



Third Quarter Fiscal 2024 Earnings

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SAFE HARBOR



Forward-Looking Statements

Certain statements herein, other than statements of historical fact, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, executing on its growth strategy to create shareholder value by driving the full potential in the Company's core business, accelerating network growth and innovating to meet the needs of customers and the evolving car parc; realizing the benefits from the sale of Global Products; and future opportunities for the remaining stand-alone retail business; and any other statements regarding Valvoline's future operations, financial or operating results, capital allocation, debt leverage ratio, anticipated business levels, dividend policy, anticipated growth, market opportunities, strategies, competition, and other expectations and targets for future periods. Valvoline has identified some of these forward-looking statements with words such as "anticipates," "believes," "expects," "estimates," "is likely," "predicts," "projects," "forecasts," "may," "will," "should," and "intends," and the negative of these words or other comparable terminology. These forward-looking statements are based on Valvoline's current expectations, estimates, projections, and assumptions as of the date such statements are made and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures about Market Risk" sections of Valvoline's most recently filed periodic reports on Forms 10-K and 10-Q, which are available on Valvoline's website at <http://investors.valvoline.com/sec-filings> or on the SEC's website at <http://www.sec.gov>. Valvoline assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future, unless required by law.

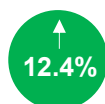
Regulation G: Adjusted Results

Information regarding Valvoline's definitions, calculations and reconciliation of non-GAAP measures can be found in the Appendix.

3Q 2024 KEY HIGHLIGHTS¹



Delivered Strong Financial Results



\$808.5M

System-wide Store Sales³



6.5%

System-wide Same Store Sales³ Growth



\$421.4M

Net Sales



\$123.2M

Adjusted EBITDA²



29.2%

Adjusted EBITDA Margin²



\$0.45

Adjusted EPS²



Deploying Capital to Drive Shareholder Value



+33 New Stores in Q3 → 1,961

+15 *Franchise*
+18 *Company*

System locations³



\$56M Growth Capex¹

Over 85% of Total Capex



\$400M Share Repurchase Authorization in July 2024

1. All comparisons are year over year unless otherwise noted.
2. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.
3. Refer to the Appendix for further information regarding management's use of key business measures.

Long Runway For **Delivering Shareholder Value**



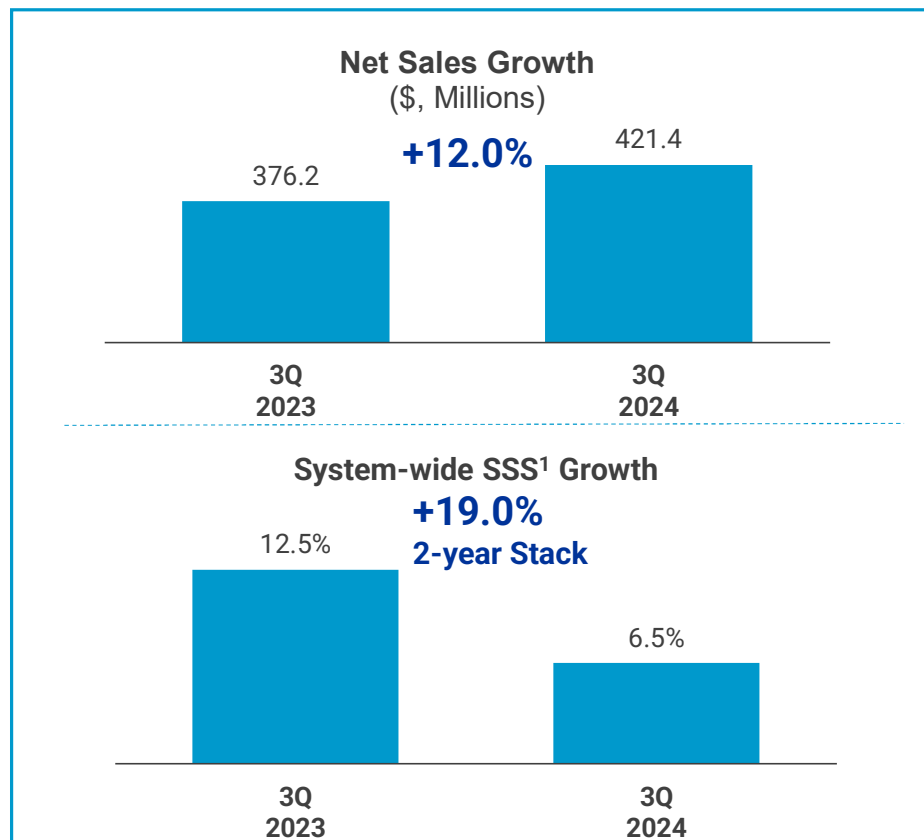
Strategic Imperatives

- Drive Full Potential in Existing Business
- Accelerate Network Growth
- Target Customer and Service Expansion

OUR PROVEN FORMULA FOR GROWTH

Same Store Sales  New Stores  Service Expansion  Long-term Shareholder Value

3Q 2024 TOP-LINE PERFORMANCE



Highlights

↑ 157 net stores YoY

Ticket is primary contributor to Same Store Sales

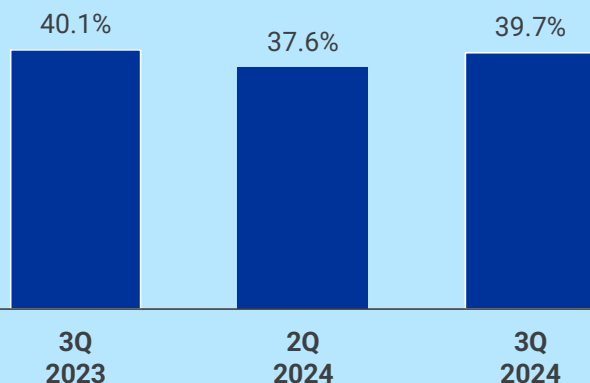
NOCR penetration up across service menu

1. Refer to the Appendix for further information regarding management's use of key business measures.

3Q 2024 FINANCIAL DRIVERS¹



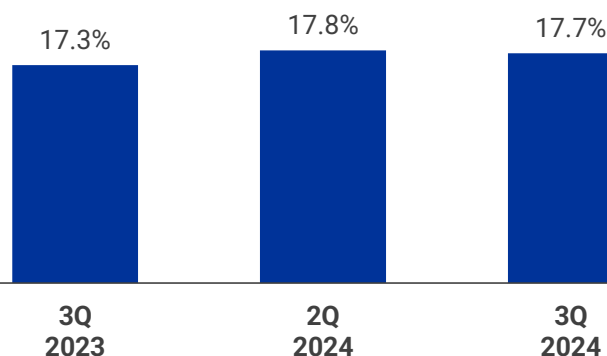
Gross Margin as a % of Net Sales 40 bps Decrease YoY



Key Drivers:

- Sequential leverage driven by increased volumes from typical seasonality
- YoY 60 bps of deleverage due to depreciation

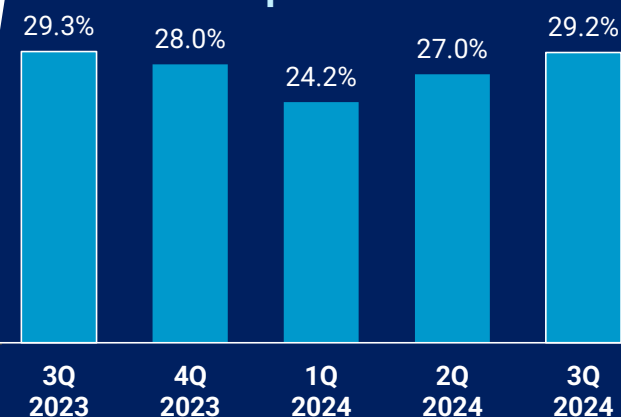
SG&A Expense as a % of Net Sales 40 bps Increase YoY



Key Drivers:

- Additional investments in advertising to support growth

Adjusted EBITDA as a % of Net Sales 10 bps Decrease YoY



Key Drivers:

- Advertising investment
- Sequential margin expansion driven by gross margin improvements

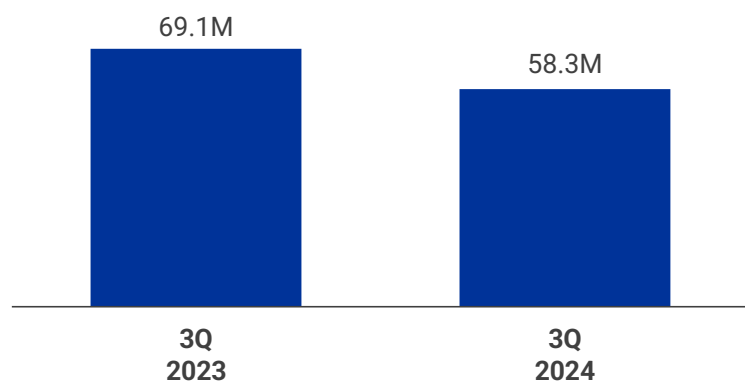
1. For a reconciliation of adjusted amounts to amounts reported under GAAP, please refer to the Appendix.

3Q 2024 PROFITABILITY¹



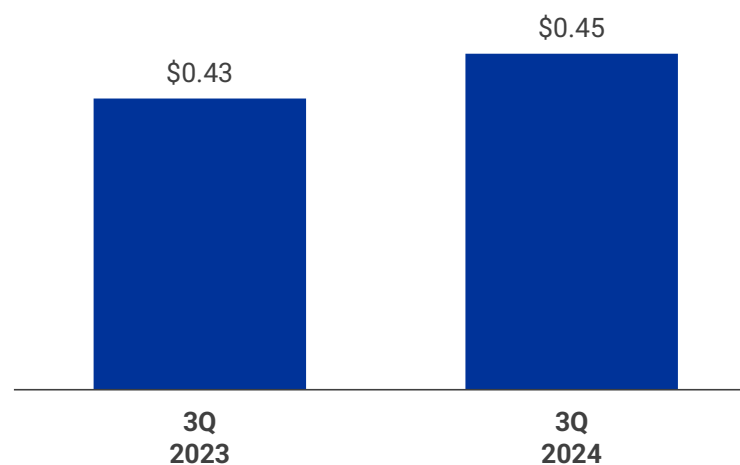
Adjusted Net Income (\$, Millions)

15.6% Decrease



- Operating income growth of \$7.5M versus prior year
- YoY reduction in interest income of \$23M related to the investment of the proceeds from the sale of Global Products in the prior year quarter

Adjusted EPS **4.7% Increase**



- Average share count down 32.3M shares
- Adjusted EPS lapping interest income benefit in prior year

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

3Q 2024 REPORTING HIGHLIGHTS



Balance Sheet Highlights

(Millions)	3Q24
Cash & Cash Equivalents	\$65.7
Total Debt	\$1,149.5

- Continue to target rating agency adjusted net leverage ratio of 2.5x – 3.5x
- Completed tender offer to repurchase the \$600M of 2030 Senior Notes in April 2024

Cash Flow Highlights

(Millions)	3Q24- YTD
Cash Flows from Operating Activities	\$170.0
Free Cash Flow ¹	\$17.0

- Year-over-year cash flows from operating activities decreased \$79.9M, primarily due to one-time benefit in prior year
- Sequential improvement in cash flow related to receivables

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

FY24 GUIDANCE



	Outlook
Same Store Sales Growth ¹ %	6% - 8%
System-Wide Store Additions ¹	140 – 170
Net Revenues	\$1.6B – \$1.65B
Adjusted ² EBITDA	\$430M – \$455M
Adjusted ² EPS	\$1.45 – \$1.65
Capital Expenditures	\$185M – \$215M

1. For a discussion of management's use of Key Business Measures, 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.

SUMMARY



Delivered substantially in line with our expectations



Added 33 new stores including 15 franchise stores



Surpassed \$3 billion in system-wide store sales over last 12 months

APPENDIX



RETAIL SERVICES – Q3 SYSTEM RESULTS



	Three months ended June 30		Nine months ended June 30		
	2024	2023	2024	2023	
Sales information					
System-wide store sales - in millions (a)	\$ 808.5	\$ 719.6	\$ 2,277.5	\$ 2,023.5	
Year-over-year growth (a)	12.4 %	17.9 %	12.6 %	17.8 %	
Same-store sales growth (b)					
Company-operated	6.7 %	12.1 %	6.8 %	13.0 %	
Franchised (a)	6.4 %	12.8 %	7.4 %	12.3 %	
System-wide (a)	6.5 %	12.5 %	7.1 %	12.6 %	
Number of stores at end of period					
	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023	Third Quarter 2023
Company-operated	937	919	895	876	854
Franchised (a)	1,024	1,009	995	976	950
June 30					
	2024	2023			
System-wide store count (a)	1,961	1,804			
Year-over-year growth (a)	8.7 %	6.7 %			

(a) Measures include Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.

(b) Valvoline determines SSS growth as sales by U.S. VIOC 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.

RETAIL SERVICES – STORE INFORMATION



	Company-operated				
	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023	Third Quarter 2023
Beginning of period	919	895	876	854	832
Opened	12	14	14	14	12
Acquired	6	10	5	8	8
Net conversions between company-operated and franchised	—	—	—	—	2
Closed	—	—	—	—	—
End of period	937	919	895	876	854

	Franchised ^(a)				
	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023	Third Quarter 2023
Beginning of period	1,009	995	976	950	949
Opened	15	15	19	26	3
Acquired (b)	—	—	—	—	—
Net conversions between company-operated and franchised	—	—	—	—	(2)
Closed	—	(1)	—	—	—
End of period	1,024	1,009	995	976	950
Total system-wide stores (a)	1,961	1,928	1,890	1,852	1,804

(a) Measures include Valvoline franchisees, which are independent legal entities. Valvoline does not consolidate the results of operations of its franchisees.

(b) Represents the acquisition of franchise stores that are new to the Valvoline system by Valvoline Inc.

RECONCILIATION OF NON-GAAP DATA – INCOME FROM CONTINUING OPERATIONS & DILUTED EARNINGS PER SHARE



	Three months ended June 30		Nine months ended June 30	
	2024	2023	2024	2023
Reported income from continuing operations	\$ 48.2	\$ 64.5	\$ 125.4	\$ 124.4
<i>Adjustments:</i>				
Net pension and other postretirement plan expenses	3.4	3.7	10.4	11.0
Net legacy and separation-related expenses	0.1	1.6	0.2	30.8
Information technology transition costs	1.9	1.1	7.7	1.8
Suspended operations	—	(0.4)	—	(0.5)
Investment and divestiture-related costs	0.9	—	0.9	1.0
Debt extinguishment and modification costs	7.3	0.1	7.3	1.0
Total adjustments, pre-tax	13.6	6.1	26.5	45.1
Income tax benefit of adjustments	(3.5)	(1.5)	(6.8)	(31.8)
Total adjustments, after tax	10.1	4.6	19.7	13.3
Adjusted income from continuing operations (b) (c)	<u>\$ 58.3</u>	<u>\$ 69.1</u>	<u>\$ 145.1</u>	<u>\$ 137.7</u>
Reported diluted earnings per share from continuing operations	\$ 0.37	\$ 0.40	\$ 0.96	\$ 0.73
Adjusted diluted earnings per share from continuing operations (c) (d)	\$ 0.45	\$ 0.43	\$ 1.11	\$ 0.81
Weighted average diluted common shares outstanding	130.2	162.5	131.2	170.6

(a) During the nine months ended June 30, 2023, the Company recognized \$24.4 million of expense within Net legacy and separation-related expenses in the Statement of Consolidated Income, in addition to an income tax benefit of \$26.5 million to reflect its increased indemnity obligation and the release of valuation allowances, respectively, in connection with the amendment of its tax matters agreement with Valvoline's former parent company.

(b) Adjusted income from continuing operations is defined as income from continuing operations adjusted for the effects of key items.

(c) Represents a non-GAAP measure. Refer to "Use of Non-GAAP Measures" and the Appendix for additional details.

(d) Adjusted diluted earnings per share from continuing operations is defined as diluted earnings per share calculated using adjusted income from continuing operations.

RECONCILIATION OF NON-GAAP DATA – Q3 ADJUSTED EBITDA



	Three months ended June 30		Nine months ended June 30	
	2024	2023	2024	2023
Reported net revenues	\$ 421.4	\$ 376.2	\$ 1,183.5	\$ 1,053.5
<i>Key items:</i>				
Suspended operations	—	—	—	(0.2)
Adjusted net revenues (a) (b)	\$ 421.4	\$ 376.2	\$ 1,183.5	\$ 1,053.3
Income from continuing operations	\$ 48.2	\$ 64.5	\$ 125.4	\$ 124.4
Add:				
Income tax expense	17.0	22.9	42.9	14.2
Net interest and other financing expenses (income)	24.8	(4.6)	53.9	27.4
Depreciation and amortization	26.9	21.6	77.1	60.7
EBITDA from continuing operations (b) (c)	116.9	104.4	299.3	226.7
<i>Key items:</i>				
Net pension and other postretirement plan expenses	3.4	3.7	10.4	11.0
Net legacy and separation-related expenses	0.1	1.6	0.2	30.8
Information technology transition costs	1.9	1.1	7.7	1.8
Suspended operations	—	(0.4)	—	(0.5)
Investment and divestiture-related costs	0.9	—	0.9	1.0
Key items - subtotal	6.3	6.0	19.2	44.1
Adjusted EBITDA from continuing operations (b) (c)	\$ 123.2	\$ 110.4	\$ 318.5	\$ 270.8
Net profit margin (d)	11.4 %	17.1 %	10.6 %	11.8 %
Adjusted EBITDA margin (b) (e)	29.2 %	29.3 %	26.9 %	25.7 %

(a) Adjusted net revenues are reported net revenues adjusted for key items.

(b) Represents a non-GAAP measure. Refer to "Use of Non-GAAP Measures" and the Appendix for additional details.

(c) EBITDA from continuing operations is defined as Income from continuing operations, plus Income tax expense (benefit), Net interest and other financing expenses, and Depreciation and amortization attributable to continuing operations. Adjusted EBITDA from continuing operations is EBITDA adjusted for key items attributable to continuing operations.

(d) Net profit margin is defined as reported income from continuing operations divided by reported net revenues.

(e) Adjusted EBITDA margin is defined as Adjusted EBITDA from continuing operations divided by adjusted net revenues.

RECONCILIATION OF NON-GAAP DATA – ADJUSTED NET REVENUES, SG&A, & OPERATING INCOME



In millions - preliminary and unaudited	Three months ended June 30					
	Net revenues		Selling, general and administrative expenses		Operating income	
	2024	2023	2024	2023	2024	2023
As reported	\$ 421.4	\$ 376.2	\$ 77.2	\$ 65.6	\$ 93.4	\$ 86.5
Key items:						
Net legacy and separation-related expenses	—	—	—	—	0.1	1.6
Information technology transition costs	—	—	1.9	1.1	1.9	1.1
Suspended operations	—	—	—	(0.4)	—	(0.4)
Investment and divestiture-related costs	—	—	0.9	—	0.9	—
As adjusted ^(a)	<u>\$ 421.4</u>	<u>\$ 376.2</u>	<u>\$ 74.4</u>	<u>\$ 64.9</u>	<u>\$ 96.3</u>	<u>\$ 88.8</u>
% of net revenues as reported ^(b)			18.3 %	17.4 %	22.2 %	23.0 %
% of net revenues as adjusted ^(c)			17.7 %	17.3 %	22.9 %	23.6 %

In millions - preliminary and unaudited	Nine months ended June 30					
	Net revenues		Selling, general and administrative expenses		Operating income	
	2024	2023	2024	2023	2024	2023
As reported	\$ 1,183.5	\$ 1,053.5	\$ 224.0	\$ 194.2	\$ 232.6	\$ 177.0
Key items:						
Net legacy and separation-related expenses	—	—	—	—	0.2	30.8
Information technology transition costs	—	—	7.7	1.8	7.7	1.8
Suspended operations	—	(0.2)	—	(0.3)	—	(0.5)
Investment and divestiture-related costs	—	—	0.9	—	0.9	1.0
As adjusted ^(a)	<u>\$ 1,183.5</u>	<u>\$ 1,053.3</u>	<u>\$ 215.4</u>	<u>\$ 192.7</u>	<u>\$ 241.4</u>	<u>\$ 210.1</u>
% of net revenues as reported ^(b)			18.9 %	18.4 %	19.7 %	16.8 %
% of net revenues as adjusted ^(c)			18.2 %	18.3 %	20.4 %	19.9 %

(a) Represents non-GAAP measure. Refer to "Use of Non-GAAP Measures" and this Appendix for additional details.

(b) Financial measures presented as the activity for the relevant period reported in accordance with US GAAP divided by net revenues for the relevant period as reported in accordance with US GAAP.

(c) Financial measures presented as the activity for the relevant period where the results reported in accordance with US GAAP are adjusted for key items divided by net revenues for the relevant period as reported in accordance with US GAAP are adjusted for key items.

RECONCILIATION OF NON-GAAP DATA – FREE CASH FLOWS

	Nine months ended June 30	
	2024	2023
Free cash flow ^(a)		
Operating cash flows from continuing operations	\$ 170.0	\$ 249.9
<i>Adjustments:</i>		
Additions to property, plant and equipment from continuing operations	(153.0)	(125.9)
Free cash flow from continuing operations ^(b)	<u>\$ 17.0</u>	<u>\$ 124.0</u>

	Nine months ended June 30	
	2024	2023
Discretionary free cash flow ^(c)		
Operating cash flows from continuing operations	\$ 170.0	\$ 249.9
<i>Adjustments:</i>		
Maintenance additions to property, plant and equipment	(23.0)	(18.0)
Discretionary free cash flow from continuing operations ^(b)	<u>\$ 147.0</u>	<u>\$ 231.9</u>

(a) Free cash flow is defined as operating cash flows less Additions to property, plant and equipment and certain other adjustments, as applicable.

(b) Represents a non-GAAP measure. Refer to "Use of Non-GAAP Measures" and the Appendix for additional details.

(c) Discretionary free cash flow is defined as operating cash flows less Maintenance additions to property, plant and equipment and certain other adjustments, as applicable.

GAAP RESULTS – TOTAL COMPANY



	Three months ended June 30		Nine months ended June 30	
	2024	2023	2024	2023
Net revenues	\$ 421.4	\$ 376.2	\$ 1,183.5	\$ 1,053.5
Cost of sales	253.9	225.5	735.0	657.3
Gross profit	167.5	150.7	448.5	396.2
Selling, general and administrative expenses	77.2	65.6	224.0	194.2
Net legacy and separation-related expenses	0.1	1.6	0.2	30.8
Other income, net	(3.2)	(3.0)	(8.3)	(5.8)
Operating income	93.4	86.5	232.6	177.0
Net pension and other postretirement plan expenses	3.4	3.7	10.4	11.0
Net interest and other financing expenses (income)	24.8	(4.6)	53.9	27.4
Income before income taxes	65.2	87.4	168.3	138.6
Income tax expense	17.0	22.9	42.9	14.2
Income from continuing operations	48.2	64.5	125.4	124.4
(Loss) income from discontinued operations, net of tax	(2.3)	(2.9)	(6.2)	1,246.4
Net income	45.9	\$ 61.6	119.2	\$ 1,370.8
Net earnings per share				
Basic earnings (loss) per share				
Continuing operations	\$ 0.37	\$ 0.40	\$ 0.96	\$ 0.74
Discontinued operations	(0.02)	(0.02)	(0.05)	7.35
	\$ 0.35	\$ 0.38	\$ 0.91	\$ 8.09
Diluted earnings per share				
Continuing operations	\$ 0.37	\$ 0.40	\$ 0.96	\$ 0.73
Discontinued operations	(0.02)	(0.02)	(0.05)	7.31
	\$ 0.35	\$ 0.38	\$ 0.91	\$ 8.04
Weighted average common shares outstanding				
Basic	129.4	161.5	130.3	169.5
Diluted	130.2	162.5	131.2	170.6

USE OF NON-GAAP MEASURES



This presentation includes the following non-GAAP measures: Adjusted operating income; adjusted operating margin; adjusted selling, general, and administrative expenses; adjusted selling, general, and administrative margin; adjusted net revenues; EBITDA, adjusted EBITDA, and adjusted EBITDA margin; adjusted net income and adjusted diluted earnings per share; and free cash flow and 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.

Non-GAAP measures include adjustments from results based on U.S. GAAP that management believes enables comparison of certain financial trends and results between periods and provides a useful supplemental presentation of Valvoline's operating performance that allows for transparency with respect to key metrics used by management in operating the business and measuring performance. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation from, 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 manner used to compute the non-GAAP information used by management may differ from the methods used by other companies and may not be comparable.

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, as well as income tax and interest costs related to Valvoline's tax and capital structures, respectively. Management uses free cash flow and discretionary free cash flow as additional non-GAAP metrics of cash flow generation. By including capital expenditures and certain other adjustments, as applicable, management is able to provide an indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Free cash flow includes the impact of capital expenditures, providing a supplemental view of cash generation. Discretionary free cash flow includes maintenance capital expenditures, which are routine uses of cash that are necessary to maintain the Company's operations and provides a supplemental view of cash flow generation to maintain operations before discretionary investments in growth. Free cash flow and discretionary free cash flow have certain limitations, including that they do not reflect adjustments for certain non-discretionary cash flows, such as mandatory debt repayments.

Adjusted net revenue and profitability measures (i.e., adjusted net income, diluted earnings per share and EBITDA) enable the comparison of financial trends and results between periods where certain items may not be reflective of the Company's underlying and ongoing operational performance or vary independent of business performance. The non-GAAP measures used by management 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, the former Global Products reportable segment, and associated impacts of related activity and indemnities; non-service pension and other postretirement plan activity; restructuring-related matters, including organizational restructuring plans, the separation of Valvoline's businesses, significant acquisitions or divestitures, debt extinguishment and modification, and tax reform legislation; in addition to other matters that management considers non-operational, infrequent or unusual in nature.

USE OF NON-GAAP MEASURES, CONTINUED



Refer to the below for descriptions of the key items that comprise the adjustments which depart from the computations in accordance with U.S. GAAP:

Net pension and other postretirement plan expenses: Includes several elements impacted by changes in plan assets and obligations that are primarily driven by the debt and equity markets, including remeasurement gains and losses, when applicable; and recurring non-service pension and other postretirement net periodic activity, which consists of interest cost, expected return on plan assets and amortization of prior service credits. Management considers these elements are more reflective of changes in current conditions in global markets (in particular, interest rates), outside the operational performance of the business, and are also legacy amounts that are not directly related to the underlying business and do not have an impact on the compensation and benefits provided to eligible employees for current service.

Net legacy and separation-related expenses: Activity associated with legacy businesses, including the separation from Valvoline's former parent company and its former Global Products reportable segment. This activity includes the recognition of and adjustments to indemnity obligations to its former parent company; certain legal, financial, professional advisory and consulting fees; and other expenses incurred by the continuing operations in connection with and directly related to these separation transactions and legacy matters. This incremental activity directly attributable to legacy matters and separation transactions is not considered reflective of the underlying operating performance of the Company's continuing operations.

During the nine months ended June 30, 2023, the Company recognized \$24.4 million of pre-tax expense to reflect its increased estimated indemnity obligation which also resulted in an income tax benefit of \$26.5 million to reflect the release of valuations allowances in connection with the amended tax matters agreement with Valvoline's former parent company.

Information technology transition costs: Consists of expenses incurred related to the Company's transition to a stand-alone enterprise resource planning software system during fiscal years 2023 and 2024, including data conversion, temporary support, training, and redundant expenses incurred from duplicative technology platforms. These expenses are reflective of incremental costs directly associated with technology transitions and data migration that are not considered to be reflective of the ongoing expenses of operating the Company's technology platforms.

Suspended operations: Represents the results of a former Global Products business where operations were suspended during fiscal 2022. This business was not included in the sale of the Global Products business in March 2023. It was classified as held for sale and impaired as of September 30, 2023, and subsequently sold during the first fiscal quarter of 2024. These results are not indicative of the operating performance of the Company's ongoing continuing operations.

Investment and divestiture-related costs: Consists of legal, advisory and consulting fees, including diligence costs, associated with significant acquisitions, investments and divestitures, in addition to expense recognized to reduce the carrying value of an investment interest determined to be impaired. These costs are not considered to be reflective of the underlying performance of the Company's ongoing continuing operations.

Debt extinguishment and modification costs: Consists of accelerated amortization of previously capitalized debt issuance costs as well as third-party fees expensed in connection with the execution of the 2030 Notes redemption during the three months ended June 30, 2024 as well as the amended Senior Credit Agreement during fiscal 2023. These expenses are not considered to be indicative of the future servicing costs of the Company's ongoing debt facilities.

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; and system-wide store sales. 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 net revenues and operating income, as determined in accordance with U.S. GAAP.

Net revenues 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 net revenues by U.S. Valvoline Instant Oil Change ("VIOC") 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.

Net revenues are limited to sales at company-operated stores, in addition to royalties and other fees from independent franchised and Express Care stores. Although Valvoline does not recognize store-level sales from franchised stores as net revenues in its Statements of Condensed 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 operating performance.