



# 2Q 2023 Earnings Conference Call

July 25, 2023

# Safe Harbor

## Forward Looking Statements

Certain matters contained in this presentation concerning the outlook, anticipated financial and operating results, raw material, energy and other input costs, anticipated currency rates and exchange risks, including in Argentina and Turkey, net income from equity companies, sources and uses of cash, the effective tax rate, the anticipated cost savings from the company's FORCE program, growth initiatives, product innovations, contingencies and anticipated transactions of the company constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the company. In addition, many factors outside our control, including the war in Ukraine (including the related responses of consumers, customers and suppliers as well as sanctions issued by the U.S., the European Union, Russia or other countries), pandemics (including the ongoing COVID-19 outbreak and the related responses of governments, consumers, customers, suppliers and employees), epidemics, fluctuations in foreign currency exchange rates, the prices and availability of our raw materials, supply chain disruptions, disruptions in the capital and credit markets, counterparty defaults (including customers, suppliers and financial institutions with which we do business), failure to realize the expected benefits or synergies from our acquisition and disposition activity, impairment of goodwill and intangible assets and our projections of operating results and other factors that may affect our impairment testing, changes in customer preferences, severe weather conditions, government trade or similar regulatory actions, potential competitive pressures on selling prices for our products, energy costs, our ability to maintain key customer relationships, as well as general economic and political conditions globally and in the markets in which we do business, could affect the realization of these estimates.

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 description of certain factors that could cause the company's future results to differ from those expressed in any such forward-looking statements, see Item 1A entitled "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2022.

## 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 website ([www.kimberly-clark.com/investors](http://www.kimberly-clark.com/investors)). Non-GAAP reconciliations are also found in the appendix of this presentation. The non-GAAP financial measures exclude net benefit related to the acquisition of a controlling interest in Thinx and pension settlement charges in 2022. They exclude impairment charges, impact of the sale of Brazil tissue and professional business and pension settlement charges in 2023.



# Agenda

1    **Continued Healthy Momentum**

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2    **Winning With Consumers**

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3    **2Q Results**

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4    **2023 Financial Outlook**

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**Mike Hsu**  
Chairman/CEO



**Nelson Urdaneta**  
CFO



**Christina Cheng**  
Investor Relations

# Better Care For A Better World

**150**

years in business

**175**

countries where our  
brands are sold

**1 in 4**

of the world's population use  
one of our products every day

**1+ billion**

people with half the  
environmental footprint



# Continued Healthy Momentum



Strategy to elevate our categories and expand our markets is working



Margin recovery in progress



New capabilities (innovation, revenue growth management, digital, in-market execution) driving top line results



Enabling brand investments to drive top line momentum and deliver better care

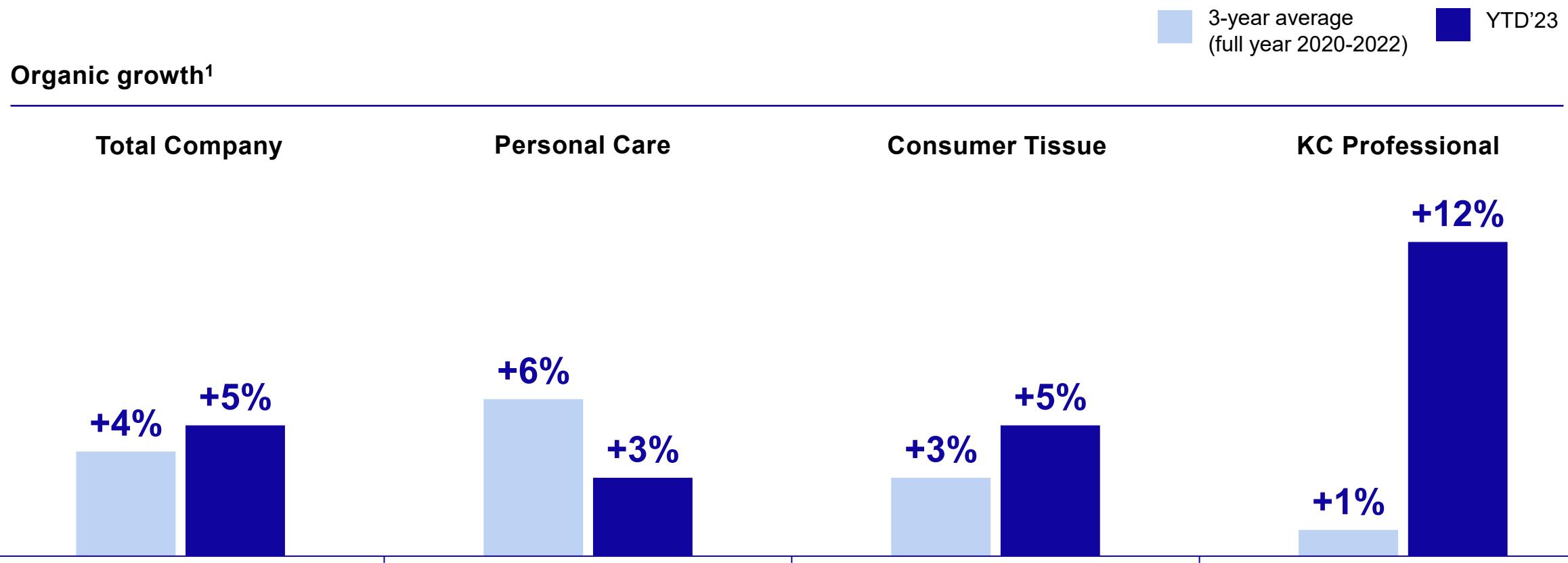
# 2023 Priorities

## Play to Win

## Profitable Growth

- Elevate our categories
- Expand our markets
- Margin recovery
- Brand investment and cost discipline

# Driving Top Line Momentum



1. Organic growth describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

# Winning With Consumers

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# Comfort And Protection For Babies On The Move



We got you, baby

\*Wet fit, among branded open diapers

HUGGIES®  
好奇®

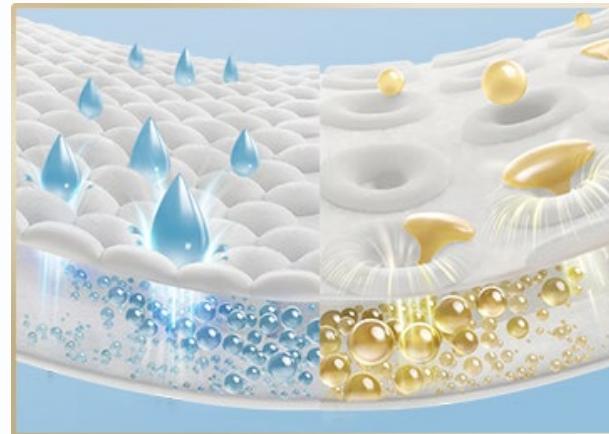
「屁屁面膜」纸尿裤  
尿便分区 大师级呵护



# First Of Its Kind Innovation Designed For Skin Health

1

Two distinct zones of absorbency



Source: Kimberly Clark

2

PH balance deactivates enzymes in solid waste



# Elevating Fem Care With Innovation and Award-Winning Marketing



# 2Q 23 Results

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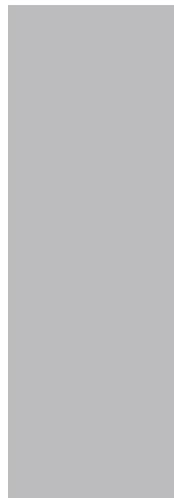


# Momentum Continues In 2Q 23

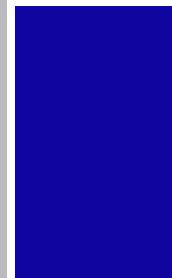
2Q 22 2Q 23

## Organic Sales<sup>1</sup>

+9%



+5%



2-year avg. +7%

## Adj. Gross Margin<sup>2</sup>

34.0%

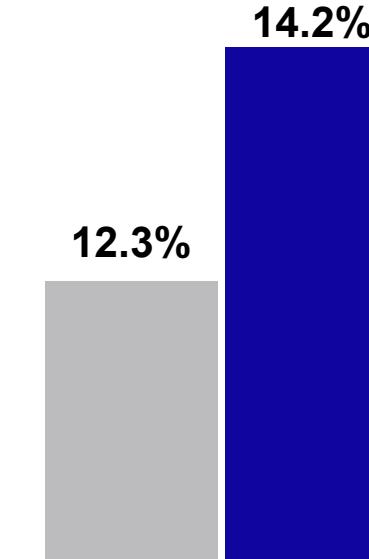
30.2%



+380 bps

## Adj. Operating Margin<sup>2</sup>

12.3%



+190 bps

## Adj. Diluted EPS<sup>2</sup>

\$1.65

\$1.34



+23%

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

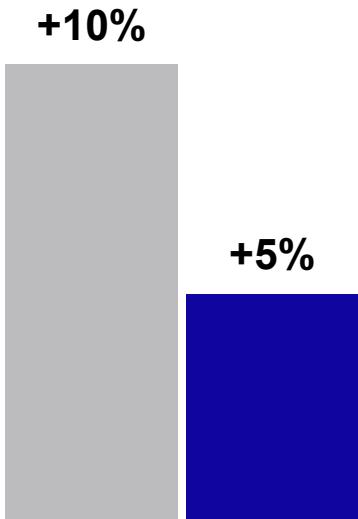
2. Refers to adjusted measures where applicable. Non-GAAP measure. Please see the appendix section for reconciliation of GAAP to Non-GAAP measures.



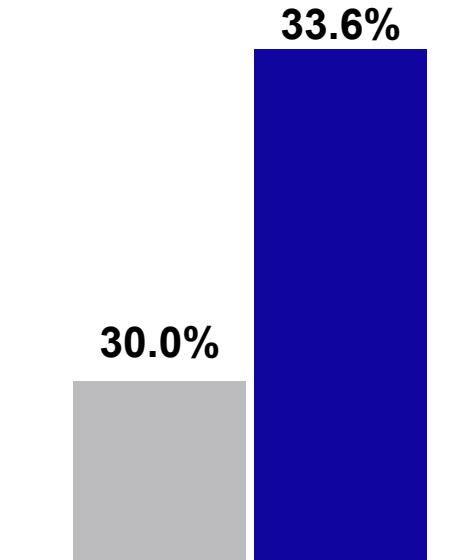
# Strong Year To Date Results

YTD 22 YTD 23

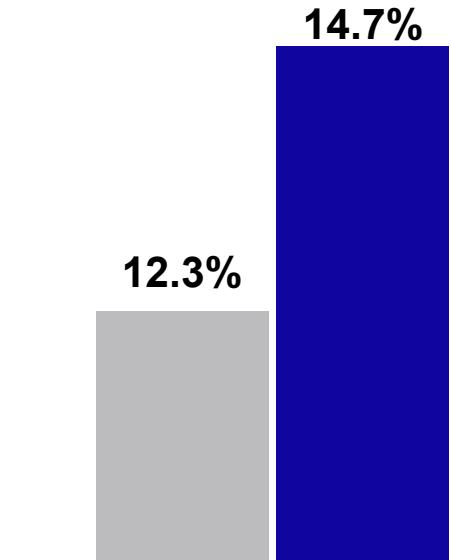
## Organic Sales<sup>1</sup>



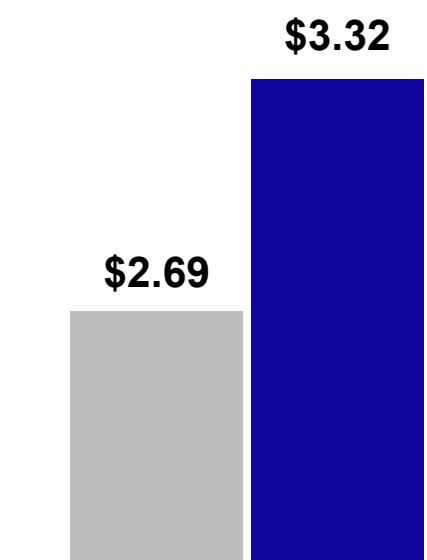
## Adj. Gross Margin<sup>2</sup>



## Adj. Operating Margin<sup>2</sup>



## Adj. Diluted EPS<sup>2</sup>



**2-year avg. +8%**

**+360 bps**

**+240 bps**

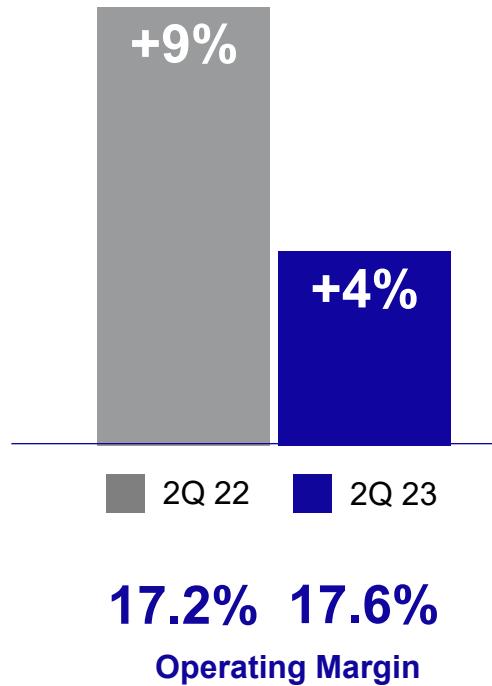
**+23%**

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

2. Refers to adjusted measures where applicable. Non-GAAP measure. Please see the appendix section for reconciliation of GAAP to Non-GAAP measures.

# Personal Care

## Organic growth<sup>1</sup>

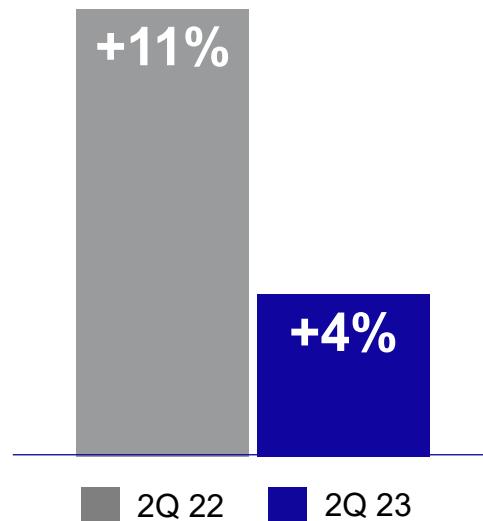


- Year to date organic growth at +3%, operating margin at 17.8%
- Healthy underlying growth with improving volume trends
- Market share led gains in Feminine Care driven by innovation and in-market execution
- Benefits from innovation offset lower births

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

# Consumer Tissue

## Organic growth<sup>1</sup>



**11.6% 12.9%**  
Operating Margin

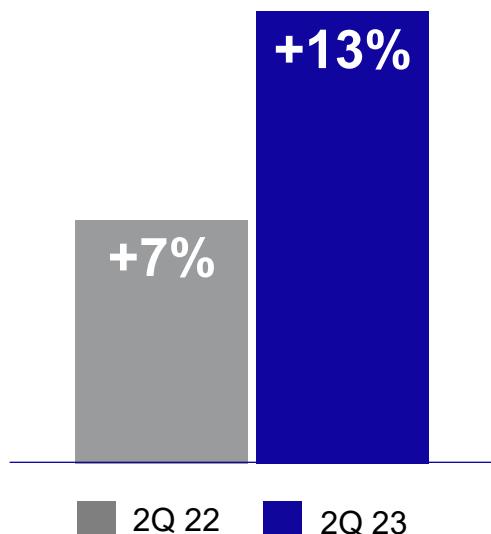
- Year to date organic growth at +5% and operating margin at 13.8%
- Healthy organic growth driven by favorable net revenue realization and improving service levels
- Growth led by North America and EMEA
- Volume increased low single digits in North America in the second quarter

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.



# K-C Professional

## Organic growth<sup>1</sup>



**10.6% 21.1%**  
Operating Margin

- Year to date organic growth at +12% and operating margin at 20%
- Healthy organic growth across key categories and regions, favorable product mix and net revenue realization
- North America grew volumes after 6 quarters of decline
- Margins restored to pre-pandemic levels and volume trends improving

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

# Focus On Margin Recovery In An Inflationary Environment



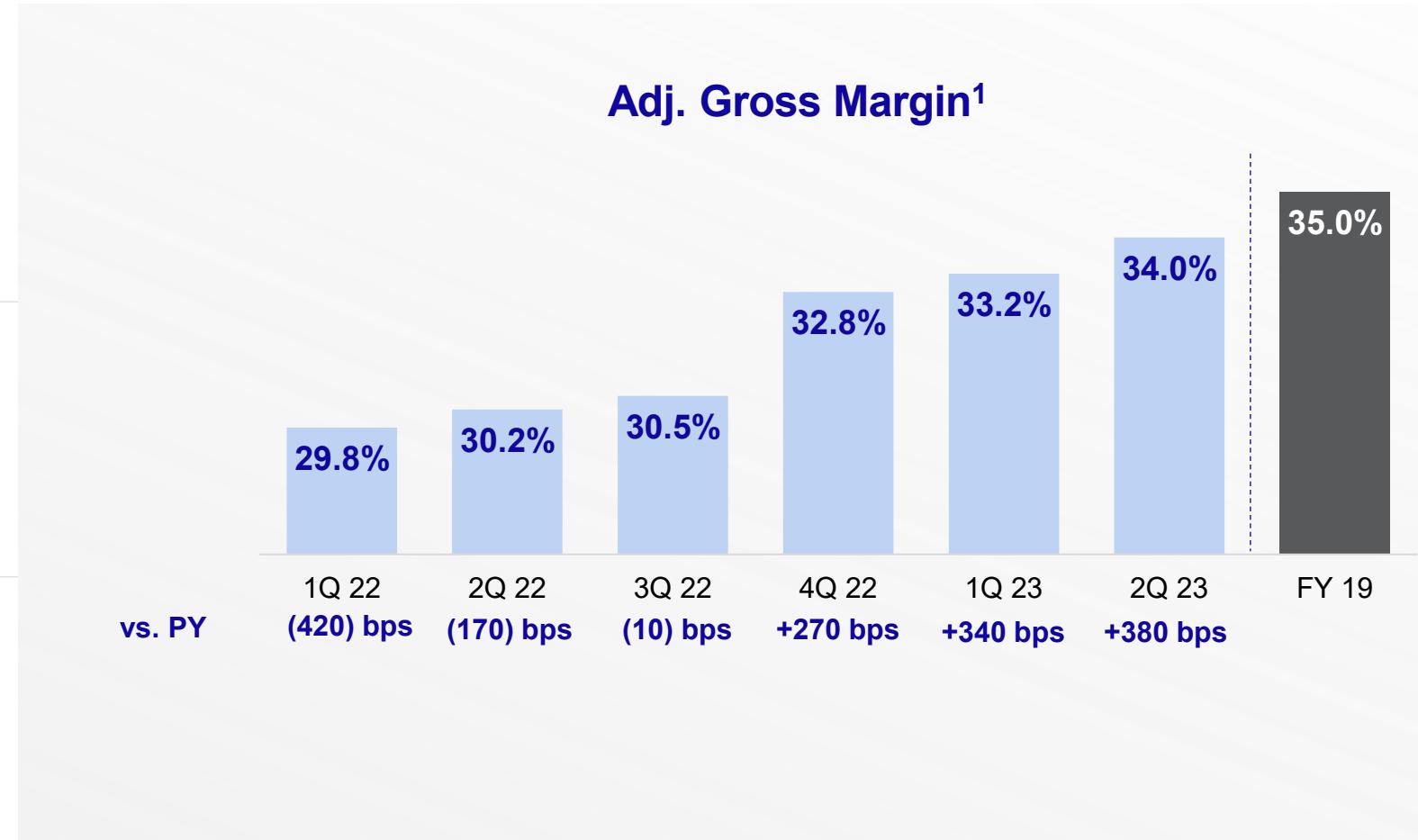
Revenue Growth  
Management



Commodity / FX  
Headwinds



Cost Savings



1. Refers to adjusted gross margin where applicable. Non-GAAP measure. Please see the company's earnings press release of relevant period for more information and a reconciliation to comparable measures under GAAP.

# Returned \$22B In Last 10 Years

**YTD 2023**

## Cash Flow From Operations

\$1.4B vs \$944M LY

Strong adjusted operating profit growth and working capital management

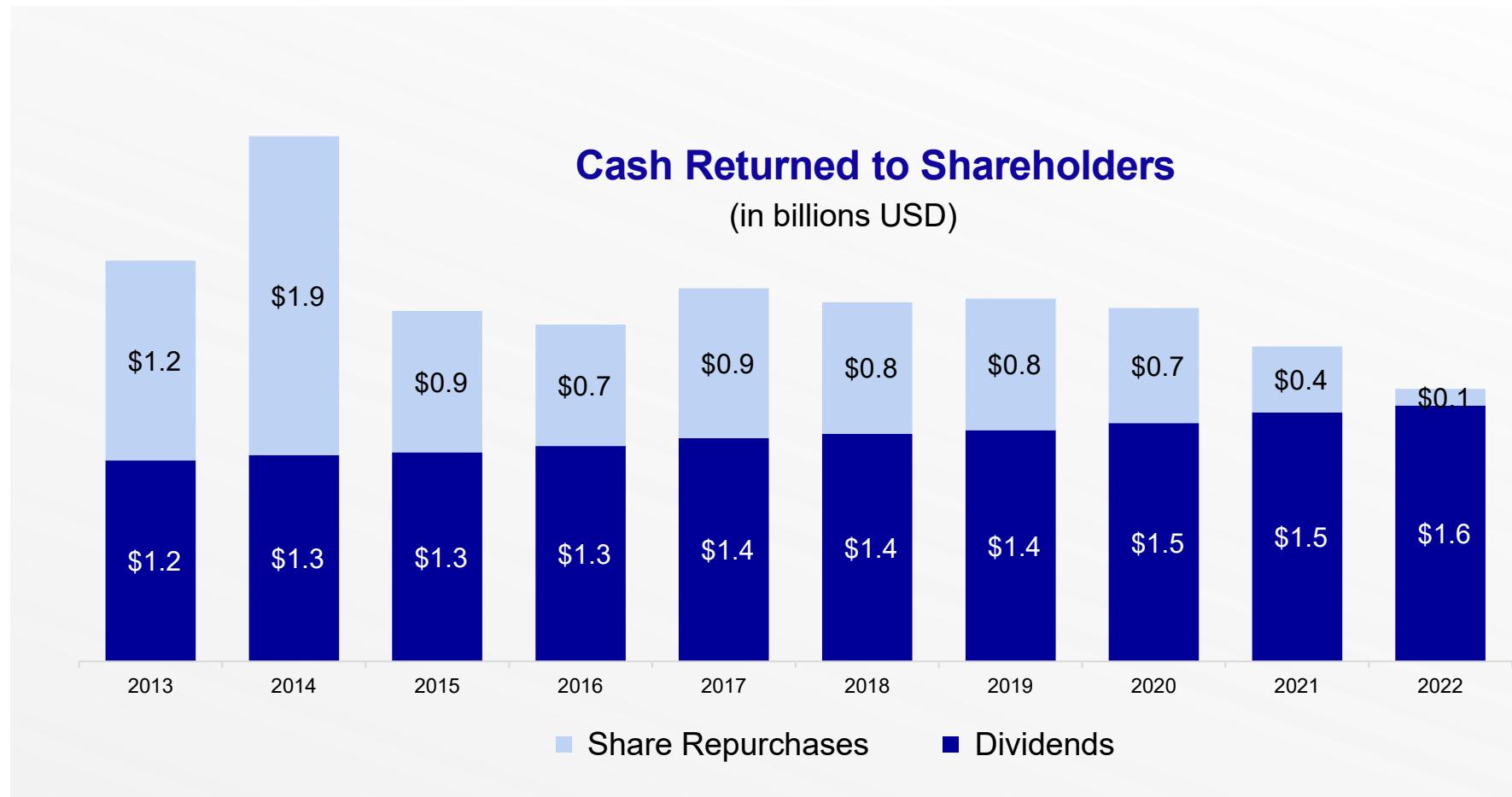
**YTD 2023**

## Capital Spending

\$389M vs \$470M LY

## Cash Returned to Shareholders

(in billions USD)



# 2023 Outlook

- Maintain topline growth momentum with pipeline of innovation, commercial agility and disciplined investment
- Operating margin improvement of ~150 bps driven by gross margin recovery, while investing in our brands and capabilities
- Net sales impacted by Brazil divestiture ~100 bps and FX ~200 bps

**3% – 5%**

ORGANIC  
SALES GROWTH<sup>1</sup>

Prev: 2% - 4%

**+LDD**

OPERATING  
PROFIT GROWTH<sup>2</sup>

**10% – 14%**

EPS GROWTH<sup>2</sup>

Prev: 6% – 10%

1. Organic net sales describes the impact of changes in volume, net selling prices and product mix on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses are excluded from organic growth.

2. Refers to adjusted measures where applicable. Non-GAAP measure. Please see the company's Q2 2023 Earnings Press Release for more information and a reconciliation to comparable measures under GAAP.

# Summary



- We are continuing our growth momentum
- We are driving margin recovery
- We are investing behind our capabilities and brands
- We are confident in our ability to deliver balanced and sustainable growth and create shareholder value

# Appendix

GAAP to Non-GAAP Reconciliations

# GAAP To Non-GAAP Reconciliations

Millions except per share amounts	Three Months Ended June 30, 2023						As Adjusted Non-GAAP
	As Reported	Sale of Brazil Tissue and K-C Professional Business	Impairment of Intangible Assets	Pension Settlements			
Cost of products sold	\$ 3,403	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ 3,388
Gross profit	1,731	(15)	-	-	-	-	1,746
Marketing, research and general expenses	1,015	15	-	-	-	-	1,000
Impairment of intangible assets	658	-	658	-	-	-	-
Other (income) and expense, net	(55)	(74)	-	-	-	-	19
Operating profit	113	44	(658)	-	-	-	727
Nonoperating expense	(42)	-	-	-	(27)	-	(15)
(Provision for) benefit from income taxes	32	(18)	175	7	-	-	(132)
Effective tax rate	N.M.	-	-	-	-	-	20.5%
Net (income) loss attributable to noncontrolling interests	16	-	20	-	-	-	(4)
Net Income attributable to Kimberly-Clark Corporation	102	26	(463)	(20)	-	-	559
Diluted earnings per share <sup>(a)</sup>	0.30	0.08	(1.36)	(0.06)	-	-	1.65

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.

N.M. - Not Meaningful



# GAAP To Non-GAAP Reconciliations

Millions except per share amounts

Three Months Ended June 30, 2022

	As Reported	Pension Settlements	As Adjusted Non-GAAP
Nonoperating expense	\$ (27)	\$ (24)	\$ (3)
Provision for income taxes	(115)	6	(121)
Effective tax rate	21.8%	-	22.0%
Net Income attributable to Kimberly-Clark Corporation	437	(18)	455
Diluted earnings per share <sup>(a)</sup>	1.29	(0.05)	1.34

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.

# GAAP To Non-GAAP Reconciliations

Millions except per share amounts	Six Months Ended June 30, 2023						As Adjusted Non-GAAP
	As Reported	Sale of Brazil Tissue and K-C Professional Business	Impairment of Intangible Assets	Pension Settlements			
Cost of products sold	\$ 6,872	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ 6,857
Gross profit	3,457	(15)	-	-	-	-	3,472
Marketing, research and general expenses	1,939	15	-	-	-	-	1,924
Impairment of intangible assets	658	-	658	-	-	-	-
Other (income) and expense, net	(40)	(74)	-	-	-	-	34
Operating profit	900	44	(658)	-	-	-	1,514
Nonoperating expense	(58)	-	-	-	(27)	-	(31)
Provision for income taxes	(141)	(18)	175	7	-	-	(305)
Effective tax rate	19.9%	-	-	-	-	-	22.6%
Net (income) loss attributable to noncontrolling interests	7	-	20	-	-	-	(13)
Net Income attributable to Kimberly-Clark Corporation	668	26	(463)	(20)	-	-	1,125
Diluted earnings per share <sup>(a)</sup>	1.97	0.08	(1.36)	(0.06)	-	-	3.32

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.



# GAAP To Non-GAAP Reconciliations

Millions except per share amounts	Six Months Ended June 30, 2022				
	As Reported	Acquisition of Controlling Interest in Thinx	Pension Settlements	As Adjusted Non-GAAP	
Marketing, research and general expenses	\$ 1,792	\$ 21	\$ -	\$ 1,771	
Other (income) and expense, net	(57)	(85)	-	28	
Operating profit	1,314	64	-	1,250	
Nonoperating expense	(31)	-	(24)	(7)	
Provision for income taxes	(229)	4	6	(239)	
Effective tax rate	19.9%	-	-	21.5%	
Net Income attributable to Kimberly-Clark Corporation	960	68	(18)	910	
Diluted earnings per share <sup>(a)</sup>	2.84	0.20	(0.05)	2.69	

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.

