

[Financial Information](#) > [Press Release](#) > 1st Quarter 2008

April 17th, 2008

Highlights:

Growth in net sales of 5 percent.

Increase in operating profit and EBITDA of 8 percent.

Growth in net income before income taxes of 25 percent.

Increase in net income of 13 percent.

SELECTED INCOME STATEMENT DATA FOR THE QUARTER

Millions of pesos except earnings per share

	Quarter ended March 31st.		
	2008	2007	% CHG.

NET SALES	\$5,560	\$5,197	7
OPERATING PROFIT	1,319	1,419	(7)
INTEGRAL FINANCING COST & PROFIT SH.	161	170	(5)
NET INCOME BEFORE INCOME TAX	1,158	1,249	(7)
INCOME TAX	314	310	1
NET INCOME	844	939	(10)
EARNINGS PER SHARE (Pesos)	0.76	0.82	(7)
EBITDA	1,604	1,680	(5)

The comparison for the beginning of the year was challenging since the first quarter of 2007 was very strong. In addition, Easter week this year was in March versus April last year. Considering these two factors, the nominal results were as follows:

Net sales for the quarter grew 7 percent versus the prior year, driven by a 5 percent volume growth and 2 percent better price and mix. We had volume growth in all of our products, with strong increases in wet wipes, adult incontinence and feminine pads. In the core products of our portfolio, the company's market shares remained unchanged.

We have been negatively affected by substantial cost increases in a very short period of time, particularly in recycled fibers, pulp and energy. As an example recycled fibers, which are the company's main raw material, have increased almost 40 percent in the last year due to demand growth, particularly from China. As a result, we had a decrease of 7 percent in the operating profit versus previous year.

We are working towards offsetting the above mentioned cost increases by means of higher volumes, cost and expense reduction programs and better selling prices.

Net income was impacted by a higher effective tax rate because last year the company had a positive effect from tax refunds resulting from litigations associated with the deductibility of profit sharing. In addition, last year's results included the income originated from the monetary position under the B-10 Bulletin. This concept is no longer applicable under the new accounting rules effective in 2008. Excluding these two effects, net income would have been similar to the prior year and earnings per share slightly higher.

An EBITDA of close to \$1,600 million pesos was generated during the quarter and the period ended with approximately \$3,500 million pesos in cash after having made investments in the last twelve months of \$2,772 million pesos (\$1,523 in capital expenditures (CAPEX), \$1,249 in the re-purchase of stock) and having paid out a regular dividend to our shareholders of \$2,965 million pesos.

We continued executing our CAPEX program. As part of this program, we started up the production of the base sheet for wet wipes with an investment cost of more than \$40 million

dollars. This process will represent important cost savings for the company.

Under United States generally accepted accounting principles (US GAAP), the quarterly results, were as follows: net sales were 9 percent above, operating profit was 2 percent below; and net income was 5 percent lower than in 2007.

Share Buyback Program

	2008	2007
Acciones Recompuestas en el trimestre	7,533,900	1,587,900

Consolidated Balance Sheets
Millions of pesos

	Quarter ended March 31st,	
	2008	2007
Assets		
Cash	3,459	2,513
Accounts and documents receivable	3,981	4,352
Inventories	1,630	1,680
Current assets from discontinued operations	-	35
Long term account receivable	450	573
Property, plant and equipment	<u>14,586</u>	<u>13,559</u>
Total assets	24,106	22,712
Liabilities and consolidated stockholder's equity		
Bank loans	74	99

Accounts payable	2,349	2,388
Accumulated liabilities	1,461	1,327
Dividends payable	3,051	2,967
Taxes and profit sharing payable	768	1,102
Current liabilities from discontinued operations	-	650
Long term derivative financial instruments	31	-
Long term loans	7,323	5,009
Deferred taxes	2,275	1,917
Consolidated stockholder's equity	<u>6,774</u>	<u>7,253</u>
Total	24,106	22,712

Consolidated Statement of Changes in Financial Position
Millions of nominal pesos

	Quarter ended March 31st,	
	2008	2007
Net income	844	939
Depreciation & deferred taxes	262	261
Exchange rate fluctuation & interests	128	44
Changes in working capital	<u>294</u>	<u>426</u>

Sources generated by operating activities	1,528	1,670
CAPEX	(334)	(275)
Discontinued operations	-	73
Share repurchases	(335)	(79)
Financing activities and interest paid	(197)	(163)
Derivative instruments	(118)	(490)
Sources generated	544	736
Cash at the beginning of the year	2,915	1,777
Cash at the end of the period	3,459	2,513

Consolidated Statement of Income
2008 millions of nominal pesos, 2007 millions of pesos of purchasing power of December 31, 2007
(except earnings per share)

	Quarter ended March 31st,		
	2008	2007	% CHG.
Net sales	\$5,560	\$5,350	4
Operating profit	1,319	1,461	(10)
Integral financing cost result & profit sharing	161	175	(8)
Net income before income tax	1,158	1,286	(10)

Income tax	314	319	(2)
Net Income	844	967	(13)
Earnings per share (pesos)	0.76	0.85	(11)
EBITDA	1,604	1,730	(7)

Consolidated Balance Sheets
2008 millions of nominal pesos, 2007 millions of pesos of purchasing power of December 31, 2007

	Quarter ended March 31st,	
	2008	2007
Assets		
Cash	3,459	2,581
Accounts and documents receivable	3,981	4,470
Inventories	1,630	1,725
Current assets from discontinued operations	-	37
Long term account receivable	450	589
Property, plant and equipment	<u>14,586</u>	<u>13,927</u>
Total assets	24,106	23,329
Liabilities and consolidated stockholder's equity		
Bank loans	74	102

Accounts payable	2,349	2,453
Accumulated liabilities	1,461	1,363
Dividends payable	3,051	3,048
Taxes and profit sharing payable	768	1,132
Current liabilities from discontinued operations	-	667
Long term derivative financial instruments	31	-
Long term loans	7,323	5,145
Deferred taxes	2,275	1,969
Capital Contable	<u>6,774</u>	<u>7,450</u>
Total	24,106	23,329

Consolidated Statement of Changes in Financial Position
2008 millions of nominal pesos, 2007 millions of pesos of purchasing power of December 31, 2007

	Quarter ended March 31st,	
	2008	2007
Net income	844	967
Depreciation & deferred taxes	262	268
Exchange rate fluctuation & interests	128	30
Changes in working capital	<u>294</u>	<u>437</u>

Sources generated by operating activities	1,528	1,702
CAPEX	(334)	(282)
Discontinued operations	-	75
Share repurchases	(335)	(81)
Financing activities and interest paid	(197)	(167)
Derivative instruments	<u>(118)</u>	<u>(509)</u>
Sources generated	544	738
Cash at the beginning of the year	2,915	1,843
Cash at the end of the period	3,459	2,581

Kimberly Clark de Mexico is engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away-from-home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and health care products. Some of the main brands include: Huggies®, Kleen-Bebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Depend® and Kotex®.

[Print this Page](#)