



# 2019 Barclays Global Consumer Staples Conference


# 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 impact of competitive laundry detergent products, including unit dose laundry detergent; 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); 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. 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 Adjusted EPS, Organic Sales Growth, Adjusted Gross Margin, Adjusted Operating Margin, Adjusted SG&A, Adjusted 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.

We have **confidence** in our future.

-  Consistent innovation
-  Digitally savvy
-  International growth continues
-  Animal Productivity opportunity
-  Strong financial outlook

# Deliver Outstanding Returns to Our Shareholders



\* As of August 30th, 2019





01

# Who We Are

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

# We Have an Evergreen Business Model

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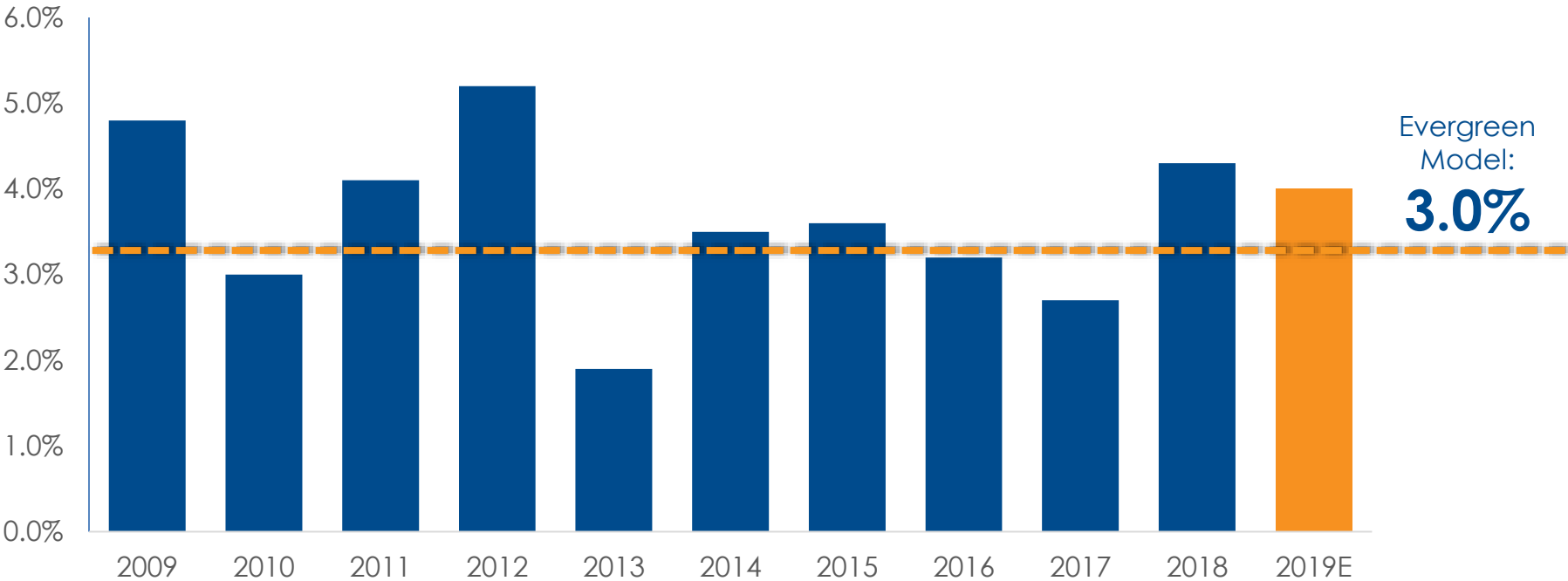
**3%** Organic Sales Growth

**8%** EPS Growth



# Organic Sales Growth for the Last 10 Years

**3.6%** 10-year organic sales average



# Organic Sales – Sources

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TROJAN 

*Nair*



**Orajel**



**Oxi  
CLEAN**



*Batiste*

**waterpik**

FINISHING TOUCH®  
**FLAWLESS** ©

# 12 POWER BRANDS



# These 12 Brands Drive Our Results

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*more than*

**80%**

of sales & profits are  
represented by these

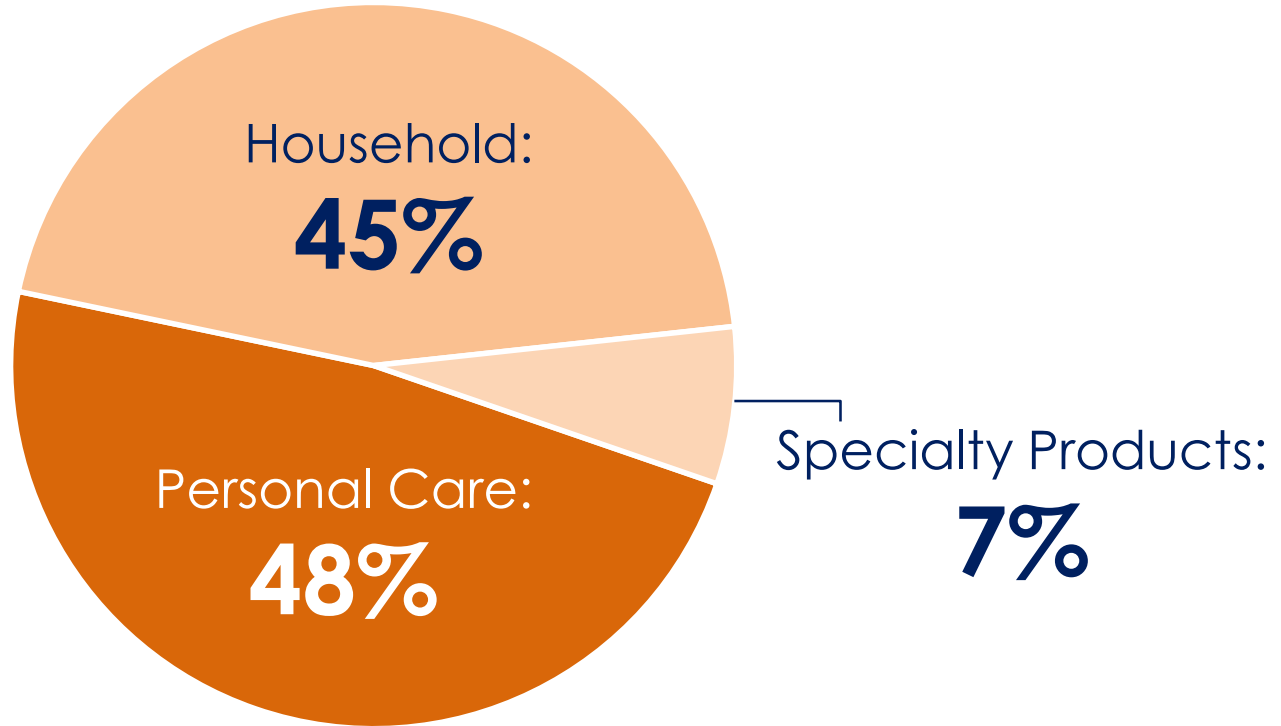
**12 POWER BRANDS**



# Our Portfolio Is Balanced & Diversified

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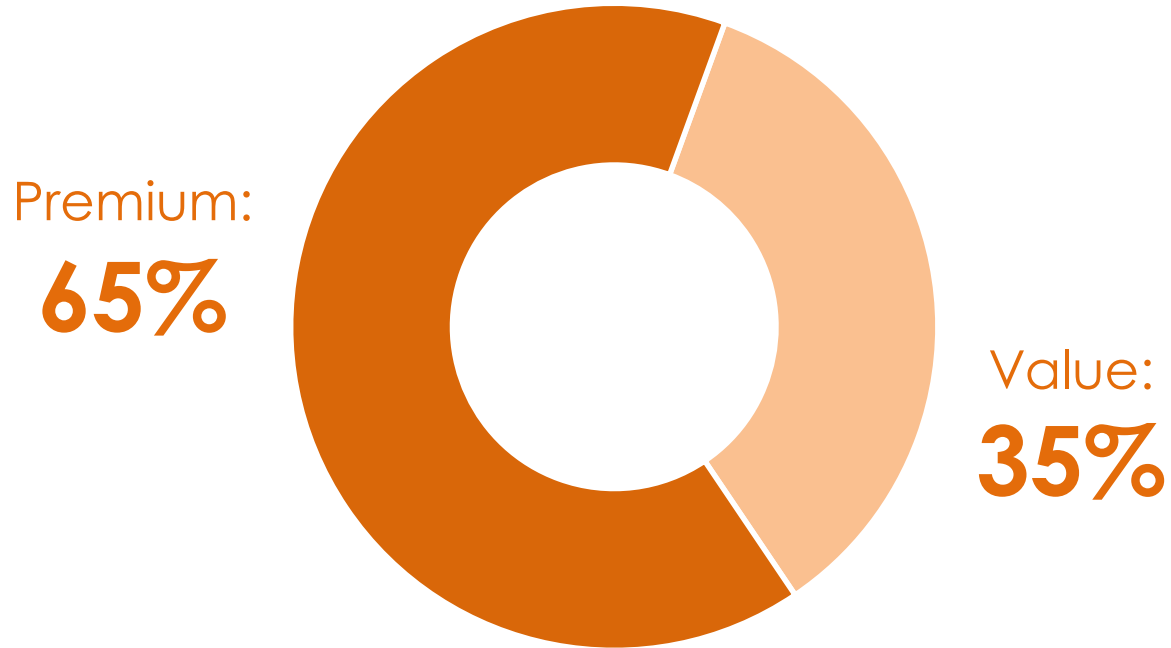
A well-balanced portfolio of household and personal care products.



# Diversified Product Portfolio

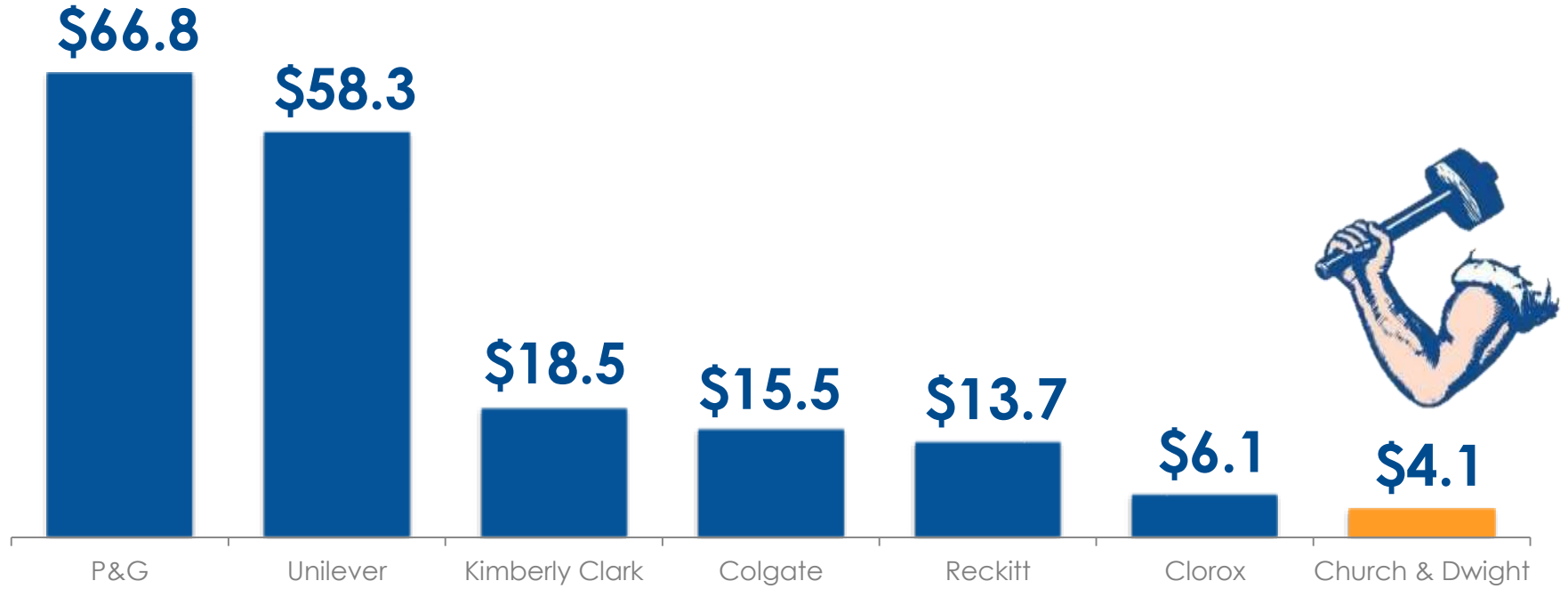
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**Our Unique Product Portfolio Has Both Value and Premium Products**



# We Operate in the Land of Giants

2018 Net Sales (billions)

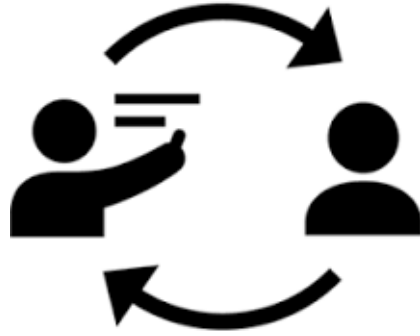


# Nimble Organizational Structure

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**quick decision  
making**



**easy  
communication**



**ability to adapt**

# Church & Dwight is an Acquisition Platform

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# We Have Clear Acquisition Criteria

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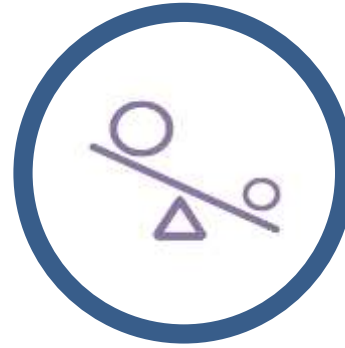
Primarily #1  
or #2 share  
brands



Higher growth,  
higher margin  
brands



Asset Light



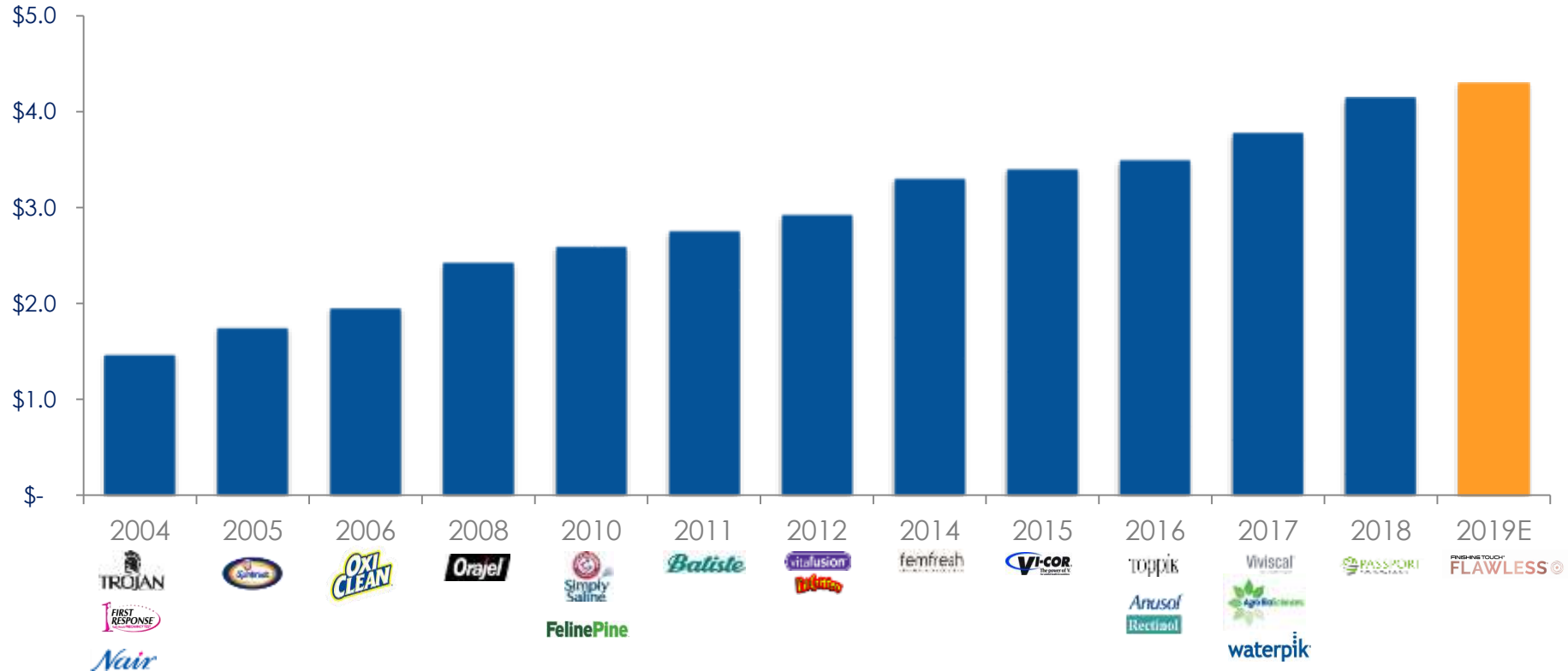
Leverage CHD  
manufacturing,  
logistics and  
purchasing



Deliver  
sustainable  
competitive  
advantage

# Long History of Growth Through Acquisitions

Net Sales (Billions)



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



# Will Have Acquired 11 of our 12 Power Brands Since 2001

Acquired 2001



TROJAN

#1 Condom

Acquired 2001



XTRA

#1 Extreme Value  
Laundry Detergent

Acquired 2001



FIRST  
RESPONSE  
Early Result PREGNANCY TEST

#1 Pregnancy Kit

Acquired 2001



Nair

#1 Depilatory

Acquired 2005



Spinbrush

#1 Battery Powered  
Toothbrush

Acquired 2006



OXI  
CLEAN

#1 Laundry Additive

Acquired 2008



Orajel

#1 Oral Care Pain  
Relief

Acquired 2011



Batiste

#1 Dry Shampoo

Acquired 2012



vita**fusion**  
Lil**Critters**

#1 Adult & Kids  
Gummy Vitamin

Acquired 2017



water**pik**

#1 Power Flosser,  
#1 Replacement  
Showerhead

Acquired 2019



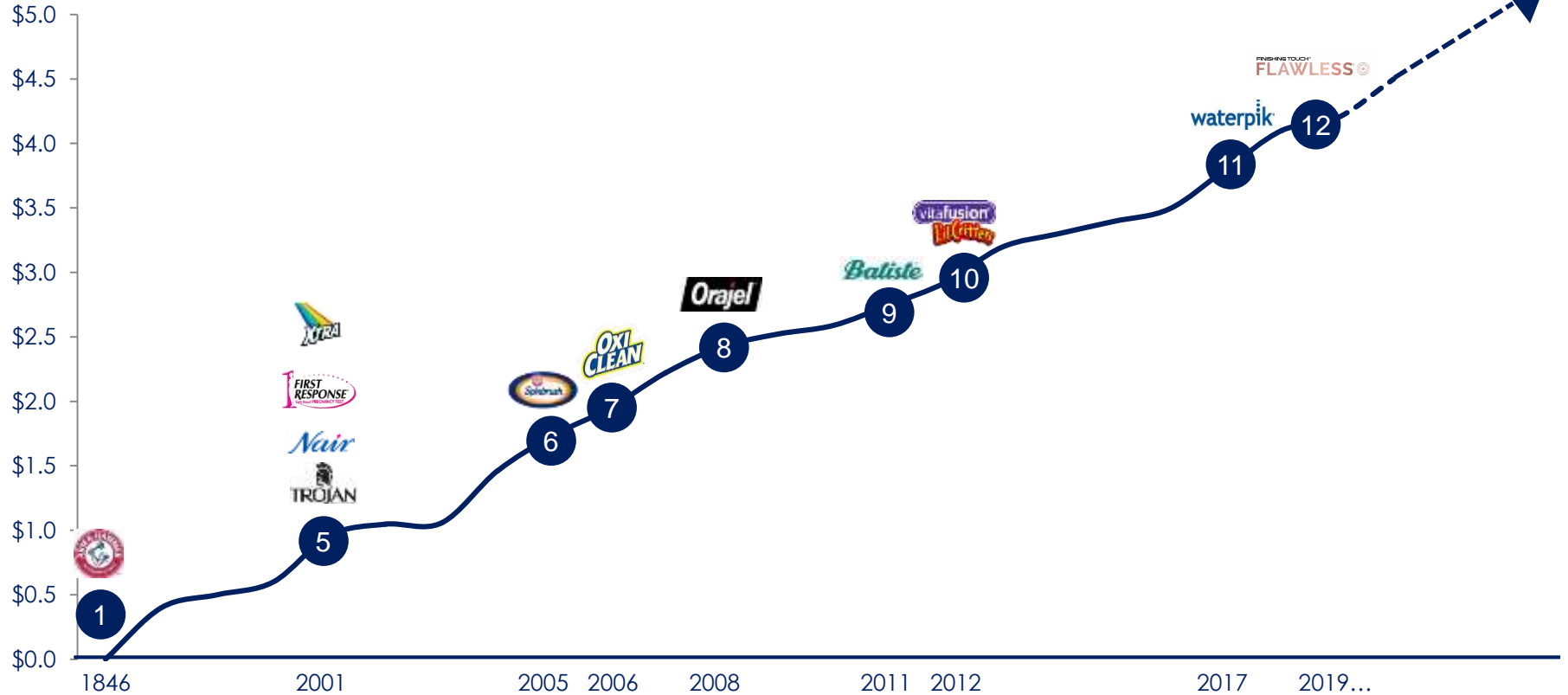
FINISHING TOUCH<sup>®</sup>  
FLAWLESS<sup>®</sup>

#1 Women's Electric  
Hair Removal System



# 12 Power Brands Today, 20 Tomorrow

Net Sales (Billions)



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





02

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# Why We Are Winning

# Why We are Winning

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We are in the **right categories**.

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We know how to **grow share**.

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We have low exposure to **private label**.

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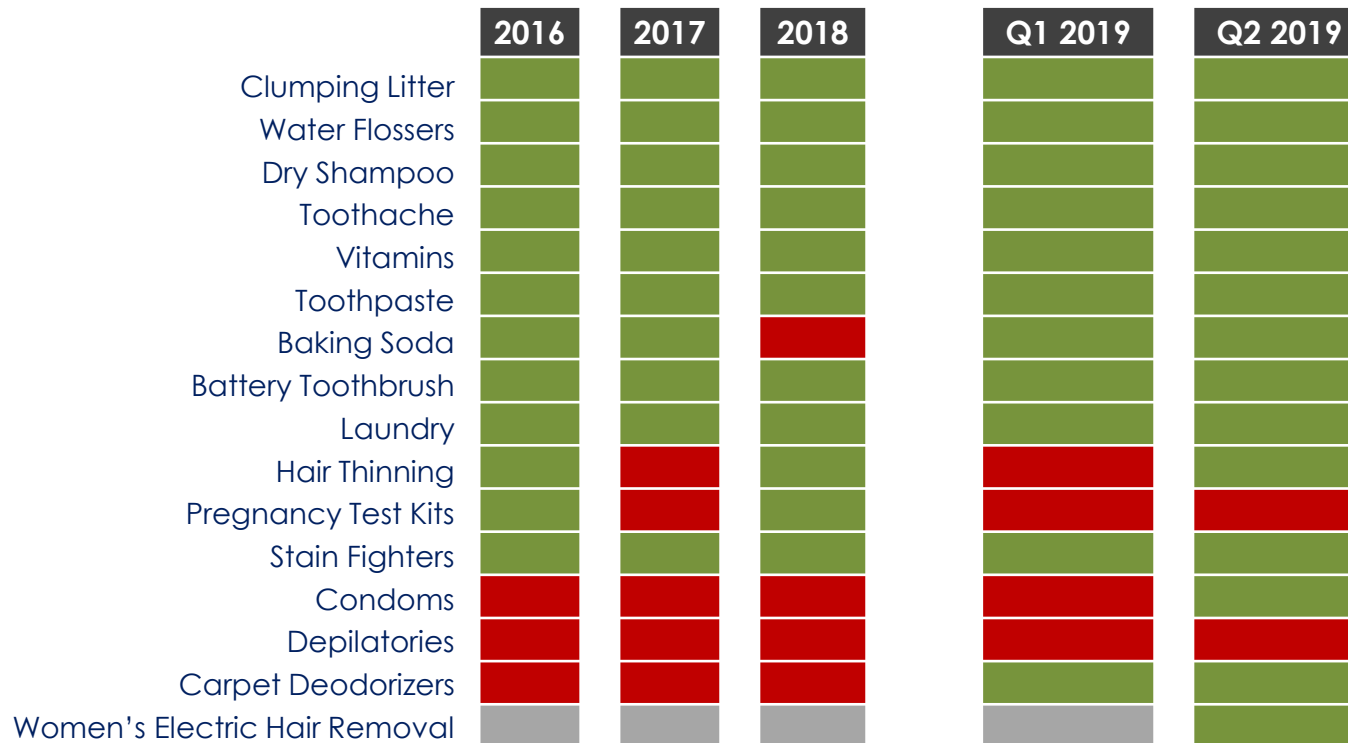
We continue to win in **e-commerce**.

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We are “**catching waves**” with acquisitions.



# We Are in the Right Categories



**WEIGHTED CATEGORY GROWTH**

**3.3**

**2.8**

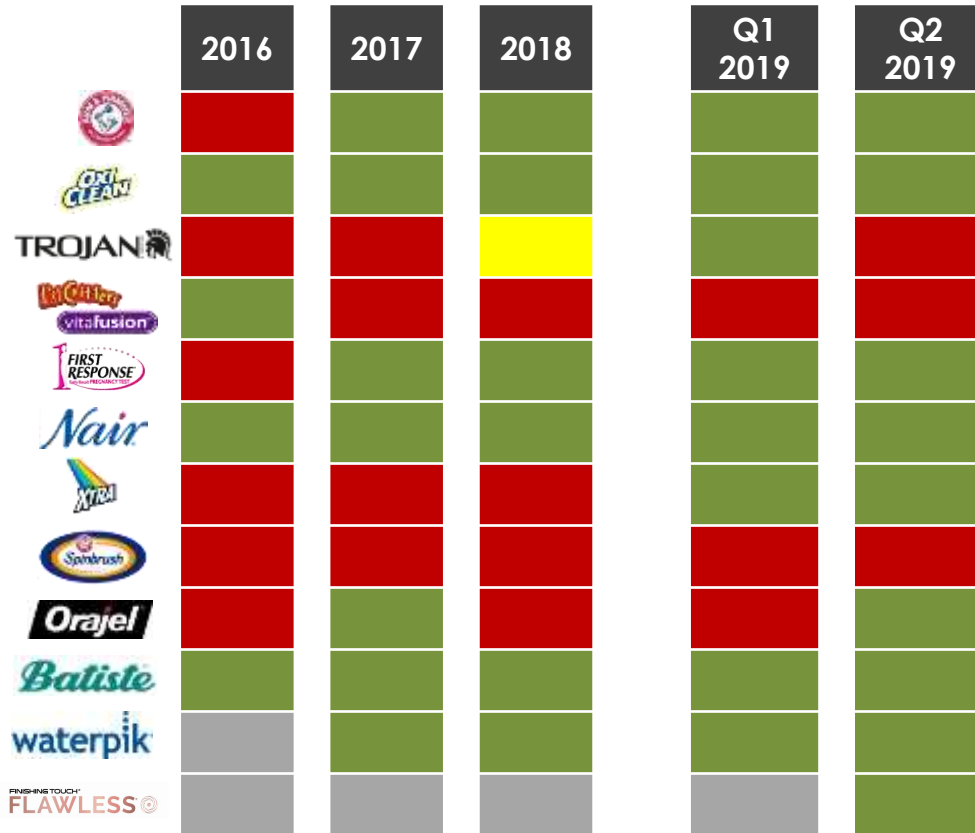
**2.9**

**3.0**

**3.4**



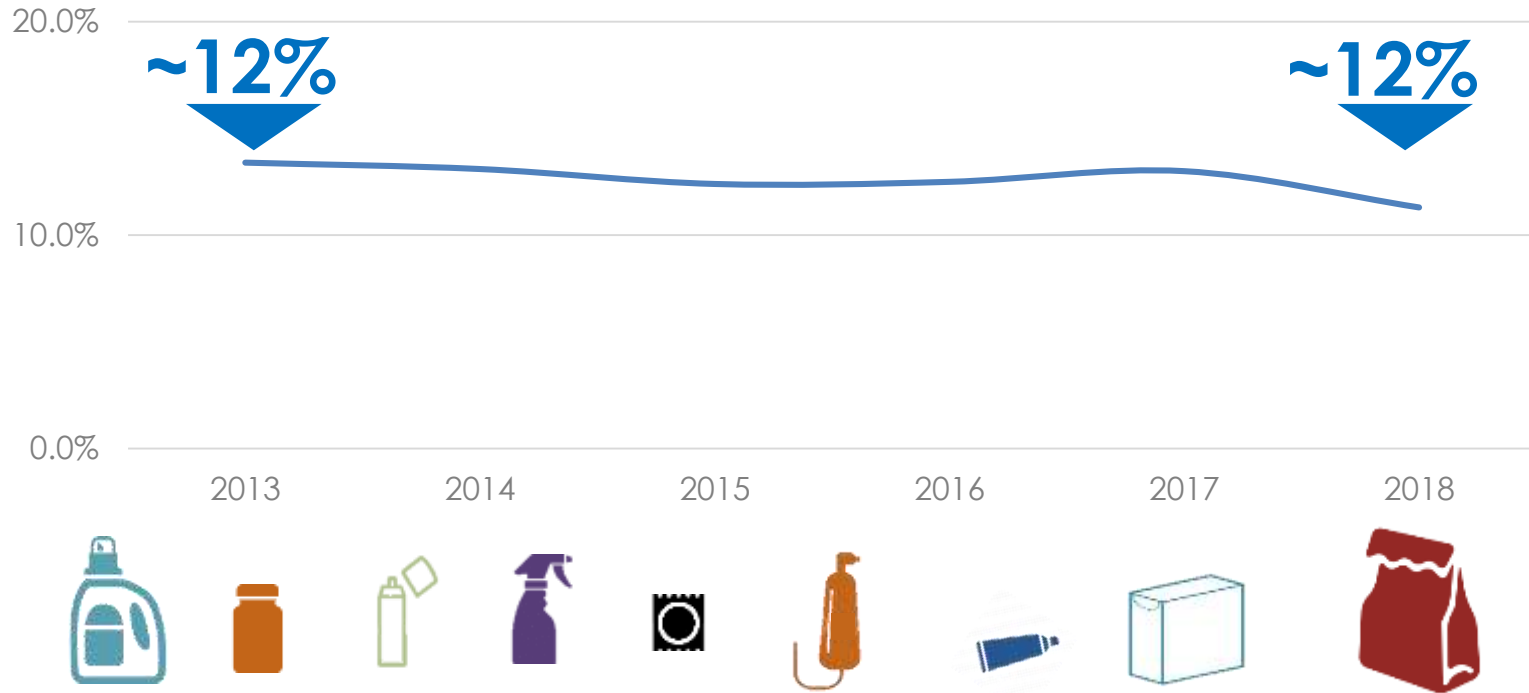
# We Know How to Grow Share



9 out of 12  
power brands  
maintained or  
grew share in  
Q2 2019

# We Have Low Exposure to Private Label

Weighted Average Private Label Share of our Categories



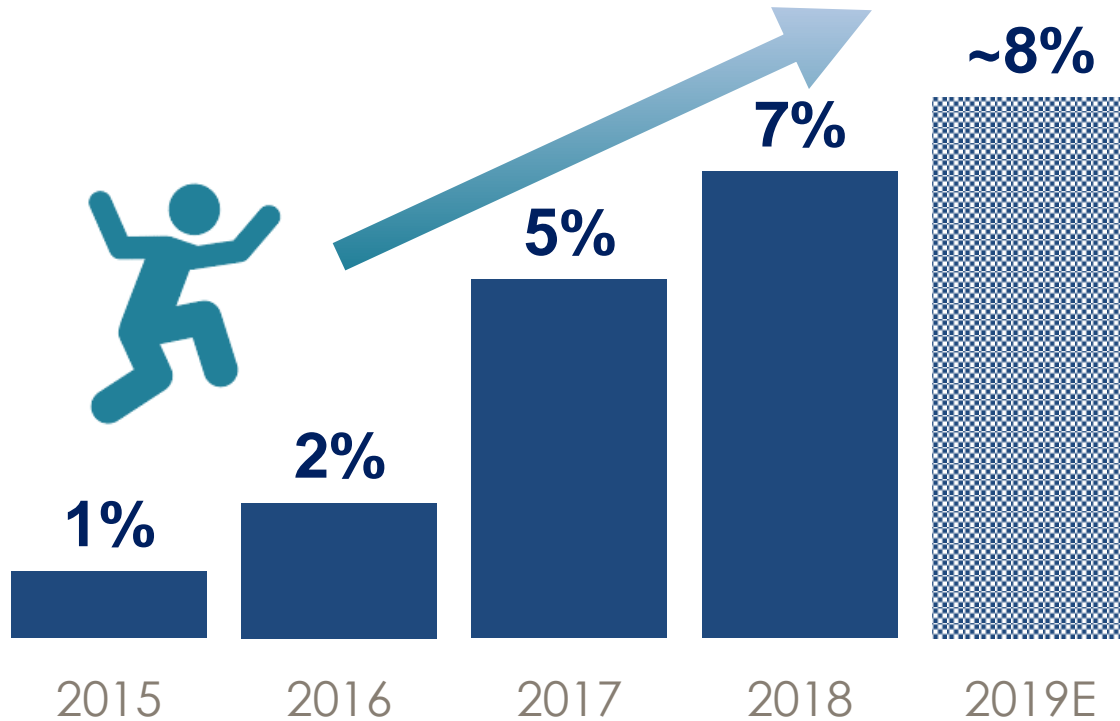
# Private Label Shares are Stable

Only **5** of our **15** categories have private label exposure



# We Continue to Win in E-Commerce

## Church & Dwight Sales



# We Have #1 Products on Amazon



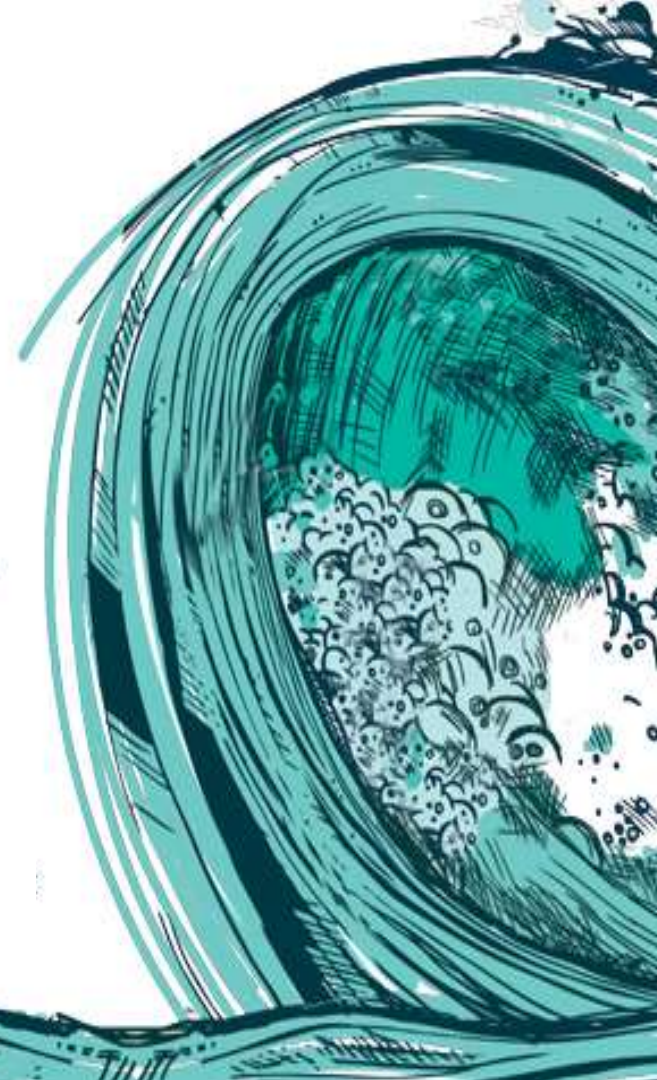


**Catching a wave  
with an acquisition**

80% of women do not wash their hair daily.



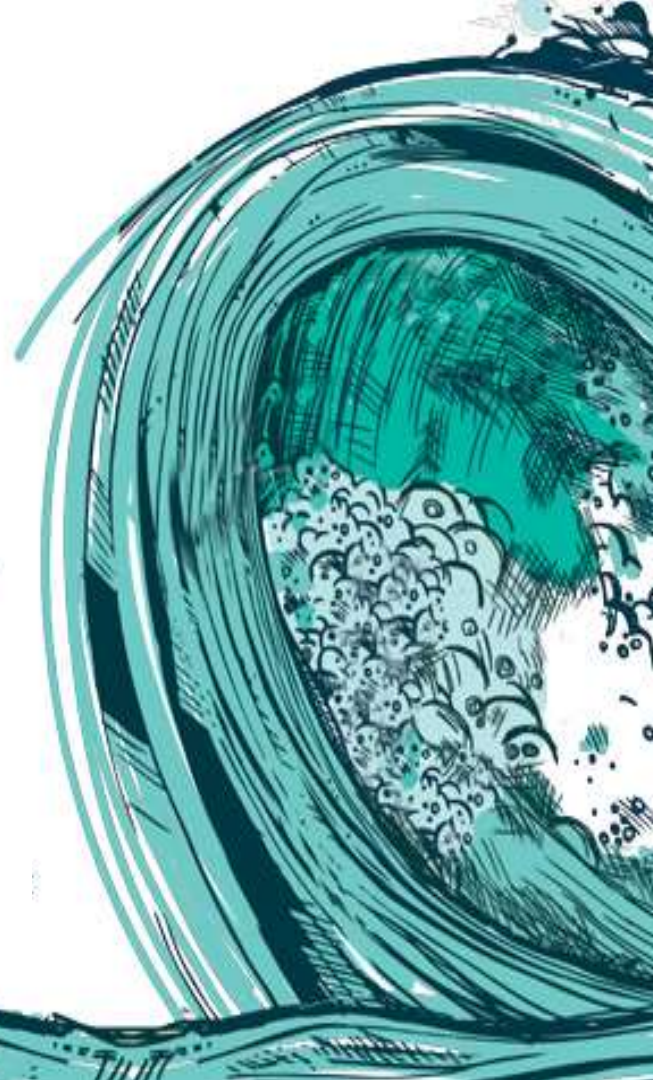
*Batiste*<sup>TM</sup>  
acquired 2011



12% of adult VMS is now in gummy form.



acquired 2012



40% of men & women have noticeable hair loss by age 40.



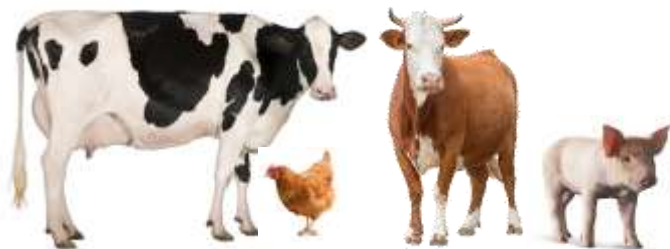
acquired **2015**



acquired **2016**



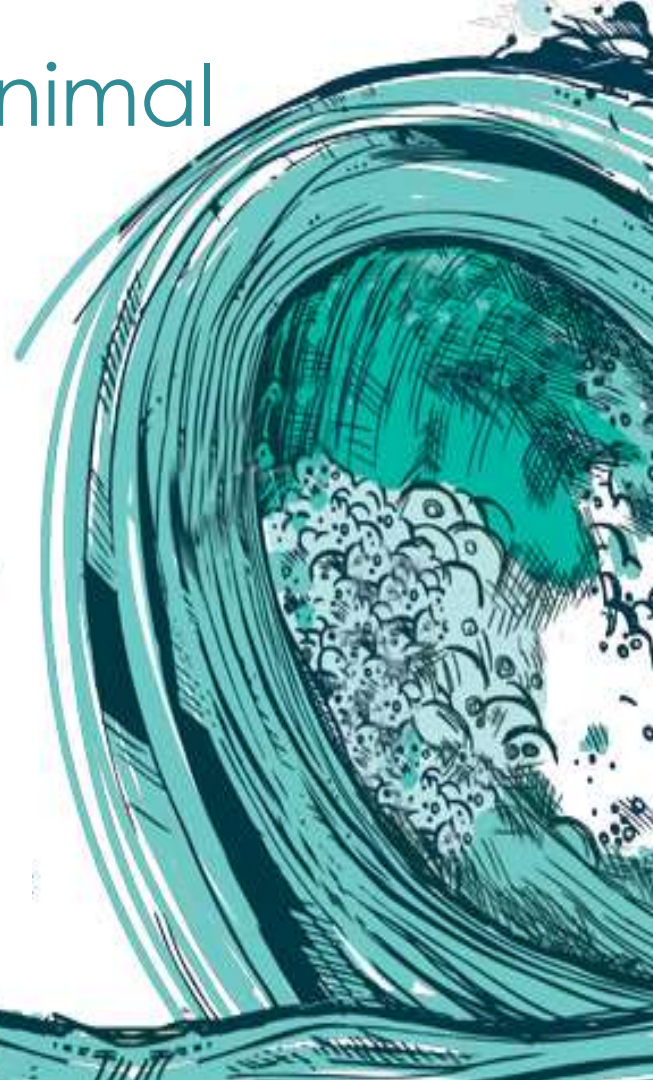
# 40% decrease in the use of animal antibiotics since 2015.



acquired **2015**



acquired **2017**



**55%** of non-flossers say manual flossing is “too time consuming”.



**waterpik**<sup>®</sup>  
acquired **2017**



**5 hours per week** is the average time a 16 to 25 year old woman spends taking selfies.



FINISHING TOUCH®  
**FLAWLESS**®   
acquired **2019**





**MORE POWER TO YOU**

**03**

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**Master Brand  
Update**

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



**EMPOWERING PRODUCTS. EMPOWERING PEOPLE.**



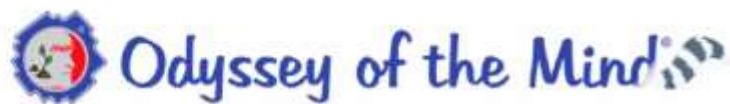
a **BILLION** dollar brand.

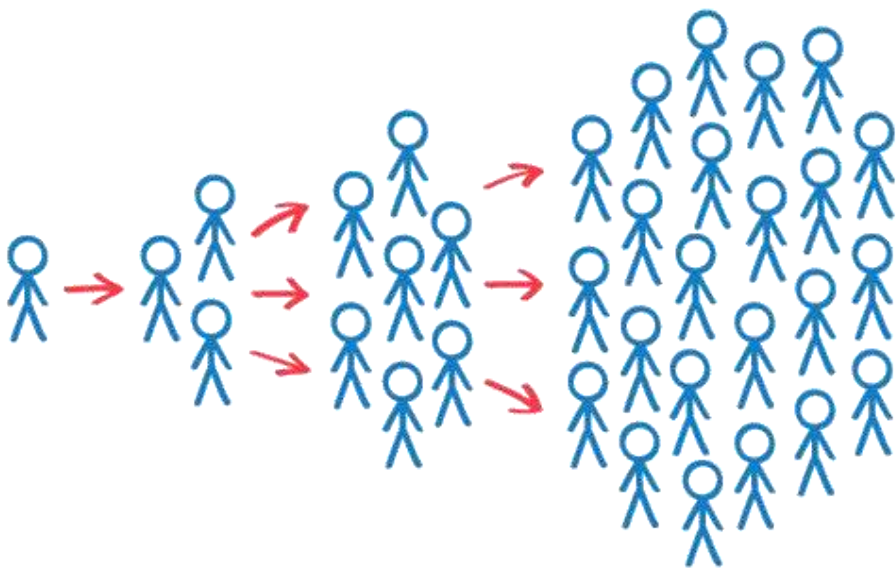
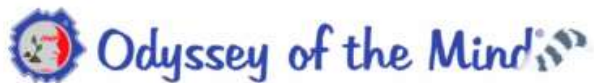
4.6B

impressions since  
the campaign  
first began



**MORE POWER TO YOU™**





**4x**  
**consumer**  
**engagement**

# JENNIE FINCH PARTNERSHIP





# Get your FLEX on and nominate a coach.



#MorePowerToYou #Sweepstakes @ArmAndHammer

04

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# Spotlight on Acquisitions



# waterpik®



- #1 power flosser
- Recommended by the American Dental Association
- #1 showerhead replacement



# Top Reasons for Growth

# waterpik®



Prevalence of  
gum disease



Demand for  
braces



Oral care  
awareness  
increasing  
across all  
demographics



Connection  
with the  
hygienist  
community



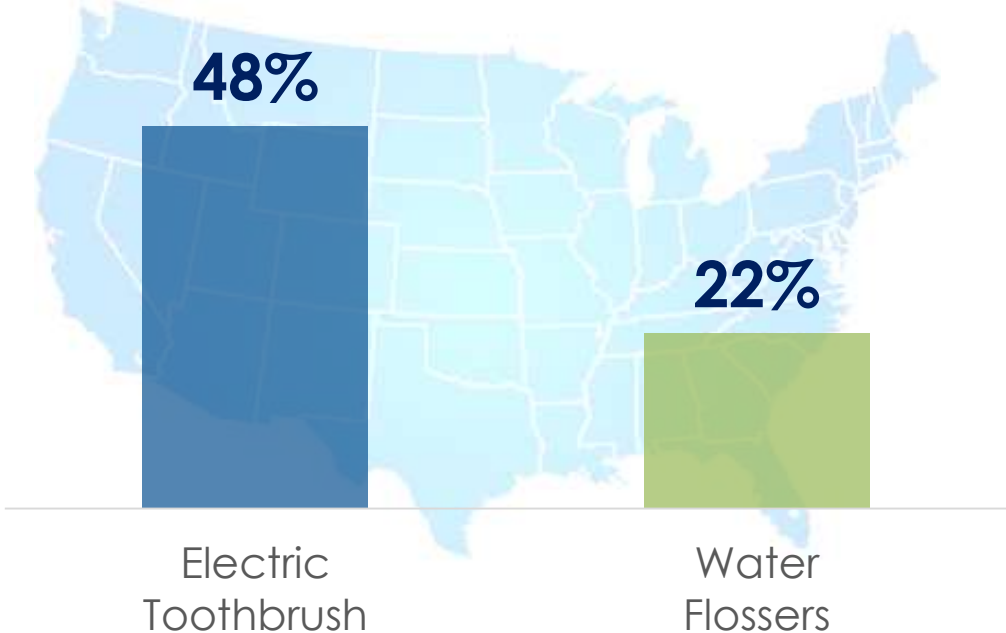
International  
expansion  
through  
leveraging  
CHD footprint



# Growth Driver: Increasing Household Penetration in U.S.

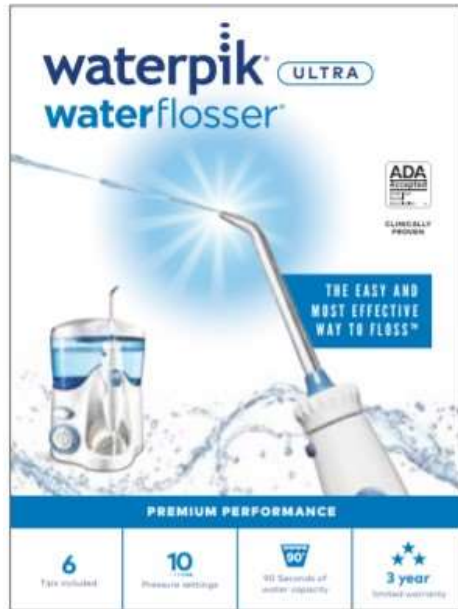
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**waterpik®**



# Growth Driver: Consumers Trading Up

\$69



waterpik<sup>®</sup> ULTRA  
waterflosser<sup>™</sup>

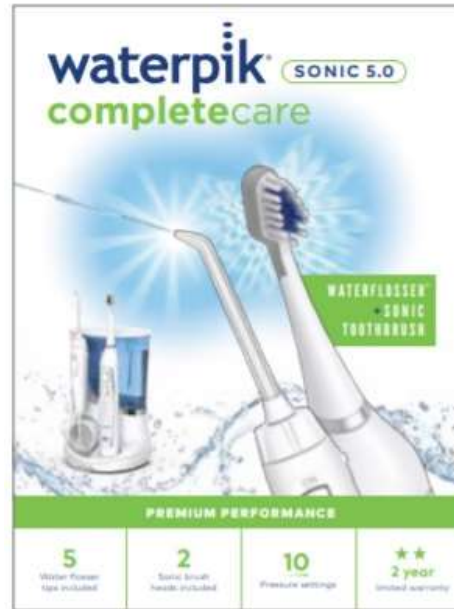
ADA  
Accepted  
CLINICALLY  
PROVEN

THE EASY AND  
MOST EFFECTIVE  
WAY TO FLOSS<sup>™</sup>

PREMIUM PERFORMANCE

6 Tips included	10 Pressure settings	90° 100 Seconds of water capacity	3 year limited warranty
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\$108



waterpik<sup>®</sup> SONIC 5.0  
completecare

ADA  
Accepted  
CLINICALLY  
PROVEN

WATERFLOSSER<sup>™</sup>  
+ SONIC  
TOOTHBRUSH

PREMIUM PERFORMANCE

5 Water Flosser tips included	2 Sonic brush heads included	10 Pressure settings	2 year limited warranty
-------------------------------------	------------------------------------	-------------------------	----------------------------

\$169



waterpik<sup>®</sup> NEW!  
sonic-fusion<sup>®</sup>

ADA  
Accepted  
CLINICALLY  
PROVEN

THE FLOSSING  
TOOTHBRUSH

ONE STEP TO A COMPLETE CLEAN

Clinically Proven	UP TO 2x As effective as regular brushing & flossing	Brush & Floss at the Same Time!	3 year limited warranty
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# Growth Driver: Repeat Purchases

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PUTTING THE  
MAGIC  
TOGETHER



BRUSH AND FLOSS  
AT THE SAME TIME

waterpik  
sonic-fusion®



# Outstanding Product, Outstanding Consumer Ratings

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**4.8** average  
customer  
review

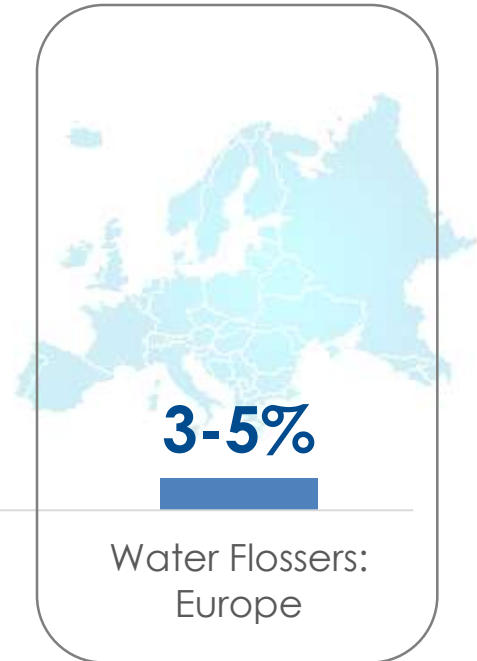
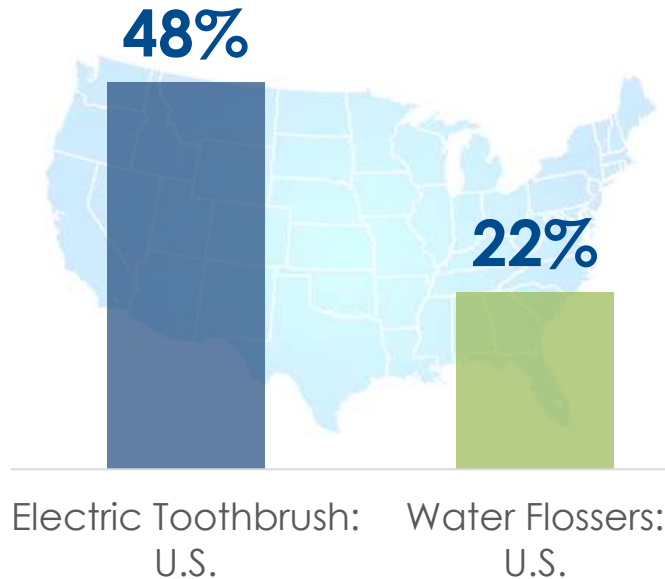


Waterpik Water Flosser Electric Dental Countertop Oral Irrigator For Teeth – Aquarius Professional, White by Waterpik

★★★★★ 15,673 customer reviews | 1000+ answered questions

**Amazon's Choice** for "waterpik"

# Growth Driver: International Expansion



# Waterpik International Program Expansion

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**Lunch & Learn**  
Expansion to all regions



**International Dental Show**  
Largest brand presence to date



FINISHING TOUCH®

FLAWLESS® 

- #1 women's electric hair remover
- Flawless provides simple, fast, dermatologist-approved solutions for face, brows and legs
- **Women today are more focused on hair removal from their bodies**

# #1 women's electric hair remover with **62%** market share



face



brows



legs



# Flawless Skin

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Selfie ready  
generation



Makeup-free  
trend



Demographics



International  
expansion

# Growth Drivers

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New  
products



New  
distribution



International  
expansion

FINISHING TOUCH®

FLAWLESS®

## Dermaplane Glo Lighted Facial Exfoliator And Hair Remover

★★★★★ Silky, smooth face

August 9, 2019

**Verified Purchase** | **Early Reviewer Rewards** ([What's this?](#))

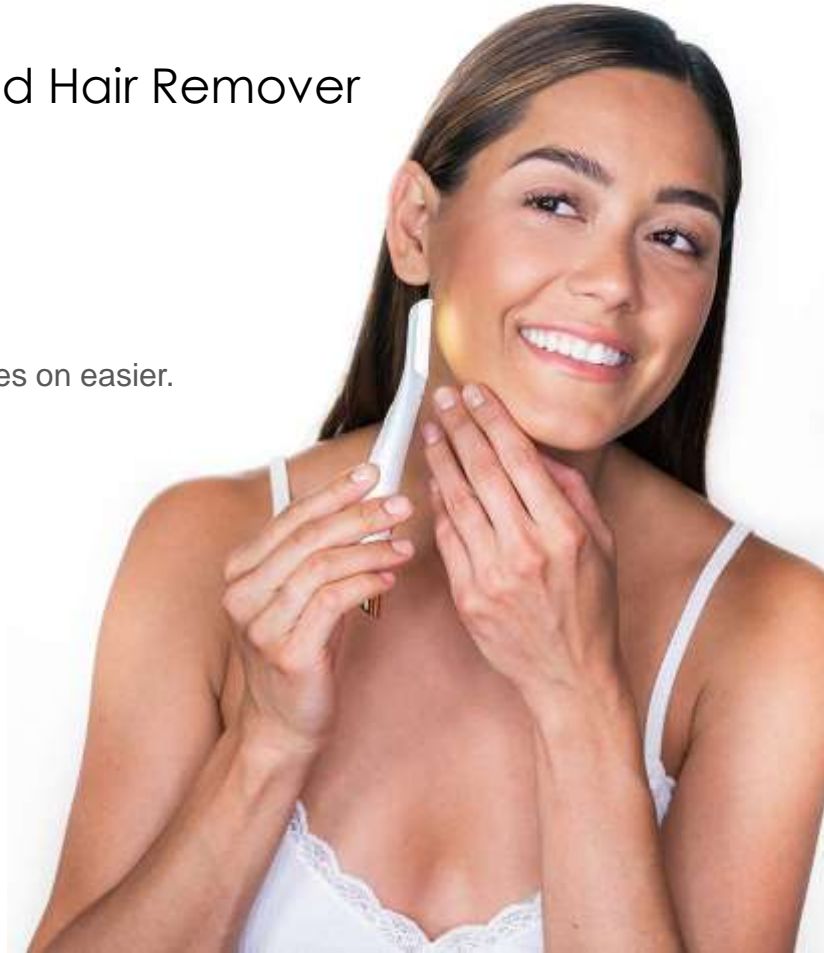
Easy to use. Leaves face silky and smooth. Moisturizer and makeup goes on easier. No peach fuzz.

★★★★★ Makes your make up go on smooth

August 24, 2019

**Verified Purchase**

Seriously amazing. Feels weird doing it but the end results are worth it. My make up hasn't ever looked this good.



FINISHING TOUCH®  
**FLAWLESS** Contour™

Contour Vibrating Facial Roller & Massager, Rose Quartz

★★★★★ FT Flawless Contour was the perfect gift!!!!!!

August 7, 2019

Verified Purchase

I bought a Flawless Contour for my girlfriend and she loves it!!! She rates it five stars!!!!

★★★★★ Yessss

August 17, 2019

Verified Purchase | Early Reviewer Rewards [\(What's this?\)](#)

I love this thing – as a mom of 2 I suffer from tiredness and puffy eyes. I find this to be so relaxing. Where has this been all my life??



# Driving Points of Sale



DISPLAYS



END-CAPS

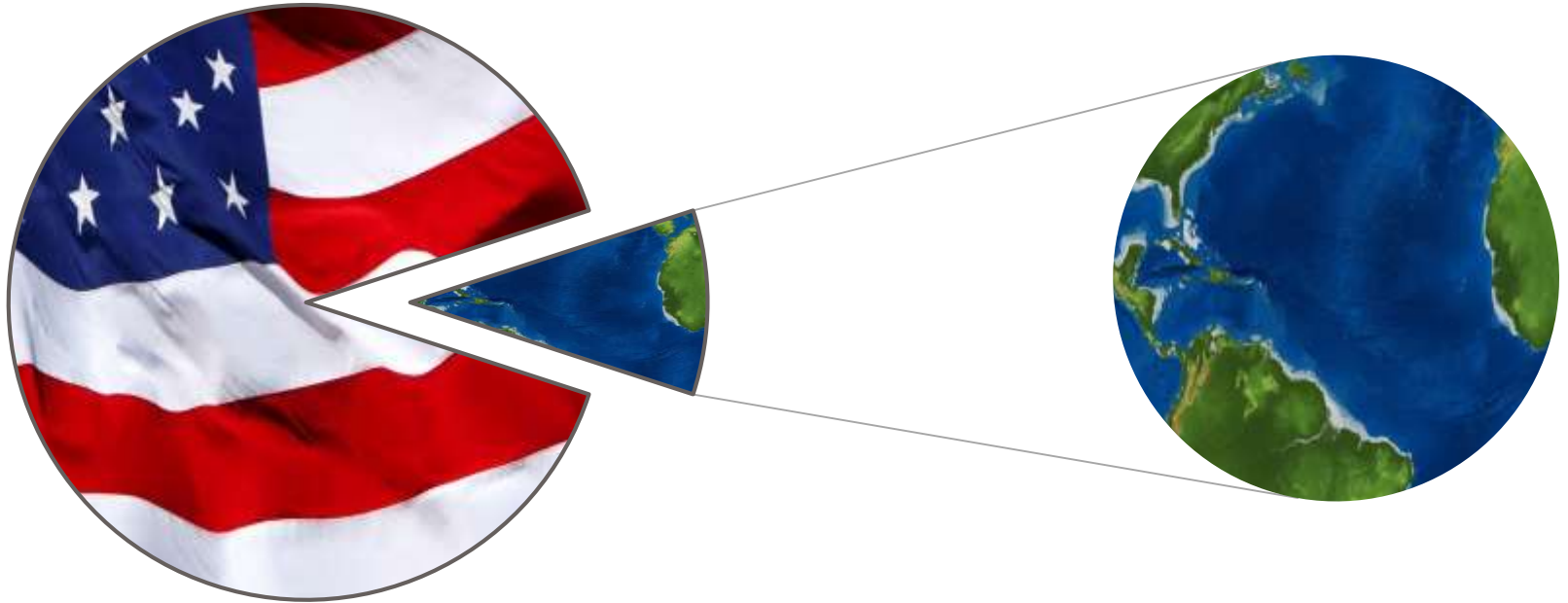


PERMANENT  
SHELF SPACE

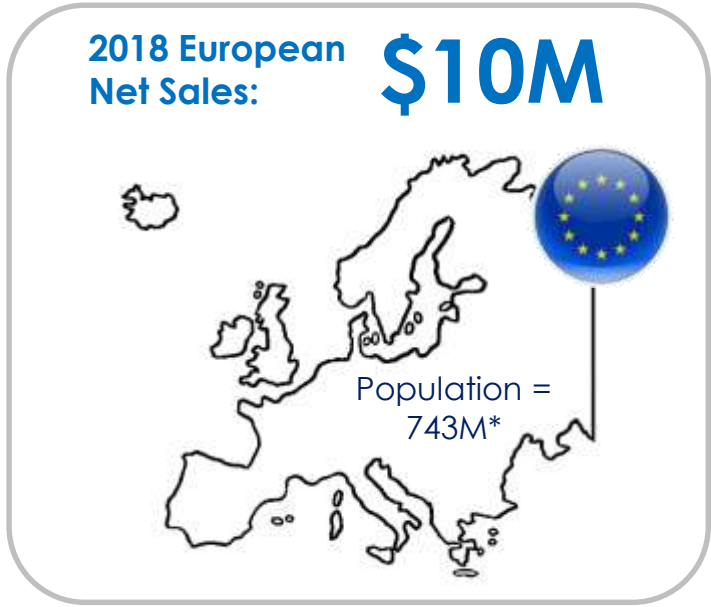
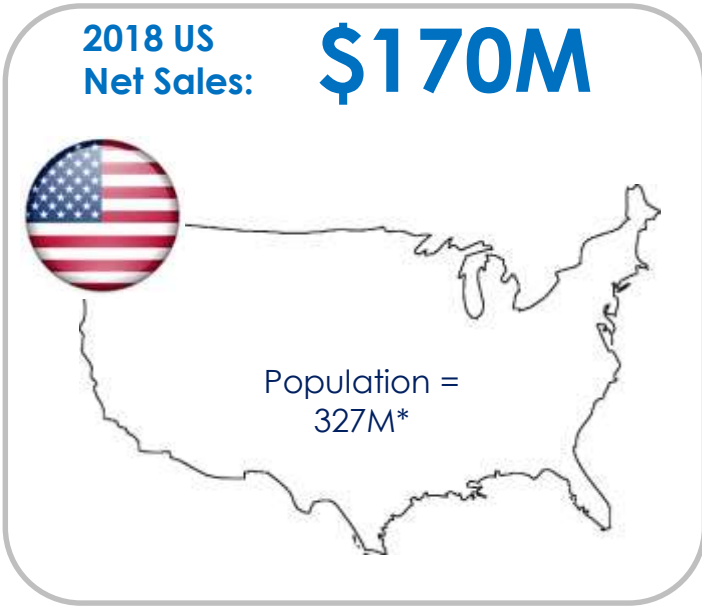
# Flawless is 90% U.S.

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Flawless is **90%** U.S. which leaves a significant international opportunity.



# Acquisition Expansion - Flawless



Potential to Deliver  
**EXPONENTIAL GROWTH**

\*Worldometers, based on United Nations estimate





05

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**International  
Story**

# International Evergreen Target: 6%

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# International Net Sales: Increasing Scale

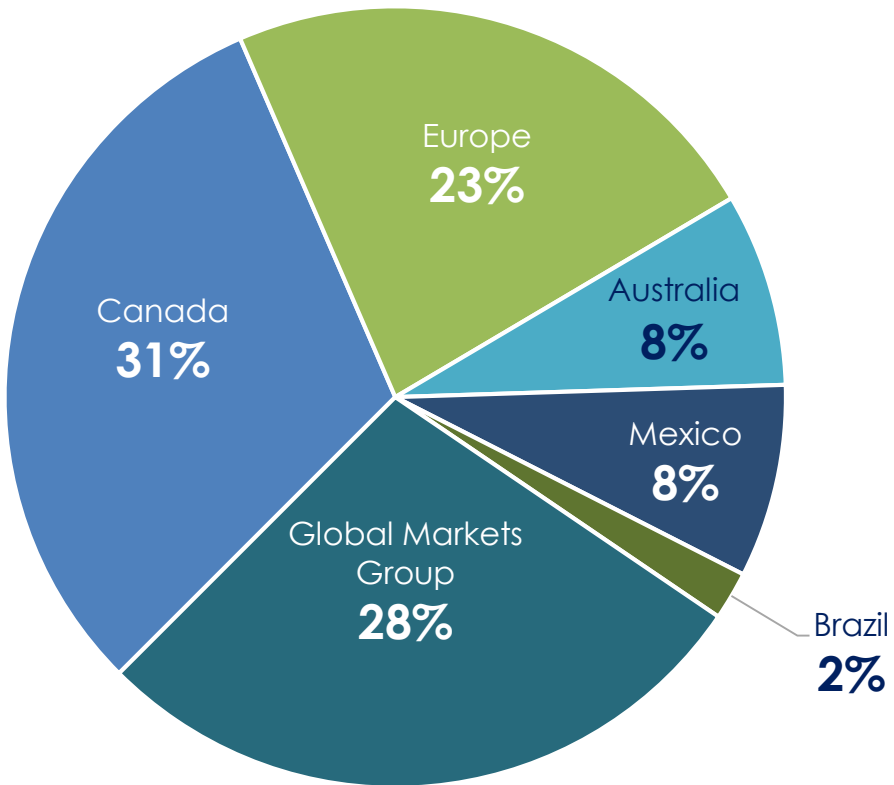


Footnote: In constant dollars



# International Net Sales Composition

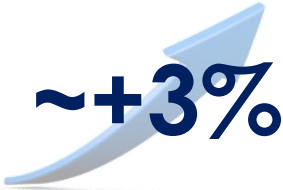
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# International Organic Net Sales: Faster Growth

## NET SALES AVERAGE GROWTH

2012 - 2014



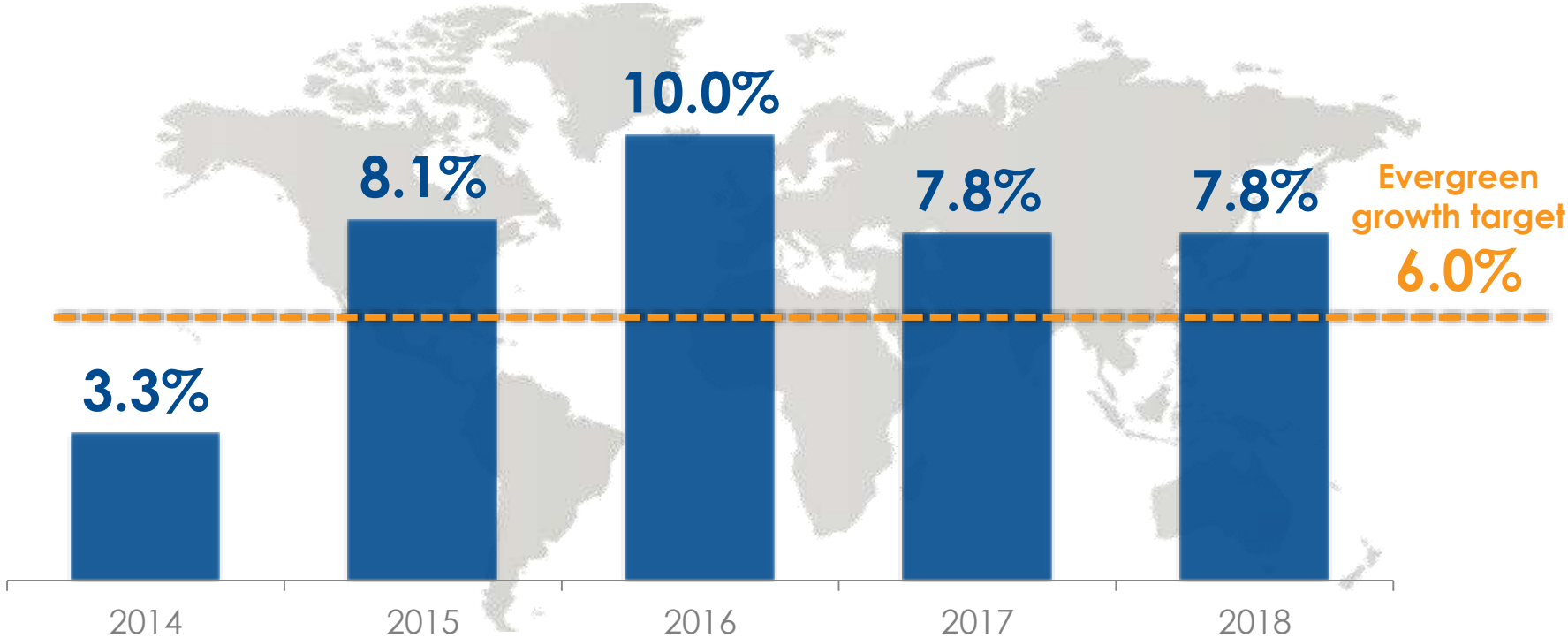
2015 - 2018



Our growth rate has more than doubled on a much larger base ...

# International Business is Growing Organically

H1 2019: **8.8%**



Note: Organic sales growth is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most directly comparable GAAP measure.



# 2018 Sources of International Organic Growth

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**Subsidiaries:**

**+4.3%**



**Global Markets Group:**  
*(formerly Export)*

**+16.0%**



# Building Global Capabilities

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Partnership with  
Shanghai Jahwa



Doubled our staff in  
Singapore and  
Panama



Partnership with DKSH



Launched New Direct  
Subsidiary in Germany



Creating Localized  
Marketing content



Built DTC capability  
in Europe and  
Australia



# Committed to 6% Organic Growth

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- Runway for existing brands



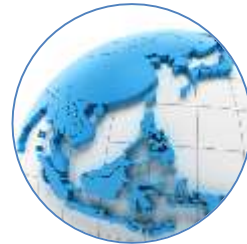
- Grow acquired brands

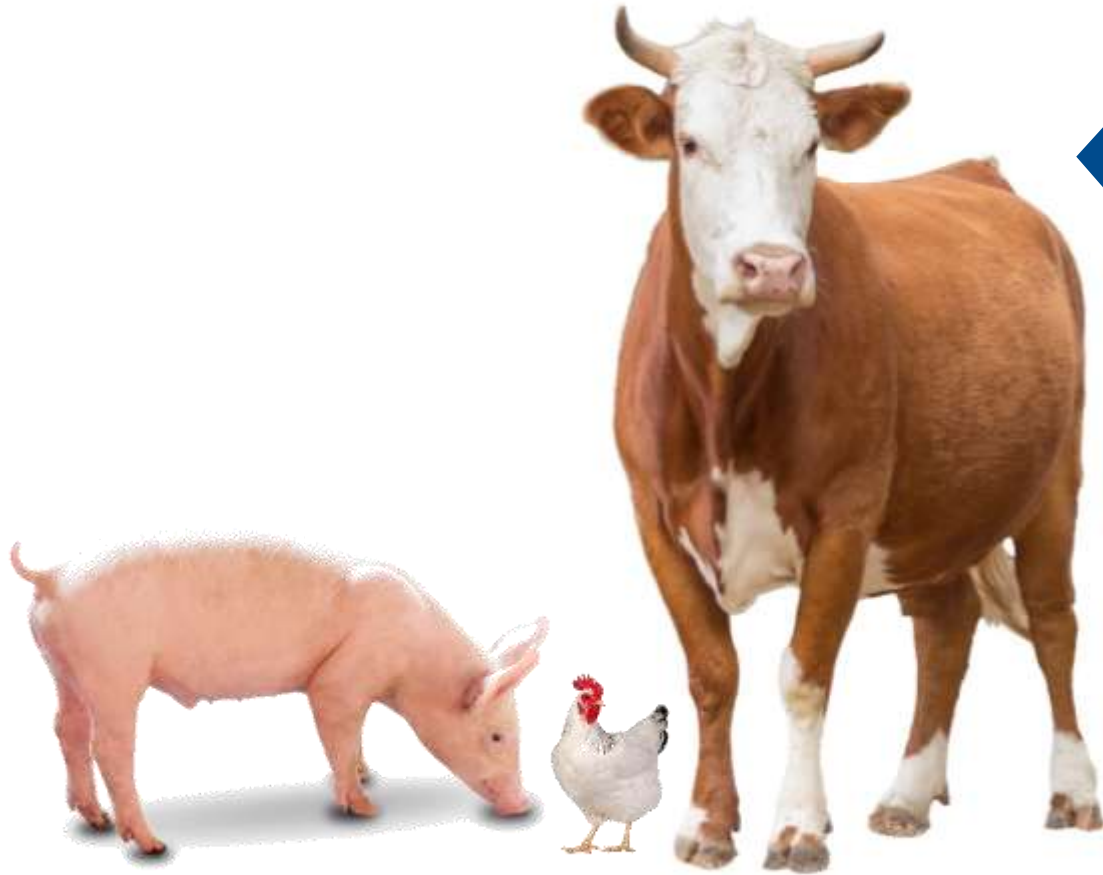


- Global Markets Group to sustain double digit growth



- Investments in SE Asia & China





06

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**Animal  
Productivity  
Story**

# Specialty Products Evergreen Target: 5%

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# Source of Specialty Product Growth

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**5%**

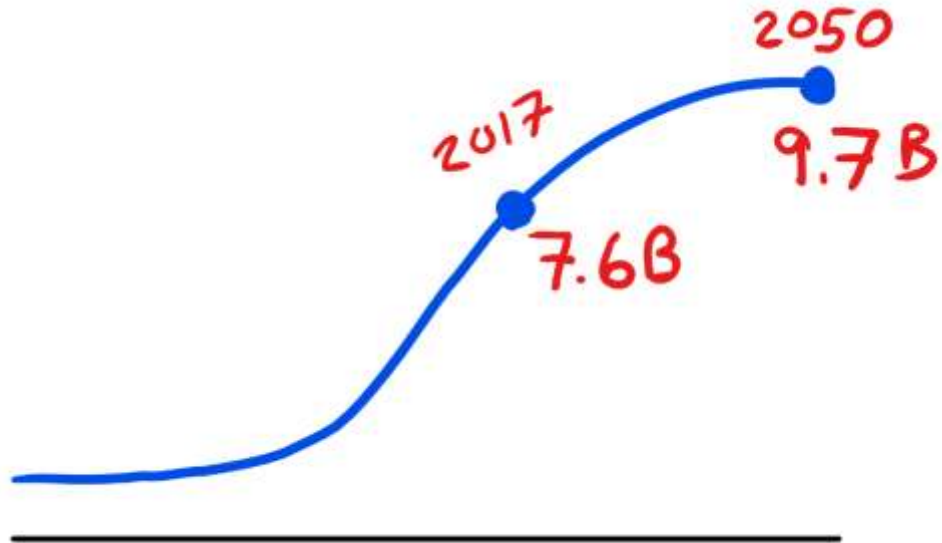
**6%** Animal Productivity



**3%** Bulk Chemicals



# Global population growth drives demand for protein.



# Antibiotics are Out of Favor

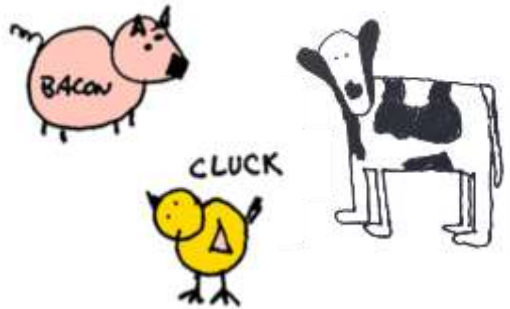
## Consumers



## Retailers



## Farmers



- no antibiotics ever
- no added hormones
- no chemicals added

# Natural Solutions

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**PREBIOTICS**

**PROBIOTICS**



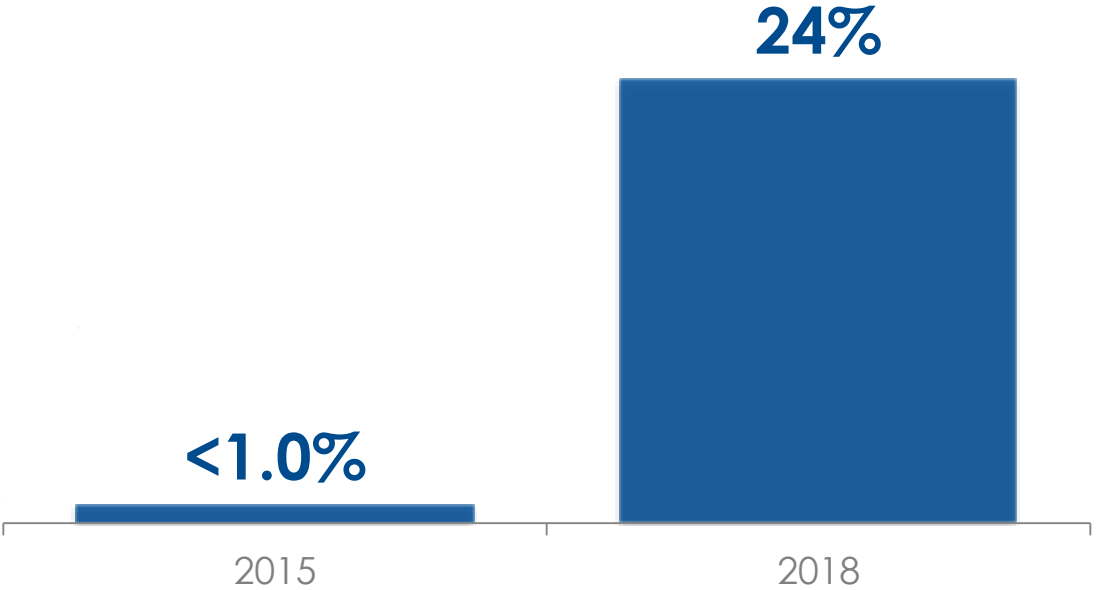
**NUTRITIONAL SUPPLEMENTS**



# Acquisitions Created a More Balanced Business...

Non-dairy sales expected to grow approximately **10%** this year.

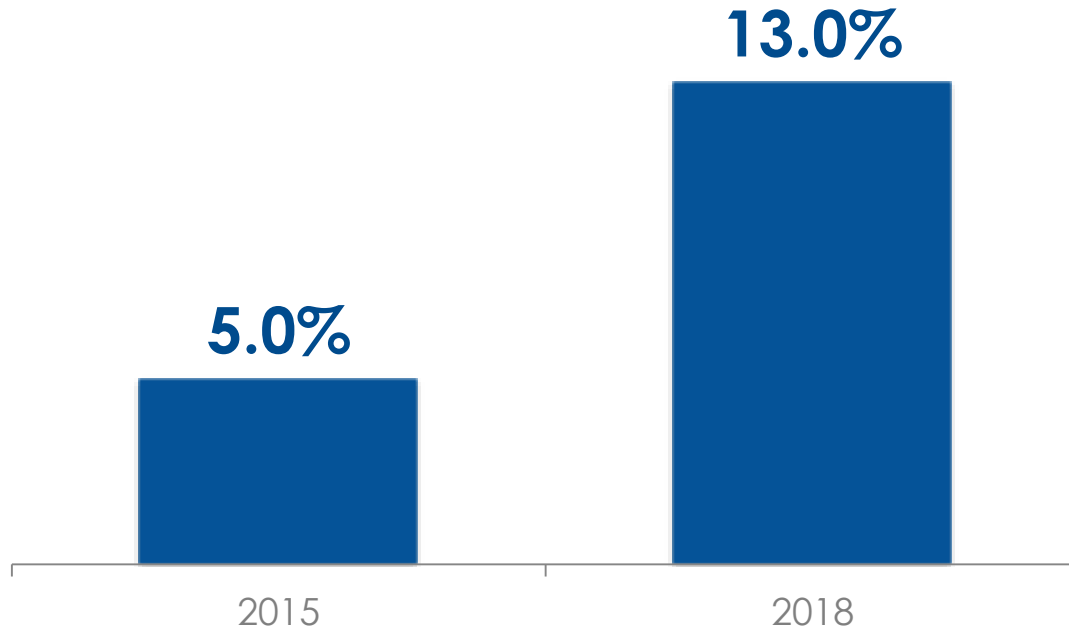
% OF NON-DAIRY SALES



# ...and an International Presence

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% INTERNATIONAL SALES



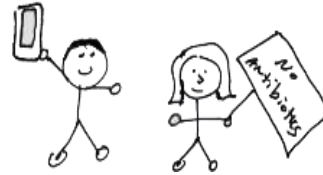
# Positioned for 5% Organic Growth

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- Trusted brand



- Aligned with consumers trend



- Multiple species



- Global growth





07

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How We Run  
the **Company**

# We Have **FIVE** Operating Principles

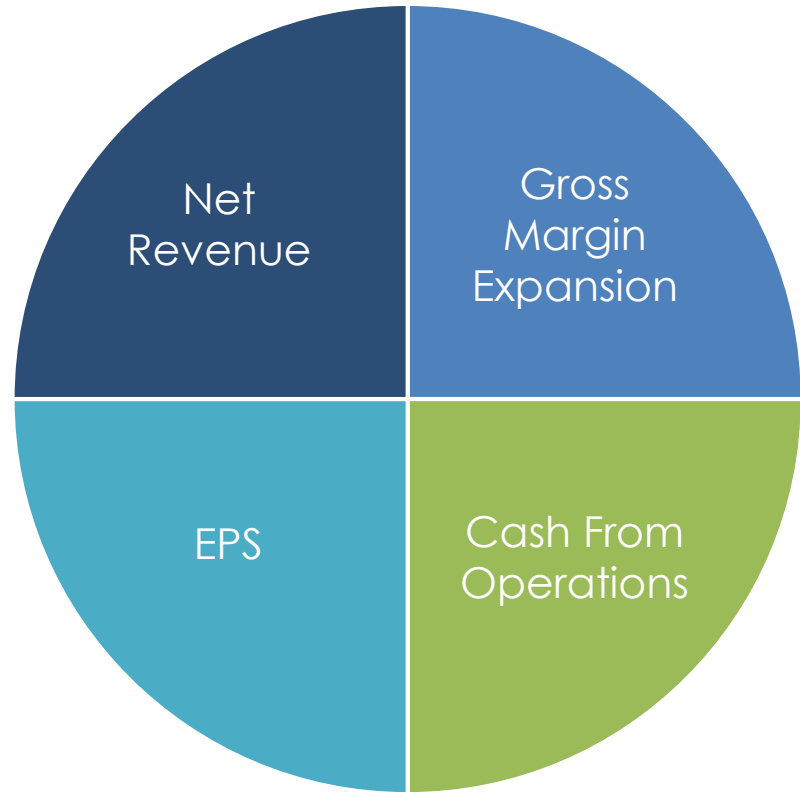
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- 1** **Leverage Brands** #1 brands 
- 2** **Friend of the Environment** 
- 3** **Leverage People** Highly productive people in a place where people matter 
- 4** **Leverage Assets** 
- 5** **Leverage Acquisitions** **GOOD** shareholder returns become **GREAT** shareholder returns

# 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.



# All CHD Employees Focus on Gross Margin

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



# Friend of the Environment

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## 1907

**Recycled paperboard** in packaging



## 1970s

**First non-polluting, phosphate-free** laundry detergent.



Sole corporate sponsor of **first Earth Day.**



## 2018

**100% electricity** from renewable sources.



**3 million trees** planted last year



# Sustainability Goals

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**Water**



**Solid Waste**



**Air**

# Water

Reduce water and/or  
wastewater by **25%** by **2022**  
using 2016 as a baseline.



# Solid Waste

Increase solid waste recycling from  
**63%** to **75%** by **2020**.



# Air

Achieve **100%** carbon neutral status for all global operations by end of **2025**.  
Today, we are at **55%** carbon neutral.



# ESG Recognition

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A background image featuring a blue-toned financial chart. The chart consists of a series of vertical bars of varying heights, overlaid with a line graph that has several data points connected by thin lines. The overall aesthetic is professional and data-oriented.

09

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# Financials

**Rick Dierker**

*Chief Financial Officer*

# We Have an Evergreen Business Model

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**3%** Organic Sales Growth

**8%** EPS Growth

# Evergreen Model

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	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%

# Outlook for 2019: +9% EPS Growth

## 2019 Outlook

	What We Said in <b>May</b>	What We Said in <b>July</b>
Reported Sales	+5-6%	+6%
Organic Sales	~3.5%	+4.0%
Adjusted Gross Margin	+50 bps	+80 bps
Marketing	-20 bps	flat
SG&A	+20 bps	+30 bps
Adjusted Operating Margin	+50 bps	+50 bps
Adjusted EPS	~+7-9%	+9%



# Acquisition Accounting Impact

Through October Flawless Marketing Profit will be in Total CHD Net Sales

## May - October

Flawless

Net Sales

(COGS)

Gross Profit

(Marketing)

Total CHD

**Net Sales**



**Marketing Profit**

(SG&A)

Op Profit



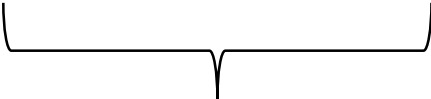
(SG&A)

Op Profit

## November - Ongoing

Flawless

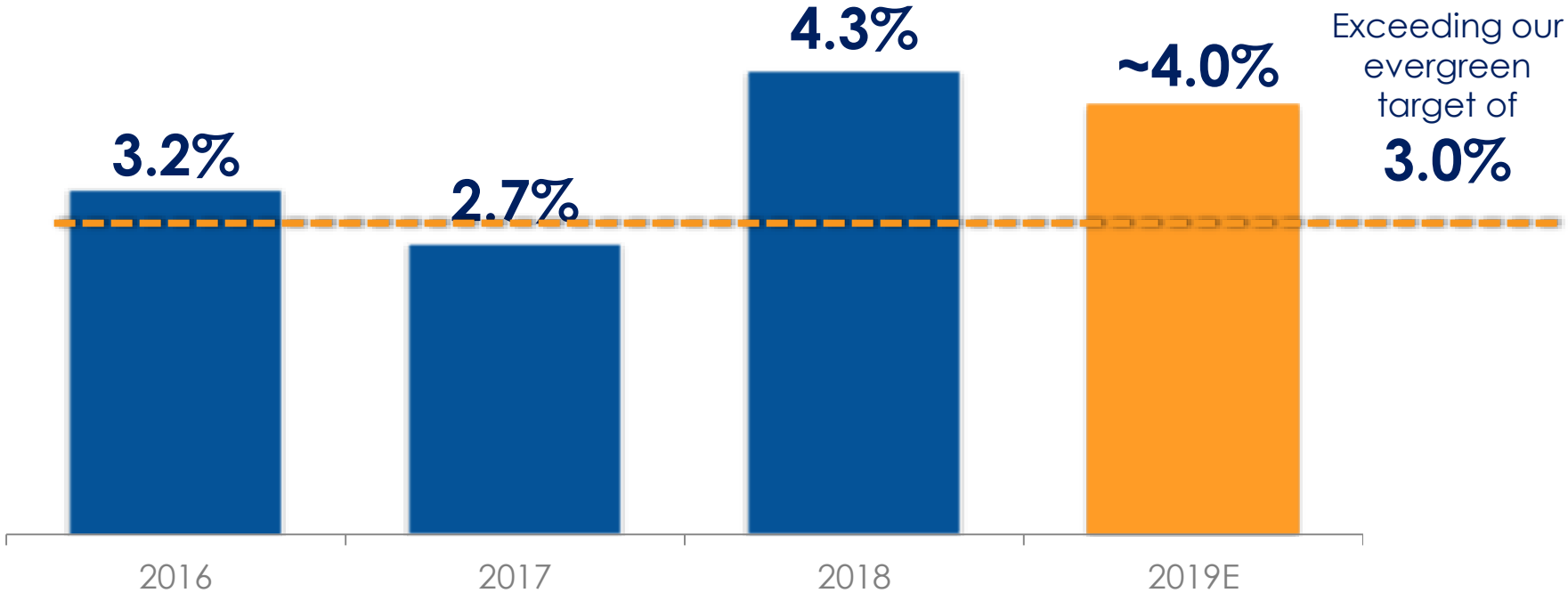
Total CHD



Complete P&L



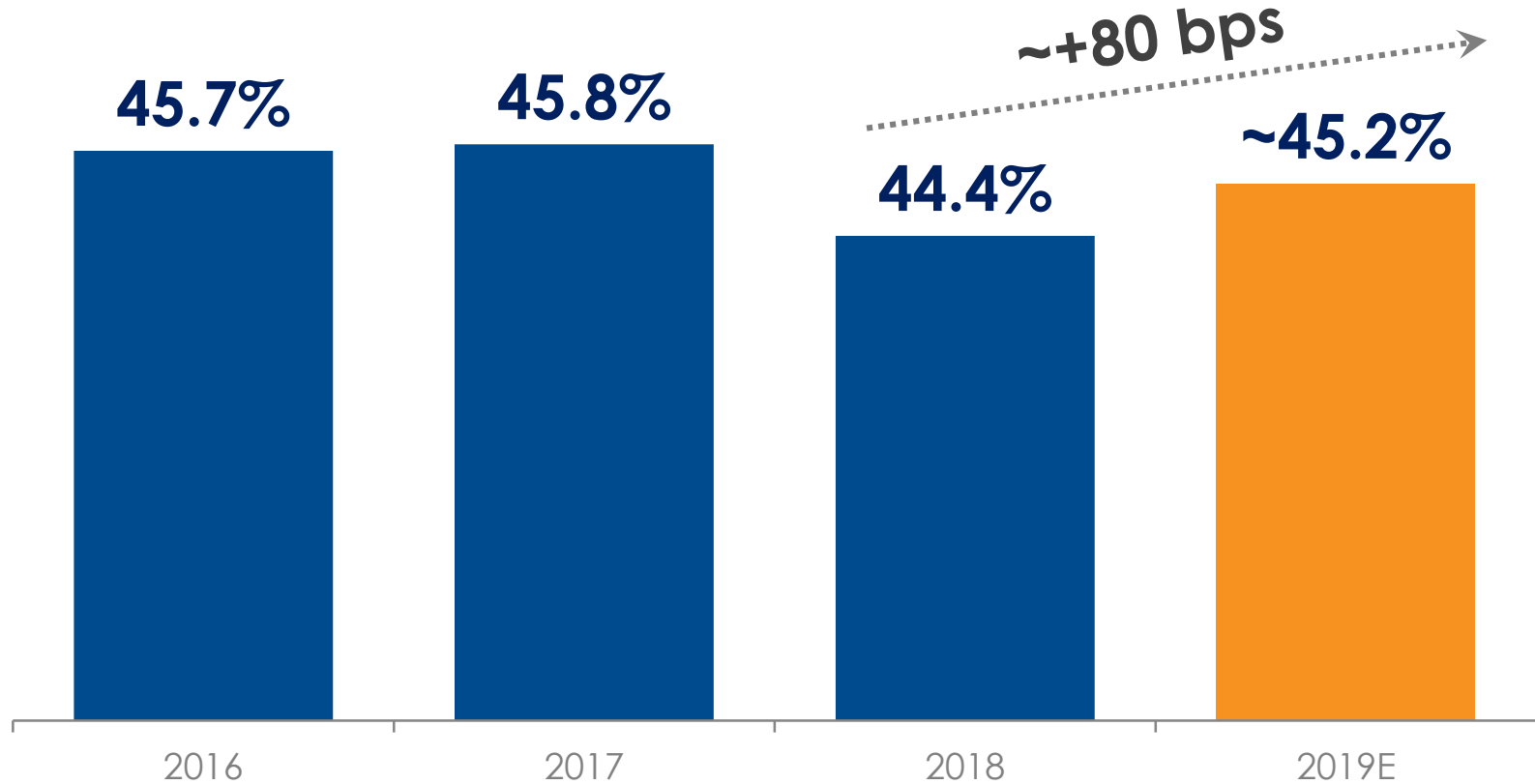
# CHD Consistent Solid Organic Sales Growth



Note: Organic sales growth is a non-GAAP measure. Refer to the Appendix for a reconciliation to net sales the most comparable GAAP measures.



# Focus on Gross Margin

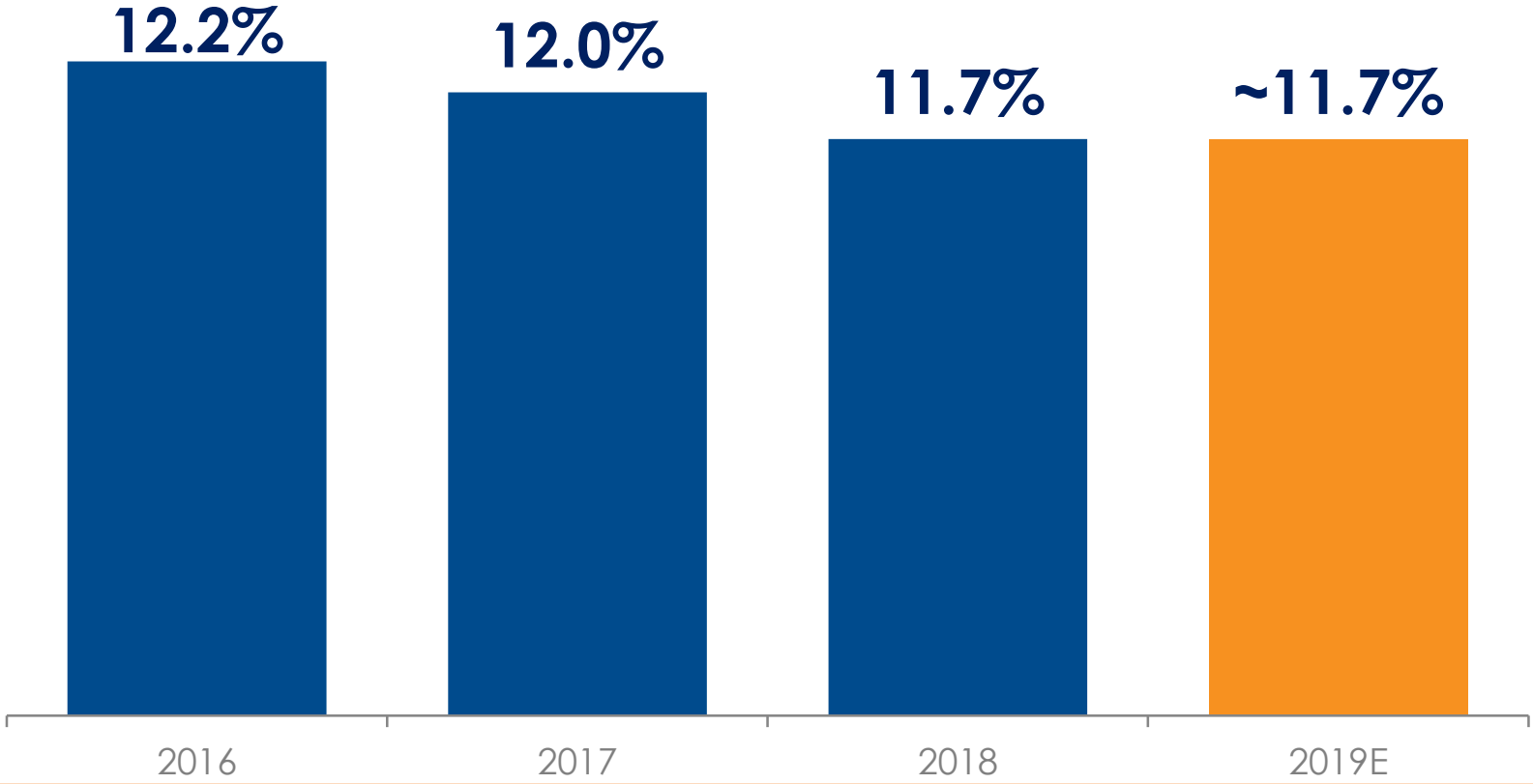


Note: Percentages are adjusted gross margin, a non GAAP measure. See appendix for adjustments to gross margin presented in accordance with GAAP.

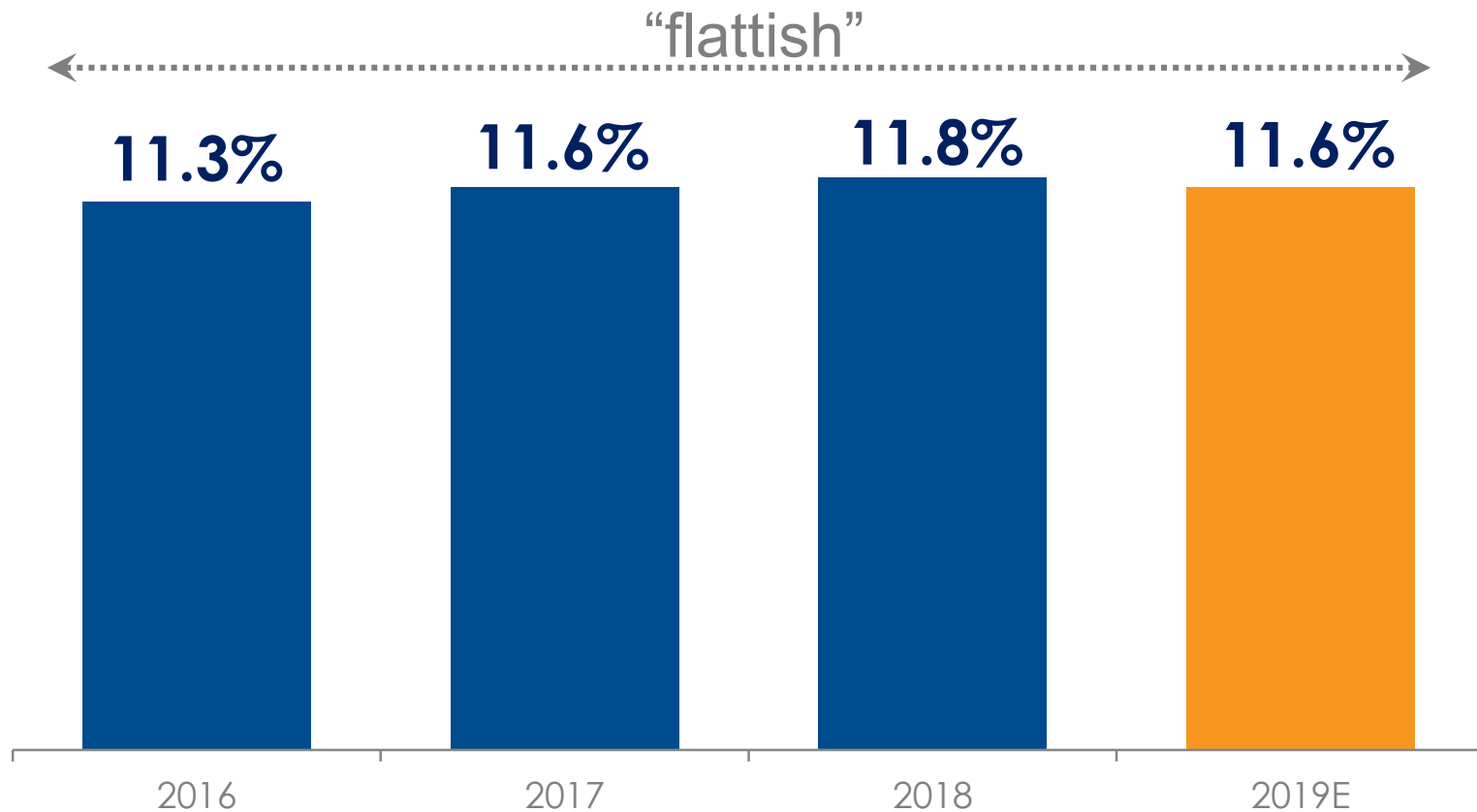


# Marketing Spend

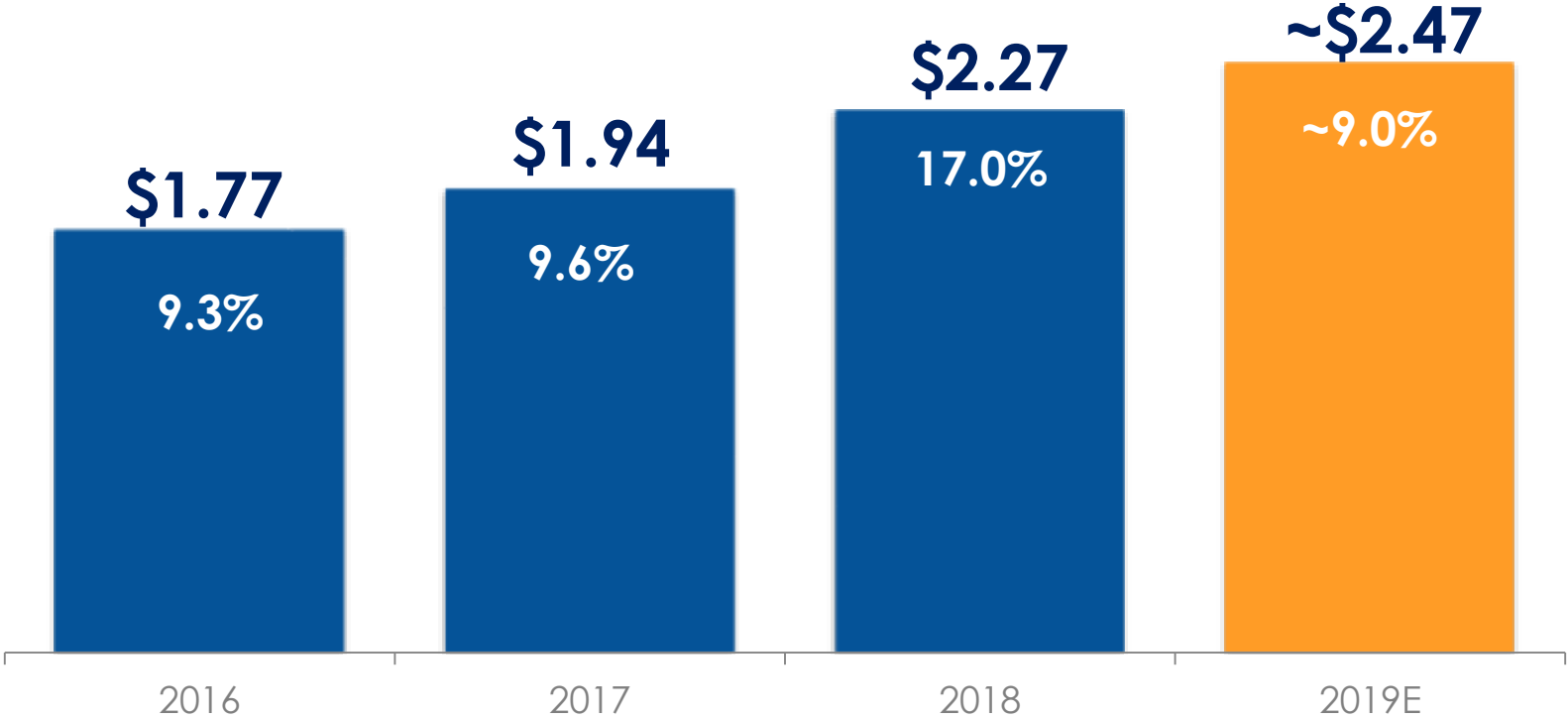
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# “SG&A” Mostly Flat Excluding Acquisition Amortization



# Consistent Strong Adjusted EPS Growth

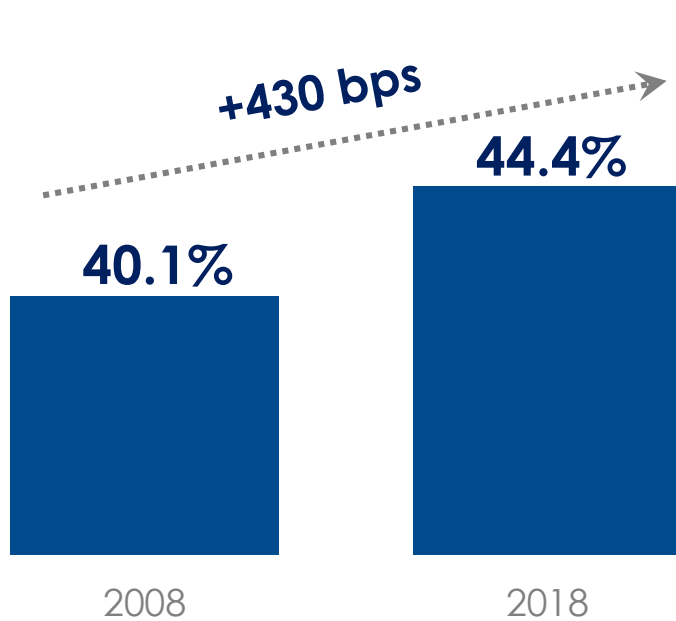


Note: Adjusted EPS growth is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures. Excludes Waterpik.

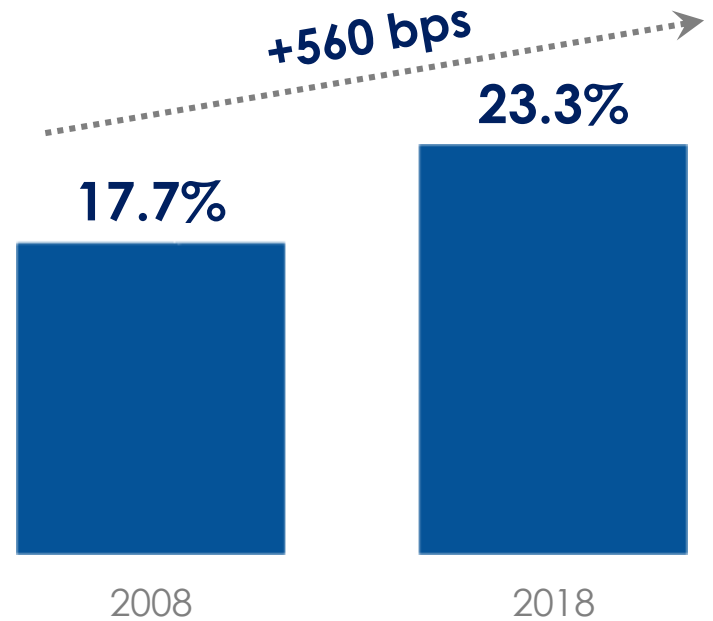


# Strong Adjusted Margin Expansion

## Gross Margin

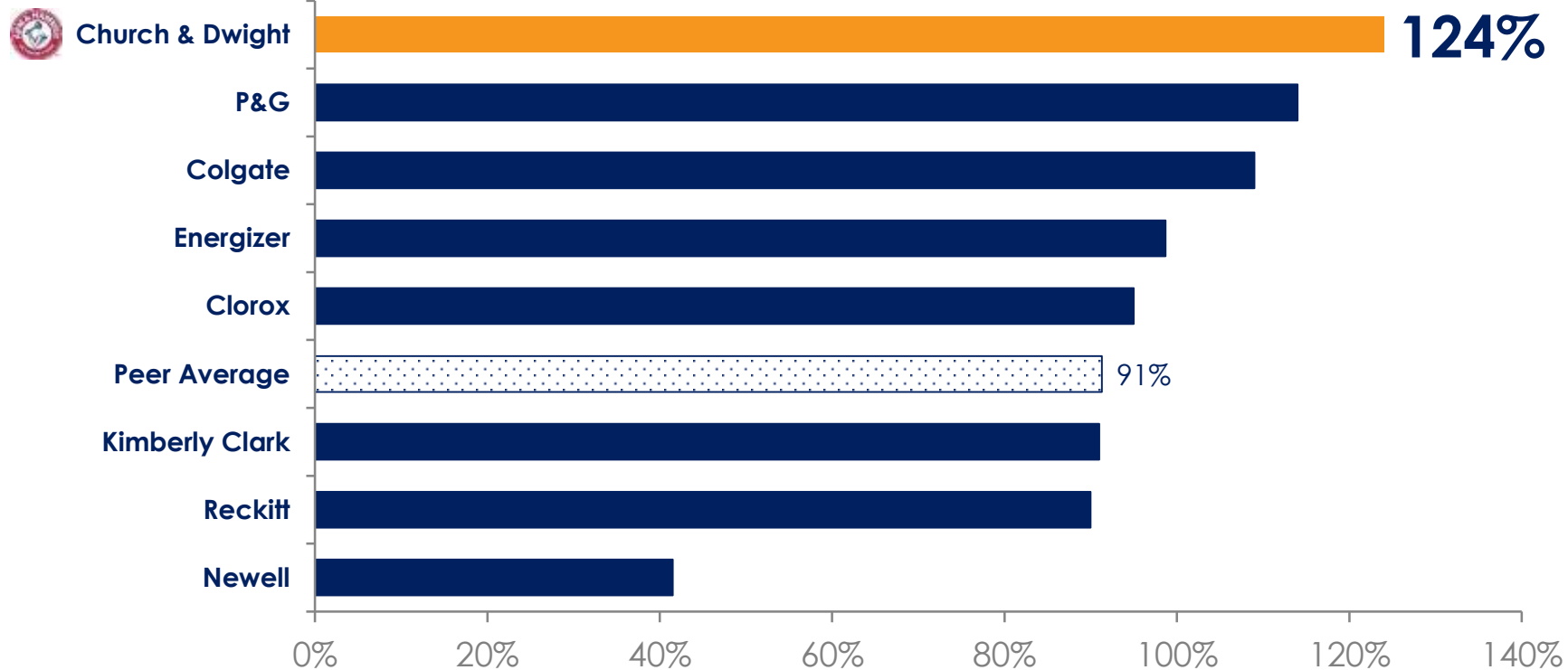


## EBITDA Margin



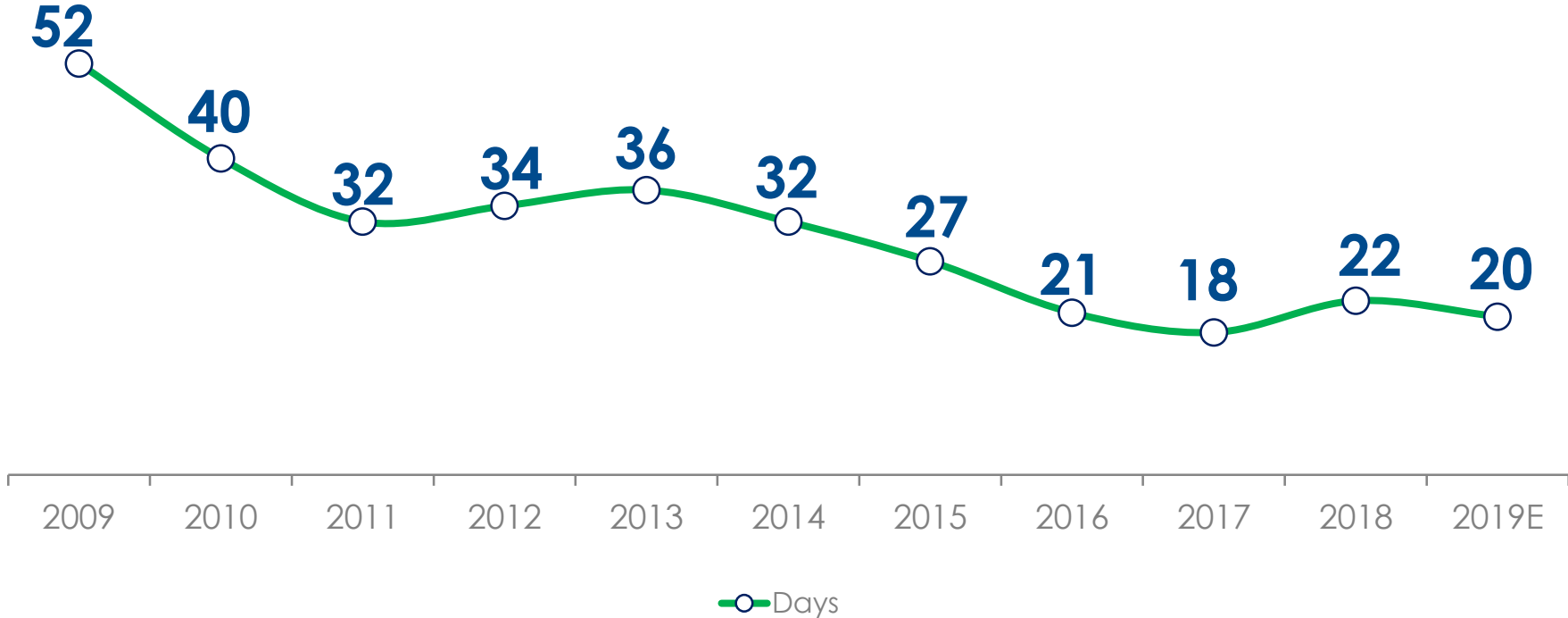
# “Best in Class” FCF Conversion

2018 FCF Conversion (%)



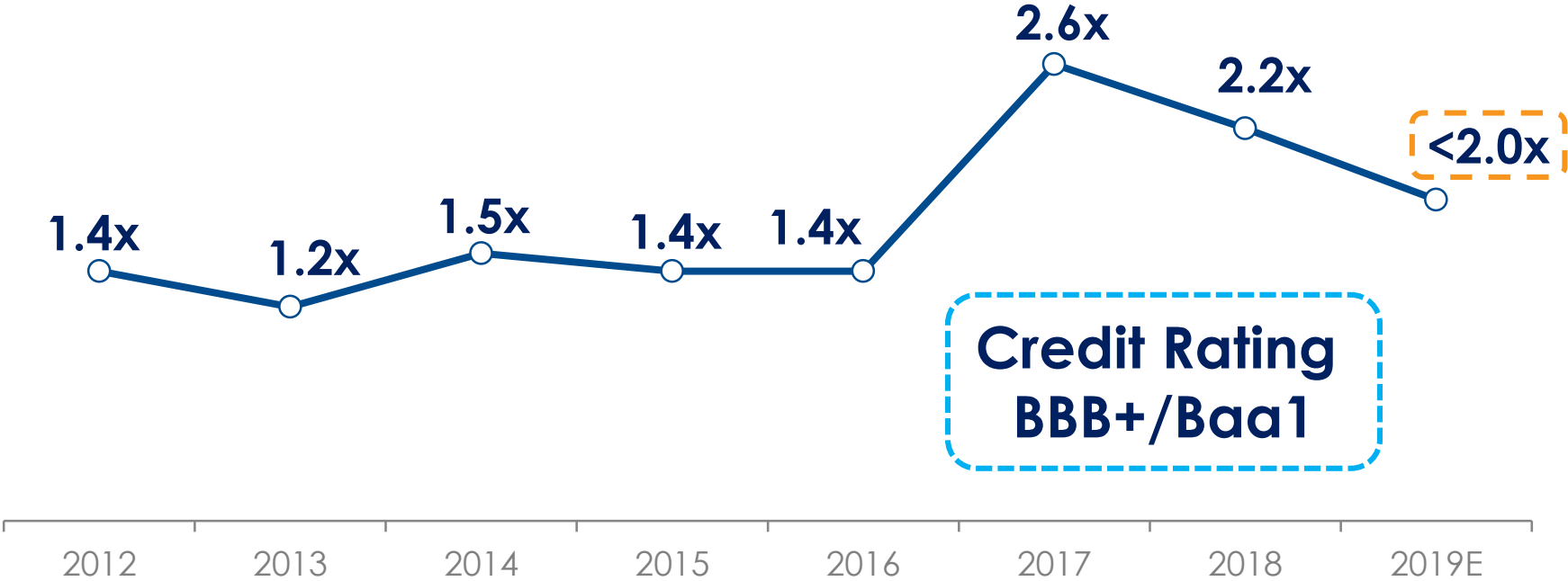
# Cash Conversion Cycle

Tight Control of Working Capital Drives CCC Improvement.



# Strong Balance Sheet

Total Debt/Bank EBITDA

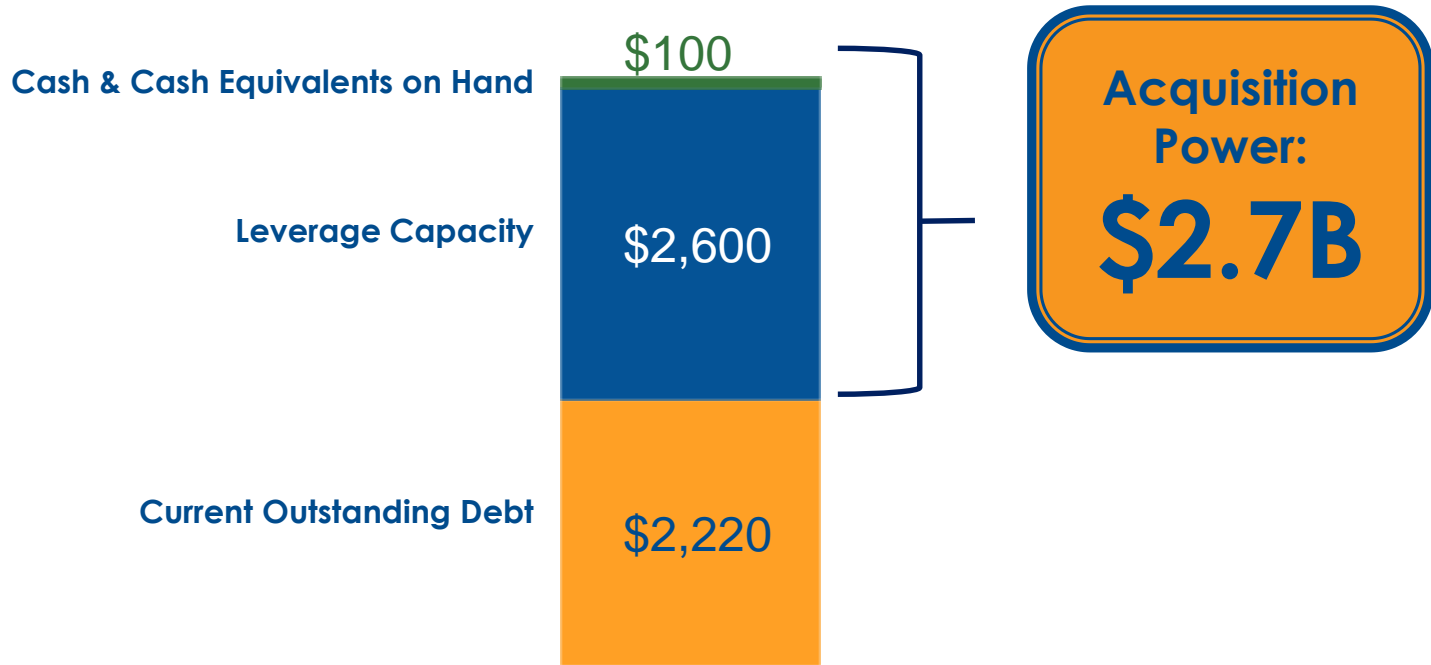


Note: Total debt/EBITA is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures.



# Significant Financial Capacity

As of June 30, 2019 (in \$millions)



- 2019 Q2 TTM Bank EBITDA = \$1,065M
- Leverage capacity to 3.75x EBITDA
- Example: Acquisition EBITDA multiple of 12x



# Prioritized Uses of Free Cash Flow

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1

TSR-Accretive M&A

2

Debt Reduction

3

New Product Development

4

Capex For Organic Growth & G2G

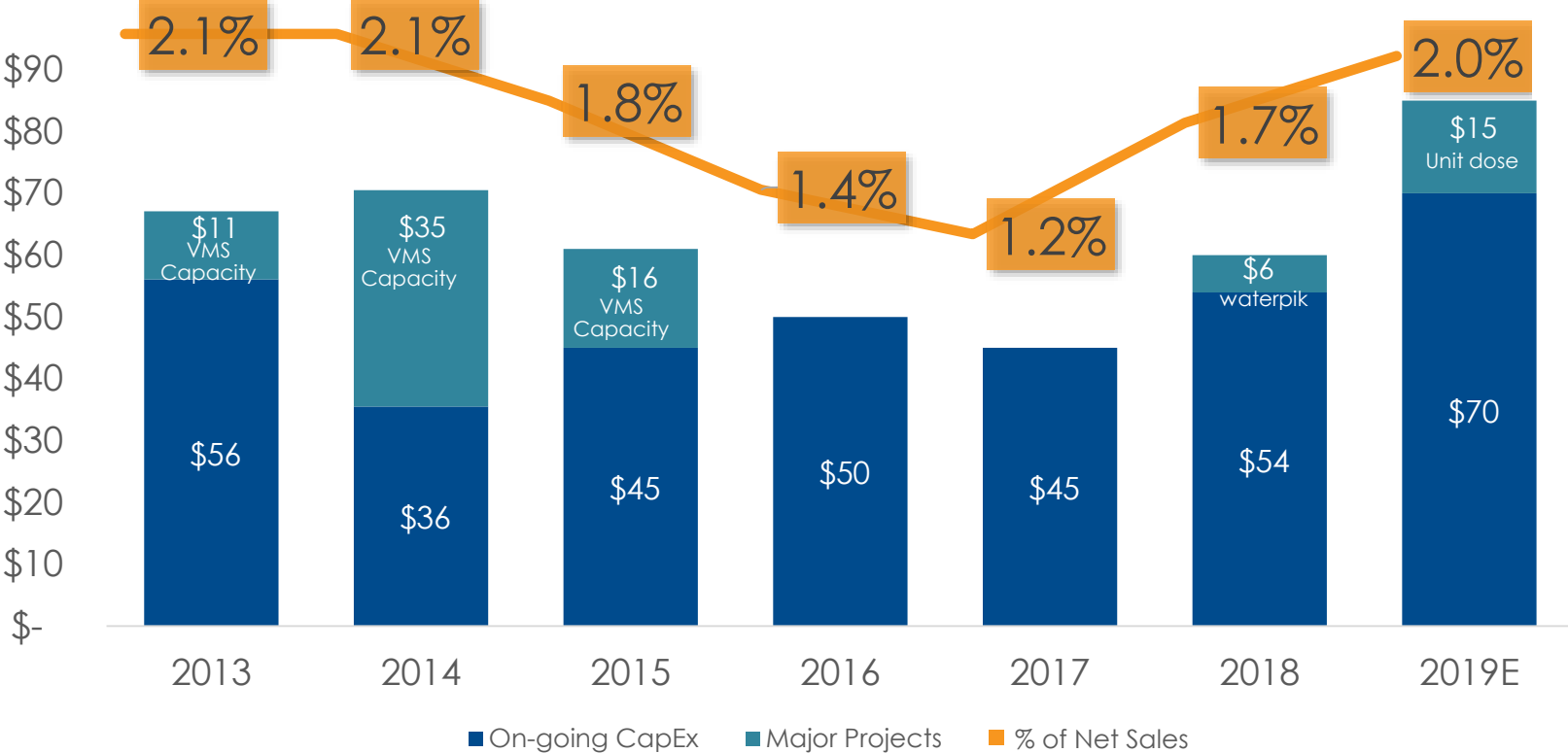
5

Return Of Cash To Shareholders



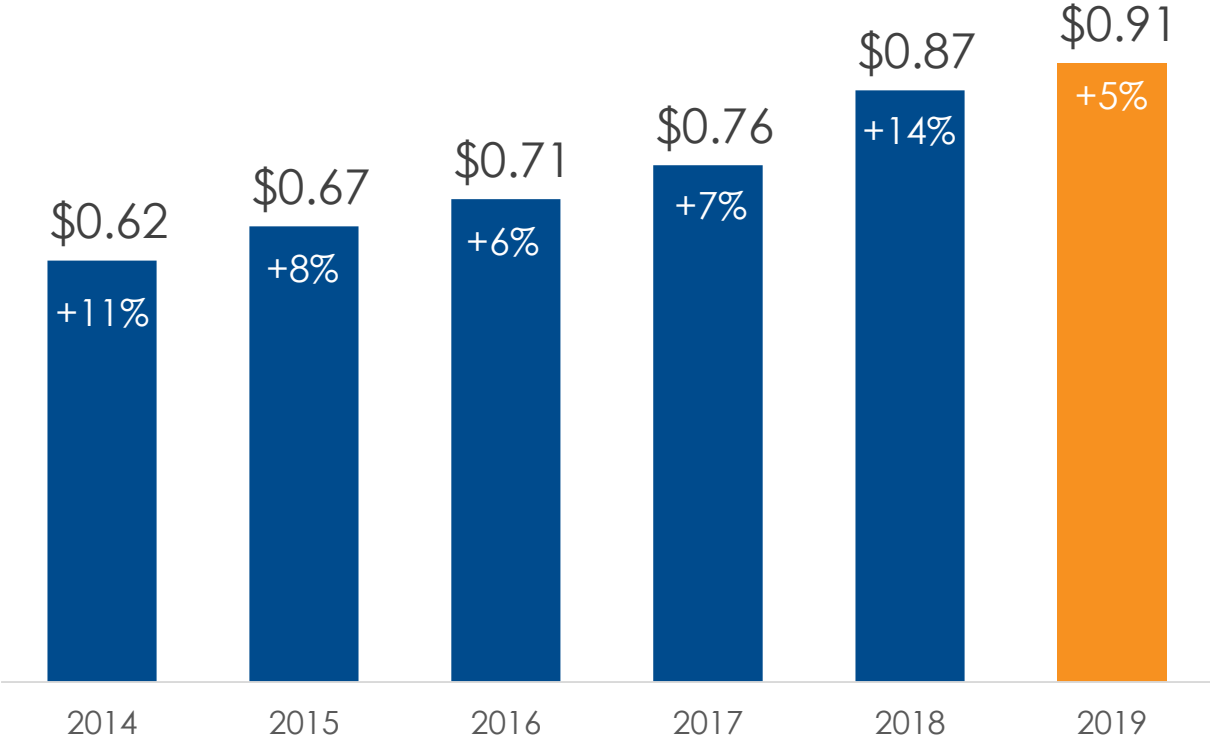
# Minimal Capital Investment

Capital Expenditures as a % of Sales



# 5% Dividend Increase in 2019

**118**  
consecutive  
**years** of  
dividends





# Reconciliations

[www.churchdwright.com](http://www.churchdwright.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 EPS, (3) adjusted SG&A and adjusted SG&A as a percentage of sales, (4) adjusted operating profit and margin, (5) free cash flow, (6) free cash flow as a percentage of net income, (7) EBITDA and EBITDA margin 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.



# 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, the change in customer shipping arrangements, foreign exchange rate changes, the impact of an information systems upgrade, a discontinued product line and the change in the fiscal calendar for three foreign subsidiaries, 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 excluding the change in customer shipping arrangements and the SAP Conversion, without the effect of the change in the fiscal calendar and foreign exchange rate changes that are out of the control of, and do not reflect the performance of, management.



# Reconciliation of Non-GAAP Measures

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## **Adjusted Gross Profit and Gross Profit Margin**

This presentation discloses the Company's Gross Profit and Gross Profit Margin. Adjusted Gross Profit and Gross Profit Margin, as used in this presentation, is defined as gross profit excluding significant one-time items that is 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 and gross profit margin, excluding certain significant one-time items. These excluded item is as follows:

2016: Excludes the impact of a plant impairment charge of \$4.9 million (pre and post-tax) at the Company's Brazilian subsidiary

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 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:

- 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)



# 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 is 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:

2015: Excludes the impact of the settlement of a foreign pension plan of \$8.9 million (\$6.6 post tax).

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



# Reconciliation of Non-GAAP Measures

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## **Adjusted Operating Profit and Margin:**

The presentation discloses Operating Income and margin (a GAAP measure) and Adjusted Operating Income and margin (a non-GAAP measure) which excludes significant one time items. We believe that excluding the significant one-time items provides a useful measure of the Company's ongoing operating performance growth. These items are:

2015 - Excludes the impact of the settlement of a foreign pension plan of \$8.9 million (\$6.6 post tax).

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

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



# 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 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.



# Total Company Organic Sales Reconciliation

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<b>Year</b>	<b>Reported</b>	<b>FX</b>	<b>Acq/Div</b>	<b>Disc. Ops.</b>	<b>System Upgrade</b>	<b>Calendar/ Other</b>	<b>Shipping Terms</b>	<b>Organic</b>
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%



# Reported & Adjusted Non Gaap Reconciliations

	For the year ending December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b><u>Adjusted Gross Margin Reconciliation</u></b>			
Gross margin Reported	44.4%	45.8%	45.5%
Brazil Charge	0.0%	0.0%	0.2%
<b>Gross Margin - Adjusted (non-gaap)</b>	<b><u>44.4%</u></b>	<b><u>45.8%</u></b>	<b><u>45.7%</u></b>
<b><u>Adjusted SG&amp;A Reconciliation</u></b>			
SG&A - Reported	13.6%	14.4%	12.4%
Pension Settlement Charge	0.0%	-1.0%	-0.3%
Brazil Charge	0.0%	-0.1%	0.0%
<b>SG&amp;A Adjusted (non-gaap)</b>	<b><u>13.6%</u></b>	<b><u>13.3%</u></b>	<b><u>12.1%</u></b>
<b><u>Adjusted Operating Profit Margin Reconciliation</u></b>			
Operating Profit Margin - Reported	19.1%	19.4%	19.9%
Pension Settlement Charge	0.0%	1.0%	0.3%
Brazil Charge	0.0%	0.1%	0.0%
<b>Operating Profit Margin - Adjusted (non-gaap)</b>	<b><u>19.1%</u></b>	<b><u>20.5%</u></b>	<b><u>20.1%</u></b>



# Reported & Adjusted Non Gaap Reconciliations

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	For the year ending December 31,		
	2018	2017	2016
<b><u>Adjusted EPS Reconciliation</u></b>			
EPS - Reported	\$ 2.27	\$ 2.90	\$ 1.75
Pension Settlement Charge	\$ -	\$ 0.12	\$ -
Brazil Charge	\$ -	\$ 0.01	\$ 0.02
Joint Venture Impairment Tax Benefit	\$ -	\$ (0.03)	\$ -
Natronx Charge	\$ -	\$ -	\$ -
U.S. TCIA Tax Reform	\$ -	\$ (1.06)	\$ -
<b>EPS - Adjusted (non-gaap)</b>	<b><u>\$ 2.27</u></b>	<b><u>\$ 1.94</u></b>	<b><u>\$ 1.77</u></b>



## Church & Dwight Co., Inc. and Subsidiaries

### SG&A less Amortization Expense Reconciliation

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
SG&A as % of Net Sales - Reported	13.6%	14.4%	12.6%	12.4%	12.0%	13.0%
Pension Settlement Charge	-	-1.0%	0.0%	-0.3%	0.0%	0.0%
Brazil Charge	-	-0.1%				
Amortization Expense	-1.8%	-1.7%	-1.3%	-1.2%	-1.0%	-0.9%
SG&A as % of Net Sales - Adjusted (non-gaap)	<u>11.8%</u>	<u>11.6%</u>	<u>11.3%</u>	<u>10.9%</u>	<u>11.0%</u>	<u>12.1%</u>



Church & Dwight Co., Inc  
 Total Debt to Bank EBITDA Reconciliation  
 (\$ in millions)

	2018	2017	2016	2015	2014	2013
Total Debt as Presented (1)	\$ 2,107.1	\$ 2,374.3	\$ 1,120.1	\$ 1,050.0	\$ 1,086.6	\$ 797.3
Other Debt per Covenant (2)	56.7	59.2	75.1	83.5	88.0	90.3
Total Debt per Credit Agreement	\$ 2,163.8	\$ 2,433.5	\$ 1,195.2	\$ 1,133.5	\$ 1,174.6	\$ 887.6
Net Cash from Operations	\$ 763.6	\$ 681.5	\$ 655.3	\$ 606.1	\$ 540.3	\$ 499.6
Interest Paid	74.9	33.3	25.6	29.0	25.7	26.4
Current Tax Provision	139.8	186.9	222.0	201.0	198.3	192.3
Excess Tax Benefits on Option Exercises	-	-	30.0	15.8	18.5	13.1
Change in Working Capital and other Liabilities	(14.2)	(0.8)	(74.4)	(38.6)	(13.5)	16.1
Adjustments for Significant Acquisitions/Dispositions (net)	-	50.2	-	-	-	-
Adjusted EBITDA (per Credit Agreement)	\$ 964.1	\$ 951.1	\$ 858.5	\$ 813.3	\$ 769.3	\$ 747.5
Ratio	2.2	2.6	1.4	1.4	1.5	1.2

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.

