



NEWS RELEASE

The Clorox Company Reports 3 Percent Sales Growth in Q3; Updates Fiscal Year 2015 Outlook for Sales and EPS

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OAKLAND, Calif., May.1, 2015 - The Clorox Company (NYSE:CLX) today reported sales growth of 3 percent and a decrease of 5 percent diluted net earnings per share (EPS) from continuing operations for its third quarter, which ended March 31, 2015. On a currency-neutral basis, sales grew 5 percent.

"I'm pleased we delivered strong results in the third quarter, allowing us to raise our fiscal year sales outlook and update our EPS outlook," said Chief Executive Officer Benno Dorer. "All U.S. segments contributed to sales growth, and sales for International grew strongly on a currency-neutral basis. Importantly, our continued incremental investments in demand building, including meaningful innovation, are paying off, as we saw the highest market share growth in about four years.

"In addition, the company delivered gross margin expansion in the quarter, demonstrating that we're on track with our strategy to deliver growth profitably through strong cost savings programs and price increases.

"As we look to the remainder of the year and into fiscal 2016, I believe we have the right plans in place to address the challenges we continue to anticipate, including increasingly unfavorable foreign currencies and slowing international economies."

All results in this press release are reported on a continuing operations basis, unless otherwise stated. As previously announced, Corporación Clorox de Venezuela S.A. (Clorox Venezuela) discontinued operations effective Sept. 22, 2014. For the current and year-ago quarters, the results from Clorox Venezuela are now included in discontinued

operations in the company's financial statements. Some information in this release is reported on a non-GAAP basis. See "Non-GAAP Financial Information" below and the tables toward the end of this press release for more information and reconciliations of key third-quarter results to the most directly comparable financial measures calculated in accordance with generally accepted accounting principles in the U.S. (GAAP).

Fiscal Third-Quarter Results

Following is a summary of key third-quarter results. All comparisons are with the third quarter of fiscal year 2014, unless otherwise stated.

* \$1.08 diluted EPS (5% decrease)

* 1% volume growth

* 3% sales growth

In the third quarter, Clorox delivered earnings from continuing operations of \$144 million, or \$1.08 diluted EPS, compared to \$151 million, or \$1.14 cents diluted EPS, in the year-ago quarter. Third-quarter results reflected higher performance-based incentive compensation costs as the company anticipates exceeding its annual incentive targets; whereas in the prior-year, earnings benefitted from a 12-cent impact when the company fell significantly below these targets. The impact of incentive compensation costs is reflected in selling and administrative expenses, cost of products sold, and research and development on the income statement. Third-quarter diluted EPS was also negatively impacted by higher manufacturing and logistics costs, increased investments in total demand-building programs and the impact of unfavorable foreign currency exchange rates. These factors were partially offset by higher sales, as well as the benefit of cost savings and price increases. Third-quarter commodity costs were flat.

In the third quarter, sales grew 3 percent, reflecting the benefit of price increases, favorable mix and assortment and higher volume. These factors were partially offset by 2 percentage points of unfavorable foreign currency exchange rates and 1 percentage point of increased trade promotion spending. Volume for the third quarter increased 1 percent, reflecting growth in the Cleaning, Lifestyle and International segments.

The company's third-quarter gross margin increased 110 basis points to 43.2 percent, reflecting the benefits of cost savings and price increases, favorable mix and assortment and flat commodity costs. These factors were partially offset by higher manufacturing and logistics costs and higher incentive compensation costs.

Fiscal year-to-date net cash provided by continuing operations was \$481 million, compared with \$444 million in the year-ago period, an increase of 8 percent. Contributing factors include lower incentive compensation and tax

payments in the current period, as well as the initial funding of the company's non-qualified deferred compensation plan in the year-ago period. These benefits were partially offset by \$25 million in payments to settle interest-rate hedges related to the company's issuance of long-term debt in December 2014. The company continues to use its cash flow to invest in its business, maintain debt leverage within its targeted range and return excess cash to stockholders through dividends and share repurchases. Fiscal-year-to date, the company has repurchased about 1.5 million shares of its common stock at a cost of approximately \$158 million.

Discontinued Operations

In the third quarter, the company recognized \$30 million of previously unrecognized tax benefits in discontinued operations upon the expiration of the applicable statute of limitations. Recognition of these previously disclosed tax benefits had no impact on the company's cash flows or earnings from continuing operations.

Key Segment Results

Following is a summary of key third-quarter results from continuing operations by reportable segment. All comparisons are with the third quarter of fiscal year 2014, unless otherwise stated.

Cleaning

(Laundry, Home Care, Professional Products)

- 1% volume growth
- 1% sales growth
- 8% pretax earnings growth

Volume growth in the segment was driven primarily by gains in Home Care, reflecting double-digit volume growth of Clorox® disinfecting wipes behind increased merchandising support and product innovation, as well as record shipments of toilet cleaners. Laundry volume results reflected lower shipments of Green Works® laundry detergent and lower shipments of Clorox bleach primarily due to the impact of the recent price increase. Home Care and Laundry grew market share in total, with gains across multiple brands. Pretax earnings growth reflected higher volume, as well as the benefit of cost savings and price increases, partially offset by an increase in demand-building investments.

Household

(Bags and Wraps, Charcoal, Cat Litter)

- Flat volume
- 5% sales growth
- 34% pretax earnings growth

Segment volume results reflected double-digit growth in Charcoal on top of high single-digit growth in the year-ago quarter. Charcoal's strong results were driven primarily by increased merchandising support in anticipation of the grilling season. Offsetting factors include decreased shipments in Bags & Wraps, primarily due to the impact of price increases and lower shipments in Cat Litter, largely due to continuing competitive activity. The variance between volume and sales results was due primarily to the benefit of price increases in Bags & Wraps. Pretax earnings growth reflected higher sales, significant cost savings and the benefit of price increases. These factors were partially offset by higher logistics costs and an increase in demand-building investments.

Lifestyle

(Dressings and Sauces, Water Filtration, Natural Personal Care)

- 2% volume growth
- 3% sales growth
- 6% pretax earnings growth

Volume results in the segment were driven by gains in Natural Personal Care, largely due to product innovation in Burt's Bees® lip and face-care products, including lip crayons and Renewal face products. Dressings and Sauces also grew volume primarily from increased distribution of Hidden Valley® dry mixes and dips. These results were partially offset by lower shipments in Water Filtration due to continued competitive activity and category softness. Pretax earnings growth reflected lower commodity costs, higher volume and the benefit of cost savings, partially offset by higher manufacturing and logistics and an increase in demand-building investments.

International

(All countries outside of the U.S.)

- 1% volume growth
- Flat sales (10% growth, currency-neutral basis)
- 26% pretax earnings decrease

The segment's volume growth reflected gains in Mexico and Canada, partially offset by lower shipments in Argentina and Asia. Segment sales reflected the impact of unfavorable foreign currency exchange rates across most countries, offset by the benefit of price increases, favorable mix and assortment and higher volume. On a currency-neutral basis, segment sales grew 10 percent. Pretax earnings decreased \$6 million primarily due to increases in selling and administrative expenses, driven by inflation and higher performance-based incentive compensation costs; the impact of unfavorable foreign currency exchange rates; higher manufacturing and logistics costs; and higher commodity costs. These factors were partially offset by the benefit of price increases, favorable mix and assortment and the benefit of cost savings.

Clorox Updates Outlook for Fiscal Year 2015

- 1% to 2% sales growth (previously about 1% sales growth)
- EBIT margin about flat (unchanged)
- \$4.45 to \$4.55 diluted EPS range (previously \$4.40 to \$4.55)

The company now anticipates fiscal-year 2015 sales to grow in the range of 1 percent to 2 percent. Clorox's updated sales outlook reflects stronger results through the third quarter and more than 2 percentage points of impact from unfavorable foreign currency exchange rates. Other moderating factors include slowing economies in international markets and an increase in trade-promotion spending to drive the company's core business and trial of new products in a highly competitive environment.

Clorox continues to anticipate moderate gross margin expansion in fiscal year 2015, reflecting the benefit of cost savings and price increases. The company continues to anticipate commodity costs to be about flat due to energy cost declines. Offsetting factors to gross margin expansion include higher logistics costs, as well as the aforementioned increase in trade-promotion spending.

Clorox continues to anticipate EBIT margin to be about flat for fiscal year 2015, reflecting moderate gross margin expansion, offset by higher performance-based incentive compensation costs. The company's fiscal-year EBIT margin also reflects higher demand-building investments.

Clorox continues to anticipate its effective fiscal year 2015 tax rate to be about 34 percent.

Net of all these factors, Clorox now anticipates fiscal year 2015 diluted EPS from continuing operations in the range of \$4.45 to \$4.55.

For More Detailed Financial Information

Visit the Investors: Financial Reporting: Financial Results section of the company's website at **TheCloroxCompany.com** for the following:

- * **Combined financial tables that include the schedules below**
- * **Supplemental unaudited condensed volume and sales growth information**
- * **Supplemental unaudited condensed gross margin driver information**
- * **Supplemental unaudited reconciliation of certain non-GAAP financial information, including earnings from**

continuing operations before interest and taxes (EBIT) and earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA)

* **Supplemental balance sheet and cash flow information and free cash flow reconciliation (unaudited)**

* **Supplemental price-change information**

Note: Percentage and basis-point changes noted in this press release are calculated based on rounded numbers.

Supplemental materials are available in the Investors: Financial Reporting: Financial Results section of the company's website at TheCloroxCompany.com.

The Clorox Company

The Clorox Company is a leading multinational manufacturer and marketer of consumer and professional products with about 7,700 employees worldwide and fiscal year 2014 sales of \$5.5 billion. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products; Pine-Sol® cleaners; Liquid Plumr® clog removers; Poett® home care products; Fresh Step® cat litter; Glad® bags, wraps and containers; Kingsford® charcoal; Hidden Valley® and KC Masterpiece® dressings and sauces; Brita® water-filtration products and Burt's Bees® natural personal care products. The company also markets brands for professional services, including Clorox Healthcare®, HealthLink®, Aplicare® and Dispatch® infection control products for the healthcare industry. More than 80 percent of the company's brands hold the No. 1 or No. 2 market share positions in their categories. Clorox's commitment to corporate responsibility includes making a positive difference in its communities. In fiscal year 2014, The Clorox Company and The Clorox Company Foundation contributed more than \$16 million in combined cash grants, product donations, cause marketing and employee volunteerism. For more information, visit TheCloroxCompany.com.

Forward-Looking Statements

The company's forward-looking statements in this press release are based on management's current views and assumptions regarding future events and speak only as of their dates. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws.

Non-GAAP Financial Information

This press release contains non-GAAP financial information relating to sales growth, diluted EPS and EBIT margin. The company has included reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP. See the end of this press release for these reconciliations.

The company disclosed these non-GAAP financial measures to supplement its consolidated financial statements presented in accordance with GAAP. These non-GAAP financial measures exclude certain items that are included in the company's results reported in accordance with GAAP, including income taxes, interest income, interest expense and foreign exchange impact. The exclusion of foreign exchange impact is also referred to as currency-neutral. Management believes these non-GAAP financial measures provide useful additional information to investors about trends in the company's operations and are useful for period-over-period comparisons. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read in connection with the company's consolidated financial statements presented in accordance with GAAP.

See Below for These Unaudited Third-Quarter Results:

- **Condensed Consolidated Statements of Earnings, Reportable Segment Information and Condensed Consolidated Balance Sheets**
- **Reconciliations of Third Quarter Sales Growth and Fiscal Year EBIT Margin Reconciliation**

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For recent presentations made by company management and other investor materials, visit **Investor Events** on the company's website.