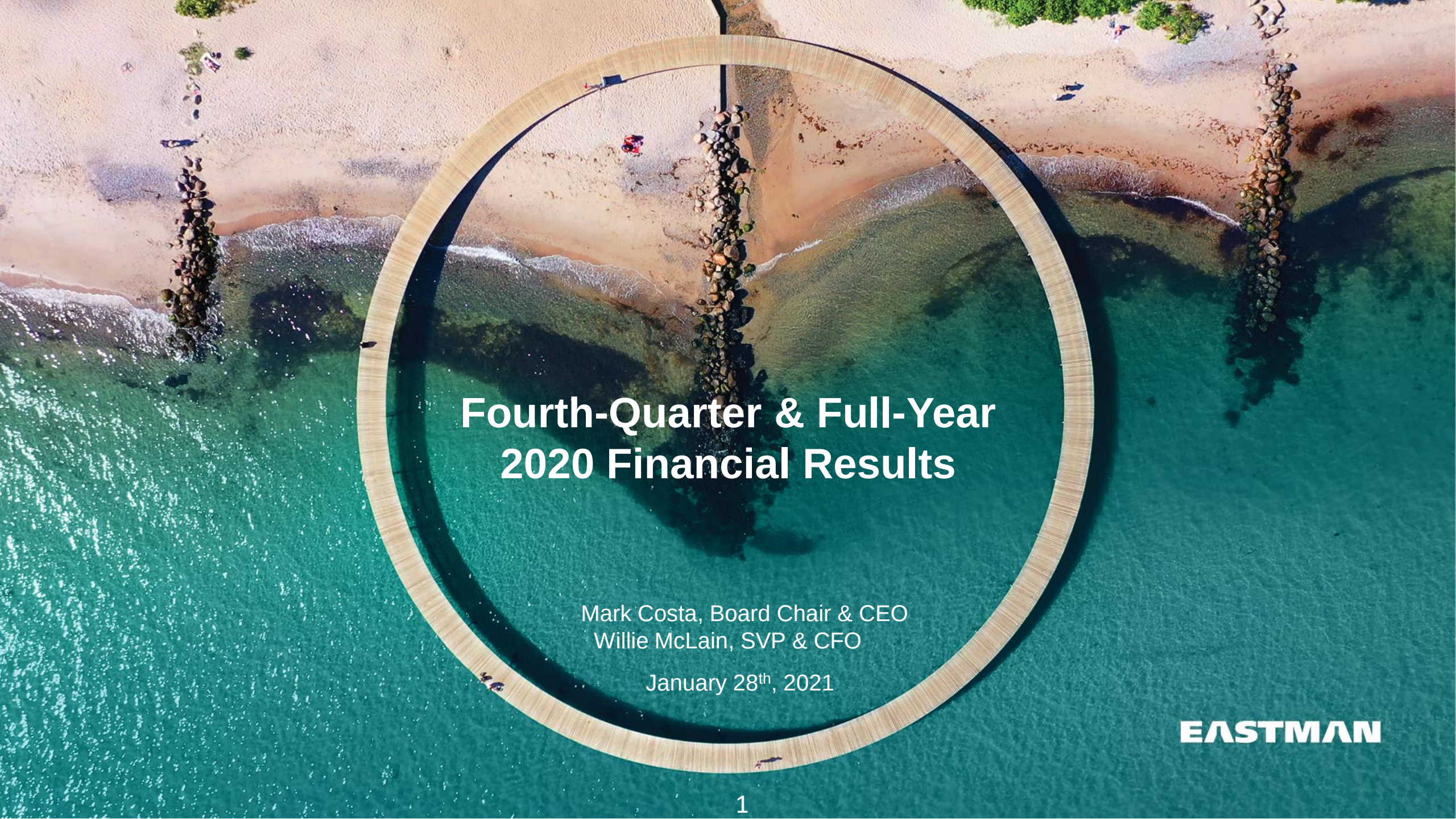




Fourth-Quarter & Full-Year 2020 Financial Results

Mark Costa, Board Chair & CEO
Willie McLain, SVP & CFO

January 28th, 2021

EASTMAN

Prepared Remarks

These slides should be reviewed with the accompanying prepared remarks posted on our website.

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, the accompanying prepared remarks posted on our website, the remarks during the conference call and webcast, the fourth quarter and full-year 2020 financial results 8-K and news release, and our Form 10-Q filed for third quarter 2020 and Form 10-K to be filed for full-year 2020 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 and the accompanying prepared remarks exclude certain 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). “EBIT Margin” is Earnings Before Interest and Taxes (“EBIT”) adjusted for non-core and unusual items divided by GAAP sales revenue. “EBITDA” is Earnings Before Interest, Taxes, Depreciation, and Amortization adjusted for non-core and unusual items. “Net Debt” is total borrowings less cash and cash equivalents. “Net Debt to EBITDA” is Net Debt divided by EBITDA adjusted for non-core and usual items. 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 fourth-quarter and full-year 2020 financial results news release which is posted in the “Investors” section of our website, at the end of this presentation, 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.

2020 highlights



Took decisive action to protect employees and preserve operational integrity



Fourth consecutive year of free cash flow greater than \$1 billion



Resilient performance driven by innovation portfolio, diverse end-markets, and decisive cost actions



Accelerated progress on our circular economy platform



Launched bold new commitments in our 2020 sustainability report



Recognized by several institutions as a leader in sustainability, diversity, and ethics



Tritan™ Renew named one of Popular Science's Greatest Innovations of 2020

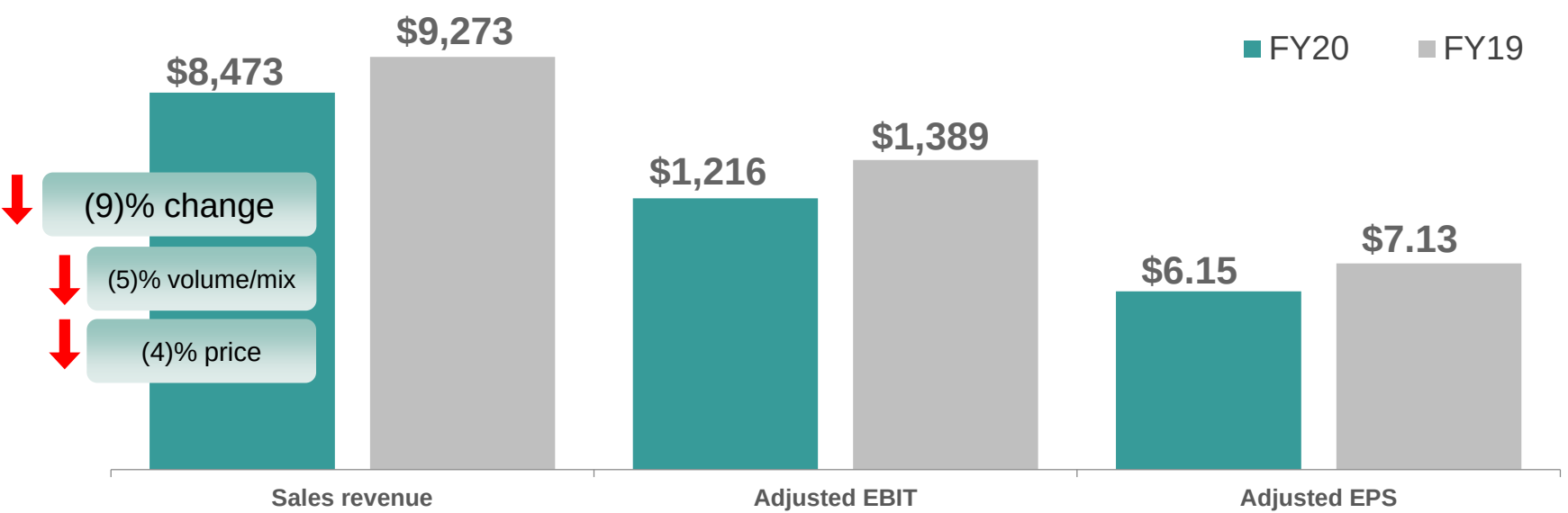
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4Q and FY 2020 financial results – Corporate



4Q20 vs 4Q19

- ❖ Record 4Q adjusted EPS
- ❖ Strong recovery led by Advanced Materials
- ❖ Continued progress on cost reduction actions

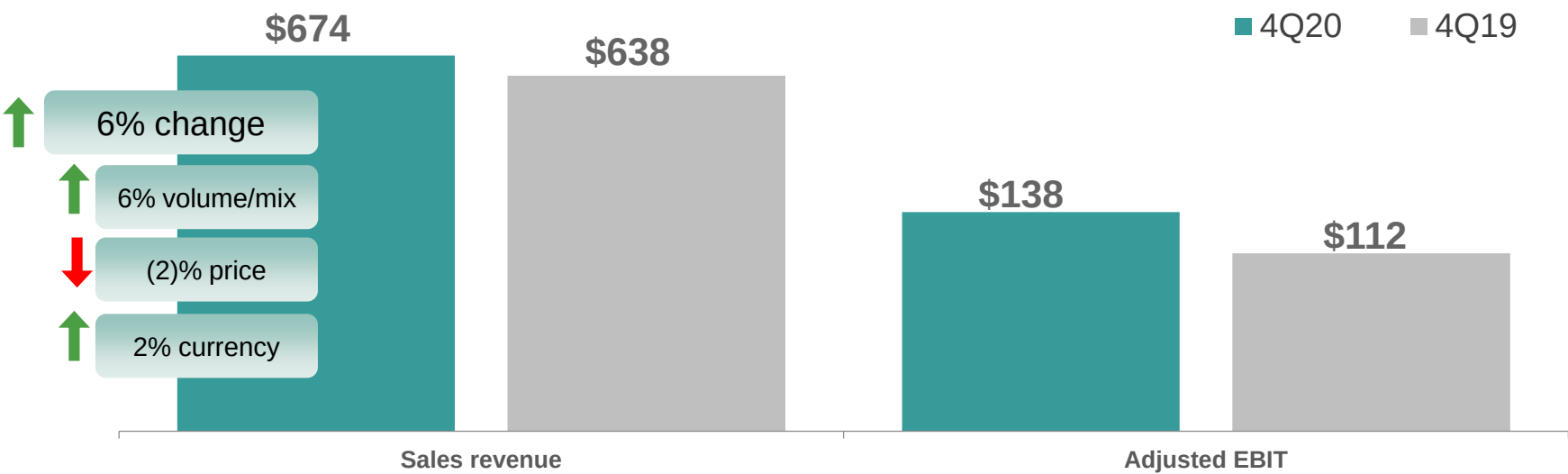


FY20 vs FY19

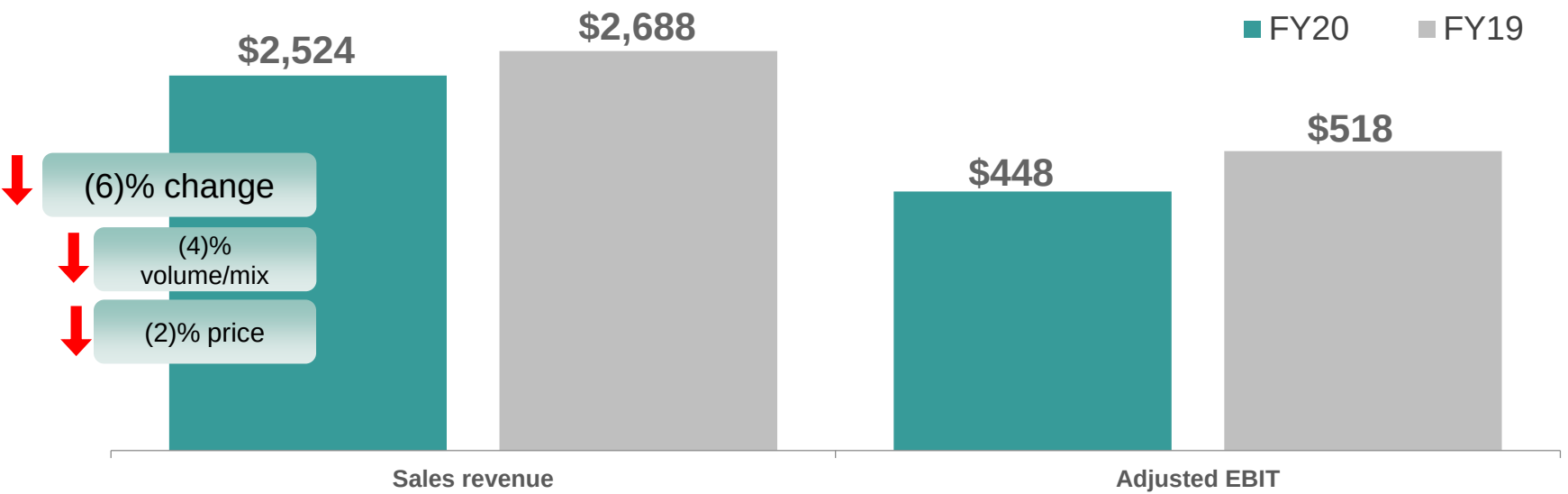
- ❖ Portfolio proved resilient during global pandemic
- ❖ Quick action taken to protect employees and ensure operational integrity
- ❖ Earnings impact of aggressive inventory management partially offset by cost reduction actions



4Q and FY 2020 financial results – Advanced Materials



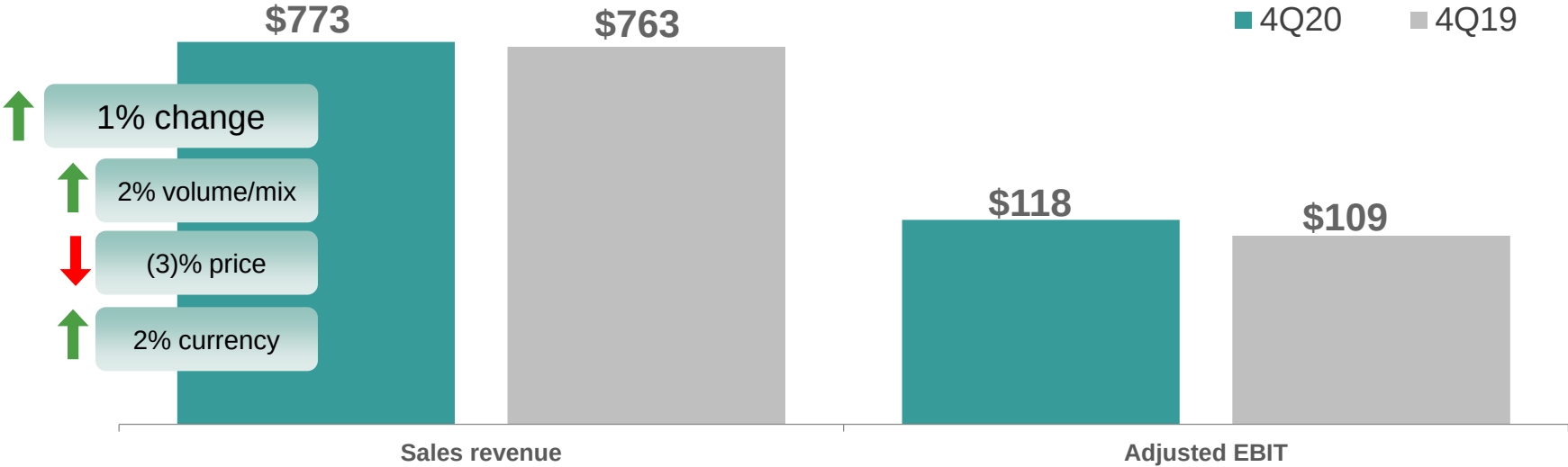
- ### 4Q20 vs 4Q19
- ❖ Strong rebound in automotive end market
 - ❖ Continued strength in specialty plastics
 - ❖ Performance films mid-teens topline growth



- ### FY20 vs FY19
- ❖ Demand negatively impacted by COVID-19
 - ❖ Specialty plastics record EBIT
 - ❖ Strong recovery in 2H20

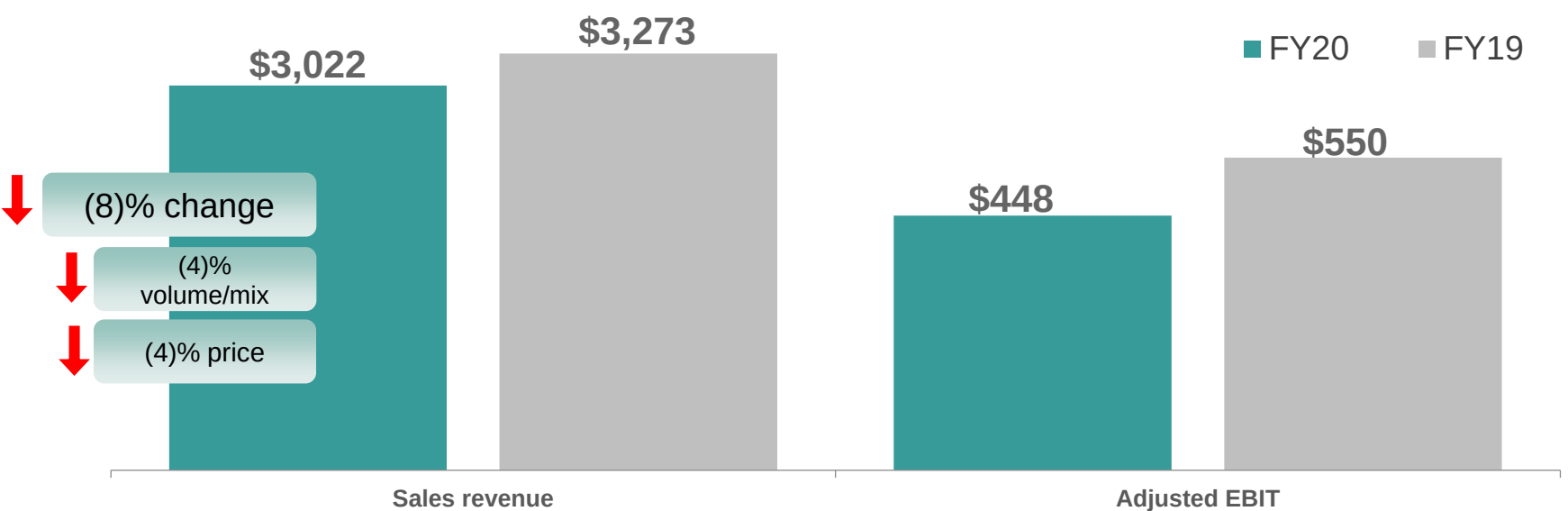


4Q and FY 2020 financial results – Additives & Functional Products



4Q20 vs 4Q19

- ❖ Recovery in transportation, excluding aviation fluids
- ❖ Continued solid demand in building and construction
- ❖ Care Chemicals double digit topline growth

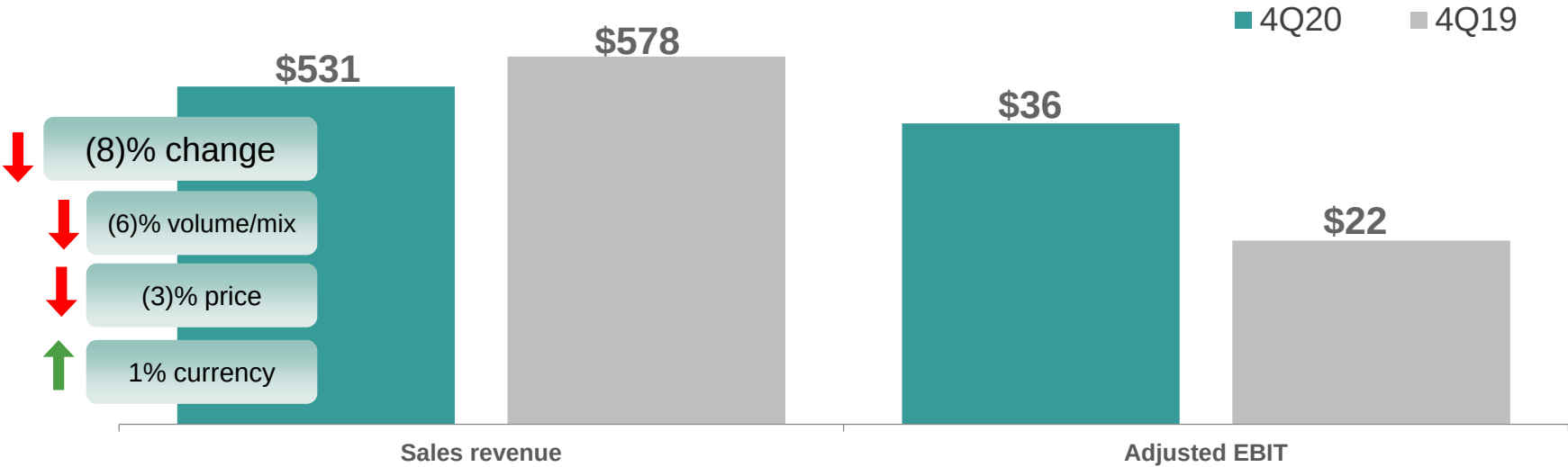


FY20 vs FY19

- ❖ Care Chemicals 5 percent volume/mix growth
- ❖ Transportation end market, including aviation fluids, impacted by COVID-19
- ❖ EBIT declined due to lower volume/mix and lower capacity utilization

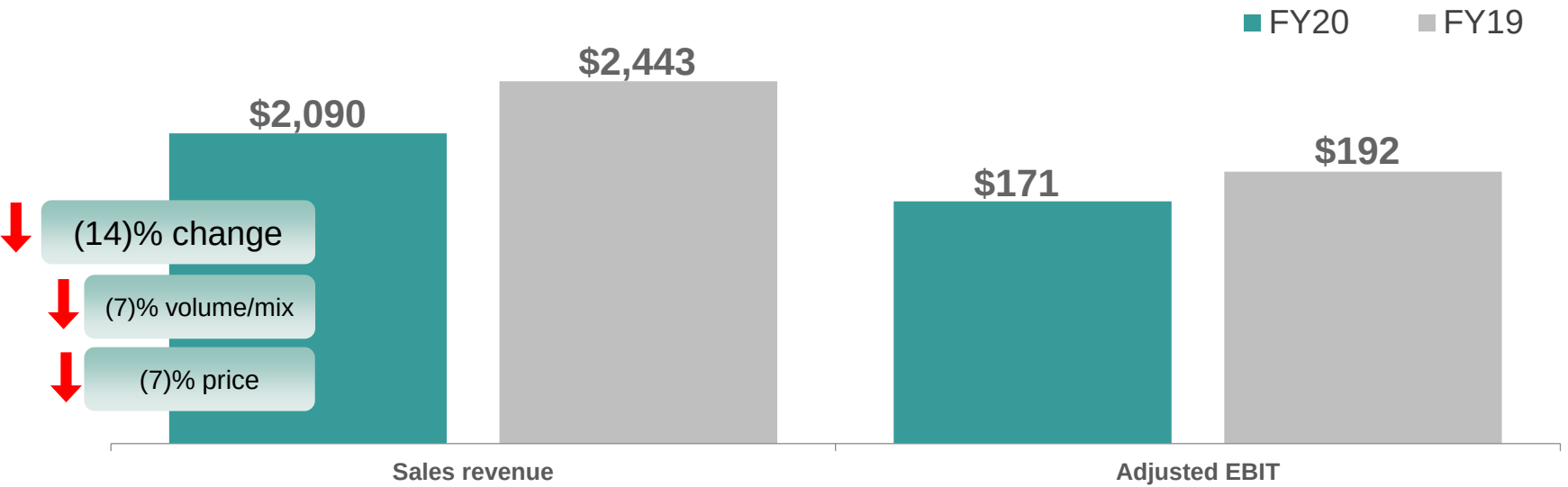
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4Q and FY 2020 financial results – Chemical Intermediates



4Q20 vs 4Q19

- ❖ Lower volume driven mostly by site maintenance shutdowns and the discontinuation of certain product lines at our Singapore facility
- ❖ Demand strengthened during the fourth quarter
- ❖ Lower pricing due to lower raw material and energy prices

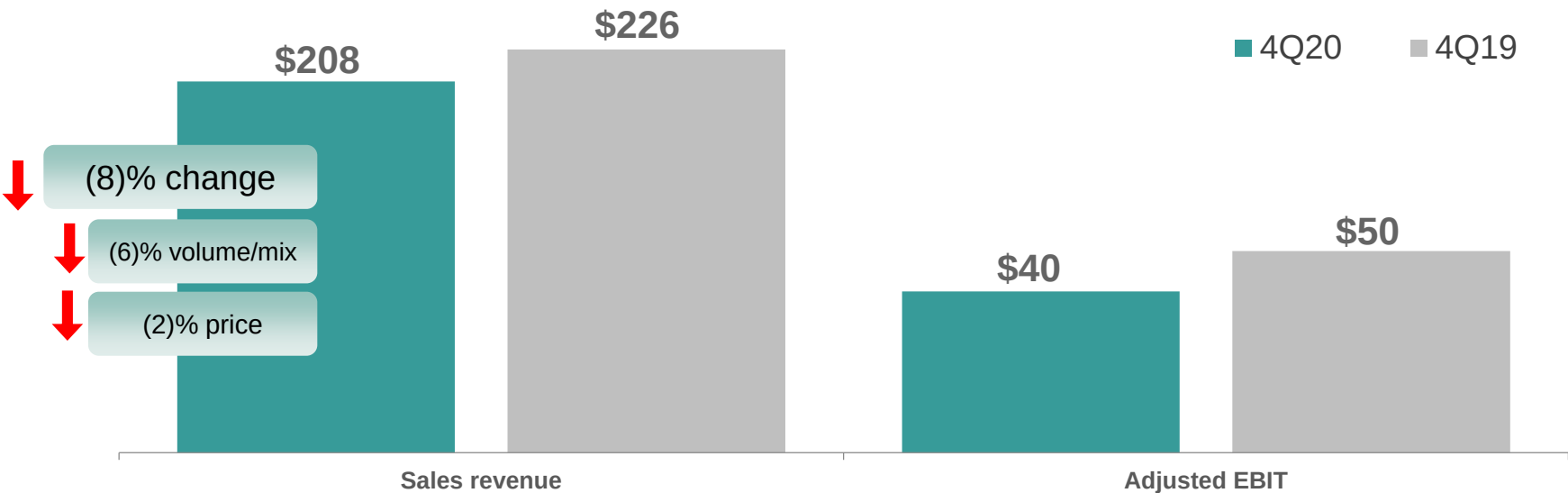


FY20 vs FY19

- ❖ Strong performance in functional amines
- ❖ Reduced demand due to COVID-19 for olefins, acetyls, and plasticizers
- ❖ Substantially lower operating costs

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4Q and FY 2020 financial results – *Fibers*



4Q20 vs 4Q19

- ❖ Acetate tow volume stable
- ❖ Price decline due to previously negotiated multi-year contracts
- ❖ Volume/mix lower due to the discontinuation of a tobacco specialty product and weakness in textiles due to COVID-19



FY20 vs FY19

- ❖ COVID-19 negatively impacted the textile end market
- ❖ Price declined due to previously negotiated multi-year contracts
- ❖ Capacity utilization headwinds

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Full-year 2020 cash flow and other financial highlights

**\$1.5
billion**

cash from operations

**\$1.1
billion**

Free cash flow

Returned **\$418
million**

to stockholders by
dividends and share
repurchases

Increased dividend for
**11th
consecutive
year**

Net debt
reduced by
greater than
**\$600
million**

excluding the
impact of FX

Net debt to
adjusted
EBITDA
~2.8x

2020 adjusted
effective tax rate
~15.5%

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2021 outlook

Growth drivers

- Significant asset utilization tailwind of ~\$100M
- Cost structure ~flat vs. 2020
- Sales volume growth driven by:
 - Benefit of innovation-driven growth model
 - Continued recovery in key end markets, including auto, building & construction, and durables
 - Product mix improvement
- Lower pension costs
- Disciplined capital allocation

Near-term uncertainties / headwinds

- Visibility limited due to continued impact of COVID-19 and other macroeconomic uncertainties
- Rising raw material, energy, and logistics costs

Full-year 2021 adjusted EPS projected to be 20-30% higher than 2020 adjusted EPS

Projected 2021 free cash flow > \$1.0 billion for 5th consecutive year

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An aerial photograph of a large, circular wooden pier or walkway extending into clear, turquoise water. The pier is made of light-colored wooden planks and has a dark, possibly black, inner ring. In the background, a sandy beach is visible with several people walking. A long, narrow stone breakwater or jetty extends from the beach into the water, passing through the center of the circular pier. The water is a vibrant greenish-blue, and the sky is not visible.

A BETTER CIRCLE

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Three simultaneous global crises need solutions



Macro trends have been central to our strategy for over a decade



CARING FOR SOCIETY



Replacing antibiotics in feed additives



VOC/odor-free hygiene



BPA-free in medical



BPA-free in food and beverage packaging coatings



CLIMATE



Light-weighting electric vehicles



Improving energy efficiency in housing



Improving energy efficiency in auto



CIRCULARITY

Carbon Renewal Technology



Naia™ Renew in textiles



Treva™ in ophthalmics

Polyester Renewal Technology



Tritan™ Renew in durables, electronics, hydration, etc.



Cristal™ Renew in cosmetics

Together,
we will build
a better circle.

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Plastics are essential to the quality of life

HYDRATE



Plastics help to deliver hydration to those who need it

FEED



Advanced packaging technologies preserve fruits, vegetables, & meats

CARE



Plastics improve sterility, patient safety, and comfort in therapies

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Global brands making significant commitments to reduce plastic waste



50% reduction in virgin plastic by 2030



Tupperware

40% recycled content by 2025



30% recycled content by 2025

ESTÉE LAUDER

50% recycled content by 2025



To source 100% recycled or renewable materials

patagonia

Use only renewable or recycled materials in all products by 2025



50% recycled content by 2030

L'ORÉAL

30% recycled content for all plastic packaging by 2025



By 2030, MOVE TO ZERO is Nike's journey towards zero carbon and zero waste



100% circular products by 2030



20% renewable and recycled plastics by 2025



25% recycled content by 2025



Unilever

35% recycled content for all plastic packaging by 2025



pepsi

25% recycled content by 2025



30% recycled content by 2025



Iconic bricks 100% sustainable by 2030

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Both mechanical and molecular recycling are required to eliminate waste and create a truly circular economy

MECHANICAL RECYCLING

Most carbon efficient when possible



Optimal GHG footprint, existing infrastructure



Limited to clean sources; majority must be downcycled or not recycled at all



Performance and quality limitations



Quality degrades with each cycle...eventually, everything becomes waste



MOLECULAR RECYCLING TECHNOLOGY

Necessary to renew material and avoid end of life



Eastman technologies deliver an improved GHG footprint when compared to processes using fossil feedstocks



Can recycle materials that have little value or can not be mechanically recycled



No performance tradeoffs...upcycles the material back to premium quality / performance

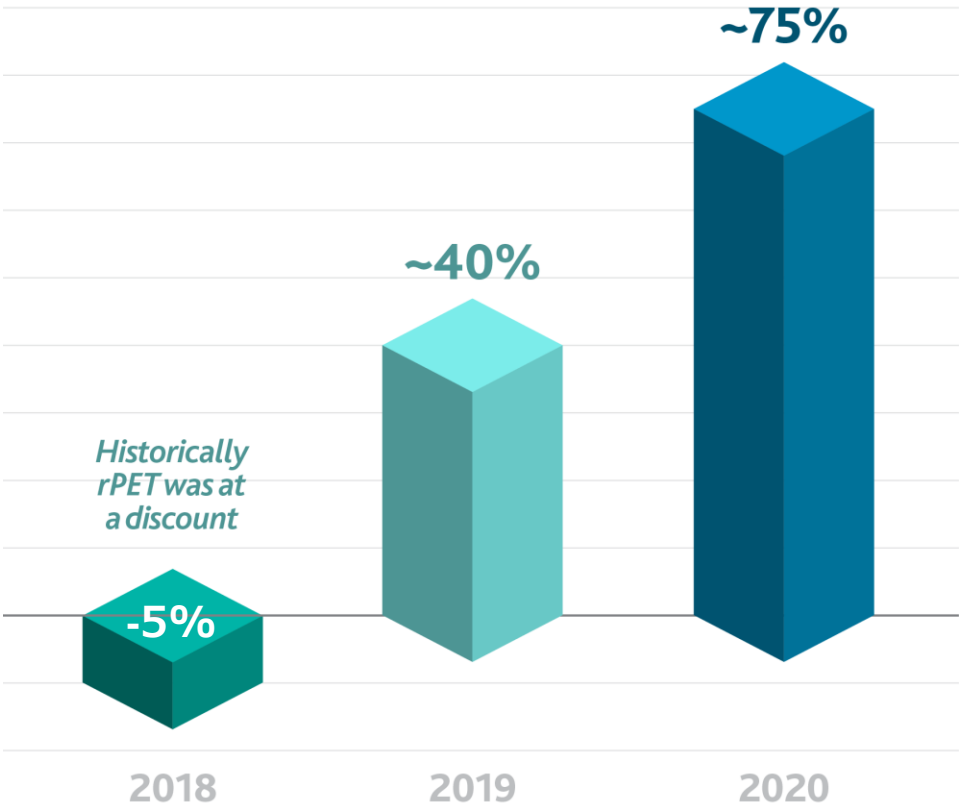


Enables infinite ability to recycle polymer for a truly circular economy

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Consumers are paying premiums for sustainable products to solve these challenges

Average Western European recycled food grade PET pricing
(% over virgin PET)



Nalgene Sustain



Made with Eastman Tritan™ Copolyester (\$11.99)

+25%



Made with Eastman Tritan™ Renew copolyester with recycled content (\$14.99)

Philips Senseo



Viva Café €66

+20%



Viva Café Eco (50% PCR) €79

Sustainable Nike Pro

93% polyester
7% spandex



100% vPET \$28

+25%



50% rPET \$35

Polyester renewal technology creates value from waste

Eastman is providing technology solutions for the circular economy

Feedstocks



PET-only waste such as colored PET, films, and fibers from textiles and carpets



Polyester renewal technology (PRT)

End products



Our polyester renewal technology reduces greenhouse gas emissions by 20-30% when compared to processes using fossil feedstocks

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Eastman to build one of the world's largest plastic to plastic molecular recycling facilities

Taking the next step on our circular economy journey

2021-2022: ~\$250M capital investment

ROIC >15%

- Polymer intermediate capacity to make 150 – 200 kmt of polymer
- Unique ability to use low-quality / low-cost feedstocks

- Begin construction mid-year 2021
- Mechanical completion expected by year-end 2022

- Advantaged scale and integration, including carbon renewal technology
- Product mix upgrade over time
- Option to add capacity as adoption gains momentum

Expect molecular recycling initiatives to contribute to >\$600M of new business revenue in the coming years

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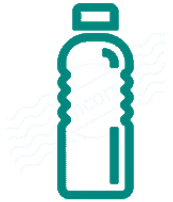
Methanolysis facility to have a positive impact on the planet

PLASTIC CONSUMED AS RAW MATERIAL



~110,000 MT¹
per year

or the equivalent of



~11 BILLION
water bottles

or



~790 MILLION
polyester t-shirts

or



~2.7 BILLION
shampoo bottles

REDUCTION IN GREENHOUSE GAS EMISSIONS



>45,000 MT²

or the equivalent of



115,000,000 miles driven³

Pursuing partnerships to scale up our innovative solutions across the globe

1 – Projected Eastman annual capacity for methanolysis facility 2 – Projected greenhouse gas improvement over conventionally produced intermediates
3 – Calculated using the EPA Greenhouse Gas Equivalency Calculator



Enhancing the quality of life in a material way

- We are proving what can be done *today*.
- We expect to use ~250 million pounds of plastic waste annually by 2025 and ~500 million by 2030.
- We are committed to reducing our absolute greenhouse gas Scope 1 and 2 emissions by one-third by 2030 to achieve carbon neutrality by 2050.
- We will not move forward with a technology that does not have a better carbon footprint.
- Eastman can help enable a circular economy while making *an attractive return on our investment*.



Appendix

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Key underlying assumptions and guidance for FY2021

Modeling items:

- Interest expense of ~\$200 million
- Income tax rate, as adjusted, of 15 - 16%
- Depreciation and amortization of ~\$570 million
- Capital expenditures between \$500 and \$525 million
- Net debt to be reduced by ~\$300 million
- Available strategic cash \$350 to \$400 million
 - Bolt-on M&A / share repurchases
- Pension tailwind of ~\$25 million recorded in Corporate Other

Key assumptions:

- Economic activity recovering from the impact of COVID-19 but pace of recovery is uncertain
- Brent crude oil prices ~\$60
- Euro to USD ~\$1.20

2021 quarterly forecasted change in manufacturing maintenance shutdown cost by segment – year-over-year & sequential

	Q121 y/y	Q221 y/y	Q321 y/y	Q421 y/y	FY21 vs FY20	Q121 vs Q420	Q221 vs Q121	Q321 vs Q221	Q421 vs Q321
Advanced Materials	-	-	-	-	-	10	(5)	-	-
Additives & Functional Products	-	(15)	5	5	(5)	5	(20)	15	-
Chemical Intermediates	-	(15)	5	5	(5)	5	(15)	15	-
Fibers	-	-	-	-	-	-	(5)	5	-
Total	-	(30)	10	10	(10)	20	(45)	35	-

favorable/(unfavorable) approximate change in manufacturing maintenance shutdown period costs, in millions (\$)

Net Earnings to Adjusted EBITDA reconciliation

Adjusted EBITDA to Net Earnings reconciliation

(Dollars in millions)	<u>2019</u>	<u>2020</u>
Net earnings	\$ 762	\$ 489
Plus:		
Depreciation	450	445
Amortization	161	129
Net interest expense	218	210
Provision (benefit) for income taxes	140	41
EBITDA	\$ 1,731	\$ 1,314
Add back:		
Mark-to-market pension and other postretirement benefits (gains) losses	143	240
Asset impairments and restructuring charges (gains), net	126	227
Early debt extinguishment and other related costs	-	1
Adjusted EBITDA	2,000	1,782

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