



Earnings Teleconference

Fourth Quarter / Fiscal 2016

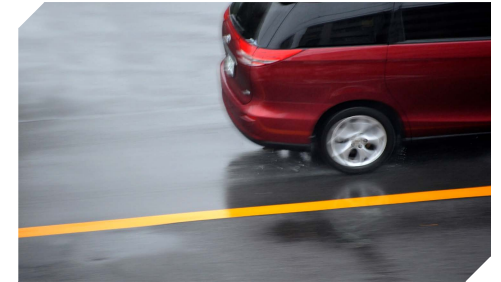


Forward Looking Statements

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for volume and earnings growth and the expected drivers of growth in 2017, demand for our products, our expected uses of cash and our expected tax rates for fiscal 2017 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 in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission, particularly our annual report on Form 10-K for the fiscal year ended September 30, 2015.

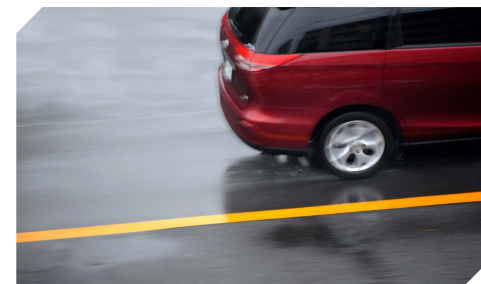
Q4 2016 Highlights

- ◆ Strongest EBIT quarter in Reinforcement Materials since Q1 2015
- ◆ Continued strong results in Performance Chemicals
- ◆ 19% year-over-year volume growth in Purification Solutions driven by full MATS implementation
- ◆ Geographic diversification in Specialty Fluids
- ◆ Announced new Fumed Silica JV and Asia Technology Center



Fiscal 2016 Highlights

- ◆ Third consecutive year of record Performance Chemicals EBIT
- ◆ Strengthening performance throughout the year in Reinforcement Materials
- ◆ MATS implementation drove Purification Solutions volume growth in second half of year
- ◆ Improved project activity in Specialty Fluids despite low oil environment
- ◆ Exceeded cost savings target of \$50 million
- ◆ Strong cash flow generation used to return over \$100 million to shareholders



Corporate Strategy: *Advancing the Core*

Extend our leadership in performance materials by

investing for **growth in our core** businesses,

driving **application innovation** with our customers, and

generating strong cash flows through **efficiency and optimization**.

GROWTH IN OUR CORE

- ◆ Leverage our global reach
- ◆ Capture market growth
- ◆ Enhance portfolio with new, differentiated products
- ◆ Strengthen positions through bolt-on acquisitions

APPLICATION INNOVATION

- ◆ Focus on attractive applications
- ◆ Invest to develop application and formulation solutions
- ◆ Participate to create maximum value in the chain
- ◆ Foster long-lasting, multi-layered customer relationships

EFFICIENCY AND OPTIMIZATION

- ◆ Deliver world-class operational effectiveness
- ◆ Drive capital efficiency
- ◆ Manage working capital rigorously
- ◆ Lead in cost competitiveness

Q4 2016 Operating Performance

	FY 2016	FY 2015	Q4 2016	Q4 2015
Total Segment EBIT (in millions)	\$370	\$332	\$107	\$80
Adjusted EPS	\$3.14	\$2.71	\$1.00	\$0.74

Q4 2016

- ◆ Strong fourth quarter 2016 results driven by higher margins and lower fixed costs
- ◆ EBIT improvement in Performance Chemicals, Reinforcement Materials and Specialty Fluids segments
- ◆ Strong volumes offset by negative inventory comparisons in Purification Solutions segment
- ◆ Solid cash flow generation used to return cash to shareholders
 - ◆ \$18 million of dividends
 - ◆ \$15 million of share repurchases

Reinforcement Materials Segment



Operating Performance

In millions	FY 2016	FY 2015	Q4 2016	Q4 2015
Segment EBIT	\$137	\$143	\$42	\$31
Segment EBITDA	\$211	\$226	\$60	\$50

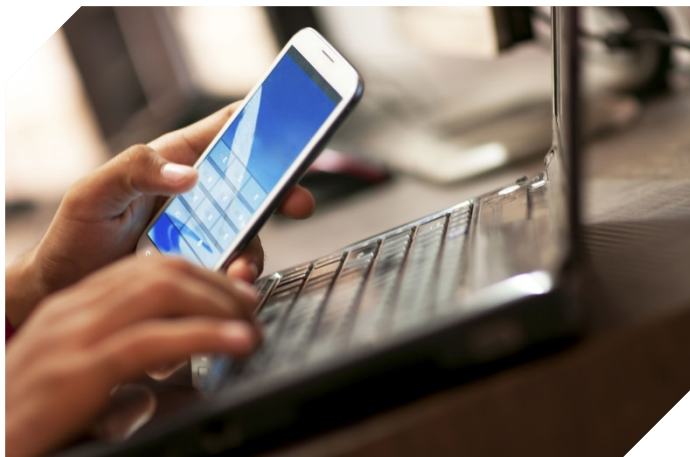
Q4 Key Highlights

- ◆ Contract mix and spot pricing drove improved year-over-year margins
- ◆ Volumes declined mainly in EMEA and Asia, based on closure of plant in Merak, Indonesia

FY'16 Highlights

- ◆ Progressively stronger quarters throughout the year
- ◆ Delivered significant cost reductions in support of corporate goals
- ◆ Strengthened industrial products participation

Performance Chemicals Segment



Operating Performance

In millions	FY 2016	FY 2015	Q4 2016	Q4 2015
Segment EBIT	\$225	\$178	\$58	\$49
Segment EBITDA	\$273	\$232	\$69	\$63

Q4 Key Highlights

- ◆ Expanded margins in Specialty Carbons and Formulations
 - ◆ Price and product mix
 - ◆ Lower feedstock costs
- ◆ Lower fixed costs

FY'16 Highlights

- ◆ Stronger margins from improved product mix and lower raw material costs
- ◆ Volumes increased 3% year-over-year in both Specialty Carbons and Formulations and Metal Oxides
- ◆ Delivered significant cost reductions in support of corporate goals
- ◆ EBITDA margin of 32%

Purification Solutions Segment



Q4 Key Highlights

- ◆ Significantly higher volumes due to MATS implementation
- ◆ Improved fixed costs year-over-year
- ◆ Unfavorable impact from inventory drawdown

Operating Performance

In millions	FY 2016	FY 2015	Q4 2016	Q4 2015
Segment EBIT	(\$5)	\$5	\$2	\$2
Segment EBITDA	\$34	\$50	\$12	\$12

FY'16 Highlights

- ◆ Improved underlying profitability more than offset by impact of inventory reduction
- ◆ MATS implementation drove volume growth in second half of year, though price environment challenging
- ◆ Delivered on fixed cost reduction targets

Specialty Fluids Segment



Q4 Key Highlights

- ◆ Strong EBIT improvement
- ◆ Significant North Sea and Asia jobs completed in the quarter
- ◆ Continued geographic expansion

Operating Performance

In millions	FY 2016	FY 2015	Q4 2016	Q4 2015
Segment EBIT	\$13	\$6	\$5	(\$2)
Segment EBITDA	\$16	\$8	\$6	(\$2)

FY'16 Highlights

- ◆ Stronger profitability in second half of the year
- ◆ Increased level of project activity in both the North Sea and Asia
- ◆ Benefit from fixed cost reductions

Corporate Financial Items

Q4 2016

- ◆ **Cash from Operations:** \$91 million
- ◆ **Net working capital:** increase of \$4 million
- ◆ **Capital expenditures:** \$32 million
- ◆ **Dividend:** \$18 million
- ◆ **Share repurchases:** \$15 million

FISCAL 2016

- ◆ **Cash from Operations:** \$386 million
- ◆ **Net working capital:** decrease of \$43 million
- ◆ **Capital expenditures:** \$112 million
- ◆ **Dividend:** \$65 million
- ◆ **Share repurchases:** \$39 million
- ◆ **2016 operating tax rate:** 24%

Drivers of Fiscal 2017 Performance

Reinforcement Materials



- ◆ Volume growth consistent with tire and industrial rubber sectors
- ◆ New calendar year contracts

Performance Chemicals



- ◆ Moderate earnings growth
- ◆ Focus on differentiated product offerings and applications
- ◆ Investing for future growth

Purification Solutions



- ◆ Volume growth from full year of MATS and new product introductions
- ◆ Inventory headwinds behind us

Specialty Fluids



- ◆ Actively manage pipeline of projects
- ◆ Broaden customer base

The Result of 'Advancing the Core'



Capture global
GDP growth

7% - 10%
adjusted EPS
CAGR over time

Return 50% of
discretionary
free cash flow

Sustained and
attractive TSR



Appendix

Use of Non-GAAP Financial Measures & Definitions of Terms Used

Use of Non-GAAP Financial Measures

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, and operating tax rate, which are non-GAAP measures. Reconciliations of adjusted EPS to EPS from continuing operations, Total segment EBIT to Income (Loss) from continuing operations before income taxes and equity in earnings of affiliated companies, and operating tax rate to effective tax rate, the most directly comparable GAAP financial measures, are provided in the tables included in our fourth quarter earnings release and filed on our Current Report on Form 8-K dated October 31, 2016.

Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

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 expenses.

Non-GAAP Financial Measures

Total Segment EBIT

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 total of these 4 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 (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, headquarter expenses and other items, plus costs related to special projects and initiatives, which we refer to as “other unallocated items”. Our Chief Operating Decision Maker uses segment EBIT to evaluate the operating results of each segment and to allocate resources to the segments. We believe Total segment EBIT 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. 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.

	Q4 2016	Q4 2015
Income from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 66	\$ 42
Interest expense	14	13
Certain items	18	18
Unallocated corporate costs	9	11
General unallocated expense	(1)	(4)
Equity in earnings of affiliated companies	1	-
Total Segment EBIT	\$ 107	\$ 80

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.

	Q4 2016	FY 2016	Q4 2015	FY 2015
Reinforcement Materials EBIT	\$ 42	\$ 137	\$ 31	\$ 143
Plus: Depreciation & Amortization	18	74	19	83
Reinforcement Materials EBITDA	\$ 60	\$ 211	\$ 50	\$ 226

	Q4 2016	FY 2016	Q4 2015	FY 2015
Performance Chemicals EBIT	\$ 58	\$ 225	\$ 49	\$ 178
Plus: Depreciation & Amortization	11	48	14	54
Performance Chemicals EBITDA	\$ 69	\$ 273	\$ 63	\$ 232

	Q4 2016	FY 2016	Q4 2015	FY 2015
Purification Solutions EBIT	\$ 2	\$ (5)	\$ 2	\$ 5
Plus: Depreciation & Amortization	10	39	10	45
Purification Solutions EBITDA	\$ 12	\$ 34	\$ 12	\$ 50

	Q4 2016	FY 2016	Q4 2015	FY 2015
Specialty Fluids EBIT	\$ 5	\$ 13	\$ (2)	\$ 6
Plus: Depreciation & Amortization	1	3	-	2
Specialty Fluids EBITDA	\$ 6	\$ 16	\$ (2)	\$ 8

