

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal 2018 ^(A)				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ (1.98)	\$ (2.80)	\$ 1.40	\$ —	\$ (3.36)
Less: Certain items after tax	(2.89)	(3.82)	0.34	—	(6.37)
Less: Dilutive impact of shares ^(B)	(0.02)	(0.02)	—	—	(0.02)
Adjusted earnings per share	\$ 0.93	\$ 1.04	\$ 1.06	\$ —	\$ 3.03

^(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.

^(B) Due to the Company's Net Loss position, GAAP EPS for all periods in fiscal 2018, except for the three months ended June 30, 2018, has been calculated using basic weighted average shares only to avoid anti-dilution. However, in order to provide an Adjusted Non-GAAP EPS with a weighted average share figure that is consistent with all other periods presented, the Company has included this reconciling item to quantify the difference between basic and diluted weighted average shares. This reconciling item is applicable to individual periods presented but does not sum cumulatively. The net loss for the nine months ended June 30, 2018 is driven by a discrete tax item and impairment charges so the Company believes this approach provides the most comparable presentation possible.

	Fiscal 2018				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin					
Net income (loss) attributable to Cabot Corporation	\$ (122)	\$ (173)	\$ 88	\$ —	\$ (207)
Net income (loss) attributable to noncontrolling interests	10	10	11	—	31
Equity in earnings of affiliated companies, net of tax	(1)	(1)	—	—	(2)
Income from discontinued operations, net of tax	—	—	—	—	—
Provision (benefit) for income taxes	205	(7)	(4)	—	194
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 92	\$ (171)	\$ 95	\$ —	\$ 16
Interest expense	13	14	14	—	41
Certain items	(7)	264	3	—	260
Unallocated corporate costs	14	16	15	—	45
General unallocated (income) expense	—	3	—	—	3
Equity in earnings of affiliated companies	1	1	—	—	2
Total Segment EBIT	\$ 113	\$ 127	\$ 127	\$ —	\$ 367
Plus: Total Depreciation & Amortization	39	40	38	—	117
Plus: Adjustments to Depreciation ^(C)	—	1	(1)	—	—
Total Segment EBITDA	\$ 152	\$ 168	\$ 164	\$ —	\$ 484
Less: Unallocated Corporate Costs	(14)	(16)	(15)	—	(45)
Adjusted EBITDA	\$ 138	\$ 152	\$ 149	\$ —	\$ 439
^(C) 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.					

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 62	\$ 79	\$ 74	\$ —	\$ 215
Plus: Depreciation & Amortization	17	18	18	—	53
Reinforcement Materials EBITDA	\$ 79	\$ 97	\$ 92	\$ —	\$ 268
Reinforcement Materials Sales	\$ 387	\$ 454	\$ 466	\$ —	\$ 1,307
Reinforcement Materials EBITDA Margin	20%	21%	20%	—%	21%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 47	\$ 57	\$ 56	\$ —	\$ 160
Plus: Depreciation & Amortization	12	12	12	—	36
Performance Chemicals EBITDA	\$ 59	\$ 69	\$ 68	\$ —	\$ 196
Performance Chemicals Sales	\$ 229	\$ 268	\$ 274	\$ —	\$ 771
Performance Chemicals EBITDA Margin	26%	26%	25%	—%	25%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Purification Solutions EBIT	\$ 6	\$ (6)	\$ (6)	\$ —	\$ (6)
Plus: Depreciation & Amortization	10	10	7	—	27
Purification Solutions EBITDA	\$ 16	\$ 4	\$ 1	\$ —	\$ 21
Purification Solutions Sales	\$ 70	\$ 66	\$ 70	\$ —	\$ 206
Purification Solutions EBITDA Margin	23%	6%	1%	—%	10%

	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Specialty Fluids EBIT	\$ (2)	\$ (3)	\$ 3	\$ —	\$ (2)
Plus: Depreciation & Amortization	—	1	1	—	2
Specialty Fluids EBITDA	\$ (2)	\$ (2)	\$ 4	\$ —	\$ —
Specialty Fluids Sales	\$ 6	\$ 6	\$ 12	\$ —	\$ 24
Specialty Fluids EBITDA Margin	(33)%	(33)%	33%	—%	—%

	Fiscal 2018				
	Dec. Q	Mar. Q	Jun. Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Reconciliation of Discretionary Free Cash Flow					
Cash flow from operating activities ^(D)	\$ 45	\$ 36	\$ 62	\$ —	\$ 143
Less: Changes in net working capital ^(E)	(60)	(70)	(58)	—	(188)
Less: Sustaining and compliance capital expenditures	42	34	39	—	115
Discretionary Free Cash Flow	\$ 63	\$ 72	\$ 81	\$ —	\$ 216

^(D) As provided in the Condensed Consolidated Statements of Cash Flows.

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