

KIMBERLY CLARK CORP

Form 10-Q

April 22, 2019

false--12-31Q120190000055785falseLarge Accelerated FilerKIMBERLY CLARK

CORPfalse640000001.001.030.022021-03-310 0000055785 2019-01-01 2019-03-31 0000055785

kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31 0000055785 2018-01-01 2018-03-31

0000055785 2019-04-15 0000055785 2018-12-31 0000055785 2019-03-31 0000055785 2017-12-31 0000055785

2018-03-31 0000055785 kmb:KCArentinaMember us-gaap:SalesMember 2019-01-01 2019-03-31 0000055785

kmb:KCArentinaMember us-gaap:SalesMember 2018-01-01 2018-03-31 0000055785

kmb:A2018GlobalRestructuringProgramMember 2017-12-31 0000055785

kmb:WorkforcereductionsandotherexitcostsMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01

2018-03-31 0000055785 kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785

kmb:WorkforcereductionsandotherexitcostsMember kmb:A2018GlobalRestructuringProgramMember 2019-01-01

2019-03-31 0000055785 kmb:A2018GlobalRestructuringProgramMember 2019-03-31 0000055785

kmb:A2018GlobalRestructuringProgramMember 2018-12-31 0000055785

kmb:A2018GlobalRestructuringProgramMember 2018-03-31 0000055785 kmb:AfterTaxMember

srt:MaximumMember kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember

2020-12-31 0000055785 kmb:AfterTaxMember srt:MinimumMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31 0000055785

us-gaap:AccountsPayableAndAccruedLiabilitiesMember kmb:A2018GlobalRestructuringProgramMember

2018-03-31 0000055785 kmb:AfterTaxMember srt:MinimumMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2019-12-31 0000055785

kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2019-03-31 0000055785

kmb:AfterTaxMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2019-03-31 0000055785

kmb:BeforeTaxMember srt:MinimumMember kmb:A2018GlobalRestructuringProgramMember

us-gaap:ScenarioForecastMember 2019-12-31 0000055785 srt:MaximumMember kmb:CashChargesMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31 0000055785

kmb:BeforeTaxMember srt:MaximumMember kmb:NoncashchargesMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31 0000055785

kmb:BeforeTaxMember srt:MaximumMember kmb:A2018GlobalRestructuringProgramMember

us-gaap:ScenarioForecastMember 2019-12-31 0000055785 srt:MinimumMember kmb:CashChargesMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31 0000055785

us-gaap:OtherNoncurrentLiabilitiesMember kmb:A2018GlobalRestructuringProgramMember 2018-03-31

0000055785 kmb:AfterTaxMember srt:MaximumMember kmb:A2018GlobalRestructuringProgramMember

us-gaap:ScenarioForecastMember 2019-12-31 0000055785 kmb:BeforeTaxMember srt:MaximumMember

kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31 0000055785

srt:MinimumMember kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2018-01-01

2020-12-31 0000055785 us-gaap:OtherNoncurrentLiabilitiesMember

kmb:A2018GlobalRestructuringProgramMember 2019-03-31 0000055785 kmb:BeforeTaxMember

srt:MinimumMember kmb:A2018GlobalRestructuringProgramMember us-gaap:ScenarioForecastMember 2020-12-31

0000055785 srt:MaximumMember kmb:A2018GlobalRestructuringProgramMember

us-gaap:ScenarioForecastMember 2018-01-01 2020-12-31 0000055785 kmb:BeforeTaxMember

srt:MinimumMember kmb:NoncashchargesMember kmb:A2018GlobalRestructuringProgramMember

us-gaap:ScenarioForecastMember 2020-12-31 0000055785 us-gaap:AccountsPayableAndAccruedLiabilitiesMember

kmb:A2018GlobalRestructuringProgramMember 2019-03-31 0000055785 kmb:BeforeTaxMember

kmb:MarketingResearchAndGeneralExpensesMember kmb:A2018GlobalRestructuringProgramMember 2019-01-01

2019-03-31 0000055785 kmb:BeforeTaxMember us-gaap:OtherIncomeMember

kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785 kmb:BeforeTaxMember

us-gaap:CostOfSalesMember kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31 0000055785

kmb:BeforeTaxMember us-gaap:CostOfSalesMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01

2018-03-31 0000055785 kmb:BeforeTaxMember kmb:MarketingResearchAndGeneralExpensesMember

Edgar Filing: KIMBERLY CLARK CORP - Form 10-Q

kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785 kmb:AfterTaxMember
kmb:A2018GlobalRestructuringProgramMember us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31
0000055785 kmb:BeforeTaxMember us-gaap:CostOfSalesMember kmb:AssetwriteoffsMember
kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31 0000055785 kmb:AfterTaxMember
kmb:A2018GlobalRestructuringProgramMember us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31
0000055785 kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31
0000055785 kmb:BeforeTaxMember us-gaap:CostOfSalesMember kmb:AssetwriteoffsMember
kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785 kmb:AfterTaxMember
kmb:A2018GlobalRestructuringProgramMember us-gaap:ParentMember 2018-01-01 2018-03-31 0000055785
kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785
kmb:AfterTaxMember kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31 0000055785
kmb:AfterTaxMember kmb:A2018GlobalRestructuringProgramMember 2018-01-01 2018-03-31 0000055785
kmb:AfterTaxMember kmb:A2018GlobalRestructuringProgramMember us-gaap:ParentMember 2019-01-01
2019-03-31 0000055785 kmb:BeforeTaxMember us-gaap:OtherIncomeMember
kmb:A2018GlobalRestructuringProgramMember 2019-01-01 2019-03-31 0000055785
kmb:U.S.TaxCutsandJobActMember 2018-01-01 2018-03-31 0000055785 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2019-03-31 0000055785 us-gaap:FairValueInputsLevel2Member
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000055785
kmb:NetAssetValueorItsEquivalentMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-31
0000055785 kmb:NetAssetValueorItsEquivalentMember us-gaap:FairValueMeasurementsRecurringMember
2018-12-31 0000055785 us-gaap:FairValueInputsLevel3Member 2019-03-31 0000055785
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31
0000055785 us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember
2019-03-31 0000055785 us-gaap:FairValueInputsLevel1Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2019-03-31 0000055785
us-gaap:FairValueInputsLevel2Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2019-03-31
0000055785 us-gaap:FairValueInputsLevel1Member us-gaap:CarryingReportedAmountFairValueDisclosureMember
2019-03-31 0000055785 us-gaap:FairValueInputsLevel1Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember 2018-12-31 0000055785
us-gaap:FairValueInputsLevel1Member us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31
0000055785 us-gaap:FairValueInputsLevel2Member us-gaap:CarryingReportedAmountFairValueDisclosureMember
2018-12-31 0000055785 us-gaap:FairValueInputsLevel3Member 2018-12-31 0000055785
us-gaap:NoncontrollingInterestMember 2019-01-01 2019-03-31 0000055785 us-gaap:ParentMember 2019-01-01
2019-03-31 0000055785 us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000055785
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2019-01-01 2019-03-31 0000055785
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-03-31 0000055785
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-03-31 0000055785
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-01-01 2019-03-31
0000055785 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2019-03-31 0000055785
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-01-01 2018-03-31
0000055785 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-03-31
0000055785 kmb:UnrealizedTranslationMember 2019-01-01 2019-03-31 0000055785
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0000055785
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-12-31 0000055785
kmb:UnrealizedTranslationMember 2018-12-31 0000055785
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-03-31 0000055785
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-12-31 0000055785
kmb:UnrealizedTranslationMember 2018-01-01 2018-03-31 0000055785
us-gaap:PensionPlansDefinedBenefitMember 2019-01-01 2019-03-31 0000055785
kmb:UnrealizedTranslationMember 2019-03-31 0000055785 kmb:UnrealizedTranslationMember 2018-03-31
0000055785 us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000055785

Edgar Filing: KIMBERLY CLARK CORP - Form 10-Q

kmb:UnrealizedTranslationMember 2017-12-31 0000055785 us-gaap:PensionPlansDefinedBenefitMember 2018-03-31 0000055785 us-gaap:PensionPlansDefinedBenefitMember 2019-03-31 0000055785
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2019-03-31 0000055785
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-12-31 0000055785
us-gaap:NoncontrollingInterestMember 2018-01-01 2018-03-31 0000055785 us-gaap:ParentMember 2018-01-01
2018-03-31 0000055785 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2019-03-31
0000055785 us-gaap:ForeignExchangeContractMember us-gaap:CashFlowHedgingMember 2019-03-31 0000055785
us-gaap:InterestRateContractMember us-gaap:FairValueHedgingMember 2019-03-31 0000055785
us-gaap:NondesignatedMember 2018-01-01 2018-03-31 0000055785 us-gaap:InterestRateContractMember
us-gaap:CashFlowHedgingMember 2019-03-31 0000055785 us-gaap:NetInvestmentHedgingMember 2019-03-31
0000055785 us-gaap:NondesignatedMember 2019-01-01 2019-03-31 0000055785
us-gaap:CashFlowHedgingMember 2019-01-01 2019-03-31 0000055785 us-gaap:FairValueHedgingMember
2018-01-01 2018-03-31 0000055785 kmb:AllOtherMember 2018-01-01 2018-03-31 0000055785
kmb:BabyandchildcareproductsMember 2018-01-01 2018-03-31 0000055785 kmb:KCProfessionalMember
2018-01-01 2018-03-31 0000055785 kmb:AllOtherMember 2019-01-01 2019-03-31 0000055785
kmb:ConsumerTissueMember 2019-01-01 2019-03-31 0000055785 kmb:BabyandchildcareproductsMember
2019-01-01 2019-03-31 0000055785 kmb:ConsumerTissueMember 2018-01-01 2018-03-31 0000055785
kmb:KCProfessionalMember 2019-01-01 2019-03-31 0000055785 kmb:BeforeTaxMember
kmb:A2018GlobalRestructuringProgramMember kmb:ConsumerTissueMember 2019-01-01 2019-03-31 0000055785
kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember kmb:PersonalCareMember 2019-01-01
2019-03-31 0000055785 kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember
kmb:KCProfessionalMember 2018-01-01 2018-03-31 0000055785 kmb:BeforeTaxMember
kmb:A2018GlobalRestructuringProgramMember kmb:KCProfessionalMember 2019-01-01 2019-03-31 0000055785
kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember kmb:ConsumerTissueMember 2018-01-01
2018-03-31 0000055785 kmb:BeforeTaxMember kmb:A2018GlobalRestructuringProgramMember
kmb:PersonalCareMember 2018-01-01 2018-03-31 0000055785 kmb:PersonalCareMember 2019-01-01 2019-03-31
0000055785 kmb:ConsumerTissueMember 2019-01-01 2019-03-31 0000055785 kmb:KCProfessionalMember
2019-01-01 2019-03-31 0000055785 kmb:ConsumerTissueMember 2018-01-01 2018-03-31 0000055785
us-gaap:CorporateAndOtherMember 2019-01-01 2019-03-31 0000055785 kmb:PersonalCareMember 2018-01-01
2018-03-31 0000055785 us-gaap:CorporateAndOtherMember 2018-01-01 2018-03-31 0000055785
kmb:KCProfessionalMember 2018-01-01 2018-03-31 0000055785 kmb:OtherincomeandexpensenetMember
2019-01-01 2019-03-31 0000055785 kmb:OtherincomeandexpensenetMember 2018-01-01 2018-03-31 0000055785
kmb:LifoMember 2018-12-31 0000055785 kmb:NonLifoMember 2018-12-31 0000055785 kmb:LifoMember
2019-03-31 0000055785 kmb:NonLifoMember 2019-03-31 xbrli:pure iso4217:USD xbrli:shares iso4217:USD
kmb:Employee xbrli:shares

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended March 31, 2019

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-225

KIMBERLY-CLARK CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

39-0394230

(I.R.S. Employer
Identification No.)

P. O. Box 619100

Dallas, Texas

75261-9100

(Address of principal executive offices)
(Zip code)

(972) 281-1200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past

90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of April 15, 2019, there were 343,795,330 shares of the Corporation's common stock outstanding.

Table of Contents

<u>PART I – FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Financial Statements</u>	<u>1</u>
<u>UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>1</u>
<u>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>2</u>
<u>CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2019 (UNAUDITED) AND DECEMBER 31, 2018</u>	<u>3</u>
<u>UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018</u>	<u>4</u>
<u>UNAUDITED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>Item 4. Controls and Procedures</u>	<u>22</u>
<u>PART II – OTHER INFORMATION</u>	<u>23</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>23</u>
<u>Item 6. Exhibits</u>	<u>24</u>

PART I – FINANCIAL INFORMATION**Item 1. Financial Statements****KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES****CONSOLIDATED INCOME STATEMENT**

(Unaudited)

(Millions of dollars, except per share amounts)	Three Months Ended March 31	
	2019	2018
Net Sales	\$4,633	\$4,731
Cost of products sold	3,205	3,407
Gross Profit	1,428	1,324
Marketing, research and general expenses	769	1,079
Other (income) and expense, net	4	(2)
Operating Profit	655	247
Nonoperating expense	(11)	(9)
Interest income	3	2
Interest expense	(65)	(66)
Income Before Income Taxes and Equity Interests	582	174
Provision for income taxes	(143)	(104)
Income Before Equity Interests	439	70
Share of net income of equity companies	27	27
Net Income	466	97
Net income attributable to noncontrolling interests	(12)	(4)
Net Income Attributable to Kimberly-Clark Corporation	\$454	\$93

Per Share Basis**Net Income Attributable to Kimberly-Clark Corporation**

Basic	\$1.32	\$0.27
Diluted	\$1.31	\$0.26

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

(Millions of dollars)	Three Months Ended March 31	
	2019	2018
Net Income	\$466	\$97
Other Comprehensive Income (Loss), Net of Tax		
Unrealized currency translation adjustments	26	117
Employee postretirement benefits	(4)	—
Other	(17)	(1)
Total Other Comprehensive Income, Net of Tax	5	116
Comprehensive Income	471	213
Comprehensive income attributable to noncontrolling interests	(7)	(5)
Comprehensive Income Attributable to Kimberly-Clark Corporation	\$464	\$208

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(2019 Data is Unaudited)

(Millions of dollars)	March 31, 2019	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$491	\$ 539
Accounts receivable, net	2,377	2,164
Inventories	1,857	1,813
Other current assets	530	525
Total Current Assets	5,255	5,041
Property, Plant and Equipment, Net	7,139	7,159
Investments in Equity Companies	246	224
Goodwill	1,476	1,474
Other Assets	1,088	620
TOTAL ASSETS	\$15,204	\$ 14,518

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Debt payable within one year	\$1,900	\$ 1,208
Trade accounts payable	3,027	3,190
Accrued expenses and other current liabilities	1,916	1,793
Dividends payable	354	345
Total Current Liabilities	7,197	6,536
Long-Term Debt	5,990	6,247
Noncurrent Employee Benefits	922	931
Deferred Income Taxes	496	