



EARNINGS TELECONFERENCE

FIRST 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 demand for our products, our expectations for earnings and volumes in the second quarter of fiscal 2021, our expectations for operating cash flow generation, 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. Importantly, as we cannot predict the duration or scope of the COVID-19 pandemic, the negative impact to our results cannot be estimated. Factors that will influence the impact on our business and operations include the duration and extent of the pandemic, the extent of imposed or recommended containment and mitigation measures, and the general economic consequences of the pandemic. Other 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 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 and subsequent SEC filings, 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.

Q1 2021 OVERVIEW

- ◆ *Adjusted EPS⁽¹⁾ up 71% to a record of \$1.18; Diluted EPS up 51% to \$1.06*
- ◆ *Strong volumes in the tire and automotive markets*, as the recovery momentum continued globally
- ◆ *Cabot well positioned* to benefit from China growth
- ◆ *Reinforcement Materials EBIT increased 87% year over year to a record high of \$88M* from improved pricing and product mix in Asia and in our calendar year 2020 customer agreements
- ◆ *Performance Chemicals EBIT up 32% year over year* due to higher volumes across the segment and strong product mix from automotive applications

<i>(in \$ millions)</i>	Q1 2021	Q1 2020
Total Segment EBIT¹	\$ 140	\$ 86
Adjusted EBITDA¹	\$ 166	\$ 114
Dividends	\$ 20	\$ 20
Operating Cash Flow	\$ 21	\$ 105



1. Non-GAAP measure – See Appendix

ADVANCING STRATEGIC INITIATIVES



- ◆ Converting plant in Xuzhou, China to manufacture specialty carbons
- ◆ Provide growth capacity for high value specialty carbons grades and balanced geographical footprint



- ◆ Completed integration of Shenzhen Sanshun Nano into our Energy Materials business
- ◆ Customer adoptions and sales with the top 10 global battery producers continue to build momentum



- ◆ The packaging sector is beginning a transition from analog to digital printing with inkjet technology
- ◆ Cabot is well positioned with product adoptions at many of the leading printer OEMs



- ◆ Platinum rating in recognition of our sustainability efforts from EcoVadis - ranked among the top 1% of companies in our peer group
- ◆ Named one of America's Most Responsible Companies 2021 by *Newsweek*

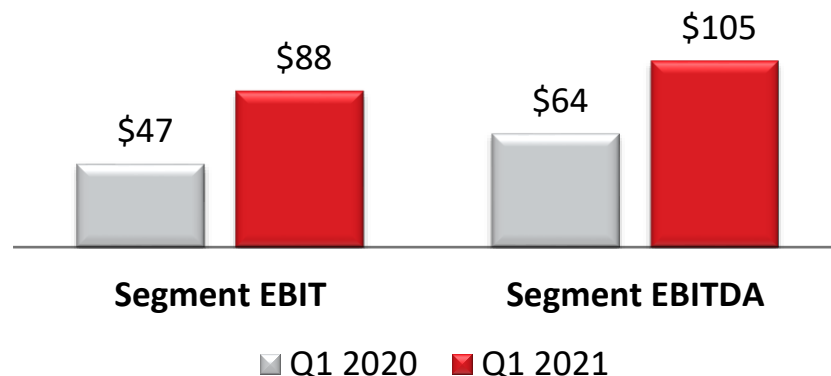
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q1 2021 RESULTS

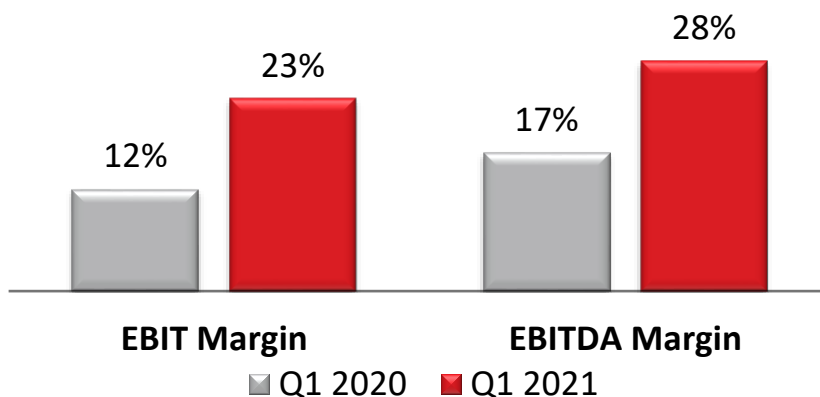
- ◆ Improved margins driven by favorable pricing and mix from calendar year 2020 customer agreements and Asia spot customers
- ◆ Global volumes up 1% year-over-year; volume increases in EMEA and Americas



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



Q2 2021 OUTLOOK

- ◆ Year-over-year EBIT expected to increase from higher volumes
- ◆ Sequential EBIT driven by:
 - ◆ Solid volumes, slightly higher than first fiscal quarter
 - ◆ Margins to moderate from first fiscal quarter due to higher feedstock costs
 - ◆ Higher fixed costs



PERFORMANCE CHEMICALS SEGMENT

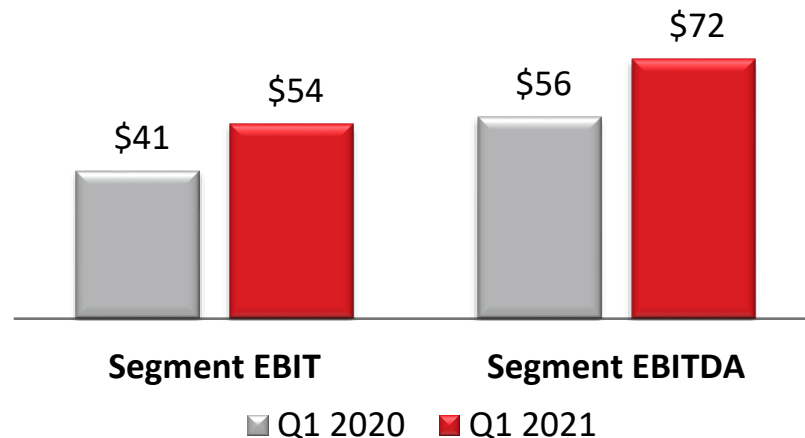
OPERATING PERFORMANCE

Q1 2021 RESULTS

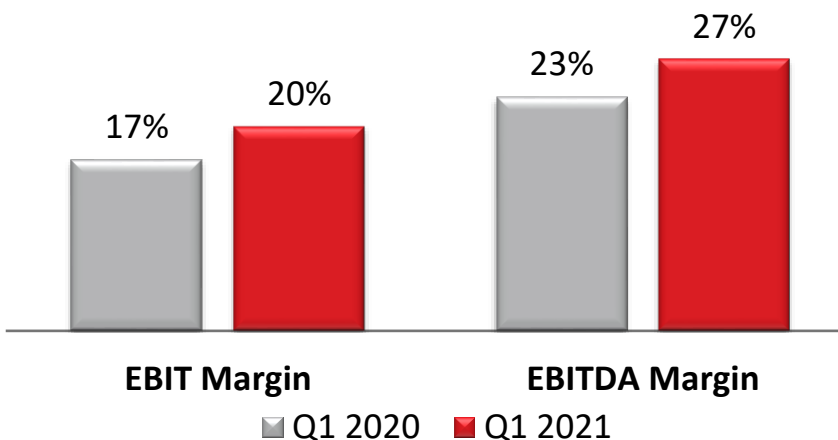
- ◆ Volume increases of 9% in both the Performance Additives and Formulated Solutions businesses
- ◆ Improved product mix driven by higher demand in automotive applications in specialty carbons and specialty compounds product lines
- ◆ Weaker pricing and product mix year over year in fumed metal oxides product line



SEGMENT EBIT AND EBITDA (\$ MILLIONS)

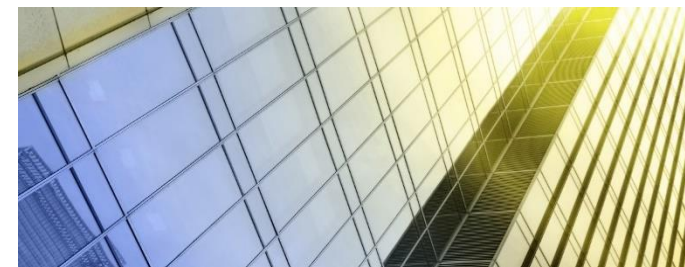


SEGMENT EBIT AND EBITDA MARGINS



Q2 2021 OUTLOOK

- ◆ Year-over-year EBIT expected to increase from higher volumes
- ◆ Sequential EBIT driven by:
 - ◆ Higher raw material costs expected in specialty carbons and compounds product lines
 - ◆ Higher costs from drawdown of inventory



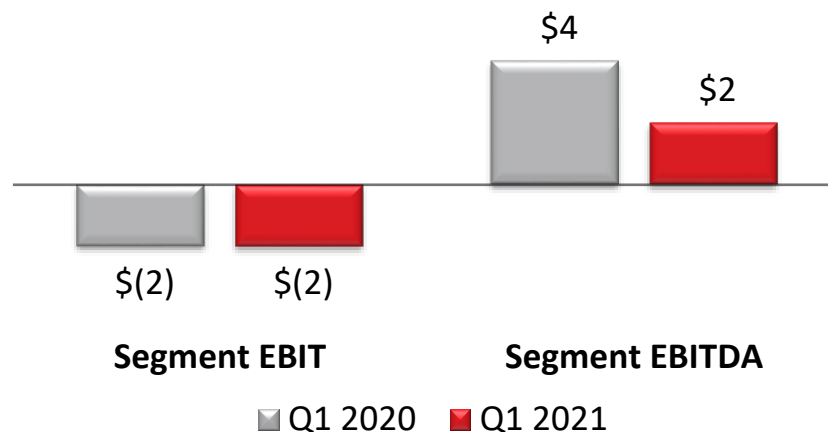
PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

Q1 2021 RESULTS

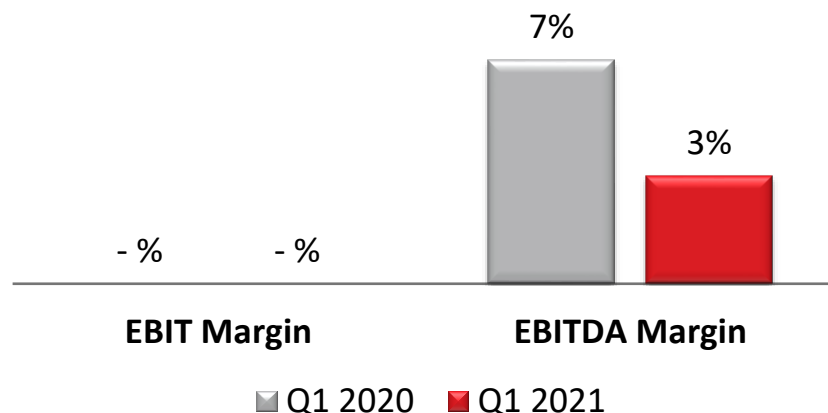
- ♦ Reduced fixed costs due to the sale of our mine in Marshall, TX and long-term supply agreement with ADES
- ♦ Lower demand in mercury removal applications
- ♦ Higher costs associated with the reduction of inventory levels



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



Q2 2021 OUTLOOK

- ♦ Higher sequential EBIT expected due to:
 - ♦ Strong commercial execution expected to improve price and mix in specialty applications
 - ♦ Lower fixed costs



CORPORATE FINANCIAL ITEMS¹



- ✓ Cash of \$147M and liquidity of \$1.5B
- ✓ Cash flow from operations of \$21M in Q1 2021
- ✓ Capital expenditures of \$29M; forecast for FY 2021 of \$175M-\$200M
- ✓ Dividends of \$20M
- ✓ Year-to-date operating tax rate² of 30%; forecast for FY 2021 28% - 30%

1. All amounts are for the first quarter fiscal 2021 or as of December 31, 2020, unless otherwise specified

2. Non-GAAP Measure – See Appendix

2021 OUTLOOK

- ◆ Fiscal Q2 adjusted EPS⁽¹⁾ expected to be between \$0.90 and \$1.00
- ◆ Strong January volumes and demand expected to remain robust in fiscal Q2
- ◆ Stronger year over year demand is expected to drive increases in fiscal Q2 EBIT across all segments
- ◆ Cash and liquidity expected to remain robust
- ◆ Uncertainties include Covid-19 impacts, global logistics tightness, and changes in pricing and input costs in Asia



1. Non-GAAP measure – See Appendix



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, 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 first quarter earnings release and filed on our Current Report on Form 8-K dated February 1, 2021. Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

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.

	Q1 FY21	Q1 FY20
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 99	\$ 50
Less: Certain items	(11)	(11)
Less: Other unallocated items	(30)	(25)
Total Segment EBIT	\$ 140	\$ 86
Plus: Total Depreciation & Amortization	39	39
Plus: Adjustments to Depreciation	-	(1)
Less: Unallocated Corporate Costs	13	10
Adjusted EBITDA	\$ 166	\$ 114

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.

	Q1 FY21	Q1 FY20
Reinforcement Materials EBIT	\$ 88	\$ 47
Plus: Depreciation and amortization	17	17
Reinforcement Materials EBITDA	\$ 105	\$ 64
Performance Chemicals EBIT	\$ 54	\$ 41
Plus: Depreciation and amortization	18	15
Performance Chemicals EBITDA	\$ 72	\$ 56
Purification Solutions EBIT	\$ (2)	\$ (2)
Plus: Depreciation and amortization	4	6
Purification Solutions EBITDA	\$ 2	\$ 4

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.

	Q1 FY21	Q1 FY20
Cash flow from operating activities ^(A)	\$ 21	\$ 105
Less: Additions to property, plant and equipment	29	68
Free cash flow	\$ (8)	\$ 37
Plus: Additions to property, plant and equipment	29	68
Less: Changes in net working capital ^(B)	(99)	50
Less: Sustaining and compliance capital expenditures	21	30
Discretionary free cash flow	\$ 99	\$ 25

(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	\$ —	\$ —	\$ —	\$ 1.06
Less: Certain items after tax per share	(0.12)	—	—	—	(0.12)
Adjusted earnings (loss) per share	\$ 1.18	\$ —	\$ —	\$ —	\$ 1.18
	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 and, where applicable, noncontrolling interest, net of tax.					