

July 17, 2014

Kimberly-Clark de México, S.A.B. de C.V.
SECOND QUARTER 2014 RESULTS

Highlights:

- Sales of \$7.3 billion pesos during the quarter, 4 percent lower than last year.
- \$1.9 billion pesos of EBITDA, a 26 percent margin.
- \$1.9 billion pesos of Capex in the last twelve months.
- Successful start-up of a new tissue machine.
- \$1.1 billion pesos 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

	Quarter ended June 30		
	<u>2014</u>	<u>2013</u>	<u>% CHANGE</u>
NET SALES	\$7,282	\$7,605	(4)
GROSS PROFIT	2,667	3,090	(14)
OPERATING PROFIT	1,470	1,910	(23)
NET INCOME	925	1,198	(23)
EARNINGS PER SHARE (Pesos)	0.30	0.38	(21)
EBITDA	1,879	2,291	(18)

The second quarter of 2014 continued to be very challenging reflecting the combination of soft private consumption and lower selling prices, together with a negative cost and exchange rate scenario. Notwithstanding, our strategy to support our franchise and strengthen our position is paying off and we have started seeing positive volume growth.

Net sales decreased 4 percent. However, our results within the quarter reflected sequential improvements.

Net prices were down 5 percent while volumes were slightly positive. Consumer products sales decreased by 5 percent, away from home products posted a 10 percent top line growth and exports sales decreased 9 percent.

Prices in dollars for most raw materials were higher compared to last year with the exception of pulp. Super absorbents, fiber for recycling, oil derivatives and energy prices were higher than in second quarter of 2013. Costs were also negatively affected by a weaker peso which resulted in a margin reduction. We continue driving our cost reduction program which yielded more than \$160 million pesos in savings during the quarter.

Second quarter EBITDA decreased 18 percent. EBITDA margin was 25.8 percent, still a very healthy margin, particularly in the current economic and competitive environment.

In dollars, under US GAAP, net sales decreased 8 percent in the quarter, operating profit decreased 24 percent and net income decreased 28 percent.

In the last twelve months we invested \$2,950 million pesos (\$1,873 million in Capex, and \$1,077 million in our share buy-back program) and paid \$4,202 million pesos of dividends to our shareholders.

We continue investing to add capacity and innovation in anticipation of expected growth. The largest project, a new tissue machine in Queretaro, successfully started up in June.

During the quarter, we placed a 10 year US\$250 million 144A Reg S bond under a very successful issuance. These notes have a 3.80 percent fixed coupon and 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 is incurring in no incremental currency exposure by issuing in the international markets.

As of June 30 the company held \$7,910 million pesos in cash and equivalents.

The company has derivative financial instruments to hedge interest rates and currency for our 144a Bond. Changes in the market price of these instruments would not materially impact future results.

Share Buyback Program Year to Date

	<u>2014</u>	<u>2013</u>
Shares repurchased	19,052,393	3,035,771

FINANCIAL RESULTS

Million pesos, except earnings per share

	Six months ended June 30		
	<u>2014</u>	<u>2013</u>	<u>% CHANGE</u>
NET SALES	\$14,544	\$15,177	(4)
GROSS PROFIT	5,466	6,083	(10)
OPERATING PROFIT	3,039	3,721	(18)
NET INCOME	1,899	2,368	(20)
EARNINGS PER SHARE (Pesos)	0.61	0.75	(19)
EBITDA	3,854	4,481	(14)

FINANCIAL POSITION

Million Pesos

	As of June 30	
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 7,910	\$ 2,986
Trade and other receivables	5,653	5,738
Inventories	2,207	1,979
Property, plant and equipment	15,930	15,557
Intangible assets and others	<u>1,449</u>	<u>1,481</u>
Total	\$ 33,149	\$ 27,741
<u>Liabilities and equity</u>		
Current portion of long term debt	\$ 2,300	\$ -
Trade payables	3,280	3,237
Employee benefits	783	737
Dividends payable	3,308	3,132
Provisions and other liabilities	1,619	1,311
Current tax payable	153	505
Long term debt	14,138	9,982
Derivative financial instruments	387	154
Deferred taxes	1,687	1,744
Other liabilities	161	192
Equity	<u>5,333</u>	<u>6,747</u>
Total	\$ 33,149	\$ 27,741

CASH FLOWS

Million pesos

	Six months ended June 30	
	<u>2014</u>	<u>2013</u>
Profit before tax	\$ 2,753	\$ 3,402
Depreciation	815	761
Other	286	318
Cash used in operations	<u>(2,503)</u>	<u>(1,645)</u>
Net cash flow from operating activities	1,351	2,836
Capital expenditures	(805)	(583)
Repurchase of shares	(665)	(124)
Debt issuance	3,976	-
Dividends paid	(1,094)	(1,036)
Payment of borrowings, net interest & other	<u>(243)</u>	<u>(1,572)</u>
Net increase (decrease) in cash	2,520	(479)
Cash and equivalents at the beginning of period	5,390	3,465
Cash and equivalents at the end of period	7,910	2,986

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.