



# Clorox Company (CLX)

Updated May 11<sup>th</sup>, 2026, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$92	<b>5 Year CAGR Estimate:</b>	12.9%	<b>Market Cap:</b>	\$11 B
<b>Fair Value Price:</b>	\$111	<b>5 Year Growth Estimate:</b>	5.0%	<b>Ex-Dividend Date:</b>	07/28/26 <sup>1</sup>
<b>% Fair Value:</b>	83%	<b>5 Year Valuation Multiple Estimate:</b>	3.8%	<b>Dividend Payment Date:</b>	08/13/26
<b>Dividend Yield:</b>	5.4%	<b>5 Year Price Target</b>	\$142	<b>Years Of Dividend Growth:</b>	48
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	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 \$11 billion. More than 80% of its revenue comes from products that are #1 or #2 in their categories across the globe, helping Clorox produce nearly \$7 billion in annual revenue. The company also boasts an outstanding dividend increase streak of 48 consecutive years.

Clorox posted third quarter earnings on April 30<sup>th</sup>, 2026, and results were slightly better than expected. The company saw adjusted earnings-per-share of \$1.64, which was a dime ahead of estimates. Revenue was flat year-on-year at \$1.67 billion.

The management team noted ERP-related costs, Middle East war-driven oil prices were headwinds in the third quarter, and will likely be for the foreseeable future. Corox noted logistics and fulfillment costs were higher due to higher oil prices. In addition, the company saw incremental labor costs that crimped profit margins.

The GOGO acquisition closed on April 1<sup>st</sup>, and Clorox expects about \$800 million of annual revenue from that business, as well as at least \$50 million in annual run rate cost synergies. Gross margin is set to be about 50 basis points lower in year 1, which includes 150 basis points of headwinds in the upcoming quarter from an inventory reset.

The company noted that inventory placement was wrong during the third quarter, driving revenue and margin performance lower in Q3. The fourth quarter is expected to see \$20 million to \$25 million in headwinds from higher oil prices, or about 130 basis points of gross margin pressure.

We see \$5.55 in adjusted earnings-per-share for this year with one quarter remaining.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$4.92	\$5.33	\$6.26	\$6.32	\$7.36	\$7.25	\$4.10	\$5.78	\$6.17	\$7.72	<b>\$5.55</b>	<b>\$7.08</b>
<b>DPS</b>	\$3.11	\$3.24	\$3.36	\$3.84	\$4.24	\$4.44	\$4.64	\$4.74	\$4.80	\$4.88	<b>\$4.96</b>	<b>\$5.75</b>
<b>Shares<sup>2</sup></b>	129	129	128	128	128	127	123	124	124	123	<b>123</b>	<b>121</b>

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

<sup>1</sup> Estimated date

<sup>2</sup> 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 May 11<sup>th</sup>, 2026, by Josh Arnold

savings combining to boost profitability. We note continued strength in organic sales as a key driver of earnings. We also note that logistics costs headwinds from the Iran war are an unforeseen headwind to earnings growth.

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

## 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	16.6	20.0
Avg. Yld.	2.5%	2.5%	2.4%	2.5%	2.5%	2.2%	2.9%	3.0%	3.5%	4.1%	5.4%	4.1%

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 16.6 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 very high 5.4% where it sits today to something around 4.1%, 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%	89%	81%

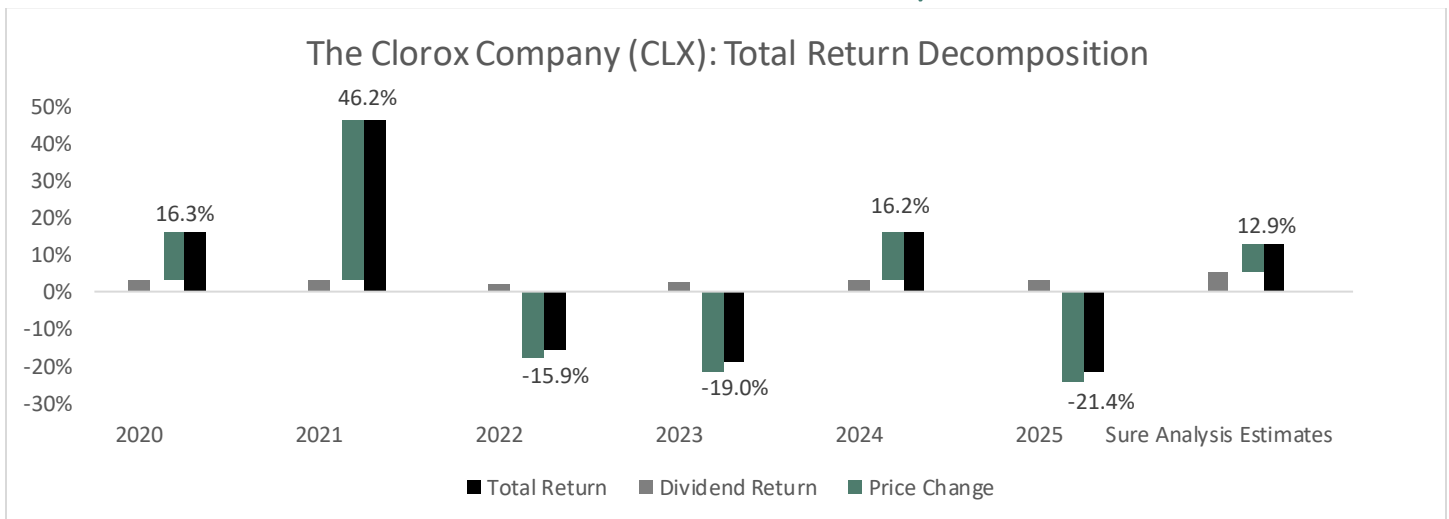
Clorox's payout ratio is 89% today, however, that is because of the guidance given for this year. The company's usually highly stable earnings base generally makes for a safe payout. Even during a recession, shareholders can count on Clorox maintaining (and likely slightly increasing) its dividend payment. 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. During a recession, Clorox still delivers as demand for its products is highly stable in tough periods.

## Final Thoughts & Recommendation

Overall, we are expecting five-year total returns of 12.9% annually, comprised of the 5.4% yield, 5% earnings growth and a 3.8% tailwind from the valuation. The stock is undervalued in our view, and it performs well during recessions and sports a strong yield. Given 12.9% 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 May 11<sup>th</sup>, 2026, by Josh Arnold

## Income Statement Metrics

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

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	4,510	4,573	5,060	5,116	6,213	6,334	6,158	5,945	5,751	5,561
<b>Cash &amp; Equivalents</b>	401	418	131	111	871	319	183	367	202	167
<b>Inventories</b>	569	565	600	631	648	752	755	696	637	523
<b>Goodwill &amp; Int. Ass.</b>	443	459	506	512	454	2,493	2,442	1,964	1,909	1,795
<b>Total Liabilities</b>	1,932	1,918	2,531	2,503	2,471	5,742	5,429	5,557	5,259	5,079
<b>Accounts Payable</b>	4,213	4,031	4,334	4,557	5,305	930	960	1,021	950	838
<b>Long-Term Debt</b>	490	501	507	507	1,329	2,784	2,711	2,527	2,485	2,825
<b>Shareholder's Equity</b>	2,312	2,195	2,483	2,683	2,780	411	556	220	328	321
<b>D/E Ratio</b>	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
<b>Return on Assets</b>	14.9%	15.4%	17.1%	16.1%	16.6%	11.3%	7.4%	2.5%	4.8%	14.6%
<b>Return on Equity</b>	312%	167%	130%	128%	128%	108%	95.6%	38.4%	63.6%	169%
<b>ROIC</b>	26.4%	26.2%	27.7%	25.4%	27.1%	20.1%	13.6%	4.7%	9.5%	24.1%
<b>Shares Out.</b>	129	129	128	128	128	127	124	124	125	124
<b>Revenue/Share</b>	43.74	45.40	46.54	47.88	52.64	57.67	57.36	59.50	56.83	57.16
<b>FCF/Share</b>	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.

### 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.