

Third Quarter Earnings Announcement, Fiscal 2019

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

	Fiscal 2019 <sup>(A)</sup>				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<b>Reconciliation of Adjusted EPS to GAAP EPS</b>					
Net income (loss) per share attributable to Cabot Corporation	\$ 1.14	\$ 0.39	\$ 0.55	\$ —	\$ 2.08
Less: Certain items after tax	0.27	(0.60)	(0.45)	—	(0.78)
<b>Adjusted earnings per share</b>	<b>\$ 0.87</b>	<b>\$ 0.99</b>	<b>\$ 1.00</b>	<b>\$ —</b>	<b>\$ 2.86</b>

(A) Per share amounts are calculated after tax and, where applicable, noncontrolling interest, net of tax.

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
<b>Reconciliation of Segment EBIT to Net Income and Segment EBITDA Margin</b>					
<b>Net income (loss) attributable to Cabot Corporation</b>	<b>\$ 69</b>	<b>\$ 23</b>	<b>\$ 32</b>	<b>\$ —</b>	<b>\$ 124</b>
Net income (loss) attributable to noncontrolling interests	8	6	8	—	22
Equity in earnings of affiliated companies, net of tax	—	—	(1)	—	(1)
Provision (benefit) for income taxes	(7)	20	30	—	43
<b>Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies</b>	<b>\$ 70</b>	<b>\$ 49</b>	<b>\$ 69</b>	<b>\$ —</b>	<b>\$ 188</b>
Interest expense	15	14	14	—	43
Certain items	10	37	14	—	61
Unallocated corporate costs	12	13	14	—	39
General unallocated (income) expense	(2)	(1)	—	—	(3)
Less: Equity in earnings of affiliated companies	—	—	(1)	—	(1)
<b>Total Segment EBIT</b>	<b>\$ 105</b>	<b>\$ 112</b>	<b>\$ 112</b>	<b>\$ —</b>	<b>\$ 329</b>
Total Depreciation and amortization	35	38	37	—	110
Adjustments to depreciation <sup>(B)</sup>	—	(1)	—	—	(1)
<b>Total Segment EBITDA</b>	<b>\$ 140</b>	<b>\$ 149</b>	<b>\$ 149</b>	<b>\$ —</b>	<b>\$ 438</b>
Less: Unallocated corporate costs	12	13	14	—	39
<b>Adjusted EBITDA</b>	<b>\$ 128</b>	<b>\$ 136</b>	<b>\$ 135</b>	<b>\$ —</b>	<b>\$ 399</b>

(B) Adjustments to depreciation includes the addition of the depreciation expense of a contractual joint venture in Purification Solutions less accelerated depreciation expense not allocated to a business.

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Reinforcement Materials EBIT	\$ 62	\$ 61	\$ 72	\$ —	\$ 195
Reinforcement Materials Depreciation and amortization	16	17	18	—	51
<b>Reinforcement Materials EBITDA</b>	<b>\$ 78</b>	<b>\$ 78</b>	<b>\$ 90</b>	<b>\$ —</b>	<b>\$ 246</b>
Reinforcement Materials Sales	\$ 457	\$ 445	\$ 461	\$ —	\$ 1,363
<b>Reinforcement Materials EBITDA Margin</b>	<b>17%</b>	<b>18%</b>	<b>20%</b>	<b>—%</b>	<b>18%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Performance Chemicals EBIT	\$ 36	\$ 38	\$ 37	\$ —	\$ 111
Performance Chemicals Depreciation and amortization	12	13	12	—	37
<b>Performance Chemicals EBITDA</b>	<b>\$ 48</b>	<b>\$ 51</b>	<b>\$ 49</b>	<b>\$ —</b>	<b>\$ 148</b>
Performance Chemicals Sales	\$ 231	\$ 254	\$ 251	\$ —	\$ 736
<b>Performance Chemicals EBITDA Margin</b>	<b>21%</b>	<b>20%</b>	<b>20%</b>	<b>—%</b>	<b>20%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Purification Solutions EBIT	\$ (3)	\$ 1	\$ 1	\$ —	\$ (1)
Purification Solutions Depreciation and amortization	6	7	7	—	20
<b>Purification Solutions EBITDA</b>	<b>\$ 3</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ —</b>	<b>\$ 19</b>
Purification Solutions Sales	\$ 65	\$ 72	\$ 73	\$ —	\$ 210
<b>Purification Solutions EBITDA Margin</b>	<b>5%</b>	<b>11%</b>	<b>11%</b>	<b>—%</b>	<b>9%</b>

	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
Specialty Fluids EBIT	\$ 10	\$ 12	\$ 2	\$ —	\$ 24
Specialty Fluids Depreciation and amortization	1	—	—	—	1
<b>Specialty Fluids EBITDA</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 25</b>
Specialty Fluids Sales	\$ 19	\$ 24	\$ 13	\$ —	\$ 56
<b>Specialty Fluids EBITDA Margin</b>	<b>58%</b>	<b>50%</b>	<b>15%</b>	<b>—%</b>	<b>45%</b>

	Fiscal 2019				
	Dec. Q	Mar. Q	June Q	Sept. Q	FY 2019
<i>Dollars in millions</i>					
<b>Reconciliation of Discretionary Free Cash Flow</b>					
Cash flow from operating activities <sup>(C)</sup>	\$ (39)	\$ 90	\$ 115	\$ —	\$ 166
Less: Changes in net working capital <sup>(D)</sup>	(111)	22	16	—	(73)
Less: Sustaining and compliance capital expenditures	27	21	28	—	76
<b>Discretionary Free Cash Flow</b>	<b>\$ 45</b>	<b>\$ 47</b>	<b>\$ 71</b>	<b>\$ —</b>	<b>\$ 163</b>

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

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