

Q3 2019 Results and 2019 Outlook

October 22, 2019

Kimberly-Clark.com



Conference Call 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

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 as well as U.S. tax reform related matters in 2018.

Q3 2019 Results



Q3 2019 Headlines

- Organic sales increased 4 percent, driven by higher net selling prices
- Strong margin improvements and growth in adjusted earnings per share while increasing brand investments
- On track with overall capital plan and continue to return cash to shareholders

Consolidated Net Sales

Net Sales Q3 2019

Total Change^(a)	1%
Volume	(1%)
Net Price	4%
Mix/Other	1%
Currency	(2%)
Organic ^(b)	4%

- Organic sales up 4 percent

Q3 NET SALES (\$ BILLION)



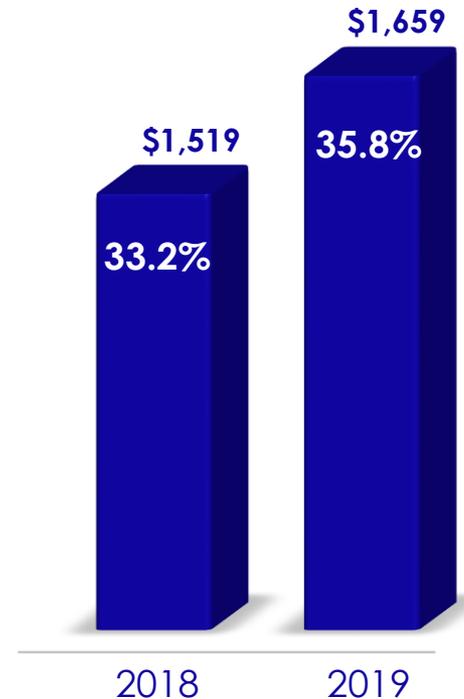
(a) Total may not equal the sum of volume, net price, mix/other, exited businesses and currency due to rounding

(b) Growth before currency and exited businesses impacts

Adjusted Gross Profit / Margin

- Gross margin up 260 basis points and gross profit up 9 percent
 - Selling prices ahead of currency headwinds
- Total cost savings \$95 million
 - Year-to-date \$300 million, full year likely toward low end of \$400 to \$450 million target range
 - Restructuring over-delivery, FORCE below plan
- Commodities \$10 million benefit
- Other manufacturing costs increased compared to relatively modest level last year

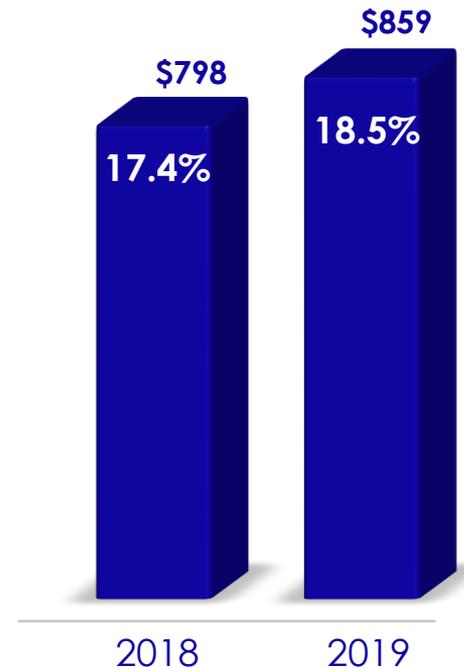
Q3 ADJUSTED GROSS PROFIT / MARGIN (\$ MILLION)



Adjusted Operating Profit / Margin

- Between-the-lines spending up 130 basis points (% of net sales)
 - Higher advertising, investing more in digital
 - S,G&A expense increased compared to low spending in year-ago
 - Included higher incentive compensation
 - Starting to invest in commercial capabilities to drive future growth; most will occur in fourth quarter
- Currencies reduced profit by mid-single digit rate
- Operating profit up 8 percent
- Operating margin up 110 basis points

Q3 ADJUSTED
OPERATING
PROFIT / MARGIN
(\$ MILLION)



Adjusted Earnings Per Share

- Adjusted EPS \$1.84, up 8 percent year-on-year
- Higher adjusted effective tax rate
 - 21.5 percent vs. 19.6 percent last year
- Higher equity income
- Lower share count

Q3 ADJUSTED
EARNINGS
PER SHARE



Cash Flow and Capital Allocation

- Cash provided by operations \$886 million
 - Up compared to \$692 million in year-ago quarter
 - Strong quarter, in-line with expectations
 - Improved working capital, lower pension contributions
- Capital spending \$298 million
 - Up from \$219 million in year-ago period driven by supply-chain restructuring projects
- Continue to allocate capital in shareholder-friendly ways
 - Dividends and share repurchases totaled approximately \$570 million; expect full-year total of \$2.2 billion

Personal Care

Net Sales

Q3 2019

Total Change 2%

Volume 1%

Net Price 3%

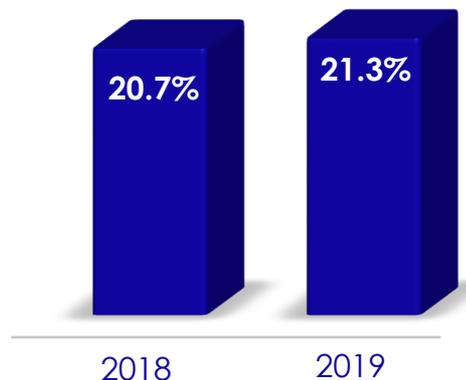
Mix/Other 1%

Currency (3%)

Organic 5%



OPERATING MARGIN



- Organic sales up 5 percent
- Operating margin up 60 basis points
 - Organic sales growth and cost savings

Consumer Tissue

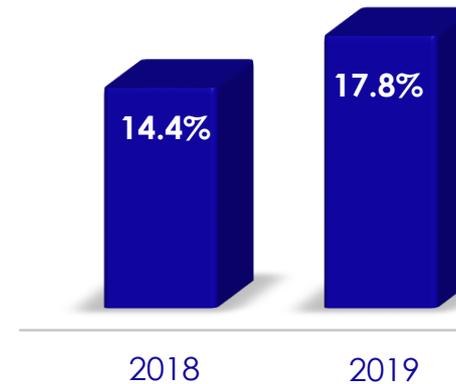
Net Sales

Q3 2019

Total Change	1%
Volume	(2%)
Net Price	5%
Mix/Other	0%
Currency	(2%)
Organic	3%



OPERATING MARGIN



- Organic sales up 3 percent
- Operating margin up 340 basis points
 - Significant benefits from higher pricing, along with cost savings and modest commodity deflation

K-C Professional

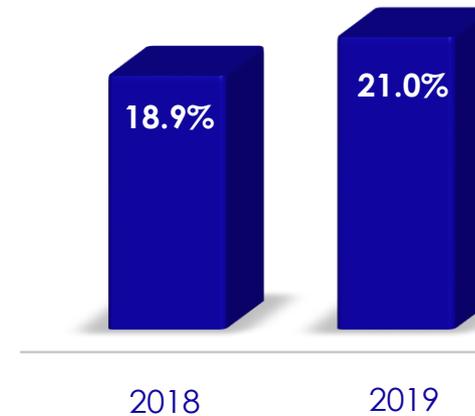


Net Sales

Q3 2019

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

OPERATING MARGIN



- Organic sales up 3 percent
- Operating margin up 210 basis points
 - Higher net selling prices and cost savings

Recap of Q3 Results and 2019 Outlook



Q3 2019 Recap

- Achieved strong improvements in organic sales, margins and EPS
- Launching innovations, investing more in our brands, pursuing growth priorities
- Continuing to return significant cash to shareholders
- Organic sales growth 4 percent
 - Pricing initiatives on track overall and driving growth
 - Continuing to improve mix, up 1 point for third consecutive quarter
 - Pricing and promotion environment remains broadly constructive

Top-line Highlights: North America

- Consumer products organic sales increased 4 percent (personal care up 4 percent, consumer tissue up 3 percent)
 - Selling prices up 4 percent, led by consumer tissue
 - Mix up 1 point, led by Huggies diapers
 - Including modest benefits from Huggies Special Delivery
 - Volumes down 1 point overall
 - Adult care up double-digits; strong momentum on both Poise and Depend – innovations, marketing investments, category growth
 - Baby/Child care down mid-single digits compared to mid-single digit increase last year; softness on baby wipes and Huggies Snug & Dry diapers
- K-C Professional organic sales increased 5 percent, driven by strong price realization

Top-line Highlights: D&E Markets

- Organic sales rose 5 percent
 - 2 points from Argentina
- Key personal care businesses:
 - China organic sales up mid-teens compared to soft year-ago
 - Up double-digits in both diapers and feminine care
 - Reduced and more targeted promotion spending in diapers
 - Innovations on premium Huggies delivering growth and improving mix
 - Feminine care innovation, premiumization strategies delivering strong results
 - ASEAN organic sales rose high-single digits
 - Huggies diapers in Vietnam
 - Eastern Europe organic sales increased high-teens
 - Healthy gains in volume and pricing
 - Growth strong on Huggies and Kotex - excellent sales execution, winning innovations, strong marketing

Top-line Highlights: D&E / Developed Markets

- Brazil organic sales up mid-single digits compared to high-teens growth last year
 - Starting to lap 2018 price increases; modestly increased promotion support
 - Growth balanced between pricing and volume; volume growth led by adult and feminine care
- Latin America outside of Argentina and Brazil soft
 - Peru - sales down in challenging environment
- Broadly encouraged by performance in D&E markets, optimistic about future growth prospects
- Developed markets outside North America organic sales up 1 percent
 - Solid performance in South Korea and Australia

2019 Outlook

- Raising outlook on both the top- and bottom-line
- Organic sales growth 3 to 4 percent
 - Prior target 3 percent
- Adjusted earnings per share \$6.75 to \$6.90
 - Prior outlook \$6.65 to \$6.80
- Increasing outlook while continuing to reinvest

2020 Comments

- Recently started planning for 2020
- External operating environment
 - Encouraged with commodity cost trends
 - Currencies remain volatile; forward rates imply headwinds, especially in Latin America
 - Slower global economic growth
- Focused on building plan consistent with balanced approach to value creation
 - Higher growth investments
 - Generally aligns with K-C Strategy 2022 financial objectives
- Outlook will be provided in January 2020

Summary

- Making excellent progress in 2019
- Investing more for longer-term success
- Confident in our ability to create shareholder value



Q&A Session



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