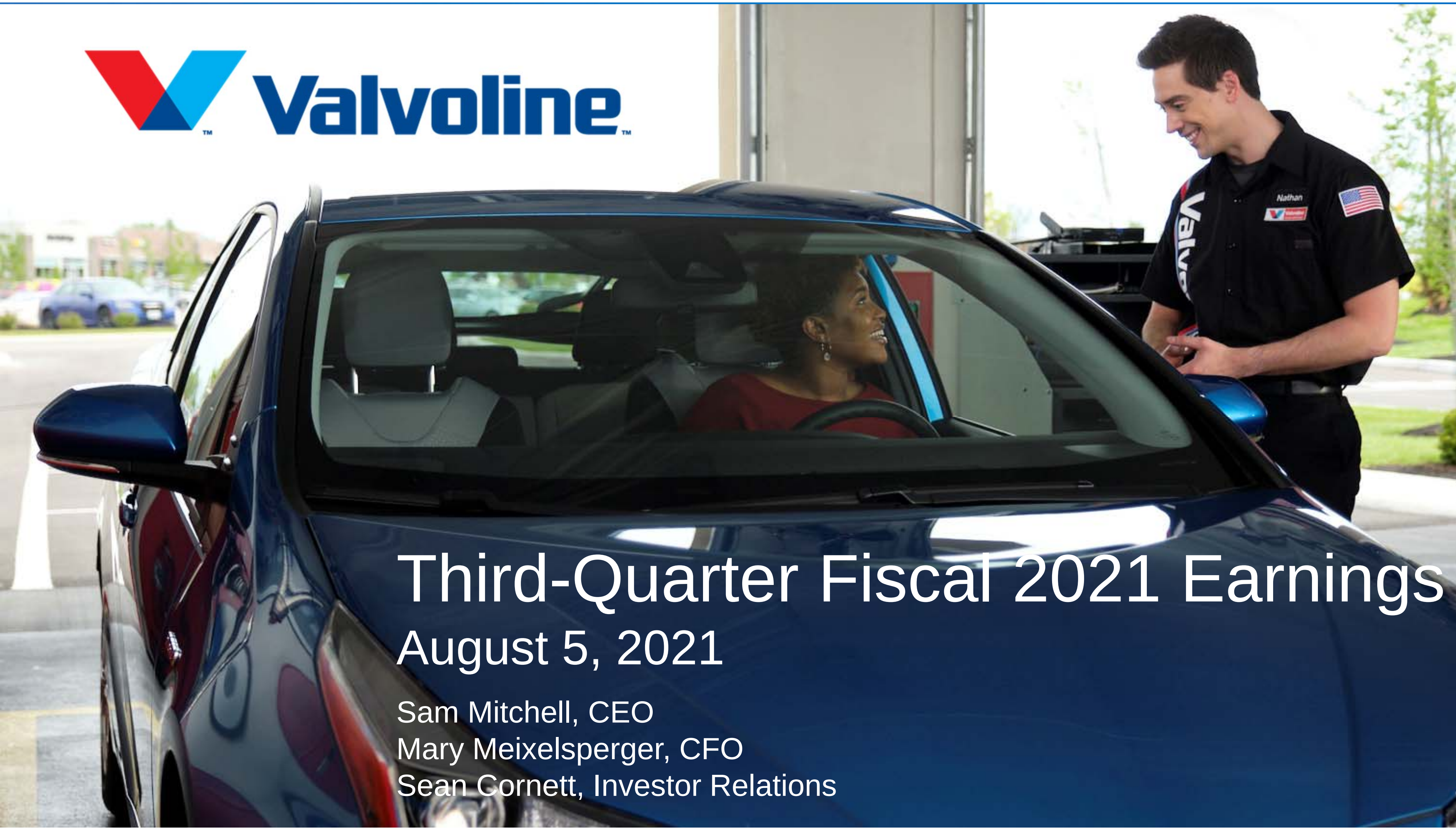


Third-Quarter Fiscal 2021 Earnings

August 5, 2021

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

SAFE HARBOR

Forward-Looking Statements

Certain statements in this presentation, other than statements of historical fact, including estimates, projections and statements related to Valvoline's business plans and operating results, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Valvoline has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "predicts," "projects," "forecasts," "may," "will," "should" and "intends" and the negative of these words or other comparable terminology. These forward-looking statements are based on Valvoline's current expectations, estimates, projections and assumptions as of the date such statements are made and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the company's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures about Market Risk" sections of Valvoline's most recently filed periodic reports on Form 10-K and 10-Q, which are available on Valvoline's website at http://investors.valvoline.com/sec-filings or on the SEC's website at http://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.

THIRD QUARTER HIGHLIGHTS[1]

53%
Growth in total sales

64%
Growth in reported net income

66%
Growth in reported EPS

40.5%
Growth in system-wide SSS[2]

75%
Growth in adjusted[2] EBITDA

112%
Growth in adjusted[2] EPS

10%
Growth in system-wide units[2]

37%
Volume[2] growth in Global Products

52%
Retail Services contribution to total segment adjusted[2] EBITDA YTD

1. All comparisons to prior-year periods unless otherwise noted.
2. For a discussion of management's use of Key Business Measures and a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

TAKEAWAYS FROM MAY 19TH BUSINESS UPDATE

Valvoline.

Changes to Unlock Value

- Realign business to drive strategic focus
- Increase transparency, disclosure and comparability to peers
- Drive shareholder value with disciplined capital allocation

Long-Term Goals

- Increase market understanding of our segments
- Expand $ TAM[1] to focus on auto services and global products
- Powertrain agnostic future

1. Total Addressable Market.

TWO OPERATING SEGMENTS, UNITED BY OUR BRAND

Secular Shifts in Auto Services towards DIFM, Shift to Synthetics

Retail Services
(Quick Lubes)

Unit-based, preventive auto care services

Global Products
(Core NA & International)

Automotive lubricants and products

Key Industry Drivers

- Increasing Car Parc
- Increasing Miles Driven
- Increasing Age of Vehicles

DRIVING SHAREHOLDER VALUE WITH OUR TRANSFORMATION STRATEGY

Valvoline.

Leverage FCF[1] from Global Products

- International investments are paying off with increased Sales & profitability
- Goal to increase global market share

Accelerate Retail Services Transformation

- 627 net new stores since 2015 through acquisition, new store development and franchise expansion
- 1,569 total locations as of 3Q21 with target of 100+ new locations per year through a mix of new store development, franchise expansion and acquisitions

Reinvest for Growth and Shareholder Returns

- Investing in growth while returning excess cash to shareholders
- Established and have consistently grown dividend[2]

Key Takeaways

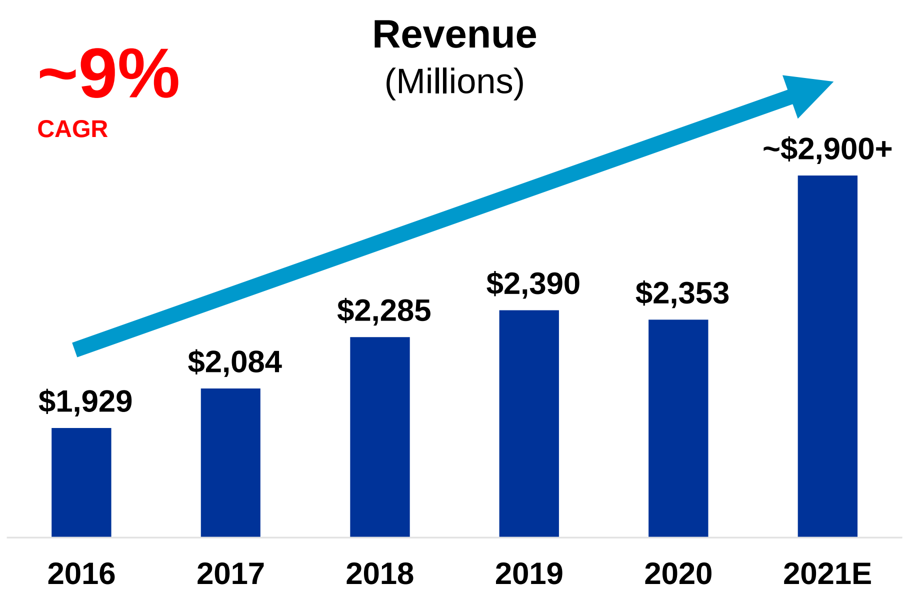
Higher Growth

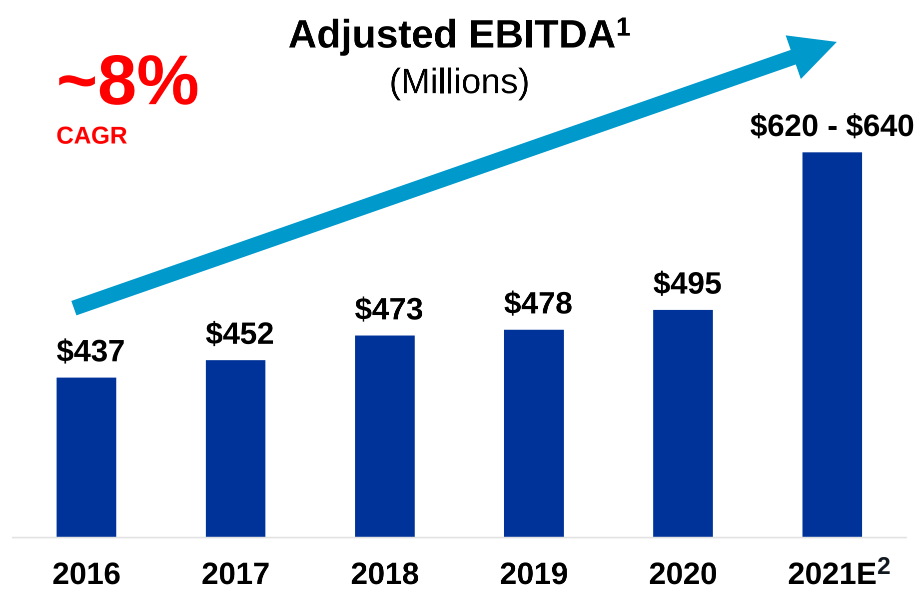
Higher Margins

Higher Returns

1. Free Cash Flow.
2. Future quarterly dividend declarations are subject to approval by Valvoline's Board of Directors and may be adjusted as business needs or market conditions change.

BENEFITS OF TRANSFORMATION ARE EMERGING





Outlook through 2024: 9 – 11% revenue CAGR, 21 – 23% annualized adjusted EBITDA margins

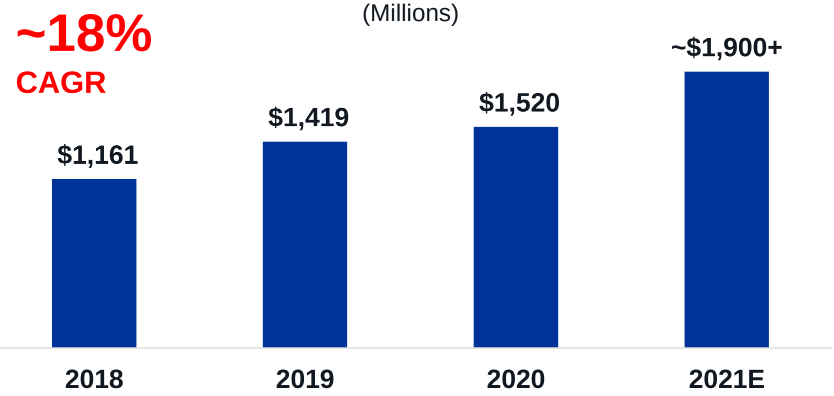
1. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results.

Segment Highlights

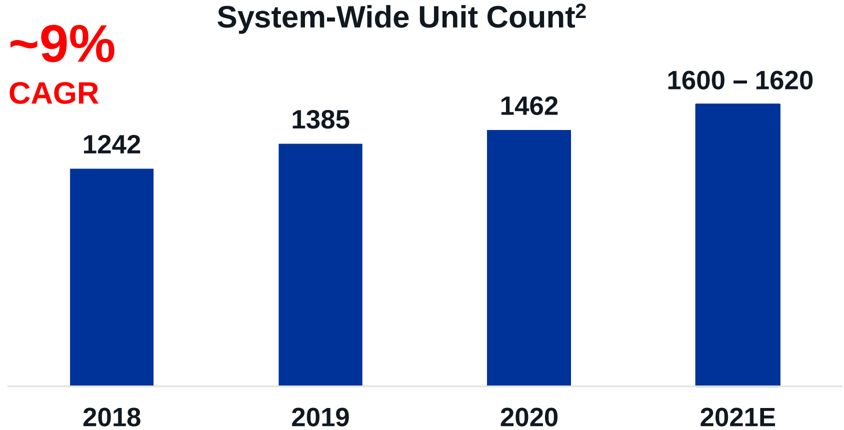
RETAIL SERVICES
Q3 RESULTS AHEAD OF LONG-TERM GUIDANCE

(Millions, except store count)	Q3	YoY	Growth from 3Q19
Segment Sales	$330	66%	56%
SSS[2] Growth (system-wide)	N/A	40.5%	27.1%[3]
Store Count[2] (system-wide)	1,569	10%	16%
Adjusted[1] EBITDA	$112	107%	78%

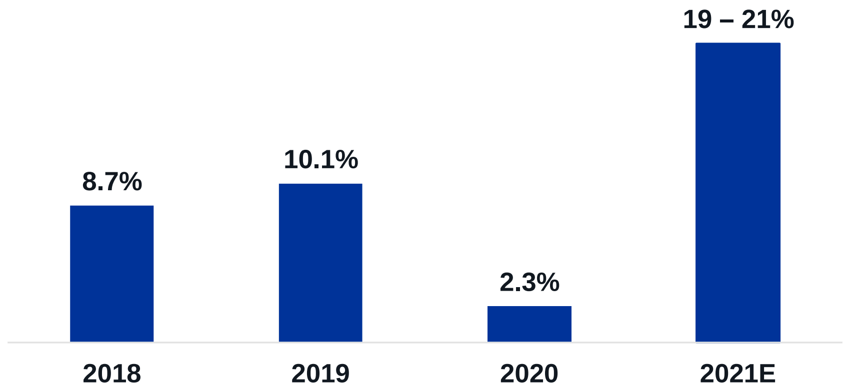
System-Wide Store Sales[2]
(Millions)



System-Wide Unit Count[2]



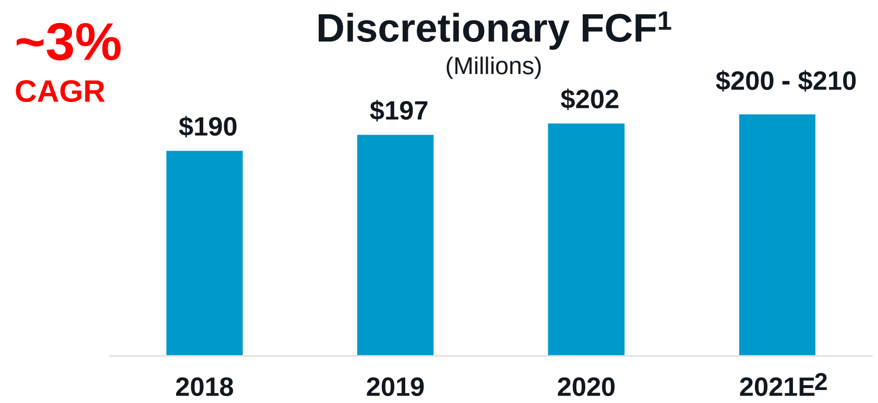
System-Wide Same Store Sales[2] (SSS) Growth

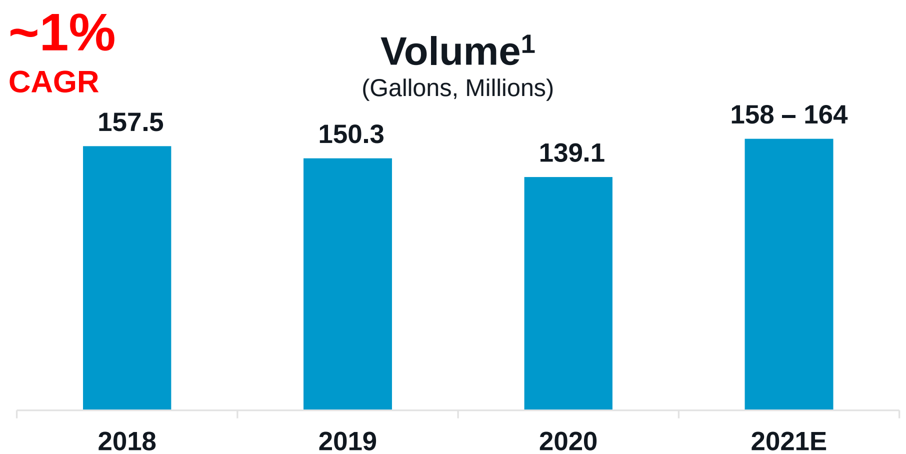


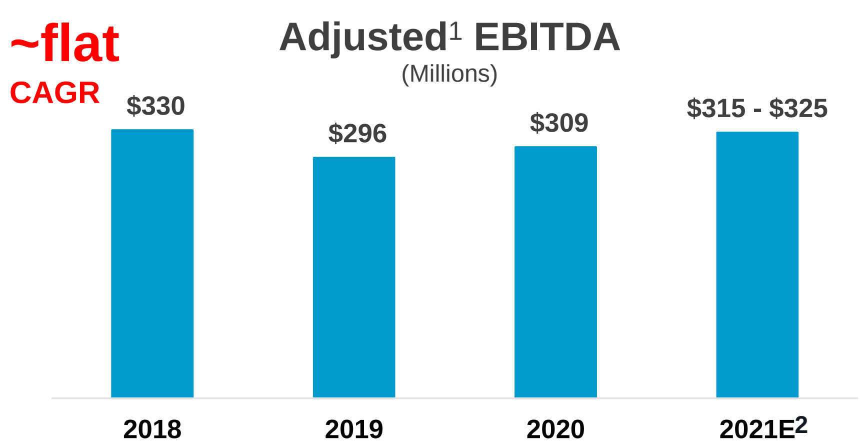
1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Company-operated plus franchise-operated store sales. Valvoline franchisees are distinct legal entities, and Valvoline does not recognize store-level sales from franchised stores as Retail Services operating segment revenue. Please refer to the Appendix for further information regarding management's use of key business measures.
3. Versus 2019 same stores base.

GLOBAL PRODUCTS
CONSISTENT PERFORMANCE AND HIGH FCF GENERATION

(Millions)	Q3	YoY	Growth from 3Q19
Segment Sales	$462	46%	15%
Volume[1] (gallons)	41.8	37%	9%
Adjusted[1] EBITDA	$81	17%	3%
Discretionary FCF[1]	$53	20%	2%





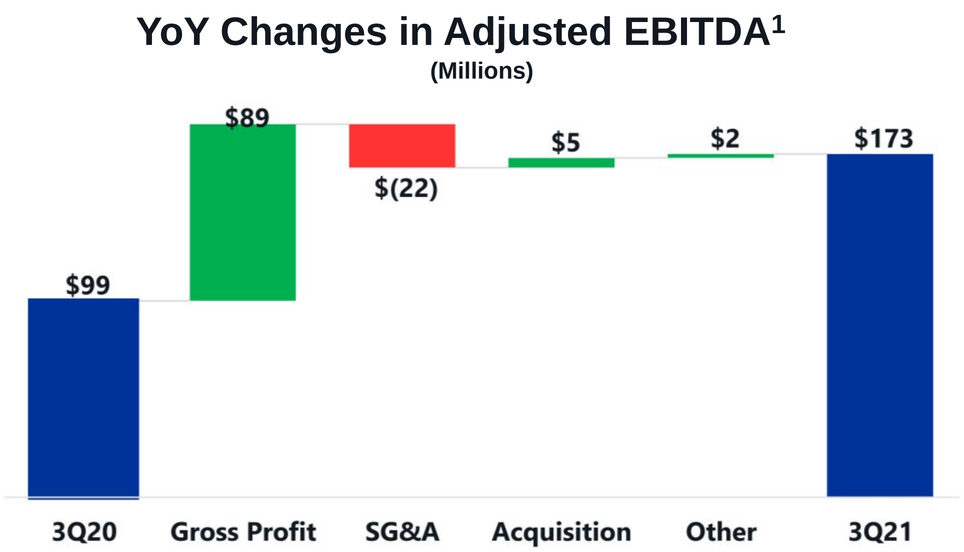


1. For a discussion of management's use of Key Business Measures and a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Denotes a forward-looking non-GAAP financial measure that Valvoline is unable to reconcile without unreasonable efforts, as the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results.

3Q Earnings

THIRD QUARTER RESULTS

(in millions, except per-share data)	3Q21	YoY	Growth from 3Q19
Sales	$792	53%	29%
Gross Profit	$259	39%	25%
Adjusted[1] Gross Profit	$276	53%	29%
Operating Income	$131	49%	28%
Adjusted[1] Operating Income	$149	82%	32%
Net Income	$97	64%	49%
Adjusted[1] EBITDA	$173	75%	35%
Earnings per Diluted Share (EPS)	$0.53	66%	56%
Adjusted[1] EPS	$0.55	112%	45%



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

THIRD QUARTER RESULTS - MARGINS

Retail Services

(Millions)	3Q21	YoY	Growth from 3Q19
Segment Sales	$330	66%	56%
Adjusted[1] EBITDA	$112	107%	78%
Adjusted[2] EBITDA Margin	33.9%	680 bps	400 bps

Global Products

(Millions)	3Q21	YoY	Growth from 3Q19
Segment Sales	$462	46%	15%
Adjusted[1] EBITDA	$81	17%	3%
Adjusted[2] EBITDA Margin	17.5%	(430 bps)	(220 bps)

Key takeaways

- SSS growth driving fixed cost leverage; offsetting impact of new store ramp
- Pricing power expected to be balanced with transaction growth over time

Key takeaways

- Price-cost lag impacting margins
- Executing incremental pricing actions

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

FREE CASH FLOW DRIVES FUTURE GROWTH

(in USD, millions)	YTD
Cash Flow from Operating Activities	$296
Less: Maintenance Capital Expenditures	$21
Discretionary Free Cash Flow	$275
Less: Growth Capital Expenditures	$85
Free Cash Flow	$190

Note: Discretionary Free Cash Flow and Free Cash Flow are non-GAAP measures that have been reconciled to GAAP as presented above; for further information, please refer to Use of Non-GAAP Measures in the Appendix.

YTD INVESTMENT IN RETAIL SERVICES GROWTH

$267M

Store acquisitions

+

$60M

New Store Development

$327M

Capital invested in Retail Services Growth

Significant investments with high returns expected to drive long-term EBITDA growth

OUTLOOK

	2021 Outlook
Operating Items	
• Sales growth	25 – 26%
• Retail Services system-wide store additions[1]	140 – 160
• Retail Services system-wide SSS[1] growth	19 – 21%
– Normalized[2] system-wide SSS[1] growth	10 – 12%
• Adjusted[3] EBITDA	$620 – $640 million
Corporate Items	
• Adjusted[3] effective tax rate	25 – 26%
• Adjusted[3] EPS	$1.86 – $1.96
• Capital expenditures	$160 – $170 million
• Free cash flow[4]	$250 – $270 million

1 For a discussion of management's use of Key Business Measures, please refer to the Appendix.
2 Same-store sales growth adjusted for estimated COVID-19 impacts in March - May 2020 period; based on average two-year same-store sales growth between fiscal 2020 and 2021 outlook.
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 For reconciliation of adjusted outlook amounts expected to be reported under GAAP and additional details, please refer to the Appendix.

LONG-TERM GROWTH EXPECTATIONS
ANNUALIZED FINANCIAL TARGETS 2021-24

Valvoline.

Retail Services

SSS Growth	Unit Growth
6 - 8%	**5 - 7%**

Revenue CAGR
14 - 16%

Adj. EBITDA margin
30 - 32%

Global Products

Topline CAGRs
4 - 6%

Adj. EBITDA margin
17 - 19%

Discretionary FCF
~$200M/year

VVV

Revenue CAGR
9 - 11%

Adj. EBITDA margin
21 - 23%

Adjusted EPS CAGR
12 - 14%

Avg. ROIC[1]
25%+

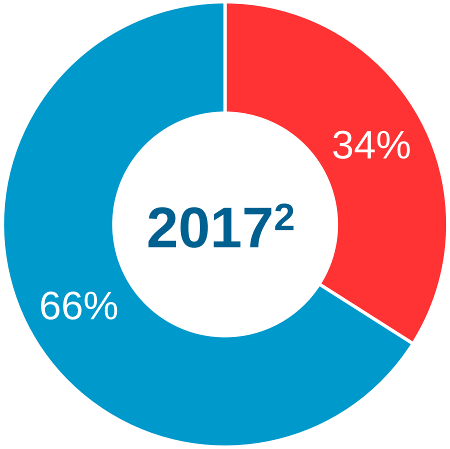
1. ROIC calculated as operating profit after tax adjusted for key items divided by two-year average invested capital, which is comprised of equity, debt and finance lease obligations, less cash and cash equivalents.

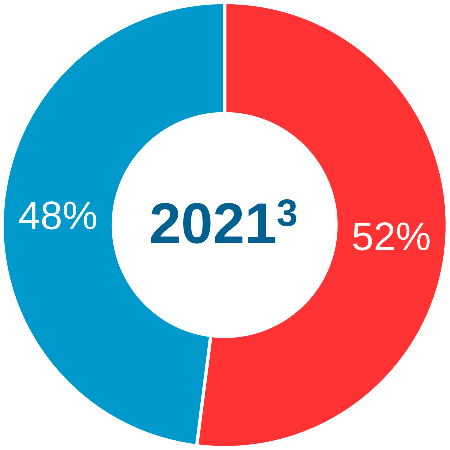
TRANSFORMATION FROM PRODUCTS TO SERVICES

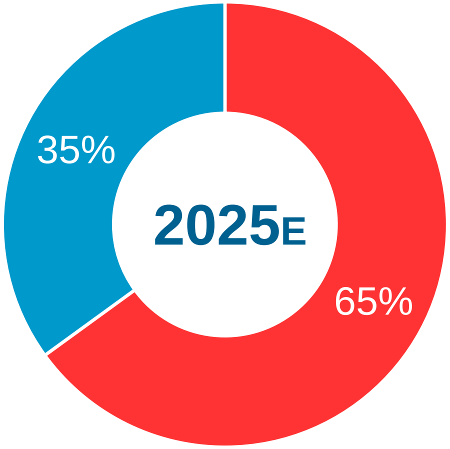
Products Driven → Services Driven

EBITDA[1] CONTRIBUTION

Global Products | Retail Services







1. EBITDA contribution as percentage of total business segment Adjusted EBITDA. For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
2. Based on business segment Adjusted EBITDA as previously reported prior to the segment realignment.
3. YTD 3Q21

Appendix

RECONCILIATION OF RECAST[1] ADJUSTED EBITDA

	For the years ended September 30				
(In millions)	2016	2017	2018	2019	2020
Net income	$ 273	$ 304	$ 166	$ 208	$ 317
Income tax expense	148	186	166	57	134
Net interest and other financing expenses	9	42	63	73	93
Depreciation and amortization	38	42	54	61	66
EBITDA	468	574	449	399	610
Net pension and other postretirement plan (income) expenses	(35)	(138)	-	60	(59)
Net legacy and separation-related expenses (income)	6	11	14	3	(30)
LIFO (credit) charge	(3)	5	7	-	(15)
Compensated absences and benefits change	-	-	-	-	(11)
Business interruption expenses (recovery)	-	-	-	6	(2)
Acquisition and divestiture-related costs (income)	1	-	3	(4)	2
Restructuring and related expenses	-	-	-	14	-
Adjusted EBITDA	$ 437	$ 452	$ 473	$ 478	$ 495

1. Valvoline realigned its global operations and related reporting during the third quarter of fiscal 2021 to manage its business through two operating segments, Retail Services and Global Products. Prior period amounts have been recast to conform to the current presentation consistent with the realignment of Valvoline's global operations. These changes have no impact on the Company's historical consolidated GAAP balance sheets, statements of income or cash flows.

PRE- AND POST REALIGNMENT[1] ADJUSTED EBITDA

	Three months ended June 30			Nine months ended June 30		
(In millions)	2021	2020	2019	2021	2020	2019
Sales	$ 792	$ 516	$ 613	$ 2,146	$ 1,701	$ 1,761
Pre-realignment Adjusted EBITDA	$ 156	$ 106	$ 126	$ 453	$ 360	$ 349
Pre-realignment Adjusted EBITDA % of sales	*19.7 %*	*20.5 %*	*20.6 %*	*21.1 %*	*21.2 %*	*19.8 %*
Indirect allocation change	—	—	—	—	—	—
LIFO charge (credit)	17	(7)	2	26	(12)	—
Realigned Adjusted EBITDA	$ 173	$ 99	$ 128	$ 479	$ 348	$ 349
Realigned Adjusted EBITDA % of sales	*21.8 %*	*19.2 %*	*20.9 %*	*22.3 %*	*20.5 %*	*19.8 %*

1. Valvoline realigned its global operations and related reporting during the third quarter of fiscal 2021 to manage its business through two operating segments, Retail Services and Global Products.

RETAIL SERVICES – Q3 RESULTS

	Three months ended June 30			Nine months ended June 30		
	2021	2020	2019	2021	2020	2019
Sales information						
Retail Services segment sales	$ 330	$ 199	$ 211	$ 869	$ 629	$ 600
Year-over-year growth	*66 %*	*(6)%*	*26 %*	*38 %*	*5 %*	*25 %*
System-wide store sales [a]	$ 526	$ 348	$ 365	$1,415	$1,090	$1,039
Year-over-year growth [a]	*51 %*	*(5)%*	*25 %*	*30 %*	*5 %*	*24 %*
Same-store sales growth [b]						
Company-operated	36.1 %	(5.2)%	9.1 %	20.4 %	0.3 %	9.7 %
Franchised [a]	43.9 %	(9.9)%	10.0 %	22.5 %	0.0 %	10.4 %
System-wide [a]	40.5 %	(8.0)%	9.7 %	21.6 %	0.2 %	10.1 %
Profitability information						
Operating income [c]	$ 97	$ 44	$ 55	$ 233	$ 142	$ 149
Key items	—	—	—	—	—	—
Adjusted operating income [c]	97	44	55	233	142	149
Depreciation and amortization	15	10	8	44	28	24
Adjusted EBITDA [c]	$ 112	$ 54	$ 63	$ 277	$ 170	$ 173
Adjusted EBITDA margin [d]	*33.9 %*	*27.1 %*	*29.9 %*	*31.9 %*	*27.0 %*	*28.8 %*
Discretionary cash flow information						
Adjusted operating income [c]	$ 97	$ 44	$ 55	$ 233	$ 142	$ 149
Income tax expense [e]	(23)	(11)	(13)	(58)	(36)	(37)
Maintenance additions to property, plant and equipment	(5)	(2)	(2)	(12)	(6)	(5)
Discretionary free cash flow [f]	$ 69	$ 31	$ 40	$ 163	$ 100	$ 107

a) Measure includes Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.
b) Beginning in fiscal 2021, 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. Previously, SSS growth was determined as sales by U.S. Retail Services stores, with stores new to the U.S. Retail Services system excluded from the metric until completion of their first full year in operation. Prior period measures have been revised to conform to the current basis of presentation.
c) Segment adjusted operating income is segment operating income adjusted for key items impacting comparability. Segment adjusted operating income is further adjusted for depreciation and amortization to determine segment adjusted EBITDA. Valvoline does not generally allocate activity below operating income to its operating segments; therefore, the table above reconciles operating income to Adjusted EBITDA.
d) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by segment sales.
e) Income tax expense estimated using the adjusted effective tax rate for the period multiplied by operating segment adjusted operating income.
f) Segment discretionary free cash flow is defined as operating segment adjusted operating income after-tax less maintenance capital expenditures.

RETAIL SERVICES – STORE INFORMATION

	System-wide stores [a]				
	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020
Beginning of period	1,548	1,533	1,462	1,432	1,419
Opened	17	13	18	29	13
Acquired	5	3	54	2	2
Closed	(1)	(1)	(1)	(1)	(2)
End of period [b]	1,569	1,548	1,533	1,462	1,432

	Number of stores at end of period				
	Third Quarter 2021	Second Quarter 2021	First Quarter 2021	Fourth Quarter 2020	Third Quarter 2020
Company-operated	698	673	663	584	548
Franchised [b]	871	875	870	878	884

	June 30		
	2021	2020	2019
System-wide store count [a] [b]	1,569	1,432	1,352
Year-over-year growth	*10 %*	*6 %*	*17 %*

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.
b) Certain franchised service center stores temporarily closed at the discretion of the respective independent operators due to the impacts of COVID-19 and are included in the store counts at the end of the third and fourth quarters of fiscal 2020. As of June 30, 2020, 5 franchised service center stores were temporarily closed and 1 was as of September 30, 2020. No service center stores were temporarily closed as of June 30, 2021, March 31, 2021, or December 31, 2020.

GLOBAL PRODUCTS – Q3 RESULTS

	Three months ended June 30			Nine months ended June 30		
	2021	2020	2019	2021	2020	2019
Volume information						
Lubricant sales (gallons)	41.8	30.5	38.4	119.7	101.2	111.3
Sales information						
Sales by geographic region						
North America [(a)]	$ 278	$ 207	$ 260	$ 755	$ 693	$ 735
Europe, Middle East and Africa ("EMEA")	56	34	43	161	125	134
Asia Pacific	96	65	72	267	193	212
Latin America [(a)]	32	11	27	94	61	80
Global Products segment sales	$ 462	$ 317	$ 402	$ 1,277	$ 1,072	$ 1,161
Profitability information						
Operating income [(b)]	$ 72	$ 62	$ 68	$ 233	$ 199	$ 193
Key items	—	—	5	—	—	6
Adjusted operating income [(b)]	72	62	73	233	199	199
Depreciation and amortization	9	7	6	22	19	18
Adjusted EBITDA [(b)]	$ 81	$ 69	$ 79	$ 255	$ 218	$ 217
Adjusted EBITDA margin [(c)]	*17.5 %*	*21.8 %*	*19.7 %*	*20.0 %*	*20.3 %*	*18.7 %*
Discretionary cash flow information						
Adjusted operating income [(b)]	$ 72	$ 62	$ 73	$ 233	$ 199	$ 199
Income tax expense [(d)]	(17)	(15)	(18)	(58)	(50)	(50)
Maintenance additions to property, plant and equipment	(2)	(3)	(3)	(7)	(7)	(4)
Discretionary free cash flow [(e)]	$ 53	$ 44	$ 52	$ 168	$ 142	$ 145

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.

NON-GAAP OPERATING SEGMENT FINANCIAL RESULTS RECONCILIATION

(In millions - unaudited)	Years ended September 30		
Global Products	2018	2019	2020
Operating income	$ 304	$ 269	$ 284
Key items:			
Acquisition and divestiture-related costs (income)	1	(4)	—
Business interruption expenses	—	6	—
Adjusted operating income	305	271	284
Add:			
Depreciation and amortization	25	25	25
Adjusted EBITDA	$ 330	$ 296	$ 309
Adjusted operating income	$ 305	$ 271	$ 284
Add:			
Income tax expense [(a)]	(97)	(64)	(70)
Maintenance additions to property, plant and equipment	(18)	(10)	(12)
Discretionary free cash flow [(b)]	$ 190	$ 197	$ 202

a) Income tax expense at adjusted effective tax rate.

b) Discretionary free cash flow for Global Products is defined as adjusted operating profit after-tax less maintenance capital expenditures. Maintenance capital expenditures are routine uses of cash that are necessary to maintain the segment's operations. Management believes discretionary free cash flow is a useful measure of the operational business performance of Global Products and should be used as a supplement, rather than an alternative to, the GAAP measure of cash flows from operating activities.

KEY ITEMS AFFECTING INCOME

($ in millions, except per-share data) Preliminary and unaudited	Third-Quarter Impact			
		Total		
Fiscal 2021	Operating Income	Pre-tax	After-tax	Earnings per Share
Pension & OPEB income	$ -	$ (14)	$ (11)	$ (0.05)
Net legacy and separation-related expenses	$ 1	$ 1	$ 1	$ -
LIFO charge (credit)	$ 17	$ 17	$ 13	$ 0.07
Total	$ 18	$ 4	$ 3	$ 0.02
Fiscal 2020				
Pension & OPEB income	$ -	$ (9)	$ (7)	$ (0.04)
Net legacy and separation-related expenses	$ 1	$ 1	$ 1	$ -
LIFO charge (credit)	$ (7)	$ (7)	$ (5)	$ (0.02)
Total	$ (6)	$ (15)	$ (11)	$ (0.06)

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

	Three months ended June 30					
	Gross Profit			Operating income		
(In millions - preliminary and unaudited)	2021	2020	2019	2021	2020	2019
As reported	$ 259	$ 187	$ 207	$ 131	$ 88	$ 102
Adjustments:						
LIFO charge (credit)	17	(7)	2	17	(7)	2
Net legacy and separation-related expenses	—	—	—	1	1	—
Restructuring and related expenses	—	—	—	—	—	4
Business interruption expenses	—	—	5	—	—	5
As adjusted	$ 276	$ 180	$ 214	$ 149	$ 82	$ 113

RECONCILIATION OF NON-GAAP DATA – ADJUSTED EBITDA

	Three months ended June 30			Nine months ended June 30		
	2021	2020	2019	2021	2020	2019
Adjusted EBITDA - Valvoline						
Net income	$ 97	$ 59	$ 65	$ 252	$ 195	$ 181
Add:						
Income tax expense	31	19	20	83	68	56
Net interest and other financing expenses	17	19	19	92	73	55
Depreciation and amortization	24	17	15	68	48	43
EBITDA [(a)]	169	114	119	495	384	335
Key items:						
Net pension and other postretirement plan income	(14)	(9)	(2)	(41)	(27)	(7)
Net legacy and separation-related expenses	1	1	—	2	—	3
LIFO charge (credit)	17	(7)	2	26	(12)	—
Business interruption expenses (recovery)	—	—	5	(3)	—	6
Acquisition and divestiture-related costs	—	—	—	—	2	—
Restructuring and related expenses	—	—	4	—	1	12
Key items - subtotal	4	(15)	9	(16)	(36)	14
Adjusted EBITDA [(a)]	$ 173	$ 99	$ 128	$ 479	$ 348	$ 349
Segment Adjusted EBITDA						
Retail Services	$ 112	$ 54	$ 63	$ 277	$ 170	$ 173
Global Products	81	69	79	255	218	217
Segment Adjusted EBITDA [(b)]	193	123	142	532	388	390
Corporate	(20)	(24)	(14)	(53)	(40)	(41)
Total Adjusted EBITDA [(a)]	173	99	128	479	348	349
Net interest and other financing expenses	(17)	(19)	(19)	(92)	(73)	(55)
Depreciation and amortization	(24)	(17)	(15)	(68)	(48)	(43)
Key items	(4)	15	(9)	16	36	(14)
Income before income taxes	$ 128	$ 78	$ 85	$ 335	$ 263	$ 237

(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 Appendix.

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

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

	Three months ended June 30		
	2021	2020	2019
Reported net income	$ 97	$ 59	$ 65
Adjustments:			
Net pension and other postretirement plan income	(14)	(9)	(2)
Net legacy and separation-related expenses	1	1	—
LIFO charge (credit)	17	(7)	2
Business interruption expenses	—	—	5
Restructuring and related expenses	—	—	4
Total adjustments, pre-tax	4	(15)	9
Income tax (expense) benefit of adjustments	(1)	4	(2)
Total adjustments, after tax	3	(11)	7
Adjusted net income [(a)]	$ 100	$ 48	$ 72
Reported diluted earnings per share	$ 0.53	$ 0.32	$ 0.34
Adjusted diluted earnings per share [(b)]	$ 0.55	$ 0.26	$ 0.38
Weighted average diluted common shares outstanding	183	186	189

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

RECONCILIATION OF NON-GAAP DATA – FREE CASH FLOW

Valvoline.

Free cash flow [a]	Nine months ended June 30 2021		Nine months ended June 30 2020	
Total cash flows provided by operating activities	$	296	$	271
Adjustments:				
Additions to property, plant and equipment		(106)		(94)
Free cash flow	$	190	$	177

Discretionary free cash flow [b]	Nine months ended June 30 2021		Nine months ended June 30 2020	
Total cash flows provided by operating activities	$	296	$	271
Adjustments:				
Maintenance additions to property, plant and equipment		(21)		(19)
Discretionary free cash flow	$	275	$	252

Free cash flow [a]	Fiscal year 2021 Outlook
Total cash flows provided by operating activities	$420 - $430
Adjustments:	
Additions to property, plant and equipment	(160 - 170)
Free cash flow	$250 - $270

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

USE OF NON-GAAP MEASURES

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

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

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

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; 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 nondiscretionary cash flows, such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

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.