

July 23, 2020

Kimberly-Clark de México, S.A.B. de C.V.
SECOND QUARTER 2020 RESULTS

Highlights:

- Second quarter sales were Ps. \$12.3 billion, up 9% year over year due to better volume, pricing and mix.
- Positive cost environment and continued cost savings of Ps. \$600 million in the quarter.
- Gross, operating, net and EBITDA margins improved year over year.
- EBITDA of Ps. \$3.3 billion during the quarter. Margin expansion to 27.0%.

QUARTERLY FINANCIAL RESULTS

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

	<u>2Q'20</u>	<u>2Q'19</u>	<u>CHANGE</u>
NET SALES	\$12,337	\$11,286	9.3%
GROSS PROFIT	4,720	4,199	12.4%
OPERATING PROFIT	2,820	2,297	22.8%
NET INCOME	1,599	1,307	22.4%
EBITDA	3,332	2,802	18.9%

Net sales were 9% higher driven by 5% volume growth while price and mix contributed 4%.

Revenues in consumer products increased 11%, Away from Home decreased 42% and exports grew 64%.

Gross profit grew 12%, with margin increasing to 38.3%. Virgin pulp, fluff fiber, superabsorbent materials and resin prices compared favorably in dollars, as did domestic fibers. Imported fibers and energy prices compared negatively. The cost reduction program yielded approximately Ps. \$600 million in the quarter. The FX parity was higher, averaging 21% above last year.

Operating expenses were 15.4% of sales, 150 basis points lower than in 2Q 2019. We maintain our lean operation and continue to invest efficiently behind our brands and products.

Operating profit increased 23% and margin was 22.9%.

EBITDA increased 19% to Ps. \$3.3 billion in the quarter, and margin was 27.0%.

Cost of financing was Ps. \$401 million in the second quarter, compared to Ps. \$379 million in the same period of last year. Net interest expense was lower as our net debt position has been reduced. In the quarter we had a Ps. \$33 million foreign exchange loss compared to a Ps. \$20 million gain last year.

Net income increased 22% and earnings per share for the quarter was \$0.52.

During the last twelve months, we invested Ps. \$779 million in Capex and paid Ps. \$4,818 million to our shareholders.

As of June 30, the company held Ps. \$10.3 billion in cash and equivalents.

Total net debt as of June 2020 was Ps. \$11.9 billion, compared to Ps. \$15.3 billion in December 2019. Long-term debt comprised 73% of total debt and all debt was denominated in Mexican pesos. The ratio of net debt to EBITDA was 0.98.

In dollars, under US GAAP, net sales decreased 9% in the quarter, operating profit was in line versus last year and net income increased 1%.

In July the company placed U.S.\$500 million 144A Reg S senior unsecured notes at 2.431% with partial maturities, of one third each, in years 2029, 2030 and 2031, and a related swap agreement to hedge the currency risk. The funds will initially and primarily be used to pay down debt due in late 2020 and early 2021.

YTD FINANCIAL RESULTS

Million pesos

	<u>6M'20</u>	<u>6M'19</u>	<u>CHANGE</u>
NET SALES	\$24,029	\$22,300	7.8%
GROSS PROFIT	9,345	8,074	15.7%
OPERATING PROFIT	5,522	4,357	26.7%
NET INCOME	3,127	2,468	26.7%
EBITDA	6,546	5,360	22.1%

FINANCIAL POSITION

Million Pesos

	As of June	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 10,328	\$ 6,703
Trade and other receivables	6,493	7,059
Current derivative financial instruments	1,065	-
Inventories	3,840	3,332
Property, plant and equipment	16,640	17,419
Right of use assets	1,331	1,335
Non-current derivative financial instruments	5,777	3,728
Intangible assets and others	<u>3,092</u>	<u>3,260</u>
Total	\$ 48,566	\$ 42,836
<u>Liabilities and equity</u>		
Bank loans current	\$ 235	\$ 235
Current portion of long term debt	7,092	400
Current lease liabilities	243	208
Current derivative financial instruments	72	-
Trade payables	7,443	5,707
Employee benefits	1,045	831
Dividends payable	3,738	3,589
Provisions	2,279	2,387
Current income tax payable	315	408
Long term debt	19,207	23,673
Non-current lease liabilities	1,230	1,125
Non-current derivative financial instruments	949	276
Deferred taxes	517	599
Other liabilities	723	564
Equity	<u>3,478</u>	<u>2,834</u>
Total	\$ 48,566	\$ 42,836

CASH FLOW

Million pesos

	Six months ended June	
	<u>2020</u>	<u>2019</u>
Profit before tax	\$4,709	\$3,611
Depreciation and amortization	1,024	1,003
Other	813	746
Cash used in operations	<u>(1,227)</u>	<u>(991)</u>
Net cash flow from operating activities	5,319	4,369
Capital expenditures and others	(357)	(424)
Increase in controlling minority interest	-	(120)
Payments of lease liabilities	(155)	(141)
Dividends paid	(1,233)	(1,195)
Payment of net interest and other	<u>(689)</u>	<u>(732)</u>
Net increase in cash	2,885	1,757
Effect of exchange rate changes on cash	604	(53)
Cash and equivalents at the beginning of period	6,839	4,999
Cash and equivalents at the end of period	10,328	6,703

Conference Call Information

The 2Q'20 conference call will be held on Friday, July 24, 2020 at 9:30 am Eastern time (8:30 am Central time / Mexico time). To participate in the call, please dial: US +1(877) 271-1828, international +1(334) 323-9871; conference ID: 30265

A replay of the conference call will be available through July 31, 2020. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 76574440

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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