

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS

Periods ended June 30	Three Months		Nine Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	2024	2023	2024	2023
Net sales and other operating revenues.....	\$ 1,016	\$ 968	\$ 2,993	\$ 2,966
Cost of sales.....	760	745	2,273	2,352
Gross profit.....	256	223	720	614
Selling and administrative expenses.....	68	58	210	184
Research and technical expenses.....	16	15	46	43
Loss on sale of business.....	—	—	—	3
Income (loss) from operations.....	172	150	464	384
Other income (expense)				
Interest and dividend income.....	8	7	25	22
Interest expense.....	(19)	(24)	(62)	(69)
Other income (expense).....	(3)	(3)	(33)	(13)
Total other income (expense).....	(14)	(20)	(70)	(60)
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	158	130	394	324
(Provision) benefit for income taxes.....	(40)	(41)	(121)	(90)
Equity in earnings of affiliated companies, net of tax	2	1	5	4
Net income (loss).....	120	90	278	238
Net income (loss) attributable to noncontrolling interests, net of tax.....	11	8	35	27
Net income (loss) attributable to Cabot Corporation.....	\$ 109	\$ 82	\$ 243	\$ 211
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation.....	\$ 1.94	\$ 1.43	\$ 4.30	\$ 3.65
Diluted weighted average common shares outstanding.....	55.7	56.5	55.8	56.7

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CABOT CORPORATION SUMMARY RESULTS BY SEGMENT

Periods ended June 30	Three Months		Nine Months	
<i>Dollars in millions, except per share amounts (unaudited)</i>	2024	2023	2024	2023
Sales				
Reinforcement Materials.....	\$ 649	\$ 624	\$ 1,966	\$ 1,939
Performance Chemicals.....	332	307	928	919
Segment sales.....	981	931	2,894	2,858
Unallocated and other ^(A)	35	37	99	108
Net sales and other operating revenues.....	\$ 1,016	\$ 968	\$ 2,993	\$ 2,966
Segment Earnings Before Interest and Taxes ^(B)				
Reinforcement Materials.....	\$ 136	\$ 132	\$ 414	\$ 348
Performance Chemicals.....	55	32	120	89
Total Segment Earnings Before Interest and Taxes.....	191	164	534	437
Unallocated and Other				
Interest expense.....	(19)	(24)	(62)	(69)
Certain items ^(C)	(2)	(1)	(56)	(7)
Unallocated corporate costs.....	(16)	(11)	(51)	(42)
General unallocated income (expense) ^(D)	6	3	34	9
Less: Equity in earnings of affiliated companies, net of tax.....	2	1	5	4
Income (loss) from operations before income taxes and equity in earnings of affiliated companies.....	158	130	394	324
(Provision) benefit for income taxes (including tax certain items).....	(40)	(41)	(121)	(90)
Equity in earnings of affiliated companies, net of tax.....	2	1	5	4
Net income (loss).....	120	90	278	238
Net income (loss) attributable to noncontrolling interests, net of tax.....	11	8	35	27
Net income (loss) attributable to Cabot Corporation.....	\$ 109	\$ 82	\$ 243	\$ 211
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation.....	\$ 1.94	\$ 1.43	\$ 4.30	\$ 3.65
Adjusted earnings (loss) per share ^(E).....	\$ 1.92	\$ 1.42	\$ 5.25	\$ 3.73
Diluted weighted average common shares outstanding.....	55.7	56.5	55.8	56.7

(A) Unallocated and other reflects external shipping and handling fees, royalties, the impact of unearned revenue, discounting charges for certain Notes receivable, and other by-product revenue.

(B) Segment EBIT is a measure used by Cabot's Chief Operating Decision-Maker to measure consolidated operating results, assess segment performance and allocate resources. Segment EBIT includes Equity in earnings of affiliated companies, net of tax, royalties, Net income attributable to noncontrolling interests, net of tax, and discounting charges for certain Notes receivable.

(C) Details of Certain items are presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

(D) General unallocated income (expense) consists of gains (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, Interest and dividend income, the profit or loss related to the corporate adjustment for unearned revenue and unrealized holding gains (losses) for investments. This does not include items of income or expense from the items that are separately treated as Certain items.

(E) Adjusted EPS is a non-GAAP measure, and a reconciliation of Adjusted EPS to GAAP EPS is presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Dollars in millions (unaudited)</i>	June 30, 2024	September 30, 2023
Current assets:		
Cash and cash equivalents.....	\$ 197	\$ 238
Accounts and notes receivable, net of reserve for doubtful accounts of \$5 and \$2.....	732	695
Inventories:		
Raw materials.....	145	148
Finished goods.....	341	374
Other.....	67	63
Total inventories.....	<u>553</u>	<u>585</u>
Prepaid expenses and other current assets.....	109	108
Total current assets.....	<u>1,591</u>	<u>1,626</u>
Property, plant and equipment.....	3,907	3,827
Accumulated Depreciation.....	<u>(2,477)</u>	<u>(2,415)</u>
Net property, plant and equipment.....	1,430	1,412
Goodwill.....	132	134
Equity affiliates.....	24	20
Intangible assets, net.....	55	60
Deferred income taxes.....	166	180
Other assets.....	182	172
Total assets.....	<u>\$ 3,580</u>	<u>\$ 3,604</u>

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Dollars in millions, except share and per share amounts (unaudited)</i>	June 30, 2024	September 30, 2023
Current liabilities:		
Short-term borrowings.....	\$ 49	\$ 174
Accounts payable and accrued liabilities.....	626	600
Income taxes payable.....	34	40
Current portion of long-term debt.....	8	8
Total current liabilities.....	717	822
Long-term debt.....	1,083	1,094
Deferred income taxes.....	40	50
Other liabilities.....	244	231
Stockholders' equity:		
Preferred stock:		
Authorized: 2,000,000 shares of \$1 par value		
Issued and Outstanding: None and none	—	—
Common stock:		
Authorized: 200,000,000 shares of \$1 par value		
Issued: 54,949,872 and 55,379,636 shares	55	55
Outstanding: 54,816,803 and 55,243,804 shares		
Less cost of 133,069 and 135,832 shares of common treasury stock	(3)	(3)
Additional paid-in capital.....	—	—
Retained earnings.....	1,676	1,574
Accumulated other comprehensive income (loss).....	(382)	(362)
Total Cabot Corporation stockholders' equity.....	1,346	1,264
Noncontrolling interests.....	150	143
Total stockholders' equity.....	1,496	1,407
Total liabilities and stockholders' equity.....	\$ 3,580	\$ 3,604

CABOT CORPORATION QUARTERLY RESULTS BY SEGMENT

Dollars in millions, except per share amounts (unaudited)	Fiscal 2023					Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY	Dec. Q	Mar. Q	June Q	Sept. Q	FY
Sales										
Reinforcement Materials.....	\$ 643	\$ 672	\$ 624	\$ 624	\$ 2,563	\$ 641	\$ 676	\$ 649	\$ —	\$ 1,966
Performance Chemicals.....	286	326	307	306	1,225	285	311	332	—	928
Segment sales.....	929	998	931	930	3,788	926	987	981	—	2,894
Unallocated and other ^(A)	36	35	37	35	143	32	32	35	—	99
Net sales and other operating revenues.....	\$ 965	\$ 1,033	\$ 968	\$ 965	\$ 3,931	\$ 958	\$ 1,019	\$ 1,016	\$ —	\$ 2,993
Segment Earnings Before Interest and Taxes^(B)										
Reinforcement Materials.....	\$ 94	\$ 122	\$ 132	\$ 134	\$ 482	\$ 129	\$ 149	\$ 136	\$ —	\$ 414
Performance Chemicals.....	29	28	32	36	125	34	31	55	—	120
Total Segment Earnings Before Interest and Taxes.....	123	150	164	170	607	163	180	191	—	534
Unallocated and Other										
Interest expense.....	(22)	(23)	(24)	(21)	(90)	(22)	(21)	(19)	—	(62)
Certain items ^(C)	(4)	(2)	(1)	(22)	(29)	(42)	(12)	(2)	—	(56)
Unallocated corporate costs.....	(15)	(16)	(11)	(12)	(54)	(17)	(18)	(16)	—	(51)
General unallocated income (expense) ^(D)	4	2	3	13	22	13	15	6	—	34
Less: Equity in earnings of affiliated companies, net of tax.....	2	1	1	1	5	1	2	2	—	5
Income (loss) from operations before income taxes and equity in earnings of affiliated companies.....	84	110	130	127	451	94	142	158	—	394
(Provision) benefit for income taxes (including tax certain items).....	(20)	(29)	(41)	118	28	(34)	(47)	(40)	—	(121)
Equity in earnings of affiliated companies, net of tax.....	2	1	1	1	5	1	2	2	—	5
Net income (loss)	66	82	90	246	484	61	97	120	—	278
Net income (loss) attributable to noncontrolling interests, net of tax.....	12	7	8	12	39	11	13	11	—	35
Net income (loss) attributable to Cabot Corporation	\$ 54	\$ 75	\$ 82	\$ 234	\$ 445	\$ 50	\$ 84	\$ 109	\$ —	\$ 243
Diluted earnings (loss) per share of common stock attributable to Cabot Corporation	\$ 0.93	\$ 1.29	\$ 1.43	\$ 4.10	\$ 7.73	\$ 0.88	\$ 1.49	\$ 1.94	\$ —	\$ 4.30
Adjusted earnings (loss) per share^(E)	\$ 0.98	\$ 1.33	\$ 1.42	\$ 1.65	\$ 5.38	\$ 1.56	\$ 1.78	\$ 1.92	\$ —	\$ 5.25
Diluted weighted average common shares outstanding	56.7	56.8	56.5	56.1	56.5	55.8	55.8	55.7	\$ —	55.8

^(A) Unallocated and other reflects external shipping and handling fees, royalties, the impact of unearned revenue, discounting charges for certain Notes receivable, and other by-product revenue.

^(B) Segment EBIT is a measure used by Cabot's Chief Operating Decision-Maker to measure consolidated operating results, assess segment performance and allocate resources. Segment EBIT includes Equity in earnings of affiliated companies, net of tax, royalties, Net income attributable to noncontrolling interests, net of tax, and discounting charges for certain Notes receivable.

^(C) Details of certain items are presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

^(D) General unallocated income (expense) consists of gains (losses) arising from foreign currency transactions, net of other foreign currency risk management activities, Interest and dividend income, the profit or loss related to the corporate adjustment for unearned revenue and unrealized holding gains (losses) for investments. This does not include items of income or expense from the items that are separately treated as Certain items.

^(E) Adjusted EPS is a non-GAAP measure, and a reconciliation of Adjusted EPS to GAAP EPS is presented in the Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate table.

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Periods ended June 30 <i>Dollars in millions (unaudited)</i>	Three Months		Nine Months	
	2024	2023	2024	2023
Cash Flows from Operating Activities:				
Net income (loss).....	\$ 120	\$ 90	\$ 278	\$ 238
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization.....	36	36	114	107
Other non-cash charges (gains), net.....	10	8	81	14
Cash dividends received from equity affiliates.....	—	—	1	2
Changes in assets and liabilities:				
Changes in net working capital ^(A)	43	71	18	96
Changes in other assets and liabilities, net.....	(2)	38	(4)	—
	<u>207</u>	<u>243</u>	<u>488</u>	<u>457</u>
Cash provided by (used in) operating activities.....				
Cash Flows from Investing Activities:				
Additions to property, plant and equipment.....	(52)	(80)	(149)	(166)
Proceeds from sale of business.....	—	—	—	6
Other investing activities, net.....	1	5	3	21
Cash provided by (used in) investing activities.....	<u>(51)</u>	<u>(75)</u>	<u>(146)</u>	<u>(139)</u>
Cash Flows from Financing Activities:				
Change in debt, net.....	(45)	(123)	(139)	(221)
Cash dividends paid to common stockholders.....	(24)	(23)	(69)	(65)
Other financing activities, net.....	(62)	(15)	(118)	(85)
Cash provided by (used in) financing activities.....	<u>(131)</u>	<u>(161)</u>	<u>(326)</u>	<u>(371)</u>
Effect of exchange rate changes on cash.....	(34)	8	(57)	67
Increase (decrease) in cash and cash equivalents.....	(9)	15	(41)	14
Cash and cash equivalents at beginning of period.....	206	205	238	206
Cash and cash equivalents at end of period.....	<u>\$ 197</u>	<u>\$ 220</u>	<u>\$ 197</u>	<u>\$ 220</u>

^(A) Includes Accounts and notes receivable, Inventories, and Accounts payable and accrued liabilities.

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION CERTAIN ITEMS AND RECONCILIATION OF ADJUSTED EPS AND OPERATING TAX RATE

TABLE 1: DETAIL OF CERTAIN ITEMS

Periods ended June 30 <i>Dollars in millions, except per share amounts (unaudited)</i>	Three Months		Nine Months	
	2024	2023	2024	2023
Certain items before and after income taxes				
Argentina controlled currency devaluation and other losses	\$ (2)	\$ —	\$ (43)	\$ —
Global restructuring activities	(1)	—	(13)	—
Acquisition and integration-related charges	—	(1)	—	(2)
Legal and environmental matters and reserves	—	—	(1)	(2)
Gain on sale of land	—	—	—	1
Loss on sale of business and asset impairment charge	—	—	—	(3)
Other Certain Items	1	—	1	(1)
Total certain items, pre-tax	(2)	(1)	(56)	(7)
Non-GAAP tax adjustments ^(A)	3	2	3	3
Total certain items after tax	\$ 1	\$ 1	\$ (53)	\$ (4)
Total certain items after tax per share	\$ 0.02	\$ 0.01	\$ (0.95)	\$ (0.08)

TABLE 2: CERTAIN ITEMS STATEMENT OF OPERATIONS LINE ITEM

Periods ended June 30 <i>Dollars in millions, Pre-Tax (unaudited)</i>	Three Months		Nine Months	
	2024	2023	2024	2023
Statement of Operations Line Item ^(B)				
Cost of sales	\$ —	\$ (1)	\$ (12)	\$ (4)
Selling and administrative expenses	—	—	(1)	—
Other income (expense)	(2)	—	(43)	—
Loss on sale of business	—	—	—	(3)
Total certain items	\$ (2)	\$ (1)	\$ (56)	\$ (7)

TABLE 3: RECONCILIATION OF EFFECTIVE TAX RATE TO OPERATING TAX RATE

Three months June 30	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
<i>Dollars in millions (unaudited)</i>				
Effective Tax Rate	\$ (40)	25%	\$ (41)	32%
Less: Non-GAAP tax adjustments ^(A)	3		2	
Operating tax rate ^{(C)(D)}	\$ (43)	27%	\$ (43)	33%
Nine months ended June 30				
	2024		2023	
	(Provision) / Benefit for Income Taxes	Rate	(Provision) / Benefit for Income Taxes	Rate
<i>Dollars in millions (unaudited)</i>				
Effective Tax Rate	\$ (121)	31%	\$ (90)	28%
Less: Non-GAAP tax adjustments ^(A)	3		3	
Operating tax rate ^{(C)(D)}	\$ (124)	28%	\$ (93)	28%

TABLE 4: RECONCILIATION OF ADJUSTED EPS BY QUARTER FOR FISCAL 2024 and FISCAL 2023

Periods ended (unaudited)	Fiscal 2024 ^(E)		Fiscal 2023 ^(E)		FY 2024	FY 2023
	Dec. Q	Mar. Q	June Q	Sept. Q		
Reconciliation of Adjusted EPS to GAAP EPS						
Net income (loss) per share attributable to Cabot Corporation	\$ 0.88	\$ 1.49	\$ 1.94	\$ —	\$ 4.30	
Less: Certain items after tax per share	(0.68)	(0.29)	0.02	—	(0.95)	
Adjusted earnings (loss) per share	\$ 1.56	\$ 1.78	\$ 1.92	\$ —	\$ 5.25	
Reconciliation of Adjusted EPS to GAAP EPS						
Net income (loss) per share attributable to Cabot Corporation	\$ 0.93	\$ 1.29	\$ 1.43	\$ 4.10	\$ 7.73	
Less: Certain items after tax per share	(0.05)	(0.04)	0.01	2.45	2.35	
Adjusted earnings (loss) per share	\$ 0.98	\$ 1.33	\$ 1.42	\$ 1.65	\$ 5.38	

^(A) Non-GAAP tax adjustments are made to arrive at the operating tax provision. It includes the income tax (expense) benefit on certain items, discrete tax items, and, on a quarterly basis the timing of losses in certain jurisdictions. The income tax (expense) benefit on certain items is determined using the applicable rates in the taxing jurisdictions in which the certain items occurred and includes both current and deferred income tax (expense) benefit based on the nature of the certain items. Discrete tax items include, but are not limited to, changes in valuation allowance, uncertain tax positions, and other tax items, such as the tax impact of legislative changes and tax accruals on historic earnings due to changes in indefinite reinvestment assertions.

^(B) This table indicates the line items where certain items are recorded in the Consolidated Statements of Operations.

^(C) The operating tax rate is calculated based upon management's forecast of the annual operating tax rate for the fiscal year applied to adjusted pre-tax earnings. The operating tax rate excludes income tax (expense) benefit on certain items, discrete tax items and, on a quarterly basis the timing of losses in certain jurisdictions.

^(D) Our operating tax rate for fiscal 2024 is expected to be in the range of 27% to 28%.

^(E) Per share amounts are calculated after tax.

Third Quarter Earnings Announcement, Fiscal 2024

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal 2024 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.88	\$ 1.49	\$ 1.94	\$ —	\$ 4.30
Less: Certain items after tax per share	(0.68)	(0.29)	0.02	—	(0.95)
Adjusted earnings (loss) per share	\$ 1.56	\$ 1.78	\$ 1.92	\$ —	\$ 5.25
	Fiscal 2023 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2023
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.93	\$ 1.29	\$ 1.43	\$ 4.10	\$ 7.73
Less: Certain items after tax per share	(0.05)	(0.04)	0.01	2.45	2.35
Adjusted earnings (loss) per share	\$ 0.98	\$ 1.33	\$ 1.42	\$ 1.65	\$ 5.38

^(A) Per share amounts are calculated after tax.

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Reconciliation of Total Segment EBIT, Total Segment EBITDA and Adjusted EBITDA to Net Income and Segment EBITDA Margin					
Net income (loss) attributable to Cabot Corporation	\$ 50	\$ 84	\$ 109	\$ —	\$ 243
Net income (loss) attributable to noncontrolling interests	11	13	11	—	35
Equity in earnings of affiliated companies, net of tax	(1)	(2)	(2)	—	(5)
Provision (benefit) for income taxes	34	47	40	—	121
Income (loss) from operations before income taxes and equity in earnings of affiliated companies	\$ 94	\$ 142	\$ 158	\$ —	\$ 394
Interest expense	22	21	19	—	62
Certain items	42	12	2	—	56
Unallocated corporate costs	17	18	16	—	51
General unallocated (income) expense	(13)	(15)	(6)	—	(34)
Less: Equity in earnings of affiliated companies	(1)	(2)	(2)	—	(5)
Total Segment EBIT	\$ 163	\$ 180	\$ 191	\$ —	\$ 534
Depreciation and amortization excluding corporate depreciation	35	37	36	—	108
Total Segment EBITDA	\$ 198	\$ 217	\$ 227	\$ —	\$ 642
Less: Unallocated corporate costs before corporate depreciation	17	18	16	—	51
Adjusted EBITDA	\$ 181	\$ 199	\$ 211	\$ —	\$ 591

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 129	\$ 149	\$ 136	\$ —	\$ 414
Reinforcement Materials Depreciation and amortization	17	16	16	—	49
Reinforcement Materials EBITDA	\$ 146	\$ 165	\$ 152	\$ —	\$ 463
Reinforcement Materials Sales	\$ 641	\$ 676	\$ 649	\$ —	\$ 1,966
Reinforcement Materials EBITDA Margin	23%	24%	23%	—%	24%

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 34	\$ 31	\$ 55	\$ —	\$ 120
Performance Chemicals Depreciation and amortization	18	20	20	—	58
Performance Chemicals EBITDA	\$ 52	\$ 51	\$ 75	\$ —	\$ 178
Performance Chemicals Sales	\$ 285	\$ 311	\$ 332	\$ —	\$ 928
Performance Chemicals EBITDA Margin	18%	16%	23%	—%	19%

	Fiscal 2024				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2024
<i>Dollars in millions</i>					
Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash provided by (used in) operating activities					
Cash provided by (used in) operating activities ^(B)	\$ 105	\$ 176	\$ 207	\$ —	\$ 488
Less: Additions to property, plant and equipment	54	43	52	—	149
Free cash flow	\$ 51	\$ 133	\$ 155	\$ —	\$ 339
Plus: Additions to property, plant and equipment	54	43	52	—	149
Less: Changes in net working capital ^(C)	(46)	21	43	—	18
Less: Sustaining and compliance capital expenditures	33	27	36	—	96
Discretionary free cash flow	\$ 118	\$ 128	\$ 128	\$ —	\$ 374

^(B) As provided in the Condensed Consolidated Statements of Cash Flows.

^(C) Defined as changes in Accounts and notes receivable, Inventories, and Accounts payable and accrued liabilities as presented on the Condensed Consolidated Statements of Cash Flows.