

A Bright Future Starts with Our Actions Today

2019 China Petroleum & Chemical International Conference

Sean Keohane

President & CEO, Cabot Corporation

September 20, 2019

Cabot Acts on Its Commitment to China

- ◆ Opened a state-of-the-art Asia Technology Center in Shanghai in 2017
- ◆ Commenced Wuhai FMO Project in 2016 and began operations in 2019
- ◆ Acquired Nippon Steel's carbon black business and assets in China in 2018
- ◆ Completed RC14001 certification for four of our carbon black and fumed silica manufacturing sites in China in 2019
- ◆ Divested our Specialty Fluids business to Sinomine Resource Group Co., Ltd



Cabot Corporation at a Glance

Global specialty chemicals and performance materials company

FOUNDED	HEADQUARTERS	EMPLOYEES	PLANT LOCATIONS	COUNTRIES	FY 2018 SALES
1882	BOSTON, MA, USA	~4,700	42	20	\$3.2 billion

OPERATING SEGMENTS

#1 or #2 Business Positions

Reinforcement
Materials



Performance
Chemicals



Purification
Solutions



Broad portfolio of solutions and technical expertise that enable application innovation

- ◆ Core performance additives
- ◆ Strategic downstream formulations



1st foreign enterprise built up manufacturing facility in 1988 in Shanghai chemical industry

- ◆ China revenue: \$700M

The Chemical Industry Plays an Important Role in Both the Global and Chinese Economy

- ◆ **The chemical industry is connected to virtually all manufacturing activities**
- ◆ **A key engine and catalyst driving global economic growth**
 - ◆ Contributes more than 7% of global GDP
 - ◆ Provides over 120 million jobs
 - ◆ The global economy can earn \$4.20 on every \$1 of value created by the chemical industry
- ◆ **Provides creative solutions for sustainable development**
 - ◆ Over \$50 billion/year investment in research and development
 - ◆ Creates lightweight transportation solutions, supports green energy utilization and storage, and protects clean air and water

\$5.7 trillion

The chemical industry contributes to global GDP



Global Chemical Industry Development



Major upstream investment in U.S. will also trigger downstream investment in U.S. in the long run



Sustainability is the top priority for chemical industry, presenting both challenges and opportunities



Uncertainties in global trade will trigger over-investment in different regions, ultimately hurting long term profitability of the industry



Spot market behavior in China is a persistent challenge, ultimately hurting the industry development



Global Shortage of talent for chemists and chemical engineers



The power of digital will transform the ways we work

Today, China's Chemical Industry Faces Unprecedented Challenges

Repeated accidents and casualties in chemical industry facilities

Over-capacity leading to low ROI and an unwillingness to self-upgrade

Frequent unscientific and "one size fits all" government policies

Questions and negative sentiments from the public

These problems are fundamental obstacles to industrial development

Chemical Industry Stakeholders Must Act Now to Resolve the Issues

Support CPCIF's lead in common principles and Responsible Care guidelines for China's chemical industry

Support rational, scientific communications led by CPCIF and central/regional government authorities

Build a comprehensive safety, health and environmental system and develop uniform accident reporting standards

Every chemical enterprise has a responsibility to enhance its public image in the community

Responsible Care

The Global Chemical Industrial Standard

The Only Path Forward for China's Chemical Industry

In the United States

- ◆ Companies that have implemented Responsible Care® have:
 - ◆ Reduced their recorded accident rate by over 80% since 1990
 - ◆ Safety performance five times better than those that do not
 - ◆ Reduced greenhouse gas emissions by 24% since 1992 and enhanced their energy utilization rate by 19%

Cabot is the local leader of Responsible Care

- ◆ All Cabot manufacturing sites have obtained RC14001 certificates in China.
- ◆ We are sharing our experience with peers and stakeholders.

Cabot's Development Strategy in China

We will do our best to:

**Promote a
stable
Sino-US
relationship**

**Address global
uncertainty
with more
localization
initiatives**

**Reshape
company
management
systems**

**Avoid
cities/areas
with
inconsistent
and unscientific
policies**

**Support
application
development of
local markets**

**Consolidate the
China market
across specific
product lines**

**Expand
investments in
Southeast Asia
to meet market
needs**

Thank you!