

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 2, 2018

**THE CLOROX COMPANY**

(Exact name of registrant as specified in its charter)

---

Delaware  
(State or other jurisdiction of incorporation)

1-07151  
(Commission File Number)

31-0595760  
(I.R.S. Employer  
Identification No.)

**1221 Broadway, Oakland, California 94612-1888**  
(Address of principal executive offices) (Zip code)

**(510) 271-7000**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 Under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

**Item 2.02 Results of Operations and Financial Condition**

On May 2, 2018, The Clorox Company issued a press release announcing its financial results for its third quarter ended March 31, 2018. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure**

Attached hereto as Exhibit 99.2 and incorporated herein by reference is supplemental financial information.

**Item 9.01 Financial Statements and Exhibits****(d) Exhibits**

See the Exhibit Index below.

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Press Release dated May 2, 2018 of The Clorox Company</a>
<a href="#">99.2</a>	<a href="#">Supplemental information regarding financial results</a>

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CLOROX COMPANY

Date: May 2, 2018

By: /s/ Laura Stein

Executive Vice President –

General Counsel and Corporate Affairs

---

---

## Clorox Reports Q3 Fiscal Year 2018 Results, Updates Fiscal Year 2018 Outlook

OAKLAND, Calif., May 2, 2018 – The Clorox Company (NYSE:CLX) reported sales growth of 3 percent and diluted net earnings per share from continuing operations (diluted EPS) of \$1.37, an increase of 5 percent, for its third quarter of fiscal year 2018, which ended March 31, 2018.

“We delivered solid sales growth of 3 percent, with gains in all U.S. segments and in our International segment, behind our 2020 Strategy,” said Chairman and CEO Benno Dorer. “Notably, we delivered these results on top of 4 percent sales growth in the year-ago quarter. Our focus on providing superior value to consumers behind differentiated products and brands, including strong investments in innovation, has enabled us to deliver consistent sales growth.”

Dorer continued, “We’re affected by industrywide cost pressures in the near term and taking aggressive action to address these headwinds to support margin improvement over time.”

All results in this press release are reported on a continuing operations basis, unless otherwise stated.

### Fiscal Third-Quarter Results

Following is a summary of key third-quarter results. All comparisons are with the third quarter of fiscal year 2017 unless otherwise stated.

- 3% sales growth
- \$1.37 diluted EPS (5% increase)

Sales grew 3 percent, on top of 4 percent sales growth in the year-ago quarter, reflecting gains in all four of the company’s segments, supported by 3 percent volume growth and the benefit of price increases. These factors were partially offset by unfavorable mix and nearly 1 point of negative impact from the sale of the Aplicare business in August 2017.

Gross margin decreased 120 basis points to 42.8 percent from 44.0 percent in the year-ago quarter. The decrease in gross margin was driven primarily by higher commodity and logistics costs, which were partially offset by the benefits of cost savings and price increases.

Clorox delivered earnings from continuing operations of \$181 million, or \$1.37 diluted EPS, compared to \$172 million, or \$1.31 diluted EPS, in the year-ago quarter. Diluted EPS reflects the benefit of higher sales and a lower effective tax rate, partially offset by lower gross margin.

Year-to-date net cash from continuing operations increased 19 percent to \$574 million compared with \$483 million in the year-ago period, primarily driven by lower tax payments, largely due to tax reform.

### Key Segment Results

Following is a summary of key third-quarter results from continuing operations by segment. All comparisons are with the third quarter of fiscal year 2017, unless otherwise stated.

#### Cleaning

(Laundry, Home Care, Professional Products)

- 3% sales increase
- 2% pretax earnings increase

Segment sales growth was driven largely by gains in Home Care, reflecting broad-based strength of Clorox<sup>®</sup> disinfecting wipes and the introduction of new Scentiva<sup>®</sup>-branded products. Segment sales results were partially offset by more than 2 points of negative impact from the Aplicare sale, which also drove the sales decrease in the Professional Products business. Excluding the impact of the Aplicare sale, the Professional Products business delivered double-digit sales growth, driven primarily by higher shipments of cleaning products behind product innovation and e-commerce growth. Pretax earnings growth was due to higher sales and the benefit of cost savings, partially offset by higher commodity and logistics costs.

#### Household

(Bags and Wraps, Charcoal, Cat Litter, Digestive Health)

- 1% sales increase
- 17% pretax earnings decrease

Segment sales increased, driven by double-digit gains in the Cat Litter business, primarily due to broad-based business strength, supported by the Fresh Step<sup>®</sup> Clean Paws innovation. These factors were partially offset by significantly lower shipments in Charcoal, largely driven by consistently poor weather during all three months in the quarter. Pretax earnings decreased primarily driven by higher commodity and logistics costs, partially offset by the benefit of cost savings.

#### Lifestyle

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

- 2% sales increase
- 8% pretax earnings increase

Segment sales increased, reflecting all-time record shipments of Hidden Valley<sup>®</sup> bottled dressings behind increased merchandising activity as well as gains in the Natural Personal Care business, primarily from continued strength of lip and face care products, supported by innovation. These factors were partially offset by lower shipments in Water Filtration due to a timing shift in merchandising activity. The increase in pretax earnings was driven primarily by higher sales, partially offset by higher logistics costs.

#### International

(Sales outside of the U.S.)

- 4% sales increase
- 15% pretax earnings increase

Segment sales growth was driven largely by the benefit of price increases and supported by volume gains due in part to higher shipments in Canada. These factors were partially offset by unfavorable mix and unfavorable foreign currency exchange rates. Pretax earnings growth was driven primarily by higher sales, normalized levels of advertising spending compared to significant investments in the year-ago quarter behind select growth opportunities as well as gross margin expansion behind strong execution of the International business' Go Lean strategy.

#### **Clorox Updates Fiscal Year 2018 Outlook for Nutranext Acquisition and Revised Tax Rate**

Clorox updated its fiscal year 2018 outlook as a result of the announced Nutranext acquisition and the company's updated assumption for its fiscal year effective tax rate.

- About 3% sales growth (previously 1% to 3% growth)
- \$6.15 to \$6.30 diluted EPS range (previously \$6.17 to \$6.37 diluted EPS)

The Nutranext acquisition, which closed on April 2, is expected to contribute 1 point to fiscal year sales and dilute fiscal year earnings per share by 7 to 11 cents, primarily driven by one-time integration costs. In addition, the company now anticipates its fiscal year 2018 effective tax rate to be 22 percent to 23 percent versus its previous assumption of 23 percent to 24 percent.

Clorox now anticipates fiscal year 2018 sales growth at about 3 percent versus its previous sales outlook of 1 percent to 3 percent growth. The company's sales outlook reflects the aforementioned expected contribution of 1 point from the Nutranext acquisition, and the continued expectation of 3 points of incremental benefit from product innovation. The company's fiscal year sales outlook also continues to reflect a reduction of nearly 1 point from the August 2017 divestiture of the Aplicare business.

The company now expects gross margin to decrease by 100 to 150 basis points, reflecting the anticipated impact from one-time charges related to the Nutranext acquisition. As previously communicated, the company's expectations for fiscal year gross margin also continue to reflect higher logistics and commodity costs.

As a result of the one-time charges related to the Nutranext acquisition and the company's updated assumption for its fiscal year tax rate, Clorox now anticipates fiscal year 2018 diluted EPS from continuing operations to be in the range of \$6.15 to \$6.30 versus its previous assumption of \$6.17 to \$6.37.

"We've updated our fiscal year 2018 outlook to reflect the expected sales contribution and earnings dilution from the Nutranext acquisition," said Chief Financial Officer Kevin Jacobsen. "Our full-year outlook also continues to reflect the benefits of tax reform, including our updated assumption for a more favorable tax rate. We were very pleased to reward our shareholders with a 14 percent increase in our quarterly dividend, which we announced in February of this year. We look forward to continuing to put tax reform to work for our business and shareholders."

Total annual dividends paid to Clorox shareholders have increased each year since 1977.

### **About Nutranext**

Nutranext, a leader in dietary supplements within the natural channel, generated calendar year 2017 sales of \$200 million. The acquisition brings significant scale and breadth to Clorox's dietary supplements business. It follows the company's May 2016 acquisition of the RenewLife<sup>®</sup> brand, a leader in digestive health.

Nutranext's products include multivitamins under the Rainbow Light<sup>®</sup> brand, the No. 2 vitamin brand in the natural channel<sup>1</sup>; specialty minerals under the Natural Vitality<sup>®</sup> brand, the No. 1 anti-stress and sleep brand in the natural channel<sup>2</sup>; and supplements for hair, skin and nails under the Neocell<sup>®</sup> brand, the No. 1 collagen brand in the natural<sup>3</sup> channel. The company also manufactures and markets multivitamins and specialty minerals through its direct-to-consumer business, primarily under the Stop Aging Now<sup>®</sup> brand.

### **For More Detailed Financial Information**

Visit the company's [Financial Information: Quarterly Results](#) section of the company's website at [TheCloroxCompany.com](http://TheCloroxCompany.com) for the following:

- Supplemental unaudited volume and sales growth information
- Supplemental unaudited gross margin driver information
- Supplemental unaudited reconciliation of earnings from continuing operations before interest and taxes (EBIT) and earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA)
- Supplemental unaudited balance sheet and cash flow information and free cash flow reconciliation

Note: Percentage and basis-point changes noted in this press release are calculated based on rounded numbers. Supplemental materials are available in the [Financial Information: Quarterly Results](#) section of the company's website at [TheCloroxCompany.com](http://TheCloroxCompany.com).

### **The Clorox Company**

The Clorox Company (NYSE: CLX) is a leading multinational manufacturer and marketer of consumer and professional products with approximately 8,700 employees worldwide and fiscal year 2017 sales of \$6 billion. Clorox markets some of the most trusted and recognized consumer brand names, including its namesake bleach and cleaning products; Pine-Sol<sup>®</sup> cleaners; Liquid Plumr<sup>®</sup> clog removers; Poett<sup>®</sup> home care products; Fresh Step<sup>®</sup> cat litter; Glad<sup>®</sup> bags, wraps and containers; Kingsford<sup>®</sup> charcoal; Hidden Valley<sup>®</sup> dressings and sauces;

---

<sup>1</sup> SPINS, latest 52 weeks ending 3/25/18

<sup>2</sup> SPINS, latest 52 weeks ending 3/25/18

<sup>3</sup> SPINS, latest 52 weeks ending 3/25/18

Brita<sup>®</sup> water-filtration products; Burt's Bees<sup>®</sup> natural personal care products; RenewLife<sup>®</sup> digestive health products; and Rainbow Light<sup>®</sup>, Natural Vitality<sup>®</sup> Neocell<sup>®</sup> and Stop Aging Now<sup>®</sup> dietary supplements. The company also markets brands for professional services, including Clorox Healthcare<sup>®</sup> and Clorox Commercial Solutions<sup>®</sup>. More than 80 percent of the company's sales are generated from brands that hold the No. 1 or No. 2 market share positions in their categories.

Clorox is a signatory of the United Nations Global Compact, a community of global leaders committed to sustainability. The company has been broadly recognized for its corporate responsibility efforts, most notably being named to the Drucker Institute's 2017 Management Top 250 list, The Just 100: America's Top Citizens list, CR Magazine's 2017 Best Corporate Citizens list and the first sector-neutral Bloomberg Gender Equality Index in 2018. In support of its communities, The Clorox Company and its foundations contributed about \$11 million in combined cash grants, product donations and cause marketing in fiscal year 2017. For more information, visit [TheCloroxCompany.com](http://TheCloroxCompany.com), including the Good Growth blog, and follow the company on Twitter at [@CloroxCo](https://twitter.com/CloroxCo).

### ***Forward-Looking Statements***

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such forward-looking statements involve risks and uncertainties. Except for historical information, statements about future volumes, sales, foreign currencies, costs, cost savings, margins, earnings, earnings per share, including as a result of the Nutranext acquisition, diluted earnings per share, foreign currency exchange rates, tax rates, cash flows, plans, objectives, expectations, growth or profitability are forward-looking statements based on management's estimates, beliefs, assumptions and projections. Words such as "could," "may," "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "predicts," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic and financial performance are intended to identify such forward-looking statements. These forward-looking statements are only predictions, subject to risks and uncertainties, and actual results could differ materially from those discussed. Important factors that could affect performance and cause results to differ materially from management's expectations are described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017, as updated from time to time in the Company's Securities and Exchange Commission filings, including the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2017. These factors include, but are not limited to: intense competition in the Company's markets; volatility and increases in commodity costs such as resin, sodium hypochlorite and agricultural commodities, and increases in energy, transportation or other costs; the ability of the Company to drive sales growth, increase prices and market share, grow its product categories and manage favorable product and geographic mix; dependence on key customers and risks related to customer consolidation and ordering patterns; the impact of increases in sales of consumer products through alternative retail channels; risks related to reliance on information technology systems, including potential security breaches, cyber-attacks, privacy breaches or data breaches that result in the unauthorized disclosure of consumer, customer, employee or Company information, or service interruptions; lower revenue or increased costs resulting from government actions and regulations; the ability of the Company to successfully manage global political, legal, tax and regulatory risks, including changes in regulatory or administrative activity and as a result of the Nutranext acquisition; risks relating to acquisitions, new ventures and divestitures, and associated costs, including the potential for asset impairment charges related to, among others, intangible assets and goodwill; and the ability to complete announced transactions and, if completed, integration costs and potential contingent liabilities related to those transactions, including those related to the Nutranext acquisition; worldwide, regional and local economic and financial market conditions; risks related to international operations and international trade, including political instability; government-imposed price controls or other regulations; foreign currency exchange rate controls, including periodic changes in such controls, fluctuations and devaluations; changes in trade, tax or U.S. immigration policies, labor claims, labor unrest and inflationary pressures, particularly in Argentina; potential

negative impact and liabilities from the use, storage and transportation of chlorine in certain international markets where chlorine is used in the production of bleach; and the possibility of nationalization, expropriation of assets or other government action; the ability of the Company to innovate and to develop and introduce commercially successful products; the ability of the Company to implement and generate cost savings and efficiencies; the success of the Company's business strategies; the Company's ability to maintain its business reputation and the reputation of its brands; risks related to the effects of the Tax Cuts and Jobs Act (Tax Act) on the Company as the Company continues to assess and analyze such effects as well as its current interpretation, assumptions and expectations relating to the Tax Act, and the possibility that the final impact of the Tax Act on the Company may be materially different from the Company's current estimates based on the Company's actual results for future periods, the Company's further assessment and analysis of the Tax Act, any additional Congressional, administrative and FASB actions, or other guidance related to the Tax Act and any actions that the Company may take as a result of the Tax Act; risks related to additional increases in the estimated fair value of P&G's interest in the Glad<sup>®</sup> business, such as the significant increase over the first half of fiscal year 2018 primarily due to the recent Tax Act and the recent extension of the venture agreement with, and the related R&D support provided by, P&G; supply disruptions and other risks inherent in reliance on a limited base of suppliers; the impact of product liability claims, labor claims and other legal or tax proceedings, including in foreign jurisdictions; the Company's ability to attract and retain key personnel; environmental matters, including costs associated with the remediation and monitoring of past contamination, and possible increases in costs resulting from actions by relevant regulators, and the handling and/or transportation of hazardous substances; the impact of natural disasters, terrorism and other events beyond the Company's control; the Company's ability to maximize, assert and defend its intellectual property rights; any infringement or claimed infringement by the Company of third-party intellectual property rights; the effect of the Company's indebtedness and credit rating on its business operations and financial results; the Company's ability to pay and declare dividends or repurchase its stock in the future; the Company's ability to maintain an effective system of internal controls; uncertainties relating to tax positions, tax disputes and changes in the Company's tax rate; the accuracy of the Company's estimates and assumptions on which its financial projections are based; risks related to the Company's discontinuation of operations in Venezuela; and the impacts of potential stockholder activism.

The Company's forward-looking statements in this press release are based on management's current views, beliefs and assumptions regarding future events and speak only as of the dates when made. 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.

#### **Media Relations**

Aileen Zerrudo (510) 271-3075, [aileen.zerrudo@clorox.com](mailto:aileen.zerrudo@clorox.com)

Kathryn Caulfield (510) 271-7209, [kathryn.caulfield@clorox.com](mailto:kathryn.caulfield@clorox.com)

#### **Investor Relations**

Lisah Burhan 510-271-3269, [lisah.burhan@clorox.com](mailto:lisah.burhan@clorox.com)

Joel Ramirez 510-271-3012, [joel.ramirez@clorox.com](mailto:joel.ramirez@clorox.com)

Steve Austenfeld 510-271-2270, [steve.austenfeld@clorox.com](mailto:steve.austenfeld@clorox.com)

For recent presentations made by company management and other investor materials, visit [Investor Events](#) on the company's website.



**Reportable Segment Information****(Unaudited)**

Dollars in millions

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Three Months Ended			Three Months Ended		
	3/31/2018	3/31/2017	% Change <sup>(1)</sup>	3/31/2018	3/31/2017	% Change <sup>(1)</sup>
Cleaning	\$ 513	\$ 497	3%	\$ 135	\$ 132	2%
Household	493	486	1%	88	106	-17%
Lifestyle	252	246	2%	55	51	8%
International	259	248	4%	23	20	15%
Corporate	-	-	0%	(59)	(62)	-5%
Total	\$ 1,517	\$ 1,477	3%	\$ 242	\$ 247	-2%

	Net sales			Earnings (losses) from continuing operations before income taxes		
	Nine Months Ended			Nine Months Ended		
	3/31/2018	3/31/2017	% Change <sup>(1)</sup>	3/31/2018	3/31/2017	% Change <sup>(1)</sup>
Cleaning	\$ 1,544	\$ 1,500	3%	\$ 428	\$ 400	7%
Household	1,344	1,329	1%	215	246	-13%
Lifestyle	766	742	3%	188	190	-1%
International	779	755	3%	69	75	-8%
Corporate	-	-	0%	(152)	(173)	-12%
Total	\$ 4,433	\$ 4,326	2%	\$ 748	\$ 738	1%

<sup>(1)</sup> Percentages based on rounded numbers.

**Condensed Consolidated Statements of Earnings (Unaudited)**

Dollars in millions, except share and per share data

	Three Months Ended		Nine Months Ended	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Net sales	\$ 1,517	\$ 1,477	\$ 4,433	\$ 4,326
Cost of products sold	868	827	2,502	2,407
Gross profit	649	650	1,931	1,919
Selling and administrative expenses	208	201	609	598
Advertising costs	150	161	424	417
Research and development costs	32	35	95	98
Interest expense	20	22	61	66
Other (income) expense, net	(3)	(16)	(6)	2
Earnings from continuing operations before income taxes	242	247	748	738
Income taxes on continuing operations	61	75	142	237
Earnings from continuing operations	181	172	606	501
Earnings (losses) from discontinued operations, net of tax	-	-	-	(1)
Net earnings	\$ 181	\$ 172	\$ 606	\$ 500
Net earnings (losses) per share				
Basic				
Continuing operations	\$ 1.39	\$ 1.34	\$ 4.69	\$ 3.89
Discontinued operations	-	-	-	(0.01)
Basic net earnings per share	\$ 1.39	\$ 1.34	\$ 4.69	\$ 3.88
Diluted				
Continuing operations	\$ 1.37	\$ 1.31	\$ 4.60	\$ 3.82
Discontinued operations	-	-	-	(0.01)
Diluted net earnings per share	\$ 1.37	\$ 1.31	\$ 4.60	\$ 3.81
Weighted average shares outstanding (in thousands)				
Basic	129,694	128,752	129,357	128,899
Diluted	131,900	131,362	131,703	131,399

**Condensed Consolidated Balance Sheets**

Dollars in millions

	<u>3/31/2018</u>	<u>6/30/2017</u>	<u>3/31/2017</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,174	\$ 418	\$ 431
Receivables, net	595	565	568
Inventories, net	508	459	510
Prepaid expenses and other current assets	96	72	94
Total current assets	<u>2,373</u>	<u>1,514</u>	<u>1,603</u>
Property, plant and equipment, net	933	931	903
Goodwill	1,200	1,196	1,193
Trademarks, net	655	654	655
Other intangible assets, net	63	68	70
Other assets	220	210	205
Total assets	<u>\$ 5,444</u>	<u>\$ 4,573</u>	<u>\$ 4,629</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities			
Notes and loans payable	\$ 1,066	\$ 404	\$ 650
Current maturities of long-term debt	-	400	400
Accounts payable and accrued liabilities	947	1,005	948
Income taxes payable	-	-	-
Total current liabilities	<u>2,013</u>	<u>1,809</u>	<u>1,998</u>
Long-term debt	1,789	1,391	1,390
Other liabilities	778	770	788
Deferred income taxes	27	61	49
Total liabilities	<u>4,607</u>	<u>4,031</u>	<u>4,225</u>
Stockholders' equity			
Common stock	159	159	159
Additional paid-in capital	956	928	912
Retained earnings	2,704	2,440	2,351
Treasury shares	(2,457)	(2,442)	(2,453)
Accumulated other comprehensive net (losses) income	(525)	(543)	(565)
Stockholders' equity	<u>837</u>	<u>542</u>	<u>404</u>
Total liabilities and stockholders' equity	<u>\$ 5,444</u>	<u>\$ 4,573</u>	<u>\$ 4,629</u>

Supplemental Unaudited Condensed Information – Volume Growth

Reportable Segments	% Change vs. Prior Year									Major Drivers of Change
	FY17					FY18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	FYTD	
<b>Cleaning</b>	13%	10%	13%	4%	10%	5%	2%	4%	4%	Q3 increase driven primarily by higher shipments in Home Care, reflecting broad-based strength of Clorox <sup>®</sup> disinfecting wipes and the launch of new Scentiva <sup>®</sup> branded products; as well as higher shipments in Professional Products. (Excluding the impact of Aplicare divestiture, Professional Products delivered double-digit volume increase primarily from cleaning products behind product innovation and e-commerce growth).
<b>Household</b>	6%	11%	9%	5%	8%	7%	0%	3%	3%	Q3 increase driven primarily by higher shipments in Cat Litter, reflecting broad-based business strength supported by Fresh Step <sup>®</sup> Clean Paws innovation; partially offset by lower shipments in Charcoal largely due to consistently poor weather during all three months in the quarter.
<b>Lifestyle</b>	1%	5%	-1%	-1%	1%	2%	3%	0%	2%	Q3 flat in volume primarily reflected higher shipments in Natural Personal Care behind continued strength of lip care and face care products supported by innovation, and higher shipments in Food behind Hidden Valley <sup>®</sup> bottled dressings due to increased merchandising support; partially offset by lower shipments in Water Filtration due to a timing shift in merchandising activity.
<b>International</b>	4%	2%	-2%	1%	1%	-2%	0%	3%	0%	Q3 increase driven primarily by higher shipments in Canada.
<b>Total Company</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>3%</b>	<b>6%</b>	<b>4%</b>	<b>1%</b>	<b>3%</b>	<b>3%</b>	

Supplemental Unaudited Condensed Information – Sales Growth

Reportable Segments	% Change vs. Prior Year									Major Drivers of Change
	FY17					FY18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	FYTD	
<b>Cleaning</b>	7%	3%	7%	2%	5%	5%	1%	3%	3%	Q3 variance between volume and sales driven primarily by unfavorable mix and higher trade promotion spending, partially offset by the benefit of price increases.
<b>Household</b>	3%	12%	4%	4%	5%	5%	-3%	1%	1%	Q3 variance between volume and sales driven primarily by price decrease in a portion of the Glad <sup>®</sup> trash portfolio, unfavorable mix and higher trade promotion spending.
<b>Lifestyle</b>	2%	4%	-3%	2%	1%	4%	3%	2%	3%	Q3 variance between volume and sales driven primarily by lower trade promotion spending.
<b>International</b>	0%	-2%	3%	5%	1%	1%	4%	4%	3%	Q3 variance between volume and sales driven primarily by the benefit of price increases, partially offset by the unfavorable mix and unfavorable foreign currency exchange rates.
<b>Total Company</b>	<b>4%</b>	<b>5%</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>1%</b>	<b>3%</b>	<b>2%</b>	

The Clorox Company

Supplemental Unaudited Condensed Information – Gross Margin Drivers

The table below provides details on the drivers of gross margin change versus the prior year.

Driver	Gross Margin Change vs. Prior Year (basis points)							
	FY17					FY18		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Cost Savings	+140	+140	+150	+150	+150	+160	+170	+140
Price Changes	+70	+70	+60	+50	+60	+40	+30	+50
Market Movement (commodities)	+90	+10	-70	-90	-20	-90	-110	-160
Manufacturing & Logistics	-220	-210	-130	-130	-170	-80	-240	-220
All other <sup>(1)</sup>	-140	0	-140	+50	-60	+20	-20	+70
<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>	<b>-120</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>	<i>42.8%</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.

Supplemental Unaudited Condensed Information – Balance Sheet

As of March 31, 2018

**Working Capital Update**

Dollars in Millions and percentages based on rounded numbers

	Q3			Q3		Change
	FY 2018 (\$ millions)	FY 2017 (\$ millions)	Change	Days <sup>(4)</sup> FY 2018	Days <sup>(4)</sup> FY 2017	
Receivables, net	\$595	\$568	\$27	34	33	1
Inventories, net	\$508	\$510	(\$2)	52	55	-3
Accounts payable and Accrued Liabilities	\$947	\$948	(\$1)			
Total WC <sup>(1)</sup>	\$252	\$224	\$28			
Total WC % net sales <sup>(2)</sup>	4.2%	3.8%				
Average WC <sup>(1)</sup>	\$279	\$241	\$38			
Average WC % net sales <sup>(3)</sup>	4.6%	4.1%				

- (1) Working capital (WC) is defined in this context as current assets minus current liabilities excluding cash and short-term debt, based on end of period balances. Average working capital represents a two-point average of working capital.  
(2) Represents working capital at the end of the period divided by (net sales for current quarter x 4).  
(3) Represents a two-point average of working capital divided by (net sales for current quarter x 4).  
(4) Days calculations based on a two-point average.

Supplemental Unaudited Condensed Information – Cash Flow

For the quarter ended March 31, 2018

Capital expenditures for the third quarter were \$37 million versus \$44 million in the year-ago quarter.

Depreciation and amortization expense for the third quarter was \$40 million versus \$39 million in the year-ago quarter.

Net cash provided by continuing operations in the third quarter was \$252 million, or 16.6% of net sales.

Supplemental Unaudited Condensed Information – Free Cash Flow

Fiscal Year-To-Date Free Cash Flow Reconciliation

Dollars in Millions and percentages based on rounded numbers

	Q3 Fiscal YTD 2018	Q3 Fiscal YTD 2017
<b>Net cash provided by continuing operations – GAAP</b>	<b>\$574</b>	<b>\$483</b>
Less: Capital expenditures	\$126	\$161
<b>Free cash flow – non-GAAP <sup>(1)</sup></b>	<b>\$448</b>	<b>\$322</b>
<i>Free cash flow as a percentage of net sales – non-GAAP <sup>(1)</sup></i>	<i>10.1%</i>	<i>7.4%</i>
Net sales	\$4,433	\$4,326

(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 percentage of net 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.

The Clorox Company

Supplemental Unaudited Reconciliation of Earnings From Continuing Operations Before Income Taxes to EBIT <sup>(1)(3)</sup> and EBITDA <sup>(2)(3)</sup>

Dollars in millions and percentages based on rounded numbers

	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	Q3 3/31/18
<b>Earnings from continuing operations before income taxes</b>	\$264	\$227	\$247	\$295	\$1,033	\$279	\$227	\$242
Interest income	-\$1	-\$1	-\$1	-\$1	-\$4	-\$1	-\$2	-\$1
Interest expense	\$22	\$22	\$22	\$22	\$88	\$21	\$20	\$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>	<b>\$261</b>
<i>EBIT margin <sup>(1)(3)</sup></i>	<i>19.8%</i>	<i>17.6%</i>	<i>18.1%</i>	<i>19.2%</i>	<i>18.7%</i>	<i>19.9%</i>	<i>17.3%</i>	<i>17.2%</i>
Depreciation and amortization	\$41	\$41	\$39	\$42	\$163	\$40	\$41	\$40
<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>	<b>\$301</b>
<i>EBITDA margin <sup>(2)(3)</sup></i>	<i>22.6%</i>	<i>20.6%</i>	<i>20.8%</i>	<i>21.7%</i>	<i>21.4%</i>	<i>22.6%</i>	<i>20.2%</i>	<i>19.8%</i>
Net sales	\$1,443	\$1,406	\$1,477	\$1,647	\$5,973	\$1,500	\$1,416	\$1,517
Total debt <sup>(4)</sup>	\$2,407	\$2,549	\$2,440	\$2,195	\$2,195	\$2,200	\$2,283	\$2,855
<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>	<b>2.2</b>

- 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.
- 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.
- 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.
- 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.
- Debt to EBITDA (a non-GAAP measure) represents total debt divided by EBITDA for the trailing four quarters.