



EARNINGS TELECONFERENCE

FOURTH QUARTER - FISCAL 2018



FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for adjusted EPS growth over time, the factors we expect to impact earnings in each segment, our expectations for adjusted EPS for fiscal 2019 and our broad assumptions supporting these expectations, anticipated demand for our products; and our expected uses of cash, including for capital expenditures in 2019, share repurchases over the next three years, the range of our anticipated operating tax rate in fiscal 2019, the amount and expected timing of additional carbon black capacity we expect from our expansion plans and when we expect our new fumed silica capacity in China and the U.S. to come on line 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 in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; unanticipated disruptions or delays in plant operations or development projects; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; enforcement of environmental regulations; global trade policies; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission, particularly our annual report on Form 10-K for the fiscal year ended September 30, 2017.

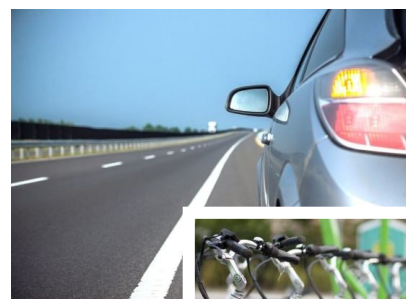
2018 HIGHLIGHTS

- ◆ *Delivered record adjusted EPS in fiscal 2018*; up 14% as compared to the prior year
- ◆ *Strong execution and favorable industry fundamentals* resulting in record results in Reinforcement Materials
- ◆ *Key growth investments*
 - Reinforcement Materials**
 - ◆ Expansion announced at Indonesian plant
 - ◆ Global debottleneck projects
 - Specialty Carbons and Formulations**
 - ◆ Acquisition of NSCC Carbon in China
 - ◆ TechBlend specialty compounds acquisition
 - ◆ Energy materials growth investments
 - Fumed Metal Oxides**
 - ◆ New plant in China
 - ◆ New plant in the U.S.
- ◆ *Continued commitment to return cash to shareholders*; DFCF² generated of \$254 million and returned \$222 million in dividends and share repurchases.
- ◆ *Increased share repurchase authorization* with the expectation that we will repurchase shares totaling \$400 million over a three year period

1. Non-GAAP measure – See Appendix

2. DFCF (Discretionary Free Cash Flow). Refer to Reconciliation of Non-GAAP Measures in Appendix

	YoY		
	FY 2018	FY 2017	Change
<i>(in millions, except per share amounts)</i>			
Diluted EPS	\$ (1.85)	\$ 3.91	(147%)
Adjusted EPS¹	\$ 4.03	\$ 3.54	14%
Revenue	\$ 3,242	\$ 2,717	19%
Total Segment EBIT¹	\$ 480	\$ 409	17%
Cash Flows from Operations	\$ 299	\$ 348	(14%)

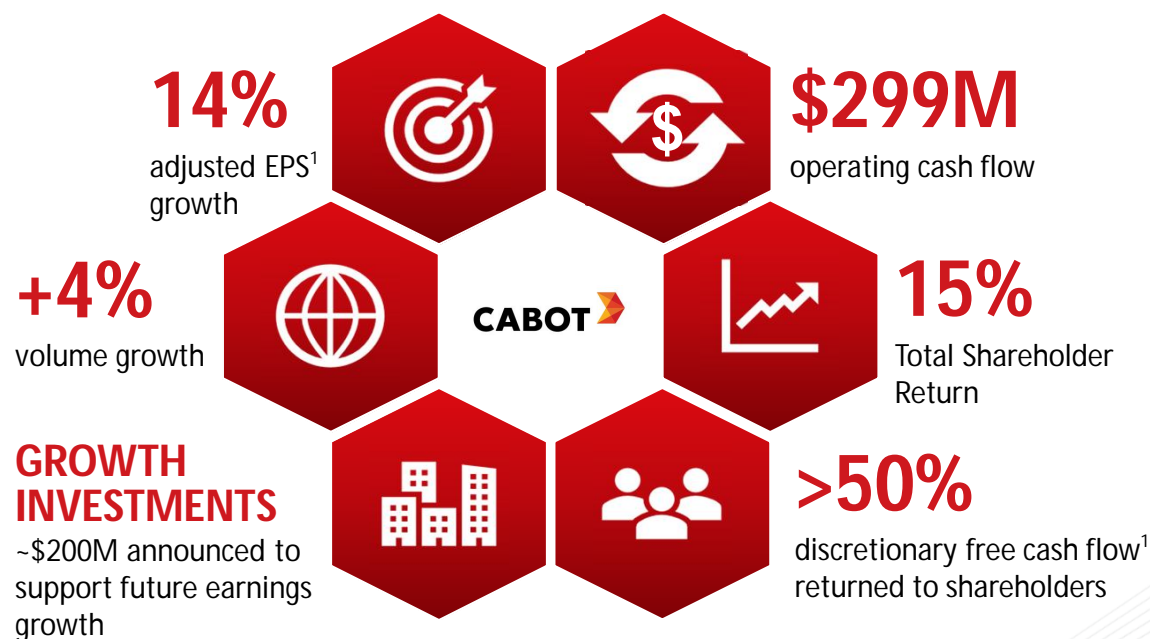


SUCCESSFUL EXECUTION OF OUR ADVANCING THE CORE STRATEGY

GOALS AND FINANCIAL FRAMEWORK

- ✓ Capture global GDP growth
- ✓ Invest for growth in our core businesses
- ✓ 7-10% adjusted EPS¹ CAGR over time
- ✓ Deliver strong cash flow generation
- ✓ Return 50% of discretionary free cash flow¹
- ✓ Sustained and attractive TSR

SUCCESSFUL EXECUTION IN 2018



Delivering on Our Commitments to Shareholders

CABOT IN CHINA

- ◆ China is world's second largest economy, projected to grow in the range of 6%-7%
- ◆ Preferred supplier to the industries we serve
- ◆ Strong tire demand in the fourth quarter continuing into fiscal 2019
- ◆ Automotive production softness a factor for specialty carbons and specialty compounds demand, while fumed silica demand remains strong
- ◆ World-class environmental controls and leader in sustainability



FOURTH QUARTER 2018 HIGHLIGHTS

- ◆ *Total Segment EBIT up 5% over Q4 2017*; driven by strong growth in Reinforcement Materials
- ◆ *Reinforcement Materials EBIT growth of 33% from Q4 2017*; Strong YOY volumes from CY18 contract gains and higher Asia demand
- ◆ *Metal Oxides turnarounds* impacted year-over-year results in Performance Chemicals
- ◆ *Completed acquisition of carbon black manufacturing facility in Pizhou China*; supports growth for Specialty Carbons and Formulations business
- ◆ *Operating Cash flow of \$163M*; returned \$103M to shareholders

			YoY
	Q4 2018	Q4 2017	Change
<i>(in millions, except per share amounts)</i>			
Diluted EPS	\$ 1.51	\$ 1.13	34%
Adjusted EPS¹	\$ 1.00	\$ 0.98	2%
Revenue	\$ 850	\$ 723	18%
Total Segment EBIT¹	\$ 113	\$ 108	5%
Cash Flows from Operations	\$ 163	\$ 157	4%



1. Non-GAAP measure – See Appendix
CABOT CORPORATION

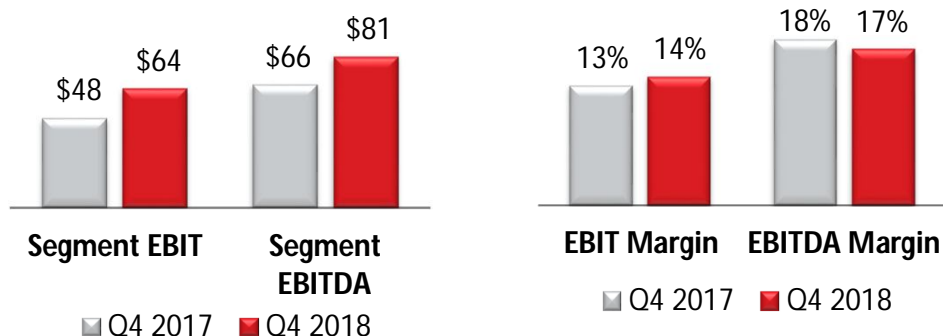
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q4 FY 2018 HIGHLIGHTS

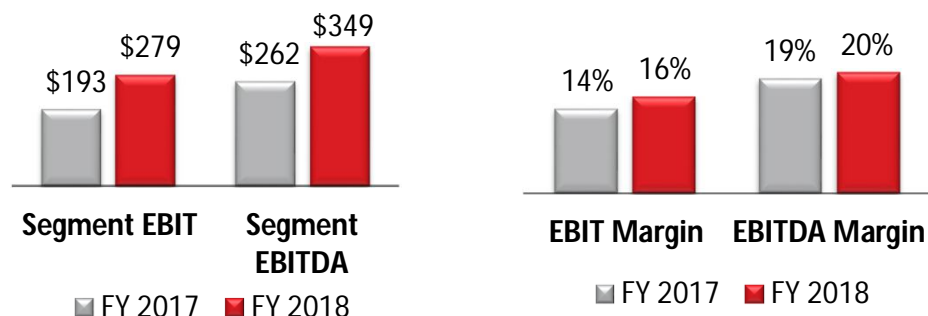
- ◆ Improved pricing and product mix from calendar year 2018 tire customer agreements
- ◆ Higher spot pricing
- ◆ 4% volume growth driven by Asia



FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



FISCAL 2018 HIGHLIGHTS

- ◆ Record EBIT with full year increase of \$86 million
- ◆ Strong margins in Asia and from calendar year 2018 tire customer agreements
- ◆ Volume growth of 3%



PERFORMANCE CHEMICALS SEGMENT OPERATING PERFORMANCE

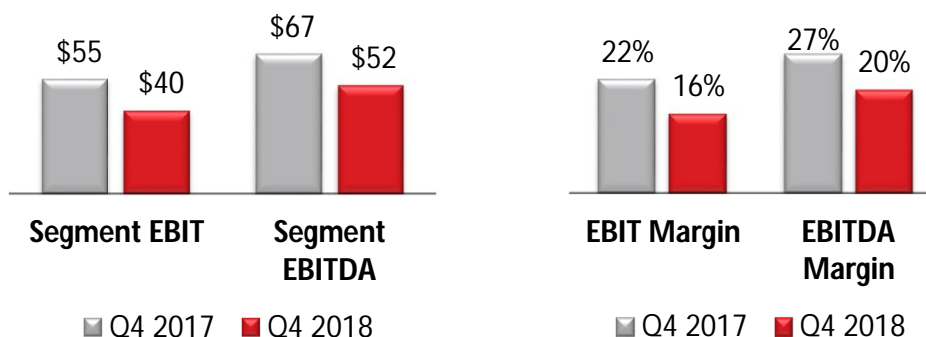
Q4 FY 2018 HIGHLIGHTS

- ◆ 6% volume growth from Specialty Carbons and Formulations
- ◆ Lower volumes and higher costs due to maintenance turnarounds in Metal Oxides
- ◆ Higher spending related to growth investments

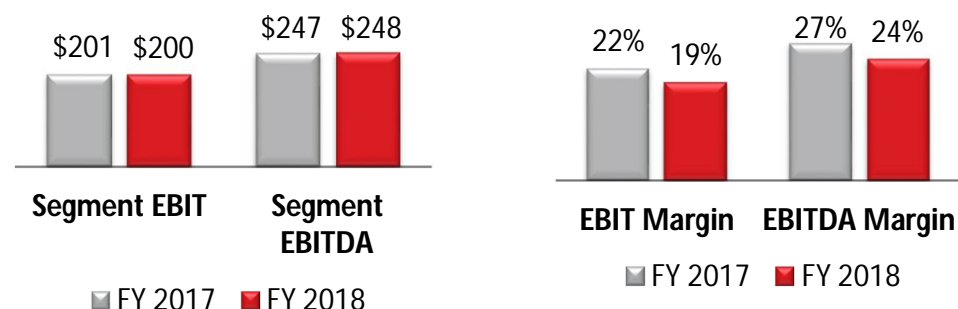


CABOT CORPORATION

FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



FISCAL 2018 HIGHLIGHTS

- ◆ Higher volumes and margin expansion in Specialty Carbons and Formulations
- ◆ Higher margins from Metal Oxides
- ◆ Higher spending on growth investments year over year
- ◆ Price increases successfully offset higher raw material cost



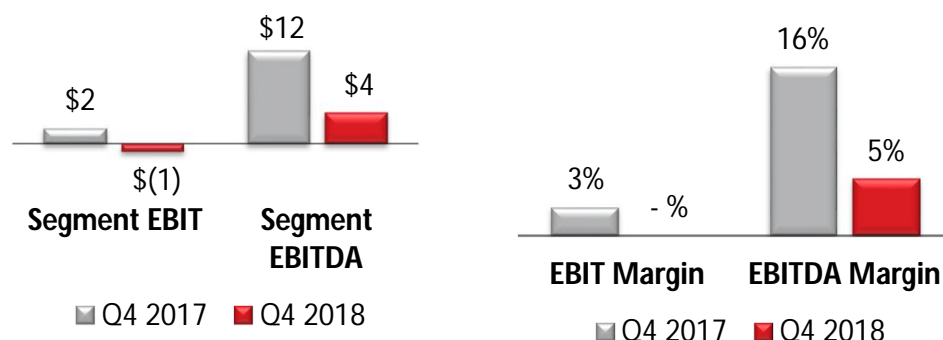
Q4 FISCAL 2018 | 8

PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

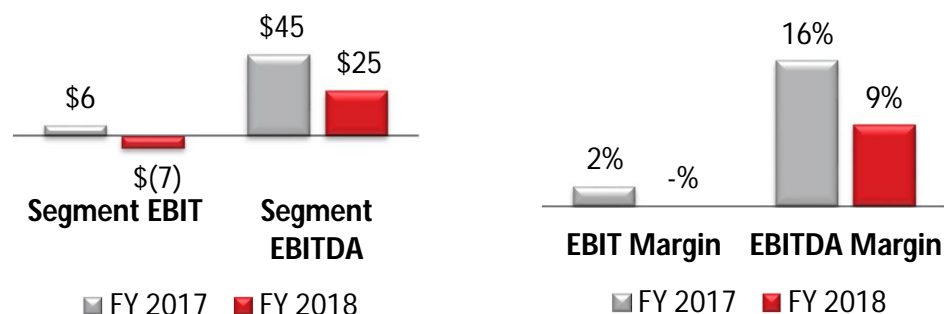
Q4 FY 2018 HIGHLIGHTS

- ♦ Lower unit margins and lower volumes due to competitive intensity in mercury removal application
- ♦ 10% volume growth in specialty applications

FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



FISCAL 2018 HIGHLIGHTS

- ♦ Lower margins and volumes due to increasing competitive landscape of mercury removal application
- ♦ Lower fixed costs from restructuring and lower depreciation



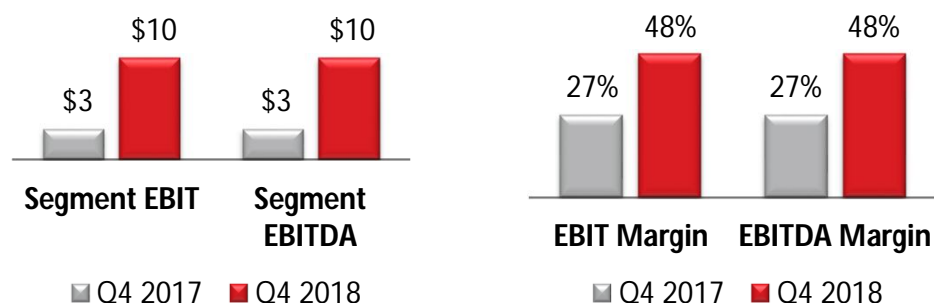
SPECIALTY FLUIDS SEGMENT OPERATING PERFORMANCE

Q4 FY 2018 HIGHLIGHTS

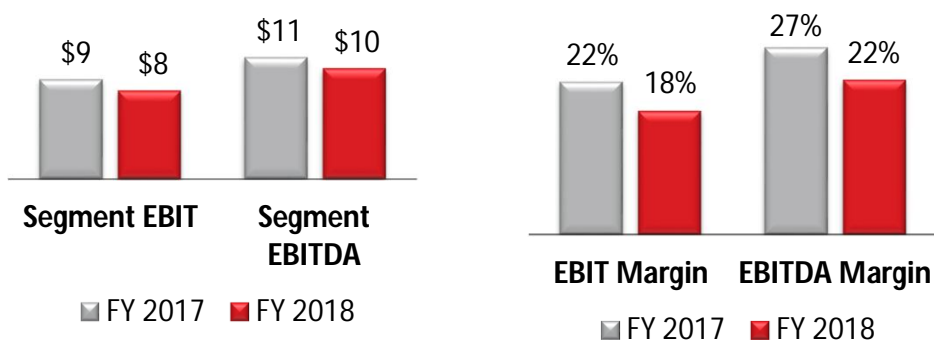
- ◆ Higher volumes and margins due to relative size of projects as compared to prior year
- ◆ Current projects expected to extend into first half of fiscal 2019



FOURTH QUARTER METRICS (\$ MILLIONS)



FULL YEAR METRICS (\$ MILLIONS)



FISCAL 2018 HIGHLIGHTS

- ◆ Strengthening project activity as we progressed through the year
- ◆ Continued demand for fine cesium chemicals



FY 2018 CORPORATE FINANCIAL ITEMS¹



Q4 2018

- ✓ **Cash from Operations:** \$163 million
- ✓ **Net working capital:** decrease of \$85 million
- ✓ **Capital expenditures:** \$69 million
- ✓ **Dividend:** \$20 million
- ✓ **Share repurchases:** \$83 million

Fiscal 2018

- ✓ **Cash from Operations:** \$299 million
- ✓ **Net working capital:** increase of \$110 million
- ✓ **Capital expenditures:** \$229 million
- ✓ **Dividend:** \$80 million **Share repurchases:** \$142 million
- ✓ **2018 operating tax rate:** 21%
- ✓ **2019:** Capex: \$250-\$300 million; Operating tax rate: 22-24%

1. All amounts are for the fourth quarter fiscal 2018 or as of September 30, 2018, unless otherwise specified
2. Discretionary Free Cash Flow. Refer to Reconciliation of Non-GAAP Measures in Appendix
CABOT CORPORATION

2019 SEGMENT OUTLOOK

REINFORCEMENT MATERIALS

- ◆ *Favorable industry fundamentals* driven by balanced supply and demand environment
- ◆ *Positive outcome from 2019 customer agreements*; volumes and pricing up in all regions
- ◆ *Favorable position in China market*; capturing strong replacement tire demand
- ◆ *Global environmental enforcement* should favor compliant CB producers
- ◆ *Increasing capacity* from global debottlenecking projects



PERFORMANCE CHEMICALS

- ◆ *Specialty carbons utilization rates remain high globally*, and ability to add new capacity remains challenging
- ◆ *Global silica/silicone markets remain tight*; especially in China and EMEA
- ◆ *Near-term uncertainties* expected to be short-term in nature (EU WLTP testing, potential inventory destocking and declining polyethylene prices)
- ◆ *New fumed silica plant in China* start-up in the fourth fiscal quarter
- ◆ *Robust growth in energy materials applications* from new customer qualifications and next generation products



2019 SEGMENT OUTLOOK

PURIFICATION SOLUTIONS

- ◆ *Performance improvement plan* to focus the portfolio, optimize assets and streamline structure
- ◆ *Positive impact to business performance* from new business focus
- ◆ *Improved performance* expected in 2019



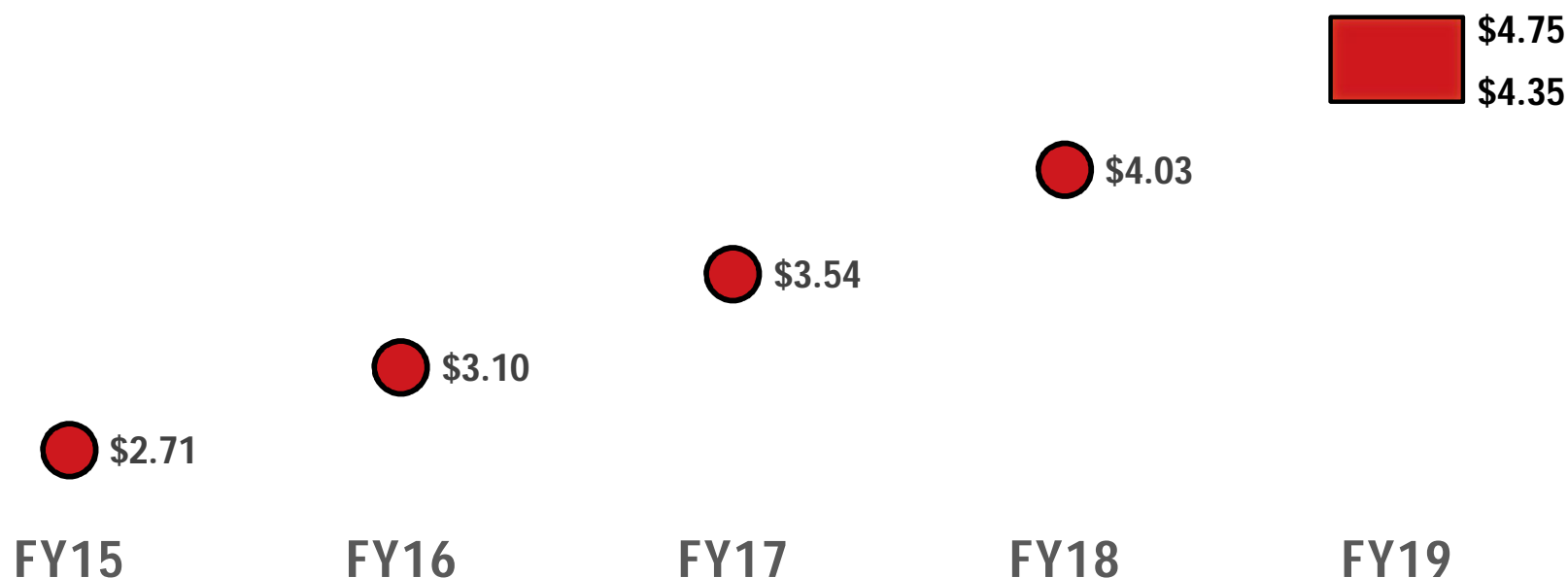
SPECIALTY FLUIDS

- ◆ *Recent level of strong results* expected to continue into 2019
- ◆ *Key projects continuing* in Asia, Middle East and Africa



2019 OUTLOOK – ADJUSTED EPS OF \$4.35-\$4.75

CONTINUED GROWTH FROM EXECUTION OF *ADVANCING THE CORE* STRATEGY



Fiscal 2019 Adjusted Earnings Per Share \$4.35 - \$4.75



Q&A



USE OF NON-GAAP FINANCIAL MEASURES & DEFINITIONS OF TERMS USED

Use of Non-GAAP Financial Measures

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, adjusted EBITDA, discretionary free cash flow and operating tax rate, which are non-GAAP measures. Reconciliations of adjusted EPS to EPS from continuing operations, Total segment EBIT to Income (Loss) from continuing operations before income taxes and equity in earnings of affiliated companies, and operating tax rate to effective tax rate, the most directly comparable GAAP financial measures, are provided in the tables included in our fourth quarter earnings release and filed on our Current Report on Form 8-K dated November 5, 2018.

Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

This presentation also includes our forecast of adjusted EPS range for fiscal 2019. We do not provide a forecast for GAAP EPS or reconcile either our forecast of adjusted EPS to GAAP EPS or our expected adjusted EPS growth rate range with a GAAP EPS growth rate 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 EPS in future periods.

This presentation also includes our forecast of the range of our “operating tax rate” which represents the tax rate on our recurring operating results. This rate excludes discrete tax items, which are unusual or infrequent items that are excluded from the estimated annual effective tax rate and other tax items, including the impact of the timing of losses in certain jurisdictions, cumulative tax rate adjustments and the impact of the items of expense and income we identify as certain items on both our operating income and the tax provision. Management believes that the operating tax rate is useful supplemental information because it helps our investors compare our tax rate year to year on a consistent basis and to understand what our tax rate on current operations would be without the impact of these items. We do not provide a forecast for effective tax rate or reconcile either our forecast of operating tax rate to effective tax rate 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 the effective tax rate in future periods.

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities.

Explanation of Terms Used

Product Mix. The term “product mix” refers to the mix of types and grade of products sold or the mix of geographic regions where products are sold, and the positive or negative impact this has on the revenue or profitability of the business or segment.

Net Working Capital. The term “net working capital” includes accounts receivable, inventory and accounts payable and accrued liabilities.

NON-GAAP FINANCIAL MEASURES

TOTAL SEGMENT EBIT AND ADJUSTED EBITDA

Our Chief Operating Decision Maker uses segment income (loss) from continuing operations before interest and taxes (which we refer to as segment “EBIT”) to evaluate the operating results of each segment and to allocate resources to the segments. We believe Total segment EBIT, which reflects the sum of EBIT from our 4 reportable segments, provides useful supplemental information for our investors as it is an important indicator of the Company’s operational strength and performance, allows investors to see our results through the eyes of management, and provides context for our discussion of individual business segment performance. Total segment EBIT is a non-GAAP financial measure, and should not be considered an alternative for Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, which is the most directly comparable GAAP financial measure. In calculating Total segment EBIT, we exclude from our income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies: (i) items of expense and income that management does not consider representative of our fundamental on-going segment results, which we refer to as “certain items”, and (ii) items that, because they are not controlled by the business segments and primarily benefit corporate objectives, are not allocated to our business segments, such as interest expense and other corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to special projects and initiatives, which we refer to as “other unallocated items”. Management believes excluding the items identified as certain items facilitates operating performance comparisons from period to period by eliminating the differences caused by the existence and timing of certain expenses and income items that would not otherwise be apparent on a GAAP basis. Investors should consider the limitations associated with this non-GAAP measure, including the potential lack of comparability of this measure from one company to another. A reconciliation of Total segment EBIT to Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies is below.

	Q4 2018	Q4 2017	FY 2018	FY 2017
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 101	\$ 78	\$ 117	\$ 299
Less: Certain items	12	(1)	(248)	(3)
Less: Other unallocated items	(24)	(29)	(115)	(107)
Total Segment EBIT	\$ 113	\$ 108	\$ 480	\$ 409
Plus: Total Depreciation & Amortization	33	40	150	155
Plus: Adjustments to Depreciation ^(C)	2	-	2	1
Less: Unallocated Corporate Costs	16	13	61	50
Adjusted EBITDA	\$ 132	\$ 135	\$ 571	\$ 515

NON-GAAP FINANCIAL MEASURES

SEGMENT EBITDA

Segment EBITDA is comprised of Segment EBIT plus depreciation and amortization. Management believes that Segment EBITDA is useful supplemental information because it provides investors with a view of the cash generated by each of the Company's segments, which is available to fund operating needs such as working capital and capital expenditures as well as the cost of financing the Company's capital needs and returning cash to shareholders.

	Q4 2018	Q4 2017	FY 2018	FY 2017
Reinforcement Materials EBIT	\$ 64	\$ 48	\$ 279	\$ 193
Plus: Depreciation & Amortization	17	18	70	69
Reinforcement Materials EBITDA	\$ 81	\$ 66	\$ 349	\$ 262

	Q4 2018	Q4 2017	FY 2018	FY 2017
Performance Chemicals EBIT	\$ 40	\$ 55	\$ 200	\$ 201
Plus: Depreciation & Amortization	12	12	48	46
Performance Chemicals EBITDA	\$ 52	\$ 67	\$ 248	\$ 247

	Q4 2018	Q4 2017	FY 2018	FY 2017
Purification Solutions EBIT	\$ (1)	\$ 2	\$ (7)	\$ 6
Plus: Depreciation & Amortization	5	10	32	39
Purification Solutions EBITDA	\$ 4	\$ 12	\$ 25	\$ 45

	Q4 2018	Q4 2017	FY 2018	FY 2017
Specialty Fluids EBIT	\$ 10	\$ 3	\$ 8	\$ 9
Plus: Depreciation & Amortization	-	-	2	2
Specialty Fluids EBITDA	\$ 10	\$ 3	\$ 10	\$ 11

NON-GAAP FINANCIAL MEASURES

DISCRETIONARY FREE CASH FLOW

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities.

	Q4 2018	FY 2018
Cash flow from operating activities ^(A)	\$ 163	\$ 299
Less: Changes in net working capital ^(B)	85	(110)
Less: Sustaining and compliance capital expenditures	46	155
Discretionary Free Cash Flow	\$ 32	\$ 254

(A) As provided in the Condensed Consolidated Statement of Cash Flows.

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