



# Cabot Investor Day

December 2, 2021



# Safe Harbor Statement

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 statements about the Company's strategy for growth, the future growth rates of our businesses and for our Battery Materials, Inkjet and E2C™ solutions product offerings, how we expect to achieve our growth targets, the benefits we expect from macroeconomic trends, the expected Reinforcement Materials capacity available from operational excellence and debottlenecking projects and when we expect additional capacity to be available, the range of price increases we expect of our reinforcing carbons products to cover environmental costs and the impact on tire prices, our product and application development activities, market position, when we expect capacity expansions to be completed, when we expect to provide disclosures aligned with TCFD, when we expect to consummate the disposition of our Purification Solutions business and complete the acquisition of our new plant in Tianjin, China, our strategy for achieving net zero carbon emissions by 2050, our expected financial performance and results and total shareholder return, our expected cash flows, including DFCF and uses of cash for, among other uses, our capital expenditures, key growth projects and their costs over our fiscal years period of 2022-2024, and our operating tax rate, are forward-looking statements. Forward-looking statements are based on our current expectations, assumptions, estimates and projections about Cabot's businesses and strategies, market trends and conditions, economic conditions and other factors. 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 inability to complete capacity expansions or other development projects; the timing of implementation and the enforcement of environmental regulations; our failure to develop new products or to keep pace with technological developments; 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; 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 latest annual report on Form 10-K.

## **Non-GAAP Financial Measures and Explanations of Terms Used**

This presentation includes references to the following non-GAAP financial measures: adjusted EPS (earnings per share), adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted EBIT (earnings before interest, taxes), adjusted EBITDA, total segment EBIT and EBIT margins, adjusted ROIC (return on invested capital), adjusted RONA (return on net assets), DFCF (discretionary free cash flow) and operating tax rate. The definitions of these non-GAAP financial measures, reconciliations to the most comparable GAAP financial measures, and explanations of other terms used are provided in the Appendix to this presentation.

# Today's Agenda

9:30AM

## Welcome and Opening Remarks

**Steve Delahunt**

VP, Treasurer and IR

## Winning Today and *Creating for Tomorrow*

**Sean Keohane**

President and Chief Executive Officer

## ESG Leadership: Creating a More Sustainable Future

**Martin O'Neill**

SVP, SH&E, Government Affairs

## Reinforcement Materials

**Bart Kalkstein**

SVP and President, Reinforcement Materials; President, Americas Region

10:30AM

## Q&A Session

10:50AM

## Break

11:00AM

## Performance Chemicals - Performance Additives

**Jeff Zhu**

SVP and President, Performance Additives; President, Asia Pacific Region

## Performance Chemicals - Formulated Solutions

**Aaron Johnson**

SVP and President, Formulated Solutions; President, Purification Solutions

## Financial Framework

**Erica McLaughlin**

SVP and CFO

## Closing Remarks

**Sean Keohane**

President and Chief Executive Officer

12:00PM

## Q&A Session

# Winning Today and *Creating for Tomorrow*



Sean Keohane

President & CEO

# Key Messages

1

## Strong Execution Track Record

Exceeded financial commitments for ***Advancing the Core*** strategy

2

## Leading Businesses with Durable Advantages

#1 or #2 in all of our specialty chemicals businesses with unparalleled global footprint

3

## A Portfolio of High Growth Vectors

Capitalizing on compelling macro trends with strong “Right to Win” positions

4

## A Record of ESG Leadership

Driving circularity in operations and partnering with customers to develop sustainable solutions

5

## A Strategy for Breakout Value Creation

Investing for advantaged growth with a continued focus on returning excess cash to shareholders

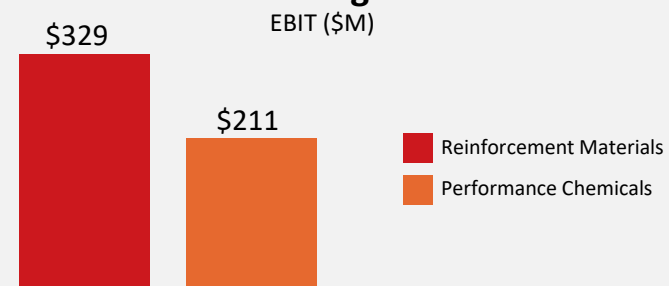
# Cabot at a Glance<sup>1</sup>

<b>Founded</b>	<b>1882</b>
<b>Market Cap<sup>2</sup></b>	<b>~\$3.1B</b>
<b>Headquarters</b>	<b>Boston, MA</b>
<b>Employees</b>	<b>~4,500</b>
<b>Plant Locations</b>	<b>45</b>
<b>Consistent Dividend History</b>	<b>50+ Consecutive Years</b>

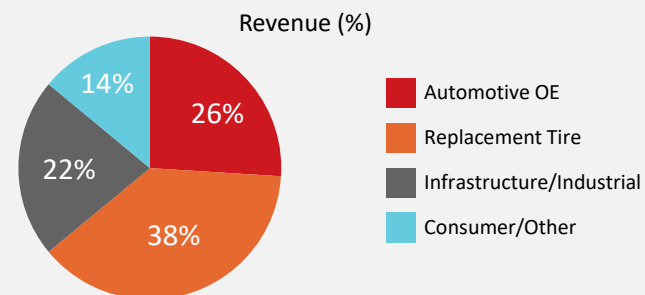
## FY'21 Financial Highlights

<b>\$3.4B</b> Revenue	<b>\$652M</b> Adjusted EBITDA <sup>3</sup>
<b>#1 or #2</b> Business Positions	<b>~75%</b> Revenue Outside U.S.
<b>19%</b> Adj. EBITDA Margin <sup>3</sup>	<b>18%</b> Adj. ROIC <sup>3</sup>

## Business Segments<sup>4</sup>



## End Market Sectors<sup>4</sup>



# Experienced and Diverse Global Management Team



**Sean Keohane**

President & Chief Executive Officer

*Strategy, M&A & Execution*



**Erica McLaughlin**

SVP & Chief Financial Officer

*Financial Strategy and Execution*



**Bart Kalkstein**

SVP & President, Reinforcement Materials & Americas Region

*Global Segment Leadership*



**Jeff Zhu**

SVP & President, Performance Additives & Asia Pacific Region

*Global Segment Leadership*



**Aaron Johnson**

SVP & President, Formulated Solutions; President, Purification Solutions

*Global Segment Leadership*

Diverse Expertise



**Martin O'Neill**

SVP, Safety, Health & Environment and Government Affairs

*Sustainability Leadership*



**Patricia Hubbard**

SVP & Chief Technology Officer

*Technology Leadership*



**Karen Kalita**

SVP & General Counsel

*Strong Governance and M&A*



**Art Wood**

SVP & Chief Human Resources Officer

*Talent Development, D&I, Culture*



**Aled Rees**

SVP & President, Global Business Services & EMEA Region

*Digital Transformation*

Diverse Expertise

**Leadership Team Positioned to Execute Our Strategy**

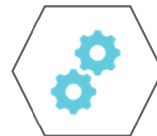
# Successfully Executed “Advancing the Core” Strategy

## Track Record of Strong Execution (2016 – 2021)



### Divested Non-Core Businesses & Reshaped Portfolio to Drive Growth

- ◆ Announced Purification Solutions divestiture in 2021
- ◆ Divested Specialty Fluids business in 2019
- ◆ Invested to grow and strengthen our core businesses
- ◆ Invested to develop new, high growth markets where we have a “right to win”



### Enhanced Operating Platform

- ◆ **Commercial Excellence** – strong customer-centric culture supported by tools and data analytics
- ◆ **Global Business Services** – greater standardization, scale and efficiency
- ◆ **Operational Excellence** – increased reliability, quality and productivity
- ◆ **Digital Platform** – automation of processes and enhanced data analytics



### Established a New Level of Profitability

- ◆ Adjusted EPS<sup>1</sup> CAGR of 12% since 2015, above target range of 7-10%
- ◆ Adjusted ROIC<sup>1</sup> well in excess of WACC
- ◆ Record Discretionary Free Cash Flow<sup>1</sup> in fiscal 2021
- ◆ Returned 64% of Discretionary Free Cash Flow<sup>1</sup> to Shareholders, well in excess of 50% target
- ◆ Strong balance sheet and Investment Grade credit rating

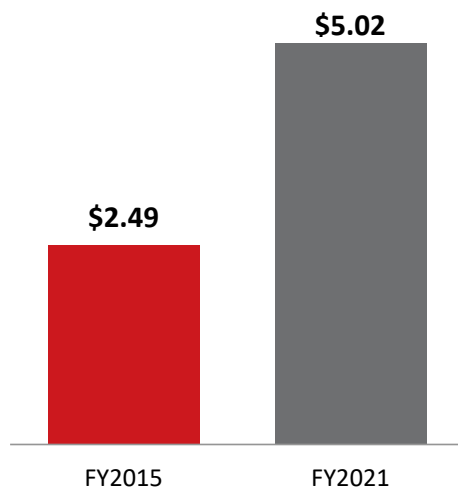
Delivered on Portfolio Changes, Operating Platform Updates and Financial Targets



# Strong Earnings Growth with High ROIC

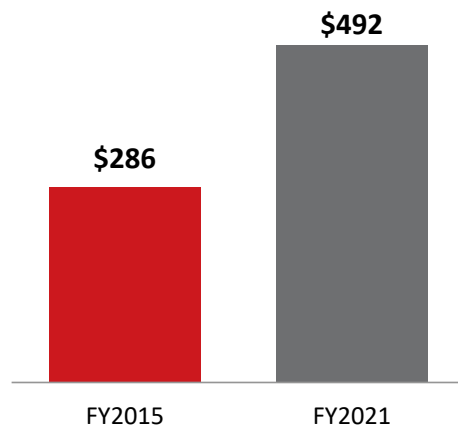
**Adjusted EPS<sup>1</sup>**  
(\$)

**+12%**  
CAGR



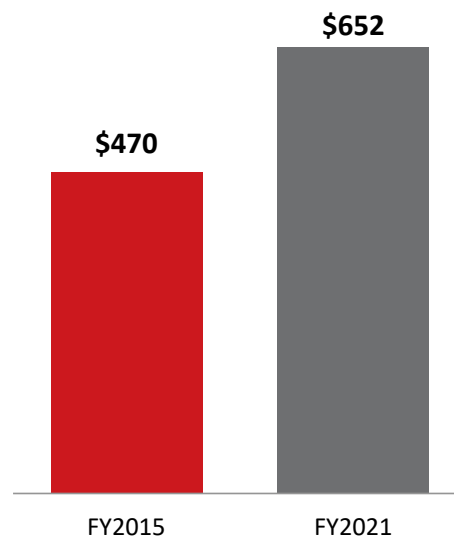
**Adjusted EBIT<sup>1</sup>**  
(\$M)

**+10%**  
CAGR

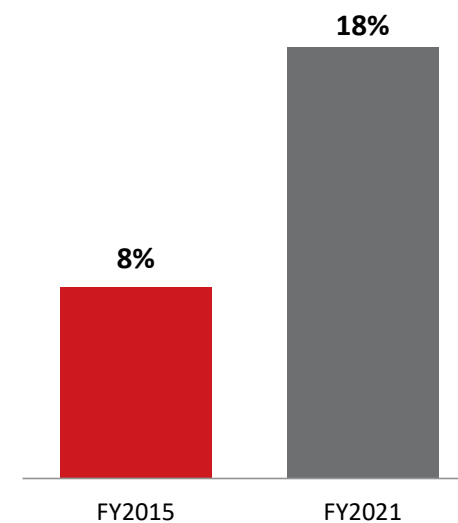


**Adjusted EBITDA<sup>1</sup>**  
(\$M)

**+6%**  
CAGR



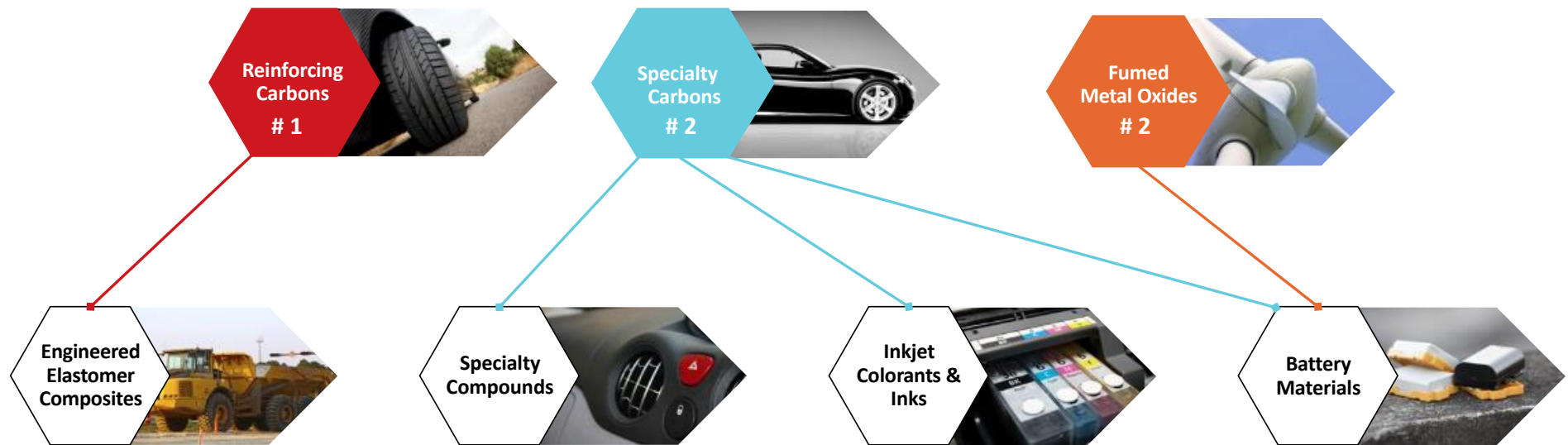
**Adjusted ROIC<sup>1</sup>**  
(\$M)



**Driven by Successful Execution of Strategy**

# Leading Upstream Product Positions with Strategic Downstream Integration

## Core Performance Additives



## Strategic Downstream Formulations

Enabling Unique Value Creation Potential

# Leveraging Sustainable Competitive Advantages

## How We Win



### Unparalleled Global Footprint

- ◆ Exceptional Talent: global perspective with local expertise
- ◆ Leading Assets: Broad flexibility through global manufacturing network
- ◆ A “Best Operator” in China with strong footprint



### Leadership in Sustainability

- ◆ Collaborate with customers to develop innovative, sustainable solutions
- ◆ Commitment to circularity in our operations
- ◆ *Newsweek* magazine “America’s Most Responsible Companies 2022”
- ◆ *Investor’s Business Daily’s* 100 Best ESG Companies of 2021



### Innovative Product Leadership

- ◆ Long history of innovation and strong brands aligned with favorable end markets
- ◆ #1 or #2 in all of our businesses
- ◆ Deep application knowledge to meet complex customer requirements
- ◆ Complementary upstream and downstream positions



### Ability to Capitalize on High-Growth Markets

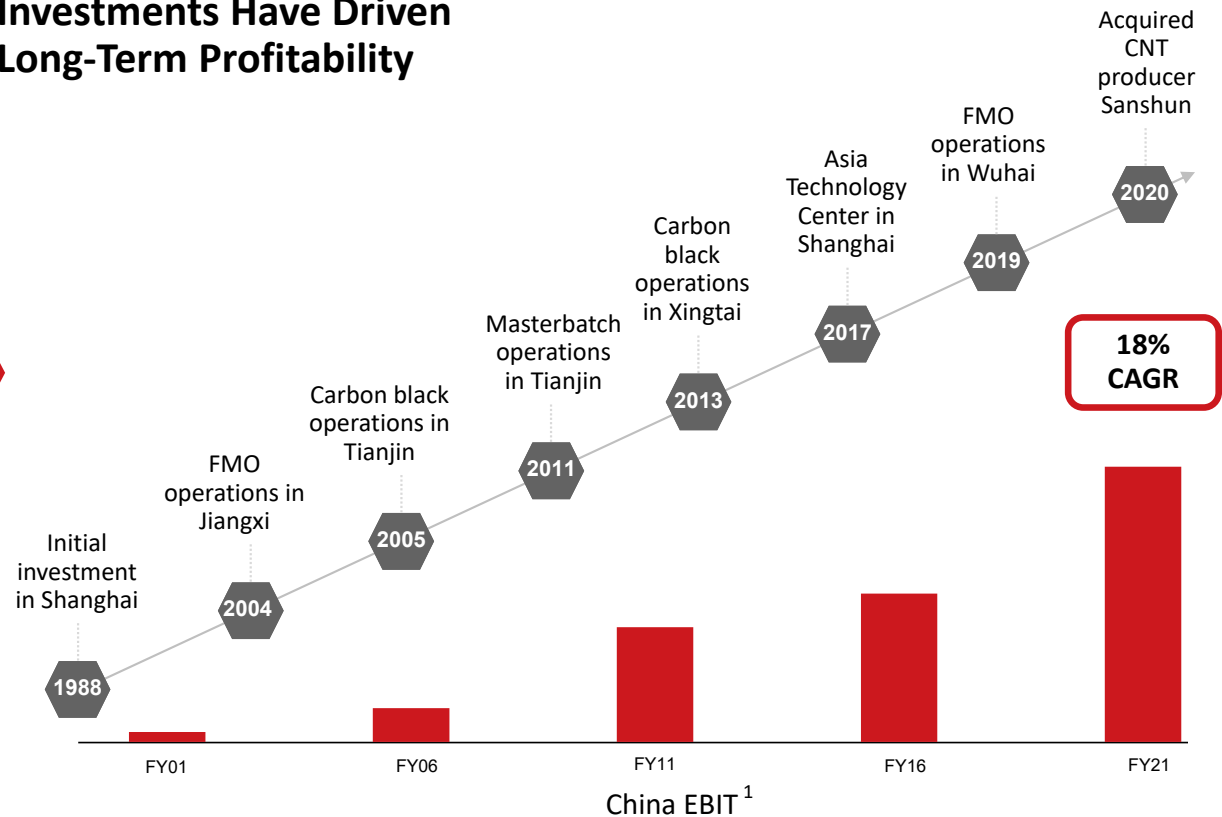
- ◆ Uniquely positioned with conductive carbon additive technology
- ◆ Well-positioned to capture high-growth opportunities
  - Lithium-ion batteries
  - Digital conversion of industrial printing applications
  - Evolving mobility landscape

# We Have Built an Unparalleled China Position in our Businesses

## A "Best Operator" in China

- ◆ Long history of leveraging our in-country "make and sell" business model
- ◆ Well-established ecosystem of strong partner relationships
- ◆ Established connection to our customers – both local and multi-nationals
- ◆ Sustainability leadership
- ◆ Deep talent bench

## Investments Have Driven Long-Term Profitability



# Positioned to Capitalize on Key Macro Trends

## Portfolio of High Growth Emerging Businesses



### Changing Mobility Landscape



### Increasing Focus on Sustainability



### Becoming a More Connected World

#### Trends

- ◆ Shift to electric vehicles
- ◆ Growth in global miles driven
- ◆ Light-weighting to drive fuel economy & EV range
- ◆ Sensors to enhance vehicle safety and capability

- ◆ Customers are innovating to deliver more sustainable products
- ◆ Increasing circularity of supply chains

- ◆ Digitalization of everything
- ◆ Growth and upgrade of the power distribution infrastructure

#### Cabot Solutions

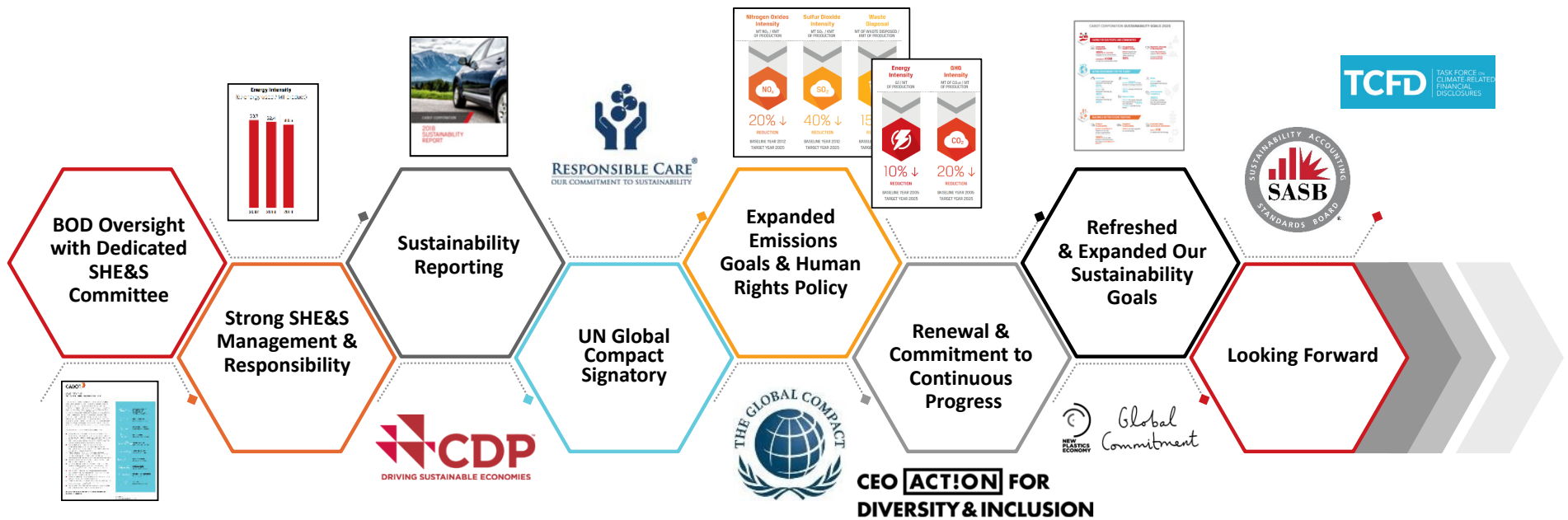
- ◆ **Battery materials** for EV li-ion batteries
- ◆ **Specialty compounds** for EMI shielding
- ◆ **E2C™** solutions for longer life tires

- ◆ **Specialty compounds** for drip irrigation pipe
- ◆ **Specialty carbons** for environmentally friendly dope dyed fiber
- ◆ **Fumed Silica** for structural adhesives for wind turbine blades

- ◆ **Inkjet Colorants** for digital printing in packaging and commercial applications

- ◆ **Specialty carbons** for high resolution displays and touchscreen applications
- ◆ **Specialty carbons** for reliable power cables

# Cabot is a Recognized Leader in Sustainability



**Sustainability is Integrated into All We Do**

# Independent Board Built to Support Strategy



**Sue Rataj**  
**Chairwoman**  
 Former Chief Executive,  
 BP Petrochemicals  
*Director Since: 2011*



**Dr. Cynthia Arnold**  
 Former CTO, Valspar  
  
*2018*



**Douglas Del Grosso**  
 President and CEO, Adient  
  
*2020*



**Juan Enriquez**  
 CEO, Biotechnology  
 Ventures; Managing Director,  
 Excel Venture Management  
*2005*



**Sean Keohane**  
 President and CEO, Cabot  
  
*2016*



**William Kirby**  
 Professor, Harvard Business  
 School and Harvard  
 University  
  
*Director Since: 2012*



**Michael Morrow**  
 Former Partner, PwC  
  
*2017*



**Frank Wilson**  
 Former CFO, PerkinElmer  
  
*2018*



**Dr. Matthias Wolfgruber**  
 Former CEO, Altana  
  
*2014*



**Christine Yan**  
 Former President of Asia  
 and VP of Integration,  
 Stanley Black & Decker  
  
*2019*

## Diverse Set of Expertise

- ✓ International
- ✓ Governance
- ✓ Strategy
- ✓ Operations
- ✓ Technology
- ✓ Automotive
- ✓ Specialty Chemicals
- ✓ Finance / Accounting

## Strong Governance

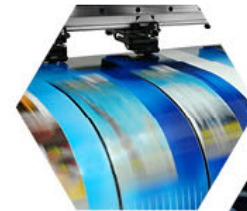
- ~6 Years Average tenure
- 40% Gender and ethnic diversity
- Sustainability** – independent committee dedicated to safety, health, environment and sustainability matters

**90% Independent with Independent Chairwoman**



# OUR PURPOSE

Creating materials that improve daily life and enable a more sustainable future





OUR STRATEGY

## *Creating for Tomorrow*

We will leverage our strengths to lead in performance and sustainability — today and into the future.



### **GROW**

Investing for advantaged growth.



### **INNOVATE**

Developing innovative products and processes that enable a better future.



### **OPTIMIZE**

Driving continuous improvement in everything we do.

# Our Strategy | *Creating for Tomorrow*

*Leveraging our strengths to lead in performance and sustainability—  
today and into the future*



## **GROW**

### **Investing for advantaged growth**

- ◆ Leverage and expand global reach to support customers and capture growth
- ◆ Enhance product portfolio to drive improved margin profile
- ◆ Execute strategic, tuck-in acquisitions in key growth markets
- ◆ Invest in differentiated capacity expansions
- ◆ Investments guided by ROIC discipline



## **INNOVATE**

### **Developing innovative products and processes that enable a better future**

- ◆ Develop new products and processes that address sustainability opportunities
- ◆ Advance product portfolio to capture sales in higher margin, higher growth applications
- ◆ Focus on key areas of value chain to create maximum value
- ◆ Advance our application and formulation capabilities to deliver customer value



## **OPTIMIZE**

### **Driving continuous improvement in everything we do**

- ◆ Support customers through world-class manufacturing with an improved environmental footprint
- ◆ Deploy capital efficiently
- ◆ Lead in cost competitiveness
- ◆ Leverage digital technologies to improve efficiency and business performance
- ◆ Deliver effective global business services through scale, end-to-end process management and digital enablement

# 2022 – 2024 Outlook



Supportive market environment and positive macro trends



High value **Performance Chemicals** segment expected to grow volume 9-11% with capacity additions, while **Reinforcement Materials** expected to maintain steady volume growth of 2-3%



Expect EBIT CAGR of 50%+ in Battery Materials



Expect adj. EPS<sup>1</sup> CAGR of 8-12% over the period

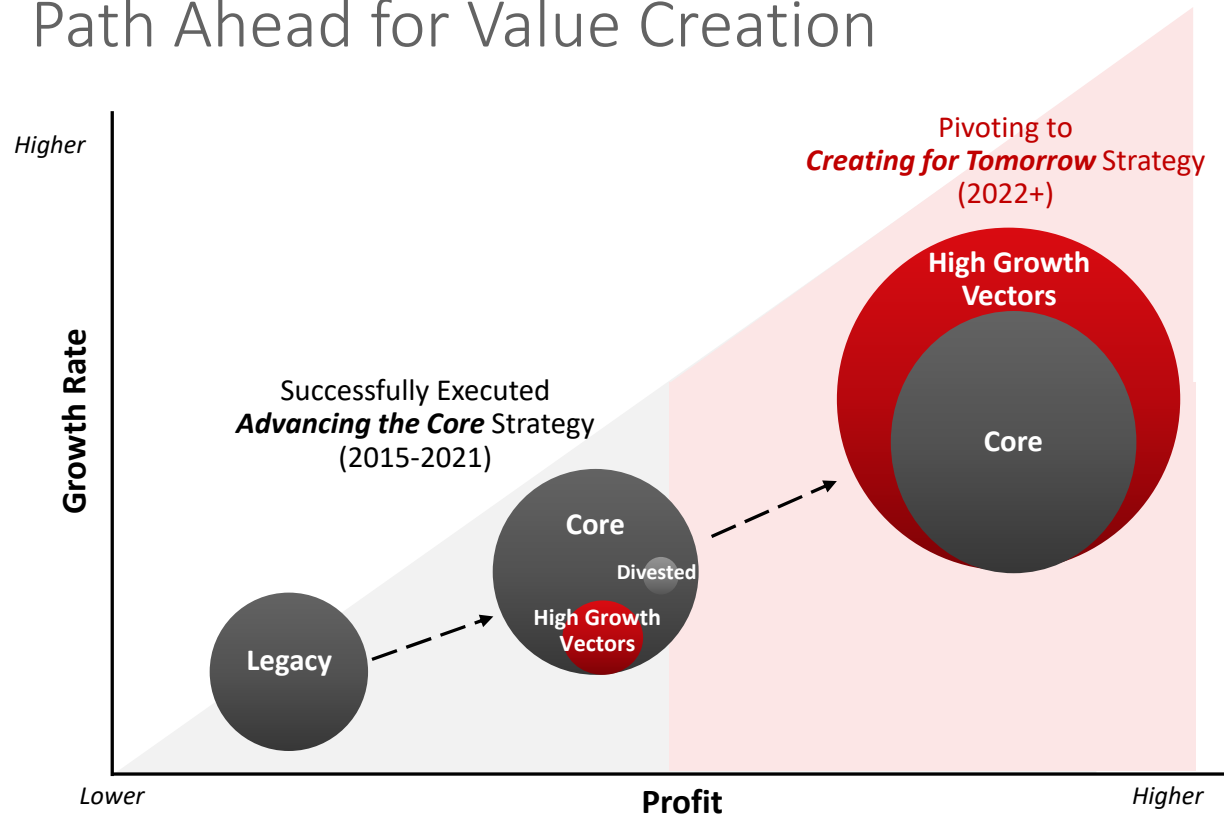


Over **\$1B** of DFCF<sup>1</sup> to support growth investments and cash return to shareholders

**Positioned to Deliver Strong Financial Performance & Create Breakout Value**

# Creating for Tomorrow

## Path Ahead for Value Creation



### Valuation Creation Roadmap

- High growth vectors**
    - Battery Materials, Inkjet and E2C™ solutions
  - Core**
    - Reinforcement Materials, Specialty Carbons, Specialty Compounds, Fumed Metal Oxides
  - Divested businesses**
    - Specialty Fluids, Purification Solutions<sup>1</sup>
- \*Note: Size of bubbles illustrative of potential market value*

**Creating Value by Investing in Higher Growth, Higher Margin Businesses**

# ESG Leadership: Creating a More Sustainable Future



**Martin O'Neill**

Senior Vice President - Safety, Health, &  
Environment and Government Affairs

# ESG | Key Messages

1

## **Innovations for a lower Carbon Future**

Portfolio offers products that solve our customers' sustainability challenges and enable a lower carbon future

2

## **Delivering World Class Performance Responsibly**

Making progress against our 2025 Sustainability goals

3

## **Driving Environmental and Operational Excellence**

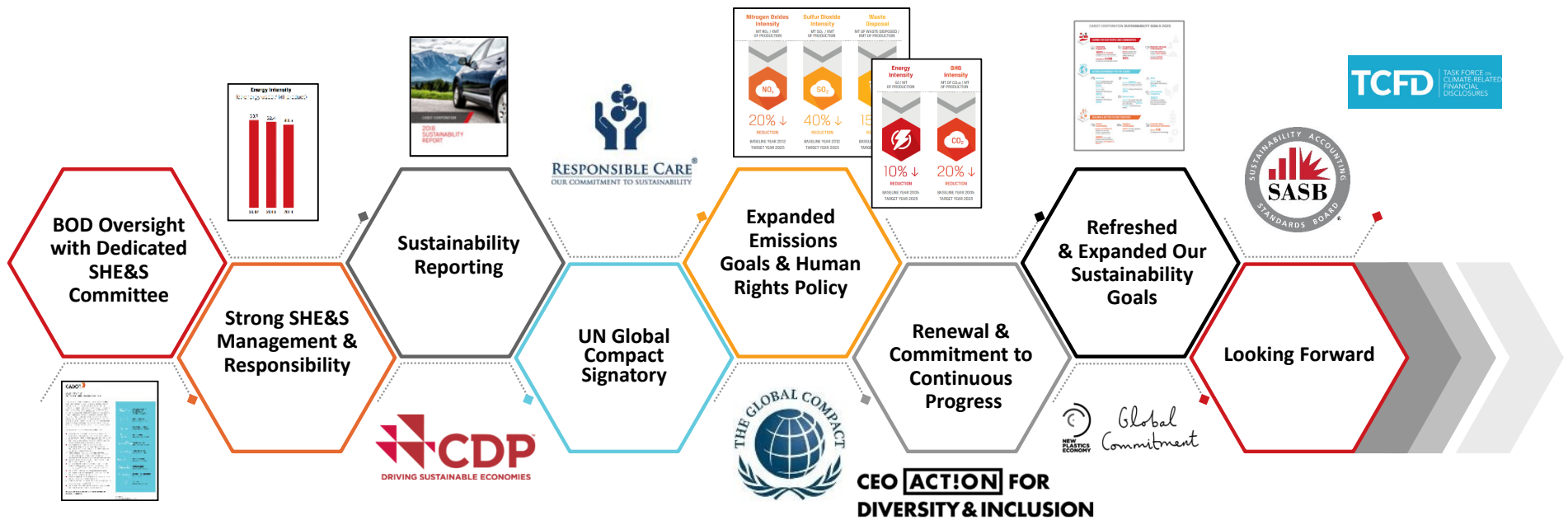
A "best operator" in our industries with the technology, expertise and resources to innovate for the future

4

## **Leading in ESG**

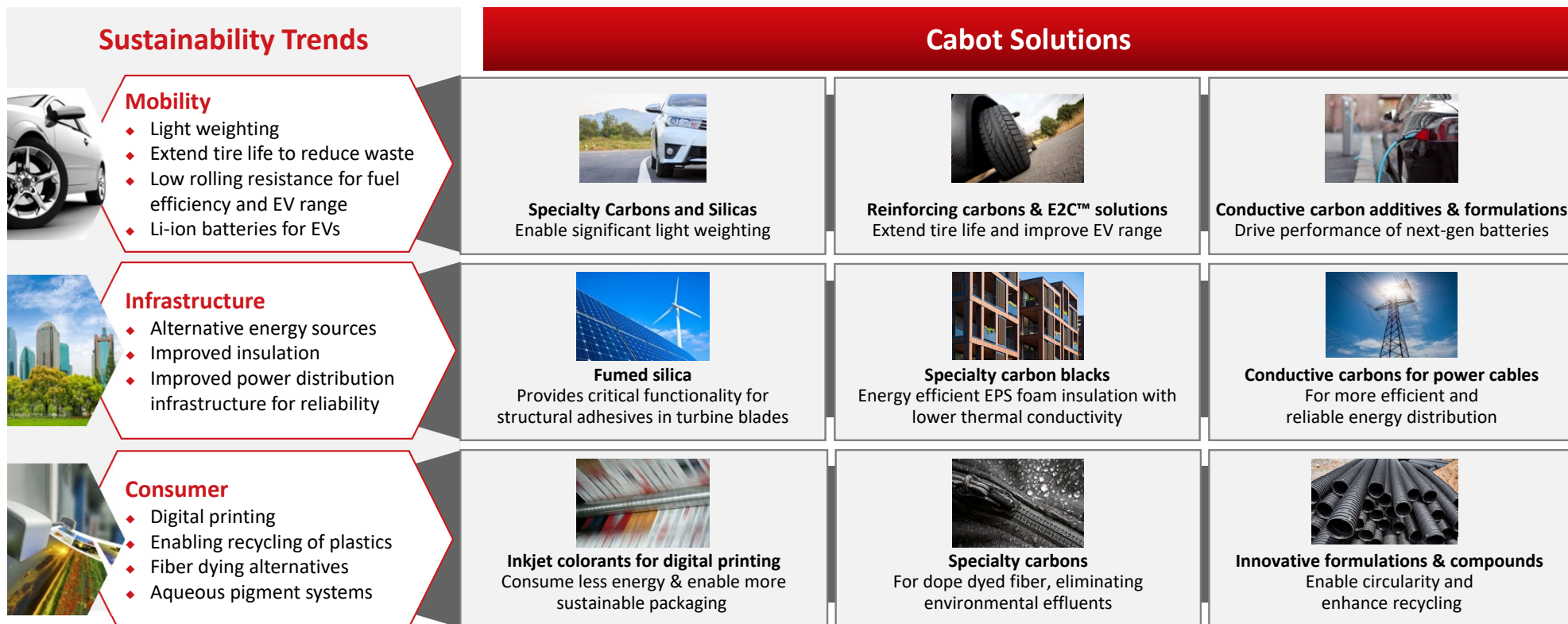
Long-standing culture of sustainability; continue to provide visibility and transparency

# ESG Leadership Provides Foundation for the Future



**Sustainability is Integrated into Every Facet of Our Business and Yielding Results**

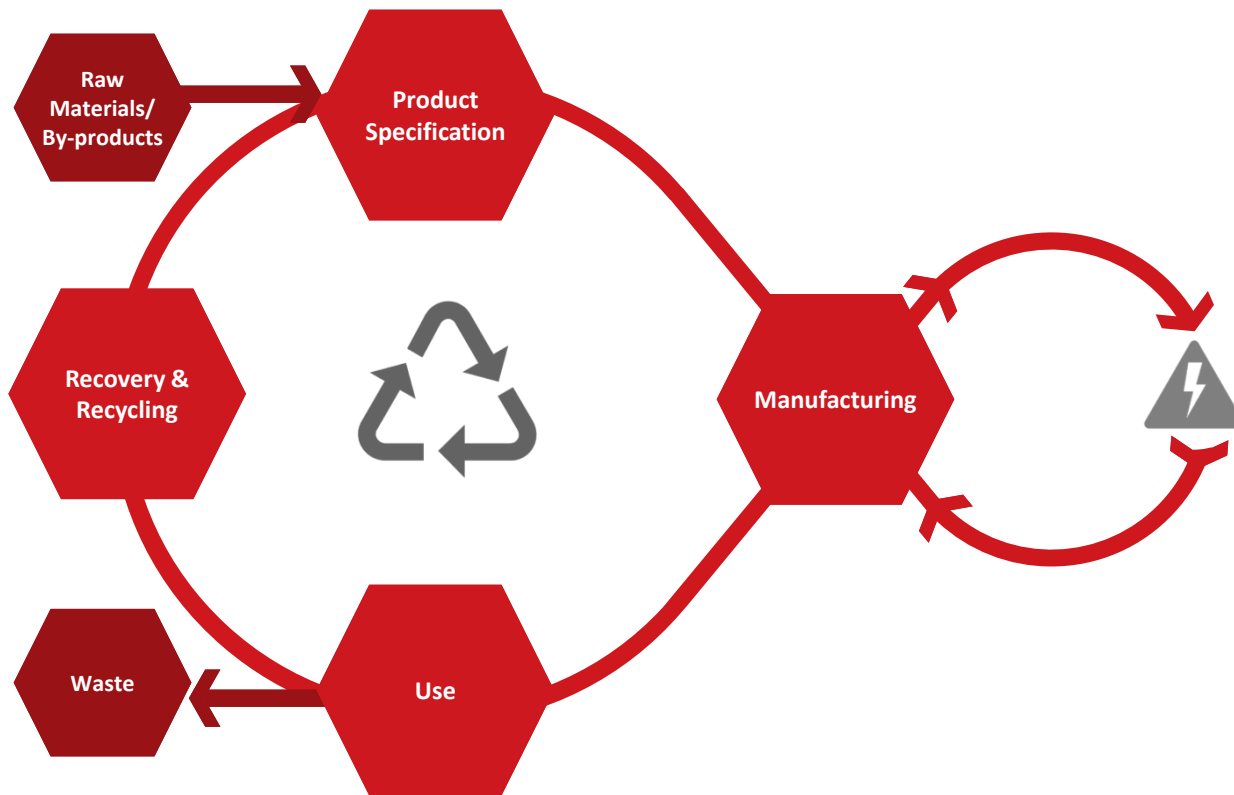
# Our Innovative Chemistry Enables Sustainable Solutions



**Our Broad Portfolio Enables a Lower Carbon Future**



# Circularity is Embedded in Our Operating Practices



- Feedstock of our carbon black and fumed silica product lines are a by-product of another production process
- Energy centers convert waste heat into useful energy at a rate of 125% of energy purchased
- Innovating to increase use of recycled content

**Circularity Results in Broad Sustainability Benefits**

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# Making Progress with Broad Sustainability Focus



**Caring** for our people  
and communities






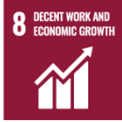



**Building** a better  
future together



**Acting** responsibly  
for the planet














# Caring for Our People and Communities

Objectives	2025 Targets	Progress	United Nations Sustainable Development Goals
<b>Occupational Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>◆ Reduce injuries and significant process safety events by 50%</li> </ul>	<ul style="list-style-type: none"> <li>◆ Achieved 96% and 88% of our Personal Safety Goals – FY 2021 Global Total Recordable Incident Rate of 0.34</li> <li>◆ Achieved 40% of our Process Safety Goal to reduce significant process safety events</li> </ul>	 
<b>Retention, Diversity &amp; Development</b>	<ul style="list-style-type: none"> <li>◆ Foster inclusion and support development</li> <li>◆ Increase diverse representation</li> </ul>	<ul style="list-style-type: none"> <li>◆ An inaugural sponsor of the Future of STEM Scholars Initiative (FOSSI)</li> <li>◆ Formed new employee resource groups, including the Black Employees and Allies United (BEAU)</li> <li>◆ 99% of leaders completed unconscious bias training</li> </ul>	  
<b>Community Engagement</b>	<ul style="list-style-type: none"> <li>◆ 100% of our locations engaged with our communities</li> <li>◆ Invest \$10M to help our communities thrive</li> </ul>	<ul style="list-style-type: none"> <li>◆ Engaged 91% of our sites in volunteering, site-level or Cabot Foundation donations</li> <li>◆ Supported essential workers and COVID-19 relief efforts</li> <li>◆ Contributed over \$3M in support our communities over the last two years</li> </ul>	 








# Building a Better Future Together

Objectives	2025 Targets	Progress	United Nations Sustainable Development Goals
<b>Economic Value Generated and Distributed</b>	<ul style="list-style-type: none"> <li>Invest \$1B in capital and technology</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 36% of our goal</li> <li>Completed strategic investments in our operating facilities and portfolio</li> </ul>	 
<b>Product Sustainability</b>	<ul style="list-style-type: none"> <li>Assess sustainability impacts of our top product applications</li> <li>100% of our new products and processes will have a sustainability benefit</li> </ul>	<ul style="list-style-type: none"> <li>Completed comprehensive life cycle analysis (LCA) of carbon black</li> <li>Several priority LCAs underway</li> <li>100% of products have been evaluated for sustainability benefits</li> <li>62% of projects have sustainability benefit against 2025 goal of 100%</li> </ul>	     
<b>Supplier Sustainability</b>	<ul style="list-style-type: none"> <li>Engage our key suppliers on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers acknowledge conformance with Cabot Supplier Code of Conduct</li> <li>Driving reduction of GHG emissions in transportation network</li> </ul>	  



# Acting Responsibly for the Planet

Objectives	2025 Targets	Progress	United Nations Sustainable Development Goals
<b>Environmental Compliance</b>	<ul style="list-style-type: none"> <li>◆ 100% of facilities certified with an environmental management system</li> </ul>	<ul style="list-style-type: none"> <li>◆ 76% of our locations have achieved external certification</li> </ul>	
<b>Emissions</b>	<ul style="list-style-type: none"> <li>◆ Reduce GHG intensity by 20%</li> <li>◆ Reduce NO<sub>x</sub> emissions intensity by 50%</li> <li>◆ Reduce SO<sub>2</sub> emissions intensity by 40%</li> </ul>	<ul style="list-style-type: none"> <li>◆ Achieved 77% of our GHG intensity goal</li> <li>◆ Achieved 82% of our NO<sub>x</sub> and 36% SO<sub>2</sub> intensity reduction goals</li> </ul>	
<b>Energy</b>	<ul style="list-style-type: none"> <li>◆ Export 200% of energy imported</li> <li>◆ Reduce energy intensity by 10%</li> </ul>	<ul style="list-style-type: none"> <li>◆ Exported 125% of amount of energy imported on path to achieve 200%</li> <li>◆ Achieved 81% of our energy intensity reduction goal</li> </ul>	
<b>Waste &amp; Spills</b>	<ul style="list-style-type: none"> <li>◆ Reduce waste disposal from operations by 20% and ultimately eliminate manufacturing waste</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduced waste generation rate by 7% from 2019 levels</li> <li>◆ Increasing beneficial reuse of manufacturing waste streams</li> </ul>	
<b>Water</b>	<ul style="list-style-type: none"> <li>◆ Reduce water withdrawal intensity by 20%</li> </ul>	<ul style="list-style-type: none"> <li>◆ Identified our sites located in high-risk water basins</li> <li>◆ Completed pilot water risk assessment</li> </ul>	

# A Leader in ESG Transparency

A strong culture of leadership in sustainability enables us to differentiate ourselves

Committed to Transparency	
	Disclosures on energy and emissions to CDP (formerly Carbon Disclosure Project) published annually since 2010 – latest rating of B
	Have issued sustainability reports in accordance with GRI Standards since 2010
	Included Sustainability Accounting Standards Board (SASB) framework beginning in 2019
	Completed assessment according to the Task Force for Climate-related Financial Disclosures (TCFD) guidelines in 2020
	Proud signatory to UN Global Compact since 2015

Awards and Recognition	
	Achieved Platinum rating for sustainability from EcoVadis in 2021; Cabot ranked among top 1% of chemical companies
	Named one of America's Most Responsible Companies 2022 by <i>Newsweek</i> magazine; This is the third consecutive year of recognition for Cabot.
	Recognized as one of <i>Investor's Business Daily's</i> 100 Best ESG Companies of 2021
	E2C™ solutions recognized by <i>European Rubber Journal</i> in their inaugural Top 10 Elastomers for Sustainability (E4S) initiative in 2020

# Our Net Zero Ambition

We support the objectives established by the Paris Climate Agreement and will set ambitious goals to enable us to achieve net zero carbon emissions by 2050



**We Expect to Achieve Net-Zero in 2050 through Collaboration, Innovation and Public Policy**

# ESG | Key Takeaways

1

Enabling a lower carbon future by delivering products that address sustainability challenges

2

Progressing against our 2025 Sustainability goals

3

Driving circularity and resource conservation across our operations

4

A leader in our industry through transparency and a vision for the future





# Reinforcement Materials



**Bart Kalkstein**

SVP and President, Reinforcement Materials  
President Americas Region

# Reinforcement Materials | Key Messages

1

## **Global Leader with Robust Cash Generation**

Global footprint serving leading tire and industrial rubber products customers generating strong EBITDA returns and cash flows

2

## **Durable Earnings with Plans to Grow**

Strong operator with opportunity to expand leading capacity share

3

## **Supportive Industry Structure**

Limited capacity additions and cost passthrough mindset support pricing that generates returns on sustainability investments

4

## **Sustainable Solutions for the Mobility Evolution**

Engineered Elastomer Composite (E2C™) solutions drive better performance and enable incorporation of sustainable materials for new EV fleet

# Reinforcement Materials at a Glance

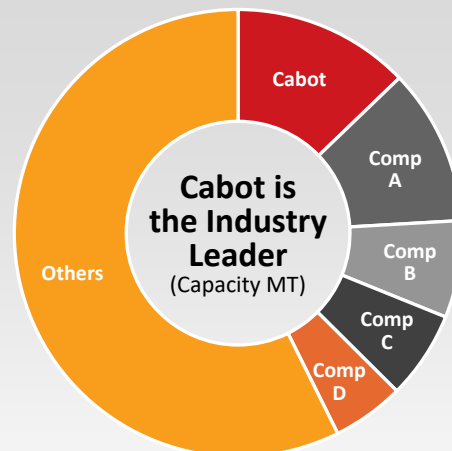
## Key Products

- ◆ Reinforcing carbons provide durability to rubber goods
- ◆ E2C™ solutions deliver higher levels of rubber performance

## Industry Environment

- ◆ Long-term reinforcing carbon demand CAGR of 2-3% globally, with strongest growth rates in Southeast Asia at 4-5% annually
- ◆ Limited supply-side capacity expansions announced leading to tightening industry utilization
- ◆ Stricter environmental requirements increasing barriers to entry
- ◆ Business is largely make-in-region, sell-in-region, thus insulated from global supply chain disruptions

## Competitive Landscape<sup>1</sup>

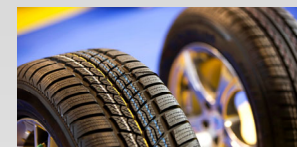


### Competitive Advantages:

- ◆ Broad global footprint to best serve global customers and help regional customers expand
- ◆ Technology leadership for efficient production and high-performance products
- ◆ Energy centers that produce power with no additional emissions
- ◆ Investment in E2C™ solutions as differentiated growth platform for the future

## Key Applications

### Tires



### Auto Weather-Stripping



### Belts, Hoses, Seals



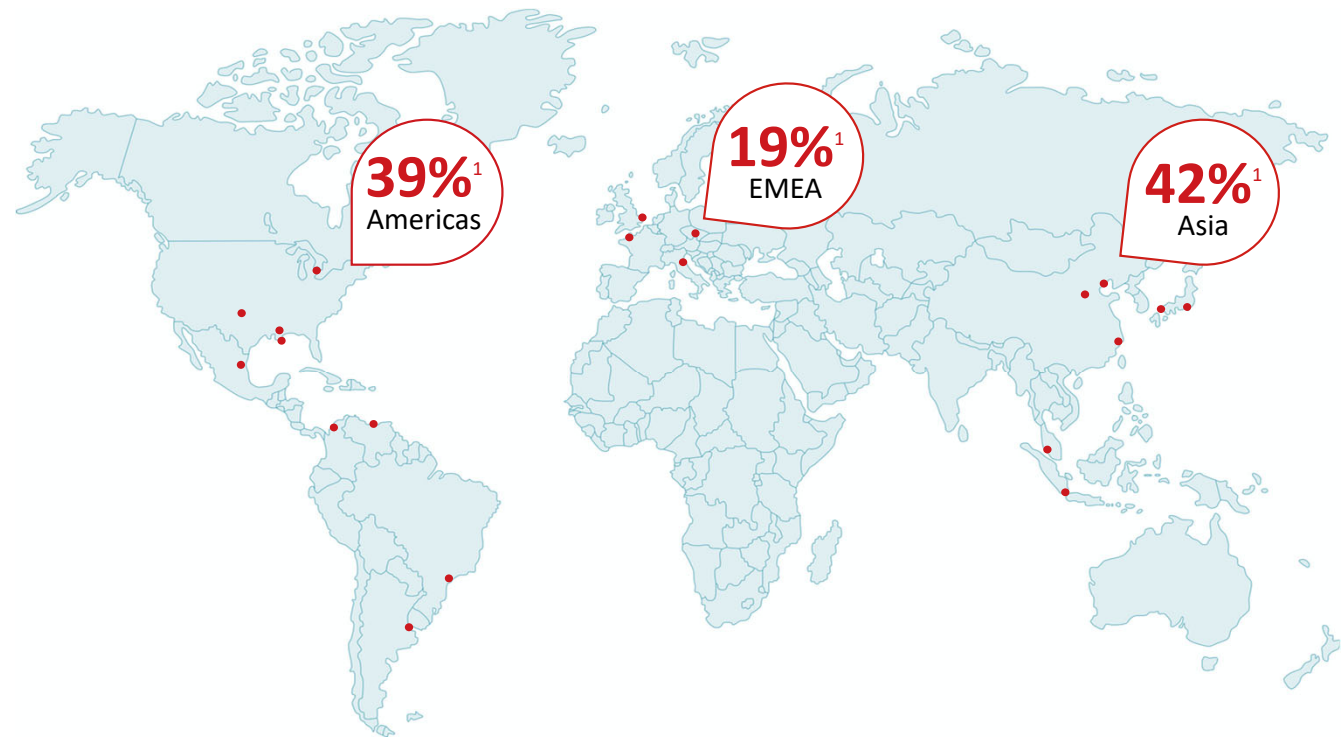
### Mining Equipment



1. Source: Notch Carbon Black World Data Book; Cabot estimates; Competitors include: Birla, Black Cat, Orion, Tokai

# Attractive Network of Global Assets

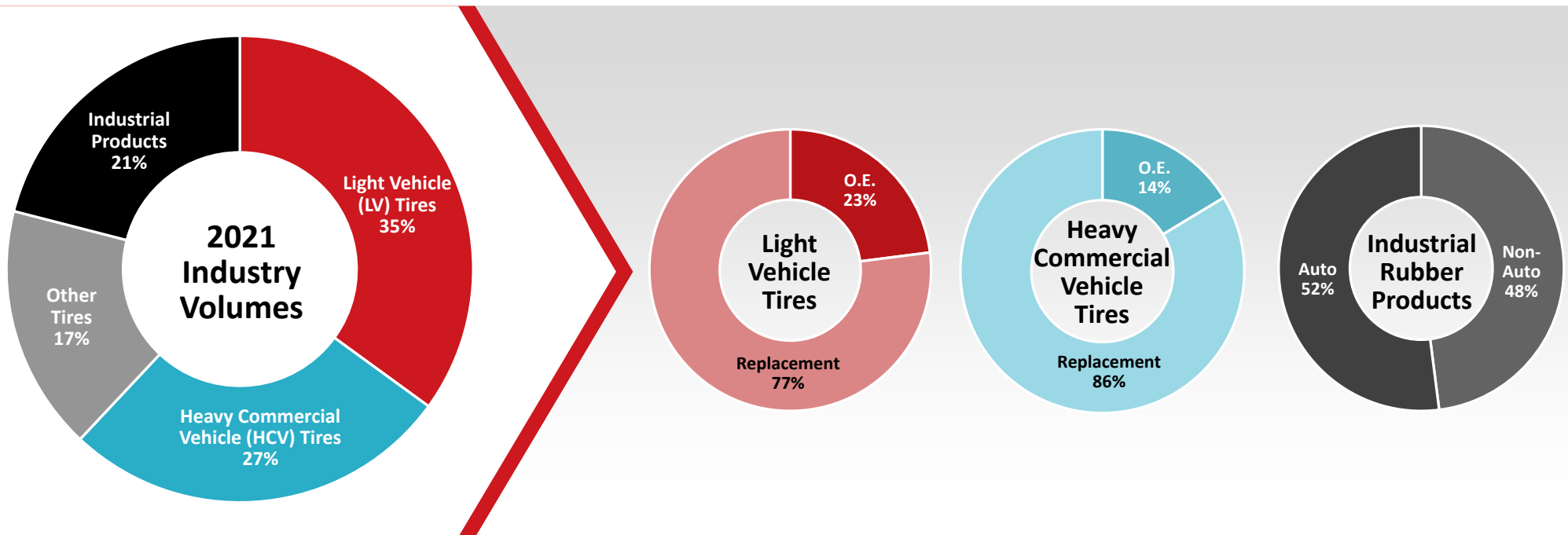
- ◆ **20 plants** globally
- ◆ **Aligned with customers** and world reinforcing carbons growth
- ◆ **Significant economies of scale;** superior cost competitiveness



The Right Assets in the Right Places

# Rubber Applications Using Reinforcing Carbons

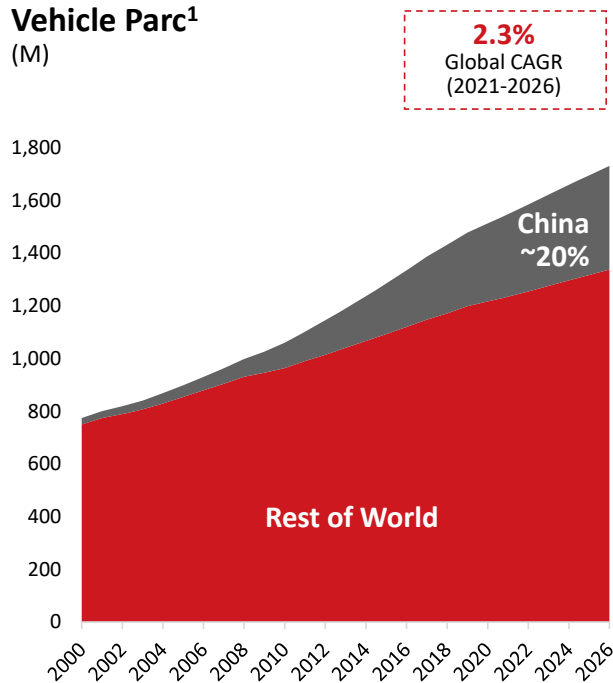
## Reinforcing Carbons for Rubber Applications<sup>1</sup>



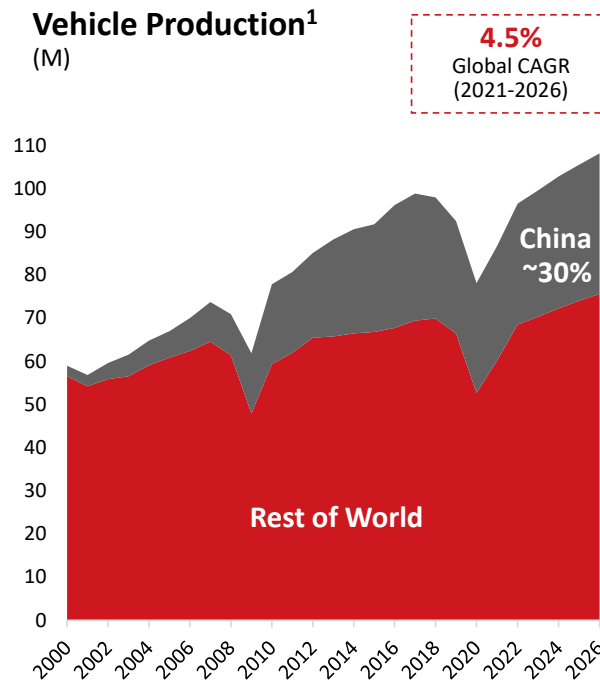
Replacement Demand Primary Driver for Tire Applications; New Auto Builds Key Driver for Industrial Products

# Parc Shows Smooth, Steady Replacement Growth; Global Recessions Temporary with Rapid Recovery

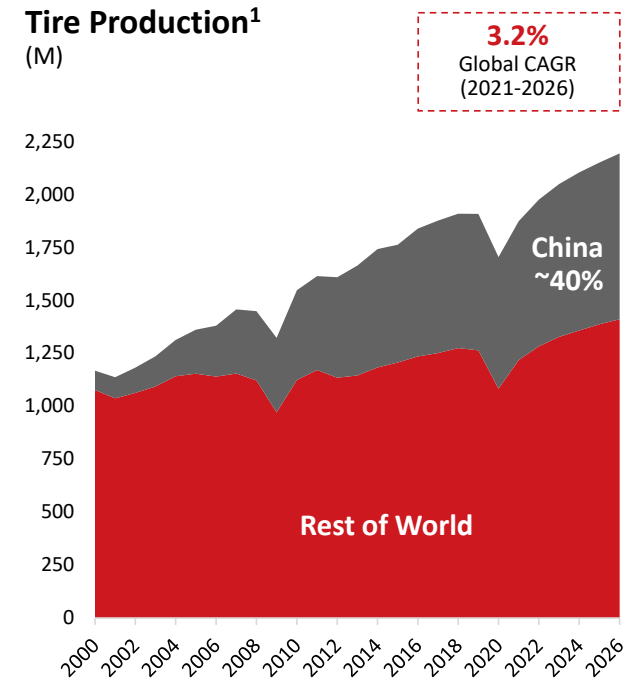
**Vehicle Parc<sup>1</sup>**  
(M)



**Vehicle Production<sup>1</sup>**  
(M)



**Tire Production<sup>1</sup>**  
(M)

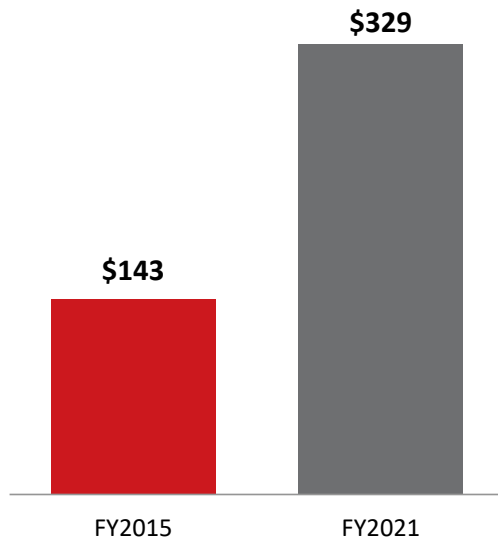


**China Continues to be Major Player in Auto and Tire Production**

# Strong Profitability and Cash Generation

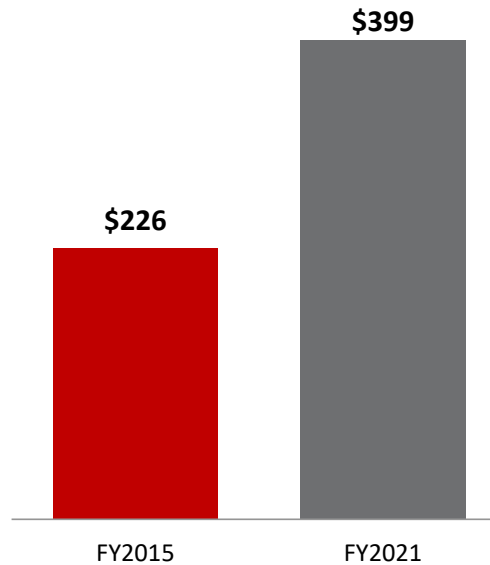
**Segment EBIT**  
(\$M)

+15%  
CAGR



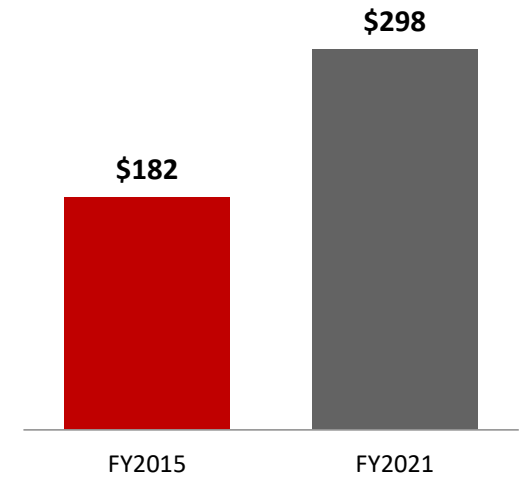
**Segment EBITDA<sup>1</sup>**  
(\$M)

+10%  
CAGR



**Excess Cash Generation<sup>2</sup>**  
(\$M)

+9%  
CAGR



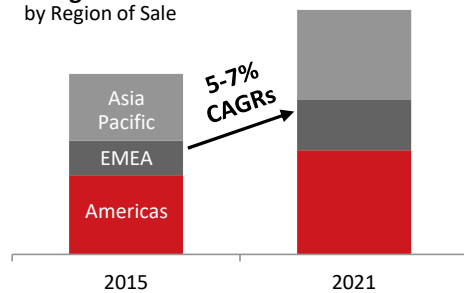
## Funding Company Growth Projects and Return to Shareholders

# Strong Execution Driving Performance

## Commercial Excellence

- ◆ Leading supply position with key global tire accounts
- ◆ Evolution of pricing formulas based on market conditions (e.g., DCA<sup>1</sup>)
- ◆ Product mix emphasis on higher value tread and industrial product grades

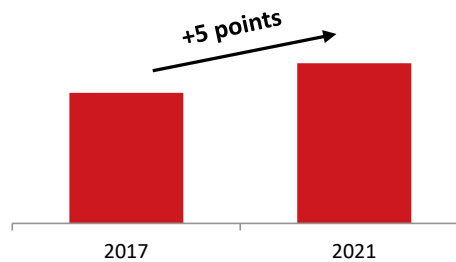
Margin Contribution  
by Region of Sale



## Operational Excellence

- ◆ Added ~150,000 MT of capacity through debottlenecking and OEE<sup>2</sup> improvements in last five years
- ◆ Higher rates, lower OQ<sup>3</sup>, greater availability all drive OEE<sup>2</sup> performance
- ◆ Additional capacity helps support Performance Chemicals growth

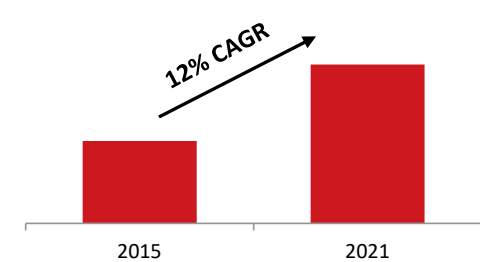
OEE Improvement



## Yield and Energy Management

- ◆ Continuous improvement program drives product yields up and CO<sub>2</sub> intensity down
- ◆ Expanded energy center production at several sites
- ◆ Nearly doubled energy center revenues since 2015

Energy Center Revenue





# Capital Efficiency Will Drive Future Growth

## Continued OEE Improvements

- ◆ Additional 100,000+ MT can be unlocked through operational excellence and low capital debottlenecking projects
- ◆ Globally distributed, low capital cost, improves economies of scale
- ◆ Additional capacity supports growth in Batteries, Specialty Carbons and Compounds

## Cilegon, Indonesia Expansion

- ◆ Fastest growing region, structurally short supply of carbon black, brownfield expansion with competitive cost structure
- ◆ Project slowed down due to COVID-19
- ◆ Anticipate capacity available in 2024

## Inorganic Opportunities

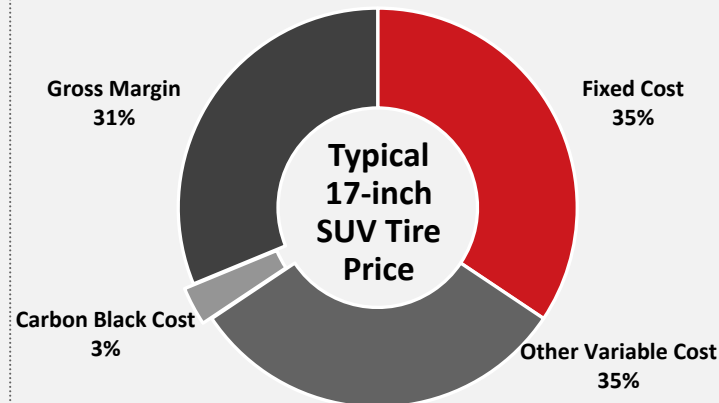
- ◆ Increase scale and market share in strategic geographies
- ◆ Targeting assets with strong base technology
- ◆ Attractive investments with opportunity to upgrade

# Proven Ability to Pass through Environmental Costs

## Environmental Costs Drive Price Increases in Carbon Black . . .

- ◆ Significant SO<sub>2</sub>, NO<sub>x</sub> reductions enabled through investments in air emissions equipment
- ◆ Our leadership in China provides a strong experience base in building and operating air emissions equipment
- ◆ CO<sub>2</sub> costs driven by emission trading markets
- ◆ Price increases to cover costs and an investment return can be in 25% range

## . . . But Impact to Tire Manufacturer Economics are Modest . . .



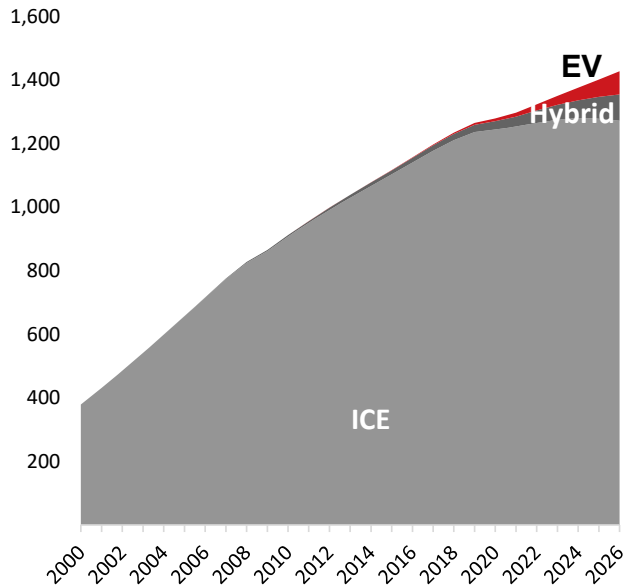
## . . . And Cabot Has Demonstrated Ability to Pass Costs through

- ◆ Completed air emissions projects at Pampa, TX and Canal, LA plants in the US
- ◆ Currently working on air emissions project at Ville Platte, LA plant
- ◆ Price increases have enabled us to grow North America RONA<sup>1</sup> % since 2015

# Electric & Hybrid Vehicle Growth Expected to Change Tire Markets

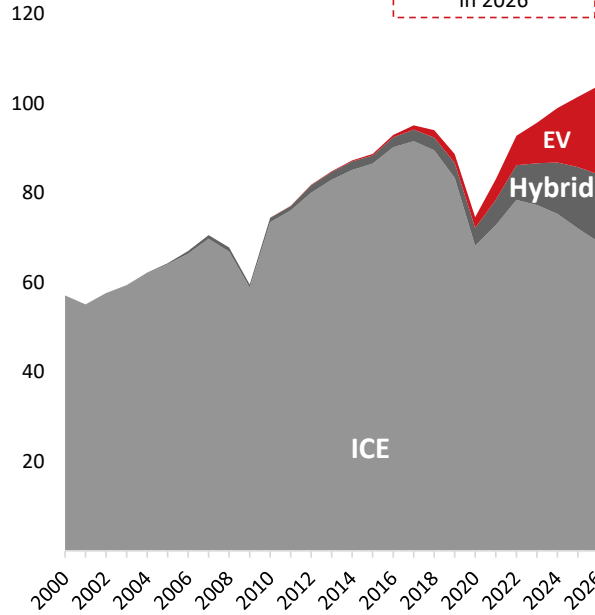
**Light Vehicle PARC<sup>1</sup>**  
(M)

**~10%**  
Percent of Parc Hybrid & Electric in 2026



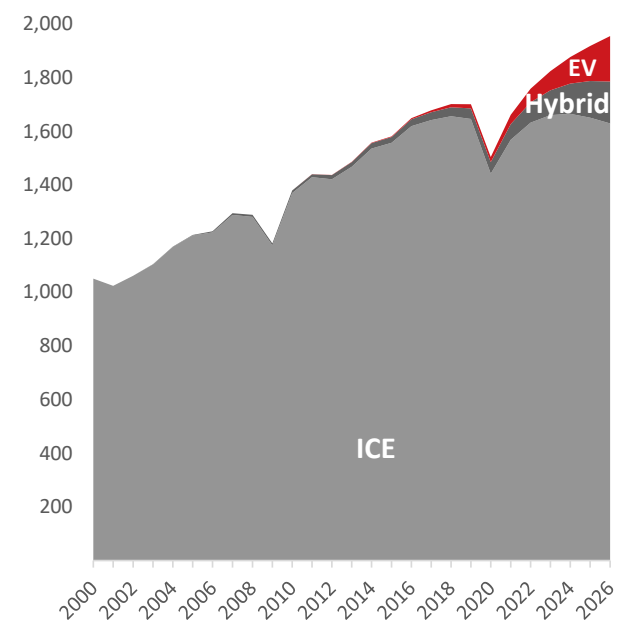
**Light Vehicle Production<sup>1</sup>**  
(M)

**~33%**  
Percent Production Hybrid & Electric in 2026



**LV Tire Production<sup>1</sup>**  
(M)

**~17%**  
Percent of Tire Sales to Hybrid & Electric in 2026



**Tires for EV and Hybrid Vehicles will Drive Growth for Reinforcement Materials**

# Well-Positioned to Benefit from Macro Trends

Changing  
Mobility  
Landscape

Move  
to EVs

Auto Industry  
Trends & Challenges

Higher torque  
Battery weight  
Lower noise  
Longer range

Tire Industry  
Trends & Challenges

Quicker replacement  
Higher wear  
Performance rubber  
Lower rolling resistance

Cabot's Reinforcing  
Materials Opportunity

Growth in volume  
Better mix  
Material innovation  
Growth in silica

Impact on  
Cabot Solutions

+++  
++  
+  
-

Increasing  
Focus on  
Sustainability

Growing  
Environmental  
Awareness

Circular economy  
Desire to reduce footprint

Sustainable materials targets  
Desire to reduce footprint

Material innovation  
E2C™ solutions

+  
+++

Becoming a  
More  
Connected  
World

Growth of  
Autonomous  
Vehicles and Ride  
Sharing

Growth in miles driven  
High frequency tire use

Higher replacement rates  
New tire needs

Growth in volumes  
Potential innovations

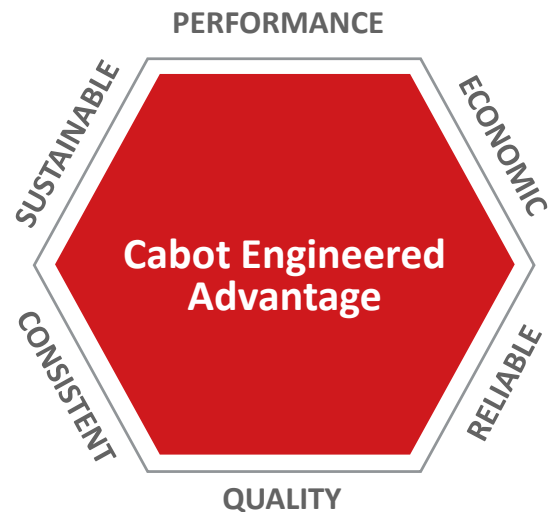
+++  
+

# Innovations Focused on Sustainable Product, Process and Downstream Solutions

## Material Innovations

Designing for performance, sustainability and circularity:

- ◆ Biobased additives
- ◆ Novel morphology additives
- ◆ Reclaimed carbon



## Process Innovations

Developing process technologies:

- ◆ Reducing GHG emissions
- ◆ Increasing energy capture
- ◆ Enabling use of sustainable feedstocks

## E2C™ Solutions

Introducing next generation Engineered Elastomer Composites:

- ◆ Better rubber performance
- ◆ Enable use of sustainable elastomers and additives

# Engineered Elastomer Composites (E2C™) Solutions Provides Long Term Growth Platform

Next Growth Platform Following Batteries and Inkjet

## Ultra-Large Mining Tires



### Benefits

- ◆ Higher truck productivity
- ◆ Increased mine output
- ◆ Reduced End-of-Life tire waste

## Long-Haul Truck Tires



### Benefits

- ◆ Improved fuel efficiency
- ◆ Longer tire life & reduced downtime
- ◆ Lower fleet operating costs

## Performance EV Tires



### Benefits

- ◆ Durable, lightweight tires
- ◆ Increased vehicle range
- ◆ Lower vehicle total cost of ownership

*Sales Growth*

Today

2025-26

2030+

# Reinforcement Materials | Key Takeaways

1

## **Global Leader With Robust Cash Generation**

Right assets in the right places and an experienced team delivering strong execution

2

## **Durable Earnings Base with Plans to Grow**

Limited industry capacity expansions provide opportunity for advantaged M&A

3

## **Supportive Industry Structure**

Pricing structures with pass-through cost formulas provide platform for managing environmental costs

4

## **Sustainable Solutions for the Mobility Evolution**

Transition to EVs presents opportunity for growth, including future E2C™ development





# Q&A





# Break

# PERFORMANCE CHEMICALS



**Jeff Zhu**

SVP and President,  
Performance Additives;  
President, Asia Pacific Region



**Aaron Johnson**

SVP and President, Formulated  
Solutions; President,  
Purification Solutions

# Performance Chemicals | Key Messages

1

## Macro-Driven Demand Positions Segment for Outsized Growth

Strong growth across geographies driven by positive demand inflection due to increasing electrification, digitalization and sustainability trends

2

## Portfolio of High Growth, High Margin Businesses

Leading market positions, attractive growth rates and products with high barriers to entry

3

## Breadth of Product Technologies and Manufacturing Footprint

Global footprint and value chain integration enable differentiated offerings

4

## Top Tier Manufacturing, R&D and Commercial Capabilities

Strong capabilities provide for business continuity and enable premium value propositions

5

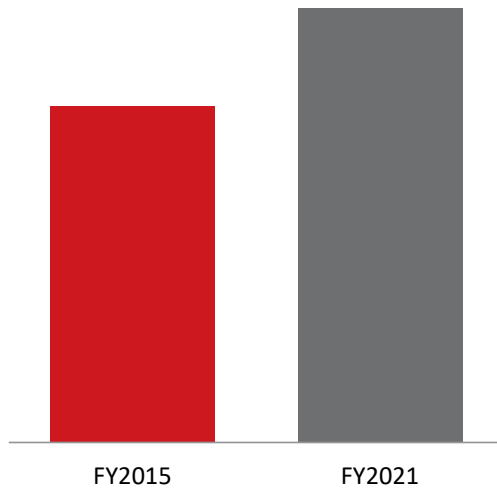
## Potential for Significant Value Creation

Strong positions in Battery Materials and Inkjet for Packaging, which are projected to provide significant growth opportunities

# Performance Chemicals Financial Performance

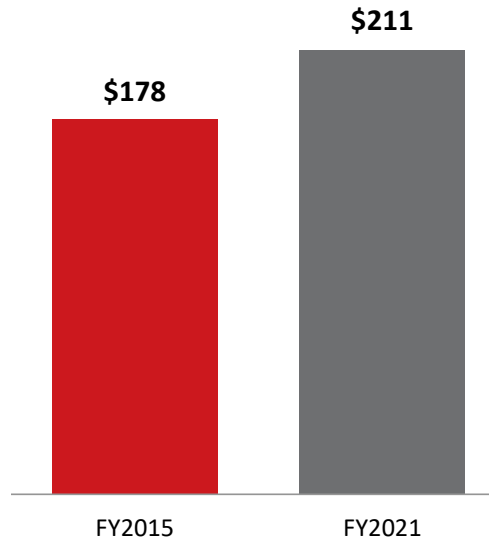
**Volume**  
(KMTs)

**+4%**  
CAGR



**Segment EBIT**  
(\$M)

**+3%**  
CAGR



**GDP+ volume growth** despite headwinds driven by external environment



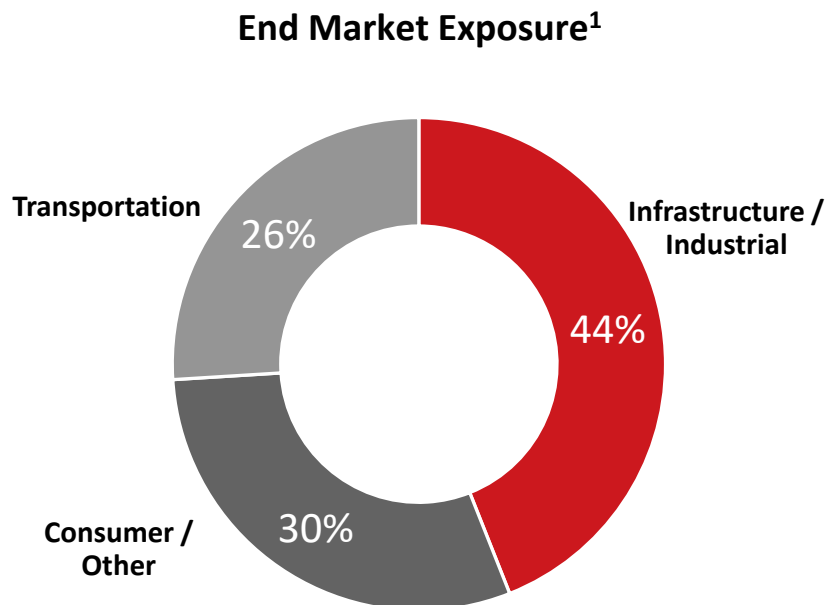
**Continued to invest** in areas with significant growth potential



**Delivered fiscal 2021 EBITDA<sup>1</sup> of \$284M** as growth investments start to take hold

**Invested to be Positioned to Drive Significant Growth**

# Performance Chemicals Exposure is Well-Balanced

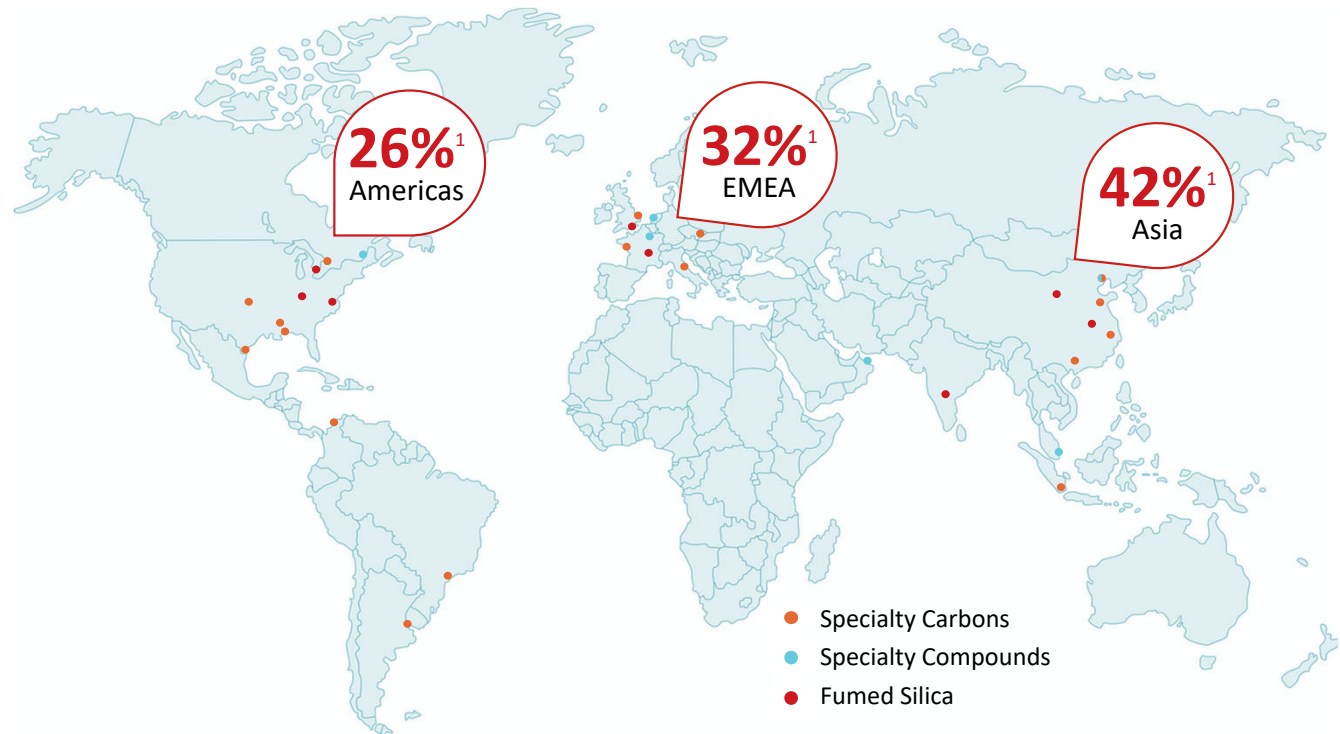


- ◆ Products enable wide range of functionalities; ubiquitous in everyday life
- ◆ Resilient demand across many attractive applications
- ◆ Diverse customer base: **3,000+ customers globally**
- ◆ Global end markets and applications: **1,000+ products**

# Globally Distributed Sales and Production Facilities

## Recent Growth Investments

- ◆ **Specialty Carbons:** Xuzhou, China acquisition and capacity conversion
- ◆ **Battery Materials:** Tianjin, China conversion and Zhuhai, China CNT acquisition
- ◆ **Fumed Metal Oxides:** Capacity expansions in Wuhai, China and Carrollton, KY, USA
- ◆ **Specialty Compounds:** Cilegon, Indonesia capacity expansion



# Performance Chemicals

Portfolio of attractive specialty businesses

## Performance Additives

### Specialty Carbons

- ◆ Products deliver color, conductivity and UV protection
- ◆ Leading position in conductive carbon additives critical to lithium-ion battery market
- ◆ Capacity additions enable growth and regional optimization towards meeting customer demand

### Fumed Metal Oxides

- ◆ Versatile performance additives used in range of applications (e.g., adhesives, food, coatings and pharmaceuticals)
- ◆ High-margin business with attractive industry structure
- ◆ Scarcity of feedstock, expertise and scale create significant barriers to entry
- ◆ Diverse set of GDP+ growth end markets

**\$796M**  
Revenue

**\$232M**  
EBITDA

**29%**  
EBITDA  
Margin

Fiscal 2021

## Formulated Solutions

### Specialty Compounds

- ◆ Growing, high-RONA formulation business focused on black masterbatches and conductive compounds
- ◆ Serves a wide range of industries including auto, agriculture, infrastructure, and packaging
- ◆ Unique backward integration and global footprint
- ◆ Well-positioned to deliver sustainable innovations and capture macro-driven growth

### Inkjet

- ◆ A leading global supplier of water-based dispersions to the inkjet market with ~30% share
- ◆ Developing a market leading position in the commercial & emerging packaging segments
- ◆ Opportunity for 25%+ annual EBIT growth through 2024

**\$352M**  
Revenue

**\$52M**  
EBITDA

**15%**  
EBITDA  
Margin

Fiscal 2021

# SPECIALTY CARBONS



Jeff Zhu

SVP and President, Performance Additives;  
President, Asia Pacific Region



# Performance Chemicals

## Portfolio of attractive specialty businesses

### Performance Additives

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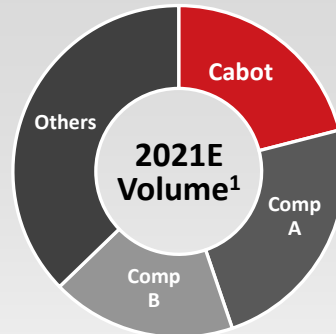
**15%**  
EBITDA  
Margin

# Specialty Carbons at a Glance

## Overview

- ◆ Global elevated growth driven by electrification, infrastructure, digitalization
- ◆ EV penetration accelerating as automakers shift to EVs
- ◆ Continued pull for expanded additive performance and functionality in existing and emerging applications
- ◆ Customers demanding products from responsible suppliers with demonstrated track record on sustainability
- ◆ High industry utilizations yield favorable returns

## Competitive Landscape



### Competitive Advantages:

- ◆ A leading global producer of specialty carbons
- ◆ Most comprehensive global conductive carbon portfolio, including carbon black, carbon nanotubes and nanostructures
- ◆ Downstream integration accelerates innovation and commercialization

## Key Industries

### Industrial/Infrastructure



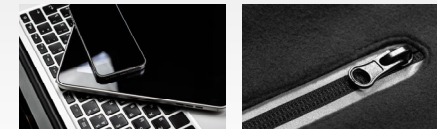
- ◆ MV/HV Cables
- ◆ Pressure Pipes
- ◆ Industrial Coatings

### Automotive



- ◆ Batteries
- ◆ Plastics/Synthetic Fiber
- ◆ Coatings

### Consumer



- ◆ Displays
- ◆ ESD/Electronics
- ◆ Synthetic Fiber

### Advanced Product Functionality:

*Conductivity, UV resistance, processibility, jetness, blue undertone, tint strength, rheology control, optical density, CO<sub>2</sub> adsorption, reinforcement*

# Creating for Tomorrow by Addressing Key Macro Trends

Macro trends position business for outsized growth

## Changing Mobility Landscape

- ◆ Broad conductive carbon additives portfolio positions business as a leader in EV lithium-ion batteries
- ◆ Specialized carbons for enhancing performance in automotive and electronic applications

## Increasing Focus on Sustainability

- ◆ A leader in UV-resistant and clean semiconductive carbons for clean water and power distribution applications
- ◆ A leader in carbons for synthetic fiber, resulting in increased use of dope-dye process to eliminate environmental effluents

## Becoming a More Connected World

- ◆ CNT and CNS provide high conductivity at low loading, enabling smaller and lighter components, and providing EMI shielding
- ◆ A world-leader in carbons for high resolution display and touchscreen applications requiring higher performance

## Key Investments in China and Battery Materials Position Us to Capture Significant Future Growth

### +~50,000 metric tons

Xuzhou, China acquisition and conversion  
Anticipated online in fiscal 2022

### +~30,000 metric tons

Tianjin and Zhuhai, China Battery capacity expansion  
(CNT & Carbon Black)  
Anticipated online in fiscal 2022-2024

# Strong Underlying Growth with Competitive Advantages



### Resilient demand

Driven by broad product portfolio with diverse benefits in everyday products



### Macro trends driving growth

Mobility, Sustainability and Connectedness underpinning demand inflection



### Well-positioned for EV expansion

A leading manufacturer with broad suite of conductive carbon additives for batteries



### Sales to 6 of top 8 battery makers

With new product programs progressing at all of them

Potential to Create Significant Shareholder Value

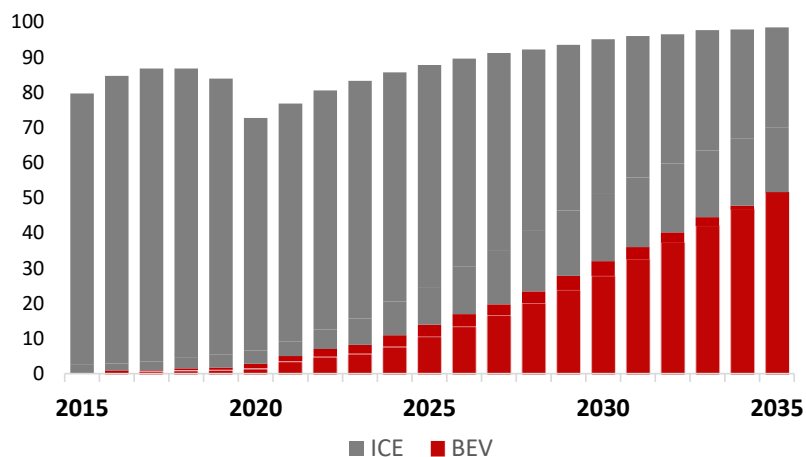
# SPOTLIGHT ON BATTERY MATERIALS

## WITHIN SPECIALTY CARBONS



# Vehicle Electrification Drives Need for Li-ion Batteries

**Global Passenger Vehicles annual sales**  
(in millions)



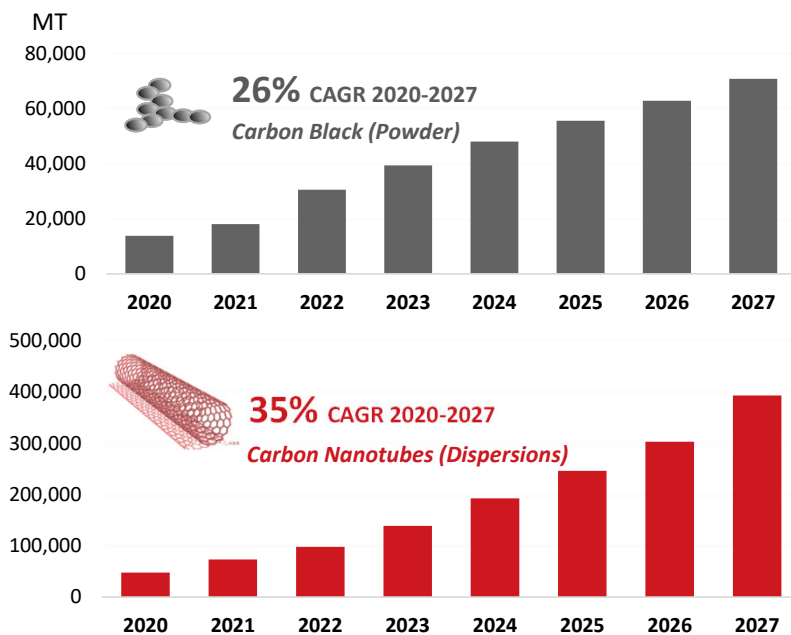
- ◆ **EVs with lithium-ion batteries expected to have >50% share of global passenger vehicles sold in 2035**
- ◆ **Many countries and companies supporting EV growth<sup>1</sup>**
  - Biden administration’s EV goal shoots for half of new car sales in the U.S. to be electric by 2030
  - In China, goal of ~40% of vehicles sold to be electric by 2030
  - GM aims to end sales of gas and diesel vehicles by 2035
  - VW expects half of its sales from BEVs by 2030; ~100% of new vehicles in major markets expected to be zero-emission by 2040

Source: Bloomberg NEF  
BEV: Battery Electric Vehicle & Plug-in Hybrid  
ICE: Internal Combustion Engines & Hybrid

**Strong EV Market Growth Expect >30% CAGR 2021-2030**

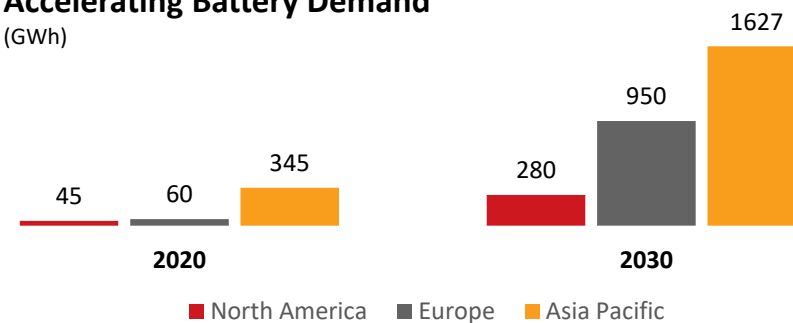
# Conductive Carbon Additives (CCAs) Market Expected to Grow ~30% CAGR

**Increasing Global Conductive Carbon Additives (CCA) Demand**



Source: Cabot Internal Assessment

**Accelerating Battery Demand (GWh)**

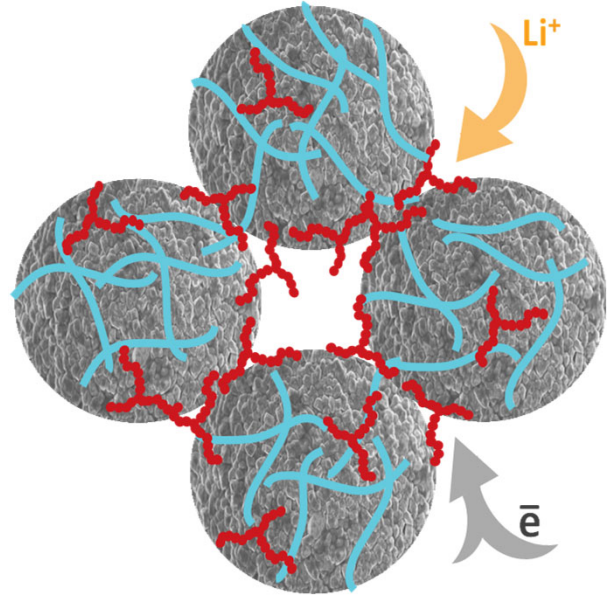


- ◆ Lithium-ion battery growth expected to translate into significant CCA demand
- ◆ Battery demand expected to grow across all regions, as battery manufacturers install global capacity

Source: ABB Sponsored report, March 2021, by Automotive from Ultima Media

# Conductive Carbon Additives are a Critical Component for Lithium-ion Batteries

- Conductive carbon additives connect active materials within the electrode for efficient and durable charge transfer
  - ◆ ~1% dosage in weight
  - ◆ Less than 2% of total cost
- Provide optimized conductivity (short- and long-range)
- Enable good lithium-ion diffusion



Specialty Carbons & Carbon Nanotubes (CNTs)

From Legacy to Next Generation Technologies, EV Batteries Require Conductive Carbon Additives



# We Have “Right to Win” in CCAs for Li-ion Batteries



## Broad spectrum of CCA product portfolio

- ◆ Portfolio includes specialty carbons, CNTs and carbon nanostructures, including blends that provide enhanced performance, and fumed alumina
- ◆ Broad and comprehensive CCA portfolio



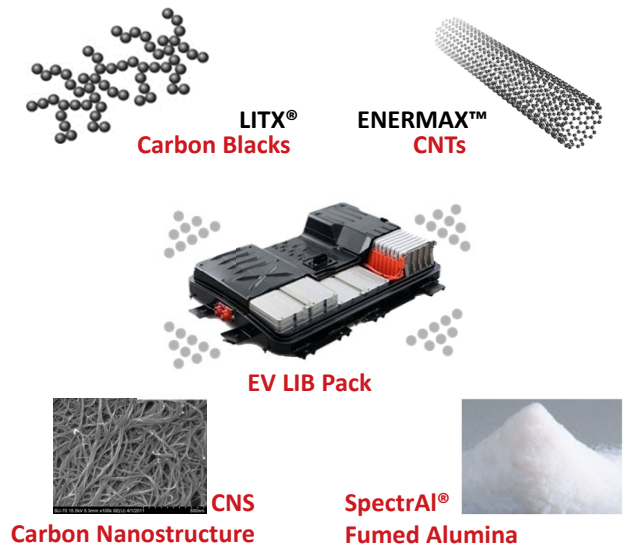
## Global manufacturing footprint is a strong value proposition

- ◆ Customers more focused on supply security
- ◆ U.S. and EU governments emphasizing local supply chains
- ◆ Strong customer engagement through local commercial and technical support



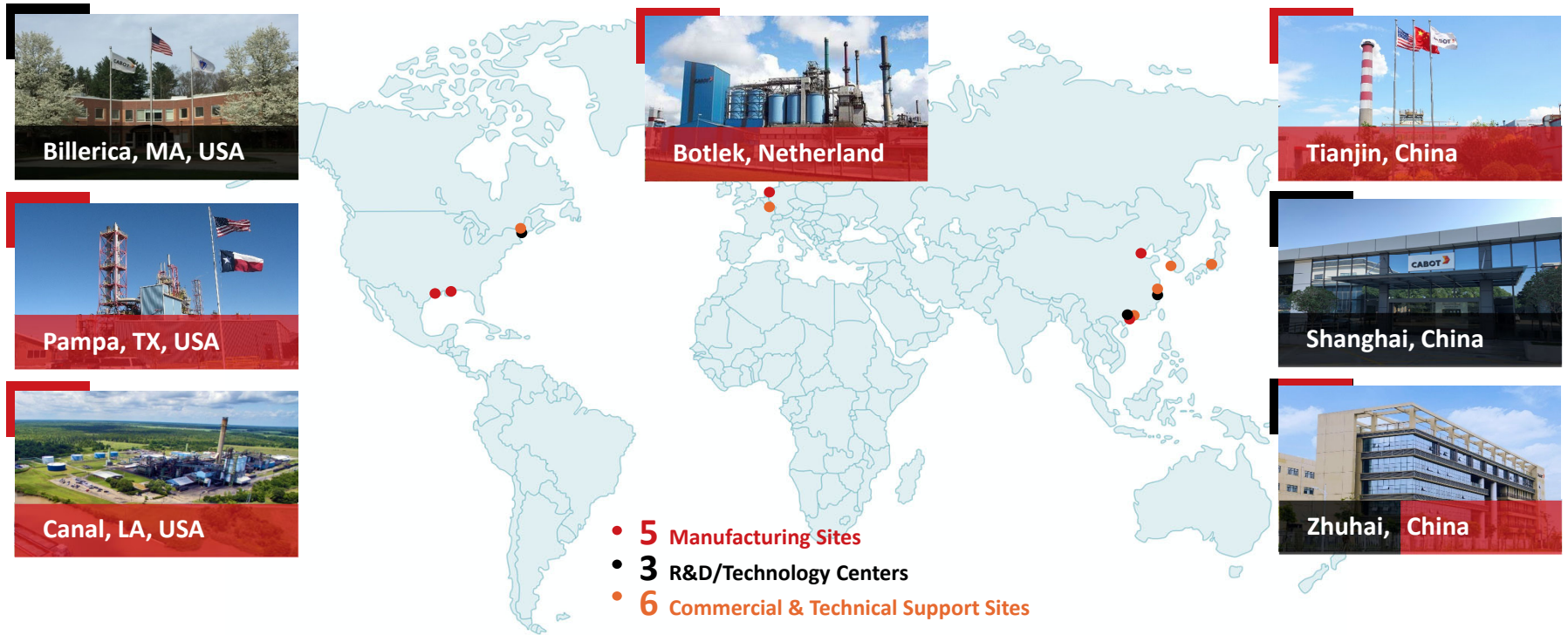
## Strong R&D commitment in new material development for next-gen batteries

- ◆ Low Cobalt Cathode
- ◆ Dry Process
- ◆ Aqueous Process
- ◆ Silicone Carbon Anode
- ◆ CCAs are critical in all the above technologies



CCA in Cathode & Anode, Alumina for Separator and Cathode

# Expanding Our Global Footprint



**Strong Reputation with Global Network and Scale**

# Strategic Investments Have Enabled Strong Growth to Date and Expected in the Future



Completed \$100M CNT acquisition in April 2020

- ◆ Purchased #2 CNT manufacturer in China<sup>1</sup> with extensive experience in CNT dispersions
- ◆ Enhanced product offerings to battery customers
- ◆ Strengthened our position in formulating blends and making dispersions

Plans for capacity expansions

- ◆ **\$105M** planned for additional 30,000 MT capacity over the next three years

Announced acquisition in November 2021 of plant in Tianjin<sup>2</sup>, China

- ◆ Plans to convert units for making battery materials
- ◆ Increases capacity to enable future growth

## Doubled Revenue Year over Year in Fiscal 2021

# Positioned to Win with 50%+ Forecasted EBIT CAGR Over Next 3 Years



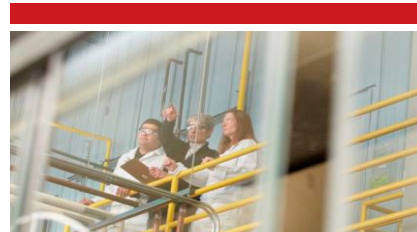
## ~30% 10-year anticipated market demand CAGR

Strong demand for CCA  
driven by lithium-ion  
batteries for EVs



## Distinguished commercial position

Commercial sales to 6 of top 8  
battery makers with new  
product programs progressing  
at all 8; broad product offerings  
with specialty carbons, CNTs,  
CNS, fumed alumina



## Global network to enable expansion

Manufacturing plants, R&D  
facilities and commercial and  
technical experts to support  
customers



## Performance track record

Delivered FY21 EBITDA in  
\$15-\$20M range as expected

**Battery Materials Expected to be Significant Growth Driver for Cabot**

# FUMED METAL OXIDES

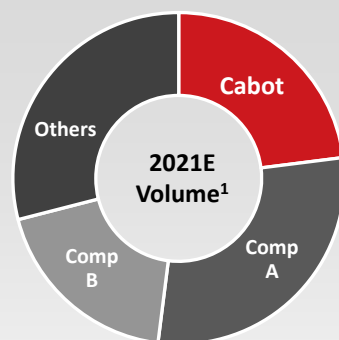


# Fumed Metal Oxides at a Glance

## Overview

- ◆ Global, GDP+ growth driven by building & construction, digitalization, and alternative energy
- ◆ Scarcity of feedstock, expertise and scale create significant barriers to entry
- ◆ Customers demanding products from suppliers with sustainable supply chains
- ◆ Increasing industry utilizations and growth in upstream industry yield favorable investment environment

## Competitive Landscape

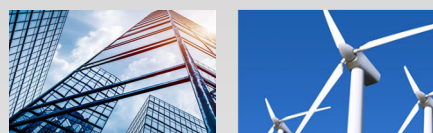


### Competitive Advantages:

- ◆ Leading global producer of fumed silica
- ◆ #1 in China, the largest and fastest growing market for fumed silica
- ◆ Strong fence-line partnerships in silicone value chain, a GDP+ industry and largest consumer of fumed silica

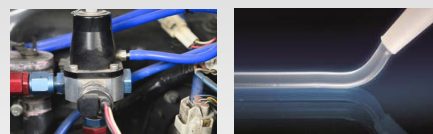
## Key Industries

### Industrial/Infrastructure



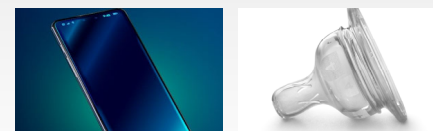
- ◆ Bonding pastes
- ◆ Adhesives & Composites
- ◆ Elastomers

### Automotive



- ◆ Structural Adhesives
- ◆ Silicone Elastomer
- ◆ Sealant & Coatings

### Consumer



- ◆ Silicone Elastomers & DIY Sealants
- ◆ Chemical mechanical planarization (CMP)
- ◆ Digital Printing

### Advanced Product Functionality:

*Rheology control, reinforcement, optical transparency, polishing, surface tension control, anti-blocking, flow aid, catalyst support, tribocharging control*

# Creating for Tomorrow by Addressing Key Macro Trends

Macro trends position business for strong growth

## Changing Mobility Landscape

- ◆ Fumed silica and fumed alumina are enabling technologies in certain battery applications
- ◆ Leading products and investing in new capacity to supply additives into auto structural adhesives

## Increasing Focus on Sustainability

- ◆ #1 supplier of fumed silica into wind blade bonding paste application
- ◆ Fumed silica manufacturing sites are part of efficient and symbiotic integrated fence-line partnerships

## Becoming a More Connected World

- ◆ Fumed silica is a recognized standard in CMP slurries; state-of-the-art process technology to produce unique particles
- ◆ Fumed silicas and fumed silica dispersions are enabling digital printing, additive manufacturing, mass customization

**Capacity Expansions  
Position Us to Capture  
Future Growth**

**+5,000-8,000 metric tons  
expansion**

China

Anticipated online in fiscal 2024

# Highly Profitable Business with Strong Forecasted Growth



## Macro trends support GDP+ demand growth

Direct linkage to silicone market, accelerating growth at ~1.5-2x GDP



## Attractive industry structure

Few global players, high entry barriers with limited feedstock, fence-line partnerships and circularity in operations



## High-margin and growing business

Our deep application knowledge and customer partnerships drive demand durability with significant growth opportunity



## Leading position in China

Silicone capacity increasing disproportionately, and we are well positioned to capture growth with planned expansions



## Sustainability-focused products

Clean power expected to drive wind turbine growth; #1 supplier of fumed silica into wind blade bonding paste



# SPECIALTY COMPOUNDS



**Aaron Johnson**

SVP and President, Formulated Solutions;  
President, Purification Solutions

# Performance Chemicals

## Portfolio of attractive specialty businesses

### Performance Additives

#### Specialty Carbons

- ◆ Products deliver color, conductivity and UV protection
- ◆ Leading position in conductive carbon additives critical to lithium-ion battery market
- ◆ Capacity additions enable growth and regional optimization towards meeting customer demand

#### Fumed Metal Oxides

- ◆ Versatile performance additives used in range of applications (e.g., adhesives, food, coatings and pharmaceuticals)
- ◆ High-margin business with attractive industry structure
- ◆ Scarcity of feedstock, expertise and scale create significant barriers to entry
- ◆ Diverse set of GDP+ growth end markets

**\$796M**  
Revenue

**\$232M**  
EBITDA

**29%**  
EBITDA  
Margin

### Formulated Solutions

#### Specialty Compounds

- ◆ Growing, high-RONA formulation business focused on black masterbatches and conductive compounds
- ◆ Serves a wide range of industries including auto, agriculture, infrastructure, and packaging
- ◆ Unique backward integration and global footprint
- ◆ Well-positioned to deliver sustainable innovations and capture macro-driven growth

#### Inkjet

- ◆ A leading global supplier of water-based dispersions to the inkjet market with ~30% share
- ◆ Developing a market leading position in the commercial & emerging packaging segments
- ◆ Opportunity for 25%+ annual EBIT growth through 2024

**\$352M**  
Revenue

**\$52M**  
EBITDA

**15%**  
EBITDA  
Margin

Fiscal 2021

# Plastics Industry Value Chain

## Ingredients

- ◆ Specialty carbons tailored for specific end-applications



Polymer/resin



Specialty carbon

## Formulation

- ◆ Close connectivity to OEM allows quick response to changing needs
- ◆ Rapid new product development to drive growth and value capture

Masterbatch/  
concentrate

Compound



## Product

- ◆ Finished products manufacturing
- ◆ Pulls next-gen materials in response to market needs and trends



Conversion



OEM

■ Cabot Participation

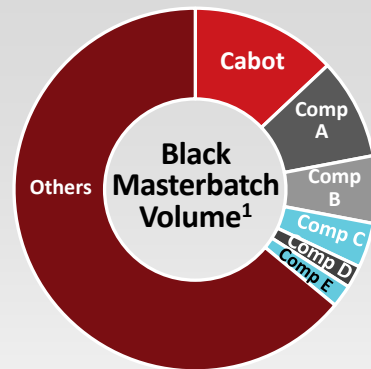
**Cabot is Uniquely Positioned to Deliver Solutions to Serve Downstream Market Needs**

# Specialty Compounds at a Glance

## Overview

- ◆ End-users from diverse set of GDP+ markets
- ◆ Customer base consolidating and looking for global partners
- ◆ Highly fragmented landscape with consolidation opportunities
- ◆ End-user demand for sustainability is accelerating
- ◆ Cabot has the scale and capability to differentiate

## Competitive Landscape



### Competitive Advantages:

- ◆ Focused on black: largest global manufacturer of black masterbatch (MB) with low-cost, high-throughput assets
- ◆ Strong brand and customer loyalty built on black plastics expertise
- ◆ Only backward-integrated MB supplier capturing market asymmetries and integrated site economics

## Key Industries

### Automotive



### Agriculture



### Infrastructure



### Consumer / E&E



### Packaging



# Winning by Combining High RONA<sup>1</sup> with Growth

## 30%+ RONA driven by high asset turns

$$\left[ \begin{array}{c} \text{EBIT \%} \\ \text{(low-double-digits)} \end{array} \right] \times \left[ \begin{array}{c} \text{Asset Turns} \\ \text{(low-to-mid 3s)} \end{array} \right] = \text{RONA} \text{ (30\%+)}$$

## Variable margin growth well in-excess of GDP



\*Source: CBT internal financial records and IMF WEO April 2021

- ◆ An industry-leading RONA driven by high asset turns
  - Capital efficiency
  - Working capital management
- ◆ Proven growth well in-excess of GDP
  - Strategic markets
- ◆ **Strategy:** continue to balance strong RONA and growth to drive long-term performance

# Creating for Tomorrow by Addressing Key Macro Trends

Well-positioned to benefit from macro trends

## Specialty Compounds Solution

### Changing Mobility Landscape

- ◆ Formulations designed for engineering thermoplastics to enable metal replacement in high-performance vehicle applications to improve fuel efficiency and extend EV range
- ◆ ESD<sup>1</sup> masterbatches and compounds for fuel systems and vehicle components to deliver safety, design flexibility and reduce weight

### Increasing Focus on Sustainability

- ◆ Formulations with recycled polymers, post-industrial carbon black, and reclaimed carbon to promote circularity
- ◆ Custom masterbatches for drip irrigation, pressure pipe, agriculture film and geomembranes to enable improved water conservation and support more sustainable farming

### Becoming a More Connected World

- ◆ Carbon nanostructure masterbatches for EMI shielding to enable lighter and more flexible electronics and electrical components
- ◆ ESD<sup>1</sup> masterbatches and compounds for E&E components and packaging to protect sensitive items and reduce customer costs

**Key Investments Position  
Us to Capture Significant  
Growth Opportunity**

**+~20,000 metric tons**

Cilegon, Indonesia

Anticipated online in fiscal 2023

# Partner of Choice for Customers Seeking to Innovate

Successful engagement with a polymer producer paying off



## Customer Success Story



### Customer Background

Large, global polymer producer looking to take engineering solutions for automotive applications to the next level



### Cabot Solution

Powered by wide range of carbon particles and innovation capabilities – collaborated with customer teams in Europe and Asia to develop formulations in targeted applications while exploring next-gen solutions for trends such as mobility and communication



### Customer Result

- ◆ Expanded geographically from two to four regions over 4 years – doubling product offering and diversifying portfolio
- ◆ Increased revenues from \$1.0M to \$5.8M in same time period



### Validation

Supplier Innovation Award in 2021 out of ~350 strategic suppliers

# Robust Business Potential with 10%+ Annual EBIT Growth Expected Over Next 3 Years



## Continue strong organic demand growth

Focused on growth in target markets including auto, infrastructure, and consumer



## Leverage recent bolt-on acquisitions

To expand participation in Americas and Southeast Asia



## Increase sustainability in new product development

To meet needs of an evolving sustainability-focused customer base



## Expand capacity

Operational improvements plus investment in Indonesia (expected completion in 2023) to meet growing demand



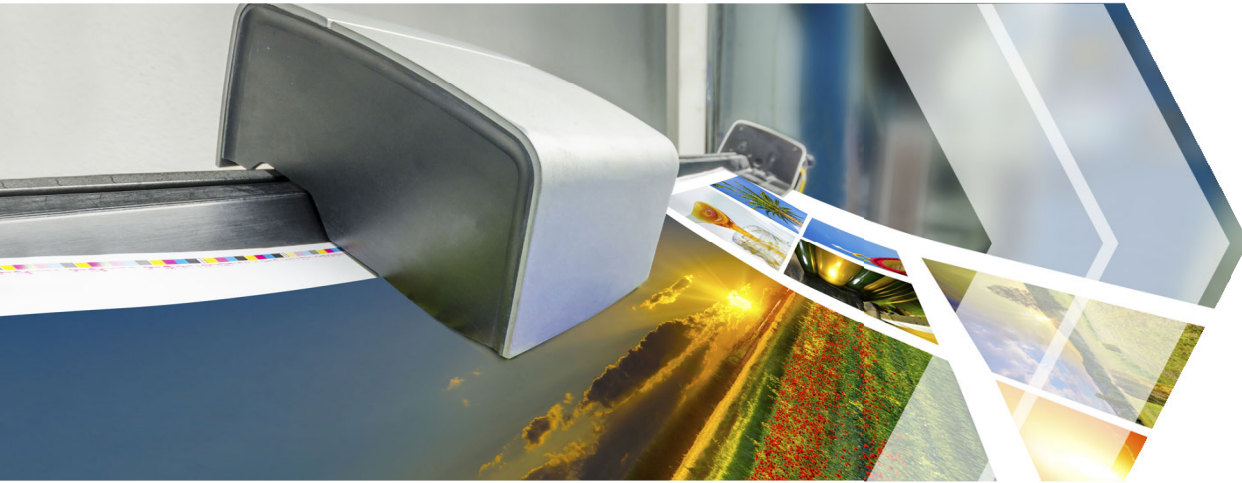
## Explore further bolt-on acquisitions

To extend capabilities and fuel future growth

Delivering Strong Growth and RONA



# INKJET



# Inkjet Production Printing Industry Value Chain

Dispersion is a critical control point in formulation design

## Ingredients

- ◆ Leverage expertise and intellectual property in carbon black and particle treatment



Colored Pigment



Specialty Carbon

## Formulation

- ◆ Multiple dispersion platforms facilitates accelerated product development
- ◆ Close partnership with OEM ink teams delivers business longevity and performance improvements

### Formulation Control Points



Black and Color Pigment Dispersions



OEM Ink Formulation

## Product

- ◆ Pulls next-gen products in line with system and market requirements



OEM Inkjet Printer



Printer / Converter

■ Cabot Participation

Uniquely Positioned in Inkjet Industry Value Chain

# Inkjet at a Glance

## Overview

- ◆ Major trend away from analog to digital printing supports shorter runs allowing more customization and less waste
- ◆ Commercial printing is now ~20% digital due to smaller run printing for books and customization of other print
- ◆ Packaging in early stages of shift to digital and represents significant growth opportunity; Corrugated packaging expected to be first market to shift
- ◆ Inkjet has larger share (at expense of laser) in office/consumer due to work-from-home trend

## Competitive Landscape



### Competitive Advantages:

- ◆ Only player in proprietary “small molecule” technology
- ◆ Broadest technology platform
- ◆ Incumbency at leading OEMs in Corrugated Packaging

## Key Segments

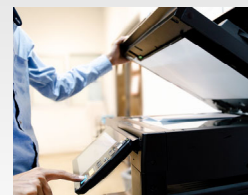
### Packaging



### Commercial



### Office



### Work-from-home



# Shift from Analog to Digital Creates Significant Opportunity for Inkjet Technology

## Shift from analog to digital

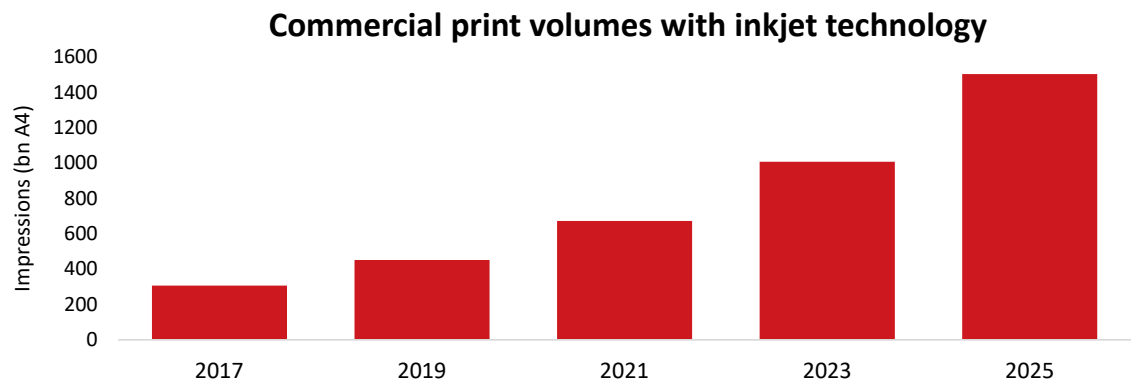
- ◆ Facilitates shorter print run lengths with less waste
- ◆ Meets increased demand for customization
- ◆ Enables more efficient supply chains with print-on-demand and lower working capital

## Inkjet technology enables shift

- ◆ Quality, productivity and cost
- ◆ Compelling sustainability benefits due to inherently less waste and reduced use of organic inks

## Case Study: Commercial Printing

- ◆ Technology has reached an inflection point and is poised to grow aggressively over next 5 years as digital printing takes hold in segments like book printing, direct mail and brochures
- ◆ Inkjet volumes in commercial printing have more than doubled since 2017 and are expected to more than double again by 2025



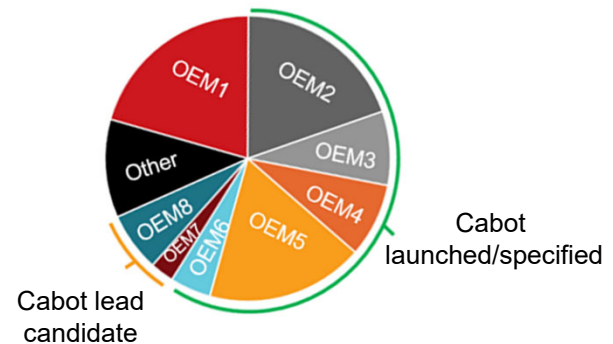
Dispersion Performance Has Been a Key Enabler to Drive Digitization

# In a Leading Position as Corrugated Packaging Starts Digital Adoption

- ◆ Packaging market is >5x size of commercial, office, and work-from-home combined
- ◆ Digitization journey for packaging has begun and corrugated sub segment is expected to be first to convert
- ◆ Pigment dispersion: strong cost & performance control point
- ◆ Five OEMs have launched or announced presses where Cabot is specified for ink - Cabot is tracking ~50% market share and in a position to maintain that level going forward
- ◆ Expect digital penetration in corrugated to hit ~10% in 2027 from ~1% today resulting in ~50% growth through 2027 (CAGR)



Cabot view of OEM share in 2027 for post-print corrugated



OEMs include: Bobst, Canon, EFI, Hanway, HP, Koenig & Bauer, Wonder, Xeikon

# Winning in Packaging: Leveraging Capabilities and Breadth of Technology

	Solution	Early Engagement	Competitive Advantage
<b>Major established analog OEM launching water-based inkjet presses</b>	IP-protected surface modified technology adopted due to unique interaction between dispersion chemistry and pre-coat technology	Enabled advantaged position to get specified into formulations	Winning through strong technical competitive advantage combined with customer engagement
<b>Established digital OEM launching water-based packaging presses</b>	IP-protected "EPD" <sup>1</sup> technology adopted due to designed interaction with formulation and alignment around pricing roadmaps	Critical in establishing Cabot as go-to development partner	Connecting ink formulation with dispersion design

**Early incumbency at OEMs creates durable competitive advantage as systems are designed around dispersion choice**

# Digitization in Commercial and Packaging Driving Potential for Transformative Growth



## Digitization drives significant inkjet demand

Revenue expected to grow 20%+ CAGR from FY21- FY24



## Commercial and packaging segments driving growth

Leading position due to technical capabilities and breadth; tracking 50%+ share in corrugated packaging



## Investments for increased capacity aligned with demand growth

Expect to spend \$55M in capex over next 3 years to increase scale of existing U.S. facility and begin work on next manufacturing location



## High-growth, high-ROA business

Anticipate 25%+ EBIT growth (CAGR) from FY21-FY24 with 30%+ ROA

**Inkjet Expected to Deliver Strong Growth and ROA**

# Performance Chemicals – Looking Ahead

Differentiated opportunities enable 9-11% expected volume CAGR

## Specialty Carbons

- ◆ Xuzhou capacity addition
- ◆ Broad conductive carbon portfolio benefitting from macro trends

## Battery Materials

- ◆ Rapid growth of EVs
- ◆ Complete CCA portfolio
- ◆ Global footprint
- ◆ Capacity additions
- ◆ 50%+ expected EBIT CAGR

## Fumed Metal Oxides

- ◆ GDP+ end market growth
- ◆ Attractive industry structure
- ◆ Strategic plant locations and capacity additions

## Specialty Compounds

- ◆ Unique downstream position
- ◆ Capacity addition in Asia
- ◆ An industry-leading RONA
- ◆ 10%+ expected EBIT CAGR

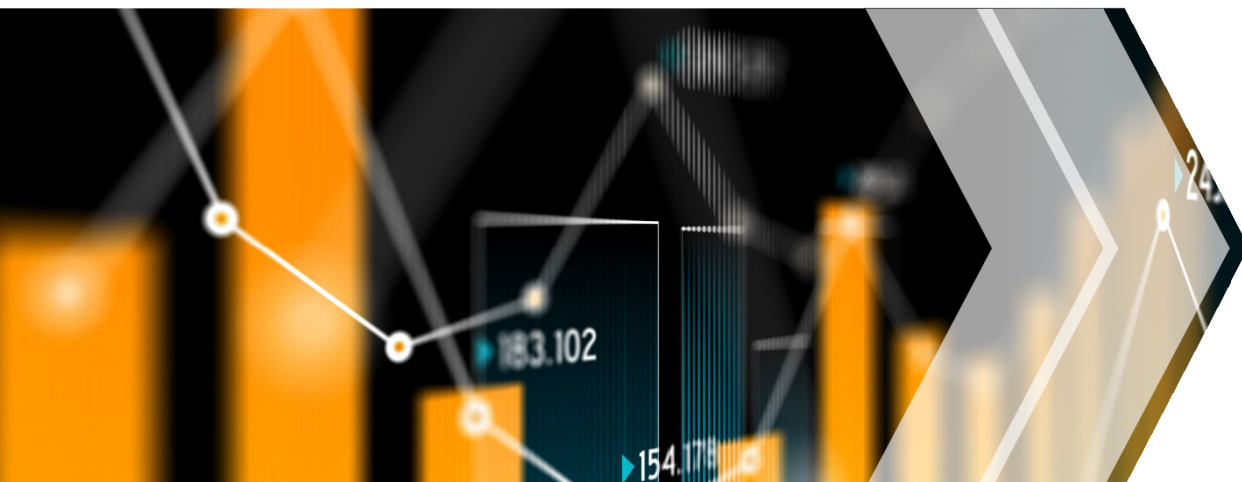
## Inkjet

- ◆ Capacity additions to meet rapid growth in commercial and packaging segments
- ◆ 25%+ expected EBIT CAGR

**Well-Positioned to Deliver 12-15% EBIT CAGR from 2021-2024**



# Financial Framework



Erica McLaughlin

SVP & CFO

# Financial Update | Key Messages

1

**Strong Execution  
Resulted in Robust  
Financial Results  
through Fiscal 2021**

2

**Disciplined  
Balance Sheet  
Management  
Enables Growth  
Strategy**

3

**Capital Allocation  
Priorities Focused  
on Accelerating  
Growth and  
Creating  
Shareholder Value**

4

**Step up in DFCF<sup>1</sup> is  
Expected to Fund  
Strategic Bolt-on  
Acquisitions and  
Shareholder  
Returns**

# Robust Financial Performance

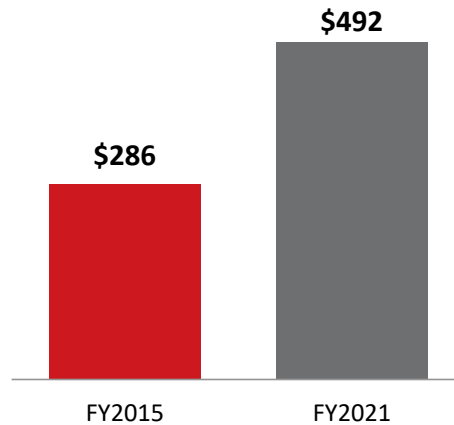
**Adjusted EPS<sup>1</sup>**  
(\$)

**+12%**  
CAGR



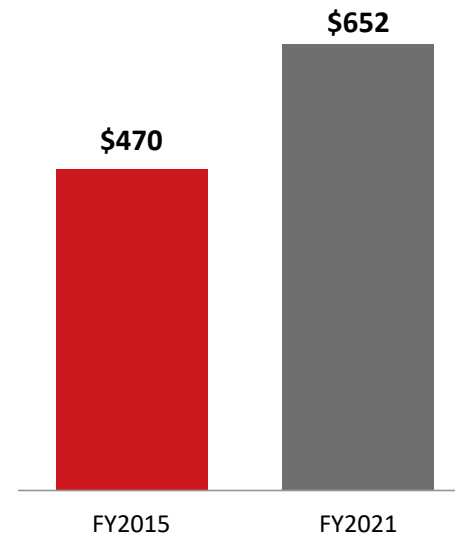
**Adjusted EBIT<sup>1</sup>**  
(\$M)

**+10%**  
CAGR

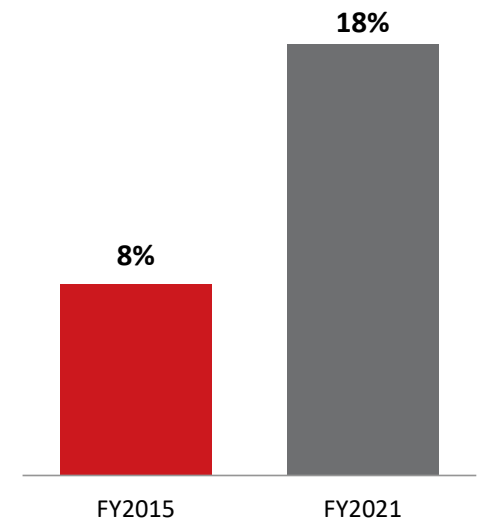


**Adjusted EBITDA<sup>1</sup>**  
(\$M)

**+6%**  
CAGR



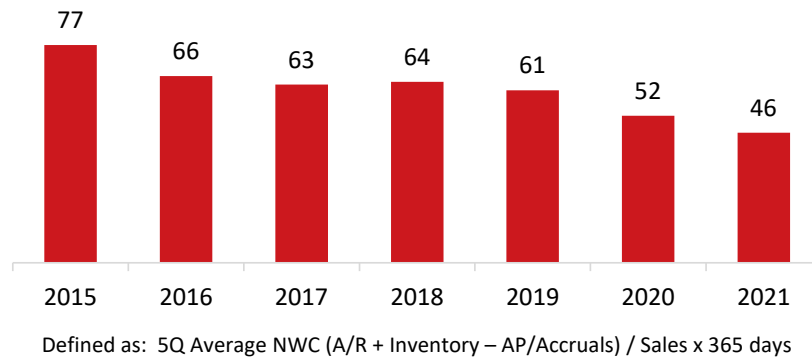
**Adjusted ROIC<sup>1</sup>**  
(\$M)



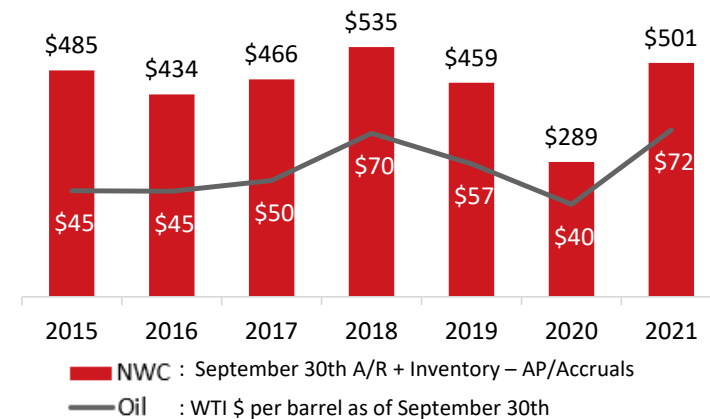
**Driven by Successful Execution of Strategy**

# Significant Improvement in Net Working Capital

## Net Working Capital Days



## Net Working Capital (\$M)

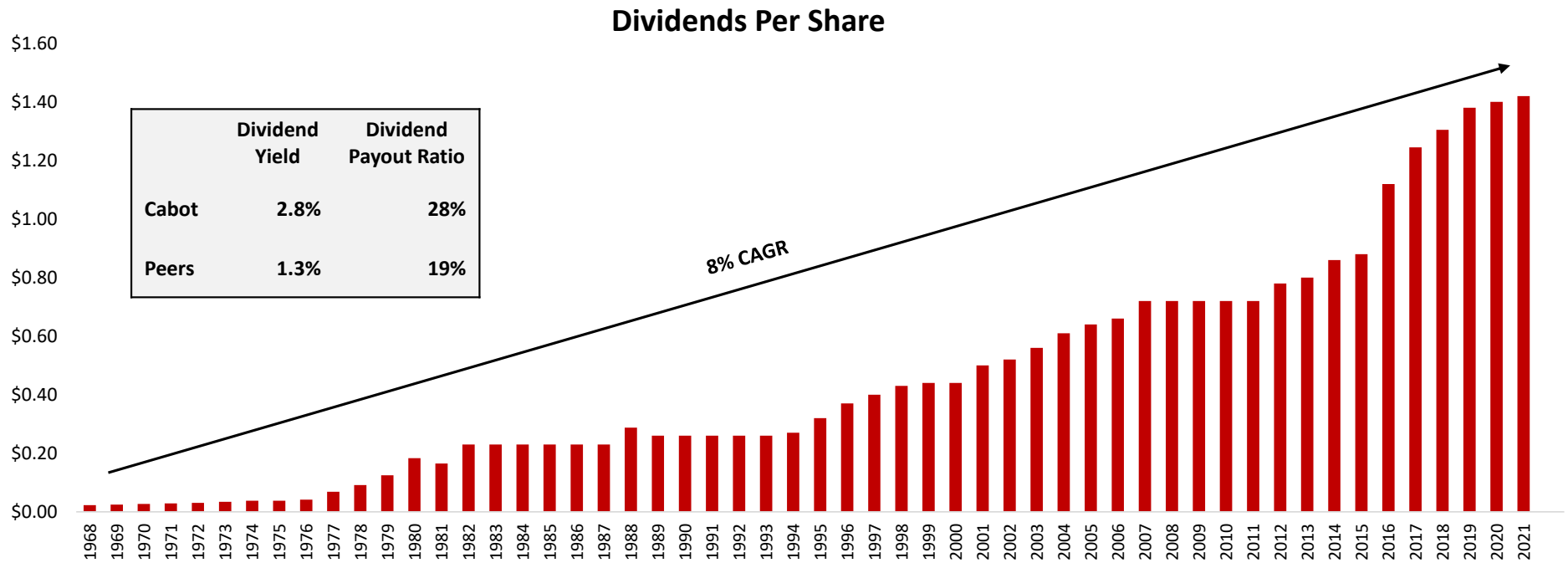


- ◆ Significant reduction in inventory levels
- ◆ Past Dues reduced from 6% to 2%
- ◆ Successfully improved supplier payment terms

- ◆ Working Capital Rule of Thumb
  - \$1 change in oil prices = ~\$5M of working capital

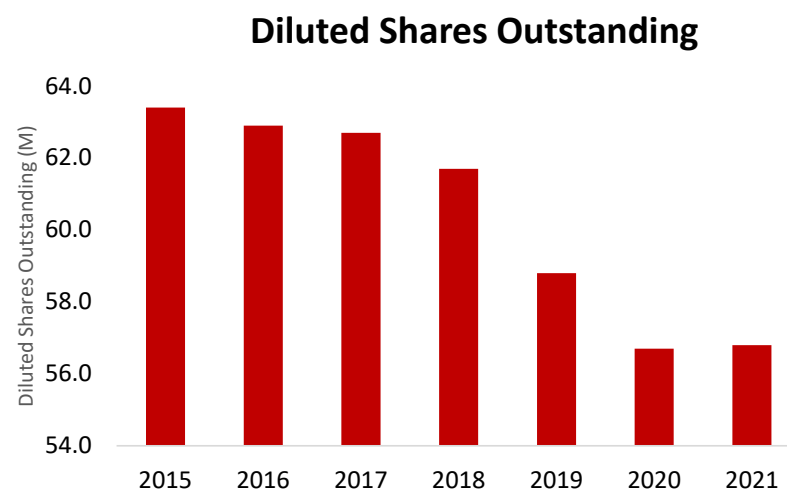
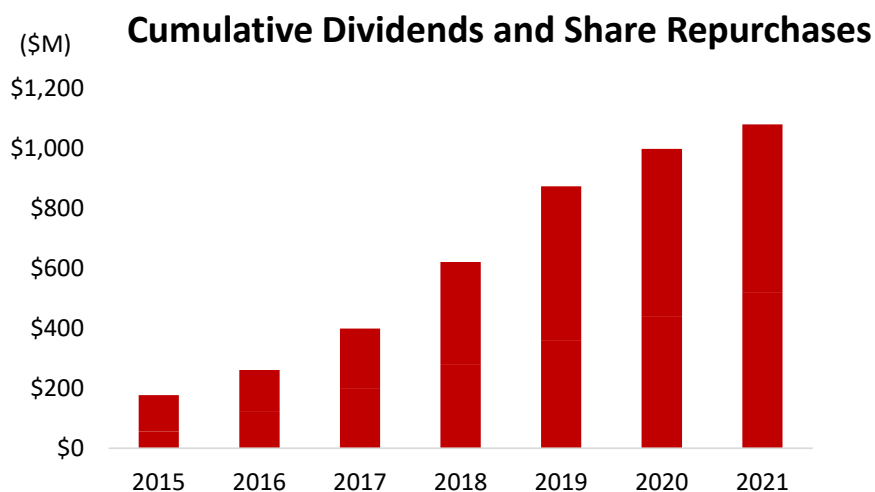
**Lower Days Largely Offset Higher Oil Prices and Growth in the Business**

# Uninterrupted Dividend Payment



**Consistent Dividend Payment for Over 50 Years with Regular Increases for an Industry-Leading Dividend Yield**

# Returned over \$1B to our Shareholders 2015-2021

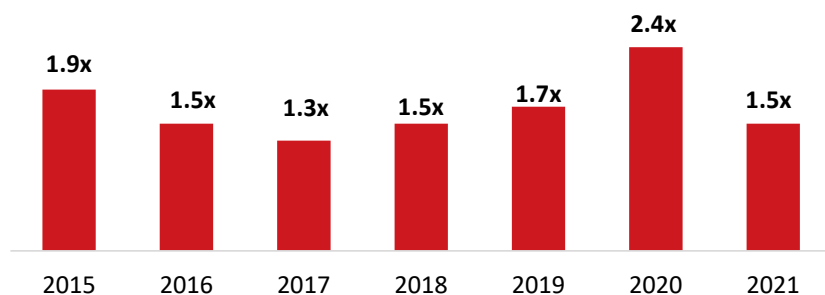


- ◆ Dividends and repurchases totaled 64% of DFCF<sup>1</sup> from FY'15-21
- ◆ Reduced share count by 10% since 2015

**Dividends and Repurchases Remain a Core Part of Our Capital Allocation Framework**

# Disciplined Balance Sheet Management

**Net Debt/Adjusted EBITDA<sup>1</sup>**



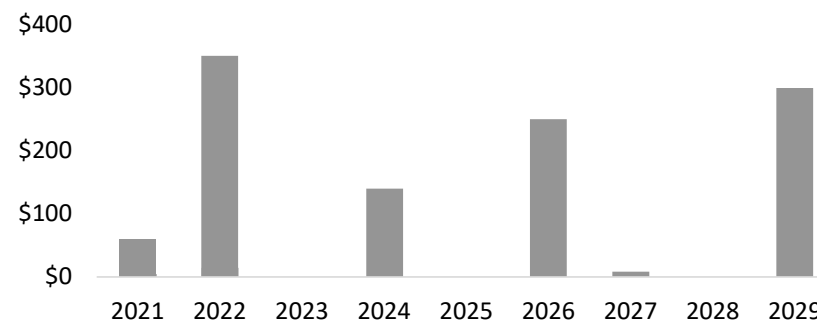
**Key Financial Metrics<sup>2</sup>**

Adjusted EBITDA <sup>1</sup>	\$652M
Cash Balance	\$168M
Gross Debt	\$1,162M
DFCF <sup>1</sup>	\$353M

**Liquidity/Credit Ratings**

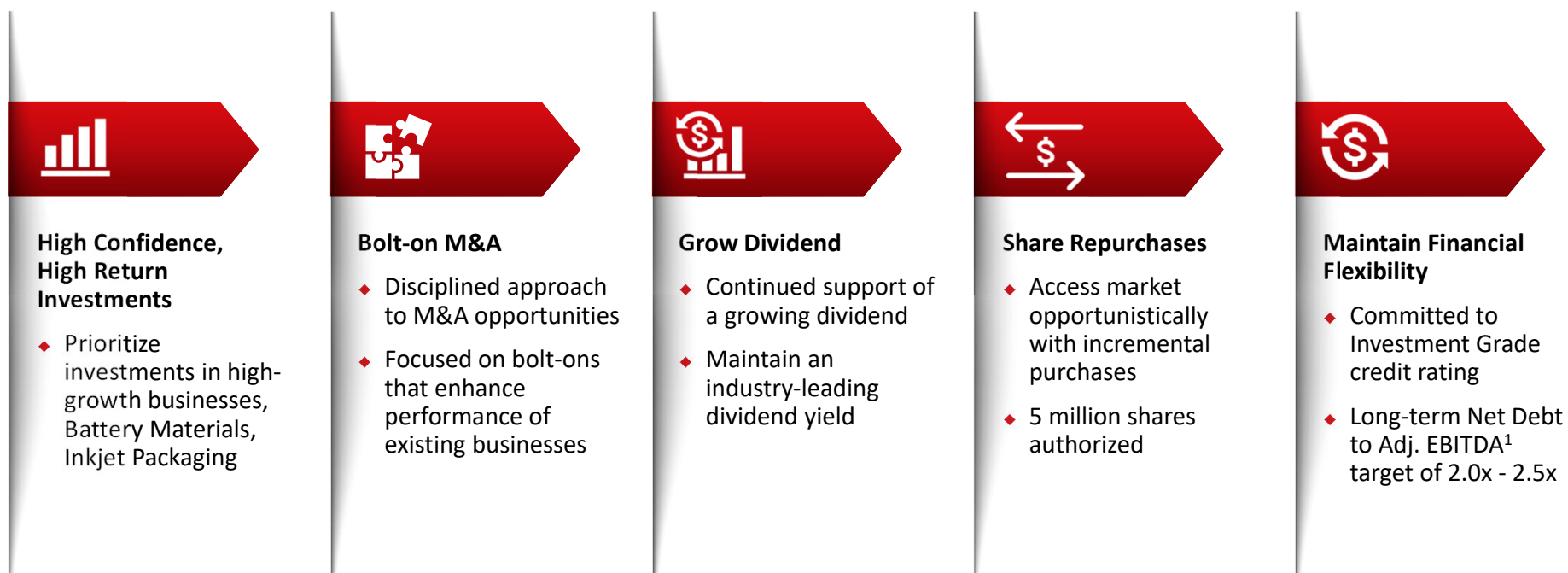
- ◆ Significant liquidity (\$1.3B); \$1B untapped credit revolver
- ◆ 2022 bonds expected to be refinanced in fiscal Q3 FY22
- ◆ Committed to maintaining Investment Grade credit rating (S&P: BBB Stable; Moody's: Baa2 Stable)

**Maturity Profile (\$M)**



# Capital Allocation Framework

Supports *Creating for Tomorrow* Growth Strategy



**Disciplined Execution with a Flexible Balance Sheet**



# 3-Year Outlook for Business Segments

	Reinforcement Materials	Performance Chemicals
Volume CAGR	2-3%	9-11%
EBIT CAGR	5-9%	12-15%
Average CapEx Per Year	~\$130M	~\$140M
	Focused on maintenance and compliance capital and added capacity in Indonesia	Focused on growth capital in differentiated spaces, such as batteries and inkjet packaging

**Positioned to Grow at or above Market**

# Driving Growth across the Portfolio



## Building on Record Results

- ◆ Leveraging our advantaged positions across our businesses
- ◆ Delivering growth in differentiated end markets, such as batteries and inkjet packaging
- ◆ Driving sustainability across everything we do

## Total Segment EBIT<sup>1</sup> (\$M)



Well-Positioned to Drive EBIT Growth across Our Businesses

# Capital Expenditures

Investing in our high growth businesses, *Creating for Tomorrow*

## Capex Targets and Focus Areas

- ◆ Anticipate ~\$125M per year of maintenance and compliance capital spending
- ◆ Ensure we maintain our world-class assets for reliable supply to customers
- ◆ Focused on high-return projects where we have an advantaged position
- ◆ Total capex spend expected to be \$200M - \$300M per year for the next 3 years

Key Growth Projects	2022-2024 Capex
<b>Performance Chemicals   Performance Additives</b> <b>Specialty Carbons &amp; Battery Materials Growth - Xuzhou acquisition</b> 50,000 metric tons of additional capacity	~\$27M (\$30M spent to date)
<b>Expansion of Battery Capacity (CNTs and CB)</b> 30,000 metric tons of additional capacity	~\$105M
<b>FMO Capacity Expansions in China</b> 5,000 to 8,000 metric tons of capacity	~\$30M
<b>Performance Chemicals   Formulated Solutions</b> <b>Inkjet Capacity Expansion</b> More than double capacity	~\$55M
<b>Reinforcement Materials</b> <b>Carbon Black Capacity Expansion in Cilegon, Indonesia</b> ~80,000 metric tons of capacity	~\$60M

**Investments to Support Growth Funded from Operating Cash Flow**

# 3-Year Consolidated Financial Targets

Reflect new level of Earnings and Cash Flow

<b>Adjusted EPS<sup>6</sup> CAGR</b>	<b>8-12%</b>
<b>Discretionary Free Cash Flow (DFCF)<sup>6</sup></b>	<b>\$1B+ over 3 years</b>
<b>Average Capex Per Year</b>	<b>\$200M-300M</b>

## KEY MACRO DRIVERS & CAGR ASSUMPTIONS

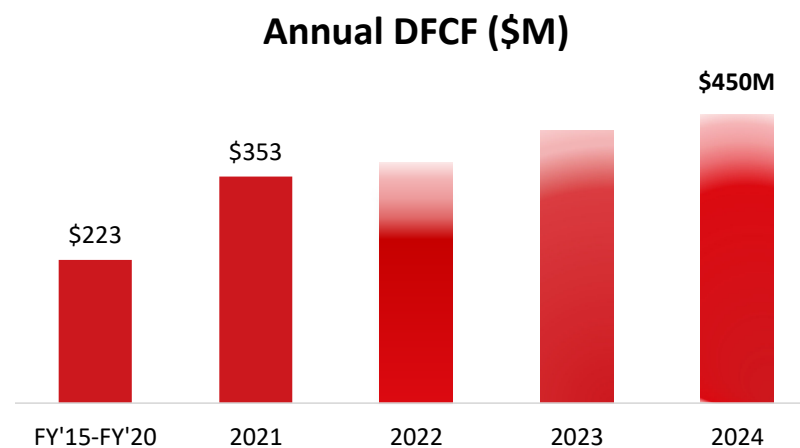
Global GDP <sup>1</sup>	3-4%
Tire Production <sup>2</sup>	3%
Auto Builds <sup>3</sup>	8%
Polymer Demand (Plastics) <sup>4</sup>	5-6%
Lithium-ion Battery Demand <sup>5</sup>	30%+
Inkjet Packaging	50%+
Oil Prices	Forward curve
Foreign Currency Exchange Rates	Current rates
Operating Tax Rate <sup>6</sup>	26-29%

**Driven by Strong Base Businesses and High Margin Growth Opportunities**

# Discretionary Free Cash Flow (DFCF)<sup>1</sup>

Robust and Growing DFCF generation

- ◆ Generated \$223M of DFCF on average per year from 2015-2020
- ◆ Strong underlying Adj. EBITDA<sup>1</sup> drove step-up in DFCF starting in 2021
- ◆ Expect DFCF to grow to \$450M in FY'24 as we execute our **Creating for Tomorrow** strategy
  - Growing operating cash flow from higher EBITDA
  - Moderating changes in net working capital as compared to 2021 as oil prices level out
  - Similar levels of maintenance and compliance capital expected



(\$M)	<u>2015-2020</u>	<u>2021</u>
Cash Flow from Operating Activities	\$380	\$257
Less: Changes in Net Working Capital	\$43	(\$222)
Less: Sustaining & Compliance Capital Expenditures	<u>\$114</u>	<u>\$126</u>
<b>Discretionary Free Cash Flow (DFCF)</b>	<b>\$223</b>	<b>\$353</b>

**\$1B+ of DFCF Expected to be Generated over Next Three Years**

# Compensation Programs Aligned with Targets

## Short-term Incentive Program

Adjusted EBIT, Net Working Capital Days, Discretionary Free Cash Flow

## Long-term Incentive Program

Adjusted EPS, Adjusted RONA

Continuous improvement expected in ESG performance aligned with our 2025 goals

Align Compensation with Execution of Business Strategy and Reward Measurable Results

# M&A Opportunities

## STRATEGIC FOCUS AREAS

### Accretive bolt-on acquisitions to support strategy could drive incremental growth above targets

- ◆ Capability and capacity acquisitions in high growth segments
  - Batteries
  - Inkjet Packaging
  - Conductive Carbons
  - Black Masterbatch
- ◆ Increase scale in attractive carbon black segments and geographies
- ◆ Access to technologies related to Sustainable Materials, Batteries, Conductive Materials

## INVESTMENT CRITERIA

Growth and/or  
Margin Enhancing

Accretive to Earnings

Strengthens Business  
Competitive Position

ROIC<sup>1</sup> > Cost of  
Capital within 3-5  
years

# Financial Framework | Key Takeaways

- 1 Strong Execution Resulted in Robust Financial Results through 2021**
- 2 Disciplined Balance Sheet Management Enables Growth Strategy**
- 3 Capital Allocation Priorities Focused on Accelerating Growth and Creating Stakeholder Value**
- 4 Step up in DFCF<sup>1</sup> Expected to Fund Strategic Acquisitions and Shareholder Returns**





# CLOSING REMARKS



Sean Keohane

President & CEO

# Looking Ahead



Core businesses remain well positioned for growth



Elevated growth levels driven by high potential product lines



Advantaged growth investments funded by strong cash flow and balance sheet



***Creating for Tomorrow*** strategy calls for further integrating sustainability in everything we do

# Q&A



# Appendix

# Use of Non-GAAP Financial Measures

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, adjusted EBITDA, adjusted return on invested capital (ROIC), discretionary free cash flow (DFCF) and operating tax rate, which are non-GAAP measures. Reconciliations of Adjusted EPS to net income (loss) per share attributable to Cabot Corporation, the most directly comparable GAAP financial measure, Total Segment EBIT, Total Segment EBITDA, and Adjusted EBITDA to income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, the most directly comparable GAAP financial measure of each such non-GAAP measure, operating tax rate to effective tax rate, the most directly comparable GAAP financial measure and Free Cash Flow and Discretionary Free Cash Flow to Cash flow from operating activities, the most directly comparable GAAP financial measure, are included in the following slides.

Cabot does not provide an expected GAAP EPS range or reconciliation of the Adjusted EPS range with an expected GAAP EPS 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 includes forecasted “total segment EBIT” but does not include a reconciliation to the most directly comparable GAAP financial measure income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies 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.

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 included in the effective tax rate. Discrete tax items are comprised of (i) unusual or infrequent items, (ii) items related to uncertain tax positions, and (iii) other tax items, such as the impact from the timing of losses in certain jurisdictions and cumulative tax rate adjustments. The operating tax rate also excludes 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.

Cabot does not provide a forward-looking reconciliation of the operating tax rate range with an effective tax 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 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. To calculate “Free Cash Flow” we deduct capital expenditures as disclosed in the consolidated statement of cash flows (as Additions to property, plant and equipment) from cash flow from operating activities.

# Use of Non-GAAP Financial Measures

## Explanation of Terms Used

EBITDA Margin by product line is calculated by dividing estimated net income (loss), including depreciation and amortization, by estimated revenues

Adjusted return on net assets (“adjusted RONA”) by product line presented for the Performance Chemicals segment is calculated by dividing the twelve months’ estimated adjusted net income (loss) (a non-GAAP numerator) by adjusted net assets (a non-GAAP denominator). In the numerator, we estimate the product line’s portion of Segment EBIT, a GAAP measure, and reduce that by estimated allocations of interest income and expense, unallocated corporate costs and general unallocated income and expense. The denominator consists of estimates of our year-end operating assets for the product line, which are: net property, plant and equipment; adjusted net working capital; and investments in equity affiliates.

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

# Non-GAAP Reconciliations

## Adjusted EPS

<b>Per Share/Fiscal Year</b>	<b>FY 2015<sup>1</sup></b>	<b>FY2021</b>
Net income (loss) per share attributable to Cabot Corporation	\$ (5.49)	\$ 4.34
Less: Net income (loss) per share from discontinued operations	0.02	-
Net income (loss) per share from continuing operations	(5.51)	4.34
Less: Certain items per share and dilutive impact of shares	(8.00)	(0.68)
<b>Adjusted earnings per share</b>	<b>\$ 2.49</b>	<b>\$ 5.02</b>

1. Amounts have been recast to reflect the retrospective application of the Company's election to change its inventory valuation method of accounting for its U.S. carbon black inventories from the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method.

# Non-GAAP Reconciliations

## Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin

Dollars in Millions/Fiscal Year	FY 2015 <sup>1</sup>	FY 2021
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ (399)	\$ 406
Interest expense	53	49
Certain items	617	34
General unallocated income (expense)	11	-
Equity in earnings of affiliated companies	4	3
<b>Adjusted EBIT</b>	<b>286</b>	<b>492</b>
Total Depreciation & Amortization	183	160
Adjustments to Depreciation <sup>(2)</sup>	1	-
<b>Adjusted EBITDA</b>	<b>\$ 470</b>	<b>\$ 652</b>
Net sales and other operating revenues	2,871	3,409
<b>Adjusted EBITDA Margin</b>	<b>16%</b>	<b>19%</b>

1. Amounts have been recast to reflect the retrospective application of the Company's election to change its inventory valuation method of accounting for its U.S. carbon black inventories from the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method.
2. (Adjustments to depreciation includes the addition of the depreciation expense of a contractual joint venture in Purification Solutions and Corporate depreciation less accelerated depreciation expense not allocated to a business.



# Non-GAAP Reconciliations

## Segment EBITDA and Segment EBITDA Margin

<b>(\$M)/Fiscal Year</b>	<b>FY 2015</b>	<b>FY 2021</b>
Reinforcement Materials EBIT	\$ 143	\$ 329
Plus: Depreciation & Amortization	83	70
<b>Reinforcement Materials EBITDA</b>	<b>\$ 226</b>	<b>\$ 399</b>
Reinforcement Materials Sales	1,507	1,781
<b>Reinforcement Materials EBITDA Margin</b>	<b>15%</b>	<b>22%</b>
Performance Chemicals EBIT	\$ 178	\$ 211
Plus: Depreciation & Amortization	54	73
<b>Performance Chemicals EBITDA</b>	<b>\$ 232</b>	<b>\$ 284</b>
Performance Chemicals Sales	927	1,148
<b>Performance Chemicals EBITDA Margin</b>	<b>25%</b>	<b>25%</b>

# Non-GAAP Reconciliations

## Total Segment EBIT

<b>(\$M)/Fiscal Year</b>	<b>FY2021</b>
<b>Income (loss) before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 406</b>
Less: Certain items	(34)
Less: Other Unallocated items	(110)
<b>Total Segment EBIT</b>	<b><u>\$ 550</u></b>

# Non-GAAP Reconciliations

## Adjusted Return on Invested Capital (ROIC)

(\$M)/Fiscal Year	FY 2015 <sup>1</sup>	FY 2021
<b>Numerator - Adjusted net income (loss):</b>		
Net income (loss) attributable to Cabot Corporation	\$ (334)	\$ 250
Less: Certain items, net of tax benefit (provision)	(510)	(38)
Less: Net income attributable to noncontrolling interests	(8)	(36)
Less: Net Interest income and expense, net of tax <sup>(2)</sup>	(36)	(30)
<b>Adjusted net income (loss)</b>	<b>\$ 220</b>	<b>\$ 354</b>
<b>Denominator - Adjusted invested capital<sup>(3)</sup>:</b>		
Total Cabot Corporation stockholders' equity	\$ 1,604	\$ 845
Plus: Noncontrolling interests	113	136
Plus: Total Debt	1,095	1,136
Plus: Purification Solutions impairment charges, net of tax	(193)	-
Less: Cash and cash equivalents	82	157
Less: Certain items, net of tax <sup>(4)</sup>	(212)	(13)
<b>Adjusted invested capital</b>	<b>\$ 2,749</b>	<b>\$ 1,973</b>
<b>Adjusted return on invested capital</b>	<b>8%</b>	<b>18%</b>

1. Amounts have not been recast to reflect the retrospective application of the Company's election to change its inventory valuation method of accounting for its U.S. carbon black inventories from the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method.
2. Tax on interest expense and interest income is calculated using the Company's fiscal 2015 and 2021 actual operating tax rates of 26% and 27% respectively.
3. Each component of adjusted invested capital is calculated by averaging the previous five quarter ending balances.
4. Four quarter certain items rolling average

# Non-GAAP Reconciliations

## Operating Tax Rate & Net Debt to Adjusted EBITDA

<b>(\$M)/Fiscal Year</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Current portion of long-term debt & Short-term borrowings	\$ 23	\$ 8	\$ 263	\$ 284	\$ 40	\$ 21	\$ 445
Long-term debt	970	918	661	719	1,024	1,094	717
Total Debt	993	926	924	1,003	1,064	1,115	1,162
Less: Cash	77	200	280	175	169	151	168
Net Debt	916	726	644	828	895	964	994
Adjusted EBITDA	470	489	514	571	541	399	652
<b>Net Debt to Adjusted EBITDA</b>	<b>1.9</b>	<b>1.5</b>	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>	<b>2.4</b>	<b>1.5</b>

<b>(\$M)/Fiscal Year</b>	<b>FY 2021</b>	
	<b>(Provision) / Benefit for Income Taxes</b>	<b>Rate</b>
Effective Tax Rate	\$ (123)	30%
Less: Non-GAAP tax adjustments <sup>(1)</sup>	(4)	
Operating tax rate	\$ (119)	27%

1. 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.

# Non-GAAP Reconciliations

## Discretionary Free Cash Flow (DFCF)

<b>(\$M)/Fiscal Year</b>	<b>FY 2021</b>
Cash flow from operating activities	\$ 257
Less: Changes in net working capital	(222)
Less: Sustaining and compliance capital expenditures	126
<b>Discretionary Free Cash Flow</b>	<b>\$ 353</b>



# Leadership Bios

# Leadership Bios



## **Sean Keohane**

President and Chief Executive Officer

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Sean Keohane is president and chief executive officer of Cabot Corporation and a member of the Board of Directors. Since joining Cabot in 2002, Sean has held numerous key management positions including president of the Reinforcement Materials segment, president of the Performance Chemicals segment and president of the Asia Pacific region. Prior to joining Cabot, Sean worked for Pratt & Whitney, a division of United Technologies, in a variety of general management positions. Sean earned his MBA from Harvard University and a BS in Finance from Providence College. Sean also serves on the Board of Directors of The Chemours Company (NYSE: CC) the American Chemistry Council and is a Trustee of Dexter Southfield School and the Boston Latin School Association.



## **Erica McLaughlin**

SVP and Chief Financial Officer

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Erica McLaughlin joined Cabot in 2002 and has held a variety of roles within the finance organization and Cabot's global businesses, most recently as vice president of business operations for the Reinforcement Materials segment and general manager of the tire business. Since joining the company, she has held a number of senior leadership positions including vice president of investor relations and corporate communications, as well as global director of strategy, planning and finance for Cabot's core segment. Prior to joining Cabot, Erica worked for KPMG, LLP in their audit services division. She is a Certified Public Accountant and earned an MBA and a BS in accounting from Boston College. Erica also serves on the Board of Directors for Brooks Automation, Inc. and the New York Advisory Board for FM Global.

# Leadership Bios



## **Martin O'Neill**

SVP, Safety, Health & Environment and Government Affairs

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Martin O'Neill joined Cabot in 2000. Since joining Cabot, Martin has held several key positions including director of SH&E for the former Cabot supermetals business, plant general manager for the company's tantalum manufacturing operations in Boyertown, Pennsylvania, USA and general manager of the TANCO mining operation in Manitoba, Canada. Prior to joining Cabot, Martin was director of SH&E for North and South America with AMP Incorporated/Tyco Electronics and worked in consulting for 15 years. Martin earned his MS in Environmental Science from Drexel University and a BA in Ecology from Rutgers College. He is a member of the American Industrial Hygiene Association and serves on the Board of Trustees for Boston Harbor Now. In addition, he is a member of the Advisory Board for HomeStart, Inc. and the Norwell Visiting Nurses Association (NVNA).



## **Bart Kalkstein**

SVP & President, Reinforcement Materials & Americas Region

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Bart Kalkstein joined Cabot in 2005. Since joining the company, Bart has held several key management positions within the company, most recently as vice president of corporate strategy and development. He was also vice president of global business operations and general manager of global emission control solutions for the Purification Solutions segment, vice president of business operations and executive director of marketing and business strategy for the Performance Chemicals segment, and general manager of the aerogel business. Prior to joining Cabot, Bart worked for Boston Consulting Group. Bart earned his MBA from Harvard University and a BSE in Civil Engineering and Operations Research at Princeton University.



# Leadership Bios



## Jeff Zhu

SVP & President, Performance Additives & Asia Pacific Region

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Jeff Zhu joined Cabot in 2012. Prior to joining the company, he spent 18 years with Rhodia (and its predecessor Rhone-Poulenc) where he served in a variety of regional and global business leadership roles, including Asia Pacific regional commercial director, regional vice president and general manager of Novecare, and vice president and global director of electronics and catalysis. He serves as the chairman of the board of the Association of International Chemical Manufacturers (AICM) and he also serves on the Senior International Advisory Board to ShaanXi Province. Jeff's most recent experience before joining Cabot was with Asia Pacific Resources International Holding Limited (APRIL), a multi-billion USD privately owned global paper and pulp company, where he served as head of global sales. Jeff earned his M.Sc in Chemistry from National University of Singapore and a distinction MBA from the University of Hull, UK.



## Aaron Johnson

SVP & President, Purification Solutions; President, Formulated Solutions

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Aaron Johnson joined Cabot in 2005 and has held a variety of leadership positions, most recently as vice president and general manager of Cabot's specialty carbons business within the Performance Additives segment. He was also vice president and general manager for the EMEA specialty compounds business, vice president for business development in the Asia Pacific (AP) region, and vice president for the AP region for the Purification Solutions segment. Before joining Cabot, Aaron worked for The Boston Consulting Group. He earned his MBA from the Massachusetts Institute of Technology's Sloan School of Management and a BS in Geology from Bates College.