



Cabot Corporation Announces Long-Term Supply Agreement With ADES

September 30, 2020

BOSTON--(BUSINESS WIRE)--Sep. 30, 2020-- [Cabot Corporation](#) (NYSE: CBT) announced today that its subsidiary, Cabot Norit Americas, Inc. ("Cabot Norit"), has entered into a long-term supply agreement with ADA Carbon Solutions (Red River), LLC, ("ADA"), a producer of lignite-based activated carbon and a subsidiary of Advanced Emissions Solutions, Inc. (NASD: ADES). Under the supply agreement, ADA will manufacture and supply Cabot Norit's proprietary portfolio of lignite-based activated carbon products exclusively to Cabot Norit.

In conjunction with the supply agreement, Cabot Norit has also entered into an agreement for the sale of its lignite mine in Marshall, TX to ADA Carbon Solutions (Operations), LLC for a nominal amount. ADA has announced separately its intent to close the mine. Per the agreement, ADA assumes the majority of the costs associated with the closure of the mine. Cabot's total cash outlays associated with the closure of the mine are capped at \$10 million and are amortized over the next 14 years.

In an effort to better align its supply with its current demand for lignite-based activated carbon, Cabot has also announced that it will idle activation kilns at its manufacturing facility in Marshall, TX. Going forward, Cabot will continue certain operational activities including post-treatment of activated carbon, as well as packaging and warehousing operations at its Marshall facility. In addition, Cabot will continue to source lignite-based activated carbon from its joint venture in Estevan, Canada.

"We believe this long-term supply agreement and the sale of the lignite mine in Marshall enables us to adapt to present market conditions in North America and to better position Cabot's cost structure to compete in mercury removal applications," said Sean Keohane, president, and chief executive officer. "We remain committed to our customers and believe the long-term supply arrangement ensures that we will continue to deliver the same high-quality products and service that our customers have come to expect from us."

The operating cost structure of the Purification Solutions business is expected to improve through fixed cost savings from the sale of the lignite mining operations and idling of activation assets at Cabot's manufacturing facility in Marshall.

Keohane continued, "This transaction is the next step in the execution of our transformation plan, which began in 2019 and is aimed at simplifying the organization, focusing on specialty applications, rightsizing capacity, reducing fixed costs, and maximizing the future value of the business. We believe selling the mine and further reducing our cost structure will improve the attractiveness of the Purification Solutions business to potential buyers."

Cabot estimates a pre-tax charge to earnings of approximately \$129 million, mainly related to the loss on sale and impairment of certain fixed assets, to be recorded in the fourth quarter of fiscal 2020 in connection with these transactions. Excluding mine related cash outlays, Cabot expects \$5 million in annual cash benefits with an incremental \$10 million benefit in the first year related to the depletion of inventory of Marshall manufactured product. In addition, we expect a further annual business EBIT benefit of \$10 million per year from lower depreciation.

ABOUT CABOT CORPORATION

Cabot Corporation (NYSE: CBT) is a global specialty chemicals and performance materials company headquartered in Boston, Massachusetts. The company is a leading provider of [carbon black](#), [specialty carbons](#), [activated carbon](#), [elastomer composites](#), [inkjet colorants](#), [masterbatches and conductive compounds](#), [fumed silica](#) and [aerogel](#). For more information on Cabot, please visit the company's [website](#) at [cabotcorp.com](#).

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press release contains "forward-looking statements" under the Federal securities laws. The forward-looking statements address expectations or projections about the future, including our expectations concerning improvements to the operating cost structure of the Purification Solutions business and the other strategic benefits of these transactions, the amount of the pre-tax charge to earnings we expect to record, and the amount of annual savings and benefits we expect to achieve from these transactions. Forward-looking 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 or difficult to predict. If known or unknown risks materialize, our actual results could differ materially from those expressed in the forward-looking statements. For a discussion of such risks and uncertainties, see "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019 and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020, and in subsequent SEC filings, filed with the SEC at [www.sec.gov](#).

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