



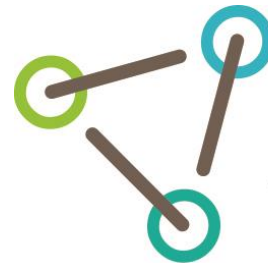
# Earnings Conference Call: First-Quarter Fiscal 2020

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January 28, 2020 – 9:00am Eastern Time



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## Forward-Looking Statements

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,” “objectives,” “may,” “will,” “should,” “plans” and “intends” and the negative of these words or other comparable terminology. Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the 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, as well as the economy and other future events or circumstances. These statements include, but may not be limited to, the statements under Priorities and Outlook on pages 20-22 of the presentation, and Ashland’s expectations regarding its ability to drive sales and earnings growth and realize future cost reductions. 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: 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); 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); severe weather, natural disasters, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters); and without limitation, risks and uncertainties affecting Ashland that are described in Ashland’s 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 <http://www.sec.gov>. Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements. 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 news release 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 has been reconciled with reported U.S. GAAP results.



# Agenda

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- Q1 Performance Summary
- New Business Structure
- Review Q1 Results
- Debt Offering / Redemption
- Priorities and Outlook
- Closing Comments
- Thank you and Q&A

# Q1 Performance Summary

# Commentary on Q1 Performance

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- Strong EH&S results & Sustainability performance progress
- Continued weak market demand
- Carryover impact from prior-year events
- I&S turnaround costs
- Continued benefit from cost-reduction program

# New Business Structure

# New Business Structure

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- Realigning Operating and Reporting segments to better align strategy, resources and capital allocation
  - Different businesses with different profiles and requirements
  - Drive decision making and accountability to business managers
  - Align incentive compensation with business-unit (“BU”) results
  - Leverage internal and external talent to build the teams

# Businesses Realignment

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- Consumer Specialties
  - Life Sciences
  - Personal Care and Household
- Industrial Specialties
  - Specialty Additives
  - Performance Adhesives
- Intermediates & Solvents
- Corporate



# Ashland Global Holdings Inc.

## Business Model

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- Migrating from functionally-driven to business-unit-led organization
  - Drive decision making to business-unit level
  - Enable go-to-market strategies consistent with business-specific market demands and trends
  - Empower unit managers to determine appropriate cost structure and resource allocation
  - Tailor resources to each business' unique needs
  - Align incentive compensation with business-unit performance

# Next Steps for Businesses

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## Accomplishments

- All general managers hired and in place
- Teams and assets aligned
- Financials are in process
- Initial cost improvement actions taken

## Next Steps

- Updating BU strategies and defining business models and cost structures
- Beginning planning rightsizing of corporate structures

# Review Q1 Results

# Ashland Global Holdings Inc.

## Results Highlights

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- Q1 seasonality
- Global demand weak
- Carryover of Pharmachem and Personal Care business losses in FY2019
- I&S turnaround costs
- Continued improvement to cost structure, including both SG&A and raw materials

# Fiscal-First Quarter Adjusted Results<sup>1</sup>

(\$US in millions, except percentages)	Q1 FY20	Q1 FY19	Change
Sales	\$533	\$576	(7) %
Gross profit margin	28.7%	30.9%	(220) bps
Selling, general & admin / R&D costs	\$128	\$141	(9) %
EBITDA	\$88	\$100	(12) %
EBITDA margin	16.5%	17.4%	(90) bps
Earnings per share (EPS) <sup>2</sup>	\$0.13	\$0.14	(7) %

- Sales down 7% driven by lower sales in Specialty Ingredients
- SG&A expense reduction driven by cost-reduction program
- EBITDA of \$88 million down 12% driven by lower sales in Specialty Ingredients and higher plant-turnaround costs in Intermediates & Solvents
- Effective tax rate of 3% driven by income mix and discrete items
- EPS decreased to \$0.13 from \$0.14 in the prior-year quarter

<sup>1</sup> All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA and diluted earnings per share to adjusted diluted earnings per share.

<sup>2</sup> Unless otherwise noted, earnings are reported on a diluted-share basis.

# Specialty Ingredients Adjusted Results Summary<sup>1</sup>

(\$US in millions, except percentages)	Q1 FY20	Q1 FY19	Change
Sales	\$505	\$553	(9) %
Gross profit	\$162	\$176	(8) %
Gross profit margin	32.2 %	31.8 %	+40 bps
Operating income	\$44	\$54	(19) %
EBITDA	\$102	\$112	(9) %
EBITDA margin	20.2 %	20.3 %	(10) bps

- Sales impacted by weaker demand in consumer end markets, the prior-year business loss at Pharmachem, and weaker demand in industrial end markets
- Improved gross profit margin due primarily to lower raw-material costs, partially offset by unfavorable mix
- Operating Income and EBITDA declines due to lower sales and gross profit, partially offset by reduced SG&A costs



<sup>1</sup> All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.

# Adjusted Results Summary<sup>1</sup>

(\$US in millions, except percentages)	Q1 FY20	Q1 FY19	Change
Sales	\$28	\$23	+22 %
Gross profit	(\$10)	\$3	NM
Gross profit margin	(35.6) %	13.0 %	NM
Operating income	(\$12)	-	NM
EBITDA	(\$9)	\$3	NM
EBITDA margin	(32.1) %	13.0 %	NM

- Sales improved primarily based upon a favorable comparison to a weaker prior-year period
- As previously disclosed, the planned catalyst changeover plus the unexpected maintenance work at the Lima, Ohio facility resulted in \$12 million of additional costs versus the prior year
  - Normal operations at Lima resumed during the quarter



<sup>1</sup> All figures are presented on an adjusted basis except Sales. Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income.

# Debt Offering / Redemption



# Debt Offering / Redemption

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## Overview

- In January 2020, issued €500 million 2.00% senior unsecured notes and borrowed \$250 million (initially LIBOR + 1.375%) term loan A
- Proceeds used in cash tender for existing notes of \$671 million at 4.75%, \$92 million at 6.875%, \$3 million at 6.50% and \$25,000 at 6.60%
- Entered into new senior unsecured credit agreement, including \$600 million revolver

## Rationale

- Expect \$18 - \$20 million of annualized cash interest expense savings
- Improves debt-maturity profile
- Better matches underlying currency of earnings, assets and liabilities
- Debut EUR bond issuance diversifies sources of capital

# Priorities and Outlook

Ashland Global Holdings Inc.

# Key Objectives

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- Organic sales and Adjusted EBITDA growth
- Margin expansion
- Free cash flow generation

# CEO Priorities

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- Develop & articulate our strategy
- Improve operating performance
- Align & rightsize cost structure
- Disciplined capital allocation

**Build visible Improvement Momentum**

Ashland Global Holdings Inc.

# Near-Term Focus

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**#1 Enabled Business Unit Ownership & Accountability**

**#2 Cost Improvement actions**

**#3 Operating Performance**

# Outlook

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**Not providing guidance for FY2020 or Q2**

## Forward Looking Insights:

- Improved outlook for market demand
- Progress on new business development
- Pricing/raw material changes stay balanced
- Expect \$25 MM SG&A carryover improvement
- New actions to improve costs
- Working capital

**Present new business structure on Q2 Call**

# Closing Comments

# A Premier Specialty Materials Company

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- Focused on high-quality markets and businesses with exciting profitable growth opportunities
- Franchise businesses have leadership positions
  - #1 or #2
  - Strong teams with deep industry expertise
  - Excellent customer relationships and industry knowledge
  - Leaders in innovation with leading technology capabilities
- Profitable, high-margin portfolio
- Businesses generate strong free cash flow



Thank you and Q&A

# Appendix A: Adjusted Results Summary

# Adjusted Results Summary<sup>1</sup>

(\$US in millions, except percentages and per share data)	Q1 FY20	Q1 FY19	Change
Sales	\$533	\$576	(7) %
Gross profit	\$153	\$178	(14) %
Gross profit margin	28.7 %	30.9 %	(220) bps
Selling, general & admin / R&D costs	\$128	\$141	(9) %
Operating income	\$24	\$38	(37) %
Depreciation & amortization	\$61	\$62	(2) %
EBITDA	\$88	\$100	(12) %
EBITDA margin	16.5 %	17.4 %	(90) bps
Net interest and other expense	\$19	\$25	(24) %
Effective tax rate	3 %	29 %	(2,600) bps
Income from continuing operations	\$8	\$9	(11) %
Diluted share count (million shares)	61	64	(5) %
Earnings per share	\$0.13	\$0.14	(7) %



<sup>1</sup> All figures are presented on an adjusted basis except Sales and Diluted share count (million shares). Appendix B reconciles adjusted amounts to amounts reported under GAAP, including reconciliations of net income to EBITDA and adjusted EBITDA, operating income to adjusted operating income, income from continuing operations to adjusted income from continuing operations and diluted earnings per share to adjusted diluted earnings per share.

# Appendix B: Non-GAAP Reconciliation

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

## Reconciliation of Non-GAAP Data

### for 12 Months Ended December 31, 2019

(\$ millions, except percentages)

<b>Sales<sup>(a)</sup></b>	<b>Q1 20</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Total</b>	
<b>Specialty Ingredients</b>	<b>505</b>	<b>579</b>	<b>613</b>	<b>637</b>	<b>2,334</b>	
<b>Intermediates and Solvents</b>	<b>28</b>	<b>30</b>	<b>28</b>	<b>30</b>	<b>116</b>	
<b>Total</b>	<b>533</b>	<b>609</b>	<b>641</b>	<b>667</b>	<b>2,450</b>	
						<b>Adjusted EBITDA Margin</b>
<b>Adjusted EBITDA<sup>(a)</sup></b>	<b>Q1 20</b>	<b>Q4 19</b>	<b>Q3 19</b>	<b>Q2 19</b>	<b>Total</b>	
<b>Specialty Ingredients</b>	<b>102</b>	<b>152</b>	<b>146</b>	<b>148</b>	<b>548</b>	<b>23.5%</b>
<b>Intermediates and Solvents</b>	<b>(9)</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>16</b>	<b>13.8%</b>
<b>Unallocated</b>	<b>(5)</b>	<b>(11)</b>	<b>(14)</b>	<b>(14)</b>	<b>(44)</b>	
<b>Total</b>	<b>88</b>	<b>150</b>	<b>140</b>	<b>142</b>	<b>520</b>	

<sup>(a)</sup> Quarterly totals may not add to annual amounts due to rounding. Calculation of adjusted EBITDA for each period presented have been reconciled within certain financial filings with the SEC and posted on Ashland's website for each reportable segment.

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

## Segment Components of Key Items for Applicable Income Statement Captions

### for 3 Months Ended December 31, 2019

(\$ millions – preliminary and unaudited)

	<u>Specialty Ingredients</u>	<u>Intermediates and Solvents</u>	<u>Unallocated &amp; Other</u>	<u>Total</u>
<b>OPERATING INCOME (LOSS)</b>				
Operating key items:				
Restructuring, separation and other costs	\$ -	\$ -	\$ (7)	\$ (7)
All other operating income (loss)	44	(12)	(8)	24
Operating income (loss)	<u>44</u>	<u>(12)</u>	<u>(15)</u>	<u>17</u>
<b>NET INTEREST AND OTHER EXPENSE</b>				
Key items			(9)	(9)
All other net interest and other expense (income)			19	19
			<u>10</u>	<u>10</u>
<b>NET INCOME (LOSS) ON DIVESTITURES</b>				
			3	3
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Tax effect of key items <sup>(a)</sup>			1	1
Tax specific key items <sup>(b)</sup>			(25)	(25)
All other income tax expense			-	-
			<u>(24)</u>	<u>(24)</u>
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ 44</u>	<u>\$ (12)</u>	<u>\$ 2</u>	<u>\$ 34</u>

<sup>(a)</sup> Represents the tax effect of the key items that are previously identified above.

<sup>(b)</sup> Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items.

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

## Segment Components of Key Items for Applicable Income Statement Captions

### for 3 Months Ended December 31, 2018

(\$ millions – preliminary and unaudited)

	<u>Specialty Ingredients</u>	<u>Intermediates and Solvents</u>	<u>Unallocated &amp; Other</u>	<u>Total</u>
<b>OPERATING INCOME (LOSS)</b>				
Operating key items:				
Restructuring, separation and other costs	\$ (28)	\$ -	\$ (17)	\$ (45)
All other operating income (loss)	54	-	(16)	38
Operating income (loss)	<u>26</u>	<u>-</u>	<u>(33)</u>	<u>(7)</u>
<b>NET INTEREST AND OTHER EXPENSE</b>				
Key items			30	30
All other net interest and other expense (income)			25	25
<b>NET INCOME (LOSS) ON DIVESTITURES</b>				
Key items			(3)	(3)
<b>OTHER NET PERIODIC BENEFIT INCOME (COSTS)</b>				
Key Items			18	18
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Tax effect of key items <sup>(a)</sup>			(8)	(8)
Tax specific key items <sup>(b)</sup>			28	28
All other income tax expense (benefit)			4	4
			<u>24</u>	<u>24</u>
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ (97)</u>	<u>\$ (71)</u>

<sup>(a)</sup> Represents the tax effect of the key items that are previously identified above.

<sup>(b)</sup> Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. See Table 8 for additional information.

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

## Reconciliation of Certain Non-GAAP Data – Free Cash Flow and Adjusted Operating Income for 3 Months Ended December 31, 2019 and 2018

(\$ millions – preliminary & unaudited)

	Three months ended December 31	
	2019	2018
<b>Free cash flows <sup>(a)</sup></b>		
Total cash flows used by operating activities		
from continuing operations	\$ (34)	\$ (9)
Adjustments:		
Additions to property, plant and equipment	(29)	(33)
Free cash flows <sup>(a)</sup>	<u>\$ (63)</u>	<u>\$ (42)</u>

	Three months ended December 31	
	2019	2018
<b>Adjusted operating income (loss)</b>		
<b>Operating income (loss) (as reported)</b>	\$ 17	\$ (7)
Key items, before tax:		
Restructuring, separation and other costs	7	45
<b>Adjusted operating income (non-GAAP)</b>	<u>\$ 24</u>	<u>\$ 38</u>

<sup>(a)</sup> Free cash flow is defined as cash flows provided (used) by operating activities less additions to property, plant and equipment and other items Ashland has deemed non-operational (if applicable).





Ashland Global Holdings Inc.

# Reconciliation of Non-GAAP Data – Adjusted EBITDA for 3 Months Ended December 31, 2019 and 2018

(\$ millions – preliminary and unaudited)

Adjusted EBITDA - Ashland Global Holdings Inc.	Three months ended December 31	
	2019	2018
Net income (loss)	\$ 32	\$ (48)
Income tax expense (benefit)	(24)	24
Net interest and other expense	10	55
Depreciation and amortization <sup>(a)</sup>	61	62
EBITDA	79	93
Income (loss) from discontinued operations (net of taxes)	2	(23)
Gain on pension and other postretirement plan remeasurements	-	(18)
Net (income) loss on divestitures key items	-	3
Operating key items	7	45
Adjusted EBITDA	<u>\$ 88</u>	<u>\$ 100</u>

<sup>(a)</sup> Depreciation and amortization excludes accelerated depreciation of \$19 million for Specialty Ingredients for the three months ended June 30, 2018 which is included as a key item within this table.

# Specialty Ingredients, Intermediates and Solvents

## Reconciliation of Non-GAAP Data – Adjusted EBITDA

### for 3 Months Ended December 31, 2019 and 2018

(\$ millions – preliminary and unaudited)

	Three months ended December 31	
	2019	2018
<u>Adjusted EBITDA - Specialty Ingredients</u>		
Operating income	\$ 44	\$ 26
Add:		
Depreciation and amortization <sup>(a)</sup>	58	58
Operating key items	-	28
Adjusted EBITDA	<u>\$ 102</u>	<u>\$ 112</u>
<u>Adjusted EBITDA - Intermediates and Solvents</u>		
Operating income	\$ (12)	\$ -
Add:		
Depreciation and amortization	3	3
Operating key items	-	-
Adjusted EBITDA	<u>\$ (9)</u>	<u>\$ 3</u>

<sup>(a)</sup> Depreciation and amortization excludes accelerated depreciation of \$19 million for Specialty Ingredients for the three months ended December 31, 2018 which is included as a key item within this table.

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

## Reconciliation of Certain Non-GAAP Data – Adjusted Income from Continuing Operations for 3 Months Ended December 31, 2019 and 2018

(in millions except per share data – preliminary and unaudited)

	Three months ended December 31	
	2019	2018
<b>Income (loss) from continuing operations (as reported)</b>	\$ 34	\$ (71)
Key items, before tax:		
Restructuring, separation and other costs	7	45
Gain on pension and other postretirement plan remeasurements	-	(18)
Unrealized (gain) loss on securities	(9)	30
Net loss on acquisitions and divestitures	-	3
Key items, before tax	(2)	60
Tax effect of key items <sup>(a)</sup>	1	(8)
Key items, after tax	(1)	52
Tax specific key items:		
Deferred tax rate changes	-	2
One-time transition tax	-	22
Restructuring and separation activity	-	1
Other tax reform related activity	(25)	3
Tax specific key items <sup>(b)</sup>	(25)	28
Total key items	(26)	80
<b>Adjusted income from continuing operations (non-GAAP)</b>	<b>\$ 8</b>	<b>\$ 9</b>

<sup>(a)</sup> Represents the tax effect of the key items that are previously identified above.

<sup>(b)</sup> Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. These tax specific key items included the following:

- Deferred tax rate changes: Includes the impact from the remeasurement of Ashland's domestic deferred tax balances resulting from the enactment of the Tax Cuts and Jobs Act (Tax Act) as well as the impact from rate changes for other jurisdictions.
- One-time transition tax: Includes the one-time transition tax expense resulting from the enactment of the Tax Act.
- Restructuring and separation activity: Includes the impact from company-wide restructuring activities. These adjustments related to various tax impacts including state tax costs, foreign tax costs and other tax account adjustments.
- Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2019 and 2020.

# Ashland Global Holdings Inc. and Consolidated Subsidiaries

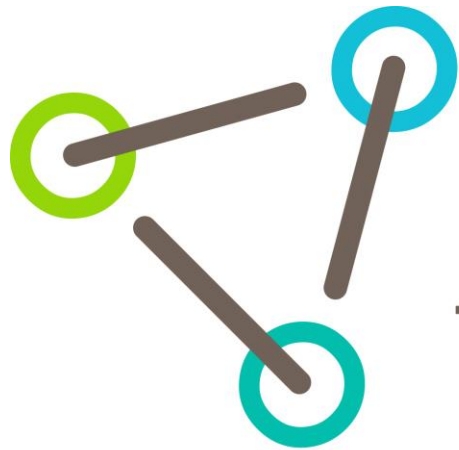
## Reconciliation of Certain Non-GAAP Data – Adjusted Diluted EPS from Continuing Operations for 3 Months Ended December 31, 2019 and 2018

	Three months ended December 31	
	2019	2018
<b>Diluted EPS from continuing operations (as reported)</b>	\$ 0.56	\$ (1.14)
Key items, before tax:		
Restructuring, separation and other costs	0.12	0.71
Loss (gain) on pension and other postretirement plan remeasurements	-	(0.29)
Unrealized (gain) loss on securities	(0.15)	0.47
Net loss on acquisitions and divestitures	-	0.05
Key items, before tax	(0.03)	0.94
Tax effect of key items <sup>(a)</sup>	0.02	(0.11)
Key items, after tax	(0.01)	0.83
Tax specific key items:		
Deferred tax rate changes	-	0.03
One-time transition tax	-	0.35
Restructuring and separation activity	-	0.02
Other tax reform related activity	(0.42)	0.05
Tax specific key items <sup>(b)</sup>	(0.42)	0.45
Total key items	(0.43)	1.28
<b>Adjusted diluted EPS from continuing operations (non-GAAP)</b>	<b>\$ 0.13</b>	<b>\$ 0.14</b>

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. These tax specific key items included the following:

- Deferred tax rate changes: Includes the impact from the remeasurement of Ashland's domestic deferred tax balances resulting from the enactment of the Tax Cuts and Jobs Act (Tax Act) as well as the impact from rate changes for other jurisdictions.
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- Other tax reform: Includes the impact of other items related to the Tax Act and other tax law changes enacted during 2019 and 2020.



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