

Fourth Quarter Earnings Announcement, Fiscal 2019

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal 2019 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ 1.14	\$ 0.39	\$ 0.55	\$ 0.55	\$ 2.63
Less: Certain items after tax per share	0.27	(0.60)	(0.45)	(0.50)	(1.28)
Adjusted earnings per share	\$ 0.87	\$ 0.99	\$ 1.00	\$ 1.05	\$ 3.91
Less: Specialty Fluids Adjusted earnings per share ^(B)					0.31
Adjusted earnings per share excluding Specialty Fluids					\$ 3.60

^(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.
^(B) Specialty Fluids Adjusted earnings per share is calculated as follows (in millions except for per share amounts):

Specialty Fluids EBIT	\$ 24
Less: Specialty Fluids taxes ^(C)	6
Specialty Fluids profit after tax	18
Divided by: Cabot Corporation diluted weighted average common shares outstanding	58.8
Specialty Fluids Adjusted EPS	\$ 0.31

^(C) Specialty Fluids taxes calculated by applying Cabot's Operating tax rate of 24% to Specialty Fluids EBIT. Cabot's operating tax rate is reconciled in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

Dollars in millions

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin					
Net income (loss) attributable to Cabot Corporation	\$ 69	\$ 23	\$ 32	\$ 33	\$ 157
Net income (loss) attributable to noncontrolling interests	8	6	8	7	29
Equity in earnings of affiliated companies, net of tax	—	—	(1)	—	(1)
Provision (benefit) for income taxes	(7)	20	30	27	70
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 70	\$ 49	\$ 69	\$ 67	\$ 255
Interest expense	15	14	14	16	59
Certain items	10	37	14	26	87
Unallocated corporate costs	12	13	14	11	50
General unallocated (income) expense	(2)	(1)	—	(5)	(8)
Less: Equity in earnings of affiliated companies	—	—	(1)	—	(1)
Total Segment EBIT	\$ 105	\$ 112	\$ 112	\$ 115	\$ 444
Total Depreciation and amortization	35	38	37	38	148
Adjustments to depreciation ^(D)	—	(1)	—	—	(1)
Total Segment EBITDA	\$ 140	\$ 149	\$ 149	\$ 153	\$ 591
Less: Unallocated corporate costs	12	13	14	11	50
Adjusted EBITDA	\$ 128	\$ 136	\$ 135	\$ 142	\$ 541

^(D) Adjustments to depreciation includes the addition of the depreciation expense of a contractual joint venture in Purification Solutions less accelerated depreciation expense not allocated to a business.

Dollars in millions

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reinforcement Materials EBIT	\$ 62	\$ 61	\$ 72	\$ 71	\$ 266
Reinforcement Materials Depreciation and amortization	16	17	18	18	69
Reinforcement Materials EBITDA	\$ 78	\$ 78	\$ 90	\$ 89	\$ 335
Reinforcement Materials Sales	\$ 457	\$ 445	\$ 461	\$ 452	\$ 1,815
Reinforcement Materials EBITDA Margin	17%	18%	20%	20%	18%

Dollars in millions

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Performance Chemicals EBIT	\$ 36	\$ 38	\$ 37	\$ 41	\$ 152
Performance Chemicals Depreciation and amortization	12	13	12	14	51
Performance Chemicals EBITDA	\$ 48	\$ 51	\$ 49	\$ 55	\$ 203
Performance Chemicals Sales	\$ 231	\$ 254	\$ 251	\$ 259	\$ 995
Performance Chemicals EBITDA Margin	21%	20%	20%	21%	20%

Dollars in millions

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Purification Solutions EBIT	\$ (3)	\$ 1	\$ 1	\$ 3	\$ 2
Purification Solutions Depreciation and amortization	6	7	7	6	26
Purification Solutions EBITDA	\$ 3	\$ 8	\$ 8	\$ 9	\$ 28
Purification Solutions Sales	\$ 65	\$ 72	\$ 73	\$ 68	\$ 278
Purification Solutions EBITDA Margin	5%	11%	11%	13%	10%

Dollars in millions

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Specialty Fluids EBIT	\$ 10	\$ 12	\$ 2	\$ —	\$ 24
Specialty Fluids Depreciation and amortization	1	—	—	—	1
Specialty Fluids EBITDA	\$ 11	\$ 12	\$ 2	\$ —	\$ 25
Specialty Fluids Sales	\$ 19	\$ 24	\$ 13	\$ —	\$ 56
Specialty Fluids EBITDA Margin	58%	50%	15%	—%	45%

Dollars in millions

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash					
Flow from Operating Activities					
Cash flow from operating activities ^(E)	\$ (39)	\$ 90	\$ 115	\$ 195	\$ 361
Less: Additions to property, plant and equipment	54	43	58	69	224
Free cash flow	\$ (93)	\$ 47	\$ 57	\$ 126	\$ 137
Plus: Additions to property, plant and equipment	54	43	58	69	224
Less: Changes in net working capital ^(F)	(111)	22	16	98	25
Less: Sustaining and compliance capital expenditures	27	21	28	38	114
Discretionary free cash flow	\$ 45	\$ 47	\$ 71	\$ 59	\$ 222

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