



Third-Quarter Fiscal 2015 Earnings Conference Call

July 30, 2015



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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should” and “intends” and the negative of these words or other comparable terminology. In addition, Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland’s expectations and assumptions, as of the date such statements are made, regarding Ashland’s future operating performance and financial condition, the economy and other future events or circumstances. Ashland’s expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: Ashland’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland’s future cash flows, results of operations, financial condition and its ability to repay debt), the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions), the global restructuring program (including the possibility that Ashland may not realize the anticipated revenue and earnings growth, cost reductions and other expected benefits from the program), Ashland's ability to generate sufficient cash to finance its stock repurchase plans, severe weather, natural disasters and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in its most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland’s website at <http://investor.ashland.com> or on the SEC’s website at www.sec.gov. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise.

Regulation G: Adjusted Results

The information presented herein regarding certain unaudited adjusted results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Ashland has included this non-GAAP information to assist in understanding the operating performance of the company and its reportable segments. The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Ashland filings with the SEC has been reconciled with reported U.S. GAAP results.

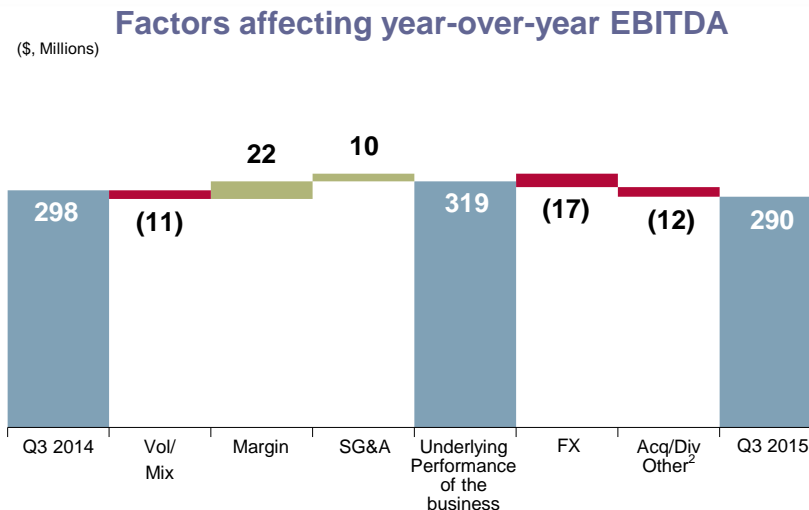
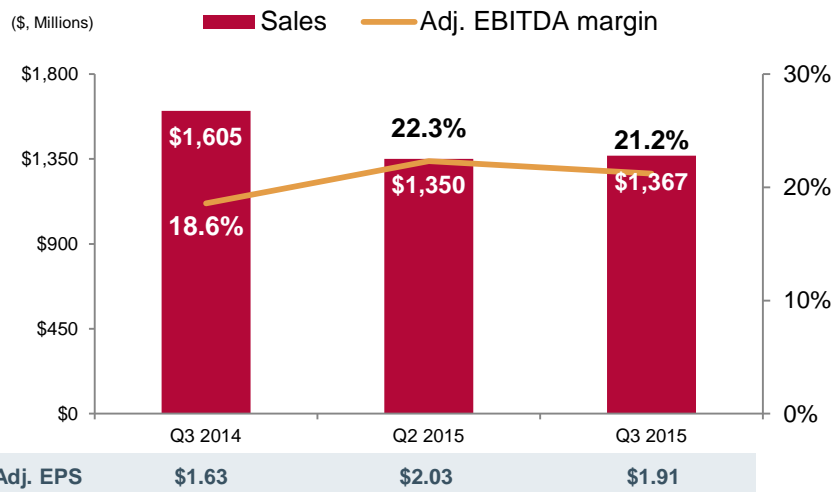
Opening Remarks



Delivering against our core priorities

- ✓ Deliver against near and mid-term financial targets
- ✓ Take actions to reduce volatility
- ✓ Effectively allocate capital
- ✓ Conduct comprehensive strategic planning process

Fiscal Third Quarter 2015 Highlights¹



- Reported earnings per share (EPS) from continuing operations of \$1.68
 - **Adjusted earnings grew 17%** to \$1.91 vs. \$1.63 per share in prior year
 - Fifth consecutive quarter of year-over-year adjusted EPS growth
- Adjusted EBITDA of \$290 million vs. \$298 million in prior year
 - Currency and divestitures – including exited product lines - were \$29 million headwind
- Completed \$1.35 billion share repurchase authorization
- Issued \$1.1 billion Term Loan Facility
 - Tendered and called March 2016 senior secured notes
 - \$500 million cash contribution to U.S. pension plans

¹ Ashland's earnings releases dated July 29, 2015, and April 29, 2015, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

² Divestitures includes elastomers divestiture, guar powder and redispersible powders (RDP) product lines exited during prior four quarters.

Ashland Specialty Ingredients



\$, Millions

<u>Sales</u>					
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div¹</u>	<u>CY</u>
653	-3%	-1%	-5%	-1%	579

<u>EBITDA</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Other</u>	<u>CY</u>
142	-4%	6%	1%	-8%	1%	137

Quarter Summary

- Growth in higher margin Consumer Specialties (strength in Pharm, Care)
 - Volumes up 2%
 - Sales up 2% (*constant currency*)
- Making investments to further enhance growth in high-value markets
 - Acquisition of zeta fraction from Akzo
- Currency, energy, and exited product lines resulted in ~\$72 million headwind
- Fifth consecutive quarter of year-over-year EBITDA margin expansion driven by...
 - Product and market segment mix
 - Sound cost execution, both manufacturing and SG&A

Q4 Outlook

Revenues \$550 - \$560 million

- FX sensitivity: ~\$4.5mm per € cent

EBITDA margin 23 - 23.5%

- FX sensitivity: ~\$1.2mm per € cent

Near-term Outlook

- Q3 headwinds expected to persist into Q4
- Margins expected to remain strong driven by good mix, margin, and cost execution

Longer-term Outlook

- Underlying growth in global consumer end markets to remain healthy
- Innovation pipeline strengthening leading to new products for Pharmaceutical, Care and Coatings markets
- Making targeted capital investments focused on high-growth end markets and regions

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¹ Acq/Div/Other includes guar powder and redispersible powders (RDP) product lines exited during prior four quarters.

Ashland Performance Materials



\$, Millions

<u>Sales</u>					
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div</u>	<u>CY</u>
420	-3%	-6%	-7%	-19%	278

<u>EBITDA</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Other</u>	<u>CY</u>
53	-17%	-7%	2%	-4%	-23%	27

Quarter Summary

- Composites margins remain healthy
 - Good pricing discipline
 - Volumes mixed across regions
- Raws remained favorable versus prior year, although did see increases in Europe
- Gross margin negatively affected by I&S shutdowns
 - Estimate shutdown costs at \$14 million, \$6 million below prior estimate
- I&S pricing remained headwind versus prior year
 - However, beginning to see signs of bottoming

Q4 Outlook

Revenues \$255 - \$265 million

- Roughly in line with normal seasonality

EBITDA margin 8% - 8.5%

Near-term Outlook

- Composites volume growth to moderate somewhat
- Lag effect of rising material costs expected to pressure current composites margins
- I&S margins expected to return to pre-shutdown level

Longer-term Outlook

- Composites growth driven by:
 - Macro trends & regional economic expansion
 - New product and application development
- Strong margin management in volatile raw material environment
- I&S to remain challenged by Asian capacity

¹ Acq/Div/Other includes ASK and elastomers divestitures.



\$, Millions

<u>Sales</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div</u>	<u>CY</u>	
532	2%	-3%	-4%	0%	510	

<u>EBITDA</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Other</u>	<u>CY</u>
99	3%	17%	1%	-3%	-1%	116

Quarter Summary

- 4% volume growth in DIY channel
 - Strong promotion schedule
 - Good customer response
- Industry leading service model led to another solid quarter for VIOC
 - Oil changes per day increased 7%
 - Average ticket increased 2%
 - Same-store sales growth of 9%
- International channel destocking abated
 - 8% volume growth
- Premium branded lubricant sales volume increased to 40.8% from 37.8% in prior year

Q4 Outlook

Revenues \$475 - \$485 million

- Pricing adjustments due to lower base oil are expected to offset volume growth

EBITDA margin 19% - 20%

Near-term Outlook

- Solid performance across all channels
- DIY and International to normalize from a very strong Q3
- Margins expected to remain strong driven by good mix and margin

Longer-term Outlook

- Int'l, VIOC, and Installer volume growth
- Base oil market expected to remain favorable
- Margin structure to remain strong driven by:
 - Market segmentation strategies
 - New product development
 - Enhanced marketing capabilities

Key Observations



1. Continued EBITDA margin improvement
2. Developing strategic plans to drive profitable growth
3. Maintain disciplined capital allocation strategies

Committed to creating shareholder value



Appendix: Non-GAAP Reconciliations

Reconciliation of Non-GAAP Data

for 12 Months Ended June 30, 2015



(\$ millions, except percentages)

Sales¹	Q3 15	Q2 15	Q1 15	Q4 14	Total	
Specialty Ingredients	579	583	561	635	2,358	
Performance Materials	278	286	338	383	1,285	
Valvoline	510	481	492	520	2,003	
Total	1,367	1,350	1,391	1,538	5,646	
						Adjusted EBITDA
Adjusted EBITDA¹	Q3 15	Q2 15	Q1 15	Q4 14	Total	Margin
Specialty Ingredients	137	142	119	147	545	23.1%
Performance Materials	27	44	42	31	144	11.2%
Valvoline	116	106	92	87	401	20.0%
Unallocated	10	9	9	7	35	
Total	290	301	262	272	1,125	

¹ Quarterly totals may not sum to actual results due to quarterly rounding conventions. Calculation of adjusted EBITDA for each quarter has been reconciled within certain financial filings with the SEC and posted on Ashland's website for each reportable segment.

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