

Kimberly-Clark Corp

Cost and merger execution may cap upside

5 May 2026

Company Overview

Kimberly-Clark Corporation is a global leader in the manufacturing and marketing of essential consumer and professional hygiene products. The company's Personal Care segment includes disposable diapers, training & youth pants, swim pants, baby wipes, and feminine care products, marketed under well-known brands like Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Sweetie, Kotex, Intimus, Depend, Plenitud, Softex, and Poise. The Consumer Tissue segment provides facial & bathroom tissue, paper towels, and napkins under brands such as Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, and Neve. Meanwhile, the K-C Professional segment focuses on workplace hygiene solutions products, including wipers, tissues, towels, protective apparel, soaps, and sanitizers, with key brands such as Kleenex, Scott, WypAll, Kimtech, and KleenGuard.

Investment Overview

Diversified Consumer Leader with Global Reach. Kimberly-Clark (KMB), a global consumer products company, now operates two core segments: North America, and International Personal Care. Its leading brands—including *Huggies*, *Kleenex*, *Scott*, and others—command recognition and loyalty in over 175 markets, leveraging premiumisation, innovation, and extensive distributor relationships. The company's strategy centres on driving market share through brand investment, new product launches, and targeted "value-up" initiatives, while digital transformation and sustainability remain focal pillars. The USD48.7bn acquisition of Kenvue (announced 3 Nov 2025) aims to position KMB as a dominant health and wellness player, integrating iconic OTC and personal care franchises for enhanced long-term relevance and scale.

Improving Near-Term Execution Amid Input Cost Volatility. 1Q26 results showed modest resilience, with adjusted EPS slightly ahead at USD1.97 (+2.1% y/y, beating USD1.93 consensus), revenue up 2.7% y/y to USD4.2bn on 2.5% organic growth (3.0% volume-mix offset by 0.5% pricing), and adjusted operating profit +3.7% y/y to USD732mn despite 60bps gross margin contraction to 37.9%. Productivity savings, overhead discipline, and currency tailwinds countered pricing investments and inflation, with North America organics +1.8% on volume gains post-diaper exit, and International Personal Care +4.0% organically (operating profit +21.9%) via premium mix.

Maintain Hold, TP lowered to USD111. Post its announcement of Kenvue's acquisition, KMB's shares slumped by 12-16% within the day, and stayed lacklustre lagging S&P gains. While KMB's valuation looks attractive at c.14x PE on FY26 EPS, we believe short-term worries on integration, financial flexibility and potential legal liabilities may cap share price performance. Along with geopolitical tensions leading to potential unmodelled cost headwinds from elevated oil prices, we lowered our TP to USD111 (from USD125), based on 15.0x FY26F EPS, from 16.5x previously (-1.5 SD below 5-year average). We retain Hold and prefer to monitor execution milestones before turning more constructive.

Risks

Merger execution, volatility in input costs, fluctuations in foreign exchange, and/or weak macroeconomic and consumption.

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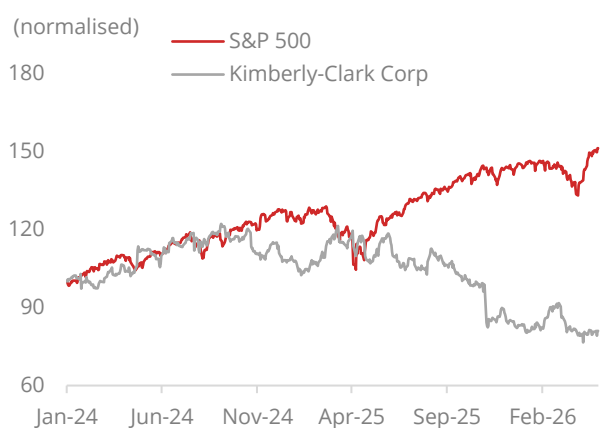
Key Financial Data

Bloomberg Ticker	KMB US
Sector	Consumer Staples
Share Price (USD)	98.43
DBS Rating	HOLD
12-mth Target Price (USD)	111.0
Market Cap (USD)	32.7
Volume (m shares)	5.9
Free float (%)	99.7
Dividend yield (%)	5.1
Net Debt to Equity (%)	415.6
Fwd. P/E (x)	13.1
P/Book (x)	18.0
ROE (%)	143.4

Closing Price as of 30 Apr 2025

Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

Financial Summary (USDmn)

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	17,146	16,805	16,447	16,888	17,307
% y/y	(15.0)	(17.7)	(2.1)	2.1	2.5
Gross Profit	6,284	6,433	6,136	6,393	6,663
% y/y	1.0	(8.7)	(4.6)	3.7	4.2
EBITDA	3,295	3,508	3,536	3,723	3,907
% y/y	(2.3)	(5.5)	0.8	4.8	4.9
Net Profit	2,227	2,459	2,449	2,523	2,506
% y/y	16.9	10.4	(0.4)	0.9	(0.7)
FCF	2,776	2,513	1,639	2,076	2,861
% y/y	49.5	(9.5)	(34.8)	29.1	41.1
CAPEX	766.0	721.0	1,138	1,240	1,062
% y/y	(12.6)	(5.9)	57.8	9.9	(16.7)
EBITDA Margin (%)	19.2	20.9	21.5	22.0	22.6
Net Margin (%)	13.0	14.6	14.9	14.9	14.5
ROA (%)	12.6	14.5	14.6	14.3	13.6
ROE (%)	251.9	240.7	188.0	124.4	95.9
Tax Rate (%)	22.6	22.7	22.8	23.2	23.3

Source: Company, DBS

Valuation Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	18.7	12.9	16.0	13.0	12.7
P/B (x)	36.2	39.2	21.7	14.3	11.9
Dividend Yield (%)	4.8	5.0	5.2	5.3	5.4
EV/EBITDA (x)	11.9	11.1	11.1	10.5	10.0
FCF Yield (%)	8.4	7.6	5.0	6.3	7.4
Dividend Per Share (DPS)	4.7	4.9	5.0	5.2	5.3

Source: Company, DBS

Credit & Cashflow Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	747.6	760.8	439.8	404.0	278.3
Net Debt / Equity (x)	7.5	7.6	4.3	2.8	2.0
Debt / Assets (%)	46.0	44.8	41.9	42.9	39.8
Net Debt / Assets (x)	0.4	0.4	0.4	0.3	0.3
EBITDA / Int Exp (%)	11.2	13.0	13.8	15.0	15.4
ST Debt / Total Debt (x)	0.1	0.1	0.1	0.1	0.1
Debt / EBITDA (x)	2.4	2.1	2.0	2.0	1.9
[Cash + CFO] / ST Debt (%)	8.2	7.5	5.0	8.8	8.6
Receivables Days	45.4	43.6	42.0	41.9	41.4
Days Payable	77.8	80.7	75.2	70.2	70.5
Inventory Days	41.6	39.6	32.7	32.7	32.1

Source: Company, DBS

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	21 Jul'25	127.5	135.0	HOLD
2	04 Nov'25	102.3	125.0	HOLD
3	28 Apr'26	98.3	111.0	HOLD

Source: DBS
Analyst: Andy Sim

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*Share price appreciation + dividends

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