

First Quarter Earnings Announcement, Fiscal 2020

CABOT CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal 2020 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
Reconciliation of Adjusted EPS to GAAP EPS					
Net income (loss) per share attributable to Cabot Corporation	\$ 0.70	\$ —	\$ —	\$ —	\$ 0.70
Less: Certain items after tax per share	0.01	—	—	—	0.01
Adjusted earnings per share	\$ 0.69	\$ —	\$ —	\$ —	\$ 0.69
	Fiscal 2019 ^(A)				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
Reconciliation of Adjusted EPS to GAAP EPS					
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)
Adjusted earnings per share	\$ 0.87	\$ 0.99	\$ 1.00	\$ 1.05	\$ 3.91
Less: Specialty Fluids Adjusted earnings per share ^(B)	0.14	0.15	0.02	—	0.31
Adjusted earnings per share excluding Specialty Fluids	\$ 0.73	\$ 0.84	\$ 0.98	\$ 1.05	\$ 3.60
^(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.					
^(B) 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 ^(C)	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
Specialty Fluids Adjusted EPS	\$ 0.14	\$ 0.15	\$ 0.02	\$ —	\$ 0.31
^(C) 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
<i>Dollars in millions</i>					
Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin					
Net income (loss) attributable to Cabot Corporation	\$ 41	\$ —	\$ —	\$ —	\$ 41
Net income (loss) attributable to noncontrolling interests	5	—	—	—	5
Equity in earnings of affiliated companies, net of tax	—	—	—	—	—
Provision (benefit) for income taxes	4	—	—	—	4
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 50	\$ —	\$ —	\$ —	\$ 50
Interest expense	14	—	—	—	14
Certain items	11	—	—	—	11
Unallocated corporate costs	10	—	—	—	10
General unallocated (income) expense	1	—	—	—	1
Less: Equity in earnings of affiliated companies	—	—	—	—	—
Total Segment EBIT	\$ 86	\$ —	\$ —	\$ —	\$ 86
Depreciation and amortization	39	—	—	—	39
Adjustments to depreciation ^(D)	(1)	—	—	—	(1)
Total Segment EBITDA	\$ 124	\$ —	\$ —	\$ —	\$ 124
Less: Unallocated corporate costs	10	—	—	—	10
Adjusted EBITDA	\$ 114	\$ —	\$ —	\$ —	\$ 114
^(D) 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
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 47	\$ —	\$ —	\$ —	\$ 47
Reinforcement Materials Depreciation and amortization	17	—	—	—	17
Reinforcement Materials EBITDA	\$ 64	\$ —	\$ —	\$ —	\$ 64
Reinforcement Materials Sales	\$ 379	\$ —	\$ —	\$ —	\$ 379
Reinforcement Materials EBITDA Margin	17%	—%	—%	—%	17%

	Fiscal 2020				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 41	\$ —	\$ —	\$ —	\$ 41
Performance Chemicals Depreciation and amortization	15	—	—	—	15
Performance Chemicals EBITDA	\$ 56	\$ —	\$ —	\$ —	\$ 56
Performance Chemicals Sales	\$ 242	\$ —	\$ —	\$ —	\$ 242
Performance Chemicals EBITDA Margin	23%	—%	—%	—%	23%

	Fiscal 2020				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<i>Dollars in millions</i>					
Purification Solutions EBIT	\$ (2)	\$ —	\$ —	\$ —	\$ (2)
Purification Solutions Depreciation and amortization	6	—	—	—	6
Purification Solutions EBITDA	\$ 4	\$ —	\$ —	\$ —	\$ 4
Purification Solutions Sales	\$ 59	\$ —	\$ —	\$ —	\$ 59
Purification Solutions EBITDA Margin	7%	—%	—%	—%	7%

	Fiscal 2020				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2020
<i>Dollars in millions</i>					
Reconciliation of Free Cash Flow and Discretionary Free Cash Flow to Cash Flow from Operating Activities					
Cash flow from operating activities ^(E)	\$ 105	\$ —	\$ —	\$ —	\$ 105
Less: Additions to property, plant and equipment	68	—	—	—	68
Free cash flow	\$ 37	\$ —	\$ —	\$ —	\$ 37
Plus: Additions to property, plant and equipment	68	—	—	—	68
Less: Changes in net working capital ^(F)	50	—	—	—	50
Less: Sustaining and compliance capital expenditures	30	—	—	—	30
Discretionary free cash flow	\$ 25	\$ —	\$ —	\$ —	\$ 25

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

^(F) Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statements of Cash Flows.