

Baird 2023 Global Consumer, Technology & Services Conference

Sam Mitchell, CEO

06.07.23



SAFE HARBOR

Forward-Looking Statements

Certain statements herein, other than statements of historical fact, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, benefits and synergies of the sale of Global Products; future opportunities for the remaining stand-alone retail business; and any other statements regarding Valvoline's future operations, financial or operating results, capital allocation, debt leverage ratio, anticipated business levels, dividend policy, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. Other forward-looking statements used herein include statements about the expected tender offer, including the value of shares expected to be offered to purchase in the tender offer and whether the tender offer is actually commenced and consummated as planned or at all. 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 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.


SALE OF GLOBAL PRODUCTS COMPLETE
Valvoline

SHIFT TO THE NEW VALVOLINE

Takeaways for Shareholders

✓ **Completed Sale of Global Products Business**	Pure-play automotive services company
✓ **Return Proceeds to Shareholders**	$1.6B Share Repurchase Authorization; $1B tender
✓ **Ready for Long-term Growth**	Growth of Core Business + Unit Additions + Service Expansion

New Valvoline is....



Fast Growth, High Margin, High ROIC, Retail Services Platform

GICS classification updated to Automotive Retail



INTRODUCING THE NEW VALVOLINE

LONG RUNWAY FOR DELIVERING VALUE

Drive Full Potential in Existing Business

Accelerate Network Growth

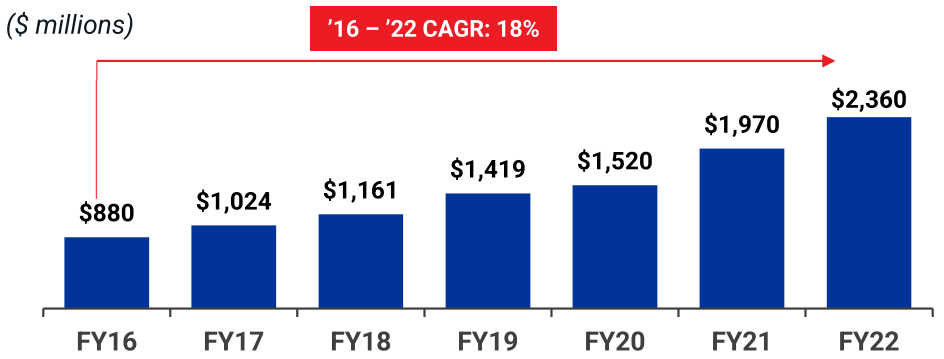
Target Customer and Service Expansion

OUR PROVEN FORMULA FOR GROWTH

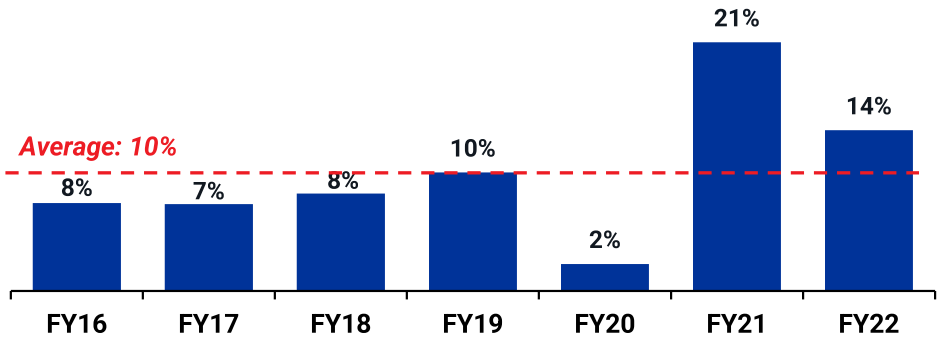
Same Store Sales + **High ROIC Units** + **Service Expansion** = **Long-term Value**

CONSISTENT TRACK RECORD OF FINANCIAL PERFORMANCE

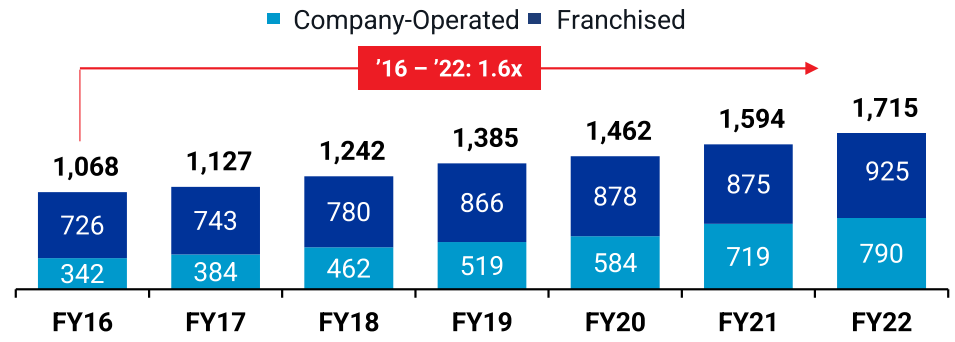
System-Wide Sales[1]



System-Wide Same Store Sales[1] Growth



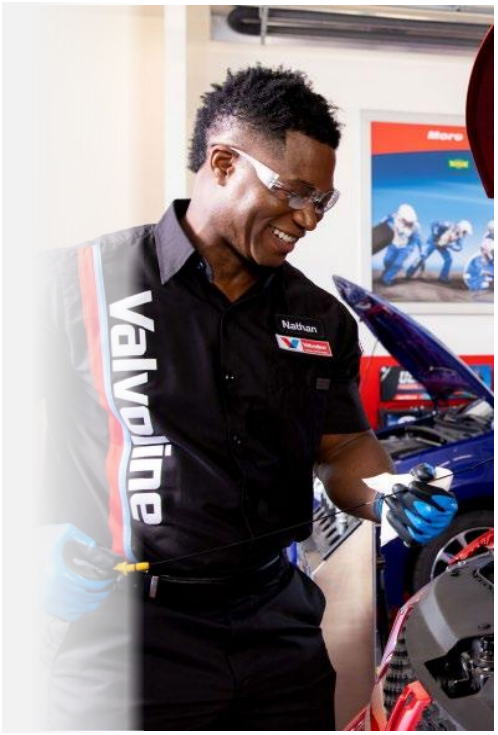
Units[1]



1. Refer to the Appendix for further information regarding management's use of key business measures.

"NEW" Valvoline
Forward Looking[1]

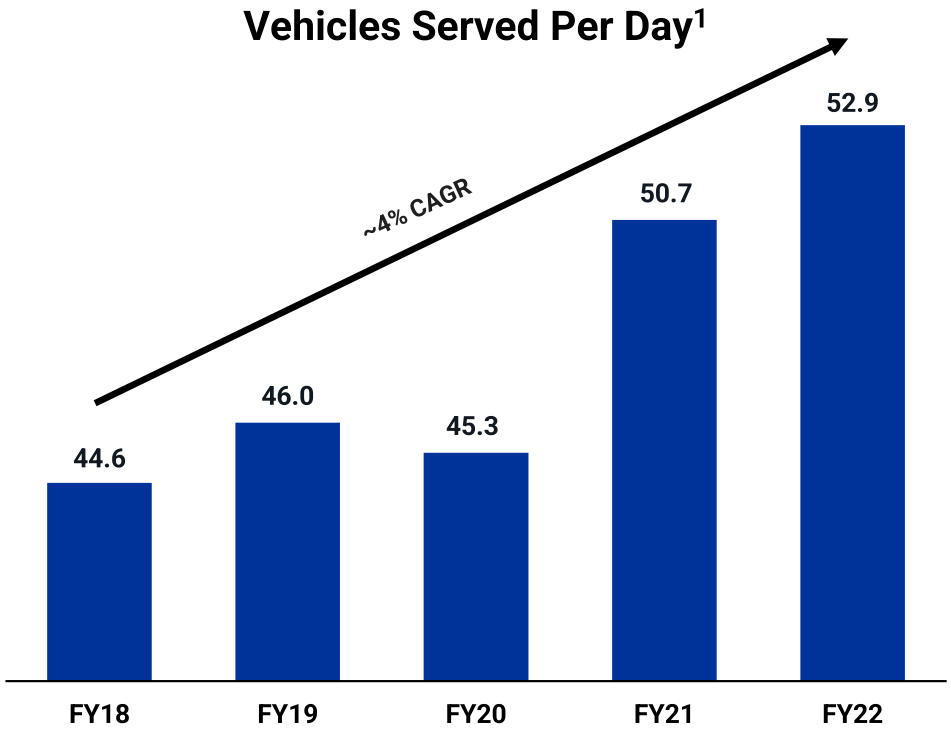
Sales CAGR	14% - 16%
Unit Growth [Company / Franchise]	7% - 10% [6% - 9% / 8% - 11%]
SSS[2]	6% - 9%
Adj.[3] EBITDA CAGR	16% - 18%
Adj.[3] EBITDA Margin	26% - 29%
Adj.[3] EPS Growth[4]	20% +

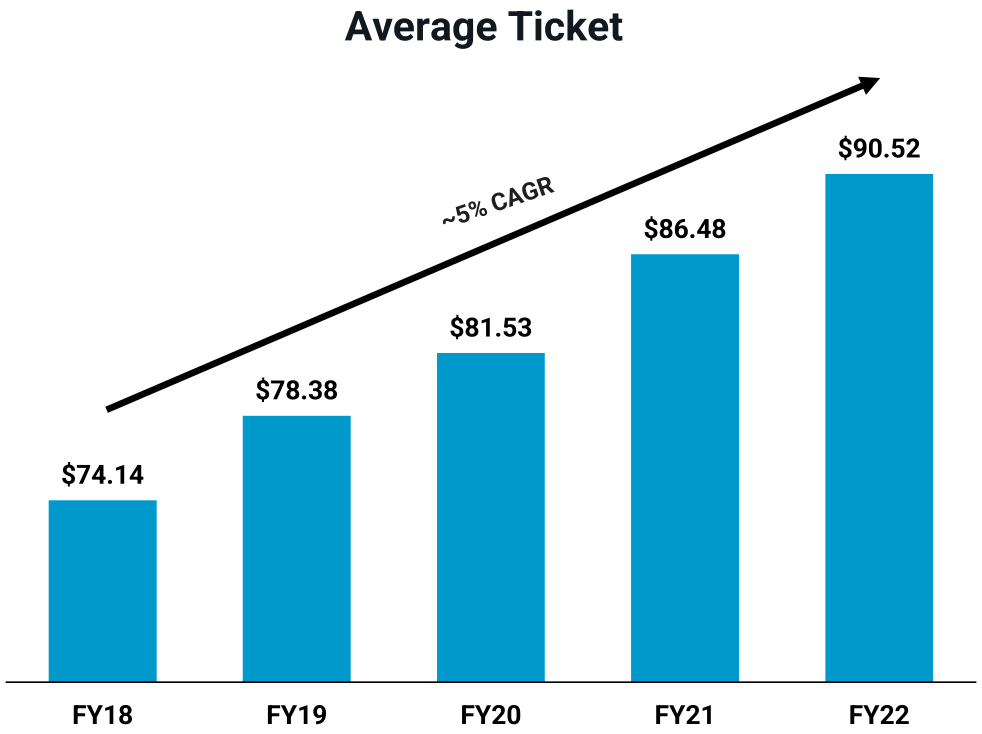


Going forward New Valvoline will be a high growth, high-margin, retail services platform

1. Reflects the company's projections for FY23 – FY27.
2. Refer to the Appendix for further information regarding management's use of key business measures.
3. 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.
4. Excludes the impact of the return of capital related to the sale of Global Products.

CONFIDENT IN SAME STORE SALES GROWTH

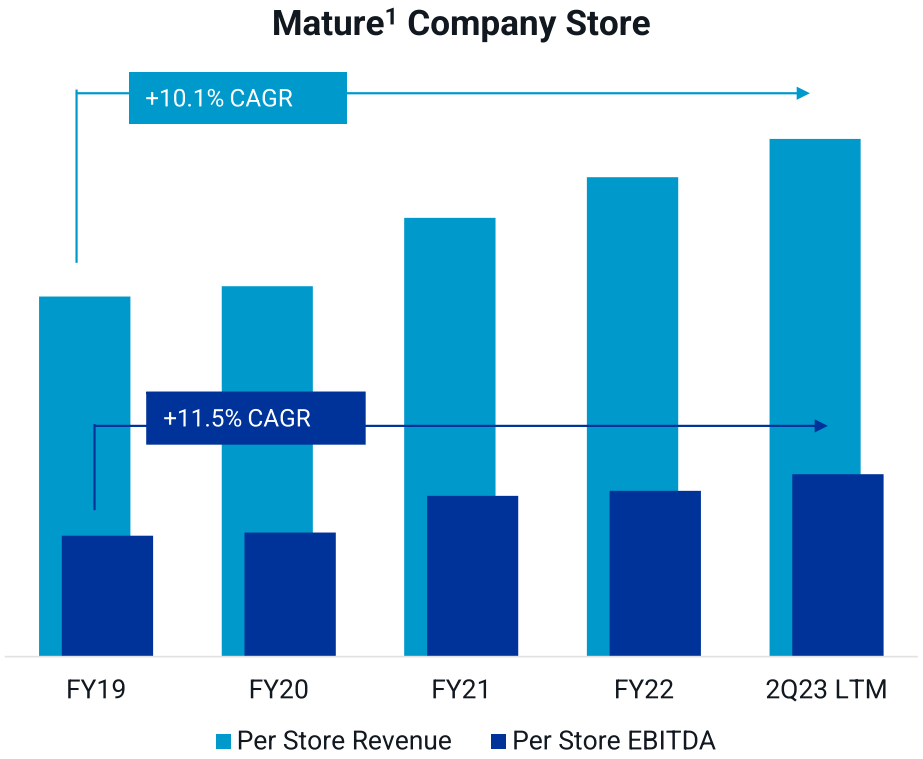




Expect balanced growth between transactions and ticket to drive long-term 6-9% SSS

1. Vehicles Served Per Day is defined as transactions per day based on the number of open store days in the respective period.
Above data is for mature company stores only.

DRIVE FULL POTENTIAL IN EXISTING BUSINESS MATURE STORE MARGIN



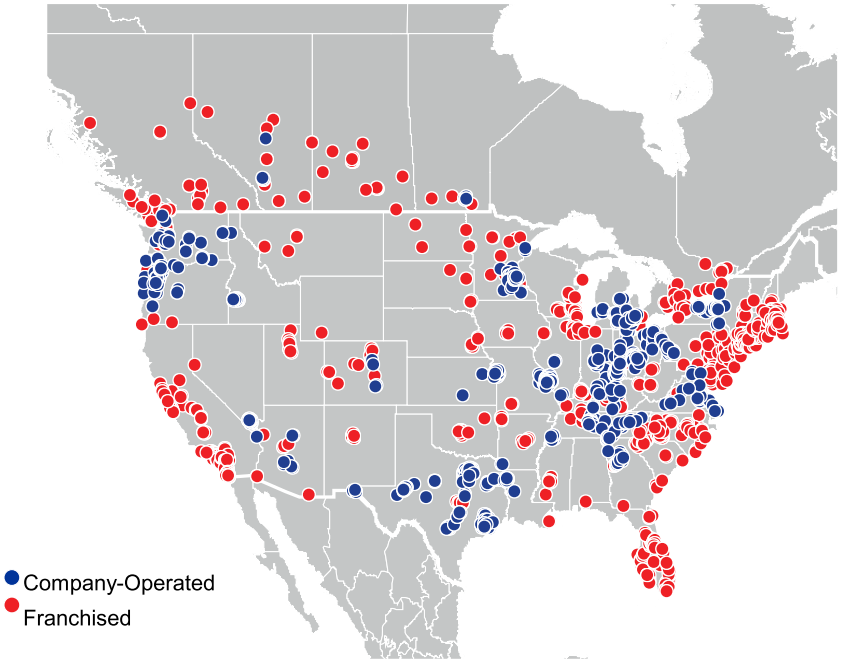
- Topline growth consistently driving leverage in unit profitability
- Since FY19, mature store EBITDA has grown 11.5% on revenue growth of 10.1%
- Mature stores continue to grow transactions, improving AUV for Company and Franchise

Existing immature stores will provide ~$70M of incremental EBITDA at maturity

1. Represents 466 Company Stores open as of 10/1/18 LTM Net Revenue and EBITDA as of 3/31/23

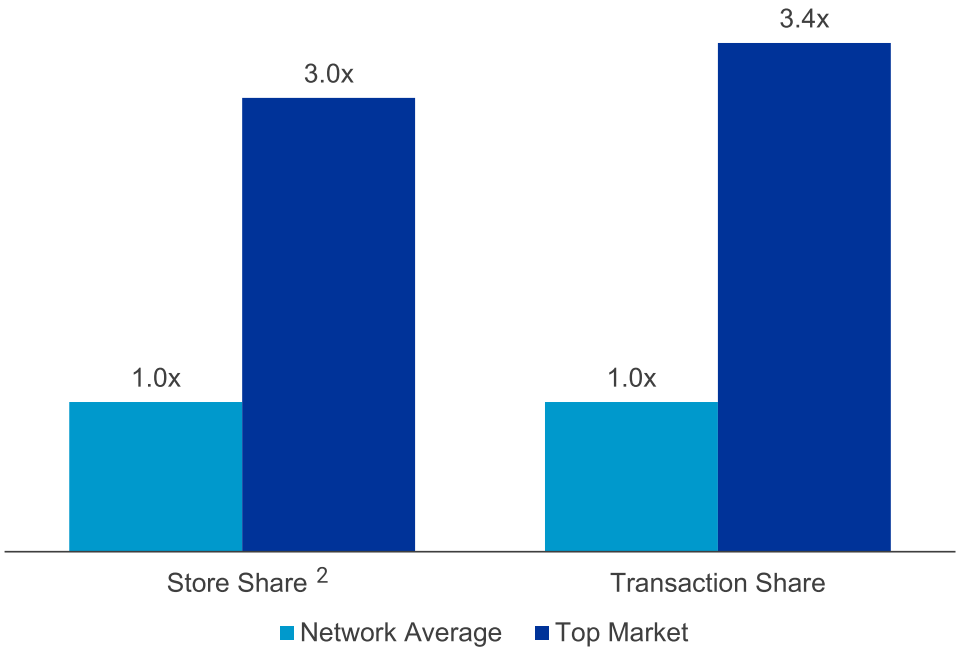
LARGE WHITESPACE OPPORTUNITY AND LONG RUNWAY FOR GROWTH

Geographic Coverage[1]



~35% of Car parc within 10 minutes of a VIOC

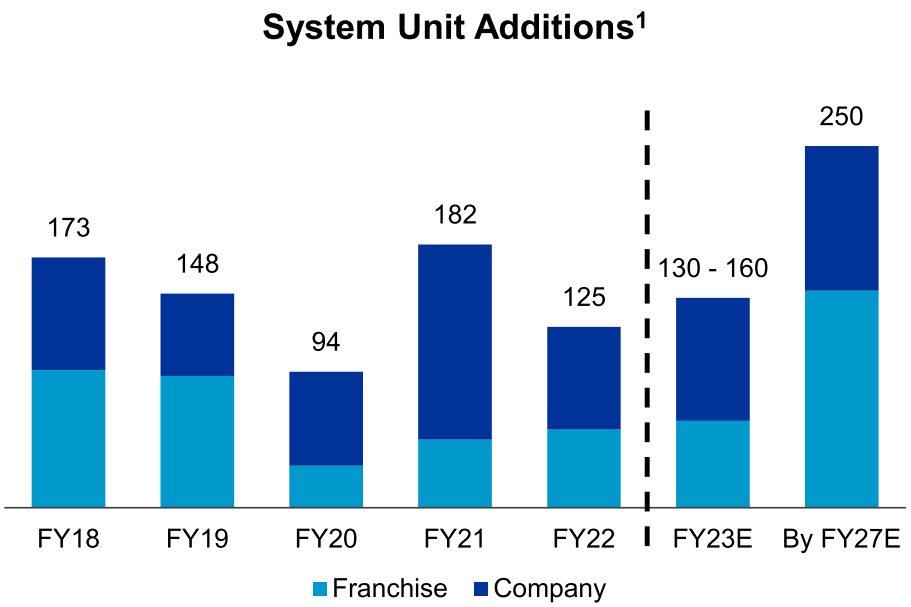
Store Density Opportunity



Significant white space to grow to 3,500+ units

1. Stores as of September 30, 2022
2. Represents share of Quick Lube locations.

ACCELERATING GROWTH WITH FRANCHISE EMPHASIS



Exploring all methods to drive franchise growth

- New franchise partners
- Enhanced commitment from current franchisees
- Identify specific geographies to transition to franchise territories

Company additions focused on maximizing shareholder returns

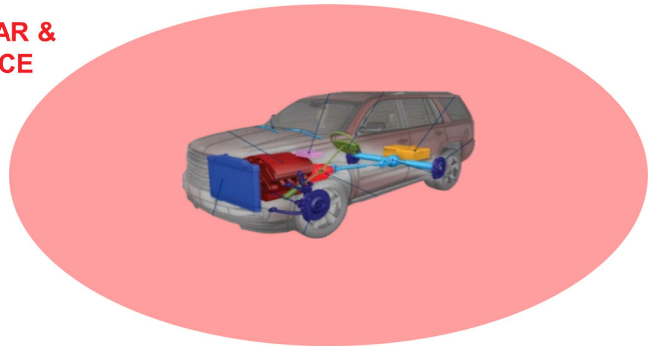
- Key market infill opportunities to drive store density with advertising and G&A leverage

Goal is to ramp to 250 new units/year by FY27; 150 Franchise and 100 Company

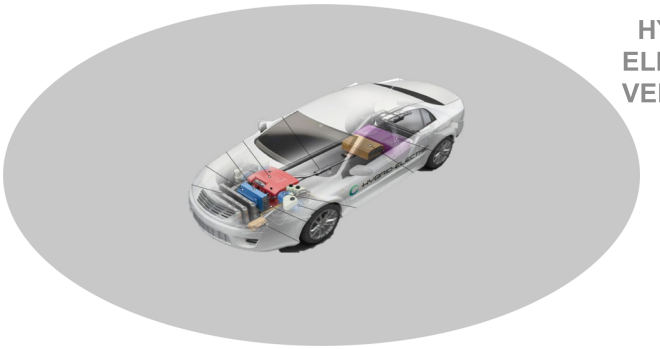
1. Amounts do not include conversions among franchise stores. Refer to the Appendix for further information regarding management's use of key business measures.

TARGET CUSTOMER & SERVICE EXPANSION

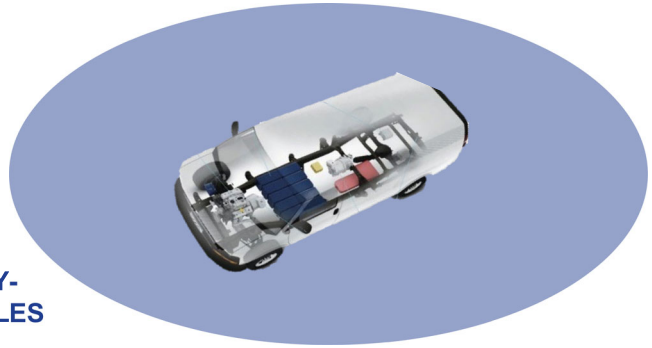
PASSENGER CAR & LIGHT-DUTY ICE VEHICLES



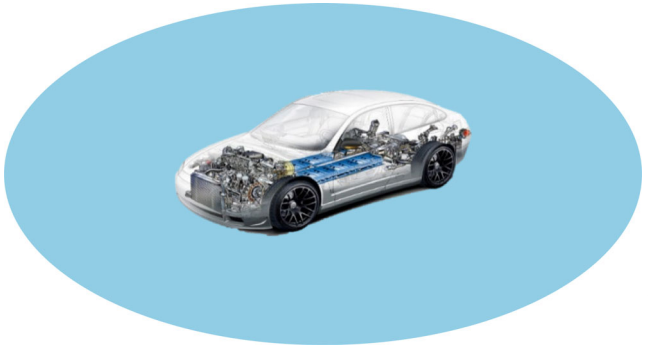
HYBRID ELECTRIC VEHICLES



MEDIUM- & HEAVY-DUTY FLEET VEHICLES



BATTERY ELECTRIC VEHICLES



Non-oil change revenue growth in ICE vehicle consumer base	Higher penetration rate of hybrid electric vehicles across stores	Expanding fleet business in medium duty, piloting heavy-duty capabilities	Piloting battery electric vehicle services in select markets

HIGHLY COMPELLING INVESTMENT OPPORTUNITY

Leading Brand Awareness	***Trusted brand*** *for over 150+ years*
Scaled Platform	***One of the largest auto services companies*** *in U.S. and Canada with 1,781 locations*
Track Record of High Growth	***Proven track record of revenue and EBITDA growth*** *through new stores, same store sales growth and accretive M&A*
Strong Margins & Cash Flow Generation	*Highly franchised model generates* ***attractive margins and significant cash flows***
Significant Whitespace	*<5% market share of a growing, highly fragmented industry with* ***potential for 3,500+ stores***
Unlocking Value	***Accelerate franchise growth and lower net capital requirements over time***

Double-Digit System-Wide Sales Growth[1,2]	***Mid-Teens Adj. EBITDA Growth[1]***	***20% Plus EPS Growth[1]***	***Significant Cash Generation***

1. Reflects the company's projections for FY23 – FY27.
2. Refer to the Appendix for further information regarding management's use of key business measures



APPENDIX

USE OF NON-GAAP MEASURES

This presentation includes adjusted EBITDA and adjusted earnings per share forward-looking non-GAAP financial measures.

Non-GAAP measures include adjustments from results based on U.S. GAAP that management believes enables comparison of certain financial trends and results between periods and provides a useful supplemental presentation of Valvoline's operating performance that allows for transparency with respect to key metrics used by management in operating the business and measuring performance. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation from, 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 manner used to compute the non-GAAP information used by management may differ from the methods used by other companies and may not be comparable.

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, as well as income tax and interest costs related to Valvoline's tax and capital structures, respectively.

Adjusted profitability measures (i.e., adjusted net income, diluted earnings per share and EBITDA) enable the comparison of financial trends and results between periods where certain items may not be reflective of the Company's underlying and ongoing operational performance or vary independent of business performance. The non-GAAP measures used by management 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, the former Global Products reportable segment, and associated impacts of related activity and indemnities; non-service pension and other postretirement plan activity; restructuring-related matters, including organizational restructuring plans, the separation of Valvoline's businesses, significant acquisitions or divestitures, debt extinguishment and modification, and tax reform legislation; in addition to other matters that management considers non-operational, infrequent or unusual in nature.

Valvoline is unable to reconcile these forward-looking non-GAAP financial measures to the comparable GAAP measures for its forward-looking estimates without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of key items that would be expected to impact the comparable GAAP measures of net income and diluted earnings per share, 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-operated and franchised store counts and SSS; and system-wide 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.

Net revenues 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 net revenues by U.S. 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.

Net revenues are limited to sales at company-operated stores, in addition to royalties and other fees from independent franchised and Express Care stores. Although Valvoline does not recognize store-level sales from franchised stores as net revenues 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 operating performance.