



# First-Quarter Fiscal 2017 Earnings



January 26, 2017

## Forward-Looking Statements

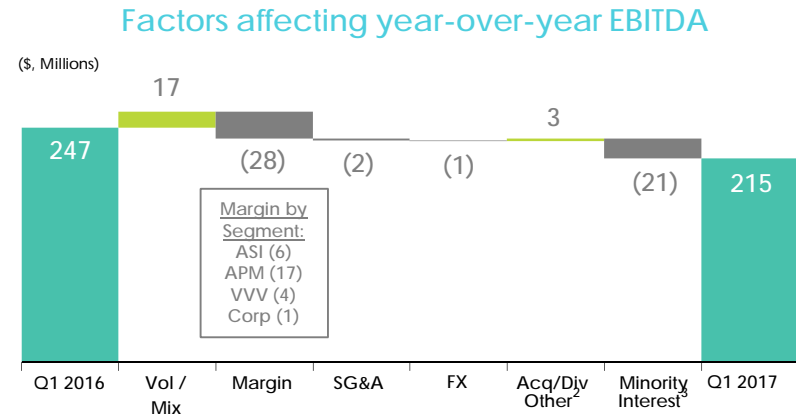
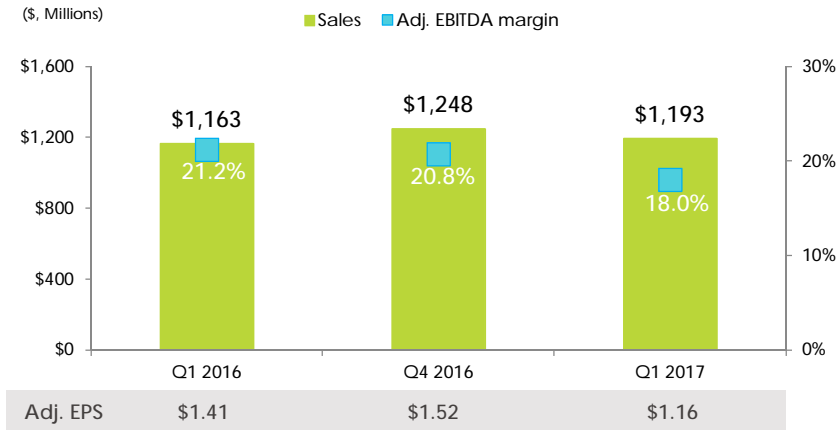
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “objectives,” “may,” “will,” “should,” “plans” and “intends” and the negative of these words or other comparable terminology. These forward-looking statements include statements relating to the status of the separation process and the expected completion of the separation through the subsequent distribution of Valvoline common stock. In addition, 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, the separation of Ashland’s specialty chemicals business and Valvoline Inc. (“Valvoline”), the initial public offering of 34,500,000 shares of Valvoline common stock (the “IPO”), the expected timetable for completing the separation, the strategic and competitive advantages of each company, and future opportunities for each company, 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 possibility that the separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; regulatory, market or other factors and conditions affecting the distribution of Ashland’s remaining interests in Valvoline; the potential for disruption to Ashland’s business in connection with the separation; the potential that Ashland does not realize all of the expected benefits of the IPO, new holding company reorganization or separation; Ashland’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland’s future cash flows, results of operations, financial condition and its ability to repay debt); the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); and severe weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in 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>, as well as risks related to the separation that are described in the Form S-4 filed with the SEC, which is available on Ashland’s website or on the SEC’s website, and Valvoline’s Form S-1 filed with the SEC, available on the SEC’s website. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise.

## Regulation G: Adjusted Results

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



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



- Reported GAAP loss from continuing operations of \$0.01 per diluted share
- Adjusted earnings of \$1.16 vs. \$1.41 per diluted share in prior year
- Total sales growth of 3 percent to \$1.193 billion
- ASI delivered sales, volume and earnings growth led by wins in key end markets
- Ashland, excluding Valvoline, reduced debt by \$309 million

<sup>1</sup> Ashland's earnings releases dated January 26, 2017, and November 8, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.  
<sup>2</sup> Acquisitions include OCH International, Inc.  
<sup>3</sup> The three months ended December 31, 2016 excludes adjusted EBITDA attributable to non-controlling interest of Valvoline Inc. of \$21 million.



# Consolidated Income Statement

Ashland Income Statement	
Sales	
Gross profit as a percent of sales	
Selling, general and admin./R&D costs	
Operating income	
Operating income as a percent of sales	
Depreciation and amortization	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	
EBITDA as a percent of sales	

Line items include Valvoline segment amounts consistent with Ashland's historical reporting practice

EBITDA and net income exclude the 17% of Valvoline net income attributable to Ashland's non-controlling interest

- Ashland will report consolidated results for each quarter that Ashland maintains a controlling interest in Valvoline as of the last day of the quarter
- For more information on Valvoline results, refer to the Valvoline Inc. first-quarter earnings release dated January 26, 2017 and earnings conference call



## Fiscal First Quarter – Continuing Operations

# Key Items Affecting Income

(\$ in millions, except EPS) Preliminary	Operating Income				Total		
	Ashland Specialty Ingredients	Ashland Performance Materials	Valvoline	Unallocated and Other	Pre-tax	After-tax	Earnings per Share
<b>2017</b>							
Separation costs				\$ (28)	\$ (28)	\$ (20)	\$ (0.32)
Gain on post-employ. benefits				10	10	7	0.11
Legal reserve				(5)	(5)	(3)	(0.04)
Financing costs					(92)	(56)	(0.90)
Tax adjustment					-	(1)	(0.02)
Total				\$ (23)	\$ (115)	\$ (73)	\$ (1.17)
<b>2016</b>							
Restructuring & separation costs	\$ 3			\$ (6)	\$ (3)	\$ (3)	\$ (0.03)
Legal reserve				(10)	(10)	(6)	(0.09)
Tax adjustments					-	6	0.09
Total	\$ 3			\$ (16)	\$ (13)	\$ (3)	\$ (0.03)

- Excluding intangible amortization, adjusted EPS would have been 22 cents higher, or \$1.38 per diluted share

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

(\$ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2016	2015	Change	2016	Change
Sales	\$1,193	\$1,163	3 %	\$1,248	(4) %
Gross profit as a percent of sales	32.0 %	33.4 %	(140) bp	32.9 %	(90) bp
Selling, general and admin./R&D costs	\$ 235	\$ 233	1 %	\$ 237	(1) %
Operating income	\$ 160	\$ 164	(2) %	\$ 178	(10) %
Operating income as a percent of sales	13.4 %	14.1 %	(70) bp	14.3 %	(90) bp
Depreciation and amortization	\$ 77	\$ 81	(5) %	\$ 82	(6) %
Earnings before interest, taxes, depreciation and amortization (EBITDA) <sup>2</sup>	\$ 215	\$ 247	(13) %	\$ 259	(17) %
EBITDA as a percent of sales	18.0 %	21.2 %	(320) bp	20.8 %	(280) bp

- Total sales growth of 3% driven by strong growth in volume / mix across all segments
- Adjusted EBITDA of \$215 million and adjusted EBITDA margin of 18.0%

<sup>1</sup> Ashland's earnings releases dated January 26, 2017, and November 8, 2016, 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 December 31, 2016 excludes adjusted EBITDA attributable to non-controlling interest of Valvoline Inc. of \$21 million.

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

(\$ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2016	2015	Change	2016	Change
Metric tons sold (in thous.) - Actives basis	72.6	68.7	6 %	79.6	(9) %
Sales	\$ 482	\$ 476	1 %	\$ 532	(9) %
Gross profit as a percent of sales	32.0 %	32.1 %	(10) bp	34.6 %	(260) bp
Selling, general and admin./R&D costs	\$ 114	\$ 118	(3) %	\$ 117	(3) %
Operating income	\$ 40	\$ 35	14 %	\$ 67	(40) %
Operating income as a percent of sales	8.3 %	7.4 %	90 bp	12.6 %	(430) bp
Depreciation and amortization	\$ 55	\$ 59	(7) %	\$ 59	(7) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 95	\$ 94	1 %	\$ 126	(25) %
EBITDA as a percent of sales	19.7 %	19.7 %	- bp	23.7 %	(400) bp

- Strong Industrial results leading to total sales and volume growth of 1% and 6%, respectively
- Adjusted EBITDA of \$95 million represents 1% year-over-year growth

<sup>1</sup> Ashland's earnings releases dated January 26, 2017, and November 8, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

# Ashland Performance Materials Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2016	2015	Change	2016	Change
Metric tons sold (in thousands)	110.6	106.2	4 %	108.7	2 %
Sales	\$ 222	\$ 231	(4) %	\$ 222	- %
Gross profit as a percent of sales	15.4 %	22.1 %	(670) bp	15.2 %	20 bp
Selling, general and admin./R&D costs	\$ 30	\$ 30	- %	\$ 30	- %
Operating income	\$ 8	\$ 24	(67) %	\$ 4	100 %
Operating income as a percent of sales	3.6 %	10.4 %	(680) bp	1.8 %	180 bp
Depreciation and amortization	\$ 13	\$ 13	- %	\$ 13	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 21	\$ 37	(43) %	\$ 17	24 %
EBITDA as a percent of sales	9.5 %	16.0 %	(650) bp	7.7 %	180 bp

- Composites volume growth of 7% with solid results across all regions
- Planned Lima I&S catalyst change resulted in \$9 million of incremental cost

<sup>1</sup> Ashland's earnings releases dated January 26, 2017, and November 8, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.



Fiscal First Quarter 2017

# Corporate Items

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- Adjusted corporate operating income of \$13 million
  - Excluding Valvoline, Ashland FY 2017 expectation of \$30-\$35 million expense
- Excluding financing charges, net interest expense of \$40 million
  - Excluding Valvoline, Ashland FY 2017 expectation lowered to \$120-\$130 million due to lower debt balances
- Effective tax rate of 30 percent
  - Excluding Valvoline, Ashland FY 2017 expectation 10%-15%
- Trade Working Capital<sup>1</sup> for the quarter was 22.2% of sales
- Capital expenditures totaled \$43 million
  - Excluding Valvoline, Ashland FY 2017 expectation of \$205-\$215 million
- Operating cash flow of \$12 million; free cash flow<sup>2</sup> of -\$31 million
  - Excluding Valvoline, Ashland FY 2017 expectation for free cash flow<sup>2</sup> of \$110-\$120 million which includes \$60-\$70 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.

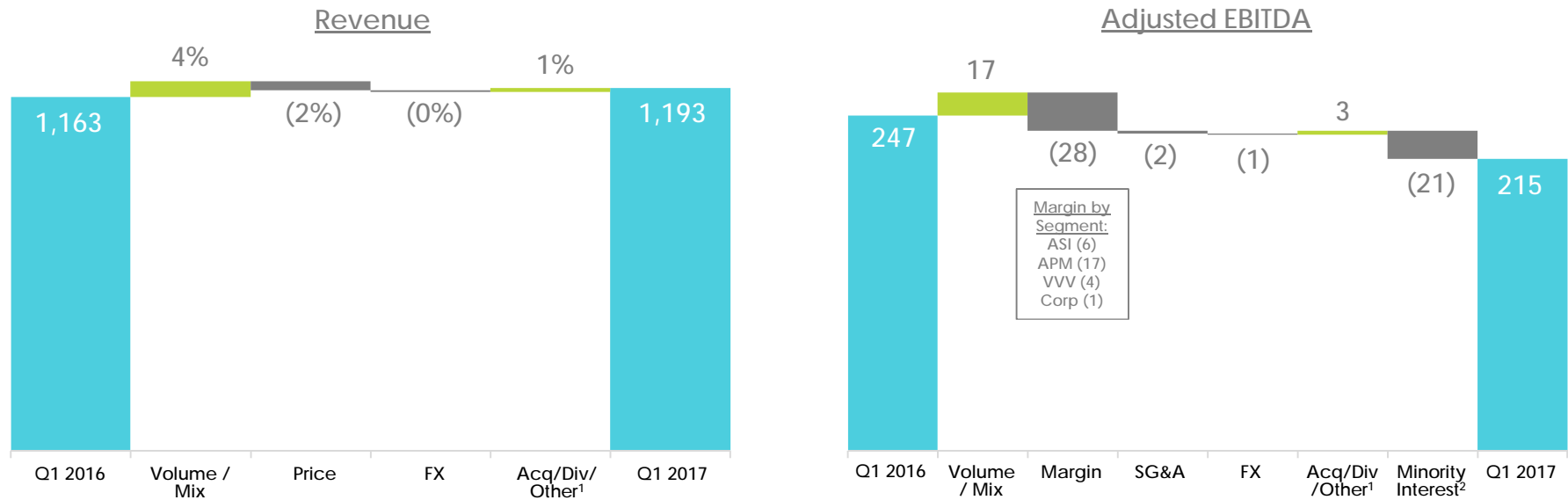


# Appendix A: Bridges

## Ashland Q1 FY 2016 vs. Q1 FY 2017

# Revenue and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary



- Total revenue growth of 3% driven by strong growth in volume / mix across all segments
- Adjusted EBITDA of \$215 million includes \$9 million of Lima BDO catalyst change costs and excludes \$21 million attributable to non-controlling interest of Valvoline Inc.

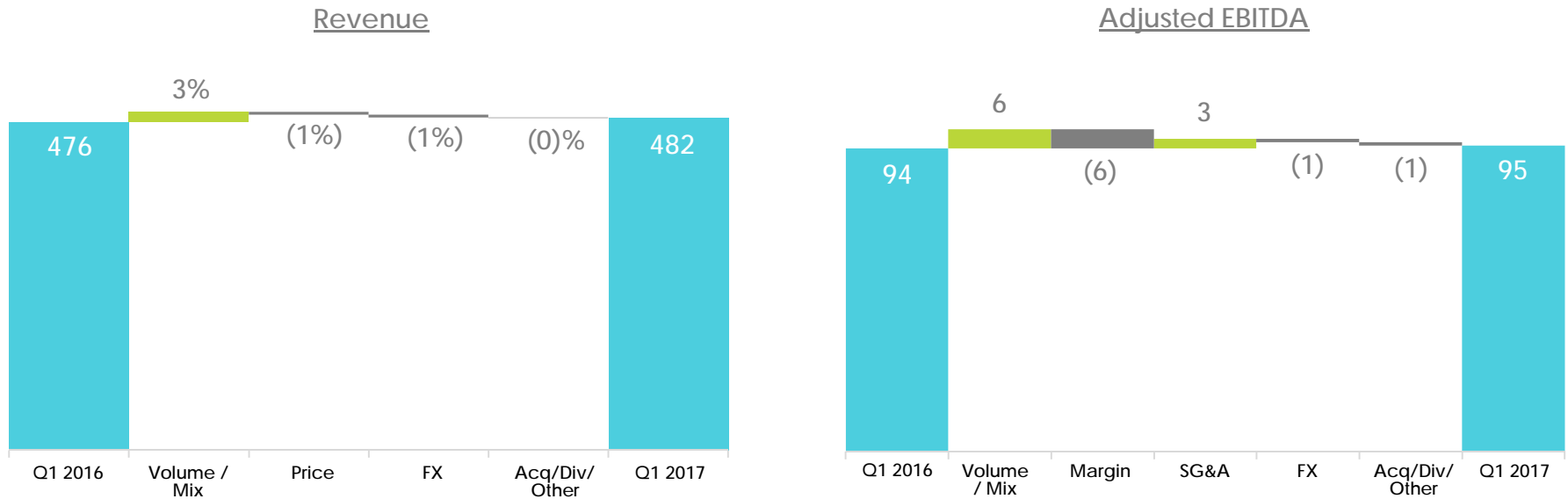
1 Acquisitions include OCH International, Inc.

2 The three months ended December 31, 2016 excludes adjusted EBITDA attributable to non-controlling interest of Valvoline Inc. of \$21 million.

## Ashland Specialty Ingredients

# Revenue and Adjusted EBITDA Bridges

(\$ millions)  
Preliminary

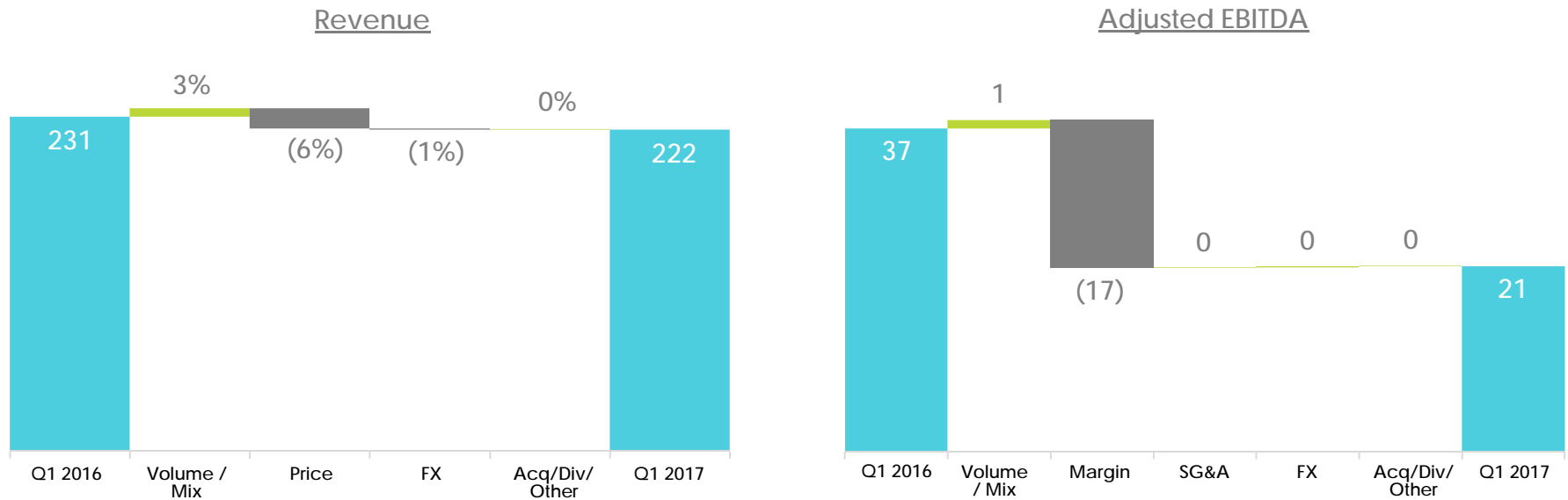


- Sales revenue growth of 1% vs. prior year, led by strong Industrial Specialties results
- Volume growth of 6% vs. prior year
- Adjusted EBITDA of \$95 million represents 1% year-over-year growth

## Ashland Performance Materials

# Revenue and Adjusted EBITDA Bridges

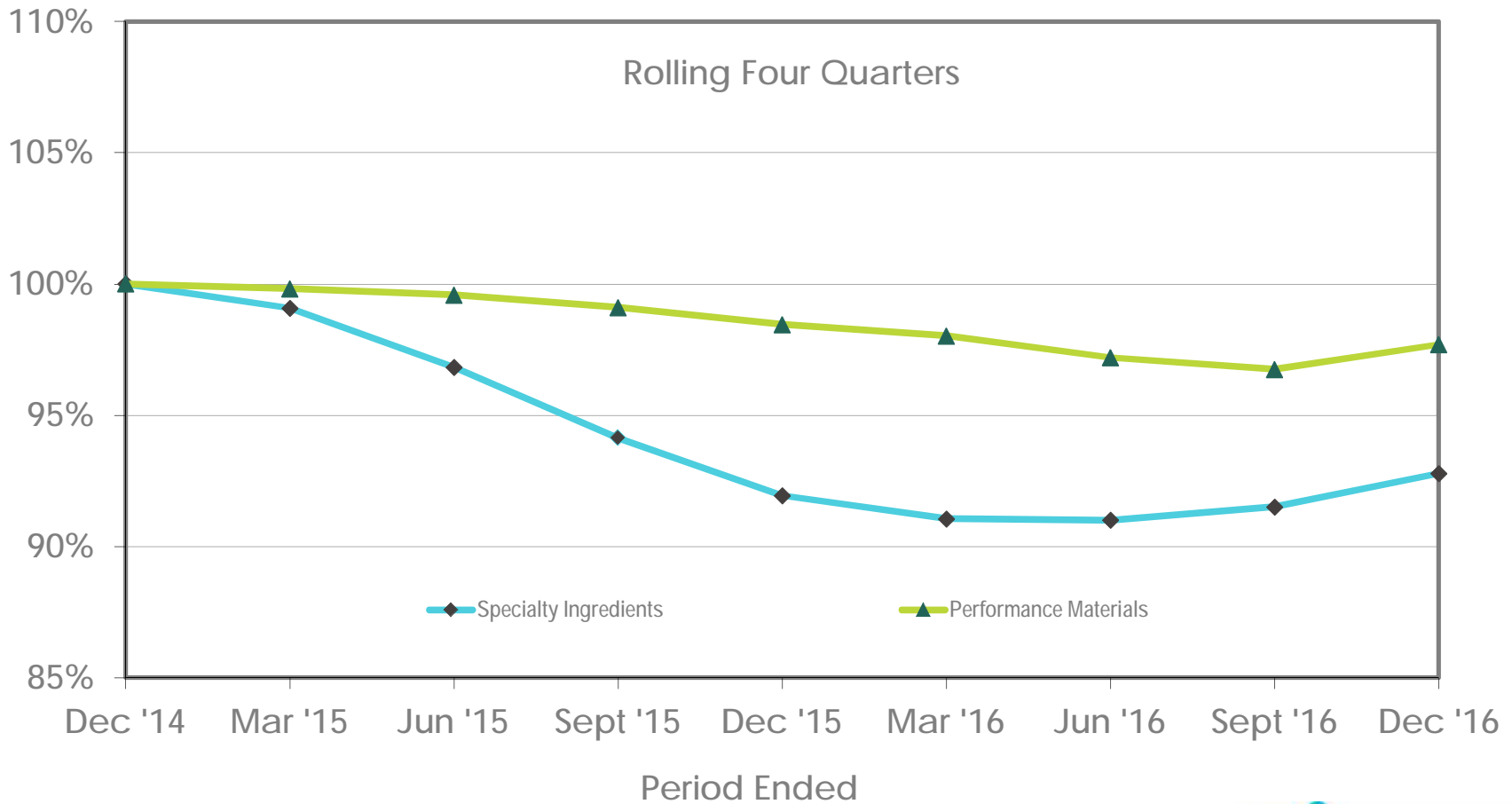
(\$ millions)  
Preliminary



- Composites volume growth of 7% with solid results across all regions
- BDO and derivatives prices down versus prior year
- Planned Lima I&S catalyst change resulted in \$9 million of incremental cost

# Appendix B: Volume Trends and Liquidity and Net Debt

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



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

# Liquidity and Net Debt

(\$ in millions)

Liquidity	At December 31, 2016		
	Ashland	Valvoline	Cons.
Cash	\$ 468	236	704
Available revolver and A/R facility capacity	817	478	1,295
<b>Liquidity</b>	<b>\$ 1,285</b>	<b>714</b>	<b>1,999</b>

Debt	Expiration	Interest			At December 31, 2016		
		Rate	Moody's	S&P	Ashland	Valvoline	Cons.
4.750% senior notes, par \$1,089 million	08/2022	4.750%	Ba1	BB	\$ 1,085		1,085
3.875% senior notes, par \$671 million	04/2018	3.875%	Ba1	BB	671		671
6.875% senior notes, par \$375 million	05/2043	6.875%	Ba1	BB	376		376
6.5% debentures, par \$100 million	06/2029	6.50%	Ba2	BB	50		50
Valvoline 5.5% Notes, par \$375 million	07/2024	5.50%	Ba3	BB		375	375
Term Loan A <sup>1</sup>	09/2021			BBB-		296	296
Revolver drawn <sup>2</sup>							-
A/R facility drawn <sup>3</sup>						75	75
Other debt					4	-	4
<b>Total debt</b>					<b>\$ 2,186</b>	<b>746</b>	<b>2,932</b>
<b>Cash</b>					<b>\$ 468</b>	<b>236</b>	<b>704</b>
<b>Net debt (cash)</b>					<b>\$ 1,718</b>	<b>510</b>	<b>2,228</b>

<sup>1</sup> The Valvoline Term Loan has an amortizing principal, with complete repayment in 2021.

<sup>2</sup> Ashland's \$800 million revolving facility, including \$58 million used for letters of credit.

Valvoline's \$450 million revolving facility, including \$22 million used for letters of credit.

<sup>3</sup> Ashland has an AR securitization facility with maximum borrowing capacity of \$100 million; December 31 capacity of \$75 million. Valvoline's program has a maximum capacity of \$125 million and available capacity as of December 31 of \$50 million.

## Corporate Credit Ratings

	Moody's	S&P
Ashland	Ba1 Stable	BB Stable
Valvoline	Ba2 Stable	BB Stable

## Key Developments:

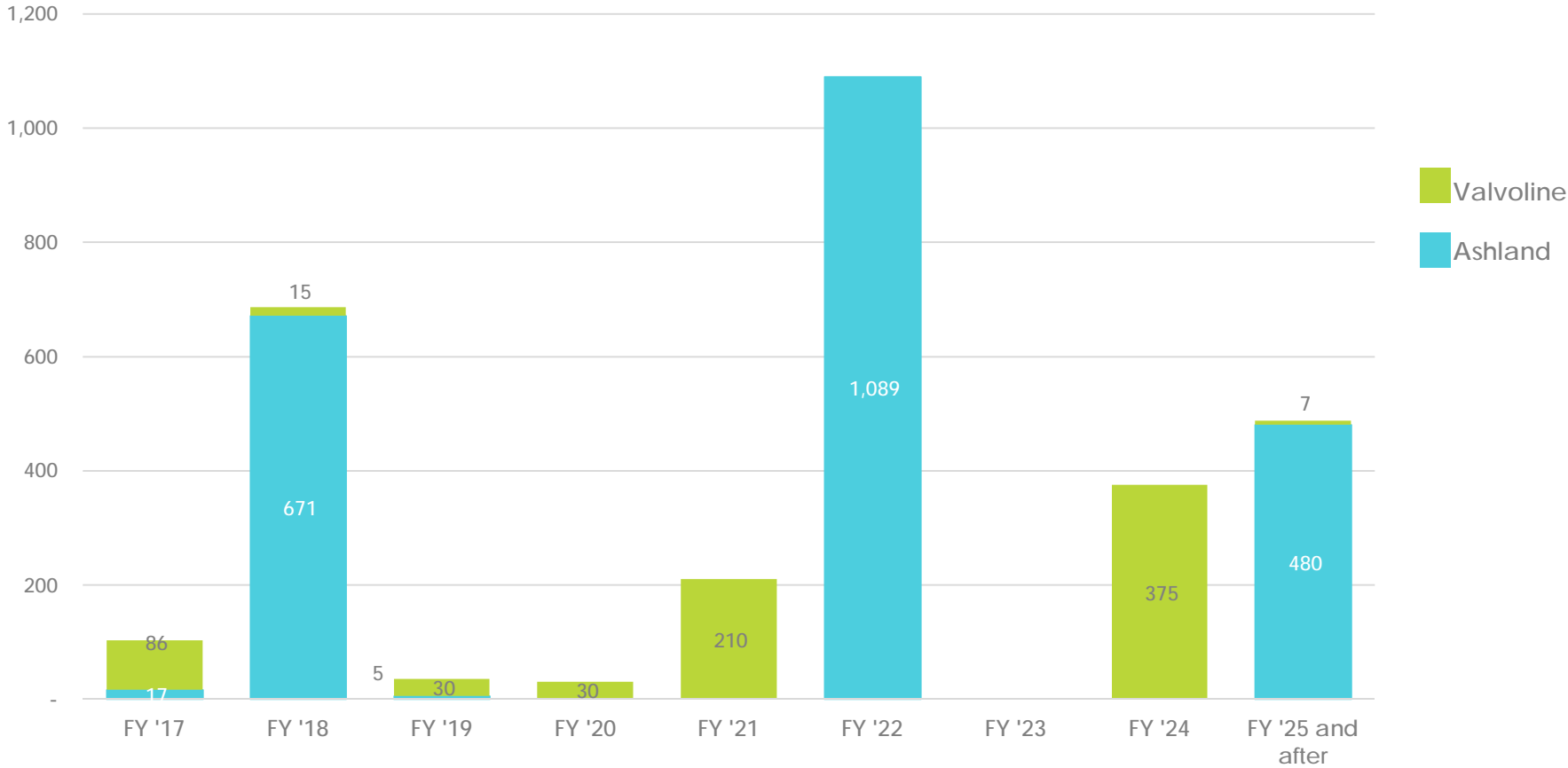
- In December 2016, Ashland repurchased \$182 million of principal par value of its 6.5% junior subordinated debentures due 2029
- Book value of the debentures was reduced by \$90 million to \$50 million





# Scheduled Debt Payments

(\$ in millions)



# Appendix C: Business Profiles

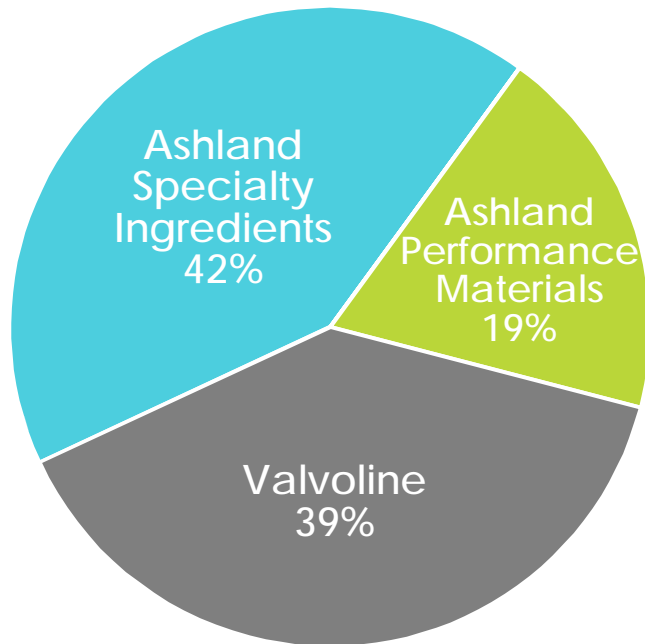
12 Months Ended December 31, 2016



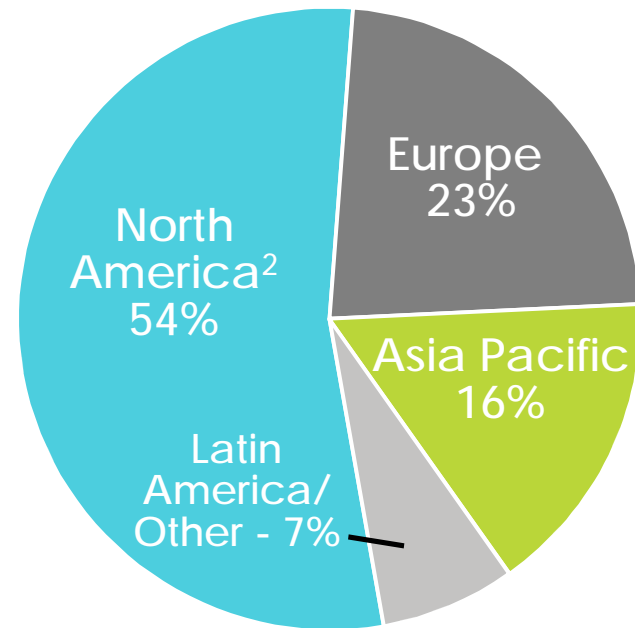
# Corporate Profile

Sales<sup>1</sup> - \$5.0 Billion

By business unit



By geography

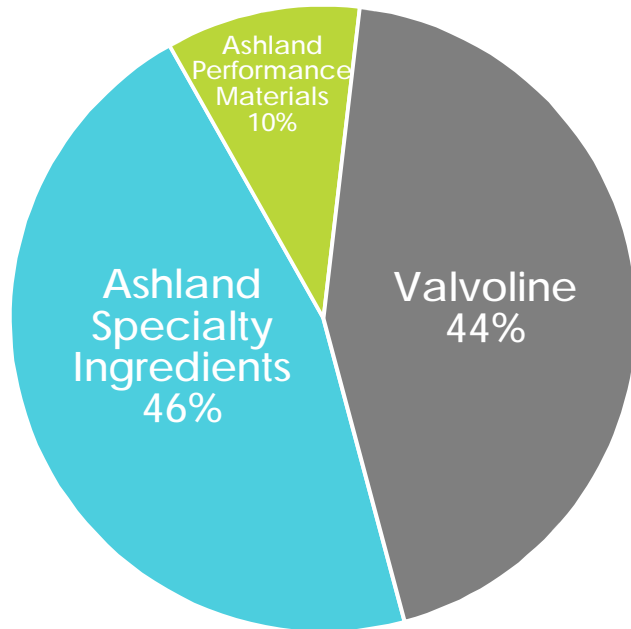


<sup>1</sup> For 12 months ended December 31, 2016.

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

# Corporate Profile

Adjusted EBITDA<sup>1</sup> - \$1.0 Billion



NYSE Ticker Symbol: ASH

Total Employees<sup>2</sup>: ~6,000

Outside North America ~50%

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

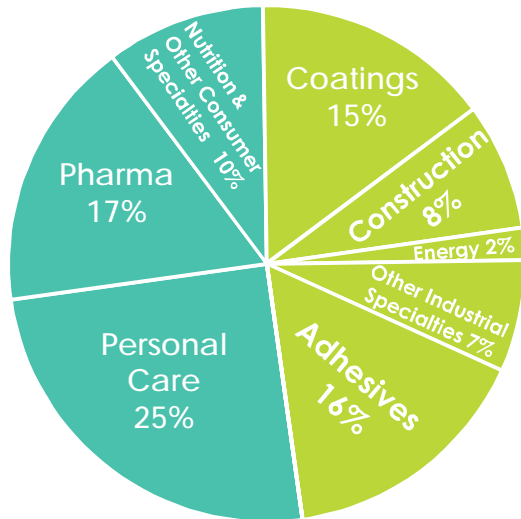
1 For 12 months ended December 31, 2016 including Valvoline. See Appendix D for reconciliation to amounts reported under GAAP.

2 Excludes Valvoline.

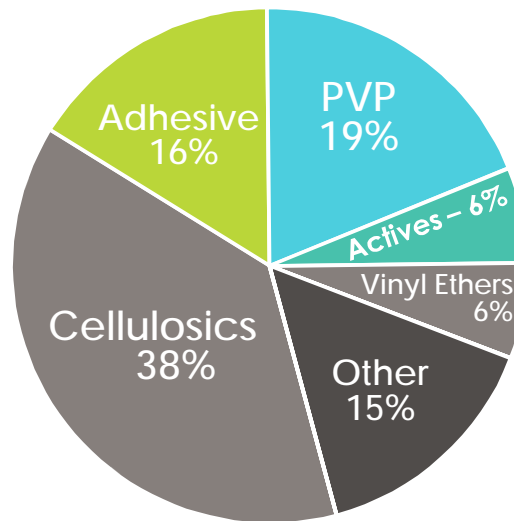
# Ashland Specialty Ingredients

A global leader of cellulose ethers, vinyl pyrrolidones and biofunctionals

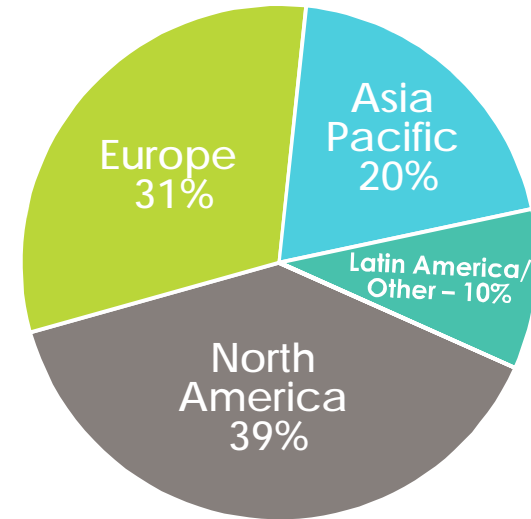
Sales by Market<sup>2</sup>



Sales by Product



Sales by Geography



For 12 Months Ended December 31, 2016

Sales: \$2.1 billion

Adjusted EBITDA: \$476 million<sup>1</sup>

Adjusted EBITDA Margin: 22.7%<sup>1</sup>

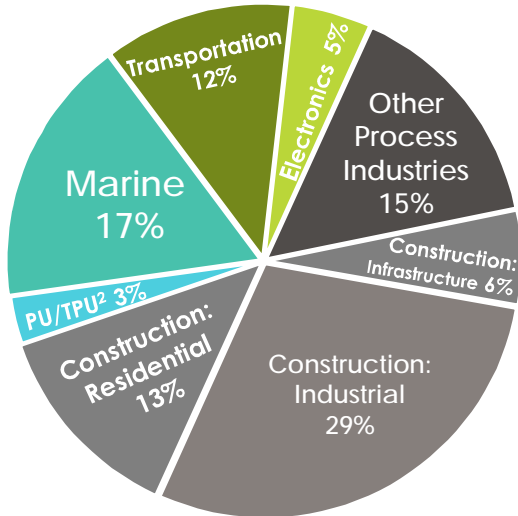
<sup>1</sup> See Appendix D for reconciliation to amounts reported under GAAP.

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

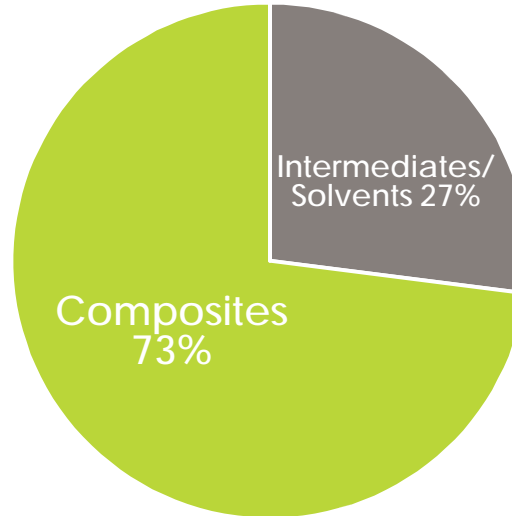
# Ashland Performance Materials

A global leader in unsaturated polyester resins and vinyl ester resins

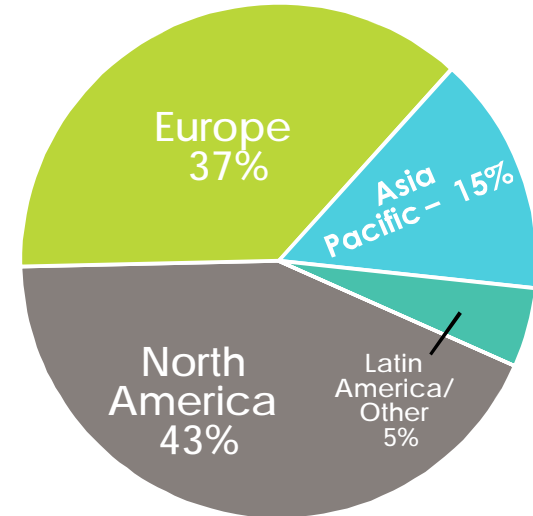
Sales  
by Market



Sales  
by Product



Sales  
by Geography



For 12 Months Ended December 31, 2016

Sales: \$921 million

Adjusted EBITDA: \$101 million<sup>1</sup>

Adjusted EBITDA Margin: 11.0%<sup>1</sup>

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

<sup>2</sup> PU/TPU stands for Polyurethane and Thermoplastic Polyurethane.

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

- 1 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 December 31, 2016

(\$ millions, except percentages)

Sales <sup>1</sup>	Q1 17	Q4 16	Q3 16	Q2 16	Total	
Specialty Ingredients	482	532	552	529	2,095	
Performance Materials	222	222	238	239	921	
Valvoline	489	494	500	479	1,962	
Total	1,193	1,248	1,290	1,247	4,978	
						Adjusted EBITDA Margin
Adjusted EBITDA <sup>1</sup>	Q1 17	Q4 16	Q3 16	Q2 16	Total	
Specialty Ingredients	95	126	128	127	476	22.7%
Performance Materials	21	17	30	33	101	11.0%
Valvoline	108	106	119	115	448	22.8%
Unallocated	(9)	10	17	(1)	17	
Total	215	259	294	274	1,042	

<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.







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