

Kimberly-Clark Comments On Third Quarter Results

Kimberly-Clark Comments on Third Quarter Results DALLAS, October 15, 2001 – Kimberly-Clark Corporation (NYSE: KMB) today announced that sales in the third quarter of 2001, based on preliminary figures, rose to over \$3.7 billion, approximately 5 percent greater than in 2000. Excluding currency effects, sales increased about 8 percent. Earnings per share from operations for the quarter are expected to be 80 cents per share compared with 84 cents per share in the third quarter of 2000.

The company said that noncash currency charges, resulting primarily from changes in exchange rates for the Australian dollar and Mexican peso subsequent to September 11, 2001, reduced earnings from operations in September by 4 cents per share. Including the impact of translation, currency effects reduced third quarter earnings from operations by an estimated 6 cents per share versus the prior year.

Cash provided by operations in the third quarter of 2001 was approximately \$665 million, an increase of 50 percent from last year. On a comparable basis, adjusting for differences in the timing of tax payments, cash provided by operations rose about 18 percent. The company used its strong cash flow to repurchase 4.4 million shares of common stock in the third quarter, raising the total number of shares repurchased to 9.1 million so far this year.

Full details of the quarterly results will be announced on October 23, 2001.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said, "Through the early part of September, we were on track to meet earnings expectations for the quarter, and sales growth was in line with our targeted range of 6 to 8 percent.

Following September 11, however, exchange rates for key currencies deteriorated and sales in North America for products used in office buildings, manufacturing facilities, hotels and other locations away from home fell off sharply. These factors, along with softness in sales and operating profit at Kimberly-Clark de Mexico, adversely affected our results in September.

"I am pleased that our teams have continued to grow sales in a difficult environment. Meanwhile, our focus on cash flow is also paying off. Despite the currency charges and near-term pressure on sales, we delivered an 18 percent increase in cash provided by operations compared to the third quarter a year ago. This key measure of performance demonstrates the fundamental strength of our businesses.

"Looking forward, we expect our cash flow will remain strong, enabling us to carry out our commitment to repurchase stock on an ongoing basis." Noncash currency charges

The company noted that the currency items in September related primarily to forward contracts to purchase Australian dollars needed to complete the previously announced acquisition of the remaining 45 percent ownership interest in Kimberly-Clark Australia. Accounting rules require the contracts to be marked to market, with resulting gains or losses included in current earnings. In addition, the company's equity affiliate, Kimberly-Clark de Mexico, S.A. de C.V. ("KCM"), has financed a portion of its operations with U.S. dollar debt. Gains or losses on remeasurement of these obligations based on changes in the value of the Mexican peso are included in KCM's current earnings.

Noncash charges for these items reduced earnings from operations by approximately 3 cents per share in the third quarter. The impact in the final month of the quarter, primarily as a result of changes in exchange rates

after September 11, was approximately 4 cents per share. Outlook

Commenting on the outlook, Mr. Sanders said, "Clearly, visibility is less than normal, given recent events. Nonetheless, currency effects, which have heavily penalized our results this year, should begin to moderate. Our consumer tissue, personal care and health care businesses should continue to show strong results.

"However, our K-C Professional operations, which supply products for office buildings, manufacturing facilities, hotels and other uses away from home and which represent roughly 15 percent of company sales, will face difficult market conditions in the near-term. Our products and services are preferred versus the competition, so as the economy recovers, we believe K-C Professional will benefit first.

"K-C de Mexico's results are also likely to remain soft in the near-term as ripple effects of a weaker U.S. economy dampen already slowing growth rates for its markets.

"In light of these factors, we expect earnings per share from operations for the full year to be in a range of \$3.20 to \$3.30 per share. Overall, we will continue to build on our fundamental strengths, with a focus on market share growth and increased cash flow." Earnings news release and conference call

The company's news release with full details of third quarter results will be issued the morning of October 23. A conference call to discuss the news release and other matters of interest to investors and analysts will be held later that day

at 9:00 a.m. (CDT). 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).

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

<https://www.news.kimberly-clark.com/press-releases?item=125291>