

Second Quarter Earnings Announcement, Fiscal 2020

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

	Fiscal 2020 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.70	\$ (0.01)	\$ —	\$ —	\$ 0.70
Less: Certain items after tax per share	0.01	(0.78)	—	—	(0.77)
<b>Adjusted earnings per share</b>	<b>\$ 0.69</b>	<b>\$ 0.77</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1.47</b>
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
Fiscal 2019 <sup>(A)</sup>					
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
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>	0.14	0.15	0.02	—	0.31
<b>Adjusted earnings per share excluding Specialty Fluids</b>	<b>\$ 0.73</b>	<b>\$ 0.84</b>	<b>\$ 0.98</b>	<b>\$ 1.05</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	\$ 10	\$ 12	\$ 2	\$ —	\$ 24
Less: Specialty Fluids taxes <sup>(C)</sup>	2	3	1	—	6
Specialty Fluids profit after tax	\$ 8	\$ 9	\$ 1	\$ —	\$ 18
Divided by: Cabot Corporation diluted weighted average common shares outstanding					
	60.1	59.3	58.4	57.6	58.8
<b>Specialty Fluids Adjusted EPS</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ 0.31</b>
<sup>(C)</sup> Specialty Fluids taxes calculated by applying Cabot's Operating tax rate for each period to Specialty Fluids EBIT. Please refer to Cabot's fiscal 2019 earnings releases for the reconciliations of the Company's operating tax rate to its effective tax rate.					

	Fiscal 2020				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<b>Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin</b>					
Net income (loss) attributable to Cabot Corporation	\$ 41	\$ (1)	\$ —	\$ —	\$ 40
Net income (loss) attributable to noncontrolling interests	5	4	—	—	9
Equity in earnings of affiliated companies, net of tax	—	(1)	—	—	(1)
Provision (benefit) for income taxes	4	10	—	—	14
<b>Income (loss) before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 50</b>	<b>\$ 12</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 62</b>
Interest expense	14	14	—	—	28
Certain items	11	56	—	—	67
Unallocated corporate costs	10	12	—	—	22
General unallocated (income) expense	1	—	—	—	1
Less: Equity in earnings of affiliated companies	—	(1)	—	—	(1)
<b>Total Segment EBIT</b>	<b>\$ 86</b>	<b>\$ 95</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 181</b>
Depreciation and amortization	39	39	—	—	78
Adjustments to depreciation <sup>(D)</sup>	(1)	—	—	—	(1)
<b>Total Segment EBITDA</b>	<b>\$ 124</b>	<b>\$ 134</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 258</b>
Less: Unallocated corporate costs	10	12	—	—	22
<b>Adjusted EBITDA</b>	<b>\$ 114</b>	<b>\$ 122</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 236</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 2020				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<b>Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash Flow from Operating Activities</b>					
Cash flow from operating activities <sup>(E)</sup>	\$ 105	\$ 24	\$ —	\$ —	\$ 129
Less: Additions to property, plant and equipment	68	51	—	—	119
<b>Free cash flow</b>	<b>\$ 37</b>	<b>\$ (27)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 10</b>
Plus: Additions to property, plant and equipment	68	51	—	—	119
Less: Changes in net working capital <sup>(F)</sup>	50	2	—	—	52
Less: Sustaining and compliance capital expenditures	30	27	—	—	57
<b>Discretionary free cash flow</b>	<b>\$ 25</b>	<b>\$ (5)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 20</b>

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<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.