

October 19, 2017

Kimberly-Clark de México, S.A.B. de C.V.
THIRD QUARTER 2017 RESULTS

Highlights:

- Net sales rose 5.5% to Ps. \$9.2 billion, driven by better pricing and mix, as well as positive volume
- Operating profit declined by 19.2%, mainly reflecting increased raw materials and energy cost pressures together with higher distribution expenses. The margin was additionally impacted by exports and acquisitions
- EBITDA of Ps. \$1.9 billion down 17.8%; margin of 21.0%
- Cost savings of Ps. \$300 million during the quarter
- Wet wipes base sheet capacity addition started up and Morelia tissue expansion is on track

QUARTERLY FINANCIAL RESULTS

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

	<u>3Q'17</u>	<u>3Q'16</u>	<u>CHANGE</u>
NET SALES	\$9,197	\$8,719	5.5%
GROSS PROFIT	3,205	3,345	(4.2)%
OPERATING PROFIT	1,566	1,939	(19.2)%
NET INCOME	854	1,206	(29.2)%
EBITDA	1,934	2,351	(17.8)%

Net sales were 5.5% higher than previous year. The price increases implemented over the last twelve months were partially offset by higher promotional activity during the summer season resulting in a price and mix contribution of 3.9%. Volume grew 1.6% reflecting slower consumption growth and a marked tendency of the trade to reduce inventories.

Consumer product revenues increased 5.0%, Away from Home grew 14.0% and exports sales increased 1.2%. Tissue capacity, which limited our exports sales, will increase in the fourth quarter with the start up of the Morelia mill expansion.

Gross profit declined 4.2% and margin was 34.8%. This reflects the significant pressure on costs from higher raw materials and energy prices. We were impacted by double digit price increases in virgin and recycled fibers, as well as in electricity and natural gas. The positive results from the cost reduction program yielded Ps. \$300 million over the quarter and helped reduce the negative raw materials impact.

Operating expenses as a percentage of sales were 170 basis points higher, at 17.8%. The SG&A increase reflects higher distribution costs, including fuel prices, as well as the consolidation of 4e expenses. Other operating expenses, including Advertising and Promotion, grew less than sales as we maintain our lean operation and continue to efficiently invest to support our brands.

Operating income decreased 19.2%, and margin was 17.0%. The consumer products profitability although lower than last year, is still strong. The consolidated margin was dragged down by exports and acquisitions.

Cost of financing was Ps. \$313 million in the third quarter compared to Ps. \$181 million in the same period of last year reflecting: i) a higher interest expense from increased debt and significantly higher interest rates; ii) a difference in exchange rate gain of Ps. \$10 million compared to Ps. \$47 million in the previous year ; and iii) less interest gain.

Net income decreased 29.2% and earnings per share for the quarter were \$0.28.

EBITDA decreased 17.8% to Ps. \$1.9 billion in the quarter.

During the last twelve months we invested Ps. \$3,859 million (Ps. \$3,751 million in Capex and acquisitions and Ps. \$108 million in share buy-backs) and distributed Ps. \$4,787 million in dividends.

As of September 30, the company held Ps. \$6.0 billion in cash and equivalents.

Total net debt as of September 30, 2017 was Ps. \$13.3 billion, compared to Ps. \$10.9 billion on December 2016. Long-term debt comprised 92% of total debt and all debt is denominated in Mexican pesos.

In dollars, under US GAAP, net sales increased 10% in the quarter, operating profit decreased 13% and net income decreased 24%.

Share Buyback Program Year to Date

	<u>2017</u>	<u>2016</u>
Shares repurchased	3,141,564	7,474,327

YTD FINANCIAL RESULTS

Million pesos

	<u>9M'17</u>	<u>9M'16</u>	<u>CHANGE</u>
NET SALES	\$28,334	\$26,279	7.8%
GROSS PROFIT	9,989	10,234	(2.4)%
OPERATING PROFIT	5,191	6,044	(14.1)%
NET INCOME	2,963	3,601	(17.7)%
EBITDA	6,410	7,277	(11.9)%

FINANCIAL POSITION

Million Pesos

	As of September	
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 6,013	\$ 8,939
Trade and other receivables	5,907	5,966
Inventories	3,201	2,989
Property, plant and equipment	17,177	15,649
Derivative financial instruments	2,851	4,024
Intangible assets and others	<u>3,476</u>	<u>2,353</u>
Total	\$38,625	\$ 39,920
<u>Liabilities and equity</u>		
Bank loans current	\$ 175	\$ -
Current portion of long term debt	1,500	2,500
Trade payables	4,401	4,268
Employee benefits	1,085	1,226
Dividends payable	2,467	2,380
Provisions and other liabilities	1,725	1,787
Current income tax payable	117	352
Long term debt	20,515	19,999
Deferred taxes	1,288	1,445
Other liabilities	456	228
Equity	<u>4,896</u>	<u>5,735</u>
Total	\$38,625	\$ 39,920

CASH FLOW

Million pesos

	Nine months ended September	
	<u>2017</u>	<u>2016</u>
Profit before tax	\$4,302	\$5,234
Depreciation	1,219	1,233
Other	889	810
Cash used in operations	<u>(2,859)</u>	<u>(3,819)</u>
Net cash flow from operating activities	3,551	3,458
Capital expenditures	(1,940)	(2,030)
Repurchase of shares	(110)	(300)
Borrowings	3,163	3,567
Dividends paid	(2,436)	(2,351)
Payment of borrowings & net interest	<u>(3,393)</u>	<u>(1,467)</u>
Net (decrease) increase in cash	(1,165)	877
Effect of exchange rate changes on cash	(283)	128
Cash and equivalents at the beginning of period	7,461	7,934
Cash and equivalents at the end of period	6,013	8,939

Conference Call Information

The 3Q17 conference call will be held on Friday, October 20, 2017 at 9:30 am Eastern time (8:30 am Central time / Mexico time). To participate in the call, please dial: US +1(888) 318-6429, international +1(334) 323-7224; conference ID: KIMBERLY.

A replay of the conference call will be available through October 27, 2017. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 16304290

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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