

Fourth Quarter Earnings Announcement, Fiscal 2018

**CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

	Fiscal 2018 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2018
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
Net income (loss) per share attributable to Cabot Corporation	\$ (1.98)	\$ (2.80)	\$ 1.40	\$ 1.51	\$ (1.85)
Less: Certain items after tax	(2.89)	(3.82)	0.34	0.51	(5.86)
Less: Dilutive impact of shares <sup>(B)</sup>	(0.02)	(0.02)	—	—	(0.02)
<b>Adjusted earnings per share</b>	<b>\$ 0.93</b>	<b>\$ 1.04</b>	<b>\$ 1.06</b>	<b>\$ 1.00</b>	<b>\$ 4.03</b>

<sup>(A)</sup> Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.

<sup>(B)</sup> Due to the Company's Net Loss position, GAAP EPS for all periods in fiscal 2018, except for the three months ended June 30 and September 30, 2018, has been calculated using basic weighted average shares 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 twelve months ended September 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	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
<b>Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin</b>					
<b>Net income (loss) attributable to Cabot Corporation</b>	<b>\$ (122)</b>	<b>\$ (173)</b>	<b>\$ 88</b>	<b>\$ 94</b>	<b>\$ (113)</b>
Net income (loss) attributable to noncontrolling interests	10	10	11	8	39
Equity in earnings of affiliated companies, net of tax	(1)	(1)	—	—	(2)
Provision (benefit) for income taxes	205	(7)	(4)	(1)	193
<b>Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 92</b>	<b>\$ (171)</b>	<b>\$ 95</b>	<b>\$ 101</b>	<b>\$ 117</b>
Interest expense	13	14	14	13	54
Certain items	(7)	264	3	(12)	248
Unallocated corporate costs	14	16	15	16	61
General unallocated (income) expense	—	3	—	(5)	(2)
Equity in earnings of affiliated companies	1	1	—	—	2
<b>Total Segment EBIT</b>	<b>\$ 113</b>	<b>\$ 127</b>	<b>\$ 127</b>	<b>\$ 113</b>	<b>\$ 480</b>
Plus: Total Depreciation & Amortization	39	40	38	32	149
Plus: Adjustments to Depreciation <sup>(C)</sup>	—	1	(1)	3	3
<b>Total Segment EBITDA</b>	<b>\$ 152</b>	<b>\$ 168</b>	<b>\$ 164</b>	<b>\$ 148</b>	<b>\$ 632</b>
Less: Unallocated Corporate Costs	(14)	(16)	(15)	(16)	(61)
<b>Adjusted EBITDA</b>	<b>\$ 138</b>	<b>\$ 152</b>	<b>\$ 149</b>	<b>\$ 132</b>	<b>\$ 571</b>

<sup>(C)</sup> 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	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 62	\$ 79	\$ 74	\$ 64	\$ 279
Plus: Depreciation & Amortization	17	18	18	17	70
<b>Reinforcement Materials EBITDA</b>	<b>\$ 79</b>	<b>\$ 97</b>	<b>\$ 92</b>	<b>\$ 81</b>	<b>\$ 349</b>
Reinforcement Materials Sales	\$ 387	\$ 454	\$ 466	\$ 467	\$ 1,774
<b>Reinforcement Materials EBITDA Margin</b>	<b>20%</b>	<b>21%</b>	<b>20%</b>	<b>17%</b>	<b>20%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 47	\$ 57	\$ 56	\$ 40	\$ 200
Plus: Depreciation & Amortization	12	12	12	12	48
<b>Performance Chemicals EBITDA</b>	<b>\$ 59</b>	<b>\$ 69</b>	<b>\$ 68</b>	<b>\$ 52</b>	<b>\$ 248</b>
Performance Chemicals Sales	\$ 229	\$ 268	\$ 274	\$ 257	\$ 1,028
<b>Performance Chemicals EBITDA Margin</b>	<b>26%</b>	<b>26%</b>	<b>25%</b>	<b>20%</b>	<b>24%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Purification Solutions EBIT	\$ 6	\$ (6)	\$ (6)	\$ (1)	\$ (7)
Plus: Depreciation & Amortization	10	10	7	5	32
<b>Purification Solutions EBITDA</b>	<b>\$ 16</b>	<b>\$ 4</b>	<b>\$ 1</b>	<b>\$ 4</b>	<b>\$ 25</b>
Purification Solutions Sales	\$ 70	\$ 66	\$ 70	\$ 73	\$ 279
<b>Purification Solutions EBITDA Margin</b>	<b>23%</b>	<b>6%</b>	<b>1%</b>	<b>5%</b>	<b>9%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
Specialty Fluids EBIT	\$ (2)	\$ (3)	\$ 3	\$ 10	\$ 8
Plus: Depreciation & Amortization	—	1	1	—	2
<b>Specialty Fluids EBITDA</b>	<b>\$ (2)</b>	<b>\$ (2)</b>	<b>\$ 4</b>	<b>\$ 10</b>	<b>\$ 10</b>
Specialty Fluids Sales	\$ 6	\$ 6	\$ 12	\$ 21	\$ 45
<b>Specialty Fluids EBITDA Margin</b>	<b>(33)%</b>	<b>(33)%</b>	<b>33%</b>	<b>48%</b>	<b>22%</b>

	Fiscal 2018				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2018
<i>Dollars in millions</i>					
<b>Reconciliation of Discretionary Free Cash Flow</b>					
Cash flow from operating activities <sup>(D)</sup>	\$ 38	\$ 39	\$ 59	\$ 163	\$ 299
Less: Changes in net working capital <sup>(E)</sup>	(67)	(67)	(61)	85	(110)
Less: Sustaining and compliance capital expenditures	40	34	35	46	155
<b>Discretionary Free Cash Flow</b>	<b>\$ 65</b>	<b>\$ 72</b>	<b>\$ 85</b>	<b>\$ 32</b>	<b>\$ 254</b>

<sup>(D)</sup> As provided in the Condensed Consolidated Statements of Cash Flows.

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