



Cabot Corporation

Annual Meeting of Stockholders

Patrick M. Prevost
March 12, 2015

Forward Looking Statements

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 statements about the Company's strategy for growth, product development, market position, expected financial results, and how we expect to achieve our growth targets are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot's businesses and strategies, market trends and conditions, economic conditions and other factors. 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 inability to complete capacity expansions or other development projects; the timing of implementation of environmental 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 the following non-GAAP financial measures: adjusted EPS (earnings per share), adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), and adjusted EBITDA margins. The definitions of adjusted EPS, adjusted EBITDA, and EBITDA margins and a reconciliation of adjusted EPS and adjusted EBITDA to the most comparable GAAP financial measures are provided at the end of this presentation or in our latest annual report on Form 10-K.

Agenda

- ◆ 2014 Highlights
- ◆ Strategy in Action
- ◆ Outlook



Fiscal 2014 Highlights



Delivered record adjusted EBITDA



World class safety and environmental performance



Strategic asset expansions



Launched a variety of new products

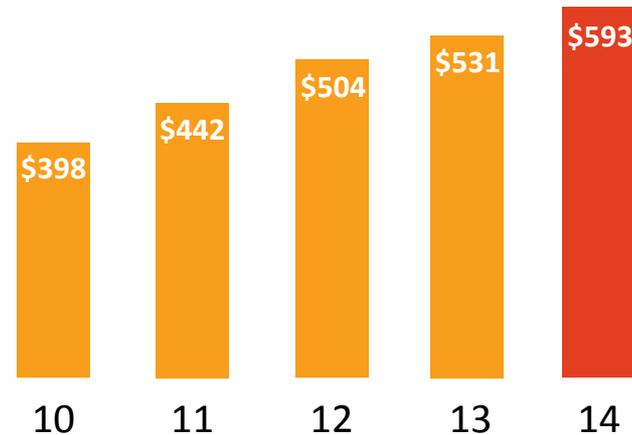


Executed key business initiatives

Fiscal 2014 Financial Performance

- ◆ 17% adjusted EPS growth year-over-year
- ◆ Record Reinforcement Materials and Performance Chemicals EBIT
- ◆ Strong cash flow generation

Adjusted EBITDA*



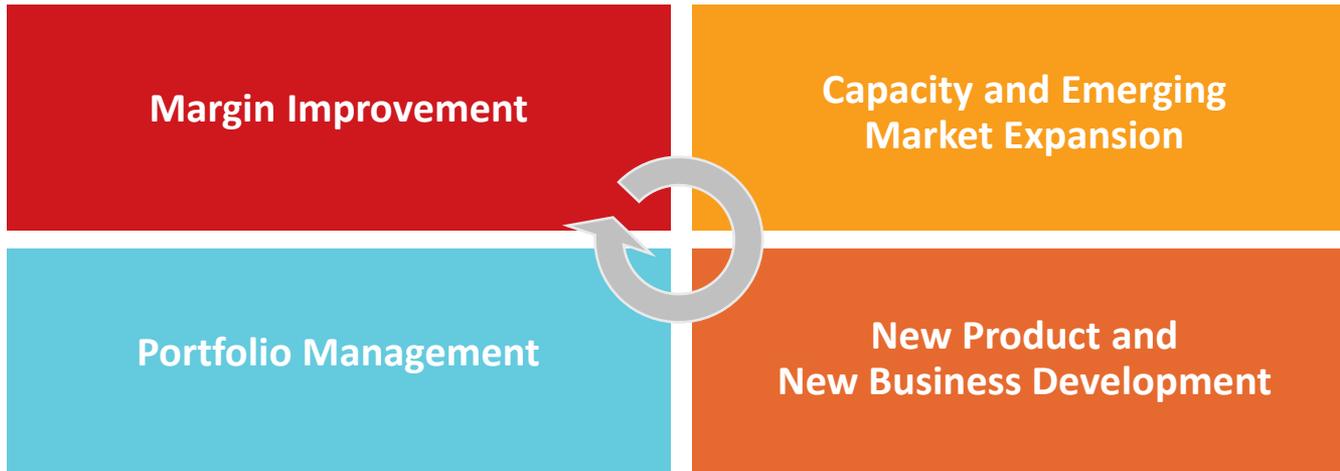
* earnings before interest, tax, depreciation and amortization; dollars in millions; excluding divested businesses

Vision and Strategy Implemented in 2008

VISION

Deliver earnings growth through leadership in performance materials

STRATEGIC LEVERS

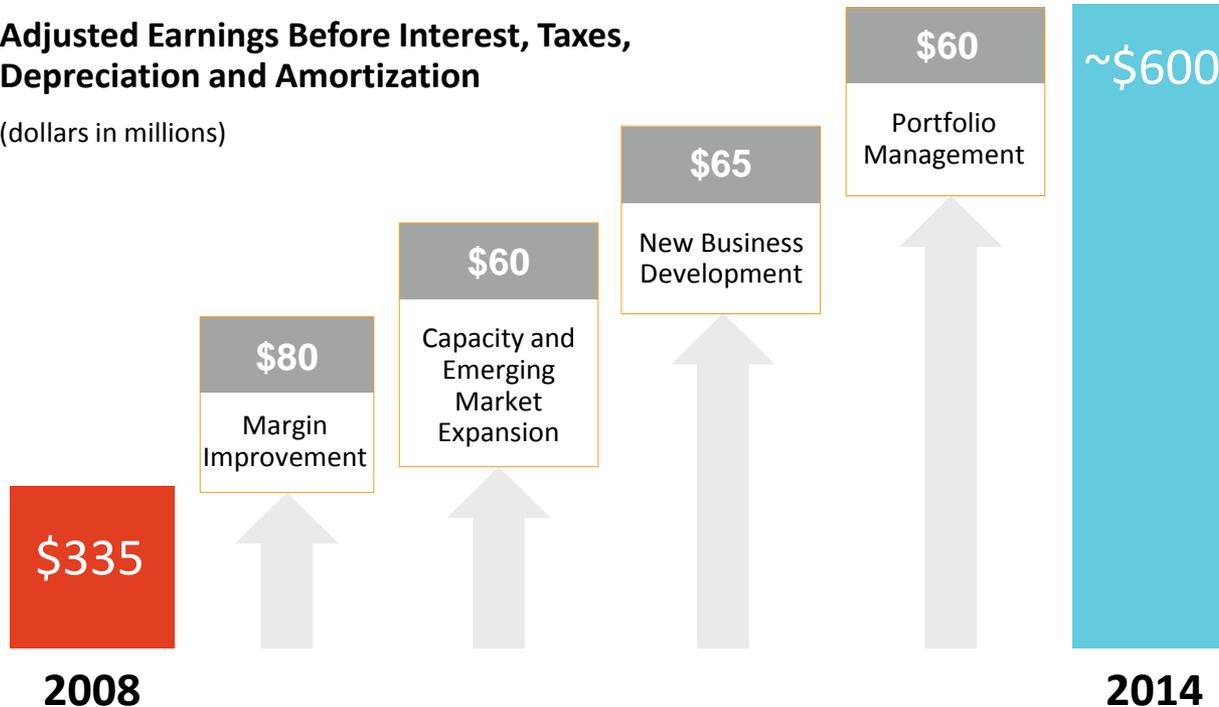


Vision and Strategy

Strategy in Action

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization

(dollars in millions)



- ◆ Adjusted EBITDA margin growth from 11% in 2008 to 16% in 2014
- ◆ Returned over \$500 million of cash to shareholders through share repurchases and dividends

Note: Fiscal 2008 adjusted EBITDA includes results from the Supermetals business prior to divestiture.

Outlook

Industries Drive Underlying Growth

Transportation



3-4%

Infrastructure



2-4%

Environment



4-6%

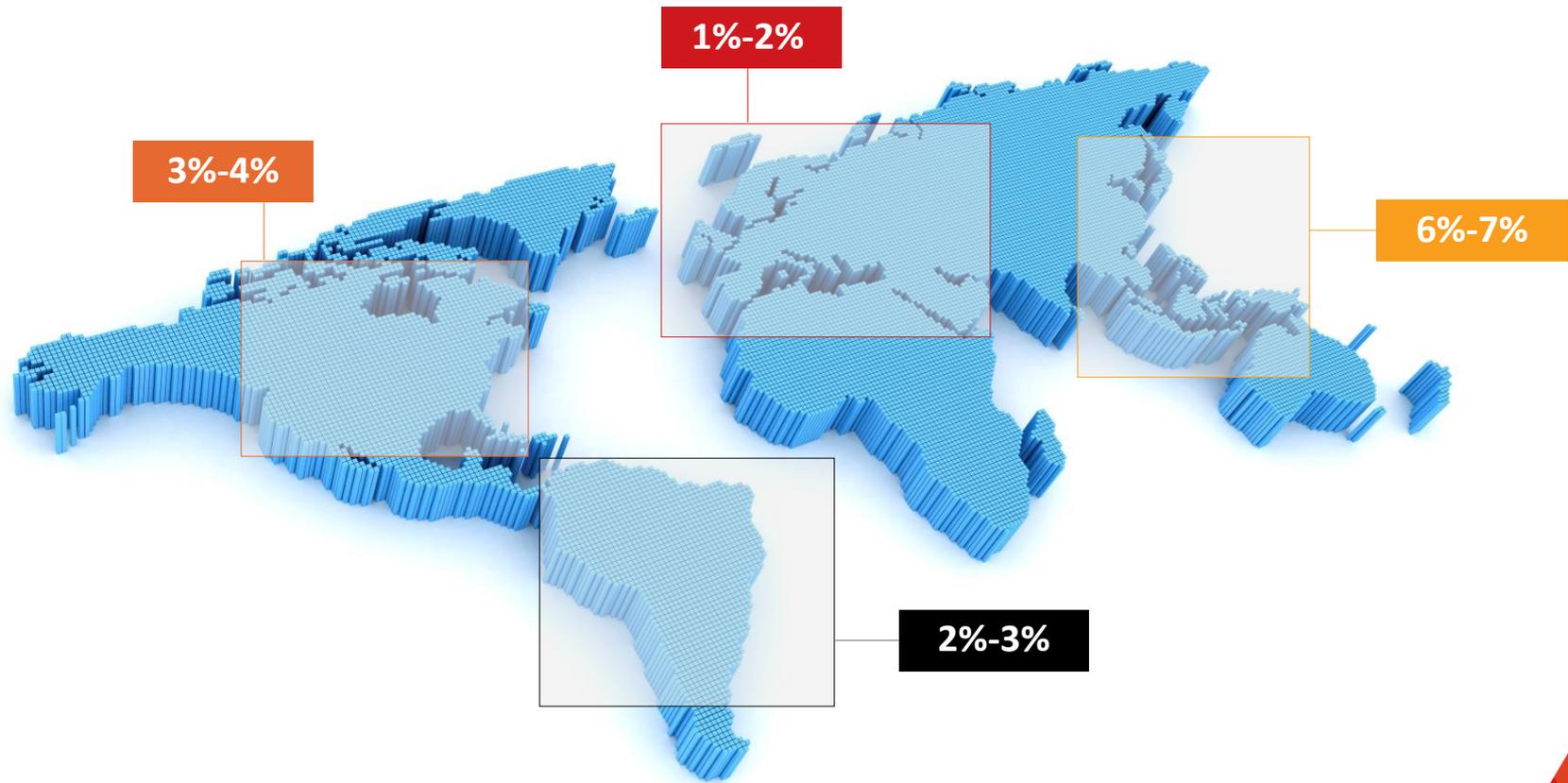
Consumer



5-7%

Outlook

Economies Developing at Varied Pace



Source: The World Bank / Real Gross Domestic Product / January 2015 Forecast

Outlook

Technology is a Core Competency



DEVELOPING SECTORS

- ◆ Batteries
- ◆ Lightweight automobiles
- ◆ Environment



NEW PRODUCTS

- ◆ Graphene
- ◆ Advanced activated carbons
- ◆ Specialty carbons for conductive and reinforcing applications



PROCESS ENERGY

- ◆ Energy recovery
- ◆ Environmental
- ◆ Feedstock

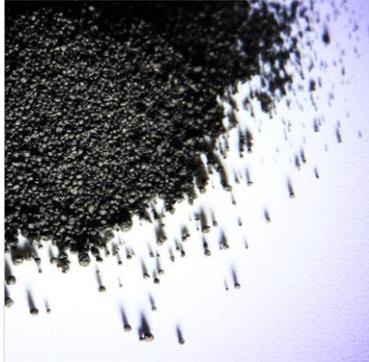


MANUFACTURING TECHNOLOGY

- ◆ Scale and yield
- ◆ Feedstock flexibility
- ◆ Operational excellence

Outlook

Leadership Positions in Each Segment



carbon black #1



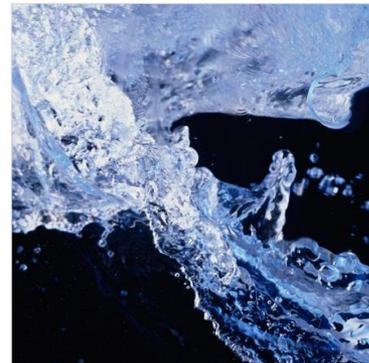
fumed metal oxides #2



inkjet colorants #1



activated carbon #1



cesium formate #1

Outlook

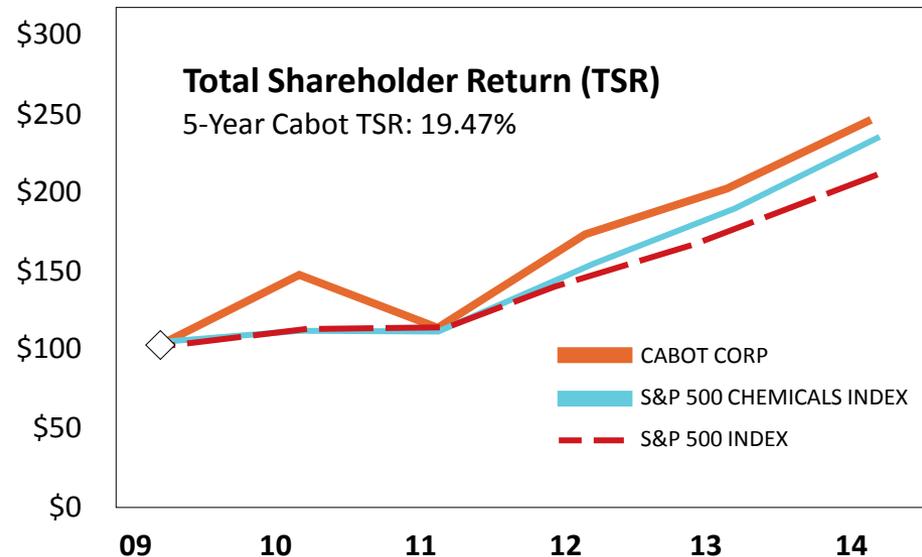
Shareholder Focus and Strategic Drivers

- ◆ Maintain leadership positions across businesses
- ◆ Drive operational excellence and energy efficiency
- ◆ Expand existing portfolio through disciplined capital expenditures and bolt-on acquisitions
- ◆ Differentiate through scale, cost, and technology
- ◆ Return cash to shareholders

Outlook

Shareholder Focus and Financial Goals

- ◆ Target 10% to 15% through-cycle earnings growth from:
 - ◆ underlying industry demand
 - ◆ efficiency improvements and leveraged capacity
 - ◆ capital allocation actions
- ◆ Maintain return on invested capital above weighted average cost of capital
- ◆ Disciplined cash flow prioritization



Fiscal 2015 Outlook

- ◆ “Value over volume” remains a key success driver
- ◆ Expected demand recovery in the second half of fiscal year
- ◆ Cost saving initiatives to offset economic and currency headwinds
- ◆ Capital expenditures forecast of \$150 million to \$200 million
- ◆ Free cash flow generation expected to be \$350 - \$400 million
- ◆ Return cash to shareholders through share repurchases and dividends

Conclusion

- ◆ Record 2014 financial performance
- ◆ Leading industry positions in every business
- ◆ Competitive global assets
- ◆ Superior technology platforms



CABOT 



Appendix

Non-GAAP Financial Measures

Adjusted EPS

Adjusted EPS =

Net Income per diluted common share from continuing operations
– After-tax certain items per share

Adjusted net income per share

Certain items are items that management does not consider representative of the Company's fundamental operating results.

	2008	2009	2010	2011	2012	2013	2014
Net income per share from continuing operations	\$1.21	(\$1.21)	\$1.94	\$2.77	\$2.84	\$2.37	\$3.01
Less: After-tax certain items per share	\$0.06	(\$1.06)	(\$0.46)	\$0.34	(\$0.49)	(\$0.56)	(\$0.42)
Adjusted earnings per share	\$1.15	(\$0.15)	\$2.40	\$2.43	\$3.33	\$2.93	\$3.43

Non-GAAP Financial Measures

Adjusted EBITDA and EBITDA Margin

EBITDA Margin =

Numerator: Adjusted EBITDA

Denominator: Net sales and other operating income

(millions \$)	2008	2014
Total Segment EBIT.....	238	447
Plus: adjustments to depreciation	(12)	-
Plus: unallocated corporate costs	(42)	(54)
Plus: depreciation & amortization	163	200
Plus: pre-tax income from Supermetals business ...	12	-
Plus: impact of LIFO accounting	(24)	-
Adjusted EBITDA	335	593
 Net sales & other operating revenue	 3,191*	 3,647
 Adjusted EBITDA Margin	 11%	 16%

*Includes sales from Supermetals business