



# Kimberly-Clark Corporation (KMB)

Updated November 19<sup>th</sup>, 2025, by Josh Arnold

## Key Metrics

<b>Current Price:</b>	\$103	<b>5 Year CAGR Estimate:</b>	12.4%	<b>Market Cap:</b>	\$34 B
<b>Fair Value Price:</b>	\$143	<b>5 Year Growth Estimate:</b>	2.0%	<b>Ex-Dividend Date:</b>	12/07/25 <sup>1</sup>
<b>% Fair Value:</b>	72%	<b>5 Year Valuation Multiple Estimate:</b>	6.7%	<b>Dividend Payment Date:</b>	01/02/26
<b>Dividend Yield:</b>	4.9%	<b>5 Year Price Target</b>	\$157	<b>Years Of Dividend Growth:</b>	53
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	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 \$34 billion and has increased its dividend for 53 consecutive years, making it a member of the extremely prestigious Dividend Kings.

Kimberly-Clark posted third quarter earnings on October 30<sup>th</sup>, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to \$1.82, which was seven cents ahead of estimates. Revenue was flat year-over-year at \$4.15 billion, but did best estimates by \$50 million. Sales included negative impacts of about 2.2% from the exit of the private label diaper business in the US. Organic sales were up 2.5%, which was driven by a 2.4% gain in volume, while portfolio mix and price were flat.

Gross margin was 36.8% of revenue on an adjusted basis, off 170 basis points year-over-year. This reflected strong productivity gains that were more than offset by unfavorable pricing net of cost inflation. The latter was attributable to investments to improve price, as well as tariff-driven cost increases.

Operating profit was \$683 million on an adjusted basis, driven by lower marketing and R&D costs, as well as efficiency efforts. Net interest expense was \$59 million, up from \$49 million a year ago.

We now see \$7.50 in adjusted earnings-per-share for this year, which would be the highest since 2020, if achieved. Separately, Kimberly-Clark announced its intention to buy Kenvue (KVUE) for \$48.7 billion in a cash and stock deal. It faces shareholder approvals, among other hurdles, but shares of Kimberly-Clark fell on the news.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$2.77	\$5.99	\$6.23	\$6.61	\$6.89	\$7.74	\$6.18	\$5.63	\$6.57	\$7.30	<b>\$7.50</b>	<b>\$8.28</b>
<b>DPS</b>	\$3.52	\$3.68	\$3.88	\$4.00	\$4.12	\$4.28	\$4.56	\$4.64	\$4.72	\$4.88	<b>\$5.04</b>	<b>\$5.84</b>
<b>Shares<sup>2</sup></b>	361	357	351	345	341	339	337	338	337	332	<b>326</b>	<b>315</b>

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 2% 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

<sup>1</sup> Estimated date

<sup>2</sup> Share count in millions

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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 again in Q3 and should be for the foreseeable future. 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	13.7	19.0
Avg. Yld.	3.1%	2.9%	3.1%	3.6%	3.2%	3.0%	3.4%	3.4%	3.9%	3.7%	4.9%	3.7%

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 much higher than the current price-to-earnings multiple of 13.7. With the valuation below our estimate of fair value, we see a sizable positive impact on total returns. The yield is 4.9%, which is the highest it’s been for many years. 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%	67%	71%

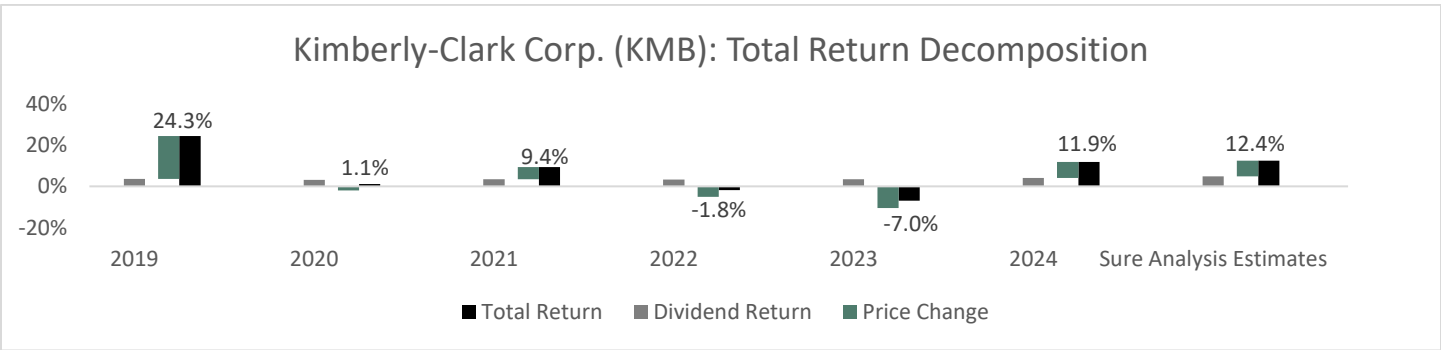
What stands out about Kimberly-Clark’s quality metrics is its debt. The company maintains far more leverage than many of its peers in the large-capitalization dividend space. We believe its balance sheet is sound despite the high debt levels that it maintains; we also do not see any meaningful effort 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 again since our last update. We forecast 12.4% total annual returns, consisting of the current 4.9% yield, 2% earnings growth and a 6.7% tailwind from the valuation. The stock earns high marks for its dividend history, current yield, and stability, but growth remains a concern. We reiterate a hold rating.

## 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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