

January 19, 2017

Kimberly-Clark de México, S.A.B. de C.V.
FOURTH QUARTER AND FULL YEAR 2016 RESULTS

Highlights:

- Full year 2016 sales grew 10.7%, EBITDA 9.3% and net income 10.6%
- EBITDA of Ps. \$9.6 billion during the year with a 27.0% margin
- Investment in Capex and acquisitions totaled Ps. \$3.8 billion
- Fourth quarter sales growth of 10.6% driven by higher volumes, better prices and improved mix
- FX pressures impacted costs reducing operating profit and net income by 0.4% and 1.5% respectively in the fourth quarter

QUARTERLY FINANCIAL RESULTS

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

	<u>4Q'16</u>	<u>4Q'15</u>	<u>CHANGE</u>
NET SALES	\$9,381	\$8,483	10.6%
GROSS PROFIT	3,551	3,337	6.4%
OPERATING PROFIT	1,974	1,981	(0.4)%
NET INCOME	1,193	1,211	(1.5)%
EBITDA	2,342	2,377	(1.5)%

During the fourth quarter of 2016, private consumption continued its positive trend and Kimberly-Clark de México's net sales were 10.6% higher than the previous year. This was the result of a price and mix contribution of 7.9%, and 2.7% volume growth. The addition of Escudo and 4e contributed to volume growth, but domestic and export volume of tissue parent rolls declined as more tissue was converted into our consumer business.

Consumer product revenues increased 13.4%, professional grew 6.0% (Away from Home, which excludes tissue parent rolls sales, was up 9.9%) and exports decreased 19.4%.

On the cost side, we faced a very challenging environment since the peso devalued more than 20% over the year and 7% sequentially in the fourth quarter. In addition to the strong exchange rate impact, we faced negative price comparisons in recycled fiber and energy and slightly positive ones or neutral in pulp, polymers and super absorbent materials, all in dollars.

The negative raw material cost impact was mitigated by higher selling prices as well as by our cost reduction program which generated \$300 million pesos of savings during the quarter and \$1.1 billion pesos for the year. As a consequence, gross profit increased 6.4% and our margin was 37.9%.

Operating expenses as a percentage of sales were 80 basis points higher, at 16.8%. This reflects the increase in advertising and promotion, higher distribution expenses and the consolidation of the expenses of 4e.

Operating income decreased 0.4%, and margin was 21.0%.

Cost of financing was Ps. \$263 million in the fourth quarter, compared to Ps. \$234 million in the same period of last year reflecting higher interest expense from more debt and interest rate increases. This was partially compensated by a Ps. \$22 million exchange rate gain compared to Ps. \$2 million exchange rate loss in the same period of last year.

Net income decreased 1.5% and earnings per share for the quarter were \$0.39.

EBITDA decreased 1.5% to Ps. \$2.3 billion in the quarter, and the margin to 25.0%.

In dollars, under US GAAP, net sales decreased 6% in the quarter, operating profit decreased 15% and net income decreased 18%.

ANNUAL FINANCIAL RESULTS

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

	<u>2016</u>	<u>2015</u>	<u>CHANGE</u>
NET SALES	\$35,660	\$32,206	10.7%
GROSS PROFIT	13,785	12,428	10.9%
OPERATING PROFIT	8,018	7,138	12.3%
NET INCOME	4,794	4,333	10.6%
EBITDA	9,619	8,803	9.3%

For the full year revenues increased 10.7%, gross profit 10.9%, operating profit 12.3%, EBITDA 9.3% and net income 10.6%. Earnings per share for the year were \$1.55 and despite the strong cost pressure we were able to maintain margins.

In dollars, under US GAAP, net sales decreased 5% in the year, operating profit was lower 6% and net income decreased 8%.

During the last twelve months, we invested Ps. \$4,129 million (Ps. \$3,831 million in Capex and acquisitions and Ps. \$298 million in our share buy-back program) and paid Ps. \$4,704 million in dividends to our shareholders.

As of December 31, the company held Ps. \$7.5 billion in cash and equivalents.

Total net debt as of December 31, 2016 was Ps. \$10.9 billion, compared to Ps. \$8.3 billion on December 2015. Long-term debt comprised 89% of total debt and all debt was denominated in Mexican pesos.

Share Buyback Program Year to Date

	<u>2016</u>	<u>2015</u>
Shares repurchased	7,554,327	3,562,480

Conference Call Information

The 4Q'16 conference call will be held on Friday, January 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 January 27, 2017. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 68961970

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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