

April 19, 2018

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

Highlights:

- First quarter sales grew 7.1% to Ps. \$10.2 billion, a new quarterly record
- Better gross, operating, net and EBITDA margins both year over year and sequentially
- Higher selling prices, cost savings and a more favorable FX rate had a positive impact on profitability
- EBITDA of Ps.\$2.4 billion during the quarter with 23.9% margin
- Cost savings of \$250 million during the quarter

QUARTERLY FINANCIAL RESULTS

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

	<u>1Q'18</u>	<u>1Q'17</u>	<u>CHANGE</u>
NET SALES	\$10,207	\$9,531	7.1%
GROSS PROFIT	3,726	3,385	10.1%
OPERATING PROFIT	2,021	1,828	10.5%
NET INCOME	1,207	1,095	10.2%
EBITDA	2,436	2,264	7.6%

Net sales were 7.1% higher than the previous year. The pricing initiatives implemented over the last twelve months, together with a positive mix comparison, resulted in a 5.2% contribution. Volume growth of 1.9% was mainly driven by increased exports as domestic consumption is flat.

Consumer product revenues increased 3.3%, Away from Home grew 8.3% and exports increased 97.2%. Export sales reflect the additional tissue capacity from the Morelia tissue machine.

Gross profit grew 10.1%, while the margin increased 100 basis points year over year to 36.5%. Prices of virgin fibers continued rising and compared very negatively. Domestic recycled fibers and oil derivatives added to the raw materials price inflation. This pressure, however, was offset

by efficiencies from higher volumes, lower prices of other imported materials, better energy costs, the positive results of the cost reduction program, which yielded Ps. \$250 million during the quarter and a more favorable FX rate.

Operating expenses grew 9.5% reflecting higher distribution costs as well as added advertising and promotion investments to strengthen our brands and support our innovations.

Operating income increased 10.5% and margin was 19.8%, a year on year increase of 60 basis points and a sequential improvement of 80 basis points.

Cost of financing was Ps. \$299 million in the first quarter, compared to Ps. \$277 million in the same period of last year. Interest expense was higher from increased debt and higher interest rates. Foreign exchange gain in the period was Ps. \$43 million compared to a loss of Ps. \$33 million in the previous year.

Net income increased 10.2% and earnings per share for the quarter were \$0.39.

EBITDA increased 7.6% to Ps. \$2.4 billion in the quarter and was also better sequentially.

During the last twelve months, we invested Ps. \$2,391 million in Capex and paid Ps. \$4,872 million in dividends.

As of March 31, the company held Ps. \$5.4 billion in cash and equivalents.

Total net debt as of March 2018 was Ps. \$14.1 billion, compared to Ps. \$14.3 billion on December 2017. Long-term debt comprised 92% of total debt and all debt was denominated in Mexican pesos.

In dollars, under US GAAP, net sales increased 15% in the quarter, operating profit increased 15% and net income increased 14%.

Share Buyback Program Year to Date

	<u>2018</u>	<u>2017</u>
Shares repurchased	-	3,041,564

FINANCIAL POSITION

Million Pesos

	As of March	
	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 5,426	\$ 7,276
Trade and other receivables	7,538	6,288
Inventories	3,402	3,178
Property, plant and equipment	17,592	16,583
Derivative financial instruments	2,644	3,177
Intangible assets and others	<u>3,396</u>	<u>3,554</u>
Total	\$39,998	\$ 40,056
<u>Liabilities and equity</u>		
Bank loans current	\$ 200	\$ 100
Current portion of long term debt	1,500	2,500
Trade payables	5,504	4,679
Employee benefits	1,349	1,435
Dividends payable	31	4,903
Capital reimbursement	4,874	-
Provisions and other liabilities	2,139	2,011
Current income tax payable	312	283
Long term debt	20,456	19,330
Deferred taxes	971	1,340
Other liabilities	483	443
Equity	<u>2,179</u>	<u>3,032</u>
Total	\$39,998	\$ 40,056

CASH FLOW

Million pesos

	Three months ended March	
	<u>2018</u>	<u>2017</u>
Profit before tax	\$1,722	\$1,551
Depreciation	416	436
Other	298	277
Cash used in operations	<u>(827)</u>	<u>(1,310)</u>
Net cash flow from operating activities	1,609	954
Capital expenditures	(492)	(676)
Repurchase of shares	-	(106)
Borrowings	24	100
Payment of net interest	<u>(273)</u>	<u>(231)</u>
Net increase in cash	868	41
Effect of exchange rate changes on cash	(116)	(226)
Cash and equivalents at the beginning of period	4,674	7,461
Cash and equivalents at the end of period	5,426	7,276

Conference Call Information

The 1Q'18 conference call will be held on Friday, April 20, 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 April 27, 2018. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 73348796

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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