

# First Quarter Fiscal Year 2012



Except for the historical information contained herein, this news release contains forward-looking statements concerning WD-40 Company's outlook for sales, earnings, dividends and other financial results. These statements are based on an assessment of a variety of factors, contingencies and uncertainties considered relevant by WD-40 Company. Forward-looking statements involve risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements, including impacts of promotional programs, impacts of line extensions and the uncertainty of market conditions, both in the United States and internationally. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, but there can be no assurance that the Company's expectations, beliefs or projections will be achieved or accomplished.

The risks and uncertainties are detailed from time to time in reports filed by WD-40 Company with the SEC, including Forms 8-K, 10-Q, and 10-K, and readers are urged to carefully review these and other documents.

The information contained in this presentation is a review of the Company's first quarter fiscal year 2012 results ended November 31, 2011 and fiscal year 2011 results ended August 31, 2011. We urge investors to stay informed and updated on the Company's developments by reviewing the Company's quarterly press releases and conference calls as they are posted on the website: [www.wd40company.com](http://www.wd40company.com) (Investor Relations).



**PROBLEM SOLVED  
JOB DONE RIGHT!**

# WHO ARE WE?



# Guiding Principles

## Vision

- Create positive lasting memories by solving problems in homes and factories around the world. (“Problem Solved, Job Done Right”)

## Mission

- Our purpose is to deliver unique, high value and easy-to-use solutions for a wide variety of maintenance needs of “doer” and “on-the job” users by leveraging and building the brand fortress of WD-40 Company. We seek to develop and acquire brands readily accessible to end-users primarily through automotive, hardware, DIY, and industrial channels, categories, or departments...wherever they are sold.

## Values

- We value doing the right thing. (**Trust**)
- We value creating positive lasting memories in all our relationships. (**Relationships**)
- We value making it better than it is today. (**Creative Innovation**)
- We value succeeding as a tribe while excelling as individuals. (**Teamwork**)
- We value owning it and passionately acting on it. (**Action**)
- We value sustaining the WD-40 Company economy. (**Economic Value**)



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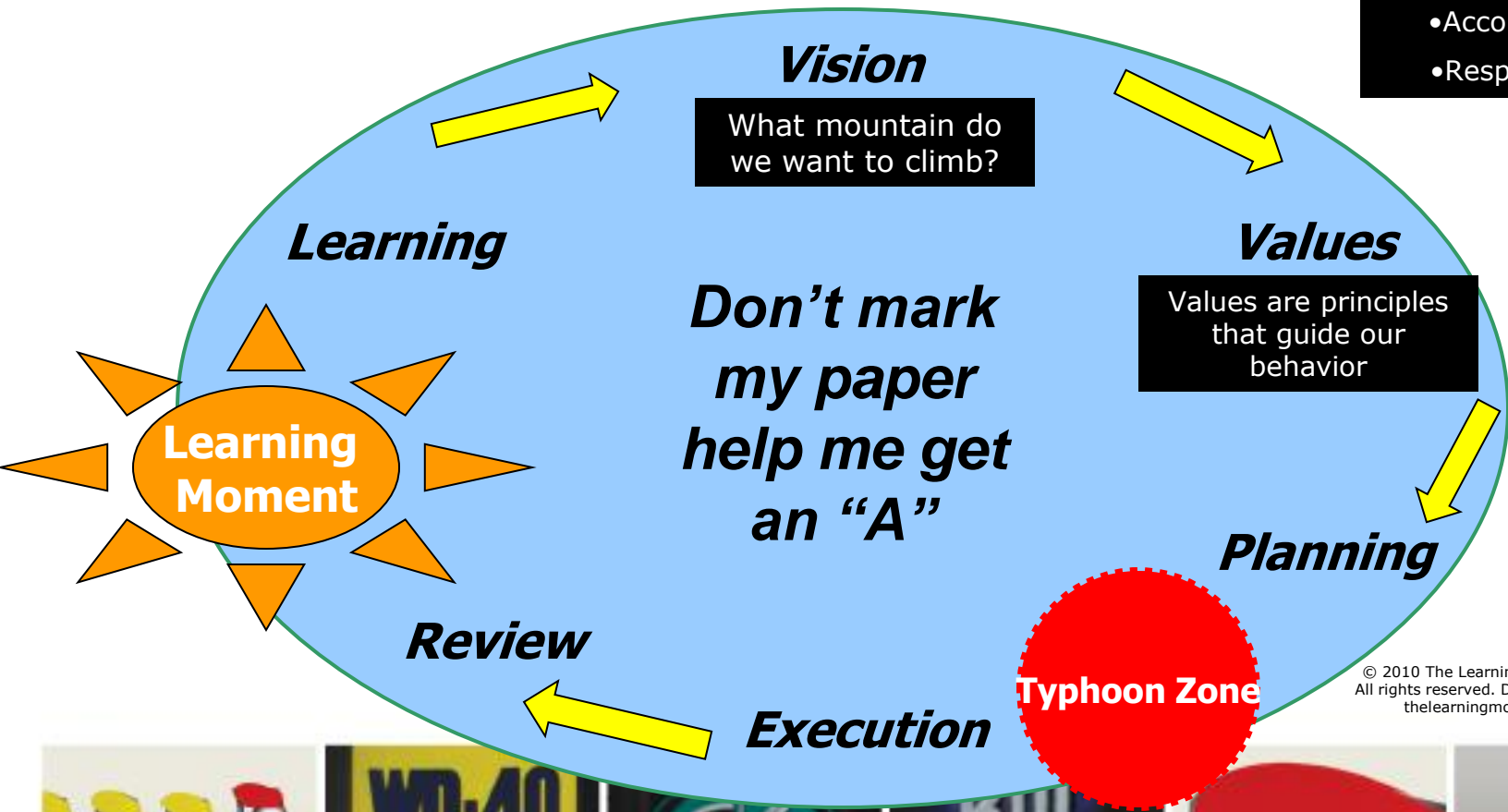
# OUR PEOPLE



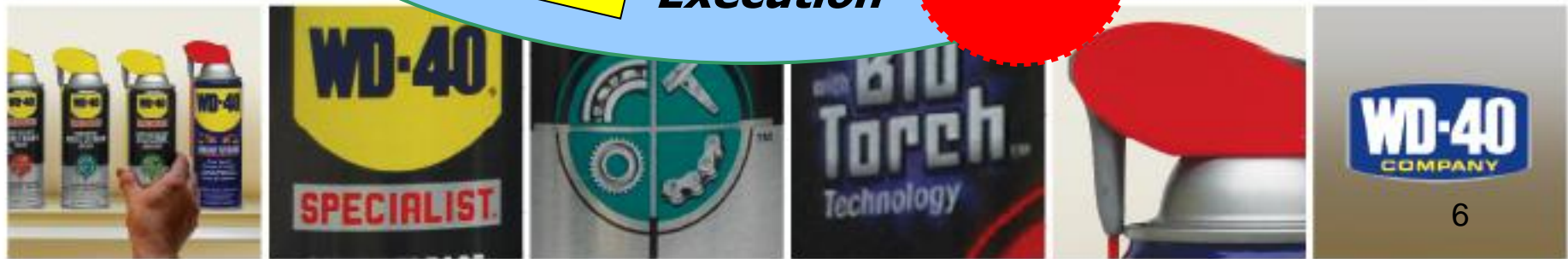
# People - Products - Passion

Servant leadership with edge

- Results in a tribal culture that values:
- Caring
  - Candor
  - Accountability
  - Responsibility



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# OUR BRANDS





Created the spray multi use product market. 80% share of US consumer market. #1 brand.



Created the first industrial grade silicone application with NSF H1 & H2 registration.



Created the drip oil market in the US. Strong presence in Europe & Latin America.



Created a line of best-in-class specialty products for the retail channel.



Created the US heavy-duty hand cleaner market. #1 brand in Grocery.



Created rug deodorizer market. #1 in aerosol.



Created the aerosol carpet stain remover market. First non toxic, biodegradable, VOC free trigger spray.



Created the UK carpet stain remover market. 40% share of UK consumer market. #1 brand.



Created the long-duration ATBC market. Blue + Bleach ATBC.



Created Australian heavy-duty hand cleaner market. #1 brand in Grocery.



Created the mildew stain remover market.



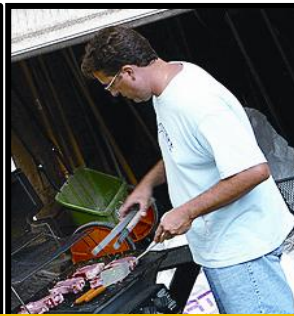
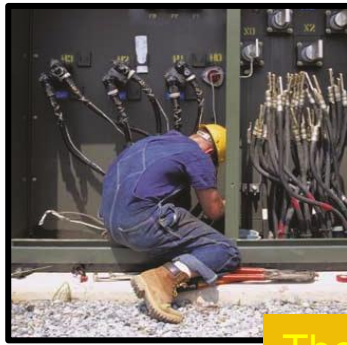
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# OUR CUSTOMERS

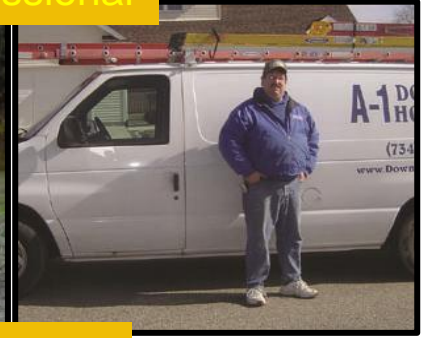
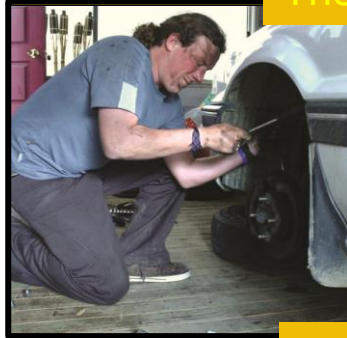


# Who is our Consumer?

- ✓ The Industrial Professional
- ✓ The Trades Professional
- ✓ The Doer



The Industrial Professional



The Trades Professional

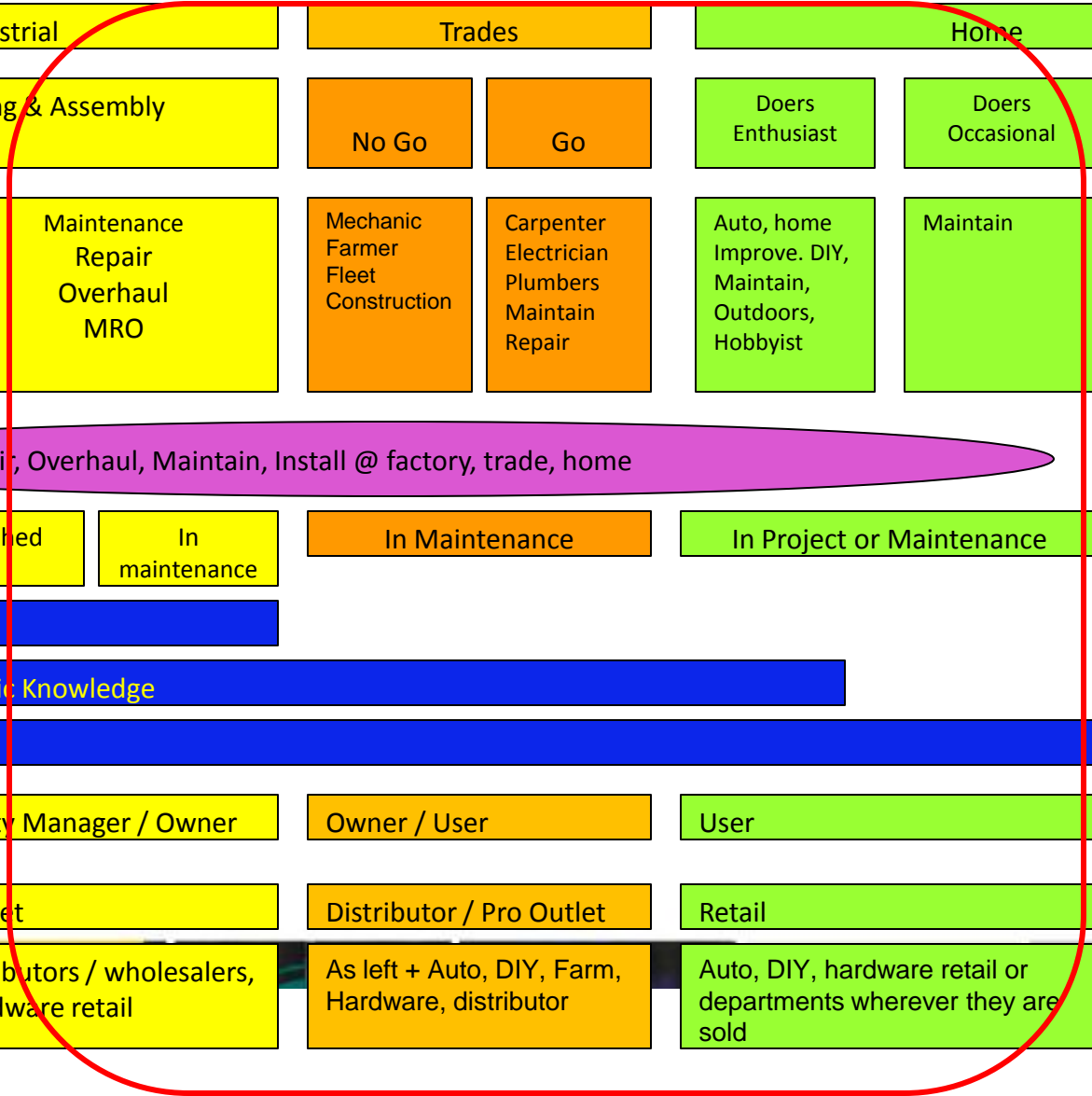


The Doer



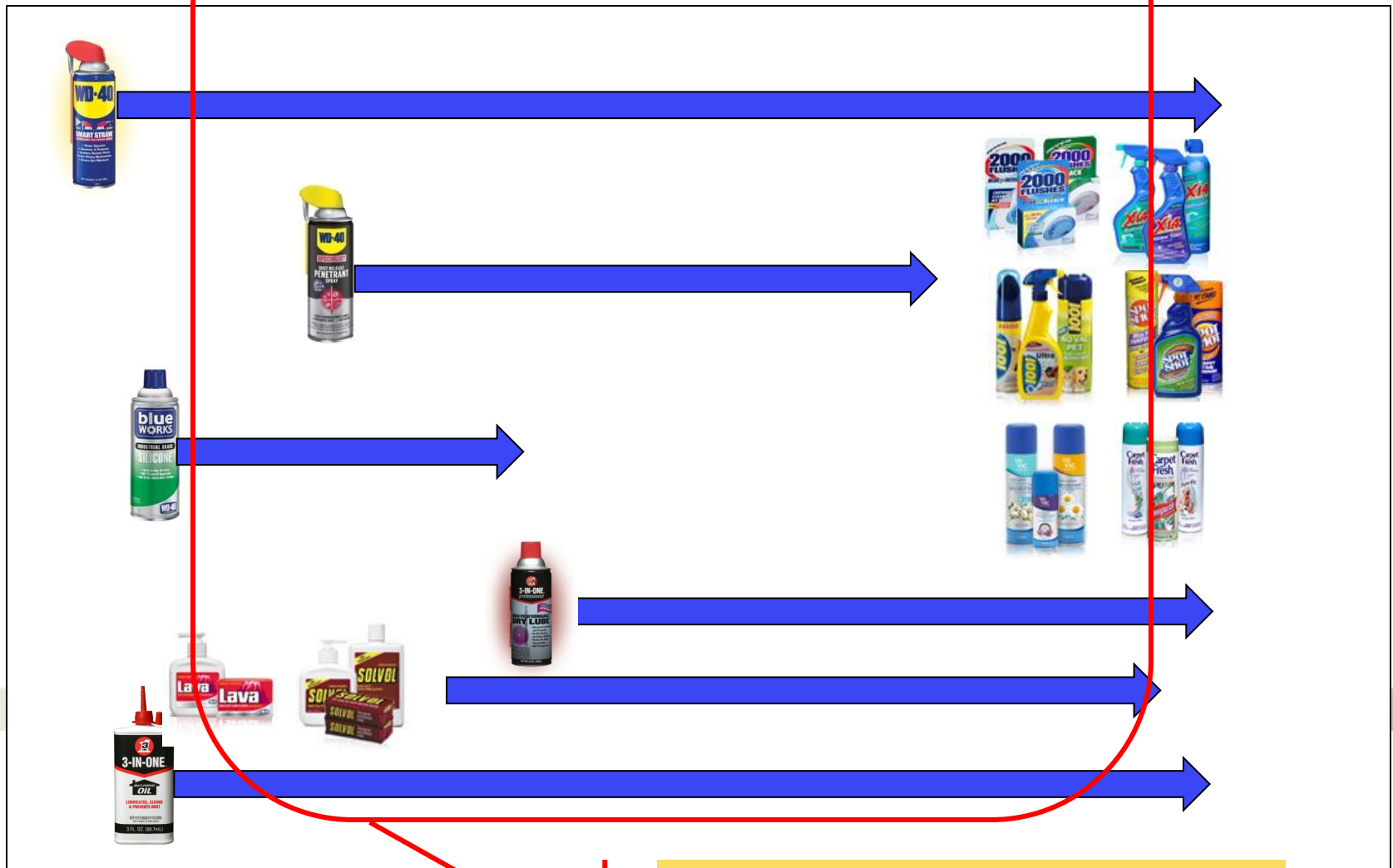
Continuum of End-Users for Maintenance Products

Class	Industrial		Trades		Home		
Type	Manufacturing & Assembly		No Go	Go	Doers Enthusiast	Doers Occasional	Non-Doers
User	On the Production Line	Maintenance Repair Overhaul MRO	Mechanic Farmer Fleet Construction	Carpenter Electrician Plumbers Maintain Repair	Auto, home Improve. DIY, Maintain, Outdoors, Hobbyist	Maintain	
Repair, Overhaul, Maintain, Install @ factory, trade, home							
Use	In Process or on finished goods	In maintenance	In Maintenance		In Project or Maintenance		Non-User
Decision Factor	Specified Range						
	Specific Knowledge						
	Specific Application						
Buyer	Central buyer / Facility Manager / Owner		Owner / User		User		
Buy Location	Distributor / Pro Outlet		Distributor / Pro Outlet		Retail		
	Industrial/trade distributors / wholesalers, automotive, DIY, hardware retail		As left + Auto, DIY, Farm, Hardware, distributor		Auto, DIY, hardware retail or departments wherever they are sold		



Our playground

Industrial	Trades		Home		
Manufacturing & Assembly	No Go	Go	Doers Enthusiast	Doers Occasional	Non-Doers



Where we have the right to win

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# REFRESHED STRATEGIC INITIATIVES FOR FY12



*Strategic Initiative*

*Americas*

*Europe*

*Asia Pacific*

1. Maximize the WD-40 Brand.

Awareness, Relevance, Availability and Consumption, to our targeted end users globally.

More places, more people,  
more uses, more frequently.

Mexico  
Brazil

Direct Markets  
Continental Europe  
Russia  
Turkey  
Sub-Sahara Africa

China  
India  
Vietnam  
Indonesia

2. Be the Global Leader in  
WD-40 Company's Product  
Categories and Platforms.

WD-40 Specialist  
BLUE WORKS  
3-IN-ONE

WD-40 Specialist  
BLUE WORKS  
3-IN-ONE Pro

WD-40 Specialist  
3-IN-ONE Pro

3. Strategic business relationships.  
(Acquisitions, JV's, Partnerships)

Actively looking  
for an opportunity

Actively looking  
for an opportunity

Actively looking  
for an opportunity

4. Long-term, fundamental innovation  
efforts for ensuring the continued  
profitable growth of the company.

We will pursue long-term, fundamental innovation efforts to ensure  
continued profitable growth of the company.

5. People - Attract, Develop and  
Retain Tribe Members

Continue to build the employer brand with development programs that drive  
employee engagement.



# Maximize the WD-40 Brand

- We are taking the WD-40 brand to more places, more people and have them discover more uses and use WD-40 brand more frequently
- Focus on geographic expansion *AND* market penetration



# Be a global leader in selected product categories and platforms

Includes brand & line extensions in adjacent categories



# Strategic Business Relationships

- Target acquisitions in markets and segments where we have the “right to win”
- Partner with others to combine our strengths to cultivate new opportunities



# Invest in Innovation for the Long-Term

- Pursue long-term, fundamental innovation efforts to ensure continued profitable growth of the Company
- Develop both in-house and through strategic business relationships



# People:

## Attract, Develop and Retain Tribe Members

- Continue to build the employer brand with development programs that drive employee engagement



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# SOLID FINANCIAL PLATFORM



# Investment Snapshot

## **Global, diverse business...**

- ✓ WD-40 sold in more than 160 countries worldwide.
- ✓ More than half of revenues were outside the US.
- ✓ Brands sold in multiple channels: retail, industrial, institutional.
- ✓ Portfolio of 11 brands.

## **Efficient Operation...**

- ✓ 334 employees during FY11.
- ✓ Sales per employee of \$1.0M.
- ✓ Net income per employee of \$109K in FY11.

## **Small Market Cap...**

- ✓ \$655.0M\*
- ✓ 16.0M shares outstanding\*\*\*

\*as of 12/21/2011

\*\*13F Report date 9/30/11 Source: Nasdaq Online

\*\*\* per 11/30/11 Balance Sheet

## **Asset-light strategy...**

- ✓ Average annual capex needs of \$2.2M FY09-FY11.
- ✓ Outsourced manufacturing and distribution.

## **Current and long-term return to shareholders...**

- ✓ Dividend yield of 2.60%.\*
- ✓ Dividend payout ratio of 50%.\*
- ✓ 7% increase in the quarterly dividend effective on 12/13/2011.
- ✓ New share buy-back plan of \$50M approved through April 2013.

## **Financial Foundation...**

- ✓ Strong balance sheet
- ✓ Strong free cash flow
- ✓ Strong liquidity & access to capital

## **Focused on creating value...**

- ✓ ROIC emphasis. ROIC was 15.8% in FY09, 26.4% in FY10 and 21.9% in FY11.
- ✓ Employee bonuses tied to sales and profit targets.

## **Priority in new product development (NPD) investment...**

- ✓ NPD has touched every brand.
- ✓ NPD delivered more than \$25M in sales from FY09-FY11.
- ✓ NPD priority is MPMP category

## **Ownership...**

- ✓ Insiders: 6%\*
- ✓ Institutions: 68%\*
- ✓ Institutions holding 5% or more shares : Kayne Anderson Rudnick, Parnassus Investments, and Black Rock Funds \*\*



# 50 / 30 / 20 RULE



**50 Gross margin** — At or above 50% of net sales

**30 Cost of doing business** — At or below 30% of net sales<sup>1</sup>

**20 EBITDA** — At or above 20% of net sales<sup>1</sup>

<sup>1</sup> See appendix for descriptions and reconciliations of these non-GAAP measures.



# RECENT RESULTS



# Q1 FY12 vs. FY11

(\$M)	FY12	FY11	Change
Sales	\$ 84.9	\$ 80.9	5%
Gross Profit %	48.7%	50.9%	-220 bp
Op Income	\$ 10.3	\$ 13.3	-23%
Net Income	\$ 6.8	\$ 9.1	-25%
EPS (Diluted)	\$ 0.42	\$ 0.53	-21%



# Q1 FY12 vs. FY11

## *Constant Currency Basis\**

(\$M)	FY12CC	FY11	Change
Sales	\$ 83.8	\$ 80.9	4%
Op Income	\$ 10.1	\$ 13.3	-24%
Net Income	\$ 6.6	\$ 9.1	-27%
EPS (Diluted)	\$ 0.41	\$ 0.53	-23%

\*Q1 FY12 results translated at Q1 FY11 exchange rates



# Q1 FY12 Compared to Q1 FY11

## Sales – \$84.9M, Up 5%

- Multi-purpose maintenance products up 6%
- Homecare & cleaning products down 2%
- Americas up 4%, Europe down 2%, and Asia Pacific up 30%

## Operating Expenses - \$31.0M, Up 11%

- SG&A up \$1.0M due to higher staffing levels and merit increases, increased freight costs and higher professional services fees
- A&P investment up \$1.7M, driven by higher investment in the Americas and Europe

## Gross Margin – 48.7% vs. 50.9% (-2.2pp)

- Price increases (+2.2pp)
- Higher discounts (-0.3pp)
- Changes in petroleum-based material costs and aerosol can costs (-2.3pp)
- Changes in other raw material costs and manufacturing costs (-0.7pp)
- Costs associated with the North American supply chain architecture project (-0.6pp)
- Impact from changes in sales mix and other misc, particularly higher mix in distributor vs. direct markets in Europe (-0.5pp)

## FX Impact – Constant Currency vs. Reported

- At FY11 FX rates, sales would have been lower by \$1.1M



# Fiscal Year Results FY11 vs. FY10

(\$M)	FY11	FY10	Change
Sales	\$ 336.4	\$ 321.5	5%
Gross Profit %	50.0%	51.4%	-140 bp
Op Income	\$ 54.1	\$ 55.2	-2%
Net Income	\$ 36.4	\$ 36.1	1%
EPS (Diluted)	\$ 2.14	\$ 2.15	0%



# Fiscal Year Results FY11 vs. FY10

## *Constant Currency Basis\**

(\$M)	FY11CC	FY10	Change
Sales	\$ 330.8	\$ 321.5	3%
Op Income	\$ 53.0	\$ 55.2	-4%
Net Income	\$ 35.6	\$ 36.1	-1%
EPS (Diluted)	\$ 2.09	\$ 2.15	-3%

\*FY11 results translated at FY10 exchange rates



# FY11 Compared to FY10

## Sales – \$336.4M, Up 5%

- Multi-purpose maintenance products up 8%
- Homecare & cleaning products down 9%
- Americas down 6%, Europe up 14%, and Asia Pacific up 31%

## Operating Expenses - \$114.0M, Up 4%

- SG&A flat to FY10. Lower bonus expense offset higher costs for professional services, legal fees, freight, travel and meeting expenses, and warehouse repairs. Also unfavorable FX impact.
- A&P investment up \$3.0M due to higher level of activities in Europe and Asia-Pac segments
- Amortization up \$0.8M

## Gross Margin – 50.0% vs. 51.4% (-1.4pp)

- Price increases (+0.5pp)
- Lower discounts (+0.3pp)
- Changes in petroleum-based material and aerosol can costs (-1.4pp)
- Higher other raw materials and manufacturing costs (-0.3pp)
- Sales mix changes (-0.5pp)
- Impact from changes in foreign currency exchange rates (-0.2pp)
- All other impacts (+0.2pp)

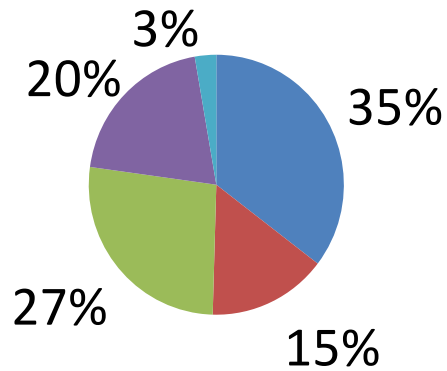
## FX Impact – Constant Currency vs. Reported

- At FY10 FX rates, sales would have been lower by \$5.6M



# What makes up the cost of a can?

## Approximate Cost Breakdown of a can of WD-40



- Petroleum-based products
- Manufacturing Fees
- Can
- Plastic
- Corrugate

\*As of November 2011



# GUIDANCE AS OF JANUARY 2012



# FY12 Guidance as of January 2012

- Sales growth between 5% and 10%, with Net Sales of \$353-\$370 million
- Gross margin close to 50%
- A&P investment in the range of 6.5% and 8.0% of Net Sales
- Net Income of \$37.2-\$39.2 million
- EPS of \$2.28 to \$2.40 based on estimated 16.3 million shares outstanding



# Conditions that impact our outlook

- Continued global economic recovery and expansion or .....at least stability
- Initiatives to maximize multi-purpose maintenance products – the launch of the WD-40 Specialist product line
- Gross Margin
  - Maintain gross margin of 50% of net sales
  - Stability in key input costs – petroleum-based spirits & steel
- Stabilized Homecare & Cleaning products revenues
- Less volatile foreign currency exchange rates



# What matters to us

- Managing our business with rigor
- Paying close attention to the balance of sales and profit growth
- Helping our people get an “A” – not marking their paper
- Being positive
- Being realistic
- Being responsive
- Being responsible
- Being accountable
- Being candid
- Living our values





Thank you



# APPENDIX



# 50 / 30 / 20 Rule

Measure of Net Sales	Target	FY11	Q1 FY12
Gross Margin	50%	50%	49%
Cost of Doing Business*	30%	33%	35%
EBITDA*	20%	17%	13%

\* See next slide in appendix for descriptions and reconciliations of these non-GAAP measures.



(1) This presentation contains certain non-GAAP (accounting principles generally accepted in the United States of America) measures, that our management believes provide our shareholders with additional insights into WD-40 Company's results of operations and how it runs its business. Our management uses these non-GAAP financial measures in order to establish financial goals and to gain an understanding of the comparative performance of the Company from year to year or quarter to quarter. The non-GAAP measures referenced in this presentation, which include EBITDA (earnings before interest, income taxes, depreciation and amortization) and the cost of doing business, are supplemental in nature and should not be considered in isolation or as alternatives to net income, income from operations or other financial information prepared in accordance with GAAP as indicators of the Company's performance or operations. Reconciliations of these non-GAAP financial measures to WD-40 Company's financial statements as prepared under GAAP are as follows:

	Twelve Months Ended 8/31/11	Twelve Months Ended 8/31/10
<b>Cost of Doing Business</b>		
Total Operating Expenses- GAAP	\$113,980	\$110,108
Amortization of definite-lived intangible assets	(\$1,537)	(\$724)
Depreciation (in Operating Departments)	(\$1,637)	(\$1,560)
Cost of doing business	\$110,806	\$107,824
Net Sales	\$336,409	\$321,516
Cost of doing business as % of net sales	33%	34%

	Twelve Months Ended 8/31/11	Twelve Months Ended 8/31/10
<b>EBITDA</b>		
Net Income- GAAP	\$36,433	\$36,095
Income Tax Expense	\$17,098	\$17,462
Interest income	(\$228)	(\$174)
Interest expense	\$1,076	\$1,726
Amortization of definite-lived intangible assets	\$1,537	\$724
Depreciation	\$2,849	\$3,524
EBITDA	\$58,765	\$59,357
Net Sales	\$336,409	\$321,516
EBITDA as % of net sales	17%	18%



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	Three Months Ended 11/30/11	Three Months Ended 11/30/10
<b>Cost of Doing Business</b>		
Total Operating Expenses- GAAP	\$31,038	\$27,900
Amortization of definite-lived intangible assets	(\$585)	(\$182)
Depreciation (in Operating Departments)	(\$382)	(\$393)
Cost of doing business	\$30,071	\$27,325
Net Sales	\$84,945	\$80,927
Cost of doing business as % of net sales	35%	34%

	Three Months Ended 11/30/11	Three Months Ended 11/30/10
<b>EBITDA</b>		
Net Income- GAAP	\$6,792	\$9,079
Income Tax Expense	\$3,138	\$4,173
Interest income	(\$52)	(\$55)
Interest expense	\$242	\$322
Amortization of definite-lived intangible assets	\$585	\$182
Depreciation	\$633	\$796
EBITDA	\$11,338	\$14,497
Net Sales	\$84,945	\$80,927
EBITDA as % of net sales	13%	18%

