



Jefferies Technology Group Conference Investor Presentation

May 9, 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 second largest supplier of CMP pads

- › Triple the revenue of next closest slurry supplier
- › Growing supplier of polishing 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 March, announced an eleven percent increase in regular quarterly cash dividend
- › Active share repurchase program
- › Special cash dividend in 2012



CMP Slurry



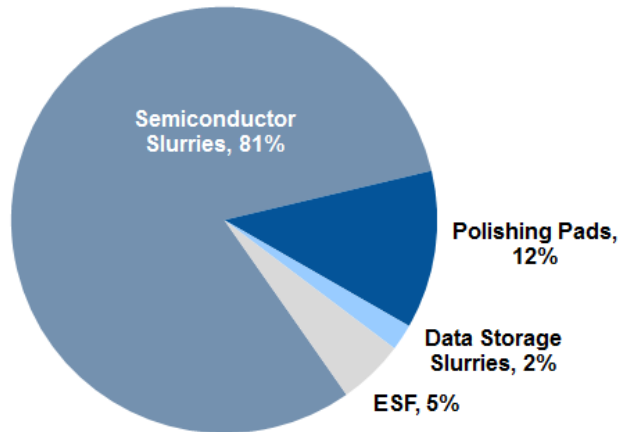
CMP Polishing Pads

*CMP – Chemical Mechanical Planarization

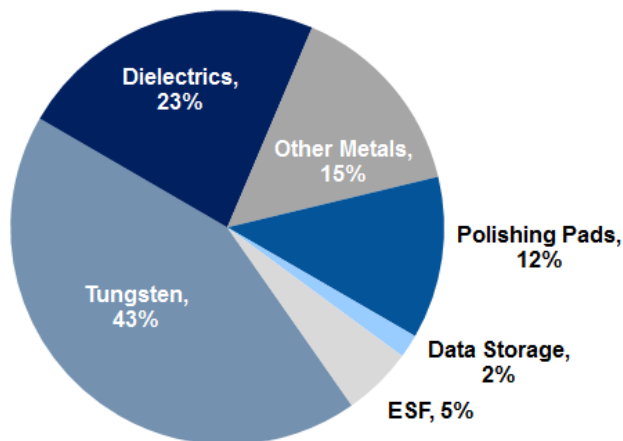


Business Strategy

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

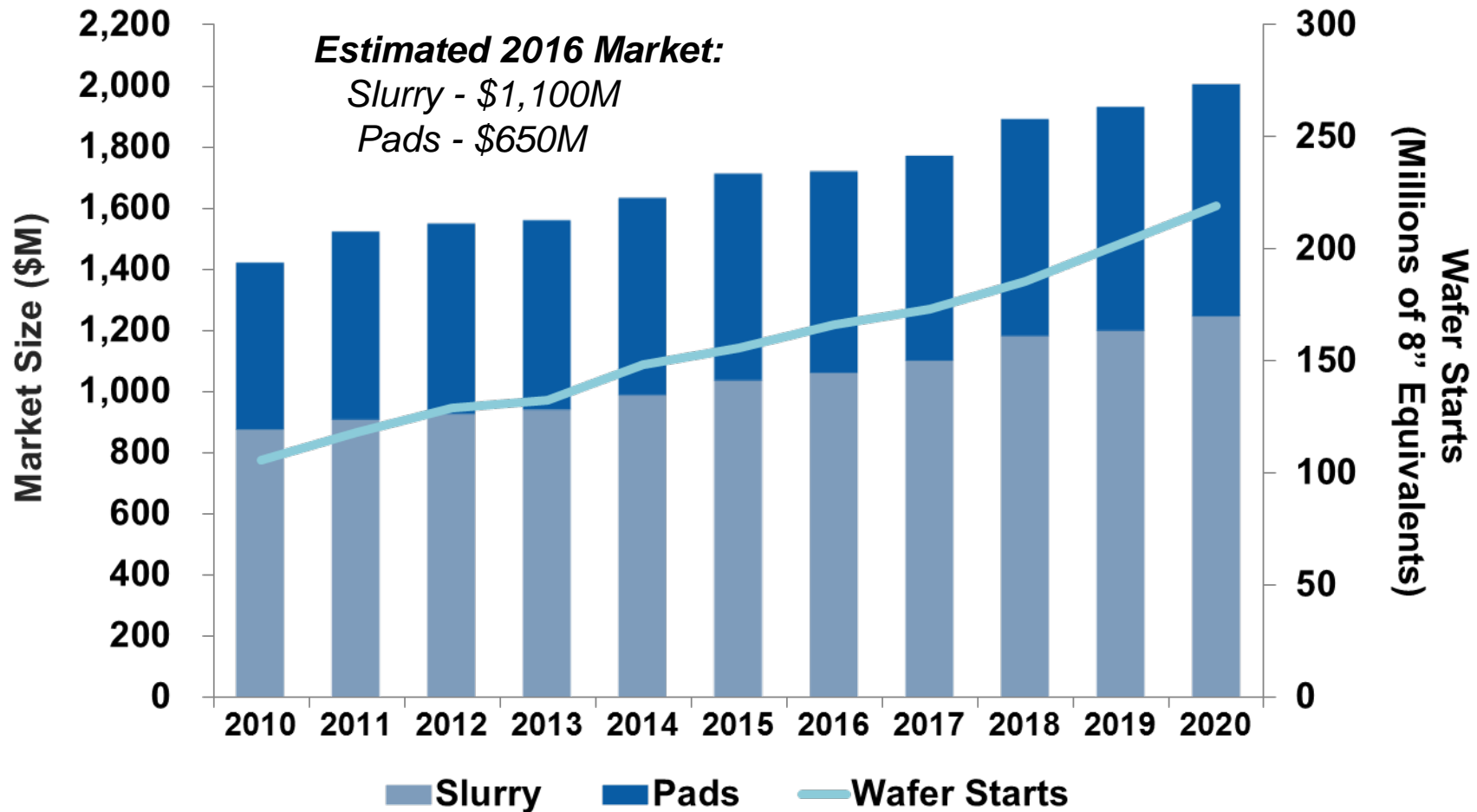
- **Continue to advance our Engineered Surface Finishes (ESF) business**
 - › Translate polishing expertise into new markets
 - › Opportunities include
 - Silicon wafer polishing
 - Precision optics

*Konfoong Materials International Co., Ltd.



IC CMP Slurries and Pads Market

IC CMP consumables market is primarily driven by wafer starts



Sources: industry analysts and internal estimates.



Robust Product Portfolio

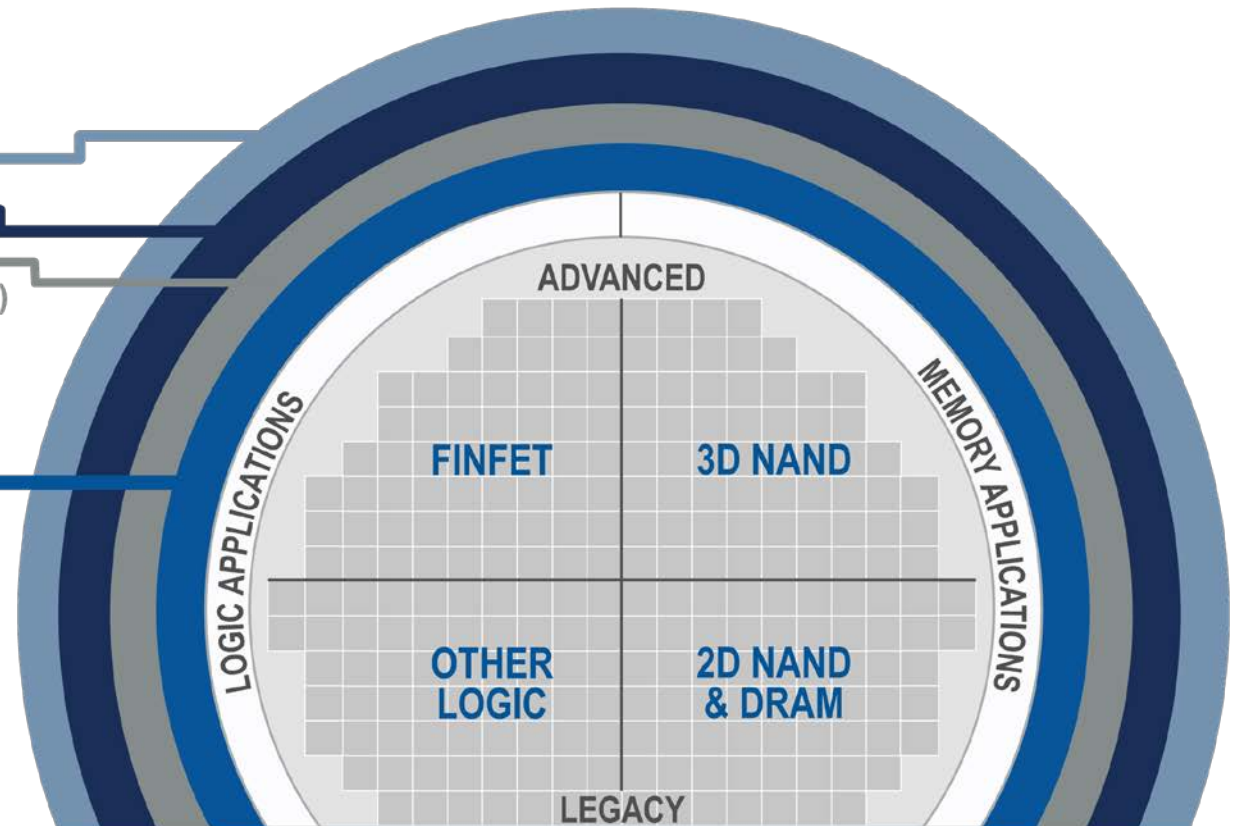
We have a broad product portfolio, serving a wide range of applications and technology nodes to address performance and cost of ownership

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

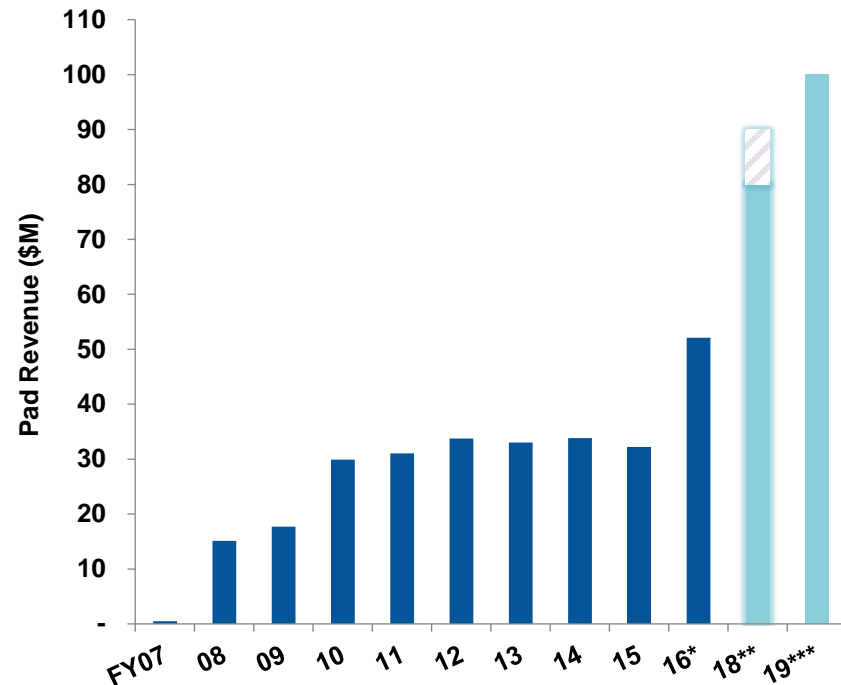
CMP Slurries

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

- **FinFET at 16, 14 and 10 nm**
 - › 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

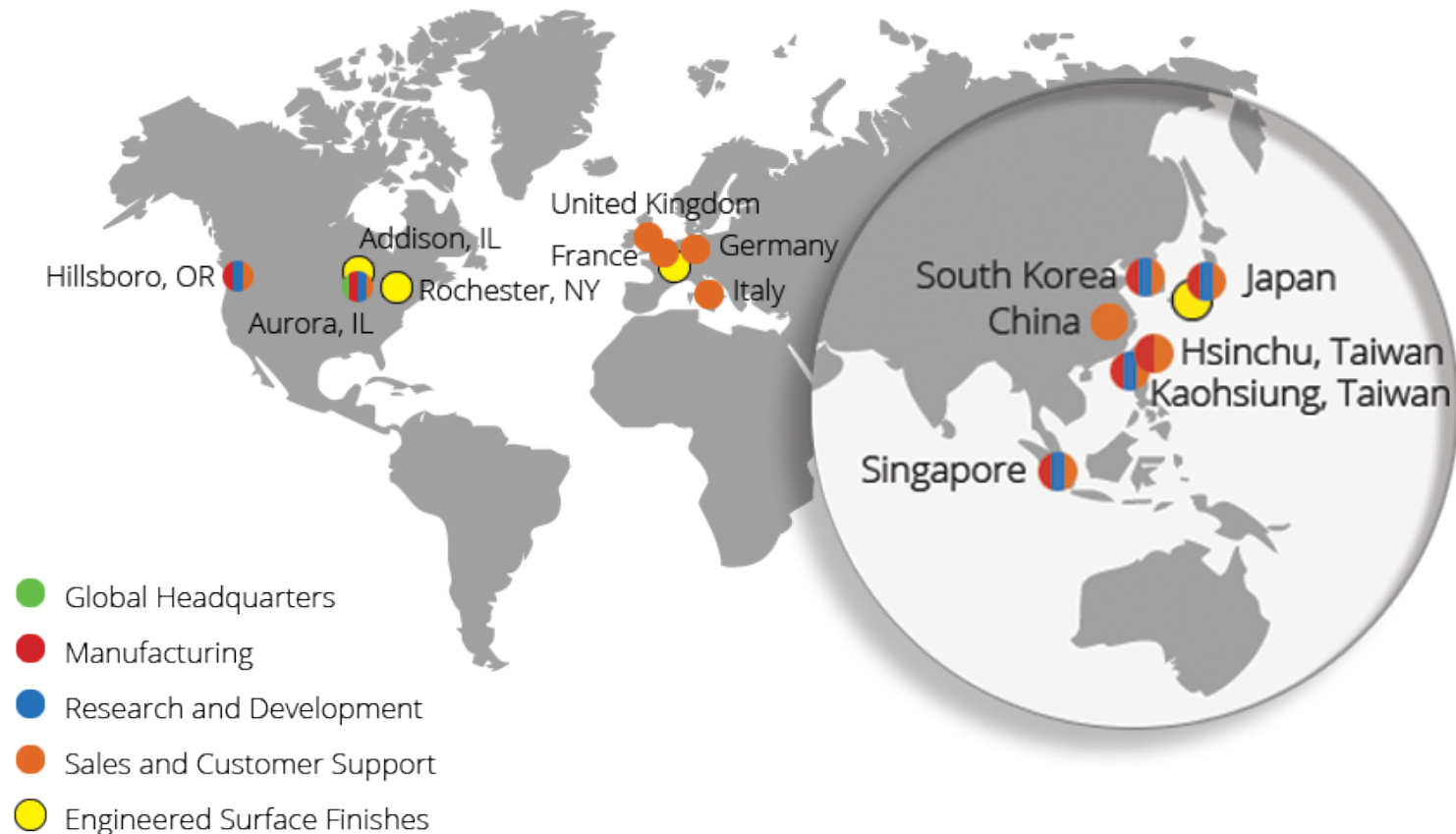
**In FY18, expect to achieve revenue between \$80 and \$90 million

***In FY19, confident in ability to grow revenue to over \$100 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

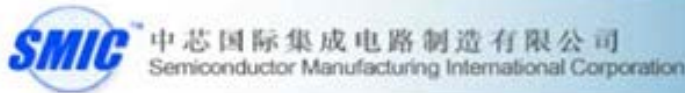
Extensive Global Infrastructure

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



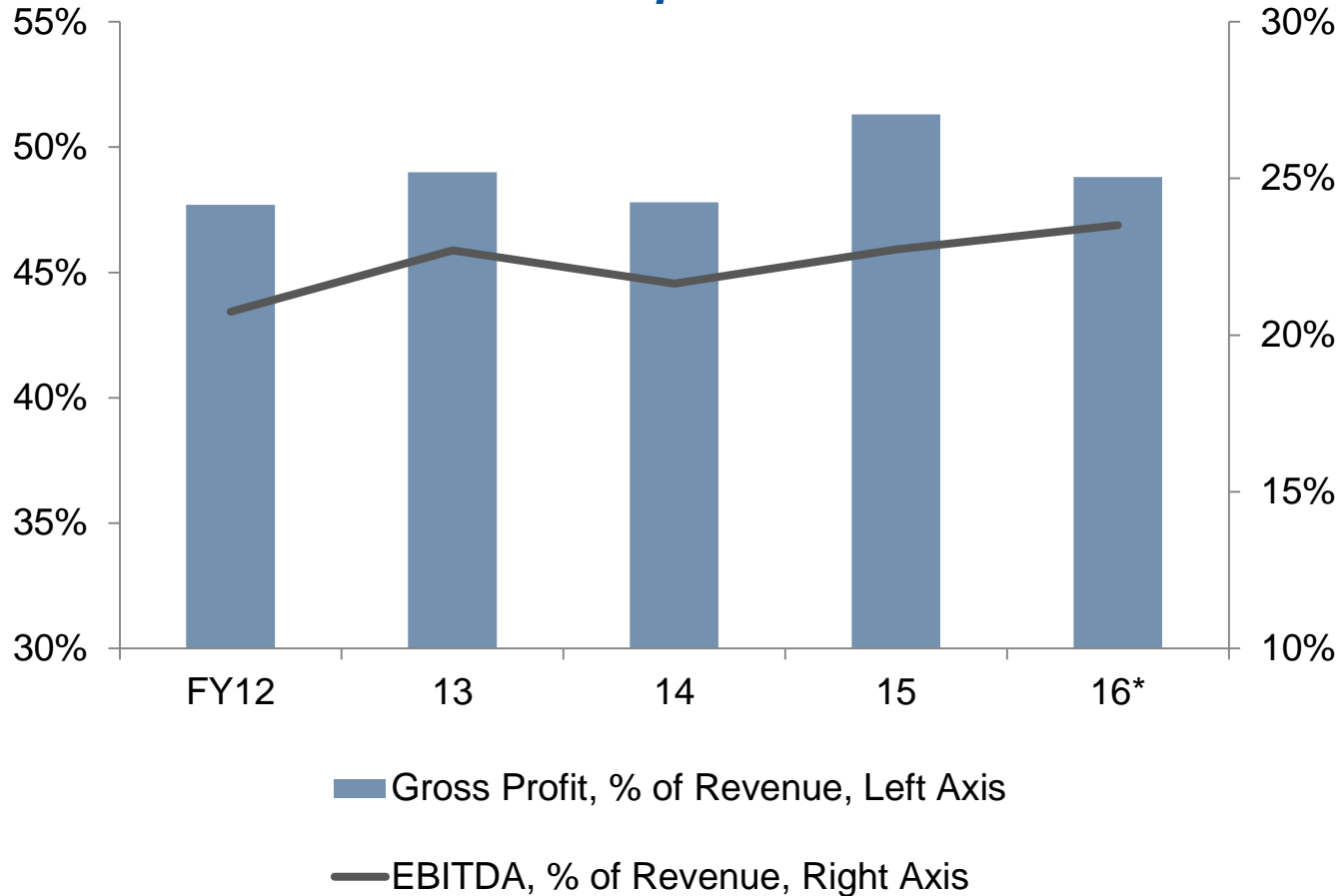
Financial Model

	<i>FY17 YTD*</i>	<i>Comments</i>
<i>Revenue</i>	\$242.4M	<ul style="list-style-type: none"> › 21.5% higher than last year › Tungsten, dielectrics and pads revenue grew approximately 21.3%, 22.3% and 48.5%, respectively, year-on-year
<i>Gross Profit, % of revenue</i>	50.1%	<ul style="list-style-type: none"> › Includes 100 basis point adverse impact of NexPlanar amortization expense › Currently expect FY17 full year gross profit to be between 49% and 51% of revenue, which is higher than prior guidance range of 48% to 50% › Quarter to quarter fluctuations are typical
<i>EBITDA, % of revenue</i>	27.4%	<ul style="list-style-type: none"> › Notable increase over both our five year historical average of approximately 22% of revenue, and 20% in the first half of last year
<i>Diluted Earnings Per Share</i>	\$1.60	<ul style="list-style-type: none"> › Represents a 92.8% increase compared to last year › Includes eight cent adverse effect of referenced amortization expense

*For the six months ended March 31, 2017.

Gross Profit Margin and EBITDA

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

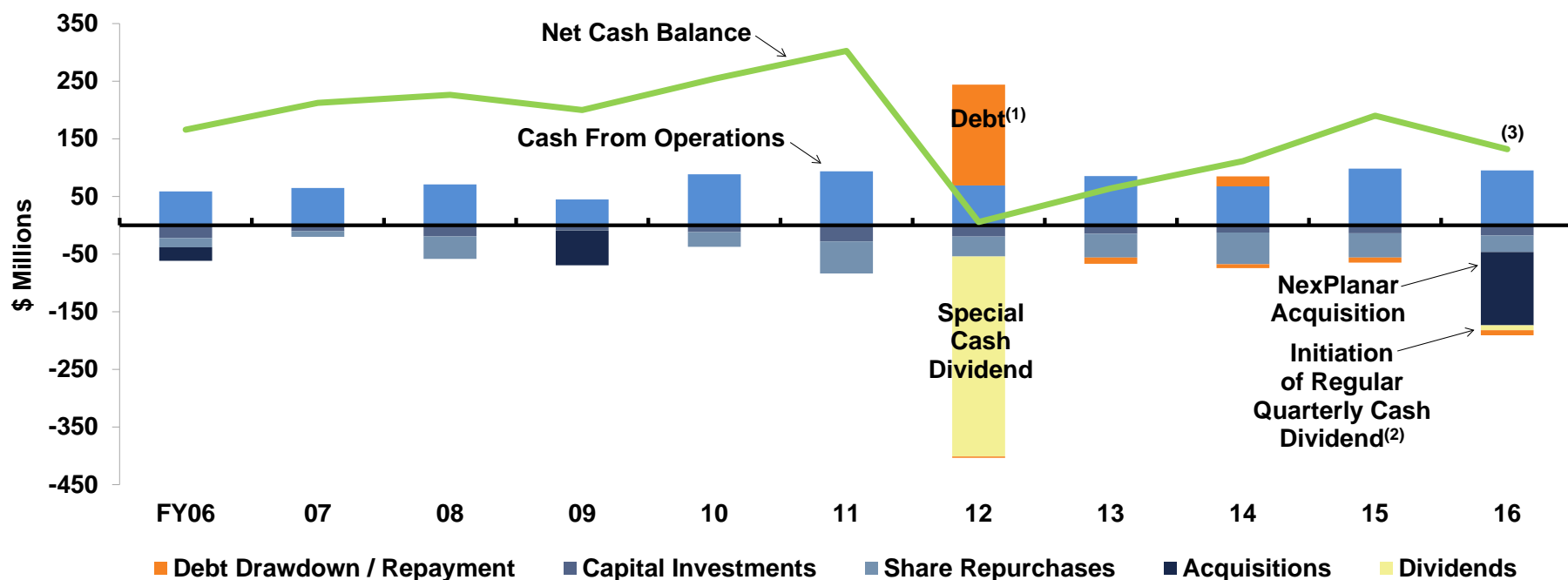


*Includes adverse impact of NexPlanar acquisition-related costs and amortization expense.



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



(1) In 2012 we implemented a leveraged recapitalization with a \$347 million special cash dividend (\$15 per share).

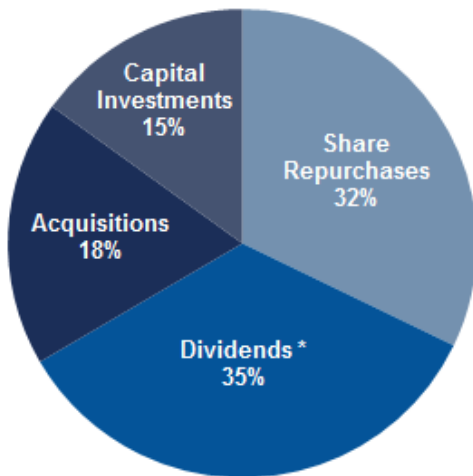
(2) In 2017 we increased the regular quarterly cash dividend by eleven percent.

(3) As of March 31, 2017, our balance sheet reflected a cash balance of approximately \$344 million and \$150 million of debt outstanding.

Capital Deployment

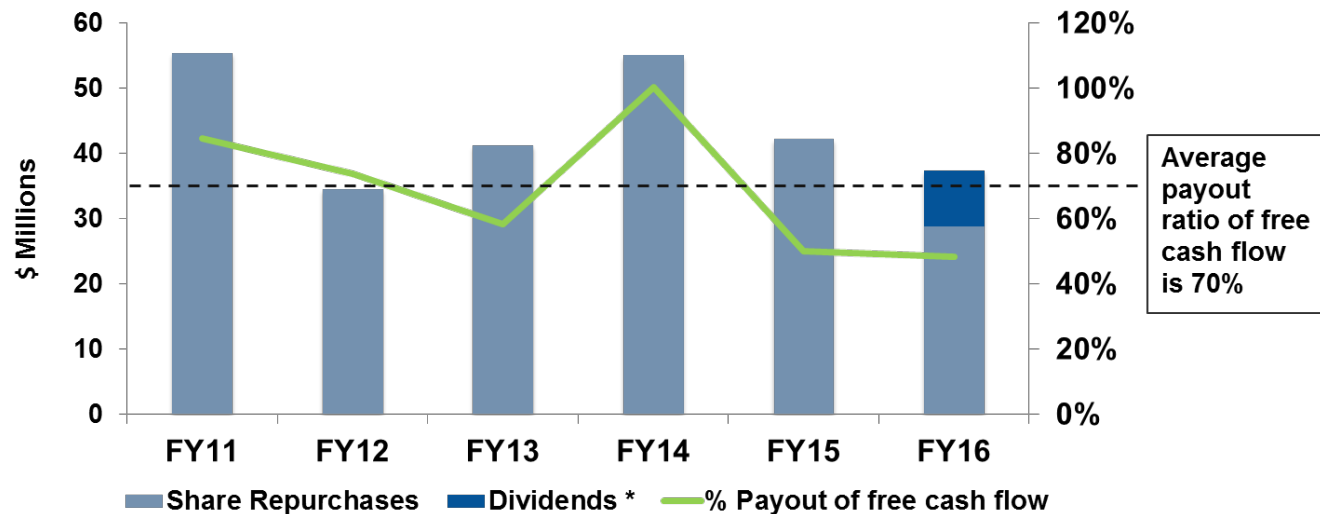
We have executed a balanced capital deployment strategy, including investments to support growth, dividends, acquisitions and share repurchases

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



* Includes 2012 special cash dividend

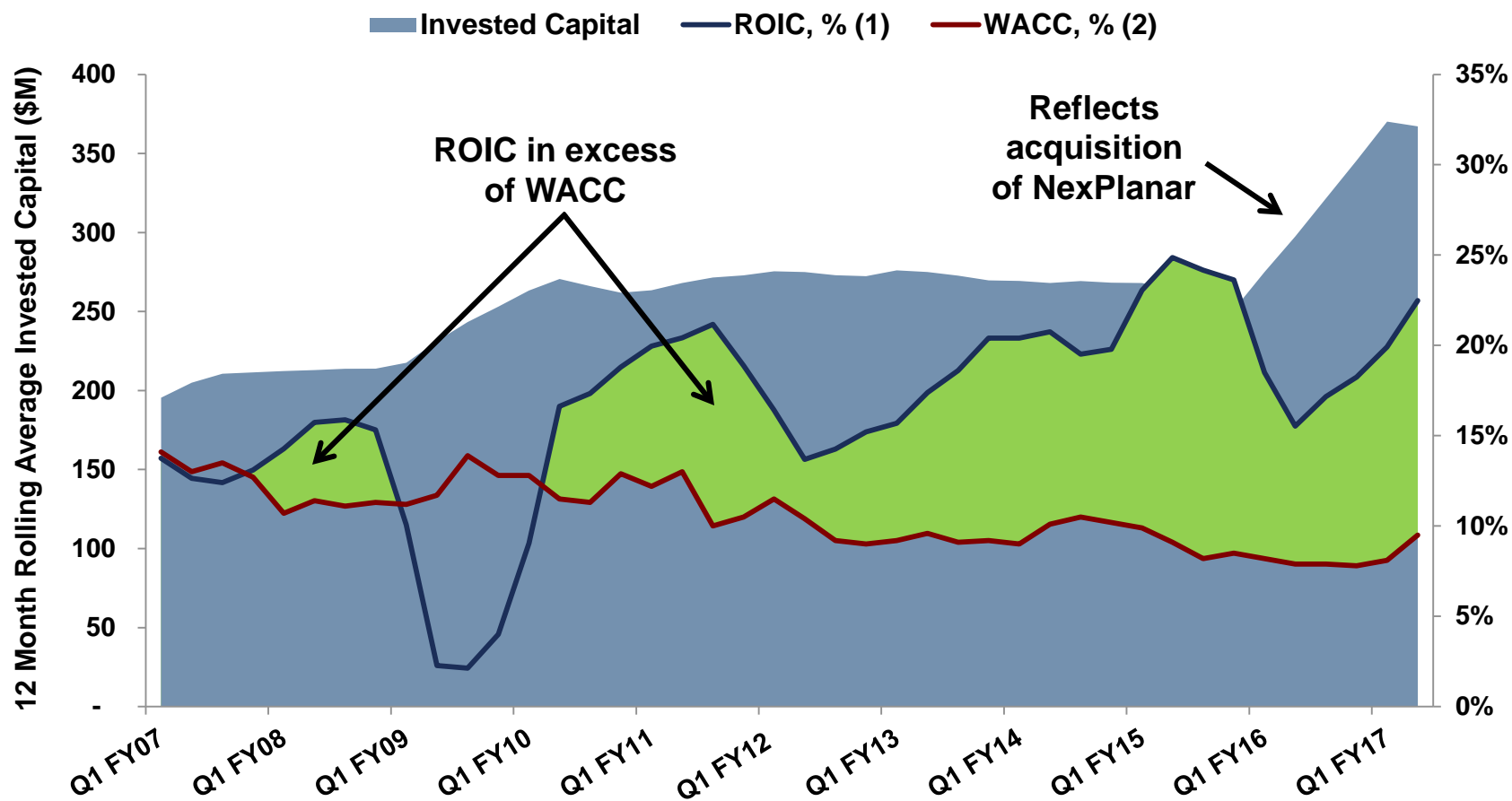
Share Repurchases and Dividends as a Percentage of Free Cash Flow



* 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

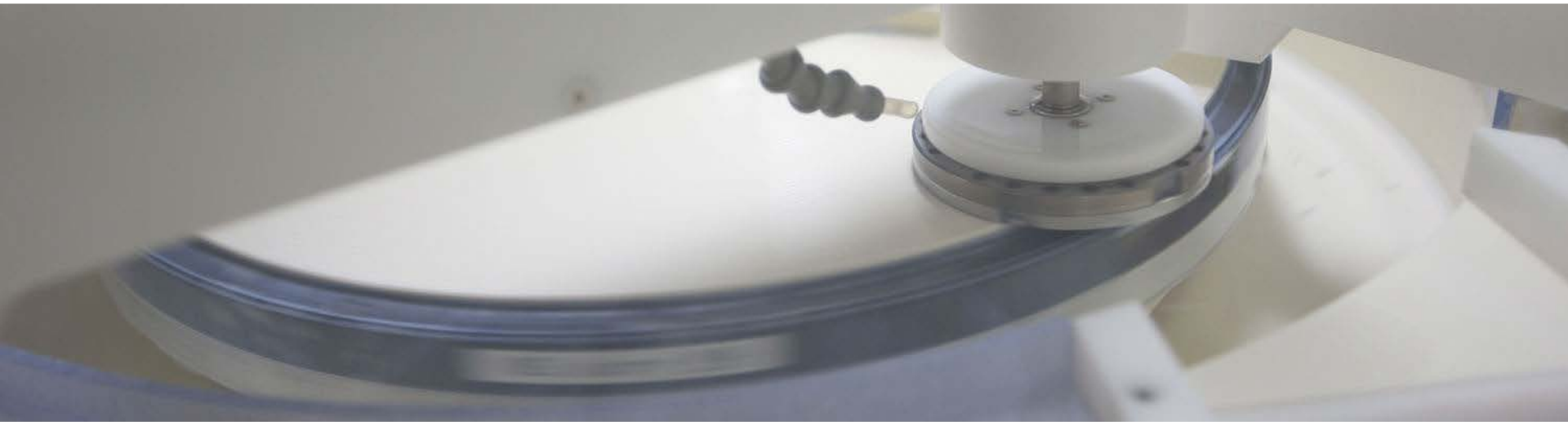


Cabot Microelectronics Highlights

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**
 - › In March, announced an eleven percent increase in regular quarterly cash dividend; nearly \$23 million paid to shareholders since the initiation of dividend program
 - › Total of \$365 million in share repurchases
 - › \$347 million special cash dividend in 2012



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