

April 21, 2016

**Kimberly-Clark de México, S.A.B. de C.V.
FIRST QUARTER 2016 RESULTS**

Highlights:

- Double digit net sales growth for the fourth consecutive quarter, reaching Ps.\$8.7 billion
- Increased FX pressure on costs was offset by strong sales, cost reductions and operating efficiencies
- EBITDA of Ps. \$2.5 billion, with YoY and sequential margin improvement
- Cost savings of approximately Ps.\$200 million during the quarter

QUARTERLY FINANCIAL RESULTS

Prepared in accordance with International Financial Reporting Standards (IFRS)
Million pesos

	<u>1Q'16</u>	<u>1Q'15</u>	<u>CHANGE</u>
NET SALES	\$8,728	\$7,764	12.4%
GROSS PROFIT	3,436	2,960	16.1%
OPERATING PROFIT	2,050	1,662	23.4%
NET INCOME	1,110	1,000	11.0%
EBITDA	2,459	2,084	18.0%

Categories continue to benefit from growth in domestic consumption, resulting in top line expansion of 12.4%, the sixth consecutive quarter of sales increases, through a combination of better volumes 6.7% with improved price and mix 5.7%.

All businesses grew. Consumer product revenues increased 12.1%, professional 19.4% (including the away from home business which grew 16.5%) and exports 3.9%. High potential categories continue to grow at double digit rates.

Gross profit increased 16.1% and the margin was 39.4%. This improvement reflects several positive factors that offset the significant depreciation of the peso, which was on average, 18% for the quarter compared to the previous year: i) solid volume performance; ii) positive price and mix comparison; iii) lower raw material costs in dollar terms; iv) lower energy costs; and v) higher efficiencies and savings of approximately Ps. \$200 million from our cost reduction program.

Operating expenses as a percentage of sales were 80 basis points lower, at 15.9%, as we continue to leverage our lean operations while also investing effectively behind our brands.

Operating income grew 23.4%, while the margin was 23.5%. This reflects performance at the gross profit level and a more efficient SG&A structure.

During the quarter, we increased the US dollar position to face expected increased requirements for the Escudo acquisition and Capex. The peso initially depreciated and then recovered during the quarter generating a Ps. \$223 million exchange loss that compares to Ps. \$28 million in 2015. Net interest expense was also higher as we had more total debt than the previous year. In consequence, cost of financing was Ps. \$453 million in the first quarter, compared to Ps. \$223 million in the same period of last year.

Net income increased 11.0% and earnings per share for the quarter were \$0.36.

EBITDA rose 18.0% to Ps. \$2.5 billion in the quarter, and the margin was 28.2%.

During the last twelve months, we invested Ps. \$1,817 million (Ps. \$1,555 million in Capex and Ps. \$262 million in our share buy-back program) and paid Ps. \$4,582 million in dividends to our shareholders.

In dollars, under US GAAP, net sales decreased 6% in the quarter, operating profit increased 1% and net income decreased 6%.

As of March 31, the company held Ps. \$11.1 billion in cash and equivalents.

Total net debt as of March 31, 2016 was Ps. \$7.8 billion, compared to Ps. \$8.3 billion in December 2015. All debt is long-term and denominated in Mexican pesos.

During the quarter KCM entered into a five year US\$200 million term loan agreement with Bank of America and a related swap agreement to hedge the currency risk.

Also during the quarter we announced the purchase of the Escudo soap brand in Mexico and other Latin America countries from The Procter & Gamble Company. The closing was subject to certain regulatory approvals which have just been obtained. We expect to close the transaction in the coming weeks.

Share Buyback Program Year to Date

	<u>2016</u>	<u>2015</u>
Shares repurchased	4,504,283	1,060,128

FINANCIAL POSITION

Million Pesos

	As of March	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$11,088	\$9,723
Trade and other receivables	5,544	5,376
Inventories	2,324	2,190
Property, plant and equipment	15,694	15,751
Derivative financial instruments	1,842	684
Intangible assets and others	<u>1,518</u>	<u>1,595</u>
Total	\$38,010	\$35,319
<u>Liabilities and equity</u>		
Current portion of long term debt	\$ -	\$2,300
Trade payables	3,998	3,532
Employee benefits	1,390	1,139
Dividends payable	4,731	2,319
Provisions and other liabilities	2,011	1,795
Current tax payable	324	229
Long term debt	20,777	16,243
Derivative financial instruments	71	126
Deferred taxes	1,479	1,730
Other liabilities	211	195
Equity	<u>3,018</u>	<u>5,711</u>
Total	\$38,010	\$35,319

CASH FLOWS

Million pesos

	Three months ended March	
	<u>2016</u>	<u>2015</u>
Profit before tax	\$1,598	\$1,439
Depreciation	408	423
Other	453	222
Cash used in operations	<u>(1,049)</u>	<u>(782)</u>
Net cash flow from operating activities	1,410	1,302
Capital expenditures	(421)	(184)
Repurchase of shares	(178)	(31)
Debt issuance	3,567	3,695
Payment of borrowings, net interest & other	<u>(1,022)</u>	<u>(138)</u>
Net increase in cash	3,356	4,644
Effect of exchange rate changes on cash	(201)	29
Cash and equivalents at the beginning of period	7,933	5,050
Cash and equivalents at the end of period	11,088	9,723

Conference Call Information

The 1Q'16 conference call will be held on Friday, April 22, 2016 at 9:30 am Eastern time (8:30 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.

A replay of the conference call will be available through April 29, 2016. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 95972032

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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