



## First Quarter 2012 Earnings Review

Shane Fleming – Chairman, President and CEO

Dave Drillock – Vice President and CFO

April 20, 2012

During the course of this meeting we may make forward-looking statements. All statements that address expectations or projections about the future are forward-looking statements.

Some of these statements include words such as “expects”, “anticipates,” “plans,” “intends,” “projects,” and “outlook.” Although they reflect our current expectations, these statements are not guarantees of future performance because they involve a number of risks, uncertainties, and assumptions.

Included in this presentation are estimates for full year 2012 sales and earnings. These were included in our April 19, 2012 press release, which was also furnished as an exhibit to a current report on Form 8-K. These estimates set forth the Company’s assumptions and management’s best estimate of the full year 2012 sales and earnings at that time based on various assumptions set forth in the press release. There can be no assurance that sales or earnings will develop in the manner then projected or that the results for the year will be consistent with the results then projected. Actual results may differ materially.

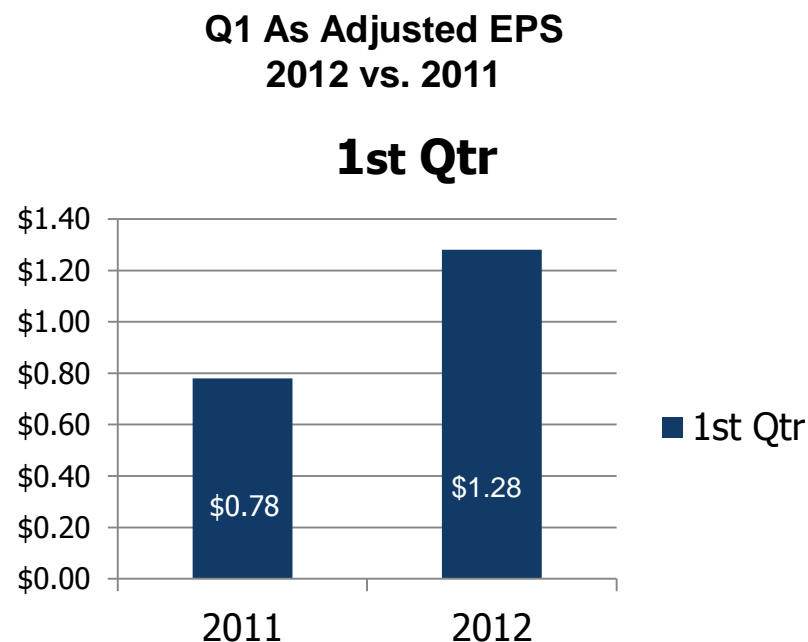
We recommend that you review Cytec’s SEC filings for a discussion of some of the factors which could cause actual results to differ materially from its expectations and projections. This and other Cytec information may be accessed at [www.cytec.com](http://www.cytec.com).

In sections of this presentation certain “non-GAAP” measures are provided and identified as such. We believe that the “non-GAAP” measures can more accurately reflect comparisons of year to year trends and is consistent with how we review the information. A reconciliation of “non-GAAP” measures to the applicable GAAP measure is provided in the appendix at the end of this presentation.

### 1st Quarter 2012:

Sales of \$783M

Earnings of \$59.8M or  
\$1.28 per diluted share  
*(excluding special items)*



- Adjusted EPS increased 64% in Q1'12 vs. Q1'11
- Strong demand drove sizable volume increases in Engineered Materials and In Process Separation segments
- Coating Resins operating earnings were better than expected due to strong pricing, mitigating the impact of lower selling volumes

## Engineered Materials

\$M USD	Q1'12	Q1'11	% Δ
Sales	218.7	187.1	17%
Operating Earnings	45.0	25.1	79%

- Double-digit revenue growth driven by high selling volumes across all aerospace end markets.
- Significant earnings growth due to higher selling volumes, increased operating rates, and higher selling prices.

### Q1 Sales Comparison

<b>Sales Growth</b>	<b>17%</b>
Volume	14%
Price	3%
Currency	0%

## In Process Separation

\$M USD	Q1'12	Q1'11	% Δ
Sales	91.6	78.4	17%
Operating Earnings	22.9	16.4	40%

- Strong selling volumes for mining chemicals across most regions, notably in Eastern Europe and Africa
- Continued commercialization of recently introduced technologies
- Higher selling prices further supported increased earnings

### Q1 Sales Comparison

<b>Sales Growth</b>	<b>17%</b>
Volume	8%
Price	9%
Currency	0%

## Additive Technologies

\$M USD	Q1'12	Q1'11	% Δ
Sales	67.7	70.3	-4%
Operating Earnings	6.4	8.4	-24%

- Lower selling volumes as a result of soft demand in general industrial markets, most notably in Europe
- Higher selling prices mitigated the lower volumes in the quarter

### Q1 Sales Comparison

<b>Sales Growth</b>	<b>-4%</b>
Volume	-8%
Price	5%
Currency	-1%

## Coating Resins

	\$M USD	Q1'12	Q1'11	% Δ
Sales		405.3	430.2	-6%
Operating Earnings		28.8	20.0	44%

- Lower selling volumes across all product lines due to weak market demand, particularly in Europe and Asia
- Automotive market continued to be strong
- Higher selling prices and benefits from 2011 restructuring actions supported the earnings growth

### Q1 Sales Comparison

<b>Sales Growth</b>	<b>-6%</b>
Volume	-9%
Price	5%
Currency	-2%

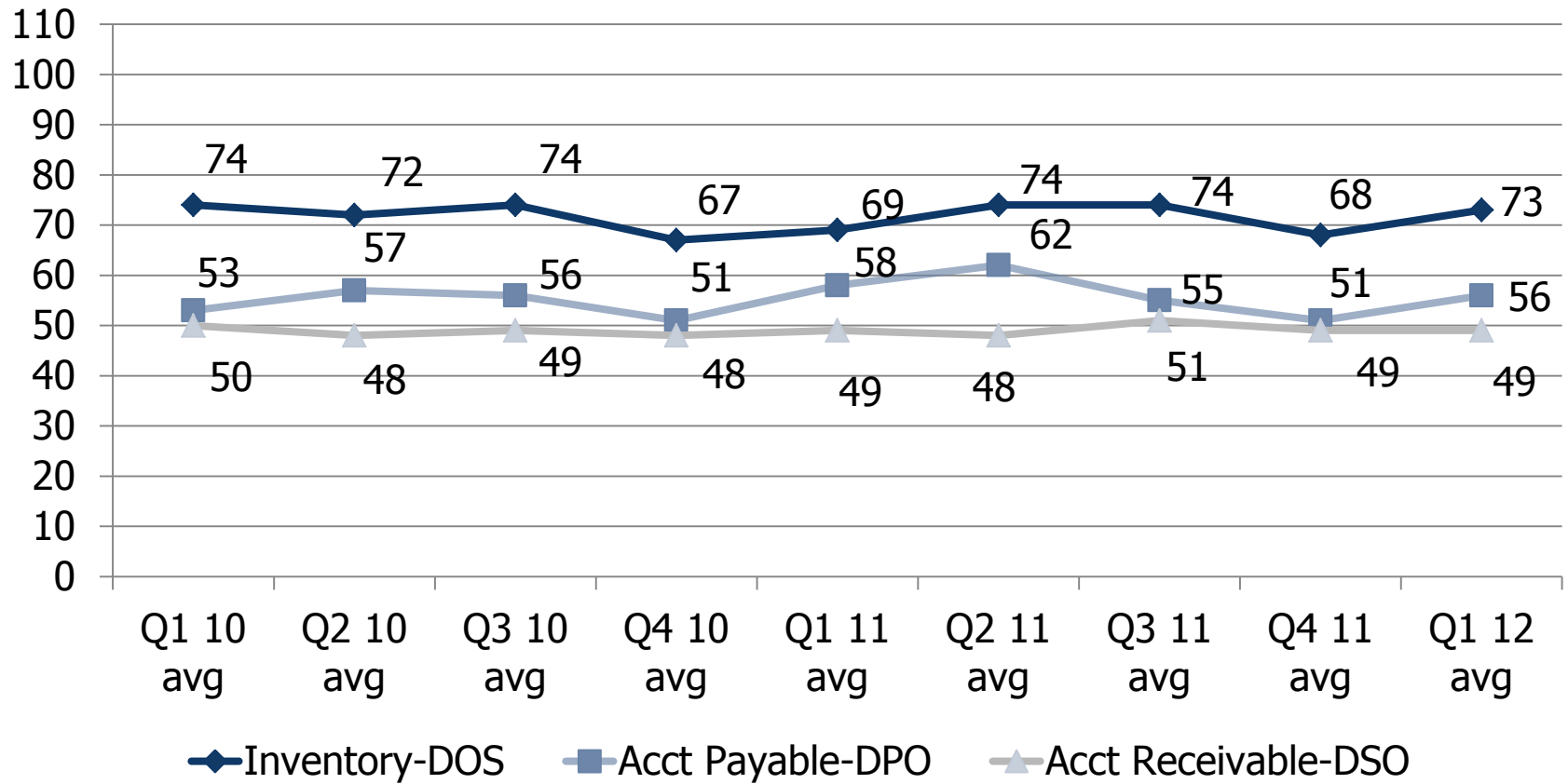
**First Quarter 2012**

- **As-Adjusted Comments** (ex special items):
  - Gross profit dollars up 17.5% to \$212M and margin was higher by approximately 3.5 percentage points versus Q1'11
  - Gross margin increase supported by higher production levels in Engineered Materials and In Process Separation as well as higher selling prices
- **Special Items** (all in Corporate Unallocated):
  - Net pre-tax restructuring charges of \$3.3 million (included in various manufacturing and operating expenses)
  - Pre-tax incremental accelerated depreciation of \$0.7 million related to the sale-leaseback agreement of our research and development facility (included in Research and process development)
  - Net pre-tax charge of \$6.2 million related to our exploration of the separation of the Coating Resins business (included mainly in Administrative and general)
- **Tax:**
  - Underlying tax rate of 32.5% vs. 27% in Q1'11. 2011 underlying rate includes certain tax benefits of \$2.3M. Higher rate in 2012 mainly attributable to the expiration of certain U.S. tax credits.



**Operating cash flows of \$32M in Q1 2012 vs. \$21.5M in Q1 2011**

**Working Capital Days**



**Maintaining Liquidity**

- CAPEX of \$24M in Q1 '12 vs. \$26M in Q1 '11. Expected CAPEX for 2012 is approximately \$200M
- Acquired assets of Star Orechem International in India for \$36M (\$29M paid at closing)
- No stock repurchase in Q1 '12 due to our intention to acquire all shares of Umeco Plc for £ 274M (\$439M)
- Acquisition of Umeco will be funded with our cash and \$210M draw down from credit facility
- Our intention is to remain investment grade

Outlook table in Millions

Business Segment	Net Sales	Operating Earnings Guidance
Engineered Materials	\$880 to \$920	\$170 to \$180
In Process Separation	\$375 to \$385	\$78 to \$83
Additive Technologies	\$290 to \$300	\$40 to \$45
Coating Resins	\$1,640 to \$1,660	\$70 to \$75
Corporate & Unallocated		\$18-\$20
Total	\$3,185 to \$3,265	\$340 to \$363
Other Expense, net		~\$2
Interest Expense, net		\$36-\$38
Income Tax Expense		31.5% - 33.5%
<b>Adjusted Full Year EPS</b>		<b>\$4.35 to \$4.65</b>

**EPS excludes estimated earnings accretion from potential Umeco acquisition of \$0.20 per diluted share**

## Coating Resins Update

- Previously announced that we have retained J.P. Morgan to assist in an analysis of alternatives available to effect a potential separation of the entire Coating Resins business including the PSA product line
- Making good progress on evaluation of strategic options, and remain on track to announce a decision regarding the separation of the Coating Resins business during the second quarter of 2012
- Once implemented, goal is to complete the transaction by year end

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## Reconciliation of “Non-GAAP” Measures to GAAP Measures

Management believes that net after-tax earnings and diluted earnings per share before special items, and gross margins adjusted for special items, which are non-GAAP measures, are meaningful to investors because they provide a view of the Company with respect to ongoing operations. Special items represent significant charges or credits that are important to an understanding of the Company’s overall operating results in the periods presented. Such measurements are not recognized in accordance with generally accepted accounting principles (GAAP) and should not be viewed as an alternative to GAAP measures of performance. The following table summarizes the net special items used to adjust reported net earnings and diluted earnings per share and gross margins for the quarters ended March 31, 2012 and 2011.

Period	Reported Net Earnings from continuing operation less Earnings Attributable to Noncontrolling Interests	Net Special Items	Non-GAAP Net Earnings from Continuing Operations Attributable to Cytec	Reported Diluted Earnings Per Share from continuing operation less Diluted Earnings Per Share Attributable to Noncontrolling Interests	Net Special Items	Non-GAAP Diluted Earnings per Share
Q1'12	\$53.1	\$6.7	\$59.8	\$1.14	\$0.14	\$1.28
Q1'11	\$39.6	\$(0.5)	\$39.1	\$0.79	\$(0.01)	\$0.78

Period	Reported Cost of Sales	Net Special Items	Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	Adjusted Gross Margin
Q1'12	\$572.7	\$(1.5)	\$571.2	\$210.6	\$1.5	\$212.1
Q1'11	\$585.6	\$0.1	\$585.7	\$180.4	\$(0.1)	\$180.3