

# Accelerating Profitable Growth

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**PROFITABLE  
GROWTH**



# Safe Harbor

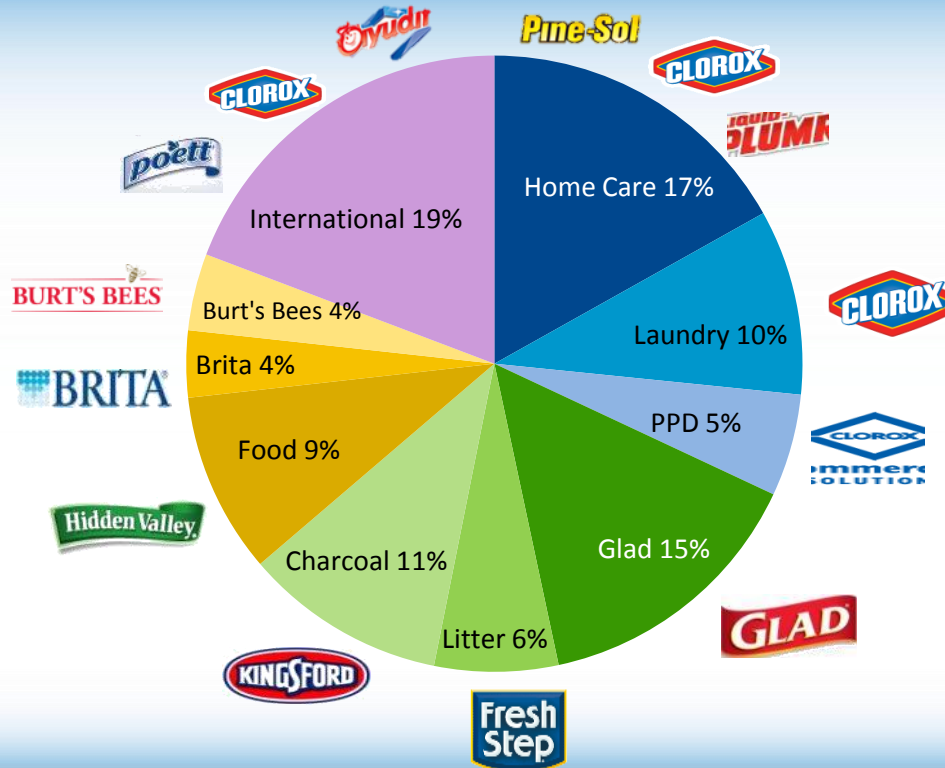
Except for historical information, matters discussed in this presentation, including statements about the success of the Company's future volume, sales, costs, cost savings, earnings, foreign currencies, and foreign currency exchange rates, cash flows, plans, objectives, expectations, growth or profitability, are forward-looking statements based on management's estimates, assumptions and projections. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the Company's most recent Form 10-K filed with the SEC, as updated from time to time in the Company's SEC filings. Those factors include, but are not limited to, risks related to competition in the Company's markets; economic conditions and financial market volatility; the Company's ability to drive sales growth and increase market share; international operations, including price controls, foreign currency fluctuations, labor claims and labor unrest, potential harm and liabilities from use, storage and transportation of chlorine in certain markets and discontinuation of operations in Venezuela; volatility and increases in commodity, energy and other costs; supply disruptions; dependence on key customers; government regulations; political, legal and tax risks; information technology security breaches or cyber attacks; risks relating to acquisitions, new ventures and divestitures; the success of the Company's business strategies and products; product liability claims, labor claims and other legal proceedings; the Company's business reputation; environmental matters; the Company's ability to assert and defend its intellectual property rights; and the impacts of potential stockholder activism.

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.

# Over 80% of Sales Are Generated From Brands With a #1 or #2 Share Position (FY15 Sales: \$5.7B)

International : 19%

Cleaning : 32%

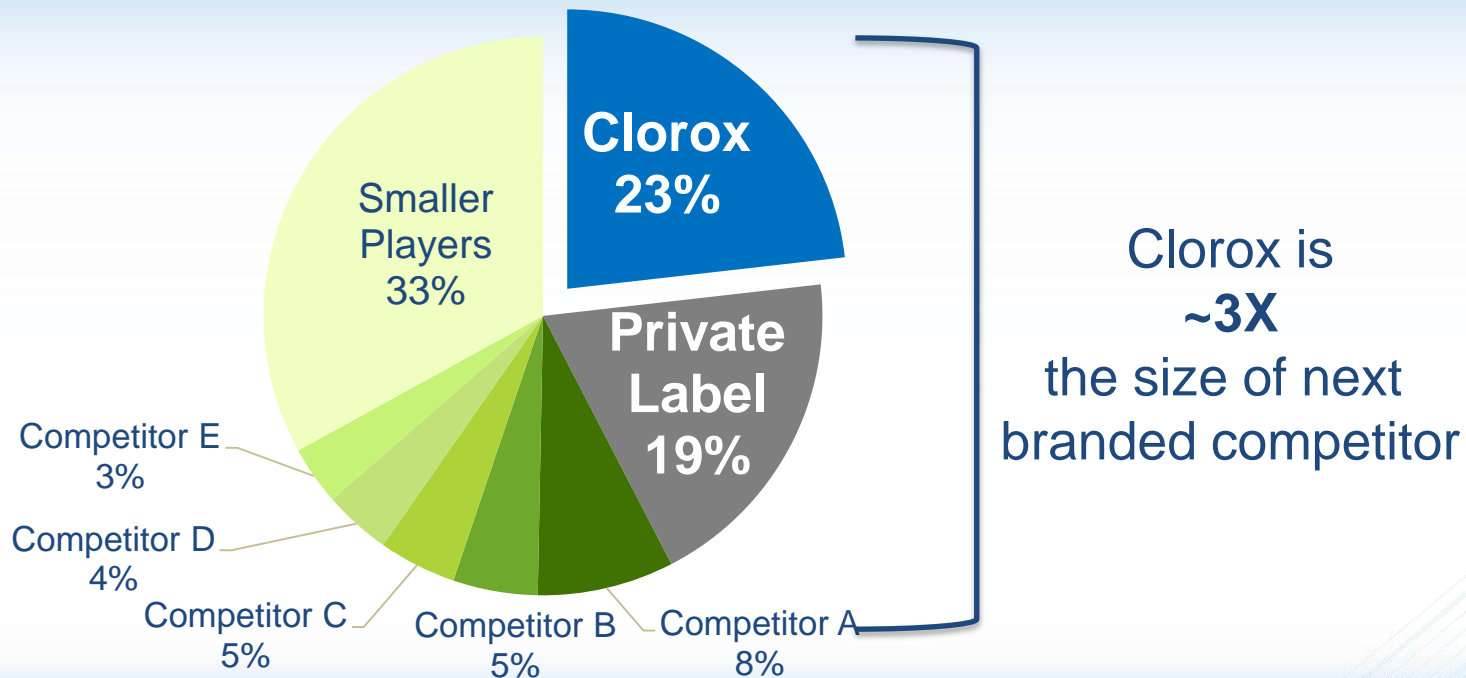


Lifestyle : 17%

Household : 32%

# Advantaged Portfolio

## Big Share Brands in Mid-Sized Categories



Note: Clorox share excludes Kitchen Bouquet, Salad Crispins, Salad Kits, Veggie Kits, LDL, Laundry Detergent, Washing Machine Cleaners, Wash N Dri, Glad Straws, Cooking Bags, Litter Additives & Equipment and Burt's Bees. 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 52 weeks ending 3/20/2016.

# Portfolio with Significant Synergies



(1) As of June 30<sup>th</sup>, 2015, Clorox's S&A/Sales was ~14% vs. peer average of 21% . 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). See Slide 59 for details regarding Peer Group

# Portfolio Supported by Consumer Megatrends

Health & Wellness

Sustainability

**MEGA  
TRENDS**

Fragmentation

Affordability

# 2020 Strategy

## Mission

- We make everyday life better, every day

## Objectives

- Maximize economic profit
- Big-share brands in mid-sized categories and countries

## Strategy

- Engage our people as business owners
- Increase brand investment behind superior value and more targeted 3D plans
- Keep the core healthy and grow into new categories, channels, and existing countries
- Reduce waste in work, products, and supply chain to fund growth

# Long-Term Growth Algorithm Remains Unchanged

## U.S. Domestic

~80% of Clorox Sales  
+2-4% annual growth

**1.5 - 3.0 pts**  
company growth

## International

~20% of Clorox Sales  
+5-7% annual growth

**1.0 - 1.5 pts**  
company growth

**= 3 - 5 pts**  
company growth

**Annual EBIT Margin Improvement: +25 to 50 bps**

**Annual Free Cash Flow: 10% - 12% of Sales**



# Strategy Accelerators → Drive Profitable Growth

3D Technology  
Transformation

3D Innovation

Portfolio  
Momentum

Growth Culture

# Accelerators in Action

Accelerate Investment  
Behind Digital



Consumer Value  
Measure



Innovation:  
Bigger, Faster, Longer



Growth & Fuel Brands



# Investing Behind Growth Tailwinds

## Strategy

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## Strategy Accelerators

- Portfolio Momentum
- 3D Innovation
- 3D Technology Transformation
- Growth Culture

# 1 point of Household Penetration = \$50M+ Sales

## Cleaning Segment



\$22M

## Household Segment



\$20M

## Lifestyle Segment



\$10M

# Portfolio Segmentation

High

*Fuel*

*Growth*



**Profit Margin  
Potential**



**Sales Growth Potential**

Low

High

# New Usage Occasions Drives Penetration

## *New Faces*

New Demographic or Behavioral Group

## *New Spaces*

Consumes Product in a New Way

## *New Places*

New Channel or Location in Store



# Profitable Growth With New Faces, Spaces & Places



Targeted  
Demand Spend



Drive New  
Usage Occasions



Expand Retail  
Distribution

*Margin Enhancement through Operational Excellence*

# Growth With New Faces, Spaces & Places



**Drive  
Trial & Awareness  
on Core**



**Expand into  
Adjacencies**



**International  
Expansion**



# Growth With New Faces, Spaces & Places



**Accelerate  
Ranch**

**Dry  
Expansion**

**Better for You**

**Ethnic  
Enhancers**

# Innovation is a Key Component of the Strategy

## Strategy

- Engage our people as business owners
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- Keep the core healthy and grow into new categories, channels, and existing countries
- Reduce waste in work, products, and supply chain to fund growth

## Strategy Accelerators

- Portfolio Momentum
- 3D Innovation
- 3D Technology Transformation
- Growth Culture

# Broad-based Approach to Innovation

KEEP THE CORE HEALTHY

Product &  
Marketing

Product  
Superiority

GROW MARKET SHARE

EXPAND MARGIN

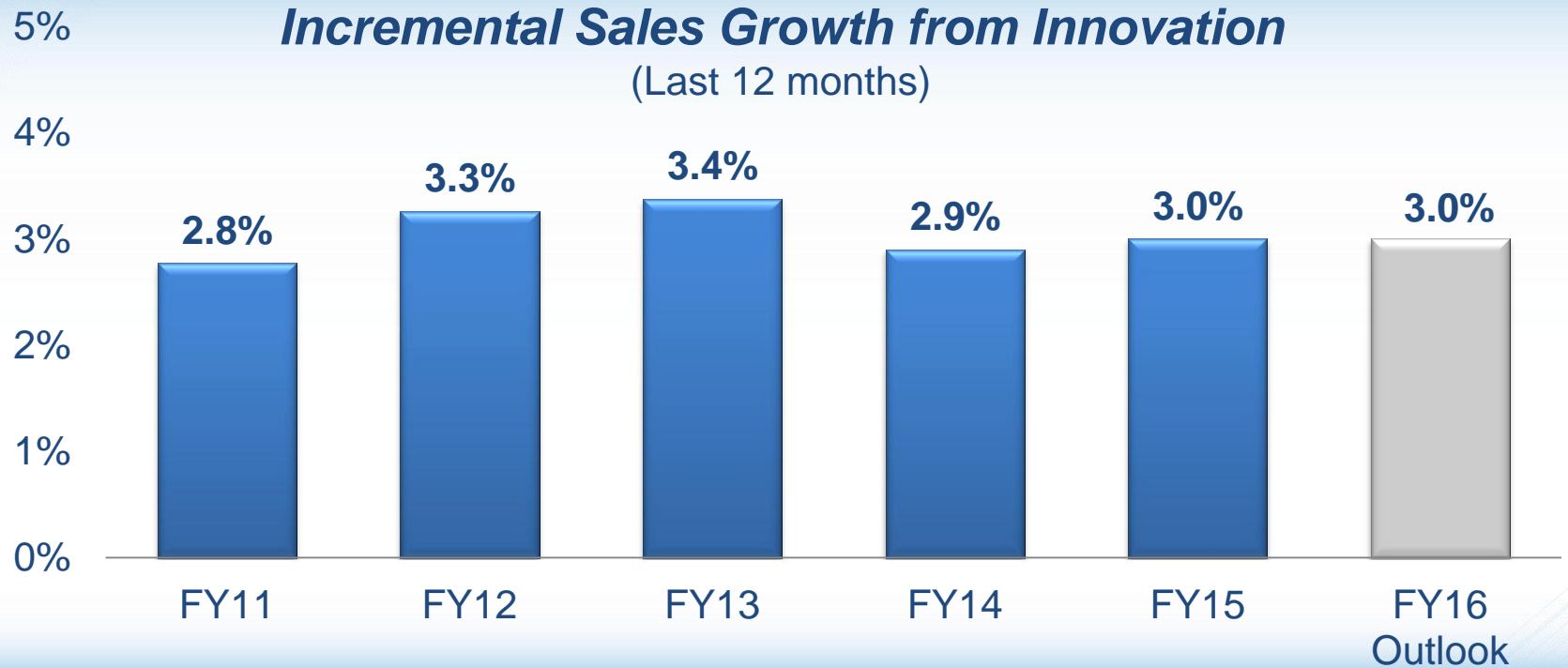
Cost-o-  
vation

New  
Product  
Platforms  
&  
Adjacency  
Expansion

ACCELERATE GROWTH

\*Cost-o-vation is a term used at Clorox that describes innovation that improves product performance at a reduced cost.

# Innovation is Delivering Growth



\*FY16 Outlook is based on May 3rd Sales Growth Update

# Strong Innovation Across Portfolio



Glad Odorshield with Heavy Duty Febreze



Burt's Natural Lipsticks



Clorox Power Gel (International)



Clorox Cleaning Utensils (International)



Fresh Step with Febreze



Bags & Wraps – Disney Licensing



Hidden Valley with Greek Yogurt



Clorox Scrub Singles Decide-a-Size & Heavy Duty

# Generating Long-Term Value From Innovation



**Increase  
Demand  
Investment**



**Optimize the  
3Ds**



**Internal  
3-Year Metric**

# 3-Year Metric to Improve Innovation “Stickiness”



## Internal 3-Year Metric

- Increase year 2 & 3 spending on successful innovation
- Leverage platforms to allow for “Blockbuster” introductions, followed by “Sequels”
- More “Adjust & Nurture” post-launch for slower building innovations

# Faster Time to Market

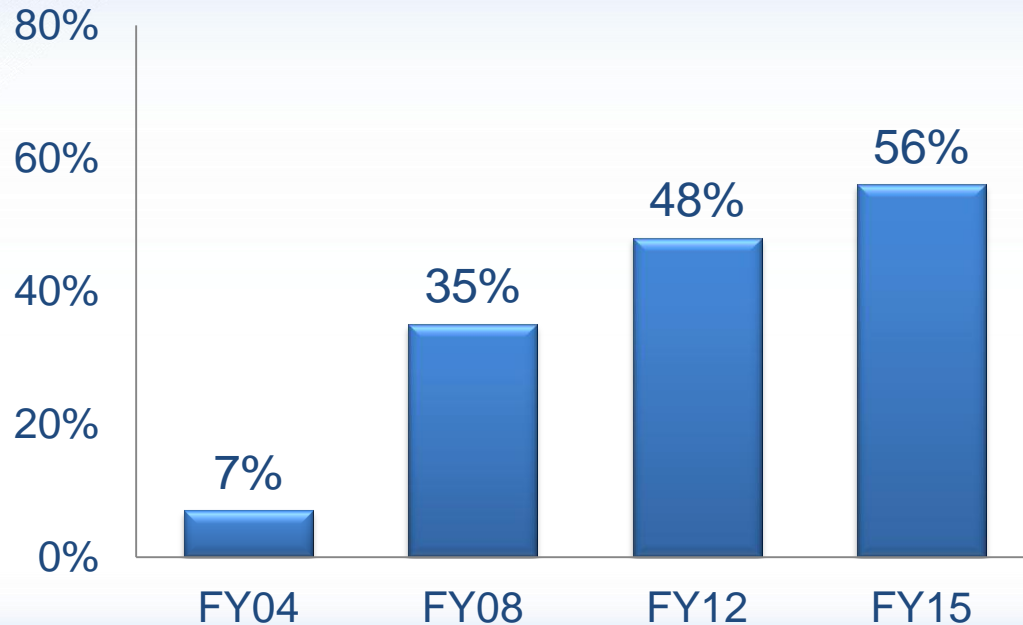
***Goal: Reduce time to market by 50%***

- Accelerate decision making
- Right-sized testing Plans
- Faster, more efficient development process



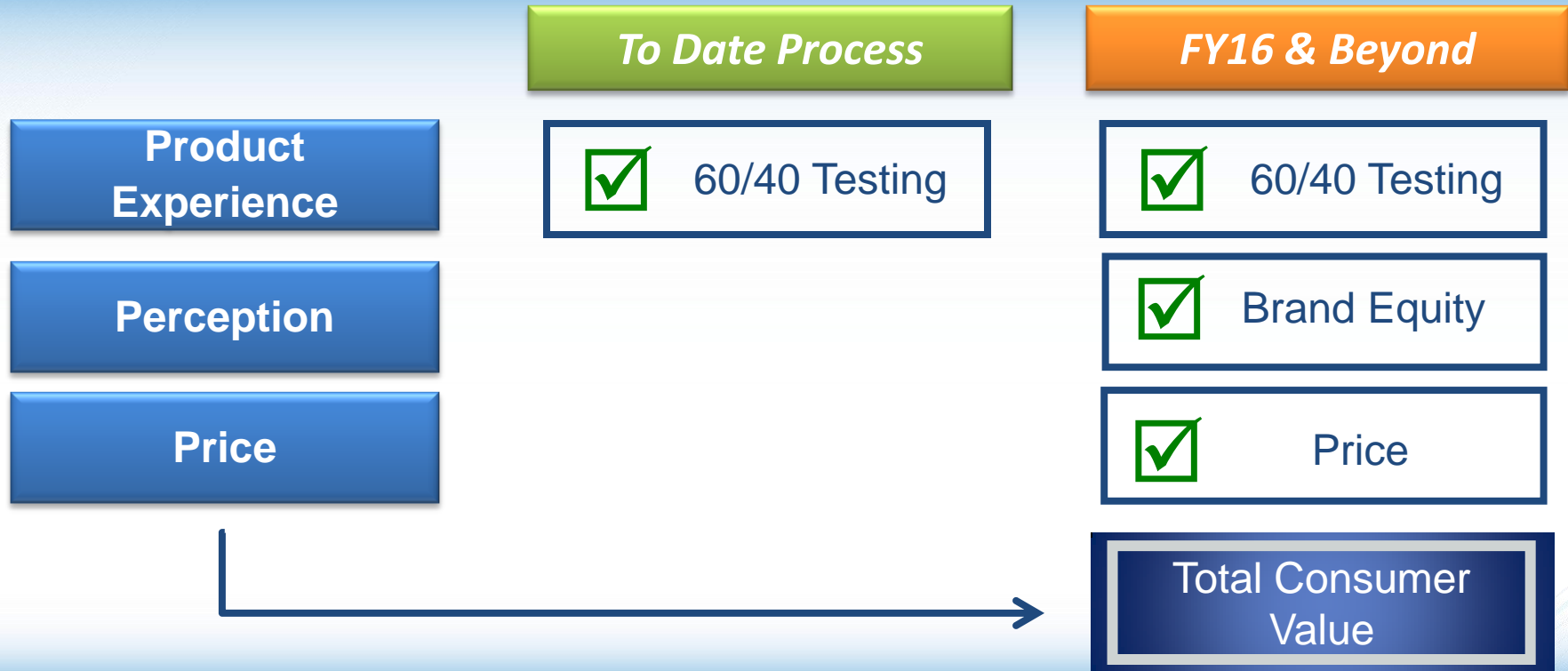


# Building Upon 60:40



> 50% of portfolio has a 60:40 blind preference win vs next strongest competitor

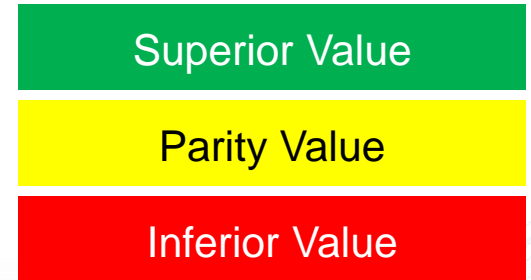
# New Metric: Consumer Value Measure (CVM)



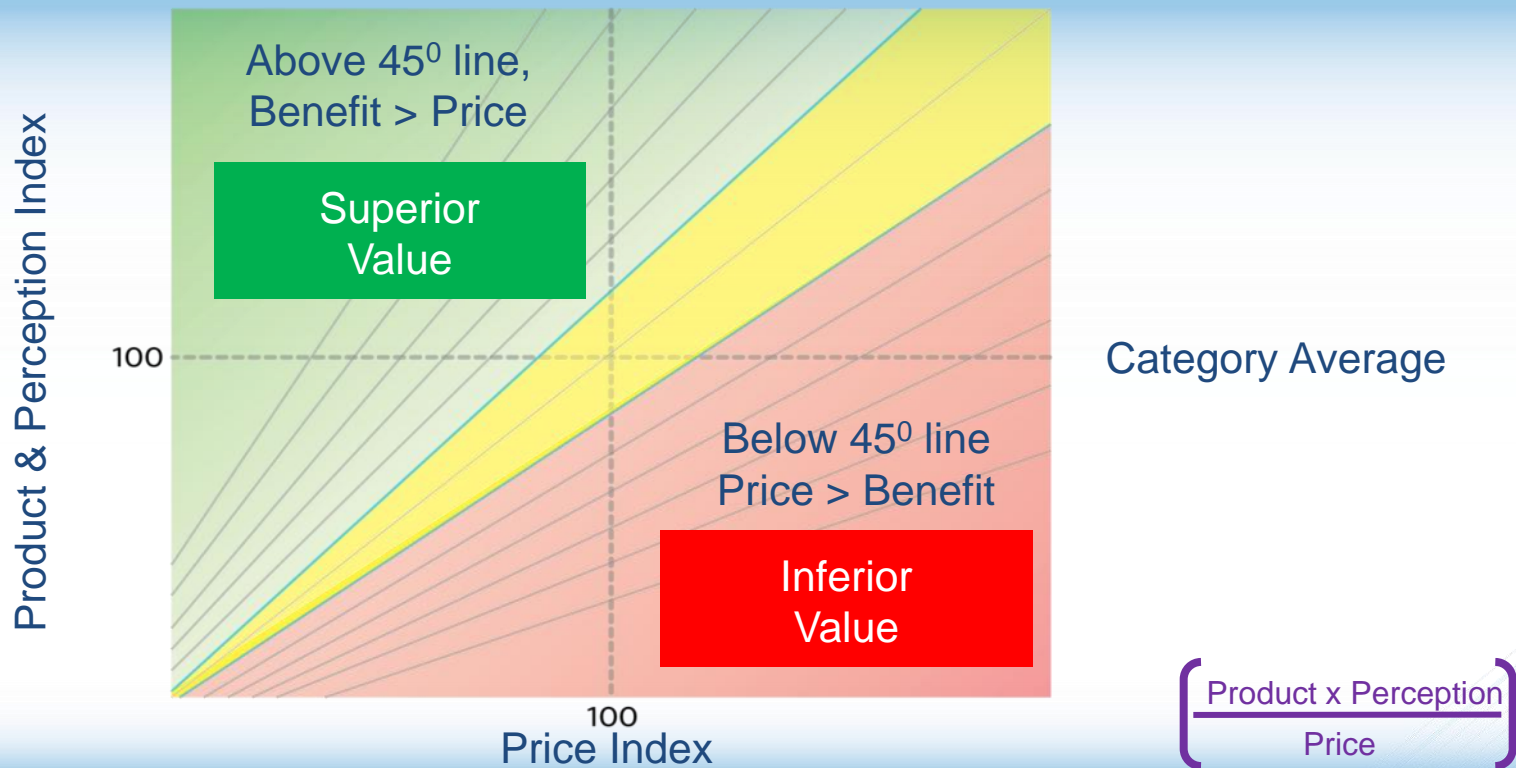
# Consumer Value Measure

$$\left( \frac{\text{Product Experience x Perception}}{\text{Price}} \right) = \text{Total Consumer Value}$$

- Proprietary real-time data
- Correlates to change in market share
- Captures all value drivers



# CVM: How Do We Use It?



# Investments in Technology Will Provide Growth

## Strategy

- Engage our people
- Increase investment behind our brands
- Expand our brands into new categories, channels, and existing countries
- Reduce waste in our work, products, and supply chain to fund growth

## Strategy Accelerators

- Portfolio Momentum
- 3D Innovation
- 3D Technology Transformation
- Growth Culture

# Consumers are Becoming More Fragmented



## Geography

Urban & Rural  
Counties &  
Cities



## Income

Haves vs.  
Have Nots



## Ethnicity

Minority  
Populations



## Generations

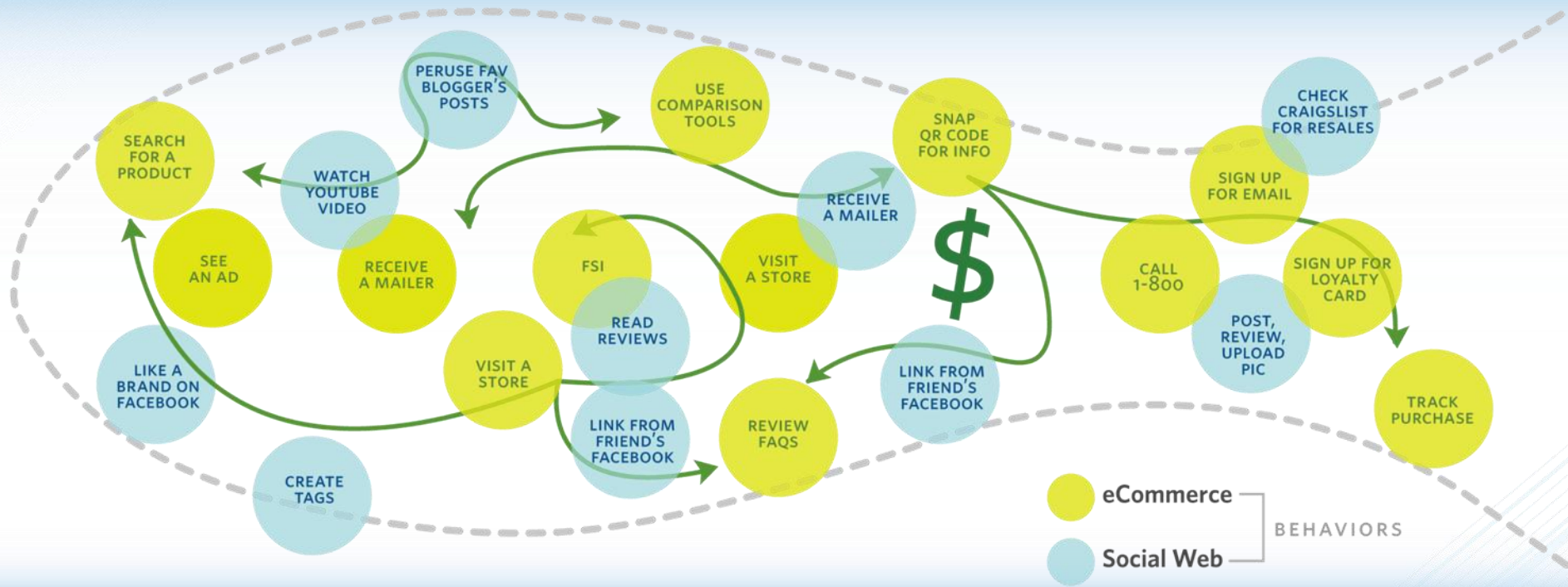
Millennials  
Gen X  
Boomers



## Interests

Fewer Shared  
Experiences

# Technology Reshapes Consumer Journeys



# Our Response

## Driving Consumer Engagement



**More  
Targeted**



**More  
Personal**

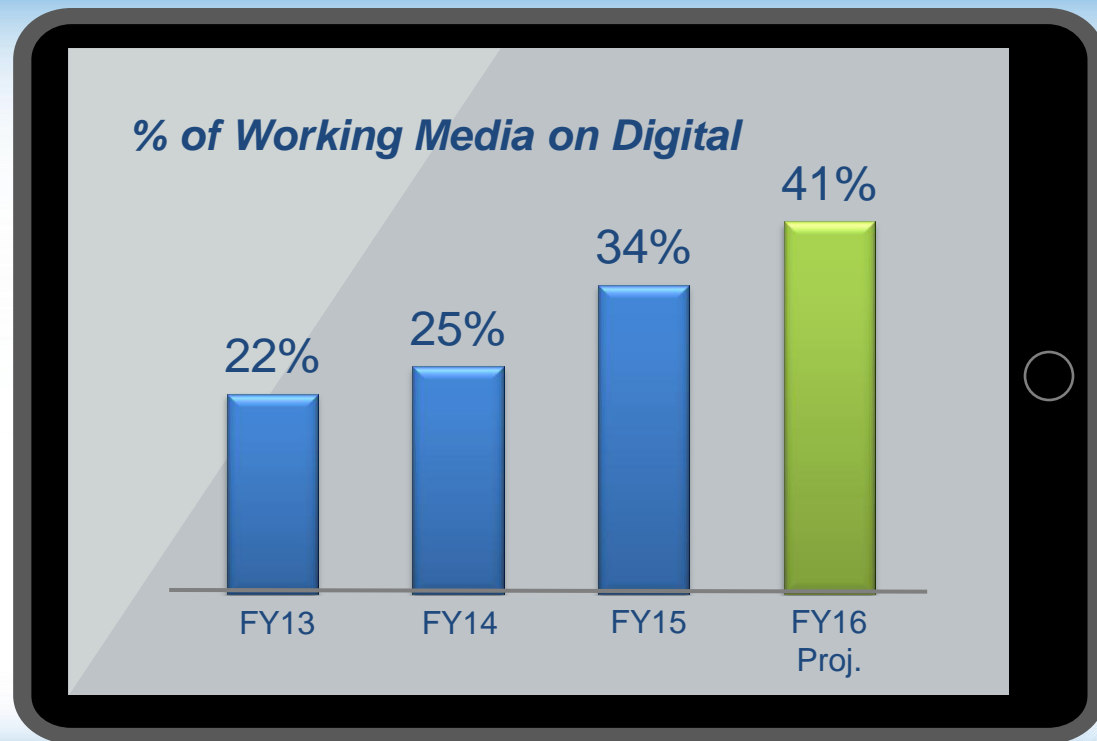


**More  
Real-Time**



# We Are Accelerating Investment in Digital Media

Clorox now  
invests **over 40%**  
of our media in  
digital



# Technology Enables One-to-One Communication



RECIPES

Right Message,

Right Context,

Right Medium



# Digital Improves ROI



Enhanced Targeting



More Personalized



More Real Time Across Channels



# We Leverage Our Location for Innovative Partnerships



# We Have Momentum in eCommerce

**amazon.com**<sup>®</sup>

**STAPLES**<sup>®</sup> Advantage

**Walmart**

**~50% Sales Growth  
(FY15 vs FY13)**



# eCommerce-Enabled Innovation

**amazon.com**<sup>®</sup>



# eCommerce-Enabled Innovation

**amazon.com**<sup>®</sup>

 **BRITA**<sup>®</sup>  
Intelligent Pitcher



# Building a Stronger Growth Culture



## Strategy

- Engage our people as business owners
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## Strategy Accelerators

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# Strong Organizational Culture is a Solid Foundation

Strong Values



People Centric



Operational  
Excellence

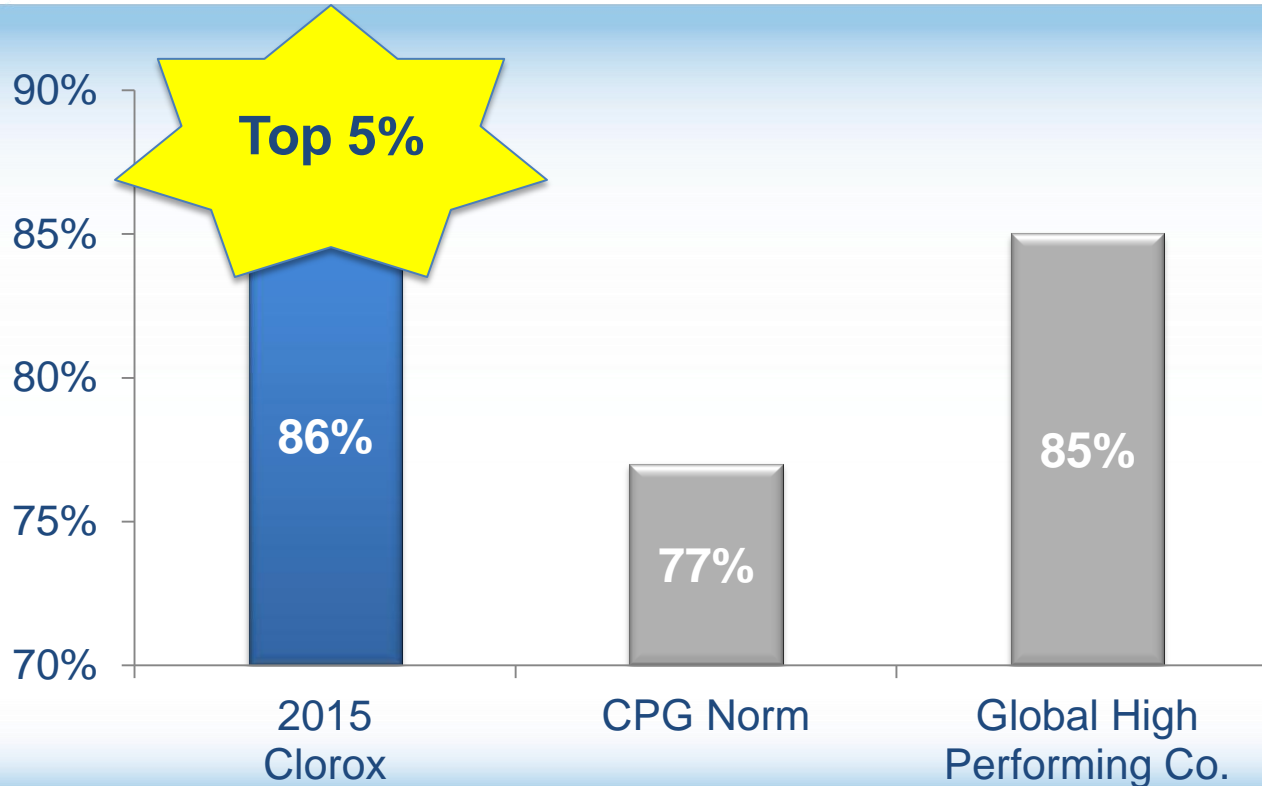


# Broadly Recognized by Reputable Institutions



CLIMATE  
LEADERSHIP  
AWARDS

# Clorox Engagement Exceeds Global Benchmarks



**CPG Norm:** The Towers Watson global fast-moving consumer goods norm is based on responses from more than 126,346 employees from 61 global organizations.

**Global High Performing Companies:** The Towers Watson Global High Performance Norm is comprised of a weighted average of employee survey results. Companies qualify for the norm by meeting two criteria: (a) superior financial performance, defined by a net profit margin and/or return on invested capital that exceeds industry averages; and (b) superior human resource practices, defined by employee opinion scores near the top among the most financially successful companies surveyed by Towers Watson. This norm includes responses from over 145,000 employees at 28 global organizations.

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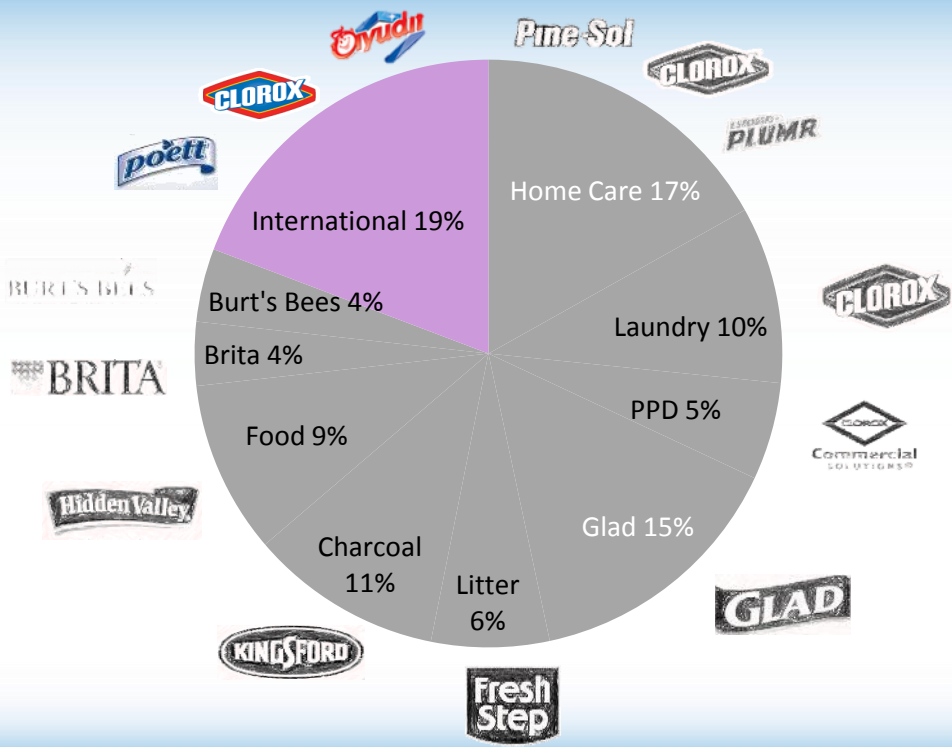
**Annual EBIT Margin Improvement: +25 to 50 bps**

**Annual Free Cash Flow: 10% - 12% of Sales**

# International is a Key Component of our Portfolio

International : 19%

Cleaning : 32%



Lifestyle : 17%

Household : 32%

# Why We Like International



**Leading  
Brands**

**Midsized  
Countries**

**Faster  
Category  
Growth Rates**

**Strong  
Operational  
Performance**

# “Go Lean” Approach



**Pricing  
Maximization**



**Focus on  
Cost Savings**



**Right-Size  
Infrastructure**



**Optimize  
Demand  
Creation**

**4 Pillars of Profitability**

# We Have Strong Leading Brands Across International

## 50 Brands Hold #1 or #2 Market Share



Source: Nielsen Retail Measurement for International geographies except; Aztec for Australia, Horwath for Dominican Republic and IDRetail for Uruguay ending FY15



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# FY16 Outlook<sup>(1)</sup>

Based on May 3<sup>rd</sup> Earnings Call

## Sales

+1% to +2%

- Categories: +1% to +2%
- Innovation: +3pts
- FX: about -3pts
- Trade/Other: Flat

## EBIT Margin

about +50bps

- Gross Margin: about +150bps
- Selling & Admin: about 14% of Sales
- Advertising & Sales Promotion: > 10% of Sales

## Diluted EPS

\$4.85 to \$4.95

(+6% to +8%)

- Tax rate: 34% to 35%

# Renew Life Acquisition

- Purchase Price - \$290M
- 2015 Sales – About \$115M
- Probiotic Sub-Category expected to grow 15% per year
- FY16 Financial Impact
  - EPS dilutive by 3 to 5 cents due to one-time transaction costs which are included in Outlook



# Long-Term Investment Case Remains Solid

- FX headwinds likely to lessen over the long-term
- Investing behind our brands to grow categories and share
- Solid pipeline of innovation and cost savings, including SG&A
- Free cash flow: 10% to 12% of Sales

# Cost Savings Continue to Deliver

## *EBIT Margin Benefit from Cost Savings*

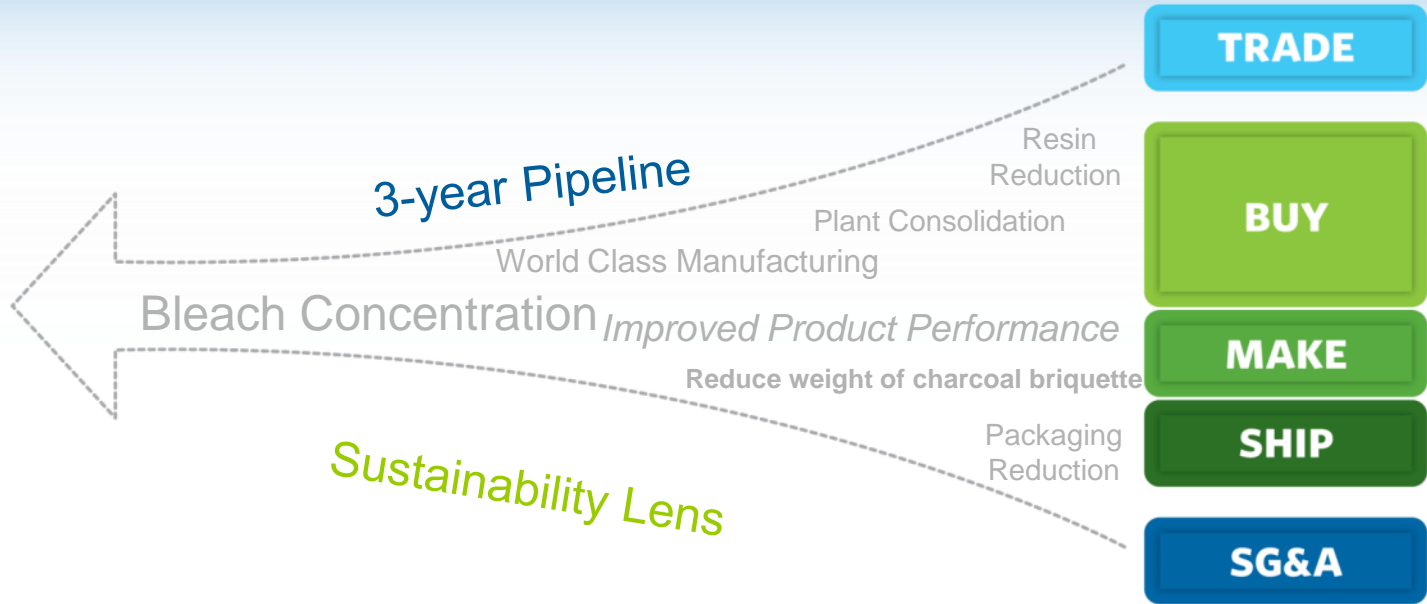


# Strong Pipeline of Cost Savings

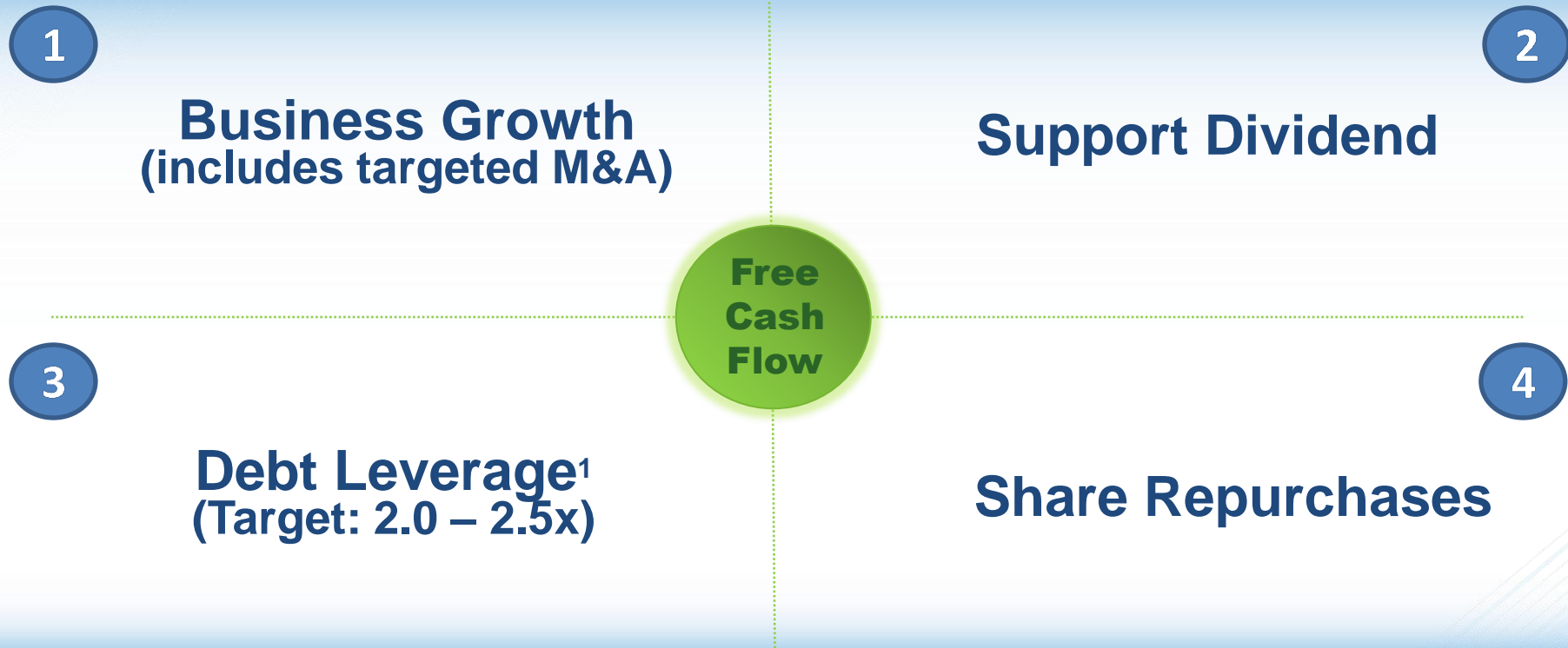
~2% Efficiency



Every Year



# Use of Cash Priorities

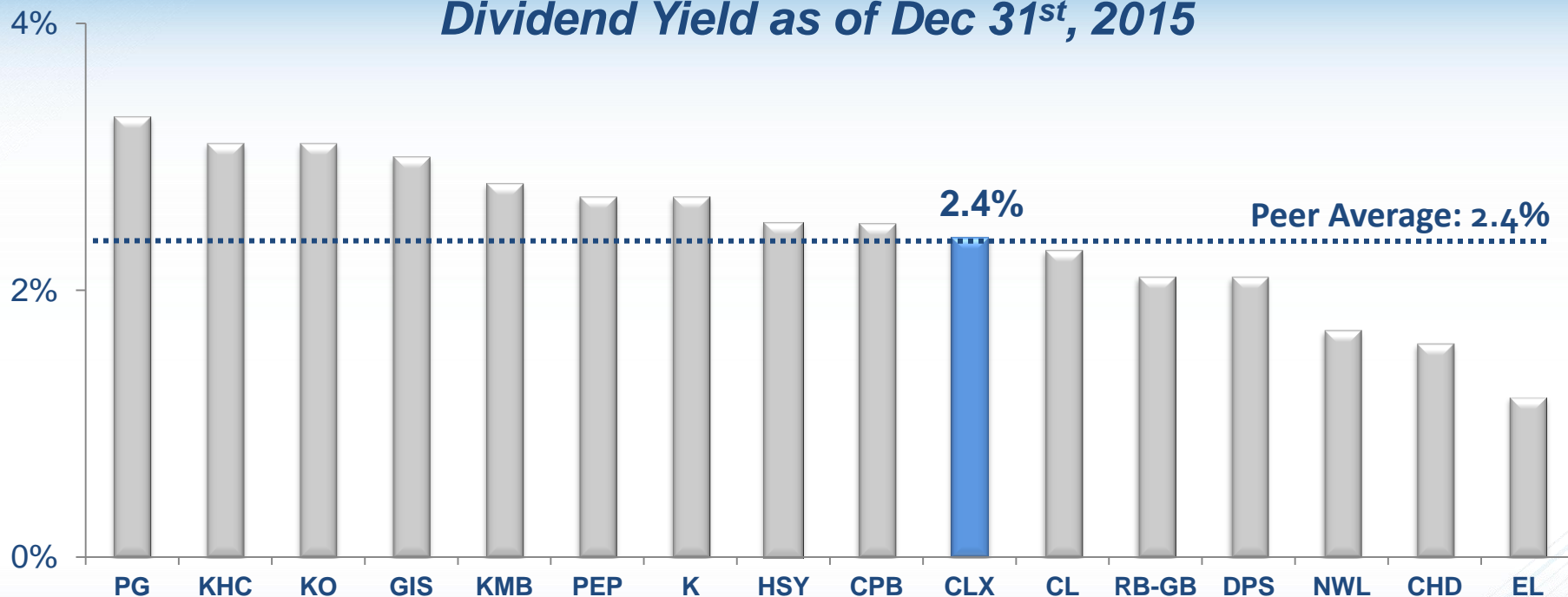


1. Debt Leverage = Gross Debt / EBITDA

# Healthy Dividend Growth...

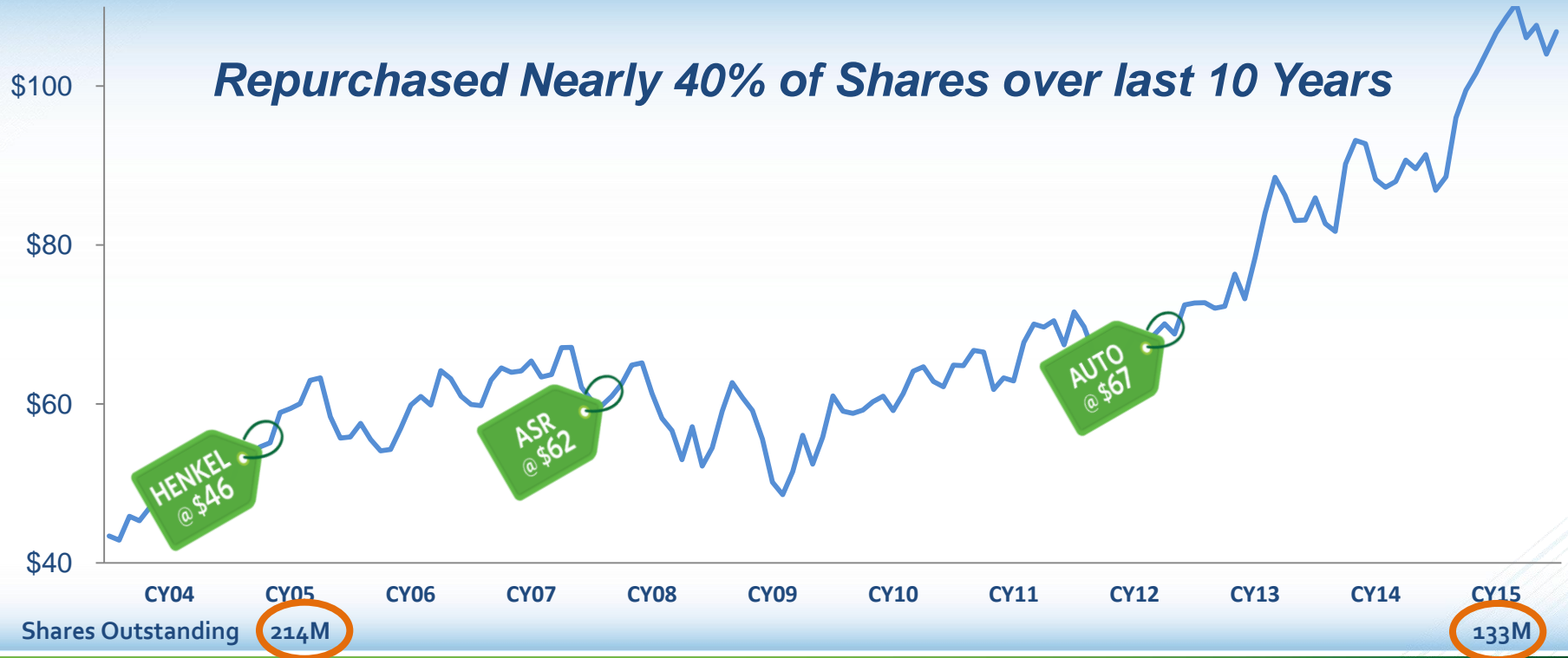
Dividends Have Increased Each Year Since 1977

*Dividend Yield as of Dec 31<sup>st</sup>, 2015*



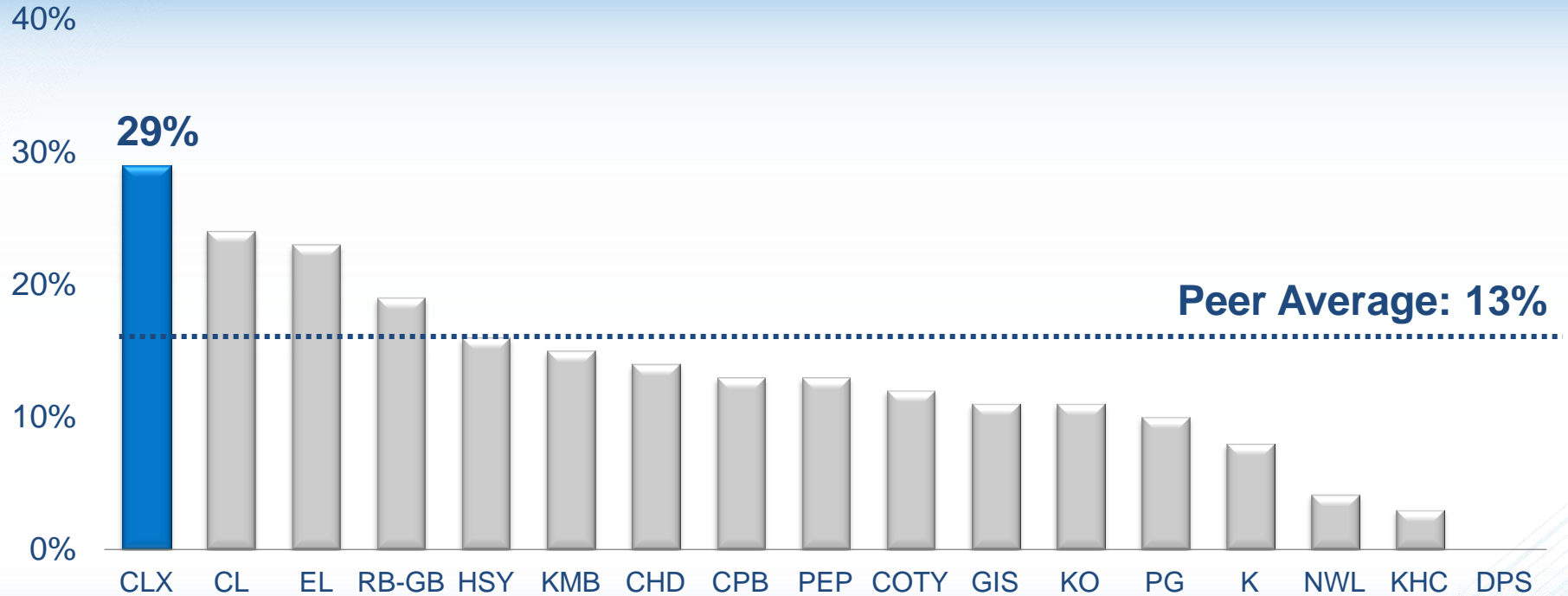


# ...and Long Track Record of Share Repurchases



Shares Outstanding are as of June 30<sup>th</sup>, 2015

# Top-Tier ROIC



Return on invested capital (ROIC), a non-GAAP measure, is calculated as earnings from continuing operations before income taxes and interest expense, computed on an after-tax basis as a percentage of average invested capital. Average invested capital represents a five quarter average of total assets less non-interest bearing liabilities. ROIC is a measure of how effectively the company allocates capital. Information on the Peer ROIC is based on publicly available Fiscal-end data (FactSet) as of 12/31/2015.

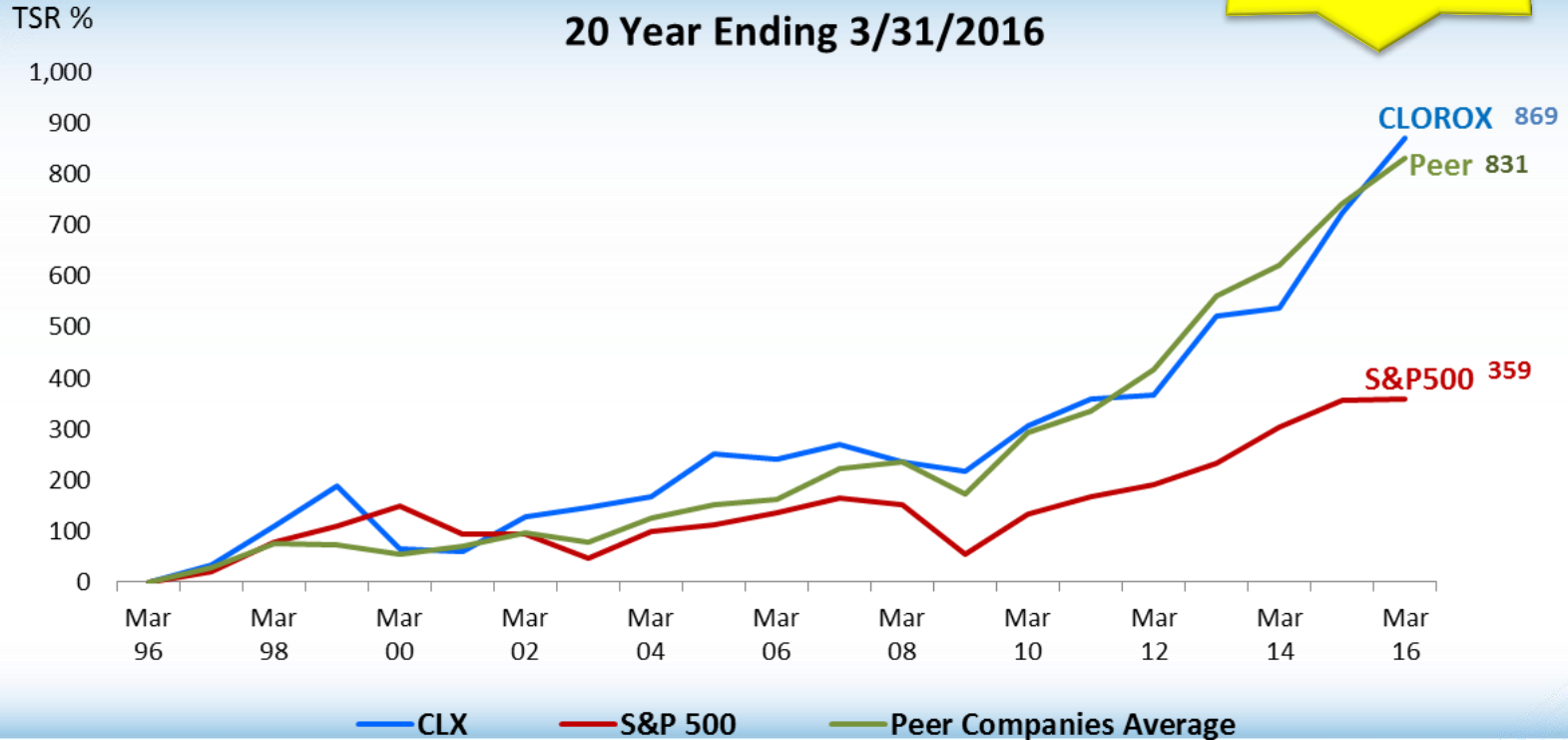
# Opportunities Exist Within SG&A



# Strong Shareholder Return

Over 2x the  
S&P 500!

Total Shareholder Return  
20 Year Ending 3/31/2016



# Appendix

# Key Credit Metrics

\$ in B	FY11	FY12	FY13	FY14	FY15
EBITDA	\$1.1	\$1.1	\$1.2	\$1.1	\$1.2
Total Debt / EBITDA	2.2x	2.5x	2.1x	2.0x	1.8x
EBITDA Interest Coverage	9.3x	8.7x	9.5x	11.3x	11.9x
EBIT / Interest	7.9x	7.3x	8.0x	9.6x	10.2x
Free Cash Flow / Debt	18%	16%	25%	28%	33%
FCF after Dividends / Debt	6%	4%	10%	12%	15%
FCF as % of sales	9%	8%	10%	12%	13%
FCF after Dividends as % of Sales	3%	2%	4%	5%	6%
Long Term Credit Ratings	BBB+ /Baa1	BBB+ /Baa1	BBB+ /Baa1	BBB+/Baa1	BBB+/Baa1
CP Ratings	A-2/P-2	A-2/P-2	A-2/P-2	A-2/P-2	A-2/P-2

Note: In Q1 FY11, the Company reclassified its Auto Care businesses to Discontinued Operations. In Q2 FY11, the Company took a noncash impairment charge related to its Burt's Bees business. For purposes of EBIT and EBITDA calculation exclude gain from sale of Auto business and asset impairment charge. The figures above do NOT reflect the reclassification of Clorox Venezuela to discontinued operations on Sept. 22, 2014.

# Sales Growth Reconciliation

## *Third-Quarter & FYTD Sales Growth Reconciliation*

	<u>Q3 Fiscal 2016</u>	<u>Q3 Fiscal 2015</u>	<u>Q3 FYTD Fiscal 2016</u>	<u>Q3 FYTD Fiscal 2015</u>
Total Sales Growth – GAAP	1.8%	2.6%	1.5%	2.0%
Less: Foreign exchange	<u>-3.3%</u>	<u>-2.0%</u>	<u>-3.0%</u>	<u>-2.3%</u>
Currency Neutral Sales Growth -Non-GAAP	<u>5.1%</u>	<u>4.6%</u>	<u>4.5%</u>	<u>4.3%</u>

# Gross Margin Reconciliation

Driver	Gross Margin Change vs. Prior Year (basis points)							
	FY15					FY16		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Cost Savings	+120	+130	+170	+160	+140	+140	+130	+120
Price Changes	+90	+100	+140	+110	+110	+110	+110	+100
Market Movement (commodities)	-40	-90	-	+100	-	+100	+180	+180
Manufacturing & Logistics	-170	-90	-120	-80	-110	-120	-150	-150
All other	-70	-40	-80	-20	-50	-10	-60	-40
<b>Change vs prior year</b>	<b>-70</b>	<b>+10</b>	<b>+110</b>	<b>+270</b>	<b>+90</b>	<b>+220</b>	<b>+210</b>	<b>+210</b>
<i>Gross Margin (%)</i>	<i>42.8%</i>	<i>42.5%</i>	<i>43.2%</i>	<i>45.6%</i>	<i>43.6%</i>	<i>45.0%</i>	<i>44.6%</i>	<i>45.3%</i>



# Reportable Segments (Unaudited)

*Dollars in Millions*

	Net sales		
	Three Months Ended		
	3/31/2016	3/31/2015	% Change <sup>(1)</sup>
Cleaning	\$ 465	\$ 442	5%
Household	467	451	4%
Lifestyle	254	243	5%
International	240	265	-9%
Corporate	-	-	0%
<b>Total</b>	<b>\$ 1,426</b>	<b>\$ 1,401</b>	<b>2%</b>

	Net sales		
	Nine Months Ended		
	3/31/2016	3/31/2015	% Change <sup>(1)</sup>
Cleaning	\$ 1,419	\$ 1,359	4%
Household	1,253	1,214	3%
Lifestyle	736	705	4%
International	753	820	-8%
Corporate	-	-	0%
<b>Total</b>	<b>\$ 4,161</b>	<b>\$ 4,098</b>	<b>2%</b>

	Earnings (losses) from continuing operations before income taxes		
	Three Months Ended		
	3/31/2016	3/31/2015	% Change <sup>(1)</sup>
Cleaning	\$ 122	\$ 100	22%
Household	113	102	11%
Lifestyle	70	71	-1%
International	11	17	-35%
Corporate	(79)	(73)	8%
<b>Total</b>	<b>\$ 237</b>	<b>\$ 217</b>	<b>9%</b>

	Earnings (losses) from continuing operations before income taxes		
	Nine Months Ended		
	3/31/2016	3/31/2015	% Change <sup>(1)</sup>
Cleaning	\$ 394	\$ 331	19%
Household	262	205	28%
Lifestyle	201	200	1%
International	65	67	-3%
Corporate	(191)	(171)	12%
<b>Total</b>	<b>\$ 731</b>	<b>\$ 632</b>	<b>16%</b>

(1) Percentages based on rounded numbers.

# EBIT and EBITDA (Unaudited)

*Dollars in Millions*

	FY 2015					FY 2016		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
	9/30/14	12/31/14	3/31/15	6/30/15	6/30/15	9/30/15	12/31/15	3/31/16
<b>Earnings from continuing operations before income taxes</b>	\$218	\$197	\$217	\$289	\$921	\$264	\$230	\$237
Interest income	-\$1	-\$1	-\$1	-\$1	-\$4	-\$1	-\$2	-\$1
Interest expense	\$26	\$26	\$25	\$23	\$100	\$23	\$22	\$22
<b>EBIT <sup>(1)(3)</sup></b>	<b>\$243</b>	<b>\$222</b>	<b>\$241</b>	<b>\$311</b>	<b>\$1,017</b>	<b>\$286</b>	<b>\$250</b>	<b>\$258</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	18.0%	16.5%	17.2%	20.0%	18.0%	20.6%	18.6%	18.1%
Depreciation and amortization	\$43	\$42	\$41	\$43	\$169	\$41	\$41	\$40
<b>EBITDA <sup>(2)(3)</sup></b>	<b>\$286</b>	<b>\$264</b>	<b>\$282</b>	<b>\$354</b>	<b>\$1,186</b>	<b>\$327</b>	<b>\$291</b>	<b>\$298</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	21.2%	19.6%	20.1%	22.7%	21.0%	23.5%	21.6%	20.9%
Net sales	\$1,352	\$1,345	\$1,401	\$1,557	\$5,655	\$1,390	\$1,345	\$1,426
Total debt <sup>(4)</sup>	\$2,224	\$2,672	\$2,166	\$2,191	\$2,191	\$2,227	\$2,296	\$2,228
<b>Debt to EBITDA <sup>(3)(5)</sup></b>	<b>1.9</b>	<b>2.3</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>

# EBIT and EBITDA (Unaudited)

- (1) EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income and interest expense, as reported above. EBIT margin is the ratio of EBIT to net sales.
- (2) EBITDA (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income, interest expense, depreciation and amortization, as reported above. EBITDA margin is the ratio of EBITDA to net sales.
- (3) In accordance with the SEC's Regulation G, this schedule provides the definition of certain non-GAAP measures and the reconciliation to the most closely related GAAP measure. Management believes the presentation of EBIT, EBIT margin, EBITDA, EBITDA margin and debt to EBITDA provides additional useful information to investors about current trends in the business.
- (4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt, and long-term debt.
- (5) Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters.