EXECUTIVE SUMMARY

We recommend a BUY rating for Valvoline (VVV) to the Equity & All-Weather portfolios due to three main drivers:

1) Deal allows Aramco to sell all of Valvoline's Global Products (VGP). Valvoline will focus solely on its faster-growing, higher-margin automotive service sector. The deal closed at $2.65b in August 2022.

2) Automotive Services are non-cyclical and used more for preventative care when a worsening economy is expected.

3) The long-term organic growth strategy is to expand 150 stores in North America annually and increase the retail footprint and increase revenues.

With an estimated 17% discount to our weighted average value of $29.60, we believe there is an upside in the short and long term due to our critical drivers that allow Valvoline to justify this forecasted upside.

Key uncertainties: Un-diversifying its business model with the sale of its Global Products and strictly focusing on services, sales to Aramco might not materialize or transition as smoothly as anticipated, increasing mileage ranges before a service requirement causing a decrease in demand for oil changes, potentially fewer oil changes as E.V. becomes increasingly popular as true E.V. (not plug-in hybrid) cars do not need an oil change.

* Rising oil prices would likely be an issue for Valvoline, however in May 2022, Valvoline increased its lube prices 15% to help pass all these costs onto their customers and will continue to try and do so in the future.
CATALYSTS

Deal with ARAMCO in 2023

Valvoline to sell lubricant business to ARAMCO

- Aramco has agreed to purchase Valvoline’s Global Products business for $2.65 billion cash. Valvoline intends to focus on the growth of its Retail Services business with sales. Retail Services are the more prominent contributor to its revenues. Valvoline Global Products is a leading worldwide independent producer and distributor of premium branded automotive lubricants and chemicals.
- The cash infusion unlocks value for shareholders, which will be realized as share repurchases, dividends, and reinvestment in the growth of the retail services business.
- The partnership has real potential; Aramco has no downstream finished lubricant business. Aramco is interested in Valvoline, and buying the brand is part of the transaction.
  1) Aramco, being a long-term owner, wants to develop this business to diversify its brand while using Valvoline to help.
  2) Aramco signage is well seen; for Valvoline, this can be an added intangible benefit as advertising becomes more accessible and widespread.
  3) Deep pockets for Aramco compared to a minor private partner

Restructuring Segment supports Long-Term Growth

Separating its Retail Services and Global Products Segments

- Separation allows Valvoline to maximize the potential of its core business by capturing share and expanding non-oil change services revenue.
- The separation of Retail Services, which generated more than half of revenue and grew at an exceptional pace
- Top-line growth is projected by management to be 12-14% above internal projections with a 23-26% EBITA Margin after restructuring

What it means to shareholders:

- Accelerated profit growth, strong ROIC, and returns through share buybacks
- Focusing on the higher profit margin services sector, it will allow more free cash flow to be reinvested, and help grow the company

<table>
<thead>
<tr>
<th>Long-term Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Growth</td>
</tr>
<tr>
<td>EBITDA¹ Margin</td>
</tr>
<tr>
<td>Tax Rate</td>
</tr>
<tr>
<td>Leverage Ratio</td>
</tr>
<tr>
<td>EPS Growth³</td>
</tr>
</tbody>
</table>

Revenue (Millions)

- 2018: $660
- 2019: $822
- 2020: $883
- 2021: $1,221
- 2022 LTM: $1,432

~23% CAGR
**Large Store Footprint with Growing Retail Business**

Acquired 134 service center stores for $282 million in FY 21

- Covid shutdown allowed Valvoline to gain market share as 99% of stores were open while competitors were closed
- Company same-store sales have grown year-over-year (YoY) for 15 consecutive years
- The footprint has grown faster than any other U.S. quick oil change competitor in the past four years.
- Intend to expand 75 company-owned stores & 75 franchised stores each year
- $200m in CAPEX spending per year, according to management, primarily to build stores
- EBITA is $1.5-2m per store with 35-40m annual maintenance CapEx
- Total company-operated facilities are now 1690 in 140 countries

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**Automotive Services -- Non-Cyclical Industry**

Preventative care in a weakening economy

- Consumers less able to handle larger repairs in a weakened economy
- More likely to opt for minor services to mitigate the risk of a major repair
- New car purchases are typically postponed

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**COMPANY OVERVIEW**

Valvoline Inc. is a global vehicle and engine care company based in Kentucky, USA, with 9,800 employees that continuously power the future of mobility through innovative services and products for electric, hybrid, and internal combustion powertrains.

Valvoline's business is currently divided into two divisions:

- Retail Services (70% EBITA): services the passenger car and light truck quick lube market in the United States and Canada with a broad array of preventive maintenance services and capabilities performed through Valvoline's retail network.
- Global Products (30% EBITA): operates in over 140 countries and sells lubricants and other automotive and engine maintenance products primarily to automotive retailers, installers, and original equipment manufacturers (OEMs).

The separation of segments will allow Retail Services to continue its growth and focus on leveraging its world-class service model.
INDUSTRY OVERVIEW (IBISWorld ‘Industry at a Glance’ July 2022 – Oil Change Services)

The industry is expected to experience robust revenue growth over the next five years as consumers increasingly choose to spend on vehicle services, when necessary, as opposed to delaying maintenance. Consumers are expected to be in a better position to spend on maintenance and repairs. However, extended maintenance intervals will continue to be a concern over the next five years as new cars enter the market. As economic conditions are expected to improve by 2027, the amount of new cars sales is forecast to increase an annualized 0.6% over the five years to 2027. This gives consumers a stronger incentive to spend more in products such as new cars. In contrast, the average age of the US vehicle fleet is forecast to increase an annualized 0.7% over the five years to 2027.

Over the past five years, many industry operators added simple repairs to the mix of overall services. This trend will continue over the next five years as consumers seek to keep its cars in good shape with small repairs to avoid larger repair costs. Consumers are more likely to spend on preventative care for cars during harder economic times to avoid a possible major repair later. Oil change providers are anticipated to continue including other value-added services to respond to a shift in demand for preventive repairs. Operators will need to focus on providing its existing customer to gain referrals.

**Strategic Focus**

Valvoline's retail presences drive solid same-store sales and continue to do so for a sustainable future. The company has faced discomforting exposure to volatility in gross margins due to its lack of competitive pricing in raw materials and supply-chain-related issues in recent years. By selling its Global Products (Lubricants) business, Valvoline disposes of that risk and can double down on its retail services business's growth. By separating the two, the company can have improved capital allocation by reinvesting money into the expansion of its surviving business, resulting in 20-30% ROIC, according to Mack Sharaf, VP of Investor Relations, and Treasurer for Valvoline. Additionally, the Retail Services business continues to strategically expand to other services and verticals (e.g., ICE vehicles, hybrid vehicles, and electric ones), maximizing shareholder value.

**Objective:** The industry leader in auto aftermarket services while giving customers easy access to vehicle care.
1. Management states they wish to drive continued high levels of market share gains and non-oil change revenue growth in existing stores.
2. Expanding its retail footprint as a growth-oriented retail company with increased emphasis on franchise growth
3. Continue to invest in capabilities for fleets and E.V.s to capture new customer and service opportunities.

**SWOT Analysis**

**Strengths:**
- Successful track record of product innovation
- High level of customer satisfaction
- Good returns on capital expenditure

**Weaknesses:**
- Limited success outside core business
- Marketing of the products left a lot to be desired

**Opportunities:**
- Expand retail footprint with increased emphasis on franchisee growth
- Continue to invest in capabilities for fleets and E.V.s to capture new customer and service opportunities

**Threats:**
- The rise in inflation increases the cost of production and affects the business profitability
- Shortage of skilled labor in the market

**FINANCIAL ANALYSIS**

**Profitability**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Sales Growth (3 yr.)</th>
<th>Gross Margin (NTM)</th>
<th>EBIT Margin (NTM)</th>
<th>ROIC (NTM)</th>
<th>ROE (NTM)</th>
<th>Sales</th>
<th>EBITDA</th>
<th>Total Debt</th>
<th>Sales Growth</th>
<th>Gross Margin</th>
<th>EBIT Margin</th>
<th>ROIC</th>
<th>ROE</th>
<th>Avg. Rank</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valvoline</td>
<td>74.10</td>
<td>26.62</td>
<td>37.62</td>
<td>38.60</td>
<td>$496.40</td>
<td>$265.98</td>
<td>$567.00</td>
<td>$2,470.00</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3.5</td>
<td>Profitable</td>
</tr>
<tr>
<td>AutoZone</td>
<td>46.90</td>
<td>51.32</td>
<td>35.35</td>
<td>62.09</td>
<td></td>
<td>$15,817</td>
<td>$3,643</td>
<td>$6,057</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1.8</td>
<td>More Profitable</td>
</tr>
<tr>
<td>O'Reilly Automotive</td>
<td>66.89</td>
<td>51.22</td>
<td>26.42</td>
<td>38.72</td>
<td></td>
<td>$12,738</td>
<td>$3,239</td>
<td>$4,679</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1.8</td>
<td>More Profitable</td>
</tr>
<tr>
<td>BP ADR</td>
<td>3.13</td>
<td>22.51</td>
<td>15.37</td>
<td>8.94</td>
<td>13.09</td>
<td>$200,852</td>
<td>$18,917</td>
<td>$52,886</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4.0</td>
<td>Less Profitable</td>
</tr>
</tbody>
</table>

Valvoline's **3-year Sales Growth** of 74.10% is the highest amongst its peers. Valvoline continues to gain market share – retail presence drives solid same-store sales. Its same-store sales have grown faster than the U.S. quick oil change market year-over-year in the past 15 consecutive years. The company has the opportunity to increase retail sales shortly through the opening of additional stores, acquisitions, and expansion of service offerings.

With a **Return on Invested Capital** (ROIC) of 20.60%, Valvoline has efficiently generated profits for its investors. Valvoline plans to continue increasing the penetration of its entire product line to drive speed, efficiency, and value across the business and customer interactions.
Relative Value

Valvoline’s P/E (NTM) ratio of 13.26x is priced moderately amongst its peers, with plenty of upside potential. Valvoline is currently undervalued, being priced at $25.35 with a FactSet analyst consensus target price of $38.00, a 52-week low of $24.80, and a 52-week high of $37.97.

Leverage

Valvoline has the healthiest current ratio at 1.64 amongst its peers. This demonstrates its liquidity to pay short-term obligations in comparison to its peers. Although its Net Debt/EBITA is the highest amongst at 3.33x, management stated that it plans to use part of the $2.25 billion from the sale, net of taxes, to pay down a portion of the company’s $1.7 billion in total debt. Also, due to maturities extending to 2030-2031, Valvoline is comfortable with its current debt position. With an EBITDA/interest expense ratio of 7.77x, Valvoline can quickly pay the interest on its outstanding debt without relying on funds from the sale.

VALUATION ANALYSIS

Discounted Cash Flow Model

Our DCF model shows that Valvoline is undervalued as per our weighted average price, implying an estimated 17% upside to an intrinsic value of $29.60 (See appendix: Discounted Cash Flow Model).

Revenue Growth: We anticipate that Valvoline will decline in revenue in 2022 compared to FY21 due to a 20% decrease in operating income from its Global Products services earlier in Q1 22. However, management expects top-line growth of 10-12% on average starting in 2023 and through 2026. The restructuring of Valvoline drives this will be able to expand margins by focusing on its lower-cost service model. We are averaging 10% in our base case, according to management.

EBIT Margin: Management claims Valvoline will be able to achieve an average EBIT margin of 21-24% over the next five years, starting in 2023, when the restructuring deal is complete. A slight decrease in FY22 is due to higher operating costs, including 'pulling forward' labor-related expenses.

- Restructuring and splitting retail services from global products will allow Valvoline to focus on the higher margin, higher growing, service industry. Management estimates these margins will stay around 23-25% in the future.
**WACC:** We estimated a **weighted average cost of capital** of 8.4% for Valvoline. We believe this WACC provides a fair assessment for our reasonable value estimate of $38.28 per share. We use a 10-year Treasury yield of 3.76% for the risk-free rate, a 3-year beta of 1.20 to ensure a conservative WACC, and 8.25% as the required market return to stay near street projections. FactSet reported a WACC of 8.01%, which we believe is too conservative for the current market environment.

**Terminal Growth Rate:** Our 1.75% perpetual growth rate is higher than IBISWorld's industry growth forecast of 1.5%. This forecast is based on Valvoline focusing on growth sectors and selling its products business to Aramco. In addition, expanding its service footprint, which will add 150 service centers per year, will help grow its market share faster than its previous annual industry growth of 1.2% between 2017 and 2021.

<table>
<thead>
<tr>
<th>Term Growth Rate</th>
<th>WACC (8.0%)</th>
<th>8.2%</th>
<th>8.4%</th>
<th>8.9%</th>
<th>9.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8%</td>
<td>$29</td>
<td>$27</td>
<td>$27</td>
<td>$24</td>
<td>$22</td>
</tr>
<tr>
<td>1.3%</td>
<td>$31</td>
<td>$30</td>
<td>$29</td>
<td>$26</td>
<td>$23</td>
</tr>
<tr>
<td>1.8%</td>
<td>$34</td>
<td>$32</td>
<td>$31</td>
<td>$28</td>
<td>$25</td>
</tr>
<tr>
<td>2.3%</td>
<td>$37</td>
<td>$36</td>
<td>$34</td>
<td>$30</td>
<td>$27</td>
</tr>
<tr>
<td>2.8%</td>
<td>$41</td>
<td>$39</td>
<td>$38</td>
<td>$33</td>
<td>$30</td>
</tr>
</tbody>
</table>

**INVESTMENT RISKS**

**Strict Environmental Regulations**
- Growing consumers prefer eco-friendly oil lubricants; strict regulations can make it costly for the lubricant industry to develop innovative products.
- Eco-friendly vegetables or plant oil-based lubricants are possibly natural and renewable resources.
- However, they are less stable than petroleum-based products (low thermo-oxidative stability and poor cold flow behavior)

**Margin Pressures rising in recent quarters**
- Rising labor costs: Along with higher salaries, Valvoline has 'pulled forward' several labor-related expenses to retain and attract employees. The company expects these pressures to ease in Q3 2022, but the industry's complex dynamic could take longer.
- Economic factors out of Valvoline's control, like oil pricing, could have an adverse effect on total miles driven, thus limiting potential sales or services.

**Execution Risks**
Valvoline's management team has set aggressive goals for growing its business. Some strategies include increasing sales, cash flow, market share, margins, and several VIOC stores to achieve this goal. However, in taking an aggressive growth approach, some execution risks arise.
- Damage to Valvoline's brand and reputation could adversely affect its business if products fail to perform or if consistency problems are present.
The success of Valvoline's growth is dependent on its ability to successfully develop and implement integrated digital platform(s) that will allow them to understand how customers act and engage with them.

PORTFOLIO IMPACT AND SUMMARY

Valvoline is a good business at a fair price with plenty of upside potential, making it a prudent addition to the Equity and All-Weather portfolios. The equity portfolio currently holds an excess of cash that needs to be reallocated to companies with positive fundamental factors regardless of how the overall market may be doing. Valvoline continues to drive robust and consistent growth and financial performance. The All-Weather portfolio can benefit from its ability to generate stable cash flows, growing store footprint, and be in a non-cyclical industry that will always require some demand.
Key Trends

- New car sales are estimated to decrease, dampening industry demand
- An abrupt decline in industry demand caused industry profit to drop considerably
- The industry has experienced strong external competition from major retailers
- The implications of new, more efficient motor oils will complicate inventory management, which could hurt profit
- Operators will need to focus on providing quality service to gain strong referral business
- External competition will likely affect growth as major retailers continue to pose price competition
- An unprecedented reduction in demand at the end of the period has placed downward pressure on industry profit

Change in Industry Revenue

![Chart showing annual change in industry revenue from 2017 to 2021. Valvoline Inc. and Industry Average are compared.]
**Discounted Cash Flow Model**

**BASE CASE Projected Cash Flows**

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$3,341.5</td>
<td>$3,809.3</td>
<td>$4,323.6</td>
<td>$4,885.7</td>
<td>$5,471.9</td>
</tr>
<tr>
<td>Average Analyst Forecast Sales</td>
<td>$2,734</td>
<td>$2,686</td>
<td>$1,996</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>-2.66%</td>
<td>-1.76%</td>
<td>-25.69%</td>
<td>0.00%</td>
<td>-10.8%</td>
</tr>
<tr>
<td>Earnings Before Interest and Taxes (EBIT)</td>
<td>$634.9</td>
<td>$853.3</td>
<td>$998.7</td>
<td>$1,109.0</td>
<td>$1,231.2</td>
</tr>
<tr>
<td>Less: Tax</td>
<td>-$194.6</td>
<td>-$241.5</td>
<td>-$306.1</td>
<td>-$339.9</td>
<td>-$377.3</td>
</tr>
<tr>
<td>Net Operating Profit After Tax (NOPAT)</td>
<td>$440.3</td>
<td>$601.8</td>
<td>$692.7</td>
<td>$769.2</td>
<td>$853.9</td>
</tr>
<tr>
<td>Less: Interest</td>
<td>-$86.6</td>
<td>-$98.7</td>
<td>-$112.1</td>
<td>-$126.6</td>
<td>-$141.8</td>
</tr>
<tr>
<td>Net Income</td>
<td>$353.7</td>
<td>$493.1</td>
<td>$580.5</td>
<td>$542.5</td>
<td>$712.0</td>
</tr>
<tr>
<td>Average Analyst Forecast Net Income</td>
<td>$182.0</td>
<td>$209.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>-8.16%</td>
<td>14.84%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>-13.8%</td>
</tr>
</tbody>
</table>

**Change to shares: buybacks (-), new issues (+)**

-0.9% 0.0% 0.0% 0.0% 0.0%

**Forecast Earnings per Share**

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth (%)</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Average Analyst Forecast Earnings per Share</td>
<td>$1.89</td>
<td>$2.27</td>
<td>$2.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>14.8%</td>
<td>-0.5%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

**EPS Forecast OK**

-$87.0 | $99.2 | $112.6 | $127.2 | $142.5 |

**CapEx % of Sales Forecast**

-6.0% 5.1% 4.5% 4.1% 3.7%

**Less: Capital Expenditures**

-$200.0 | -$200.0 | -$200.0 | -$200.0 | -$200.0 |

**WNC % of Sales Forecast**

16.0% 15.4% 15.0% 14.8% 14.5%

**Net Working Capital**

$34.6 | $38.6 | $48.5 | $72.3 | $79.9 |

**Less: Increase in Net Working Capital**

$66.6 | $52.0 | $61.9 | $74.5 | $75.8 |

**Free Cash Flow**

|$174.1 | $340.2 | $431.3 | $495.2 | $578.7 |

**Average Analyst Forecast Free Cash Flow**

|$158.0 | $174.0 | | | |

**Growth (%)**

-33.1% 95.5% 26.8% 14.8% 16.9% 17.4%

**Discounted Cash Flow Model Valuation**

**Terminal Growth Rate**

1.75%

**Estimated Stock Value (DCF Method)**

|$139.6 | $290.0 | $323.9 | $353.9 | $387.0 |

**Net Debt (Current Debt + LT Debt - Cash)**

|$1,962 | $1,962 | $1,962 | | |

**Equity Value (EV - Net Debt)**

|$3,341.5 | $3,809.3 | $4,323.6 | | |

**Number of Shares Outstanding**

| 177 | 177 | 177 |

**Estimated Stock Value (DCF Method)**

|$25.35 | $25.35 | $25.35 | | |

**Current Market Price**

|$25.35 | | | |

**Overvaluation (+), Undervaluation (-)**

| 34% | -23% | -40% | -50% |

**Probability of scenario:**

20% 50% 30% 20% 17%

**Price Range between Pessimistic and Optimistic DCF Scenarios**

$26.82 to $35.44

**Price Range between Wtd. Avg. Multiples and DCF**

$0 to $29.6
### PESSIMISTIC SCENARIO Projected Cash Flows

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,899.5</td>
<td>$3,247.5</td>
<td>$3,669.6</td>
<td>$3,963.2</td>
<td>$4,280.6</td>
</tr>
<tr>
<td>Change to shares: buybacks (-), new issues (+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$294.9</td>
<td>$388.8</td>
<td>$449.5</td>
<td>$427.8</td>
<td>$445.9</td>
</tr>
<tr>
<td>Average Analyst Forecast Net Income</td>
<td>$182.0</td>
<td>$209.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>-38.2%</td>
<td>14.8%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Change to shares: buybacks (-), new issues (+)</td>
<td>-0.9%</td>
<td>-0.8%</td>
<td>-0.7%</td>
<td>-0.6%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Forecast Earnings per Share</td>
<td>$1.65</td>
<td>$2.23</td>
<td>$2.60</td>
<td>$2.49</td>
<td>$2.61</td>
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<tr>
<td>Growth (%)</td>
<td>35.3%</td>
<td>16.4%</td>
<td>-4.3%</td>
<td>4.8%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Average Analyst Forecast Earnings per Share</td>
<td>$1.89</td>
<td>$2.17</td>
<td>$2.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>14.8%</td>
<td>-9.9%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Plus: Depletion</td>
<td>$75.5</td>
<td>$84.6</td>
<td>$95.5</td>
<td>$103.2</td>
<td>$110.4</td>
</tr>
<tr>
<td>Change to shares: buybacks (-), new issues (+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS Forecast too pessimistic</td>
<td>$3.98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OPTIMISTIC SCENARIO Projected Cash Flows

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$3,360.0</td>
<td>$4,101.8</td>
<td>$4,614.5</td>
<td>$5,168.2</td>
<td>$5,788.4</td>
</tr>
<tr>
<td>Average Analyst Forecast Sales</td>
<td>$2,734.0</td>
<td>$2,686.0</td>
<td>$1,996.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>0.0%</td>
<td>-1.8%</td>
<td>-25.7%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EPS Forecast OK</td>
<td>$158.0</td>
<td>$177.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (%)</td>
<td>39.2%</td>
<td>12.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Plus: Depletion</td>
<td>$92.1</td>
<td>$106.8</td>
<td>$120.1</td>
<td>$134.6</td>
<td>$150.7</td>
</tr>
<tr>
<td>Change to shares: buybacks (-), new issues (+)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS Forecast OK</td>
<td>$2.11</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Notes:**
- Annualized avg TCM EPS growth forecasts.
- Annualized avg TCM forecast EBIT growth.
- Average analyst Net Income growth estimates.
- Average analyst EPS growth estimates.
- Low Growth, Service sector was not as big of a driver as thought.
- Service sector does not see the same growth it is/has with covid.
- EPS Forecast too pessimistic.
- EPS Forecast OK.
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