CONFERENCE CALL EDITED TRANSCRIPT

4Q17 RESULTS

GBT (GBIO33 BZ)

MARCH 20, 2018
Good morning and welcome to Grupo Biotoscana conference fourth quarter of 2017 conference call.

All participants will be in listen only mode. If you need assistance, please signal our conference specialist by pressing * followed by 0. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press * then 1 on your touchtone phone. To withdraw your question, please press * then 2. 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.

I would like now to turn the conference over to Mr. Mariano Garcia-Valiño. Please go ahead.

Mariano Garcia-Valiño – Grupo Biotoscana – CEO

Thank you. Good morning everyone and welcome to our conference call to discuss the fourth quarter results of 2017.

Today, with me, we have Raquel Balsa, our CFO, Renato De Giorgi, our Chief Business Officer, Julieta Serna, EVP of Latam zone 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.

In slide number 2 you can see the results highlights for the fourth quarter of 2017 and the full year that will be explained in detail along the conference call. As you can see that we closed the year at BRL 924M of gross revenues, which was roughly our estimate. Our margins continue to be resilient and stable. We ended the year with almost 54% gross margin, 4 p.p. above 2016.

And our EBITDA margin also improved slightly by 2 p.p., going from 22% to 24%. We closed the year at BRL 199.4M of EBITDA, also around our estimates. It is important to note, as we have widely shared, that we were expecting to deliver an HIV bid we won in Argentina during Q4. This did not happen. But we have gotten the purchase orders already this month and we will be delivering those between in March and April. These account for BRL 15M of additional revenue.

Going to slide number 3, you can see our growth components for 2017. To analyze growth, we use two critical concepts that you may have read throughout the release we published yesterday: “constant currency growth” and “organic growth”. The terms are fundamental to understand our business, that has an ever-evolving portfolio and operates under different countries and currencies. So, when we say “Constant currency growth”, we are referring to numbers that exclude the impact of foreign exchange. When we say “Organic growth”, it excludes foreign exchange and also divestitures, acquisitions and special short-term businesses, such as Sovaldi, which Renato will explain in detail later.
As you can see, our organic growth, which is the most relevant measure in this graph, was 14% in 2017. An analogous calculation for 2016 numbers would yield 9%. That means undoubtedly that our core business is accelerating. Our revenue evolution is picking up speed.

Along the presentation you will see that the main reason for this acceleration are new products, as it should in a business that depends on bringing new technology constantly to the market. Julieta is going to show you more details of this in a moment.

From the strategy perspective, 2017 marks our entering into a new phase of our evolution as a company. After building the platform and filling-up our pipelines, we continue the transformation for the company. We see the first launches of our new wave of breakthrough products: we have launched HALAVEN and ABRAXANE. During 2018, we plan to launch LENVIMA, ZEVTERA, FYCOMPA, INOVELON and others. We have also secured permanent capital for the company through our IPO. We have re-ignited M&A through the acquisition of DOSA. We have established permanent structures for centralized R&D and for manufacturing, consolidating all our legacy operations.

2017 has also been a prolific year in terms of securing new licenses. We have signed 7 new molecules, including breakthrough products from Eisai, Gilead and Celgene. Renato will again shed more light into this.

On the back-office front, we have also made significant progress, including the creation of an audit committee, with an independent member, aligned with best corporate governance practices and we continue to re-enforce our controls and compliance functions. Our focus on consolidating the company will remain in the coming years.

Turning to slide number 5, you see the six priorities of our growth playbook for the coming years.

First, we are extremely focused in realizing the potential of our new breakthrough products. Our past two years have been very prolific in terms of new drugs and we believe we have one of the richest pipelines in the industry, with breakthrough therapies such as ABRAXANE, HALAVEN, LENVIMA, CRESEMBA and ZEVTERA. Effectively positioning these products will be foundational for years to come.

Second, we continue to search for M&A opportunities. As our past shows, we are obsessively conservative with capital and we are also laser focused on our strategy, so we will continue to be careful and picky on M&A endeavors, but no less relentless. GBT is permanently discussing with potential targets and a few have engaged in negotiations, some of which we believe are certainly promising. But of course, as we always say, M&A has some element of serendipity and you can never be sure of when the right deal will be able to close.

Third, we will continue to expand and improve our in-house research, now with more people and stronger leadership. I think you all know, we brought Ivan French in the end of 2017 to boost our R&D team. One of his focus will be to combine our legacy LKM and DOSA operations into one single R&D powerhouse.

Fourth, we continue to play in the cutting-edge world of open innovation. GBT continues to develop a rich and deep pipeline, second to none in the region. Renato will talk about that later on.

Fifth, we continue to enhance our operations and commercial firepower, now with stronger analytic support and bringing world-class resources to our strategic planning and performance monitoring areas with the recently announced addition of Diego Sanguinetti in our senior management team to help us in that matter.

Sixth, we continue to streamline our non-client facing operations, ensuring our controls continue to be world-class and our resources are spent in the most efficient ways. Raquel will show some of that in a few moments.

In summary, GBT is solidifying the basis for the future. We strongly believe we have the right strategy in place and a capable team focused against the critical priorities.

As you know, it is not all good news. Last week we announced expiration of our contract with Actelion. I want to dedicate a few minutes to explain that in detail. Altogether, Actelion products represented approximately 15% of 2017 gross profit, which is around 13% pro-forma with DOSA. We plan to cut all the direct expenses attributed to Actelion products, approximately 17%
of total selling and marketing expenses and we will work on a plan to reduce its indirect expenses to mitigate the impact of this contract expiration. This is undoubtedly a setback which we did not expect. We have been having conversations, first with Actelion and later with J&J, which all pointed to a renewal. Their change of heart took us by surprise, but it is not, however, a crippling event that hinders our long-term potential.

We are by no means trying to undermine the Actelion line. This was a breakthrough portfolio 10 years ago when we launched and still contains interesting therapeutic value. But it is the nature of the pharmaceutical business that products are not eternal and, once their lifecycle winds down, other innovative products take their place. You shouldn’t expect that any portfolio would have the same importance forever and there is no franchise that is a permanent backbone of our future. All our products are destined to be replaced by better, more innovative products eventually. We obviously will see impact of the termination in 2018 and 2019. In a sense, we lost the contract a few years before what we would have liked. But much more important franchises are in the pipeline, as Eisai or Basilea. These have tremendous potential and in the medium-term will more than compensate for this loss. This in no way hinders our ability to continue to execute on our plans and we expect that the long-term prospects for the company remain largely unchanged.

In summary, we believe that we have way more opportunities than challenges. We have the products, the capital and most importantly, one of the strongest teams in the industry, committed long-term to this company. It will not all be good news and low volatility, as is almost always the case with fast-developing, pioneer companies. But the future is clear and it is a bright one.

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.

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**Renato De Giorgi** – Grupo Biotoscana – EVP, Business Development

Thanks, Mariano and good morning to everyone.

Before detailing our pipeline, I would like to explain a little bit about our portfolio, starting on slide number 5.

We at GBT, and most of the pharma industry, thrives on technology and constantly deploying better drugs, so it is crucial to understand the lifecycle of a product to better predict our potential. Of course, not all products are the same, and life cycles may differ from product to product and market to market, however we believe that this typical product life cycle will help you to better understand our portfolio.

It is important to appreciate that products have a limited lifetime and acknowledge the different stages of the product life cycle.

I am going to give you a gross simplification, to help you look at our portfolio in these terms and Julieta will explain to you our top line in term of vintage split.

In the pipeline stage, our R&D or our partners departments invest in science and technology to develop a new drug. This comprises several stages in which the odds of the product becoming viable increases over time. For a typical licensing product, GBT partners with a pharmaceutical company at the final stage of development, which is end of phase III or submission for registration, that us reducing significantly the risk of failure.

The commercial life of the product comprises three stages:

The first one is the launch stage. Its first years of commercialization are characterized by market penetration, education and positioning of the product against its competitors, where we see sales ramping-up and growing faster. This typically takes between 5 to 6 years. By that time, the product is widely known and its usage is well established.

Product launch is an important moment to enable the company to create sustained value. Successful launches are a powerful way to help offset investments made prior to the launch. Usually, in the first year of launch, the product has negative EBITDA until reaching ideal revenue stream. In the slide you can see some examples of products we own in each vintage bucket.
Then we see a slowdown in the growth curve in which sales remain flattish at the peak during approximately 5 years, in what we call the Peak Years. Eventually, all technology becomes obsolete and intellectual protection expires.

This brings the product into a mature stage, where we typically see a decline, which can be slow or abrupt, depending on the quality of the replacement technology, penetration of generic drugs and price differentials. In the maturity stage, where the products usually lost their exclusivity, there is a slight continuous decline of sales and market share.

The most difficult part to understand are the first years, when products are in the ramp-up curve, so, in the next slide, number 6, you can see a theoretical peak sales curve, where you see the product uptake, the average time to reach peak sales and its full trajectory. This works very well for one product and one country, becoming more difficult when you add more countries into the equation.

There are also exceptions, as is the case of SOVALDI. SOVALDI cures hepatitis C, and like in most countries in the world, the first year of this revolutionary treatment, reflected sales to patients who had been waiting for treatment for several years. In its second year forward, the inflow of patients gets normalized, so after that, you see continuing decline on revenues. In the graph you see exactly that. SOVALDI fell by over 70% in the US and almost 50% in the world and by the fourth year of launch it’s basically fading out. So you see that SOVALDI has exactly opposite curve of a typical new launch.

If you pick a normal product, it should reach full potential in about 5 to 6 years, as shown in the left-hand graph.

Going to slide number 7, we show the evolution of new licenses. We wanted to show all previous years so you can see how productive 2017 was for us. As Mariano mentioned, we have been very successful in terms of securing new licenses. In 2017, we signed 7 molecules, including products from Eisai – a very attracting deal for us, with tremendous potential – Diapharma, Gilead and Celgene. Some of the products are already contributing to our growth, like HALAVEN and ABRAXANE.

In slide number 8 you can see our outstanding contracted pipeline, along with its estimated time to market, that varies according to each product and country. For example, you may see a product in the contracted pipeline that was already launched in one country but is still missing all the others.

This is the case of ZEVTERA, our innovative anti-infective drug, that was launched in Argentina last month. We are still in the registration process in several other countries, like Brazil and Mexico.

This year we obtained CMED price approval for HARVONI in Brazil and launch should be expected in the next couple of months. ABRAXANE was launched last year in both countries where we own marketing authorization – Brazil and Mexico – and it is going according to the plan.

We are planning several launches for this year across the region and we will maintain our efforts on top notch pipeline execution, focusing on creating long-term shareholder value by expanding our portfolio and geographic footprint.

In terms of branded generics and geo-expansion, in slide 9 you have our pipeline for proprietary products.

We are leveraging our branded generics portfolio to other countries outside Argentina. Our BGx portfolio yielded over 40 product registrations in Latam, strengthening our position in smaller countries.

In terms of our deal flow with potential partners, in my last slide, number 10, we are in closing stage with a company holding a large portfolio of anti-infectives in the Andean Region and with an European company to introduce in certain Latin American countries a world class device for severe respiratory diseases.

Apart from that, we have in our pipeline of deals over 60 molecules under different stages of negotiation. Our main focus continues to be oncology that has a direct correlation with the slow introduction of innovation in the region. On average, as you may know less than 60% of the new molecules entities approved in the world lands in the region over time.
We are also pursuing more orphan and rare diseases molecules, since they are a high unmet medical need and we have expertise in this line. We have the knowledge of market access, following up with patients and diagnosis and this skill is synergic with other rare diseases.

Finally, we continue looking for innovation in our recently launched therapeutic areas: Central Nervous System, specifically in Parkinson’s disease, Epilepsy and Alzheimer, and in Severe Respiratory Diseases like COPD and Cystic Fibrosis where we leverage the know-how acquired with Dosa, our latest acquisition.

All of the above are a testament of our capacity to continue strengthening our partnership with existing partners as well as establish new long-term strategic partnerships with other companies.

We continue working hard to ensure constant access to high end assets and secure new novel molecules.

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

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

Thanks, Renato and good morning everyone.

Going over our quarterly and full year results, I will talk about our operational performance. On slide number 11, 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 12, we show a bridge with all growth components separately.

We posted strong fourth quarter results and a solid full year, posting organic growth of 15% in 2017. You can see our operations performing well and picking up speed.

The easiest way to analyze our growth is through vintage buckets, so going to slide 13, you see our portfolio divided into 3 stages, like Renato explained earlier.

Our growth acceleration comes, mainly, from new products. Products in the launch phase, excluding SOVALDI, continue to disclose solid growth, posting almost 70% increase over last year, with molecules with great potential as HALAVEN and ABRAXANE just starting commercialization. Products that already reached peak sales grew by 17% over last year and you see mature products with a slight decline, as expected.

Regarding the mature products, I think it is important to mention about AMBISOME. Even though it is in the mature vintage, is still a product with steady sales. We sold in 2017 roughly the same as in 2016, with a small improvement in prices.

You can also analyze our growth in terms of product origin and at the bottom of this slide you can see this breakdown. About 70% of our revenues come from our branded generic portfolio that increased about 20% YoY in nominal terms. The strategy of blending major licenses with branded generic products is a way to strengthen our positioning in each therapeutic line we operate and increase visibility among physicians and patients. Also, it can be an important factor for attract new license deals as, often times, our partners only have one of the products for a certain treatment and as we have a wide portfolio, the potential for cross-selling is a plus.

On slide 14, you have therapeutic area breakdown. We remain focused on oncology, that accounted for about 36% of total revenues. Oncology portfolio grew organically 41%, with good performance of VIDAZA and LEPRID, among others and launches of ABRAXANE and HALAVEN doing well.

Another area we will continue to focus on is Orphan and rare diseases, as mentioned by Renato before. There is an increase of about 37% mainly impacted by the inclusion of some of Dosa’s products of severe pulmonary diseases in this line.
Now, on slide 15, we will talk about our net sales.

Net revenues stood at 244 million reais in the fourth quarter with growth of almost 18% in constant currency over fourth quarter of last year. For the full year net revenues totaled 817 million reais, 14% organic growth, up 5 percentage points from the 9% growth we had in 2016.

In terms of countries, our two main geographies, Brazil and Argentina are performing well, you can see our double-digits growth in each country.

In Argentina, most of our lines are doing well, especially rare diseases. The double-digit growth does not include the HIV bid we won last year. Purchase orders came in this month so delivery should happen 100% in the first half of this year, accounting for about 15 million reais in net revenues in 2018.

In Brazil, we also had a strong annual performance. Excluding SOVALDI, all the other products are achieving solid results, with still very positive uptake of VIDAZA. Actually, this month we saw that a competitor in Brazil had its process halted of launching a generic for the VIDAZA drug. That gives you an evidence of how tough it is to compete in this market. You have to have the technology to do that.

AMBISOME is showing improvement in prices. You all may recall when we said that we have been doing a lot of effort to upgrade accounts for AMBISOME, so we have switched some accounts that were mostly volume driven for better quality ones, where we can actually claim better prices. It paid off and we are starting to see some increase in prices.

Colombia, as you all know, continues to face challenges, due to restrictions in the payment value chain, price controls from government and overall difficulty of the health system to fund a very broad health coverage. Notwithstanding, the foregoing, we can see a slight recovery from the third quarter, showing an improvement of 3.5%. We are undergoing a restructuring process to adapt this operation to its new reality.

Mexico is progressing well. We put together our team last year, commercialization of ABRAXANE is according to the plan and we are working on the registration of the other new products.

As for the rest of our operations, they have mixed results that, in the full year, led to an overall negative contribution to growth. This is due to several factors, among which we had the end of the Zika virus epidemic, which contributed to strong sales of our blood derivatives line last year. In the 4Q17, net sales from these operations were partially recovered, mainly driven by our oncology-hematology product sales in these countries. We centralized managerial routine for Uruguay, Paraguay and Bolivia under one country manager to increase focus and improve cost control.

Before passing on to Raquel, let me talk about our gross profit and gross margin. Our gross margin is at a very healthy level of 54% for the full year of 2017 and 57% for the quarter, reflecting a richer margin mix with lower penetration of SOVALDI sales, which as you might know, is a relatively low-margin product.

In the 4Q16, there was a recovery insurance of VIDAZA that impacted our gross margin. Excluding this effect, in 4Q17, we grew almost 3 percentage points versus 4Q16.

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 16, we have our operating expenses. Operating expenses were up 19% year over year in constant, excluding one-offs, that is essentially, stock grants.
Going into detail on the most relevant expenses, we have selling and marketing expenses, that represented about 16% of our net revenues and about 50% of the total OPEX. Last year, the weight on net revenues was the same, about 16%, so we are maintaining overall the same level of expenditure for this line. The nominal increase is related to the launches of Abraxane in Brazil and Mexico and pre-marketing efforts for Eisai products. Usually, the same proportion that increases our top line, it will increase our selling and marketing expenses.

As to G&A, excluding the effect of stock grants, represented about 11% of our net revenues. Also keeping up practically the same levels from the past. The increase in terms of nominal expenses are related to the structure we put together during the year of 2017 to comply with capital markets, compliance, legal and overall upgrading of the back office. Also, the incorporation of Dosa in November and labor expenses in Argentina contributed to this increase.

R&D expenses represented around 5% of net revenues and 14% of total OPEX. The increase on this line is related to the expansion plan in Argentina to boost our in-house R&D leading to higher headcount.

Reorganization expenses is mainly impacted by the integration costs of Dosa.

Others are comprised by the insurance recoveries in the second quarter explained in previous calls.

Turning to slide 17, there is our EBITDA performance.

Our full year EBITDA is close to 200 million reais, a 24% increase in constant currency.

As we just mentioned, there was an insurance recovery for Vidaza booked in the last quarter of 2016 in the amount of approximately 9 million reais. Excluding this effect, EBITDA margin was 29% for 4Q16. For the fourth quarter 2017, EBTIDA margin came to 30%. For the full year, EBTIDA margin stood at 24% from 22% last year. Improvement on margin is linked with the increase in gross margin, already explained by Julieta, that was partially offset by the increase in OPEX.

Moving on to slide number 18, you can see the financial expenses breakdown.

In 2017, we fully pre-paid our debt with Bancolombia. This resulted in a decrease in interest expenses YoY. We now have 2 new debts, that we will explain later on, that incurred interest expenses in the last quarter.

“Other finance expenses” include withholding taxes and IOF originated in the intercompany debt.

The foreign exchange loss was mainly driven by our exposure to intercompany balances in relation to financial debts between Spain and Colombia and Brazil and Spain. As they were fully paid, FX will not be impacted by these loans anymore.

Now, on slide number 19, I would like to go over our tax rate.

You see a higher tax rate, of 30% for the quarter. This can be explained by Dosa and by the increase of the relative weight of LKM, in Argentina, in the consolidated revenues. First, we had a one-time adjustment in 2017 related to Dosa, it is something to do with accounting reclassification between current and deferred tax income. So, when we exclude this non-recurring adjustment, the tax rate was 23% for the quarter. If we exclude Dosa completely, tax rate for the quarter reached 18%. For the full year of 2017, excluding only the one-timer, effective tax rate was 22%, in line with previous quarters. And excluding Dosa completely, tax rate was 21%.

It is important to highlight that we followed a conservative approach to calculate the rate. The tax rate was calculated considering PAMI’s bad debt as a non-deductible expense, which may be reverted if PAMI ends up formalizing the deduction made to the payables through an agreement.

Moving on to our net income performance on slide 20, you see an improvement of 35% in the adjusted net income year over year, with a net margin of 9%, also an improvement from 7% in 2016. This is driven by a higher operating income when excluding one-timer stock grants and FX originated in intercompany debt, that is a non-cash item. This is partially offset by an increase in financial expenses.
Going to slide number 21, I would like to point out the operating cash generation of the company.

In the quarter, operating cash flow totaled 45 million reais, up by 4%. Looking at the full year, there is a one-time impact in 2016, from the government HIV bid in Argentina that was delivered in 2015 and collected in 2016. As in 2017 there is nothing analogous, we are excluding this effect for comparison purposes.

Thus, excluding only this 2015 HIV bid from the 2016 operating cash flow, the conversion rate to EBITDA for 2017 stood at 54% from 59% in 2016. This decrease of 5 percentage points is mainly driven by a higher investment in working capital, due to increase in the accounts receivables that can be explained by the sales of new launches – HALAVEN, LENVIMA and ABRAXANE and also sales of Dosa.

For the cash conversion cycle analysis, we are isolating Dosa because we consolidate only two months of their P&L and the ratio would be accurate if we considered its full balance sheet.

For the quarter, our working capital ratio to net revenue remained flat, consistent with past figures.

Now, regarding CAPEX. Our intangible CAPEX was about 5% of net revenues in line with last year. The investments were related to upfront payments of Eisai and Dipharma to secure new molecules, regulatory milestones for Basilea, which was the registration approval of ZEVTERA in Argentina and sales milestones for Eisai.

In terms of financing the company, moving to slide 22, the conversion rate of net debt to adjusted EBITDA came to 0.7 time in the quarter, showing that we still have a clean balance sheet, with full pre-payment of Bancolombia and full payment of PECs.

The conversion rate of adjusted EBITDA to interest expenses decreased to 3.5 times, which shows the health of our debt payment capacity.

At the end of 2017, we contracted two debts totaling 250 million reais to fund our growth plans. The loans were taken in Brazilian reais and Argentinean pesos. In our earnings release that is on our website, you can see all the details about those debts and the respective rates.

Our last slide is just to provide more information about our shareholders base and all the events we have planned for the first semester of this year.

This concludes our presentation. We can now open for questions.

**Questions and Answers**

Operator

Thank you. We will now begin the question and answer session. To ask a question, you may press * then 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.

This time we will pause momentarily to assemble our roster.

Our first question comes from Marco Calvi, from Itaú BBA. Please go ahead.

Marco Calvi – Itaú BBA
Hi, guys. Good morning. My question is regarding the perspective of the gross margin for 2018. We saw a trend of products of Argentina gaining share over the others, which helped increase the consolidated gross margin. For 2018, can we expect the same level of gross margin presented during the 4Q17? Or should we expect it to be closer to the 50% level? Thank you.

Mariano García-Valiño – Grupo Biotoscana – CEO

Basically, our gross margins are fairly constant in time. In the 4Q, we normally have a little bit higher margins because we do get some rebates from some partners when we reach certain levels of sales, so that increases a little bit our gross margin for the 4Q. You should not expect those high numbers to be sustained during the year. But you should not expect either that gross margins will be very different in the coming quarters, as they have been in the past. The 4Q is a little bit of an anomaly, so it is a little bit high.

But we will not expect the gross margin to change very much during the year. It is fairly constant and very resilient. And along the quarters, it has always been approximately within 52-53%, or something like that. That is what you should normally expect. And you should probably expect the 4Q of the year to be a little bit higher.

Marco Calvi – Itaú BBA

Thank you, Mariano. It is very clear. Just an additional question on operating expenses. We saw an increase in expenses related to seditions and R&D due to the expansion in the operations of Argentina. How much of this increase can be considered as recurrent for 2018? Thank you.

Mariano García-Valiño – Grupo Biotoscana – CEO

Most of that increase has to do with absorbing total operations, so it is part of the R&D of DOSA. Frankly, we are investing more in R&D, we had hired Ivan and all that, but we are still in the process of consolidating the two R&D centers. So, there will be a few synergies there; but, in general, I would say that those are recurrent.

Marco Calvi – Itaú BBA

Thank you.

Operator

Again, if you have a question, please press * then 1.
The next question comes from Olivia Petronilho from J.P Morgan. Please go ahead.

Olivia Petronilho – J.P Morgan

Good morning, everyone. Thank you for taking my question. I have two questions actually. The first one regards the JAVLOR visibility on the pipeline. We would like to see if you have any details in terms of potential peak sales for this product and what it could aggregate in terms of sales in the mid to long term. And the second question is actually on the tax rate. Where should we expect to see the tax rate at, excluding the goodwill amortization and not looking on a cash perspective? And in the next few quarters or years? Thank you.
Mariano Garcia-Valiño – Grupo Biotoscana – CEO

Regarding the peak sales for the product, I think we can give you that. We have been giving people global peak sales and then they sell it together; I am sure you know that. We are working on possibly giving better guidance for those peak sales that you can use specifically for Latin America. We are not yet there. We have not yet found a way to provide the market with that in a way that we are confident that we can give that. It is not that easy to do.

As you know, the way this is done globally is that almost no pharmaceutical company gives out peak sales. The peak sales you normally see are third-party departments. Latin America is small, no actually third party does it. So, we are trying to find a way which is a little bit of unchartered territory, because in general pharmaceutical companies do not do it and they rely on third parties, but given that we have no third parties in Latin America, we understand the concern of the market that they need more transparency or more data to be able to model the Company.

I hope that you have seen a portion of that effort in this earnings release. That effort will continue and the issue of giving you peak sales that are specifically for Latin America is on the top of our agenda. I cannot promise we will be able to do that tomorrow, because there are some technical aspects of it that we need to figure out, but we are committed to giving the market more information to be able to forecast that.

In terms of your question about tax rates, I believe that what you are asking is that we believe that our effective tax rate will continue to be at the level that it is today, which is around 20%. And, in general, yes, we feel reasonably confident that we will be able to continue that. There are things that we need to consider to do that; there is the fact that we are selling more branded generics now. I think that you see that in the earnings release, that our branded generics portion of the portfolio has increased with DOSA and those have a higher tax efficiency than the others.

But, at the same time, the operation in Uruguay is moving full speed ahead, so I think we will be able to compensate one with the other. So far, we still see our effective tax rates around those lines. I think your question is also how much that would be if we took goodwill from Brazil. I do not have that number on the top of my head, but I can get it and give it to you. Of course, you can always do the calculation as well, because it is in the financials. We can provide you with a number. In general, that is not the way we see the effective tax rate, but, of course, we can calculate that.

Olivia Petronilho – J.P Morgan

Thank you.

Operator

Since there are no further questions, this concludes our question and answer session. I would like to turn the conference back over to Mariano Garcia-Valiño for any closing remarks.

Mariano Garcia-Valiño – Grupo Biotoscana – CEO

Thank you very much. I know this was a lengthy conference call, so I appreciate your patience. I think that my summary is that, of course, I think that there are a lot of you who are worried about the Actelion expiration of the contract. Again, as I mentioned, that was not something that was in our plans. We were taken a little bit by surprise, but I hope we gave you enough reasons to show that this is not something that is changing our Company in the long run.

You see that our results for the year are pretty much in line with what everyone was expecting since the IPO. I think that we have contracts that are new, that were not being considered at the time of IPO like Eisai, or things like that, which more than
compensates for Actelion in the long run. Of course, you know, we would have preferred to keep Actelion, but we did not. These things happen in this industry.

It is something that will affect 2018 and 2019, but I do not think that it is something you should think will affect us in the future. Again, products are not forever. Absolutely, this is a fantastic product, but it is not a product that was invested to live forever, so there are products out there in Argentina, like HALAVEN and ABRAXANE, which will more than compensate for those.

Thank you very much. And for those who will be here again for the call in Portuguese in a few hours, I will see you in a few hours. Thank you very much.

Operator

The conference is now concluded. Thank you for attending today’s presentation. You may now disconnect.