



B. Riley & Co. Institutional Conference Investor Presentation

May 25, 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

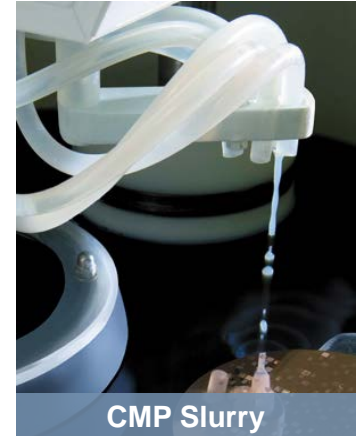
Financial strength

- › 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



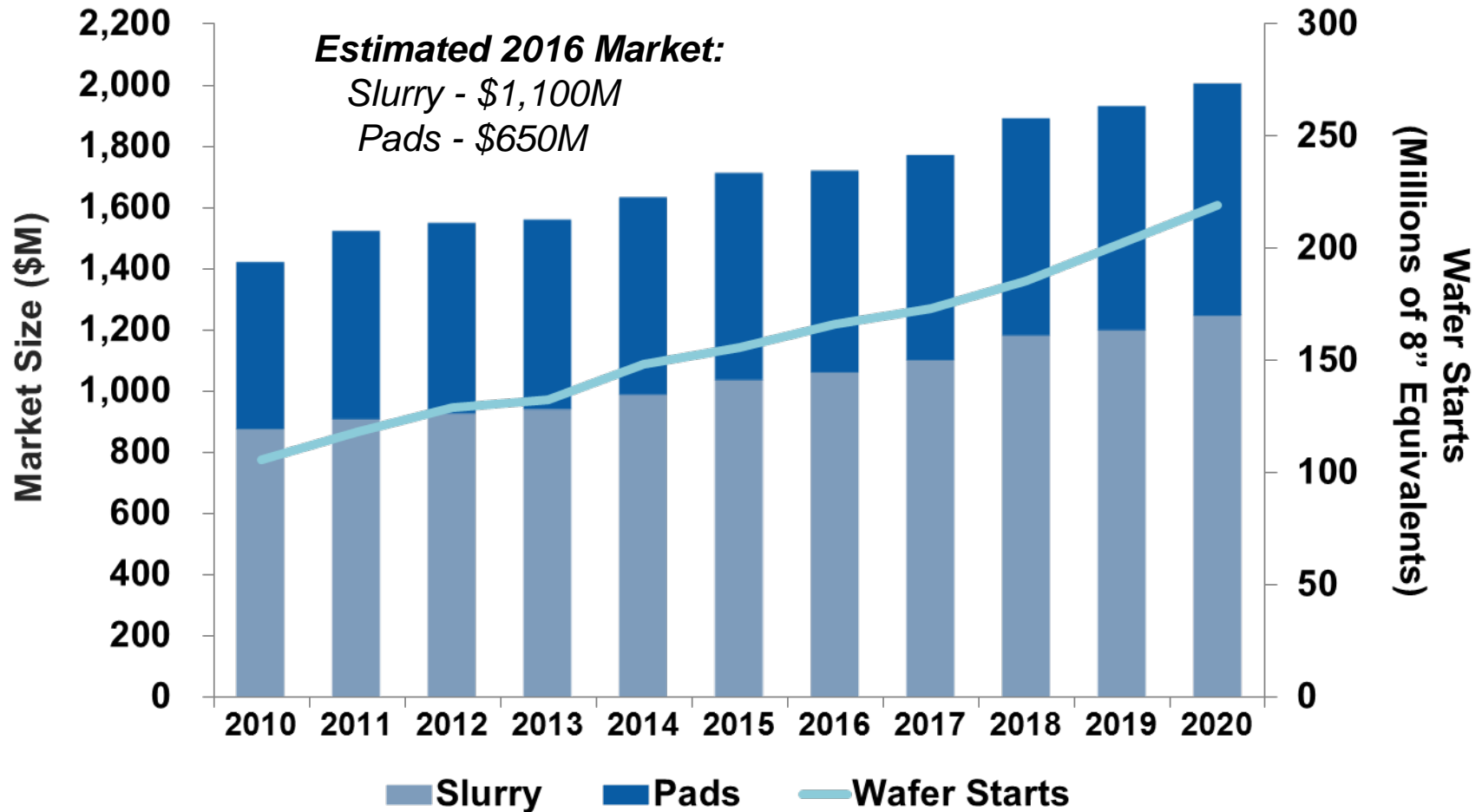
CMP Polishing Pads

*CMP – Chemical Mechanical Planarization



IC CMP Slurries and Pads Market

IC CMP consumables market is primarily driven by wafer starts



Sources: industry analysts and internal estimates.



Key Growth Drivers

▶ Tungsten Slurries

- Leadership across foundry, memory and logic markets
- Memory device shift from 2D to 3D structures - 3DNAND
- Advanced logic devices - FinFET

▶ Dielectrics Slurries

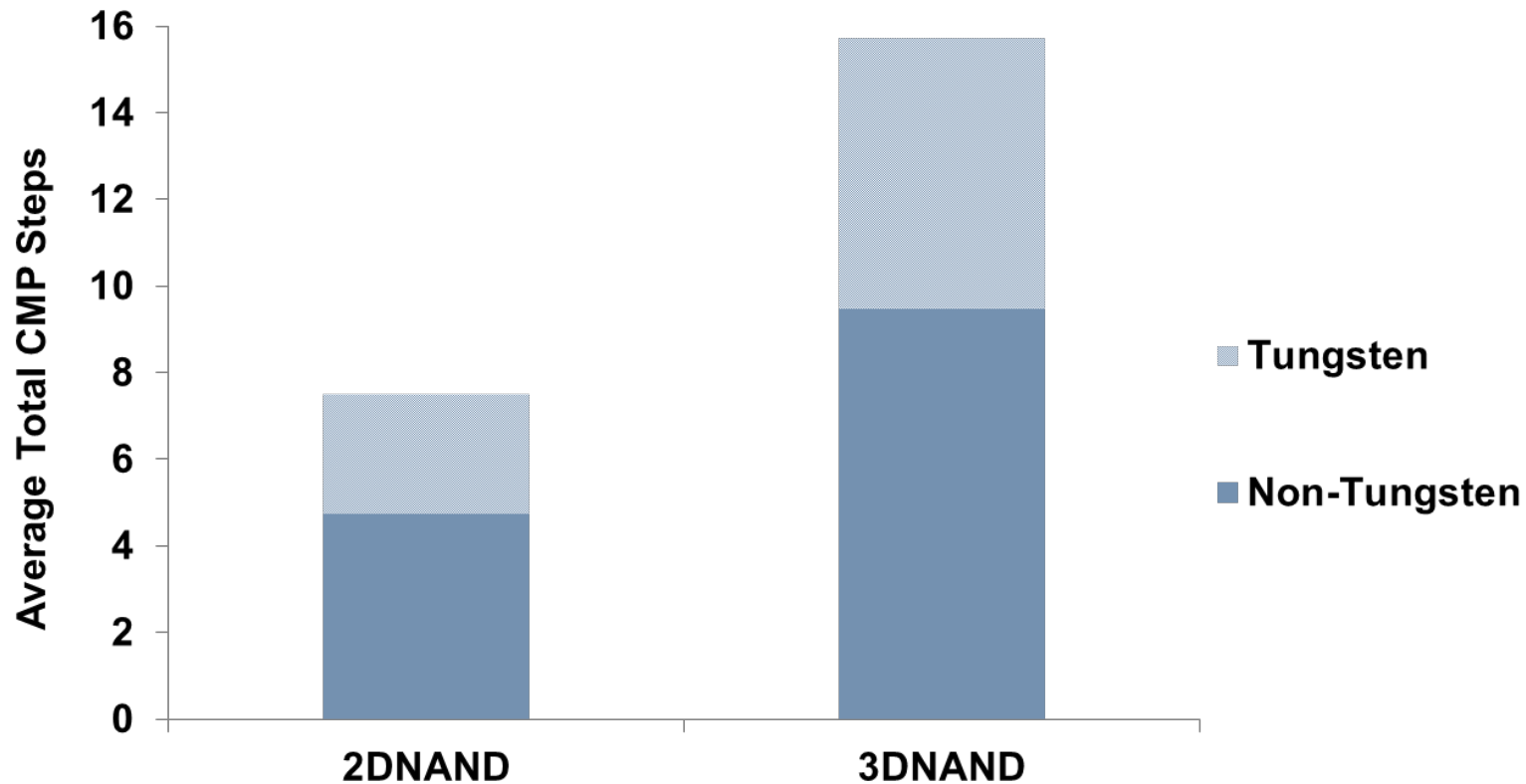
- Broad transformation; growing adoption of higher performing, lower cost and higher profitability products
- Fumed to colloidal silica-based solutions for range of technologies
- Advanced ceria slurries

▶ Polishing Pads

- Leverage NexPlanar acquisition, as well as organic technologies
- KFMI collaboration
- Slurry and pad consumable sets

- **Strong pipeline of active opportunities across key product areas**
- **Expect these three product areas will be drivers for continued profitable growth over the next several years**

Shift From 2D to 3D Structures

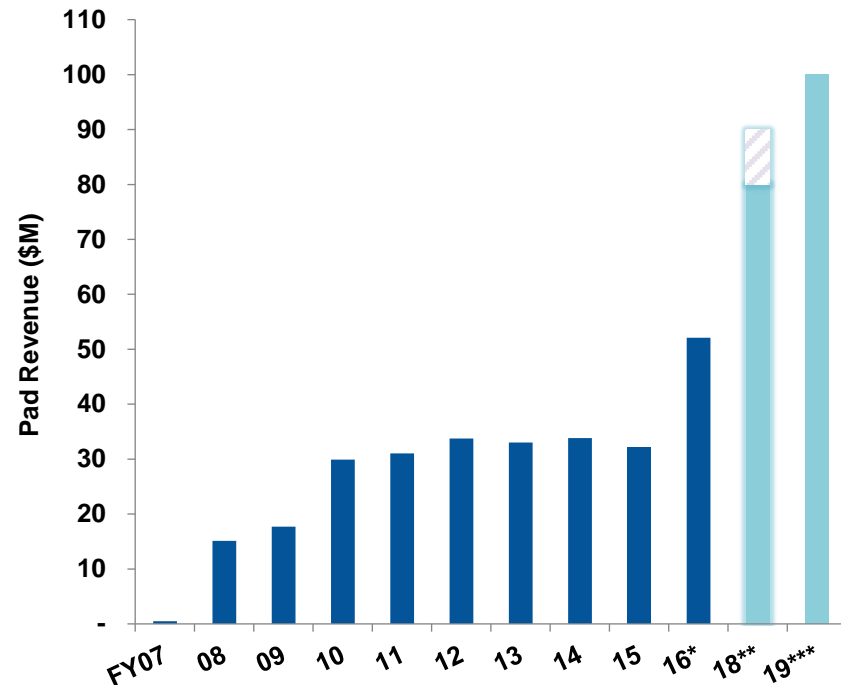


Source: internal data.

- ▶ New architectures for memory IC devices
- ▶ 3D wafer starts expected to outpace semiconductor industry growth
- ▶ More customers transitioning to this technology
- ▶ More CMP steps, in particular, Tungsten

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



Robust Product Portfolio

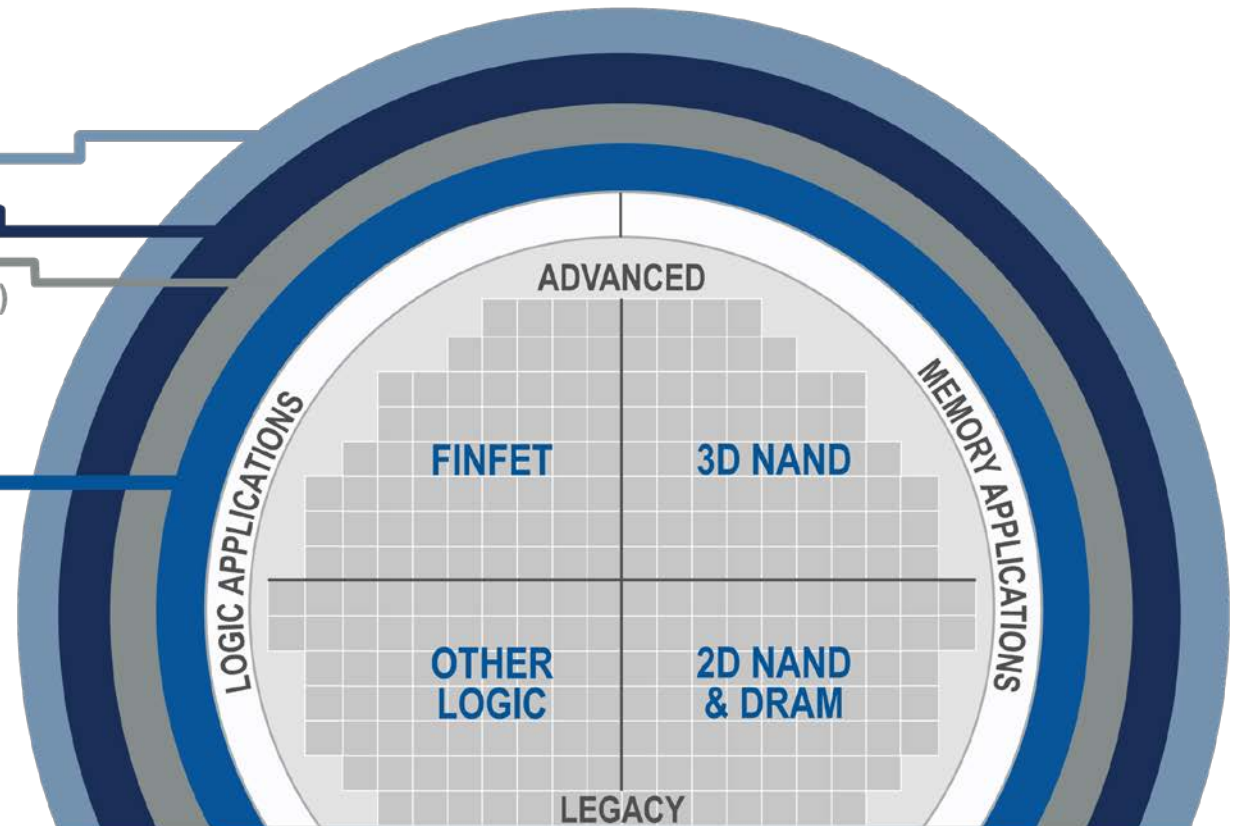
We have a broad product portfolio, serving a wide range of applications and technology nodes to address performance and cost of ownership

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

Extensive Global Infrastructure

Recent enhancements:

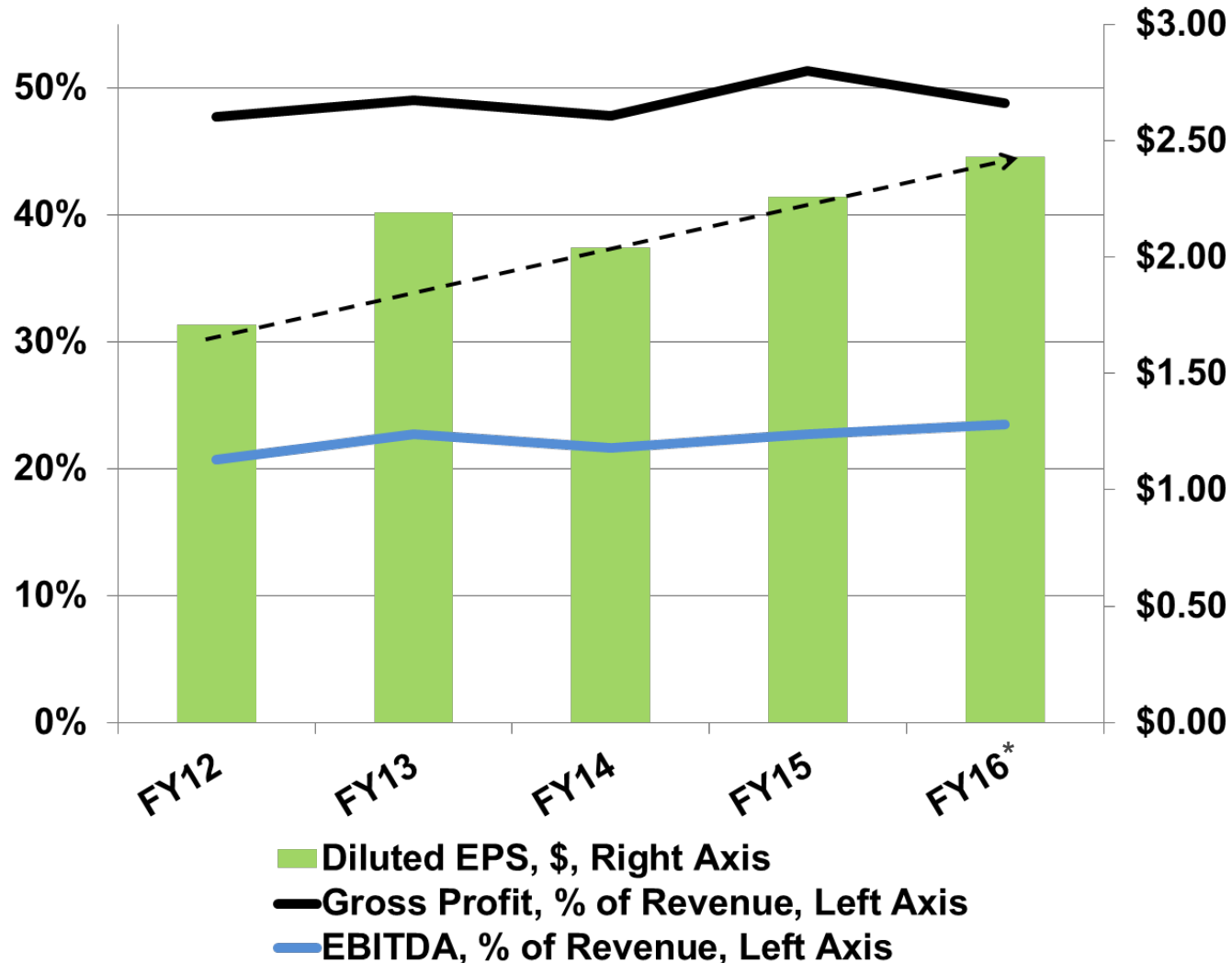
1. 2017 facility expansion
2. 2017 production expansion
3. 2016 KFMI* collaboration
4. 2015 NexPlanar acquisition

- ▶ Approximately 80% of revenue and 50% of fixed assets and global staff are in Asia.



*KFMI - Konfoong Materials International

Strong Track Record of High Profitability

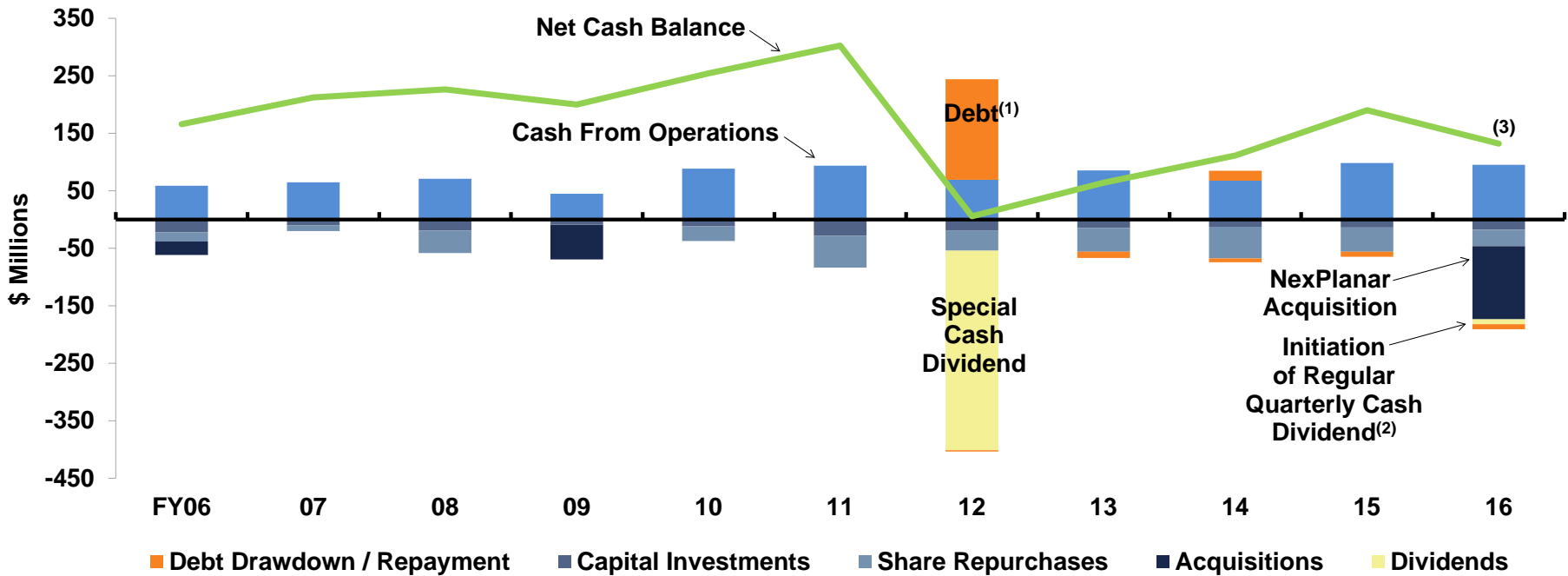


*Includes adverse impact of NexPlanar acquisition-related costs and amortization expense.



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



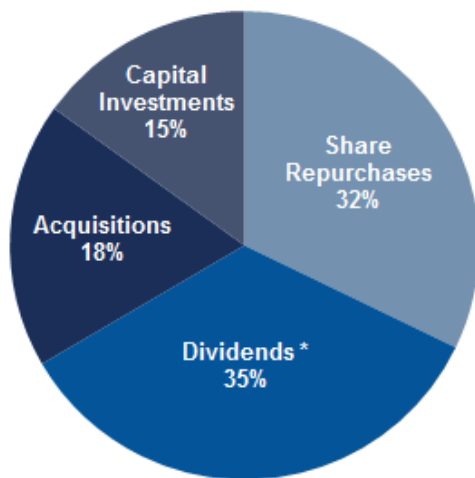
(1) In 2012 we implemented a leveraged recapitalization with a \$347 million special cash dividend (\$15 per share).
 (2) In 2017 we increased the regular quarterly cash dividend by eleven percent.
 (3) As of March 31, 2017, our balance sheet reflected a cash balance of approximately \$344 million and \$150 million of debt outstanding.



Capital Deployment

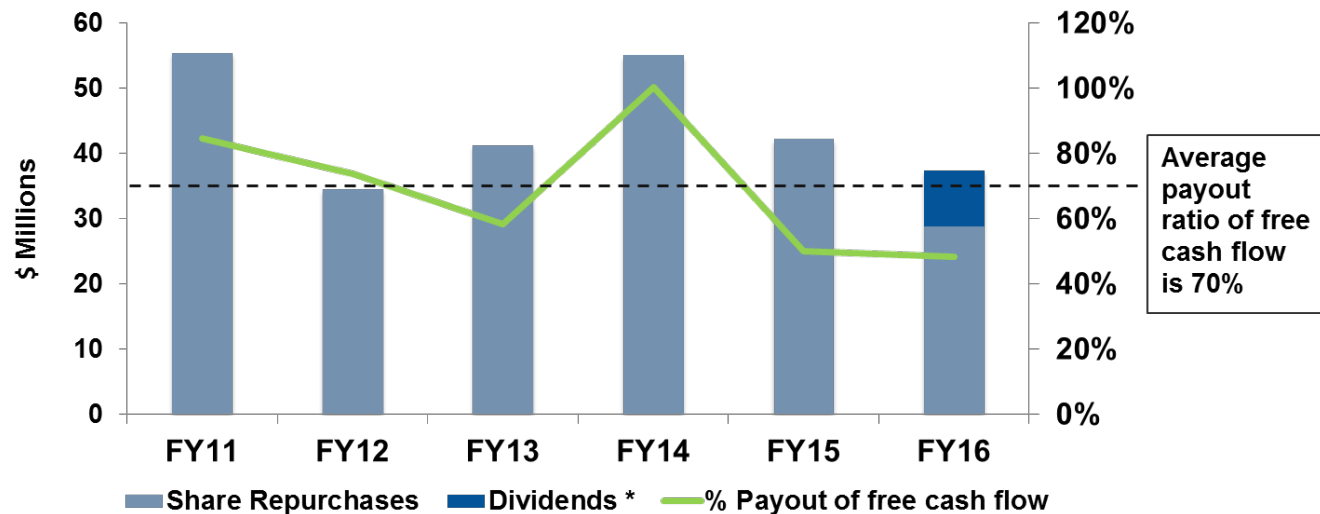
We have executed a balanced capital deployment strategy, including investments to support growth, dividends, acquisitions and share repurchases

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



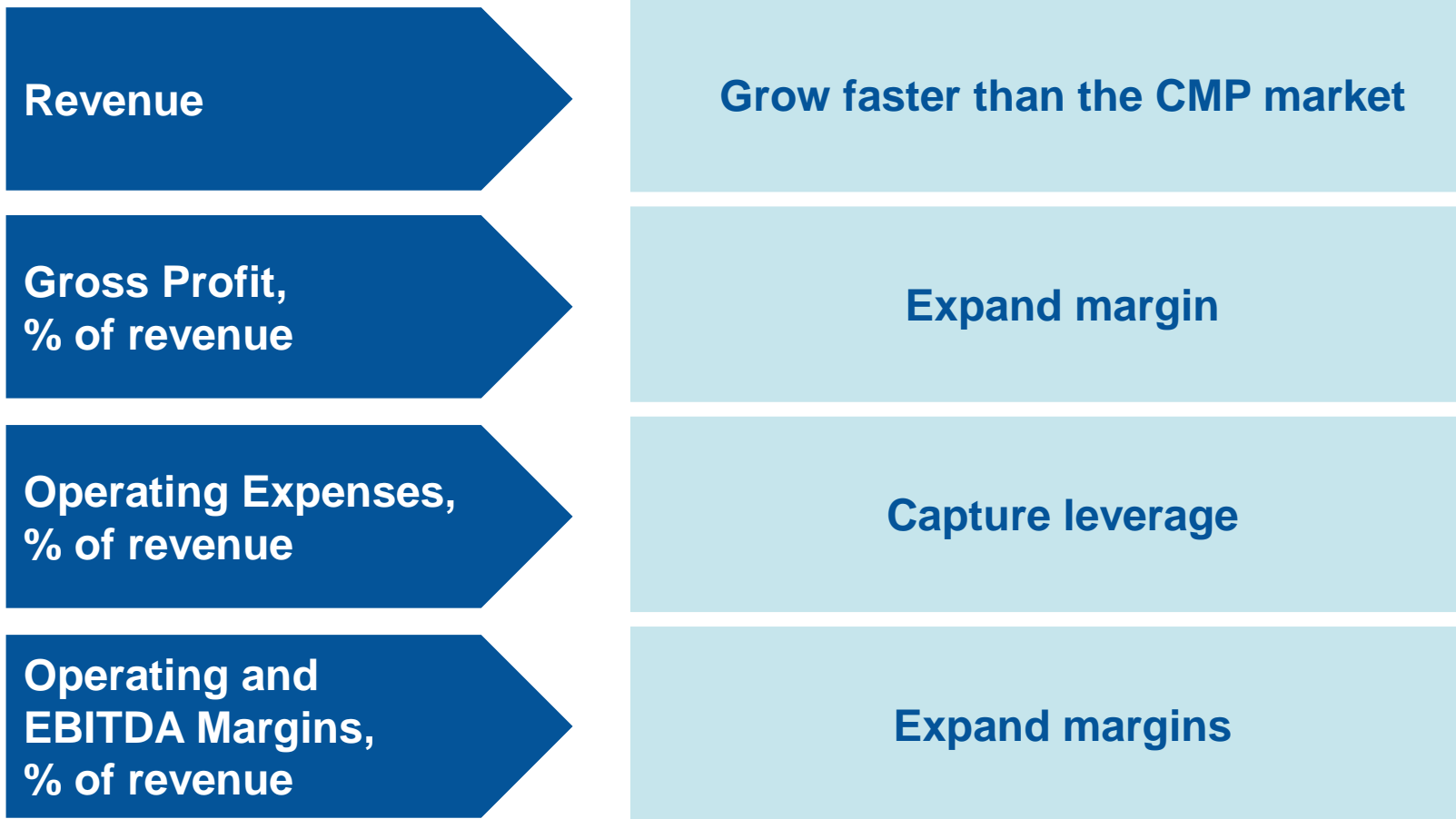
* Includes 2012 special cash dividend

Share Repurchases and Dividends as a Percentage of Free Cash Flow



* Excludes 2012 special cash dividend

Multi-Year Financial Objectives



Drivers for Achieving Financial Objectives



	Expected Impact On:	
	<i>Revenue</i>	<i>Profitability</i>
<ul style="list-style-type: none"> ▶ Tungsten slurries with 3D NAND and FinFET 	Tailwind	Tailwind
<ul style="list-style-type: none"> ▶ Dielectrics slurries transformation with broad adoption across legacy and advanced applications 	Headwind (replacing some of our existing business)	Tailwind
<ul style="list-style-type: none"> ▶ Polishing pads with NexPlanar acquisition, slurry and pad sets, and KFMI collaboration 	Tailwind	Headwind (tailwind on an absolute dollar basis)

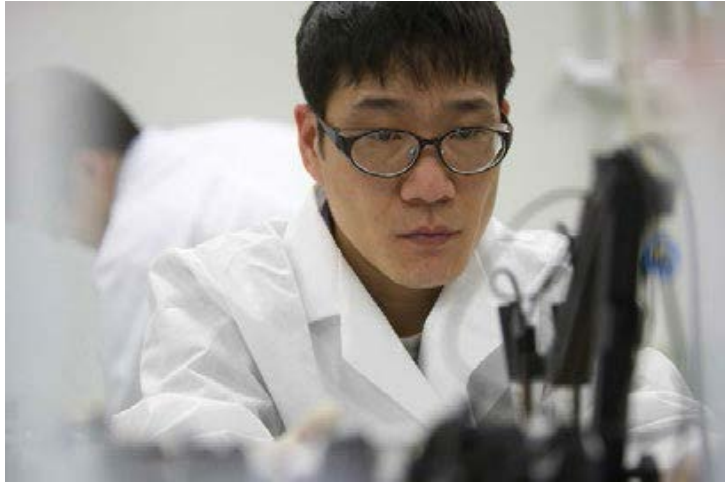
- ▶ **Cost discipline across all areas with sustained productivity improvements**



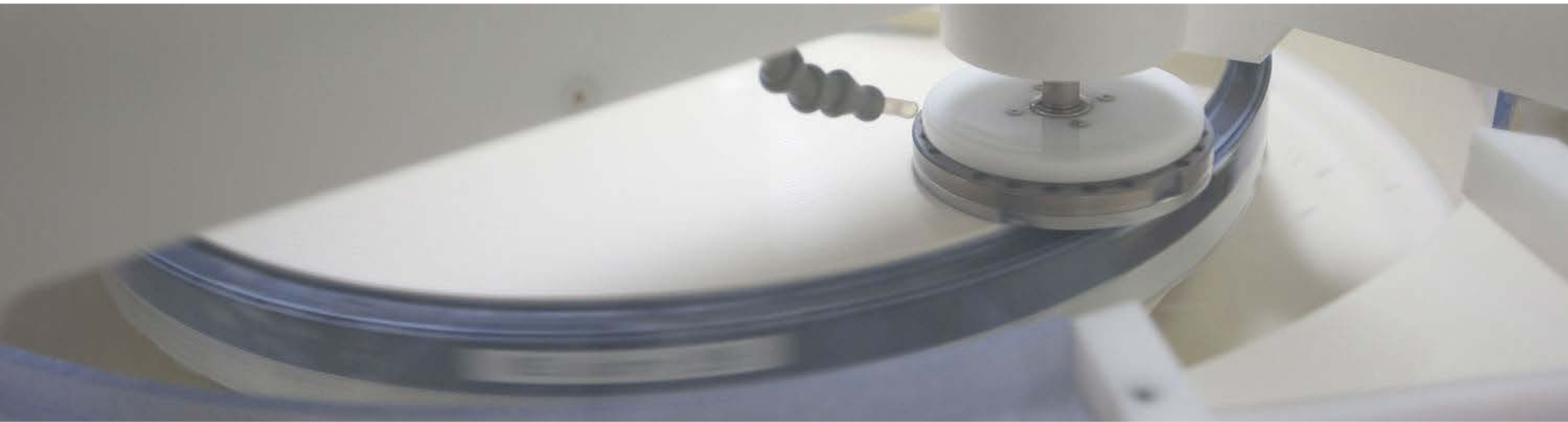
Future Capital Deployment Priorities

- ▶ **Organic investments**, to fund growth within CMP consumables
- ▶ **Dividends**, including increasing quarterly dividend as earnings grow
- ▶ **Acquisitions**, in closely-related areas that leverage core capabilities (for example, chemical formulation, materials science, quality systems, global infrastructure, channel-to-market)
- ▶ **Share repurchases**, as of March 31, 2017, repurchase program had remaining authorization of approximately \$132 million

Corporate Summary



- ▶ **Largest CMP slurry supplier**
- ▶ **Second largest CMP pad supplier**
- ▶ **Focused business strategy**
- ▶ **Significant growth opportunities in a number of areas**
- ▶ **Positioned for continued success with key product areas and consistent execution of strategies**
- ▶ **Highly profitable financial model and strong cash generator**
- ▶ **Track record of delivering value to shareholders**



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