Second-Quarter Fiscal 2020 Earnings

May 7, 2020

Sam Mitchell, CEO
Mary Meixelsperger, CFO
Sean Cornett, Investor Relations

Safe Harbor

Forward-Looking Statements

Certain statements in this news 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 Forms 10-Q and the supplemental "Risk Factor" included in Valvoline's current report on Form 8-K filed on March 24, 2020, all of 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

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 definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

Key Business Measures

Valvoline tracks its operating performance and manages its business using certain key business measures, which management believes are important to understanding Valvoline's operating performance. Information regarding Valvoline's definitions of key business measures and management's use of such measures are included in the Appendix.

Second-Quarter Reported Results

(in millions, except per-share data)	Q2
Operating income	$117
Net income	$63
Reported income per share	$0.33
YTD Cash flow from operating activities	$154

Key items[1]

- Debt redemption and issuance impact: $14 million after-tax expense
  - Related to Feb. 25 issuance of 4.250% Senior Notes due 2030 and redemption of 5.500% Senior Notes due 2024
- Non-service pension and OPEB impact: $7 million after-tax income
- Other items impact: $4 million total after tax expense

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

Second-Quarter Adjusted[1] Results Overview

(in millions, except per-share data)	Q2
Adjusted[1] operating income	$119
Adjusted[1] EBITDA	$134
Adjusted[1] EPS	$0.39

- Strong start to Q2
  - Jan. – Feb.: total Company YoY sales up 2%, Quick Lubes system-wide SSS up 11.6%
  - Repurchased ~$60 million of common stock
- COVID-19 impacts increased in March
  - March: total Company YoY sales down 10%; Quick Lubes segment system-wide SSS down 18.2%
  - Share repurchases halted
- Impact of COVID-19 in Q2:
  - Reduced sales by ~$28M
  - No net impact to EBITDA, including a $14M reduction to incentive compensation expense

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

Navigating the COVID-19 Crisis

Entering the Crisis	Weathering the Storm	Road to Recovery
• Entered crisis from position of strength • Focused on health & safety of our people, customers, business partners • Enhanced financial flexibility; leveraged operational flexibility; reduced spending	• Auto services deemed essential; continuing operations of Quick Lubes and customer locations • Recent trends show early signs of improvement • Expect strongest COVID-19 impacts in Q3 from reduced miles driven	• Well-positioned for recovery with increased driving • Leverage competitive advantages and brand strength • Strong balance sheet to capture opportunities resulting from the crisis

Impacts and recovery linked to miles driven

Our Values-driven Response to COVID-19

Employees

- Implemented workplace health and safety protocols
  - Work-from-home practices for office-based and field sales employees
  - Modified plant and lab work practices
- Quick Lubes service centers
  - Provided premium pay for service center operations employees
  - Additional 80 hours of paid sick leave
- Benefits enhancements
  - Covered COVID-19 testing at no cost
  - Promoted telehealth benefit
  - Adopted new 401(k) rules for easier access to hardship distributions and delayed loan repayment requirements
  - Additional paid sick leave for quarantined employees

Customers & Business Partners

- Franchisees Support
  - Created a short-term loan program
  - Extended terms on product purchases; temporary royalty abatement
  - Provided access to detailed information on stimulus-related provisions and federal employee assistance programs
- Customers
  - Worked to supply and deliver products with same on-time metrics as pre COVID-19 conditions
  - Allowed extended terms in some cases

Communities

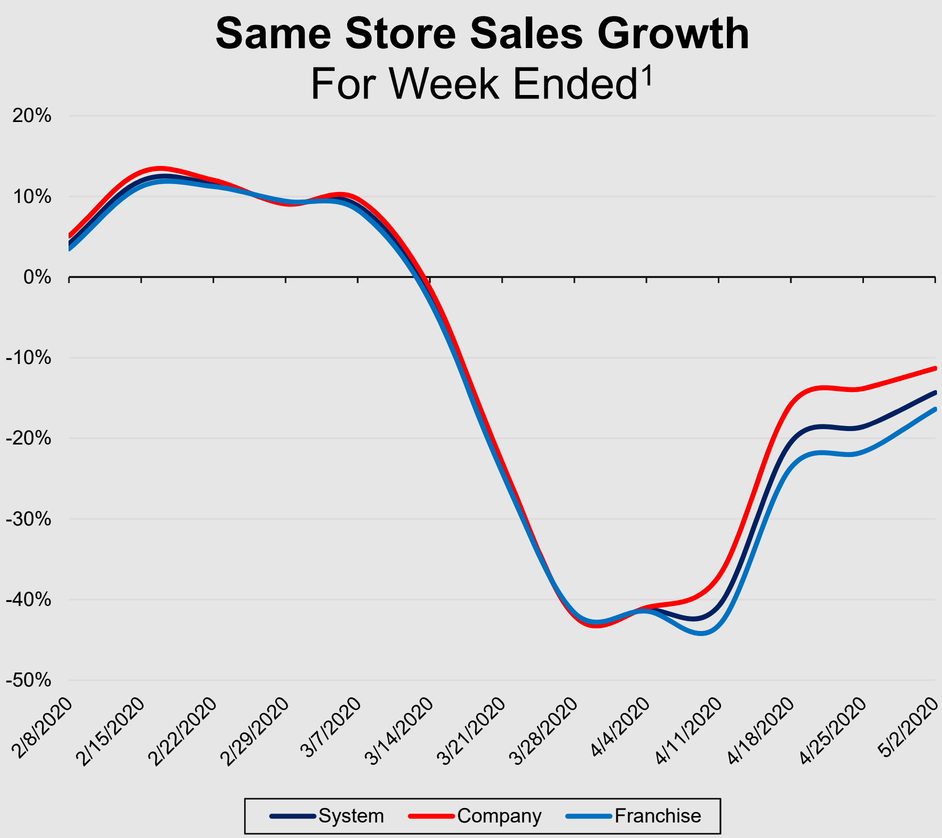
- Seeded and supported Bluegrass Coronavirus Response Fund
- Contributed to relief fund in China through donation of PPE - Made a contribution to Shanghai Benevolent Foundation (SBF) for Hubei nCoV Campaign
- Donated N95 masks to University of Kentucky hospital
- In India, producing and distributing PPE kits to support mechanics

Resilient Business Model

Market drivers	• Preventive maintenance primarily non-discretionary • Demand for transportation lubes correlated to miles driven
Performance across cycles: '08-'09 recession	• Mid-single digit volume decline in FY09, concentrated in H1 • Positive SSS comps in Quick Lubes in every quarter
COVID-19 implications	• Auto repair & maintenance services deemed essential – VVV customer locations primarily open • Valvoline operations continue, stores open at lower volume levels

Stable, non-cyclical dynamics

Quick Lubes



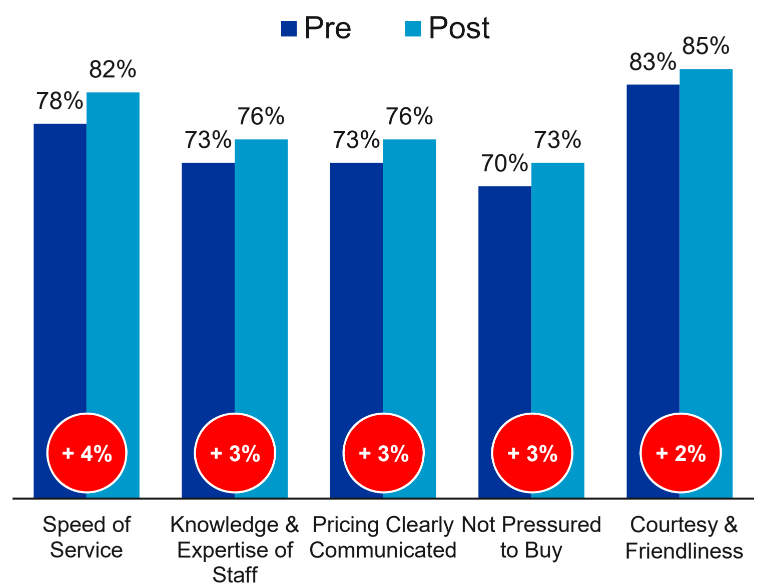
- Keeping stores open with positive economics
- SSS trends improved in April
  - 1st half SSS down ~39%
  - 2nd half SSS down ~16%
  - Continuing to see improvement
- Winning new customers

1. Prior year weeks adjusted to match timing of the current year Easter Holiday.

Quick Lubes – Stay-in-your-car Service Experience

Health & safety focused enhancements to drive-through service model

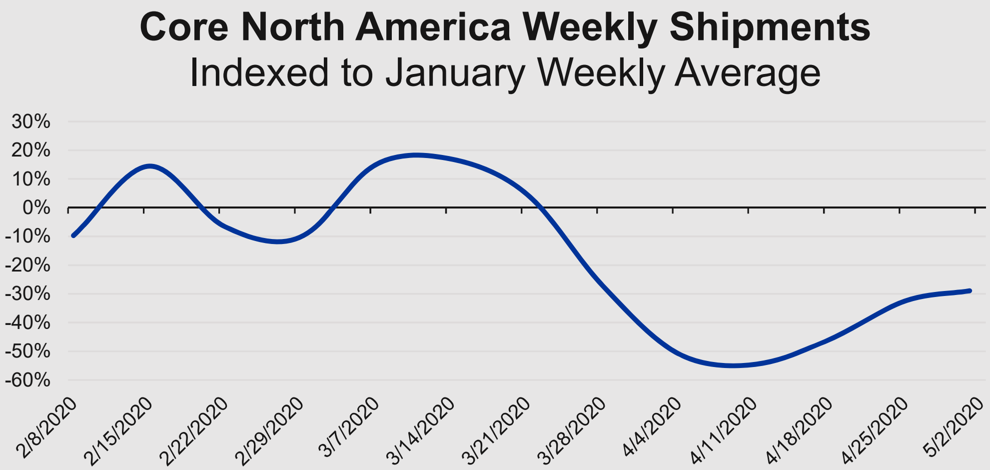
VIOC Customer Satisfaction[1]
Pre- & Post-COVID-19



Health focused additions to our service model enhances competitive advantage

1 Based on Service Management Group post-visit consumer survey. Four weeks pre-COVID-19: Feb. 16 – March 14, 2020; four weeks post-COVID-19: March 15 – April 11, 2020

Core North America

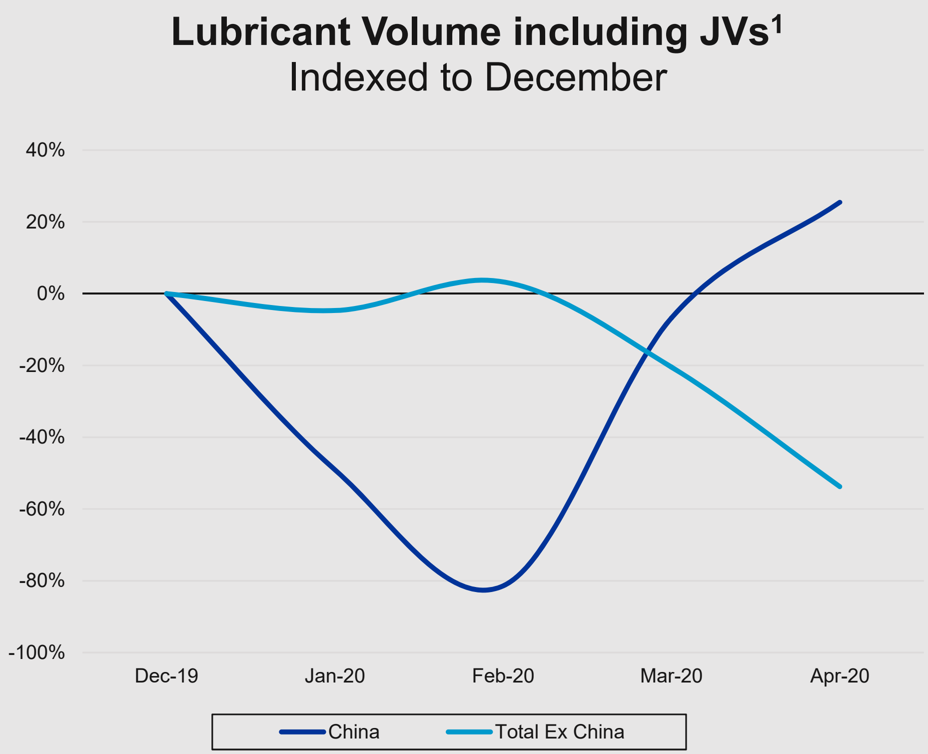


- Strong performance versus our expectations in Q2 prior to impact of COVID-19
- Volumes down ~55% at trough; improving trends
- Retail channel performance substantially stronger than Installer

- Strong unit margins in Q2
- Base oil moved lower in late Q2
- Unit margins expected to return to prior guidance level
  - Mix normalizes
  - Price adjustments, both index and competitive

Sharp volume decline in late March, improving trends late April

International



- Rapid recovery in China
  - Plant on-track for FY21 Q1 opening
- Regional recovery anticipated to be uneven
- Heavy Duty demand less impacted

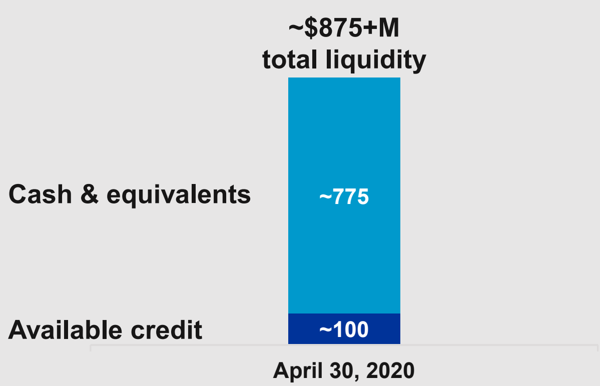
Regional responses to COVID-19 expected to impact recovery timeline

[1] Please refer to the Appendix for managements discussion of the use of key Business Measures.

Strong Balance Sheet & Liquidity Position

Actions to increase liquidity

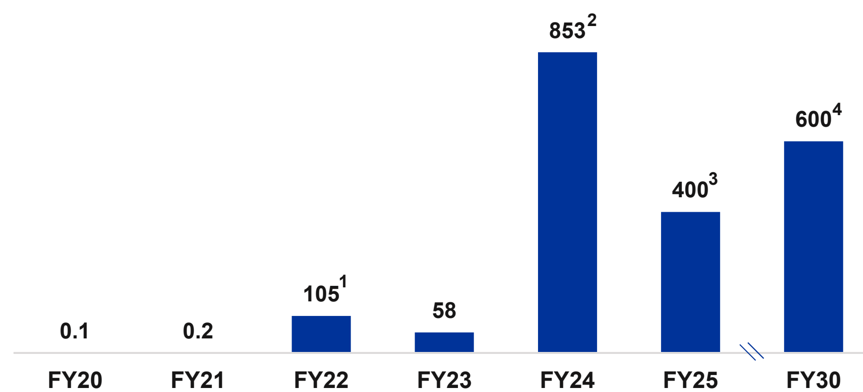
- Borrowed under credit facilities, $540M
- Increased credit capacity by ~$50M
- Deferring discretionary capital while continuing to invest for long-term growth
- Loan to fund completion of China plant, ~$40M



Balance sheet – Current status

- ~$775M in cash and cash equivalents
- Net debt of ~$1.2B
- Pension & OPEB net liability is ~$374M with 84% total funded status, as of March 31

Debt Maturity Schedule, $M



1 Includes $90 million of borrowings under the trade receivables securitization facility as of March 31, 2020
2 Includes $450 million of borrowings under the revolving credit facility and $403 million under the Term Loan A (TLA); $15 million of TLA in FY22 and $58 million in FY23
3 Includes $400 million Senior Notes due 2025
4 Includes $600 million Senior Notes due 2030

Spending Reductions

- Advertising
- Hiring freeze
- Variable compensation
- Other discretionary spending
- Deferral of non-essential projects
- Lower capex

April and Beyond

- Total volume and sales down ~40% YoY in April
- Improved volume and sales trends in back half of April
- Expect improving trends to continue as miles driven increases
- Variable nature of Costs of Goods Sold allows for profitability at April volumes levels

Expected Drivers of Near-term Cash Flow

Sources	Uses
+ Reduced capital expenditures	– Extended terms for certain customers
+ Improved payables terms	– Franchisee support
+ China plant loan	– Fiscal Q3 Dividend
+ Positive EBITDA at lower run-rate contribution	– Continued funding of growth projects with expected high returns

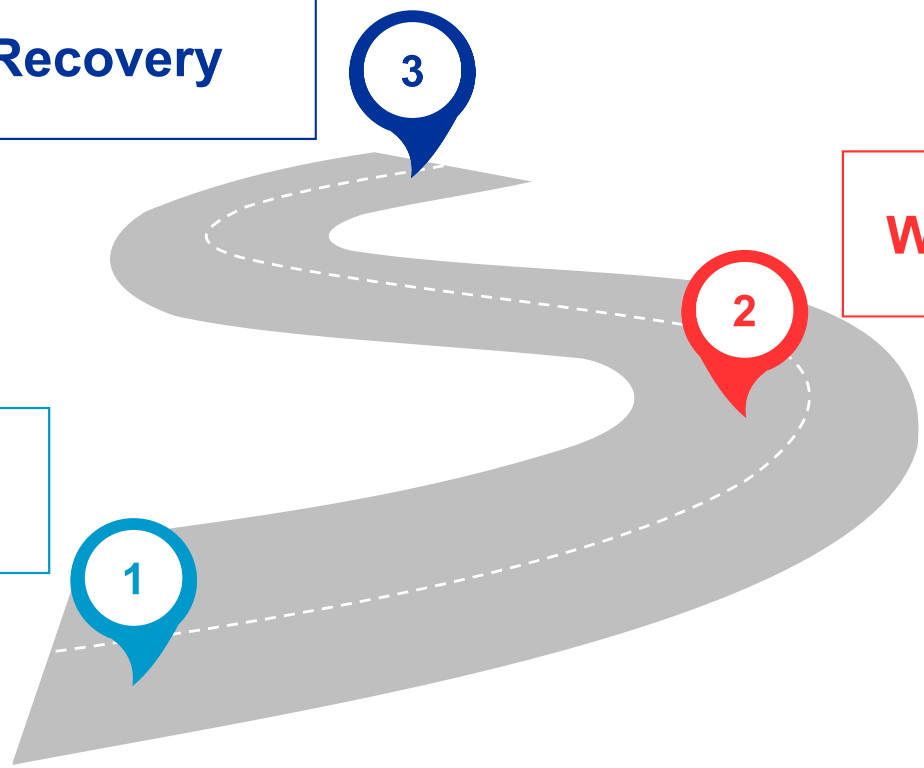
Temporary customer & franchisee support expected to negatively impact Q3 cash flow

Summary

Entering the Crisis

Weathering the Storm

Road to Recovery



Entered COVID-19 crisis from a position of strength and well positioned for recovery

Appendix

Framework for Recovery

	Pre-COVID-19	Weathering the Storm	Road to Recovery	Accelerate
Miles Driven Assumption	• Low-single digit growth	• Significant decline mid-March – April (down ~40 – 50%) • Pick up in May-June	• Recovering - flat to down ~15%	• Stable to modest growth
Corporate	• Managing and realizing benefits of OPEX red • Focused on talent acquisition and retention • [Focused on Environmental, Health & Safety initiatives]	• Focused on heath and safety of our people, customers and partners • Enhanced liquidity, financial flexibility; spending reductions	• Maintain expense management discipline – targeted investments	• Capitalize on Quick Lubes business development opportunities
Operating Segments				
Quick Lubes	Strong SSS growth	• Stores open – Project steady recovery in OCPD from bottom in mid-April, assuming miles driven continues to improve	• Restore advertising spend ("Stay in your car") • Scheduled new store openings	• Leverage operational strength to deliver consistent SSS growth
Core North America	Steady progress toward stabilization (exceeding our expectations)	• Significant impact in April from reduced demand and inventory adjustments • Project increased volume in May-June, assuming miles driven continues to improve	• Expect steady improvement in DIY Retail and Installer Channels	• Continued progress toward stabilization
International	Growth in line with guidance	• Significant impact in April from reduced demand and inventory adjustments • Steady recovery in China	• Anticipate volume increases across most regions	• Return to growth

Segment Results Summary

Quick Lubes

(YoY change)	Q2
SSS[1] (system-wide)	0.7%
Sales	6%
Net new stores[2] (company + franchised)	12
EBITDA[1]	$50 million, down $3 million

Core North America

(YoY change)	Q2
Total Volume	-7%
Sales	-2%
Premium mix	57.7%, up 420 bps
EBITDA[1]	$51 million, up $6 million

International

(YoY change)	Q2
Volume	-9%
Volume with JVs[1]	-10%
Sales	-14%
EBITDA[1]	$19 million, down $5 million

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 this Appendix.
2 Net new stores added in the current quarter.

Corporate Items

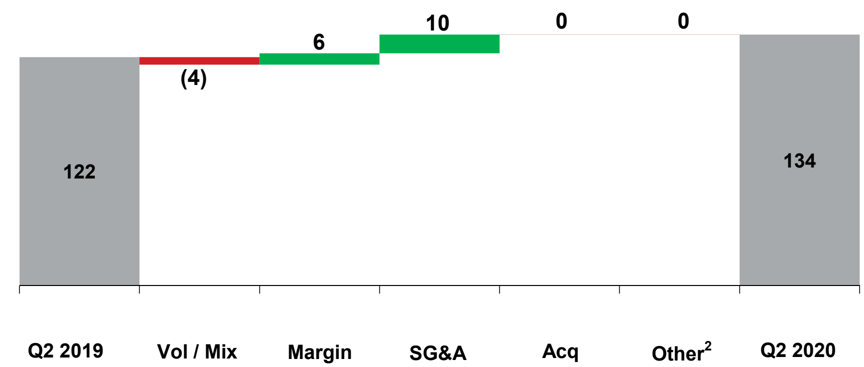
- Net interest and other financing expense of $38 million in Q2, up $19 million YoY
  - Includes $19 million of debt redemption and issuance expense (key item[1])
- Effective tax rate of 28.4% in Q2; adjusted[1] effective tax rate of 26.0%
- YTD cash flow from operating activities of $154 million
- Capital expenditures totaled $57 million; free cash flow[1] generation of $97 million
- Gross debt of ~$2 billion and net debt of ~$1.2 billion
  - Gross debt increased ~$0.7 billion given new debt issuance and borrowing against credit facilities to enhance liquidity
  - Net debt flat sequentially

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

Second-Quarter Financials

($ in millions, except per-share data) Preliminary and unaudited	Fiscal Second Quarter Three months ended Mar. 31,		
Adjusted[1] P&L Results and Ratios	2020	2019	Change
Lubricant gallons (in millions)	41.7	44.4	*(6) %*
Sales	$ 578	$ 591	*(2) %*
Gross profit as a percent of sales	35.8 %	34.5 %	*130 bp*
SG&A[1]	95	105	*(10) %*
Equity and other income	(7)	(9)	*(22) %*
Adjusted[1] Operating income	$ 119	$ 108	*10 %*
Depreciation and amortization	15	14	*7 %*
Adjusted[1] Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 134	$ 122	*10 %*
Adjusted EBITDA[1] as a percent of sales	*23.2 %*	*20.6 %*	*260 bp*
Adjusted[1] EPS	$ 0.39	$ 0.35	*11 %*

Factors affecting year-over-year adjusted[1] EBITDA

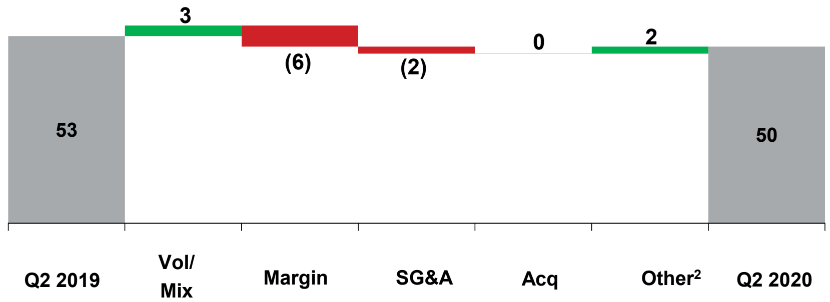


1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to this Appendix.
2 Other includes foreign exchange impacts as well as equity, royalty, and other income/expense.

Quick Lubes

($ in millions) Preliminary and unaudited	Fiscal Second Quarter Three months ended Mar. 31,		
	2020	2019	Change
Lubricant gallons (in millions)	7.1	7.0	1 %
Sales	$ 212	$ 200	6 %
Operating income	$ 40	$ 44	(9) %
Depreciation and amortization	10	9	11 %
EBITDA[1]	$ 50	$ 53	(6) %
EBITDA as a percent of sales	*23.6 %*	*26.5 %*	*(290) bp*

Factors affecting year-over-year EBITDA[1]

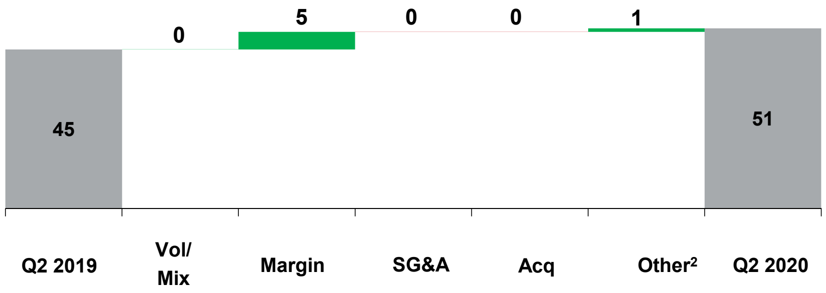


1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to this Appendix.
2 Other includes foreign exchange impacts as well as equity and other income/expense.

Core North America

($ in millions) Preliminary and unaudited	Fiscal Second Quarter Three months ended Mar. 31, 2020	2019	Change
Lubricant gallons (in millions)	20.9	22.4	(7) %
Sales	$ 238	$ 243	(2) %
Adjusted[1] Operating income	$ 47	$ 41	15 %
Depreciation and amortization	4	4	- %
Adjusted EBITDA[1]	$ 51	$ 45	13 %
EBITDA as a percent of sales	*21.4 %*	*18.5 %*	*290 bp*

Factors affecting year-over-year EBITDA[1]

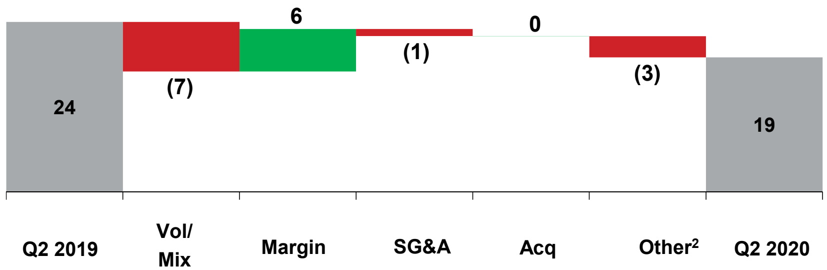


1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to this Appendix.
2 Other includes foreign exchange impacts as well as equity, royalty, and other income/expense.

International

($ in millions) Preliminary and unaudited	Fiscal Second Quarter Three months ended Mar. 31,		
	2020	2019	Change
Lubricant gallons (in millions)	13.7	15.0	*(9) %*
Sales	$ 128	$ 148	*(14) %*
Operating income	$ 18	$ 23	*(22) %*
Depreciation and amortization	1	1	- %
EBITDA[1]	$ 19	$ 24	*(21) %*
EBITDA as a percent of sales	*14.8 %*	*16.2 %*	*(140) bp*

Factors affecting year-over-year EBITDA[1]



1 For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to this Appendix.
2 Other includes foreign exchange impacts as well as equity, royalty, and other income/expense.

Key Items[1] Affecting Income

($ in millions, except per-share data) Preliminary and unaudited	Second-Quarter Impact			
		Total		
Fiscal 2020	Operating Income	Pre-tax	After-tax	Earnings per Share
Pension & OPEB income	$ -	$ 9	$ 7	$ 0.04
Debt extinguishment and modification costs	$ (19)	$ (19)	$ (14)	$ (0.08)
Income Tax Adjustments	$ -	-	(2)	$ (0.01)
Acquisition and divestiture related costs	$ (2)	(2)	(2)	$ (0.01)
Total	$ (21)	$ (12)	$ (11)	$ (0.06)
Fiscal 2019				
Restructuring and related expenses	$ (8)	$ (8)	$ (7)	$ (0.04)
Business interruption expenses	$ (1)	$ (1)	$ (1)	$ -
Legacy and separation-related cost, net	$ (3)	$ (3)	$ -	$ -
Pension & OPEB income	$ -	$ 3	$ 2	$ 0.01
Income Tax Adjustments	$ -	-	2	0.01
Total	$ (12)	$ (9)	$ (4)	$ (0.02)

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

Reconciliation of Non-GAAP Data – Net Income and EPS

	Three months ended March 31	
	2020	2019
Reported net income	$ 63	$ 63
Adjustments:		
Net pension and other postretirement plan income	(9)	(3)
Net legacy and separation-related expenses (income)	—	3
Debt extinguishment and modification costs	19	—
Acquisition and divestiture-related costs [a]	2	—
Restructuring and related expenses [a]	—	8
Business interruption expenses [b]	—	1
Total adjustments, pre-tax	12	9
Income tax expense of adjustments	(3)	(3)
Income tax adjustments [c]	2	(2)
Total adjustments, after tax	11	4
Adjusted net income	$ 74	$ 67
Reported diluted earnings per share	$ 0.33	$ 0.33
Adjusted diluted earnings per share	$ 0.39	$ 0.35
Weighted average diluted common shares outstanding	188	189

(a) Pre-tax adjustments associated with acquisition-related costs and restructuring and related expenses were recorded in Selling, general and administrative expenses as reported within the Statements of Consolidated Income. Adjusted Selling, general and administrative expenses for the three and six months ended March 31, 2020 were $95 million and $211 million, respectively, and $105 million and $210 million for the three and six months ended March 31, 2019, respectively. In addition, divestiture-related costs were recorded in Equity and other income, net, as reported within the Statements of Consolidated Income. Adjusted Equity and other income, net, was $7 million and $16 million for the three and six months ended March 31, 2020, respectively.

(b) Pre-tax adjustments associated with business interruption expenses were recorded in Cost of sales as reported within the Statements of Consolidated Income in the three and six months ended March 31, 2019. Adjusted Cost of sales for the three and six months ended March 31, 2019 were $387 million and $761 million, respectively.

(c) Income tax adjustments in fiscal 2020 and 2019 relate to tax reform in India and Kentucky, respectively.

Reconciliation of Non-GAAP Data - Adjusted EBITDA

	Three months ended March 31	
	2020	2019
Adjusted EBITDA - Valvoline		
Net income	$ 63	$ 63
Add:		
Income tax expense	25	17
Net interest and other financing expenses	38	19
Depreciation and amortization	15	14
EBITDA	141	113
Key items: [a]		
Net pension and other postretirement plan income	(9)	(3)
Net legacy and separation-related expenses (income)	—	3
Acquisition and divestiture-related costs	2	—
Restructuring and related expenses	—	8
Business interruption expenses	—	1
Adjusted EBITDA	$ 134	$ 122
Adjusted EBITDA - Core North America		
Operating income	$ 47	$ 40
Add:		
Depreciation and amortization	4	4
EBITDA	51	44
Key item: [a]		
Business interruption expenses	—	1
Adjusted EBITDA	$ 51	45
Adjusted EBITDA - Unallocated and other		
Operating income (loss)	$ 12	$ (11)
Add:		
Depreciation and amortization	—	—
Net pension and other postretirement plan income	9	3
EBITDA	21	(8)
Key items: [a]		
Net pension and other postretirement plan income	(9)	(3)
Net legacy and separation-related expenses (income)	—	3
Acquisition and divestiture-related costs	2	—
Restructuring and related expenses	—	8
Adjusted EBITDA	$ 14	$ —

(a) Key items were recorded in Core North America and Unallocated and Other. The tables above reconcile Core North America and Unallocated and other operating income (loss) and relevant other items reported below operating income (loss), as applicable, to EBITDA and Adjusted EBITDA.

Reconciliation of Non-GAAP Data – Free Cash Flow

Free cash flow [(a)]	Six months ended March 31 2020		Six months ended March 31 2019	
Total cash flows provided by operating activities	$	154	$	134
Adjustments:				
Additions to property, plant and equipment		(57)		(48)
Free cash flow	$	97	$	86

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

Valvoline.

Liquidity and Net Debt

($ in millions)

Liquidity		At March 31, 2020
Cash	$	774
Available revolver and A/R facility capacity[2]		47
Liquidity	$	821

Debt	Expiration	Interest Rate		At March 31, 2020
4.25% senior notes, par $600 million	02/2030	4.25%	$	600
Term Loan A[1]	04/2024	L+175		475
Revolver drawn[3]	04/2024	L+175		450
4.375% senior notes, par $400 million	08/2025	4.375%		400
A/R facility drawn[2]	11/2021	L+75		90
Other debt		Various		1
Total debt			$	2,016
Cash			$	774
Net debt (cash)			$	1,242

1. The Term Loan has an amortizing principal starting in 2022, with complete repayment in 2024.
2. AR securitization facility with maximum borrowing capacity of $175 million; borrowing availability $18 million on March 31; increased to $85 million with April amendment.
3. $475 million facility, including ~$7 million for letters of credit.

Valvoline

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, non-GAAP basis. These non-GAAP measures are not defined within accounting principles generally accepted in the United States of America ("U.S. GAAP") and do not purport to be alternatives to net income/loss or cash flows from operating activities as measures of operating performance or cash flows. The following are the non-GAAP measures management has included and how management defines them:

- EBITDA, which management defines as net income/loss, plus income tax expense/benefit, net interest and other financing expenses, and depreciation and amortization;
- Adjusted EBITDA, which management defines as EBITDA adjusted for key items, as further described below, and net pension and other postretirement plan expense/income; and
- Free cash flow, which management defines as operating cash flows less capital expenditures and certain other adjustments as applicable.

These measures are not prepared in accordance with U.S. GAAP and management believes the use of non-GAAP measures 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 EBITDA, Adjusted EBITDA and free cash flow. EBITDA, Adjusted EBITDA, and free cash flow provide a supplemental presentation of Valvoline's operating performance. For a reconciliation of non-GAAP measures, refer to the Appendix.

Due to depreciable assets associated with the nature of the Company's operations and interest costs related to Valvoline's capital structure, management believes EBITDA is an important supplemental measure to evaluate the Company's operating results between periods on a comparable basis.

Management believes Adjusted EBITDA provides investors with a meaningful supplemental presentation of Valvoline's operating performance. Adjusted EBITDA excludes the impact of the following:

- Key items - Key items consist of income or expenses associated with certain unusual, infrequent or non-operational income or expenses not directly attributable to the underlying business, which management believes impacts the comparability of operational results between periods. Key items may consist of adjustments related to: the impairment of an equity investment; legacy businesses, including the separation from Ashland and associated impacts of related indemnities; significant acquisitions or divestitures; restructuring-related matters; and other matters that are non-operational or unusual in nature. Key items are considered by management to be outside the comparable operational performance of the business and are also often related to legacy matters or market-driven events that are not directly related to the underlying business and do not have an immediate, corresponding impact on the Company's ongoing performance.
- Net pension and other postretirement plan expense/income - 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, 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. Adjusted EBITDA will continue to include pension and other postretirement service costs related to current employee service as well as the costs of other benefits provided to employees for current service.

Management uses free cash flow as an additional non-GAAP metric 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. Unlike cash flow from operating activities, free cash flow includes the impact of capital expenditures, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

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, EBITDA, Adjusted EBITDA and free cash flow are not necessarily comparable with similar information for other comparable companies. EBITDA, Adjusted EBITDA and free cash flow each have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, or more meaningful than, net income and cash flows from operating activities as determined in accordance with U.S. GAAP. Because of these limitations, net income and cash flows from operating activities should primarily be relied upon as determined in accordance with U.S. GAAP, and EBITDA, Adjusted EBITDA, and free cash flow should only be used as supplements. In evaluating EBITDA, Adjusted EBITDA, and free cash flow, one should be aware that in the future Valvoline may incur expenses/income similar to those for which adjustments are made in calculating EBITDA, Adjusted EBITDA, and free cash flow. Valvoline's presentation of EBITDA, Adjusted EBITDA, and free cash flow should not be construed as a basis to infer that Valvoline's future results will be unaffected by unusual or nonrecurring items.

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 and same-store sales; Express Care store counts; lubricant volumes sold by unconsolidated joint ventures; and total lubricant volumes sold and percentage of premium lubricants 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 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 end of period store counts and activity. SSS is defined as sales by Quick Lubes service center stores (company-owned, franchised and the combination of these for system-wide SSS), with new stores 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. Differences in SSS are calculated to determine the percentage change between comparative periods. 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 or Express Care stores as revenue in its Statements of Consolidated Income, management believes system-wide and franchised SSS comparisons and store counts, in addition to Express Care 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.

Lubricant volumes sold by unconsolidated joint ventures are used to measure the operating performance of the International operating segment. Valvoline does not record lubricant sales from unconsolidated joint venture as International reportable segment revenue. International revenue is limited to sales by Valvoline's consolidated affiliates. Although Valvoline does not record sales by unconsolidated joint ventures as revenue in its Condensed Consolidated Statements of Comprehensive Income, management believes lubricant volumes including and sold by unconsolidated joint ventures is useful to assess the operating performance of its investments in joint ventures.

Management also evaluates lubricant volumes sold in gallons by each of its reportable segments and premium lubricant percentage, defined as premium lubricant gallons sold as a percentage of U.S. branded lubricant volumes for the Quick Lubes and Core North America segments and as a percentage of total segment lubricant volume for the International segment. Premium lubricant products generally provide a higher contribution to segment profitability and the percentage of premium volumes is useful to evaluating and understanding Valvoline’s operating performance.

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