Genomma Lab: Model Update Post 2Q25

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MX Equity Research

August 13, 2025 | Earnings Review

Neutral Consumer Outlook

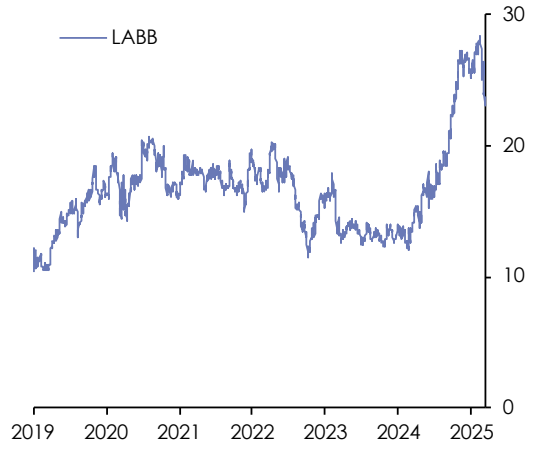
We are updating our estimates post restriction; remain Out-perform

We reiterate our Outperform rating, while slightly lowering our PT to P$29 (from P$30) post quiet period, as we continue to see meaningful upside. We continue to expect margin stability —EBITDA margin close to 24%—, despite top-line softness.

Revenues of P$4.7bn grew 0.5% YoY, 2.6% below our estimates amid weaker-than-expected growth in Mexico and LatAm; the U.S. on the other hand surprised to the upside, partially supported by FX tailwinds. Headwinds during the quarter included a heavy Argentine peso depreciation and weather headwinds impacting beverage sales in Mexico, offset by strong growth in the U.S., Brazil, and other LatAm markets. Across the portfolio, c.75% of sales grew above inflation and 67% of brands held or gained share, consistent with the focus on core brands. Excluding FX and the hyperinflationary effect from Argentina, consolidated sales grew 5.5% YoY.

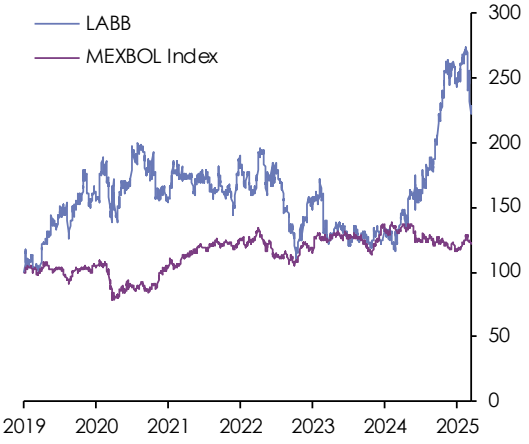
Profitability expanded almost at every level, except gross margin that faced a 50bps margin contraction and was 150 bps below our estimates. EBIT and EBITDA margins expanded amid manufacturing cost efficiencies, productivity gains and a favorable mix. LatAm margin contraction at the EBITDA level partially offset the strong gains in Mexico and the U.S. margins. EBITDA margin expanded 90bps YoY to 23.8%, flattish QoQ, 20bps above our estimates, and close to the 24% target.

Figure 1: Stock performance
(P$, 8/7/25)



Source: Bloomberg, Actinver Research.

Figure 2: Relative stock performance
P$, 8/7/25)



Source: Bloomberg, Actinver Research.

Figure 3: Highlights
(P$, 8/12/25)

Ticker	LABB
Rating	**Outperform**
Price Target (12M)	**$ 29**
Stock Price (8/12/25)	$ 23
Expected Return	**25.0%**
N12M Dividend Yield	3.2%
Total Return	**28.2%**
Market Cap (US$mn)	$1,249
Free Float	70%
Daily Volume* (US$mn)	4.7

Source: Bloomberg, Actinver Research. *1-year average

LAB post 2Q25: Reiterating our Outperform rating and P$32 PT

Figure 4: Genomma Lab 2Q25 Results vs Actinver estimates and consensus*

2Q25	Revenues YoY growth	EBIT margin	EBITDA margin	NI margin
LABB				
Actinver	Underperformed	Outperformed	Outperformed	Underperformed
Consensus	Underperformed	Outperformed	Outperformed	Underperformed

Source: Company reports, Bloomberg, Actinver Research. *We consider +/-0.55% and +/-11bps as benchmarks vs revenues and margin performance, respectively.

Genomma Lab posted underperforming results both in Revenues and Net income —the latter amid a non-cash impact—, yet surprised with outperforming EBIT and EBITDA margins, showcasing the company's ability to sustain margins (e.g., EBITDA margin close to 24%), despite external challenges and the soft consumer environment.

Figure 5: LAB 2Q25 results review

Income Statement (P$mn)	2Q25A	2Q25E	vs est.	2Q24A	Δ YoY	1Q25A	Δ QoQ
Revenues	**$ 4,676**	**$ 4,804**	**(2.6%)**	**$ 4,651**	**0.5%**	**$ 4,406**	**6.1%**
Gross Profit	**$ 2,969**	**$ 3,123**	**(4.9%)**	**$ 2,978**	**(0.3%)**	**$ 2,767**	**7.3%**
Gross Margin	*63.5%*	*65.0%*	*(152 bps)*	*64.0%*	*(52 bps)*	*62.8%*	*69 bps*
Operating Profit	**$ 1,031**	**$ 1,047**	**(1.5%)**	**$ 983**	**4.8%**	**$ 961**	**7.3%**
Operating Margin	*22.0%*	*21.8%*	*25 bps*	*21.1%*	*90 bps*	*21.8%*	*24 bps*
EBITDA	**$ 1,113**	**$ 1,132**	**(1.7%)**	**$ 1,066**	**4.4%**	**$ 1,048**	**6.2%**
EBITDA Margin	*23.8%*	*23.6%*	*23 bps*	*22.9%*	*88 bps*	*23.8%*	*2 bps*
Majority Net Profit	**$ 355**	**$ 534**	**(33.5%)**	**$ 632**	**(43.8%)**	**$ 499**	**(28.8%)**
Majority Net Margin	*7.6%*	*11.1%*	*(352 bps)*	*13.6%*	*(599 bps)*	*11.3%*	*(373 bps)*
EPS (maj.)	**$ 0.35**	**$ 0.53**	**(33.5%)**	**$ 0.62**	**(42.7%)**	**$ 0.50**	**(28.8%)**
Operating Metrics							
Mexico Sales	$ 2,171	$ 2,210	*(1.8%)*	$ 2,200	*(1.3%)*	$ 2,055	*5.6%*
LatAm Sales	$ 2,044	$ 2,140	*(4.5%)*	$ 2,037	*0.3%*	$ 1,921	*6.4%*
U.S. Sales	$ 462	$ 453	*2.0%*	$ 415	*11.2%*	$ 431	*7.2%*

Source: Company reports, Actinver Research.

Conference call highlights are:

- In **Mexico, sales** declined 1.3% YoY to P$2.2 bn, -1.8% vs. our estimates, amid beverage headwinds offsetting strong growth in OTC. **U.S. sales** increased c.11% YoY and 0.7% in local currency, driven by beverages and resilient haircare sales despite softer Hispanic consumption. In **LatAm**, sales remained almost flat with an increase of 0.3% YoY, driven by strong Brazil, Central American and Andean performance, but strongly offset by Argentina's weaker performance amid strong FX tailwinds. **From a category standpoint,** Beverages suffered a 27% YoY contraction in sales in Mexico, while growing above 100% in the U.S. mostly due to inorganic growth, while the OTC category underperformed in LatAm and the U.S., contracting double digit both yet growing double digit in Mexico. Personal Care meanwhile was flattish in Mexico but grew c.25% in LatAm and the U.S. Infant Nutrition also grew solidly in Mexico.
- **Regionally, Mexico's EBITDA** margin rose sharply 210bps to 24.6%, benefiting from internal efficiency programs and resilient performance in higher-margin categories such as OTC and Personal Care. In the **U.S., EBITDA** margin improved 200bps YoY to 15.8%, underscoring productivity gains even as sales remained flat in local currency. While **Latin America's** consolidated margin contracted 40bps to 24.7%, impacted by

hyperinflationary accounting in Argentina.

- **LAB's CEO outlined four key growth drivers for 2026:** 1) a pipeline of relaunches and innovations across OTC and Personal Care, expected to impact most markets; 2) a rebound in Argentina, assuming FX stabilization and continued market share gains; 3) expanded Suerox distribution in Mexico, including the full benefit from new routes; and 4) rollout of a new digital advertising platform capable of generating up to 100 contents or assets per day, which should significantly enhance brand visibility across social media and online platforms.
- **Management highlighted the success of Asepxia's relaunch,** which expanded the brand from facial acne treatment to full-body daily care. With a new formula, refreshed packaging, and broader shelf placement, Asepxia grew Q2 sell-out in Mexico by 27% YoY. This relaunch was executed in seven months and will expand to Brazil in 2026.
- **Genomma ended the quarter with a healthy leverage ratio of 1.0x Net Debt to EBITDA,** preserving strong financial flexibility. Capital allocation also included a P$200mn dividend, a Ps.104mn share buyback, and continued Capex.
- **Genomma will continue simplifying its brand architecture,** phasing out underperforming SKUs while accelerating high-impact innovations, **a more disciplined and focused approach.**
- **Currency volatility in Argentina,** management reiterated that Genomma benefits from a natural hedge across its 18-country footprint. However, the company cannot hedge exposure to the Argentine Peso. The impact on P&L remains non-cash in nature, while cash flow remains strong, evidenced by the 65% increase in TTM FCF.
- **Looking ahead, Genomma guided for flattish FY25 sales growth, with a soft 3Q expected.** However, the company **reaffirmed its 24% EBITDA margin target** and laid out a roadmap for accelerating growth into 2026, underpinned by brand relaunches, innovation in OTC and Personal Care, expanded Suerox distribution, and digital demand-generation initiatives. **Capex is projected at P$500mn for 2025, with heavy investments planned for 2H25** to fund a second Suerox production line, a new plastics injection plant, and central warehouse expansion. Beyond 2025, Capex is expected to normalize.

Changes in estimates and 2025E-26E Preview

We are lowering our estimates to reflect the quarterly underperformance at the top line, amid a more cautious view on sales across all regions, for different reasons —softer beverage sales in Mexico, adverse conditions in LatAm, and a soft consumer environment in the U.S.—. We nonetheless reiterate our positive view on margins, expecting EBITDA margin to remain slightly above the 24% target or the remainder of the year and 2026. We also account for the higher-than-expected Capex for FY25. After these changes, **we remain Outperform and slightly lower our PT to P$29 (from P$30).**

Figure 7: LAB 2025E and 2026E Preview

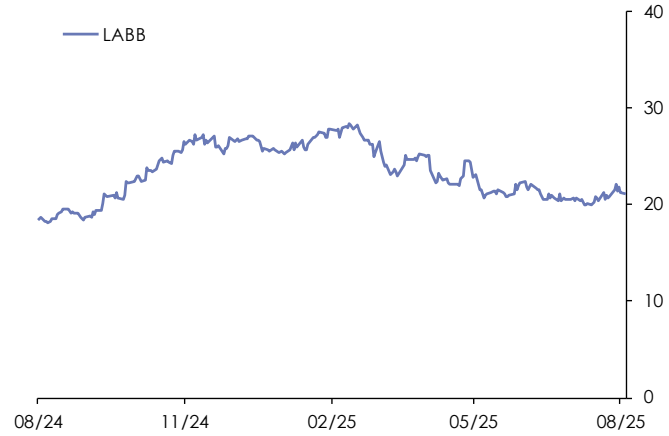
Income Statement (P$mn)	2025E	2025E (prev)	Δ in est.	2026E	2026E (prev)	Δ in est.
Revenues	**$ 18,985**	$ 19,851	***(4.4%)***	**$ 19,883**	$ 20,512	***(3.1%)***
Gross Profit	**$ 12,147**	$ 12,806	***(5.1%)***	**$ 12,759**	$ 13,268	***(3.8%)***
Gross Margin	*64.0%*	*64.5%*	*(53 bps)*	*64.2%*	*64.7%*	*(51 bps)*
Operating Profit	**$ 4,228**	$ 4,421	***(4.4%)***	**$ 4,450**	$ 4,590	***(3.0%)***
Operating Margin	*22.3%*	*22.3%*	*(0 bps)*	*22.4%*	*22.4%*	*1 bps*
EBITDA	**$ 4,587**	$ 4,796	***(4.4%)***	**$ 4,826**	$ 4,978	***(3.1%)***
EBITDA Margin	*24.2%*	*24.2%*	*(0 bps)*	*24.3%*	*24.3%*	*0 bps*
Majority Net Profit	**$ 1,997**	$ 2,325	***(14.1%)***	**$ 2,396**	$ 2,513	***(4.6%)***
Majority Net Margin	*10.5%*	*11.7%*	*(119 bps)*	*12.1%*	*12.2%*	*(20 bps)*
EPS (maj.)	**$ 2.00**	$ 2.33	***(14.1%)***	**$ 2.40**	$ 2.51	***(4.6%)***
Operating Metrics						
Mexico Sales	$ 9,073	$ 9,371	*(3.2%)*	$ 9,600	$ 10,027	*(4.3%)*
LatAm Sales	$ 8,089	$ 8,505	*(4.9%)*	$ 8,346	$ 8,468	*(1.4%)*
U.S. Sales	$ 1,823	$ 1,974	*(7.7%)*	$ 1,937	$ 2,017	*(4.0%)*

Source: Company reports, Actinver Research.

Valuation: Methodologies, Key Assumptions & Scenarios

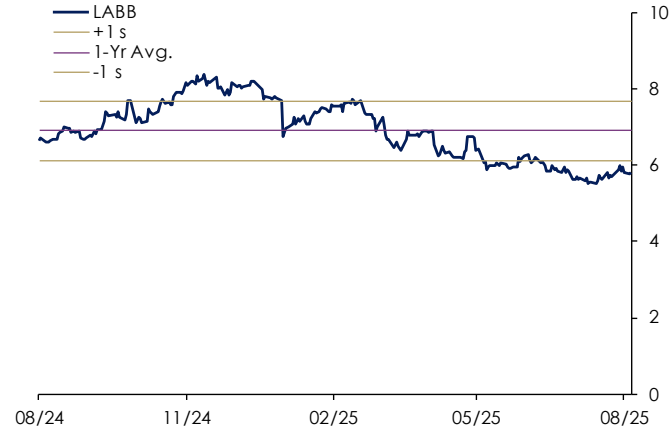
Our **Genomma Lab** PT (P$29) is derived from a DCF calculation, using a 14% WACC —-we use a 12% cost of debt, an effective tax rate of 33%, a cost of equity of 17%, and a D/E ratio of 0.5—, accounting for the company's operations geographic breakdown.

Figure 8: LAB Stock Price
(P$, L12M as of 8/7/25)



Source: Company reports, Actinver.

Figure 9: LAB EV/EBITDA
(x, L12M as of 8/7/25)



Source: Company reports, Actinver.

Genomma Lab Key Stats

Income Statement and FCF

(in P$mn)	2021A	2022A	2023A	2024A	2025E	2019A-23A CAGR	2023A-27E CAGR
Revenues	$ 15,460	$ 16,820	$ 16,467	$ 18,607	$ 18,985	5.3%	5.0%
Gross Profit	$ 9,549	$ 10,164	$ 10,083	$ 11,931	$ 12,147	4.5%	6.0%
Operating Profit	$ 3,063	$ 3,245	$ 3,260	$ 3,982	$ 4,228	6.9%	7.6%
EBITDA	$ 3,210	$ 3,453	$ 3,445	$ 4,330	$ 4,587	8.7%	10.3%
Majority Net Profit	$ 1,451	$ 1,389	$ 1,085	$ 2,137	$ 1,997	7.3%	21.0%
Shares Outstanding (mn)	$ 1,048	$ 1,048	$ 1,020	$ 1,020	$ 1,000	0.0%	0.0%
EPS (maj.)	$ 1.38	$ 1.33	$ 1.06	$ 2.10	$ 2.00	7.8%	21.5%
Average Stock Price	$ 17.56	$ 16.50	$ 13.82	$ 18.53	N/A		
Enterprise Value	$ 23,054	$ 22,166	$ 18,795	$ 23,038	N/A	(1.5%)	N/A
Total Assets	$ 22,467	$ 21,607	$ 20,738	$ 24,083	$ 23,344	1.9%	6.1%
Net Debt	$ 4,650	$ 4,874	$ 4,704	$ 4,140	$ 4,305	(2.1%)	N/A
Controlling Interest	$ 11,006	$ 10,153	$ 9,441	$ 11,589	$ 11,578	4.3%	16.8%
Minority Equity	$ 0	$ 0	$ 0	$ 0	$ 0	N/A	N/A
Dividends Paid	($ 392)	($ 778)	($ 581)	($ 779)	($ 595)	N/A	(6.2%)
Dividend Yield	*2.1%*	*4.5%*	*4.1%*	*N/A*	*N/A*	N/A	N/A
Free Cash Flow to the Firm (FCFF)	($ 161)	$ 880	$ 1,547	$ 1,848	$ 756	N/A	2.8%
FCFF Yield	*-0.9%*	*5.1%*	*11.0%*	*9.8%*	*N/A*		
Free Cash Flow to Equity (FCFE)	($ 947)	$ 1,029	$ 838	$ 1,429	($ 258)	N/A	N/A
FCFE Yield	*-5.1%*	*6.0%*	*5.9%*	*7.6%*	*N/A*		

Profitability YoY growth

	2021A	2022A	2023A	2024A	2025E	2019A-23A CAGR	2023A-27E CAGR
Revenues	*11.5%*	*8.8%*	*(2.1%)*	*13.0%*	*2.0%*	5.3%	5.0%
Gross Profit	*11.2%*	*6.4%*	*(0.8%)*	*18.3%*	*1.8%*	4.5%	6.0%
Operating Profit	*10.7%*	*6.0%*	*0.4%*	*22.2%*	*6.2%*	6.9%	7.6%
EBITDA	*9.8%*	*7.6%*	*(0.2%)*	*25.7%*	*5.9%*	8.7%	10.3%
Majority Net Profit	*(1.3%)*	*(4.3%)*	*(21.9%)*	*97.0%*	*(6.5%)*	7.3%	21.0%

Profitability margins

	2021A	2022A	2023A	2024A	2025E	2019A-23A CAGR	2023A-27E CAGR
Gross Margin	*61.8%*	*60.4%*	*61.2%*	*64.1%*	*64.0%*	*(247 bps)*	*304 bps*
Operating Margin	*19.8%*	*19.3%*	*19.8%*	*21.4%*	*22.3%*	*146 bps*	*264 bps*
EBITDA Margin	*20.8%*	*20.5%*	*20.9%*	*23.3%*	*24.2%*	*148 bps*	*341 bps*
Majority Net Margin	*9.4%*	*8.3%*	*6.6%*	*11.5%*	*10.5%*	*58 bps*	*685 bps*
ROA	*6.5%*	*6.3%*	*5.1%*	*9.5%*	*8.4%*	*103 bps*	*562 bps*
ROE	*13.2%*	*13.1%*	*11.1%*	*20.3%*	*17.2%*	*115 bps*	*673 bps*
ROIC	*14.2%*	*14.6%*	*15.3%*	*16.8%*	*18.0%*	*121 bps*	*509 bps*

Multiples

	2021A	2022A	2023A	2024A	2025E	2017A-20A Avg.	2021A-24E Avg.
EV/EBITDA	8.6x	7.0x	5.8x	6.5x	6.3x	9.6x	7.0x
3-Yr Avg.	9.5x	8.6x	7.1x	6.1x	6.2x		
Premium (Discount) vs. 3-Yr Avg.	*(9.0%)*	*(18.8%)*	*(19.1%)*	*5.6%*	*2.3%*	*2.8%*	*(10.3%)*
5-Yr Avg.	9.4x	8.8x	8.2x	6.1x	6.8x		
Premium (Discount) vs. 5-Yr Avg.	*(8.2%)*	*(21.0%)*	*(30.0%)*	*5.6%*	*(7.5%)*	*(2.7%)*	*(13.4%)*
P/E	12.1x	12.4x	9.7x	15.0x	14.5x	15.3x	12.3x
3-Yr Avg.	15.4x	14.6x	11.4x	12.4x	13.1x		
Premium (Discount) vs. 3-Yr Avg.	*(21.3%)*	*(14.9%)*	*(14.8%)*	*21.2%*	*11.0%*	*7.5%*	*(7.5%)*
5-Yr Avg.	14.7x	14.1x	13.7x	12.4x	12.8x		
Premium (Discount) vs. 5-Yr Avg.	*2.0%*	*6.1%*	*9.5%*	*21.2%*	*13.8%*	*(3.8%)*	*9.7%*
PEG	(918.9x)	(292.2x)	(44.5x)	15.4x	(221.9x)	(38.8x)	(310.0x)
P/BV	2.2x	1.8x	1.4x	1.9x	2.5x	2.7x	1.8x
P/Sales	1.5x	1.2x	0.9x	1.1x	1.5x	1.6x	1.2x

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June 30, 2025 | Update

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