

Third-Quarter 2018 Financial Results

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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 third quarter 2018 financial results 8-K and news release, and our Form 10-Q filed for second quarter 2018 and to be filed for third-quarter 2018 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, third quarter and first nine months 2018 and third quarter and first nine months 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 net capital expenditures (typically cash used for additions to properties and equipment, and in first nine months 2018, excluding insurance proceeds for coal gasification property damage). 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 third quarter 2018 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 nine months 2018 will be the actual tax rate for the projected periods.

EBIT is the GAAP financial measure “earnings before interest and taxes.”

Strategic Highlights



3Q18 solid operating results



Strong volume growth in specialty businesses leveraging our innovation-driven growth model



Progress stabilizing results in Fibers, strong growth in textiles innovation platform



Continued disciplined cost management to offset inflation



Path to deliver \$1.1 billion of free cash flow in 2018



9M18 returned \$615 million to stockholders

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



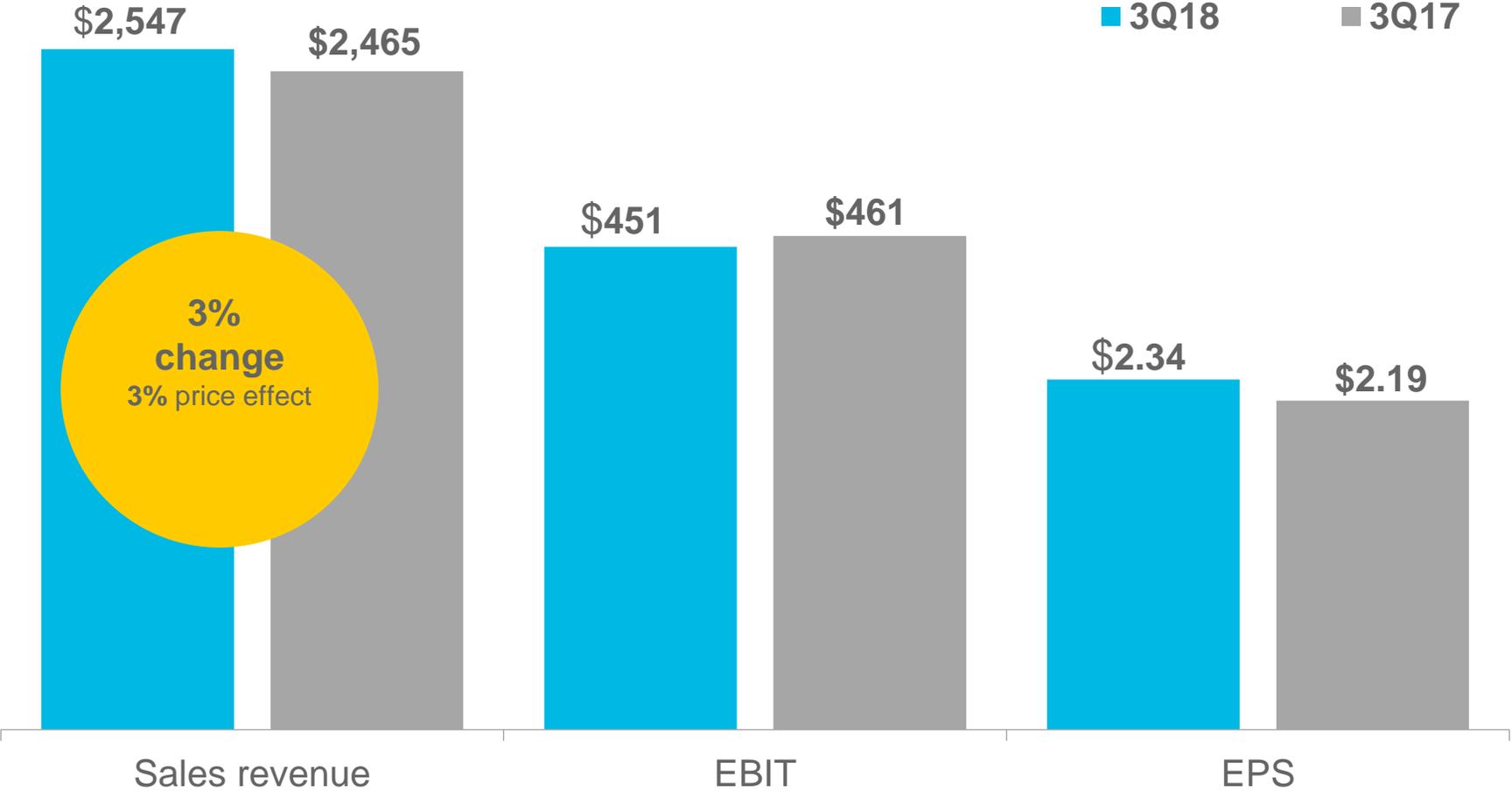
WATER TREATMENT
in care chemicals

mindray **tritan™**
from eastman

3Q 2018 financial results *Corporate*

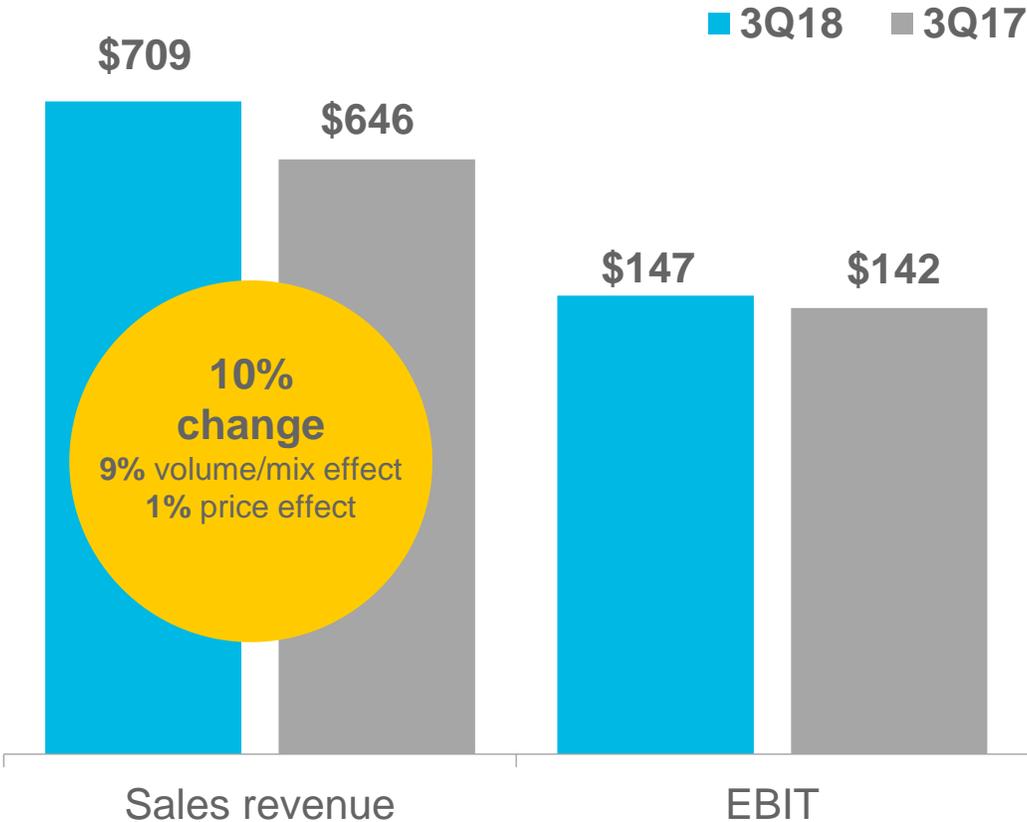
(\$ in millions, except EPS)

■ 3Q18 ■ 3Q17



3Q 2018 financial results *Advanced Materials*

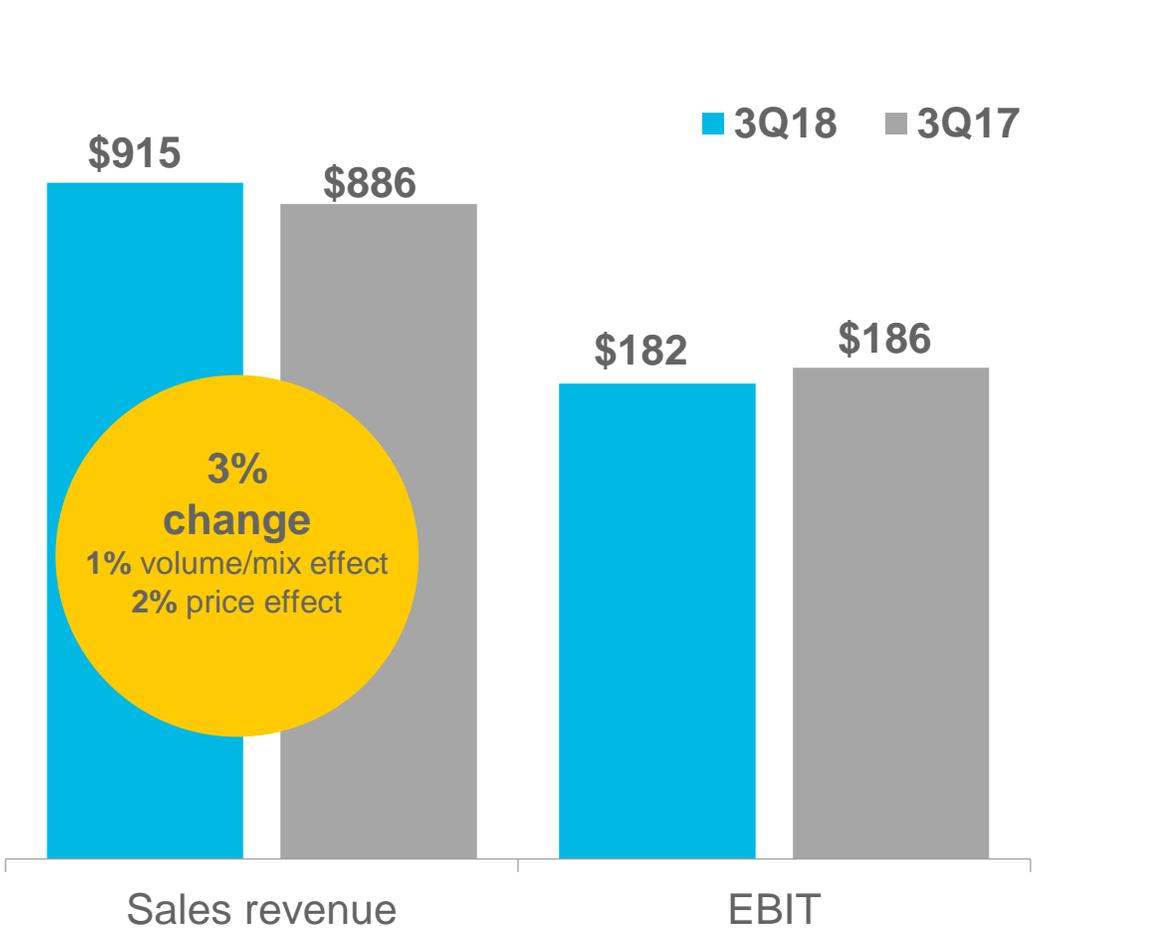
(\$ in millions)



- Sales revenue increased primarily due to higher sales volume and continued improvement in product mix across the segment, including premium products such as Tritan™ copolyester, Saflex® head-up displays (“HUD”), and performance films
- EBIT increased primarily due to higher sales volume and improved product mix partially offset by higher raw material and energy costs and increased growth investments

3Q 2018 financial results *Additives & Functional Products*

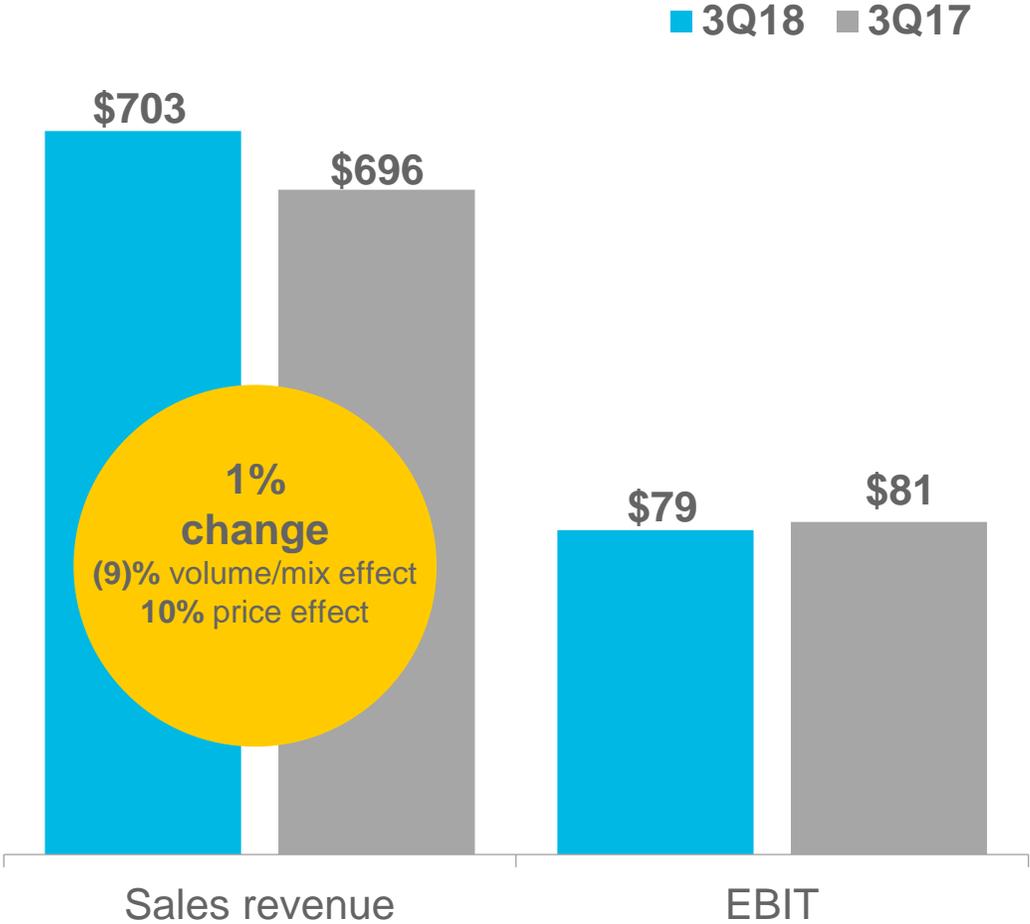
(\$ in millions)



- Sales revenue increased primarily due to higher selling prices across most product lines
- EBIT decreased slightly primarily due to higher raw material and energy costs and increased growth investments, partially offset by higher selling prices and volume growth

3Q 2018 financial results *Chemical Intermediates*

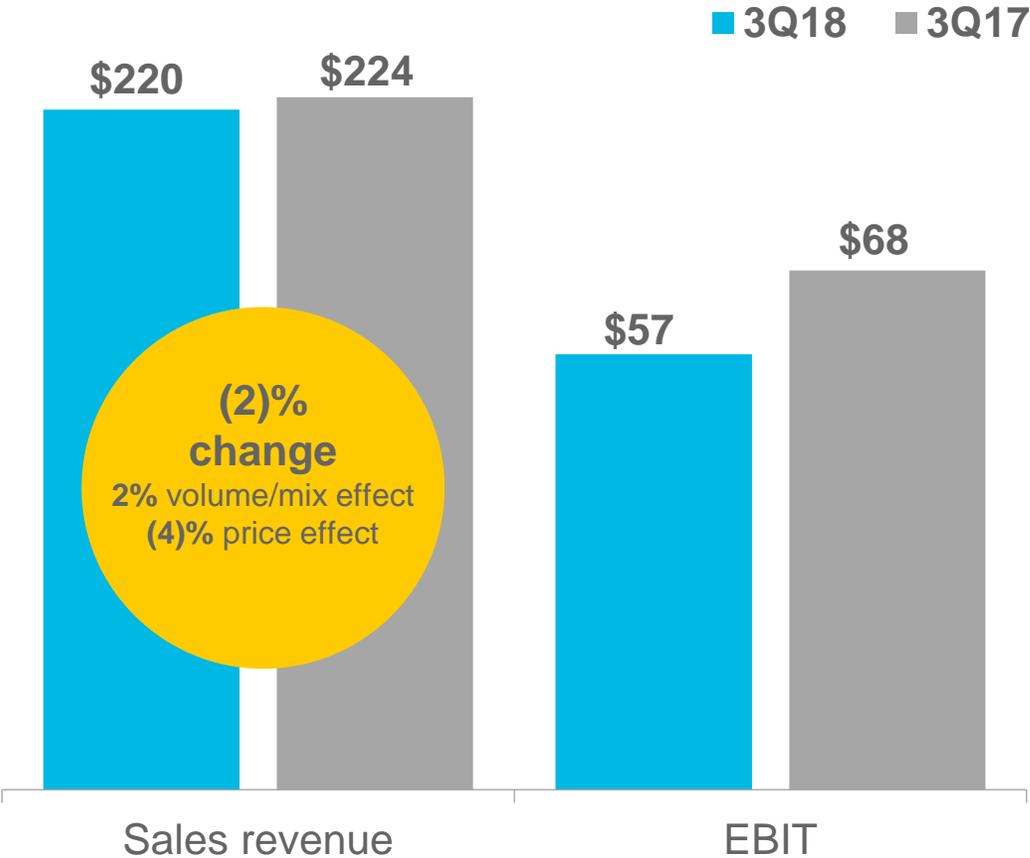
(\$ in millions)



- Sales revenue increased due to higher selling prices across most product lines mostly offset by lower sales volume primarily due to lower merchant ethylene sales
- EBIT decreased slightly due to lower sales volume being offset by higher selling prices more than offsetting higher raw material and energy costs

3Q 2018 financial results *Fibers*

(\$ in millions)



- Sales revenue decreased primarily due to lower acetate tow sales volume attributed to customer buying patterns and lower acetate tow selling prices attributed to lower industry capacity utilization. Lower sales revenue was partially offset by sales of nonwoven products previously reported in “Other,” and strong growth in our textiles innovation platform
- EBIT decreased primarily due to lower acetate tow sales volume and selling prices, partially offset by higher textiles innovation platform products sales volume and earnings

9M 2018 cash flow and other financial highlights

**\$803
million**
cash from operations

Returned
**\$615
million**
to
stockholders:
**\$240
million**
dividend,
**\$375
million**
share
repurchases

Remain
committed to
reduce debt by
**~\$300
million**
in 2018

FY18 effective
tax rate
expectation of
~17%

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
- Lower effective tax rate
- Increased share repurchases

Near-term headwinds

- Global economic uncertainty
- Higher raw material and energy costs
- Increased growth investments

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

Path to 2018 free cash flow of \$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