

July 22, 2021

Kimberly-Clark de México, S.A.B. de C.V.
SECOND QUARTER 2021 RESULTS

Highlights:

- Second quarter sales were Ps. \$11.7 billion.
- Excluding 4e, sales grew 3%.
- Challenging cost environment and continued cost savings of Ps. \$350 million in the quarter.
- EBITDA of Ps. \$2.7 billion during the quarter with 23.2% margin.
- EPS of Ps. \$0.40.

QUARTERLY FINANCIAL RESULTS

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

	<u>2Q'21</u>	<u>2Q'20</u>	<u>CHANGE</u>
NET SALES	\$11,722	\$12,337	(5)%
GROSS PROFIT	4,044	4,720	(14)%
OPERATING PROFIT	2,233	2,820	(21)%
NET INCOME	1,222	1,599	(24)%
EBITDA	2,718	3,332	(18)%

QUARTERLY FINANCIAL RESULTS – EXCLUDING 4E

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

	<u>2Q'21</u>	<u>2Q'20</u>	<u>CHANGE</u>
NET SALES	\$11,324	\$11,038	3%
GROSS PROFIT	4,002	4,123	(3)%
OPERATING PROFIT	2,274	2,369	(4)%
NET INCOME	1,247	1,351	(8)%
EBITDA	2,718	2,837	(4)%

We faced a difficult and atypical comparison due to increased volumes in the same quarter of last year from COVID pandemic purchases by consumers. In the particular case of 4e it had extraordinary export sales and profits which make the consolidated results difficult to compare.

In consequence, and as expected, total consolidated sales decreased 5% driven by a 1% increase in price and mix while volume was down 6%.

Given the impact of 4e in the comparison, on this occasion we are presenting results excluding 4e in addition to the consolidated figures. Excluding 4e, KCM's underlying business top line grew 3%.

Revenues in consumer products decreased 8% (and increased 1% excluding 4e), Away from Home increased 51% and exports were down 9%, mainly from reduced hard roll sales with converted product still growing at accelerated rates.

Gross profit was down 14%, with margin of 34.5%. Against last year, pulp, domestic recycled fibers, fluff, superabsorbent materials, resins, energy and natural gas compared negatively. Imported recycled fibers compared positively. The cost reduction program yielded approximately Ps. \$350 million in the quarter. The FX parity was lower, averaging 13% below last year.

Operating expenses were 5% lower and as a percentage of sales were in line with 2Q'2020.

Operating profit decreased 21% and margin was 19.0%.

EBITDA decreased 18% to Ps. \$2.7 billion in the quarter, and margin was 23.2%. Excluding 4e EBITDA was 4% lower and margin was 24.0%.

Cost of financing was Ps. \$452 million in the second quarter, compared to Ps. \$401 million in the same period of last year. Net interest expense was higher due to additional debt. Foreign exchange gain in the quarter was Ps. \$4 million compared to a Ps. \$33 million loss last year.

Net income decreased 24% and earnings per share for the quarter was \$0.40. Excluding 4e net income decreased 8%.

During the last twelve months, we invested Ps. \$1,268 million in Capex; paid Ps. \$5,024 million in dividends to our shareholders; paid down Ps. \$6,079 million in debt; and repurchased shares for Ps. \$339 million.

As of June 30, the company held Ps. \$14.3 billion in cash and equivalents.

Total net debt as of June 2021 was Ps. \$12.6 billion, compared to Ps. \$13.1 billion on December 2020. All debt is denominated in Mexican pesos. The ratio of net debt to EBITDA was 1.1.

In dollars, under US GAAP, net sales increased 10% in the quarter, operating profit and net income decreased 6% and 11% respectively.

Share Buyback Program Year to Date

	<u>2021</u>	<u>2020</u>
Shares repurchased	3,999,939	-

YTD FINANCIAL RESULTS

Million pesos

	<u>6M'21</u>	<u>6M'20</u>	<u>CHANGE</u>
NET SALES	\$23,831	\$24,029	(1)%
GROSS PROFIT	8,707	9,345	(7)%
OPERATING PROFIT	4,974	5,522	(10)%
NET INCOME	2,824	3,127	(10)%
EBITDA	5,961	6,546	(9)%

FINANCIAL POSITION

Million Pesos

	As of June	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 14,265	\$ 10,328
Trade and other receivables	7,228	6,493
Current income tax receivable	17	-
Current derivative financial instruments	-	1,065
Inventories	3,989	3,840
Property, plant and equipment	16,437	16,640
Right of use assets	1,254	1,331
Non-current derivative financial instruments	3,801	5,777
Intangible assets and others	<u>2,936</u>	<u>3,092</u>
Total	\$ 49,927	\$ 48,566
<u>Liabilities and equity</u>		
Bank loans current	\$ 235	\$ 235
Current portion of long term debt	3,000	7,092
Current lease liabilities	239	243
Current derivative financial instruments	-	72
Trade payables	7,327	7,443
Employee benefits	942	1,045
Dividends payable	4,011	3,738
Provisions	2,144	2,279
Current income tax payable	-	315
Long term debt	24,605	19,207
Non-current lease liabilities	1,098	1,230
Non-current derivative financial instruments	1,497	949
Deferred taxes	322	517
Other liabilities	629	723
Equity	<u>3,878</u>	<u>3,478</u>
Total	\$ 49,927	\$ 48,566

CASH FLOW

Million pesos

	Six months ended June	
	<u>2021</u>	<u>2020</u>
Profit before tax	\$4,099	\$4,709
Depreciation and amortization	987	1,024
Other	875	813
Cash used in operations	<u>(3,380)</u>	<u>(1,227)</u>
Net cash flow from operating activities	2,581	5,319
Capital expenditures and others	(813)	(357)
Repurchase of shares	(141)	-
Payment of borrowings	(3,579)	-
Payments of lease liabilities	(176)	(155)
Dividends paid	(1,323)	(1,233)
Payment of net interest and other	<u>(865)</u>	<u>(689)</u>
Net (decrease) increase in cash	(4,316)	2,885
Effect of exchange rate changes on cash	(3)	604
Cash and equivalents at the beginning of period	18,584	6,839
Cash and equivalents at the end of period	14,265	10,328

Conference Call Information

The 2Q'21 conference call will be held on Friday, July 23, 2021 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 July 30, 2021. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 15265505

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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