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**HUGGIES**  
**Pull-Ups**  
TRAINING PANTS

**Cottonelle**

**HUGGIES**

**Depend**

*Poise*

**Neve**

**Kleenex**  
BRAND  
TISSUE

  
**Andrex**

**Scott**  
products

**U**  
by **Kotex**

**Viva**

**WYPALL**  
BRAND

*intimus*

# Barclays Global Consumer Staples Conference

September 5, 2018

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# Agenda

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- Global Business Plan Overview & Financial Strategies

Maria Henry

- Business Unit Strategies

Mike Hsu

- Q&A



# Reminders

## Forward-Looking Information

Certain matters in this presentation, 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. Furthermore, unless otherwise specifically indicated, forward-looking statements contained in this presentation are based on our second quarter 2018 earnings communication which occurred on July 24, 2018. Forward-looking statements and guidance speak only as of the date they were made, and we undertake no obligation to publicly update them and nothing in this presentation should be considered as confirming or disaffirming guidance. For a description of certain 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

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 acquisitions and divestitures also impact the year-over-year change in net sales.

# Headlines

- Executing Global Business Plan for long-term success in a challenging near-term environment
- Leveraging strong financial and cost discipline
- Optimistic about opportunities to create shareholder value



# GBP Strategies

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# GBP Objectives and Results

	Annual Improvement Objective	2004 – 2017 CAGR
<b>Sales</b>	3 to 5 percent	2 percent
<b>Organic Sales</b>	3 to 5 percent	4 percent
<b>EPS*</b>	Mid- to high-single digits	5 percent
<b>ROIC*</b>	20 to 40 basis points	75 basis points
<b>Dividend</b>	In line with EPS	8 percent

\* EPS and ROIC are adjusted

# 2018 Results & July Outlook

	First Half 2018 (versus year-ago)	Full-Year 2018 (July Outlook**)
<b>Sales</b>	+3 percent	Similar, to up 1 percent
<b>Organic Sales</b>	+1 percent	+1 percent
<b>Operating Profit*</b>	(4) percent	(2) To (5) percent
<b>EPS*</b>	+8 percent	+6 to 9 percent

## 1H 2018 HIGHLIGHTS

- Organic sales on track with plan
- Significant commodity inflation and FX headwinds building
- Excellent cost savings and SG&A management
- Benefits from lower tax rate
- \$1.1 billion in dividends / share repurchases

\* Adjusted

\*\* Guidance as of July 24, 2018 earnings call



# Operating in a Challenging Environment

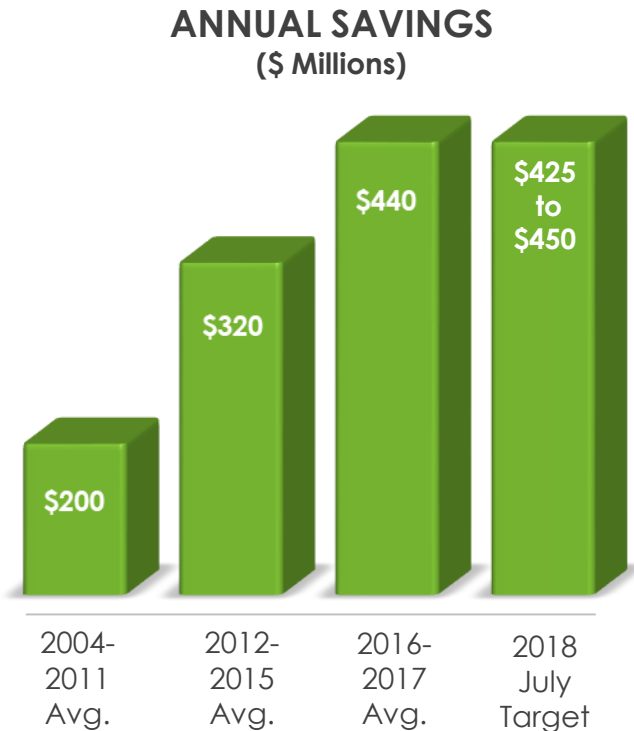
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- Continued low-growth category conditions overall
- Commodity and currency headwinds
  - 20 to 25 percent operating profit drag (full-year 2018)
  - More than 2X original plan
- Near-term actions
  - Increased cost savings
  - Reduced overhead spending
  - Selling price increases
- Continuing to invest and launch innovations for long-term success



# Sustainable Cost Reduction – FORCE

- Ongoing program
  - Delivered \$3.8 billion over past 14 years
  - Performance has accelerated
- End-to-end supply chain focus
  - Procurement, manufacturing productivity, product design, distribution
- Global supply chain organization created in 2015 improving capabilities and long-term visibility
- 2018 – 2021 target \$1.5+ billion
- Increased 2018 outlook in July by \$25 to \$50 million



# 2018 Global Restructuring Program

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- Action announced in January 2018 to create leaner, stronger, faster company
- Latest example of proactive and strategic approach to improving K-C and creating long-term shareholder value
- Biggest restructuring undertaken since GBP launched in 2003
- Streamline and simplify overhead organization and manufacturing supply chain, better leverage scale opportunities and technology

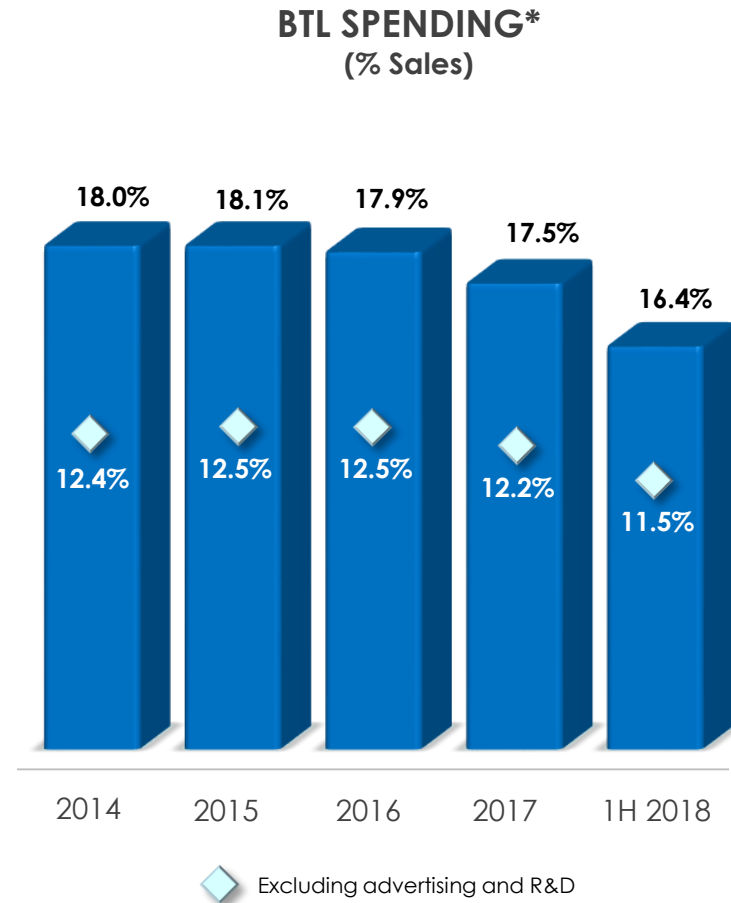
# 2018 Global Restructuring Program

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- Exit or divest lower margin businesses
  - Equivalent to about 1 percent of company net sales, concentrated in consumer tissue
- Will generate annual savings of \$500 to \$550 million by end of 2021
  - 2018 savings \$100 to \$120 million; up \$50 million from plan
- Savings provide more flexibility to invest in growth priorities and improve margins

# Disciplined Between-the-Lines Spending

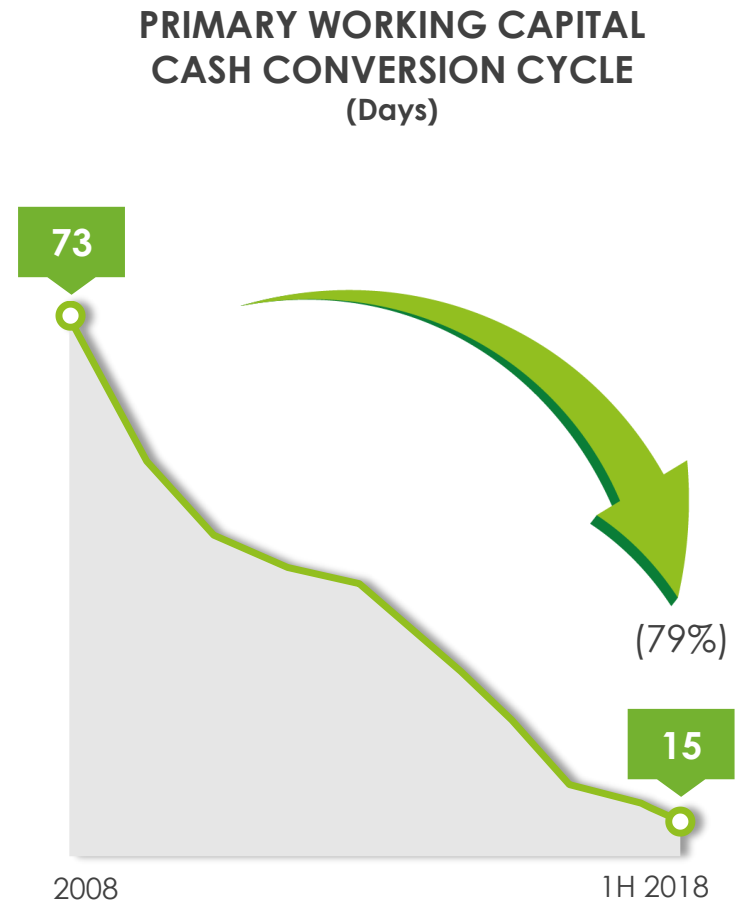
- Long track record of efficient SG&A spending
- Continuing to invest in advertising and R&D
- 2018 Global Restructuring Program will lower overhead spending further and fund investments



\* Adjusted. Between-the-lines spending defined as marketing, research and general expenses between gross profit and operating profit

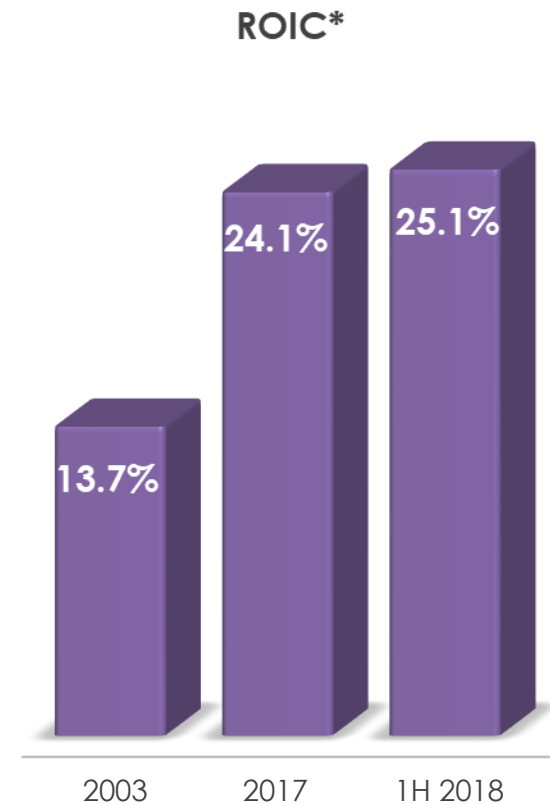
# Working Capital

- Strong improvement over time
  - Extending payables terms
  - Inventory management
- Expect additional progress over time
  - Building further capabilities
  - Global supply chain organization focus
- 1H 2018: 1 day better than 2017 average



# Return on Invested Capital

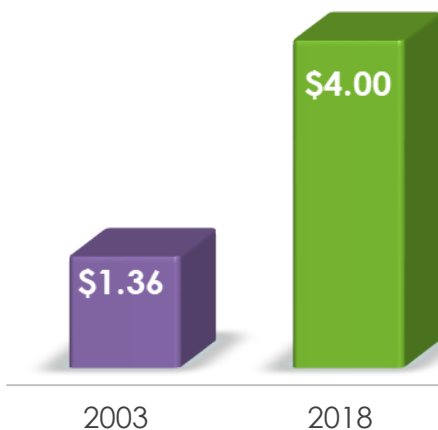
- Key component of long-term incentive compensation program
- Excellent results since GBP introduction
- Expect additional progress in 2018
  - Above long-term GBP target



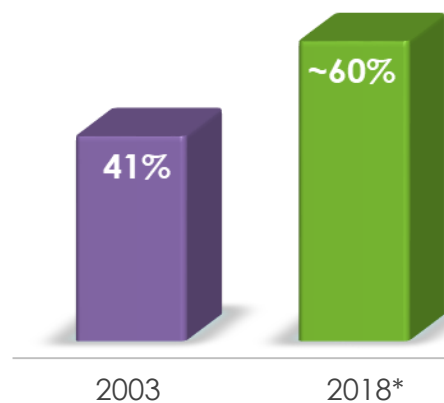
# Dividends

- Increased dividend 46 consecutive years
- \$15+ billion in cash dividends over past 14 years
- Current yield 3.5 percent
- Top-tier dividend in CPG industry

**PER SHARE DIVIDEND**  
(Declared)



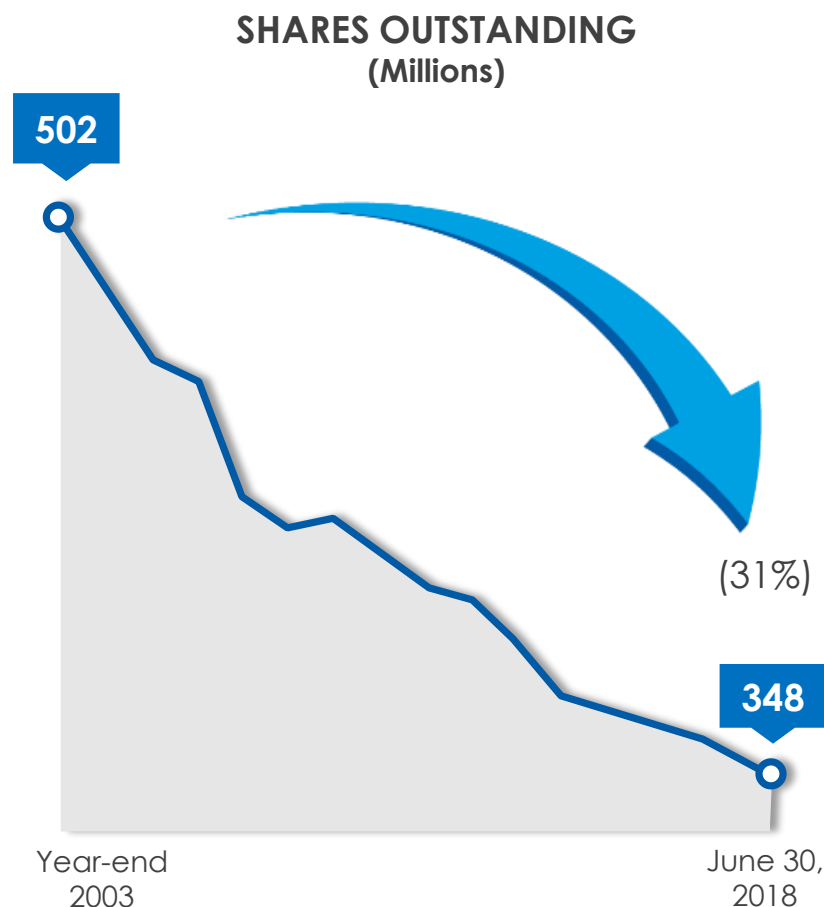
**DIVIDEND PAYOUT**  
(Based on adjusted EPS)



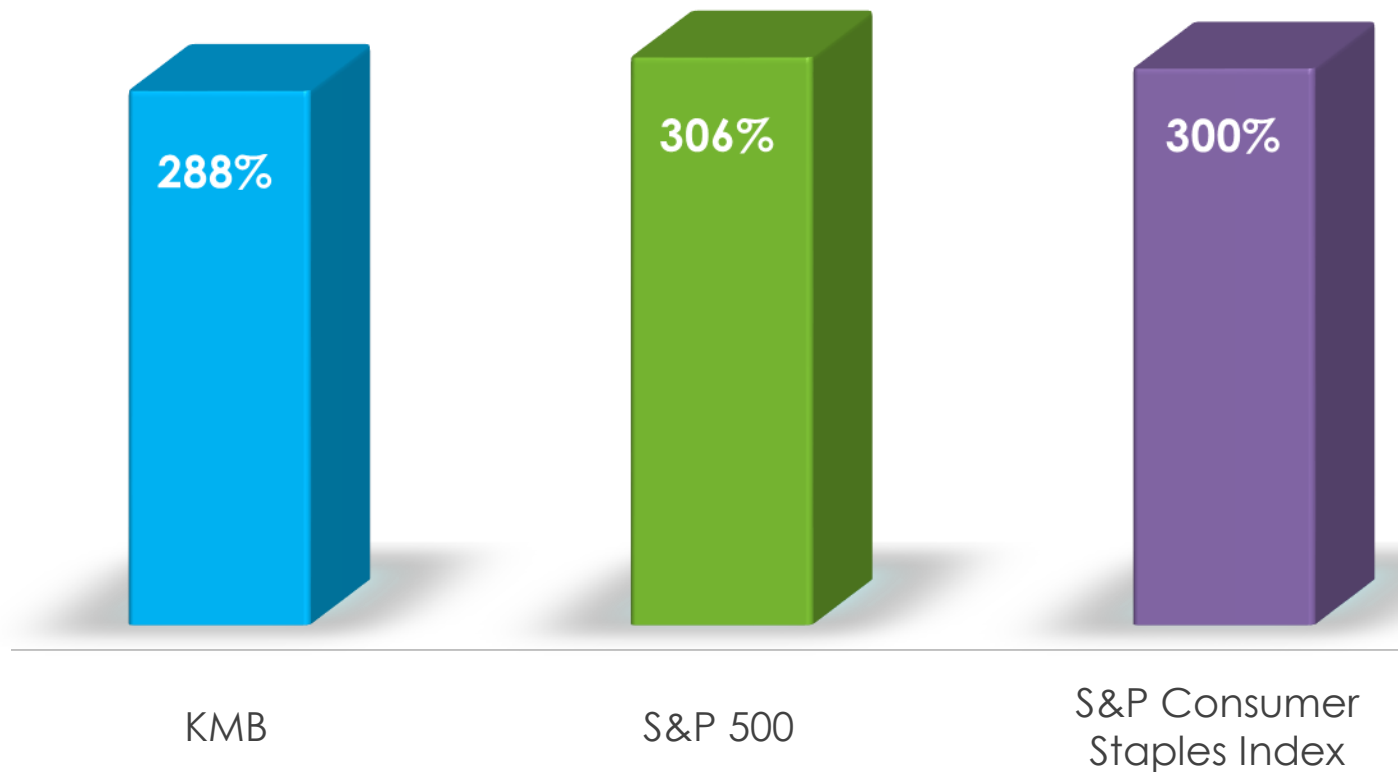


# Share Repurchases

- Excess cash flow for share repurchases
- Cumulative share repurchases of \$16.3 billion 2004-2017
- Strong track record of reducing share count
- Targeting \$700 to \$900 million in 2018



# Total Shareholder Returns Since Launch of GBP (July 2003)



# Business Unit Strategies



# Headlines

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- Driving growth initiatives, launching value-added innovations, building capabilities
- Focused on brand fundamentals, competing effectively, raising selling prices
- Continue to be optimistic about long-term growth prospects



# Growth Priorities

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## *Grow the Core*

Strengthen and grow core businesses

## *Personal Care D&E*

Accelerate personal care growth in developing and emerging markets

## *Digital and E-commerce*

Build further digital and e-commerce capabilities

# Strengthen and Grow Core Businesses

## North American Consumer Products

- Strong market positions
- Solid volume growth in 1H 2018
  - Value-added innovations to elevate performance
  - Increased brand support
- Recently announced price increases on majority of businesses
  - Most start to occur Q1 2019



1H 2018

Organic Sales +0%

Volume +2%

# Strengthen and Grow Core Businesses

## North American Personal Care

- Innovations to improve protection, fit, comfort
  - Pull-Ups® training pants
  - Huggies® premium diapers
  - Depend® underwear
  - Poise® pads
- Increased brand investments, strong marketing campaigns
  - Build equity
  - Increase penetration



1H 2018

Organic Sales	+0%
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Volume	+2%
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# Strengthen and Grow Core Businesses

## North American Consumer Tissue

- Cottonelle® and Scott® Comfort Plus bathroom tissue product improvements
  - Texture and thickness for superior clean
  - High-single digit price increase via sheet count reduction
- Kleenex® Wet Wipes
  - Extending brand beyond facial tissue
- In-store execution



1H 2018

Organic Sales	+1%
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Volume	+1%
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# Strengthen and Grow Core Businesses

## K-C Professional

- Consistent growth, good margins
- Focus on high-margin branded business
  - Premium washroom, wipers, safety
- Launching innovations
- Selling price increases underway in many markets
- Building business in D&E markets as industrialization occurs
  - Good progress in Asia-Pacific in 2018

### Organic Sales 1H 2018

North America	+2%
D&E	+3%



# Accelerate Personal Care Growth in D&E Markets

- Approximately 20 percent of company revenue
- Focus on China, Latin America, Eastern Europe
- Strong track record
- Market share trends healthy in most markets
- Near-term growth has moderated
- Optimistic about long-term potential
  - Building positions for long-run success



## ORGANIC SALES

2012 – 2015 CAGR	+13%
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2016 – 2017 CAGR	+4%
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1H 2018	+0%
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# Illustrating the Diaper Opportunity in D&E Markets

- Significant growth opportunity
  - ~90% of global births are in D&E markets
  - Middle class expansion
  - Frequency of usage increases
- Total D&E diaper category: potential increase \$35+ billion\*
  - At one-third of U.S. spending rate
- Innovation and brand strength critical to winning

	ANNUAL BIRTHS (mm)	CURRENT CATEGORY SIZE (B)	AT U.S. SPENDING RATE (B)
<b>U.S.</b>	4	\$6	
<b>China</b>	17	\$8	➔ \$26
<b>Eastern Europe</b>	3	\$3	➔ \$5
<b>Latin America</b>	8	\$5	➔ \$12
<b>India</b>	25	\$1	➔ \$38

Births and current category size per Euromonitor; category size includes diapers and pants

\* Potential increase in diaper category if D&E = one-third of U.S. category dollar spend per baby

# Executing Diaper Growth Plans in D&E Markets

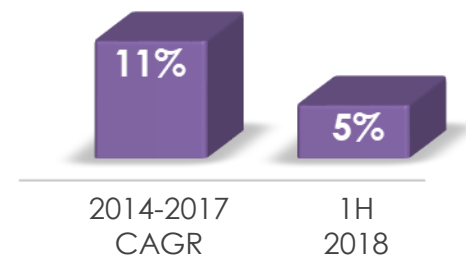
- Launching innovations in all major markets
  - Improving comfort and fit
  - Extending and upgrading diaper-pants
- Selling and marketing investments to build brands and categories
- Targeted geographic and distribution expansion



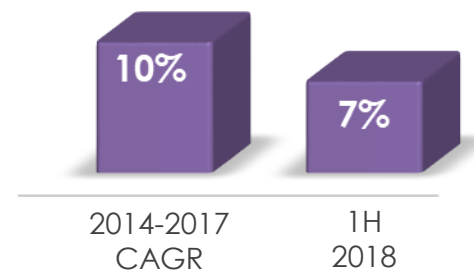
# Adult Care and Feminine Care in D&E Markets

- Excellent progress over last several years
- Significant category development opportunities going forward
- Launching broad-based innovations
- Leveraging well-known brands
- Feminine care 'She Can' global brand idea

## ADULT CARE ORGANIC SALES GROWTH



## FEMININE CARE ORGANIC SALES GROWTH

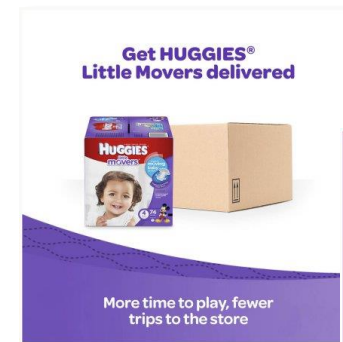




# Build Further Digital and E-Commerce Capabilities

## Selling in a Digital / Omni-channel World

- K-C sales online growing at double-digit rates
  - High-single digit percent of company sales
- Investing to further improve capabilities
- Many categories well positioned for online environment
  - High frequency product usage
  - Long-term relationship with consumers
  - Strong brand / product awareness

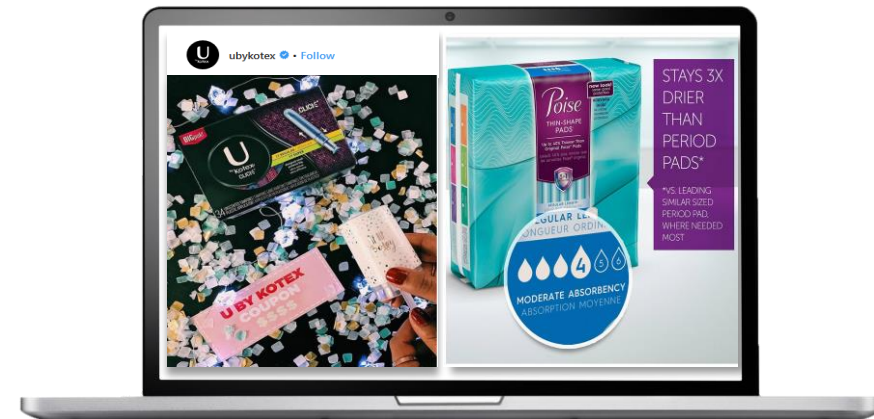




# Build Further Digital and E-Commerce Capabilities

## Marketing in a Digital World

- Supporting innovation and building brand equity
- Increasing use of digital channel
  - Targeted and direct digital marketing programs
  - 1x1 relationship with consumers
  - More efficient reach
  - Easier to track ROI
- Traditional advertising still has important role to play



# Example: China Kotex® Feminine Care

- Lean, integrated and empowered team
- Premium brand positioning focused on young category entrants
- Leveraging 'She Can' global brand idea
- Deploying 100 percent digital advertising
- Delivering strong growth led by online channel

Digital



In-Store



E-commerce



kotex

ORGANIC SALES

2014 - 2017 CAGR ~20%

1H 2018 >35%

# Summary

- Challenging near-term environment
- Driving growth initiatives, cost savings, ROIC improvement
- Allocating capital in shareholder-friendly ways
- Confident strategies will deliver long-term shareholder value





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**Q&A Session**

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