



Mexico City, Mexico, October 25, 2017

**Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB.B)** (“Genomma Lab” or “the Company”), today announced its results for the third quarter ended September 30, 2017. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

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## A. Q3 2017 Highlights (vs. Q3 2016)

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- Net Revenues for the third quarter 2017 increased 5.4% compared to the same period of 2016, and Ps. 6.8%, year to date.
- Third quarter 2017 EBITDA was Ps. 703.3 million; a 22.8% margin. Year to date EBITDA amounted to Ps. 1.99 billion; a 21.6% margin, in line with revised EBITDA margin guidance of 21.7% as was issued on the Company’s April 27, 2017 Q1 results conference call.
- Highlights by Region:
  - Net Revenues from U.S. operations decreased by 25.6%, to Ps. 266.0 million, below the Company’s expectations. EBITDA margin from Genomma’s U.S. operations was 8.5%. Genomma Lab expects to achieve its consolidated growth rate guidance of 7% through consistent and diversified income generated from the 19 other countries in which Genomma operates
  - Net Revenues from Mexican operations were Ps. 1.28 billion; a 3.3% increase, year on year with an EBITDA margin of 17.3%
  - Sales from Genomma Lab’s Latin American operations increased 15.7%, to Ps. 1.53 billion, exceeding the Company’s expectations. Third quarter EBITDA margin from Latin American operations was 30.0%
- On September 28, the Company cancelled its LAB 13-2 *Certificado Bursátil* (long-term bond) for Ps. 2.00 billion plus interest, Ps. 900 million of which was paid using the Company’s internal resources generated through Free Cash Flow. This is further affirmation of Genomma’s healthy levels of cash generation and strong operational discipline.



- Net Debt was reduced to Ps. 3.88 billion, and Gross Debt to Ps. 4.91 billion in the third quarter 2017. Adjusted Free Cash Flow for the quarter was Ps. 170.3 million.
- The Company broke ground for its new state of the art production facility in the state of Mexico on October 10, 2017. The facility is expected to begin operation within the next 12 months.

## B. Comments from the CEO

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Mr. Máximo Juda, Chief Executive Officer, commented: “Genomma’s third quarter operating results are strong evidence of the aptness of the strategy we embarked upon over a year ago to turn-around the Company. We recorded the strongest operating margin, in recent history, at 22.8%, on EBITDA growth of 17.0% year-over-year. I believe this strong level of operating profitability is largely sustainable based on our current and expected cost structure, combined with strong market demand. And, while top line growth in Mexico was lower than the prior quarter, as we prioritized shipping to Latin America where we achieve higher margins, and to shore up service levels, overall topline growth was in line with our expectation for the quarter at 5.4%. Our results reflect incremental improvements in the macroeconomic dynamics within many of our markets, despite being impacted by natural disasters that took place in Mexico and the U.S. during the quarter.

Consolidated sales were Ps. 3.08 billion, representing a 5.4% year on year increase, with Mexican net sales of Ps. 1.28 billion; a 3.3% increase as compared to the same period of last year. Latin America net sales increased 15.7%, to Ps. 1.53 billion, on better than expected sales primarily in Colombia, Brazil and Argentina as consumption and consumer confidence continue to improve in these markets. Year-to-date, consolidated net sales are in line with our expectations.

Genomma’s U.S. operations posted Net Revenues of Ps. 266.0 million during the quarter. This represented a 25.6% decrease over the prior year’s third quarter, largely a result of the company’s decision to conclude its limited exclusivity agreement with a large U.S. client. In U.S. dollars Net Revenues decreased 21.6% year-over-year. We will now be able to expand through new clients. Notably, we swung to positive EBITDA during the quarter and reported an EBITDA margin of 8.5% on successful efforts to streamline the cost structure as we regroup and initiate negotiations with new clients to develop the promising U.S. Hispanic market opportunity.

I am therefore pleased with Genomma’s operating results to date, which reflect the Company’s significant success with the turn-around process we embarked upon that included operational restructuring throughout the organization, the implementation of stronger reporting and control systems and the unwavering commitment of our team. These changes are now institutionalized and we are well-positioned to maintain sustainable growth as demand in our markets continues to pick up. We look forward to seeing many of you at our investor breakfast in New York on November 29, 2017 where we will discuss the next phase of our transformation in detail.”



## C. Results for the Third Quarter 2017

**NOTE:** Genomma Lab strengthened its financial policies during 2015 and 2016, implementing additional procedures and controls that resulted in adjustments reported within the corresponding Results Release. We believe these policies reflect a **prudent<sup>a</sup>** accounting approach based on the current circumstances. These policies, which were presented to and approved by the Company's Audit Committee and Board of Directors, enhance the relevance and reliability of information contained within the financial statements.

The following tables reflect the Company's consolidated results of operations on an as reported basis, in millions of pesos. Margins are shown as a percentage of Net Sales.

Statement of Operations and Balance Sheet figures for 2016 include the audited numbers approved by the Annual Ordinary General Shareholders meeting.

For the third quarter ended September 30, 2017 and 2016  
(In million pesos)

	Q3	REPORTED		
		Q3 2016	Q3 2017	Variation vs Q3'16
<b>Net Sales</b>		2,922.6	3,079.5	5.4%
<b>Gross Profit</b>		2,086.3	2,088.3	0.1%
<i>Gross Margin</i>		71.4%	67.8%	
<b>EBITDA<sup>1</sup></b>		601.3	703.3	17.0%
<i>EBITDA Margin</i>		20.6%	22.8%	
<b>Operating Income</b>		585.4	687.5	17.4%
<i>Operating Margin</i>		20.0%	22.3%	
<b>Net Income of Majority Shareholders</b>		483.8	230.5	-52.4%
<i>Net margin</i>		16.6%	7.5%	

<sup>a</sup> IASB considers that **prudence** (defined as the exercise of caution when making judgements under conditions of uncertainty) can help achieve neutrality in the application of accounting policies. Another way of looking at prudence is to only record a revenue transaction or an asset when it is certain, and record an expense transaction or liability when it is probable.



YTD	REPORTED			ON A "Like-for-Like" BASIS		
	Q3 2016	Q3 2017	Variation vs Q3'16	Adjusted Q3 2016	Adjusted Q3 2017	Variation vs Q3'16
Net Sales	8,611.5	9,193.2	6.8%			
Gross Profit	6,111.6	6,323.3	3.5%			
Gross Margin	71.0%	68.8%				
EBITDA <sup>1</sup>	-1,315.1	1,987.1	NA	1,706.9	2,005.2	17.5%
EBITDA Margin	-15.3%	21.6%		19.8%	21.8%	
Operating Income	-1,381.5	1,935.5	NA	1,640.5	1,953.6	19.1%
Operating Margin	-16.0%	21.1%		19.1%	21.3%	
Net Income of Majority Shareholders	-1,698.8	940.6	NA			
Net margin	-19.7%	10.2%				

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

The total number of shares as of September 30, 2017 totaled 1,048,733,370, and the Company held 97,671,118 shares in treasury.

## D. MD&A for the Third Quarter 2017 Consolidated Results

**Consolidated Net Sales** were Ps. 3.08 billion for the third quarter of 2017; a 5.4% year-on-year increase. Year-to-date Net Sales were Ps. 9.19 billion, in line with the Company's expectations.

Results by region were:

### Mexico

**Net Sales** amounted to Ps. 1.28 billion in the third quarter of 2017; a 3.3% year on year increase, in line with the Company's expectations for the quarter. Year to date, Net Sales amounted to Ps. 3.60 billion; a 6.7% increase compared to the third quarter 2016.

**EBITDA** amounted to Ps. 222.4 million in the third quarter of 2017, representing a 17.3% margin. Year to date, EBITDA reached Ps. 664.8 million, representing a 18.5% margin.

### Latin America

**Net Sales** increased 15.7% year on year, to Ps. 1.53 billion. This result is better than expected and was primarily driven by strong results in Colombia, Brazil and Argentina. Year to date, Net Sales amounted to Ps. 4.60 billion; a 14.0% year-on-year increase in Mexican pesos or 12.0% year-on-year increase in local currency.

**EBITDA** amounted to Ps. 458.3 million in the third quarter of 2017, representing a 30.0% margin. Year to date, EBITDA for the region has amounted to Ps. 1.25 billion, representing a 27.1% margin.

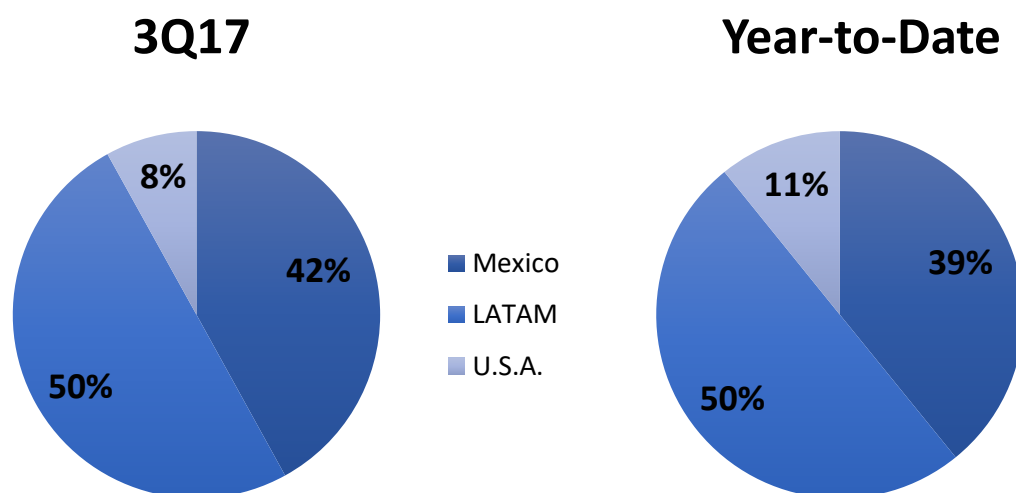


### U.S.

**Net Sales** decreased 25.6%, to Ps. 266.0 million in the third quarter 2017. Year-to-date, results for the U.S. are 17.3% below the Company's 2016 figures in Mexican Pesos, or 20.7% below 2016 in U.S. dollars. This result continues to be due to the Company's decision in the second quarter 2017 to conclude its limited exclusivity agreement with a large client in the U.S. which allows Genomma to expand through new clients.

**EBITDA** amounted to Ps. 22.6 million in the third quarter of 2017, representing a margin of 8.5%. This result is due to the Company's efforts during the quarter to streamline expenses in this country. Year to date, EBITDA for the region amounted to Ps. 75.6 million, representing a margin of 7.6%.

### Net Sales Reported by Region and Segment



(In million pesos)

	OTC			PC			TOTAL		
	3Q17	3Q16	%Var	3Q17	3Q16	%Var	3Q17	3Q16	%Var
Mexico	686.6	767.4	-10.5%	597.8	476.3	25.5%	1,284.4	1,243.7	3.3%
LATAM	531.8	444.5	19.7%	997.3	876.9	13.7%	1,529.1	1,321.4	15.7%
USA	107.4	216.7	-50.4%	158.6	140.8	12.6%	266.0	357.5	-25.6%
<b>TOTAL</b>	<b>1,325.8</b>	<b>1,428.5</b>	<b>-7.2%</b>	<b>1,753.7</b>	<b>1,494.1</b>	<b>17.4%</b>	<b>3,079.5</b>	<b>2,922.6</b>	<b>5.4%</b>

	OTC			PC			TOTAL		
	YTD 3Q17	YTD 3Q16	%Var	YTD 3Q17	YTD 3Q16	%Var	YTD 3Q17	YTD 3Q16	%Var
Mexico	1,874.1	1,988.3	-5.7%	1,725.0	1,385.3	24.5%	3,599.1	3,373.6	6.7%
LATAM	1,594.3	1,335.0	19.4%	3,005.6	2,701.2	11.3%	4,599.9	4,036.2	14.0%
USA	500.0	670.7	-25.5%	494.3	531.0	-6.9%	994.3	1,201.7	-17.3%
<b>TOTAL</b>	<b>3,968.3</b>	<b>3,994.0</b>	<b>-0.6%</b>	<b>5,225.0</b>	<b>4,617.5</b>	<b>13.2%</b>	<b>9,193.2</b>	<b>8,611.5</b>	<b>6.8%</b>



**Gross Profit** amounted Ps. 2.09 billion in the third quarter of 2017, with a 3.6 percentage point decrease in Gross Margin, to 67.8% in the third quarter of 2017. This decrease in margin is primarily due to increased costs on some product formulations launched and to a change in product sales mix over the last quarters.

**Selling, General, Marketing and Administrative Expenses** decreased 5.4 percentage points as a percentage of Net Sales, to 46.0%, compared to 51.4% in the same quarter of 2016. This decrease is due to the operational leverage achieved during the quarter, as well as to Genomma's continued successful execution of Company-wide expense reduction.

**EBITDA** amounted to Ps. 703.3 million in the third quarter of 2017, compared to Ps. 601.3 million in the third quarter of 2016. Third quarter 2017 EBITDA margin was 22.8%, due to lower Selling, General, Marketing and Administrative Expenses (excluding Depreciation and Amortization).

### **EBITDA Reconciliation**

For the third quarter ended September 30, 2017 and 2016  
(In million pesos)

	<b>Third Quarter</b>	
	<b>2017</b>	<b>2016</b>
<b>Consolidated net income</b>	258.4	512.2
Income tax expense	257.8	217.3
Associated company income (cost)	2.9	11.4
Comprehensive financing income (loss)	(174.3)	132.7
<b>Operating Income</b>	<b>687.5</b>	<b>585.4</b>
Depreciation and amortization	15.8	15.9
<b>EBITDA</b>	<b>703.3</b>	<b>601.3</b>
EBITDA margin	22.8%	20.6%

**Comprehensive Financing Result** represented a loss of Ps. 174.3 million in the third quarter of 2017, compared to a Ps. 132.7 million income recorded in the third quarter of 2016. This variation was a result of: i.) a Foreign Exchange loss amounting to Ps. 14.4 million during the third quarter of 2017, compared to a Ps. 27.4 million gain during the same period of 2016; ii.) a Ps. 57.0 million increase in Financial Expenses to reach Ps. 138.4 million during the third quarter of 2017, compared to Ps. 81.4 million during the same period of 2016; as interest rates in Mexico have increased compared to the same period of last year; iii.) higher Interest Income amounting to Ps. 10.4 million during the third quarter of 2017, compared to Ps. 7.6 million in the same period of 2016; and, iv.) a Ps. 31.9 million loss in the third quarter of 2017 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 179.2 million gain in the same period of 2016.

**Net Income** amounted to Ps. 258.4 million in the third quarter of 2017; representing an 8.4% margin.



## Balance Sheet for the Third Quarter 2017

As of September 30, 2017, September 30, 2016 and December 31, 2016  
(In million pesos)

	September 30, 2017	September 30, 2016	Var Sep '17 vs Sep '16	% Var Sep '17 vs Sep '16	December 31, 2016	Var Sep '17 vs Dec '16	% Var Sep '17 vs Dec '16
<b>Balance Sheet Information:</b>							
Cash and Equivalents	1,025.7	1,591.5	(565.8)	-35.6%	1,846.2	(820.5)	-44.4%
Accounts Receivable	2,824.8	2,254.1	570.7	25.3%	2,493.5	331.2	13.3%
Inventories	1,360.3	1,192.4	167.9	14.1%	1,172.0	188.3	16.1%
Other current Assets	2,879.3	2,780.2	99.1	3.6%	2,284.5	594.8	26.0%
Fixed, Intangible and other LT Assets	7,777.2	7,464.6	312.6	4.2%	7,912.3	(135.0)	-1.7%
Total Assets	15,867.3	15,282.8	584.5	3.8%	15,708.6	158.7	1.0%
Trade Payables	1,290.8	1,020.1	270.7	26.5%	1,033.5	257.3	24.9%
Other current Liabilities	2,227.8	1,449.7	778.1	53.7%	1,993.0	234.9	11.8%
Current portion of debt	3,201.5	2,103.7	1,097.7	52.2%	2,073.9	1,127.5	54.4%
LT unsecured local bonds	1,499.6	3,493.1	(1,993.5)	-57.1%	3,494.4	(1,994.8)	-57.1%
LT loans with financial institutions	209.1	285.1	(76.0)	-26.7%	266.1	(57.0)	-21.4%
Total Liabilities	9,267.9	8,465.9	802.0	9.5%	8,915.7	352.2	4.0%
Stockholders Equity	6,599.4	6,816.9	(217.5)	-3.2%	6,792.9	(193.5)	-2.8%
Working Capital <sup>(1)</sup>	1,370.0	3,244.6	(1,874.6)	-57.8%	2,696.0	(1,325.9)	-49.2%
Working Capital less cash	344.3	1,653.1	(1,308.7)	-79.2%	849.7	(505.4)	-59.5%
Accounts Receivable days	85	72	13	18.9%	79	6	8.2%
Inventories days	122	115	7	6.7%	116	6	5.4%
Trade Payables days	116	98	18	18.4%	102	14	13.7%
Cash Conversion Cycle	91	89	2	2.2%	93	(2)	-2.2%

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

**Cash and Equivalents** amounted to Ps. 1.03 billion as of September 30, 2017, representing a 44.4% decrease compared to December 31, 2016, and a 35.6% decrease compared to the third quarter of 2016. During the quarter, the Company used Ps. 900 million to repay the LAB 13-2 long-term bond.

**Accounts Receivable** amounted to Ps. 2.82 billion as of September 30, 2017; a 13.3% increase since December 2016, and a 25.3% increase compared to the third quarter of 2016. Days Sales Outstanding amounted to 85, an increase of 13 days compared to the same period of last year. Higher DSO in Latin American was a result of accelerated revenues at the end of the quarter. In Mexico, DSO increased 4 days quarter-on-quarter, as net revenues increased 6.2% during the same period. As a reminder, the balance of Accounts Receivable was lower in the third quarter 2016 as a result of the lag effect of the destocking process.

DSO by region as of September 2017 and 2016:

	Days Sales Outstanding	
	Q3'17	Q3'16
Mexico	83	69
Latam	94	81
U.S.	57	57

**Inventories** amounted to Ps. 1.36 billion as of September 30, 2017. Days of Inventories amounted to 122; a 6-day increase compared to year-end 2016 and a 7-day increase compared to September



2016. This increase was driven by efforts to return to normalized fill-rate levels in order to fulfill customer orders at Genomma's Mexico and Latin American operations.

*Other Current Assets* amounted to Ps. 2.88 billion as of September 30, 2017. A large component of this balance comes from refundable VAT and other tax benefits.

*Trade Payables* amounted to Ps. 1.29 billion as of September 30, 2017. As of the third quarter of 2017, DPO increased to 116 days from 102 days as of December 2016, and 98 days as of September 2016, as procurement levels at our Mexican operations increased to improve inventory levels and thereby enhance client service at our Mexican and Latin America operations.

*Other Current Liabilities* amounted to Ps. 2.23 billion as of September 30, 2017; a Ps. 234.9 million increase compared to year-end 2016. The main component of this balance comes from payable taxes.

*Financial Leverage-* Gross Debt amounted to Ps. 4.91 billion as of September 30, 2017, compared to Ps. 5.83 billion in December of 2016; a decrease of Ps. 924.3 million.

Net Debt amounted to Ps. 3.88 billion; a decrease of Ps. 103.7 million compared to December 2016. This decrease in Net Debt was primarily due to debt repayments made during the period in addition to cash generated from operations.

The Company's *CeBures* (long-term bonds) reach maturity on the following dates: July 2018 and January 2020.

*Cash Conversion Cycle* reached 91 days at the end of the third quarter of 2017, compared to 93 days on December 2016 and 89 days on September 2016, primarily due to increased inventory levels necessary to improve fill-rates in Mexico.





### Cash Flow for the Third Quarter 2017

For the third quarter ended September 30, 2017  
(In million pesos)

	3Q17
<b>Net Income</b>	258.4
Charges to Results with no Cash Flow	431.5
Changes in Working Capital	(505.0)
<b>Net Cash from Operating Activities</b>	<b>184.9</b>
Purchase of Property, Plant & Equipment	(25.9)
Purchase of Businesses and Others	1.8
<b>Net Cash from Investing</b>	<b>(24.1)</b>
Proceeds (Repayment) of Borrowing	(890.3)
Financing Expenses/Income and Other	(144.6)
<b>Net Cash from Financing</b>	<b>(1,034.8)</b>
Effect of Exchange Rate Changes on Cash	25.3
Cash at the Beginning of the Period	1,874.4
<b>Cash at End of Period</b>	<b>1,025.7</b>

### *Cash Flow from Operations*

Cash flow from operating activities amounted to Ps. 184.9 million in the third quarter of 2017.

### *Cash Flow Directed to Investments*

Cash flow used in investing activities amounted to Ps. 24.1 million, primarily related to investments made in land, machinery and other assets related to the construction of Genomma's new manufacturing facility.

### *Cash Flow from Financing Activities*

In the third quarter of 2017, the Company paid a total net of Ps. 1.03 billion, primarily comprised of: Ps. 890.3 million in net debt payments and Ps. 142.9 million in interest paid.



## E. Other Corporate Events

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- On September 28, the Company paid Ps. 2.00 billion of its LAB 13-2 *Certificado Bursátil* (long-term bond), using Ps. 900 million of the Company's own resources generated through its cumulated Free Cash Flow.

## F. Changes to IFRS Rules that will Become Effective on January 1, 2018

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- The Company is in the process of evaluating the impact of new accounting rules IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", both effective on January 1, 2018, on the Genomma Lab's consolidated financial statements. The Company has decided not to implement these standards in advance of the effective date.
- The Company is in the process of analyzing the implications of applying the IFRS rules described above. To date:
  - Material effects on the Company's internal information generation processes and accounting have not been identified.
  - The implementation of the new financial standards could have potential effects on the business exercise with regards to processes and controls, contracts, planning and communication with investors.
  - With the analysis completed to date, contingencies derived from contractual to do or not to do obligations have not been identified.
  - Given that the Company in its operations does not make long-term sales, relevant changes or impairments are not foreseen regarding to the financial component, according to IFRS standard 15.

## Analyst Coverage

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Genomma Lab is covered by analysts at the following analysts:

Casa de Bolsa Credit Suisse; Banco Itaú BBA; Santander Investment Securities; BBVA Bancomer.; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual U.S. Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; Grupo Financiero Interacciones; HSBC Securities (USA); Invex Grupo Financiero; Signum Research, and JP Morgan Securities.



### Company Description

*Genomma Lab Internacional, S.A.B. de C.V.* is one of the leading 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.

#### Contact:

Investor Relations

Tel: +52 (55) 5081-0000 Ext. 4016

E-mail: [inversion@genommalab.com](mailto:inversion@genommalab.com)

#### In New York:

Barbara Cano, MBS Value Partners

Tel: +1 (646) 452-2334

E-mail: [barbara.cano@mbsvalue.com](mailto:barbara.cano@mbsvalue.com)



## Income Statement

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

For the three and nine months ended on September 30, 2017 and 2016

(In thousands of current Mexican pesos)

	THIRD QUARTER		VARIATION		ACCUMULATED		VARIATION	
	2017	2016	Amount	%	2017	2016	Amount	%
Net Sales	\$ 3,079,518	2,922,617	156,901	5.4%	\$ 9,193,232	8,611,518	581,714	6.8%
Cost of goods sold	991,197	836,325	154,872	18.5%	2,869,952	2,499,905	370,047	14.8%
<b>Gross profit</b>	<b>2,088,321</b>	<b>2,086,292</b>	<b>2,029</b>	<b>0.1%</b>	<b>6,323,280</b>	<b>6,111,613</b>	<b>211,667</b>	<b>3.5%</b>
Selling, general and administrative expenses	1,399,845	1,487,216	(87,371)	-5.9%	4,346,791	5,527,545	(1,180,754)	-21.4%
Other expenses	7,034	2,651	4,383	165.3%	46,110	1,931,104	(1,884,994)	-97.6%
Other income	21,859	4,875	16,984	348.4%	56,721	31,968	24,753	77.4%
<b>EBITDA</b>	<b>703,301</b>	<b>601,300</b>	<b>102,001</b>	<b>17.0%</b>	<b>1,987,100</b>	<b>(1,315,068)</b>	<b>3,302,168</b>	<b>-251.1%</b>
Depreciation and amortization	15,774	15,902	(128)	-0.8%	51,612	66,439	(14,827)	-22.3%
<b>Operating income (loss)</b>	<b>687,527</b>	<b>585,398</b>	<b>102,129</b>	<b>17.4%</b>	<b>1,935,488</b>	<b>(1,381,507)</b>	<b>3,316,995</b>	<b>-240.1%</b>
Interest expense	(138,400)	(81,433)	(56,967)	70.0%	(339,458)	(237,219)	(102,239)	43.1%
Interest income	10,387	7,579	2,808	37.0%	28,371	21,854	6,517	29.8%
Exchange rate (loss)	(46,326)	206,596	(252,922)	-122.4%	(90,774)	441,497	(532,271)	-120.6%
<b>Comprehensive financing income (cost)</b>	<b>(174,339)</b>	<b>132,742</b>	<b>(307,081)</b>	<b>-231.3%</b>	<b>(401,861)</b>	<b>226,132</b>	<b>(627,993)</b>	<b>-277.7%</b>
Associated company	2,925	11,428	(8,503)	-74.4%	17,018	29,991	(12,973)	-43.3%
<b>Income (loss) before income taxes</b>	<b>516,113</b>	<b>729,568</b>	<b>(213,455)</b>	<b>-29.3%</b>	<b>1,550,645</b>	<b>(1,125,384)</b>	<b>2,676,029</b>	<b>-237.8%</b>
Income tax expense	257,753	217,343	40,410	18.6%	530,320	504,938	25,382	5.0%
<b>Income (loss) from continuing operations</b>	<b>258,360</b>	<b>512,225</b>	<b>(253,865)</b>	<b>-49.6%</b>	<b>1,020,325</b>	<b>(1,630,322)</b>	<b>2,650,647</b>	<b>-162.6%</b>
Net income from discontinued operations	-	-	-	-	-	-	-	-
<b>Consolidated net income (loss)</b>	<b>258,360</b>	<b>512,225</b>	<b>(253,865)</b>	<b>-49.6%</b>	<b>1,020,325</b>	<b>(1,630,322)</b>	<b>2,650,647</b>	<b>-162.6%</b>
Net income of minority stockholders	27,843	28,414	(571)	-2.0%	79,754	68,445	11,309	16.5%
<b>Net income (loss) of majority stockholders</b>	<b>\$ 230,517</b>	<b>483,811</b>	<b>(253,294)</b>	<b>-52.4%</b>	<b>\$ 940,571</b>	<b>(1,698,767)</b>	<b>2,639,338</b>	<b>-155.4%</b>



## Balance Sheet

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

As of September 30, 2017, September 30, 2016 and December 31, 2016

(In thousands of current Mexican pesos)

	SEPTEMBER		VARIATION		DECEMBER	VARIATION	
	2017	2016	Amount	%	2016	Amount	%
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and equivalents	\$ 952,188	1,560,382	(608,194)	-39%	1,823,024	(870,836)	-48%
Restricted fund	73,497	31,140	42,357	136%	23,204	50,293	217%
Clients - Net	2,824,795	2,254,061	570,734	25%	2,493,546	331,249	13%
Others accounts receivable	2,334,147	2,016,734	317,413	16%	1,868,351	465,796	25%
Inventory - Net	1,360,307	1,192,364	167,943	14%	1,172,041	188,266	16%
Prepaid expenses	545,173	763,474	(218,301)	-29%	416,200	128,973	31%
<b>Total current assets</b>	<b>8,090,107</b>	<b>7,818,155</b>	<b>271,952</b>	<b>3%</b>	<b>7,796,366</b>	<b>293,741</b>	<b>4%</b>
<b>Non-current assets</b>							
Trademarks	5,065,826	5,276,764	(210,938)	-4%	5,149,099	(83,273)	-2%
Investment in shares	1,437,498	1,382,470	55,028	4%	1,420,480	17,018	1%
Building, properties and equipment - Net	356,498	324,145	32,353	10%	368,627	(12,129)	-3%
Deferred income tax	666,110	350,422	315,688	90%	817,822	(151,712)	-19%
Other assets - Net	251,273	130,848	120,425	92%	156,224	95,049	61%
<b>Total non-current assets</b>	<b>7,777,205</b>	<b>7,464,649</b>	<b>312,556</b>	<b>4%</b>	<b>7,912,252</b>	<b>(135,047)</b>	<b>-2%</b>
<b>TOTAL ASSETS</b>	<b>\$ 15,867,312</b>	<b>15,282,804</b>	<b>584,508</b>	<b>4%</b>	<b>15,708,618</b>	<b>158,694</b>	<b>1%</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>Current Liabilities</b>							
Current portion of long-term debt	\$ 3,201,451	2,103,720	1,097,731	52%	2,073,908	1,127,543	54%
Suppliers	1,290,817	1,020,113	270,704	27%	1,033,545	257,272	25%
Due to related parties	4,963	40,972	(36,009)	-88%	31,873	(26,910)	-84%
Other current liabilities	1,920,356	1,275,792	644,564	51%	1,829,043	91,313	5%
Income tax payable	300,202	118,462	181,740	153%	129,063	171,139	133%
Statutory employee profit sharing	2,290	14,486	(12,196)	-84%	2,972	(682)	-23%
<b>Total current liabilities</b>	<b>6,720,079</b>	<b>4,573,545</b>	<b>2,146,534</b>	<b>47%</b>	<b>5,100,404</b>	<b>1,619,675</b>	<b>32%</b>
<b>Non-current liabilities</b>							
Long-term debt securities	1,499,559	3,493,052	(1,993,493)	-57%	3,494,376	(1,994,817)	-57%
Long-term loans with financial institutions	209,060	285,082	(76,022)	-27%	266,076	(57,016)	-21%
Other long term liabilities	33,738	46,553	(12,815)	-28%	48,744	(15,006)	-31%
Deferred income tax	1,613	65,916	(64,303)	-98%	2,270	(657)	-29%
Employee retirement obligations	3,848	1,712	2,136	125%	3,848	-	0%
Long-term due to related parties	800,000	-	800,000	-	-	800,000	-
<b>Total liabilities</b>	<b>9,267,897</b>	<b>8,465,860</b>	<b>802,037</b>	<b>9%</b>	<b>8,915,718</b>	<b>352,179</b>	<b>4%</b>
<b>Stockholders' equity</b>							
Capital stock	1,914,306	1,914,306	-	0%	1,914,306	-	0%
Retained earnings	4,714,121	7,195,046	(2,480,925)	-34%	7,195,046	(2,480,925)	-34%
Net income	940,571	(1,698,767)	2,639,338	-155%	(1,680,924)	2,621,495	-156%
Cumulative translation effects of foreign subsidiaries	200,958	428,083	(227,125)	-53%	589,109	(388,151)	-66%
Share buy back fund	(1,657,060)	(1,285,766)	(371,294)	29%	(1,656,086)	(974)	0%
Share-based payments	226,869	-	226,869	-	179,674	47,195	26%
Net premium in placement of repurchased shares	39,749	38,212	1,537	4%	39,749	-	0%
Minority interest	219,901	225,830	(5,929)	-3%	212,026	7,875	4%
<b>Total stockholders' equity</b>	<b>6,599,415</b>	<b>6,816,944</b>	<b>(217,529)</b>	<b>-3%</b>	<b>6,792,900</b>	<b>(193,485)</b>	<b>-3%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 15,867,312</b>	<b>15,282,804</b>	<b>584,508</b>	<b>4%</b>	<b>15,708,618</b>	<b>158,694</b>	<b>1%</b>



## Cash Flow

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

For the three and nine months ended on September 30, 2017

(In thousands of current Mexican pesos)

	SEPTEMBER 2017	
	THIRD QUARTER	ACCUMULATED
<b>Cash and cash equivalents at the beginning of period</b>	<b>1,874,429</b>	<b>1,846,229</b>
<b>Consolidated Net Income</b>	<b>258,360</b>	<b>1,020,324</b>
<b>Charges to results with no cash flow:</b>		
Depreciation and amortization	15,774	51,611
Income tax	257,752	530,320
Accrued interest and others	157,974	411,681
	<b>689,860</b>	<b>2,013,936</b>
<b>Changes in Working Capital:</b>		
Clients - Net	(353,989)	(331,216)
Inventories	(133,540)	(188,267)
Suppliers	243,538	256,470
Other current assets	(234,159)	(737,054)
Payed income tax	8,316	(246,948)
Other current liabilities	(35,152)	241,520
	<b>(504,986)</b>	<b>(1,005,495)</b>
<b>Net cash generated (used) in operating activities</b>	<b>184,874</b>	<b>1,008,441</b>
<b>Investing activities:</b>		
Investment in fixed assets	(29,727)	(99,778)
Sales of equipment	3,866	7,071
Brand acquisitions and others	(2,105)	(2,105)
Others assets acquisitions	3,875	(98,482)
	<b>(24,091)</b>	<b>(193,294)</b>
<b>Financing activities:</b>		
Payments of borrowings with financial institutions	(2,019,005)	(2,057,016)
Loans with financial and securities institutions	1,128,751	1,128,751
Interest paid	(142,871)	(338,403)
Stock repurchase	-	(4,008)
Minority interest	(1,704)	(71,878)
	<b>(1,034,829)</b>	<b>(1,342,554)</b>
<b>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</b>	<b>(874,046)</b>	<b>(527,407)</b>
Foreign exchange and inflationary effects from international operations	25,301	(293,138)
<b>Accumulated cash flow at the end of the period</b>	<b>1,025,684</b>	<b>1,025,684</b>
Less - restricted fund	73,497	73,497
<b>Cash and cash equivalents at end of period</b>	<b>952,187</b>	<b>952,187</b>