

July 19, 2018

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

Highlights:

- Second quarter sales grew 10.2% to a record Ps. \$10.6 billion
- Gross and operating margins expanded year over year 60 and 50 basis points, respectively
- Significant raw material cost pressure continued
- EBITDA grew 10.3% to Ps.\$2.4 billion
- Cost savings of \$350 million during the quarter

**QUARTERLY FINANCIAL RESULTS**

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

	<u>2Q'18</u>	<u>2Q'17</u>	<u>CHANGE</u>
<b>NET SALES</b>	<b>\$10,589</b>	<b>\$9,606</b>	<b>10.2%</b>
<b>GROSS PROFIT</b>	<b>3,815</b>	<b>3,399</b>	<b>12.2%</b>
<b>OPERATING PROFIT</b>	<b>2,036</b>	<b>1,797</b>	<b>13.3%</b>
<b>NET INCOME</b>	<b>1,100</b>	<b>1,013</b>	<b>8.6%</b>
<b>EBITDA</b>	<b>2,439</b>	<b>2,212</b>	<b>10.3%</b>

Net sales were 10.2% higher than previous year. The price increases implemented over the past twelve months, together with a slightly better mix, contributed 6.8% while volume grew 3.4%.

Consumer product revenues increased 6.2%, Away from Home grew 12.3% and exports increased 86.7%.

Gross profit grew 12.2% and the margin increased 60 basis points year over year to 36.0%. Prices of raw materials continue to increase, particularly virgin fibers, oil derivatives and superabsorbent materials which have increased significantly, in dollars, over the past eighteen months. Energy and natural gas prices as well as the average peso-dollar parity also compared negatively adding to the pressure. On the positive side, we achieved efficiencies from higher volumes and our cost reduction program yielded more than Ps. \$350 million over the quarter.

Operating expenses were in line year over year as a percentage of sales at 16.8%. We continue to support our brands and innovations with efficient advertising and promotional activities.

Operating profit increased 13.3% and margin was 19.2%, a year on year increase of 50 basis points.

EBITDA increased 10.3% to Ps. \$2.4 billion in the quarter.

Cost of financing was Ps. \$455 million in the second quarter, compared to Ps. \$300 million in the same period of last year. Interest expense was higher from increased debt and higher interest rates. A foreign exchange loss in the period of Ps. \$93 million compared to an exchange gain of Ps. \$1 million in the previous year.

Net income increased 8.6% and earnings per share for the quarter were \$0.36.

During the last twelve months, we invested Ps. \$2,212 million in Capex and paid Ps. \$4,872 million pesos to our shareholders.

As of June 30, the company held Ps. \$7.5 billion in cash and equivalents.

Total net debt as of June 2018 was Ps. \$15.0 billion, compared to Ps. \$14.3 billion on December 2017. Long-term debt comprised 93% of total debt and all debt was denominated in Mexican pesos.

During the quarter the company entered into a Ps. \$3.0 billion term loan agreement. The principal will be amortized in two installments, on years five and eight.

In dollars, under US GAAP, net sales increased 9% in the quarter, operating profit increased 11% and net income increased 5%.

#### Share Buyback Program Year to Date

	<u>2018</u>	<u>2017</u>
<b>Shares repurchased</b>	-	<b>3,141,564</b>

## YTD FINANCIAL RESULTS

Million pesos

	<u>6M'18</u>	<u>6M'17</u>	<u>CHANGE</u>
NET SALES	\$20,796	\$19,136	8.7%
GROSS PROFIT	7,541	6,784	11.2%
OPERATING PROFIT	4,056	3,625	11.9%
NET INCOME	2,307	2,108	9.4%
EBITDA	4,876	4,476	8.9%

## FINANCIAL POSITION

Million Pesos

	<u>As of June</u>	
	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 7,510	\$ 6,261
Trade and other receivables	7,531	6,353
Inventories	3,677	3,442
Property, plant and equipment	17,838	17,005
Derivative financial instruments	3,708	2,858
Intangible assets and others	<u>3,352</u>	<u>3,517</u>
Total	\$43,616	\$ 39,436
<u>Liabilities and equity</u>		
Bank loans current	\$ 230	\$ 175
Current portion of long term debt	1,500	-
Trade payables	5,859	4,863
Employee benefits	954	885
Dividends payable	31	3,685
Capital reimbursement	3,656	-
Provisions and other liabilities	1,974	1,903
Current income tax payable	320	143
Long term debt	24,469	21,894
Deferred taxes	858	1,333
Other liabilities	491	432
Equity	<u>3,274</u>	<u>4,123</u>
Total	\$43,616	\$ 39,436

**CASH FLOW**

Million pesos

	Six months ended June	
	<u>2018</u>	<u>2017</u>
<b>Profit before tax</b>	<b>\$3,303</b>	<b>\$3,049</b>
<b>Depreciation</b>	<b>819</b>	<b>851</b>
<b>Other</b>	<b>754</b>	<b>576</b>
<b>Cash used in operations</b>	<b><u>(2,072)</u></b>	<b><u>(2,656)</u></b>
<b>Net cash flow from operating activities</b>	<b>2,804</b>	<b>1,820</b>
<b>Capital expenditures</b>	<b>(1,093)</b>	<b>(1,460)</b>
<b>Repurchase of shares</b>	<b>-</b>	<b>(110)</b>
<b>Borrowings</b>	<b>3,035</b>	<b>3,163</b>
<b>Dividends and capital reimbursement</b>	<b>(1,218)</b>	<b>(1,218)</b>
<b>Payment of borrowings &amp; net interest</b>	<b><u>(690)</u></b>	<b><u>(3,074)</u></b>
<b>Net increase (decrease) in cash</b>	<b>2,838</b>	<b>(879)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(2)</b>	<b>(321)</b>
<b>Cash and equivalents at the beginning of period</b>	<b>4,674</b>	<b>7,461</b>
<b>Cash and equivalents at the end of period</b>	<b>7,510</b>	<b>6,261</b>

**Conference Call Information**

The 2Q'18 conference call will be held on Friday, July 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 July 27, 2018. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 60620990

**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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