Kimberly-Clark de México, S.A.B. de C.V.

January 18, 2018

Kimberly-Clark de México, S.A.B. de C.V.
FOURTH QUARTER AND FULL YEAR 2017 RESULTS

Highlights:

- Fourth quarter sales grew to Ps. $9.4 billion
- EBITDA of Ps.$2.2 billion during the quarter; margin improved sequentially 200 basis points to 23.0%
- Full year 2017 sales grew 5.9% to Ps. $37.8 billion, a record for the company
- EBITDA of Ps. $8.6 billion during the year with a 22.7% margin
- Approximately Ps. $3 billion of Capex during 2017
- Successful start-up of Morelia tissue machine

QUARTERLY FINANCIAL RESULTS

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

	4Q'17	4Q'16	CHANGE
NET SALES	$9,432	$9,381	0.5%
GROSS PROFIT	3,413	3,551	(3.9)%
OPERATING PROFIT	1,791	1,974	(9.3)%
NET INCOME	1,075	1,193	(9.9)%
EBITDA	2,171	2,342	(7.3)%

Our fourth quarter results were better sequentially, particularly on margins, but still below last year because of the challenging economic and cost environment we faced. Private consumption continued decelerating and in costs, fiber prices and energy were substantially higher than last year. Action was taken to increase prices and mix and recover profitability which, together with continued reduction of inventories by retailers, negatively impacted volumes. Net sales were 0.5% higher than the previous year, with price and mix contributing 3.1% while volume decreased 2.6%.

Consumer product revenues decreased 3.5%, Away from Home grew 12.3% and exports increased 60.9%. Exports include parent roll sales from the Morelia tissue machine that started up during the quarter.

Gross profit declined 3.9%, while the margin decreased 170 basis points on a year on year basis to 36.2%, but improved sequentially by 140 basis points. This reflects the significant pressure on costs with double digit price increases in virgin and domestic recycled fibers, resins and electricity. On the positive side, prices of imported recycled fibers, superabsorbent materials and fluff pulp compared positively. The cost reduction program yielded more than Ps. $300 million of savings in the quarter and helped to partially offset the negative cost impact. The peso compared positively to the previous year, but depreciated 10% over the last six months of the year.

Operating expenses grew 2.9% mainly reflecting higher distribution costs. Other expenses were down versus last year as we maintain our lean operation and continue to efficiently invest to support our brands.

Operating income decreased 9.3%, and margin was 19.0%, a year on year contraction of 200 basis points, but a sequential improvement of 200 basis points.

Cost of financing was Ps. $382 million in the fourth quarter, compared to Ps. $263 million in the same period of last year, reflecting higher interest expense from increased debt and higher interest rates, as well as an exchange rate loss of Ps. $51 million compared to a gain of Ps. $22 million in the previous year.

Net income decreased 9.9% and earnings per share for the quarter were $0.35.

EBITDA decreased 7.3% to Ps. $2.2 billion in the quarter compared to last year and increased 12.3% versus prior quarter.

In dollars, under US GAAP, net sales increased 6% in the quarter, operating profit decreased 6% and net income decreased 14%.

FULL YEAR FINANCIAL RESULTS

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

	2017	2016	CHANGE
NET SALES	**$37,766**	**$35,660**	**5.9%**
GROSS PROFIT	**13,402**	**13,785**	**(2.8)%**
OPERATING PROFIT	**6,981**	**8,018**	**(12.9)%**
NET INCOME	**4,037**	**4,794**	**(15.8)%**
EBITDA	**8,581**	**9,619**	**(10.8)%**

For the full year revenues increased 5.9%, while gross profit declined by 2.8%, operating profit 12.9%, EBITDA 10.8% and net income 15.8%. Earnings per share for the year were $1.31.

In dollars, under US GAAP, net sales increased 3% in the year, operating profit was lower 15% and net income decreased 20%.

During the year, we invested approximately Ps. $3 billion in Capex, Ps. $110 million in our share buy-back program and paid Ps. $4,874 million in dividends.

As of December 31, the company held Ps. $4.7 billion in cash and equivalents.Total net debt as of December 2017 was Ps. $14.3 billion, compared to Ps. $10.9 billion on December 2016. Long-term debt comprised 93% of total debt and all debt was denominated in Mexican pesos.

Share Buyback Program Year to Date

	2017	**2016**
Shares repurchased	**3,141,564**	**7,554,327**

Conference Call Information

The 4Q'17 conference call will be held on Friday, January 19, 2018 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 26, 2018. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 28874012

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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