

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Kimberly-Clark Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

---

**Operator**

Ladies and gentlemen, at this time the floor is now open for your questions. (Operator instructions)  
Our first question comes from Ali Dibadj from Sanford Bernstein.

**Ali Dibadj – Sanford Bernstein**

Hey, guys. How are you?

**Tom Falk**

Hi, Ali. How are you?

**Ali Dibadj – Sanford Bernstein**

Could you help us – well, can you talk to about the currency impact on the bottom line a little bit? You have said in the past several times, I think (inaudible) is the last time I've heard it, at least. That the impact, percentage wise from the top line versus the bottom line will be roughly one-to-one. And we call it – there's no multiplier. It looked like this quarter was like negative 10 on the top line, negative 23 on the bottom line, so it's 2.3 times multiplier. What should we expect going forward? And maybe a part of that answer have to be that \$76 million and figuring out when that \$76 million disappears going forward?

**Tom Falk**

Yes. A good chunk of that, about probably two-thirds of that \$76 million really relates to exploit between the official rate and the unofficial rate for certain Latin American currencies. And so, part of that was related to moving cash balances from local currencies to US dollars so we took a transactional hit on that. But part of it was related to importing at the unofficial rate and selling at the official rate. And so that negative spread winds up another expense.

**Ali Dibadj – Sanford Bernstein**

But then beyond that, beyond just that, what is the impact on the bottom line versus the top line? It sounds like it probably would be more than one-to-one, more to like 1:1.5 or 1:1.7, something like that. Is that a reasonable way to think about it?

**Tom Falk**

Well, I think, certainly in the first quarter, when you have situations like that, it's a question on how quickly your pricing catches up in the local market. And so, in the quarter, we are able to import some part of the official rate and some of the unofficial rate. And that going to ultimately lead to price increases, but we didn't get that fully realized in the quarter.

**Ali Dibadj – Sanford Bernstein**

Okay.

**Tom Falk**

The planned effect – Ideally you'd like to get it back to one-to-one. But if you're having the currency fall away from you, you're going to be short of that in any given quarter.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.