



CABOT EARNINGS TELECONFERENCE

Third 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 2024, including for adjusted EPS and the expected performance of our business segments for the remainder of fiscal 2024, for strong cash flows from operations and discretionary free cash flow in fiscal 2024 and our anticipated uses of such cash, with respect to our expected capital expenditures for fiscal 2024, and our expected operating tax rate for fiscal 2024 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. 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.

Q3 2024 Highlights

- 1** Q3 GAAP EPS of \$1.94; Adjusted EPS¹ of \$1.92
- 2** Reinforcement Materials segment EBIT of \$136 million; up 3% year over year
- 3** Performance Chemicals segment EBIT of \$55 million; up 72% year over year
- 4** Cash Flows from Operations of \$207 million; Returned \$73 million to shareholders
- 5** Awarded platinum rating from EcoVadis for exceptional leadership in sustainability performance for fourth consecutive year

1. Non-GAAP measure – See Appendix





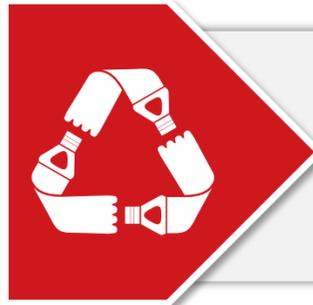
Continued Leadership in Sustainability



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



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



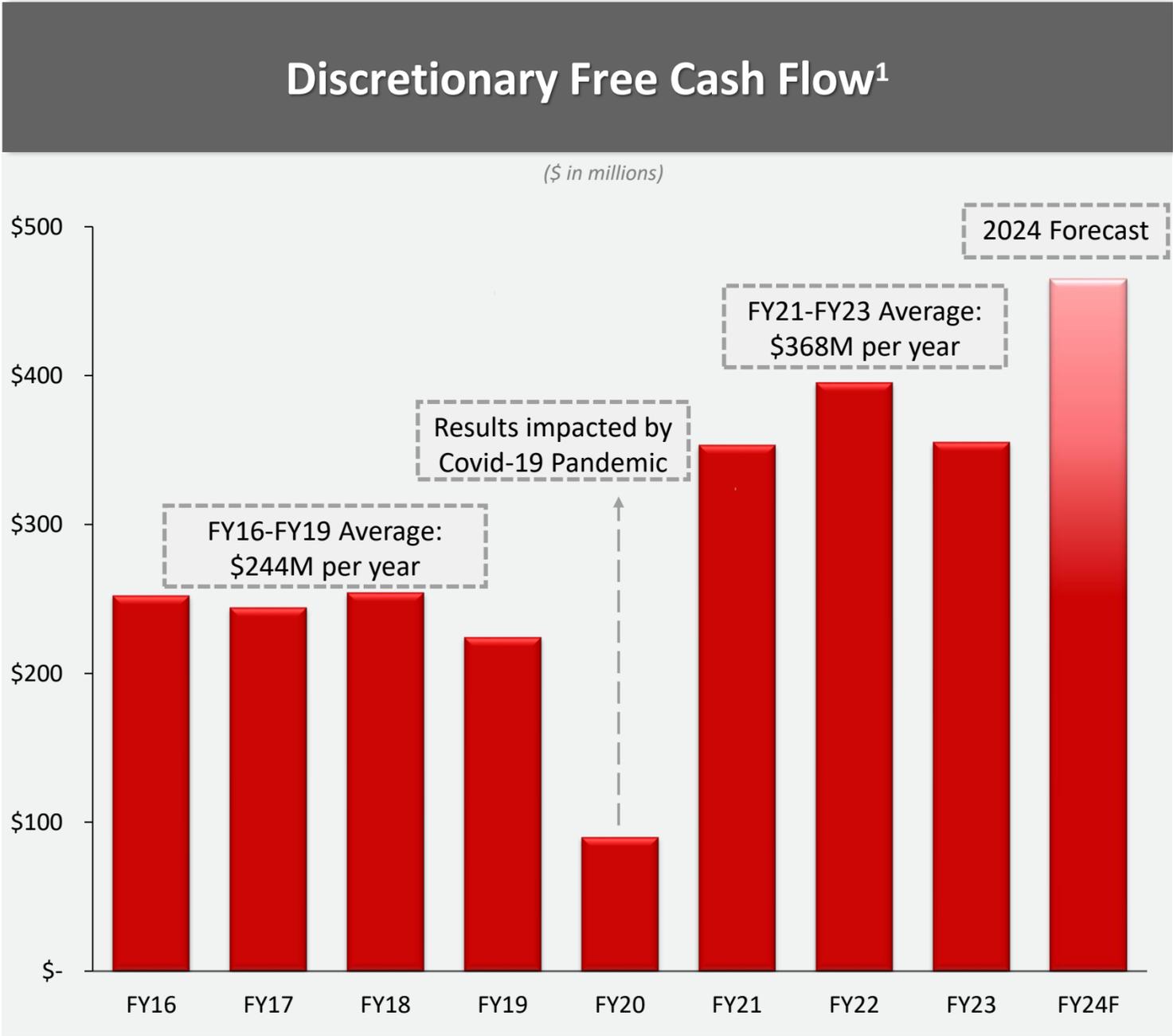
Achieved Operation Clean Sweep Europe® Certification for recognition in reducing plastic waste



Launched New Universal Circular Black Masterbatches with Certified Sustainable Material, powered by EVOLVE® Sustainable Solutions

New Level of Discretionary Free Cash Flow Generation

Enabling future growth investments while returning cash to shareholders



Capital Allocation Priorities

- High confidence, high return investments
- Bolt-on M&A with a disciplined approach
- Industry competitive and growing dividend
- Opportunistic with share repurchases
- Maintain an investment grade balance sheet

1. Non-GAAP measure – See Appendix. Discretionary Free Cash Flow is defined as Cash provided by (used in) operating activities (A) less Changes in Net Working Capital (B) less Sustaining and Compliance Capital Expenditures
 (A) As provided in the Condensed Consolidated Statement of Cash Flows.
 (B) 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.

Q3 2024 Financial Highlights



Adjusted EPS¹

\$1.92

Diluted EPS \$1.94

Cash flow from Operations

\$207 million

Discretionary Free Cash Flow¹ of \$128M

Cash and Cash Equivalents

\$197 million

Capex

\$52 million

FY'24 expected to be in the range of \$220M - \$240M

Debt Balance

\$1.1 billion

Liquidity

\$1.4 billion

Operating Tax Rate¹

28% YTD

FY'24 forecast range of 27% - 28%

Reinforcement Materials Segment

Operating Performance

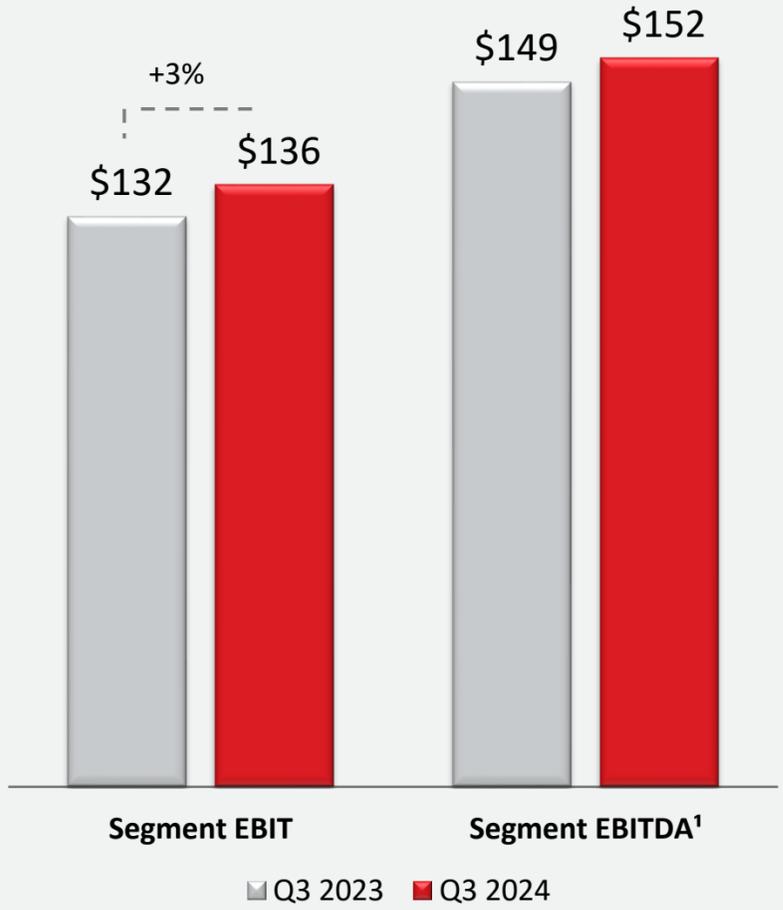
Q3 2024 RESULTS

- ◆ Global volumes up 4% year-over-year from growth in Asia Pacific and Europe
- ◆ Favorable pricing and product mix from calendar year 2024 customer agreements partially offset by less favorable geographic mix and higher costs



SEGMENT EBIT & EBITDA

(\$ in millions)



Q4 2024 OUTLOOK

- ◆ Expect modest sequential EBIT improvement
- ◆ Volumes expected to improve sequentially in Americas and Asia Pacific; seasonally weaker Europe



1. Non-GAAP measure – See Appendix

Performance Chemicals Segment

Operating Performance

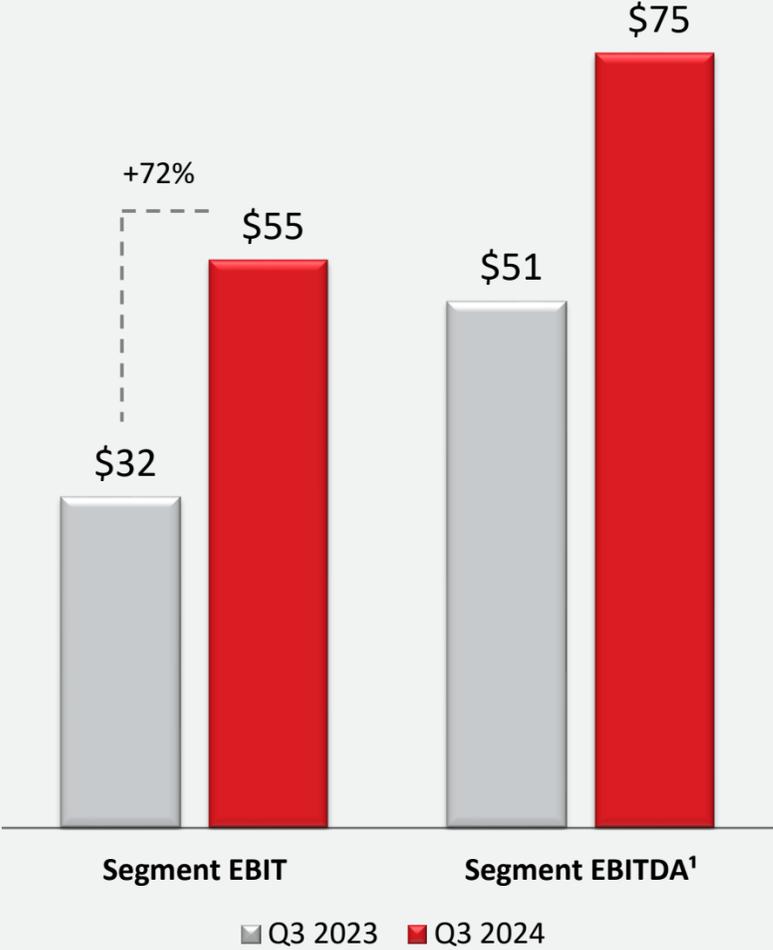
Q3 2024 RESULTS

- ◆ Volumes up 9% driven by specialty carbons and fumed metal oxides product lines
- ◆ Improved product mix driven by higher sales into automotive, infrastructure, and semiconductor applications



SEGMENT EBIT & EBITDA

(\$ in millions)



Q4 2024 OUTLOOK

- ◆ EBIT expected to be higher year over year from higher volumes and improved product mix
- ◆ EBIT expected to be lower sequentially driven by seasonal impacts



1. Non-GAAP measure – See Appendix

2024 Outlook

1

Raising Adjusted EPS¹ guidance

\$7.00 to \$7.10 adjusted EPS expected for fiscal 2024; up 31% year-over-year at the midpoint

2

Strong Reinforcement Materials performance expected to continue

Higher year-over-year volumes and margins expected

3

Year-over-Year growth expected in Performance Chemicals

Higher year-over-year volumes and more favorable product mix expected

4

Operating cash flow outlook remains strong

Supports 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 image shows several tall buildings with lit windows, a bridge in the foreground, and a body of water reflecting the lights. 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 ^(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	\$ —	\$ 4.30
Less: Certain items after tax per share	(0.68)	(0.29)	0.02	—	(0.95)
Adjusted earnings (loss) per share	\$ 1.56	\$ 1.78	\$ 1.92	\$ —	\$ 5.25
	Fiscal 2023 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2023
Reconciliation of Adjusted EPS to GAAP EPS					
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

^(A) 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>	Fiscal 2024	Fiscal 2023
	Jun. Q	Jun. Q
<u>Reconciliation of Total Segment EBIT, Total Segment EBITDA and Adjusted EBITDA to Net Income and</u>		
Net income (loss) attributable to Cabot Corporation	\$ 109	\$ 82
Net income (loss) attributable to noncontrolling interests	11	8
Equity in earnings of affiliated companies, net of tax	(2)	(1)
Provision (benefit) for income taxes	40	41
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	\$ 158	\$ 130
Interest expense	19	24
Certain items	2	1
Unallocated corporate costs	16	11
General unallocated (income) expense	(6)	(3)
Less: Equity in earnings of affiliated companies	(2)	(1)
Total Segment EBIT	\$ 191	\$ 164
Depreciation and amortization excluding corporate depreciation	36	36
Total Segment EBITDA	\$ 227	\$ 200
Less: Unallocated corporate costs before corporate depreciation	16	11
Adjusted EBITDA	\$ 211	\$ 189

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.

<i>Dollars in millions</i>	Fiscal 2024	Fiscal 2023
	Jun. Q	Jun. Q
Reinforcement Materials EBIT	\$ 136	\$ 132
Reinforcement Materials Depreciation and amortization	16	17
Reinforcement Materials EBITDA	\$ 152	\$ 149

<i>Dollars in millions</i>	Fiscal 2024	Fiscal 2023
	Jun. Q	Jun. Q
Performance Chemicals EBIT	\$ 55	\$ 32
Performance Chemicals Depreciation and amortization	20	19
Performance Chemicals EBITDA	\$ 75	\$ 51

Non-GAAP Financial Measures

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

<i>Dollars in millions</i>													
	FY16	FY17	FY18	FY19	FY16-FY19 Average	FY21	FY22	FY23	FY21-FY23 Average	FY24 Q1	FY24 Q2	FY24 Q3	FY24 YTD
Cash provided by (used in) operating activities ^(B)	\$ 386	\$ 340	\$ 299	\$ 363		\$ 257	\$ 100	\$ 595		\$ 105	\$ 176	\$ 207	\$ 488
Less: Additions to property, plant and equipment	112	147	229	224		195	211	244		54	43	52	149
Free cash flow	\$ 274	\$ 193	\$ 70	\$ 139		\$ 62	\$ (111)	\$ 351		\$ 51	\$ 133	\$ 155	\$ 339
Plus: Additions to property, plant and equipment	112	147	229	224		195	211	244		54	43	52	149
Less: Changes in net working capital ^(C)	43	(23)	(110)	25		(222)	(431)	97		(46)	21	43	18
Less: Sustaining and compliance capital expenditures	91	119	155	114		126	136	143		33	27	36	96
Discretionary free cash flow	\$ 252	\$ 244	\$ 254	\$ 224	\$ 244	\$ 353	\$ 395	\$ 355	\$ 368	\$ 118	\$ 128	\$ 128	\$ 374

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

^(C) Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statements of Cash Flows.

Non-GAAP Financial Measures

Operating Tax Rate

TABLE 3: RECONCILIATION OF EFFECTIVE TAX RATE TO OPERATING TAX RATE				
Three months June 30				
	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
<i>Dollars in millions (unaudited)</i>				
Effective Tax Rate	\$ (40)	25%	\$ (41)	32%
Less: Non-GAAP tax adjustments ^(A)	3		2	
Operating tax rate ^{(C) (D)}	\$ (43)	27%	\$ (43)	33%
Nine months ended June 30				
	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
<i>Dollars in millions (unaudited)</i>				
Effective Tax Rate	\$ (121)	31%	\$ (90)	28%
Less: Non-GAAP tax adjustments ^(A)	3		3	
Operating tax rate ^{(C) (D)}	\$ (124)	28%	\$ (93)	28%

^(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 2024 is expected to be in the range of 27% to 29%

^(E) Per share amounts are calculated after tax.