Third-Quarter 2020 Financial Results

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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 third quarter 2020 financial results 8-K and news release, and our Form 10-Q filed for second quarter 2020 and Form 10-Q to be filed for third 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, third 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. “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. 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 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.
Third-quarter 2020 highlights

- First nine months free cash flow at record levels
- Strong sequential earnings increase driven by innovation and end-market diversification
- Focused execution on controllable items including cost reductions and technology licensing
- Innovation driving several wins across our sustainable product offerings leveraging molecular recycling
- Named by *The Wall Street Journal* as one of the “100 Most Sustainably Managed Companies”
Performance films

- Significant 3Q20 performance ahead of underlying end-markets across all major regions
- Eastman team enabled our dealers to reopen for business with best-in-class industry practices and new digital campaigns
- New product and digital offerings in 2021 to support continued strength in this business

Architectural coatings

- Low odor, low-emissive specialty products well-positioned to meet do-it-yourself demand growth in 2020
- Significant investment in application development capabilities focused on long-term macro trends
- Consumer sensitivity about indoor air quality serving as ongoing growth catalyst for our innovation investments

Innovation and market development driving resilience during pandemic
3Q 2020 financial results – Corporate

Sequential

Sales revenue 3Q20: $2,122, 2Q20: $1,924
Adjusted EBIT: $310, $195
Adjusted EPS: $1.57, $0.85

Year over year

Sales revenue 3Q20: $2,122, 3Q19: $1,924
Adjusted EBIT: $310, $369
Adjusted EPS: $1.57, $1.94

10% change
10% volume/mix effect
(1)% price effect
1% FX effect

10% change
(5)% volume/mix effect
(5)% price effect
1% FX effect

3Q 2020 financial results – Advanced Materials

### Sequential

- **Sales revenue**: $668
  - **3Q20**: $668
  - **2Q20**: $567
- **Adjusted EBIT**: $139
  - **3Q20**: $139
  - **2Q20**: $64

- **18% change**
  - 18% volume/mix effect
  - (1)% price effect
  - 1% FX effect

### Year over year

- **Sales revenue**: $668
  - **3Q20**: $668
  - **3Q19**: $697
- **Adjusted EBIT**: $139
  - **3Q20**: $139
  - **3Q19**: $159

- **(4)% change**
  - (2)% volume/mix effect
  - (3)% price effect
  - 1% FX effect
3Q 2020 financial results – Additives & Functional Products

Sequential

- Sales revenue: $742 (8% change)
- Adjusted EBIT: $109
- Volume/mix effect: 8%
- Price effect: 1%
- FX effect: (1)%

Year over year

- Sales revenue: $832 (11% change)
- Adjusted EBIT: $109
- Volume/mix effect: (8)%
- Price effect: 1%
- FX effect: (4)%

$ in millions
3Q 2020 financial results – **Chemical Intermediates**

**Sequential**

- **Sales revenue:**
  - 3Q20: $506 million
  - 2Q20: $461 million
  - Change: 10%
  - 8% volume/mix effect
  - 2% price effect

- **Adjusted EBIT:**
  - 3Q20: $32 million
  - 2Q20: $22 million
  - Change: 8%
  - 2% volume/mix effect
  - 6% price effect

**Year over year**

- **Sales revenue:**
  - 3Q20: $506 million
  - 3Q19: $579 million
  - Change: (13)%
  - (5)% volume/mix effect
  - (8)% price effect

- **Adjusted EBIT:**
  - 3Q20: $32 million
  - 3Q19: $34 million
  - Change: (6)%
  - (5)% volume/mix effect
  - (1)% price effect

3Q 2020 financial results – Fibers

Sequential

- Sales revenue: $206 million in 3Q20 vs. $211 million in 2Q20, a (3)% change.
- Adjusted EBIT: $41 million in 3Q20 vs. $46 million in 2Q20, a (3)% change.

Year over year

- Sales revenue: $206 million in 3Q20 vs. $217 million in 3Q19, a (5)% change.
- Adjusted EBIT: $41 million in 3Q20 vs. $51 million in 3Q19.

(3)% volume/mix effect
(2)% price effect
First nine months 2020 cash flow and other financial highlights

- **$1.05 billion** cash from operations
- **$771 million** Free cash flow
- Returned **$269 million** to stockholders by dividends
- On track to use greater than **$600 million** of free cash flow for net debt reduction
- **$363 million** net debt decreased through 9M 2020
- 9M 2020 effective tax rate ~**15.5%**
End markets are recovering

- Volume increased 9% in 3Q20 vs. 2Q20
  - Strong 75% recovery in ‘most impacted’ end markets led by auto
  - 35% increase in ‘mixed impact over time’ end markets with strong building and construction growth
  - ‘Resilient’ markets moderated as expected, but are about flat YTD versus 2019
- Fourth-quarter volume / mix expected to approach year-ago levels

1. See slide 9 of Eastman’s first-quarter financial results presentation for a list of end markets in each category
2020 outlook

- Eastman team doing an outstanding job navigating a challenging global business environment
- Volume / mix improvement approaching 2019 levels in fourth quarter
- Solid recovery in certain end markets: auto, tires, building & construction, consumer durables
- Overall visibility remains limited due to increased uncertainty related to COVID-19
- On track to reduce short-term costs by ~$40 million in 4Q20 and ~$150 million for FY2020

Project > $1 billion free cash flow in 2020

Project 4Q20 adjusted EPS to be similar to 4Q19 adjusted EPS of $1.42; expect to provide mid-quarter update as we gain more insight
Innovation-driven growth model enabling superior performance

Significant integration and scale enable innovation, reliability and cost advantage

Advantaged growth and execution capability and culture

Aggressive and disciplined portfolio management