



DELIVERING TECHNOLOGY BEYOND
OUR CUSTOMERS' IMAGINATION™

Second Quarter 2014 Earnings Review

Shane Fleming – Chairman, President and CEO

Dave Drillock—Vice President and CFO

July 18, 2014

Forward Looking Statement

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 2014 sales and earnings. These were included in our July 17, 2014 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 2014 sales and as-adjusted earnings per share 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.

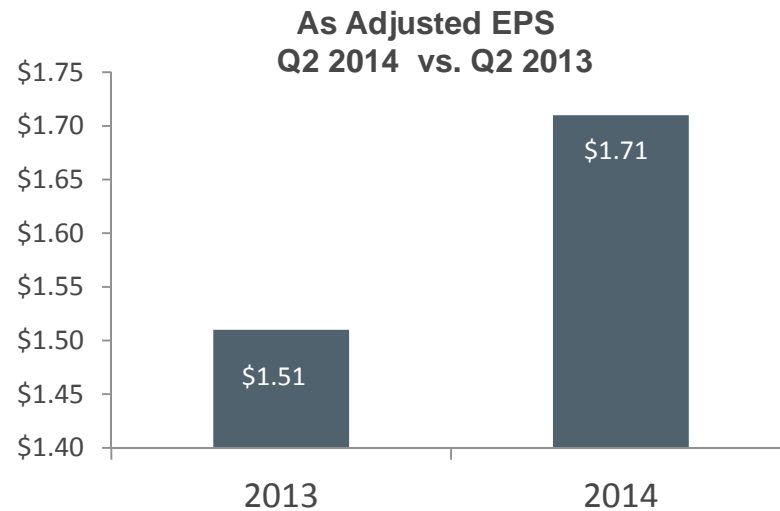
In sections of this presentation certain “non-GAAP” measures are provided and identified as such. We believe that the “non-GAAP” measures can more accurately reflect comparisons of year to year trends and is consistent with how we review the information. A reconciliation of “non-GAAP” measures to the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

Results Overview

2nd Quarter 2014 Continuing Operations

Sales of \$527 Million

Earnings of \$62.7M or
\$1.71 per diluted share
(excluding special items)



- Sales growth driven by Industrial Materials & Aerospace Materials
- Net operating earnings essentially flat with prior year period
- As adjusted EPS up 13% versus Q2 2013 mainly due to lower share count

Business Segment Results – Aerospace Materials

\$M USD	Q2'14	Q2'13	% Δ
Sales	262	250	5%
Operating Earnings	52.7	54.6	-3%

- Sales volume growth related to 737 and 787 offset by lower sales to rotorcraft and missile programs
- Operating earnings in the quarter were impacted by higher cost of purchased carbon fiber to meet increased demand

Q2 Sales Comparison YoY

Sales Growth	5%
Volume	3%
Price	2%
Currency	0%

Business Segment Results – Industrial Materials

\$M USD	Q2'14	Q2'13	% Δ
Sales	87	85*	2%
Operating Earnings	9.6	5.0	92%

*Includes \$12.2M sales of distribution products

- Sales in 2013 include \$12.2M related to the divested distribution product line; excluding this amount, sales grew by 19% in the quarter
- Sales growth driven by increased structural materials sales to aero tooling and high performance automotive markets
- Earnings up due to higher volumes, favorable product mix, and cost benefits from restructuring

Q2 Sales Comparison YoY

Sales Growth	2%
Divestiture	-14%
Volume	13%
Price	1%
Currency	2%

Business Segment Results – In Process Separation

\$M USD	Q2'14	Q2'13	% Δ
Sales	104	106	-2%
Operating Earnings	28.5	28.4	--

- Phosphine sales increased in the quarter, but were more than offset by declines in alumina and specific mining customer order patterns in Asia Pacific
- Demand in copper markets remains solid
- Operating earnings slightly higher due to favorable product mix from higher sales of phosphine products

Q2 Sales Comparison YoY

Sales Growth	-2%
Volume	-2%
Price	0%
Currency	0%

Business Segment Results – Additive Technologies

\$M USD	Q2'14	Q2'13	% Δ
Sales	74	73	3%
Operating Earnings	10.4	12.2	-15%

- Sales increase driven by specialty additives products and polymer additive agricultural film market in Europe
- Slower demand in North American market related to economy
- Earnings lower due to raw material increases and competitive price pressures

Q2 Sales Comparison YoY

Sales Growth	3%
Volume	3%
Price	-1%
Currency	1%

Financial Results: Q2 2014

Special Item

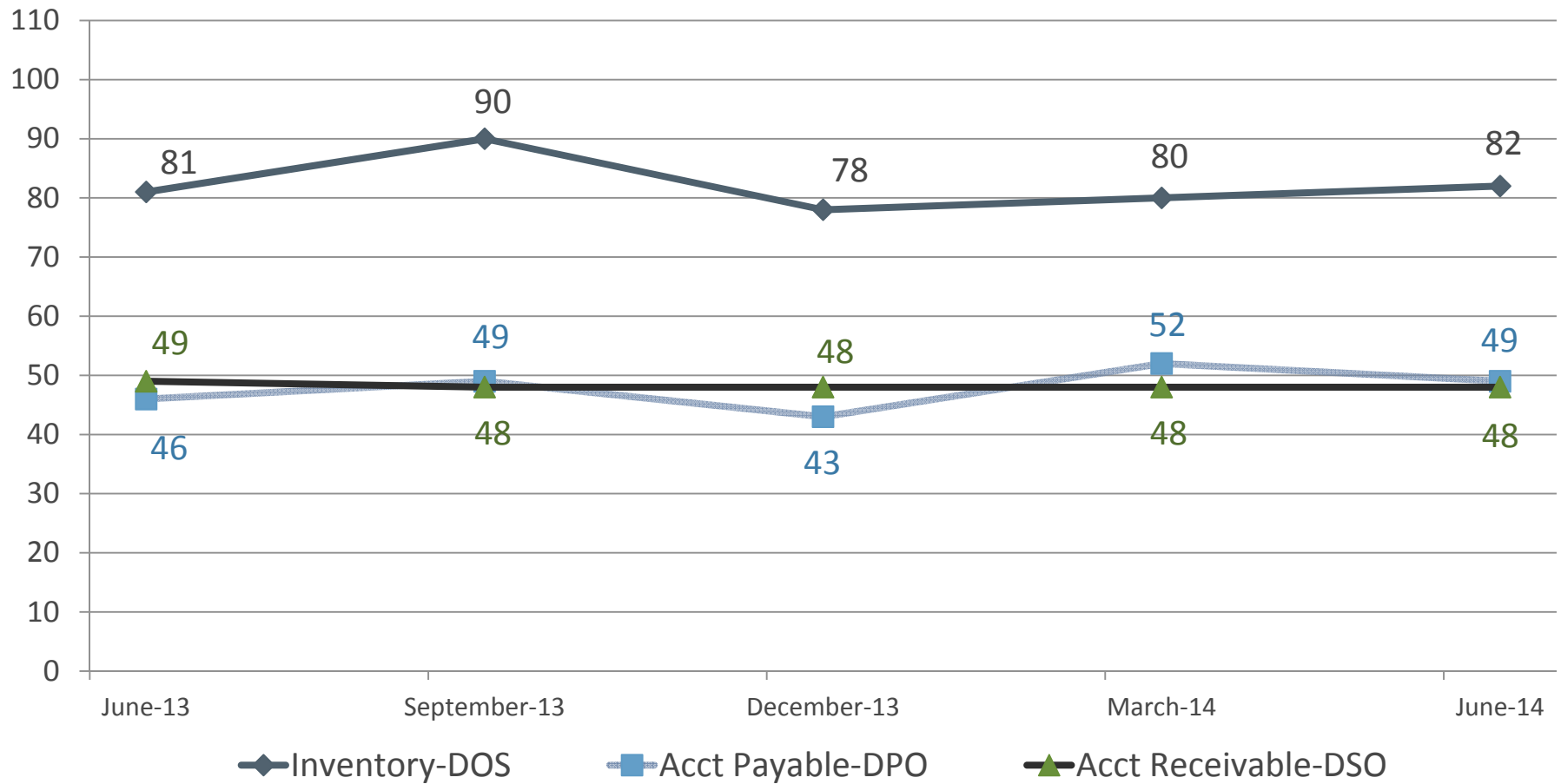
- Recorded in Continuing operations is a net pre-tax charge of \$0.4 million (\$0.2 million after-tax or \$0.01 per diluted share) related to previous restructuring activities as we complete our cost reduction initiatives announced last year.

Other financials (Q2 2014 vs Q2 2013)

- Gross margin of 34.2% is <0.5% lower
- Total operating expenses are up approximately \$4 million
- Corporate & Unallocated is up by approximately \$4 million with approximately 75% related to reduced net pension income and the remainder ERP related costs
- Interest expense, net is down about \$1.8 million due to higher capitalized interest
- Underlying annual tax rate for Q2 2014 was 31.0% vs. 30.7% in Q2 2013. In addition to the tax rate, there was a tax benefit in Q1 2014 of \$5.4 million or \$0.15 per diluted share related to the reversal of tax reserves from audit settlements. This benefit is included in our full year guidance.

Cash Flow metric

Working Capital Days



Balance Sheet – Maintaining Liquidity

Cash:

- Cash flow provided by operations \$43M in Q2'14 vs. a use of cash of \$20M in Q2'13
- Cash flow provided by operations \$105M in 6 months 2014 vs. a use of cash of \$6M in 6 months 2013
- Cash balance end of Q2 \$140M

Capital Spending:

- \$57M in Q2 2014 vs \$72M in Q2 2013
- Estimate remains at \$180M to \$200M Full Year 2014

Long-term Debt:

- \$716M

2014 Outlook

Business Segment	Net Sales	Operating Earnings
Aerospace Materials	\$990M – \$1,010M	\$185M – \$195M
Industrial Materials	\$320M – \$340M	\$28M – \$32M
In Process Separation	\$410M – \$430M	\$91M – \$95M
Additive Technologies	\$280M – \$290M	\$39M – \$41M
Corporate & Unallocated		(\$25M)
Total	\$2,000M – \$2,070M	\$318M – \$338M
Interest Expense, net		\$17M
Income Tax Expense		30% – 32%
Adjusted Full Year Continuing EPS		\$5.85 – \$6.15 Includes tax benefit from Q1

in millions (except per share amount)

July 18, 2014

CYTEC[®]

Delivering Technology Beyond
Our Customers' Imagination[®]

NYSE: CYT

Appendix

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 June 30, 2014 and 2013.

Period	Reported Net Earnings from continuing operations	Net Special Items	Non-GAAP Net Earnings from continuing operations	Reported Diluted Earnings per Share from continuing operations	Net Special Items	Non-GAAP Diluted Earnings per Share from continuing operations
Q2’14	\$62.5	\$0.2	\$62.7	\$1.70	\$0.01	\$1.71
Q2’13	\$62.6	\$0.0	\$62.6	\$1.51	\$0.00	\$1.51

Period	Reported Cost of Sales	Net Special Items	As Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	As Adjusted Gross Margin*
Q2’14	\$347.1	\$(0.1)	\$347.0	\$180.0	\$0.1	\$180.1
Q2’13	\$326.6	\$8.2	\$334.8	\$187.2	\$(8.2)	\$179.1

* may not add due to rounding

Appendix

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 six months ended June 30, 2014 and 2013.

Period	Reported Net Earnings from continuing operations	Net Special Items	Non-GAAP Net Earnings from continuing operations	Reported Diluted Earnings per Share from continuing operations	Net Special Items	Non-GAAP Diluted Earnings per Share from continuing operations*
6M’14	\$118.4	\$(3.6)	\$114.8	\$3.23	\$(0.09)	\$3.13
6M’13	\$71.4	\$30.1	\$101.5	\$1.63	\$0.70	\$2.33

Period	Reported Cost of Sales	Net Special Items	As Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	As Adjusted Gross Margin
6M’14	\$676.2	\$5.9	\$682.1	\$340.0	\$(5.9)	\$334.1
6M’13	\$665.3	\$2.0	\$667.3	\$325.9	\$(2.0)	\$323.9

* may not add due to rounding