

# All-Time High Quarterly Sales Propelled Kimberly-Clark's Third Quarter Earnings From Operations To A Record 84 Cents Per Share, An Increase Of 12.0 Percent Compared With 1999

## **Sales and Earnings Growth Achieved Despite Currency Effects That Reduced Sales By 2 Percent and Net Income by 2 Cents Per Share**

DALLAS, Oct. 23 -- Kimberly-Clark Corporation (NYSE: KMB) today reported that new and improved products and global expansion of its core businesses lifted sales in the third quarter of 2000 to \$3.5 billion, an increase of 6.7 percent compared with 1999. However, excluding currency effects and businesses divested in 1999, sales rose approximately 10 percent.

The sales gain, combined with improved manufacturing operations and lower promotion costs, more than offset significantly higher raw materials costs and boosted the company's operating margin, excluding unusual items, to a record 18.9 percent. Third quarter earnings from operations of 84 cents per share increased 12.0 percent from 75 cents per share in 1999, setting an all-time quarterly record. The decline in value of key European currencies reduced net income by 2 cents per share in the third quarter of 2000.

Including unusual items, diluted net income per share for the third quarter was 81 cents in 2000, a decrease of 9.0 percent compared with 89 cents in 1999. The 1999 results benefited from a net gain on the closure of a pulp mill and sale of assets.

Wayne R. Sanders, chairman and chief executive officer of Kimberly-Clark, said, "Our strategic plan is working, and the proof is in the numbers. With a commitment to innovation and quality products, our global teams are attacking growth opportunities and have continued to deliver outstanding results in a challenging business environment.

"We're driving top-line growth through consumer-preferred products and successful acquisitions. In addition, selling price increases are helping to offset significantly higher raw material costs. At the same time, we're managing our costs well to translate the top-line growth into solid, sustainable bottom-line growth."

### Review of operating results

Sales of \$3.5 billion for the third quarter were up 6.7 percent compared with 1999. As noted above, excluding currency effects and the revenues of the company's pulp and timberlands operations in the southeastern United States, which were closed or sold in 1999, sales increased approximately 10 percent, with improvement in each

of the company's core businesses and in every region of the world. Sales volumes, excluding divestitures, were 7 percent higher, while selling prices increased about 3 percent.

Tissue sales rose 4.3 percent from the third quarter of 1999. Excluding the revenues of divested businesses and currency effects, however, sales were up approximately 8 percent, driven mainly by an increase in sales volumes of about 5 percent and a 4 percent rise in selling prices. In North America, sales volumes for tissue products grew at a double-digit rate for the second consecutive quarter, led by improved consumer products such as Kleenex Cottonelle and Scott bathroom tissue and Scott paper towels, and with strong contributions from such successful away-from-home product innovations as Kleenex Scottfold hand towels, Kleenex hygienic bathroom tissue, the new Scott MEGACartridge napkin system and the rugged D2 dispenser line-up. The company's tissue operations in Latin America also achieved a double-digit increase in sales volumes. Selling prices for the company's tissue products have increased in every region of the world in response to significantly higher raw materials costs.

Sales of personal care products were 3.9 percent greater than in 1999, and were up nearly 6 percent before currency effects. Sales volumes were more than 4 percent higher and selling prices rose about 2 percent. The increase in sales volumes was highlighted by continued gains in Europe and Asia. In Europe, sales volumes were up more than 15 percent, driven by strong sales of Huggies diapers and expansion of Pull-Ups training pants, DryNites youth pants and Little Swimmers swimpants 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 a seventh consecutive quarter of double-digit sales volume growth in Asia. In North America, third quarter sales of Huggies diapers reached the highest level of the year, but were slightly below last year's strong showing.

Sales of health care and other products rose 42.2 percent, due primarily to the acquisitions of Ballard Medical Products and Safeskin Corporation.

Operating profit in the third quarter of 2000 was \$642.1 million, 10.7 percent less than in the prior year. Excluding unusual items, operating profit rose 11.6 percent to \$667.9 million in the third quarter of 2000 compared with \$598.5 million in 1999. The increase was achieved despite the impact of weaker currencies and significantly higher raw materials 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 \$80 million greater than in 1999.

Kimberly-Clark's share of net income of equity companies in the third quarter was \$52.4 million in 2000 compared with \$42.8 million in 1999. The increase was primarily attributable to double-digit gains in sales and operating profit at Kimberly-Clark de Mexico, S.A. de C.V.

#### Share repurchases and debt

During the third quarter, the company continued to leverage its strong financial position, investing \$316 million to repurchase nearly 5.6 million shares of common stock. Year-to-date, Kimberly-Clark has invested a total of nearly \$1.1 billion to repurchase 19.6 million shares. Net debt at the end of September was \$3.2 billion compared with \$2.2 billion at the end of 1999. The ratio of net debt to capital at the end of September was 35.5 percent, approximately the midpoint of the company's targeted range of 30 to 40 percent.

#### Unusual items

Unusual items in the third quarter consisted of charges for business improvement programs and other nonoperating items in both years, including a charge for settlement of litigation amounting to 2 cents per share in 2000. In addition, in 1999, the company recorded a net gain of 18 cents per share on the closure of the company's pulp mill in Mobile, Ala., and the sale of timberlands in the southeastern United States. In total, the unusual items reduced net income by \$16.1 million, or 3 cents per share, in 2000 and increased net income by

\$73.9 million, or 14 cents per share, in 1999.

#### Year-to-date results

For the first nine months of 2000, sales of \$10.4 billion were up 8.3 percent from \$9.6 billion last year. Excluding currency effects and the sales of divested businesses, however, sales were nearly 12 percent higher. Operating profit rose 6.9 percent to \$1,959.1 million in 2000 versus \$1,832.9 million in 1999. However, before unusual items, operating profit for the year increased 12.5 percent to \$1,942.0 million from \$1,726.6 million in 1999. Diluted earnings per share were \$2.46 in 2000, 6.5 percent greater than \$2.31 per share in 1999. Diluted earnings per share before unusual items were \$2.45 in 2000 compared with \$2.19 in 1999, an increase of 11.9 percent.

#### Outlook

Commenting on the outlook, Mr. Sanders said, "Our track record bodes well for the future. We've just turned in all-time record quarterly top-line and bottom-line results and our ninth consecutive quarter of double-digit growth in earnings per share from operations. We plan to continue to build on our momentum with new product introductions and ongoing cost savings, mindful of the considerable challenges we face from higher raw materials costs and foreign currency fluctuations. Looking ahead, our objective is for sales to rise 6 to 8 percent, while targeting double-digit growth in earnings per share from operations."

#### 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. Central Time on Tuesday, October 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 website (<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."

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