

# FY18 Q2 Investor Deck



# 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, earnings per share, diluted earnings per share, margins, foreign currencies, foreign currency exchange rates, tax 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; volatility and increases in commodity, energy, transportation and other costs; the Company's ability to drive sales growth and increase market share; dependence on key customers; increase in sales of consumer products through alternative retail channels; information technology security breaches or cyber attacks; government regulations; political, legal and tax risks; risks relating to acquisitions, new ventures and divestitures; economic and financial market conditions; international operations and international trade, including price controls, foreign currency fluctuations, labor claims and labor unrest, and potential harm and liabilities from use, storage and transportation of chlorine in certain markets; the ability of the Company to innovate, to develop commercially successful products and to implement cost savings; the success of the Company's business strategies; the Company's business reputation; the effects of the Tax Cuts and Jobs Act; the venture agreement with P&G related to the Company's Glad® business; supply disruptions; product liability claims, labor claims and other legal proceedings; the Company's ability to attract and retain key personnel; environmental matters; the Company's ability to assert and defend its intellectual property rights; and the impacts of potential stockholder activism.

# Contents



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# How We Create Value



# Leading Brands

Over 80% of Global Sales from #1 or #2 Share Brands



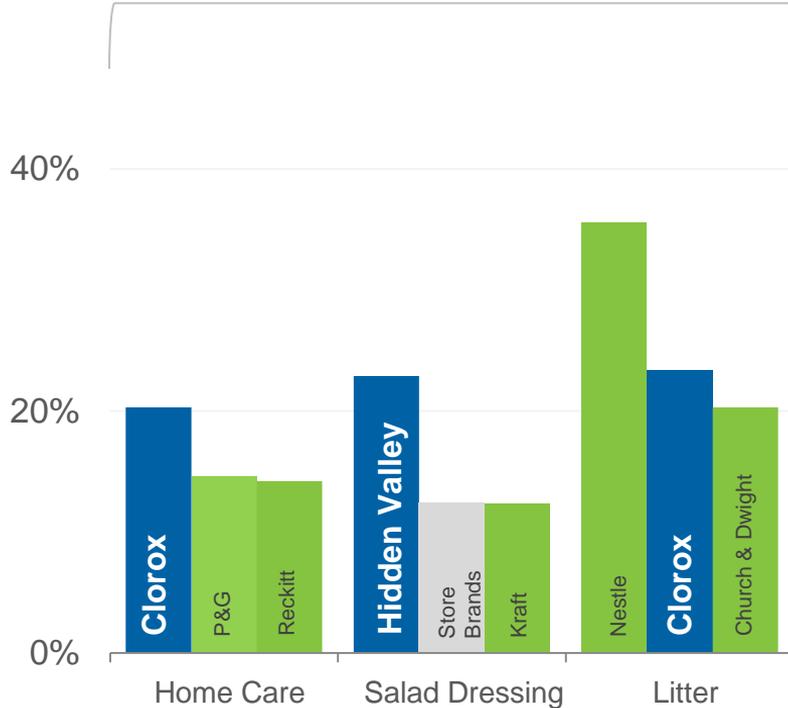
	United States	Share Position		International	Share Position
	Disinfecting Wipes	#1		Argentina	#1
	Bleach	#1		Saudi Arabia	#1
	Toilet Bowl Cleaner	#1		Mexico	#2
	Clean Up Spray	#1		Peru	#1
				Colombia	#2
	Dilutable Cleaners	#1			
	Drain Care	#2		Chile	#1
	Charcoal	#1		Canada	#2
	Salad Dressing	#1		Canada	#1
				Australia	#1
	Cat Litter	#2		Argentina	#1
			Chile	#1	
	Premium Trash Bags	#1		Canada Trash Bags	#1
	Food Wraps	#2		Canada Food Wraps	#1
	Natural Lip Care	#1		New Zealand Food Protection	#1
				Hong Kong Food Protection	#1
	Water Filtration	#1		Canada Lip Care	#2
	Probiotics – Natural Channel	#2			

US share position: dollar market share, IRI MULOP 52 weeks ending 06/18/17, International share position: dollar market share, Nielsen Retail Measurement for International geographies except; IRI for Australia

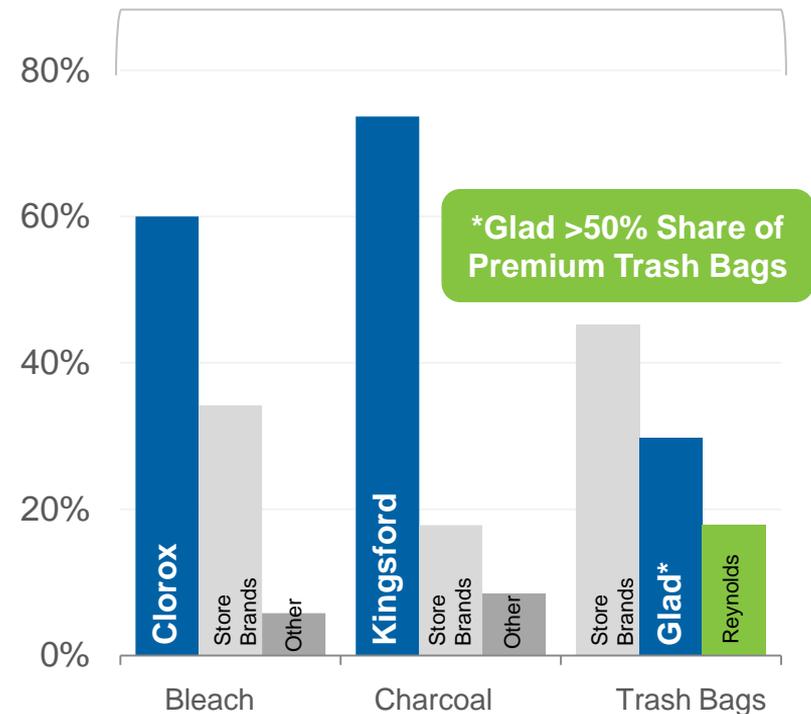
# Competing Well with National & Store Brands



## Categories with National Brands



## Categories with Store Brands



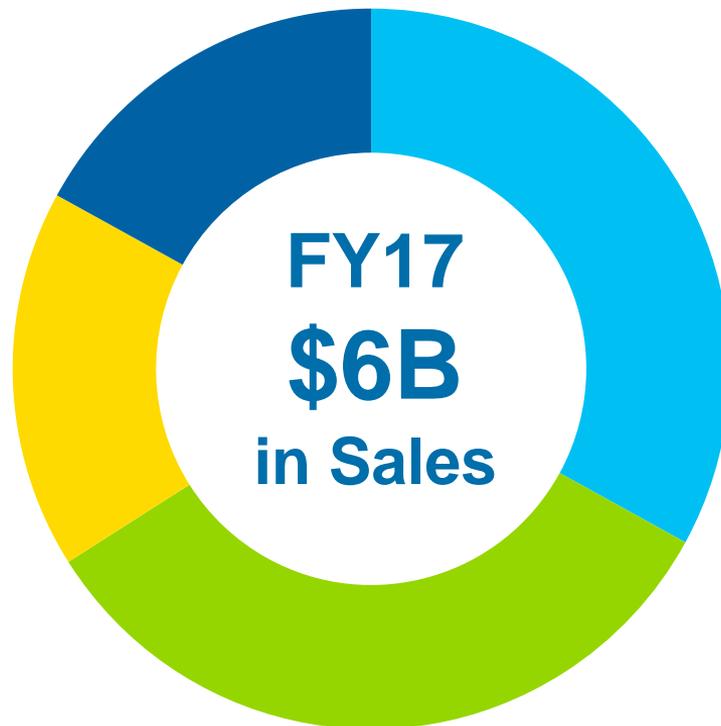
# Mid-Sized Categories

## International : 17%

Latin America	9%
Canada	3%
Australia / NZ	2%
Rest of World	3%

## Lifestyle : 16%

 Hidden Valley	9%
 BURT'S BEES	4%
 BRITA	3%



## Cleaning : 34%

 Pine Sol	Home Care	19%
 CLOROX	Laundry	9%
 CLOROX HEALTHCARE®	Professional	6%

## Household : 33%

 GLAD	14%
 KINGSFORD	10%
 Fresh Step	7%
 Renew Life	2%



# Operational Excellence



\*As of June 30<sup>th</sup>, 2017, Clorox's S&A/Sales was ~13.6% vs. peer average of 19% . 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, NWL, CPB, GIS, HSY, K, KHC, DPS, KO, PEP, COTY, EL, KMB, RB-GB.

# Good Growth



**Profitable, Sustainable, Responsible**



# Leading Through Strategic Change in CPG



**Digital  
Revolution**



**Consumer  
Focus on Value**



**Challenging  
Retail  
Environment**



**International  
Macro  
Headwinds**

# Evolved 2020 Strategy

## Mission

- We make everyday life better, every day

## Objectives

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

## Strategy

- Drive superior consumer value behind strong brand investment, innovation and technology transformation
- Accelerate portfolio momentum in and around the core
- Fuel growth by reducing waste in our work, products and supply chain
- Engage our people as business owners



# Long-Term Growth Algorithm 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

## Total Company

annual growth  
= +3 to 5pts

**Annual EBIT Margin Improvement:**

**Annual Free Cash Flow:**

**+25 to +50 bps**

**10% to 12% of Sales**

EBIT (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding interest income & interest expense. EBIT margin is a measure of EBIT as a percentage of sales.

Free Cash Flow (a non-GAAP measure) represents Operating Cash Flow from Continuing Operations less Capital Expenditures. See reconciliation in the Appendix



# FY18 Q2 Performance and FY18 Outlook



	<u>FY18 Q1</u>	<u>FY18 FY Outlook</u> <u>(Feb 2 earnings call)</u>
<b>Sales</b> (vs Year Ago)	\$1.4B (+1%)	+1 to +3%  Innovation: ~+3pts Aplicare Divestiture: ~-1pt Pricing: less than +1pt F/X: less than -1pt
<b>Diluted EPS</b> from cont. ops (vs Year Ago)	\$1.77 (+55%)	\$6.17 to \$6.37 (+15 to +19%)  Gross Margin: down modestly Selling & Admin: <14% of Sales Provisional Effective Tax Rate: ~23%-24%

# Strategy 2020: Drive Superior Consumer Value

## Mission

- We make everyday life better, every day

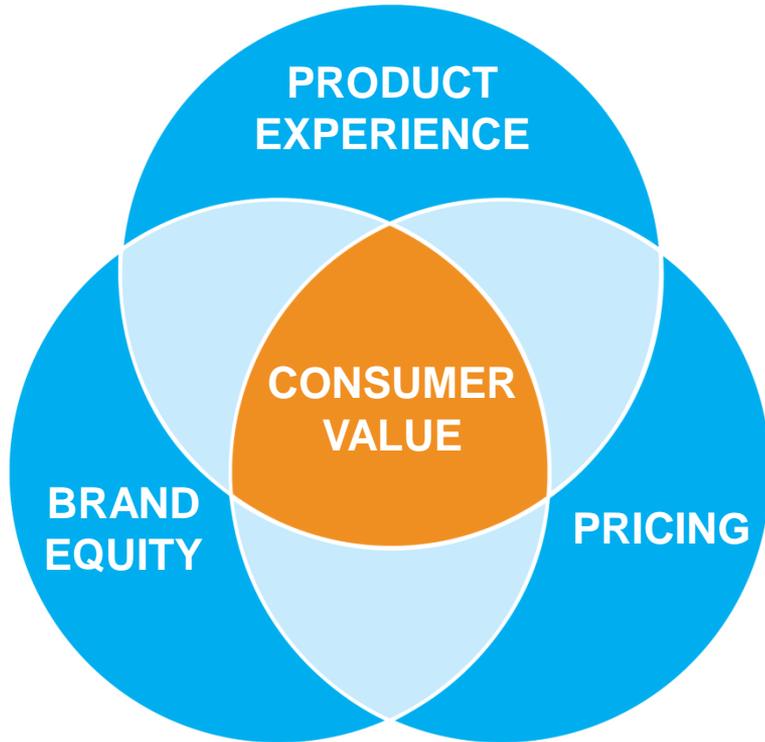
## Objectives

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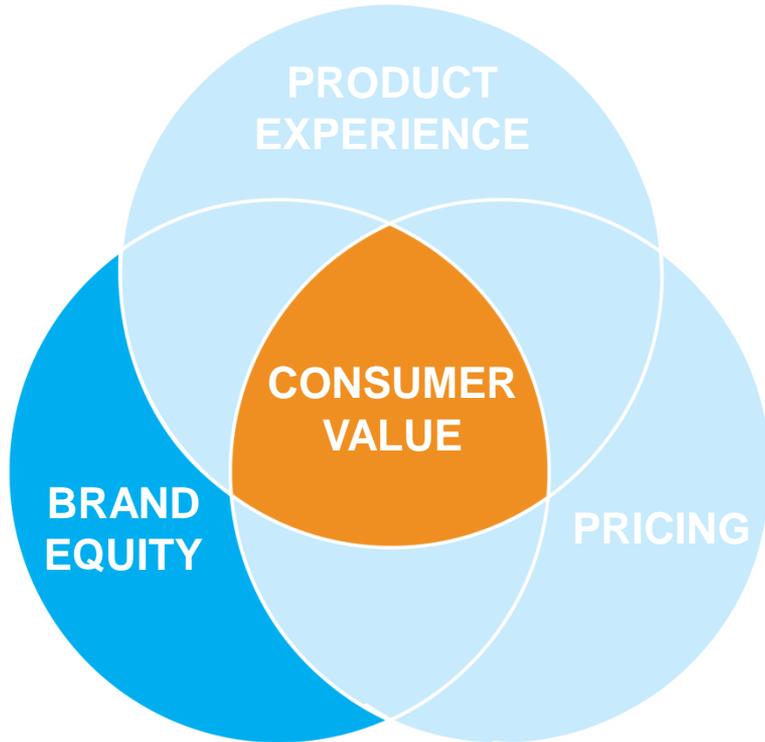
- Drive superior consumer value behind strong brand investment, innovation and technology transformation
- Accelerate portfolio momentum in and around the core
- Fuel growth by reducing waste in our work, products and supply chain
- Engage our people as business owners

# Driving Superior Consumer Value



- Value is an outcome of:
  - Great brand equity
  - Differentiated products
  - The right pricing
- Executing with excellence by delivering seamless consumer experience in-store and online

# Driving Superior Consumer Value



- Value is an outcome of:
  - **Great brand equity**
  - Differentiated products
  - The right pricing
- Executing with excellence by delivering seamless consumer experience in-store and online

# Brand Equity: Evolving How We Build Brands



Brand  
Studios

FCB

New Agency  
Partners

mcgarrybowen

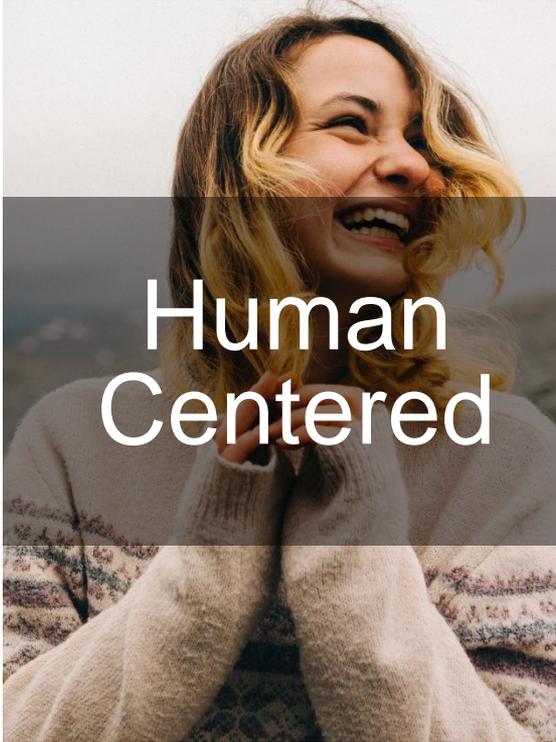
ALMA

HAVE SOUL

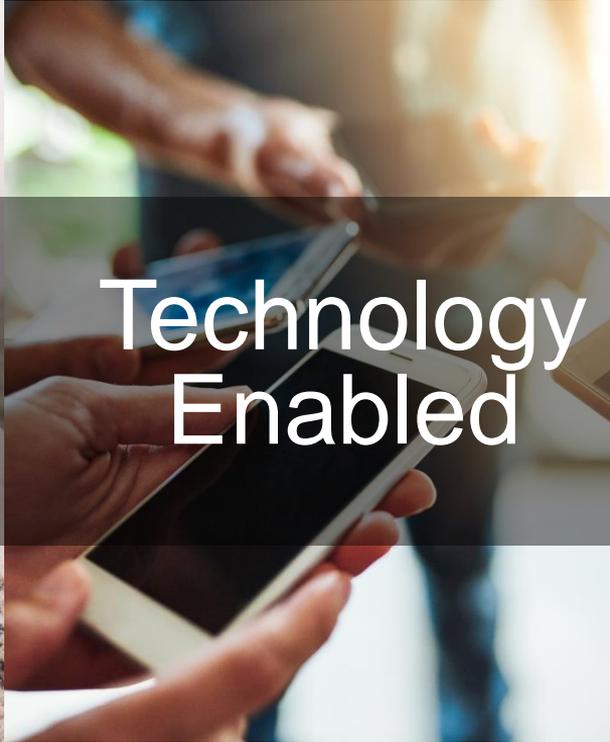


Marketing  
Technology

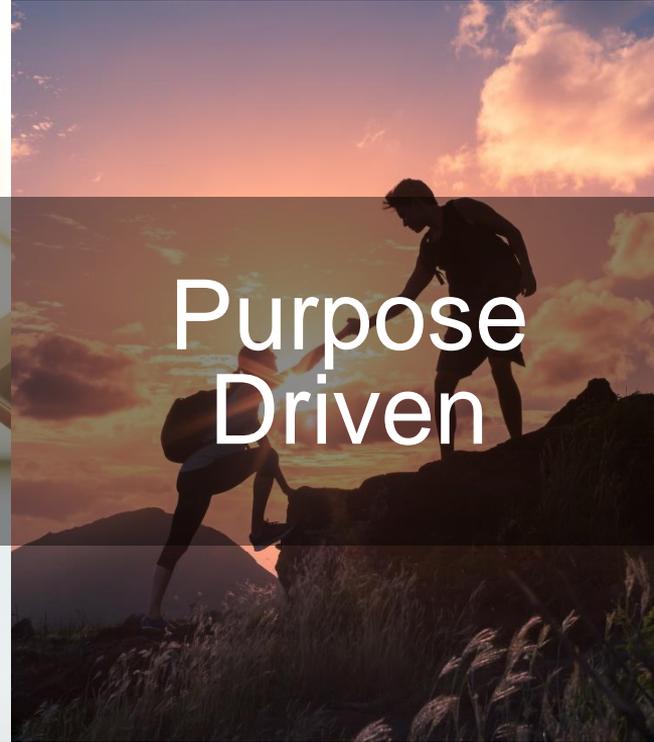
# Brand Equity: Building Brands with Purpose



Human  
Centered



Technology  
Enabled



Purpose  
Driven

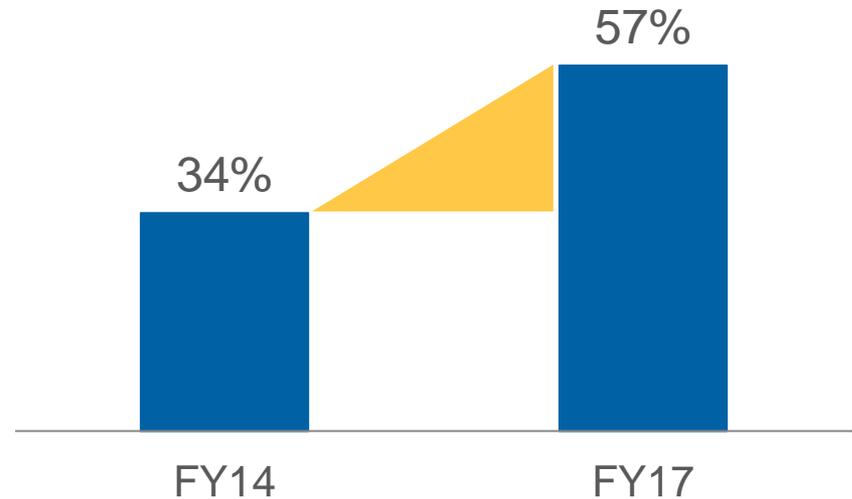
# A Majority of our Portfolio is Value Advantaged



**57%**

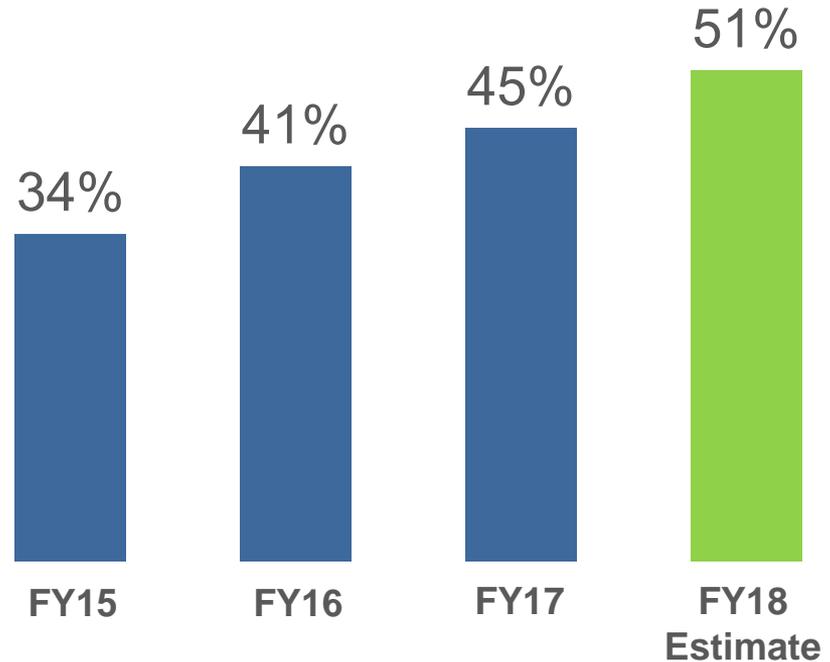
of portfolio has  
superior consumer  
value.

% Sales Superior  
Consumer Value



# We Continue to Lean Into Digital Engagement

Clorox invests **over 50%**  
of our media in digital



# Strong Operating Discipline in Digital



## Right Level of Targeting



## Effective Digital Levers



## Digital Safety & Ad Fraud

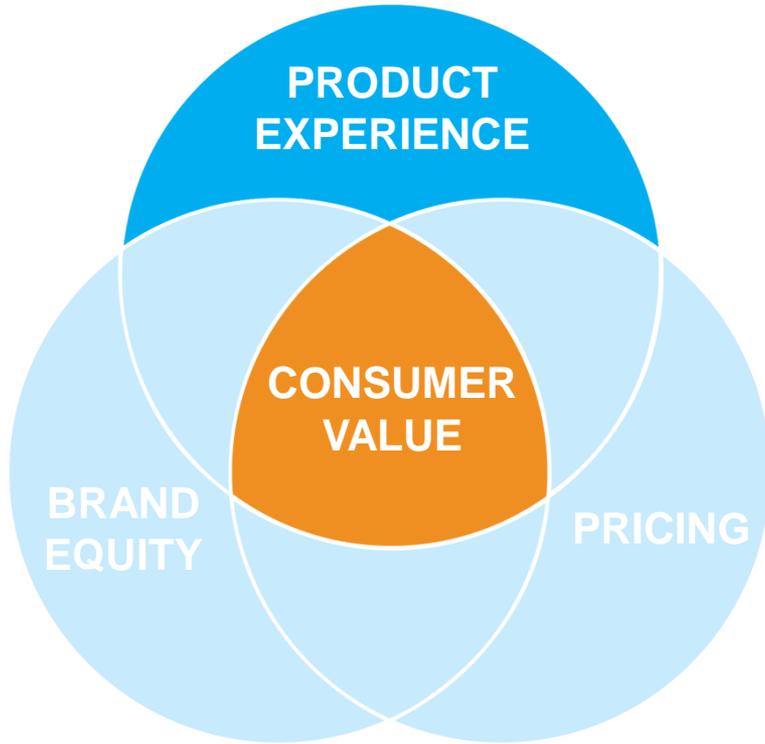


# Our Partners Help Build World-Class Digital

Select Partners:



# Driving Superior Consumer Value



- Value is an outcome of:
  - Great brand equity
  - **Differentiated products**
  - The right pricing
- Executing with excellence by delivering seamless consumer experience in-store and online

# Broad-Based Approach to Innovation

KEEP THE CORE HEALTHY

Product & Marketing

Product Superiority

GROW MARKET SHARE

EXPAND MARGIN

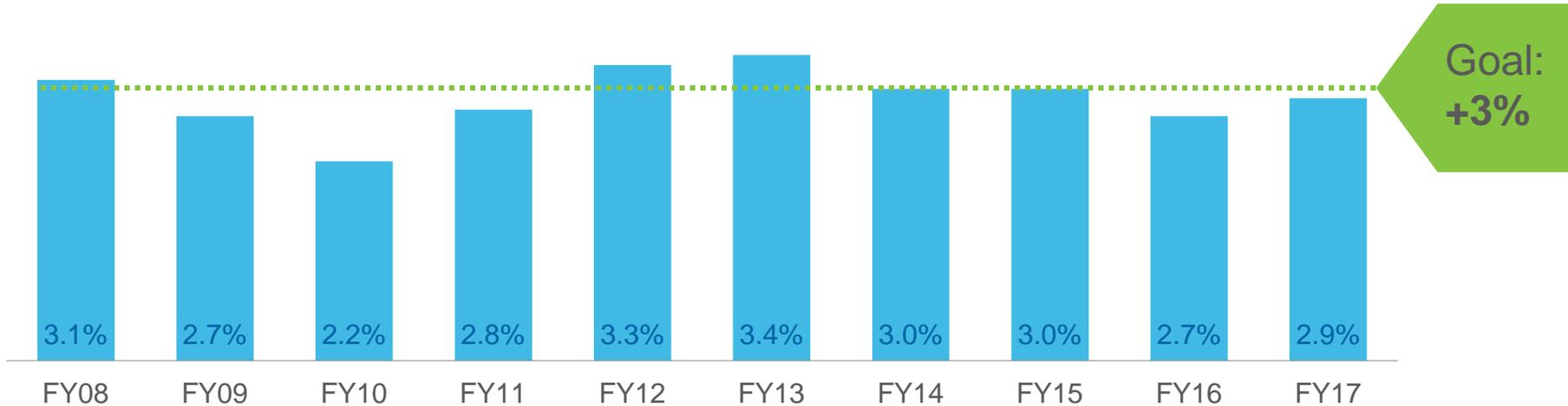
Cost-o-  
vation\*

New Product Platforms & Adjacency Expansion

ACCELERATE GROWTH

# Strong Track Record of Innovation

## Incremental Sales Growth from Product Innovation (Last 12 months)



# Strong Track Record of Innovation



Glad Odorshield with Gain



Clorox Power Gel



Scentiva Cleaning Platform



Fresh Step with Febreze



Clorox Splash-less Bleach



Long-Burning Charcoal



Brita Stream



Hidden Valley Ranch Withs



Clorox Fuzion Cleaner & Disinfectant



Burt's Bees Lipsticks



# Evolving our Processes

## BIGGER

Size of  
Prize

Redesigned front-end innovation processes:

- Leverage consumer “Jobs” framework
- Embed external perspectives

Harness the power of design



## BETTER

Innovation  
Processes

- Consumer Feedback
- Insights
- Technology
- Design Engagement

## FASTER

to  
Market

New product development process cuts average time to market by nearly **40%**:

- Applies Agile principles
- R&D and marketing organizations redesigned for faster decision-making
- Leverages co-location benefits of innovation center



# Reinventing Scent Experience in Home Care



Hawaiian Sunshine

## Clorox® Scentiva™

- Kills 99.9% of Bacteria & Viruses
- Cleans, Disinfects and Deodorizes
- Two experiential custom blended scents from fine fragrance houses



Tuscan Lavender & Jasmine

# Reinventing Scent Experience in Home Care



**Clorox® Scentiva™**

New scent: Pacific Breeze and Coconut

New product form



# Solid Pipeline to Continue the Momentum

FY18  
Front Half



FY18  
Back Half



Clorox Performance  
Bleach with Cloromax

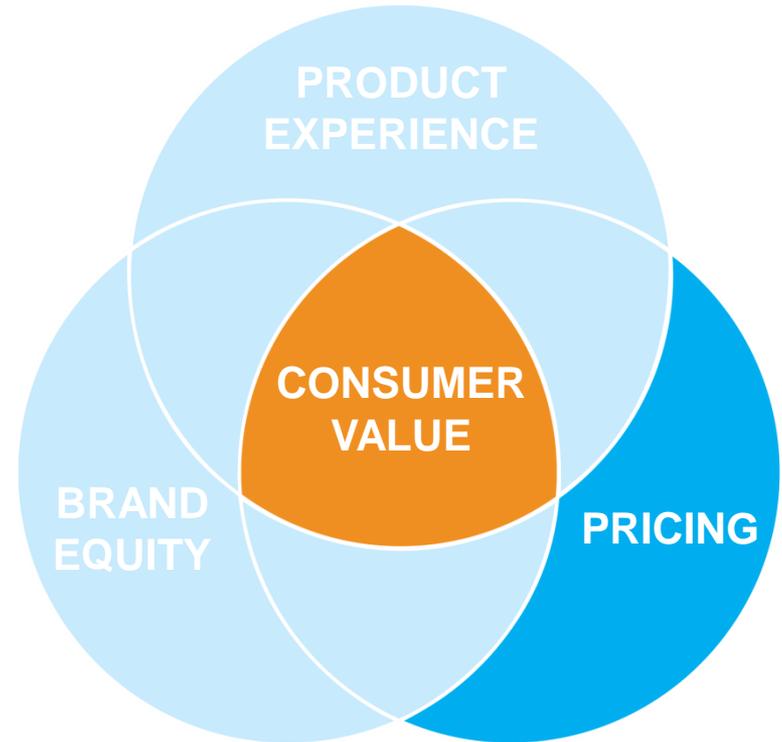


Scentiva Cleaning Platform

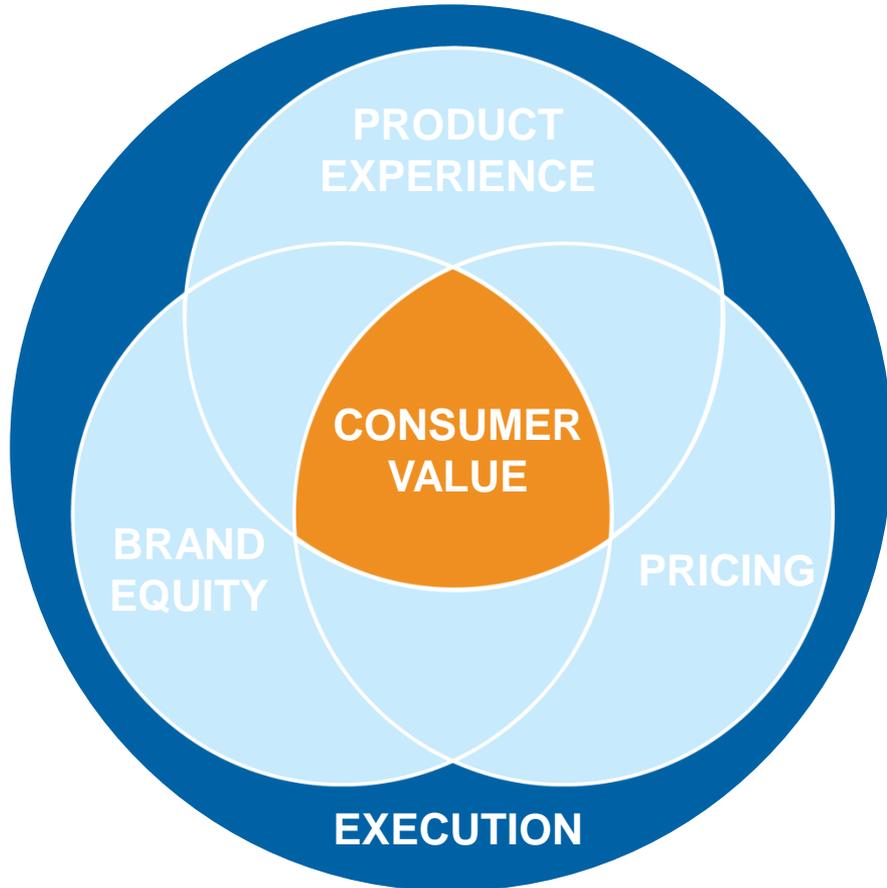


# Strategic Approach to Pricing Guided by Consumer Value

- Price for value, considering all elements of consumer value
- Leverage value-added innovation as a pricing opportunity
- Strong track record of price increases over past 5 years

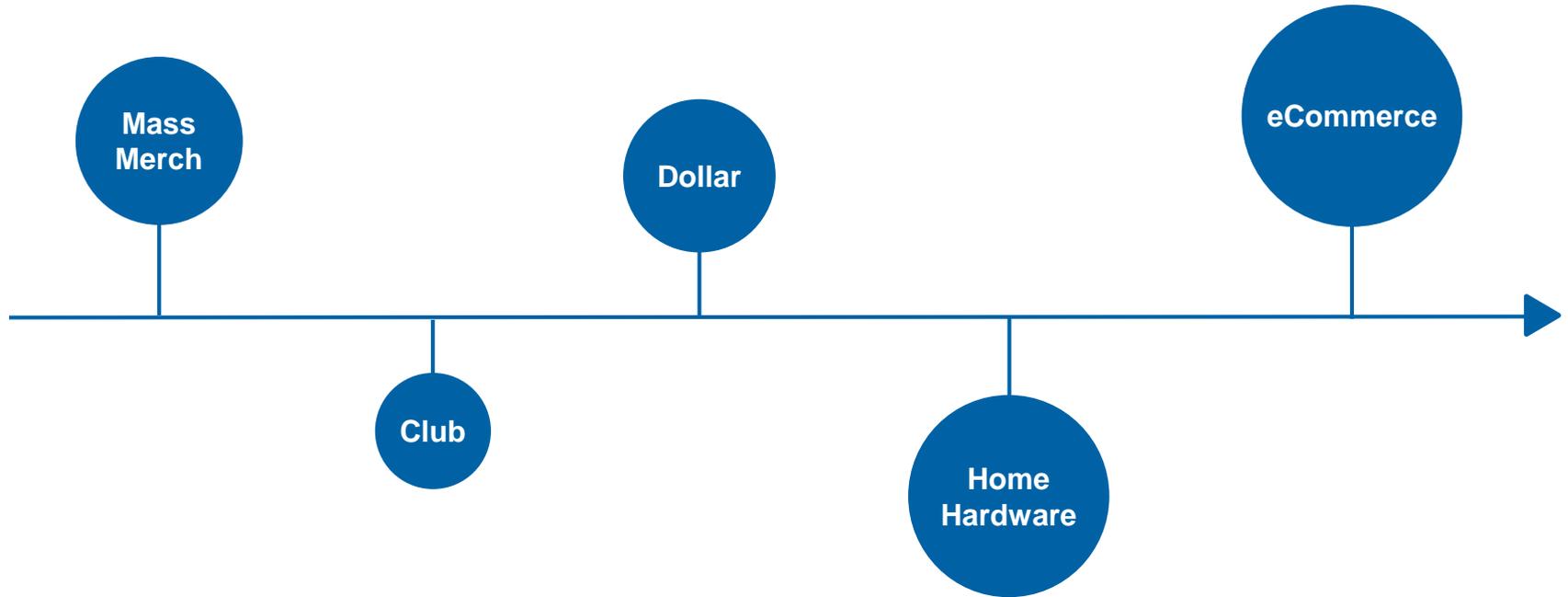


# Driving Superior Consumer Value



- Value is an outcome of:
  - Great brand equity
  - Differentiated products
  - The right pricing
- **Executing with excellence** by delivering seamless consumer experience in-store and online

# Clorox has a Long History of Retail Success



# Clorox Capabilities are World Class and Adaptable

- Insights
- Category management
- Shopper marketing
- Retail operations
- Supply chain
- Omni-channel retailing



# Accelerating Growth in eCommerce

- Early investment in eCommerce is paying off
- Adapting Clorox capabilities to a digital application
- Leveraging our strength in category management and shopper marketing



amazon

chewy

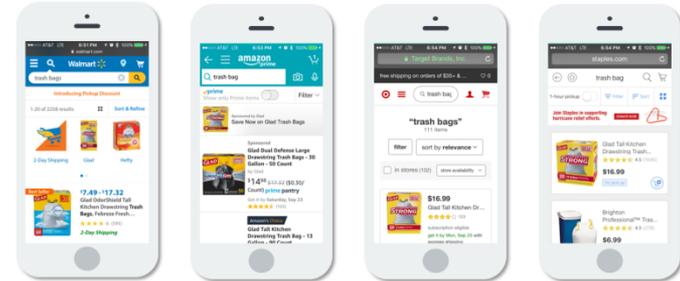
STAPLES

jet

Walmart

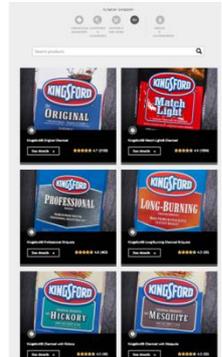
# Translating Category Management from Physical to Digital

- Winning with assortment and shelving in brick & mortar
- 'Top of the page' is online equivalent of eye-level shelving



# Translating Shopper Marketing from Physical to Digital

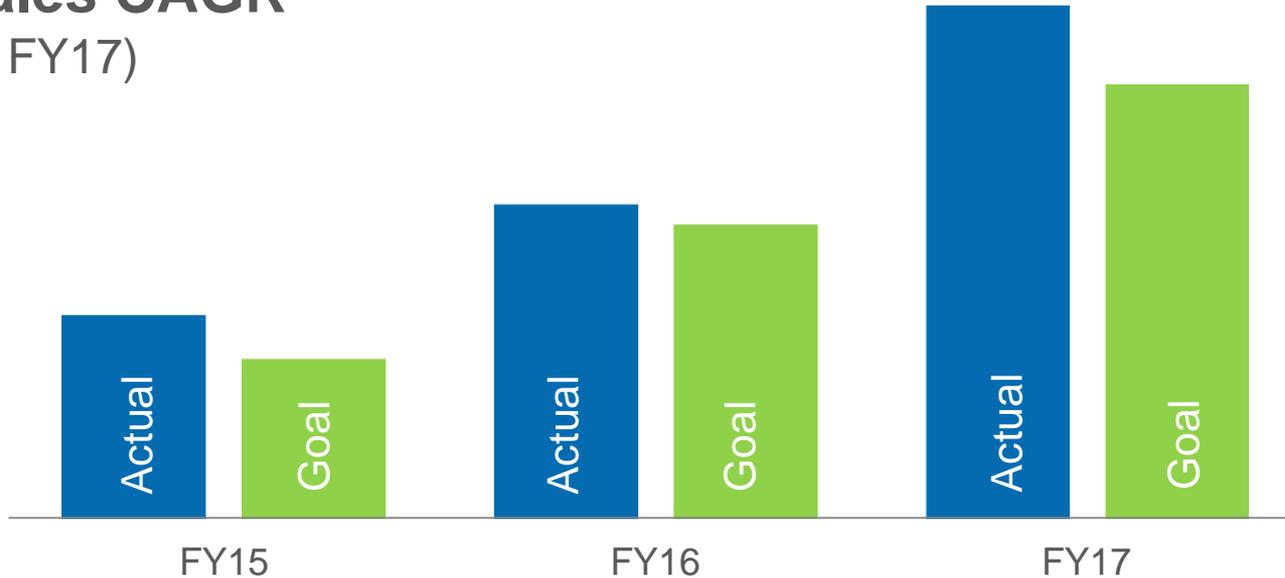
- Engaging shoppers in store with bundles and disruptive displays
- Engaging shoppers online with relevant and customized content



# eCommerce Sales Well Ahead of Goals

~4% of Total Company Sales

**37% Sales CAGR**  
(FY15 to FY17)



# Strong Progress on our Tech Transformation

## eCommerce

Integrate the Physical and Digital Retail Worlds to Meet Shopper Needs



Product & Packaging



Winning the Algorithm



Enhanced Content

## Digital Marketing

Leverage Data, Technology and Analytics to Drive Consumer Engagement



More Targeted



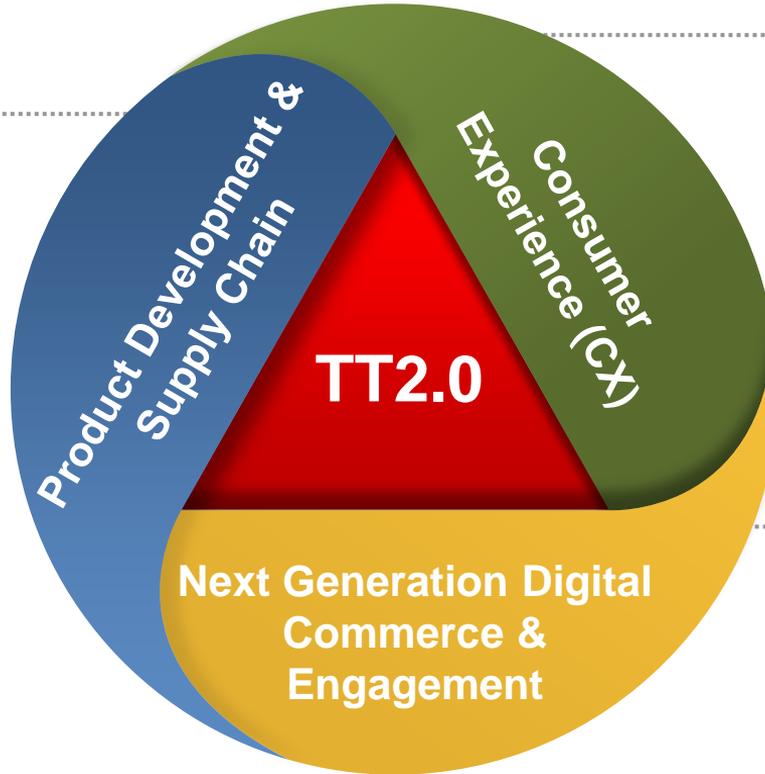
More Personalized



More Real-Time

# Technology Transformation 2.0

**Broadens Digital  
Across the Value  
Chain**



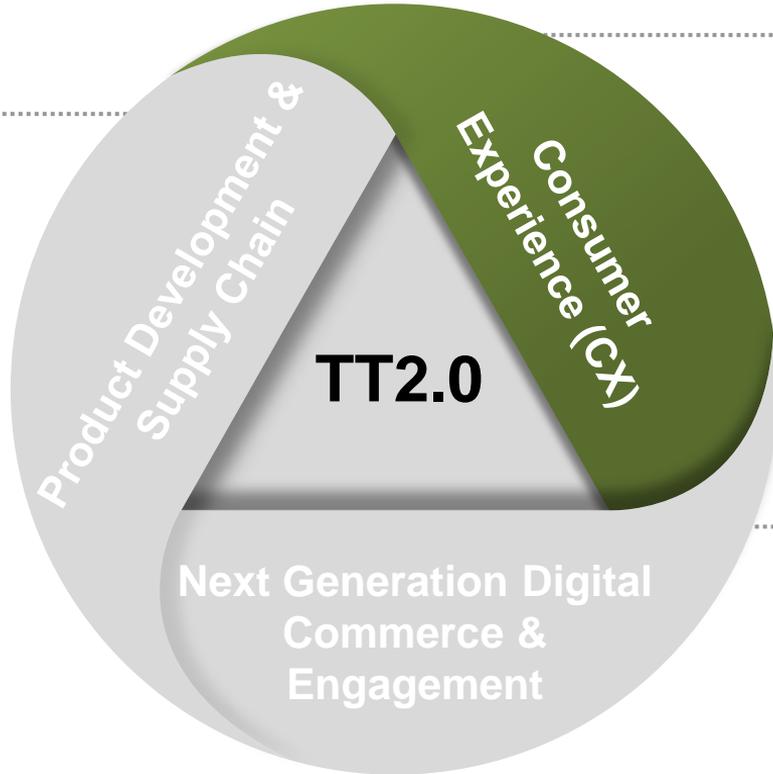
**Organizes Around  
Consumers' Goals**

**Goes Deeper into  
What's Working on  
Demand**

# Technology Transformation 2.0



Broadens Digital  
across the Value  
Chain



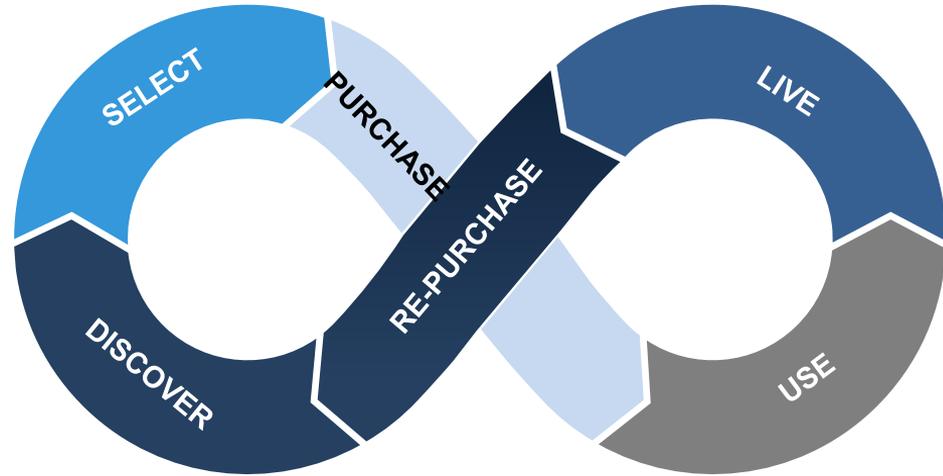
Organizes Around  
Consumers' Goals

Goes Deeper into  
What's Working on  
Demand

# Evolving in a Digital World

From: **3Ds**

To: Seamless **Consumer Experience (CX)**



Across the enterprise, **everyone focuses** on critical points of **consumer journeys** to cultivate and **enhance engagement**

# Moments to Engage Consumers on their Journey



RenewLife™



Diagnosing:

“What’s the issue I should work on?”



Tracking:

“How do I track progress?”



Choosing:

“Which product addresses my needs?”



Supply on-hand:

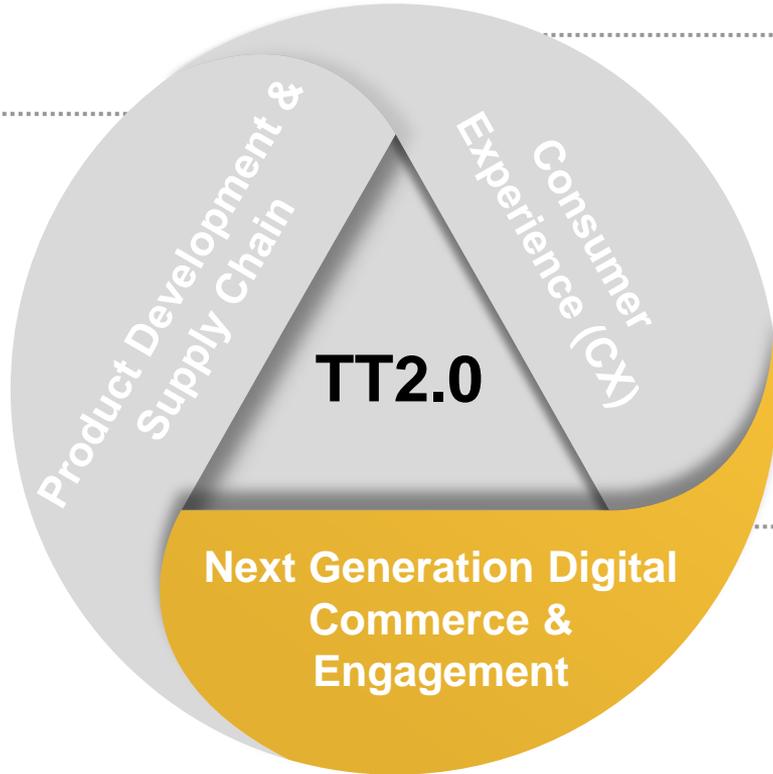
“How can I avoid running out?”



# Technology Transformation 2.0



Broadens Digital  
across the Value  
Chain



Organizes Around  
Consumers' Goals

**Goes Deeper into  
What's Working on  
Demand**

# Next-Gen Digital Commerce & Engagement



## All in on eCommerce



## Enhanced Digital Engagement



## Personalized Experiences



# Leveraging Game-Changing Technology



## Today

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- Ubiquitous Connectivity/Mobile
- Big Data & Analytics
- Cloud Computing & Storage

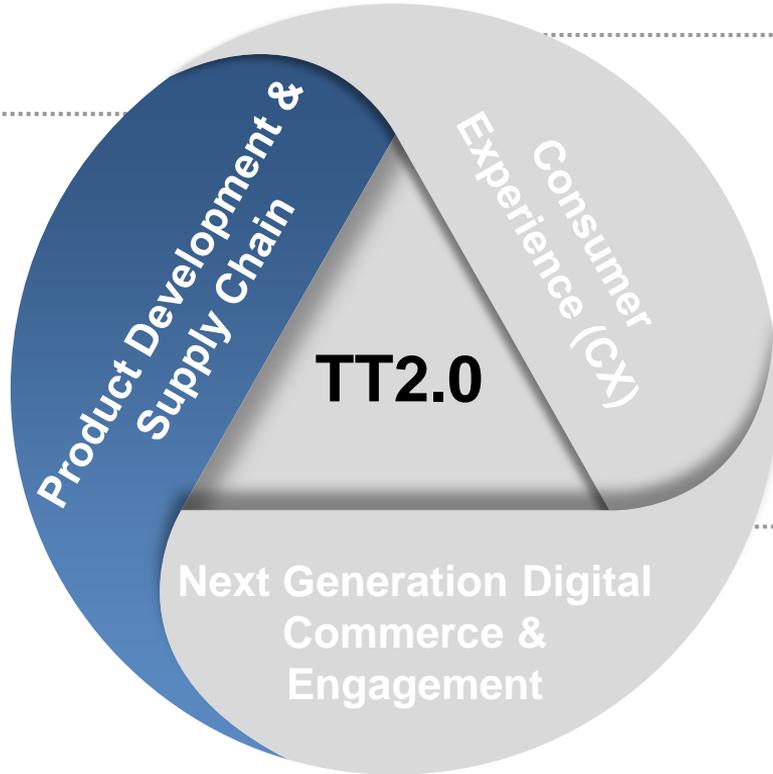
## Technology Transformation Focus

---

- Artificial Intelligence (AI)
- Voice Activated Technology
- Mixed Reality
- Dynamic Promotion Technology

# Technology Transformation 2.0

**Broadens Digital  
Across the Value  
Chain**



**Organizes Around  
Consumers' Goals**

**Goes Deeper into  
What's Working on  
Demand**

# Technology-Enabled Innovation



## Digital Development Tools



## Product Innovation for eCommerce



## Connected Products & Services



# Technology-Enabled Supply Chain



## Digital End-to-End Supply Chain



## Technology-Enabled eCommerce



# Strategy 2020: Accelerate Portfolio Momentum

## Mission

- We make everyday life better, every day

## Objectives

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

## Strategy

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# Portfolio Segmentation

High

FUEL

GROWTH

Profit Margin Potential



**BURT'S  
BEES®**

Low

Sales Growth Potential

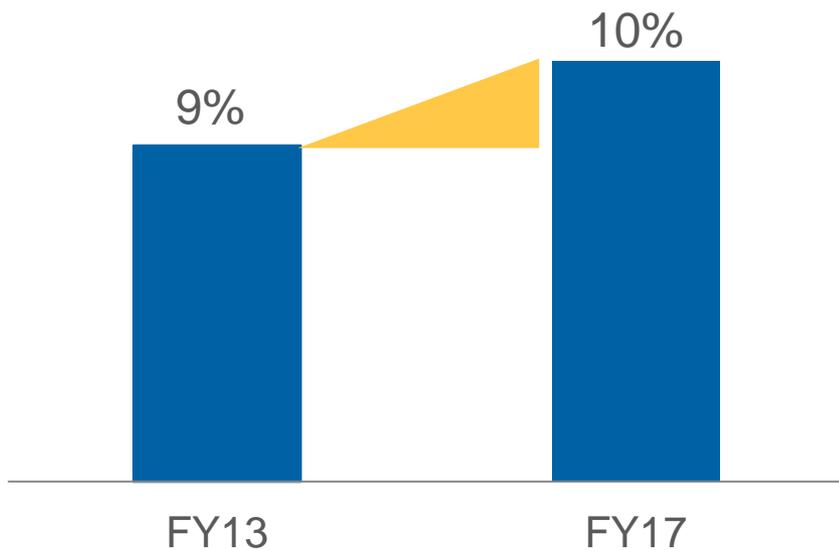
High



# Fuel Brands Create Investment Dollars

Investing in A&SP ...

... and across all demand spend

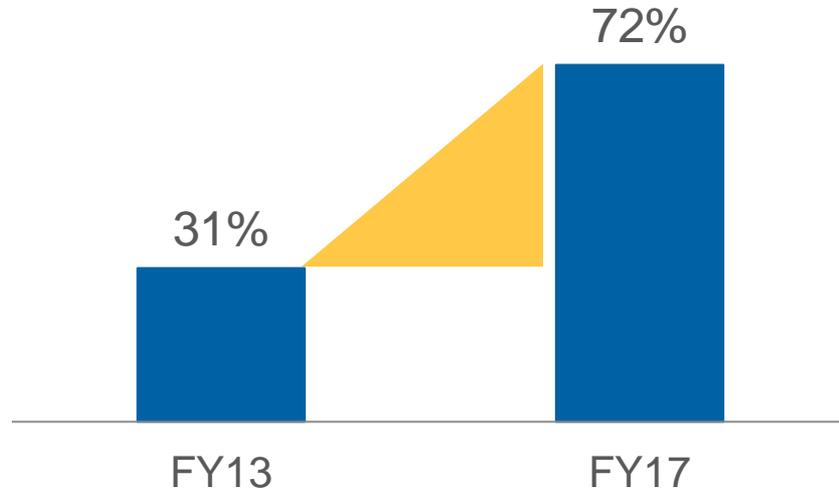


AS&P as a % of Sales



# Investments Drive Household Penetration

% Sales with  
Growing/Stable HH Pen

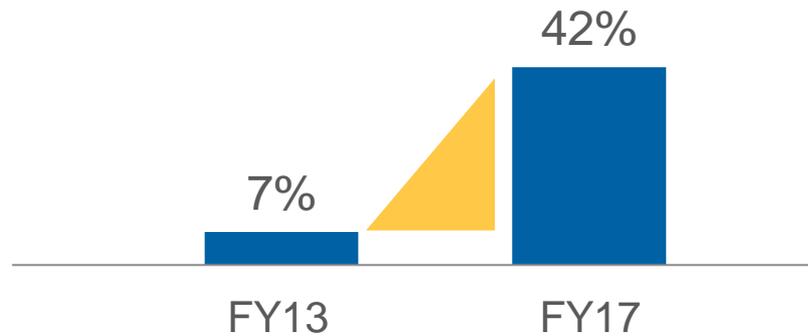


**72%**  
of portfolio has  
growing or stable  
household penetration

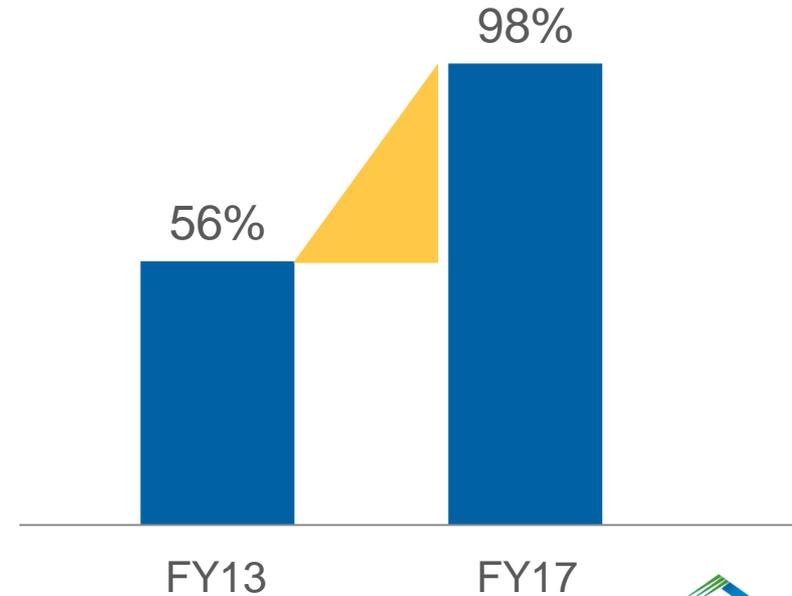
# Growing Households in Both Growth and Fuel

% of sales from brands that have expanding or stable household penetration:

## Fuel Brands



## Growth Brands



# Focused on Long-Term Gross Margin Expansion



**Strong Cost Savings  
Track Record**



**Pricing, Mix and  
Demand Optimization**

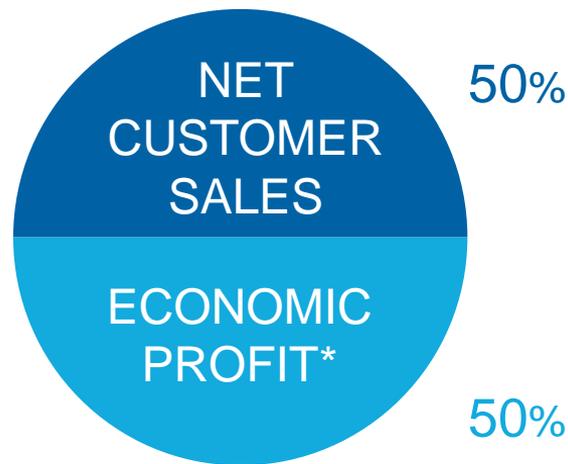


**Margin-Accretive  
Innovation**

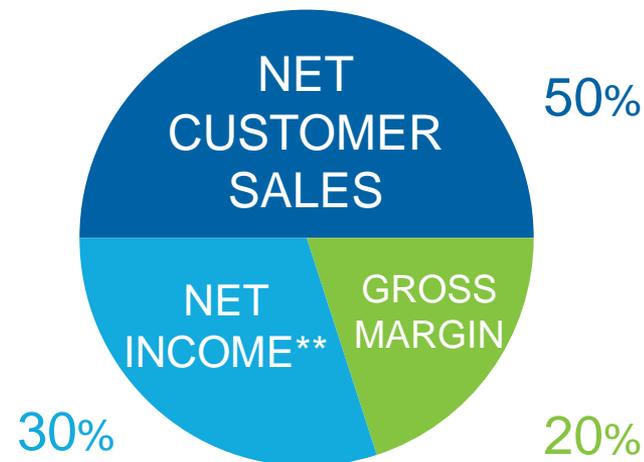
# Adjusting Short-Term Incentive Target Metrics

- Short-Term Incentive Metrics:

From (before FY18):



To (starting in FY18):



- Long-Term Incentive Metric Unchanged: 100% Economic Profit

\*Economic profit is a non-GAAP measure. Reconciliation and calculation can be found here: <https://annualreport.thecloroxcompany.com/scorecard.php#performance>

\*\*From continuing operations

# Strategy 2020: Fuel Growth by Reducing Waste

## Mission

- We make everyday life better, every day

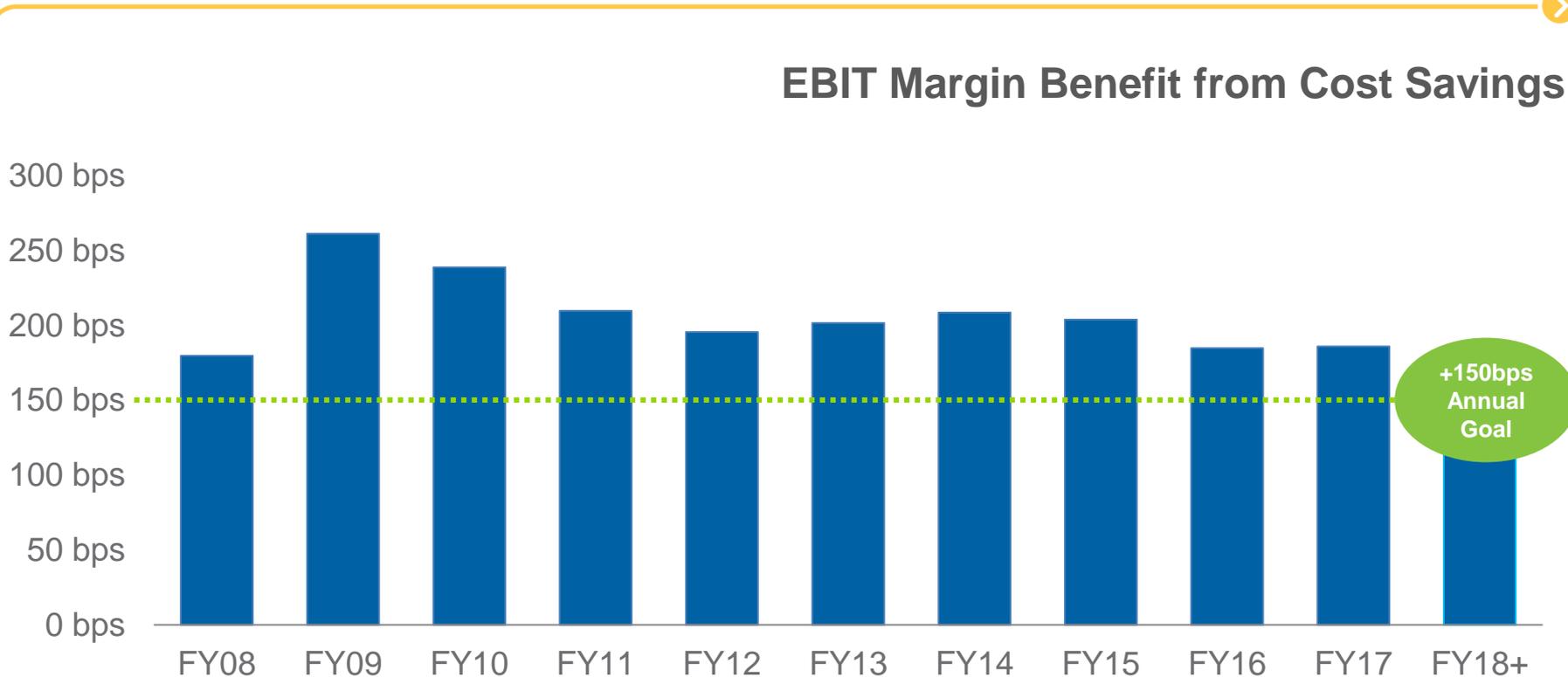
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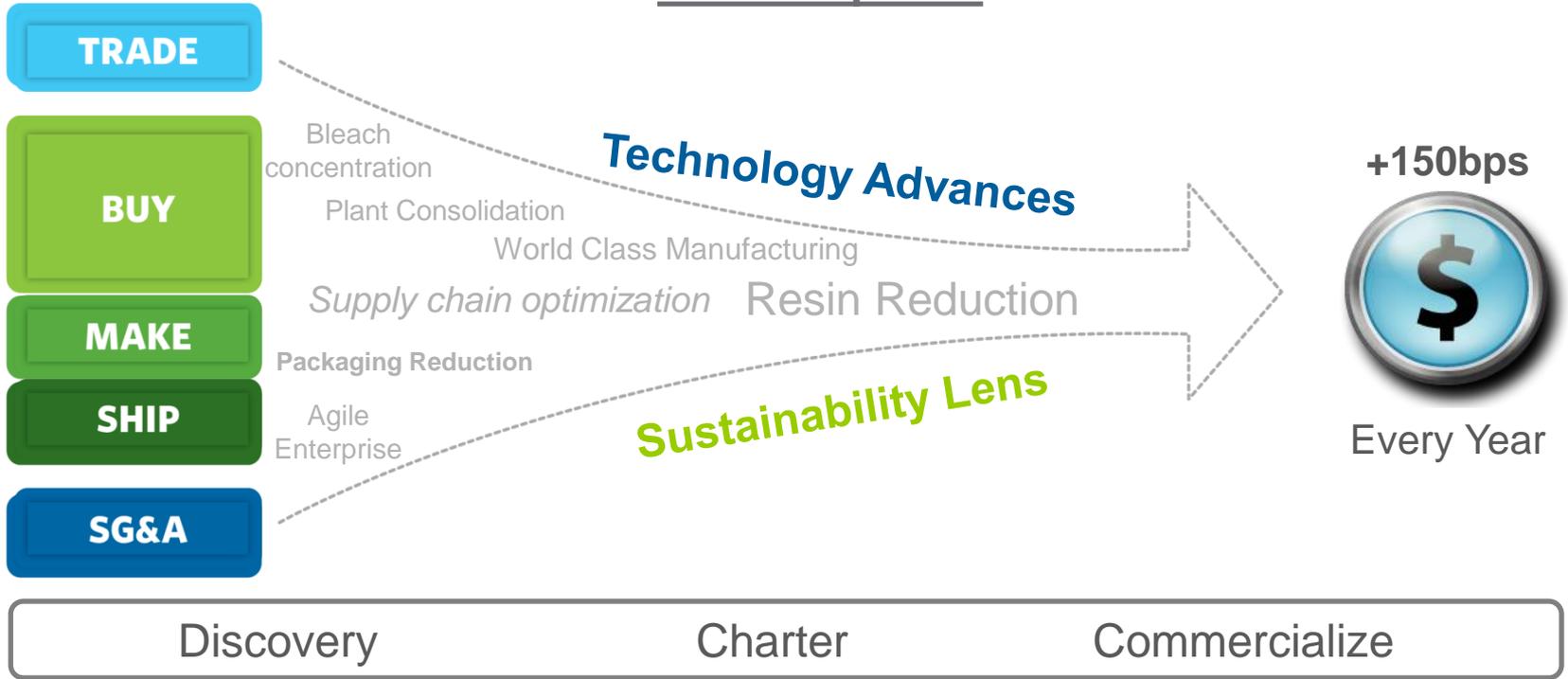
- Drive superior consumer value behind strong brand investment, innovation and technology transformation
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# Strong Track Record of Cost Savings



# Cost Savings is in our DNA

## 3-Year Pipeline



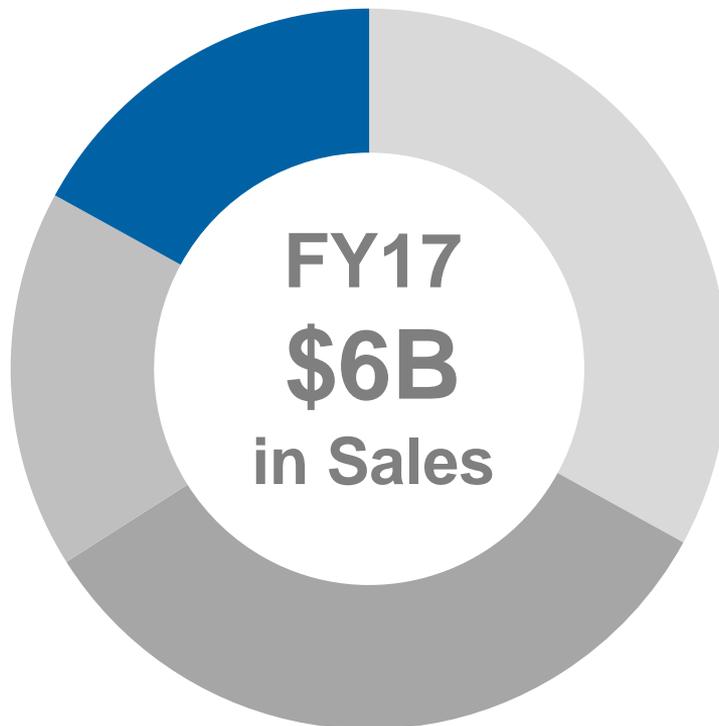
# Fueling Growth in International

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Rest of World	3%

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 GLAD	14%
 KINGSFORD	10%
 Fresh Step	7%
 RenewLife	2%

# Leading Brands in International



>80% of our brands in International are #1 or #2 in their market

	Country	Share Position
	Argentina	#1
	Saudi Arabia	#1
	Mexico	#2
	Peru	#1
	Colombia	#2
	Chile	#1
	Canada	#2
	Canada	#1
	Australia	#1

	Country	Share Position
	Argentina	#1
	Chile	#1
	Canada Trash Bags	#1
	Canada Food Wraps	#1
	New Zealand Food Protection	#1
	Hong Kong Food Protection	#1
	Canada Lip Care	#2

# Applying Strong Capabilities to International

## Innovation



+3 pts Sales

## Cost Savings



+\$20M

## Digital



45% of Media

## eCommerce



+79% Sales Growth

# International “Go Lean” Strategy is Working



**Pricing  
Maximization**



**Focus on  
Cost Savings**



**Right-Size  
Infrastructure**



**Optimize Demand  
Creation**

# “Go Lean” Enables Selective Growth Investments

Category  
Tailwinds

Right to  
Win

High  
Margin

Quick  
Return



# Optimistic about International

- “Go Lean” strategy is working
- “Go Lean” enables selective growth investments
- Leading brands
- Applying strong capabilities to International
- Expecting less unfavorable FX

# Strategy 2020: Engage our People as Business Owners

## Mission

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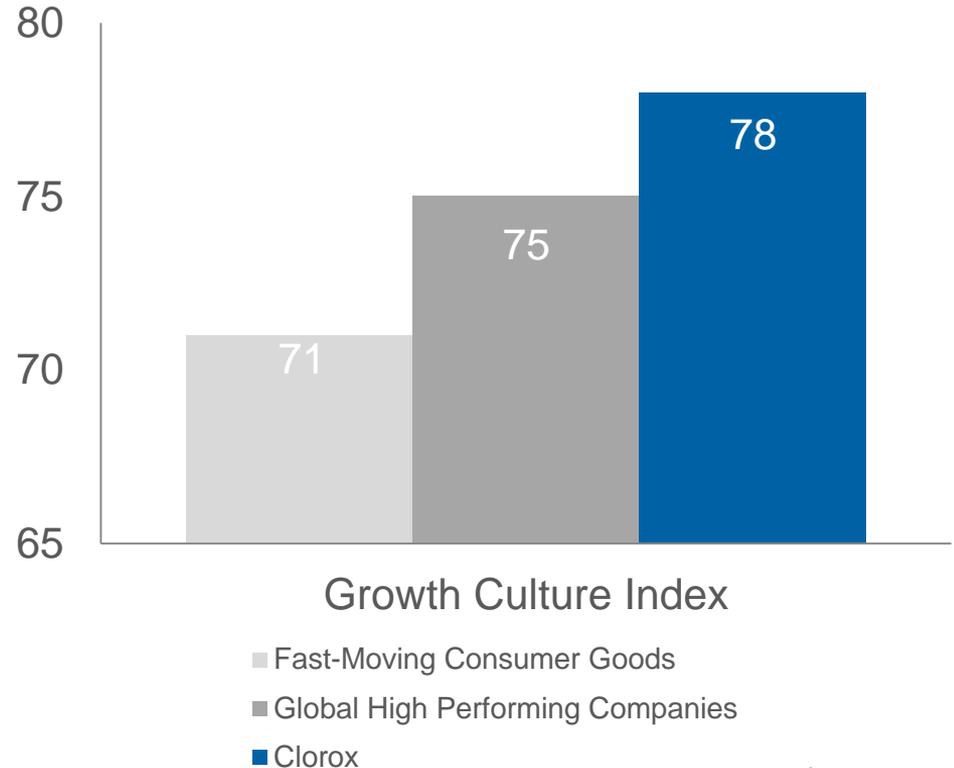
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# Clorox Growth Culture Enables our 2020 Strategy

## Growth Culture

- **Decisive**
- **Empowered**
- **Accountable**



# Strong Engagement Distinguishes Us from Peers

## SUSTAINABLE ENGAGEMENT



**88%**  
(favorable score)

Strong Absolute Results

vs. Fast Moving  
Consumer Goods

vs. Global High  
Performing Companies

+8\*

+3\*

Strong Relative to Peers

86%

2015

87%

2016

88%

2017

Stronger Results Over Time

Source: Willis Towers Watson

**FMCG Norm:** Based on responses from more than 160,000 employees globally.

**Global High Performing Companies:** Companies 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 Willis Towers Watson. Includes responses from over 140,000 employees at dozens of global organizations.

\*Statistically Significant

# We Cultivate Diversity Broadly to Generate Value



**36%**

Female Clorox Executive Committee Members

**33%**

Female Board Members

**33%**

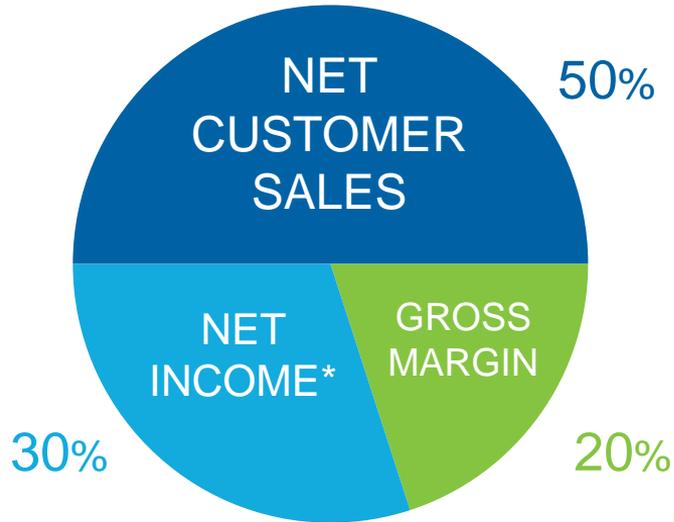
Minority Board Members

## Clorox Employee Resource Groups



# Employees Share in Rewards for Delivering Results

## Short-term Incentives



\*Continuing operations

## Long-term Incentives



\*Metric for Performance Share Units

# Good Growth and Achieving Results the Right Way



**Profitable, Sustainable, Responsible**



# Making Our Products More Sustainable

Sustainability improvements to **34% of the portfolio\***



On track to meet our goal of 50% product portfolio by 2020

# Reducing Our Environmental Footprint



On track to meet or beat our goal of 20% reduction by 2020

# Safeguarding Families and Communities

**\$83  
MILLION!**

**TOTAL VALUE OF  
CONTRIBUTIONS  
AND  
VOLUNTEER HOURS  
2014 - 2017**



# Our Efforts are Being Recognized



# Long-Term Investment Case Remains Solid

- **Investing behind leading brands to grow categories and share**
  - 3%+ annual growth from innovation
  - Maintain healthy brand building investments
- **Margin improvement opportunities continue to exist**
  - Leverage our brands pricing power to mitigate input cost
  - Strong cost savings track record
  - Driving SG&A to below 14% of sales
- **Strong cash flow generation**
  - Goal to generate Free Cash Flow of 10-12% of sales
  - Announced +5% dividend increase (May 2017)

# Long-Term Margin Expansion



**Strong Cost Savings  
Track Record**



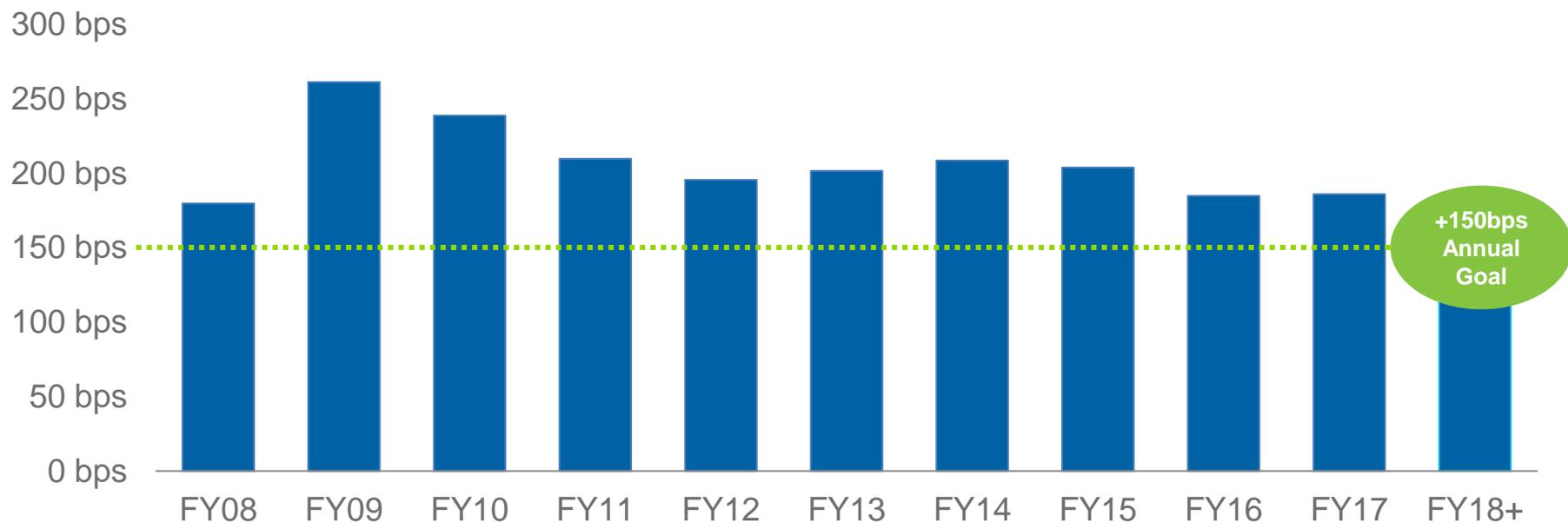
**Focus on International  
Profitability**



**Margin Accretive  
Innovation & Pricing**

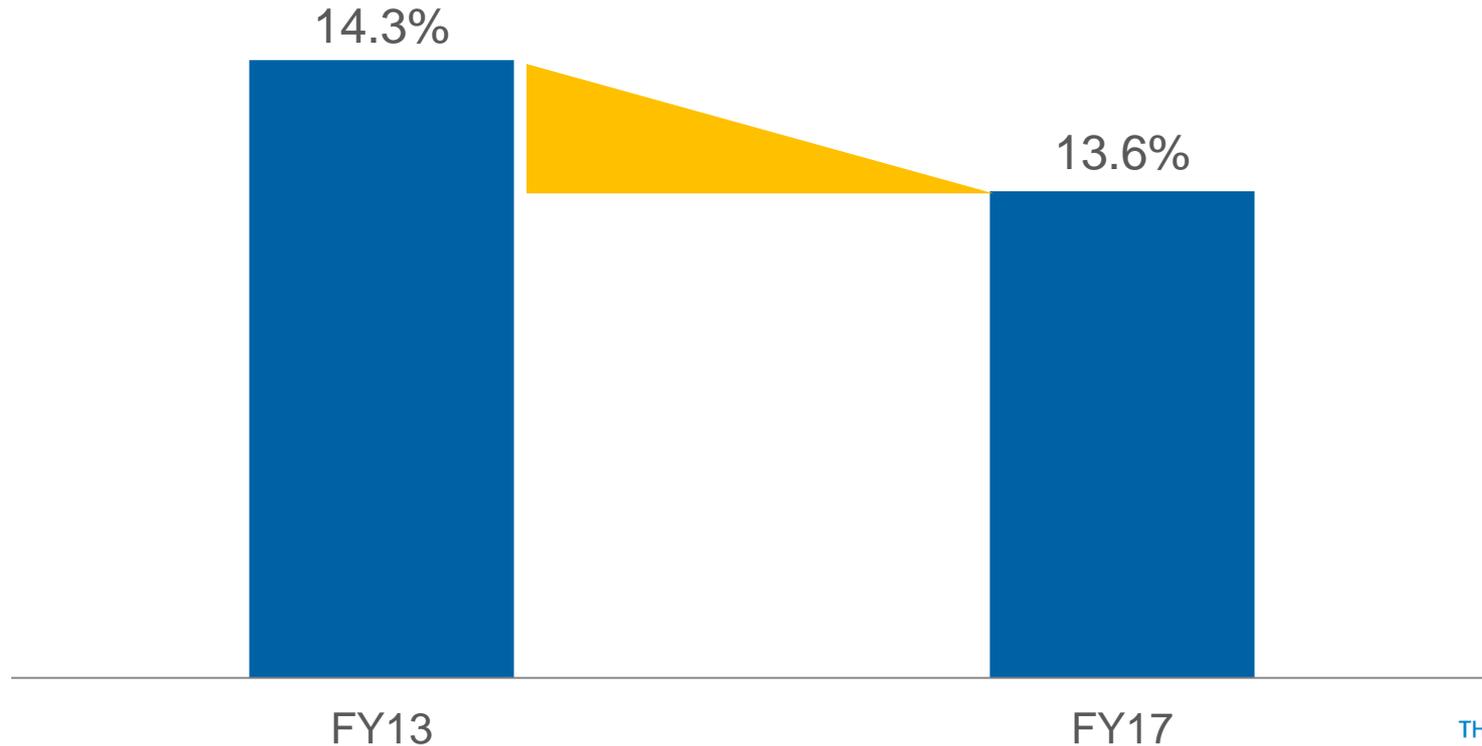
# Strong Track Record of Cost Savings

## EBIT Margin Benefit from Cost Savings



# Continued Discipline on SG&A

SG&A as a Percentage of Sales



# Delivering Top-Tier ROIC

As of Fiscal Year Ending June 30, 2017



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 6/30/2017. See reconciliation in Appendix

# Strong Free Cash Flow

\$ in Millions

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

**Free Cash Flow**  
% of Sales

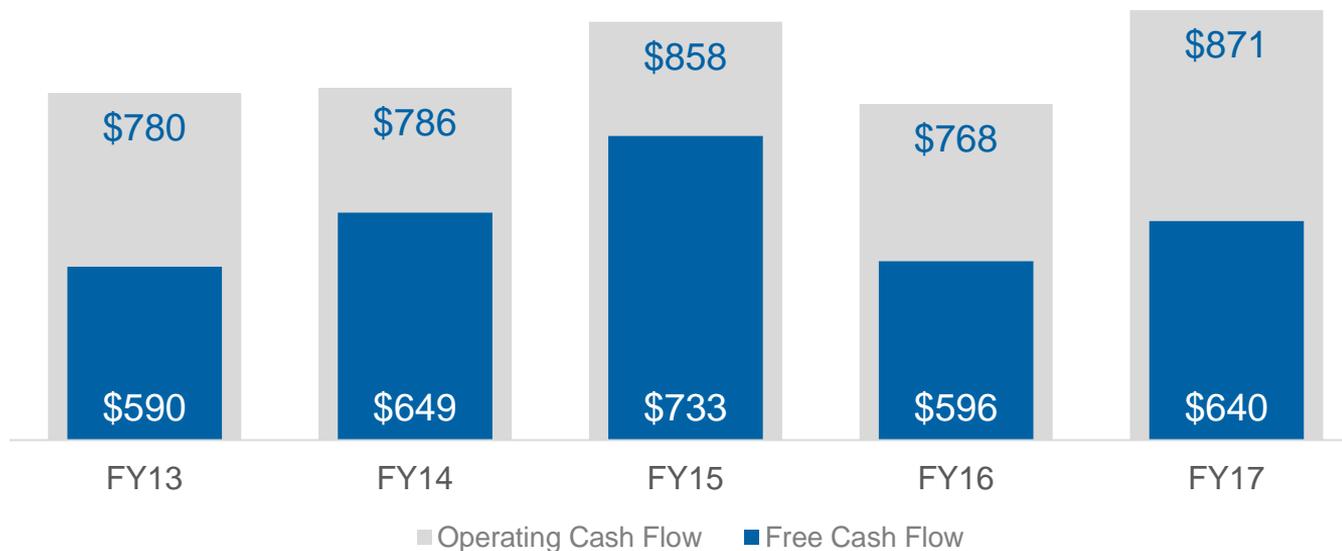
11%

12%

13%

10%

11%



# Use of Cash Priorities



# M&A Focus Unchanged

- Areas with tailwinds in categories, countries, and channels
- Strong fit with Clorox strategy and capabilities
- Brands with good market positions
- Attractive margins

Please note that this slide refers to general goals for Clorox's M&A focus – each element may not be relevant or applicable to each potential M&A transaction.

# Evolving our Portfolio



## RenewLife<sup>®</sup> - Strong First Year

- Transaction closed in May 2016
- About 2% of total company sales
- Purchase Price: \$290M (2.5x Sales)
- Integration is on track
- Distribution wins in Food, Drug, Mass and Club



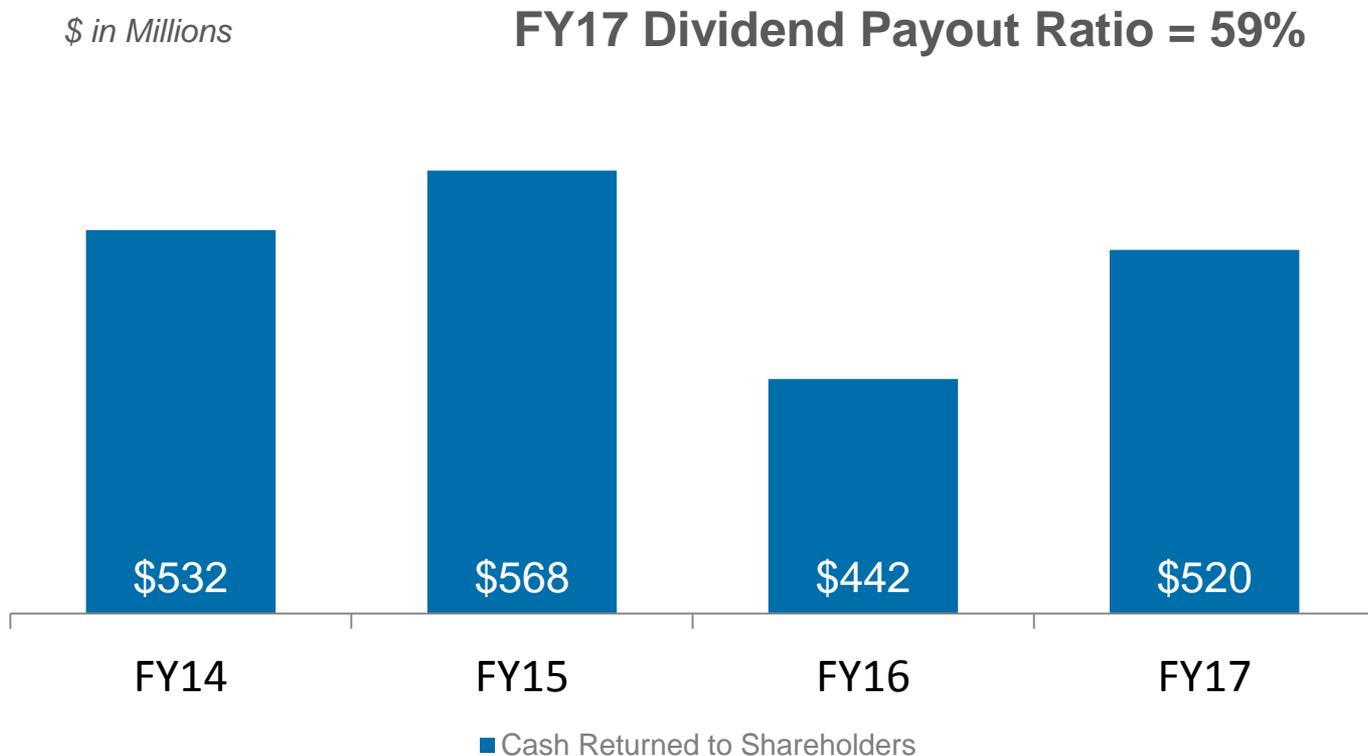
## Aplicare - Sale Completed

- Transaction closed in August 2017
- No change to strategic focus of Professional Products Division

# Balance Sheet Remains Strong

- Anticipate continued healthy cash flows
- Gross Debt/EBITDA as of 12/31/17 is **1.8x** (targeted range of 2.0x to 2.5x)
- Will continue to look at ways to return excess cash to shareholders

# Over \$2B Returned to Shareholders in the Last 4 Years



# Healthy Dividend Growth...

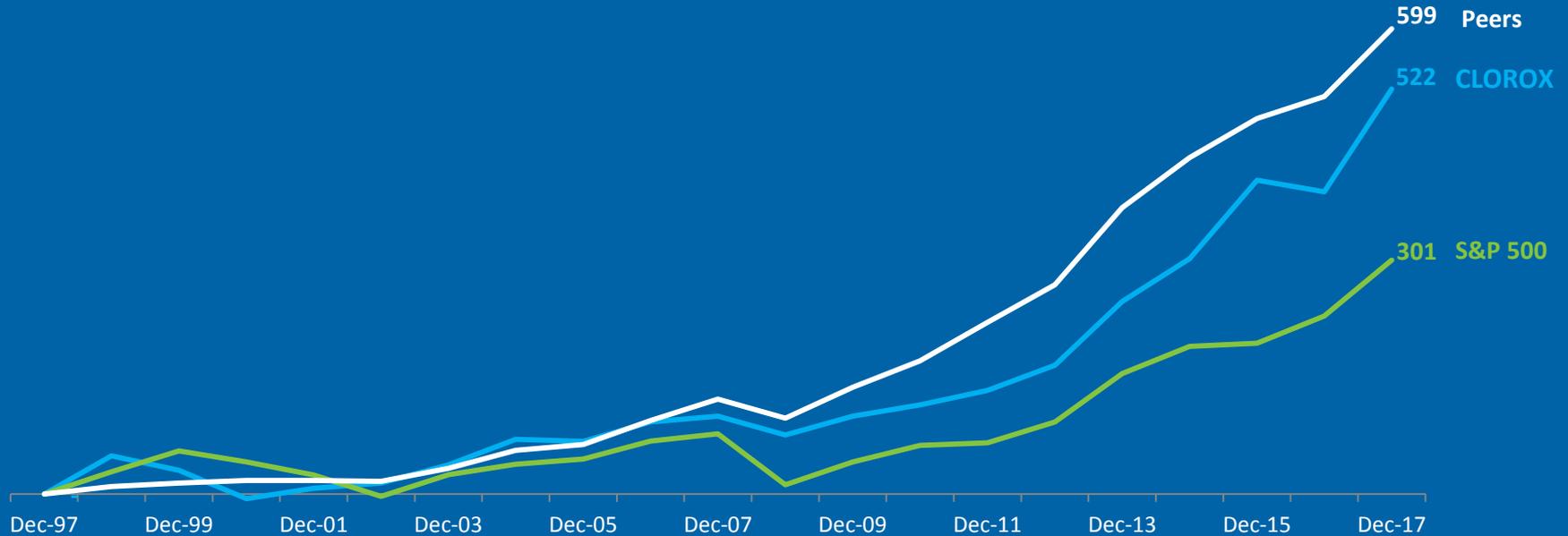
## Dividends Have Increased Each Year Since 1977

Dividend Yield as of December 31, 2017



# Strong Shareholder Return

Total Shareholder Return - 20 Year ending 12/31/2017



# Appendix

# Key Credit Metrics

\$ in B	FY13	FY14	FY15	FY16	FY17
EBITDA	\$1.2	\$1.1	\$1.2	\$1.2	\$1.3
Total Debt / EBITDA	2.1x	2.0x	1.8x	1.9x	1.7x
EBITDA Interest Coverage	9.5x	11.3x	11.9x	14.0x	14.5x
EBIT / Interest	8.0x	9.6x	10.2x	12.1x	12.7x
Free Cash Flow / Debt	25%	28%	33%	26%	29%
FCF after Dividends / Debt	10%	12%	16%	9%	10%
FCF as % of sales	10%	12%	13%	10%	11%
FCF after Dividends as % of Sales	4%	5%	6%	3%	4%
Long Term Credit Ratings	BBB+ /Baa1	BBB+/Baa 1	BBB+/Baa 1	A- / Baa1	A-/Baa1
CP Ratings	A-2/P-2	A-2/P-2	A-2/P-2	A-2/P-2	A-2/P-2

# Gross Margin Reconciliation

Driver	Gross Margin Change vs. Prior Year (basis points)						
	FY17					FY18	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Cost Savings	+140	+140	+150	+150	+150	+160	+170
Price Changes	+70	+70	+60	+50	+60	+40	+30
Market Movement (commodities)	+90	+10	-70	-90	-20	-90	-110
Manufacturing & Logistics	-220	-210	-130	-130	-170	-80	-240
All other <sup>(1)</sup>	-140	0	-140	+50	-60	+20	-20
<b>Change vs prior year</b>	<b>-60</b>	<b>+10</b>	<b>-130</b>	<b>+30</b>	<b>-40</b>	<b>+50</b>	<b>-170</b>
<i>Gross Margin (%)</i>	<i>44.4%</i>	<i>44.7%</i>	<i>44.0%</i>	<i>45.7%</i>	<i>44.7%</i>	<i>44.9%</i>	<i>43.0%</i>

(1) In Q1 of fiscal year 2017, "All other" includes about -60bps of unfavorable mix and -50bps of unfavorable foreign exchange impact.

In Q3 of fiscal year 2017, "All other" includes about -100bps of unfavorable mix (negative mix in charcoal business and strong sales in club channel across multiple businesses) and -60bps of higher trade promotion spending.

# Reportable Segments (unaudited)

*Dollars in Millions*

	Net sales		
	Three Months Ended		
	12/31/2017	12/31/2016	% Change <sup>(1)</sup>
Cleaning	\$ 472	\$ 469	1%
Household	410	421	-3%
Lifestyle	268	260	3%
International	266	256	4%
Corporate	-	-	
Total	\$ 1,416	\$ 1,406	1%

	Net sales		
	Six Months Ended		
	12/31/2017	12/31/2016	% Change <sup>(1)</sup>
Cleaning	\$ 1,031	\$ 1,003	3%
Household	851	843	1%
Lifestyle	514	496	4%
International	520	507	3%
Corporate	-	-	
Total	\$ 2,916	\$ 2,849	2%

	Earnings (losses) from continuing operations before income taxes		
	Three Months Ended		
	12/31/2017	12/31/2016	% Change <sup>(1)</sup>
	\$ 121	\$ 104	16%
	54	71	-24%
	69	77	-10%
	23	28	-18%
	(40)	(53)	-25%
Total	\$ 227	\$ 227	0%

	Earnings (losses) from continuing operations before income taxes		
	Six Months Ended		
	12/31/2017	12/31/2016	% Change <sup>(1)</sup>
	\$ 293	\$ 268	9%
	127	140	-9%
	133	139	-4%
	46	55	-16%
	(93)	(111)	-16%
Total	\$ 506	\$ 491	3%

(1) Percentages based on rounded numbers.

# EBIT and EBITDA (unaudited)

*Dollars in Millions*

	FY 2017					FY 2018	
	Q1 9/30/16	Q2 12/31/16	Q3 3/31/17	Q4 6/30/17	FY 6/30/17	Q1 9/30/17	Q2 12/31/17
<b>Earnings from continuing operations before income taxes</b>	\$264	\$227	\$247	\$295	\$1,033	\$279	\$227
Interest income	-\$1	-\$1	-\$1	-\$1	-\$4	-\$1	-\$2
Interest expense	\$22	\$22	\$22	\$22	\$88	\$21	\$20
<b>EBIT <sup>(1)(3)</sup></b>	<b>\$285</b>	<b>\$248</b>	<b>\$268</b>	<b>\$316</b>	<b>\$1,117</b>	<b>\$299</b>	<b>\$245</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	19.8%	17.6%	18.1%	19.2%	18.7%	19.9%	17.3%
Depreciation and amortization	\$41	\$41	\$39	\$42	\$163	\$40	\$41
<b>EBITDA <sup>(2)(3)</sup></b>	<b>\$326</b>	<b>\$289</b>	<b>\$307</b>	<b>\$358</b>	<b>\$1,280</b>	<b>\$339</b>	<b>\$286</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	22.6%	20.6%	20.8%	21.7%	21.4%	22.6%	20.2%
Net sales	\$1,443	\$1,406	\$1,477	\$1,647	\$5,973	\$1,500	\$1,416
Total debt <sup>(4)</sup>	\$2,407	\$2,549	\$2,440	\$2,195	\$2,195	\$2,200	\$2,283
<b>Debt to EBITDA <sup>(3)(5)</sup></b>	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>

Footnotes on Slide 95

# EBIT and EBITDA (unaudited)

*Dollars in Millions*

	FY 2014	FY 2015	FY 2016	FY 2017
	FY	FY	FY	FY
	6/30/14	6/30/15	6/30/16	6/30/2017
<b>Earnings from continuing operations before income taxes</b>	\$884	\$921	\$ 983	\$ 1,033
Interest income	-\$3	-\$4	-\$5	-\$4
Interest expense	\$103	\$100	\$88	\$88
<b>EBIT <sup>(1)(3)</sup></b>	<b>\$984</b>	<b>\$1,017</b>	<b>\$1,066</b>	<b>\$1,117</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	17.8%	18.0%	18.5%	18.7%
Depreciation and amortization	\$177	\$169	\$165	\$163
<b>EBITDA <sup>(2)(3)</sup></b>	<b>\$1,161</b>	<b>\$1,186</b>	<b>\$1,231</b>	<b>\$1,280</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	21.1%	21.0%	21.4%	21.4%
Net sales	\$5,514	\$5,655	\$ 5,761	\$ 5,973
Total debt <sup>(4)</sup>	\$2,313	\$2,191	\$2,320	\$2,195
<b>Debt to EBITDA <sup>(3)(5)</sup></b>	<b>2.0</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>
<b>EBITDA interest Coverage</b>	<b>11.3</b>	<b>11.9</b>	<b>14.0</b>	<b>14.5</b>
<b>EBIT / Interest</b>	<b>9.6</b>	<b>10.2</b>	<b>12.1</b>	<b>12.7</b>

Footnotes on Slide 95

# 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 useful additional information to investors about trends in the company's operations and are useful for period-over-period comparisons.
- (4) Total debt represents the sum of notes and loans payable, current maturities of long-term debt and long-term debt. Current maturities of long-term debt and long-term debt are carried at face value net of unamortized discounts, premiums and debt issuance costs.
- (5) Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters.

# Free Cash Flow (FCF) Reconciliation

*Dollars in Millions*

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Net cash provided by continuing operations – GAAP</b>	<b>\$871</b>	<b>\$768</b>	<b>\$858</b>	<b>\$786</b>
Less: Capital expenditures	<u>\$231</u>	<u>\$172</u>	<u>\$125</u>	<u>\$137</u>
<b>Free cash flow – non-GAAP <sup>(1)</sup></b>	<b><u>\$640</u></b>	<b><u>\$596</u></b>	<b><u>\$733</u></b>	<b><u>\$649</u></b>

(1) 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 uses free cash flow and free cash flow as a percent of sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

# Free Cash Flow (FCF) Reconciliation

*Dollars in Millions*

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
<b>Free cash flow</b>	<b>\$640</b>	<b>\$596</b>	<b>\$733</b>	<b>\$649</b>
<b>Less : Dividends</b>	<b>\$412</b>	<b>\$398</b>	<b>\$391</b>	<b>\$374</b>
<b>Free cash flow after dividends</b>	<b>\$228</b>	<b>\$198</b>	<b>\$342</b>	<b>\$275</b>
<b>Total Debt</b>	<b>\$2,195</b>	<b>\$2,312</b>	<b>\$2,191</b>	<b>\$2,313</b>
<b>Net Sales</b>	<b>\$5,973</b>	<b>\$5,761</b>	<b>\$5,655</b>	<b>\$5,514</b>
<b>Free cash flow / Debt</b>	<b>29%</b>	<b>26%</b>	<b>33%</b>	<b>28%</b>
<b>Free cash flow after dividends / Debt</b>	<b>10%</b>	<b>9%</b>	<b>16%</b>	<b>12%</b>
<b>Free cash flow as % of sales</b>	<b>11%</b>	<b>10%</b>	<b>13%</b>	<b>12%</b>
<b>Free cash flow after dividends as % of sales</b>	<b>4%</b>	<b>3%</b>	<b>6%</b>	<b>5%</b>

(1) 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 uses free cash flow and free cash flow as a percent of sales to help assess the cash generation ability of the business and funds available for investing activities, such as acquisitions, investing in the business to drive growth, and financing activities, including debt payments, dividend payments and share repurchases. Free cash flow does not represent cash available only for discretionary expenditures, since the Company has mandatory debt service requirements and other contractual and non-discretionary expenditures. In addition, free cash flow may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded.

# Return on Invested Capital (ROIC) Reconciliation

*Dollars in millions and all calculations based on rounded numbers*

	<u>FY17</u>
<b>Earnings from continuing operations before income taxes</b>	<b>\$ 1,033</b>
Interest expense	<u>88</u>
<b>Earnings from continuing operations before income taxes and interest expense</b>	<b><u>\$ 1,121</u></b>
Income taxes on earnings from continuing operations before income taxes and interest expense <sup>(2)</sup>	<u>\$ (358)</u>
<b>Adjusted after-tax profit</b>	<b><u>\$ 763</u></b>
<b>Average invested capital <sup>(3)</sup></b>	<b><u>\$ 2,744</u></b>
<b>Return on invested capital <sup>(1)</sup></b>	<b><u>28%</u></b>

(1) In accordance with SEC's Regulation G, this schedule provides the definition of a non-GAAP measure and the reconciliation to the most closely related GAAP measure. 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. Management believes ROIC provides additional information to investors about current trends in the business. ROIC is a measure of how effectively the company allocates capital.

(2) The tax rate applied is the effective tax rate on continuing operations, which was 31.9%.

Average invested capital represents a five quarter average of total assets less non-interest bearing liabilities.

# Return on Invested Capital (ROIC) Reconciliation

*Dollars in millions and all calculations based on rounded numbers*

*(Amounts shown below are five quarter averages)*

	<u>FY17</u>
Total assets	\$ 4,549
Less: non-interest bearing liabilities	<u>(1,805)</u>
<b>Average invested capital</b>	<b><u><u>\$ 2,744</u></u></b>