



Earnings Teleconference

Second Quarter / Fiscal 2016



Forward Looking Statements, Use of Non-GAAP Financial Measures & Definitions of Terms Used

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 our statements addressing our expectations for volume and earnings growth, demand for our products; expectations relating to capital expenditures, and our operating tax rate for fiscal 2016, and statements addressing our cost reduction program and our future financial performance particularly our expectations for adjusted earnings per share for fiscal 2016, 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 in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission, particularly our latest annual report on Form 10-K.

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, adjusted EBITDA, and operating tax rate, which are non-GAAP measures. A reconciliation of adjusted EPS to EPS from continuing operations, the most directly comparable GAAP financial measure, a reconciliation of total segment EBIT to Income (Loss) from continuing operations before taxes, the most directly comparable GAAP financial measure, and a reconciliation of operating tax rate to effective tax rate, the most directly comparable GAAP financial measure, are provided in the tables included in our second quarter earnings release and filed on our Current Report on Form 8-K dated May 2, 2016. The definition of adjusted EBITDA is included in our second quarter earnings release as filed in our Current Report on Form 8-K dated May 2, 2016 and a reconciliation of adjusted EBITDA from segment EBIT for the second quarter of fiscal year 2016 is provided in the investor section of our website at <http://investor.cabot-corp.com>, under the Non-GAAP Reconciliations section.

The term "operating tax rate" 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 rate adjustment and the impact of certain items on both operating income and tax provision.

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.

Q2 2016 Highlights



Operating Performance

	Q2 2016	Q2 2015
Total Segment EBIT (in millions)	\$88	\$69
Adjusted EPS	\$0.70	\$0.53
Adjusted EBITDA (in millions)	\$117	\$105

- ◆ **Operating results improved year-over-year driven by higher margins and cost reductions**
- ◆ **Fourth consecutive quarter of record EBIT for the Performance Chemicals segment**
- ◆ **Reinforcement Materials segment EBIT improved both year-over-year and sequentially**
- ◆ **Strong cash flow from operations in excess of \$100 million**

Reinforcement Materials Segment



Q2 Key Highlights

- ◆ Higher unit margins as compared to the prior year due to improved product mix
- ◆ Volumes declined 1% year-over-year

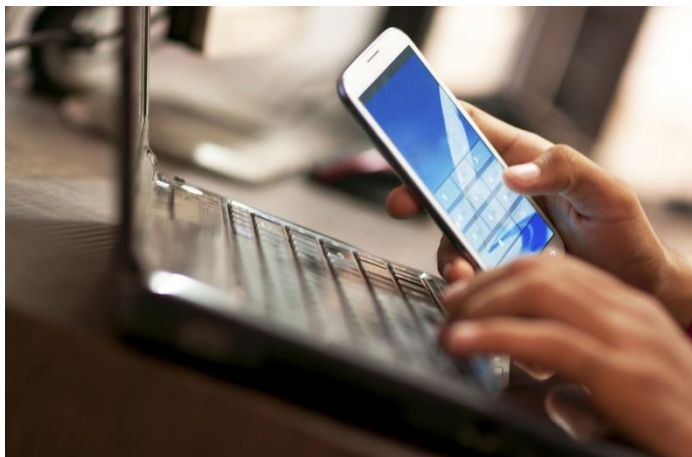
Operating Performance

In millions	Q2 2016	Q2 2015	Q1 2016
Segment EBIT	\$34	\$27	\$26
Segment EBITDA	\$52	\$48	\$46

Segment Outlook

- ◆ Growth anticipated in Europe and North America in 2H 2016
- ◆ Feedstock-related impacts have moderated

Performance Chemicals Segment



Q2 Key Highlights

- ◆ Stronger margins
- ◆ Volumes increased year-over-year in Specialty Carbons and Formulations and Metal Oxides
- ◆ Improved fixed costs year-over-year

Operating Performance

In millions	Q2 2016	Q2 2015	Q1 2016
Segment EBIT	\$58	\$42	\$50
Segment EBITDA	\$71	\$55	\$62

Segment Outlook

- ◆ Expect to sustain strong results going forward
- ◆ Continue to drive penetration of high-value products

Purification Solutions Segment



Q2 Key Highlights

- ◆ Higher volumes due to MATS implementation
- ◆ Improved fixed costs year-over-year, including lower depreciation and amortization
- ◆ Reduction of inventory resulted in negative P&L impact

Operating Performance

In millions	Q2 2016	Q2 2015	Q1 2016
Segment EBIT	(\$2)	\$1	(\$5)
Segment EBITDA	\$8	\$13	\$4

Segment Outlook

- ◆ Volume growth in second half with MATS compliance and seasonal increases
- ◆ Expect effects from inventory reductions to continue for the remainder of the fiscal year

Specialty Fluids Segment



Q2 Key Highlights

- ◆ Low level of project activity
- ◆ Results impacted by the downturn in the oil and gas industry

Operating Performance

In millions	Q2 2016	Q2 2015	Q1 2016
Segment EBIT	(\$2)	(\$1)	\$-
Segment EBITDA	(\$2)	\$-	\$1

Segment Outlook

- ◆ Expansion into Asia and Middle East strengthening pipeline
- ◆ Project activity improving in the second half of fiscal 2016
- ◆ Several Q3 projects already underway

Q2 2016 Corporate Financial Items

- ◆ Liquidity remained strong at \$1.2 billion
- ◆ Paid \$14 million in dividends
- ◆ Repurchased 106,000 shares for \$5 million
- ◆ Capital expenditures of \$28 million
- ◆ LIFO benefit of \$2 million
- ◆ Operating tax rate of 25%

Outlook

RESULTS TO IMPROVE IN THE SECOND HALF OF FISCAL 2016

Outlook for adjusted EPS in the range of \$3.05 to \$3.25 for fiscal 2016

On track with cost reductions

Stronger volumes across segments

- ◆ Reinforcement Materials growth in NA and EMEA
- ◆ Performance Chemicals growth in automotive applications
- ◆ Purification Solutions growth from MATS compliance and seasonal increases
- ◆ Specialty Fluids growth from increased level of project activity



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