



# CABOT EARNINGS TELECONFERENCE

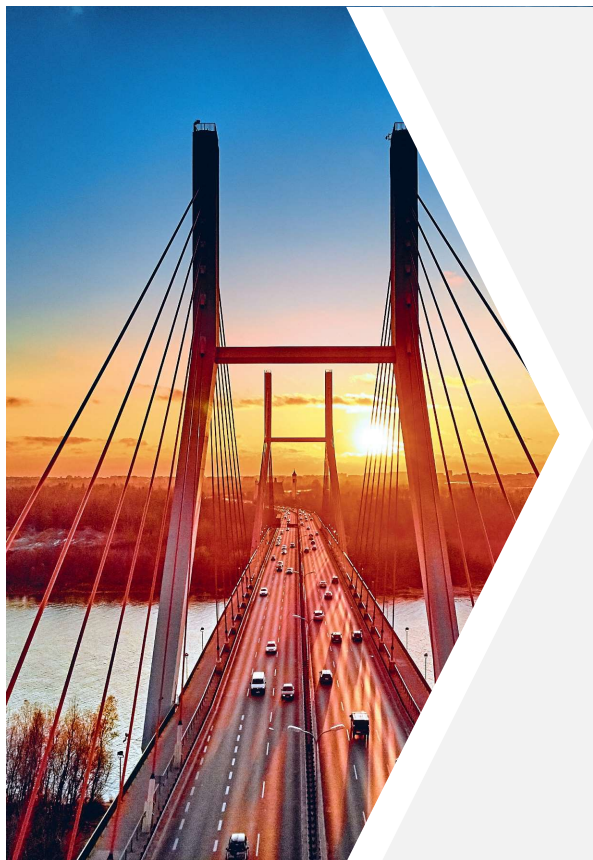
FIRST QUARTER – FISCAL 2022



# 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 2022 and our outlook for fiscal 2022-2024, including our expectations for adjusted earnings per share and the strength of demand, discretionary free cash flow and the return of capital to shareholders, the factors that we expect will impact our results of operations, our expected fiscal 2022 EBITDA for our battery materials growth vector and timing of sales from a new EV battery program, our expected operating tax rate for fiscal 2022, our expected capital expenditures for fiscal 2022, and the expected timing of the closing of our divestiture of our Purification Solutions business, acquisition of a plant in Tianjin, China and start-up of our plant in Xuzhou, China 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, disruption to our operations from the COVID-19 pandemic, competition from other specialty chemical companies; safety, health and environmental requirements or liabilities; volatility in the price of energy and raw materials; a significant adverse change in a customer relationship; failure to achieve growth expectations from new products, new applications and technology developments; unanticipated delays in, or increased cost of 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, 2021, filed with the SEC at [www.sec.gov](http://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.

# Creating for Tomorrow | Q1 2022 Highlights



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Adjusted EPS<sup>1</sup> of \$1.29, up from \$1.18 in Q1 2021

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Returned \$40 million to shareholders

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Positive outcome from 2022 reinforcing carbons annual customer agreements

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Continuing momentum in Battery Materials

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Advancing our ESG priorities

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1. Non-GAAP measure – See Appendix

# Our Strategy | *Creating for Tomorrow*

We will leverage our strengths to lead in performance and sustainability — today and into the future.



## GROW

Investing for advantaged growth.



## INNOVATE

Developing innovative products and processes that enable a better future.



## OPTIMIZE

Driving continuous improvement in everything we do.

# 2022 – 2024 Outlook



Supportive market environment and positive macro trends



High value **Performance Chemicals** segment expected to grow volume 9-11% with capacity additions, while **Reinforcement Materials** expected to maintain steady volume growth of 2-3%



Expect EBIT CAGR of 50%+ in Battery Materials



Expect adj. EPS<sup>1</sup> CAGR of 8-12% over the period



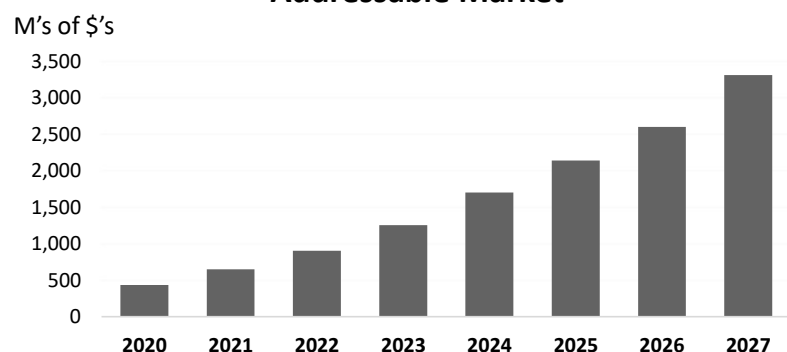
**Over \$1B of DFCF<sup>1</sup>** expected to support growth investments and cash return to shareholders

**Positioned to Deliver Strong Financial Performance & Create Breakout Value**

1. Non-GAAP measure – See Appendix

# Continuing Momentum in Battery Materials

**Total Global Conductive Carbon Additives  
Addressable Market**



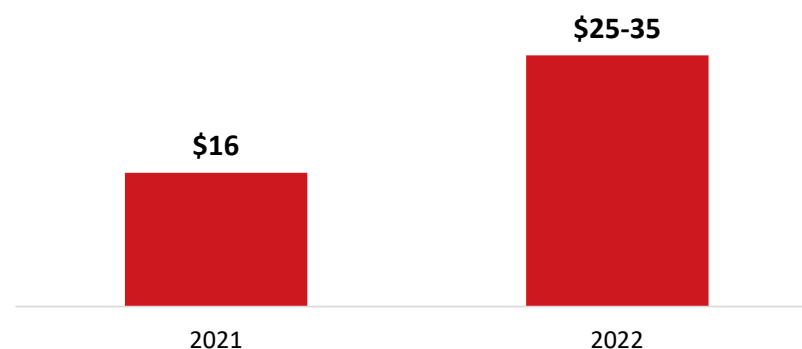
## Why We Win

- ◆ Broadest spectrum of Conductive Carbon Additive products and unique blends and dispersion capability
- ◆ A leading commercial position with sales to six of the top eight battery manufacturers
- ◆ Global manufacturing network to enable global expansion
- ◆ Strong customer engagement through local commercial and technical support

## Strategy Progress and Highlights

- ◆ Q1 volume growth +58% Y-o-Y
- ◆ 2022 EBITDA expected to be \$25-35M
- ◆ Qualified in a new EV battery program with a top five battery manufacturer; sales expected to begin in Q3 2022
- ◆ Announced agreement to acquire plant in Tianjin, China to support growth of Battery Materials; expected to close Q2 2022
- ◆ Startup of Xuzhou, China plant in 2H fiscal 2022 expected to free up capacity in network for additional Battery Materials capacity

## EBITDA (\$M)



Source: Cabot Internal Assessment and Bloomberg NEF

# Advancing our ESG Priorities



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Announced ambition of achieving net zero carbon emissions by 2050

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Published risk and opportunity matrix aligned with the Task Force for Climate-related Financial Disclosure (TCFD)

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Named by *Newsweek* as one of America's Most Responsible Companies, for third straight year

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Recognized as one of *Investor's Business Daily's* 100 Best ESG Companies of 2021

# Q1 2022 Financial Highlights



## Adjusted EPS<sup>1</sup>

**\$1.29**

Up 9% year-over-year

## Discretionary Free Cash Flow<sup>1</sup>

**\$72 million**

## Cash

**\$179 million**

## Capex

**\$30 million**

Fiscal '22 expected to be \$250M - \$275M

## Liquidity

**\$1.2 billion**

Net Debt to EBITDA of 1.8x

## Operating Tax Rate<sup>1</sup>

**27% YTD**

FY'22 forecast of 27% - 28%

1. Non-GAAP measure – See Appendix DFCF = Operating CF less changes in NWC less Sustaining & Compliance Capex

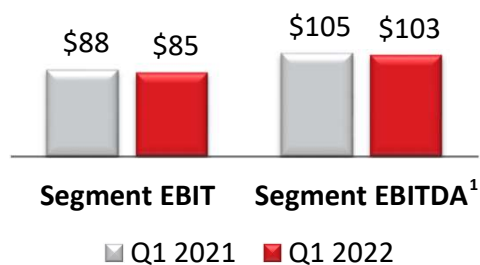


# Reinforcement Materials Segment

## Operating Performance

### Q1 2022 EBIT RESULTS

- ◆ Global volumes up 4% year-over-year driven by growth in Asia
- ◆ Margins improved on energy center and yield investment benefit
- ◆ Higher fixed costs due to higher utilities and maintenance spend



### Q2 2022 OUTLOOK

- ◆ Margins expected to benefit from higher pricing in calendar year 2022 customer agreements
- ◆ Volumes expected to remain solid with sequential improvement expected in EMEA and Americas



### GROWTH HIGHLIGHTS

- ◆ Volume growth of 4% year-over-year and 1% sequentially
- ◆ Customer agreements provide for volume growth in line with regional demand



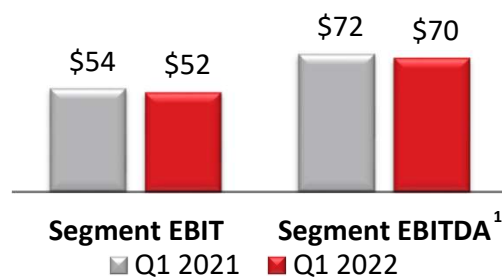
1. Non-GAAP measure – See Appendix

# Performance Chemicals Segment

## Operating Performance

### Q1 2022 EBIT RESULTS

- ◆ Volume declined due to plant downtimes
- ◆ Growth in demand for battery materials applications
- ◆ Higher margins due to improved product mix and strong pricing



### Q2 2022 OUTLOOK

- ◆ Expect sequential volume growth as specialty compounds and fumed metal oxides plants comes back online
- ◆ Continued momentum in battery materials and inkjet product lines expected
- ◆ Increased pricing across the segment to offset rising input costs



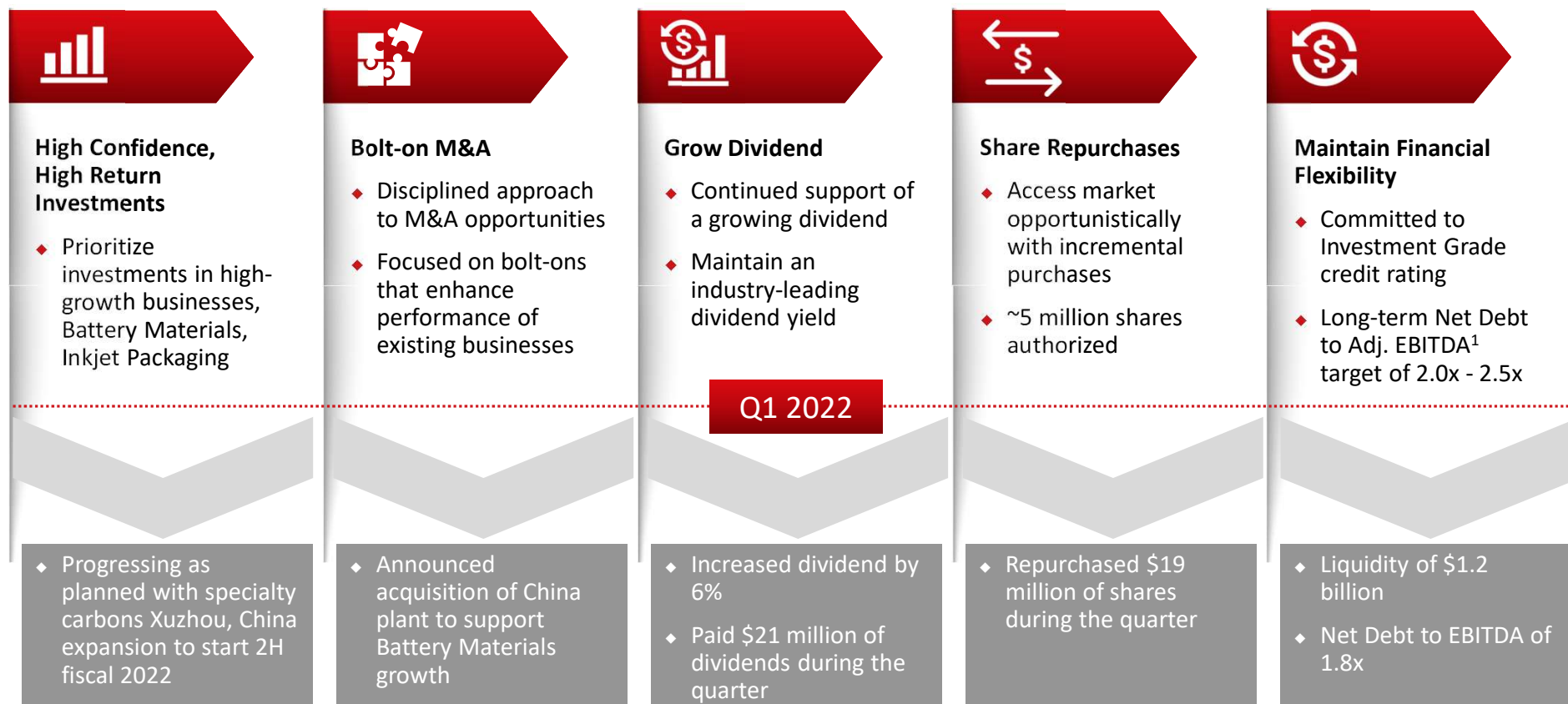
### GROWTH HIGHLIGHTS

- ◆ Battery Materials volume growth 58% year-over-year
- ◆ Announced acquisition of China plant to support Battery Materials growth; expected to close in Q2 2022
- ◆ Progressing as planned with specialty carbons Xuzhou, China expansion to start 2H 2022



1. Non-GAAP measure – See Appendix

# Capital Allocation Supports Strategy



1. Non-GAAP measure – See Appendix

# 2022 Outlook

1

## **Increase in adjusted EPS<sup>1</sup> guidance**

\$5.50 - \$5.90 adjusted EPS expected for FY 2022

2

## **Demand remains strong**

Resilient replacement tire market and diversified portfolio in Performance Chemicals

3

## **Unit margins robust**

Positive outcome of CY'22 Reinforcement Materials contracts and successful execution of price increases in Performance Chemicals

4

## **Growth vectors realizing strong growth**

On track for 50%+ EBIT growth CAGR in Battery Materials and 25% EBIT growth CAGR in Inkjet



**Executing on Our Commitments and Driving Growth**

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, discretionary free cash flow, 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 January 31, 2022. 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 | Q1 FY2022     | Q1 FY2021     |
|--|---------------|---------------|
|  | \$ (92)       | \$ 99         |
| Less: Certain items  | (203)         | (11)          |
| Less: Other Unallocated items  | (26)          | (30)          |
| <b>Total Segment EBIT</b>  | <b>\$ 137</b> | <b>\$ 140</b> |
| Plus: Total Depreciation & Amortization  | 39            | 39            |
| Plus: Adjustments to Depreciation  | -             | -             |
| Less: Unallocated Corporate Costs  | 14            | 13            |
| <b>Adjusted EBITDA</b>   | <b>\$ 162</b> | <b>\$ 166</b> |



# 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.

|                                       | Q1 FY2022     | Q1 FY2021     |
|---------------------------------------|---------------|---------------|
| Reinforcement Materials EBIT          | \$ 85         | \$ 88         |
| Plus: Depreciation and amortization   | 18            | 17            |
| <b>Reinforcement Materials EBITDA</b> | <b>\$ 103</b> | <b>\$ 105</b> |
|                                       | Q1 FY2022     | Q1 FY2021     |
| Performance Chemicals EBIT            | \$ 52         | \$ 54         |
| Plus: Depreciation and amortization   | 18            | 18            |
| <b>Performance Chemicals EBITDA</b>   | <b>\$ 70</b>  | <b>\$ 72</b>  |
|                                       | Q1 FY2022     | Q1 FY2021     |
| Purification Solutions EBIT           | \$ -          | \$ (2)        |
| Plus: Depreciation and amortization   | 3             | 4             |
| <b>Purification Solutions EBITDA</b>  | <b>\$ 3</b>   | <b>\$ 2</b>   |

# 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.

|  | Q1 FY2022      | Q1 FY2021     |
|--|----------------|---------------|
| Cash flow from operating activities <sup>(A)</sup>   | \$ (49)        | \$ 21         |
| Less: Additions to property, plant and equipment     | 30             | 29            |
| <b>Free cash flow</b>                                | <b>\$ (79)</b> | <b>\$ (8)</b> |
| Plus: Additions to property, plant and equipment     | 30             | 29            |
| Less: Changes in net working capital <sup>(B)</sup>  | (143)          | (99)          |
| Less: Sustaining and compliance capital expenditures | 22             | 21            |
| <b>Discretionary free cash flow</b>                  | <b>\$ 72</b>   | <b>\$ 99</b>  |

(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

|   |  | Fiscal 2022 <sup>(A)</sup> |                |                |                |                |
|---|--|----------------------------|----------------|----------------|----------------|----------------|
|   |  | Dec. Q                     | Mar. Q         | June Q         | Sept. Q        | FY 2022        |
| <b>Reconciliation of Adjusted EPS to GAAP EPS</b>             |  |                            |                |                |                |                |
| Net income (loss) per share attributable to Cabot Corporation |  | \$ (1.57)                  | \$ —           | \$ —           | \$ —           | \$ (1.57)      |
| Less: Certain items after tax per share                       |  | (2.86)                     | —              | —              | —              | (2.86)         |
| <b>Adjusted earnings (loss) per share</b>                     |  | <b>\$ 1.29</b>             | <b>\$ —</b>    | <b>\$ —</b>    | <b>\$ —</b>    | <b>\$ 1.29</b> |
|   |  | Fiscal 2021 <sup>(A)</sup> |                |                |                |                |
|   |  | Dec. Q                     | Mar. Q         | June Q         | Sept. Q        | FY 2021        |
| <b>Reconciliation of Adjusted EPS to GAAP EPS</b>             |  |                            |                |                |                |                |
| Net income (loss) per share attributable to Cabot Corporation |  | \$ 1.06                    | \$ 1.30        | \$ 1.48        | \$ 0.50        | \$ 4.34        |
| Less: Certain items after tax per share                       |  | (0.12)                     | (0.08)         | 0.13           | (0.61)         | (0.68)         |
| <b>Adjusted earnings (loss) per share</b>                     |  | <b>\$ 1.18</b>             | <b>\$ 1.38</b> | <b>\$ 1.35</b> | <b>\$ 1.11</b> | <b>\$ 5.02</b> |

<sup>(A)</sup> Per share amounts are calculated after tax.