



Clorox Company (CLX)

Updated November 19th, 2025, by Josh Arnold

Key Metrics

Current Price:	\$100	5 Year CAGR Estimate:	12.5%	Market Cap:	\$12.4 B
Fair Value Price:	\$120	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	01/28/26
% Fair Value:	83%	5 Year Valuation Multiple Estimate:	3.7%	Dividend Payment Date:	02/13/25
Dividend Yield:	5.0%	5 Year Price Target	\$153	Years Of Dividend Growth:	48
Dividend Risk Score:	C	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Clorox is a manufacturer and marketer of consumer and professional products, spanning a wide array of categories from charcoal to cleaning supplies to salad dressing. The company was founded in 1913 and trades with a market capitalization of \$12.4 billion. More than 80% of its revenue comes from products that are #1 or #2 in their categories across the globe, helping Clorox produce more than \$7 billion in annual revenue. The company also boasts an outstanding dividend increase streak of 48 consecutive years.

Clorox posted first quarter earnings on November 3rd, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to 85 cents, which was seven cents ahead of estimates. Revenue was down almost 19% year-over-year to \$1.43 billion, but did at least beat estimates by \$30 million. Sales were down primarily due to lower shipments related to the company's ERP transition. Organic sales plunged 17% during the quarter. The company shipped about two weeks of inventory in the prior quarter to account for this, so it should normalize in the next quarter.

Gross margin came to 41.7% of revenue, down 410 basis points. This was due to higher manufacturing and logistics costs, primarily. Net cash from operations fell 58% to just \$93 million.

The company reiterated guidance for this year despite the weak quarter. We've cut our estimate to \$6.00 in adjusted earnings-per-share on yet another weak quarter in a string of such results. We note that given weak sales and margins, there isn't a lot to like right now from a growth perspective.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$4.92	\$5.33	\$6.26	\$6.32	\$7.36	\$7.25	\$4.10	\$5.78	\$6.17	\$7.72	\$6.00	\$7.66
DPS	\$3.11	\$3.24	\$3.36	\$3.84	\$4.24	\$4.44	\$4.64	\$4.74	\$4.80	\$4.88	\$4.96	\$5.75
Shares¹	129	129	128	128	128	127	123	124	124	123	123	121

Earnings-per-share had grown steadily throughout the past decade as Clorox had grown both organically as well as through acquisitions. However, earnings declined sharply in 2022, before rebounding in 2023. In recent years, Clorox has been focused on cost savings and efficiencies that have afforded it more robust earnings growth via margin expansion. Lower revenue makes margin expansion more difficult due to lack of operating leverage. While sales were growing at a rapid rate during the pandemic, that wasn't sustainable, and we feel similarly with margins. With weak sales and margins drifting lower, we are not overly optimistic on Clorox today.

We see Clorox producing 5% earnings-per-share growth annually in the coming years as conditions normalize under the assumption that 2026 is likely to be a trough for earnings. Clorox continues to buy small amounts of growth while focusing on cost savings and reducing the float. Margins finished last year very strongly, with pricing increases and cost savings combining to boost profitability. We note continued strength in organic sales as a key driver of earnings.

We expect Clorox to raise its dividend from the current \$4.96, to somewhere around \$5.75 per share by fiscal 2031.

¹ Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Clorox Company (CLX)

Updated November 19th, 2025, by Josh Arnold

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	25.1	24.0	22.3	24.0	23.5	27.7	39.1	27.5	22.1	15.5	16.7	20.0
Avg. Yld.	2.5%	2.5%	2.4%	2.5%	2.5%	2.2%	2.9%	3.0%	3.5%	4.1%	5.0%	3.8%

Clorox had experienced a sizable increase in its valuation in the years since 2012 as its price-to-earnings multiple nearly doubled. We see fair value at 20 times earnings and shares now trade for 16.7 times this year's earnings estimate given current earnings estimates for 2026. We think the valuation could be a tailwind for shareholders in the coming years as a result. We see the yield potentially declining from the elevated 5% where it sits today to something around 3.8%, the result of rising earnings and a rising valuation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	61%	59%	54%	61%	58%	61%	88%	82%	78%	63%	83%	75%

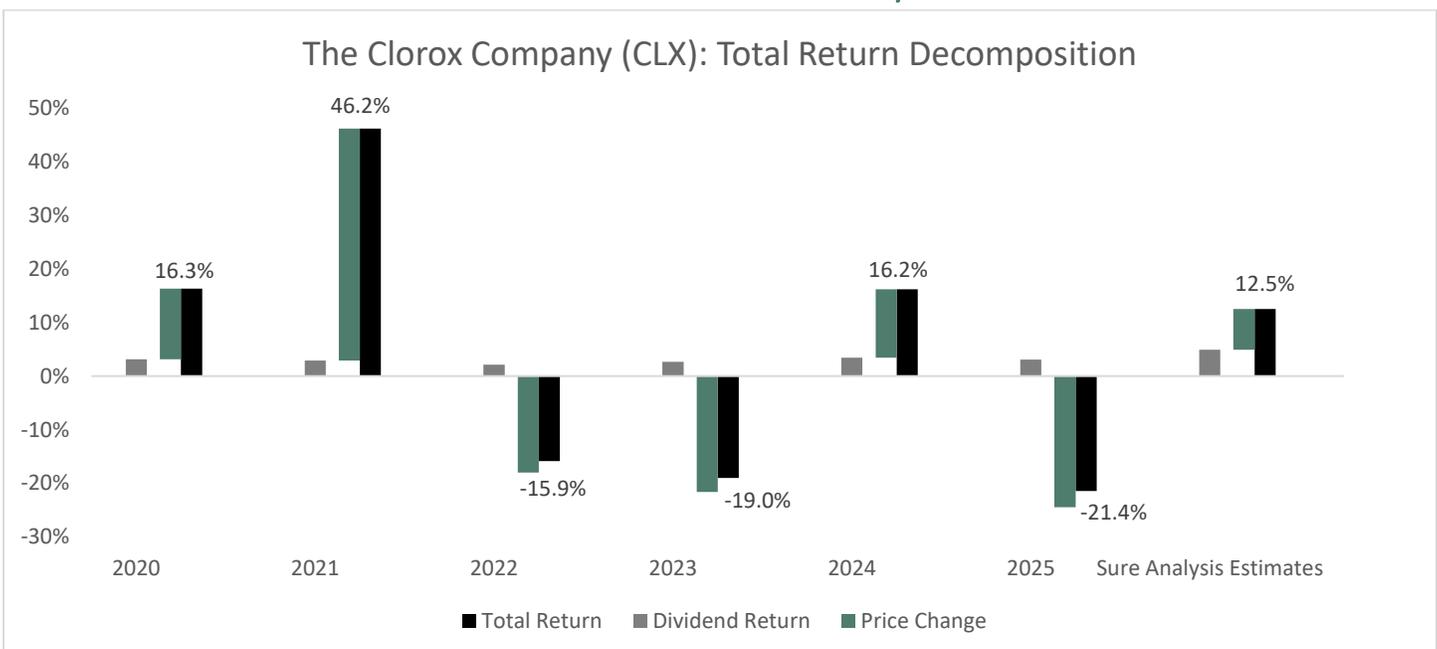
Clorox's payout ratio is 83% today, however, that is because of the guidance given for this year. The company's usually highly stable earnings base generally makes for a safe payout. Even during a recession, shareholders can count on Clorox maintaining (and likely slightly increasing) its dividend payment. We think Clorox can continue to raise its dividend for the foreseeable future, despite its elevated payout ratio.

Clorox's competitive advantages include its broad array of products, as well as the fact that it largely makes staples that people buy irrespective of economic conditions. This affords Clorox strong recession resistance as it actually increased its earnings markedly during and after the Great Recession. Clorox is a pure-play defensive stock in that regard. Pantry stocking has passed, but during a normal recession, Clorox still delivers.

Final Thoughts & Recommendation

Overall, we are expecting five-year total returns of 12.5% annually, comprised of the 5% yield, 5% earnings growth and a 3.7% tailwind from the valuation. The stock is undervalued in our view, and it performs well during recessions and sports a very strong yield. Given 12.5% total expected returns, we're reiterating the stock at a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Clorox Company (CLX)

Updated November 19th, 2025, by Josh Arnold

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,655	5,761	5,973	6,124	6,214	6,721	7,341	7,107	7,389	7,093
Gross Profit	2,465	2,598	2,671	2,675	2,728	3,063	3,199	2,545	2,908	3,048
Gross Margin	43.6%	45.1%	44.7%	43.7%	43.9%	45.6%	43.6%	35.8%	39.4%	43.0%
SG&A Exp.	1,321	1,393	1,409	1,407	1,468	1,644	1,794	1,663	1,917	1,999
D&A Exp.	169	165	163	166	180	180	211	224	236	235
Operating Profit	1,000	1,056	1,117	1,125	1,107	1,274	1,256	719	823	894
Operating Margin	17.7%	18.3%	18.7%	18.4%	17.8%	19.0%	17.1%	10.1%	11.1%	12.6%
Net Profit	580	648	701	823	820	939	710	462	149	280
Net Margin	10.3%	11.2%	11.7%	13.4%	13.2%	14.0%	9.7%	6.5%	2.0%	3.9%
Free Cash Flow	749	606	634	782	786	1,292	945	535	930	483
Income Tax	315	335	330	231	204	246	181	136	77	106

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	4,164	4,510	4,573	5,060	5,116	6,213	6,334	6,158	5,945	5,751
Cash & Equivalents	382	401	418	131	111	871	319	183	367	202
Inventories	519	569	565	600	631	648	752	755	696	637
Goodwill & Int. Ass.	385	443	459	506	512	454	2,493	2,442	1,964	1,909
Total Liabilities	1,652	1,932	1,918	2,531	2,503	2,471	5,742	5,429	5,557	5,259
Accounts Payable	4,046	4,213	4,031	4,334	4,557	5,305	930	960	1,021	950
Long-Term Debt	431	490	501	507	507	1,329	2,784	2,711	2,527	2,485
Shareholder's Equity	2,191	2,312	2,195	2,483	2,683	2,780	411	556	220	328
D/E Ratio	118	297	542	726	559	908	6.8	4.9	11.49	7.58

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	13.8%	14.9%	15.4%	17.1%	16.1%	16.6%	11.3%	7.4%	2.5%	4.8%
Return on Equity	427%	312%	167%	130%	128%	128%	108%	95.6%	38.4%	63.6%
ROIC	24.3%	26.4%	26.2%	27.7%	25.4%	27.1%	20.1%	13.6%	4.7%	9.5%
Shares Out.	129	129	129	128	128	128	127	124	124	125
Revenue/Share	42.59	43.74	45.40	46.54	47.88	52.64	57.67	57.36	59.50	56.83
FCF/Share	5.64	4.60	4.82	5.94	6.06	10.12	7.42	4.32	7.49	3.87

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.