Valvoline Inc.

CAGNY – February 2020

Safe Harbor

Forward-Looking Statements

Certain statements in this presentation, other than statements of historical fact, including estimates, projections and statements related to Valvoline's business plans and operating results, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. These forward-looking statements are based on Valvoline's current expectations, estimates, projections and assumptions as of the date such statements are made, and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures about Market Risk" sections of Valvoline's most recently filed periodic reports on Forms 10-K and Forms 10-Q, which are available on Valvoline's website at http://investors.valvoline.com/sec-filings or the SEC's website at http://sec.gov. Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future, unless required by law.

Regulation G: Adjusted Results

The information presented herein, regarding certain financial measures that do not conform to generally accepted accounting principles in the United States (U.S. GAAP), 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 definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

Key Business Measures

Valvoline tracks its operating performance and manages its business using certain key business measures, which management believes are important to understanding Valvoline's operating performance. Information regarding Valvoline's definitions of key business measures and management's use of such measures is included in the Appendix.



Sam Mitchell

Chief executive officer

Company Overview

~$2.4B	~20%	Over 1,400	Top 3	Over 140
In Sales	In Adjusted[1] EBITDA Percent of Sales	Franchise & Company-owned Quick Lubes Stores[2]	Premium Motor Oil Brand[3]	Countries With Valvoline Sales[2]

* Note all data are for FY19 unless otherwise noted.
1. For reconciliation of adjusted historical amounts to amounts reported under GAAP, please refer to the Appendix.
2. As of Dec. 31, 2019
3. By volume in the U.S. DIY market in CY 2019.

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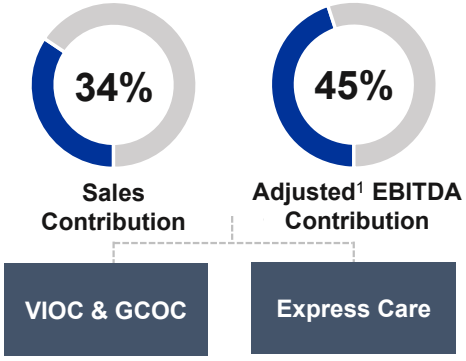
Quick Lubes







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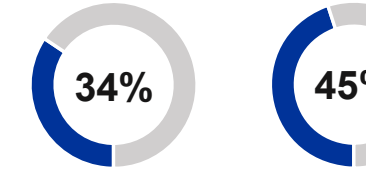


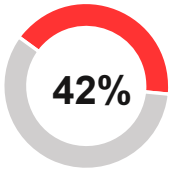
Sales Contribution | Adjusted[1] EBITDA Contribution

- VIOC & GCOC
- Express Care



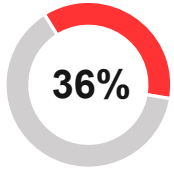


Core North America



Sales Contribution

- Retail (DIY)
  - O'Reilly Auto Parts
  - AutoZone
  - Advance Auto Parts
  - NAPA
  - Walmart



Adjusted[1] EBITDA Contribution

- Installer (DIFM)
  - Goodyear
  - Express Oil Change
  - TBC Retail Group
  - Monro Auto Service and Tire Centers

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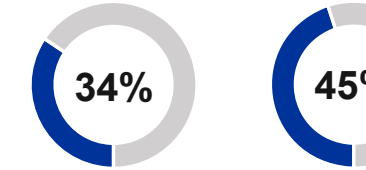

Sales Contribution | Adjusted[1] EBITDA Contribution

- VIOC & GCOC
- Express Care



Core North America



Sales Contribution | Adjusted[1] EBITDA Contribution

- Retail (DIY)
- Installer (DIFM)

International



Sales Contribution | Adjusted[1] EBITDA Contribution

- Commercial and Industrial (C&I)
- JVs & OEMs



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Multiple Channels to Market



Roadmap to Drive Shareholder Value

1	2	3
Grow	**Maintain**	**Develop**
Quick Lubes	*Core North America*	*International*
Win in Retail Services	Strengthen foundation and drive efficiency	Capture market share
EBITDA Growth Target: Low Double Digits to Mid Teens	**EBITDA Growth Target: Flat to Modest Decline**	**EBITDA Growth Target: Mid to High Single Digit**

* Note all EBITDA growth targets are CAGRs through FY22.

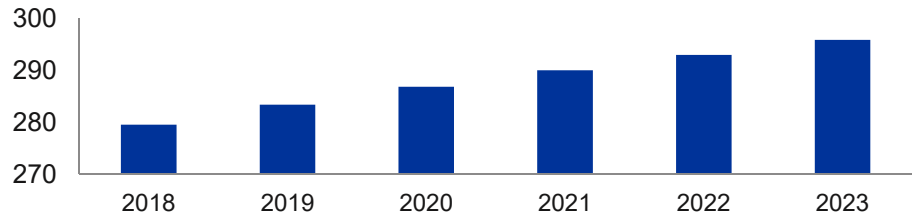
Trends Behind our Strategy

Consumer Demand for Convenience



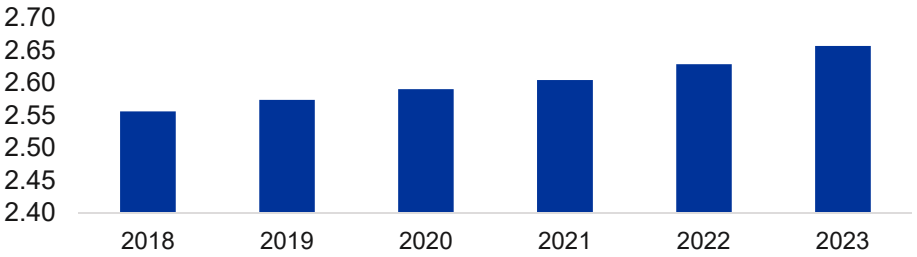
More Vehicles on the Road

U.S. Light Vehicles in Operations[1] (M)



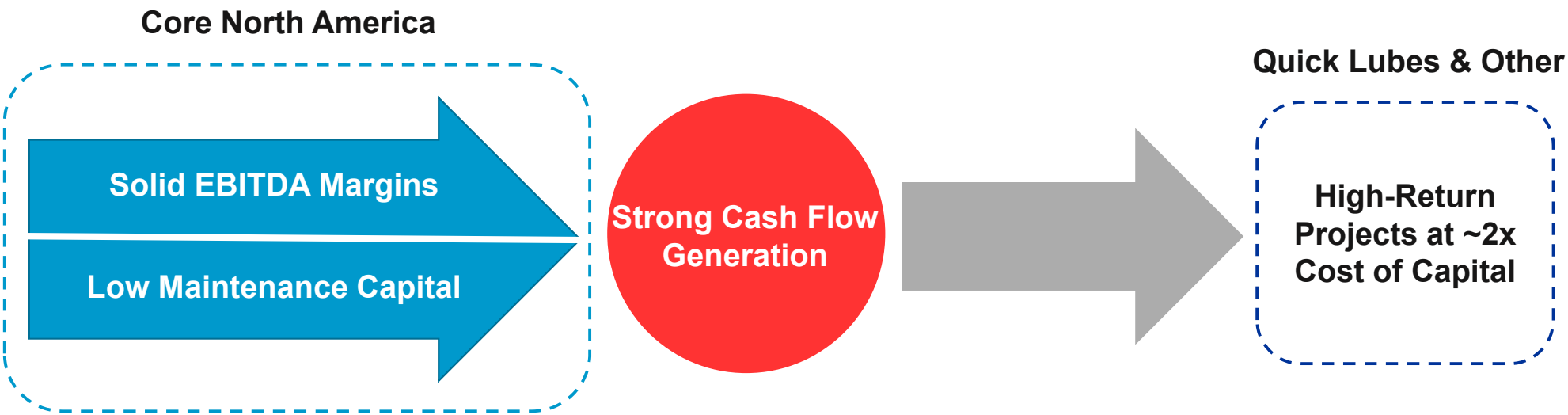
Global Heavy-duty Growth

Lubricant Volume[2] (B gallons)



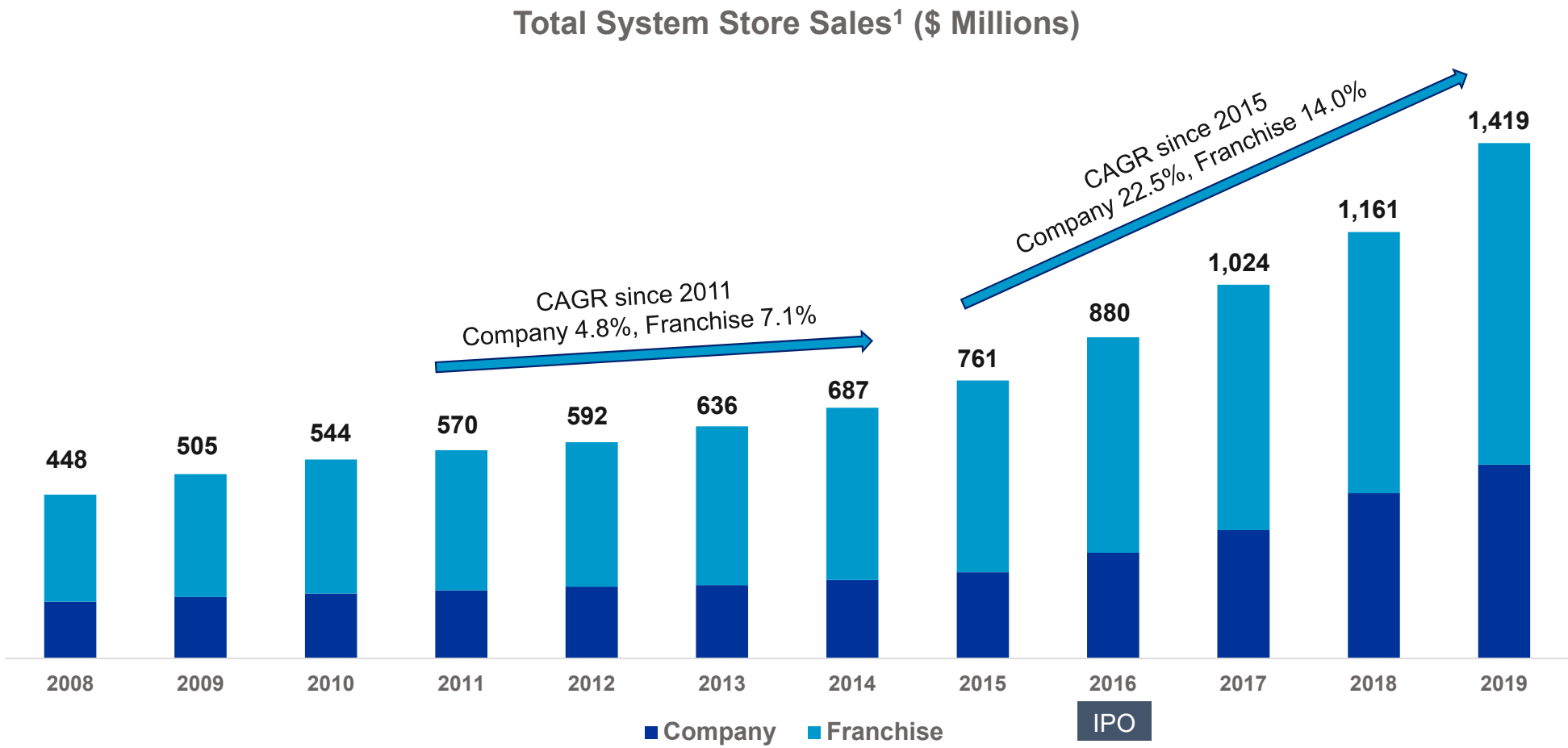
1 Source: Business Monitor Intelligence
2 Source: IHS Markit

Deploying Cash Flows for Growth with Strong Returns



ROIC consistently above 20%

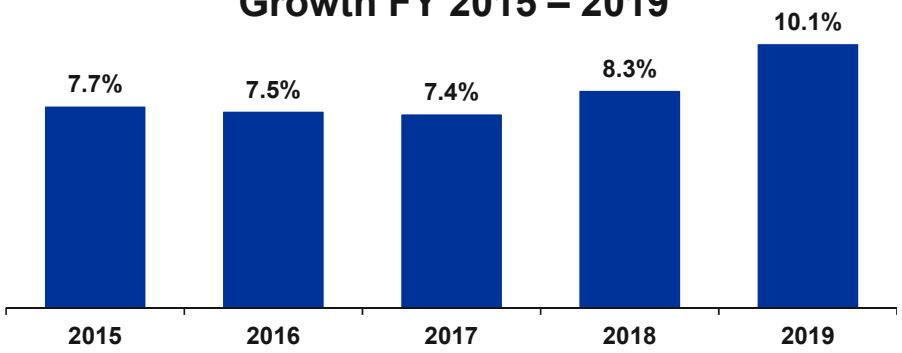
Industry-leading Retail Sales Growth is Accelerating



1 Valvoline franchises are distinct legal entities, and Valvoline does not recognize store-level sales from franchised stores as Quick Lubes operating segment revenue; Please refer to the Appendix for further information regarding management's use of key business measures..

Best-in-Class Same Store Sales Performance

System-wide Same Store Sales[1] (SSS) Growth FY 2015 – 2019



- FY 2019 was the 13th consecutive year of system-wide same store sales growth
- FY 2015 – 2019 average annual system-wide same store sales growth of 8.2%

1 For a discussion of management's use of key business measures, please refer to the Appendix.

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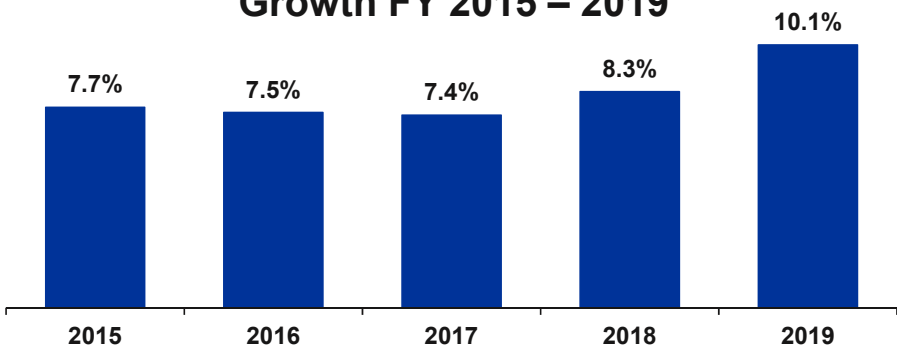

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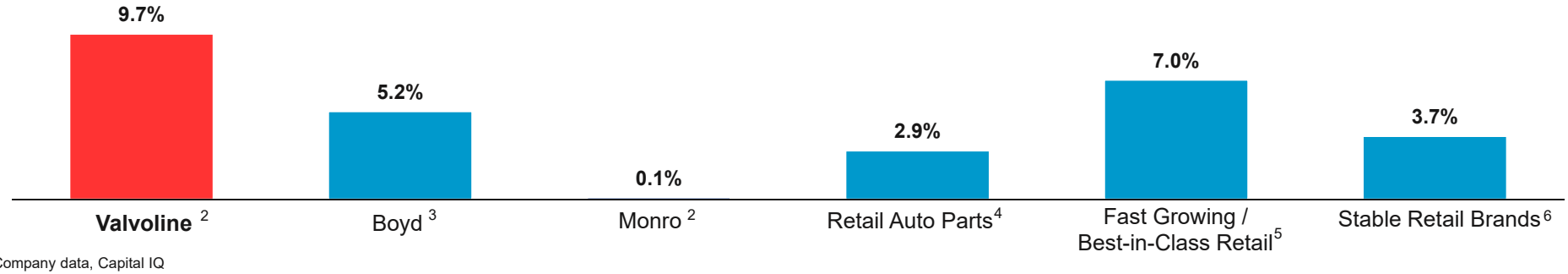
Nearest Trailing Twelve Months (TTM) SSS Comps



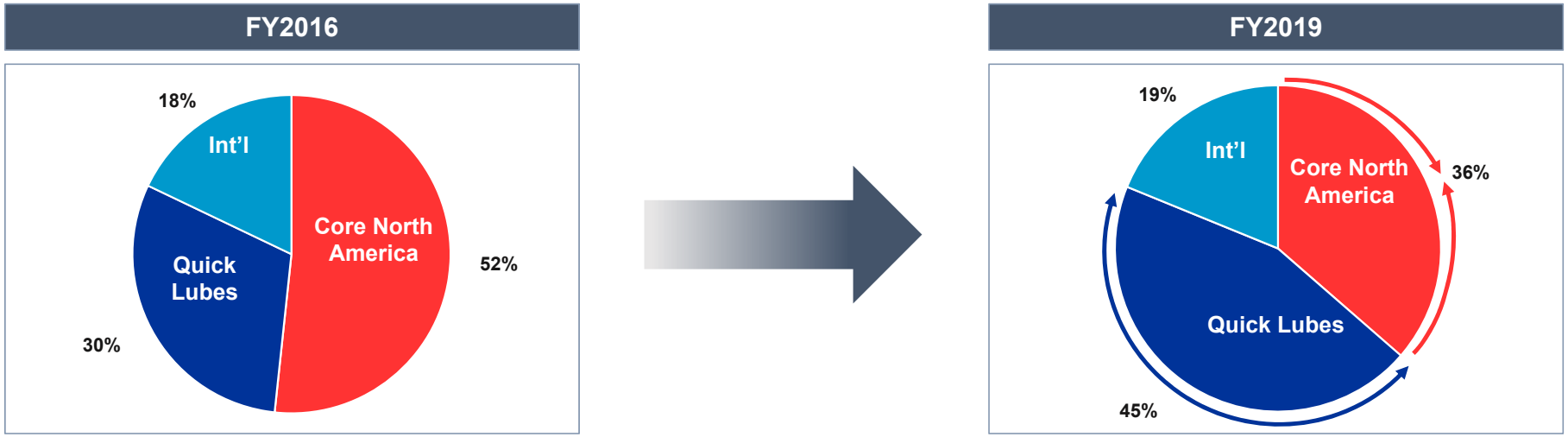
Source: Company data, Capital IQ

1 For a discussion of management's use of key business measures, please refer to the Appendix.
2 SSS for CY 2019 (system-wide for Valvoline Quick Lubes)
3 Boyd SSS TTM average for Q3 2019
4 Represents median of AutoZone, O'Reilly Auto Parts, Advance Auto Parts and Genuine Parts Company (Automotive Segment); O'Reilly SSS for CY 2019; AutoZone, Advance Auto Parts and Genuine Parts Company SSS TTM average for Q3 2019
5 Represents median of Planet Fitness, Wingstop, National Vision and Floor & Décor; Wingstop SSS for CY 2019; Planet Fitness, National Vision and Floor & Décor SSS TTM average for Q3 2019
6 Represents median of McDonald's, Starbucks, Walmart and Home Depot; McDonald's and Starbucks SSS for CY 2019; Walmart and Home Depot SSS TTM average for Q3 2019

Shift to Services Benefits Valvoline

- ✓Higher margins with attractive tailwinds
- ✓Increased stability through expanded captive distribution of product portfolio with end-to-end control and lower sensitivity to raw material inflation
- ✓Platform for broadening service offerings

Trend in Adjusted[1] EBITDA Mix



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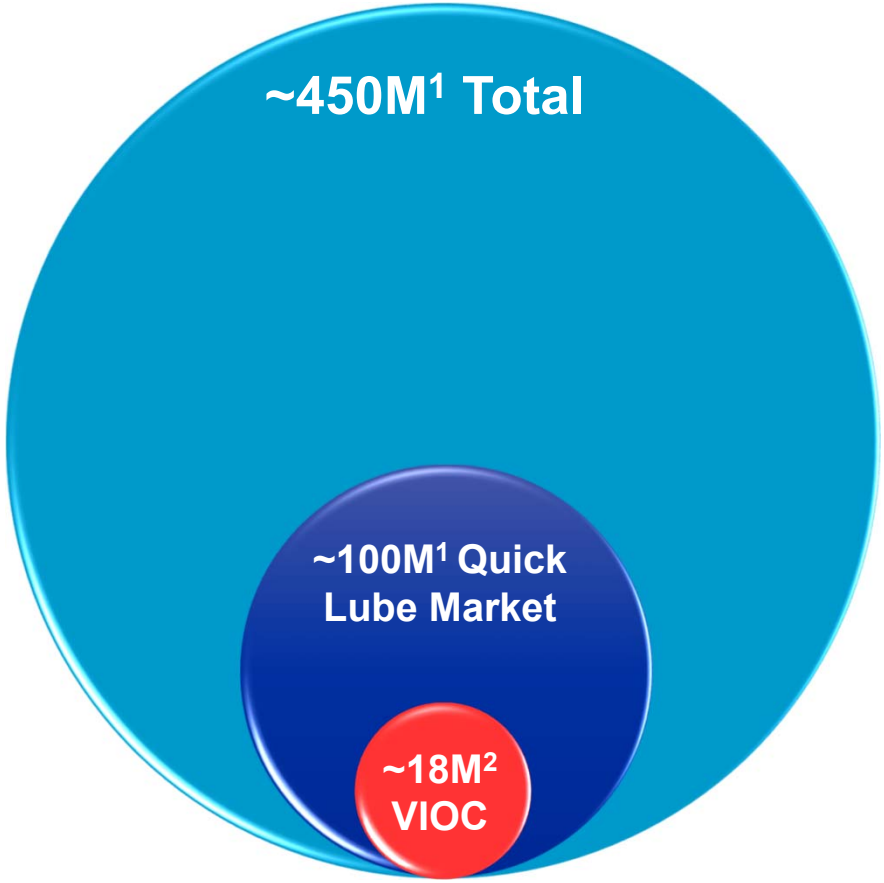
Significant Share Growth Opportunity Beyond Quick Lubes

Estimated U.S Annual Do-It-For-Me (DIFM) Oil Changes



[1] Company estimates based on industry data for total DIFM in U.S. (Passenger Car & Light Truck)
[2] VIOC system-wide U.S. oil changes estimate for fiscal year 2020

Valvoline



Tony Puckett

Senior vice president,
and president, Quick Lubes

Superior Customer Experience Drives SSS Growth



Quick. Easy. Trusted.



Clear Competitive Advantage Driven By…



1

Technology & Super-Pro Process



2

Best-in-class Marketing



3

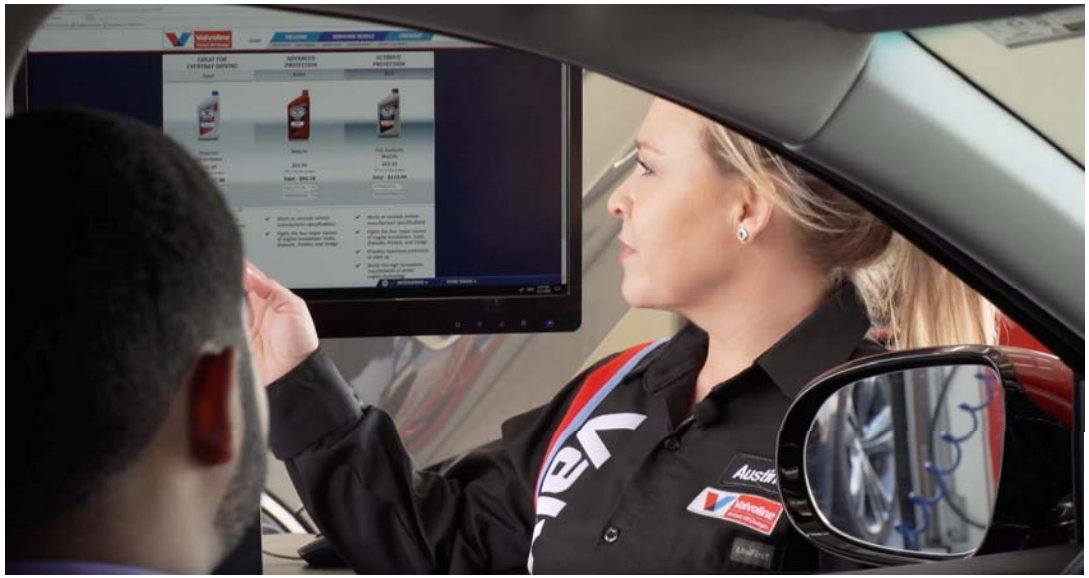
Strong Talent & Culture

Superior Customer Experience



Superior Proprietary Technology Drives Business Model

1. Enables consistency of service experience
2. Captures customer and vehicle related data
3. Supports educational based selling



Fully Integrated Super-Pro Management System & Point-of-Service Platform

Superior Proprietary Technology Drives Business Model

1. Enables consistency of service experience
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Fully Integrated Super-Pro Management System & Point-of-Service Platform

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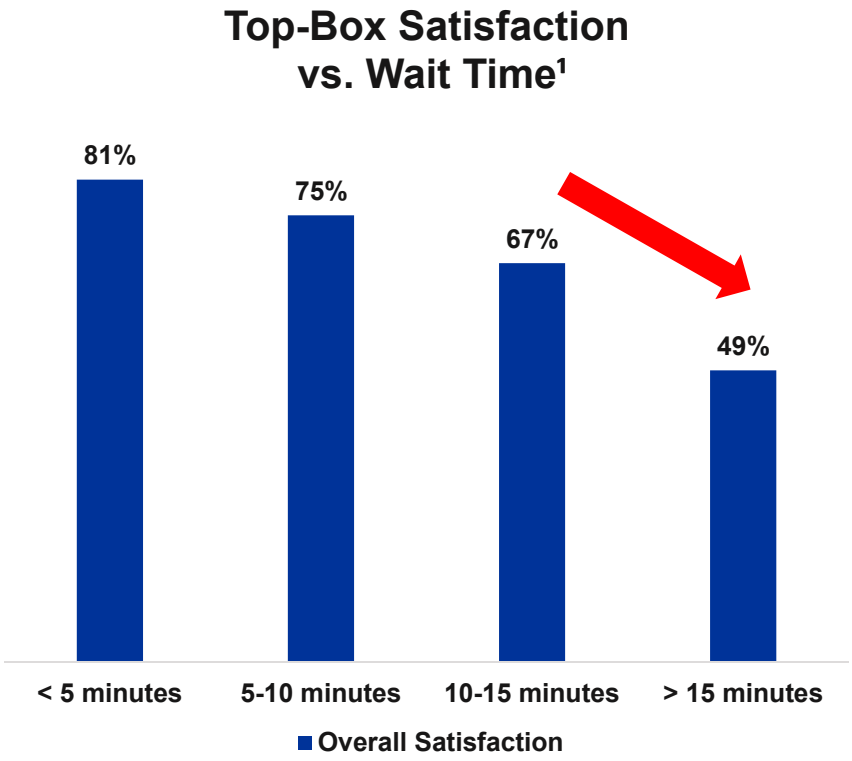
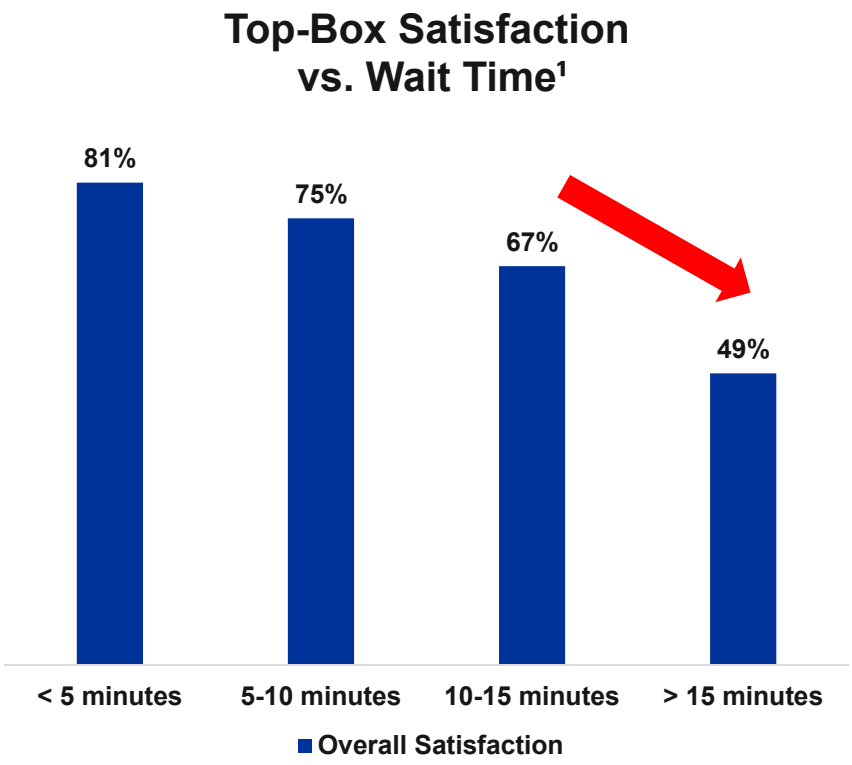
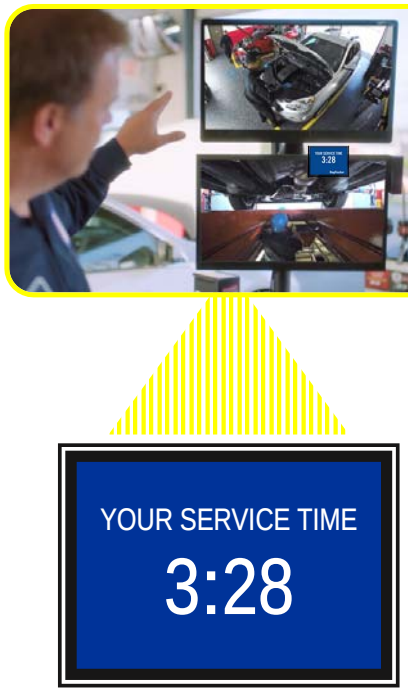


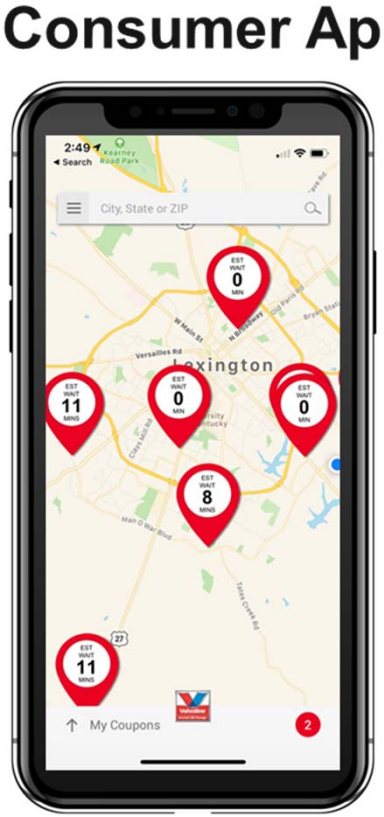
Leveraging technology to address key dissatisfiers and drive retention

[1] Based on Service Management Group post visit consumer survey for top box overall satisfaction scores

Superior Proprietary Technology Drives Business Model







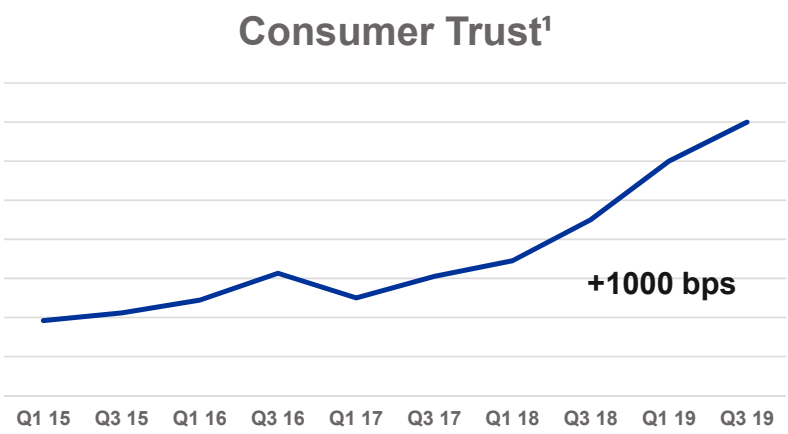
Leveraging technology to address key dissatisfiers and drive retention

[1] Based on Service Management Group post visit consumer survey for top box overall satisfaction scores

Best in Class Marketing







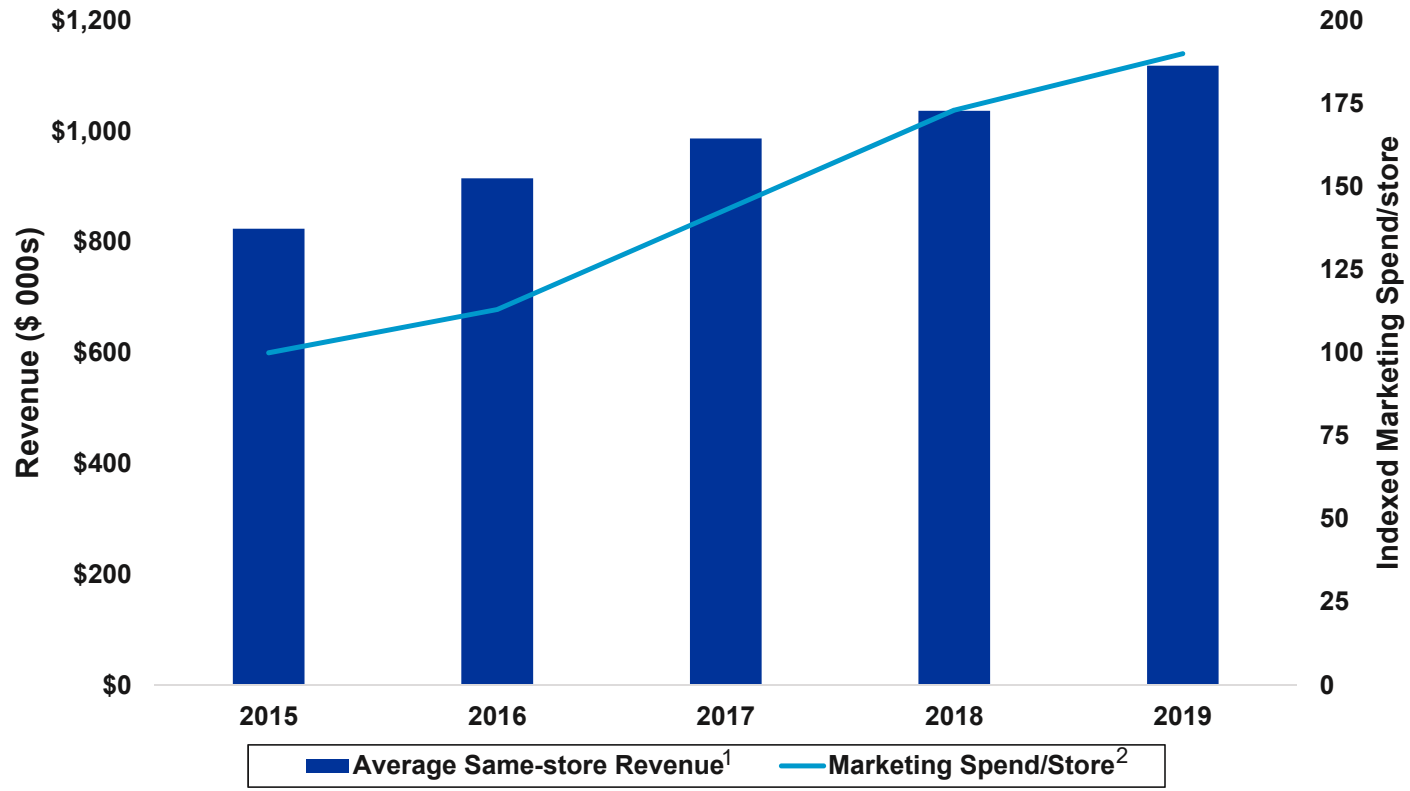


¹Based on Service Management Group post visit consumer survey

Brand positioning and delivery is driving customer trust & satisfaction

Best in Class Marketing Driving Growth

- Digital-focused, data-driven & targeted marketing programs
  - Greater than 2x Year 1 ROI performance



1 Based on company-owned same stores
2 Marketing spend per company-owned same store indexed to 2015

Significant Share Growth Opportunity Beyond Quick Lubes

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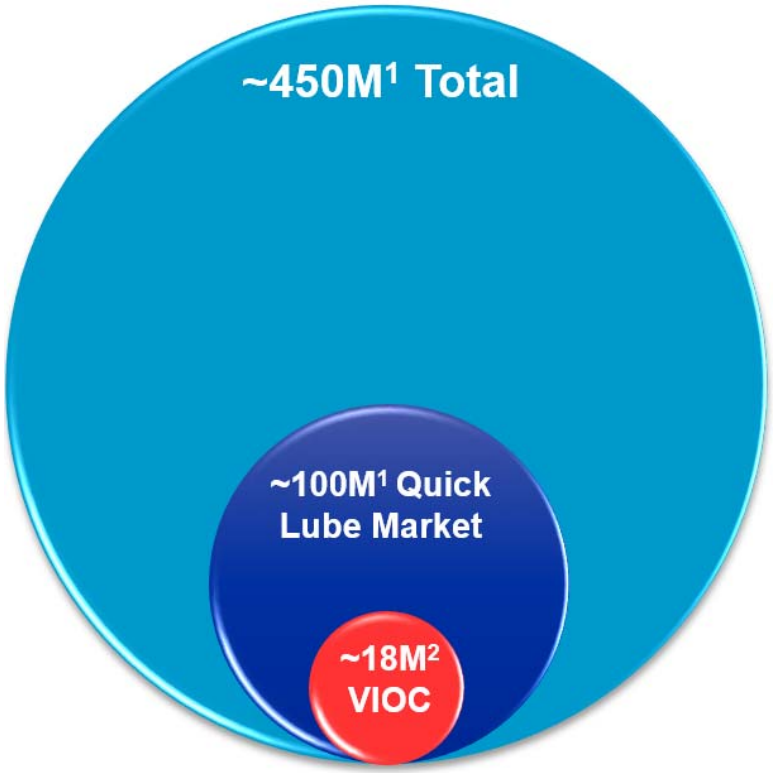
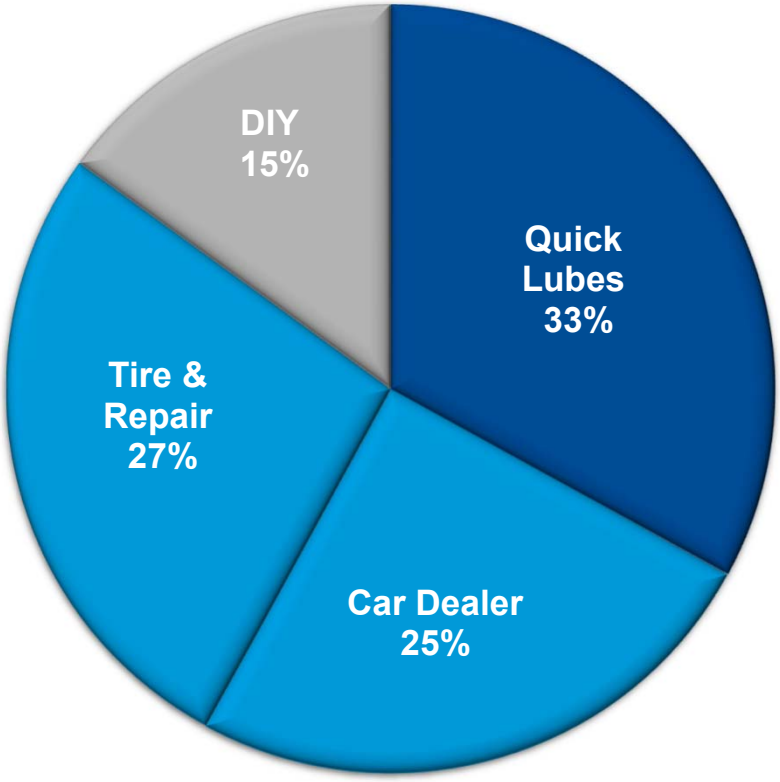


Source of New VIOC Customers[3]



[1] Company estimates based on industry data for total DIFM in U.S. (Passenger Car & Light Truck)
[2] VIOC U.S. oil changes estimate for fiscal year 2020
[3] Survey data provided by VIOC customers over the trailing twelve months as of Q1 FY 2020

Strong Talent & Culture



Notes:

Attract

- Highly selective talent acquisition platform
- Less than 10% of 60,000+ candidates hired

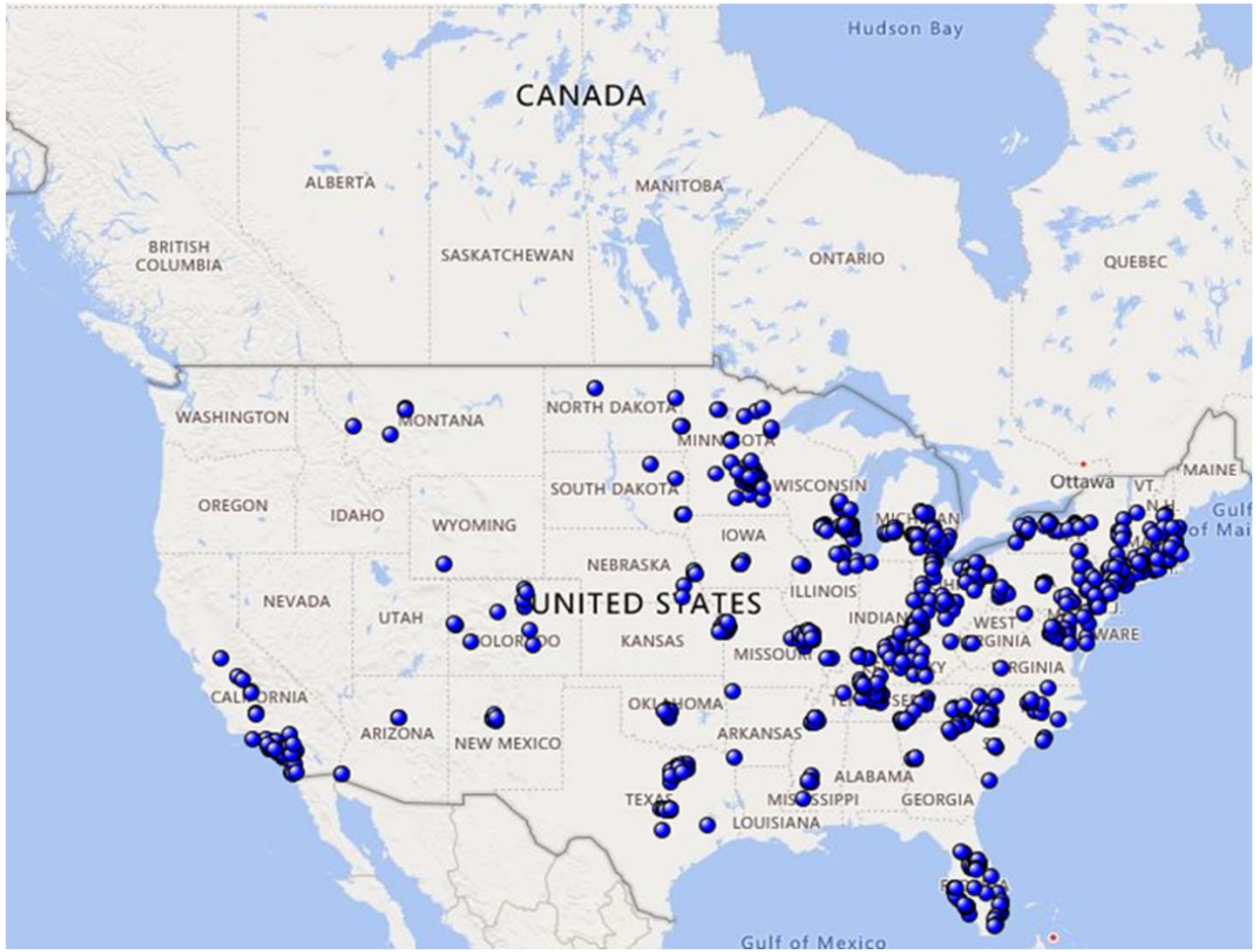
Develop

- +200 hours of training on average per employee annually
- Service Center Managers receive ~650 hours of training

Retain

- ~90% of current field management is promoted through in-house development
- Strengthening bench for growth

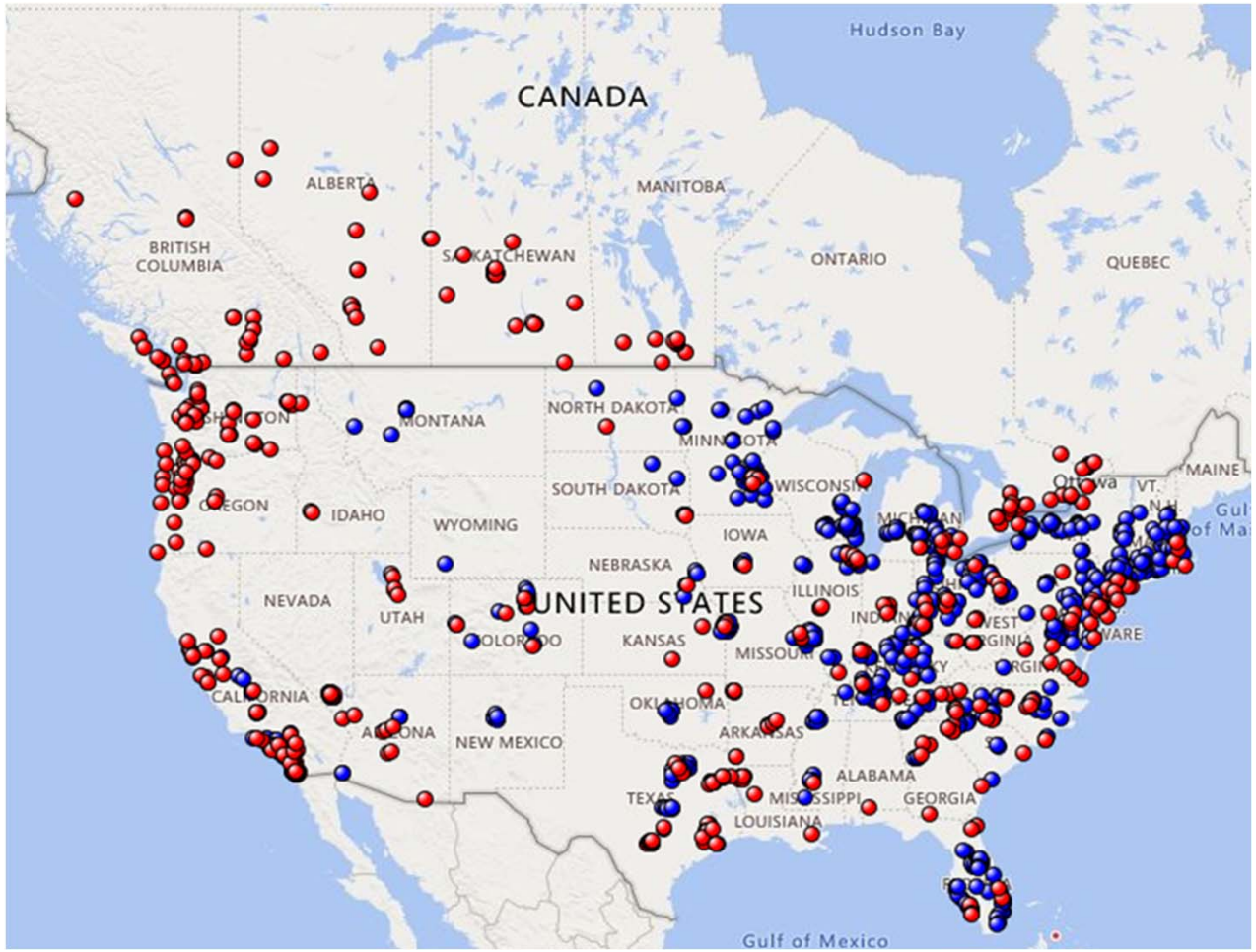
Store Growth and Household Penetration Opportunity



2015 System Total:

- 942 Stores

Store Growth and Household Penetration Opportunity



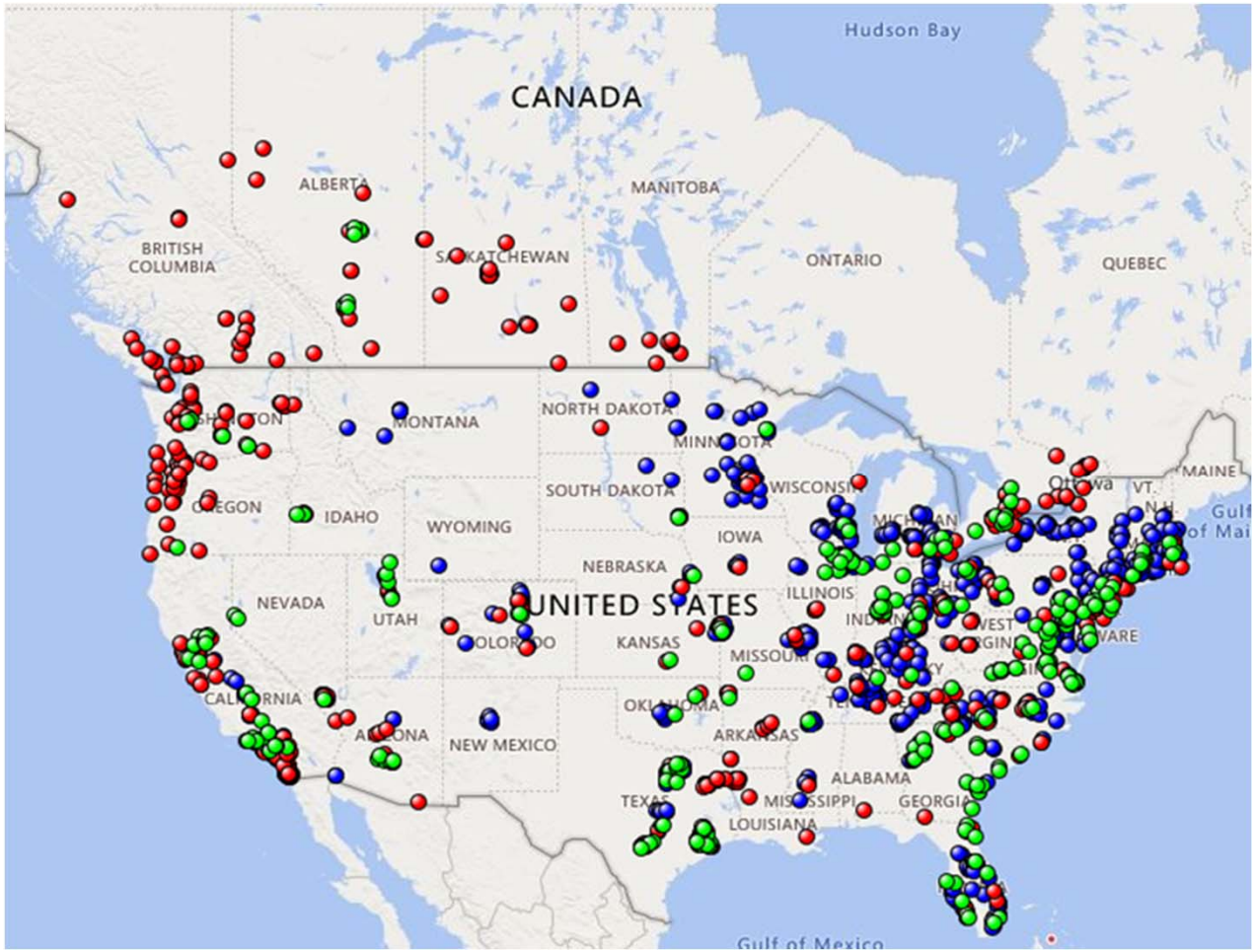
2019 System Total:

- 1,385 Stores

Legend

- 2015
- 2019

Store Growth and Household Penetration Opportunity



2022 System Estimate:

- ~1,700 Stores[1]
- **13.5% Household Penetration[2]**

Legend
- 2015
- 2019
- 2022

1 2022 store count based on a target of adding ~100 stores per year given at VVV investor day; locations are estimates based on store pipeline and general territory focus areas.
2 Households (HHs) is based upon HHs within a 5-minute drive of store location; penetration based upon HHs within 5 minutes divided by estimated total US and Canadian HHs.



Mary Meixelsperger

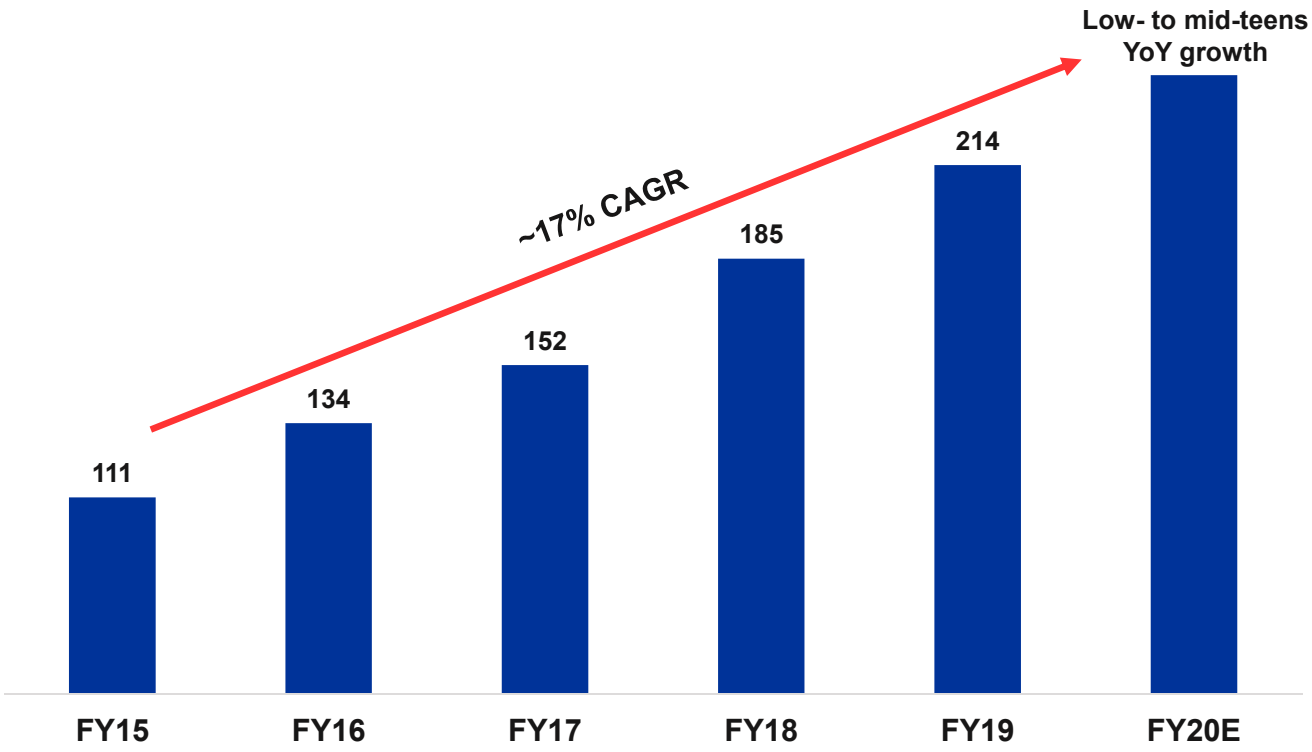
Chief financial officer

Recent Quick Lubes Performance

Drivers of segment EBITDA growth

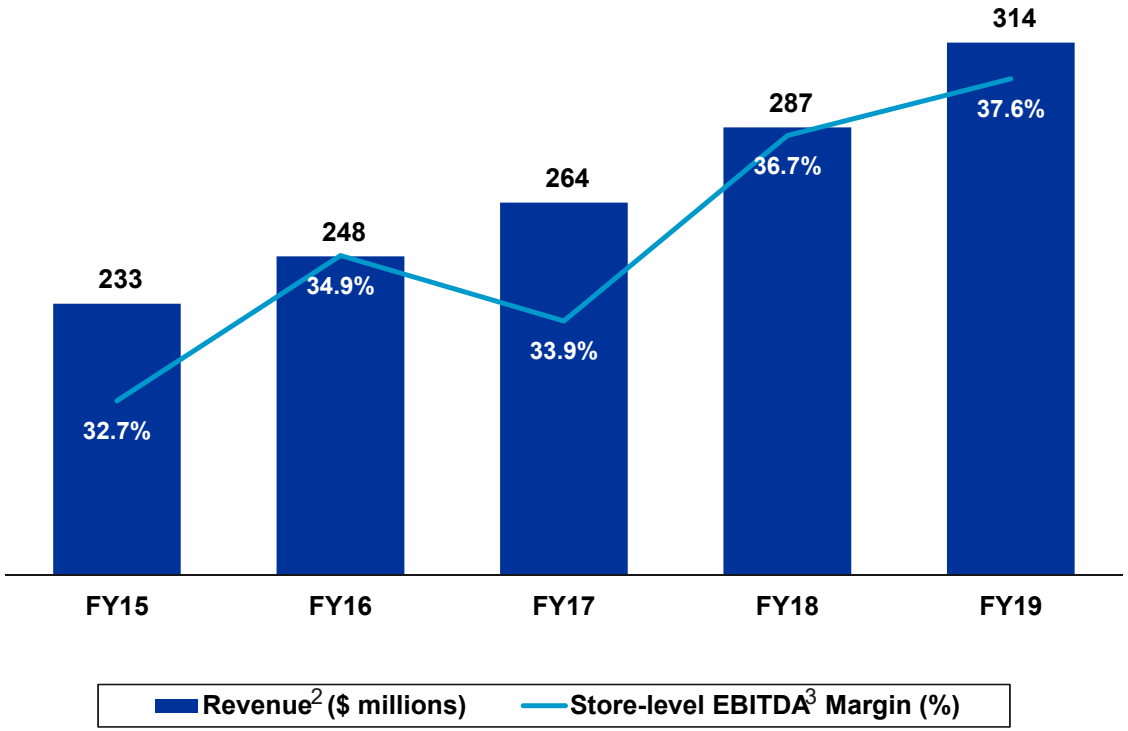
1. Leverage on SSS growth
2. Contribution from acquisitions
3. Contribution from new stores

Quick Lubes Adjusted[1] EBITDA ($ millions)



1 For reconciliation of adjusted historical amounts to amounts reported under GAAP, please refer to the Appendix.

Quick Lubes Growth from SSS[1] Leverage

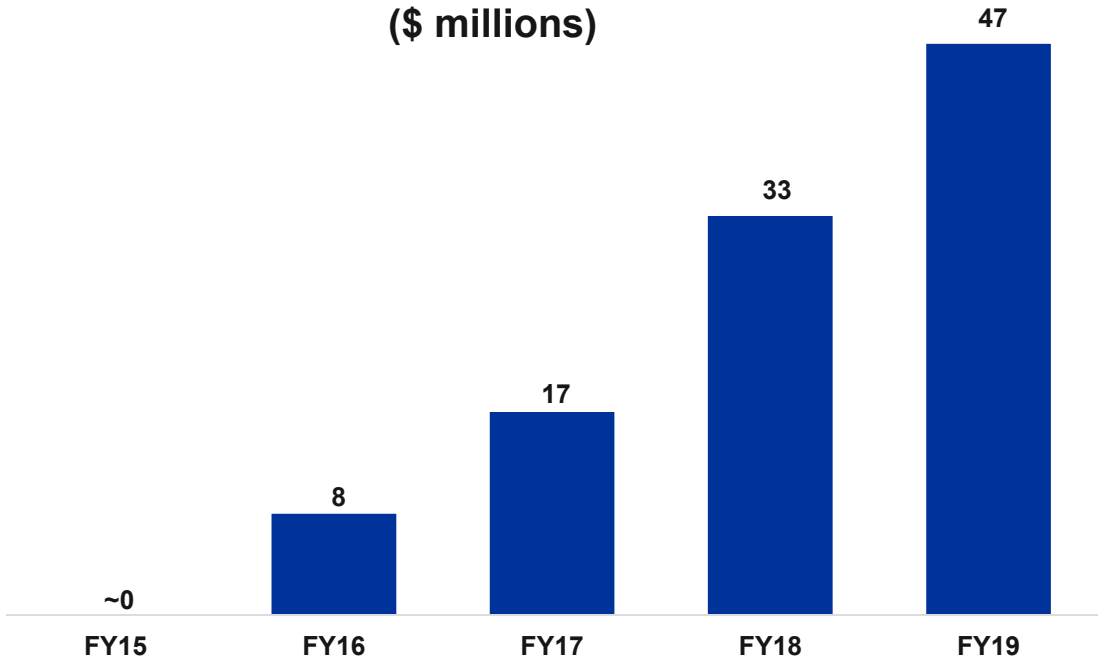


Established base of same-stores are leveraging EBITDA[1] margins

1 For a discussion of management's use of key business measures, please refer to the Appendix.
2 FY16 company same-store base used for all fiscal years. Store level EBITDA based on company estimates.
3 Excludes segment and corporate SG&A allocations.

Quick Lubes Growth from Acquisitions

Cumulative EBITDA Contribution from Acquisitions[1]
($ millions)

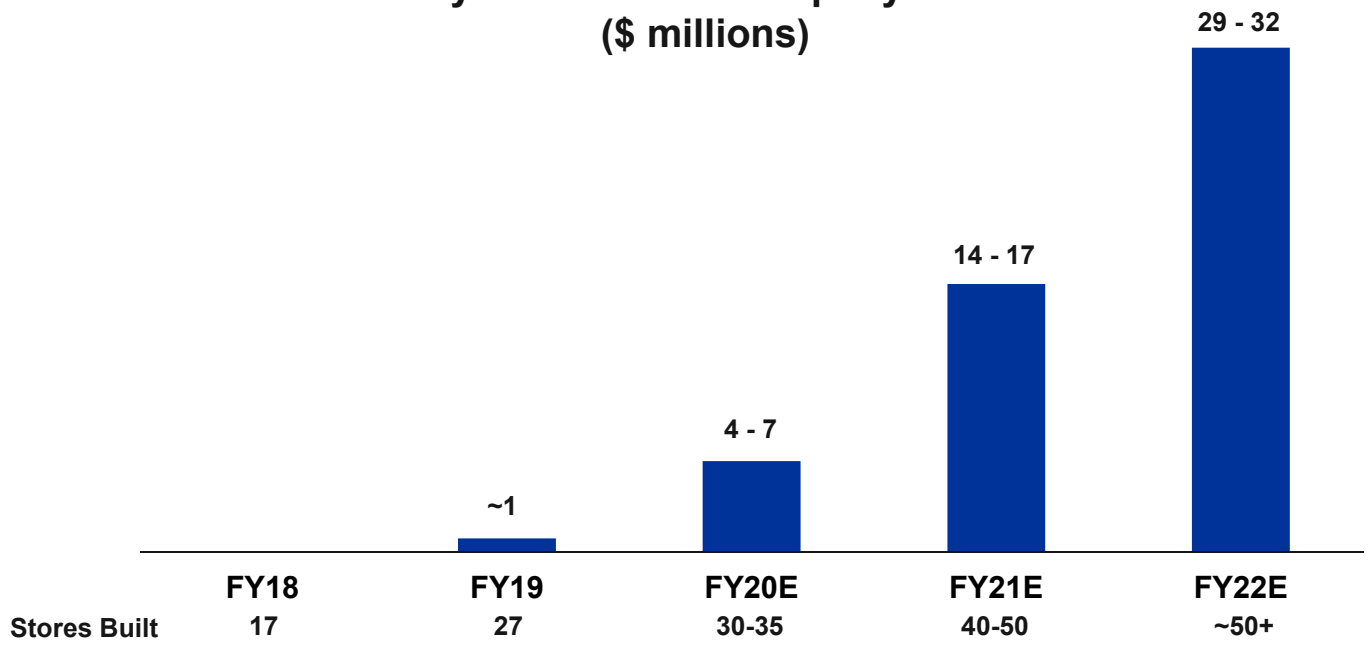


M&A is a strong contributor to growth

1 Represents the cumulative benefit of acquisitions completed by Valvoline.

Quick Lubes Growth from New Stores

Cumulative EBITDA Contribution from Newly-constructed Company Stores[1] ($ millions)

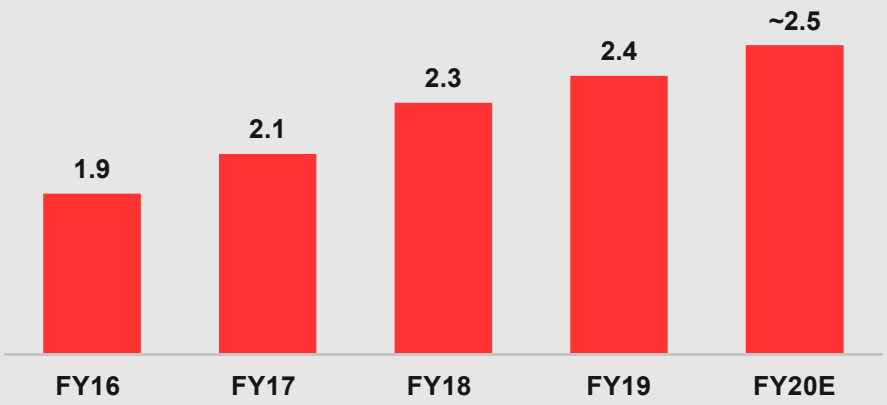


New company stores expected to make a strong contribution to earnings

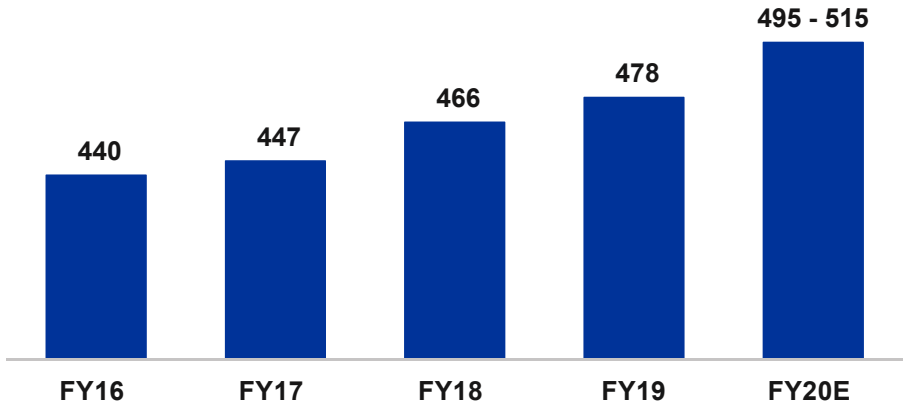
1 Store-level EBITDA ramp based on internal estimates for newly-built company stores opened between FY18 and FY19 and those anticipated to be built between FY20 and FY22

Recent Company Performance

Revenue
($ Billions)



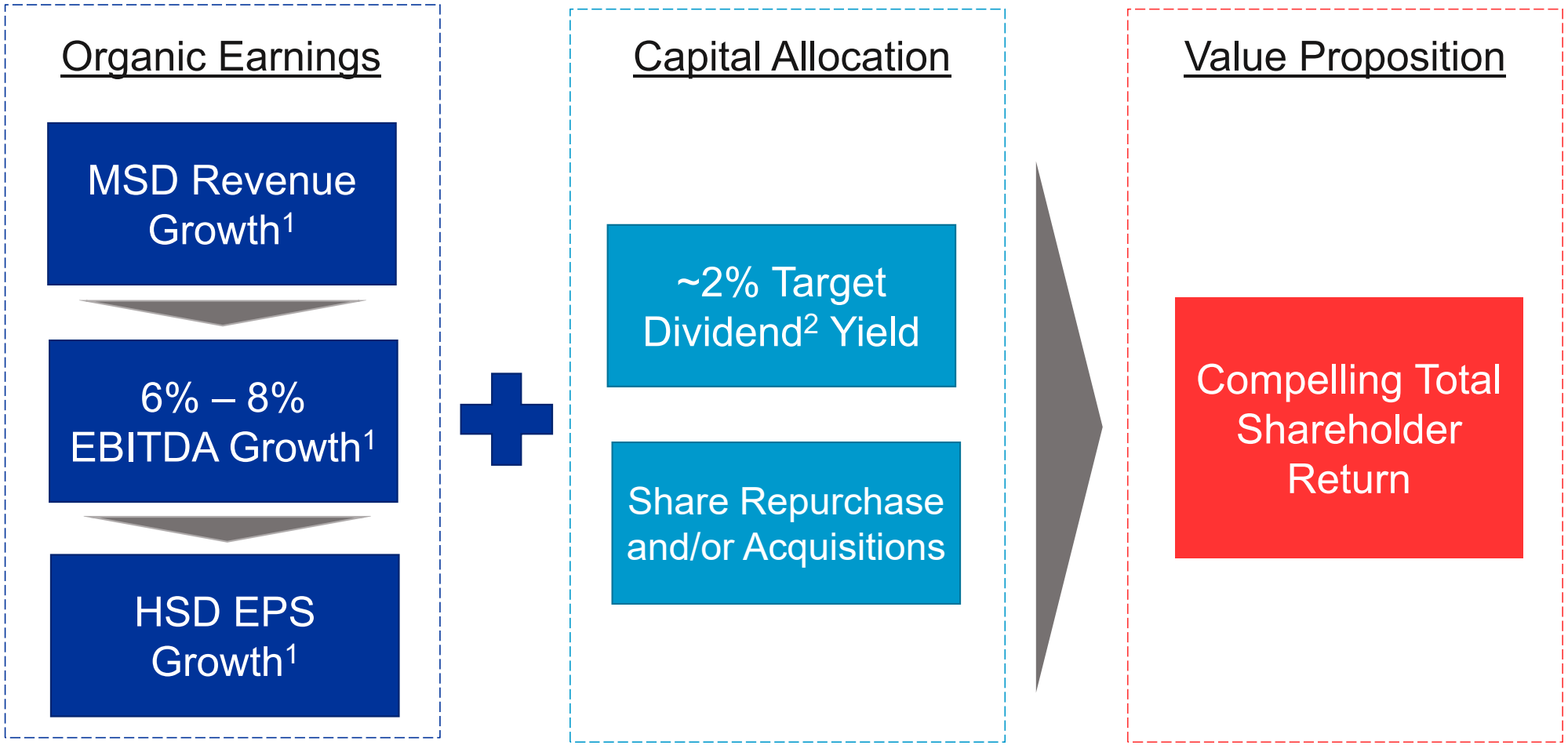
Adjusted[1] EBITDA
($ millions)



Steady growth in Revenue and Adjusted EBITDA

1. For reconciliation of adjusted historical amounts to amounts reported under GAAP, please refer to the Appendix. Expected adjusted EBITDA based on internal growth assumptions and denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable effort.

Shareholder Value Proposition



1. All growth targets are estimates through FY22.
2. Future quarterly dividend declarations are subject to approval by Valvoline's' Board of Directors and may be adjusted as business needs or market conditions change.



Sam Mitchell

Chief executive officer

We Have Built a World-class Retail Services Business

Operational Expertise

Vertical Integration

Faster Store Growth

Same Store Sale Growth



Products



Locations

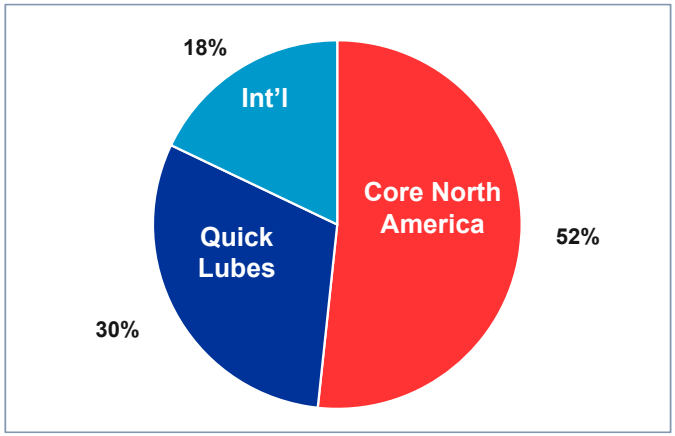


Control the Value Chain

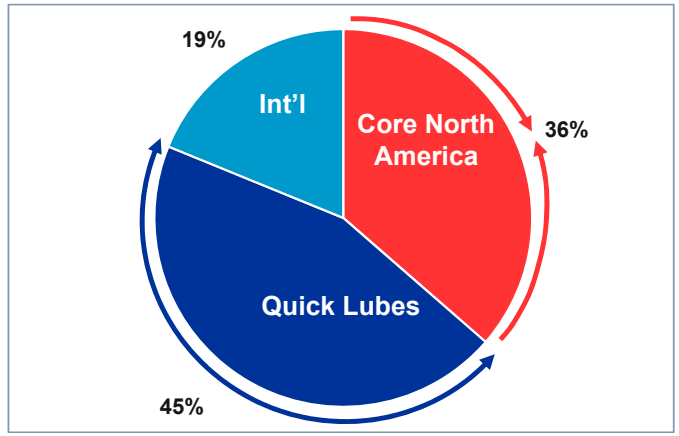
Superior growth, high margins, strong returns

Valvoline 2022 Vision: Service-driven Business with Captive Distribution

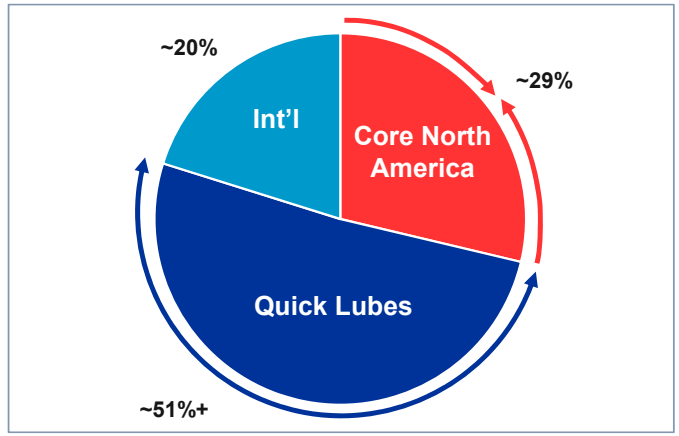
FY2016 EBITDA MIX[1]



FY2019 EBITDA MIX[1]



FY2022E EBITDA MIX[1]



1. For reconciliation of adjusted historical amounts to amounts reported under GAAP, please refer to the Appendix. Expected adjusted EBITDA mix based on internal growth assumptions and denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable effort, as the company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP net income but would not impact non-GAAP adjusted results.

Valvoline Is…

- A brand that stands for great products ***AND*** great services
- A high-return, cash generative business that performs across cycles
- World class retailer with a long runway for growth
- Service-driven, product-fueled, technology-enabled business model that is evolving rapidly

Driving Shareholder Value

Valvoline Compared to the Highest Valued CAGNY Participants

	Valvoline[1]	CAGNY[2]
	Valvoline	freshpet, McCormick, Coca-Cola, L'ORÉAL, P&G, Mondelēz International, KERRY, Church & Dwight
Common Attributes	✓ High Brand Recognition ✓ Consistent Growth Fueled By Steady Reinvestment And Strong Innovation ✓ Attractive Cash Generation Profile	
TTM Revenue Growth	6.2%	5.2%
TTM Adjusted EBITDA Growth	8.3%	11.8%
TTM Adjusted EBITDA Margin	20.4%	23.2%
NTM EBITDA Multiple[3]	10.9x	20.2x
Free Cash Flow Conversion[4]	78.1%	82.6%

1. Valvoline represents TTM ending Dec. 31, 2019
2. Represents median of top quartile of CAGNY companies based on EBITDA multiple, including Freshpet, McCormick, Coca-Cola, L'Oréal, Mondelēz, Kerry Group, Church & Dwight and P&G; P&G, Mondelēz, and L'Oréal TTM as of CY2019, McCormick, Kerry Group, Freshpet, Coca-Cola and Church and Dwight TTM as of Sept. 30, 2019
3. Market data as of February 14, 2020
4. Free Cash Flow Conversion defined as (EBITDA – Capex) / EBITDA

Appendix



Reconciliation of Valvoline Historical EBITDA

	For the years ended September 30				
(in millions)	2015	2016	2017	2018	2019
Net Income	$ 196	$ 273	$ 304	$ 166	$ 208
Income tax expense	101	148	186	166	57
Net interest and other financing expenses	-	9	42	63	73
Depreciation and amortization[1]	38	38	42	54	61
EBITDA	335	468	574	449	399
Net pension and other postretirement plan expense (income)	37	(35)	(138)	-	60
Net legacy and separation-related expenses[1]	-	6	11	14	3
Business interruption expenses[1]	-	-	-	-	6
Acquisition and divestiture related losses (gains)[2]	26	1	-	3	(4)
Impairment of equity investments[1]	14	-	-	-	-
Restructuring and related expenses[1]	-	-	-	-	14
Adjusted EBITDA	$ 412	$ 440	$ 447	$ 466	$ 478

1. These amounts were included in operating income in the respective years ended September 30.
2. Acquisition and divestiture-related (gain) losses in fiscal 2019 and 2018 were included in operating income, while losses in fiscal 2016 and 2015 were reported below operating income.

Reconciliation of Reportable Segments Non-GAAP Data

	For the years ended September 30				
(in millions)	2015	2016	2017	2018	2019
Adjusted EBITDA - Quick Lubes					
Operating Income	$ 95	$ 117	$ 130	$ 153	$ 178
Add:					
Depreciation and amorization	16	17	22	30	36
EBITDA	111	134	152	183	214
Key Items[1]:					
Acquisition and divestiture-related losses (gains)	-	-	-	2	-
Adjusted EBITDA	$ 111	$ 134	$ 152	$ 185	$ 214
Adjusted EBITDA - Core North America					
Operating Income	$ 200	$ 212	$ 199	$ 172	$ 152
Add:					
Depreciation and amorization	17	16	15	18	18
EBITDA	217	228	214	190	170
Key Items[1]:					
Business interruption expenses	-	-	-	-	4
Adjusted EBITDA	$ 217	$ 228	$ 214	$ 190	$ 174
Adjusted EBITDA - International					
Operating Income	$ 65	$ 74	$ 76	$ 84	$ 85
Add:					
Depreciation and amorization	5	5	5	6	7
EBITDA	70	79	81	90	92
Key Items[1]:					
Business interruption expenses	-	-	-	-	2
Acquisition and divestiture-related losses (gains)	-	-	-	1	(4)
Impairment of equity investments	14	-	-	-	-
Adjusted EBITDA	$ 84	$ 79	$ 81	$ 91	$ 90

1. The tables above reconcile Quick Lubes, Core North America and International operating income to EBITDA and Adjusted EBITDA.

Use of Non-GAAP Measures

To aid in the understanding of Valvoline's ongoing business performance, certain items within this presentation are presented on an adjusted, non-GAAP basis. These non-GAAP measures are not defined within accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not purport to be alternatives to net income/loss or cash flows from operating activities as measures of operating performance or cash flows. The following are the non-GAAP measures management has included and how management defines them:

- EBITDA, which management defines as net income/loss, plus income tax expense/benefit, net interest and other financing expenses, and depreciation and amortization;
- Adjusted EBITDA, which management defines as EBITDA adjusted for key items, as further described below, and net pension and other postretirement plan expense/income; and
- Free cash flow, which management defines as operating cash flows less capital expenditures and certain other adjustments as applicable.

These measures are not prepared in accordance with U.S. GAAP and management believes the use of non-GAAP measures assists investors in understanding the ongoing operating performance of Valvoline's business by presenting comparable financial results between periods. The non-GAAP information provided is used by Valvoline's management and may not be comparable to similar measures disclosed by other companies, because of differing methods used by other companies in calculating EBITDA, Adjusted EBITDA and free cash flow. EBITDA, Adjusted EBITDA, and free cash flow provide a supplemental presentation of Valvoline's operating performance. For a reconciliation of non-GAAP measures, refer to the Appendix.

Due to depreciable assets associated with the nature of the Company's operations and interest costs related to Valvoline's capital structure, management believes EBITDA is an important supplemental measure to evaluate the Company's operating results between periods on a comparable basis.

Management believes Adjusted EBITDA provides investors with a meaningful supplemental presentation of Valvoline's operating performance. Adjusted EBITDA excludes the impact of the following:

- Key items - Key items consist of income or expenses associated with certain unusual, infrequent or non-operational income or expenses not directly attributable to the underlying business, which management believes impacts the comparability of operational results between periods. Key items may consist of adjustments related to: the impairment of an equity investment; legacy businesses, including the separation from Ashland and associated impacts of related indemnities; significant acquisitions or divestitures; restructuring-related matters; and other matters that are non-operational or unusual in nature. Key items are considered by management to be outside the comparable operational performance of the business and are also often related to legacy matters or market-driven events that are not directly related to the underlying business and do not have an immediate, corresponding impact on the Company's ongoing performance.
- Net pension and other postretirement plan expense/income - Net pension and other postretirement plan expense/income includes several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets, as well as those that are predominantly legacy in nature and related to prior service to the Company from employees (e.g., retirees, former employees, current employees with frozen benefits). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) actuarial gains/losses, and (iv) amortization of prior service cost/credit. Significant factors that can contribute to changes in these elements include changes in discount rates used to remeasure pension and other postretirement obligations on an annual basis or upon a qualifying remeasurement, differences between actual and expected returns on plan assets, and other changes in actuarial assumptions, such as the life expectancy of plan participants. Accordingly, management considers that these elements are more reflective of changes in current conditions in global financial markets (in particular, interest rates) and are outside the operational performance of the business and are also primarily legacy amounts that are not directly related to the underlying business and do not have an immediate, corresponding impact on the compensation and benefits provided to eligible employees for current service. Adjusted EBITDA will continue to include pension and other postretirement service costs related to current employee service as well as the costs of other benefits provided to employees for current service.

Management uses free cash flow as an additional non-GAAP metric of cash flow generation. By including capital expenditures and certain other adjustments, as applicable, management is able to provide an 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 from operating activities, free cash flow includes the impact of capital expenditures, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

Valvoline's results of operations are presented based on Valvoline's management structure and internal accounting practices. The structure and practices are specific to Valvoline; therefore, Valvoline's financial results, EBITDA, Adjusted EBITDA and free cash flow are not necessarily comparable with similar information for other comparable companies. EBITDA, Adjusted EBITDA and free cash flow each have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, or more meaningful than, net income and cash flows from operating activities as determined in accordance with U.S. GAAP. Because of these limitations, net income and cash flows from operating activities should primarily be relied upon as determined in accordance with U.S. GAAP, and EBITDA, Adjusted EBITDA, and free cash flow should only be used as supplements. In evaluating EBITDA, Adjusted EBITDA, and free cash flow, one should be aware that in the future Valvoline may incur expenses/income similar to those for which adjustments are made in calculating EBITDA, Adjusted EBITDA, and free cash flow. Valvoline's presentation of EBITDA, Adjusted EBITDA, and free cash flow should not be construed as a basis to infer that Valvoline's future results will be unaffected by unusual or nonrecurring items.

Key Business Measures

Valvoline tracks its operating performance and manages its business using certain key measures, including system-wide, company-owned and franchised same-store sales; total lubricant volumes sold; lubricant volumes sold by unconsolidated joint ventures; and percentage of premium lubricants sold. Management believes these measures are useful to evaluating and understanding Valvoline's operating performance and should be considered as supplements to, not substitutes for, Valvoline's sales and operating income, as determined in accordance with U.S. GAAP.

Same-store sales is defined as sales by Quick Lubes service center stores (company-owned, franchised or the combination of both for system-wide same-store sales), with new stores excluded from the metric until the completion of their first full fiscal year in operation because this period is generally required for new store sales levels to begin to normalize. Valvoline does not recognize store-level sales from franchised stores as Quick Lubes operating segment revenue. Quick Lubes revenue is limited to sales at company-owned stores, sales of lubricants and other products to independent franchisees and Express Care operators, and royalties and other fees from franchised stores. Although Valvoline does not record franchise store-level sales as revenue in its Condensed Consolidated Statements of Comprehensive Income, management believes system-wide and franchised same-store sales information is useful to assess the operating performance of an average Quick Lubes store.

Management uses lubricant volumes sold in gallons by each of its reportable segments and unconsolidated joint ventures to assess performance. Lubricant volumes sold by unconsolidated joint ventures are used to measure the operating performance of the International operating segment. Valvoline does not record lubricant sales from unconsolidated joint venture as International reportable segment revenue. International revenue is limited to sales by Valvoline's consolidated affiliates. Although Valvoline does not record sales by unconsolidated joint ventures as revenue in its Condensed Consolidated Statements of Comprehensive Income, management believes lubricant volumes including and sold by unconsolidated joint ventures is useful to assess the operating performance of its investments in joint ventures.

Premium lubricant percentage is also used by management to evaluate performance and is defined as premium lubricant gallons sold as a percentage of U.S. branded lubricant volumes for the Quick Lubes and Core North America segments and as a percentage of total segment lubricant volume for the International segment. Premium lubricant products generally provide a higher contribution to segment profitability and the percentage of premium volumes is useful to evaluating and understanding Valvoline's operating performance.