



News Release

Ashland reports preliminary financial results for third quarter of fiscal 2019 consistent with updated outlook

- *Year-over-year gains in Pharma, Coatings and Nutrition more than offset by weaker-than-expected Personal Care and Adhesives sales in the quarter*
- *Full-year outlook now reflects current weakness in global demand across several end markets*
- *Company announces agreement to certain additional changes to sale agreement for Composites and the Marl BDO facility; continues to expect a late-summer closing*

COVINGTON, KENTUCKY, July 30, 2019 – 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 preliminary² financial results for the third quarter of fiscal 2019:

- Sales declined 4 percent year-over-year to \$641 million, including a 2 percentage-point (ppt) impact from unfavorable currency;
- Reported net income of \$66 million, or \$1.05 per diluted share, compared to net income of \$36 million, or \$0.56 per diluted share, last year. Reported income from continuing operations of \$23 million, or \$0.37 per diluted share, compared to income from continuing operations of \$11 million, or \$0.18 per diluted share, a year ago;
- Adjusted income from continuing operations was \$48 million, or \$0.77 per diluted share, compared to \$49 million, or \$0.77 per diluted share, last year. Adjusted EBITDA was \$140 million compared to \$141 million in the year-ago period.

“Ashland’s fiscal third quarter financial results are consistent with the updated outlook we provided on July 17, 2019. Solid gains in Pharma and Nutrition were offset by weakening demand in several of our key end markets as we progressed through the quarter. In this context, despite lower sales, we delivered Adjusted EBITDA consistent with the prior year due to strong pricing actions and significant SG&A reductions. The stability of our earnings in this difficult context speaks to the quality of our specialty businesses, the results of our portfolio transformation and the impact of taking actions in areas we can control,” said William A. Wulfsohn, Ashland chairman and chief executive officer.

“Furthermore, our team continues to make excellent progress executing on the cost reduction program, as we met our expectation for capturing approximately \$85 million in annualized run-rate savings by the end of June, keeping us fully on track to achieve the \$120 million in total run-rate savings by the end of calendar year 2019.”

Update on Cost Reduction Program

In early May 2018, 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 Marl BDO facility are expected to be offset or eliminated through transfers and reductions.
- 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.
- As of June 30, 2019, the Company met its expectation to capture approximately \$85 million in annualized run-rate savings and remains fully on track to achieve the \$120 million total run-rate savings by the end of calendar year 2019.

Reportable Segment Performance

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, free cash flow and adjusted operating income are reconciled in Table 7, and adjusted income from continuing operations and adjusted diluted earnings per share are 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 below.

Specialty Ingredients

- Sales declined 4 percent, to \$613 million, as improved pricing was more than offset by the impact of the previously discussed Colgate-Gantrez product reformulation, which reduced sales by 1 percentage point, and unfavorable foreign currency which reduced sales by 2 percentage points in the period.
- Personal Care sales declined 7 percent, excluding the impact of currency and Colgate-Gantrez, primarily due to weak sunscreen sales and increased China tariffs and regulations which impacted product shipments both into and out of China.
- Pharma sales grew 5 percent, excluding the impact of currency, driven by the new capacity and technology introductions.
- Adhesives sales declined 2 percent, excluding the impact of currency, reflecting weak demand in certain end market applications.
- Coatings sales grew 1 percent, excluding the impact of currency, reflecting the team's successful effort to grow share in emerging regions.
- Pharmachem sales grew 5 percent, excluding the impact of currency, driven largely by favorable order timing.
- SG&A declined by \$12 million, and 120 basis points as a percentage of sales, compared to the prior year, primarily reflecting the progress on the company's \$120 million cost reduction program and inclusive of a \$2 million positive impact from currency.
- Operating income totaled \$84 million for the current quarter compared to \$91 million in the prior-year quarter; adjusted operating income totaled \$87 million for the current quarter compared to \$94 million in the prior-year quarter.

- Adjusted EBITDA totaled \$146 million for the current quarter compared to \$155 million in the prior-year quarter, including a \$5 million negative impact from unfavorable foreign currency.

Intermediates & Solvents

- Reflects the results of the Lima, Ohio facility only; Marl now reported through discontinued operations.
- Sales and gross profit negatively impacted by changing market demand;
- Operating income totaled \$5 million for the current quarter compared to \$5 million in the prior-year quarter;
- Adjusted EBITDA totaled \$8 million which was consistent with the prior-year quarter.

Balance Sheet and Cash Flow

- Total debt was \$2.6 billion;
- Net debt was \$2.5 billion;
- During the quarter, cash provided by operating activities from continuing operations totaled \$87 million compared to \$96 million in the prior-year period;
- Free cash flow was \$54 million compared to \$61 million in the prior-year quarter. These figures include \$22 million in restructuring payments in the third quarter of fiscal 2019, and \$8 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.

The company updated its financial outlook for fiscal 2019 as shown in the table below.

	Prior Outlook	Updated Outlook
Adjusted EBITDA		
- Specialty Ingredients	\$585 - \$610 million	\$560 - \$570 million
- Intermediates & Solvents	\$20 - \$30 million	\$23 - \$27 million
- Unallocated and other	(\$45 - \$55 million)	(\$50 - \$55 million)
Key Operating Metrics		
- Adjusted diluted earnings per share (EPS)	\$2.90 - \$3.20	\$2.65 - \$2.75
- Free cash flow	\$165 - \$175 million*	\$100 - \$110 million*
Corporate Items		
- Depreciation & amortization	~\$250 million	Reaffirmed
- Interest expense	\$90 - \$100 million	\$95 - \$100 million
- Effective tax rate	14 - 16%	10 - 12%
- Capital expenditures	~\$160 million	Reaffirmed
- Diluted share count	~63 million	Reaffirmed

* Includes estimated \$60 million in restructuring payments in the Updated Outlook and an estimated \$40 million in the Prior Outlook.

For the fourth quarter of fiscal 2019, Ashland expects adjusted earnings from continuing operations in the range of \$0.92 - \$1.02 per diluted share. This outlook assumes an effective tax rate of 13 percent.

"For the remainder of fiscal year 2019, we expect market-demand weakness to remain similar to what we experienced in the fiscal third quarter. Increasing momentum from our ongoing SG&A cost reductions will make a positive impact in the fourth quarter. In addition, as a result of our expanded focus on plant reliability, we expect reduced year-over-year plant-turnaround costs in the fiscal fourth quarter. We believe these combined efforts will enable Ashland to deliver earnings consistent with prior year in spite of weak demand and lower sales," Wulfsohn said.

"As we look ahead, we will lap the impact of negative foreign currency and the Colgate-Gantrez reformulation in the first quarter of fiscal year 2020 and expect Ashland to return to year-over-year sales and earnings growth during the fiscal year. Furthermore, we have confidence that the current market weakness is temporary in nature and that when market conditions improve, we will return to more-normalized sales growth and mid-to-high single-digit percent EBITDA growth. In addition, we remain committed to achieving our 25 - 27 percent Adjusted EBITDA margin target for Specialty Ingredients through a combination of pricing actions, mix improvements, volume leverage and additional cost-productivity initiatives," Wulfsohn said.

"We have a strong team working meaningful actions to mitigate and ultimately overcome external dynamics which are working against us in the short term," Wulfsohn said.

Update on Sale of Composites and Marl BDO Facility

Ashland and INEOS Enterprises have agreed to certain additional changes to the sale agreement, subject to approval by and reflecting continued discussions with the US Federal

Trade Commission. As part of the proposed changes, the purchase price has been adjusted to \$1.015 billion while Ashland retains the rights to the Maleic Anhydride business, including the retention of any subsequent sale proceeds. The Company anticipates that remaining regulatory approvals will be received shortly and continues to expect a closing in late summer.

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 10 a.m. EST Wednesday, July 31, 2019. 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, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin 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, operating income, net income margin and operating income margin. The adjustments Ashland makes to derive the non-GAAP measures of EBITDA, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin 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, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin 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. EBITDA margin and adjusted EBITDA margin are defined as EBITDA and adjusted EBITDA divided by sales for the corresponding period.

Key items, which are set forth on Table 8 and page 13 of the slide presentation accompanying this release, 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, which are set forth on Table 8 and page 13 of the slide presentation accompanying this release, 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 earnings and diluted earnings per share metrics that exclude 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, nutraceuticals, personal care and pharmaceutical. At Ashland, we are approximately 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. 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. These statements include, but may not be limited to, the statements under "Update on Cost Reduction Program," "Reportable Segment Performance," "Outlook," Ashland's assessment on its progress towards becoming a premier specialty chemicals company; and its expectations regarding its ability to drive sales and earnings growth, realize further cost reductions and complete the anticipated divestiture of its Composites business and Marl BDO facility.

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 Marl BDO facility and related merchant 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 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); severe weather, natural disasters, cyber events and legal proceedings and claims (including product recalls, environmental and asbestos matters); and 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>. Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements. 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.

¹Run-rate savings are cost savings that have been achieved and will be realized in future periods

²Financial results are preliminary until Ashland's Form 10-Q is filed with the SEC

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

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Ashland Global Holdings Inc. and Consolidated Subsidiaries
STATEMENTS OF CONSOLIDATED INCOME (LOSS)
(In millions except per share data - preliminary and unaudited)

Table 1

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
Sales	\$ 641	\$ 668	\$ 1,884	\$ 1,922
Cost of sales	434	439	1,327	1,290
GROSS PROFIT	<u>207</u>	<u>229</u>	<u>557</u>	<u>632</u>
Selling, general and administrative expense	150	181	429	481
Research and development expense	17	18	51	55
Equity and other income	3	-	3	2
OPERATING INCOME	43	30	80	98
Net interest and other expense	21	28	73	78
Other net periodic benefit income	-	-	17	1
Net income (loss) on divestitures	-	(2)	(3)	(3)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	22	-	21	18
Income tax expense (benefit)	(1)	(11)	24	(3)
INCOME (LOSS) FROM CONTINUING OPERATIONS	23	11	(3)	21
Income from discontinued operations (net of income taxes)	43	25	97	83
NET INCOME	<u>\$ 66</u>	<u>\$ 36</u>	<u>\$ 94</u>	<u>\$ 104</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ 0.37	\$ 0.18	\$ (0.05)	\$ 0.32
Income from discontinued operations	0.68	0.38	1.55	1.32
Net income	<u>\$ 1.05</u>	<u>\$ 0.56</u>	<u>\$ 1.50</u>	<u>\$ 1.64</u>
AVERAGE DILUTED COMMON SHARES OUTSTANDING (a)	62	64	63	64
SALES				
Specialty Ingredients	\$ 613	\$ 638	\$ 1,803	\$ 1,834
Intermediates and Solvents	28	30	81	88
	<u>\$ 641</u>	<u>\$ 668</u>	<u>\$ 1,884</u>	<u>\$ 1,922</u>
OPERATING INCOME (LOSS)				
Specialty Ingredients	\$ 84	\$ 91	\$ 180	\$ 222
Intermediates and Solvents	5	5	10	11
Unallocated and other	(46)	(66)	(110)	(135)
	<u>\$ 43</u>	<u>\$ 30</u>	<u>\$ 80</u>	<u>\$ 98</u>

(a) As a result of the loss from continuing operations for the six months ended June 30, 2019, the effect of the share-based awards convertible to common shares would be anti-dilutive. In accordance with U.S. GAAP, these have been excluded from the diluted earnings per share calculation for the applicable periods.

Ashland Global Holdings Inc. and Consolidated Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions - preliminary and unaudited)

Table 2

	June 30 2019	September 30 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 132	\$ 294
Accounts receivable	507	522
Inventories	595	596
Other assets	47	60
Held for sale	756	240
Total current assets	2,037	1,712
Noncurrent assets		
Property, plant and equipment		
Cost	3,196	3,172
Accumulated depreciation	1,616	1,526
Net property, plant and equipment	1,580	1,646
Goodwill	2,285	2,304
Intangibles	1,118	1,185
Restricted investments	310	312
Asbestos insurance receivable	161	179
Deferred income taxes	28	28
Other assets	406	416
Held for sale	-	477
Total noncurrent assets	5,888	6,547
Total assets	<u>\$ 7,925</u>	<u>\$ 8,259</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$ 332	\$ 254
Trade and other payables	275	331
Accrued expenses and other liabilities	241	328
Held for sale	159	163
Total current liabilities	1,007	1,076
Noncurrent liabilities		
Long-term debt	2,275	2,275
Asbestos litigation reserve	576	612
Deferred income taxes	284	286
Employee benefit obligations	147	156
Other liabilities	419	422
Held for sale	-	26
Total noncurrent liabilities	3,701	3,777
Stockholders' equity	3,217	3,406
Total liabilities and stockholders' equity	<u>\$ 7,925</u>	<u>\$ 8,259</u>

Ashland Global Holdings Inc. and Consolidated Subsidiaries
STATEMENTS OF CONSOLIDATED CASH FLOWS
(In millions - preliminary and unaudited)

Table 3

	Three months ended		Nine months ended	
	June 30		June 30	
	2019	2018	2019	2018
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS				
Net income	\$ 66	\$ 36	\$ 94	\$ 104
Income from discontinued operations (net of taxes)	(43)	(25)	(97)	(83)
Adjustments to reconcile income from continuing operations to cash flows from operating activities				
Depreciation and amortization	62	67	225	209
Original issue discount and debt issuance cost amortization	2	3	6	6
Deferred income taxes	(1)	(7)	1	(3)
Distributions from equity affiliates	-	-	-	1
Stock based compensation expense	4	7	17	20
Loss (income) from restricted investments	(8)	(2)	(10)	(10)
Excess tax benefit on stock based compensation	1	1	3	4
Impairments	-	-	8	-
Pension contributions	(1)	(1)	(4)	(8)
Gain on pension and other postretirement plan remeasurements	-	-	(18)	-
Change in operating assets and liabilities (a)	5	17	(132)	(147)
Total cash flows provided (used) by operating activities from continuing operations	87	96	93	93
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS				
Additions to property, plant and equipment	(33)	(35)	(103)	(87)
Proceeds from disposal of property, plant and equipment	-	-	4	1
Proceeds from sale of operations	-	-	-	1
Purchase of operations	(1)	-	(2)	(11)
Life insurance payments	-	-	-	(37)
Net purchase of funds restricted for specific transactions	-	(1)	(2)	(10)
Reimbursements from restricted investments	5	7	25	25
Proceeds from sales of securities	-	-	156	17
Purchases of securities	-	-	(156)	(17)
Proceeds from the settlement of derivative instruments	2	1	4	1
Payments for the settlement of derivative instruments	-	-	(2)	(3)
Total cash flows provided (used) by investing activities from continuing operations	(27)	(28)	(76)	(120)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS				
Repayment of long-term debt	(2)	(132)	(10)	(135)
Proceeds from (repayment of) short-term debt	72	23	83	(158)
Debt issuance costs	-	(1)	-	(1)
Cash dividends paid	(17)	(16)	(48)	(44)
Repurchase of common stock	(200)	-	(200)	-
Stock based compensation employee withholding taxes paid in cash	-	-	(8)	(8)
Total cash flows provided (used) by financing activities from continuing operations	(147)	(126)	(183)	(346)
CASH PROVIDED (USED) BY CONTINUING OPERATIONS				
Cash provided (used) by discontinued operations				
Operating cash flows	41	23	-	2
Investing cash flows	14	(7)	6	(15)
Effect of currency exchange rate changes on cash and cash equivalents	-	(1)	(2)	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(32)</u>	<u>(43)</u>	<u>(162)</u>	<u>(384)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	164	225	294	566
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 132</u>	<u>\$ 182</u>	<u>\$ 132</u>	<u>\$ 182</u>
DEPRECIATION AND AMORTIZATION				
Specialty Ingredients	\$ 59	\$ 63	\$ 213	\$ 189
Intermediates and Solvents	3	3	9	10
Unallocated and other	-	1	3	10
	<u>\$ 62</u>	<u>\$ 67</u>	<u>\$ 225</u>	<u>\$ 209</u>
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT				
Specialty Ingredients	\$ 29	\$ 31	\$ 92	\$ 76
Intermediates and Solvents	2	-	4	2
Unallocated and other	2	4	7	9
	<u>\$ 33</u>	<u>\$ 35</u>	<u>\$ 103</u>	<u>\$ 87</u>

(a) Excludes changes resulting from operations acquired or sold.

INFORMATION BY INDUSTRY SEGMENT

(In millions - preliminary and unaudited)

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
SPECIALTY INGREDIENTS				
Sales per shipping day	\$ 9.6	\$ 10.0	\$ 9.5	\$ 9.7
Metric tons sold (thousands)	81.8	83.1	237.2	240.1
Gross profit as a percent of sales (a)	32.7%	34.9%	30.0%	33.4%
INTERMEDIATES AND SOLVENTS				
Sales per shipping day	\$ 0.4	\$ 0.5	\$ 0.4	\$ 0.5
Metric tons sold (thousands)	9.1	9.2	25.4	28.1
Gross profit as a percent of sales (a)	24.5%	24.5%	21.0%	21.8%

(a) Gross profit as a percent of sales is defined as sales, less cost of sales divided by sales.

Ashland Global Holdings Inc. and Consolidated Subsidiaries
RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA
(In millions - preliminary and unaudited)

Table 5

	Three months ended June 30	
	2019	2018
Adjusted EBITDA - Ashland Global Holdings Inc.		
Net income	\$ 66	\$ 36
Income tax expense	(1)	(11)
Net interest and other expense (income)	21	28
Depreciation and amortization (a)	<u>62</u>	<u>65</u>
EBITDA	148	118
Income from discontinued operations (net of taxes)	(43)	(25)
Net (income) loss on divestitures key items (see Table 6)	-	2
Operating key items (see Table 6)	35	46
Adjusted EBITDA	<u>\$ 140</u>	<u>\$ 141</u>
Adjusted EBITDA - Specialty Ingredients		
Operating income	\$ 84	\$ 91
Add:		
Depreciation and amortization (a)	59	61
Operating key items (see Table 6)	3	3
Adjusted EBITDA	<u>\$ 146</u>	<u>\$ 155</u>
Adjusted EBITDA - Intermediates and Solvents		
Operating income	\$ 5	\$ 5
Add:		
Depreciation and amortization	3	3
Operating key items (see Table 6)	-	-
Adjusted EBITDA	<u>\$ 8</u>	<u>\$ 8</u>

(a) Depreciation and amortization excludes accelerated depreciation of \$2 million for Specialty Ingredients for the three months ended June 30, 2018 which is included as a key item within this table.

SEGMENT COMPONENTS OF KEY ITEMS FOR APPLICABLE INCOME STATEMENT CAPTIONS

(In millions - preliminary and unaudited)

	Three Months Ended June 30, 2019			Total
	Specialty Ingredients	Intermediates and Solvents	Unallocated & Other	
OPERATING INCOME (LOSS)				
Operating key items:				
Restructuring, separation and other costs	\$ -	\$ -	\$ (12)	\$ (12)
Environmental reserve adjustments	(1)	-	(14)	(15)
Unplanned plant shutdown	(2)	-	-	(2)
Tax indemnity expense	-	-	(6)	(6)
All other operating income (loss)	87	5	(14)	78
Operating income (loss)	84	5	(46)	43
NET INTEREST AND OTHER EXPENSE (INCOME)				
Key items			(6)	(6)
All other net interest and other expense (income)			27	27
INCOME TAX EXPENSE (BENEFIT)				
Tax effect of key items (a)			(5)	(5)
Tax specific key items (b)			1	1
All other income tax expense			3	3
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 84</u>	<u>\$ 5</u>	<u>\$ (66)</u>	<u>\$ 23</u>
	Three Months Ended June 30, 2018			Total
	Specialty Ingredients	Intermediates and Solvents	Unallocated & Other	
OPERATING INCOME (LOSS)				
Operating key items:				
Restructuring, separation and other costs	\$ (2)	\$ -	\$ (12)	\$ (14)
Environmental reserve adjustments	(1)	-	(31)	(32)
All other operating income (loss)	94	5	(23)	76
Operating income (loss)	91	5	(66)	30
NET INTEREST AND OTHER EXPENSE (INCOME)				
Key items			1	1
All other net interest and other expense (income)			27	27
NET INCOME (LOSS) ON DIVESTITURES				
Key items			(2)	(2)
All other net income (loss) on acquisitions and divestitures			-	-
INCOME TAX EXPENSE (BENEFIT)				
Tax effect of key items (a)			(11)	(11)
All other income tax expense			-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 91</u>	<u>\$ 5</u>	<u>\$ (53)</u>	<u>\$ 11</u>

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. See Table 8 for additional information.

Ashland Global Holdings Inc. and Consolidated Subsidiaries
RECONCILIATION OF CERTAIN NON-GAAP DATA
(In millions - preliminary and unaudited)

Table 7

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
Free cash flows (a)				
Total cash flows used by operating activities from continuing operations	\$ 87	\$ 96	\$ 93	\$ 93
Adjustments:				
Additions to property, plant and equipment	(33)	(35)	(103)	(87)
Free cash flows (a)	<u>\$ 54</u>	<u>\$ 61</u>	<u>\$ (10)</u>	<u>\$ 6</u>

(a) Free cash flow is defined as cash flows provided (used) by operating activities less additions to property, plant and equipment and other items Ashland has deemed non-operational (if applicable).

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
Adjusted operating income (loss)				
Operating income (loss) (as reported)	\$ 43	\$ 30	\$ 80	\$ 98
Key items, before tax:				
Restructuring, separation and other costs	12	14	89	41
Proxy costs	-	-	5	-
Tax indemnity expense	6	-	6	-
Environmental reserve adjustments	15	32	15	43
Legal settlement/reserve	-	-	-	(5)
Unplanned plant shutdowns	2	-	2	-
Adjusted operating income (non-GAAP)	<u>\$ 78</u>	<u>\$ 76</u>	<u>\$ 197</u>	<u>\$ 177</u>

Ashland Global Holdings Inc. and Consolidated Subsidiaries
RECONCILIATION OF CERTAIN NON-GAAP DATA
(In millions except per share data - preliminary and unaudited)

Table 8

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
Income (loss) from continuing operations (as reported)	\$ 23	\$ 11	\$ (3)	\$ 21
Key items, before tax:				
Restructuring, separation and other costs	12	14	89	41
Proxy costs	-	-	5	-
Tax indemnity expense	6	-	6	-
Gain on pension and other postretirement plan remeasurements	-	-	(18)	-
Environmental reserve adjustments	15	32	15	43
Legal settlement	-	-	-	(5)
Unplanned plant shutdowns	2	-	2	-
Unrealized (gain) loss on securities	(6)	-	(3)	-
Debt refinancing costs	-	1	-	1
Net loss on divestitures	-	2	3	2
Key items, before tax	29	49	99	82
Tax effect of key items (a)	(5)	(11)	(10)	(21)
Key items, after tax	24	38	89	61
Tax specific key items:				
Deferred tax rate changes	-	-	2	(130)
One-time transition tax	6	-	28	142
Uncertain tax positions	(8)	-	(8)	-
Restructuring and separation activity	-	-	(1)	-
Other	3	-	3	-
Tax specific key items (b)	1	-	24	12
Total key items	25	38	113	73
Adjusted income from continuing operations (non-GAAP)	<u>\$ 48</u>	<u>\$ 49</u>	<u>\$ 110</u>	<u>\$ 94</u>

	Three months ended June 30		Nine months ended June 30	
	2019	2018	2019	2018
Diluted EPS from continuing operations (as reported)	\$ 0.37	\$ 0.18	\$ (0.05)	\$ 0.32
Key items, before tax:				
Restructuring, separation and other costs	0.19	0.21	1.40	0.65
Proxy costs	-	-	0.08	-
Tax indemnity expense	0.10	-	0.10	-
Gain on pension and other postretirement plan remeasurements	-	-	(0.29)	-
Environmental reserve adjustments	0.24	0.50	0.24	0.68
Legal settlement	-	-	-	(0.07)
Unplanned plant shutdowns	0.03	-	0.03	-
Unrealized (gain) loss on securities	(0.10)	-	(0.05)	-
Debt refinancing costs	-	0.02	-	0.02
Net loss on divestitures	-	0.04	0.05	0.04
Key items, before tax	0.46	0.77	1.56	1.32
Tax effect of key items (a)	(0.08)	(0.18)	(0.16)	(0.33)
Key items, after tax	0.38	0.59	1.40	0.99
Tax specific key items:				
Deferred tax rate changes	-	-	0.03	(2.06)
One-time transition tax	0.10	-	0.44	2.22
Uncertain tax positions	(0.13)	-	(0.12)	-
Restructuring and separation activity	-	-	(0.02)	-
Other	0.05	-	0.05	-
Tax specific key items (b)	0.02	-	0.38	0.16
Total key items	0.40	0.59	1.78	1.15
Adjusted diluted EPS from continuing operations (non-GAAP)	<u>\$ 0.77</u>	<u>\$ 0.77</u>	<u>\$ 1.73</u>	<u>\$ 1.47</u>

(a) Represents the tax effect of the key items that are previously identified above.

(b) Represents key items resulting from tax specific financial transactions, tax law changes or other matters that fall within the definition of tax specific key items. These tax specific key items included the following:

- Deferred tax rate changes: Includes the impact from the remeasurement of Ashland's domestic deferred tax balances resulting from the enactment of the Tax Cuts and Jobs Act (Tax Act) as well as the impact from rate changes for other jurisdictions.
- One-time transition tax: Includes the one-time transition tax expense resulting from the enactment of the Tax Act.
- Restructuring and separation activity: Includes the impact from company-wide restructuring activities. These adjustments related to various tax impacts including state tax costs, foreign tax costs and other tax account adjustments.