁾	16	9	7
Pension income excluding service cost component ⁽¹⁾	(104)	(131)	27
Other charges, net ⁽¹⁾	46	17	29
(Earnings) Loss from discontinued operations, net of income taxes ⁽¹⁾	(207)	7	(214)
Provision (Benefit) for income taxes ⁽¹⁾	31	(4)	35
Operational EBITDA	\$ 12	\$ 1	\$ 11
Impact on foreign exchange ⁽⁵⁾	(2)		(2)
Operational EBITDA on a constant currency basis	\$ 10	\$ 1	\$ 9
Year over year favorable impact of aluminum costs	(7)		(7)
License revenue received from HuaGuang Graphics Co. Ltd transaction	(13)		(13)
Increase in workers compensation reserves	3		3
Operational EBITDA on a constant currency basis excluding impact of aluminum costs, license revenue received from HuaGuang Graphics Co. Ltd transaction and increase in workers compensation reserves	\$ (7)	\$ 1	\$ (8)

Refer to Page 14 of this presentation for footnote explanations.



Non-GAAP Measures

Footnote Explanations:

- (1) As reported in the Consolidated Statement of Operations.
- (2) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives, including the divestiture of the Flexographic Packaging Business and debt refinancing.
- (3) Consists of third-party costs such as security, maintenance and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.
- (4) \$6 million of income from the transition services agreement related to the sale of the Flexographic Packaging Business was recognized in the year ended December 31, 2019. The income was reported in Other operating expense, net in the Consolidated Statement of Operations. Other operating expense, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.
- (5) The impact of foreign exchange represents the foreign exchange impact using average foreign exchange rates for the twelve months ended December 31, 2018, rather than the actual exchange rates in effect for the twelve months ended December 31, 2019.





APPENDIX

2019 Full Year Financial Summary by Division

(\$ millions)

FY 2019 Actuals	PSD	EISD	KSD	BFID	AM3D	EBPD	Total EK
Revenue	\$ 836	\$ 128	\$ 56	\$ 209	\$ 3	\$ 10	\$ 1,242
Operational EBITDA ⁽¹⁾	\$ 41	\$ (5)	\$ 2	\$ (13)	\$ (12)	\$ (1)	\$ 12
FY 2018 Actuals	PSD	EISD	KSD	BFID	AM3D	EBPD	Total EK
Revenue	\$ 896	\$ 136	\$ 65	\$ 210	\$ 4	\$ 9	\$ 1,320
Operational EBITDA ⁽¹⁾	\$ 28	\$ 4	\$ 7	\$ (22)	\$ (12)	\$ (4)	\$ 1
FY 2019 vs. FY 2018 Actuals B/(W)	PSD	EISD	KSD	BFID	AM3D	EBPD	Total EK
Revenue	\$ (60)	\$ (8)	\$ (9)	\$ (1)	\$ (1)	\$ 1	\$ (78)
Operational EBITDA ⁽¹⁾	\$ 13	\$ (9)	\$ (5)	\$ 9	\$ -	\$ 3	\$ 11
FY 2019 Actuals on constant currency ⁽²⁾ vs. FY 2018 Actuals B/(W)	PSD	EISD	KSD	BFID	AM3D	EBPD	Total EK
Revenue	\$ (39)	\$ (6)	\$ (8)	\$ 2	\$ (1)	\$ 1	\$ (51)
Operational EBITDA	\$ 10	\$ (9)	\$ (5)	\$ 10	\$ -	\$ 3	\$ 9

PSD: Print Systems Division

EISD: Enterprise Inkjet Systems Division

KSD: Kodak Software Division

BFID: Brand, Film and Imaging Division

AM3D: Advanced Materials and 3D Printing Technology Division

EBPD: Eastman Business Park Division

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Thank You

