



Earnings Teleconference

First 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; our statements addressing our anticipated share of the market for activated carbon products for mercury removal customers in North America; expectations relating to capital expenditures, and our operating tax rate for fiscal 2016, and statements addressing our cost reduction program and future financial performance, 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; the timing of implementation of environmental regulations, including the U.S. EPA MATS regulations; 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 first quarter earnings release and filed on our Current Report on Form 8-K dated February 1, 2016. The definition of adjusted EBITDA is included in our first quarter earnings release as filed in our Current Report on Form 8-K dated February 1, 2016 and a reconciliation of adjusted EBITDA from segment EBIT for the first 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.

Q1 2016 Highlights



Operating Performance

	Q1 2016	Q1 2015
Total Segment EBIT (in millions)	\$71	\$97
Adjusted EPS	\$0.51	\$0.80
Adjusted EBITDA (in millions)	\$100	\$133

- ◆ Global macroeconomic headwinds impacted volumes and margins
- ◆ Third consecutive quarter of record EBIT for the Performance Chemicals segment
- ◆ Implemented restructuring plans to reduce costs by \$55 million in fiscal 2016 compared to fiscal 2015
- ◆ Strong cash flow generation used to return cash to shareholders
 - ◆ \$14 million of dividends
 - ◆ \$11 million of share repurchases

Reinforcement Materials Segment



Q1 Key Highlights

- ◆ Margin pressure as compared to the prior year
- ◆ Volumes declined year-over-year due to lower CY 2015 contractual volumes in North America and slowing demand in China
- ◆ Improved fixed costs year-over-year

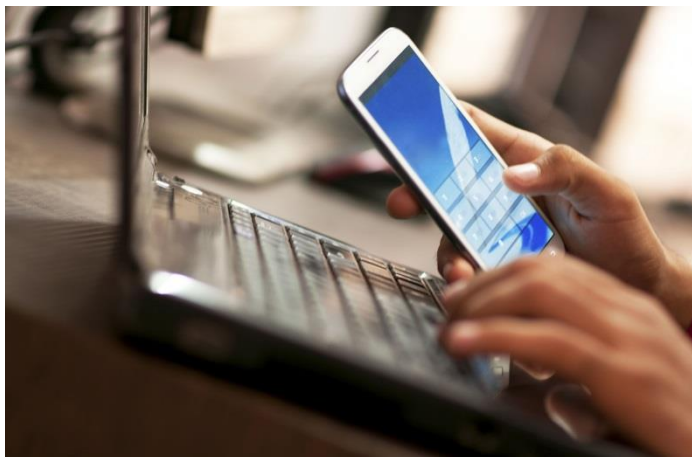
Operating Performance

In millions	Q1 2016	Q1 2015	Q4 2015
Segment EBIT	\$26	\$53	\$31
Segment EBITDA	\$46	\$75	\$50

Segment Outlook

- ◆ Growth anticipated in Europe and North America in 2016
- ◆ Challenging outlook for emerging markets
- ◆ Improved mix from CY 2016 contracts
- ◆ Benefit from cost savings

Performance Chemicals Segment



Q1 Key Highlights

- ◆ Margin expansion
- ◆ Volumes increased 7% year-over-year in Specialty Carbons and Formulations
- ◆ Improved fixed costs year-over-year
- ◆ Foreign currency unfavorable by \$3 million

Operating Performance

In millions	Q1 2016	Q1 2015	Q4 2015
Segment EBIT	\$50	\$39	\$49
Segment EBITDA	\$62	\$53	\$63

Segment Outlook

- ◆ Growth expected in automotive applications
- ◆ Penetration of new high-value products
- ◆ Benefit from cost savings

Purification Solutions Segment



Q1 Key Highlights

- ◆ Unfavorable effects from reducing inventory levels
- ◆ Lower volumes
- ◆ Improved fixed costs year-over-year, including lower depreciation and amortization
- ◆ Mercury removal contract wins

Operating Performance

In millions	Q1 2016	Q1 2015	Q4 2015
Segment EBIT	(\$5)	(\$1)	\$2
Segment EBITDA	\$4	\$11	\$12

Segment Outlook

- ◆ Volume growth with MATS implementation starting in April 2016
- ◆ Growth from new product introductions
- ◆ Benefit from cost savings

Specialty Fluids Segment



Q1 Key Highlights

- ◆ Lower level of project activity as compared to the prior year
- ◆ Results impacted by the downturn in the oil and gas industry
- ◆ Improved fixed costs year-over-year

Operating Performance

In millions	Q1 2016	Q1 2015	Q4 2015
Segment EBIT	\$-	\$6	(\$2)
Segment EBITDA	\$1	\$6	(\$2)

Segment Outlook

- ◆ Pipeline of projects expected to improve in the second half of fiscal 2016
- ◆ Benefit from cost savings

Q1 2016 Corporate Financial Items

- ◆ Liquidity remained strong at \$1.1 billion
- ◆ Paid \$14 million in dividends
- ◆ Repurchased 260,000 shares for \$11 million
- ◆ Capital expenditures of \$24 million
- ◆ LIFO benefit of \$2 million
- ◆ Operating tax rate of 26%

Conclusion

OUTLOOK

Results to improve starting in the second fiscal quarter

- ◆ Benefit from cost savings
- ◆ CY 2016 Reinforcement Materials contracts
- ◆ Continued strength in Performance Chemicals
- ◆ Volume growth in Purification Solutions

Targeting full year increase of adjusted EPS of \$0.75

- ◆ Strengthening operating results across the segments as the year progresses

Continue to prioritize returning cash to shareholders



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