

Mexico City, **October 27**, 2020, MEDICA, S.A.B. de C.V. ("Medica Sur", "MÉDICA", "MS", the "Company") (BMV quotation code: MEDICAB) reports its unaudited results for the third quarter of 2020 (3Q20). This information is presented in accordance with International Financial Reporting Standards (*IFRS*).

Main results 3Q20:

- 3Q20 was very challenging due to the global pandemic outbreak of SARS-CoV-2 virus (COVID-19). During this period, Mexico City remained at orange traffic light, where some economic activities were gradually incorporated with restrictions, increasing mobility and the demand for our medical services.
- Facing this new reality, Médica Sur remained focused on providing a comprehensive response to our patients, medical staff and personnel:

- 1 Assessment of Respiratory Emergencies
- 2 Safe Ambulatory Surgery Packages (CAS, by its initials in Spanish)
- 3 Safe Hospital
- 4 Consolidation of Digital Hospital Medica Sur
- 5 Exclusive COVID-19 areas
- 6 Continuity of the specialized services strategies to address COVID-19 (COVID-19 Laboratory, COVID-19 sampling units)
- 7 Issue of MEDICA20 Notes

- The group results: 3Q20 revenues amounted to \$1,233.8 million MXN, increasing by 32.8% compared to the same period in the previous year.

It should be noted that, at cumulative level as at September, the Company's income had a positive impact, increasing by 7.9% compared to the same period in 2019.

- Operating income in 3Q20 was \$297.5 million MXN, increased by 250.0% compared to 3Q19. The operating margin was 24.1%.

At cumulative level, the operating margin reached 16.6%, and the accumulated Operating Income as at September 2020 had an important increase by 69.5% compared to 2019.

- EBITDA * for 3Q20 was \$377.7 million MXN, increased by 107.9% compared to 3Q19. With an EBITDA margin of 30.6%.

At cumulative level, the margin in 2020 improves compared to 2019, and EBITDA has a positive impact of 33.8% compared to the previous year.

- The net income of the Group had favorable results in the third quarter, reaching \$181.5 million MXN, increasing by 638.1% compared to 3Q19. The net margin was higher by 12.1 percentage points, closing at 14.7% in 3Q20.

At cumulative level, Grupo Médica Sur has very favorable results in net income, which amounted to \$173.1 million MXN above the results of 2019, a figure higher by 169.5%, and recorded an improvement in the net margin that passed from 3.7% to 9.2%

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

	2Q19	2Q20	Change \$	Change %	2019	2020	Change \$	Change %
Revenues	929.1	1233.8	304.7	32.8%	2779.4	2998.7	219.3	7.9%
Operating Income	85.0	297.5	212.5	250.0%	292.8	496.3	203.5	69.5%
Operating Margin	9.1%	24.1%			10.5%	16.6%		
EBITDA *	181.6	377.7	196.0	107.9%	554.0	741.3	187.3	33.8%
EBITDA Margin	19.5%	30.6%			19.9%	24.7%		
Net Consolidated Income	24.6	181.5	157.0	638.1%	102.1	275.3	173.1	169.5%
Net Margin	2.6%	14.7%			3.7%	9.2%		

Amounts in million pesos. includes the effects of rounding

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

- Due to the health contingency, the Issuer's 3Q20 results were positively impacted throughout the period, derived from the sales diversification actions and important decisions regarding implemented cost and expense containment, as well as important effort to keep our facilities safe, staff training in contagion prevention measures and efficient isolation processes for COVID and Non-COVID patients care.
- As of the date of issuance hereof, MEDICA is in compliance with all its financial obligations and continues operating normally, although the operating volumes in some areas, mainly in the areas of diagnosis and elective surgeries, have decreased. MEDICA has had a good cash generation to meet its payment obligations for the coming months.

For more details on the possible impacts and risks derived from the pandemic, see the full quarterly report for 3Q20 published through the official website of the Mexican Stock Exchange www.bmv.com.mx

Relevant data 3Q20:

Volume:

During 3Q20, MEDICA had the trust and confidence of 2,914 patients discharged from hospital, 8.1% less compared to the same period of the previous year, in which we treated 3,172 patients. The decrease in the volume of patients was mainly due to the effects of the pandemic and mobility restrictions, mostly affecting the services of diagnostic and elective surgeries.

The mean stays of patients hospitalized in conditions unrelated to COVID-19 slightly increased during 3Q20 with 3.54 days, 8.3% compared to 3.27 days in 3Q19.

In case of patients with COVID-19 related conditions, the average stay of non-critical COVID patients reached 6.7 days, and those in critical COVID areas reached 13.3 days, since they require a longer hospitalization time.

There was an average of 121 bed days in hospitalization, 23.5% more compared to 3Q19, in which the average was 98 bed days, derived from the longer stay of patients in COVID areas.

The group closed the third quarter with 111 diagnostic units with a presence in six states of the Mexican Republic, 22 of which operate for COVID-19 detection in four states where the issuer has presence.

Hospital 3Q20 achievements:

1 Assessment of Respiratory Emergencies

An annexed Emergency Area was opened in the end of August, whose main objective is to carry out **Respiratory Assessments** in a High Security environment for all the users, such as: exclusive, controlled and safe access, security protocols of patient-by-patient isolation for the protection of all of our patients.



2 Safe Ambulatory Surgery Packages (CAS, by its initials in Spanish)

Médica Sur is committed to providing the best care to its patients, offering a new option through Safe Outpatient Surgeries "**CAS**" as of the third quarter, procedures with the same quality, but reducing the time the patient stays in the Hospital, allowing them to return quickly to their family environment, at a preferential price. These procedures are provided for different specialties treated in the Short Stay Surgery Unit, an independent unit of our Hospital building.



3 Safe Hospital

Médica Sur is a safe hospital, our accessible services continue to operate with the same installed capacity and infrastructure, security processes and infection control in strict adherence to medical care and good practice within our hospital.

We continue maintaining maximum prevention and hygiene measures for patients and visitors in all our facilities and office towers, such as: sanitary fences, disinfection, access control, circulation flows, among others.



4 Consolidation of My Digital Hospital Médica Sur

Consolidation of **Mi Digital Hospital Médica Sur** through the **Medical Sur Store** where a series of digital services is offered through our platform, allowing interaction between doctors and patients, maintaining the highest standards of hospital quality at all times. Since its launch in June, different services have been incorporated to benefit our patients and so they would not neglect their treatment, such as: Digital Medical Consultation, payment for online diagnostic studies and Checkup "Return to the company", preparing us to have more services available to our patients.



5 Exclusive COVID-19 areas:

We continue with our exclusive areas for patients in critical and non-critical condition with a diagnosis of COVID-19 in hospitalization floors, Emergency, Intensive Therapy and Coronary Care, totally isolated and safe and under standardized and safe processes for medical care.

Since the implementation of the health emergency measures and until June 2020, we have treated over 600 patients hospitalized in this condition.

6 Laboratory, COVID Service Center

Our Autoexpress service continues collecting COVID detection samples outside the campus for the comfort and safety of our patients, as well as online payment to reduce contact and optimize patient time.

During 3Q20, our Autoexpress Branch in Cuernavaca and the Branch in Lomas de Virreyes were enabled to carry out Covid testing.

7 Units for COVID-19: "Drive Thru", in branch and domiciled

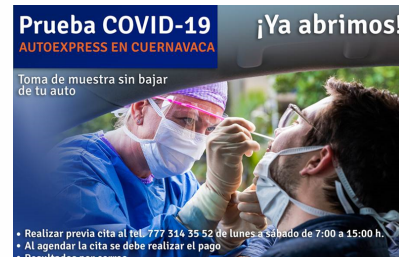
COVID detection samples continue to be processed using the polymerase chain reaction (PCR) technique at two of four Process Centers of the Group. During the emergency health measures, Grupo Médica Sur has processed over 90 COVID-19 detection tests by PCR.

In addition, during 3Q20 we continued implementing the strategy of reconversion of the laboratory units in the following ways: 5 *Drive Thru* units, 10 within the branch and 4 with domiciled delivery in four states.

Our subsidiary Laboratorio Médico Polanco, S.A de C.V continues to operate a sample collection within the temporary COVID hospital unit installed in the Citibanamex Center.

600+

*COVID patients
treated in
hospitalization*



90 k+

*COVID-19
Screening Tests*



7 Issue of MEDICA20 Notes

MEDICA issued the Long-Term Notes (“Cebures” or the “Notes”), with the ticker symbol MEDICA 20, for a total amount of \$1,000 million MXN, which had an over-demand by 2.26 times.

The issue was carried out at a fixed rate using the interpolated yield of MBONO 24 and MBONO26 + 195 base points and has a coupon of 6.99% per year, with interest payments every 182 days and maturity on September 17, 2025.

The purpose of this issue was to obtain resources to refinance the existing liabilities of Médica Sur, as well as to improve the amortization schedule of the Company.

They were placed under a Notes program for a total amount of up to \$3,000 million MXN and has credit ratings HR AA by HR Ratings and AA-(mex) by Fitch Ratings.

With this Bond, Médica Sur strengthens its financial structure and continues implementing the strategy of providing the best health solutions in the Mexican market.

Contacts:



Médica Sur
Excelencia médica, calidez humana

Se complace en anunciar la exitosa colocación de Certificados Bursátiles.

Clave de Pizarra: **MEDICA20**
 Importe: \$1,000,000,000 M.N.
 Plazo: 5 años
 Tasa Fija: 6.99% anual

INTERMEDIARIOS COLOCADORES:

GBM  **HSBC**

GRAHAM
INVERSIÓN

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3Q20 Financial Summary

●Income

Regarding the results of the third quarter of 2020, a significant recovery was observed compared to 2T20.

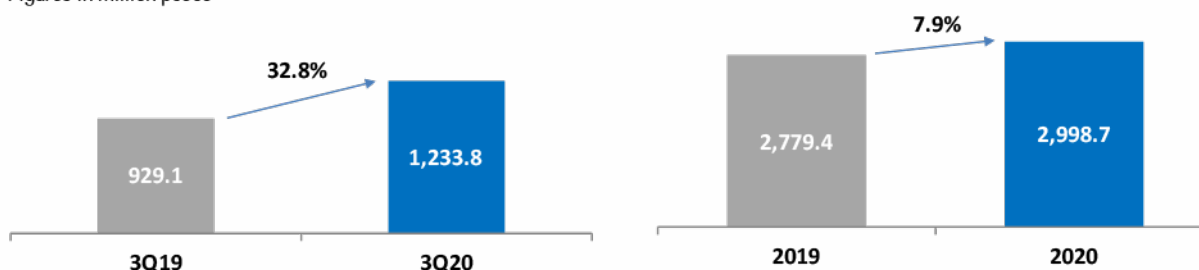
Group revenues corresponding to 3Q20 were located at \$1,233.8 million MXN increasing by 32.8% compared to 3Q19, mainly explained by a greater number of hospitalized patients with COVID-19 conditions. During the contingency period, we have treated over 698 patients hospitalized for COVID-19.

Favorable results were observed in the Diagnostic Laboratories segment, since the effects of the pandemic require specialized services of the Company, while higher revenues were observed in the Médica Sur internal laboratory, the COVID sampling units of the three brands, higher sales to reference clients, and a greater number of samples were processed in hospital care.

During 3Q20, an increase in the income of the Comprehensive Oncology Center compared to 3Q19 for Non-COVID patients, which is associated with chronic diseases care, lower surgical activity for patients with elective surgeries and lower demand for diagnostic services.

At a cumulative level, revenues amounted to \$2,998.7 million MXN, representing an increase by 7.9% in revenues compared to the same period of 2019.

Figures in million pesos



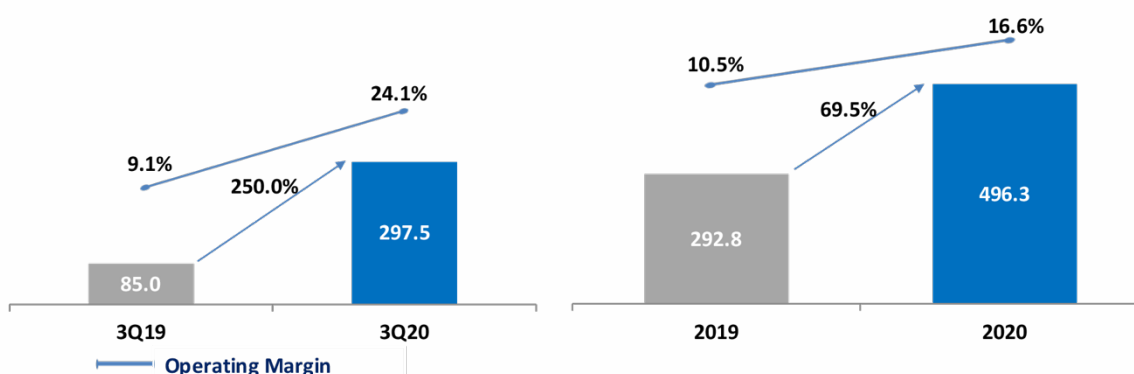
● Operating profit

During 3Q20, MEDICA obtained savings due to the reduction of various indirect expenses, resulting from a containment of costs and expenses and negotiation of obligations, mainly in installments and subscriptions, advertising expenses and various maintenance. Despite the increase in medicines and materials.

At the end of 3Q20, Operating Income amounted to \$297.5 million MXN, 250.0% higher than in 3Q19, due to the previously described conditions, increasing the operating margin by 15.0 percentage points.

At cumulative level, the Operating Income amounted to \$496.3 million MXN, increasing by 69.5% compared to the same period of the previous year, placing the accumulated operating margin, from 10.5% in 2019 to 16.6% in 2020.

Figures in million pesos



● EBITDA

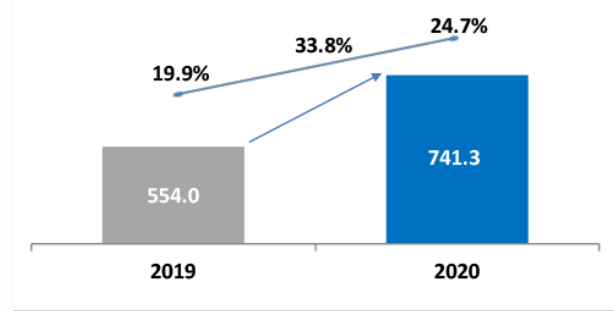
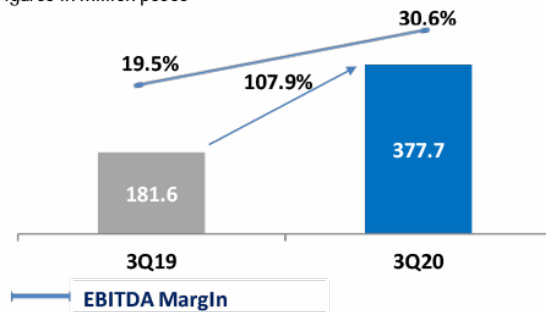
The Group's Operating Income plus depreciation and amortization "EBITDA" amounted to \$377.7 million MXN in 3Q20, increasing by 107.9% compared to 3Q19, due to the conditions described in the Operating Income section. At cumulative level, EBITDA amounted to \$741.3 million MXN, increasing by 33.8% compared to the same period of the previous year.

The EBITDA margin increased from 19.5% to 30.6% at the end of 3Q20. At cumulative level, the margin improved by 4.8 percentage points, reaching 24.7% for 2020.

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

- **Comprehensive Financing Cost (CIF, by its initials in Spanish)**

Figures in million pesos



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

The CIF for 3Q20 amounted to \$45.4 million MXN, with an unfavorable effect of \$12.7 million MXN compared to 3Q19.

The difference is due to the fact that in 3Q20 the prepayment cost related to the financings covered with the MEDICA20 issue was covered at a lower weighted cost than previously.

- **Taxes**

Taxes in 3Q20 were higher compared to 3Q19, due to greater profit obtained in the period, as previously described.

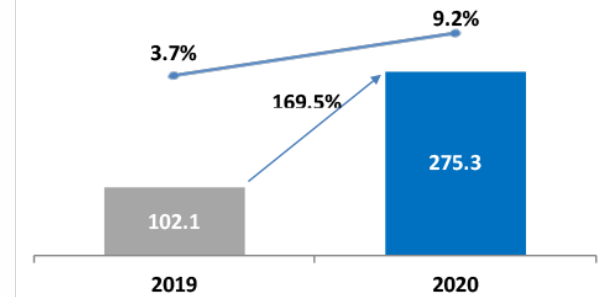
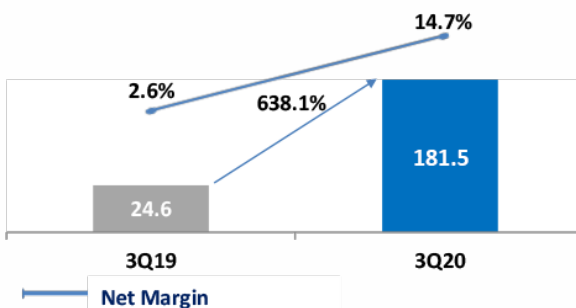
- **Net profit**

At the Net Income level, the group had very favorable results, reaching \$181.5 million MXN, with the growth by \$157.0 million MXN, 638.1% more than 3Q19, as well as the net margin was higher by 12.1 percentage points closing at 14.7% in 3Q20.

The improvement in net income was due to the good operating result for the quarter.

- **Debt**

Figures in million pesos



For 3Q20, the issuance of long-term notes with ticker symbol MEDICA 20 for an amount of \$1,000 million MXN was successfully carried out. The issuance was carried out at a fixed rate using the interpolated yield of MBONO 24 and MBONO26 + 195 base points and has a coupon of 6.99% per year, with interest payments every 182 days and maturity on September 17, 2025. This issue has credit ratings HR AA by HR Ratings and AA-(mex) by Fitch Ratings.

The purpose of this issuance was to obtain resources to refinance existing liabilities.

- **Repurchase Fund**

During 3Q20, the following repurchase fund operations were carried out for a total of \$27.1 million MXN:

Number of Shares	Price per Share (\$)	Total Re- purchase (\$)
89	15.05	1,339
15,000	15.11	226,650
10,000	15.15	151,500
3	15.25	46
10	15.35	154
10	15.49	155
7	15.50	109
750,000	16.00	12,000,000
15	19.92	299
49,985	20.00	999,700
475,000	21.00	9,975,000
193	20.00	3,860
500	20.30	10,150
202	19.74	3,987
45	19.95	898
19,834	20.00	396,680
29,292	21.00	615,132
39	21.00	819
86,584	23.00	1,991,432
32,916	22.90	753,776
191	23.00	4,393
1,469,915		27,136,079

Financial Schedules (unaudited) (figures in MXN)

MEDICA, S.A.B. de C.V. and Subsidiaries

Statement of Financial Position as of December 31, 2019, and September 30, 2020.

	2019	2020	Change % YoY	Change \$ YoY
Total Assets	5,846,802,275	5,955,412,925	1.9%	108,610,650
Current assets	1,043,210,477	1,401,960,990	34.4%	358,750,513
Cash and Temporary Investments	277,226,393	350,357,245	26.4%	73,130,852
Restricted Cash	0	0	-	0
Clients and Instruments Receivable (Net)	376,588,241	512,122,928	36.0%	135,534,687
Other Accounts and Instruments Receivable (Net)	51,427,825	60,457,353	17.6%	9,029,528
Inventories	102,524,584	135,437,249	32.1%	32,912,665
Assets Held for Sale	235,443,434	343,586,215	45.9%	108,142,781
Long Term	0	0	-	0
Accounts and Instruments Receivable (Net)	0	0	-	0
Investments in Shares of Unconsolidated Subsidiaries and Associates	0	0	-	0
Other Investments	0	0	-	0
Properties, Plant and Equipment (Net)	3,210,204,606	2,980,433,941	-7.2%	-229,770,664
Real Property	2,813,950,277	2,738,628,090	-2.7%	-75,322,188
Machinery and Industrial Equipment	83,688,750	83,251,023	-0.5%	-437,727
Other Equipment	1,950,051,162	2,004,020,695	2.8%	53,969,533
Right-of-Use Assets	418,405,480	423,515,096	1.2%	5,109,616
Accrued Depreciation	-2,000,397,086	-2,180,745,571	9.0%	-180,348,485
Accrued Depreciation Right-of-Use Assets	-97,813,019	-165,953,625	69.7%	-68,140,606
Constructions in Process	42,319,041	77,718,234	83.6%	35,399,193
Investment Properties	79,998,627	74,839,160	-6.4%	-5,159,467
Land	52,165,613	52,165,613	0.0%	0
Buildings	27,833,014	22,673,546	-18.5%	-5,159,468
Net Intangible Assets	1,513,388,565	1,498,178,834	-1.0%	-15,209,731
Other Assets	0	0	N/A	0
Total Liabilities	2,164,333,909	2,060,167,900	-4.8%	-104,166,009
Current Liabilities	963,636,117	806,952,809	-16.3%	-156,683,308
Suppliers	241,702,320	248,278,751	2.7%	6,576,432
Bank Loans	320,161,246	0	-100.0%	-320,161,246
Securities Loans	0	1,165,000	N/A	1,165,000
Accrued Interests and Commission	0	0	N/A	0
Taxes Payable	89,783,947	113,876,867	26.8%	24,092,920
Other Current Liabilities	213,924,349	420,639,317	96.6%	206,714,968
Short-Term Lease Liabilities	98,064,256	22,992,874	-76.6%	-75,071,381
Long-Term Liabilities	1,141,998,908	1,253,215,091	9.7%	111,216,183
Bank Loans	903,367,172	0	-100.0%	-903,367,172
Interests Accrued	0	989,118,740	N/A	989,118,740
Other Loans	27,580,255	30,962,840	12.3%	3,382,585
Long-Term Lease Liabilities	211,051,482	233,133,511	10.5%	22,082,030
Deferred Income Taxes	58,698,884	0	N/A	-58,698,884
Other Liabilities	0	0	N/A	0
Stickholders' Equity	3,682,468,366	3,895,245,021	5.8%	212,776,656
Non-Controlling Interest	960,897	986,437	2.7%	25,540
Equity Imputed to Controlling Interest	3,681,507,468	3,894,258,584	5.8%	212,751,115
Paid-in Capital Stock	517,869,032	517,873,932	0.0%	4,900
Premium in Share Sale	121,280,931	121,280,931	0.0%	0
Contributions for Future Capital Increases	124,628	124,628	0.0%	0
Accrued Gains and Losses and Capital Reserve	2,708,206,614	2,848,758,350	5.2%	140,551,736
Reserve for Share Buyback	197,488,662	137,006,244	-30.6%	-60,482,418
Net Gains and Losses of the Fiscal Year	140,551,780	275,243,630	95.8%	134,691,850
Other Comprehensive Gains and Losses Entries	-4,014,180	-6,029,133	50.2%	-2,014,953
Shareholders' Equity and Liabilities	5,846,802,275	5,955,412,922	1.9%	108,610,647

Amounts in accordance with IFRS

Financial Schedules (unaudited) (figures in MXN)

MEDICA, S.A.B. de C.V. and Subsidiaries

Income Statements for the third quarter of 2019 and 2020

	<u>3Q19</u>	<u>3Q20</u>	<u>Change % YoY</u>	<u>Change P\$ YoY</u>
<i>Revenues</i>	929,134,467	1,233,845,009	32.8%	304,710,542
Cost of Sales	-668,216,432	-687,007,569	2.8%	-18,791,136
<i>Gross Profit</i>	260,918,035	546,837,440	109.6%	285,919,406
Sale and Administrative Expenses	-168,898,373	-210,595,324	24.7%	-41,696,952
Other Operating Expenses	-7,035,614	-38,784,553	451.3%	-31,748,939
<i>Operating Profit (Loss)</i>	84,984,048	297,457,563	250.0%	212,473,515
Foreign Exchange Profit (Loss)	3,277,997	-204,931	-106.3%	-3,482,928
Interest Expense	-38,323,749	-51,590,596	34.6%	-13,266,847
Interest Income	2,414,611	6,442,192	166.8%	4,027,581
<i>Profit (Loss) before Taxes</i>	52,352,907	252,104,228	381.5%	199,751,322
Income Tax Expense	-27,756,411	-70,557,521	154.2%	-42,801,110
<i>Continuous Operations Profit (Loss)</i>	24,596,495	181,546,707	638.1%	156,950,212
<i>Net Income (Loss)</i>	24,596,495	181,546,707	638.1%	156,950,212
Non-Controlling Interest	-1,323	-6,846	417.6%	-5,524
<i>Controlling Interest</i>	24,595,173	181,539,860	638.1%	156,944,688

Amounts in accordance with IFRS

All financial information presented herein was prepared in accordance with International Financial Reporting Standards (IFRS).

Financial Schedules (unaudited) (figures in MXN)

MEDICA, S.A.B. de C.V. and Subsidiaries

Income Statements from January 1 to September 30, 2019 and 2020

	<u>On September 2019</u>	<u>On September 2020</u>	<u>Change % YoY</u>	<u>Change P\$ YoY</u>
<i>Revenues</i>	2,779,377,761	2,998,693,038	7.9%	219,315,277
Cost of Sales	-1,945,330,729	-1,914,705,009	-1.6%	30,625,720
<i>Gross Profit</i>	834,047,032	1,083,988,028	30.0%	249,940,996
Sale and Administrative Expenses	-526,446,454	-541,496,832	2.9%	-15,050,377
Other Operating Expenses	-14,822,486	-46,165,337	211.5%	-31,342,851
<i>Operating Profit (Loss)</i>	292,778,092	496,325,860	69.5%	203,547,767
Foreign Exchange Profit (Loss)	-551,775	2,632,113	n.a.	3,183,889
Interest Expense	-127,678,283	-130,708,540	2.4%	-3,030,258
Interest Income	5,954,711	13,231,350	122.2%	7,276,639
<i>Profit (Loss) before Taxes</i>	170,502,746	381,480,783	123.7%	210,978,037
Income Tax Expense	-68,353,220	-106,211,615	55.4%	-37,858,395
<i>Continuous Operations Profit (Loss)</i>	102,149,526	275,269,168	169.5%	173,119,642
<i>Net Income (Loss)</i>	102,149,526	275,269,168	169.5%	173,119,642
Non-Controlling Interest	-15,081	-25,538	69.3%	-10,457
<i>Controlling Interest</i>	102,134,445	275,243,630	169.5%	173,109,185

Amounts in accordance with IFRS

Analyst Coverage

In accordance with the provisions of the internal regulations of the BMV set forth in article 4.033.01, section VIII, regarding maintenance requirements, we inform that the Brokerage House that provides analysis coverage to our securities is Grupo Bursátil Mexicano S.A. de C.V., Casa de Bolsa, and Miranda Global Research as an independent analyst.

About MEDICA

MEDICA, S.A.B. de C.V. (BMV: MEDICAB) is a hospital operator and an integrated provider of healthcare and related services, provided through hospitals and laboratories. MEDICA relies on a group of physicians, medical professionals, nurses, administration and hospital operations aimed at offering a medical service of excellence with human approach guided by a strict code of ethics and supported by medical equipment and infrastructure with state-of-the-art technology.

EBITDA*

EBITDA is an indicator used in the Company's financial analysis, which is not recognized in *IFRS* but is calculated based on the figures derived from the Company's financial statements. We calculate EBITDA as Operating Income plus depreciation and amortization.

For 2019 and 2020 figures, EBITDA includes the effects of the *IFRS 16* for lease accounting.

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

EBITDA must not be interpreted as an alternative to (i) Net Income as an indicator of the Company's operating performance, nor to (ii) the cash flow from operating activities as a measure of the Company's liquidity.

Forward-Looking Statements

This report contains forward-looking statements. Such statements include, but are not limited to: (i) statements regarding our financial situation and operating results; (ii) statements regarding our plans, objectives, or targets, including statements with respect to our activities; and (iii) statements regarding the underlying assumptions on which those statements are based. Forward-looking statements contain words such as "intends", "anticipates", "considers", "estimates", "expects", "foresees", "plans", "predicts", "seeks", "could", "should", "possible", "guideline", and other similar terms, whether in first or third person. However, these are not the only terms used to identify these statements.

By their very nature, forward-looking statements involve risks and uncertainties of both general and specific nature, including the risk that such predictions, forecasts, projections and other forward-looking statements will not be fulfilled. Investors are cautioned that there are many important factors that may cause actual results to differ materially from those expressed in the plans, objectives, expectations, estimates and statements, both expressed and implied, contained in the forward-looking statements.

The information related to future performance contained in this press release must be read jointly with the risks included in the "Risk Factors" section submitted to the National Banking and Securities Commission (CNBV).



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Visit the Investor Relations website: <https://inversionistas.medicasur.com.mx/>