



# The Clorox Company

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Back to School Conference  
September 2014



## Benno Dorer

Chief Operating Officer

## Safe Harbor

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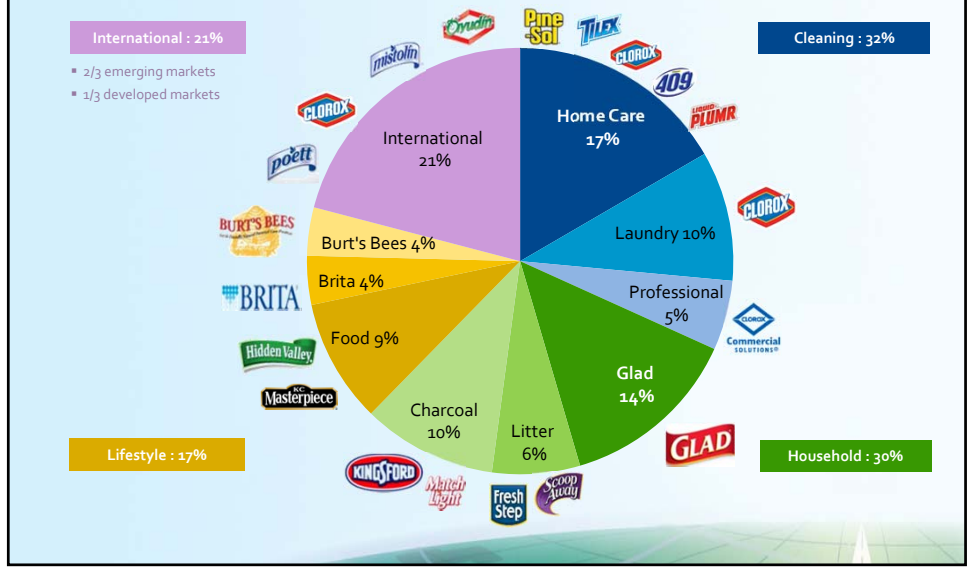
The Company may also use non-GAAP financial measures, which could differ from reported results using Generally Accepted Accounting Principles (GAAP). The most directly comparable GAAP financial measures and reconciliation to non-GAAP financial measures are set forth in the Appendix hereto, the Supplemental Schedules of the Company's quarterly financial results and in the Company's SEC filings, including its Form 10-K and its exhibits furnished to the SEC, which are posted at [www.TheCloroxCompany.com](http://www.TheCloroxCompany.com) in the Investors/Financial Information/Financial Results and SEC Filings sections, respectively.

## Key Messages

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- We have strong plans in place to deliver our FY15 Outlook
- Laser focus on profitably growing sales and market share behind increased brand investments is gaining traction
- Long-term investment case remains solid

Portfolio of Global Leading Brands (FY14 Sales: \$5.6B)  
Over 80% of the Portfolio has #1 or #2 Share



Big Share Brands → Significant Synergies  
Advantage Over Less-Scaled Competitors



(1) As of FY13, Clorox's S&A/Sales was ~14% vs. peer average of 21% (see slide 54 for list of peers). This number does not include R&D or marketing expenses and excludes peers that do not disclose S&A separately from SG&A in their reported financial statements (Kimberly-Clark, Reckitt-Benckiser, Heinz).

## Financial Algorithm



## Solid FY15 Plan in Light of Headwinds

- **Environment remains challenging in the near term**
  - FX headwinds
  - Sluggish U.S. categories
  - Fierce competitive environment
- **We believe FY15 will be a solid year**
  - Innovation expected to deliver another +3pts of incremental sales
  - Gaining traction on market shares
  - EBIT margin expansion of +25 to +50 bps

## Strong Plans in Place to Deliver FY15 Outlook

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- Multi-targeted 3D innovation across portfolio with emphasis on core brands
  - More comparative advertising
  - Increased merchandising to highlight our products' superior value
- Investing incremental demand building support to grow market share
  - Incremental +\$20M in demand support in FY14 Q4
  - FY15 to build on FY14 Q4 demand support investment

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## 2020 Strategy

### Mission

- “We make everyday life better, everyday”

### Objective






- Maximize economic profit across categories, channels and countries
- Be a top-performing CPG company by being the best at building big-share brands in financially attractive mid-sized categories and countries

### Strategy

1. Engage our people as business owners
2. **Increase our brand investment behind superior products and more multi-targeted 3D innovation**
3. **Keep the base healthy and grow into profitable new categories, channels and countries**
4. **Fund growth by reducing waste in our work, products and supply chain**

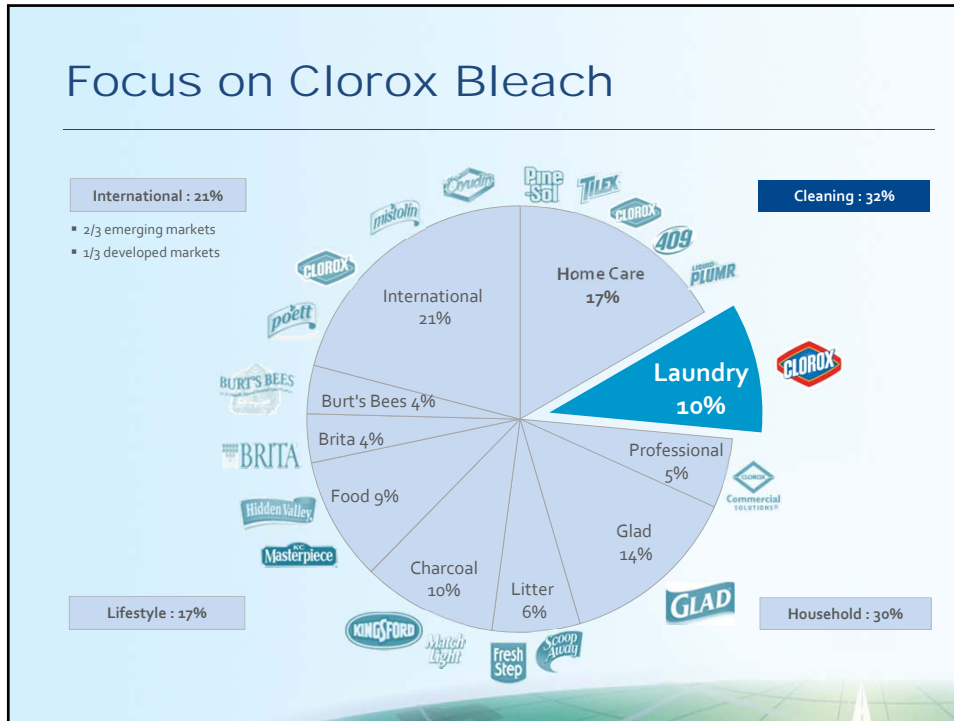
**3 new  
2020  
enterprise  
choices**

## Actions Taken, Results Delivered

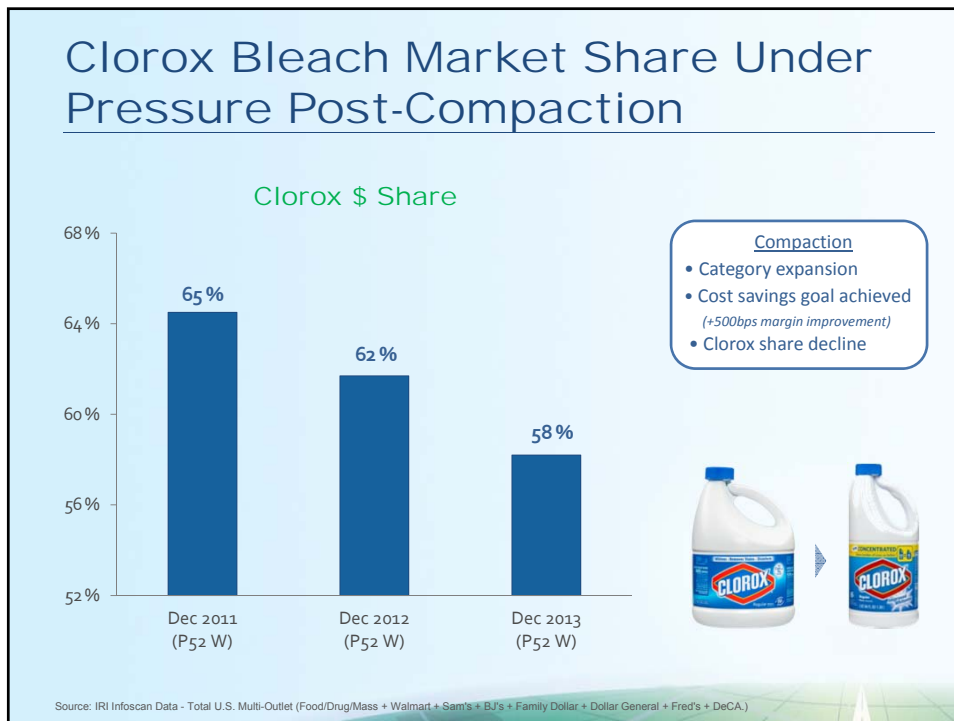
Clorox Businesses		Results
3D Innovation Actions Taken, Results Delivered		
	Clorox Bleach	Share up +0.9pt
	Clorox Disinfecting Wipes	Share up +0.2pt
3D Innovation Actions in Progress...		
	Fresh Step Cat Litter	Focus Area
	Brita Water Filtration	Focus Area
	Glad Trash Bags	Focus Area

Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.) for P13W ended August 17, 2014.

## Focus on Clorox Bleach



## Clorox Bleach Market Share Under Pressure Post-Compaction



## 3D Innovation to Reverse Share Declines

DESIRE

DECIDE

DELIGHT

- **New** marketing campaign highlighting VALUE of CLB over PL
- Merchandising up ~+20%
- Stronger Disinfecting Messaging
- New and targeted innovations



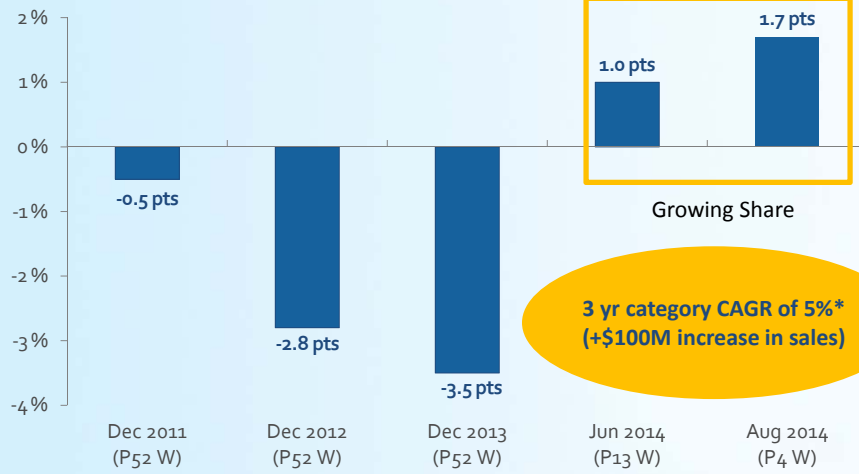
## Demonstrating Clorox Liquid Bleach Superiority





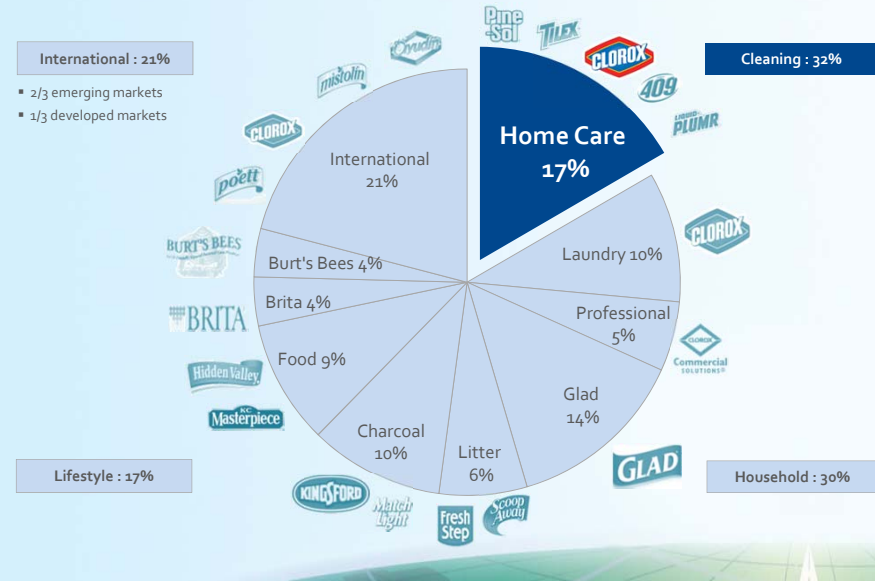
# Clorox Liquid Bleach is Growing Share

Clorox \$ Share Change vs. YA

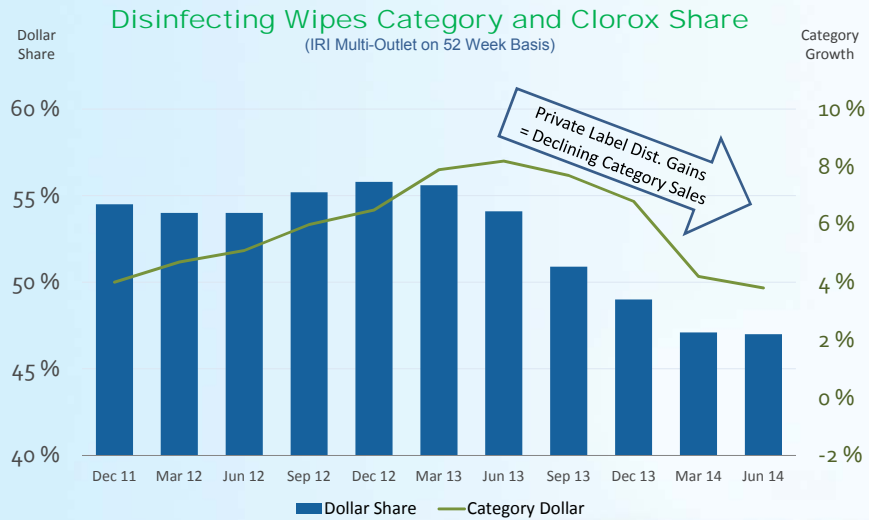


Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + B.J.'s + Family Dollar + Dollar General + Fred's + DeCA.)  
\* 52 weeks ending June 30, 2011 compared to 52 weeks ending June 30, 2014.

# Focus on Clorox Disinfecting Wipes



# Clorox Critical to Driving Wipes Category Growth



Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.)

# 3D Innovation to Grow Share and Category Penetration



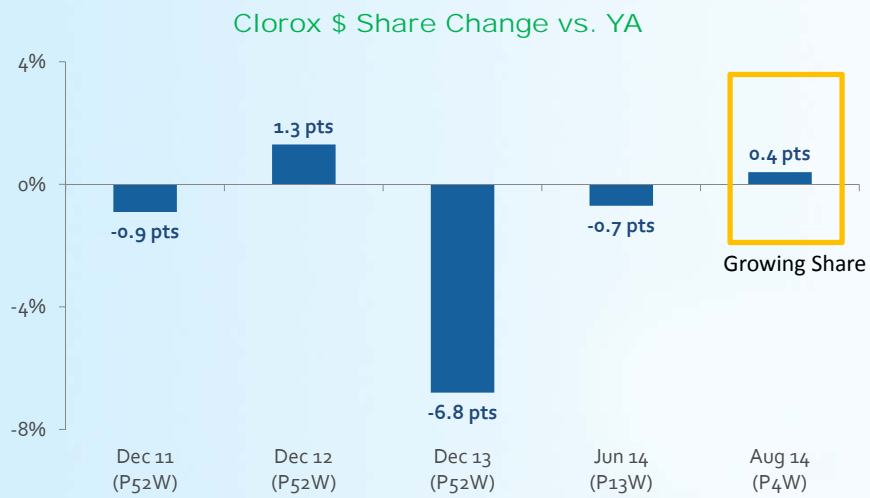
- DESIRE**
  - New marketing campaign highlighting VALUE of CDW over competitors
- DECIDE**
  - Higher merchandising
  - Stronger Disinfecting Messaging
- DELIGHT**
  - New and targeted innovations
  - Multiple new launches hitting the shelf in FY15



# Clorox Disinfecting Wipes Advertising Demonstrates Superior Value

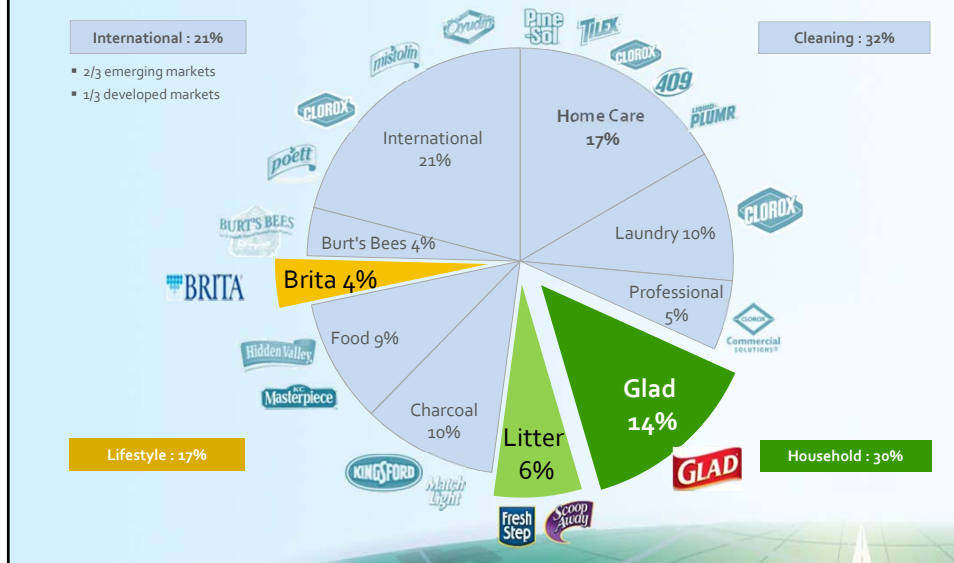


## Clorox Disinfecting Wipes is Growing Share



Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.)

# Cleaning Success Points the Way for Other Core Brands



# Applying Bleach & Wipes 3D Playbook



- Hard-hitting consumer communication that demonstrates our products' superior benefits
- Stronger messaging
- Incremental demand support
- Innovation planned for FY15



## Fresh Step Cat Litter Advertising Emphasizes Product Superiority



## Glad Trash Bags Product Superiority Provides Real Value



## Brita Water Filtration Advertising Now Focuses on a Healthier Lifestyle




## Robust Innovation Pipeline to Deliver +3pts of Incremental Annual Sales





## Actions Taken, Results Delivered

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# Steve Robb

Chief Financial Officer

## Challenging Environment Reflected in FY15 Outlook

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- U.S. categories remain sluggish
- Competitive landscape still fierce
- Foreign exchange headwinds continue



## Challenges in Venezuela

- Approximately 1% of total company sales
- For nearly three years, more than two-thirds of the Company's products have been subject to price controls despite significant double-digit inflation
- The subsidiary operated at a loss in fiscal year 2014
- If the Venezuela business continues to be restricted in its ability to increase prices, operating losses will continue into future periods.

## Near Term Headwinds: FX and Sluggish U.S. Category Growth

	LONG-TERM	FY15*
Category	US Retail +1% to +2% (Higher in International & Professional)	US Retail About Flat (Higher in International & Professional)
Innovation	+3pts incremental	+3pts incremental
Other (Price/Mix/FX)	+/- 1pt	Nearly -3pts (FX)
Sales Growth	+3% to +5%	About Flat
<b>FX Neutral Sales</b>	<b>+3% to +5%</b>	<b>+1% to +3%</b>

\*Based on August 1st Earnings Release

## Solid Plan in Place to Achieve FY15 Outlook

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- **Investing behind hard-hitting consumer communication and increased merchandising**
- **Maintaining financial discipline**
  - Price increases where cost-justified
  - Cost savings (drive S&A to 14% of Sales or lower)
  - Focus on rebuilding margin of International business
- **Innovation expected to drive +3pts of incremental annual sales growth**

## Key Messages

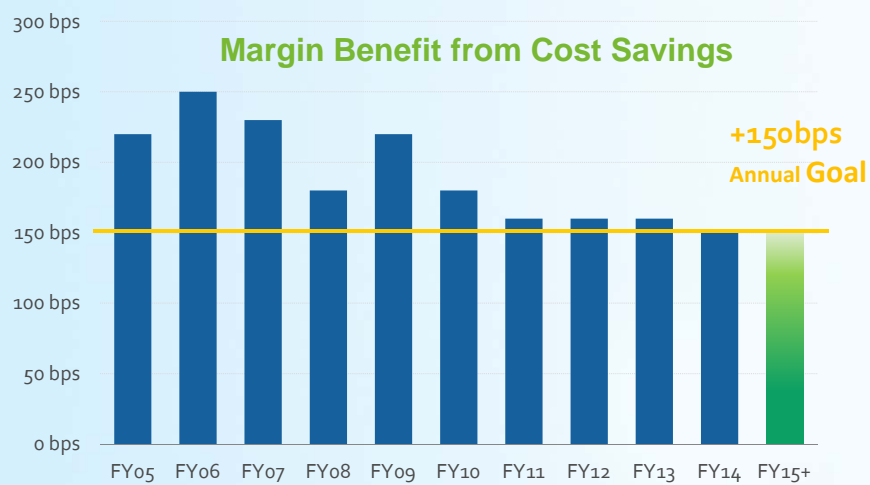
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## Long Term Investment Case Remains Solid

- FX headwinds expected to lessen over the long term
- Multi-targeted 3D innovation in place to grow market share and category
- Strong pipeline of innovation and cost savings

## Cost Savings is a Clorox Strength



## Strong Free Cash Flow

- Free Cash Flow target of 10+% of sales driven by:
  - Top-tier working capital management
  - CAPEX  $\leq$  D & A



## Use of Cash Remains Shareholder Friendly

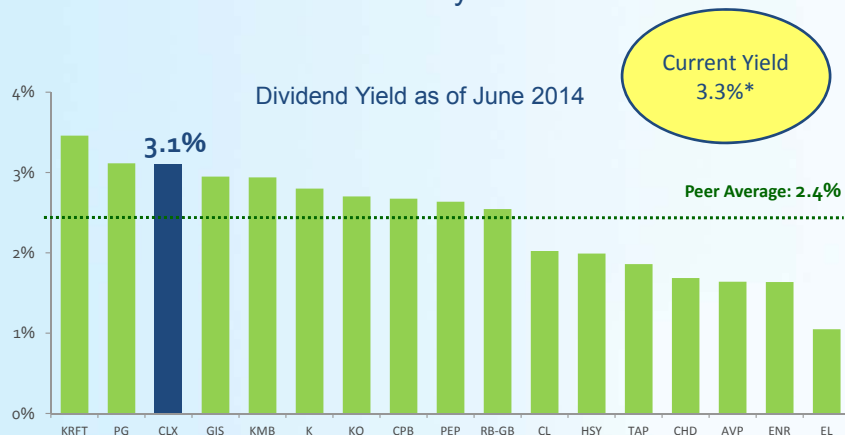
- Business growth (includes targeted M&A)
- Support dividend
- Maintain debt leverage (2.0 to 2.5x Debt/EBITDA)
- Repurchase shares

## M&A: Bolt-on Acquisition Criteria

- Focus on categories with strong tailwinds
  - Healthcare, Natural Personal Care
- #1 (or strong #2) position in a defensible niche of a growing, sustainable category
- Accretive margin to the company average
- Dry powder available
  - Debt/EBITDA is 2.0x (low end of targeted range of 2.0x to 2.5x)
  - Targeting mid-sized companies/brands/technologies

## Healthy Dividend Growth

Dividends have increased each year since 1977

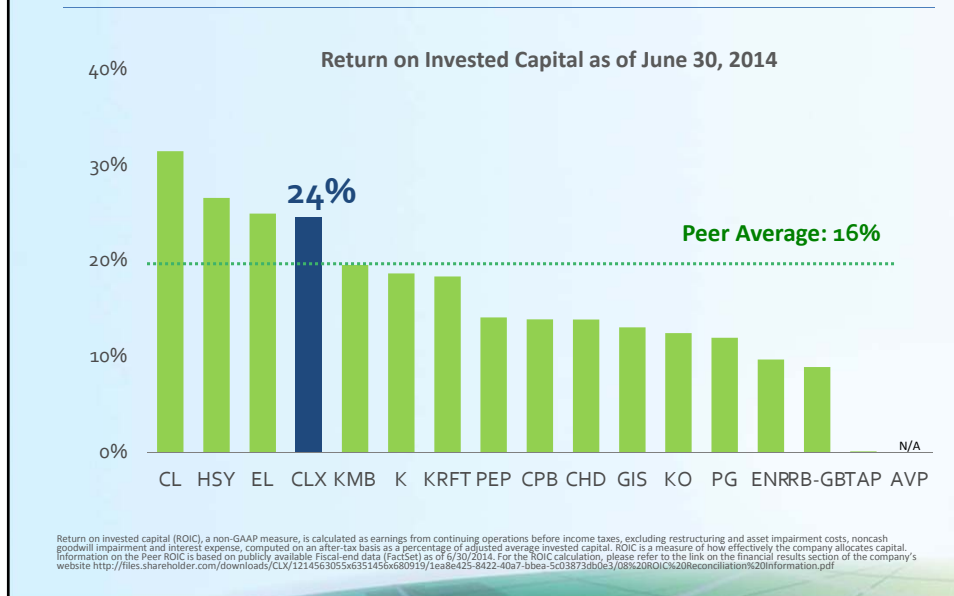


NOTE: Dividend yield is calculated using trailing twelve months dividend per share and closing stock price as of June 30, 2014.  
 \*Current yield calculated using dividend per share of \$2.96/year (after May 2014 increase of 4%) on a \$89.21 stock price (August 22, 2014)

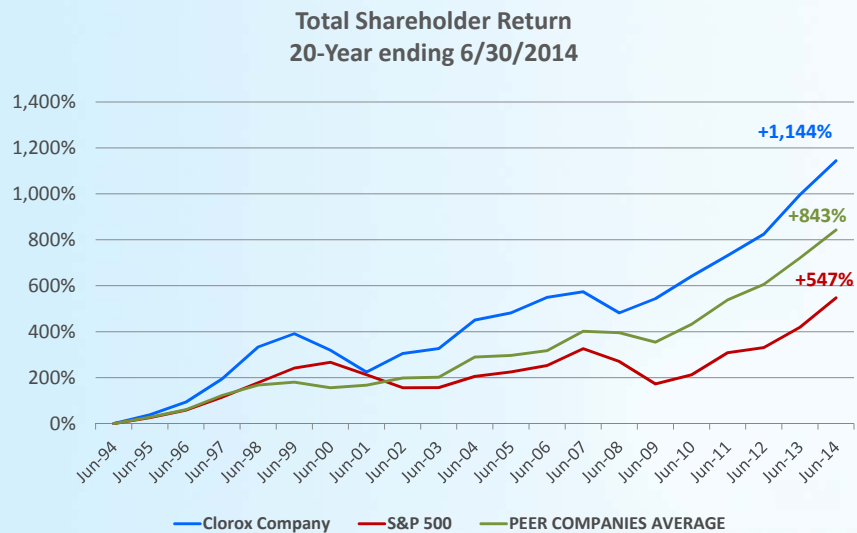
## Long Track Record of Share Repurchases



## Top-Tier ROIC



## Strong Shareholder Return



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# Q&A