



# Fourth Quarter 2018 Earnings Call

April 1, 2019

# 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, 2018 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 repay, refinance or extend the maturity of its outstanding first lien term loans prior to their maturity date of September 3, 2019 or prior to June 5, 2019, the date on which Kodak’s revolving credit facility will terminate unless such repayment, refinancing or extension has occurred or the revolving credit facility has been amended; Kodak’s ability to consummate the sale of its Flexographic Packaging segment when expected and to discontinue, sell or spin-off certain other businesses or operations or otherwise monetize other assets; 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; and the impact of the global economic environment on Kodak.

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** **Bill Love, Treasurer and Investor Relations**
- **Opening Comments** **Jim Continenza, Executive Chairman**
- **2018 Full Year Results and Financial Review** **David Bullwinkle, Chief Financial Officer**
- **Concluding Remarks** **Jim Continenza and David Bullwinkle**



# 2018 Full Year Net Earnings

(\$ millions)

Loss from continuing operations before income taxes  
 Benefit from income taxes  
 Equity in loss of equity method investment, net of income taxes  
 (Loss) Earnings from continuing operations  
 (Loss) Earnings from discontinued operations, net of income taxes  
 Net (Loss) Earnings

		Twelve Months Ended December 31,	
		2018	2017
\$	(13)	\$	(26)
	(4)		(120)
	-		1
	(9)		93
	(7)		1
<b>\$</b>	<b>(16)</b>	<b>\$</b>	<b>94</b>

The 2018 full year results include a benefit of \$16 million related to the Korean withholding tax refund and \$11 million of non-cash changes in workers compensation and legal reserves. The 2018 full year results also include expense of \$13 million related to trade name impairment. The full year 2017 results include a benefit of \$101 million associated with the release of a valuation allowance on deferred tax assets outside the U.S, \$58 million of expense related to goodwill and trade name impairments, \$47 million of income related to changes in value for the derivative embedded in the Series A Preferred Stock and \$12 million of depreciation and amortization expense related to PROSPER asset remeasurement.

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# 2018 Full Year Results

(\$ millions)	FY 2018 Actual	FY 2017 Actual	(Decline) / Improvement - %
<b>Revenue</b>	\$1,325	\$1,386	-4%
Less: Favorable Impact of Foreign Exchange <sup>2</sup>	(\$19)		
<b>Revenue on a Constant Currency Basis</b>	\$1,306	\$1,386	-6%
<b>Operational EBITDA <sup>1</sup></b>	\$1	\$10	
Add Back: Unfavorable Impact of Foreign Exchange <sup>2</sup>	\$2		
Add Back: Year-Over-Year Unfavorable Impact of Aluminum Costs	\$23		
Less: Reduction in Workers Compensation Reserves	(\$5)		
<b>Operational EBITDA on a Constant Currency Basis Excluding Impact of Aluminum Costs and Reduction in Workers Compensation Reserves</b>	\$21	\$10	110%
Less: Consumer Inkjet Operational EBITDA	\$5	\$11	
<b>Adjusted Operational EBITDA</b>	\$16	(\$1)	

- Strong performance in key growth engines:
  - Volume for KODAK SONORA Process-Free Plates grew by 19 percent
  - Annuities revenue for KODAK PROSPER grew by 8 percent
- Continued investment in ULTRASTREAM, light blocking materials and printed electronics

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<sup>(1)</sup> Operational EBITDA is equivalent to "Segment Operational EBITDA" as presented in Note 26. Segment Information to the financial statements included in the 2018 Form 10-K.

<sup>(2)</sup> Refer to page 12, footnote 5 of this presentation for the explanation on the calculation of constant currency.



# 2018 YTD Cash Flow

(\$ Millions)

Primary Drivers of Cash:	
Cash from Operations:	
Net (Loss) Earnings	
Depreciation and amortization	
Pension and other postretirement income	
Change in fair value of embedded conversion features derivative liability	
Prosper asset remeasurement	
Non-cash restructuring costs and asset impairments	\$36M Use of Cash from Net Earnings
Net gains on sales of businesses/assets	
Stock based compensation	
Non-cash changes in workers compensation and legal reserves	
Provision (benefit) for deferred income taxes	
Change in working capital	\$26M Use of Cash from Balance Sheet Changes
Decrease in liabilities excluding borrowings and trade payables	
Other items, net	
<b>Net cash used in operating activities</b>	
<b>Net cash used in investing activities</b>	
<b>Net cash used in financing activities</b>	
Effect of exchange rate changes on cash and restricted cash	
Net decrease in cash, cash equivalents and restricted cash	

Twelve Months Ended December 31,

2018	2017	Change	
\$ (16)	\$ 94	\$ (110)	\$17M Year-Over-Year Decrease in Cash Flow from Net Earnings
73	80	(7)	
(106)	(119)	13	
-	(47)	47	
-	12	(12)	
13	89	(76)	
(13)	(8)	(5)	
6	9	(3)	
(11)	-	(11)	
18	(129)	147	
(28)	(7)	(21)	\$22M Year-Over-Year Improvement in Cash Flow from Balance Sheet Changes
(31)	(37)	6	
33	(4)	37	
<b>(62)</b>	<b>(67)</b>	<b>5</b>	
<b>(22)</b>	<b>(24)</b>	<b>2</b>	
<b>(11)</b>	<b>(29)</b>	<b>18</b>	
(7)	11	(18)	
<b>\$ (102)</b>	<b>\$ (109)</b>	<b>\$ 7</b>	
<b>\$ (102)</b>	<b>\$ (109)</b>	<b>\$ 7</b>	
<b>5</b>	<b>23</b>	<b>(18)</b>	
<b>\$ (97)</b>	<b>\$ (86)</b>	<b>\$ (11)</b>	

**Net decrease in cash, cash equivalents and restricted cash**  
**Net decrease in restricted cash and cash included in assets held for sale**  
**Net decrease in cash and cash equivalents**

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# **CONCLUDING REMARKS**

# Non-GAAP Measures

In this fourth quarter earnings presentation, reference is made to the following non-GAAP financial measures:

- Operational EBITDA;
- Operational EBITDA and Revenues on a constant currency basis;
- Operational EBITDA on a constant currency basis excluding impact of aluminum costs and reduction in workers compensation reserves;
- Operational EBITDA on a constant currency basis excluding impact of aluminum costs, reduction in workers compensation reserves and decline in Consumer Inkjet Operational EBITDA (Adjusted Operational EBITDA);
- Consumer Inkjet Operational EBITDA; and
- Net (Loss) / Earnings excluding changes in value for the derivative embedded in the Series A Preferred Stock, Korean withholding tax, depreciation and amortization expense related to PROSPER asset remeasurement, goodwill and trade name impairments, workers compensation and legal reserve reductions and release of deferred tax valuation allowances (“Adjusted Net Loss / Income”).

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”).





# Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Net (Loss) Earnings to Operational EBITDA, Operational EBITDA on a constant currency basis, Operational EBITDA on a constant currency basis excluding the impact of aluminum costs and reduction of workers compensation reserves, and Operational EBITDA on a constant currency basis excluding the impact of aluminum costs, reduction of workers compensation reserves and Consumer Inkjet for the twelve months ended December 31, 2018 and 2017, respectively:

(in millions)

	<b>FY 2018</b>	<b>FY 2017</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Net loss</b>	<b>\$ (16)</b>	<b>\$ 94</b>	<b>\$ (110)</b>	<b>-117%</b>
Depreciation and amortization	70	77	(7)	-9%
Restructuring costs and other <sup>(1)</sup>	17	38	(21)	-55%
Stock based compensation	6	9	(3)	-33%
Consulting and other costs <sup>(2)</sup>	14	5	9	180%
Idle costs <sup>(3)</sup>	3	4	(1)	-25%
Other operating expense (income), net <sup>(4)</sup>	9	28	(19)	-68%
Goodwill impairment loss <sup>(4)</sup>	-	56	(56)	-100%
Interest expense <sup>(4)</sup>	9	8	1	13%
Pension income excluding service cost component <sup>(4)</sup>	(131)	(152)	21	-14%
Other charges (income), net <sup>(4)</sup>	17	(37)	54	-146%
Earnings from discontinued operations, net of income tax <sup>(4)</sup>	(2)	(10)	8	-80%
Provision (benefit) for income taxes <sup>(4)</sup>	5	(111)	116	-105%
Equity in loss of equity method investment, net of income taxes <sup>(4)</sup>	-	1	(1)	-100%
<b>Operational EBITDA</b>	<b>\$ 1</b>	<b>\$ 10</b>	<b>\$ (9)</b>	<b>-90%</b>
Impact of foreign exchange <sup>(5)</sup>	2	-	2	-
<b>Operational EBITDA on a constant currency basis</b>	<b>\$ 3</b>	<b>\$ 10</b>	<b>\$ (7)</b>	<b>-70%</b>
Year over year impact of aluminum costs	23	-	23	-
Reduction in workers compensation reserves	(5)	-	(5)	-
<b>Operational EBITDA on a constant currency basis excluding impact of aluminum costs and reduction of workers compensation reserves</b>	<b>\$ 21</b>	<b>\$ 10</b>	<b>\$ 11</b>	<b>110%</b>
Consumer Inkjet Operational EBITDA	5	11	(6)	-
<b>Operational EBITDA on a constant currency basis excluding impact of aluminum costs, reduction of workers compensation reserves and Consumer Inkjet</b>	<b>\$ 16</b>	<b>\$ (1)</b>	<b>\$ 17</b>	<b>1700%</b>

Refer to Page 12 of this presentation for footnote explanations.



# Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Consumer and Film Division Operational EBITDA (Segment Measure) to Consumer Inkjet Operational EBITDA for the twelve months ended December 31, 2018 and 2017, respectively:

(in millions)

**Consumer and Film Division Operational EBITDA (Segment Measure)**

Motion Picture, Industrial Chemicals and Films and Consumer Products Operational EBITDA

**Consumer Inkjet Operational EBITDA**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Change \$</u>
	\$ (19)	\$ (18)	\$ (1)
	24	29	(5)
	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ (6)</u>



# Non-GAAP Measures

The following table reconcile the most directly comparable GAAP measure of Net (Loss) / Earnings excluding changes in value for the derivative embedded in the Series A Preferred Stock, Korean withholding tax, depreciation and amortization expense related to PROSPER asset remeasurement, goodwill and trade name impairments, workers compensation and legal reserve reductions and release of deferred tax valuation allowances (“Adjusted Net Loss / Income”) for the twelve months ended December 31, 2018 and 2017, respectively:

(\$ millions)

	Twelve Months Ended December 31,	
	2018	2017
<b>Net (Loss) Earnings</b>	\$ (16)	\$ 94
Korean Withholding Tax	(16)	-
Workers Compensation and Legal Reserve Reductions	(11)	-
Goodwill and Trade Name Impairments	13	58
Prosper Asset Remeasurement	-	12
Release of Deferred Tax Valuation Allowances	-	(101)
Changes in Value for Derivative Embedded in the Series A Preferred Stock	-	(47)
<b>Adjusted Net (Loss) Earnings</b>	<b>\$ (30)</b>	<b>\$ 16</b>



# Non-GAAP Measures

## Footnote Explanations:

- (1) Restructuring costs and other as reported in the Consolidated Statement of Operations plus \$7 million of inventory write-downs included in cost of revenues for the twelve months ended December 31, 2017.
- (2) Consulting and other costs are professional services and internal costs associated with certain corporate strategic initiatives, including the divestiture of the Flexographic Packaging segment 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.
- (4) As reported in the Consolidated Statement of Operations.
- (5) The impact of foreign exchange represents the foreign exchange impact using average foreign exchange rates for the twelve months ended December 31, 2017, rather than the actual exchange rates in effect for the twelve months ended December 31, 2018.





# APPENDIX

# 2018 Full Year Financial Summary by Division

(\$ millions)

FY 2018 Actuals	PSD	EISD	SSD	CFD	AM3D	EBPD	Total EK
Revenue	\$ 895	\$ 136	\$ 84	\$ 189	\$ 4	\$ 17	\$ 1,325
Operational EBITDA <sup>(1)</sup>	\$ 27	\$ 4	\$ -	\$ (19)	\$ (14)	\$ 3	\$ 1
FY 2017 Actuals	PSD	EISD	SSD	CFD	AM3D	EBPD	Total EK
Revenue	\$ 942	\$ 144	\$ 85	\$ 198	\$ 1	\$ 16	\$ 1,386
Operational EBITDA <sup>(1)</sup>	\$ 49	\$ 3	\$ (1)	\$ (18)	\$ (27)	\$ 4	\$ 10
FY 2018 vs. FY 2017 Actuals B/(W)	PSD	EISD	SSD	CFD	AM3D	EBPD	Total EK
Revenue	\$ (47)	\$ (8)	\$ (1)	\$ (9)	\$ 3	\$ 1	\$ (61)
Operational EBITDA	\$ (22)	\$ 1	\$ 1	\$ (1)	\$ 13	\$ (1)	\$ (9)
FY 2018 Actuals on constant currency <sup>(2)</sup> vs. FY 2017 Actuals B/(W)	PSD	EISD	SSD	CFD	AM3D	EBPD	Total EK
Revenue	\$ (61)	\$ (10)	\$ (2)	\$ (11)	\$ 3	\$ 1	\$ (80)
Operational EBITDA	\$ (17)	\$ -	\$ 1	\$ (3)	\$ 13	\$ (1)	\$ (7)

PSD: Print Systems Division

EISD: Enterprise Inkjet Solutions Division

SSD: Software and Solutions Division

CFD: Consumer and Film Division

AM3D: Advanced Materials and 3D Printing Technology Division

EBPD: Eastman Business Park Division

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<sup>(2)</sup> Refer to page 12, footnote 5 of this presentation for the explanation on the calculation of constant currency.





Thank You

