



Cabot Corp Reports Second Quarter Fiscal 2025 Results

May 5, 2025

Diluted earnings per share (“EPS”) of \$1.69 and Adjusted EPS of \$1.90

BOSTON, May 05, 2025 (GLOBE NEWSWIRE) -- [Cabot Corporation](#) (NYSE: CBT) today announced results for its second quarter of fiscal year 2025.

Key Highlights

- **Diluted EPS of \$1.69 and Adjusted EPS of \$1.90 which represents a 7% increase in Adjusted EPS compared to the same quarter in the prior year**
- **Reinforcement Materials segment EBIT of \$131 million; up 1% sequentially; down 12% compared to the same quarter in the prior year**
- **Performance Chemicals segment EBIT of \$50 million; up 11% sequentially; up 61% compared to the same quarter in the prior year**
- **Returned \$70 million of cash to shareholders in the second quarter through dividends and share repurchases**
- **Increased quarterly dividend by 5% from \$0.43 to \$0.45 per share**

(In millions, except per share amounts)	Three Months Ended		Six Months Ended	
	3/31/25	3/31/24	3/31/25	3/31/24
Net sales and other operating revenues	\$ 936	\$ 1,019	\$ 1,891	\$ 1,977
Net income (loss) attributable to Cabot Corporation	\$ 94	\$ 84	\$ 187	\$ 134
Net earnings (loss) per share attributable to Cabot Corporation	\$ 1.69	\$ 1.49	\$ 3.36	\$ 2.37
Less: Certain items after tax per share	\$ (0.21)	\$ (0.29)	\$ (0.30)	\$ (0.96)
Adjusted EPS	\$ 1.90	\$ 1.78	\$ 3.66	\$ 3.33

Sean Keohane, Cabot President and Chief Executive Officer commented: “I am pleased with our second quarter financial performance where we delivered Adjusted Earnings Per Share of \$1.90 which was up 7% compared to the second quarter of fiscal 2024. Our business segments performed in line with our expectations. Reinforcement Materials delivered EBIT of \$131 million, which was down 12% year over year from a weaker global demand environment. EBIT in the Performance Chemicals segment increased by 61% year over year driven by higher volumes, particularly in our fumed metal oxides product line related to construction and semiconductor applications as sales volumes reconnected to underlying demand drivers.”

Keohane continued, “The Cabot team demonstrated operational excellence and agility in a challenging market environment. We remain focused on driving commercial excellence and proactively managing our cost structure. We continue to execute our long-term strategic plan and optimize across our portfolio.”

Financial Detail

For the second quarter of fiscal 2025, net income attributable to Cabot Corporation was \$94 million (\$1.69 per diluted common share). Net income reflects an after-tax per share charge from certain items of \$0.21. Adjusted EPS for the second quarter of fiscal 2025 was \$1.90 per share.

Segment Results

Reinforcement Materials – Second quarter fiscal 2025 EBIT in Reinforcement Materials decreased by \$18 million compared to the second quarter of fiscal 2024. The decrease in EBIT was primarily driven by lower volumes due to lower tire demand and contract outcomes in South America.

Global and regional volume changes for Reinforcement Materials for the second quarter of fiscal 2025 as compared to the same quarter of the prior year are set forth in the table below:

	Second Quarter Year-over-Year Change
Global Reinforcement Materials Volumes	(7%)
Asia Pacific	(8%)

Europe

, Middle East, Africa

(1%)

Americas

(9%)

Performance Chemicals – Second quarter fiscal 2025 EBIT in Performance Chemicals increased by \$19 million compared to the second quarter of fiscal 2024 primarily due to 4% higher volumes and higher gross profit per ton. The higher volumes were driven by our fumed metal oxides product line where sales volumes related to construction and semiconductor applications reconnected to underlying demand drivers. The higher gross profit per ton was primarily due to targeted price increases, cost savings measures and optimization initiatives across the segment.

Cash Performance – The Company ended the second quarter of fiscal 2025 with a cash balance of \$213 million. During the second quarter of fiscal 2025, cash flows from operating activities were a source of \$73 million. Capital expenditures for the second quarter of fiscal 2025 were \$72 million. Additional uses of cash during the second quarter included \$23 million for the payment of dividends and \$47 million for share repurchases.

Taxes – During the second quarter of fiscal 2025, the Company recorded a tax expense of \$49 million with an effective tax rate of 32%. Our operating tax rate for fiscal 2025 is expected to be in the range of 27% to 29%.

Outlook

Commenting on the outlook for the Company, Keohane said, “The first half of the year developed in line with our expectations when we first set our outlook for the year. Given the uncertain impact of recent tariff policies on customer demand in the second half of the fiscal year, we are revising our Adjusted EPS guidance for fiscal 2025 to be in the range of \$7.15 to \$7.50. While the direct impact from tariffs is expected to be limited, this outlook reflects our expectations for lower demand as customers adopt a more cautious posture around inventory levels. Our outlook also assumes an expectation that we will maintain margins similar to our second fiscal quarter. We are confident in our ability to successfully adapt and execute in this dynamic environment.”

Keohane continued, “Our outlook for operating cash flow remains strong, which would allow us to continue investing in strategic growth projects and to return robust levels of cash to shareholders while still maintaining liquidity in excess of \$1 billion. We announced today an increase in our dividend of 5% and we expect to continue to repurchase shares. I believe Cabot is executing well against our *Creating for Tomorrow* strategy and our long-term targets to deliver attractive returns to our shareholders.”

Earnings Call

The Company will host a conference call with industry analysts at 8:00 a.m. Eastern time on Tuesday, May 6, 2025. The call can be accessed through Cabot’s investor relations website at <http://investor.cabot-corp.com>

About Cabot Corporation

Cabot Corporation (NYSE: CBT) is a global specialty chemicals and performance materials company headquartered in Boston, Massachusetts. The company is a leading provider of [reinforcing carbons](#), [specialty carbons](#), [battery materials](#), [engineered elastomer composites](#), [inkjet colorants](#), [masterbatches and conductive compounds](#), [fumed metal oxides](#) and [aerogel](#). For more information on Cabot, please visit the company’s website at cabotcorp.com. The Company regularly posts important information on its website and encourages investors and potential investors to consult the Cabot website regularly.

Forward-Looking Statements – This earnings release 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 2025, including our expectations for Adjusted EPS for fiscal 2025, our expectations for capital allocation and operating cash flow for fiscal 2025, our expected operating tax rate for fiscal 2025, our expectation to continue to repurchase shares and our assumptions underlying those expectations 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, industry capacity utilization and competition from other specialty chemical companies; safety, health and environmental requirements and related constraints imposed on our business; regulatory and financial risks related to climate change developments; volatility in the price and availability of energy and raw materials, including with respect to the Russian invasion of Ukraine and the U.S.-China trade relationship; a significant adverse change in a customer relationship or the failure of a customer to perform its obligations under agreements with us; failure to achieve growth expectations from new products, applications and technology developments; failure to realize benefits from acquisitions, alliances, or joint ventures or achieve our portfolio management objectives; 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, global health matters or geo-political conflicts; litigation or legal proceedings; interest rates, tax rates, currency exchange controls, tariffs and fluctuations in foreign currency rates; and the accuracy of the assumptions we used in establishing reserves for our share of liability for respirator claims. 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, 2024, which are 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.

Use of Non-GAAP Financial Measures

To supplement Cabot’s consolidated financial statements presented on a generally accepted accounting principle (“GAAP”) basis, the preceding discussion of our results and the accompanying financial tables report Adjusted EPS, Total Segment EBIT, Total Segment EBITDA, Adjusted EBITDA, our operating tax rate, Free Cash Flow and Discretionary Free Cash Flow, all of which are non-GAAP financial measures. These non-GAAP financial measures are not computed in accordance with, or as an alternative to, GAAP, and the definitions of these measures may not be comparable to those used by other companies. 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 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 provided by (used in) operating activities, the most directly comparable GAAP financial measure, are provided in the tables titled “Cabot

Corporation Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate” and “Cabot Corporation Reconciliation of Non-GAAP Financial Measures.”

Management believes these non-GAAP measures provide investors with greater transparency to the information used by Cabot management in its financial and operational decision-making, allow investors to see Cabot's results through the eyes of management, and better enable Cabot's investors to understand Cabot's operating performance and financial condition.

Adjusted EPS. In calculating Adjusted EPS, we exclude from our net income (loss) attributable to Cabot Corporation items of expense and income that management does not consider representative of the Company's business operations. Accordingly, reporting earnings on an adjusted basis supplements the GAAP measure of performance and provides additional information related to the underlying performance of the business. For example, certain of the items we exclude are items that we are required by GAAP to recognize in one period that relate to activities extending over several periods or relate to single events that management considers to be unusual and infrequent, although not necessarily non-recurring. We refer to these items as “certain items.” Management believes excluding these items facilitates operating performance comparisons from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis and evaluates the Company's operating performance without the impact of these costs or benefits. Management also uses Adjusted EPS as a key measure in evaluating management performance for incentive compensation purposes.

The items of income and expense that we exclude from our calculations of Adjusted EPS but that are included in our GAAP net income (loss) per share, as applicable in a particular reporting period, include, but are not limited to, the following:

- Argentina controlled currency devaluation loss related to the foreign exchange loss from government-controlled currency devaluations on our net monetary assets denominated in the Argentine peso and investment losses related to the utilization of government bond programs established for the settlement of certain foreign payables.
- Global restructuring activities, which include costs or benefits associated with cost reduction initiatives or plant closures and are primarily related to (i) employee termination costs, (ii) asset impairment charges associated with restructuring actions, (iii) costs to close facilities, including environmental costs and contract termination penalties, and (iv) gains realized on the sale of land or equipment associated with restructured plants or locations.
- Legal and environmental matters and reserves, which consist of costs or benefits for matters typically related to former businesses or that are otherwise incurred outside of the ordinary course of business.
- Acquisition and integration-related charges, which include transaction costs, redundant costs incurred during the period of integration, and costs associated with transitioning certain management and business processes to Cabot's processes.
- Asset impairment charges, which primarily include charges associated with an impairment of goodwill, other long-lived assets or assets held for sale.
- Gains (losses) on sale of a business.
- Employee benefit plan settlements, which consist of either charges or benefits associated with the termination of a pension plan or the transfer of a pension plan to a multi-employer plan.

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.

Total Segment EBIT. Total Segment EBIT reflects the sum of EBIT from our two reportable segments. In calculating Total Segment EBIT we exclude from our Income (loss) from operations before income taxes and equity in earnings of affiliated companies, certain items and 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 corporate projects and initiatives.

Total Segment EBITDA. Total Segment EBITDA is equal to Total Segment EBIT (as defined above), but further adjusted for depreciation and amortization.

Adjusted EBITDA. Adjusted EBITDA reflects Total Segment EBITDA and is further adjusted for unallocated corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to corporate projects and initiatives.

Free Cash Flow. To calculate “Free Cash Flow” we deduct Additions to property, plant and equipment from cash flow provided by (used in) operating activities.

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 provided by (used in) operating activities.

Operating Tax Rate. Our “operating tax rate” is calculated based upon management's forecast of the annual operating tax rate for the fiscal year applied to adjusted pre-tax earnings. The operating tax rate excludes income tax (expense) benefit on certain items, discrete tax items and, on a quarterly basis the timing of losses in certain jurisdictions. The income tax (expense) benefit on certain items is determined using the applicable rates in the taxing jurisdictions in which the certain items occurred and includes both current and deferred income tax (expense) benefit based on the nature of the certain items. Discrete tax items include, but are not limited to, changes in valuation allowance, uncertain tax positions, and other tax items, such as the tax impact of legislative changes and tax accruals on historic earnings due to changes in indefinite reinvestment assertions. Management believes that this non-GAAP financial measure 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.

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.

CABOT CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS

Periods ended March 31 <i>Dollars in millions, except per share amounts (unaudited)</i>	Three Months		Six Months	
	2025	2024	2025	2024
Net sales and other operating revenues	\$ 936	\$ 1,019	\$ 1,891	\$ 1,977
Cost of sales	695	773	1,415	1,513
Gross profit	241	246	476	464
Selling and administrative expenses	64	75	130	142
Research and technical expenses	15	15	29	30
Income (loss) from operations	162	156	317	292
Interest and dividend income	7	8	13	17
Interest expense	(19)	(21)	(37)	(43)
Other income (expense).....	1	(1)	2	(30)
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	151	142	295	236
(Provision) benefit for income taxes	(49)	(47)	(90)	(81)
Equity in earnings of affiliated companies, net of tax	3	2	4	3
Net income (loss)	105	97	209	158
Net income (loss) attributable to noncontrolling interests, net of tax	11	13	22	24
Net income (loss) attributable to Cabot Corporation	\$ 94	\$ 84	\$ 187	\$ 134
Weighted-average common shares outstanding				
Basic	54.0	55.4	54.2	55.3
Diluted	54.4	55.8	54.7	55.8
Earnings (loss) per common share:				
Basic	\$ 1.71	\$ 1.50	\$ 3.40	\$ 2.39
Diluted	\$ 1.69	\$ 1.49	\$ 3.36	\$ 2.37

CABOT CORPORATION SUMMARY RESULTS BY SEGMENT

Periods ended March 31 <i>Dollars in millions, except per share amounts (unaudited)</i>	Three Months		Six Months	
	2025	2024	2025	2024
Sales				
Reinforcement Materials	\$ 594	\$ 676	\$ 1,205	\$ 1,317
Performance Chemicals	311	311	622	596
Segment sales	905	987	1,827	1,913
Unallocated and other ^(A)	31	32	64	64
Net sales and other operating revenues	\$ 936	\$ 1,019	\$ 1,891	\$ 1,977
Segment Earnings Before Interest and Taxes ^(B)				
Reinforcement Materials	\$ 131	\$ 149	\$ 261	\$ 278
Performance Chemicals	50	31	95	65
Total Segment Earnings Before Interest and Taxes	181	180	356	343

Unallocated and Other

Interest expense	(19)	(21)	(37)	(43)
Certain items (C)	(4)	(12)	(10)	(54)
Unallocated corporate costs	(13)	(18)	(26)	(35)
General unallocated income (expense) (D)	9	15	16	28
Less: Equity in earnings of affiliated companies, net of tax	3	2	4	3
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	151	142	295	236
(Provision) benefit for income taxes (including tax certain items)	(49)	(47)	(90)	(81)
Equity in earnings of affiliated companies, net of tax	3	2	4	3
Net income (loss)	105	97	209	158
Net income (loss) attributable to noncontrolling interests, net of tax	11	13	22	24
Net income (loss) attributable to Cabot Corporation	\$ 94	\$ 84	\$ 187	\$ 134

Diluted earnings (loss) per share of common stock attributable to Cabot Corporation

\$	1.69	\$	1.49	\$	3.36	\$	2.37
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Adjusted earnings (loss) per share (E)

\$	1.90	\$	1.78	\$	3.66	\$	3.33
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Diluted weighted average common shares outstanding

54.4	55.8	54.7	55.8
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- (A) Unallocated and other reflects external shipping and handling fees, the impact of unearned revenue, and discounting charges for certain Notes receivable.
- (B) Segment EBIT is a measure used by Cabot's Chief Operating Decision-Maker to measure consolidated operating results, assess segment performance and allocate resources. Segment EBIT includes Equity in earnings of affiliated companies, net of tax, Net income attributable to noncontrolling interests, net of tax, and discounting charges for certain Notes receivable.
- (C) Details of Certain items are presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.
- (D) General unallocated income (expense) consists of gains (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, Interest and dividend income, the profit or loss related to the corporate adjustment for unearned revenue and unrealized holding gains (losses) for investments. This does not include items of income or expense from the items that are separately treated as Certain items.
- (E) Adjusted EPS is a non-GAAP measure, and a reconciliation of Adjusted EPS to GAAP EPS is presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31	September 30
	,	,
<i>Dollars in millions (unaudited)</i>	2025	2024
Current assets:		
Cash and cash equivalents	\$ 213	\$ 223
Accounts and notes receivable, net of reserve for doubtful accounts of \$5 and \$5	739	733
Inventories:		
Raw materials	147	150
Finished goods	333	333
Other	61	69

Total inventories	541	552
Prepaid expenses and other current assets	110	97
Total current assets	1,603	1,605
Property, plant and equipment	4,155	4,082
Accumulated Depreciation	(2,552)	(2,548)
Net property, plant and equipment	1,603	1,534
Goodwill	128	133
Equity affiliates	14	23
Intangible assets, net	55	53
Deferred income taxes	204	216
Other assets	177	172
Total assets	\$ 3,784	\$ 3,736

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31	September 30
	2025	2024
<i>Dollars in millions, except share and per share amounts (unaudited)</i>		
Current liabilities:		
Short-term borrowings	\$ 190	\$ 45
Accounts payable and accrued liabilities	577	676
Income taxes payable	42	43
Current portion of long-term debt	9	8
Total current liabilities	818	772
Long-term debt	1,090	1,087
Deferred income taxes	39	42
Other liabilities	247	245
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Issued and Outstanding: None and none	—	—
Common stock:		
Authorized: 200,000,000 shares of \$1 par value Issued: 53,832,031 and 54,430,316 shares Outstanding: 53,700,563 and 54,297,251 shares	54	54
Less cost of 131,468 and 133,065 shares of common treasury stock	(3)	(3)
Additional paid-in capital	—	—
Retained earnings	1,803	1,734
Accumulated other comprehensive income (loss)	(427)	(360)
Total Cabot Corporation stockholders' equity	1,427	1,425
Noncontrolling interests	163	165
Total stockholders' equity	1,590	1,590
Total liabilities and stockholders' equity	\$ 3,784	\$ 3,736

CABOT CORPORATION QUARTERLY RESULTS BY SEGMENT

<i>Dollars in millions, except per share amounts (unaudited)</i>	Fiscal 2024					Fiscal 2025				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY	Dec. Q	Mar. Q	June Q	Sept. Q	FY
Sales										
Reinforcement Materials	\$ 641	\$ 676	\$ 649	\$ 644	\$ 2,610	\$ 611	\$ 594	\$ —	\$ —	\$ 1,205
Performance Chemicals	285	311	332	322	1,250	311	311	—	—	622
Segment sales	926	987	981	966	3,860	922	905	—	—	1,827
Unallocated and other ^(A)	32	32	35	35	134	33	31	—	—	64
Net sales and other operating revenues	\$ 958	\$ 1,019	\$ 1,016	\$ 1,001	\$ 3,994	\$ 955	\$ 936	\$ —	\$ —	\$ 1,891
Segment Earnings Before Interest and Taxes ^(B)										
Reinforcement Materials	\$ 129	\$ 149	\$ 136	\$ 123	\$ 537	\$ 130	\$ 131	\$ —	\$ —	\$ 261
Performance Chemicals	34	31	55	44	164	45	50	—	—	95
Total Segment Earnings Before Interest and Taxes	163	180	191	167	701	175	181	—	—	356
Unallocated and Other										
Interest expense	(22)	(21)	(19)	(19)	(81)	(18)	(19)	—	—	(37)
Certain items ^(C)	(42)	(12)	(2)	(3)	(59)	(6)	(4)	—	—	(10)
Unallocated corporate costs	(17)	(18)	(16)	(17)	(68)	(13)	(13)	—	—	(26)
General unallocated income (expense) ^(D)	13	15	6	8	42	7	9	—	—	16
Less: Equity in earnings of affiliated companies, net of tax	1	2	2	1	6	1	3	—	—	4
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	94	142	158	135	529	144	151	—	—	295
(Provision) benefit for income taxes (including tax certain items)	(34)	(47)	(40)	10	(111)	(41)	(49)	—	—	(90)
Equity in earnings of affiliated companies, net of tax	1	2	2	1	6	1	3	—	—	4
Net income (loss)	61	97	120	146	424	104	105	—	—	209
Net income (loss) attributable to noncontrolling interests, net of tax	11	13	11	9	44	11	11	—	—	22
Net income (loss) attributable to Cabot Corporation	\$ 50	\$ 84	\$ 109	\$ 137	\$ 380	\$ 93	\$ 94	\$ —	\$ —	\$ 187
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation	\$ 0.88	\$ 1.49	\$ 1.94	\$ 2.43	\$ 6.72	\$ 1.67	\$ 1.69	\$ —	\$ —	\$ 3.36
Adjusted earnings (loss) per share ^(E)	\$ 1.56	\$ 1.78	\$ 1.92	\$ 1.80	\$ 7.06	\$ 1.76	\$ 1.90	\$ —	\$ —	\$ 3.66
Diluted weighted average common shares outstanding	55.8	55.8	55.7	55.2	55.7	55.0	54.4	—	—	54.7

(A) Unallocated and other reflects external shipping and handling fees, the impact of unearned revenue, and discounting charges for certain Notes receivable.

(B) Segment EBIT is a measure used by Cabot's Chief Operating Decision-Maker to measure consolidated operating results, assess segment performance and allocate resources. Segment EBIT includes Equity in earnings of affiliated companies, net of tax, Net income attributable to noncontrolling interests, net of tax, and discounting charges for certain Notes receivable.

(C) Details of certain items are presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

(D) General unallocated income (expense) consists of gains (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, Interest and dividend income, the profit or loss related to the corporate adjustment for unearned revenue and unrealized holding gains (losses) for investments. This does not include items of income or expense from the items that are separately treated as Certain items.

(E) Adjusted EPS is a non-GAAP measure, and a reconciliation of Adjusted EPS to GAAP EPS is presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

CABOT CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended March 31	Three Months		Six Months	
<i>Dollars in millions (unaudited)</i>	2025	2024	2025	2024
Cash Flows from Operating Activities:				
Net income (loss)	\$ 105	\$ 97	\$ 209	\$ 158
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	38	37	75	78
Other non-cash charges (gains), net	18	22	25	71
Cash dividends received from equity affiliates	—	—	12	1
Changes in assets and liabilities:				
Changes in net working capital ^(A)	(76)	21	(114)	(25)
Changes in other assets and liabilities, net	(12)	(1)	(10)	(2)
Cash provided by (used in) operating activities	73	176	197	281
Cash Flows from Investing Activities:				
Additions to property, plant and equipment	(72)	(43)	(149)	(97)
Cash paid for asset acquisition	—	—	(27)	—
Other investing activities, net	2	2	2	2
Cash provided by (used in) investing activities	(70)	(41)	(174)	(95)
Cash Flows from Financing Activities:				
Change in debt, net	87	(125)	147	(94)
Cash dividends paid to common stockholders	(23)	(23)	(47)	(45)
Other financing activities, net	(47)	(18)	(107)	(56)
Cash provided by (used in) financing activities	17	(166)	(7)	(195)
Effect of exchange rate changes on cash	10	(7)	(26)	(23)
Increase (decrease) in cash and cash equivalents	30	(38)	(10)	(32)
Cash and cash equivalents at beginning of period	183	244	223	238
Cash and cash equivalents at end of period	\$ 213	\$ 206	\$ 213	\$ 206

(A) Includes Accounts and notes receivable, Inventories, and Accounts payable and accrued liabilities.

CABOT CORPORATION CERTAIN ITEMS AND RECONCILIATION OF ADJUSTED EPS AND OPERATING TAX RATE

TABLE 1: DETAIL OF CERTAIN ITEMS

Periods ended March 31 <i>Dollars in millions, except per share amounts (unaudited)</i>	Three Months		Six Months	
	2025	2024	2025	2024
Certain items before and after income taxes				
Legal and environmental matters and reserves	\$ (1)	\$ (1)	\$ (6)	\$ (1)
Global restructuring activities	(3)	(3)	(3)	(12)
Argentina				
controlled currency devaluation and other losses	—	(8)	—	(41)
Other certain items	—	—	(1)	—
Total certain items, pre-tax	(4)	(12)	(10)	(54)
Non-GAAP tax adjustments ^(A)	(7)	(4)	(6)	—
Total certain items after tax	\$ (11)	\$ (16)	\$ (16)	\$ (54)
Total certain items after tax per share	\$ (0.21)	\$ (0.29)	\$ (0.30)	\$ (0.96)

TABLE 2: CERTAIN ITEMS STATEMENT OF OPERATIONS LINE ITEM

Periods ended March 31 <i>Dollars in millions, Pre-Tax (unaudited)</i>	Three Months		Six Months	
	2025	2024	2025	2024
Statement of Operations Line Item ^(B)				
Cost of sales	\$ (2)	\$ (3)	\$ (8)	\$ (12)
Selling and administrative expenses	(1)	(1)	(1)	(1)
Research and technical expenses	(1)	—	(1)	—
Other income (expense)	—	(8)	—	(41)
Total certain items	\$ (4)	\$ (12)	\$ (10)	\$ (54)

TABLE 3: RECONCILIATION OF EFFECTIVE TAX RATE TO OPERATING TAX RATE

Three months ended March 31 <i>Dollars in millions (unaudited)</i>	2025		2024	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ (49)	32%	\$ (47)	33%
Less: Non-GAAP tax adjustments ^(A)	(7)		(4)	
Operating tax rate ^(C) ^(D)	\$ (42)	27%	\$ (43)	28%
Six months ended March 31				
<i>Dollars in millions (unaudited)</i>	2025		2024	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ (90)	30%	\$ (81)	34%
Less: Non-GAAP tax adjustments ^(A)	(6)		—	
Operating tax rate ^(C) ^(D)	\$ (84)	28%	\$ (81)	28%

TABLE 4: RECONCILIATION OF ADJUSTED EPS BY QUARTER FOR FISCAL 2025 and FISCAL 2024

Periods ended (unaudited) Reconciliation of Adjusted EPS to GAAP EPS	Fiscal 2025 ^(E)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025

Net income (loss) per share attributable to Cabot Corporation	\$	1.67	\$	1.69	\$	—	\$	—	\$	3.36
Less: Certain items after tax per share		(0.09)		(0.21)		—		—		(0.30)
Adjusted earnings (loss) per share	\$	1.76	\$	1.90	\$	—	\$	—	\$	3.66

Fiscal 2024 (E)

Periods ended (unaudited)	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024					
Reconciliation of Adjusted EPS to GAAP EPS										
Net income (loss) per share attributable to Cabot Corporation	\$	0.88	\$	1.49	\$	1.94	\$	2.43	\$	6.72
Less: Certain items after tax per share		(0.68)		(0.29)		0.02		0.63		(0.34)
Adjusted earnings (loss) per share	\$	1.56	\$	1.78	\$	1.92	\$	1.80	\$	7.06

- (A) Non-GAAP tax adjustments are made to arrive at the operating tax provision. It includes the income tax (expense) benefit on certain items, discrete tax items, and, on a quarterly basis the timing of losses in certain jurisdictions. The income tax (expense) benefit on certain items is determined using the applicable rates in the taxing jurisdictions in which the certain items occurred and includes both current and deferred income tax (expense) benefit based on the nature of the certain items. Discrete tax items include, but are not limited to, changes in valuation allowance, uncertain tax positions, and other tax items, such as the tax impact of legislative changes and tax accruals on historic earnings due to changes in indefinite reinvestment assertions.
- (B) This table indicates the line items where certain items are recorded in the Consolidated Statements of Operations.
- (C) The operating tax rate is calculated based upon management's forecast of the annual operating tax rate for the fiscal year applied to adjusted pre-tax earnings. The operating tax rate excludes income tax (expense) benefit on certain items, discrete tax items and, on a quarterly basis the timing of losses in certain jurisdictions.
- (D) Our operating tax rate for fiscal 2025 is expected to be in the range of 27% to 29%.
- (E) Per share amounts are calculated after tax.

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Fiscal 2025 (A)

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025					
Reconciliation of Adjusted EPS to GAAP EPS										
Net income (loss) per share attributable to Cabot Corporation	\$	1.67	\$	1.69	\$	—	\$	—	\$	3.36
Less: Certain items after tax per share		(0.09)		(0.21)		—		—		(0.30)
Adjusted earnings (loss) per share	\$	1.76	\$	1.90	\$	—	\$	—	\$	3.66

Fiscal 2024 (A)

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024					
Reconciliation of Adjusted EPS to GAAP EPS										
Net income (loss) per share attributable to Cabot Corporation	\$	0.88	\$	1.49	\$	1.94	\$	2.43	\$	6.72
Less: Certain items after tax per share		(0.68)		(0.29)		0.02		0.63		(0.34)
Adjusted earnings (loss) per share	\$	1.56	\$	1.78	\$	1.92	\$	1.80	\$	7.06

(A) Per share amounts are calculated after tax.

Dollars in millions

Fiscal 2025

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025					
Reconciliation of Total Segment EBIT, Total Segment EBITDA and Adjusted EBITDA to Net Income and Segment EBITDA Margin										
Net income (loss) attributable to Cabot Corporation	\$	93	\$	94	\$	—	\$	—	\$	187
Net income (loss) attributable to noncontrolling interests		11		11		—		—		22

Equity in earnings of affiliated companies, net of tax	(1)	(3)	—	—	(4)
Provision (benefit) for income taxes	41	49	—	—	90
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	\$ 144	\$ 151	\$ —	\$ —	\$ 295
Interest expense	18	19	—	—	37
Certain items	6	4	—	—	10
Unallocated corporate costs	13	13	—	—	26
General unallocated (income) expense	(7)	(9)	—	—	(16)
Less: Equity in earnings of affiliated companies	(1)	(3)	—	—	(4)
Total Segment EBIT	\$ 175	\$ 181	\$ —	\$ —	\$ 356
Depreciation and amortization excluding corporate depreciation and amortization	37	38	—	—	75
Total Segment EBITDA	\$ 212	\$ 219	\$ —	\$ —	\$ 431
Less: Unallocated corporate costs before corporate depreciation and amortization	13	13	—	—	26
Adjusted EBITDA	\$ 199	\$ 206	\$ —	\$ —	\$ 405

<i>Dollars in millions</i>	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025
Reinforcement Materials EBIT	\$ 130	\$ 131	\$ —	\$ —	\$ 261
Reinforcement Materials Depreciation and amortization	17	17	—	—	34
Reinforcement Materials EBITDA	\$ 147	\$ 148	\$ —	\$ —	\$ 295
Reinforcement Materials Sales	\$ 611	\$ 594	\$ —	\$ —	1,205
Reinforcement Materials EBITDA Margin	24%	25%	—%	—%	24%

<i>Dollars in millions</i>	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025
Performance Chemicals EBIT	\$ 45	\$ 50	\$ —	\$ —	\$ 95
Performance Chemicals Depreciation and amortization	20	21	—	—	41
Performance Chemicals EBITDA	\$ 65	\$ 71	\$ —	\$ —	\$ 136
Performance Chemicals Sales	\$ 311	\$ 311	\$ —	\$ —	622
Performance Chemicals EBITDA Margin	21%	23%	—%	—%	22%

<i>Dollars in millions</i>	Fiscal 2025				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2025
Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash provided by (used in) operating activities					
Cash provided by (used in) operating activities (B)	\$ 124	\$ 73	\$ —	\$ —	\$ 197
Less: Additions to property, plant and equipment	77	72	—	—	149
Free cash flow	\$ 47	\$ 1	\$ —	\$ —	\$ 48
Plus: Additions to property, plant and equipment	77	72	—	—	149
Less: Changes in net working capital (C)	(38)	(76)	—	—	(114)
Less: Sustaining and compliance capital expenditures	48	39	—	—	87
Discretionary free cash flow	\$ 114	\$ 110	\$ —	\$ —	\$ 224

(B) As provided in the Condensed Consolidated Statements of Cash Flows.

(C) Defined as changes in Accounts and notes receivable, Inventories, and Accounts payable and accrued liabilities as presented on the Condensed Consolidated Statements of Cash Flows.



Source: Cabot Corporation