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ASH.N - Q1 2026 Ashland Inc Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Hello, and thank you for standing by. Welcome to Ashland's first-quarter 2026 earnings conference call and webcast. (Operator Instructions)

I would now like to hand the conference over to Sandy Klugman, Director of Investor Relations. You may begin.

Sandy Klugman - *Ashland Inc - Director, Investor Relations*

Thank you. Hello, everyone. Welcome to Ashland's first-quarter fiscal year 2026 earnings conference call and webcast. My name is Sandy Klugman, and I'm Ashland's Director of Investor Relations.

Joining me on the call today are Guillermo Novo, Chair and CEO; William Whitaker, CFO; as well as our business unit leaders: Alessandra Faccin, Life Sciences and Intermediates; Jim Minicucci, Personal Care; and Dago Caceres, Specialty Additives.

Please note that we will be referencing slides during today's call. We encourage you to follow along with the webcast materials available at ashland.com under Investor Relations.

As a reminder, today's presentation contains forward-looking statements regarding our fiscal 2026 outlook and other matters, as detailed on slide 2 and in our Form 10-Q. These statements are subject to risks and uncertainties that could cause future results to differ materially from today's projections. We believe any such statements are based on reasonable assumptions, but there's no assurance these expectations will be achieved.

We will also reference certain adjusted financial metrics, both actual and projected, which are non-GAAP measures. We present these adjusted figures to provide additional insight into our ongoing business performance. GAAP reconciliations are available on our website and in the appendix of these slides.

I'll now hand the call over to Guillermo for his opening remarks.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Thanks, Sandy, and welcome to everyone joining us. For today, I'm happy to join this call from Shanghai, China.

I begin with our first-quarter highlights and how we were advancing our strategic priorities. Later in the call, I'll return to share some of the latest innovation developments, where we continue to see tremendous momentum and opportunities for differentiation. William will review our financial results, operational execution, and outlook. And our business unit leaders will provide additional insight into performance across their segments and markets.

Please turn to slide 5. Let's begin with a review of the key business drivers for the first quarter. We delivered solid results while navigating ongoing demand softness in coatings and constructions, supported by strong execution and disciplined cost actions.

Life Science delivered healthy growth, supported by resilient pharma demand and momentum across our innovate and globalize pillars. Injectables, tablet coatings, and high-value cellulosic excipients all contributed to year-over-year growth. Innovation continued to strengthen performance with contribution from low-nitrite cellulose, high-purity excipients, and several new product introductions.

Personal Care delivered stable performance, with underlying demand broadly steady. Biofunctional actives grew double digits, and microbial protection continued to gain share as our globalized initiatives supported high-value applications. Softer volumes in core hair and skin care primarily reflected unplanned and isolated customer plant outages.

Specialty Additives continued to face muted demand, with coatings and construction driving most of the year-over-year decline. Coatings weakness was most pronounced in China and select export markets, while construction softness reflected broader market conditions. Despite lower volumes, cost actions and HEC network benefits drove meaningful margin expansion.

Intermediates market conditions were modestly softer, reflecting trough-like dynamics across BDO and its derivatives, which pressured captive BDO transfer pricing. The merchant business was stable, with steady volume and modest pricing pressure resulting in flat sales.

Operationally, the team continued to manage through the equipment replacement in Calvert City while delivering solid free cash flow. Although this issue impacted costs and pressured margins across the VP&D chain, customer supply remained uninterrupted.

The impact we expected to be contained within the first quarter will now extend into the second quarter, as commissioning of the new unit revealed additional equipment issues that are delaying the startup. We anticipate completing the necessary fixes and bringing the unit online later in the quarter. Although outside Q1, recent weather-related events also have impacted our operations in the mid-Atlantic.

Customer supply remain uninterrupted, but we expect incremental costs, which William will address later in the call, as part of our outlook for the year. While we saw month-to-month variability, we exited the quarter on a stronger footing, with December improving versus November and the momentum continuing in January. Taken together, these results reflect steady execution and continued progress across our strategic priorities.

Now, I'll turn the call over to William to walk through the first-quarter financial performance in more detail. William?

William Whitaker - Ashland Inc - Senior Vice President and Chief Financial Officer

Thank you, Guillermo.

Please turn to slide 6. Our first-quarter performance reflects increasing consistency of our operating model. Across the portfolio, the team executed well, advanced our initiatives, and managed through operational impacts while maintaining solid cost discipline. The portfolio and manufacturing optimization actions we took last year are supporting margins through improved mix, lower costs, and a more efficient footprint.

Avoca was included in our Q1 results last year, but as we move into Q2, we fully lapped our portfolio actions, providing us with a clear performance baseline going forward. We've also strengthened our working capital performance and delivered strong operating cash flow a focus area for the team. Altogether, the quarter reflects a strengthening foundation with early signs of improving momentum, indicating that a growth inflection is building as fiscal 2026 unfolds.

Please turn to slide 7. First, the consistency of our consumer-facing businesses, now roughly 85% of our portfolio, continues to provide meaningful stability and resilience. Second, our innovation and globalize initiatives are gaining strong traction with sustained momentum in our highest-value applications. Third, last year's structural actions are fully embedded, improving margin durability and positioning us for stronger leverage as demand recovers. And finally, even in segments experiencing more challenging conditions, our teams remain disciplined and focused on core fundamentals, ensuring we stay well positioned as industry conditions evolve.

Overall, the quarter reflects resilient performance as our streamlined portfolio, strengthened cost structure, and disciplined execution continue to support our long-term strategy. With innovation accelerating, globalize expanding, and productivity initiatives progressing, we are well positioned to build momentum throughout the year.

And now on to the financial details, please turn to slide 9. Sales for the quarter were \$386 million, down 5% versus last year. The previously announced Avoca divestiture accounted for roughly \$10 million, or about 2% of the decline. Excluding this portfolio action, sales were down 3%, reflecting a mixed demand environment.

Life Sciences continued to grow, supported by steady demand and ongoing innovation momentum. Personal Care remained stable overall and would have grown low-single digits, excluding the on-plan customer outages. Specialty Additives softened, reflecting broader demand conditions and ongoing competitive intensity. Pricing declined 2%, generally across segments, primarily reflecting carryover adjustments from the prior year. FX contributed a favorable \$9 million or 2%, to sales versus prior year.

And moving on to profitability, adjusted EBITDA was \$58 million, down 5% year over year, including a \$1 million impact from the Avoca divestiture. Excluding that action, adjusted EBITDA declined 3%, reflecting lower volumes and modest pricing pressure, partially offset by favorable mix, lower SARD, and FX benefits.

Importantly, the quarter included the anticipated \$10 million adjusted EBITDA impact from the Calvert City outage. As Guillermo noted, we had expected the full effect to be recognized in the first quarter, but some impact will now carry into the second quarter, which we'll address in our guidance.

Raw material costs remain generally stable to favorable, and we continue to benefit from our cost actions across the portfolio. Adjusted EBITDA margins held steady at 15%, with over 250 basis points of compression stemming from the Calvert City outage.

Adjusted operating income grew 27% versus prior year, reflecting the stability of the underlying business, as well as reduced depreciation and amortization from our optimization actions. Adjusted EPS, excluding intangible amortization, was \$0.26, down 7% from the prior year, reflecting lower income.

We delivered a strong quarter of cash generation, with \$125 million of cash provided by operating activities and \$26 million of ongoing free cash flow, which excludes the previously disclosed tax refund. Lower working capital and CapEx drove healthy free cash flow conversion of nearly 50% in our seasonally low quarter.

We ended the quarter with total liquidity of approximately \$900 million, a strong position as we move into the balance of the fiscal year. Net debt was \$1.1 billion, and our net leverage remained solid at 2.7 times, providing flexibility to invest in strategic priorities while maintaining disciplined capital allocation.

Now, let's turn it to our business unit leaders for a closer look at segment performance. Alessandra, over to you.

Alessandra Assis - Ashland Inc - Senior Vice President, General Manager - Life Sciences and Intermediates

Thank you, William. Good morning, everyone.

Please turn to slide 10 for Life Sciences. Life Sciences sales were \$139 million, up 4% from the prior year, driven by resilient pharma demand and continuous strength across our innovate and globalize pillars. Pharma delivered low-single-digit year-over-year growth, making its third consecutive quarter of volume gains. Demand remained strong for our high-value cellulosic excipients, supported by broad customer engagement across regions.

Injectables delivered another quarter of strong above-market growth with continued pipeline expansion and accelerating uptake of recently launched products, reinforcing our confidence in sustainable growth within this high-margin segment. Tablet coatings delivered double-digit year-over-year growth across all regions, with particularly strong momentum in Asia-Pacific.

In nutrition, recent wins and ongoing commercial activity continue to support improving traction as we move through fiscal 2026. Pricing was slightly lower year over year, in line with expectations and largely reflecting carryover impacts from prior-year adjustments, but remained stable sequentially. Foreign exchange provided a \$3 million benefit to sales.

Turning to innovation, we continue to advance Ashland's leadership in pharmaceutical ingredients. We saw meaningful contributions from our low-nitrite offering, including the recently launched Plasdone low nitrite and Benecel low-nitrite range. In injectables, we launched our new high-purity Vialose sucrose stabilizer for biologics in October. Early customer engagement has been encouraging, with positive technical feedback and a growing commercial pipeline.

In addition, multiple new injectable launches are planned for fiscal 2026, each supported by strong pre-launch customer engagement and rising market pool. These advancements reinforce our commitment to delivering high-quality solutions that meet evolving customer needs.

Turning to profitability. Adjusted EBITDA was \$31 million, up 11% year over year. Margins expanded to 22.3%, a 140-basis-point improvement, including a \$4 million impact from the Calvert City outage during the quarter. The year-over-year increase was driven by favorable mix, resilient pharma demand, and lower SARD, as restructuring benefits continue to flow through, partially offset by modest pricing pressure.

Foreign exchange provided an additional \$2 million benefit to EBITDA. Life Sciences continues to demonstrate strong operational discipline, resilient end market demand, and consistent progress across both our innovate and globalize agendas.

Please turn to slide 11 for Intermediates. Intermediates performance remains a challenge, consistent with what we expected entering the fiscal year. Sales were \$31 million, down 6% versus last year. Merchant sales were \$22 million, with steady volumes and modest pricing pressure resulting in flat year-over-year performance. Captive BDO sales declined to \$9 million, driven by both lower volumes and lower transfer prices. Foreign exchange had a negligible impact on sales.

Turning to profitability. Adjusted EBITDA was \$1 million, down from \$6 million in the prior year, with margins declining to 3.2% from 18.2%. Margins compressed due to lower pricing, reduced operating leverage, and roughly \$2 million of early quarter upstream production impacts

from the Calvert City outage. The team remains focused on disciplined commercial execution, cost control, and navigating a market environment that is expected to remain challenged until broader industrial activity improves.

Now, I will turn the call over to Jim to discuss Personal Care. Jim?

James Minicucci - Ashland Inc - Senior Vice President and General Manager, Personal Care

Thank you, Alessandra. I'll now highlight our Personal Care results. Please turn to slide 12 for Personal Care.

Personal Care delivered resilient results, underscoring the stability of the portfolio, despite mixed market conditions. Sales were \$123 million, down 8% year over year, almost entirely due to the Avoca divestiture, which reduced sales by approximately 7%. With the Avoca divestiture now lapped, we have a clean baseline going forward into Q2.

Organic sales declined 1%, reflecting a broadly stable demand environment. Biofunctional actives continued to perform well and delivered another quarter of double-digit growth versus prior year quarter.

Customer expansions and project pipeline conversions are accelerating. Collapeptyl, our 2025 hero product launch, is gaining broad-based market adoption. Collapeptyl mimics 20 collagen sequences in our skin, providing immediate flash hydration and corrects the appearance of both expression and deep wrinkles in the skin.

Microbial protection delivered year-over-year volume growth above market, driven by share gains across most regions and customer wins. With a competitive and regional footprint, microbial protection is well positioned to continue executing on a robust opportunity pipeline.

Within care ingredients, performance varied by region and segment. In general, most regions performed well, with notable strength in the EMEA region and China. Care ingredients experienced several unplanned customer plant outages in the quarter and softer demand in North America.

Foreign exchange contributed approximately \$3 million of favorability to segment sales. For Personal Care, innovation and commercial execution remain a strength, with continued momentum in our globalized platforms and sustained demand for higher-value differentiated applications.

Turning to profitability. Adjusted EBITDA was \$26 million, compared to \$30 million in the prior year. This includes a \$1 million EBITDA impact from the Avoca divestiture. Excluding that portfolio action, EBITDA was modestly lowered, driven by the more than \$4 million Calvert City impact in the demand trends noted earlier, partially offset by mix and cost discipline. EBITDA margins remained healthy at 21.1%, demonstrating the strength of the portfolio and the benefit of ongoing commercial and productivity efforts.

Personal Care continues to deliver strong performance in our globalized platforms, resilient margins, and meaningful traction in our innovation pipeline.

Now, I'll hand it over to Dago to review the results of Specialty Additives. Dago?

Dago Caceres - Ashland Inc - Senior Vice President, General Manager - Specialty Additives

Thank you, Jim.

Please turn to slide 13. Specialty Additives continued to operate in a muted demand environment during the first quarter. Sales were \$102 million, down 11% year over year. Coatings and construction accounted for the vast majority of the year-over-year shortfall.

In coatings, the decline was led by China, where weak demands and structural overcapacity continued to weigh on results. Additional softness came from export markets in the Middle East, Africa, and India, where competitive intensity remained elevated. North America continued to show muted demand in the coatings market. Outside these regions, coatings demand was relatively stable, with outperformance in Europe and Latin America.

Construction volumes were also lower, reflecting soft conditions across the non-structural repair and remodel market, our primary area of exposure. Across other industrial end markets, including energy and performance specialties, demand remained muted but generally stable.

Pricing was modestly lower year over year, while foreign exchange contributed approximately \$2 million to sales. Importantly, the team continues to execute on operational efficiency initiatives and capture benefits from prior manufacturing optimization actions, including the HEC consolidation, which improved our cost structure and mitigated the impact of lower volumes.

Adjusted EBITDA was \$15 million, up 15% from the prior year. EBITDA margin improved to 14.7%, a 340-basis-point expansion supported by efficiencies from the consolidated HEC network. The team remains sharply focused on cost discipline and commercial excellence, while continuing to advance innovation that helps our customers deliver differentiated solutions in a challenging market.

Underscoring the strength of our innovation pipeline, we deliver approximately \$5 million in sales from recent product launches this quarter. Looking ahead, Specialty Additives is well positioned to benefit from an eventual coatings recovery, supported by disciplined cost management, a more efficient manufacturing network, and ongoing innovation progress.

With that, I'll hand it back to William. William?

William Whitaker - Ashland Inc - Senior Vice President and Chief Financial Officer

Thanks, Dago.

Please turn to slide 15. As we move through the first quarter, I want to highlight the progress we're making across our Execute pillar and how our operational transformation continues to support the business. Overall, our total cost savings target of approximately \$30 million for fiscal 2026 remains on track. Specifically, our restructuring plan is completed and will be ratably recognized throughout the first half of the fiscal year.

We continue to make progress on our network optimization targets. VP&D optimization and small plant consolidation efforts also remain on schedule, with benefits weighted towards the second half. As we talked about last quarter, we are addressing higher-than-expected unit costs at the consolidated HEC site as we scale operations. Following the Parlin closure and network volume rebalancing, we are delivering productivity improvements and stabilizing operations while strengthening the global HEC network.

Our total savings target of \$50 million to \$55 million remains intact, with upside to \$60 million as China demand improves. Across the network, we're seeing potential for additional productivity improvements and capacity optimizations. This work is ongoing, but the trajectory remains positive.

Our priorities within Execute remain clear: deliver structural cost improvements, simplify the network, and enhance systems and processes, which include sales and operations planning, standard costing, and forecasting, all of which strengthen planning, accountability, and ultimately performance. I want to recognize our operations team for managing through isolated challenges this quarter. I will speak to these dynamics further in the outlook.

Please turn to slide 16. I'd now like to provide an update on our Globalize and Innovate platforms. As we move through fiscal '26, I'm encouraged by the early year momentum we've seen across both pillars.

On Globalize, we're seeing solid traction supported by increased customer engagement, focused commercial initiatives, and early benefits from our recent investments. Year to date, we've delivered \$3 million of incremental Globalize sales towards our \$20 million goal for the year, with notable contributions across the portfolio. In aggregate, the Globalize business lines grew 8% versus last year.

On the Innovate side, momentum was even stronger. We delivered \$6 million of incremental innovation sales towards our \$15 million goal for the year. This reflects the continued strength of our innovation pipeline, particularly in pharma cellulosics, as well as recent commercial introductions across multiple segments. Guillermo will speak to this in more detail shortly, but the team continues to advance a broad and healthy launch pipeline.

The early performance across Globalize and Innovate highlights the strengths of these levers and the strategic advantage they bring to our portfolio. While still early in the year, we remain on track to deliver our fiscal 2026 \$35 million revenue commitment from Globalize and Innovate.

Please turn to slide 17. I will now walk through our updated fiscal '26 outlook, which reflects a prudent view of market conditions and continued confidence in our ability to execute. For fiscal 2026, we are narrowing our adjusted EBITDA range to \$400 million to \$420 million. All other elements of our guidance remain unchanged.

Let me briefly summarize the assumptions underlying this outlook. Life Sciences and Personal Care remain resilient, supported by stable end markets and momentum across our Globalize and Innovative platforms. Specialty Additives and Intermediates remain mixed, with a coatings recovery expected to be gradual and regionally uneven until broader housing and industrial activity improves. We're seeing healthy demand patterns and consumer-oriented categories to start the second quarter. Raw materials are expected to be stable to favorable overall, and supply chains remain reliable.

Similar to prior years, we expect a second-half-weighted performance. We continue to expect Innovate and Globalize to drive growth above underlying markets, and our total cost savings target of \$30 million remains on track to support margin improvement through the year.

As Guillermo discussed, repairs to the Calvert City unit are taking longer than anticipated. What we had initially expected to be contained to the first quarter will now extend into the second. In recent weeks, we also experienced brief outages at multiple sites due to adverse weather. While the operations team managed safely without customer disruption, these events resulted in incremental costs and downtime. Our revised outlook reflects approximately \$11 million of temporary impacts from the Calvert City startup delay and recent weather-related disruptions, all isolated to the second quarter.

The volume-related impacts, which are roughly two-thirds of the overall total, are fully recoverable, but the timing of absorption recovery is more challenging. VP&D cannot begin recovering absorption until the unit is back at normal operating rates, which will not occur until late Q2. This means recovery can only begin in Q3, with partial flow-through in income statement into Q4. For HEC, recovery depends on the seasonal demand lift. Visibility into April through September demand typically firms in March, which creates uncertainty about when and how much recovery can be prudently initiated.

Given these timing constraints and the current visibility on seasonal demand, we believe it is prudent to remain more cautious at the top end of the guide. We will continue to manage production, inventory, and free cash flow with discipline while ensuring uninterrupted customer supply. Overall, our fiscal 2026 guidance reflects balanced planning, disciplined execution, and visibility into the drivers of long-term value creation, even as we manage temporary operational challenges.

With that, I'll turn the call over to Guillermo to discuss our technology platforms and leadership priorities. Guillermo?

Guillermo Novo - Ashland Inc - Chairman of the Board, Chief Executive Officer

Thank you, William.

Please turn to slide 18. Innovation remains one of the most powerful drivers of long-term value creation at Ashland. And the momentum we're seeing this early in fiscal 2026 is both exciting and strategically important. This slide highlights just a few of the breakthrough platforms that are reshaping our pipeline and opening new opportunities across multiple end markets. These are not isolated projects. They're scalable technology platforms built on science, customer collaboration, and disciplined execution, each with potential to fuel long-term growth.

Since the 2025 Innovation Day, our teams have delivered meaningful progress across multiple platforms. Our TVO technologies continue to advance through early commercial adoption, supported by regulatory filings across all key regions and multiple customer qualification cycles.

In Ag, our TVO for seed coatings, Agrimer Eco-Coat, received US EPA FIFRA approval in 2025 and is also REACH approved. Its performance and sustainability profile have been validated by multiple customer trials, with more trials ongoing. Customers are in the process of filing their own regulatory approvals for their formulated products in different regions. We're also making great progress in the development of a TVO for oil dispersions in Ag formulations. This product would already have regulatory approval, the same as our Agrimer Eco-Coat.

In Personal Care, we launched Lubrihance, a TVO-based product for hair conditioning, with great customer feedback for customer approvals and many other testing and formulations. Development of our TVO for hairspray and styling is maturing well, nearing generation 1 launch, with encouraging customer evaluations underway. Our TVO technology for silicone alternatives have passed preliminary testing with key customers and now is in advanced evaluations.

In coatings, we continue to make progress on developing TVO technology for TiO₂ efficiency and for UV curing. Based on current performance profiles, all customers are showing strong interest in these technologies. Most other new TVO development projects continue to advance and are demonstrating strong performance and value for our customers.

Our super wetting agent platforms which offer PFAS-free and silicone-free sustainability advantages, achieved another successful launch in industrial and specialty coatings. Our coatings team recently launched a new version of our wetter, Easy-Wet 310, which has broader geographic regulatory approvals and is accelerating commercialization. We've had successful customer trials and feedback on our new super wetter for Ag, validating performance benefits with no phytotoxicity relative to the current commercial wetters. We expect to receive US EPA FIFRA feedback this April.

In Personal Care, we're expanding this technology into hair care and home care applications. In hair, we are currently targeting textured hair, where early beta testing feedback has been very positive. In home care, we're advancing the super wetter technology for auto dishwasher applications.

In bioresorbable polymers, momentum is building in aesthetic medicine, especially next-generation dermal fillers, with fiscal year 2025 launches and recent customer audits supporting a strong multi-year outlook. We also continue to scale a strong pipeline with preclinical milestone sales for both generic and new drug development programs.

We're also excited about the interest and performance feedback we've received in Personal Care for our new modified starch for rheology control and skin leave-on applications, and we will be launching this product this year. In addition, we're expanding our starch technology into hairstyling applications.

These platforms are strategically important, each representing a scalable and high-value opportunity that strengthens our ability to compete and win in differentiated markets. They reflect the combined strength of our science, our global reach, and our ability to commercialize meaningful new technologies. Together, they reinforce why innovation remains a key driver of our long-term growth.

Lastly, although not part of our new technology platforms, our coatings team is launching a number of new multifunctional HEC products this year that can provide unique cost and performance benefits to our customers, including better cost in use and improved performance.

Please turn to slide 19. As we look ahead, I'd like to outline the leadership priorities guiding our execution. While markets are mixed as anticipated, we enter the year with momentum on several fronts. The business has become significantly more focused, resilient, and better positioned to drive high-value growth. Our cost actions are already supporting margin performance with additional P&L benefits expected as the year progresses. Our innovation platforms and globalized investments continue to gain traction.

Our priorities for the fiscal 2026 are clear: deliver on safety, profitable growth, free cash flow, and RONA; advance our manufacturing optimization and inventory performance; accelerate innovation, scale our globalized platforms, and foster a productivity-focused culture; strengthen our systems and process, including leveraging AI to enhance productivity; prioritize talent development, leadership stability, and organizational strength; and maintain transparent communications and consistent execution in our engagement with our investors.

Fiscal 2026 is about converting our transformation into sustained performance. With a more focused and resilient portfolio, disciplined capital allocation, and clear strategic roadmap, Ashland is well positioned to deliver durable value creation for all stakeholders. And despite temporary operational and weather challenges, our strategy, strong execution, and commercial momentum give us confidence in delivering our fiscal 2026 commitments.

Thank you to the entire Ashland team for your commitment and execution, and thank you for joining our call today.

Operator, please open the line for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Josh Spector, UBS.

Joshua Spector - UBS AG - Analyst

Yeah, hi. Good morning. I had two questions. First, just specifically on Personal Care, can you talk about the comments around the customer outage impacting demand? Is that an ongoing issue? Is that resolved? Do we catch up from that?

And then second, I mean, Guillermo, in some of your prepared remarks and the release last night, you talked about some optimism, I think, on some of the demand you were seeing building in your second quarter here. Just wondering if you could give more color there, if that's adding to any visibility or if it's still pretty limited. Thanks.

Guillermo Novo - Ashland Inc - Chairman of the Board, Chief Executive Officer

Okay. Let me do a quick comment on the demand, and then on the PC outage, Jim, I'll ask you to give some comments.

So we did star.—If you look at Q1, we started a quarter strong in November, and I think like other companies, November was a bit softer. And we did see the pickup really in December and January as also, as William commented, continued to grow. And then it's pretty broad-based in terms of Life Science and Personal Care.

I would say in coatings, it's in line with our expectations. I'm not over-reading the coatings side because it's still low in the seasonality. The season really starts to pick up in March, and really, April to September is when we see the bigger volume. So it's a bit early, but it's been stable, and I would say no big surprises.

So overall right now, we're not trying to over-read. There's nothing really to change our outlook so we're pretty confident. And I think over the next two months, we should start picking up. Our order book for February still remains strong, too so we'll see how that evolves. Obviously, we have now in China, Chinese New Year and all that, it'll be a weaker February but into March, it should pick up.

And then on the PC side, I mean, there are outages. We just had our own outages on things, and so they're temporary and recoverable. But Jim, do you want to comment on the outages?

James Minicucci - *Ashland Inc - Senior Vice President and General Manager, Personal Care*

Thanks, Guillermo. Thanks, Josh. Thanks for the question.

So as William had mentioned, excluding those customer outages, the business would have been up low-single digits. Specifically in North America, there were several customers that had unplanned outages. The outages were on the customer side, so it was not related to our inability to supply or anything driven from our side. And through conversations with customers, we understand that it was not demand-driven either.

The outages all occurred in Q1. Some of them were multi-week, with a couple of them extending over a month, almost two months in one case. They all are back online. They all came back online before we closed Q1 and we do expect to recover most of it in Q2 and through the balance of the year. So we are starting to recover some of that in Q2 and by the end of the fiscal year, we do expect to recover most of that impact.

Joshua Spector - *UBS AG - Analyst*

Okay. Thank you.

Operator

Michael Sison, Wells Fargo.

Michael Sison - *Wells Fargo Securities LLC - Analyst*

Hey. Good morning. For Personal Care, should we see volume start to turn the corner here in the second or third quarters? Because I think Avoca is done in terms of the outlook, do we start to see positive volume growth?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Yeah. So Avoca is done, as Jim said, so that from the comps are going to be cleaner. If we see just the macro on the consumer side, it's behaving resilient overall. Most of our customers are indicating that it's flattened in the single digit so from a volume perspective, we expect to continue to see that as the year progresses so no big surprise there, Mike.

Michael Sison - *Wells Fargo Securities LLC - Analyst*

Great. And then maybe just revisiting kind of the longer-term outlook, how do you think about rebuilding EBITDA to higher levels from here?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

So I think if you look at our strategy -- Execute, Globalize, Innovate -- Execute is about productivity. We've got a lot of projects going through. We're already seeing the benefits. You see it with all the impacts on markets and competitive dynamics. Over the last year, our margins continue to hold up. And I think that's a reflection of a lot of the productivity action.

So we're already doing that. Obviously, as volumes pick up, we'll have a lot more leverage in terms of our absorption and most of our key clients so volume pickup, obviously, will be very helpful. For now, we continue to remain focused on driving that productivity. Most of the projects are going very well.

I think the one plant that we're putting a lot of effort on because of all the network trends is the HEC network optimization is our Hopewell plant. They're very busy. There's a lot of activity there. When we closed Parlin, they brought a lot of products. We've had a little bit of cost issues there, so that one we're going to continue to focus. And obviously, the storm, that was one of those plants that was hardest hit so some of those initiatives have been stalled a little bit just as a result of the storm. But we're focused, we have a clear agenda, and we're going to continue to drive that.

The rest is going to be the Globalize, Innovate, all those are higher-margin areas. And the more we can grow, the more we can extend our margins and our EBITDA. And equally, I would say in Life Science, a lot of the cellulosic growth that we're seeing in our core businesses are all higher-margin businesses.

Michael Sison - *Wells Fargo Securities LLC - Analyst*

Got it. Thank you.

William Whitaker - *Ashland Inc - Senior Vice President and Chief Financial Officer*

And Mike, just to add -- it's William -- I think the other key piece, too, to keep in mind is we have the \$90 million program outstanding. That's the combination of the restructuring and the manufacturing optimization. We got \$25 million of that in fiscal '25. We've committed to another \$30 million in fiscal '26. That leaves another \$35 million yet to play out. So that's the other component on top of what Guillermo referenced on the productivity side. I just wanted to make sure you had those leveraged as well.

Michael Sison - *Wells Fargo Securities LLC - Analyst*

Got it. Thank you.

Operator

John Roberts, Mizuho.

John Roberts - *Mizuho Securities USA LLC - Analyst*

Thank you. On the China coatings demand, is there a line of sight to the bottom so that you'll begin at least comping flat year over year at some point?

Guillermo Novo - Ashland Inc - Chairman of the Board, Chief Executive Officer

Yeah. So let me get some comments, and then Dago, if you could comment. I'm here right now in China. I would say a lot of the impact of the down market started last year, and it's already happened, most of the impact with our customers. I don't expect that this is going to improve that quickly. We see a lot of actions by the government to stimulate, to re-energize the property market, but the reality is it's going to take a while.

I think the issue for here is going to be expect muted demand for a while. With the overcapacity, we're going to continue to see deflationary pressures across the board. Most of that has already happened. We've been hit hard on our business here in China, so we're bottoming out. There's a limit to how much. You can't lose past, but when you've lost a business, you can't lose more.

So I think what I'm excited now is as a team, we've rebalanced the network so that we're not getting impacted with empty capacity in our plants. We're using this very cost-effective plant for us. We're using it for exports now around the world and especially in the Middle East and Africa. It's well positioned.

And today, just talking to our teams, they've really done a fantastic job in just looking at our portfolio, using this time to get our plant costs in order, but also expanding our product line both into more cost-effective, different performance the cost parameters so that we can compete on the low end, and also some higher-performance products that we can provide both lower cost and use, but higher performance. So we're expanding our ability to go back into the market in a more constructive way than just price gains as we move forward.

But Dago, do you want to comment on the comps and some of the other things your team is doing?

Dago Caceres - Ashland Inc - Senior Vice President, General Manager - Specialty Additives

Yeah. Sure, Guillermo. And I think you're spot on. So I mean, the China comps are expected to ease in the second half, following the second quarter so we already took the hit versus the last year comps. So we'll be expecting to lap after the next quarter so that's number one.

The other point that I would like to emphasize is what is it that we're making to resolve the situation. What is it that we're working on? There's three points that I want to emphasize. One is commercial discipline, the other one is productivity, and the third one is innovation. So on commercial discipline, which has a lot of focus on volume price management to ensure that we do what's right for the business. And there is also a lot of focus on customer intimacy, just staying very close to customers so that we can deploy our innovation.

Productivity, the good news is that Nanjing is a really excellent plant that we have. It's a very strong asset, and they do have very clear productivity improvement targets that we're going after, so I'm very excited about that as well.

But probably the best one is really on innovation. We're moving fast. We're moving with urgency. We expect some of the results that we're doing on the innovation on our core products to materialize actually in 2026, which will really help us with the situation. And the intent here is to protect our core portfolio and then basically kind of produce, create products that are that are made for the China market so very excited about what we are doing here.

And last point, I just want to reinforce what Guillermo was saying is this is a really good plant. This is a plant that I would say I would call it a global asset, absolutely. Initial intent was to produce in China for China, but this plant can produce for any other parts of the world so what we're doing is rebalancing. There is opportunities outside of China, for sure, that we're going after with a lot of focus.

John Roberts - Mizuho Securities USA LLC - Analyst

And then secondly, where are you facing the most risks and uncertainty around global trade issues?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Yeah. I think that the area that we're looking at more is what's Europe going to do. I think there's a lot of push right now for our industry in terms of some of the cost competitiveness, the plan consolidations. So there's a lot of dialogue going on there, but there's no clear decisions on what they're going to do.

But I would say that's probably the area of focus for us at this point in time. We don't have anything that I would say specific, but we know that this is probably one of the areas of the higher pressure in terms of the regional interests to take some action.

John Roberts - *Mizuho Securities USA LLC - Analyst*

Thank you.

Operator

Chris Parkinson, Wolfe Research.

Chris Parkinson - *Wolfe Research LLC - Equity Analyst*

Great. Thank you so much. Just turning back to Life Sciences, I want to break down the growth algo here now that you're passing multiple years of a little bit of choppiness. When you take a step back, how are you thinking about -- you didn't mention VP&D in the PowerPoint, so I'm kind of curious on what effect, if any, that had on the price mix in the quarter.

And then, it seems like you're actually gaining pretty decent momentum in tablets and cellulose so when we look at this for '26 and then kind of into '27, is this finally getting back to just a low -- kind of like a low-single-digit volume growth rate, perhaps a little bit more constructive price mix, getting margins back up to the prior year's levels? Like how should we be parsing that out? Thank you.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Let me -- quick comment, and then I'll pass it to Alessandra so she can give more detailed color on the business. But I would say just specifically on the VP&D, the Life Science business has been fine. That's where we had the issue a while back, and you know the story of one big competitor coming back in and all that, was the biggest issue for us. That has stabilized.

So the VP&D, I would say, volumes are stable, pricing are stable. That's not the biggest growth driver at this point in time. We wanted to stabilize it, and I think we're seeing that across the world. That's one of the issues of really driving productivity, making sure that we're going to be competitive and any price that we gave in the past that we're trying to recover through productivity, asset utilization, all those kinds of things. But the team, the broader strategy continues to progress and it never really stopped in terms of the cellulose or some of these other areas.

But Ale, if you could comment on that and on VP&D as you see things, that would be great.

Alessandra Assis - *Ashland Inc - Senior Vice President, General Manager - Life Sciences and Intermediates*

Yeah, sure. So looking ahead, looking at the next few quarters, we expect to continue to deliver on the healthy growth. So two aspects looking at the resilient pharma demand, roughly low-single digit, and then we are seeing the momentum across our both Innovate and Globalize pillars, and that represents around 200 basis points above market on the growth that we are projecting.

As Guillermo mentioned, VP&D is expected to be stable. We've just concluded the contract negotiations in Europe, and they were mostly aligned with our expectations of share and with modest price pressure on certain portfolios. But net-net, they were in line with our expectations, so we remained very much focused in positioning our Globalize, Innovate growth strategies and the shared gain opportunities.

When you're looking at injectables, we deliver an outstanding first quarter, double-digit growth versus prior year. We are seeing a strong uptake on new products. Guillermo was talking about this on innovation on his prepared remarks. We're seeing the pipeline expansion and also a very effective regional business development model that we have put in place, which is positioning us to continue to see sustainable above-market growth in the coming quarters.

On tablet coatings specifically, we also saw double-digit growth year over year in the first quarter. The pipeline has expanded significantly, and our production efforts were a focus in the last few quarters, and you're seeing that. We're seeing a good momentum from a productivity improvement in Wilmington, and also the new sites in Brazil and China supporting our growth for the fiscal year 2026. And we have a new plant that we announced before in India that is coming up in fiscal 2027. So Guillermo was just in India a few days ago, also visiting the new site, which is coming up in fiscal 2027.

So overall, a lot of discipline from a commercial standpoint on price volume management and the focus in positioning our globalize and Innovate growth strategies. And we are confident on the growth we're projecting over the next couple of quarters.

Chris Parkinson - *Wolfe Research LLC - Equity Analyst*

Thank you. And just as a real quick follow-up and kind of triangulating some of the things you said to Josh's question. In Personal Care, it seems like there's a lot of moving parts. It seems like you're seeing a decent recovery in the biofunctional, the bioactives in addition to some new products and NPI momentum.

Is that a functionality of stronger demand in places like Asia, stabilization in Europe? Is it too early to say? I'm trying to get to the growth rates, ex the issues you saw in hair care, but it seems pretty constructive so I'd be kind of curious on how you're thinking about that as we progress through fiscal year '26. Thank you.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Let me make a quick comment. And Jim, if you can talk about the specific regions and biofunctionals and all the areas.

But just to make one thing clear, if you look at our core Personal Care business, that's the established business that we've had for a long time. It's pretty stable. The ups and downs are more driven by customer demand, and there's not big shared shifts. The growth is coming from the new things: our globalize, both biofunctionals and microbial protection.

And in the core, it's all these new technologies that we're working on that, frankly, Personal Care was the first business, really, in which we were developing the TVOs and all these products so there is a level of stability. A lot of these -- it's up and down. It's the same customers that have been buying some of these products for a long time, and there is a lot of stability there.

But Jim, if you want to comment a little bit more color.

James Minicucci - *Ashland Inc - Senior Vice President and General Manager, Personal Care*

Sure. Thanks, Guillermo. Hey, Chris.

So I think we've really been working to make the Personal Care story as simple as possible, just given all the different pieces and parts of the portfolio. And I think when you look at Q1, we're very happy with Q1. As you mentioned, biofunctional performed extremely well. We

have stabilization in our base, which we had talked about in the prior quarter. That base continues to be stable, and we're seeing even some growth there.

We're more excited by all the work the team has done to expand the biofunctional portfolio. We've gained a lot of new customers, especially in Europe and in China, and we're getting our new product launches into those customers. As I mentioned, Collapeptyl, I don't want to say a miracle product, but it's something that within three minutes, you already start to feel that hydration. Within a couple hours, you already start to get real glowing in your skin. And the team's done a great job launching products and we feel biofunctional is really moving in the right direction going forward.

Microbial protection, it's all about continuing to grow there, convert opportunities, and we've seen really nice growth across all the regions. And then, as Guillermo mentioned in our care ingredients business, we have the customer outages specifically in Q1. Aside from that, there's always perhaps some noise as you go into the end of the year. But generally, it's very stable. The team's done a really nice job converting opportunities, especially in skin.

You will see, as we go through the balance of the year, oral care will be, I would say, more smooth this year for us over the next three quarters. Sometimes, it tends to be a bit more concentrated in a couple of quarters. It will be smoother through Q2 to Q4. But overall, I would say Q1, really, it was the customer outages in North America demand that we're continuing to monitor, as I said, a bit of a mixed environment there.

Chris Parkinson - *Wolfe Research LLC - Equity Analyst*

Helpful color. Thank you.

Operator

Mike Harrison, Seaport Research Partners.

Mike Harrison - *Seaport Research Partners - Analyst*

Hi. Good morning. I was wondering, Alessandra, in Life Sciences, you mentioned low-nitrite cellulose. Can you help us understand what differentiates those from typical cellulose and why that's important?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Alessandra, if you could comment just on the ones that we've already launched and the ones that we continue to launch, and not just cellulose, but the whole theme of high purity that you guys are working on.

Alessandra Assis - *Ashland Inc - Senior Vice President, General Manager - Life Sciences and Intermediates*

Yeah. So we launched the new low-nitrite grade for both Plasdone, which is VP&D, and Benecel, non-cellulose. So this brings an enhancement of product quality, basically from nitrosamine on the pharma industry versus their regulatory requirements. And it is the pharma companies overall, across the board, not just large pharma, but generics, all pharma companies are very much focused on that, on bringing the low-nitrite grade for excipients to help with the nitrosamine levels on their formulation. So that has been a good success for us with the launch on the low nitrite, and we see that more and more in our portfolio expanding into with low-nitrite grades, not just on cellulose, to your question, but also on VP&D and other areas.

Mike Harrison - Seaport Research Partners - Analyst

All right. That's very helpful. And then I was also -- within the Specialty Additives business, was hoping for a little bit more detail on the \$5 million of contribution that you're expecting from innovation. Is that mostly the super-wetting agent that you referred to on slide 18 or maybe what product lines or technologies are really starting to show commercial traction within Specialty Additives? Thank you.

Dago Caceres - Ashland Inc - Senior Vice President, General Manager - Specialty Additives

Yeah, thanks for the question so I would say it's across the board. So when you look at our strategy for Specialty Additives, there is a heavy focus, of course, on protecting our rheology modifier participation, and we have new products that are going in there.

But then there is a big effort right now to go beyond this additive into other additives. So you have deformers, you have wetting agents, you have pH neutralizers, et cetera. And the team has been very focused on expanding our portfolio because it really solidifies the participation that we have with customers. It gives us higher access and also enables us to go after other parts of our customers' portfolio.

For instance, we're very strong in architectural coatings. We know our customers also have participation in industrial coatings. This is really a great opportunity to branch out and to really solidify our position there.

So when you look at the sales and what we're working on for this year, because we have very good targets, very strong targets for innovation, really the focus is going to be on, number one, solidifying our position in and differentiating in rheology modification, both synthetic and cellulosic; number two, continue to expand our additives. So you're going to see a lot of that and super-wetting agents are included there.

But then strategically and longer term, very much excited about the progress we're making with our platform technologies. In particular, TVO and TiO2 spacer, et cetera, where we do expect to see some good traction this year.

Guillermo Novo - Ashland Inc - Chairman of the Board, Chief Executive Officer

And Mike, I wanted to highlight it. In my comments, I talked a little bit on the regulatory, if you notice, on a lot of these innovations, not just the innovation and the customer, but the regulatory side. When you bring in new products to market in today's world, you have to deal with all the approvals for selling these products in Ag and reach in Europe. And I think the coatings team and the Specialty Additives team have done a wonderful job.

The Easy-Wet 310, we've launched Easy-Wet 300. It's working well, but given its profile, we have certain requirements in terms of the regulatory needs so they were able to go in, modify it enough so that no performance was changed. But it now allows us to accelerate the commercialization because it meets much more of the regulatory requirements around the world.

So strategizing as we develop these products and making sure that we're within certain areas to accelerate commercialization within regulatory is really important, and the team's done a very good job there so that launch will really help us get traction on commercialization.

Mike Harrison - Seaport Research Partners - Analyst

All right. Thanks very much.

Operator

John McNulty, BMO.

Bhavesh Lodaya Good morning. This is Bhavesh for John. Just one question for me. So recently, we saw that an oral dose GLP-1 drug was approved by the FDA. Can you speak to whether your Life Sciences platform has exposure to this line of the oral dose medication? And if yes, help us think about the potential for demand pull for this one. Thank you.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Alessandra, you want to comment on that?

Alessandra Assis - *Ashland Inc - Senior Vice President, General Manager - Life Sciences and Intermediates*

Yeah, sure. So thinking about looking at GLP-1, so both the oral GLP-1 and oral biologics present a significant opportunity for Ashland. And our VP&D portfolio is especially relevant to this space, as it is our tablet coatings. When you think about the high volume, high throughput needed for the types of demand that we're talking about, so our high solids coatings, Aquarius Genesis, is also especially relevant for that.

So currently, we have multiple active projects with some of the biggest pharma players in this space. In addition, we are doubling down on innovation in this area as we have identified a pipeline with over 80 emerging opportunities. And one of those innovations is our sodium caprate, which is a formation enhancer that we target to launch over the summer. We already have received multiple customer samples requests and are working with several customers on that upcoming launch for this summer.

So in summary, yes, GLP-1 formulations and the overall oral biologics represent a significant opportunity for Ashland. And our VP&D portfolio is of particular interest and as well our new innovation programs.

Unidentified Participant

Thank you.

Operator

Karl van den Berg, Deutsche Bank.

David Begleiter - *Deutsche Bank AG - Analyst*

Hi. This is Dave Begleiter. Guillermo, you mentioned improving momentum in January. Can you talk about and you do have some easy comps in Q2 across all three segments. So what does that mean for volume growth in those segments year over year?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

As we said, it'll be in line with what we had been forecasting so Personal Care and Life Science, it's in the low-single digits. And anything over that, we need to grow through some of the innovation. But the order book is in line with our forecasts or our updated forecasts on what we're doing so no big surprise there.

Same thing -- in SA, we're seeing the same thing. All the orders are coming in line. It's going to be still a challenge versus prior year because of China and some of the dynamics there. But if we're in North America, Europe actually did very well for us.

But I'd just be cautious. In SA, I'm not going to really be positive or negative until we start getting closer to the bigger season. These months don't mean as much in terms of what the full year is going to come out. But for us, it's reassuring that January and the order book for February remain strong.

David Begleiter - *Deutsche Bank AG - Analyst*

Got it. And in terms of the first-half outages, how much of that \$20 million plus do you get back in the second half of the year?

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

So we were going to start working on the first part this quarter, but obviously, that's getting delayed. Most of the issues were in the VP&D side in the Q1. Now, that's why we're being a little bit more cautious. In theory, all of it is recoverable. The issue is when we want to recover it.

So in VP&D, as William said, if we start at the end of the and again, we're working, just to be clear, to get it done as quickly as possible. We're expecting by the second half of the quarter, every week counts in terms of being able to improve our performanceso we've given ourselves some room there in terms of the timing of when the unit will come on stream.

But in our current forecast, it would be at the end of this quarter, which means we, as William said, need to get most of that in the third quarter to impact this year. If not, if we do it in the fourth quarter, we'll recover it, but it'll flow into next year. So VP&D is an issue of getting the plant started, and then we can start getting the recovery of the absorption part.

There are other costs, especially around the storm, that our costs, energy costs that went up and other repair costs with the freeze. I mean, not huge items, but items that have added up that are going to be more of a headwind. I think as William said, two-thirds was absorption, one-third was cost.

ATC is a choice. I think there, I'll be honest, I'm being very conservative until we start seeing the season. We can always produce more whenever we want. I think if this is a time of being prudent, like we've done in other years, I'm very open of the balance sheet is something we need to look at, not just the P&L. We're not here just to hit one quarter results. This is a long term. We want to do the right thing for the long term for the company. I think having a solid balance sheet, cash is king in a lot of these times of uncertainty, so we're going to be a little bit more prudent.

Again, if the season starts in March, that's probably when we would start making that decision. That means, again, that third quarter would be the critical quarter to rebuild that joint.

David Begleiter - *Deutsche Bank AG - Analyst*

Thank you.

Operator

Laurence Alexander, Jefferies.

Daniel Rizzo - *Jefferies LLC - Analyst*

Hi. This is Dan Rizzo on for Laurence. Thanks for taking my question. You mentioned injectable launches and some of the new products, but just in general, I was wondering how long it takes a new product to ramp up to mid-cycle and then to peak sales just the timeframe.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

It really varies by product line but like we've said before, we're talking about everything we're doing. We want to show, we want to be very transparent but in reality, when these approvals come, they take time.

If you go into the example, I would use a Personal Care, if customer X approves and it's a big brand, they have in next -- 2027, I'm going to reformulate, they approve now, but they launch in 2027 or 2026. They have dates on which they're doing so our issue is make sure that we get the approvals, get everything ready before those launch dates. So we have roadmaps of when all these big brands are doing reformulation, we're working with our customers, and it's very important to hit those dates.

Coatings is a little bit different. They can move a little bit more quickly, but again, they do a lot more testing. They like it, they want it, but then some testing so everybody has their norms on how they work through.

I would say that pharma is really partnering with them across their entire development cycle. So when they're ready to launch, you will go with them. But that's dependin - if it's a generic, it could be three to five years. If it's a new drug, you're in a longer pipeline.

But that's what the importance of having strong pipelines, and what we've been doing last few years is build the pipeline. And that's what I'm excited about, that the technologies have now advanced, that they are in pipelines, we're getting validation so it's really now going into our customers thinking we like these technologies. When are we going to commercialize? Are we going to commercialize this year, next year so it's a very different conversation as we move forward.

Daniel Rizzo - *Jefferies LLC - Analyst*

Great. Thank you very much.

Operator

Eric Boyes, Evercore.

Eric Boyes - *Evercore Inc - Analyst*

Thank you, and good morning. First, could you please provide an update on the contract price renewals that I think recently occurred around year-end and how might -- when those renewals go into effect impact kind of price by segment and fiscal 2Q and for the balance of the year? Thanks.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

I think most of them, as Alessandra said, I think are mostly completed. We're in final form in pharma, it's mostly in Europe, and that's pretty advanced so I think we're mostly done on there. I think, you know, the only ones and Dago you can comment, in some regions, we have some now that are ongoing, Middle East, Africa, India, that are going now in the March, April timeframe butt of the other ones are already done.

But Dago, any other contracts?

Dago Caceres - *Ashland Inc - Senior Vice President, General Manager - Specialty Additives*

No. I mean, in the case of coatings, some of the large contracts, I would say North America and Europe, they just follow the calendar year, so those contracts are done, and I guess the results are as expected. Other areas in Asia, actually, the contracts were finalized in October. That's actually their cycle October to October.

We're only missing areas in Middle East, Africa, and India where we have a couple of strategic customers, and that will be April. So their contracts are finalized, very valid, starting in early April. So that's the only one that is remaining. We're negotiating as we speak, and we expect to finalize some of those contracts pretty soon.

Eric Boyes - *Evercore Inc - Analyst*

Okay, great. And then as a follow-up, are any further asset sales, maybe in Additives or Intermediates, under consideration, either now or previously? And if not, and I suspect not, could you remind on why that may not make strategic sense? Thank you.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

So we've done a lot of the changes already. In terms of selling the parts of the business that we didn't see fit, and most of them were standalone parts, we've consolidated some of the product lines that we didn't like that we couldn't sell, and we have the asset that we can repurpose that was more of our CMC asset in the US and MC asset in in Europe, and I think the timing of that was very good. We shut down a plant and consolidated so all those actions are done.

We're going to do some more optimization. It's more around the productivity where it would be more units within a plant that we're streamlining so that we can, instead of having a lot of equipment and not having them utilize, really focus and invest on the ones that are higher end that can give us the best cost, but that wouldn't involve a scale.

The rest of the business is integrated. It's the same plants that supply across multiple areas. Frankly speaking, just from my past experience with other companies, and all this artificially cutting up things, haven't worked out that well so for us, we like the portfolio we have. It is integrated. We feel that between the high-quality pharma, Personal Care, and architectural coatings it is being impacted, but it's tended historically to be more consumer oriented. We see that stability in North America and Europe.

I would say what's happening in Asia is a little bit different than norm. We like those. We think focusing on Additives, low cost in use, high value in use, can allow us the differentiation and we can leverage the scale across the asset so we think that integration is critical, and we don't think there's value in artificially.

Operator

Steven Haynes, Morgan Stanley.

Steven Haynes - *Morgan Stanley - Analyst*

Hey. Good morning, and thanks for squeezing me in here. Just wanted to ask on your Execute slide, you've got the \$30 million, I think, of restructuring, and then there's the additional productivity that currently says still TBD. I've been hopping between calls, so apologies if I missed this but have you kind of outlined the timeline and maybe had to think about like what that uplift could look like relative to the cost savings that you've already kind of disclosed and quantified for us all? Thank you.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

So we're working through that. We've done a lot of network optimization as we looked at, for example, in our acetylenic chain between the two plants in Texas City, Calvert City. We had units that overcapacity - they've been in overcapacity for a long time. We've consolidated, shut them down, put all our volume on the more productive units, so that's driving our costs and productivity.

As we looked at across other production units, what we're finding is that there is an opportunity to continue to drive; so again, if we have a simple example, core reactors and they're underutilized, can we concentrate on one or two, put our volumes there, invest in those reactors to get more throughputs, reduce cycle times, those kinds of things we're doing.

So some of them, we're already doing, we're planning out how much we can get. Others would create the productivity, but the benefit will come as volumes pick up. So the issue is productivity, you can't wait to have the volume to do it. You do it, and as the volume comes, you're just going to be able to leverage it, but it allows us to reduce costs as we do some of these changes.

So that's the part that we're trying to calculate. And obviously, the storm and all that, right now our engineers and everybody have been a little bit distracted over the last few weeks, but we continue to work and throughout the year we will be defining that. And our view is going to be continue to do what we're doing now, be very transparent as to the goals that we want to commit to, tell you what we're going to do, and then we'll be held accountable to deliver on those targets.

Steven Haynes - *Morgan Stanley - Analyst*

Understood. Thank you.

Operator

Thank you. Ladies and gentlemen, I'm showing no further questions in the queue. I would now like to turn the call back over to Guillermo Novo for closing remarks.

Guillermo Novo - *Ashland Inc - Chairman of the Board, Chief Executive Officer*

Well, thank you, everyone, for participating in the call. We really appreciate it.

We're very excited that the portfolio is, in difficult times, performing as we expected. We will continue to drive our strategy. We believe that that's going to be the best way to generate significant value creation and the optionality for us to really drive our strategy of profitable growth.

So we look forward to seeing all of you in the near future and having more discussions on Ashland. Thank you for your interest.

Operator

Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.

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