

# Kimberly-Clark Reports Third Quarter Results

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DALLAS, October 23, 2001—Kimberly-Clark Corporation (NYSE: KMB) today announced its results for the third quarter of 2001. As previously reported, sales were more than \$3.7 billion, an increase of 5.1 percent compared with 2000. Excluding currency effects, sales rose about 8 percent, benefiting from continued volume growth and higher selling prices.

Third quarter earnings from operations of 80 cents per share declined 4.8 percent compared with 84 cents per share in 2000. The increase in sales contributed positively; however, currency effects reduced earnings by 6 cents per share compared with last year. In addition, the third quarter also included net costs of \$27 million, or more than 3 cents per share, related to the company's new Cottonelle Fresh rollwipes operations in the U.S. as well as the start-up of tissue machines in the U.S. and Europe, investments that are intended to drive future growth.

Cash provided by operations in the third quarter of 2001 was \$666.8 million compared with \$442.9 million in 2000, an increase of approximately 50 percent. On a comparable basis, adjusting for differences in the timing of income tax payments, cash provided by operations rose more than 18 percent. During the quarter, the company repurchased 4.4 million shares of common stock at a cost of \$267 million. Year-to-date, Kimberly-Clark has invested a total of \$562 million to repurchase 9.1 million shares.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said, "Despite the near-term pressures on our results, we are focusing on the right things to drive profitable growth for Kimberly-Clark. We're building competitive advantage to grow the top-line and we're continuing to increase cash flow.

"The third quarter numbers show continued progress on both these fronts, with sales up approximately 8 percent before currency effects and cash provided by operations increasing at a strong double-digit rate. None of the short-term factors that affected September results diminishes the attractive growth opportunities we see for our businesses going forward."

Including unusual items, diluted net income per share for the third quarter was 79 cents per share in 2001 compared with 81 cents per share in 2000, a decrease of 2.5 percent. The unusual items consisted primarily of charges for business improvement programs in both years and a litigation settlement in 2000.

## **Review of third quarter sales by segment**

Sales of \$3.7 billion for the third quarter were up 5.1 percent compared with 2000. As noted above, excluding currency effects, sales increased about 8 percent, with improvement in each of the company's core businesses. Sales volumes were approximately 6 percent higher and selling prices were also up about 2 percent. Sales in the third quarter of 2001 included approximately \$120 million as a result of the company's acquisition of an additional 5 percent of Kimberly-Clark Australia Pty. Limited (KCA), increasing ownership of its former equity affiliate to 55 percent. Effective July 1, the company began consolidating KCA's net sales and operating results.

Tissue sales rose 4.0 percent compared with the third quarter of 2000. Excluding currency effects, the sales gain was more than 6 percent. The consolidation of KCA contributed to the improvement and selling prices were approximately 2 percent higher, mainly due to increases implemented in North America and Europe over the

past year. In North America, sales of consumer tissue products climbed 10 percent, led by higher sales of Cottonelle and Scott bathroom tissue, Viva and Scott paper towels and Huggies baby wipes. In total, sales volumes increased 6 percent and prices were up 4 percent. Meanwhile, sales volumes for away-from-home products in North America were more than 2 percent lower, with a sharp decline in sales following September 11. In other regions, sales volumes of tissue products rose more than 50 percent in Asia (+8 percent excluding KCA), highlighted by continued good growth in Korea, but were down about 4 percent in Europe and 7 percent in Latin America.

Sales of personal care products rose 7.2 percent compared with the third quarter of 2000, and were up over 10 percent before currency effects. Sales volumes jumped about 10 percent, with increases in every region of the world, and selling prices were 1 percent higher. The volume gains were highlighted by continued double-digit growth in sales volumes of Huggies diapers in Europe and strong sales of Pull-Ups training pants, GoodNites youth pants and Little Swimmers swimpants in North America. Sales volumes also rose more than 40 percent in Asia (+7 percent excluding KCA), with continuing market share gains in Korea, and were 11 percent higher in Latin America, despite difficult market conditions in Brazil.

Sales of health care and other products increased 1.5 percent. Sales of health care products alone were up about 6 percent, driven by growth in sales volumes of nearly 8 percent. The improvement, however, was largely offset by soft demand for other products in the segment.

### **Other third quarter operating results**

Operating profit in the third quarter of 2001 was \$629.1 million, 2.0 percent lower than the prior year. Excluding unusual items, operating profit declined 4.1 percent to \$640.7 million in the third quarter of 2001 compared with \$667.9 million in 2000. Increased sales volumes and higher selling prices contributed positively. However, weakness of key currencies, including the Australian dollar, the euro, the British pound, the Brazilian real and the South Korean won reduced operating profit approximately \$42 million compared with the third quarter of 2000. In addition, the third quarter included net costs of \$27 million related to the company's new Cottonelle Fresh rollwipes operations and the start-up of new tissue machines. Lower fiber costs of approximately \$60 million were more than offset by a step-up in advertising and promotion expenses for both new product introductions and increased levels of competitive activity.

The company's operating profit margin, excluding unusual items, in the third quarter was 17.3 percent compared with 18.9 percent last year. If foreign currency rates had been unchanged, the operating profit margin in the third quarter of 2001 would have been approximately 18.0 percent.

Kimberly-Clark's share of net income of equity companies in the third quarter decreased to \$30.2 million in 2001 from \$52.4 million in 2000, due primarily to lower net income at Kimberly-Clark de Mexico, S.A. de C.V. (KCM). A decline in the value of the Mexican peso was a key factor contributing to the reduction in net income. In addition, KCM's sales and operating profit softened late in the quarter. A portion of the reduction in the company's share of net income of equity companies was attributable to the above-mentioned consolidation of Kimberly-Clark Australia.

### **Year-to-date results**

For the first nine months of 2001, sales of \$10.9 billion were up 4.5 percent from \$10.4 billion last year. Excluding currency effects, sales were more than 7 percent higher. Operating profit declined 5.5 percent to \$1,850.8 million in 2001 versus \$1,959.1 million in 2000. However, before unusual items, year-to-date operating profit decreased approximately 1 percent to \$1,919.0 million from \$1,942.0 million in 2000. Diluted earnings per share for the first nine months of 2001 were \$2.37 versus \$2.46 in 2000, a decline of 3.7 percent. Diluted earnings per share before unusual items were \$2.45 in 2001, the same level as in 2000.

## **Conference call**

A conference call to discuss the news release and other matters of interest to investors and analysts will be held at 9:00 a.m. (CDT) today. The conference call will be simultaneously broadcast over the World Wide Web. Stockholders and others are invited to listen to the live broadcast or a playback, which can be accessed by following the instructions set out in the Investors section of the company's Web site ([www.kimberly-clark.com](http://www.kimberly-clark.com)).

Kimberly-Clark Corporation is a leading consumer products company. Its global tissue, personal care and health care brands include Huggies, Pull-Ups, Kotex, Depend, Kleenex, Scott, Kimberly-Clark, Safeskin, Tecnol, Kimwipes and WypAll. Other brands well known outside the U.S. include Andrex, Scottex, Page, Popee and Kimbies. Kimberly-Clark also is a major producer of premium business, correspondence and technical papers. The company has manufacturing operations in 41 countries and sells its products in more than 150 countries.

Certain matters contained in this news release concerning the business outlook, including new product introductions, cost savings and acquisitions, anticipated financial and operating results, strategies, contingencies and transactions of the company constitute forward-looking statements and are based upon management's expectations and beliefs concerning future events impacting the company. There can be no assurance that these future events will occur as anticipated or that the company's results will be as estimated. For a description of certain factors that could cause the company's future results to differ materially from those expressed in any such forward-looking statements, see the section of Part I, Item 1 of the company's Annual Report on Form 10-K for the year ended December 31, 2000 entitled "Factors That May Affect Future Results."

Kimberly-Clark Web site: [www.kimberly-clark.com](http://www.kimberly-clark.com)

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## **Description of Business Segments**

The Tissue segment manufactures and markets facial and bathroom tissue, paper towels, wipers and napkins for household and away-from-home use; wet wipes; printing, premium business and correspondence papers; and related products. Products in this segment are sold under the Kleenex, Scott, Kimberly-Clark, Kleenex Cottonelle, Kleenex Viva, Huggies, Kimwipes, WypAll, Surpass and other brand names.

The Personal Care segment manufactures and markets disposable diapers, training and youth pants and swimpants; feminine and incontinence care products; and related products. Products in this segment are primarily for household use and are sold under a variety of well-known brand names, including Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and other brand names.

The Health Care and Other segment manufactures and markets health care products such as surgical gowns,

drapes, infection control products, sterilization wraps, disposable face masks and exam gloves, respiratory products, and other disposable medical products; specialty and technical papers; and other products. Products in this segment are sold under the Kimberly-Clark, Safeskin, Tecnol, Ballard and other brand names.

N.M.-Not meaningful  
Unaudited

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