



Third-Quarter Fiscal 2019 Earnings

Sam Mitchell, CEO

Mary Meixelsperger, CFO

August 1, 2019

<http://investors.valvoline.com>

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, including in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures about Market Risk" sections of Valvoline's most recently filed periodic reports on Forms 10-K and Forms 10-Q, which are available on Valvoline's website at <http://investors.valvoline.com/sec-filings> or the SEC's website at <http://sec.gov>. Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future, unless required by law.

Regulation G: Adjusted Results

The information presented herein, regarding certain financial measures that do not conform to generally accepted accounting principles in the United States (U.S. GAAP), should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Valvoline has included this non-GAAP information to assist in understanding the operating performance of the company and its reportable segments. The non-GAAP information provided may not be consistent with the methodologies used by other companies. Information regarding Valvoline's definition, calculation and reconciliation of non-GAAP measures can be found in the tables attached to Valvoline's most recent earnings press release dated July 31, 2019, which is available on Valvoline's website at <http://investors.valvoline.com/financial-reports/quarterly-reports>.

Third-Quarter Reported Results

(in millions, except per-share data)	Q3
Operating income	\$102
Net income	\$65
Reported income per share	\$0.34
YTD cash flow from operating activities	\$214

Notes on reporting and year-over-year (YoY) impacts

Revenue recognition

- Adopted new revenue recognition accounting standard in fiscal 2019
- Primarily a reclassification of certain items within the income statement
 - Unfavorable impact to Q3 earnings of \$1 million after tax

Key items¹

- Restructuring and related expenses: \$3 million after-tax expense
- Business interruption costs: \$4 million after-tax expense
- Non-service pension and OPEB impact: \$2 million after-tax income

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Third-Quarter Adjusted¹ Results Overview

(in millions, except per-share data)	Q3
Adjusted ¹ operating income	\$111
Adjusted ¹ EBITDA	\$126
Adjusted ¹ EPS	\$0.37

- Continued strong growth in Quick Lubes
- Better performance in Core North America
- Continued volume softness and FX headwinds in International

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Segment Results Summary

Quick Lubes

(YoY change)	Q3
SSS (system-wide)	9.7%
Sales	26%
Net new stores (company, franchised)	25
Adjusted ¹ EBITDA	\$57 million, up \$10 million

Continued strong SSS growth

Steady pace of store additions

Core North America

(YoY change)	Q3
Total volume	-5%
Sales	-2%
Premium mix	53.1%, up 340 bps
Adjusted ¹ EBITDA	\$46 million, flat

Improved YoY performance

Market challenges remain

International

(YoY change)	Q3
Volume	Flat
Volume with JVs	2%
Sales	-3%
Adjusted ¹ EBITDA	\$23 million, up \$1 million

Volume softness in certain markets

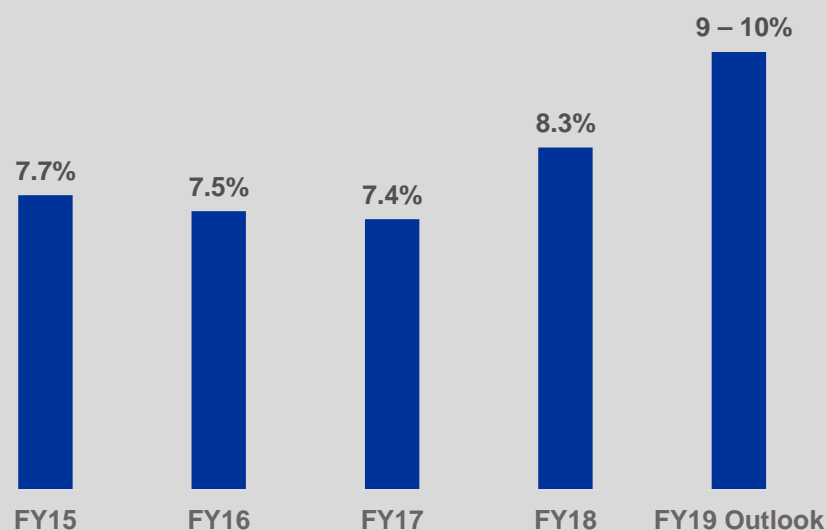
FX impacting sales and profitability

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Quick Lubes

Strong performance continued

System-wide SSS Growth



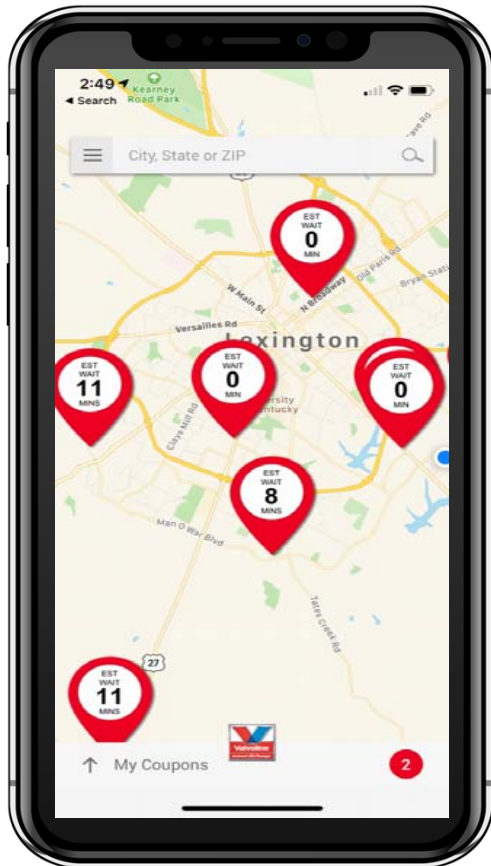
- SSS driven by average ticket and transactions

Unit expansion helps drive sales and segment EBITDA growth

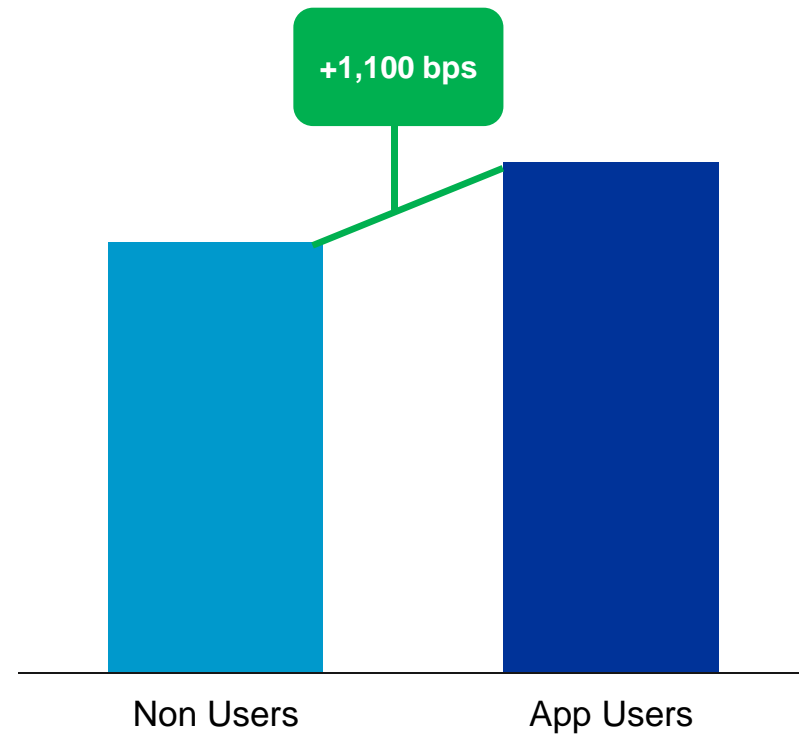
- 198 stores added to the system YoY; 25 added in Q3 (total units)
 - 148 franchise stores added YoY; 7 in Q3
 - 50 company stores added YoY; 18 in Q3
- New store growth within both franchise and company systems is being driven by targeted pipeline development

Quick Lubes - Winning With Customers

Consumer App



App & Customer Retention¹



Core North America

Improvement in YoY performance

- Adjusted EBITDA flat
 - Would have grown excluding revenue recognition impacts and transfer of GCOC product sales to Quick Lubes¹
- Sales down 2%

Volume declines slow

- Drivers of YoY decline
 - Branded volume in the retail channel
 - Flat on a sequential basis
 - Transfer of GCOC product sales to Quick Lubes¹ and lower volume from key account in reorganization

¹ Great Canadian Oil Change (GCOC), a Core North America customer, was acquired by Valvoline during Q4 of fiscal 2018. Following the acquisition, the Company began reporting product sales to GCOC in the Quick Lubes segment.

International

Volume flat versus prior year

- Volume up in EMEA, primarily Europe
- Volume softness in certain Asia-Pacific and Latin America markets
- Volume with unconsolidated JVs up 2%

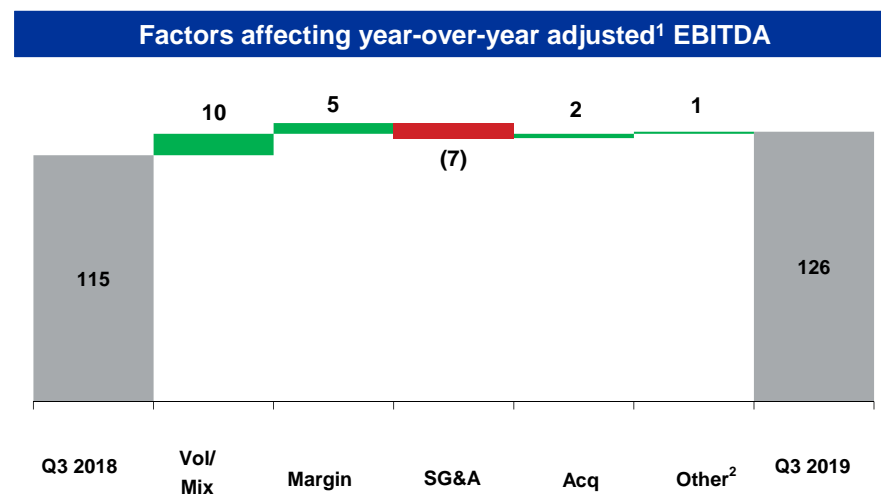
Sales and profitability impacted by FX

- Adjusted¹ EBITDA up \$1 million
- Unfavorable FX headwinds continue

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Third-Quarter Financials

Adjusted ¹ P&L Results and Ratios	Fiscal Third Quarter		
	Three months ended June 30,		
	2019	2018	Change
Lubricant gallons (in millions)	45.6	46.0	(1) %
Sales	\$ 613	\$ 577	6 %
Gross profit as a percent of sales ¹	34.6 %	34.8 %	(20) bp
SG&A ¹	112	108	4 %
Equity and other income	11	8	38 %
Operating income ¹	\$ 111	\$ 101	10 %
Depreciation and amortization	15	14	7 %
Adjusted ¹ Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 126	\$ 115	10 %
Adjusted ¹ EBITDA as a percent of sales	20.6 %	19.9 %	70 bp
Adjusted ¹ EPS	\$ 0.37	\$ 0.32	16 %



- **Q3 revenue recognition primary impacts**

\$10 million increase in sales; \$14 million increase in cost of sales; \$3 million decrease in SG&A

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

² Other includes revenue recognition and foreign exchange impacts as well as equity, royalty, and other income/expense.

Corporate Items

- Net interest and other financing expense of \$19 million in Q3, up \$4 million YoY
- Effective tax rate of 23.5% in Q3; adjusted¹ effective tax rate of 23.9%
- YTD cash flow from operating activities of \$214 million
- YTD capital expenditures of \$73 million; free cash flow² generation of \$141 million
- Total debt of ~\$1.3 billion and net debt of ~\$1.2 billion
- Dividends of \$20 million in Q3

¹ Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable effort as described in Valvoline's earnings release dated July 31, 2019 available on Valvoline's website at <http://investors.valvoline.com>.

² For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019.

Fiscal 2019 Guidance Update

- Narrowing Adjusted EBITDA to high end of previous range
- Raising SSS to 9-10%

	<u>Updated Outlook</u>	<u>Prior Outlook</u>
Operating Segments		
• Lubricant gallons growth	(2)%-flat	(1)-1%
• Revenue growth	4-6%	5-7%
• New Quick Lube stores (excluding Valvoline acquired stores and franchise conversions)		
• Company-owned	No change	27-32
• Franchised	No change	60-70
• VIOC same-store sales growth	9-10%	8-9%
• Adjusted ¹ EBITDA (excluding pension & OPEB income)	\$465-\$470 million	\$460-\$470 million
Corporate Items		
• Adjusted ¹ effective tax rate	No change	25-26%
• Diluted adjusted ¹ EPS	\$1.30-\$1.33	\$1.27-\$1.33
• Capital expenditures	No change	\$115-\$120 million
• Free cash flow ²	No change	\$180-\$200 million

¹ Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable effort as described in Valvoline's earnings release dated July 31, 2019 available on Valvoline's website at <http://investors.valvoline.com>.

² For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019.

Summary

- Quick Lubes best-in-class performance continues
- Core North America delivers better results, focus remains on stabilization
- International making solid contributions, focused on reigniting growth
- Q3 results align to longer-term shareholder value strategy:
 1. **Grow** – Quick Lubes
 2. **Maintain** – Core North America
 3. **Develop** – International

Appendix



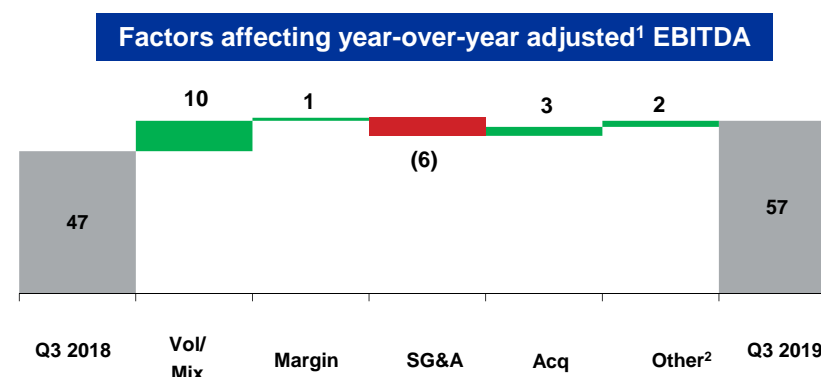
Key Items¹ Affecting Income

(\$ in millions, except per-share data) Preliminary and unaudited		Third-Quarter Impact		
		Operating Income	Total	
Fiscal 2019	Pre-tax		After-tax	
Restructuring and related expenses	\$ (4)	\$ (4)	\$ (3)	\$ (0.02)
Business interruption expenses	\$ (5)	(5)	(4)	(0.02)
Pension & OPEB income	\$ -	2	2	0.01
Total	\$ (9)	\$ (7)	\$ (5)	\$ (0.03)
Fiscal 2018				
Pension & OPEB income	\$ -	\$ 10	\$ 7	\$ 0.04
Legacy and separation-related costs, net	\$ 3	\$ 3	\$ (3)	\$ (0.02)
Acquisition-related foreign currency exchange loss	\$ (2)	\$ (2)	\$ (2)	\$ (0.01)
Total	\$ 1	\$ 11	\$ 2	\$ 0.01

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Quick Lubes

(\$ in millions) Preliminary and unaudited	Fiscal Third Quarter Three months ended June 30,		
	2019	2018	Change
Lubricant gallons (in millions)	7.2	6.2	16 %
Sales	\$ 211	\$ 167	26 %
Operating income	\$ 48	\$ 38	26 %
Key Items	-	2	- bp
Depreciation and amortization	9	7	29 %
Adjusted ¹ EBITDA	\$ 57	\$ 47	21 %
<i>Adjusted¹ EBITDA as a percent of sales</i>	27.0 %	28.1 %	(110) bp

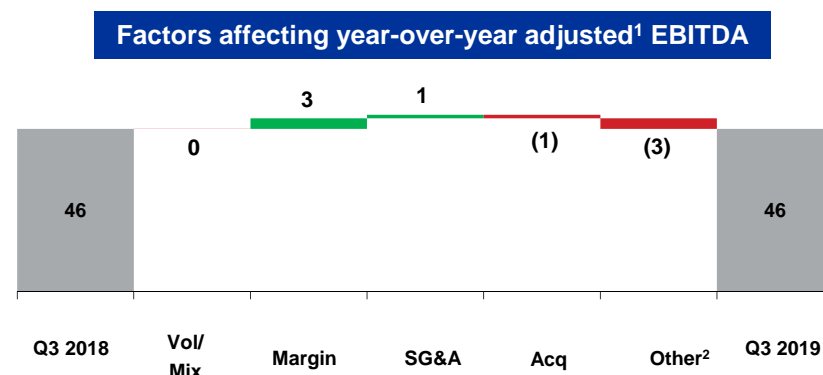


¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

² Other includes revenue recognition and foreign exchange impacts as well as equity, royalty, and other income/expense.

Core North America

(\$ in millions) Preliminary and unaudited	Fiscal Third Quarter Three months ended June 30,		
	2019	2018	Change
Lubricant gallons (in millions)	24.1	25.5	(5) %
Sales	\$ 260	\$ 264	(2) %
Operating income	\$ 38	\$ 41	(7) %
Key Items	3	-	- bp
Depreciation and amortization	5	5	- %
Adjusted ¹ EBITDA	\$ 46	\$ 46	- %
<i>Adjusted¹ EBITDA as a percent of sales</i>	<i>17.7 %</i>	<i>17.4 %</i>	<i>30 bp</i>

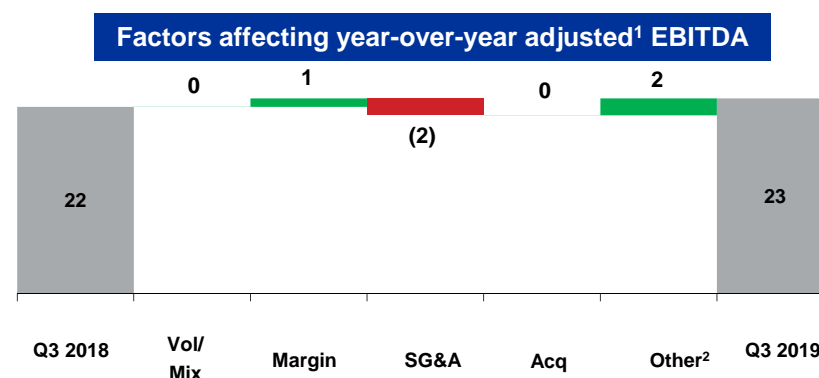


¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

² Other includes revenue recognition and foreign exchange impacts as well as equity, royalty, and other income/expense.

International

(\$ in millions) Preliminary and unaudited	Fiscal Third Quarter Three months ended June 30,		
	2019	2018	Change
Lubricant gallons (in millions)	14.3	14.3	- %
Sales	\$ 142	\$ 146	(3) %
Operating income	\$ 20	\$ 20	- %
Key Items	2	-	- bp
Depreciation and amortization	1	2	(50) %
Adjusted ¹ EBITDA	\$ 23	\$ 22	5 %
<i>Adjusted¹ EBITDA as a percent of sales</i>	<i>16.2 %</i>	<i>15.1 %</i>	<i>110 bp</i>



¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated July 31, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

² Other includes revenue recognition and foreign exchange impacts as well as equity, royalty, and other income/expense.

