

# The Clorox Company

**2015 CAGNY Conference**  
**Boca Raton, FL**

# Benno Dorer

Chief Executive Officer

# Safe Harbor

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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, 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 international operations, including price controls and foreign currency fluctuations; competition in the Company's markets; changes in the Company's leadership; economic conditions and financial market volatility; volatility and increases in commodity, energy and other costs; the Company's ability to drive sales growth and increase market share; dependence on key customers; government regulations; political, legal and tax risks; supply disruptions; the success of the Company's business strategies and products; product liability claims, labor claims and other legal proceedings; risks relating to acquisitions, new ventures and divestitures; information technology security breaches or cyber attacks; 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 undertakes no obligation to publicly update or revise any forward-looking statements.

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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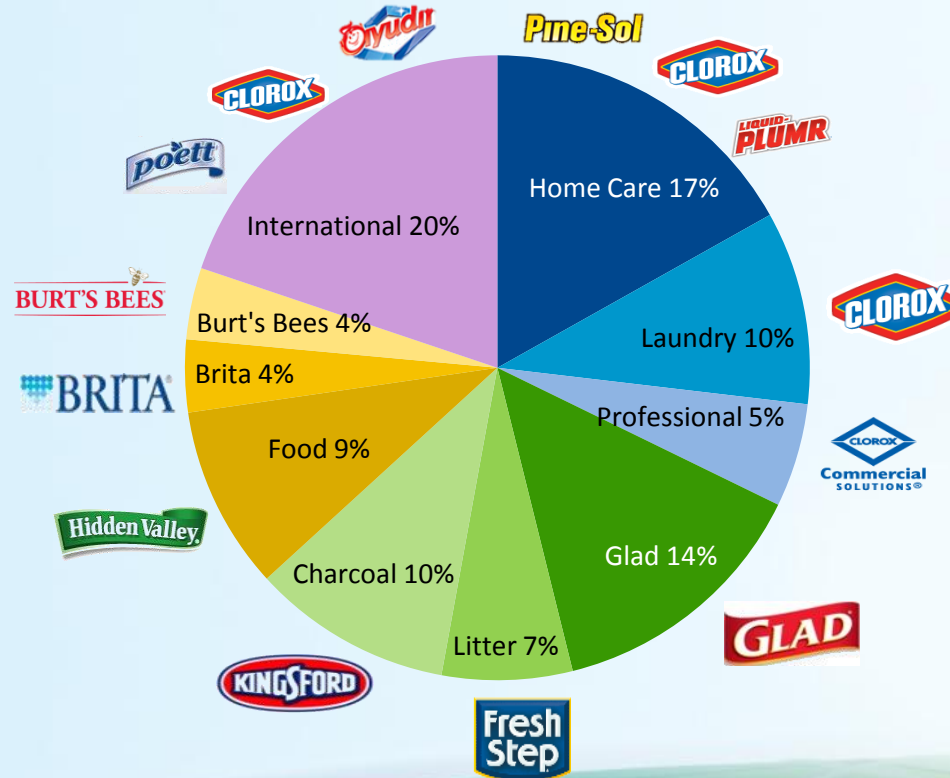
- Strategy 2020 is our focus
  - Investments behind profitable growth are working
  - Introducing Strategy Accelerators
- FY15 Outlook reflects a balanced view of macro-economic factors
- Long-term investment case remains solid

# Big Share Brands in Mid-Sized Categories (FY14 Sales: \$5.5B)

## Over 80% of the Portfolio has #1 or #2 Share

International : 20%

Cleaning : 32%



Lifestyle : 17%

Household : 31%

# Big Share Brands → Significant Synergies

## Advantage Over Less-Scaled Competitors



# Portfolio Supported by Consumer Megatrends

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Health & Wellness

Sustainability

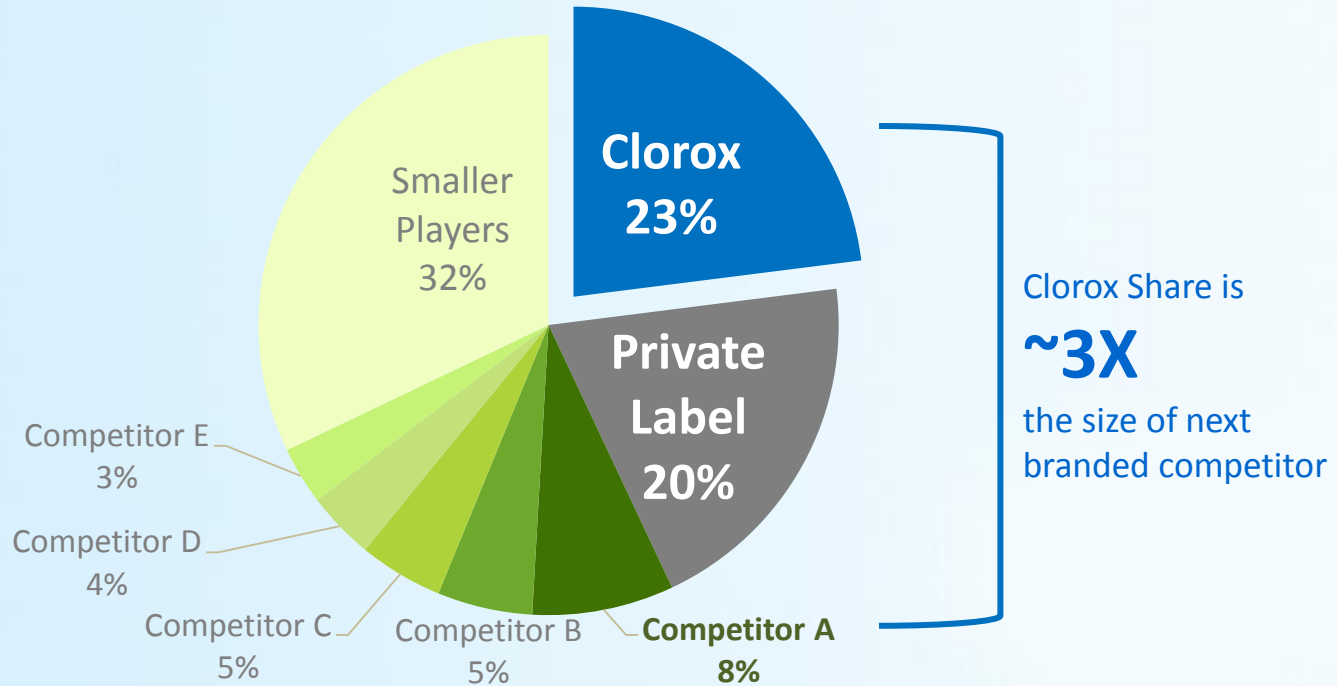
MEGA  
TRENDS

Fragmentation

Affordability

# 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 12/21/2014.



# Advantaged Portfolio

## Strong Position in Categories with Private Label Exposure



# Remain Committed to Strategy 2020

## Accelerate Profitable Growth

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### MISSION

- “We make everyday life better, everyday”

### OBJECTIVES

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

### 2020 GOALS

- Grow Sales 3% to 5% per year
- Expand EBIT Margin 25 to 50 bps per year
- Free Cash Flow 10%+ of Sales per year

# Strategy 2020 Accelerators

Goal: Accelerate Profitable Growth

Portfolio  
Momentum

3D Technology  
Transformation

3D  
Innovation

Growth  
Culture

Strategy 2020

# Strategy 2020 Accelerators

Goal: Accelerate Profitable Growth

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Growth  
Culture

Strategy 2020

# Broad-based Approach to Innovation

KEEP THE CORE HEALTHY

Product &  
Marketing

Product  
Superiority

GROW MARKET SHARE

EXPAND MARGIN

Cost-o-vation

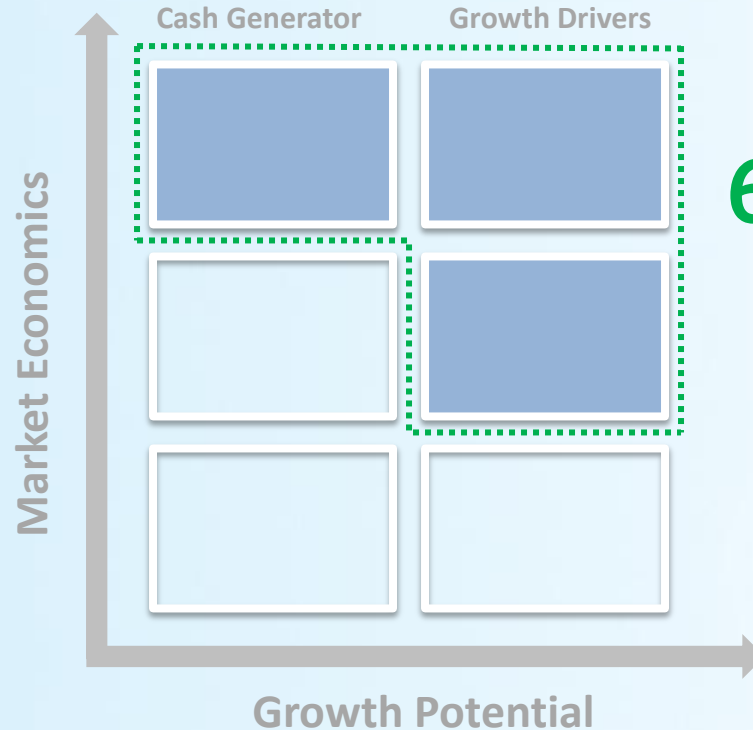
New Product  
Platforms &  
Adjacency  
Expansion

ACCELERATE GROWTH

\*Cost-o-vation is a term used at Clorox that describes innovation that reduces cost while delivering improved product performance

# Superior Products

Disproportionately Invest Behind Higher Return Opportunities

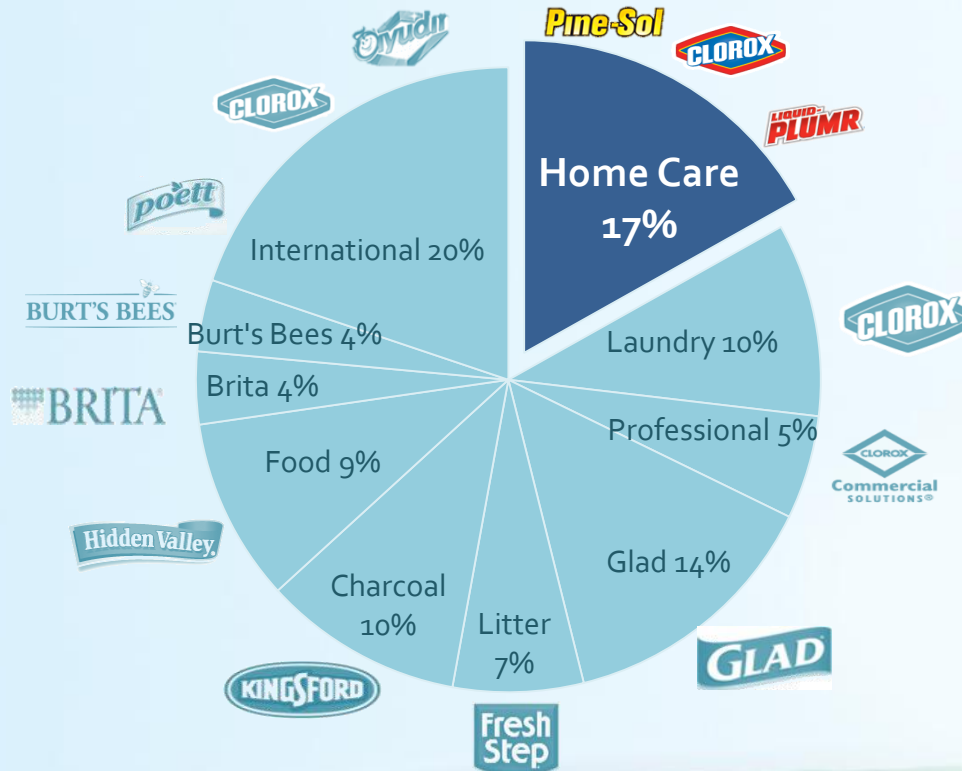


Drive  
**60:40 wins**

# Focus on Clorox Home Care

International : 20%

Cleaning : 32%



Lifestyle : 17%

Household : 31%

# 3D Innovation to Grow Category and Share

## Clorox Disinfecting Wipes

DESIRE

DECIDE

DELIGHT

- ✓ New VALUE campaign
- ✓ More merchandising with stronger disinfecting message
- ✓ Multiple new launches in FY15





# Strong Disinfecting & Surface Extension Message



# Driving Household Penetration with Cold & Flu Activation

- Increased focus educating consumers on how to keep their families healthy
  - Increased TV & Digital advertising with flu-specific messages
  - CDW merchandising with secondary placement

Proven to kill flu viruses.



Spread Protection.

Use as directed to kill influenza A strains on hard, non-porous surfaces.

A screenshot of the everydayHEALTH website. The page features a navigation bar with categories like CONDITIONS, DRUGS, HEALTHY LIVING, FOOD &amp; RECIPES, and ADVICE &amp; SUPPORT. A prominent banner at the top reads "KILL 99.9% OF GERMS ON SURFACES." Below this, there's a "Cold and Flu Guide" section with a quiz titled "Cold and Flu Quiz: Myth or Fact?" and a "Take the Quiz" button. Other sections include "Reduce Germs at Home", "Top 10 Cold Remedies", and "10 Immune-Boosting Foods". The website also has a search bar and a "Symptom Checker" link.



# 3D Innovation to Grow Category and Share

## Clorox Disinfecting Wipes

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✓ New VALUE campaign

✓ More merchandising  
with stronger  
disinfecting message

✓ Multiple new launches  
in FY15



Dollars	P52 W Jan 18, 2015	P13 W Jan 18, 2015
TTL Wipes Category	+9.0pts	+14.6pts
Clorox Wipes Share	-0.4pts	+2.6pts



# Cleaning Behaviors Have Evolved

1960s



Right Tool for the Job

1980s



Deep Cleaning Routine, Weekend Chores

2000s



Balance: Deep vs. Quick Clean

Today



In-The-Flow



# Cleaning in the Flow: New Clorox Scrub Singles



## For Kitchen and Bathroom

- ✓ Jan 2015 Launch
- ✓ Strong and flexible disposable pads
- ✓ Preloaded with Clorox® cleaner
- ✓ Powers through grease and soap scum
- ✓ Rinsable pad cleans multiple surfaces

**Replaces the Kitchen Sponge -  
#1 source of germs in the household\***



\*Source: <http://www.webmd.com/food-recipes/features/germs-in-kitchen>

# Cleaning in the Flow: Clorox® ToiletWand



- ✓ Original Launch - 2004
- ✓ #1 SKU in Toilet Cleaner Category (10ct refill)
- ✓ Preloaded with Clorox® cleaner
- ✓ Kills 99.9% of germs

Dollars	P52 W Jan 18, 2015	P13 W Jan 18, 2015
Clorox Share (CTBC)*	+5.8pts	+5.3pts
ToiletWand Sales vs YA	+7.0%	+8.7%



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

\*Share of Convenience Toilet Bowl Cleaner Category

# 3D Innovation to Grow Category and Share

DESIRE

- ✓ New marketing campaign highlighting VALUE

DECIDE

- ✓ More merchandising with stronger message

DELIGHT

- ✓ Multiple new launches hitting the shelf in FY15



Dollars	P52 W Jan 18, 2015	P13 W Jan 18, 2015
TTL Home Care Category	+0.7pts	+2.9pts
Clorox Home Care Share	+0.3pts	+0.6pts



# Focus on Litter

International : 20%

Cleaning : 32%



Lifestyle : 17%

Household : 31%



# 3D Innovation – Cat Litter

DESIRE

DECIDE

DELIGHT

✓ Demonstrate  
Superior Benefits

✓ Incremental demand  
support behind  
stronger messaging

✓ Innovation in FY15



# Engaging Cat Owners on Fresh Step Lightweight Benefits

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# Fresh Step Lightweight Execution at Target



Delivered Over  
90M Impressions!

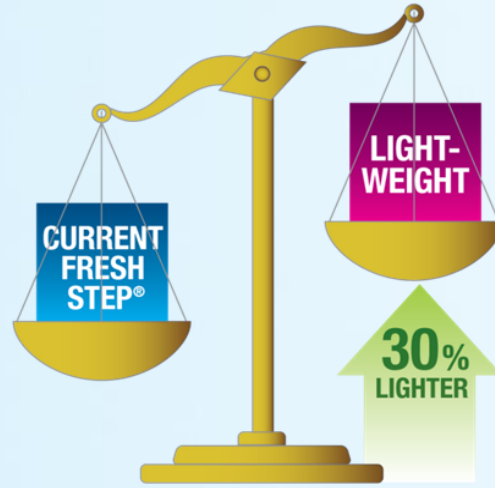


# Fresh Step Lightweight Benefits

✓ Super absorbent



✓ Easier to carry & pour



✓ BEST ODOR CONTROL

More Odor Control

Less Odor Control



# Cat Litter Share Improving & Strong Category Growth

DESIRE

DECIDE

DELIGHT

✓ Demonstrate  
Superior Benefits

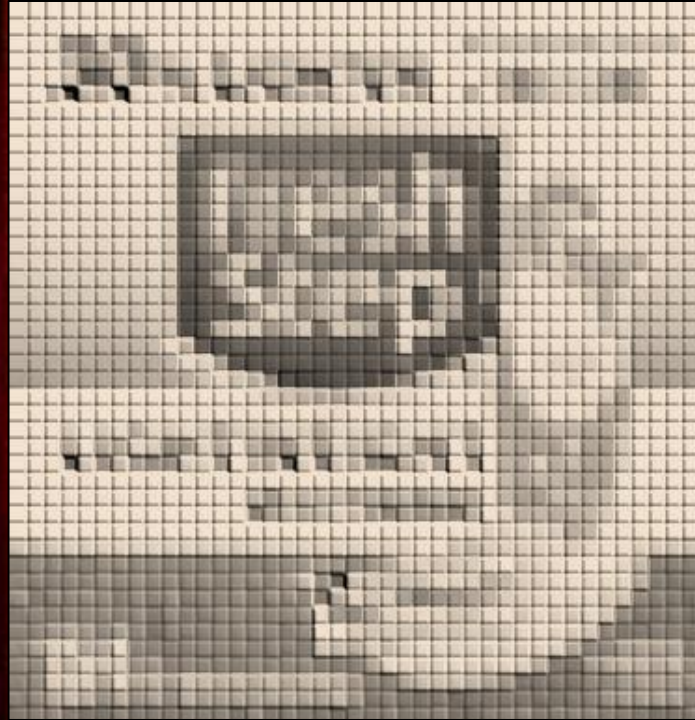
✓ Incremental spend  
behind stronger  
messaging

✓ Strong Innovation

Dollars	P52 W Jan 18, 2015	P13 W Jan 18, 2015	P4 W Jan 18, 2015
TTL Litter Category	+4.7pts	+4.1pts	+2.6pts
Clorox Litter Share	-1.9pts	-1.3pts	-0.5pts



**With More Innovation to Come . . . Stay  
Tuned . . . Back Half of 2015**



# Strategy 2020 Accelerators

Goal: Accelerate Profitable Growth

Portfolio  
Momentum

3D Technology  
Transformation

3D  
Innovation

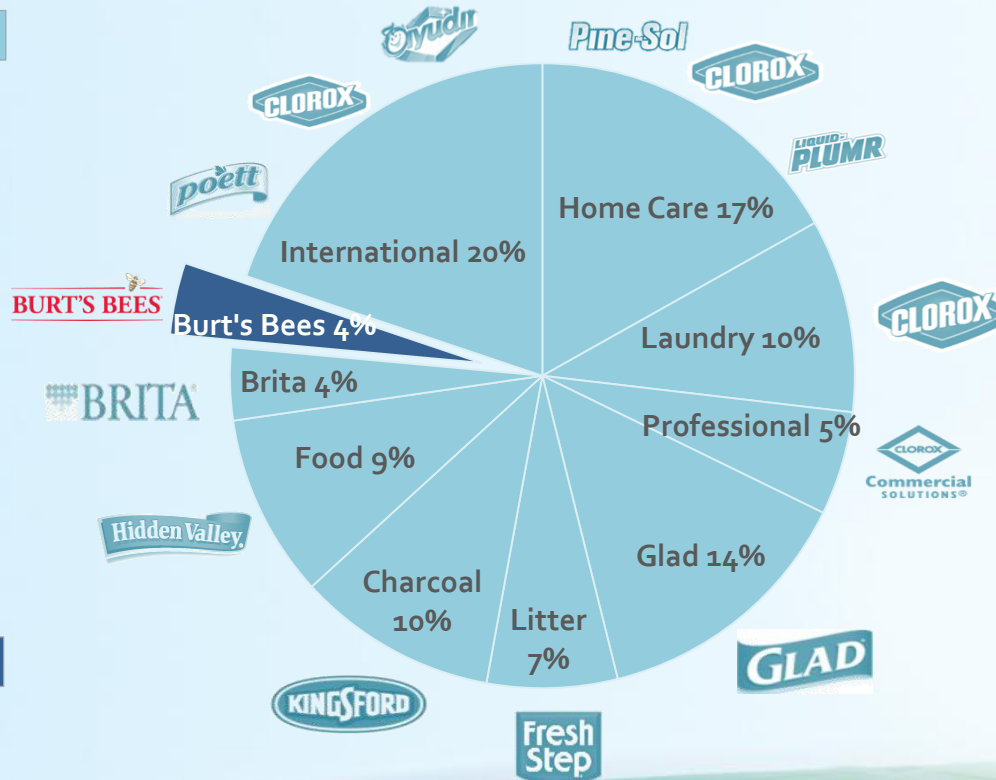
Growth  
Culture

Strategy 2020

# Focus on Burt's Bees

International : 20%

Cleaning : 32%



Lifestyle : 17%

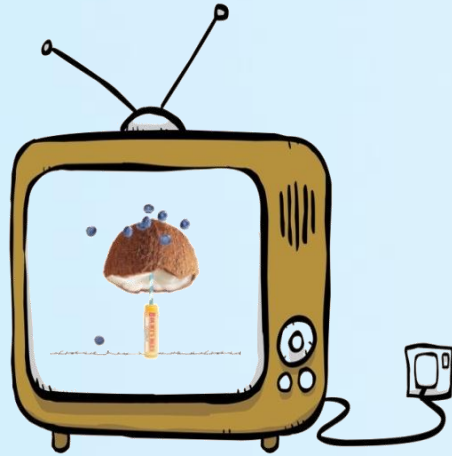
Household : 31%



# Investing Behind Growth

DESIRE

- ✓ First ever TV campaign



DECIDE

- ✓ Pulse period merchandising



DELIGHT

- ✓ Innovation pipeline



# Burt's Bees 1<sup>st</sup> TV Campaign

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# Burt's Bees – Market Leader

## MARKET LEADER

**#1**  
Natural brand\*

**34%**  
Market  
Share NPC\*

## GROWTH LEADER

**+8%**  
5 Year  
CAGR\*\*

NPC growing  
**7X** faster than  
traditional  
personal care\*

## THOUGHT LEADER

Leader in  
sustainable  
business  
practices

NPA natural  
seal



## INNOVATION LEADER

**123**  
Items launched  
over past 3 yrs

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

## CONSUMER LEADER

Extraordinary  
consumer  
loyalty\*

Ranked  
**#1**  
Green Brand\*

\*Source: IRI MULO x Target 52 we 1-26-14; Brand Health Tracking 2014 ; 2010 Image Power Green Brands Survey

\*\* Includes gūđ™

# Investing Behind Growth

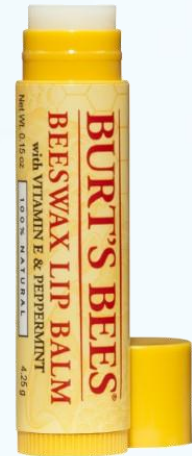
DESIRE

DECIDE

DELIGHT

- ✓ First ever TV campaign
- ✓ Pulse period merchandising
- ✓ Innovation pipeline

Dollars	P52 W Dec 28, 2014	P12 W Dec 28, 2014
TTL Key HPC Category*	+3.2pts	+3.1pts
Burt's Share (HPC)	+0.1pts	+0.2pts
Burt's Growth vs YA	+9.8%	+13.5%



\*Source: IRI Infoscan Data - Total U.S. Multi-Outlet (Food/Drug/Mass + Walmart + Sam's + BJ's + Family Dollar + Dollar General + Fred's + DeCA) + SPINS + Wholefoods + BBI Target D37

Key HBC Categories include: Lip Balm / Cold Sore, Lip Cosmetics, Face + Acne, Hand & Body Lotions and Shampoo & Conditioner

# Significant Opportunities for Growth

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- Drive Trial and Awareness on the Core
- Further Expand into Natural Personal Care Adjacencies
- Continued International Expansion



# Growth Investments are Working

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- Category performance is showing positive trends
- Market share has steadily improved

	P52 W Jan 18, 2015	P13 W Jan 18, 2015	P4/5 W Jan 18, 2015
Dollars			
TTL Clorox Category	+0.8pts	+1.8pts	+2.3pts
Clorox Share	-0.2pts	Flat	+0.3pts

# Key Messages

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- Strategy 2020 is our focus
  - Investments behind profitable growth are working
  - Introducing Strategy Accelerators
- FY15 Outlook reflects a balanced view of macro-economic factors
- Long-term investment case remains solid

# Steve Robb

Chief Financial Officer



# Key Messages

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# FY15 YTD Performance

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	1H FY15	Vs. Year Ago
Sales	\$2.7B	+1.7% (+4% FX Neutral)
EBIT Margin	17%	+45 bps
Diluted EPS <i>(continuing operations)</i>	\$2.07	+6%

# FY15 Outlook

Based on February 4<sup>th</sup> Earnings Release

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Sales  
About +1%

- Categories: Flat to up slightly
- Innovation: About +3pts
- Pricing: Modest benefit
- FX: -2pts to -3pts

EBIT Margin  
About Flat

- Gross Margin: Slight expansion
- Selling & Admin: ~14% of Sales
- Advertising & Sales Promotion: > 9% of Sales

Diluted EPS  
\$4.40 to \$4.55

- Tax rate: ~34%

# FX Headwinds

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	Sales % to Clorox	Exchange Rate vs YAGO
Canada	4%	-8%
Argentina	3%	-29%
Australia	2%	-8%
Chile	1%	-14%
Colombia	1%	-12%
Mexico	1%	-6%

Expected to reduce Sales by 2 to 3 points in FY15

# Sales Growth

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- Domestic: Within our long-term range
- International: Challenged; focus is on profitable growth

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	<b>DOMESTIC (80% OF SALES)</b>	<b>INTERNATIONAL (20% OF SALES)</b>	<b>TOTAL CLOROX</b>
<b>Long-Term Goal</b>	<b>+2% to +3%</b>	<b>+5% to +7%</b>	<b>+3% to +5%</b>
FY15 YTD Results	+2.4%	<b>-0.8%</b>	+1.7%

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# Key Trends

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- FX headwinds and slowing international economies
  - Expect pressure to continue into FY16
- Rising inflationary pressures especially in logistics
- Expect a benefit from lower resin pricing, partially offset by higher brand investment
  - Support innovation
  - Defend market shares against competitive price reductions


# Key Messages

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- Strategy 2020 is our focus
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- Higher FY15 Outlook reflects a balanced view of macro-economic factors
- Long-term investment case remains solid

# Long-Term Investment Case Remains Solid

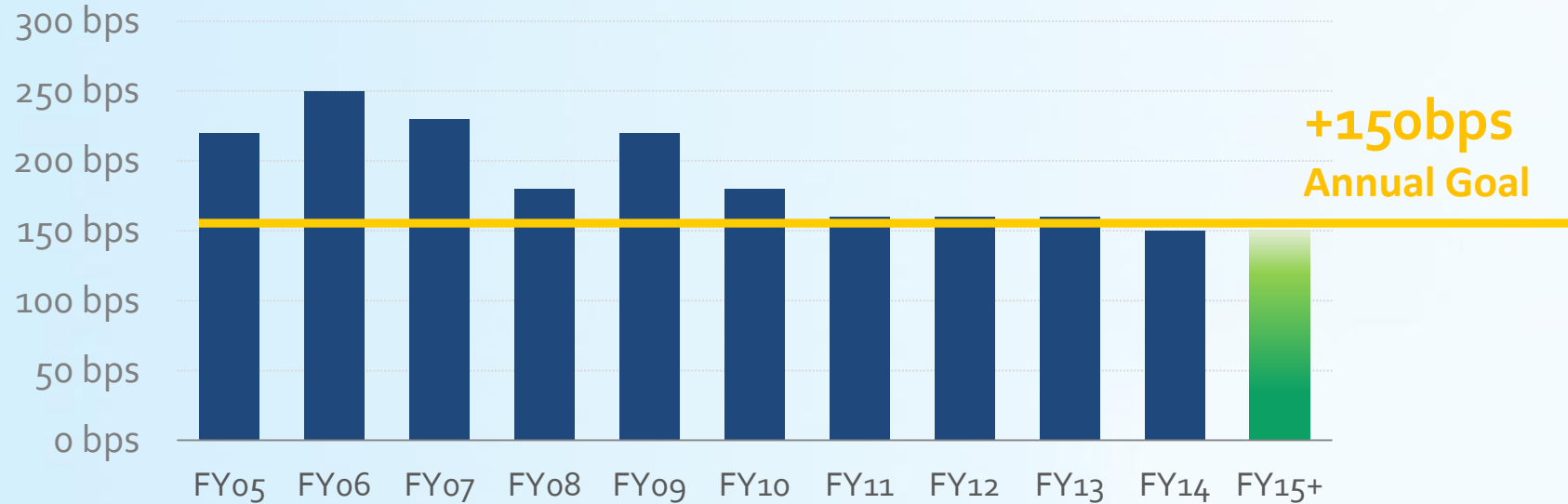
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- FX headwinds likely to lessen over the long-term
  - 3D innovation supports our goal of growing share and categories
  - Solid pipeline of innovation and cost savings, including SG&A
  - Free cash flow: 10%+ of Sales
- 



# Cost Savings: Strong Track Record

## Margin Benefit from Cost Savings

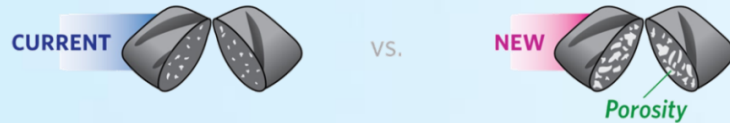


Note: FY05 to FY14 cost savings margin benefit above do NOT reflect the reclassification of Corporación Clorox Venezuela S.A. (Clorox Venezuela) to discontinued operations on Sept. 22, 2014.

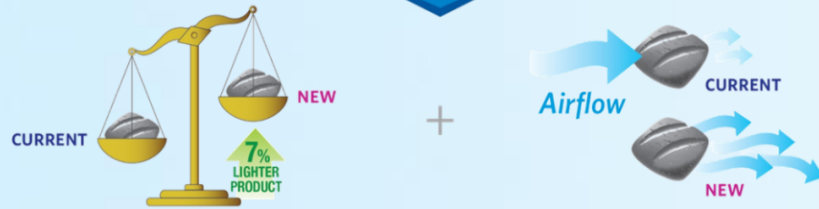
# Example: Cost-o-vation with Kingsford

- Third light-weight project that improves product performance

## Internal Air Pockets...



## Higher Porosity + Increased Airflow Through the Briquet...



## Reaches 380° Faster...

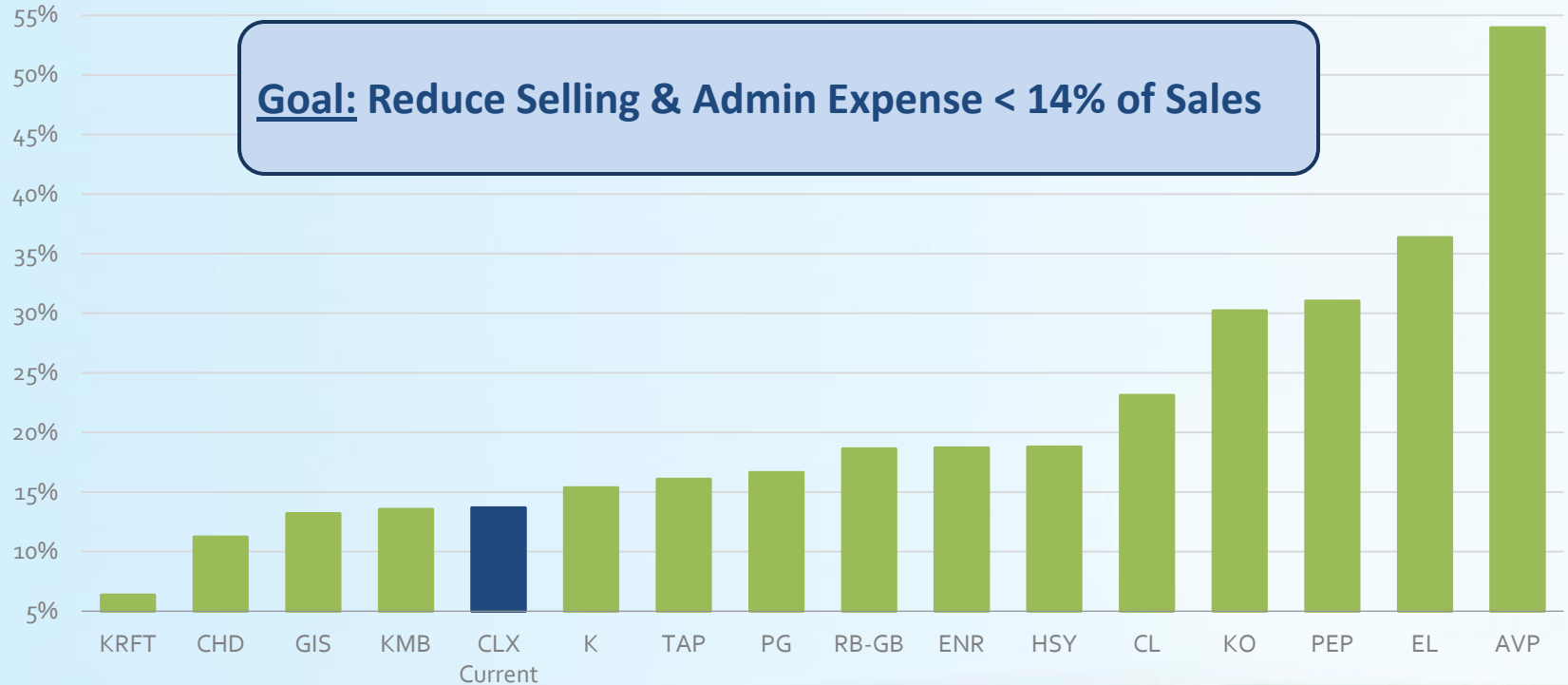


- ✓ SOS Jan 2015
- ✓ 7% lighter product
- ✓ 12,300 metric tons of CO<sub>2</sub> reduced/per year
- ✓ More pallets on a truck = 1.2M miles saved
- ✓ +100bps of Kingsford margin improvement

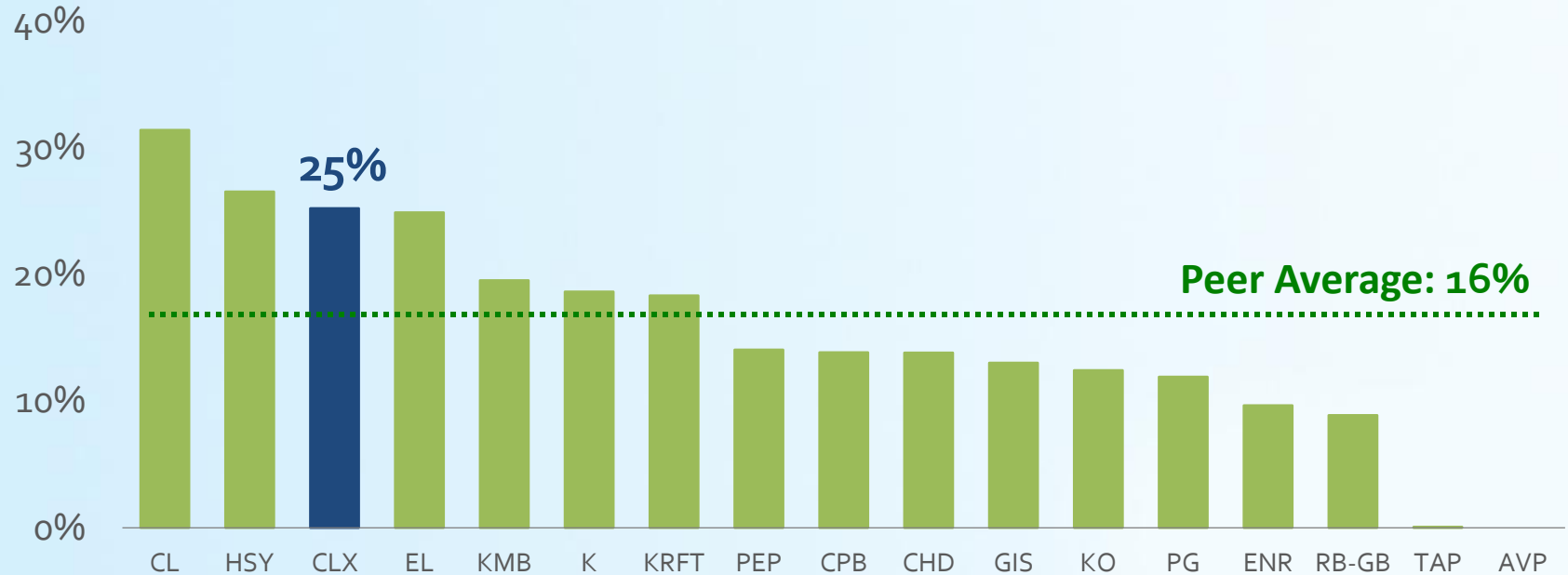


# Admin Opportunities Exist

Selling & Admin as a % of Sales



# Top-Tier ROIC




Return on invested capital (ROIC), a non-GAAP measure, is calculated as earnings from continuing operations before income taxes, excluding restructuring and asset impairment costs, noncash goodwill impairment and interest expense, computed on an after-tax basis as a percentage of adjusted average invested capital. 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 6/30/2014.

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.

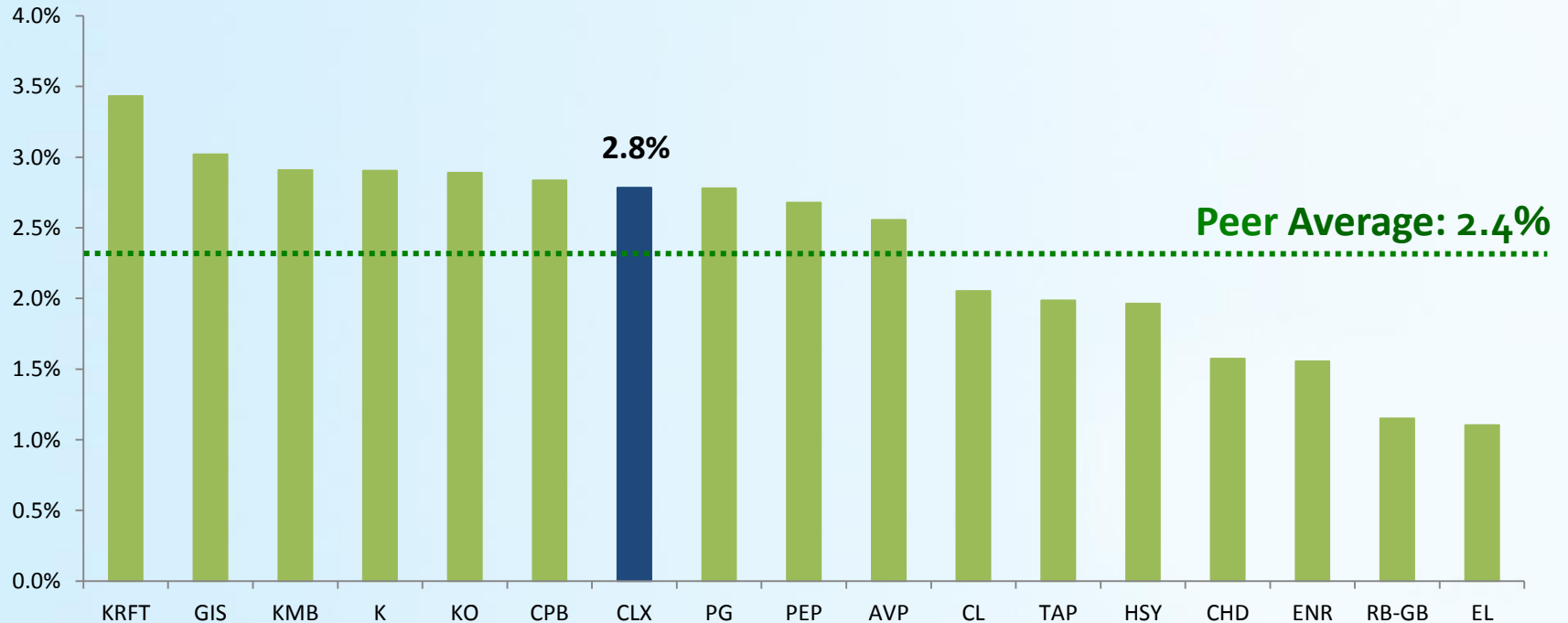
# Use of Cash Remains the Same

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

# 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 Dec 31, 2014.

# ...and Long Track Record of Share Repurchases

Repurchased Nearly 40% of Shares Outstanding Over the Last 10 Years



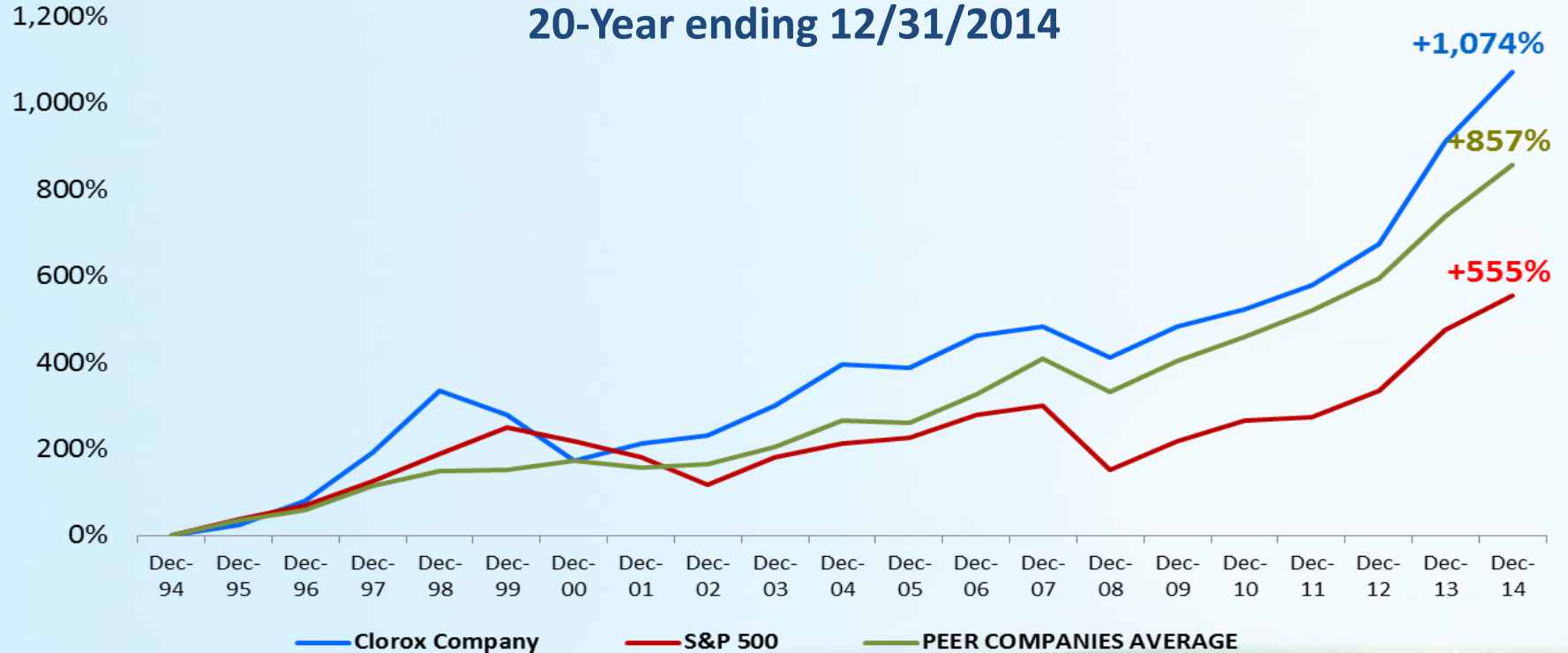
Shares Outstanding 214M

132M

# Strong Shareholder Return

## Nearly 2x the S&P 500


### Total Shareholder Return 20-Year ending 12/31/2014





# Reminder: Timing of FY16 Outlook

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- Clorox will provide its FY16 Outlook in its Q4 Earnings Release (August instead of May)
  - Brings us consistent with peers
  - Allows time to provide an outlook based on a full year of actual results
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# Key Messages

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# Q&A