

Kimberly-Clark Comments On Second Quarter Results And Outlook For The Year

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DALLAS, July 12, 2001 - Kimberly-Clark Corporation (NYSE: KMB) today announced that sales in the second quarter of 2001, based on preliminary figures, rose to more than \$3.5 billion, approximately 2 percent greater than in 2000. Excluding currency effects, sales increased about 5 percent. Earnings per share from operations for the quarter are expected to be 81 cents per share compared with 81 cents per share in the second quarter of 2000.

The company said that second quarter sales benefited from continued volume growth and higher selling prices. However, currency effects have hurt sales and earnings of its operations outside North America. Average exchange rates in the quarter for most key currencies, including the euro, the British pound, the Australian dollar, the Brazilian real and the South Korean won, continued to weaken compared with both year-ago and first quarter levels. As expected, energy costs for the quarter moderated sequentially, but were still significantly higher than the second quarter of 2000.

In addition, temporary capacity limitations for Cottonelle bathroom tissue in the U.S. and Huggies diapers in Europe contributed to lower than expected sales and earnings. The second quarter also included substantial expenses of approximately \$18 million related to the start-up of the company's new consumer tissue and Cottonelle Fresh rollwipes machines - investments that will drive future growth.

Currency effects and energy costs reduced second quarter earnings from operations by an estimated 6 cents per share versus the prior year. Full details of the quarterly results will be announced on July 24, 2001.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said, "In the second quarter, the persistent strength of the U.S. dollar versus most other major currencies has diminished or, in some cases, eliminated growth in what are normally faster-growing markets in Asia and Latin America and has masked our progress in Europe. In Latin America, the situation was particularly severe in Brazil, where the slump in the real has impacted market conditions and pricing. At the same time, higher energy costs continued to impact our margins in North America. Despite these near-term pressures, our fundamentals remain strong and we are focused on aggressively building competitive advantage.

"With the recent start-up of new production capacity for Cottonelle bathroom tissue and a ramp-up in production of Huggies diapers, we have addressed recent supply constraints for these consumer-preferred products. Meanwhile, we continued to repurchase shares of our common stock, buying a total of 2.7 million shares in the second quarter.

"For the full year, assuming no further deterioration in foreign currency rates, we believe that earnings per share from operations will be toward the low end of the range of analysts' estimates, which currently stands at \$3.40 to \$3.55 per share. Lower fiber costs and cost savings programs should have a positive impact on our results in the second half. Our growth investments should also begin to contribute later this year.

"Looking further ahead, we expect solid and sustainable growth in sales and earnings next year, with sales up in line with our objective of 6 to 8 percent, again assuming no further deterioration in foreign currency rates. And we're comfortable that we'll return to our targeted double-digit rate of growth in earnings per share from operations."

Earnings news release and conference call

The company's news release with full details of second quarter results will be issued the morning of July 24. 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."

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