Valvoline

PRESS RELEASE

Valvoline Reports First-Quarter Results

- Reported net income of $87 million was flat and earnings per diluted share (EPS) of $0.48 increased 2%
- Adjusted EPS of $0.48 increased 12% and adjusted EBITDA of $156 million improved 5%
- Sales grew 31% to $858 million
- Retail Services sales grew 36% with system-wide same-store sales (SSS) increasing 24.7% and net system-wide unit additions of 7%
- Global Products sales increased 28% with volume growth of 13%
- Returned $54 million in cash to shareholders via dividends and share repurchases

LEXINGTON, Ky., February 8, 2022 – Valvoline Inc. (NYSE: VVV), a global leader in vehicle care powering the future of mobility through innovative services and products, today reported financial results for its first fiscal quarter ended December 31, 2021. All comparisons in this press release are made to the same prior-year period unless otherwise noted.

“Demand for Valvoline’s products and services remains robust, as we continue to gain share in both segments,” said Sam Mitchell, CEO. “Our team has done an outstanding job of helping to drive growth and meet demand, despite significant supply chain challenges.

“Topline growth in both segments was impressive with a 36% increase in sales for Retail Services and a 28% increase in sales for Global Products, highlighting a strong start to the fiscal year and a reflection of the health of both businesses. Retail Services operating income and adjusted EBITDA increased 45% and 40%, respectively, driven by topline growth and margin expansion. Global Products delivered strong volume growth of 13% and ongoing progress in price pass-through of raw material cost increases. Price-cost lag impacted profitability, which declined year-over-year. As we have done in the past, we expect to continue to pass-through pricing to recover our costs.”

Mitchell continued, “Our results this quarter demonstrate that our business continues to perform well and highlight the independent strengths of both segments, as we make progress on the separation of these two strong businesses.”

Operating Segment Results

(In millions) **Retail Services**		Q1 results	YoY growth
Segment sales	$	346	36 %
System-wide store sales [a]	$	551	31 %
Operating income	$	81	45 %
Adjusted EBITDA [a]	$	98	40 %
		YoY growth	
System-wide SSS [a] growth		24.7%	
Global Products		Q1 results	YoY growth (decline)
Lubricant sales (gallons) [a]		43.1	13 %
Segment sales	$	512	28 %
Operating income	$	70	(20)%
Adjusted EBITDA [a]	$	77	(18)%
Discretionary free cash flow [a]	$	52	(17)%

(a) Refer to Key Business Measures, Use of Non-GAAP Measures, and Tables 4 and 5, Information by Operating Segment, for a description of the metrics presented above.

Balance Sheet and Cash Flow

- Total debt of approximately $1.7 billion and net debt of approximately $1.5 billion
- Cash flow from operations of $32 million and free cash flow of $(3) million
- Returned $31 million of cash to shareholders via share repurchases and $23 million via dividends

Outlook

“We are making good progress on separation-related work, and we remain focused on the performance of the business and delivering results,” Mitchell said. “We are reaffirming our guidance, including exceptional topline growth and solid improvement in adjusted EBITDA. We continue to be pleased with strong demand in Global Products, as we navigate short-term supply-chain challenges. Retail Services topline performance remains strong as our algorithm of same-store sales growth and unit additions continues to deliver. We do expect our same-store sales to moderate as we compare against strong comps in the prior year.

“As we did in Q1, we will continue to return cash to shareholders through dividends and share repurchases. We believe that the separation of our two businesses will enhance value for all of our stakeholders and expect to have more information to share in the coming months.”

Information regarding the Company's outlook for fiscal 2022 is provided in the table below:

	Updated Outlook	Prior Outlook
Operating Items		
Sales growth	no change	19 - 21%
Retail Services system-wide store additions	no change	110 - 130
Retail Services system-wide SSS growth	no change	9 - 12%
Adjusted EBITDA	no change	$675 - $700 million
Corporate Items		
Adjusted effective tax rate	24 - 25%	25 - 26%
Adjusted EPS	$2.07 - $2.20	$2.06 - $2.18
Capital expenditures	no change	$180 - $200 million
Free cash flow	no change	$260 - $300 million

Valvoline's outlook for adjusted EBITDA, adjusted EPS and the adjusted effective tax rate are non-GAAP financial measures that are expected to be adjusted for items impacting comparability. Valvoline is unable to reconcile these forward-looking non-GAAP financial measures to the comparable GAAP measures estimated for fiscal 2022 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 these GAAP measures in fiscal 2022 but would not impact non-GAAP adjusted results.

Conference Call Webcast

Valvoline will host a live audio webcast of its fiscal first quarter 2022 conference call at 9 a.m. ET on Wednesday, February 9, 2022. The webcast and supporting materials will be accessible through Valvoline's website at http://investors.valvoline.com. Following the live event, an archived version of the webcast and supporting materials will be available.

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.

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 press release 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 Tables 4-5 and 7-9 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.

About Valvoline™

Valvoline Inc. (NYSE: VVV) is a global leader in vehicle care powering the future of mobility through innovative services and products for vehicles with electric, hybrid and internal combustion powertrains. Established in 1866, the Company introduced the world's first branded motor oil and developed strong brand recognition and customer satisfaction ratings across multiple service and product channels over the years. The Company operates and franchises approximately 1,600 service center locations and is the No. 2 and No. 3 largest chain in the U.S. and Canada, respectively, by number of stores. With sales in more than 140 countries and territories, Valvoline's solutions are available for every engine and drivetrain, including high-mileage and heavy-duty vehicles, and are offered at more than 80,000 locations worldwide. Creating the next generation of advanced automotive solutions, Valvoline has established itself as the world's No. 1 supplier of battery fluids to electric vehicle manufacturers, offering tailored products to help extend vehicle range and efficiency. To learn more, or to find a Valvoline service center near you, visit www.valvoline.com.

Forward-Looking Statements

Certain statements in this press release, 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 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.

FOR FURTHER INFORMATION

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Valvoline Inc. and Consolidated Subsidiaries

Table 1

STATEMENTS OF CONSOLIDATED INCOME

(In millions, except per share amounts - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Sales	$ 858	$ 653
Cost of sales	614	425
GROSS PROFIT	244	228
Selling, general and administrative expenses	135	117
Legacy and separation-related expenses	3	1
Equity and other income, net	(15)	(14)
OPERATING INCOME	121	124
Net pension and other postretirement plan income	(9)	(13)
Net interest and other financing expenses	17	20
INCOME BEFORE INCOME TAXES	113	117
Income tax expense	26	30
NET INCOME	$ 87	$ 87
NET EARNINGS PER SHARE		
BASIC	$ 0.48	$ 0.47
DILUTED	$ 0.48	$ 0.47
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
BASIC	181	185
DILUTED	182	186

Valvoline Inc. and Consolidated Subsidiaries

Table 2

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions - preliminary and unaudited)

	December 31 2021	September 30 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 152	$ 230
Receivables, net	530	496
Inventories, net	264	258
Prepaid expenses and other current assets	55	53
Total current assets	1,001	1,037
Noncurrent assets		
Property, plant and equipment, net	824	817
Operating lease assets	309	307
Goodwill and intangibles, net	782	775
Equity method investments	50	47
Deferred income taxes	13	14
Other noncurrent assets	204	194
Total noncurrent assets	2,182	2,154
Total assets	$ 3,183	$ 3,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$ 32	$ 17
Trade and other payables	218	246
Accrued expenses and other liabilities	291	306
Total current liabilities	541	569
Noncurrent liabilities		
Long-term debt	1,662	1,677
Employee benefit obligations	248	258
Operating lease liabilities	276	274
Deferred income taxes	34	26
Other noncurrent liabilities	255	252
Total noncurrent liabilities	2,475	2,487
Stockholders' equity	167	135
Total liabilities and stockholders' equity	$ 3,183	$ 3,191

Valvoline Inc. and Consolidated Subsidiaries

Table 3

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 87	$ 87
Adjustments to reconcile net income to cash flows from operating activities		
Depreciation and amortization	25	21
Deferred income taxes	8	—
Stock-based compensation expense	3	3
Other, net	(1)	(1)
Change in operating assets and liabilities	(90)	(31)
Total cash provided by operating activities	32	79
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(35)	(35)
Repayments of notes receivable	3	9
Acquisitions of businesses	(14)	(218)
Other investing activities, net	—	(1)
Total cash used in investing activities	(46)	(245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	30	11
Repayments on borrowings	(31)	—
Repurchases of common stock	(31)	(58)
Cash dividends paid	(23)	(23)
Other financing activities	(8)	(3)
Total cash used in financing activities	(63)	(73)
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	—	6
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(77)	(233)
Cash, cash equivalents and restricted cash - beginning of period	231	761
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF PERIOD	$ 154	$ 528

Valvoline Inc. and Consolidated Subsidiaries

Table 4

INFORMATION BY OPERATING SEGMENT - RETAIL SERVICES
(In millions - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Sales information		
Retail Services segment sales	$ 346	$ 254
Year-over-year growth	*36 %*	*17 %*
System-wide store sales [a]	$ 551	$ 421
Year-over-year growth [a]	*31 %*	*11 %*
Same-store sales growth [b]		
Company-operated	22.1 %	6.1 %
Franchised [a]	26.8 %	6.0 %
System-wide [a]	24.7 %	6.0 %
Profitability information		
Operating income [c]	$ 81	$ 56
Key items	—	—
Adjusted operating income [c]	81	56
Depreciation and amortization	17	14
Adjusted EBITDA [c]	$ 98	$ 70
Adjusted EBITDA margin [d]	*28.3 %*	*27.6 %*
Discretionary cash flow information		
Adjusted operating income [c]	$ 81	$ 56
Income tax expense [e]	(18)	(15)
Maintenance additions to property, plant and equipment	(4)	(3)
Discretionary free cash flow [f]	$ 59	$ 38

(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.

Valvoline Inc. and Consolidated Subsidiaries

Table 5

INFORMATION BY OPERATING SEGMENT - GLOBAL PRODUCTS
(In millions - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Volume information		
Lubricant sales (gallons)	43.1	38.0
Year-over-year growth	*13.4 %*	*5.3 %*
Sales information		
Sales by geographic region		
North America [(a)]	$ 304	$ 235
Europe, Middle East and Africa ("EMEA")	67	51
Asia Pacific	104	83
Latin America [(a)]	37	30
Global Products segment sales	$ 512	$ 399
Profitability information		
Operating income [(b)]	$ 70	$ 88
Key items	—	—
Adjusted operating income [(b)]	70	88
Depreciation and amortization	7	6
Adjusted EBITDA [(b)]	$ 77	$ 94
Adjusted EBITDA margin [(c)]	*15.0 %*	*23.6 %*
Discretionary cash flow information		
Adjusted operating income [(b)]	$ 70	$ 88
Income tax expense [(d)]	(16)	(23)
Maintenance additions to property, plant and equipment	(2)	(2)
Discretionary free cash flow [(e)]	$ 52	$ 63

(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.

Valvoline Inc. and Consolidated Subsidiaries

Table 6

RETAIL SERVICES STORE INFORMATION

(Preliminary and unaudited)

	System-wide stores [a]				
	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021
Beginning of period	1,594	1,569	1,548	1,533	1,462
Opened	32	21	17	13	18
Acquired	12	7	5	3	54
Closed	(3)	(3)	(1)	(1)	(1)
End of period	1,635	1,594	1,569	1,548	1,533

	Number of stores at end of period				
	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021	Second Quarter 2021	First Quarter 2021
Company-operated	738	719	698	673	663
Franchised	897	875	871	875	870

	December 31	
	2021	2020
System-wide store count [a]	1,635	1,533
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.

Valvoline Inc. and Consolidated Subsidiaries

Table 7

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

(In millions, except per share amounts - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Reported net income	$ 87	$ 87
Adjustments:		
Net pension and other postretirement plan income	(9)	(13)
Legacy and separation-related expenses	3	1
LIFO charge	6	4
Information technology transition costs	1	—
Business interruption recovery	—	(1)
Total adjustments, pre-tax	1	(9)
Income tax expense of adjustments	—	2
Total adjustments, after tax	1	(7)
Adjusted net income (a)	$ 88	$ 80
Reported diluted earnings per share	$ 0.48	$ 0.47
Adjusted diluted earnings per share (b)	$ 0.48	$ 0.43
Weighted average diluted common shares outstanding	182	186

(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.

Valvoline Inc. and Consolidated Subsidiaries

Table 8

RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA
(In millions - preliminary and unaudited)

	Three months ended December 31	
	2021	2020
Adjusted EBITDA - Valvoline		
Net income	$ 87	$ 87
Add:		
Income tax expense	26	30
Net interest and other financing expenses	17	20
Depreciation and amortization	25	21
EBITDA (a)	155	158
Key items:		
Net pension and other postretirement plan income	(9)	(13)
Legacy and separation-related expenses	3	1
LIFO charge	6	4
Information technology transition costs	1	—
Business interruption recovery	—	(1)
Key items - subtotal	1	(9)
Adjusted EBITDA (a)	$ 156	$ 149
Segment Adjusted EBITDA		
Retail Services	$ 98	$ 70
Global Products	77	94
Segment Adjusted EBITDA (b)	175	164
Corporate	(19)	(15)
Total Adjusted EBITDA (a)	156	149
Net interest and other financing expenses	(17)	(20)
Depreciation and amortization	(25)	(21)
Key items	(1)	9
Income before income taxes	$ 113	$ 117

(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 certain 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.

Valvoline Inc. and Consolidated Subsidiaries

Table 9

RECONCILIATION OF NON-GAAP DATA - FREE CASH FLOWS

(In millions - preliminary and unaudited)

Free cash flow [a]	Three months ended December 31 2021	Three months ended December 31 2020
Total cash flows provided by operating activities	$ 32	$ 79
Adjustments:		
Additions to property, plant and equipment	(35)	(35)
Free cash flow	$ (3)	$ 44

Discretionary free cash flow [b]	Three months ended December 31 2021	Three months ended December 31 2020
Total cash flows provided by operating activities	$ 32	$ 79
Adjustments:		
Maintenance additions to property, plant and equipment	(6)	(5)
Discretionary free cash flow	$ 26	$ 74

Free cash flow [a]	Fiscal year 2022 Outlook		
Total cash flows provided by operating activities	$ 460	–	$ 480
Adjustments:			
Additions to property, plant and equipment	180	–	200
Free cash flow	$ 260	–	$ 300

(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.