CONFERENCE CALL EDITED TRANSCRIPT

2Q18 RESULTS

GBT (GBIO33 BZ)

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CORPORATE PARTICIPANTS
Mariano Garcia-Valiño – Grupo Biotoscana – CEO
Raquel Balsa – Grupo Biotoscana – CFO
Renato de Giorgi – Grupo Biotoscana – EVP, Business Development
Julieta Serna – Grupo Biotoscana – EVP, LatAm
Melissa Angelini – Grupo Biotoscana – IR Manager
Mirele Aragão – Grupo Biotoscana – IR Analyst

PRESENTATION
Operator

Good morning ladies and gentlemen, thank you for standing by and welcome to GBT’s conference call to discuss the second quarter of 2018 results.

The presentation is available for download at the company’s website http://ir.grupobiotoscana.com. We would like to inform that during the presentation, all participants will be in a listen only mode. We will then begin the Q&A session when further instructions will be given. In case you need assistance during the conference, please request the operator’s help by pressing *0.

Please note this event is being recorded. Forward looking statements are subject to known and unknown risks and uncertainties that could cause the company’s actual results to differ from those in the forward-looking statements. Such statements speak only as of the date they are made and the company is under no obligation to update them considering future developments.

In this conference, we have Mariano Garcia-Valiño, CEO of GBT, Raquel Balsa, CFO and Renato De Giorgi, EVP of Business Development of GBT, Juliana Serna, EVP of LatAm Zone, and the Investors Relations team.

I will now turn the conference over to Mr. Mariano García-Valiño. Mr. García-Valiño, you may proceed.

Mariano García-Valiño – Grupo Biotoscana – CEO

Thank you. Good morning everyone and welcome to our conference call to discuss the second quarter of 2018 results.

Today, with me, we have Raquel Balsa, our CFO, Renato De Giorgi, our Chief Business Officer, Julieta Serna, EVP of Latam and our investor relations team. Just to remind you, we will be available to answer your questions about the results and any enquiries at the end of the conference call.

Let’s move to slide number 2. Here, you can see the results highlights for the second quarter of 2018 and the first half of the year. As you can see, revenues evolved positively, with double-digit top line growth, marking BRL 981M gross revenues LTM or 33% growth in constant currency.

As you all know, translation is an important factor and particularly this quarter was very volatile for Argentinean pesos and Brazilian reais. On the bottom of the slide you can see all growth components, including FX translation effect. All of the currencies appreciated against Brazilian reais, except for Argentinean pesos, marking a net effect of 15 million reais of FX loss. That proves that being a pan-regional company helps temper one-country effects, as you can clearly see in this quarter. This is also a reminder that you can never read too much nor take conclusions out of one quarter.

In this quarter we also discontinued Actelion business. As part of the negotiation, we sold the remnant inventory to Johnson & Johnson with a small margin of around 22%. This resulted in a one-time revenue of 34.2M. If we took that out from our numbers, our constant currency growth would have been 24%.
As far as the components of growth, there are businesses that we normally exclude from our organic growth, such as the effect of M&A, short-term SOVALDI business, LKM’s HIV bid that slipped into the second quarter and last year occurred entirely in the first quarter and, in this case, we have also excluded Actelion, as it is not entirely comparable in the two quarters. Excluding all these distorting effects, the organic growth for the company would have been a healthy 17%.

It is important to note that all these excluded effects are, actually, a net positive. If we did not exclude them, we would have marked 24% “organic” growth, but we believe these adjustments reflect our best judgement on how the core growth of the company should be analyzed. Of course, other interpretations are possible. And I know some of you may do it differently, but, as usual, we are being transparent in all the components so that anyone can build-up their preferred ratios.

Our margins continue to be healthy and slightly improving at all levels. In the top right graph in this slide you can see the evolution of gross margin and EBITDA margins for the past 5 quarters. We ended the quarter with 53% gross margin, flattish in comparison with second quarter of 2017. EBITDA marked at 25%, approximately 380 bps above second quarter of 2017. This improvement comes mostly from quality of our revenues, that depend less on low margin products and the positive impact of the addition of the DOSA portfolio.

Operating expenses are in line as a result of the shifting of resources to new products from older lines.

Despite the negative impact of the currency volatility during the first half of the year, in the semester we ended up with a very strong conversion rate of operating cash flow to EBITDA of 84%, an increase of 1600 basis points from first half of last year.

In terms of products, our portfolio continues with its general trends. Ambisome, our largest product, continues to experience a sustained performance. Vidaza continues to perform at double-digits and, in general, our lines are stable and continue their prior trends.

It is important to note the boost we are already getting from new products, that contributed with almost 60% out of the BRL 27M of added organic revenues. Bear in mind that we are only in the process of launching these across the region, something that clearly illustrates the strong potential of our pipeline. We continue to effectively execute on our pipeline. LENVIMA was launched ahead of schedule and demand is picking up. The feedback we hear from the medical community is consistent with the global enthusiasm for this drug. We also received approval for CRESEMBA and ZEVTERA in Peru, which should lead to launch within this year or early next year in the country. Renato will shed more light into this in a few minutes.

Also, we have been working on the launch and marketing plans for Gilead products for the Andean region, from the agreement we recently signed. Many of these products are already registered and selling in these markets, and you can see sales from some of them in our P&L right away on this quarter. Renato and Julieta will comment more details about this as well.

Finally, our geographies, in general, all grow at double-digit rate for the quarter. Brazil is evolving at a high pace, marking 15% net revenue growth for the quarter, Argentina net revenues grew at 97% and the rest of the countries, altogether, marked a growth of 21%. It is important to note that, on an average basis, overwhelmingly all of our growth comes from volume and not from price increase.

All in all, as you can see, this has been a very positive quarter. Again, emphasizing I think that the promise of our pipeline starts to show its potential, we are certain you will see more of that in the quarters to come.

We continue to make efforts to provide more information about our business and to help you evaluate the company. In that line, please note that we filed yesterday, together with the earnings release, a supplementary pipeline document, where you can see our pipeline status and ongoing processes by country, with estimated time to market, which we believe it will help you model GBT.

I will remain open to questions at the end of this call, but now I will like to turn to Renato de Giorgi, head of business development, to comment on our portfolio and pipeline.
Renato De Giorgi – Grupo Biotoscana – EVP, Business Development

Thanks, Mariano and good morning everyone. As Mariano mentioned, we have more thorough information about products and pipeline.

Moving on to slide 3, you can see the main takeaways.

Lenvima’s scope continues to get broader. In Brazil, in the second quarter of last year we applied for the indication of advanced renal cell carcinoma, and this year for the treatment of adult patients with advanced hepatocellular carcinoma. Early this year, the FDA granted breakthrough therapy designation to Lenvima in combination with Keytruda for the treatment of advanced metastatic renal cell carcinoma. Remarkably, this combination has been already granted three breakthrough designations by the FDA and it is under clinical studies for other eleven indications in six types of cancers.

Halaven is also expanding its indications. During ASCO this year, Eisai presented a study of Halaven in combination with trastuzumab as first line therapy for advanced or metastatic HER-2 positive breast cancer, that showed to be a better treatment option compared to other more toxic combinations. We already submitted the request to label Halaven as a monotherapy in the 2nd line of treatment for patients with Metastatic Breast Cancer, in order to promote the prescription in this line instead of third line, as its currently approved. There is also an ongoing clinical study in combination with Keytruda for triple negative breast cancer.

We received good news regarding Cresemba and Zevetra, with registration approvals in Peru and if everything goes well, launch in the country should happen within this year.

During this quarter, as most of you know, we signed a significant extension of our partnership with Gilead for the Andean region, including five countries. In particular in Colombia, the partnership gives us rights to Gilead’s pipeline of Hep C and HIV products, including BIKTARVY, which was launched this year in United States and according to analysts has the potential of reaching peak sales of over 5 billion dollars.

Talking about Gilead partnership, as you may know EPCLUSA was approved in Brazil during this quarter. We continue being Gilead strategic partner of choice in Brazil. We have been carrying SOVALDI for some time now and soon we will start commercializing HARVONI in specific channels and customers. We haven’t entered into an agreement with Gilead for EPCLUSA yet, but conversations have been ongoing. GBT’s role regarding EPCLUSA will be determined based on the outcomes of Gilead negotiations with the Brazilian Federal Government regarding the new Hep C guidelines.

In terms of branded generics, we are moving along with the geo-expansion strategy and the revamp of R&D, focusing on complementing our licensed pipeline.

During the second quarter of the year, we devoted a great deal of efforts on product launches, products promotional events, and business development events for hunting innovative molecules. Going to slide 4, you can see our commercial update and the events we organized or participated at.

We participated at the American Society of Hematology meeting – ASH – in Rio de Janeiro where we were able to listen and discuss the latest updated in malignant and non-malignant hematology research and to strengthen and build our network with top hematologists in the region.

We also participated at ASCO, a worldwide oncology congress with a GBT stand-alone booth.

We organized 2 other events in the quarter – an education program with Gilead on invasive fungal infections and a virology congress in Colombia.

Moving to slide 5, you can see the update on the business development side. During the second quarter and throughout the year, our team has been very active on discovering new potential partners and molecules.

One the strategies we are analyzing in some of our therapy lines in which we have limited innovative portfolio is to source Final Dosage Formulation products, which means to complement our innovative molecules with branded generics already approved by
FDA or EMA, that will be deployed faster in Latin America. With that in mind, we participated at the CPhI in the USA and will participate in Europe as well, to source full dosage formulation products to complement our innovative Neurology and Anti-fungal portfolios.

Our visit to the American Society for Microbiology, the most important microbiology conference in the world, was very productive as we held key meetings with potential partners of innovative molecules in the area of antibiotics and echinocandins.

Today our pipeline of anti-infectives contains, most of the molecules available for licensing in Latin America. Within our Anti-Infective business, an adjacent area that we have begun to explore is Diagnostics. Currently, as first step, we are assessing the attractiveness of licensing invasive fungal disease detection tests however this is just a preliminary understanding of the opportunity and nothing has been defined yet.

Our participation at ASCO continues to increase every year. This year we held key negotiation meetings with potential licensors in the field of oncology and onco-hematology. Based on our experience with Eisai, we began to look beyond the traditional pharmaceutical companies headquartered in US and EU and to search for innovative molecules developed by Japanese companies that do not have a commercial presence in the region. We have also identified our white spaces in oncology and we took the advantage of ASCO to get in touch with potential partners in the Prostate, Colono Rectal and Lung indications. Within these indications we have narrowed down a list of more than 30 innovative molecules candidates both, in commercial stage and phase 3 that we will assess and pursue during this year.

Our third consecutive participation in the Jefferies Health conference in New York was central to identify and confirm the trends of the healthcare market in the mid and long term, and most importantly to establish initial contacts with companies in pursuing opportunities in early stages phase 3 in the respiratory area.

These innovative products that complement our capabilities in Pulmonary Arterial Hypertension, Cystic Fibrosis, Chronic Pulmonary Obstructive Disease and ASTHMA may be commercially available beyond 2021. Another trend that we are clearly seeing is the participation of Chinese companies in the development of innovative molecules. In the mid-term, we believe China will become a source of innovation in the health sector and in anticipation of this trend, we have begun, together with the support of a specialized consultancy, to draw the map of innovation in China.

In terms of our deal flow with potential partners, going to slide number 6, as you can see, we continued our relentless efforts to ensure constant access to high end assets and we have advanced in all therapeutic areas, specially onco-hematology lines, with deals progressing to due diligence and closing of ovarian cancer, CLL - as Chronic Lymphocytic Leukemia, MDS - Myelodysplastic Syndrome, AML - Acute Myeloid Leukemia, MM - Multiple Myeloma and several innovative antibiotics and respiratory products, with a positive closing outlook for the second half of 2018 and beginning of next year.

Now I will turn to Julieta who will go over our operating performance.

**Julieta Serna** – Grupo Biotoscana – EVP, LatAm

Thanks, Renato and good morning everyone.

Going over our quarterly results, I will talk about our operational performance. On slide number 7, we have our P&L highlights. I will explain about our top line results then I will pass to Raquel, who will talk about our financial results.

Turning to slide number 8, we show a bridge with all growth components separately and the vintage buckets. Top line is growing consistently. We posted double-digit growth for gross revenues, at 33%.

As Mariano mentioned, our growth acceleration comes, mainly, from new products, with launches posting over 100% increase in the quarter, with molecules with great potential as Halaven and Abraxane picking up speed and the launch of Gilead portfolio in some countries already. Products that already reached peak sales grew around 30% and mature products with an increase of 8% in the quarter. For the first half, we see the same trend except for the mature products that show a minimum decline, as it is normal in these types of products.
You can also analyze our growth in terms of product origin, so on slide 9 you can see this breakdown. It depends on the quarter and the mix sold, but roughly, between 20 to 40% of our revenues come from our proprietary branded generic portfolio that increased approximately 17% YoY in the first half of 2018 in nominal terms. The strategy of blending licenses with branded generic products is a way to strengthen our positioning in the markets we operate, increasing expertise in certain therapeutic lines and visibility among physicians and patients. It can be an important factor for attracting new license deals, as this give us the strength of widening our portfolios and the potential for cross-selling is a plus.

We remain focused on onco and onco-hematology, as our most representative line, orphan and rare diseases with respiratory and CNS as new areas of potential growth and infectious diseases that also has a positive outlook with the new added portfolio from Gilead.

Moving to slide 10, you see our net sales by country. In total, we had a strong top line growth of around 40% in constant currency.

Argentina is performing well, with about 60% growth quarter over quarter excluding Actelion portfolio. The growth is driven by volume with good performance of Dr. Falk line and our own oncology and respiratory portfolios.

Pricing pressures, as we have repeatedly discussed, have been mounting in Argentina for a while. As an example, PAMI (the retirees’ HMO and the largest payor in the country) issued public bids for some oncology drugs last month, for the first time in its history. Traditionally, PAMI was an open-brand formulary, that decided purchases entirely on a prescription-base. We participated of the oncology bid and we won about 30% of the entire bid, placing us as the most relevant company in the process. This will have impact on our top line, although we anticipate it will be neutral in our bottom line. The way this works is: we will be a semi-exclusive provider for the drugs, at a higher volume and lower price. Additionally, because we will not need to compete for the prescriptions, we will save significant promotional costs. All in all, we anticipate that our EBITDA for those drugs will remain the same. This bid is still in its first execution phases, so this is only an assumption of what we believe it is going to happen. We will see its effects only in later quarters.

Brazil had a 15% increase in the quarter. The quarter was not affected by the truck drivers’ strike that impacted only sales and revenue recognition in May, since we managed to recover, confirm and delivers all orders in June. New products are doing well and we are working on several events and the launch of CNS line with Fycompa and Inovelon. Base portfolio growing double-digits with solid performance from Ambisome and Vidaza. The slim grow for the first half of the year is mainly impacted by the back orders for Abraxane and Halaven, issues that were already sorted.

In Colombia we put in place an aggressive turnaround plan in the first quarter of this year, which is paying off. Excluding full Actelion line, we managed to grow about 16% year over year, even with price control regulation that affected prices since early days of 2018. Comparing with first quarter 2018, growth was almost 60%.

The steady performance and positive evolution is driven by Zyvalix launch in April, the fist generic of abiraterone in the market, and sales from HEPC and HIV Gilead franchise. As you know we signed a deal in May and we started commercialization of several products during June.

Mexico is also doing well with Abraxane and growth of almost 60% versus first quarter 2018. Oncology franchise is consolidating and top line speeding up. In addition, we continue to make efforts to accelerate new products launches. We already submitted to COFEPRIS new registrations dossiers of Cresemba and Zevtera and registrations transfers for Fycompa and Inovelon.

As for the rest of our operations, overall, they are going well, with double-digit growth in Bolivia, Chile, Paraguay, Ecuador and Uruguay. Altogether growth came to 39% quarter over quarter. This is mainly due to the positive performance of our branded generic franchise of onco-hematology, gastroenterology and severe pulmonary diseases lines in the region.

Peru was the only country that showed a decreased year over year. This is driven by its portfolio maturity combined with a stronger price competition for our onco-hematology branded generic products in the public market. What we are doing now is realigning commercial capabilities to support new launches and new lines we have there, as the HEPC and HIV Gilead line that we signed this quarter. The team is already operating those products. We also hired a new Country Manager in June with deep
experience in pharma and in our main therapeutic areas - infectiology and onco-hematology and we completed the new Infectiology and Virology commercial team

As for new launches, as Renato mentioned, during second quarter we obtained commercialization approval of Zevtera and Cresemba from the Peruvian sanitary authority and we are preparing their launches.

Before passing on to Raquel, I would like to mention about our margins. Gross profit increased by 40% and our margins continue to be resilient with a 53% gross margin, still above the 50% average.

This is a reflection of a better mix of products and sales channels and better margins from new products. Now I will turn to Raquel, who will comment about our financial performance.

Raquel Balsa – Grupo Biotoscana – CFO

Thank you, Julieta. Hello everyone.

Going to slide number 11, the increase on recurring operating expenses is mainly, supported by the acquisition of DOSA which contributed with approximately 5, million reais to the opex line together with the following expenses:

- Increase in R&D was impacted by the addition of new products for registration and dossier preparation and DOSA expenses.
- Recurring selling and marketing expenses increased due to investments in marketing for launching new products and DOSA selling & marketing expenses.
- M&A increased quarter over quarter related to DOSA transaction and integration expenses.
- Increase in G&A is mainly explained by addition of DOSA expenses, personal expenses due to stock options accrued for management, restructuring of management in Peru, among other atomized expenses, as Travel and expenses, renting and others.

As a percentage of net revenues, recurring operating expenses decrease 360 basis points when compared with same quarter of last year.

On slide 12, there is our EBITDA performance. As Julieta said, margins continue to improve, related to a better revenue mix change.

Adjusted EBITDA LTM is around 225 million reais. For the quarter there is a 66% improvement on EBITDA and almost 400 basis points of margin expansion, at 25% EBITDA margin.

Moving on to slide number 13, in the top of the slide you see higher financial results impacted by foreign exchange losses. As you have seen, all currencies appreciated against BRL, except for Argentinean pesos. Argentina’s hyperinflation led to a continue devaluation of its currency as for the end of last year of approximately 44% against USD in second quarter of 2018, impacting both intercompany and third party foreign exchange expenses. Third party negative impact in Argentina is related with commercial liabilities and M&A liabilities in dollars, as the Argentina subsidiary has its accounting functional currency in ARS. As a positive intercompany result, we have the BGx sale to all subsidiaries in dollars in Argentina. But this positive effect was completely offset by our foreign exchange losses originated in intercompany Accounts Receivables in Uruguay, as the sales of licensed products from Uruguay to each subsidiary are made in local currency and Uruguay uses the USD as its functional accounting currency.

Going over the current effective tax rate, after isolating stock grants and non-deductible interests allocated in Brazil (which currently entails tax losses) we stood at 24%. When we take out from that calculation DOSA’s earnings and taxes together with
the non-deductible foreign exchange difference allocated in Uruguay (which was significative due to the high volatility throughout the quarter) the effective tax rate for the quarter would have been 13%. And 17% in the semester.

On slide 14, our adjusted net income came to 32 million reais, an improvement of 380% from second quarter of 2017, with a net margin of around 13%, 900 basis point expansion quarter over quarter.

This is driven by a higher operating income with solid performance of our operations in the quarter as well as in the year to date and is also explained by the cancellation of PECs and further restructuring of the outstanding debt (cancellation of Colombia debt and new debts contracted in Argentina and Brazil) that positively contributed to a lower effective income tax rate.

Moving to slide number 15, net cash flow from operating activities amounted to 92 million reais, an improvement of over 60% year over year, reflecting a conversion rate to adjusted EBITDA of 84%.

After isolating extraordinary items such as an income tax rectification at DOSA regularizing former owner past contingencies, integration and reorganization paid expenses our conversion rate to adjusted EBITDA would have been 93%. And excluding currency volatility effects, our conversion rate to adjusted EBITDA would have been 112%. As you can see we have a very good conversion rate to adjusted EBITDA in the semester, but our historic figures suggest that a normalized operating cash generation would oscillate in the range of 65% to 75%.

Cash conversion cycle came to 24 days in 2Q18.

DSO (days of sales outstanding) showed an improvement of 40 days from first quarter 18. The reduction mainly comes from improving the collection performance and the devaluation of Argentinean Pesos versus BRL that reduced our Accounts Receivables during the period.

DIO (days of inventory outstanding) had an improvement of 56 days from first quarter 18, mainly driven by the sale of the stock of Actelion products during the quarter.

DPO (days of payables outstanding) improved by 9 days, mainly related with foreign exchange volatility impacting Account Payables expressed in US dollars in Argentina (foreign exchange expenses) and Uruguay (translation results) together with days of extending Accounts Payables.

Regarding CAPEX, our intangible CAPEX is 4% of net revenues in the quarter. Investments were related to milestones payments and registration fees for Basilea and Pierre Fabre, as well as some IT applications and ERP reporting systems that we are installing in all the countries following our integration strategy.

In terms of financing the company, moving to slide 16, the conversion rate of net debt to adjusted EBITDA came to 0.4 time in the quarter, impacted by the improvement in total cash for the period, leaving us with a net debt of 100 million reais.

The conversion rate of adjusted EBITDA on interests came to 4.8 times showing the health of our debt payment capacity.

This concludes our presentation. Thank you for your time, We can, now, open for questions.

**QUESTIONS AND ANSWERS**

Operator

Thank you. The floor is now open for questions from investors and analysts. If you have a question, please press *1 on your touchtone phone. If you are using a speaker phone, please pick up your handset before pressing the keys. To withdraw your question, please press * then 2.

At this time, we will pause momentarily to assemble our roster.
The first question comes from Olivia Petronilho, from JP Morgan.

**Olivia Petronilho – JP Morgan**

Good morning, everybody. Thank you for taking my question. I have two questions, actually. The first one is on Mexico. This is a region where we heard lots of discussions in the IPO on how would plan the entrance in Mexico, so, my question here is, what is the strategy for growth there? Should we still think of M&A as a viable strategy for Mexico? What should be the next drug that we should see being launched in the country?

My next question is actually regarding a few details on the P&L, especially on financial expenses and income tax. These are two lines that have been very volatile, so if you could help us have a little more visibility of where we should be on those lines looking forward, especially for 2H. That is it. Thank you.

**Mariano Garcia-Valiño – Grupo Biotoscana – CEO**

Olivia, let me give you a short answer. Then, Julieta is here with me, Raquel as well. Julieta can help you a little bit more with Mexico and Raquel can give you a little bit more details on tax.

On Mexico, as you know, we have had an operation there for about a year and a half. We are already selling products for about four or five months. We are selling Abraxane and we are in the process of registering and launching the other products that we have coming there. We have also been looking for acquisitions and then maybe, if we find one, we will discuss that in Mexico.

As I mentioned before, Mexico is a very difficult market to find assets that comply with our standards. Unfortunately, we have had a few due diligences in the past, which we have not come through.

At this point, we have three opportunities that we are looking at in Mexico. It does not mean that we are going to be able to close any of the three; it just means that we are in negotiations with three parties for acquisitions in Mexico. Again, as I said before, there is a lot of uncertainty in M&A and there is no guarantee that we can close any of the three deals that we are looking there.

In terms of taxes, as you can see, we are still pretty much where we thought we were going to be, around 24% this quarter, so in the low 20s is what you should expect as effective tax rate. We do realize that we have grown in Argentina since the IPO. Remember that anything that we produce in Argentina and that we sell in Argentina, we have to pay full taxes for it. The Argentina portion grows, and then our taxes rate also increases. If we had not had Dosa in Argentina, then our taxes would be quite lower, around 21%.

In any case, the distortion is not big enough that it changes the general trends of our business.

**Raquel Balsa – Grupo Biotoscana – CFO**

The other thing, Mariano, is that we have volatility in Uruguay because of the FX, and that downwards our EBT, and that is not deductible, so any foreign exchange in Uruguay finally impacts our effective income tax rate, and that is an adverse event.

**Mariano Garcia-Valiño – Grupo Biotoscana – CEO**

But, anyway, it is still in the low 20s. Now, I am going to pass to Julieta, to comment a little bit more on Mexico.
Julieta Serna – Grupo Biotoscana – EVP, LatAm

Thank you, Mariano. Complementing what Mariano said regarding M&A, from the organic point of view, the avenues of growth are basically the following. We launched in the late 2017, Abraxus, an indication of pancreatic cancer, and now we launched the indication of breast cancer. So one of the avenues of growth, regarding the products that we have already launched, is the indication in metastatic breast cancer.

The second one is the introduction of the product in the public market. We have already consolidated the agreement with this product in the private market, that, in Mexico, is about 10% of the population, and we are now working on the keys that we will need in order to introduce it in the different sales of the public market, because Mexico is quite decentralized.

On the other hand, we have new products. So we are already submitting the dossier for the registration on Cresemba and Zevtera, in order to open our infectiology franchise in Mexico. In fact, we already had the New Molecules Committee, which is a requirement from COFEPRIS, the sanitary regulatory entity of Mexico, successfully.

We also are in the process of transfer the registration from the Eisai products that we signed a deal previously. They were already registered, but we need pass some processes of transfer and we expect to have this completed by the end of this year.

We believe that if we keep going with the timeline that we are planning, next year, we believe, that we will have both the infectiology franchise consolidating, the oncology franchising that we have already launched, and opening our CNS franchise in Mexico, that will be initially launched with Eisai products, Inovelon and Fycompa.

Olivia Petronilho – JP Morgan

That was exactly my question. A quick follow-up, you guys launched a lot of products that were already in the pipeline during the IPO. Can you give us an update on how you are seeing the performance, if the peak sales are still as you expected, if you had any positive or negative surprises here? Thank you.

Mariano Garcia-Valino – Grupo Biotoscana – CEO

The main launches that we had since the IPO are Abraxane, Halaven and Lenvima. We have Cresemba in Peru, but it is in very early stages. So, the only two that have had more than a quarter in the market are Abraxane and Halaven. Both are doing extremely well, and you can see the numbers, we separate those products in the earnings, you can see the numbers there.

Abraxane, frankly, we cannot produce it fast enough. We have already three or four backorders because we just cannot produce it fast enough. Fortunately, at this point, we have solved the production issues and we have plenty of demand for Abraxane. Hopefully, I think that will not be an issue anymore. It is selling very well.

Halaven is also selling really well, and Lenvima we just launched it, but you see everywhere around the world the hype around Lenvima and how this product profile improved significantly around the world. And then again, we only have a week or something in the market. The expectations for this product in Brazil are very high.

Now, remember that these products have been launched just in Brazil, so far. So we are still in the process of launching in other regions. The next launches will be Cresemba and Zevtera in Peru, for which we are already have registration now. We hopefully will get registration for Cresemba in Brazil. I think we mentioned before, we have fast track that gives us speed in registrations in Brazil. So, hopefully, we will be able to launch Cresemba soon, maybe even this year. These are some indicators on each of these products.

I think that Argentina is also advancing really well with Cresemba, and Zevtera has also been launched very recently in Argentina.

So, in general, we are probably a little bit ahead of what we thought we would be in terms of timing. In terms of performance
we are doing quite well.

Olivia Petronilho – JP Morgan

Perfect. Thank you, guys.

Operator

The question comes from Vinicius Figueiredo from Itaú BBA. Please, go ahead.

Vinicius Figueiredo – Itaú BBA

Good morning. Thank you for taking my question. My question regards the approval of Cresemba and Zevtera in Peru. We would like an update on the drug commercialization in the country. When are we going to see the drug sales positively affecting the Company’s topline, and what can we expect in terms of revenue addition? Thank you.

Julieta Serna – Grupo Biotoscana – EVP, LatAm

To give you an idea of timing, we already got the registration in May. We did perform a good fast-track on registration. We got the authorization in six months, which is pretty good. We asked for the product before, because we knew that probably we would be successful on the registration issuance. We have Zevtera product already in Uruguay, and we are finishing our packaging art in order to send it to Peru, and then start selling in September. But we already have the product of Zevtera in Uruguay. Of course, at the same time, we are going to perform the official launch, the event, at the end of this month.

In the case of Cresemba, the product is arriving at the end of this month, and we are planning also to start selling in September. That is our plan so far, we have no deviations regarding that, and we are performing the formal launch in the following month, with the event and everything that we have been planning.

Mariano Garcia-Valinó – Grupo Biotoscana – CEO

Julieta, maybe you would like to comment, because I forgot to mention about the new products, the new line in the region we just started to commercialize in this quarter as well, which are also new products.

Julieta Serna – Grupo Biotoscana – EVP, LatAm

We signed in May of this year a deal with Gilead Sciences for the Andean region on the HIV and hepatitis C, and antifungals for some countries. We took control of these products by the end of May, beginning of June, depending on the country, we are on different processes. We prepared a dedicated team for these amazing lines that we got, we hired in the main two countries that we have in the Andean region, Peru and Colombia, two new franchise leaders who will be dedicated to these lines, with full knowledge of HIV and hepatitis C.

We put in place all the new salesforce, they are already trained, we made the deal with Gilead and we started the commercialization in June, and that is performing really well. So, we will have in the following quarters the impact of the new line of line of Gilead that we have already taken.
In addition, we are starting new registrations of new products on Gilead, not only the ones that we got transferred, the ones that are already registered. So we have a new plan of registering the new products complementing those lines, in order to renew the current portfolio. That is also performing very well.

So, we are definitely launched as an important infectiology player in the whole Andean region, with both Basilea and Gilead franchises.

Vinicius Figueiredo – Itaú BBA

Very clear. Thank you.

Operator

At this time, with no current questions in the queue, I would like to conclude today’s question and answer session, I would like to turn the conference back over to Mr. Mariano for any closing remarks.

Mariano Garcia-Valího – Grupo Biotoscana – CEO

Thank you very much for your time and thank you for the questions. We will be back in about an hour for the conference in Portuguese. So, maybe we will see some of you back.

Our summary for the quarter is that the numbers are really good, but one thing that we say when the numbers are good and when they are not that good is; please do not read too much into any given quarter. This is not a business that can be read in just one quarter only. Not that we do not like to post very nice numbers, like these, but this business is not a steady state business that you can hope that you will see every quarter the same.

I think that the main takeaways in this quarter are not that much that the numbers are high, but I think that the interesting thing that you guys will see is the promise of our pipeline starting to materialize.

You see products like Abraxane, Lenvima, Halaven, or the Gilead line, which are the backbone of the growth that is coming in the following years. I think that is the most interesting things that we are sharing with you today.

Thank you very much. For those of you who will join us again in the Portuguese version, see you soon. Bye-bye.

Operator

Thank you. This will conclude today’s presentation. At this time you may disconnect your line and have a great day.