


# Business Update

May 19, 2021

# 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 Form 10-K and 10-Q, 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

Information regarding Valvoline's definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

# TODAY'S ROADMAP




1. Who is Valvoline?
2. Unlocking Value
3. Retail Services
4. Global Products
5. Power of Vertical Integration

# Who is Valvoline?



# WHO IS VALVOLINE?

1. **Transformation Continues**
   From products to a services driven business model

2. **High Growth, High Margin, High ROIC**
   Resilient, consistent business in fragmented lubricants and auto aftermarket service industry

3. **World-Class Retailer**
   Proven algorithm that supports 6-8% in SSS and 5-7% unit growth per annum

4. **Self-funding Growth**
   Capital light model drives significant free cash flow generation to fund growth

5. **Vertical Integration**
   Product and services synergy drives faster growth, higher margins and stronger returns



# OUR TRUSTED BRAND IS A KEY COMPETITIVE ADVANTAGE

**Retail Services**
(Quick Lubes)




**High Growth, High Margin, High ROIC**

**Trust**
**Convenience**
**Loyalty**

**Global Products**
(Core NA & International)




**Strong FCF, High ROIC, Low Capital Intensity**

Valvoline brand has 150+ years of history

# BEST IN CLASS PLATFORM OF OPERATIONAL & FINANCIAL FUNDAMENTALS

**~$2.4B**
Sales in fiscal 2020

**30%+**
4-Wall unit economics[1]

**14 Years**
Of positive same store sales[2] (SSS)

**≥ 20%**
Adjusted[2] EBITDA margin in each of the last five years

**<1.5%**
Maintenance capex to sales[3] = low capital intensity

**>1,500**
System-wide Stores[4]

**25+%**
ROIC[5] in each of the last five fiscal years

**~2.5x**
Net debt / Adj.[2] EBITDA target

**>140**
Countries in fiscal 2020 with Valvoline sales

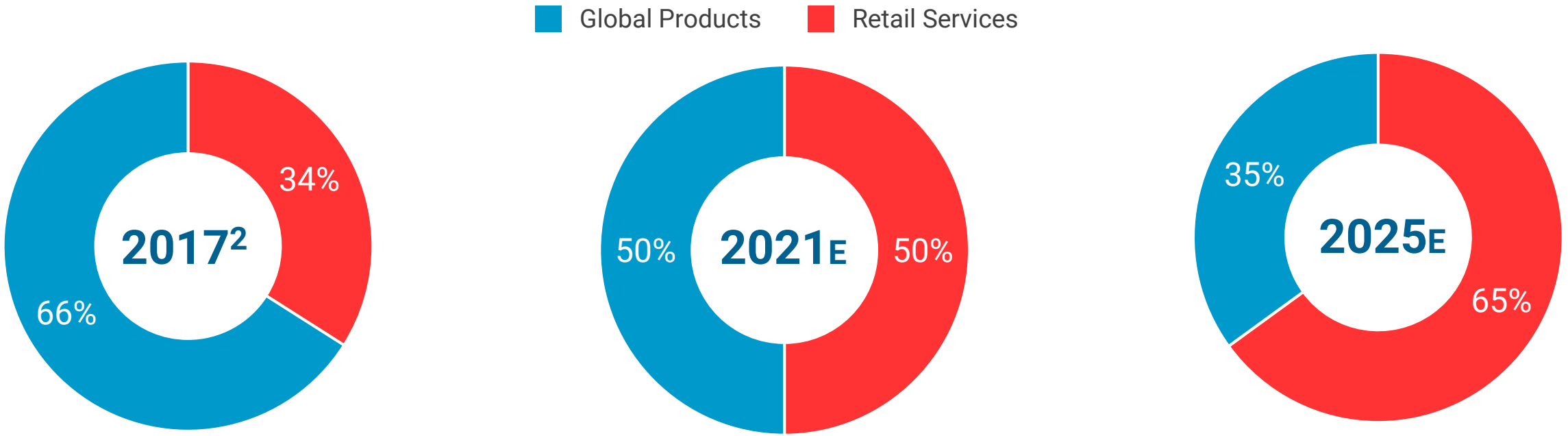



1. Represents EBITDA at maturity over invested capital for one store development.
2. For a discussion of management's use of Key Business Measures and a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
3. Prior three-year average with maintenance capital expenditures defined as routine uses of cash that are necessary to maintain operations.
4. As of March 31, 2021.
5. ROIC calculated as operating profit after tax adjusted for key items divided by two-year average invested capital, which is comprised of equity, debt and finance lease obligations, less cash and cash equivalents.

# FURTHER SHIFT TO RETAIL SERVICES CONTRIBUTION

Products Driven → Services Driven

## EBITDA[1] CONTRIBUTION




- Own the Customer
- Faster Cash Conversion
- Increase $ TAM[3]
- Strengthen Competitive Moat

1. EBITDA contribution as percentage of total business segment Adjusted EBITDA. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Based on Adjusted EBITDA as previously reported.
3. Total Addressable Market.

# Unlocking Value



# STRUCTURAL CHANGES TO UNLOCK VALUE

## Changes to Unlock Value

- Realign business to drive strategic focus
- Increase transparency, disclosure and comparability to peers
- Drive shareholder value with disciplined capital allocation

## Long-Term Goals

- Increase market understanding of our segments
- Expand $ TAM to focus on auto services and global products
- Powertrain agnostic future

- HIGHER GROWTH
- HIGHER MARGINS
- HIGHER ROIC
- LOWER EARNINGS VOLATILITY

# REALIGN BUSINESS TO DRIVE STRATEGIC FOCUS

## Shifting from Three Operating Segments to Two Operating Segments

### Retail Services (Quick Lubes)

**Fast Growth, High Margin, High ROIC**




### Global Products (Core NA & International)

**Strong FCF, High ROIC, Low Cap Intensity**




**Takeaways for Shareholders**

- Accelerated Growth
- Focused Capital Allocation
- Greater Comparability to Peers

# ENHANCEMENTS TO OUR REPORTING STRUCTURE

| Realigning into two operating segments and a corporate cost center | Shift from indirect cost allocations to direct allocations | Include LIFO impact as an adjustment to EBITDA |
|---|---|---|
| • Retail Services (Quick Lubes)<br>• Global Products (Core NA and International)<br>• Corporate (corporate and unallocated costs) | • Indirect allocations were based on contributions to various financial measures<br>• Improves transparency and provides greater accountability<br>• Highlights the underlying earnings power of each segment | • LIFO accounting impact is non-cash and not a reflection of operational performance<br>• Improve comparability to global peers who follow FIFO accounting<br>• Focuses investors on the true underlying segment economics |

**Takeaways for Shareholders**

- ☑ Increased Disclosure
- ☑ Increased Transparency
- ☑ Greater Comparability to Peers

# LEVERAGING CAPITAL ALLOCATION TO DRIVE VALUE

## Announcing a $300 million, Three-Year Share Repurchase Authorization

1. Shift from opportunistic to consistent share buyback strategy[1]
2. Dividend to grow in-line with share count reduction; estimated annual dividend of ~$90 million[2]
3. Shareholder returns will be prioritized after growth investments and opportunistic M&A
4. Valvoline will seek to maintain a ~2.5x leverage ratio[3] and will not allow cash to accumulate

**Takeaways for Shareholders**

- Consistent Share Count Reduction
- Consistent Dividend Increases
- Optimize Capital Structure at 2.5x Target Leverage

1. The timing and amount of any purchases of common stock will be based on the level of Valvoline's liquidity, general business and market conditions as well as other factors, including alternative investment opportunities.
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.
3. Total net debt divided by LTM adjusted EBITDA.

# Retail Services

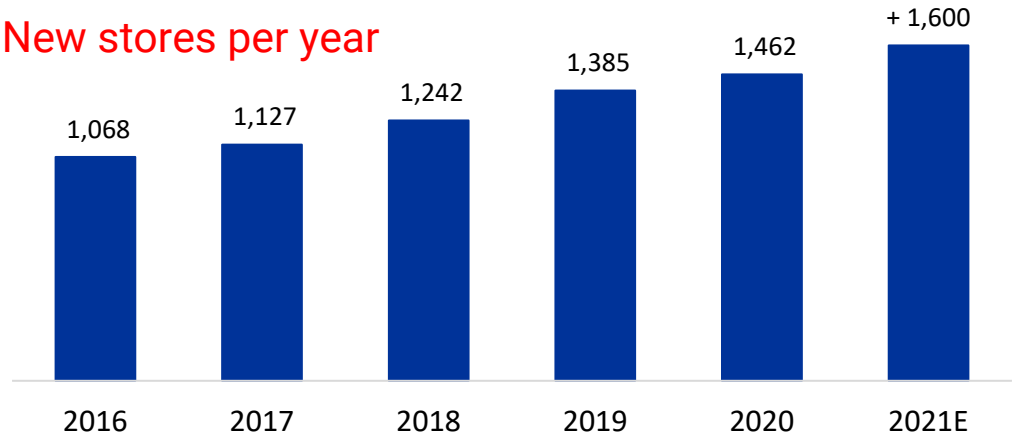


# *RETAIL SERVICES*
# CONSISTENT INDUSTRY LEADING GROWTH

## System Store Growth

**~110**

New stores per year




## System-Wide Same Store Sales[1] (SSS) Growth

**14**

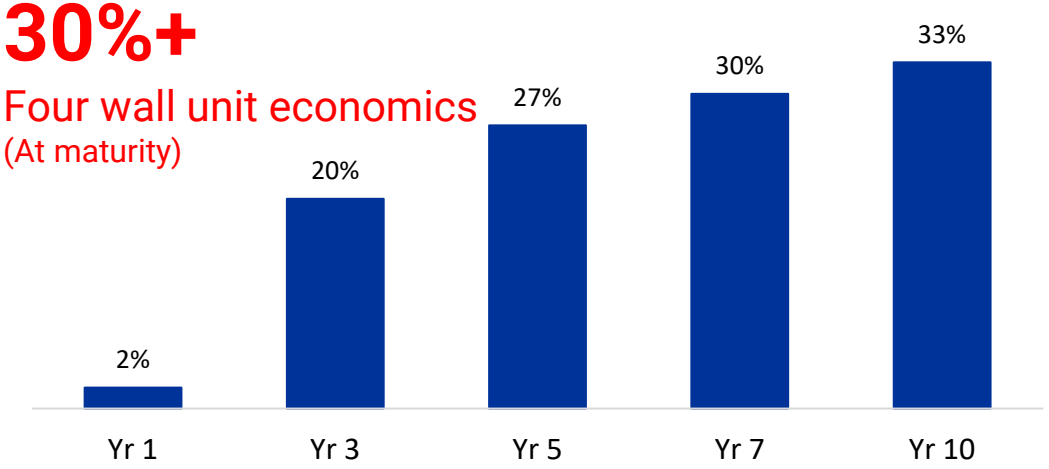
Straight years of SSS[1] growth




## Cash on Cash Returns for Company Stores

**30%+**

Four wall unit economics
(At maturity)

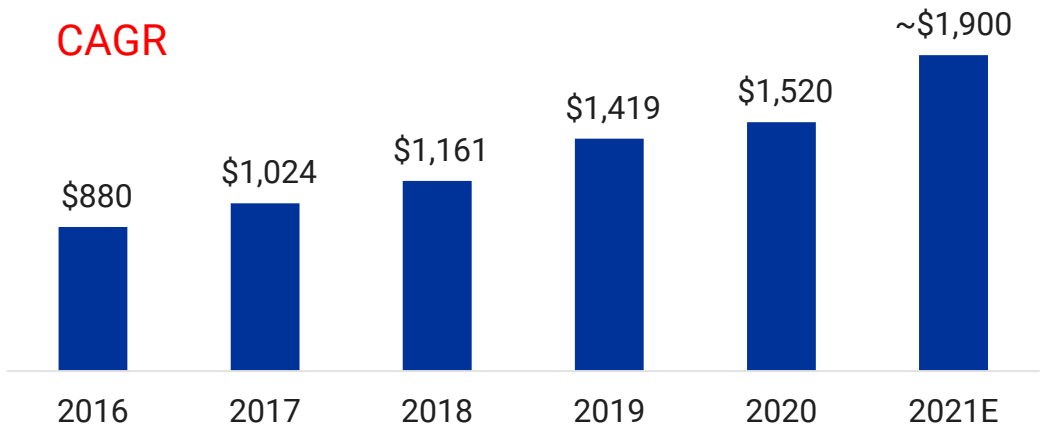



## Total System Store Sales[2]

(Millions)

**17%**

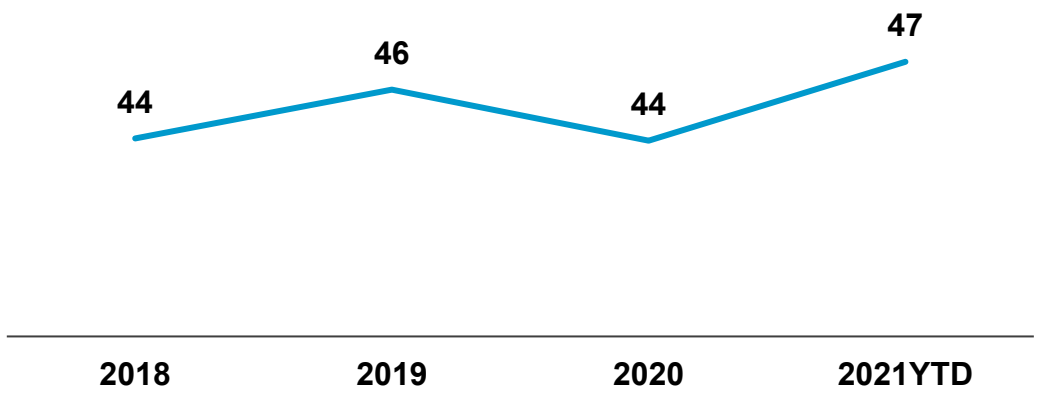
CAGR



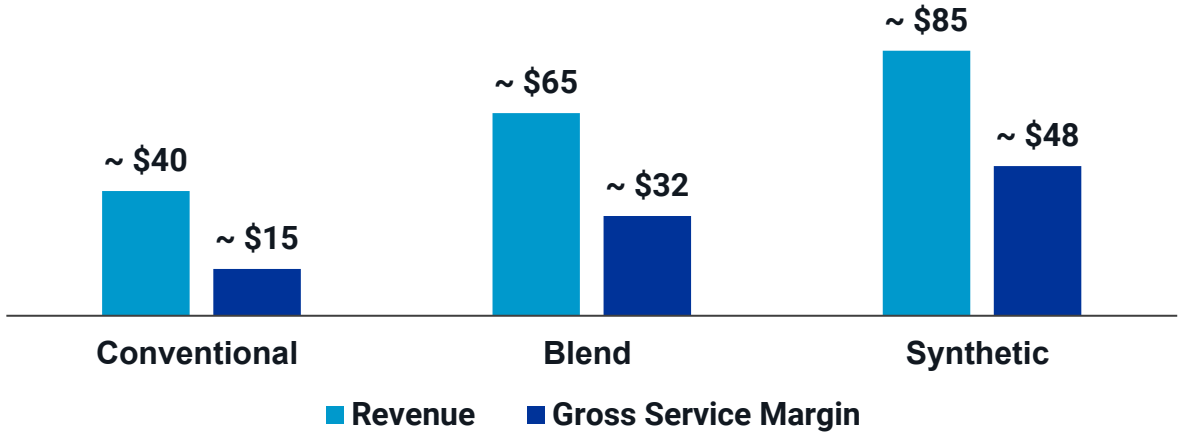

1. For a discussion of management's use of Key Business Measures please refer to the Appendix.
2. Company-operated plus franchise-operated store sales. Valvoline franchisees are distinct legal entities, and Valvoline does not recognize store-level sales from franchised stores as Retail Services operating segment revenue. Please refer to the Appendix for further information regarding management's use of key business measures.

# *RETAIL SERVICES*
# CONFIDENT IN SUSTAINABLE 6 – 8% SSS GROWTH

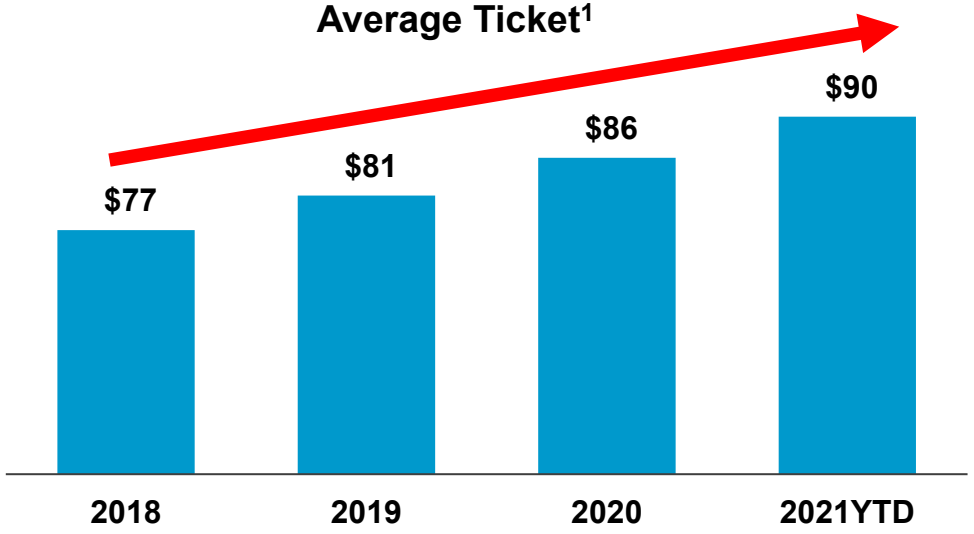
## Average Oil Changes Per Day[1]



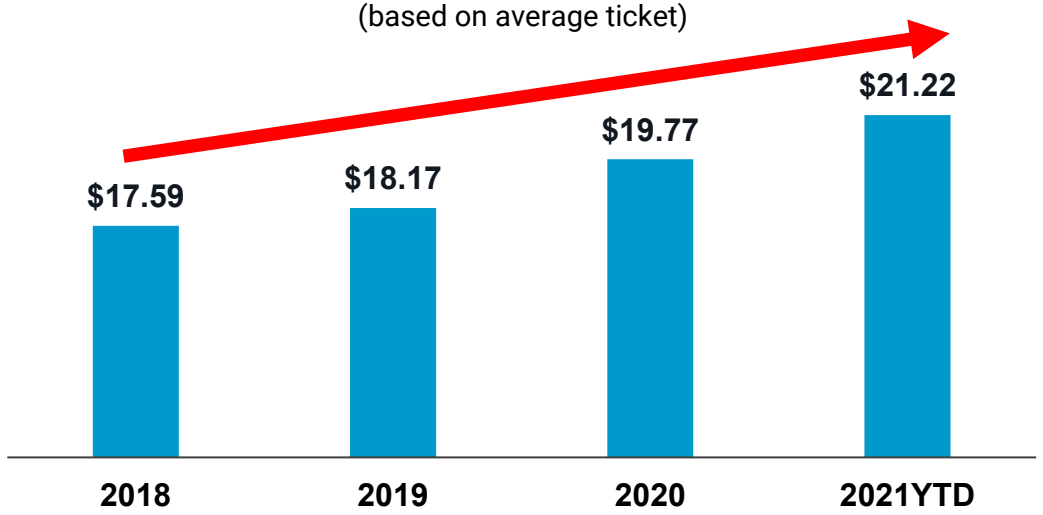

## Shift to Synthetics Drives Pricing Power




## Average Ticket[1]



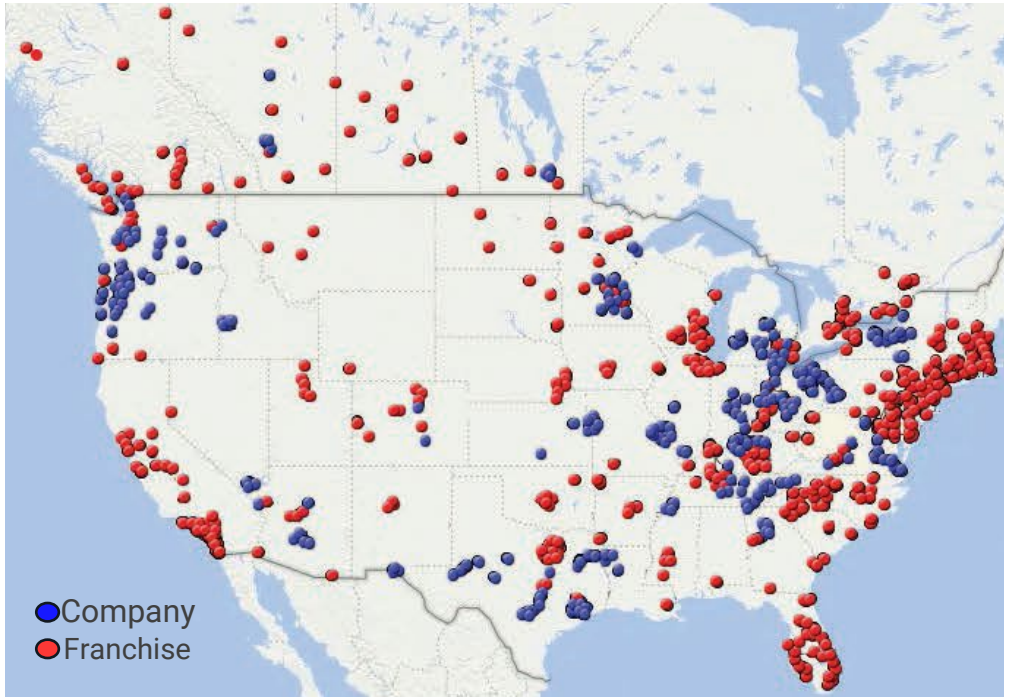

## Non-Oil Change Revenue[1]
(based on average ticket)




1. Represents all system stores opened before 10/1/15 -- 900 stores total. YTD is through April 30, 2021.

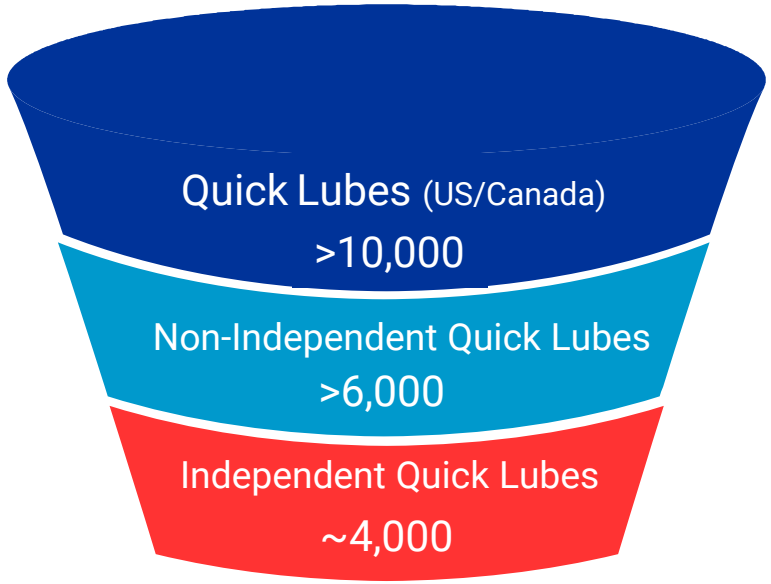
# *RETAIL SERVICES*
## LONG RUNWAY FOR TARGETED UNIT GROWTH: 5 – 7% ANNUAL GROWTH

### Less than 15% Household[1] Penetration




1,548 Locations[3] (673 Company, 875 Franchise)

### North American Quick Lubes Industry[2]

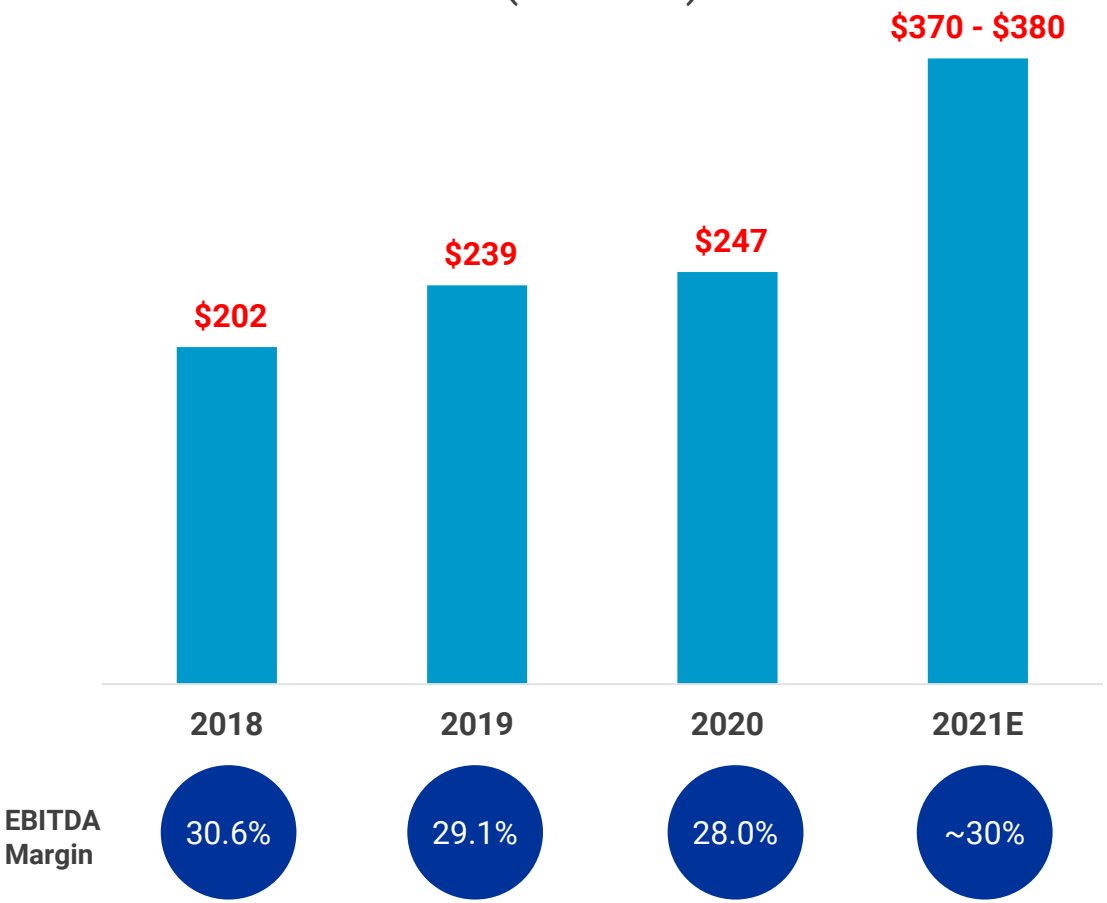



**Industry leading three-pronged unit growth strategy of company stores, franchise stores, and M&A**

1. Households (HHs) are 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.
2. Autocare Association Factbook based on estimates as of March 31, 2021.
3. As of March 31, 2021.

# *RETAIL SERVICES*
# EXPECTED GROWTH CONTINUES TO ACCELERATE

## Adjusted[1] EBITDA
(Millions)




## Key Changes

- Segment name change from Quick Lubes to Retail Services
- Reclassification of indirect cost allocations and LIFO adjustments from operating segments to Corporate[2]
- Increased disclosure and transparency

## 2021E - 2024E

Revenue CAGR
**14 - 16%**

Adj. EBITDA margin
**30 - 32%**

Adj. EBITDA margin increase[3]
**400 - 500 bps**

1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Reallocation of indirect costs based on estimated resource utilization, including reclassification of costs of indirect corporate functions.
3. Increase due to reallocation of indirect expenses and LIFO adjustments.

# Global Products



# *GLOBAL PRODUCTS*
# DRIVING SIGNIFICANT VALUE CREATION

## TARGETING GLOBAL MARKET SHARE GROWTH

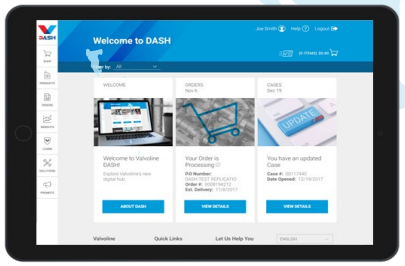
1. Fully leveraging our brand equity and product platforms to accelerate global expansion and market share
2. Capital light model allows us to grow with minimal capex, generate substantial FCF and high ROIC
3. Realignment enhances globalization of proven process and digital capabilities to win share




4. International markets are 3.6x larger than US and Canada
5. Established digital capability with multiple routes to market, allows high incremental return on investment
6. Well positioned to grow in heavy duty, passenger car and premium markets

# *GLOBAL PRODUCTS*
# BRINGING GLOBAL PRODUCTS TOGETHER

## US & Canada
### Mature market
Stronger Valvoline share position and brand recognition




Proven digitally enabled go-to-market model

**Strengthened global model expected to accelerate share gains**

**Global marketing**




**Global partnerships**

Cummins

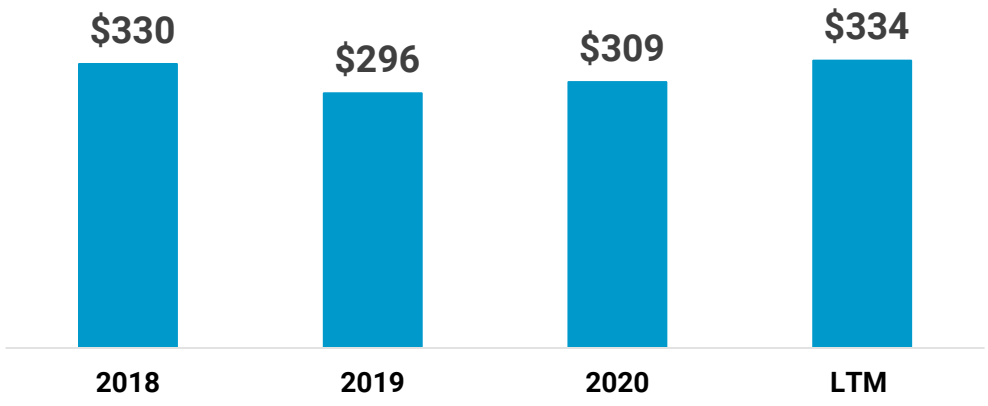
## International
### Growing, evolving markets
Lower Valvoline share and brand awareness



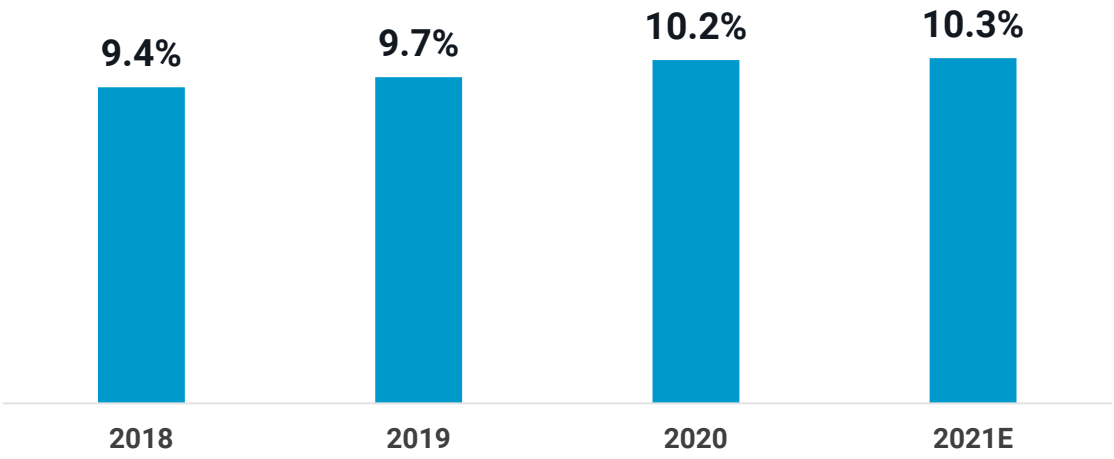

Expertise in heavy duty

# *GLOBAL PRODUCTS*
# CONSISTENT PERFORMANCE AND HIGH FCF GENERATION

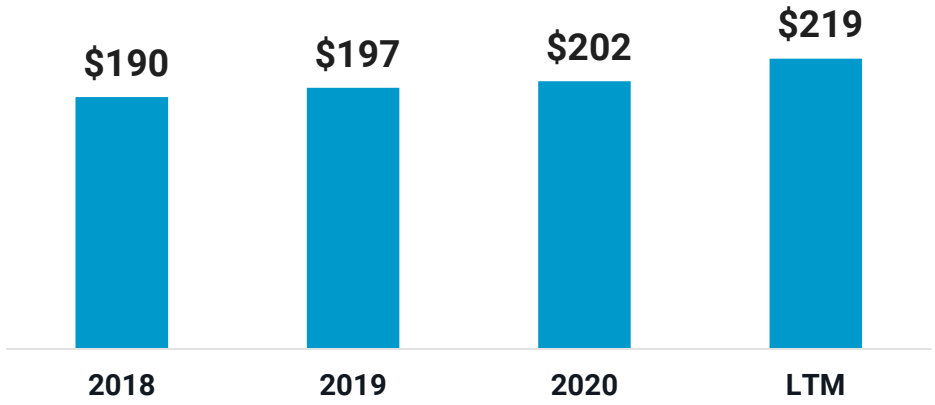
## Adjusted[1] EBITDA
(Millions)



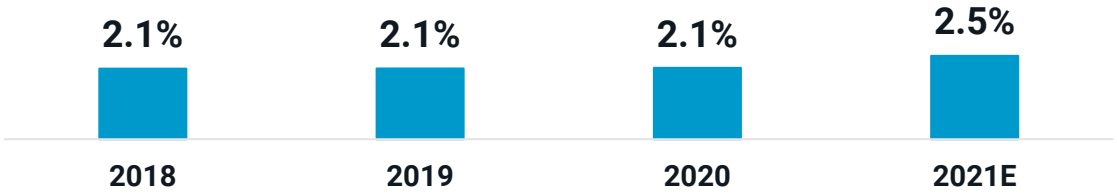

## Market Share – US and Canada[2]




## FCF Generation[3]
(Millions)



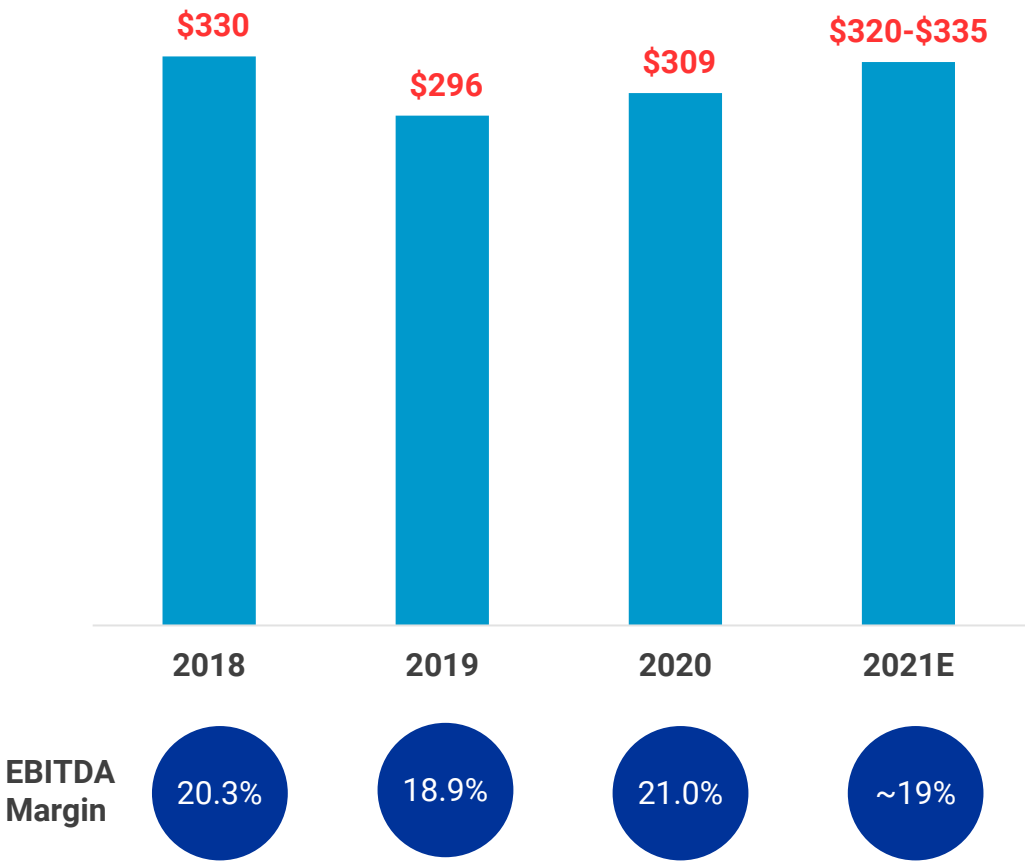

## Market Share – International[2]




1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. IHS Market data, April 2021.
3. Net adjusted operating profit after tax less maintenance capital expenditures, which are routine uses of cash that are necessary to maintain operations. Refer to Appendix for reconciliation to amounts reported under GAAP.

# *GLOBAL PRODUCTS*
# SOLID EBITDA MARGINS AND STRONG FCF GENERATION

## Adjusted[1] EBITDA
(Millions)




## Key Changes

- Realigns Core North America and International into Global Products
- Reclassification of indirect cost and LIFO adjustments allocations from operating segments to Corporate[2]
- Greater comparability to peers

## 2021E - 2024E

Revenue CAGR
**4 - 6%**

Adj. EBITDA Margin
**17 - 19%**

Cumulative FCF[3]
**~$775 - $825M**

1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Reallocation of indirect costs based on estimated resource utilization, including reclassification of costs of indirect corporate functions.
3. Cumulative free cash flow over the four-year period determined as cash flows from operations less capital expenditures.

# Power of Vertical Integration



# *ONE VALVOLINE*
# VERTICAL INTEGRATION IS A COMPETITIVE ADVANTAGE

**1** **Strategy and Growth**
- Coordinated marketing to capture DIY to DIFM shift
- EV products, OEM relationships drive future service capabilities

**2** **Retail Services Product Profits**
- Full product margin captured in segment financials
- Enhanced returns on new store builds, acquisitions

**3** **Margin and Efficiency**
- R&D, product management, supply chain scale drives margins
- Shared services capabilities leveraged in both segments

Valvoline™

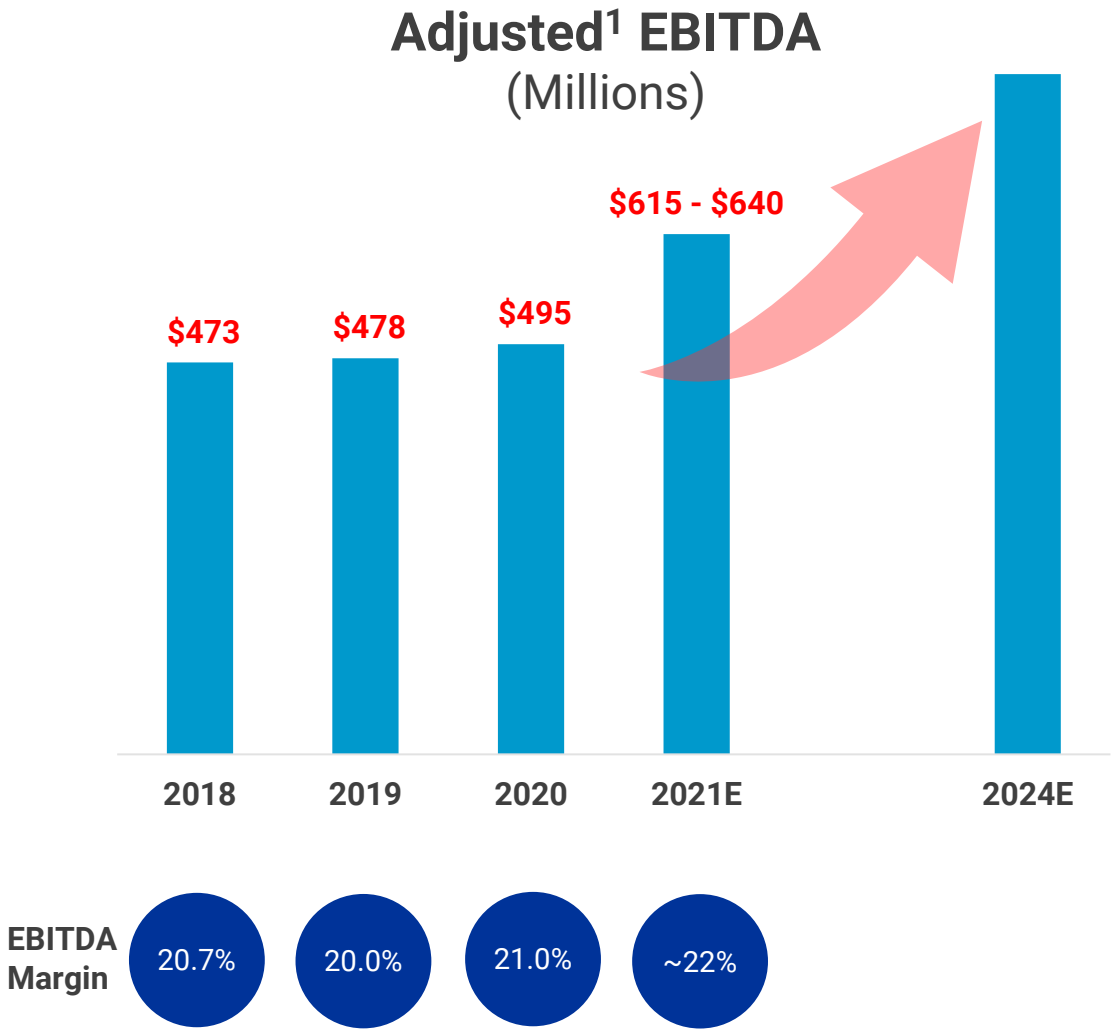
Product and services synergy expected to drive faster growth, higher margins, and stronger returns

# *ONE VALVOLINE*
# BRAND POSITIONED TO CAPTURE SECULAR SHIFTS IN THE MARKET

| | Shift from DIY to DIFM | Shift to Synthetics | Growing TAM for Preventive Maintenance |
|---|---|---|---|
| **Secular Shifts** | • Anticipating 1-2% volume declines annually in NA<br>• Revenue pool is capped by shrinking volume | • 1/3 of Retail Services oil changes are synthetic today<br>• OEMs shifting towards synthetics | • Car parc continues to grow<br>• Vehicles are getting older<br>• Vehicle complexity increasing |
| **Opportunity for Valvoline** | • Capture service revenue plus product revenue<br>• Expected to drive add-on services | • Synthetic oil change posted price is ~2x conventional<br>• Synthetic margins are ~3x those of conventional | • Expect increase $ TAM<br>• Consolidation opportunities<br>• Scale matters in drive towards being powertrain agnostic |

**Benefit to VVV: Higher Growth, Higher Margins and Higher ROICs**

# *ONE VALVOLINE*
# PROJECTING DOUBLE DIGIT GROWTH AT HIGH RETURNS




## 2021E - 2024E

- Revenue CAGR **9 - 11%**
- Adj. EBITDA margin **21 - 23%**
- Adjusted EPS CAGR **12 - 14%**
- Avg. ROIC[2] **25%+**

1. Recast FY21 guidance; for reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. ROIC calculated as operating profit after tax adjusted for key items divided by two-year average invested capital, which is comprised of equity, debt and finance lease obligations, less cash and cash equivalents.

# VALVOLINE OUTPERFORMS AUTO AFTERMARKET PEERS

| | Historical Performance | | | | Consensus Estimates | | |
|---|---|---|---|---|---|---|---|
| | Average SSS Over Last 3 Fiscal Years | Average ROIC Over Last 3 Calendar Years | CY2019A – CY2021E Revenue Growth | CY2019 – CY2021E EBITDA Growth | CY2020A – CY2022E Revenue Growth[3] | CY2020A – CY2022E EBITDA Growth[4,5] | CY2021E EBITDA Margin |
| Valvoline | 6.9% | 27.7% | 9.6% | 8.4% | 15.0% | 12.5% | 19.9% |
| **Auto Aftermarket[1,2]** | | | | | | | |
| O'Reilly Auto Parts, Driven Brands, Advance Auto Parts, The Boyd Group, Monro, AutoZone | 1.8% | 10.0% | 6.5% | 7.5% | 5.9% | 12.7% | 18.6% |

Source: Capital IQ

1. Market data as of May 13, 2021.
2. Represents median of auto aftermarket companies including O'Reilly Auto Parts, Advance Auto Parts, AutoZone, Monro, The Boyd Group and Driven Brands.
3. Revenue median excludes Driven Brands due to acquisition of International Car Wash Group in 2020.
4. EBITDA median includes 2020 Acquisition Adjusted EBITDA for Driven Brands.
5. Boyd excludes impact of IFRS-16; excludes impact of lease liability in aggregate value and lease expenses in EBITDA for projection periods; lease expense adjustments in projected periods are forecasted based on pre-IFRS16 lease standard 2019 historical figures as percent of sales.

# VALVOLINE PRESENTS A COMPELLING VALUE PROPOSITION

| | Valuation | |
|---|---|---|
| | CY2021E EV / EBITDA Multiple[3] | CY2021E P / E Multiple |
| Valvoline | 12.5x | 18.4x |
| **Auto Aftermarket[1,2]** | | |
| O'Reilly Auto Parts, Driven Brands, Advance Auto Parts, The Boyd Group, Monro Auto Service And Tire Centers, AutoZone | 15.5x | 29.5x |

Source: Capital IQ

1. Market data as of May 13, 2021.
2. Represents median of auto aftermarket companies including O'Reilly Auto Parts, Advance Auto Parts, AutoZone, Monro, The Boyd Group and Driven Brands.
3. Aggregate value excludes operating leases.

# CAPITAL ALLOCATION IS A LEVER TO DRIVE SHAREHOLDER VALUE

**~$1.3B**

Projected excess cash through 2024 to fund our transformation

Free Cash Flow[1]
(after growth capital expenditures + dividends)

+

Balance Sheet Capacity
(target 2.5x leverage)

**Capital Allocation Policy**

1. Growth capex of 4 – 5% of sales
2. Opportunistic M&A
3. Maintain ~2.5x net debt / EBITDA
4. Return excess cash to shareholders
5. Utilize buybacks as primary means of shareholder returns, dividend[2] to grow with share count reduction

Low Capital-Intensive Business
Maintenance capex % of sales: ~1.5%

Significant option value to fund its transformation or return significant cash to shareholders

20%+ of market value is expected to be generated in excess cash through 2024 **AFTER** funding growth capital

1. Free cash flow determined as cash flow from operations, less capital expenditures, and dividends.
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.

# LONG-TERM FINANCIAL OUTLOOK

## 2024 3-Year CAGR




1. Cash flows from operations less capital expenditures + dividends at target 2.5x net debt to Adjusted EBITDA leverage.

# Appendix



# 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 basis. These non-GAAP measures, presented on both a consolidated and operating segment basis, are not defined within U.S. GAAP and do not purport to be alternatives to net or operating income/loss as a measure of operating performance. For a reconciliation of non-GAAP measures, refer to the tables in this Appendix.

Adjusted EBITDA non-GAAP measures have been included herein, which management defines as: net income/loss, plus income tax expense/benefit, net interest and other financing expenses, and depreciation and amortization, adjusted for certain non-operational items, including net pension and other postretirement plan expense/income; changes in the LIFO inventory reserve; impairment of equity investment; and other items (which can include activity related to the separation from Ashland, impact of significant acquisitions or divestitures, restructuring costs, or other non-operational income/costs not directly attributable to the underlying business).

Adjusted EBITDA is not prepared in accordance with U.S. GAAP and contains management's best estimates of cost allocations and shared resource costs. Management believes the use of non-GAAP measures on a consolidated and operating segment basis 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 Adjusted EBITDA. These non-GAAP measures provide a supplemental presentation of Valvoline's operating performance.

Due to depreciable assets associated with the nature of the Company's operations and interest costs related to Valvoline's capital structure, management believes Adjusted EBITDA is an important supplemental measure to evaluate the Company's operating results between periods on a comparable basis. In addition, Adjusted EBITDA generally includes adjustments for unusual, non-operational or restructuring-related activities, which impact the comparability of results between periods. Management believes this non-GAAP measure provides investors with a meaningful supplemental presentation of Valvoline's operating performance.

Adjusted EBITDA does not include changes in the Company's LIFO inventory reserve, which are the charges or credits recognized in Cost of sales to value certain lubricant inventories at the lower of cost or market using the LIFO method. In inflationary or deflationary pricing environments, the application of LIFO can result in variability of the cost of sales recognized each period as the most recent costs are matched against current sales, while preceding costs are retained in inventories. LIFO adjustments are determined based on published prices, which are difficult to predict and largely dependent on future events. Management believes evaluating results without changes in the LIFO reserve provides an important view of Valvoline's operational performance as the application of LIFO can impact comparability and enhance the lag period effects between changes in inventory costs and related pricing adjustments.

Adjusted EBITDA also includes adjustments for net pension and other postretirement plan expense/income, which 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. These measures include pension and other postretirement service costs related to current employee service as well as the costs of other benefits provided to employees.

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, Adjusted EBITDA is not necessarily comparable with similar information for other comparable companies. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, or more meaningful than, net and operating income as determined in accordance with U.S. GAAP. Because of these limitations, one should rely primarily on net and operating income as determined in accordance with U.S. GAAP and use Adjusted EBITDA only as supplemental information. In evaluating Adjusted EBITDA, one should be aware that in the future Valvoline may incur expenses/income similar to those for which adjustments are made in calculating Adjusted EBITDA. Valvoline's presentation of Adjusted EBITDA should not be construed as a basis to infer that Valvoline's future results will be unaffected by unusual or nonrecurring items

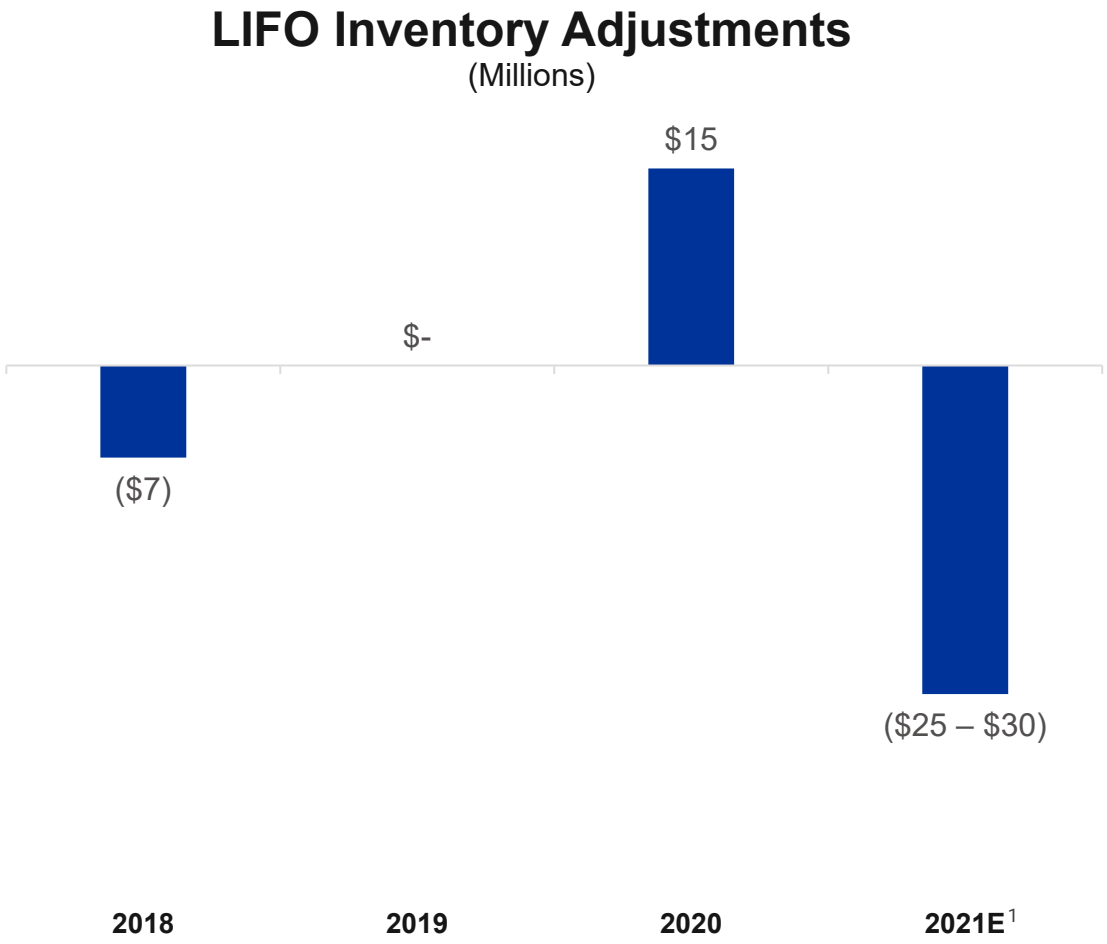
Valvoline's outlook for adjusted EBITDA is a non-GAAP financial measure that excludes or will otherwise be adjusted for items impacting comparability. Valvoline is unable to reconcile this forward-looking non-GAAP financial measure to GAAP net income without unreasonable efforts, as the Company is currently 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.

# 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, sales and same-store sales. 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 activity and end of period store counts. 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, including franchised conversions, 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. 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 as revenue in its Statements of Consolidated Income, management believes system-wide and franchised SSS comparisons, sales and 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.

# LIFO INVENTORY ACCOUNTING




- LIFO inventory accounting has not historically had a material impact
- Most peers report on a FIFO basis
- Changes in the reserve to revalue inventories on a LIFO-basis are non-cash
- LIFO-generated variability has increased since COVID-19

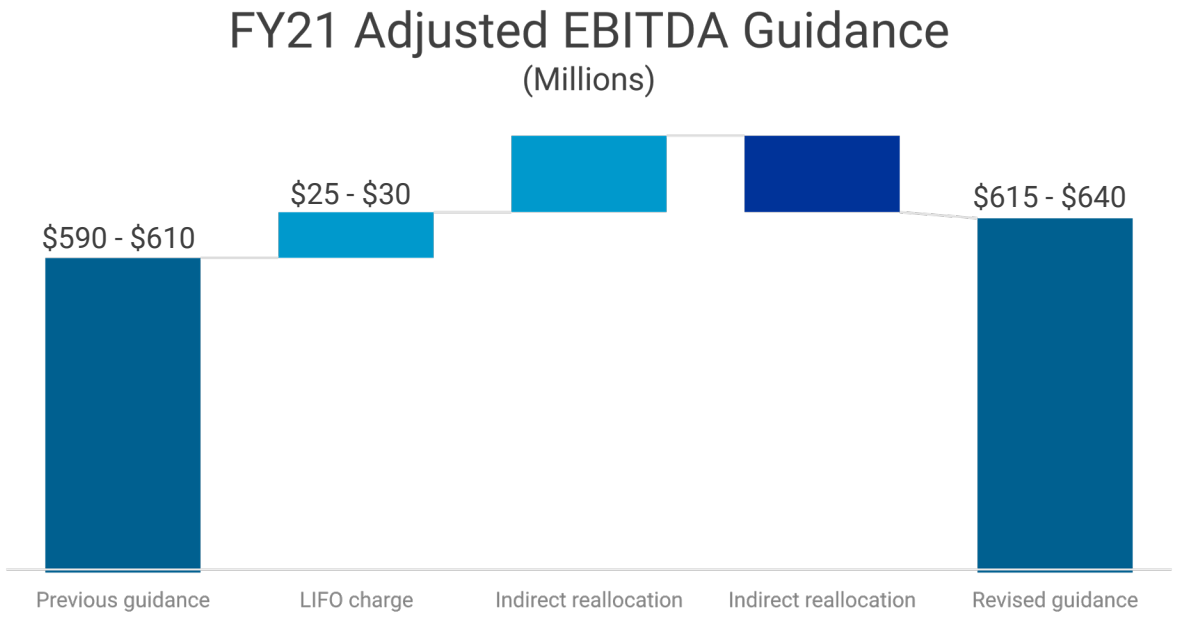
1. FY21 estimate based on internal estimates.

# SUMMARY OF INDIRECT EXPENSE ALLOCATION CHANGES

- Valvoline is implementing changes to its allocation methodology for corporate and other SG&A not directly attributable to a particular segment
- Indirect costs were previously fully allocated generally based on each segment's proportional contribution to various financial measures (e.g., revenues and profits)
- Valvoline's indirect costs include a variety of functional areas: IT, finance, human resources, legal, research & development, and other administrative expenses
- Most comparable global products and retail services businesses maintain certain costs in a corporate function

**Allocation change will begin in Q3 FY21 and prior periods revised for consistency**

# CONSOLIDATED RESULTS (FY20 AND FY21 RECAST GUIDANCE)

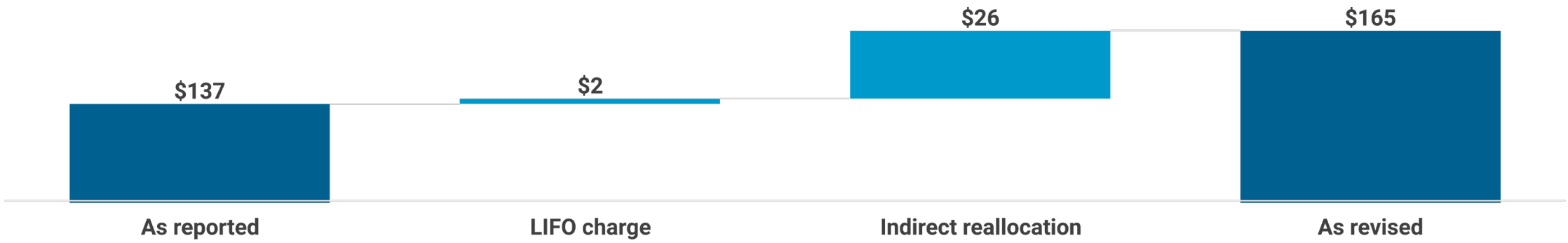



| | FY2020 Actual | | | | | |
|---|---|---|---|---|---|---|
| (millions) | Core North America & International = Global Products | Retail Services | Corporate | Consolidated |
| Adjusted EBITDA - as reported | $ 218 | $ 80 | $ 298 | $ 212 | $ - | $ 510 |
| *Adjusted EBITDA margin* | *23.1%* | *15.2%* | *20.3%* | *24.0%* | | *21.7%* |
| Indirect reallocation | 17 | 5 | 22 | 39 | (61) | - |
| LIFO credit | (11) | - | (11) | (4) | - | (15) |
| Adjusted EBITDA - as revised | $ 224 | $ 85 | $ 309 | $ 247 | $ (61) | $ 495 |
| *Adjusted EBITDA margin* | *23.7%* | *16.2%* | *21.0%* | *28.0%* | | *21.0%* |

# RETAIL SERVICES RESULTS (FY20 AND FY21 YTD)

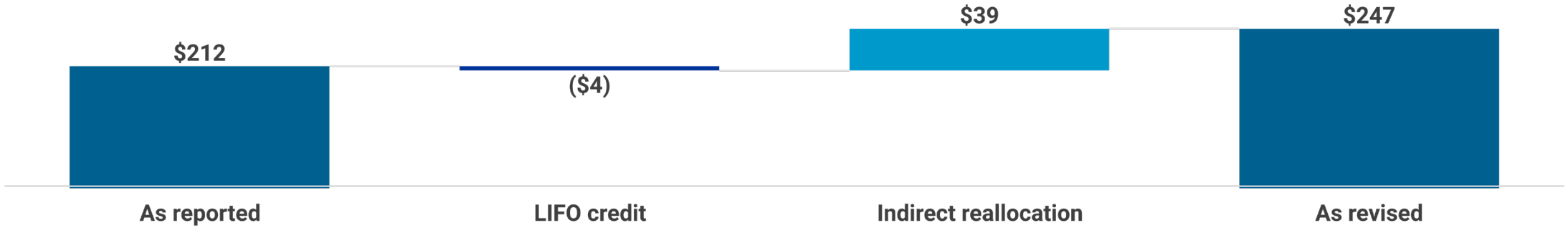
## Retail Services FY21 YTD[1] Adjusted EBITDA

(Millions)




## Retail Services FY20 Adjusted EBITDA

(Millions)

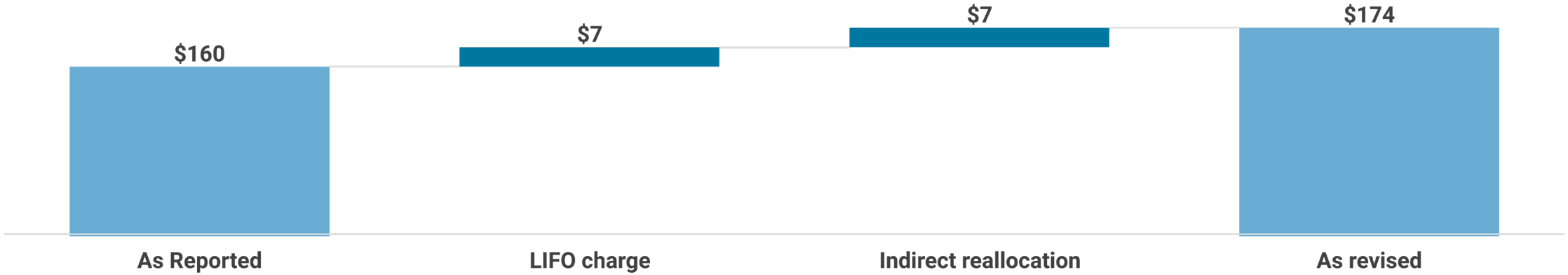



1. FY21 YTD through March 31, 2021.

# GLOBAL PRODUCTS RESULTS (FY20 AND FY21 YTD)

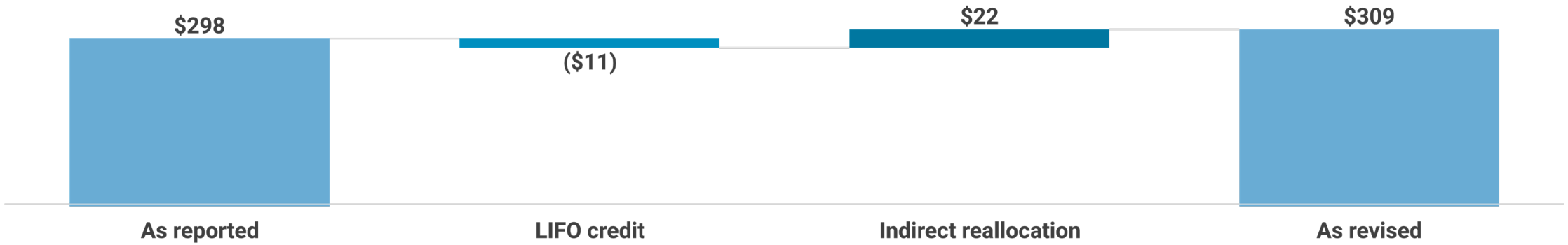
## Global Products FY21 YTD[1] Adjusted EBITDA

(Millions)




## Global Products FY20 Adjusted EBITDA

(Millions)




1. FY21 YTD through March 31, 2021.

# RECONCILIATION OF RECAST ADJUSTED EBITDA

| (In millions) | For the years ended September 30 | | | | | For the six months ended |
|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | March 31, 2021 |
| Net income | $ 273 | $ 304 | $ 166 | $ 208 | $ 317 | $ 155 |
| Income tax expense | 148 | 186 | 166 | 57 | 134 | 52 |
| Net interest and other financing expenses | 9 | 42 | 63 | 73 | 93 | 75 |
| Depreciation and amortization | 38 | 42 | 54 | 61 | 66 | 44 |
| EBITDA | 468 | 574 | 449 | 399 | 610 | 326 |
| Net pension and other postretirement plan (income) expenses | (35) | (138) | - | 60 | (59) | (27) |
| Net legacy and separation-related expenses (income) | 6 | 11 | 14 | 3 | (30) | 1 |
| LIFO (credit) charge | (3) | 5 | 7 | - | (15) | 9 |
| Compensated absences and benefits change | - | - | - | - | (11) | - |
| Business interruption expenses (recovery) | - | - | - | 6 | (2) | (3) |
| Acquisition and divestiture-related costs (income) | 1 | - | 3 | (4) | 2 | - |
| Restructuring and related expenses | - | - | - | 14 | - | - |
| Adjusted EBITDA | $ 437 | $ 452 | $ 473 | $ 478 | $ 495 | $ 306 |

# NON-GAAP RECONCILIATIONS – AS RECAST

| (In millions - unaudited) | Years ended September 30 | | | |
|---|---|---|---|---|
| **Retail Services** | 2018 | 2019 | 2020 | LTM [a] |
| Operating income | $ 172 | $ 205 | $ 208 | $ 246 |
| Key items: | | | | |
| Acquisition and divestiture-related costs | 2 | — | — | — |
| Adjusted operating income | 174 | 205 | 208 | 246 |
| Add: | | | | |
| Depreciation and amortization | 28 | 34 | 39 | 50 |
| Adjusted EBITDA | $ 202 | $ 239 | $ 247 | $ 296 |

| (In millions - unaudited) | Years ended September 30 | | | |
|---|---|---|---|---|
| **Global Products** | 2018 | 2019 | 2020 | LTM [a] |
| Operating income | $ 304 | $ 269 | $ 284 | $ 308 |
| Key items: | | | | |
| Acquisition and divestiture-related costs (income) | 1 | (4) | — | — |
| Business interruption expenses | — | 6 | — | — |
| Adjusted operating income | 305 | 271 | 284 | 308 |
| Add: | | | | |
| Depreciation and amortization | 25 | 25 | 25 | 26 |
| Adjusted EBITDA | $ 330 | $ 296 | $ 309 | $ 334 |
| | | | | |
| Adjusted operating income | $ 305 | $ 271 | $ 284 | $ 308 |
| Add: | | | | |
| Income tax expense [b] | (97) | (64) | (70) | (76) |
| Maintenance additions to property, plant and equipment | (18) | (10) | (12) | (13) |
| Discretionary free cash flow [c] | $ 190 | $ 197 | $ 202 | $ 219 |

a) Last twelve months ended March 31, 2021.
b) Income tax expense at adjusted effective tax rate.
c) Discretionary free cash flow for Global Products is defined as adjusted operating profit after-tax less maintenance capital expenditures. Maintenance capital expenditures are routine uses of cash that are necessary to maintain the segment's operations. Management believes discretionary free cash flow is a useful measure of the operational business performance of Global Products and should be used as a supplement, rather than an alternative to, the GAAP measure of cash flows from operating activities.

# NON-GAAP RECONCILIATIONS – DISCRETIONARY FREE CASH FLOW

(In millions - unaudited)

| | Years ended September 30 | | | |
|---|---|---|---|---|
| | 2018 | 2019 | 2020 | LTM [a] |
| Total cash flows provided by operating activities | $ 320 | $ 325 | $ 372 | $ 408 |
| Adjustments: | | | | |
| Maintenance additions to property, plant and equipment | (37) | (27) | (30) | (32) |
| Discretionary free cash flows [b] | $ 283 | $ 298 | $ 342 | $ 376 |

a) Last twelve months ended March 31, 2021.
b) Discretionary free cash flow is defined as cash flows from operating activities less maintenance capital expenditures. Maintenance capital expenditures are routine uses of cash that are necessary to maintain the Company's operations. Management believes discretionary free cash flow is a useful measure of the Company's operational business performance and should be used as a supplement, rather than an alternative to, the GAAP measure of cash flows from operating activities.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