



Earnings Teleconference

Fourth Quarter / Fiscal 2017

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 adjusted EPS growth, the factors we expect to impact earnings in each segment, our expectations for segment EBIT for each of our segments and for adjusted EPS for fiscal 2018 and our broad assumptions supporting these expectations, anticipated demand for our products, when we expect to complete our purchase of Tech Blend, the benefits and synergies we anticipate from this purchase, and the expected annual accretion to our EPS from this purchase; when we anticipate growth in our fumed silica business from our new plants in Wuhai and Carrollton and in our specialty compounds business from a new production line in our plant in Belgium; our expected uses of cash, including for capital expenditures; and our expected tax rate for fiscal 2018, 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; unanticipated disruptions or delays in plant operations or development projects; 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, 2016.

Advancing the Core: Cabot announces acquisition to expand formulations capability

- ◆ Cabot announced agreement to acquire Tech Blend – a leading North American black masterbatch and concentrate producer located near Montréal, Canada
- ◆ Acquisition price of ~\$64M; Tech Blend generated ~\$8M in adjusted EBITDA (TTM)
- ◆ This investment will enhance our global leadership in black masterbatch and compounds
 - Platform for growth in key plastics applications in the Americas, including conductive formulations
- ◆ Transaction expected to close in Q1 of FY18



2017 Highlights

Q4 2017

- ◆ Strongest EBIT quarter since Q3 2014
- ◆ Reinforcement Materials EBIT growth of 14% from Q4 2016
- ◆ Best EBIT quarter of the year in Performance Chemicals
- ◆ Continued momentum in specialty applications in Purification Solutions

FISCAL 2017

- ◆ Strongest full year business results since 2014, Adjusted EPS growth of 9%
- ◆ Reinforcement Materials full year EBIT growth of 41%
- ◆ Performance Chemicals EBIT in excess of \$200 million
- ◆ Purification Solutions EBIT growth of \$11 million

Successful Strategy Delivery

Fiscal 2017 Performance



Q4 2017 Operating Performance



Operating Performance		
	Q4 2017	Q4 2016
Diluted EPS	\$1.07	\$0.83
Adjusted EPS	\$0.91	\$1.00
Revenue (in millions)	\$723	\$619
Total Segment EBIT (in millions)	\$108	\$107
Cash flows from operations (in millions)	\$157	\$97

- ◆ Strong year over year results driven by higher volumes and improved margins
- ◆ EBIT growth in Reinforcement Materials and Purification Solutions Segments
- ◆ Performance Chemicals EBIT exceeds \$200 million despite feedstock headwinds

Reinforcement Materials Segment



Operating Performance

In millions	Q4 2017	Q4 2016	FY 2017	FY 2016
Segment EBIT	\$48	\$42	\$193	\$137
EBIT Margin	13%	15%	14%	12%
Segment EBITDA	\$66	\$60	\$262	\$211
EBITDA Margin	18%	21%	19%	19%

Q4 Key Highlights

- ◆ Growth from 2017 calendar year tire agreements
- ◆ Spot market pricing, particularly in Asia, remains strong
- ◆ Volumes up in Americas and Europe

FY'17 Key Highlights

- ◆ Full year increase in EBIT of \$56 million
- ◆ Volume and margin growth from 2017 calendar year tire agreements
- ◆ Strong spot market pricing
- ◆ Energy & yield investments yielding more as oil moved up into \$45-55 range

Performance Chemicals Segment



Operating Performance

In millions	Q4 2017	Q4 2016	FY 2017	FY 2016
Segment EBIT	\$55	\$58	\$201	\$225
EBIT Margin	22%	27%	22%	26%
Segment EBITDA	\$67	\$69	\$247	\$273
EBITDA Margin	27%	32%	27%	32%

Q4 Key Highlights

- ◆ Lower margins year-over-year from higher feedstock costs in Specialty Carbons and Formulations
- ◆ Strong market demand drives volume growth in both Specialty Carbons and Formulations and Metal Oxides

FY'17 Key Highlights

- ◆ Strong EBIT Margins of 22%, though down from 2016 due to higher feedstock costs
- ◆ Announced investments in Wuhai, China and Carrollton, KY
- ◆ Volume increases of 5% in both Specialty Carbons and Formulations and Metal Oxides

Purification Solutions Segment



Operating Performance

In millions	Q4 2017	Q4 2016	FY 2017	FY 2016
Segment EBIT	\$2	\$2	\$6	(\$5)
EBIT Margin	3%	3%	2%	-
Segment EBITDA	\$12	\$12	\$45	\$34
EBITDA Margin	16%	15%	16%	12%

Q4 Key Highlights

- ◆ Volume growth in specialty applications, offset by volume declines in North America for powdered activated carbon.
- ◆ Idled 3 of 7 production units at Marshall, Texas facility to realign costs to current demand

FY'17 Key Highlights

- ◆ Full year EBIT increase of \$11 million
- ◆ Significantly higher volumes due to MATS implementation
- ◆ Strong momentum in specialty applications

Specialty Fluids Segment



Operating Performance

In millions	Q4 2017	Q4 2016	FY 2017	FY 2016
Segment EBIT	\$3	\$5	\$9	\$13
EBIT Margin	27%	33%	22%	28%
Segment EBITDA	\$3	\$6	\$11	\$16
EBITDA Margin	27%	40%	27%	34%

Q4 Key Highlights

- ◆ Lower level of project activity in North Sea and Asia, Middle East and Africa
- ◆ Strong quarter in Fine Cesium Chemicals market

FY'17 Key Highlights

- ◆ Lower project activity levels resulting in lower rental and sales volumes
- ◆ Continue to broaden customer base outside the North Sea

Corporate Financial Items

Q4 2017

- ◆ **Cash from Operations:** \$157 million
- ◆ **Net working capital:** decrease of \$64 million
- ◆ **Capital expenditures:** \$61 million
- ◆ **Dividend:** \$20 million
- ◆ **Share repurchases:** \$18 million
- ◆ **LIFO Charge:** \$7 million

FISCAL 2017

- ◆ **Cash from Operations:** \$340 million
- ◆ **Net working capital:** increase of \$23 million
- ◆ **Capital expenditures:** \$147 million
- ◆ **Dividend:** \$77 million
- ◆ **Share repurchases:** \$61 million
- ◆ **LIFO Charge:** \$11 million
- ◆ **2017 operating tax rate:** 19%

Fiscal 2018 Outlook

Driving our *Advancing the Core* strategy

Reinforcement Materials

- ◆ \$200-\$220 million EBIT
 - ◆ Contract outcomes
 - ◆ Utilization rates
 - ◆ China environment

Performance Chemicals

- ◆ \$200-\$215 million EBIT
 - ◆ Feedstock costs
 - ◆ Price realization
 - ◆ Investing for growth

Purification Solutions

- ◆ \$10-\$15 million EBIT
 - ◆ Growth in specialty applications
 - ◆ North American powder market

Specialty Fluids

- ◆ \$5-\$10 million EBIT
 - ◆ Oil and Gas project timing
 - ◆ Fine Cesium Chemical growth

Adjusted EPS

\$3.50 - \$3.90



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, discretionary free cash flow 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, discretionary free cash flow to cash flow from operating activities 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, 2017.

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

This presentation also includes our forecast of adjusted EPS for fiscal 2018. We do not provide a forecast for GAAP EPS or reconcile either our forecast of adjusted EPS to GAAP EPS or our expected adjusted EPS growth rate range with a GAAP EPS growth 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 GAAP EPS 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.

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 sum of EBIT from our 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 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.

	Q4 2017	Q4 2016
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 71	\$ 66
Less: Certain items	(1)	(18)
Less: Other unallocated items	(36)	(23)
Total Segment EBIT	\$ 108	\$ 107

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 2017	FY 2017	Q4 2016	FY 2016
Reinforcement Materials EBIT	\$ 48	\$ 193	\$ 42	\$ 137
Plus: Depreciation & Amortization	18	69	18	74
Reinforcement Materials EBITDA	\$ 66	\$ 262	\$ 60	\$ 211

	Q4 2017	FY 2017	Q4 2016	FY 2016
Performance Chemicals EBIT	\$ 55	\$ 201	\$ 58	\$ 225
Plus: Depreciation & Amortization	12	46	11	48
Performance Chemicals EBITDA	\$ 67	\$ 247	\$ 69	\$ 273

	Q4 2017	FY 2017	Q4 2016	FY 2016
Purification Solutions EBIT	\$ 2	\$ 6	\$ 2	\$ (5)
Plus: Depreciation & Amortization	10	39	10	39
Purification Solutions EBITDA	\$ 12	\$ 45	\$ 12	\$ 34

	Q4 2017	FY 2017	Q4 2016	FY 2016
Specialty Fluids EBIT	\$ 3	\$ 9	\$ 5	\$ 13
Plus: Depreciation & Amortization	-	2	1	3
Specialty Fluids EBITDA	\$ 3	\$ 11	\$ 6	\$ 16

