

1Q 2023 financial results

April 27, 2023

EASTMAN

Prepared remarks

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

Forward-looking statements

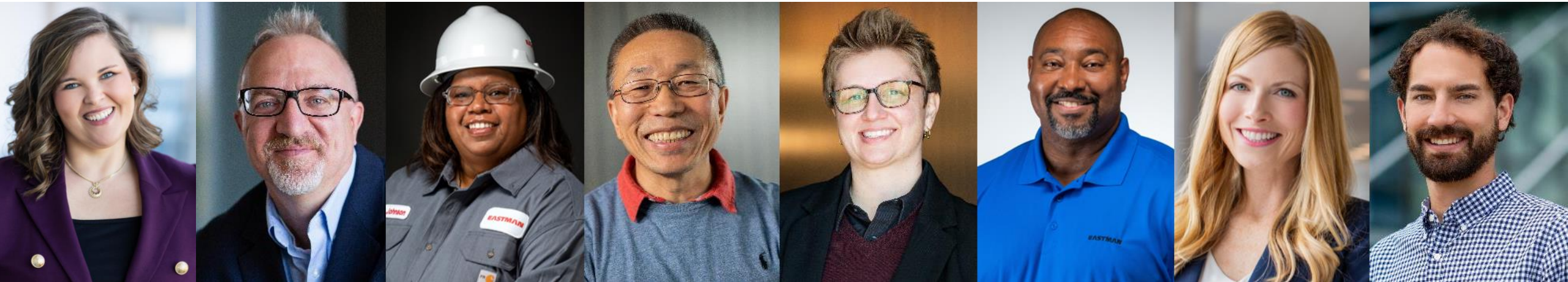
This information and other statements by the company may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, volumes, pricing, margins, cost reductions, expenses, taxes, liquidity, capital expenditures, cash flow, dividends, share repurchases or other financial items, statements of management's plans, strategies and objectives for future operations, and statements regarding future economic, industry or market conditions or performance. Such projections and estimates are based upon certain preliminary information, internal estimates, and management assumptions, expectations, and plans. Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by any forward-looking statements. Forward-looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are detailed in the company's filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov and the company's website at www.eastman.com.

Non-GAAP financial measures

Earnings referenced in this presentation and the accompanying prepared remarks exclude certain non-core and unusual items. "Adjusted EBIT" is Earnings Before Interest and Taxes ("EBIT") adjusted for non-core and unusual items. "Adjusted EBIT Margin" is Adjusted EBIT divided by GAAP sales. "Adjusted 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 Adjusted EBITDA" is Net Debt divided by EBITDA adjusted for non-core and unusual 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 2023 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 filed for 2022 and 10-Q to be filed for first quarter 2023 with the SEC for the periods for which non-GAAP financial measures are presented.

1Q 2023 highlights

- Demonstrated the strength of our specialty products and commercial excellence by holding prices stable to fourth quarter despite weak demand and continued inventory destocking
- Issued first investment grade USD-denominated senior unsecured green bond offering by a U.S. issuer in the chemical sector
- Made strong progress across all three of our methanolysis projects
- Continued adoption of Eastman Renew materials ahead of startup of Kingsport methanolysis facility later this year
- Acquired Ai-Red Technology (Dalian) Co., Ltd., a manufacturer and supplier of paint protection and window film for auto and architectural end markets in the Asia Pacific region



Expect to achieve critical circular economy milestones in 2023 – 1Q23 update

Expect to produce commercial quantities in the Fall and revenue by YE23



Tennessee project

Begin commissioning and startup activities this summer

Demonstrated success in our preparation of mixed plastic processing

Generating revenue in '23

Projects on track with good progress solidifying commercial and feedstock milestones



France project

>80% of feedstock under definitive agreements

Majority of rPET packaging offtake under definitive agreements

Site work starting by YE23



2nd U.S. project

Selection of site location in 1H23, progress on incentives and permitting

Progress on additional definitive customer agreements for remaining capacity

Site work starting by YE23

Project MSD% topline growth and strong incremental margins in modestly improving global auto market in 2023

Performance Films



Market leading brands delivered DD% volume/mix growth in 1Q23 vs 4Q22 in a down market

Advanced Interlayers



>3.5X opportunity per premium EV compared to premium ICE

Coatings Additives



Global leader in specialty additives for OEM and refinish markets up DD% volume/mix in 1Q23 vs 4Q22

Trend to EVs is significant positive for Eastman, with no exposure to under-the-hood applications in ICE vehicles

Leveraged to the recovery

15%



EMN 2022 revenue

Transportation is Eastman's largest market with more exposure to resilient, premium vehicles

Track record of outperformance

EMN auto volume/mix up >2X underlying automotive builds 2020 - 2022

\$M (except EPS)	1Q23	1Q22	4Q22
Revenue	2,412	2,714	2,373
Adjusted EBIT	283	366	171
Adjusted EBIT margin	11.7%	13.5%	7.2%
Adjusted EPS	1.63	2.06	0.89

Revenue change %	Total	Vol / Mix	Price	FX	Divested business effect
1Q23 vs 1Q22	-11	-9	6	-2	-6
1Q23 vs 4Q22	2	2	-1	1	N/A

1Q23 vs. 1Q22 highlights

- Higher selling prices more than offset higher raw material, energy, and distribution costs
- Stable demand in several end markets, including automotive and agriculture
- Continued weak primary demand and customer inventory destocking across some end markets, particularly consumer durables, building and construction, water treatment, and personal care
- Lower manufacturing costs
- \$25 million negative impact from foreign currency

Advanced Materials

\$M	1Q23	1Q22	4Q22
Revenue	742	737	736
Adjusted EBIT	86	62	43
Adjusted EBIT margin	11.6%	8.4%	5.8%

Revenue change %	Total	Vol / Mix	Price	FX
1Q23 vs 1Q22	1	-6	10	-3
1Q23 vs 4Q22	1	-1	1	1

Tailwinds

- Significant tailwind from price discipline and lower raw material, energy, and distribution costs
- Growth above strong premium auto markets
- Innovation and market development leading to growth above underlying end markets, especially in 2H23
- Corporate cost actions

1Q23 vs. 1Q22 highlights

- Performance films and advanced interlayers outperforming the global auto market
- Weak demand and continued aggressive customer inventory destocking, particularly in consumer durables and consumables end markets
- Significant currency headwind
- Higher selling prices more than offset higher variable costs

Headwinds

- Primary demand remains muted
- Customer inventory destocking in consumer durables and consumables end markets continues through 2Q
- Lower asset utilization
- Continued investment in growth

Expect FY 2023 adjusted EBIT \$500 to \$550 million

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Additives & Functional Products

\$M	1Q23	1Q22	4Q22
Revenue	777	889	756
Adjusted EBIT	124	167	76
Adjusted EBIT margin	16.0%	18.8%	10.1%

Revenue change %	Total	Vol / Mix	Price	FX
1Q23 vs 1Q22	-13	-15	4	-2
1Q23 vs 4Q22	3	4	-3	2

Tailwinds

- Innovation and market development leading to growth above end markets
- Global auto builds modestly better '23 vs '22
- Tailwind from price discipline and lower raw material, energy, and distribution costs
- Corporate cost actions

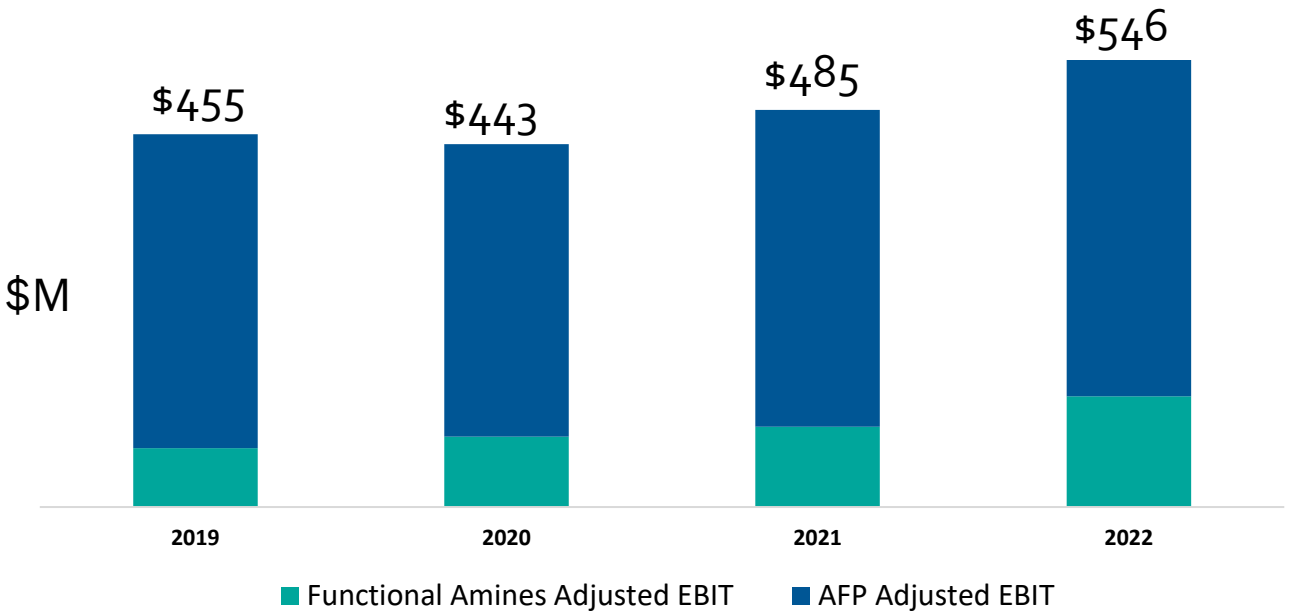
1Q23 vs. 1Q22 highlights

- Reduced demand and customer inventory destocking, particularly for building and construction, water treatment and personal care end markets
- EBIT decreased due to lower sales volume/mix
- Higher selling prices offset higher variable costs

Headwinds

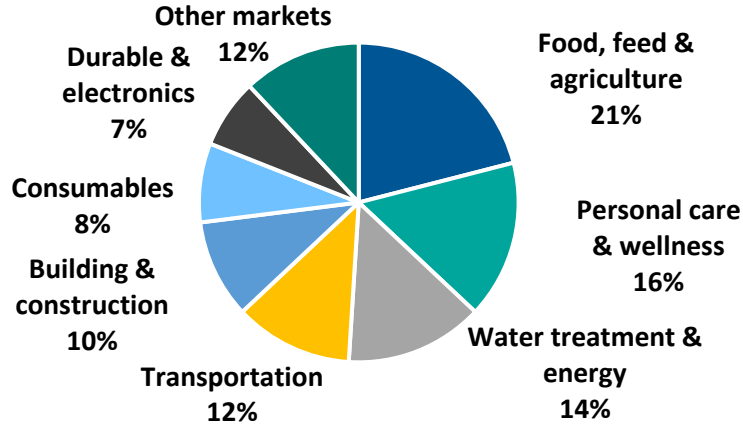
- Primary demand remains muted through the year
- Weak demand and customer inventory destocking in building and construction and consumer durables end markets continue through 2Q
- Lower asset utilization

Integration of functional amines business increases AFP's exposure to stable end markets

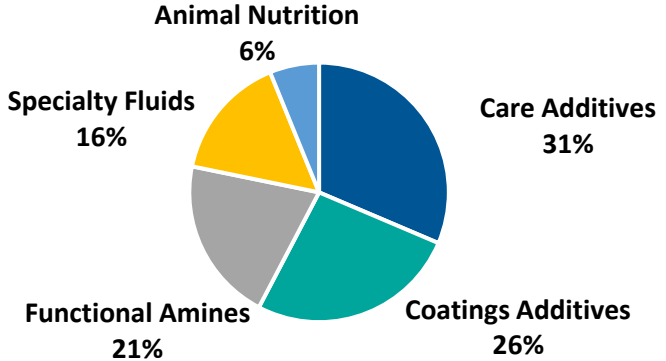


- Functional amines revenue approximately 70% agriculture, pharma, and water treatment
- Greater than 60% of AFP products sold into more stable end markets
- Track record of growth during volatile macroeconomic period
- >17% average adjusted EBIT margin across recast timeframe

2022 revenue by end market



2022 revenue by product line



Fibers

\$M	1Q23	1Q22	4Q22
Revenue	303	213	317
Adjusted EBIT	94	24	58
Adjusted EBIT margin	31.0%	11.3%	18.3%

Revenue change %	Total	Vol / Mix	Price	FX
1Q23 vs 1Q22	42	3	40	-1
1Q23 vs 4Q22	-4	-18	14	0

1Q23 vs. 1Q22 highlights

- Substantially higher selling prices for acetate tow were due to an increase in industry capacity utilization and higher raw material, energy, and distribution prices throughout 2022

Tailwinds

- Higher contracted selling prices to recover spreads and higher operating cost
- Innovation-driven growth in textiles, outperforming the underlying market
- Stable volume/mix contracted in acetate tow
- Corporate cost actions

Chemical Intermediates

\$M	1Q23	1Q22	4Q22
Revenue	589	715	564
Adjusted EBIT	42	113	24
Adjusted EBIT margin	7.1%	15.8%	4.3%

Revenue change %	Total	Vol / Mix	Price	FX
1Q23 vs 1Q22	-18	-12	-5	-1
1Q23 vs 4Q22	4	12	-9	1

1Q23 vs. 1Q22 highlights

- Lower sales volume/mix in plasticizers and olefins due to continued weak end-market demand, including for building and construction, consumer durables and industrial end markets
- Selling prices were lower due to lower raw material, energy and distribution prices
- EBIT decreased due to lower sales volume/mix and lower spreads

Tailwinds

- Inventory destocking mostly completed at end of 1Q
- Resilient demand in Eastman acetyls
- Corporate cost actions

Headwinds

- Weak demand for building and construction, consumer durables and industrial end markets
- Spread compression, particularly for olefins products

Expect FY 2023 adjusted EBIT \$150 to \$200 million

Cash flow and other financial highlights

Resilient cash flow

Forecasted FY23
operating cash flow
approximately
\$1.4 billion

Expect normal cash
seasonality with
typical 2H weighting

Balance sheet and tax rate

Well positioned with solid
**investment-grade
balance sheet**
and sufficient liquidity

FY23 forecasted
adjusted effective
tax rate
15-16%

Balanced stockholder returns

**Growing
dividend**
with attractive yield

Share repurchases to
offset dilution

Disciplined capital allocation

Investing
**\$800M
of CapEx
including circular
growth platform**

**~\$75M spent
on attractive
bolt-on M&A**
in 1Q23

Diverse end markets provide stability, but near-term outlook is mixed

End market	2Q23 sequential	2H23 vs. 1H23
Transportation (~15% of corporate revenue)	<ul style="list-style-type: none"> Slight improvement vs 1Q23 levels in OEM production Premiums and EVs continue to outperform at HSD% 	<ul style="list-style-type: none"> Solid growth with momentum building through the back half Expecting modest recovery in China and continued stability in U.S. and Europe
Consumer durables and electronics (~12% of corporate revenue)	<ul style="list-style-type: none"> Primary demand remains weak Customer inventory destocking continues in April, with order improvements visible in May 	<ul style="list-style-type: none"> Expecting customer inventory destocking completed at the end of 2Q23 Primary demand stabilizes Not expecting substantial restocking activity
Building and construction (~12% of corporate revenue)	<ul style="list-style-type: none"> Demand remains soft globally Inventory destocking mostly completed in Europe and Asia in 1Q23, but continues in U.S. 	<ul style="list-style-type: none"> Persistent weakness across regions, particularly in U.S. Recovery timing uncertain
Stable end markets (~50% of corporate revenue)	<ul style="list-style-type: none"> Primary demand remains challenged in low-single digits Some customer inventory destocking continues in select end markets 	<ul style="list-style-type: none"> Primary demand consistent with 1st half Customer inventory destocking completed 2Q23

Pathway to strong performance in 2023

Tailwinds

- Innovation driving growth above underlying end markets
- Automotive growth well above underlying market growth
- Customer inventory destocking mostly completed by 2Q23
- Commercial excellence in specialty pricing to deliver meaningful price/cost recovery
- >\$200M of cost savings net of inflation
- Annualized impact of share repurchases in 2022

Headwinds/Uncertainties

- Weak macroeconomic outlook
 - Continued customer inventory destocking in some markets in 2Q23
 - Continued weakness in consumer durables and building & construction markets
- ~\$50 million headwind from lower asset utilization
- Pension and other post-employment benefits headwind ~\$110M
- Variable compensation expense returning to normal levels
- Annualized impact of a stronger U.S. dollar ~\$50 million
- Higher interest expense
- Startup costs for the Kingsport methanolysis facility and several other specialty facilities

Expect adjusted EPS 5% to 15% higher, excluding ~\$0.75 headwind from pension

Expect operating cash flow ~\$1.4 billion

Well positioned to navigate an uncertain global economy



Innovation-driven growth model is succeeding



Circular economy is a new vector of significant growth



Strengthening execution to convert growth to value



Sustainability and ESG are integrated into how we win



Power of cash flow and the balance sheet

Appendix

Updated underlying assumptions and modeling items for FY2023

- Interest expense of ~\$225M
- Depreciation & amortization expense ~\$500M
- Capital expenditures ~\$800M
- Share repurchases to offset dilution
- ~\$50 million headwind from foreign currency exchange rates, net of hedging: USD/EURO \$1.08; CNY/USD 7.00; JPY/USD 135
- Pension headwind of ~\$110M included in Corporate 'Other'
- Full-year adjusted effective tax rate 15 - 16%
- Corporate 'Other' adjusted Loss Before Interest and Taxes of approximately (\$210)M for FY23
- Brent crude oil: \$80-90/barrel
- Natural gas assumption consistent with recent FY2023 Henry Hub average forward curves: \$3.00 - \$3.50/MMBTU
- Market demand and energy assumptions do not include strong post-COVID recovery in China
- \$200 million cost savings FY2023 vs FY2022, net of inflation
- \$50 million headwind from lower asset utilization to reduce inventory