

INNOVATION

**Every day,
for a lifetime**



Kimberly-Clark de México



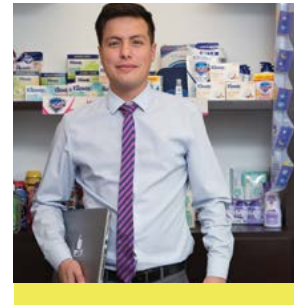
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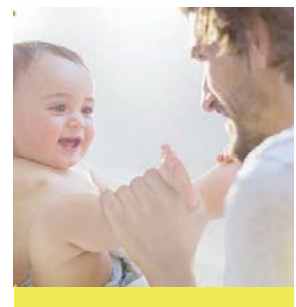
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Innovation is and will always be the factor that drives our growth, positions our brands and enables us to create value. We are continually working to develop new and better products with our consumers in mind, bringing these products to them promptly and affordably.

**Every day,
for a lifetime**

Kimberly-Clark de México makes and sells consumer products for daily use in and outside of the home, such as diapers and baby care products, feminine napkins, incontinence products, toilet paper, napkins, facial tissues, paper towels, wet wipes and soap. Among our leading brands are Huggies®, KleenBebé®, Kleenex®, Evenflo®, Pétalo®, Cottonelle®, Depend®, Kotex® and Escudo®. Through continuous innovation and a focus on the consumer's needs, we lead the market in most of the categories in which we participate. Kimberly-Clark de México is listed on the Mexican Stock Exchange under the ticker symbol KIMBER.

All-Around perfect fit

360° waistband perfectly adjusts to all the baby's movements, giving them all the freedom they need.

Maximum absorption

The soft inside liner with micro-embossing allows for more absorption and faster distribution of liquids.

Total comfort

with All-Around waistband, that hugs your baby's body and provides maximum comfort in every movement.



New Huggies All Around, more comfortable diaper pants for your baby, more practical for moms.



We have a responsibility to create the highest-quality products possible for every generation, closely tending to every detail from start to finish.



ATION



Perfect fit
that molds to your body.

Fresh, soft
cover

New micro-pad
that absorbs seven times
more quickly.



Kotex Nocturna, provides the
fastest absorption for advanced
protection, greater comfort and
security.





Kotex cares about each new generation, and that's why every year we visit more than 90,000 girls to provide them with information about the onset of menstruation and intimate care, to help them feel more secure.





Supreme softness

thanks to the only doubledrying CTAD technology in Mexico, it is the softest toilet tissue on the market.

Hypoallergenic

paper certified by a specialized lab (Allergisa) to protect the health and wellbeing of our consumers.

Socially responsible

Forest Stewardship Council (FSC) certification that assures that fibers used in its manufacture are sourced from controlled forests that guarantee sustainability.



New Kleenex Cottonelle Pure offers supreme softness in every sheet, besides being hypoallergenic.





The only ones
in Mexico to use
advanced Creped
Through Air Drying
technology, providing
matchless softness.



ATION



3 in 1

for body and face, with DEO Protect technology for extra security and protection starting from the shower.

Deodorant Shield

with anti-odor protection for hours, eliminating the bacteria that cause body odor.

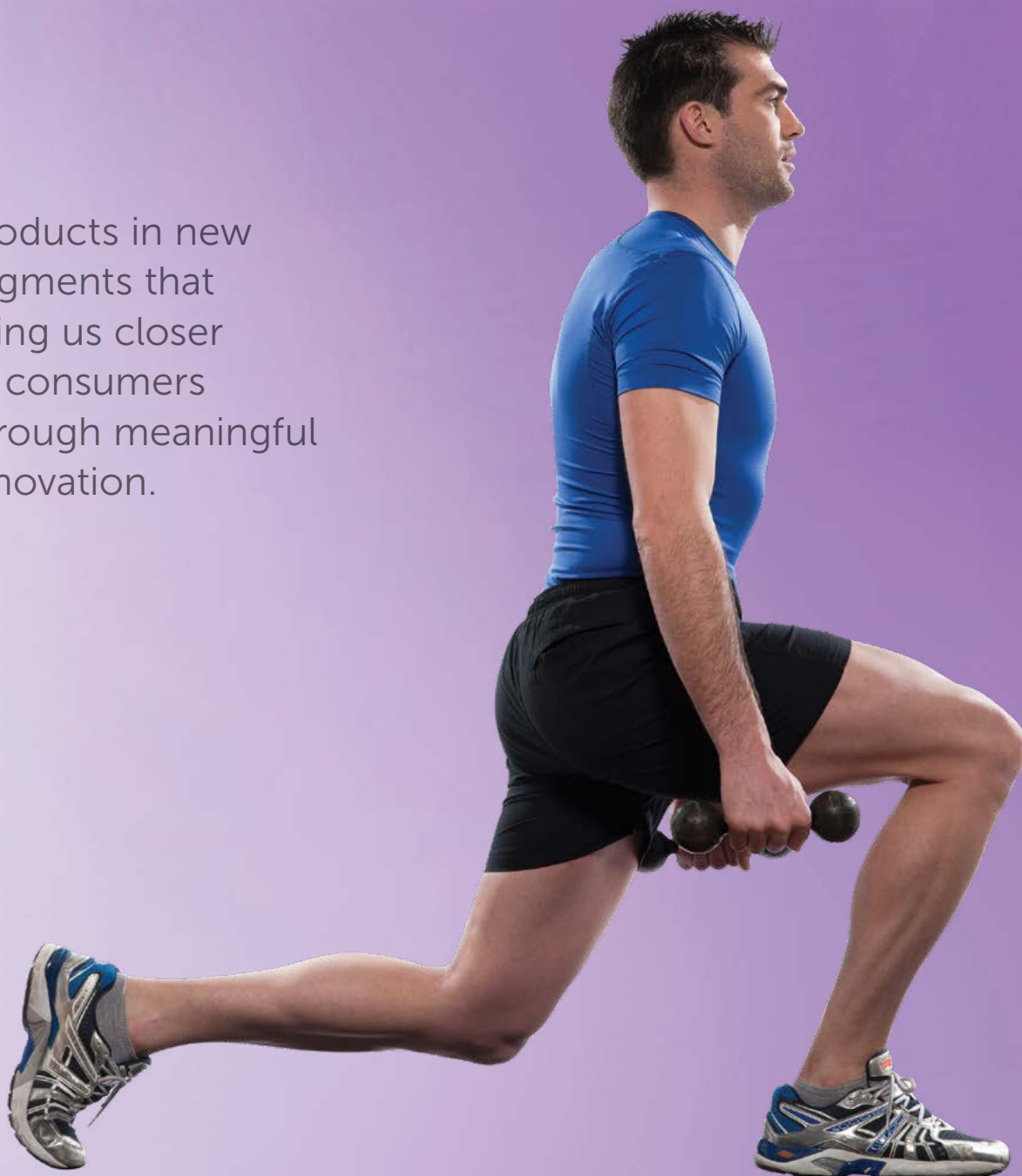


Escudo Antibacterial Men eliminates bacteria that cause body odor, providing extra security and anti-odor protection.





Products in new segments that bring us closer to consumers through meaningful innovation.



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Faster absorption

reinforced DryGel Center
absorbs 10% faster for more
dryness.

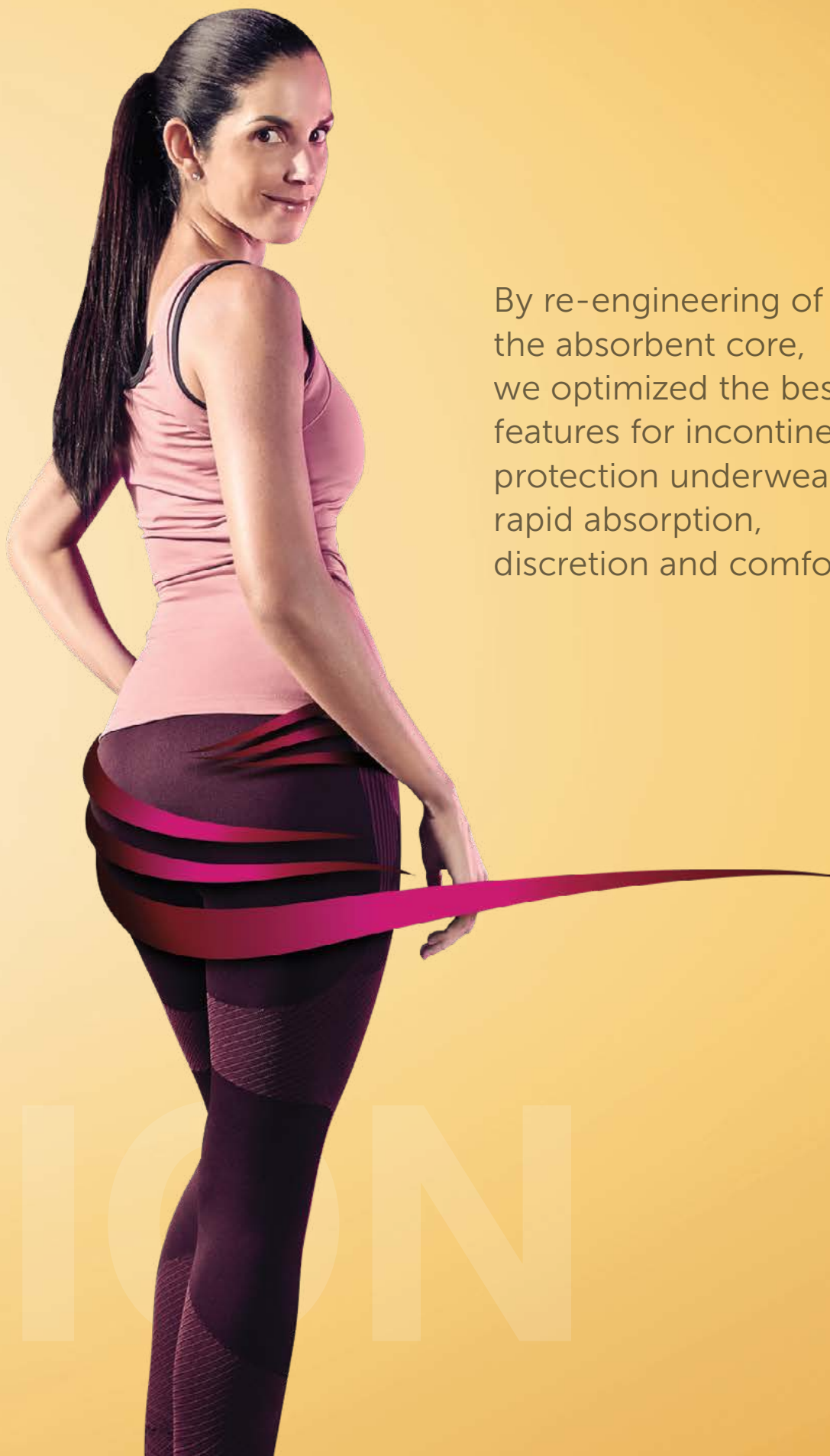
Ultra-discreet design

fits your body for a
smooth fit under clothes.



Depend® Underwear, with
maximum absorption
technology, turns liquids to gel
and gets rid of odors instantly.





By re-engineering of
the absorbent core,
we optimized the best
features for incontinence
protection underwear:
rapid absorption,
discretion and comfort.

PROTECTION

Nipples with
flexible waves
to fit baby's gums.

Natural-shaped
nipple mimics
mother's breast
to naturally fit baby's mouth.

Anti-colic
double valve
helps reduce colic, gas
and reflux.



Advanced by Evenflo is the perfect combination of design and technology in baby care products that let moms enjoy every moment.



Advanced by Evenflo,
a world of advanced
solutions to make
your baby smile.



ATION

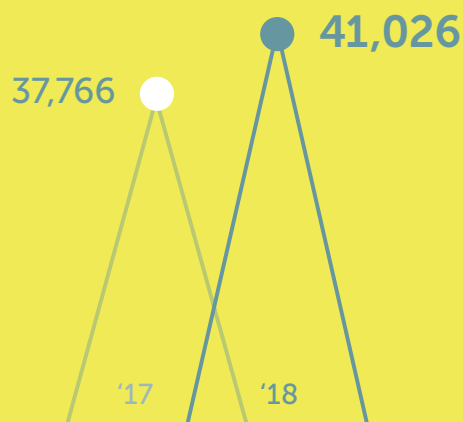
Key financial data

Figures in millions of pesos

	2018	2017	% Change
Net sales	41,026	37,766	8.6%
Gross earnings	14,340	13,402	7.0%
Margin	35.0%	35.5%	
Operating Income	7,508	6,981	7.5%
Margin	18.3%	18.5%	
Net earnings	4,227	4,037	4.7%
EBITDA	9,070	8,581	5.7%
Margin	22.1%	22.7%	
Basic earnings per share (pesos)	1.37	1.31	4.6%



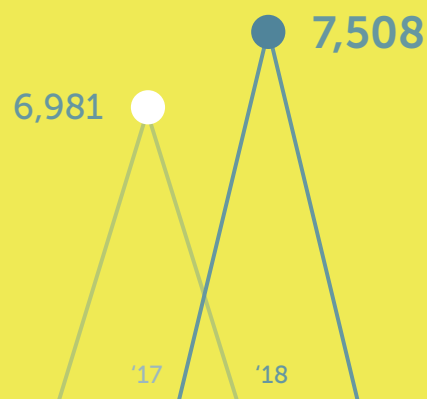
+8.6%



NET SALES

(MILLIONS OF PESOS)

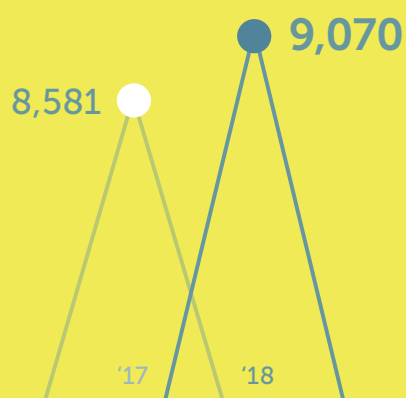
+7.5%



OPERATING INCOME

(MILLIONS OF PESOS)

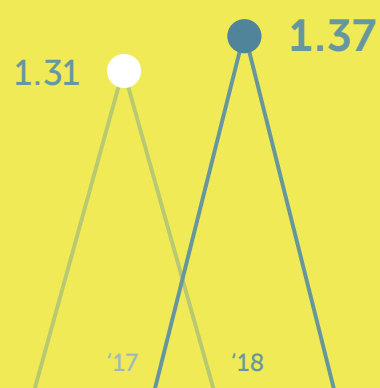
+5.7%



EBITDA

(MILLIONS OF PESOS)

+4.6%



BASIC EARNINGS PER SHARE

PESOS

Letter to shareholders

Report to our shareholders:

Economic activity slowed around the world in 2018, responding to uncertainty and volatility stirred up by various geopolitical events that affected global trade, particularly the Chinese economy, which lost some of its vigor despite continuing growth.



The U.S. economy continued generating jobs and growing, since its main component, consumption, remained strong due to the boost from the tax reform. This led the Federal Reserve to raise benchmark rates, pressuring emerging market currencies.

This, together with tariffs imposed by President Trump's government on Chinese imports, and that country's effort to re-balance its economy, caused lower economic growth, with the resulting impact on commodities and export-oriented countries. Germany is one such case, and it was very close to entering a technical recession in the second half of the year. This, combined with uncertainty over Brexit and popular opposition to reforms by the French government and other countries in the European bloc, led to slower growth in the euro zone, despite steady support from the European Central Bank.

In Mexico, economic performance was similar to the previous year and, once again, was significantly less than expected. The drop in oil and gas production, reduced public investment and construction activity, as well as inflation close to 5 percent, took their toll on the economy. On the other hand, job creation, growth in tourism, wage remittances and exports, coupled with domestic consumption—although the latter slowed—fueled the Mexican economy. Nevertheless, uncertainty over the modernization of the North American Free Trade Agreement—now USMCA—presidential elections in this country, and some of the decisions

made by the new administration, particularly cancellation of the new Mexico City Airport and others regarding the energy sector, set off episodes of exchange-rate volatility and a reduction in investment.

Despite this more challenging context, the company had a reasonable year for results. Revenues once again reached record levels, and we achieved growth in our operating income, EBITDA and net earnings, although our margins remained under pressure.

Financial results

The moderate growth in consumption, along with the solid position of our brands, our innovation plans and good performance from various categories, allowed us to increase sales by 8.6 percent during the year, primarily because of improvements in prices and the sales mix.

But despite stronger sales, more and better operating efficiency, and our ongoing program of cost- and expense cutting which resulted in record savings, our results were hardly hit by steady increases in our costs, especially pulp and recyclable fiber, which in the last two years have increased by more than 50 percent in dollar terms. Additionally, energy costs dropped in the first half of the year but rose by more than 60 percent in the second half, and our currency has accumulated a devaluation of 50 percent since 2014.

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With all of this together, and higher export sales of master rolls of paper — which have lower margins—operating income grew by 7.5 percent and EBITDA 5.7 percent. Net income was up 4.7 percent, affected by higher financing costs, including lower compounded interest.

Innovation

At Kimberly-Clark de México (KCM), we continued our strategy of generating value through meaningful innovation that improves our consumers' lives. In 2018 we brought some important new propositions to the market in all our product categories.

In the baby care category, we improved the appearance of all our diapers with a new and exclusive fabric-type cover that provides greater softness.

In the high-end diaper segment we added almond oil to our Huggies® Supreme® brand to protect baby's skin.

We introduced new self-fitting Huggies All Around® diapers, the first self-fitting diaper in Mexico, whose perfect-fit technology provides total comfort to baby for superior mobility.

In the mid-market segment, KleenBebé® Suavelastic® and KleenBebé® Comodisec® improved their performance with a new super-absorbent core and a new and improved liner, for greater dryness and absorption.

Also, KleenBebé® Comodisec® was re-launched with a new more anatomical,

better-fitting diaper, incorporating elastic wings, among other features.

In the same segment, we introduced KleenBebé® Movilastic, a new proposal for better fit and a new way to diaper your baby.

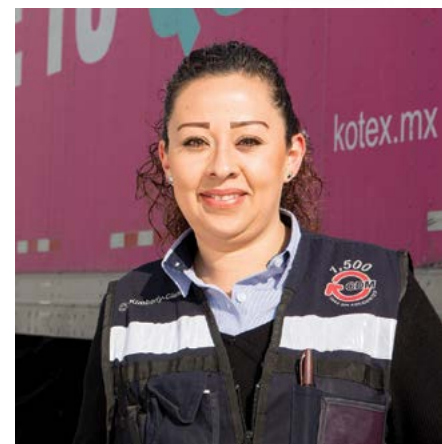
In Absorsec® wet wipes, we introduced a new dispensing system and a new chamomile fragrance, and launched Kimbies® wet wipes for the economic segment.

As for our Evenflo® brand products in the premium segment, the Advanced family of baby bottles was expanded to include a new 2-ounce bottle and we rounded out the portfolio with new breast-pump storage bags.

In the training cup category, we launched new glow-in-the-dark technology cups and a line of cups with integrated straws.

In the baby furniture category, we launched a new line of car seats with a 7-position headrest, a 5-point safety belt and ISOFIX system. In strollers, we incorporated the "Light Route" compact folding model, with a lightweight mechanism and shoulder strap, and the Fast-Fold stroller whose structural design allows it to be folded with a single hand.

In the bathroom tissue category, for the premium segment we developed Kleenex® Cottonelle® Pure, a high-softness tissue, and in the mid-market segment we introduced Suavel® seasons, with an exclusive design of fragrances for each season.





In the napkin category, we launched Kleenex® Daily napkins, and in the Suavel®, Delsey® and Vogue® brands, we updated the embossing for improved image and thickness of napkins in this segment.

For facial tissue, we added Kleenex® Aromas in tissue packs and boxes with attractive fragrances to improve the brand's market penetration.

Finally, in the paper towel category, we introduced Vogue Multicorte kitchen towels so consumers can choose how much towel to use.

In the feminine napkin category, we made some improvements to the micro-pad category by developing a material with KCM proprietary technology, which has advantages in terms of absorption speed and dryness. We also re-designed the ultra-thin pads to incorporate new channels that better distribute liquids.

In our incontinence business, the Depend® underwear line was enhanced with a new absorbent core and a more discrete and organic shape, concentrating absorbency where it's most needed and making the product more efficient in terms of absorption speed and dryness. This improvement was also introduced to the Diapro® line of disposable underwear.

In all of our feminine protection and incontinence lines we have a new, softer and whiter outside cover that improves performance and appearance, and a new liquid capture layer for quicker absorption and greater dryness.

For our beauty care business, we launched a new proposition for the market: Escudo® Antibacterial 3-in-1 men's body wash (hair, face and body) with DEO PROTECT technology to control the body odor caused by perspiration. In our Escudo® Antibacterial bar soap line we developed a new version with more protection and freshness, and an on-the-go Escudo® Antibacterial gel with emollients, to provide a pleasant sense of softness to the skin.

Finally, in the beauty care business, we also re-launched the Huggies® Baby line with a new portfolio of products: Huggies® Relaxing Care, Pure Care and Clear Care, with a cleaner, safer formula to provide the best care for baby's skin.

In our professional business, we introduced the jumbo Scott® Fluido Céntrico bathroom tissue roll and the Barra Cafetería napkin, personalized napkins with enhanced performance, increased resilience and absorption, and improved dimensions for higher yield.

Operations

In 2018, our production strategy focused on starting up a range of manufacturing and conversion equipment in both home and personal care products, in order to continue supporting the company's growth, improving product quality and continuing to upgrade our technological platform.



We continued our strategy of generating value through meaningful innovation that improves our consumers' lives. In 2018 we brought some important new propositions to the market in all our product categories.

Among the highlights were the successful startup of two new conversion lines in Morelia and a major modification (transformation) of the number 1 machine at that plant. We also modified two conversion lines in Orizaba, and started up a new “closed diaper” paper machine in the Mexican market to make the Huggies® All Around and KleenBebé® Movilastic brands, and an update of the TNT outside cover line to improve the image of quality and perception of softness, both in Tlaxcala. At Prosede, we started up a new non-woven fabric line for high-speed absorption and high dryness.

We also worked intensively on identifying and implementing initiatives to build competitive cost advantages, generating Ps.\$1.4 billion in savings, which, for the fifth year in a row, was equivalent to 5 percent of the cost of goods sold.

As regards inventory turnover, we reduced this indicator from 7.9 to 7.6 times, as a result of significantly higher costs on our raw materials, and the incorporation of Escudo® and 4e® businesses.

Sustainability and social responsibility

In our report on sustainability goals and achievements, we provide information on the company’s progress in areas like corporate governance, environmental care and social responsibility. The report is assessed each year by the rating

agency in charge of selecting the Mexican Stock Exchange’s Sustainable IPC Index, and KCM steadily advanced in the rating of its sustainable performance, thanks to our solid results and clear trend towards ongoing improvement.

In terms of environmental care, we continued our progress in a number of areas, such as water consumption per metric ton of production—where we remain an industry benchmark—sustainable fiber sourcing and use of recovered fibers—where we obtained Leadership level in the CDP Forests assessment—efficient energy consumption in our operations and a reduction of greenhouse gases emission intensity. In addition, in the area of energy consumption, our Ramos Arizpe and Bajío plants operate cogeneration processes that efficiently produce steam and electrical energy.

In social responsibility, as part of the KCM Inspira initiative, whose motto is “Caring, Educating, Encouraging,” we once again demonstrated our commitment to internal and external stakeholders, addressing their needs through volunteer actions by our personnel and our support for more than 200 charitable institutions.

Along similar lines, this past year the Huggies® brand launched its Embracing Development platform, a comprehensive program created together with childhood development specialists that encourages babies to move through practical exercises at various phases of their development. Huggies® knows that movement



Our main brands are adopting and promoting social causes that are important to our consumers, like the battle against breast cancer.



and loving contact are important to the development of babies' brains, because it's through movement that babies build neurological connections and more areas of control that are key to their future.

Kotex® cares about each new generation, and that's why every year, through our School Tour program, we visit more than 90,000 girls with information about intimate care, to help them feel more secure.

Additionally, Escudo® Antibacterial began a program of school visits to help educate kids about health and hygiene, providing information to share with parents and encouraging best practices and health protection at all times.

Besides these efforts, our main brands are adopting and promoting social causes that are important to our consumers, like the battle against breast cancer.

More recently, aware of our responsibility to society, we are supporting the new federal administration's program Youth Building the Future, under which we have already incorporated more than 100 interns into our operations and will welcome more in the months ahead. We are convinced that this workplace inclusion program can have a positive effect on our society and our country.

In recognition of these and other actions, our company was included in the FTSE4 Good index, a British

market indicator that recognizes organizations outstanding in their industry in terms of sustainability and social responsibility.

Human resources

We know that one of the key factors to our success is having the most highly trained, committed and competitive personnel. That's why we encourage a challenging work environment in which our employees can develop their fullest potential and be recognized and compensated for their contributions.

In keeping with the above, a significant portion of the compensation and benefits we offer our employees is variable, and our contractual negotiations with unions have been based on competitive guidelines and conducted in a climate of cordiality and mutual respect, which the company has always encouraged. As is customary, in 2018 the company generated and paid out employee profit-sharing amounting to more than Ps.650 million, recognized as one of the highest in the country and consistent with our philosophy of giving our employees a share in our results.

In terms of safety, KCM is committed to an operational management that guarantees the occupational safety and health of every one of our employees, contractors and visitors as well. 2018 was not entirely a favorable year in terms of our safety record, and we failed to meet our goal of zero accidents, but we fully intend to redouble our efforts in the coming year to achieve this.



We are grateful to all of our personnel for their efforts during the year, and we urge them all to continue working with the dedication, commitment and enthusiasm they have always been known for.

Relationship with Kimberly-Clark Corporation

Our partnership with Kimberly-Clark Corporation is fundamental for both supporting our product and processes innovation, as well as for introducing state-of-the-art technology. This alliance is vital for KCM to have an active, dynamic window on what is happening around the world, and it enables us to participate in global purchasing agreements and share information on best practices, both operating and commercial.

Outlook

The early months of 2019 were marked by widespread uncertainty over the various signals sent by the new presidential administration in Mexico. This not to mention that fact that the start of every six-year administration in this country is habitually accompanied by sluggish economic growth.

There are also clear signs of slowdown across the globe, particularly in China and Europe. The United States economy continues to grow, but the standoff between Republicans and Democrats in congress could affect or

delay approval of the new free trade agreement (the USMCA).

Under these circumstances, we expect slower growth for the Mexican economy. As for consumption, the creation of new jobs, incoming remittances, and social and economic support programs to various groups will help. Nevertheless, the learning curve of the new administration, along with cancellation of some major investments, the review or cancellation of some structural reforms and commitments taken on in the past administration, the deterioration of prospects at Pemex and its possible impact on the nation's finances, questions about the autonomy of some institutions, outbursts of labor instability and, in general, the lack of a clear framework to promote investment and competitiveness, has caused jitters in the Mexican and global business world.

Therefore, the outlook remains challenging. To face this, the government, society and business clearly must close ranks to make progress in the areas of security, attacking corruption and impunity, building strong institutions and promoting a true Rule of Law, all of them indispensable elements—though not in and of themselves sufficient—for achieving greater inclusion, equal opportunities, social mobility and well-being. It is urgent we face all these challenges decisively.

This effort must be accompanied by a clear and concerted strategy to promote competitiveness and investment, and thus to create new

We expect to report better results in 2019. It will be difficult at the start, but we are confident that the actions we are taking will bring a steady improvement as the year progresses.





jobs. It is paramount that we restore the confidence and credibility needed to attract more productive investment and achieve economic growth of 4%, as proposed by the new administration. Only thus can we become a modern, developed and highly inclusive country. It is time to redouble efforts and to build as one.

With this in mind, our company will work to consolidate and strengthen our competitive advantages, investing in innovation, in our brands, technology, and in the training and development of our people, and in our execution capacity.

At the same time, to offset the impact of higher prices on raw materials, energy and exchange-rate volatility, we will continue to improve our efficiency and productivity as well as introducing further cost and expense-cutting measures.

With all of this, we expect to report better results in 2019. It will be difficult at the start, but we are confident that the actions we are taking will bring a steady improvement as the year progresses. Furthermore, as economic growth accelerates in the years to come and translates into a more dynamic and stronger market for domestic consumption with a growing middle class, the company will be exceptionally well positioned to take advantage of it.

Dear shareholders, we once again express our gratitude for your support and trust during our management for the year just ended, and we reiterate our pledge to carry out the necessary plans and programs to ensure Kimberly-Clark de México remains the successful company it is and has always been.

Very sincerely,



Claudio X. González L.
Chairman of the Board

Pablo R. González G.
Chief Executive Officer



BABIES

diapers, pull-up training pants, swim
diapers, wet wipes, shampoo, cream
and bar soap, feeding products



BEAUTY

bar soap, liquid hand soap, foaming liquid soap, liquid body wash



ADULTS

underwear, protectors,
femenine pads, prefolded



Products designed for you

HOME

toilet paper, napkins, facial tissue, paper towels



WOMEN

feminine pads, panty liners, tampons, intimate wipes



PROFESSIONAL

dispensers, jumbo roll toilet paper, paper towels, hand towels, industrial cleaning cloths



Board of directors

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Valentín Díez Morodo*
Vice Chairman

Thomas J. Falk
Vice Chairman

Jorge Ballesteros Franco*

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Maria Henry

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Fernando Senderos Mestre*

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José Antonio Noguera Castillo

José Antonio Mondragón Pacheco

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Antonio Cosío Pando

Fernando Ruiz Sahagún

Sergio Chagoya Díaz

Jesús González Laporte

Jorge Barrero Stahl

Juan Carlos Machorro Guerrero

Jorge A. Lara Flores

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Chief Executive Officer

Xavier Cortés Lascurain
Chief Financial Officer

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Corporate Director of Business
and Commercial Strategy

Fernando González Velasco
Corporate Director of Consumer Product Sales

Luiz Roberto Neves Rodrigues
Corporate Director of Supply Chain

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Corporate Director of Personal
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Export Manager

Regina Celorio Calvo
Communications and New Avenues
for Growth Manager

Fernando Vergara Rosales
Corporate Comptroller

Alejandro Argüelles de la Torre
General Counsel

Carlos Conss Curiel
Deputy Director of Information Services

Azul Argüelles Rojas
Treasurer and Investor Relations

consolidated financial **statements**



Trade Markets

Mexican Stock Exchange (BMV), Mexico

The United States (OTC ADRs)

Types of shares

Series A

Series B

Ticker

BMV: KIMBER

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