Ashland reports preliminary financial results for third quarter of fiscal 2018 that exceed previous guidance and increases outlook for the full year

July 31, 2018

- *Broad-based growth in Specialty Ingredients sales, margins and adjusted earnings drove strong results in the quarter*
- *Company expects to capture initial $20 million in annualized run-rate savings by end of September quarter as part of previously announced plan to accelerate EBITDA margin expansion*

COVINGTON, KENTUCKY, July 31, 2018 - Ashland Global Holdings Inc. (NYSE: ASH), a premier global specialty chemicals company serving customers in a wide range of consumer and industrial markets, today announced preliminary[1] financial results for the third quarter of fiscal 2018:

- Sales grew 12 percent year-over-year to $971 million;
- Reported net income was $36 million, compared to a loss of $30 million last year, while income from continuing operations was $36 million, or $0.56 per diluted share;
- On an adjusted basis, income from continuing operations was $72 million, or $1.13 per diluted share, compared to Ashland's previous guidance of $0.95-$1.05 per share, driven by stronger operating results and a lower effective tax rate;
- Adjusted EBITDA was $189 million, up 17 percent from the year-ago period.

"The Ashland team continued building momentum in the third quarter on our path to becoming a premier specialty chemicals company, with all three operating segments delivering strong sales and earnings growth," said William A. Wulfsohn, Ashland chairman and chief executive officer. "Our Specialty Ingredients team executed at a high level. The commercial team produced another quarter of strong organic sales growth through our more differentiated product mix, while the manufacturing team executed on our asset utilization strategy to generate improved gross margins. The teams also demonstrated good cost discipline, with adjusted selling, general and administrative (SG&A) expenses as a percentage of sales declining 70 basis points compared to prior year. Specialty Ingredients' operating income grew 57 percent in the quarter. Adjusted EBITDA climbed 18 percent, with Pharmachem contributing over $16 million. Adjusted EBITDA margin rose 210 basis points, to 24.3 percent, marking good progress toward our margin target. Meanwhile, the Composites team continued to deliver strong sales and earnings growth from volume/mix improvements and price over raw materials. Within Intermediates and Solvents, the team delivered a 19 percent increase in sales through strong pricing and favorable currency."

Update on EBITDA Margin Acceleration Plan

In early May, Ashland announced a program to accelerate EBITDA margin growth by creating a leaner, more cost competitive company with improved operating efficiency, faster decision making and a stronger customer focus. Under this program, Ashland intends to eliminate a total of $120 million of existing allocated costs, direct expenses within Specialty Ingredients SG&A, and facility-related costs as follows:

- Approximately $70 million of costs allocated to the Composites business and to the butanediol manufacturing facility in Marl, Germany, are expected to be offset or eliminated through transfers and reductions. This reduction is intended to eliminate stranded costs.
- Approximately $50 million of costs are expected to be eliminated to drive improved profitability in Specialty Ingredients and accelerate achievement of its adjusted EBITDA margin target of 25-27 percent.

Ashland continues to expect to achieve the full $120 million in run-rate savings by the end of calendar year 2019. An initial $20 million in annualized run-rate savings under this program is expected by the end of the September 2018 quarter. An additional $30 million in run-rate savings is expected in the December 2018 quarter, bringing the total annualized run-rate to $50 million by the end of calendar 2018.

"We are pleased with the progress our teams are making under this program. We have already begun executing on the initial phase of actions, and we expect the full redesign plan to be completed in early November and ready for full implementation," Wulfsohn said.

Reportable Segment Performance and Outlook

To aid in the understanding of Ashland's ongoing business performance, the results of Ashland's reportable segments are described below on an adjusted basis. In addition, EBITDA, or adjusted EBITDA, is reconciled to operating income in Table 5 of this news release. In addition, free cash flow is reconciled in Table 7 and adjusted earnings per share is reconciled in Table 8 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 filed with the Securities and Exchange Commission in conjunction with this earnings release.) These adjusted results are considered non-GAAP financial measures. For a full description of the non-GAAP financial measures used, see the "Use of Non-GAAP Measures" section that further describes these adjustments on page 4.

Specialty Ingredients

- Sales increased 8 percent, to $638 million, driven by strong volumes, improved product mix and pricing.
- Pharma grew 12 percent; Personal Care, Adhesive and Coatings all climbed 5 percent; and Construction/Energy gained 13 percent. Nutrition sales were flat year-over-year following an exceptionally strong second quarter. Favorable currency contributed 2 percentage points to the top-line growth.
- Gross profit as a percentage of sales expanded by 190 basis points, to 34.9 percent, as the ongoing asset utilization program drove better absorption, higher production and lower operating costs.
- SG&A, as a percentage of sales, declined by 70 basis points compared to the prior year, reflecting ongoing cost discipline.
- Adjusted EBITDA rose 18 percent, to $155 million, and adjusted EBITDA margin grew 210 basis points, to 24.3 percent.

Composites

- Sales climbed 20 percent, to $250 million, as the team generated strong organic growth from continued pricing discipline as well as business growth in nearly all regions.
- Adjusted EBITDA grew 4 percent, to $28 million.

Intermediates & Solvents

- Sales increased 19 percent, to $83 million, driven by continued strong pricing.
- Adjusted EBITDA in the quarter was $17 million, compared to $10 million a year ago.

Balance Sheet and Cash Flow

- Total debt was $2.5 billion.
- Net debt was $2.4 billion.
- During the quarter, cash provided by operating activities from continuing operations totaled $130 million compared to $133 million in the prior-year period.
- Free cash flow was $88 million compared to $80 million in the prior-year quarter. These figures include $8 million in restructuring payments in the third quarter of fiscal 2018, and $21 million in the year-ago period.

Outlook

Although Ashland provides forward-looking guidance for adjusted EBITDA, free cash flow and adjusted diluted earnings per share, 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. Such reconciliations have not been included because Ashland is unable, without unreasonable efforts, to estimate and quantify the most directly comparable U.S. GAAP components, largely because predicting future operating results is subject to many factors not in Ashland's control and not readily predictable and that are not part of Ashland's routine operating activities, including various domestic and international economic, political, legislative, regulatory and legal factors.

For the fourth quarter of fiscal 2018, Ashland expects adjusted earnings in the range of $0.90-$1.00 per diluted share, compared to $0.78 in the prior-year period. This estimate assumes an effective tax rate of 19 percent for the fourth quarter.

For the full 2018 fiscal year Ashland now expects adjusted earnings per share in the range of $3.50 to $3.60, which would represent growth of 43 - 48 percent compared to the previous year. The company expects free cash flow of $170 million in fiscal 2018. This figure includes approximately $50 million of separation and restructuring-related payments. Please see the table below for additional details related to the company's fiscal 2018 financial outlook.

	Prior FY2018 Outlook	**Updated**
Adjusted EBITDA		
• Specialty Ingredients	$565 - $585 million	$570 - $580 million
• Composites	$90 - $100 million	$95 - $100 million
• Intermediates & Solvents	$50 - $60 million	$55 - $60 million
• Unallocated and other	($35 - $45 million)	No change
Key Operating Metrics		

• Free cash flow	> $170 million*	No change*
• Adjusted earnings per share (EPS)	$3.30 - $3.50	$3.50 - $3.60
Corporate Items		
• Depreciation & amortization	~$300 million	No change
• Interest expense	$123 - $128 million	$123 - $125 million
• Effective tax rate	13 - 17%	No change
• Capital expenditures	$195 - $205 million	$195 - $200 million
• Diluted share count	~64 million	No change

**This figure includes approximately $50 million of separation and restructuring-related payments.*

For additional information on Ashland's third-quarter financial results, please see the slide presentation accompanying this news release.

Conference Call Webcast

Ashland will host a live webcast of its third-quarter conference call with securities analysts at 9 a.m. EDT Wednesday, August 1, 2018. 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.

Key items are defined as financial effects from significant transactions that, either by their nature or amount, have caused short-term fluctuations in net income and/or operating income which Ashland does not consider to most accurately reflect Ashland's underlying business performance and trends. Further, Ashland believes that providing supplemental information that excludes the financial effects of these items in the financial results will enhance the investor's ability to compare financial performance between reporting periods.

Tax-specific key items are defined as financial transactions, tax law changes or other matters that fall within the definition of key items as described above. These items relate solely to tax matters and would only be recorded within the income tax caption of the Statement of Consolidated Income. As with all key items, due to their nature, Ashland does not consider the financial effects of these tax-specific key items on net income to be the most accurate reflection of Ashland's underlying business performance and trends.

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.

Adjusted diluted earnings per share is a performance measure used by Ashland and is defined by Ashland as earnings (loss) from continuing operations, adjusted for identified key items and divided by the number of outstanding diluted shares of common stock. Ashland believes this measure provides investors additional insights into operational performance by providing the diluted earnings per share metric that excludes the effect of the identified key items and tax specific key items.

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 approximately 6,500 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. Visit ashland.com to learn more.

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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. Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the SEC, news releases and other written and oral communications. These forward-looking statements are based on Ashland's expectations and assumptions, as of the date such statements are made, regarding Ashland's future operating performance and financial condition, as well as the economy and other future events or circumstances. Ashland's expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the program to eliminate certain existing corporate and Specialty Ingredients expenses (including the possibility that such cost eliminations may not occur or may take longer to implement than anticipated), the expected divestiture of its Composites segment and the butanediol (BDO) manufacturing facility in Marl, Germany, and related merchant Intermediates and Solvents (I&S) products (including, in each case, the possibility that a transaction may not occur or that, if a transaction does occur, Ashland may not realize the anticipated benefits from such transaction), the impact of acquisitions and/or divestitures Ashland has made or may make, including the acquisition of Pharmachem (including the possibility that Ashland may not realize the anticipated benefits from such transactions); Ashland's substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland's future cash flows, results of operations, financial condition and its ability to repay debt); Ashland's ability to generate sufficient cash to finance its stock repurchase plans; the potential that Ashland does not realize all of the expected benefits of the separation of its Valvoline business; the potential that the Tax Cuts and Jobs Act enacted on December 22, 2017, will have a negative impact on Ashland's financial results; and severe weather, natural disasters, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in Ashland's most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland's website at http://investor.ashland.com or on the SEC's website at http://www.sec.gov. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this news release whether as a result of new information, future events or otherwise.

(1) Preliminary Results

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

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Ashland Q3 2018 Earnings Presentation for Release Slides - FINAL
Ashland Q3 2018 Earnings Release & Financial Tables Combined - FINAL