

October 15, 2020

Kimberly-Clark de México, S.A.B. de C.V.
THIRD QUARTER 2020 RESULTS

Highlights:

- Third quarter sales were Ps. \$11.1 billion, up 7% year over year.
- Positive cost environment and continued cost savings of Ps. \$400 million in the quarter.
- Operating, net and EBITDA margins improved year over year.
- EBITDA of Ps. \$2.8 billion during the quarter. Margin expansion to 25.6%.

QUARTERLY FINANCIAL RESULTS

Prepared in accordance with International Financial Reporting Standards (IFRS)
 Million pesos

	<u>3Q'20</u>	<u>3Q'19</u>	<u>CHANGE</u>
NET SALES	\$11,097	\$10,400	6.7%
GROSS PROFIT	4,203	3,985	5.5%
OPERATING PROFIT	2,360	2,155	9.5%
NET INCOME	1,348	1,238	8.9%
EBITDA	2,845	2,639	7.8%

Net sales were 7% higher driven by 7% volume growth while price and mix remained in line with the third quarter of 2019.

Revenues in consumer products increased 7%, Away from Home decreased 31% and exports grew 54%.

Gross profit grew 6%, with margin of 37.9%. Virgin pulp, fluff fiber, superabsorbent materials and resin prices compared favorably in dollars, as did domestic fibers. Imported recyclable fibers and energy prices compared negatively. The cost reduction program yielded approximately Ps. \$400 million in the quarter. The FX parity was higher, averaging 15% above last year.

Operating expenses were up less than 1% and as a percentage of sales were 100 basis points lower than in 3Q 2019. We achieved better efficiencies in distribution as well as in the investment behind our brands.

Operating profit increased 10% and margin was 21.3%.

EBITDA increased 8% to Ps. \$2.8 billion in the quarter, and margin was 25.6%.

Cost of financing was Ps. \$428 million in the third quarter, compared to Ps. \$391 million in the same period of last year. Net interest expense was 9% higher. As we previously disclosed, in July the company placed U.S.\$500 million 144A Reg S senior unsecured notes at 2.431% with partial maturities, of one third each, in years 2029, 2030 and 2031 and entered into a related swap agreement to hedge the currency risk. Since the proceeds of this placement will initially and primarily be used to pay down debt due in late 2020 and early 2021 our long term debt and cash position increased accordingly. In the quarter we had a Ps. \$10 million foreign exchange loss compared to a Ps. \$6 million loss last year.

Net income increased 9% and earnings per share for the quarter was \$0.44.

During the last twelve months, we invested Ps. \$643 million in Capex and paid Ps. \$4,856 million to our shareholders.

As of September 30, the company held Ps. \$22.0 billion in cash and equivalents.

Total net debt as of September 2020 was Ps. \$11.1 billion, compared to Ps. \$15.3 billion in December 2019. Long-term debt comprised 81% of total debt and all debt was denominated in Mexican pesos. The ratio of net debt to EBITDA was 0.90.

In dollars, under US GAAP, net sales decreased 7% in the quarter, operating profit decreased 6% and net income decreased 6%.

YTD FINANCIAL RESULTS

Million pesos

	<u>9M'20</u>	<u>9M'19</u>	<u>CHANGE</u>
NET SALES	\$ 35,127	\$ 32,699	7.4%
GROSS PROFIT	13,548	12,059	12.3%
OPERATING PROFIT	7,882	6,512	21.0%
NET INCOME	4,475	3,706	20.7%
EBITDA	9,391	7,998	17.4%

FINANCIAL POSITION

Million Pesos

	As of September	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 22,034	\$ 7,075
Trade and other receivables	5,952	6,519
Current derivative financial instruments	847	-
Inventories	3,864	3,282
Property, plant and equipment	16,348	17,260
Right of use assets	1,362	1,290
Non-current derivative financial instruments	5,364	4,103
Intangible assets and others	<u>3,055</u>	<u>3,219</u>
Total	\$ 58,826	\$ 42,748
<u>Liabilities and equity</u>		
Bank loans current	\$ 235	\$ 235
Current portion of long term debt	6,922	-
Current lease liabilities	257	208
Current derivative financial instruments	44	-
Trade payables	6,707	5,344
Employee benefits	1,375	1,170
Dividends payable	2,505	2,394
Provisions	2,171	2,286
Current income tax payable	561	479
Long term debt	29,769	24,035
Non-current lease liabilities	1,230	1,106
Non-current derivative financial instruments	842	544
Deferred taxes	439	505
Other liabilities	683	559
Equity	<u>5,086</u>	<u>3,883</u>
Total	\$ 58,826	\$ 42,748

CASH FLOW

Million pesos

	Nine months ended September	
	<u>2020</u>	<u>2019</u>
Profit before tax	\$6,641	\$5,375
Depreciation and amortization	1,509	1,486
Other	1,241	1,137
Cash used in operations	<u>(1,797)</u>	<u>(1,073)</u>
Net cash flow from operating activities	7,594	6,925
Capital expenditures and others	(441)	(628)
Increase in controlling minority interest	-	(120)
Borrowings	11,229	-
Payments of lease liabilities	(238)	(216)
Dividends paid	(2,467)	(2,390)
Payment of borrowings, net interest and other	<u>(963)</u>	<u>(1,506)</u>
Net increase in cash	14,714	2,065
Effect of exchange rate changes on cash	481	11
Cash and equivalents at the beginning of period	6,839	4,999
Cash and equivalents at the end of period	22,034	7,075

Conference Call Information

The 3Q'20 conference call will be held on Friday, October 16, 2020 at 9:30 am Eastern time (8:30 am Central time / Mexico time). To participate in the call, please dial: US +1(877) 271-1828, international +1(334) 323-9871; conference ID: 30265

A replay of the conference call will be available through October 23, 2020. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 10546210

Kimberly-Clark de México, S.A.B. de C.V. is a Mexican company that manufactures and commercializes branded consumer products such as diapers, feminine pads, bath tissue, napkins, facial tissue, paper towels, wet wipes and soap. We are market leaders in almost all of our categories with brands such as Huggies, Kleen-Bebé, Kleenex, Kimlark, Pétalo, Cottonelle, Depend, Kotex, Evenflo and Escudo.

Investor Relations Contact

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