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Fourth Quarter Sales Rose 5.1 Percent to \$3.6 Billion, Boosting Earnings From Operations to 87 Cents Per Share, an Increase of 10.1 Percent Compared With 1999

Quarterly Records Achieved Despite Higher Raw Material Costs and Weakness In Key European Currencies
DALLAS, Jan. 23 -- Kimberly-Clark Corporation (NYSE: KMB) today reported that continued solid volume growth and higher selling prices boosted sales in the fourth quarter of 2000 to a new quarterly high of \$3.6 billion, an increase of 5.1 percent compared with 1999. Excluding currency effects, primarily in Europe, sales climbed more than 8 percent.

The sales gain, combined with lower manufacturing costs, more than offset significantly higher raw material costs. As a result, the company's operating margin, excluding unusual items, expanded to a record 19.2 percent. Fourth quarter earnings from operations of 87 cents per share increased 10.1 percent from 79 cents per share in 1999, setting an all-time quarterly record.

The company recorded net charges for unusual items amounting to 2 cents per share in the fourth quarters of both 2000 and 1999. Including these items, diluted net income per share for the quarter was 85 cents in 2000 compared with 77 cents in 1999, an increase of 10.4 percent.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said, "The fourth quarter capped a terrific year for Kimberly-Clark. I'm very proud of the accomplishments of our entire team. With our tenth consecutive quarter of double-digit growth in earnings per share from operations, we have continued to deliver outstanding results in a challenging business environment.

"We're outgrowing our competition and taking advantage of major business trends to build competitive advantage. Successful product innovations and strategic acquisitions have contributed importantly to our sales growth. Moreover, we're controlling our costs well to translate the top-line growth into solid, sustainable bottom-line growth."

Review of fourth quarter sales by segment Sales of \$3.6 billion for the fourth quarter were up 5.1 percent compared with 1999. As noted above, excluding currency effects, sales increased more than 8 percent, with improvement in each of the company's core businesses and in every region of the world. Sales volumes were approximately 6 percent higher, while selling prices increased about 3 percent.

Tissue sales rose 1.7 percent from the fourth quarter of 1999. Excluding currency effects, however, sales were up nearly 6 percent, driven mainly by higher selling prices. Prices of tissue products increased 4 percent, as the company raised prices in every region of the world in response to significantly higher raw material costs. In addition, sales volumes increased 2 percent. In North America, sales volumes of consumer and away-from-home tissue products improved approximately 4 percent, paced by continued double-digit growth of Cottonelle and Scott consumer bathroom tissue and higher shipments of differentiated products for the away-from-home market, including Kleenex Scottfold hand towels, Cottonelle and Scott bathroom tissue and the Scott MEGACartridge napkin system. These increases were partially offset by lower sales volumes of Kleenex facial tissue in comparison to a record level in the fourth quarter of 1999. Elsewhere, the company's tissue operations in Latin America achieved a double-digit increase in sales volumes for the thirteenth consecutive quarter, while volumes declined in Europe and Asia. Sales of personal care products were 6.6 percent greater than in the fourth quarter of 1999, and were up about 9 percent before currency effects. Sales volumes were approximately 8 percent higher and selling prices rose more than 2 percent. The increase in sales volumes was highlighted by continued double-digit growth in Europe, Latin America and Asia. In Europe, sales volumes were up 15 percent, driven by strong sales of Huggies diapers and expansion of Pull-Ups training pants and DryNites youth pants into new geographies. Additionally, higher shipments of Huggies diapers and Kotex feminine pads in Korea, along with the acquisition of the company's former licensee, S-K Corporation of Taiwan, contributed to the eighth consecutive quarter of double-digit sales volume growth in Asia. In North America, fourth quarter sales of Huggies diapers set an all-time quarterly record.

Sales of health care and other products rose 21.4 percent, due primarily to the acquisition of Safeskin Corporation.

Other fourth quarter operating results

Operating profit in the fourth quarter of 2000 was \$674.7 million, 12.0 percent greater than in the prior year. Excluding unusual items, operating profit rose 13.0 percent to \$690.7 million in the fourth quarter of 2000 compared with \$611.5 million in 1999. The increase was achieved despite the impact of weaker currencies and significantly higher raw material costs worldwide, particularly for oil-based goods and for fiber, which is used to make tissue and personal care products. Fiber costs alone were almost \$55 million greater than in the fourth quarter of 1999.

As expected, weakness in key European currencies reduced operating profit by the equivalent of 3 cents per share in the fourth quarter of 2000. Separately, settlement of currency transactions and other currency effects accounted for the entire increase in other income in the fourth quarter of 2000 versus 1999, essentially offsetting the European currency effects. In addition, a litigation settlement charge amounting to 1 cent per share was offset by an insurance recovery.

Kimberly-Clark's share of net income of equity companies in the fourth quarter decreased to \$45.3 million in 2000 from \$56.3 million in 1999, due primarily to lower net income at the company's equity affiliates in Australia and Mexico. Sales and operating profit in local currency increased at both companies; however, currency effects and a higher effective tax rate caused net income to decline.

Cash flow and debt

Cash provided by operations in the fourth quarter of 2000 was \$615 million, bringing the total for the year to more than \$2.1 billion. During the quarter, the company repurchased nearly 1.5 million shares of common stock at a cost of \$97 million. For the year, Kimberly-Clark invested nearly \$1.2 billion to repurchase 21.0 million shares.

Net debt at the end of December was \$3.3 billion compared with \$2.2 billion at the end of 1999. The ratio of net debt to capital at year-end 2000 was 35.2 percent, approximately the midpoint of the company's targeted range of 30 to 40 percent.

Full year results

For the year 2000, sales of \$14.0 billion were up 7.5 percent from \$13.0 billion in 1999. Excluding currency effects and divested businesses, sales were nearly 11 percent higher. Operating profit rose 8.1 percent to \$2,633.8 million in 2000 versus \$2,435.4 million in 1999. However, before unusual items, operating profit for the year increased 12.6 percent to \$2,632.7 million from \$2,338.1 million in 1999.

Diluted earnings per share were \$3.31 in 2000, 7.1 percent greater than \$3.09 per share in 1999. Diluted earnings per share before unusual items were a record \$3.32 in 2000 compared with \$2.98 in 1999, an increase of 11.4 percent.

Outlook

Commenting on the outlook, Mr. Sanders said, "2001 promises to be an exciting year for Kimberly-Clark -- a year of continued growth and opportunity to build our global franchises. Clearly, our investments in the first half of this year to launch Cottonelle Fresh(TM) Rollwipes in the U.S. and to expand our diaper business in Europe bode well for the future. In fact, we believe Rollwipes have the potential to be our most significant innovation since Pull-Ups training pants. And there's more to come. Looking ahead, our objectives remain unchanged: we aim to create shareholder value by generating top-line growth of 6 to 8 percent and delivering double-digit increases in earnings per share from operations annually."

Conference call

A conference call to discuss this news release and other matters of interest to investors and analysts will be held at 9:00 a.m. (CST) on Wednesday, January 24. 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 News and Financial Information section of the company's Web site (<http://www.kimberly-clark.com/news/>).

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 40 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, 1999 entitled "Factors That May Affect Future Results."