



Church & Dwight Co. Inc. (CHD)

Updated August 3rd, 2025 by Josh Arnold

Key Metrics

Current Price:	\$94	5 Year CAGR Estimate:	7.3%	Market Cap:	\$23 B
Fair Value Price:	\$95	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	08/15/25
% Fair Value:	99%	5 Year Valuation Multiple Estimate:	0.1%	Dividend Payment Date:	09/02/25
Dividend Yield:	1.3%	5 Year Price Target	\$126	Years Of Dividend Growth:	29
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Buy

Overview & Current Events

Church & Dwight is a diversified consumer staples company that manufactures and distributes products under several well-known names like Arm & Hammer, Trojan, OxiClean, Spinbrush, First Response, Waterpik, Nair, Orajel, and XTRA. The company was founded in 1846, has increased its dividend for 29 consecutive years, and trades with a market capitalization of \$23 billion on just over \$6 billion in annual revenue. Church & Dwight has paid quarterly dividends to shareholders for more than 120 consecutive years.

Church & Dwight posted second quarter earnings on August 1st, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to 94 cents, which was eight cents ahead of estimates. Revenue was flat year-over-year at \$1.51 billion, beating estimates by \$20 million.

Organic sales were up fractionally, as organic volume was up 0.8% and pricing and mix were down 0.7%.

Consumer Direct sales were \$1.15 billion, down 4% year-over-year. Consumer International sales were up 5.3% to \$278 million, while Specialty products were down 3% to \$75 million.

Gross margin was 43% of revenue, off 410 basis points year-over-year. However, on an adjusted basis gross margins were down 40 basis points to 45% of revenue. These reflected the impact of higher manufacturing costs, including tariffs, recalls, and business exit charges.

Operating cash was \$417 million for the first half of the year as capex was just \$39 million. The company also completed a \$300 million share repurchase program in Q2 and expanded its revolving credit facility.

We see \$3.50 in adjusted earnings-per-share for this year after largely in-line first half results.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.63	\$1.77	\$1.94	\$2.27	\$2.47	\$2.83	\$3.02	\$2.97	\$3.17	\$3.44	\$3.50	\$4.68
DPS	\$0.67	\$0.71	\$0.76	\$0.87	\$0.91	\$0.96	\$1.01	\$1.05	\$1.09	\$1.14	\$1.18	\$1.58
Shares¹	260	254	248	253	251	253	242	244	244	245	246	250

Church & Dwight's CEO has made public that he believes sustainable 8% earnings-per-share growth is feasible before the impact of acquisitions. Indeed, mergers & acquisitions are one of Church & Dwight's core competencies. Ten of the company's twelve "Power Brands" have been acquired in the last two decades. Our long-term growth estimate for Church & Dwight is 6% annually. We believe it can achieve this as it sees mid-single-digit revenue growth on average, while a small measure of productivity gains should help drive margins higher. This is congruent with Church & Dwight's past performance as we have no reason to believe its long-term growth plans will be derailed. We note that growth in 2020 was higher than normalized growth rates as Church & Dwight benefited from stronger demand for things like cleaning products. While that isn't repeatable, we don't see the company's long-term growth as having changed. We note that the supply chain constraints that arose from the pandemic have gone, and Church & Dwight has seen consistent margin improvement in recent results. Combined with strong organic sales growth, we see the future for the

¹ Share count in millions

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company as bright at the moment. We note that organic revenue was uncharacteristically weak in Q2, and our forecast depends somewhat upon the company's appetite to purchase growth.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	26.0	26.5	25.3	24.0	29.4	28.6	28.6	27.1	29.8	30.4	26.9	27.0
Avg. Yld.	1.6%	1.5%	1.5%	1.6%	1.3%	1.2%	1.2%	1.3%	1.2%	1.1%	1.3%	1.2%

Shares of Church & Dwight currently trade with a price-to-earnings ratio of 26.9, which is essentially equal to our estimate of fair value at 27 times earnings. We believe that valuation expansion will have a fractional positive impact on this stock's total returns moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	41%	40%	39%	38%	37%	34%	33%	35%	34%	33%	34%	34%

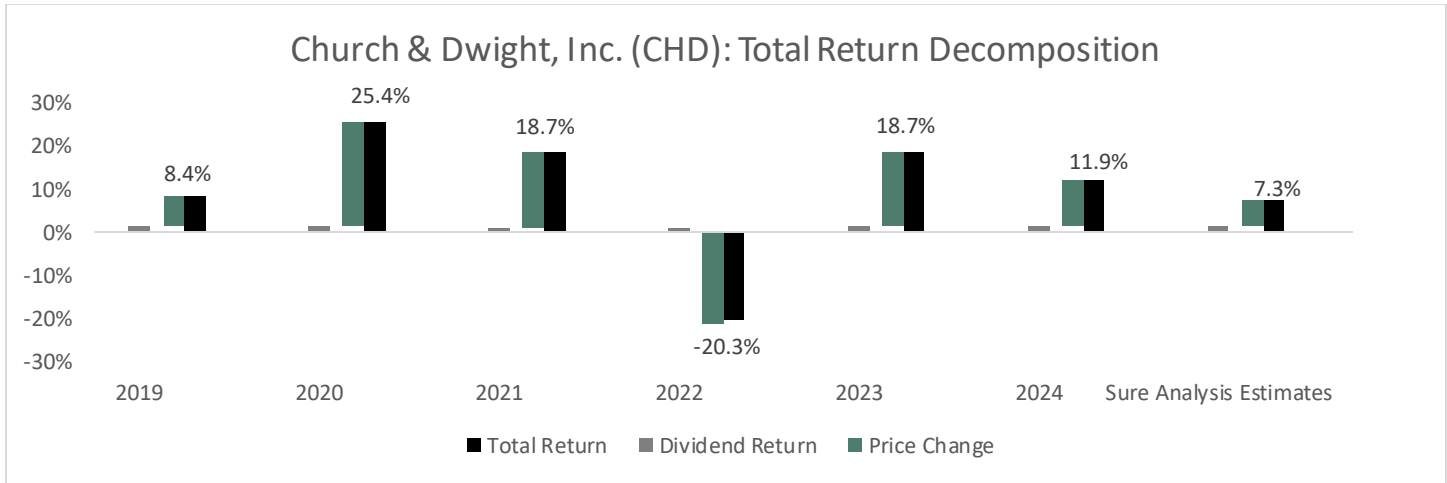
Church & Dwight's payout ratio has drifted below 40% in recent years. The dividend has been growing at a slightly slower rate than earnings-per-share, so over time we expect the payout ratio will remain under 40% as the company is able to continue to produce meaningful earnings growth. The company's quarter-century streak of increasing dividends is quite safe, we believe.

Qualitatively, Church & Dwight's brand recognition combined with the consumable nature of its products provide the company with a durable competitive advantage. This creates consistency in Church & Dwight's financial performance. Its earnings increased *every year* from 2001 to 2021 and the company's growth trajectory was essentially unchanged during the 2007-2009 financial crisis. Because of its recession resiliency, Church & Dwight is an appealing investment opportunity for conservative investors when it can be acquired at the right price.

Final Thoughts & Recommendation

Church & Dwight has many of the characteristics of a high-quality dividend investment. Most notably, the company's portfolio of brands allows it to grow its earnings through each stage of the economic cycle, and Church & Dwight shares this growth with its shareholders through consistent dividend increases. The company's growth-through-acquisition strategy is time-tested, and its management team has developed considerable expertise in scaling smaller brands through its existing infrastructure. We forecast total returns accruing at 7.3% annually, consisting of 6% earnings growth, the 1.3% dividend yield, and a fractional tailwind from the valuation. We reiterate our buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3395	3493	3776	4146	4,358	4,896	5,190	5,376	5,868	6,107
Gross Profit	1512	1591	1730	1841	1,984	2,214	2,264	2,250	2,589	2,790
Gross Margin	44.5%	45.5%	45.8%	44.4%	45.5%	45.2%	43.6%	41.9%	44.1%	45.7%
SG&A Exp.	838	866	997	1049	1,144	1,185	1,184	1,652	1,531	1,626
D&A Exp.	101	108	125	141	176	190	219	219	225	239
Operating Profit	674	724	733	792	840	1,030	1,079	598	1,057	1,164
Operating Margin	19.9%	20.7%	19.4%	19.1%	19.3%	21.0%	20.8%	11.1%	18.0%	19.1%
Net Profit	410	459	743	569	616	786	828	414	756	585
Net Margin	12.1%	13.1%	19.7%	13.7%	14.1%	16.1%	15.9%	7.7%	12.9%	9.6%
Free Cash Flow	544	606	637	703	791	891	875	706	807	976
Income Tax	225	247	-51	151	158	188	204	109	212	171

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4257	4354	6015	6069	6,657	7,415	7,997	8,346	8,569	8,883
Cash & Equivalents	330	188	279	317	156	183	241	270	345	964
Accounts Receivable	276	287	346	345	356	399	406	422	527	601
Inventories	274	258	331	383	417	495	535	647	613	613
Goodwill & Int. Ass.	2624	2876	4279	4267	4,830	5,340	5,769	5,858	5,734	5,322
Total Liabilities	2234	2376	3797	3615	3,990	4,394	4,763	4,856	4,714	4,522
Accounts Payable	294	332	399	430	473	588	664	---	631	705
Long-Term Debt	1050	1120	2374	2107	2,063	2,164	2,563	2,674	2,406	2,205
Shareholder's Equity	2023	1978	2218	2454	2,668	3,020	3,233	3,490	3,855	4,361
LTD/E Ratio	0.52	0.57	1.07	0.86	0.77	0.72	0.79	0.77	0.62	0.51

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.5%	10.7%	14.3%	9.4%	9.7%	11.2%	10.7%	5.1%	8.9%	6.7%
Return on Equity	19.9%	22.9%	35.4%	24.3%	24.1%	27.6%	26.5%	12.3%	20.6%	14.2%
ROIC	13.1%	14.9%	19.3%	12.4%	13.3%	15.9%	15.1%	6.9%	12.2%	9.1%
Shares Out.	260	254	248	253	251	253	242	246	248	247
Revenue/Share	12.71	13.33	14.75	16.54	17.29	19.41	20.79	21.83	23.70	24.74
FCF/Share	2.04	2.31	2.49	2.80	3.14	3.53	3.51	2.87	3.26	3.95

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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