



April 25, 2017

Ashland reports preliminary financial results attributable to Ashland for second quarter of fiscal 2017

- ┆ Earnings from continuing operations attributable to Ashland were \$1.42 per diluted share, compared to earnings of \$1.38 per diluted share in the year-ago period
- ┆ Adjusted earnings from continuing operations attributable to Ashland totaled \$1.71 per diluted share, compared to \$1.83 in the year-ago period
- ┆ Ashland Specialty Ingredients reported continued year-over-year growth in sales and volume; Ashland Performance Materials posted year-over-year sales and volume growth in Composites
- ┆ Acquisition of Pharmachem expected to be completed by end of June; expected to be accretive to earnings per share in first year following close of transaction

COVINGTON, KY, April 25, 2017 - Ashland Global Holdings Inc. (NYSE: ASH), a premier global specialty chemicals company serving customers in a wide range of consumer and industrial markets, and also the majority owner of Valvoline Inc. (NYSE: VVV), today announced preliminary⁽¹⁾ financial results for the second quarter of fiscal 2017.

Quarterly Highlights

(in millions except per-share amounts)	Quarter Ended Mar. 31,	
	2017	2016
Operating income	\$ 170	\$ 147
Key items*	26	46
Adjusted operating income*	\$ 196	\$ 193
Income from continuing operations	\$ 102	\$ 87
Key items*	19	28
Adjusted income from continuing operations	\$ 121	\$ 115
Net income	\$ 105	\$ 87
Adjusted EBITDA*	\$ 247	\$ 274
Diluted earnings per share (EPS)		
From net income attributable to Ashland	\$ 1.47	\$ 1.38
From continuing operations attributable to Ashland*	\$ 1.42	\$ 1.38
Key items*	0.29	0.45
Adjusted EPS from continuing operations*	\$ 1.71	\$ 1.83
Cash flows provided by operating activities from continuing operations	\$ 50	\$ 184
Free cash flow*	\$ (11)	\$ 134

*See Tables 5, 6 and 7 for Ashland definitions and U.S. GAAP reconciliations. Certain figures exclude Ashland's non-controlling interest in Valvoline Inc.

"Ashland's overall financial performance in the second quarter reflected progress in a number of key areas as we continue working toward our 2017 plan," said William A. Wulfsohn, Ashland chairman and chief executive officer. "Within Ashland Specialty Ingredients, the team delivered volume growth of 4 percent and sales growth of 3 percent, with good gains in consumer end markets. In addition, the team maintained good cost discipline and initiated several price increases which partially offset the negative impact from higher-than-expected raw material costs and foreign currency during the quarter. Within Ashland Performance Materials, Composites volume grew 5 percent, while Intermediates and Solvents (I&S) volume rose 21 percent amid continued price recovery in butanediol. Meanwhile, the Valvoline team reported good gains in lubricant gallons and sales."

He continued: "We also see a number of exciting growth opportunities with our recently announced agreement to acquire Pharmachem Laboratories, a leading provider of quality ingredients to the global health and wellness industries and high-value differentiated products to fragrance and flavor houses. This acquisition will strengthen our specialty product portfolio, particularly in higher-margin end markets. It also enhances our position in fast-growing nutraceutical end markets, opens a new opportunity within fragrances and flavors, and strengthens Ashland's food ingredient division by adding customized functional solutions. In combining Pharmachem and Ashland, we can leverage our extensive sales channels, technical service network and global applications labs to accelerate Pharmachem's growth while also generating significant cash flow. We expect to complete this transaction by the end of June and look forward to welcoming Pharmachem's talented employees to the Ashland team."

Second Quarter Fiscal 2017 Results

For the quarter ended March 31, 2017, the company reported earnings from continuing operations of \$102 million, which includes \$13 million of earnings attributable to Ashland's non-controlling interest in Valvoline Inc., on sales of more than \$1.3 billion. These results included one key item - costs related to the Valvoline separation - that reduced income from continuing operations attributable to Ashland by approximately \$19 million, net of tax, or \$0.29 per diluted share. For the year-ago quarter, the company reported earnings from continuing operations of \$87 million, or \$1.38 per diluted share, on sales of more than \$1.2 billion. There were three key items in the year-ago quarter that, on a combined basis, reduced income from continuing operations attributable to Ashland by \$28 million after tax, or \$0.45 per diluted share. (Please refer to Table 5 of the accompanying financial statements for details of key items.) For the remainder of this news release, financial results have been adjusted to exclude the effect of key items in both the current and prior-year quarters.

On an adjusted basis, Ashland's income from continuing operations attributable to Ashland in the second quarter of fiscal 2017 was \$1.71 per diluted share, versus \$1.83 per diluted share for the year-ago quarter.

Consolidation of Valvoline Inc. Results

Ashland completed the initial public offering of Valvoline Inc. on September 28, 2016, and Valvoline's results are consolidated into Ashland's results for the second quarter of fiscal 2017. Valvoline's net income attributable to Ashland's non-controlling interest of \$13 million, or \$0.21 per year-ago diluted share, and adjusted EBITDA of \$24 million are excluded from net income attributable to Ashland and from adjusted EBITDA for the quarter, respectively.

In a separate announcement, Ashland today said that its board of directors has approved the distribution of all its remaining interest in Valvoline to Ashland stockholders and has determined the approximate distribution ratio, record date and distribution date for the final separation. Please refer to Ashland's news release dated April 25, 2017, for more information on the final separation and share distribution.

Beginning with the June quarter, nearly all of Valvoline's results for all historical periods, including the June quarter, will be reclassified into Ashland discontinued operations.

Reportable Segment Performance

To aid in the understanding of Ashland's ongoing business performance, the results of Ashland's reportable segments, other than Valvoline, are described below on an adjusted basis and EBITDA, or adjusted EBITDA, is reconciled to operating income in Table 7 of this news release. (For a more detailed review of the segment results, please refer to the [Investor Relations section of ashland.com](#) to review the slides and prepared remarks filed with the Securities and Exchange Commission in conjunction with this earnings release.) In addition, although Ashland provides forward-looking guidance for adjusted EBITDA, 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 Specialty Ingredients (ASI) reported sales growth of 3 percent, to \$544 million, and volume growth of 4 percent, driven by increased demand for Ashland's value-added products sold into the Consumer Specialties and Industrial Specialties end markets. This volume growth was offset by higher raw material costs and the strengthening dollar, the combined impact from which exceeded Ashland's original estimate for the second quarter. As a result, adjusted EBITDA of \$127 million was flat with the prior-year period. Consumer Specialties sales and volumes each grew by 2 percent compared to the prior-year period. Within Consumer Specialties, the Personal Care team generated volume growth across all end markets. In pharma, sales of our leading excipients remained strong. Target mix optimization actions reduced overall pharma volumes, but margins improved. Meanwhile, Industrial Specialties drove solid gains across all end markets, delivering total year-over-year sales and volume growth of 3 percent and 5 percent, respectively.

Amid the larger-than-expected negative impact of raw material costs and currency that emerged in the second quarter, the ASI team is continuing to take action to offset these costs through cost discipline and commercial excellence initiatives such as value-based pricing. For the third quarter, ASI sales are expected to be in the range of \$535-\$565 million. Adjusted EBITDA in the third quarter is expected to be in the range of \$123-\$133 million, versus \$128 million in the year-ago quarter. Ashland anticipates closing the Pharmachem acquisition in the June quarter. With the addition of Pharmachem's related income, we now expect ASI's adjusted EBITDA for fiscal 2017 to be in the range of \$485-\$500 million, despite the impact from raw material inflation and foreign currency. The outlook for ASI's adjusted EBITDA excludes any Pharmachem-related earnings in the third quarter, but includes an estimated \$10-\$15 million from Pharmachem in the fourth quarter.

Ashland Performance Materials (APM) reported sales of \$262 million for the second quarter, a 10 percent increase from prior year. Adjusted EBITDA was \$23 million, consistent with the outlook provided at the beginning of the quarter as solid volume growth in Composites and I&S partially offset the impact of higher raw-material costs. The Composites team generated volume growth of 5 percent during the quarter, driven by solid demand from customers in North America and China. Prices for key raw materials - namely styrene - continued to rise early in the quarter, and were exacerbated by a force majeure at a large styrene supplier in North America. This unexpected event led to higher-than-anticipated margin compression for the quarter. The commercial team was able to recover some of these costs via pass-through pricing and, as a result, Composites sales increased by 10 percent versus prior year. The I&S team grew volume by 21 percent and sales by 8 percent, as improved demand was offset by substantially lower selling prices. I&S earnings were well below the prior year as butanediol (BDO) pricing, though recovering, remains below a year ago. However, APM continues to see the impact of recent BDO price increases announced by Ashland and other global producers.

For the third quarter of fiscal 2017, APM expects sales to be in the range of \$260-\$280 million. Adjusted EBITDA is expected to be in the range of \$27-\$33 million, versus \$30 million in the year-ago period, and reflects the impact of price increases offsetting raw material inflation. For fiscal 2017, APM is raising its outlook for adjusted EBITDA to a range of \$100-\$110 million, reflecting positive price and volume in both Composites and I&S.

Earlier this month, Ashland announced it has made a binding offer to acquire a composites resin manufacturing facility in Etain, France, from Reichhold Holdings International B.V. The facility manufactures unsaturated polyester resins (UPR) used in a variety of end markets, including transportation and construction. The transaction, which is expected to be completed by the end of June, is a unique opportunity to strengthen Ashland's cost competitiveness and position in the European composites market at a highly attractive price, and with very compelling terms and conditions.

Valvoline continued to perform well in the second quarter, with good growth in lubricant gallons and sales. For more information on Valvoline's results, please see Valvoline's second-quarter earnings release dated April 25, 2017.

Ashland's effective tax rate for the March 2017 quarter, after adjusting for key items, was 24 percent. This is below the company's previous estimate of 28-29 percent due to discrete items and income mix. For the third quarter of fiscal 2017, Ashland expects an adjusted annual effective tax rate of 10-15 percent, reflecting Ashland's global footprint and the separation of Valvoline.

Looking Ahead

"Today's separate announcement that Ashland will be distributing all of its remaining interest in Valvoline to Ashland shareholders on May 12 represents the final step in our journey to create two great companies. With that final separation soon to be completed, we are focused on Ashland's two core priorities for the year - positioning Ashland to deliver against our fiscal 2017 plan and pivoting to become the premier specialty chemicals company," Wulfsohn said.

"Thus far this fiscal year, we have made great progress in multiple areas. Within ASI, we are driving sales and volume growth in the majority of our key end markets, including Personal Care, and we must build on that momentum in the second half of the year. Within APM, both the Composites and I&S teams have raised prices to help offset the expected impact of

raw material inflation in the second half of fiscal 2017. Notably, we also have taken aggressive actions across the global organization to hold year-over-year SG&A constant through various cost-saving initiatives."

He continued: "During the second quarter, ASI saw increasing raw material costs and the effects of a stronger dollar. For the second half of fiscal 2017, we expect the combined impact from these factors to be approximately \$14 million versus the outlook we shared in late January. To partially offset this incremental expense, the team is working to implement price increases and further reduce costs.

"Ashland's second core priority is to 'pivot' to becoming the leading premier specialty chemicals company, one that capitalizes on its highly differentiated portfolio of specialty ingredients, delivers top-quartile EBITDA margins and growth, and consistently drives strong cash conversion. Clearly, the Pharmachem acquisition is consistent with this strategy. We are looking forward to sharing additional details on our financial targets and supporting action levers for all of Ashland during our investor day next week," he said.

Ashland will host its Investor Day at the JW Marriott Essex House at 160 Central Park South in New York City on Monday, May 1, 2017. The presentations will begin at 8:30 am EDT and the conference will conclude by noon.

Conference Call Webcast

Ashland will host a live webcast of its second-quarter conference call with securities analysts at 9 a.m. EDT Wednesday, April 26, 2017. The webcast will be accessible through Ashland's website at <http://investor.ashland.com>. Following the live event, an archived version of the webcast and supporting materials will be available for 12 months.

Use of Non-GAAP Measures

Ashland believes that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide Ashland's investors with performance measures that reflect the impact to operations from trends in changes in sales, margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments Ashland makes to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and operating income and which Ashland does not consider to be the fundamental attributes or primary drivers of its business. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by Ashland's management to evaluate financial performance on a consolidated and reportable segment basis and provide consistency in our financial reporting, facilitate internal and external comparisons of Ashland's historical operating performance and its business units and provide continuity to investors for comparability purposes.

The free cash flow metric enables Ashland to provide a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow includes the impact of capital expenditures from continuing operations, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustment for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP amounts have been reconciled with reported GAAP results in Tables 5, 6 and 7 of the financial statements provided with this news release.

About Ashland

Ashland Global Holdings Inc. (NYSE: ASH) is a premier global specialty chemicals company serving customers in a wide range of consumer and industrial markets, including adhesives, architectural coatings, automotive, construction, energy, food and beverage, personal care and pharmaceutical. At Ashland, we are 6,000 passionate, tenacious solvers - from renowned scientists and research chemists to talented engineers and plant operators - who thrive on developing practical, innovative and elegant solutions to complex problems for customers in more than 100 countries. Ashland also maintains a controlling interest in Valvoline Inc. (NYSE: VVV), a premium consumer-branded lubricant supplier. Visit ashland.com to learn more.

C-ASH

Forward-Looking Statements

This news release 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 our expectation that the proposed acquisition of Pharmachem Laboratories, Inc. (Pharmachem) will be completed before the end of the June quarter and the expected completion of the final separation of Valvoline Inc. ("Valvoline") through the 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 expected completion of the final separation of Valvoline Inc., 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: 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 proposed acquisition of Pharmachem (including the possibility that Ashland may not complete the proposed acquisition of Pharmachem or 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>. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this news release whether as a result of new information, future events or otherwise. Information on Ashland's website is not incorporated into or a part of this news release.

(1) Preliminary Results

Financial results are preliminary until Ashland's Form 10-Q is filed with the SEC.

(TM) Trademark, Ashland or its subsidiaries, registered in various countries.

FOR FURTHER INFORMATION:

Investor Relations:

Seth A. Mrozek

+1 (859) 815-3527

samrozek@ashland.com

Media Relations:

Gary Rhodes

+1 (859) 815-3047

glrhodes@ashland.com

[Q2 2017 Earnings Presentation for Release Slides 04 25 17 - FINAL](#)

[Q2 2017 Earnings Prepared Remarks 04 25 17 - FINAL](#)

[Q2 2017 Earnings Release & Financial Tables Combined - FINAL](#)

This announcement is distributed by Nasdaq Corporate Solutions on behalf of Nasdaq Corporate Solutions clients.

The issuer of this announcement warrants that they are solely responsible for the content, accuracy and originality of the information contained therein.

Source: Ashland Inc. via Globenewswire

