

October 23, 2014

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

Highlights:

- Sales of \$6.9 billion pesos during the quarter, 4 percent lower than last year.
- \$1.7 billion pesos of EBITDA, a 25 percent margin.
- \$1.8 billion pesos of Capex in the last twelve months.
- Almost \$1 billion pesos in share repurchases over the last twelve months.
- Improved comparisons versus the second quarter.

FINANCIAL RESULTS

Prepared in accordance with International Financial Reporting Standards (IFRS)

Million pesos, except earnings per share

	Quarter ended September 30th			
	<u>2014</u>	<u>2013</u>	<u>% CHG</u>	<u>% CHG excluding the non recurring benefit</u>
NET SALES	\$6,925	\$7,238	(4)	(4)
GROSS PROFIT	2,489	2,927	(15)	(12)
OPERATING PROFIT	1,332	1,783	(25)	(17)
NET INCOME	760	1,135	(33)	(24)
EARNINGS PER SHARE (Pesos)	0.24	0.36	(33)	(24)
EBITDA	1,725	2,177	(21)	(13)

The third quarter of 2014 was still very challenging as private consumption has not picked up and promotional activity accelerated. Under such scenario this strategy to maintain and strengthen our position has been successful but has required strong investments in pricing. As a consequence our short term results have been negatively impacted but we are certain that this is the right thing to do.

In addition, this quarter we had the comparative challenge of more than \$180 million pesos of non-recurring benefit last year from a gain related to the insurance recovery of the assets lost in the Morelia mill fire that took place in 2012.

Net sales decreased 4 percent. Volume grew 2 percent while prices were 6 percent lower. Consumer products sales decreased by 7 percent while away from home products and exports posted growth rates of 11 and 20 percent respectively.

The cost scenario also remains very challenging as most raw material prices are higher in dollar terms than last year. Among them, super absorbents, fiber for recycling and oil derivatives were higher than in the third quarter of 2013. Costs were also negatively affected by a weaker peso.

Excluding the non-recurring effect gross profit was down 12 percent driven by lower prices and higher costs, partially offset by our cost reduction program which yielded more than \$300 million pesos in savings during the quarter.

In the third quarter we generated \$1,725 million of EBITDA a 21 percent decrease with a 24.9 percent margin. EBITDA was 13 percent lower than last year on a comparable basis.

Cost of finance was higher from more net interest paid as our debt is higher. We also had the effect of a peso devaluation this year compared to a peso appreciation last year. As a consequence net income, adjusted for the non-recurring effect, decreased 24 percent.

In dollars, under US GAAP, net sales decreased 5 percent in the quarter, operating profit decreased 24 percent and net income decreased 39 percent.

In the last twelve months we invested \$2,837 million pesos (\$1,838 million in Capex, and \$999 million in our share buy-back program) and paid \$4,260 million pesos of dividends to our shareholders.

As of September 30 the company held \$8,223 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	21,720,833	7,036,311

FINANCIAL RESULTS

Million pesos, except earnings per share

	Nine months ended September 30		
	<u>2014</u>	<u>2013</u>	<u>% CHANGE</u>
NET SALES	\$21,469	\$22,415	(4)
GROSS PROFIT	7,955	9,009	(12)
OPERATING PROFIT	4,371	5,504	(21)
NET INCOME	2,659	3,504	(24)
EARNINGS PER SHARE (Pesos)	0.85	1.12	(24)
EBITDA	5,579	6,658	(16)

FINANCIAL POSITION

Million Pesos

	As of September 30	
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 8,223	\$ 6,181
Trade and other receivables	5,005	5,222
Inventories	2,292	2,024
Property, plant and equipment	15,902	15,563
Intangible assets and others	<u>1,474</u>	<u>1,492</u>
Total	\$ 32,896	\$ 30,482
<u>Liabilities and equity</u>		
Current portion of long term debt	\$ 2,300	\$ -
Trade payables	3,453	3,208
Employee benefits	832	1,018
Dividends payable	2,214	2,096
Provisions and other liabilities	1,596	1,365
Current tax payable	107	545
Long term debt	14,255	12,477
Derivative financial instruments	167	172
Deferred taxes	1,710	1,675
Other liabilities	128	201
Equity	<u>6,134</u>	<u>7,725</u>
Total	\$ 32,896	\$ 30,482

CASH FLOWS

Million pesos

	Nine months ended September 30	
	<u>2014</u>	<u>2013</u>
Profit before tax	\$ 3,844	\$ 5,048
Depreciation	1,208	1,154
Other	527	456
Cash used in operations	<u>(2,193)</u>	<u>(1,415)</u>
Net cash flow from operating activities	3,386	5,243
Capital expenditures	(1,157)	(982)
Repurchase of shares	(745)	(281)
Debt issuance	3,976	2,494
Dividends paid	(2,188)	(2,072)
Payment of borrowings, net interest & other	<u>(439)</u>	<u>(1,686)</u>
Net increase in cash	2,833	2,716
Cash and equivalents at the beginning of period	5,390	3,465
Cash and equivalents at the end of period	8,223	6,181

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.