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CAGNY 2021

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# SAFE HARBOR STATEMENT

This presentation contains forward-looking statements, including, among others, statements relating to net sales and earnings growth; gross margin changes; trade and marketing spending; marketing expense as a percentage of net sales; sufficiency of cash flows from operations; earnings per share; cost savings programs; consumer demand and spending; the effects of competition; the effect of product mix; volume growth, including the effects of new product launches into new and existing categories; the decline in the condom category, the impact of foreign exchange and commodity price fluctuations; the impact of acquisitions and divestitures; capital expenditures; the impact of pension settlement charges; the impact of U.S. tax reform and the Company's effective tax rate. These statements represent the intentions, plans, expectations and beliefs of the Company, and are based on assumptions that the Company believes are reasonable but may prove to be incorrect. In addition, these statements are subject to risks, uncertainties and other factors, many of which are outside the Company's control and could cause actual results to differ materially from such forward-looking statements. Factors that could cause such differences include a decline in market growth, retailer distribution and consumer demand (as a result of, among other things, political, economic and marketplace conditions and events); including those relating to the outbreak of contagious diseases; other impacts of the COVID-19 pandemic and its impact on the Company's operations, customers, suppliers, employees, and other constituents, and market volatility and impact on the economy (including causing recessionary conditions), resulting from global, nationwide or local or regional outbreaks or increases in infections, and the risk that the Company will not be able to successfully execute its response plans with respect to the pandemic or localized outbreaks and the corresponding uncertainty; the impact of regulatory changes or policies associated with the COVID-19 pandemic, including continuing or renewed shutdowns of retail and other businesses in various jurisdictions; the impact of the CARES Act and other governmental actions; unanticipated increases in raw material and energy prices; delays or other problems in manufacturing or distribution; increases in transportation costs; adverse developments affecting the financial condition of major customers and suppliers; changes in marketing and promotional spending; growth or declines in various product categories and the impact of customer actions in response to changes in consumer demand and the economy, including increasing shelf space of private label products; consumer and competitor reaction to, and customer acceptance of, new product introductions and features; the Company's ability to maintain product quality and characteristics at a level acceptable to our customers and consumers; disruptions in the banking system and financial markets; foreign currency exchange rate fluctuations; implications of the United Kingdom's withdrawal from the European Union; transition to, and shifting economic policies in the United States; potential changes in export/import and trade laws, regulations and policies of the United States and other countries, including any increased trade restrictions or tariffs, including the actual and potential effect of tariffs on Chinese goods imposed by the United States; issues relating to the Company's information technology and controls; the impact of natural disasters on the Company and its customers and suppliers, including third party information technology service providers; the acquisition or divestiture of assets; the outcome of contingencies, including litigation, pending regulatory proceedings and environmental matters; and changes in the regulatory environment.

For a description of additional factors that could cause actual results to differ materially from the forward-looking statements, please see Item 1A, "Risk Factors" in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the U.S. federal securities laws. You are advised, however, to consult any further disclosures the Company makes on related subjects in its filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP financial measures such as Organic Sales Growth, Adjusted Gross Margin, Adjusted SG&A, Adjusted SG&A excluding Acquisitions and Amortization, Adjusted Operating Profit Margin, Adjusted EPS, Free Cash Flow Conversion, EBITDA and Bank EBITDA, which differ from reported results using Generally Accepted Accounting Principles (GAAP). The most directly comparable GAAP financial measures and reconciliations to non-GAAP financial measures are set forth in the Appendix hereto and in the Company's filings with the Securities and Exchange Commission.



01

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# Who We Are

**Matt Farrell,**  
Chairman and  
Chief Executive Officer

# DELIVER OUTSTANDING RETURNS TO OUR SHAREHOLDERS

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15 YEAR:

**24.2%**

10 YEAR:

**19.5%**

5 YEAR:

**17.2%**

3 YEAR:

**21.9%**

2020:

**25.5%**





# WE HAVE AN EVERGREEN BUSINESS MODEL

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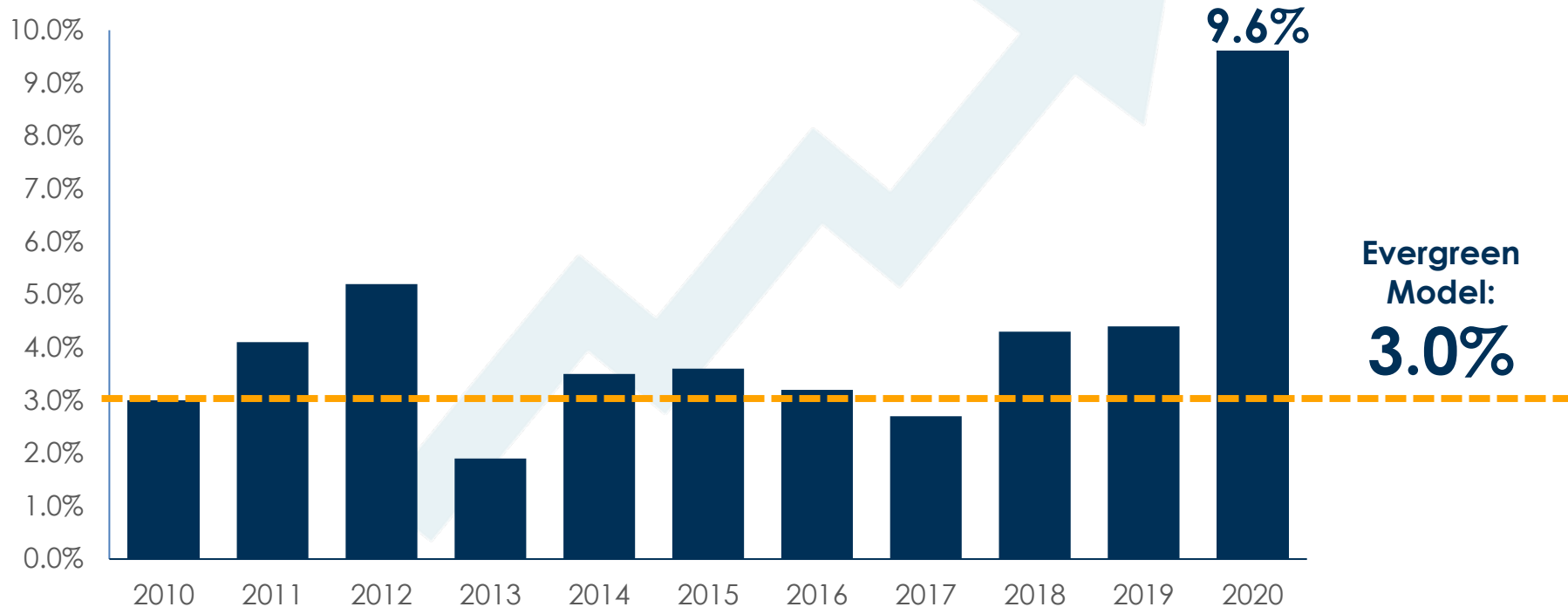


**3%** Organic Sales Growth

**8%** EPS Growth

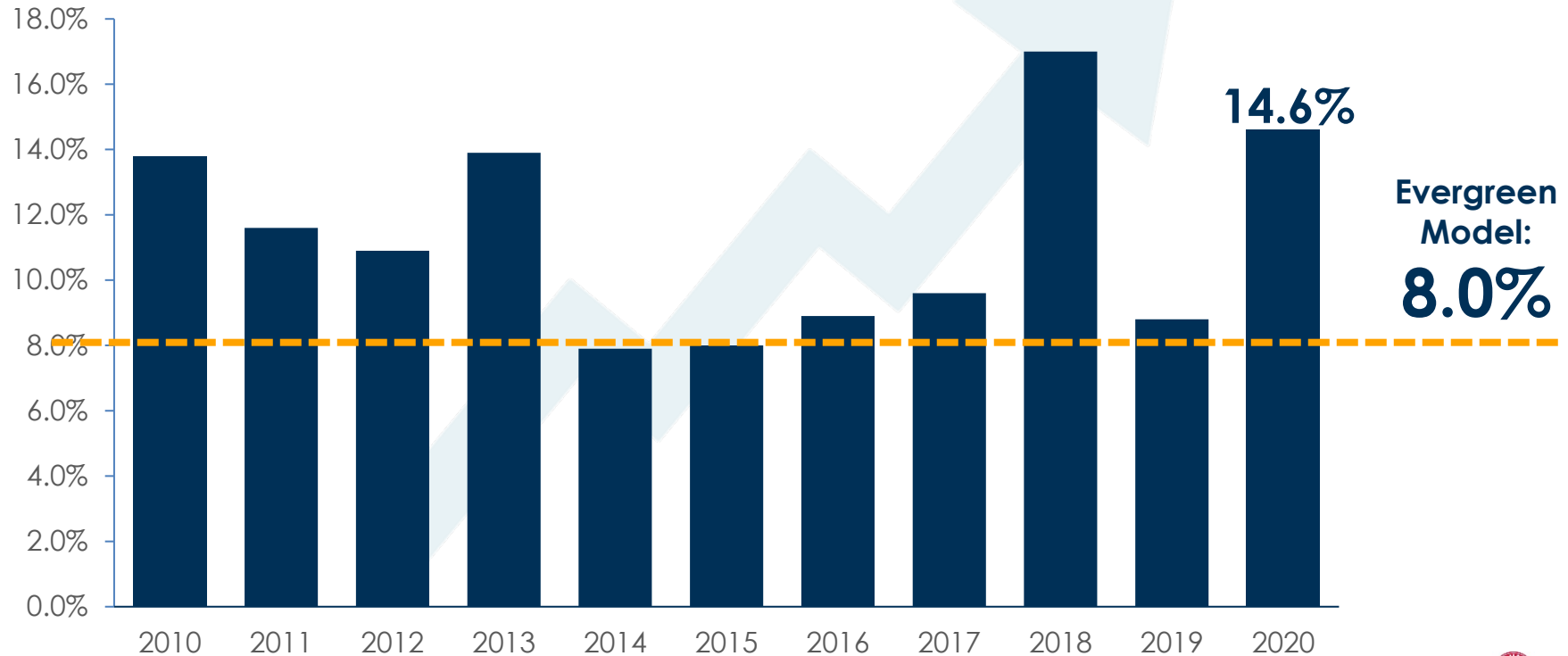
# OVER TEN YEARS OF SOLID ORGANIC SALES GROWTH

**4.1%** organic sales average



# CONSISTENT STRONG ADJUSTED EPS GROWTH

**11.4%** adjusted EPS growth average



# ORGANIC SALES – SOURCES

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TROJAN 



**1** FIRST  
RESPONSE™

Nair™

spinbrush™



Orajel®

Batiste™

vitafusion™  
Lil Critters

waterpik®

FINISHING TOUCH®  
FLAWLESS® 

ZICAM®

13  
POWER  
BRANDS

# THESE 13 BRANDS DRIVE OUR RESULTS

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*more than*

**80%**

of sales & profits are  
represented by these

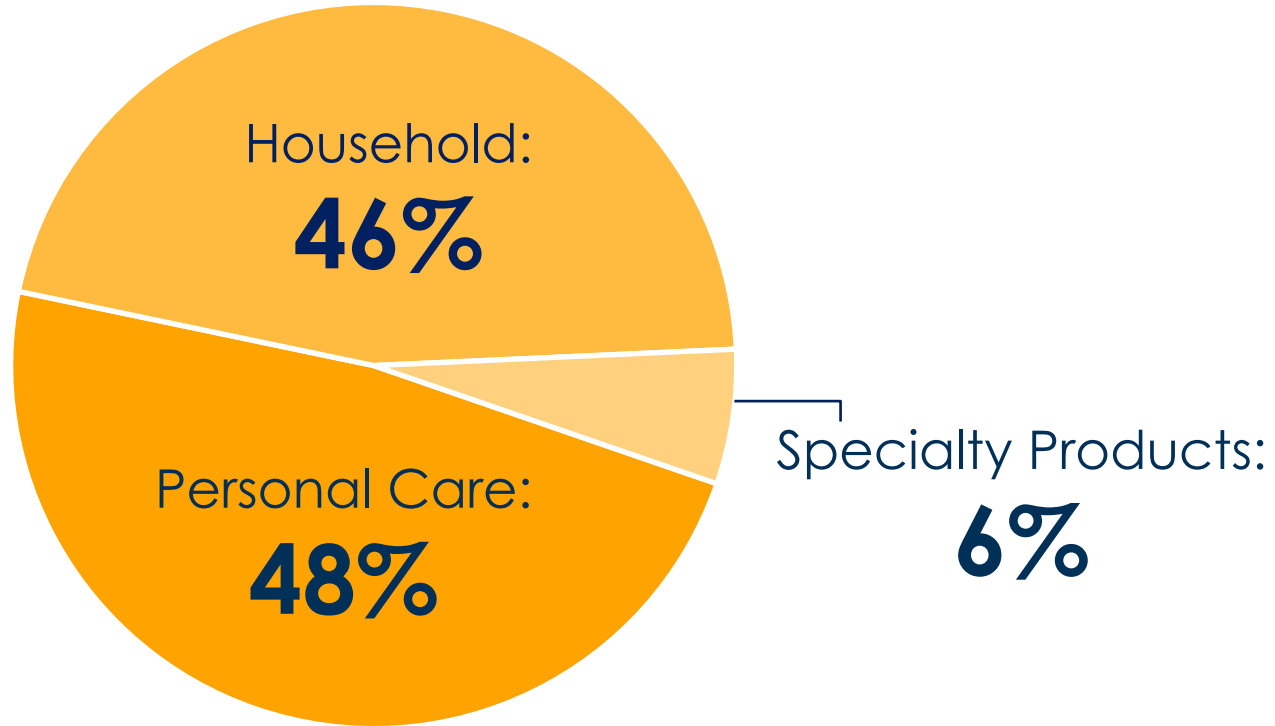
**13 POWER BRANDS**



# OUR PORTFOLIO IS BALANCED & DIVERSIFIED

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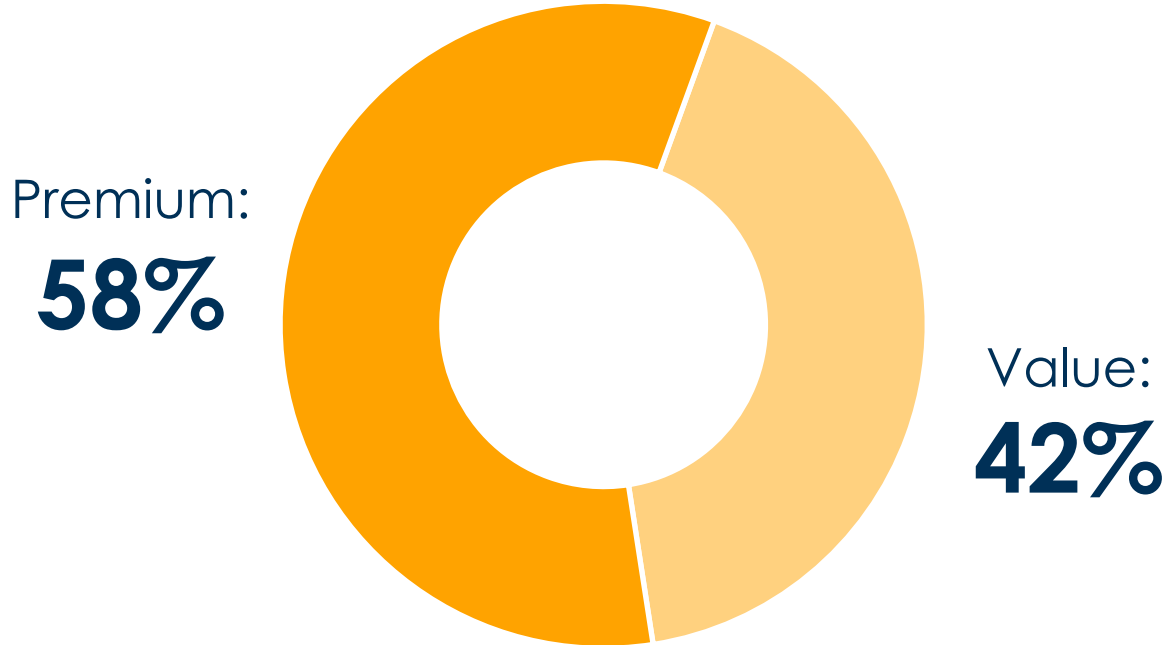
**A well-balanced portfolio of household and personal care products.**



# DIVERSIFIED PRODUCT PORTFOLIO

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Our Unique Product Portfolio Has  
Both **Value** and **Premium** Products

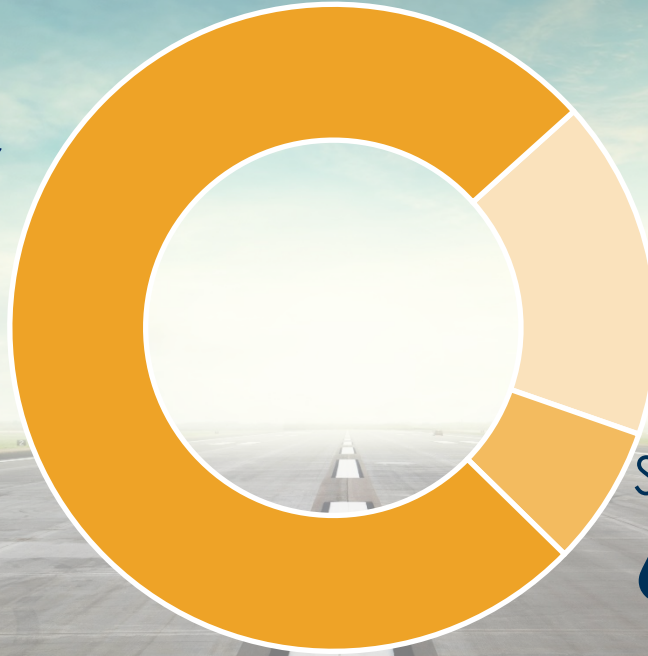


# LONG INTERNATIONAL RUNWAY

U.S. Consumer  
**77%**

International Consumer  
**17%**

Specialty Products  
**6%**



# OUR ADVANTAGE: NIMBLE ORGANIZATIONAL STRUCTURE

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**quick decision  
making**



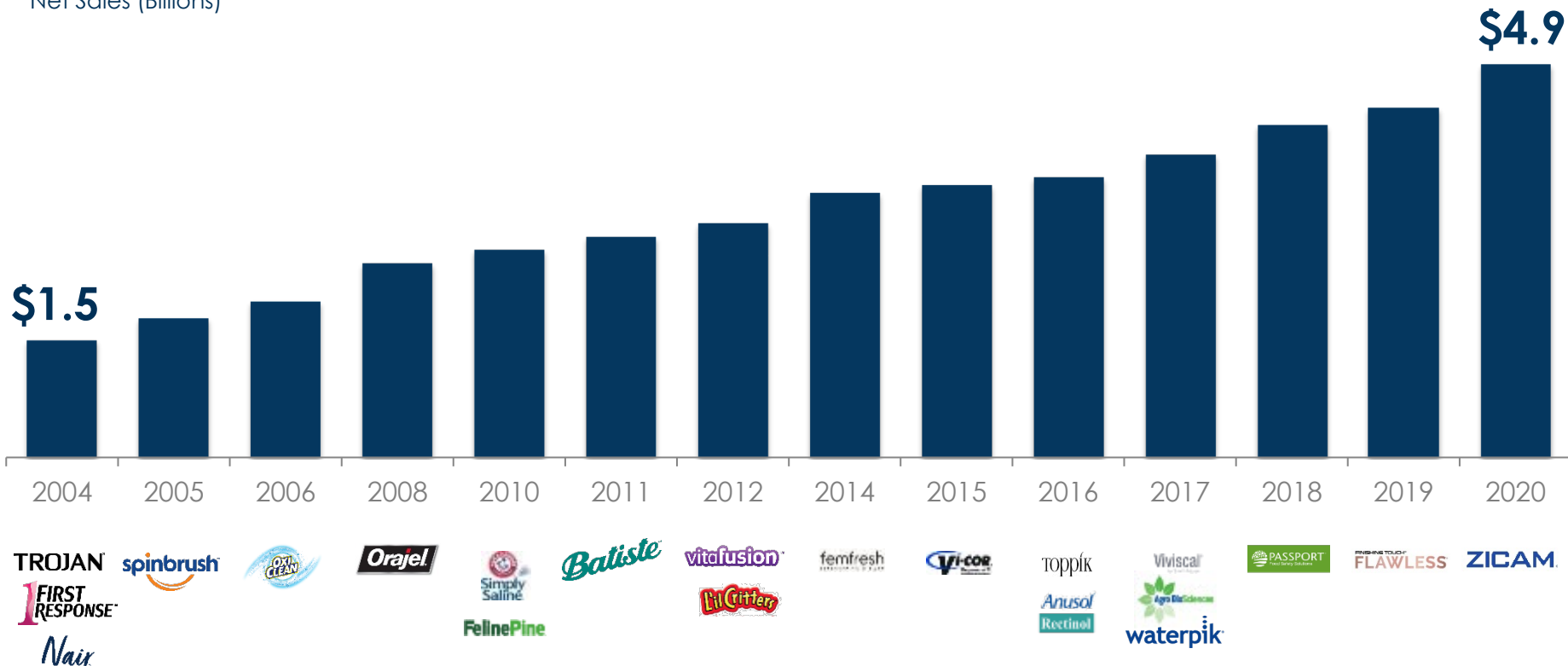
**easy  
communication**



**ability to adapt**

# LONG HISTORY OF GROWTH THROUGH ACQUISITIONS




Net Sales (Billions)



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.



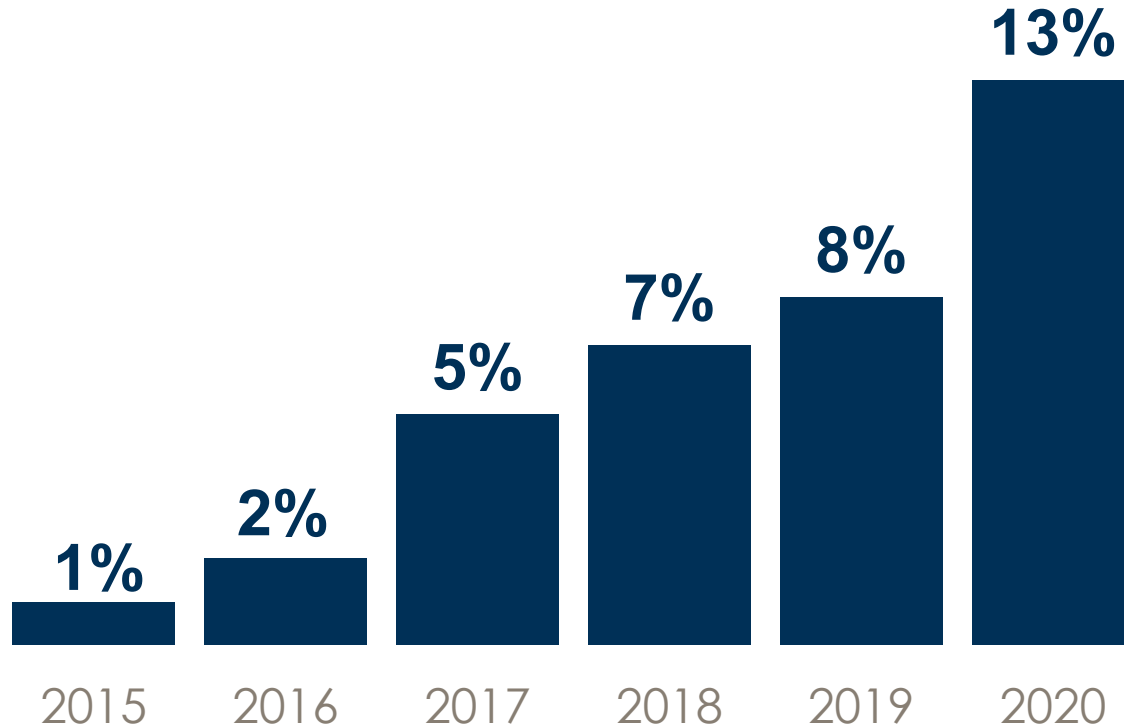
# ACQUIRED 12 OF OUR 13 POWER BRANDS SINCE 2001

<p>Acquired 2001</p> <p><b>TROJAN<sup>®</sup></b></p> <p>#1 CONDOM</p>	<p>Acquired 2001</p> <p></p> <p>#1 EXTREME VALUE LAUNDRY DETERGENT</p>	<p>Acquired 2001</p> <p><b>1<sup>ST</sup> FIRST RESPONSE<sup>™</sup></b></p> <p>#1 PREGNANCY KIT</p>	<p>Acquired 2001</p> <p><i>Nair</i></p> <p>#1 DEPILATORY</p>	<p>Acquired 2005</p> <p><b>spinbrush<sup>™</sup></b></p> <p>#2 BATTERY POWERED TOOTHBRUSH</p>	<p>Acquired 2006</p> <p></p> <p>#1 LAUNDRY ADDITIVE</p>
<p>Acquired 2008</p> <p></p> <p>#1 ORAL CARE PAIN RELIEF</p>	<p>Acquired 2011</p> <p><i>Batiste<sup>™</sup></i></p> <p>#1 DRY SHAMPOO</p>	<p>Acquired 2012</p> <p><b>vitafusion<sup>™</sup></b> <b>Lil Critters</b></p> <p>#1 ADULT &amp; KIDS GUMMY VITAMIN</p>	<p>Acquired 2017</p> <p><b>waterpik<sup>®</sup></b></p> <p>#1 POWER FLOSSER, #1 REPLACEMENT SHOWERHEAD</p>	<p>Acquired 2019</p> <p><small>FINISHING TOUCH<sup>™</sup></small> <b>FLAWLESS<sup>™</sup></b></p> <p>#1 WOMEN'S ELECTRIC HAIR REMOVAL SYSTEM</p>	<p>Acquired 2020</p> <p><b>ZICAM<sup>®</sup></b></p> <p>#1 ADULT COLD SHORTENING</p>



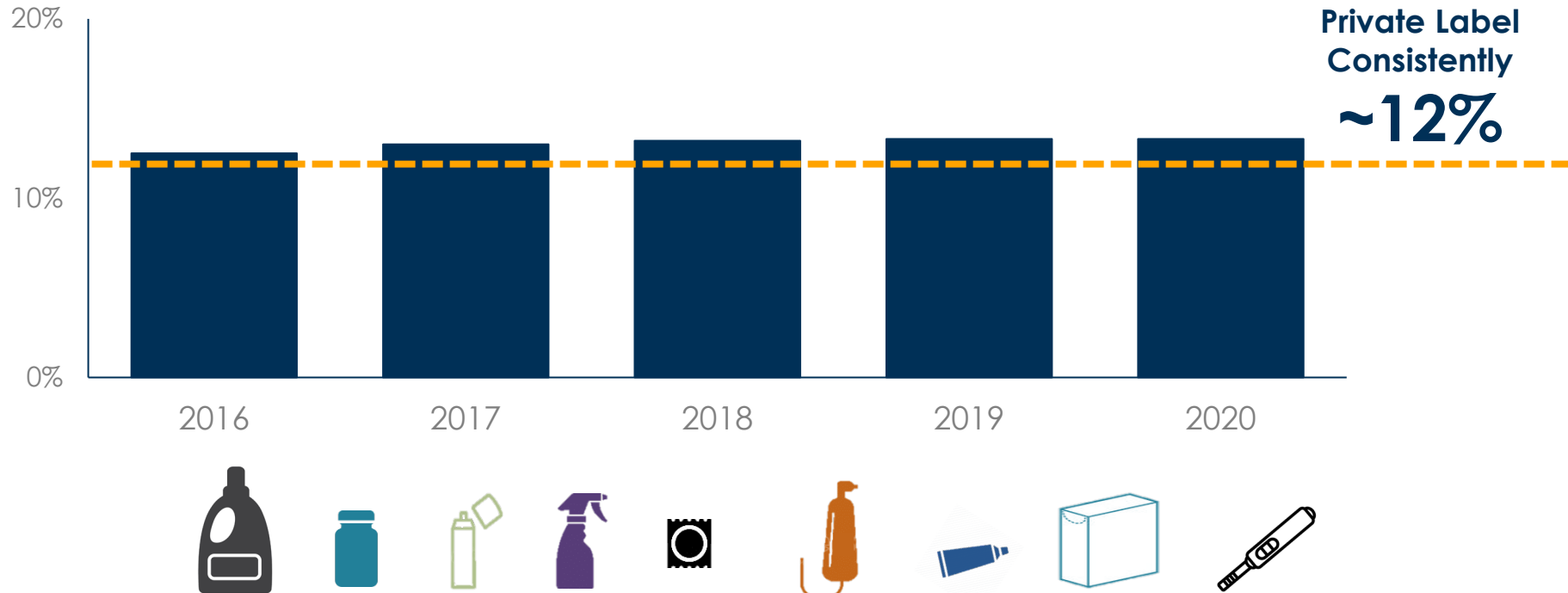
# WE ARE GROWING ONLINE

PERCENTAGE OF NET SALES



# LOW EXPOSURE TO PRIVATE LABEL

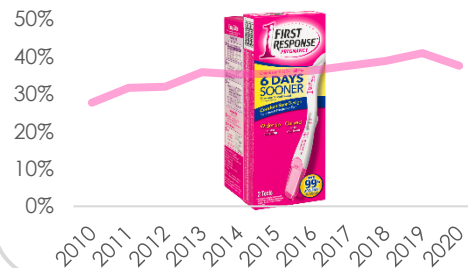
## Weighted Average Private Label Share of our Categories



# PRIVATE LABEL SHARES

Only **5** of our **17** categories have private label exposure

PREGNANCY TEST KITS



BAKING SODA



GUMMY VITAMINS



ORAJEL EQUIVALENT



CLUMPING CAT LITTER





02

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# U.S. Consumer Business

**Britta Bomhard,**  
EVP and  
Chief Marketing Officer

# US ORGANIC SALES EVERGREEN TARGET: +2%

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# 2021 KEY US GROWTH DRIVERS

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Vitamin growth continues as gummy conversion accelerates

**vitafusion™**



As dental offices get back to normal, Waterpik growth continues

**waterpik**



Flawless growth from new products, influencers and better store foot traffic

FINISHING TOUCH™  
**FLAWLESS**®



Core brands level out from Covid extremes

**Batiste**

**TROJAN**



Brand equity strength and media effectiveness

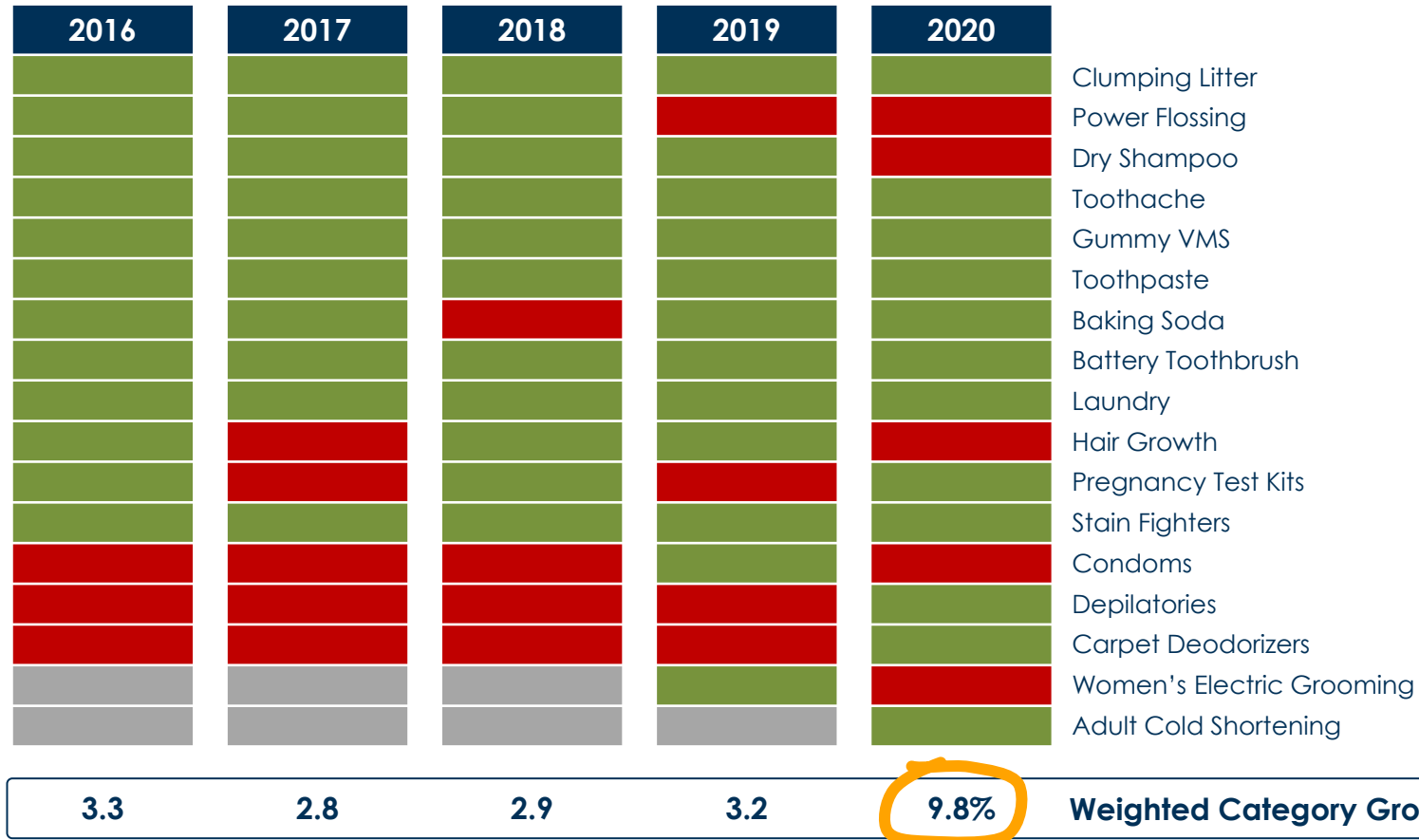


**vitafusion™**

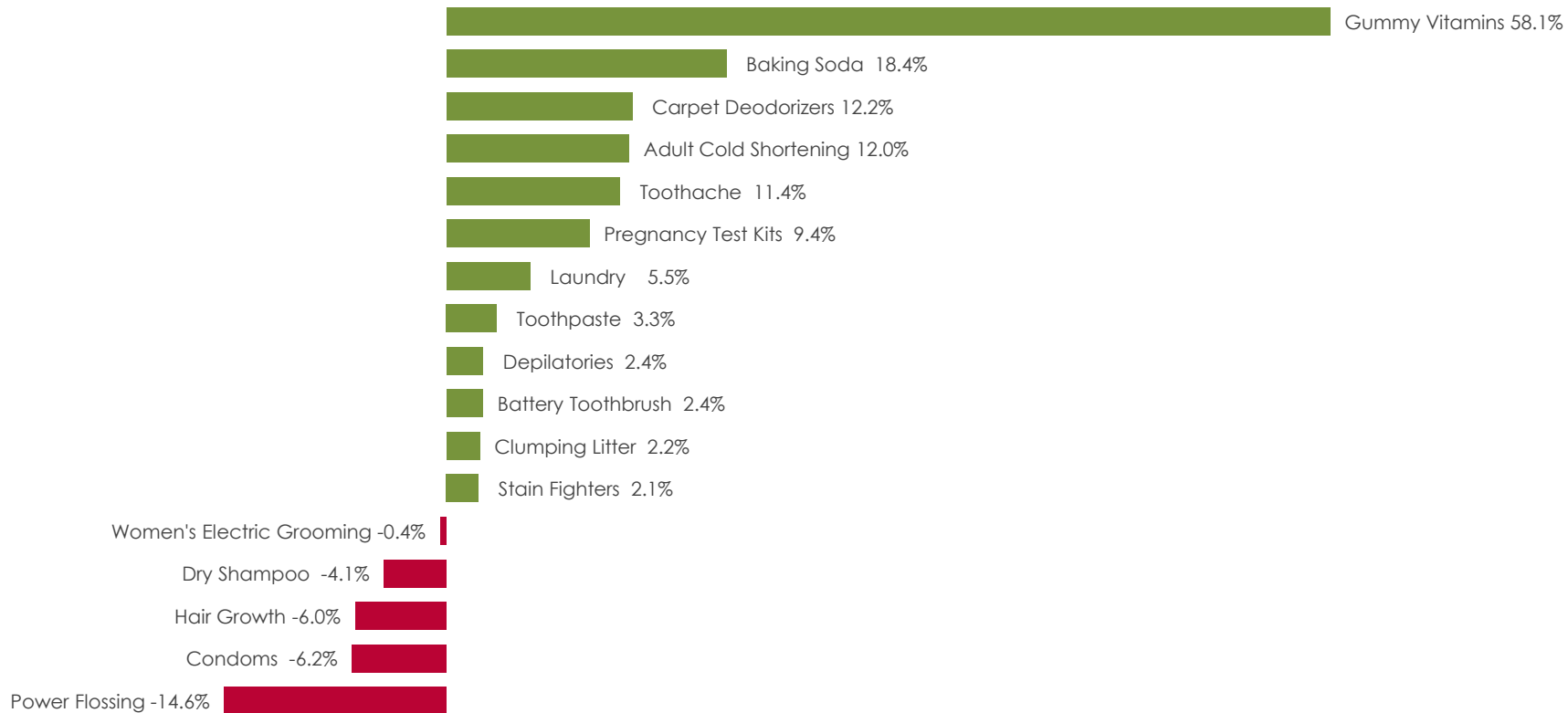




# WE ARE IN THE RIGHT CATEGORIES (NIELSEN)



# 2020 CATEGORY GROWTH RATES



# 2021 CATEGORY EXPECTATIONS

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## **MAINTAIN ELEVATED LEVELS**

Gummy Vitamins  
Laundry Additives  
Cat litter  
Depilatories

## **DECLINE FROM COVID HIGHS**

Pregnancy Test Kits  
Baking Soda  
Toothache  
Carpet Deodorizer  
Adult Cold Shortening

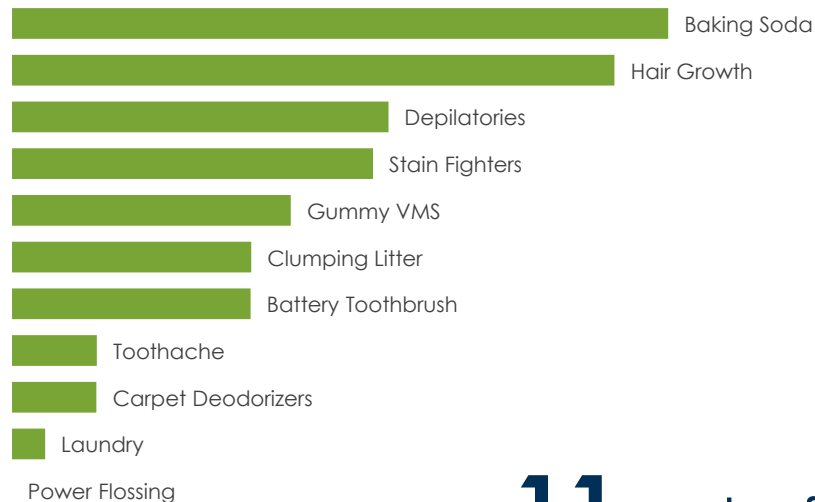
## **RECOVER FROM COVID LOWS**

Condoms  
Dry Shampoo  
Hair Growth  
Women's Electric Grooming  
Power Flossers

## **STEADY STATE**

Battery Toothbrush  
Toothpaste  
Laundry

# 2020 % CHANGE IN HOUSEHOLD PENETRATION



**11** out of **17**  
categories have higher  
household penetration

# WE ARE GROWING HOUSEHOLDS FOR OUR BRANDS

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## **ARM & HAMMER**

8.6 million more households were buying in 2020



## **OxiClean:**

2.4 million more household were buying in 2020



## **Vitafusion:**

In the second half alone, Vitafusion added 3 million more households

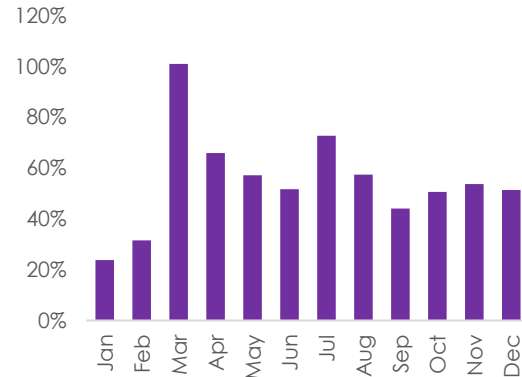
# GUMMY VITAMINS CATEGORY

**2020  
category  
consumption:**

**+58%**

- immunity
- stress

dollar change YOY







**“The average time it takes a person to create a new habit is 66 days”**

“20% of consumers have started taking vitamins or supplements”

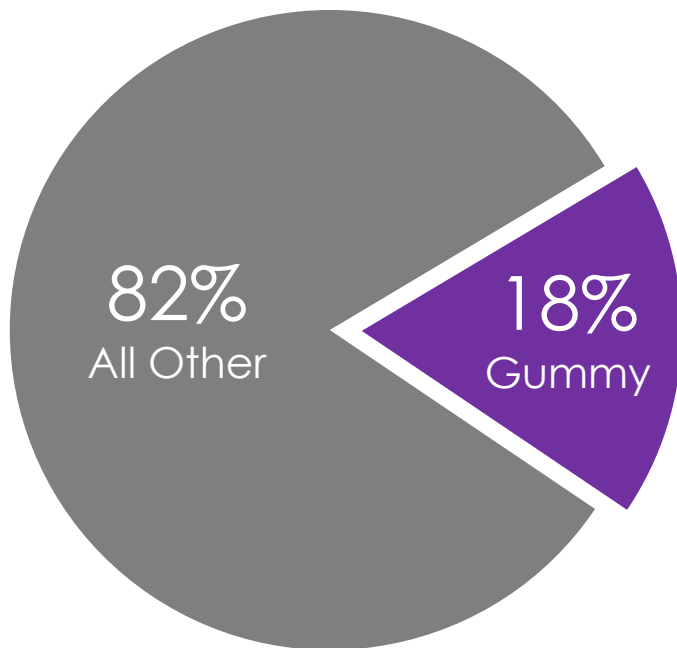
“57% of consumers now take vitamins **daily**”

“33% of consumers plan to purchase more immune support supplements.”

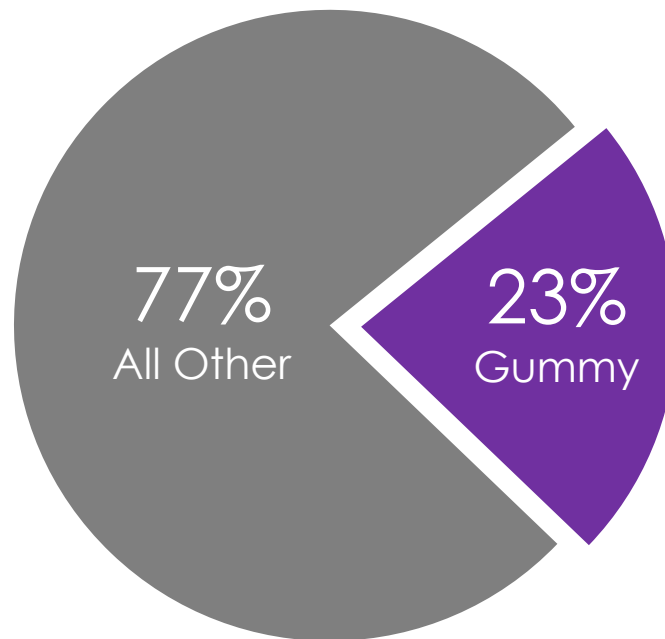
# ADULT CONVERSION TO GUMMIES HAS ACCELERATED

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2019



2020



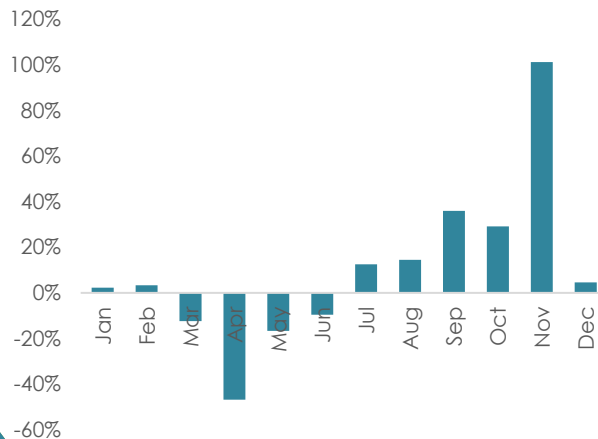
# POWER FLOSSER

## CATEGORY

### 2020 category consumption:

- 1H down 20%
- 2H improving

units by month





“Despite dental office closures, number of dental flossers sold in 2020 remained stable.”

“99% of dental offices are back open but 60% of dental offices have reduced traffic.”

“Consumer confidence in dental practices will return.”

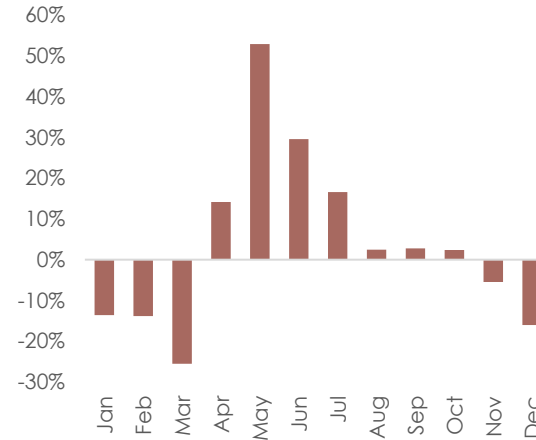
# WOMEN'S ELECTRIC GROOMING CATEGORY

**2020  
category  
consumption:**

**-0.4%**

- beauty retailer closure
- reduced foot traffic

dollar change YOY



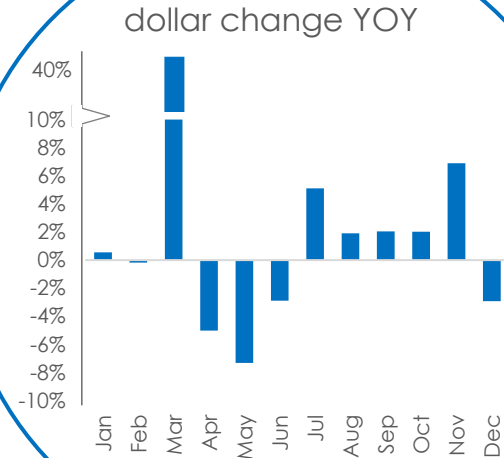
# LAUNDRY CATEGORY

“Increase in number of loads due to desire to remove Covid related germs.”

**2020 category  
consumption:**

**+5.5%**

- Covid concerns
- more time to do laundry



# CLUMPING LITTER

## CATEGORY

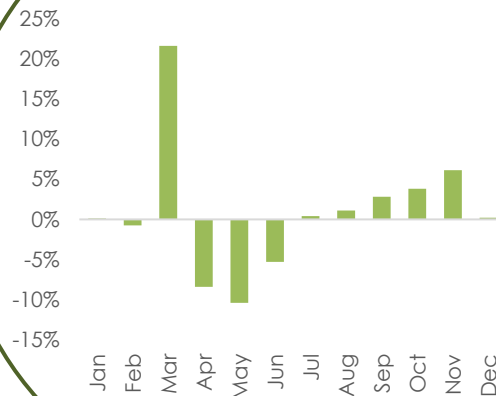
“New cat ownership has climbed steadily with cat litter household penetration up 6% versus pre-Covid time period.”

**2020 category  
consumption:**

**+2.2%**

- huge ecommerce growth not reflected (underrepresented in Nielsen POS)

dollar change YOY



# DRY SHAMPOO

## CATEGORY

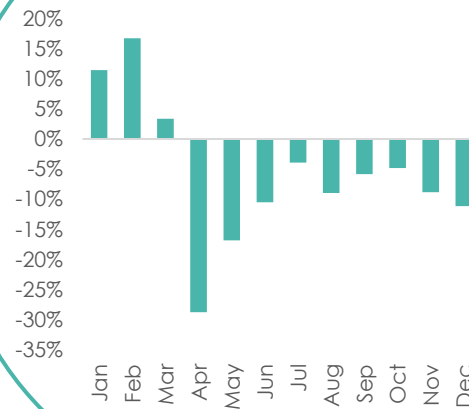
“As consumer mobility returns, dry shampoo usage will increase.”

**2020 category  
consumption:**

**-4.0%**

- beauty retail store closures
- decreased usage occasions

dollar change YOY





# CONDOM CATEGORY

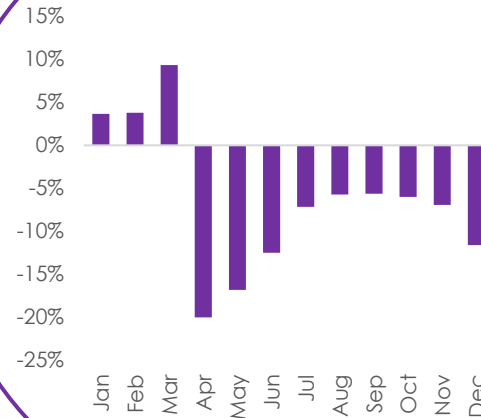
“As consumer mobility returns, condom usage will increase.”

**2020 category  
consumption:**

**-6.0%**

- fewer 'hookups'
- 40% drop in singles going out on dates

dollar change YOY



03

# Consistent Innovation

**Steve Cugine,**  
EVP of GNPI



# CONSUMER INSIGHT:

79% of consumers want germs removed from their laundry.





- Kills 99.9% of bacteria and viruses
- Removes germs, odors & stains





# CONSUMER INSIGHT:

Consumers have been hyper-focused on cleaning household surfaces.





## Multi-Purpose Disinfectant Sprays

Kills COVID. Powerful  
cleaning and disinfecting  
without chlorine bleach



Note: claims pending

# CONSUMER INSIGHT:

Consumers with smaller bathrooms struggle with counter space and outlets.





# waterpik® ION

The same amazing clean,  
unplugged!

- 30% smaller than traditional plug-in models.
- 90 seconds of water capacity
- lithium-ion battery that lasts up to 4 weeks with a single charge





# CONSUMER INSIGHT:

Men seek condoms that fit and feel the best.



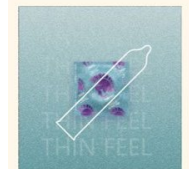


A selection of our best condoms

- personalized fit and feel
- better feel = more usage



CLASSIC FEEL



THIN FEEL



FULL PLEASURE FEEL

# CONSUMER INSIGHT:

Consumers are becoming more confident in doing beauty routines at home and are aware of the cost savings.



FINISHING TOUCH®  
**FLAWLESS**®

For your “at home”  
solutions.



AT-HOME  
SOLUTION



CLEANSE



SALON NAILS



# CONSUMER INSIGHT:

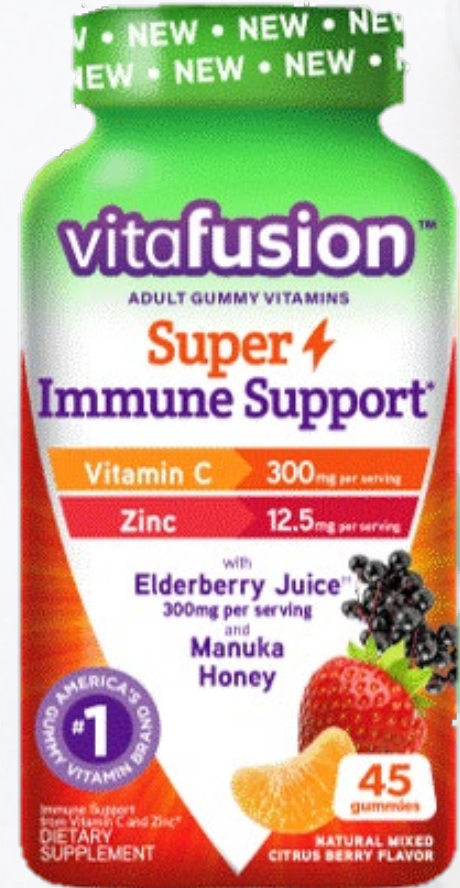
33% of consumers plan to purchase more immune support supplements.



# vitafusion™

## Super Immune Support

- Only gummy to deliver over 100% Daily Value of the top 3 immune ingredients: vitamin C, zinc and elderberry
- Includes hot new ingredient: manuka honey
- First vitafusion item in the cough and cold aisle!



# HISTORY OF LAUNCHING NEW VMS ITEMS

2018



5 new items

2019



22 new items

2020



12 new items

2021



04

# International Story



**Barry Bruno,**  
EVP of International



# INTERNATIONAL NET SALES

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# INTERNATIONAL COMPOSITION: SUBSIDIARIES + GMG

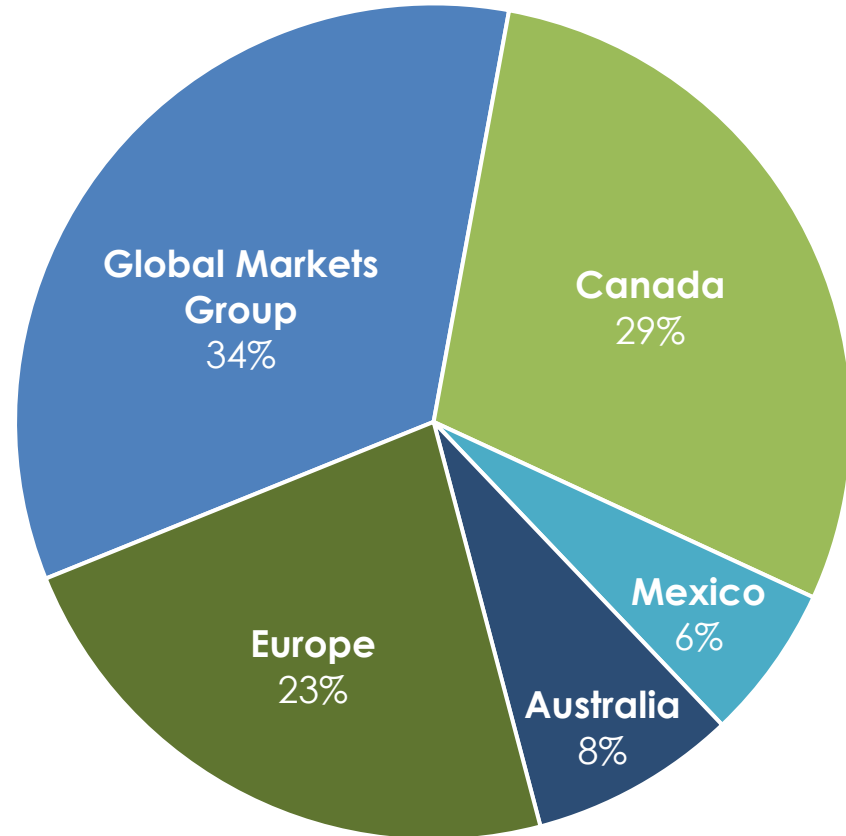
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# INTERNATIONAL COMPOSITION: SUBSIDIARIES + GMG

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**2020 INTERNATIONAL  
NET SALES:  
\$828 million**



# 2020 SOURCES OF INTERNATIONAL ORGANIC GROWTH

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**Subsidiary Markets:**

**+4.8%**



**Global Markets Group:**

**+19.0%**



# 2021 KEY GROWTH DRIVERS

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## Subsidiary Markets:

- Delivering outsized growth, **more than double CPG competitor average growth**, Approaching Scale



## Global Markets Group:

- Emerging Markets serve as **future growth driver**



## Acquisitions:

- Waterpik & Flawless still **under-represented** in International markets vs. U.S.



# FUEL FOR GROWTH: SUBSIDIARY MARKETS

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## 1. Power Brand Expansion:

Arm & Hammer, OxiClean, Trojan



## 2. Acquisition Acceleration:

Waterpik & Flawless



## 3. Pricing



# INTERNATIONAL ORGANIC SALES EVERGREEN TARGET: 6%

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# COMMITTED TO INTERNATIONAL ORGANIC GROWTH

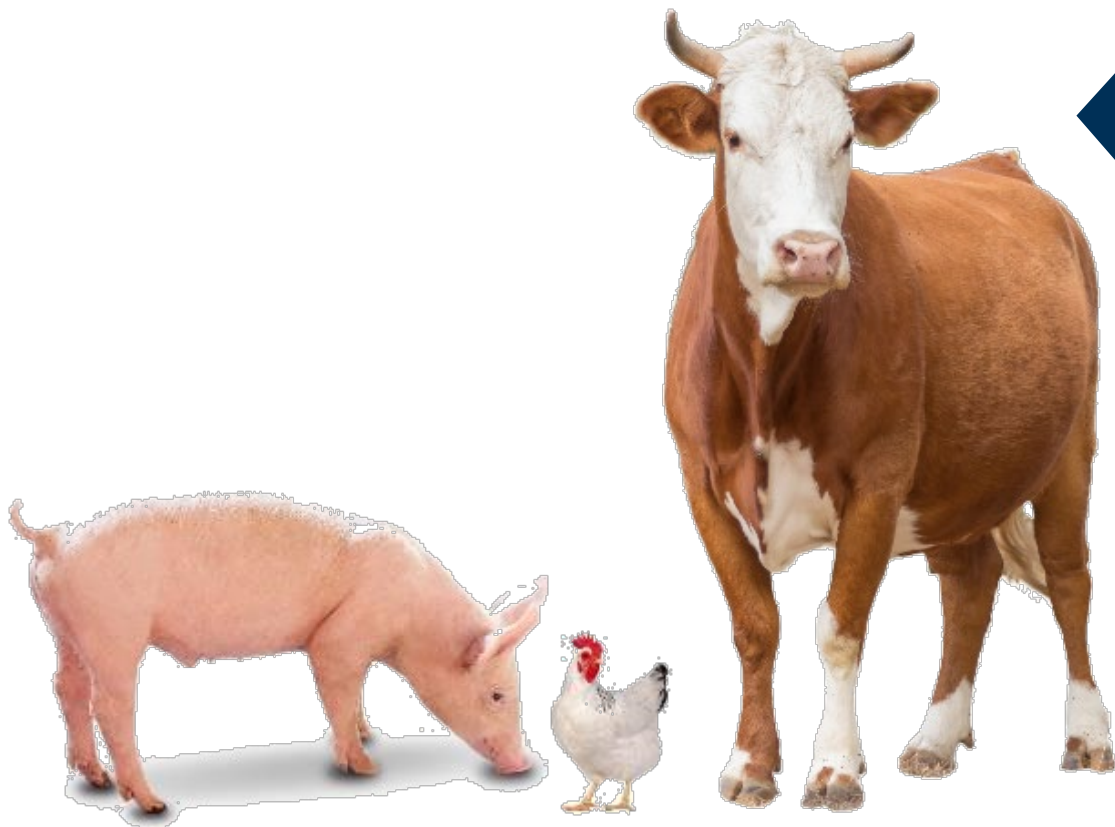
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- Long int'l runway for existing U.S. power brands 
- Leverage newly acquired brands  
- Global Markets Group fueled by Emerging Markets 
- Strategic investments in Resources & Capabilities 



05

# Animal Productivity Story



# SPD ORGANIC SALES EVERGREEN TARGET: 5%

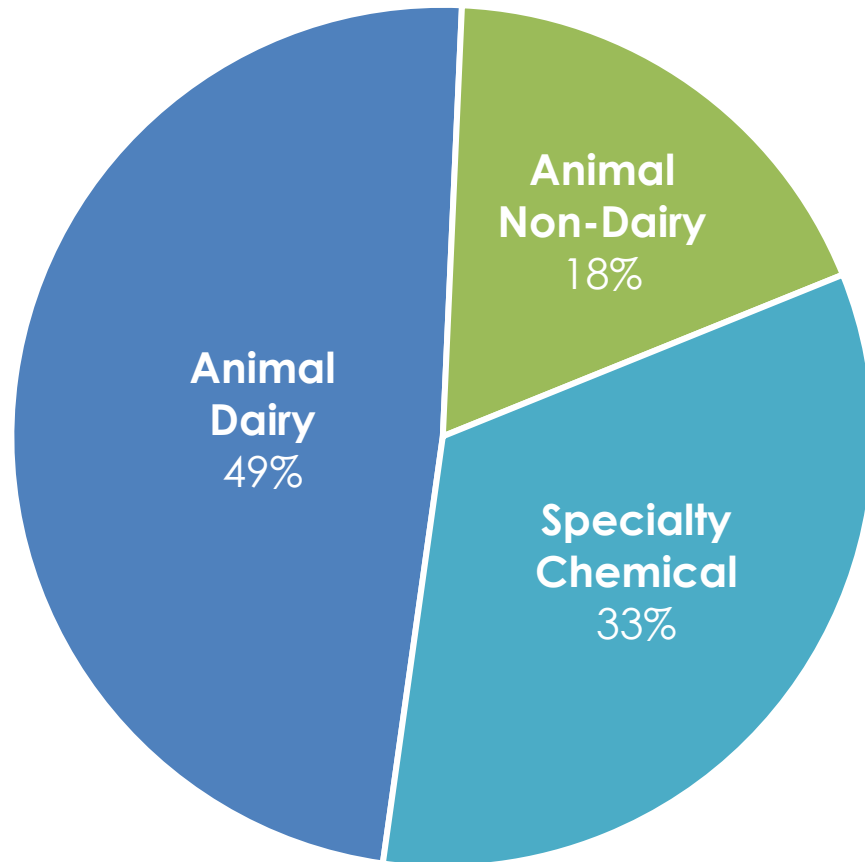
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# SPECIALTY PRODUCTS DIVISION

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**2020 SPD  
NET SALES:  
\$300 million**



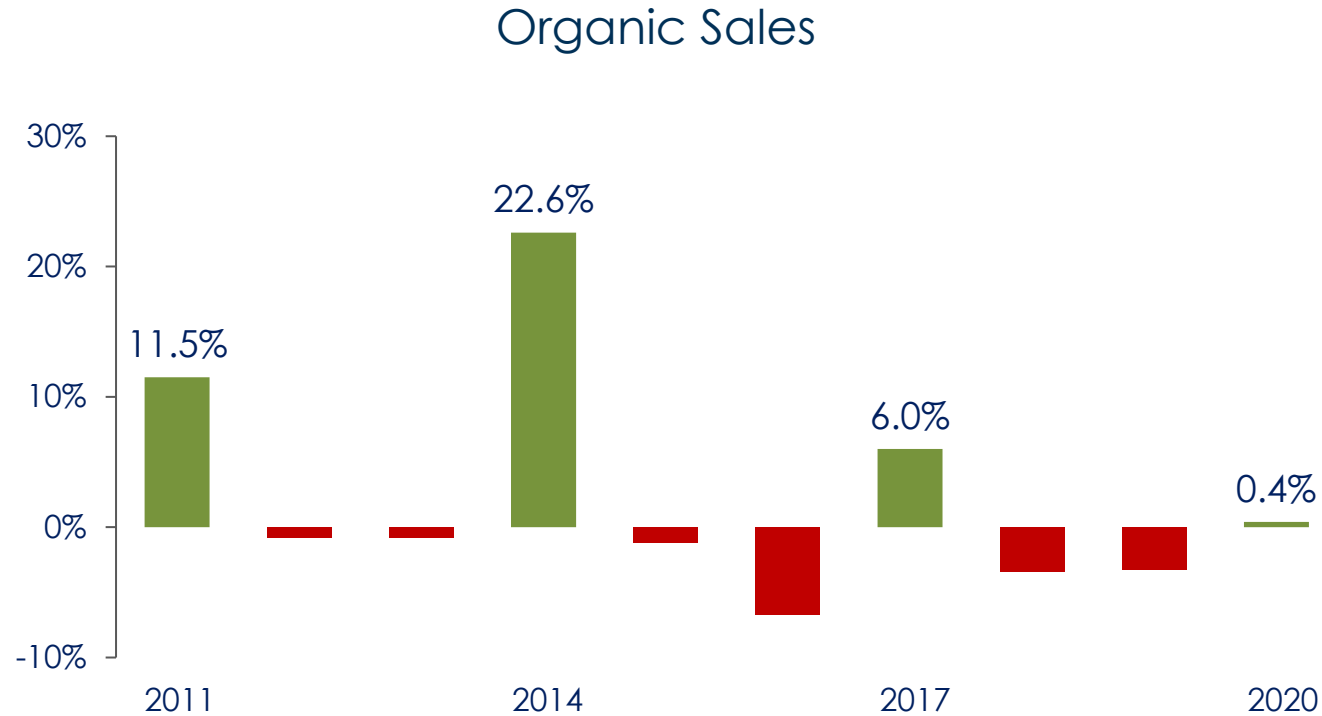
# FARM-TO-FORK SOLUTIONS TO HELP IMPROVE PRODUCTIVITY

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## NUTRITIONAL SUPPLEMENTS

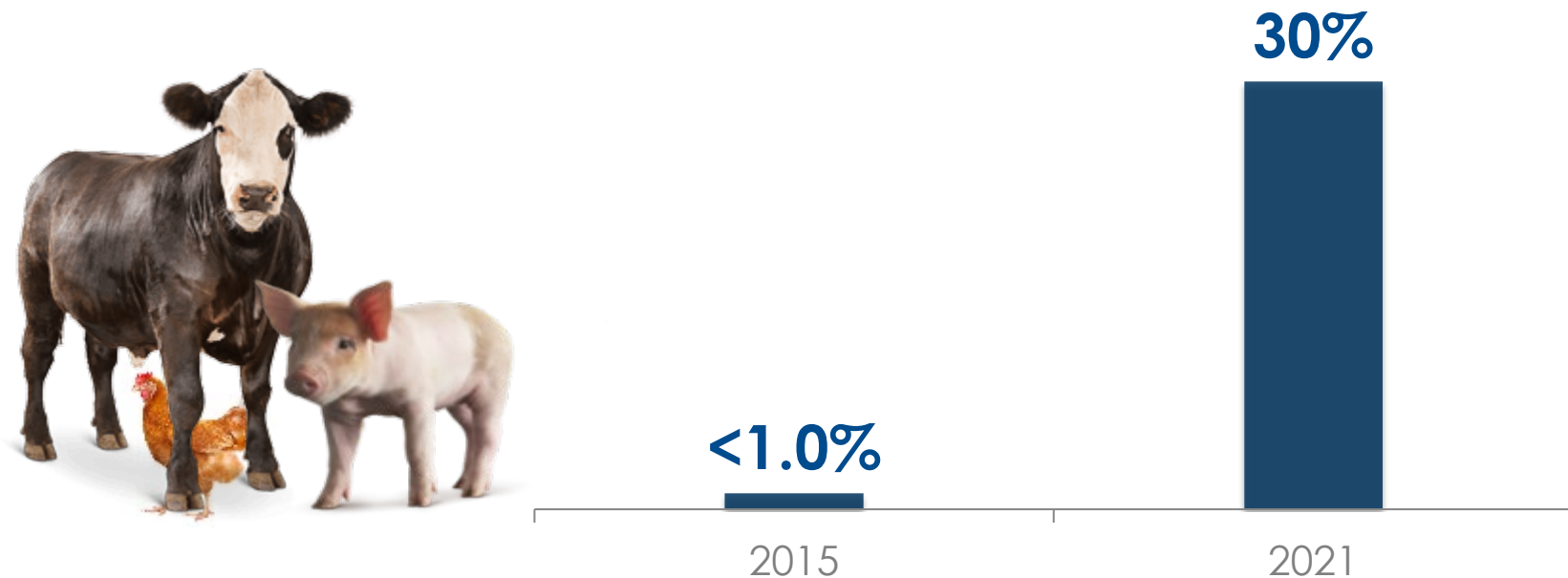
# THE CYCLICAL DAIRY INDUSTRY DRIVES SPD ORGANIC REVENUE



# ACQUISITIONS CREATED A MORE BALANCED BUSINESS

Non-dairy sales expected to grow approximately **10%** in 2021.

% OF NON-DAIRY SALES



# POSITIONED FOR ORGANIC GROWTH

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- Trusted brand



- Aligned with consumers' trend



- Multiple species



- Global growth





06

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## How We Run the Company



# WE HAVE FIVE OPERATING PRINCIPLES



1

Leverage Brands



2

Friend of the Environment



3

Leverage People

Highly productive people in a place where people matter



4

Leverage Assets

Asset Light



5

Leverage Acquisitions

GOOD shareholder returns become GREAT shareholder returns

# BRANDS CONSUMERS LOVE

1

Leverage Brands



# FRIEND OF THE ENVIRONMENT

2

Friend of the Environment



1888

Company introduces **pro-environmental** wall charts & trading cards as product promotion.

Company institutes the use of **recycled paperboard** to package household products.



1907



1970s

Sole sponsor of **first Earth Day**.

Launches **first non-polluting, phosphate-free laundry detergent**.

# FRIEND OF THE ENVIRONMENT



Partnering with the Arbor Day Foundation to plant **millions** of trees in the Mississippi River Valley.

2016

**50%** of global electricity demand supplied by renewable energy sources.



2018

**100%** of global electricity demand offset by green energy.

2020



# ENVIRONMENTAL GOALS

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Water: to reduce water and/or wastewater by **25%** by 2022\*



Solid waste: to increase solid waste recycling rate to **75%** by the end of 2021.



Air: to achieve **100% carbon neutral** status for all global operations by end of 2025.

# ESG RECOGNITION

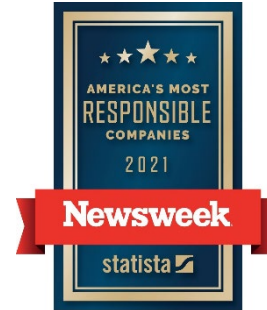
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FTSE4Good



2020  
NATIONAL  
TOP 100



# HIGHLY PRODUCTIVE PEOPLE IN A PLACE WHERE PEOPLE MATTER

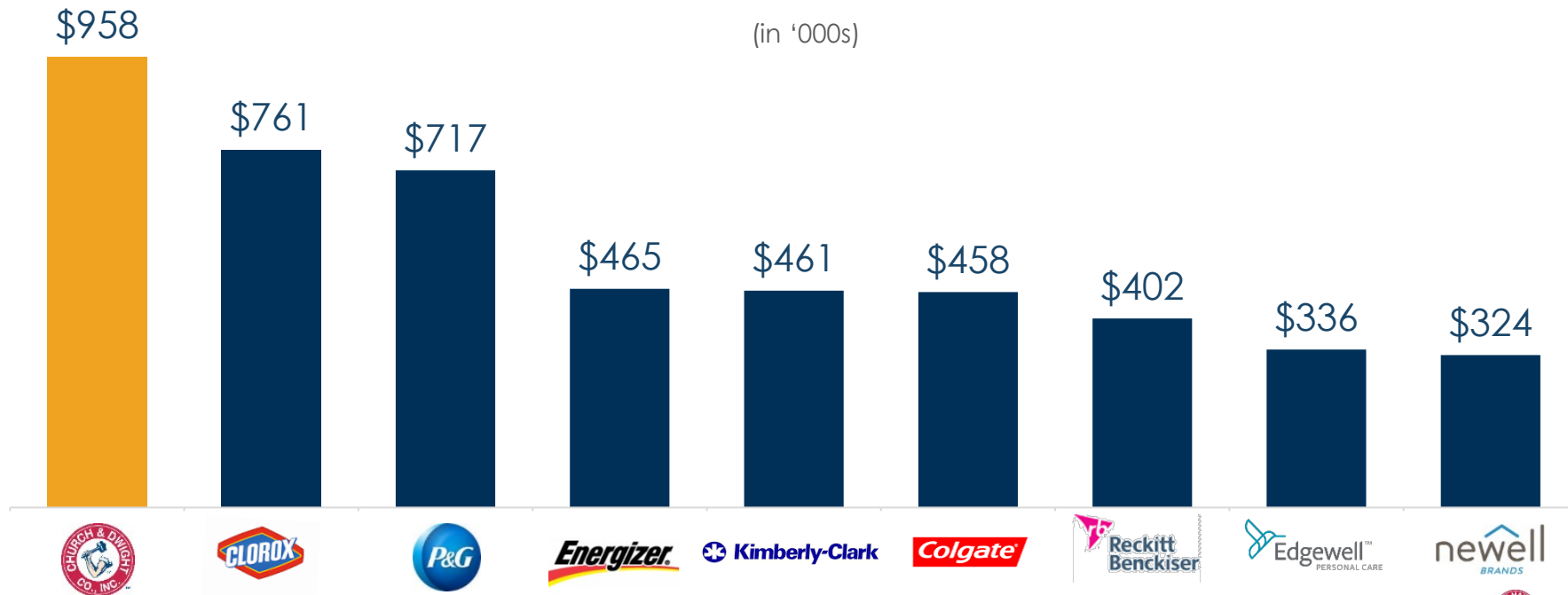
3

## Leverage People

Highly productive people in a place where people matter

### Revenue per Employee

(in '000s)



# SIMPLE COMPENSATION STRUCTURE

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1. Bonuses are tied 100% to business results.
2. Equity compensation is 100% stock options.
3. Management is required to be heavily invested in company stock.





Gross margin is **25%** of all employees' annual bonus.



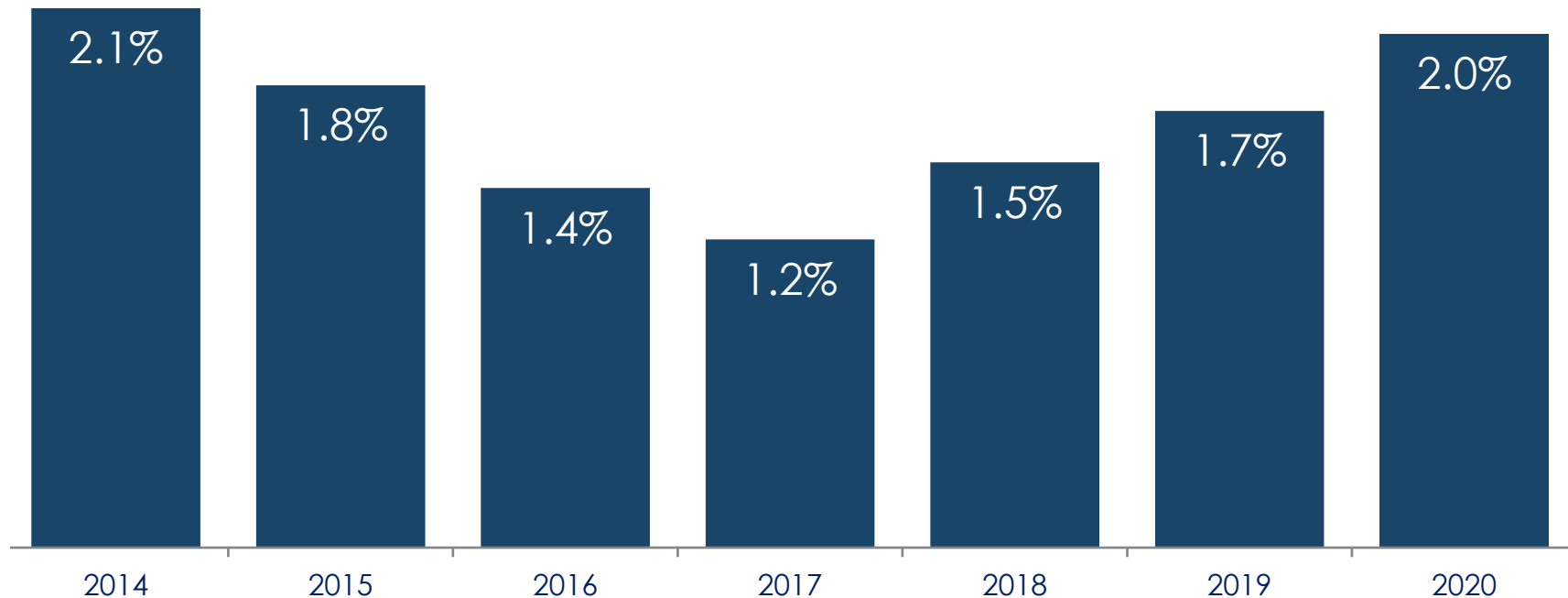
# ASSET LIGHT

4

Leverage Assets

Asset Light

Capital Expenditures as a % of Sales





07

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## Strong M&A Platform

# WE HAVE FIVE OPERATING PRINCIPLES



1

Leverage Brands



2

Friend of the Environment



3

Leverage People

Highly productive people in a place where people matter



4

Leverage Assets

Asset Light



5

Leverage Acquisitions

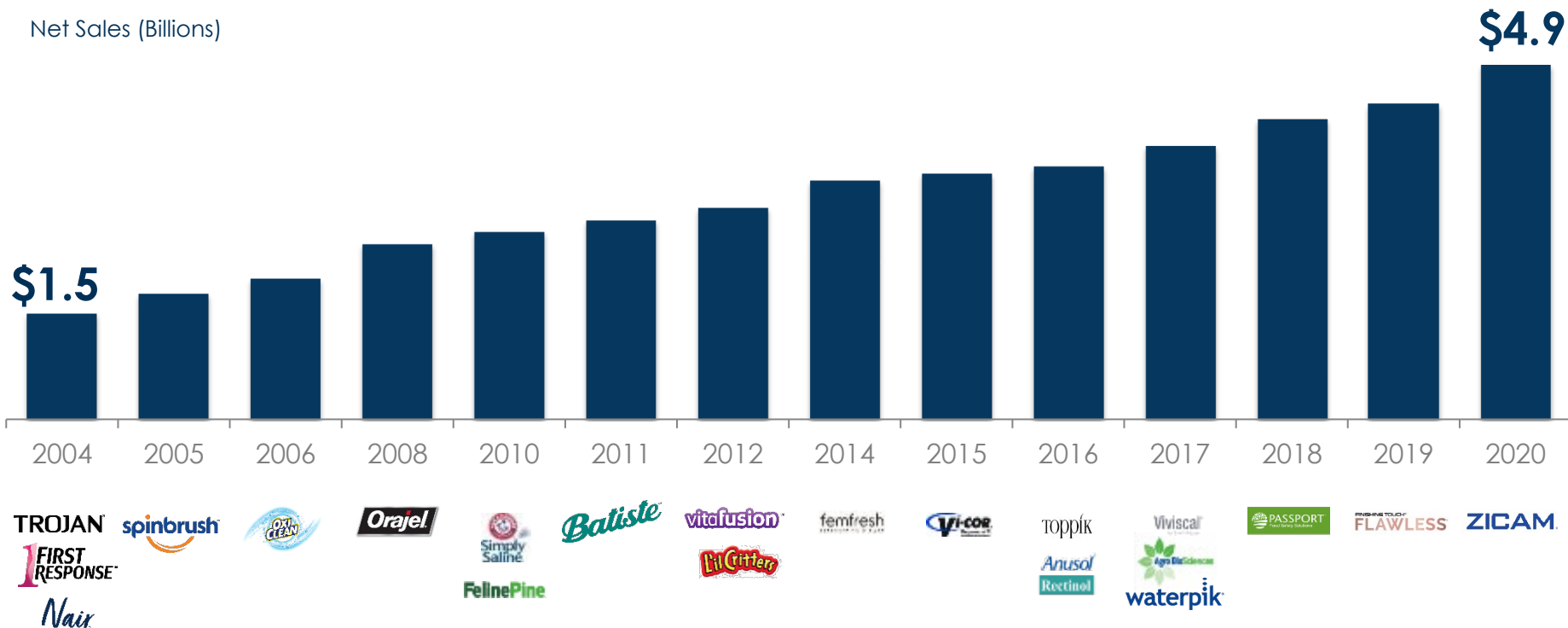
GOOD shareholder returns become GREAT shareholder returns

# LONG HISTORY OF GROWTH THROUGH ACQUISITIONS

## 5 Leverage Acquisitions

GOOD shareholder returns become GREAT shareholder returns

Net Sales (Billions)



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.



# WE HAVE CLEAR ACQUISITION CRITERIA

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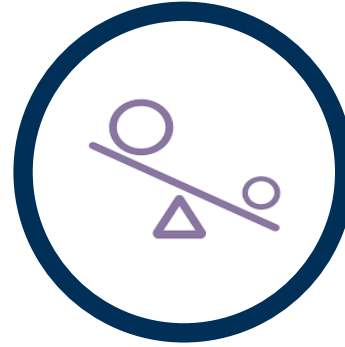
Primarily #1  
or #2 share  
brands



Higher growth,  
higher margin  
brands



Asset Light



Leverage CHD  
manufacturing,  
logistics and  
purchasing



Deliver  
sustainable  
competitive  
advantage

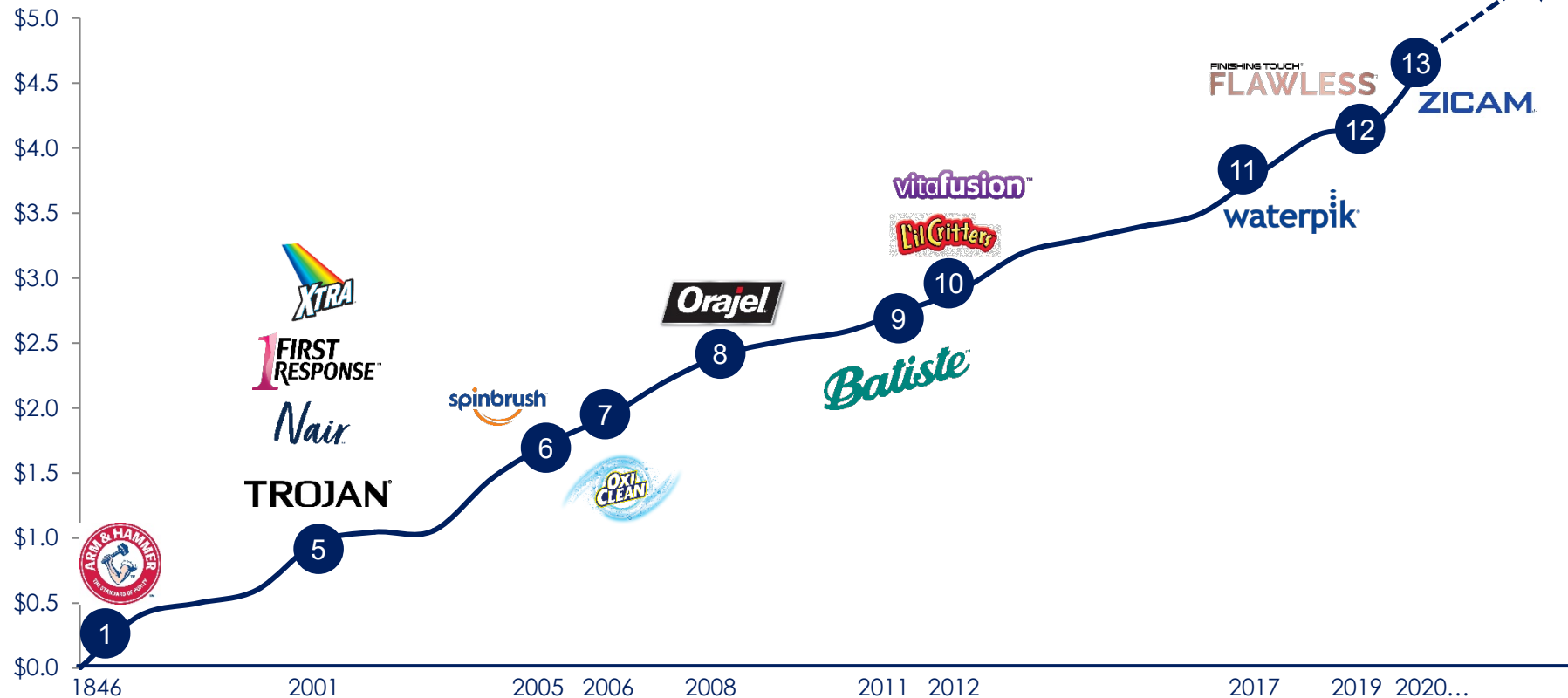
# ZICAM®

#1 zinc supplement in the United States  
in the Adult cold shortening category.



# 13 POWER BRANDS TODAY, 20 TOMORROW

Net Sales (Billions)



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.





A stylized background image featuring a blue grid. Overlaid on the grid are two types of financial data visualizations: a bar chart with vertical bars of varying heights and a line graph with a jagged, fluctuating line. Several points on the line graph are highlighted with small blue circles and connected by straight line segments, showing an overall upward trend.

08

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# Financials

**Rick Dierker**

*EVP and Chief Financial Officer*

# WE HAVE AN EVERGREEN BUSINESS MODEL

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**3%** Organic Sales Growth

**8%** EPS Growth



# EVERGREEN MODEL

	TSR Model
Organic Net Sales Growth	+3.0%
Gross Margin	+25 bps
Marketing	FLAT
SG&A	-25 bps
Operating Margin $\Delta$	+50 bps
EPS Growth	8%

# FULL YEAR 2020 HIGHLIGHTS

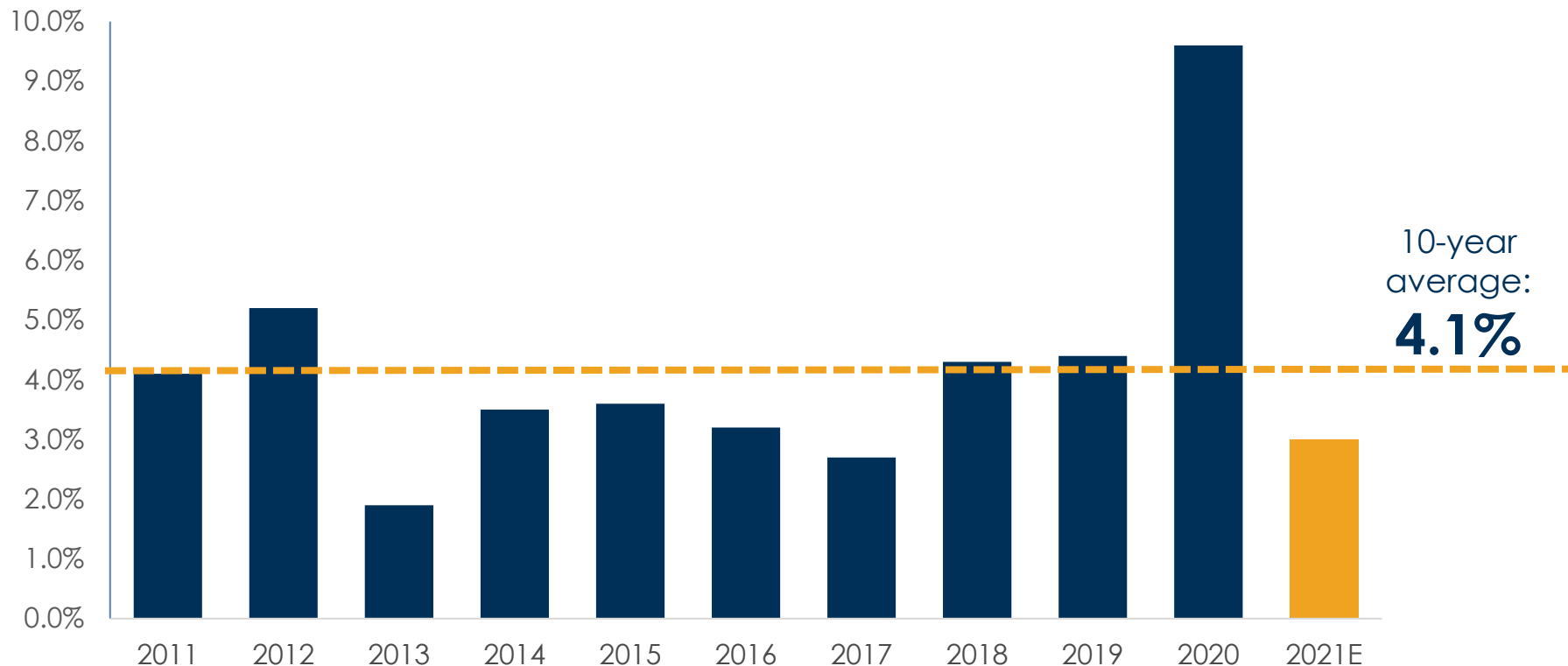
Organic Sales Growth	+9.6%	Domestic	10.7%
		International	8.6%
		SPD	0.4%
Gross Margin	45.2%, -30 bps		
Marketing %	12.1%, +30 bps		
Adjusted SG&A	14.1%, -10 bps		
Adjusted EPS	+14.6% to \$2.83		
Cash from Operations	\$990MM		
FCF Conversion	125%		

# 2021: +6-8% EPS Growth

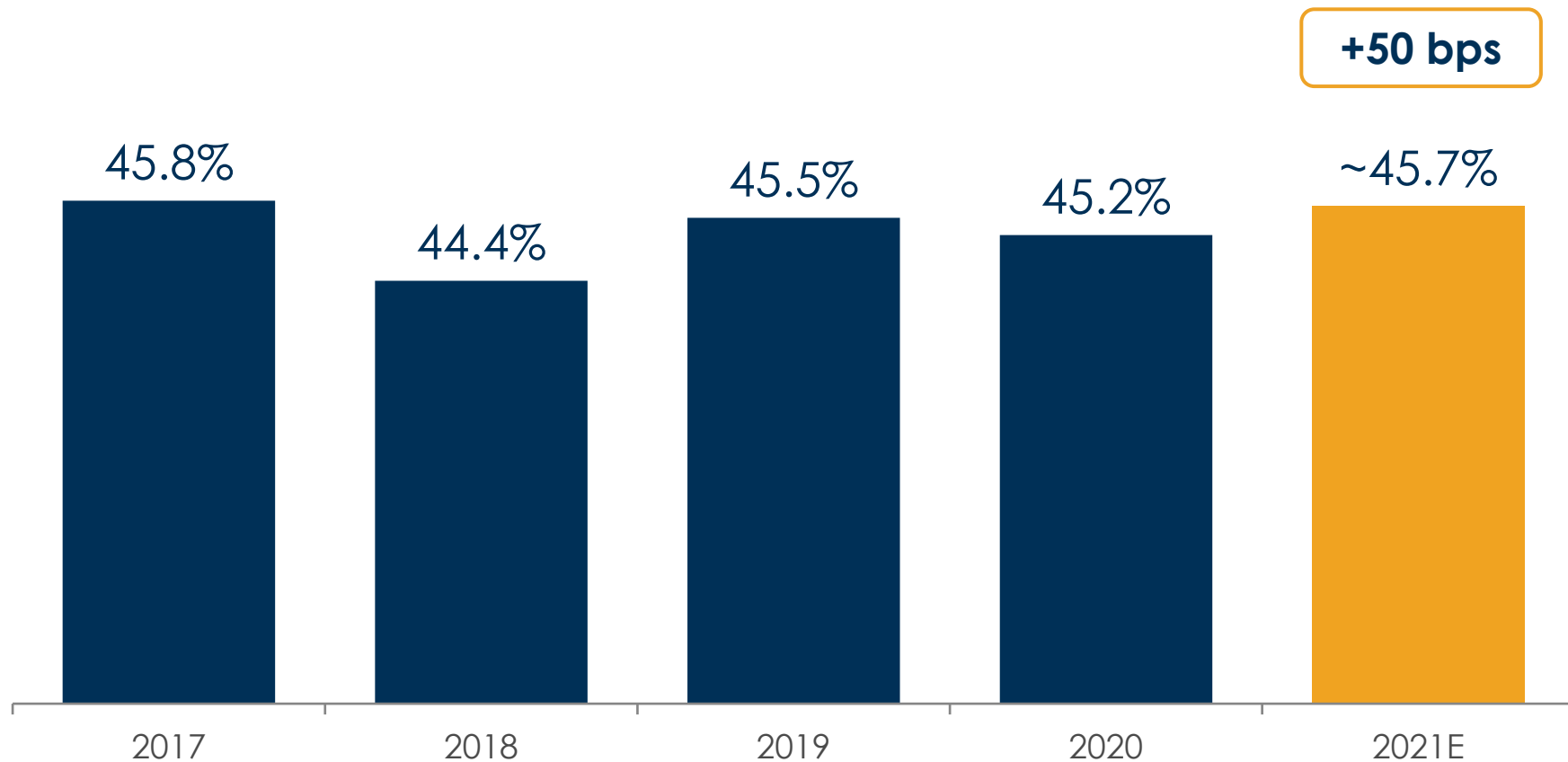
## 2021 Outlook

Reported Sales Growth	~4.5%	[ Domestic +2% International +6% SPD +5%
Organic Sales Growth	~3.0%	
Gross Margin	+50 bps	
Marketing	-30 bps	
Adjusted SG&A	-20 bps	
Adjusted Operating Profit Margin	+100 bps	
Effective Tax Rate	~21-22%	
Adjusted EPS Growth	+6-8%	
Cash From Operations	~\$1,000	

# ORGANIC SALES – 10 YEAR TREND



# FOCUS ON ADJUSTED GROSS MARGIN



Note: Percentages are adjusted gross margin, a non-GAAP measure. See appendix for adjustments to gross margin presented in accordance with GAAP. Normalized gross margin and excludes prior year Flawless acquisition accounting.

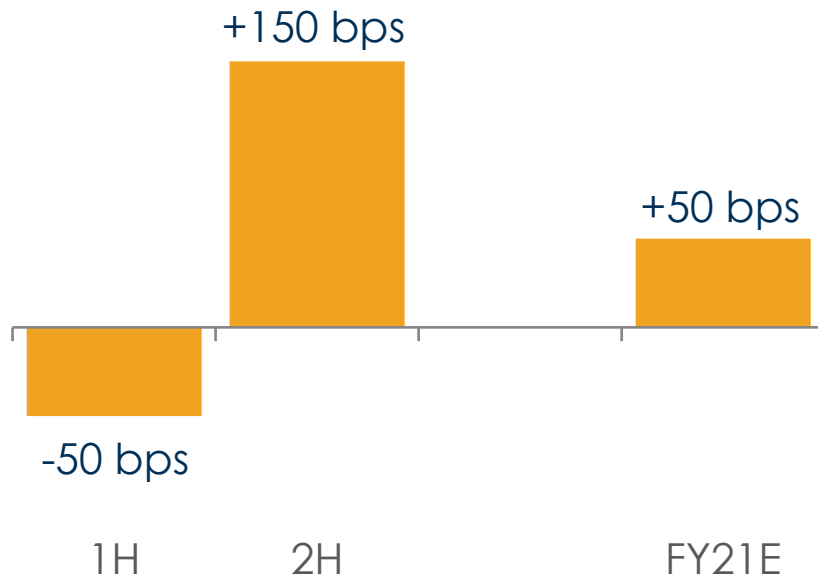


# GROSS MARGIN EXPANSION IN 2021

	2020	2021
Price/Volume/Mix	+150 bps	+80 bps
Inflation, Covid	(240) bps	(130) bps
Productivity Programs	+140 bps	+100 bps
Tariffs	(50) bps	(40) bps
Acquisition	+10 bps	+40 bps
Flawless Accounting	(40) bps	-
<b>Gross Margin Change</b>	<b>(30) bps</b>	<b>+50 bps</b>



# GROSS MARGIN 2021



## First Half Gross Margin Impacted By:

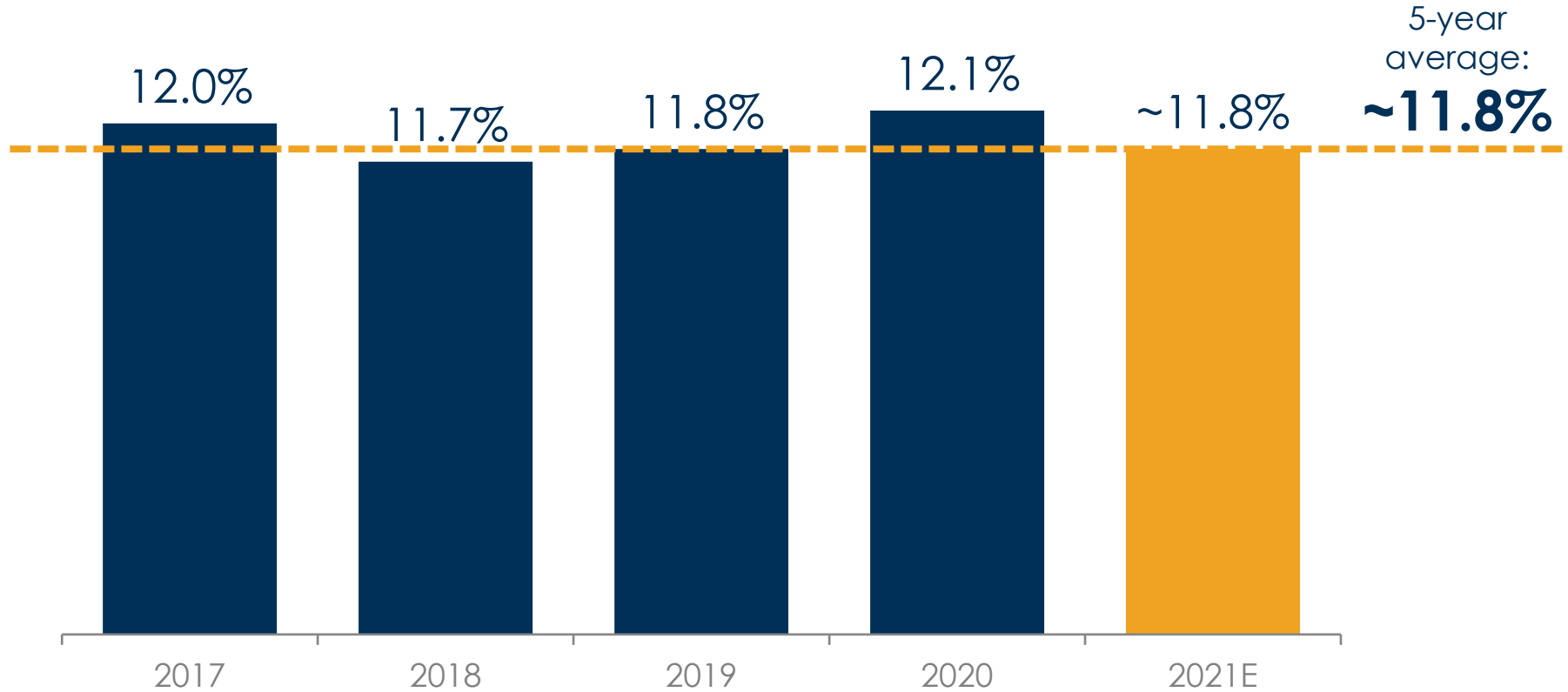
- More normal promotional activity
- Higher Waterpik tariffs
- Covid costs
- Higher commodity costs

## Second Half Gross Margin Impacted By:

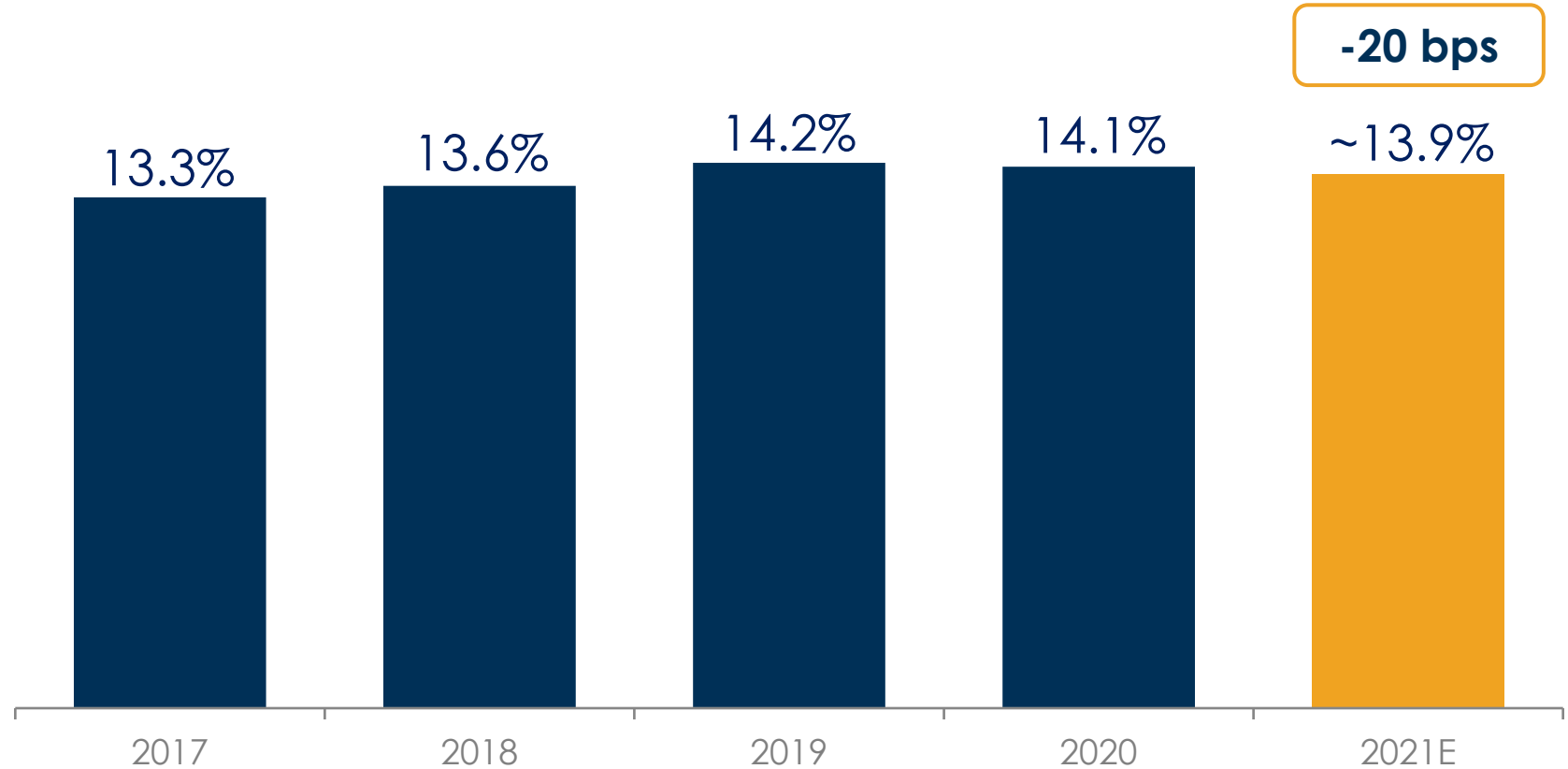
- Lower Covid costs
- Tariff remediation
- Improved promotional efficiency
- Zicam GM mix favorability

# MARKETING SPEND TARGET: ~11% - ~12%

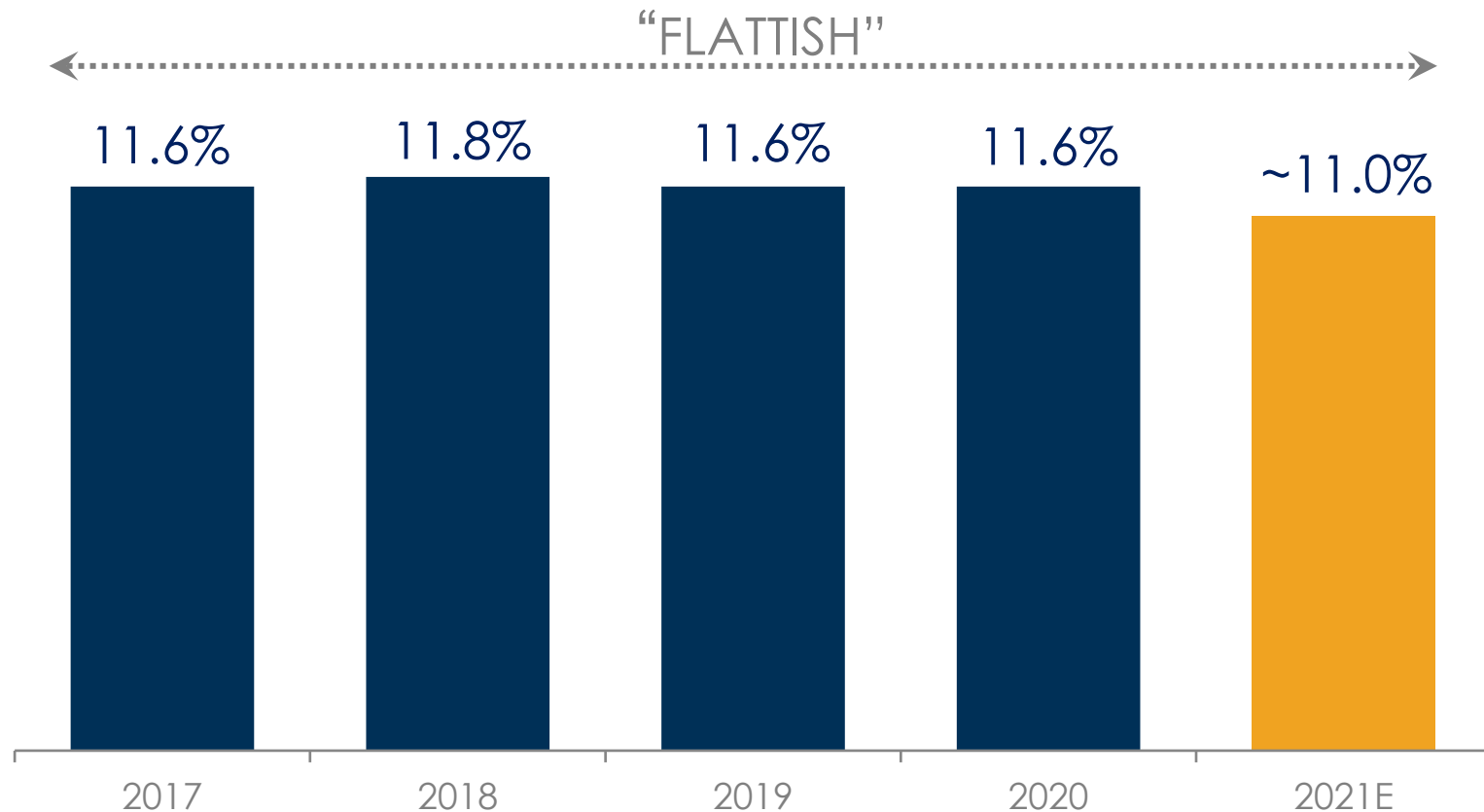
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# "SG&A" LEVERAGE



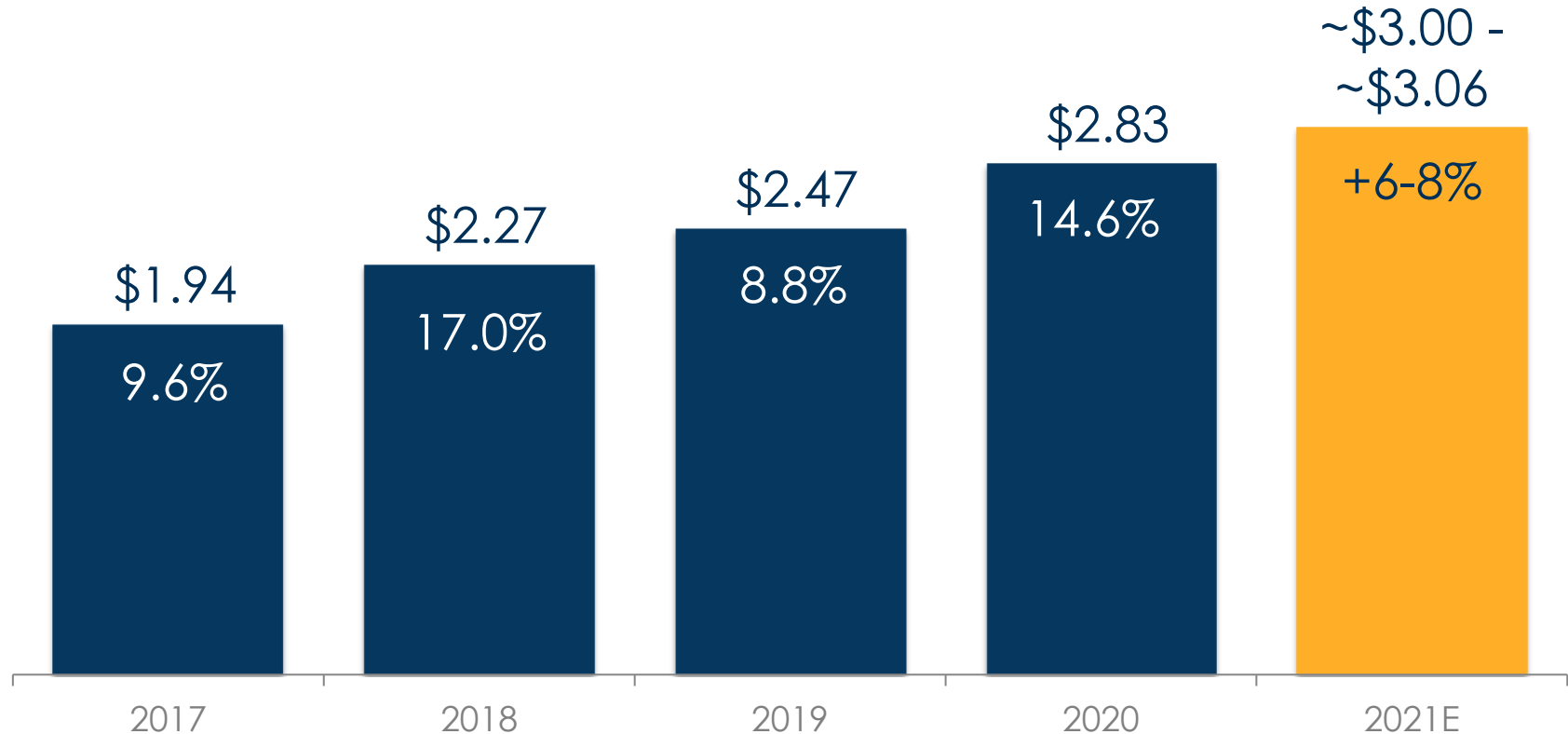
# “SG&A” LEVERAGE EX ACQUISITION AMORTIZATION



Note: Adjusted SG&A is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures.



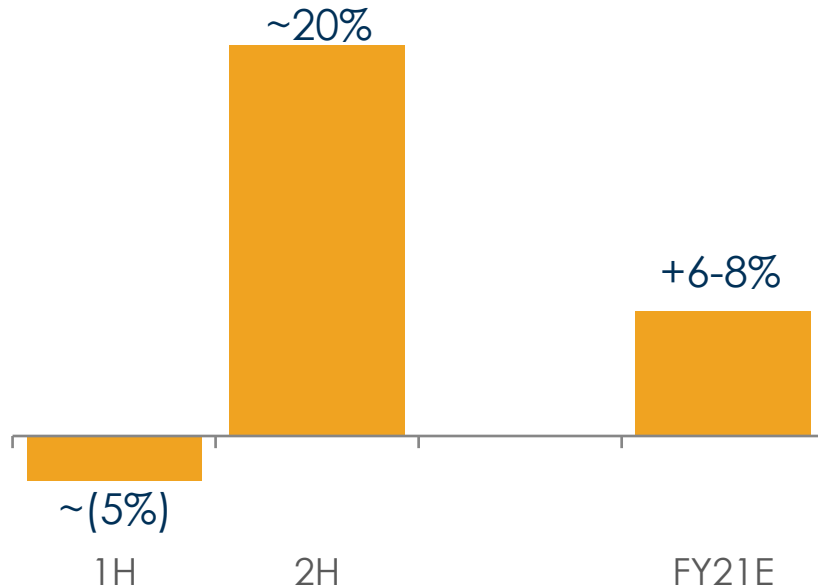
# CONSISTENT STRONG ADJUSTED EPS GROWTH



Note: Adjusted EPS growth is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures. Excludes Waterpik.



# EPS 2021



## First Half EPS Impacted By:

- More normal promotional activity
- Higher Waterpik tariffs
- Covid costs
- Higher Commodity Costs

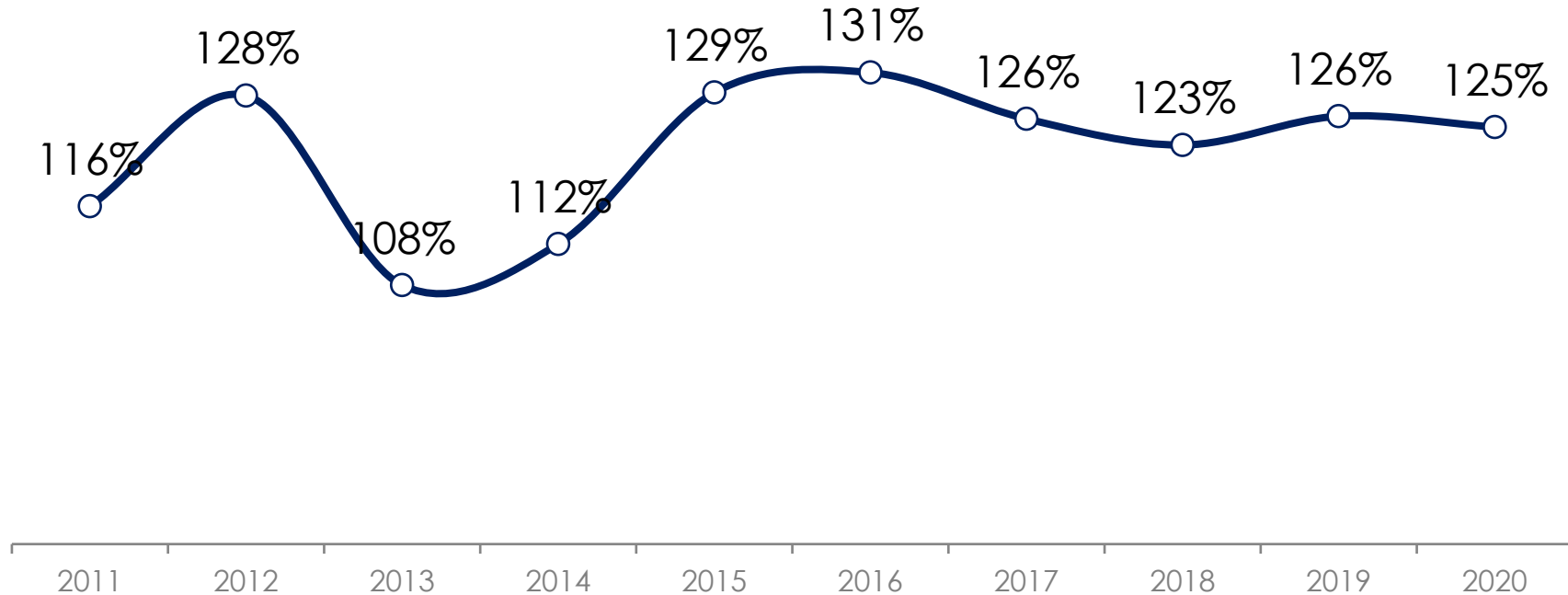
## Second Half EPS Impacted By:

- Return to historical marketing levels
- Improved promotional efficiency
- Lower Covid costs
- Tariff remediation
- 2020 Investments

# "BEST IN CLASS" FCF CONVERSION



**10-Year Average: 122%**



# CASH CONVERSION CYCLE

TIGHT CONTROL OF WORKING CAPITAL DRIVES CCC IMPROVEMENT





# STRONG BALANCE SHEET

## TOTAL DEBT/BANK EBITDA

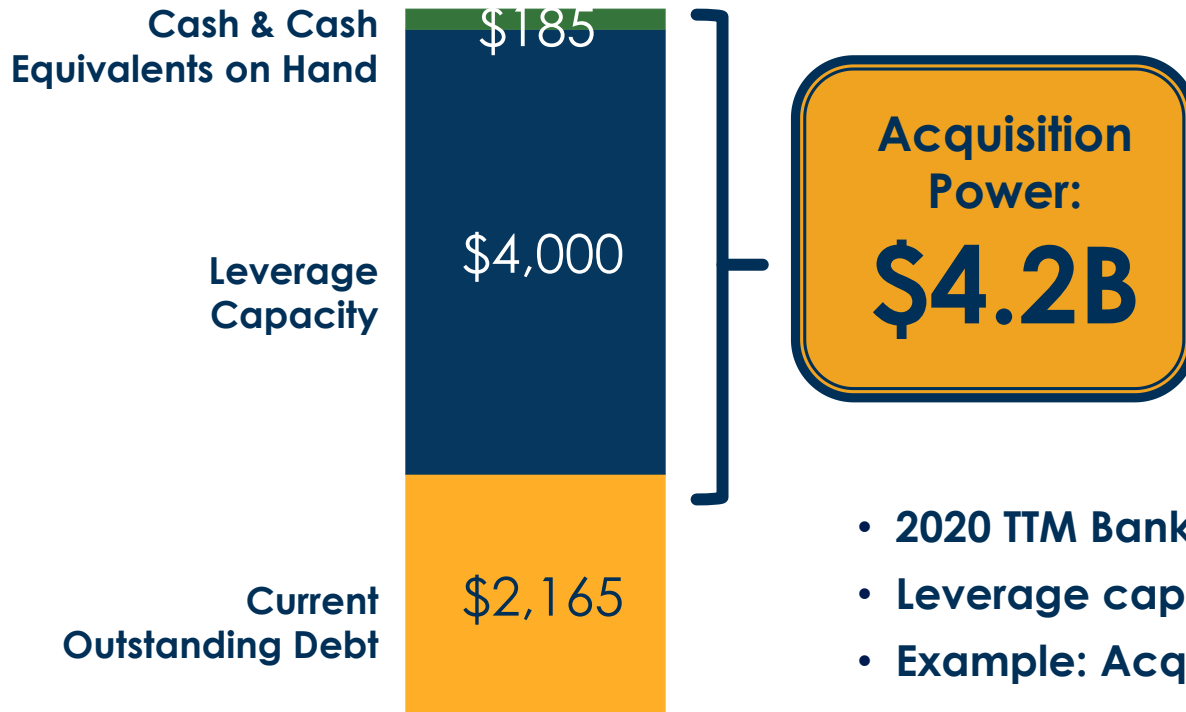


Note: Total debt/EBITA is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures.



# SIGNIFICANT FINANCIAL CAPACITY

as of December 31, 2020 (in \$millions)



- 2020 TTM Bank EBITDA = \$1,295M
- Leverage capacity to 3.75x EBITDA
- Example: Acquisition EBITDA multiple of 12x

# PRIORITIZED USES OF FREE CASH FLOW

---

1

TSR-Accretive M&A

2

Capex For Organic Growth & G2G

3

New Product Development

4

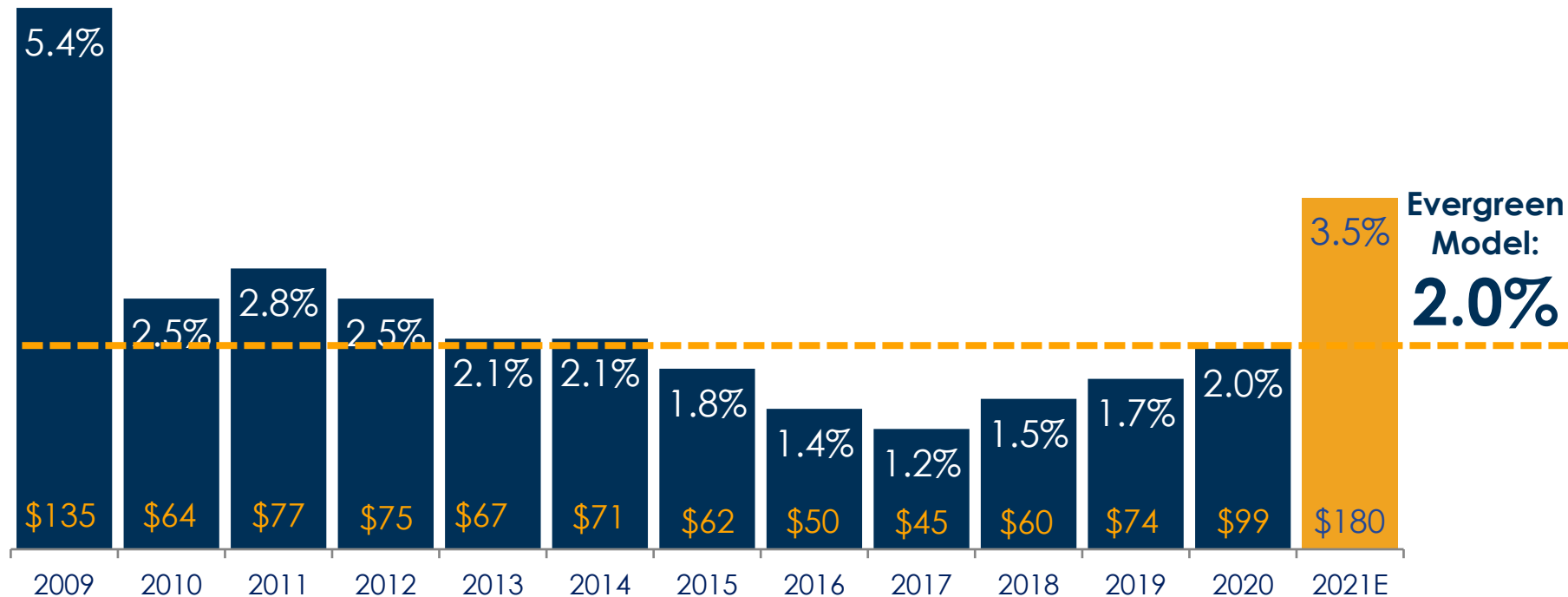
Debt Reduction

5

Return Of Cash To Shareholders

# MINIMAL CAPITAL INVESTMENT

Capital Expenditures as a % of Sales



# ENSURING A STEADY SUPPLY FOR OUR CATEGORIES

2020



LLD



Unit Dose



Baking Soda



Cleaners



VMS

2021 -  
2022



LLD



Litter



Baking Soda



VMS



Technology

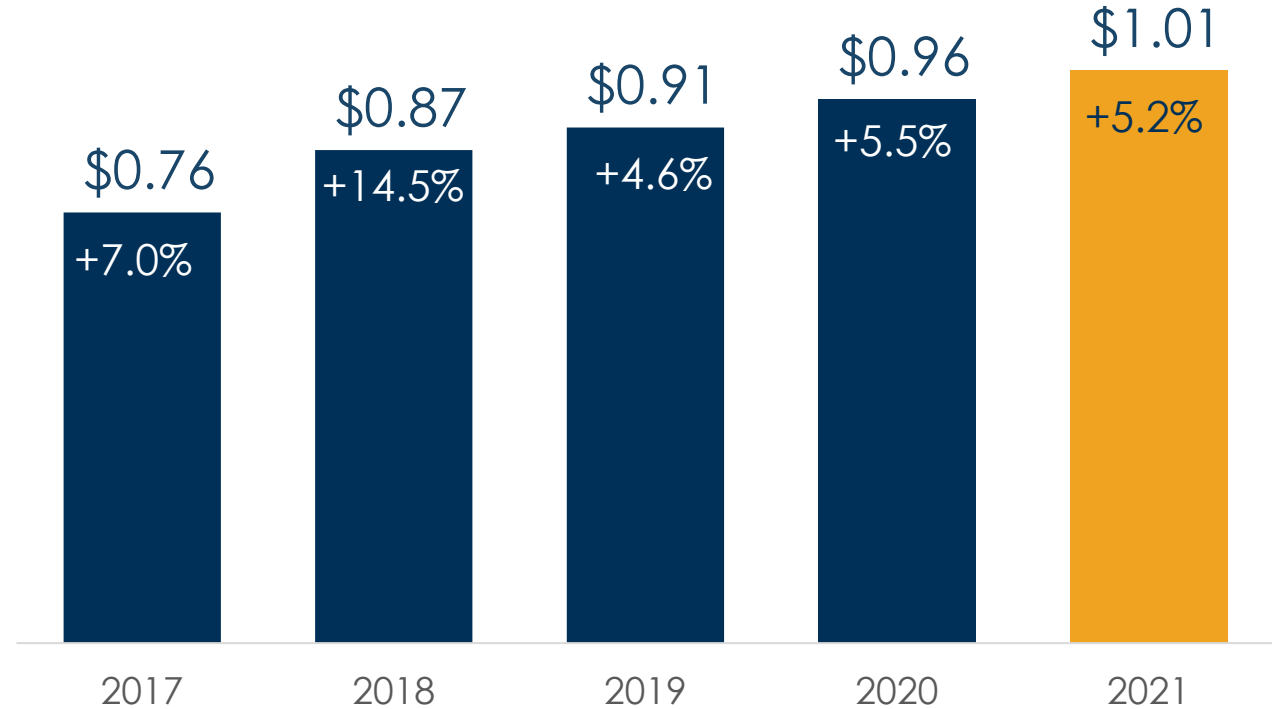


Capacity



# 5.2% DIVIDEND INCREASE IN 2021

**120**  
consecutive  
**years** of  
dividends





# Reconciliations

[www.churchedwight.com](http://www.churchedwight.com)



# RECONCILIATION OF NON-GAAP MEASURES

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## **Church & Dwight Co., Inc.'s Reconciliation of Non-GAAP Measures:**

The following pages provide definitions of the non-GAAP measures used in this presentation and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures. These non-GAAP financial measures should not be considered in isolation from or as a substitute for the comparable GAAP measures, but rather as supplemental information to more fully understand our business results. The following non-GAAP measures may not be the same as similar measures provided by other companies due to differences in methods of calculation and items and events being excluded.

The measures provided are (1) Organic Sales Growth, (2) Adjusted Gross Margin, (3) Adjusted SG&A, (4) Adjusted SG&A excluding Amortization, (5) Adjusted Operating Profit Margin, (6) Adjusted EPS, (7) Free Cash Flow as a percentage of net income (Free Cash Flow Conversion), and (8) Total Debt to Bank EBITDA. As described in more detail below, we believe these measures provide useful perspective of underlying business trends and results and provide a more comparable measure of year over year results.

## **Forward Looking Non-GAAP Measures:**

This presentation does not provide a forward-looking reconciliation of non-GAAP measures to the most directly comparable GAAP financial measure, because we are unable to provide such a reconciliation without unreasonable effort. We have excluded the Company's potential earn-out liability from our acquisition of the FLAWLESS business from our expected adjusted EPS, adjusted SG&A and adjusted Operating Profit Margin for these periods. We are required to review the fair value of the earn-out liability quarterly based on changes in sales forecasts, discount rates, volatility assumptions, and other inputs. Our inability to provide a reconciliation to GAAP EPS for future periods is due to the uncertainty and inherent difficulty of predicting what these changes will be on a quarter-by-quarter basis. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to our future results.



# RECONCILIATION OF NON-GAAP MEASURES

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## **Organic Sales Growth:**

The presentation provides information regarding organic sales growth, namely net sales growth excluding the effect of acquisitions, divestitures and foreign exchange rate changes, from year-over-year comparisons.

Management believes that the presentation of organic sales growth is useful to investors because it enables them to assess, on a consistent basis, sales trends related to products that were marketed by the Company during the entirety of relevant periods, without the effect of changes that are out of the control of, or do not reflect the performance of, management.

# TOTAL COMPANY ORGANIC SALES RECONCILIATION

Year	Reported	FX	Acquisitions & Divesititures	Discontinued Operations	System Upgrade	Calendar / Other	Shipping Terms	Organic
2020	12.3%	0.1%	-2.8%	0.0%	0.0%	0.0%	0.0%	9.6%
2019	5.1%	0.5%	-1.2%	0.0%	0.0%	0.0%	0.0%	4.4%
2018	9.8%	0.0%	-5.5%	0.0%	0.0%	0.0%	0.0%	4.3%
2017	8.1%	0.0%	-5.4%	0.0%	0.0%	0.0%	0.0%	2.7%
2016	2.9%	1.2%	-0.9%	0.0%	0.0%	0.0%	0.0%	3.2%
2015	2.9%	2.7%	-2.0%	0.0%	0.0%	0.0%	0.0%	3.6%
2014	3.2%	0.5%	-0.2%	0.0%	0.0%	0.0%	0.0%	3.5%
2013	9.3%	0.5%	-7.6%	0.0%	-0.3%	0.0%	0.0%	1.9%
2012	6.3%	0.8%	-3.1%	0.0%	0.6%	0.6%	0.0%	5.2%
2011	6.2%	-1.0%	-1.2%	0.8%	-0.3%	-0.6%	0.2%	4.1%
2010	2.7%	-1.1%	0.5%	0.0%	0.0%	0.0%	0.9%	3.0%



# RECONCILIATION OF NON-GAAP MEASURES

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## **Adjusted Gross Profit Margin**

This presentation discloses the Company's Gross Profit Margin. Adjusted Gross Profit Margin, as used in this presentation, excludes significant one-time items that are not indicative of the Company's period-to-period performance. We believe that this metric further enhances investors' understanding of the Company's year-over-year gross profit margin, excluding certain significant one-time items. These excluded items are as follows:

2017: Excludes the impact of a charge of \$1.3 million relating to the sale of the Company's chemical business in Brazil



# RECONCILIATION OF NON-GAAP MEASURES

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## **Adjusted SG&A:**

This presentation discloses the Company's SG&A expenses as a percent of net sales. Adjusted SG&A, as used in this presentation, is defined as selling, general and administrative expenses excluding significant one-time items that are not indicative of the Company's period-to-period performance. We believe that this metric further enhances investors' understanding of the Company's year-over-year expenses, excluding certain significant one-time items. These excluded items are as follows:

- 2017: Excludes the impact of the settlement of a foreign pension plan of \$39.2 million (\$31.5 post tax), and a charge of \$2.2 million relating to the sale of the Company's chemical business in Brazil
- 2018: No adjustments
- 2019: Excludes a \$7.3 million positive impact from an earn-out reversal from the acquisition of Passport Food Safety Solutions, Inc., \$7.6 million negative impact from the loss on the sale of the consumer Brazil business, and a \$10.0 negative impact from the FLAWLESS acquisition earn-out estimate.
- 2020: Excludes a \$94.0 million positive impact from the FLAWLESS acquisition earn-out estimate and a \$3.0 million positive impact from the gain on sale of an international brand

# RECONCILIATION OF NON-GAAP MEASURES

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## **Adjusted Operating Profit Margin:**

The presentation discloses Operating Profit margin (a GAAP measure) and Adjusted Operating Profit Margin (a non-GAAP measure) which excludes significant one-time items that are not indicative of the Company's period-to-period performance. We believe that excluding the significant one-time items provides a useful measure of the Company's ongoing operating performance growth. These excluded items are as follows:

- 2017 - Excludes the impact of the settlement of a foreign pension plan of \$39.2 million (\$31.5 post tax), the impact of a \$3.5 million charge relating to the sale of the Company's chemical business in Brazil
- 2019 - Excludes a \$7.3 million positive impact from an earn-out reversal from the acquisition of Passport Food Safety Solutions, Inc., \$7.6 million negative impact from the loss on the sale of the consumer Brazil business, and a \$10.0 negative impact from the FLAWLESS acquisition earn-out estimate.
- 2020 - Excludes a \$94.0 million positive impact from the FLAWLESS acquisition earn-out estimate and a \$3.0 million positive impact from the gain on sale of an international brand

# REPORTED & ADJUSTED NON-GAAP RECONCILIATIONS

	For the year ending December 31,			
	2020	2019	2018	2017
<b><u>Adjusted Gross Margin Reconciliation</u></b>				
Gross margin Reported	45.2%	45.5%	44.4%	45.8%
Brazil Charge	0.0%	0.0%	0.0%	0.0%
<b>Gross Margin - Adjusted (non-gaap)</b>	<b><u>45.2%</u></b>	<b><u>45.5%</u></b>	<b><u>44.4%</u></b>	<b><u>45.8%</u></b>
<b><u>Adjusted SG&amp;A Reconciliation</u></b>				
SG&A - Reported	12.1%	14.4%	13.6%	14.4%
Pension Settlement Charge	0.0%	0.0%	0.0%	-1.0%
Brazil Charge	0.0%	-0.2%	0.0%	-0.1%
Flawless Earnout Adjustment	1.9%	-0.2%	0.0%	0.0%
Passport Earnout Reversal	0.0%	0.2%	0.0%	0.0%
Sale of International Brand	0.1%	0.0%	0.0%	0.0%
<b>SG&amp;A Adjusted (non-gaap)</b>	<b><u>14.1%</u></b>	<b><u>14.2%</u></b>	<b><u>13.6%</u></b>	<b><u>13.3%</u></b>
<b><u>Adjusted Operating Profit Margin Reconciliation</u></b>				
Operating Profit Margin - Reported	21.0%	19.3%	19.1%	19.4%
Pension Settlement Charge	0.0%	0.0%	0.0%	1.0%
Brazil Charge	0.0%	0.2%	0.0%	0.1%
Flawless Earnout Adjustment	-1.9%	0.2%	0.0%	0.0%
Passport Earnout Reversal	0.0%	-0.2%	0.0%	0.0%
Sale of International Brand	-0.1%	0.0%	0.0%	0.0%
<b>Operating Profit Margin - Adjusted (non-gaap)</b>	<b><u>19.0%</u></b>	<b><u>19.5%</u></b>	<b><u>19.1%</u></b>	<b><u>20.5%</u></b>

**Church & Dwight Co., Inc. and Subsidiaries**  
**SG&A less Amortization Expense Reconciliation**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
SG&A as % of Net Sales - Reported	12.1%	14.4%	13.6%	14.4%
Pension Settlement Charge	-	-	-	-1.0%
Brazil Charge	-	-0.2%	-	-0.1%
Passport Earn-out Reversal	-	0.2%		
Flawless Earn-out Adjustment	1.9%	-0.2%		
Amortization Expense	-2.5%	-2.6%	-1.8%	-1.7%
Sale of International Brand	0.1%			
SG&A as % of Net Sales - Adjusted (non-GAAP)	<u>11.6%</u>	<u>11.6%</u>	<u>11.8%</u>	<u>11.6%</u>



# RECONCILIATION OF NON-GAAP MEASURES

---

## Adjusted EPS:

This presentation discloses reported EPS excluding the following, namely, earnings per share calculated in accordance with GAAP adjusted to exclude significant one-time items that are not indicative of the Company's period-to-period performance. We believe that this metric provides investors a useful perspective of underlying business trends and results and provides useful supplemental information regarding our year-over-year earnings per share growth. The excluded items are as follows:

2010: Excludes \$24.3 million (\$15.9 post tax) associated with the settlement of a pension plan.

2011: Excludes \$12.9 million tax valuation allowance for the Company's Brazilian subsidiary

2015: Excludes the impact of the settlement of a foreign pension plan of \$8.9 million (\$6.6 post tax) and the pre and post - tax Natronx Impairment charge of \$17 million.

2016: Excludes the impact of a plant impairment charge of \$4.9 million at the Company's Brazilian subsidiary.

2017: Excludes a (\$0.12 per share) charge associated with the settlement of a foreign pension plan, a (\$0.01 per share) charge associated with the sale of the Company's chemical business in Brazil, a tax benefit of \$0.03 per share from a prior year joint venture impairment charge and a one-time tax benefit (non-cash) of \$1.06 per share to adjust deferred tax accounts and reflect deemed repatriation of foreign subsidiary earnings as a result of the Tax Cuts and Jobs Act (TCJA).

2019: Excludes a \$0.02 positive impact from an earn-out reversal from the acquisition of Passport Food Safety Solutions, Inc., \$0.03 negative impact from the loss on the sale of the consumer Brazil business, and \$0.02 negative impact from the FLAWLESS acquisition earn-out estimate.

2020: Excludes a \$0.28 per share positive impact from the FLAWLESS acquisition earn-out estimate and a \$0.01 per share positive impact from the gain on sale of an international brand.



# REPORTED & ADJUSTED NON-GAAP RECONCILIATIONS

	For the year ending December 31,											
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b><u>Adjusted EPS Reconciliation</u></b>												
EPS - Reported	\$ 3.12	\$ 2.44	\$ 2.27	\$ 2.90	\$ 1.75	\$ 1.54	\$ 1.51	\$ 1.40	\$ 1.23	\$ 1.06	\$ 0.94	\$ 0.85
Restructuring Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07
Legal Settlement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.05)
Pension Settlement Charge	\$ -	\$ -	\$ -	\$ 0.12	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -
Brazil Charge	\$ -	\$ 0.03	\$ -	\$ 0.01	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -	\$ -
Joint Venture Impairment Tax Benefit	\$ -	\$ -	\$ -	\$ (0.03)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Natronx Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. TCIA Tax Reform	\$ -	\$ -	\$ -	\$ (1.06)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Sale of International Brand	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Passport Earn-out Reversal	\$ -	\$ (0.02)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flawless Earn-out Adjustment	\$ (0.28)	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EPS - Adjusted (non-gaap)</b>	<b><u>\$ 2.83</u></b>	<b><u>\$ 2.47</u></b>	<b><u>\$ 2.27</u></b>	<b><u>\$ 1.94</u></b>	<b><u>\$ 1.77</u></b>	<b><u>\$ 1.62</u></b>	<b><u>\$ 1.51</u></b>	<b><u>\$ 1.40</u></b>	<b><u>\$ 1.23</u></b>	<b><u>\$ 1.11</u></b>	<b><u>\$ 0.99</u></b>	<b><u>\$ 0.87</u></b>

# RECONCILIATION OF NON-GAAP MEASURES

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## **Free Cash Flow:**

Free cash flow (a non-GAAP measure) is defined as cash from operating activities (a GAAP measure) less capital expenditures (a GAAP measure). Management views free cash flow as an important measure because it is one factor in determining the amount of cash available for dividends and discretionary investment.

## **Free Cash Flow as Percent of Net Income (Free Cash Flow Conversion):**

Free cash flow as percent of net income is defined as the ratio of free cash flow to net income. Management views this as a measure of how effective the Company manages its cash flow relating to working capital and capital expenditures.

# RECONCILIATION OF NON-GAAP MEASURES

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## **Total Debt to Bank EBITDA:**

Total Debt to Bank EBITDA is a ratio used in our debt agreements. Bank EBITDA (a non-GAAP measure) is a form of adjusted EBITDA, and represents earnings from Income (a GAAP measure), excluding interest income, interest expense, and before income taxes, depreciation, and amortization (EBITDA) and certain other adjustments per the Company's Credit Agreement.

Total Debt is defined as short and long term debt as defined by GAAP, plus items that are classified as debt by the Company's credit agreement. These items include Letters of Credit, Capital and Synthetic Lease Obligations, and certain Guarantees.

Management believes the presentation of Total Debt to Bank EBITDA provides additional useful information to investors about liquidity and our ability to service existing debt.

# DEBT TO BANK EBITDA RECONCILIATION

Church & Dwight Co., Inc

(\$ in millions)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Debt as Presented (1)	\$2,163.9	\$2,063.1	\$2,107.1	\$2,374.3	\$1,120.1	\$1,050.0	\$1,086.6	\$797.3	\$895.6	\$246.7	\$333.3
Other Debt per Covenant (2)	1.5	15.9	56.7	59.2	75.1	83.5	88.0	90.3	79.1	45.9	11.7
Total Debt per Credit Agreement	\$2,165.4	\$2,079.0	\$2,163.8	\$2,433.5	\$1,195.2	\$1,133.5	\$1,174.6	\$887.6	\$974.7	\$292.6	\$345.0
Net Cash from Operations	\$ 990.3	\$ 864.6	\$ 763.6	\$ 681.5	\$ 655.3	\$ 606.1	\$ 540.3	\$499.6	\$523.6	\$437.8	\$428.5
Interest Paid	58.8	70.6	74.9	33.3	25.6	29.0	25.7	26.4	9.7	9.2	29.3
Current Tax Provision	162.2	152.2	139.8	186.9	222.0	201.0	198.3	192.3	179.5	125.6	108.7
Excess Tax Benefits on Option Exercises	-	-	-	-	30.0	15.8	18.5	13.1	14.6	12.1	7.3
Change in Working Capital and other Liabilities	37.3	(33.2)	(14.2)	(0.8)	(74.4)	(38.6)	(13.5)	16.1	(75.4)	11.0	(31.6)
Adjustments for Significant Acquisitions/Dispositions (net)	46.2	17.9	-	50.2	-	-	-	-	46.8	3.9	6.8
Adjusted EBITDA (per Credit Agreement)	\$1,294.8	\$1,072.1	\$ 964.1	\$ 951.1	\$ 858.5	\$ 813.3	\$ 769.3	\$747.5	\$698.8	\$599.6	\$549.0
Ratio	1.7	1.9	2.2	2.6	1.4	1.4	1.5	1.2	1.4	0.5	0.6

Notes:

(1) Net of Deferred Financing Costs per ASC 2015-03, "Simplifying the Presentation of Debt Issuance Costs"

(2) Includes Letters of Credit, Capital and Synthetic Lease Obligations, and certain Guarantees.



# RECONCILIATION OF NON-GAAP MEASURES

## Non-GAAP Reconciliations for Fourth Quarter of Fiscal Year 2020

Three Months Ended 12/31/2020					
	Total Company	Worldwide Consumer	Consumer Domestic	Consumer International	Specialty Products
Reported Sales Growth	13.2%	14.2%	13.8%	16.2%	-1.2%
Less:					
Acquisitions	2.2%	2.3%	2.8%	0.4%	0.0%
Add:					
FX / Other	-0.3%	-0.3%	0.0%	-1.7%	0.0%
Divestitures	0.1%	0.1%	0.0%	0.8%	0.0%
Organic Sales Growth	10.8%	11.7%	11.0%	14.9%	-1.2%

	For the quarter ended December 31, 2020		For the quarter ended December 31, 2019		Change
	% of NS		% of NS		
<u>Adjusted SG&amp;A Reconciliation</u>					
SG&A - Reported	\$	165.2	12.8 %	\$ 166.2	14.5 %
Flawless Earn-Out Adjustment		22.0	1.6 %	7.0	0.6 %
SG&A - Adjusted (non-GAAP)	\$	187.2	14.4 %	\$ 173.2	15.1 %

	For the quarter ended December 31, 2020	
	% of NS	
<u>Adjusted Income From Operations</u>		
Income From Operations - Reported	\$	190.6
Flawless Earn-Out Adjustment		-22.0
Income From Operations - Adjusted	\$	168.6

	For the quarter ended December 31, 2020		For the quarter ended December 31, 2019		Change
<u>Adjusted Diluted Earnings Per Share Reconciliation</u>					
Diluted Earnings Per Share - Reported	\$	0.59	\$	0.58	1.7 %
Flawless Earn-Out Adjustment		-0.06		-0.03	100.0 %
Diluted Earnings Per Share - Adjusted (non-GAAP)	\$	0.53	\$	0.55	-3.6 %

