Valvoline®

Bank of America Merrill Lynch Leveraged Finance Conference

Boca Raton, FL

November 2017



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, contained in this presentation, including statements regarding our industry, position, goals, strategy, operations, financial position, revenues, estimated costs, prospects, margins, profitability, capital expenditures, liquidity, capital resources, capital allocation, including dividends, plans and objectives of management are forward-looking statements. Valvoline has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should” and “intends” and the negative of these words or other comparable terminology. In addition, Valvoline™ 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 Valvoline’s current expectations and assumptions regarding, as of the date such statements are made, Valvoline’s future operating performance and financial condition, including Valvoline’s future financial and operating performance, strategic and competitive advantages, leadership and future opportunities, as well as the economy and other future events or circumstances. Valvoline’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: demand for Valvoline’s products and services; sales growth in emerging markets; the prices and margins of Valvoline’s products and services; the strength of Valvoline’s reputation and brand; Valvoline’s ability to develop and successfully market new products and implement its digital platforms; Valvoline's ability to attract and retain key employees; Valvoline's ability to operate in highly competitive markets; Valvoline’s ability to retain its largest customers; the success of Valvoline's marketing activities to promote and grow its business; potential product liability claims; new laws or regulations or changes in existing laws or regulations; imposition of new taxes or additional liabilities; Valvoline's ability to execute its growth strategy; third-party risks associated with Valvoline's joint ventures; dependence on franchised locations in Valvoline's Quick Lubes business; business disruptions from natural disasters; Valvoline’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Valvoline’s future cash flows, results of operations, financial condition and Valvoline’s ability to repay debt); Valvoline's ability to access the capital markets or obtain bank credit; operating as a stand-alone public company; Valvoline’s relationship with Ashland; payment-related risks associated with company-owned and franchised Quick Lubes locations; failure, caused by Valvoline, of the stock distribution to Ashland's stockholders to qualify for tax-free treatment, which may result in significant tax liabilities to Ashland for which Valvoline may be required to indemnify Ashland; and the impact of acquisitions and/or divestitures Valvoline has made or may make (including the possibility that Valvoline may not realize the anticipated benefits from such transactions or encounter difficulties with integration). These forward-looking statements are also subject to the risks and uncertainties affecting Valvoline that are described in its most recent Form 10-K (including in Item 1A Risk Factors and “Use of estimates, risks and uncertainties” in Note 2 of Notes to Consolidated Financial Statements) filed with the SEC, which is available on Valvoline’s website at http://investors.valvoline.com/sec-filings. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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Regulation G: Non-GAAP Financial Information

The information presented herein regarding certain financial measures that do not conform to generally accepted accounting principles in the United States (U.S. GAAP), including EBITDA, adjusted EBITDA, adjusted net income, adjusted EPS and free cash flow, should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Valvoline 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. Information regarding Valvoline’s definition, calculation and reconciliation of non-GAAP measures, including EBITDA, adjusted EBITDA, adjusted net income, adjusted EPS and free cash flow, can be found in the tables attached to Valvoline’s most recent earnings release dated November 8, 2017. Additionally, a reconciliation of EBITDA and Adjusted EBITDA is included in the Appendix herein.

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Today's Management Participants

	Name	Title	Years of Industry Experience	Selected Experience
	**Mary Meixelsperger**	*Chief Financial Officer*	17	• Joined Valvoline as CFO in 2016, assuming responsibility for global financial organization • Over 25 years of CFO experience, including DSW Inc., Shopko Stores, two non-profit organizations and a private equity firm • Began career in public accounting at Arthur Young and Co. • B.B.A. with distinction from the University of Wisconsin-Madison
	**Jason Thompson**	*Head of Treasury & Investor Relations*	7	• Joined Valvoline as Treasurer in 2016; in addition, responsible for Financial Planning and Analysis • Previously, held multiple corporate finance positions at Ashland • Served six years in the United States Navy • M.B.A. from Indiana University; B.S. from Oklahoma State University

Valvoline Overview



Our Brand is Driving a Growing Global Platform

Top 3
Premium Motor Oil Brand [1]

3
Winning Segments

~5,600
Employees

~$2.1Bn
In Annual Sales

Over 140
Countries With Valvoline Sales

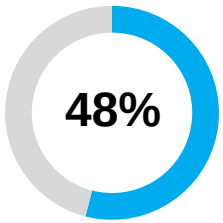
24.8%
Adj. EBITDA Margin [2]

Best-in-class
Retail Model

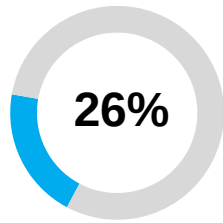
11
Consecutive Years of System-Wide SSS Growth [3]

1,127
Valvoline Instant Oil Change Units

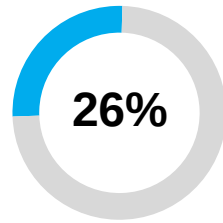
Our Sales Are Diversified Across 3 Distinct Channels



Core North America



Quick Lubes



International

Note: *All data shown are as of FY17 unless otherwise noted.*
1. By Volume in the United States DIY market in 2016.
2. See Appendix for Adjusted EBITDA reconciliation to Net Income.
3. SSS growth determined on a fiscal year basis with new stores included after first full fiscal year of operation.

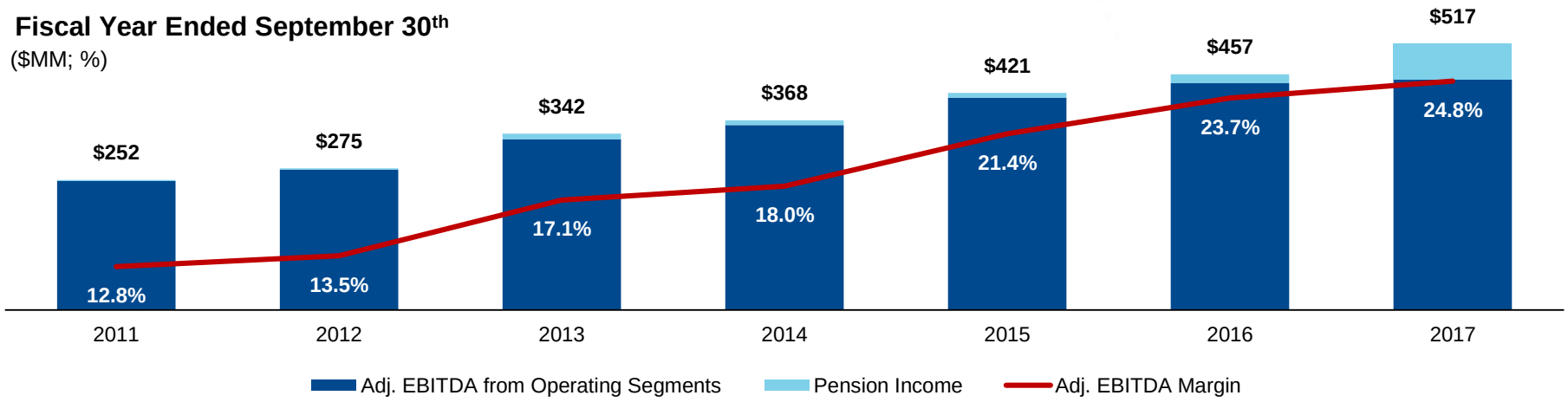
Our Key Drivers to EBITDA Growth

Drivers of Strong Profit

- Mix shift towards premium products: ~49% in 2017 from ~31% in 2011 (1)
- 11 consecutive years of system-wide SSS growth in VIOC stores (2) → **Fiscal 2017 System-wide SSS: 7.4%**
- Consistent volume and profit growth in international markets
- Proactive product pricing and raw material cost management

(4) (5)

Growth in Adj. EBITDA and Adj. EBITDA Margins (3)



1. *U.S. branded lubricants.*
2. *System-wide SSS growth. SSS growth determined on a fiscal year basis with new stores included after first full fiscal year of operation.*
3. *For a reconciliation of Adj. EBITDA to Net Income, see the Appendix to this presentation.*
4. *Adjusted EBITDA from Operating Segments is the contribution to Adj. EBITDA from our three operating segments of Core North America, Quick Lubes and International.*
5. *Represents portion of Adj. EBITDA from pension and OPEB income, which was $9 million, $17 million and $70 million in fiscal 2015, 2016 and 2017, respectively.*

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Key Investment Highlights



Our Roadmap for Success: Valvoline's Investment Highlights

Iconic Brand With Premium Products

Unique Multi-Channel Route to Market

Strong and Growing Quick Lube Channel

International Growth



History of Innovation

Solid Market Fundamentals

Disciplined Margin Management

Significant Free Cash Flow Generation

Iconic Brand With History of Innovation

1873 | 1930 | 1940 | 1950 | 1960 | 1970 | 1980 | 1990 | 2000

- 1873: The first trademarked American lubricant brand



- 1939: Introduces a single grade oil, X-18, eliminating the need for 18 other specific lubricants



- 1965: Introduces racing oil (now VR1)

- 1996: Introduces DuraBlend, Valvoline's first synthetic blend motor oil



- 2007: VIOC opens its 500th location

- 2017: Separation from Ashland
  - VIOC opens its 1100th location
  - Launches Advanced Bay Box and Easy Pour Bottle



- 1920: The Model T is filled with Valvoline and explicitly recommends Valvoline



- 1954: Introduces all-climate oil, eliminates switching oils seasonally



- 1985: Enters the quick-lube business, launching Valvoline Instant Oil Change in 1987

- 2000: Introduces MaxLife, to restore lost horsepower in cars w/ more than 75,000 miles

Unique Multi-Channel Route to Market

The Valvoline brand is sold across uniquely diverse routes to market

Quick Lubes		Core North America		International		
VIOC	Express Care	DIY	DIFM	Commercial & Industrial	JVs	OEMs





Advance Auto Parts

EXPRESS OIL CHANGE

AutoZone

GOODYEAR

NAPA

MONRO MUFFLER/BRAKE & Service

O'Reilly AUTO PARTS

TBC RETAIL GROUP

DAYTON FREIGHT

DURHAM SCHOOL SERVICES

Oldcastle

PROPETRO

SA Recycling 1-800-GOT-SCRAP?

Tyson

Cummins

GM

Mahindra

TATA TATA MOTORS

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Opportunities for Quick Lube Channel Growth

Substantial Opportunity For Organic Expansion

Mapped to Local Market Level for New Stores

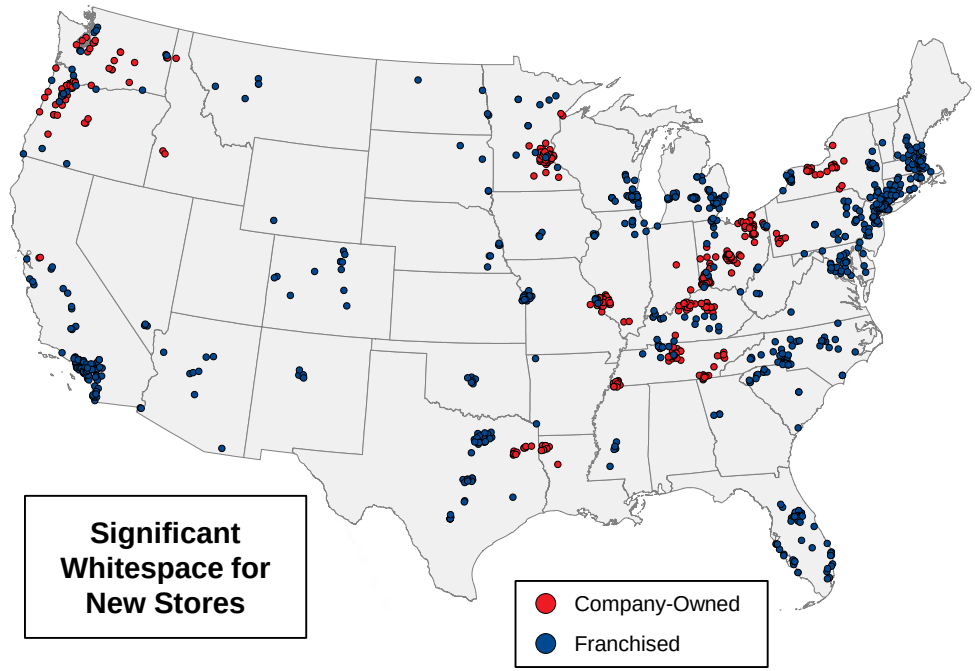
- Data driven, highly analytical approach
- Company-Owned and Franchised

Consolidation Opportunity in Fragmented Market

Identifying Acquisition Targets

- High quality regional acquisitions
- Multiple small acquisitions

Broad VIOC Geographic Footprint (1)



New Construction is an ~18 Month Process

1–3 Months	6 Months	6 Months	4 Months
1 Market Planning	2 Site Selection	3 Permitting	4 Construction



1. *Includes 384 company-owned stores and 743 franchised locations as of the end of fiscal 2017. Does not include Express Care operators.*

Strong and Growing Quick Lube Channel



Operating Stores Strengthens Business Model Performance



Proprietary Tools

- Point of Sale System
- SuperPro Management System
- Labor and Inventory Management

Marketing Platforms

- Digital platforms driving growth in number of cars
- Core programs generate ~6 month payback
- Customer database enabled

Customer Experience

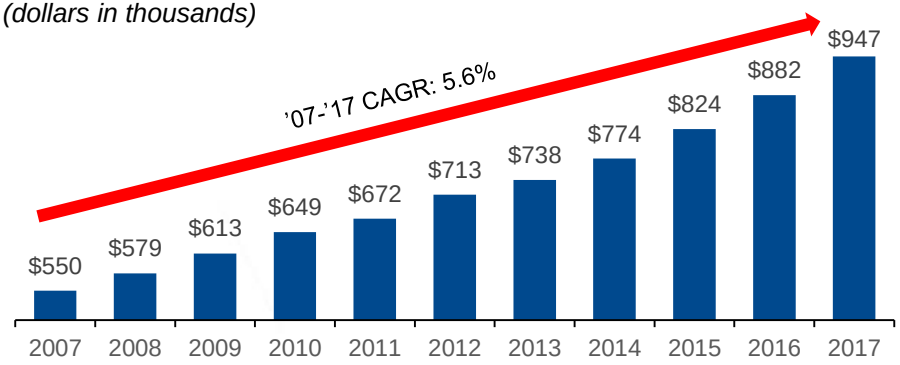
- Quick, Easy, Trusted
- Overall customer satisfaction 4.6 of 5 stars
- Customer retention over 70%

Talent

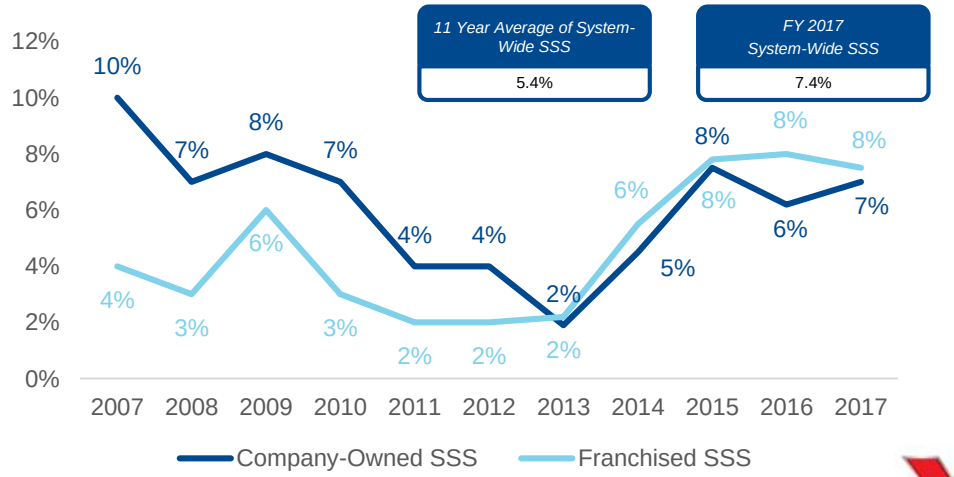
- Improved Safety Total Recordable Rate over 50%
- Reduced turnover by over 50%, store growth creates career path
- Entry level technicians go through 270+ hours of training

Our Sales Per Store Has Grown Steadily... (1)

System-Wide Average Sales per Store
(dollars in thousands)

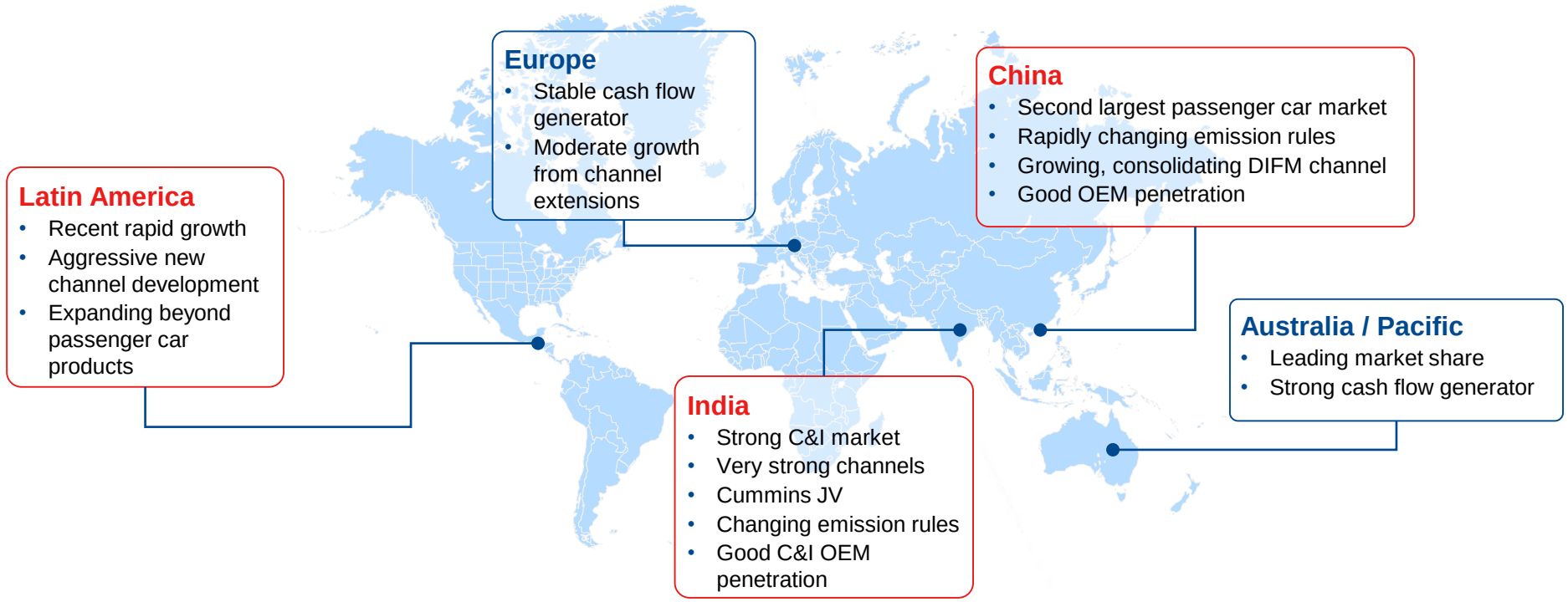


...Driving 11 Years of Same-Store Sales Growth (2)



1. *Data presented on a fiscal year basis.*
2. *SSS growth determined on a fiscal year basis with new stores included after first full fiscal year of operation.*

International Growth



Europe
- Stable cash flow generator
- Moderate growth from channel extensions

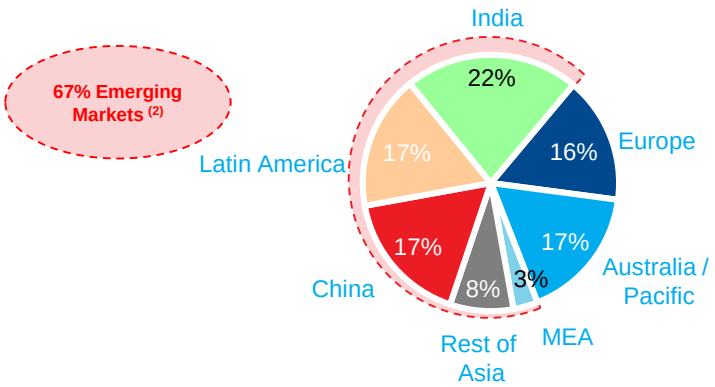
China
- Second largest passenger car market
- Rapidly changing emission rules
- Growing, consolidating DIFM channel
- Good OEM penetration

Latin America
- Recent rapid growth
- Aggressive new channel development
- Expanding beyond passenger car products

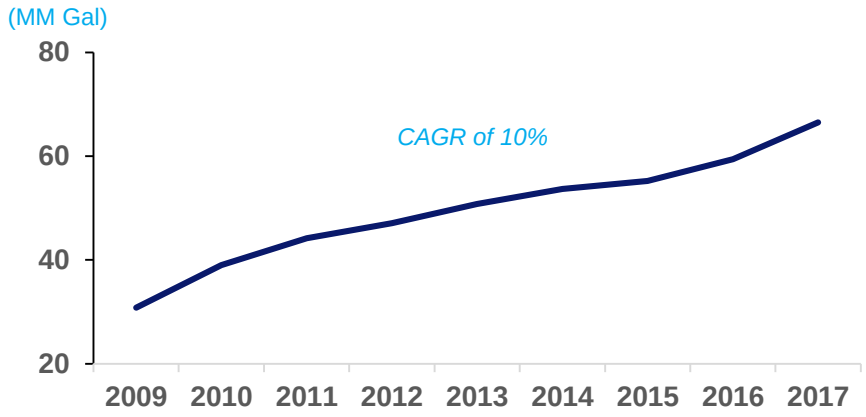
Australia / Pacific
- Leading market share
- Strong cash flow generator

India
- Strong C&I market
- Very strong channels
- Cummins JV
- Changing emission rules
- Good C&I OEM penetration

FY 2017 Sales Breakdown (1)



Valvoline Emerging Markets Sales Volume (1) (2)



1. *Includes unconsolidated JVs.*
2. *Emerging Markets consist of all countries outside of the U.S., Canada, Australia and Europe.*

Approach in Core North America

Innovative Products & Packaging

- Leading brand in a key category that drives traffic for retailers
- Continuous innovation around next-generation, fast growing, higher margin synthetics
- Packaging innovation that delivers both consumer and customer value





Targeted Marketing

- Targeted digital marketing to high potential consumers and influencers
- Team Valvoline loyalty platform delivering relevant content and building brand engagement
- Customized programs for key accounts, driving stronger partnerships
- Online to offline linkage increases effectiveness and reach



Enhanced Services

- Best in class retail category management capabilities to grow customers' businesses
- Service representative training to help drive profitable consumer engagement at the store level
- Customer portal and e-commerce improve customers' overall experience, drive incremental sales

GOODYEAR

EXPRESS OIL CHANGE

TD TireDiscounters

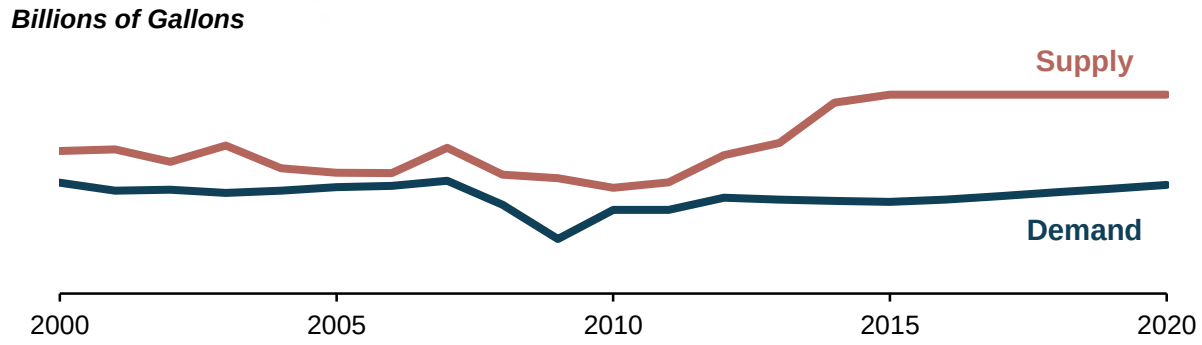
Strategic Pillars are Sources of Differentiation for Valvoline, Driving Competitive Advantage

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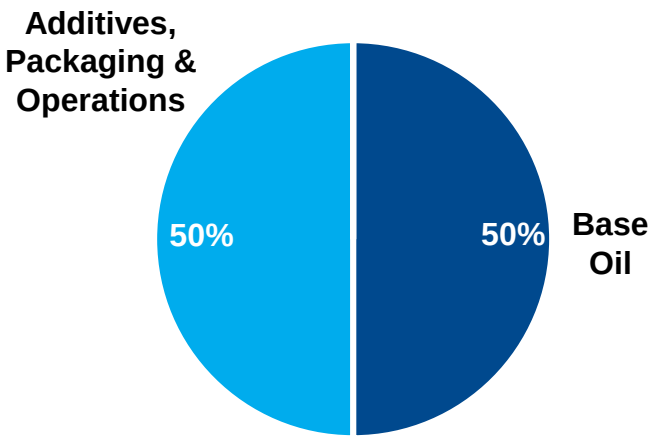
Fundamentals of Base Oil Markets and our Pricing Strategy

- Group II and Group III base oils are key components of higher quality lubricants
- From 2011 – 2016 Group II and Group III global capacity has increased 66% and 129%
- At the same time Group I capacity has dropped by 21%
- Base oil inflation since Summer 2016
  - Rising crude
  - Temporary supply tightness

Long Base Oil Market Expected to Continue Through 2020 and Provide Base Oil Pricing Stability



U.S. Finished Lubricant Cost Components (1)



Pricing

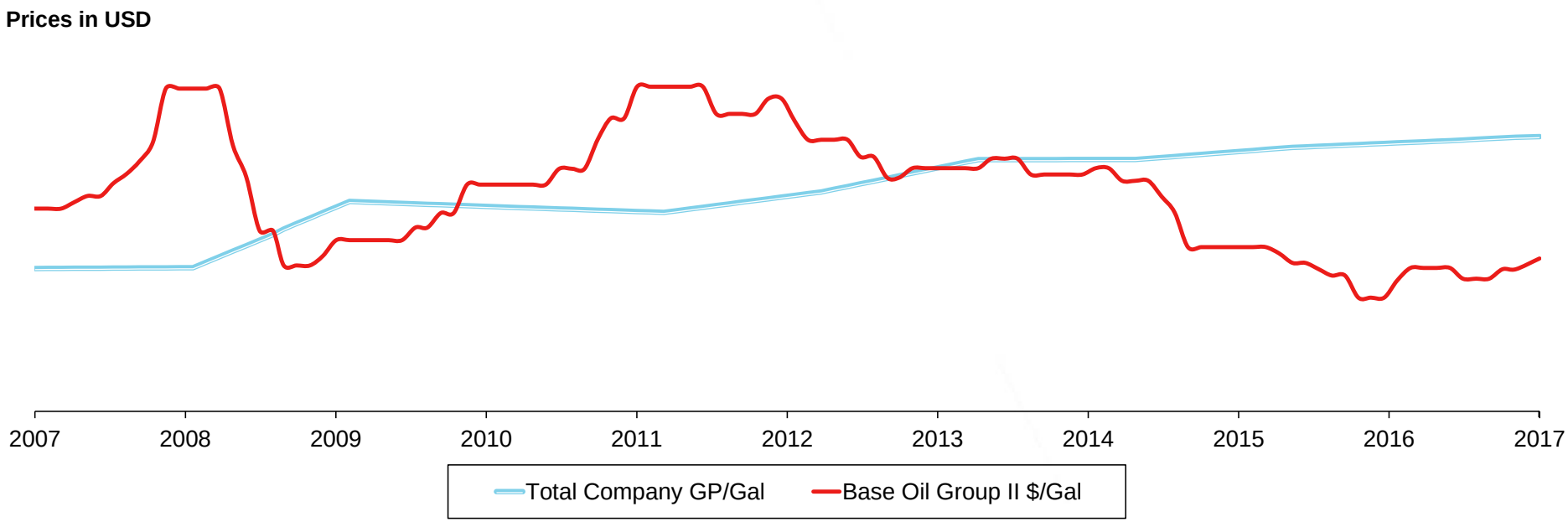
	Channels	Price Change Drivers	Average Lag
Market Based	DIY / Installer	Major base oil changes, competitive changes, retail pricing, Valvoline brand strength	60 - 120 days
Index Based	Installer (national / regional accounts), VIOC Franchisees	Posted base oil indices	45 days
Private Label / Other	DIY / Warehouse Distributor, OEM, Other	Major base oil changes	30 - 60 days

Source: *Polk and Experian data, IHS Chemical Report and internal estimates.*

1. *Based on raw material pricing for FY17.*

Disciplined Margin Management

Valvoline Unit Margins Improving Despite Changes in Base Oil Pricing



1. ***Improved Unit Margins Through Business and Product Mix***
2. ***Long Base Oil Market Has Enabled Us to Improve Our Purchasing Terms***
3. ***Protected Unit Margins in Rising Cost Environment***

Note: *Historical gross profit / gallon based on Valvoline financials as a subsidiary of Ashland.*

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Financial Overview



Fiscal 2017 Summary

- Lubricant volume grew 3 percent to 179.7 million gallons
- Reported operating income of $532 million; EBITDA(1) from operating segments of $447 million
- VIOC system-wide SSS grew 7.4 percent, the eleventh consecutive year of SSS growth
- Cash used in operating activities was $130 million, including a voluntary pension contribution of approximately $400 million; free cash flow(1) was $196 million

1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated November 8, 2017, available on Valvoline's website at http://investors.valvoline.com

FY18 Guidance

- Growing volume, sales, and earnings
- Adding new quick lube stores
- Beginning in FY18, Valvoline will reclassify non-service pension and other post-employment benefit (OPEB) income to be non-operating

	2018 Outlook	2017 Performance
Operating Segments		
• Lubricant Gallons	3-4%	3%
• Revenues	7-9%	8%
• VIOC Company Stores (excluding franchise conversions)	23-25	28
• VIOC Franchised Stores (excluding franchise conversions)	25-35	31
• VIOC same-store sales	4-6%	7.4%
• Adjusted EBITDA[1] (excluding pension & OPEB income)	$480-$500 million	$447 million
Corporate Items		
• Pension & OPEB Income	$40 million	$70 million
• Adjusted effective tax rate[1]	34-35%	34.6%
• Diluted adjusted EPS[1] (excluding pension & OPEB income)	$1.20-$1.28	$1.18
• Capital expenditures	$80-90 million	$68 million
• Free cash flow[1] (inclusive of cash tax benefit for pension funding)	$260-$290 million	$196 million

1. For reconciliation of adjusted amounts to amounts reported under GAAP that may be reconciled without unreasonable efforts please refer to Valvoline's earnings release dated November 8, 2017, available on Valvoline's website at http://investors.valvoline.com

Valvoline Most Recent Transactions Overview

- Issued $400 million of senior unsecured notes due 2025
  - Proceeds used to make voluntary contribution to fund US qualified pension plan
  - Significantly reduces risk related to pension obligations
  - Transaction is leverage neutral on pension adjusted basis
  - Currently exchanging senior notes for substantially identical registered senior notes
    - 5.50% due 2024 and 4.375% due 2025
- Amended and extended accounts receivable securitization facility

Valvoline Balance Sheet and Credit Metrics

($ in mm)

Capitalization as of 9/30/17	
Cash and Cash Equivalents	201
Sr. Secured Revolving Credit Facility ($450mm)	-
Sr. Secured Term Loan A	285
Sr. Secured AR Securitization Facility ($125mm)	75
Other	2
Total Secured Debt	**362**
5.50% Sr. Unsecured Notes	375
4.375% Sr. Unsecured Notes	400
Other	(13)
Total Debt	**1,124**
Unfunded Pension & OPEB[1]	357
Total Debt and Pension Liabilities	**1,481**
Pro Forma Operating Data - LTM	
Adj. EBITDA	**517**
Net Interest & Other Financing Expense	**42**

Credit Statistics	
Senior Unsecured Debt / Adj. EBITDA	1.5x
Total Debt / Adj. EBITDA	2.2
Total Debt and Pension Liab. / Adj. EBITDA	2.9
Total Net Debt / Adj. EBITDA[2]	1.8
Interest Coverage[3]	12.3

Cash Flow Items	
Cash From Operations, Normalized[4]	265
Capital Expenditures	68
Free Cash Flow, Normalized	**$197**

Uses of Cash	
Acquisitions	68
Dividends	40
Share Repurchases	50

Current Ratings	Moody's Investors Service	S&P Global Ratings
Corporate Family Rating	Ba2	BB+
Sr. Secured	NR	BBB-
Sr. Unsecured	Ba3	BB+
Outlook	Stable	Stable

Note: *See Appendix for Adjusted EBITDA reconciliation to Net Income*

1. *Unfunded pension and OPEB represents the GAAP reported amounts for the period indicated. A mark-to-market is performed annually at fiscal year end.*
2. *Total Net Debt is defined as Total Debt less Cash and Cash Equivalents.*
3. *Interest Coverage calculated as Adjusted EBITDA / Net Interest & Other Financing Expense.*
4. *Normalized Cash From Operations excludes the voluntary pension contribution of $394 million.*

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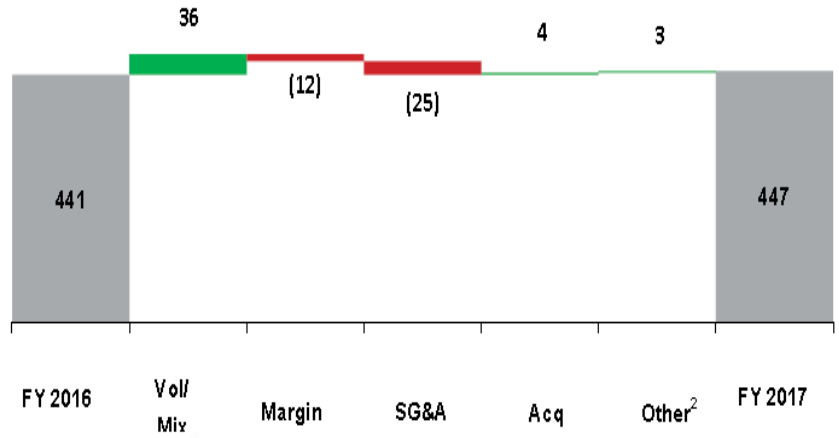
Appendix



Adjusted[1] Results for FY 17

($ in millions)	Fiscal Year Twelve months ended Sept. 30		
Results from Operating Segments	2017	2016	Change
Lubricant gallons (in millions)	179.7	174.5	3 %
Sales	$2,084	$1,929	8 %
Operating income	$ 405	$ 403	- %
Depreciation and amortization	42	38	11 %
Earnings before interest, taxes, depreciation and amortization (EBITDA) from Operating Segments[1]	$ 447	$ 441	1 %
EBITDA as a percent of sales	*21.4 %*	*22.9 %*	*(150) bp*
Total Adjusted[1] Results			
Adjusted[1] EBITDA in Unallocated & Other	$ 70	$ 16	338 %
Total Adjusted[1] EBITDA	$ 517	$ 457	13 %
Total Adjusted EBITDA as a percent of sales	*24.8 %*	*23.7 %*	*110 bp*

Factors Affecting Y-o-Y EBITDA From Operating Segments (1)



1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated November 8, 2017, available on Valvoline's website at http://investors.valvoline.com.
2 Other includes foreign exchange impacts as well as equity, royalty, and other income/expense.

Fiscal Year 2017
Segment Adjusted Results(1)

Core North America

($ in millions)	Twelve months ended Sept. 30		
Results from Operating Segments	2017	2016	Change
Lubricant gallons (in millions)	99.4	101.2	(2) %
Sales	$1,004	$ 979	3 %
Operating Income	$ 199	$ 212	(6) %
Depreciation and amortization	*15*	*16*	*(6) %*
EBITDA[1]	$ 214	$ 228	(6) %
EBITDA as a percent of sales	*21.3 %*	*23.3 %*	*(200) bp*

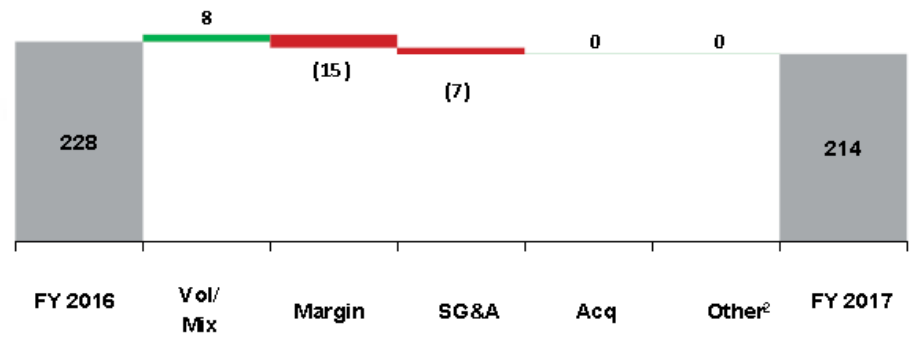
Quick Lubes

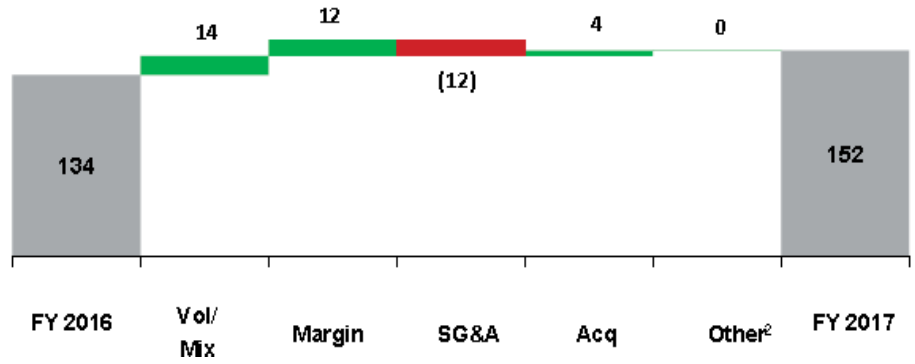
Lubricant gallons (in millions)	22.5	20.2	11 %
Sales	$ 541	$ 457	18 %
Operating Income	$ 130	$ 117	11 %
Depreciation and amortization	*22*	*17*	*29 %*
EBITDA[1]	$ 152	$ 134	13 %
EBITDA as a percent of sales	*28.1 %*	*29.3 %*	*(120) bp*

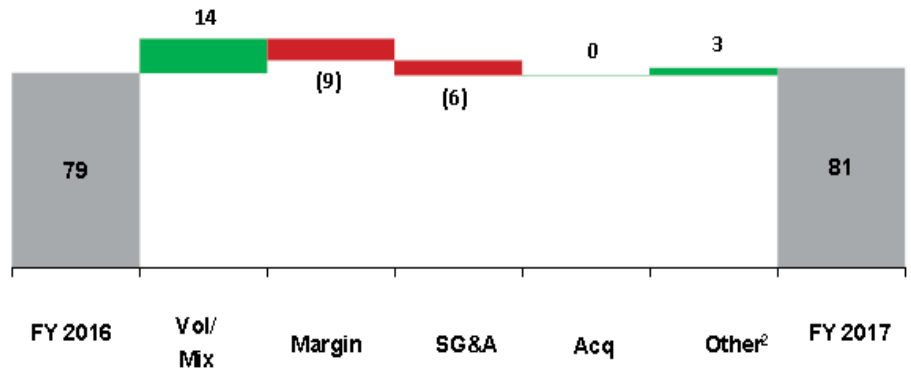
International

Lubricant gallons (in millions)	57.8	53.1	9 %
Sales	$ 539	$ 493	9 %
Operating Income	$ 76	$ 74	3 %
Depreciation and amortization	*5*	*5*	*- %*
EBITDA[1]	$ 81	$ 79	3 %
EBITDA as a percent of sales	*15.0 %*	*16.0 %*	*(100) bp*

Factors Affecting Y-o-Y EBITDA







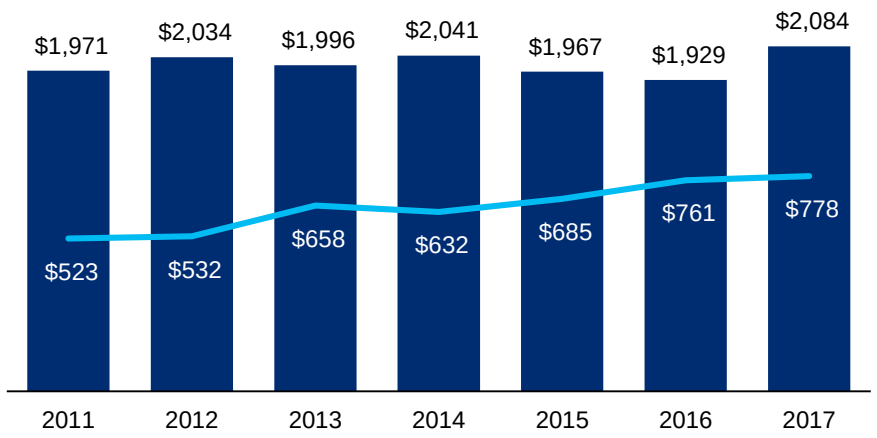
1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated November 8, 2017, available on Valvoline's website at http://investors.valvoline.com.

2 Other includes foreign exchange impacts as well as equity, royalty, and other income/expense.

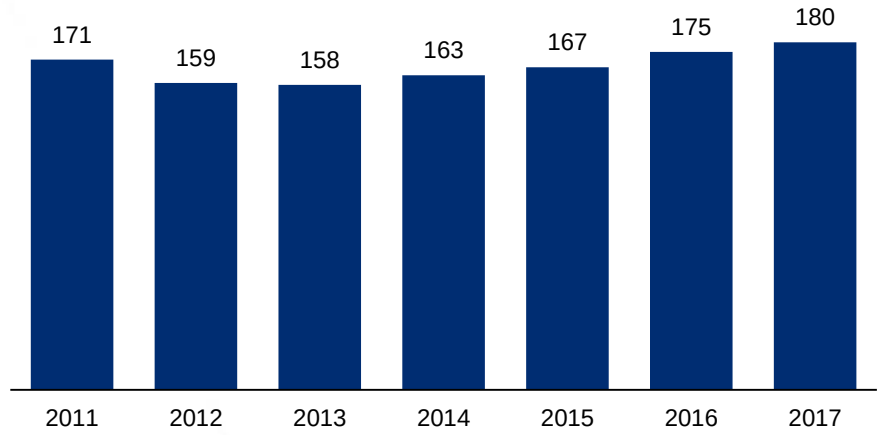
Historical Financial Summary

Fiscal Year Ended September 30th

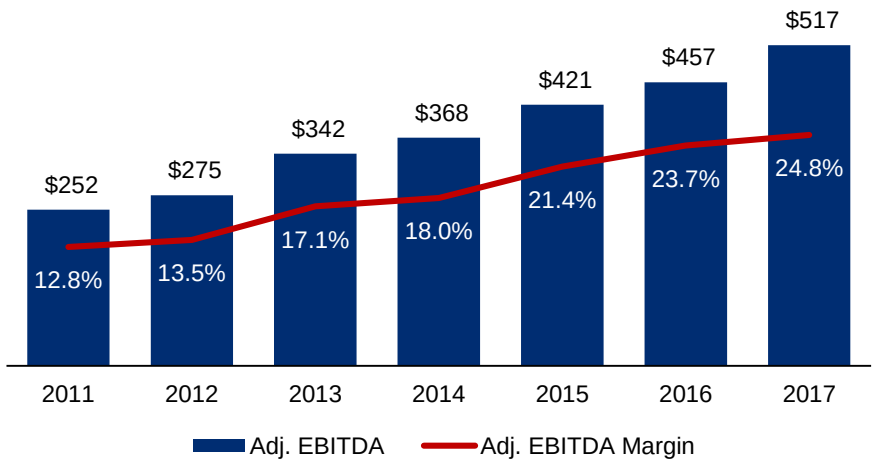
Sales and Gross Profit ($ in millions)



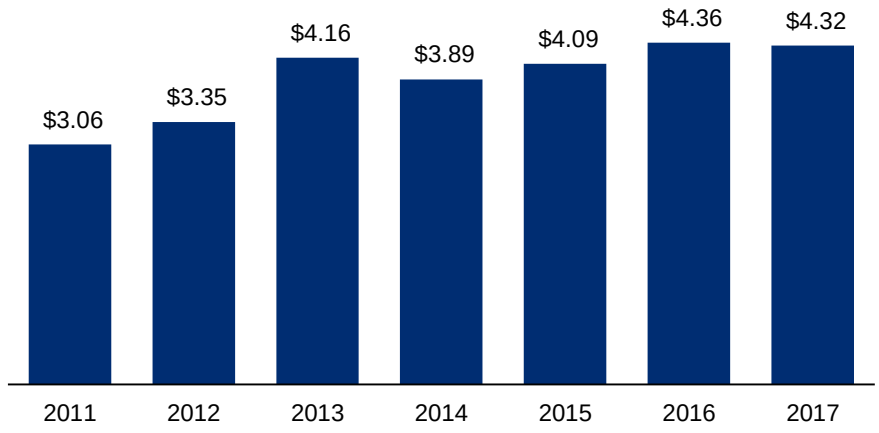
Volume (Millions of Gallons)



Adjusted EBITDA and Margin % ($ in millions)



Gross Profit per Gallon ($ / Gallon)



Note: *For a reconciliation of EBITDA and Adjusted EBITDA to Net Income, see the Appendix to this presentation*

Valvoline.

Historical EBITDA and Adj. EBITDA

Fiscal Year Ended September 30th

($ in millions)	2011	2012	2013	2014	2015	2016	2017
Net income	$110	$114	$246	$173	$196	$273	$304
Income tax expense	52	58	135	91	101	148	186
Net Interest and other financing expense	-	-	-	-	-	9	42
Depreciation and amortization	38	36	36	37	38	38	42
EBITDA	$200	$207	$416	$302	$335	$468	$574
Adjustments							
Losses (gains) on pension and other postretirement plan re-measurements	52	68	(74)	61	46	(18)	(68)
Separation Costs + Adj. associated with Ashland Tax Indemnity	-	-	-	-	-	6	16 (1)
Net Loss on Divestiture / Acquisition Costs	-	-	-	-	26	1	-
Impairment on Equity Investment	-	-	-	-	14	-	-
Restructuring and other changes in estimates (2)	-	-	-	6	-	-	(5)
Adjusted EBITDA	$252	$275	$342	$369	$421	$457	$517

1. Separation costs ($ in millions) were $32 while the Ashland tax indemnity was ($16)
2. Includes change in estimate for insurance reserves