



# Third-Quarter Fiscal 2017 Earnings

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August 1, 2017



ashland.com / efficacy usability allure integrity profitability



**Ashland**<sup>TM</sup>  
always solving

## Forward-Looking Statements

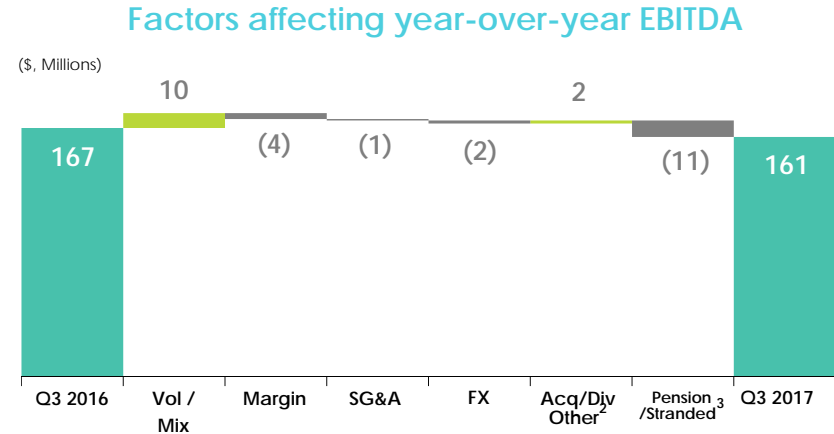
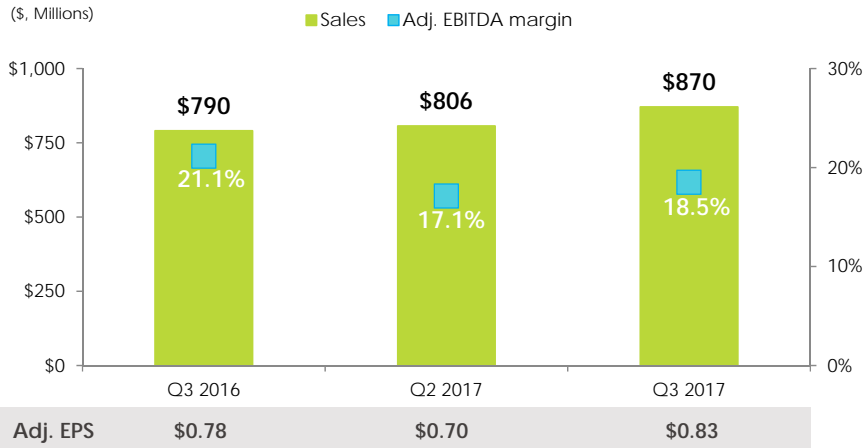
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “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. 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 acquisition of Pharmachem (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); the potential that Ashland does not realize all of the expected benefits of the separation of its Valvoline business; and severe weather, natural disasters, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in 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>. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise. Information on Ashland’s website is not incorporated into or a part of this presentation.

## Regulation G: Adjusted Results

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



# Fiscal Third Quarter 2017 Highlights<sup>1</sup>



- Reported GAAP loss from continuing operations of \$0.26 per diluted share
- Adjusted earnings of \$0.83 vs. \$0.78 per diluted share in prior year
- Total sales growth of 10 percent to \$870 million
- Closed on the acquisition of Pharmachem Laboratories, Inc.
- Completed the final separation of Valvoline Inc.

<sup>1</sup> Ashland's earnings releases dated August 1, 2017, and April 25, 2017, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

<sup>2</sup> Acquisitions include Pharmachem Laboratories, Inc. and the composites facility in Etain, France.

<sup>3</sup> The three months ended June 30, 2016 includes \$17 million of pension income, less \$6 million of stranded costs, related to Valvoline, Inc.

## Fiscal Third Quarter – Continuing Operations

# Key Items Affecting Income

Preliminary	Operating Income				Total		
	Specialty Ingredients	Composites	I&S	Unallocated and Other	Pre-tax	After-tax	Earnings per Share
<b>2017</b>							
Separation & restructuring costs	\$ (13)			\$ (29)	\$ (42)	\$ (34)	\$ (0.55)
Environmental reserve adjustment				(9)	(9)	(6)	(0.09)
Inventory fair value adjustment	(1)				(1)	(1)	(0.01)
Financing costs				(20)	(20)	(12)	(0.20)
Net loss on acquisitions and divestitures				(6)	(6)	(4)	(0.06)
Tax adjustments						(11)	(0.18)
<b>Total</b>	<b>\$ (14)</b>			<b>\$ (64)</b>	<b>\$ (78)</b>	<b>\$ (68)</b>	<b>\$ (1.09)</b>
<b>2016</b>							
Separation & restructuring costs	\$ (4)			\$ (28)	\$ (32)	\$ (27)	\$ (0.43)
Environmental reserve adjustment	(2)			(13)	(15)	(10)	(0.16)
Customer claim adjustment	5				5	5	0.08
Legacy benefit for former Directors				11	11	7	0.11
<b>Total</b>	<b>\$ (1)</b>			<b>\$ (30)</b>	<b>\$ (31)</b>	<b>\$ (25)</b>	<b>\$ (0.40)</b>

- Excluding intangible amortization, adjusted EPS would have been 23 cents higher, or \$1.06 per diluted share

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

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended Jun. 30,			Three months ended Mar. 31,	
	2017	2016	Change	2017	Change
Sales	\$ 870	\$ 790	10 %	\$ 806	8 %
Gross profit as a percent of sales	28.6 %	29.7 %	(110) bp	28.4 %	20 bp
Selling, general and admin./R&D costs	\$ 164	\$ 149	10 %	\$ 156	5 %
Operating income	\$ 89	\$ 88	1 %	\$ 74	20 %
Operating income as a percent of sales	10.2 %	11.1 %	(90) bp	9.2 %	100 bp
Depreciation and amortization	\$ 72	\$ 76	(5) %	\$ 65	11 %
Earnings before interest, taxes, depreciation and amortization (EBITDA) <sup>2</sup>	\$ 161	\$ 167	(4) %	\$ 138	17 %
EBITDA as a percent of sales	18.5 %	21.1 %	(260) bp	17.1 %	140 bp

- Total sales of \$870 million represents year-over-year growth of 10 percent
- Adjusted EBITDA of \$161 million and adjusted EBITDA margin of 18.5 percent

<sup>1</sup> Ashland's earnings releases dated August 1, 2017, and April 25, 2017, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

<sup>2</sup> The three months ended June 30, 2016 includes \$17 million of pension income, less \$6 million of stranded costs, related to Valvoline, Inc.

## Specialty Ingredients

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

(\$ in millions) Preliminary	Fiscal Third Quarter			Three months ended	
	Three months ended Jun. 30,			Mar. 31,	
	2017	2016	Change	2017	Change
Metric tons sold (in thous.) - Actives basis	83.7	81.8	2 %	80.7	4 %
Sales	\$ 591	\$ 552	7 %	\$ 544	9 %
Gross profit as a percent of sales	33.0 %	33.0 %	- bp	34.8 %	(180) bp
Selling, general and admin./R&D costs	\$ 123	\$ 115	7 %	\$ 116	6 %
Operating income	\$ 72	\$ 67	7 %	\$ 74	(3) %
Operating income as a percent of sales	12.2 %	12.1 %	10 bp	13.6 %	(140) bp
Depreciation and amortization	\$ 59	\$ 61	(3) %	\$ 53	11 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 131	\$ 128	2 %	\$ 127	3 %
EBITDA as a percent of sales	22.2 %	23.2 %	(100) bp	23.3 %	(110) bp

- Sales increased \$39 million, or 7 percent, to \$591 million in the third quarter
- Adjusted EBITDA of \$131 million increased 2 percent over the prior year

<sup>1</sup> Ashland's earnings releases dated August 1, 2017, and April 25, 2017, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Composites

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

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended Jun. 30,			Three months ended Mar. 31,	
	2017	2016	Change	2017	Change
Metric tons sold (in thousands)	88.5	80.2	10 %	84.7	4 %
Sales	\$ 209	\$ 174	20 %	\$ 186	12 %
Gross profit as a percent of sales	21.0 %	23.3 %	(230) bp	18.5 %	250 bp
Selling, general and admin./R&D costs	\$ 23	\$ 25	(8) %	\$ 22	5 %
Operating income	\$ 22	\$ 17	29 %	\$ 13	69 %
Operating income as a percent of sales	10.5 %	9.8 %	70 bp	7.0 %	350 bp
Depreciation and amortization	\$ 5	\$ 6	(17) %	\$ 5	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 27	\$ 23	17 %	\$ 18	50 %
EBITDA as a percent of sales	12.9 %	13.2 %	(30) bp	9.7 %	320 bp

- Sales of \$209 million represents year-over-year growth of 20 percent
- Adjusted EBITDA of \$27 million increased 17 percent over the prior year

<sup>1</sup> Ashland's earnings releases dated August 1, 2017, and April 25, 2017, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Intermediates & Solvents

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

(\$ in millions) Preliminary	Fiscal Third Quarter			Three months ended	
	Three months ended Jun. 30,			Mar. 31,	
	2017	2016	Change	2017	Change
Metric tons sold (in thousands)	34.4	34.5	(0) %	43.2	(20) %
Sales	\$ 70	\$ 64	9 %	\$ 76	(8) %
Gross profit as a percent of sales	14.3 %	9.0 %	530 bp	5.5 %	880 bp
Selling, general and admin./R&D costs	\$ 7	\$ 7	- %	\$ 7	- %
Operating income	\$ 2	\$ (1)	300 %	\$ (3)	167 %
Operating income as a percent of sales	2.9 %	(1.6) %	450 bp	(3.9) %	680 bp
Depreciation and amortization	\$ 8	\$ 8	- %	\$ 8	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 10	\$ 7	43 %	\$ 5	100 %
EBITDA as a percent of sales	14.3 %	10.9 %	340 bp	6.6 %	770 bp

- Sales of \$70 million represents year-over-year growth of 9 percent
- Adjusted EBITDA of \$10 million increased 43 percent over the prior year

<sup>1</sup> Ashland's earnings releases dated August 1, 2017, and April 25, 2017, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.



Fiscal Third Quarter 2017

# Corporate Items

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- **Adjusted corporate unallocated and other operating expense of \$7 million**
  - Fiscal fourth quarter expectation of \$10-\$15 million expense
- **Net interest expense of \$31 million**
  - Fiscal fourth quarter expectation of \$30-\$35 million expense
- **Effective tax rate of 11 percent**
  - Fiscal fourth quarter expectation 15%-20%
- **Trade Working Capital<sup>1</sup> for the quarter was 23 percent of sales**
- **Capital expenditures totaled \$53 million**
  - Fiscal fourth quarter expectation of \$80-\$85 million
- **Operating cash flow of \$132 million; free cash flow<sup>2</sup> of \$79 million**
  - FY 2017 expectation for free cash flow<sup>2</sup> of \$90-\$100 million which includes approximately \$75 million of one-time separation and severance-related payments

<sup>1</sup> Trade Working Capital defined as trade accounts receivables plus inventories minus trade accounts payables.

<sup>2</sup> Definition of free cash flow: operating cash less capital expenditures and other items Ashland has deemed non-operational.

# Financial targets to create shareholder value

## 2018 – 2021 Performance Targets

Adjusted EPS  
growth (CAGR)  
**>15%**

Adjusted Specialty  
Ingredients EBITDA (%)  
**>25%\***

Cash  
generation<sup>1</sup>  
**\$1B+**

- New actions to sustain and grow premium mix
  1. Evolve business portfolio
  2. Implement new market strategies
  3. Expand new and proprietary product sales<sup>2</sup> (NPI)
- New initiatives to improve competitiveness
  4. Asset utilization programs
  5. Price to value efforts
  6. SG&A inflation initiatives

7. Ensure CapEx plus changes in working capital <6.5% per year

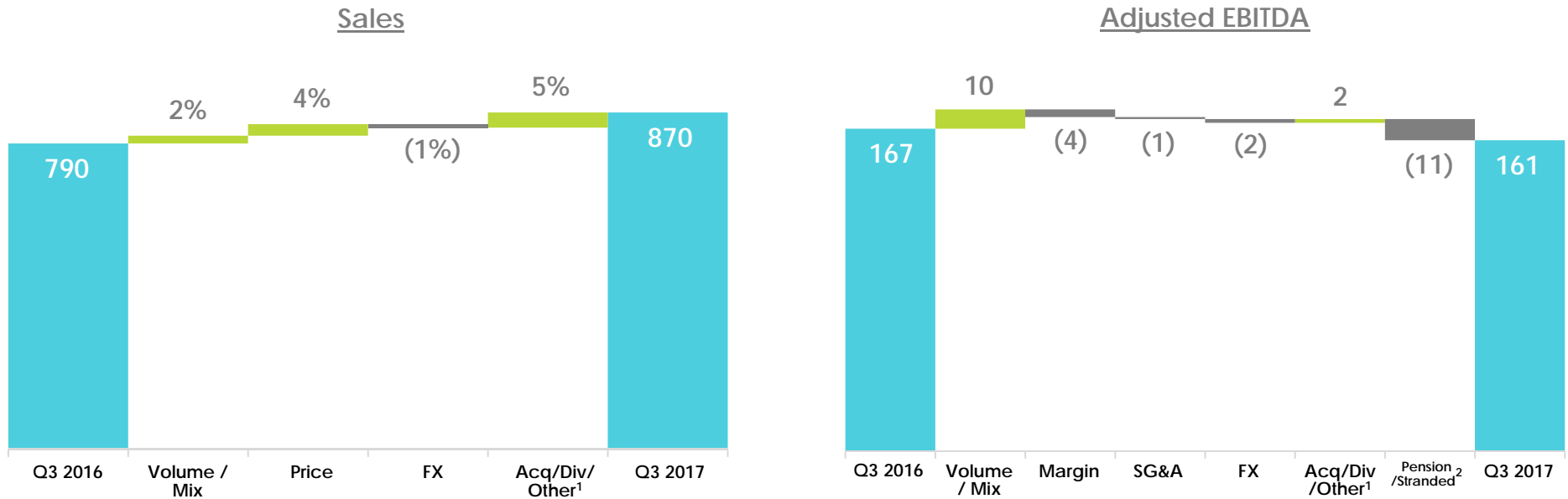
10 Note: Adjusted EPS growth, Adjusted EBITDA and Free Cash Flow are forward looking non-GAAP financial measures. See Slide 26 for an explanation for why reconciliations are not available to the most directly comparable forward looking GAAP financial measure; 1. Cumulative Free Cash Flow generation over target period less certain key items; 2. New and Proprietary Product Sales defined as new products in the market for <= 5 years and patented products for life of patent  
\* = 2021 Adjusted EBITDA Target

# Appendix A: Bridges

Ashland Q3 FY 2016 vs. Q3 FY 2017

# Sales and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary



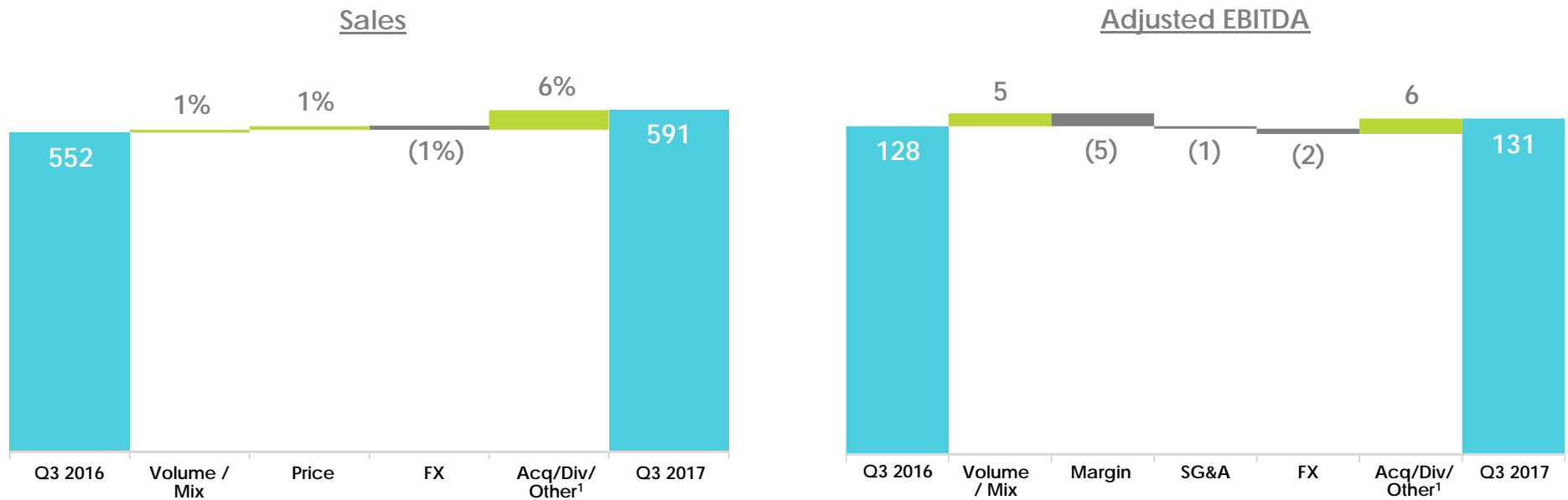
- Sales increased \$80 million, or 10 percent, compared to the prior-year quarter
- Adjusted EBITDA of \$161 million compared to \$167 million in the prior-year quarter
- Prior-year adjusted EBITDA includes \$11 million of pension income less stranded costs related to Valvoline

<sup>1</sup> Acquisitions include Pharmachem Laboratories, Inc. and the composites facility in Etain, France.

<sup>2</sup> The three months ended June 30, 2016 includes \$17 million of pension income, less \$6 million of stranded costs, related to Valvoline, Inc.

# Specialty Ingredients Sales and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary



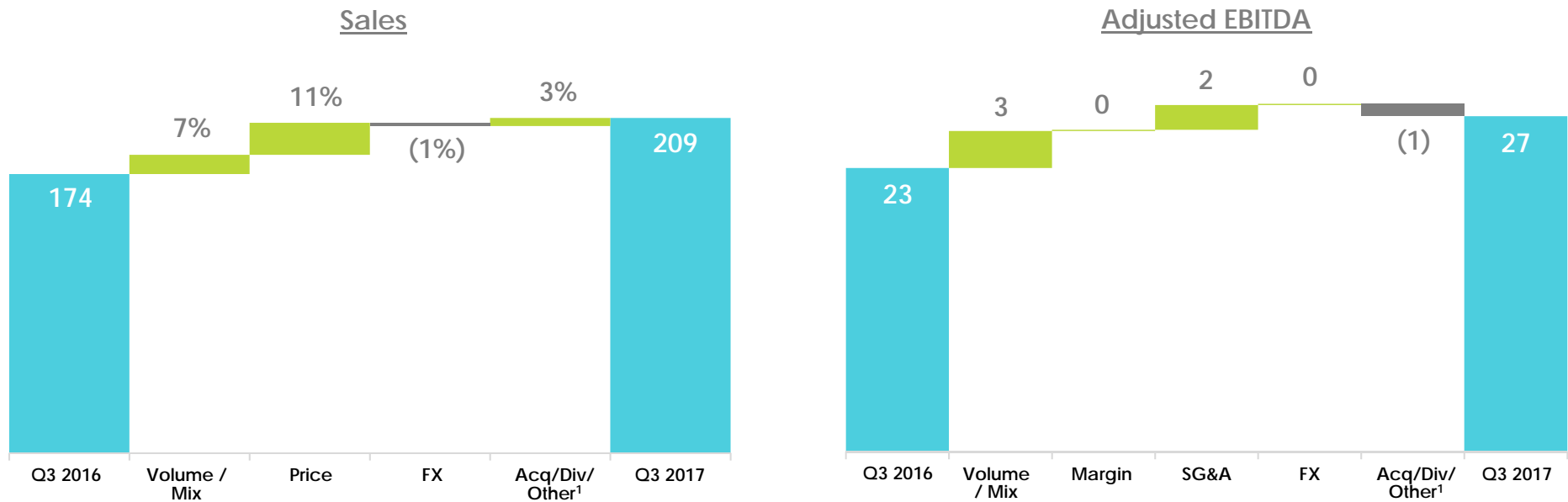
- Sales increased \$39 million, or 7 percent, to \$591 million in the third quarter
- Sales growth achieved through positive volume/mix, pricing and acquisitions
- Adjusted EBITDA of \$131 million increased 2 percent over the prior year

<sup>1</sup> Acquisitions include Pharmachem Laboratories, Inc.

# Composites

## Sales and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary



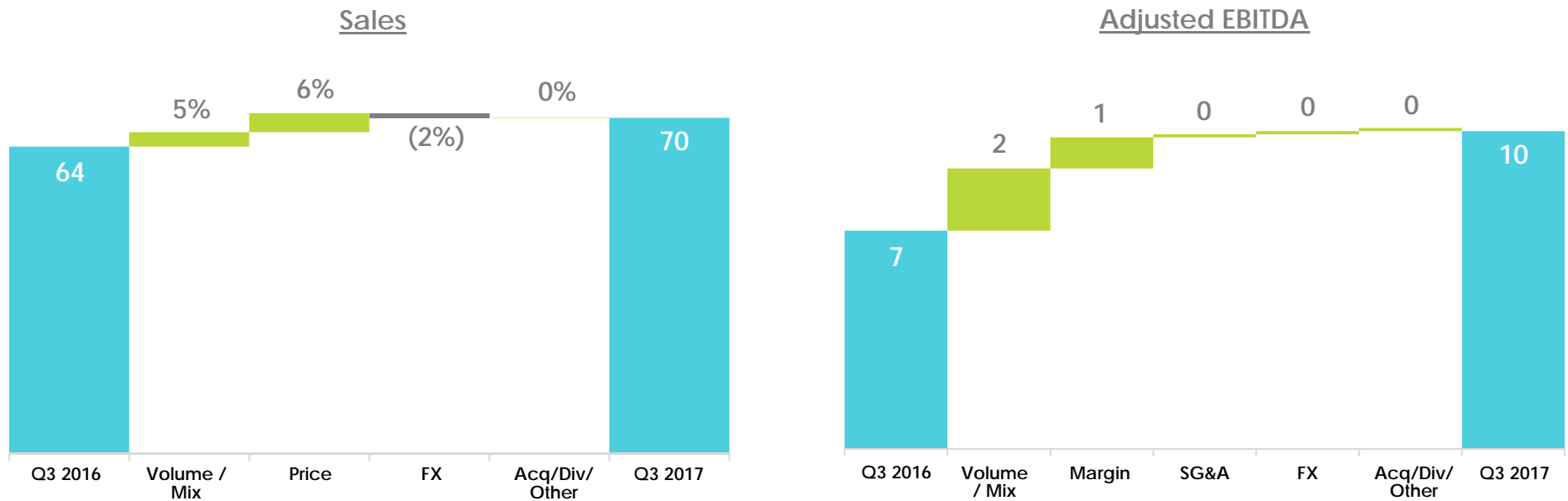
- Sales increased \$35 million, or 20 percent, to \$209 million in the third quarter
- Sales growth achieved through positive volume/mix, pricing and acquisitions
- Adjusted EBITDA of \$27 million increased 17 percent over the prior year

<sup>1</sup> Acquisitions include the composites facility in Etain, France.

## Intermediates & Solvents

# Sales and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary

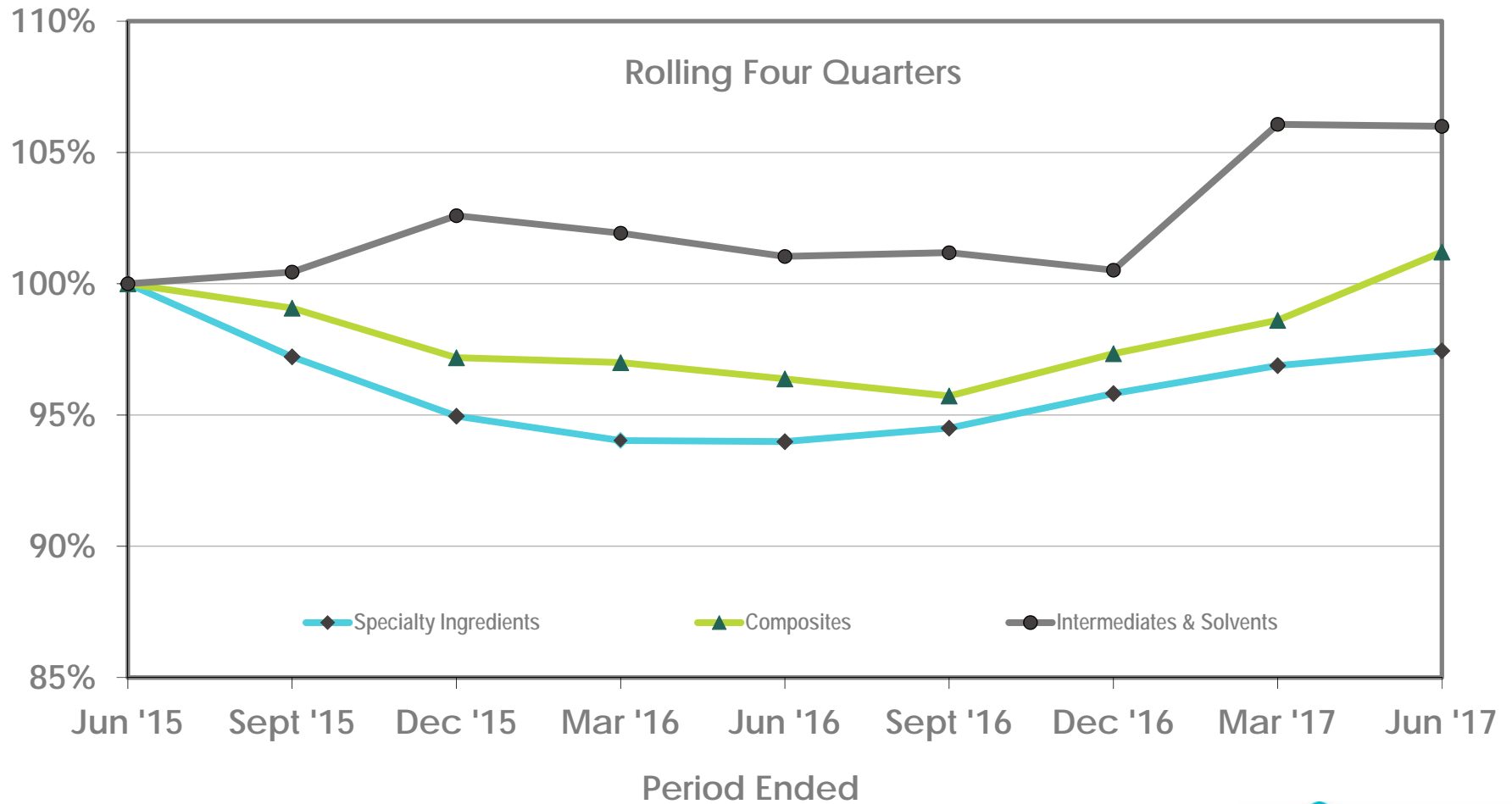


- Sales increased \$6 million, or 9 percent, to \$70 million in the third quarter
- Sales growth achieved through positive volume/mix and improved pricing
- Adjusted EBITDA of \$10 million increased 43 percent over the prior year

# Appendix B: Volume Trends and Liquidity and Net Debt



# Normalized Volume Trends<sup>1</sup>



<sup>1</sup> Excludes volumes associated with divestitures of biocides and exited redispersible powders (RDP) product line for all periods. Includes volumes associated with Pharmachem.

# Liquidity and Net Debt

(\$ in millions)

	At June 30, 2017	
Liquidity	Ashland	
Cash	\$	492
Available revolver and A/R facility capacity		625
Liquidity	\$	1,117

Debt	Expiration	Interest		Moody's	S&P	At June 30, 2017	
		Rate				Ashland	
4.750% senior notes, par \$1,086 million	08/2022	4.750%		Ba3	BB-	\$	1,082
Term Loan B <sup>1</sup>				Ba1	BB+		600
6.875% senior notes, par \$375 million	05/2043	6.875%		Ba3	BB-		376
Term Loan A-1 <sup>2</sup>				Ba1	BB+		250
Term Loan A-2 <sup>3</sup>				Ba1	BB+		250
6.5% debentures, par \$100 million	06/2029	6.500%		B2			51
Revolver drawn <sup>4</sup>				Ba1	BB+		128
A/R facility drawn <sup>5</sup>							95
Other debt							(19)
Total debt						\$	2,813
Cash						\$	492
Net debt (cash)						\$	2,321

<sup>1</sup> The Term Loan B has an amortizing principal, with complete repayment in 2024.

<sup>2</sup> The Term Loan A-1 has a complete repayment in 2020.

<sup>3</sup> The Term Loan A-2 has an amortizing principal, with complete repayment in 2022.

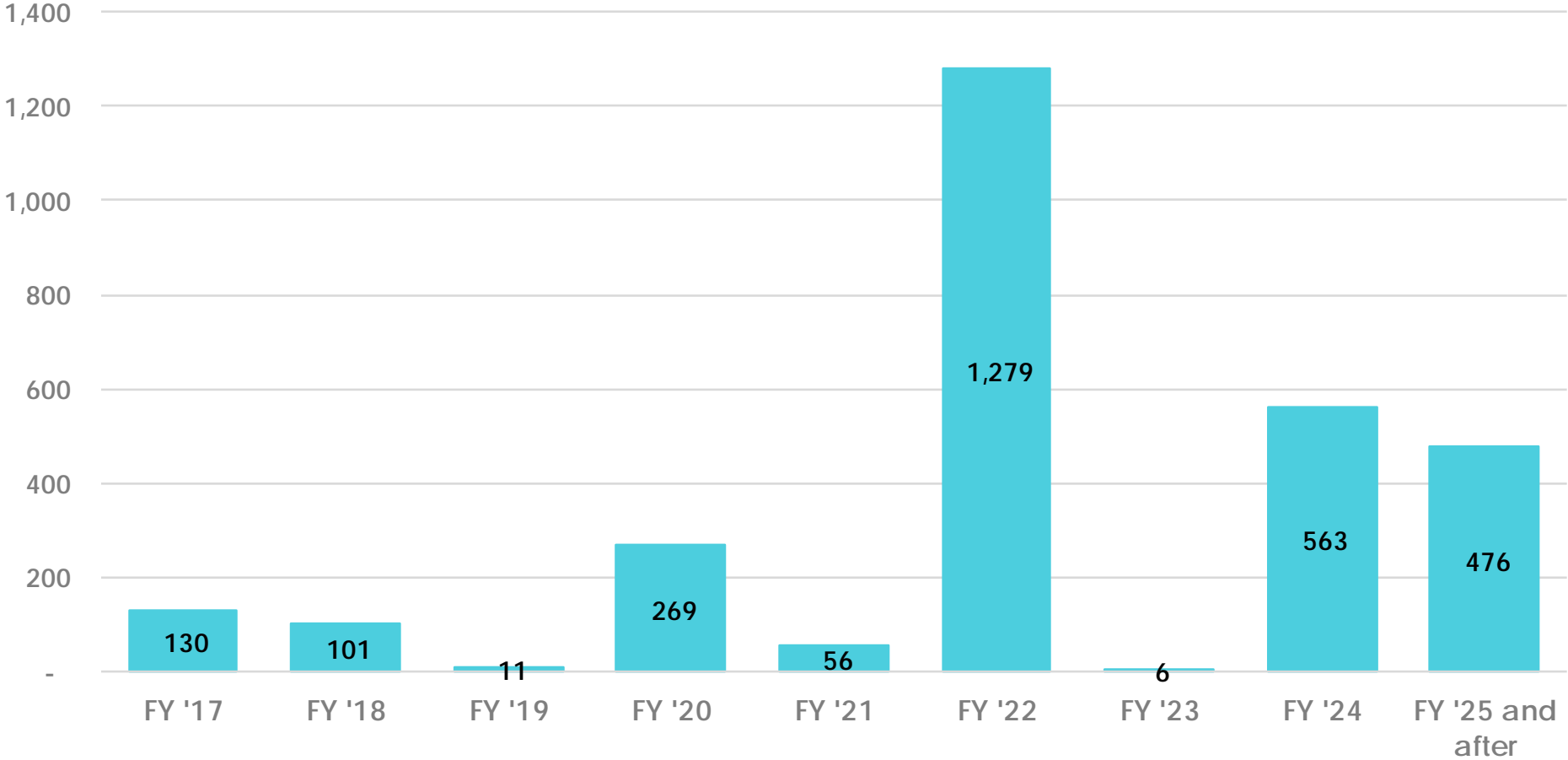
<sup>4</sup> Ashland's \$800 million revolving facility, including \$52 million used for letters of credit.

<sup>5</sup> Ashland has an AR securitization facility with maximum borrowing capacity of \$100 million; June 30 capacity of \$5 million.

Corporate Credit Ratings	Moody's	S&P
	Ashland	Ba2 Stable

# Scheduled Debt Payments

(\$ in millions)



# Appendix C: Business Profiles

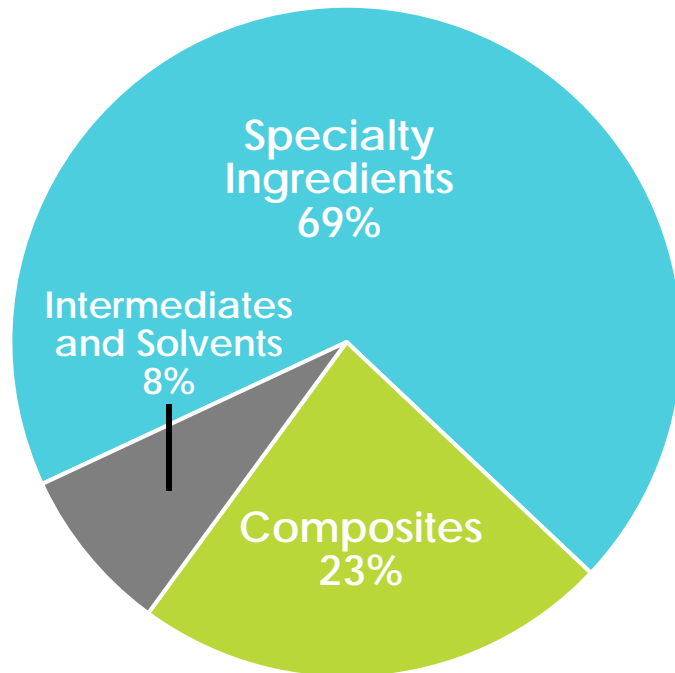
12 Months Ended June 30, 2017



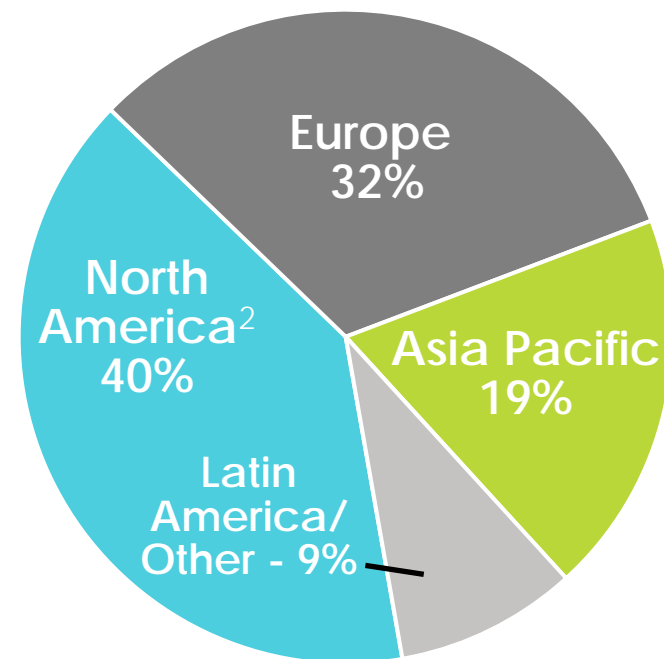
# Corporate Profile

Sales<sup>1</sup> - \$3.1 Billion

By business unit



By geography

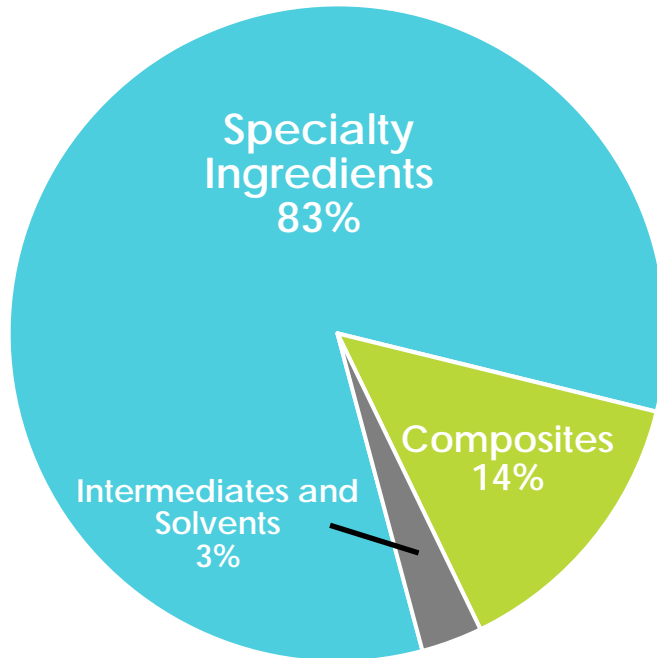


<sup>1</sup> For 12 months ended June 30, 2017.

<sup>2</sup> Ashland includes only U.S. and Canada in its North America designation.

# Corporate Profile

Adjusted EBITDA<sup>1</sup> - \$552 Million



NYSE Ticker Symbol: ASH

Total Employees: ~7,000

Outside North America ~50%

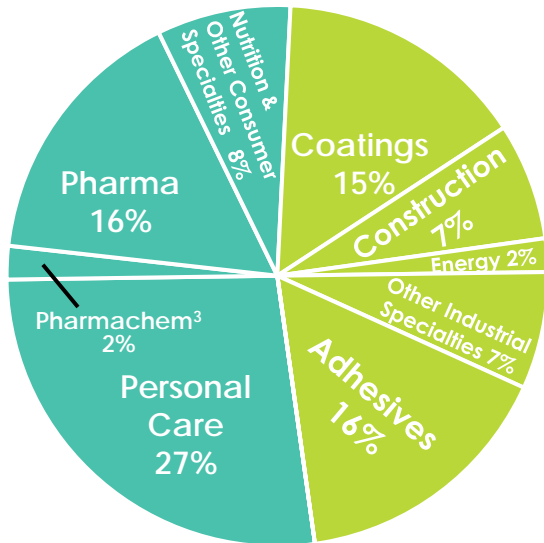
Number of Countries in Which Ashland Has Sales: More than 100

<sup>1</sup> For 12 months ended June 30, 2017. See Appendix D for reconciliation to amounts reported under GAAP.

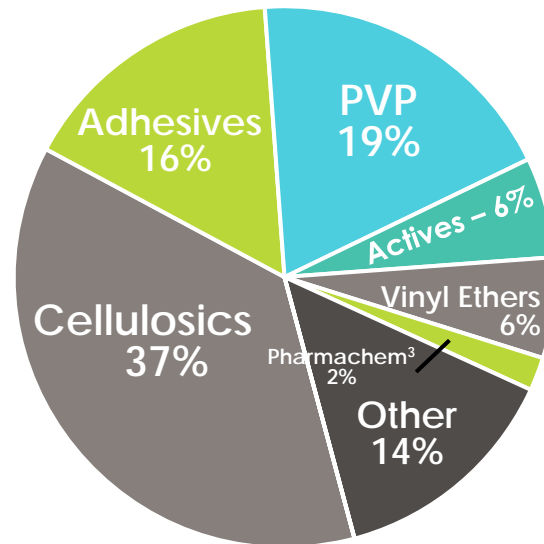
# Specialty Ingredients

A global leader of cellulose ethers, vinyl pyrrolidones and biofunctionals

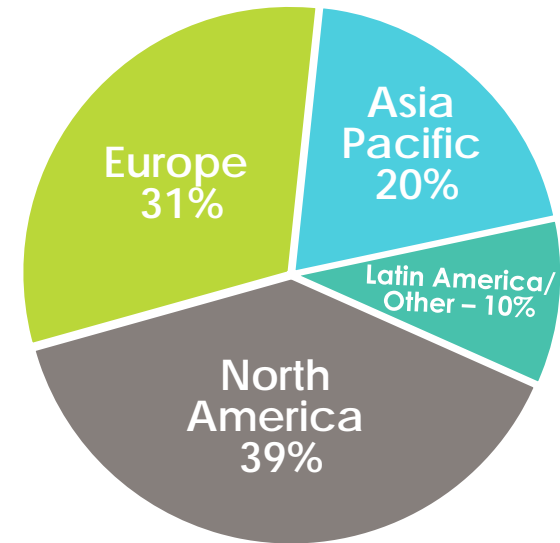
Sales by Market<sup>2</sup>



Sales by Product



Sales by Geography<sup>3</sup>



For 12 Months Ended June 30, 2017

Sales: \$2.1 billion

Adjusted EBITDA: \$479 million<sup>1</sup>

Adjusted EBITDA Margin: 22.3%<sup>1</sup>

<sup>1</sup> See Appendix D for reconciliation to amounts reported under GAAP.

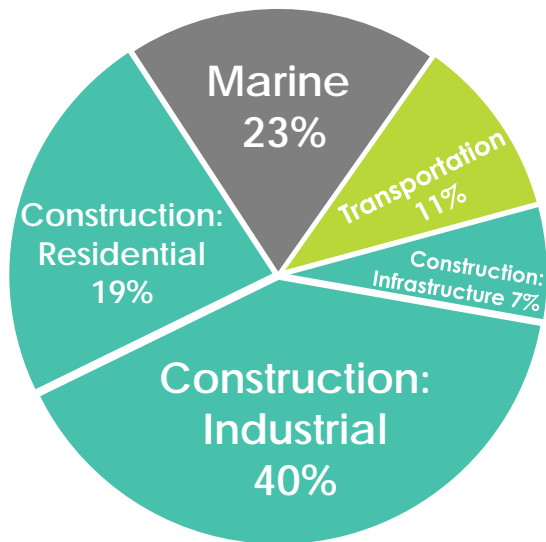
<sup>2</sup> Within the Sales by Market chart above, Industrial Specialties are presented in green and Consumer Specialties are presented in blue.

<sup>3</sup> Includes Pharmachem's sales for the period May 17, 2017 through June 30, 2017, the period for which Pharmachem was owned.

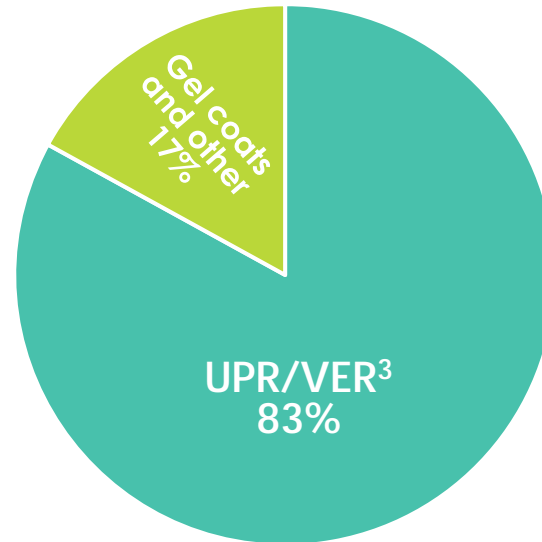
# Composites

A global leader in unsaturated polyester resins, vinyl ester resins and gel coats

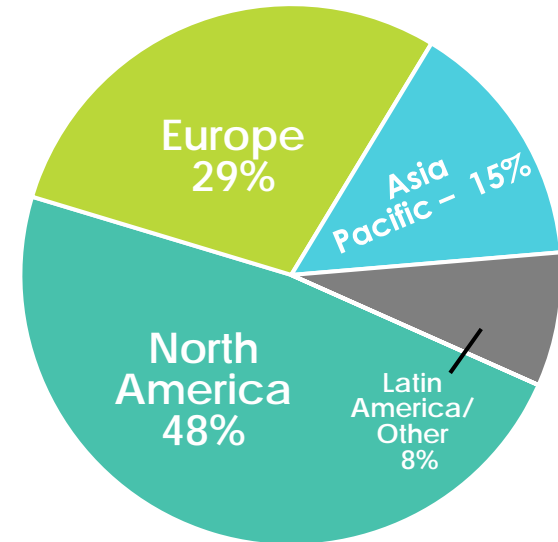
**Sales  
by Market**



**Sales  
by Product**



**Sales  
by Geography**



For 12 Months Ended June 30, 2017

Sales: \$722 million

Adjusted EBITDA: \$80 million<sup>1</sup>

Adjusted EBITDA Margin: 11.1%<sup>1</sup>

<sup>1</sup> See Appendix D for reconciliation to amounts reported under GAAP.

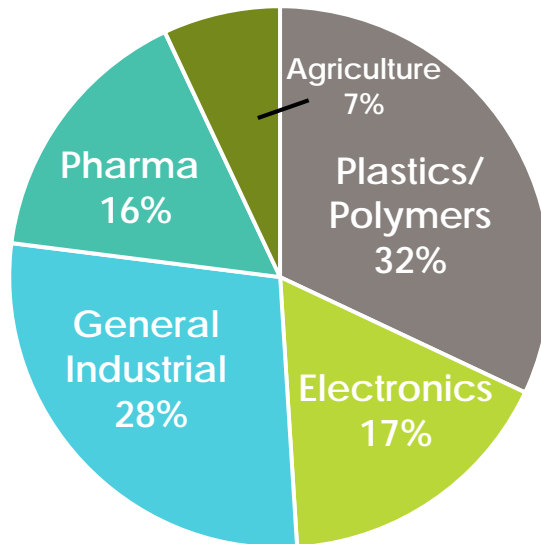
<sup>2</sup> UPR stands for unsaturated polyester resins and VER stands for vinyl ester resins.



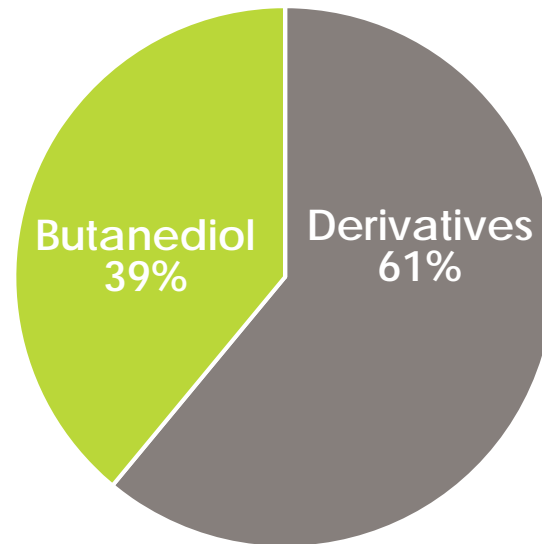
# Intermediates and Solvents

A global leader in butanediol and related derivatives

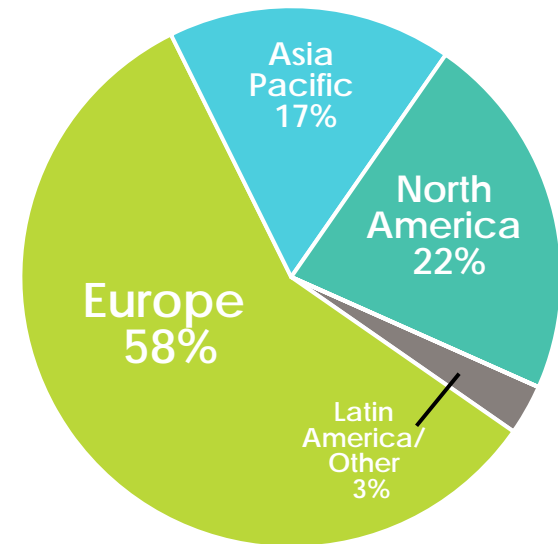
Sales  
by Application



Sales  
by Product



Sales  
by Geography



For 12 Months Ended June 30, 2017

Sales: \$263 million

Adjusted EBITDA: \$18 million<sup>1</sup>

Adjusted EBITDA Margin: 6.8%<sup>1</sup>

# Appendix D: Non-GAAP Reconciliation<sup>1</sup>

- <sup>1</sup> Although Ashland provides forward looking guidance for adjusted EBITDA in this presentation, Ashland is not reaffirming or providing forward-looking guidance for U.S. GAAP reported financial measures or a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP measure because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort.



# Ashland Global Holdings Inc. and Consolidated Subsidiaries

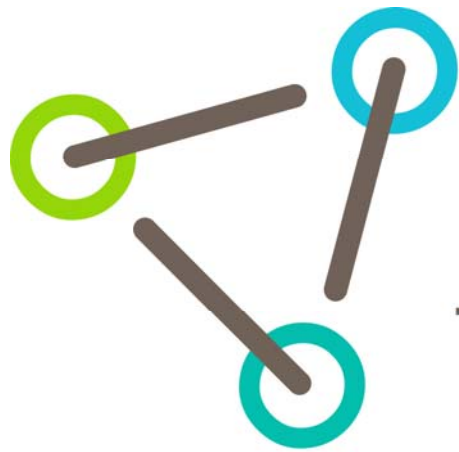
## Reconciliation of Non-GAAP Data

for 12 Months Ended June 30, 2017

(\$ millions, except percentages)

Sales <sup>1</sup>	Q3 17	Q2 17	Q1 17	Q4 16	Total	
Specialty Ingredients	591	544	482	532	2,149	
Composites	209	186	165	162	722	
Intermediates and Solvents	70	76	57	60	263	
<b>Total</b>	<b>870</b>	<b>806</b>	<b>704</b>	<b>754</b>	<b>3,134</b>	
						Adjusted EBITDA Margin
Adjusted EBITDA <sup>1</sup>	Q3 17	Q2 17	Q1 17	Q4 16	Total	
Specialty Ingredients	131	127	95	126	479	22.3%
Composites	27	18	21	14	80	11.1%
Intermediates and Solvents	10	5	0	3	18	6.8%
Unallocated	(7)	(11)	(7)	0	(25)	
<b>Total</b>	<b>161</b>	<b>139</b>	<b>109</b>	<b>143</b>	<b>552</b>	

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



Ashland<sup>TM</sup>  
always solving