

**Ehab Abou-Oaf:** Hi. I'm Ehab Abou-Oaf, the President of the New International Family Care and Professional business unit. I've been with Kimberly-Clark for 4 years, including the last 2 as President of K-C Professional. I have the privilege of more than 30 years of experience within CPG, leading businesses across Asia Pacific, North America, Europe, Middle East and Africa in great companies like P&G, Mars and now Kimberly-Clark. I'm excited by the opportunity ahead of us to elevate and accelerate our newly formed international family care and professional segment.

I'd like to introduce you today to IFP, which is well positioned to drive significant growth and margin expansion. IFP combines 2 businesses with significant global scale: family care, which amounts to roughly 3/4 of IFP's \$3.5 billion in net sales and is present in close to 50 markets globally; and our professional business, which is margin accretive to the mix and offers a strong and profitable platform for growth.

Combined, our \$3.5 billion in net sales delivers approximately 10% operating profit margin with room to grow. We can significantly improve the growth and profitability of the IFP business by being choiceful about where we invest.

In family care, IFP will focus on markets where we have a solid foundation for profitable growth. Our 5 main focus markets, the U.K., Australia, Thailand, Taiwan and the cluster of Central America and the Caribbean markets, make up roughly 40% of IFP net sales and more than 50% of IFP operating profit.

We also have a growing professional business, highlighted by key markets such as Germany, the U.K., Australia, Thailand and the Central America and the Caribbean cluster. We have iconic brands in categories which we have invented as a company. These are highlighted by our billion-dollar brands, Kleenex and Scott plus a number of regional powerhouse brands in both B2C and B2B.

In family care, we have leading or strong competitive positions in each of our focus markets. For example, we're clear market leaders in our largest market, the U.K., and command approximately 60% share position in both bath and facial tissue in Thailand.

Beyond our focus markets, we also have strong shares in several fast follower markets such as Peru, the Netherlands and South Africa, to name a few. The breadth and scale of our global market position is a compelling advantage.

Our professional business also offers a strong platform for growth in select markets such as Germany as well as the other family care focused markets. We play in sizable growing markets totaling \$87 billion in value.

Within family care, the international markets are large, totaling over \$70 billion. We will, however, focus our efforts in the markets where we currently are active. These markets amount to over \$30 billion and are growing low single digits.

In professional, there is tremendous untapped potential for IFP, targeting a business of \$15 billion category value in our core categories of dry wipers and washroom solutions. We have a plan to transform our business. We aim to amplify the synergies of our businesses, leveraging our shared networks. We aim to win in family care prioritizing our focus markets.

In professional, our goal is to accelerate growth in washroom solutions and win in wipers. We intend to maximize the value of our supply chain and, therefore, improve our margins and increase agility and customer service in market.

We will set up an organizational structure that ensures that plans are developed efficiently and can travel. And we will be choiceful about where we invest and position our portfolio to win where it matters. These plans will consistently grow our business faster than the category while delivering a step change in operating margins.

Let me now step through each pillar in more detail. Our shared global footprint offers a unique opportunity to deliver winning products at the right cost at the right time. We benefit from industry-leading expertise in tissue manufacturing and R&D across all more than 20 sites. Customer responsiveness through our shared network offers a strong platform for great partnerships with our customers.

Since we began as a business over 150 years ago, Kimberly-Clark has been an innovator in family care and professional. And our technical capabilities remain at the cutting edge of the market. Our Quilts business in Europe is a highly lucrative must-win segment for Kimberly-Clark. Our R&D teams constantly seek new ways to disrupt the premium market and our Supreme Quilts product is an excellent example.

## **Video**

The product features adaptive sheets with condensed air pocket texture. This technology absorbs pressure for extreme comfort and results in a softer, more quilted and more comfortable tissue with no compromise on strength. The end market results have been impressive: high single-digit increases in consumer loyalty, double-digit increases in base rate of sale in the U.K. and critical distribution gains in scale markets such as Spain and the Benelux.

When combined with winning commercial capabilities, this has translated into an organic growth of 22% in our Quilts business across Europe in 2023. And we are now scaling this winning innovation to markets in Asia Pacific. We will leverage the combined strength of our shared technology platforms in order to amplify our brands and innovation plans.

In the example of skin health through these platforms, we execute tailored solutions that meet the needs of both our retail consumer and our B2B channel. This maximizes the ROI in our development work and accelerates speed to market.

The investments that we're making in our commercial capabilities help maximize the return on our brand and innovation plans. By building strong partnership with our customers, we can most effectively execute strategic plans that deliver triple wins. Our advanced analytics in must-win capabilities such as revenue growth management and in-market execution gives us a true competitive advantage. One example of this is our Formula 1 tool, which, based on predictive analytics, optimizes sales routines.

The tools has helped our Latin America team deliver distribution growth, improve on-shelf availability, price compliance and a better ROI on their sales activities. And we are rolling this tool across the world. We also fully embed winning in-market execution capabilities into our commercial strategies to drive our shoppers and customers to the right Kimberly-Clark portfolio for the right moment, the right channel and the right price. And we are developing new and exciting owned digital ecosystems, which connect with our consumers in a highly personal way.

Let's double-click into our family care business to demonstrate how we will win in practice. Starting with the key consumer insight, which in this example is the desire to have healthy skin. We co-design an innovation strategy with our lead markets, and then we deploy internationally. Our plans prioritize the needs of our must-win markets and also efficiently travel across the remainder of the portfolio.

Within IFP, we have many examples of how we elevate and differentiate our brands through disruptive content. One example is the BeU campaign for Kleenex in Thailand.

## **Video**

The clip reinforces Kleenex's brand positioning of finding strength in moment of vulnerability and encouraging our consumers to be their authentic self. It also vitally targets new usage occasions outside of cold and flu, which is a significant growth priority for us globally. In the U.K., we are disrupting the toilet tissue category by further migrating away from the traditional functional benefits of soft, strong and long.

## **Video**

The Clean is a Feeling campaign is another step towards the get comfortable territory the Andrex brand is moving into, which will elevate the brand into new conversations with consumers on issues such as intimate health and wellness. It also had some of the highest ROI seen within Kimberly-Clark.

The performance in our family care business in the U.K. is proof that when we combine all these elements together, we can deliver consistent profitable growth. Our Andrex business in the U.K. is iconic at over 80 years old and #1 since 1961. It has a standout position in the market.

Operating in a highly competitive market, the Andrex team needs to work harder to earn our customers' and our consumers' trust and their wallets. Our Andrex portfolio is well positioned to win in premium, where the brand has the strongest right to win and loyalty is the highest. And the team cashes out our brand strategies using advanced commercial capabilities.

As an example, the newly launched mega roll portfolio has helped Andrex deliver positive price/mix at strategically important price points. The performance in Andrex last year was compelling. The business consistently grew share at higher price points than in years with share momentum continuing into this year. And in a period of commodities deflation, the business delivered double-digit organic growth balanced across both price/mix and volume and delivered further gross margin accretion. I am incredibly proud of the Andrex team's performance, which is proof that we can consistently and profitably win in family care with the right playbook.

Moving to Professional. In B2B, we are going to accelerate our growth through 3 pillars. We plan to elevate the washroom through scaling proprietary and differentiated innovation like ICON. We expect to continue to win in wipers by leveraging a consistent portfolio combined with the right go-to-market. And we plan to differentiate ourselves in sustainability by commercializing partnerships that help customers meet their zero waste goals.

The new ICON dispensers' advanced captive technology delivers superior functionality with premium customizable features. The award-winning ICON collection is the culmination of years of research, design and development.

## **Video**

We're also building a competitive muscle in how we commercialize our wipers products.

## **Video**

Our wipers business is highly accretive, and programs such as these support an ambitious growth agenda. I'll now showcase the study showing how our B2B playbook comes to life.

We have unlocked significant growth in Latin America wipers through 3 pillars: first, a brand relaunch supporting a strong value proposition communicated in a compelling way; second, an innovation that differentiates based on the reality of our developing markets; and third, an effective marketing campaign highlighting real-life examples. This formula delivered an organic growth of 13% at a 24% operating margin in Latin America wipers in 2023, offering us a highly profitable playbook to scale globally.

Moving to segment organization, we see distinct value in optimizing our supply chain. By adopting a one-tissue approach to our sourcing network, we aim to improve both our cost and agility in our mills and warehouses. By continuing to invest in advanced digital capabilities in our mills, we expect to deliver a modern and cost-efficient operation. And we plan to up our game and how we plan the business to improve both customer service and working capital.

Finally, we plan to optimize to reflect where we choose to play in order to drive both cost and complexity out of the system. As an example of how this comes to life, our teams recently reduced the SKU count in one of our facial mills by over 40% by harmonizing product portfolios, exiting low-margin private label

contracts and optimizing sourcing hubs. As an outcome, this year, we will grow not only the production output on that business but also our sales volumes as well.

As one IFP supply chain, we are identifying similar opportunities to drive more value of our asset base. Reflecting our highly competitive operating environment, we have designed an organization structure that is wired to win in our markets.

Coming together as IFP offers our business the opportunity to increase our focus on winning in tissue. Through elevating and consolidating key capabilities in our segment organization, we plan to leverage the power of our industry-leading talent, giving our lean teams in market the tools to win with confidence and being choiceful of where and how we deploy our resources. We aim to deliver a more efficient and effective organization that is best placed to win.

In summary, we will amplify and accelerate our plans in market by leveraging the combined strength of our technology platform and commercial capabilities. We have a playbook to win in both family care and professional and expect to efficiently scale the best of IFP. We will work to maximize the value of our supply chain and organization with a one IFP mindset. And we will be choiceful about where and how we reinvest to prioritize growth where we have a strong right to win. In doing so, IFP is poised to deliver sustainable organic growth ahead of category while transforming our margins.