

July 21, 2016

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

Highlights:

- Net sales rose 10% to Ps.\$8.8 billion, driven by a strong volume performance
- Increased FX pressure on costs was offset by higher sales, cost reductions and operating efficiencies
- EBITDA of Ps. \$2.5 billion, margin increased 70 basis points to 27.9%
- Close to Ps. \$300 million of cost savings during the quarter
- Closed the Escudo acquisition and announced the purchase of 50% of 4e

QUARTERLY FINANCIAL RESULTS

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

	<u>2Q'16</u>	<u>2Q'15</u>	<u>CHANGE</u>
NET SALES	\$8,831	\$8,027	10.0%
GROSS PROFIT	3,453	3,091	11.7%
OPERATING PROFIT	2,055	1,765	16.4%
NET INCOME	1,285	1,084	18.5%
EBITDA	2,467	2,189	12.7%

Net sales were 10.0% higher than the previous year. Volume grew 7.0% and price and mix contribution was 3.0%, reflecting a healthy consumer environment.

Consumer product revenues increased 11.9%, professional decreased 1.6% (Away from Home, which excludes tissue parent rolls sales, grew 5.9%) and exports decreased 2.1%. Professional and exports volumes were affected by constrained tissue capacity and strong consumer volume.

Gross profit increased 11.7% and the margin was 39.1%. This reflects several positive factors that mitigated the 16% peso devaluation: i) solid volume performance; ii) positive price and mix; iii) lower dollar costs in most raw materials; iv) better energy costs; and v) close to Ps. \$300 million of savings from our cost reduction program.

Operating expenses as a percentage of sales were 70 basis points lower, at 15.8%, as we continue to leverage our lean operations while also investing effectively behind our brands.

Operating income grew 16.4%, while the margin was 23.3%. This reflects performance at the gross profit level and a more efficient SG&A structure.

Cost of financing was Ps. \$176 million in the second quarter, compared to Ps. \$181 million in the same period of last year, reflecting that higher interest expense was compensated by higher interest income. Foreign exchange gain in the period was almost in line with that from the second quarter of 2015.

Net income increased 18.5% and earnings per share for the quarter were \$0.42.

EBITDA rose 12.7% to Ps. \$2.5 billion in the quarter, and the margin expanded 70 basis points to 27.9%.

During the last twelve months, we invested Ps. \$2,817 million (Ps. \$2,521 million in Capex and acquisitions and Ps. \$296 million in our share buy-back program) and paid Ps. \$4,611 million in dividends to our shareholders.

In dollars, under US GAAP, net sales decreased 4% in the quarter, operating profit decreased 4% and net income decreased 3%.

As of June 30, the company held Ps. \$9.6 billion in cash and equivalents.

Total net debt as of June 30, 2016 was Ps. \$9.1 billion, compared to Ps. \$8.3 billion in December 2015. Long-term debt comprised 88% of total debt and all debt was denominated in Mexican pesos.

During the quarter we completed the acquisition of the Escudo soap brand in Mexico and other Latin America countries from The Procter & Gamble Company.

We also announced an agreement to acquire 50% of 4e. The transaction is expected to close in the second half of 2016 subject to necessary regulatory approvals.

Share Buyback Program Year to Date

	<u>2016</u>	<u>2015</u>
Shares repurchased	7,084,327	3,209,318

YTD FINANCIAL RESULTS

Million pesos

	<u>6M'16</u>	<u>6M'15</u>	<u>CHANGE</u>
NET SALES	\$17,559	\$15,791	11.2%
GROSS PROFIT	6,889	6,051	13.8%
OPERATING PROFIT	4,105	3,427	19.8%
NET INCOME	2,395	2,084	14.9%
EBITDA	4,926	4,273	15.3%

FINANCIAL POSITION

Million Pesos

	<u>As of June</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 9,589	\$ 9,048
Trade and other receivables	5,491	5,712
Inventories	2,650	2,189
Property, plant and equipment	15,670	15,612
Derivative financial instruments	2,997	808
Intangible assets and others	<u>2,372</u>	<u>1,621</u>
Total	\$38,769	\$34,990
<u>Liabilities and equity</u>		
Current portion of long term debt	\$ 2,500	\$ 2,300
Trade payables	4,326	3,379
Employee benefits	989	858
Dividends payable	3,556	1,173
Provisions and other liabilities	1,776	1,788
Current tax payable	411	462
Long term debt	19,169	16,396
Derivative financial instruments	49	115
Deferred taxes	1,385	1,581
Other liabilities	221	202
Equity	<u>4,387</u>	<u>6,736</u>
Total	\$38,769	\$34,990

CASH FLOW

Million pesos

	Six months ended June	
	<u>2016</u>	<u>2015</u>
Profit before tax	\$3,476	\$3,024
Depreciation	821	846
Other	629	403
Cash used in operations	<u>(2,418)</u>	<u>(1,960)</u>
Net cash flow from operating activities	2,508	2,313
Capital expenditures and acquisitions	(1,663)	(458)
Repurchase of shares	(285)	(103)
Debt issuance	3,567	3,688
Dividends paid	(1,175)	(1,146)
Payment of borrowings, net interest & other	<u>(1,263)</u>	<u>(383)</u>
Net increase in cash	1,689	3,911
Effect of exchange rate changes on cash	(33)	87
Cash and equivalents at the beginning of period	7,933	5,050
Cash and equivalents at the end of period	9,589	9,048

Conference Call Information

The 2Q'16 conference call will be held on Friday, July 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 July 29, 2016. To access the replay, please dial US +1(877) 919-4059, international +1(334) 323-0140; conference ID: 22890447

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

Investor Relations Contact

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