



Earnings Teleconference

Second Quarter / Fiscal 2014



Forward Looking Statements, Use of Non-GAAP Financial Measures & Definitions of Terms Used

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 actions that will drive earnings growth, demand for our products, our expected capital expenditures in fiscal 2014, our expected operating tax rate for fiscal 2014, and our future financial performance, 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 inability to complete capacity expansions or other development projects, including at our mine in Manitoba, as planned; the timing of implementation of environmental regulations; our failure to develop new products or to keep pace with technological developments; 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 latest annual report on Form 10-K.

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, adjusted EBITDA, free cash flow, and operating tax rate, which are non-GAAP measures. A reconciliation of adjusted EPS to EPS from continuing operations, the most directly comparable GAAP financial measure, a reconciliation of total segment EBIT to Income (loss) from continuing operations before taxes, the most directly comparable GAAP financial measure, and a reconciliation of operating tax rate to effective tax rate, the most directly comparable GAAP financial measure, are provided in the tables included in our second quarter earnings release and filed on our Current Report on Form 8-K dated April 30, 2014. The definition of adjusted EBITDA is included in our second quarter earnings release and filed on our Current Report on Form 8-K dated April 30, 2014 and a reconciliation of adjusted EBITDA from segment EBIT for the second quarter of fiscal 2014 is provided in the investor section of our website at <http://investor.cabot-corp.com>, under the Non-GAAP Reconciliations section. The definition of free cash flow is included in this presentation and is provided in the investor section of our website at <http://investor.cabot-corp.com>, under the Non-GAAP Reconciliations section.

The term "operating tax rate" 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 rate adjustment and the impact of certain items on both operating income and tax provision. The term "product mix" refers to the various types and grades, or mix, of products sold in a particular Business or Segment during the period, and the positive or negative impact of that mix on the revenue or profitability of the Business or Segment.

Q2 2014 Highlights

BUSINESS HIGHLIGHTS

- ◆ Adjusted EPS increased 30% year over year as demand improved in our key end markets
- ◆ Strong volumes in Reinforcement Materials and Performance Materials
- ◆ Sequential improvement in Purification Solutions EBIT



Q2 2014 Highlights

STRATEGIC HIGHLIGHTS

- ◆ Announced the divestiture of the Security Materials business for approximately \$20 million
- ◆ New PROPEL™ carbon black products launched for tire applications
- ◆ Cabot Norit Activated Carbon contract wins



Q2 2014 Cabot Operating Results

	Q2 2014	Q2 2013*	Q1 2014*
Total Segment EBIT (in millions)	\$116	\$87	\$114
Adjusted EPS	\$0.83	\$0.64	\$0.87
Adjusted EBITDA (in millions)	\$150	\$125	\$151

Q2 2014 Year over Year Total Segment EBIT increased \$29 million

- ◆ Volumes increased across most of the segments
- ◆ Margins strengthened

Q2 2014 Total Segment EBIT increased \$2 million sequentially

- ◆ Volumes increased in Performance Materials
- ◆ Sequential improvement in Purification Solutions

*Recast to reflect Security Materials business in discontinued operations following agreement to divest business

Reinforcement Materials Segment

Operating Performance

In millions	Q2 2014	Q2 2013	Q1 2014
Net sales	\$504	\$459	\$517
Segment EBIT	\$61	\$42	\$64

Key Highlights

- ◆ Second quarter volumes improved 15% year over year
- ◆ Benefits from raw material purchasing savings and energy efficiency investments
- ◆ Commercialization of new China capacity on track

Segment Outlook

- ◆ Tire and automotive demand expected to increase in 2014 compared to 2013
- ◆ Scheduled maintenance in second half of 2014

Performance Materials Segment

Operating Performance

In millions	Q2 2014	Q2 2013	Q1 2014
Net sales	\$249	\$243	\$217
Segment EBIT	\$47	\$37	\$34

Key Highlights

- ◆ Record EBIT quarter
- ◆ Second quarter volumes increased 3% year over year and 15% sequentially in Specialty Carbons and Compounds
- ◆ Second quarter volumes increased 4% year over year and 5% sequentially in Fumed Metal Oxides

Segment Outlook

- ◆ Growth forecasted year over year in automotive and construction and infrastructure-related industries
- ◆ Scheduled maintenance in second half of 2014

Advanced Technologies Segment

Operating Performance

In millions	Q2 2014	Q2 2013*	Q1 2014*
Net sales	\$48	\$39	\$64
Segment EBIT	\$12	\$8	\$25

Key Highlights

- ◆ Elastomer Composites royalties increase year over year
- ◆ Agreement to divest Security Materials business
- ◆ Lower level of Specialty Fluids project activity as expected

Segment Outlook

- ◆ Lower levels of projects for Specialty Fluids expected next quarter
- ◆ CEC business transitioning to a licensing model

*Recast to reflect Security Materials business in discontinued operations following agreement to divest business

Purification Solutions Segment

Operating Results

In millions	Q2 2014	Q2 2013	Q1 2014
Net sales	\$80	\$75	\$72
Segment EBITDA	\$9	\$13	\$5

Key Highlights

- ◆ MATS regulation upheld
- ◆ Sequential EBITDA improvement from higher prices and lower costs
- ◆ Revenue growth from price increases and improved mix
- ◆ Contract wins for MATS compliance

Segment Outlook

- ◆ Expect quarterly performance to improve sequentially
- ◆ MATS implementation on track for April 2015
- ◆ Confident in long-term growth of the business

Corporate Financials

- ◆ Liquidity remains strong at \$487 million
- ◆ Reduced debt by \$47 million
- ◆ Capital expenditures of \$28 million
- ◆ Net working capital increased by \$22 million
- ◆ Received \$215 million for final Supermetals payment in April
- ◆ Forecasted operating tax rate of approximately 28% for fiscal 2014

Conclusion

OUTLOOK

- ◆ Growth expected in tire, automotive, and construction and infrastructure sectors
- ◆ Actively developing new products and new energy efficiency technologies
- ◆ Confident in ability to deliver earnings growth



