

Blau reaches Net Revenues of R\$819 million and Net Income of R\$129 million in the last 12 months ended March 2018

São Paulo, May 9th, 2019 - **Blau Farmacêutica, one of the main Brazilian pharmaceutical companies in the non-retail segment**, announced its consolidated financial statements for 1st Quarter of 2019 (1Q19). This document was prepared based on the financial statements as of March 31st, 2019 of Blau Farmacêutica S.A. which were prepared in accordance with accounting practices adopted in Brazil, include the rules of the *Comissão de Valores Mobiliários (CVM; Securities and Exchange Commission of Brazil)* and the pronouncements of the Brazilian Accounting Pronouncement Committee (CPC). These financial statements are in conformity with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and were audited by independent auditors in accordance with Brazilian and international auditing standards.

Highlights

- **LTM Net Revenues of R\$819 million**, 29,1% higher than the same period of the previous year
- **LTM Net Income of R\$129 million**, 17,8% higher than the same period of the previous year
- **1Q19 Net Revenues in 1Q19 of R\$188 million**, 23,9% higher than the same period of the previous year
- **1Q19 Operating Expenses Dilution by 2,3p.p.**, despite the **62,8% increase in Research & Development** compared to the same quarter of the previous year
- Obtained the CVM registration as a **Publicly-Held Company (Category "A") on 01/11/2019**

(R\$ million)	Mar 18 (LTM)		Mar 19 (LTM)		Δ%	Δ p.p.
LTM Net Revenues	634	100,0%	819	100,0%	29,1%	-
LTM Net Income	110	17,3%	129	15,8%	17,8%	-1,5p.p.

(R\$ million)	1Q18	%NR	1Q19	%NR	Δ%	Δ p.p.
Net Revenues	152	100,0%	188	100,0%	23,9%	-
Gross Profit	67	44,2%	78	41,5%	16,5%	-2,6 p.p.
Operational Expenses	(30)	-19,5%	(32)	-17,2%	9,3%	2,3 p.p.
Research & Development	(3)	-2,1%	(5)	-2,7%	62,8%	-0,6 p.p.
Adjusted EBITDA	40	26,6%	47	25,1%	17,0%	-1,5 p.p.
Net Income	23	14,9%	29	15,3%	27,4%	0,4 p.p.

IR Team

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About Blau Farmacêutica

Blau Farmacêutica is a 100% Brazilian pharmaceutical company that has operated since 1987 and has become a multinational focused in the hospital market (Non-Retail). It specializes in the production of mostly injectable high complexity drugs and marketed under its own brands.

It has an extensive product line for the daily life of hospitals and clinics, such as biological, specialties and oncological medications, and in several therapeutic classes as hematology, nephrology, infectiology, anesthesia, among others.

It has a large sales structure with national and international coverage, exporting its medicines to Latin America and Asia. The Company is supported by 1,056 employees in four manufacturing plants in Brazil, as well as five subsidiaries in Argentina, Chile, Colombia, Peru and Uruguay.

According to IQVia, Blau is the leading company among the domestic companies in Brazilian non-retail market and 11st position including foreign companies in 2018.

Management Letter

In the first quarter of 2019, we continued to deliver increasing and consistent results that we have observed since 2013. These results were achieved despite our constraints of production capacity, as already explored this message in previous quarters.

Blau's 1Q19 net revenues reached R\$188 million, 23,9% higher than the same period of the previous year, and gross margin of 41,5%, 2,6 p.p. lower than 1Q18. These variations reflect higher volumes in the Specialties and Others lines, but pressured by the devaluation of the local currency. Our operating expenses were diluted by 2,3pp. in relation to net revenues reflecting our discipline in controlling expenses, despite a rise of 6,8% in Research & Development. As a consequence of the aforementioned factors and lower financial expenses as a result of the 1st Debentures Issuance in June last year, net income reached R\$29 million, 27,4% higher in the same period of the previous year, with a net margin of 15,3%, 0,4p.p. higher 1Q18.

As noted in our operating expenses, Blau is committed to strengthening its new products pipeline through Research and Development. There are 65 hospital drug projects in different evolution stages that will give the Company exposure to an additional market of R\$3,2 billion per year or approximately 8% of the Brazilian non retail market. Such a pipeline will be produced in our plants that are in the process of expansion, as we have commented in the past.

IQVIA's market data¹ show regularity in the evolution of the hospital market (non-retail), which grew 23,7% in the first quarter of this year. This regularity occurred in both market segment: private (25.3%) and public (21.2%). Regarding public sales, we observed normality in the medicines purchase by the various governmental entities during the quarter (federal, states, municipalities, besides public hospitals and clinics). Blau participated in 114 electronic public auctions in the period or about nine per week.

2019 started as we expected, and we believe we will achieve our goals over the coming quarters.

I reinforce our commitment and transparency in demonstrating the advances of Blau Farmacêutica. Do not hesitate to contact our Investor Relations team to get to know our operations in person or solve any questions about the Company and our markets.

The contact details of our IR team are on the cover of this Earnings Release.

Marcelo R. Hahn
CEO

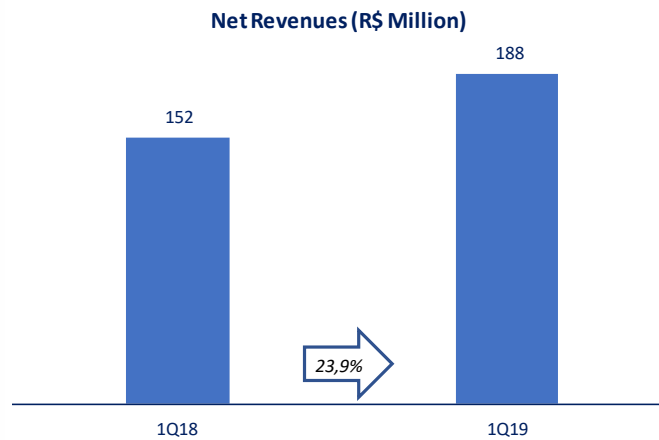
¹ IQVIA NRC Flash March 2019.

Operational and Financial Performance

Summarized Income Statement

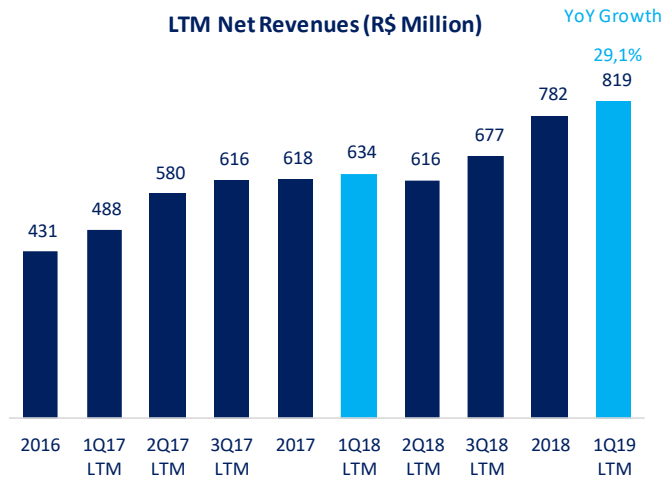
(R\$ million)	1Q18	%NR	1Q19	%NR	Δ%
Net Revenues	152	100,0%	188	100,0%	23,9%
COGS	(85)	-55,8%	(110)	-58,5%	29,8%
Gross Profit	67	44,2%	78	41,5%	16,5%
Operational Expenses	(30)	-19,5%	(32)	-17,2%	9,3%
Sales	(11)	-7,0%	(12)	-6,4%	13,7%
Research & Development	(3)	-2,1%	(5)	-2,7%	62,8%
General & Administrative	(16)	-10,4%	(15)	-8,0%	-4,2%
Others	0	0,3%	(1)	-0,6%	-327,9%
EBIT	38	25,0%	45	23,8%	18,0%
Net Financial Expenses	(5)	-3,3%	(4)	-1,9%	-30,3%
EBT	33	21,6%	41	21,9%	25,4%
Income Tax and CSLL	(10)	-6,7%	(12)	-6,6%	21,2%
Net Income	23	14,9%	29	15,3%	27,4%

Net Revenues



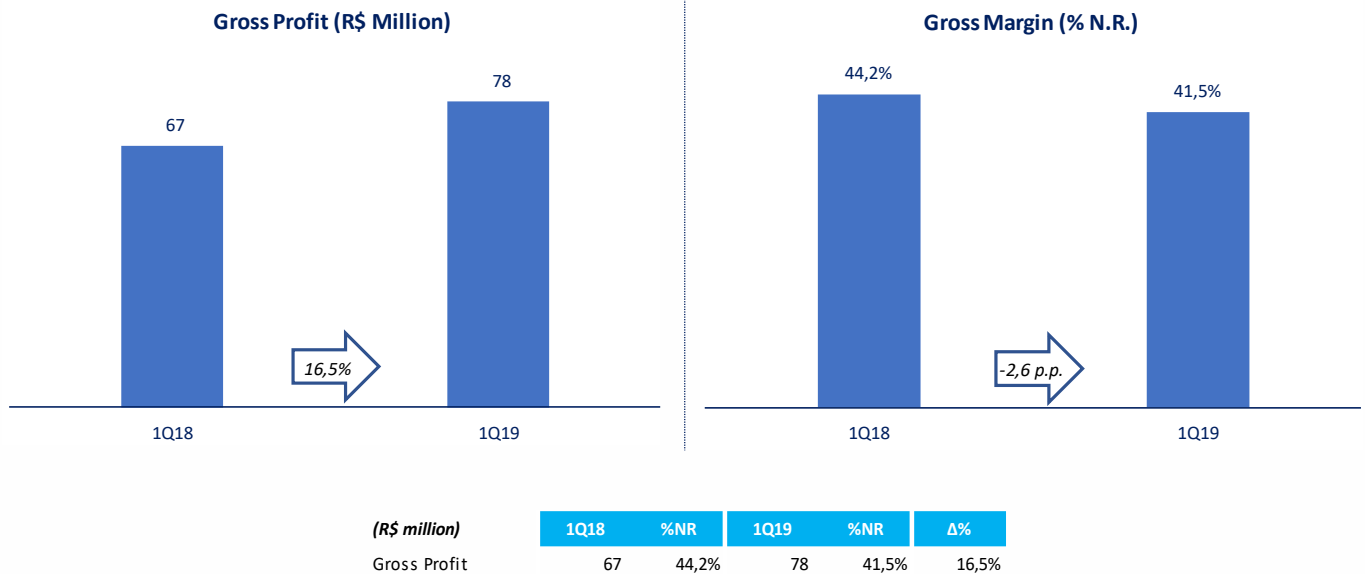
(R\$ million)	1Q18	1Q19	Δ%
Net Revenues	152	188	23,9%

1Q18 net revenues reached R\$188 million, 23,9% in 1Q19 over the same period of the previous year. This growth was mainly due to volume increases, especially in Specialties and Others product lines.



The Company achieved net revenues of R\$819 million in the last 12 months, 29,1% higher than the same period of the previous year and the highest in its history.

Gross Profit

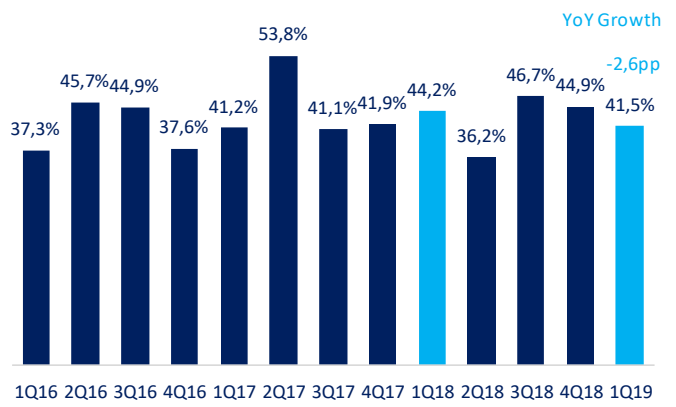


1Q19 gross profit was R\$78 million, 16,5% higher than the same period of the previous year, and gross margin of 41,5%, 2,6pp below the same quarter last year. The gross margin contraction observed is mainly a consequence of cost pressure due to the depreciation of the Brazilian Real against the US Dollar.

Quarterly Gross Profit (R\$ Million)

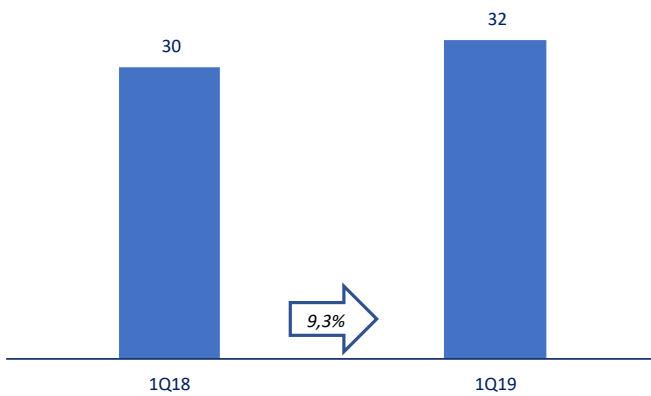


Quarterly Gross Margin (% N.R.)

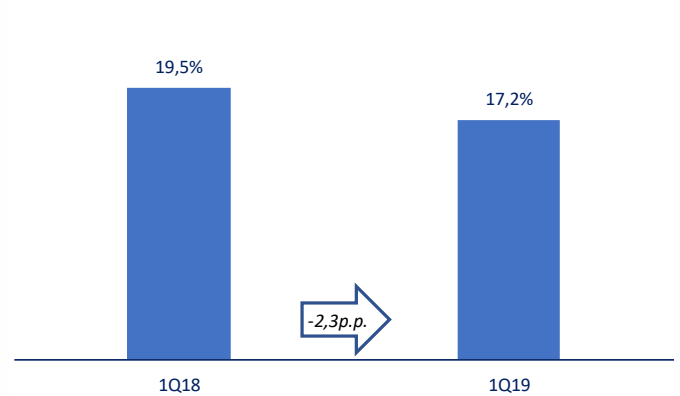


Operational Expenses

Operational Expenses (R\$ Million)



Operational Expenses (% N.R.)

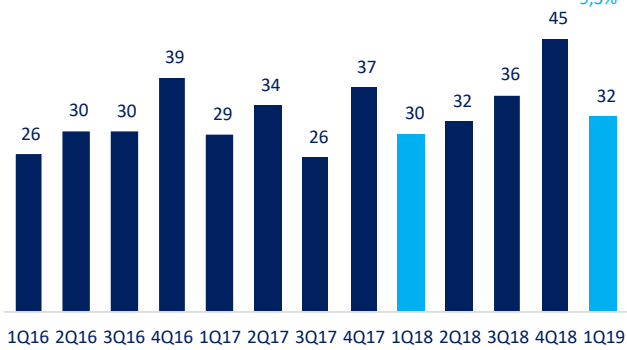


(R\$ million)	1Q18	%NR	1Q19	%NR	Δ%
Operational Expenses	(30)	-19,5%	(32)	-17,2%	9,3%
Sales	(11)	-7,0%	(12)	-6,4%	13,7%
R&D	(3)	-2,1%	(5)	-2,7%	62,8%
General and Administrative	(16)	-10,4%	(15)	-8,0%	-4,2%

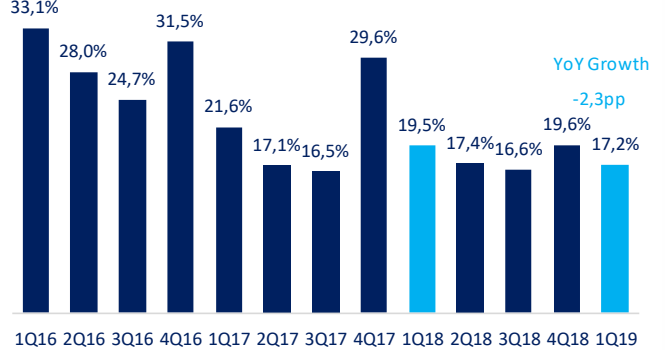
1Q19 Operating expenses, despite an increase of 9,3% compared to the same period of the previous year, showed a 2,3p.p. dilution against net revenues.

The increase is explained by higher R&D expenses (62,8% above 1Q18) in line with the Company's plan to focus more on the search for new products to sustain growth above the market average.

Quarterly Operational Expenses (R\$ Million) YoY Growth 9,3%

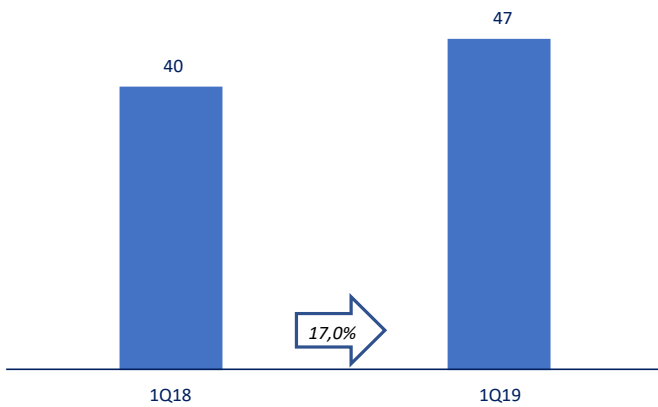


Quarterly Operational Expenses (% N.R.) YoY Growth -2,3pp

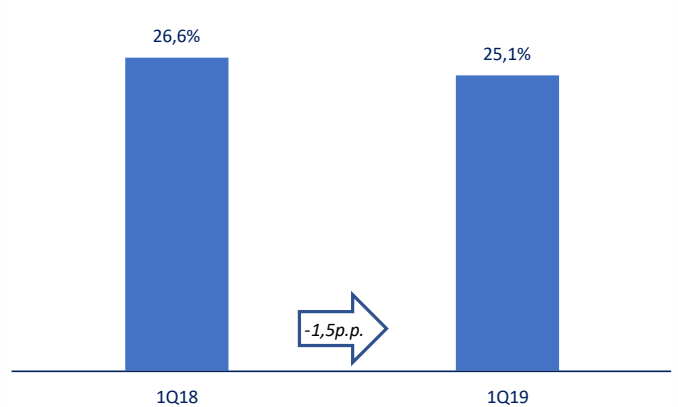


EBITDA

EBITDA (R\$ Million)



EBITDA (% N.R.)

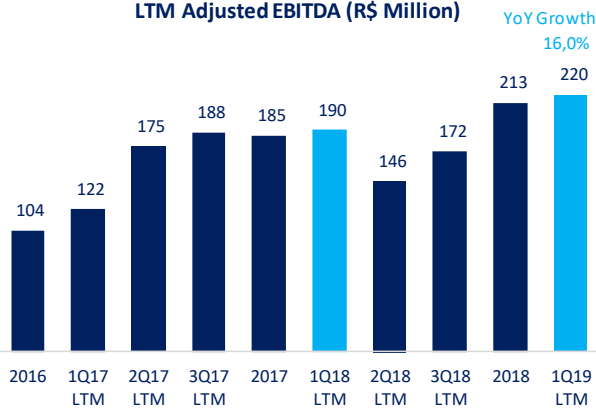


(R\$ million)	1Q18	%NR	1Q19	%NR	Δ%
Net Income	23	14,9%	29	15,3%	27,4%
Income Tax and CSLL	10	-6,7%	12	-6,6%	21,2%
Net Financial Expenses	5	-3,3%	4	-1,9%	-30,3%
Depreciation and Amortization	2	1,6%	2	1,3%	1,3%
EBITDA	40	26,6%	47	25,1%	17,0%

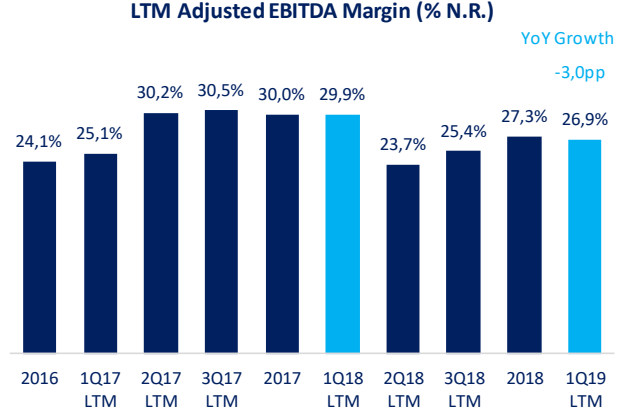
1Q19 EBITDA reached R\$47 million with a margin of 25,1%, which represents an 17,0% increase of over the same period of the previous year and margin contraction of 1,5p.p..

The effect observed in the margin is mainly explained by the reduction of the gross margin by Fx pressure that was partially offset by operating expenses dilution, even with a significant increase in R&D expenses.

LTM Adjusted EBITDA (R\$ Million)



LTM Adjusted EBITDA Margin (% N.R.)



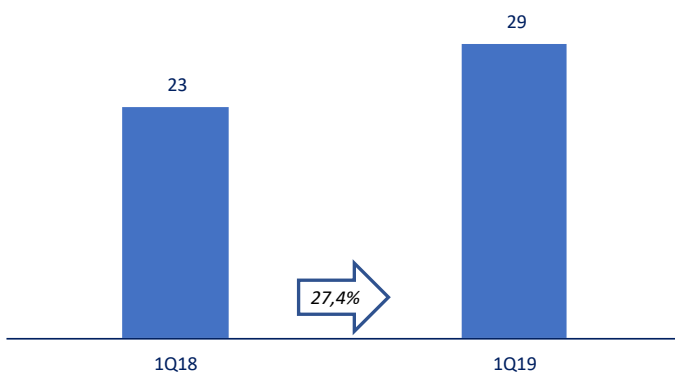
Financial Expenses

(R\$ million)	1Q18	%NR	1Q19	%NR	Δ%
Net Financial Expenses	(5)	-3,3%	(4)	-1,9%	-30,3%
Fx Variation	(4)	-2,4%	(1)	-0,6%	-71,0%
Net Interest Expenses	(1)	-0,9%	(2)	-1,2%	69,8%
Others	(0)	-0,1%	(0)	-0,1%	166,0%

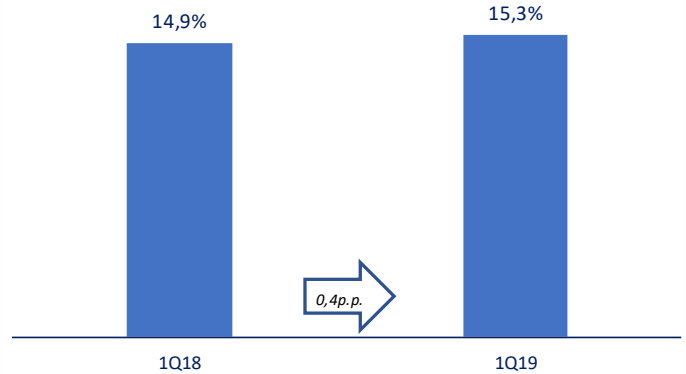
1Q19 financial expenses were approximately R\$4 million, 30,3% lower than the same period of the previous year. This reduction is a consequence of the reduction of Fx variation in the period.

Net Income

Net Income (R\$ Million)

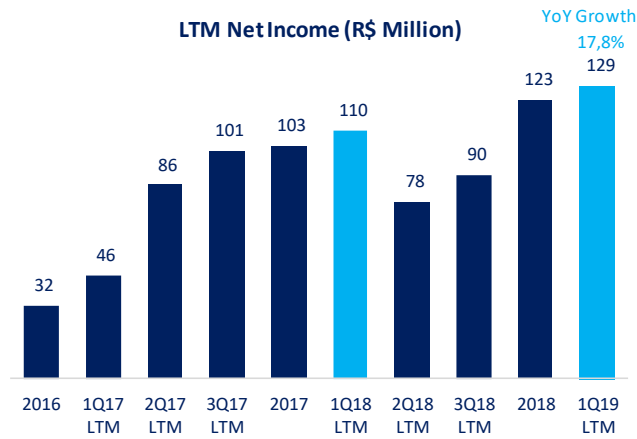


Net Income (% N.R.)



(R\$ milhões)	1T18	%RL	1T19	%RL	Δ%
EBIT	38	25,0%	45	23,8%	18,0%
Despesas Financeiras, Líquidas	(5)	-3,3%	(4)	-1,9%	-30,3%
EBT	33	21,6%	41	21,9%	25,4%
IR/CSLL	(10)	-6,7%	(12)	-6,6%	21,2%
Lucro Líquido	23	14,9%	29	15,3%	27,4%

1Q19 net Income reached R\$29 million with 15,3% margin, which represented a 27,4% value increase and a 0,4p.p. margin increase when compared to the same period of last year. These increases above EBIT are mainly a consequence of lower Fx expenses.



Net Debt

(R\$ million)	12.31.2018	03.31.2019	2019	2020	2021	2022	2023	2024 ->
Short Term	32	55						
Long Term	193	176						
Gross Debt	225	232	33	71	60	45	23	-
Cash & Investments	(113)	(114)						
Net Debt	112	117						
LTM Adjusted EBITDA	213	220						
Leverage*	0,5x	0,5x						

*Net Debt / LTM EBITDA

The Company's leverage remained stable compared to the end of last year.

Balance Sheet

(R\$ thousand)	12.31.2018	03.31.2019		12.31.2018	03.31.2019
Assets			Liabilities and Shareholder's Equity		
Current Assets	429.686	445.348	Current liabilities	173.520	205.121
Cash and Cash Equivalents	112.944	114.183	Suppliers	85.926	101.730
Accounts Receivables	162.774	154.678	Loans and Financing	32.423	55.254
Inventories	145.163	167.705	Taxes Payable	1.972	1.474
Recoverable Taxes	5.547	3.255	Income Tax and Social Contribution	16.002	13.405
Other Assets	3.258	5.527	Labour	13.712	14.108
Non-Current Assets	164.469	186.178	Other Accounts Payable	23.485	19.150
Long Term Assets	19.516	34.785	Non-Current Liabilities	197.301	180.625
Judicial Deposits	5.231	5.260	Loans and Financing	192.708	176.391
Recoverable Taxes	771	16.510	Deferred Income Tax and Social Contribution	-	-
Deferred Income Tax and Social Contribution	6.546	9.364	Provisions for Contingencies	4.593	4.234
Other Assets	6.968	3.651	Shareholders' Equity	223.334	245.780
Property, Plants and Equipments	144.953	151.393	Capital	100.640	100.640
Investments	15	15	Accumulated Profit	-	25.364
Biologic Assets	306	306	Profit Reserve	119.421	119.423
Property, Plant and Equipment	135.706	141.833	Other Comprehensive Income	3.273	353
Intangible Assets	8.926	9.239			
Total Assets	594.155	631.526	Total Liabilities and Shareholders' Equity	594.155	631.526

Income Statement

(R\$ thousand)	1Q18	%NR	1Q19	%NR
Net Revenues	151.927	100,0%	188.304	100,0%
Cost of Goods Sold	(84.847)	-55,8%	(110.144)	-58,5%
Gross Profit	67.080	44,2%	78.160	41,5%
Operational Expenses	(29.576)	-19,5%	(32.338)	-17,2%
Commercial Expenses	(13.760)	-9,1%	(17.184)	-9,1%
Administrative Expenses	(15.816)	-10,4%	(15.154)	-8,0%
Others	456	0,3%	(1.039)	-0,6%
EBIT	37.960	25,0%	44.783	23,8%
Net Financial Expenses	(5.085)	-3,3%	(3.544)	-1,9%
EBT	32.875	21,6%	41.239	21,9%
Income Tax and CSLL	(10.197)	-6,7%	(12.355)	-6,6%
Net Income	22.678	14,9%	28.884	15,3%

Cash Flow Statement

(R\$ thousand)	1Q18	1Q19
Cash Flows from Operating Activities		
Income (Loss) Before Taxes	32.875	41.239
Depreciation and Amortization	2.413	2.445
P,P&E and Intangible Assets Write-off	460	1.151
Financial Charges on Loans	2.325	3.754
Fx Variation on Loans and Provision of SWAP / MTM	1.186	(42)
Fx Variation on Suppliers and Clients	(217)	4.041
Doubtful Accounts	(90)	1.980
Inventories Provisions	(633)	(47)
Others	-	-
Provisions for Contingencies	239	(359)
Adjusted Results	38.558	54.162
Decrease (Increase) in Assets	(13.563)	(30.673)
Trade Accounts Receivable	(12.914)	6.364
Inventories	600	(22.495)
Recoverable Taxes	(142)	(15.562)
Other Credits	(1.198)	1.049
Judicial Deposits and Others	91	(29)
Increase (Decrease) in Liabilities	(553)	7.079
Suppliers	6.628	11.516
Labor Charges	(70)	396
Tax Charges	679	(498)
Other Accounts Payable	(7.790)	(4.335)
Cash Provided by Operating Activities	24.442	30.568
Paid Income Taxes CSLL	(3.860)	(15.658)
Net Cash Flow Provided by Operating Activities	20.582	14.910
Cash flows from Investing Activities		
Acquisitions of Property, Plant and Equipment	(3.631)	(9.274)
Payment of final installment in participation acquisition	-	-
Intangible Aquisitions	(50)	(764)
Temporary investments of subsidiaries	-	-
Net Cash Used in Investing Activities	(3.681)	(10.038)
Cash Flows from Financing Activities		
Dividends and Interest Over Capital	-	(3.866)
Loans and Financing	26.553	13.776
Related Parties	-	-
Repayment of Loans - Principal	(29.901)	(7.020)
Repayment of Loans - Interest	(2.824)	(3.952)
Net Cash Used In Financing Activities	(6.172)	(1.062)
Cash Variation	10.729	3.810
Beginning of the Period	13.175	112.945
Fx Effect on Cash and Cash Equivalents	610	(2.571)
End of The Period	24.514	114.184
Cash Variation	10.729	3.810

Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

In addition, unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional points and data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.