

Mexico City, July 26th, 2019 - Médica Sur, S.A.B. of C.V. (BMV: MEDICAB) reports its unaudited results corresponding to the second quarter of 2019 (1Q19). This information has been presented based on International Financial Reporting Standards (IFRS).

2Q19 Highlights

- **Volume:**

By the end of 2Q19, the number of patients discharge to home increased 4.3% compared with 2Q18.

The average inpatient length of stay went from 3.04 to 2.90 days, which indicates that our patient's recovery was faster by 4.60%. this combination of more patients discharged to home, but with less inpatient length of stay, results in a reduction of -0.2% in hospital occupancy at 56.7%, which is equivalent to 107.7 average bed days.

- **Clinical indicators:**

Médica Sur continues to provide services with excellent indicators in hospital activity, such as: more than 90% of hand hygiene, less than 1% in the rate of nosocomial infections and less than 1% for surgical site infections, among others, which levels are very competitive even than the international standards themselves.

- **Financial results**

Consolidated revenues in 2Q19 increased 3.1%, reaching \$ 938.3 million pesos, mainly driven by increased hospital and surgical activity, as well as higher revenues in clinical services and diagnostic areas.

During 2Q19; the Hospital had better results due to savings in maintenance of medical equipment (derived from the update that was carried out in previous months in the hospital); as well as for a better collection.

The aforementioned savings were partially offset by higher expenses in property taxes, electricity and advertising; as well as expenses in the Diagnosis business related to higher labor costs and maintenance of medical equipment compared to 2Q18.

EBITDA * in 2Q19 increased \$ 39.8 million pesos from \$ 163.9 to \$ 203.7 million pesos, which represented a growth of 24.3% and a Margin of 21.7%, that is, an improvement of 3.70%. It should be noted that EBITDA for the period is benefited by the effects of the IFRS16 lease accounting standard.

The Net Debt / EBITDA Ratio * in 2Q19 was 1.7 times, while the EBITDA * / Financial Expense Ratio was 4.3 times in compliance with our obligations.

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

	2Q18	2Q19	Change \$	Change %
Revenues	910.1	938.3	28.2	3.1%
Operating Income	108.5	120.0	11.5	10.6%
Operating Margin	11.9%	12.8%		
EBITDA ¹⁾	163.9	203.7	39.8	24.3%
EBITDA Margin	18.0%	21.7%		
Net Consolidated Income	51.0	40.9	-10.0	-19.7%
Net Margin	5.6%	4.4%		

Amounts in million of pesos

¹⁾ EBITDA = Operating Income plus Depreciation and Amortization,
2Q19 reflects the effects of IFRS16.

Hospital Achievements 2Q19

Innovation:

At the end of 2Q19, Médica Sur incorporated intelligent rooms equipped with the voice command assistant "Alexa®" for patient comfort and safety that will be extended to an entire hospital floor shortly.

In this first stage, patients can have control over the lighting of the room, television, add reminders, listen to audiobooks; as well as play music through Amazon Music®, and it is also possible to access internet content and videos with the Echo Spot® device. Towards the future, the assistant may be of help in monitoring the patient and assisting in the quality processes and hospital standards.

In this way, Médica Sur becomes a pioneer in Mexico in incorporating technologies of continuous interaction with the user, which, combined with the best clinical care, results in direct benefits for our patients and brings us closer to the new generations.



®"Alexa", "Amazon Music" and "Echo Spot" are trademarks of Amazon.

Social responsibility:

In May and for the second year in a row, the Foundation of Médica Sur “*Fundación Clínica Médica Sur*”, together with the *Mission: BRAIN Foundation*, supported two surgical interventions to be carried out for patients with brain tumors: a 1 year 5-month-old child and a woman 34 years old.



MISSION: BRAIN
FOUNDATION

Mission: BRAIN is a non-profit organization whose mission is to provide high complexity neurosurgery to low-income patients in various countries, in addition to training groups of doctors and residents in the latest advances and neurosurgical techniques.

Fundación Clínica Médica Sur, has more than 25 years of experience contributing to scientific research, medical education and assistance to vulnerable groups for the improvement of the health of Mexicans, especially thanks the collaboration of each of the surgeons, doctors and Nursing staff, who made this support possible.

**médica
sur**
Fundación Clínica

These two neurosurgeries are another example of the joint work, knowledge sharing and social commitment of these two great allied foundations. We will continue to focus our work and efforts to develop initiatives that build bridges towards improving the health and well-being of those who need it most.

Relevant events 2Q19

On May 2, 2019, Médica Sur informed investors that it reimbursed *Grupo Sordo Madaleno* \$ 214.5 million pesos corresponding to the guarantee deposit related to the sale of a fraction of 25,347m2 (the “GSM Unit”) of the property adjacent to the hospital campus (the “Operation”), located at 29 Puente de Piedra, Toriello Guerra Neighborhood, Zip Code 14050, Tlalpan, in Mexico City.

The reimbursed amount includes the guaranteed deposit plus \$ 14.5 million pesos corresponding to the interest generated at a rate equivalent to 28-day Treasury Bonds (*CETES*).

The operation was not carried out, since it was subject to the fulfillment of certain suspensive conditions, among which, the granting of an Acting Polygon by the authorities of Mexico City for the development of the Property, without said condition being fulfilled in the agreed times, without any responsibility for Médica Sur and / or GSM.

MS is currently evaluating other options to develop this property, once the new project has been defined it will be announced to investors.

Financial Summary 2Q19

Revenues

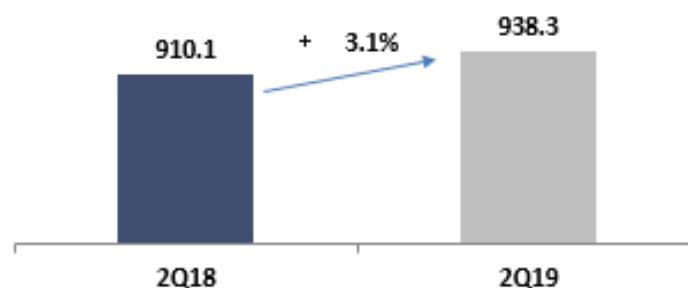
During 2Q19, a slower pace was observed in the Mexican economy and GDP growth forecasts; which is reflected in lower consumption and a decrease in the purchasing power of patients.

However, at the end of 2Q19 the number of patients discharged to home increased 4.3% compared to the same period of the previous year reaching 3,376 patients and the hospital occupancy is maintained at 107.7 average beds per day of a total of 190 censable beds.

Regarding the clinical services and diagnostic areas, a lower volume was observed in the number of patients attended and studies carried out in comparison with 2Q18, as well as in the Emergency Department.

Overall, consolidated revenues in 2Q19 increased \$ 28.2 million pesos, 3.1% compared to 2Q18, reaching 938.3 million pesos, mainly driven by higher sales in the hospital, critical and surgical areas; as well as higher revenues in clinical services and diagnostic areas where sales of the Radiotherapy Unit, the Integral Oncology Center and the *CIDyT* (Integral Center for Diagnosis and Treatment) stand out.

Figures in million pesos



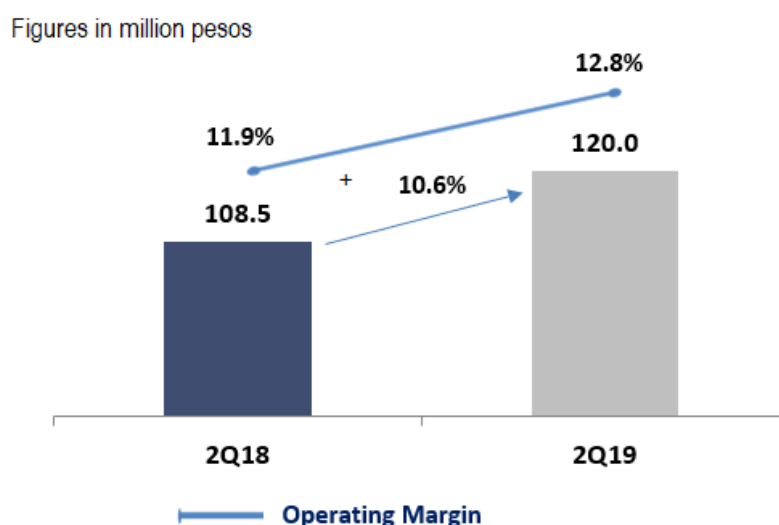
Operating Income in 2Q19 grew 10.6% compared to the same period of the previous year reaching \$ 120.0 million pesos, the increase was due to the higher income described in the previous paragraph and the important savings efforts that Médica Sur has implemented in order to have more efficient operations and make medicine more accessible to our patients.

The most relevant savings were in the hospital in relation to: the maintenance of medical equipment, an improvement in collection; as well as the favorable effects of the restructuring of the administrative personnel carried out at the end of 2018, which for the 2Q19 represented savings greater than \$ 4.0 million pesos in the payroll of the Hospital.

During 2Q19 there were higher expenses in property tax, electricity and advertising.

In the Diagnosis business, there was a greater expense in equipment maintenance and increases in the cost of personnel derived from the openings in the branches in Mérida and Cancun made at the end of 2018.

Meanwhile, the operating margin increased from 11.9% to 12.8%



EBITDA * (Operating income plus depreciation and amortization) in 2Q19 increased 24.3% compared to 2Q18, reached \$ 203.7 million pesos

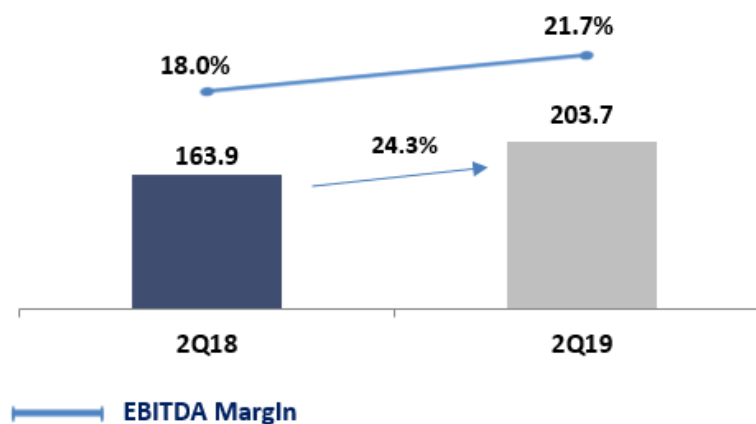
The improvement in EBITDA is due to the increase in income mentioned above and to the savings described in the Operating Income section, which, together with the changes in accounting standards derived from the implementation of the IFRS16 accounting standard regarding the recognition of leases; benefiting mainly the diagnostic business, which was able to compensate for the higher expense mentioned in the Operating profit section.

It should be noted that the company's 2Q19 EBITDA is benefited by the effects of the IFRS16 accounting standard for a total amount of \$ 25.4 million pesos.

EBITDA Margin * increased from 18.0% in 2Q18 to 21.7% in 2Q19.

* EBITDA for 2Q19 contains the effects of IFRS 16

Figures in million pesos



The Comprehensive Financing Cost (CIF) increased from \$ 32.8 in 2Q18 to \$ 53.6 million pesos in 2Q19.

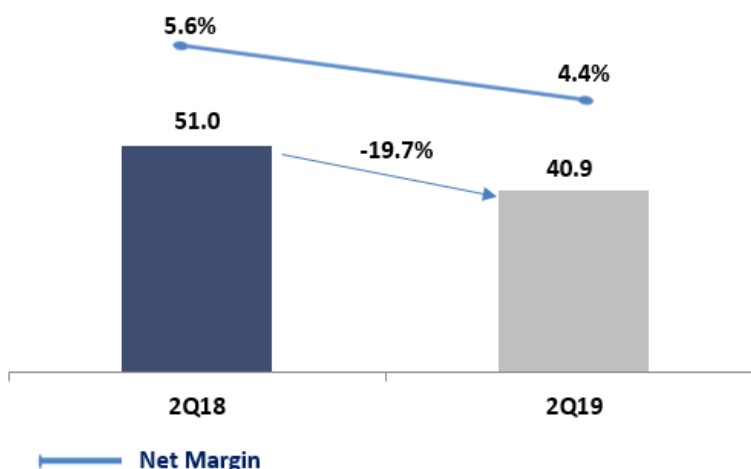
The increase of \$ 20.8 million pesos was mainly due to the payment of extraordinary interest related to the reimbursement of the guarantee deposit to GSM, lower interest earned, as well as the incorporation of the effects of the IFRS16 accounting norm related to the interest of the lease liability.

Although there were savings related to the refinancing of the debt made in 2Q18; they were partially offset by the revolving credit contracted in 2Q19 described in the “Debt” section and the higher interest expenses mentioned above.

Net Income in the second quarter of 2019 reached \$ 40.9 million pesos, decreased 19.7% compared to 2Q18 * mainly due to the higher expenses in the Diagnostic units described above and the unfavorable impact on the Comprehensive Financing Cost of reimbursement to GSM

The 2Q19 Net Margin was 4.4%.

Figures in million pesos



Debt

At the end of 2Q19, the company's debt was \$ 1,224.3 million pesos, a 4.1% lower figure compared to the same period in 2018 where it was \$ 1,277.1 million.

In the month of May 2019, Médica Sur obtained a revolving chirographic credit for \$ 100.0 million pesos, therefore, the Group's Debt profile in 2Q19 is distributed as explained below:

	Debt	%
Fixed rate	524.3	43%
Variable rate	700.0	57%
Total	\$1,224.3	

Regarding the credit agreements covenants, at the end of 2Q19 Médica Sur is in full compliance with them.

Financial Ratios

	Contracted obligation	2Q18	2Q19
Total Debt/EBITDA*	< 3.5x	1.8x	1.9x
Net Debt/EBITDA*	< 3.5x	1.4x	1.7x
Total Liabilities/Stockholders' Equity		0.5x	0.6x
Interest Coverage (EBITDA*/Financial Expense)	> 4.0x	4.8x	4.3x
Liquidity (Current Assets / Current Liabilities)		1.4x	0.9x

* EBITDA: Operating Income plus Depreciation and Amortization, 2Q19 reflects IFRS16 effects.

Financial Annexes (unaudited)

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

Consolidated Statements of Financial Position ended dic 31st 2018 and June 30th 2019
(amount in pesos)

	2018	2019	Change % YoY	Change \$ YoY
Assets	5,463,685,826	5,847,867,888	7.0%	384,182,062
<i>Current assets</i>	<i>1,050,455,748</i>	<i>790,407,287</i>	<i>-24.8%</i>	<i>-260,048,461</i>
Cash and Cash Equivalents	171,365,989	185,397,486	8.2%	14,031,496
Restricted Cash	0	0	-	0
Accounts Receivable	343,175,829	403,483,173	17.6%	60,307,344
Others Net Account Receivable	103,329,669	122,557,974	18.6%	19,228,304
Inventories	102,451,193	78,968,654	-22.9%	-23,482,538
Assets held for sale	330,133,067	0	-	-330,133,067
<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>3,102,870,884</i>	<i>11.5%</i>	<i>319,676,713</i>
Property	2,656,286,227	2,701,455,848	1.7%	45,169,620
Industrial Machinery and Equipment	81,107,624	81,754,850	0.8%	647,226
Other Equipment	1,969,029,260	2,032,985,314	3.2%	63,956,053
Right-of-use asset	0	371,196,468	N/A	371,196,468
Accumulated Depreciation	-1,977,880,617	-2,061,435,292	4.2%	-83,554,675
Accumulated Depreciation Right-of-use asset	0	-49,642,606	N/A	-49,642,606
Constructions in Process	54,651,676	26,556,302	-51.4%	-28,095,374
<i>Investment properties</i>	<i>82,956,992</i>	<i>409,668,961</i>	<i>393.8%</i>	<i>326,711,969</i>
Land	52,165,613	382,298,680	632.9%	330,133,067
Buildings	30,791,379	27,370,281	-11.1%	-3,421,098
<i>Intangible Assets</i>	<i>1,547,078,915</i>	<i>1,544,920,756</i>	<i>-0.1%</i>	<i>-2,158,159</i>
Total Liabilities	1,921,966,902	2,228,595,912	16.0%	306,629,011
<i>Current Liabilities</i>	<i>764,471,618</i>	<i>876,927,463</i>	<i>14.7%</i>	<i>112,455,844</i>
Suppliers	217,223,170	220,641,192	1.6%	3,418,022
Short-term Bank Loans	32,000,878	230,468,762	620.2%	198,467,884
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	146,573,151	36.6%	39,303,687
Other Current Liabilities	401,708,254	261,411,172	-34.9%	-140,297,082
Short-term lease liability	0	17,833,186	N/A	17,833,186
<i>Long-term Liabilities</i>	<i>1,132,797,445</i>	<i>1,350,124,245</i>	<i>19.2%</i>	<i>217,326,800</i>
Bank Loans	1,087,932,457	994,453,779	-8.6%	-93,478,678
Accrued Interest	0	0	N/A	0
Other Credits	44,864,988	46,404,000	3.4%	1,539,012
Long-term lease liability	0	309,266,466	N/A	309,266,466
Deferred Income Taxes	24,697,839	1,544,205	-93.7%	-23,153,634
Other Liabilities	0	0	N/A	0
<i>Stockholders Equity</i>	<i>3,541,718,922</i>	<i>3,619,271,953</i>	<i>2.2%</i>	<i>77,553,032</i>
<i>Non-Controlling Interest</i>	<i>944,999</i>	<i>958,758</i>	<i>1.5%</i>	<i>13,759</i>
<i>Equity attributable to Equity Holders of the Company</i>	<i>3,540,773,923</i>	<i>3,618,313,195</i>	<i>2.2%</i>	<i>77,539,272</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	2,702,041,736	6.7%	169,295,461
Reserve for Share Buyback Program	199,543,300	199,543,300	0.0%	0
Income of the year	169,295,460	77,539,271	-54.2%	-91,756,189
Other Comprehensive Income	-85,704	-85,704	0.0%	0
Total Liabilities and Shareholders Equity	5,463,685,823	5,847,867,866	7.0%	384,182,042

Amounts in accordance with IFRS

Consolidated Income Statements for the three months from Apr 1st to June 30th, 2018 and 2019 (amount in pesos)

	<u>2Q18</u>	<u>2Q19</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
Revenues	910,104,559	938,346,523	3.1%	28,241,964
Cost of Sales	-629,744,124	-644,962,906	2.4%	-15,218,782
Gross Profit	280,360,435	293,383,618	4.6%	13,023,182
Selling and Administrative Expenses	-165,311,632	-170,556,070	3.2%	-5,244,438
Other Operating Expenses	-6,576,412	-2,810,885	-57.3%	3,765,527
Operating Income	108,472,391	120,016,662	10.6%	11,544,271
Foreign Exchange Gain (loss)	2,522,235	-2,535,487	-200.5%	-5,057,721
Interest Expense	-38,162,845	-52,797,925	38.3%	-14,635,080
Interest Income	2,881,797	1,735,985	-39.8%	-1,145,812
Income before Taxes	75,713,579	66,419,236	-12.3%	-9,294,343
Income Tax Expense	-24,755,479	-25,490,424	3.0%	-734,946
Continuous Operations Profit (loss)	50,958,100	40,928,811	-19.7%	-10,029,288
Discontinued Operations Loss	0	0	-	0
Net Income	50,958,100	40,928,811	-19.7%	-10,029,288
Non-Controlling Income	-26,600	-4,873	-81.7%	21,727
Controlling Income	50,931,500	40,923,938	-19.6%	-10,007,562

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.

For the 2019 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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