Clorox Company (CLX)

Updated February 18th, 2026, by Josh Arnold

Key Metrics

Current Price:	$123	**5 Year CAGR Estimate:**	9.4%	**Market Cap:**	$15 B
Fair Value Price:	$130	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	04/28/26[1]
% Fair Value:	95%	**5 Year Valuation Multiple Estimate:**	1.1%	**Dividend Payment Date:**	05/13/26
Dividend Yield:	4.0%	**5 Year Price Target**	$166	**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 $15 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 second quarter earnings on February 3rd, 2026, and results were mixed. The company saw $1.39 in adjusted earnings-per-share, which missed estimates by four cents. Revenue was off 1.2% year-on-year to $1.67 billion, which beat expectations by $30 million. Management noted pricing was roughly flat in total, but household products pricing was weak. EBIT margins were 5.3% of revenue for the quarter.

For the year, the company is now expecting roughly flat revenue and some cost savings. We have slightly reduced our estimate of earnings for this year to $5.90 in adjusted earnings-per-share.

Separately, the company announced in January it was acquiring GOJO Industries, a manufacturer of hand hygiene and skin care products, for $2.25 billion in cash. Management noted tax benefits of $330 million, for a net purchase price of $1.92 billion.

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	***$5.90***	***$7.53***
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***
Shares[2]	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] Estimated date
[2] Share count in millions

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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	***20.8***	***22.0***
Avg. Yld.	2.5%	2.5%	2.4%	2.5%	2.5%	2.2%	2.9%	3.0%	3.5%	4.1%	***4.0%***	***3.5%***

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 22 times earnings and shares now trade for 20.8 times this year's earnings estimate given current earnings estimates for 2026 and a big rally in recent weeks. 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 4% where it sits today to something around 3.5%, 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%	***84%***	***76%***

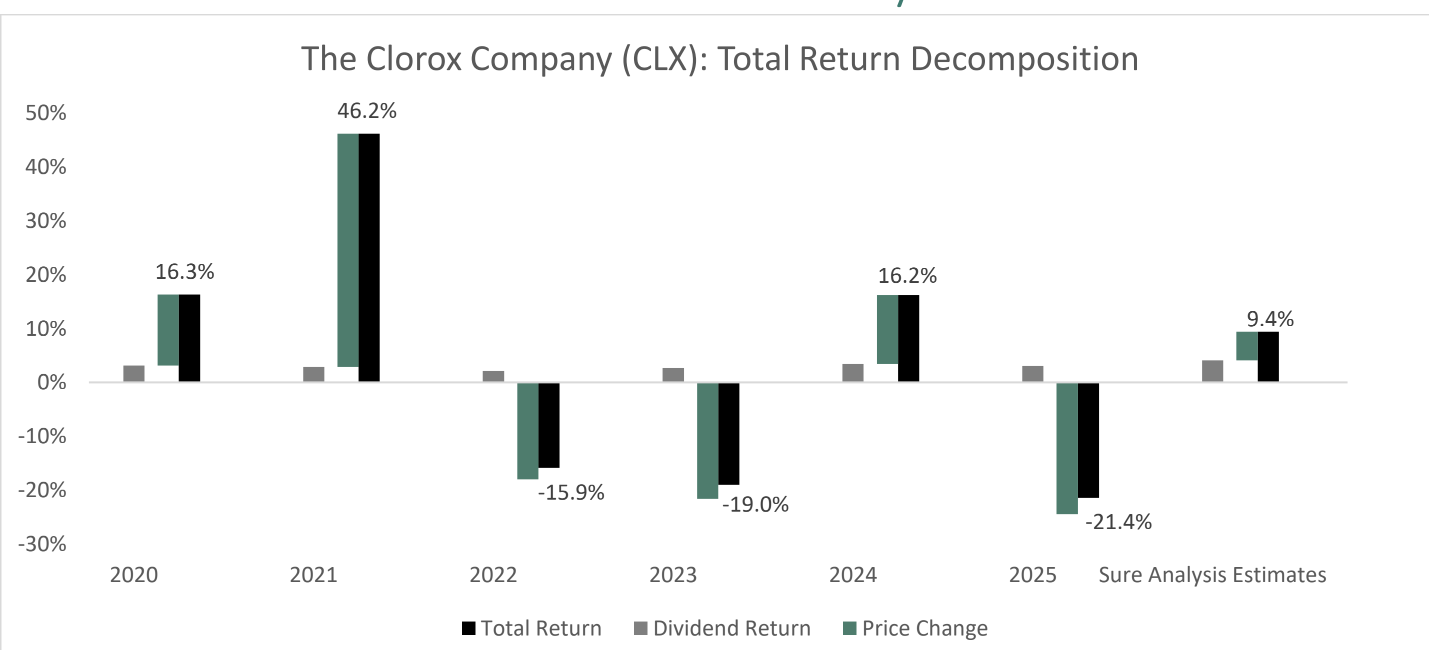
Clorox's payout ratio is 84% today, however, that is because of the guidance given for this year. The company's usually highly stable earnings base generally makes for a safe payout. Even during a recession, shareholders can count on Clorox maintaining (and likely slightly increasing) its dividend payment. 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 9.4% annually, comprised of the 4% yield, 5% earnings growth and a 1.1% tailwind from the valuation. The stock is undervalued in our view, and it performs well during recessions and sports a strong yield. Given 9.4% 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.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,761	5,973	6,124	6,214	6,721	7,341	7,107	7,389	7,093	7,104
Gross Profit	2,598	2,671	2,675	2,728	3,063	3,199	2,545	2,908	3,048	3,194
Gross Margin	45.1%	44.7%	43.7%	43.9%	45.6%	43.6%	35.8%	39.4%	43.0%	45.0%
SG&A Exp.	1,393	1,409	1,407	1,468	1,644	1,794	1,663	1,917	1,999	1,894
D&A Exp.	165	163	166	180	180	211	224	236	235	219
Operating Profit	1,056	1,117	1,125	1,107	1,274	1,256	719	823	894	1,179
Operating Margin	18.3%	18.7%	18.4%	17.8%	19.0%	17.1%	10.1%	11.1%	12.6%	16.6%
Net Profit	648	701	823	820	939	710	462	149	280	824
Net Margin	11.2%	11.7%	13.4%	13.2%	14.0%	9.7%	6.5%	2.0%	3.9%	11.6%
Free Cash Flow	606	634	782	786	1,292	945	535	930	483	761
Income Tax	335	330	231	204	246	181	136	77	106	254

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	4,510	4,573	5,060	5,116	6,213	6,334	6,158	5,945	5,751	5,561
Cash & Equivalents	401	418	131	111	871	319	183	367	202	167
Inventories	569	565	600	631	648	752	755	696	637	523
Goodwill & Int. Ass.	443	459	506	512	454	2,493	2,442	1,964	1,909	1,795
Total Liabilities	1,932	1,918	2,531	2,503	2,471	5,742	5,429	5,557	5,259	5,079
Accounts Payable	4,213	4,031	4,334	4,557	5,305	930	960	1,021	950	838
Long-Term Debt	490	501	507	507	1,329	2,784	2,711	2,527	2,485	2,825
Shareholder's Equity	2,312	2,195	2,483	2,683	2,780	411	556	220	328	321
D/E Ratio	297	542	726	559	908	6.8	4.9	11.49	7.58	9.08

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	14.9%	15.4%	17.1%	16.1%	16.6%	11.3%	7.4%	2.5%	4.8%	14.6%
Return on Equity	312%	167%	130%	128%	128%	108%	95.6%	38.4%	63.6%	169%
ROIC	26.4%	26.2%	27.7%	25.4%	27.1%	20.1%	13.6%	4.7%	9.5%	24.1%
Shares Out.	129	129	128	128	128	127	124	124	125	124
Revenue/Share	43.74	45.40	46.54	47.88	52.64	57.67	57.36	59.50	56.83	57.16
FCF/Share	4.60	4.82	5.94	6.06	10.12	7.42	4.32	7.49	3.87	6.12

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