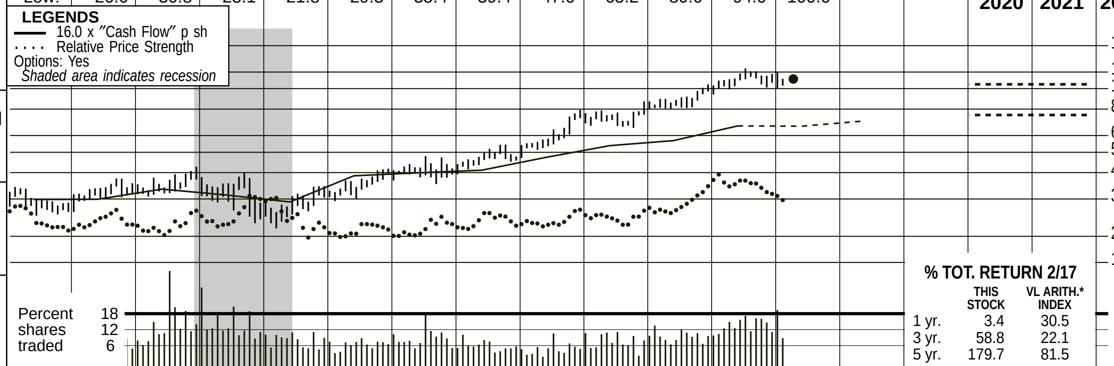
WD-40 COMPANY NDQ-WDFC

RECENT PRICE 111.10 | P/E RATIO 30.4 (Trailing: 30.6; Median: 20.0) | RELATIVE P/E RATIO 1.55 | DIV'D YLD 1.8% | VALUE LINE

TIMELINESS 3 Raised 3/17/17
SAFETY 2 Raised 4/3/09
TECHNICAL 3 Raised 3/17/17
BETA .75 (1.00 = Market)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
High:	37.6	42.7	40.0	34.6	41.8	48.0	54.4	79.3	87.1	105.0	125.0	119.9
Low:	26.0	30.8	23.1	21.8	29.3	35.4	39.4	47.0	65.2	80.0	94.0	100.6

Target Price Range 2020 2021 2022



2020-22 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(-5%)	1%
Low	75	(-30%)	-7%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	1	0	1	0	0
Options	0	1	1	1	0	8	0	8	0
to Sell	0	0	1	2	0	1	0	0	0

Institutional Decisions

	2Q2016	3Q2016	4Q2016
to Buy	79	95	95
to Sell	90	77	93
Hld's(000)	10904	11012	11776

% TOT. RETURN 2/17

	THIS STOCK	VL ARITH.* INDEX
1 yr.	3.4	30.5
3 yr.	58.8	22.1
5 yr.	179.7	81.5

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
11.11	13.18	14.24	14.65	15.77	16.90	18.27	19.24	17.66	19.27	20.55	21.84	24.11	25.96	26.17	26.79	*28.40*	*30.20*	Sales per sh A	37.40
1.41	1.65	1.86	1.69	1.87	1.87	2.09	1.96	1.82	2.42	2.49	2.57	2.96	3.36	3.55	4.16	*4.15*	*4.40*	"Cash Flow" per sh	5.40
1.08	1.57	1.75	1.50	1.67	1.67	1.83	1.69	1.58	2.15	2.14	2.20	2.54	2.87	3.04	3.64	*3.65*	*3.75*	Earnings per sh B	4.70
1.18	.94	.80	.80	.84	.88	1.00	1.00	1.00	1.00	1.08	1.14	1.22	1.33	1.48	1.64	*1.89*	*1.96*	Div'ds Decl'd per sh C	2.25
.10	.07	.12	.14	.19	.17	.15	.35	.18	.11	.18	.24	.19	.28	.40	.31	*1.50*	*1.00*	Cap'l Spending per sh	.35
3.51	5.06	6.29	6.79	7.79	9.17	9.99	9.95	10.46	11.78	12.29	11.81	11.74	11.48	10.92	9.88	*9.70*	*10.55*	Book Value per sh D	14.80
15.72	16.45	16.73	16.55	16.69	16.98	16.85	16.48	16.53	16.69	16.37	15.70	15.29	14.75	14.45	14.21	*13.90*	*13.75*	Common Shs Outst'g E	13.50
19.0	16.2	15.4	21.0	17.7	18.1	18.5	20.4	17.7	15.3	18.8	20.1	20.9	24.9	26.8	28.6	*Bold figures are*		Avg Ann'l P/E Ratio	19.0
.97	.88	.88	1.11	.94	.98	.98	1.23	1.18	.97	1.18	1.28	1.17	1.31	1.35	1.50	*Value Line*		Relative P/E Ratio	1.20
5.7%	3.7%	3.0%	2.5%	2.8%	2.9%	3.0%	2.9%	3.6%	3.0%	2.7%	2.6%	2.3%	1.9%	1.8%	1.6%	*estimates*		Avg Ann'l Div'd Yield	2.5%

CAPITAL STRUCTURE as of 11/30/16
Total Debt $134.3 mill. **Due in 5 Yrs** $122.0 mill.
LT Debt $122.0 mill. **LT Interest** $1.7 mill.
(49% of Cap'l)
Lease, Uncapitalized Annual rentals $2.0 mill.
No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 14,115,152 shs.
as of 1/4/17
MARKET CAP: $1.6 billion (Mid Cap)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		20-22
307.8	317.1	292.0	321.5	336.4	342.8	368.5	383.0	378.2	380.7	*395*	*415*	Sales ($mill) A	505
17.1%	15.1%	17.4%	18.7%	17.9%	17.1%	17.7%	18.9%	19.8%	21.2%	*20.0%*	*20.0%*	Operating Margin	20.0%
3.6	3.8	3.7	4.2	4.4	4.9	5.4	5.9	6.5	6.5	*7.0*	*7.5*	Depreciation ($mill)	9.0
31.5	28.5	26.3	36.1	36.4	35.5	39.8	43.7	44.8	52.6	*51.0*	*53.0*	Net Profit ($mill)	64.0
33.2%	34.3%	31.4%	32.6%	31.9%	30.3%	30.0%	30.5%	29.0%	27.7%	*30.0%*	*30.0%*	Income Tax Rate	32.0%
10.2%	9.0%	9.0%	11.2%	10.8%	10.4%	10.8%	11.4%	11.8%	13.8%	*12.9%*	*12.8%*	Net Profit Margin	12.7%
76.7	64.9	72.6	90.6	89.0	76.6	74.4	63.8	157.3	150.8	*140*	*145*	Working Cap'l ($mill)	110
42.9	32.1	21.4	10.7	- -	- -	- -	- -	108.0	122.0	*122*	*120*	Long-Term Debt ($mill)	50.0
168.3	164.0	172.9	196.5	201.2	185.5	179.5	169.4	157.9	140.4	*135*	*145*	Shr. Equity ($mill)	200
15.4%	14.9%	14.1%	17.6%	18.1%	19.1%	22.2%	25.8%	16.9%	20.1%	*20.0%*	*20.5%*	Return on Total Cap'l	27.0%
18.7%	17.4%	15.2%	18.4%	18.1%	19.1%	22.2%	25.8%	28.4%	37.5%	*37.5%*	*36.5%*	Return on Shr. Equity	32.0%
8.9%	7.2%	5.6%	9.9%	9.0%	9.3%	11.6%	13.9%	14.6%	20.6%	*18.0%*	*18.5%*	Retained to Com Eq	16.5%
53%	59%	63%	46%	50%	51%	48%	46%	48%	45%	*52%*	*49%*	All Div'ds to Net Prof	48%

CURRENT POSITION ($MILL.)	2015	2016	11/30/16
Cash Assets	102.5	108.5	100.8
Receivables	58.7	64.7	55.9
Inventory (Avg Cst)	32.1	31.8	34.2
Other	12.0	4.5	3.6
Current Assets	205.3	209.5	194.5
Accts Payable	17.1	18.7	18.1
Debt Due	- -	- -	12.3
Other	30.9	40.0	33.6
Current Liab.	48.0	58.7	64.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Sales	5.0%	6.5%	7.5%
"Cash Flow"	7.5%	10.5%	8.0%
Earnings	7.0%	10.0%	8.0%
Dividends	6.0%	7.5%	8.5%
Book Value	3.0%	-1.5%	6.5%

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2014	95.5	94.2	95.7	97.6	383.0
2015	96.4	97.3	92.5	92.0	378.2
2016	92.5	94.6	96.4	97.2	380.7
2017	89.2	*95.0*	*105*	*105.8*	*395*
2018	*95.0*	*100*	*110*	*110*	*415*

Fiscal Year Ends	EARNINGS PER SHARE A B Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2014	.74	.67	.69	.77	2.87
2015	.73	.76	.75	.80	3.04
2016	.83	.94	.88	.99	3.64
2017	.82	*.90*	*.95*	*.98*	*3.65*
2018	*.90*	*.95*	*.95*	*.95*	*3.75*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.31	.31	.31	.31	1.24
2014	.34	.34	.34	.34	1.36
2015	.38	.38	.38	.38	1.52
2016	.42	.42	.42	.42	1.68
2017	.49				

BUSINESS: WD-40 Company makes and markets three multi-purpose lubricants. The main product is a petroleum-based spray lubricant, *WD-40*, which also prevents rust and displaces moisture. Another is *3-IN-ONE* oil, which has multiple household and industrial applications. The new *WD-40 Specialist* line features problem-solving products aimed at the trade and doer enthusiast. It also includes motorcycle repairs products. Other wares include, heavy-duty hand cleaners *LAVA* and *SOLVOL*, and household cleaners. Has 445 employees. Officers & Directors own 3.3% of common; 3 institutions, 26.4%. (11/16 Proxy). Chrmn.: Neal E. Schmale. Pres. & CEO: Garry Ridge. Inc.: DE. Add: 1061 Cudahy Place, San Diego, CA 92110. Tel. 619-275-1400. Internet: www.wd40.com.

WD-40 had a rough start to fiscal 2017 (ending August 31st). The November-quarter results were hurt by a 4% decline in sales to $89.2 million. Foreign currency translation was the primary culprit there, as the company noted that on a constant-currency basis, sales would have, in fact, increased to $95.1 million. Net profits also fell short of last year's tally with share earnings coming in at $0.82, a mere penny shy of the fiscal 2016 number.

Although we expect that difficult market conditions likely persisted in the recently ended February quarter, we are more optimistic about a second-half recovery. Sales in the Americas have been hampered by lower maintenance product volumes. Tougher comparisons are likely due to product launches in 2015–2016 that boosted the top line a year ago. In Latin America, maintenance product sales have been lower primarily owing to the economic uncertainty in Mexico. In addition, the EMEA region has reported solid volumes, but unfavorable currency exchange rates all but erased the upside there. Moreover, management notes that although market conditions have begun to stabilize in Russia, sales of maintenance products are down due to the market distributors in the region normalizing inventory levels to meet current market needs. The Asia-Pacific region offers some promise, thanks to new distribution and increased promotional programs in Australia and China. Gross margins have improved because of lower raw material costs. Meanwhile, reduced advertising and promotion expenses have also provided some margin support. Furthermore, much of the sales guidance reflects the weakness of the pound sterling and the euro against the U.S. dollar. All told, we look for fiscal 2017 results to come in at the low end of the company's previous guidance. This called for a low single-digit top-line advance and a share net between $3.64 and $3.71.

The long-term outlook is brighter. New products including category extensions, along with increased distribution, ought to drive results out to late decade. **However, the stock's elevated P/E multiple offers virtually no total return potential to 2020–2022.**

Simon R. Shoucair *March 24, 2017*

(A) Fiscal year ends August 31st.
(B) Diluted earnings. Next earnings report due mid-April. Excludes nonrecurring (losses) gains: '02, (4¢); '03, (4¢); '05, (2¢); '06, (1¢).
(C) Dividends historically paid in January, April, July, and October.
(D) Incl. intangibles. At 8/31/16: $114.8 mill. $8.08 a share.
(E) In millions.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	100
Earnings Predictability	95