



First-Quarter Fiscal 2019 Earnings

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<http://investors.valvoline.com>

Forward-Looking Statements

Certain statements in this presentation, other than statements of historical fact, including estimates, projections, 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" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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.

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 February 6, 2019, which is available on Valvoline's website at <http://investors.valvoline.com/financial-reports/quarterly-reports>.

First-Quarter Reported Results

| (in millions, except per-share data) | Q1 |
|--------------------------------------|--------|
| Operating income | \$87 |
| Net income | \$53 |
| Reported income per share | \$0.28 |
| Cash flow from operating activities | \$85 |

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

Revenue Recognition

- Adopted new revenue recognition accounting standard for fiscal 2019
- Primarily a reclassification of certain items within the income statement
 - Slightly favorable impact to Q1 earnings

Key items¹

- 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 February 6, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

First-Quarter Adjusted¹ Results Overview

| (in millions, except per-share data) | Q1 |
|--|--------|
| Adjusted ¹ operating income | \$87 |
| Adjusted ¹ EBITDA | \$101 |
| Adjusted ¹ EPS | \$0.27 |

- ✓ Segment outcomes mixed; overall results below expectations
- ✓ Exceptional SSS growth and strong store additions
- ✓ Branded volume in Core North America's retail channel remains under pressure
- ✓ Volume softness in emerging markets
- ✓ Raised quarterly dividend² 42% to 10.6 cents per share
- ✓ Announced broad-based restructuring program

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated February 6, 2019, available on Valvoline's website at <http://investors.valvoline.com>.
² Future quarterly dividend declarations are subject to approval by the Board of Directors and may be adjusted as business needs or market conditions change.

Segment Results Summary

Quick Lubes

| (YoY change) | Q1 |
|---|---------------------------------|
| SSS (system-wide) | 9.8% |
| Sales | 23% |
| Net new stores (company, franchised) | 162 |
| EBITDA ¹ | \$46 million, up \$5 million |

Exceptional store growth

Impressive SSS performance

Core North America

| (YoY change) | Q1 |
|---------------------|------------------------------------|
| Total Volume | -9% |
| Sales | -8% |
| Premium mix | 49.8%, up 200 bps |
| EBITDA ¹ | \$35 million, down \$12 million |

Branded retail volume remains challenged

Significant unfavorable mix impact

International

| (YoY change) | Q1 |
|---------------------|-----------------------|
| Volume | -3% |
| Volume with JVs | -4% |
| Sales | -3% |
| EBITDA ¹ | \$20 million, flat |

Volume softness in Emerging Mkts

Flat profitability

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Quick Lubes

SSS performance – Exceptional start to fiscal 2019

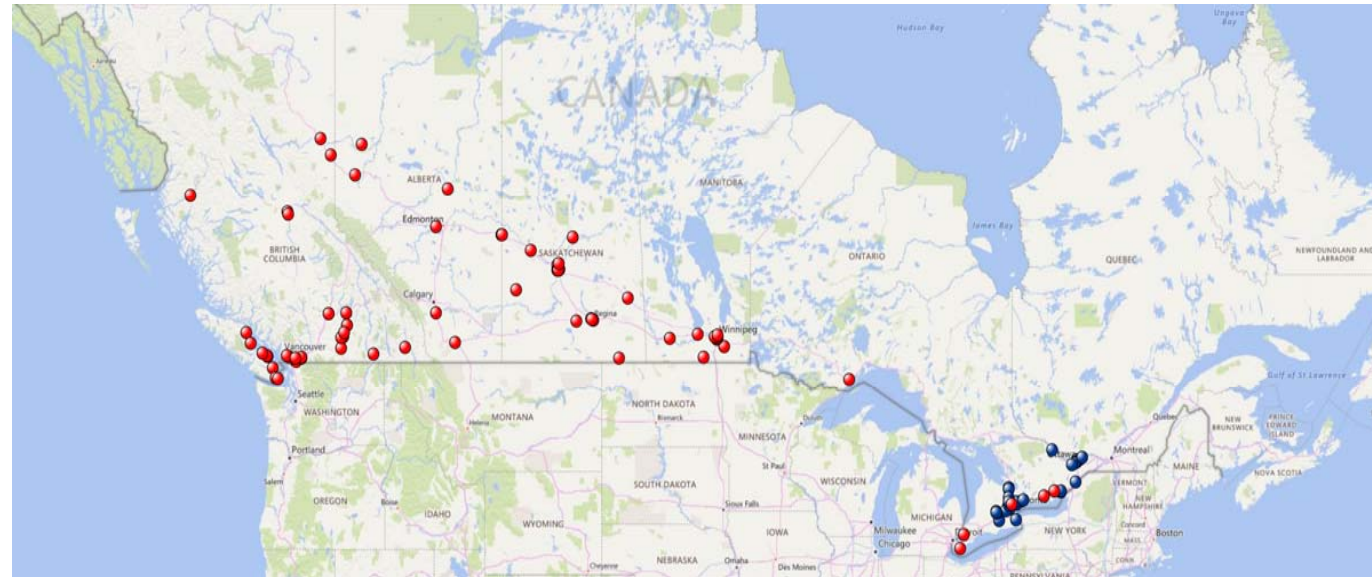
- Balanced contribution from transactions and average ticket
- Transactions driven by customer acquisition and retention programs
- Average ticket growth driven by pricing and premium mix
 - Premium mix at 63.7% up 220 bps

Unit expansion – Impressive system-wide growth

- 162 stores added to the system YoY; 59 added in Q1 (total units)
 - 133 franchise stores added YoY; 50 in Q1
 - 29 company stores added YoY; 9 in Q1
- Expecting strong additions excluding company acquisitions for full year 2019
 - 27-32 newly-constructed company stores
 - 60-70 new franchise units
- Continue to pursue supplemental M&A

Quick Lubes – Oil Changers Inc.

- New Valvoline customer
- Expands presence into Ontario
- Strong volume performer



- Great Canadian Oil Change
- Oil Changers, Inc.

Oil Changers Inc.

- Founded in 1996; currently 31 franchise locations in southern Ontario
- System performing well
- Improves opportunity to add both company and franchise stores

Core North America

Retail Channel – Evolving DIY dynamics

- Branded promoted prices crossed some consumer sensitivity points
- More brands promoted simultaneously
- Private label share continued to grow in conventional segment

Installer Channel – Stabilizing

- Volume in line YoY, excluding GCOC¹ transfer to Quick Lubes

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.

Core North America – Valvoline Implementing Actions

1. Working on implementing more aggressive promotional price points in the DIY retail channel
2. Strengthening consumer communication around the value of the Valvoline brand
3. Executing restructuring program to drive more stable results

International

Volume – Slow start to fiscal 2019; improvements expected

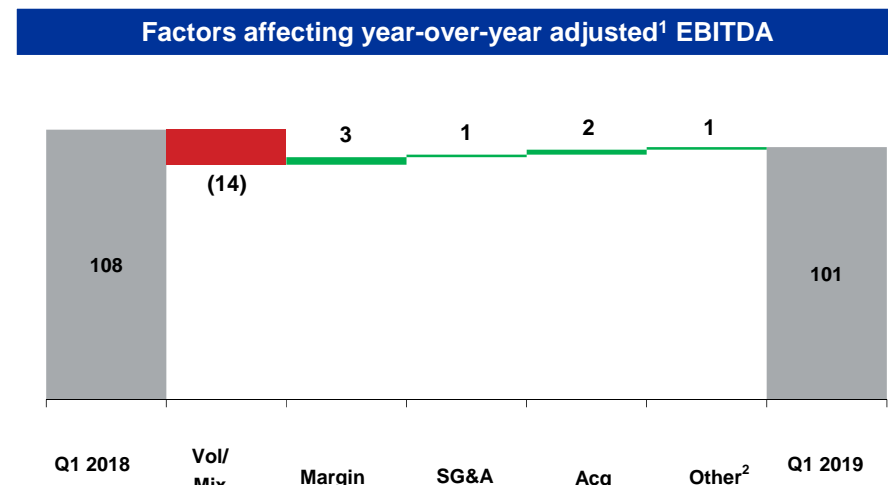
- Volume softness, especially in emerging markets
- Expect volume improvements going forward

Profitability – Good performance; FX headwinds

- Flat EBITDA on lower volume and sales driven by lower operating expenses
- FX headwinds expected to continue based on current rates

First-Quarter Financials

| P&L Results and Ratios | Fiscal First Quarter Three months ended Dec. 31, | | |
|---|---|---------------|-----------------|
| | 2018 | 2017 | Change |
| Lubricant gallons (in millions) | 42.0 | 43.8 | (4) % |
| Sales | \$ 557 | \$ 545 | 2 % |
| Gross profit as a percent of sales | 32.9 % | 35.8 % | (290) bp |
| SG&A | 105 | 107 | (2) % |
| Equity and other income | 9 | 9 | - % |
| Operating income | \$ 87 | \$ 97 | (10) % |
| Depreciation and amortization | 14 | 11 | 27 % |
| Adjusted ¹ Earnings before interest, taxes, depreciation and amortization (EBITDA) | \$ 101 | \$ 108 | (6) % |
| <i>EBITDA¹ as a percent of sales</i> | <i>18.1 %</i> | <i>19.8 %</i> | <i>(170) bp</i> |
| Adjusted ¹ EPS | \$ 0.27 | \$ 0.29 | (7) % |



Revenue Recognition – primarily income statement reclassification
In Q1 \$15 million increase in sales and COGS; \$2 million decrease in SG&A

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated February 6, 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 \$17 million in Q1, up \$3 million YoY
- Effective tax rate of 26.4% in Q1; adjusted¹ effective tax rate of 27.1%.
- Cash flow from operating activities of \$85 million
 - YoY increase due primarily to favorable working capital
- Capital expenditures totaled \$27 million; Free cash flow¹ generation of \$58 million
- Total debt of ~\$1.3 billion and net debt of ~\$1.2 billion
- Dividends of \$20 million

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated February 6, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Restructuring Program

Pre-tax annualized savings of \$40 - \$50 million

Expect full run-rate savings by end of fiscal 2020; modest savings in fiscal 2019

Expect charge of \$12 - \$17 million

Objectives

- Reduce costs
- Simplify processes to create agility
- Optimize organizational structure
- Improve focus and clarity

Fiscal 2019 Guidance Update

- Adjusted¹ EBITDA of \$470-\$485 million
- Adjusted¹ EPS of \$1.31-\$1.39
- Raising SSS to 7-8%
- Raising franchise store additions to 60-70

| | <u>Updated Outlook</u> | <u>Prior Outlook</u> |
|---|------------------------|----------------------|
| Operating Segments | | |
| • Lubricant gallons growth | 1-2% | 2.5-3.5% |
| • Revenue growth | 6-8% | 7-9% |
| • New Quick Lube stores (excluding Valvoline acquired stores and franchise conversions) | | |
| • Company-owned | No change | 27-32 |
| • Franchised | 60-70 | 30-40 |
| • VIOC same-store sales growth | 7-8% | 6-7% |
| • Adjusted ¹ EBITDA (excluding pension & OPEB income) | \$470-\$485 million | \$480-\$495 million |
| Corporate Items | | |
| • Adjusted ¹ effective tax rate | No change | 25-26% |
| • Diluted adjusted ¹ EPS | \$1.31-\$1.39 | \$1.35-\$1.43 |
| • Capital expenditures | No change | \$115-120 million |
| • Free cash flow ² | No change | \$190-\$210 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 February 6, 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 February 6, 2019.

Summary

- ✓ Implementing plans to help stabilize branded volume in Core North America's retail channel
- ✓ Executing our restructuring program will drive further benefits in the future
- ✓ Continuing to invest in growing Quick Lubes business

Appendix



Key Items¹ Affecting Income

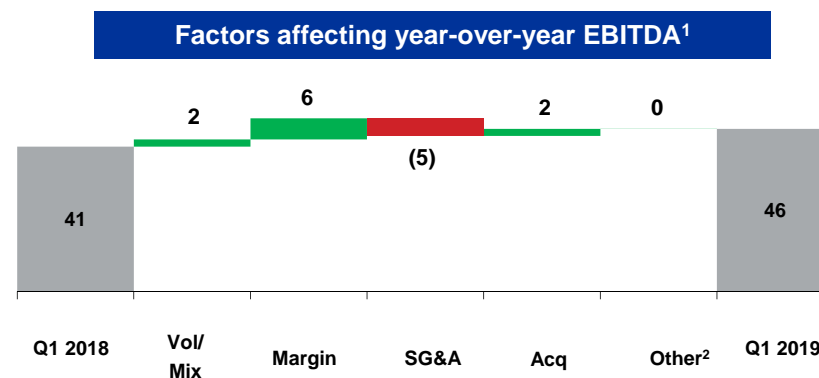
| Fiscal 2019 | Operating Income | First-Quarter Impact | | |
|--------------------------|---------------------|----------------------|----------------|-----------------------|
| | | Total | | Earnings per Share |
| | | Pre-tax | After-tax | |
| Pension & OPEB income | \$ - | \$ 2 | \$ 2 | \$ 0.01 |
| Total | \$ - | \$ 2 | \$ 2 | \$ 0.01 |
| Fiscal 2018 | | | | |
| U.S. Tax Reform | \$ - | \$ - | \$ (75) | \$ (0.37) |
| Pension & OPEB income | \$ - | \$ 10 | \$ 7 | \$ 0.03 |
| Separation-related costs | \$ (2) | \$ (2) | \$ (1) | \$ - |
| Total | \$ (2) | \$ 8 | \$ (69) | \$ (0.34) |

(\$ in millions, except per-share data)
Preliminary and unaudited

¹ For reconciliation of adjusted amounts to amounts reported under GAAP, please refer to Valvoline's earnings release dated February 6, 2019, available on Valvoline's website at <http://investors.valvoline.com>.

Quick Lubes

| (\$ in millions) Preliminary and unaudited | Fiscal First Quarter Three months ended Dec. 31, | | |
|---|---|---------------|-----------------|
| | 2018 | 2017 | Change |
| Lubricant gallons (in millions) | 6.5 | 5.7 | 14 % |
| Sales | \$ 189 | \$ 154 | 23 % |
| Operating income | \$ 38 | \$ 35 | 9 % |
| Depreciation and amortization | 8 | 6 | 33 % |
| EBITDA ¹ | \$ 46 | \$ 41 | 12 % |
| <i>EBITDA as a percent of sales</i> | <i>24.3 %</i> | <i>26.6 %</i> | <i>(230) bp</i> |

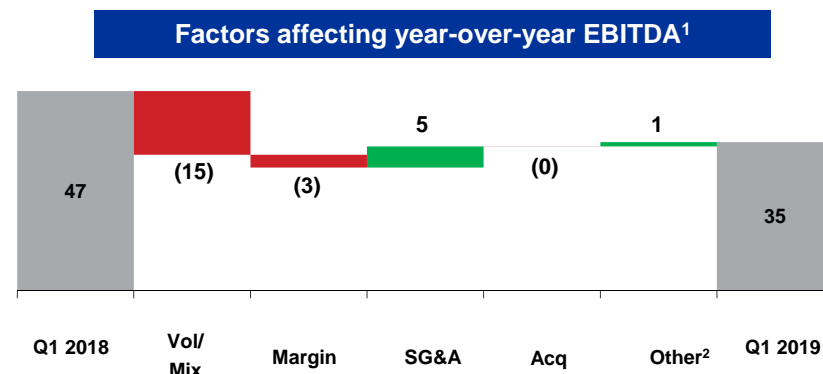


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² Other includes revenue recognition and foreign exchange impacts as well as equity, royalty, and other income/expense.

Core North America

| (\$ in millions) Preliminary and unaudited | Fiscal First Quarter Three months ended Dec. 31, | | |
|---|---|--------|----------|
| | 2018 | 2017 | Change |
| Lubricant gallons (in millions) | 21.7 | 23.8 | (9) % |
| Sales | \$ 232 | \$ 251 | (8) % |
| Operating income | \$ 31 | \$ 43 | (28) % |
| Depreciation and amortization | 4 | 4 | - % |
| EBITDA ¹ | \$ 35 | \$ 47 | (26) % |
| <i>EBITDA as a percent of sales</i> | 15.1 % | 18.7 % | (360) bp |

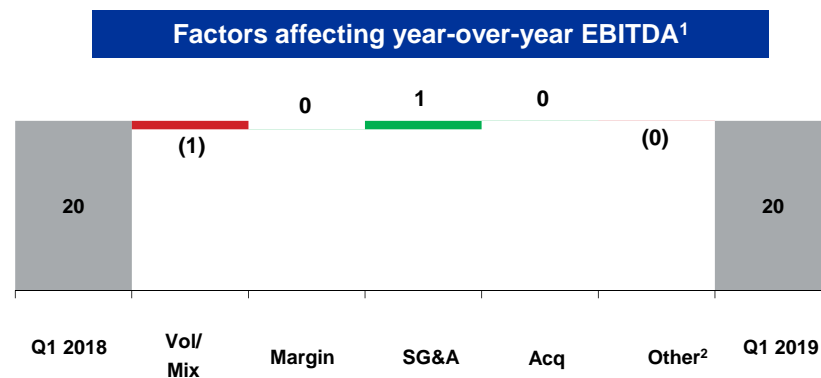


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International

| (\$ in millions) Preliminary and unaudited | Fiscal First Quarter Three months ended Dec. 31, | | |
|---|---|--------|--------|
| | 2018 | 2017 | Change |
| Lubricant gallons (in millions) | 13.8 | 14.3 | (3) % |
| Sales | \$ 136 | \$ 140 | (3) % |
| Operating income | \$ 18 | \$ 19 | (5) % |
| Depreciation and amortization | 2 | 1 | 100 % |
| EBITDA ¹ | \$ 20 | \$ 20 | - % |
| <i>EBITDA as a percent of sales</i> | 14.7 % | 14.3 % | 40 bp |



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