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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to Ashland's fourth quarter fiscal year 2025 earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Sandy Kidman. Sandy, please go ahead.

Sandy Klugman - Ashland Inc - Director of Investor Relations

Thank you. Hello, everyone, and welcome to Ashland's fourth quarter fiscal year 2025 earnings conference call and webcast. My name is Sandy Klugman, and I recently joined Ashland as the company's Director of Investor Relations. I'm excited to be stepping into this role at a pivotal time for Ashland and our stakeholders, and I look forward to connecting with many of you in the months ahead.

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

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

Please turn to slide 2. 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-K. 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 is no assurance 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. Today, I'll provide an overview of our fourth quarter performance, discuss our strategic priorities, and share our guidance for fiscal 2026. Please turn to slide 5. Let's begin with a summary of our recent performance.

Ashland's fourth quarter results reflect our disciplined approach and ability to deliver in line with expectations despite ongoing macroeconomic challenges. We maintained strong margins and achieved revenue and EBITDA consistent with our prior guidance.

Our continued focus on execution, along with momentum across our globalized and innovative initiatives helped offset areas of competitive intensity and muted demand. Q4 sales were \$478 million, down 8% year over year, primarily due to portfolio optimization initiatives. Excluding these actions, sales declined 1%.

Adjusted EBITDA was \$119 million, down 4% year over year, including an \$11 million impact from portfolio optimization. On a comparable basis, adjusted EBITDA increased 5% with margins expanding to roughly 25%. Importantly, these results reflect the early benefits of our strategic actions and position us well to improve performance.

Please turn to slide 6. Now let me briefly summarize the performance of our business units. Life Science delivered steady performance, reflecting the benefits of our sharpened focus on higher-value pharma. Demand remained resilient, with continued strength in cellulosic excipients, public coatings, and injectables. There was some weakness in nutrition in the quarter, but the team has recently secured share gains that support a return to growth next year.

Our innovate and globalized strategies are supporting quality growth and strong margin durability. Personal Care generated broad-based gains across end markets and regions while maintaining strong profitability. Disciplined execution and a sharpened commercial focus are driving results in a muted environment, investments in biofunctional actives, and microbial protection delivered momentum with both lines returning to healthy growth in Q4.

Specialty Additives executed well in a mixed market, increasing quarter-over-quarter EBITDA. All end markets outside coatings improved, including Performance specialties, Construction, and Energy & Resources. Our gains were more than offset by weaker coatings in China, India, and Middle East and North America. We continue to direct resources towards high-value applications, strengthening our position ahead of a coatings recovery.

Intermediate space headwinds from lower pricing and production volumes, which impacted profitability. The team remains focused on optimizing its operations against a challenging market backdrop. Stepping back from the segment, I want to highlight how our transformation efforts are shaping Ashland's path forward. Portfolio optimization and restructuring are complete. And the organization is focused on consistent delivery.

As we've discussed before, approximately 85% of our portfolio serves consumer-facing end markets. These areas tend to be more stable and less exposed to economic cycles, providing a measure of consistency and resilience in the face of the broader macroeconomic volatility.

The \$60 million manufacturing optimization program is helping margins, though the timing of the P&L impacted later than we initially expected. William will discuss the drivers later. In the quarter, Life Science and Personal Care, each delivered EBITDA margins close to or above 30%. Specialty

Additives achieved its highest margins of the year, while intermediates continue to face margin pressures in a challenging market. On a comparable basis, adjusted EBITDA increased year over year across all business units, except intermediates.

Our globalized platforms returned to healthy growth in Q4, and we outperformed our innovation targets. In summary, even as external conditions remain unpredictable, we continue to drive results through disciplined execution and clear focus on our priorities. With our focused portfolio, cost actions gaining momentum, and growth initiatives taking hold, Ashland is well positioned to deliver resilient long-term value.

I'd like to now turn over the call to William to provide a more detailed review of the fourth quarter financial performance. William?

William Whitaker - *Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations*

Thank you, Guillermo. Please turn to slide 8. Sales were \$478 million, down 8% from last year, with portfolio optimization actions accounting for a \$38 million reduction. Excluding those changes, sales were essentially flat, down 1% with steady demand in most areas.

We saw volume gains in Personal Care, which helped balance softer results in Specialty Additives, while Life Sciences held steady. Pricing was down about 2% overall, mainly reflecting targeted pricing adjustments in life sciences from Q2 and continued pressure in intermediates.

Excluding intermediates, Pricing was down just 1% and foreign exchange provided a modest 1% lift. Adjusted EBITDA came in at \$119 million, a 4% decrease year over year. Portfolio actions accounted for an \$11 million headwind. But if you set those aside, underlying EBITDA improved by 5%, marking a return to growth on a comparable basis.

Lower SARD from restructuring actions contributed to margin expansion alongside improved mix. These gains were partially offset by lower pricing and production volumes, while raw material costs remained stable.

Our adjusted EBITDA margin expanded to 24.9%, up 110 basis points from last year. This was our most profitable quarter of the year and in line with our long-term margin target of 25%. Adjusted earnings per share, excluding acquisition amortization, was \$1.08, down 14% from the prior year, disproportionately impacted by a higher effective tax rate in the quarter. The increase reflects jurisdictional tax changes and limited use of foreign tax credits. We expect our effective tax rate to be in the mid-20s next year.

We delivered another quarter of solid cash generation with ongoing free cash flow totaling \$52 million. That's a healthy conversion of adjusted EBITDA, reflecting our disciplined approach to capital spending and working capital.

While Q4 ongoing free cash flow was down year over year, primarily due to higher accounts receivable from strong September sales to remain consistent with recent expectations. At quarter end, our total liquidity stood at just over \$800 million, providing us with plenty of flexibility.

Net leverage was 2.9 times. And with \$103 million tax refund received in October from our nutraceutical sale net leverage is now closer to mid-2s. This positions us well to continue investing in our strategic priorities while maintaining disciplined new capital allocation.

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

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

Thank you William. Good morning, everyone. Please turn to slide 9 for Life Sciences. Life Sciences sales were \$173 million in the fourth quarter, down 10% from last year. The decline was primarily driven by the divestiture of the nutraceuticals business and exit from low-margin nutrition offerings. On a comparable basis, sales were generally stable declined 2% year over year, reflecting a mix of volume and price.

Turning to demand trends. Pharma remained resilient across most regions, achieving low single-digit sales growth year over year. This momentum was driven by innovation and demand for high-value cellulosic excipients and sustained growth in our globalized business lines, tablet coatings, and injectables in line with our long-term strategy and growth objectives.

Nutrition end markets were softer, but recent business wins are expected to support a return to profitable growth in fiscal 2026. On pricing, the year over year headwinds narrowed sequentially with pricing generally stable throughout the quarter.

Foreign exchange provided a \$3 million tailwind to sales. We continue to advance pharmaceutical innovation, highlighted by the launch of vialose™, a high-purity excipient for injectables and the expansion of our low-nitrite excipients to help customers mitigate nitrosamine risk. The new offerings reinforce Ashland's commitment to delivering high-quality solutions for the evolving needs of the pharma industry.

Now let's look at profitability. Adjusted EBITDA was \$55 million, representing a 32% margin and a 2% decline versus \$56 million last year. The year over year decrease primarily reflects a \$3 million impact from portfolio optimization actions, which shifted the segment's portfolio towards high-return applications.

Excluding this impact, adjusted EBITDA increased \$2 million, driven by mix and reduced our expenses, which more than offset lower pricing compared to last year. As Guillermo mentioned, reaching an adjusted EBITDA margin above 30% for the full year is the first for life sciences. This is a milestone that highlights our strategic focus and disciplined execution and the strength of our margin foundation.

Please turn to slide 10 for Intermediates. Intermediates continued to face pricing and volume pressure in the fourth quarter with merchant sales and NMP and BDO bonds broadly lower year over year. Lower production volumes also impacted profitability and competitive intensity from Chinese overcapacity and exports remain a key market factor, particularly in Europe.

BDO pricing remains near a cyclical low. Sales were \$33 million, down 8% from the same period last year. This included \$23 million in merchant sales and \$10 million in captive BDO sales. The year over year sales decline was primarily driven by lower overall pricing and merchant bonds.

Intermediate generated \$5 million in adjusted EBITDA representing a 15.2% margin, down from \$10 million and a 27.8% margin in the prior year. Margins compressed both sequentially and relative to the prior year, reflecting lower pricing and production. The team continues to manage the business with discipline, and a focus on efficiency as we navigate a challenging market environment.

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

James Minicucci - Ashland Inc - Senior Vice President - Strategy, Mergers and Acquisitions, and Portfolio Management

Thank you, Alessandra. I'll now highlight our Personal Care results. Personal Care sales were \$151 million in the fourth quarter, down 7% year over year, primarily reflecting the divestiture of the Avoca business. On a comparable basis, Personal Care delivered 5% sales growth with strong volume gains, outperforming a stable but muted market environment. The team executed well and delivered broad-based growth across all end markets and regions.

As expected, both globalized business lines delivered robust growth this quarter and are set to continue their performance as strategic investments, innovation, and the renewed commercial approach continues to gain traction.

In biofunctional access, sales were up double digits. Performance was driven from a stable base in multiple new customer launches utilizing our innovative actives. Microbial protection delivered its fourth consecutive quarter of sequential growth and resumed healthy year-over-year expansion. Europe delivered robust growth in all regions converted major customer wins.

In addition, our commercial excellence efforts in the care ingredients portfolio continue to deliver performance in both hair and skin care across regions. Personal Care advanced our innovation pipeline with two new product introductions based on the transformed vegetable oil platform.

Turning to profitability. Adjusted EBITDA was \$43 million compared to \$47 million in the prior year, representing a margin of 28.5%. The year over year decrease was primarily due to portfolio optimization, which reduced EBITDA by \$7 million.

Excluding this impact, adjusted EBITDA increased \$3 million, driven by higher organic sales partially offset by lower pricing. In summary, Personal Care delivered strong growth, resilient profitability, and visible traction in our strategic priorities, setting a solid foundation for continued improvement in fiscal year 2026.

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 12. The Specialty Additives sales were \$131 million in Q4, down 9% year over year and consistent with Q3. In exit of low-margin construction business, reduced sales by approximately \$4 million or 3%.

Excluding these actions, segment sales declined 6%, reflecting continued coating weakness in China, competitive intensity in export markets, such as the Middle East, Africa, and India and softer demand in North America.

Most of the volume decline was due to last year's share loss in China where overcapacity and weak demand continue to weigh on volumes and intensified competition.

While coatings demand remains softmost regions saw stable sales sequentially. Performance specialties, construction, and energy outperformed the market supported by share gain initiatives. Pricing remained stable year over year and foreign exchange contributed a favorable \$2 million impact to sales.

Adjusted EBITDA was \$29 million, consistent with the prior year and up \$3 million sequentially as favorable cost offset lower volumes resulting in the strongest margin of the year at 22.1%. Portfolio utilization actions reduced EBITDA by \$1 million. Excluding this, adjusted EBITDA increased \$1 million with improved cost efficiencies driving the year's strongest margin performance.

Following the ACC production closure in (inaudible), we rebalance the network and prioritized high-value applications to stabilize margins in a lower demand environment. Looking ahead, Specialty Additives is well positioned to capitalize on accordance recovery, driving outsized margin gains as demand improves.

With that, I'll turn the call back over to William for some additional commentary. William?

William Whitaker - Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations

Thanks, Dago. Please turn to slide 14. As we close out fiscal '25, I want to highlight the meaningful progress our teams have delivered. We completed our \$30 million restructuring program, realizing \$20 million in savings this year with another \$12 million expected in fiscal '26. Our \$60 million manufacturing optimization initiative is well underway with \$5 million in savings this year and \$18 million projected next year.

A major milestone was the full closure of Parlin consolidating our HEC operations. VP&D cost actions continue to progress and we remain on track to achieve our fiscal '26 run rate target. We have also closed two smaller plans as a part of our consolidation efforts and expect to complete the process in fiscal '26.

Productivity improvements continue across the VP&D manufacturing chain. As communicated throughout the year, while strategic initiatives are largely on track, P&L realization is extending beyond additional expectations, reflecting current operating realities.

First, cost improvements are flowing through more gradually due to weighted average inventory accounting and elevated inventory levels tied to consolidation and tariff mitigation. Our initial assumptions on timing proved ambitious, and we are adjusting accordingly.

Second, higher costs at our consolidated site partially tied to the accelerated HEC time line are impacting unit costs. We're actively addressing these pressures. Third, the lower Asia Pacific volumes have reduced plant loading. While we've shifted network volume to maintain utilization, this has lowered US production and additive savings.

Overall, manufacturing network optimization benefits are expected to range from \$50 million to \$55 million under current conditions. We continue to target the full \$60 million opportunity, which remains achievable as China volumes recover.

Despite timing adjustments, the program is already supporting margins and remains a key lever for future improvement. These actions are strengthening our cost position and support margin expansion. We remain agile in responding to market shifts, and our restructuring actions are already helping offset softness in select end markets.

In addition, we are enhancing our financial systems and forecasting capabilities to improve accuracy, drive accountability, and strengthen performance and operations. Looking ahead, our priorities are clear, finalize the cost savings program and continue to drive productivity and operational excellence through our streamlined footprint.

With that, I'll now turn the call back over to Guillermo. Guillermo?

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

Please turn to slide 15. As we wrap up fiscal 2025, I'm proud of the resilience and agility Ashland has demonstrated. Our teams exceeded our innovation targets and advance our globalized agenda, which began delivering visible results in Q4. We saw steady sequential momentum in our globalized platform throughout the year as investments took hold.

While the base business was down on the year in Personal Care, Globalize segments Q4 marked a turning point, growing double digits in the quarter. We have clear goals to sustain and accelerate this momentum in fiscal 2026.

Regarding our Innovate strategy, our teams outperformed our innovation targets driven by core technology advancements. A showcase at the recent Innovation Day, we continue to strengthen our new technology platforms that are central to Ashland's long-term potential.

The energy around our innovation pipeline is growing, and we're pleased with the traction we've established. These achievements reinforce our confidence in the long-term value of our portfolio.

Looking ahead, we will continue to disclose targets transparently. We believe openness around the goals is essential as we pursue high-quality growth. We are committed to sharing both successes and challenges openly.

This approach is fundamental to building credibility and confidence in our strategy, ensuring you have a clear view of our progress and the path forward. For fiscal 2026, we are targeting \$20 million in incremental globalized sales and \$15 million in innovation-driven growth as we scale platforms and advance recent launches.

Please turn to slide 16. As we look ahead to fiscal 2026, our focus remains on disciplined planning and consistent deleverage. This marks our second consecutive quarter of meeting EBITDA commitments and important step in building credibility going into the new year.

Our guidance is grounded in prudent assumptions and reflect a continued emphasis on execution, consistency, and transparency. Importantly, our planning reflects a return to growth signaling a constructive shift in trajectory and renewed momentum across our businesses.

Ashland expects full year sales of \$1.835 billion to \$1.905 billion, representing organic growth of 1% to 5%. Portfolio resets are minimal, roughly \$10 million due to owning Avoca for Q1 of fiscal 2025, making this year's results easier to baseline.

Adjusted EBITDA is projected between \$400 million and \$430 million with free cash flow conversion of 50% and CapEx near \$100 million. This supports an attractive free cash flow yield and provides flexibility for capital deployment.

Next year, we expected adjusted EPS to grow double digits plus and meaningfully faster than EBITDA, driven by operating improvement and lower depreciation from portfolio optimization. Our assumptions reflect current market realities.

Life Science and Personal Care remain resilient, supported by innovate and globalize momentum. Specialty Additives and Intermediates, Specialty Coatings continue to face pressure, while macro factors like interest rates and housing turnover could support recovery, we've tempered upside in our outlook.

We expect to outperform underlying markets through share gains, innovation, and disciplined execution. Tariff-related uncertainties persist. We're actively managing sourcing, production, and logistics and pricing. Input costs remained stable with steady raw materials and well-functioning supply chains.

On the cost side, our manufacturing network optimization program continues to advance. Most plant actions are complete, and we remain on track to deliver \$50 million to \$55 million in savings under current conditions. The full \$60 million opportunity is still intact and achievable as China volumes recover.

As William noted, timing shifts will reduce the impact in fiscal 2026, but the contribution remains meaningful. Key factors included in our 2026 guidance, approximately \$30 million of restructuring and network optimization from our \$90 million program.

About \$20 million related to resetting performance-based compensation and merit increases. Approximately \$10 million impact driven by repairs and network-wide operational and working capital efficiency measures following the Calvert City outage.

We're also increasing our R&D investment by \$4 million to accelerate innovation in some of the leading disruptive opportunities. Overall, our fiscal 2026 guidance reflects a prudent view of market conditions. We remain focused on advancing innovation, scaling globalized platforms, and driving cost and productivity initiatives to support high-quality growth, even in muted markets.

With consistent execution, mix improvement, and disciplined capital allocation, Ashland is well positioned to deliver resilient performance and long-term value creation.

Please turn to slide 17. In closing, I want to highlight a few key priorities as we look ahead. Fiscal year 2025 ended on a healthy note with our teams delivering on operational and strategic goals despite the challenging macro.

The completion of portfolio optimization and network consolidation has made Ashland more focused, resilient business, well positioned for growth in high-value works. We entered 2026 with momentum. Cost actions are yielding early margin gains with full P&L impact expected to follow.

Innovation remains a growth catalyst. We're focused on accelerating commercial success. Recent investments are driving renewed progress in our globalized platforms, reinforcing our confidence in the long-term opportunities.

Our priorities for fiscal 2026 are clear, delivering on safety, profitable growth, free cash flow, and asset returns, advancing network optimization and inventory performance. Accelerating innovation, scale globalized platforms, and foster a productivity culture.

Strength in systems such as S&OP, costing, planning, and leveraging AI. Prioritizing talent and organizational stability and engaging our investors through transparent and consistent execution. Fiscal 2026 will be about converting transformation into sustained performance.

With a focused platform and resilient core, Ashland is positioned to deliver greater value across stakeholders. Our core businesses have demonstrated stability through challenging periods, and we've strengthened our margins and improved our asset returns.

The foundation we've built give us confidence as we pursue our strategic priorities. Thank you to the entire Ashland team for your resilience and teamwork. We're focused on translating opportunity into performance.

Operator, let's open the line for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) David Begleiter, Deutsche Bank.

David Begleiter - Deutsche Bank AG - Analyst

Just on volumes, what are volumes in Q4? And why are your volume assumptions at the high and low end of the EBITDA guidance range for next year?

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

Good morning David and thanks for the question. So on the volume side, we had a pretty nice pickup in volume. If you look at our life science and the personal care, those were the biggest drivers. If you look at SA, the coating side specifically, it was mixed by region.

The Coatings business, we have to look at it region by region. Some were up, some were flat and some were down China obviously being the most down year on year and intermediates did not recover. It stabilized. I think pricing has been the biggest challenge there, some volume, but pricing has been a bigger issue.

As we look forward, what's going to be on the lower end or with the higher end. On the higher end, I mean, half the growth in our target, if you look at our midpoint is globalize and innovate gets to around 2% so we're only looking at about 1% at the midpoint of market growth or share gains within the market.

So on the low end is that the market gets muted and the competitive intensity increases that we would cannibalize our growth and globalize and innovate and on the upside that we get a more robust recovery in some of the markets.

David Begleiter - Deutsche Bank AG - Analyst

And just on the cadence of next year or this year, should Q1 EBITDA be up versus Q1 last year?

William Whitaker - Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations

Yes, David, it's William. Good Morning. So a couple of the moving pieces as you compare to last year in fiscal '25, we pulled forward a lot of maintenance activity, if you recall. So that was a \$25 million headwind last year. Q1 is typically where we'll do a lot of our annual compliance shutdowns so we have about half of that this year, about \$12 million.

But then we've also shared that Calvert City outage. So that's a \$10 million impact in Q1. So as you look at the puts and takes on the manufacturing side, I would expect sales volume to be in line with how we've talked about the guide in terms of year over year. Life Sciences should have a nice comp in terms of the sales volume in Q1 as compared to last year.

And then pricing trends have been stable and so year-over-year pricing should be a more modest headwind. So if you put that all together, we're roughly flat, flattish versus the prior year, but I would say that the key element of that is the Calvert City action that we've shared late last month.

Operator

John McNulty, BMO.

John McNulty - *Bank of Montreal - Analyst*

So in life sciences, you spoke to some weakness in the nutrition side and then also spoke to some wins that will help to offset that. I guess, can you flesh out both of those a little bit more, where was the weakness on the nutrition side, what were some of the business or parts of the business that were a little bit softer. And then also speak to what drove the wins. Where should we be thinking about that in terms of some of the traction that you're getting there?

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

So John, let me ask Alessandra to answer this question directly.

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

Yes. So the weakness, it was mostly in North America and Europe. In Europe with a customer of ours, then losing market share. But as Guillermo mentioned and I also commented on the prepared remarks, we are gaining some traction with share gains. And it's mostly on the Klucel, and we will see that reflected in our in our results in the coming quarters, but we expect to see the recovery showing in the first quarter already.

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

The share gain we've already gotten orders and it's already impacted. So it's not to come, it's already gained.

John McNulty - *Bank of Montreal - Analyst*

Okay. Got it. That's helpful. And then just a question on the cash flow side. You've got CapEx set for \$100 million now.

I guess how much of that is growth CapEx? And you had the big Innovation Day where you highlighted a bunch of pillars, where some of them are going to need some capital, some aren't. I guess, how much should we be thinking about in terms of growth CapEx tied to some of those innovation pillars that look like they're pretty close to turning the corner and starting to commercialize.

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

So let me just a quick comment and William, you can give a little bit more detail. But the big drivers are going to be things around globalized, and we're still investing in India and even just finishing some of the projects in Europe.

And I would say also, as we look at the HEC projects that we've done getting out of Parlin, there are investments. We're pacing them because just the demand is a little bit softer, but there are some capital projects that we're going to be adding to increase capacity in the US. Given it's a little bit more muted, we're going to be managing through that at a slower pace but those are part of the plan.

But William, do you want to give a little bit more detail?

William Whitaker - *Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations*

Yes, John, it's a good question. It fits really in the strategy of what we're doing on the asset side. So first, from a CapEx perspective, maintenance CapEx is coming down. So as we've rightsized the footprint, stay in business capital is probably down \$15 million. So \$55 million to be stay in business of that \$100 million from there - there are some things that we'd like to do from a cost savings perspective that debottleneck the plant. So that's probably another \$15 million.

And then on top of that, to get to the 100 is the growth projects. And to Guillermo's point, that's supporting the globalized initiatives. So specifically, microbial protection as well as the OSD tablet coatings business gets us to the \$100 and then going forward, to your question on the new technology platforms, that's something that we've contemplated in the plan.

I think a key element of that for us is right, as we rightsize the footprint, what can we be doing to repurpose the assets in the future in terms of optionality.

And so we're not at any point now where we're making a meaningful, but I'd say, a meaningful bridging item because we're able to efficiently access that capacity with the internal assets that we've rightsized.

Operator

(Operator Instructions) Chris Parkinson, Wolfe Research.

Christopher Parkinson - *Wolfe Research - Analyst*

Just when we're taking a step back and looking at the personal care markets, the results were pretty good for skin and hair. However, some of our customers are speaking positively about hiring customers, negatively about lower-end customers. In some cases, there are signs of life in Asia for the first time in several years. But it just seems like the overall outlook is still pretty mixed. Is that what you're generally hearing, and how are you thinking about that in the near term versus how are you thinking about the growth algo relative to market for your portfolio over the intermediate to long term?

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

Great. So I'll ask Jim to comment on that in more detail. But there is a lot of difference depending on what segments you're on and the regions. So there is a lot of variation and you can see that in some of the earnings calls of other players, some are up in North America, down in Europe. So there's a lot of variation going on, and it really depends on your business profile, what customers, what segments you're in.

So for us, Jim, if you want to comment on how it defects us.

James Minicucci - *Ashland Inc - Senior Vice President - Strategy, Mergers and Acquisitions, and Portfolio Management*

Sure. Thanks, Guillermo. Chris, so maybe starting with the last part of your question in terms of near term and the medium to long term. So as we look at our business and what we've shared around our activities and globalize to innovate, we feel we have a lot of levers in the portfolio.

We have a very broad product portfolio across different segments where we can outperform the market. That's our medium to long term. Specifically, in terms of what we're seeing in the market right now, I think you have captured it well. It is a mixed environment where your position with customers can really play into the performance that you're seeing.

And if we do maybe a quick walk around the world North America is a bit of a mixed environment. In Q4, we saw stable performance versus prior year there with skin and hair continuing to hold up quite well.

In Europe, we have seen a continued acceleration in Europe throughout the year, and that continued in Q4, especially in skin and in sun. If you look at sell-in versus sell-out, that channel has really improved in the Sun Care market as inventories have come down, and we've seen nice growth in our Sun Care.

Within Asia and in China specifically, we've continued to focus on local regionals. As you mentioned, we are seeing stabilization and some growth in the prestige segment as well. And so there, our biofunctional actives business performed really well in our other segments within skin and hair.

In Latin America, I would say Brazil is a bit of a mixed environment right now. Skin was quite strong and hair is a bit mixed and Mexico and Argentina were both strong in personal care and in home care. When you look at our business specifically, what I'd say is, and we've talked about this throughout the year, our two globalized business lines, biofunctional actives and microbial protection.

We've done a tremendous amount of work. The team has done a great job really driving the commercial activities there, and we have been very successful having new customer launches with our biofunctional actives and share gains in our microbial protection.

Specifically in biofunctional actives as we shared, that part of the business has been impacted by some customer specific headwinds. We've locked that. As we said in the last call, that has stabilized, and we do expect some incremental growth there.

And now you're starting to see the new customer wins really come through externally where it was masked in the past. And then similarly, in microbial protection, the base has stabilized and the new wins that we've converted throughout the year coming through in our results, and we expect that to continue as we go into fiscal '26.

Christopher Parkinson - *Wolfe Research - Analyst*

And just a quick follow-up on some other questions for life sciences. You mentioned in your remarks, I mean, low single-digit growth, and it seems like a two-part question. One, can we confirm that we finally lapped a lot of the other kind of headwinds that we are looking at with a European competitor. And two, you do mention that growth came from both cellulose as well as injectables.

Is that just off of a very, very slow base? Or is there a new product that's contributing to that? And just how to think about the bifurcation of the growth of cellulose versus injectables over the intermediate to long term would be very helpful.

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

So Chris, the cellulose have always been strong. So there's variations, there's probably more around customer orders and inventory but those businesses have been performing. Our issue was more on the VP&D side and that has stabilized but Alessandra, you want to give a little bit more color?

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

Yes., The cellulose, tablet coatings and injectables. This is pretty much aligned with our strategy, focused on positioning the globalized and innovate. So that's our growth strategy. If you look at injectables, starting with the injectables.

So we are consistently performing above market growth. We launched last quarter, we talked about the medical bio resorbable polymers for medical devices that were launched now just last month.

On injectables, we launched vialose™ sucrose to expand our offering of high purity stabilizers for critical biologic applications. So basically, injectables as part of our globalize strategy has been outperforming markets, and we have been growing nicely, not only showing the results from a revenue standpoint, but also very important in our pipeline, our sales pipeline in terms of dollars and in terms of customer programs has increased over 30% and in the last year compared to the year before.

Then on coatings, we are seeing the momentum and also operational gains with our manufacturing facility. So we announced we made investments in Brazil. We started that new facility in April. We have a facility in China. We have a facility in the US. We are building a new facility in India.

So we are seeing the momentum with double-digit year-over-year growth, specifically in Q4. That was for both injectables and coatings I think globalize, it was very strong and also the pipeline growing nicely for coatings.

And as Guillermo mentioned, I mean, Cellulosics is part of our innovate. It's part of our innovation metrics and we have been growing nicely with that as well. So overall, in Life Science, we exceeded our target from an innovation standpoint, and it was driven by adoption of high purity solutions across not only OSD (Oral Solid Dosage) with cellulosics, but also on injectables.

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

Can you comment on the VP&D stability?

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

Yes. VP&D, we are you asked the question with the competitor that years ago, there was some disruption in the market. Yes, we have seen that stabilize. So it is currently both from a volume and price standpoint is currently stable. We are entering the contract season in Europe so there could be some plus or minus some movement, but it's currently is stable.

Operator

Steven Haynes, Morgan Stanley.

Steven Haynes - *Morgan Stanley - Analyst*

I guess, follow up on the Life Sciences pricing piece. Are you able to, I guess, just provide a bit of color around what percent of your, I guess, book or however you want to frame it is coming up for renegotiation each year in terms of the price contracting?

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

We don't talk about the exact business mix and by customers. But I would say most of it -- the bigger thing is Europe. Europe is where some of the bigger players, they tend to do it at the same time. So it would cover everything, VP&D, cellulosic. So it's the entire portfolio. You do a contract with all the products there. And obviously, from a sales perspective, the cellulose six of P&D are the biggest part of the mix. tablet coatings and injectables would be the newer stuff with very different technology.

Christopher Parkinson - *Wolfe Research - Analyst*

Okay. And then maybe as a follow-up, the \$4 million of the incremental R&D spend that you flagged in the guide, was that R&D spend kind of originally in your plan? Is it being pulled forward? And are you able to kind of provide a bit of color on where that incremental spend is going in terms of the kind of several platforms that you highlighted at Investor Day?

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

Yes. As we highlighted at Investor Day, the two things, as we launch these and work with customers in developing the two questions is investment for manufacturing the CapEx. And fortunately, we have capital that we've idled that we can repurpose and that's the focus.

But the other part, just the recognition that, hey, as these things really start moving we probably will need to add resources to really develop the products depending on what the customer wants or the applications.

Right now, most of that is on the new technology platforms. The TVO - transform vegetable oil - is the one that has the broadest legs if you look at it. It's going into almost every business in life science, in tablet coatings in AG. It's hitting a lot of areas in many, many applications in personal care and in coatings.

So we're adding both resources. We're trying to add resources so that we can scale this capacity. So not every business needs to double the work. So right now, part of it is going to be in the coatings area. We have some really exciting technology developments with TiO2 efficiency and without kids and a few other areas.

So on the polymerization side, we're adding some of the capabilities that will help all the businesses, but we're centering it there because that team is a little bit more focused and we have more capabilities there. And then another part of it we're doing on our central R&D, again, to support, there's more requests from customers for modifications. The core technology, we're getting validation. The issue now is converting them into specific products that our customers want and that will take a much greater engagement with customers.

So that's what we're going to add. But we're going to pace ourselves. As we said, we're not going to just throw R&D. We want to see where things are advancing and then we will drive the investments.

I think on the other areas like super wetters and ph neutralizes and all that, we've added resources, but it's really been more shifting within the businesses of people that they had on other projects supporting them as they go. So we'll be providing more color on the innovation side.

Operator

Jeff Zekauskas, JPMorgan.

Jeffrey Zekauskas - *JPMorgan Chase & Co - Analyst*

I think you expected \$100 million from your innovation pipeline in 2027. What do you expect from it in 2026?

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

For the '26, what we've outlined right now is it was \$15 million of new innovation and mostly still core. The launches, as we said in the Innovation Day, for the newer technologies would probably be starting more in the '27 and beyond range just based on the developments with customers.

William Whitaker And Jeff, it's a cumulative target in terms of incremental sales. So we did \$13 million this year plus the \$15 million, so roughly \$30 million in terms of since the Strategy Day in terms of the cumulative commitment at this point through '26.

Guillermol Novo And just to be clear also, Jeff, i we've kept it very simple on the globalized side -- so the globalized , we just put everything in there. So it does, like injectables. There is a lot of innovation there. We just wanted to make a very clear story because we're investing differently in the globalized. There are assets.

There's other things that we need to do. They're very unique for all the areas. So you get the net picture, this is how that's doing, tablet coatings and biofunctionals and micro protection all have a lot of R&D and technology going. So right now, when we're calling innovation, it's core and then the new technology platforms that don't fall in those four segments.

Jeffrey Zekauskas - *JPMorgan Chase & Co - Analyst*

On your cash flows, I think you said that you expected a 50% conversion in 2026. Does that include the \$100 million that you received as a tax refund? And as far as your inventories go, they've sort of moved up from about, I don't know, 530 at the beginning of the year to 570 or so at the end of the year, even though your sales are down, I don't know, 15%. So do you have to cut your production to get your inventories to a more reasonable level?

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

William, do you want to answer on that?

William Whitaker - *Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations*

Yes. So Jeff, in terms of the 50%, that does not include the \$103 million tax return. So just to give you a sense of the bridge, right? So it's the EBITDA midpoint. There's not a lot of movement on cash tax and cash interest, working capital for the full year.

There's certainly an opportunity, right? VPN in Q1, there's going to be an impact of \$16 million to \$18 million release because of the Calvert City outage, but then also in HEC, we closed Parlin and in advance of that. We build inventory to facilitate that transition and so we do think inventory is an opportunity. We've traditionally been at 2.5 turns over the last couple of years.

But in terms of hitting the 50% commitment, it roughly equates to maintaining working capital at a consistent level. So as sales grow, we'll have an investment accounts receivable, of course, but then there'll be some offset on some of the actions that we're taking on inventory.

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

And Jeff, on the inventory side, the two big areas that went up a little bit is one HEC with the closure of Parlin - it was part of our plan. We had to build inventory because we need to transition as we start off. We got to qualify the new plantso we built enough inventory so it will be coming down.

It's not about shutdowns now. The HEC network, just to be very clear on the total because that's probably on the network optimization, the pushback on dollars to next year, it's really around the HEC network. And it's several things that are happening.

One, our flow-through average accounting. I mean our calculation is probably -- we're a little bit too aggressive on some of that. That's part of it. I think the inventory build impacts that so it delays a little bit.

But more importantly, I think it's going to be, one, the benefits are there, the plants closed, right? So we have the benefit. Part of it is probably two-thirds will come through flow through this year and next year as we move forward. The one-third will come, I think, later. It's not that it's gone- that's the part that with the lower demand in China, we have rebalanced our network. The network now is pretty full in a down market.

So we're much more stable in how we run. But we shifted volumes that we were planning to make in the US to China, and our plant in China is exporting now to other parts of the world so we've rebalanced the network.

From my view, what I'm looking at is about a third of their goal in HEC is probably going to be delayed until China recovers and we can take that volume back into the plans that we had planned originally. China is bottoming. It's still soft. It's still hypercompetitive, but we are starting to see opportunities to gain share to move some volume up, but it's going to be a journey out there.

Operator

Laurence Alexander, Jefferies.

Laurence Alexander - Jefferies LLC - Analyst

Two things. One, with the comments about competitive intensity, particularly from Chinese competitors, are you seeing that focused on the same consistent areas or is it broadening out to more parts of your portfolio? And secondly, on the innovation pipeline, can you give a little bit of a sense of the horse race in terms of which platforms your customers are saying are most important, even if they're on a slower burn.

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

Yes. So on the first question, the China competition, it's really the same areas for us. I mean, I know that this is a broad theme for many companies. For us, it's really mostly been VP&D and HEC. They're different, I think, for us.

One is our global competitors actually are supplying from China. They have multiple plants so when we say China, it's not just Chinese players, in its China sourcing. Of the big volume in the market, we're the last non-China producer really of size in a lot of these areas.

So that's what we see in VP&D. In HEC, I think it is a combination of overcapacity in China, but also the down market. The exports have been pretty -- rest of most of it, we're seeing in Middle East, Africa, and India, is where we've seen most of it.

So the pressure for us and where we're going to be exporting from China is we'll keep China to support China but also to play in the Middle East, Africa, and India type segments.

If you look at the innovation side, the interest is everywhere. I think the issue of the technology of the transport vegetable oil has the greatest functional flexibility. So we're going to a number of very different directions.

If you look at what life science or pharma where AG is looking at versus what personal care and coatings are looking at each of them advances their technology, what they're doing in terms of functionality, we can apply it into other markets and that's very helpful.

I think that's going to be the one that we're really most focused on - on how do we drive scale. And that means we've got to focus on a few of the bigger opportunities to create scale because longer term, this is something that like I've said in the Innovation Day. This is more a technology again to acrylics or whatever something that can be much broader and so that's the one that attracts a lot of interest.

I think the additive side of things in terms of the superwetters, those are more additives. I've been personally very surprised on how many new applications the teams, they've modified it. We're going into vAG. We launched just now in Brazil. -- As we presented into the bioprocessing personal care with some really exciting opportunities in both skin and hair. And in coatings, these could be really scalable opportunities of size so those are areas that I think we're very excited about.

The starch is another one that's very good, mostly for personal care, but I think it will have a home later on as we look into the life science space.

Operator

John Roberts, Mizuho.

John Roberts - Mizuho Securities USA LLC - Analyst

Maybe help us separate seasonality in the Specialty Additives business from trend line here, the 6% decline that you just reported for the September quarter, and that's essentially all volume if things have stabilized kind of to normal levels, we would be down 6% in the -- I know you don't want to give guidance for the December quarter, specifically, but is that an easy comp that [minus 6] that normalizes? Or are we still trending down below trend line?

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

Let me make some comments and then I'll ask Dago to comment. The answer is going to be varied by region, as I said. So clearly, the North America is where we've seen -- it's not that the market is coming down, but it's the expectations have come down from our customers, both in DIY and contractors. I think China is different. It's down and it's not picking up.

Those are, I would say, are the two big ones Dago, why don't you give some color?

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

Yes. I mean it's a very good question. So what I will say, I mean if I look at where we are in China, we don't see a recovery, quite frankly, I wouldn't say in the next one or two years. The reason for that is that China needs to go through structural issues that they need to fix on the property sector. And we continue to see actually deceleration on the investment in the property sector, which very much drives the market in China.

So we will continue to see some. I think it's stabilizing more at the bottom, but we will continue to see some softness, I would say, into 2026.

And then when you think about North America, I mean, the key drivers in the cutting market, I would say, is to the sales of homes and those can be existing homes or it can be new construction. And let's call it, repaint, remodel, market, right?

And when you look at sales of existing or sales of homes, that's driven by interest rates and that's driven by housing prices. And interest rates are still relatively high and housing prices are also relatively high. So that's why there is some conservatism in the market about those two.

Then when you look at the repaint and remodel the do-yourself market, that one continues to be pretty flat. And the project is slightly better, but not really picking up momentum a whole lot.

You look at our customers, if you look at what the market is saying, I mean, they tend to kind of follow this view that maybe the first half of 2026, calendar year 2026 is going to be soft because of these conditions. Now having said that, have been surprised in the past, the market can recover, can pick up if the construction market picks up, and we'll have to be ready for that.

But for now, what we're saying is Europe is pretty stable. North America is stable. China, we know the story, and then we'll see some competitive pressure in Middle East, Africa, India, and rest of Asia that we've been managing kind of throughout the last year.

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

And I think, John, the upside that everybody has to not pull the hope is North America that if there is a pent-up demand for homes, construction, all that kind of stuff, but it's a macro that we don't control. So we're going to follow what our customers are saying at this point in time.

Operator

Josh Spector, UBS.

Joshua Spector - UBS AG - Analyst

First, I wanted to just ask on the pricing side. I mean you kind of hit it on the Life Sciences side earlier saying that you're seeing stabilization there. But on the specialty side, I mean, year over year, you said pricing was flat, but I think you alluded to potentially increased pressure. Do you think about that more on the volume side of things? Or do you still see some downside risk on pricing as you're looking into fiscal '26?

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

– My personal view is pricing and where to see the pressure is China and exports is so low now. Nobody is making money. There is a bottom. At the end of the day, you can't go down; it's not worth it after a while. So I do think there is some stability.

The issue is going to be more export markets, and this is the whole issue, I think, in the impact in exports to Europe and all that we're seeing in different products, not just SA, but in other areas. But do you want to comment a little bit more.

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

The way I would look at this is, in general, the United States, and North America is going to be a pretty stable market from a pricing standpoint. And I will say it is the same case for Europe. So those are our two largest markets. And there, we see the typical normal kind of performance in terms of volume and pricing equation but I would see a relatively stable versus what we saw in fiscal year 2025.

And again, that's by large our two key markets. Then when it comes to the rest of the world, we're just being very careful and we always do the volume price balance to determine where it makes sense for us to hold prices, and we do that on a regular basis. That's why you didn't see our pricing come down in the last quarter or if we want to selectively go after certain share gains, right, if we want to balance the network better.

So say we will continue to see some pressure in 2026, again, especially areas like Middle East, Africa, India. But I would say it's pretty similar to what we're seeing so far. And the good news continues to be that customers value very much what we bring to the table. They value quality, they value innovation, they value our overall value proposition. So we believe that with the right mix, we'll be able to hold on to what we have.

Joshua Spector - UBS AG - Analyst

And just quickly, Guillermo or William. I mean what are your thoughts around capital allocation here? Do you need to get leverage down before you think about resuming buybacks? Or is that something you think about doing more near term?

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

So I'll let William give more detail but we have flexibility right now. I think as William said in his comments, we can do both. I think we will be pragmatic as we've been in the past. I mean there is a value side right now and where the share price is.

But we also, in this uncertain environment, we want to make sure that we're balancing that out with how we manage our debt. But do you want to comment a little bit more.

William Whitaker - Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations

Yes. Thanks, Josh. So the capital allocation priorities are unchanged. First, we're going to fund the high-quality organic growth investments that's included in the \$100 million CapEx and the productivity agenda as well. That's a key area for us to improve the cost structure at the plants.

The other piece is the leverage is important. We want to keep that within our target range and preserve balance sheet flexibility. Thereafter, we returned excess capital -- excess cash to shareholders. We have a stated dividend policy at 30% payout. We're a bit above that so I'd expect dividend increases to be more moderate from here.

Post dividend, we'd look to be balanced in our capital deployment like we've done in the past with episodic share repurchase activity. I think one thing that you can gather from the outlook is we do expect to generate good free cash flow in the year ahead.

So as you roll forward the tax return that we just talked about, plus the free cash flow we'll be down below two, if you roll that forward and deliver the midpoint of the EBITDA guide. So plenty of flexibility, and we'll continue to be balanced and disciplined in how we approach it in the year ahead.

Operator

[Abigail Edgars], Wells Fargo.

Abigail Edgars - Wells Fargo - Analyst

I just wanted to confirm timing on portfolio optimization headwinds. When should we expect to see those.

William Whitaker - Ashland Inc - Interim Chief Financial Officer, Vice President - Finance, Director - Investor Relations

Yes so I think that the good news is going into next year, there's a little bit of an impact in Personal Care in Q1. It's about \$10 million in sales, \$1 million in EBITDA. And then that's it and so for the first time in quite some time, it's a very clean baseline and our reporting should be if we grow 2%, we grow 2%, and there's not necessarily this adjustment on things that we've rationalized or sold in the past. So it's a very clean set of going into next year.

Abigail Edgars - Wells Fargo - Analyst

Okay. Great. That's good news. Also, just another timing question. You expect your recovery Nutrition mid-FY26, maybe later, maybe earlier, what's the timing of that?

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

As Guillermo mentioned, it's already happening as we speak in the month of October. So those wins specifically with Klucel, it has happened. We started to receive orders towards the end of fiscal year Q4 and have already been delivering products in October, now November. So it's real. It's happening already, and we expect to see attrition coming to closing the gap that we saw in Q4.

As I mentioned, it was a share gain of our customer in Europe. And of course, as a consequence, we ended up losing share as well. But it's Klucel coming with new wins and it's a profitable win.

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

And I would highlight that the mix that what we lost is more lower margin material - what we're gaining is better mobility material in terms of the margin profile. So net-net, it will be positive.

Operator

Mike Harrison, Seaport Research Partners.

Michael Harrison - Seaport Research Partners - Analyst

Just wanted to follow up a little more on the network optimization. My question is more on the time line of the benefits that you kind of pushed out here. But I'm just curious -- what needs to happen in order to realize some of those benefits more quickly? Is it as simple as better demand? Do you need better demand in specific regions or product lines or are there any other actions?

I know you mentioned it sounds like maybe some incremental VP&D actions. Are there other actions you can take to maybe help accelerate some of those benefits?

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

Yes. So if you look at the actions, Mike, the small plant, it's a smaller number. Most of that are done within the first half of this year. Those will be done and they'll just flow through. HEC, as we discussed, is the one that's creating more of the flow-through timing issue.

And that one is those three stages of, hey, the action is done. The assumption on the flow-through from an average accounting was probably too optimistic, more delayed. But the inventory and the revenue -- so sales will be the big issue. And the big catalyst, if sales pick up, we can move a lot more of the materials, so that flow-through just accelerates.

The part that we do want to be transparent is part of it, about a third of the HEC volume. I'm glad we did it, but it's holding up our position in China. It's now instead of being incremental, we would have had a deterioration of our business in China. And this action has helped it already, right?

So we're getting a benefit. It's just not incremental. For it to become incremental, that's what we say that China has to pick up for somebody else needs to pick up to offset that so that we can rebalance the network. So that's the one that has the most timing issues because it's done.

I think the VP&D, we're working across. We've had two plants. We worked on one. We're going to start working on the other ones, a lot of actions in timing. So that one, the conclusion of the events will dictate the timing of those things.

Michael Harrison - Seaport Research Partners - Analyst

Right. And then the other question I had was for Dago. I was hoping you could give an update on some of the efforts to expand your applications or opportunities in Industrial Coatings. I think most of your commentary addressed the architectural side, and I was just wondering, are there some new business wins or applications that you're pursuing?

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

Yes, absolutely. A very good question and very much at the heart of what we're doing at the heart of this priority, which is innovation. We're doing a couple of things. First, we're looking at quick wins. And what we mean by quick ones is that we already have a pretty robust portfolio where what we really needed was application data that can be used into industrial coating applications.

So we're doing a lot of that. And with the portfolio that we have, we want to go after those industrial customers. We know who they are, we know how to get there, and we have the existing portfolio. So that for us is real equipment an area that we're looking into a little bit more to accelerate the monetization of our innovation efforts.

And then longer term, it's twofold. It's also the core business. It's also the core portfolio. But then we have areas like easy-wet. For instance, easy-wet, we just launched another product, a couple of weeks ago, and it's ready to go, and we're already seeing pretty good traction from our customers.

It's one customer at a time. It's talking to the customers, making sure we're meeting their needs, but I would say that area is advancing quite well. And we continue to find opportunities. I think the challenge that we're going to have moving forward is to make sure that we focus and we allocate the resources we have into the right opportunities where we can get a bigger bang for our buck.

But it's going pretty well and hopefully, more to come on that one.

Operator

Thank you. This concludes the question-and-answer session. I would now like to turn it back to Guillermo Novo for closing remarks.

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

Well, thank you, everyone, for your participation and interest. As I said, I want to congratulate the team, a lot of very dynamic external environment, and I think we've delivered a lot of the things that we committed to so we feel very good about that.

We still expect the external environment to remain volatile and with a high degree of uncertainty, positive and negative. So there could be some positives as well and I don't want to be just looking at the negative, there is just uncertainty.

I think this really drives us to focus on the things that we can control. We go back to our strategy is relevant for this environment. I think the actions we took on our execute, the portfolio optimization, even if they're delayed are helping us in driving performance in the near term, making us more competitive in all our core businesses. So we're focusing on things we can control. That's about the execution of our portfolio optimization and productivity and operating discipline.

It's about driving globalized and driving innovation to really drive top line growth. And if we do that, we feel very confident about the future even in these environments. So if things get better, we have a huge potential for higher leverage of our manufacturing assets and all that.

So that would be really the bigger catalyst that we would see in terms of momentum if we see some market recovery there. So with that, we look forward to seeing you in the coming weeks, and thank you.

Operator

Thank you for your participation in today's conference. This does conclude the program, and you may now disconnect.

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