



First Quarter 2021 Financial Results

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

April 30, 2021

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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 first-quarter 2021 financial results 8-K and news release, and our Form 10-K filed for full-year 2020 and Form 10-Q to be filed for first-quarter 2021 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 first-quarter 2021 financial results news release which is posted 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.

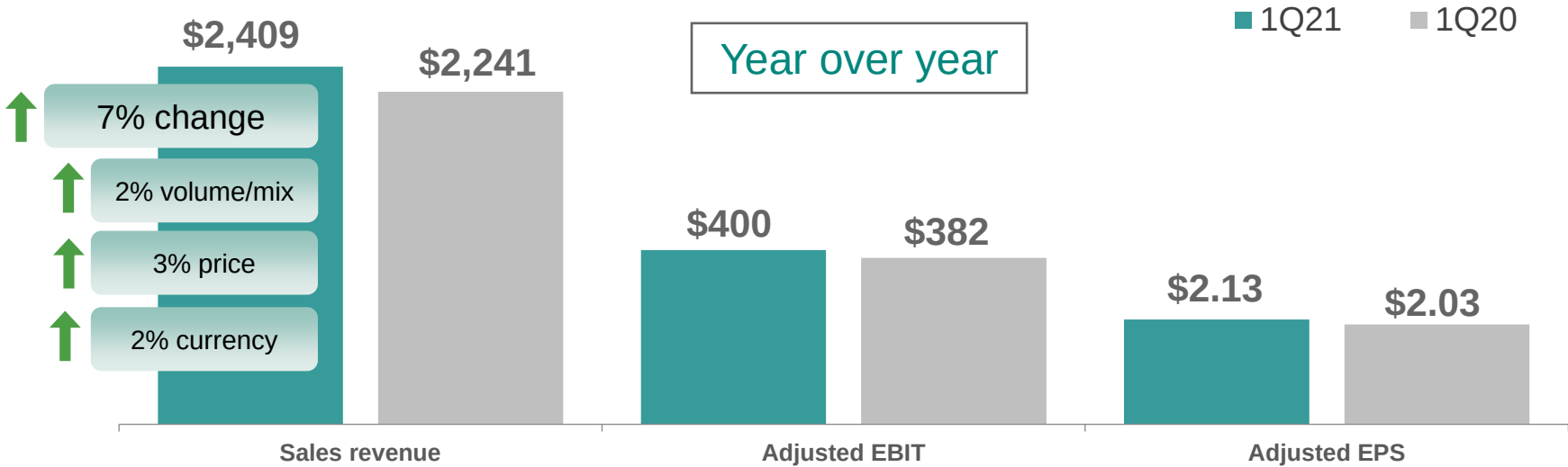
1Q 2021 and other recent highlights

-  Strong earnings and record free cash flow in 1Q 2021
-  Outstanding response to Winter Storm Uri, prioritizing safety of our employees and reliability for our customers
-  Innovation-driven growth model accelerating growth across the company in a recovering global economy
-  Partnering with leading brands to accelerate the circular economy
-  Named to Barron's list of the 100 Most Sustainable Companies
-  Issued Inclusion & Diversity Report
-  Bolt-on acquisition of 3F Feed & Food, accelerating growth in animal nutrition
-  Well positioned for continued earnings and cash flow growth beyond '21



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1Q 2021 financial results – Corporate

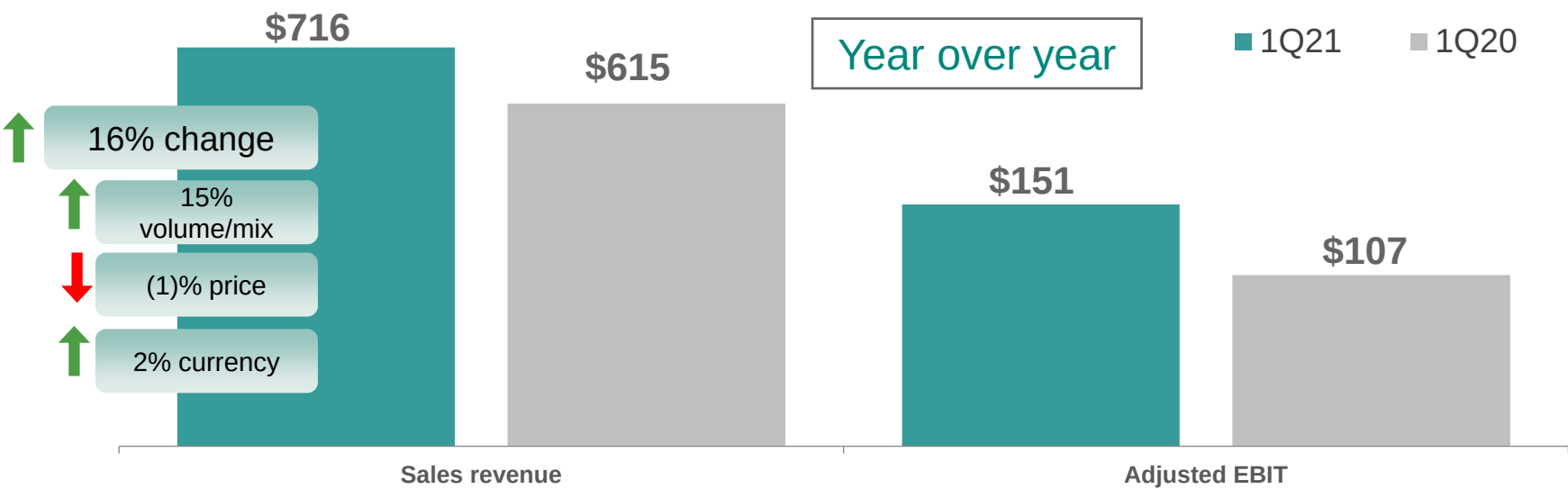


Highlights

- Strong demand in key end markets including transportation, consumer durables, and building & construction
- Earnings exceeded 1Q20 despite \$30 million impact from Winter Storm Uri
- Adjusted EBIT margin up 150 basis points sequentially

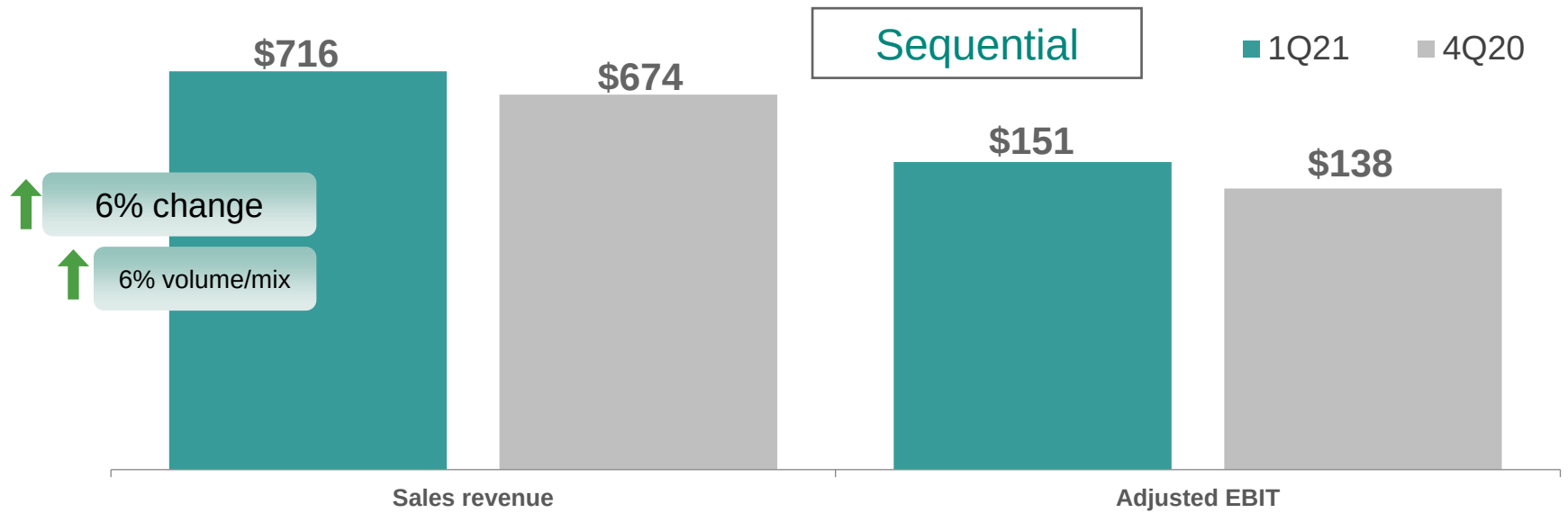


1Q 2021 financial results – Advanced Materials



1Q21 vs 1Q20

- ❖ Double-digit topline growth across all three businesses
- ❖ Strength in consumer durables, transportation, and packaging end markets
- ❖ Robust product mix uplift led by strength in performance films



1Q21 vs 4Q20

- ❖ Strong sequential growth in performance films
- ❖ Continued strong demand in specialty plastics end markets, particularly consumer durables



Eastman circular economy initiatives gaining momentum with specialty plastics customers

CAMELBAK®

TupperwareBrands

WILLIAMS SONOMA
CALIFORNIA

ello 

INBLCOM

 **HydraPak**

AXILONE



ESTÉE
LAUDER
COMPANIES

 **nalgene®**

CLIO
PROFESSIONAL

FUSIONPKG

INDAC

QUALIFORM

MARCHON
EYEWEAR | A VSP GLOBAL COMPANY

THÉLIOS **LVMH**

Saïlo
GROUP

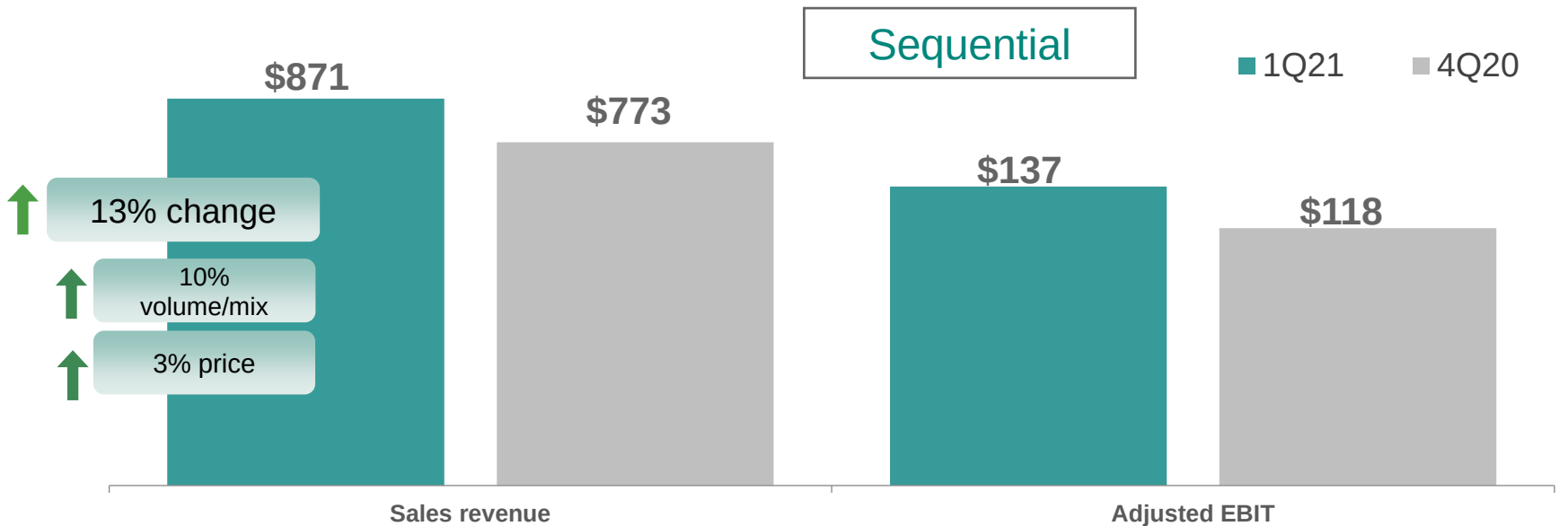
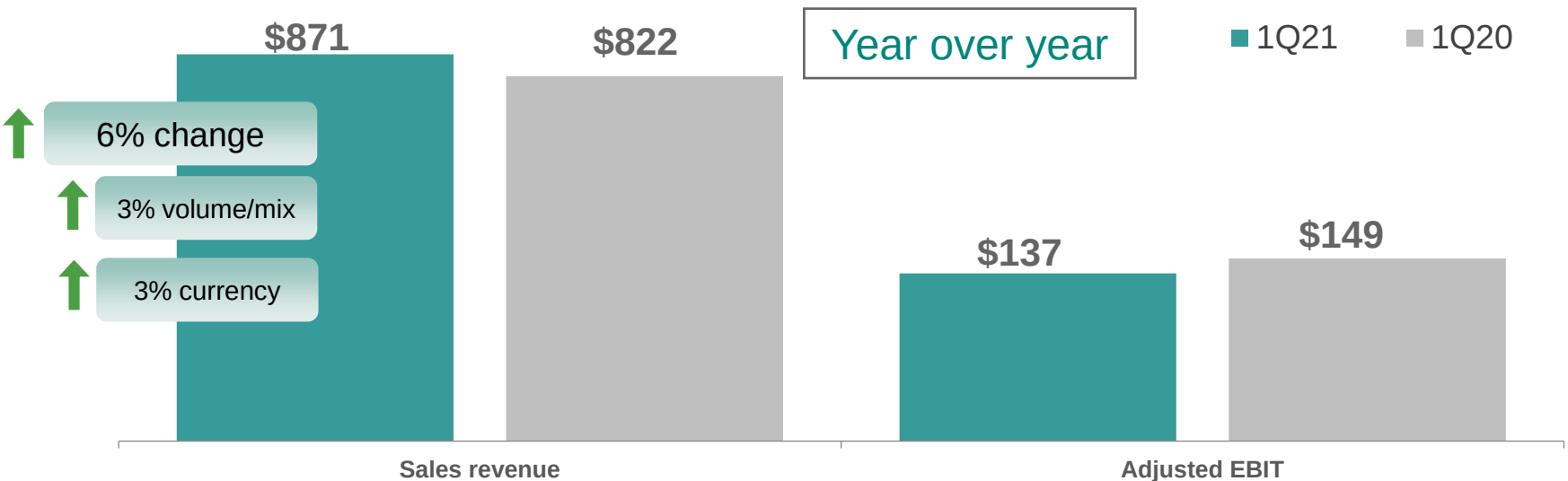
 **Polaroid**
Polarized Sunglasses



- Very strong demand for our RENEW products powered by molecular recycling
- Many brands have publicly adopted, with products on the shelves
- Robust pipeline for additional announcements throughout the year

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1Q 2021 financial results – Additives & Functional Products



1Q21 vs 1Q20

- ❖ Recovery in transportation end markets, excluding for aviation fluids
- ❖ >20 percent volume / mix growth for coatings additives, driven by cellulosic products
- ❖ Higher raw material and energy, and distribution costs
- ❖ Winter Storm Uri cost impact of approximately \$10 million

1Q21 vs 4Q20

- ❖ Volume / mix increases across all product lines, led by coatings additives
- ❖ EBIT increased due to strong volume / mix growth partially offset by higher raw material and energy, and distribution costs



Bolt-on acquisition of 3F Feed & Food strengthens animal nutrition business



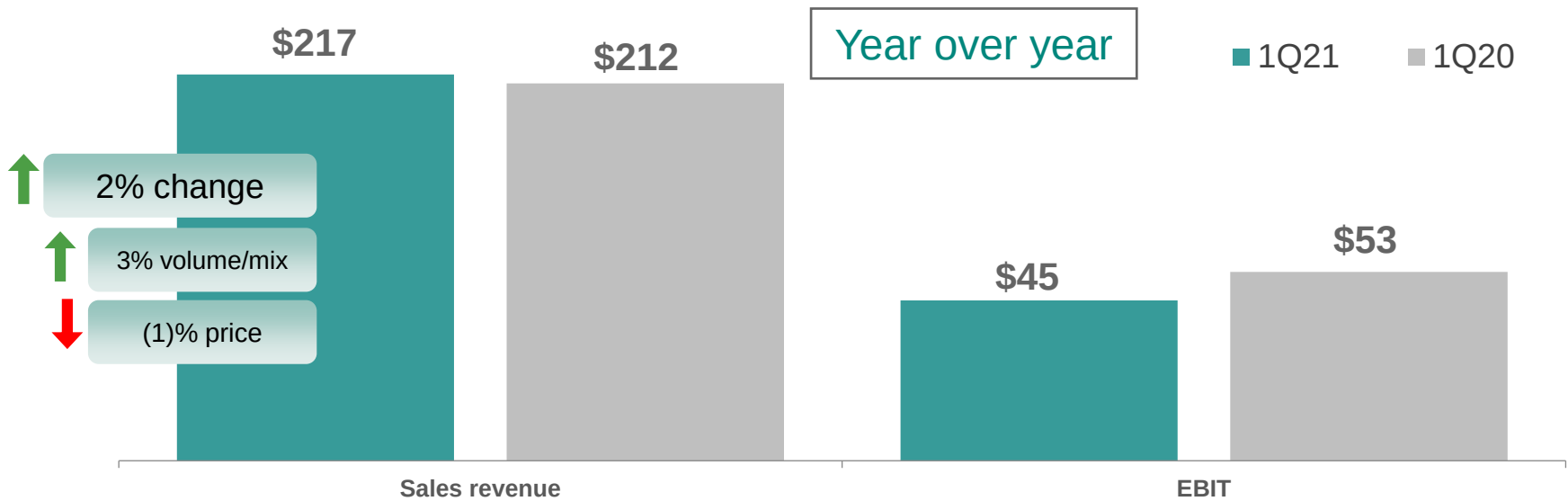
- Founded in 2003, based in Spain
- Portfolio of specialized organic acid derivatives and phytogenics used in swine and poultry feed
- Leading Spanish market positions

Acquisition to drive growth in animal nutrition business

- Expanded specialty portfolio and application development capabilities
- Expect to leverage Eastman's scale and global footprint
- Products aligned with sustainable macrotrends
- New R&D expertise

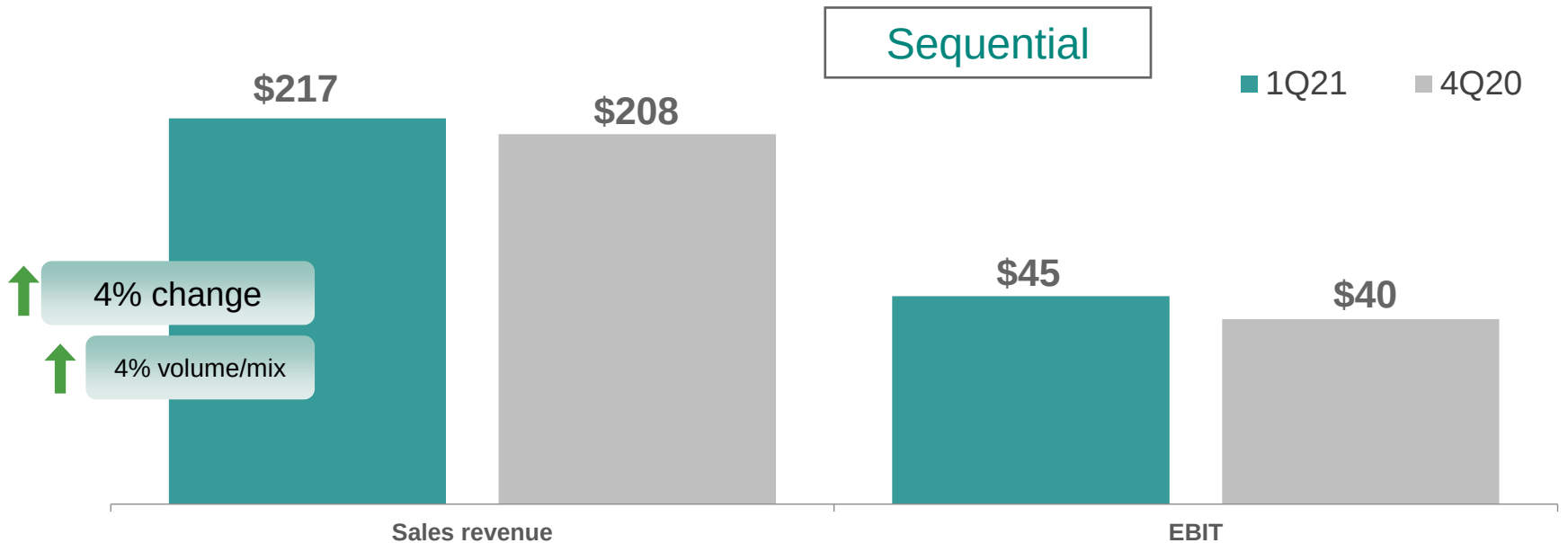
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1Q 2021 financial results – *Fibers*



1Q21 vs 1Q20

- ❖ Acetate tow volume stable
- ❖ Volume / mix higher due to strong growth of textiles products, including Naia™ and Naia™ Renew
- ❖ Negative EBIT impact from the discontinuation of a tobacco specialty product



1Q21 vs 4Q20

- ❖ Partial recovery in textiles end markets
- ❖ Favorable customer buying patterns and improved capacity utilization

Naia™ portfolio gains traction as sustainable biopolymer fiber with fashion brand adoptions across the globe

H&M



Science

**THIS FABRIC IS
PARTLY SOURCED
FROM CERTIFIED
WOOD FIBRES
AND RECYCLED
PLASTIC WASTE.**

Eastman Naia™ Renew cellulose yarn is produced with an innovative and patented carbon renewal technology. A process that recycles waste plastic and organic fibers and captures value from hard-to-recycle materials that would otherwise be destined for the landfill.



N A-K D®



“We selected the Naia™ fabric to not compromise on the feeling of luxury and exclusivity of the collection and to be able to give customers an advantage of choosing a more sustainable fabric that can last longer and at the end of its lifespan can be completely biodegraded.”

S Wennberg - Chief Purchasing Officer

LOCAL CHINESE BRANDS



Over 260,000 hangtags issued to 43 brands in China as part of Naia™ hangtag program

- Renewable wood pulp from sustainably managed, certified forests
- Low carbon and water footprint
- Safe chemical use in closed loop system
- Certified biodegradable
- Naia™ Renew sourced from 40% certified recycled waste material

VINCE. orsay

WEEKDAY

GESTUZ

STINE GOYA

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ALMOST THERE

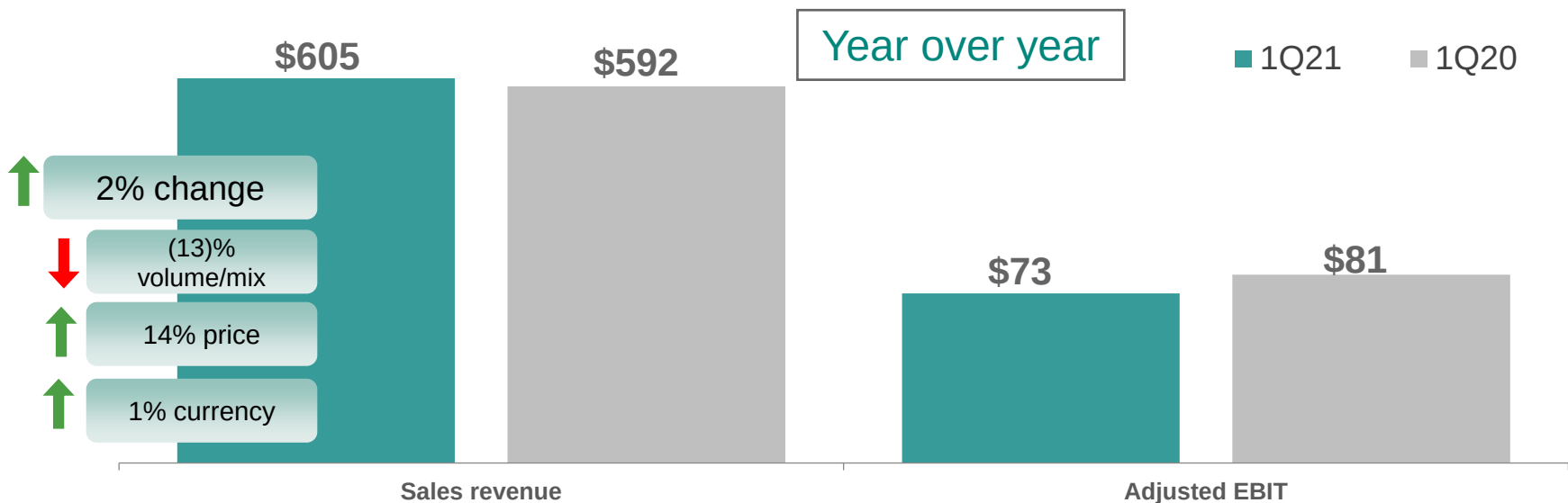
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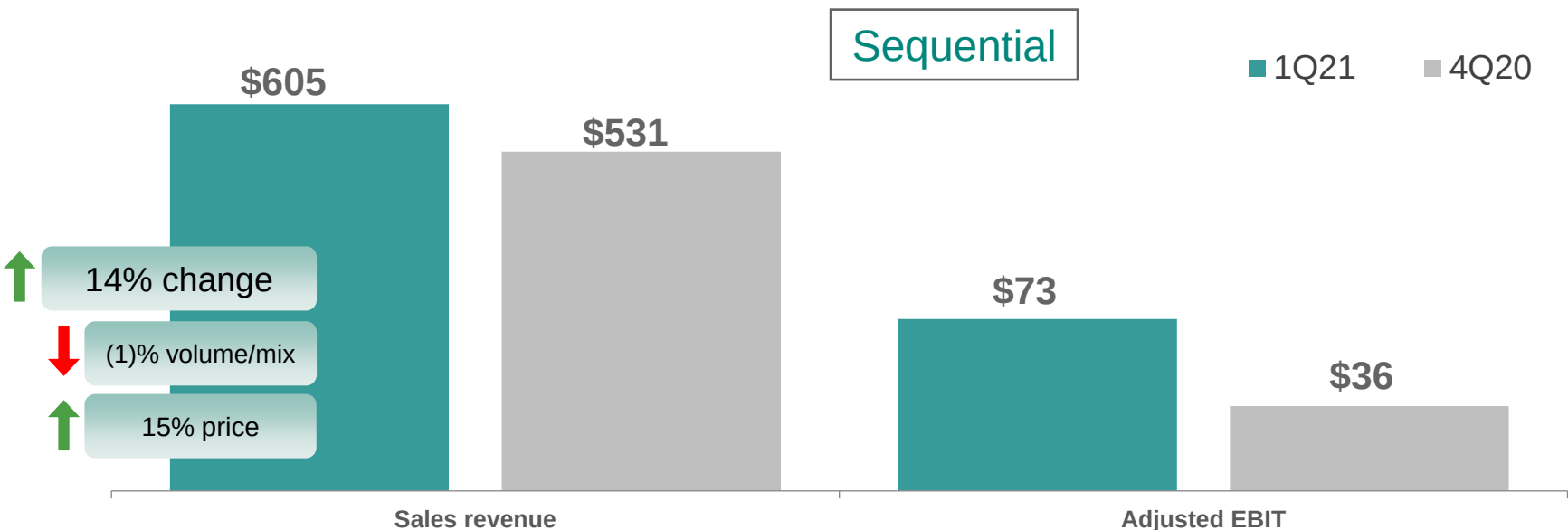


1Q 2021 financial results – Chemical Intermediates



1Q21 vs 1Q20

- ❖ Lower volume / mix driven by the discontinuation of certain product lines at our Singapore facility and Winter Storm Uri
- ❖ Spreads increased
- ❖ Winter Storm Uri cost impact of approximately \$20 million



1Q21 vs 1Q20

- ❖ Underlying demand remained strong, with Winter Storm Uri negatively impacting volumes
- ❖ Spreads increased

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1Q 2021 cash flow and other financial highlights

On track for free cash flow to approach
\$1.1 billion in 2021

Record first-quarter free cash flow of
\$125 million

Expect to
repurchase ~\$350 million
of shares in 2021

Solid investment grade credit rating

Expect net debt to adjusted EBITDA
< 2.5x by year-end

Forecasted FY21 adjusted effective tax rate
15% to 16%

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2021 outlook

Growth drivers

- Sales revenue growth driven by:
 - Benefit of innovation-driven growth model enabling growth above end markets
 - Continued recovery in key high-value end markets
 - Strong product mix improvement
- Significant asset utilization tailwind of \$100 million
- Cost structure ~flat vs 2020
- Disciplined capital allocation

Near-term uncertainties / headwinds

- Visibility limited due to continued impact of COVID-19 and other macroeconomic uncertainties
- Lag in pricing catching up to higher raw material and energy, and distribution costs in some products

Project full-year 2021 adjusted EPS between \$8.25 to \$8.75

Project 2021 free cash flow approaching \$1.1 billion

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Innovation-driven growth model is paying off



Significant integration and scale enable innovation, reliability and cost advantage

Advantaged growth and execution capability and culture

Aggressive and disciplined portfolio management

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