

October 20, 2016

Kimberly-Clark de México, S.A.B. de C.V.
THIRD QUARTER 2016 RESULTS

Highlights:

- Net sales rose 9.9% to Ps. \$8.7 billion, driven by positive volume and better pricing & mix
- Operating profit was Ps. \$1.9 billion and margin expanded 40 basis points to 22.2% reflecting higher sales, cost reductions and operating efficiencies, offsetting FX pressure
- EBITDA of Ps. \$2.4 billion
- Close to Ps. \$300 million of cost savings during the quarter
- Obtained approval for the acquisition of 4e; expected to close during 4Q'16

QUARTERLY FINANCIAL RESULTS

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

	<u>3Q'16</u>	<u>3Q'15</u>	<u>CHANGE</u>
NET SALES	\$8,719	\$7,932	9.9%
GROSS PROFIT	3,345	3,040	10.0%
OPERATING PROFIT	1,939	1,730	12.1%
NET INCOME	1,206	1,037	16.2%
EBITDA	2,351	2,153	9.2%

Net sales were 9.9% higher than previous year. A price and mix contribution of 6.5% was the result of positive mix and targeted pricing initiatives. Volume growth was 3.4%, supported by a good consumption environment.

Consumer product revenues increased 10.4%, professional 4.8% (Away from Home, which excludes tissue parent rolls sales, grew 12.0%) and exports 15.3%.

Gross profit increased 10.0% and the margin was 38.4%. This reflects several positive factors that mitigated the 15% peso devaluation year over year and 6% sequentially: i) positive volume performance; ii) higher prices and better mix; iii) lower dollar costs in certain raw materials such

as virgin fibers and super absorbent materials; and iv) close to Ps. \$300 million of savings from our cost reduction program.

Operating expenses as a percentage of sales were 40 basis points lower, at 16.1%, as we continue to leverage our lean operations while also investing effectively behind our brands.

Operating income grew 12.1%, while margin was 22.2%. This reflects the good performance at the gross profit level and a more efficient SG&A structure.

Cost of financing was Ps. \$181 million in the third quarter, compared to Ps. \$228 million in the same period of last year, reflecting that higher interest expense was partly compensated by higher interest income. Foreign exchange gain in the period was Ps. \$47 million compared to a exchange loss of Ps. \$7 million in the same period of last year.

Net income increased 16.2% and earnings per share for the quarter were \$0.39.

EBITDA rose 9.2% to Ps. \$2.4 billion in the quarter, and the margin decreased 10 basis points to 27.0%.

During the last twelve months, we invested Ps. \$2,876 million (Ps. \$2,575 million in Capex and acquisitions and Ps. \$301 million in our share buy-back program) and paid Ps. \$4,641 million in dividends to our shareholders.

In dollars, under US GAAP, net sales decreased 4% in the quarter, operating profit decreased 4% and net income decreased 2%.

As of September 30, the company held Ps. \$8.9 billion in cash and equivalents.

Total net debt as of September 30, 2016 was Ps. \$9.5 billion, compared to Ps. \$8.3 billion on December 2015. Long-term debt comprised 89% of total debt and all debt was denominated in Mexican pesos.

During the quarter we obtained regulatory approval to acquire 50% of 4e. The transaction is expected to close in the fourth quarter of 2016.

Share Buyback Program Year to Date

	<u>2016</u>	<u>2015</u>
Shares repurchased	7,474,327	3,529,473

YTD FINANCIAL RESULTS

Million pesos

	<u>9M'16</u>	<u>9M'15</u>	<u>CHANGE</u>
NET SALES	\$26,279	\$23,723	10.8%
GROSS PROFIT	10,234	9,091	12.6%
OPERATING PROFIT	6,044	5,157	17.2%
NET INCOME	3,601	3,121	15.4%
EBITDA	7,277	6,426	13.2%

FINANCIAL POSITION

Million Pesos

	As of September	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 8,939	\$ 9,780
Trade and other receivables	5,966	5,087
Inventories	2,989	2,293
Property, plant and equipment	15,649	15,513
Derivative financial instruments	4,024	1,700
Intangible assets and others	<u>2,353</u>	<u>1,705</u>
Total	\$39,920	\$36,078
<u>Liabilities and equity</u>		
Current portion of long term debt	\$ 2,500	\$ 2,300
Trade payables	4,268	3,409
Employee benefits	1,226	1,068
Dividends payable	2,380	27
Provisions and other liabilities	1,756	1,759
Current derivative financial instruments	31	-
Current income tax payable	352	557
Long term debt	19,999	17,097
Non-current derivative financial instruments	-	101
Deferred taxes	1,445	1,545
Other liabilities	228	211
Equity	<u>5,735</u>	<u>8,004</u>
Total	\$39,920	\$36,078

CASH FLOW

Million pesos

	Nine months ended September	
	<u>2016</u>	<u>2015</u>
Profit before tax	\$5,234	\$4,525
Depreciation	1,233	1,269
Other	810	632
Cash used in operations	<u>(3,819)</u>	<u>(1,838)</u>
Net cash flow from operating activities	3,458	4,588
Capital expenditures and acquisitions	(2,030)	(774)
Repurchase of shares	(300)	(114)
Debt issuance	3,567	3,688
Dividends paid	(2,351)	(2,292)
Payment of borrowings, net interest & other	<u>(1,467)</u>	<u>(576)</u>
Net increase in cash	877	4,520
Effect of exchange rate changes on cash	128	210
Cash and equivalents at the beginning of period	7,934	5,050
Cash and equivalents at the end of period	8,939	9,780

Conference Call Information

The 3Q'16 conference call will be held on Friday, October 21, 2016 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 October 28, 2016. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 69238228

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 and wet wipes. We are market leaders in almost all of our categories with brands such as Huggies, Kleen-Bebé, Kleenex, Pétalo, Cottonelle, Depend, Kotex, Evenflo and Escudo.

Investor Relations Contact

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