

April 23, 2020

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

Highlights:

- First quarter sales were Ps. \$11.7 billion, up 6%.
- Better volume, cost environment and continued cost savings of Ps. \$350 million in the quarter.
- Gross, operating, net and EBITDA margins improved year over year.
- EBITDA of Ps. \$3.2 billion during the quarter. Margin expansion of 20 basis points sequentially to 27.5%.

**QUARTERLY FINANCIAL RESULTS**

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

	<u>1Q'20</u>	<u>1Q'19</u>	<u>CHANGE</u>
<b>NET SALES</b>	<b>\$11,692</b>	<b>\$11,014</b>	<b>6.2%</b>
<b>GROSS PROFIT</b>	<b>4,625</b>	<b>3,875</b>	<b>19.4%</b>
<b>OPERATING PROFIT</b>	<b>2,702</b>	<b>2,061</b>	<b>31.1%</b>
<b>NET INCOME</b>	<b>1,528</b>	<b>1,161</b>	<b>31.6%</b>
<b>EBITDA</b>	<b>3,214</b>	<b>2,558</b>	<b>25.6%</b>

Net sales were 6% higher in spite of a difficult comparison, driven by a 7% positive volume while price and mix were down 1%.

Revenues in consumer products increased 6%, Away from Home increased 4% and exports grew 55%.

Gross profit grew 19%, with margin increasing 10 basis points sequentially to 39.6%. Domestic and imported fibers, virgin pulp, fluff fiber, superabsorbent materials and resin prices compared favorably. Energy prices were also lower. The cost reduction program yielded approximately Ps. \$350 million in the quarter. The FX parity was slightly lower, averaging 1% below last year.

Operating expenses grew 6% and were 16.4% of sales. We maintain our lean operation and continue to invest efficiently behind our brands and products.

Operating profit increased 31% and margin was 23.1%, a sequential improvement of 10 basis points.

EBITDA increased 26% to Ps. \$3.2 billion in the quarter, and margin was 27.5%.

Cost of financing was Ps. \$412 million in the first quarter, compared to Ps. \$368 million in the same period of last year. Interest expense was higher as we recognized an increase in the value of the put that 4e minority shareholders have, partly compensated by a reduced debt position. In the quarter we had a Ps. \$42 million foreign exchange gain compared to Ps. \$25 million gain last year.

Net income increased 32% and earnings per share for the quarter was \$0.50.

During the last twelve months, we invested Ps. \$756 million in Capex and paid Ps. \$4,779 million to our shareholders.

As of March 31, the company held Ps. \$9.7 billion in cash and equivalents.

Total net debt as of March 2020 was Ps. \$12.2 billion, compared to Ps. \$15.3 billion on December 2019. Long-term debt comprised 73% of total debt and all debt was denominated in Mexican pesos. The ratio of net debt to EBITDA was 1.1.

In dollars, under US GAAP, net sales increased 7% in the quarter, operating profit increased 29% and net income increased 29%.

In February, our shareholders approved a dividend of Ps.\$1.60 per share, a 3% increase against last year and in line with our commitment to distribute cash to our shareholders while maintaining a solid capital structure.

**FINANCIAL POSITION**

Million Pesos

	As of March	
	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 9,723	\$ 6,534
Trade and other receivables	7,173	7,463
Current derivative financial instruments	1,140	-
Inventories	3,504	3,837
Property, plant and equipment	16,836	17,635
Right of use assets	1,306	1,315
Non-current derivative financial instruments	6,159	3,712
Intangible assets and others	<u>3,135</u>	<u>3,230</u>
<b>Total</b>	<b>\$ 48,976</b>	<b>\$ 43,726</b>
<b><u>Liabilities and equity</u></b>		
Bank loans current	\$ 235	\$ 235
Current portion of long term debt	7,260	400
Current lease liabilities	202	208
Current derivative financial instruments	67	-
Trade payables	7,087	6,479
Employee benefits	1,447	1,149
Dividends payable	4,971	4,815
Provisions	2,661	2,276
Current income tax payable	404	388
Long term debt	19,627	23,822
Non-current lease liabilities	1,265	1,103
Non-current derivative financial instruments	548	82
Deferred taxes	477	682
Other liabilities	715	548
<b>Equity</b>	<b><u>2,010</u></b>	<b><u>1,539</u></b>
<b>Total</b>	<b>\$ 48,976</b>	<b>\$ 43,726</b>

**CASH FLOW**

Million pesos

	Three months ended March	
	<u>2020</u>	<u>2019</u>
<b>Profit before tax</b>	<b>\$2,290</b>	<b>\$1,693</b>
<b>Depreciation and amortization</b>	<b>513</b>	<b>498</b>
<b>Other</b>	<b>411</b>	<b>367</b>
<b>Cash used in operations</b>	<b><u>(547)</u></b>	<b><u>(281)</u></b>
<b>Net cash flow from operating activities</b>	<b>2,667</b>	<b>2,277</b>
<b>Capital expenditures and others</b>	<b>(150)</b>	<b>(167)</b>
<b>Increase in controlling minority interest</b>	<b>-</b>	<b>(125)</b>
<b>Payments of lease liabilities</b>	<b>(75)</b>	<b>(70)</b>
<b>Payment of net interest</b>	<b><u>(305)</u></b>	<b><u>(355)</u></b>
<b>Net increase in cash</b>	<b>2,137</b>	<b>1,560</b>
<b>Effect of exchange rate changes on cash</b>	<b>747</b>	<b>(25)</b>
<b>Cash and equivalents at the beginning of period</b>	<b>6,839</b>	<b>4,999</b>
<b>Cash and equivalents at the end of period</b>	<b>9,723</b>	<b>6,534</b>

**Conference Call Information**

The 1Q'20 conference call will be held on Friday, April 24, 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 May 1, 2020. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 89235942

**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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