

ModernGraham Valuation

Company Name:

Clorox Co

Company Ticker CLX

Date of Analysis

9/10/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.44
MG Growth Estimate	1.61%
MG Value	\$52.00
MG Value based on 3% Growth	\$64.34
MG Value based on 0% Growth	\$37.72
Market Implied Growth Rate	8.15%

MG Opinion

Current Price	\$110.03
% of Intrinsic Value	211.59%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.85
Graham Number	\$9.91
PEmg	24.80
Current Ratio	1.02
PB Ratio	122.93
Dividend Yield	2.69%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.74	Next Fiscal Year Estimate	\$4.44
Jun15	\$4.37	Jun15	\$4.26
Jun14	\$4.23	Jun14	\$4.19
Jun13	\$4.30	Jun13	\$4.15
Jun12	\$4.09	Jun12	\$4.01
Jun11	\$4.02	Jun11	\$3.88
Jun10	\$4.24	Jun10	\$3.71
Jun09	\$3.81	Jun09	\$3.58
Jun08	\$3.24	Jun08	\$3.51
Jun07	\$3.26	Jun07	\$3.57
Jun06	\$2.90	Jun06	\$3.50
Jun05	\$6.11	Jun05	\$3.44
Jun04	\$2.56	Jun04	\$2.01
Jun03	\$2.23	Jun03	\$1.67
Jun02	\$1.37	Jun02	\$1.38
Jun01	\$1.35	Jun01	\$1.36
Jun00	\$1.64	Jun00	\$1.34
Jun99	\$1.03	Balance Sheet Information Jun15	
Jun98	\$1.41	Total Current Assets	\$1,429,000,000
Jun97	\$1.21	Total Current Liabilities	\$1,405,000,000
Jun96	\$1.07	Long-Term Debt	\$1,796,000,000
		Total Assets	\$4,164,000,000
		Intangible Assets	\$1,652,000,000
		Total Liabilities	\$4,046,000,000
		Shares Outstanding (Diluted Average)	131,834,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [23 Companies to Research This Week – 9/13/14](#)
- [Clorox Company Annual Stock Valuation – 2014 \\$CLX](#)

Other ModernGraham posts about related companies

- [National Presto Industries Analysis – July 2015 Update \\$NPK](#)
- [National Presto Industries Inc. Quarterly Valuation – March 2015 \\$NPK](#)
- [National Presto Industries Inc. Quarterly Valuation – December 2014 \\$NPK](#)
- [Leggett & Platt Inc. Annual Valuation – 2014 \\$LEG](#)
- [Newell Rubbermaid Inc. Annual Valuation – 2014 \\$NWL](#)
- [National Presto Industries Quarterly Stock Valuation – September 2014 \\$NPK](#)
- [Leggett & Platt Inc. Quarterly Valuation – September 2014 \\$LEG](#)
- [Clorox Company Annual Stock Valuation – 2014 \\$CLX](#)
- [National Presto Industries Quarterly Valuation – June 2014 \\$NPK](#)
- [Leggett & Platt Inc. Quarterly Valuation – June 2014 \\$LEG](#)