



Kimberly-Clark Corporation (KMB)

Updated August 3rd, 2025, by Josh Arnold

Key Metrics

| | | | | | |
|-----------------------------|-------|--|------------------|----------------------------------|-----------------------|
| Current Price: | \$131 | 5 Year CAGR Estimate: | 8.0% | Market Cap: | \$41 B |
| Fair Value Price: | \$136 | 5 Year Growth Estimate: | 4.0% | Ex-Dividend Date: | 09/07/25 ¹ |
| % Fair Value: | 96% | 5 Year Valuation Multiple Estimate: | 0.7% | Dividend Payment Date: | 10/02/25 |
| Dividend Yield: | 3.8% | 5 Year Price Target | \$165 | Years Of Dividend Growth: | 53 |
| Dividend Risk Score: | B | Sector: | Consumer Staples | Rating: | Hold |

Overview & Current Events

The Kimberly-Clark Corporation is a global consumer products company that operates in 175 countries and sells disposable consumer goods, including paper towels, diapers, and tissues. It operates through two segments that each house many popular brands: Personal Care Segment (*Huggies, Pull-Ups, Kotex, Depend, Poise*) and the Consumer Tissue segment (*Kleenex, Scott, Cottonelle, and Viva*), generating about \$20 billion in annual revenue. Kimberly-Clark trades with a market capitalization of \$41 billion and has increased its dividend for 53 consecutive years, making it a member of the extremely prestigious Dividend Kings.

Kimberly-Clark posted second quarter earnings on August 1st, 2025, and results were weak compared to estimates. Adjusted earnings-per-share came to \$1.63, which was four cents light of expectations. Revenue was off 1.7% year-over-year to \$4.16 billion, missing estimates badly by \$470 million.

Sales fell due to divestitures, primarily, and business exits, unfavorable currency translation. Organic sales growth was 3.9%, which investors cheered. Indeed, Kimberly-Clark posted its best volume growth in five years.

Adjusted gross margin was off 180 basis points year-on-year to 36.9% of revenue. This was driven by unfavorable pricing net of cost inflation, reflecting planned investments to improve price and value across its portfolio, as well as incremental tariff-driven costs.

Organic sales growth is expected to grow at something better than 2% for the balance of the year. In addition, management is looking for adjusted operating profit to grow at a low-to-mid single digit rate on a constant-currency basis. Currency translation is expected to be a 100 basis point headwind.

We've very slightly boosted our estimate of earnings-per-share to \$7.15 following Q2 results.

Growth on a Per-Share Basis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| EPS | \$2.77 | \$5.99 | \$6.23 | \$6.61 | \$6.89 | \$7.74 | \$6.18 | \$5.63 | \$6.57 | \$7.30 | \$7.15 | \$8.70 |
| DPS | \$3.52 | \$3.68 | \$3.88 | \$4.00 | \$4.12 | \$4.28 | \$4.56 | \$4.64 | \$4.72 | \$4.88 | \$5.04 | \$5.84 |
| Shares² | 361 | 357 | 351 | 345 | 341 | 339 | 337 | 338 | 337 | 332 | 326 | 315 |

While Kimberly-Clark has not meaningfully grown its revenue for years, it has managed to grow its earnings-per-share thanks to share repurchases and its cost reduction programs. With operating margins rising steadily over time, increasing profitability is working to offset somewhat weak revenue numbers. Kimberly-Clark's management team has continuously extended this initiative, aiming for another \$1.5 billion of cumulative savings over the three-year period. This will be a primary growth driver in the upcoming years, particularly as revenue growth topped out after 2020 results. We expect 4% annual earnings growth in the years to come, as we expect volumes to remain largely steady over time. We note that the massive price increases the company has seen in the past aren't sustainable, and the company is lapping a difficult period for pricing power in 2024, introducing a potential growth headwind. The strong US dollar is another headwind for now, as is tariff uncertainty. All were factors in Q2 and should be for the foreseeable future.

¹ Estimated date

² Share count in millions

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Management has publicly stated targets of mid-single-digit growth in adjusted earnings-per-share annually, -1% to +3% organic sales growth, and dividend growth in-line with earnings-per-share growth. The company's cost saving programs have worked nicely up to this point, but we note that there will be a point when returns from these cost cuts diminish.

We see the dividend rising from the current payout of \$5.04 to \$5.84 as the company continues with slow rates of earnings growth and a relatively high payout ratio.

Valuation Analysis

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E | 40.6 | 21.2 | 19.9 | 16.7 | 18.8 | 18.3 | 21.7 | 24.1 | 18.5 | 18.0 | 18.3 | 19.0 |
| Avg. Yld. | 3.1% | 2.9% | 3.1% | 3.6% | 3.2% | 3.0% | 3.4% | 3.4% | 3.9% | 3.7% | 3.8% | 3.5% |

Excluding outlier years, Kimberly-Clark has traded at an average price-to-earnings ratio of about 18 over the last decade. This is in-line with its consumer staple dividend-paying stock competitors over the past few years but is lower than the current price-to-earnings multiple of 18.3. With the valuation below our estimate of fair value, we see a slightly positive impact on total returns. The yield is 3.8%, which is elevated versus most of the last decade. We forecast the yield slightly declining over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 127% | 61% | 62% | 61% | 60% | 55% | 74% | 82% | 72% | 67% | 70% | 67% |

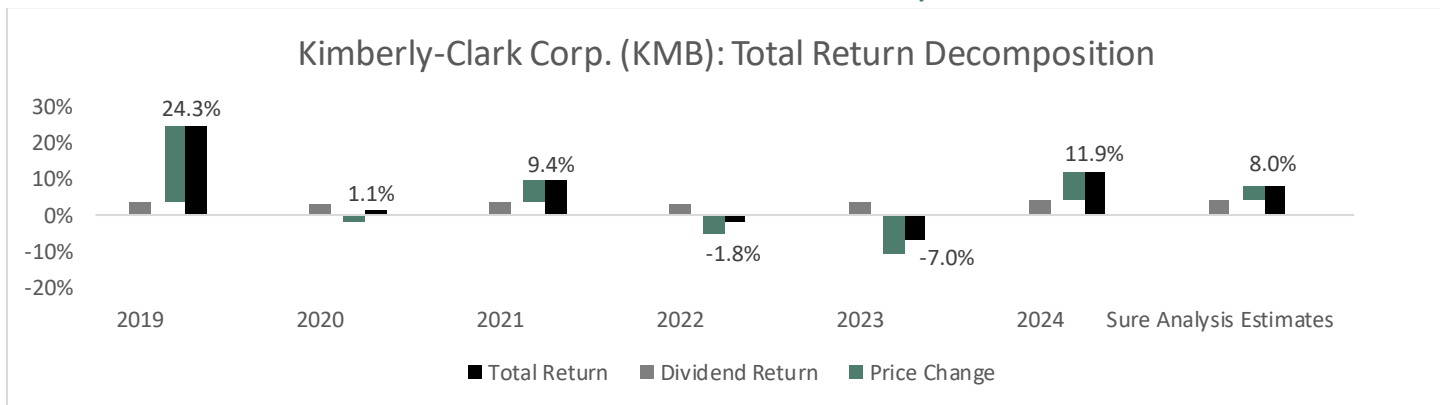
What stands out about Kimberly-Clark's quality metrics is its debt. The company maintains far more leverage than many of its peers in the large-capitalization dividend space. We believe its balance sheet is sound despite the high debt levels that it maintains; we also do not see any meaningful effort by management to reduce leverage at this point, particularly since so much of the company's cash is spent on the dividend payment. However, given its very stable earnings, its ability to service debt is also highly predictable.

Kimberly-Clark's competitive advantage is in its longstanding dominance with a variety of its brands, which are well known in the marketplace. It should also perform well during recessions as most of its products are consumable staples, which was evidenced during the COVID recession.

Final Thoughts & Recommendation

Kimberly-Clark's total return outlook has risen slightly since our last update. We forecast 8% total annual returns, consisting of the current 3.8% yield, 4% earnings growth and a small tailwind from the valuation. The stock earns high marks for its dividend history, current yield, and stability, but growth remains a concern. We reiterate the stock at a hold after Q2 earnings.

Total Return Breakdown by Year



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Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | 18,591 | 18,287 | 18,348 | 18,486 | 18,450 | 19,140 | 19,440 | 20,175 | 20,431 | 20,058 |
| Gross Profit | 6,624 | 6,691 | 6,587 | 5,597 | 6,035 | 6,822 | 5,988 | 6,219 | 7,032 | 7,180 |
| Gross Margin | 35.6% | 36.6% | 35.9% | 30.3% | 32.7% | 35.6% | 30.8% | 30.8% | 34.4% | 35.8% |
| SG&A Exp. | 3,443 | 3,300 | 3,202 | 3,367 | 3,254 | 3,632 | 3,399 | 3,581 | 3,961 | 4,311 |
| D&A Exp. | 746 | 705 | 724 | 882 | 917 | 796 | 766 | 754 | 753 | 781 |
| Operating Profit | 1,613 | 3,383 | 3,358 | 2,229 | 2,991 | 3,244 | 2,561 | 2,681 | 3,002 | 3,307 |
| Op. Margin | 8.7% | 18.5% | 18.3% | 12.1% | 16.2% | 16.9% | 13.2% | 13.3% | 14.7% | 16.5% |
| Net Profit | 1,013 | 2,166 | 2,278 | 1,410 | 2,157 | 2,352 | 1,814 | 1,934 | 1,764 | 2,545 |
| Net Margin | 5.4% | 11.8% | 12.4% | 7.6% | 11.7% | 12.3% | 9.3% | 9.6% | 8.6% | 12.7% |
| Free Cash Flow | 1,250 | 2,461 | 2,144 | 2,093 | 1,527 | 2,512 | 1,723 | 1,857 | 2,776 | 2,513 |
| Income Tax | 418 | 922 | 776 | 471 | 576 | 676 | 479 | 495 | 453 | 565 |

Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Assets | 14,842 | 14,602 | 15,151 | 14,518 | 15,283 | 17,523 | 17,837 | 17,970 | 17,344 | 16,546 |
| Cash & Equivalents | 619 | 923 | 616 | 539 | 442 | 303 | 270 | 427 | 1,093 | 1,021 |
| Acc. Receivable | 2,017 | 2,077 | 2,203 | 2,050 | 2,131 | 2,132 | 2,207 | 2,280 | 2,135 | 2,009 |
| Inventories | 1,909 | 1,679 | 1,790 | 1,813 | 1,790 | 1,903 | 2,239 | 2,269 | 1,955 | 1,822 |
| Goodwill & Int. | 1,540 | 1,480 | 1,576 | 1,474 | 1,496 | 2,727 | 2,650 | 2,925 | 2,282 | 2,051 |
| Total Liabilities | 14,802 | 14,485 | 14,269 | 14,564 | 15,089 | 16,654 | 17,100 | 17,270 | 16,276 | 15,571 |
| Accounts Payable | 2,612 | 2,609 | 2,834 | 3,190 | 3,055 | 3,336 | 3,840 | 3,813 | 3,653 | 3,715 |
| Long-Term Debt | 7,775 | 7,572 | 7,425 | 7,455 | 7,747 | 8,364 | 8,574 | 8,422 | 7,984 | 7,443 |
| Total Equity | (174) | (102) | 629 | (287) | (33) | 626 | 514 | 547 | 915 | 840 |
| LTD/E Ratio | -44.68 | -74.24 | 11.80 | -25.98 | -234.8 | 13.36 | 16.68 | 15.40 | 8.73 | 8.86 |

Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 6.7% | 14.7% | 15.3% | 9.5% | 14.5% | 14.3% | 10.3% | 10.8% | 10.0% | 15.0% |
| Return on Equity | 365% | --- | 865% | 825% | --- | 793% | 318% | 365% | 241% | 249% |
| ROIC | 12.8% | 27.9% | 28.5% | 17.9% | 28.1% | 27.4% | 19.6% | 21.0% | 19.4% | 29.1% |
| Shares Out. | 361 | 357 | 351 | 345 | 341 | 339 | 337 | 338 | 339 | 337 |
| Revenue/Share | 50.75 | 50.56 | 51.55 | 52.88 | 53.39 | 55.88 | 57.38 | 59.64 | 60.30 | 59.52 |
| FCF/Share | 3.41 | 6.80 | 6.02 | 5.99 | 4.42 | 7.33 | 5.09 | 5.49 | 8.19 | 7.46 |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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