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Second-Quarter 2020 Financial Results

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

August 3, 2020

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 second quarter 2020 financial results 8-K and news release, and our Form 10-Q filed for first quarter 2020 and Form 10-Q to be filed for second quarter 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. In addition, second quarter 2020 and 2019 earnings use an adjusted effective tax rate that is the 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). “EBIT Margin” is Earnings Before Interest and Taxes (“EBIT”) adjusted for non-core and unusual items divided by GAAP sales revenue. “Net Debt” is total borrowings less cash and cash equivalents. 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 2020 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.

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Update on Eastman response to COVID-19

Employees



- Focus on health and safety, maintaining operational integrity of global manufacturing facilities
- Staged approach to returning to business centers for those currently working from home

Community



- Eastman Foundation contributing to COVID-19 response and recovery in local communities
- Funds directed towards medical supplies, food & shelter, and public health services, etc.

Customers



- No disruption in supply of vital products to customers around the world
- Virtual collaboration on innovation programs continues

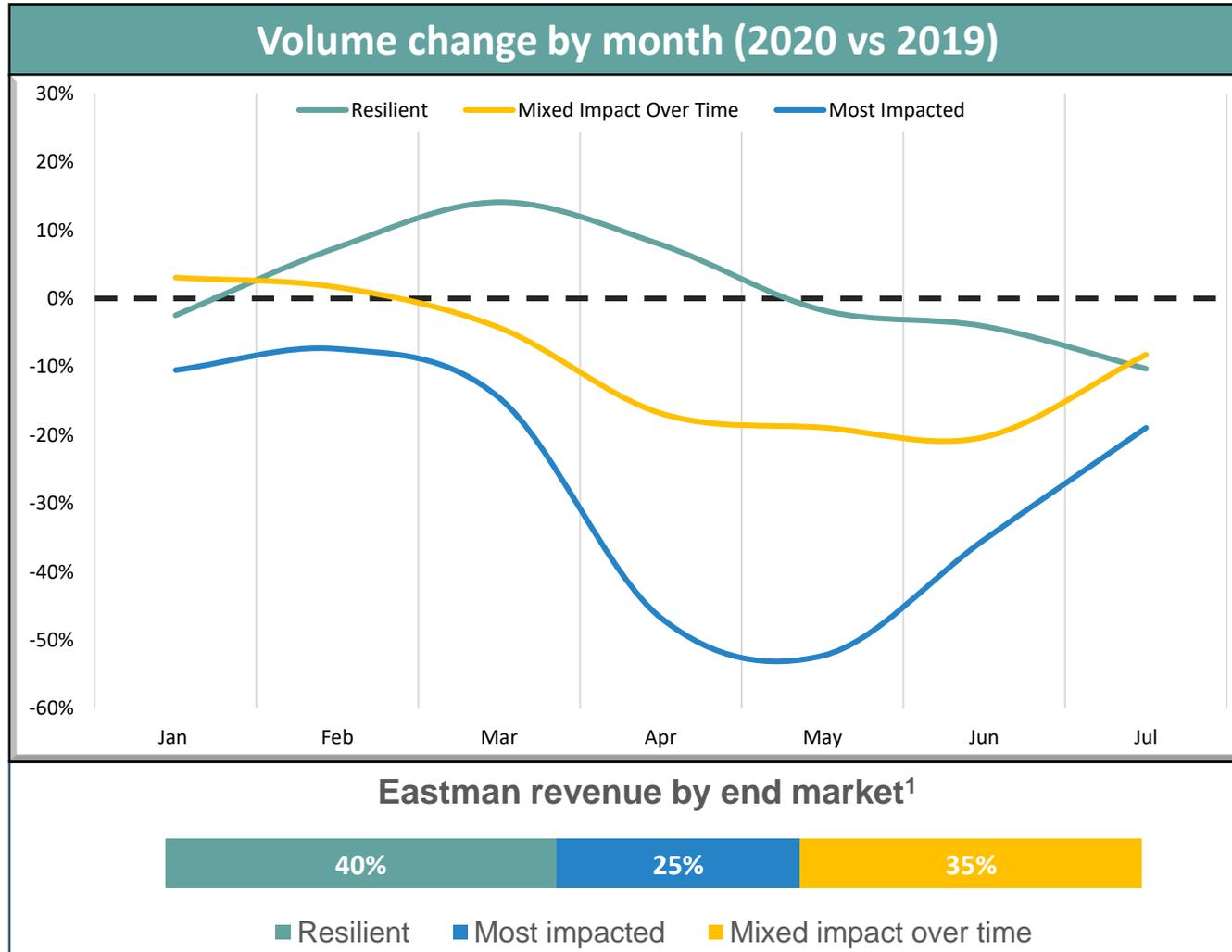
Second-quarter 2020 highlights

-  First half free cash flow nearly the best in company's history
-  Innovation and end market diversification is providing resilience
-  Launch of Tritan™ Renew, leveraging our position as a leader in the circular economy
-  Increasing actions to structurally reduce costs by >\$200 million by the end of 2022
-  Short-term cost management actions on track, with ~\$150 million in savings expected in 2020
-  Enhancing how we build diverse teams and striving for a more inclusive environment

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Diverse end markets mitigate impact of COVID-19



- Second-quarter sequential volume declined as expected:
 - Most impacted down ~(-40%)
 - Mixed impact over time down ~(-15%)
 - Resilient relatively flat

- July volume up 4% vs. June demonstrating momentum

- Although demand visibility remains limited, demand likely bottomed in May

1. See slide 9 of Eastman's first-quarter financial results presentation for a breakdown of end-markets in each category



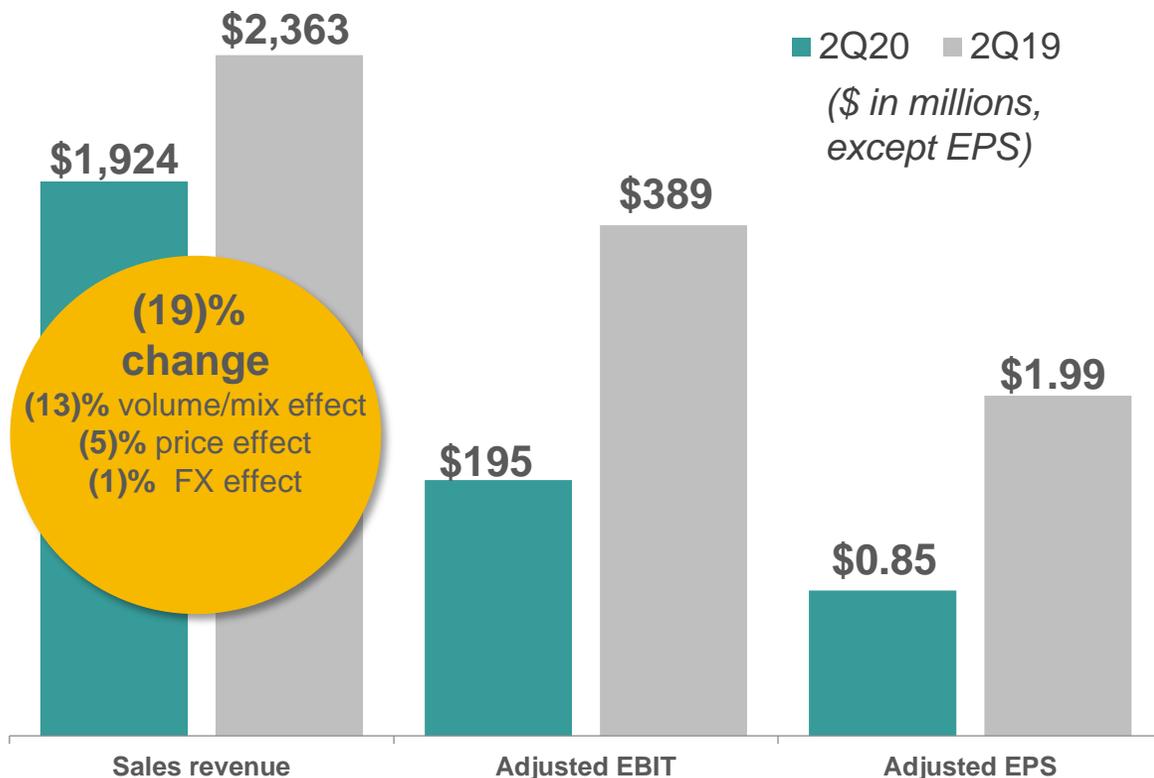


Sustainability without compromise

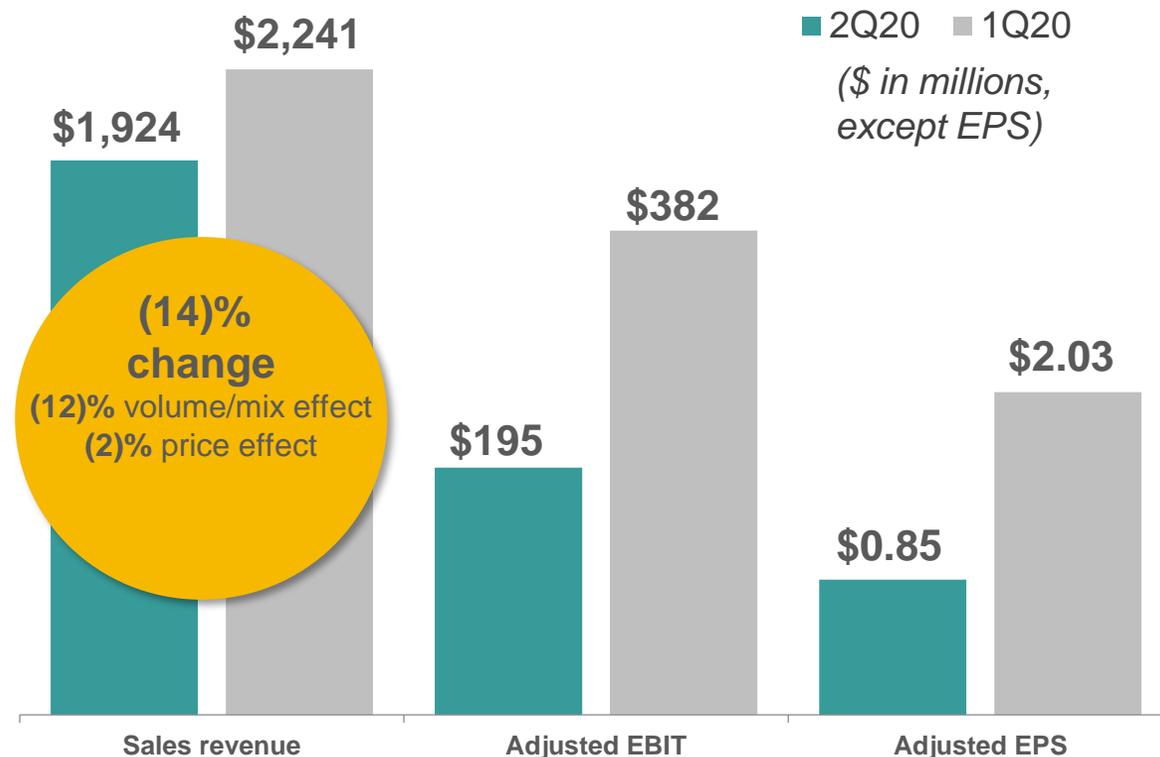
- Introduced to the market in second quarter 2020
- Enabled by Eastman's Advanced Circular Recycling technologies, which have a significantly lower carbon footprint
 - Carbon Renewal Technology (CRT)
 - Polyester Renewal Technology (PRT)
- Same durability, performance, and safety of original Tritan[™], but now with up to 50% recycled content derived from waste plastic
- Markets for Tritan[™] Renew include a variety of durable products:
 - Reusable sport bottles
 - Small appliances
 - Food storage containers
 - Eyewear
- Brands already using Tritan[™] Renew include CamelBak and Nalgene

2Q 2020 financial results – Corporate

Year over year



Sequential



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Balance sheet and cash generation are sources of strength

Balance sheet

- On track to reduce net debt by >\$600 million in 2020
- Repaid \$400 million revolving credit facility drawn in 1Q20
- Cash balance of >\$700 million at the end of the second quarter

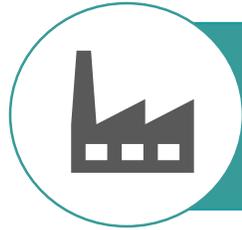
Cash generation

- Maximizing cash generation remains the top financial priority in 2020
- Free cash flow of \$411 million in 1H20, nearly the best first half in the company's history
- Continued progress on working capital management
- Committed to our solid dividend

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On track to reduce 2020 costs by ~\$150 million in response to financial impact of COVID-19



Adjusted operations to end-market demand for Eastman products



Significantly reduced discretionary spending

- Travel & entertainment, professional fees, and other external services



Have deferred some asset turnarounds to protect employees, contractors during COVID-19

2020 outlook

- Eastman team doing an outstanding job navigating a challenging global business environment
- Continue to benefit from diverse end markets and innovation that leverage strong customer engagement
- Seeing signs of recovery in certain end markets: auto, tires, building & construction, consumer durables
- Overall visibility remains limited due to COVID-19
- On track to reduce short-term costs by ~\$150 million in 2020
- Balance sheet remains strong: >\$700 million cash balance as of end of second quarter

Expect > \$1 billion free cash flow in 2020

Not providing FY 2020 earnings guidance due to uncertainty related to COVID-19



Significant progress building innovation and commercial capabilities



Taking additional actions to improve competitiveness and increase value creation

- Operations transformation
 - Supply chain optimization
 - Manufacturing and maintenance efficiencies and capabilities
- Site optimization
 - Discontinuation of certain product lines at Singapore manufacturing site
 - Closure of certain manufacturing facilities in Asia Pacific and North America
 - Additional restructuring under consideration in 1/3rd of AFP product lines identified for improvement actions
 - Leverage existing sites with tenant agreements

Plan to reduce cost structure by >\$200 million

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Actions and proven innovation-driven growth model key to how Eastman wins as economic growth returns



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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