First-Quarter 2018 Financial Results

Mark Costa, Board Chair & CEO
Curt Espeland, EVP & CFO

April 27, 2018

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-K for 2017 filed with the Securities and Exchange Commission, these slides and the remarks in the conference call and webcast, the first-quarter 2018 financial results 8-K and release, and our Form 10-Q to be filed for first-quarter 2018 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 and unusual items. In addition, first-quarter 2018 and first-quarter 2017 earnings per share are calculated with an adjusted tax rate that is the forecasted full-year tax rate as of the end of the interim period and that excludes the provision for income taxes for non-core and unusual items. “EBITDA” is net earnings or net earnings per share before interest, taxes, depreciation and amortization adjusted to exclude the same non-core and any unusual or non-recurring items as are excluded from the Company's other non-GAAP earnings measures for the same periods. “EBITDA Margin” is EBITDA divided by the GAAP measure sales revenue in the Company’s income statement for the period presented. “Free Cash Flow” is cash provided by operating activities minus capital expenditures (typically cash used for additions to properties and equipment and in first quarter 2018, net of proceeds from property insurance). 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 first-quarter 2018 financial results 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-quarter 2018 will be the actual tax rate for the projected periods.

Strategic Highlights

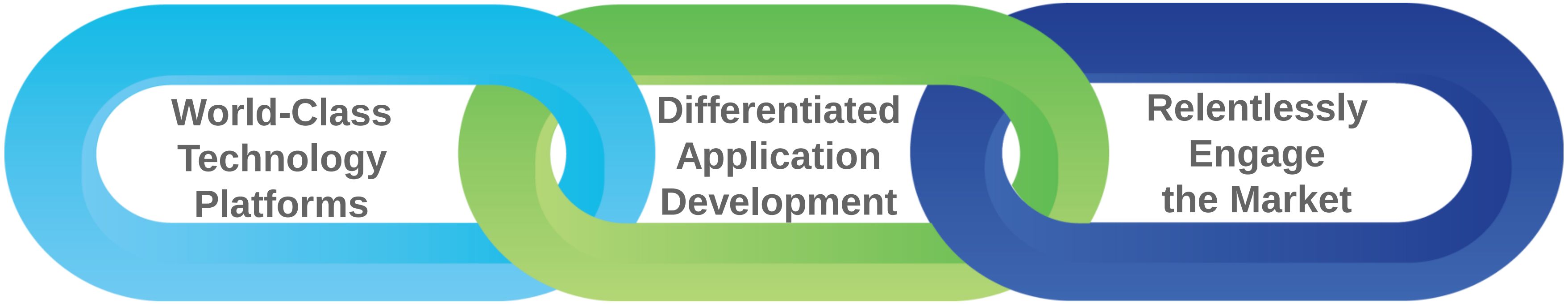
- Strong 1Q18 results including adjusted EPS up 22% year-over-year
- Innovation-driven growth model delivered strong specialty products volume growth
- Continued disciplined cost management to fund growth
- On track for >$1.1 billion of free cash flow in 2018
- Continued recognition of excellence

2018 WORLD'S MOST ETHICAL COMPANIES® WWW.ETHISPHERE.COM — 2014–2018

MILITARY FRIENDLY® MF'18 AWARD EMPLOYER — 2017–2018

ENERGY STAR AWARD 2018 PARTNER OF THE YEAR Sustained Excellence — 2012–2018

On track to deliver >$350 million of new business revenue in 2018



Naia™ cellulosic yarn

Eastman **NAIA**™
cellulosic fiber

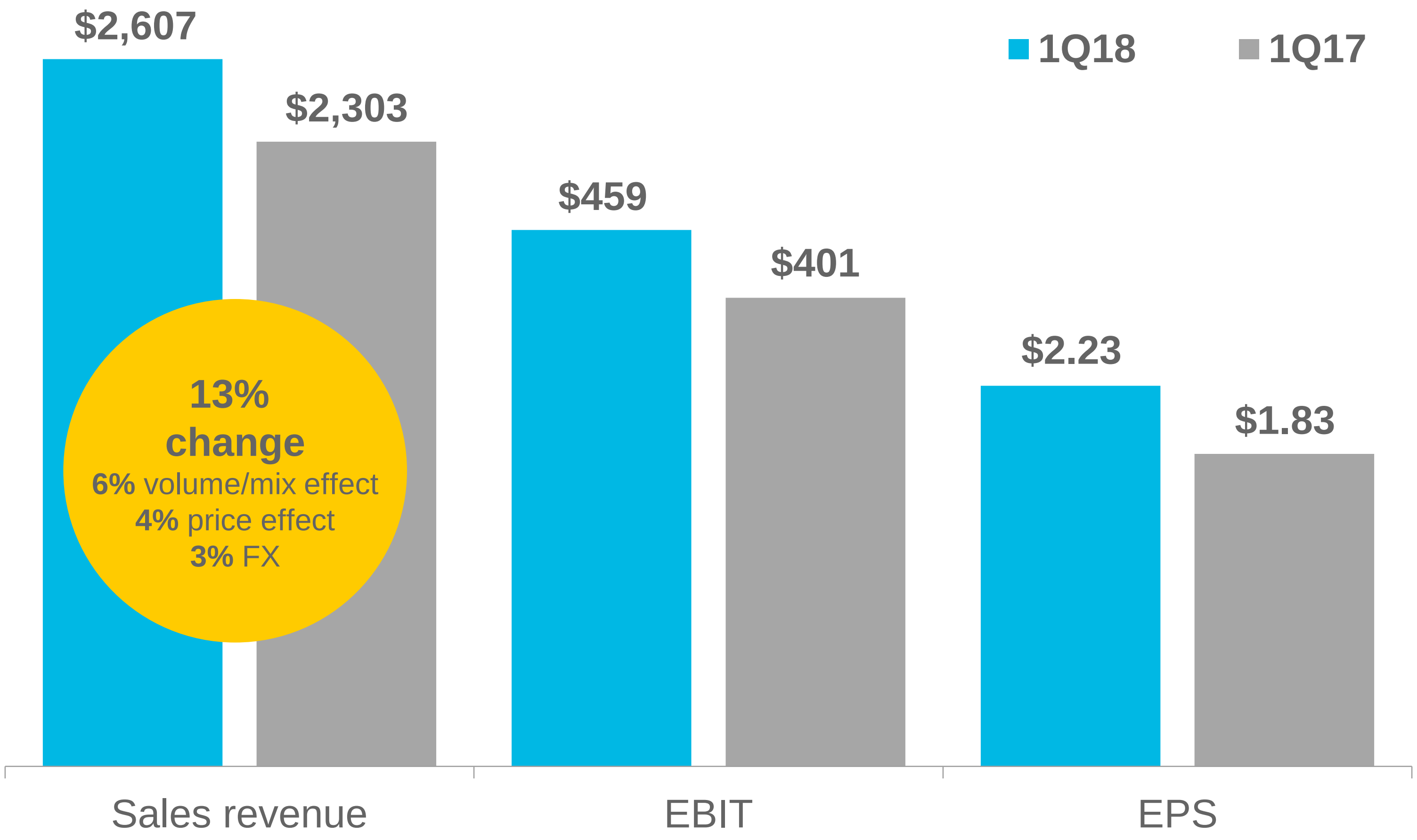
Low-odor adhesives

Eastman **AERAFIN**™
polymer

EASTMAN
The results of insight™

1Q 2018 financial results *Corporate*

($ in millions, except EPS)

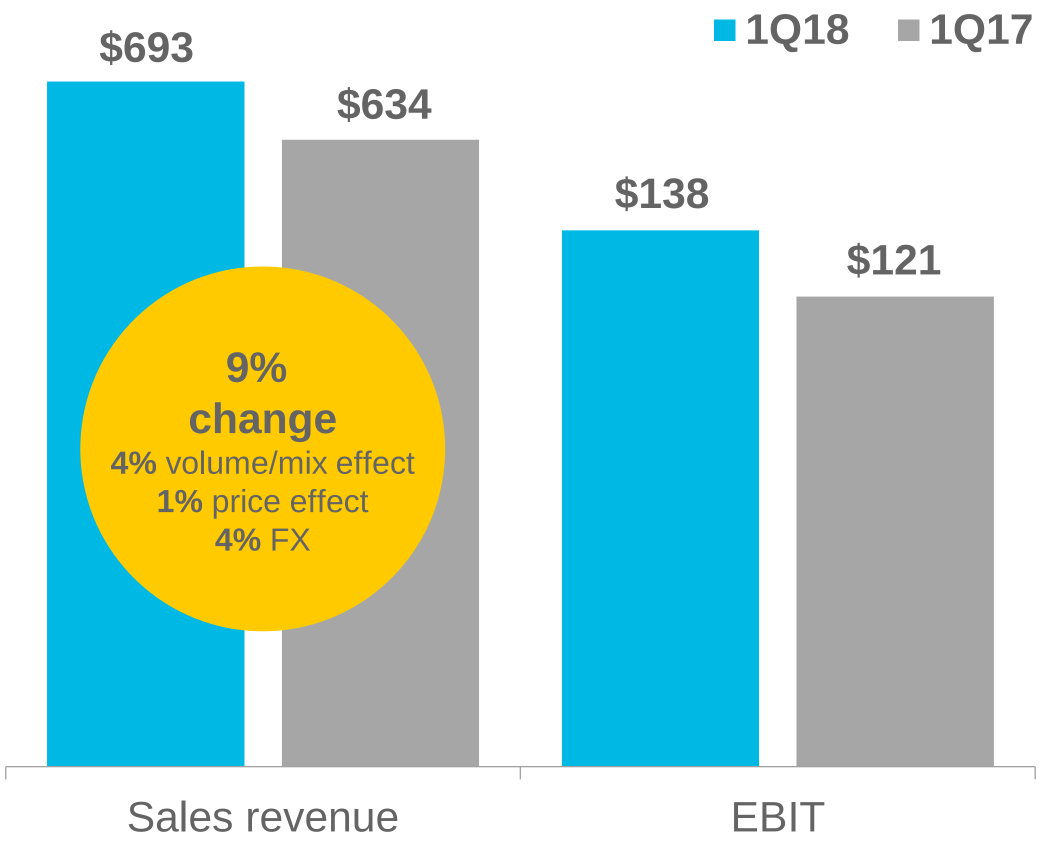


- Revenue and EBIT grew in all four business segments, driven by higher sales volume, higher selling prices, and a favorable shift in foreign currency exchange rates.

EASTMAN
The results of insight™

1Q 2018 financial results *Advanced Materials*

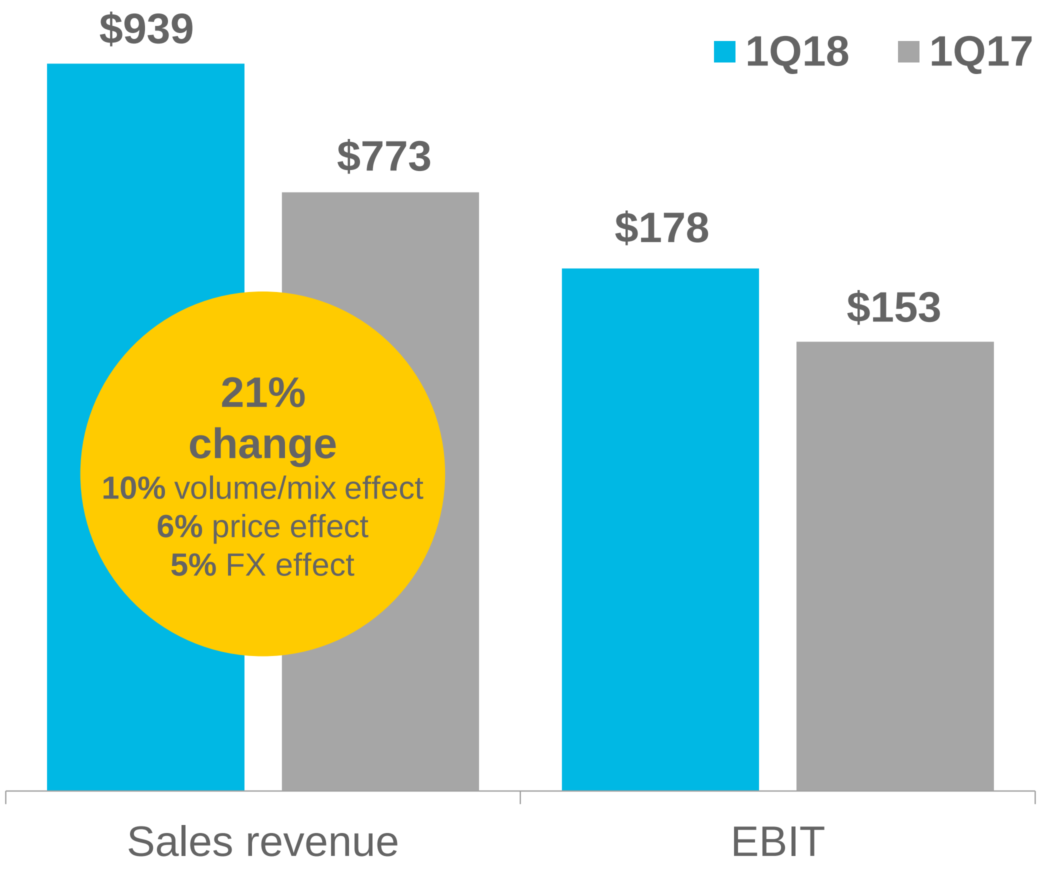
($ in millions)



- Sales revenue increased primarily due to improved product mix from higher sales volume of premium products, including Tritan™ copolyester, Saflex® head-up displays ("HUD"), Saflex® acoustic interlayers, and performance films, and a favorable shift in foreign currency exchange rates.
- EBIT increased due to higher sales volume, improved product mix, and a favorable shift in foreign currency exchange rates, partially offset by higher costs of growth initiatives.

1Q 2018 financial results *Additives & Functional Products*

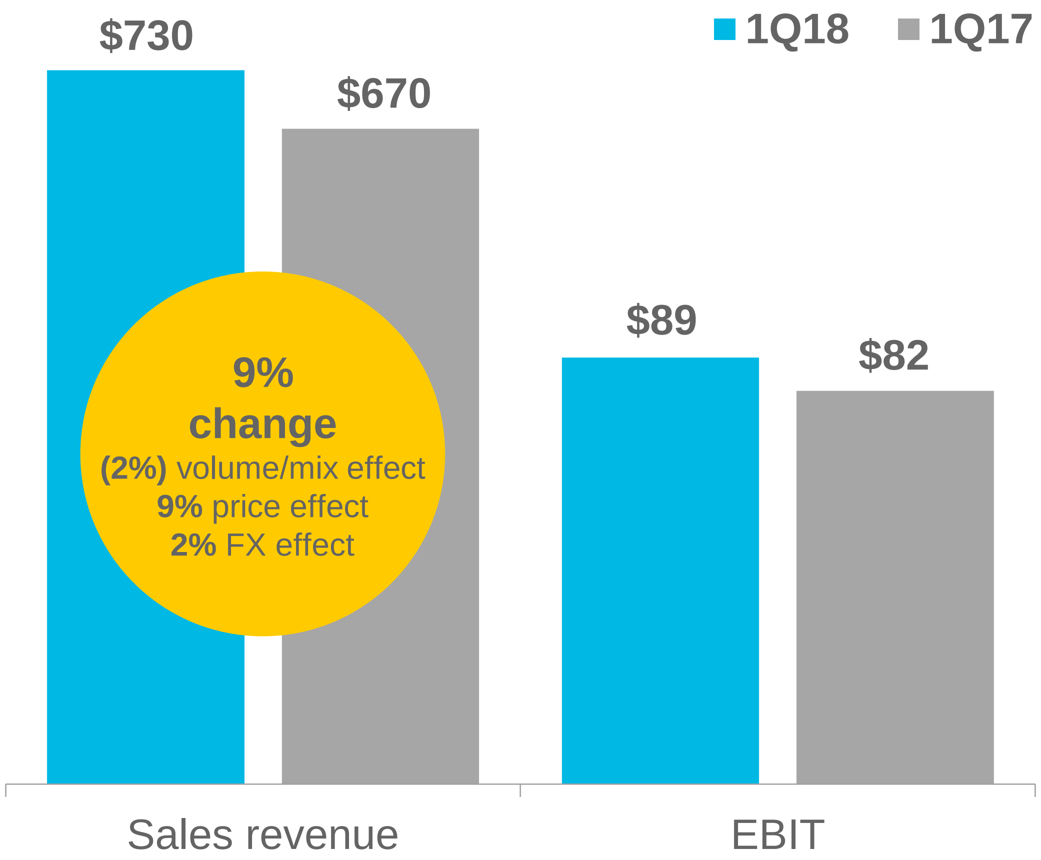
($ in millions)



- Sales revenue increased due to higher sales volume, higher selling prices, and a favorable shift in foreign currency exchange rates. The higher sales volume and higher selling prices for most product lines, particularly animal nutrition, care chemicals, and tire additives, were attributed to improved market conditions and enhanced commercial execution.
- EBIT increased due to higher sales volume, higher selling prices, and a favorable shift in foreign currency exchange rates, partially offset by higher costs of growth initiatives.

1Q 2018 financial results *Chemical Intermediates*

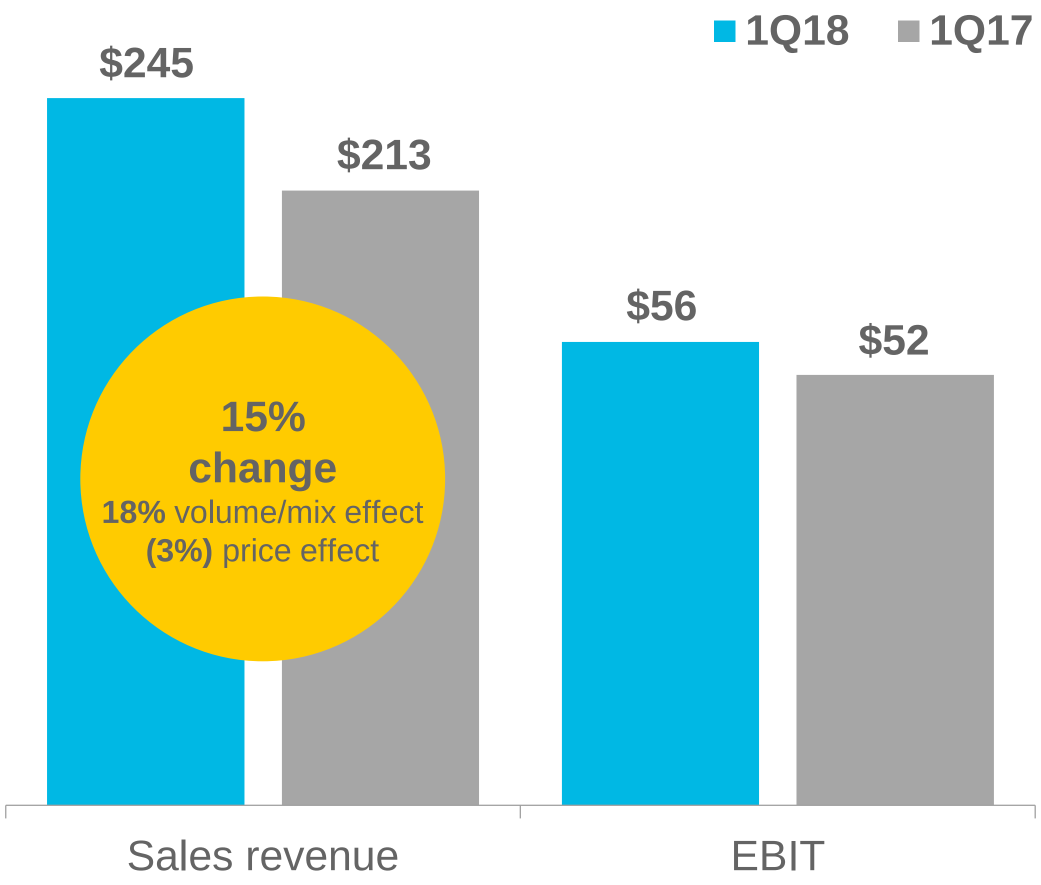
($ in millions)



- Sales revenue increased due to higher selling prices across most product lines attributed to higher raw material and energy prices and continued improvement in market conditions.
- Adjusted EBIT increased primarily due to higher selling prices more than offsetting higher raw material and energy costs.

1Q 2018 financial results *Fibers*

($ in millions)



- Sales revenue increased due to higher sales volume for acetate tow and acetate flake resulting from the timing of recognition of revenue under the new revenue recognition accounting standard, and sales revenue in first quarter 2018 from textiles and nonwovens innovation platform products previously reported in “Other.”
- Adjusted EBIT increased primarily due to higher sales volume.

EASTMAN
The results of insight™

1Q 2018 cash flow and other financial highlights

($35) million
cash from operations

Returned
$180 million
to stockholders:

$80 million
dividends

$100 million
share repurchases

Remain committed to repay debt of
>$300 million
in 2018[(1)]

FY18 tax rate expectation of
~19%

(1) Excludes the currency translation impact on the carrying value of euro-denominated borrowings

Full-year 2018 outlook

Growth drivers

- Robust portfolio of specialty businesses creating their own top line growth in attractive niche end-markets
- Strong growth in high margin, innovative products expected to accelerate earnings growth
- Productivity to offset inflation
- Modestly lower tax rate
- Increased share repurchases

Near-term headwinds

- Costs of strategic growth investments
- Higher scheduled maintenance costs
- Volatile raw material and energy prices, particularly for olefins

Expectation for adjusted 2018 EPS growth increased to 10–14% compared with 2017

Expect 2018 free cash flow to be >$1.1 billion

Strong value creation expected going forward

Core **sales revenue growth** in line with end markets

Specialty products growing **>2x** underlying markets

23%

CORPORATE EBITDA MARGIN

and increasing with improved product mix

>$1 billion

ANNUAL FREE CASH FLOW

and growing

10%–15%

RETURN ON INVESTED CAPITAL (ROIC)

creating value above cost of capital and growing over time

8%–12%

EPS CAGR 2018–2020

EASTMAN

The results of insight™