



Q3 2018 Results, 2018 Outlook and CEO Transition



October 22, 2018

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Conference Call Reminders

Forward-Looking Information

Certain matters in this presentation and conference call, including our 2018 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, 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 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, 2017 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 and U.S. tax reform related matters in 2018 and a net benefit associated with U.S. tax reform and related activities in Q4 2017.

Chief Executive Officer Transition

- Mike Hsu elected Chief Executive Officer effective January 1, 2019
 - Currently President and Chief Operating Officer
 - Previous Experiences
 - Ran Kimberly-Clark's North American Consumer Products Business
 - Kraft Foods – Executive Vice President and Chief Commercial Officer
 - Heinz – Vice President, Marketing and President, Foodservice
 - Booz Allen & Hamilton – Partner (Consumer Practice)
- Tom Falk will become Executive Chairman of the Board of Directors to help ensure smooth transition





Q3 2018 Results



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Q3 2018 Headlines

- Organic sales up 1 percent, driven by 3 percent growth in developing and emerging (D&E) markets
- Margins and operating profit impacted by significant commodity inflation and negative foreign currency effects
- Delivered strong cost savings, reduced overhead spending, achieved 7 percent increase in adjusted earnings per share
- Continue to return cash to shareholders

Consolidated Net Sales

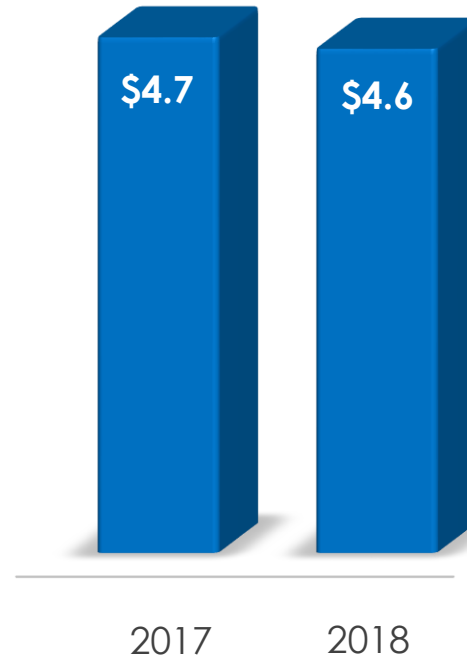
Net Sales

Q3 2018

Total Change^(a)	(2%)
Volume	(1%)
Net Price	1%
Mix/Other	1%
Currency	(3%)
Organic ^(b)	1%

- Organic sales up 1 percent
 - Improved net selling prices and product mix

Q3 NET SALES (\$ BILLION)



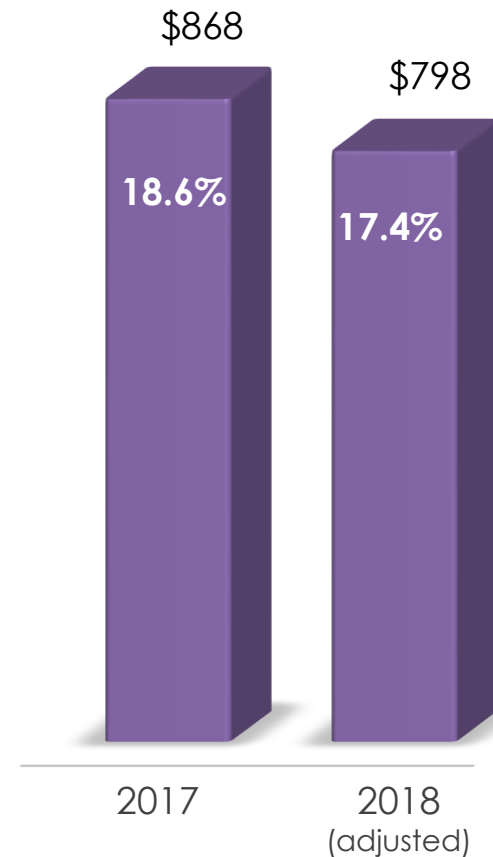
(a) Total may not equal the sum of volume, net price, mix/other and currency due to rounding

(b) Growth before currency and acquisition impacts

Adjusted Gross and Operating Profit

- Gross margin 33.2 percent, down 250 basis points
- Commodity inflation \$210 million
 - Primarily pulp and other raw materials
 - Full-year estimate now upper half of previous \$675 to \$775 million range
- Foreign currencies sizable headwind
 - High-single digit operating profit drag
- FORCE cost savings \$105 million
 - Including significant benefits from negotiated short-term raw material contracts
- 2018 Global Restructuring Program cost savings \$40 million
- Between-the-lines spending down 150 basis points as a percent of net sales
 - Restructuring and reduced overhead costs
- Operating margin 17.4 percent, down 120 basis points
- Operating profit down 8 percent

**Q3 OPERATING
PROFIT / MARGIN
(\$ MILLION)**



Adjusted Earnings Per Share

Q3 EPS



- Adjusted EPS \$1.71, up 7 percent year-on-year
- Adjusted effective tax rate 19.6 percent vs. 28.8 percent last year
 - Expect full-year 2018 adjusted effective tax rate to be 21 to 22 percent, better than previous estimate of 23 percent, due to planning initiatives
 - Expect 2019 adjusted effective tax rate to be back in 23 to 26 percent range; significant earnings headwind
- Lower interest expense
- Reduced share count

Cash Flow and Capital Allocation

- Cash provided by operations \$692 million
 - Compared to \$805 million in year-ago quarter
 - \$100 million U.S. pension plan contribution, restructuring payments, benefit of lower taxes
- Continue to allocate capital in shareholder-friendly ways
 - Dividends and share repurchases approximately \$520 million; expect full-year total of \$2.2 billion, in-line with initial target of \$2.1 to \$2.3 billion

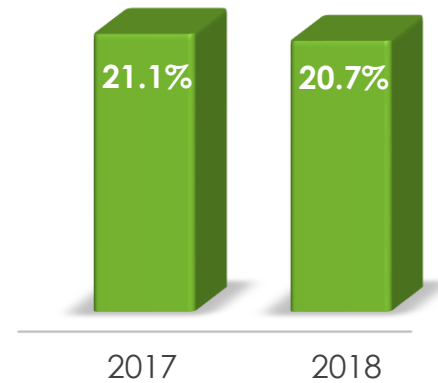


Personal Care

Net Sales Q3 2018

Net Sales Q3 2018	
Total Change	(1%)
Volume	1%
Net Price	0%
Mix/Other	1%
Acquisition	1%
Currency	(4%)
Organic	2%

OPERATING MARGIN



- Organic sales up 2 percent
 - D&E markets up 5 percent – double-digit growth in Brazil, Argentina, Eastern Europe and ASEAN, double-digit decline in China
 - North America up 2 percent with infant/child volumes up high-single digits, adult care volumes down mid-single digits
- Operating margin healthy

Consumer Tissue



Net Sales Q3 2018

Total Change (3%)

Volume (5%)

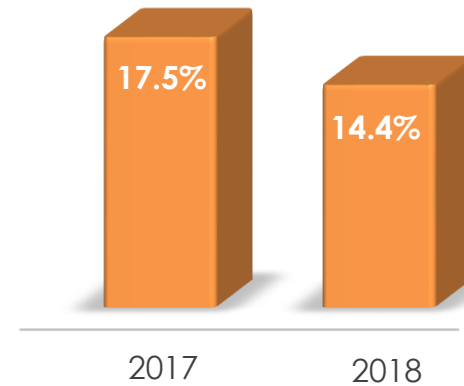
Net Price 2%

Mix/Other 1%

Currency (2%)

Organic (2%)

OPERATING MARGIN



- Organic sales fell 2 percent
 - North America declined 5 percent, primarily due to lower promotion activity; 2 percent increase in net selling prices and 1 percent mix improvement
 - Developed markets outside North America up 4 percent, led by Western and Central Europe
- Operating margin down 310 basis points
 - Commodity inflation and lower volumes, higher pricing and cost savings

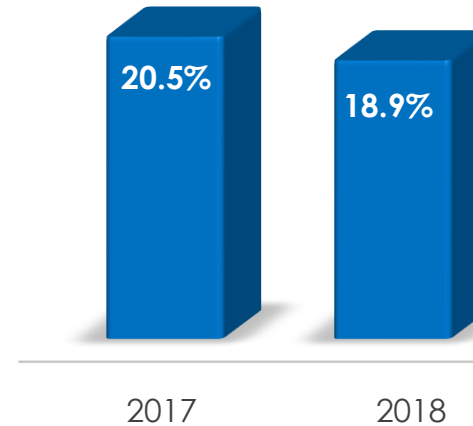
K-C Professional



Net Sales Q3 2018

Total Change	0%
Volume	1%
Net Price	0%
Mix/Other	1%
Currency	(2%)
Organic	1%

OPERATING MARGIN



- Organic sales grew 1 percent
 - D&E markets rose 4 percent, continued volume growth in Asia-Pacific
 - North America up slightly, volume growth in washroom products and wipers
- Operating margin down 160 basis points
 - Compared to record performance last year
 - Impacted by commodity and currency headwinds

Summary

- Difficult environment, depreciating currencies adding to continued significant commodity inflation
- Achieved higher net selling prices, delivered significant cost savings and reduced overhead spending
- Shareholder-friendly capital allocation



 **Kimberly-Clark**

HUGGIES
Pull-Ups
TRAINING PANTS

Cottonelle

HUGGIES

Depend

Kleenex
BRAND TISSUE

Poise

Neve


Andrex

Scott

U
by **Kotex**

Viva

WYPALL
BRAND



intimus



2018 Outlook



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2018 Outlook

- Overall environment remains challenging, particularly with commodity inflation and currency volatility
 - Near-term, responding by aggressively managing business up and down the P&L
 - Continue to execute long-term strategies to deliver sustainable growth
- Confirming previous outlook for our key top-and-bottom line financial targets

2018 Outlook

- Continue to target organic sales growth of approximately 1 percent
 - Equal to year-to-date performance
 - Making progress improving net selling prices, pricing down 1 percent in first half of the year but up 1 percent in Q3
 - Consistent with July outlook that pricing should be modestly positive in back half of the year
 - In mid-August, announced price increases on majority of North American consumer business; many will start to go into effect in Q1 2019
- Realizing higher selling prices will be important next year, recent commodity forecasts and forward currency rates imply significant headwinds again in 2019

2018 Outlook

- Commodities and currencies expected to negatively impact 2018 adjusted operating profit by slightly more than 20 to 25 percent range assumed in July
 - Mostly due to recent weakness in foreign currencies, particularly in Latin America
 - Commodity inflation outlook also a bit higher on average
- Teams further reducing costs and raising selling prices
- Improved 2018 tax rate outlook
- Continue to target adjusted earnings per share of \$6.60 to \$6.80 for the year
 - Up 6 to 9 percent year-on-year

Summary

- Kimberly-Clark legacy strong, opportunity to build further
 - Trusted brands
 - Balanced and profitable growth
- Organization committed to company vision - *lead the world in essentials for a better life*
 - Strong senior leadership team
- Long-term opportunities to grow brands
- Focused on improving business, winning in the marketplace, creating long-term shareholder value



 Kimberly-Clark

 HUGGIES Pull-Ups TRAINING PANTS

 Cottonelle

 HUGGIES

 Depend

 Kleenex

 Poise

 Neve

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Q&A Session



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