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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 3, 2022

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**VALVOLINE INC.**

(Exact name of registrant as specified in its charter)

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Kentucky  
(State or other jurisdiction  
of incorporation)

001-37884  
(Commission  
File Number)

30-0939371  
(I.R.S. Employer  
Identification No.)

100 Valvoline Way  
Lexington, KY 40509  
(Address of Principal Executive Offices)

(859) 357-7777  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.01 per share	VVV	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition**

On August 3, 2022, Valvoline Inc. ("Valvoline") issued a press release ("Press Release") announcing its financial results for the fiscal third quarter ended June 30, 2022. A copy of Valvoline's Press Release is attached to this Current Report on Form 8-K ("Form 8-K") as Exhibit 99.1, which is incorporated by reference into this Item 2.02.

**Item 7.01. Regulation FD Disclosure**

On August 3, 2022, Valvoline will make the Press Release available on its website located at <http://investors.valvoline.com>. On August 4, 2022, Valvoline will make available a webcast and slide presentation relating to the Press Release on Valvoline's website located at <http://investors.valvoline.com>.

**Item 9.01. Financial Statements and Exhibits**

(d)	Exhibits
99.1	<a href="#">Press Release dated August 3, 2022.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

In connection with the disclosures set forth in Items 2.02 and 7.01, the information in this Form 8-K, including the exhibits attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Form 8-K, including the exhibits, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing. This Form 8-K will not be deemed an admission as to the materiality of any information in this Form 8-K that is required to be disclosed solely by Regulation FD.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### VALVOLINE INC.

Date: August 3, 2022

By: /s/ Mary E. Meixelsperger  
Mary E. Meixelsperger  
Chief Financial Officer



## PRESS RELEASE

### Valvoline Reports Third-Quarter Results

#### *Recently Announced Agreement for Sale of Global Products for \$2.65 Billion in Cash*

- Reported net income of \$99 million grew 2% and earnings per diluted share (EPS) of \$0.55 increased 4%
- Adjusted EPS of \$0.58 improved 5% and adjusted EBITDA of \$180 million increased 4%
- Sales grew 21% to \$957 million driven by strong demand and pricing actions
- Retail Services sales grew 16% with system-wide same-store sales (SSS) increasing 9.9% and net system-wide unit additions of 8%
- Global Products sales increased 24% primarily driven by volume growth of 9% and pricing actions
- Returned \$60 million in cash to shareholders via dividends and share repurchases
- Updates full-year guidance range for adjusted EBITDA to \$670 to \$680 million and adjusted EPS to \$2.07 to \$2.15
- Recently announced agreement for sale of the Global Products business to Aramco for \$2.65 billion in cash

LEXINGTON, Ky., August 3, 2022 – Valvoline Inc. (NYSE: VVV), a global leader in vehicle care powering the future of mobility through innovative services and products, today reported financial results for its third fiscal quarter ended June 30, 2022. All comparisons in this press release are made to the same prior-year period unless otherwise noted.

“Valvoline’s top-line growth in Q3 highlights the continuing robust demand for our products and services,” said Sam Mitchell, CEO. “Record volume in Global Products and strong same-store sales growth in Retail Services illustrate the strength in both of our businesses and the performance of our global team. These results position us well for future margin expansion in the period beyond current raw-material inflationary cycle.”

“Retail Services sales grew 16% led by same-store sales growth of nearly 10% — on track for what we expect to be our 16th consecutive year of same-store sales growth in fiscal 2022. While operating income was down slightly, adjusted EBITDA grew 1% year over year. The pricing actions we took in Q3 normalized our margins on a per-transaction basis, while product sales to our franchisees remain dilutive to overall margin percentage due to the price pass-through of higher raw material costs. Adjusted EBITDA margin rates improved 230 basis points sequentially, and we are confident in returning to our long-term margin target over time, although we do not expect a significant change in Q4 due to ongoing price pass-through.

“Global Products continues to generate strong top-line results and improving profitability. Sales increased 24% driven by record volume and successful price pass-through of raw material cost inflation. Volume growth was 9% as we continue to gain share and meet customer demand, despite ongoing challenges from COVID-19, particularly in China, and geopolitical disruption. Top-line demand and ongoing price pass-through drove strong growth in profitability both sequentially and versus last year.”

## Operating Segment Results

(In millions)		
	Q3 results	YoY growth (decline)
<b>Retail Services</b>		
Segment sales	\$ 384	16 %
System-wide store sales <sup>(a)</sup>	\$ 610	16 %
Operating income	\$ 96	(1)%
Adjusted EBITDA <sup>(a)</sup>	\$ 113	1 %
		YoY growth
System-wide SSS <sup>(a)</sup> growth		9.9%
<b>Global Products</b>		
	Q3 results	YoY growth
Lubricant sales (gallons) <sup>(a)</sup>	45.4	9 %
Segment sales	\$ 573	24 %
Operating income	\$ 80	11 %
Adjusted EBITDA <sup>(a)</sup>	\$ 87	7 %
Discretionary free cash flow <sup>(a)</sup>	\$ 59	11 %

(a) Refer to Key Business Measures, Use of Non-GAAP Measures, and Tables 4 and 5, Information by Operating Segment, for a description of the metrics presented above.

## Separation Update: Announced Sale of Global Products

As previously announced on August 1, 2022, Valvoline signed a definitive agreement to sell its Global Products business to Aramco for \$2.65 billion in cash and anticipates net proceeds of approximately \$2.25 billion. Valvoline expects to use the net proceeds to accelerate return of capital to shareholders through share repurchases with the remainder used for debt reduction and to invest in growth opportunities in Retail Services.

“The sale of Global Products will represent the successful outcome of our strategy to unlock the full, long-term value of our strong but differentiated Retail Services and Global Products businesses,” said Mitchell. “We have built two leading businesses that are well-positioned for continued success as they pursue their individual strategic priorities.”

The transaction is expected to close in late calendar year 2022 or early 2023 subject to customary closing conditions and receipt of regulatory approval.

## Balance Sheet and Cash Flow

- Total debt of \$1.7 billion and net debt of approximately \$1.6 billion
- Year-to-date cash flow from operations of \$191 million and free cash flow of \$89 million
- Returned \$38 million of cash to shareholders via share repurchases and \$22 million via dividends during the quarter

## Outlook

“The core, underlying performance of our two segments continues to deliver results in the face of a challenging macro environment including the impacts of raw material inflation. With inflationary pressure continuing, we expect impacts to profitability in Q4 while maintaining a strong outlook for fiscal 2022. We are modestly updating our full-year guidance for adjusted EBITDA and now anticipate between \$670 million to \$680 million. At the midpoint, this represents 7% growth on a consolidated basis and low-double digit growth for the Retail Services segment driven by share gains, pricing actions and strong execution.

“With our announced separation, we are excited about the compelling opportunities to drive shareholder value as a best-in-class, pure-play automotive retail service provider. With increased management and Board focus on Retail Services, we expect to continue driving growth, accelerating our evolution to a powertrain agnostic service provider and optimizing our capital structure and capital allocation policies.”

Information regarding the Company's outlook for fiscal 2022 is provided in the table below:

	Updated Outlook	Prior Outlook
<b>Operating Items</b>		
Sales growth	no change	22 — 24%
Retail Services system-wide store additions	no change	140 — 160
Retail Services system-wide SSS growth	no change	12 — 14%
Adjusted EBITDA	\$670 — \$680 million	\$675 — \$700 million
<b>Corporate Items</b>		
Adjusted effective tax rate	no change	24 — 25%
Adjusted EPS	\$2.07 — \$2.15	\$2.07 — \$2.20
Capital expenditures	\$160 — \$180 million	\$180 — \$200 million
Free cash flow <sup>(a)</sup>	\$140 — \$160 million	\$260 — \$280 million

(a) Updated outlook for free cash flow excludes non-recurring cash outflows associated with the separation.

Valvoline's outlook for adjusted EBITDA, adjusted EPS, and the adjusted effective tax rate are non-GAAP financial measures that are expected to be impacted by items affecting comparability. Valvoline is unable to reconcile these forward-looking non-GAAP financial measures to the comparable GAAP measures estimated for fiscal 2022 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 these GAAP measures in fiscal 2022 but would not impact non-GAAP adjusted results.

## **Conference Call Webcast**

Valvoline will host a live audio webcast of its fiscal third quarter 2022 conference call at 9 a.m. ET on Thursday, August 4, 2022. The webcast and supporting materials will be accessible through Valvoline's website at <http://investors.valvoline.com>. Following the live event, an archived version of the webcast and supporting materials will be available.

## **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 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 franchise and Express Care operators, in addition to 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.

## **Use of Non-GAAP Measures**

To supplement the financial measures prepared in accordance with U.S. GAAP, certain items herein 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.

The following non-GAAP measures are included herein: 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 flows. Refer to the tables herein 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, as well as income tax and interest costs related to Valvoline's tax and capital structures, respectively.

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 activity and indemnities; the separation of Valvoline's businesses; 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 and losses, and (iv) amortization of prior service costs and credits. 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 non-discretionary cash flows, such as mandatory debt repayments.

## About Valvoline™

Valvoline Inc. (NYSE: VVV) is a global leader in vehicle care powering the future of mobility through innovative services and products for vehicles with electric, hybrid and internal combustion powertrains. Established in 1866, the Company introduced the world's first branded motor oil and developed strong brand recognition and customer satisfaction ratings over the years across multiple service and product channels. The Company operates and franchises approximately 1,700 service center locations and is the No. 2 and No. 3 largest chain in the U.S. and Canada, respectively, by number of stores. With sales in more than 140 countries and territories, Valvoline's solutions are

available for every engine and drivetrain, including high-mileage and heavy-duty vehicles, and are offered at more than 80,000 locations worldwide. Creating the next generation of advanced automotive solutions, Valvoline has established itself as the world's leading supplier of battery fluids to electric vehicle manufacturers, offering tailored products to help extend vehicle range and efficiency. To learn more, or to find a Valvoline service center near you, visit [www.valvoline.com](http://www.valvoline.com).

## Forward-Looking Statements

Certain statements in this press 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 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.

<sup>TM</sup> Trademark, Valvoline or its subsidiaries, registered in various countries

<sup>SM</sup> Service mark, Valvoline or its subsidiaries, registered in various countries

## FOR FURTHER INFORMATION

### Investor Inquiries

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## STATEMENTS OF CONSOLIDATED INCOME

(In millions, except per share amounts - preliminary and unaudited)

	Three months ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Sales	\$ 957	\$ 792	\$ 2,701	\$ 2,146
Cost of sales	681	533	1,931	1,412
<b>GROSS PROFIT</b>	<b>276</b>	<b>259</b>	<b>770</b>	<b>734</b>
Selling, general and administrative expenses	138	136	410	382
Legacy and separation-related expenses	11	1	20	2
Equity and other income, net	(11)	(9)	(36)	(36)
<b>OPERATING INCOME</b>	<b>138</b>	<b>131</b>	<b>376</b>	<b>386</b>
Net pension and other postretirement plan income	(10)	(14)	(28)	(41)
Net interest and other financing expenses	19	17	54	92
<b>INCOME BEFORE INCOME TAXES</b>	<b>129</b>	<b>128</b>	<b>350</b>	<b>335</b>
Income tax expense	30	31	83	83
<b>NET INCOME</b>	<b>\$ 99</b>	<b>\$ 97</b>	<b>\$ 267</b>	<b>\$ 252</b>
<b>NET EARNINGS PER SHARE</b>				
BASIC	\$ 0.55	\$ 0.53	\$ 1.48	\$ 1.38
DILUTED	\$ 0.55	\$ 0.53	\$ 1.47	\$ 1.37
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
BASIC	179	182	180	183
DILUTED	180	183	181	184

**Valvoline Inc. and Consolidated Subsidiaries**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions - preliminary and unaudited)

Table 2

	June 30 2022	September 30 2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 98	\$ 230
Receivables, net	583	496
Inventories, net	306	258
Prepaid expenses and other current assets	64	53
Total current assets	1,051	1,037
Noncurrent assets		
Property, plant and equipment, net	874	817
Operating lease assets	321	307
Goodwill and intangibles, net	804	775
Equity method investments	48	47
Other noncurrent assets	250	208
Total noncurrent assets	2,297	2,154
Total assets	\$ 3,348	\$ 3,191
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt	\$ 61	\$ 17
Trade and other payables	265	246
Accrued expenses and other liabilities	315	306
Total current liabilities	641	569
Noncurrent liabilities		
Long-term debt	1,639	1,677
Employee benefit obligations	229	258
Operating lease liabilities	288	274
Deferred tax liabilities	58	26
Other noncurrent liabilities	267	252
Total noncurrent liabilities	2,481	2,487
Stockholders' equity	226	135
Total liabilities and stockholders' equity	\$ 3,348	\$ 3,191

**Valvoline Inc. and Consolidated Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions - preliminary and unaudited)

Table 3

	Nine months ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 267	\$ 252
Adjustments to reconcile net income to cash flows from operating activities		
Loss on extinguishment of debt	—	36
Depreciation and amortization	75	68
Deferred income taxes	30	24
Stock-based compensation expense	11	10
Other, net	(2)	(3)
Change in operating assets and liabilities	(190)	(91)
Total cash provided by operating activities	191	296
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(102)	(106)
Repayments of notes receivable	9	14
Acquisitions of businesses, net of cash acquired	(50)	(267)
Other investing activities, net	—	8
Total cash used in investing activities	(143)	(351)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	414	555
Payments of debt issuance costs and discounts	—	(7)
Repayments on borrowings	(407)	(829)
Premium paid to extinguish debt	—	(26)
Repurchases of common stock	(104)	(100)
Cash dividends paid	(67)	(69)
Other financing activities	(14)	(7)
Total cash used in financing activities	(178)	(483)
Effect of currency exchange rate changes on cash, cash equivalents and restricted cash	(1)	5
<b>DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>(131)</b>	<b>(533)</b>
Cash, cash equivalents and restricted cash - beginning of period	231	761
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF PERIOD</b>	<b>\$ 100</b>	<b>\$ 228</b>

**Valvoline Inc. and Consolidated Subsidiaries**  
**INFORMATION BY OPERATING SEGMENT - RETAIL SERVICES**  
(In millions - preliminary and unaudited)

Table 4

	Three months ended		Nine months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Sales information</b>				
Retail Services segment sales	\$ 384	\$ 330	\$ 1,080	\$ 869
<i>Year-over-year growth</i>	16 %	66 %	24 %	38 %
System-wide store sales <sup>(a)</sup>	\$ 610	\$ 526	\$ 1,718	\$ 1,415
<i>Year-over-year growth <sup>(a)</sup></i>	16 %	51 %	21 %	30 %
<b>Same-store sales growth <sup>(b)</sup></b>				
Company-operated	7.1 %	36.1 %	12.5 %	20.4 %
Franchised <sup>(a)</sup>	12.1 %	43.9 %	17.6 %	22.5 %
System-wide <sup>(a)</sup>	9.9 %	40.5 %	15.4 %	21.6 %
<b>Profitability information</b>				
Operating income <sup>(c)</sup>	\$ 96	\$ 97	\$ 254	\$ 233
Key items	—	—	—	—
Adjusted operating income <sup>(c)</sup>	96	97	254	233
Depreciation and amortization	17	15	52	44
Adjusted EBITDA <sup>(c)</sup>	\$ 113	\$ 112	\$ 306	\$ 277
<i>Adjusted EBITDA margin <sup>(d)</sup></i>	29.4 %	33.9 %	28.3 %	31.9 %
<b>Discretionary cash flow information</b>				
Adjusted operating income <sup>(c)</sup>	\$ 96	\$ 97	\$ 254	\$ 233
Income tax expense <sup>(e)</sup>	(23)	(23)	(60)	(58)
Maintenance additions to property, plant and equipment	(5)	(5)	(14)	(12)
Discretionary free cash flow <sup>(f)</sup>	\$ 68	\$ 69	\$ 180	\$ 163

(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. Retail Services stores, with new stores, including franchised conversions, excluded from the metric until the completion of their first full fiscal year in operation.

(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 is 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.

**Valvoline Inc. and Consolidated Subsidiaries**  
**INFORMATION BY OPERATING SEGMENT - GLOBAL PRODUCTS**  
(In millions - preliminary and unaudited)

Table 5

	Three months ended		Nine months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Volume information</b>				
Lubricant sales (gallons)	45.4	41.8	131.8	119.7
<i>Year-over-year growth</i>	9 %	37 %	10 %	18 %
<b>Sales information</b>				
<u>Sales by geographic region</u>				
North America <sup>(a)</sup>	\$ 370	\$ 278	\$ 1,004	\$ 755
Europe, Middle East and Africa ("EMEA")	58	56	192	161
Asia Pacific	96	96	298	267
Latin America <sup>(a)</sup>	49	32	127	94
Global Products segment sales	\$ 573	\$ 462	\$ 1,621	\$ 1,277
<i>Year-over-year growth</i>	24 %	46 %	27 %	19 %
<b>Profitability information</b>				
Operating income <sup>(b)</sup>	\$ 80	\$ 72	\$ 224	\$ 233
Key items	—	—	—	—
Adjusted operating income <sup>(b)</sup>	80	72	224	233
Depreciation and amortization	7	9	21	22
Adjusted EBITDA <sup>(b)</sup>	\$ 87	\$ 81	\$ 245	\$ 255
<i>Adjusted EBITDA margin</i> <sup>(c)</sup>	15.2 %	17.5 %	15.1 %	20.0 %
<b>Discretionary cash flow information</b>				
Adjusted operating income <sup>(b)</sup>	\$ 80	\$ 72	\$ 224	\$ 233
Income tax expense <sup>(d)</sup>	(19)	(17)	(53)	(58)
Maintenance additions to property, plant and equipment	(2)	(2)	(8)	(7)
Discretionary free cash flow <sup>(e)</sup>	\$ 59	\$ 53	\$ 163	\$ 168

(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 is 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.

**Valvoline Inc. and Consolidated Subsidiaries**  
**RETAIL SERVICES STORE INFORMATION**  
(Preliminary and unaudited)

Table 6

	System-wide stores <sup>(a)</sup>				
	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021
Beginning of period	1,661	1,635	1,594	1,569	1,548
Opened	21	19	32	21	17
Acquired	9	9	12	7	5
Closed	(1)	(2)	(3)	(3)	(1)
End of period	<u>1,690</u>	<u>1,661</u>	<u>1,635</u>	<u>1,594</u>	<u>1,569</u>

	Number of stores at end of period				
	Third Quarter 2022	Second Quarter 2022	First Quarter 2022	Fourth Quarter 2021	Third Quarter 2021
Company-operated	772	757	738	719	698
Franchised	918	904	897	875	871

	June 30	
	2022	2021
System-wide store count <sup>(a)</sup>	1,690	1,569
<i>Year-over-year growth</i>	8 %	10 %

(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.

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

(In millions, except per share amounts - preliminary and unaudited)

	Three months ended		Nine months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Reported net income</b>	\$ 99	\$ 97	\$ 267	\$ 252
<i>Adjustments:</i>				
Net pension and other postretirement plan income	(10)	(14)	(28)	(41)
Legacy and separation-related expenses	11	1	20	2
LIFO charge	8	17	17	26
Business interruption (recoveries) losses	(2)	—	3	(3)
Information technology transition costs	—	—	3	—
Debt extinguishment and modification costs	—	—	—	36
Total adjustments, pre-tax	7	4	15	20
Income tax benefit of adjustments	(2)	(1)	(3)	(5)
Total adjustments, after tax	5	3	12	15
<b>Adjusted net income <sup>(a)</sup></b>	<b>\$ 104</b>	<b>\$ 100</b>	<b>\$ 279</b>	<b>\$ 267</b>
Reported diluted earnings per share	\$ 0.55	\$ 0.53	\$ 1.47	\$ 1.37
Adjusted diluted earnings per share <sup>(b)</sup>	\$ 0.58	\$ 0.55	\$ 1.54	\$ 1.45
Weighted average diluted common shares outstanding	180	183	181	184

(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.

**Valvoline Inc. and Consolidated Subsidiaries**  
**RECONCILIATION OF NON-GAAP DATA - ADJUSTED EBITDA**  
(In millions - preliminary and unaudited)

Table 8

	Three months ended		Nine months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Adjusted EBITDA - Valvoline</b>				
Net income	\$ 99	\$ 97	\$ 267	\$ 252
Add:				
Income tax expense	30	31	83	83
Net interest and other financing expenses	19	17	54	92
Depreciation and amortization	25	24	75	68
EBITDA <sup>(a)</sup>	173	169	479	495
Key items:				
Net pension and other postretirement plan income	(10)	(14)	(28)	(41)
Legacy and separation-related expenses	11	1	20	2
LIFO charge	8	17	17	26
Business interruption (recoveries) losses	(2)	—	3	(3)
Information technology transition costs	—	—	3	—
Key items - subtotal	7	4	15	(16)
Adjusted EBITDA <sup>(a)</sup>	\$ 180	\$ 173	\$ 494	\$ 479
<b>Segment Adjusted EBITDA</b>				
Retail Services	\$ 113	\$ 112	\$ 306	\$ 277
Global Products	87	81	245	255
Segment Adjusted EBITDA <sup>(b)</sup>	200	193	551	532
Corporate	(20)	(20)	(57)	(53)
Total Adjusted EBITDA <sup>(a)</sup>	180	173	494	479
Net interest and other financing expenses	(19)	(17)	(54)	(92)
Depreciation and amortization	(25)	(24)	(75)	(68)
Key items	(7)	(4)	(15)	16
Income before income taxes	\$ 129	\$ 128	\$ 350	\$ 335

(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 press release.

(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 certain 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.

**Valvoline Inc. and Consolidated Subsidiaries**  
**RECONCILIATION OF NON-GAAP DATA - FREE CASH FLOWS**  
(In millions - preliminary and unaudited)

Table 9

Free cash flow <sup>(a)</sup>	Nine months ended June 30	
	2022	2021
Total cash flows provided by operating activities	\$ 191	\$ 296
Adjustments:		
Additions to property, plant and equipment	(102)	(106)
Free cash flow	<u>\$ 89</u>	<u>\$ 190</u>

Discretionary free cash flow <sup>(b)</sup>	Nine months ended June 30	
	2022	2021
Total cash flows provided by operating activities	\$ 191	\$ 296
Adjustments:		
Maintenance additions to property, plant and equipment	(24)	(21)
Discretionary free cash flow	<u>\$ 167</u>	<u>\$ 275</u>

Free cash flow <sup>(a)</sup>	Fiscal year	
	2022 Outlook	
Total cash flows provided by operating activities	\$ 290	\$ 300
Adjustments:		
Separation-related cash outflows	20	30
Additions to property, plant and equipment	(160)	(180)
Free cash flow <sup>(a)</sup>	<u>\$ 140</u>	<u>\$ 160</u>

(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.