



EARNINGS TELECONFERENCE

FOURTH QUARTER - FISCAL 2020



FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. All statements that address expectations or projections about the future, including our expectations for EBIT, margins, volume and product mix improvements in certain of our businesses in the first quarter of fiscal 2021, our expectations for Adjusted EPS for the first quarter of fiscal 2021, the factors we expect to positively impact our results, capital allocation, our earnings potential and growth prospects, and our expected operating tax rate for fiscal 2021, 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, 2019 and in our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2020, or 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.

Q4 2020 OVERVIEW

- ◆ *Diluted EPS of (\$4.81), Adjusted EPS¹ of \$0.68* – adjusted EPS increased \$0.75 sequentially as demand improved across all segments
- ◆ *Reinforcement Material EBIT improved by \$64M sequentially driven by higher tire and automotive demand*
- ◆ *Performance Chemicals segment results also improved sequentially* due to increased volumes in automotive applications
- ◆ *Improved earnings and rigorous working capital management* drove Operating Cash Flow of \$99 million in the quarter; \$248 million in the second half of the year
- ◆ *Continued commitment to return cash to shareholders* with fiscal fourth quarter dividends totaling \$20 million

| <i>(in \$ millions)</i> | Q4 2020 | Q4 2019 |
|---------------------------------------|------------------|----------------|
| Diluted EPS | (\$ 4.81) | \$ 0.55 |
| Adjusted EPS¹ | \$ 0.68 | \$ 1.05 |
| Total Segment EBIT¹ | \$ 84 | \$ 115 |
| Adjusted EBITDA¹ | \$ 117 | \$ 142 |
| Operating Cash Flow | \$ 99 | \$ 197 |



1. Non-GAAP measure – See Appendix

2020 ACCOMPLISHMENTS

- ◆ *Reinforcement Materials*: improved pricing in 2020 customer agreements, implemented raw material formula changes to protect impact from MARPOL, and drove cost reductions
- ◆ *Performance Chemicals*: completed acquisition of Shenzhen Sanshun Nano, implemented price increases, and built momentum around customer qualifications in Inkjet
- ◆ *Purification Solutions*: another step of transformation plan with the completion of a long-term supply agreement and sale of mine in Marshall, TX
- ◆ *Strong working capital performance* drove Operating Cash Flow of \$377 million
- ◆ *Continued commitment to return cash to shareholders* with full year dividends totaling \$80 million
- ◆ *Launched 2025 sustainability goals* to extend ESG leadership

1

Investing for Growth in Core Businesses

2

Driving Application Innovation with Customers

3

Generating Strong Cash Flows Through Efficiency and Optimization

MARKET ENVIRONMENT



Demand – Demand trends are improving in tire and automotive, with signs of recovery continuing each month



China – September GDP at 5% with return to more normal buying patterns



Auto – External forecasts show global light vehicle (LV) production down 3% YoY in the September and December quarters versus 43% in the June quarter



Tire – LMC forecasts show global LV replacement tire sales down 6% YoY in the September quarter and down 2% YoY in the December quarter versus 31% in the June quarter

REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

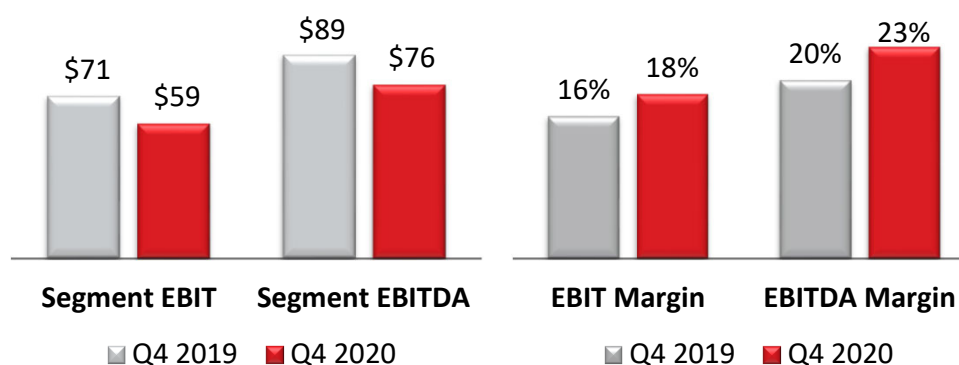
Q4 FISCAL 2020 RESULTS

- ◆ Volumes declined 11% year-over-year due to the impact of COVID-19 on demand
- ◆ Impact of lower volumes partially offset by CY 2020 tire customer contract pricing and improved China pricing

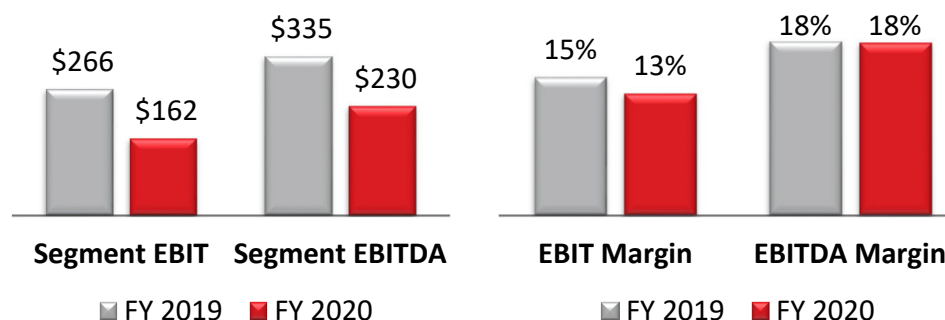


CABOT CORPORATION

FOURTH QUARTER METRICS (\$ MILLIONS)

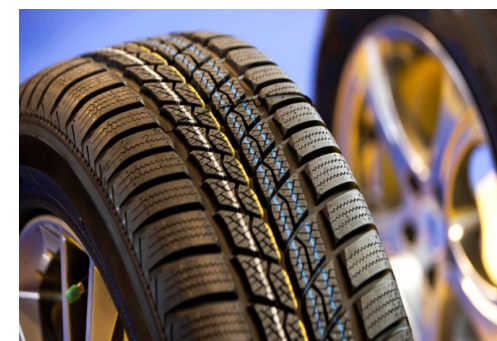


FULL YEAR METRICS (\$ MILLIONS)



Q1 FISCAL 2021 OUTLOOK

- ◆ Continued sequential improvement in Asia pricing expected to drive higher margins
- ◆ Anticipate volumes to remain in line with fourth quarter as strength from the recovery offsets normal seasonal patterns



Q4 FISCAL 2020 | 6

PERFORMANCE CHEMICALS SEGMENT

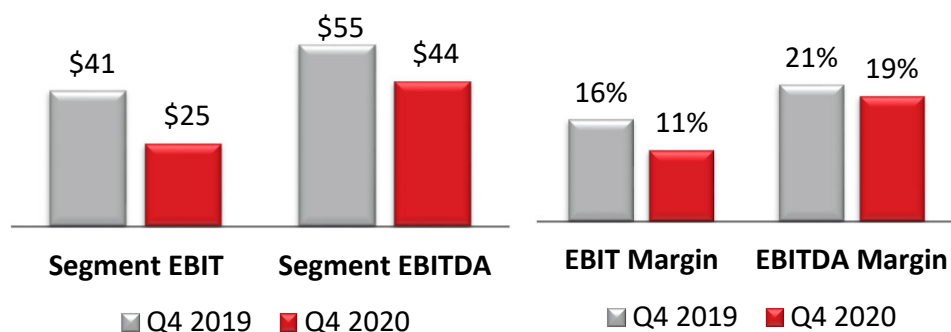
OPERATING PERFORMANCE

Q4 FISCAL 2020 RESULTS

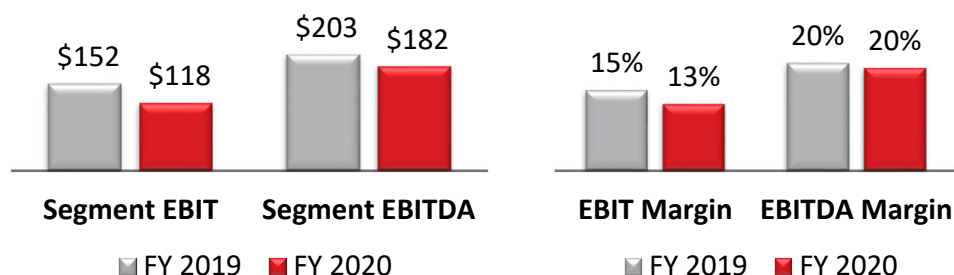
- ◆ Volumes declined 9% year-over-year in Formulated Solutions due to the impact of COVID-19 on demand
- ◆ Competitive pricing environment in fumed metal oxides product line
- ◆ Less favorable product mix year-over-year in specialty carbons and fumed metal oxides product lines



FOURTH QUARTER METRICS (\$ MILLIONS)

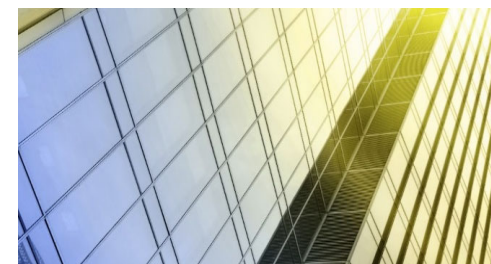


FULL YEAR METRICS (\$ MILLIONS)



Q1 FISCAL 2021 OUTLOOK

- ◆ Expect sequential volume growth across product lines as key end markets continue to recover
- ◆ Leverage anticipated auto rebound to drive improved product mix in specialty carbons and compounds
- ◆ Positive impact from pricing



PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

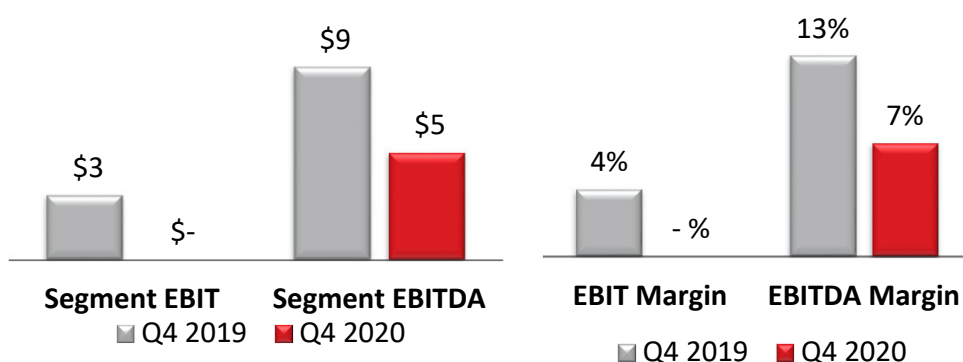
Q4 FISCAL 2020 RESULTS

- ♦ Lower volumes due to weaker demand in mercury removal applications
- ♦ Unfavorable impact from lower inventory levels to drive improved cash flow results

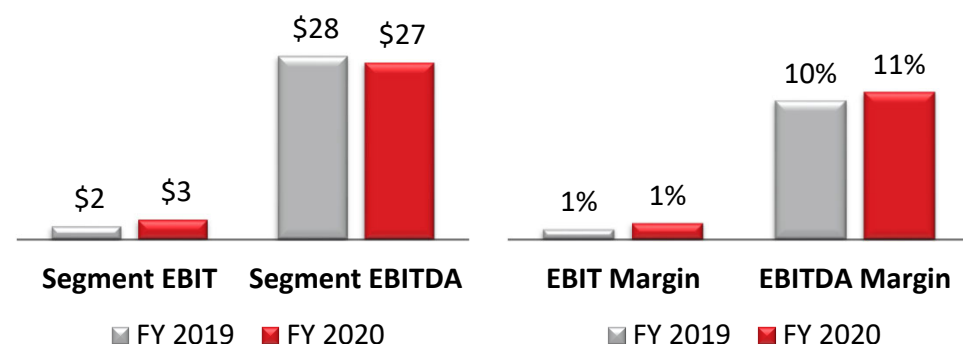


CABOT CORPORATION

FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)

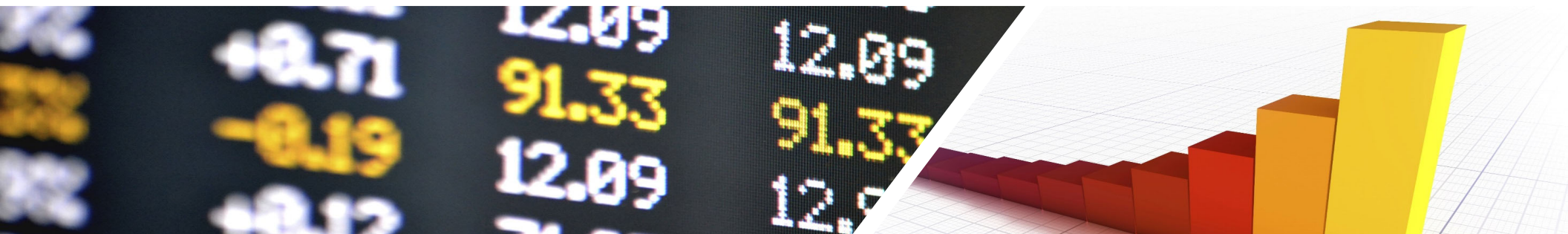


Q1 FISCAL 2021 OUTLOOK

- ♦ Seasonal sequential decline expected in volumes
- ♦ Higher fixed costs from plant maintenance outage
- ♦ Partially offset by lower depreciation and fixed costs from recently announced supply agreement and mine sale



FY 2020 CORPORATE FINANCIAL ITEMS¹



Q4 2020

- ✓ **Cash from Operations:** \$99 million
- ✓ **Net working capital:** decrease of \$7 million
- ✓ **Capital expenditures:** \$38 million
- ✓ **Dividend:** \$20 million

Fiscal 2020

- ✓ **Cash from Operations:** \$377 million
- ✓ **Net working capital:** decrease of \$185 million
- ✓ **Capital expenditures:** \$200 million; 2021 expected \$175 - \$200 million
- ✓ **Dividend:** \$80 million; share repurchases of \$44 million
- ✓ **Operating tax rate²:** 2020 at 28%; 2021 expected 28%-30%

1. All amounts are for the fourth quarter fiscal 2020 or as of September 30, 2020, unless otherwise specified

2. Non-GAAP Measure. Refer to Reconciliation of Non-GAAP Measures in Appendix
CABOT CORPORATION

FY2021 OPERATING PLAN PRIORITIES

Continue to adapt and manage the changing external dynamics and capitalize on opportunities

- ◆ Continue to engage with customers to deliver on our differentiated value proposition
- ◆ Execute on strategic growth initiatives
- ◆ Drive efficiency and optimization across our operations
- ◆ Look for opportunities to build out pipeline and complete accretive, bolt-on M&A
- ◆ Contain costs and extend working capital benefits



2021 OUTLOOK

- ◆ Anticipate year-over-year and sequential EBIT recovery in fiscal first quarter of 2021
- ◆ Fiscal Q1 2021 adjusted EPS expected to be between \$0.80 and \$0.90
- ◆ Continued management of working capital with expected increase aligned with higher volumes
- ◆ Strong operating cash flows expected as earnings improve
- ◆ Long-term fundamentals remain attractive





Q&A





APPENDIX



USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes references to adjusted earnings per share (EPS), adjusted earnings per share (EPS) without Specialty Fluids, 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 fourth quarter earnings release and filed on our Current Report on Form 8-K dated November 23, 2020. 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 unusual or infrequent items that are excluded from the estimated annual effective tax rate and other tax items, including the impact of the timing of losses in certain jurisdictions, cumulative tax rate adjustments and 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. We do not provide a forecast for effective tax rate or reconcile our forecast of operating tax rate to effective tax rate 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.

| | Q4 2020 | Q4 2019 | FY 2020 | FY 2019* |
|--|----------------|---------------|----------------|---------------|
| Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies | \$ (84) | \$ 67 | \$ (33) | \$ 255 |
| Less: Certain items | (144) | (26) | (218) | (87) |
| Less: Other unallocated items | (24) | (22) | (98) | (102) |
| Total Segment EBIT | \$ 84 | \$ 115 | \$ 283 | \$ 444 |
| Plus: Total Depreciation & Amortization | 41 | 38 | 158 | 148 |
| Plus: Adjustments to Depreciation | - | - | (2) | (1) |
| Less: Unallocated Corporate Costs | 8 | 11 | 40 | 50 |
| Adjusted EBITDA | \$ 117 | \$ 142 | \$ 399 | \$ 541 |

* 2019 Earnings include the Specialty Fluids Segment divested in Q3 Fiscal 2019

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 2020 | Q4 2019 | FY 2020 | FY 2019 |
|---------------------------------------|--------------|--------------|---------------|---------------|
| Reinforcement Materials EBIT | \$ 59 | \$ 71 | \$ 162 | \$ 266 |
| Plus: Depreciation & Amortization | 17 | 18 | 68 | 69 |
| Reinforcement Materials EBITDA | \$ 76 | \$ 89 | \$ 230 | \$ 335 |
| | | | | |
| | Q4 2020 | Q4 2019 | FY 2020 | FY 2019 |
| Performance Chemicals EBIT | \$ 25 | \$ 41 | \$ 118 | \$ 152 |
| Plus: Depreciation & Amortization | 19 | 14 | 64 | 51 |
| Performance Chemicals EBITDA | \$ 44 | \$ 55 | \$ 182 | \$ 203 |
| | | | | |
| | Q4 2020 | Q4 2019 | FY 2020 | FY 2019 |
| Purification Solutions EBIT | \$ - | \$ 3 | \$ 3 | \$ 2 |
| Plus: Depreciation & Amortization | 5 | 6 | 24 | 26 |
| Purification Solutions EBITDA | \$ 5 | \$ 9 | \$ 27 | \$ 28 |
| | | | | |
| | Q4 2020 | Q4 2019 | FY 2020 | FY 2019 |
| Specialty Fluids EBIT | \$ - | \$ - | \$ - | \$ 24 |
| Plus: Depreciation & Amortization | - | - | - | 1 |
| Specialty Fluids EBITDA | \$ - | \$ - | \$ - | \$ 25 |

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 2020 | Q4 2019 |
|--|--------------|---------------|
| Cash flow from operating activities ^(A) | \$ 99 | \$ 197 |
| Less: Additions to property, plant and equipment | 38 | 69 |
| Free cash flow | \$ 61 | \$ 128 |
| Plus: Additions to property, plant and equipment | 38 | 69 |
| Less: Changes in net working capital ^(B) | 7 | 98 |
| Less: Sustaining and compliance capital expenditures | 21 | 38 |
| Discretionary free cash flow | \$ 71 | \$ 61 |

(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 EXCLUDING SPECIALTY FLUIDS

| | 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 | 0.14 | 0.15 | 0.02 | — | 0.31 |
| Adjusted earnings per share excluding Specialty Fluids | \$ 0.73 | \$ 0.84 | \$ 0.98 | \$ 1.05 | \$ 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 | \$ 10 | \$ 12 | \$ 2 | \$ — | \$ 24 |
| Less: Specialty Fluids taxes ^(C) | 2 | 3 | 1 | — | 6 |
| Specialty Fluids profit after tax | \$ 8 | \$ 9 | \$ 1 | \$ — | \$ 18 |
| Divided by: Cabot Corporation diluted weighted average common shares outstanding | 60.1 | 59.3 | 58.4 | 57.6 | 58.8 |
| Specialty Fluids Adjusted EPS | \$ 0.14 | \$ 0.15 | \$ 0.02 | \$ — | \$ 0.31 |
| ^(C) Specialty Fluids taxes calculated by applying Cabot's Operating tax rate for each period to Specialty Fluids EBIT. Please refer to Cabot's fiscal 2019 earnings releases for the reconciliations of the Company's operating tax rate to its effective tax rate. | | | | | |