Kimberly-Clark

Second Quarter 2025 Earnings Pre-Recorded Management Discussion
August 1, 2025

Please view these remarks in conjunction with our Q2 2025 earnings release, which is furnished on Form 8-K, and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, available on our website investor.kimberly-clark.com under SEC Filings, or via the following link: investor.kimberly-clark.com,financial,sec-filings

We also invite you to listen to our live question-and-answer webcast with Kimberly-Clark management which will begin at 8:00 a.m. Eastern Daylight Time on August 1 and will also be available on investor.kimberly-clark.com under Events & Presentations.

Q2 2025 Earnings Pre-Recorded Management Discussion

Slide 1 | Cover Page

CHRIS JAKUBIK, HEAD OF INVESTOR RELATIONS, KIMBERLY-CLARK CORPORATION

Hello. This is Chris Jakubik, Head of Investor Relations at Kimberly-Clark. Welcome to our second-quarter 2025 business update.

Today, our Chairman and CEO, Mike Hsu, will provide an update on our overall business performance. And Nelson Urdaneta, our Chief Financial Officer, will provide a financial review of our second quarter results and update our full year outlook.

We have also scheduled a separate live question-and-answer session with analysts.

You can access our earnings release, supplemental materials, and audio of our Q&A session at investor.kimberly-clark.com. A replay of the Q&A session will be available following the event through the same website.

Slide 2 | Safe Harbor

During our review, we will make some forward-looking statements that are based on how we see things today.

Actual results may differ due to risks and uncertainties, and these are discussed in our earnings release and our filings with the SEC.

We will discuss some non-GAAP financial measures during these remarks. These non-GAAP financial measures should not be considered a replacement for and should be read together with GAAP results. And you can find the GAAP to non-GAAP reconciliations within our earnings release and the supplemental materials posted at investor.kimberly-clark.com.

With that, I will turn it over to Mike.

MIKE HSU, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, KIMBERLY-CLARK CORPORATION

Thank you, Chris, and thanks to everyone for joining us today.

Slide 3 | Our Strategy To Drive Value Creation

Last quarter we outlined how our Powering Care strategy has given us a running start to navigate today's complex environment. This quarter, Powering Care is continuing to power our performance.

Our team at Kimberly-Clark continues to perform while transforming, and we continued to make significant progress through the first half of 2025.

We're investing in superior consumer propositions, and new-to-the-world innovation, that address unmet needs across the price-value ladder, in every category and in every market where we compete.

We're strengthening our creative muscle to enhance our brands' connection with consumers. Our advertising is making an impact and is being recognized.

We're on track to deliver another year of industry-leading productivity, and we're making significant investments to transform our global supply chain, reduce complexity, and maximize design to value, that will drive our future pipeline of savings.

We also took decisive action to bring greater focus to our portfolio. This move improves our growth trajectory and earnings power, and will also further reduce earnings volatility, as we move forward in our transformation.

We are building momentum.

Slide 4 | Leaping Forward In Our Transformation Journey

Three milestones in the second quarter illustrate the significant progress we are making.

First, our investments in creativity, marketing, and talent, are improving our brand storytelling. We're focused on conveying differentiated consumer benefits and strengthening emotional connection to our brands.

In June, we won 11 awards at the world's preeminent advertising festival, the Cannes International Festival of Creativity. Three outstanding brand campaigns were recognized. Poise's "Drops of Hope" took home 8 awards, "The Kleenex Score" campaign earned two, and Andrex's "Get Comfortable" campaign landed one.

For context, Kimberly-Clark secured six total wins at Cannes between 2020-2024. We nearly doubled that win total this year. This marks progress. Typically, just 3 percent of work submitted to Cannes gets awarded. Our success rate was approximately 10 percent this year, a reflection of greatly improved work by our brand and creative teams.

Furthermore, during Cannes, Forbes recognized our Chief Growth Officer, Patricia Corsi, as one of the world's most influential CMOs.

These wins demonstrate that the investments we're making to elevate our creative storytelling, are making a strong impact.

Second, in May we announced plans to invest $2 billion over the next five years, to expand and optimize our U.S. manufacturing capabilities. This investment centers on two transformative projects, a new advanced manufacturing facility in Warren, Ohio, and an expansion of our Beech Island, South Carolina site, with a state-of-the-art distribution center. It also includes additional capital expenditure to enhance our innovation and automation capabilities across our North America supply chain network. Taken together, we expect these projects to create over 900 jobs.

Spread over a million square feet, our new facility in Warren will feature state-of-the-art technology that will enable us to manufacture new and improved consumer-preferred products, at even more competitive costs. Its strategic location provides closer access to over 100 million consumers in the Northeast and Midwest, enabling us to reduce total delivered cost, while improving customer service.

Third, in June we expanded our strategic partnership with Suzano by agreeing to create a preeminent international tissue and professional products company, with substantially all the assets of our International Family Care and Professional business. Kimberly-Clark will own a 49 percent interest in the new venture, Suzano will own 51 percent.

This is a major step forward in our transformation, and I will discuss this further in a moment.

Slide 5 | Q2 2025: Building Momentum In A Dynamic Environment

Our second quarter performance reflects the significant strides we're making across all three pillars of Powering Care, in what remains a challenging consumer environment.

Our top line was strong, and driven by Accelerating Pioneering Innovation. The inflection in volume-plus-mix-driven organic growth we anticipated in April came through in Q2. This growth reflects the resilient nature of our categories, the strengthening of our brand value propositions, and the power of customer partnership. Q2 was our strongest volume growth quarter since 2020.

On a global basis, weighted share was up 10 bps overall. We gained share in several key categories, in our largest markets, by enhancing product performance and affordability. Our strategy is to deliver exceptional brand propositions across the value spectrum.

As a result, consumers seeking better value are trading within our portfolio. Innovative product enhancements and differentiated value propositions, are ensuring our brands remain durable, and our share positions remain strong. Share trends in Diapers are especially encouraging, with gains across all our largest markets, including the US, China, Australia, South Korea, and Brazil.

In this challenging consumer environment, we believe it's important to meet consumers where they need us. We've adjusted some entry price points, and more importantly, we're cascading features from our premium offerings, into our value offerings, to ensure our brand propositions are robust, at every rung of the good-better-best ladder.

Momentum on Gross Productivity remained strong, with another quarter at 5.8 percent of Adjusted Cost of Goods Sold. Network optimization and value stream simplification initiatives contributed approximately 80 percent of the productivity savings in the quarter.

Integrated Margin Management is providing multi-year visibility into our productivity pipeline. This, in turn, gives us confidence to continue investing in category-defining innovation, marketing, and commercial initiatives, across the portfolio, to deliver both our near and medium-term margin aspirations. Our productivity pipeline is a result of consistently identifying small efficiencies, while also investing in big bet initiatives, like the $2B North America investment highlighted earlier.

We continued to make excellent progress on our strategy to Wire Our Organization for Growth. We remain on track to capture approximately $200 million of SG&A savings from our reorganization. We're moving faster and we're better utilizing our global scale, to enhance our brand propositions around the world. The benefits of this wiring will continue to accrue, as we sharpen our focus on North America and International Personal Care going forward.

In the quarter, we also announced the promotion of Russ Torres, former President of North America, to President and Chief Operating Officer of Kimberly-Clark. Russ is a purpose-driven leader, who has delivered outstanding results while enhancing our team and our capability. Under his leadership, North America accelerated performance, delivering mid-single digit compound annual growth. He's hit the ground running to advance our transformation and sharpen operational execution, to enhance growth and profitability.

Powering Care is powering our performance, and positioning Kimberly-Clark for long-term success.

The most important feature of our second quarter performance is our strong top line momentum. This momentum is rooted in our product enhancements and innovation, better brand storytelling, and continued excellence in market activation.

Slide 6 | Strengthening Offerings Across the Value Stream

We continued to accelerate our pace of innovation across the value spectrum, in the second quarter. We're leveraging best-in-class science and proprietary technologies to better serve consumer needs. Innovations launched in the past three years, drove 85% of our second quarter organic growth.

One critical benefit space we're advancing is leak-free protection. This is a fundamental benefit our products must provide. We're inventing new chassis designs and new absorbent technologies, to elevate the consumer experience.

I'm going to highlight a few examples and the impact on growth and share.

Slide 7 | Enhancing Absorbency and Reducing Leakage To Help Deliver 20 Percent More Sleep

In China Diapers, we made remarkable progress in our Huggies Natural Pro portfolio, through our 'Deep Sleep Master' product. This diaper absorbs twice as fast, ensuring instant dryness. With proprietary technology, we introduced a diaper with a Dam liner, that reduces leakage by over 60% combined with an advanced oxygen core, delivering a 200% improvement in breathability. As a result, it delivers both Leak-

Free-Protection and Garment-Like-Comfort, resulting in 20% more deep sleep for baby and, likely more sleep for parents too!

During the two-month post-launch period, Huggies Natural Pro Deep Sleep Master outpaced all key competitors to rank #1 in launch revenue in the Sleep category.

We're premiumizing by addressing new need states. This is driving continued share momentum. In China diapers Huggies share has grown from 14% in 2023 to 19% in the latest three months.

Slide 8 | Delivering 60 Percent Residue Area Reduction And All-around Leak Protection With Kotex Gravity

In China's Feminine Care category, absorption and leak protection are consumers' top priorities, making this a high-potential must-win territory, especially with consumers who have yet to use Kotex.

We applied cutting-edge innovation, tailored for heavy flow days, to enhance Kotex's Gravity Pads. Our new "Absorb to the Bottom" technology, reduces residue area by 60 percent, powerfully drawing menses to the bottom layer, for a cleaner, drier experience. Designed specifically for sudden gushes, the pads offer a 120% improvement in absorption speed, and can handle an entire day's volume with ease. Additionally, the Side Leak Protection Dam, fits seamlessly against high leakage-risk body parts, providing all-around protection and confidence during peak flow days.

Kotex Gravity is making an impact across channels, especially on Douyin, where it has driven approximately 20% of our year-to-date Kotex sales. We intend to build on this momentum by scaling Gravity to other Kimberly-Clark markets in the coming quarters.

Slide 9 | Providing Blowout Protection In Every Direction

In the U.S., we unveiled new and improved Huggies Little Snugglers®, with blowout protection in every direction.

Little Snugglers offers outstanding protection, driven by one of our newest innovations, a front and back blowout blocker. It also promises gentle skin protection, with our hypoallergenic GentleAbsorb liner. Reviews are overwhelmingly positive, with an average rating of 4.8 out of 5 stars, emphasizing comfort and no leakage.

Recognizing that blowouts can travel up to seven feet per second, we also created the Poop Poncho, the ultimate defense against blowouts, for parents who wished they had our newly enhanced Little Snugglers with all around protection. This tongue-in-cheek message garnered more than just paid media impact—it drove over 2 million impressions from press highlights alone, earning consumers' attention.

Our blowout blocker innovation is differentiating us in the mid-tier of the category. It builds on the launch of our super-premium, two-zone, Skin Essentials diaper last year, and our recent launch of Snug & Dry with garment-like comfort in the value segment.

Huggies second quarter dollar share grew 160 basis points, and volume share was up nearly 300 basis points. We have momentum and intend to sustain that momentum, with strong differentiation across price tiers, and robust programming in the second half.

Slide 10 | Crushing The Stigma With 'Mission Dry'

In the second quarter, we continued to accelerate category participation with world-class creative and partnerships that target issues that have historically inhibited product adoption.

As category leaders, it's our role to lead category expansion. We're doing that by crushing the stigma associated with these categories, by partnering with celebrity influencers to demonstrate that we offer better care. Last year Depend partnered with NFL Hall-of-Famer, Emmitt Smith to shed much-needed light on men's health, especially regarding prostate cancer. Our Poise "Giggle Dribble" campaign features actress Katherine Heigl to help normalize bladder leaks after childbirth. These campaigns are raising awareness and aiding the high-single-digit category growth we're seeing in Adult Care.

In the second quarter, we collaborated with retired astronaut Scott Kelly, to launch a new campaign called 'Mission Dry', with our Goodnites brand in the youth pants category. Based on the insight that 1 in 6 kids in the U.S. have nighttime accidents, this campaign set out to help kids see themselves, in their biggest space heroes, and break the stigma around bedwetting along the way.

Mission Dry is turning a taboo topic into open conversation. The program has garnered more than 320 million earned impressions, and generated approximately $2.6 million in earned media value, through a social-first movement, kids are discussing the topic with peers, and parents are sharing our creative assets across online communities. Goodnites saw a 277% increase in product searches on Google, a 44% uptick in brand engagement, and 92% positive sentiment across platforms.

Our storytelling is driving growth. Year-to-date, Goodnites share is up over 700 basis points versus year ago. Shattering the stigma to expand the category remains a tremendous opportunity.

We are making strong progress Accelerating Pioneering Innovation across the value spectrum. We're driving category participation through breakthrough storytelling. We're solving unmet consumer needs. We'll continue to invest to grow our brands and categories, even as we navigate a complex macro landscape through the back-half of the year.

Slide 11 | Stepping Up Gross Productivity Savings

Fueling our investment agenda is the momentum we're building across our three Enterprise Supply Chain initiatives: value stream simplification, network optimization, and scalable automation. Building on a strong first quarter, second quarter gross productivity savings stepped up to 5.8 percent of Adjusted Cost of Goods Sold. We continue to expect full year gross productivity at the upper end of the 5 to 6 percent range.

Three factors give us confidence in not just this year's productivity, but also our ability to continue delivering at industry-leading levels going forward.

First, as you can see in the graphic, we have balanced contribution across all sources of productivity, we're not relying on one area, one geography, or one big initiative.

Second, we're committing significant capital, to make ourselves more efficient and competitively advantaged going forward. The $2 billion we've committed to expand and enhance North America, is just one of the ways we're investing to optimize our network and deploy scalable automation. These investments will not only help us bring consumer-preferred products to market, they enable us to better navigate an evolving external environment, while enhancing our visibility into productivity savings.

Third, we see a long runway of productivity ahead. We're just beginning to leverage the benefits of our global network, to bring the best of Kimberly-Clark to all our markets. This is reducing total delivered costs and improving product quality. This is best illustrated through a recent example.

Slide 12 | A Powerhouse Cross-Functional Team Turns Similar Obstacles Into Shared Opportunity

In response to inconsistent market share performance and inconsistent cost-competitiveness across Enterprise Markets, our Market, Segment, and Enterprise Supply Chain teams partnered to challenge the status quo. Using our high-performing facilities in Vietnam and China as a reference point, the team uncovered significant opportunity to improve core processes, including product specifications, supplier choices, and manufacturing standards across 9 facilities.

A key indicated action was to streamline our portfolio from 30 product platforms to 11. This yields simplicity, consistency and scale, while enhancing quality and value to consumers. This project has identified savings of $25 million, $14 million of which will be delivered this year.

Our re-wired organization is faster and more collaborative, and that is driving higher productivity. We're continuing to leverage this mindset as we drive Powering Care forward. World class productivity is fueling investment in our product offering, our advertising, and our commercial capability. This is strengthening our brand propositions, at every rung of the good-better-best ladder.

Slide 13 | IFP & Suzano JV Creates A Preeminent International Tissue & Professional Products Company

The new strategic partnership with Suzano, that we announced last quarter, is a major step forward in our transformation and will enhance our ability to drive additional operational efficiencies across Kimberly-Clark.

As a leading global fiber producer, Suzano has been an important strategic partner to Kimberly-Clark. In 2023, we transitioned our Brazil tissue business to them. Suzano's industrial manufacturing and fiber expertise enabled them to enhance the performance of that business. We believe this new joint venture will enable IFP to achieve its full potential.

We expect the venture will reduce IFP's total delivered costs, and enhance capability and capacity to supply both branded and private label offerings across markets. This new operating structure will better position IFP to drive innovation and seize new opportunities to improve performance in the near term, and thrive over the long term.

For Kimberly-Clark, it allows us to create more value for shareholders, than we could running IFP on our own. Following the close, we will receive cash proceeds that we intend to return to shareholders through share repurchases.

This transaction also enhances our portfolio mix, focusing our enterprise on proprietary, right-to-win spaces, that will improve our growth trajectory globally, across personal care and North America tissue and professional categories. Going forward, approximately two-thirds of our net revenues will come from personal care.

This strategic partnership will create a preeminent international tissue and professional products company, with new operational efficiency opportunities. In turn, this will allow us to further improve our cost management and reduce our exposure to volatile input costs.

Now, I'll turn it over to Nelson to unpack our financial results and provide our outlook.

<u>NELSON URDANETA, CHIEF FINANCIAL OFFICER, KIMBERLY-CLARK CORPORATION</u>

Slide 14 | Financial Results & 2025 Outlook

Thanks, Mike.

Our performance in the second quarter was strong. Our teams continue to execute our Powering Care strategy delivering solid organic growth with the strongest volume growth in the last 5 years while managing through a complex environment.

As it relates to our financials, the strategic shift recently announced with the International Family Care and Professional business (IFP) means that the results of this segment are now reported as discontinued operations in our consolidated financial statements.

It also means that the organic growth and margin potential of our remaining portfolio is on full display.

On that basis, our Q2 results more clearly showcase the momentum that we've been building. Momentum, that is grounded in sustainable actions, strong innovation, and great execution in a challenging environment that positions us well to deliver sustainable growth ahead of our categories, and among the best in our industry.

Slide 15 | Q2 2025: Accelerating The Core In A Dynamic Context

In line with our plans, our Q2 organic net sales were up mid-single digits, at 3.9 percent growth. This was driven by 5 percent volume growth as a result of a significant step-up in new product activations across key markets, aided by a shift in retailer inventories versus prior year and to a lesser extent by timing of retail programming. For the first half, organic net sales grew 1.2 percent, led by building momentum across categories in North America, ongoing double-digit growth in China, as well as solid volume gains in Australia and South Korea. We are encouraged by our first half growth, especially considering that we had one less shipping day versus the first half of the prior year.

Adjusted Operating Profit dollars for the second quarter were down 2.2 percent versus the prior year and 4.7 percent in the first half. This included a 600-basis point headwind in Q2 and 490-basis point headwind in the first half from divestitures and business exits. Currency translation was a 40-basis point headwind in Q2 and a 120-basis point headwind in the first half.

Beyond that, the ongoing gains from supply chain productivity as well as the SG&A related efficiencies we achieved in the quarter were partly offset by unfavorable pricing net of input costs due to the planned investments made to enhance our value propositions in several geographies.

As noted, we generated gross productivity of 5.8 percent of our Adjusted Cost of Goods Sold, building on our first quarter momentum and continuing to fuel the strategic investments behind our innovation-led growth model and the improvement of our value proposition to consumers.

We are also seeing SG&A leverage come through in the P&L, partly aided by timing impacts. All of which resulted in a first half Adjusted Operating Profit Margin of 17.3 percent broadly in line with prior year, while investing in our value propositions and absorbing tariff headwinds. We are performing strongly and we have a solid foundation to build upon, as overhead savings continue to flow through in the coming quarters in line with our Powering Care plans.

Q2 Adjusted Earnings per Share were 2 percent below the prior year, driven primarily by lower adjusted operating profit in the quarter. I would note here that this included approximately 2 cents of favorability from the cessation of depreciation and amortization versus the prior year in the Discontinued Operations line, a factor that will come into play when I discuss our full year EPS outlook.

And finally, we delivered year-to-date Adjusted Free Cash Flow of approximately $829 million. We remain on pace to deliver approximately $2 billion for the full year.

Slide 16 | North America

At a segment level, North America saw healthy, resilient demand in Q2 with a solid, sequential, step-up in consumption versus Q1.

Volume-plus-mix was up 4.5 percent for the quarter reflecting both the resilient category demand and the momentum of our innovations and activations. In the quarter, we held or grew value share in 7 of 8 consumer categories and volume share in all 8 consumer categories, led by personal care with a weighted value share gain of 60 basis points.

Within this, I would note that the softer mix we are seeing reflects the fact that we are also driving growth and capturing share in the mainstream part of the category. In an environment where the consumer wallet is stretched, we are focused on cascading innovation across the value spectrum ensuring the varying needs of our consumers are addressed within our portfolio.

On the volume front, we did see a benefit of approximately 170 basis points versus the prior year due to changes in retail inventories, which reflect lapping last year’s retailer stock reductions and this year’s pipeline build related to some key innovations. Volumes in North America also reflected roughly 60 basis points in the quarter due to a shift in retail programming from Q1 last year to Q2 this year.

That said, volume growth was 2.6 percent in the first half, despite one less shipping day versus the prior year. This showcases the underlying momentum that we’ve been building for some time, grounded in sustainable actions and a strong activation agenda coming together across categories.

- Infant & Child Care is very strong with innovation across good-better-best price:value tiers gaining steam, up 140 basis points in market share.
- Adult Care is driving accelerated category growth through better marketing as Mike highlighted, with mid-single-digit consumption growth.
- Kleenex continues to be rolling as we capture more occasions and lighter users through more consumer activations across the calendar, reflected in 240 basis points of share gain in the first half.

We are encouraged by the improved trends we are seeing in Bath Tissue and Paper Towels, as we are starting to benefit from more supply chain flexibility and improved advertising, with Cottonelle growing consumption 5 percent in the quarter. Also, our Professional business posted its third consecutive quarter of volume growth.

Operating Profit dollars declined 4 percent in the quarter and 1.3 percent in the first half, including a roughly 500 basis point headwind in the quarter and 390 basis point headwind in the first half, from the combined impact of the Personal Protective Equipment divestiture and the private label diaper business

exit. Q2 net tariff impact of approximately $30 million was a 440 basis point headwind to operating profit growth in the quarter.
Beyond that, we saw strong, ongoing productivity gains that are funding the revenue growth management initiatives I highlighted, which, combined with SG&A efficiencies, are aiding margin expansion. In fact, Operating Profit Margin for North America was up 40 basis points in the first half of the year despite absorbing a tariff related margin impact of 60 basis points.

Looking forward, we have strong plans in North America for the second half of the year and into 2026, building on the momentum we've seen to date, to continue driving volume-plus-mix led organic growth ahead of our categories and to deliver consistent and sustainable margin expansion.

Slide 17 | International Personal Care

In International Personal Care, our second quarter and first half results reflected the implementation of our playbook as we move aggressively to strengthen our good-better-best price:value tiers across all markets.

Like North America, and consistent with our plan, volume-plus-mix stepped up in Q2, up 6 percent, and reflecting ongoing double-digit growth in China, as well as solid gains in Australia and South Korea. The combination of strong innovation pipelines, enhanced brand communications, and excellent execution continued to deliver share gains in our International Personal Care markets, with China diapers gaining 330 bps, South Korea Diapers 230 bps, and Australia diapers gaining 100 bps versus year ago.

Lower pricing in the quarter and the first half reflected the ongoing deflationary backdrop in China as well as strategic investments to drive trial for a very strong innovation agenda across several Focus and Enterprise markets and ensuring we maintain strong value propositions for our consumers.

At Operating Profit, the year-on-year decline we experienced in the second quarter and first half was a function of two factors. First and foremost was an exceptionally strong profit comparison to the prior year period. The second, stepped-up investments to improve our good-better-best price value tiers I mentioned. In essence, we've invested ahead of expected, full-year productivity gains to respond faster in areas we can improve our competitiveness, with full intentions to be pricing net of cost, or PNOC, neutral over time.

As we carry out our playbook, we continue to expect our International Personal Care segment to drive positive volume-and-mix led organic growth that's ahead of category growth. We also expect this segment to deliver sustained Operating Profit gains for the full year, reflecting the strong productivity and overhead efficiencies still ahead for the business.

Slide 18 | 2025 Outlook

Shifting to our outlook, I'll start by reiterating a point I made three months ago. The one constant in our outlook is the strong visibility we have into advancing our innovation-led growth strategy. Our team continues to perform while we transform, and this underpins our ability to deliver a strong second year of our Powering Care transformation.

We've adjusted our full-year outlook slightly to be consistent with the move of the IFP business to discontinued operations in our P&L. Our outlook for Net Sales and Operating Profit growth now reflects the results of the remaining two segments, North America and International Personal Care, as well as our overhead structure excluding IFP. However, our outlook for Adjusted Earnings Per Share and Adjusted Free Cash Flow remain consistent with the past approach as we will continue to report these amounts inclusive of IFP until the close of the transaction, sometime mid-year 2026.

On the top line, we expect to continue leading market growth where we compete, consistent with our long-term algorithm. On a weighted average basis, our country category mix for North America and International Personal Care is currently growing approximately 2 percent.

As we've highlighted previously, reported 2025 net sales growth will be negatively impacted from a combination of our Personal Protective Equipment divestiture on July 1st of last year, and the private label diaper business exit in the U.S. that began in Q1 of this year. This will represent a headwind of approximately 290 basis points to our revised sales base for the full year, and approximately 230 basis points in the second half of the year.

In terms of currency, we anticipate a net sales headwind from translation of approximately 100 basis points for the full year, and approximately 40 basis points in the second half.

At Adjusted Operating Profit, we expect low-to-mid single-digit growth on a constant currency basis. This includes our latest full year estimate for incremental tariff-related costs which we now project at approximately $170 million translating into total cost of goods sold inflation of approximately $300 million for the North America and International Personal Care businesses combined. We expect to be able to mitigate approximately $50 million of the tariff headwind this year, resulting in a net impact of approximately $120 million.

This outlook continues to include a negative impact from the Personal Protective Equipment divestiture and the U.S. private label diaper business exit. amounting to approximately 380 basis points versus the prior year from a continuing operations perspective.

Within this, we remain confident in our line of sight to deliver gross productivity towards the upper end of the 5 to 6 percent range of Adjusted Cost of Goods for the full year, as well as capturing a portion of the $200 million in overhead savings that we've targeted through our Wiring for Growth initiatives.

Beyond that, and consistent with our top line expectations, we expect reported Adjusted Operating Profit growth to be negatively impacted by approximately 100 basis points from currency translation.

On Adjusted Earnings per Share, we are raising our outlook from flat to positive to low-to-mid single-digit growth versus the prior year on a constant-currency basis.

This continues to include a negative 320 basis point impact from the Personal Protective Equipment divestiture and the U.S. private label diaper business exit and a negative 100 basis point impact from items below Operating Profit in continuing operations, including higher net interest expense and a higher effective adjusted tax rate, partially offset by lower shares outstanding among others. Income from discontinued operations will include benefits from cessation in depreciation and amortization expense on assets held for sale, that will benefit EPS versus the prior year by approximately 200 basis points or 16 cents for the full year, of which approximately 14 cents will flow through in the second half.

Additionally, Earnings Per Share are now expected to be negatively impacted by approximately 150 basis points from currency translation, including the currency impact on income from equity interests, compared to the 300 basis points we estimated in April.

Finally, as far as pacing during the year, we expect reported net sales to be evenly balanced between the first half of the year and the second half of the year while adjusted operating profit and adjusted earnings per share should be roughly 51:49 split between the first half of the year and the second half of the year.

Overall, we think we're well positioned to deliver a strong second year of our transformation, building both momentum and the flexibility to reinvest any upside we are generating, when and where we see opportunity.

With that, I will turn it back to Mike for some closing thoughts.

Slide 19 | Powering Care

Thank you, Nelson.

I'm proud of how our teams around the world are continuing to perform while we transform. Our second quarter results demonstrate the significant progress we are making as an organization.

We are playing to win.

We're solving unmet consumer needs, with superior brand propositions and breakthrough innovation, across the value spectrum. We are elevating our creative storytelling to drive category participation and brand love. We're continuing to deliver world-class gross productivity, while moving better, faster, and stronger as a team.

We're building momentum as we head into the second half of the year.

We remain confident in our ability to unlock our long-term potential, drive value for shareholders, and deliver Better Care for a Better World.

Thank you for your time and interest in Kimberly-Clark.