



EARNINGS TELECONFERENCE

SECOND QUARTER - FISCAL 2021



FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. All statements that address expectations or projections about the future, including with respect to our expectations for our performance in fiscal year 2021, including our expectations for adjusted earnings per share and the strength of demand in the second half of fiscal 2021, the factors that we expect will impact our results of operations, our expectations regarding the size of the conductive carbon additive market in 2025 and for revenue and EBITDA in fiscal 2021 in our energy materials business, our expected operating tax rate for fiscal 2021, our expected capital expenditures for fiscal 2021, and our positioning as we emerge from the COVID-19 pandemic, are forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed or implied by forward-looking statements. Important factors that could cause our results to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to, competition from other specialty chemical companies; volatility in the price of energy and raw materials; a significant adverse change in a customer relationship; safety, health and environmental requirements; unanticipated delays in site development projects; negative or uncertain worldwide or regional economic conditions and market opportunities, including from trade relations or global health matters; and fluctuations in foreign currency exchange and interest rates. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission (“SEC”), particularly under the heading “Risk Factors” in our annual report on Form 10-K for our fiscal year ended September 30, 2020, filed with the SEC at www.sec.gov. We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Q2 2021 OVERVIEW

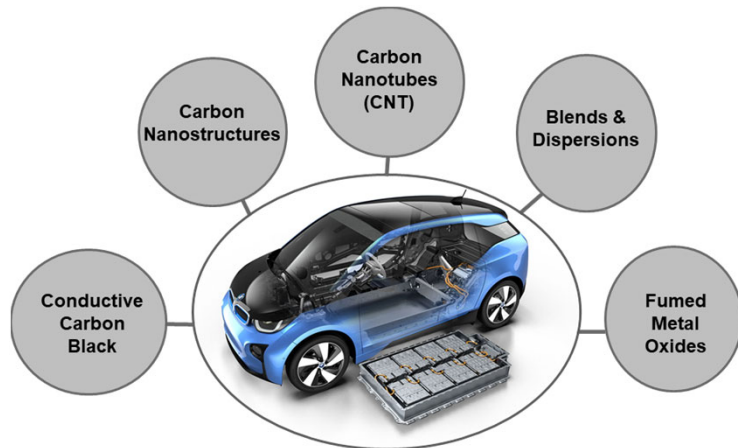
- ◆ *Adjusted EPS⁽¹⁾ up 79% year over year to a record of \$1.38; Diluted EPS of \$1.30 compared to (\$0.01) in the second fiscal quarter of 2020*
- ◆ *Strong volumes in our key end markets*
- ◆ *Reinforcement Materials EBIT increased 46% year over year to a record high of \$89M from strong volume growth in all regions and improved pricing in Asia*
- ◆ *Performance Chemicals EBIT up 87% year over year due to higher volumes across the segment and improved product mix*

<i>(in \$ millions)</i>	Q2 2021	Q2 2020
Total Segment EBIT¹	\$ 149	\$ 95
Adjusted EBITDA¹	\$ 173	\$ 122
Dividends	\$ 20	\$ 20
Operating Cash Flow	\$ 65	\$ 24



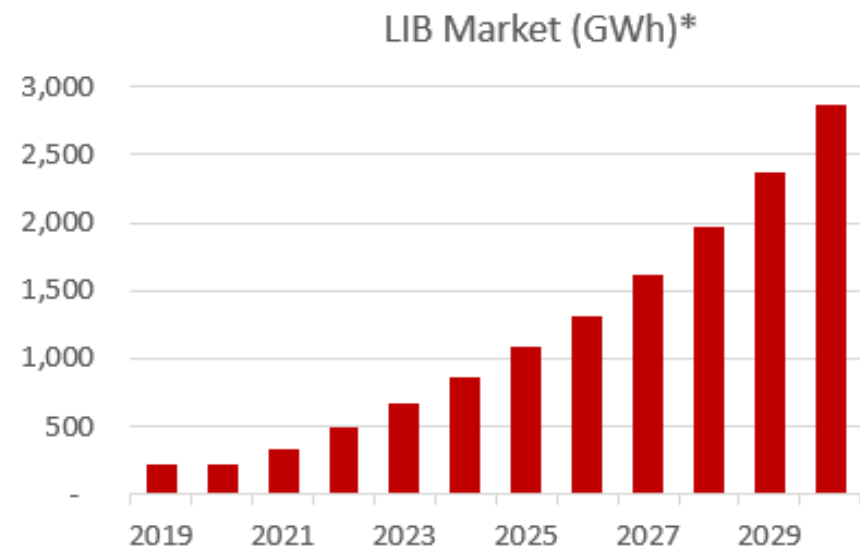
LITHIUM-ION BATTERY (LIB) – KEY END MARKET FOR GROWTH

Cabot's Materials Are A Key Enabler to Battery Performance



- ♦ Cabot's materials create electrically conductive connections through the layers in batteries
- ♦ Enable faster charge and extended range through better conductivity

The LIB Market is Expected to Grow at 25-30% CAGR between 2020-2030



Source: *SNE and BNEF

CABOT IS WELL POSITIONED FOR BATTERY MARKET GROWTH

Why Cabot?



Global manufacturing, sales, and technical support



Only supplier with conductive carbon black, CNT, carbon nanostructure and dispersion technology



Legacy of innovation in technical applications

Financials



Market for conductive carbon additives expected to grow to \$1B by 2025



Forecasted revenue of approximately \$80M in 2021



FY 21 forecasted EBITDA of \$15-20M

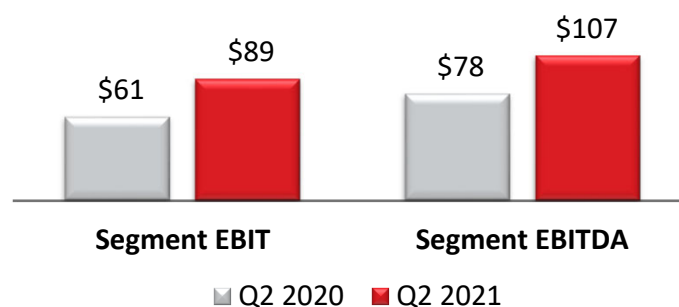
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q2 2021 RESULTS

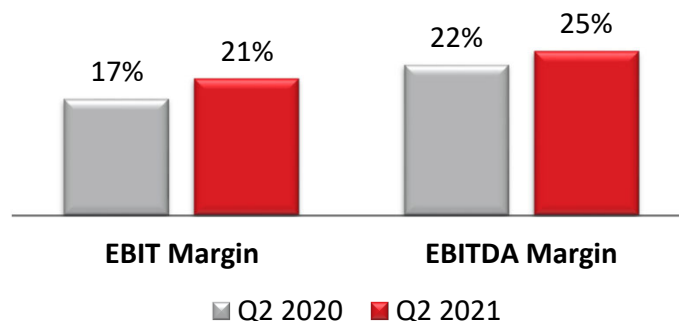
- ◆ Global volumes up 18% year-over-year; volume increases across all regions led by Asia up 30%
- ◆ Margins improved year-over-year driven by favorable Asia pricing



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



2H 2021 OUTLOOK

- ◆ Volumes expected to remain strong through the second half of fiscal 2021
- ◆ Anticipated flow-through of higher raw material costs in Asia
- ◆ Higher fixed costs expected due to the timing of planned spending on plant maintenance



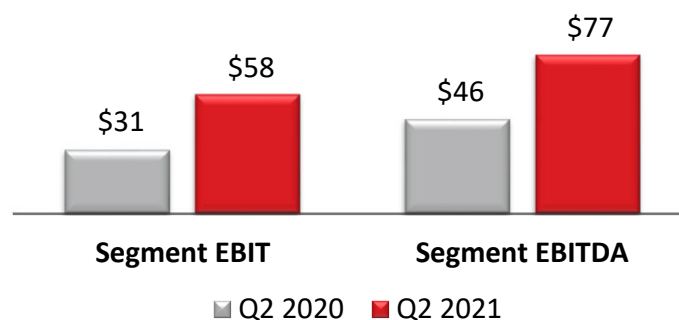
PERFORMANCE CHEMICALS SEGMENT OPERATING PERFORMANCE

Q2 2021 RESULTS

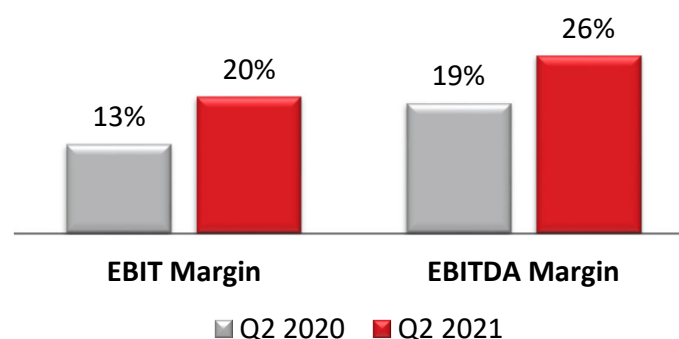
- ◆ Volume increases of 10% in Performance Additives and 14% Formulated Solutions
- ◆ Improved product mix driven by higher demand in automotive applications and targeted growth initiatives



SEGMENT EBIT AND EBITDA (\$ MILLIONS)

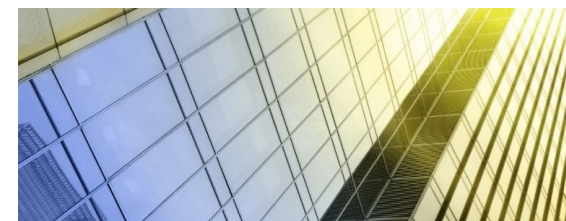


SEGMENT EBIT AND EBITDA MARGINS



2H 2021 OUTLOOK

- ◆ Strong volumes expected to continue across the segment
- ◆ Disruptions from the chip shortage anticipated to impact product mix in the second half of fiscal 2021
- ◆ Higher fixed costs expected



PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

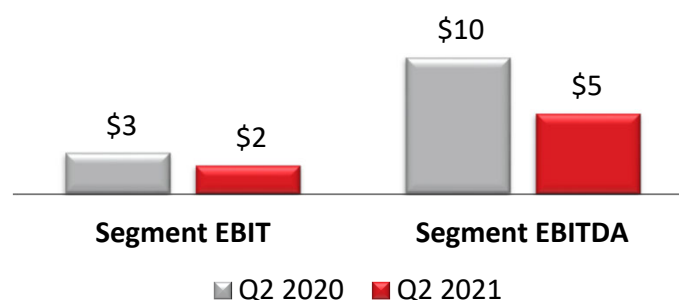
Q2 2021 RESULTS

- ◆ Lower demand in mercury removal applications
- ◆ Reduced fixed costs due to the sale of our mine in Marshall, TX and long-term supply agreement with ADES

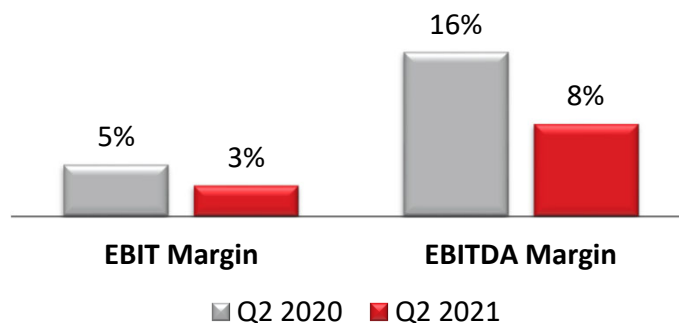


CABOT CORPORATION

SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



2H 2021 OUTLOOK

- ◆ Stronger EBIT anticipated in the second half of fiscal 2021 due to seasonally higher volumes



CORPORATE FINANCIAL ITEMS¹



- ✓ Cash of \$146M and liquidity of ~\$1.3B
- ✓ Cash flow from operations of \$65M in Q2 2021
- ✓ Capital expenditures of \$40M; forecast for FY 2021 of ~\$200M
- ✓ Dividends of \$20M
- ✓ Year-to-date operating tax rate² of 28%; forecast for FY 2021 operating tax rate of 27% - 29%

1. All amounts are for the second quarter fiscal 2021 or as of March 31, 2021, unless otherwise specified

2. Non-GAAP Measure – See Appendix

FISCAL 2021 FINANCIAL OUTLOOK

Strong Execution

- ◆ Our manufacturing plants continue to operate effectively in the Covid environment to meet the needs of our customers
- ◆ Successful completion of the air pollution control project in Canal, Louisiana
- ◆ Continued the integration of a critical acquisition in the battery materials space and our investments in Inkjet are on track to deliver growth
- ◆ Implementation of digital solutions to drive more efficient and effective processes

Financial Outlook

- ◆ Fiscal 2021 adjusted EPS⁽¹⁾ expected to be between \$4.70 and \$4.95
- ◆ Volumes expected to remain strong in second half of fiscal 2021
- ◆ Expected flow-through of higher raw material costs in Asia, moderating volumes into automotive applications due to the chip shortage and increased fixed costs
- ◆ Cash and liquidity expected to remain robust; stronger cash conversion expected in second half

1. Non-GAAP measure – See Appendix



Q&A





APPENDIX



USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, adjusted EBITDA, and operating tax rate, which are non-GAAP measures. Reconciliations of Adjusted EPS to net income (loss) per share attributable to Cabot Corporation, the most directly comparable GAAP financial measure, Total Segment EBIT, Total Segment EBITDA, and Adjusted EBITDA to income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, the most directly comparable GAAP financial measure of each such non-GAAP measure, operating tax rate to effective tax rate, the most directly comparable GAAP financial measure and Free Cash Flow and Discretionary Free Cash Flow to Cash flow from operating activities, the most directly comparable GAAP financial measure, are provided in the tables included in our first quarter earnings release and filed on our Current Report on Form 8-K dated February 1, 2021. Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

Cabot does not provide an expected GAAP EPS range or reconciliation of the Adjusted EPS range with an expected GAAP EPS range because, without unreasonable effort, we are unable to predict with reasonable certainty the matters we would allocate to “certain items,” including unusual gains and losses, costs associated with future restructurings, acquisition-related expenses and litigation outcomes. These items are uncertain, depend on various factors, and could have a material impact on GAAP EPS in future periods.

This presentation also includes our forecast of the range of our “operating tax rate” which represents the tax rate on our recurring operating results. This rate excludes discrete tax items, which are included in the effective tax rate. Discrete tax items are comprised of (i) unusual or infrequent items, (ii) items related to uncertain tax positions, and (iii) other tax items, such as the impact from the timing of losses in certain jurisdictions and cumulative tax rate adjustments. The operating tax rate also excludes the impact of the items of expense and income we identify as certain items on both our operating income and the tax provision. Management believes that the operating tax rate is useful supplemental information because it helps our investors compare our tax rate year to year on a consistent basis and to understand what our tax rate on current operations would be without the impact of these items.

Cabot does not provide a forward-looking reconciliation of the operating tax rate range with an effective tax rate range because, without unreasonable effort, we are unable to predict with reasonable certainty the matters we would allocate to “certain items,” including unusual gains and losses, costs associated with future restructurings, acquisition-related expenses and litigation outcomes. These items are uncertain, depend on various factors, and could have a material impact on the effective tax rate in future periods.

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities. To calculate “Free Cash Flow” we deduct capital expenditures as disclosed in the consolidated statement of cash flows (as Additions to property, plant and equipment) from cash flow from operating activities.

Explanation of Terms Used

Product Mix. The term “product mix” refers to the mix of types and grade of products sold or the mix of geographic regions where products are sold, and the positive or negative impact this has on the revenue or profitability of the business or segment.

Net Working Capital. The term “net working capital” includes accounts receivable, inventory and accounts payable and accrued liabilities.

NON-GAAP FINANCIAL MEASURES

TOTAL SEGMENT EBIT AND ADJUSTED EBITDA

Our Chief Operating Decision Maker uses segment income (loss) from continuing operations before interest and taxes (which we refer to as segment “EBIT”) to evaluate the operating results of each segment and to allocate resources to the segments. We believe Total segment EBIT, which reflects the sum of EBIT from our 3 reportable segments, provides useful supplemental information for our investors as it is an important indicator of the Company’s operational strength and performance, allows investors to see our results through the eyes of management, and provides context for our discussion of individual business segment performance. Total segment EBIT is a non-GAAP financial measure and should not be considered an alternative for Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, which is the most directly comparable GAAP financial measure. In calculating Total segment EBIT, we exclude from our income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies: (i) items of expense and income that management does not consider representative of our fundamental on-going segment results, which we refer to as “certain items”, and (ii) items that, because they are not controlled by the business segments and primarily benefit corporate objectives, are not allocated to our business segments, such as interest expense and other corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to special projects and initiatives, which we refer to as “other unallocated items”. Management believes excluding the items identified as certain items facilitates operating performance comparisons from period to period by eliminating the differences caused by the existence and timing of certain expenses and income items that would not otherwise be apparent on a GAAP basis. Investors should consider the limitations associated with this non-GAAP measure, including the potential lack of comparability of this measure from one company to another. A reconciliation of Total segment EBIT to Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies is below.

Income (loss) before income taxes and equity in earnings of affiliated companies	Q2 FY2021	Q2 FY2020	YTD 2021	YTD 2020
	\$ 118	\$ 12	\$ 217	\$ 62
Less: Certain items	(1)	(56)	12	(67)
Less: Other Unallocated items	(30)	(27)	60	(52)
Total Segment EBIT	\$ 149	\$ 95	\$ 289	\$ 181
Plus: Total Depreciation & Amortization	38	39	77	78
Plus: Adjustments to Depreciation	2	-	2	(1)
Less: Unallocated Corporate Costs	16	12	29	22
Adjusted EBITDA	\$ 173	\$ 122	\$ 339	\$ 236

NON-GAAP FINANCIAL MEASURES

SEGMENT EBITDA

Segment EBITDA is comprised of Segment EBIT plus depreciation and amortization. Management believes that Segment EBITDA is useful supplemental information because it provides investors with a view of the cash generated by each of the Company's segments, which is available to fund operating needs such as working capital and capital expenditures as well as the cost of financing the Company's capital needs and returning cash to shareholders.

	Q2 FY2021	Q2 FY2020
Reinforcement Materials EBIT	\$ 89	\$ 61
Plus: Depreciation and amortization	18	17
Reinforcement Materials EBITDA	\$ 107	\$ 78
	Q2 FY2021	Q2 FY2020
Performance Chemicals EBIT	\$ 58	\$ 31
Plus: Depreciation and amortization	19	15
Performance Chemicals EBITDA	\$ 77	\$ 46
	Q2 FY2021	Q2 FY2020
Purification Solutions EBIT	\$ 2	\$ 3
Plus: Depreciation and amortization	3	7
Purification Solutions EBITDA	\$ 5	\$ 10

NON-GAAP FINANCIAL MEASURES

FREE CASH FLOW (FCF) & DISCRETIONARY FREE CASH FLOW (DFCF)

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities.

	Q2 FY2021	Q2 FY2020
Cash flow from operating activities ^(A)	\$ 65	\$ 24
Less: Additions to property, plant and equipment	40	51
Free cash flow	\$ 25	\$ (27)
Plus: Additions to property, plant and equipment	40	51
Less: Changes in net working capital ^(B)	(80)	2
Less: Sustaining and compliance capital expenditures	27	27
Discretionary free cash flow	\$ 118	\$ (5)

(A) As provided in the Condensed Consolidated Statement of Cash Flows.

(B) Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statement of Cash Flows.

NON-GAAP FINANCIAL MEASURES

ADJUSTED EPS

Periods ended (unaudited)	Fiscal 2021 ^(E)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2021
<u>Reconciliation of Adjusted EPS to GAAP EPS</u>					
Net income (loss) per share attributable to Cabot Corporation	\$ 1.06	\$ 1.30	\$ —	\$ —	\$ 2.36
Less: Certain items after tax per share	(0.12)	(0.08)	—	—	(0.20)
Adjusted earnings (loss) per share	\$ 1.18	\$ 1.38	\$ —	\$ —	\$ 2.56

Periods ended (unaudited)	Fiscal 2020 ^(E)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<u>Reconciliation of Adjusted EPS to GAAP EPS</u>					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.70	\$ (0.01)	\$ (0.12)	\$ (4.81)	\$ (4.21)
Less: Certain items after tax per share	0.01	(0.78)	(0.05)	(5.49)	(6.29)
Adjusted earnings (loss) per share	\$ 0.69	\$ 0.77	\$ (0.07)	\$ 0.68	\$ 2.08