

## HIGHLIGHTS

**EBITDA margin** for Q1-2018 reached **22.1%**, a **40 bps** year-on-year increase

**SGM&A<sup>(1)</sup> expenses** for Q1-2018 decreased by **Ps. 168.0 million** year-on-year, a reflection of cost control initiatives

**U.S. EBITDA margin** for Q1-2018 closed at **20.3%**; a **650 bps** year-on-year increase

The Company issued its **"Lab 18"** local bond in the amount of **Ps. 2.45 billion**

At the AGSM<sup>(2)</sup> held on April 18, 2018, the Company announced **two additional Independent Board Members**.

## Genomma Lab Internacional Reports First Quarter 2018 Results

**Mexico City, May 1, 2019 – Genomma Lab Internacional, S.A.B. de C.V. (BMV: LABB)** ("Genomma Lab" or "the Company"), today announced its re-stated results for the first quarter ended March 31, 2018. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS). These figures include the effects of the adoption of hyperinflation accounting (IAS 29 & IAS 21).

The following table provides an abridged Income Statement, in millions of pesos. The margin for each figure represents its ratio to net sales and the percentage change from the first quarter 2018, as compared with the same period in 2017:

	Q1-2017	% Sales	Q1-2018 <sup>(3)</sup>	% Sales	Var. %
<b>Net Sales</b>	<b>3,203.1</b>	<b>100.0%</b>	<b>3,010.8</b>	<b>100.0%</b>	<b>(6.0)%</b>
Gross Profit	2,232.4	69.7%	2,028.9	67.4%	(9.1)%
Operating Income	677.6	21.2%	650.5	21.6%	(4.0)%
<b>EBITDA<sup>(4)</sup></b>	<b>694.2</b>	<b>21.7%</b>	<b>666.7</b>	<b>22.1%</b>	<b>(4.0)%</b>
Net Income	471.6	14.7%	375.7	12.5%	(20.3)%

(3) 2018 Restated Results by the application of IAS-29 & IAS-21 under IFRS standards as if adopted on January 1st. 2018.

(4) EBITDA is defined as operating income before depreciation and amortization.

### Comments from the Company:

*"We are pleased with our progress in the first quarter of 2018. While exchange rate effects on our consolidated figures adversely impacted our first quarter sales growth when expressed in Mexican pesos, year over year sales increased 5.3% in local currencies, with one of the highest quarterly EBITDA margins in our Company's history. This is a reflection of improved fulfillment capabilities as well as our streamlined operations and the continued successful execution of important cost containment strategies throughout our organization."*

*"Further, we made important headway in anticipation of launching our new manufacturing facility located in the State of Mexico. We continued to rationalize product portfolio with a focus on our most profitable SKUs, ensuring optimal plant efficiency, and ramped up our innovation progress at the Mexico City pilot plant in anticipation of launches in the second half of the year. Construction of the new production facility is progressing well and remains on track to begin production in the fourth quarter of 2018, to ensure superior product quality and an enhanced value equation, while economies of scale will drive further important cost efficiencies."*

(1) Selling, General, Marketing & Administrative Expenses

(2) Annual General Shareholders' Meeting.

### NEW MANUFACTURING FACILITY

OCTOBER, 2017



NOVEMBER, 2017



JANUARY, 2018



MARCH, 2018

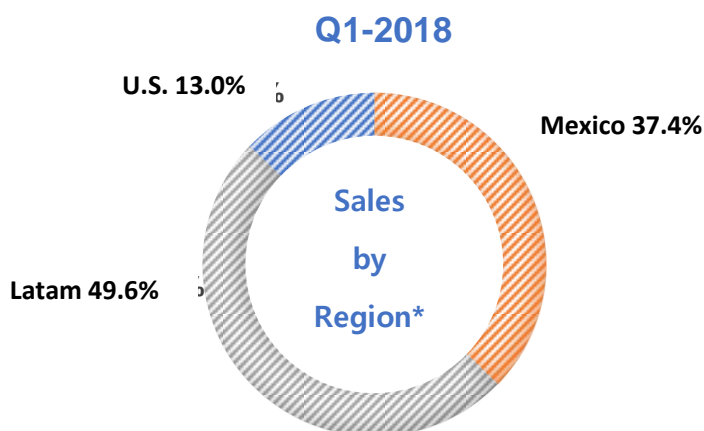


## CONSOLIDATED RESULTS FOR Q1 2018

**First Quarter 2018 Net Sales** reached Ps. 3.01 billion; a 6.0% decrease compared to the same period of 2017. The negative impact on sales is due to local currency to Mexican Peso exchange rate conversion effects for the Company's international operations, to reduced sales from U.S. operations resulting from a refocused point of sale penetration strategy and, to a lesser extent, as a result of the adoption of hyperinflation accounting (IAS-29 & IAS-21).

**First Quarter 2018 EBITDA** reached Ps. 666.7 million, compared to 694.2 million for the same period of 2017. First quarter 2018 EBITDA margin reached 22.1%; a 40 bps increase as compared to first quarter of 2017. Margin improvement is the result of the Company's continued successful execution of important cost containment strategies and initiatives to enhance efficiencies across the organization, which have been implemented since 2016.

### Results by Region



### Sales by Category & Region:

	Over-the-Counter (OTC)			Personal Care (PC)			Total		
	Q1-2017	Q1-2018	% Var	Q1-2017	Q1-2018	% Var	Q1-2017	Q1-2018	% Var
Mexico	623.5	684.7	9.8%	481.2	442.6	(8.0)%	1,104.7	1,127.3	2.0%
Latam	533.2	569.8	6.9%	1,125.2	923.6	(17.9)%	1,658.4	1,493.4	(9.9)%
U.S.	236.7	224.5	(5.2)%	203.3	165.5	(18.6)%	440.0	390.0	(11.4)%
<b>Total</b>	<b>1,393.4</b>	<b>1,479.0</b>	<b>6.1%</b>	<b>1,809.7</b>	<b>1,531.8</b>	<b>(15.4)%</b>	<b>3,203.1</b>	<b>3,010.8</b>	<b>(6.0)%</b>

(Figures in million Mexican pesos)

\*Percentage of Consolidated Net Sales by Region as of 1Q-2018.

### MEXICO

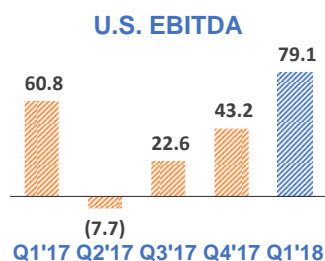
**Sales: +2.0%**

**EBITDA Margin: 19.1%**

### U.S.

**Sales local currency: (3.9)%**

**EBITDA Margin: 20.3%**



### LATIN AMERICA

**Sales: Ps. 1.49 billion**

**EBITDA Margin: 25.0%**

### Mexico

First quarter 2018 Net Sales reached Ps. 1.13 billion; a 2.0% year on year increase. The Ps. 22.6 million increase is primarily the result of continued efforts to improve fulfillment capabilities across the different sales channels.

EBITDA for the quarter reached Ps. 214.9 million; a 19.1% margin. The 80 bps increase was primarily due to the continued successful execution of important expense containment strategies throughout the organization.

### U.S.

First quarter 2018 Net Sales for Genomma's U.S. operations decreased 11.4%, to Ps. 390.0 million. Expressed in U.S. Dollars, this amounted to a 3.9% year on year decrease. The Ps. 50.0 million decrease in sales was primarily due to the U.S. Dollar to Mexican Peso conversion effect and, to a lesser extent, to the Company's refocused point of sale penetration strategy at its U.S. operations, impacting sales in the short term.

First quarter 2018 EBITDA amounted to Ps. 79.1 million; a 30.0% year on year increase, as was anticipated in 2017. First quarter 2018 EBITDA margin reached 20.3%, as compared to the 13.8% EBITDA margin of the first quarter 2017. The 650 bps margin increase is a reflection of the Company's continued success in streamlining expenses at Genomma's U.S. operations over the past twelve months.

### Latin America

First quarter 2018 Net Sales decreased 9.9% year on year, to Ps. 1.49 billion. When expressed in local currency, sales increased by 10.2% as compared to the same period of last year. The Ps. 164.9 million decrease in sales is primarily due to the local currency to Mexican Peso conversion effect and, to a lesser extent, as a result of the adoption of hyperinflation accounting (IAS-29 & IAS-21).

EBITDA for the first quarter of 2018 amounted to Ps. 372.7 million, as compared to Ps. 430.8 million for the same period in 2017. The Ps. 57.9 million decrease was primarily due to the decrease in top-line sales for the region. The EBITDA margin for the quarter closed at 25.0%, a 100 bps margin contraction as compared to the 26.0% EBITDA margin from the first quarter of 2017. The Company expects EBITDA margin improvement in the quarters ahead resulting from important initiatives implemented above the operating income line.

**SGM&A** decreased by  
**2.4 percentage points**

## **Other Consolidated Income Statement Results**

**Gross Profit** decreased 9.1% to Ps. 2.03 billion in the first quarter of 2018, compared to Ps. 2.23 billion during the first quarter of 2017. First quarter 2018 Gross Margin declined 190 bps, to 67.4%. Gross margin contraction for the quarter was primarily driven by a product mix effect, as certain higher-cost SKUs made a more significant contribution to the Company's top-line results in the quarter.

**Selling, General, Marketing and Administrative Expenses**, declined by 2.5 percentage points as a percentage of net sales, to 45.9%, compared to SGM&A of 48.4% for the same quarter of 2017. This decrease is due to the Company's continued successful execution of Company-wide expense reduction initiatives.

**Net Income** amounted to Ps. 375.7 million in the first quarter of 2018, compared to Ps. 471.6 million in the first quarter of 2017. The Ps. 95.9 million impact on Net Income was mainly due to the Ps. 166.9 million net loss on comprehensive financial result, and to a lesser extent to the Ps. 27.4 million decline in EBITDA for the quarter. This was partially offset by the Ps. 54.0 million decrease in the income tax expense.

## **Non-Operating Results**

**Comprehensive Financing Result** represented a Ps. 166.9 million loss in the first quarter of 2018, compared to a Ps. 45.6 million loss recorded in the first quarter of 2017. This variation was a result of: i) a Ps. 42.5 million Foreign Exchange loss during Q1 2018, compared to a Ps. 32.4 million gain during Q1 2017; ii) a Ps. 30.9 million increase in Financial Expenses to Ps. 118.9 million during Q1 2018, compared to Ps. 87.9 million during Q1 2017; iii) lower interest income amounting to Ps. 8.2 million during Q1 2018, compared to Ps. 10.0 million in Q1 2017; and iv) to a Ps. 13.6 million loss related to the conversion from a hyperinflationary subsidiary as a result of the adoption of hyperinflation accounting (IAS-29 & IAS-21).

**Income Tax Expense** for the first quarter 2018 reached Ps. 118.7 million; a Ps. 54.0 million decrease as compared to the income tax expense of the first quarter of 2017. The decrease in income tax paid was due to the Ps. 149.9 million decrease in pre-tax income.

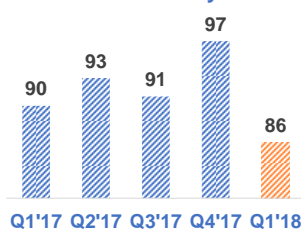


**Cash and Equivalents**  
of **Ps. 2.42 billion**,  
as of March 31, 2018

### Days of Accounts Receivable

	Q1'17	Q4'17	Q1'18
Mexico	76	96	107
LatAm	86	81	81
U.S.	53	34	74
<b>Consolidated</b>	<b>77</b>	<b>82</b>	<b>90</b>

### Days of Cash Conversion Cycle



LABB prepaid "LAB 13" bond with the proceeds from the issuance of new "LAB 18" bond

## Financial Position

**Cash and Equivalents** amounted to Ps. 2.42 billion as of March 31, 2018, representing a 28.3% year on year increase, and a 121.5% quarter on quarter growth. This net increase was due to cash generated by operations as well as to the proceeds of the Company's "Lab 18" local bond issuance. On April 9, 2018, the Company repaid its Ps. 2.0 billion "Lab 13" local bond in full. Certain proceeds from the resulting cash position were directed to investments in Genomma's new manufacturing facility as well as to partially repay short-term bank debt.

**Accounts Receivable** amounted to Ps. 2.99 billion as of March 31, 2018. The days of consolidated accounts receivable amounted to 90 as of the end of the first quarter of 2018. This temporary increase in Mexico accounts receivable is the result of companies adapting their business processes to new digital tax regulations (CFDI 3.3), which was legally enacted on January 1, 2018.

**Inventories** closed at Ps. 1.12 billion as of March 31, 2018. Days of Inventories amounted to 102; a one-day decrease compared to March 2017. Compared to year-end 2017, days of inventories decreased by 13 days quarter-on-quarter.

**Trade Payables** amounted to Ps. 1.17 billion as of March 31, 2018. As of the first quarter 2018, Days Payable Outstanding (DPO) increased to 106 days, from 90 days as of March 2017.

**Investment in Plant-** The Company invested Ps. 193.9 million in the three months ended March 31, 2018, investments were primarily allocated to the construction of the new manufacturing facility located in the State of Mexico.

**Cash Conversion Cycle (CCC)** reached 86 days at the end of the first quarter of 2018, compared to 90 days in March 2017 and 97 days in December 2017.

**Financial Leverage-** Gross Debt amounted to Ps. 6.19 billion as of March 31, 2018, compared to Ps. 5.82 billion in March of 2017; a Ps. 376.4 million increase. Net Debt amounted to Ps. 3.77 billion; a Ps. 157.6 million decrease as compared to March 2017 and a Ps. 162.3 million increase as compared to 4Q 2017. The Company's long-term debt represented 66.1% of total debt at the end of the quarter. During the quarter, the Company issued a "Lab 18" CEBUR local Bond in the amount of Ps. 2.45 billion to restructure Genomma's debt profile.

**Free Cash Flow-** Genomma generated Ps. 200.6 million in free cash flow during the first quarter of 2018. Excluding investments made in the Company's new manufacturing facility, free cash flow would have reached Ps. 394.2 million for the first quarter of 2018.

## Key Financial Data

**Net Debt / EBITDA 1.47x**  
 as of March 31, 2018

Financial Metrics	Q1-2018
EBITDA / Interest Paid	5.0x
Net Debt / EBITDA	1.47x

As of April 25, 2018, the Company has a total of 1,048,000,000 shares outstanding.

## Q1-2018 RELEVANT CORPORATE EVENTS

- **Minority Interest Swaps** – On March 23, 2018 the Company announced that the conditions stated for the merger of the Company to Hathaway South America Ventures, S.A. de C.V. and Saint Andrews Accelerated Growth Partners, S.A. de C.V. have been fulfilled. As a result of the completion of these non-dilutive, non-cash mergers, the Company will no longer have minority shareholders in its subsidiaries.
- **Agreement for Voting Rights** – On March 23, 2018 the Company announced that Mr. Rodrigo Alonso Herrera Aspra and Mr. Máximo Juda entered into an agreement to exercise each individual's respective voting rights at the Company's future Shareholder meetings.
- **Issuance of Local Bonds** – On March 23, 2018 the Company successfully completed the issuance of local bonds "LAB 18" in the amount of 2.45 billion pesos in the Mexican Securities Market, with a three year maturity.
- **Pre-payment of LAB 13 Local Bond** – On April 9, 2018 the Company prepaid the total amortization for local bond "LAB 13", adding to the principal the accrued interest.

# Restatement of Q1-2018 Results

## IAS-29 & IAS-21 Argentina Adoption

### CONFERENCE CALL Q1-2018

**Thursday, April 26, 2018**  
**at 11:00 a.m. ET /**  
**10:00 a.m. CST**

Led by:

**Máximo Juda**

Chief Executive Officer

**Antonio Zamora**

Chief Financial Officer

**Enrique González**

Investor Relations

**Webcast:**

[Genomma Lab Q1 '18 Results](#)  
[Call](#)

To participate, please  
dial-in ten minutes ahead of  
the scheduled time.

**United States:**

+1 877-407-8031

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+1 201-689-8031

### Sell-side Analyst Coverage

As of the end of March, 2018 LAB B is covered by 15 sell-side 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 Ve por Más; HSBC Securities (USA); Invex Grupo Financiero; Bradesco BBI, and JP Morgan Securities.

### About

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 "**LABB**" (Bloomberg: **LABB:MM**).



### 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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**GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
 For the three months ended March 31, 2018 and 2017

Thousands of Mexican pesos

	<b>FIRST QUARTER</b>				
	<b>2018</b>	<b>% Sales</b>	<b>2017</b>	<b>% Sales</b>	<b>Var %</b>
Net Sales	3,010,791	100.0%	3,203,126	100.0%	(6.0)%
Cost of goods sold	981,932	32.6%	970,729	30.3%	1.2%
<b>Gross Profit</b>	<b>2,028,859</b>	<b>67.4%</b>	<b>2,232,397</b>	<b>69.7%</b>	(9.1)%
Selling, general and administrative expenses	1,383,187	45.9%	1,551,218	48.4%	(10.8)%
Other (income) expense	(21,063)	(0.7)%	(13,000)	(0.4)%	62.0%
<b>EBITDA</b>	<b>666,735</b>	<b>22.1%</b>	<b>694,179</b>	<b>21.7%</b>	(4.0)%
Depreciation and amortization	16,192	0.5%	16,570	0.5%	(2.3)%
<b>Income from operations</b>	<b>650,543</b>	<b>21.6%</b>	<b>677,609</b>	<b>21.2%</b>	(4.0)%
Interest expense	(118,879)	(3.9)%	(87,946)	(2.7)%	35.2%
Interest income	8,163	0.3%	9,973	0.3%	(18.1)%
Foreign exchange result	(42,530)	(1.4)%	32,378	1.0%	(231.4)%
Inflationary result for monetary position	(13,634)	(0.5)%	-	0.0%	
<b>Comprehensive financing income (cost)</b>	<b>(166,880)</b>	<b>(5.5)%</b>	<b>(45,595)</b>	<b>(1.4)%</b>	266.0%
Associated company	10,776	0.4%	12,359	0.4%	(12.8)%
<b>Income before income taxes</b>	<b>494,439</b>	<b>16.4%</b>	<b>644,373</b>	<b>20.1%</b>	(23.3)%
Income tax expense	118,745	3.9%	172,774	5.4%	(31.3)%
<b>Consolidated net income</b>	<b>375,694</b>	<b>12.5%</b>	<b>471,599</b>	<b>14.7%</b>	(20.3)%
Net income of minority stockholders	-	0.0%	34,778	1.1%	(100.0)%
<b>Net income of majority stockholders</b>	<b>375,694</b>	<b>12.5%</b>	<b>436,821</b>	<b>13.6%</b>	(14.0)%



**GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Thousands of Mexican pesos	<b>As of</b>		<b>As of</b>
	<b>March 31,</b>	<b>2017</b>	<b>December 31,</b>
	<b>2018</b>		<b>2017</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents and restricted fund	2,420,771	1,886,790	1,092,741
Clients - Net	2,987,331	2,511,108	2,745,173
Recoverable Taxes	1,467,677	1,131,190	1,385,360
Other accounts receivable*	926,358	1,028,010	875,085
Inventory - Net	1,120,042	1,077,358	1,264,211
Prepaid expenses	666,315	592,598	478,069
<b>Total current assets</b>	<b>9,588,494</b>	<b>8,227,054</b>	<b>7,840,639</b>
<b>Non-current assets</b>			
Trademarks	4,955,655	5,081,439	5,149,632
Investment in shares	1,483,581	1,432,839	1,472,805
Building, properties and equipment – Net	658,255	364,293	548,649
Deferred income tax, assets and others	857,600	920,114	873,981
<b>Total non-current assets</b>	<b>7,955,091</b>	<b>7,798,685</b>	<b>8,045,067</b>
<b>TOTAL ASSETS</b>	<b>17,543,585</b>	<b>16,025,739</b>	<b>15,885,706</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Current portion of long-term debt	2,098,482	2,074,436	3,013,055
Suppliers	1,168,662	934,436	1,098,471
Other current liabilities	1,860,904	1,980,359	1,857,124
Income tax payable	377,045	332,564	336,373
<b>Total current liabilities</b>	<b>5,505,093</b>	<b>5,321,795</b>	<b>6,305,023</b>
<b>Non-current liabilities</b>			
Long-term debt securities	3,923,930	3,495,172	1,500,000
Long-term loans with financial institutions	171,049	247,428	190,054
Deferred income tax and other long term liabilities	144,336	50,753	41,962
Payable dividends to shareholders	800,000	-	800,000
<b>Total liabilities</b>	<b>10,544,408</b>	<b>9,115,148</b>	<b>8,837,039</b>
<b>Stockholders' equity</b>			
Contributed Capital	1,914,306	1,914,306	1,914,306
Retained earnings	6,022,205	5,952,480	5,993,327
Cumulative translation effects of foreign subsidiaries	249,007	249,527	332,609
Repurchased shares - Net	(1,186,341)	(1,393,362)	(1,393,476)
Minority interest	-	187,640	201,901
<b>Total stockholders' equity</b>	<b>6,999,177</b>	<b>6,910,591</b>	<b>7,048,667</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,543,585</b>	<b>16,025,739</b>	<b>15,885,706</b>

**GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31,

Thousands of Mexican pesos	1Q-2018
<b><i>Cash and cash equivalents beginning of period</i></b>	<b>1,092,741</b>
<b><i>Consolidated Net Income</i></b>	<b>375,694</b>
<b><i>Charges to results with no cash flow:</i></b>	
Depreciation and amortization	16,786
Income tax	118,746
Accrued interest and others	120,979
	<b>632,205</b>
<b><i>Changes in Working Capital:</i></b>	
Clients - Net	(242,127)
Inventories	154,638
Suppliers	69,390
Other current assets	(338,429)
Paid income tax	(81,898)
Other current liabilities	121,129
	<b>(317,297)</b>
<b><i>Net cash generated (used) in operating activities</i></b>	<b>314,908</b>
<b><i>Investing activities:</i></b>	
Investment in fixed assets	(116,587)
Sales of equipment	1,037
Brand acquisitions and others	(9,433)
Disposals of assets available for sale	6,000
Other asset acquisitions	4,656
<b><i>Net cash generated (used) in investing activities</i></b>	<b>(114,327)</b>
<b><i>Financing activities:</i></b>	
Payments of borrowings with financial institutions	(1,233,578)
Loans with financial and securities institutions	2,723,133
Interest paid	(96,514)
<b><i>Net cash used in financing activities</i></b>	<b>1,393,041</b>
<b><i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i></b>	<b>1,593,622</b>
Foreign exchange and inflationary effects from international operations	(265,592)
<b><i>Accumulated cash flow at the end of the period</i></b>	<b>2,420,771</b>
Less - restricted fund	23,260
<b><i>Cash and cash equivalents at end of period balance for operation</i></b>	<b>2,397,511</b>