

ASHLAND GLOBAL HOLDINGS INC

Form 425

August 10, 2016

Ashland Inc. Summary and Recent Performance Third-Quarter Fiscal 2016 ® Registered trademark, Ashland or its subsidiaries, registered in various countries™ Trademark, Ashland or its subsidiaries, registered in various countries

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\* **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 these words or other comparable terminology. These forward-looking statements include statements relating to status of the separation process, the plan to pursue an IPO of up to 20 percent of the common stock of Valvoline and the expected completion of the separation through the subsequent distribution of Valvoline common stock, the anticipated timing of completion of the planned IPO and subsequent distribution of the remaining Valvoline common stock, the plan to reorganize under a new public holding company to be called Ashland Global Holdings Inc., and Ashland’s and Valvoline’s ability to pursue their long-term strategies. In addition, Ashland may from time to time make forward-looking statements in its annual report, quarterly reports and other filings with the Securities and Exchange Commission (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, including the proposed separation of its specialty chemicals and Valvoline businesses, the proposed IPO of its Valvoline business, the expected timetable for completing the IPO and the separation, the proposal to reorganize under a new public holding company, the future financial and operating performance of each company, strategic and competitive advantages of each company, the leadership 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 proposed IPO, new holding company reorganization or separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors or the failure to obtain shareholder approval of the new holding company reorganization; the potential for disruption to Ashland’s business in connection with the proposed IPO, new holding company reorganization or separation; the potential that the new Ashland and Valvoline do not realize all of the expected benefits of the proposed IPO, new holding company reorganization or separation or obtain the expected credit ratings following the proposed 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); 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 its most recent Form 10-K and its Form 10-Q for the quarterly period ended March 31, 2016 (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 presentation whether as a result of new information, future events or otherwise. This presentation does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

**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. 2

\* Non-solicitation A registration statement relating to the securities of Ashland Global Holdings Inc. in connection with the reorganization of Ashland under a new holding company has been filed with the SEC but has not yet become effective. The securities subject to such registration statement may not be sold, nor may offers to buy such securities be accepted, before the time the registration statement becomes effective. This presentation shall not constitute an offer to sell or a solicitation of an offer to buy such securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction. Additional Information and Where to Find It In connection with the reorganization, Ashland filed with the SEC the Ashland Global Holdings Inc. registration statement (the "Ashland Global Registration Statement") that includes a proxy statement of Ashland Inc. that also constitutes a prospectus of Ashland Global Holdings Inc. with respect to the securities of Ashland Global Holdings Inc. (the Ashland Global Registration Statement has not yet been declared effective). INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS, AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY CONTAIN, OR WILL CONTAIN, IMPORTANT INFORMATION ABOUT ASHLAND INC., ASHLAND GLOBAL HOLDINGS INC. AND THE REORGANIZATION. A definitive proxy statement will be sent to shareholders of Ashland Inc. seeking approval of the reorganization after the Ashland Global Registration Statement is declared effective. The proxy statement/prospectus and other documents relating to the reorganization can be obtained free of charge from the SEC website at [www.sec.gov](http://www.sec.gov). Participants in Solicitation This presentation is not a solicitation of a proxy from any investor or shareholder. However, Ashland Inc., Ashland Global Holdings Inc. and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the reorganization under the rules of the SEC. Information regarding Ashland Inc.'s directors and executive officers may be found in its definitive proxy statement relating to its 2016 Annual Meeting of Shareholders filed with the SEC on December 4, 2015 and in the proxy statement/prospectus included in the Ashland Global Registration Statement. Information regarding Ashland Global Holdings Inc.'s directors and executive officers may be found in the proxy statement/prospectus included in the Ashland Global Registration Statement. These documents can be obtained free of charge from the SEC. 3

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\* Our History \* \$13.4B 2015 Revenues 37% 63% \$5.4B Specialty Chemicals \* 1995 adjusted EBITDA margin 2015 adjusted EBITDA margin ~5% 21% Other products Chemicals & Distribution \* 66% \* \* exited JV 1995 2005 2010 2015 entered JV Elastomers exited JV ( Zeta Fraction™) Acquired Exited Ashland Distribution Water Technologies (Adhesives) Ashland Paving and Construction We are a different, more profitable business today than at the start of our transformation

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\* Strategic Decisions Have Dramatically Expanded EBITDA Margin<sup>1</sup> Divested Distribution March 2011 Acquired Hercules November 2008 Acquired ISPAugust 2011 Divested Water Tech. (July 2014) & Global Restructuring 1 2006 through 2015 EBITDA margins as reported in the fiscal year noted and not adjusted for future transactions. EBITDA presented herein has been adjusted for certain key items.

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\* Baseline Historical Performance<sup>1</sup> (\$ in millions) <sup>1</sup> See appendix for reconciliation to amounts reported under GAAP for applicable periods. Strategic actions have led to stable and growing margins

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\* Corporate Profile By business unit By geography 1 For 12 months ended June 30, 2016.2 Ashland includes only U.S. and Canada in its North America designation. North America253% Asia Pacific16% LatinAmerica/Other - 7% Europe 24% AshlandSpecialtyIngredients42% AshlandPerformanceMaterials19% Valvoline39% Sales1 - \$5.0 Billion

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\* Corporate Profile 1 For 12 months ended June 30, 2016. See Appendix B for reconciliation to amounts reported under GAAP. NYSE Ticker Symbol: ASH Total Employees: ~11,000 Outside North America ~30% Number of Countries in Which Ashland Has Sales: More than 100 AshlandSpecialtyIngredients46% Valvoline41% Adjusted EBITDA1 - \$1.1 Billion

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\* Fiscal Third Quarter 2016 Highlights  
1 Reported earnings from continuing operations of \$1.55 per diluted share. Adjusted earnings increased 2% to \$1.95 vs. \$1.91 per diluted share in prior year. First quarter of adjusted EPS growth in fiscal year 2016. Adjusted EBITDA increased 1% to \$294 million vs. \$290 million in prior year. As expected, headwinds from currency, energy end market and divestitures continued to recede and represented an approximate \$40 million headwind. First quarter of adjusted EBITDA growth in fiscal year 2016. Adjusted EBITDA margin of 22.8%.  
Adj. EPS \$1.91 \$1.83 \$1.95 Q3 2015 Vol/Mix Acq/Div Other<sup>2</sup> Margin SG&A 9 2 294 290 (8) Q3 2016 (1) (\$, Millions) (\$, Millions) Factors affecting year-over-year EBITDA 2 FX Underlying Performance of the business 293 1  
Ashland's earnings releases dated July 26, 2016, and April 26, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP. 2 Acquisitions include OCH International, Inc. Divestitures includes biocides, redispersible powders (RDP) and Valvoline car care product lines exited during prior four quarters.

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\* Adjusted Results Summary<sup>1</sup> As expected, headwinds receded further; currency, energy end markets and divestitures<sup>2</sup> were ~\$40 million headwind to sales. Adjusted EBITDA of \$294 million represents both year-over-year and sequential growth. <sup>1</sup> Ashland's earnings releases dated July 26, 2016, and April 26, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP. <sup>2</sup> Divestitures includes biocides, redispersible powders (RDP) and Valvoline car care product line exited during prior four quarters.

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\* Salesby Market<sup>2</sup> Ashland Specialty Ingredients: A global leader of cellulose ethers, vinyl pyrrolidones and biofunctionals For 12 Months Ended June 30, 2016Sales: \$2.1 billionAdjusted EBITDA: \$478 million<sup>1</sup>Adjusted EBITDA Margin: 22.8%<sup>1</sup> Salesby Product Cellulosics 38% PVP19% Adhesive 16% North America 39% AsiaPacific 19% Europe 32% Latin America/Other – 10% Actives – 7% Vinyl Ethers6% Salesby Geography <sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.<sup>2</sup> Within the Sales by Market chart above, Industrial Specialties are presented in orange and Consumer Specialties are presented in blue.

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\* Ashland Specialty Ingredients Adjusted Results Summary<sup>1</sup> Sales or volume growth in numerous core growth and niche end markets Overall results did not meet the outlook presented at the beginning of the quarter due to weakness in emerging regions <sup>1</sup> Ashland's earnings releases dated July 26, 2016, and April 26, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

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\* Ashland Performance Materials Global leader in unsaturated polyester resins and vinyl ester resins Salesby Geography For 12 Months Ended June 30, 2016Sales: \$1.0 billionEBITDA: \$133 millionEBITDA Margin: 13.8%<sup>1</sup> Salesby Product Composites72% Intermediates/Solvents 28% Construction: Residential13% Marine 16% Other Process Industries15% Construction:Industrial29% Salesby Market North America 41% Asia Pacific – 14% Europe 39% Latin America/Other 6% Transportation 13% Construction: Infrastructure - 6% <sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.<sup>2</sup> PU/TPU stands for Polyurethane and Thermoplastic Polyurethane.

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\* Ashland Performance Materials Adjusted Results Summary<sup>1</sup> Solid composites margins reflecting pricing discipline Generally soft volumes across all global regions As expected, weak volumes and margins within I&S 1 Ashland's earnings releases dated July 26, 2016, and April 26, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

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\* Valvoline: A leading worldwide producer and distributor of premium-branded lubricants and automotive chemicals International Salesby Region<sup>2</sup> For 12 Months Ended June 30, 2016Sales: \$1.9 billionEBITDA: \$432 million<sup>1</sup>EBITDA Margin: 22.5%<sup>1</sup> Salesby Product Lubricant389% Chemicals – 4% Do-It-Yourself28% DIFM: Valvoline Instant Oil Change3 22% DIFM: Installer Channel21% Valvoline International29% Salesby Market Asia Pacificex Australia 38% Europe 23% Latin America/Other – 18% Antifreeze 4% Filters 3% Australia21% <sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.<sup>2</sup> Includes nonconsolidated joint ventures.<sup>3</sup> Includes Oil Can Henry's sales starting February 1, 2016.

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\* ValvolineResults Summary1 Continued execution against strategic objectives leading to the eleventh consecutive quarter of year-over-year earnings growthVIOC added 116 stores over the past year – including 89 from the acquisition of Oil Can Henry’s – bringing the total to 1,055 stores at the end of June 1 Ashland's earnings releases dated July 26, 2016, and April 26, 2016, available on Ashland’s website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

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\* Fiscal Third Quarter 2016 Corporate Items Adjusted corporate operating income of \$14 million Net interest expense of \$40 million FY 2016 expectation of approximately \$165-\$175 million Adjusted effective tax rate of 28% FY 2016 expectation at the upper end of the 25%-26% range Trade Working Capital<sup>1</sup> for the quarter was 19.2% of sales Capital expenditures totaled \$78 million FY 2016 expectation now at the lower end of \$320-\$340 million range Operating cash flow of \$185 million; free cash flow<sup>2</sup> of \$107 million FY 2016 expectation for operating cash flow of \$580-\$600 million FY 2016 expectation for free cash flow<sup>2</sup> now \$260-\$280 million <sup>1</sup> Trade Working Capital defined as trade accounts receivables plus inventories minus trade accounts payables; calculated on a 13-month rolling basis. <sup>2</sup> Definition of free cash flow: operating cash less capital expenditures and other items Ashland has deemed non-operational.

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\* Separation Update Significant Milestones Achieved Amendment to Ashland's senior unsecured credit agreement New \$1.325 billion five-year Valvoline credit agreement \$450 million revolver \$875 million term loan New 5.5% Valvoline senior bond offering due 2024 \$375 million aggregate principal amount Ashland to use debt proceeds to reduce Ashland debt by approximately \$1 billion

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\* Ashland Q3 FY 2015 vs. Q3 FY 2016 Revenue Bridge 1% Q3 2015 Volume Q3  
2016 Currency (4%) 1,367 1,290 Price (1%) Acq/Div/Other1 (1%) (\$ millions) Preliminary Headwinds from  
currency, energy markets and divestitures represented ~\$40 million headwind to overall sales Raw material pass  
through was primary driver to lower overall pricing 1 Acquisitions include OCH International, Inc. Divestitures  
includes biocides, redispersible powders (RDP) and Valvoline car care product lines exited during prior four  
quarters. Energy (1%)

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\* Ashland Q3 FY 2015 vs. Q3 FY 2016 Adjusted EBITDA Bridge 2 Q3 2015 Volume/Mix Q3 2016 Currency Translation Margin 9 290 294 SG&A Expenses (8) (1) Other 2 (\$ millions) Preliminary First quarter of year-over-year EBITDA growth in fiscal year 2016 Excluding impact of the energy market, volume/mix contributed \$4 million to year-over-year growth

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\* Ashland Specialty Ingredients Adjusted EBITDA Bridge Q3 2015 Volume/ Mix Q3 2016 Currency  
Translation Margin SG&AExpenses Q3 FY 2015 versus Q3 FY 2016 0 0 (7) 128 Excluding impact of the energy  
market, vol/mix was a positive \$2 millionRaw material pass through was the primary driver to lower  
pricingDisciplined SG&A cost management (\$ millions)Preliminary 137 Other 0 (2)

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\* Ashland Performance Materials Adjusted EBITDA Bridge Q3 2015 Volume/ Mix Q3 2016 Currency Translation Margin SG&A Expenses Q3 FY 2015 versus Q3 FY 2016 (3) 5 1 Other 0 30 Composites volumes soft but margins remain solid I&S saw continued weak volumes and pricing, however turnaround costs in the prior-year quarter more than offset the impact of lower prices Disciplined SG&A cost management 27 (\$ millions) Preliminary 0

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\* Valvoline Adjusted EBITDA Bridge Q3 FY 2015 versus Q3 FY 2016 (\$ millions) Preliminary 7 (1) 0 (8) 119 116 5 Strong DIFM results, lower input costs, disciplined margin management and good volume/mix key to EBITDA growth Investments in promotions, advertising and digital technology upgrades contributed to SG&A growth Q3 2015 Volume/ Mix Q3 2016 Currency Translation Margin SG&A Expenses Other

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\* Normalized Volume Trends<sup>1</sup> Period Ended 1 Excludes volumes associated with divestitures of elastomers and biocides and exited redispersible powders (RDP) product line for all periods. Includes volumes associated with OCH International, Inc. Rolling Four Quarters 2 2

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\* Liquidity and Net Debt (\$ in millions) Scheduled Debt Repayments by Fiscal Year

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Appendix B: Non-GAAP Reconciliations

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\* Ashland Inc. and Consolidated Subsidiaries Reconciliation of Non-GAAP Data for 12 Months Ended June 30, 2016 1 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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\* Ashland Inc. and Consolidated Subsidiaries Reconciliation of Non-GAAP Data for 12 Months Ended September 30, 2015 1 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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\* (\$ millions, except percentages) 1 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. Ashland Inc. and Consolidated Subsidiaries Reconciliation of Non-GAAP Data for 12 Months Ended September 30, 2014

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\* (\$ millions, except percentages) 1 As reported figures for 2009 - 2011 include proforma adjustments for certain acquisitions and divestitures. See the November 15, 2011 Analyst Day Presentation for the reconciliation of the as reported figures to those reported under U.S. GAAP. For 2012 and 2013, refer to the respective year's fourth quarter Earnings Release presentation for the reconciliation to U.S. GAAP and the August 6, 2014 Form 8-K. Ashland Inc. and Consolidated Subsidiaries Reconciliation of Non-GAAP Data for the Fiscal Years ended September 30

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