

## HIGHLIGHTS

**Q3-2019 Sales** increased by **Ps. 342.5 million**; a **+12.5%** year-on-year increase

**Q3-2019 EBITDA margin** reached **20.1%**; a **40 bps** year-on-year expansion

**Exclusive** license to Market **Novamil® & Novalac®** in Mexico

**Capex Investments** for the nine months ended September 30, 2019 reached **Ps. 379.9 million**.

## Genomma Lab Internacional Reports Third Quarter 2019 Results

Mexico City, October 23, 2019 – **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, 2019. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The following table provides an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change in the third quarter 2019 as compared with the same period in 2018:

	Q3-2019	% Sales	Q3-2018	% Sales	Var. %
<b>Net Sales</b>	<b>3,077.3</b>	<b>100.0%</b>	<b>2,734.8</b>	<b>100.0%</b>	<b>12.5%</b>
Gross Profit	1,962.1	63.8%	1,819.9	66.5%	7.8%
Operating Income	581.4	18.9%	524.1	19.2%	10.9%
<b>EBITDA<sup>(1)</sup></b>	<b>617.1</b>	<b>20.1%</b>	<b>539.9</b>	<b>19.7%</b>	<b>14.3%</b>
Net Income <sup>(2)</sup>	233.4	7.6%	223.7	8.2%	4.3%

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

(2) Net Income of Majority Shareholders.

## Comments from the CEO

Mr. Jorge Brake, Chief Executive Officer, commented: *“The performance during the third quarter is further affirmation that our transformational Growth and Innovation Strategy is gaining meaningful traction, reflected in strength across key metrics- notably year on year net sales increases of 12.5% for the quarter and of 9.5%, year to date, as well as operating profitability improvement with EBITDA margin expansion of 40 bps to 20.1% year on year. Our success in this regard demonstrates that we have triggered Genomma’s innovation power; transforming and upgrading key heritage brands within our current portfolio and categories, as well as broadening our reach while announcing the addition of exciting new adjacent categories- yet another milestone for our Company with considerable future growth potential.”*

Mr. Brake continued: *“We remain focused on ensuring the successful implementation of this strategy, which is driving strengthening top line growth in Mexico and on the ground in Latin America, while continuing to execute on a turnaround in Genomma’s US market. We are encouraged by our success thus far.”*

## KEY DATA

### % Sales by Segment:


**OTC 49.4%**

**PC 50.6%**


**Novamil<sup>®</sup> and Novalac<sup>®</sup>**  
**Infant Formula**  
 New category for Mexico

\*Point of Sale

## Business Review

Genomma Lab achieved Ps. 9,492.6 million in sales during the first nine months of 2019; a 9.5% year on year increase. Third quarter 2019 net sales closed at Ps. 3,077.3 million, reflecting a 12.5% year on year growth. The strong revenue growth achieved during the first three quarters of 2019 is further affirmation of Genomma's successful new strategy launched in the fourth quarter of 2018 and reflects a trend of consistent improvement based on the four pillars of Genomma's renewed growth plan, which follow.

The leverage effect from top-line growth and the Company's ongoing focus on profitability and margin expansion, resulted in a 40 basis point year on year increase in EBITDA margin for the quarter, to close at 20.1%. Third quarter margins were adversely impacted by local currency depreciation in certain countries in which Genomma operates, as well as by an increase in expenses associated with the Company's new manufacturing facility located in the State of Mexico and the non-recurring expenses from new products launches and innovation strategies.

### Product Innovation and Portfolio Optimization

Genomma announced on September 12, 2019 that it had signed an exclusive licensing agreement for the commercialization of the Novamil<sup>®</sup> and Novalac<sup>®</sup> brands within Mexico. Through this agreement, the Company enters the infant formula market within specialized infant nutrition. The agreement also reflects Genomma's continued focus on participating in high growth categories supported by the new business model capabilities.

The Company made an important product launch within the Argentina market through the introduction of its Cicatricure<sup>®</sup> *Gold Lift* skin care line during the quarter. The product's gold peptides enable facial skin rejuvenation and delay the effects of aging. Cicatricure<sup>®</sup> *Gold Lift* is an "affordable luxury" product with an unmatched price-quality proposition that is particularly appropriate for this market. By quarter's end, Cicatricure<sup>®</sup> *Gold Lift* was the best performing SKU of the Cicatricure<sup>®</sup> family in the region.

The Revie<sup>®</sup> premium shampoo line was introduced during the third quarter 2019 through an exclusive launch with the *Lojas Americanas* retail chain in Brazil, and achieved significant market share gains during the first months of its initial introduction. Other new product releases and innovations also supported the Company's results during the quarter, specifically the relaunch of the Teatrical<sup>®</sup> brand in Colombia, Peru and Chile; the Tío Nacho<sup>®</sup> shampoo line extension with a new presentation of Tío Nacho<sup>®</sup> Coco; the launch of Vanart<sup>®</sup> Coco-Keratina shampoo in the Peru and Colombia markets, and the introduction of Tukul<sup>®</sup> Organic Honey as part of the brand's extension within the "cough and cold syrup" category.


**SUEROX<sup>®</sup>**

The new triple World Heavyweight Champion, **Andy Ruiz**; an ambassador of the **isotonic beverage**

[\(Click video here\)](#)



**Tukol-D<sup>®</sup> Organic Honey**  
Launched in México.


**Instagram**

[@genomma](#) 

**+1,000,000 followers**

Powerful new social media strategy to reach new generations and enhance their health

## Perfect Go-To-Market Execution

During the quarter, Genomma further increased the number of points of sale associated with the direct distribution partnership program to expand its presence within the traditional channel. By 2020, Genomma will extend the implementation of this distribution and logistics strategy to other Central and South America markets.

A new Suerox<sup>®</sup> brand television campaign was launched in Mexico during the third quarter 2019 with Mexican boxer and world heavyweight champion Andy Ruiz Jr. as brand ambassador. The successful campaign resulted in high double-digit sales increase for the Suerox<sup>®</sup> brand by third quarters' end, despite this not representing peak sales season for isotonic beverages.

## World-Class Supply Chain

Fill-rate levels continued to improve during the third quarter 2019, further consolidating Genomma's portfolio across all markets. The implementation of the Company's Sales & Operations Planning (S&OP) system was further extended to new Genomma markets during the quarter; all countries in which Genomma has a presence will operate under the S&OP system by 2020.

Genomma was granted its Sanitary License by Mexico's COFEPRIS regulatory organization in July 2019, enabling initial OTC production lines to begin the certification process for GMPs in Mexico.

The Company continued its Personal Care production facility and the Central Warehouse construction during the quarter, which is expected to be completed during the first months of 2020. Once construction has been completed, Genomma will be able to submit the documentation to obtain the operation license for Personal Care production.

Year to date investments related to the Company's manufacturing project reached Ps. 379.9 million by September 30, 2019, primarily allocated to Genomma's Personal Care facility and the Central Warehouse.

The Centers of Innovation ("COI's") continue to demonstrate important results, supported by an extended and solid pipeline of new projects and innovation strategies. The new business strategy established by multidiscipline teams will continue to drive consistent growth for the Company.

## Corporate Culture

During the quarter, the Company has upgraded talent in key positions, streamlined the supply chain organization, and restructured around regional cluster in key markets to optimize commercial efficiency. Based on the most recent survey, Genomma's employees have shared positive feedback on the initiatives launched related to corporate culture and career development.



**Tio Nacho<sup>®</sup> Hidro Nutrition**  
recently launched.



**Vanart<sup>®</sup> Coco-Keratina**  
Launched in Peru, Chile and Colombia.

## Mexico

Genomma Lab achieved double-digit topline growth at its Mexico operations, reflected in a 14.1% year-on-year increase. The Ps. 184.4 million increase was due to continued successful optimization of its brand portfolio and to increased presence and visibility at the point of sale, also supposed by strengthened distribution within the traditional channel and key drugstore chains.

## U.S.

Top-line in local currency decreased by 2.2% year-over-year; when converted to Mexican Pesos, this resulted in a 0.7% sales increase due to the MXN Peso depreciation versus U.S. Dollar. Results this quarter were adversely impacted by the reconfiguration of the Company's go-to-market and in-store visibility strategy within this market, as well as the optimization of marketing strategies overall. One-time retailer returns of expired SKUs to be replaced in future quarters also impacted sales at the Company's U.S. operations. These anticipated effects are aligned with Genomma's portfolio optimization strategy and are expected to result in accelerated future growth.

## Latin America

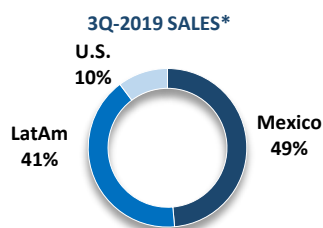
Genomma's Latin America operations closed the quarter with double-digit growth in local currency; representing a 14.0% increase in Mexican Pesos. Depreciation of local currencies relative to the Mexican Peso adversely impacted results for the third quarter of 2019. Aside from the devaluation of the Argentinian Peso, other local currencies including those of Colombia, Uruguay and Paraguay, also depreciated relative to the Mexican Peso.

The Company's operations in Argentina, Central America, Ecuador and Uruguay performed particularly well during the third quarter 2019, partially mitigating foreign exchange-related effects and supporting double-digit sales growth for this region.

## Sales by Category & Region

(Figures in million Mexican Pesos)

	Over-the-counter (OTC)			Personal Care (PC)			Total		
	Q3-2018	Q3-2019	% Var.	Q3-2018	Q3-2019	% Var.	Q3-2018	Q3-2019	% Var.
Mexico	808.6	916.7	13.4%	501.7	578.0	15.2%	1,310.3	1,494.7	14.1%
LatAm	364.3	392.1	7.6%	747.2	875.3	17.1%	1,111.5	1,267.4	14.0%
U.S.	182.5	212.6	16.5%	130.5	102.6	(21.4)%	313.0	315.2	0.7%
Total	1,355.4	1,521.4	12.2%	1,379.4	1,559.9	12.8%	2,734.8	3,077.3	12.5%



\*Percentage of Consolidated Sales by Region as of Q3-2019.



## New Manufacturing Facility

### KEY HIGHLIGHTS

- **First OTC production lines:**
  - Solid (pills)
  - Semi-solid (ointments)
- **First PC production lines:**
  - Shampoo
  - Beverage
- More than **17,000 tons** of Super flat concrete flooring for Warehouse and Personal Care Plant
- **28,000-sqm** storage capacity for finished products
- **60 warehouse docking doors** for logistics operations.



*Aerial View of the production facility  
(September 2019)*



*Tanks system for liquid OTC production*



*Water chiller system for OTC Plant*



*NordensPAC 702  
Tube filling equipment for semi-solid  
production line*



*Uhlmann BEC 700  
Blister production line*

## Consolidated Results for 3Q-2019

**3Q-2019 Sales**  
with a **12.5%**  
year-on-year  
**increase**

**Third Quarter 2019 Net Sales** reached Ps. 3.07 billion; a 12.5% increase compared to the same period of 2018. This year-on-year increase is primarily due to improved sell-out at the Company's Mexico and LatAm operations, supported by the new Sales & Operations Planning (S&OP), to important go-to-market and in-store strategies implemented across all regions in which the Company has a presence, as well as to successful advertising and marketing campaigns. To a lesser extent, third quarter 2019 top-line was supported by product innovation initiatives and the increased sales of seasonal products. This enabled the Company to offset the negative impact of regional FX headwinds.

**3Q-2019 EBITDA**  
increased by  
**Ps. 77.2 million,**  
year-on-year

**Third Quarter 2019 EBITDA** reached Ps. 617.1 million, compared to Ps. 539.9 million for the same period of 2018. Third quarter 2019 EBITDA margin reached 20.1%. This 40bps margin improvement is the result of the operational leverage effect on fixed expenses due to top-line growth achieved during the quarter as well as to initial positive signs associated with the execution of the Company's new strategy across the organization. These positive effects were partially offset by FX headwinds on Cost of Goods Sold, from increased sales of lower margin seasonal products as well as from extraordinary expenses made over the quarter, including Ps. 27.2 million in new plant pre-operating expenses as well as investments allocated to new product launches, innovation strategies, go-to-market initiatives and new digital and operational platforms to drive future growth.

## Results by Region

### Mexico

**MEXICO**  
**Sales in MXN: +14.1%**  
**EBITDA Margin: 19.0%**

Net Sales for the third quarter 2019 reached Ps. 1.49 billion; a 14.1% year on year increase. This Ps. 184.4 million increase is primarily due to improved go-to market and in-store visibility initiatives, as well as the Company's new S&OP system and additional POS due to Genomma's renewed relationship with one of the largest pharmacy chains in Mexico, as well as the increased presence and number of outlets within the traditional channel. This increase was also supported by the positive results from the Company's product portfolio reconfiguration strategy, which expands the reach of certain brands to a broader consumer base and new marketing and commercial initiatives for some of Genomma's key brands, such as Suerox<sup>®</sup>, Teatrical<sup>®</sup>, Tukol<sup>®</sup> and Allivix<sup>®</sup>.

EBITDA for the quarter reached Ps. 283.4 million; a 19.0% margin reflecting a 300bps year-on-year expansion. Third quarter 2019 EBITDA margin expansion was mainly the result of operational leverage associated with the double-digit top-line increase. This was partially offset by expenses associated with pre-production and pre-operating processes related to Genomma's new manufacturing facility.

**U.S.****Sales in MXN: +0.7%****EBITDA Margin: 8.4%****U.S.**

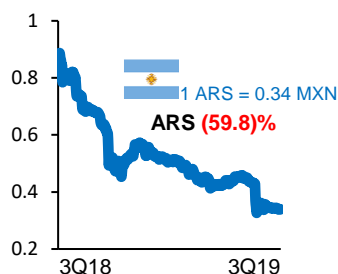
Third quarter 2019 Net Sales for Genomma's U.S. operations increased by 0.7%, to Ps. 315.2 million. When expressed in U.S. dollars, top-line for the quarter decreased 2.2%. The Company remains focused on strengthening its operations within this geography. Sales for the quarter were partially impacted by one-time retailer returns of expired SKUs. These anticipated effects are aligned with Genomma's portfolio optimization strategy and are expected to result in accelerated future growth.



Third quarter 2019 EBITDA amounted to Ps. 26.6 million; a Ps. 26.1 million year-on-year decline. The EBITDA margin for the quarter contracted by 8.4 percentage points, year on year. This margin contraction is the result of one-time in-store visibility investments which support new product launches as well as the initial phase of the 2020 winter season. In addition, Marketing, Digital & Consumer Research investments were associated with digital platforms, social media influencers, and consumer insights enabling the Company to gain an in-depth understanding of different U.S. consumer demographics, further strengthening Genomma's U.S. strategy.

**LATIN AMERICA****Sales in MXN: +14.0%****EBITDA Margin: 24.2%****Latin America**

Net Sales increased by 14.0% year on year, to Ps. 1.27 billion. When expressed in local currency, year on year sales also increased double-digit. Successful go-to-market initiatives, enhanced in-store visibility, product launches and innovation, as well as an increased store base resulting from new relationships with important retailers, drove the Ps. 155.9 million top-line growth. This was partially offset by hyperinflation in Argentina and FX headwinds in certain markets in which Genomma has a presence.

EBITDA for the third quarter of 2019 reached Ps. 307.1 million, as compared to Ps. 278.2 million for the same period in 2018. The EBITDA margin for the quarter closed at 24.2%; an 80bps decrease as compared to same quarter of 2018. The EBITDA margin contraction is mainly attributable to macro headwinds and local currency depreciation in Genomma's key markets within the region.

**FX headwinds****Local Currency\*  
expressed in MXN**

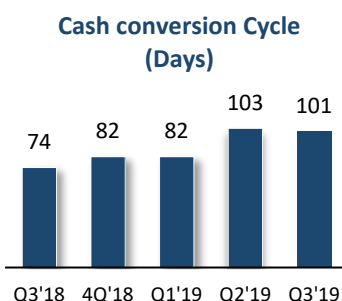
**CLP (4.6)%**

**COP (10.0)%**

**UYU (5.5)%**

**PYG (2.3)%**
**Other Income Statement Results**

**Gross Profit** increased by 7.8%, to Ps. 1.96 billion in the third quarter of 2019, compared to Ps. 1.82 billion during the third quarter of 2018. Third quarter 2019 gross margin decreased by 270 bps, to close at 63.8%. Gross margin contraction for the quarter was primarily driven by a short-term product mix effect, as certain higher-cost SKUs made a more significant contribution to the Company's top-line results in the quarter, and, to a lesser extent, to increased input costs associated with foreign exchange impact when consolidating the various currencies which depreciated during the quarter.



**SGM&A** as a % of Net Sales decreased by  
**3.3 percentage points**



\*2018 Restated Results as if IAS-29 & IAS21 IFRS Accounting Standards were adopted on January 1st, 2018.

#### Days of Accounts Receivable (DSO)

	3Q18	4Q18	3Q'19
Mexico	99	105	104
LatAm	82	85	91
U.S.	56	51	70
<b>Consolidated</b>	<b>86</b>	<b>89</b>	<b>95</b>

**Selling, General, Marketing and Administrative Expenses**, declined by 3.3 percentage points as a percentage of net sales, to 43.7%, compared to SGM&A of 47.0% for the same quarter of 2018. The SGM&A improvement as a percentage of sales is primarily due to the operating leverage related to the top-line growth achieved during the quarter and to the Company's ongoing focus on expense control.

**Net Income** amounted to Ps. 233.4 million in the third quarter of 2019, compared to Ps. 223.7 million in the third quarter of 2018. The Ps. 9.7 million increase in Net Income is mainly due to the Ps. 45.8 million increase in Income before taxes during the third quarter of 2019 as compared with the same period of last year.

### Non-Operating Results

**Comprehensive Financing Result** represented a Ps. 211.0 million cost in the third quarter of 2019, compared to a Ps. 221.1 million cost in the third quarter of 2018. The Ps. 10.2 million positive variation was a result of: i) a Ps. 28.3 million Foreign Exchange net loss during Q3 2019, compared to a Ps. 79.2 million loss during Q3 2018; ii) a Ps. 30.6 million net increase in the loss on the Company's monetary position in its inflationary subsidiary during Q3 2019 as compared to Q3 2018; iii) a Ps. 12.9 million net increase in interest expenses during Q3 2019 as compared to the same period of 2018; and to iv) a Ps. 2.8 million increase in interest income during Q3 2019 as compared to Q3 2018.

**Income Tax Expense** for the third quarter 2019 reached Ps. 133.5 million as compared to the Ps. 97.3 million Income Tax Expense recorded during the third quarter of 2018.

### Financial Position

**Working Capital** was optimized during the quarter and the Company's cash conversion cycle decreased to 101 days at the end of September 2019 from 103 days at the end June 2019:

- **Accounts Receivable** amounted to Ps. 3.31 billion as of September 30, 2019. The days of consolidated accounts receivable amounted to 95; a 7-day improvement as compared to the second quarter of 2019.
- **Inventories** closed at Ps. 2.06 billion as of September 30, 2019. Days of Inventories amounted to 163; reflecting no change as compared to June 30, 2019. As compared with third quarter 2018, the 37-day temporary increase was planned and required to improve fill rates as part of the initial stages of the Company's new Sales and Operations Planning (S&OP) to align and synchronize all functions across the Organization.
- **Trade Payables** amounted to Ps. 1.97 billion as of September 30, 2019. As of the third quarter 2019, Days Payable Outstanding (DPO) decreased to 156 days, from 162 days as of June 30, 2019.



Cash and Equivalents  
of **Ps. 1.13 billion**  
as of September 30, 2019

**Fixed Assets.** The Company invested Ps. 192.7 million in the three months ended September 30, 2019, primarily related to the construction of the Company's new manufacturing facility located in the State of Mexico.

**Recoverable Taxes.** This position is comprised of claims against the tax authorities relating mostly to VAT (IVA) and income taxes. The position increased by Ps. 46.1 million year-to-date.

**Net Financial Debt** increased year-on-year due to the significant investments made into the new plant and the resumption of the Company's share buyback program:

- **Cash and Equivalents** amounted to Ps. 1.13 billion as of September 30, 2019, representing a 0.4% year on year increase.
- **Gross Financial Debt** amounted to Ps. 5.96 billion as of September 30, 2019, compared to Ps. 5.30 billion as of September 2018; a Ps. 658.2 million increase derived from the second tranche of proceeds obtained from a long-term loan with the IDB Invest and IFC associated with the investments in the new manufacturing facility.
- **Net Financial Debt** amounted to Ps. 4.82 billion; a Ps. 653.9 million increase as compared to September 30, 2018. The Company's long-term debt represented 77.6% of gross financial debt at the end of the third quarter 2019.

A total balance of  
**36,160,792 shares**  
in the **Buyback Program**  
as of September 30, 2019

**Share Buyback Program.** During the three months ended on September 30, 2019, the Company repurchased a total of 1,593,470 shares, representing a total investment of Ps. 27.0 million as part of its Share Buyback Program.

**Free Cash Flow from Operations.** Excluding investments made in the Company's new manufacturing facility, adjusted free cash flow for the first nine months of 2019, would have reached Ps. 599.9 million. Most of the cash flow generated over the quarter was invested in the Company's new manufacturing facility and working capital investments to fuel growth.

### Key Financial Metrics

Financial Metrics	Q3-2019
EBITDA / Interest Paid	4.0x
Net Debt / EBITDA	1.9x

## CONFERENCE CALL Q3-2019

Thursday, October 24 2019  
at 12:00 p.m. ET /  
11:00 a.m. CST

Led by:

**Jorge Luis Brake**  
CEO

**Antonio Zamora**  
CFO

**Enrique González**  
IRO

Webcast:

[Genomma Lab Q3 '19 Results  
Call](#)

To participate, please  
dial-in:

**United States:**  
+1 877-407-8031

**International:**  
+1 201-689-8031

## Q3-2019 Other Relevant Events

- [Placement of MX\\$600 Million through four unsecured local bond offerings](#)  
*Offerings were oversubscribed; Issued under Genomma's Recurring Debt Issuer Program.*
- [UPI grants Genomma the exclusive license for Novamil®/Novalac® infant nutrition products in Mexico](#)  
*The UPI-Genomma exclusive licensing agreement leverages Genomma's Growth and Innovation Strategy .*
- [Prepayment of Long-term Local Bond \(CEBUR\) LAB 14](#)  
*Total amortization of long-term local bond "LAB 14" for Ps. 1.5 billion. "Lab 14" was scheduled to mature on January 2020.*

## Impact from the Adoption of New Accounting Standards

- [New Accounting Standards Impact \(April 29, 2019\)](#)
- [2018 Quarterly Financial Statements Restatement \(May 1, 2019\)](#)

## Sell-side Analyst Coverage

As of the end of September, 2019 LAB B is covered by 13 sell-side analysts at the following brokerages: Casa de Bolsa Credit Suisse; Banco Itaú BBA; Santander Investment Securities; JP Morgan Securities; BBVA Bancomer; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; HSBC Securities (USA); Invex Grupo Financiero; and Actinver Casa de Bolsa.

## 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 "**LAB B**" (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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[www.genommalab.com/inversionistas/](http://www.genommalab.com/inversionistas/)

**GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three and nine months ended September 30, 2019 and 2018

Thousands of Mexican pesos

	THIRD QUARTER				ACCUMULATED			
	2019	%Sales	2018	%Sales	2019	%Sales	2018	%Sales
Net Sales	3,077,305	100.0%	2,734,826	100.0%	9,492,619	100.0%	8,670,353	100.0%
Cost of goods sold	1,115,249	36.2%	914,882	33.5%	3,420,587	36.0%	2,912,910	33.6%
<b>Gross Profit</b>	<b>1,962,056</b>	<b>63.8%</b>	<b>1,819,944</b>	<b>66.5%</b>	<b>6,072,032</b>	<b>64.0%</b>	<b>5,757,443</b>	<b>66.4%</b>
Selling, general and administrative expenses	1,346,301	43.7%	1,285,947	47.0%	4,179,729	44.0%	3,990,979	46.0%
Other (income) expense	(1,315)	(0.0)%	(5,881)	(0.2)%	(16,459)	(0.2)%	(31,180)	(0.4)%
<b>EBITDA</b>	<b>617,070</b>	<b>20.1%</b>	<b>539,878</b>	<b>19.7%</b>	<b>1,908,762</b>	<b>20.1%</b>	<b>1,797,644</b>	<b>20.7%</b>
Depreciation and amortization	35,622	1.2%	15,754	0.6%	96,916	1.0%	48,538	0.6%
<b>Income from operations</b>	<b>581,448</b>	<b>18.9%</b>	<b>524,124</b>	<b>19.2%</b>	<b>1,811,846</b>	<b>19.1%</b>	<b>1,749,106</b>	<b>20.2%</b>
Interest expense	(161,897)	(5.3)%	(148,994)	(5.4)%	(466,401)	(4.9)%	(393,229)	(4.5)%
Interest income	8,014	0.3%	5,248	0.2%	22,588	0.2%	24,816	0.3%
Foreign exchange result	(28,321)	(0.9)%	(79,211)	(2.9)%	(115,146)	(1.2)%	(93,018)	(1.1)%
Inflationary result from monetary position	(28,753)	(0.9)%	1,819	0.1%	(126,954)	(1.3)%	(34,368)	(0.4)%
<b>Comprehensive financing income (cost)</b>	<b>(210,957)</b>	<b>(6.9)%</b>	<b>(221,138)</b>	<b>(8.1)%</b>	<b>(685,913)</b>	<b>(7.2)%</b>	<b>(495,799)</b>	<b>(5.7)%</b>
Associated company	(3,590)	(0.1)%	18,079	0.7%	26,274	0.3%	34,174	0.4%
<b>Income before income taxes</b>	<b>366,901</b>	<b>11.9%</b>	<b>321,065</b>	<b>11.7%</b>	<b>1,152,207</b>	<b>12.1%</b>	<b>1,287,481</b>	<b>14.8%</b>
Income tax expense	133,514	4.3%	97,343	3.6%	423,384	4.5%	383,814	4.4%
<b>Consolidated net income</b>	<b>233,387</b>	<b>7.6%</b>	<b>223,722</b>	<b>8.2%</b>	<b>728,823</b>	<b>7.7%</b>	<b>903,667</b>	<b>10.4%</b>



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

Thousands of Mexican pesos	<b>As of</b>		<b>As of</b>
	<b>September 30,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents and restricted fund	1,133,191	1,128,902	1,414,641
Clients - Net	3,314,220	2,765,642	2,923,135
Recoverable Taxes	1,633,237	1,502,147	1,587,097
Other accounts receivable*	1,167,803	997,597	808,944
Inventory - Net	2,057,041	1,398,610	1,697,032
Prepaid expenses	620,686	843,611	566,715
<b>Total current assets</b>	<b>9,926,178</b>	<b>8,636,509</b>	<b>8,997,564</b>
<b>Non-current assets</b>			
Trademarks	4,747,335	4,842,727	4,858,774
Investment in shares	1,582,108	1,525,846	1,555,834
Building, properties and equipment – Net	2,063,247	1,138,436	1,870,234
Deferred income tax, assets and others	786,694	711,797	794,851
<b>Total non-current assets</b>	<b>9,179,384</b>	<b>8,218,806</b>	<b>9,079,693</b>
<b>TOTAL ASSETS</b>	<b>19,105,562</b>	<b>16,855,315</b>	<b>18,077,257</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Current portion of long-term debt	1,336,062	85,428	676,022
Suppliers	1,971,691	1,535,350	1,774,441
Other current liabilities	1,981,261	1,714,833	1,866,678
Income tax payable	183,872	262,948	168,177
<b>Total current liabilities</b>	<b>5,472,886</b>	<b>3,598,559</b>	<b>4,485,318</b>
<b>Non-current liabilities</b>			
Long-term debt securities	2,436,405	3,926,479	3,928,961
Long-term loans with financial institutions	2,185,043	1,287,395	1,268,389
Deferred income tax and other long term liabilities	193,860	158,785	166,770
Payable dividends to shareholders	800,000	800,000	800,000
<b>Total liabilities</b>	<b>11,088,194</b>	<b>9,771,218</b>	<b>10,649,438</b>
<b>Stockholders' equity</b>			
Contributed Capital	1,914,306	1,914,306	1,914,306
Retained earnings	7,474,638	6,280,648	6,806,180
Cumulative translation effects of foreign subsidiaries	32,401	196,623	27,606
Repurchased shares - Net	(1,403,977)	(1,307,480)	(1,320,273)
<b>Total stockholders' equity</b>	<b>8,017,368</b>	<b>7,084,097</b>	<b>7,427,819</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,105,562</b>	<b>16,855,315</b>	<b>18,077,257</b>

\*Includes warranty deposits, deferred income tax, investment projects, software and sanitary registries.

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

For the three months ended September 30, 2019

Thousands of Mexican pesos	3Q-2019
<b><i>Cash and cash equivalents beginning of period</i></b>	<b>1,214,159</b>
<b><i>Consolidated Net Income</i></b>	<b>233,387</b>
<b><i>Charges to results with no cash flow:</i></b>	
Depreciation and amortization	37,193
Income tax	133,514
Accrued interest and others	225,946
	<b>630,040</b>
<b><i>Changes in Working Capital:</i></b>	
Clients - Net	155,283
Recoverable taxes	(246,169)
Inventories	(98,748)
Suppliers	25,619
Other current assets	102,037
Paid income tax	(61,204)
Other current liabilities	(83,680)
	<b>(206,862)</b>
<b><i>Net cash generated (used) in operating activities</i></b>	<b>423,178</b>
<b><i>Investing activities:</i></b>	
Investment in fixed assets	(117,066)
Sales of equipment	-
Other asset	(50,935)
<b><i>Net cash generated (used) in investing activities</i></b>	<b>(168,001)</b>
<b><i>Financing activities:</i></b>	
Payments of borrowings with financial institutions	(1,831,422)
Loans with financial and securities institutions	1,746,127
Interest paid	(154,743)
Stock repurchase	(31,810)
Sale of repurchased shares	4,858
<b><i>Net cash used in financing activities</i></b>	<b>(266,990)</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>(11,813)</b>
Foreign exchange and inflationary effects from international operations	(69,155)
<b><i>Accumulated cash flow at the end of the period</i></b>	<b>1,133,191</b>
Less - restricted fund	23,250
<b><i>Cash and cash equivalents at end of period balance for operation</i></b>	<b>1,109,941</b>