

January 23, 2020

Kimberly-Clark de México, S.A.B. de C.V.
FOURTH QUARTER AND FULL YEAR 2019 RESULTS

Highlights:

- Fourth quarter sales were Ps. \$10.8 billion, up 5%.
- Higher volumes, better cost environment and continued cost savings.
- Gross, operating, net and EBITDA margins improved both year over year and sequentially.
- EBITDA of Ps. \$2.9 billion during the quarter. Margin expansion of 190 basis points sequentially to 27.3%.
- Record sales, EBITDA and net income for the year.
- The cost reduction program generated Ps \$1.6 billion of cost reduction in the year.

QUARTERLY FINANCIAL RESULTS

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

	<u>4Q'19</u>	<u>4Q'18</u>	<u>CHANGE</u>
NET SALES	\$10,801	\$10,334	4.5%
GROSS PROFIT	4,262	3,442	23.8%
OPERATING PROFIT	2,485	1,757	41.4%
NET INCOME	1,450	1,016	42.7%
EBITDA	2,944	2,139	37.6%

Net sales were 5% higher, mainly driven by a 5% positive volume comparison since price and mix were in line with previous year.

Revenues in consumer products increased 3%, Away from Home increased 5% and exports grew 8%.

Gross profit grew 24%, with margin increasing 120 basis points sequentially to 39.5%. Domestic and imported fibers, virgin pulp, superabsorbent materials and resin prices compared favorably while fluff prices compared negatively. Energy prices were also lower. The cost reduction

program yielded approximately Ps. \$400 million in the quarter. The FX parity was slightly lower, averaging 2% below last year.

Operating expenses grew 5% and were 16.5% as a percentage of sales. We maintain our lean operation and continue to invest efficiently behind our brands and products.

Operating profit increased 41% and margin was 23.0%, a sequential improvement of 230 basis points.

EBITDA increased 38% to Ps. \$2.9 billion in the quarter, and margin was 27.3% of which approximately 70 basis points derive from the adoption of IFRS 16.

Cost of financing was Ps. \$398 million in the fourth quarter, compared to Ps. \$359 million in the same period of last year. Interest expense was slightly higher due to increased interests from the IFRS 16 lease liabilities, partly compensated by a reduced debt position. In the quarter we had a Ps. \$15 million foreign exchange loss compared to Ps. \$32 million gain last year.

Net income increased 43% and earnings per share for the quarter was \$0.47.

In dollars, under US GAAP, net sales increased 6% in the quarter, operating profit increased 38% and net income increased 42%.

FULL YEAR FINANCIAL RESULTS

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

	<u>2019</u>	<u>2018</u>	<u>CHANGE</u>
NET SALES	\$43,500	\$41,026	6.0%
GROSS PROFIT	16,321	14,340	13.8%
OPERATING PROFIT	8,997	7,508	19.8%
NET INCOME	5,156	4,227	22.0%
EBITDA	10,943	9,070	20.6%

For the full year revenues increased 6%, gross profit 14%, operating profit 20%, EBITDA 21% and net income 22%. Earnings per share were \$1.67.

In dollars, under US GAAP, net sales increased 5% to US\$2.2 billion, operating profit 16% and net income 21%.

During the year, we invested Ps. \$772 million in Capex and paid Ps. \$4,781 million to our shareholders.

As of December 31, the company held Ps. \$6.8 billion in cash and equivalents.

Total net debt as of December 2019 was Ps. \$15.3 billion, compared to Ps. \$15.4 billion on December 2018. Long-term debt comprised 88% of total debt and all debt was denominated in

Mexican pesos. The 2018 figure does not include the lease liabilities which in 2019 amounted to Ps. \$1.3 billion and, following the adoption of IFRS 16, are now considered debt.

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 December 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 and full year operating profit and net income are not material. The effect on EBITDA is Ps. \$74 million for the 4Q 2019 and Ps \$290 million for 2019.

Conference Call Information

The 4Q'19 conference call will be held on Friday, January 24, 2020 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 January 31, 2020. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 30085584

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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