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## Kimberly-Clark Corporation F4Q08 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Lauren Lieberman with Barclays Capital.

#### Lauren Lieberman - Barclays Capital

I wanted to talk a little bit about Europe. I know in the release, the way you guys wrote it, it talked about economic weakness in Europe, and frankly, I thought volumes held up really quite well there given the new slow seems to be a lot worse than that. I would have expected there to be maybe more evidence of more trade down in Western Europe in diapers and in tissues. So, can you talk a little about that?

#### Thomas Falk

Yes, I think we probably saw less of the inventory correction in Europe. Europe had a weaker third quarter, as you might recall, so they might have gotten some of it a bit earlier. Obviously it is still a competitive environment. The UK in particular is a very important market for us. We have seen a lot of buy one get one free activity, particularly in diapers, from our primary competitor. We haven't matched all of that, so that accounted for a little bit of our volume weakness in the quarter. Other than that we were down about a point on tissue across the board on share, down a similar amount in diapers, so I would say, again, in this environment we are not going to declare victory or anything, but I would say we are holding our own.

#### Lauren Lieberman - Barclays Capital

Do you think one of the reasons may be, I am just thinking out loud, is that private label is already so well established in Europe versus in the US where it is sort of an incremental change that consumers are making as they feel cash strapped, but in Europe it is sort of already a known entity and maybe not that much of an opportunity for consumers to trade down?

#### Thomas Falk

Well certainly in tissue that is true. Private label shares in personal care in Europe aren't that different than they are in the US.

#### Lauren Lieberman - Barclays Capital

Okay and then just since you mentioned it, on the trade destocking in the US, I was a little curious at how much it could be given, how bulky your products are, high turn categories and so on. I mean is

it a weaker two and then kind of done? I wouldn't expect there would be much more trade stock that could still happen.

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