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Valvoline™

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 (the "SEC"), 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, all of which are available on Valvoline's website at http://investors.valvoline.com/sec-filings or on 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 are included in the Appendix.

Valvoline Is…

- A **high-return, resilient** business model that performs across cycles
- A **world class retailer** with a long runway for growth
- Powering the shift to a **services-oriented business** model
- **Self-funding growth** through strong cash flow generation

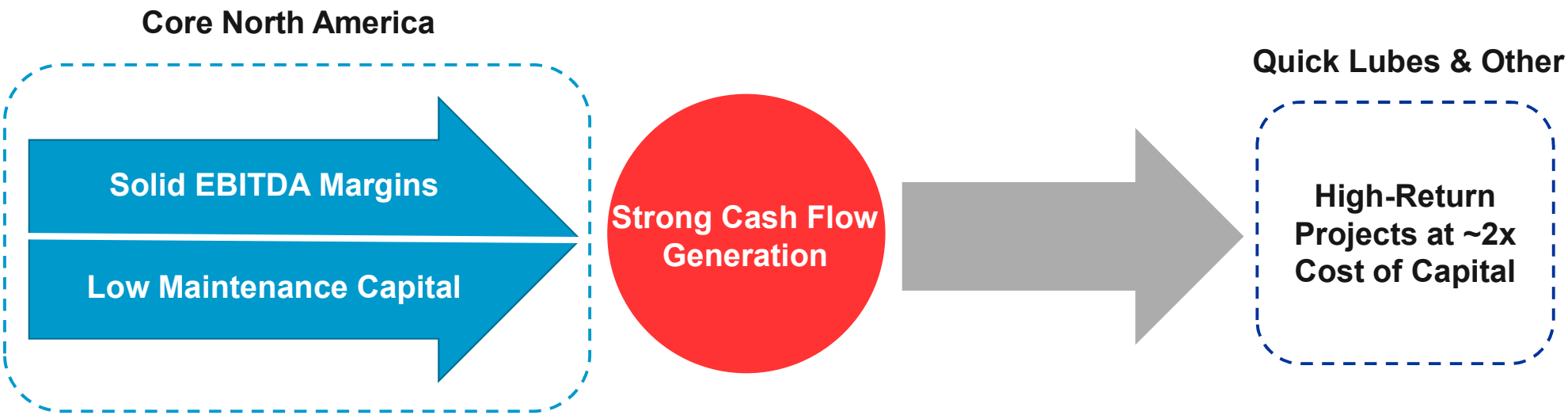
Driving Shareholder Value

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 based on pre-COVID-19 estimates.

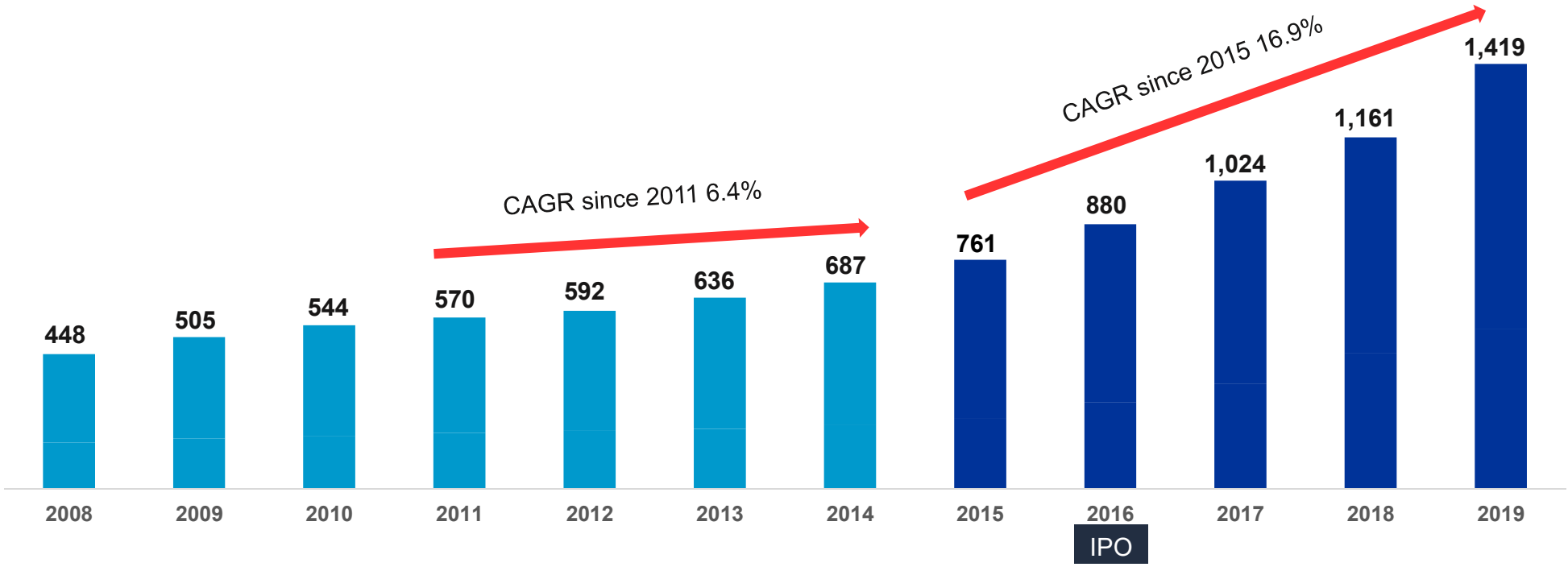
Deploying Cash Flows for Growth with Strong Returns



Deploying cash flow from lubricants into higher growth, higher returns Quick Lubes Segment

Accelerated Growth in Quick Lubes since IPO

Total System Store Sales[1] ($ Millions)



Pre-IPO – cash flow generally used by former parent
Since IPO – deploying cash for growth

1 Company-owned plus franchised store sales. 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.

Where We Are Going



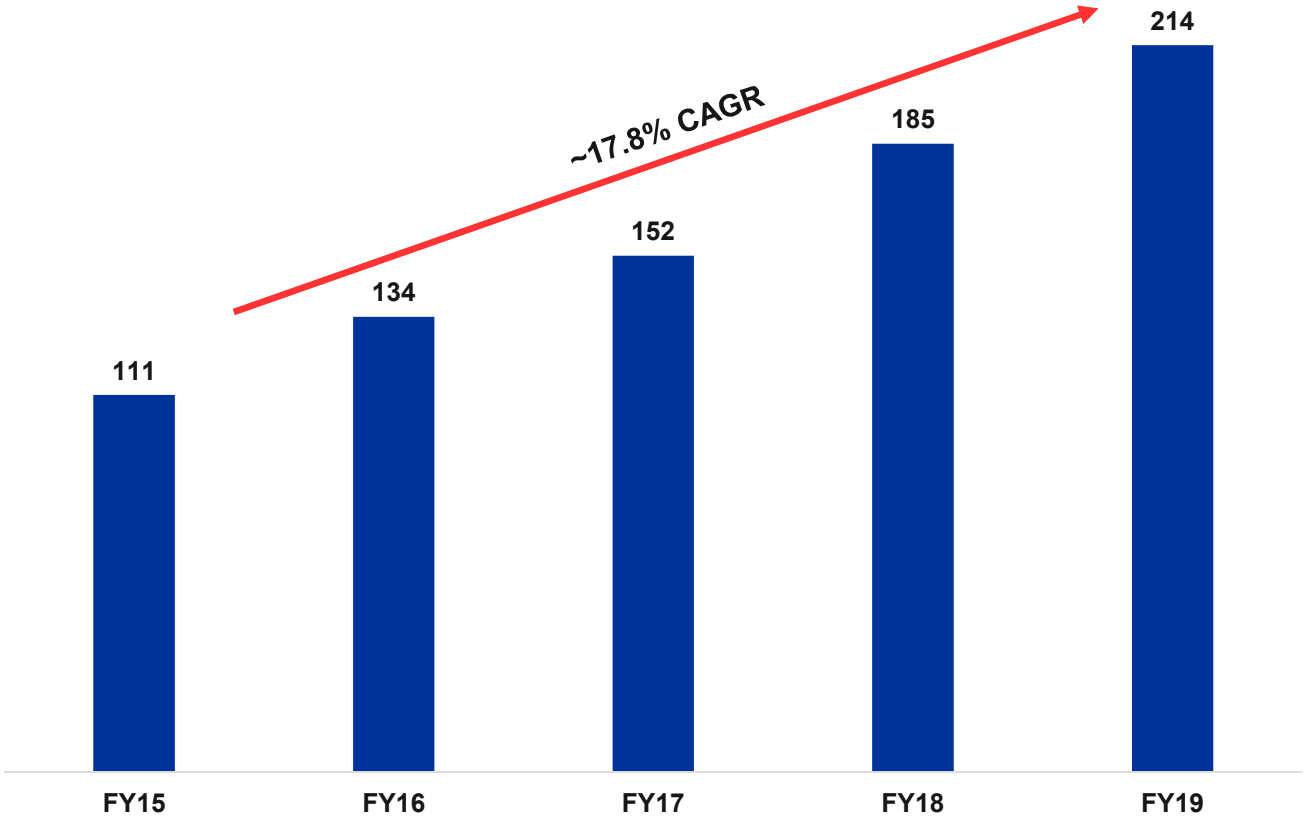
Revenue and Earnings Model for Quick Lubes

Drivers of growth[1]

1. Same-store sales[2] (SSS) growth on existing units
   - [Operational excellence and premiumization drives leverage]
2. Unit growth
   - Company and franchise
3. Acquired stores

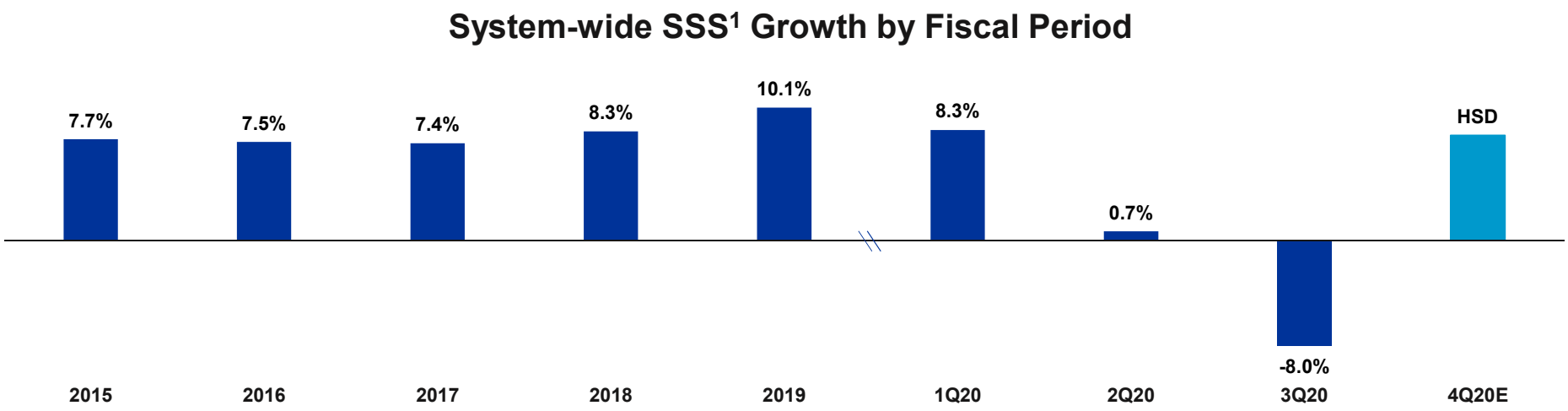
Low- to mid-teens topline and EBITDA growth

Quick Lubes Adjusted[3] EBITDA ($ millions)



1 Excluding COVID-19 impacts.
2 SSS is sales for existing stores open for at least one full fiscal year. For a discussion of management's use of key business measures, please refer to the Appendix.
3 For reconciliation of adjusted historical amounts to amounts reported under GAAP, please refer to the Appendix.

Best-in-Class Same Store Sales Performance

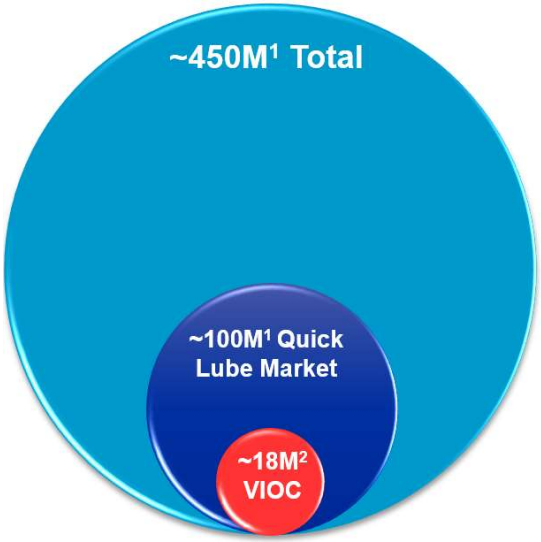


FY 2015 – 2019: average annual system-wide SSS growth of 8.2%;
FY 2020: rapid recovery during COVID-19; expecting 14th straight year of system-wide SSS growth
Operational excellence expected to continue driving strong SSS performance

1 SSS is sales for existing stores open for at least one full fiscal year. For a discussion of management's use of key business measures, please refer to the Appendix.

Quick Lubes - New Customer Acquisition

Estimated U.S Annual DIFM Oil Changes



Large addressable market

Source of New Customers Q3[3]



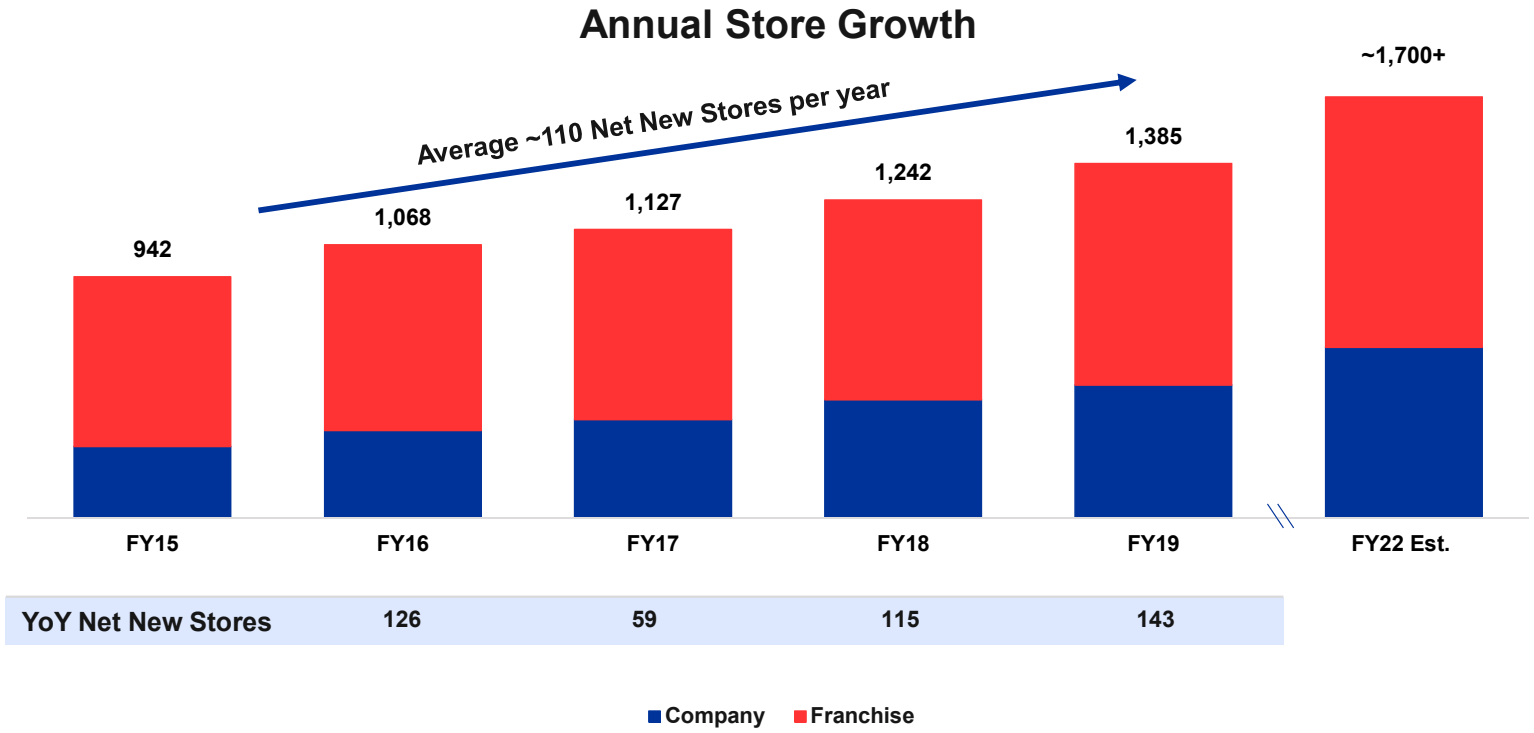
Sourcing new customers from broader DIFM category



New media campaign highlighting competitive advantages

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, prior to COVID-19 impacts.
3. Service Management Group post-visit survey data provided by VIOC Company-owned location customers April 1 – June 30, 2020.

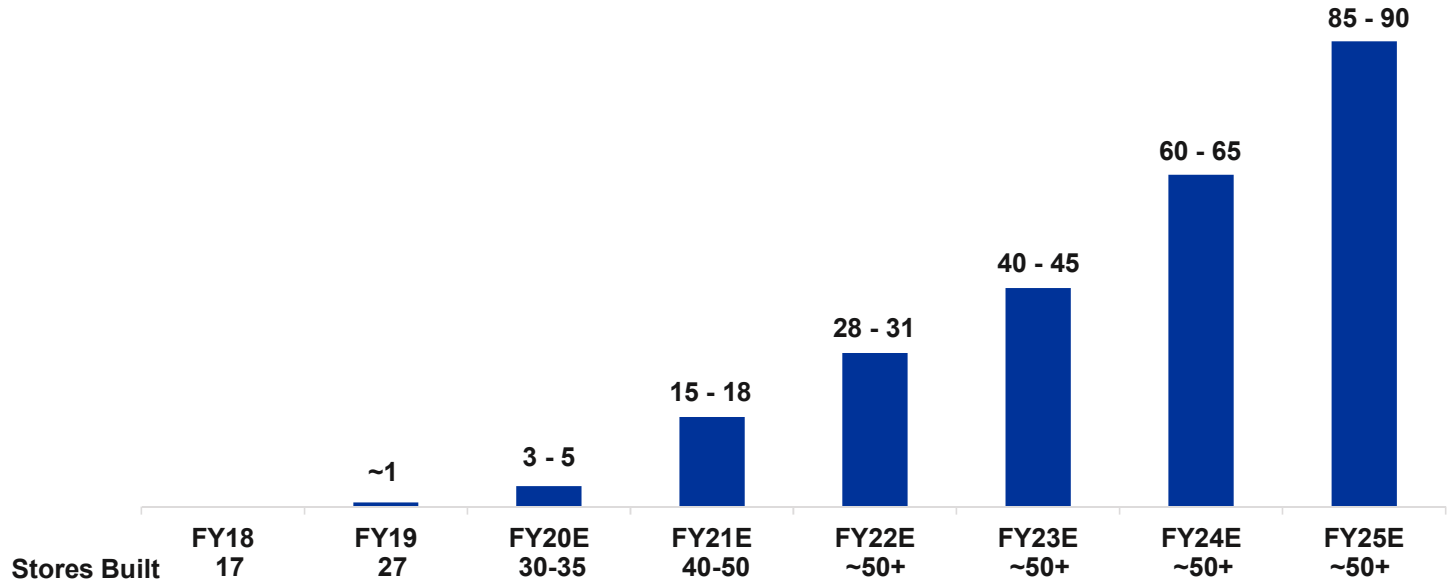
Targeting ~100 Store Additions Annually to Accelerate Growth



Targeting ~100 stores per year through company built, M&A, & franchise
Franchisees committed to adding ~220 units from FY19 to FY24
Larger acquisitions to provide upside to planned VIOC store unit growth

Quick Lubes Growth from New Company Stores

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

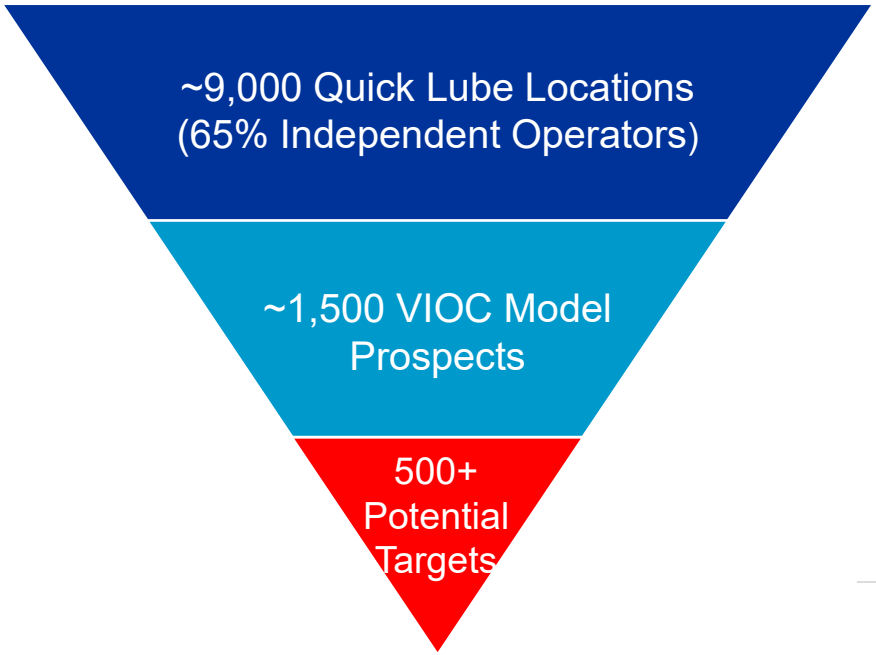


New company stores expected to make a strong contribution to earnings

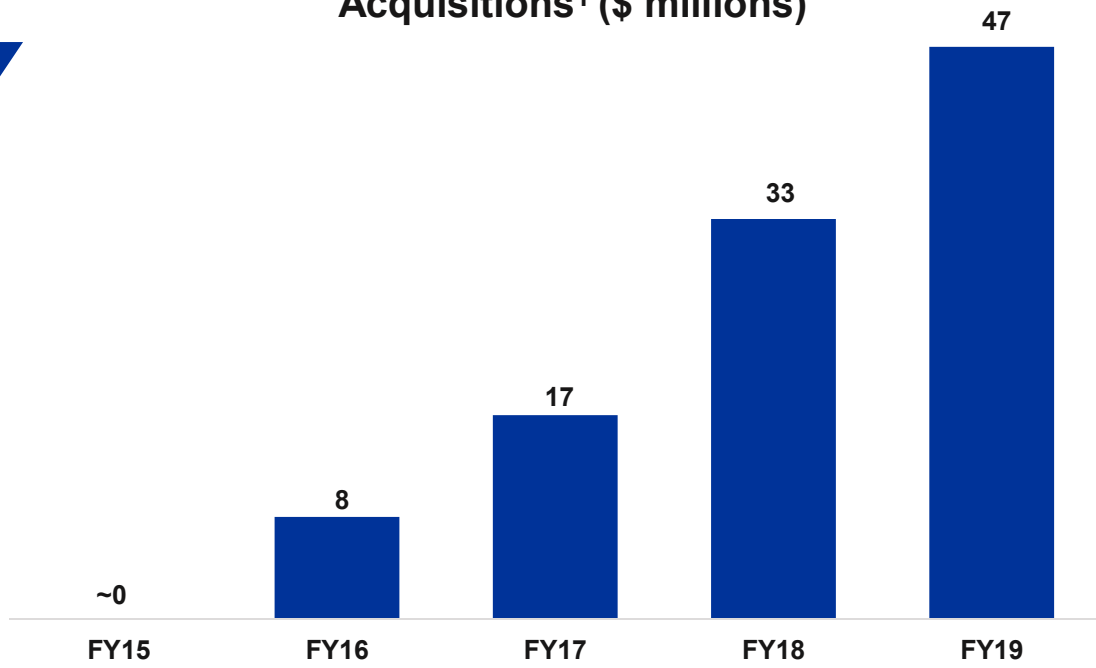
1 Store-level EBITDA ramp based on internal estimates for newly-built company stores opened between FY18 and FY19 and those anticipated to be built between FY20 and FY25

Quick Lubes Growth from Acquisitions

U.S. Quick Lube Market



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



M&A opportunity in a fragmented market, a strong contributor to growth

Note: Store opportunity does not include Canada which represents a projected ~10% upside beyond numbers above

1 Represents the cumulative benefit of acquisitions completed by Valvoline.

Summary of Quick Lubes' Expected Growth Drivers

1. Continued strong system-wide SSS[1] performance
   – Target of 6 – 8%

2. Unit growth
   – Newly-built company stores
   – Franchise store additions
   – Target of 5 – 7%

3. Acquisitions

Combination of levers drives low-to-mid teens EBITDA growth

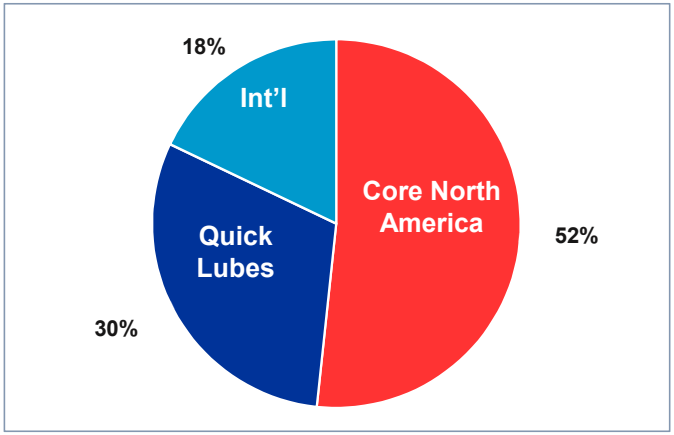
1 SSS is sales for existing stores open for at least one full fiscal year. For a discussion of management's use of key business measures, please refer to the Appendix.

Wrap up

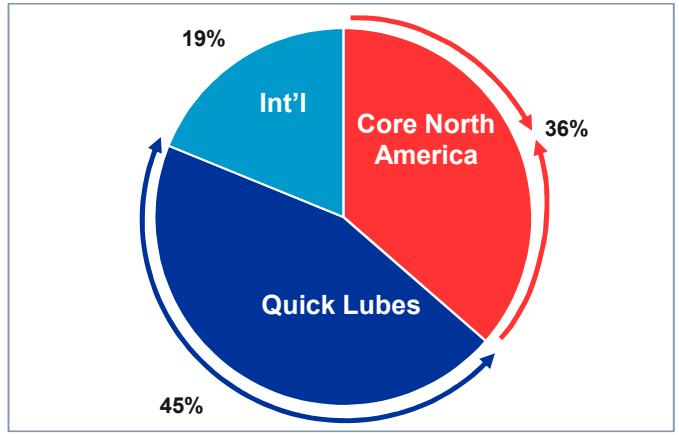


Valvoline 2022 Vision: Service-driven Business with Captive Distribution

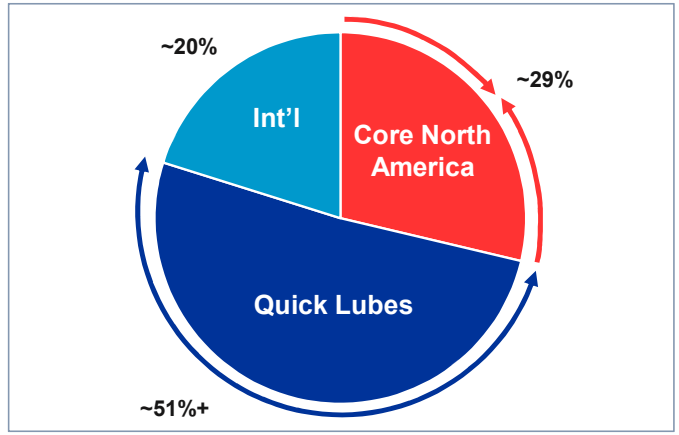
FY2016 EBITDA MIX[1]



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.

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 supplemental view 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 store counts and same-store sales; Express Care store counts; lubricant volumes sold by unconsolidated joint ventures; and total lubricant volumes sold 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.

Sales in the Quick Lubes reportable segment are influenced by the number of service center stores and the business performance of those stores. Stores are considered open upon acquisition or opening for business. Temporary store closings remain in the respective store counts with only permanent store closures reflected in the end of period store counts and activity. SSS is defined as sales by U.S. Quick Lubes service center stores (company-owned, franchised and the combination of these for system-wide SSS), with new stores excluded from the metric until the completion of their first full fiscal year in operation as this period is generally required for new store sales levels to begin to normalize. Differences in SSS are calculated to determine the percentage change between comparative periods. 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 recognize store-level sales from franchised or Express Care stores as revenue in its Statements of Consolidated Income, management believes system-wide and franchised SSS comparisons and store counts, in addition to Express Care store counts, are useful to assess the operating performance of the Quick Lubes reportable segment and the operating performance of an average Quick Lubes store.

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.

Management also evaluates lubricant volumes sold in gallons by each of its reportable segments and premium lubricant percentage, 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.