

October 18, 2018

Kimberly-Clark de México, S.A.B. de C.V.
THIRD QUARTER 2018 RESULTS

Highlights:

- Third quarter sales rose 7.6% to Ps. \$9.9 billion, driven by better pricing and mix
- Raw materials and energy prices continue to increase and impact costs
- Cost savings of \$380 million during the quarter, a new record
- Operating margin was 10 basis points higher than 3Q 2017 in spite of significant cost pressures
- EBITDA grew 6.3% to Ps.\$2.1 billion

QUARTERLY FINANCIAL RESULTS

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

	<u>3Q'18</u>	<u>3Q'17</u>	<u>CHANGE</u>
NET SALES	\$9,897	\$9,197	7.6%
GROSS PROFIT	3,357	3,205	4.8%
OPERATING PROFIT	1,695	1,566	8.2%
NET INCOME	904	854	5.8%
EBITDA	2,056	1,934	6.3%

The third quarter was a difficult one for KCM as we continue to face significant and consistent pressure from raw material costs. In addition, our continued efforts to increase prices to partially mitigate the cost pressures, had a negative impact on our volumes.

We had higher prices, better efficiencies, very good results from our cost reduction program and reduced SG&A expenses, which allowed us to grow the top and bottom lines and post a slight increase in operating margin.

Net sales were 7.6% higher than previous year. Price increases implemented over the past twelve months, together with a slightly better mix, contributed 8.7%. Total volume was down

1.1%. Consumer product revenues increased 4.9%, Away from Home grew 8.4% and exports increased 45.8%.

Gross profit grew 4.8% to Ps. \$3.4 billion. Prices of fibers continued increasing over the quarter. Virgin and imported recycled compared very negatively (in some cases more than 30% higher, in dollars). Oil derivatives also compared negatively with resins prices also higher by more than 30%, and energy prices were almost 50% over last year. Finally, the average FX was above by approximately 8%.

On the positive side, our cost reduction program continues yielding very positive results and contributed with approximately Ps. \$380 million over the quarter.

Operating expenses were 16.8% as a percentage of sales, in line with the first part of the year reflecting our lean operation while also investing effectively behind our brands.

Operating profit increased 8.2% and margin was 17.1%, a year on year increase of 10 basis points. In addition to the aforementioned cost pressures, the strong exports business growth, which generates lower profit contribution, affected the overall margin.

EBITDA increased 6.3% to Ps. \$2.1 billion in the quarter.

Cost of financing was Ps. \$400 million in the third quarter, compared to Ps. \$312 million in the same period of last year. Net interest expense was higher from increased debt and higher interest rates. A foreign exchange loss in the period of Ps. \$7 million compared to an exchange gain of Ps. \$10 million in the previous year.

Net income increased 5.8% and earnings per share for the quarter were \$0.29.

During the last twelve months, we invested Ps. \$2,103 million in Capex and paid Ps. \$4,872 million pesos to our shareholders.

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

Total net debt as of September 2018 was Ps. \$15.0 billion, compared to Ps. \$14.3 billion on December 2017. Long-term debt comprised 97% of total debt and all debt was denominated in Mexican pesos.

During the quarter the company paid down debt of Ps. \$1.5 billion in Certificados Bursátiles.

In dollars, under US GAAP, net sales were in line with the quarter of last year, operating profit decreased 3% and net income decreased 8%.

YTD FINANCIAL RESULTS

Million pesos

	<u>9M'18</u>	<u>9M'17</u>	<u>CHANGE</u>
NET SALES	\$30,692	\$28,334	8.3%
GROSS PROFIT	10,898	9,989	9.1%
OPERATING PROFIT	5,751	5,191	10.8%
NET INCOME	3,211	2,963	8.4%
EBITDA	6,931	6,410	8.1%

FINANCIAL POSITION

Million Pesos

	As of September	
	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 5,995	\$ 6,013
Trade and other receivables	6,785	5,907
Inventories	3,697	3,201
Property, plant and equipment	17,895	17,177
Derivative financial instruments	2,943	2,851
Intangible assets and others	<u>3,312</u>	<u>3,476</u>
Total	\$40,627	\$ 38,625
<u>Liabilities and equity</u>		
Bank loans current	\$ 230	\$ 175
Current portion of long term debt	400	1,500
Trade payables	5,365	4,401
Employee benefits	962	1,085
Dividends payable	31	2,467
Capital reimbursement	2,438	-
Provisions and other liabilities	2,127	1,725
Current income tax payable	309	117
Long term debt	23,340	20,515
Non-current derivative financial instruments	64	-
Deferred taxes	727	1,288
Other liabilities	501	456
Equity	<u>4,133</u>	<u>4,896</u>
Total	\$40,627	\$ 38,625

CASH FLOW

Million pesos

	Nine months ended September	
	<u>2018</u>	<u>2017</u>
Profit before tax	\$4,598	\$4,302
Depreciation	1,180	1,219
Other	1,153	889
Cash used in operations	<u>(2,060)</u>	<u>(2,859)</u>
Net cash flow from operating activities	4,871	3,551
Capital expenditures	(1,464)	(1,940)
Repurchase of shares	-	(110)
Borrowings	3,035	3,163
Dividends and capital reimbursement	(2,436)	(2,436)
Payment of borrowings & net interest	<u>(2,545)</u>	<u>(3,393)</u>
Net increase (decrease) in cash	1,461	(1,165)
Effect of exchange rate changes on cash	(140)	(283)
Cash and equivalents at the beginning of period	4,674	7,461
Cash and equivalents at the end of period	5,995	6,013

Conference Call Information

The 3Q'18 conference call will be held on Friday, October 19, 2018 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 26, 2018. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 62221296

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

Azul Argüelles
Tel: (5255) 5282-7204
azul.arguelles@kcc.com