



# Barclays Global Consumer Staples Conference

September 4, 2019



# Agenda

- Company overview
- 2019 results and outlook
- K-C Strategy 2022



# Reminders

## Forward-Looking Information

Certain matters in this presentation, including our 2019 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

This presentation contains some financial measures that have been adjusted to exclude certain items and differ from reported results using Generally Accepted Accounting Principles (GAAP). Management believes that reporting in this manner enhances investors' understanding and analysis of the company's performance. For additional information on why we make these adjustments and reconciliations to comparable measures under GAAP, see the supplemental information for this presentation posted to the Investors section of our website ([www.kimberly-clark.com/investors](http://www.kimberly-clark.com/investors)). This presentation also includes information on organic net sales, which describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates and exited businesses also impact the year-over-year change in net sales.

# Key Messages

- Delivering improved near-term results
- Investing for longer-term success
- Executing K-C Strategy 2022 for balanced and sustainable growth
- Confident in ability to create shareholder value

# Kimberly-Clark Highlights

- \$18 billion global company founded in 1872
- Strong global brands, including five billion-dollar brands:



- Products used by one-quarter of world's population
- Strong legacy of innovation – created 5 of the 8 major product categories in which we compete
- Products sold in more than 175 countries
- #1 or #2 position in 80 countries



# Commitment to Sustainability

- Sustainability 2022 strategy - commitment to sustainability from source to shelf
- Initiatives align with our values, improve the communities we serve and build a more sustainable future
- Making excellent progress
- 16<sup>th</sup> annual report available online

## OUR PRIORITIES



SOCIAL  
IMPACT



FORESTS  
& FIBER



WASTE &  
RECYCLING



ENERGY  
& CLIMATE



SUPPLY  
CHAIN



# Recent Operating Results Improving

	2017	2018	Q1 2019	Q2 2019
Organic Sales	0%	+1%	+3%	+5%
Price	(1%)	0%	+4%	+5%
Adjusted Gross Margin	35.9%	33.2%	33.5%	34.6%
Adjusted Operating Profit	(1%)	(7%)	(2%)	+2%

# Improved Full-Year 2019 Outlook

	January	July
Organic Sales	+2%	+3%
Adjusted Operating Profit	+1 – 4%	+3 – 5%
Adjusted EPS	\$6.50 – \$6.70 (2%) to +1%	\$6.65 – \$6.80 +1% to +3%

- Pricing plans on track
- Volumes ahead of expectations
- Commodity inflation moderating
- Strong cost savings
- Reinvesting more for top-line growth



# K-C Strategy 2022



**Grow Portfolio  
of Iconic Brands**  
in-line with, or  
slightly ahead of  
categories



**Leverage Cost  
and Financial  
Discipline**  
to fund growth and  
improve margins

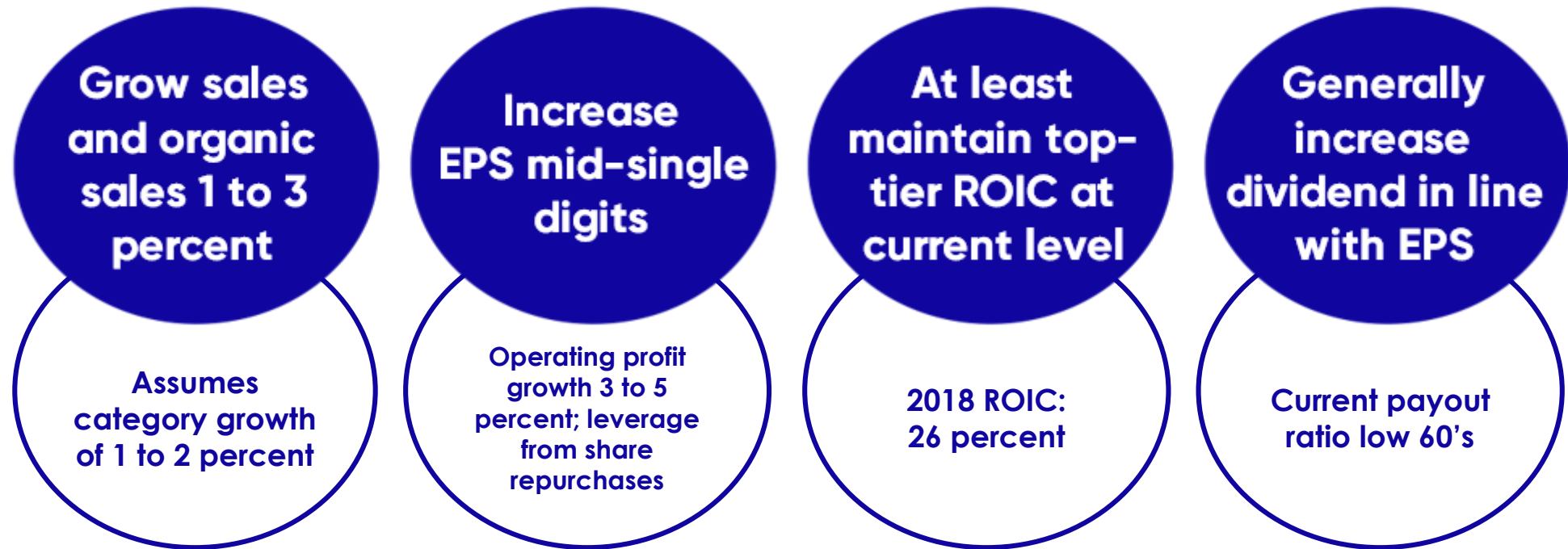


**Allocate Capital  
in Value-  
Creating Ways**  
enabled by strong  
cash flow

*Balanced, Sustainable Growth*

# K-C Strategy 2022

## Medium-Term Financial Objectives



NOTE: EPS, profit and ROIC are adjusted

# K-C Strategy 2022: Growth



## Grow Portfolio of Iconic Brands

in-line with, or slightly ahead of categories

## Key growth pillars



Elevate core businesses



Accelerate growth in D&E markets

## Accelerate and invest in commercial capabilities

- Revenue growth management
- Consumer-inspired innovation
- Digital marketing
- In-market execution

# Elevate Core Businesses



**Shampoo**



**~50x**

**Razors**



**~30x**

**Toothpaste**



**~10x**

**Diapers**



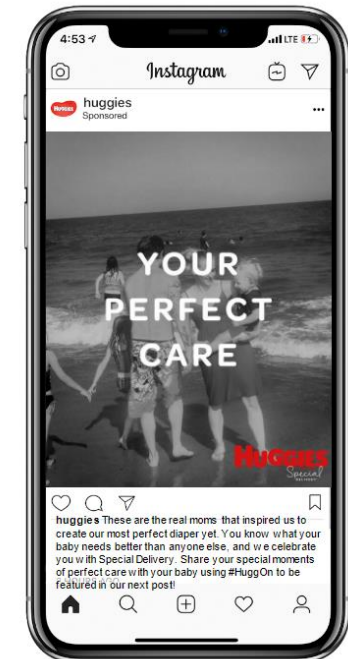
**~3x**

Significant opportunities to premiumize our categories

# Huggies Special Delivery



- Launched July
- New super-premium diaper
  - Softest diaper, provides ultimate skin comfort
  - Plant-based materials, other natural elements
  - Leverages global technologies
- Premium priced
- Tailored, digital messaging





# North American Adult Care



- #1 position – market share >50 percent
- Attractive category dynamics
- Multiple innovations
- Increased brand investment

## VOLUME GROWTH

2018	+3%
1H 2019	+8%



# North American Consumer Products



- Growth improving in 2019
- Pricing initiatives successful
- Innovations and increased brand support
- Strong in-store execution

## ORGANIC SALES

2018	+1%
1H 2019	+3%



# South Korea



- Large, developed market
  - Strong market shares
- Growing overall despite birth rate declines
  - Broad-based growth ex-diapers
- Innovations to premiumize categories
- Winning naturals offerings
- Highly advanced digital capabilities

## ORGANIC SALES

2018	+3%
1H 2019	+1%



# K-C Professional



- Consistent growth and attractive margins
- Disciplined execution of pricing initiatives
- Focus on high-margin businesses
- Premium innovations
- Leveraging capabilities to grow in D&E markets

## ORGANIC SALES

2018	+3%
1H 2019	+2%



# Accelerate Growth in D&E Markets



- 30 percent of company sales
- Strong long-term track record, excellent start to 2019
- Largest growth opportunity – low category penetration/frequency of usage
- Emphasis on Personal Care, K-C Professional
- Priority markets - Latin America, China, Eastern Europe, ASEAN
  - Early stage markets: India and Africa

## ORGANIC SALES

2018	+2%
1H 2019	+8%





# The Diaper Opportunity in D&E Markets



- Attractive category dynamics
  - ~90% of global births
  - Middle class expansion
  - Frequency of usage increases
- Investing to accelerate growth
  - Products
  - Capabilities
  - Category building sales/marketing
  - Geographies

	ANNUAL BIRTHS (M)	CURRENT CATEGORY SIZE (B)	AT U.S. SPENDING RATE (B)
U.S.	4	\$6	
China	15	\$9	➡ \$23
India	25	\$1	➡ \$38
Africa	42	\$3	➡ \$63
Global	138	\$46	+>\$100



# Brazil Personal Care



- Broad-based growth
- Price increases
- Focused development in adult care and baby wipes
- Innovations in premium and value tiers
- Improved in-market sales execution

## ORGANIC SALES

2018	+11%
1H 2019	+13%



# China Personal Care



- Returned to growth in Q2 2019
- More stable pricing in diapers
- Successful premium innovations
- Feminine care growth 20+ percent
- Share positions over-index online, strong digital marketing

## ORGANIC SALES

2018	(13%)
1H 2019	+1%



# Eastern Europe Personal Care



- Double-digit volume growth in diapers and feminine care
  - Strong innovations
  - Sales execution
  - Marketing
  - Geographic expansion
- Inflationary price increases

## ORGANIC SALES

2018	+14%
1H 2019	+22%



# ASEAN Personal Care



- Growing double-digits, driven by volume
- Huggies diapers momentum in Vietnam
- Innovation and expansion

## ORGANIC SALES

2018	+10%
1H 2019	+11%





# K-C Strategy 2022: Financial Discipline / Capital Allocation



**Leverage Cost  
and Financial  
Discipline**  
to fund growth and  
improve margins



**Allocate Capital  
in Value-  
Creating Ways**  
enabled by strong  
cash flow

## Strong legacy to build upon

- Cost savings and SG&A efficiency
- Capital discipline
- Shareholder-friendly capital allocation

# Supply Chain Productivity - FORCE

- Ongoing program
  - Generated over \$4 billion of savings in last 15 years
- End-to-end supply chain focus leveraging global organization
  - Manufacturing productivity
  - Product design
  - Procurement
  - Distribution network
- 2019 target \$300 to \$325 million
- 2018 to 2021 target \$1.5+ billion



# 2018 Global Restructuring Program

- Biggest restructuring in our history
- Launched in January 2018, charges through 2020
- Streamline overhead organization and manufacturing supply chain
  - Better leverage scale and technology
  - More standardized manufacturing platforms to enable innovation
- Exit or divest lower margin businesses, ~1 percent of sales
- Expect annual savings of \$500 to \$550 million by end of 2021
  - More flexibility to invest and improve margins

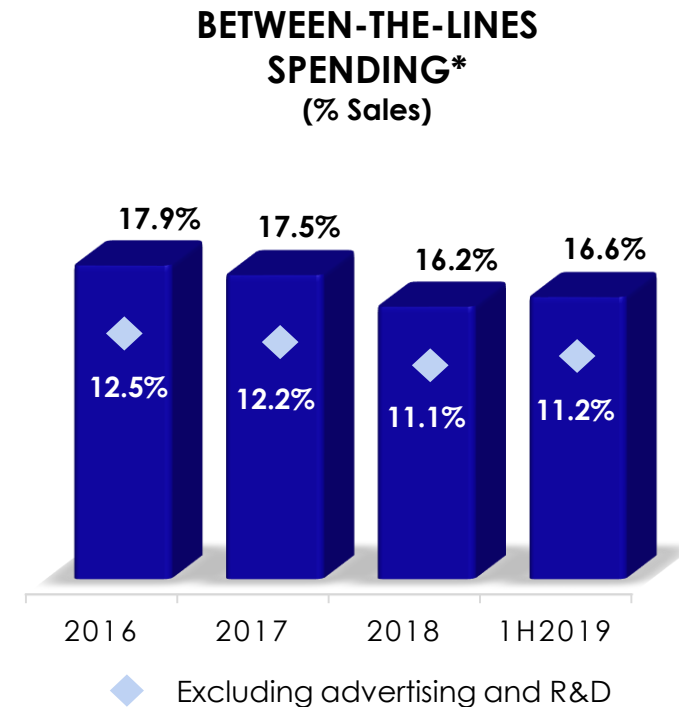
# 2018 Global Restructuring Update

	End-Point	Through June 2019
Pre-Tax Charges	\$1.7 – 1.9B	<b>\$1.3B</b>
Savings	\$500 - 550M	<b>\$215M</b>
Workforce Reductions	5,000 – 5,500	<b>&gt;3,000</b>
Manufacturing Facility Reductions	~10	<b>6 announced (3 closed)</b>

- Excellent progress
- SG&A savings mostly realized
- Supply chain activities ramping up

# Between-the-Lines Spending

- Long track record of efficient SG&A spending
- 2018 Global Restructuring Program lowering overhead spending
- SG&A down ~100 basis points over last two years
- Increasing advertising investments

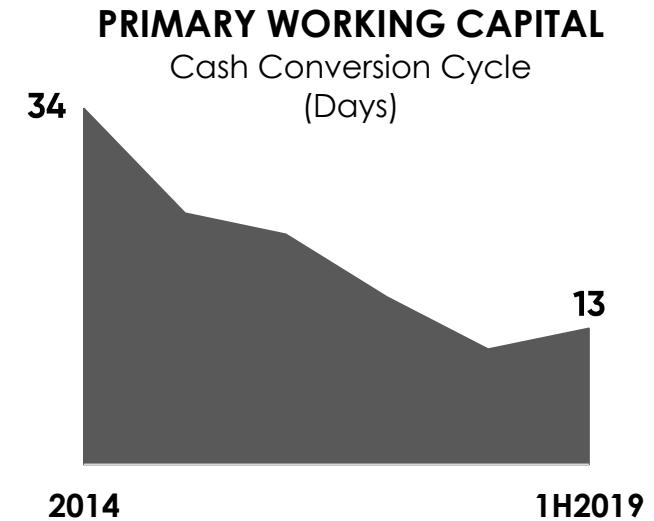




# Working Capital and ROIC

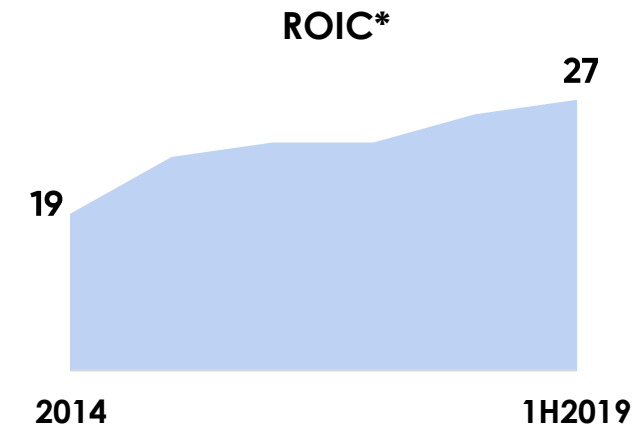
## Working capital

- Global supply chain initiatives
- Cash conversion cycle 11 days in 2018
  - Down 23 days over last five years
  - Expect modest increase in 2019



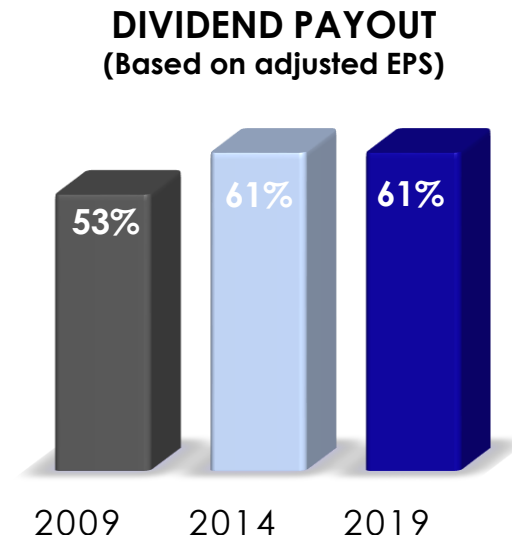
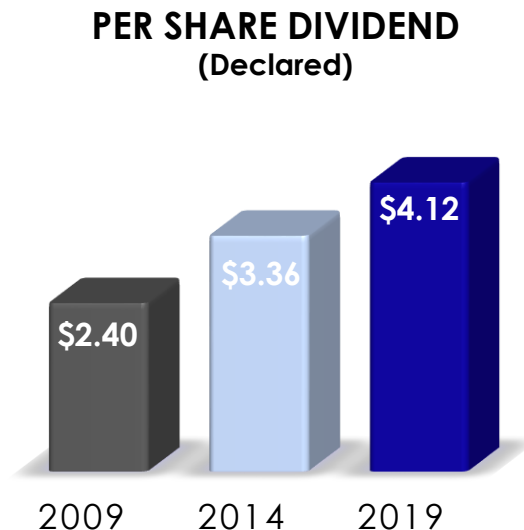
## ROIC

- Key component of long-term incentive compensation program
- Improved >700 basis points in last five years



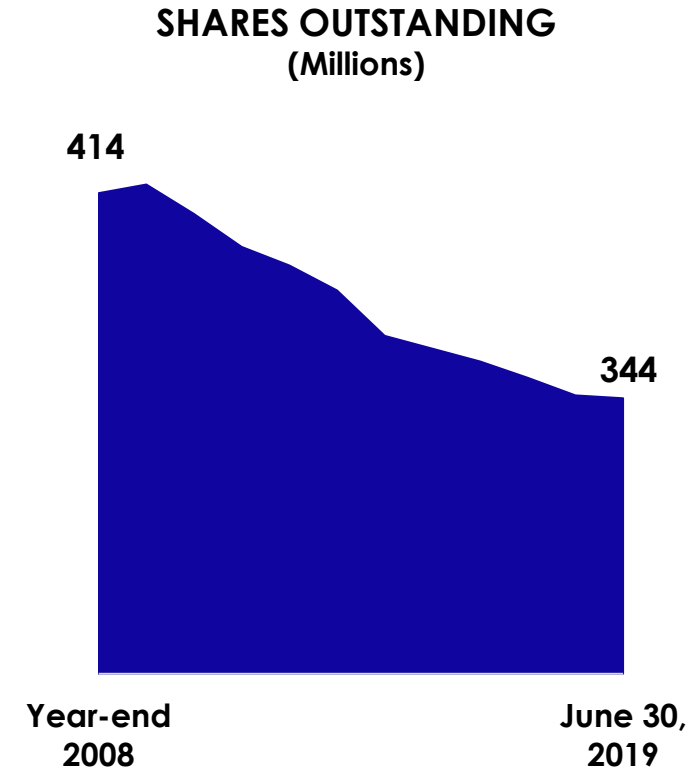
# Dividends

- 85<sup>th</sup> consecutive year K-C has paid a dividend, 47<sup>th</sup> consecutive annual increase
- Paid \$12+ billion in cash dividends in last 10 years
- Top-tier dividend in CPG industry



# Share Repurchases

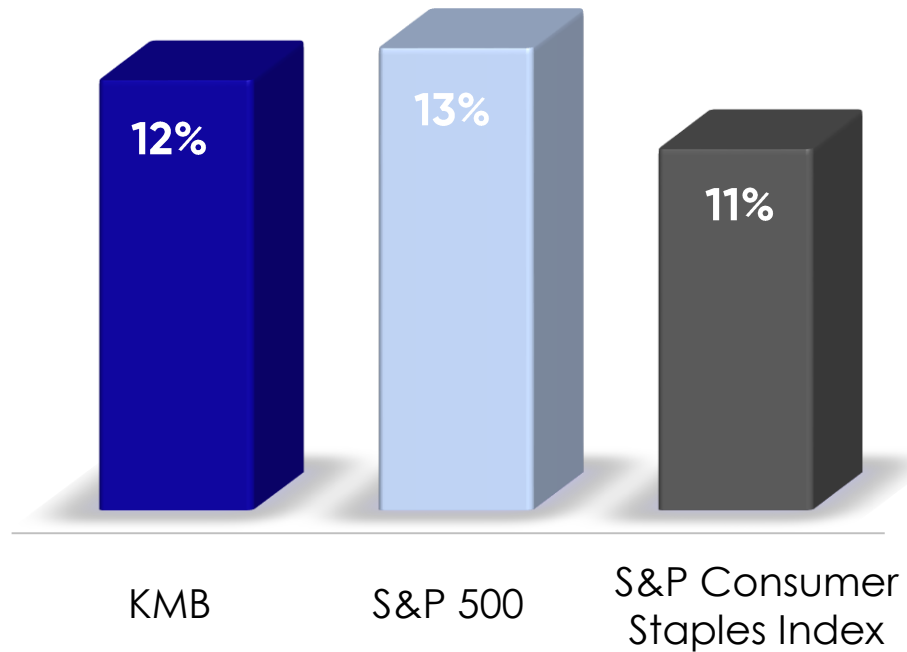
- Excess cash flow for share repurchases
- Cumulative share repurchases \$9.8 billion 2009-2018
- Strong track record of reducing share count
- Targeting \$600 to \$900 million in 2019



# Total Shareholder Returns

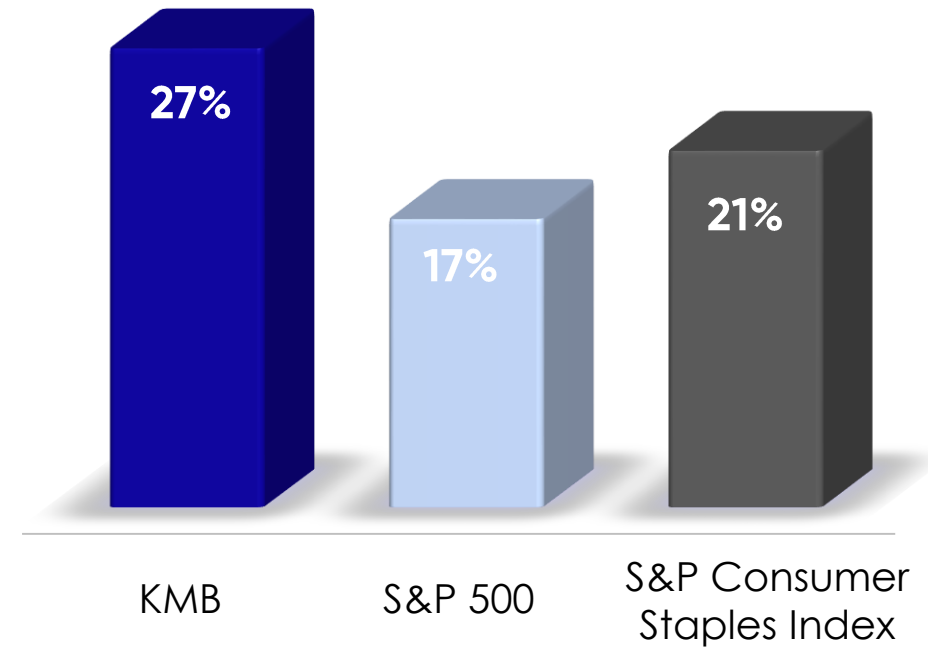
## 10-YEAR ANNUALIZED

As of December 31, 2018



## YEAR TO DATE 2019

As of August 28, 2019



# Summary

- Making excellent progress in 2019
- Investing for long-term success
- Driving balanced and sustainable growth
- Confident in our future



## Q&A



**HUGGIES**

*Kleenex*



Cottonelle



**Viva**



*Poise*

