Cabot Corporation (CBT)

Updated June 16th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$89	**5 Year Annual Expected Total Return:**	11.1%	**Market Cap:**	$4.6 B
Fair Value Price:	$95	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	08/28/26[1]
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.4%	**Dividend Payment Date:**	09/11/26[2]
Dividend Yield:	2.1%	**5 Year Price Target**	$140	**Years Of Dividend Growth:**	13
Dividend Risk Score:	C	**Sector:**	Materials	**Rating:**	Hold

Overview & Current Events

Cabot Corp (CBT) manufactures and sells a variety of chemicals, materials, and chemical-based products. The company organizes itself into two segments based on the product type. The reinforcement materials segment, which generates more revenue than any other segment, sells rubber-grade carbon black products used in hoses and belts in automobiles. The performance chemicals segment sells ink-jet colorants and metal oxides used in the automotive and construction industries.

On May 5th, 2025, the company announced results for the second quarter of 2026. Cabot reported Q2 non-GAAP EPS of $1.61, which beat estimates by $0.14 and revenue of $904 million that was down 3.4% year-over-year.

Cabot Corporation reported net income that declined to $68 million from $94 million a year earlier. Despite a challenging operating environment, the company highlighted strong execution across its businesses, particularly within Performance Chemicals, where EBIT increased 18% year over year to $59 million. Growth was driven by continued momentum in battery materials and higher specialty carbons volumes, benefiting from favorable product mix and optimization initiatives. Reinforcement Materials EBIT fell to $93 million, reflecting lower pricing and product mix impacts in tire customer agreements as well as heightened competitive pressure in Asia-Pacific, although segment volumes increased 3% globally.

Management emphasized the growing contribution of its Battery Materials business, supported by rising demand from battery energy storage systems and electric vehicles. Cabot also announced plans to optimize its manufacturing footprint through targeted capacity rationalization in South America and Europe, subject to local consultation processes. These actions are expected to generate approximately $22 million in annualized fixed-cost savings once fully implemented. The company maintained a strong financial position, ending the quarter with $252 million in cash, $1.3 billion of available liquidity, and a net debt-to-EBITDA ratio of 1.5x. Operating cash flow totaled $77 million during the quarter, supporting capital investments, dividends, and share repurchases. Management reaffirmed its full-year outlook, citing confidence in operational execution despite ongoing geopolitical and macroeconomic uncertainties.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.32	$3.91	($1.85)	$2.63	($4.21)	$4.34	$3.62	$7.73	$6.72	$6.02	***$6.35***	***$9.33***
DPS	$1.04	$1.23	$1.29	$1.36	$1.40	$1.40	$1.48	$1.54	$1.66	$1.76	***$1.89***	***$2.41***
Shares[3]	62.9	62.7	61.7	58.8	56.6	56.8	56.9	56.5	55.7	54.2	***53.2***	***48.5***

Cabot's growth was propelled by strategic enhancements in its product offerings and geographical expansion. The Reinforcement Materials segment benefited from favorable customer agreements and increased demand in key regions, particularly Asia and Europe, which saw volume increases of 21% and 4%, respectively. Despite an 8% volume decline in the Americas, the segment's overall performance remained strong due to higher pricing and an improved product mix.

---

[1] Estimated ex-dividend date
[2] Estimated ex-dividend date
[3] Shares in million.

Disclosure: This analyst has a long position in the security discussed in this research report.

Cabot Corporation (CBT)

Updated June 16th, 2026, by Yiannis Zourmpanos

The Performance Chemicals segment's growth was driven by increased volumes in specialty carbons and specialty compounds.

We have set our EPS estimate for 2026 in-line with the analysts' estimates. Thus, we expect the company to post EPS of $6.35. Additionally, we estimate an EPS growth of 8.0% over the next five years, leading to our estimated EPS of $9.33 by 2031. Moreover, the company has a solid record of paying dividends and has paid an increasing dividend for the past 13 years. We expect the company to maintain its dividend growth and have forecasted a dividend CAGR of 5.0%, leading to a dividend of $2.41 in 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	20.8	14.6	-31.4	17.0	-8.8	12.3	19.0	9.5	13.1	12.6	***14.0***	***15.0***
Avg. Yld.	2.2%	2.2%	2.2%	3.0%	3.8%	2.6%	2.2%	2.1%	1.9%	2.3%	***2.1%***	***1.7%***

The company currently trades at a forward P/E of 14.0, but we believe a target P/E of 15.0, which is closer to the sector's medium-term average, is a fair reflection of its value. Thus, with the forecasted EPS of $9.33 by 2031 and a 15.0 multiple, our target stock price is $140.

Safety, Quality, Competitive Advantage, & Recession Resiliency

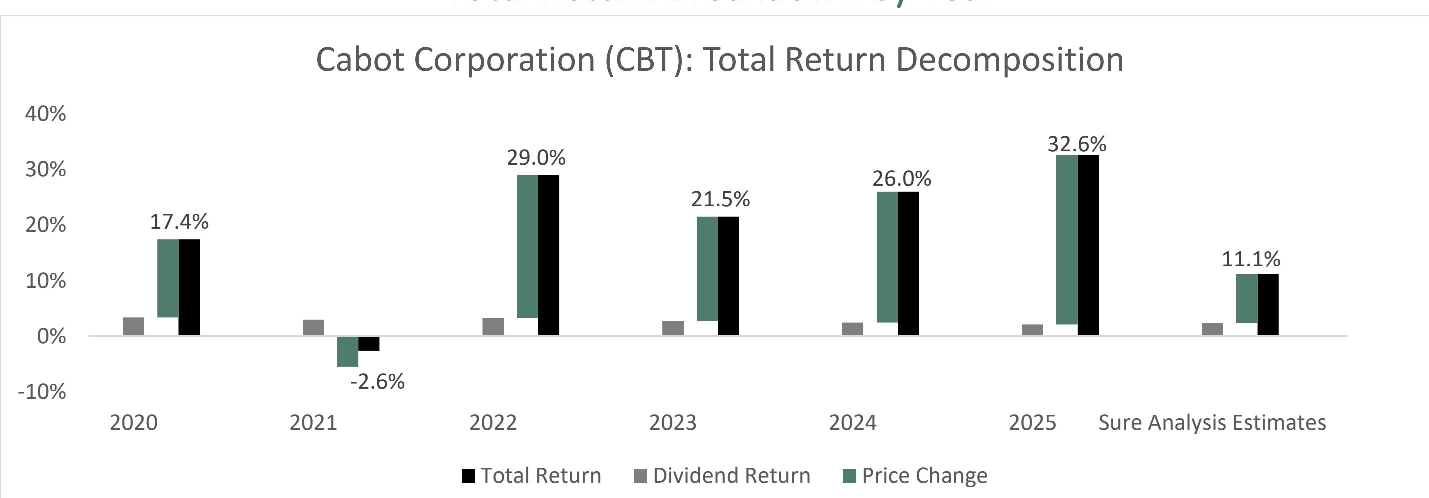
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	45%	31%	-70%	52%	-33%	32%	41%	20%	25%	29%	***30%***	***26%***

Cabot Corporation's competitive advantage lies in its advanced material solutions and strong customer relationships, driving sustained growth. Its robust performance during economic downturns showcases resilience, supported by diversified product lines and geographic presence. In Q2, Cabot continued returning capital to shareholders during the quarter, repurchasing $49 million of its common stock while also increasing its quarterly dividend by 5%.

Final Thoughts & Recommendation

Cabot Corporation demonstrates strong financial health, strategic growth, and resilience, making it a solid investment. With robust EPS growth, prudent debt management, and shareholder-friendly policies, CBT is well-positioned for continued success. Thus, our hold rating is premised upon the 11.1% annual return over the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, the 2.1% dividend yield, and a valuation tailwind. However, the moderate dividend risk score earns Cabot Corporation a hold recommendation at this time.

Total Return Breakdown by Year



Disclosure: This analyst has a long position in the security discussed in this research report.

Cabot Corporation (CBT)

Updated June 16th, 2026, by Yiannis Zourmpanos

Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2,717	3,242	3,337	2,614	3,409	4,321	3,931	3,994	3,713
Gross Profit	657	772	685	500	799	885	839	960	946
Gross Margin	24.2%	23.8%	20.5%	19.1%	23.4%	20.5%	21.3%	24.0%	25.5%
SG&A Exp.	262	308	290	292	289	258	253	283	260
D&A Exp.	155	149	148	158	160	146	144	151	154
Operating Profit	338	398	335	151	454	572	529	614	632
Op. Margin	12.4%	12.3%	10.0%	5.8%	13.3%	13.2%	13.5%	15.4%	17.0%
Net Profit	248	(113)	157	(238)	250	209	445	380	372
Net Margin	9.1%	-3.5%	4.7%	-9.1%	7.3%	4.8%	11.3%	9.5%	10.0%
Free Cash Flow	201	69	139	177	62	(111)	351	451	391
Income Tax	33	193	70	191	123	102	(28)	111	196

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	3,338	3,244	3,004	2,781	3,306	3,525	3,604	3,736	3,815
Cash and Equiv.	280	175	169	151	168	206	238	223	258
Accts Receivable	527	637	530	418	645	836	695	733	671
Inventories	433	511	466	359	523	664	585	552	504
Goodwill	291	191	186	237	240	192	194	186	189
Total Liabilities	1,713	1,965	1,870	1,967	2,216	2,493	2,197	2,146	2,110
Accounts Payable	339	446	390	316	480	533	438	676	459
Long Term Debt	924	1,003	1,064	1,115	1,162	1,443	1,276	1,140	1,201
Book Value	1,504	1,154	998	691	947	898	1,264	1,425	1,550
LTD to Equity Ratio	0.61	0.87	1.07	1.61	1.23	1.61	1.01	0.80	0.79

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.8%	-3.4%	5.0%	-8.2%	8.2%	6.1%	12.5%	10.4%	9.9%
Return on Equity	16.5%	-7.8%	13.0%	-24.4%	26.3%	19.7%	36.5%	25.4%	22.6%
ROIC	10.2%	-4.7%	7.0%	-11.5%	12.0%	8.8%	17.3%	14.0%	12.9%
Shares Out.	62.7	61.7	58.8	56.6	56.8	56.9	56.5	55.7	54.2
Revenue/Share	43.33	52.54	56.75	46.18	60.02	75.94	69.58	71.71	68.51
FCF/Share	3.21	1.12	2.36	3.13	1.09	(1.95)	6.21	8.10	7.21

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.