

# Kimberly-Clark Corporation (NYSE: KMB)

Sector: Consumer Staples (Personal Care)

Target Price	Current Price	52 Week High	52 Week Low	P/E	Mkt. Cap	Dividend	Beta
\$143.60	\$131.57	\$144.44	\$125.27	19.5	\$44.31	3.45%	.72

## Business Description

Kimberly-Clark Corporation is an American multinational personal care corporation that produces mostly paper-based consumer products. The company manufactures sanitary paper products and surgical & medical instruments. Kimberly-Clark brand name products include Kleenex facial tissue, Kotex feminine hygiene products, Cottonelle, Scott and Andrex toilet paper, Wypall utility wipes, KimWipes scientific cleaning wipes and Huggies disposable diapers and baby wipes.

## Industry

Consumer Staples refers to a set of essential products used by consumers. This category includes things like foods and beverages, household goods, and hygiene products as well as alcohol and tobacco. These goods are those products that people are unable—or unwilling—to cut out of their budgets regardless of their financial situation.

## ESG

- Plan to halve their environmental footprint by 50% by 2030
- Reduce water footprint by 50% in water-stressed areas
- Reduce natural forest fiber footprint by 50% (by 2025)
- Reduce plastic footprint by 50%
- Reduce absolute Scope 1 and Scope 2 GHG emissions by 50%

## Valuation Assumptions

WACC: 8.5%

Perpetuity Growth Rate: 3.0%

Implied Share Price: \$143.60

Margin of Safety: 9.14%

Implied Perpetuity Growth Rate	
Terminal Year Free Cash Flow	\$ 3,841.0
WACC	8.5%
Terminal Value	\$ 73,155.6
<b>Implied Perpetuity Growth Rate</b>	<b>3.0%</b>

		Sensitivity Analysis of Implied Price				
		WACC				
		8.0%	8.25%	8.5%	8.75%	9.0%
Terminal Growth Rate	2.5%	143.92	136.48	130.98	123.39	117.59
	2.8%	150.55	142.47	136.53	128.35	122.13
	3.0%	159.07	150.15	143.60	134.65	127.87
	3.3%	165.89	156.26	149.22	139.62	132.39
	3.5%	174.84	164.24	156.53	146.07	138.22

## Investment Thesis

Kimberly-Clark is a market leader within their industries. All their goods have proven to be essential and can sustain all economic periods. Over the past few years, they've been pushing innovation and shifting away from wood pulp. Additional growth will come from an increase in the number of births in the United States. Growth in the number of households and the number of individuals over the age of 65 supported the industry's expansion. They're a leader in their respective industries paper products, diapers. In these two segments, they own a larger part of the market than P&G, their biggest competitor received award for best disinfecting wipe. Recommend a **BUY** for KMB because they are a market leader in an essential goods industry

## Risks

Management expects supply chain issues to remain prevalent which will increase costs. Regarding demographics, if the births decline or the life expectancy goes down, this will hurt their sales. These two demographics are their two of their big target groups. Although they're shifting away from wood pulp, if the price increases, this will bring their costs up.

Implied Equity Value and Share Price	
PV of Cash Flows	\$ 13,103.0
PV of Terminal Value	\$ 48,764.1
Enterprise Value	\$ 61,867.1
Plus: Cash and Cash Equivalents	\$ 303.0
Less: Preferred	\$ 28.0
Less: Minority Interest	\$ 233.0
Less: Total Debt	\$ 8,920.0
<b>Implied Equity Value</b>	<b>\$ 52,989.1</b>
Fully Diluted Shares Outstanding	369.0
<b>Implied Share Price</b>	<b>\$ 143.60</b>
Current Stock Price	131.57
<b>Margin of Safety</b>	<b>9.14%</b>

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