

2019 Results and 2020 Outlook

January 23, 2020

Kimberly-Clark.com



HUGGIES

Kleenex



Cottonelle



WYPALL

Conference Call Reminders

Forward-Looking Information

Certain matters in this presentation, including our 2020 outlook, expectations and planning assumptions, and any estimates, projections, and statements relating to our business plans or objectives, constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the company. These statements are subject to risks and uncertainties, including currency rates and exchange risks, including in Argentina, cost savings and reductions, raw material, energy, and other input costs, competition, customer relationships, market demand and economic and political conditions, effective tax rate, the anticipated cost savings from the company's FORCE program, charges and savings from the 2018 Global Restructuring Program, and contingencies. There can be no assurance that these future events will occur as anticipated or that the company's results will be as estimated. Forward-looking statements and guidance speak only as of the date they were made, and we undertake no obligation to publicly update them. For a more complete listing and description of other factors that could cause the company's future results to differ materially from those expressed in any such forward-looking statements, see Item 1A of the company's Annual Report on Form 10-K for the year ended December 31, 2018 entitled "Risk Factors."

Non-GAAP Financial Measures

Management believes that non-GAAP financial measures enhance investors' understanding and analysis of the company's performance. As such, results and outlook have been adjusted to exclude certain items as indicated in the non-GAAP reconciliations to the comparable GAAP financial measures included in today's earnings release and described in additional information posted on our Web site (www.kimberly-clark.com/investors). The non-GAAP financial measures exclude charges related to the 2018 Global Restructuring Program in 2018 and 2019, a net gain in 2019 related to the sale of a property associated with a past restructuring as well as U.S. tax reform related matters in 2018.

Full Year 2019 Results



2019 Headlines

- Organic sales increased 4 percent, driven by higher net selling prices
- Strong margin improvements and bottom-line growth while increasing brand investments
- Improved capital efficiency and returned significant cash to shareholders

Consolidated Net Sales

Net Sales	2019
Total Change^(a)	0%
Volume	(1%)
Net Price	4%
Mix/Other	1%
Currency	(3%)
Organic ^(b)	4%

- Organic sales up 4 percent



(a) Total may not equal the sum of volume, net price, mix/other, exited businesses and currency due to rounding

(b) Combined impact of changes in volume, net price and mix/other

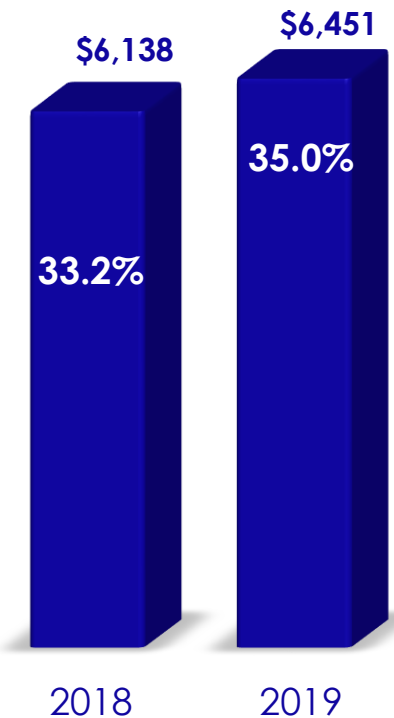
2019 Organic Sales by Geography

- North America
 - Consumer products increased 3 percent
 - Personal care up 4 percent; positive volumes, pricing, mix
 - Consumer tissue up 2 percent; price up 7 percent, volumes down 5 percent
 - K-C Professional increased 3 percent; higher prices in all major product categories
- Developing & Emerging (D&E) Markets
 - Increased 6 percent, including 2 ½ points from Argentina
 - Personal care increased 20 percent in Eastern Europe, up high-single digits in Brazil, China, ASEAN
 - Latin America outside of Brazil and Argentina: increased volatility and soft results in second half of year in Peru, Bolivia, Chile
- Developed Markets Outside North America
 - Up 1 percent

Adjusted Gross Profit / Margin

- Gross margin up 180 basis points and gross profit up 5 percent
- Total cost savings \$425 million (FORCE + Restructuring)
 - In line with initial target
 - 2020 target \$425 to \$500 million, including \$325 to \$375 million from FORCE
- Commodity drag \$145 million
 - Favorable in back half of year
- Currencies reduced profit high-single digits
- Other manufacturing costs increased
- 2020: Expect commodities to be somewhat favorable, mostly offset by currency headwinds – Latin America

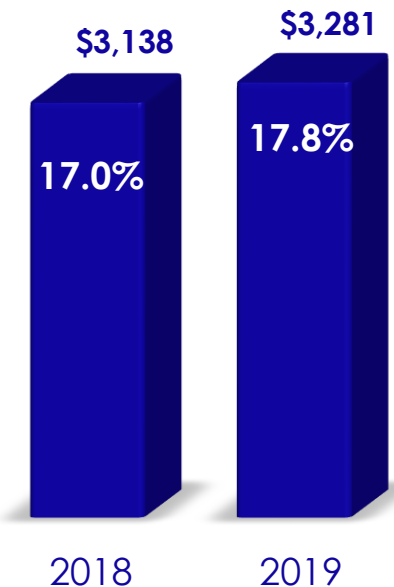
**ADJUSTED
GROSS
PROFIT / MARGIN
(\$ MILLION)**



Adjusted Operating Profit / Margin

- Between-the-lines spending up 90 basis points (% of net sales)
 - Advertising up 60 basis points
 - S,G&A increased
 - Included higher incentive compensation
 - Investments in commercial capabilities
- Operating profit up 5 percent
- Operating margin up 80 basis points
 - Up in all three business segments, led by consumer tissue and secondarily K-C Professional

**ADJUSTED
OPERATING
PROFIT / MARGIN**
(\$ MILLION)



Adjusted Earnings Per Share

- Adjusted EPS \$6.89, up 4 percent year-on-year
 - October guidance: \$6.75 to \$6.90
 - Original outlook: \$6.50 to \$6.70
- Higher adjusted effective tax rate
 - 23 percent vs. 21 percent in 2018
 - In line with plan
- Higher equity income
- Lower share count

ADJUSTED
EARNINGS
PER SHARE



Cash Flow and Capital Allocation

- Cash provided by operations \$2.7 billion
 - Down compared to \$3.0 billion in 2018, in line with expectations
 - Higher working capital
 - Expect solid increase in 2020, driven by higher earnings
- Capital spending \$1.2 billion
 - Up from \$877 million in 2018, driven by Restructuring projects; in line with plan
 - Spending to remain elevated in 2020 due to Restructuring
- Adjusted ROIC up 70 basis points
 - 27.2 percent, all-time high
- Dividends and share repurchases totaled \$2.2 billion
 - 9th consecutive year of at least \$2 billion
 - Expect similar level in 2020; Board has approved 3.9 percent dividend increase for 2020 – 48th consecutive annual increase

2018 Global Restructuring Program Update

- Significant progress through two years
- Redesigned administrative/overhead organization, realized most of total S,G&A savings
- Supply chain activities ramping up
 - Announced 7 of ~10 facilities we expect to close or sell; taken action on 6
 - In 2020, will start-up ~20 new assets globally, ~twice a typical year
- Key metrics
 - Pre-tax charges and workforce reductions 70 to 75 percent complete
 - Cash payments ~65 percent complete
 - Cost savings
 - Accelerated delivery in 2018/2019 – \$300 million achieved
 - Continue to target \$500 to \$550 million by end of 2021

2019 Recap and 2020 Outlook

2019 Recap

- Excellent progress executing K-C Strategy 2022
- Organic sales growth of 4 percent, ahead of original plan of 2 percent growth
 - Focus on price realization: highest benefit in a decade (+4 percent)
 - Product mix up 1 percent: strategies to elevate categories, drive trade up
 - Volumes down 1 percent, better than plan: strong execution, brand investments, less impact from price increases
- Broad-based margin improvements
- Above-plan earnings
- Continued to leverage financial/capital discipline
 - Cost savings, ROIC, returned cash to shareholders

2019 Recap

- Increased investment in our brands and businesses
 - Advertising spending up 60 basis points (% of net sales)
 - Digital two-thirds of working media mix
 - Leveraging digital expertise in more businesses
 - Marketing ROI improving
 - Volume growth: feminine care internationally, diapers in Eastern Europe, adult care in North America
 - Commercial capabilities, including revenue management
 - Program-management approach
 - Includes tools, processes, resources
 - Making good progress

2020 Outlook

- Balanced approach to value creation, higher growth investments, aligns with K-C Strategy 2022 financial objectives
- Organic sales growth target 2 percent
 - Consistent with medium-term objective and expectation for category growth
 - Selling prices, product mix, volumes all improve
 - Pricing weighted to front half of year
 - Volume growth likely more weighted to back half of year
 - Expect promotion environment will be competitive but remain broadly constructive

2020 Outlook

- Continue to increase growth investments: digital marketing, capabilities, products
 - Innovations launching in North America in first half of year – Huggies diapers, adult care, Cottonelle bathroom tissue
 - Upgrades in personal care in key D&E markets – China, Eastern Europe, Latin America
 - Confident that growth investments and innovations will help grow volumes and improve product mix this year; improve share performance over time
 - Investments start in first quarter, benefits will build as year progresses

2020 Outlook

- Adjusted operating profit growth 3 to 5 percent
 - 50 basis points margin improvement at mid-point of guidance targets
 - Gross margin increase more than operating margin
- Adjusted earnings per share \$7.10 to \$7.35
 - At mid-point up 5 percent, in line with K-C Strategy 2022 objective
- Expect to improve cash flow
- Return significant cash to shareholders

Summary

- Encouraged by 2019 progress and 2020 outlook
- Investing more for longer-term success
- Confident in our ability to deliver balanced and sustainable growth and create shareholder value



Q&A Session



Appendix:

2019 Business Segment Results

Personal Care



Net Sales

2019

Total Change 1%

Volume 1%

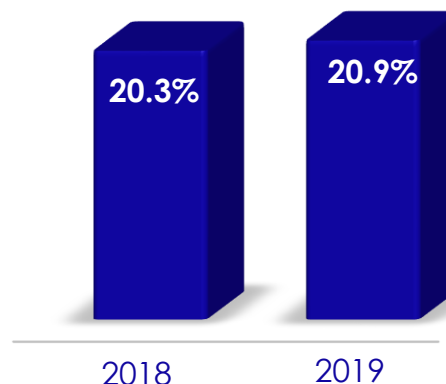
Net Price 3%

Mix/Other 1%

Currency (4%)

Organic 5%

OPERATING MARGIN



- Organic sales up 5 percent
- Operating margin up 60 basis points
 - Organic sales growth and cost savings, currency and commodity headwinds, advertising investments

Consumer Tissue

Net Sales

2019

Total Change

0%

Volume

(3%)

Net Price

5%

Mix/Other

0%

Currency

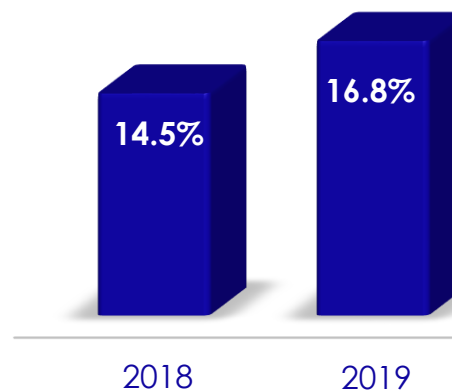
(3%)

Organic

2%



OPERATING MARGIN



- Organic sales up 2 percent
- Operating margin up 230 basis points
 - Driven by higher pricing, along with cost savings

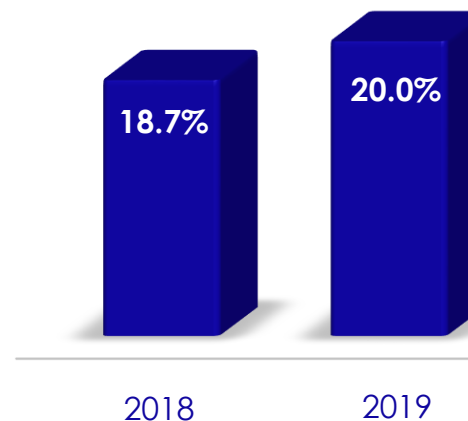
K-C Professional



Net Sales 2019

Total Change	(3%)
Volume	(2%)
Net Price	3%
Mix/Other	1%
Exited Businesses	(2%)
Currency	(3%)
Organic	2%

OPERATING MARGIN



- Organic sales up 2 percent
- Operating margin up 130 basis points
 - Higher net selling prices and cost savings

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BRAND