Kimberly-Clark de México, S.A.B. de C.V.

July 20, 2017

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

Highlights:

- Net sales rose 8.8% to Ps. $9.6 billion, a new quarterly record, driven by better pricing and mix, as well as positive volume
- Operating profit declined by 12.6%, mainly reflecting increased raw materials and energy price pressure on costs and a still weaker peso YoY
- EBITDA of Ps. $2.2 billion down 10.4%; margin of 23.0%
- Cost savings of Ps. $250 million during the quarter

QUARTERLY FINANCIAL RESULTS

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

	2Q'17	2Q'16	CHANGE
NET SALES	$9,606	$8,831	8.8%
GROSS PROFIT	3,399	3,453	(1.6)%
OPERATING PROFIT	1,797	2,055	(12.6)%
NET INCOME	1,013	1,285	(21.2)%
EBITDA	2,212	2,467	(10.4)%

Net sales were 8.8% higher than previous year. A price and mix contribution of 7.0% was the result of initiatives implemented over the last twelve months. Volume growth was 1.8%.

Consumer product revenues increased 8.8%, Away from Home 19.5% and exports decreased 7.2% because of constrained tissue capacity.

Gross profit declined 1.6% and margin was 35.4%. This reflects the significant pressure on costs, particularly from higher raw materials and energy prices. With respect to the former, prices were much higher for virgin and recycled fibers, polymers and superabsorbent material, all in dollar terms. The peso depreciation, 6% on average during the quarter, although more moderate than the prior quarter, also had an impact. On the positive side, the cost reduction program yielded Ps. $250 million.

Operating expenses as a percentage of sales were 90 basis points higher, at 16.7%, reflecting an increase in distribution expenses and the consolidation of 4e. SG&A also faced a negative comparison as last year an income from a property sale reduced SG&A.

Operating income decreased 12.6%, and margin was 18.7%.

Cost of financing was Ps. $300 million in the second quarter compared to Ps. $176 million in the same period of last year reflecting a lower exchange rate gain of Ps. $1 million compared to Ps. $36 million and higher interest expense from increased debt and significantly higher interest rates.

Net income decreased 21.2% and earnings per share for the quarter were $0.33.

EBITDA decreased 10.4% to Ps. $2.2 billion in the quarter.

During the last twelve months, the investments have been Ps. $3,759 million (Ps. $3,636 million in Capex and acquisitions and Ps. $123 million in our share buy-back program) and Ps. $4,744 million in dividends to our shareholders.

As of June 30, the company held Ps. $6.3 billion in cash and equivalents.

Total net debt as of June 30, 2017 was Ps. $13.0 billion, compared to Ps. $10.9 billion on December 2016. Long-term debt comprised 99% of total debt and all debt is denominated in Mexican pesos.

During the quarter the company entered into a five year Ps. $3,000 million term loan agreement with Banco Nacional de México, S.A. and paid down debt of Ps. $2,500 million in Certificados Bursatiles.

In dollars, under US GAAP, net sales increased 3% in the quarter, operating profit decreased 17% and net income decreased 26%.

Share Buyback Program Year to Date

	2017	2016
Shares repurchased	**3,141,564**	**7,084,327**

YTD FINANCIAL RESULTS
Million pesos

	6M'17	6M'16	CHANGE
NET SALES	$19,136	$17,559	9.0%
GROSS PROFIT	6,784	6,889	(1.5)%
OPERATING PROFIT	3,625	4,105	(11.7)%
NET INCOME	2,108	2,395	(12.0)%
EBITDA	4,476	4,926	(9.1)%

FINANCIAL POSITION
Million Pesos

	As of June	
	2017	2016
Assets		
Cash and cash equivalents	$ 6,261	$ 9,589
Trade and other receivables	6,353	5,491
Inventories	3,442	2,650
Property, plant and equipment	17,005	15,670
Derivative financial instruments	2,858	2,997
Intangible assets and others	3,517	2,372
Total	$39,436	$ 38,769
Liabilities and equity		
Bank loans current	$ 175	$ -
Current portion of long term debt	-	2,500
Trade payables	4,863	4,326
Employee benefits	885	989
Dividends payable	3,685	3,556
Provisions and other liabilities	1,903	1,776
Current income tax payable	143	411
Long term debt	21,894	19,169
Non-current derivative financial instruments	-	49
Deferred taxes	1,333	1,385
Other liabilities	432	221
Equity	4,123	4,387
Total	$39,436	$ 38,769

CASH FLOW
Million pesos

	Six months ended June	
	2017	**2016**
Profit before tax	**$3,049**	**$3,476**
Depreciation	**851**	**821**
Other	**576**	**629**
Cash used in operations	**(2,656)**	**(2,418)**
Net cash flow from operating activities	**1,820**	**2,508**
Capital expenditures	**(1,460)**	**(1,663)**
Repurchase of shares	**(110)**	**(285)**
Borrowings	**3,163**	**3,567**
Dividens paid	**(1,218)**	**(1,175)**
Payment of borrowings & net interest	**(3,074)**	**(1,263)**
Net (decrease) increase in cash	**(879)**	**1,689**
Effect of exchange rate changes on cash	**(321)**	**(33)**
Cash and equivalents at the beginning of period	**7,461**	**7,933**
Cash and equivalents at the end of period	**6,261**	**9,589**

Conference Call Information

The 2Q17 conference call will be held on Friday, July 21, 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 July 28, 2017. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 98921357

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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