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CABOT CORP REPORTS FOURTH QUARTER DILUTED EPS of \$4.10 and ADJUSTED EPS of \$1.65
Fiscal Year 2023 Diluted EPS of \$7.73 and Adjusted EPS of \$5.38

BOSTON (November 6, 2023)-- Cabot Corporation (NYSE: CBT) today announced results for its fourth quarter and fiscal year 2023.

Key Highlights

- ◆ Fiscal Year 2023 Diluted EPS of \$7.73 and Adjusted EPS of \$5.38; record fiscal year Reinforcement Materials segment EBIT of \$482 million
- ◆ Fiscal fourth quarter diluted EPS increased 150% year-over-year due to the partial release of a tax valuation allowance in the quarter
- ◆ Fourth quarter adjusted EPS increased 6% year-over-year driven by higher Reinforcement Materials segment EBIT
- ◆ Cash Flows from Operations of \$138 million in the fiscal fourth quarter driven by strong Reinforcement Materials segment EBIT
- ◆ Returned cash to shareholders of \$73 million in the quarter through \$23 million in dividends and \$50 million in share repurchases

(In millions, except per share amounts)	Three Months Ended		Twelve Months Ended	
	<u>9/30/23</u>	<u>9/30/22</u>	<u>9/30/23</u>	<u>9/30/22</u>
Net sales	\$ 965	\$ 1,112	\$ 3,931	\$ 4,321
Net income (loss) attributable to Cabot Corporation	\$ 234	\$ 94	\$ 445	\$ 209
Net earnings (loss) per share attributable to Cabot Corporation	\$ 4.10	\$ 1.64	\$ 7.73	\$ 3.62
Less: Certain items after tax per share	\$ 2.45	\$ 0.09	\$ 2.35	\$ (2.66)
Adjusted EPS	\$ 1.65	\$ 1.55	\$ 5.38	\$ 6.28

Sean Keohane, Cabot President and Chief Executive Officer commented: "I am pleased that we were able to deliver adjusted EPS of \$1.65 in the fourth quarter, which represents a 6% year-over-year improvement and the strongest quarter of our fiscal year 2023. We delivered adjusted EPS of \$5.38 for fiscal year 2023 despite lower demand in key end markets, a weak environment in China, and significant levels of customer destocking. We proactively navigated a challenging macro-environment by implementing strict cost management measures and demonstrating strong commercial execution to sustain robust margins. I am also pleased with

the strong cash performance in the fiscal year, where we generated \$595 million in operating cash flow. We used this robust cash flow generation to maintain our assets, invest for growth and return cash to shareholders. We paid \$88 million in dividends, including an 8% increase announced in May, and we repurchased \$98 million of shares. We also made significant strides in our sustainability agenda with the launch of our EVOLVE® Sustainable Solutions technology platform during the year, which we believe presents an exciting opportunity to offer our customers sustainable reinforcing carbons and other materials to meet their needs for increased circularity.”

Keohane concluded, “In fiscal 2023, we continued to execute against our *Creating for Tomorrow* strategy and advanced a number of strategic initiatives. We believe the investments that we have made throughout the year have laid the foundation for advantaged growth in the future. I thank our dedicated team across the globe, as their collective efforts during the fiscal year enabled us to navigate through a weak macro-economic environment and emerge even more resilient.”

Financial Detail

For the fourth quarter of fiscal 2023, net income attributable to Cabot Corporation was \$234 million (\$4.10 per diluted common share). Net income reflects an after-tax per share benefit from certain items of \$2.45. Adjusted EPS for the fourth quarter of fiscal 2023 was \$1.65 per share.

Segment Results

Reinforcement Materials – Fourth quarter fiscal 2023 EBIT in Reinforcement Materials increased by \$25 million compared to the fourth quarter of fiscal 2022. The increase in EBIT was principally driven by improved unit margins from better pricing and product mix in our calendar year 2023 customer agreements. Volumes declined by 2% due to lower volumes in the Americas and EMEA, partially offset by higher volumes in Asia, particularly in China.

Global and regional volume changes for Reinforcement Materials for the fourth quarter of fiscal 2023 as compared to the same quarter of the prior year are set forth in the table below:

	<u>Fourth Quarter Year-over-Year Change</u>
Global Reinforcement Materials	
Volumes	(2%)
Asia	3%
Europe, Middle East, Africa	(4%)
Americas	(7%)

Performance Chemicals – Fourth quarter fiscal 2023 EBIT in Performance Chemicals decreased by \$13 million compared to the fourth quarter of fiscal 2022 primarily due to lower unit margins from a less favorable product mix in the specialty carbons and fumed metal oxides product lines and pricing pressures in the fumed metal oxides and battery materials product lines. The overall impact of volumes on segment EBIT was slightly negative in the quarter, as a decrease in volumes year-over-year in the fumed metal oxides and inkjet product lines was partially offset by growth in the specialty carbons, specialty compounds and battery materials product lines.

Cash Performance – The Company ended the fourth quarter of fiscal 2023 with a cash balance of \$238 million. During the fourth quarter of fiscal 2023, cash flows from operating activities were a source of \$138 million. Capital expenditures for the fourth quarter of fiscal 2023 were \$78 million. Additional uses of cash during the fourth quarter included \$23 million for the payment of dividends and \$50 million for share repurchases.

Taxes – During the fourth quarter of fiscal 2023, the Company recorded a tax benefit of \$118 million for an effective tax rate of (93%). The provision reflected a \$158 million net benefit for non-GAAP tax adjustments primarily related to the partial release of a valuation allowance on U.S. deferred tax assets. The operating tax rate for fiscal year 2023 was 28%. We expect our operating tax rate for fiscal 2024 to be in the range of 28% to 30%.

Outlook

Commenting on the outlook for the Company, Keohane said, “Looking ahead to fiscal 2024, we expect the macro-economic environment to remain challenging, particularly in the near-term. Despite this challenging environment, we expect fiscal year 2024 adjusted earnings per share to be in the range of \$6.30 to \$6.80, driven by continued growth in our Reinforcement Materials segment. In addition, we anticipate strong operating cash flow driven by robust EBITDA assuming constant feedstock costs.”

Keohane continued, “Regarding our business outlook, in Reinforcement Materials, we anticipate volume growth in the low single digits in fiscal 2024 along with higher pricing and improved product mix in our 2024 calendar year customer agreements to drive year-over-year growth in segment EBIT. In our Performance Chemicals segment, we expect volumes overall to remain consistent with our fiscal fourth quarter, with some differences across product lines, and for margins to remain stable.”

Keohane concluded, “Going forward, we will continue to maintain our focus on cash generation and disciplined and balanced approach to capital allocation. We remain committed to investing in high-confidence, high-return projects, especially in Battery Materials. With a clear focus on executing our *Creating for Tomorrow* strategy, we believe we are well positioned to deliver significant value to our shareholders.”

Earnings Call

The Company will host a conference call with industry analysts at 8:00 a.m. Eastern time on Tuesday, November 7, 2023. The call can be accessed through Cabot’s investor relations website at <http://investor.cabot-corp.com>

About Cabot Corporation

Cabot Corporation (NYSE: CBT) is a global specialty chemicals and performance materials company headquartered in Boston, Massachusetts. The company is a leading provider of [reinforcing carbons](#), [specialty carbons](#), [battery materials](#), [engineered elastomer composites](#), [inkjet colorants](#), [masterbatches and conductive compounds](#), [fumed metal](#)

[oxides](#) and [aerogel](#). The Company regularly posts important information on its website and encourages investors and potential investors to consult the Cabot website, cabotcorp.com, regularly.

Forward-Looking Statements – This earnings release contains forward-looking statements. All statements that address expectations or projections about the future, including with respect to our expectations for our performance in fiscal year 2024, including our expectations for adjusted earnings per share and operating cash flow, with respect to growth in our Reinforcement Materials segment and the factors that we expect will drive that growth for volumes and margins in our Performance Chemicals segment, for our operating tax rate for fiscal 2024, and the opportunities we expect to provide our customers with our efforts under our EVOLVE Sustainable Solutions technology platform are forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed or implied by forward-looking statements. Important factors that could cause our results to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to, industry capacity utilization and competition from other specialty chemical companies; safety, health and environmental requirements and related constraints imposed on our business; regulatory and financial risks related to climate change developments; volatility in the price and availability of energy and raw materials, including with respect to the Russian invasion of Ukraine; a significant adverse change in a customer relationship or the failure of a customer to perform its obligations under agreements with us; failure to achieve growth expectations from new products, applications and technology developments; failure to realize benefits from acquisitions, alliances, or joint ventures or achieve our portfolio management objectives; unanticipated delays in, or increased cost of site development projects; negative or uncertain worldwide or regional economic conditions and market opportunities, including from trade relations, global health matters or geo-political conflicts; litigation or legal proceedings; tax rates and fluctuations in foreign currency exchange and interest rates; and the accuracy of the assumptions we used in establishing reserves for our share of liability for respirator claims. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission (“SEC”), particularly under the heading “Risk Factors” in our annual report on Form 10-K for our fiscal year ended September 30, 2022, which is filed with the SEC at www.sec.gov. We assume no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Use of Non-GAAP Financial Measures

To supplement Cabot’s consolidated financial statements presented on a generally accepted accounting principle (“GAAP”) basis, the preceding discussion of our results and the accompanying financial tables report Adjusted EPS, Total Segment EBIT, Total Segment EBITDA, Adjusted EBITDA, our operating tax rate, Free Cash Flow and Discretionary Free Cash Flow, all of which are non-GAAP financial measures. These non-GAAP financial measures are not computed in accordance with, or as an alternative to, GAAP, and the definitions of these measures may not be comparable to those used by other companies. 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 provided in the tables titled “Cabot Corporation Certain Items and Reconciliation of Adjusted EPS and Operating Tax Rate” and “Cabot Corporation Reconciliation of Non-GAAP Financial Measures.”

Management believes these non-GAAP measures provide investors with greater transparency to the information used by Cabot management in its financial and operational decision-making, allow investors to see Cabot’s results through the eyes of management, and better enable Cabot’s investors to understand Cabot’s operating performance and financial condition. In addition, adjusted EPS and Discretionary Free Cash Flow are two of the financial measures used to determine payouts under the Company’s executive incentive compensation awards.

Adjusted EPS. In calculating Adjusted EPS, we exclude from our net income (loss) attributable to Cabot Corporation items of expense and income that management does not consider representative of the Company’s business operations. We refer to these items as “certain items.” Management believes excluding these items facilitates operating performance comparisons from period to period by eliminating differences caused by the existence and timing of certain expense and income items that would not otherwise be apparent on a GAAP basis and an evaluation of the Company’s operating performance without the impact of these costs or benefits.

The items of income and expense that we exclude from our calculations of Adjusted EPS but that are included in our GAAP net income (loss) per share, as applicable in a particular reporting period, include, but are not limited to, the following:

- Asset impairment charges, which primarily include charges associated with an impairment of goodwill, other long-lived assets or assets held for sale.
- Charges related to the divestiture of our Purification Solutions business, which include accelerated costs associated with the change in control and employee incentive compensation.
- Legal and environmental reserves and matters, which consist of costs or benefits for matters typically related to former businesses or that are otherwise incurred outside of the ordinary course of business.
- Global restructuring activities, which include costs or benefits associated with cost reduction initiatives or plant closures and are primarily related to (i) employee termination costs, (ii) asset impairment charges associated with restructuring actions, (iii) costs to close facilities, including environmental costs and contract termination penalties, and (iv) gains realized on the sale of land or equipment associated with restructured plants or locations.
- Acquisition and integration-related charges, which include transaction costs, redundant costs incurred during the period of integration, and costs associated with transitioning certain management and business processes to Cabot’s processes.
- Gains (losses) on sale of a business.

- Gain associated with the bargain purchase of a business.
- Gains realized on the sale of land.
- Argentina controlled currency devaluation loss relates to the foreign exchange loss from government controlled currency devaluations on our net monetary assets denominated in the Argentine Peso.

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.

Total Segment EBIT. Total segment EBIT reflects the sum of EBIT from our two reportable segments. In calculating Total segment EBIT we exclude from our income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, certain items and items that, because they are not controlled by the business segments and primarily benefit corporate objectives, are not allocated to our business segments, such as interest expense and other corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to corporate projects and initiatives.

Total Segment EBITDA. Total Segment EBITDA is equal to Total Segment EBIT (as defined above), but further adjusted for depreciation and amortization.

Adjusted EBITDA. Adjusted EBITDA reflects Total Segment EBITDA and is further adjusted for unallocated corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to corporate projects and initiatives.

Free Cash Flow. To calculate “Free Cash Flow” we deduct Additions to property, plant and equipment from cash flow from operating activities.

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

Operating Tax Rate. Our “operating tax rate” is calculated based upon management’s forecast of the annual operating tax rate for the fiscal year applied to adjusted pre-tax earnings. The operating tax rate excludes income tax (expense) benefit on certain items, discrete tax items and, on a quarterly basis the timing of losses in certain jurisdictions. 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. Management believes that this non-GAAP financial measure 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.

Explanation of Terms Used

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

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