



Second-Quarter 2017 Financial Results

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EASTMAN
The results of insight™

Forward-looking statements

During this presentation, we make certain forward-looking statements concerning plans and expectations for Eastman Chemical Company. We caution you that actual events or results may differ materially from our plans and expectations. See our Form 10-Q for first quarter 2017 filed with the Securities and Exchange Commission and our Form 10-Q to be filed for second quarter 2017 for risks and uncertainties which could cause actual results to differ materially from current expectations.

Non-GAAP financial measures

Earnings referenced in this presentation exclude certain non-core items. In addition, second quarter and first six months 2017 earnings per share is calculated with an adjusted tax rate that is the forecasted full year 2017 tax rate and second quarter and first six months 2016 earnings per share is calculated with an adjusted tax rate that excludes the provision for income taxes for non-core items. “Free Cash Flow” is cash provided by operating activities minus cash used for additions to properties and equipment. Reconciliations to the most directly comparable GAAP financial measures and other associated disclosures, including a description of the excluded and adjusted items, are available in our second quarter 2017 financial results news release available in the “Investors” section of our website and in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Forms 10-K and 10-Q filed with the SEC for the periods for which non-GAAP financial measures are presented. Projections of future earnings exclude any non-core, unusual, or non-recurring items and assume that the adjusted tax rate for first six months 2017 will be the actual tax rate for the projected periods.

Strategic Highlights



2Q17 strong operating results consistent with our expectations



Strong volume growth in specialty products through innovation and market development



Intermediates product lines recovered margins



Disciplined cost management



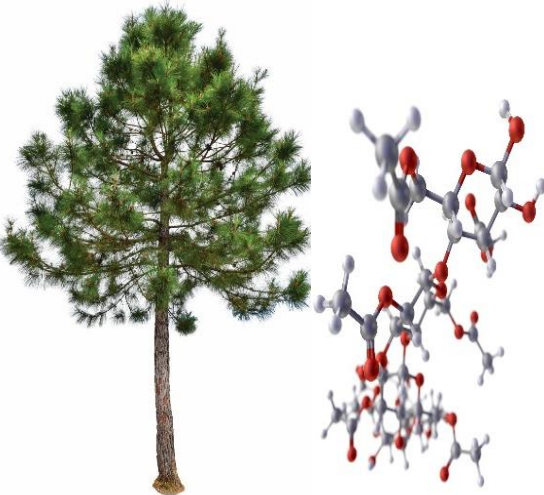
On track for ~\$1 billion of free cash flow in 2017



1H17 returned ~\$325 million to stockholders


Strong growth in innovative specialty products driving earnings mix improvement

Eastman **TRÉVA**[™]
engineering bioplastic



The image shows a realistic pine tree on the left and a 3D ball-and-stick molecular model of a polymer chain on the right, illustrating the natural origin of the bioplastic.


SAFLEX[®]
polyvinyl butyral



The image shows a driver's perspective from inside a car. A head-up display (HUD) projects information onto the windshield, including a speed limit of 65, a distance to the next turn of 126ft, and a navigation arrow. The car's dashboard and steering wheel are also visible.

Saflex[®] Q Series
head up displays (“HUD”)
































Eastman **IMPERA**[™]
performance resins



The image shows a stack of four tires on the left and a single tire mounted on a silver alloy wheel on the right, representing the application of performance resins in tires.

Innovation & market development expected to add >2% on a compounded basis to corporate revenue growth 2016-2018

World-class technology platforms

	Transportation	Building & Construction	Consumables	Durable goods	Animal nutrition & Crop protection
Cellulose esters	 Acena™ cellulose esters for tires  TREVA™ engineering bioplastic  Automotive coatings	 TREVA™ engineering bioplastic  Bio insulation	 Naia™ cellululosic yarn for textiles  Controlled release for pharma  Ensure™ for packaging  Project X	 TREVA™ engineering bioplastic  Visualize™ materials for displays	 Controlled release
Polyesters	 Tetrashield™ resins for coatings  Cyphrex™ for non-wovens  LLumar®, V-KOOL™ automotive films	 Microfibers for home interiors  Copolyester For LED	 AVRA™ for textiles  Medical diagnostic strips  Copolyester for 3D printing	 Tetrashield™ for outdoor equipment  Tritan™ housewares  Tritan™ infant care	 Protective coatings
OXO derivatives	 High solid coatings	 Vinyl flooring  Optifilm coalescent  Effusion™	 Eastman Omnia™ high performance solvent  Self cross-linking coating for packaging	 Novel cross-linkers for industrial uses	 Food preservatives  Eubiotics
Hydrocarbon resins	 Impera™ performance resins for tires  Regalite™ for auto interiors	 Eastotac™ for architectural  Eastotac™ for road marking	 Odor free resins  Organoleptics  Aerafin™ for hygiene & packaging	 Specialty tapes	 Controlled release
PVB	 Saflex® HUD  Saflex® Q seires acoustic PVB  Next gen HUD  Next-gen Saflex® acoustic PVB	 Structural PVB			
Amines		 Specialty amines for water  Vantex™ for architectural paint	 Specialty amine for personal care  Specialty amine for house care  GEM bio olefin surfactant	 Tamisolve™ NXG for electronics	 Manipulator for crop protection  Enhanz™ for animal feed  Banguard™ for crop protection
	Additives & Functional Products	Advanced Materials	Chemical Intermediates	Fibers	

Integration as a source of value creation

- Enables innovation
- Reliability and security of supply highly valued by customers
- Advantaged cost position to support growth
- Flexibility across product chain to optimize value and drive asset efficiency
- Stabilize earnings volatility



Coal / wood pulp / olefins

→ **Cellulose and acetyl stream**

→ Additives & Functional Products
→ Advanced Materials
→ Chemical Intermediates
→ Fibers



Propane / ethane

→ **Olefins stream**

→ Additives & Functional Products
→ Advanced Materials
→ Chemical Intermediates



Paraxylene / olefins / acetyls

→ **Polyester stream**

→ Additives & Functional Products
→ Advanced Materials
→ Chemical Intermediates



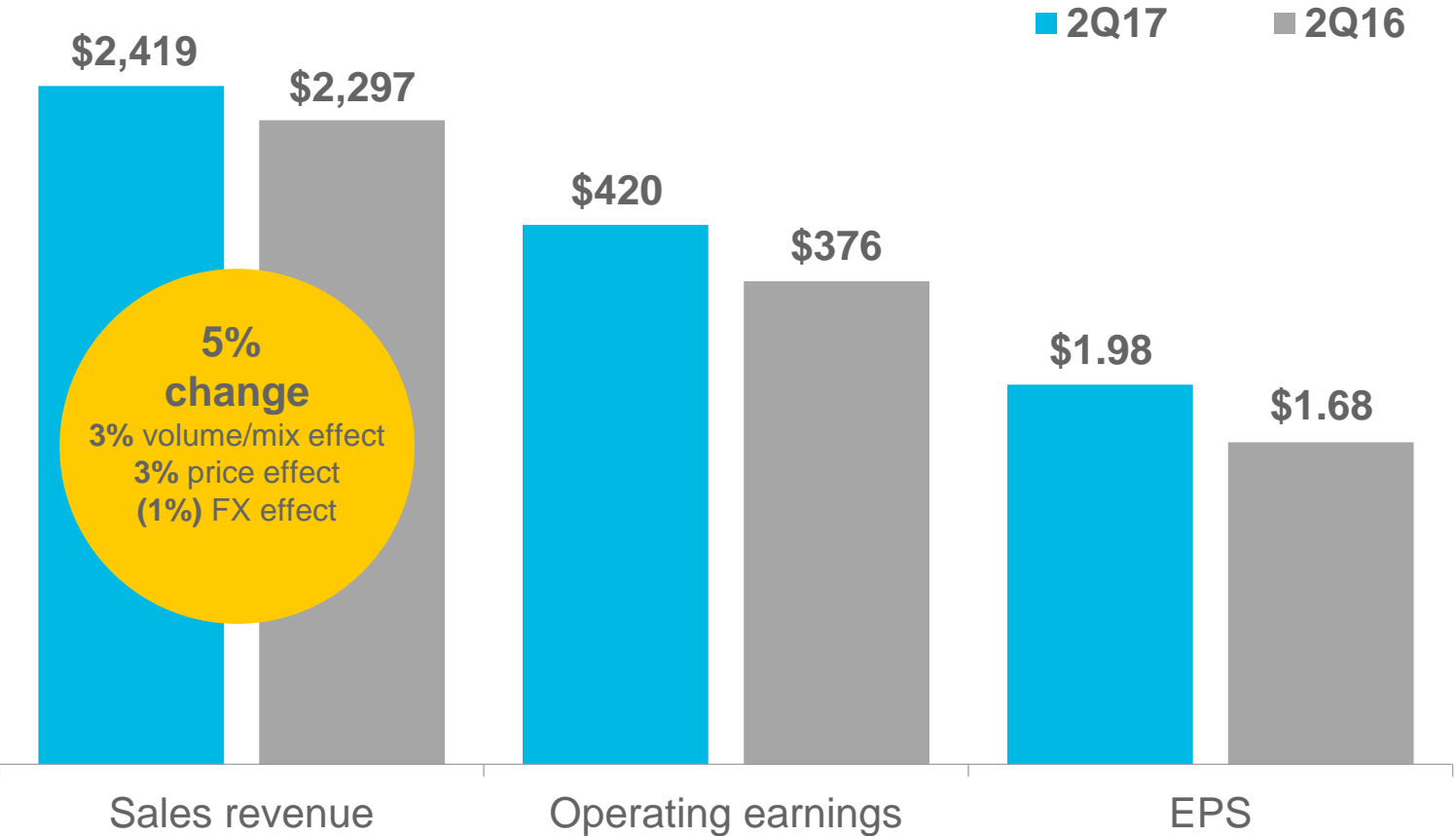
Methanol / ammonia

→ **Alkylamines stream**

→ Additives & Functional Products
→ Chemical Intermediates

2Q 2017 financial results *Corporate*

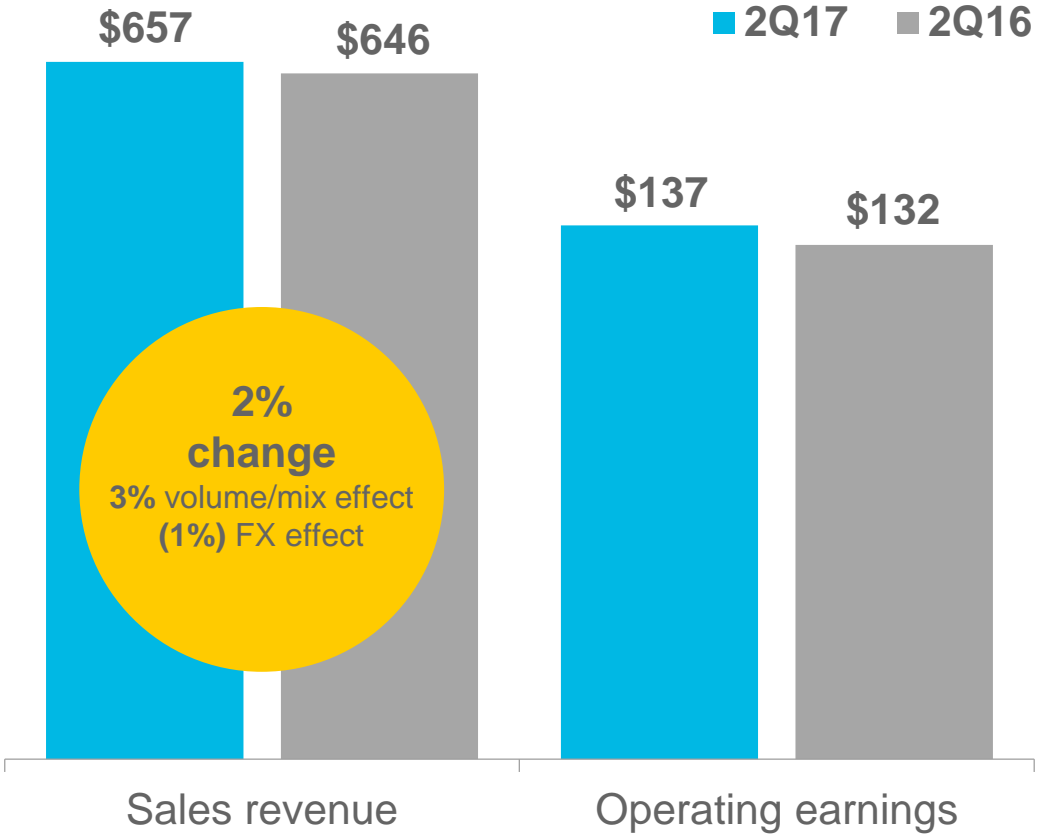
(\$ in millions, except EPS)



- Revenue grew as increases in Additives & Functional Products, Advanced Materials, and Chemical Intermediates more than offset a decline in Fibers.
- Operating earnings grew as increases in Advanced Materials and Chemical Intermediates more than offset declines in Fibers and Additives & Functional Products.

2Q 2017 financial results *Advanced Materials*

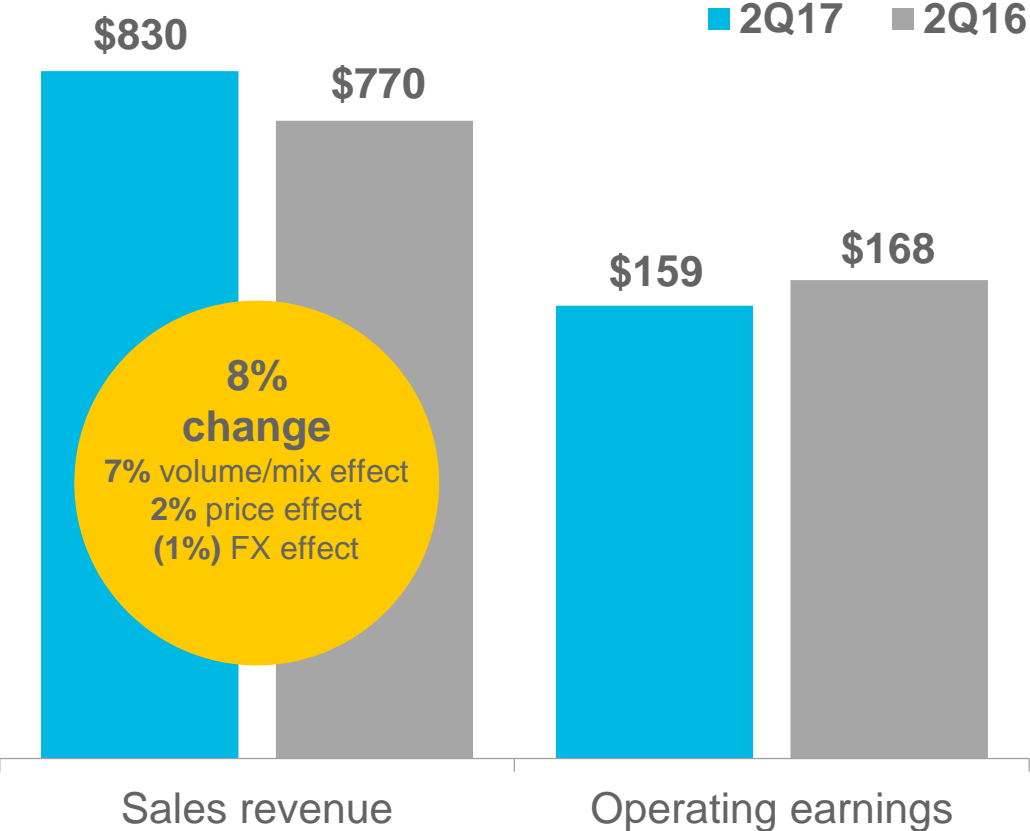
(\$ in millions)



- Sales revenue increased due to higher sales volume across the segment, including premium products such as Eastman Tritan™ copolyester, Saflex® acoustic interlayers, and performance films.
- Operating earnings increased primarily due to higher sales volume and fixed cost leverage, partially offset by higher raw material and energy costs.

2Q 2017 financial results *Additives & Functional Products*

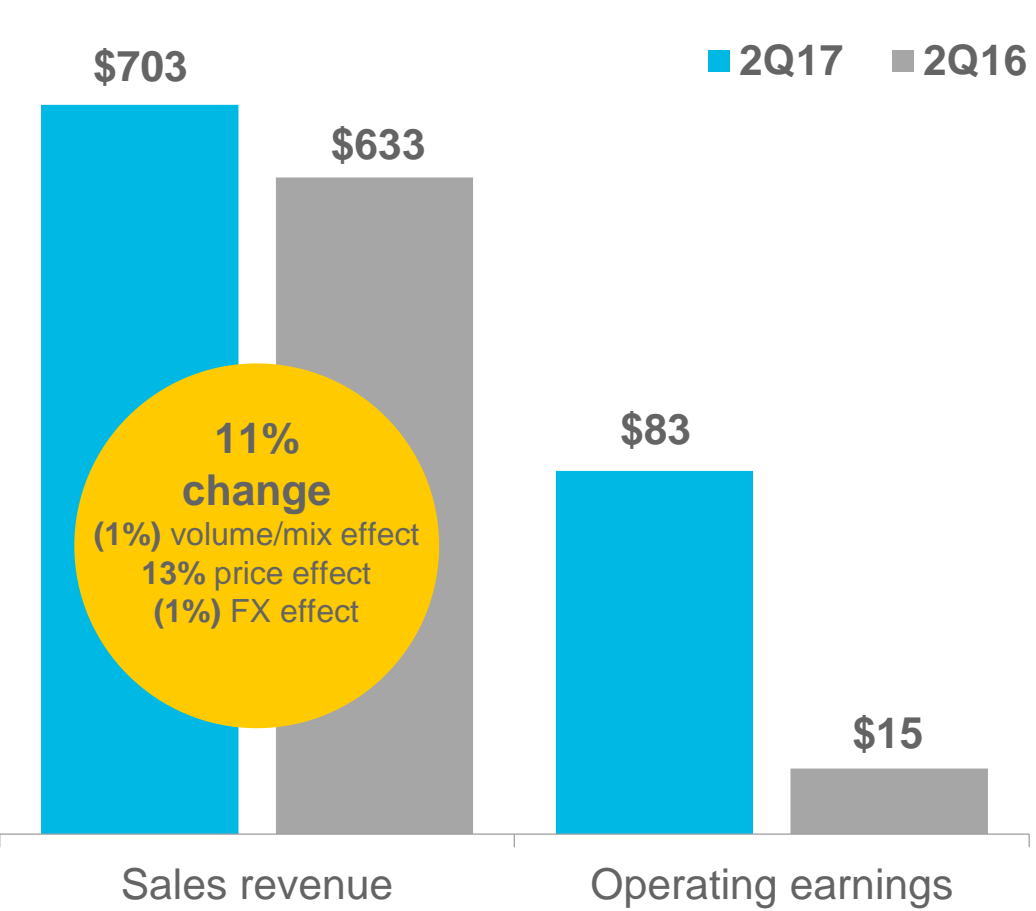
(\$ in millions)



- Sales revenue increased due to higher sales volume and higher selling prices for most product lines.
- Operating earnings declined as higher raw material and energy costs more than offset the impact of higher sales volume and higher selling prices.

2Q 2017 financial results *Chemical Intermediates*

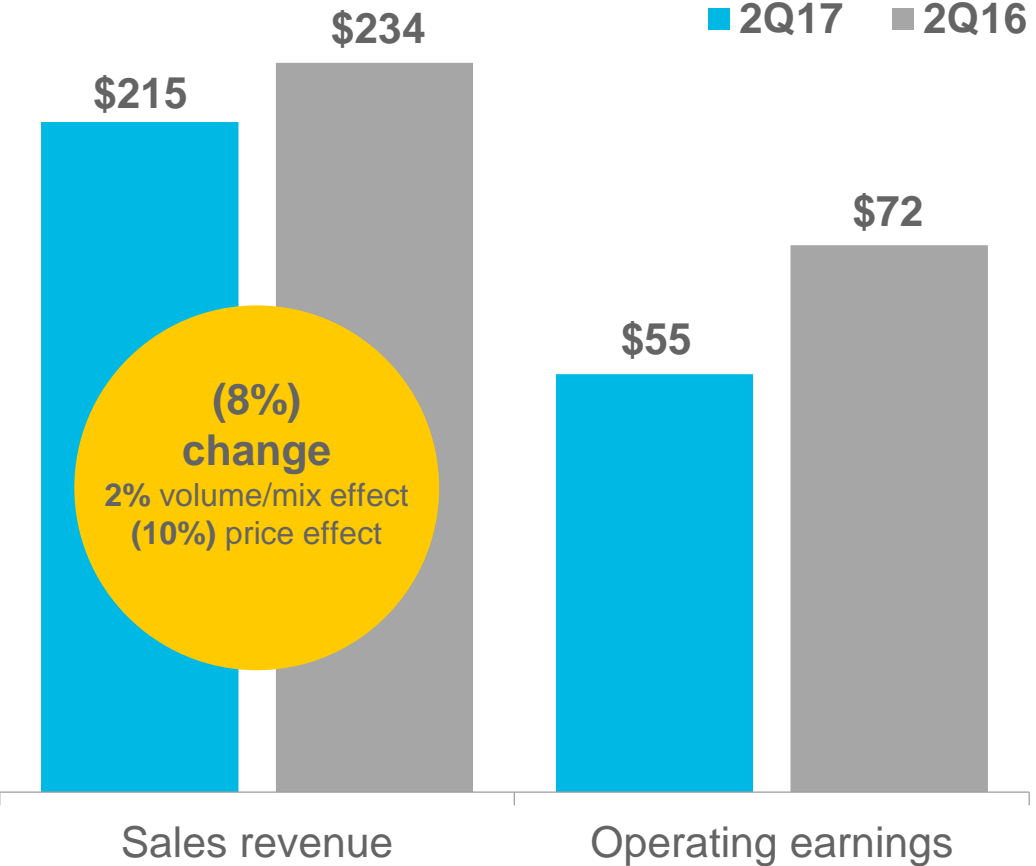
(\$ in millions)



- Sales revenue increased due to higher selling prices attributed to higher raw material prices and continued improvement in competitive conditions.
- Operating earnings increased primarily due to higher selling prices, lower commodity hedge levels, and lower scheduled maintenance costs, partially offset by higher raw material and energy costs.

2Q 2017 financial results *Fibers*

(\$ in millions)



- Sales revenue decreased primarily due to lower selling prices, particularly for acetate tow, primarily due to lower industry capacity utilization rates.
- Operating earnings declined due to lower selling prices, partially offset by lower operating costs resulting from recent actions.

1H 2017 cash flow and other financial highlights

**\$483
million**

cash from operations

Returned
**\$324
million**
to
stockholders:

**\$149
million**
dividend,

**\$175
million**
share
repurchases

Remain
committed to
reduce debt by
**~\$350
million**
in 2017

FY17 tax rate
expectation of
~20%

Full-year 2017 outlook

Growth drivers

- Robust portfolio of specialty businesses creating their own top line growth
- Strong growth in high margin, innovative products expected to accelerate earnings growth
- Growth in attractive niche end-markets
- Disciplined cost reductions
- Net benefit from reduction in hedges
- Lower interest expense
- Increased share repurchases

Near-term headwinds

- Uncertain global economic growth
- Volatile raw material and energy costs and ethylene prices
- Challenges in Fibers

Improved expectation for adjusted 2017 EPS growth to 10 to 12 percent

Summary

- Strong portfolio of specialty businesses
- Continue to drive organic growth, innovation and product mix improvement
- Use all available levers in current environment
- Deploy free cash flow to pay an increasing dividend, continue delevering, and accelerate share repurchases
- Well positioned for long-term earnings growth and strong free cash flow generation