

July 18, 2019

**Kimberly-Clark de México, S.A.B. de C.V.**  
**SECOND QUARTER 2019 RESULTS**

Highlights:

- Second quarter sales grew 7% to Ps. \$11.3 billion, a new quarterly record.
- Slightly better cost comparisons.
- Higher gross, operating, net and EBITDA margins both year over year and sequentially.
- EBITDA of Ps.\$2.8 billion during the quarter. Margin improved 180 basis points year over year and 160 basis points sequentially to 24.8%.
- Cost savings of approximately \$400 million during the quarter.

**QUARTERLY FINANCIAL RESULTS**

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

	<u>2Q'19</u>	<u>2Q'18</u>	<u>CHANGE</u>
<b>NET SALES</b>	<b>\$11,286</b>	<b>\$10,589</b>	<b>6.6%</b>
<b>GROSS PROFIT</b>	<b>4,199</b>	<b>3,815</b>	<b>10.0%</b>
<b>OPERATING PROFIT</b>	<b>2,297</b>	<b>2,036</b>	<b>12.8%</b>
<b>NET INCOME</b>	<b>1,307</b>	<b>1,100</b>	<b>18.8%</b>
<b>EBITDA</b>	<b>2,802</b>	<b>2,439</b>	<b>14.9%</b>

Net sales were 7% higher, driven by an 8% positive price and mix comparison while volumes were slightly down 1%.

Consumer product revenues increased 6%, Away from Home grew 6% and exports declined 3%. The decline in exports sales reflects more tissue sold domestically.

Gross profit grew 10%, with margin increasing 120 basis points year over year to 37.2% and improving sequentially by 200 basis points. This inspite of still higher input costs, on a year over year comparison, of virgin and recycled fibers and energy. The negative FX comparison added to the pressure. The cost reduction program yielded approximately Ps. \$400 million in the quarter which helped mitigate the negative cost impacts.

Operating expenses grew 7% and were constant as a percentage of sales at 16.9%. We maintain our lean operation and continue to invest efficiently behind our brands and products.

Operating income increased 13% and margin was 20.3%, a year on year increase of 110 basis points and a sequential improvement of 160 basis points.

EBITDA increased 15% to Ps. \$2.8 billion in the quarter, and the margin was 24.8% of which approximately 60 basis points derive from IFRS 16.

Cost of financing was Ps. \$379 million in the second quarter, compared to Ps. \$455 million in the same period of last year. Interest expense was higher due to increased interests from the IFRS 16 lease liabilities. The foreign exchange gain in the period was Ps. \$20 million compared to a Ps. \$93 million loss in the previous year.

Net income increased 19% and earnings per share for the quarter were \$0.42.

During the last twelve months, we invested Ps. \$1,049 million in Capex and paid Ps. \$4,849 million to our shareholders.

As of June 30, the company held Ps. \$6.7 billion in cash and equivalents.

Total net debt as of June 2019 was Ps. \$15.5 billion, compared to Ps. \$15.4 billion on December 2018. Long-term debt comprised 97% of total debt and all debt was denominated in Mexican pesos.

The accounting standard IFRS 16 Leases, became effective Jan 1, 2019. This standard requires recognition of right-of-use assets and their related liabilities for lease contracts with significant value and with a term greater than twelve months. Depreciation of the asset, interests and exchange rate fluctuations on the lease liability are also recognized. Impacts on Kimberly-Clark de México's Balance Sheet as of June 30, 2019 are the recognition of Ps. \$1.3 billion of right-of-use assets and their related Ps. \$1.3 billion liabilities. The effects on the quarter's operating profit and net income are not material. The effect on EBITDA is Ps. \$73 million.

In dollars, under US GAAP, net sales increased 5% in the quarter, operating profit increased 9% and net income increased 18%.

## YTD FINANCIAL RESULTS

Million pesos

	<u>6M'19</u>	<u>6M'18</u>	<u>CHANGE</u>
NET SALES	\$22,300	\$20,796	7.2%
GROSS PROFIT	8,074	7,541	7.1%
OPERATING PROFIT	4,357	4,056	7.4%
NET INCOME	2,468	2,307	7.0%
EBITDA	5,360	4,876	9.9%

## FINANCIAL POSITION

Million Pesos

	As of June	
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 6,703	\$ 7,510
Trade and other receivables	7,059	7,531
Inventories	3,332	3,677
Property, plant and equipment	17,419	17,838
Right of use assets	1,335	-
Derivative financial instruments	3,728	3,708
Intangible assets and others	<u>3,260</u>	<u>3,352</u>
Total	\$42,836	\$ 43,616
<u>Liabilities and equity</u>		
Bank loans current	\$ 235	\$ 230
Current portion of long term debt	400	1,500
Current lease liabilities	208	-
Trade payables	5,707	5,859
Employee benefits	831	954
Capital reimbursement	3,589	3,656
Provisions and other liabilities	2,387	2,005
Current income tax payable	408	320
Long term debt	23,673	24,469
Non-current lease liabilities	1,125	-
Non-current derivative financial instruments	276	-
Deferred taxes	599	858
Other liabilities	564	491
Equity	<u>2,834</u>	<u>3,274</u>
Total	\$42,836	\$ 43,616

**CASH FLOW**

Million pesos

	Six months ended June	
	<u>2019</u>	<u>2018</u>
<b>Profit before tax</b>	<b>\$3,611</b>	<b>\$3,303</b>
<b>Depreciation and amortization</b>	<b>1,003</b>	<b>819</b>
<b>Other</b>	<b>746</b>	<b>754</b>
<b>Cash used in operations</b>	<b><u>(991)</u></b>	<b><u>(2,072)</u></b>
<b>Net cash flow from operating activities</b>	<b>4,369</b>	<b>2,804</b>
<b>Capital expenditures and others</b>	<b>(424)</b>	<b>(1,093)</b>
<b>Increase in controlling minority interest</b>	<b>(120)</b>	<b>-</b>
<b>Borrowings</b>	<b>-</b>	<b>3,035</b>
<b>Payments of lease liabilities</b>	<b>(141)</b>	<b>-</b>
<b>Capital reimbursement</b>	<b>(1,195)</b>	<b>(1,218)</b>
<b>Payment of net interest</b>	<b><u>(732)</u></b>	<b><u>(690)</u></b>
<b>Net increase in cash</b>	<b>1,757</b>	<b>2,838</b>
<b>Effect of exchange rate changes on cash</b>	<b>(53)</b>	<b>(2)</b>
<b>Cash and equivalents at the beginning of period</b>	<b>4,999</b>	<b>4,674</b>
<b>Cash and equivalents at the end of period</b>	<b>6,703</b>	<b>7,510</b>

**Conference Call Information**

The 2Q'19 conference call will be held on Friday, July 19, 2019 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 26, 2019. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 25847967

**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**

Héctor Pliego  
Tel: (5255) 5282-7204  
Hector.pliego@kcc.com