



# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

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ANALYST DAY 2015

# Benno Dorer

Chief Executive Officer



# Key Messages

- **Staying on Strategy 2020** as it is producing strong shareholder returns
- **Investments in profitable growth** are beginning to show **positive results**
- **Strategy 2020 Accelerators** and continued **strong execution** to make accelerated **growth sustainable**

# Agenda for the Day

Strategy 2020 Update & Accelerators..... 9:00am - 10:30am

Break..... 10:30am - 10:50am

Profitable Growth Execution..... 10:50am - Noon

Lunch/Q&A..... Noon - 1:00pm

# Clorox Presenters

	<ul style="list-style-type: none"><li>• Strategy 2020 Update</li></ul>	Benno Dorer
Acceleration	<ul style="list-style-type: none"><li>• Portfolio Momentum</li><li>• 3D Innovation</li><li>• 3D Technology Transformation</li><li>• Growth Culture</li></ul>	Nick Vlahos Denise Garner Eric Reynolds Benno Dorer
Execution	<ul style="list-style-type: none"><li>• Winning With Retailers</li><li>• Innovation Behind Value</li><li>• Creating Value in International</li></ul>	Matt Laszlo Dawn Willoughby & Nick Vlahos Dawn Willoughby
	<ul style="list-style-type: none"><li>• Financial Update</li></ul>	Steve Robb
	<ul style="list-style-type: none"><li>• Closing</li></ul>	Benno Dorer

# Other Clorox Management in Attendance

James Foster	EVP – Product Supply, Enterprise Performance, & IT
Jacqueline Kane	EVP – Human Resources & Corporate Affairs
Laura Stein	EVP – General Counsel
Jon Balousek	SVP & General Manager – Household & Lifestyle
Manjit Singh	SVP – Chief Information Officer

# Other Clorox Management in Attendance

Kathryn Caulfield	VP – Corporate Communications & Responsibility
Chip Conradi	VP – Tax & Treasury
Kevin Jacobsen	VP – Financial Planning and Analysis
Steve Austenfeld	VP – Investor Relations
Landon Dunn	Sr. Manager – Investor Relations

# Clorox Board of Directors in Attendance

Dr. Richard Carmona

Vice Chairman, Canyon Ranch and 17th Surgeon General of the United States

Jeffrey Noddle

Retired Executive Chairman, SuperValu Inc.

Pamela Thomas-Graham

Chief Marketing & Talent Officer – Head of Banking and Wealth Management New Markets, Credit Suisse



# Safe Harbor

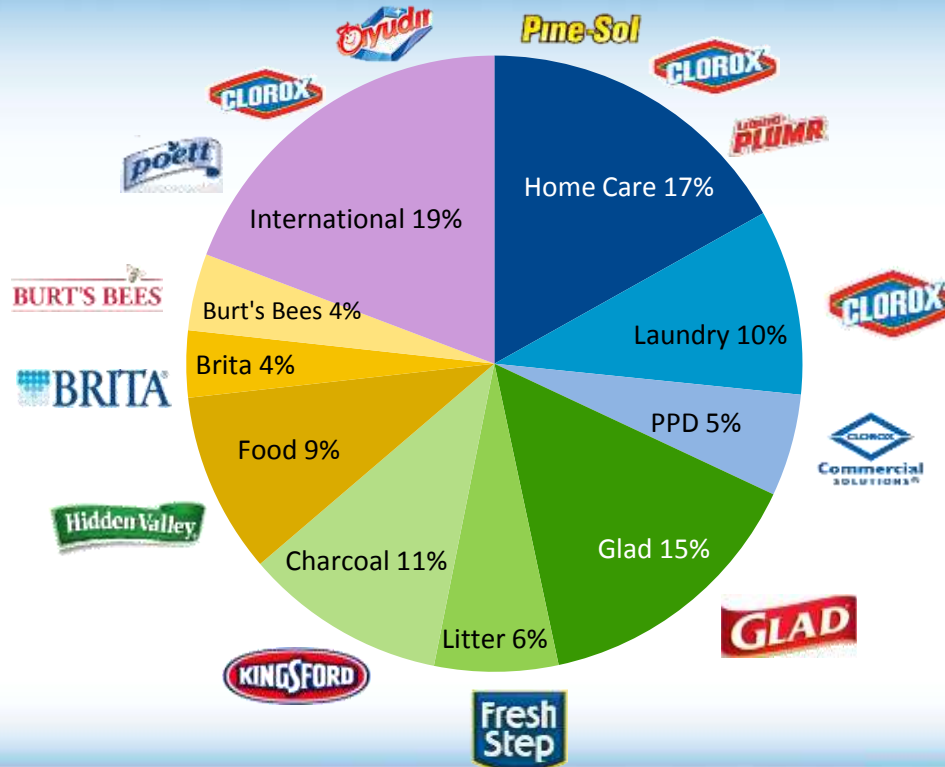
Except for historical information, matters discussed in this presentation, including statements about the success of the Company's future volume, sales, costs, cost savings, earnings, foreign currencies, and foreign currency exchange rates, cash flows, plans, objectives, expectations, growth or profitability, 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%

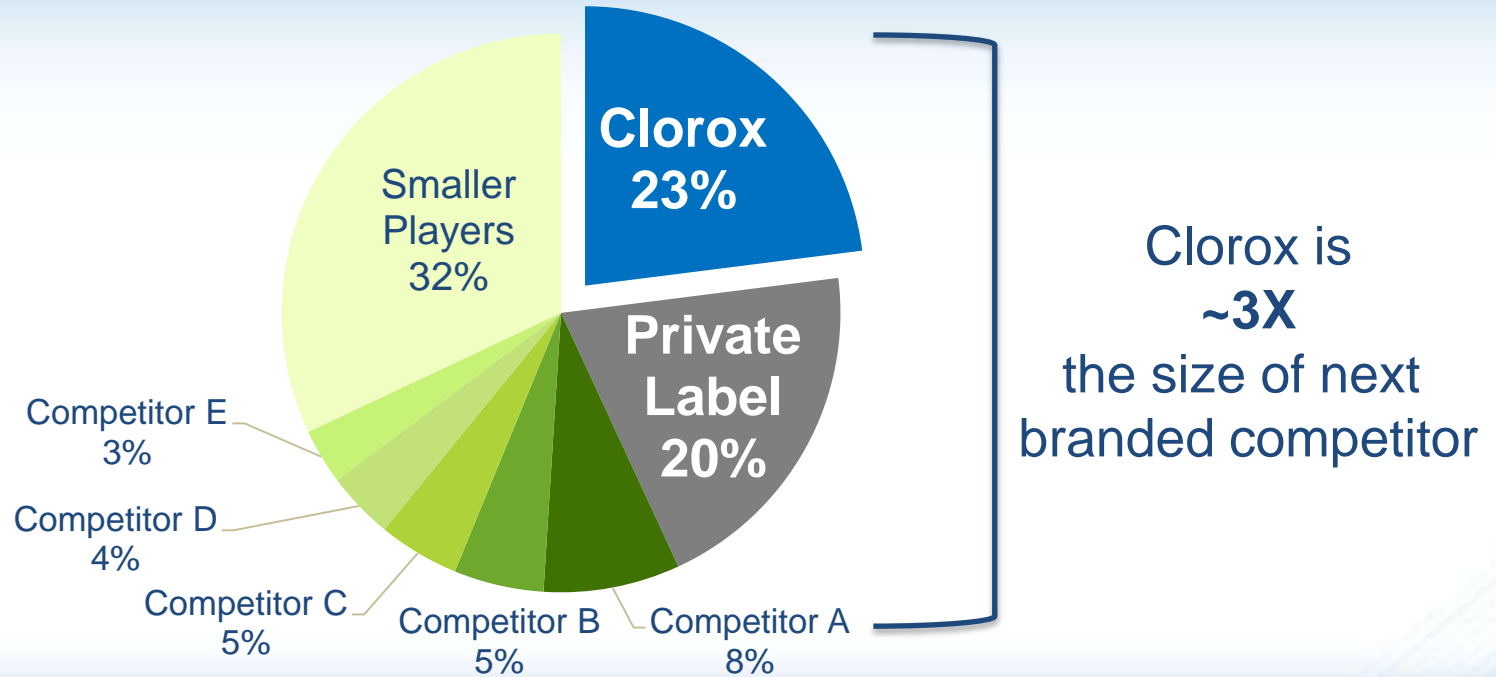


Lifestyle : 17%

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 6/21/2015.

# 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). Peer group consists of CHD, CL, PG, ENR, CPB, GIS, HSY, K, KRFT, KO, PEP, TAP, AVP, EL, KMB, RB-GB. See Slide 184 for details.

# Portfolio Supported by Consumer Megatrends

Health & Wellness

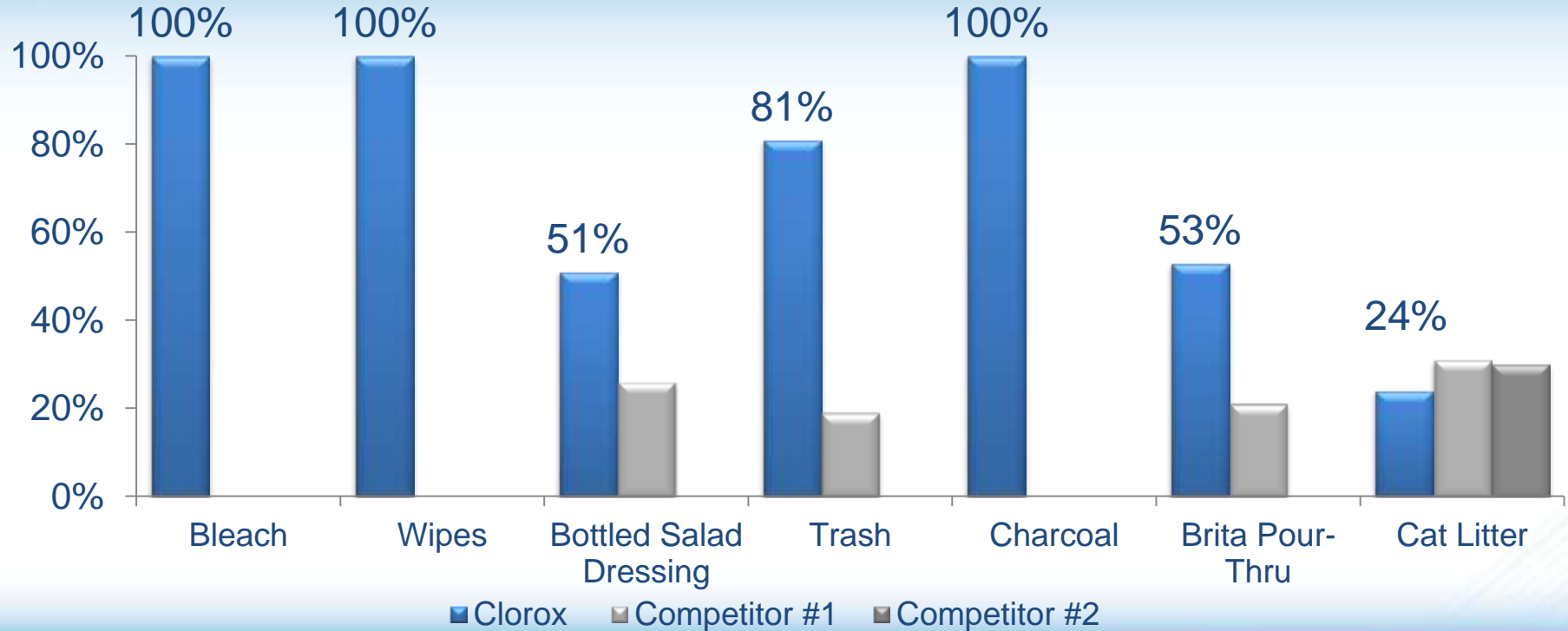
Sustainability

**MEGA  
TRENDS**

Fragmentation

Affordability

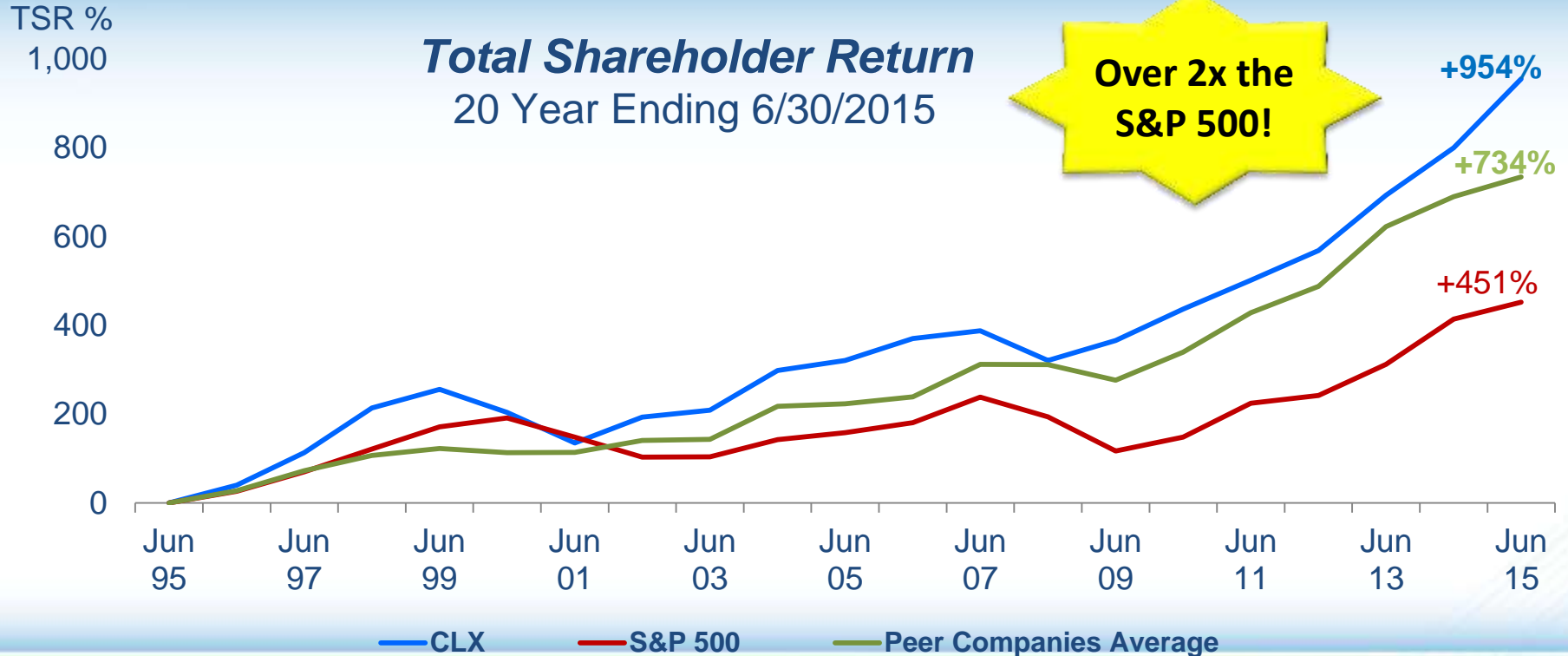
# #1 Share of Voice Across Most Categories



# Strong Shareholder Return

**Total Shareholder Return**  
20 Year Ending 6/30/2015

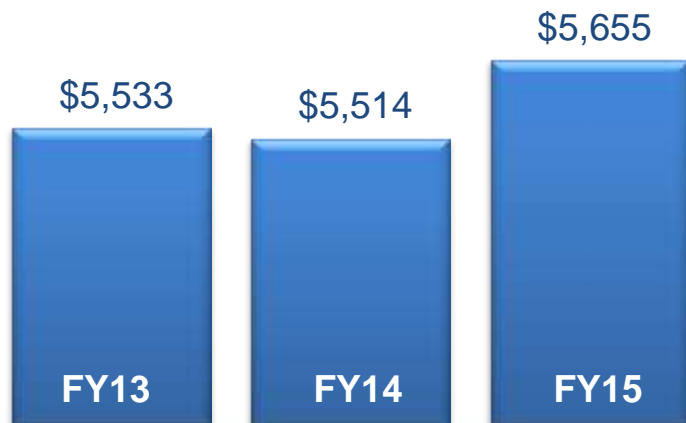
**Over 2x the  
S&P 500!**



# We Have Delivered a Strong FY15

**FY15**

+3% Sales Growth  
(+5% Currency Neutral)



**FY15**

+4% EPS Growth





# FY15 Success Factors



**Focus on Core**

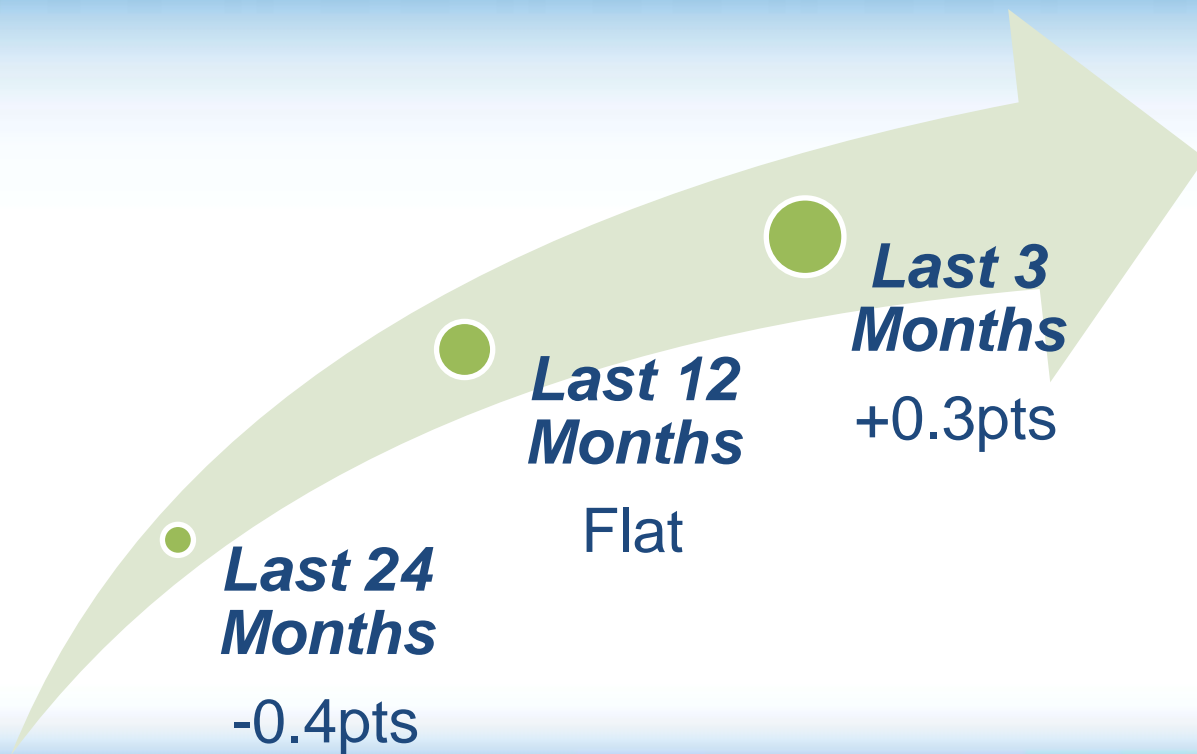


**Increased  
Demand  
Investment**



**Investments in  
Innovation**

# Market Share is Responding



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 13 wk, 52 wk, and 24 mo ending 6/21/2015.

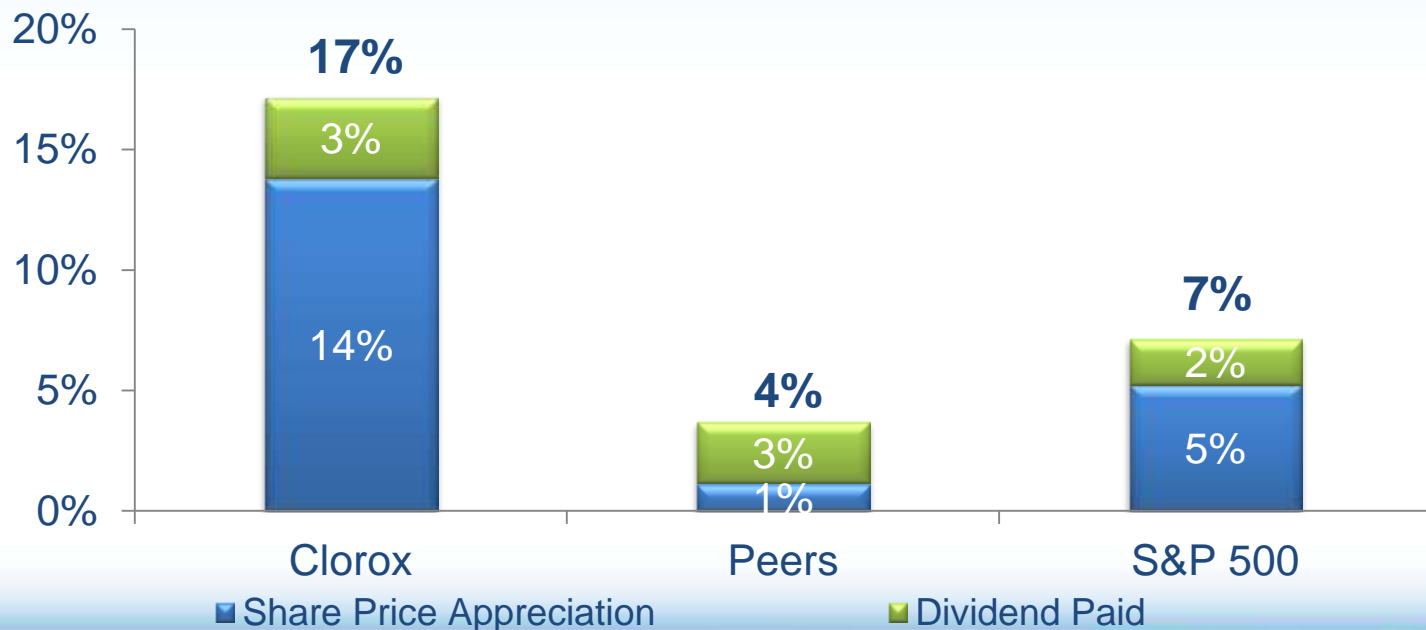
ANALYST DAY 2015



# Strong Results Are Recognized by Shareholders

## *Total Shareholder Return*

1 Year Ending 6/30/15



# Leading Through Strategic Change in CPG



**Digital  
Revolution**



**Consumer  
Focus on Value**



**Challenging  
Retail  
Environment**



**International  
Headwinds**

# 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





# Nick Vlahos

Chief Operating Officer

*Household, Lifestyle & Core Global Functions*



# Investing Behind Growth Tailwinds



## 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
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## Strategy Accelerators

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

# Key Messages

- Clorox will invest differentially behind our **Growth Brands**
- **Fuel Brands** will grow more profitably to support growth
- Increase demand investment to **grow Household Penetration**



Portfolio  
Momentum

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

## Cleaning Segment



\$22M

## Household Segment



\$20M

## Lifestyle Segment



\$10M

# 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



# Portfolio Segmentation

High

*Fuel*

*Growth*

Profit Margin Potential



Sales Growth Potential

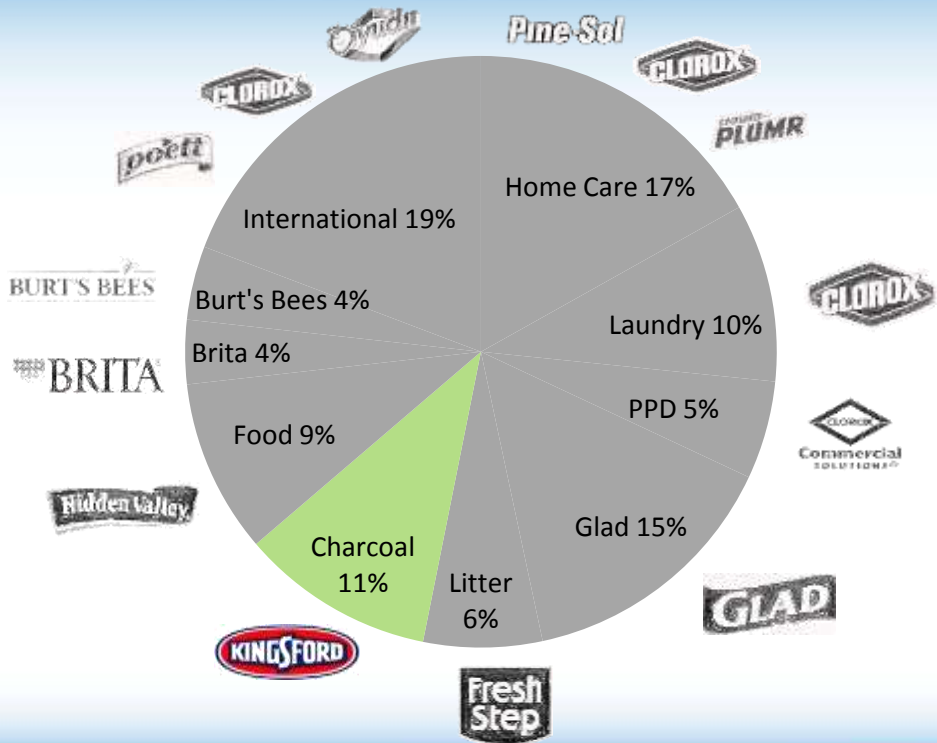
Low

High

# Fuel Brand: Kingsford Charcoal

International : 19%

Cleaning : 32%

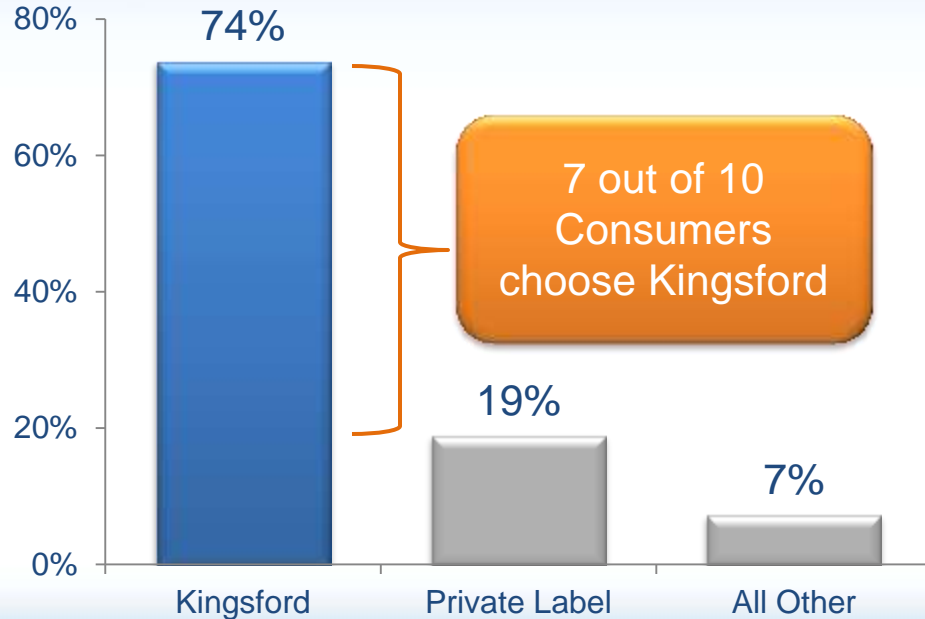


Lifestyle : 17%

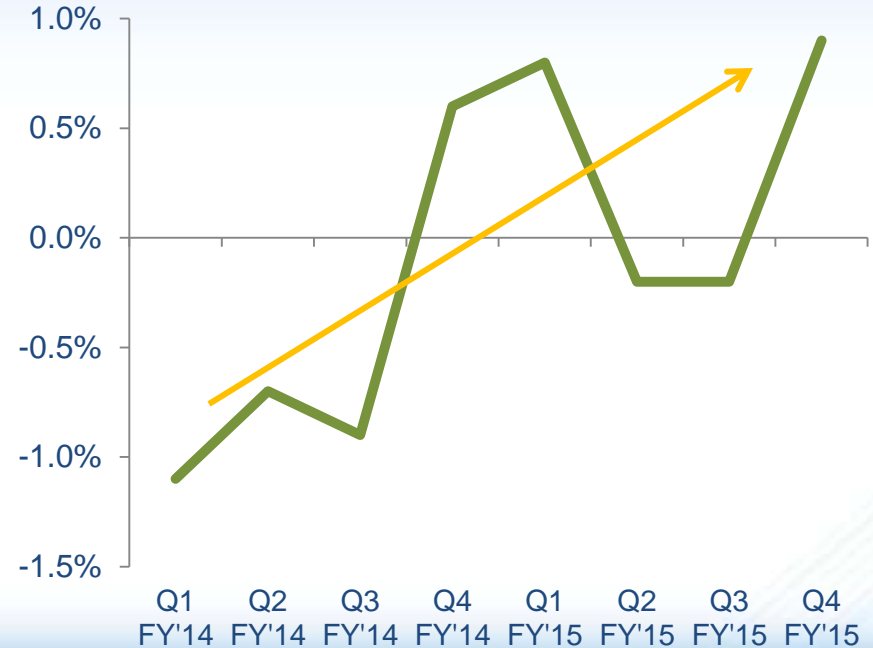
Household : 32%

# Kingsford Drives Charcoal Category Growth

## \$ Market Share



## Market Share Change vs YA





# Profitable Growth With New Faces, Spaces & Places



Targeted  
Demand Spend



Drive New  
Usage Occasions



Expand Retail  
Distribution

*Margin Enhancement through Operational Excellence*

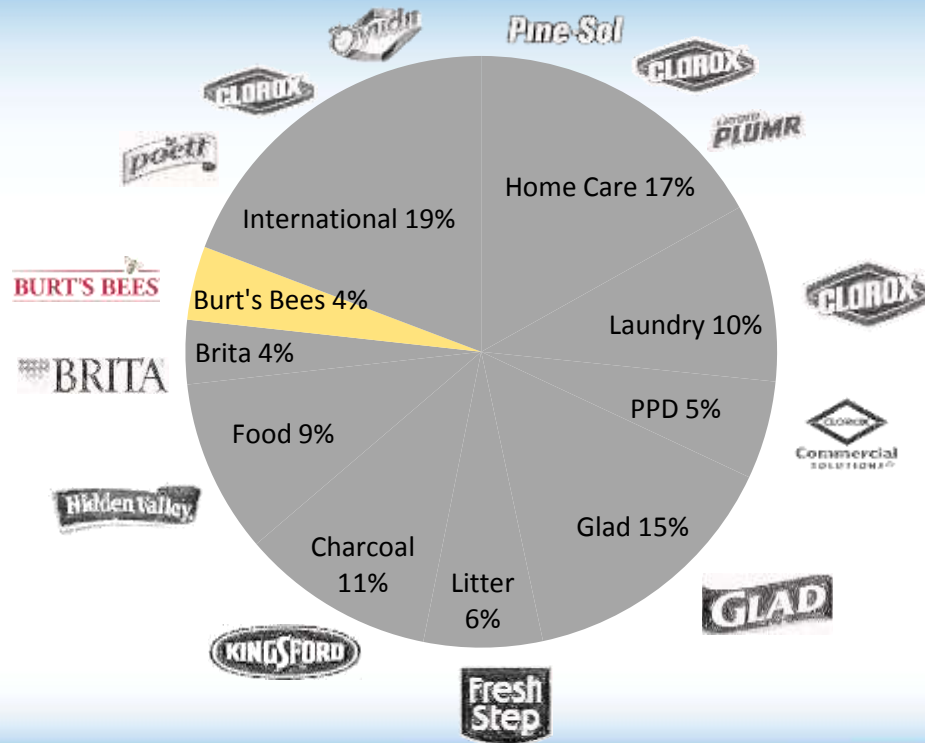
# Digital Execution Behind Seasonal Grilling Occasions



# Growth Brand: Burt's Bees

International : 19%

Cleaning : 32%



Lifestyle : 17%

Household : 32%

# Strong Foundation of Leadership

## MARKET LEADER

**#1**  
Natural brand

**26%**  
NPC Market  
Share

## GROWTH LEADER

**+8%**  
5 Year  
CAGR

**20%**  
of NPC  
Category  
Growth

## INNOVATION LEADER

**120+**  
Items launched  
over past 3 yrs

Nearly **1/2**  
of new NPC  
sales over last  
3 yrs

# Growth With New Faces, Spaces & Places



**Drive  
Trial & Awareness  
on Core**



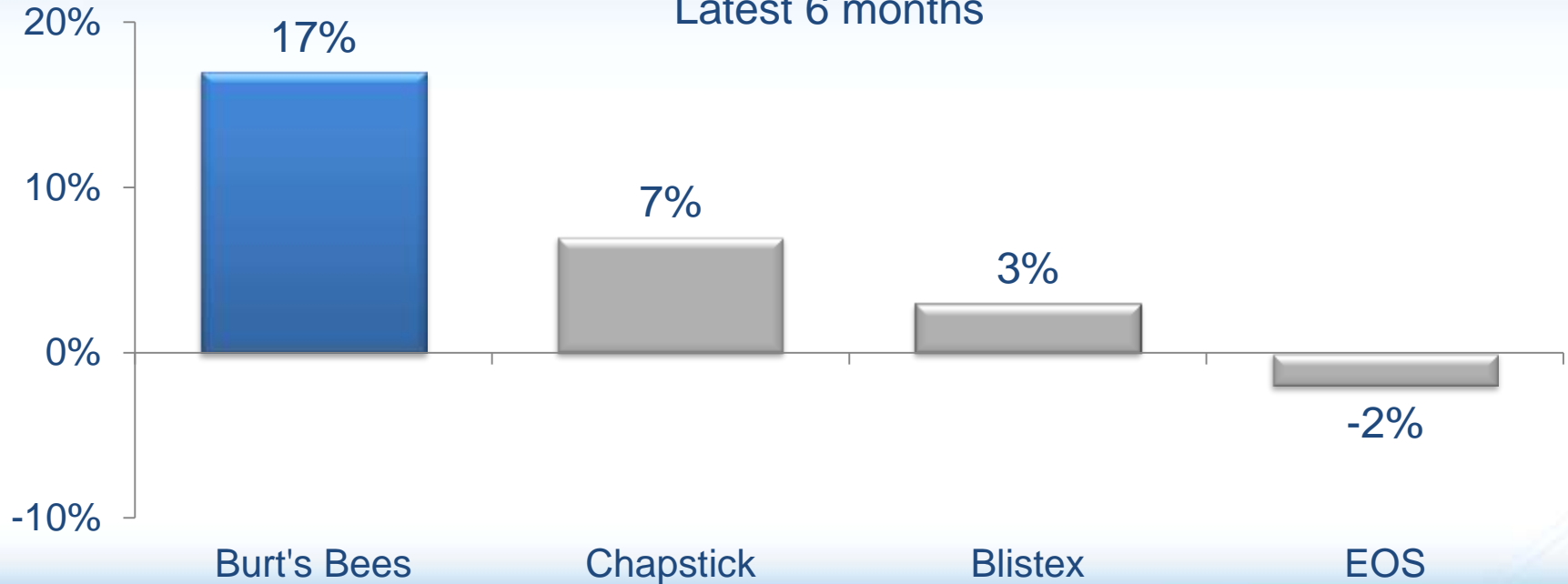
**Expand into  
Adjacencies**



**International  
Expansion**

# Focus on Core → Fastest Growing Lip Balm

*Retail Dollars vs Year Ago*  
Latest 6 months



# Expanding Into Lip Color & Face Care



# International Expansion

Retailer  
Partnership



eCommerce



Asia Expansion

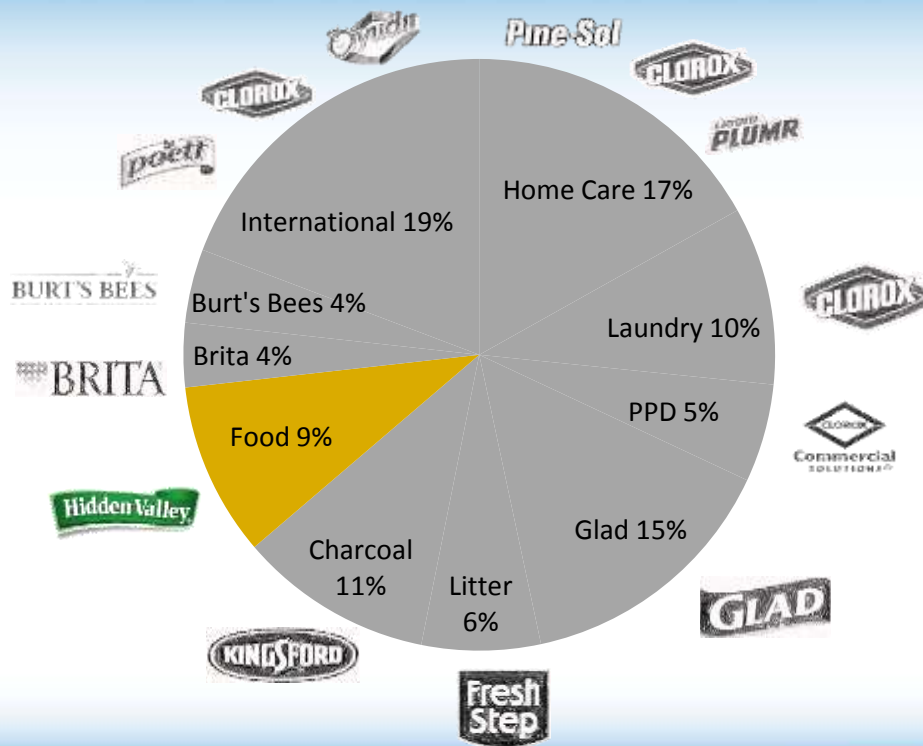




# Growth Brand: Food

International : 19%

Cleaning : 32%

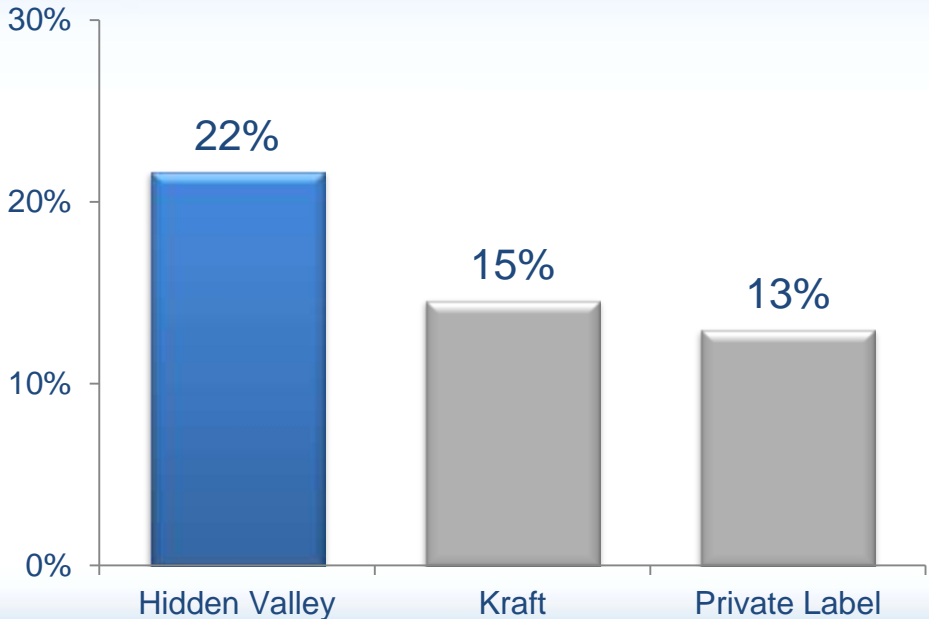


Lifestyle : 17%

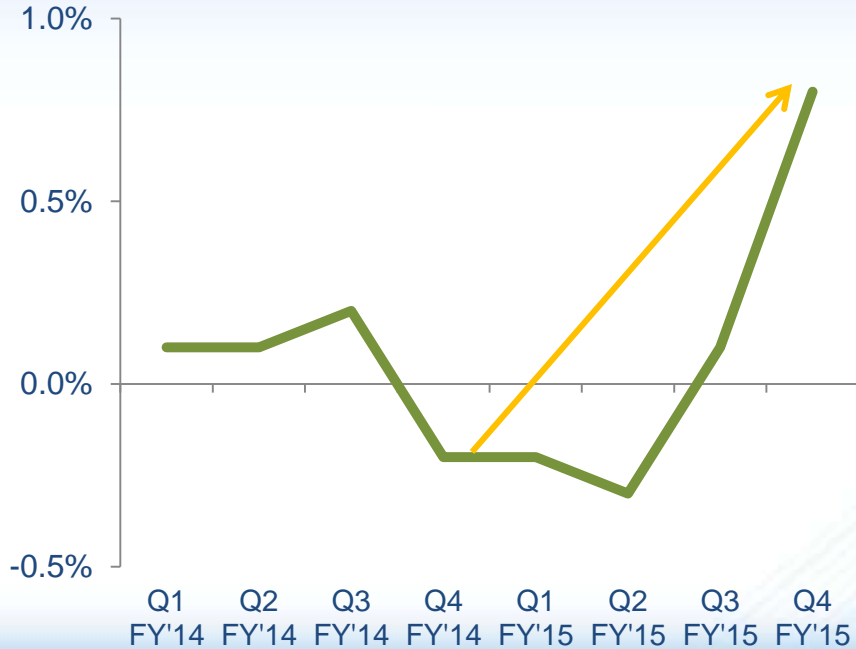
Household : 32%

# Hidden Valley Is the #1 Salad Dressing and Growing...

### \$ Market Share



### Share Change vs YA



Source: IRI MULO Date Ending 6/21/15 Total Salad Dressing

# Growth With New Faces, Spaces & Places



**Accelerate  
Ranch**



**Dry  
Expansion**



**Better for You**



**Ethnic  
Enhancers**

# Food Innovation Pillars



**Accelerate  
Ranch**



**Dry  
Expansion**



**Better for You**



**Ethnic  
Enhancers**

# Accelerate Ranch

- Strong early results: Hidden Valley +1pt of Market Share in Q4 FY15
- Hidden Valley Share of "Ranch Flavors" increased +11 share points

**Shipped: Feb 2015**

**Shipped: Sept 2015**

**Early 2016**





# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

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# Food Innovation Pillars



Accelerate  
Ranch



Dry  
Expansion



Better for You

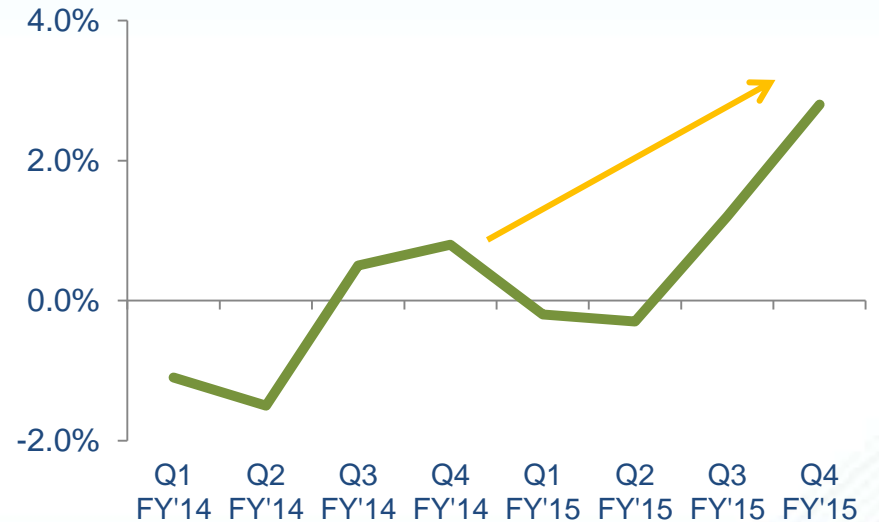


Ethnic  
Enhancers

# Expanding Dry into High Margin Adjacencies



Share Change vs YA





# Driving Household Penetration Across Categories



# Food Innovation Pillars



Accelerate  
Ranch



Dry  
Expansion



Better for You



Ethnic  
Enhancers

# Better For You Platform

*Opportunity*

There is a gap between healthier products consumers want and what is available

Fresh & Real

Simple & Wholesome

*Solution*



# Food Innovation Pillars



**Accelerate  
Ranch**



**Dry  
Expansion**



**Better for You**



**Ethnic  
Enhancers**

# Key Messages

- Clorox will invest differentially behind our **Growth Brands**
- **Fuel Brands** will grow more profitably to support growth
- Increase demand investment to **grow Household Penetration**



Portfolio  
Momentum

# Denise Garner

Chief Innovation Officer



# Innovation is a Key Component of the Strategy



## 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




## Strategy Accelerators

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

# Key Messages

- Strong commitment to **innovation is working**
- Strategy 2020 will drive **greater value from innovation**
- Improved processes will result in **faster speed to market and “real-time” measurement** of the “value” of our products



3D Innovation



# Broad-based Approach to Innovation

**KEEP THE CORE HEALTHY**

**Product &  
Marketing**

**Product  
Superiority**

**GROW MARKET SHARE**

**EXPAND MARGIN**

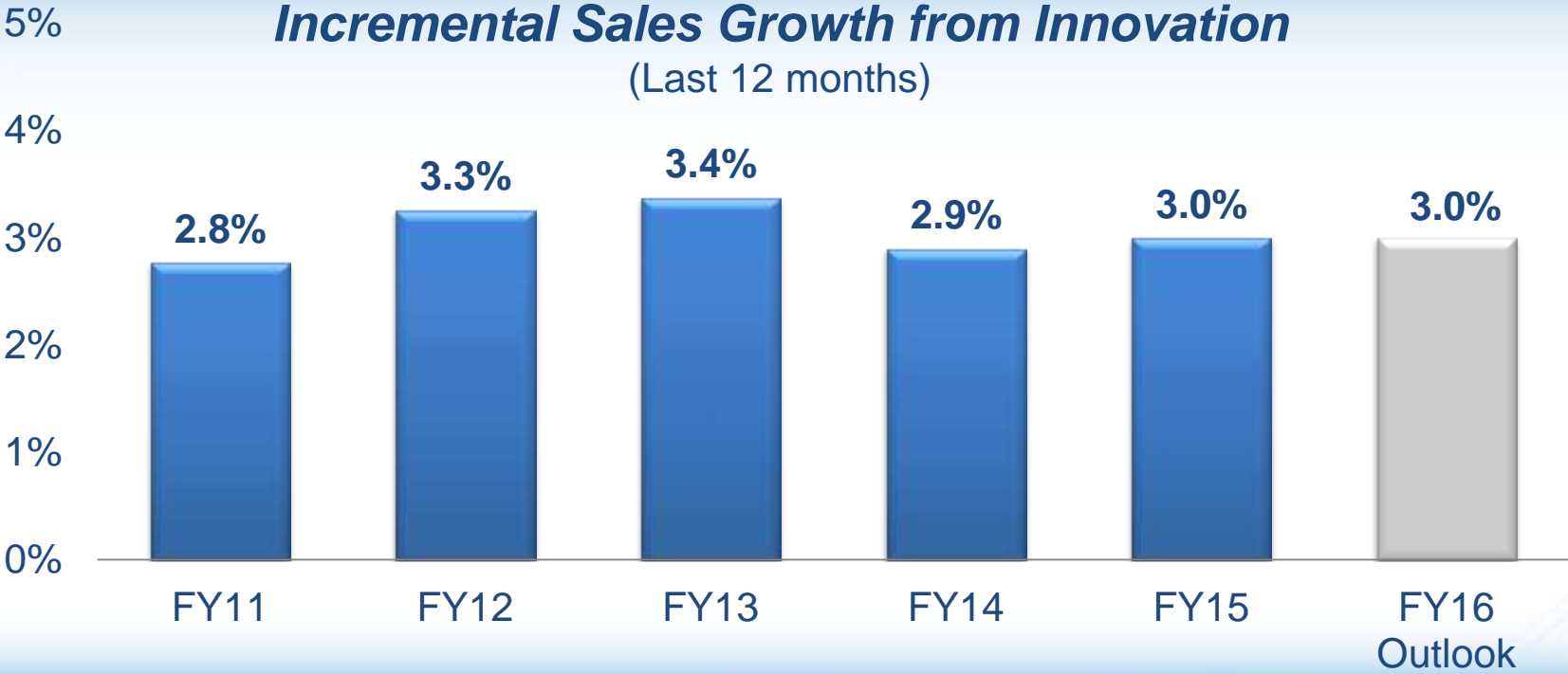
**Cost-o-  
vation**

**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 based on Aug 3rd Earnings Release

# Strong Innovation Across Portfolio in FY15



Glad Odorshield with Gain



Burt's Natural Lip Crayon



Clorox Power Gel (International)



Clorox Cleaning Utensils (International)



Fresh Step Extreme Lightweight



Hidden Valley Ranch Withs



Clorox Scrub Singles



Clorox Dust Wipes

# Faster Time to Market

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

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



# Platforms Provide Bigger Value

- Glad “Stretchable Strength Platform” has many sequels
- Meeting unmet consumer needs has allowed for premium differentiation



# Generating Long-Term Value From Innovation



**Increase  
Demand  
Investment**



**Optimize the  
3Ds**



**Internal  
3-Year Metric**

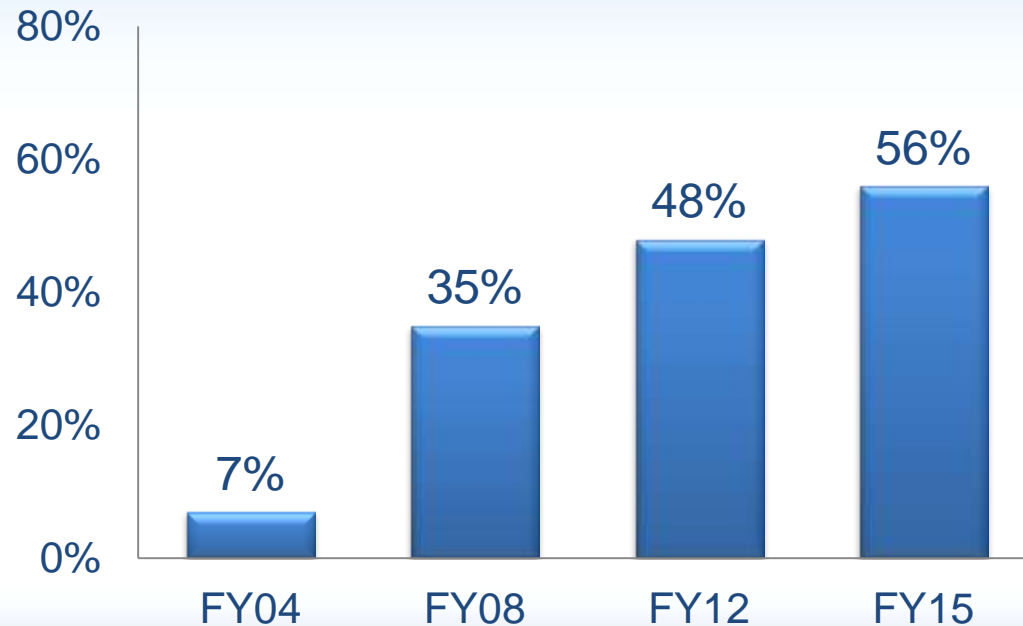
# 3-Year Metric to Improve Innovation “Stickiness”



## 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

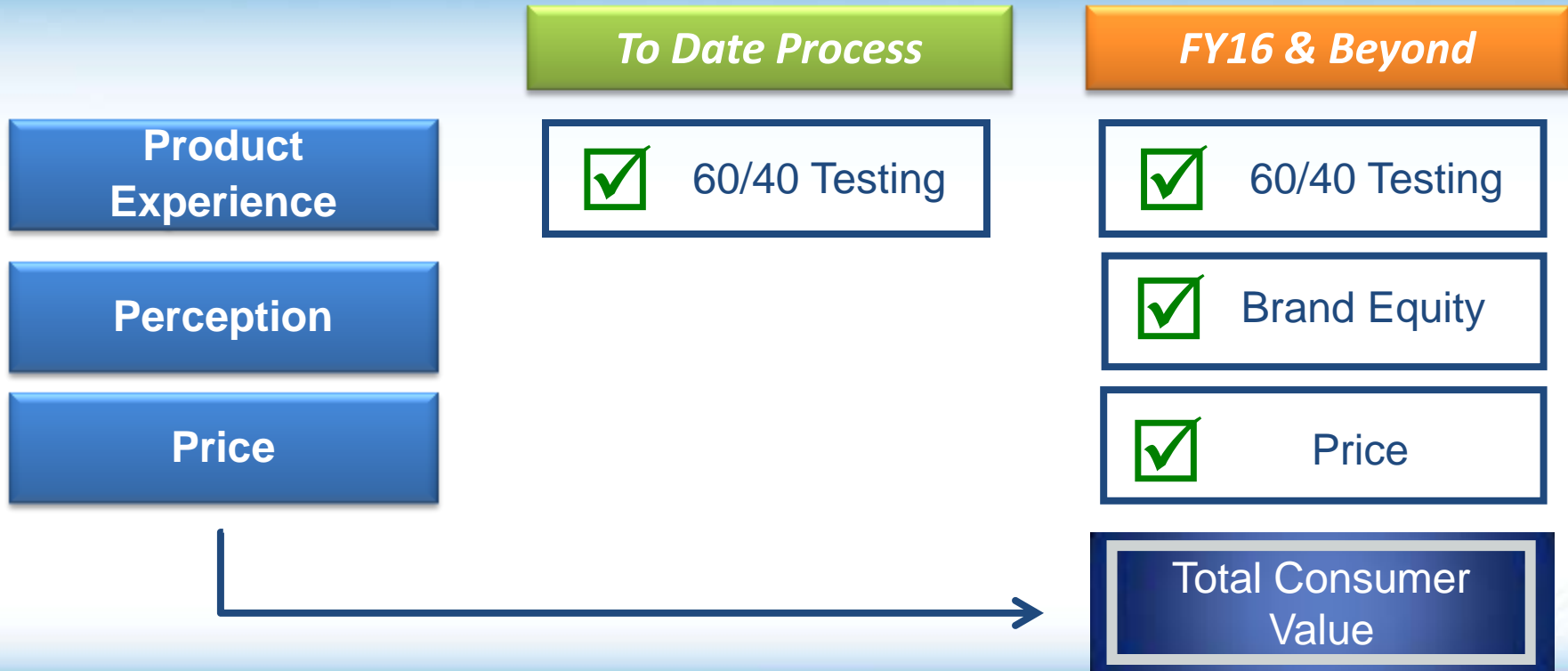
# Building Upon 60:40



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



# New Metric: Consumer Value Measure (CVM)



# Consumer Value Measure

$$\left( \frac{\text{Product Experience x Perception}}{\text{Price}} \right)$$



Total  
Consumer  
Value

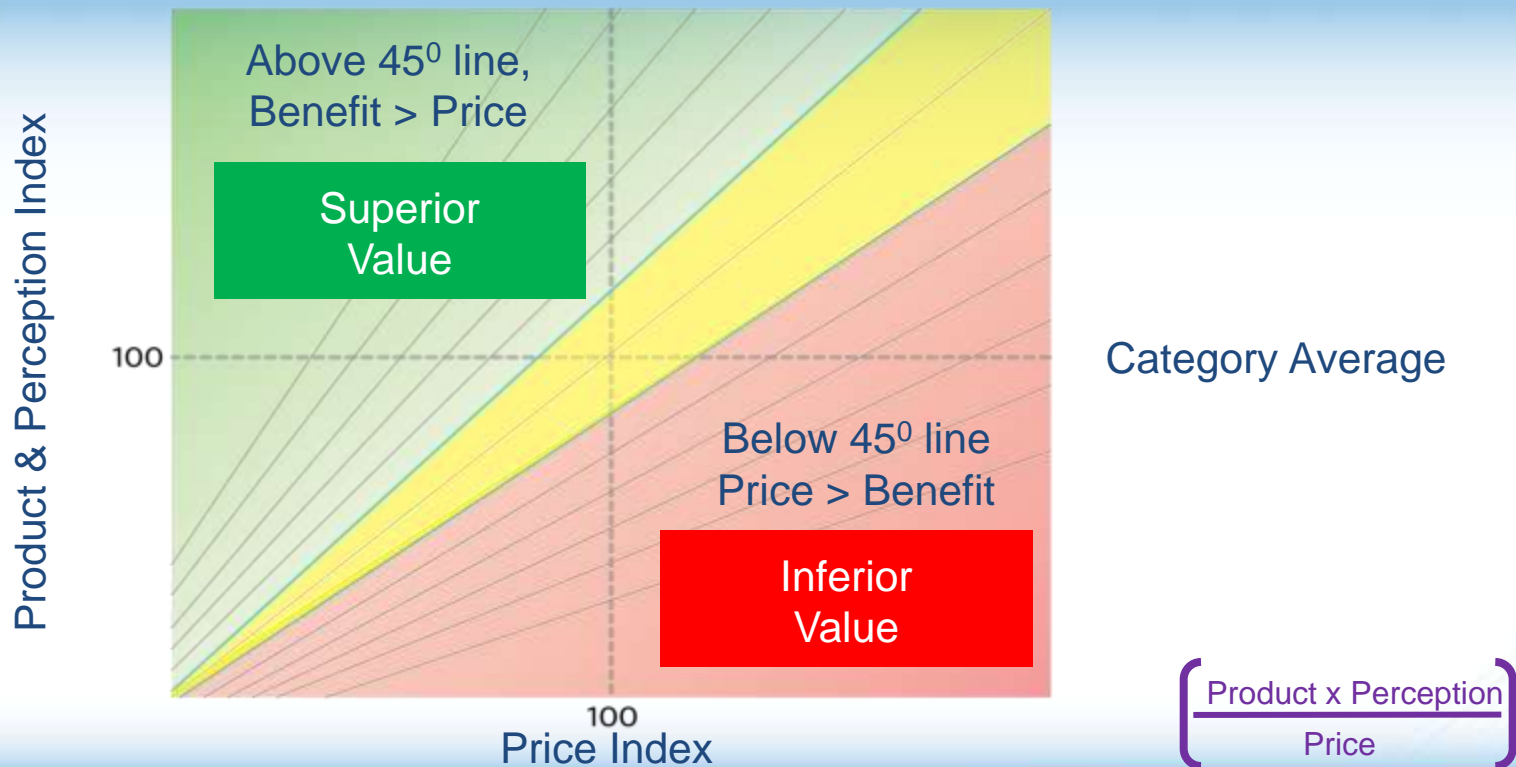
- Proprietary real-time data
- Correlates to change in market share
- Captures all value drivers

Superior Value

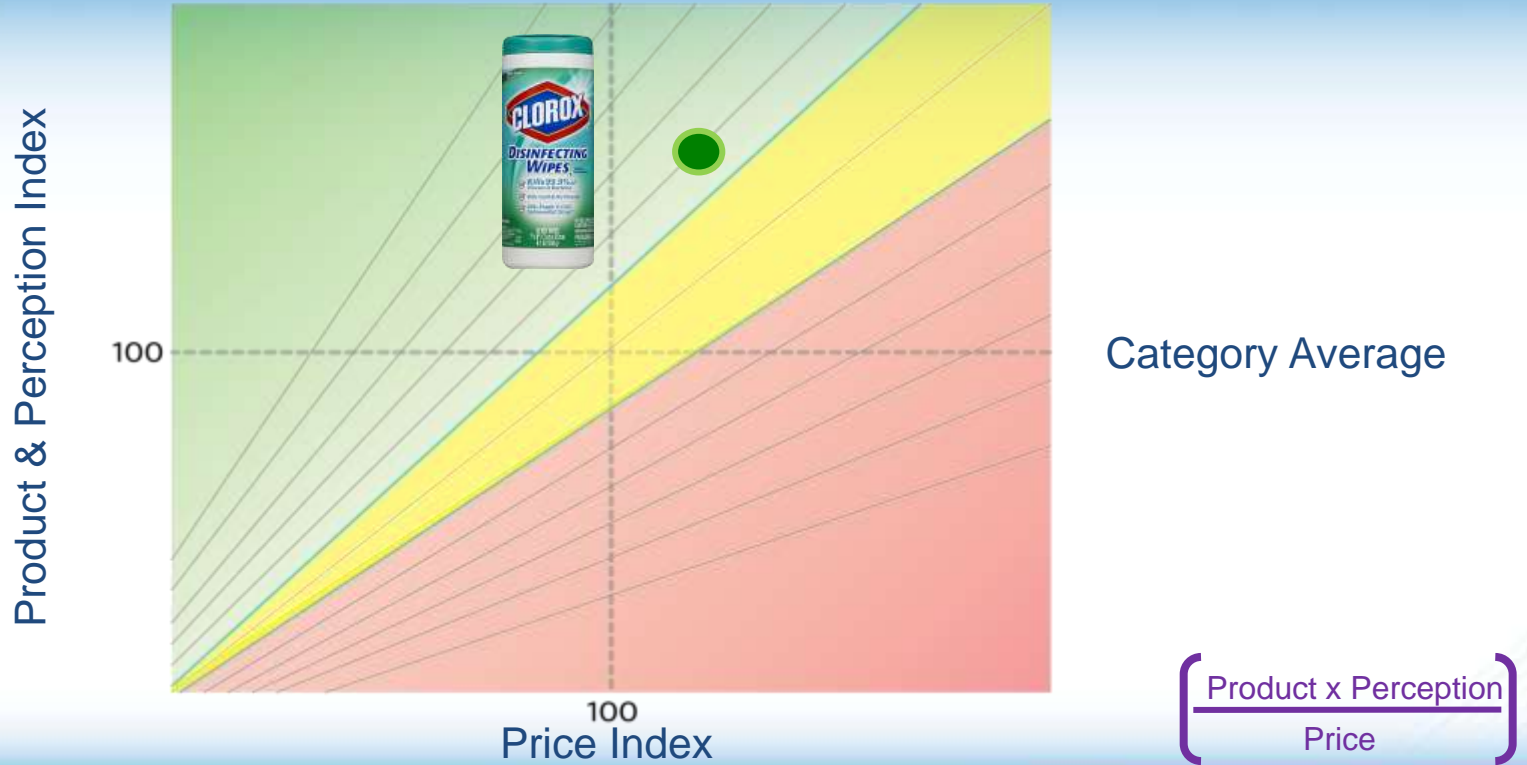
Parity Value

Inferior Value

# CVM: How Do We Use It?



# CVM: Clorox Disinfecting Wipes Example



# Superior CVM Drives Market Share Gain

## CDW Market Share





# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

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ANALYST DAY 2015

# Key Messages

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- Strategy 2020 will drive **greater value from innovation**
- Improved processes will result in **faster speed to market and “real-time” measurement** of the “value” of our products



3D Innovation

# Eric Reynolds

Chief Marketing Officer





# 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

# Key Messages

- **Accelerating investment in Digital**, including media
- Analytics confirm a **strong ROI on digital investments**
- Leveraging **Bay Area partnerships is a competitive advantage**



3D Technology  
Transformation

# Today's Big Disruptors



# People Are More Polarized



## Geography

Urban & Rural  
Counties &  
Cities



## Income

Haves vs.  
Have Nots



## Ethnicity

Minority  
Populations



## Generations

Millennials  
Gen X  
Boomers



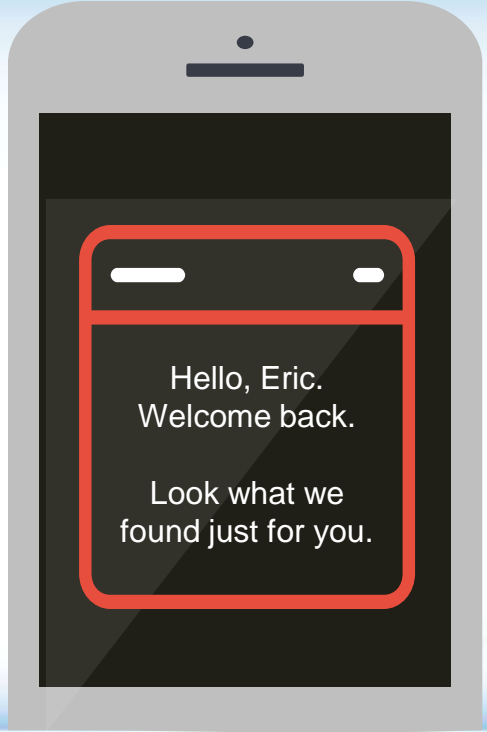
## Interests

Fewer Shared  
Experiences

# Technology Brings Connectivity, Immediacy



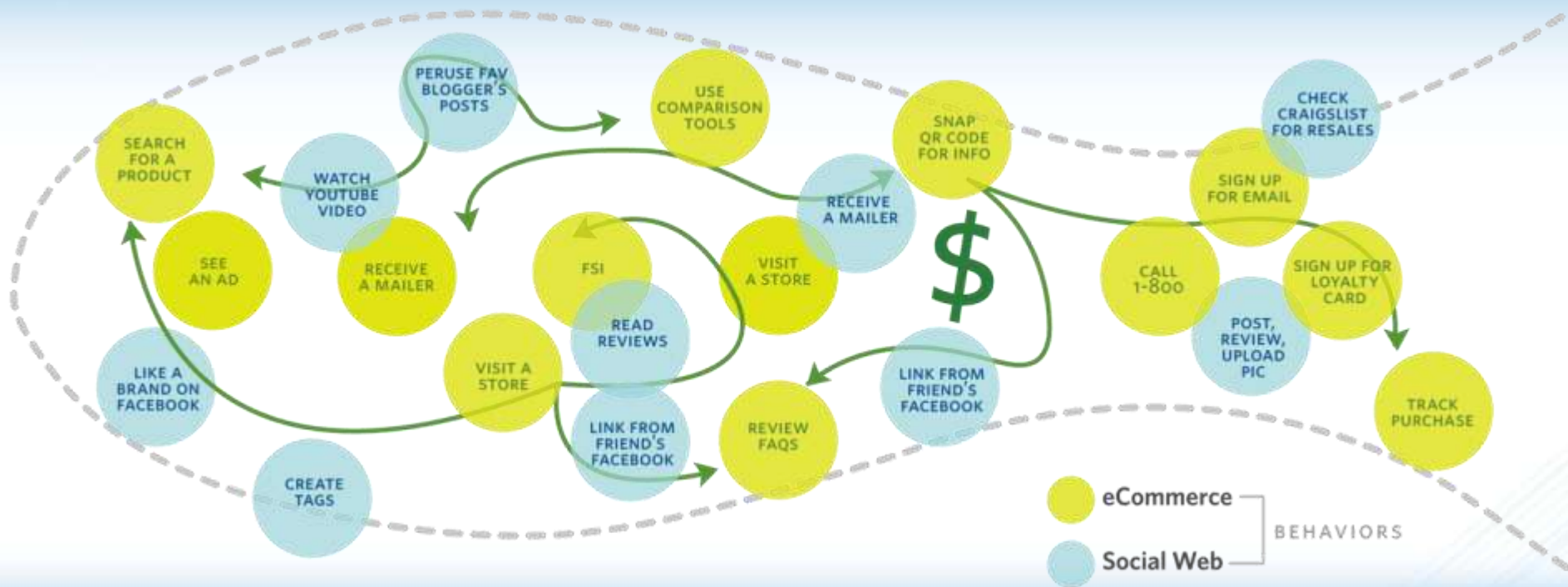
**“Always On”  
consumers expect  
personalization  
and authenticity**



Hello, Eric.  
Welcome back.

Look what we  
found just for you.

# Technology Reshapes Consumer Journeys

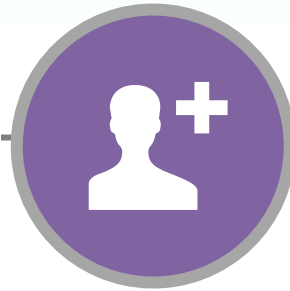


# Our Response

## Driving Consumer Engagement



**More  
Targeted**



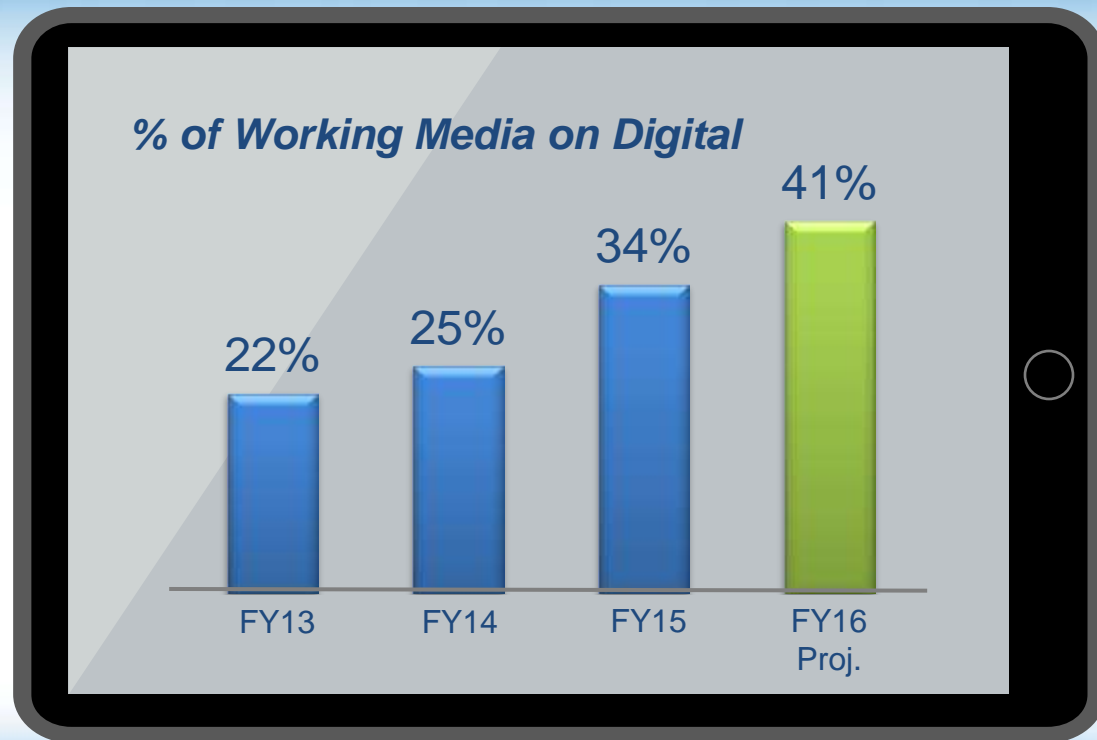
**More  
Personal**



**More  
Real-Time**

# We Are Accelerating Investment in Digital Media

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





# Digital Has Great Creative and Business Potential



# Technology Enables One-to-One Communication



RECIPES

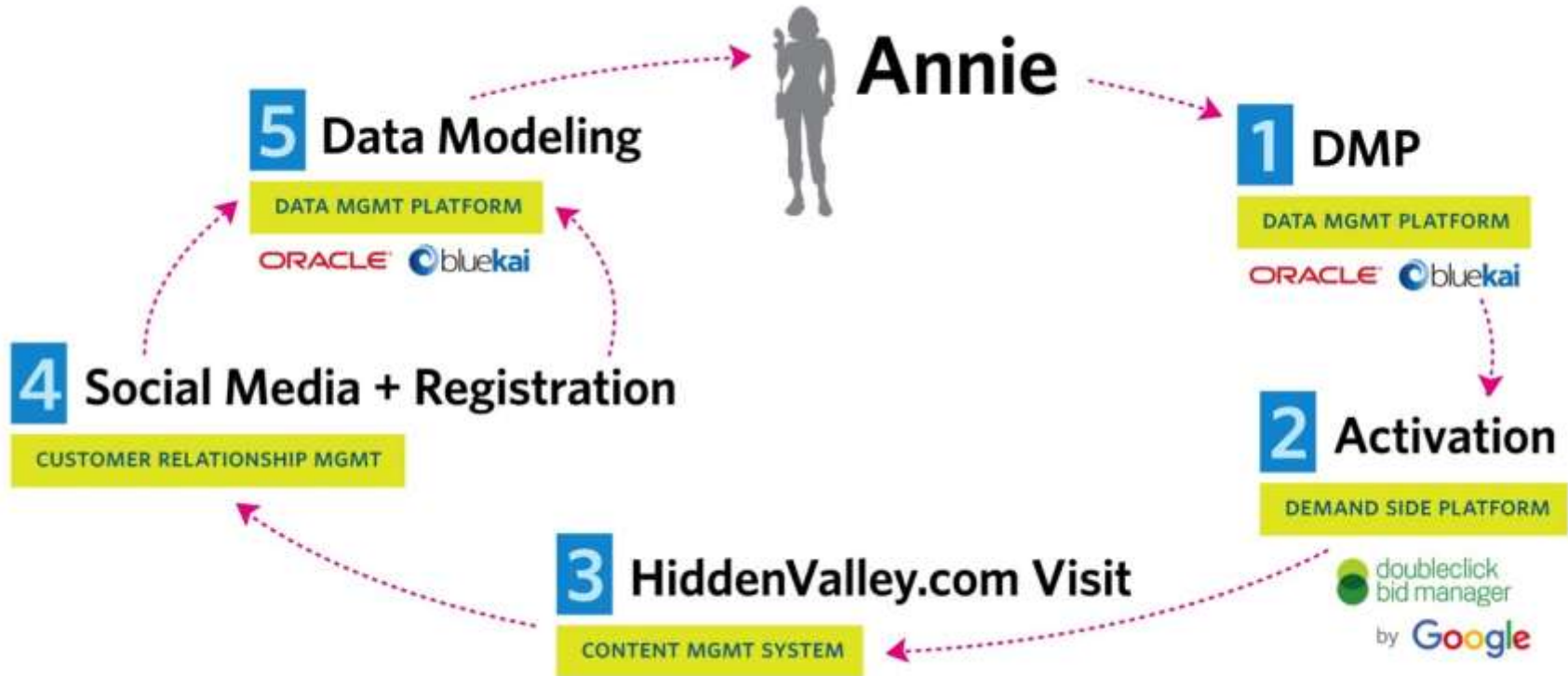
Right Message,

Right Context,

Right Medium



# Technology Enables One-to-One Communication



# Digital Improves ROI



Enhanced Targeting



More Personalized



More Real Time Across Channels



# Hidden Valley | Campaign ROI Comparison



## ROI per Marketing Dollar Spent



Enhanced Targeting



More Personalized



More Real Time Across Channels



# We Leverage Our Location for Innovative Partnerships

Google

ORACLE<sup>®</sup>  
MARKETING  
CLOUD

facebook.

BuzzFeed

MAGNE+IC<sup>™</sup>

bluekai

datalogix<sup>®</sup>

twitter

MOAT

millennialmedia<sup>®</sup>

STAPLES Advantage

amazon.com<sup>®</sup>

Walmart.com

TubeMogul

VERVE<sup>®</sup>  
LABORATORY SOLUTIONS

TARGET<sup>®</sup>

Aol.  
THE HUFFINGTON POST

Integral  
Ad Science

CONVERSANT

# Our Bay Area Neighbors Make Great Partners



# 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



# Momentum in eCommerce

## Strong Momentum



YoY Growth

+86%



+24%

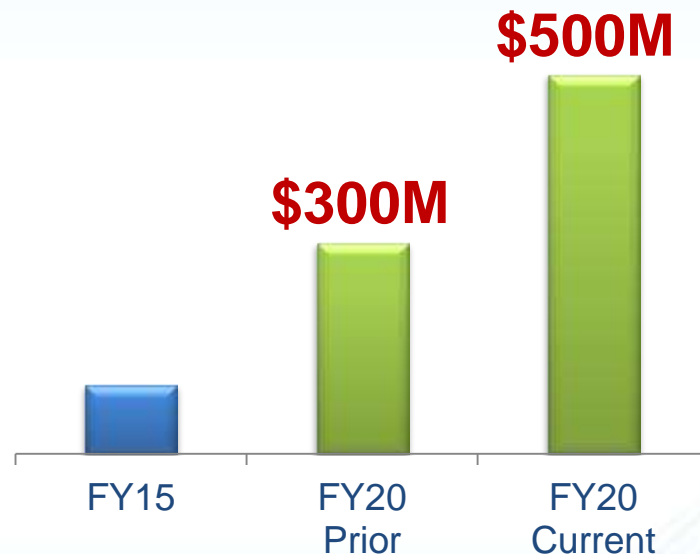
BURT'S BEES®

+65%

Professional Products

+18%

## 2020 Aspirational Sales Goal



# Key Messages

- **Accelerating investment in Digital**, including media
- Analytics confirm a **strong ROI on digital investments**
- Leveraging **Bay Area partnerships is a competitive advantage**



3D Technology  
Transformation

# Leading Change With Consumers Is in Our DNA



# We've Been Doing it for 102 Years



# We're Preparing for the Next 100



## Top-10 **Most Trusted** CPG Brand

*Based on Women in the United States, Harris Poll EquiTrend study 2015*

# Benno Dorer

Chief Executive Officer





# Building a Stronger Growth Culture

## 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
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## Strategy Accelerators

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- Growth Culture

# Key Messages

- Strong **organizational culture** is a **solid foundation**
- **High employee engagement** versus global benchmarks
- Focus on **growth culture** in support of **Strategy 2020**



Growth Culture

# Strong Organizational Culture is a Solid Foundation

Strong Values



People Centric



Operational  
Excellence

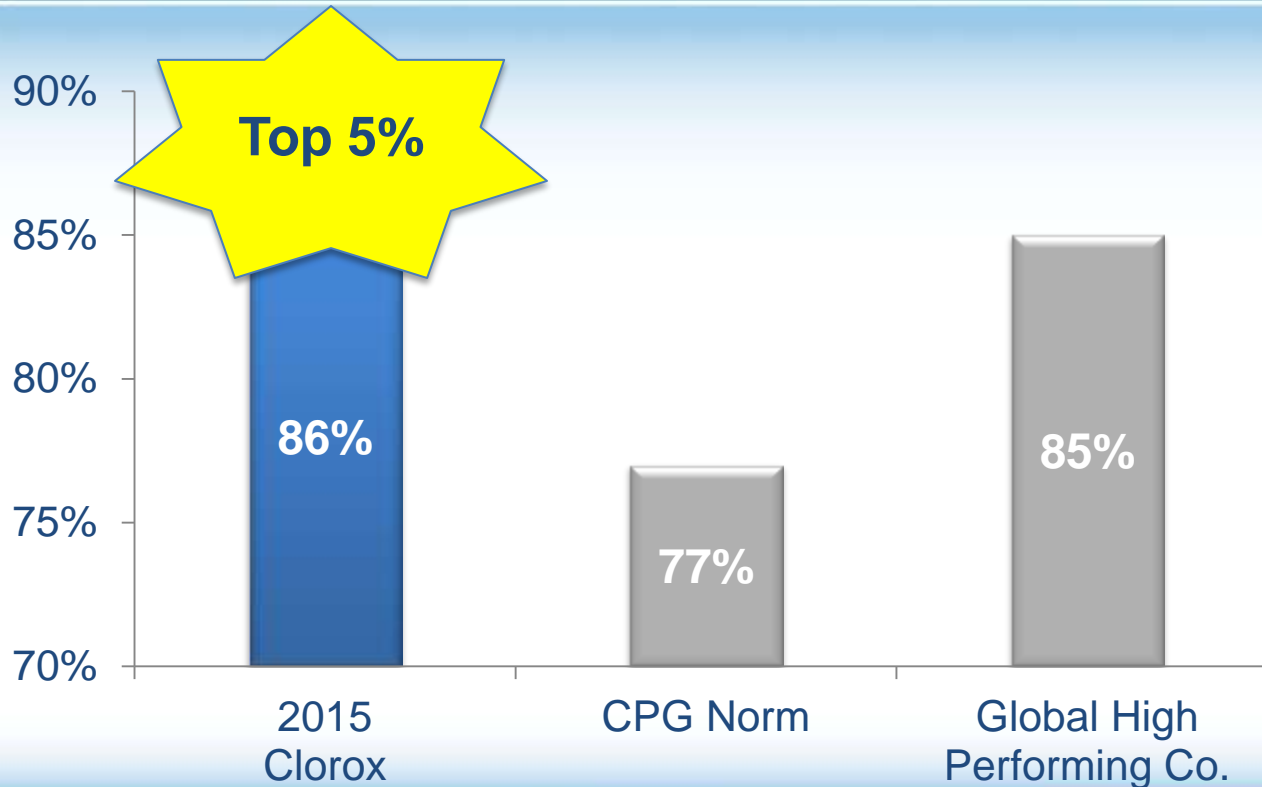


# Broadly Recognized by Reputable Institutions



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.

# Key Engagement Strengths

I understand how my work contributes to Clorox's strategy.

I am empowered to make the decisions needed to do my job well.

Clorox has established a climate where one can challenge our traditional ways of doing things.

I believe leaders at Clorox make decisions that are consistent with our company values.

# Building a Stronger Growth Culture

Engaged **Decisive** Invest in growth

**Empowered** **Accountable**

IDEA COMPANY

**Consumer-**

Demand-building **Responsible**

**centric**

3D Technology

**3D innovation**

Portfolio momentum



# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

---

ANALYST DAY 2015



# Key Messages

- Strong **organizational culture** is a **solid foundation**
- **High employee engagement** versus global benchmarks
- Focus on **growth culture** in support of **Strategy 2020**



Growth Culture

# Break



# Benno Dorer

Chief Executive Officer



# Continued Strong Commitment to Operational Excellence

**Superior Value  
to Consumers**

**Retail  
Execution**

**Margin  
Enhancement**



# Matt Laszlo

## Chief Customer Officer

# Key Messages – Winning With Retailers

- Long history of **winning with retailers** is a signature Clorox competency
- **Shifting consumer dynamics** will continue to **change the retail landscape**
- Clorox capabilities will continue to position us as **thought and growth leaders at the physical and digital shelf**

# Clorox Has Anticipated Emerging Retail Channels

## *Mass Merch*



## *Club*



## *Dollar*



## *Home/Hardware*



# Insight to Execution

## *Insights*

*Category Management*

*Shopper Marketing*

*Retail Operations*

*Supply Chain*





# Customer Segmentation & Capability Deployment

**Accelerate Growth**

*65% U.S. Volume*

**Maintain Momentum**

*10% U.S. Volume*

**Maximize Profit**

*20% U.S. Volume*

**Professional**

*5% U.S. Volume*

# Current Emerging Retail Channels



Big Box

Urban

Delivery

Click &  
Collect

*Fragmentation*

# Continuing to Win With Big Box Stores

- Walmart + Clorox: Strong partnership
  - Category Captain in 11 categories
- Target: Clorox named Vendor of the Year in 3 categories in 2015
  - Cleaning, Trash & Food



# Uniquely Positioned To Win With Small Formats

- Future growth
  - Dollar channel: adding over 1,000 new stores per year
  - Walmart Neighborhood Markets: adding ~200 new stores per year through 2019
- Clorox wins in Small Formats
  - Smaller footprint = limited assortment
  - Limited assortment = #1 & #2 brands



# Accelerating Investments in e-Commerce

- Clorox brings dedicated teams & a broad portfolio of products with a compelling digital shelf presence
- Distinct and classic Clorox capabilities
  - Through The Mail Skus
  - Compelling Digital Shelf presence
  - Supply Chain Flexibility
- 2020 Sales Aspirational Goal → \$500M



# Continued Strong Growth In Professional Channel

- Cleaning & Foodservice – recognizable brands and consumer-facing penetration
  - 18% sales growth over last 2 years
- Healthcare – superior clinical knowledge and hospital penetration

 **New York-Presbyterian**

 **UPMC**  
University of Pittsburgh  
Medical Center

 **KAISER  
PERMANENTE®**

 **North  
Shore LIJ** Long Island Jewish  
Medical Center

THE UNIVERSITY OF TEXAS  
**MD Anderson  
Cancer Center**

  
**Cleveland Clinic**

 **BARNES JEWISH**  
Hospital  
BJC HealthCare®

**EMORY**  
HEALTHCARE

# Key Messages – Winning With Retailers

- Long history of **winning with retailers** is a signature Clorox competency
- **Shifting consumer dynamics** will continue to **change the retail landscape**
- Clorox capabilities will continue to position us as **thought and growth leaders at the physical and digital shelf**



# Dawn Willoughby & Nick Vlahos

Chief Operating Officers



# Key Messages – Innovation Behind Value

- **Innovation behind value** drives profitable growth
- Value is a function of **Product, Perception and Price**
- We **innovate** for improved value **at all price points**

# Why Value Matters



# Low Out Of Pocket (LOOP) Innovation



16oz Bleach



9ct Wipes

\$1 items



2ct S.O.S



22ct Snack Bag



22ct Sandwich Bag

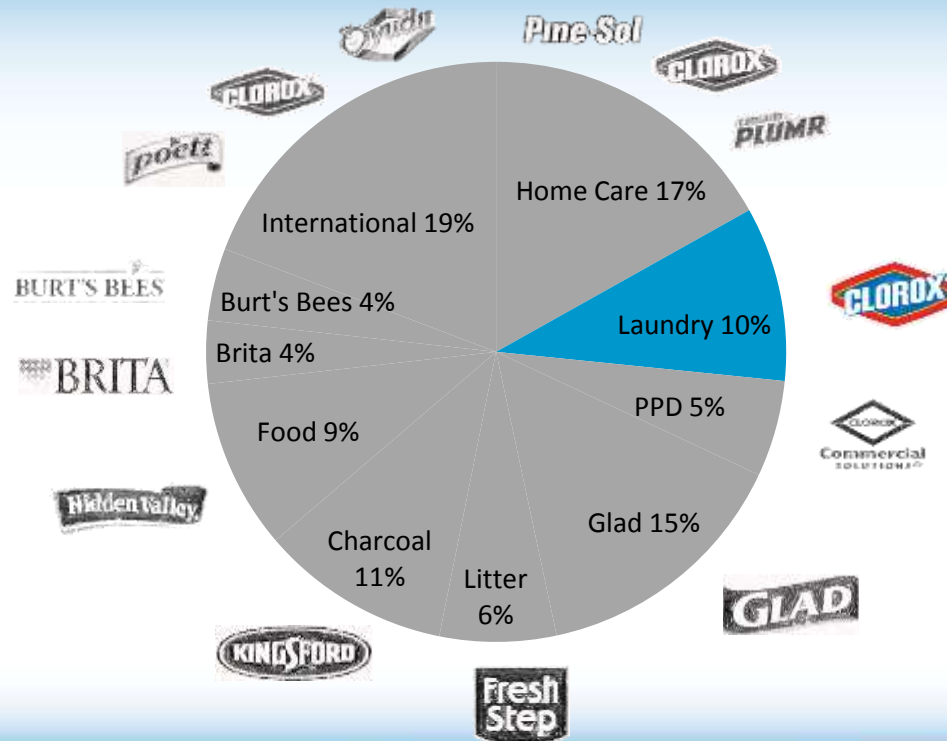
# Value Is More Than Price

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

# Clorox Bleach: Improving Value Through Perception

International : 19%

Cleaning : 32%



Lifestyle : 17%

Household : 32%

# Consumer Need

## Increased Control



# Solution: Clorox Splash-Less™ Bleach



10X Thicker  
Does Not  
Splash

X

Drive  
Awareness of  
Benefit

---

9% price  
premium

# Product Innovation to Drive Value

DESIRE

✓ Distinctive benefits



DECIDE

✓ Awareness of benefits



DELIGHT

✓ Better shelf presence







# Accelerating Profitable Growth

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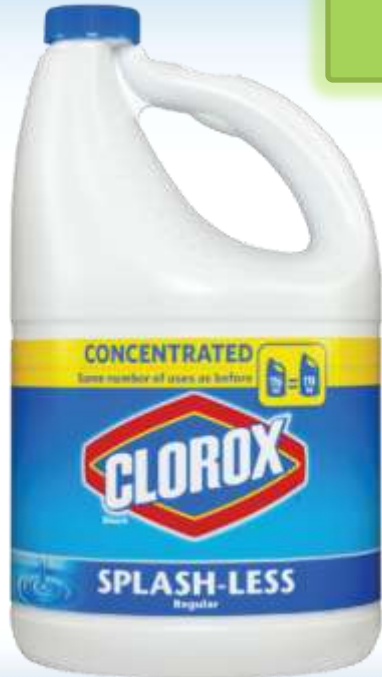
PROFITABLE  
GROWTH

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ANALYST DAY 2015

# Decide: Improved Package with Stronger Claims

Old Bottle



New Bottle



# Delight: More Products, Better Shelf Presence



**Innovation Drove  
Increased Distribution**

**+50%**

# Clorox Splash-Less Bleach FY15 Results

**+27% Sales  
Growth**

**+1.3 points  
HH Pen  
Growth**



**~25% of Clorox  
Bleach Sales**

**+3.2pts  
\$ Share  
Growth**

# Splash-Less Driving Total Clorox Bleach Share Gains

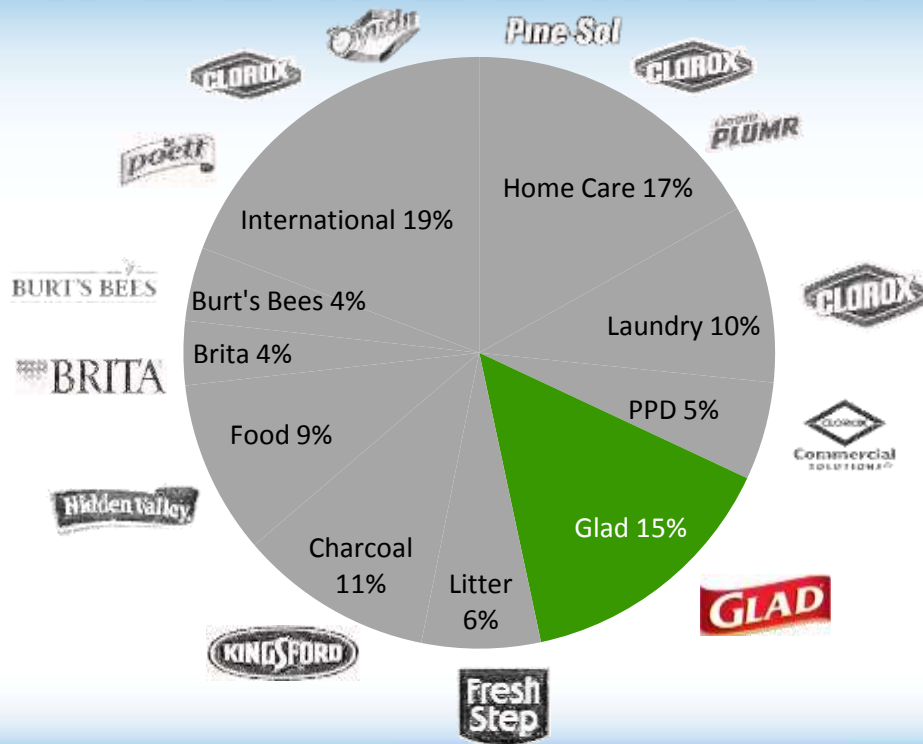


**+0.8 pts  
\$ Share  
Growth**

# Glad: Improving Value Through Product Experience

International : 19%

Cleaning : 32%



Lifestyle : 17%

Household : 32%

# Old Glad – Past Perceptions

Stagnant  
Category



Commoditized  
Business

Low Margin  
for Retailers

# The New Glad Q4 Results – Premium Trash



+0.9 pts  
vs YA

**Market Share  
Growth**

+20%  
Premium Trash  
Sales Growth

**Top-Line Driver**

+6%  
vs YA

**Category  
Growth Driver**



# Driving Value across the 3-Ds

DESIRE

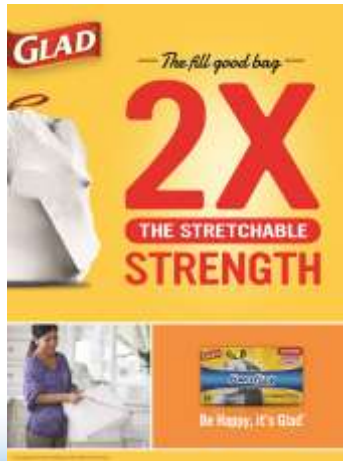
- ✓ Distinctive benefits and Better Value

DECIDE

- ✓ Incremental Demand Support behind innovation

DELIGHT

- ✓ Unique Partnership for innovation





# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

---

ANALYST DAY 2015

# Decide: More Merchandising Behind Innovation



# Delight: Sustaining Success of Innovation Platform



# Introducing Glad with Clorox

## **Key Benefits:**

- Antimicrobial protection of the drawstring combining two highly trusted brands!
  - 45% of the population use a disinfecting product in or around the trash can
  - Additional value benefit to drive incremental growth leveraging the power of Clorox



# FY15: Strong Year for Glad

**+7%**  
**Trash**  
**Sales Growth**



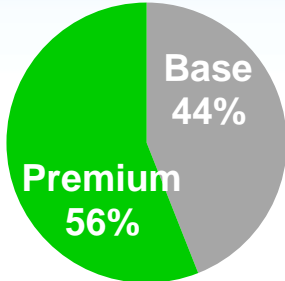
**+6%**  
**\$ Category**  
**Growth**

**+0.8pts**  
**HH Pen**  
**Growth**

**+0.3pts**  
**\$ Share**  
**Growth**

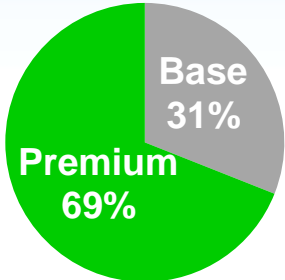
# Future Runway For Growth

2012  
% of Share

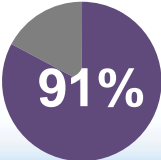


**Premium Segment**  
2/3 Volume & 3/4 Profit

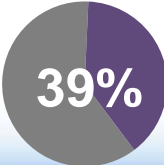
2015  
% of Share



Want  
Odor Neutralization



Currently Purchase  
Odor Neutralization



Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA.)  
Ending June 24, 2012 & March 22, 2015  
Foundational Waste Management Shopper Studies, 2013, IRI Custom Panel All Outlet Kitchen Odor Buyers 52W ending June 2015

# Improved Consumer Value Measure



+25%  
since 2013



+18%  
since 2013



# Key Messages – Innovation Behind Value

- **Innovation behind value** drives profitable growth
- Value is a function of **Product, Perception and Price**
- We **innovate** for improved value **at all price points**



**Dawn Willoughby**  
Chief Operating Officer  
*Cleaning, International & Professional Products*

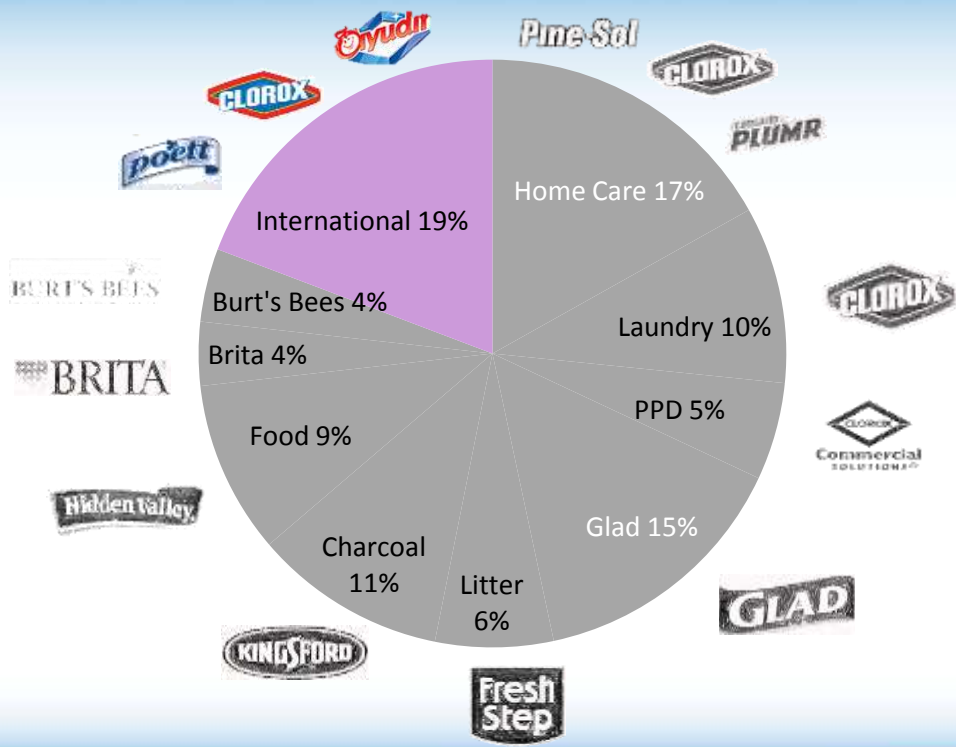
# Key Messages – Creating Value in International

- International continues to play an **important role** in the Clorox portfolio
- Challenges exist due to **FX headwinds and slowing economies**
- Our “Go Lean” approach will **mitigate current challenges** and position the business for **long-term profitable growth**

# International is a Key Component of our Portfolio

International : 19%

Cleaning : 32%



Lifestyle : 17%

Household : 32%

# Why We Like International



Peru



**Leading  
Brands**

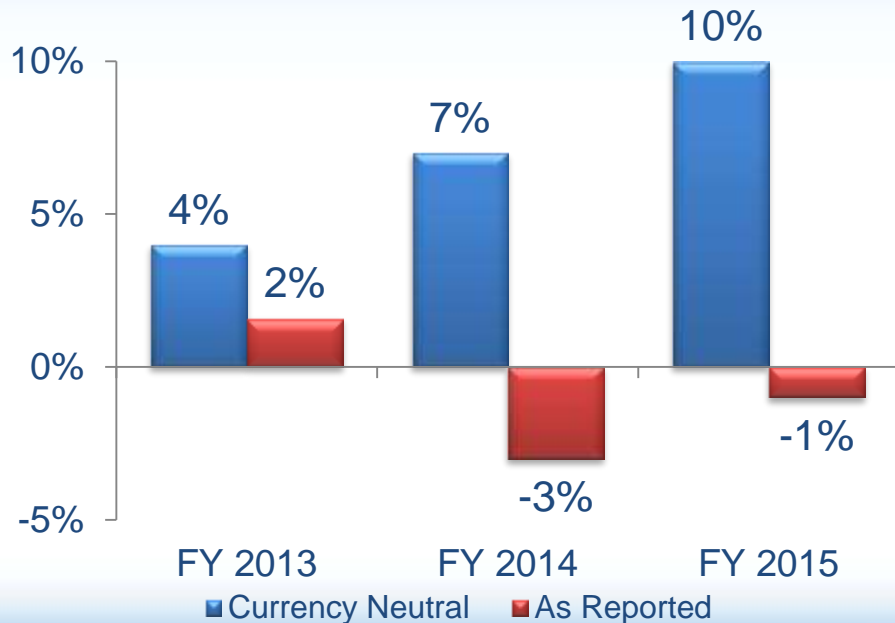
**Midsized  
Countries**

**Faster  
Category  
Growth Rates**

**Strong  
Operational  
Performance**

# Strong Growth in Local Currency, However FX is Real

## Sales Growth



---

	<u>Exchange Rate vs YAGO</u>
Canada	-17%
Argentina	-10%
Australia	-22%
Chile	-13%
Colombia	-35%
Mexico	-21%

---

# “Go Lean” Approach



**Pricing  
Maximization**



**Focus on  
Cost Savings**



**Right-Size  
Infrastructure**



**Optimize  
Demand  
Creation**

**4 Pillars of Profitability**

# Pillar 1: Pricing Maximization



**Pricing  
Maximization**

**3D Innovation**



# Ayudin Argentina: Price Behind Innovation

DESIRE

✓ Value Message

DECIDE

✓ Strong Claims

DELIGHT

✓ Innovate on Strong Equity

FÓRMULAS MEJORADAS



3X ACTIVO  
POTENCIADOR DE COLOR

2X BLANCOS  
MÁS INTENSOS

\*No detergente estándar sin activos.





# Accelerating Profitable Growth

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PROFITABLE  
GROWTH

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# Pillar 2: Focus on Cost Savings



**Focus on  
Cost Savings**

# Increased Cost Savings and Value Extraction



11 LATAM Countries



# Pillar 3: Right-Size Infrastructure



**Right-Size  
Infrastructure**

# “Go Lean” to Improve Profitability

- Our “Go Lean” approach right-sizes our infrastructure to our current business environment
- Reduced 8% of International workforce through:
  - Process improvements
  - Work simplification
  - Centralization of work

# Pillar 4: Optimizing Demand Creation

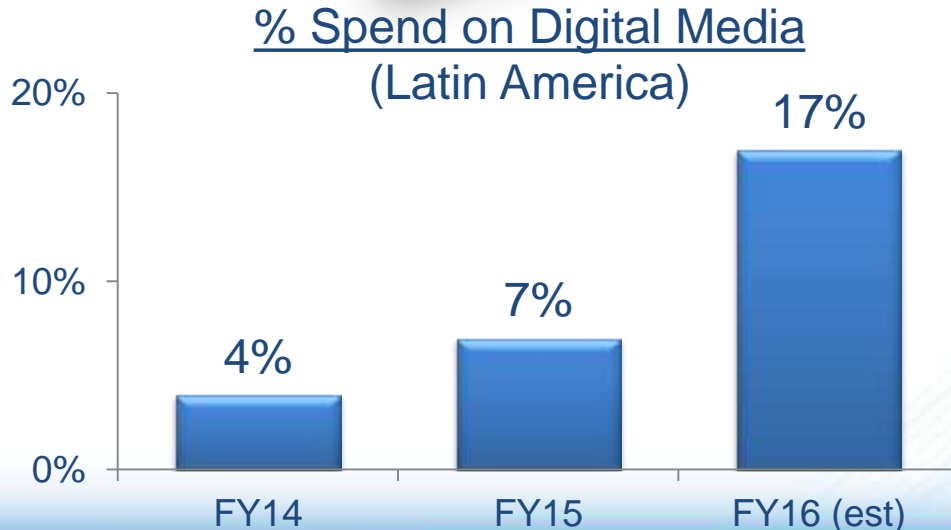


**Optimize  
Demand  
Creation**

**3D Technology  
Transformation**

**Portfolio  
Momentum**

# Investing in Higher ROI Opportunities





# “Go Lean” Approach



**Pricing  
Maximization**



**Focus on  
Cost Savings**



**Right-Size  
Infrastructure**



**Optimize  
Demand  
Creation**

**4 Pillars of Profitability**

# Future Growth Ahead

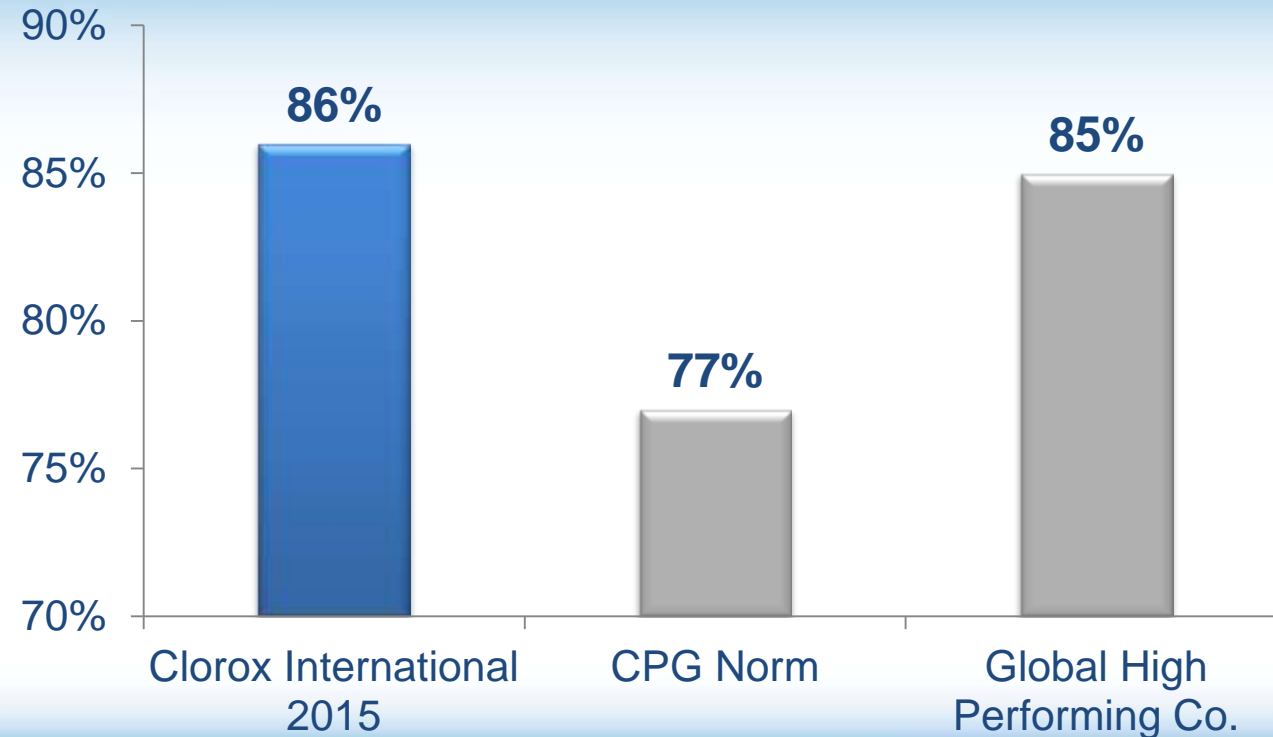


We Have Strong Leading Brands Across International

# 50 Brands Hold #1 or #2 Market Share



# We Have a Highly Engaged International Organization



Growth Culture



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**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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# Key Messages – Creating Value in International

- International continues to play an **important role** in the Clorox portfolio
- Challenges exist due to **FX headwinds and slowing economies**
- Our “Go Lean” approach will **mitigate current challenges** and position the business for **long-term profitable growth**



# Steve Robb

## Chief Financial Officer

# Key Messages

- **Investments in the U.S.** in profitable growth are **producing positive results**
- **Strong cash flow** has benefited shareholders over the long-term
- Focus on expanding margins via **cost savings will continue to be a core competency**

# FY16 Outlook

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

## Sales

0% to +1%

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

## EBIT Margin

+25bps to +50bps

- Gross Margin: Flat
- Selling & Admin: < 14% of Sales
- Advertising & Sales Promotion: > 9% of Sales

## Diluted EPS

\$4.68 to \$4.83  
(+2% to +6%)

- Tax rate: 34% to 35%



# 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

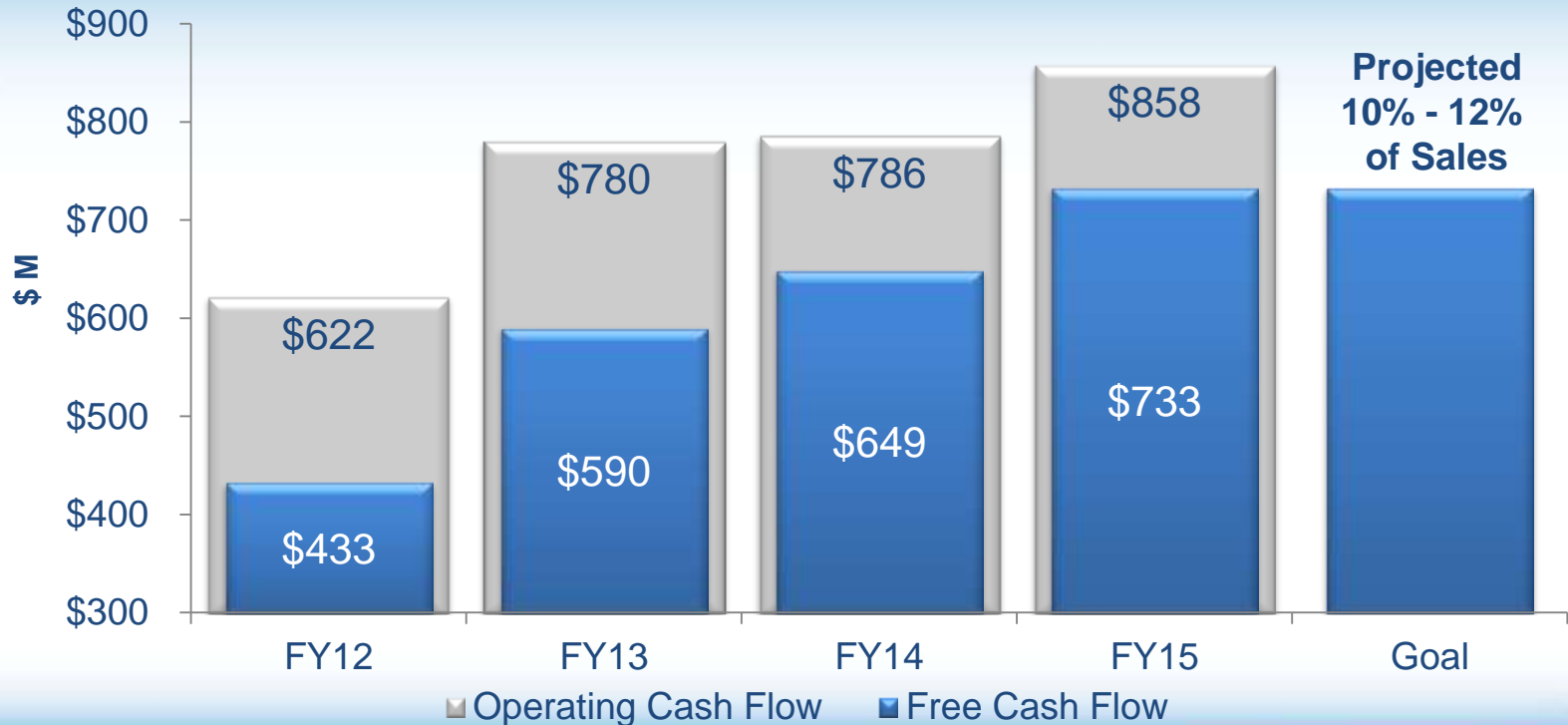
**1.0 - 1.5 pts**  
company growth

**= 3 - 5 pts**  
company growth

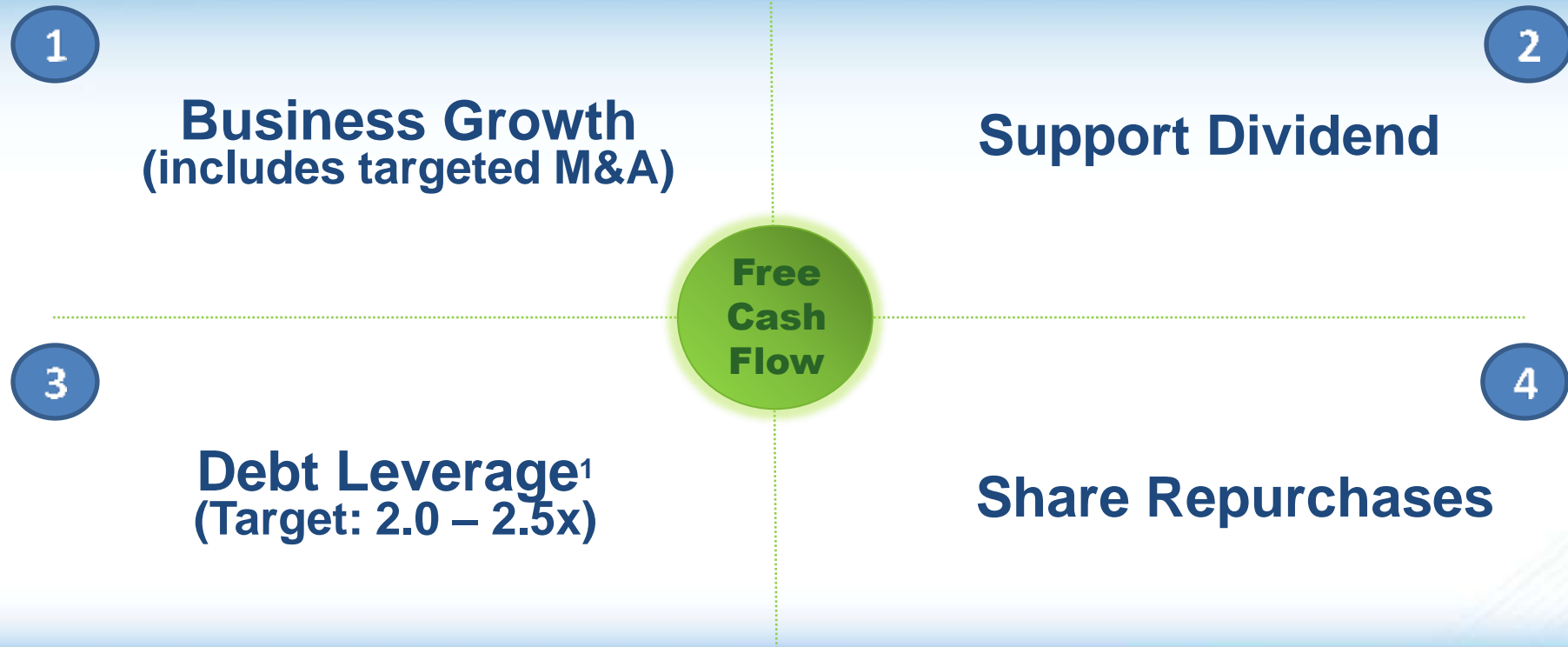
**Annual EBIT Margin Improvement: +25 to 50 bps**

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

# FY15 → Strong Free Cash Flow



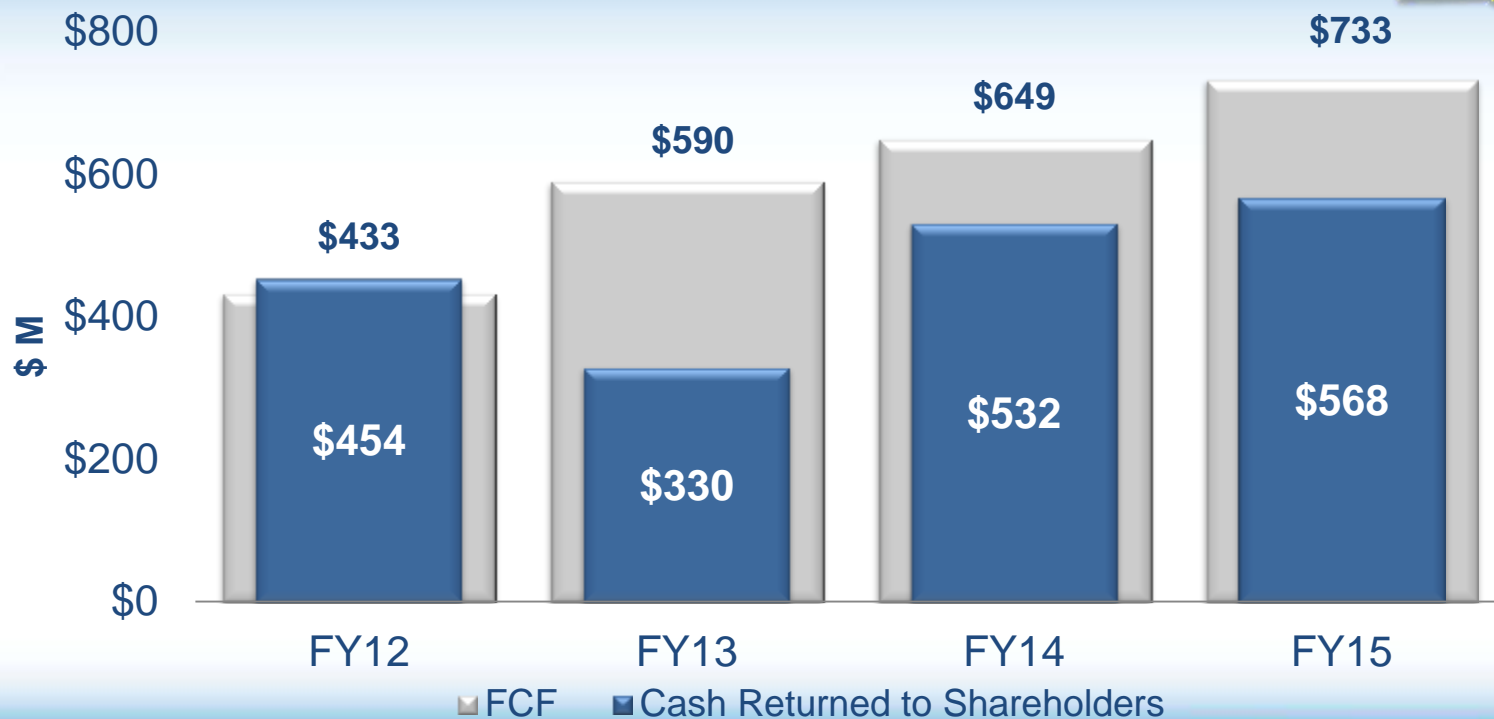
# Use of Cash Priorities



1. Debt Leverage = Gross Debt / EBITDA

# Nearly \$2 Billion Returned To Shareholders in Last 4 Years

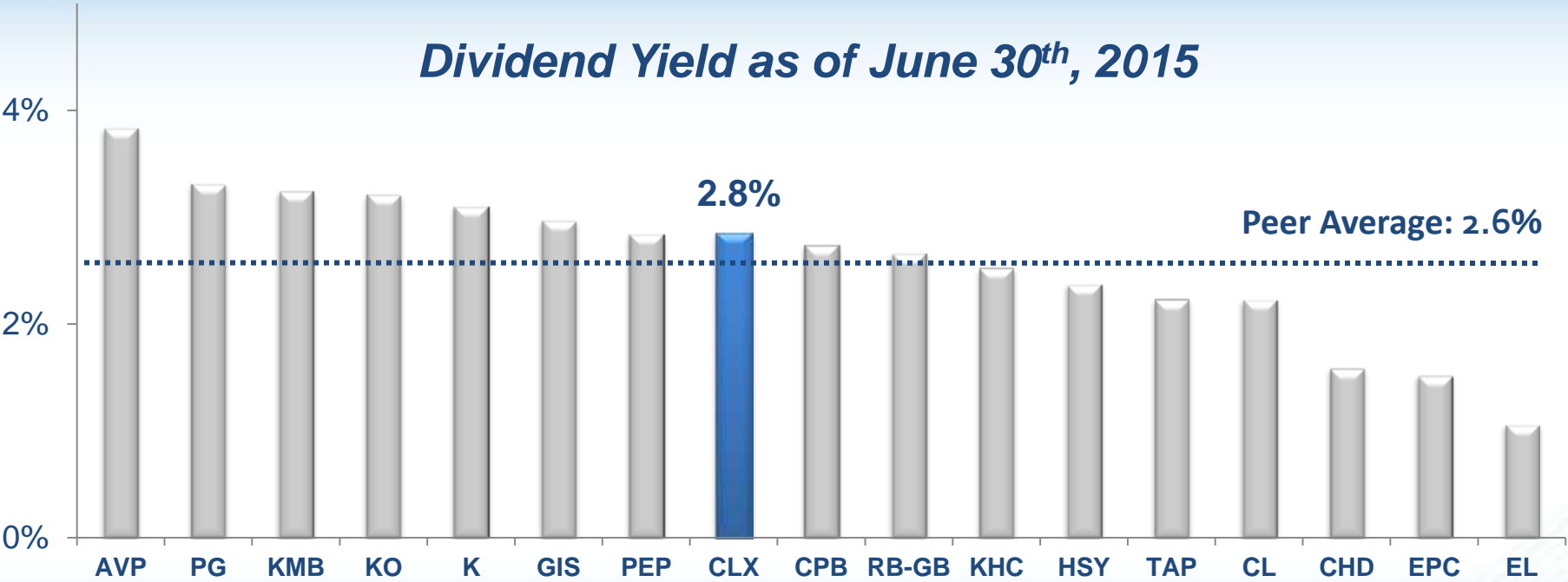
**FY15  
Payout Ratio  
64%**



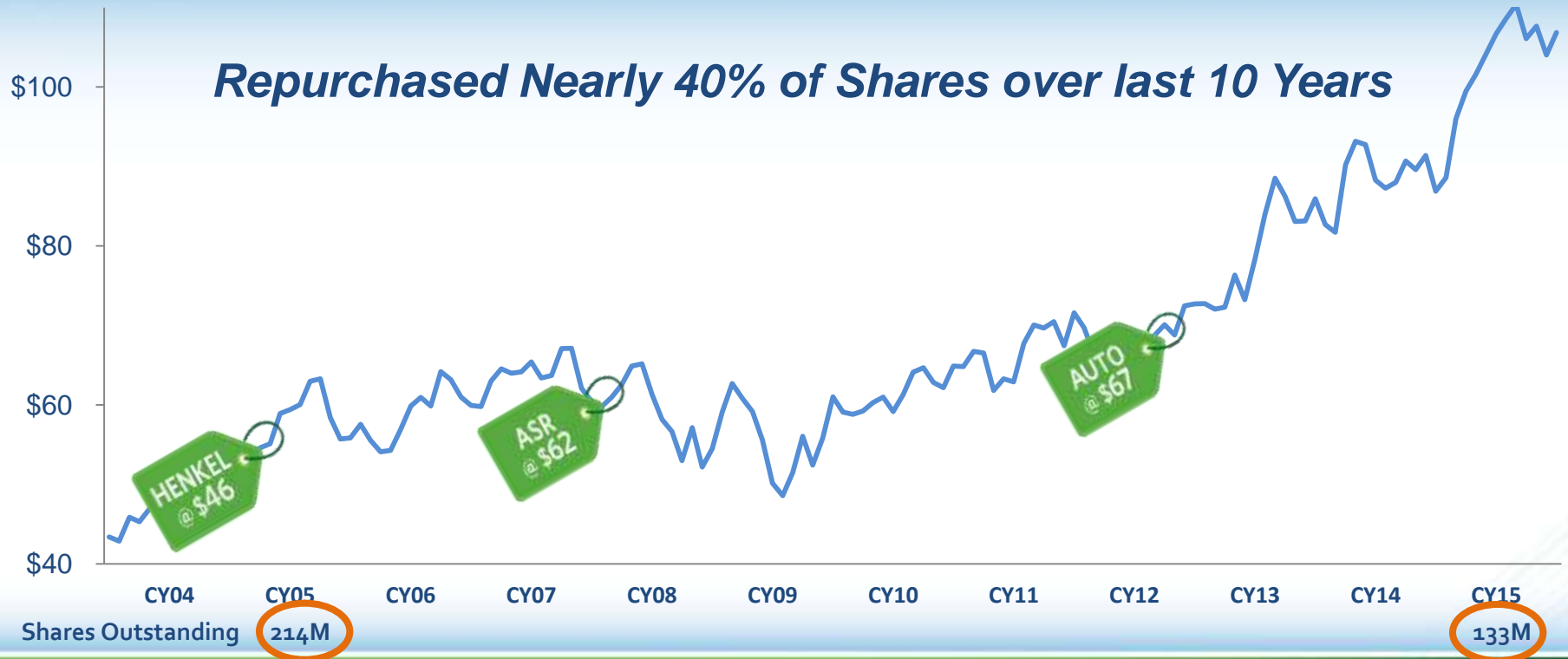
# Healthy Dividend Growth...

Dividends Have Increased Each Year Since 1977

*Dividend Yield as of June 30<sup>th</sup>, 2015*



# ...and Long Track Record of Share Repurchases



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

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# 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 6/30/2015.

# Cost Savings Continue to Deliver

## *EBIT Margin Benefit from Cost Savings*



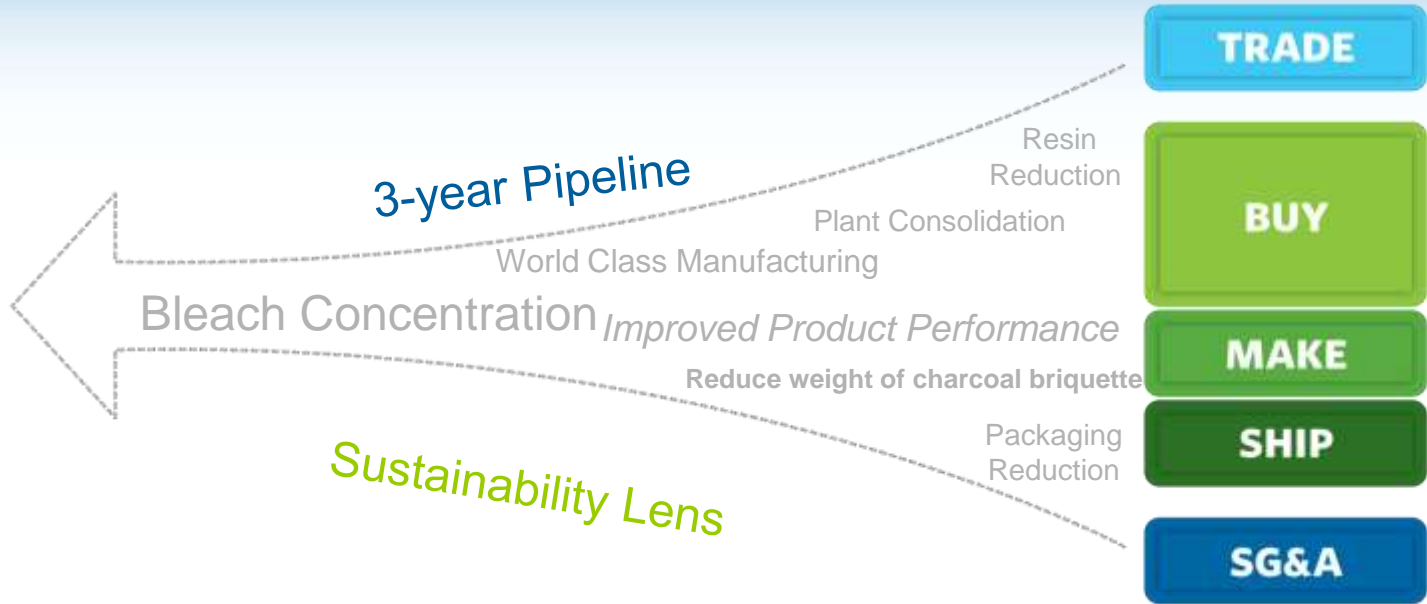


# Strong Pipeline of Cost Savings

~2% Efficiency



Every Year



# Bleach Network Optimization



**1990s**  
**(9 Plants)**

# Bleach Network Optimization



**Today**  
(6 Plants → 5)

# Cost Savings That Deliver Improved Performance

## ***Clorox Disinfecting Wipes Improvement***

- Addresses consumer dissatisfaction with improved functionality of closure
- \$2M of savings reinvested to drive growth



## ***Brita Pitcher Margin Improvement***

- Pitcher redesign improves consumer experience with entry level offering
- Premium extension improved pitcher profitability by over 4pts of margin

# Opportunities Exist Within SG&A



# 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

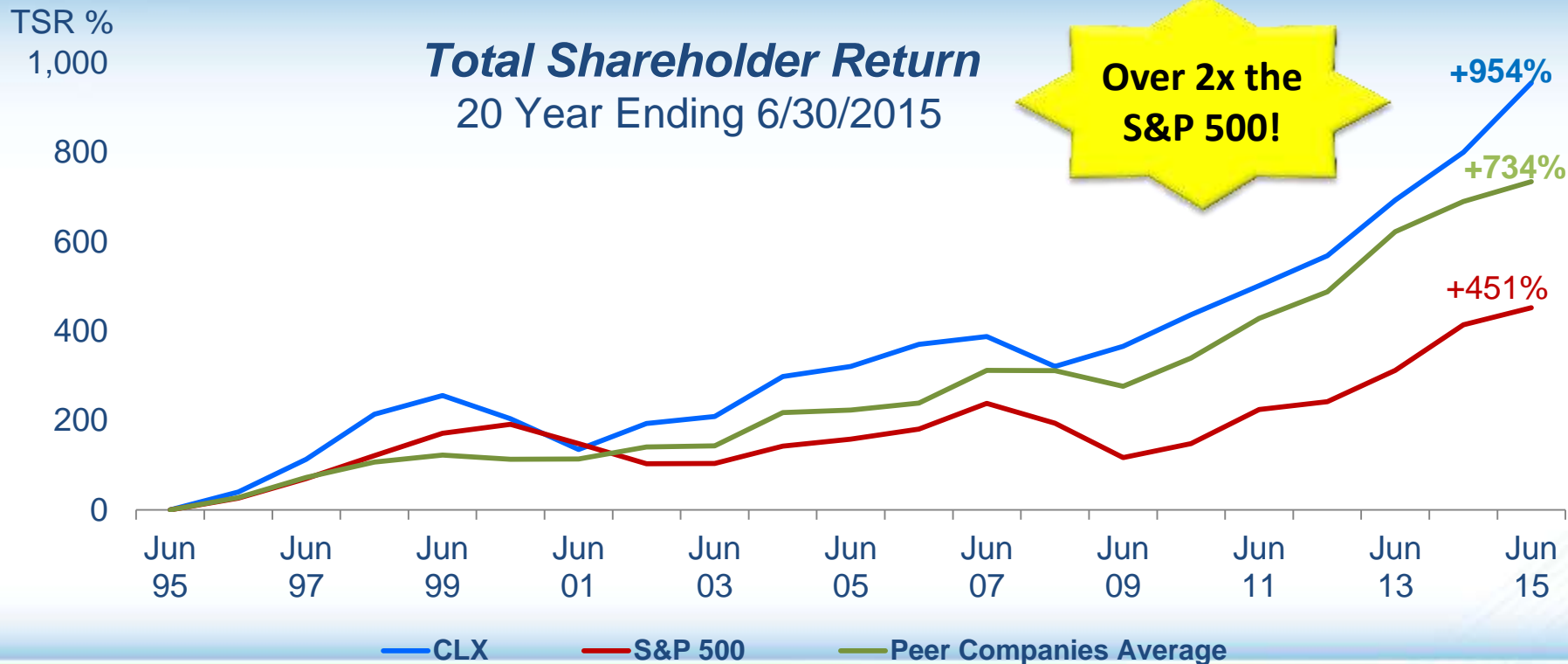
# Near-Term Priorities

- Invest in our categories by supporting innovation
- Continue executing with operational excellence by driving EBIT margin expansion
- Prioritize profitability of our International segment, while managing FX

# Strong Shareholder Return

## Total Shareholder Return 20 Year Ending 6/30/2015

Over 2x the  
S&P 500!





# Key Messages

- **Investments in the U.S.** in profitable growth are **producing positive results**
- **Strong Cash Flow** has benefited shareholders over the long-term
- Focus on expanding margins via **cost savings will continue to be a core competency**

# Benno Dorer

Chief Executive Officer



# 2020 Strategy → Constancy of Purpose

## Mission

- We make everyday life better, every day

## Objectives

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

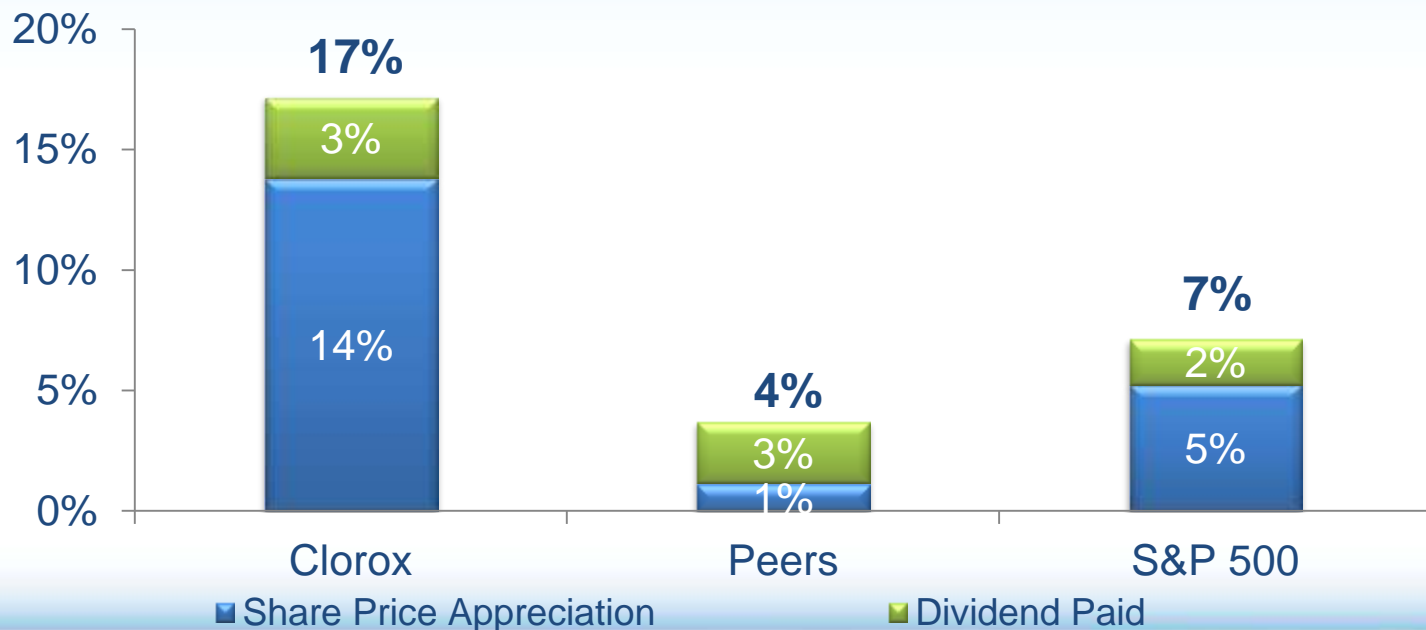
## Strategy

- 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

# Strong Results Are Recognized by Shareholders

## *Total Shareholder Return*

1 Year Ending 6/30/15



# Strategy Accelerators → Drive Profitable Growth

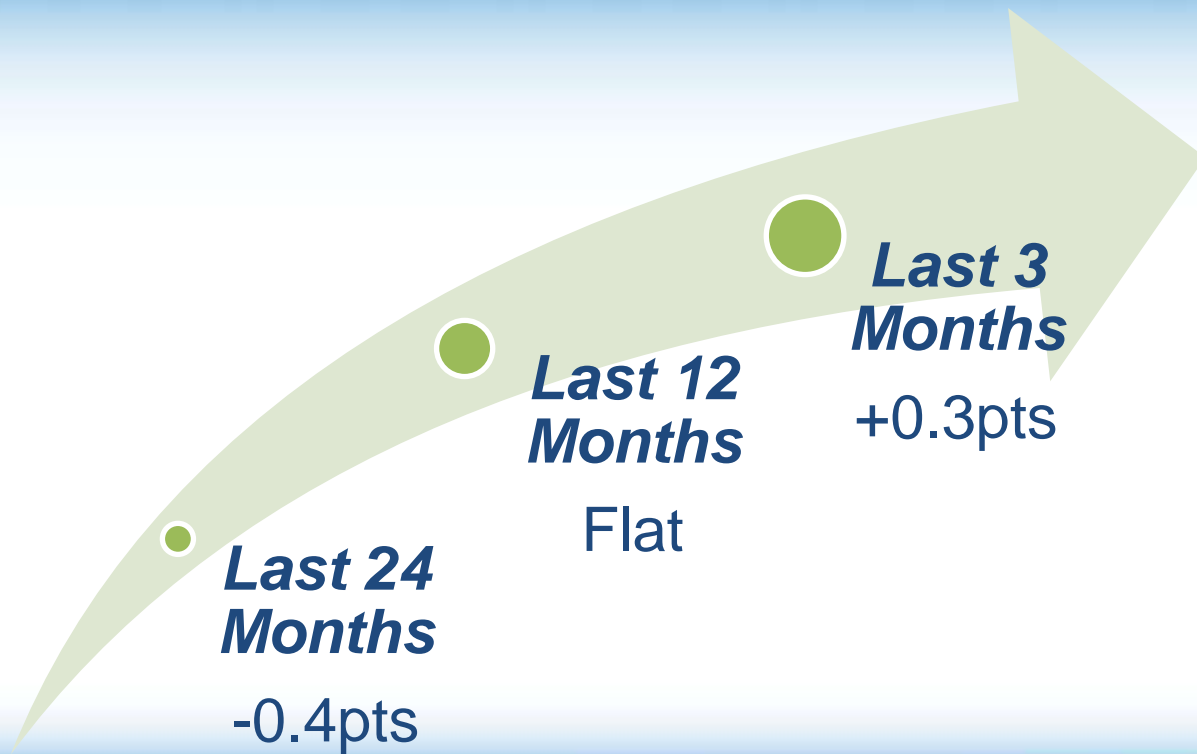
3D Technology  
Transformation

3D Innovation

Portfolio  
Momentum

Growth Culture

# Market Share is Responding



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 13 wk, 52 wk, and 24 mo ending 6/21/2015.

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# Continued Strong Investments Behind Innovation



# And Continue into 2016





# Key Messages

- **Staying on Strategy 2020** as it is producing strong shareholder returns
- **Investments in profitable growth** are beginning to show **positive results**
- **Strategy 2020 Accelerators** and continued **strong execution** to make accelerated **growth sustainable**

# Lunch/Q&A In the Café

