

January 17, 2019

**Kimberly-Clark de México, S.A.B. de C.V.
FOURTH QUARTER AND FULL YEAR 2018 RESULTS**

Highlights:

- Fourth quarter sales rose 10% to Ps. \$10.3 billion
- Consumer products growth was driven by better volumes, pricing and mix
- Raw materials, FX and energy prices compared very negatively affecting costs
- Cost savings of Ps. \$400 million during the quarter, a new record
- EBITDA of Ps. \$2.1 billion

QUARTERLY FINANCIAL RESULTSPrepared in accordance with International Financial Reporting Standards (IFRS)
Million pesos

	<u>4Q'18</u>	<u>4Q'17</u>	<u>CHANGE</u>
NET SALES	\$10,334	\$9,432	9.6%
GROSS PROFIT	3,442	3,413	0.9%
OPERATING PROFIT	1,757	1,791	(1.9)%
NET INCOME	1,016	1,075	(5.5)%
EBITDA	2,139	2,171	(1.5)%

Our fourth quarter sales grew 10% through a combination of volume, price and mix. Prices were 9% higher while total volume increased 1%. Consumer product revenues increased 11%, with positive volume and pricing comparisons. Away from Home revenues grew 3% and exports increased 3%. Available capacity for exports was equivalent to the previous year as the new Morelia machine was already operating in the fourth quarter of 2017.

Gross profit grew 1% to Ps. \$3.4 billion.

The continuous raw material and energy inflation that has impacted our costs throughout the past two years was again present in the fourth quarter. Raw material and energy prices were, in

most cases, higher than the previous quarter and compared very negatively with the previous year. That was the case for virgin and recycled fibers as well as for oil derivatives which have not benefited from the oil price declines. Energy prices were slightly down sequentially but also compared very negatively year over year, as did natural gas prices. In summary, some pressure compared to the previous three months and still very negative comparisons vs last year. The average FX was not the exception growing 3% sequentially and 6% year over year.

Cost savings from our cost reduction program contributed with Ps. \$400 million over the quarter. A record figure that partially mitigated the raw material and FX pressure and which together with higher volume and efficiencies, allowed us to maintain margins sequentially.

Operating expenses were 16.3% as a percentage of sales, a year over year decline of 90 basis points. We continue to invest behind our brands through innovation and effective communication in a more efficient manner.

Operating profit decreased 2% and the margin was 17.0%. The exports business contribution to total sales continues to affect the overall margin since non converted tissue generates a lower profit.

EBITDA was Ps. \$2.1 billion in the quarter.

Cost of financing was Ps. \$359 million in the fourth quarter, compared to Ps. \$382 million in the same period of last year. Net interest expense was higher from increased debt and higher interest rates. A foreign exchange gain in the period of Ps. \$32 million compared to an exchange loss of Ps. \$51 million in the previous year.

Net income decreased 5% and earnings per share for the quarter were \$0.33.

In dollars, under US GAAP, net sales increased 3%, operating profit decreased 8% and net income decreased 3%.

FULL YEAR FINANCIAL RESULTS

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

	<u>2018</u>	<u>2017</u>	<u>CHANGE</u>
NET SALES	\$41,026	\$37,766	8.6%
GROSS PROFIT	14,340	13,402	7.0%
OPERATING PROFIT	7,508	6,981	7.5%
NET INCOME	4,227	4,037	4.7%
EBITDA	9,070	8,581	5.7%

For the full year revenues increased 9%, setting a new record, gross profit 7%, operating profit 8%, EBITDA 6% and net income 5%. Earnings per share for the year were \$1.37.

In dollars, under US GAAP, net sales increased 6%, operating profit 4% and net income 3%.

During the year, we invested approximately Ps. \$1,792 million in Capex and paid Ps. \$4,874 million pesos to our shareholders.

As of December 31, the company held Ps. \$5.0 billion in cash and equivalents.

Total net debt as of December 2018 was Ps. \$15.4 billion, compared to Ps. \$14.3 billion on December 2017. Long-term debt comprised 97% of total debt and all debt was denominated in Mexican pesos.

Conference Call Information

The 4Q'18 conference call will be held on Friday, January 18, 2019 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 January 25, 2019. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 54065588

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, wet wipes and soap. We are market leaders in almost all of our categories with brands such as Huggies, Kleen-Bebé, Kleenex, Kimlark, Pétalo, Cottonelle, Depend, Kotex, Evenflo and Escudo.

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