



# Eastman Chemical Company

Nomura Global Chemicals Industry Leaders Conference

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and Communications**

**March 22, 2013**

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## **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. Please see our Form 10-K for 2012 filed with the Securities and Exchange Commission for risks and uncertainties which could cause actual results to differ materially from current expectations.

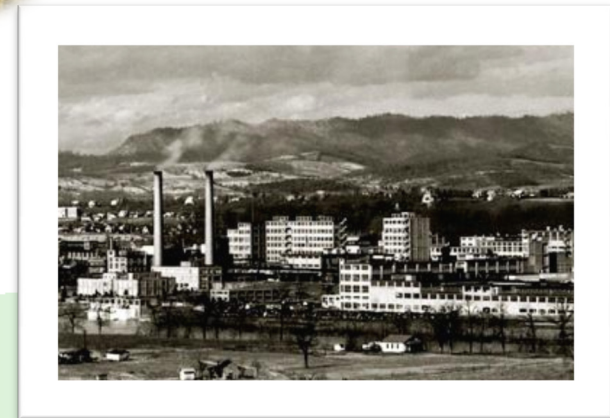
## **Non-GAAP and pro forma combined financial measures**

All historical financial measures referenced in this presentation are non-GAAP financial measures that exclude certain items. Reconciliations to the most directly comparable GAAP financial measures and other associated disclosures, including descriptions of the excluded items, are available in the Company's Form 10-K for the presented periods.

Revenues and operating earnings are presented on a pro forma combined basis, assuming the acquisition of Solutia had been completed on January 1, 2012, that reflected actual results for second half 2012 and proforma combined results for first six months 2012. See the Company's Form 10-K for 2012.

# Eastman Chemical Company: A long history of creative thinking and industry solutions

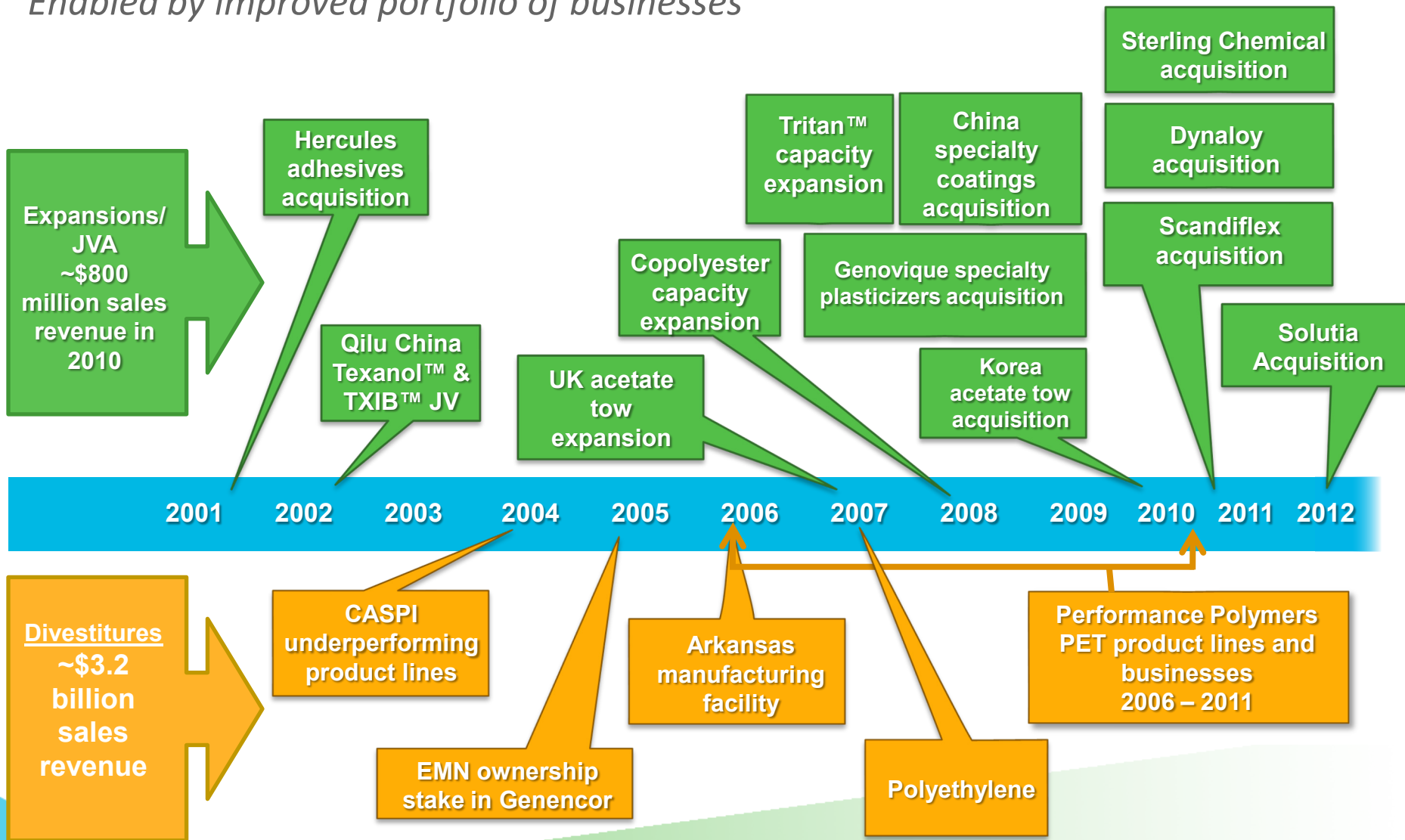
- 1920 – Tennessee Eastman established to manufacture raw materials for the photographic industry
- 1940s – Eastman products and engineering capabilities contribute to Allied victory in World War II
- 1952 – Texas Operations begins production; Eastman introduces Acetate Tow
- 1983 – Opens first commercial coal gasification facility in the United States
- 1994 – Spin-off from Eastman Kodak
- 2012 – Eastman acquires Solutia for \$4.8B



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# Strategic shift

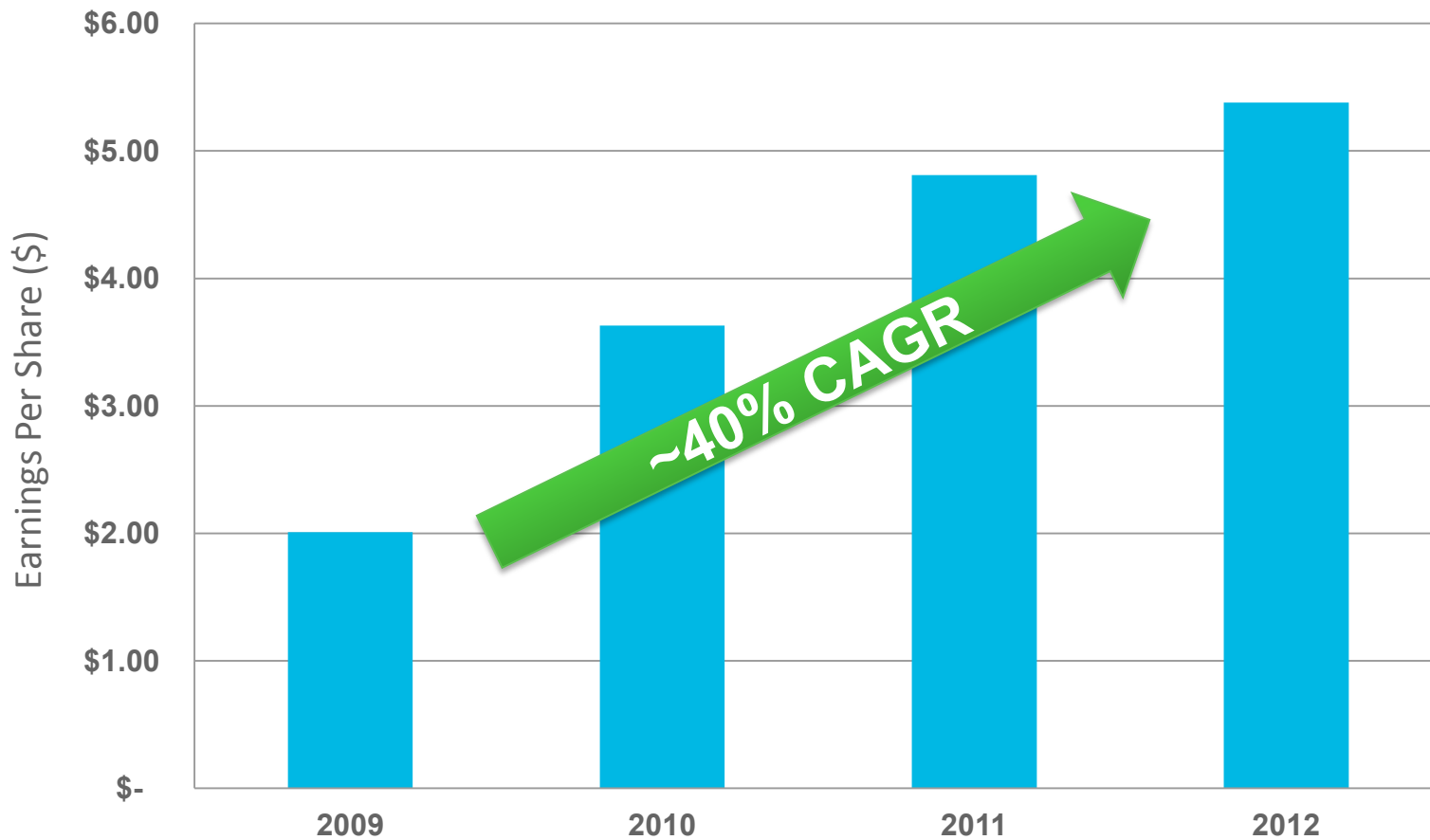
Enabled by improved portfolio of businesses



# Strategic shift



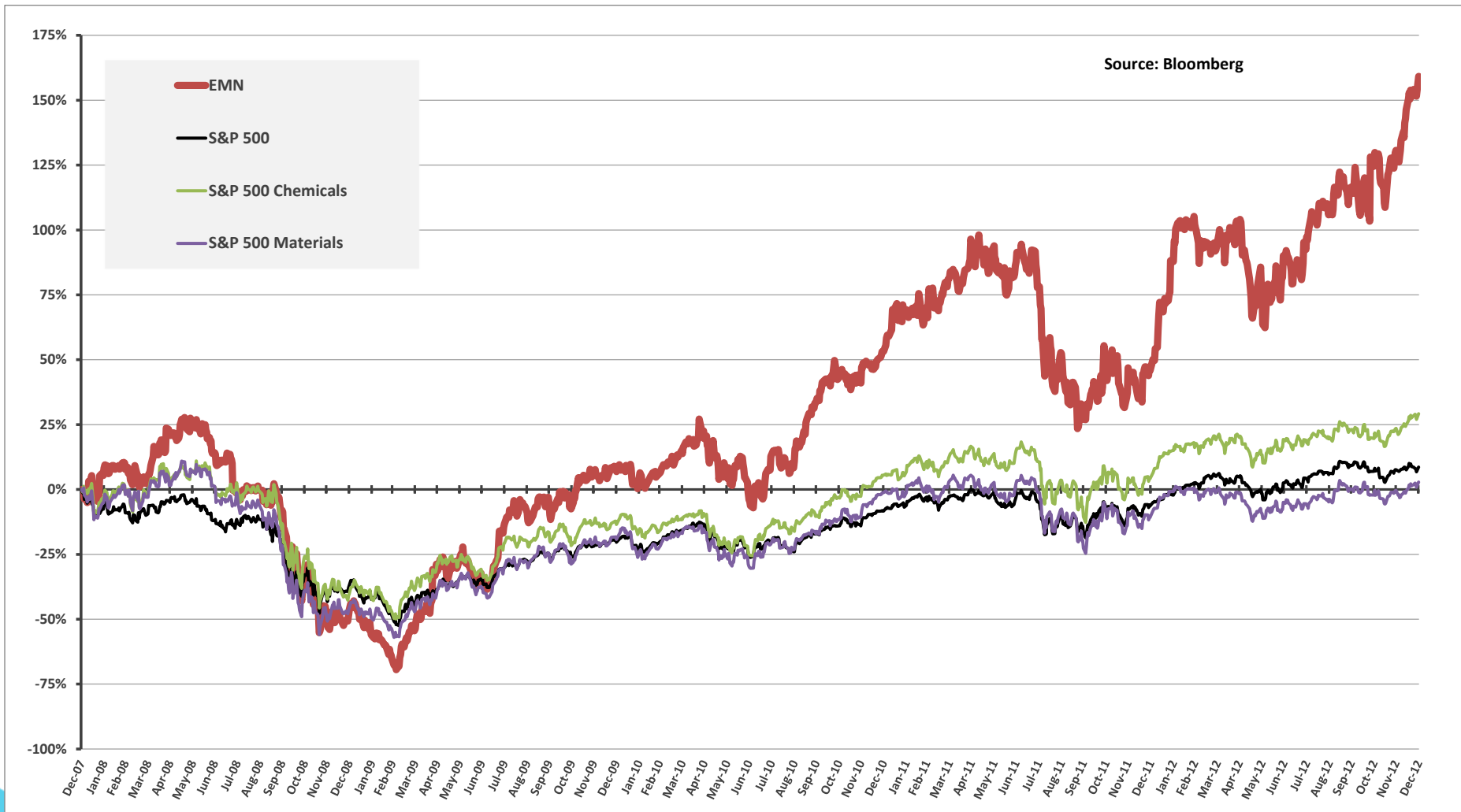
*Earnings growth driven by strategic portfolio decisions*



# Strategic shift



5-Year Total Shareholder Return far exceeds key indices



# Who we are

- A global specialty chemicals company headquartered in Kingsport, Tennessee
- Approximately 13,500 employees and over 40 manufacturing sites around the globe
- A company dedicated to environmental stewardship, social responsibility and economic growth
- Two-time ENERGY STAR® Partner of the Year (2013 & 2012)
- 2012 sales revenue of approximately \$9.1 billion



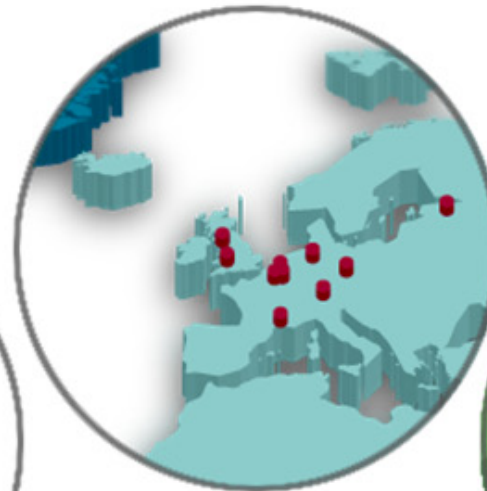
# Our manufacturing locations



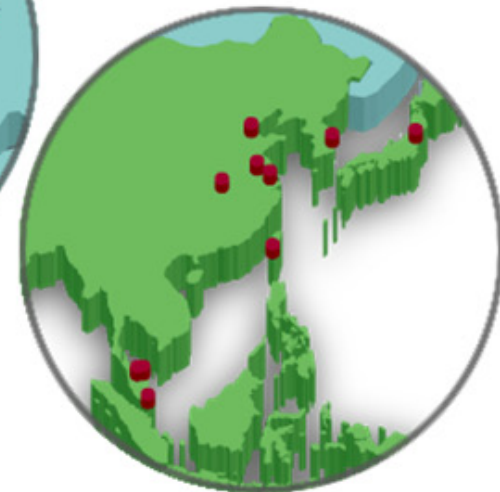
North America



Latin America



Europe,  
Middle East,  
and Africa

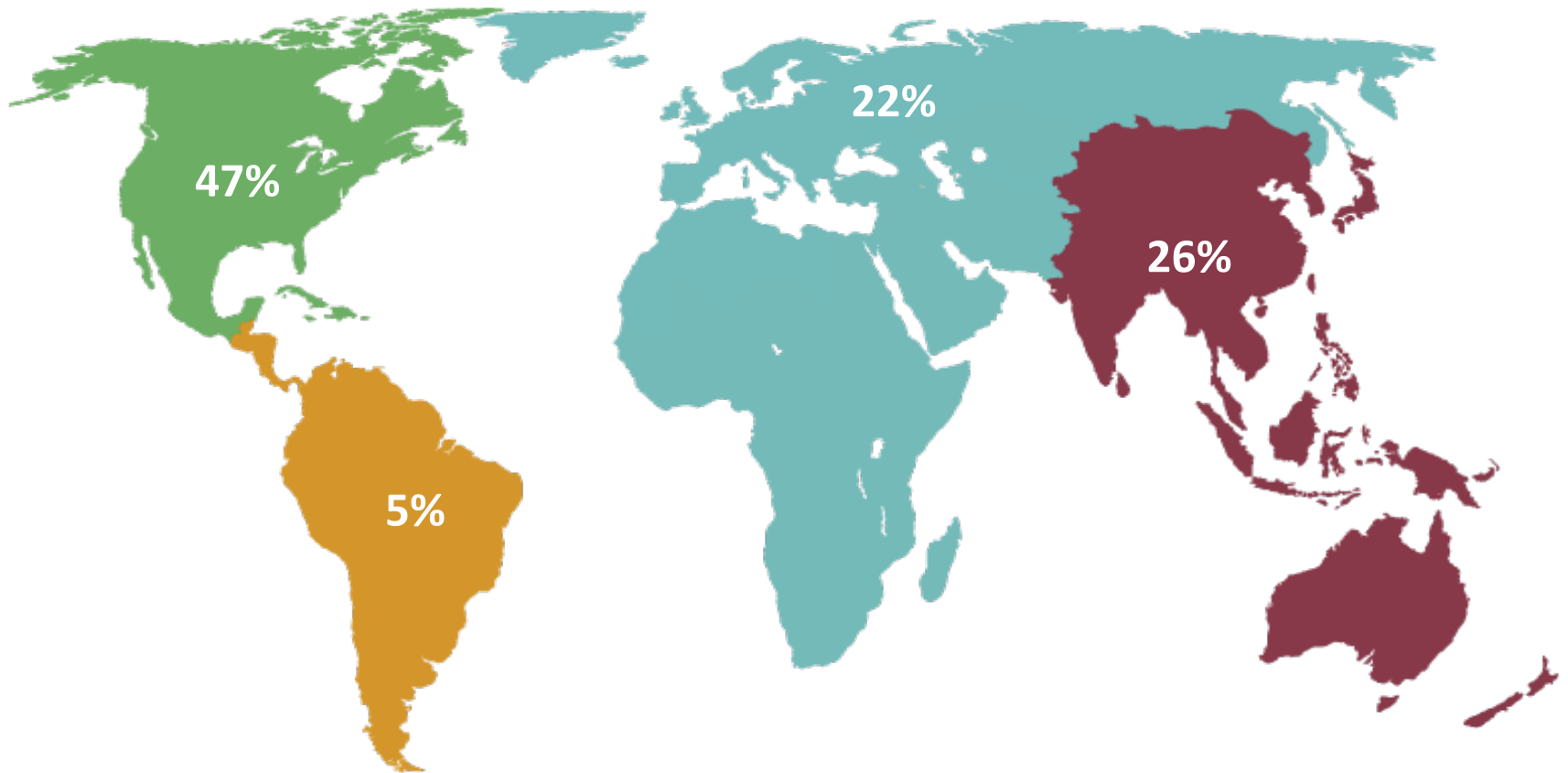


Asia Pacific

Alvin, TX	Dresden, Germany	Kohtla-Jarve, Estonia	Santo Toribio, Mexico	Texas City, TX
Anniston, AL	Franklin, VA	Kuantan, Malaysia	Sao Jose Dos Campos, Brazil	Tongxiang, China
Antwerp, Belgium	Ghent, Belgium	Lemoyne, AL	Sao Paulo, Brazil	Trenton, MI
Axton, VA	Indianapolis, IN	Longview, TX	Sauget, IL	Ulsan, Korea
Canoga Park, CA	Itupeva, Brazil	Martinsville, VA	Sete, France	Uruapan, Mexico
Cartersville, GA	Jefferson, PA	Middelburg, the Netherlands	Springfield, MA	Workington, England
Chestertown, MD	Jurong Island, Singapore	Monongahela, PA	Sun Prairie, WI	Wuhan, China
Chicago, IL	Kashima, Japan	Newport, Wales	Suzhou, China	Zibo City, China
Columbia, SC	Kingsport, TN ★	Nienburg, Germany	Taipei, Taiwan	



# 2012 Revenue by geography



Geographic diversity is a source of strength

# Eastman: A specialty chemical company delivering consistent, superior value

- Market-driven approach to growth
- Leveraging world-class technology platforms
- Leading positions in attractive end-markets
- Customer-focused to meet persistent, unmet needs
- Geographically diversified and well-positioned in key growth regions
- Advantaged cost-position with ability to “value up”

# Eastman: A portfolio of specialty businesses

- Consistent, superior earnings growth
- Leading positions in diverse, attractive end-markets
- Innovative technology platforms
- Management track record of outperformance

Commodity  
chemical



Diversified



**Eastman**



Specialty  
chemical



# End-market diversity is a source of strength

2012 sales revenue



# Eastman is a market leader

**2/3** of our sales revenue is from product lines in **leading market** positions

## Additives & Functional Products



**#1**

- Cellulosic polymers
- Insoluble sulfurs
- Ketones

## Adhesives & Plasticizers



**#1 or #2**

- Non-phthalate plasticizers
- Hydrocarbon resins

## Advanced Materials



**#1**

- Copolyester
- PVB sheet
- Branded window film
- Cellulosic polymers

## Fibers



**#1 or #2**

- Acetate tow
- Acetate yarn

## Specialty Fluids & Intermediates



**#1 or #2**

- Oxo alcohols in Americas
- Heat transfer and aviation hydraulic fluids

# Sustainability at Eastman

*Creating value through environmental stewardship, social responsibility and economic growth*

## ■ Our commitment:

- Leverage sustainability as a driver of growth
- Increase our transparency in all aspects of sustainability
- Recognize we are on a journey and continue to make improvements in sustainable practices
- Longstanding history of being a responsible steward-economically, environmentally and socially



Visit [www.eastman.com/sustainability](http://www.eastman.com/sustainability) to learn more.

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# Strategy for delivering consistent, superior value

**Grow portfolio  
>GDP with  
sustainable  
margins**

- Attractive end-markets
- Innovative applications
- Leverage existing investments

**High-margin,  
organic growth  
beyond the  
current portfolio**

- Leverage world-class technology platforms
- New products
- Addressing global market trends

**Balanced  
approach to  
capital allocation**

- Organic growth
- M&A
- Return cash to stockholders

**A simple strategy, well executed**

# Strong financial objectives reflect portfolio of specialty businesses

**EPS growth**

~\$8 in 2015  
>14% CAGR

**Sales revenue growth**

Global GDP+

**Free cash flow**

>\$2 billion free cash flow 2012 – 2015  
after funding organic growth

**ROIC**

Value-creating spread  
above cost of capital

Note: Free cash flow defined as cash from operations minus capital expenditures and dividends; "CAGR" is compound annual growth rate; "ROIC" is return on invested capital.

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# Growth driven by long-term global trends

## Energy efficiency

- High energy prices, especially in emerging markets
- Energy efficiency standards driving innovation in transportation and building & construction

## Emerging middle class

- Global middle class growing by >70 million people annually, led by Asia
- Urbanization challenges result in more sophisticated building standards

## Health and wellness

- Tightening health and consumer protection regulation
- Aging population and rising healthcare costs

# Disciplined Capital Allocation

## Capital Expenditures

Expected to be ~\$525 million in 2013

Support organic growth throughout the company

## Debt

Significant repayment of Solutia acquisition term-loan balance in 2013

Attractive debt maturity profile provides flexibility

Solid liquidity

## Joint Ventures / Acquisitions

Execute announced joint ventures

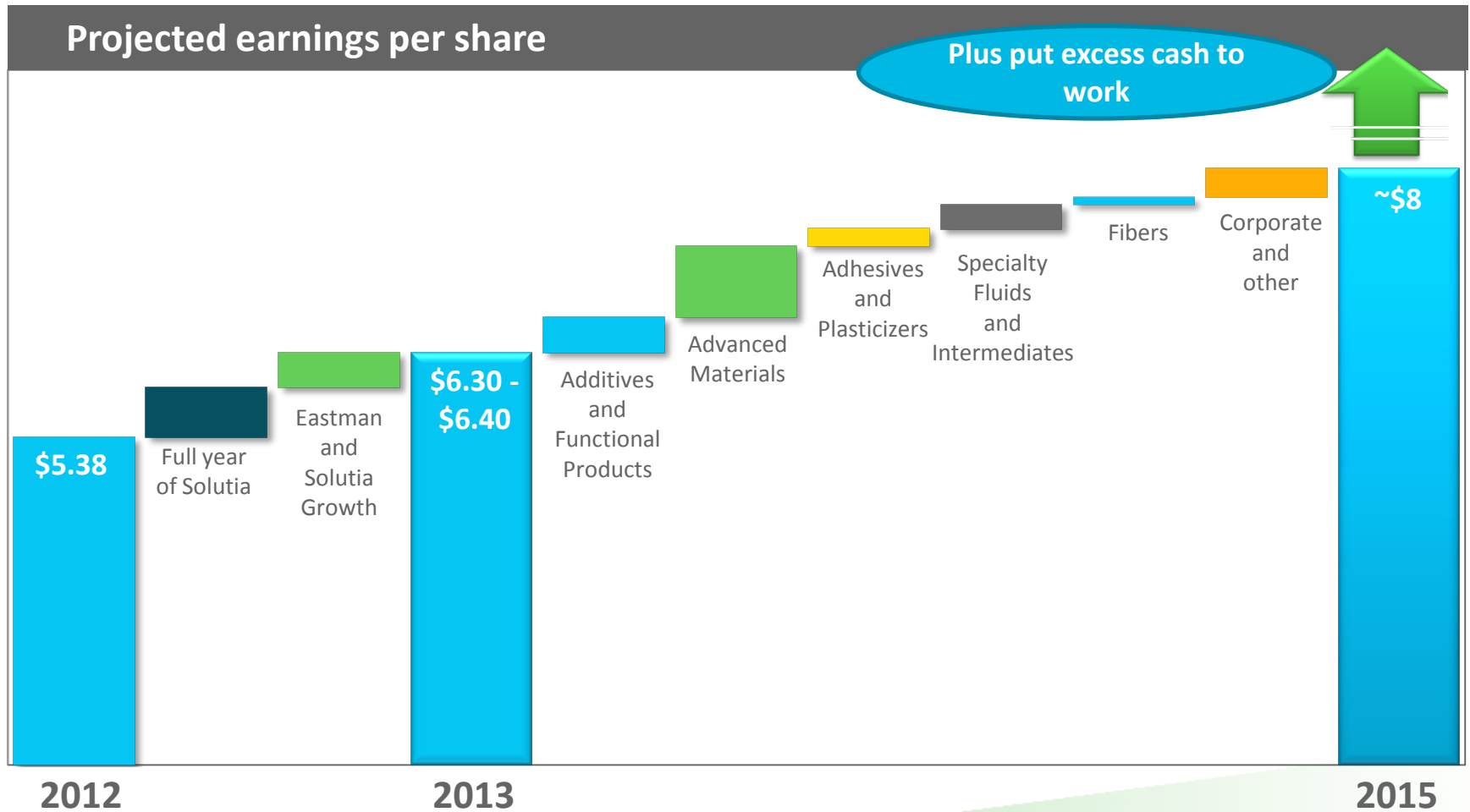
Potential for bolt-on acquisitions

## Dividend / Equity

Repurchase shares to offset dilution

Expect dividend to continue to increase with earnings

# Consistent, superior earnings growth projected



# Our Business Segments



**Additives & Functional  
Products**



**Adhesives & Plasticizers**



**Advanced Materials**



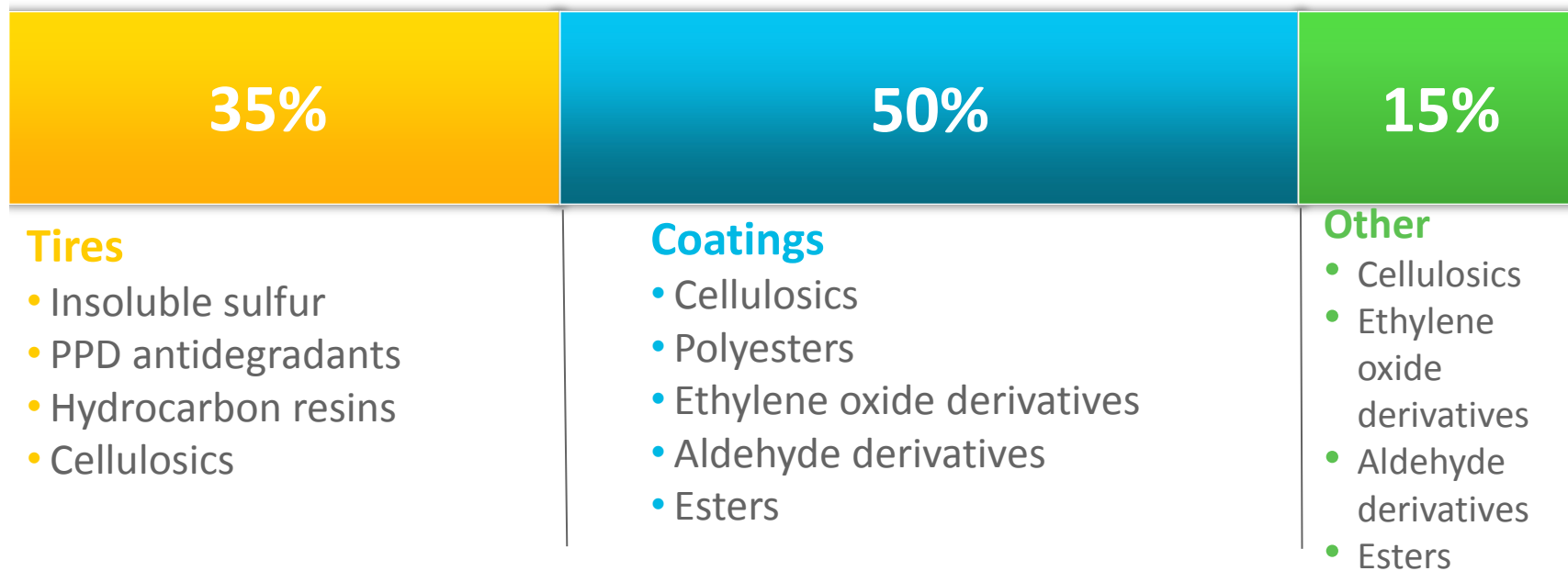
**Fibers**



**Specialty Fluids &  
Intermediates**

# Additives & Functional Products - Stable, high-margin businesses with opportunities to accelerate earnings growth

## 2012 Sale Revenue by Product Line



## Full Year 2012 Results (\$ in millions)

Sales Revenue	Operating Earnings	Operating Margin
\$1,613	\$395	24.5%

# Adhesives & Plasticizers - Solid business with continued attractive earnings and growth opportunities

## 2012 Sales Revenue by Product Line

55%

45%

### Adhesives

- Hydrogenated hydrocarbon resins (*Regalite™, Eastotac™, Regalrez™*)
- Non-hydrogenated hydrocarbons (*Kristalex™, Plastolyn™, Piccotac™*)
- Rosins and amorphous polyolefins (*Permalyn™, Pamolyn™, Eastoflex™*)

### Plasticizers

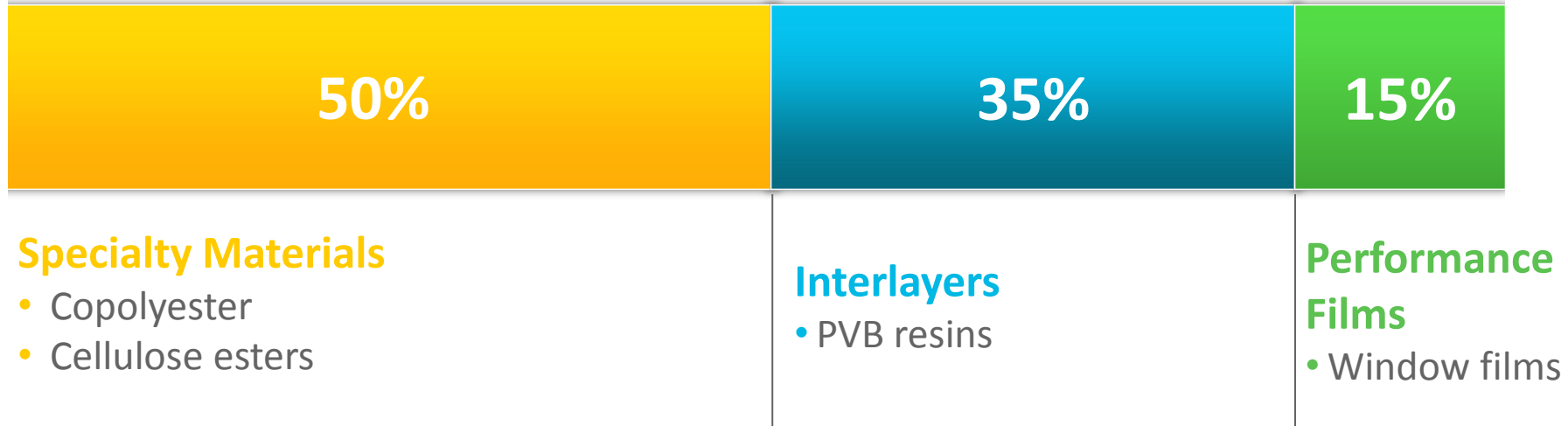
- Primary non-phthalate plasticizers (*Eastman 168™, Eastman™ DOA*)
- Niche non-phthalate plasticizers (*Benzoflex™, Eastman TXIB™, Admex™, Eastman™ DBT*)

## Full Year 2012 Results (\$ in millions)

Sales Revenue	Operating Earnings	Operating Margin
\$1,432	\$263	18.4%

# Advanced Materials - High-growth businesses well-positioned to accelerate earnings growth

## 2012 Sales Revenue by Product Line

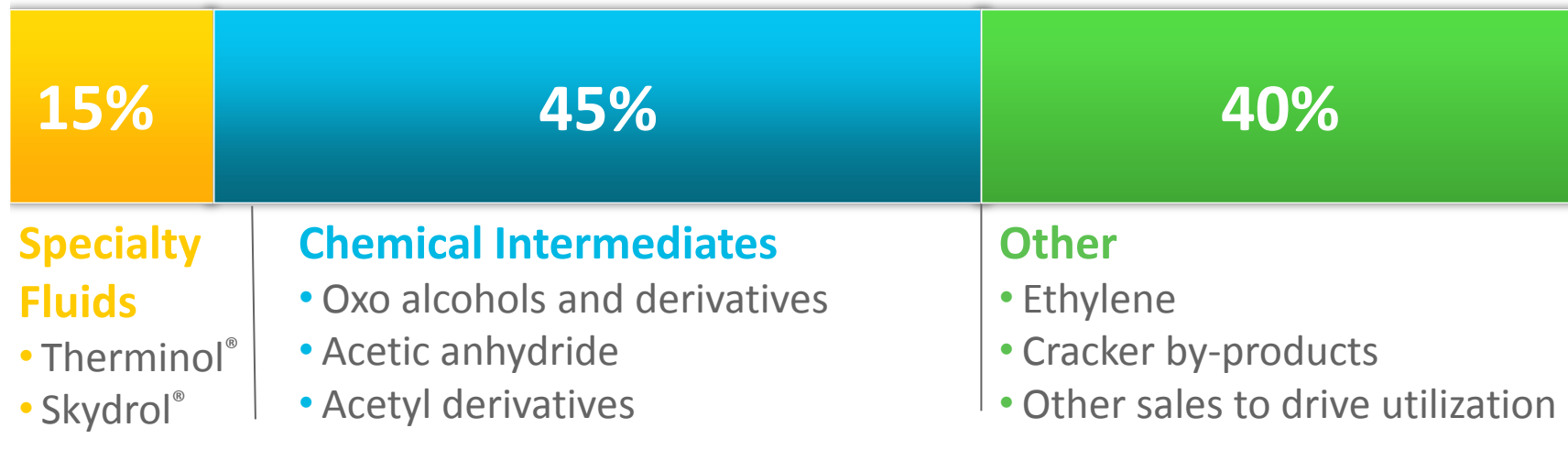


## Full Year 2012 Results (\$ in millions)

Sales Revenue	Operating Earnings	Operating Margin
\$2,254	\$210	9.3%

# Specialty Fluids & Intermediates - Providing targeted growth and solid base of earnings

## 2012 Sales Revenue by Product Line



## Full Year 2012 Results (\$ in millions)

Sales Revenue	Operating Earnings	Operating Margin
\$2,473	\$359	14.5%

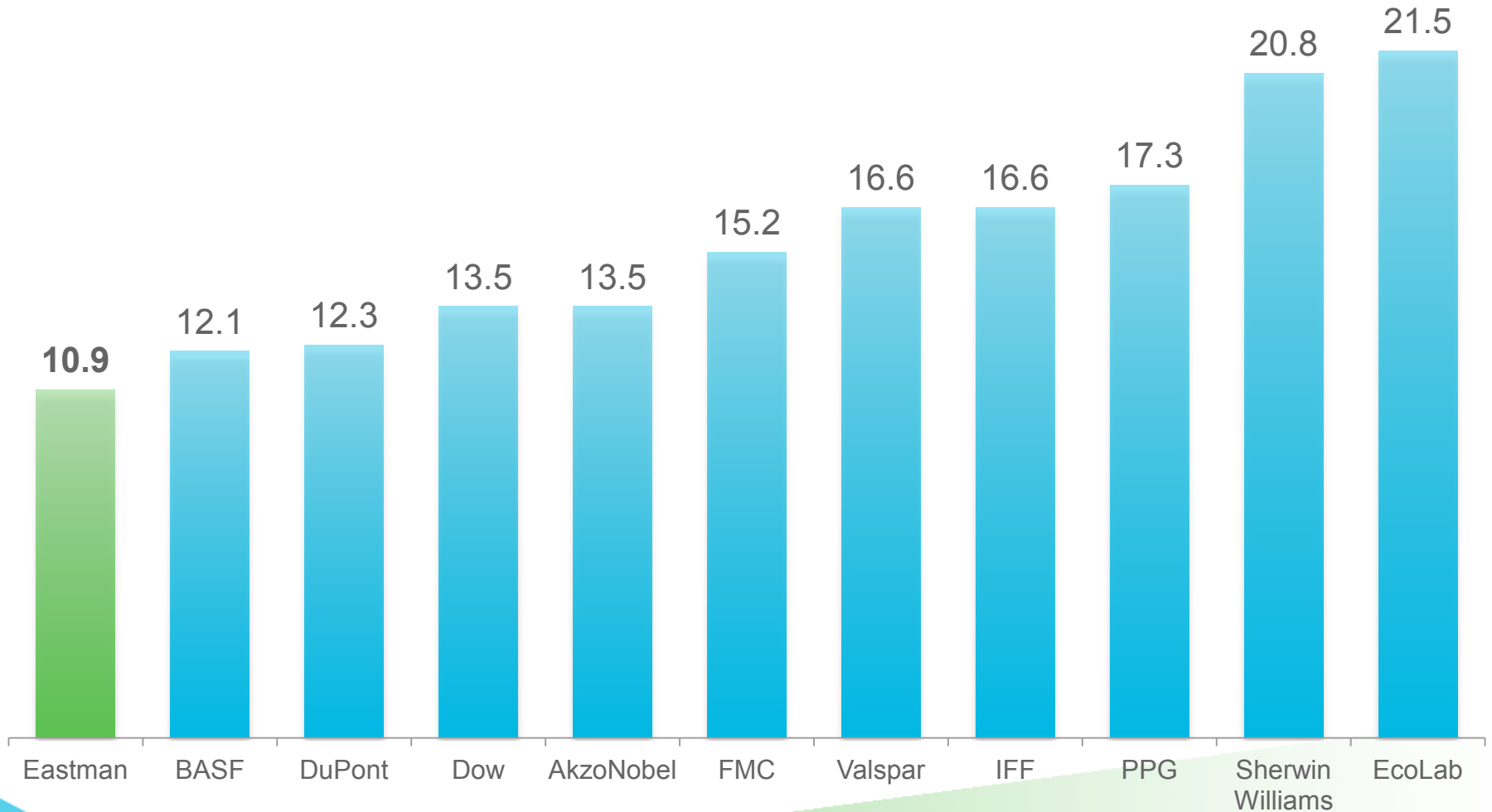


# Fibers

- 2012 Revenue – \$1.3B
- 2012 Operating Earnings – \$388M
- 2012 Operating Margin – 29.5%
  
- Poised to deliver 10<sup>th</sup> consecutive year of earnings growth
  
- Product Lines:
  - **Acetate Tow**
    - ~85% of 2012 revenue
  - **Acetate Yarn**
  - **Acetyl Chemical Products**



# Eastman Price to Earnings Multiple\* vs. Peers



\*2013 Forward Multiples based on 3/1/13 share prices and 2013 earnings estimates (Source: ThomsonOne)

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Questions?

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