



Mexico City, Mexico, June 2, 2017

Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB.B) (“Genomma Lab” or “the Company”), today announced its operating results for the fourth quarter and full year ended December 31, 2016^a. 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. Q4 2016 Highlights (vs. Q4 2015)

- Net Revenues for the fourth quarter 2016 were Ps. 2.70 billion a 1.1% year on year increase. Excluding non-recurring charges, Net Revenues for the fourth quarter 2016 were Ps. 3.01 billion; a 12.7% year on year increase.
- Fourth quarter 2016 Adjusted EBITDA amounted to Ps. 498.1 million; a 78.3% increase versus the previous year, representing a 16.5% margin.
- Genomma achieved Ps. 646.6 million in free cash flow generation in the fourth quarter 2016, and Ps. 1.94 billion year-to-date. During the quarter, the Company invested Ps. 359.7 million as part of its stock repurchase program; year-to-date the Company invested Ps. 1.09 billion.
- For the full year 2016, the Company has reduced its Net Debt to Ps. 3.98 billion; its lowest level in the past 11 quarters, as part of its ongoing focus on Free Cash Flow generation.
- Net Income amounted to a loss of Ps. 12.5 million for the fourth quarter of 2016, compared to a loss of Ps. 1.74 billion in the same quarter of 2015.
- Genomma Lab continued to strengthen its operational management team during the fourth quarter of 2016 with two key appointments. The decision to strengthen Genomma’s management team underscores the Company's focus on long-term stability and on the operational excellence needed to scale the business and deliver greater customer satisfaction and shareholder value.

^a Q4 and Full Year financial information is preliminary. As soon as the audited financial statements are available, the Company will disclose them.



➤ Highlights by Region:

- Net Revenues from Mexican operations were Ps. 1.32 billion; a 41.5% increase year on year, which were higher than expectations for the quarter, as Mexico fill rates returned to stabilized levels.
- Adjusted Sales from Latin American operations decreased 6.0%, to Ps. 1.35 billion, as compared to Ps. 1.44 billion during the fourth quarter of 2015. This was primarily due to lower service levels to customers resulting from decreased fulfillment levels from our Mexican suppliers. Genomma is still working with its suppliers to reestablish normalized fill rate levels for Latin America. The Company's Latin American operations were also adversely impacted by continued weak results in Brazil.
- Net Revenues for Genomma's U.S. operations were Ps. 346.5 million; a 13.3% increase year on year, driven by USD appreciation versus the Mexican Peso.

B. Full Year 2016 Highlights (vs. 2015)

- Adjusted Net Revenues for the year reached Ps. 11.63 billion; a 5.3% year on year increase.
- Adjusted EBITDA for the year was Ps. 2.21 billion a 22.6% increase versus the previous year, representing a 19.0% margin.
- Net Income amounted to a loss of Ps. 1.64 billion in 2016; compared to a loss of Ps. 1.01 billion in 2015.
- Highlights by Region:
 - Net Revenues from Mexican operations were Ps. 4.69 billion; a 19.7% increase year on year.
 - Adjusted Sales from Latin American operations decreased 7.9%, to Ps. 5.39 billion, as compared to Ps. 5.85 billion during 2015.
 - Net Revenues for Genomma's U.S. operations were Ps. 1.55 billion; a 21.7% increase year on year.

C. Comments from the CEO

Mr. Máximo Juda, Chief Executive Officer, commented: "Set against a backdrop of a challenging macroeconomic and political environment in many of our markets during 2016, we embarked upon an ambitious turn-around plan that included strengthening our Mexican operations to return to operating profitability; rightsizing our entire organization and implementing prudent financial policies and procedures- while bringing in highly experienced senior executives to helm key areas of our organization. I am pleased to say that while the process has not been easy for anyone, we have substantially achieved all of our goals for the year, and are now well-positioned to grow in a much more sustainable and profitable manner.



Consolidated adjusted sales for 2016 were Ps. 11.63 billion, representing a 5.3% year on year increase, while for the quarter we saw consolidated adjusted sales increase of 12.7% on increased revenues in Mexico and the U.S. markets. Mid-year we concluded the destocking process in Mexico, ahead of schedule. Additionally, at the end of the year, fill rates returned to optimal levels, resulting in a 19.7% increase in sales for the full year and a 41.5% increase in sales for the quarter as compared to the final quarter of 2015.

While we stabilized the fulfillment levels in Mexico, reinforcing management focus on the supply chain, we still experienced less than optimal service levels to customers in Latin America resulting from decreased fulfillment levels from Mexico's suppliers. As discussed during our New York investor day in November, we are executing on a strategy to become less reliant on third party suppliers and we are advancing on our plans to develop our own manufacturing facilities.

These reduced service levels, as well as a challenging macroeconomic environment during the year-particularly in Brazil- led to a 7.9% decrease in full year sales from our Latin American operations. At the end of 2016, we implemented changes within the management team to better position the company to capitalize on an improving macroeconomic outlook in Brazil for the second half of 2017.

Full year net sales for Genomma's U.S. operations increased by 21.6%, to Ps. 1.55 billion, as we expanded our presence at new retail points of sale such as CVS and HEB during the year and benefited from US dollar appreciation. This sales growth was achieved despite our deliberate reduction of the nutritional category as we focus on the OTC market.

Our focus throughout the year on improving operating profitability and on our cash conversion cycle, which dropped to 93 days from 114 days at December 2015, allowed us to increase free cash flow and execute net share repurchases of Ps. 1.09 billion and bring Net Debt to Ps. 3.98 billion, a Ps. 473.9 million reduction compared to December 2015.

As noted last quarter, we expected to finalize our review of accounts by the end of 2016. Given the vast geographic and product scope of our organization, the audit process did not finish during 2016.

The audit was complete by April and we issued results that reflect the culmination of a long and thorough process done in collaboration with our team, our Board of Directors and our auditors. The final effect was for Ps. 2.94 billion in the second quarter of 2016 and Ps. 737 million for the fourth quarter of 2016. We detail below the cash and non-cash amounts. Our finance department has been working closely with our auditors in order to achieve best practices in this area, we are proud with the progress we're making towards the transparency the new management has committed to.

Finally, we made some important key hires during the final quarter. This deepens our personal care bench, brings manufacturing expertise, strengthens our legal oversight and expands our digital marketing capabilities to leverage our unparalleled internal media production capabilities. I am delighted to welcome these new members to the team.

I am pleased with the progress we have made against an ambitious turn-around plan. We are concluding a tough yet necessary process that is leading to significant adjustments during the year and we now have in place the appropriate policies, procedures and controls to move forward in a



prudent and sustainable manner. Our streamlined organization, led by seasoned experts, will drive the new business strategy for the organization and allow us to capitalize on expected improved demand as our markets also begin to improve.”

D. Results for the Fourth Quarter 2016

NOTE: Genomma Lab strengthened its financial policies during the fourth quarter of 2015 and 2016, as well as implemented additional procedures and controls, resulting in adjustments reported within the corresponding Results Releases. We believe these policies reflect a **prudent^b** 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 and adjusted for one-time charges for comparative purposes, in millions of pesos. Margins are shown as a percentage of Net Sales. Figures for the current quarter have been reported following the new financial policies implemented by the Company.

Balance Sheet figures include the previously reported restructuring-based non-recurring charges and one-time charges^c. P&L figures for 2016 have been compared to the same period of the previous year.

^b 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.

^c The vast majority of which were **non-cash** one-time charges, as well as other non-recurring cash restructuring charges



For the fourth quarter and full year ended December 31, 2016 and 2015
(In million pesos)

Q4	REPORTED			ON A "Like-for-Like" BASIS		
	Q4 2015	Reported Q4 2016	Variation vs Q4'15	Q4 2015	Adjusted Q4 2016	Variation vs Q4'15
Net Sales	2,675.0	2,704.8	1.1%	2,675.0	3,014.9	12.7%
Gross Profit	1,428.3	1,569.4	9.9%	1,855.1	2,047.6	10.4%
<i>Gross Margin</i>	53.4%	58.0%		69.3%	67.9%	
EBITDA¹	-2,280.8	-269.6	NA	279.3	498.1	78.4%
<i>EBITDA Margin</i>	-85.3%	-10.0%		10.4%	16.5%	
Operating Income	-2,314.0	-285.5	NA	246.2	480.3	95.1%
<i>Operating Margin</i>	-86.6%	-10.6%		9.2%	15.9%	
Net Income of Majority Shareholders	-1,747.8	17.8	NA			
<i>Net margin</i>	-65.3%	0.7%				
FULL YEAR	REPORTED			ON A "Like-for-Like" BASIS		
	Q4 2015	Reported Q4 2016	Variation vs Q4'15	Q4 2015	Adjusted Q4 2016	Variation vs Q4'15
Net Sales	11,042.5	11,316.3	2.5%	11,042.5	11,626.4	5.3%
Gross Profit	7,265.4	7,681.0	5.7%	7,692.1	8,159.2	6.1%
<i>Gross Margin</i>	65.8%	67.9%		69.7%	70.2%	
EBITDA¹	-857.0	-1,584.6	NA	1,798.0	2,205.1	22.6%
<i>EBITDA Margin</i>	-7.8%	-14.0%		16.3%	19.0%	
Operating Income	-975.2	-1,667.0	NA	1,679.8	2,120.8	26.3%
<i>Operating Margin</i>	-8.8%	-14.7%		15.2%	18.2%	
Net Income of Majority Shareholders	-1,068.5	-1,680.9	NA			
<i>Net margin</i>	-9.7%	-14.9%				

¹ EBITDA is calculated by adding depreciation and amortization to the Operating Income.

The total number of shares as of December 31, 2016 totaled 1,048,733,370, and the Company held 97,471,118 shares in treasury.

Note: "Like-for-like" results were adjusted by adding restructuring non-recurring charges and one-time, non-cash charges in 2015 and 2016.



E. Restructuring non-recurring charges recorded in Fourth Quarter 2016 (Cash items)

Non-recurring restructuring charges in Mexico total **Ps. 30.9 million**. Key items are:

- **Extraordinary obsolete product destructions** during the quarter amounted to Ps. 30.9 million, driven by returns from small independent pharmacies scattered across the country. It is worth mentioning that the Company has very limited visibility related to the inventory at these small outlets, as they are serviced by wholesalers and not directly by Genomma Lab. These expenses were recorded as part of Cost of Goods Sold.

F. Non-cash, one-time charges recorded in the annual audited financial statements

F.1. Potential non-cash, non-recurring charges to the Company's long-lived assets recorded in the Second Quarter 2016

In Q2 2016 the Company announced potential charges to the balance sheet that after engaging expert valuation consultants, charges were recorded for Ps. 2.94 billion. These include intangible assets related to brands, sanitary registries and their related fixed assets in Brazil, carryover and advertising.

The results of the revision were recorded in Genomma Lab's annual audited 2016 financial statements released in April 2017.

F.2. One-time charges derived from strengthened policies (Non-cash items)

In order to complete the comprehensive review of the Company's business from 2007 to 2015, the Company identified certain items that had a Non-cash impact of Ps. 737 million. These include : a) provision for obsolete raw materials held within supplier warehouses, b) excise tax provisions, c) provision for a share-based incentive program, and d) other provisions and reserves recommended by the external audit firm.

The results of the revision were recorded in Genomma Lab's annual audited 2016 financial statements released in April 2017.

We feel confident that with these adjustments, the Company reflect the fair value of its assets and greater transparency to measure the performance of the business and the Management Effectiveness.

G. MD&A for the Fourth Quarter and Full Year 2016 Consolidated Results



Adjusted Net Sales increased 12.7% during the fourth quarter of 2016 compared to the same period of 2015, amounting to Ps. 3.01 billion. For the full year, Adjusted Net Sales were Ps. 11.63 billion; representing a 5.3% year on year increase.

Results by region were:

Mexico

Net Sales amounted to Ps. 1.32 billion in the fourth quarter of 2016; a 41.5% increase year on year, which were greater than expectations for the quarter, as fill rates in Mexico returned to optimal levels. For the full year, Net Sales in Mexico amounted to Ps. 4.69 billion; 19.7% higher than 2015.

It is important to note that inventories of Genomma's products at Marzam were 47 days at the end of the fourth quarter of 2016, compared to 67 days at the end of December 2015.

Adjusted EBITDA amounted to Ps. 154.9 million in the fourth quarter of 2016. This result was mainly due to higher cost of goods sold derived from higher discounts on seasonal products. For the full year, Adjusted EBITDA in Mexico amounted to Ps. 710.6 million, representing a 15.1% margin.

Latin America

Adjusted Net Sales declined 6.0%, to Ps. 1.35 billion in the fourth quarter of 2016 as compared to the prior year. The decline in sales was primarily driven by low service levels to customers resulting from decreased fulfillment levels from Mexico's suppliers, coupled with weak sales in Brazil.

For the full year, adjusted Net Sales in Latin America declined 7.9% to Ps. 5.39 billion, compared to Ps. 5.85 billion in 2015.

Adjusted EBITDA amounted to Ps. 306.0 million in the fourth quarter of 2016, representing a margin of 22.6%. For the full year, adjusted EBITDA in Latin America amounted to Ps. 1.20 billion; a 22.3% margin.

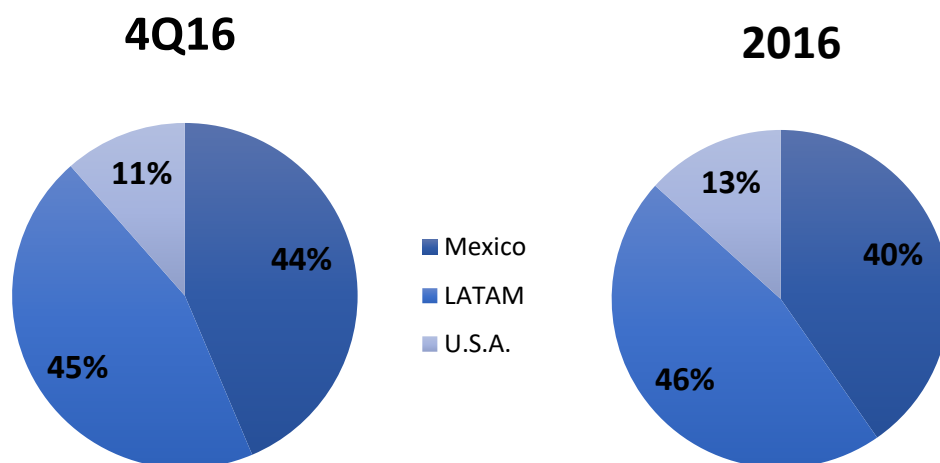
U.S.A.

Net Sales increased 13.3% to Ps. 346.5 million in the fourth quarter 2016, driven by USD appreciation versus the Mexican Peso. Expressed in local currency, sales decreased by 5.0% in the fourth quarter. For the full year, sales in the U.S.A. increased 21.6% to Ps. 1.55 billion.

EBITDA amounted to Ps. 37.1 million in the fourth quarter of 2016, representing a margin of 10.7%. For the full year, EBITDA in U.S.A. amounted to Ps. 295.1 million; a 19.1% margin.



Adjusted Net Sales Reported by Region and Segment



(In million pesos)

	OTC			PC			Total		
	4Q16	4Q15	%Var	4Q16	4Q15	%Var	4Q16	4Q15	%Var
Mexico	762.9	556.7	37.0%	552.4	372.6	48.3%	1,315.3	929.3	41.5%
LATAM	453.5	405.5	11.8%	899.6	1,034.4	-13.0%	1,353.1	1,439.9	-6.0%
EUA	191.1	193.6	-1.3%	155.4	112.2	38.5%	346.5	305.8	13.3%
TOTAL	1,407.5	1,155.7	21.8%	1,607.4	1,519.2	5.8%	3,014.9	2,675.0	12.7%

	OTC			PC			Total		
	2016	2015	%Var	2016	2015	%Var	2016	2015	%Var
Mexico	2,751.2	2,071.8	32.8%	1,937.8	1,846.4	4.9%	4,688.9	3,918.2	19.7%
LATAM	1,788.4	1,672.1	7.0%	3,600.8	4,178.6	-13.8%	5,389.2	5,850.7	-7.9%
USA	861.8	829.1	4.0%	686.4	444.4	54.4%	1,548.2	1,273.5	21.6%
TOTAL	5,401.5	4,573.0	18.1%	6,224.9	6,469.5	-3.8%	11,626.4	11,042.5	5.3%

Adjusted Gross Profit increased 10.4% to Ps. 2.05 billion in the fourth quarter of 2016, compared to Ps. 1.86 billion during the fourth quarter of 2015. Gross Margin decreased 1.4 percentage points, to 67.9% in the fourth quarter of 2016. The gross margin contraction was largely due to a higher than usual level of discounts for seasonal products in the Company's Mexican operations. On an accumulated basis, gross margin performed as expected.

Adjusted Gross Profit for the full year increased 6.1% to Ps. 8.16 billion, compared to Ps. 7.69 billion during 2015. Adjusted Gross Margin increased 0.5 percentage points to 70.2% in 2016.

Selling, General, Marketing and Administrative Expenses, decreased 6.0 percentage points as a percentage of Net Sales, to 53.7%, compared to Adjusted SGM&A expenses of 59.7% in the same quarter of 2015. This decrease is due to the optimization of Genomma's



advertising expenses as well as to the Company's continued successful execution of expense reduction throughout the Company.

Selling, General, Marketing and Administrative Expenses (including Depreciation and Amortization) for the full year, as a percentage of Net Sales, amounted to 53.1%, compared to 66.4% in 2015.

Adjusted EBITDA amounted to Ps. 498.1 million in the fourth quarter of 2016, compared to an adjusted EBITDA of Ps. 279.3 million in the fourth quarter of 2015. The Adjusted EBITDA margin was 16.5% in the fourth quarter of 2016 as a result of lower Selling, General, Marketing and Administrative Expenses (excluding Depreciation and Amortization).

Adjusted EBITDA for the full year reached Ps. 2.21 billion, representing a margin of 19.0%, compared to Ps. 1.80 billion in 2015, which represented a margin of 16.3%.

EBITDA Reconciliation

For the fourth quarter and full year ended December 31, 2016 and 2015
(In million pesos)

	Fourth Quarter	
	2016	2015
Consolidated net income	(12.5)	(1,735.4)
Discontinued operations (loss)	-	-
Income tax expense	(378.5)	(737.2)
Not consolidated subsidiaries' income (cost)	38.0	15.8
Comprehensive financing income (loss)	(143.5)	(174.5)
Operating income	(285.5)	(2,314.0)
Depreciation and amortization	15.9	33.1
EBITDA	(269.6)	(2,280.8)
EBITDA margin	-10.0%	-85.3%
Non-recurring expenses and one-off effects ¹	767.7	2,560.1
Adjusted EBITDA	498.1	279.3
Adjusted EBITDA margin	16.5%	10.4%

¹ Non-recurring expenses are related to non-recurring expenses incurred during Q4'15 and Q4'16, and one-off effects during Q4'15

Comprehensive Financing Result represented a loss of Ps. 143.5 million in the fourth quarter of 2016, compared to a Ps. 174.5 million loss recorded in the fourth quarter of 2015. This variation was a result of: i.) a Foreign Exchange gain amounting to Ps. 65.1 million during the fourth quarter of 2016, compared to a Ps. 4.3 million loss during the same period of 2015; ii.) a Ps. 7.8 million decrease in Financial Expenses to Ps. 92.7 million during the fourth quarter of 2016, compared to Ps. 84.9 million during the same period of 2015; iii.) higher Interest Income amounting to Ps. 11.4 million during the fourth quarter of 2016, compared to Ps. 2.8 million in the same period of 2015; and, iv.) a Ps. 127.2 million loss in the fourth quarter of 2016 related to the Exchange Rate conversion from our foreign operations, compared to a Ps. 88.2 million loss in the same period of 2015.



Comprehensive Financing Result for the full year amounted to a gain of Ps. 82.6 million, compared to a Ps. 491.5 million loss recorded in 2015.

Net Income amounted to a loss of Ps. 12.5 million in the fourth quarter of 2016; compared to a loss of Ps. 1.74 billion in the fourth quarter of 2015.

Consolidated Net Income (Loss) for the full year amounted to a loss of Ps. 1.64 billion, compared to a loss of Ps. 1.01 billion in 2015.

Cash flow for the Fourth Quarter and Full Year 2016

For the fourth quarter and full year ended December 31, 2016
(In million pesos)

	4T16
Net Income	(12.5)
Charges to Results with no Cash Flow	(128.6)
Changes in Working Capital	666.1
Net Cash from Operating Activities	525.0
Purchase of Property, Plant & Equipment	(57.8)
Purchase of Businesses and Others	179.5
Net Cash from Investing	121.6
Proceeds (Repayment) of Borrowing	(50.7)
Financing Expenses/Income and Other	(426.5)
Net Cash from Financing	(477.3)
Effect of Exchange Rate Changes on Cash	85.4
Cash at the Beginning of the Period	1,591.5
Cash at End of Period	1,846.2

Cash Flow from Operations

Net resources from operating activities amounted to Ps. 525.0 million in the fourth quarter of 2016. For the full year, net resources from operating activities amounted to Ps. 1.92 billion.

Cash Flow from Investing Activities

Net resources generated by investing activities amounted to Ps. 121.6 million. For the full year, net resources from investing activities amounted to Ps. 26.8 million.



Cash Flow from Financing Activities

In the fourth quarter of 2016, the Company paid a total net of Ps. 477.3 million, comprised of: net stock repurchases in the amount of Ps. 359.7 million, net debt payments to financial institutions in the amount of Ps. 50.7 million and interest paid in the amount of Ps. 83.3 million.

For the full year, net resources from financing activities amounted to Ps. 1.87 billion.



Balance Sheet for the Fourth Quarter 2016

As of December 31, 2016, December 31, 2015 and September 30, 2016

	December 31, 2016	December 31, 2015	Var Dec '16 vs Dec '15	% Var Dec '16 vs Dec '15	September 30, 2016	Var Dec '16 vs Sep '16	% Var Dec '16 vs Sep '16
Balance Sheet Information:							
Cash and Equivalents	1,846.2	1,725.9	120.3	7.0%	1,591.5	254.7	16.0%
Accounts Receivable	2,493.5	2,072.6	421.0	20.3%	2,254.1	239.5	10.6%
Inventories	1,172.0	1,158.9	13.1	1.1%	1,192.4	(20.4)	-1.7%
Other current Assets	2,284.5	2,581.6	(297.1)	-11.5%	2,780.2	(495.7)	-17.8%
Fixed, Intangible and other LT Assets	7,912.3	10,094.2	(2,181.9)	-21.6%	7,464.6	447.6	6.0%
Total Assets	15,708.6	17,633.2	(1,924.6)	-10.9%	15,282.8	425.8	2.8%
Trade Payables	1,033.5	670.1	363.4	54.2%	1,020.1	13.4	1.3%
Other current Liabilities	1,993.0	1,475.1	517.9	35.1%	1,449.7	543.2	37.5%
Current portion of debt	2,073.9	350.9	1,723.0	491.1%	2,103.7	(29.8)	-1.4%
Unsecured local bonds	3,494.4	5,487.0	(1,992.6)	-36.3%	3,493.1	1.3	0.0%
Long-term loans with financial institutions	266.1	342.3	(76.2)	-22.3%	285.1	(19.0)	-6.7%
Total Liabilities	8,915.7	8,384.5	531.2	6.3%	8,465.9	449.9	5.3%
Stockholders Equity	6,792.9	9,248.6	(2,455.8)	-26.6%	6,816.9	(24.0)	-0.4%
Working Capital ⁽¹⁾	2,695.9	5,042.9	(2,347.0)	-46.5%	3,244.6	(548.7)	-16.9%
Working Capital less cash	849.7	3,317.0	(2,467.3)	-74.4%	1,653.1	(803.4)	-48.6%
Accounts Receivable days	79	68	11	17.4%	72	7	10.2%
Inventories days	116	110	6	4.7%	115	1	0.6%
Trade Payables days	102	64	38	60.2%	98	4	4.4%
Cash Conversion Cycle	93	114	(21)	-18.9%	89	4	4.1%

⁽¹⁾ Working Capital consists of current assets minus current liabilities.

Cash and Equivalents amounted to Ps. 1.85 billion as of December 31, 2016, representing a 7.0% increase compared to December 31, 2015, and a 16.0% increase compared to the third quarter of 2016. This increase was primarily due to cash generated by operations, which was offset by share repurchases during the year. In the fourth quarter of 2016, the Company's net share repurchase was Ps. 359.7 million. For the full year, the Company's net share repurchases amounted to Ps. 1.09 billion.

Accounts Receivable amounted to Ps. 2.49 billion as of December 31, 2016; a 20.3% increase since December 2015 and a 10.6% increase compared to the third quarter of 2016. Days of Accounts Receivable amounted to 79. The Company continues to maintain healthy levels of Accounts Receivable at its Mexican and international operations.

Accounts Receivable as of December 2016 by region were:

	Accounts Receivable		
	Q4'15	Q3'16	Q4'16
Mexico	75	65	81
LATAM	65	81	89
U.S.A.	61	57	42

Inventories amounted to Ps. 1.17 billion as of December 31, 2016. Days of Inventories amounted to 116; a 6-day increase compared to year-end 2015 and an 1-day increase compared to the third



quarter of 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 LatAm operations.

Other Current Assets amounted to Ps. 2.28 billion as of December 31, 2016.

Trade Payables amounted to Ps. 1.03 billion as of December 31, 2016. As of the fourth quarter of 2016, DPO increased to 102 days from 64 days as of December 2015 and 98 days as of June 2016, as procurement levels at our Mexican operations increased with the conclusion of its destocking process, in addition to increased purchases to improve inventory levels and thereby enhance client service.

Other Current Liabilities amounted to Ps. 1.99 billion as of December 31, 2016; a Ps. 517.9 million increase compared to year-end 2015.

Financial Leverage- Gross Debt amounted to Ps. 5.83 billion as of December 31, 2016, compared to Ps. 6.18 billion in December of 2015; a Ps. 345.8 million reduction.

Net Debt amounted to Ps. 3.98 billion; a Ps. 473.9 million reduction compared to December 2015. This decrease in Net Debt was primarily due to cash generated from our operations.

The Company's CeBures (long-term bonds) reach maturity on the following dates: September 2017, July 2018 and January 2020.

Cash Conversion Cycle reached 93 days at the end of the fourth quarter of 2016, compared to 114 days on December 2015 and 89 days on September 2016, primarily due to increased inventory levels necessary to improve fill-rates in Mexico.

H. Other Corporate Events

- On February 7, 2017, Genomma Labs appointed Santiago Velez Pelaez as the Company's Mexico Country Head and Vice-President of Manufacturing. He holds a bachelor's degree in Industrial Engineering and worked for 24 years in Quila Mexico, a consumer products company, where he worked for more than 23 years in marketing with Quila Colombia to then become CEO of the Company's Venezuela, Dominican Republic and Mexico subsidiaries.
- On February 1, 2017 the Company appointed Mr. Juan Cruz Soares Gache to head its Global Digital efforts. Mr. Soares holds a Bachelor's degree in Information Systems, was a manager in strategic consulting with Deloitte Management Consulting, and has headed Internet Media Service (IMS) operations with Social Snack in Mexico, one of the largest media companies in Latin America.
- The Company has received total payment of Ps. 160.5 million between September and February 21, 2017, out of the outstanding balance of Ps. 300 million as of September 2016, as part of the purchase price of Marzam. The remaining balance is scheduled to be settled



by the end of May 2017 upon conclusion of the final review of the mutually-agreed due diligence.

Analyst Coverage

Genomma Lab is covered by analysts at the following brokerages:

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 US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; Grupo Financiero Interacciones; HSBC Securities (USA); Invex Grupo Financiero; Signum Research, and JPMorgan 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.

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Income Statement

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

For the three months and years ended on December 31, 2016 and 2015

(Thousands of Mexican pesos)

	FOURTH QUARTER			ACCUMULATED		
	2016	2015	Var %	2016	2015	Var %
Net Sales	2,704,792	2,674,988	1.1%	11,316,310	11,042,451	2.5%
Cost of goods sold	1,135,422	1,246,671	(8.9%)	3,635,327	3,777,058	(3.8%)
Gross Income	1,569,370	1,428,317	9.9%	7,680,983	7,265,393	5.7%
Selling, general and administrative expenses	1,881,186	2,810,840	(33.1%)	7,408,731	7,215,923	2.7%
Other expenses	(24,615)	901,837	(102.7%)	1,906,489	913,654	108.7%
Other income	17,650	3,511	402.7%	49,618	7,195	589.6%
EBITDA	(269,551)	(2,280,849)	(88.2%)	(1,584,619)	(856,989)	84.9%
Depreciation and amortization	15,906	33,115	(52.0%)	82,345	118,232	(30.4%)
Loss from Operations	(285,457)	(2,313,964)	(87.7%)	(1,666,964)	(975,221)	70.9%
Interest expense	(92,722)	(84,903)	9.2%	(329,941)	(392,562)	(16.0%)
Interest income	11,388	2,836	301.6%	33,242	20,586	61.5%
Exchange expense	(62,148)	(92,469)	(32.8%)	379,349	(119,512)	(417.4%)
Comprehensive financing income (cost)	(143,482)	(174,536)	(17.8%)	82,650	(491,488)	(116.8%)
Associated company	38,010	15,832	140.1%	68,001	12,024	465.5%
Loss before income taxes	(390,929)	(2,472,668)	(84.2%)	(1,516,313)	(1,454,685)	4.2%
Income tax expense	(378,460)	(737,223)	(48.7%)	126,478	(373,895)	(133.8%)
Income from continuing operations	(12,469)	(1,735,445)	(99.3%)	(1,642,791)	(1,080,790)	52.0%
Net income from discontinued operations	-	-	-	-	68,154	(100.0%)
Consolidated net income	(12,469)	(1,735,445)	(99.3%)	(1,642,791)	(1,012,636)	62.2%
Net income of minority stockholders	(30,312)	12,366	(345.1%)	38,133	55,882	(31.8%)
Net income of majority stockholders	17,843	(1,747,811)	(101.0%)	(1,680,924)	(1,068,518)	57.3%



Balance Sheet

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

As of December 31, 2016 and 2015

(Thousands of Mexican pesos)

ASSETS	DECEMBER		VARIATION	
	2016	2015	Amount	%
Current assets				
Cash and equivalents	1,823,024	1,673,835	149,189	9%
Restricted fund	23,204	52,069	(28,865)	(55%)
Clients - Net	2,493,546	2,072,566	420,980	20%
Others accounts receivable	1,868,351	1,846,954	21,397	1%
Inventory - Net	1,172,041	1,158,913	13,128	1%
Prepaid expenses	416,200	734,664	(318,464)	(43%)
Total current assets	7,796,366	7,539,001	257,365	3%
Non-current assets				
Trademarks	5,149,099	6,348,973	(1,199,874)	(19%)
Investment in shares	1,420,480	1,352,478	68,002	5%
Building, properties and equipment – Net	368,627	406,646	(38,019)	(9%)
Deferred income tax	817,822	323,435	494,387	153%
Other assets - Net	156,224	1,662,626	(1,506,402)	(91%)
Total non-current assets	7,912,252	10,094,158	(2,181,906)	(22%)
TOTAL ASSETS	15,708,618	17,633,159	(1,924,541)	(11%)
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Current portion of long-term debt	2,073,908	350,884	1,723,024	491%
Suppliers	1,033,545	670,116	363,429	54%
Due to related parties	31,873	13,134	18,739	143%
Other current liabilities	1,829,043	1,250,852	578,191	46%
Income tax payable	129,063	184,285	(55,222)	(30%)
Statutory employee profit sharing	2,972	26,797	(23,825)	(89%)
Total current liabilities	5,100,404	2,496,068	2,604,336	104%
Non-current liabilities				
Long-term debt securities	3,494,376	5,486,964	(1,992,588)	(36%)
Long-term loans with financial institutions	266,076	342,266	(76,190)	(22%)
Other long term liabilities	48,744	54,442	(5,698)	(10%)
Deferred income tax	2,270	1,695	575	34%
Employee retirement obligations	3,848	3,073	775	25%
Total liabilities	8,915,718	8,384,508	531,210	6%
Stockholders' equity				
Capital stock	1,914,306	1,914,306	-	-
Retained earnings	7,195,046	8,263,564	(1,068,518)	(13%)
Net income	(1,680,924)	(1,068,518)	(612,406)	57%
Cumulative translation effects of foreign subsidiaries	589,109	417,750	171,359	41%
Share buy back fund	(1,656,086)	(578,955)	(1,077,131)	186%
Share-based payments	179,674	-	179,674	100%
Net premium in placement of repurchased shares	39,749	39,749	-	-
Minority interest	212,026	260,755	(48,729)	(19%)
Total stockholders' equity	6,792,900	9,248,651	(2,455,751)	(27%)
TOTAL EQUITY AND LIABILITIES	15,708,618	17,633,159	(1,924,541)	(11%)

Note: This operating results do not include potential non-cash, non-recurring charges that will be recorded in the Audited Financials.



Cash Flow

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

For the three months and year ended on December 31, 2016

(In thousands of current Mexican pesos)

	DECEMBER 2016	
	4th QUARTER	ACCUMULATED
Cash and cash equivalents beginning of period	1,591,523	1,725,905
Consolidated Net Income	(12,469)	(1,642,791)
Charges to results with no cash flow:		
Depreciation and amortization	15,906	82,346
Income tax	(378,460)	126,478
Impairment of assets	1,005	1,956,725
Accrued interest and others	232,959	1,294,679
	(141,059)	1,817,437
Changes in Working Capital:		
Clients - Net	(239,498)	(420,951)
Inventories	20,324	(13,126)
Suppliers	13,946	362,046
Other current assets	427,027	311,194
Payed income tax	(70,300)	(644,478)
Other current liabilities	514,557	503,213
	666,056	97,898
Net cash generated (used) in operating activities	524,997	1,915,335
Investing activities:		
Investment in fixed assets	(60,351)	(111,429)
Sales of equipment	2,519	25,649
Brand acquisitions and others	61,298	(1,456)
Disposals of assets available for sale	150,000	150,000
Others assets acquisitions	(31,836)	(35,941)
Net cash generated (used) in investing activities	121,630	26,823
Financing activities:		
Payments of borrowings with financial institutions	(50,743)	(479,347)
Loans with financial and securities institutions	-	87,241
Interest paid	(83,348)	(323,544)
Stock repurchase	(359,702)	(1,087,711)
Sale of repurchased shares	-	14,169
Minority interest	16,508	(86,862)
Net cash used in financing activities	(477,285)	(1,876,054)
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	169,342	66,104
Foreign exchange and inflationary effects from international operations	85,363	54,219
Accumulated cash flow at the end of the period	1,846,228	1,846,228
Less - restricted fund	23,204	23,204
Cash and cash equivalents at end of period balance for operation	1,823,024	1,823,024