



## Fourth Quarter 2011 Earnings Review

Shane Fleming – Chairman, President and CEO

Dave Drillock – Vice President and CFO

January 31, 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 January 31, 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).

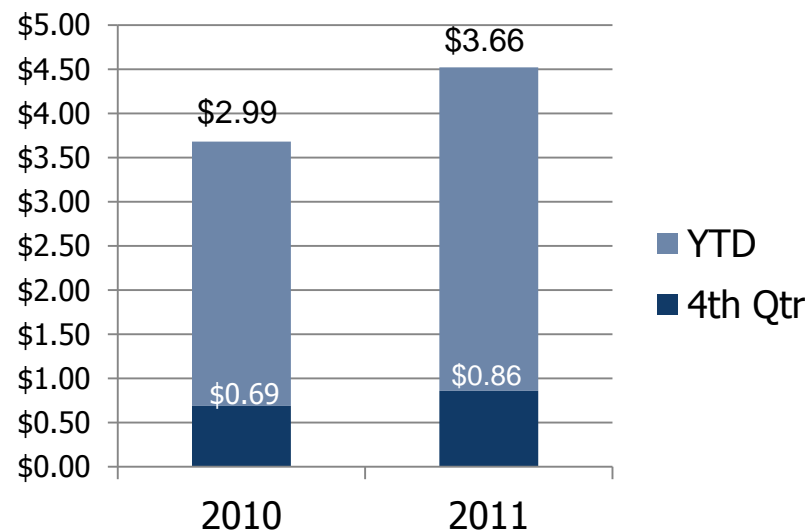
In sections of this presentation certain “non-GAAP” measures are provided and identified as such. We believe that the “non-GAAP” measures can more accurately reflect comparisons of year to year trends and is consistent with how we review the information. A reconciliation of “non-GAAP” measures to the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

### 4<sup>th</sup> Quarter 2011:

Sales of \$731M

Earnings of \$40.3M or  
\$0.86 per diluted share  
*(excluding special items)*

**Q4 & YTD As Adjusted EPS  
2011 vs. 2010**



- Adjusted EPS increased 25% in Q4'11 vs. Q4'10 and 22% in full year 2011 vs. 2010
- Strong demand and higher selling prices in Engineered Materials and In Process Separation segments contributed to the improved consolidated earnings
- Soft demand in industrial markets impacted Coating Resins and Additive Technologies segments
- Higher selling prices more than offset raw material costs inflation by \$30M for the year

## In Process Separation

\$M USD	Q411	Q410	% Δ	YTD11	YTD10	% Δ
Sales	89.5	81.1	10%	339.5	292.2	16%
Operating Earnings	20.4	13.3	53%	69.7	55.2	26%

- Increased volume owing primarily to continued commercialization of new technologies
- Robust demand in our key copper and alumina markets
- Improved sales further supported by increased selling prices

### Q4 Sales Comparison YOY

<b>Sales Growth</b>	<b>10%</b>
Volume	3%
Price	7%
Currency	0%

## Engineered Materials

\$M USD	Q411	Q410	% Δ	YTD11	YTD10	% Δ
Sales	239.2	205.5	16%	907.8	774.1	17%
Operating Earnings	41.6	28.2	48%	131.7	115.6	14%

- Double-digit revenue growth supported by strong selling volumes, mostly attributable to large commercial transport sector
- Significant earnings growth due to higher selling volumes, production levels, and selling prices

### Q4 Sales Comparison YOY

<b>Sales Growth</b>	<b>16%</b>
Volume	11%
Price	5%
Currency	0%

## Additive Technologies

\$M USD	Q411	Q410	% Δ	YTD11	YTD10	% Δ
Sales	65.2	64.6	1%	276.8	259.4	7%
Operating Earnings	7.1	8.8	-19%	36.7	36.9	-1%

- Lower selling volumes as a result of soft demand in general industrial markets, most notably in Asia and Europe
- Selling volumes also impacted by the short term product availability constraint of higher value-added products

### Q4 Sales Comparison YOY

<b>Sales Growth</b>	<b>1%</b>
Volume	-6%
Price	7%
Currency	0%

## Coating Resins

\$M USD	Q411	Q410	% Δ	YTD11	YTD10	% Δ
Sales	336.9	348.4	-3%	1,549.0	1,422.6	9%
Operating Earnings	0.1	3.9	-97%	65.1	68.2	-5%

- Lower selling volumes across all product lines due to weak market demand, particularly in Europe and Asia
- \$27M in higher selling prices more than covered higher raw material costs of \$22M in the quarter

### Q4 Sales Comparison YOY

<b>Sales Growth</b>	<b>-3%</b>
Volume	-11%
Price	8%
Currency	0%

**Fourth Quarter 2011**

- **As-Adjusted Comments** (ex special items):
  - Gross profit dollars up 11.5% to \$179M and margin was higher by approximately 1.5 percentage points versus Q4'10
  - Selling price increases in excess of raw material costs inflation. Gross margin increase further supported by higher production levels in Engineered Materials and favorable product mix in In Process Separation
  - Operating Expenses (ex special items) up approximately \$2M year on year mainly due to higher spending to support growth strategy and higher demand in our growth platforms

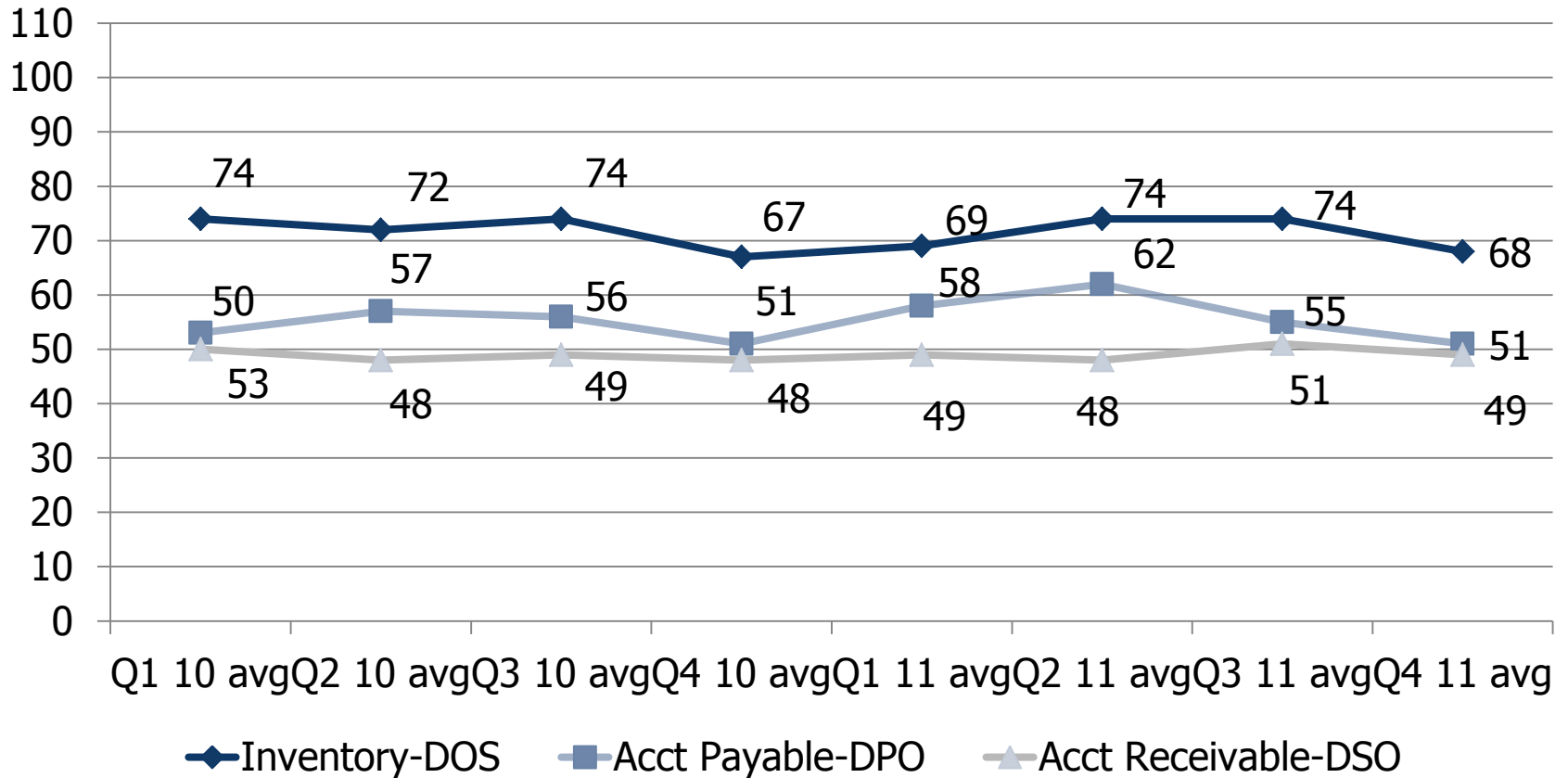


**Fourth Quarter 2011**

- **Special Items:**
  - Pre-tax net restructuring charges of \$0.7M mostly in cost of sales.
  - Pre-tax benefit of \$3.1M mostly related to a favorable adjustment to an environmental liability at one of our European facilities reflecting an alternate remediation approach
  - Pre-tax incremental accelerated depreciation of \$0.7M related to sale-leaseback agreement of our research and development facility in Stamford, Connecticut
- **Tax:**
  - Tax expense includes \$0.7M benefit mostly related to re-measurement of deferred tax position related to changes in tax rates enacted in the fourth quarter for several international jurisdiction. Normalized annual effective tax rate was 30.5% for 2011.

**Operating cash flows of \$131M in Q4 2011 vs. \$90M in Q4 2010**

**Working Capital Days**



**Maintaining Liquidity**

- Pension and OPEB contribution of \$20M in Q4 2012 vs. expense accrual of \$8M. Full year 2011 contribution of \$74M
- Volatility in our funded status mitigated by LDI strategy
- 2012 expected pension and OPEB contributions are \$40M and \$10-15M, respectively
- CAPEX of \$39M in Q4 2011 and \$117M for full year 2011. Expected CAPEX for 2012 is \$200-\$250M to support our growth businesses
- Purchased 1.45M shares of our common stock for \$65M in Q4 2011 and 4.28M shares for \$196M 2011.
- 2011 ending cash balance of \$416M vs. 2010 ending balance of \$383M

## Coatings Update

- Engaged J.P. Morgan as an advisor in analysis of alternatives to effect a separation of the entire Coating Resins business
- We expect to complete the review and announce the decision in the second quarter 2012

## 2012 Outlook

### **In Process Separation**

- Topline growth of approximately 10% with a goal of maintaining full year 2011 operating margin

### **Engineered Materials**

- Topline growth of at least 10% with operating margin expansion of 1 to 2 percentage points over full year 2011 level

### **Additive Technologies**

- Topline growth of approximately 5-8% with a slight expansion in operating margin

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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 December 31, 2011 and 2010.

Period	Reported Net Earnings from Continuing Operations less Earnings Attributable to Noncontrolling Interests	Net Special Items	Non-GAAP Net Earnings from Continuing Operations Attributable to Cytec	Reported Diluted Continuing Earnings Per Share less Diluted Earnings Per Share Attributable to Noncontrolling Interests	Net Special Items	Non-GAAP Diluted Earnings per Share
Q411	\$41.6	\$(1.3)	\$40.3	\$0.88	\$(0.02)	\$0.86
Q410	\$40.7	\$(6.1)	\$34.6	\$0.81	\$(0.12)	\$0.69

Period	Reported Cost of Sales	Net Special Items	Adjusted Cost of Sales	GAAP Gross Margin	Net Special Items	Adjusted Gross Margin
Q411	\$549.2	\$(2.5)	\$551.7	\$181.6	\$(2.5)	\$179.1
Q410	\$540.1	\$1.0	\$539.1	\$159.5	\$1.0	\$160.5