Second-Quarter Fiscal 2022 Earnings

May 10, 2022

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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://www.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

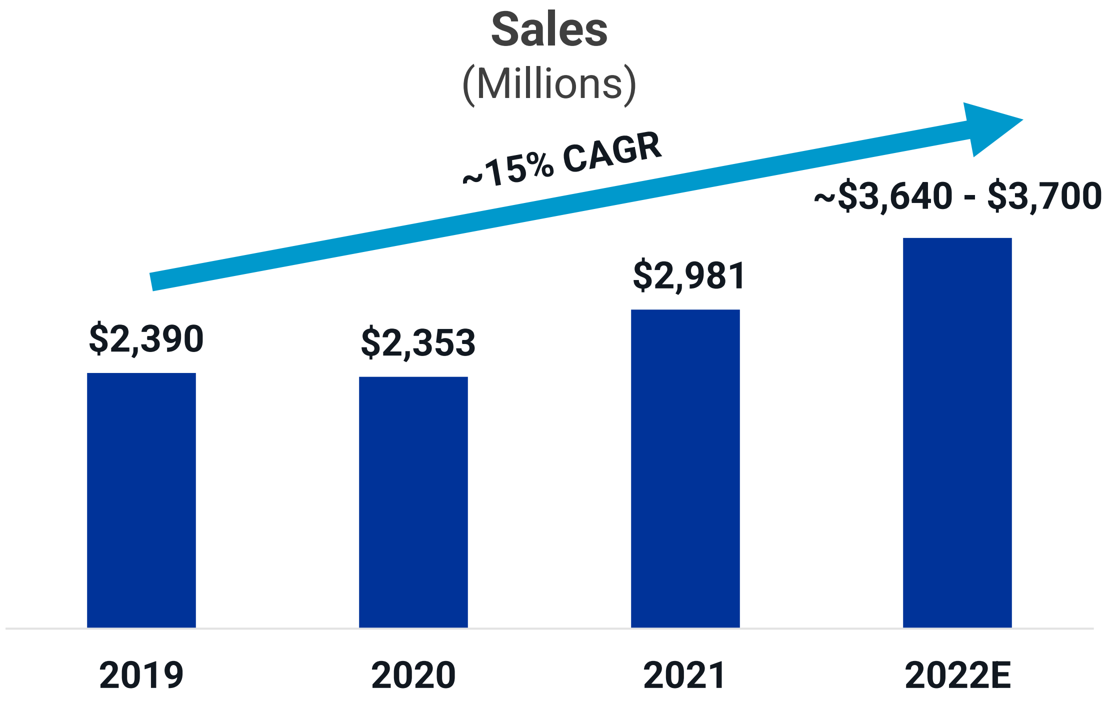
Information regarding Valvoline's definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

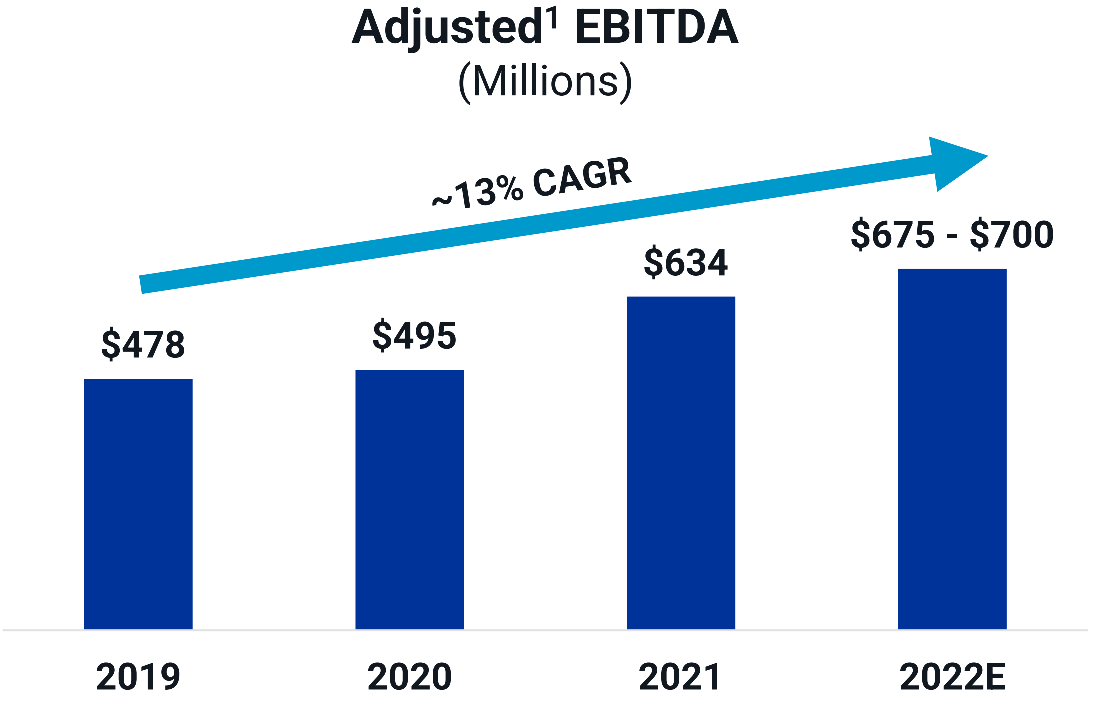
2Q22 KEY OPERATING HIGHLIGHTS

VVV	Retail Services	Global Products
26% Growth in total sales	**13.1%** Growth in system-wide SSS[1]	**29%** Growth in sales
19% Growth in reported net income; **1%** Growth in adjusted[1] EBITDA	**7%** Growth in system-wide units[1]	**9%** Growth in volume[1]
22% Growth in reported EPS; **flat** Growth in adjusted[1] EPS	**flat** Growth in adjusted[1] EBITDA	**$52M** Discretionary free cash flow[1] generation

1. 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.

ACCELERATED GROWTH CONTINUES





Raising topline and maintaining bottom-line guidance

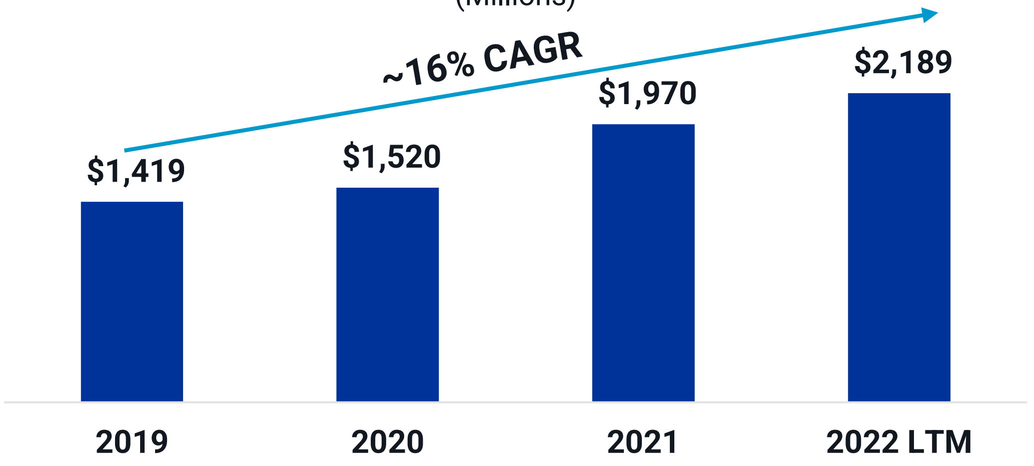
1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

Segment Highlights

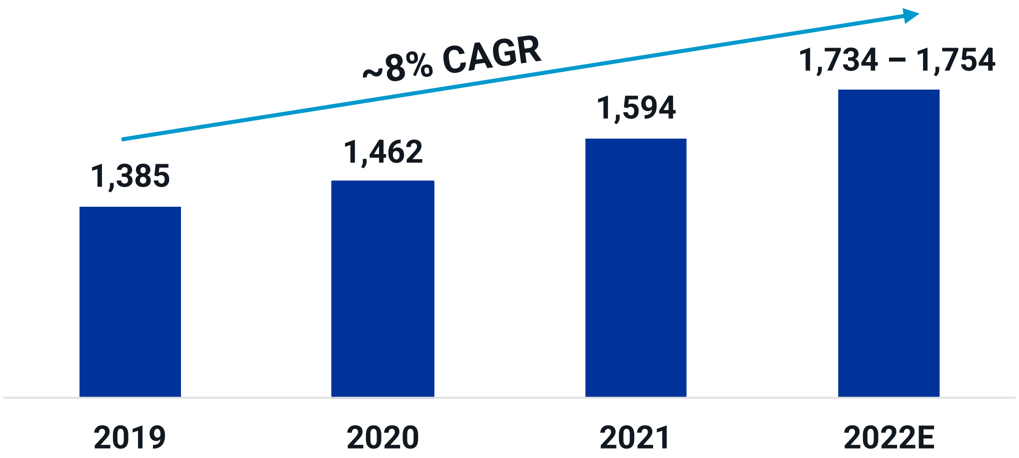
RETAIL SERVICES
SSS, UNIT GROWTH CONTINUE DRIVING TOPLINE PERFORMANCE

(Millions, except store count)	2Q22	YoY
Segment Sales	$350	23%
SSS[1] Growth (system-wide)	N/A	13.1%
Store Count[1] (system-wide)	1,661	7%
Adjusted[2] EBITDA	$95	-%

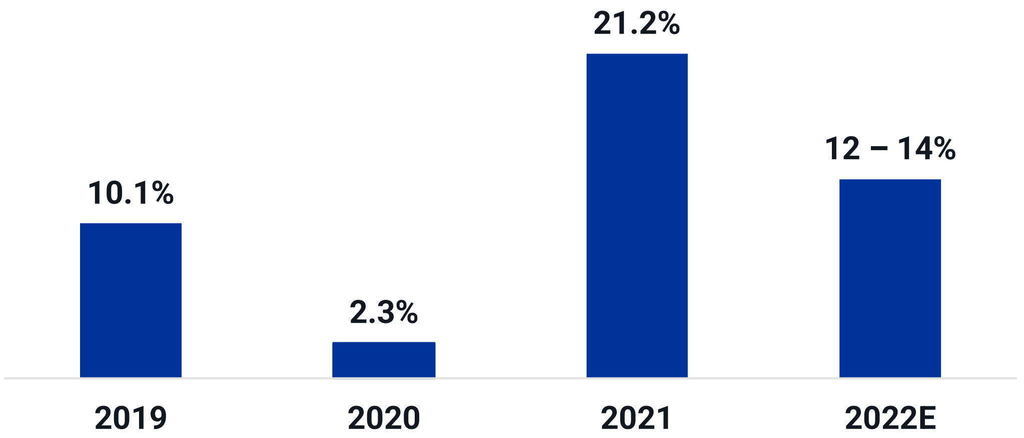
System-Wide Store Sales[1]
(Millions)



System-Wide Unit Count[1]



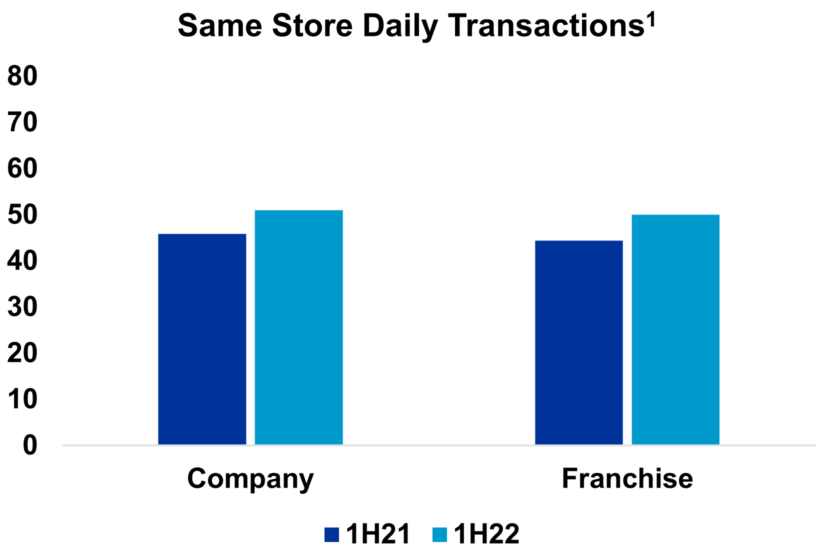
System-Wide Same Store Sales[1] (SSS) Growth



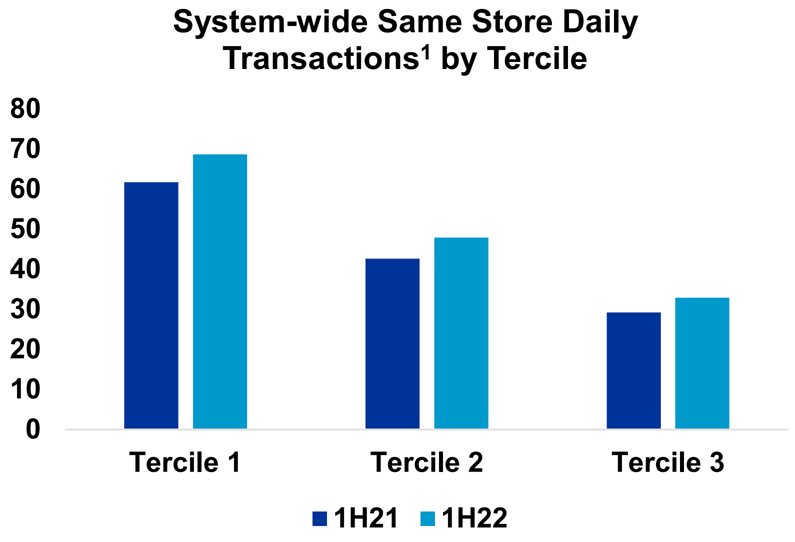
1. Refer to the Appendix for further information regarding management's use of key business measures.
2. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

RETAIL SERVICES
ONGOING SHARE GAINS

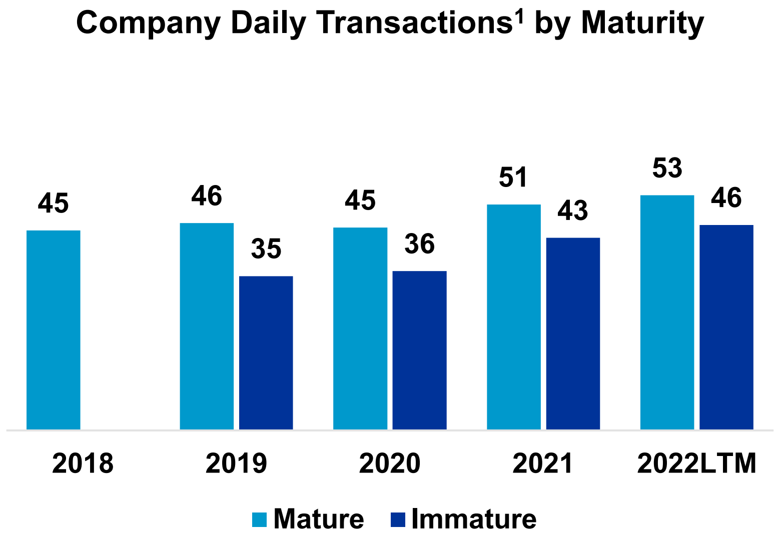
Growth Across Platforms



Growth Across Performance Vectors



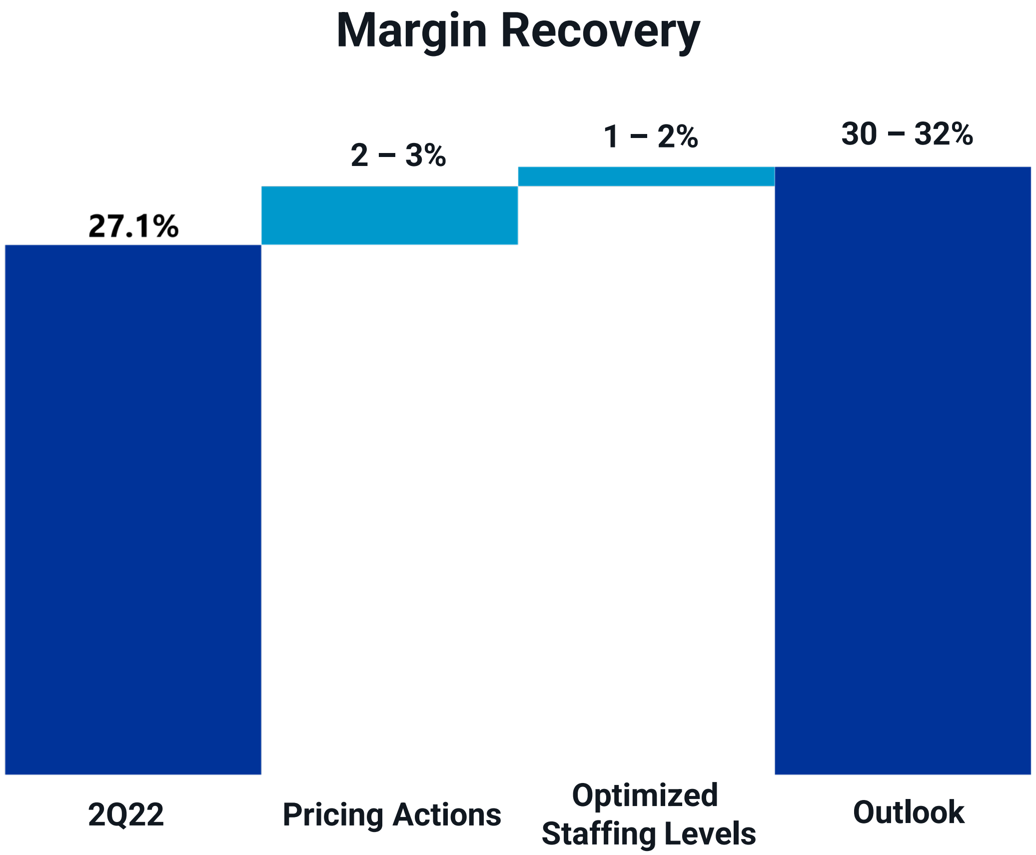
Growth Across Maturities[2]



Transaction growth is broad based

1. Transactions measured as oil changes.
2. Mature stores based on 439 company-owned stores open since December 31, 2017.

RETAIL SERVICES
ACTIONS EXPECTED TO DRIVE MARGIN RECOVERY



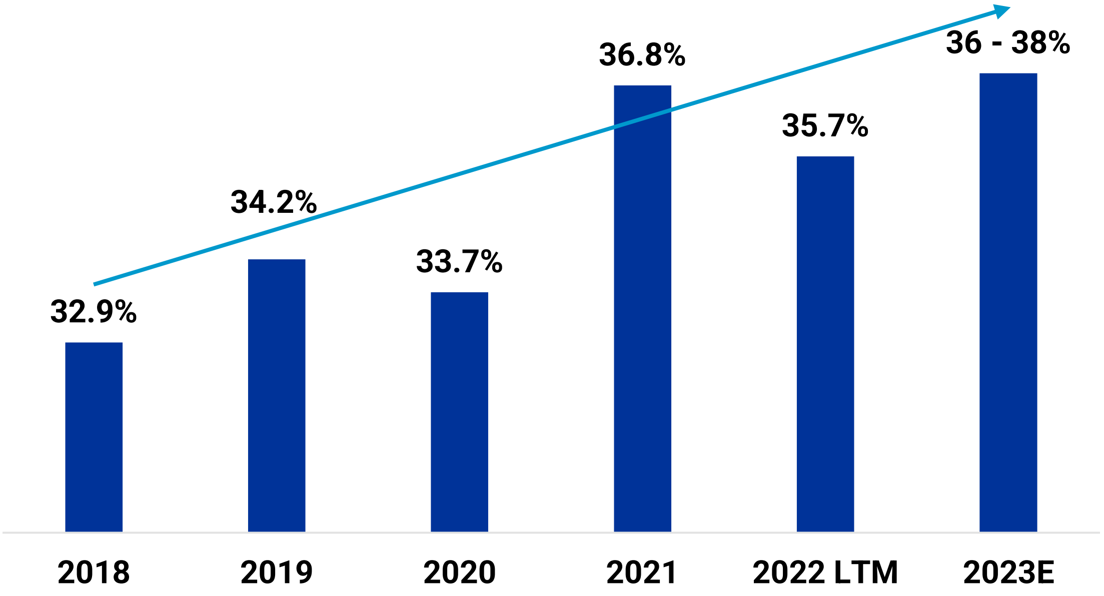
Key actions executed to improve margins

- Incremental pricing actions to recover product and labor costs
- Strategic labor investments to attract & retain top talent
- Benefits to Q3 already being realized

Increase in average-ticket expected to improve profitability in Q3 and Q4

RETAIL SERVICES
MARGIN LEVERAGE

Mature[1] Store EBITDA Margins



Key takeaways

- **Margins in mature company stores continue to expand**
- **Benefits of pricing actions, service penetration and continued share gains**

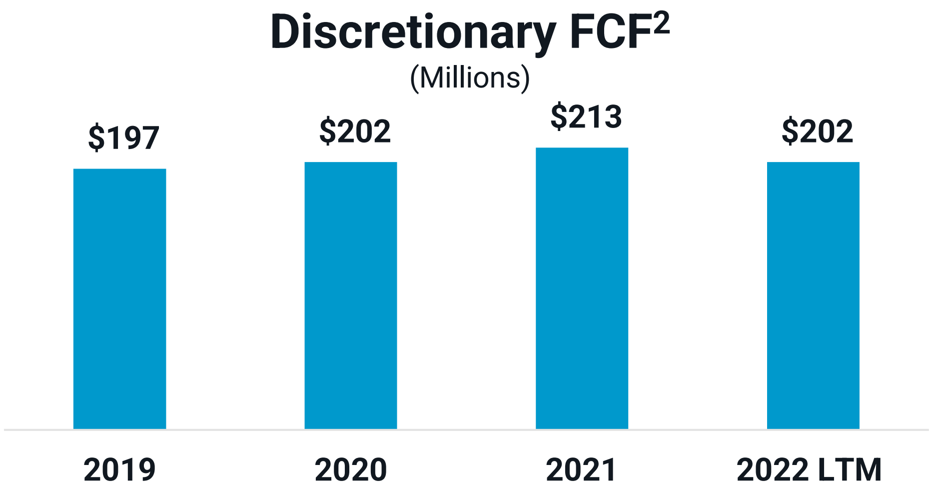
Transaction and ticket growth drive operating leverage in mature stores

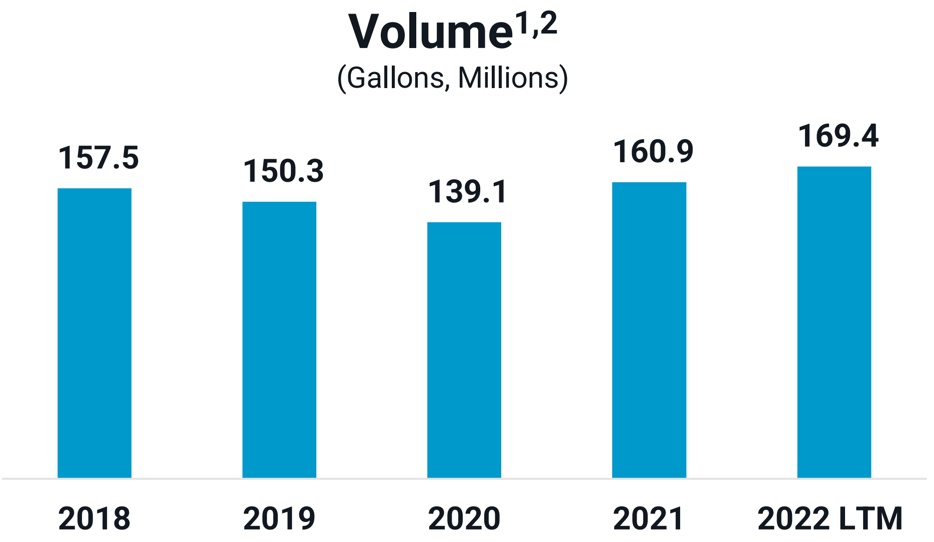
1. Based on 439 company-owned stores open since December 31, 2017.

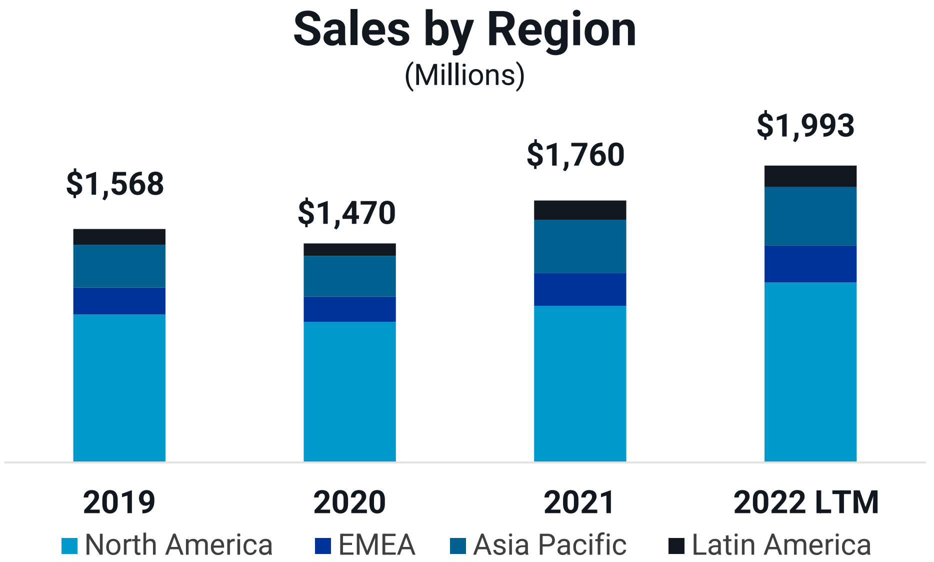
GLOBAL PRODUCTS

DRIVING SHARE GAINS AND STEADY CASH GENERATION

(Millions)	2Q22	YoY
Segment Sales	$536	29%
Volume[1] (gallons)	43.3	9%
Adjusted[2] EBITDA	$81	1%
Discretionary FCF[2]	$52	-%



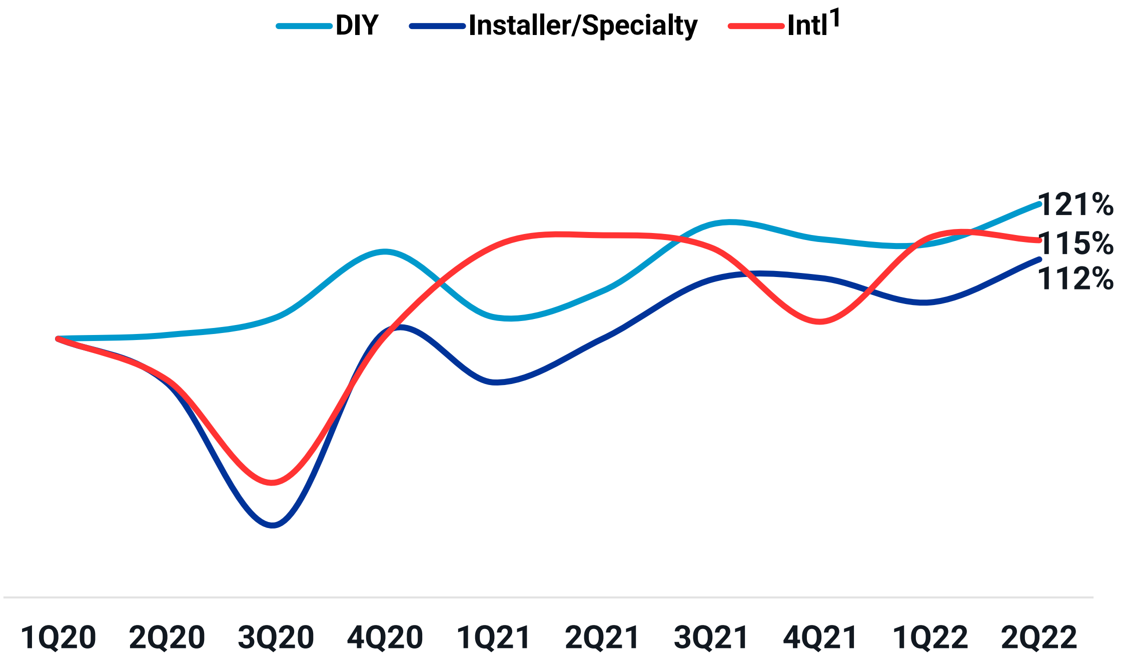




1. Includes 2.4 million gallons in Q2 fiscal 2022 sold to Valvoline's unconsolidated joint-venture with Cummins in China.
2. For a discussion of management's use of Key Business Measures and a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

GLOBAL PRODUCTS
DEMAND STRENGTH AND COST RECOVERY CONTINUE

Lubricant Volume by Region/Channel Indexed to 1Q20



Cost recovery on track

- **Success in pass-through of previous cost increases**
- **Anticipate efficient pass-through of recent cost increases**

Pricing actions expected to drive unit margin recovery

1. Excludes product volume sold to Valvoline's unconsolidated joint-venture with Cummins in China.

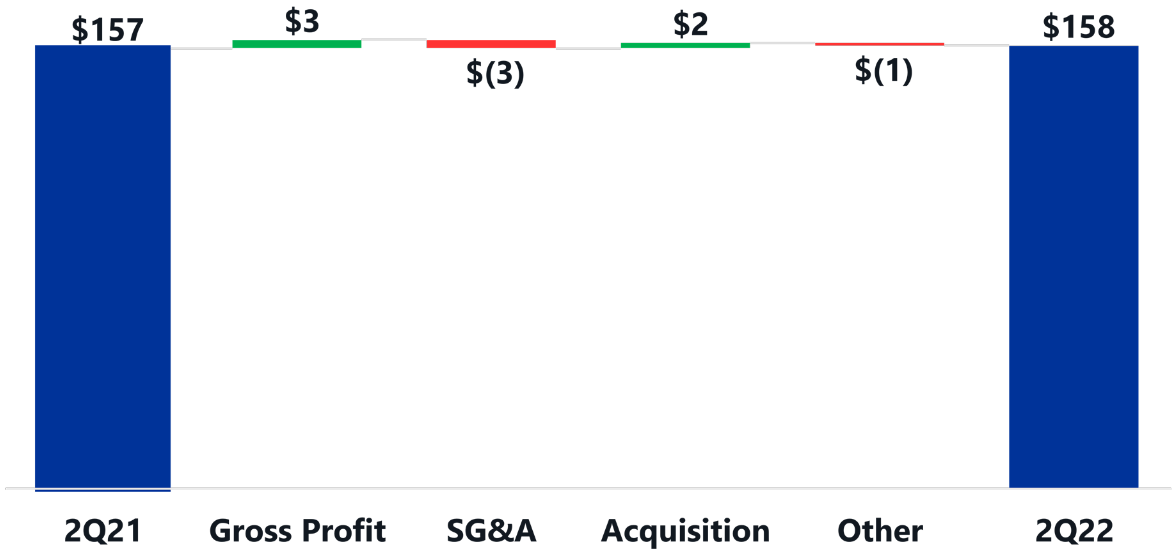
2Q22 Earnings

SECOND QUARTER RESULTS

(Millions, except per-share data)	2Q22	YoY
Sales	$886	26%
Gross Profit	$250	1%
Adjusted[1] Gross Profit	$254	1%
Operating Income	$117	(11)%
Adjusted[1] Operating Income	$133	(1)%
Net Income	$81	19%
Adjusted[1] EBITDA	$158	1%
Earnings per Diluted Share (EPS)	$0.45	22%
Adjusted[1] EPS	$0.48	-%

YoY Changes in Adjusted[1] EBITDA

(Millions)



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

SECOND QUARTER RESULTS – SEGMENT PERFORMANCE

Retail Services

(Millions)	2Q22	YoY
Segment Sales	$350	23%
Adjusted[1] EBITDA	$95	-%
Adjusted[2] EBITDA Margin	27.1%	(620) bps

Global Products

(Millions)	2Q22	YoY
Segment Sales	$536	29%
Adjusted[1] EBITDA	$81	1%
Adjusted[2] EBITDA Margin	15.1%	(410) bps

Retail Services Takeaways

- SSS two-year stacks continue to run above 30%
- Pricing actions expected to drive margin recovery to outlook of 30% - 32%
- Store growth guidance accelerating driven by franchisee investments

Global Products Takeaways

- Demand strength continues to be broad-based
- Expect efficient pass through of recent cost increases based on market conditions
- EBITDA unit margins expected to recover to pre-COVID average

1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Adjusted EBITDA margin is determined as Adjusted EBITDA divided by sales.

2022 GUIDANCE

	Current Outlook	Prior Outlook
Operating Items		
Total company sales growth	22 – 24%	19 – 21%
Retail Services store additions[1]	140 – 160 (9 – 10%)	110 – 130 (7 – 8%)
Retail Services SSS[1] growth	12 – 14%	9 – 12%
Adjusted[2] EBITDA	No change	$675 – $700 million
Corporate Items		
Adjusted[2] effective tax rate	No change	24 – 25%
Adjusted[2] EPS	No change	$2.07 – $2.20
Capital expenditures	No change	$180 – $200 million
Free cash flow[2,3]	$260 – $280 million	$260 – $300 million

1. For a discussion of management's use of Key Business Measures, please refer to the Appendix.
2. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile 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 results but would not impact non-GAAP adjusted results.
3. Outlook for free cash flow excludes non-recurring cash outflows associated with the separation.

SUMMARY

- Exceptional topline growth continues driven by strong demand and pricing
- Outlook for FY22 profitability remains strong
  - Pricing actions improving profitability in Retail Services
  - Volume growth & price pass-through continue in Global Products
- Separation-related work on track

Appendix

RECONCILIATION OF ADJUSTED EBITDA

(In millions)	For the years ended September 30				
	2017	2018	2019	2020	2021
Net income	$ 304	$ 166	$ 208	$ 317	$ 420
Income tax expense	186	166	57	134	123
Net interest and other financing expenses	42	63	73	93	111
Depreciation and amortization	42	54	61	66	92
EBITDA	574	449	399	610	746
Net pension and other retirement plan (income) expenses	(138)	—	60	(59)	(126)
Net legacy and separation-related expenses (income)	11	14	3	(30)	(24)
LIFO charge (credit)	5	7	—	(15)	41
Business interruption expenses (recovery)	—	—	6	(2)	(3)
Compensated absences and benefits change	—	—	—	(11)	—
Acquisition and divestiture-related costs (income)	—	3	(4)	2	—
Restructuring and related expenses	—	—	14	—	—
Adjusted EBITDA	$ 452	$ 473	$ 478	$ 495	$ 634

RETAIL SERVICES – Q2 RESULTS

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Sales information				
Retail Services segment sales	$ 350	$ 285	$ 696	$ 539
Year-over-year growth	*23 %*	*34 %*	*29 %*	*25 %*
System-wide store sales [(a)]	$ 557	$ 468	$ 1,108	$ 889
Year-over-year growth [(a)]	*19 %*	*29 %*	*25 %*	*20 %*
Same-store sales growth [(b)]				
Company-operated	10.0 %	19.8 %	15.7 %	12.8 %
Franchised [(a)]	15.5 %	20.4 %	20.9 %	13.1 %
System-wide [(a)]	13.1 %	20.2 %	18.6 %	13.0 %
Profitability information				
Operating income [(c)]	$ 77	$ 80	$ 158	$ 136
Key items	—	—	—	—
Adjusted operating income [(c)]	77	80	158	136
Depreciation and amortization	18	15	35	29
Adjusted EBITDA [(c)]	$ 95	$ 95	$ 193	$ 165
Adjusted EBITDA margin [(d)]	*27.1 %*	*33.3 %*	*27.7 %*	*30.6 %*
Discretionary cash flow information				
Adjusted operating income [(c)]	$ 77	$ 80	$ 158	$ 136
Income tax expense [(e)]	(19)	(20)	(37)	(35)
Maintenance additions to property, plant and equipment	(5)	(4)	(9)	(7)
Discretionary free cash flow [(f)]	$ 53	$ 56	$ 112	$ 94

a) Measure includes Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.
b) Valvoline determines SSS growth as sales by U.S. Retail Services stores, with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation.
c) Segment adjusted operating income is segment operating income adjusted for key items impacting comparability. Segment adjusted operating income is further adjusted for depreciation and amortization to determine segment adjusted EBITDA. Valvoline does not generally allocate activity below operating income to its operating segments; therefore, the table above reconciles operating income to Adjusted EBITDA.
d) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by segment sales.
e) Income tax expense estimated using the adjusted effective tax rate for the period multiplied by operating segment adjusted operating income.
f) Segment discretionary free cash flow is defined as operating segment adjusted operating income after-tax less maintenance capital expenditures

RETAIL SERVICES – STORE INFORMATION

	System-wide stores [a]				
	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021
Beginning of period	1,635	1,594	1,569	1,548	1,533
Opened	19	32	21	17	13
Acquired	9	12	7	5	3
Closed	(2)	(3)	(3)	(1)	(1)
End of period	1,661	1,635	1,594	1,569	1,548

	Number of stores at end of period				
	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021
Company-operated	757	738	719	698	673
Franchised	904	897	875	871	875

	March 31	
	2022	2021
System-wide store count [a]	1,661	1,548
Year-over-year growth	*7 %*	*9 %*

a) System-wide store count includes franchised service center stores. Valvoline franchises are independent legal entities, and Valvoline does not consolidate the results of operations of its franchisees.

GLOBAL PRODUCTS – Q2 RESULTS

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Volume information				
Lubricant sales (gallons)	43.3	39.9	86.4	77.9
Year-over-year growth	*9 %*	*15 %*	*10.9 %*	*10.2 %*
Sales information				
Sales by geographic region				
North America [(a)]	$ 330	$ 242	$ 634	$ 477
Europe, Middle East, and Africa ("EMEA")	67	54	134	105
Asia Pacific	98	88	202	171
Latin America [(a)]	41	32	78	62
Global Products segment sales	$ 536	$ 416	$ 1,048	$ 815
Profitability information				
Operating income [(b)]	$ 74	$ 73	$ 144	$ 161
Key items	—	—	—	—
Adjusted operating income [(b)]	74	73	144	161
Depreciation and amortization	7	7	14	13
Adjusted EBITDA [(b)]	$ 81	$ 80	$ 158	$ 174
Adjusted EBITDA margin [(c)]	*15.1 %*	*19.2 %*	*15.1 %*	*21.3 %*
Discretionary cash flow information				
Adjusted operating income [(b)]	$ 74	$ 73	$ 144	$ 161
Income tax expense [(d)]	(18)	(18)	(34)	(41)
Maintenance additions to property, plant, and equipment	(4)	(3)	(6)	(5)
Discretionary free cash flow [(e)]	$ 52	$ 52	$ 104	$ 115

a) Valvoline includes the United States and Canada in its North America region. Mexico is included within the Latin America region.
b) Segment adjusted operating income is segment operating income adjusted for key items impacting comparability. Segment adjusted operating income is further adjusted for depreciation and amortization to determine segment adjusted EBITDA. Valvoline does not generally allocate activity below operating income to its operating segments; therefore, the table above reconciles operating income to Adjusted EBITDA.
c) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by segment sales.
d) Income tax expense estimated using the adjusted effective tax rate for the period multiplied by operating segment adjusted operating income. (e) Segment discretionary free cash flow is defined as operating segment adjusted operating income after-tax less maintenance capital expenditures

KEY ITEMS AFFECTING INCOME

(In millions, except per share data - preliminary and unaudited)	Second Quarter Impact			
		Total		
	Operating Income	Pre-tax	After-tax	Earnings per share
Fiscal 2022				
Pension & OPEB income	$ —	$ 9	$ 7	$ 0.04
Net legacy and separation-related expenses	(6)	(6)	(5)	(0.03)
LIFO charge	(3)	(3)	(2)	(0.01)
Business interruption losses	(5)	(5)	(5)	(0.03)
Information technology transition costs	(2)	(2)	(1)	—
Total	$ (16)	$ (7)	$ (6)	$ (0.03)
Fiscal 2021				
Pension & OPEB income	$ —	$ 14	$ 10	$ 0.05
LIFO charge	(5)	(5)	(3)	(0.02)
Business interruption recovery	2	2	1	0.01
Debt extinguishment and modification	$ —	$ (36)	$ (27)	$ (0.15)
Total	$ (3)	$ (25)	$ (19)	$ (0.11)

RECONCILIATION OF NON-GAAP DATA – GROSS PROFIT AND OPERATING INCOME

	Three months ended March 31			
	Gross profit		Operating income	
(In millions - preliminary and unaudited)	2022	2021	2022	2021
As reported	$ 250	$ 247	$ 117	$ 131
Adjustments:				
LIFO charge	3	5	3	5
Legacy and separation-related expenses	—	—	6	—
Information technology transition costs	—	—	2	—
Business interruption losses (recoveries)	1	—	5	(2)
As adjusted	$ 254	$ 252	$ 133	$ 134

	Six months ended March 31			
	Gross profit		Operating income	
(In millions - preliminary and unaudited)	2022	2021	2022	2021
As reported	$ 494	$ 475	$ 238	$ 255
Adjustments:				
LIFO charge	9	9	9	9
Net legacy and separation-related expenses	—	—	9	1
Information technology transition costs	—	—	3	—
Business interruption losses (recoveries)	1	—	5	(3)
As adjusted	$ 504	$ 484	$ 264	$ 262

RECONCILIATION OF NON-GAAP DATA – ADJUSTED EBITDA

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Adjusted EBITDA - Valvoline				
Net income	$ 81	$ 68	$ 168	$ 155
Add:				
Income tax expense	27	22	53	52
Net interest and other financing expenses	18	55	35	75
Depreciation and amortization	25	23	50	44
EBITDA [(a)]	151	168	306	326
Key items:				
Net pension and other postretirement plan income	(9)	(14)	(18)	(27)
Net legacy and separation-related expenses	6	—	9	1
LIFO charge	3	5	9	9
Information technology transition costs	2	—	3	—
Business interruption losses (recoveries)	5	(2)	5	(3)
Key items - subtotal	7	(11)	8	(20)
Adjusted EBITDA [(a)]	$ 158	$ 157	$ 314	$ 306
Segment Adjusted EBITDA				
Retail Services	$ 95	$ 95	$ 193	$ 165
Global Products	81	80	158	174
Segment Adjusted EBITDA [(b)]	176	175	351	339
Corporate	(18)	(18)	(37)	(33)
Total Adjusted EBITDA [(a)]	158	157	314	306
Net interest and other financing expenses	(18)	(55)	(35)	(75)
Depreciation and amortization	(25)	(23)	(50)	(44)
Key items	(7)	11	(8)	20
Income before income taxes	$ 108	$ 90	$ 221	$ 207

(a) EBITDA is defined as net income, plus income tax expense, net interest and other financing expenses, and depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for key items, as described in "Use of Non-GAAP Measures" within this press release.

(b) Segment adjusted EBITDA represents the operations of the Company's two operating segments, including expenses associated with each segment's utilization of indirect resources. The costs of corporate functions, in addition to corporate and non-operational matters, or key items, are not included in segment adjusted EBITDA. The table above reconciles segment adjusted EBITDA to consolidated pre-tax income.

RECONCILIATION OF NON-GAAP DATA – NET INCOME AND DILUTED EARNINGS PER SHARE

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Reported net income	$ 81	$ 68	$ 168	$ 155
Adjustments:				
Net pension and other postretirement plan income	(9)	(14)	(18)	(27)
Net legacy and separation-related expenses	6	—	9	1
LIFO charge	3	5	9	9
Business interruption losses (recoveries)	5	(2)	5	(3)
Information technology transition costs	2	—	3	—
Debt extinguishment and modification	—	36	—	36
Total adjustments, pre-tax	7	25	8	16
Income tax expense of adjustments	(1)	(6)	(1)	(4)
Total adjustments, after tax	6	19	7	12
Adjusted net income [(a)]	$ 87	$ 87	$ 175	$ 167
Reported diluted earnings per share	$ 0.45	$ 0.37	$ 0.93	$ 0.84
Adjusted diluted earnings per share [(b)]	$ 0.48	$ 0.48	$ 0.96	$ 0.91
Weighted average diluted common shares outstanding	181	183	181	184

(a) Adjusted net income is defined as net income adjusted for key items. Refer to "Use of Non-GAAP Measures" in this press release for management's definition of key items.
(b) Adjusted diluted earnings per share is defined as earnings per diluted share calculated using adjusted net income.

RECONCILIATION OF NON-GAAP DATA – FREE CASH FLOW

Free cash flow [(a)]	Six months ended March 31 2022	Six months ended March 31 2021
Total cash flows provided by operating activities	$ 96	$ 190
Adjustments:		
Additions to property, plant and equipment	(67)	(74)
Free cash flow	$ 29	$ 116

Discretionary free cash flow [(b)]	Six months ended March 31 2022	Six months ended March 31 2021
Total cash flows provided by operating activities	$ 96	$ 190
Adjustments:		
Maintenance additions to property, plant and equipment	(16)	(15)
Discretionary free cash flow	$ 80	$ 175

(a) Free cash flow is defined as cash flows from operating activities less capital expenditures and certain other adjustments as applicable.
(b) Discretionary free cash flow is defined as cash flows from operating activities less maintenance capital expenditures and certain other adjustments as applicable.

USE OF NON-GAAP MEASURES

To supplement the financial measures prepared in accordance with U.S. GAAP, certain items within this press release are presented on an adjusted basis. These non-GAAP measures, presented on both a consolidated and operating segment basis, have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, or more meaningful than, the financial results presented in accordance with U.S. GAAP. The financial results presented in accordance with U.S. GAAP and the reconciliations of non-GAAP measures should be carefully evaluated. The non-GAAP information used by management may not be comparable to similar measures disclosed by other companies, because of differing methods used in calculating such measures.

This presentation includes the following non-GAAP measures: segment adjusted operating income, consolidated EBITDA, consolidated and segment adjusted EBITDA, consolidated adjusted net income and earnings per share, consolidated free cash flow, and consolidated and segment discretionary free cash flow. Refer to this Appendix for management's definition of each non-GAAP measure and reconciliation to the most comparable U.S. GAAP measure.

Management believes the use of non-GAAP measures on a consolidated and operating segment basis provides a useful supplemental presentation of Valvoline's operating performance and allows for transparency with respect to key metrics used by management in operating the business and measuring performance. Management believes EBITDA measures provide a meaningful supplemental presentation of Valvoline’s operating performance between periods on a comparable basis due to the depreciable assets associated with the nature of the Company’s operations, and income tax and interest costs related to Valvoline’s tax and capital structures, respectively.

Adjusted profitability measures enable comparison of financial trends and results between periods where certain items may vary independent of business performance. These adjusted measures exclude the impact of certain unusual, infrequent or non-operational activity not directly attributable to the underlying business, which management believes impacts the comparability of operational results between periods ("key items"). Key items are often related to legacy matters or market-driven events considered by management to not be reflective of the ongoing operating performance. Key items may consist of adjustments related to: legacy businesses, including the separation from Valvoline's former parent company and associated impacts of related indemnities; the separation of Valvoline’s businesses; significant acquisitions or divestitures; restructuring-related matters; tax reform legislation; debt extinguishment and modification costs; and other matters that are non-operational or unusual in nature, including the following:

- 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 and 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 may be more reflective of changes in current conditions in global financial markets (in particular, interest rates), 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 profitability measures include the costs of benefits provided to employees for current service, including pension and other postretirement service costs.

- Changes in the last-in, first out (LIFO) inventory reserve - charges or credits recognized in Cost of sales to value certain lubricant inventories at the lower of cost or market using the LIFO method. During 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. The application of LIFO can impact comparability and enhance the lag period effects between changes in inventory costs and related pricing adjustments.

Management uses free cash flow and discretionary free cash flow as additional non-GAAP metrics 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. Free cash flow includes the impact of capital expenditures, providing a supplemental view of cash generation. Discretionary free cash flow includes maintenance capital expenditures, which are routine uses of cash that are necessary to maintain the Company's operations and provides a supplemental view of cash flow generation to maintain operations before discretionary investments in growth. Free cash flow and discretionary free cash flow have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments.

KEY BUSINESS MEASURES

Valvoline tracks its operating performance and manages its business using certain key measures, including system-wide, company-operated and franchised store counts and SSS; system-wide store sales; and lubricant volumes 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 Retail Services 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. Retail Services stores (company-operated, 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.

Retail Services sales are limited to sales at company-operated 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 stores as sales in its Statements of Consolidated Income, management believes system-wide and franchised SSS comparisons, store counts, and total system-wide store sales are useful to assess market position relative to competitors and overall store and segment operating performance.

Management believes lubricant volumes sold in gallons by its consolidated subsidiaries is a useful measure in evaluating and understanding the operating performance of the Global Products segment. Volumes sold in other units of measure, including liters, are converted to gallons utilizing standard conversions.