

Eventos Relevantes



FECHA: 25/04/2019

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V., INFORMA:

CLAVE DE COTIZACIÓN	KIMBER
RAZÓN SOCIAL	KIMBERLY - CLARK DE MEXICO S.A.B. DE C.V.
LUGAR	Mexico City

ASUNTO

FIRST QUARTER 2019 RESULTS

EVENTO RELEVANTE

April 25, 2019

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

Highlights:

- First quarter sales grew 8% to Ps. \$11.0 billion, a new quarterly record
- Higher gross, operating, net and EBITDA margins sequentially
- Slightly better cost environment in recent months but still challenging
- EBITDA of Ps.\$2.6 billion during the quarter. Margin improved 250 basis points sequentially to 23.2%
- Cost savings of approximately \$300 million during the quarter

QUARTERLY FINANCIAL RESULTS

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

	1Q'19	1Q'18	CHANGE
NET SALES	\$11,014	\$10,207	7.9%
GROSS PROFIT	3,875	3,726	4.0%
OPERATING PROFIT	2,061	2,021	2.0%
NET INCOME	1,161	1,207	(3.8)%
EBITDA	2,558	2,436	5.0%

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

Consumer product revenues increased 8%, Away from Home grew 7% and exports declined 23%. The decline in exports sales reflects more tissue sold domestically.

Gross profit grew 4%, with margin decreasing 130 basis points year over year to 35.2% and improving sequentially by 190 basis points. This reflects higher input prices, on a year over year comparison, of recycled and virgin fibers as well as energy. The

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negative FX comparison added to the pressure. On the positive side, prices of superabsorbent materials and resins compared favorably. The cost reduction program yielded approximately Ps. \$300 million in the quarter which helped mitigate the negative cost impacts.

Operating expenses grew 6% and were 20 basis points lower as a percentage of sales at 16.5%. We maintain our lean operation and continue to invest efficiently behind our brands.

Operating income increased 2% and margin was 18.7%, a year on year decrease of 110 basis points and a sequential improvement of 170 basis points.

EBITDA increased 5% to Ps. \$2.6 billion in the quarter, and the margin was 23.2% of which approximately 60 basis points derive from IFRS 16.

Cost of financing was Ps. \$368 million in the first quarter, compared to Ps. \$299 million in the same period of last year. Interest expense was higher from increased debt and higher interest rates. The foreign exchange gain in the period was Ps. \$25 million compared to a Ps. \$43 million gain in the previous year.

Net income decreased 4% and earnings per share for the quarter were \$0.38.

During the last twelve months, we invested Ps. \$1,468 million in Capex and paid Ps. \$4,872 million to our shareholders.

As of March 31, the company held Ps. \$6.5 billion in cash and equivalents.

Total net debt as of March 2019 was Ps. \$15.6 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 March 31, 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. \$70 million.

In dollars, under US GAAP, net sales increased 6%, operating profit was in line with the quarter of last year and net income decreased 5%.

FINANCIAL POSITION

Million Pesos

As of March

2019 2018

Assets

Cash and cash equivalents \$ 6,534 \$ 5,426

Trade and other receivables 7,463 7,538

Inventories 3,837 3,402

Property, plant and equipment 17,635 17,592

Right of use assets 1,315 -

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Derivative financial instruments 3,712 2,644
Intangible assets and others 3,230 3,396
Total \$43,726 \$ 39,998

Liabilities and equity

Bank loans current \$ 235 \$ 200
Current portion of long term debt 400 1,500
Current lease liabilities 208 -
Trade payables 6,479 5,504
Employee benefits 1,149 1,349
Capital reimbursement 4,784 4,874
Provisions and other liabilities 2,307 2,170
Current income tax payable 388 312
Long term debt 23,822 20,456
Non-current lease liabilities 1,103 -
Non-current derivative financial instruments 82 -
Deferred taxes 682 971
Other liabilities 548 483
Equity 1,539 2,179
Total \$43,726 \$ 39,998

CASH FLOW

Million pesos

Three months ended March
2019 2018

Profit before tax \$1,693 \$1,722
Depreciation and amortization 498 416
Other 367 298
Cash used in operations (281) (827)
Net cash flow from operating activities 2,277 1,609
Capital expenditures (167) (492)
Increase in controlling minority interest (125) -
Payments of lease liabilities (70) -
Payment of borrowings & net interest (355) (249)
Net increase in cash 1,560 868
Effect of exchange rate changes on cash (25) (116)
Cash and equivalents at the beginning of period 4,999 4,674
Cash and equivalents at the end of period 6,534 5,426

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Conference Call Information

The 1Q'19 conference call will be held on Friday, April 26, 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 May 3, 2019. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 30259925

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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