



Genomma Lab<sup>®</sup>  
Internacional

# Third Quarter Report 2013

Genomma Lab achieves **19.7%** Top Line Growth and a **26.0%** EBITDA Margin in Third Quarter of 2013

## GENOMMA LAB INTERNACIONAL ANNOUNCES ITS THIRD QUARTER 2013 RESULTS

Mexico City, Mexico –October 24<sup>th</sup>, 2013

*Genomma Lab Internacional, S.A.B. de C.V.* (BMV: LAB.B) (“Genomma Lab” or “the Company”), announced today its results for the quarter ended September 30, 2013. All figures included herein are stated in nominal Mexican pesos and were prepared in accordance with International Financial Reporting Standards (IFRS). As of January 1<sup>st</sup> of 2012, the Company adopted IFRS as the accounting framework for its financial statements to comply with the provisions established by the Mexican National Banking and Securities Commission (CNBV).

### 3Q 2013 Highlights (vs. 3Q 2012)

- Net Sales for the third quarter reached Ps. 3.07 billion, increasing 19.7%, compared to the same period of 2012.
- During the third quarter, sales from our Mexican operations increased 5.8% to Ps. 2.02 billion, compared to the same quarter of 2012.
- Sales from our international operations increased 60.3% in the third quarter to Ps. 1.05 billion, compared to the same quarter of 2012.
- EBITDA increased 21.0% in the third quarter to Ps. 795.8 million, representing a 26.0% margin.
- Consolidated Net Income increased 14.3% in the third quarter to Ps. 481.1 million, compared to the same quarter of 2012. Earnings per Share<sup>1</sup> for the quarter increased 17.1% to Ps. 1.59, compared to the same period of 2012.
- Cash Conversion Cycle improved 9 days to 144 days as of September 30, 2013, compared to 153 days as of September 30, 2012.

<sup>1</sup> Earnings per Share are for the last 12 months and were calculated using the weighted average of shares outstanding for the period.

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## Comments from the CEO

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Mr. Rodrigo Herrera, Chief Executive Officer, mentioned: "We are satisfied with the Company's results during the third quarter of 2013 as they are in line with this year's objectives.

One of our top priorities has been to improve the cash conversion cycle as well as the free cash flow generation of the Company. In the past quarters, we have been taking several actions to address this matter, among which are: adjustments in commercial policies with our clients, working directly with clients to improve their inventories at the point of sale, and also initiating outsourced manufacturing for our international operations.

We are very pleased to see a strong improvement of our free cash flow generation during this quarter, resulting from an improvement of our cash conversion cycle and the mitigation of seasonality throughout the year. Encouraged by the achievements made so far, we will continue working to further improve the Company's free cash flow generation.

The growth recorded during the quarter was mainly driven by our international operations, which continued with the strong performance seen during the first half of the year. Among the countries with the highest growth were Brazil and the United States. The results are encouraging and the Company will continue to expand its presence abroad, focusing in the countries where it participates through the launch of new products and brands that have been successful in Mexico. The goal is to achieve a sustainable organic growth. We reiterate that our international operations will continue to be the main driver of growth during the coming periods.

As we approach the end of this year, we will continue working in our Mexican operations as we aim to improve our cash flow and value generation. We anticipate that our international operations will continue recording strong growth rates in the main markets as well as in the rest of the countries to achieve our full-year expectations."



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## Consolidated Results of Operations for the Third Quarter of 2013

The following table shows consolidated results of operations, in millions of pesos (except share and per-share data), and margins are shown as a percentage of Net Sales. All figures of 2013 are compared to the same period of the previous year:

For the quarter and nine month periods ended September 30, 2013 and 2012  
(In millions of current Mexican Pesos)

	3rd Quarter			January to September		
	2013	2012	%Var	2013	2012	%Var
Net Sales	3,066.8	2,561.7	19.7	7,683.2	6,410.6	19.9
Gross Profit	2,198.8	1,803.9	21.9	5,360.2	4,396.9	21.9
Gross Margin	71.7%	70.4%	1.3	69.8%	68.6%	1.2
EBITDA <sup>1</sup>	795.8	657.7	21.0	1,660.5	1,400.6	18.6
EBITDA Margin	26.0%	25.7%	0.3	21.6%	21.8%	(0.2)
Operating Income	780.7	641.4	21.7	1,614.7	1,351.8	19.4
Operating Income Margin	25.5%	25.0%	0.5	21.0%	21.1%	(0.1)
Net Income of Majority Shareholders	462.3	409.4	12.9	910.5	812.7	12.0
Net Income of Majority Shareholders Margin	15.1%	16.0%	(0.9)	11.9%	12.7%	(0.8)
Weighted average number of shares outstanding	1,048,733,370	1,045,964,814	0.3	1,048,733,370	1,048,309,144	0.0
EPS (12 months) <sup>2</sup>	1.59	1.35	17.1	1.59	1.35	17.3

<sup>1</sup> EBITDA is calculated by adding depreciation and amortization to the Operating Income.

<sup>2</sup> Earnings per share are for the last 12 months and were calculated using the weighted average of shares outstanding for the period. The total number of shares outstanding as of September 30, 2013 totaled 1,048,733,370.

**Net Sales** rose 19.7% to Ps. 3.07 billion in the third quarter of 2013, from Ps. 2.56 billion in the third quarter of 2012.

Net Sales by brands are classified as follows:

- 1) **Base Brands** represent brands launched at least two years prior to the last fiscal year (2011, 2010, 2009 and earlier) in Mexico;
- 2) **Prior Year Launches** are brands launched during the prior fiscal year (2012) in Mexico;
- 3) **New Brands** are brands launched during the current fiscal year (2013) in Mexico; and
- 4) **International** refers to Net Sales of our international operations.

The increase in Net Sales resulted from the combination of the following factors:

- i) sales from **Base Brands** in Mexico amounting to Ps. 1.64 billion during the third quarter, including line extensions;
- ii) an increase of 283.5% (Ps. 196.1 million) from **Prior Year Launches** in Mexico during the third quarter due to the full year effect, including the recent line extensions of these brands, resulting in sales of Ps. 265.3 million;
- iii) Ps. 115.5 million in the third quarter of 2013 from **New Brands** in Mexico; and,
- iv) a 60.3% increase (Ps. 394.8 million) from **international** operations, totaling Ps. 1.05 billion in the third quarter of 2013.

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*Gross Profit* increased 21.9% to Ps. 2.20 billion in the third quarter of 2013, compared to Ps. 1.80 billion during the third quarter of 2012. Gross Margin increased 1.3 percentage points, as a percentage of Net Sales, to 71.7% in the third quarter of 2013, compared to 70.4% in the same period of 2012. This increase in margin was primarily due to a better mix of our products, derived from a higher participation of our over-the-counter (OTC) products which, as a percentage of Net Sales, have a lower cost of goods sold.

*Selling, General and Administrative Expenses*, as a percentage of Net Sales, increased 0.9 percentage points to 46.3% in the third quarter of 2013, compared to 45.4% in the same period of 2012. This increase was mainly derived from higher advertising expenses in our international operations related to recent initiatives, mainly in the United States, and to strong growth.

*EBITDA* increased 21.0% to Ps. 795.8 million in the third quarter of 2013, compared to Ps. 657.7 million in the third quarter of 2012. The EBITDA margin increased 0.3 percentage points, as a percentage of Net Sales, to 26.0% in the third quarter of 2013, from 25.7% in the same period of 2012. The EBITDA margin increased primarily due to lower cost of goods sold, as a percentage of Net Sales, which was offset by higher Selling, General and Administrative Expenses (excluding Depreciation and Amortization), as a percentage of Net Sales.

## *EBITDA Reconciliation*

For the third quarter ended September 30, 2013 and 2012  
(In millions of current Mexican pesos)

	<b>Third Quarter</b>	
	<b>2013</b>	<b>2012</b>
<b>Consolidated net income</b>	481.1	420.8
Income tax expense	250.2	173.8
Not consolidated subsidiaries (income)	4.6	(9.2)
Comprehensive financing cost	44.7	56.0
<b>Operation income</b>	<b>780.7</b>	<b>641.4</b>
Depreciation and amortization	15.1	16.2
<b>EBITDA</b>	<b>795.8</b>	<b>657.7</b>
EBITDA margin	26.0%	25.7%

*Operating Income* increased 21.7% to Ps. 780.7 million in the third quarter of 2013, compared to Ps. 641.4 million in the third quarter of 2012. Operating Margin, as a percentage of Net Sales, increased 0.5 percentage points, reaching 25.5% in the third quarter of 2013, from 25.0% in the same period of 2012.

*Comprehensive Financing Result* represented a loss of Ps. 44.7 million in the third quarter of 2013, Ps. 11.3 million less than the loss of Ps. 56.0 million recorded in the third quarter of 2012. This change was a result of: i) a Foreign Exchange gain amounting to Ps. 15.4 million during the third quarter of 2013, compared to a Ps. 36.7 million loss during the same period of 2012, the gain

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in this quarter was a result of the appreciation of the US Dollar exchange rate vs. the Company's operating currencies, which was reflected in the Company's cash position in US Dollars; ii) an increase of Ps. 20.8 million in Financial Expenses to Ps. 73.7 million during the third quarter of 2013, compared to Ps. 52.8 million during the same period of 2012; iii) a lower Interest Income amounting to Ps. 2.5 million during the third quarter of 2013, compared to Ps. 15.8 million in the same period of 2012; and, iv) an Ps. 11.1 million gain in the third quarter of 2013 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 17.7 million gain in the same period of 2012.

**Consolidated Net Income** increased 14.3% to Ps. 481.1 million in the third quarter of 2013, representing a margin of 15.7% over Net Sales, compared to Ps. 420.8 million in the third quarter of 2012, which represented a margin of 16.4%.

## Balance Sheet

As of September 30, 2013, September 30, 2012 and December 31, 2012  
(In millions of current Mexican pesos)

	September 30, 2013	September 30, 2012	Var Sept '13 vs Sept '12	% Var Sept '13 vs Sept '12	December 31, 2012	Var Sept '13 vs Dec '12	% Var Sept '13 vs Dec '12
<b>Balance Sheet Information:</b>							
Cash and Equivalents	1,747.6	990.5	757.1	76.4%	917.2	830.4	90.5%
Clients	4,481.6	4,167.4	314.1	7.5%	4,795.6	(314.0)	-6.5%
Inventories	1,504.8	977.8	527.1	53.9%	1,032.4	472.4	45.8%
Other current Assets	1,381.4	864.6	516.8	59.8%	1,470.5	(89.2)	-6.1%
Total Assets	15,058.1	11,716.6	3,341.5	28.5%	12,992.6	2,065.5	15.9%
Suppliers	1,517.1	1,064.7	452.5	42.5%	1,218.7	298.5	24.5%
Other current Liabilities	820.4	1,008.1	(187.7)	-18.6%	1,004.6	(184.2)	-18.3%
Current portion of long term debt	60.7	-	60.7		406.6	(345.9)	-85.1%
Unsecured local bonds	1,989.5	-	1,989.5		-	1,989.5	
Long-term Loans with financial institutions	2,249.2	3,300.0	(1,050.8)	-31.8%	3,052.3	(803.1)	-26.3%
Total Liabilities	7,068.9	5,440.0	1,628.9	29.9%	5,973.8	1,095.1	18.3%
Stockholders Equity	7,989.2	6,276.6	1,712.6	27.3%	7,018.8	970.4	13.8%
<b>Working Capital <sup>(1)</sup></b>							
Working Capital less cash	4,969.6	3,937.0	1,032.6	26.2%	5,075.2	(105.6)	-2.1%
Accounts Receivable days	146	164	(18)	-11.2%	176	(30)	-17.2%
Inventories days	161	123	38	30.2%	121	40	32.9%
Suppliers days	162	134	28	20.5%	143	19	13.3%
Cash Conversion Cycle	144	153	(9)	-5.6%	154	(10)	-6.2%

<sup>(1)</sup> Working Capital consists of current assets minus current liabilities.

**Cash and Equivalents** increased 76.4% (Ps. 757.1 million) to Ps. 1.75 billion as of September 30, 2013, compared to Ps. 990.5 million as of September 30, 2012. This increase was mainly due to cash generated from our operations during the last twelve months, which was offset by several payments for brand acquisitions, which were also financed with new loans from financial institutions.

**Clients** amounted to Ps. 4.48 billion as of September 30, 2013, compared to Ps. 4.17 billion as of September 30, 2012. Days of Clients decreased 18 days to 146 days as of September 30, 2013, from 164 days as of September 30, 2012. This improvement in days is the continuous result of implementing stricter commercial policies as well as the hard work and negotiations with our

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clients in the previous quarters to improve our accounts receivable. These initiatives continue to be one of our main focuses.

*Inventories* amounted to Ps. 1.50 billion as of September 30, 2013, compared to Ps. 977.8 million as of September 30, 2012. Days of Inventories increased 38 days to 161 days as of September 30, 2013, compared to 123 days as of September 30, 2012. This increase was mostly derived from building inventories, mainly in our international operations, to prepare for the fourth quarter, which is the strongest of the year in terms of sales.

*Suppliers* amounted to Ps. 1.52 billion as of September 30, 2013, compared to Ps. 1.06 billion as of September 30, 2012. Days of Suppliers increased 28 days to 162 as of September 30, 2013, from 134 days as of September 30, 2012. This increase is in line with the increase in inventories. In addition, compared to previous quarters, Days of Suppliers increased due to the development of better relationships with suppliers outside of Mexico, with which we recently started working, as scale and volume are starting to increase.

*Other Current Assets* amounted to Ps. 1.38 billion as of September 30, 2013, from Ps. 864.6 million as of September 30, 2012. This increase was mainly derived from advertisement paid in advance, primarily to support growth in the international operations. However, this account decreased by Ps. 375.8 million compared to the second quarter of this year, given that advertisement has been partially used.

*Other Current Liabilities* amounted to Ps. 820.4 million as of September 30, 2013, from Ps. 1.01 billion as of September 30, 2012.

*Loans with Financial Institutions* amounted to Ps. 2.25 billion as of September 30, 2013, compared to Ps. 3.30 billion as of September 30, 2012. The current portion of long term debt amounted to Ps. 60.7 million, which represents 2.7% of the total debt with financial institutions.

*Unsecured debt certificates ("Certificados Bursátiles")* amounted to Ps. 1.99 billion as of September 30, 2013. The bonds were issued on July 8<sup>th</sup>, 2013 and the resources obtained were used to prepay existing debt with financial institutions, improving the Company's debt maturity profile to 4.0 years and decreasing its cost.

As of September 30, 2013 the Gross Debt with cost of the Company amounted to Ps. 4.30 billion, which represents a Net Debt to EBITDA ratio of 0.91.

*Cash Conversion Cycle* reached 144 days at the end of the third quarter of 2013, which represents a decrease of 9 days compared to the 153 days at the end of the same period of 2012 and is 10 days below those in December of 2012. We continue to see positive results from the strategic actions taken in previous quarters that aim to improve and mitigate volatility in the cash conversion cycle and to increase cash flow generation.





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## Operations Summary

### Net Sales Segmentation for the third Quarter of 2013

During the third quarter of 2013, pharmaceutical products<sup>1</sup> represented 59.4% of our Mexican sales, while the personal care products<sup>2</sup> represented 40.6%.

Net Sales of our pharmaceutical products in Mexico<sup>1</sup> increased 9.3% to Ps. 1.2 billion during the third quarter of 2013, compared to the same period of 2012.

Net Sales of our personal care products in Mexico increased 1.0% in the third quarter of 2013 to Ps. 819.4 million, compared to the same period of 2012.

Net Sales from our international operations increased 60.3% to Ps. 1.05 billion for the third quarter of 2013, compared to Ps. 654.8 million for the same period in 2012. Growth in these operations was mainly driven by Brazil, increasing sales in 121.4%, compared to the same quarter of last year. For the last twelve months, as of September 30, 2013, our International operations represent 36.2% of Total Sales.

(In millions of current Mexican Pesos)

	3Q13		Total 3Q13	3Q12		Total 3Q12	%Var
	Pharma*	PC		Pharma*	PC		
Mexico	1,197.7	819.4	2,017.1	1,095.6	811.3	1,906.9	5.8%
International	240.2	809.4	1,049.6	73.3	581.5	654.82	60.3%
<b>TOTAL</b>	<b>1,437.9</b>	<b>1,628.8</b>	<b>3,066.8</b>	<b>1,168.9</b>	<b>1,392.9</b>	<b>2,561.7</b>	<b>19.7%</b>

\* Pharma refers to OTC and generic pharmaceutical products in Mexico and OTC pharmaceutical products in the international operations.

### New Product Launches and Line Extensions

During the third quarter of 2013, the Company launched 25 line extensions from our **Base Brands** and **Prior Year Launches**, and 6 new products under **New Brands**. Some of the products recently launched are:

*Vanart Shampoos*, the launch of the new image and formulation of our brand *Vanart*, acquired in 2011. This re-launch brings exclusive formulas with new ingredients and flavors that position *Vanart* as the leading brand in the family shampoo segment. It consists of four lines: Classic, Immediate Effect, Organic Scents and Sensations.

*Fermodyl Shampoos*, a line extension of our brand *Fermodyl*, acquired in 2012. This launch is part of a line of shampoos with unique nanospheres that protect hair and release vitamins and moisturizers that penetrate deep into the hair. Additionally, we launched under this brand a new line of anti-fall shampoo that complements the line of Fermofive vials.

<sup>1</sup> Pharmaceutical products: includes OTC products and generics in Mexico. We have decided to add sales from OTC products and generics in one single segment (Pharma) since Primer Nivel, our generics line of business, is not significant enough to be viewed as a different segment and, therefore, will be considered one of our brands as part of our pharmaceutical segment.

<sup>2</sup> Personal care products: includes only personal care products in Mexico.

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## Other Corporate Events

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- On September 27<sup>th</sup>, Genomma Lab signed different acquisition contracts and licensing agreements for seven over-the-counter brands, among which are: *Representaciones e Investigaciones Médicas* for the **Oxigricol** brand, *AstraZeneca* for the **Mopral**, **Xyloproct** and **Xyloderm** brands, *Laboratorios Imperiales* for the brand **Estomacurol**, and *Laboratorios Columbia Comercial* for the **Passiflorine** and **Ah-Micol** brands.
- On September 27<sup>th</sup>, the Company hosted the fourth edition of its “Genomma Day” in New York City. During the event, Rodrigo Herrera, Chief Executive Officer, and Oscar Villalobos, Chief Financial Officer, presented investors the latest developments and achievements of the Company, as well as the strategy for the following years. Among the most relevant topics addressed were:
  - The progress of the goals set during the 2011 Investor Day.
  - The strategies and focus on improving the use of working capital to increase free cash flow generation.
  - Derived from this, possibility of paying dividends in the short to medium-term.
- On October 4<sup>th</sup>, 2013, the Company successfully completed its second issuance of debt certificates (Certificados Bursátiles “LAB 13-2”), amounting to Ps. 2.0 billion. The certificates have a four-year maturity and pay interest every 28 days at a coupon rate of TIIE (Tasa de Interés Interbancaria de Equilibrio) 28 days plus 0.70 percentage points. The certificates were rated “AA(mex)” by Fitch Ratings and “HR AA” by HR Ratings. The proceeds raised do not increase the Company’s debt level as they will be used to refinance existing current debt with financial institutions, allowing the Company to reduce its cost of debt and extend its debt profile.

## Analyst Coverage

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Actinver Casa de Bolsa S.A. de C.V.; Banco Itaú BBA, S.A.; BBVA Bancomer, S.A. Institución de Banca Múltiple; BTG Pactual US Capital LLC; Casa de Bolsa Credit Suisse S.A.; GBM Grupo Bursátil Mexicano, S.A. de C.V. Casa de Bolsa; Grupo Financiero Monex; Grupo Financiero Ve por Más, HSBC Securities (USA) Inc.; Intercam Casa de Bolsa, S.A. de C.V.; Invex Grupo Financiero S.A. de C.V.; IXE Casa de Bolsa S.A. de C.V. Grupo Financiero Banorte; Santander Investment Securities Inc.; Signum Research; UBS Casa de Bolsa S.A., and Vector Casa de Bolsa.



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## Company Description

*Genomma Lab Internacional, S.A.B. de C.V.* is one of the fastest growing pharmaceutical and personal care products companies in Mexico with an increasing international presence. Genomma Lab develops, sells and markets a broad range of premium branded products, many of which are leaders in the categories in which they compete in terms of sales and market share. Genomma Lab relies on the combination of a successful new product development process, a consumer-oriented marketing, a broad retail distribution network and a low-cost, highly flexible operating model.

Genomma Lab's shares are listed on the Mexican Stock Exchange under the ticker symbol "LAB.B" (Bloomberg: labb.mx).

### Note on Forward-Looking Statements

This report may contain certain forward-looking statements and information relating to the Company that reflect the current views and/or expectations of the Company and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe," "anticipate," "expect," "envisages," "will likely result," or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



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## Income Statement

### Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

For the three and nine month periods ended on September 30, 2013 and 2012

(In thousands of current Mexican pesos)

	THIRD QUARTER		VAR	ACCUMULATED		VAR
	2013	2012	%	2013	2012	%
Net Sales	3,066,754	2,561,717	19.7%	7,683,162	6,410,602	19.9%
Cost of goods sold	867,963	757,793	14.5%	2,322,986	2,013,738	15.4%
<b>Gross Income</b>	<b>2,198,791</b>	<b>1,803,924</b>	<b>21.9%</b>	<b>5,360,176</b>	<b>4,396,864</b>	<b>21.9%</b>
Selling, general and administrative expenses	1,404,026	1,146,845	22.4%	3,709,079	3,000,424	23.6%
Other expenses	2	(152)	(101.3%)	466	980	(52.4%)
Other income	1,062	438	142.5%	9,820	5,120	91.8%
<b>EBITDA</b>	<b>795,825</b>	<b>657,669</b>	<b>21.0%</b>	<b>1,660,451</b>	<b>1,400,580</b>	<b>18.6%</b>
Depreciation and amortization	15,128	16,247	(6.9%)	45,783	48,744	(6.1%)
<b>Income from Operations</b>	<b>780,697</b>	<b>641,422</b>	<b>21.7%</b>	<b>1,614,668</b>	<b>1,351,836</b>	<b>19.4%</b>
Interest expense	(73,663)	(52,844)	39.4%	(220,149)	(105,463)	108.7%
Interest income	2,479	15,834	(84.3%)	6,153	23,198	(73.5%)
Exchange income (expense)	26,453	(18,999)	(239.2%)	(2,839)	(41,867)	(93.2%)
<b>Comprehensive financing income (cost)</b>	<b>(44,731)</b>	<b>(56,009)</b>	<b>(20.1%)</b>	<b>(216,835)</b>	<b>(124,132)</b>	<b>74.7%</b>
Associated company	(4,630)	9,236	(150.1%)	12,488	(6,967)	(279.2%)
<b>Income before income taxes</b>	<b>731,336</b>	<b>594,649</b>	<b>23.0%</b>	<b>1,410,321</b>	<b>1,220,737</b>	<b>15.5%</b>
Income tax expense	250,196	173,840	43.9%	458,071	384,614	19.1%
<b>Consolidated Net Income</b>	<b>481,140</b>	<b>420,809</b>	<b>14.3%</b>	<b>952,250</b>	<b>836,123</b>	<b>13.9%</b>
Net income of minority stockholders	18,872	11,431	65.1%	41,711	23,443	77.9%
<b>Net income of majority stockholders</b>	<b>462,268</b>	<b>409,378</b>	<b>12.9%</b>	<b>910,539</b>	<b>812,680</b>	<b>12.0%</b>
Conversion result from foreign currencies	(3,071)	(51,135)	(94.0%)	7,636	(68,682)	(111.1%)
<b>Comprehensive Income</b>	<b>459,197</b>	<b>358,243</b>	<b>28.2%</b>	<b>918,175</b>	<b>743,998</b>	<b>23.4%</b>



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## Balance Sheet

### Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

As of September 30, September 30, 2012, June 30, 2013 and December 31, 2012

(In thousands of current Mexican Pesos)

ASSETS	SEPTEMBER		VARIATION		JUNE		VARIATION		DECEMBER		VARIATION	
	2013	2012	SEP-12	%	2013	JUN-13	%		2012	DEC-12	%	
<b>Current assets</b>												
Cash and equivalents	1,738,883	959,208	779,675	81%	1,607,911	130,972	8%		884,416	854,467	97%	
Restricted fund	8,733	31,288	(22,555)	(72%)	8,383	350	4%		32,750	(24,017)	(73%)	
Clients - Net	4,481,578	4,167,427	314,151	8%	3,964,014	517,564	13%		4,795,560	(313,982)	(7%)	
Others accounts receivable	403,558	251,983	151,575	60%	419,788	(16,230)	(4%)		275,653	127,905	46%	
Due from related parties	110,919	160,951	(50,032)	(31%)	199,806	(88,887)	(44%)		195,624	(84,705)	(43%)	
Inventory - Net	1,504,846	977,762	527,084	54%	1,257,862	246,984	20%		1,032,400	472,446	46%	
Prepaid expenses	866,904	451,653	415,251	92%	1,137,551	(270,647)	(24%)		999,261	(132,357)	(13%)	
<b>Total current assets</b>	<b>9,115,421</b>	<b>7,000,272</b>	<b>2,115,149</b>	<b>30%</b>	<b>8,595,315</b>	<b>520,106</b>	<b>6%</b>		<b>8,215,664</b>	<b>899,757</b>	<b>11%</b>	
<b>Non-current assets</b>												
Trademarks	4,686,995	3,381,372	1,305,623	39%	4,042,818	644,177	16%		3,382,239	1,304,756	39%	
Investments in associated company	19,046	-	19,046	100%	23,580	(4,534)	(19%)		5,680	13,366	235%	
Building, properties and equipment - Net	387,103	439,041	(51,938)	(12%)	392,699	(5,596)	(1%)		403,588	(16,485)	(4%)	
Deferred income tax	49,879	85,246	(35,367)	(41%)	33,433	16,446	49%		14,092	35,787	254%	
Other assets - Net	799,631	810,640	(11,009)	(1%)	802,945	(3,314)	(0%)		971,327	(171,696)	(18%)	
<b>Total non-current assets</b>	<b>5,942,654</b>	<b>4,716,299</b>	<b>1,226,355</b>	<b>26%</b>	<b>5,295,475</b>	<b>647,179</b>	<b>12%</b>		<b>4,776,926</b>	<b>1,165,728</b>	<b>24%</b>	
<b>Total assets</b>	<b>15,058,075</b>	<b>11,716,571</b>	<b>3,341,504</b>	<b>29%</b>	<b>13,890,790</b>	<b>1,167,285</b>	<b>8%</b>		<b>12,992,590</b>	<b>2,065,485</b>	<b>16%</b>	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>												
<b>Current Liabilities</b>												
Current portion of long term loan w/ financial institutions	60,721	-	60,721	100%	1,274,036	(1,213,315)	(95%)		406,621	(345,900)	(85%)	
Trade accounts payable	1,517,129	1,064,676	452,453	42%	1,222,130	294,999	24%		1,218,663	298,466	24%	
Due to related parties	-	9,797	(9,797)	(100%)	1,291	(1,291)	(100%)		9,480	(9,480)	(100%)	
Other current liabilities	754,386	703,072	51,314	7%	733,664	20,722	3%		909,060	(154,674)	(17%)	
Income tax payable	60,874	292,123	(231,249)	(79%)	18,877	41,997	222%		82,966	(22,092)	(27%)	
Statutory employee profit sharing	5,109	1,050	4,059	387%	3,420	1,689	49%		3,110	1,999	64%	
<b>Total current liabilities</b>	<b>2,398,219</b>	<b>2,070,718</b>	<b>327,501</b>	<b>16%</b>	<b>3,253,418</b>	<b>(855,199)</b>	<b>(26%)</b>		<b>2,629,900</b>	<b>(231,681)</b>	<b>(9%)</b>	
<b>Non-current liabilities</b>												
Unsecured debt certificates	1,989,479	-	1,989,479	100%	-	1,989,479	100%		-	1,989,479	100%	
Long-term loans with financial institutions	2,249,201	3,300,000	(1,050,799)	(32%)	2,725,596	(476,395)	(17%)		3,052,275	(803,074)	(26%)	
Other long term liabilities	49,063	67,456	(18,393)	(27%)	60,562	(11,499)	(19%)		60,562	(11,499)	(19%)	
Deferred income tax	380,789	361	380,428	105382%	336,434	44,355	13%		229,370	151,419	66%	
Employee retirement obligations	2,124	1,443	681	47%	1,969	155	8%		1,659	465	28%	
<b>Total liabilities</b>	<b>7,068,875</b>	<b>5,439,978</b>	<b>1,628,897</b>	<b>30%</b>	<b>6,377,979</b>	<b>690,896</b>	<b>11%</b>		<b>5,973,766</b>	<b>1,095,109</b>	<b>18%</b>	
<b>Stockholders' equity</b>												
Capital stock	1,921,660	1,921,660	-	-	1,921,660	-	-		1,921,660	-	-	
Retained earnings	5,156,955	3,631,837	1,525,118	42%	5,156,955	-	-		3,592,019	1,564,936	44%	
Net income	910,539	812,680	97,859	12%	448,271	462,268	103%		1,564,936	(654,397)	(42%)	
Cumulative translation effects of foreign subsidiaries	12,332	(3,054)	15,386	(504%)	15,402	(3,070)	(20%)		4,695	7,637	163%	
Share buyback fund	(160,350)	(163,932)	3,582	(2%)	(157,523)	(2,827)	2%		(159,952)	(398)	0%	
Net premium in placement of repurchased shares	39,749	39,749	-	-	39,749	-	-		39,749	-	-	
Minority interest	108,315	37,653	70,662	188%	88,297	20,018	23%		55,717	52,598	94%	
<b>Total stockholders' equity</b>	<b>7,989,200</b>	<b>6,276,593</b>	<b>1,712,607</b>	<b>27%</b>	<b>7,512,811</b>	<b>476,389</b>	<b>6%</b>		<b>7,018,824</b>	<b>970,376</b>	<b>14%</b>	
<b>Total equity and liabilities</b>	<b>15,058,075</b>	<b>11,716,571</b>	<b>3,341,504</b>	<b>29%</b>	<b>13,890,790</b>	<b>1,167,285</b>	<b>8%</b>		<b>12,992,590</b>	<b>2,065,485</b>	<b>16%</b>	



**Genomma Lab**  
Internacional

# Third Quarter Report 2013

## Cash Flow

### Genomma Lab Internacional S.A.B. de C.V. and subsidiaries

For the three and nine month periods ended on September 30, 2013

(In thousands of current Mexican pesos)

	SEPTEMBER 2013	
	3° QUARTER	ACCUMULATED
<b>Cash and cash equivalents beginning of period</b>	<b>1,616,294</b>	<b>917,166</b>
<b>Consolidated Net Income</b>	<b>481,140</b>	<b>952,250</b>
<b>Charges to results with no cash flow:</b>		
Depreciation and amortization	15,128	45,783
Income tax	250,195	458,071
Accrued interest and others	72,623	185,412
	<b>819,086</b>	<b>1,641,516</b>
<b>Changes in Working Capital:</b>		
Clients - Net	(517,552)	314,010
Inventories	(246,983)	(472,445)
Suppliers	295,219	298,666
Other current assets	238,717	(148,360)
Payed income tax	(43,867)	(171,585)
Other current liabilities	27,565	(20,003)
	<b>(246,901)</b>	<b>(199,717)</b>
<b>Net cash generated (used) in operating activities</b>	<b>572,185</b>	<b>1,441,799</b>
<b>Investing activities:</b>		
Investment in fixed assets	(7,874)	(26,192)
Sales of equipment	120	9,433
Brand acquisitions	(622,827)	(1,225,461)
Others assets acquisitions	(6,761)	(2,233)
<b>Net cash generated (used) in investing activities</b>	<b>(637,342)</b>	<b>(1,244,453)</b>
<b>Financing activities:</b>		
Payments of borrowings with financial institutions	(1,929,427)	(2,029,427)
Loans with financial and securities institutions	2,238,926	2,892,668
Interest paid	(97,417)	(202,921)
Stock repurchase	(748)	(2,204)
Minority interest	1,146	10,887
<b>Net cash used in financing activities</b>	<b>212,480</b>	<b>669,003</b>
<b>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary effects</b>	<b>147,323</b>	<b>866,349</b>
Foreign exchange and inflationary effects from international operations	(16,001)	(35,899)
<b>Accumulated cash flow at the end of the period</b>	<b>1,747,616</b>	<b>1,747,616</b>
Less - restricted fund	8,733	8,733
<b>Cash and cash equivalents at end of period balance for operation</b>	<b>1,738,883</b>	<b>1,738,883</b>