

Mexico City, May 25th, 2020 - Médica Sur, S.A.B. of C.V. ("Médica Sur", "MEDICA", "MS" or the Company) (BMV: MEDICAB) reports its unaudited consolidated 1Q20 results. All the financial information presented in this report was prepared in accordance with the International Financial Reporting Standards.

Summary of results 1Q20:

- As of the date of this report, the medical complex and our 112 diagnostic units distributed in six states of our country, continue operating without interruptions despite restrictions marked due to the COVID-19 contingency, since they are considered essential activities.
- The group's revenues for the first quarter of 2020 was \$926.9 million pesos, an increase of \$15.0 million pesos year over year, 1.6% more than the previous year.
- The Operating income also had a favorable performance, reaching \$109.0 million pesos during the 1Q20. An increase of \$21.3 million pesos year over year, 24.2% higher compared to 1Q19. We also had better results in the operating margin, which increased 2.1 bps, from 9.6% to 11.8%
- We also had a positive first quarter EBITDA*, reaching \$190.7 million pesos, \$22.0 million increased compared to the same period of 2019. In addition, the EBITDA margin was optimized as it increased 2.1 bps, from 18.5% to 20.6% during the 1Q20.
- In the same line, Net income had a favorable performance reaching \$49.7 million pesos, an increase of \$13.1 million pesos, 35.6% higher than 1Q19, and the net margin increased 1.3 bps reaching 5.4% as of 1Q20

As a result of the health contingency for the COVID-19 pandemic, Company's 1Q20 results had a minor impact. However, depending on the duration of the pandemic and the measures implemented by federal government, the company may have an impact on sales and results in the coming months, although MEDICA maintains cash on hand to meet its payment obligations for the coming months and does not foresee a liquidity problem, since the nature of the event demands the specialized services of the Company.

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

Unaudited results

	1Q19	1Q20	Change \$	Change %
Revenues	911.9	926.9	15.0	1.6%
Operating Income	87.8	109.0	21.3	24.2%
Operating Margin	9.6%	11.8%		
EBITDA*	168.6	190.7	22.0	13.1%
EBITDA Margin	18.5%	20.6%		
Net Consolidated Income	36.6	49.7	13.1	35.6%
Net Margin	4.0%	5.4%		

Amounts in million pesos

includes rounding effects

* EBITDA 2019 and 2020 = Operating Income plus Depreciation and Amortization, includes effects of IFRS16.

As of the date of issuance of this report, MEDICA is in compliance with all its financial covenants and continues to operate normally, although, with operating volumes that have decreased mainly in the diagnosis areas and elective surgeries.

The company's management continues to analyze the impacts derived from the pandemic and will implement any mitigation measures that is available

For more details on the possible impacts and risks derived from the pandemic, we recommend reading the full report for the first quarter of 2020, published through the official website of the Mexican stock exchange.

Summary of results 1Q20:

• Volumen:

During 1Q20, MEDICA attended 3,128 patients discharged to home, 3.2% lower volume compared to the same period of the previous year, in 1Q19 we treated 3,231 patients.

The average inpatient length of stay of 1Q20 was 3.04 days, it had a marginal increase of 0.7% compared to 1Q19 in which was 3.02 days, mainly due to the fact that COVID-19 related conditions require a longer hospitalization time.

Hospital occupancy was 54.1%, which is equivalent to an average of 104.5 bed days, the occupancy rate decreased 3.1 bps in relation to the first quarter of 2019, in which the occupancy was 57.1%.

MEDICA ended the quarter with 112 diagnostic units with presence in six cities of México.

Hospital achievements 1Q20:

• Hospital conversion:

Médica Sur has dedicated isolated and exclusive facilities to take care for patients with conditions related to COVID-19 in the "Respiratory Intensive Care Unit", with high-quality medical equipment, specialized and dedicated staff for such conditions.

We have contingency response protocols that guarantee the continuity of the processes and care of all our services in the hospital.

We are a safe hospital, we will continue joining efforts to avoid COVID-19 contagion, through isolation and specific areas assigned for this purpose, always in compliance with the standards established by the health Authorities of Mexico and the World Health Organization.



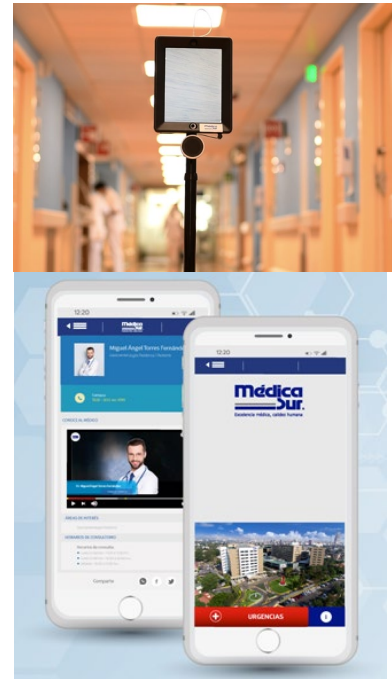
- Digital clinical record and telemedicine**

At the beginning of 2020, Médica Sur launched cutting-edge and innovative projects such as: the electronic clinical record, which today is a competitive advantage that allows doctors to have online access to the records of hospitalized patients through their mobile phones from anywhere.

Additionally, we incorporated telemedicine robots with facial recognition that allow interaction between doctors and patients, reducing the risk of contamination in cases of vulnerable patients or those who are in isolation, facilitating medical interconsultation with other doctors and allowing virtual visits to relatives of the patient.

We also had automated nursing records and processes, this benefits directly the patient, therefore nurses and health professionals can spend more time in the patient's care.

MEDICA's more important goal is the safety of our patients, for this reason, we will continue developing these technologies to extend them to more hospitalization floors and to be able to offer differentiated and unique services in our country and Latin America.



- MEDICA opened the Respiratory Diseases Verification Unit (UVER) for COVID-19:**

It was opened to the public on March 24, in that unit, we offer the detection of COVID-19 test, through the polymerase chain reaction (PCR) detection system, this technique has been approved by the Institute of Diagnosis and Epidemiological Reference (*InDRE*) by its initials in Spanish.

We provide 24/7 care to patients with suspected of COVID-19 in an isolated hospital building.

The UVER provides on-site sample collection, medical evaluation and H1N1 flu virus testing if it is requested by our patients, in complement, we had implemented an Auto Express sampling unit with drive through access in a location outside the hospital complex.



Events after 1Q20

- In April we signed a care agreement with the federal government to treat non- COVID diseases.

Since April 23, 2020, Médica Sur participates in the program called *"Todos juntos contra el COVID"* - all people together against COVID-. Through this agreement, we provide medical attention to patients referred by the Mexican Public Health System integrated by IMSS, ISSTE, INSABI, PEMEX, SEDENA and the Naval medical center.

Some of the diseases included in this program are: pregnancy and postpartum care, normal labor, cesarean sections, appendix diseases, complicated hernias, surgeries related to complicated gastric and duodenal ulcers, endoscopies and cholecystectomies.

The agreement is valid for one month, with the possibility of being extended depending on the duration of the pandemic.

- "Médica Sur in your home", we offer a new service of home care nursing:

At the beginning of May, Médica Sur established a commercial alliance with *Salus Care Solutions*, to provide nursing services at home, an institution that provides premium care for elder adults, babies and patients who require special care and treatment.

In this way, we extend the care and attention to our patients every time they need it, with the quality they deserve.

- We offer new Antibody tests (IGG Quimiolum)

Médica Sur continues to innovate and offer high quality services to its patients. This test qualitatively detects the presence of IGG antibodies against the virus that causes COVID-19.

Unlike the COVID test by PCR technique that diagnoses the presence of the virus at the time of sampling, the IGG test is useful for those patients who no longer have or never had symptoms and want to know if they have been infected in the last 14 days with COVID-19 disease.

A blood sample is required and is currently being sent to the Mayo Clinic in the United States for testing.

The test will be extended soon to all our laboratory branches.



- **LMP operates a temporary hospital unit laboratory installed at the Citibanamex Center.**

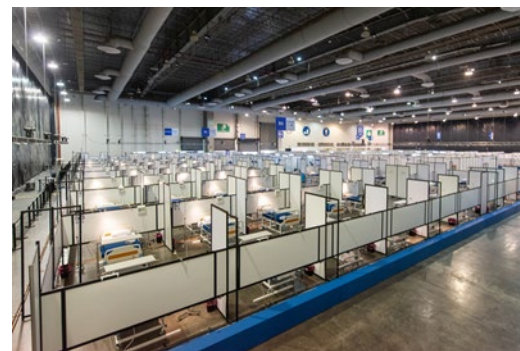
This unit was implemented with the support of companies, foundations, UNAM and the local government of Mexico City.

Since April 29, our subsidiary *Laboratorio Médico Polanco, S.A. de C.V. (LMP)* has an on-site sample collection unit for routine testing of patients in the recovery process by COVID-19.

This temporary unit currently has 243 beds, with possibilities of expansion in two more stages.

In addition to this, LMP enabled a branch converted into the *auto express* model in the city center with the possibility of expanding to more units at the end of May distributed in Mexico City.

In the city of Puebla (one of the biggest cities in Mexico), this model will be implemented through another of our subsidiaries with the *Laboratorios Ruiz* brand, which allows us to take the COVID-19 detection tests to a greater number of patients and to become a supporter in the timely detection of the virus.



Financial summary 4Q19

- **Revenues:**

During 1Q20, the global and national economies were affected by the effects of the health contingency since on March 11, 2020, the World Health Organization declared a pandemic of the infectious disease caused by the SARS-CoV-2 virus. (COVID-19) due to the rapid spread of the virus detected in more than 100 countries.

In Mexico, the first cases were reported on February 27, 2020, and as of March 24, the Ministry of Health reinforced the isolation measures by initiating phase 2 of the contingency ("community dispersion"). As of this date, the Federal Government has implemented various measures to control the spread of COVID-19, including extraordinary actions such as the closing of schools and the suspension of non-essential activities in the most affected regions.

In accordance with the extraordinary measures implemented, health services are considered essential activities, therefore, the hospital complex and the 112 diagnostic units distributed in six states of the republic continue to operate as of the date of issuance of this report.

Total revenues for the first quarter of 2020 were \$ 926.9 million pesos, growing \$ 15.0 million pesos, an increase of 1.6% compare with previous year.

The aforementioned growth is due to higher incomes in the hospitalization segment; driven by the increase in surgical activity, higher admissions in the ER and Critical Units.

The clinical services segment also registered increases, in which the Oncology Center and the Urology service stand out, mainly.

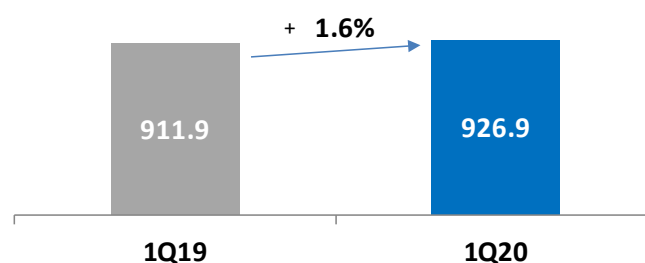
As for the diagnostic business line, there were higher revenues in PET-CT, Angiography and Nuclear Medicine.

The laboratory segment recorded an increase in referral services and sales to hospitals, which were partially offset by a decrease in sales to companies and third parties, derived from the start of Phase 2, which included the closure of non-essential companies as part of the quarantine measures implemented by the Federal Government.

MEDICA had taken advantage of its strengths as a Safe Hospital, its installed capacity and the high protocols it has for the safety of our patients, we are offering new COVID-19 detection and antibody testing services through the group's three laboratory brands, which target different market segments and regions.

In hospitalization, the number of discharged patients was 3,128, it was down -3.2% compared to 1Q19 in which we attended 3,231 patients.

Figures in million pesos



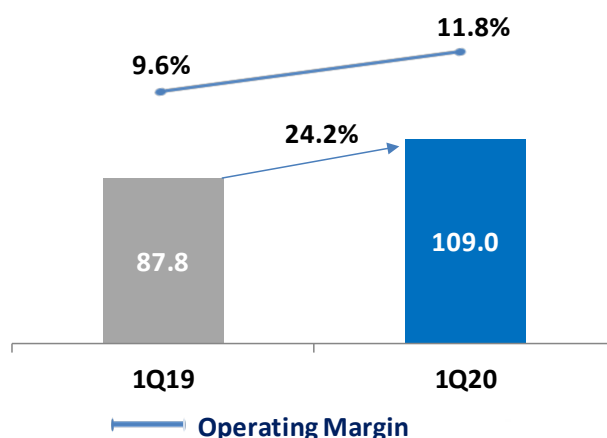
• Operating Income

During 1Q20, MEDICA obtained significant savings, as well as the operating income had a favorable performance, recording \$ 109.0 million pesos during 1Q20.

The improvement in operating income was \$ 21.3 million pesos, 24.2% higher compared to the same period of the previous year, as well as the operating margin improved by 2.1 percentage bps, going from 9.6% to 11.8%.

The savings were due to the significant efforts of cost containment and optimization of labor expenses that the group made in the quarter, we reduced fees expenses and we renegotiate the maintenance prices of medical equipment, mainly.

Figures in million pesos



• EBITDA

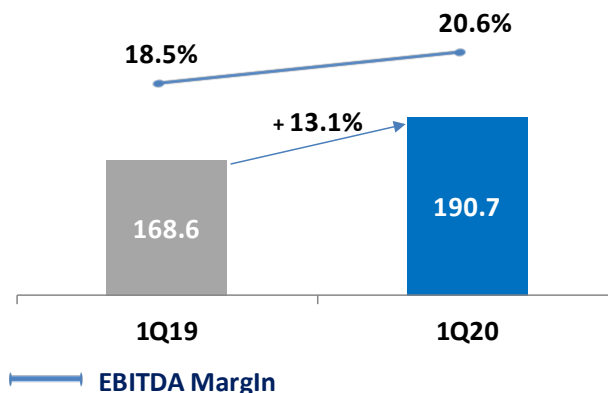
The Earnings before interest, taxes, depreciation and amortization *EBITDA* was positive, it reached \$ 190.7 million pesos in 1Q20, with an increase of \$ 22.0 million compared to 1Q19.

In addition, the EBITDA margin was also optimized as increased 2.1 bps, going from 18.5% to 20.6% during 1Q20.

The improvement in EBITDA is due to the savings described in the Operating Income section.

The 2019 and 2020 figures are comparable, as both include the effect of IFRS 16

Figures in million pesos



EBITDA: Earnings before interest, taxes, depreciation and amortization includes effects of IFRS16

• Comprehensive Financing Cost (CFC)

The 1Q20 CFC was \$ 36.0 million pesos, practically unchanged compared to 1Q19.

MEDICA had favorable effects derived from a higher exchange rate profit, higher interest income, as well as lower interest paid, with respect to the previous year, due to the decrease in reference rates announced by the Central Bank of Mexico.

Those benefits were offset by an accounting effect of \$ 5.0 million pesos corresponding to the amortization of bank fees in the first quarter of 2020, resulting in an unchanged CFC.

• Taxes

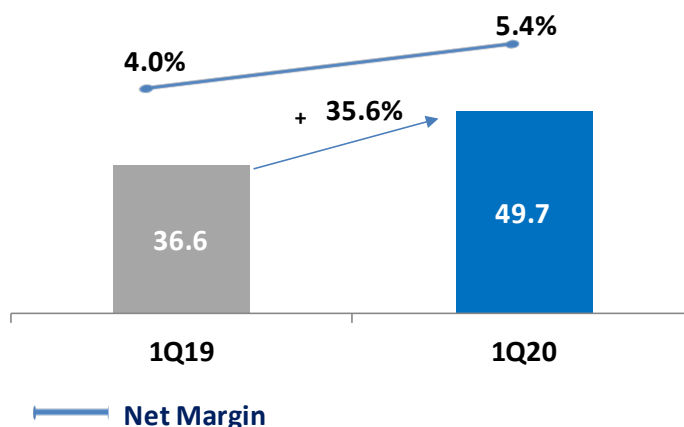
Taxes in 1Q20 were higher compared to 1Q19, since higher profits were obtained in the period, as described above.

• Net Income

At the Net Income level, MEDICA also had favorable results, standing at \$49.7 million pesos, the growth was \$ 13.1 million pesos, 35.6% more than 1Q19, as well as the net margin was 1.3 bps higher closing in 5.4%

The increase in Net Income was due to the savings described in the Operating Income section and to the fact that there were no variations in the aforementioned CFC.

Figures in million pesos



• Debt

At the end of 1Q20, the net debt of MEDICA was \$858.9 million pesos, \$ 11.4 million higher than 1Q19.

The Group's Debt profile in 1Q20 was distributed as explained below:

	1Q19	%	1Q20	%
Fix rate	524.7	46%	484.7	43%
Variable rate	600.0	53%	646.2	57%
Total	\$ 1,124.7		\$ 1,130.8	
Cash	277.2		271.9	
Net debt	\$ 847.5		\$ 858.9	

Regarding the credit agreement covenants, at the end of 1Q20 Médica Sur is in full compliance.

Financial ratios	Contracted obligation	1Q19	1Q20
Total Debt / EBITDA*	< 3.5x	1.9x	1.7x
Net Debt / EBITDA*	< 3.5x	1.6x	1.3x
Interest coverage (EBITDA* / Financial expense)	> 4.0x	4.5x	4.3x

*2019 and 2020 EBITDA includes effects of IFRS16

• Debt events after 1Q20

On April 7, 2020, MEDICA contracted a revolving loan for \$195.0 million pesos for working capital that it maintains in cash to ensure the group's liquidity during the health contingency period.

Financial Annexes (unaudited)

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

Consolidated Statements of Financial Position ended dec 31st 2019 and mar 31st 2020.

	<u>2019</u>	<u>2020</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
Assets	5,791,271,661	5,882,552,025	1.6%	91,280,364
Current assests	956,125,287	1,044,358,631	9.2%	88,233,344
Cash and Cash Equivalents	277,226,393	271,993,748	-1.9%	-5,232,645
Restricted Cash	0	0	-	0
Accounts Receivable	381,114,341	442,582,259	16.1%	61,467,918
Others Net Account Receivable	51,427,825	91,799,135	78.5%	40,371,310
Inventories	102,524,584	94,151,345	-8.2%	-8,373,239
Assets held for sale	143,832,144	143,832,144	0.0%	0
Long Term	0	0	0.0%	0
Accounts and Documents Receivable (Net)	0	0	-	0
Investments in Unconsolidated Subsidiaries and Associated Shares	0	0	-	0
Other Invesments	0	0	-	0
Property, Plant and Equipment (Net)	3,183,706,261	3,157,366,768	-0.8%	-26,339,493
Property	2,813,950,277	2,813,992,690	0.0%	42,413
Industrial Machinery and Equipment	83,688,750	83,708,377	0.0%	19,627
Other Equipment	1,950,051,162	1,947,450,702	-0.1%	-2,600,460
Right-of-use asset	391,907,135	407,349,145	3.9%	15,442,010
Accumulated Depreciation	-2,000,397,086	-2,047,048,220	2.3%	-46,651,134
Accumulated Depreciation Right-of-use asset	-97,813,019	-122,074,897	24.8%	-24,261,878
Constructions in Process	42,319,041	73,988,971	74.8%	31,669,929
Investment properties	79,998,627	78,278,534	-2.2%	-1,720,093
Land	52,165,613	52,165,613	0.0%	0
Buildings	27,833,014	26,112,921	-6.2%	-1,720,093
Intangible Assets	1,571,441,486	1,602,548,091	2.0%	31,106,605
Total Liabilities	2,105,635,025	2,151,712,380	2.2%	46,077,355
Current Liabilities	968,986,134	1,069,968,007	10.4%	100,981,873
Suppliers	241,702,320	258,758,498	7.1%	17,056,178
Short-term Bank Loans	325,511,263	315,479,060	-3.1%	-10,032,203
Short-term securities Loans	0	0	N/A	0
Accrued interest and commission	0	0	N/A	0
Income tax payable	89,783,947	155,299,262	73.0%	65,515,316
Other Current Liabilities	213,924,349	270,773,021	26.6%	56,848,672
Short-term lease liability	98,064,256	69,658,166	-29.0%	-28,406,090
Long-term Liabilities	1,136,648,891	1,081,744,373	-4.8%	-54,904,518
Bank Loans	898,017,155	820,524,667	-8.6%	-77,492,488
Accrued Interest	0	0	N/A	0
Other Credits	27,580,255	28,130,241	2.0%	549,987
Long-term lease liability	211,051,482	233,089,465	10.4%	22,037,983
Deferred Income Taxes	0	0	N/A	0
Other Liabilities	0	0	N/A	0
Stockholders Equity	3,685,636,636	3,730,839,643	1.2%	45,203,008
Non-Controlling Interest	960,897	967,529	0.7%	6,632
Equity attributable to Equity Holders of the Company	3,684,675,738	3,729,872,114	1.2%	45,196,375
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	2,702,041,740	2,851,926,667	5.5%	149,884,928
Reserve for Share Buyback Program	197,488,662	193,016,393	-2.3%	-4,472,269
Income of the year	149,884,925	49,668,641	-66.9%	-100,216,284
Other Comprehensive Income	-4,014,180	-4,014,180	0.0%	0
Total Liabilities and Shareholders Equity	5,791,271,661	5,882,552,023	1.6%	91,280,363

Amounts in accordance with IFRS

Consolidated Income Statements for the three months from jan 1st to march 31st, 2019 and 2020 (amount in pesos)

	<u>1Q19</u>	<u>1Q20</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
Revenues	911,896,772	926,905,428	1.6%	15,008,656
Cost of Sales	-632,151,390	-634,596,033	0.4%	-2,444,643
Gross Profit	279,745,381	292,309,395	4.5%	12,564,013
Selling and Administrative Expenses	-186,992,011	-172,623,452	-7.7%	14,368,559
Other Operating Expenses	-4,975,985	-10,638,999	113.8%	-5,663,014
Operating Income	87,777,385	109,046,944	24.2%	21,269,558
Foreign Exchange Gain (loss)	-1,294,285	2,782,485	-315.0%	4,076,770
Interest Expense	-36,556,609	-41,069,343	12.3%	-4,512,734
Interest Income	1,804,114	2,250,694	24.8%	446,580
Income before Taxes	51,730,605	73,010,779	41.1%	21,280,174
Income Tax Expense	-15,106,385	-23,335,508	54.5%	-8,229,123
Continuous Operations Profit (loss)	36,624,221	49,675,271	35.6%	13,051,050
Discontinued Operations Loss	0	0	-	0
Net Income	36,624,221	49,675,271	35.6%	13,051,050
Non-Controlling Income	-8,892	-6,630	-25.4%	2,262
Controlling Income	36,615,329	49,668,641	35.6%	13,053,312

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* and *Miranda Global Research* as independent analyst.

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.

For the 2019 and 2020 figures; EBITDA Includes the effects of the IFRS16 lease accounting standard.

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*).



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