



Needham Growth Conference

January 11, 2017



Safe Harbor Statement

The information contained in and discussed during this presentation may include “forward-looking statements” within the meaning of federal securities regulations. These forward-looking statements involve a number of risks, uncertainties, and other factors, including those described in Cabot Microelectronics’ filings with the Securities and Exchange Commission (SEC), that could cause actual results to differ materially from those described by these forward-looking statements. Cabot Microelectronics Corporation assumes no obligation to update this forward-looking information.

Cabot Microelectronics Overview

Leading Supplier

Leading supplier of CMP* slurries and growing supplier of CMP pads

- › Triple the revenue of next closest slurry supplier
- › Acquired NexPlanar in October, 2015, a supplier of advanced pads
- › Supply virtually all semiconductor manufacturers in the world
- › Robust product portfolio, serving all applications and technology nodes

Consumables Based

Primarily a consumables-based business

- › Revenue driven by wafer starts
- › Broad exposure across all types of semiconductors
- › Inherently less cyclical than semi-cap equipment peers

Sustained Performance

Financial strength

- › Highly profitable
- › Limited capital intensity
- › Strong cash flow

Delivery of Significant Value to Shareholders

Balanced capital deployment strategy

- › In January, 2016, initiated regular quarterly cash dividend program
- › Active share repurchase program
- › Special cash dividend in 2012



CMP Slurry



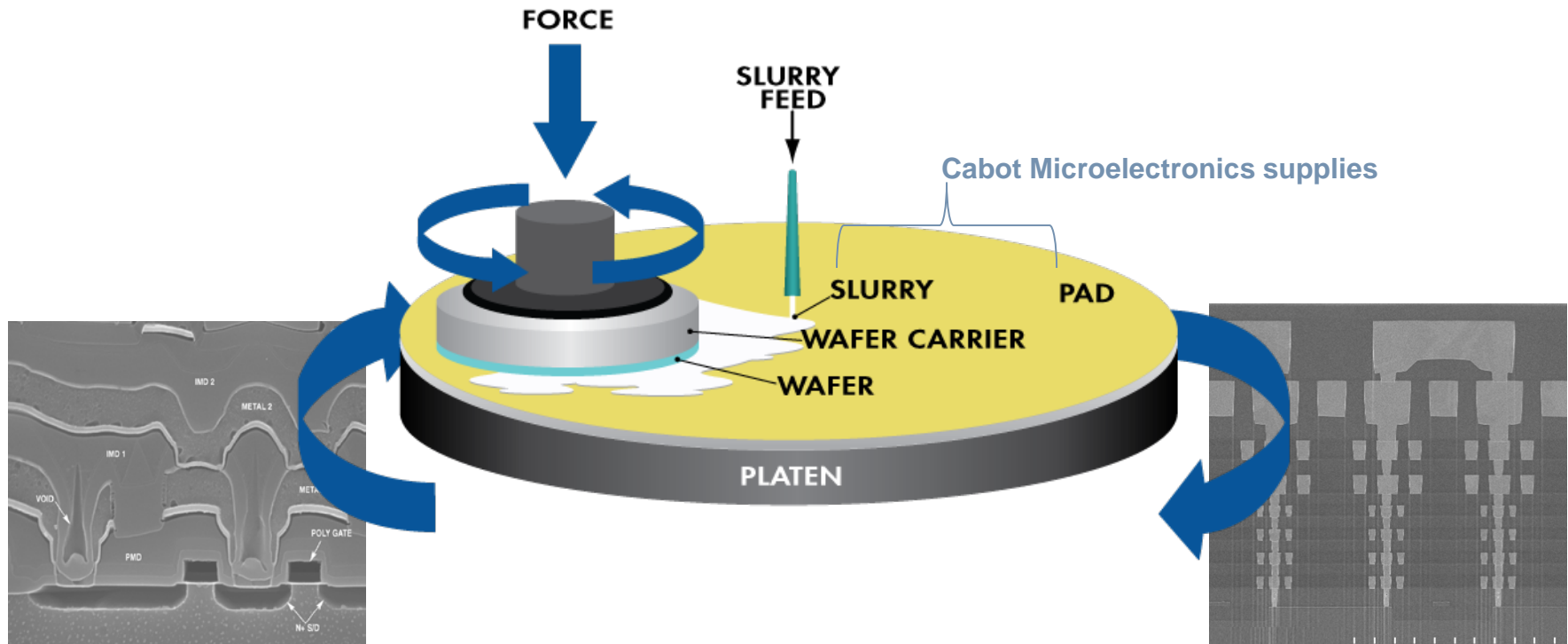
CMP Polishing Pads

*CMP – Chemical Mechanical Planarization



Chemical Mechanical Planarization (CMP)

CMP is a nano polishing process that combines chemical reactions and mechanical abrasion to smooth and flatten the wafer surface at an atomic level. As technology advances, CMP becomes more challenging and more critical to our customers.

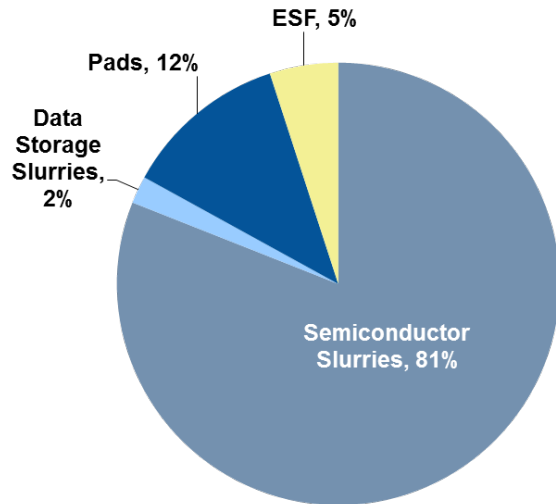


Cross Section of Non-Planarized Integrated Circuit

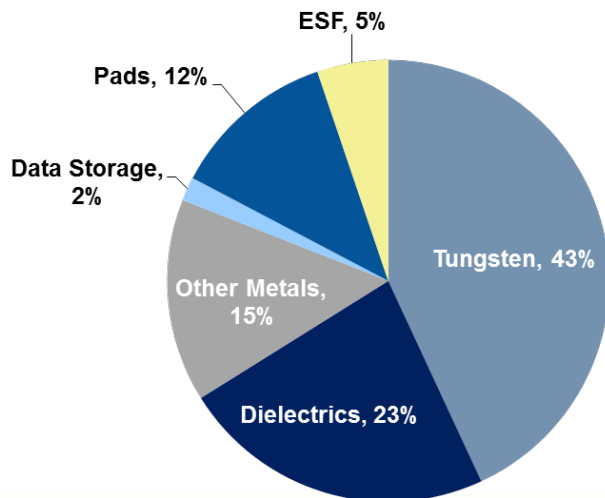
Planarized Integrated Circuit

Business Strategy

FY16 Revenue
(as a % of Total Revenue)



FY16 Revenue by Product Area



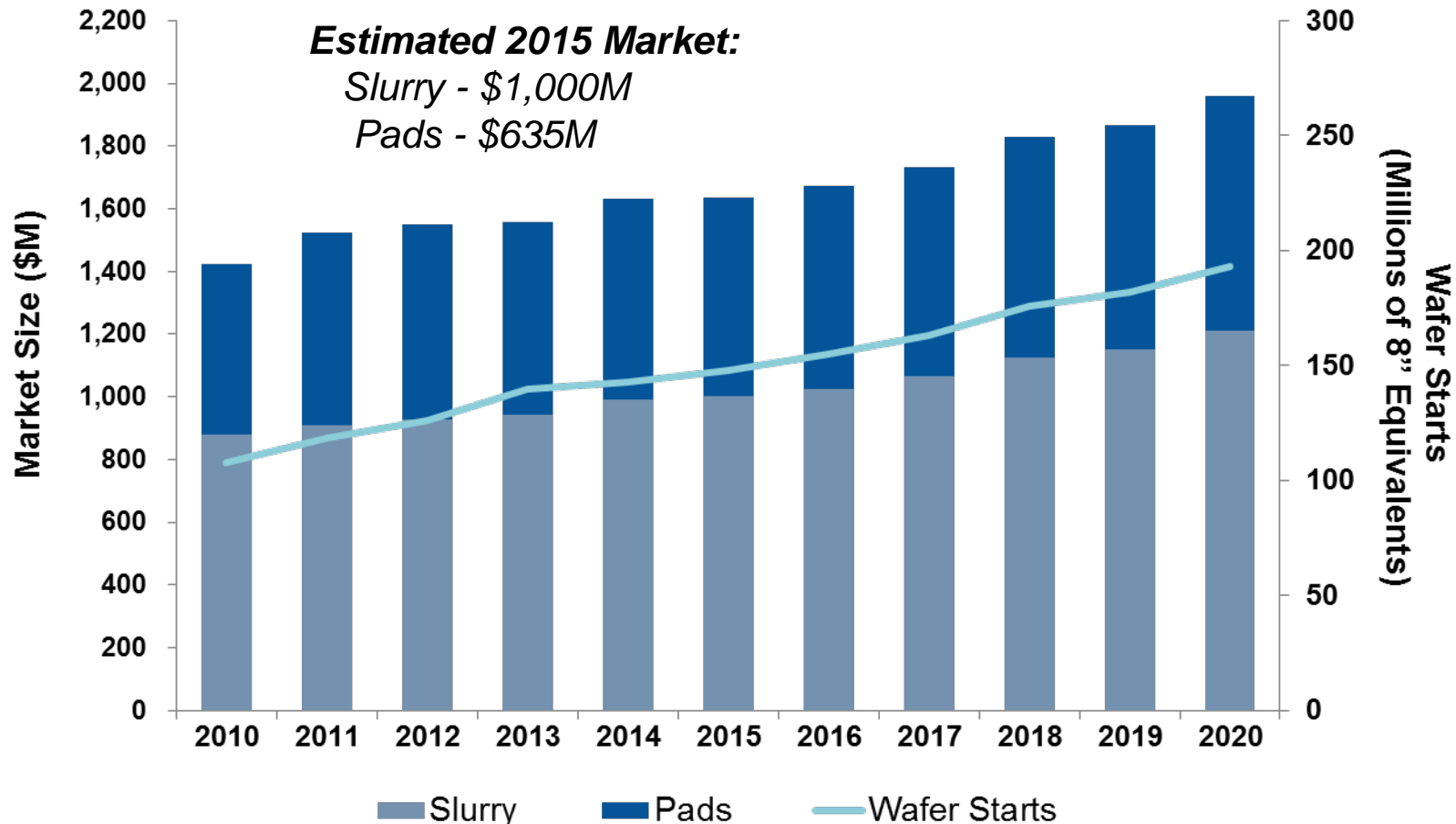
- **Primary strategy to strengthen and grow our core CMP consumables business**
 - › Growth opportunities
 - CMP pads, leveraging NexPlanar acquisition; collaboration with KFMI* to serve China's semiconductor industry
 - New CMP slurry products for tungsten and dielectrics
 - Slurry and pad consumable sets
 - › Also pursuing growth through acquisitions

- **Continue to advance our Engineered Surface Finishes (ESF) business**
 - › Translate polishing expertise into new markets
 - › Opportunities include
 - Silicon wafer polishing
 - Precision optics

*Konfoong Materials International Co., Ltd.

IC CMP Slurries and Pads Market

IC CMP consumables market is primarily driven by wafer starts



Sources: IC Insights, Linx Consulting and Cabot Microelectronics' Internal Estimates

Sources: Semico; estimates as of December 2015 and Cabot Microelectronics' Internal Estimates



Robust Product Portfolio

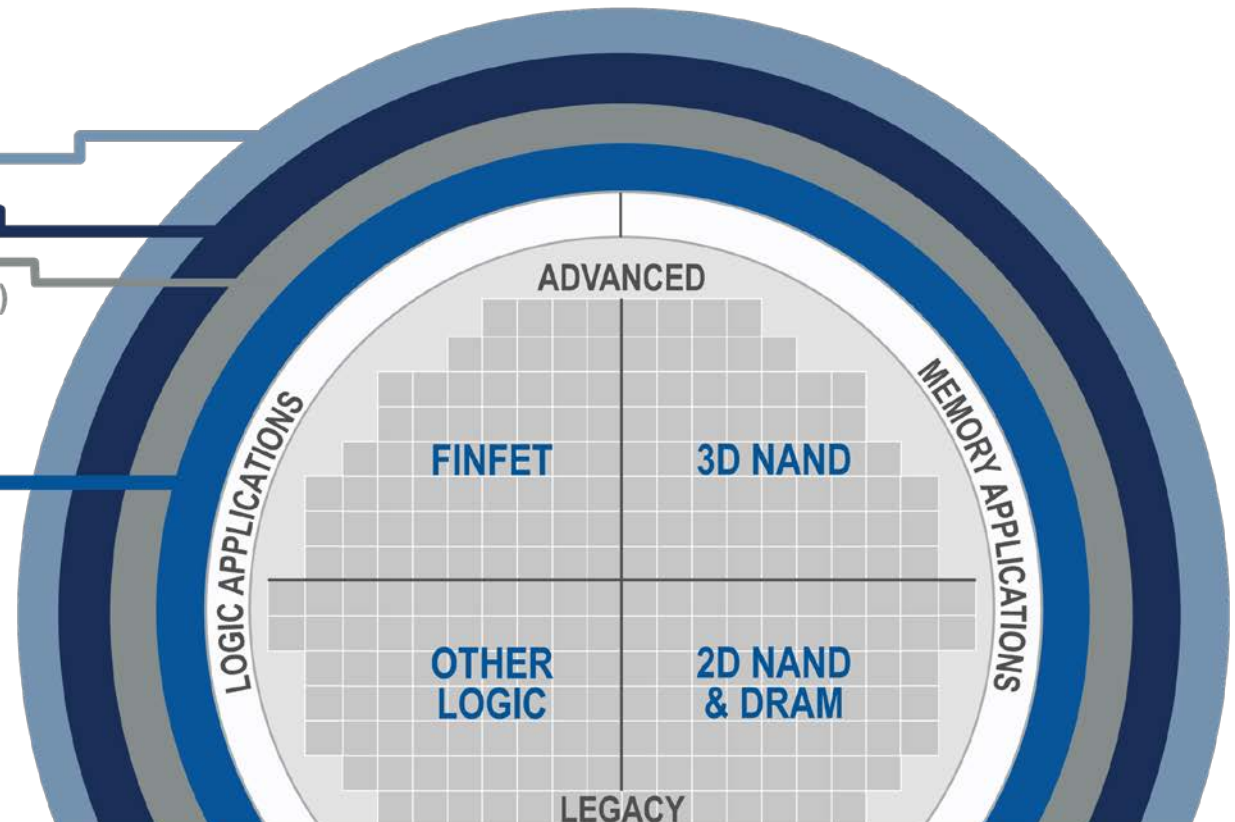
We have a broad product portfolio, serving a wide range of applications and technology nodes to address performance and cost of ownership

CMP SLURRIES

- TUNGSTEN
- DIELECTRICS
- NON-TUNGSTEN METALS (Copper/Barrier, Aluminum)

CMP POLISHING PADS

Better Together
CONSUMABLE SETS



Our diverse solutions and global capabilities differentiate our company among leading suppliers of specialty materials to the semiconductor industry

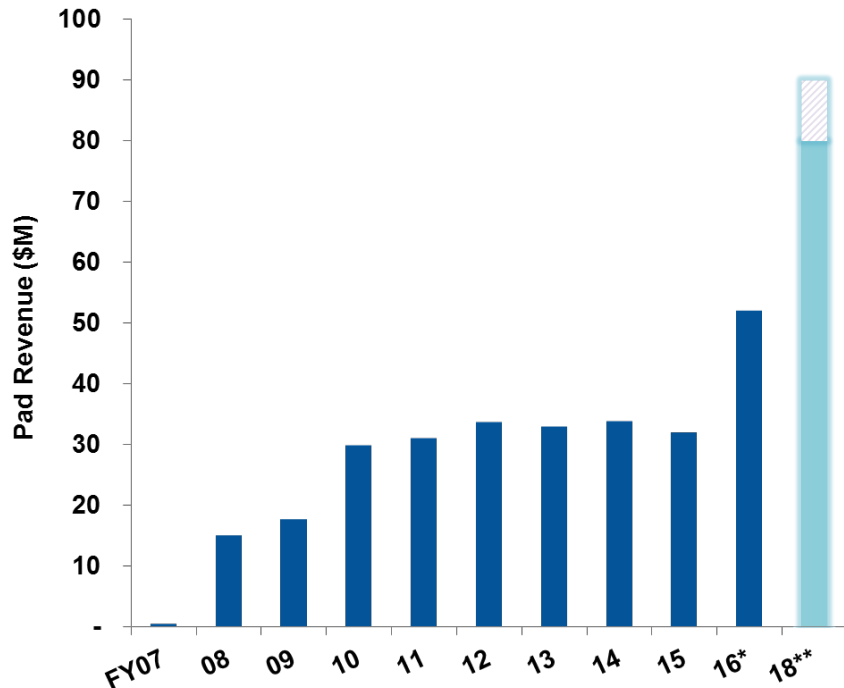
CMP Slurries

Technology advances, including emerging applications, represent anticipated growth drivers for our CMP slurries

- **FinFET at 16 and 14nm**
 - › The most advanced logic IC devices require new materials to be polished
- **Shift from 2D to 3D structures**
 - › New architectures for memory IC devices
 - › More customers transitioning to this technology
 - › 3D wafer starts expected to outpace semiconductor industry growth
- **Both of these require more CMP steps**
 - › Combination of tungsten and dielectrics applications
- **In fiscal 2016, approximately 20 percent of our tungsten revenue was driven by early production of these advanced technologies, up significantly from 13 percent in fiscal 2015**
- **For fiscal 2016, combined revenue from high-performing colloidal silica and ceria-based dielectrics solutions approximately doubled compared to fiscal 2015**

CMP Pads

CMP polishing pad area continues to represent a significant growth opportunity for the company



*FY16 benefited from the October 2015 NexPlanar acquisition

**In FY18, expect to achieve revenue between \$80 and \$90 million

- Leveraging global infrastructure, expertise and NexPlanar acquisition to supply CMP pads, which represents a large and very closely adjacent opportunity to slurries
- Strong customer pull since CMP pad area is dependent on one main supplier, and customers want choices
- Competing on product performance, speed of iteration and lower cost of ownership
- Expanding pad product offerings, including slurry and pad consumable sets
- NexPlanar acquisition provides innovative technology, complementing organic pad technologies and accelerating growth in CMP pads
- Recent collaboration with KFMI combines certain NexPlanar pad technology with KFMI's experience in materials manufacturing technology to better serve China's expanding semiconductor industry

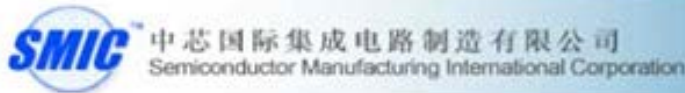
Extensive Global Infrastructure

We have a particularly strong presence in the Asia Pacific region to serve our significant customer base there. Approximately 80 percent of our revenue and half of our fixed assets and global staff are in Asia.



Customer Awards

We have earned a number of awards from customers over the years for delivering innovative, high-quality, high-performing and reliable CMP products and solutions



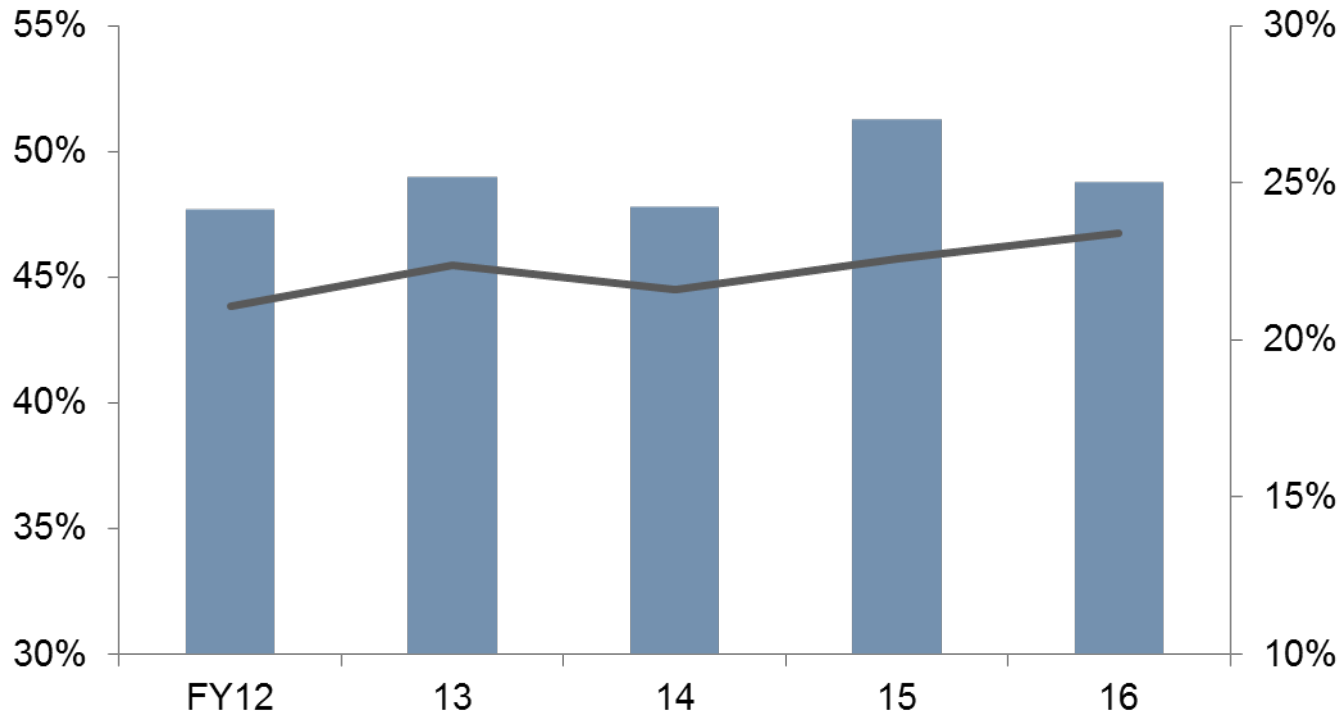
Financial Model

	<i>FY16*</i>	<i>Comments</i>
<i>Revenue</i>	\$430.4M	<ul style="list-style-type: none"> › Record revenue for tungsten and pads; pads revenue grew by approximately 62.5%, reflecting benefit of NexPlanar acquisition › Experienced robust demand for dielectrics solutions
<i>Gross Profit, % of revenue</i>	48.8%	<ul style="list-style-type: none"> › Includes 120 basis point adverse impact of acquisition-related costs and amortization expense › Currently expect FY17 full year gross profit to be between 48% and 50% of revenue › Quarter to quarter fluctuations are typical
<i>EBITDA, % of revenue</i>	23.4%	<ul style="list-style-type: none"> › Represents highest level in five years › Includes costs related to the NexPlanar acquisition
<i>Diluted Earnings Per Share</i>	\$2.43	<ul style="list-style-type: none"> › Record annual earnings per share represents a year-on-year increase of 7.5% › Includes 25 cent adverse effect associated with costs related to the NexPlanar acquisition

**For fiscal year ended September 30, 2016*

Gross Profit Margin and EBITDA

Consistent, sustained productivity improvements and our disciplined pricing strategy have resulted in strong gross profit margin and EBITDA performance



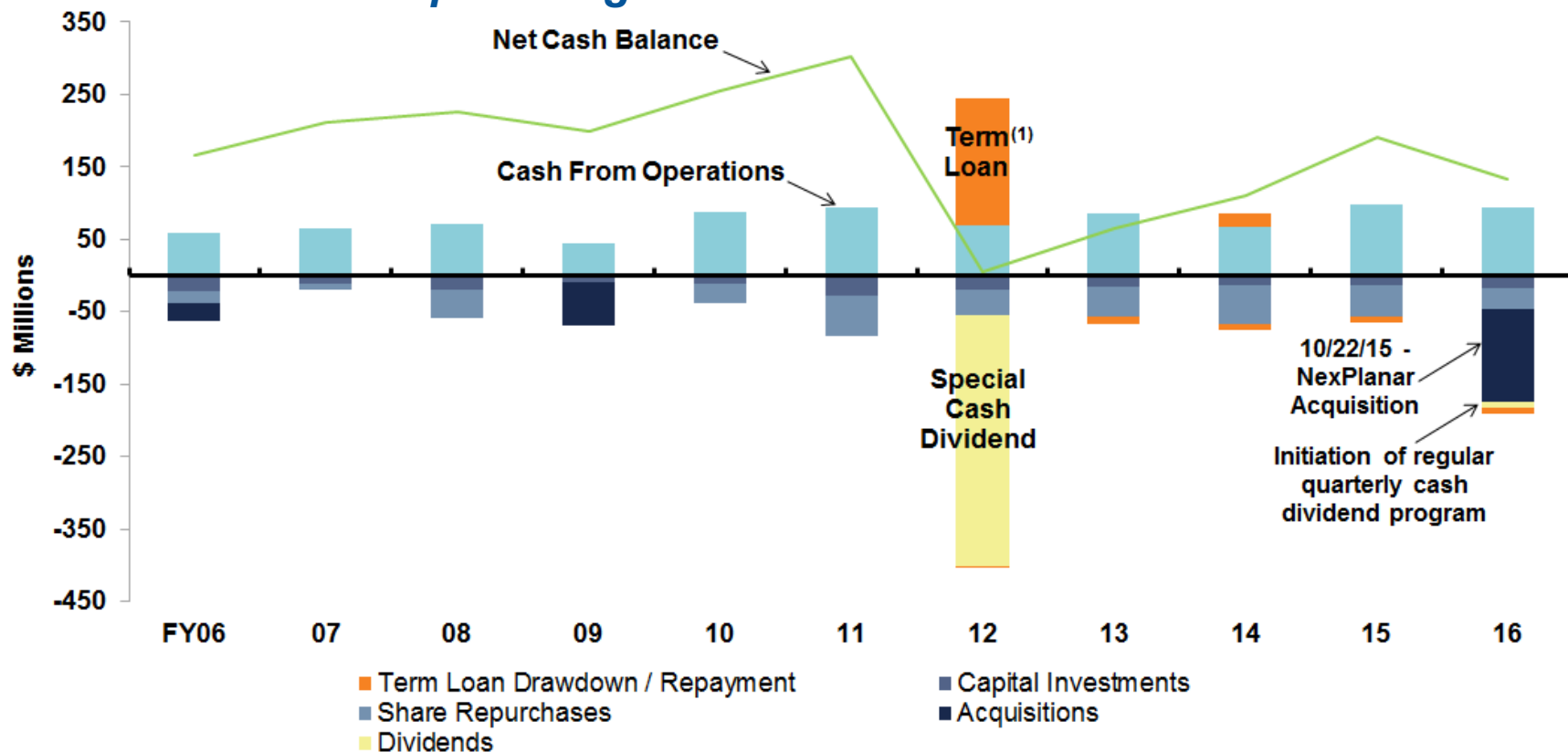
■ Gross Profit, % of Revenue, Left Axis

— EBITDA, % of Revenue, Right Axis



Strong Cash Flow Trend

Our strong cash flow has enabled us to execute our growth and investment strategies and generate cash well in excess of our operational needs, providing value to our shareholders



As of September 30, 2016, our balance sheet reflected a cash balance of approximately \$288 million and approximately \$155 million of debt outstanding.

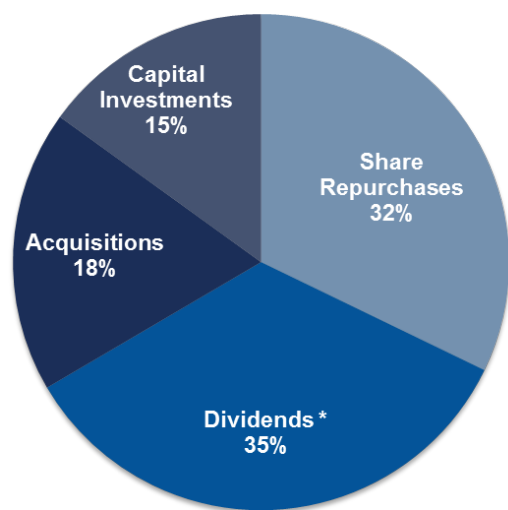
⁽¹⁾\$15 per share special cash dividend, or approximately \$347 million in total, was paid in March 2012.



Capital Deployment

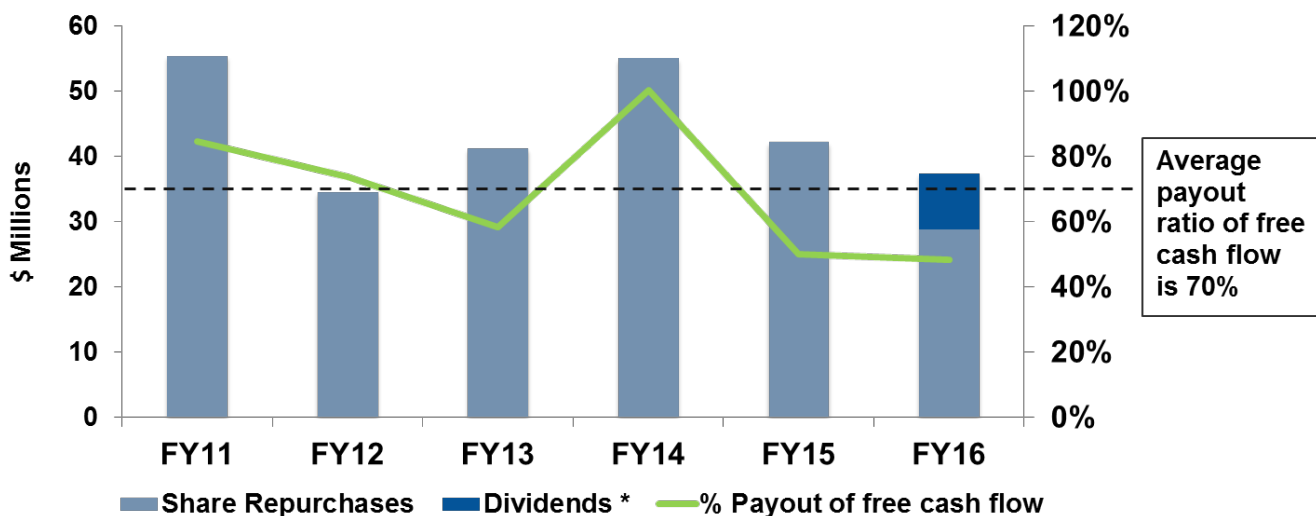
We have executed a balanced capital deployment strategy, including investments to support growth, dividends, share repurchases and acquisitions

**10 Year Capital Deployment
as a Percentage of Total (by Category)
FY07 - FY16**



* Includes 2012 special cash dividend

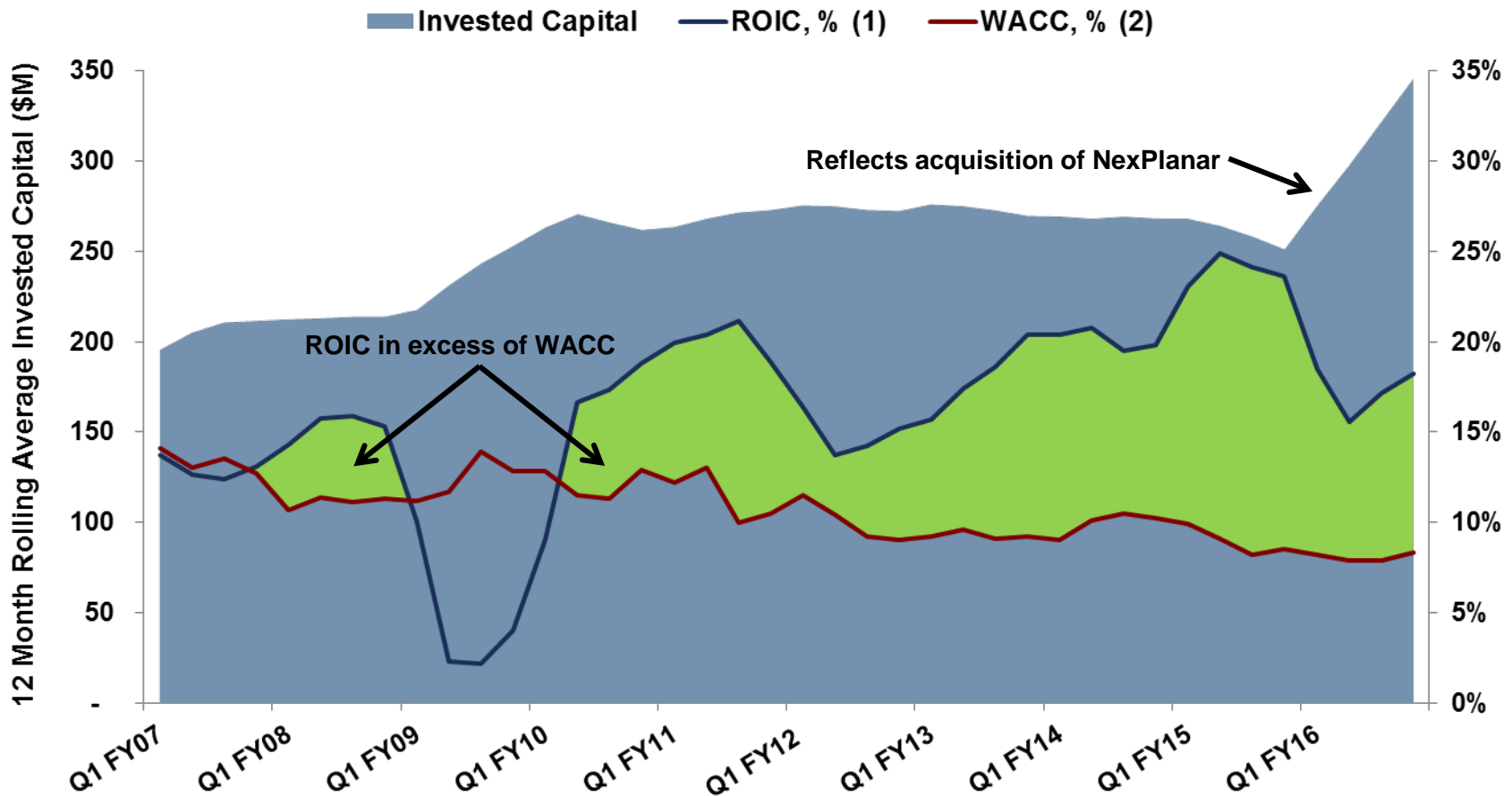
Share Repurchases and Dividends as a Percentage of Free Cash Flow



* Excludes 2012 special cash dividend

Return on Invested Capital

Since 2007 we have generated an average 16 percent return on invested capital, compared to an 11 percent weighted average cost of capital



(1) ROIC = (Net Income excluding After-Tax Interest Income/Expense) / (Equity plus Debt less Cash)

(2) Source: Bloomberg



Cabot Microelectronics Highlights

Consistent execution of our strategies has positioned us well for continued success



- **Largest CMP slurry supplier, serving virtually all semiconductor manufacturers in the world**
- **Second largest CMP pads supplier**
- **Primarily a consumables-based business**
- **Significant growth opportunities in a number of areas**
 - › CMP pads, including NexPlanar acquisition and KFMI collaboration
 - › New CMP slurry products for tungsten and dielectrics
 - › CMP slurry and pad consumable set offerings
- **Highly profitable financial model and strong cash generator**
- **Track record of delivering value to shareholders**
 - › Regular quarterly cash dividend program
 - › Total of \$360 million in share repurchases over twelve years; as of September 30, repurchase program had approximately \$134 million remaining
 - › \$347 million special cash dividend in 2012

KNOWLEDGE
PARTNERSHIP
EXPERIENCE
INNOVATION

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