

April 23, 2015

Kimberly-Clark de México, S.A.B. de C.V.
FIRST QUARTER 2015 RESULTS

Highlights:

- Net sales rose 6.9% to Ps. \$7.8 billion, with solid growth across all business segments
- Higher volumes, better pricing and cost efficiencies helped absorb some of the peso depreciation impact (almost 13% YoY) on gross margin
- EBITDA margin declined 40 basis points YoY and improved sequentially 190 basis points to 26.8%
- \$1.4 billion pesos of Capex and close to Ps. \$1 billion in share repurchases over the last twelve months

FINANCIAL RESULTS

Prepared in accordance with International Financial Reporting Standards (IFRS)
 Million pesos, except earnings per share

	<u>1Q'15</u>	<u>1Q'14</u>	<u>CHANGE %</u>
NET SALES	\$7,764	\$7,262	6.9%
GROSS PROFIT	2,960	2,799	5.8%
OPERATING PROFIT	1,662	1,569	5.9%
NET INCOME	1,000	974	2.7%
EARNINGS PER SHARE (Pesos)	0.32	0.31	3.2%
EBITDA	2,084	1,975	5.5%

	<u>1Q'15</u>	<u>1Q'14</u>	<u>CHANGE pp</u>
GROSS MARGIN	38.1	38.5	(0.4)
OPERATING MARGIN	21.4	21.6	(0.2)
NET MARGIN	12.9	13.4	(0.5)
EBITDA MARGIN	26.8	27.2	(0.4)

Net sales increased for the second consecutive quarter. Revenue increase of 6.9% was composed of 4.9% in volume and 2.0% in price and mix.

In the first quarter, there were some signs that point towards a better consumer environment. However we have not yet seen an inflexion point and a robust recovery is not necessarily underway.

All of our businesses grew. Consumer product revenues increased 5.8%, sales of away from home products grew 15.1% and exports increased 5.1%. Categories considered to have great growth potential continued to outperform.

Gross profit in the quarter increased 5.8%, while the margin decreased 40 basis points to 38.1%. The significant depreciation of the peso, almost 13% year over year, and the price increase of fibers to be recycled, continue to negatively affect our costs. These effects were almost fully offset by: i) better prices in dollar terms of other raw materials, including virgin fiber, oil derivatives and super absorbent materials, among others; ii) lower energy costs; and iii) savings of approximately Ps. \$200 million during the quarter from our cost reduction program, which continues to yield very positive results.

Operating expenses as a percentage of sales fell 20 basis points in comparison to the prior year, to 16.7%, as we maintain our lean operations and continue to effectively invest behind our brands.

Operating income in the first quarter increased 5.9% while the margin declined 20 basis points to 21.4%. This reflects performance at the gross profit level, which was partially improved by the decrease in operating expenses as a percentage of sales.

Cost of financing was Ps. \$223 million in the first quarter, compared to Ps. \$137 million in the same period of last year, largely due to an interest expense rise from a higher total debt level and to a Ps. \$27 million exchange loss stemming from the peso depreciation.

Net income increased 2.7%, reflecting performance at the operating level, higher cost of financing and the benefit of a lower effective tax rate of 30.5% in the current quarter, compared to 32.0% in 2014.

EBITDA rose 5.5% to Ps. \$2.1 billion in the quarter, while the margin contracted 40 basis points to 26.8% and improved sequentially by 190 basis points.

During the last twelve months, we invested Ps. \$2,394 million (Ps. \$1,448 million in Capex, and Ps. \$946 million in our share buy-back program) and paid Ps. \$4,376 million in dividends to our shareholders.

In dollars, under US GAAP, net sales decreased 5% in the quarter, operating profit decreased 7% and net income decreased 10% due to the translation effect.

As of March 31 the company held Ps. \$9.7 billion in cash and equivalents.

Total debt at March 31, 2015 was Ps. \$18.5 billion, compared to Ps. \$14.6 billion at December 2014. This reflects the issuance in March of US \$250 million senior notes due 2025 at a 3.25%

coupon, which were rated A- and A by Standard & Poor's and Fitch, respectively. Both the principal as well as the interest service have been swapped to pesos so the company has no additional currency exposure by issuing in the international markets.

Share Buyback Program Year to Date

	<u>2015</u>	<u>2014</u>
Shares repurchased	1,060,128	540,729

FINANCIAL POSITION

Million Pesos

	March <u>2015</u>	March <u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$9,723	\$6,339
Trade and other receivables	5,376	5,438
Inventories	2,190	2,130
Property, plant and equipment	15,751	15,880
Derivative financial instruments	684	-
Intangible assets and others	<u>1,595</u>	<u>1,467</u>
Total	\$35,319	\$31,254
<u>Liabilities and equity</u>		
Current portion of long term debt	\$2,300	\$2,300
Trade payables	3,532	3,395
Employee benefits	1,139	1,260
Dividends payable	2,319	4,402
Provisions and other liabilities	1,795	1,421
Current tax payable	229	360
Long term debt	16,243	10,927
Derivative financial instruments	126	219
Deferred taxes	1,730	1,694
Other liabilities	195	152
Equity	<u>5,711</u>	<u>5,124</u>
Total	\$35,319	\$31,254

CASH FLOWS

Million pesos

	March	March
	<u>2015</u>	<u>2014</u>
Profit before tax	\$1,439	\$1,432
Depreciation	423	406
Other	222	137
Cash used in operations	<u>-782</u>	<u>-1,231</u>
Net cash flow from operating activities	1,302	744
Capital expenditures	-184	-377
Repurchase of shares	-31	-19
Debt issuance	3,695	748
Payment of net interest & other	<u>-109</u>	<u>-147</u>
Net increase in cash	4,673	949
Cash and equivalents at the beginning of period	5,050	5,390
Cash and equivalents at the end of period	9,723	6,339

Conference Call Information

The 1Q'15 conference call will be held on Friday, April 24, 2015 at 10:30 am Eastern time (9:30 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.

An instant replay of the conference call will be available through May 8, 2015. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 85645332.

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, Kimlark, Pétalo, Cottonelle, Depend, Kotex and Evenflo.

Investor Relations Contact

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