

Fourth Quarter Earnings Announcement, Fiscal 2019

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

	Fiscal 2019 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
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)
<b>Adjusted earnings per share</b>	<b>\$ 0.87</b>	<b>\$ 0.99</b>	<b>\$ 1.00</b>	<b>\$ 1.05</b>	<b>\$ 3.91</b>
Less: Specialty Fluids Adjusted earnings per share <sup>(B)</sup>					0.31
<b>Adjusted earnings per share excluding Specialty Fluids</b>					<b>\$ 3.60</b>
<sup>(A)</sup> Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.					
<sup>(B)</sup> Specialty Fluids Adjusted earnings per share is calculated as follows (in millions except for per share amounts):					
Specialty Fluids EBIT	\$ 24				
Less: Specialty Fluids taxes <sup>(C)</sup>	6				
Specialty Fluids profit after tax	\$ 18				
Divided by: Cabot Corporation diluted weighted average common shares outstanding	58.8				
<b>Specialty Fluids Adjusted EPS</b>	<b>\$ 0.31</b>				
<sup>(C)</sup> Specialty Fluids taxes calculated by applying Cabot's Operating tax rate of 24% to Specialty Fluids EBIT. Cabot's operating tax rate is reconciled in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.					

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
<b>Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin</b>					
Net income (loss) attributable to Cabot Corporation	\$ 69	\$ 23	\$ 32	\$ 33	\$ 157
Net income (loss) attributable to noncontrolling interests	8	6	8	7	29
Equity in earnings of affiliated companies, net of tax	—	—	(1)	—	(1)
Provision (benefit) for income taxes	(7)	20	30	27	70
<b>Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 70</b>	<b>\$ 49</b>	<b>\$ 69</b>	<b>\$ 67</b>	<b>\$ 255</b>
Interest expense	15	14	14	16	59
Certain items	10	37	14	26	87
Unallocated corporate costs	12	13	14	11	50
General unallocated (income) expense	(2)	(1)	—	(5)	(8)
Less: Equity in earnings of affiliated companies	—	—	(1)	—	(1)
<b>Total Segment EBIT</b>	<b>\$ 105</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ 115</b>	<b>\$ 444</b>
Total Depreciation and amortization	35	38	37	38	148
Adjustments to depreciation <sup>(D)</sup>	—	(1)	—	—	(1)
<b>Total Segment EBITDA</b>	<b>\$ 140</b>	<b>\$ 149</b>	<b>\$ 149</b>	<b>\$ 153</b>	<b>\$ 591</b>
Less: Unallocated corporate costs	12	13	14	11	50
<b>Adjusted EBITDA</b>	<b>\$ 128</b>	<b>\$ 136</b>	<b>\$ 135</b>	<b>\$ 142</b>	<b>\$ 541</b>
<sup>(D)</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.					

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 62	\$ 61	\$ 72	\$ 71	\$ 266
Reinforcement Materials Depreciation and amortization	16	17	18	18	69
<b>Reinforcement Materials EBITDA</b>	<b>\$ 78</b>	<b>\$ 78</b>	<b>\$ 90</b>	<b>\$ 89</b>	<b>\$ 335</b>
Reinforcement Materials Sales	\$ 457	\$ 445	\$ 461	\$ 452	\$ 1,815
<b>Reinforcement Materials EBITDA Margin</b>	<b>17%</b>	<b>18%</b>	<b>20%</b>	<b>20%</b>	<b>18%</b>

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 36	\$ 38	\$ 37	\$ 41	\$ 152
Performance Chemicals Depreciation and amortization	12	13	12	14	51
<b>Performance Chemicals EBITDA</b>	<b>\$ 48</b>	<b>\$ 51</b>	<b>\$ 49</b>	<b>\$ 55</b>	<b>\$ 203</b>
Performance Chemicals Sales	\$ 231	\$ 254	\$ 251	\$ 259	\$ 995
<b>Performance Chemicals EBITDA Margin</b>	<b>21%</b>	<b>20%</b>	<b>20%</b>	<b>21%</b>	<b>20%</b>

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Purification Solutions EBIT	\$ (3)	\$ 1	\$ 1	\$ 3	\$ 2
Purification Solutions Depreciation and amortization	6	7	7	6	26
<b>Purification Solutions EBITDA</b>	<b>\$ 3</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 28</b>
Purification Solutions Sales	\$ 65	\$ 72	\$ 73	\$ 68	\$ 278
<b>Purification Solutions EBITDA Margin</b>	<b>5%</b>	<b>11%</b>	<b>11%</b>	<b>13%</b>	<b>10%</b>

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Specialty Fluids EBIT	\$ 10	\$ 12	\$ 2	\$ —	\$ 24
Specialty Fluids Depreciation and amortization	1	—	—	—	1
<b>Specialty Fluids EBITDA</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 25</b>
Specialty Fluids Sales	\$ 19	\$ 24	\$ 13	\$ —	\$ 56
<b>Specialty Fluids EBITDA Margin</b>	<b>58%</b>	<b>50%</b>	<b>15%</b>	<b>—%</b>	<b>45%</b>

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
<b>Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash</b>					
<b>Flow from Operating Activities</b>					
Cash flow from operating activities <sup>(E)</sup>	\$ (39)	\$ 90	\$ 115	\$ 197	\$ 363
Less: Additions to property, plant and equipment	54	43	58	69	224
<b>Free cash flow</b>	<b>\$ (93)</b>	<b>\$ 47</b>	<b>\$ 57</b>	<b>\$ 128</b>	<b>\$ 139</b>
Plus: Additions to property, plant and equipment	54	43	58	69	224
Less: Changes in net working capital <sup>(F)</sup>	(111)	22	16	98	25
Less: Sustaining and compliance capital expenditures	27	21	28	38	114
<b>Discretionary free cash flow</b>	<b>\$ 45</b>	<b>\$ 47</b>	<b>\$ 71</b>	<b>\$ 61</b>	<b>\$ 224</b>
<sup>(E)</sup> As provided in the Condensed Consolidated Statements of Cash Flows.					
<sup>(F)</sup> Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statements of Cash Flows.					