| KIMBER｜YOCARK NYSE－KMB |  |  |  |  |  |  |  | $\begin{aligned} & \text { RECENT } 106.85 \\ & \text { PRICE } \end{aligned} \mathbf{0 . 8 5}$ |  | $\begin{array}{\|ll\|} \hline \text { P/E } \\ \text { RATIO } & 18.6\binom{\text { Trailing: } 19.1}{\text { Median: } 16.0} \end{array}$ |  |  |  | $\begin{aligned} & \text { RELATIVE } 1.022 \\ & \text { PIE RATIO } 1.02 \end{aligned}$ |  | $\begin{array}{\|ll\|} \hline \text { VIV'D } & 3,1 \% \\ \text { YLD } & 1 \end{array}$ |  |  | $\begin{aligned} & \text { VALUE } \\ & \text { LINE } \end{aligned}$ |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| TIMELINESS $\mathbf{3}$ Raised 7／18／14 <br> SAFETY $\mathbf{1}$ New $7 / 27 / 90$ <br> TECHNICAL 3 Raised $9 / 26 / 14$ <br> BETA $.60 \quad(1.00=$ Market） |  |  |  | High： Low： | $\begin{aligned} & 59.3 \\ & 42.9 \\ & \hline \end{aligned}$ | $\begin{aligned} & 69.0 \\ & 56.2 \\ & \hline \end{aligned}$ | $\begin{aligned} & 68.3 \\ & 55.6 \end{aligned}$ | $\begin{aligned} & \hline 68.6 \\ & 56.6 \end{aligned}$ | $\begin{aligned} & 72.8 \\ & 63.8 \end{aligned}$ | $\begin{aligned} & 69.7 \\ & 50.3 \end{aligned}$ | $\begin{aligned} & 67.0 \\ & 43.1 \end{aligned}$ | $\begin{aligned} & 67.2 \\ & 58.3 \end{aligned}$ | $\begin{aligned} & 74.1 \\ & 61.0 \end{aligned}$ | $\begin{aligned} & 88.3 \\ & 70.5 \end{aligned}$ | $\begin{array}{r} 111.7 \\ 83.9 \end{array}$ | $\begin{aligned} & 114.4 \\ & 102.8 \end{aligned}$ |  |  | $\begin{aligned} & \text { Target Pri } \\ & 2017 \mid 20 \end{aligned}$ | Range 2019 |
|  |  |  |  | LEGENDS$1.0 \times$＂Cash Flow＂$p$ sh <br> $\ldots \ldots$ Relative Price Strength <br> Options：Yes <br> Shaded area indicates recession |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $-200$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 160 |
|  | 7－19 PR | JECTIO |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\cdots$ |  |  |  | －100 |
|  |  |  | Total |  |  |  |  |  |  |  |  |  |  | 11.11 | 111010 |  |  |  |  | －80 |
| High Low | $\begin{aligned} & 25 \\ & 00 \end{aligned}$ | $\begin{aligned} & 5 \% \\ & -5 \% \end{aligned}$ | $\begin{aligned} & \text { urn } \\ & \% \end{aligned}$ | 吊＂少 |  | 1 |  |  |  | ， 1 | I', | w＇1， | ＇י＇的 | ， |  |  |  |  |  | 60 |
| Insider Decisions |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 40 |
|  | N D J | F M A | M J J |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 30 |
| to Buy Options | $\begin{array}{lll}0 & 0 & 0 \\ 5 & 0 & 3\end{array}$ | $\begin{array}{lll}0 & 0 & 0 \\ 0 & 0 & 2\end{array}$ | $\begin{array}{lll}0 & 0 & 0 \\ 1 & 0 & 0\end{array}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 20 |
| to Sell | 903 | 503 | 100 | Percent |  |  |  |  |  |  |  |  |  |  |  |  |  |  | T．RETURN 8／14 |  |
| Institu | 4Q2013 | 102014 | S 202014 |  |  |  |  |  |  |  |  | $0_{1}^{+0} \mid$ |  | － |  |  |  |  | THIS VLARITH STOCK INDEX In |  |
| to Buy to Sell | 453 503 | $\begin{aligned} & 442 \\ & 514 \end{aligned}$ | $\begin{aligned} & 497 \\ & 466 \end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{aligned} & 1 \mathrm{yr} . \\ & 3 \mathrm{yr} . \end{aligned}$ | $\begin{array}{ll}19.3 & 21.5 \\ 73.6 & 72.7\end{array}$ | － |
| Hld＇s（000） | 263603 | 259149 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5 yr ． | 113.5129 .0 |  |
| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |  | JE LINE PUB．LLC | 17－19 |
| 22.85 | 24.06 | 26.21 | 27.96 | 26.56 | 28.60 | 31.23 | 34.46 | 36.76 | 43.40 | 46.94 | 45.84 | 48.53 | 52.68 | 54.10 | 55.55 | 57.85 | 60.30 | Sales |  | 68.45 |
| 3.46 | 4.14 | 4.64 | 4.78 | 4.81 | 4.91 | 5.39 | 5.74 | 6.10 | 6.34 | 5.98 | 6.40 | 6.53 | 6.78 | 6.70 | 7.89 | 8.15 | 8.45 | ＂Cash | ow＂per sh | 10.60 |
| 2.45 | 2.98 | 3.31 | 3.27 | 3.36 | 3.38 | 3.61 | 3.78 | 3.90 | 4.25 | 4.06 | 4.52 | 4.45 | 3.99 | 4.42 | 5.53 | 5.70 | 6.00 | Earnin | per sh A | 7.85 |
| ． 99 | 1.03 | 1.08 | 1.12 | 1.20 | 1.36 | 1.60 | 1.80 | 1.96 | 2.08 | 2.27 | 2.38 | 2.58 | 2.76 | 2.96 | 3.24 | 3.36 | 3.44 | Div＇ds | ecl＇d per sh Ba | 4.00 |
| 1.24 | 1.45 | 2.19 | 2.12 | 1.70 | 1.75 | 1.11 | 1.54 | 2.13 | 2.35 | 2.19 | 2.03 | 2.37 | 2.45 | 2.81 | 2.50 | 2.90 | 3.00 | Cap＇ | ending per sh | 3.00 |
| 7.22 | 9.42 | 10.81 | 10.87 | 11.06 | 13.49 | 13.73 | 12.04 | 13.38 | 12.41 | 9.38 | 12.96 | 14.54 | 13.27 | 12.81 | 12.75 | 12.80 | 13.60 | Book | ue per sh C | 18.95 |
| 538.30 | 540.60 | 533.40 | 519.50 | 510.80 | 501.60 | 482.90 | 461.50 | 455.60 | 420.90 | 413.60 | 417.00 | 406.90 | 395.70 | 389.30 | 380.80 | 372.50 | 370.00 | Comm | Shs Outst＇g ${ }^{\text {D }}$ | 365.00 |
| 19.9 | 19.0 | 17.9 | 18.8 | 17.5 | 14.9 | 17.6 | 16.5 | 15.9 | 16.3 | 15.2 | 12.2 | 14.1 | 16.9 | 18.2 | 17.8 | Bold figu | ires are | Avg A | IP／E Ratio | 14.5 |
| 1.03 | 1.08 | 1.16 | ． 96 | ． 96 | ． 85 | ． 93 | ． 88 | ． 86 | ． 87 | ． 91 | ． 81 | ． 90 | 1.06 | 1.16 | 1.00 | Value | Line | Relativ | P／E Ratio | ． 90 |
| 2．0\％ | 1．8\％ | 1．8\％ | 1．8\％ | 2．0\％ | 2．7\％ | 2．5\％ | 2．9\％ | 3．2\％ | 3．0\％ | 3．7\％ | 4．3\％ | 4．1\％ | 4．1\％ | 3．7\％ | 3．3\％ | estim | ates | Avg A | ＇I Div＇d Yield | 3．5\％ |
| CAPITAL STRUCTURE as of $6 / 30 / 14$ <br> Total Debt $\$ 6555.0$ mill．Due 5 Yrs $\$ 2900.0$ mill． LT Debt $\$ 5964.0$ mill．LT Interest $\$ 325.0$ mill． （LT interest earned：12．1x） <br> （55\％of Cap＇l） |  |  |  |  |  | 15083 | 15903 | 16747 | 18266 | 19415 | 19115 | 19746 | 20846 | 21063 | 21152 | 21550 | 22320 | Sales | （1） | 24985 |
|  |  |  |  |  |  | 22．3\％ | 21．4\％ | 21．4\％ | 18．5\％ | 17．2\％ | 19．4\％ | 18．7\％ | 16．7\％ | 16．8\％ | 19．3\％ | 20．0\％ | 20．0\％ | Opera | g Margin | 22．0\％ |
|  |  |  |  |  |  | 800.3 | 844.5 | 932.8 | 806.5 | 775.0 | 783.0 | 813.0 | 1091.0 | 857.0 | 863.0 | 900 | 925 | Deprec | tion（\＄mill） | 1000 |
|  |  |  |  |  |  | 1800.2 | 1803.7 | 1844.5 | 1861.6 | 1698.0 | 1884.0 | 1843.0 | 1591.0 | 1750.0 | 2142.0 | 2125 | 2200 | Net Pr | （\＄mill） | 2875 |
|  |  |  |  |  |  | 21．7\％ | 20．2\％ | 26．1\％ | 21．5\％ | 27．0\％ | 29．0\％ | 30．9\％ | 30．2\％ | 31．7\％ | 31．5\％ | 31．5\％ | 31．5\％ | Incom | Tax Rate | 31．5\％ |
| Leases，Uncapitalized Annual rentals $\$ 189.0$ mill． Pension Assets－12／13 $\$ 5.57$ bill．Oblig．$\$ 6.16$ bill． |  |  |  |  |  | 11．9\％ | 11．3\％ | 11．0\％ | 10．2\％ | 8．7\％ | 9．9\％ | 9．3\％ | 7．6\％ | 8．3\％ | 10．1\％ | 10．0\％ | 10．0\％ | Net Pr | Margin | 11．5\％ |
|  |  |  |  |  |  | 424.7 | 140.2 | 253.9 | 1168.0 | 1061.0 | 932.0 | 990.0 | 886.0 | 498.0 | 702.0 | 500 | 435 | Workin | Cap＇l（\＄mill） | 1350 |
| Pfd Stock None Common Stock 373，922，073 shs． as of $7 / 15 / 14$ |  |  |  |  |  | 2298.0 | 2594.7 | 2276.0 | 4393.9 | 4882.0 | 4792.0 | 5120.0 | 5426.0 | 5070.0 | 5386.0 | 5850 | 5600 | Long－ | m Debt（\＄mill） | 5500 |
|  |  |  |  |  |  | 6629.5 | 5558.2 | 6097.4 | 5223.7 | 3878.0 | 5406.0 | 5917.0 | 5249.0 | 4985.0 | 4856.0 | 4775 | 5035 | Shr．E | ity（\＄mill） C | 6920 |
|  |  |  |  |  |  | 21．0\％ | 23．0\％ | 22．9\％ | 20．7\％ | 20．9\％ | 19．7\％ | 17．7\％ | 16．1\％ | 18．8\％ | 22．3\％ | 20．0\％ | 20．5\％ | Return | Total Cap＇l | 23．0\％ |
|  |  |  |  |  |  | 27．2\％ | 32．5\％ | 30．3\％ | 35．6\％ | 43．8\％ | 34．9\％ | 31．1\％ | 30．3\％ | 35．1\％ | 44．1\％ | 44．5\％ | 43．5\％ | Return | Shr．Equity | 41．5\％ |
| MARKET CAP：$\$ 40.0$ billion（Large Cap） |  |  |  |  |  | 15．6\％ | 17．4\％ | 15．8\％ | 17．8\％ | 19．3\％ | 16．6\％ | 13．1\％ | 9．4\％ | 12．0\％ | 18．9\％ | 18．5\％ | 17．5\％ | Retain | to Com Eq | 21．0\％ |
| CURRENT POSITION <br> （\＄MILL．）． 2012 2013 6／30／14 <br> Cash Asse    |  |  |  |  |  | 43\％ | 46\％ | 48\％ | 50\％ | 56\％ | 52\％ | 58\％ | 69\％ | 66\％ | 57\％ | 59\％ | 58\％ | All Div | to Net Prof | 50\％ |


| （\＄MMLL．） | 1106 | 1054 | 1369 |
| :---: | :---: | :---: | :---: |
| Receivables | 2642 | 2545 | 2595 |
| Inventory（LIFO）${ }^{\text {E }}$ | 2348 | 2233 | 2358 |
| Other（LIFO） | 493 | 718 | 750 |
| Current Assets | 6589 | 6550 | 7072 |
| Accts Payable | 2443 | 2538 | 2660 |
| Debt Due | 1115 | 375 | 591 |
| Other | 2533 | 2875 | 2799 |
| Current Liab． | 6091 | 5848 | 6050 |


| ANNUAL RATES | Past | Past | Est＇d＇11－＇13 |  |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
| of change（per sh） | 10 Yrs． | 5 Yrs． | to＇17＇＇19 |  |  |
| Sales | $7.0 \%$ | $5.0 \%$ | $4.0 \%$ |  |  |
| ＂Cash Flow＇ | $4.0 \%$ | $3.0 \%$ | $7.0 \%$ |  |  |
| Earnings | $3.5 \%$ | $2.5 \%$ | $9.0 \%$ |  |  |
| Dividends | $9.5 \%$ | $7.5 \%$ | $5.0 \%$ |  |  |
| Book Value | $1.0 \%$ | $2.0 \%$ | $6.5 \%$ |  |  |
|  |  |  |  |  |  |


| Cal－ endar | QUARTERLY SALES（\＄mill．） |  |  |  | Full Year |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Mar． 31 | Jun． 30 | Sep． 30 | Dec． 31 |  |
| 2011 | 5029 | 5259 | 5382 | 5176 | 20846 |
| 2012 | 5241 | 5269 | 5246 | 5307 | 21063 |
| 2013 | 5318 | 5267 | 5262 | 5305 | 21152 |
| 2014 | 5278 | 5343 | 5445 | 5484 | 21550 |
| 2015 | 5480 | 5550 | 5600 | 5690 | 22320 |
| Cal－ endar | $\begin{array}{\|c\|c\|} \hline \text { EAI } \\ \hline \end{array}$ | ARNINGS P Jun． 30 | ER SHAR <br> Sep． 30 | $\begin{aligned} & \text { A } \\ & \text { Dec. } 31 \end{aligned}$ | Full Year |
| 2011 | ． 86 | 1.03 | 1.09 | 1.01 | 3.99 |
| 2012 | 1.18 | 1.26 | 1.30 | ． 68 | 4.42 |
| 2013 | 1.36 | 1.36 | 1.42 | 1.40 | 5.53 |
| 2014 | 1.41 | 1.35 | 1.45 | 1.49 | 5.70 |
| 2015 | 1.45 | 1.50 | 1.55 | 1.50 | 6.00 |
| Cal－ endar | QUAR Mar． 31 | TERLY DIV Jun． 30 | IDENDS P Sep． 30 | $\begin{aligned} & \text { AID B■ } \\ & \text { Dec. } 31 \\ & \hline \end{aligned}$ | Full Year |
| 2010 | ． 60 | ． 66 | ． 66 | ． 66 | 2.58 |
| 2011 | ． 66 | ． 70 | ． 70 | ． 70 | 2.76 |
| 2012 | ． 70 | ． 74 | ． 74 | ． 74 | 2.92 |
| 2013 | ． 74 | ． 81 | ． 81 | ． 81 | 3.17 |
| 2014 | ． 84 | ． 84 | ． 84 |  |  |

BUSINESS：Kimberly－Clark develops，manufactures，and markets personal care products（incl．Huggies，Pull－Ups，Little Swimmers， GoodNights，Kotex，Lightdays，Depend and Poise）and consumer tissue products（incl．Kleenex，Scott，Cottonelle，and Viva）．KC Professional focuses on workplace health／safety（supporting prod－ ucts incl．apparel，wipers，soaps，sanitizers，tissues and towels），
Kimberly－Clark＇s results ought to pick up somewhat in the back half of the year．The consumer goods conglomerate registered relatively flat top－and bottom－ line totals in the first half of 2014．Cost－ savings and restructuring initiatives， along with a lower share count，ought to lift bottom－line comparisons in the near term．These should offset headwinds from higher cost inflation and operating ex－ penses，along with the costs associated with the pending spinoff of its healthcare business（discussed below）．In addition，in－ cremental price hikes implemented across its product lines should help support reve－ nues．In all，we look for Kimberly to gain steam in the later months of the year，with the top and bottom lines eking out 2\％and 3\％gains，respectively，for 2014.
Plans to spin off its healthcare busi ness are under way．Kimberly announc－ ed plans to separate the segment last No－ vember．It filed registration papers with the SEC，and the new business，named Halyard Health，will likely trade on the
NYSE．The tax－free spinoff still awaits NYSE．The tax－free spinoff still awaits board approval and other closing condi－
tions，but management expects the deal to
and Health Care provides medical supplies，infection prevention \＆ health ed．．Wal－Mart accounted for $12 \%$ of＇13 sales．Employs 57,000 ．Off．／dir．own less than $1 \%$ of common；BlackRock， $7.0 \%$ ； Capital World Investors，6．7\％；State St．，5\％；（3／14 Proxy）．Chair／ CEO：Thomas J．Falk．Inc．：DE．Addr．：P．O．Box 619100，Dallas，TX 75261．Tel．：972－281－1200．Internet：www．kimberly－clark．com．
close by the end of October．And the com－ pany is raising capital to complete the deal．This move should allow Kimberly to focus on its other business segments．
The company is trying to expand its footprint．Over the past few quarters， Kimberly has ramped up its product devel－ opment expenditures，focusing on innova－ tion．Ongoing branding efforts ought to ex－ tend its market reach．Too，ongoing geog－ raphic expansion，spurred by the restruc－ turing of its European arm，and emphasis on global distribution and investments in emerging markets，should complement its holdings nicely．
These shares have conservative in－ vestment appeal．This issue earns our highest marks for Safety（1）and Financial Strength．Moreover，KMB tends to trade in a relatively narrow band，and is ranked to keep pace with the broader market in the year ahead．That said，we foresee mod－ est capital appreciation potential 3 to 5 years hence．While the stock＇s attractive dividend yield should bolster its total re－ turn possibilities somewhat，momentum－ driven investors ought to look elswhere． Orly Seidman

September 26， 2014
（A）Dil．earnings．Excl．non－recurring（\＄0．04）．Next earnings report due late October．（D）In millions． gains／（Iosses）：＇98，（\＄0．27）；＇99，\＄0．11；＇01，（B）Div＇s hist．paid in early Jan．，Apr．，Jul．，and（E）Foreign：FIFO． （\＄0．25）；＇02，（\＄0．12）；＇03，（\＄0．05）；＇04，（\＄0．01）；Oct．■ Div＇d reinvestment plan available．

Company＇s Financial Strengt Stock＇s Price Stability
＇05，（\＄0．50）；＇06，（\＄0．65）；＇07，（\＄0．16）；＇08，（C）Incl．intang．In＇13：$\$ 3,424.0$ mill．，$\$ 8.99 / \mathrm{sh}$ ．
Earnings Predictability
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