



# CABOT EARNINGS TELECONFERENCE

Fourth Quarter - Fiscal 2024



# 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 2025, including our expectations for performance and growth in our businesses and for adjusted earnings per share in fiscal year 2025, our expectations for operating cash flow for fiscal 2025 and our capital allocation priorities, our expected operating tax rate for fiscal 2025 and our expectations for finalizing the terms of our DOE award and the capital investment we expect to make for this project 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, competition from other specialty chemical companies; safety, health and environmental requirements and related constraints imposed on our business; regulatory and financial risk 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 U.S.-China trade relationship; 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, global health matters or geo-political conflicts; interest rates, tax rates, currency exchange controls and fluctuations in foreign currency rates, such as the recent currency movements in Argentina. 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, 2023, 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.

# Successful Achievement of Corporate Investor Day Objectives

Overcoming significant macro headwinds



Adjusted EPS<sup>6</sup> CAGR of 12%



Over \$1.2 billion of DFCF<sup>6</sup> to support growth and return cash to shareholders



Capital expenditures invested in sustaining world class assets and in high-confidence growth projects

## Investor Day 2021 Assumptions

### 3-Year Consolidated Financial Targets

Reflect new level of Earnings and Cash Flow



#### KEY MACRO DRIVERS & CAGR ASSUMPTIONS

Global GDP <sup>1</sup>	3-4%
Tire Production <sup>2</sup>	3%
Auto Builds <sup>3</sup>	8%
Polymer Demand (Plastics) <sup>4</sup>	5-6%
Lithium-ion Battery Demand <sup>5</sup>	30%+
Inkjet Packaging	50%+
Oil Prices	Forward curve
Foreign Currency Exchange Rates	Current rates
Operating Tax Rate <sup>6</sup>	26-29%

Driven by Strong Base Businesses and High Margin Growth Opportunities

DFCF = Operating CF less changes in NWC less Sustaining & Compliance Capex

1. Source: IMF; 2.Source: LMC; 3. Source: IHS; 4. Source: AMI; 5. Source: Bloomberg; 6. Non-GAAP measure – See Appendix

# Fiscal 2024 Highlights

- 1** FY24 GAAP EPS of \$6.72; Adjusted EPS<sup>1</sup> of \$7.06
- 2** Reinforcement Materials segment EBIT<sup>1</sup> of \$537 million; up 11% year over year
- 3** Performance Chemicals segment EBIT<sup>1</sup> of \$164 million; up 31% year over year
- 4** Cash Flows from Operations of \$692 million; Returned \$265 million to shareholders through dividends and share repurchases
- 5** Selected for \$50 million grant from the U.S. Department of Energy to Support Domestic Battery Supply Chain; Currently in negotiations to finalize terms



# Significant Cash Generation in Fiscal 2024

\$692 million of operating cash flow and \$479 million of discretionary free cash flow<sup>1</sup>



**Invested in sustaining world class assets and in high-confidence growth projects**

\$241 million of Capital Expenditures



**Maintained industry-competitive dividend**

Increased dividend by 8% and paid \$93 million of dividends



**Significant return to shareholders through share repurchases**

\$172 million in share repurchases; reduced share count by 0.9 million shares



**Further strengthened our balance sheet and liquidity position**

\$143 million of Debt Repayment; Liquidity available of \$1.4 billion; Net debt to EBITDA<sup>1</sup> of 1.2x

Continued with our disciplined capital allocation framework

# Sustainability Highlights in FY2024

Creating a more sustainable world, today and into the future



Released [2024 Sustainability Report](#) outlining significant progress towards 2025 Sustainability Goals



E2C® DX9660 won the Tire Technology International 2024 Awards for Innovation and Excellence recognizing advances in tire technology and progress toward a more sustainable industry



Awarded Platinum Rating from EcoVadis for sustainability leadership for fourth consecutive year



Launched PROPEL® E8 engineered reinforcing carbon black - promoting better efficiency and increased durability for EV and high-performance tire formulations



Achieved Operation Clean Sweep Europe® Certification for recognition in reducing plastic waste



Awarded \$5M U.S. Department of Energy research grant to support development of innovative, scalable manufacturing processes for producing carbon catalyst supports for fuel cells



Launched new universal circular black masterbatches with certified sustainable material, powered by EVOLVE® Sustainable Solutions



Recognized by *Newsweek* as one of America's Most Responsible Companies 2024 List for the 5<sup>th</sup> consecutive year

# \$50M U.S. Department of Energy Grant Selection

Enabling the Mobility Transition



## Battery Materials

- ◆ Selected by the U.S. Department of Energy's (DOE) Office of Manufacturing and Energy Supply Chains for an award negotiation for \$50 million
- ◆ Cabot to build the first U.S. commercial scale facility for battery-grade carbon nanotubes (CNTs) and conductive additive dispersions
- ◆ Negotiations expected to be finalized in January 2025
- ◆ Grant expected to cover 30% of total ~\$180M investment for the project



# Q4 2024 Financial Highlights



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

**\$1.80**

Diluted EPS \$2.43

## Cash flow from Operations

**\$204 million**

Discretionary Free Cash Flow<sup>1</sup> of \$105M

## Cash and Cash Equivalents

**\$223 million**

## Capex

**\$92 million**

FY'25 expected to be in the range of \$250M - \$300M

## Debt Balance

**\$1.1 billion**

## Liquidity

**\$1.4 billion**

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

**26% FY24**

FY'25 forecast range of 27% - 29%



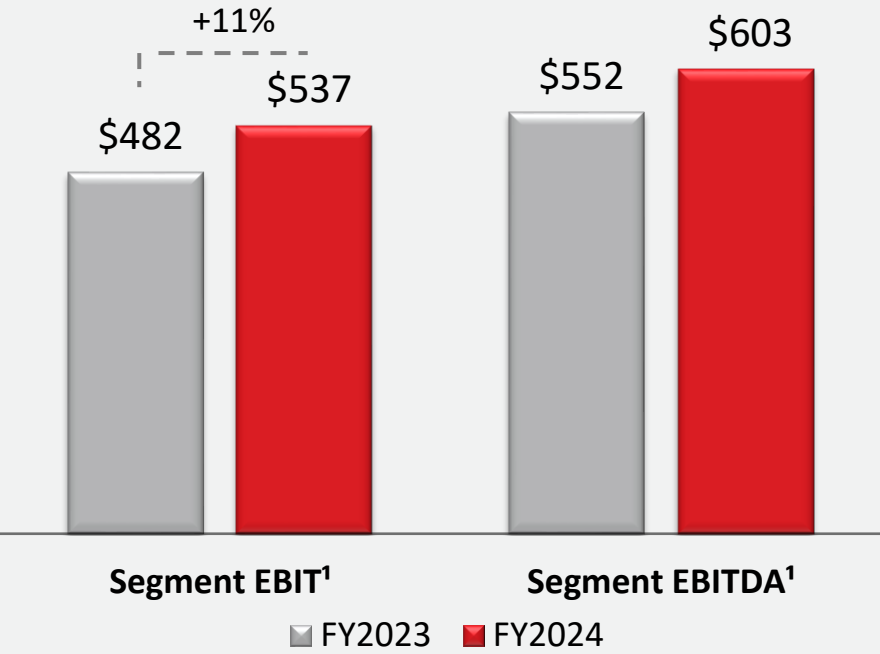
# Reinforcement Materials Segment

## Operating Performance

### FY 2024 RESULTS

(\$ in millions)

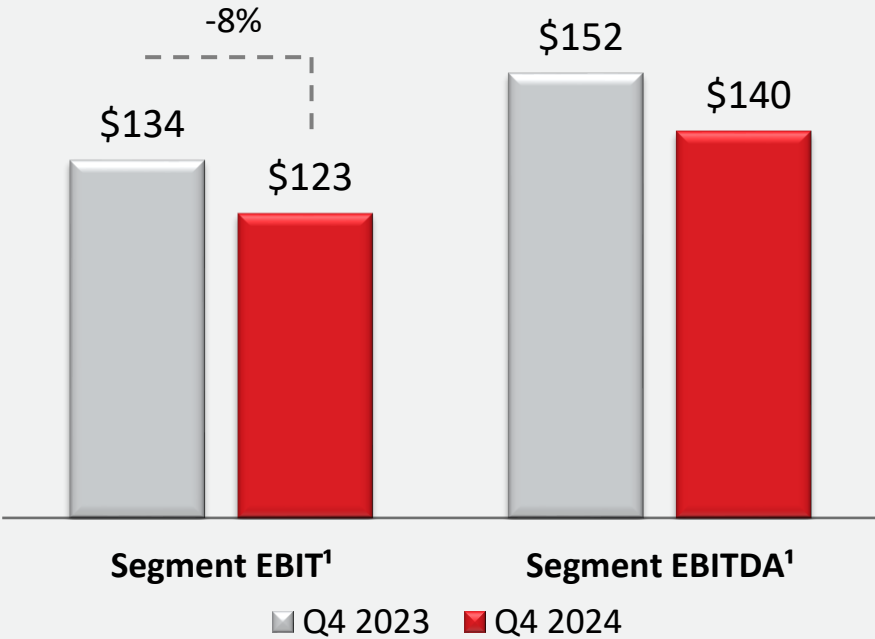
- ◆ Global volumes up 3% year-over-year
- ◆ Favorable pricing and product mix from calendar year 2024 customer agreements, partially offset by a less favorable geographic mix



### Q4 2024 RESULTS

(\$ in millions)

- ◆ Global volumes down 1% year-over-year
- ◆ Higher fixed costs year-over-year driven by timing of maintenance and third-party spending and incentive compensation



### Q1 2025 OUTLOOK

- ◆ Higher EBIT expected sequentially driven by \$10 million of lower costs
- ◆ Anticipate relatively consistent sequential quarterly volumes as higher volumes in Mexico are expected to be offset by normal seasonal impacts



1. Non-GAAP measure – See Appendix

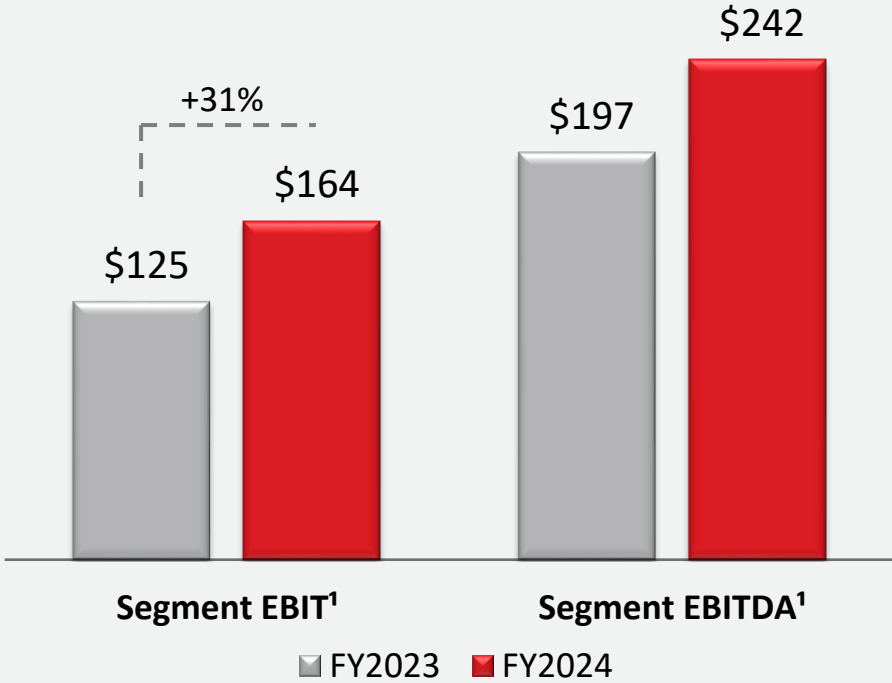
# Performance Chemicals Segment

## Operating Performance

### FY 2024 RESULTS

(\$ in millions)

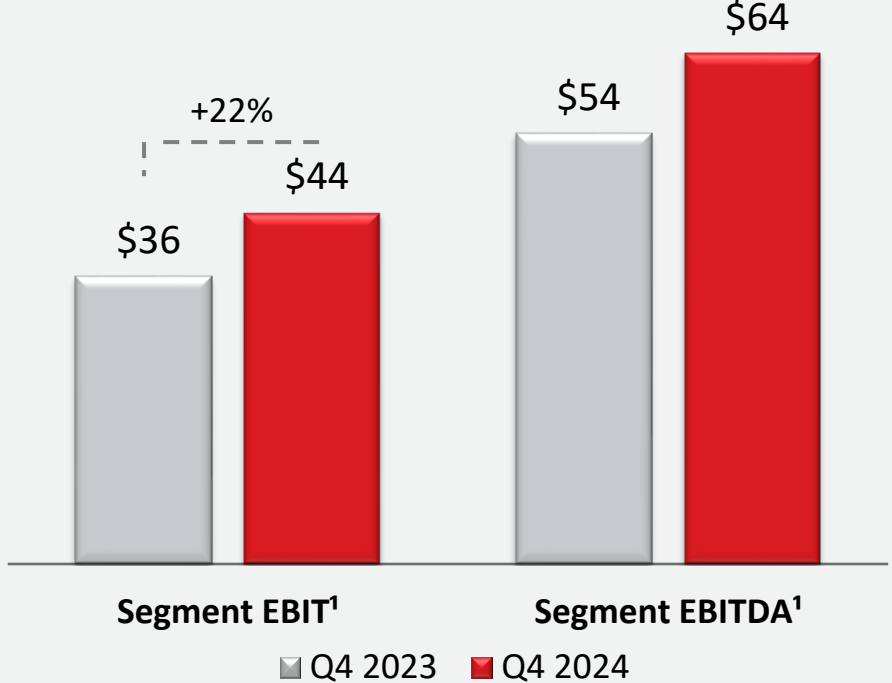
- ◆ EBIT improved year-over-year due to higher volumes and unit margins
- ◆ Global volumes up 7% year-over-year primarily in our automotive, electronics and infrastructure applications



### Q4 2024 RESULTS

(\$ in millions)

- ◆ Global volumes up 2% year-over-year
- ◆ Higher unit margins due to improved product mix driven by higher sales into automotive and electronics applications



### Q1 2025 OUTLOOK

- ◆ Sequential EBIT to remain relatively flat
- ◆ Volumes expected to improve sequentially with strong demand in Asia offset by seasonally weaker Americas and Europe



1. Non-GAAP measure – See Appendix

# 2025 Outlook

1

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

\$7.40 to \$7.80 adjusted EPS expected for fiscal 2025; up 5-10% year-over-year

2

## **EBIT growth expected across both segments**

Higher year-over-year volumes in both segments and improved margins in Reinforcement Materials expected

3

## **Operating cash flow outlook remains strong**

Higher year-over-year EBITDA anticipated

4

## **Continue disciplined capital allocation framework**

Support growth investments and robust level of cash return to shareholders

1. Non-GAAP measure – See Appendix

A black and white photograph of a city skyline at night, likely Boston. The foreground shows a harbor with a stone pier and heavy chains. The middle ground features a large bridge structure. The background is filled with numerous skyscrapers, some of which are illuminated. The text is overlaid on the image.

# 2024 INVESTOR DAY

**SAVE THE DATE**

---

**December 4, 2024 | Boston, MA**



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, free cash flow, 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 second quarter and fiscal year 2024 earnings release and filed on our Current Report on Form 8-K dated May 6, 2024. 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 we expect our “operating tax rate”, which represents the tax rate on our recurring operating results, to fall within. 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 tax impact of legislative changes and tax accruals on historic earnings due to changes in indefinite reinvested assertions. 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

## Adjusted EPS

	Fiscal 2024 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
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
	Fiscal 2023 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2023
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.93	\$ 1.29	\$ 1.43	\$ 4.10	\$ 7.73
Less: Certain items after tax per share	(0.05)	(0.04)	0.01	2.45	2.35
Adjusted earnings (loss) per share	\$ 0.98	\$ 1.33	\$ 1.42	\$ 1.65	\$ 5.38

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



# 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 2 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.

<i>Dollars in millions</i>	<b>Fiscal 2024</b>	<b>Fiscal 2023</b>	<b>Fiscal 2024</b>	<b>Fiscal 2023</b>
	Sept. Q	Sept. Q	FY	FY
<b>Reconciliation of Total Segment EBIT, Total Segment EBITDA and Adjusted EBITDA to Net Income and Segment EBITDA Margin</b>				
<b>Net income (loss) attributable to Cabot Corporation</b>	<b>\$ 137</b>	<b>\$ 234</b>	<b>\$ 380</b>	<b>\$ 445</b>
Net income (loss) attributable to noncontrolling interests	9	12	44	39
Equity in earnings of affiliated companies, net of tax	(1)	(1)	(6)	(5)
Provision (benefit) for income taxes	(10)	(118)	111	(28)
<b>Income (loss) from operations before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 135</b>	<b>\$ 127</b>	<b>\$ 529</b>	<b>\$ 451</b>
Interest expense	19	21	81	90
Certain items	3	22	59	29
Unallocated corporate costs	17	12	68	54
General unallocated (income) expense	(8)	(13)	(42)	(22)
Less: Equity in earnings of affiliated companies	(1)	(1)	(6)	(5)
<b>Total Segment EBIT</b>	<b>\$ 167</b>	<b>\$ 170</b>	<b>\$ 701</b>	<b>\$ 607</b>
Depreciation and amortization excluding corporate depreciation and amortization	36	36	144	142
<b>Total Segment EBITDA</b>	<b>\$ 203</b>	<b>\$ 206</b>	<b>\$ 845</b>	<b>\$ 749</b>
Less: Unallocated corporate costs before corporate depreciation and amortization	17	12	68	54
<b>Adjusted EBITDA</b>	<b>\$ 186</b>	<b>\$ 194</b>	<b>\$ 777</b>	<b>\$ 695</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.

	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023
<i>Dollars in millions</i>	Sept. Q	Sept. Q	FY	FY
<b>Reinforcement Materials EBIT</b>	\$ 123	\$ 134	\$ 537	\$ 482
Reinforcement Materials Depreciation and amortization	17	18	66	70
<b>Reinforcement Materials EBITDA</b>	\$ 140	\$ 152	\$ 603	\$ 552
Reinforcement Materials Sales	\$ 644	\$ 624	\$ 2,610	\$ 2,563
<b>Reinforcement Materials EBITDA Margin</b>	<b>22%</b>	<b>24%</b>	<b>23%</b>	<b>22%</b>

	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023
<i>Dollars in millions</i>	Sept. Q	Sept. Q	FY	FY
<b>Performance Chemicals EBIT</b>	\$ 44	\$ 36	\$ 164	\$ 125
Performance Chemicals Depreciation and amortization	20	18	80	72
<b>Performance Chemicals EBITDA</b>	\$ 64	\$ 54	\$ 244	\$ 197
Performance Chemicals Sales	\$ 322	\$ 306	\$ 1,287	\$ 1,225
<b>Performance Chemicals EBITDA Margin</b>	<b>20%</b>	<b>18%</b>	<b>19%</b>	<b>16%</b>

# Non-GAAP Financial Measures

## Free cash flow (FCF) & Discretionary free cash flow (DFCF)

<i>Dollars in millions</i>	Fiscal 2024					FY 2022	FY 2023	FY 2024	FY 2022 - FY 2024
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024				
<b>Reconciliation of Free Cash Flow and Discretionary</b>									
<b>Free Cash Flow to Cash provided by (used in)</b>									
<b>Cash provided by (used in) operating activities <sup>(B)</sup></b>	\$ 105	\$ 176	\$ 207	\$ 204	\$ 692	\$ 100	\$ 595	\$ 692	
Less: Additions to property, plant and equipment	54	43	52	92	241	211	244	241	
<b>Free cash flow</b>	\$ 51	\$ 133	\$ 155	\$ 112	\$ 451	\$ (111)	\$ 351	\$ 451	
Plus: Additions to property, plant and equipment	54	43	52	92	241	211	244	241	
Less: Changes in net working capital <sup>(C)</sup>	(46)	21	43	39	57	(431)	97	57	
Less: Sustaining and compliance capital expenditures	33	27	36	60	156	136	143	156	
<b>Discretionary free cash flow</b>	\$ 118	\$ 128	\$ 128	\$ 105	\$ 479	\$ 395	\$ 355	\$ 479	\$ 1,229
<sup>(B)</sup> As provided in the Condensed Consolidated Statements of Cash Flows. <sup>(C)</sup> 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.									

# Non-GAAP Financial Measures

## Operating Tax Rate

<b>TABLE 3: RECONCILIATION OF EFFECTIVE TAX RATE TO OPERATING TA</b>				
<b>Three months September 30</b>	<b>2024</b>		<b>2023</b>	
<i>Dollars in millions (unaudited)</i>	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ 10	-7%	\$ 118	-93%
Less: Non-GAAP tax adjustments <sup>(A)</sup>	37		158	
Operating tax rate <sup>(C) (D)</sup>	\$ (27)	20%	\$ (40)	27%
<b>Twelve months ended September 30</b>				
	<b>2024</b>		<b>2023</b>	
<i>Dollars in millions (unaudited)</i>	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ (111)	21%	\$ 28	-6%
Less: Non-GAAP tax adjustments <sup>(A)</sup>	40		161	
Operating tax rate <sup>(C) (D)</sup>	\$ (151)	26%	\$ (133)	28%

<sup>(A)</sup> 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.

<sup>(B)</sup> This table indicates the line items where certain items are recorded in the Consolidated Statements of Operations.

<sup>(C)</sup> 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.

<sup>(D)</sup> Our operating tax rate for fiscal 2025 is expected to be in the range of 27% to 29%.