



## Second-Quarter 2019 Financial Results

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Curt Espeland, EVP & CFO

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**EASTMAN**



## 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 these slides and the remarks in the conference call and webcast, the second quarter 2019 financial results 8-K and news release, and our Form 10-K for 2018 and Form 10-Q filed for first quarter 2019 and the Form 10-Q to be filed for second quarter 2019 for risks and uncertainties which could cause actual results to differ materially from current expectations.

## GAAP and Non-GAAP financial measures

Earnings referenced in this presentation exclude certain non-core and unusual items. In addition, interim period earnings use an adjusted effective tax rate using the Company's forecasted tax rate for the full year as of the end of the interim period and earnings per share are calculated with an adjusted tax rate that excludes the provision for income taxes for non-core and unusual items. "Free Cash Flow" is cash provided by operating activities minus net capital expenditures (typically 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 2019 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.

## Second-quarter 2019 business and strategic highlights



Sequential increase in adjusted earnings from first quarter 2019



Continued progress on new business revenue from innovation



Strong sequential increase in Advanced Materials earnings



Disciplined cost management and productivity improvement



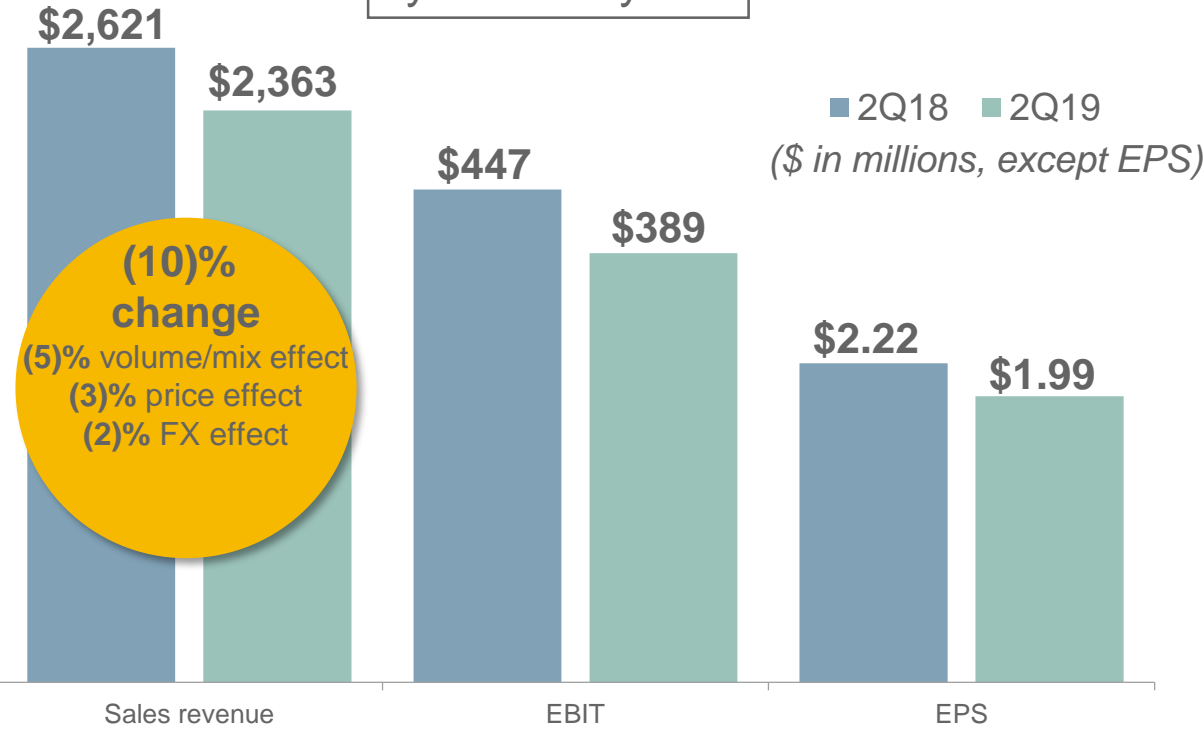
Bolt-on acquisition of INACSA yarn business to support growth in textiles



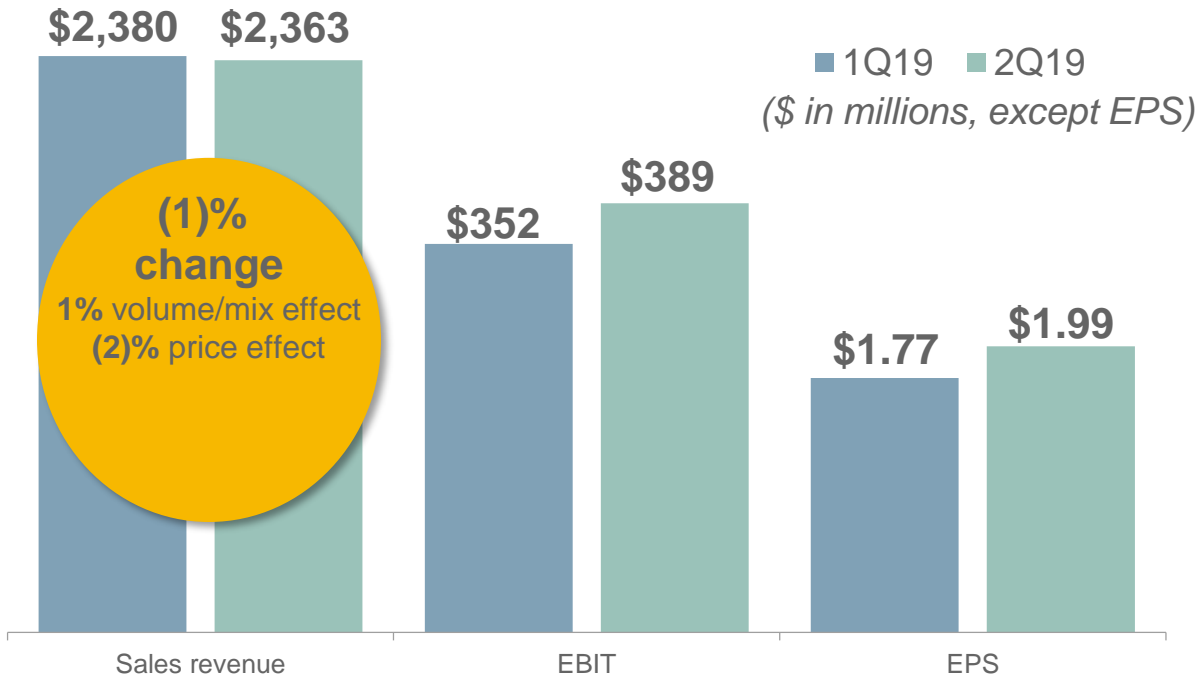
Returned \$423 million to stockholders in first 6 months 2019

# 2Q 2019 financial results *Corporate*

year over year

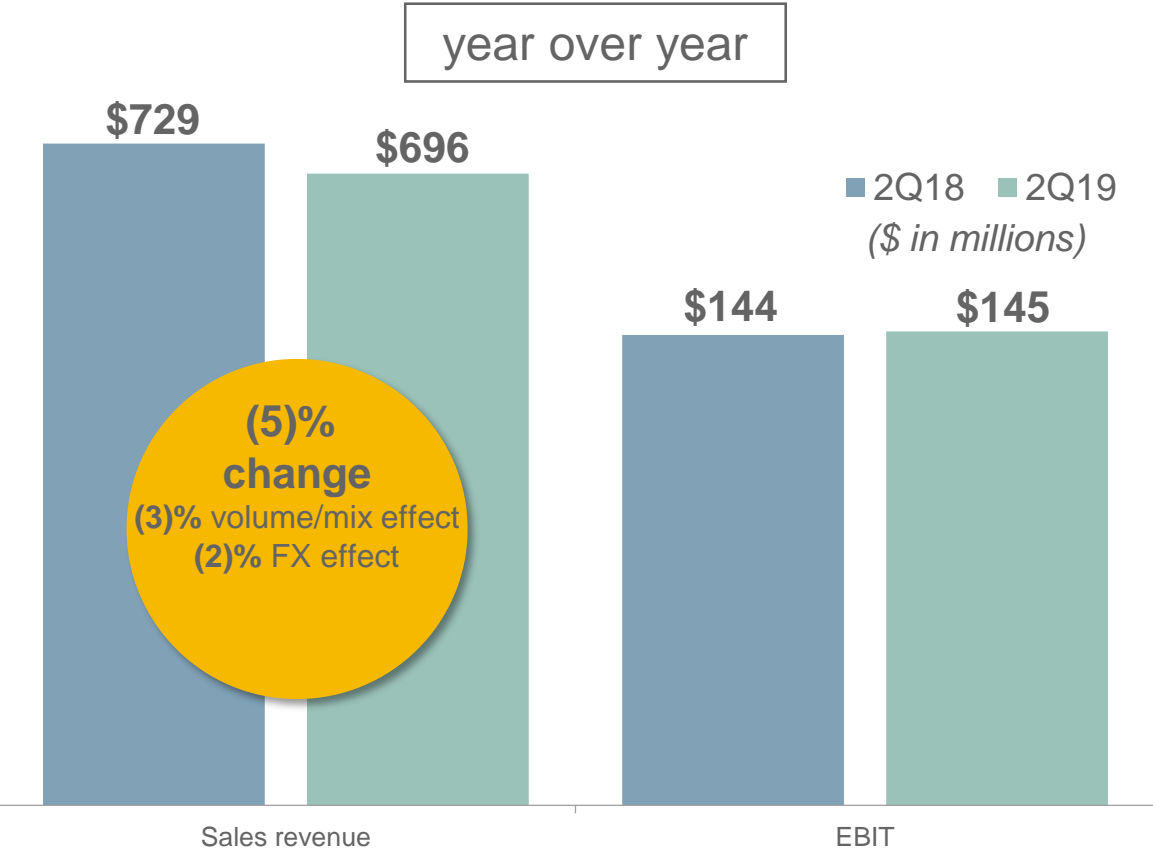


sequential

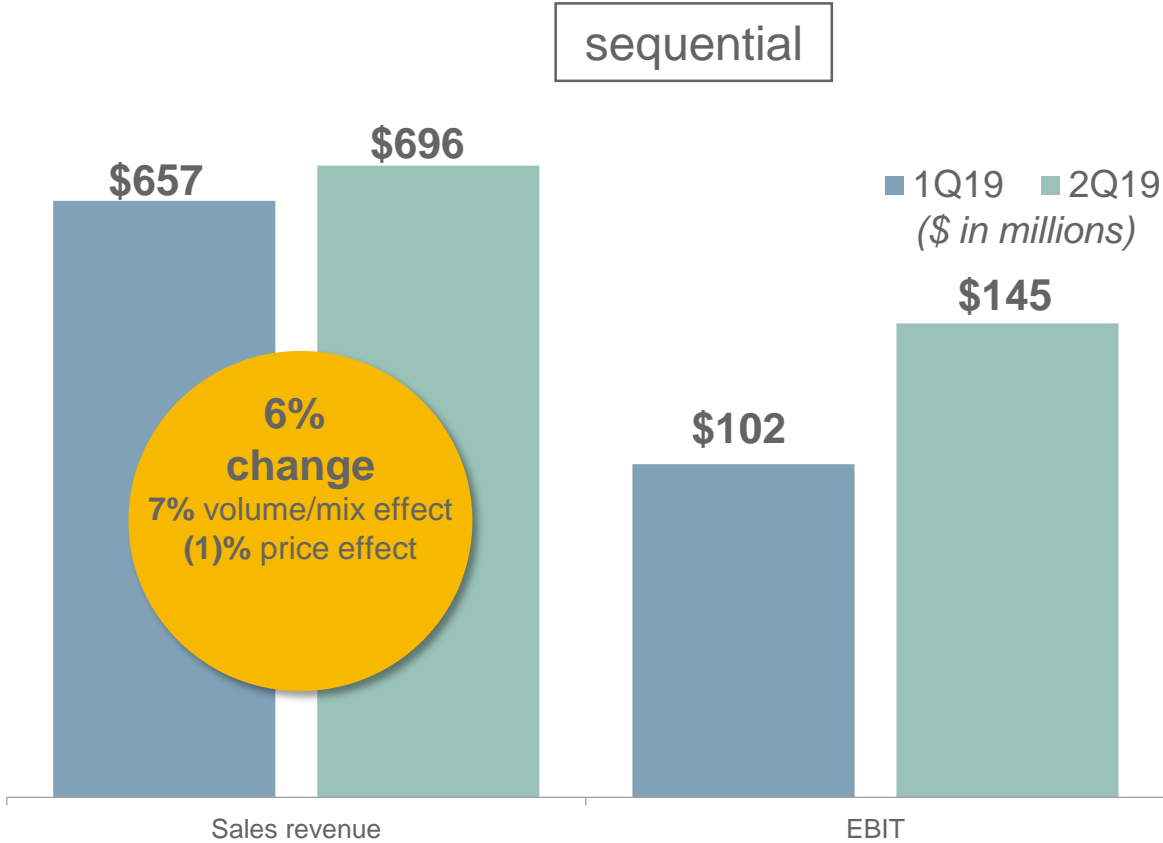


# 2Q 2019 financial results *Advanced Materials*

year over year

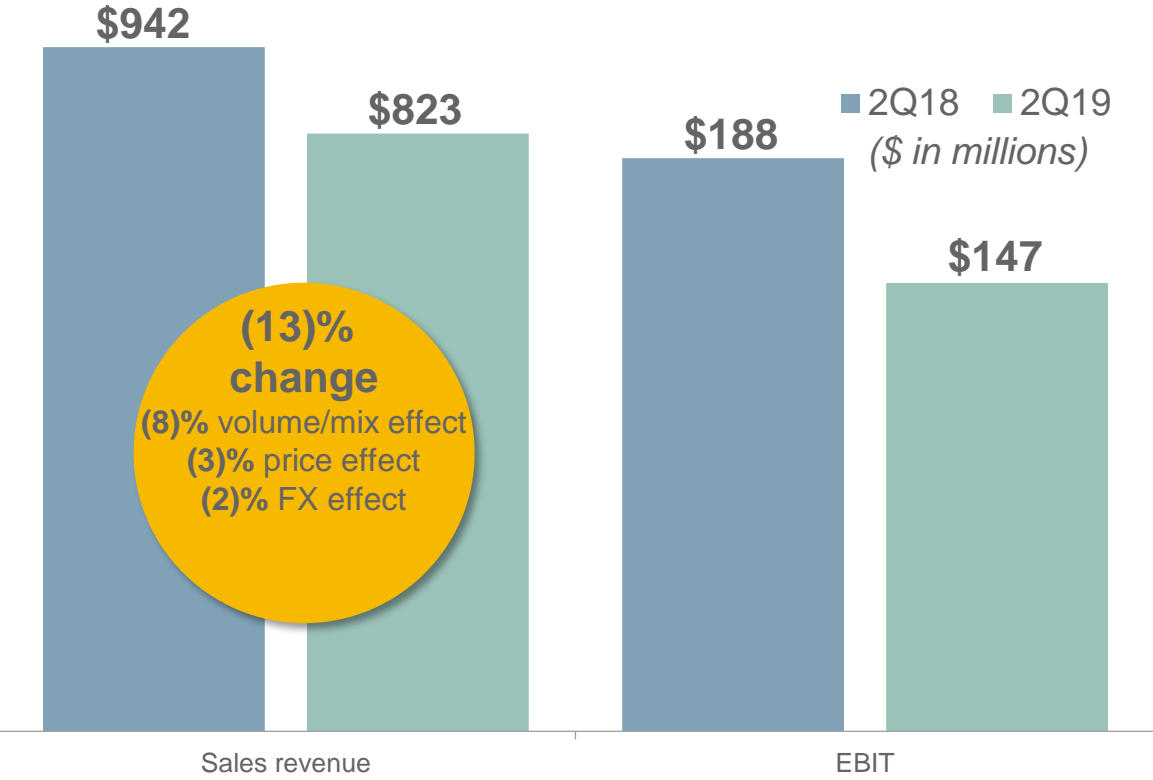


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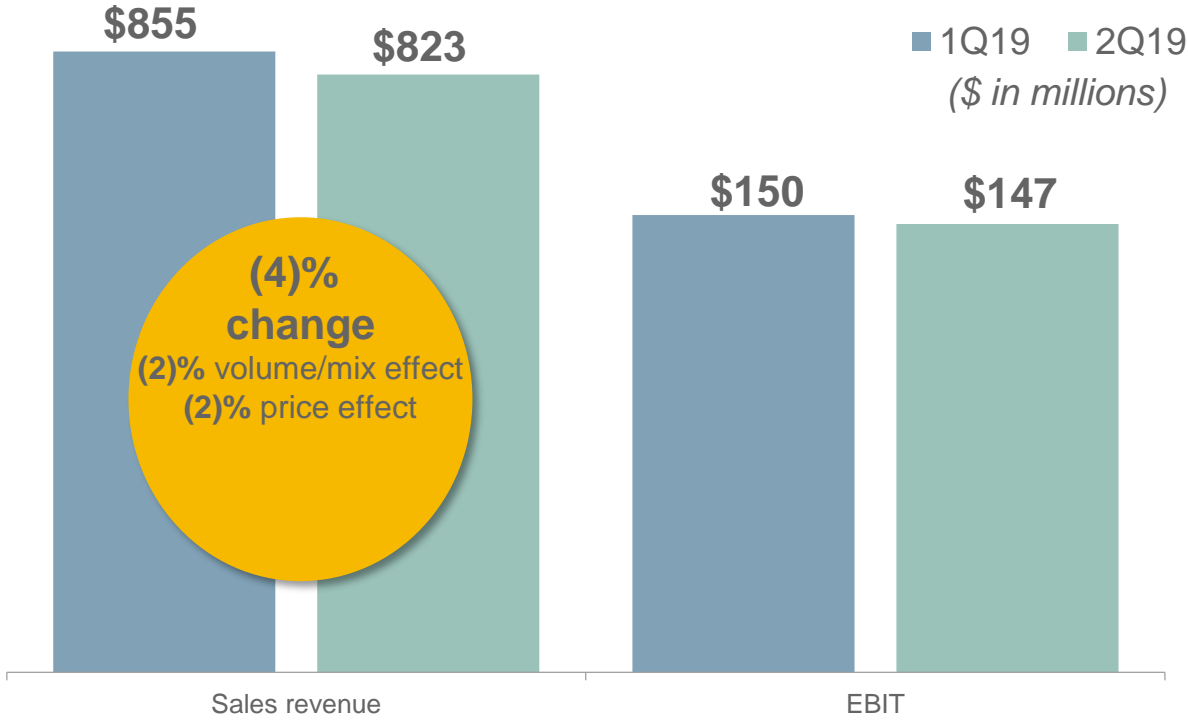


# 2Q 2019 financial results *Additives & Functional Products*

year over year

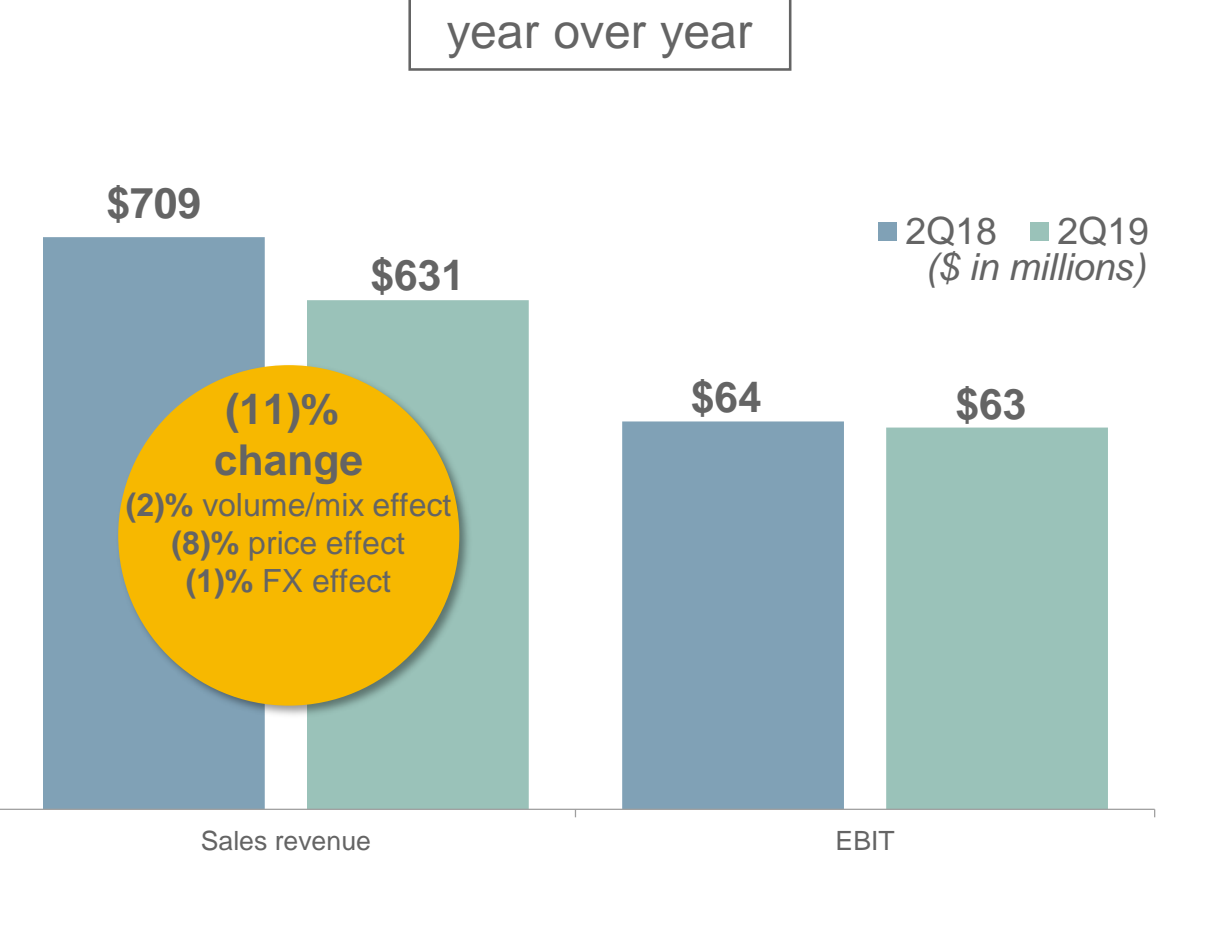


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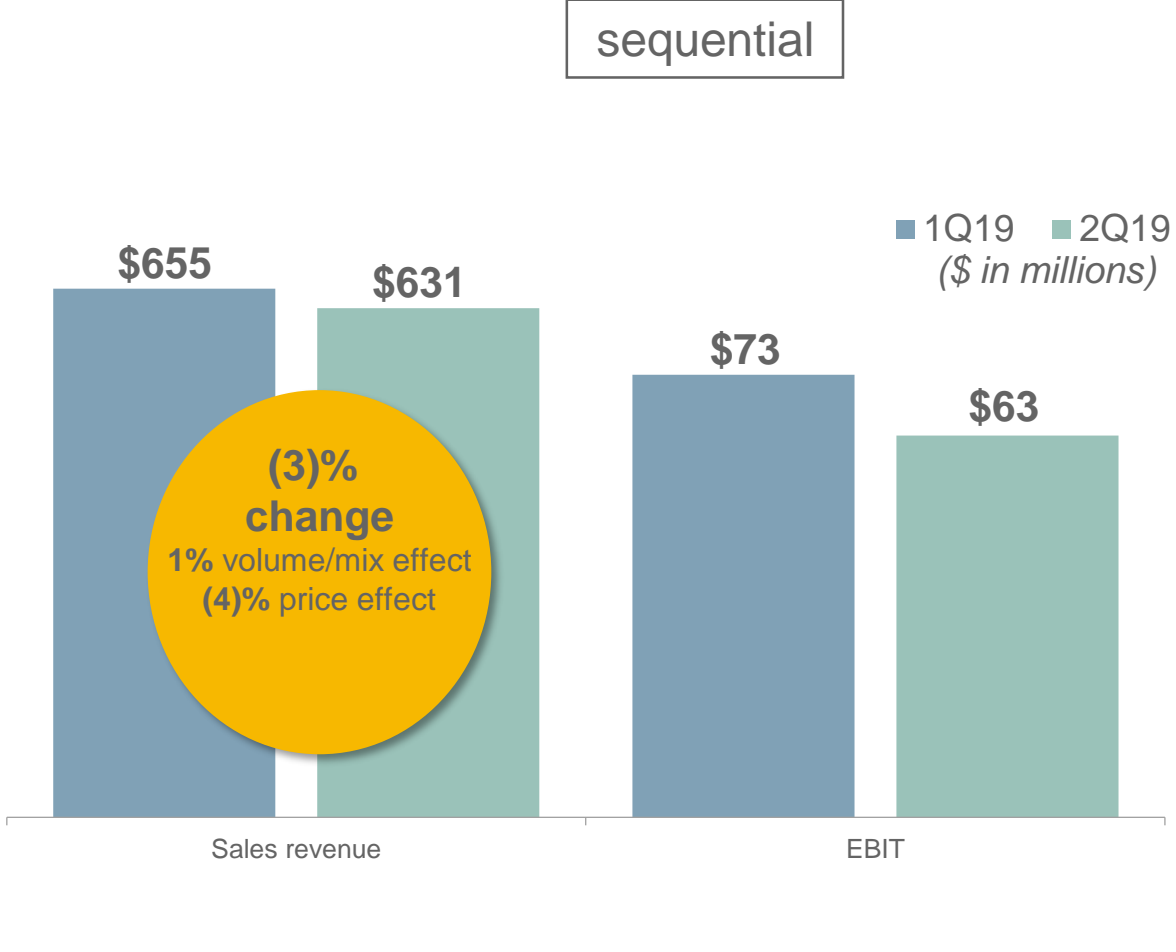


# 2Q 2019 financial results *Chemical Intermediates*

year over year

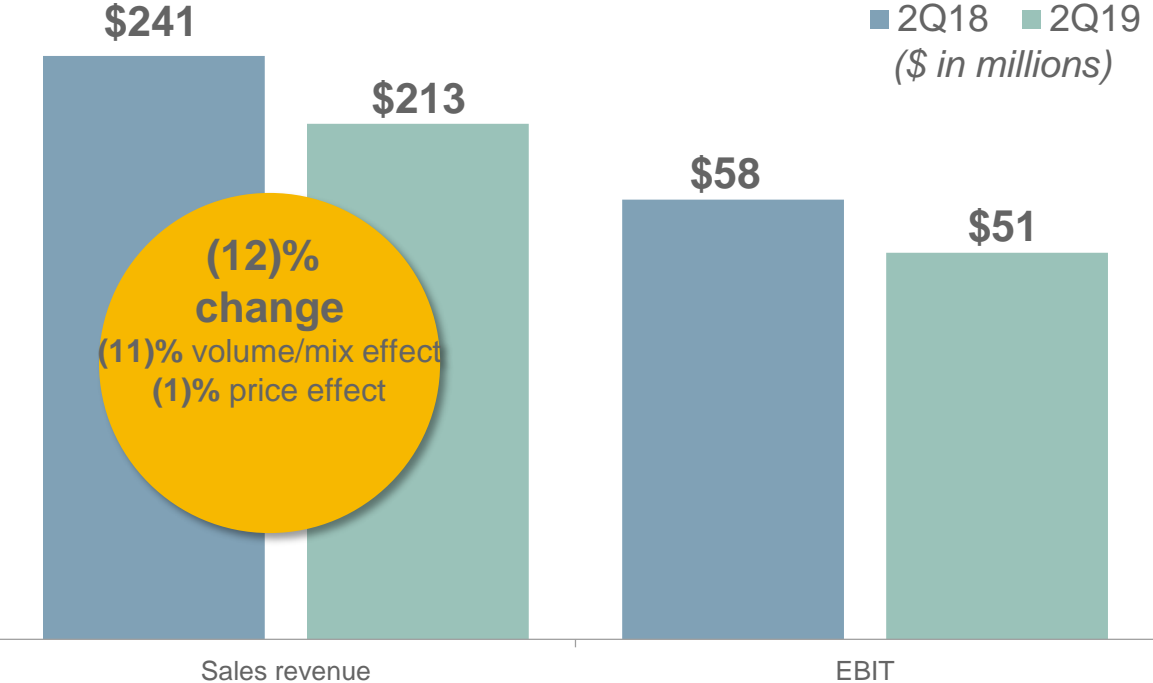


sequential

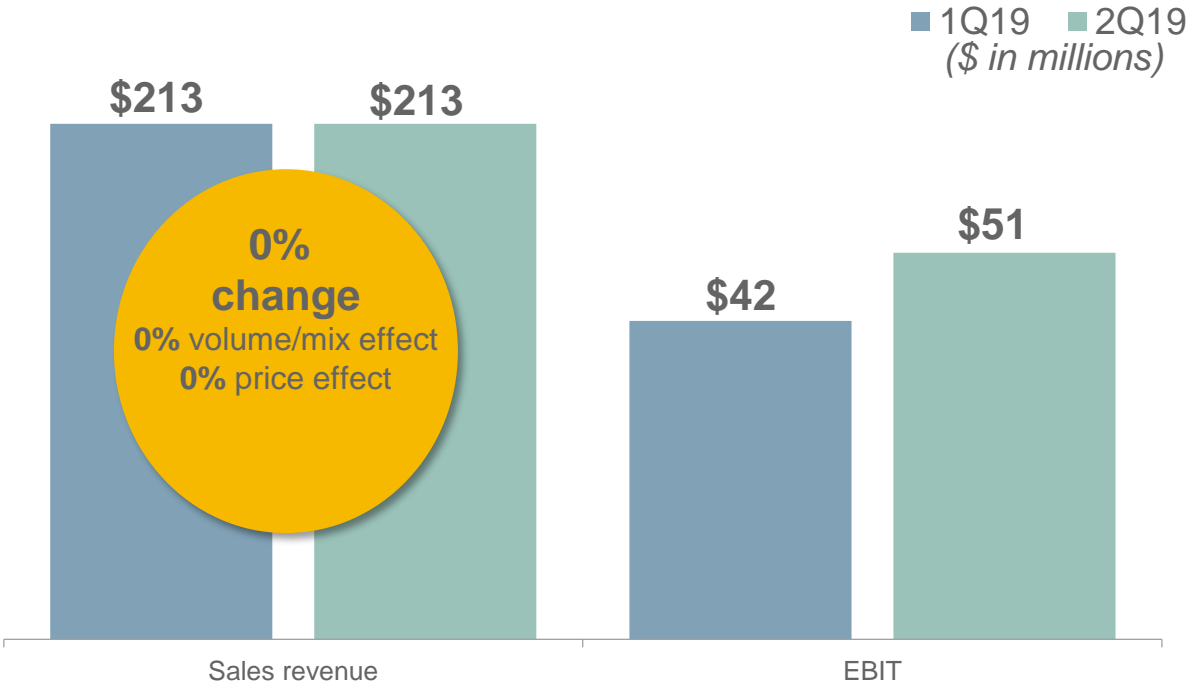


# 2Q 2019 financial results *Fibers*

year over year



sequential





# 6M 2019 cash flow and other financial highlights

**Free cash flow approaching \$1.1 billion in 2019**

Returned **\$423 million** to stockholders  
**\$250 million** share repurchases  
**\$173 million** dividend

**Remain committed to investment grade credit rating**

Forecasted FY19 effective tax rate of **16% to 17%**

# Full-year 2019 outlook

Previous underlying assumptions		Current underlying assumptions
Innovation driving above-market growth	<i>No change</i>	Innovation driving above-market growth
Flow through of lower cost raw materials in 2H19	<i>No change</i>	Flow through of lower cost raw materials in 2H19
Pension headwind ~\$0.20 per share	<i>No change</i>	Pension headwind ~\$0.20 per share
\$40 million in cost savings above productivity	<i>No change</i>	\$40 million in cost savings above productivity
<b>U.S. China trade dispute to be resolved mid-year 2019</b>	<i>Updated</i>	<b>U.S. China trade dispute escalated; remains unresolved through 2019</b>
<b>Improving global economic growth in 2H</b>	<i>Updated</i>	<b>Current challenging economic conditions continue; destocking mostly finished</b>
<b>Full-year impact of stronger U.S. dollar ~\$0.20 per share</b>	<i>Updated</i>	<b>Full-year impact of stronger U.S. dollar ~\$0.30 per share</b>

**Full-year 2019 adjusted EPS \$7.50 to \$8.00**

**2019 free cash flow approaching \$1.1 billion**

# Innovation-driven growth model delivering resilient earnings in an uncertain economy



**Significant integration and scale enable innovation, reliability and cost advantage**

**Advantaged growth and execution capability and culture**

**Aggressive and disciplined portfolio management**