



EARNINGS TELECONFERENCE

THIRD QUARTER - FISCAL 2019



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 for fiscal 2019, our performance in the fourth quarter and the full year of fiscal 2019, the factors we expect to impact earnings in each segment, anticipated demand for our products; and our expected uses of cash, including for capital expenditures 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; global trade policies; 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, 2018.

Q3 2019 HIGHLIGHTS

- ◆ *Adjusted EPS¹ of \$1.00, Total Segment EBIT¹ of \$112M; consistent with second fiscal quarter performance*
- ◆ *Strong performance in the Reinforcement Materials segment despite the challenging business environment*
- ◆ *Took actions to counteract the economic headwinds*
- ◆ *Continued commitment to return cash to shareholders with a 6% increase in the dividend in the third fiscal quarter and share repurchases and dividends totaling \$52 million*
- ◆ *Fumed silica plant in Wuhai, China was completed on schedule*
- ◆ *Completed divestiture of Specialty Fluids business with proceeds of \$135 million*

			YoY
	Q3 2019	Q3 2018	Change
(in millions, except per share amounts)			
Diluted EPS	\$ 0.55	\$ 1.40	(61%)
Adjusted EPS¹	\$ 1.00	\$ 1.06	(6%)
Revenue	\$ 845	\$ 854	(1%)
Total Segment EBIT¹	\$ 112	\$ 127	(12%)
Adjusted EBITDA¹	\$ 135	\$ 149	(9%)



1. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure.

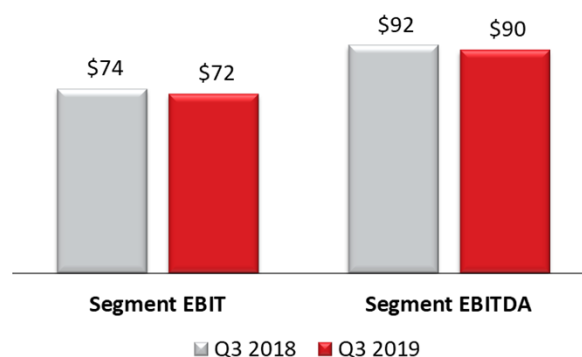
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2019 HIGHLIGHTS

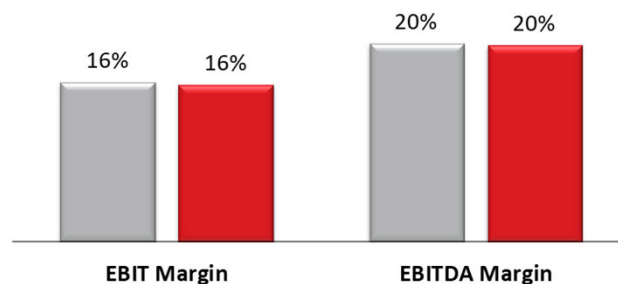
- ◆ Improved pricing and mix from 2019 customer agreements
- ◆ Margins impacted by competitive pricing in China
- ◆ Volumes declined by 2% driven by softer demand in EMEA and Latin America



SEGMENT EBIT AND EBITDA¹ (\$ MILLIONS)



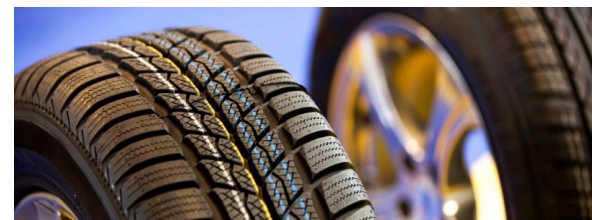
SEGMENT EBIT AND EBITDA¹ MARGINS



1. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure. ■ Q3 2018 ■ Q3 2019

FISCAL 2019 OUTLOOK

- ◆ Current business environment expected to remain similar to the third fiscal quarter
- ◆ Focused on continued price recovery of higher feedstock differentials



PERFORMANCE CHEMICALS SEGMENT

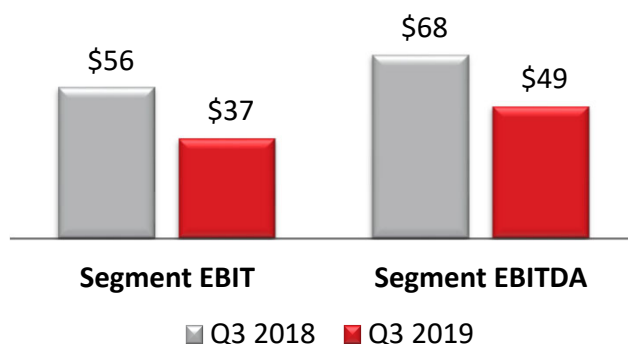
OPERATING PERFORMANCE

Q3 FISCAL 2019 HIGHLIGHTS

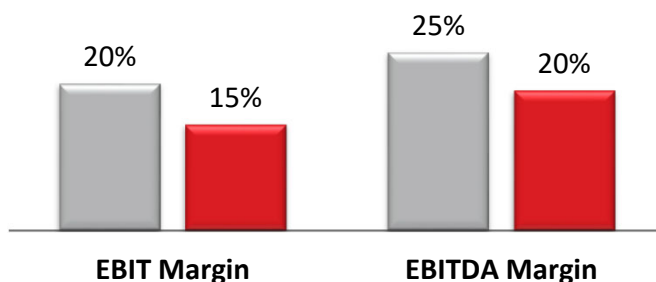
- ◆ Margins unfavorably impacted by less favorable product mix, primarily in the specialty carbons product line
- ◆ Volumes declined 2% year-over-year in both Performance Additives and Formulated Solutions



SEGMENT EBIT AND EBITDA¹ (\$ MILLIONS)



SEGMENT EBIT AND EBITDA¹ MARGINS

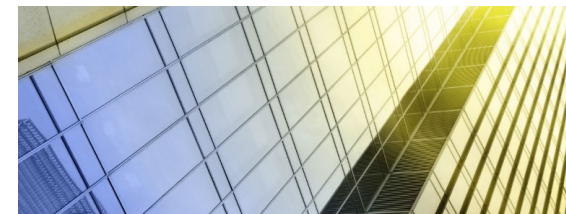


1. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure. ■ Q3 2018 ■ Q3 2019

CABOT CORPORATION

FISCAL 2019 OUTLOOK

- ◆ Current business environment expected to remain similar to the third fiscal quarter
- ◆ Segment results to benefit from new China fumed silica plant
- ◆ Sequential mix improvement expected in the fourth fiscal quarter due to higher fumed silica sales coupled with targeted customer actions in specialty carbons



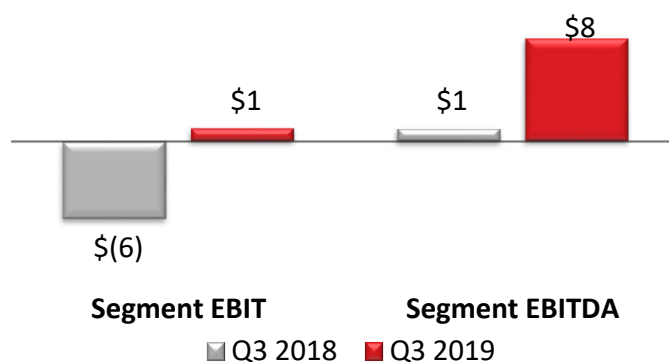
PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2019 HIGHLIGHTS

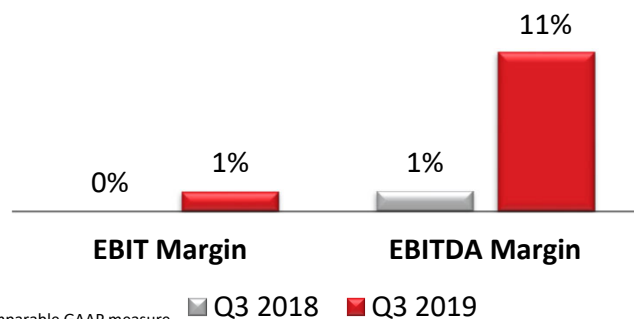
- ◆ Higher volumes in specialty applications
- ◆ Margin benefit from price increases in specialty applications
- ◆ Lower fixed costs driven by savings from the transformation plan



SEGMENT EBIT AND EBITDA¹ (\$ MILLIONS)



SEGMENT EBIT AND EBITDA¹ MARGINS



1. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure.

■ Q3 2018 ■ Q3 2019

FISCAL 2019 OUTLOOK

- ◆ Expect sequential improvement in fourth fiscal quarter
- ◆ Benefit anticipated from lower fixed costs due to the transformation plan



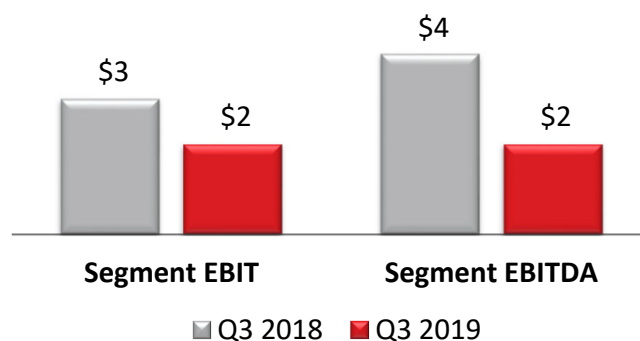
SPECIALTY FLUIDS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2019 HIGHLIGHTS

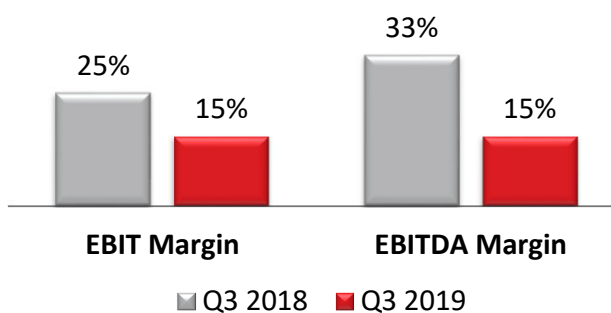
- ◆ Year-over-year decrease in EBIT from mix of project activity



SEGMENT EBIT AND EBITDA¹ (\$ MILLIONS)



SEGMENT EBIT AND EBITDA¹ MARGINS



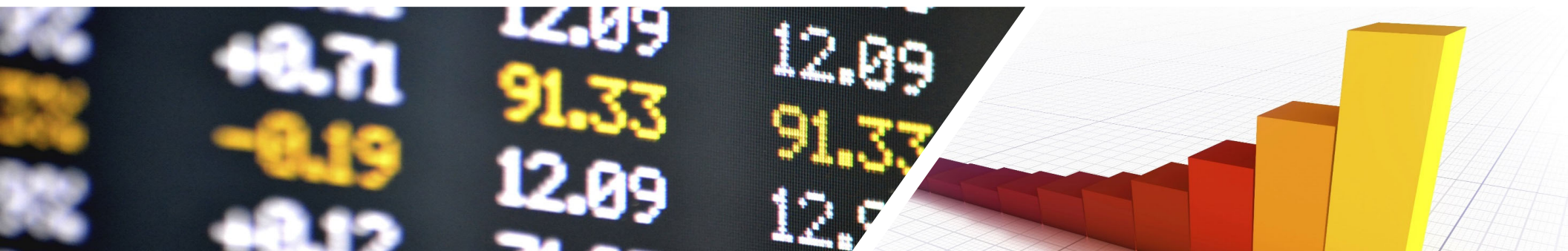
FISCAL 2019 OUTLOOK

- ◆ Divestiture completed in third fiscal quarter



1. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure.

CORPORATE FINANCIAL ITEMS¹



- ✓ Liquidity increases to \$1.4 billion
- ✓ Cash flow from operations of \$115 million; Discretionary Free Cash Flow² of \$71 million
- ✓ Capital expenditures of \$58 million; \$230-\$240 million forecasted for fiscal 2019
- ✓ Share repurchases of \$32 million and dividends of \$20 million
- ✓ Year-to-date and forecasted operating tax rate² of 23%

1. All amounts are for the third quarter fiscal 2019 or as of June 30, 2019, unless otherwise specified

2. Non-GAAP measure. Refer to appendix for definition and/or reconciliation to most comparable GAAP measure
CABOT CORPORATION

FISCAL 2019 FINANCIAL PERFORMANCE OUTLOOK

- ◆ *Fiscal 2019 adjusted earnings per share at a comparable level to fiscal 2018 results*
- ◆ *Expect business environment to remain largely unchanged through the remainder of the fiscal year*
- ◆ *Q4 2019 results to sequentially improve supported by the following:*
 - *Higher fumed silica volumes and start-up of plant in China*
 - *Improved Purification Solutions results*
 - *Continued cost management actions*





Q&A



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, adjusted 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, and operating tax rate to effective tax rate, the most directly comparable GAAP financial measures, are provided in the tables included in our third quarter earnings release and filed on our Current Report on Form 8-K filed on August 5, 2019.

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 2019. 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 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 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.

	Q3 2019	Q3 2018
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 69	\$ 95
Less: Certain items	(14)	(3)
Less: Other unallocated items	(29)	(29)
Total Segment EBIT	\$ 112	\$ 127
Plus: Total Depreciation & Amortization	37	37
Less: Unallocated Corporate Costs	14	15
Adjusted EBITDA	\$ 135	\$ 149

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 2019	Q3 2018
Reinforcement Materials EBIT	\$ 72	\$ 74
Plus: Depreciation & Amortization	18	18
Reinforcement Materials EBITDA	\$ 90	\$ 92
	Q3 2019	Q3 2018
Performance Chemicals EBIT	\$ 37	\$ 56
Plus: Depreciation & Amortization	12	12
Performance Chemicals EBITDA	\$ 49	\$ 68
	Q3 2019	Q3 2018
Purification Solutions EBIT	\$ 1	\$ (6)
Plus: Depreciation & Amortization	7	7
Purification Solutions EBITDA	\$ 8	\$ 1
	Q3 2019	Q3 2018
Specialty Fluids EBIT	\$ 2	\$ 3
Plus: Depreciation & Amortization	-	1
Specialty Fluids EBITDA	\$ 2	\$ 4

NON-GAAP FINANCIAL MEASURES

DISCRETIONARY FREE CASH FLOW

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 2019
Cash flow from operating activities ^(A)	\$ 115
Less: Changes in net working capital ^(B)	16
Less: Sustaining and compliance capital expenditures	28
Discretionary Free Cash Flow	\$ 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.