



Cabot Corporation Provides Update on Current Demand Environment

June 15, 2023

BOSTON--(BUSINESS WIRE)--Jun. 15, 2023-- [Cabot Corporation](#) (NYSE: CBT) today provided an update on the current demand environment and the impact on its business segments.

Sales volumes in the Performance Chemicals segment for April and May 2023 were 13% lower than the same months of 2022 with declines across all product lines, except Battery Materials, where volumes continued to grow year-over-year, driven by an improvement in electric vehicle sales in China. While sales volumes in the third fiscal quarter in the Performance Chemicals segment have been improving sequentially as compared to the second fiscal quarter, the pace of improvement has been slower than what the Company expected.

"We are not seeing the anticipated pace of recovery in China after a challenging March quarter in the Performance Chemicals segment," said Sean Keohane, Cabot President and Chief Executive Officer. "In addition to the weakness in China, we continue to see soft demand on a global basis across many of our key end markets, including construction and consumer applications. Given these factors, we now expect EBIT in this segment in the third fiscal quarter to be only modestly higher than the second fiscal quarter."

In the Reinforcement Materials segment, volumes were down 8% for April and May 2023 as compared to the same months of 2022, with declines across all regions and principally in the replacement tire market.

Keohane continued, "Despite the demand environment, we are seeing the expected quarterly year-over-year improvement in pricing and product mix from our calendar year 2023 customer agreements in the Reinforcement Materials segment. We continue to expect these pricing and product mix benefits to drive strong growth in year-over-year segment EBIT results in the third and fourth fiscal quarters."

"Although we continue to expect stronger adjusted earnings per share in the second half of the fiscal year as compared to the first half, the magnitude of this increase will be less than we previously expected and we are no longer expecting adjusted earnings per share for fiscal 2023 to be in the range of \$6.10 to \$6.50," Keohane said. "We continue to anticipate a robust operating cash flow for the full fiscal year. We are focused on reducing costs in the near-term and we believe our investments have us well positioned for long-term growth. I look forward to providing a more fulsome update on our business outlook and fiscal year adjusted earnings per share guidance on our third quarter earnings call in early August."

Keohane concluded, "Despite the near-term macro-economic challenges, I feel very good about the long-term growth of the company. We have a Reinforcement Materials segment that I believe is structurally at a different earnings level with more consistent operating results. We remain excited about our leadership position in Battery Materials and the long-term secular growth opportunity this offers. We expect the Company's cash flow to enable us to continue to fund strategic growth investments, while also returning cash to shareholders. While the Performance Chemicals segment is facing some near-term headwinds, we expect the underlying end markets to grow over time to support the needs of various transportation, infrastructure and consumer applications. So while fiscal 2023 is proving to be more challenging than we expected due to the macro-economic weakness and a prolonged destocking cycle, I believe we will exit the year with fourth quarter financial results that set us up well for earnings growth and achievement of our 3-year target for adjusted earnings per share as outlined at our 2021 Investor Day."

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 [reinforcing carbons](#), [specialty carbons](#), [battery materials](#), [engineered elastomer composites](#), [inkjet colorants](#), [masterbatches and conductive compounds](#), [fumed metal oxides](#) and [aerogel](#). For more information on Cabot, please visit the company's website at [cabotcorp.com](#). The Company regularly posts important information on its website and encourages investors and potential investors to consult the Cabot website regularly.

Forward-Looking Statements and Use of Non-GAAP Financial Measures – This release contains forward-looking statements. All statements that address expectations or projections about the future, including with respect to our expectations for our performance in fiscal year 2023, including our expectations for adjusted earnings per share, demand and volumes, segment EBIT and operating cash flow, our expectations for achieving our 3-year target for adjusted earnings per share and Battery Materials product line growth opportunities 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 or implied by forward-looking statements. Important factors that could cause our results to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to, disruption to our operations from the COVID-19 pandemic, industry capacity utilization and competition from other specialty chemical companies; safety, health and environmental requirements and related constraints imposed on our business; regulatory and financial risks related to climate change developments; volatility in the price and availability of energy and raw materials, including with respect to the Russian invasion of Ukraine; a significant adverse change in a customer relationship or the failure of a customer to perform its obligations under agreements with us; failure to achieve growth expectations from new products, applications and technology developments; failure to realize benefits from acquisitions, alliances, or joint ventures or achieve our portfolio management objectives; unanticipated delays in, or increased cost of site development projects; negative or uncertain worldwide or regional economic conditions and market opportunities, including from trade relations, global health matters or geo-political conflicts; litigation or legal proceedings; and tax rates and fluctuations in foreign currency exchange and interest rates. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission ("SEC"), particularly under the heading "Risk Factors" in our annual report on Form 10-K for our fiscal year ended September 30, 2022, filed with the SEC at [www.sec.gov](#). We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Adjusted earnings per share is a non-GAAP financial measure. In calculating adjusted earnings per share, we exclude from our net income (loss) attributable to Cabot Corporation items of expense and income that management does not consider representative of the Company's business operations. We refer to these items as "certain items." For additional information regarding the items of expense and income the Company allocates to "certain items", please see our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, filed with the SEC at www.sec.gov. Cabot does not provide an expected GAAP earnings per share range or reconciliation of the adjusted earnings per share range with an expected GAAP earnings per share range because, without unreasonable effort, we are unable to predict with reasonable certainty the matters we would allocate to "certain items," including unusual gains and losses, costs associated with future restructurings, acquisition-related expenses and litigation outcomes. These items are uncertain, depend on various factors, and could have a material impact on GAAP earnings per share in future periods.

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Source: Cabot Corporation