

Second Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS

Periods ended March 31	Three Months		Six Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	2024	2023	2024	2023
Net sales and other operating revenues.....	\$ 1,019	\$1,033	\$1,977	\$1,998
Cost of sales.....	773	823	1,513	1,607
Gross profit.....	246	210	464	391
Selling and administrative expenses.....	75	66	142	126
Research and technical expenses.....	15	15	30	28
Loss on sale of business.....	—	—	—	3
Income (loss) from operations.....	156	129	292	234
Other income (expense)				
Interest and dividend income.....	8	9	17	15
Interest expense.....	(21)	(23)	(43)	(45)
Other income (expense).....	(1)	(5)	(30)	(10)
Total other income (expense).....	(14)	(19)	(56)	(40)
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	142	110	236	194
(Provision) benefit for income taxes.....	(47)	(29)	(81)	(49)
Equity in earnings of affiliated companies, net of tax.....	2	1	3	3
Net income (loss).....	97	82	158	148
Net income (loss) attributable to noncontrolling interests, net of tax.....	13	7	24	19
Net income (loss) attributable to Cabot Corporation.....	\$ 84	\$ 75	\$ 134	\$ 129
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation.....	\$ 1.49	\$ 1.29	\$ 2.37	\$ 2.23
Diluted weighted average common shares outstanding.....	55.8	56.8	55.8	56.7

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CABOT CORPORATION SUMMARY RESULTS BY SEGMENT

Periods ended March 31	Three Months		Six Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	2024	2023	2024	2023
Sales				
Reinforcement Materials.....	\$ 676	\$ 672	\$ 1,317	\$ 1,315
Performance Chemicals.....	311	326	596	612
Segment sales.....	987	998	1,913	1,927
Unallocated and other ^(A)	32	35	64	71
Net sales and other operating revenues.....	\$ 1,019	\$1,033	\$ 1,977	\$ 1,998
Segment Earnings Before Interest and Taxes ^(B)				
Reinforcement Materials.....	\$ 149	\$ 122	\$ 278	\$ 216
Performance Chemicals.....	31	28	65	57
Total Segment Earnings Before Interest and Taxes.....	180	150	343	273
Unallocated and Other				
Interest expense.....	(21)	(23)	(43)	(45)
Certain items ^(C)	(12)	(2)	(54)	(6)
Unallocated corporate costs.....	(18)	(16)	(35)	(31)
General unallocated income (expense) ^(D)	15	2	28	6
Less: Equity in earnings of affiliated companies, net of tax.....	2	1	3	3
Income (loss) from operations before income taxes and equity in earnings of affiliated companies.....	142	110	236	194
(Provision) benefit for income taxes (including tax certain items).....	(47)	(29)	(81)	(49)
Equity in earnings of affiliated companies, net of tax.....	2	1	3	3
Net income (loss).....	97	82	158	148
Net income (loss) attributable to noncontrolling interests, net of tax.....	13	7	24	19
Net income (loss) attributable to Cabot Corporation.....	\$ 84	\$ 75	\$ 134	\$ 129
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation.....				
	\$ 1.49	\$ 1.29	\$ 2.37	\$ 2.23
Adjusted earnings (loss) per share ^(E).....				
	\$ 1.78	\$ 1.33	\$ 3.33	\$ 2.31
Diluted weighted average common shares outstanding.....				
	55.8	56.8	55.8	56.7

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

^(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, royalties, 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.

Second Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Dollars in millions (unaudited)</i>	March 31, 2024	September 30, 2023
Current assets:		
Cash and cash equivalents.....	\$ 206	\$ 238
Accounts and notes receivable, net of reserve for doubtful accounts of \$5 and \$2	744	695
Inventories:		
Raw materials.....	127	148
Finished goods.....	354	374
Other.....	70	63
Total inventories.....	551	585
Prepaid expenses and other current assets.....	104	108
Total current assets.....	1,605	1,626
Property, plant and equipment.....	3,909	3,827
Accumulated Depreciation	(2,482)	(2,415)
Net property, plant and equipment.....	1,427	1,412
Goodwill.....	137	134
Equity affiliates.....	22	20
Intangible assets, net	59	60
Deferred income taxes.....	163	180
Other assets.....	183	172
Total assets.....	<u>\$ 3,596</u>	<u>\$ 3,604</u>

Second Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Dollars in millions, except share and per share amounts (unaudited)</i>	March 31, 2024	September 30, 2023
Current liabilities:		
Short-term borrowings.....	\$ 88	\$ 174
Accounts payable and accrued liabilities.....	587	600
Income taxes payable.....	35	40
Current portion of long-term debt.....	8	8
Total current liabilities.....	<u>718</u>	<u>822</u>
Long-term debt.....	1,088	1,094
Deferred income taxes.....	38	50
Other liabilities.....	245	231
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: 55,391,349 and 55,379,636 shares	55	55
Outstanding: 55,258,040 and 55,243,804 shares		
Less cost of 133,309 and 135,832 shares of common treasury stock	(3)	(3)
Additional paid-in capital.....	—	—
Retained earnings.....	1,632	1,574
Accumulated other comprehensive income (loss).....	(317)	(362)
Total Cabot Corporation stockholders' equity.....	<u>1,367</u>	<u>1,264</u>
Noncontrolling interests.....	140	143
Total stockholders' equity.....	<u>1,507</u>	<u>1,407</u>
Total liabilities and stockholders' equity.....	<u>\$ 3,596</u>	<u>\$ 3,604</u>

CABOT CORPORATION QUARTERLY RESULTS BY SEGMENT

Dollars in millions, except per share amounts (unaudited)	Fiscal 2023					Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY	Dec. Q	Mar. Q	June Q	Sept. Q	FY
Sales										
Reinforcement Materials.....	\$ 643	\$ 672	\$ 624	\$ 624	\$ 2,563	\$ 641	\$ 676	\$ —	\$ —	\$ 1,317
Performance Chemicals.....	286	326	307	306	\$ 1,225	285	311	—	—	596
Segment sales.....	929	998	931	930	3,788	926	987	—	—	1,913
Unallocated and other ^(A)	36	35	37	35	143	32	32	—	—	64
Net sales and other operating revenues.....	\$ 965	\$ 1,033	\$ 968	\$ 965	\$ 3,931	\$ 958	\$ 1,019	\$ —	\$ —	\$ 1,977
Segment Earnings Before Interest and Taxes ^(B)										
Reinforcement Materials.....	\$ 94	\$ 122	\$ 132	\$ 134	\$ 482	\$ 129	\$ 149	\$ —	\$ —	\$ 278
Performance Chemicals.....	29	28	32	36	125	34	31	—	—	65
Total Segment Earnings Before Interest and Taxes.....	123	150	164	170	607	163	180	—	—	343
Unallocated and Other										
Interest expense.....	(22)	(23)	(24)	(21)	(90)	(22)	(21)	—	—	(43)
Certain items ^(C)	(4)	(2)	(1)	(22)	(29)	(42)	(12)	—	—	(54)
Unallocated corporate costs.....	(15)	(16)	(11)	(12)	(54)	(17)	(18)	—	—	(35)
General unallocated income (expense) ^(D)	4	2	3	13	22	13	15	—	—	28
Less: Equity in earnings of affiliated companies, net of tax.....	2	1	1	1	5	1	2	—	—	3
Income (loss) from operations before income taxes and equity in earnings of affiliated companies.....	84	110	130	127	451	94	142	—	—	236
(Provision) benefit for income taxes (including tax certain items).....	(20)	(29)	(41)	118	28	(34)	(47)	—	—	(81)
Equity in earnings of affiliated companies, net of tax.....	2	1	1	1	5	1	2	—	—	3
Net income (loss).....	66	82	90	246	484	61	97	—	—	158
Net income (loss) attributable to noncontrolling interests, net of tax.....	12	7	8	12	39	11	13	—	—	24
Net income (loss) attributable to Cabot Corporation.....	\$ 54	\$ 75	\$ 82	\$ 234	\$ 445	\$ 50	\$ 84	\$ —	\$ —	\$ 134
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation.....	\$ 0.93	\$ 1.29	\$ 1.43	\$ 4.10	\$ 7.73	\$ 0.88	\$ 1.49	\$ —	\$ —	\$ 2.37
Adjusted earnings (loss) per share ^(E).....	\$ 0.98	\$ 1.33	\$ 1.42	\$ 1.65	\$ 5.38	\$ 1.56	\$ 1.78	\$ —	\$ —	\$ 3.33
Diluted weighted average common shares outstanding.....	56.7	56.8	56.5	56.1	56.5	55.8	55.8	—	—	55.8

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

^(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, royalties, 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.

Second Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended March 31 <i>Dollars in millions (unaudited)</i>	Three Months		Six Months	
	2024	2023	2024	2023
Cash Flows from Operating Activities:				
Net income (loss).....	\$ 97	\$ 82	\$ 158	\$ 148
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization.....	37	36	78	71
Other non-cash charges (gains), net.....	22	4	71	6
Cash dividends received from equity affiliates.....	—	—	1	2
Changes in assets and liabilities:				
Changes in net working capital ^(A)	21	59	(25)	25
Changes in other assets and liabilities, net.....	(1)	(19)	(2)	(38)
Cash provided by (used in) operating activities.....	<u>176</u>	<u>162</u>	<u>281</u>	<u>214</u>
Cash Flows from Investing Activities:				
Additions to property, plant and equipment.....	(43)	(51)	(97)	(86)
Proceeds from sale of business.....	—	—	—	6
Other investing activities, net.....	2	4	2	16
Cash provided by (used in) investing activities.....	<u>(41)</u>	<u>(47)</u>	<u>(95)</u>	<u>(64)</u>
Cash Flows from Financing Activities:				
Change in debt, net.....	(125)	(55)	(94)	(98)
Cash dividends paid to common stockholders.....	(23)	(21)	(45)	(42)
Other financing activities, net.....	(18)	(42)	(56)	(70)
Cash provided by (used in) financing activities.....	<u>(166)</u>	<u>(118)</u>	<u>(195)</u>	<u>(210)</u>
Effect of exchange rate changes on cash.....	(7)	18	(23)	59
Increase (decrease) in cash and cash equivalents.....	(38)	15	(32)	(1)
Cash and cash equivalents at beginning of period.....	244	190	238	206
Cash and cash equivalents at end of period.....	<u>\$ 206</u>	<u>\$ 205</u>	<u>\$ 206</u>	<u>\$ 205</u>

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

Second Quarter Earnings Announcement, Fiscal 2024

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	
	2024	2023	2024	2023
<u>Certain items before and after income taxes</u>				
Argentina controlled currency devaluation loss and other losses	\$ (8)	\$ —	\$ (41)	\$ —
Global restructuring activities	(3)	—	(12)	—
Legal and environmental matters and reserves	(1)	(1)	(1)	(2)
Gain on sale of land	—	—	—	1
Loss on sale of business and asset impairment charge	—	—	—	(3)
Acquisition and integration-related charges	—	—	—	(1)
Other Certain Items	—	(1)	—	(1)
Total certain items, pre-tax	(12)	(2)	(54)	(6)
Non-GAAP tax adjustments ^(A)	(4)	—	—	1
Total certain items after tax	\$ (16)	\$ (2)	\$ (54)	\$ (5)
Total certain items after tax per share	\$ (0.29)	\$ (0.04)	\$ (0.96)	\$ (0.08)

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	
	2024	2023	2024	2023
<u>Statement of Operations Line Item ^(B)</u>				
Cost of sales	\$ 3	\$ (1)	12	(3)
Selling and administrative expenses	1	(1)	1	—
Other income (expense)	8	—	41	—
Loss on sale of business	—	—	—	(3)
Total certain items	\$ 12	\$ (2)	\$ 54	\$ (6)

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

Three months March 31 <i>Dollars in millions (unaudited)</i>	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ (47)	33%	\$ (29)	26%
Less: Non-GAAP tax adjustments ^(A)	(4)	—	—	—
Operating tax rate ^{(C)(D)}	\$ (43)	28%	\$ (29)	25%
Six months ended March 31				
<i>Dollars in millions (unaudited)</i>	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
Effective Tax Rate	\$ (81)	34%	\$ (49)	25%
Less: Non-GAAP tax adjustments ^(A)	—	—	1	—
Operating tax rate ^{(C)(D)}	\$ (81)	28%	\$ (50)	25%

TABLE 4: RECONCILIATION OF ADJUSTED EPS BY QUARTER FOR FISCAL 2024 and FISCAL 2023

Periods ended (unaudited) <u>Reconciliation of Adjusted EPS to GAAP EPS</u>	Fiscal 2024 ^(E)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
Net income (loss) per share attributable to Cabot Corporation	\$ 0.88	\$ 1.49	\$ —	\$ —	\$ 2.37
Less: Certain items after tax per share	(0.68)	(0.29)	—	—	(0.96)
Adjusted earnings (loss) per share	\$ 1.56	\$ 1.78	\$ —	\$ —	\$ 3.33
Periods ended (unaudited) <u>Reconciliation of Adjusted EPS to GAAP EPS</u>	Fiscal 2023 ^(E)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2023
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) 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.

Second Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	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	\$ —	\$ —	\$ 2.37
Less: Certain items after tax per share	(0.68)	(0.29)	—	—	(0.96)
Adjusted earnings (loss) per share	\$ 1.56	\$ 1.78	\$ —	\$ —	\$ 3.33
	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.

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
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	\$ 50	\$ 84	\$ —	\$ —	\$ 134
Net income (loss) attributable to noncontrolling interests	11	13	—	—	24
Equity in earnings of affiliated companies, net of tax	(1)	(2)	—	—	(3)
Provision (benefit) for income taxes	34	47	—	—	81
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	\$ 94	\$ 142	\$ —	\$ —	\$ 236
Interest expense	22	21	—	—	43
Certain items	42	12	—	—	54
Unallocated corporate costs	17	18	—	—	35
General unallocated (income) expense	(13)	(15)	—	—	(28)
Less: Equity in earnings of affiliated companies	(1)	(2)	—	—	(3)
Total Segment EBIT	\$ 163	\$ 180	\$ —	\$ —	\$ 343
Depreciation and amortization excluding corporate depreciation	35	37	—	—	72
Total Segment EBITDA	\$ 198	\$ 217	\$ —	\$ —	\$ 415
Less: Unallocated corporate costs before corporate depreciation	17	18	—	—	35
Adjusted EBITDA	\$ 181	\$ 199	\$ —	\$ —	\$ 380

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 129	\$ 149	\$ —	\$ —	\$ 278
Reinforcement Materials Depreciation and amortization	17	17	—	—	34
Reinforcement Materials EBITDA	\$ 146	\$ 166	\$ —	\$ —	\$ 312
Reinforcement Materials Sales	\$ 641	\$ 676	\$ —	\$ —	\$ 1,317
Reinforcement Materials EBITDA Margin	23%	25%	—%	—%	24%

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 34	\$ 31	\$ —	\$ —	\$ 65
Performance Chemicals Depreciation and amortization	18	20	—	—	38
Performance Chemicals EBITDA	\$ 52	\$ 51	\$ —	\$ —	\$ 103
Performance Chemicals Sales	\$ 285	\$ 311	\$ —	\$ —	\$ 596
Performance Chemicals EBITDA Margin	18%	16%	—%	—%	17%

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
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)	\$ 105	\$ 176	\$ —	\$ —	\$ 281
Less: Additions to property, plant and equipment	54	43	—	—	97
Free cash flow	\$ 51	\$ 133	\$ —	\$ —	\$ 184
Plus: Additions to property, plant and equipment	54	43	—	—	97
Less: Changes in net working capital ^(C)	(46)	21	—	—	(25)
Less: Sustaining and compliance capital expenditures	33	27	—	—	60
Discretionary free cash flow	\$ 118	\$ 128	\$ —	\$ —	\$ 246

^(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.