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:KCArgentinaMember us-gaap:SalesMember 2019-01-01 2019-03-31 0000055785 kmb:KCArgentinaMember 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 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 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)
x **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	**39-0394230**
(State or other jurisdiction of incorporation)	**(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 x No o

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 x No o

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	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

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

Table of Contents

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

	Three Months Ended March 31	
(Millions of dollars, except per share amounts)	**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.

1

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**	458
Other Liabilities	**617**	328
Redeemable Preferred Securities of Subsidiaries	**64**	64
Stockholders' Equity		
Kimberly-Clark Corporation	**(305)**	(287)
Noncontrolling Interests	**223**	241
Total Stockholders' Equity	**(82)**	(46)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$15,204**	$ 14,518

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
(Unaudited)

(Millions of dollars)	Three Months Ended March 31 2019	2018
Operating Activities		
Net income	**$466**	$97
Depreciation and amortization	**234**	211
Asset impairments	**—**	74
Stock-based compensation	**16**	18
Deferred income taxes	**11**	(27)
Net losses on asset dispositions	**6**	36
Equity companies' earnings in excess of dividends paid	**(27)**	(27)
Operating working capital	**(375)**	103
Postretirement benefits	**(12)**	(41)
Other	**(2)**	98
Cash Provided by Operations	**317**	542
Investing Activities		
Capital spending	**(316)**	(189)
Investments in time deposits	**(80)**	(83)
Maturities of time deposits	**72**	19
Other	**—**	(3)
Cash Used for Investing	**(324)**	(256)
Financing Activities		
Cash dividends paid	**(345)**	(341)
Change in short-term debt	**851**	249
Debt repayments	**(402)**	(2)
Proceeds from exercise of stock options	**26**	14
Acquisitions of common stock for the treasury	**(164)**	(197)
Other	**(8)**	(6)
Cash Used for Financing	**(42)**	(283)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**1**	7
Change in Cash and Cash Equivalents	**(48)**	10
Cash and Cash Equivalents - Beginning of Period	**539**	616
Cash and Cash Equivalents - End of Period	**$491**	$626

See notes to the unaudited interim consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

For further information, refer to the consolidated financial statements and footnotes included in our Annual Report on Form 10 K for the year ended December 31, 2018. The terms "Corporation," "Kimberly-Clark," "K-C," "we," "our" and "us" refer to Kimberly-Clark Corporation and its consolidated subsidiaries.

Highly Inflationary Accounting in Argentina

GAAP guidance requires the use of highly inflationary accounting for countries whose cumulative three-year inflation exceeds 100 percent. In the second quarter of 2018, published inflation indices indicated that the three-year cumulative inflation in Argentina exceeded 100 percent, and as of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiaries in Argentina (“K-C Argentina”). Under highly inflationary accounting, K-C Argentina’s functional currency became the U.S. dollar, and its income statement and balance sheet have been measured in U.S. dollars using both current and historical rates of exchange. The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in Other (income) and expense, net and was not material. As of March 31, 2019, K-C Argentina had a small net peso monetary position. Net sales of K-C Argentina were less than 2 percent of our consolidated net sales for the three months ended March 31, 2019 and 2018.

Leases

Lease assets and lease liabilities are recognized at the commencement of an arrangement where it is determined at inception that a lease exists. Lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are initially recognized based on the present value of lease payments over the lease term calculated using our incremental borrowing rate generally applicable to the location of the lease asset, unless the implicit rate is readily determinable. Lease assets also include any upfront lease payments made and exclude lease incentives. Lease terms include options to extend or terminate the lease when it is reasonably certain that those options will be exercised.

Variable lease payments are generally expensed as incurred and include certain index-based changes in rent, certain nonlease components, such as maintenance and other services provided by the lessor, and other charges included in the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the expense for these short-term leases and for operating leases is recognized on a straight-line basis over the lease term.

Lease agreements with lease and nonlease components are combined as a single lease component. The depreciable life of lease assets and leasehold improvements is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Recently Adopted Accounting Standards

The Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842),* amended by ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. The new guidance requires a lessee to recognize assets and liabilities for all leases with lease terms of more than 12 months and provide additional disclosures. The ASU requires adoption using a modified retrospective transition approach with either 1) periods prior to the adoption date being recast or 2) a cumulative-effect adjustment recognized to the opening balance of retained earnings on the adoption date with prior periods not recast. We adopted this standard on January 1, 2019 using the cumulative-effect adjustment approach. We elected the package of practical expedients in transition for leases that commenced prior to January 1, 2019 whereby these contracts were not reassessed or reclassified from their previous assessment as of December 31, 2018. We also elected certain other practical expedients in transition including not reassessing existing land easements as lease contracts. For all new and modified leases after adoption of the ASU, we have taken the component election allowing us to account for lease components together with non lease components in the calculation of the lease asset and corresponding liability. We implemented processes and a lease accounting system to ensure adequate internal controls were in place to assess our contracts and enable proper accounting and reporting of financial information upon adoption. No cumulative-effect adjustment was recognized as the amount was not material, and the impact on our results of operations and cash flows was also not material. See Note 7 for the financial position impact and additional disclosures.

The FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The new standard makes more financial and non-financial hedging strategies eligible for hedge accounting. It also amends presentation and disclosure requirements and changes how companies assess hedge effectiveness. This ASU requires adoption using a modified retrospective transition approach with a cumulative-effect adjustment recognized to the opening balance of retained earnings on the adoption date with prior periods not recast. We adopted this standard on January 1, 2019 with no cumulative-effect adjustment as the amount was not material. The effects of this standard on our financial position, results of operations and cash flows were not material.

Accounting Standards Issued - Not Yet Adopted

The FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*. The new guidance modifies disclosure requirements related to fair value measurement. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Implementation on a prospective or retrospective basis varies by specific disclosure requirement. Early adoption is permitted. The standard also allows for early adoption of any removed or modified disclosures upon issuance of this ASU while delaying adoption of the additional disclosures until their effective date.

The FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40).* The new guidance reduces complexity for the accounting for costs of implementing a cloud computing service arrangement and aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). For public companies, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. Implementation should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The effects of this standard on our financial position, results of operations or cash flows are not expected to be material.

Note 2. 2018 Global Restructuring Program

In January 2018, we announced the 2018 Global Restructuring Program to reduce our structural cost base by streamlining and simplifying our manufacturing supply chain and overhead organization. We expect to close or sell approximately 10 manufacturing facilities and expand production capacity at several others. We expect to exit or divest some lower-margin businesses that generate approximately 1 percent of our net sales. The sales are concentrated in our consumer tissue business segment. The restructuring is expected to impact our organizations in all major geographies. Workforce reductions are expected to be in the range of 5,000 to 5,500. Certain capital appropriations under the 2018 Global Restructuring Program are being finalized. Accounting for actions related to each appropriation will commence when the appropriation is authorized for execution.

The restructuring is expected to be completed by the end of 2020, with total costs anticipated to be \$1.7 billion to \$1.9 billion pre-tax (\$1.35 billion to \$1.5 billion after tax). Cash costs are expected to be \$900 to \$1.0 billion, primarily related to workforce reductions. Non-cash charges are expected to be \$800 to \$900 pre-tax and will primarily consist of incremental depreciation, asset write-offs and pension settlement and curtailment charges. Restructuring charges in 2019 are expected to be \$600 to \$750 pre-tax (\$470 to \$570 after tax).

The following charges were incurred in connection with the 2018 Global Restructuring Program:

	Three Months Ended March 31, 2019	**Three Months Ended March 31, 2018**
Cost of products sold:		
Charges for workforce reductions	**$ 30**	$ 119
Asset impairments	**—**	74
Asset write-offs	**12**	55
Incremental depreciation	**67**	28
Other exit costs	**16**	1
Total	**125**	277
Marketing, research and general expenses:		
Charges for workforce reductions	**4**	286
Other exit costs	**24**	14
Total	**28**	300
Other (income) and expense, net	**(1)**	—
Total charges	**152**	577
Provision for income taxes	**(31)**	(143)
Net charges	**121**	434
Net impact related to equity companies and noncontrolling interests	**1**	(6)
Net charges attributable to Kimberly-Clark Corporation	**$ 122**	$ 428

The asset impairment charges were measured based on the excess of the carrying value of the impacted asset groups over their fair values. These fair values were measured by using discounted cash flows expected over the limited time the assets would remain in use and as a result, the assets were essentially written off. The use of discounted cash flows represents a level 3 measure under the fair value hierarchy.

The following summarizes the 2019 restructuring liabilities activity:

	2019	**2018**
Restructuring liabilities at January 1	**$210**	$—
Charges for workforce reductions and other cash exit costs	**74**	418
Cash payments	**(71)**	(14)
Currency and other	**6**	3
Restructuring liabilities at March 31	**$219**	$407

Restructuring liabilities of $132 and $306 are recorded in Accrued expenses and other current liabilities and $87 and $101 are recorded in Other Liabilities as of March 31, 2019 and 2018, respectively. The impact related to restructuring charges is recorded in Operating working capital and Other Operating Activities, as appropriate, in our consolidated cash flow statement.

Through March 31, 2019, cumulative pre-tax charges for the 2018 Global Restructuring Program were $1.2 billion ($905 after tax).

Note 3. U.S. Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). In the period ended December 31, 2017, we recorded a provisional discrete net tax benefit related to the transition tax, remeasurement of deferred taxes, our reassessment of permanently reinvested earnings, uncertain tax positions and valuation allowances, and actions taken in anticipation of the Tax Act. The provisional amounts recorded in 2017 were finalized in 2018. During 2018, we recorded discrete net tax expense related to new guidance issued during 2018 affecting tax benefits we recorded in the period ended December 31, 2017 for the transition tax and certain tax planning actions taken in anticipation of the Tax Act. At December 31, 2018, we finalized our policy and elected to use the period cost method for global intangible low-taxed income (“GILTI”) provisions and therefore have not recorded deferred taxes for basis differences expected to reverse in future periods.

In the first quarter of 2018, we recorded discrete net tax expense of $82 primarily related to guidance issued affecting tax benefits we recorded in the fourth quarter of 2017 for certain tax planning actions taken in anticipation of the Tax Act.

Note 4. Fair Value Information

The following fair value information is based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1 – Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

During the three months ended March 31, 2019 and for the full year 2018, there were no significant transfers among level 1, 2, or 3 fair value determinations.

Derivative assets and liabilities are measured on a recurring basis at fair value. At March 31, 2019 and December 31, 2018, derivative assets were $29 and $30, respectively, and derivative liabilities were $29 and $18, respectively. The fair values of derivatives used to manage interest rate risk and commodity price risk are based on LIBOR rates and interest rate swap curves and NYMEX price quotations, respectively. The fair values of hedging instruments used to manage foreign currency risk are based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Measurement of our derivative assets and liabilities is considered a level 2 measurement. Additional information on our classification and use of derivative instruments is contained in Note 8.

Redeemable preferred securities of subsidiaries are measured on a recurring basis at fair value and were $64 at both March 31, 2019 and December 31, 2018. They are not traded in active markets. For certain redeemable securities, fair values were calculated using a floating rate pricing model that compared the stated spread to the fair value spread to determine the price at which each of the financial instruments should trade. The model used the following inputs to calculate fair values: face value, current LIBOR rate, unobservable fair value credit spread, stated spread, maturity date and interest or dividend payment dates. The fair values of the remaining redeemable securities were based on a discounted cash flow valuation model. Measurement of the redeemable preferred securities is considered a level 3 measurement.

Company-owned life insurance ("COLI") assets are measured on a recurring basis at fair value. COLI assets were $69 and $64 at March 31, 2019 and December 31, 2018, respectively. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in other assets. The COLI policies are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The following table includes the fair value of our financial instruments for which disclosure of fair value is required:

	Fair Value Hierarchy Level	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		March 31, 2019		December 31, 2018	
Assets					
Cash and cash equivalents[a]	1	**$491**	**$ 491**	$539	$ 539
Time deposits[b]	1	**260**	**260**	256	256
Liabilities and redeemable securities of subsidiaries					
Short-term debt[c]	2	**1,338**	**1,338**	495	495
Long-term debt[d]	2	**6,552**	**7,017**	6,960	7,192

(a) Cash equivalents are composed of certificates of deposit, time deposits and other interest-bearing investments with original maturity dates of 90 days or less. Cash equivalents are recorded at cost, which approximates fair value.

(b) Time deposits are composed of deposits with original maturities of more than 90 days but less than one year and instruments with original maturities of greater than one year, included in other current assets or other assets in the consolidated balance sheet, as appropriate. Time deposits are recorded at cost, which approximates fair value.

(c) Short-term debt is composed of U.S. commercial paper and/or other similar short-term debt issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.

(d) Long-term debt includes the current portion of these debt instruments. Fair values were estimated based on quoted prices for financial instruments for which all significant inputs were observable, either directly or indirectly.

Note 5. Earnings Per Share ("EPS")

There are no adjustments required to be made to net income for purposes of computing EPS. The average number of common shares outstanding is reconciled to those used in the basic and diluted EPS computations as follows:

	Three Months Ended March 31	
(Millions of shares)	**2019**	**2018**
Basic	**344.3**	350.4
Dilutive effect of stock options and restricted share unit awards	**1.7**	2.2
Diluted	**346.0**	352.6

The impact of options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares was insignificant. The number of common shares outstanding as of March 31, 2019 and 2018 was 343.9 million and 349.6 million, respectively.

Note 6. Stockholders' Equity

Set forth below is a reconciliation for the three months ended March 31, 2019 and 2018 of the carrying amount of total stockholders' equity from the beginning of the period to the end of the period.

	Stockholders' Equity Attributable to	
	The Corporation	Noncontrolling Interests
Balance at December 31, 2018	$(287)	$ 241
Net Income	**454**	**11**
Other comprehensive income, net of tax	**10**	**(5)**
Stock-based awards exercised or vested	**28**	**—**
Recognition of stock-based compensation	**17**	**—**
Shares repurchased	**(174)**	**—**
Dividends declared ($1.03 per share)	**(354)**	**(24)**
Other	**1**	**—**
Balance at March 31, 2019	**$(305)**	**$ 223**

9

	Stockholders' Equity Attributable to The Corporation	Noncontrolling Interests
Balance at December 31, 2017	$629	$ 253
Net Income	93	3
Other comprehensive income, net of tax	115	1
Stock-based awards exercised or vested	14	—
Recognition of stock-based compensation	17	—
Shares repurchased	(211)	—
Dividends declared ($1.00 per share)	(350)	(20)
Other	10	1
Balance at March 31, 2018	$317	$ 238

During the three months ended March 31, 2019, we repurchased 1.4 million shares at a total cost of $167 pursuant to a share repurchase program authorized by our Board of Directors.

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries, except those in highly inflationary economies, are recorded in Accumulated Other Comprehensive Income ("AOCI"). For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation.

Also included in unrealized translation amounts are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

The change in net unrealized currency translation for the three months ended March 31, 2019 was primarily due to strengthening of foreign currencies versus the U.S. dollar.

The changes in the components of AOCI attributable to Kimberly-Clark, net of tax, are as follows:

	Unrealized Translation	Defined Benefit Pension Plans	Other Postretirement Benefit Plans	Cash Flow Hedges and Other
Balance as of December 31, 2017	$(1,864)	$(976)	$ (39)	$(40)
Other comprehensive income (loss) before reclassifications	116	(10)	—	(9)
Loss reclassified from AOCI	—	10 (a)	—	8
Net current period other comprehensive income (loss)	116	—	—	(1)
Balance as of March 31, 2018	$(1,748)	$(976)	$ (39)	$(41)
Balance as of December 31, 2018	$(2,297)	$(1,017)	$ 12	$3
Other comprehensive income (loss) before reclassifications	**31**	**(7)**	**—**	**(12)**
(Income) loss reclassified from AOCI	**—**	**3** (a)	**—**	**(5)**
Net current period other comprehensive income (loss)	**31**	**(4)**	**—**	**(17)**
Balance as of March 31, 2019	**$(2,266)**	**$(1,021)**	**$ 12**	**$(14)**

(a) Included in computation of net periodic benefit costs.

Note 7. Leases

We have entered into leases for certain facilities, vehicles, material handling and other equipment. Our leases have remaining contractual terms up to 20 years, some of which include options to extend the leases for up to 20 years, and some of which include options to terminate the leases within 1 year. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Our operating lease costs are primarily related to facility leases for inventory warehousing and administration offices, and our finance leases are immaterial.

10

Operating Lease Cost

	Three Months Ended March 31, 2019	Income Statement Classification
Lease cost	**$ 39**	Cost of products sold, Marketing, research and general expenses
Variable lease cost[(a)]	**37**	Cost of products sold, Marketing, research and general expenses
Total lease cost	**$ 76**	

(a) Includes short-term leases, which are immaterial.

Operating Lease Assets and Liabilities

	March 31, 2019	Balance Sheet Classification
Lease assets	**$ 421**	Other Assets
Current lease liabilities	**$ 131**	Accrued expenses and other current liabilities
Noncurrent lease liabilities	**301**	Other Liabilities
Total lease liabilities	**$ 432**	

Maturity of Operating Lease Liabilities

	March 31, 2019
2019	**$ 114**
2020	**124**
2021	**86**
2022	**58**
2023	**40**
Thereafter	**73**
Total lease payments	**495**
Less imputed interest	**63**
Present value of lease liabilities	**$ 432**

As of March 31, 2019, our operating leases have a weighted-average remaining lease term of 4.6 years and a weighted-average discount rate of 5.2 percent. Cash paid for amounts included in the measurement of operating lease liabilities was $39 for the three months ended March 31, 2019.

The future minimum obligations under operating leases in effect as of December 31, 2018 having a noncancelable term in excess of one year as determined prior to the adoption of ASU 842 are as follows:

	December 31, 2018
2019	$ 160
2020	123
2021	85
2022	57
2023	41
Thereafter	72
Future minimum obligations	$ 538

Note 8. Objectives and Strategies for Using Derivatives

As a multinational enterprise, we are exposed to financial risks, such as changes in foreign currency exchange rates, interest rates, and commodity prices. We employ a number of practices to manage these risks, including operating and financing activities and, where appropriate, the use of derivative instruments. We enter into derivative instruments to hedge a portion of forecasted cash flows denominated in foreign currencies for non-U.S. operations' purchases of raw materials, which are priced in U.S. dollars, and imports of intercompany finished goods and work-in-process priced predominantly in U.S. dollars and euros. The derivative instruments used to manage these exposures are designated and qualify as cash flow hedges. The foreign currency exposure on

11

certain non-functional currency denominated monetary assets