

**Mexico City, April 29th, 2019** - Médica Sur, S.A.B. of C.V. (BMV: MEDICA) reports its unaudited results corresponding to the first quarter of 2019 (1Q19). This information has been presented based on International Financial Reporting Standards (IFRS).

## 1Q19 Highlights

- During 1Q19, the number of Hospitalized patients increased 1.0% compared with 1Q18.
- Medica Sur launched Medical equipment of the latest technology: *X-ray YSIO MAX* and *PET CT BIOGRAPH mCT FLOW* with an approximate investment of \$ 46.0 million pesos.
- The remodeling of the operating rooms was completed, including an *endosuite* with an investment of more than \$50.0 million pesos.
- In the Hospital Activity, excellent indicators were achieved, such as: more than 90% of adherence in hand hygiene, less than 1% in the rate of nosocomial infections and less than 1% due to infections in the surgical site, among others; with very competitive results compared to international standards.
- The average stay of patients was 3.02 days, with an occupancy rate of 65.4% and more than 3,200 patients withdrawn from hospitalization.
- Medica Sur announced its advertising campaign "*La vida sigue*" (life goes on) where the feelings and actions that make us go forward are translated into images and sounds, it is the reason for being of Médica Sur and a pride in helping patients improve their health and lives.
- Consolidated revenues in 1Q19 increased 2.9%, reaching \$ 911.9 million pesos, mainly driven by higher surgical activity, as well as higher revenues in clinical services and diagnostic areas.
- During 1Q19, there were better results due to savings and more activity in the Hospital; however, in the Diagnosis business, there were a greater expense related to the maintenance of medical equipment, payroll, as well as operating and advertising expenses corresponding to the expansion of branches, mainly.
- In accordance with the application of mandatory IFRS 16 as of January 1, 2019, in 1Q19 the Company recognized a right-of-use asset of \$ 344.9 million pesos and a total use right liability of \$ 348.1 million pesos, through the modified retrospective method, the figures of previous years were not modified.
- The EBITDA \* in 1Q19 increased \$ 12.1 million pesos, from \$ 156.6 to \$ 168.6 million pesos, which represented a growth of 7.7% and a Margin of 18.5%.
- The Net Debt / EBITDA Ratio \* in 1Q19 was 1.7 times, while the EBITDA\* Ratio / Financial Expense was 5.4 times in compliance with our financial covenants.

\* The 1Q19 EBITDA reflects the effects of IFRS 16.

**Médica Sur, S.A.B. de C.V. and Subsidiaries**  
Unaudited results

	1Q18	1Q19	Change \$	Change %
<b>Revenues</b>	<b>886.0</b>	<b>911.9</b>	<b>25.9</b>	<b>2.9%</b>
<b>Operating Income</b>	<b>101.4</b>	<b>87.8</b>	<b>-13.6</b>	<b>-13.4%</b>
<i>Operating Margin</i>	11.4%	9.6%		
<b>EBITDA <sup>1)</sup></b>	<b>156.6</b>	<b>168.6</b>	<b>12.1</b>	<b>7.7%</b>
<i>EBITDA Margin</i>	17.7%	18.5%		
<b>Net Consolidated Income</b>	<b>48.4</b>	<b>36.6</b>	<b>-11.7</b>	<b>-24.3%</b>
<i>Net Margin</i>	5.5%	4.0%		

*Amounts in million of pesos*

<sup>1)</sup> EBITDA = Operating Income plus Depreciation and Amortization, 1Q19 reflects the effects of IFRS16.

## Events after 1Q19

Last April 16th, Médica Sur published a corporate restructuring brochure in accordance with article 104 section IV of the Securities Market Law (the "LMV" by its initials in Spanish), the article 35 and Appendix P of the General Provisions Applicable to the Issuers of Securities.

Through the Restructuring, Médica Sur will pay a non cash dividend in favor of its shareholders (subject to obtaining the approval of its Ordinary Shareholders' Meeting and, upon presentation to the Board of Directors) which will be paid through the transfer of all the shares representing the equity of *Laboratorios Médica Sur*, currently owned by Médica Sur.

The brochure describes the objectives of the operation, details, risk factors and financial information related to the operation, among others. For more information, access the brochure through the portal of the Mexican Stock Exchange [www.bmv.com.mx](http://www.bmv.com.mx).

## Hospital Achievements 1Q19

Medical equipment of the latest technology was put in place, which are among the best in Mexico and Latin America; *X-ray YSIO MAX* and the *PET CT BIOGRAPH mCT FLOW* with a total investment of approximately \$ 46.0 million pesos. Both devices offer the best diagnosis at the best price, in less time, with more detail and precision than any other, in addition to a 50% reduction in radiation for the benefit of patients:

PET CT provides fine details of each organ with minimal doses of radiopharmaceutical, we know that every minute counts in the care of our patients; therefore, PET CT allows results to be obtained in less time.

It is a team that offers the greatest comfort during the study and molecular images with accuracy in all dimensions which benefits our patients by having better and more information for early decision making in their treatment.

The X-ray equipment improves the diagnostic image quality, decreases the time in conducting studies, which makes it ideal for pediatric patients. It supports up to 300 kg, so it can treat bariatric patients without limitations.



The remodeling of seven operating rooms that include an endosuite with a total investment greater than \$ 50.0 million pesos was completed. Médica Sur incorporated high precision equipment that contributes to patient safety and makes a difference in each surgery.

The remodeling includes an advanced anesthesia unit and high-resolution laparoscopic equipment, as well as improved hygiene and hand washing facilities essential for the surgical areas. Additionally, we installed electrical insulation boards and floors that reduce risks for the patient and medical personnel in compliance with national regulations and international standards.



Médica Sur announced its advertising campaign "*La vida sigue*" (life goes on) where the feelings and actions that make us move forward are translated into images and sounds, it is the reason for being of Médica Sur and a pride in helping our patients to improve their health and lives.



## Financial Summary 1Q19

### Revenues

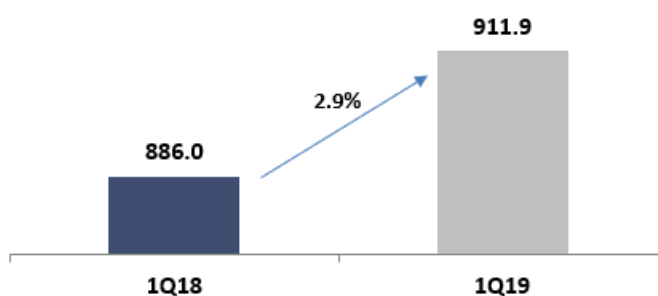
During 1Q19 there was a slight contraction in the dynamism of the Mexican economy derived from the transition of the new government, as well as the shortage of fuels that occurred at the beginning of 2019.

However, at the end of 1Q19, the number of hospitalized patients in Médica Sur increased 1.0% compared to the same period of the previous year, reaching 3,231 patients.

Consolidated revenues in 1Q19 increased 2.9% compared to the same period of 2018, reaching \$ 911.9 million pesos, mainly driven by higher surgical activity, as well as higher revenues related to clinical services and diagnostic areas, including the Comprehensive Oncology Center, the Radiotherapy Unit, the Imaging Unit and the “CIDyT” (Integral Center for Diagnosis and Treatment by its initials in Spanish).

These increases were partially offset by lower revenues in the Emergency department, where there was an increase of 1.7% in the number of patients compared to 1Q18, where a discount plan was implemented to benefit our patients to make the service more accessible.

Figures in million pesos



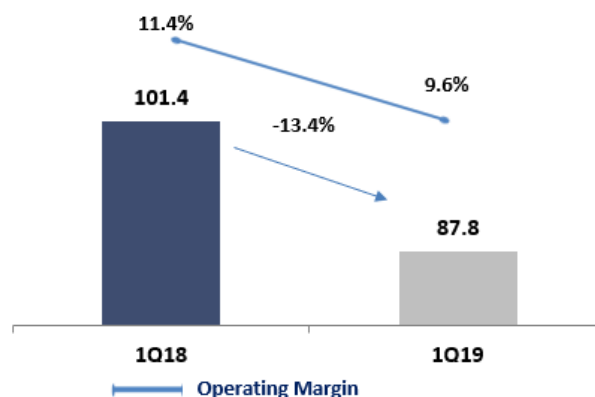
**Operating Income** for 1Q19 was \$87.8 million pesos, there was an increase in Income derived from the greater clinical and hospital activity described above, in addition to lower selling and administrative expenses at the Hospital.

As a result of the administrative staff restructuring process carried out at the end of 2018, in 1Q19 there were savings of approximately \$ 4.0 million pesos in the Hospital payroll.

However, these benefits were compensated by the higher maintenance expense of medical equipment and the higher personnel costs, both related to the Diagnostic branches.

Therefore, in 1Q19, a decrease of 13.4% was observed compared to 1Q18, The Operating Margin for 1Q19 was 9.6%.

Figures in million pesos

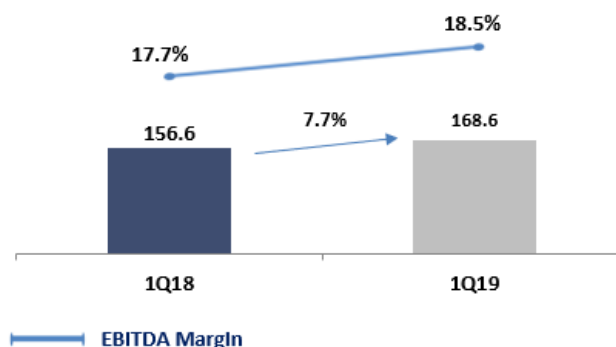


**EBITDA\*** (Operating income plus depreciation and amortization) in 1Q19 was \$ 168.6 million pesos, an increase of 7.7% compared to the same period of the previous year.

It should be noted that, the increase with respect to 1Q18 is due to the better results and better performance of the Hospital, together with the change in accounting standards derived from the implementation of IFRS16 related to the recognition of leases; mainly benefiting the diagnostic business, which was able to offset the higher expense mentioned in the section *Operating income*.

The EBITDA\* margin increased from 17.7% in 1Q18 to 18.5% in 1Q19.

Figures in million pesos

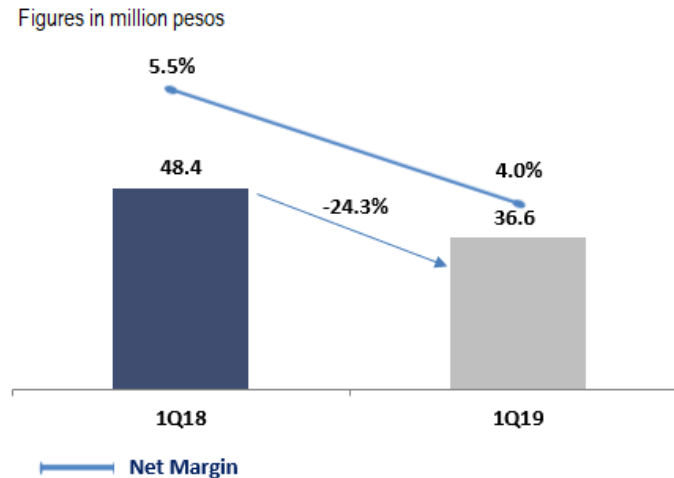


\* The 1Q19 EBITDA reflects the effects of IFRS 16.

**Comprehensive Financing Cost (CFC)** went from \$ 35.1 in 1Q18 to \$ 36.0 million in 1Q19, the 2.6% increase was mainly due to the incorporation of the effects of IFRS16 related to the interests of the lease liability. The negative impact was partially offset by savings of \$ 0.7 million, corresponding to lower interest expenses as a positive effect of debt refinancing.

**Net Income** in the first quarter of 2019 reached \$ 36.6 million pesos, decreased \$ 11.7 million pesos compared to 1Q18\* due mainly to the higher expense and lower operating result in the diagnostic business mentioned in the *Operating Income* section.

Net Margin for 1Q19 was 4.0%.



## Debt

At the end of 1Q19, the debt with cost of the company was \$ 1,124.7 million pesos, lower by 16.7% compared to the same period of 2018 where it was \$ 1,377.7 million.

The reduction is mainly due to three advance payments made in the months of June, October and November 2018 for a total of \$ 250.0 million pesos applied to the portion of the TIIE variable rate credit + 360 basis points.

The advanced payments mentioned above, contributed to reduce risk exposure by 8.3% due to volatility in interest rates. The percentage of debt contracted at a variable rate decreased from 61.7% to 53.3%, compared to 1Q18. While the debt at a fixed rate increased from 38.3% to 46.7%.

Therefore, the Group's Debt Profile in 1Q19 is \$ 524.7 million pesos at a fixed rate and \$ 600.0 million pesos at a variable rate.

With respect to the financial covenants Médica Sur is in full compliance.

<b>Financial Ratios</b>	<b>Contracted obligation</b>	<b>1Q18</b>	<b>1Q19</b>
Total Debt/EBITDA*	< 3.5x	1.9x	2.0x
Net Debt/EBITDA*	< 3.5x	1.7x	1.7x
Total Liabilities/Stockholders' Equity	0.0x	0.7x	0.5x
Interest Coverage (EBITDA*/Financial Expense)	> 4.0x	5.0x	5.4x
Liquidity (Current Assets / Current Liabilities)	0.0x	1.3x	1.4x

\* EBITDA: Operating Income plus Depreciation and Amortization, the 1Q19 EBITDA reflects the effects of IFRS 16.

## Financial Annexes (unaudited)

Médica Sur, S.A.B. de C.V. and Subsidiaries

### Consolidated Statements of Financial Position ended March 31<sup>st</sup>, 2018 and March 31<sup>st</sup> 2019 (amount in pesos)

	<u>2018</u>	<u>2019</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
<b>Assets</b>	<b>5,463,685,826</b>	<b>5,914,591,639</b>	<b>8.3%</b>	<b>450,905,813</b>
<i>Current assests</i>	<i>1,050,455,748</i>	<i>1,171,323,795</i>	<i>11.5%</i>	<i>120,868,047</i>
Cash and Cash Equivalents	171,365,989	197,206,171	15.1%	25,840,182
Restricted Cash	0	0	-	0
Accounts Receivable	343,175,829	407,681,462	18.8%	64,505,633
Others Net Account Receivable	103,329,669	151,704,526	46.8%	48,374,856
Inventories	102,451,193	84,598,569	-17.4%	-17,852,623
Assets held for sale	330,133,067	330,133,067	-	0
<i>Long Term</i>	<i>0</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>
Accounts and Documents Receivable (Net)	0	0	-	0
Investments in Unconsolidated Subsidiaries and Associated Shares	0	0	-	0
Other Invesments	0	0	-	0
<i>Property, Plant and Equipment (Net)</i>	<i>2,783,194,171</i>	<i>3,114,165,700</i>	<i>11.9%</i>	<i>330,971,529</i>
Property	2,656,286,227	2,656,504,727	0.0%	218,500
Industrial Machinery and Equipment	81,107,624	81,107,624	0.0%	0
Other Equipment	1,969,029,260	1,989,965,190	1.1%	20,935,929
Right-of-use asset	0	369,628,265	N/A	369,628,265
Accumulated Depreciation	-1,977,880,617	-2,023,787,582	2.3%	-45,906,965
Accumulated Depreciation Right-of-use asset	0	-24,706,764	N/A	-24,706,764
Constructions in Process	54,651,676	65,454,240	19.8%	10,802,564
<i>Investment properties</i>	<i>82,956,992</i>	<i>81,246,443</i>	<i>-2.1%</i>	<i>-1,710,549</i>
Land	52,165,613	52,165,613	0.0%	0
Buildings	30,791,379	29,080,830	-5.6%	-1,710,549
<i>Intangible Assets</i>	<i>1,547,078,915</i>	<i>1,547,855,701</i>	<i>0.1%</i>	<i>776,786</i>
<b>Total Liabilities</b>	<b>1,921,966,902</b>	<b>2,336,248,496</b>	<b>21.6%</b>	<b>414,281,594</b>
<i>Current Liabilities</i>	<i>764,471,618</i>	<i>920,986,560</i>	<i>20.5%</i>	<i>156,514,942</i>
Suppliers	217,223,170	213,600,354	-1.7%	-3,622,816
Short-term Bank Loans	32,000,878	84,304,436	163.4%	52,303,558
Short-term securities Loans	0	0	N/A	0
Accrued interest and commission	6,269,853	0	-100.0%	-6,269,853
Income tax payable	107,269,464	163,137,347	52.1%	55,867,883
Other Current Liabilities	401,708,254	439,165,501	9.3%	37,457,248
Short-term lease liability	0	20,778,922	N/A	20,778,922
<i>Long-term Liabilities</i>	<i>1,132,797,445</i>	<i>1,414,649,241</i>	<i>24.9%</i>	<i>281,851,796</i>
Bank Loans	1,087,932,457	1,041,193,121	-4.3%	-46,739,336
Accrued Interest	0	0	N/A	0
Other Credits	44,864,988	46,094,479	2.7%	1,229,491
Long-term lease liability	0	327,361,641	N/A	327,361,641
Deferred Income Taxes	24,697,839	612,694	-97.5%	-24,085,145
Other Liabilities	0	0	N/A	0
<b>Stockholders Equity</b>	<b>3,541,718,922</b>	<b>3,578,343,144</b>	<b>1.0%</b>	<b>36,624,222</b>
<i>Non-Controlling Interest</i>	<i>944,999</i>	<i>953,892</i>	<i>0.9%</i>	<i>8,893</i>
<i>Equity attributable to Equity Holders of the Company</i>	<i>3,540,773,923</i>	<i>3,577,389,253</i>	<i>1.0%</i>	<i>36,615,330</i>
Paid-in Capital Stock	517,869,032	517,869,032	0.0%	0
Premium in Share Placement	121,280,931	121,280,931	0.0%	0
Contributions for Future Capital Increases	124,628	124,628	0.0%	0
Retained earnings	2,532,746,275	2,702,041,735	6.7%	169,295,460
Reserve for Share Buyback Program	199,543,300	199,543,300	0.0%	0
Income of the year	169,295,460	36,615,329	-78.4%	-132,680,131
<b>Other Comprehensive Income</b>	<b>-85,704</b>	<b>-85,704</b>	<b>0.0%</b>	<b>0</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>5,463,685,823</b>	<b>5,914,591,640</b>	<b>8.3%</b>	<b>450,905,816</b>

Amounts in accordance with IFRS

## Consolidated Income Statements for the three months from Jan 1<sup>st</sup> to March 31<sup>st</sup>, 2018 and 2019 (amount in pesos)

	<u>1Q18</u>	<u>1Q19</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
<b>Revenues</b>	885,961,488	911,896,771	2.9%	25,935,283
Cost of Sales	-577,428,528	-632,151,388	9.5%	-54,722,860
<b>Gross Profit</b>	308,532,960	279,745,383	-9.3%	-28,787,577
Selling and Administrative Expenses	-207,333,440	-186,992,012	-9.8%	20,341,428
Other Operating Expenses	178,049	-4,975,985	-2894.7%	-5,154,034
<b>Operating Income</b>	101,377,569	87,777,386	-13.4%	-13,600,183
Foreign Exchange Gain (loss)	-705,868	-1,294,285	83.4%	-588,417
Interest Expense	-37,301,105	-36,556,609	-2.0%	744,497
Interest Income	2,865,162	1,804,114	-37.0%	-1,061,048
<b>Income before Taxes</b>	66,235,757	51,730,606	-21.9%	-14,505,151
Income Tax Expense	-17,882,047	-15,106,385	-15.5%	2,775,662
<b>Continuous Operations Profit (loss)</b>	48,353,710	36,624,221	-24.3%	-11,729,489
Discontinued Operations Loss	0	0	-	0
<b>Net Income</b>	48,353,710	36,624,221	-24.3%	-11,729,489
Non-Controlling Income	-27,147	-8,892	-67.2%	18,255
<b>Controlling Income</b>	48,326,563	36,615,330	-24.2%	-11,711,233

Amounts in accordance with IFRS

All the financial information presented in this report was prepared in accordance with the International Financial Reporting Standards.



## Analyst Coverage

In accordance with the provisions of BMV internal regulations in article 4.033.01 fracc. VIII regarding maintenance requirements, we inform that the Brokerage House/Credit Institution that provide analyst coverage to our shares is Grupo Bursátil Mexicano S.A. de C.V., Casa de Bolsa.

## About Médica Sur

Médica Sur, S.A.B. de C.V. (BMV: Medica) is a hospital operator and an integrated provider of health care services and related services. The company provides these services through hospitals and laboratories. In Médica Sur, a group of doctors, medical professionals, nurses, hospital administration and operation meet and aims to offer a medical excellence service with human warmth guided by a strict ethic code and backed by medical equipment and infrastructure with cutting-edge technology.

## EBITDA

EBITDA is an indicator used in the financial analysis of the Company that is not recognized in IFRS but that is calculated based on the figures derived from the Company's financial statements. We calculate the EBITDA as the operating income plus depreciation and amortization.

EBITDA is not a financial indicator under IFRS, nor is it an indicator of liquidity or performance, we believe that EBITDA can be useful to facilitate comparisons of operating performance between periods on a combined basis, but other issuers can calculate these metrics differently.

EBITDA should not be interpreted as an alternative to (i) net income as an indicator of the Company's operating performance or (ii) cash flow from operating activities as a measure of the Company's liquidity.

## Forward-Looking Statements

This press release contains certain forward-looking statements about the Company's results and outlook. These statements include, but are not limited to: (i) statements regarding our financial situation and results of operations; (ii) statements regarding our plans, objectives or goals, including statements regarding our activities; and (iii) statements regarding the underlying assumptions on which those statements are based. Statements about the future contain words such as "estimates", "expects", "forecasts", "plans", "predicts", "believe", "could", "should", "possible", "guidance" and other similar words, whether in first or third person, however, are not the only terms used to identify such statements. Such statements are subject to a number of risks, uncertainties and assumptions and we caution you that a number of important factors could cause actual results to differ materially from the objectives, expectations, estimates and intentions expressed in this press release.

That information, as well as future reports issued by the Company or any of its representatives, whether verbally or in writing, may vary materially from actual results. These projections and estimates, which were prepared with reference to a specific date, should not be considered as fact. The Company has no obligation to update or revise any of these projections and estimates, whether as a result of new information, future events, or other associated events.

The information related to the future performance contained in this press release must be read together with the risks included in the section "Risk factors" presented to the CNBV by its initials in Spanish (*Comisión Nacional Bancaria y de Valores*).



MEDICAB

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