



EARNINGS TELECONFERENCE

THIRD QUARTER - FISCAL 2020



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 with respect to our expectations for demand for our products, our expectations for improvement in earnings and volumes in the fourth quarter of fiscal 2020, our expectations for operating cash flow generation, the cost savings we expect to achieve in fiscal 2020 from the cost reduction initiatives, 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. Importantly, as we cannot predict the duration or scope of the COVID-19 pandemic, the negative impact to our results cannot be estimated. Factors that will influence the impact on our business and operations include the duration and extent of the pandemic, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of the pandemic. Other 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, 2019 and in our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2020, and subsequent SEC filings, 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.

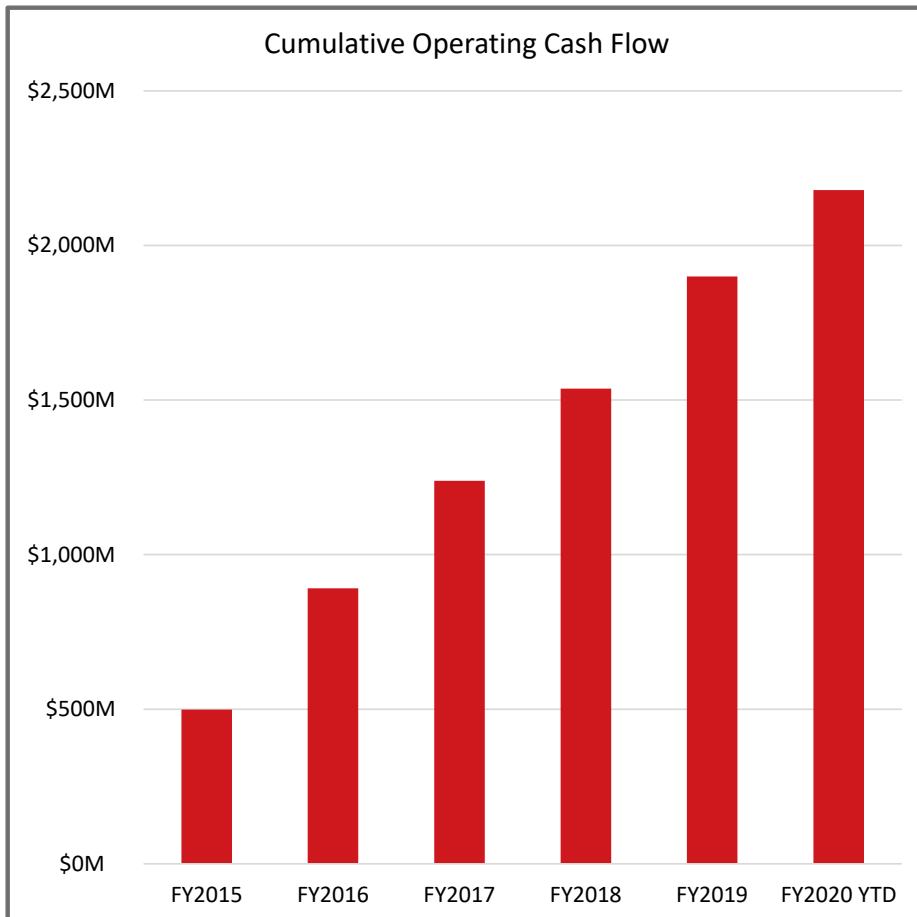
Q3 2020 OVERVIEW

- ◆ *Significant decline in demand* driven by impact of COVID-19
- ◆ *Total Segment EBIT¹ of \$18M*; Diluted EPS loss of \$0.12, Adjusted EPS¹ loss of \$0.07
- ◆ *Strong working capital performance* drove Operating Cash Flow of \$149 million
- ◆ *Continued commitment to return cash to shareholders* with fiscal third quarter dividends totaling \$20 million
- ◆ *Completed acquisition of Shenzhen Sanshun Nano* – a leading producer of carbon nanotubes (CNT) for lithium-ion batteries

<i>(in \$ millions)</i>	Q3 2020	Q3 2019
Total Segment EBIT¹	\$ 18	\$ 112
Adjusted EBITDA¹	\$ 46	\$ 135
Dividends	\$ 20	\$ 20
Operating Cash Flow	\$ 149	\$ 115



STRONG FINANCIAL POSITION



CABOT CORPORATION

Sources and Uses of Cash

- ◆ Q3 Cash Flow From Ops of \$149M; \$2.2B since 2015
- ◆ Capital Spending: \$43 million
- ◆ Dividend: \$20 million
- ◆ Sanshun acquisition: \$85 million

Debt and Liquidity (as of 6/30/20)

- ◆ Debt balance down \$13 million in the quarter
- ◆ Cash and committed borrowing capacity of \$1.4B
- ◆ Debt to EBITDA 2.9x
- ◆ Covenant amendment: increase to 4.5x Debt/EBITDA for four quarters starting in fiscal Q4

Cash Priorities

- ◆ Expect that Cash Flow from Operations will be sufficient to fund our current dividend and capex needs

MARKET SUMMARY

COVID-19 Impact

- ◆ Global GDP¹ forecasted to be down roughly 5% in 2020
- ◆ June quarter expected to be low point for Cabot financials

Auto Production²

- ◆ Global LMC forecast expects CY2020 production to decline 20% YoY with declines in all regions
- ◆ Early signs of recovery in auto market heading into the September quarter with global LV auto production down only 10% vs down 45% in June quarter

Tire Production²

- ◆ Latest forecasts show global tire production expected to contract in CY2020 by 15%
- ◆ Positive global trends for miles driven and mobility bode well for replacement tire market

Other Markets

- ◆ Infrastructure, packaging and agriculture-based applications showing resilience
- ◆ PMI improving globally from low point in April

1. Source – World Economic Outlook (International Monetary Fund) as of June 30, 2020

2. Source – LMC Q2 2020 Forecast (published 6/1/2020)

CONTINUED FOCUS ON SUSTAINABILITY

Strong culture of sustainability is a source of leadership and differentiation

- ◆ **Published 2019 Sustainability Report**
 - Furthering our commitment to transparency, we aligned our disclosures with SASB standards
- ◆ **Unveiled New 2025 Sustainability Goals**
 - Aligned with our 11 Material Topics
 - Will drive our actions on a wide range of sustainability themes
- ◆ **Completed Placement of All Major Air Emission Control Equipment at Franklin, Louisiana**
 - Site remains on track to start up equipment in early 2021
- ◆ **Introduced new E2C™ DX9640 Engineered Elastomer Composite**
 - Designed to help tire manufacturers unlock superior performance
 - Named to *ERJ's* Elastomers for Sustainability Top 10 – for projects contributing most to raising the environmental profile of the elastomers/rubber industry



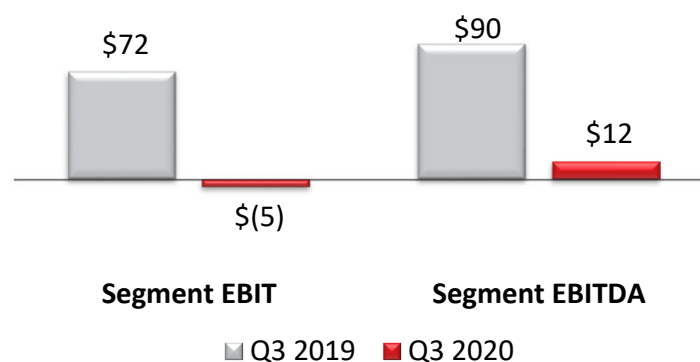
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2020 RESULTS

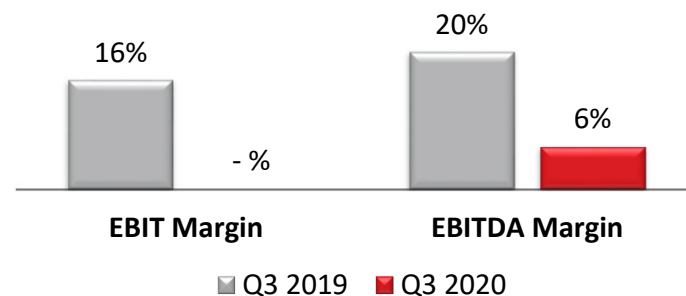
- ♦ Volumes down 42% due to COVID-19 impact
- ♦ Unfavorable impact of raw material costs on margins
- ♦ Cost mitigation efforts partially offset impact from lower volumes and margins



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



Q4 FISCAL 2020 OUTLOOK

- ♦ Significant sequential volume and EBIT improvement expected in the fourth quarter given that customer plants have come back on-line
- ♦ Margins expected to improve sequentially



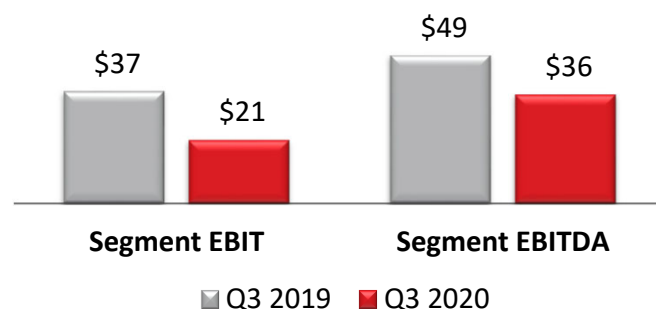
PERFORMANCE CHEMICALS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2020 RESULTS

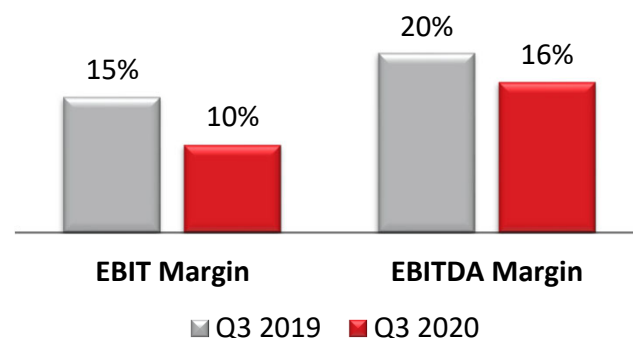
- ◆ COVID-19 negatively impacted volumes particularly in the automotive sector
- ◆ Lower pricing and product mix in fumed metal oxides product line
- ◆ Margins impacted by less favorable product mix in the specialty carbons product line



SEGMENT EBIT AND EBITDA (\$ MILLIONS)

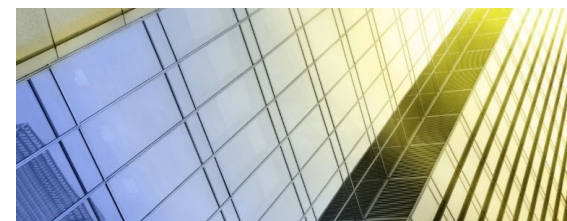


SEGMENT EBIT AND EBITDA MARGINS



Q4 FISCAL 2020 OUTLOOK

- ◆ Modest sequential improvement to volumes in the Performance Additives business, offset by seasonal patterns in Formulated Solutions
- ◆ Higher fixed costs expected related to start-up of North America fumed metal oxides plant and synchronized turnarounds driven by fence-line partners



PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

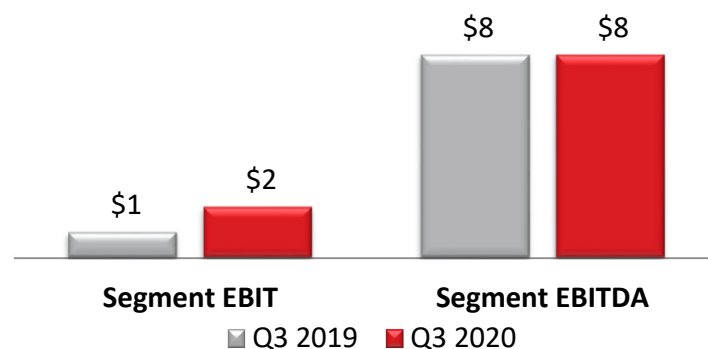
Q3 FISCAL 2020 RESULTS

- ♦ Margin benefit from improved pricing and product mix in specialty applications
- ♦ Lower fixed costs due to transformation plan
- ♦ Lower volumes in specialty applications related to the impact of COVID-19 and weaker mercury removal demand

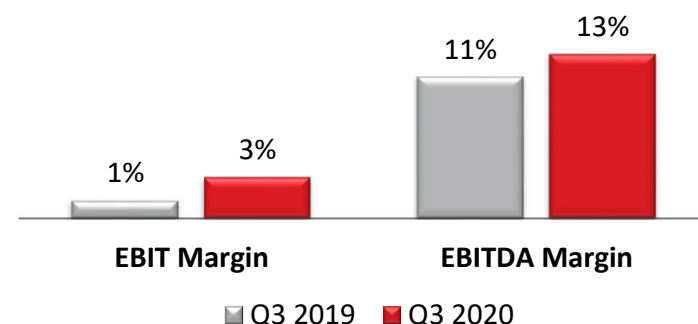


CABOT CORPORATION

SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



Q4 FISCAL 2020 OUTLOOK

- ♦ Seasonality and gradual COVID-19 recovery drives higher sequential volumes
- ♦ Expect lower margins due to less favorable product mix



CORPORATE FINANCIAL ITEMS¹



- ✓ Cash of \$162M and liquidity of \$1.4B
- ✓ Cash flow from operations of \$149M in Q3 2020; \$278M year-to-date
- ✓ Capital expenditures of \$43M; forecast for FY 2020 of \$200M
- ✓ Dividends of \$20M; Share repurchases temporarily halted
- ✓ Year-to-date operating tax rate² of 29%; forecasted 29%-30%

1. All amounts are for the third quarter fiscal 2020 or as of June 30, 2020, unless otherwise specified

2. Non-GAAP Measure – See Appendix

2020 OUTLOOK

- ◆ Recovery underway in the tire and automotive end markets, but uncertainty remains
- ◆ Significant sequential improvement expected in Reinforcement Materials
- ◆ Modest volume recovery anticipated in Performance Chemicals
- ◆ Continued focus on cost reduction and net working capital management
- ◆ On track to deliver \$200M of operating cash flow in the second half of fiscal 2020





Q&A





APPENDIX



USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes references to adjusted earnings per share (EPS), adjusted earnings per share (EPS) without Specialty Fluids, 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 third quarter earnings release and filed on our Current Report on Form 8-K dated August 6, 2020. Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

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 unusual or infrequent items that are excluded from the estimated annual effective tax rate and other tax items, including the impact of the timing of losses in certain jurisdictions, cumulative tax rate adjustments and 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. We do not provide a forecast for effective tax rate or reconcile our forecast of operating tax rate to effective tax rate 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.

	Q3 2020	Q3 2019*
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ (11)	\$ 69
Less: Certain items	(7)	(14)
Less: Other unallocated items	(22)	(29)
Total Segment EBIT	\$ 18	\$ 112
Plus: Total Depreciation & Amortization	39	37
Plus: Adjustments to Depreciation	(1)	-
Less: Unallocated Corporate Costs	10	14
Adjusted EBITDA	\$ 46	\$ 135

* 2019 Earnings include the Specialty Fluids Segment divested in Q3 Fiscal 2019

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.

	Q3 2020	Q3 2019
Reinforcement Materials EBIT	\$ (5)	\$ 72
Plus: Depreciation & Amortization	17	18
Reinforcement Materials EBITDA	\$ 12	\$ 90
	Q3 2020	Q3 2019
Performance Chemicals EBIT	\$ 21	\$ 37
Plus: Depreciation & Amortization	15	12
Performance Chemicals EBITDA	\$ 36	\$ 49
	Q3 2020	Q3 2019
Purification Solutions EBIT	\$ 2	\$ 1
Plus: Depreciation & Amortization	6	7
Purification Solutions EBITDA	\$ 8	\$ 8
	Q3 2020	Q3 2019
Specialty Fluids EBIT	\$ -	\$ 2
Plus: Depreciation & Amortization	-	-
Specialty Fluids EBITDA	\$ -	\$ 2

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.

	Q3 2020	Q3 2019
Cash flow from operating activities ^(A)	\$ 149	\$ 115
Less: Additions to property, plant and equipment	43	58
Free cash flow	\$ 106	\$ 57
Plus: Additions to property, plant and equipment	43	58
Less: Changes in net working capital ^(B)	126	16
Less: Sustaining and compliance capital expenditures	24	28
Discretionary free cash flow	\$ (1)	\$ 71

(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 EXCLUDING SPECIALTY FLUIDS

	Fiscal 2019 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ 1.14	\$ 0.39	\$ 0.55	\$ 0.55	\$ 2.63
Less: Certain items after tax per share	0.27	(0.60)	(0.45)	(0.50)	(1.28)
Adjusted earnings per share	\$ 0.87	\$ 0.99	\$ 1.00	\$ 1.05	\$ 3.91
Less: Specialty Fluids Adjusted earnings per share	0.14	0.15	0.02	—	0.31
Adjusted earnings per share excluding Specialty Fluids	\$ 0.73	\$ 0.84	\$ 0.98	\$ 1.05	\$ 3.60
^(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.					
^(B) Specialty Fluids Adjusted earnings per share is calculated as follows (in millions except for per share amounts):					
Specialty Fluids EBIT	\$ 10	\$ 12	\$ 2	\$ —	\$ 24
Less: Specialty Fluids taxes ^(C)	2	3	1	—	6
Specialty Fluids profit after tax	\$ 8	\$ 9	\$ 1	\$ —	\$ 18
Divided by: Cabot Corporation diluted weighted average common shares outstanding	60.1	59.3	58.4	57.6	58.8
Specialty Fluids Adjusted EPS	\$ 0.14	\$ 0.15	\$ 0.02	\$ —	\$ 0.31
^(C) Specialty Fluids taxes calculated by applying Cabot's Operating tax rate for each period to Specialty Fluids EBIT. Please refer to Cabot's fiscal 2019 earnings releases for the reconciliations of the Company's operating tax rate to its effective tax rate.					