



EARNINGS TELECONFERENCE

FOURTH QUARTER - FISCAL 2021



FORWARD LOOKING STATEMENTS

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 with respect to our expectations for our performance in fiscal year 2022, including our expectations for adjusted earnings per share and the strength of demand and the benefits of our investments, the factors that we expect will impact our results of operations, and our expected operating tax rate for fiscal 2022, 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, competition from other specialty chemical companies; volatility in the price of energy and raw materials; a significant adverse change in a customer relationship; safety, health and environmental requirements; 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 or global health matters; and fluctuations in foreign currency exchange and interest rates. 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, 2020, 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.

2021 ACCOMPLISHMENTS

DISCIPLINED EXECUTION

- ◆ Record Total Segment EBIT¹ and Adjusted EPS¹ results
- ◆ Record Discretionary Free Cash Flow¹ of \$353 million
- ◆ Supported customer demand through dynamic environment
- ◆ Successfully implemented price increases to recover rising input costs and improve margins

DELIVERING GROWTH

- ◆ 11% Adjusted EPS¹ CAGR since 2015
- ◆ Doubled battery materials revenue year over year
- ◆ Secured qualifications with key inkjet packaging customers
- ◆ Progressed specialty carbons conversion project in Xuzhou, China and specialty compounds expansion in Indonesia

ADVANCING SUSTAINABILITY

- ◆ Completed analysis aligned with the Task Force for Climate-related Financial Disclosures (TCFD)
- ◆ Continued strong safety performance with TRIR² of .34
- ◆ Completion of major air emissions control project in Louisiana
- ◆ New \$1B ESG-linked Corporate Credit facility
- ◆ Inaugural sponsor of the Future of STEM Scholars Initiative (FOSSI)

Execution against strategy positions Cabot for long-term growth

Q4 2021 OVERVIEW

- ◆ *Adjusted EPS⁽¹⁾ of \$1.11*; Diluted EPS of \$0.50
- ◆ *Reinforcement Materials EBIT improved by \$8M year over year* driven by strong tire demand and higher Asia pricing
- ◆ *Performance Chemicals segment EBIT increased by \$20M year over year* due to improved product mix and higher pricing
- ◆ *Battery Materials momentum continued*, ending the full year with EBITDA in our expected range of \$15M- \$20M
- ◆ *Operating cash flow of \$100M*; liquidity of \$1.3B

<i>(in \$ millions)</i>	Q4 2021	Q4 2020
Total Segment EBIT¹	\$ 116	\$ 84
Adjusted EBITDA¹	\$ 143	\$ 117
Dividends	\$ 20	\$ 20
Operating Cash Flow	\$ 100	\$ 99



1. Non-GAAP measure – See Appendix

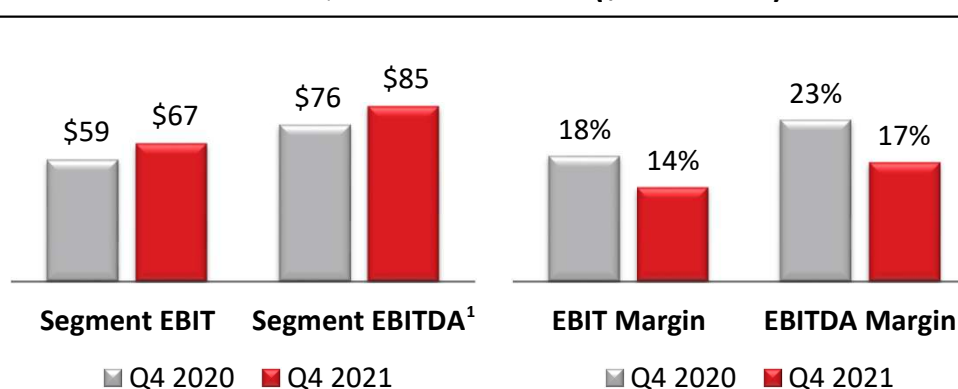
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q4 FISCAL 2021 RESULTS

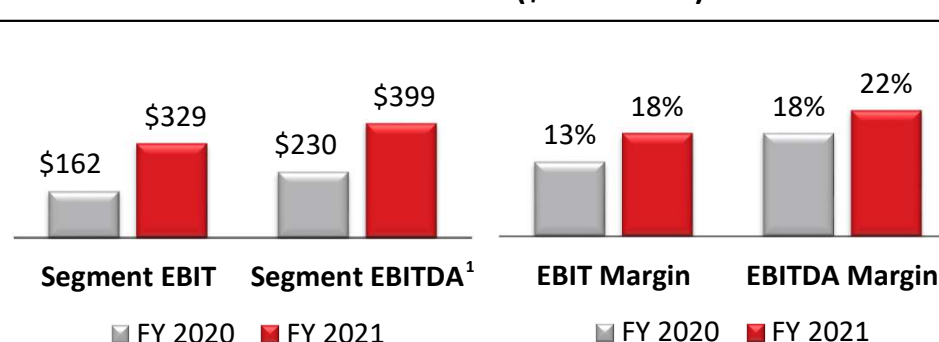
- ◆ Global volumes up 6% year-over-year with increases in all regions
- ◆ Margins improved year-over-year driven by favorable Asia pricing
- ◆ Higher fixed costs due to timing of planned plant maintenance



FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



1. Non-GAAP measure – See Appendix

CABOT CORPORATION

Q1 FISCAL 2022 OUTLOOK

- ◆ Volumes expected to remain solid
- ◆ Lower sequential fixed costs anticipated from less plant maintenance spending
- ◆ Margins expected to remain consistent sequentially



PERFORMANCE CHEMICALS SEGMENT

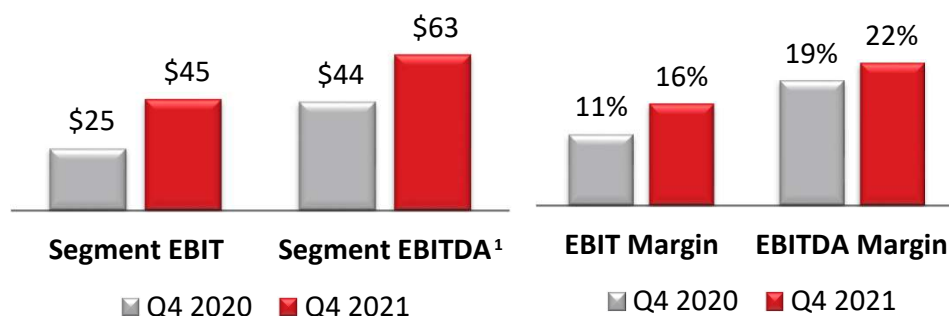
OPERATING PERFORMANCE

Q4 FISCAL 2021 RESULTS

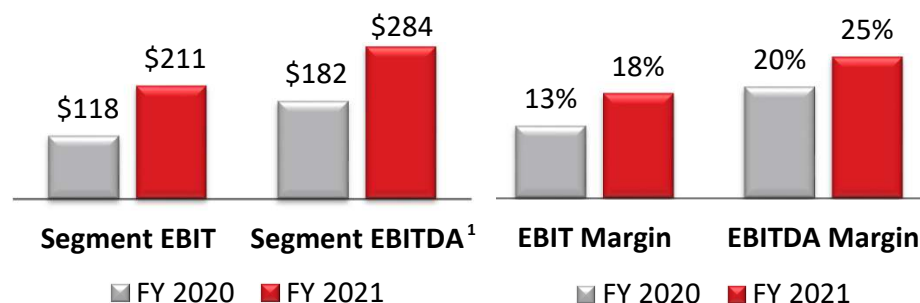
- ◆ Performance Additives volumes increase 2% year-over-year and Formulated Solutions decreased 8% driven by plant outages
- ◆ Improved product mix in specialty carbons
- ◆ Strong pricing in fumed metal oxides product line



FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



Q1 FISCAL 2022 OUTLOOK

- ◆ Expect sequential volume growth as one impacted plant comes back online
- ◆ Positive impact from strong growth in Battery Materials product line expected
- ◆ Rising input costs temporarily expected to unfavorably impact the quarter, until pricing is fully implemented



1. Non-GAAP measure – See Appendix

PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

Q4 FISCAL 2021 RESULTS

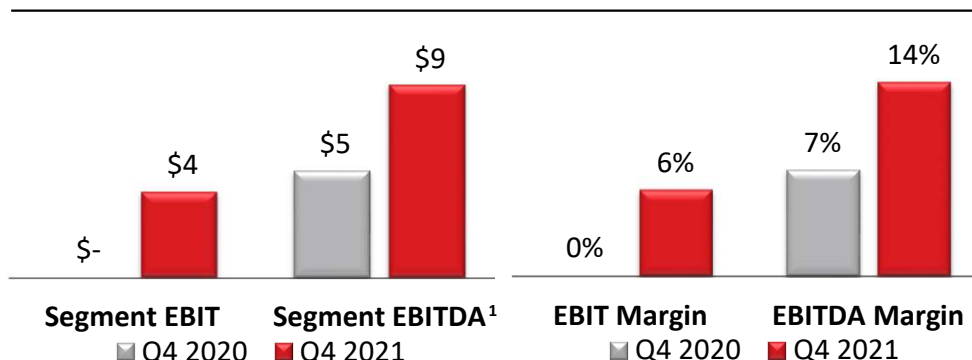
- ♦ Improved pricing in specialty applications
- ♦ Lower fixed costs driven by the sale of the mine in Texas and the related long-term activated carbon supply agreement



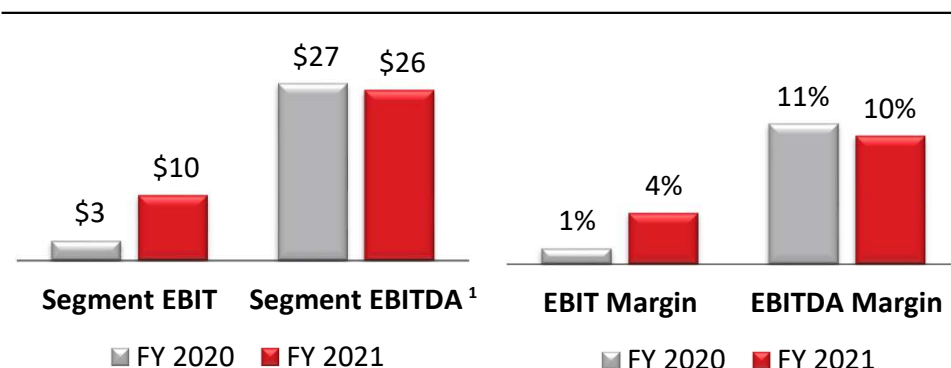
1. Non-GAAP measure – See Appendix

CABOT CORPORATION

FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



Q1 FISCAL 2022 OUTLOOK

- ♦ Lower sequential volumes expected due to business seasonality
- ♦ Higher maintenance costs expected due to planned turnaround activities



Q4 AND FY 2021 CORPORATE FINANCIAL ITEMS¹



Q4 2021

- ✓ **Cash flow from Operations:** \$100 million
- ✓ **Net working capital:** decrease of \$4 million
- ✓ **Capital expenditures:** \$80 million
- ✓ **Dividend:** \$20 million

Fiscal 2021

- ✓ **Discretionary Free Cash Flow¹:** \$353M; **Cash flow from Operations:** \$257 million
- ✓ **Net working capital:** increase of \$222 million
- ✓ **Capital expenditures:** \$195 million; Fiscal 2022 expected \$225-\$250 million
- ✓ **Dividend:** \$80 million
- ✓ **Operating tax rate¹:** 2021 at 27%; Fiscal 2022 expected 27%-29%

1. Non-GAAP Measure. Refer to Reconciliation of Non-GAAP Measures in Appendix

FY2022 PRIORITIES

Capitalize on growth opportunities

- ◆ Successfully negotiate 2022 tire customer agreements
- ◆ Add battery materials capacity to meet expected demand
- ◆ Start specialty carbons production at new Xuzhou, China plant
- ◆ Complete new specialty compounds production unit in Indonesia in calendar year 2022
- ◆ Continue to advance 2025 sustainability goals
- ◆ Deliver on financial commitments



2022 OUTLOOK

Adjusted EPS¹ of \$5.20 - \$5.60 expected in fiscal 2022

Key Assumptions

- ◆ Continued strong business environment anticipated in fiscal 2022
- ◆ Q1 2022 results expected to be in line with Q4 2021
- ◆ Favorable outlook for 2022 Reinforcement Materials customer agreements starting in Q2 2022
- ◆ Benefit from continued growth in Battery Materials product line
- ◆ Strong operating cash flow to fund growth investments, dividends and share repurchases



1. Non-GAAP measure – See Appendix



Q&A



2021 INVESTOR DAY

BOSTON, MA

Register now at: <https://cabotcorpirday.gcs-web.com/>



DECEMBER 2021

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APPENDIX



USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, adjusted EBITDA, 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 Fourth quarter earnings release and filed on our Current Report on Form 8-K dated November 8, 2021. 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 of our “operating tax rate” which represents the tax rate on our recurring operating results. 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 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

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 3 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.

Income (loss) before income taxes and equity in earnings of affiliated companies	Q4 FY2021	Q4 FY2020	YTD 2021	YTD 2020
	\$ 66	\$ (84)	\$ 406	\$ (33)
Less: Certain items	(27)	(144)	(34)	(218)
Less: Other Unallocated items	(23)	(24)	(110)	(98)
Total Segment EBIT	\$ 116	\$ 84	\$ 550	\$ 283
Plus: Total Depreciation & Amortization	43	41	160	158
Plus: Adjustments to Depreciation	(2)	-	(1)	(2)
Less: Unallocated Corporate Costs	14	8	57	40
Adjusted EBITDA	\$ 143	\$ 117	\$ 652	\$ 399

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.

	Q4 FY2021	Q4 FY2020	YTD 2021	YTD 2020
Reinforcement Materials EBIT	\$ 67	\$ 59	\$ 329	\$ 162
Plus: Depreciation and amortization	18	17	70	68
Reinforcement Materials EBITDA	\$ 85	\$ 76	\$ 399	\$ 230
	Q4 FY2021	Q4 FY2020	YTD 2021	YTD 2020
Performance Chemicals EBIT	\$ 45	\$ 25	\$ 211	\$ 118
Plus: Depreciation and amortization	18	19	73	64
Performance Chemicals EBITDA	\$ 63	\$ 44	\$ 284	\$ 182
	Q4 FY2021	Q4 FY2020	YTD 2021	YTD 2020
Purification Solutions EBIT	\$ 4	\$ -	\$ 10	\$ 3
Plus: Depreciation and amortization	5	5	16	24
Purification Solutions EBITDA	\$ 9	\$ 5	\$ 26	\$ 27

NON-GAAP FINANCIAL MEASURES

FREE CASH FLOW (FCF) & DISCRETIONARY FREE CASH FLOW (DFCF)

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.

	Q4 FY2021	Q4 FY2020	YTD 2021	YTD 2020
Cash flow from operating activities ^(A)	\$ 100	\$ 99	\$ 257	\$ 377
Less: Additions to property, plant and equipment	80	38	195	200
Free cash flow	\$ 20	\$ 61	\$ 62	\$ 177
Plus: Additions to property, plant and equipment	80	38	195	200
Less: Changes in net working capital ^(B)	4	7	(222)	185
Less: Sustaining and compliance capital expenditures	52	21	126	102
Discretionary free cash flow	\$ 44	\$ 71	\$ 353	\$ 90

(A) As provided in the Condensed Consolidated Statement of Cash Flows.

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

NON-GAAP FINANCIAL MEASURES

ADJUSTED EPS

	Fiscal 2021 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2021
<u>Reconciliation of Adjusted EPS to GAAP EPS</u>					
Net income (loss) per share attributable to Cabot Corporation	\$ 1.06	\$ 1.30	\$ 1.48	\$ 0.50	\$ 4.34
Less: Certain items after tax per share	(0.12)	(0.08)	0.13	(0.61)	(0.68)
Adjusted earnings (loss) per share	\$ 1.18	\$ 1.38	\$ 1.35	\$ 1.11	\$ 5.02
	Fiscal 2020 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<u>Reconciliation of Adjusted EPS to GAAP EPS</u>					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.70	\$ (0.01)	\$ (0.12)	\$ (4.81)	\$ (4.21)
Less: Certain items after tax per share	0.01	(0.78)	(0.05)	(5.49)	(6.29)
Adjusted earnings (loss) per share	\$ 0.69	\$ 0.77	\$ (0.07)	\$ 0.68	\$ 2.08

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