

April 22nd , 2010.

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.		
	2010	2009	% CHG.
NET SALES	\$6,357	\$6,072	5
OPERATING PROFIT	1,625	1,508	8

INTEGRAL FINANCING COST & PROFIT SH.	202	367	(45)
NET INCOME BEFORE INCOME TAX	1,423	1,141	25
INCOME TAX	439	270	63
NET INCOME	984	871	13
EARNINGS PER SHARE (Pesos)	0.91	0.79	15
EBITDA	1,930	1,791	8

We had good first quarter results. Net sales grew 5 percent, mainly due to higher volume posted. Operating profit grew 8 percent and it is our eighth consecutive quarter in which we reflect a positive trend. Net income grew 13 percent due to operating profit growth as well as a lower integral financing cost.

In consumer products, our main business, net sales growth was 4 percent, despite a slower economic environment at the end of the quarter derived from the Easter period; we achieved volume growth of 1 percent and better price and mix of 3 percent. We had volume growth in almost all of our consumer products, particularly in wet wipes, incontinence products and kitchen towels. Professional products posted a 12 percent net sales increase and our export business also posted higher net sales when compared to last year.

The trend of higher costs of raw materials and services continued and accelerated during the quarter, particularly in pulp, recycled fibers and energy. However, these cost increases were in part compensated by a lower exchange rate as well as our internal cost containment and reduction programs. In total, this resulted in higher operating profit growth when compared to our growth in net sales.

In income before income taxes we posted very strong growth because of our operating profit increase as well as not having to absorb a repeat of monetary losses due to the depreciation of the peso in 2008 and 2009. Net income grew 13 percent due to a higher income tax rate of 200 basis points and the fact that in first quarter of 2009 we had some one-off fiscal incentives.

We generated \$1,930 million pesos of EBITDA during the quarter, 8 percent higher than last year. In the last twelve months we made investments of \$2,174 million pesos (\$999 in capital expenditures (CAPEX), \$1,175 in the re-purchase of stock), and we paid a dividend to our shareholders of \$3,199 million pesos.

As of March 31, 2010 the company had \$7,450 million pesos in cash. Under US GAAP, quarterly results were as follows: net sales were 18 percent higher; operating profit was up 20 percent; and net income increased by 30 percent.

As of March 31st 2009, and as reported in the financial statements, the company has one derivative financial instrument as a hedge to reduce the risk of the effects of its exposure to interest rates. Regardless of the market price of this instrument, its effect on the financial statements is not expected to be material.

Share Buyback Program

	2010	2009
Repurchased shares during the quarter	4,084,200	3,962,600

**Consolidated Balance Sheets
Millions of pesos**

	March 31st,	
	2010	2009
Assets		
Cash	\$7,450	\$7,096
Accounts and documents receivable	4,677	4,619
Inventories	1,941	2,074
Long term Derivatives	202	432
Property, plant and equipment	<u>14,238</u>	<u>14,435</u>
Total assets	\$28,508	\$28,656
Liabilities and consolidated stockholder's equity		
Bank loans	\$3,508	\$3,642
Accounts payable	2,808	2,516
Employee's benefits	946	698
Dividends payable	3,468	3,212
Accumulated liabilities	1,688	1,567
Taxes to be paid	948	336
Derivatives	-	184
Long term loans	7,304	8,122
Long term derivatives	50	39

Deferred taxes	1,644	1,872
Long term employee's benefits	19	99
Other liabilities	243	228
Consolidated stockholder's equity	<u>5,882</u>	<u>6,141</u>
Total	\$28,508	\$28,656

Cash Flows
Millions of pesos

	Quarter ended March 31st,	
	2010	2009
Income before income taxes	\$1,423	\$1,141
Depreciation	305	283
Provisions	139	114
Others	63	253
Cash used in the operation	<u>(374)</u>	<u>(575)</u>
Net cash provided by operating activities	1,556	1,216
Capital expenditures	(182)	(246)
Debt issuance	-	3,493
Repurchase of stock	(251)	(184)
Dividends paid	(10)	(16)
Financing and interest – net	<u>(120)</u>	<u>(194)</u>
Cash generated	993	4,069
Currency effects in cash position	(3)	9
Cash at the beginning of the year	6,460	3,018
Cash at the end of the year	7,450	7,096

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](#)