

Mexico City, October 27, 2017 – Médica Sur, S.A.B. of C.V. (BMV: Medica) reports its unaudited results corresponding to the third quarter of 2017. This information has been presented based on International Financial Reporting Standards (IFRS).

Highlights

- Consolidated Income in Q317 was 840.8 million pesos, an increase of + 45.4% compared to the same period of 2016, driven by increase of hospital activity and the incorporation of Laboratorio Médico Polanco (LMP) that benefited the Diagnostic Units.
- EBITDA (Operating Income plus Depreciation and Amortization) increased + 58.0% year over year, ending the quarter at 175.4 million pesos, mainly due to the higher sales mentioned above and the greater efficiency in containing costs and expenses. The EBITDA margin in Q317 was 20.9%, increasing +170 basis points compared to Q316 *.
- The Net Debt/EBITDA Ratio in Q317 was 1.8 times, while the EBITDA/Financial Expense Ratio was 4.8 times.

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

Unaudited results

	Q317	Q316*	Change
Revenues	840.8	578.4	45.4%
Operating Income	120.2	49.3	143.8%
<i>Operating Margin</i>	<i>14.3%</i>	<i>8.5%</i>	
EBITDA	175.4	111.0	58.0%
<i>EBITD Margin</i>	<i>20.9%</i>	<i>19.2%</i>	
Net Consolidated Income	35.8	34.6	3.4%
<i>Net Margin</i>	<i>4.3%</i>	<i>6.0%</i>	

Amounts in millions of pesos

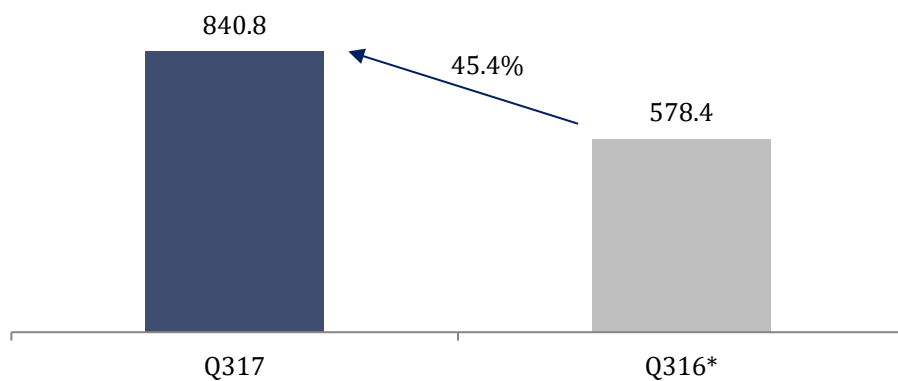
*During the third quarter of 2017, the company decided to permanently shutdown the Médica Sur Lomas Hospital. For purposes of presenting the effects of such operation, the results of this business are presented as a discontinued operation and the income statements and other comprehensive comparative results have been restated in order to present that operation separately from the continuing operations.

Q317 Financial Summary

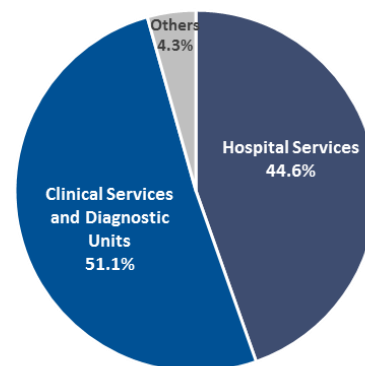
During the third quarter of 2017, **Revenues** reached 840.8 million pesos, an increase of +45.4% compared to the same period of 2016 *. The Revenues positive performance reflect the Laboratorio Médico Polanco (LMP) incorporation and the growth of Hospital Services revenues.

Additionally, during the quarter we observed a greater diversification of the source of our revenues.

Revenues (million pesos)

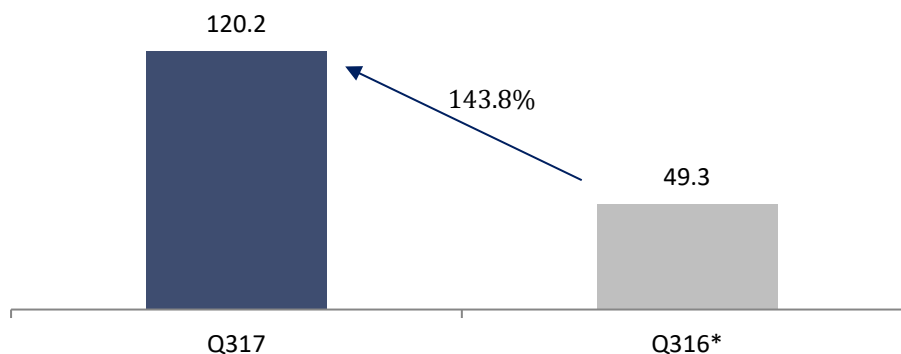


Income Distribution (Q317)

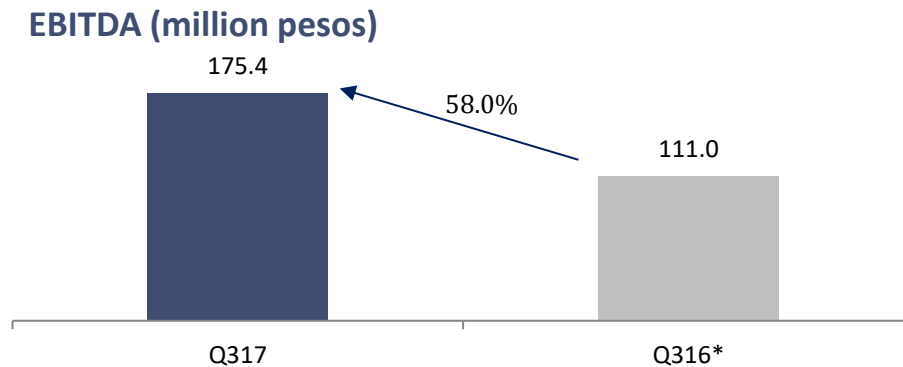


Operating Income for the quarter was 120.2 million pesos, a significant increase of + 143.8% compared to Q316*, mainly due to higher hospital sales, the contribution of LMP, the efficient management of costs and expenses, as well as a lower depreciation, as there was an extraordinary expense in this account on the previous year. Operating Margin increased +580 basis points, going from 8.5% in Q316* to 14.3% in Q317, due to the aforementioned.

Operating Income (million pesos)



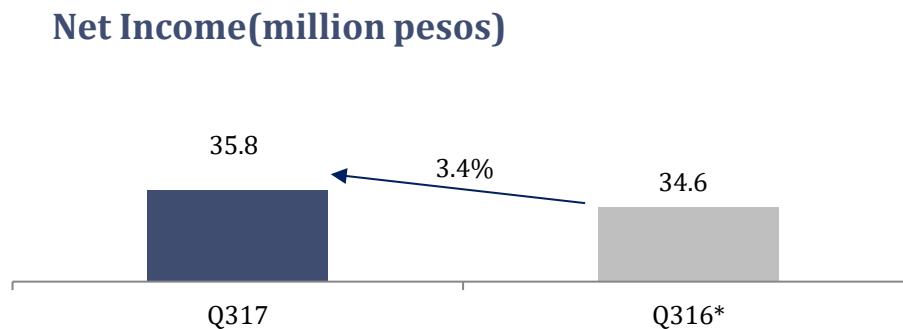
The **EBITDA** (Operating Income plus Depreciation and Amortization) increased + 58.0%, standing at 175.4 million pesos, explained by the aforementioned. The EBITDA Margin in Q317 was 20.9%, increasing +170 basis points compared to Q316*.



The **Net Financial Expense** was 33.8 million pesos due to the interest payment associated with the bank financing obtained for LMP acquisition, a credit that amounts to 1,350 million pesos.

Discontinued Operations Losses were 19.2 million pesos, as a result of Médica Sur Lomas Hospital shutdown, located in Lomas Virreyes neighborhood in Mexico City. It is important to mention that in this location new health service projects are being evaluated.

Net Income ended the quarter at 35.8 million pesos, showing an increase of + 3.4% compared to the same period of 2016*, benefited by the increase in operating income. The aforementioned was offset by higher financial expenses and discontinued operations losses associated with Médica Sur Lomas Hospital shutdown.



Debt

At the end of Q317, the Company's **Debt** amounted 1,373.3 million pesos. The increase in debt was derived from the hire of a credit line for the LMP acquisition in October 2016.

Currently, the Company has 2 bank loans, one for 1,350 million pesos and another for 30 million pesos.

The 1,350 million pesos loan has a 10 years term, with 3 years of capital amortization grace. 37.0% of this loan is contracted at 9.7450% fixed rate, while the remaining 63.0% is contracted at a floating rate of TIIE + 360 basis points.

The **Leverage Ratio** (Net Debt/EBITDA) in Q317 was 1.8 times, while the **Interest Coverage Ratio** (EBITDA / Financial Expense) was 4.8 times at the end of the quarter.

The **Liquidity Ratio** (Current Assets/Current Liabilities) went from 2.7 times in Q316 * to 1.6 times in Q317.

Financial Ratios	Q317	Q316*
Total Debt/EBITDA	2.0x	-
Net Debt/EBITDA	1.8x	-
Total Liabilities/Stockholders' Equity	0.6x	0.2x
Interest Coverage (EBITDA/Financial Expense)	4.8x	-
Liquidity (Current Assets / Current Liabilities)	1.6x	2.7x

At the end of Q317, Médica Sur is in full compliance with the loans contracted Covenants, of which the following stand out:

- Do not exceed the Leverage (Passive with Cost/EBITDA) of 3.5 times.
- Do not reduce Interest Coverage (EBITDA/Financial Expense) to less than 4 times.

Outstanding Events

- During July, Médica Sur Lomas Hospital was shutdown, located in Lomas Virreyes neighborhood in Mexico City. This hospital unit specialized in gynecology-obstetrics had 33 beds. However, it maintained a low occupancy that led to operating losses, additionally, required significant investments. It is worth to mention that in this location new health service projects are being evaluated and will be announced once a decision is made.

In this sense, the evaluated projects will continue to offer health services under our motto “Medical Excellence with Human Warmth” with the objective of providing to our patients with the highest quality services at a fair price.

Financial Annexes (unaudited)

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

Consolidated Statements of Financial Position ended September 30th, 2017 and 2016*
(amount in pesos)

	<u>2017</u>	<u>2016*</u>	<u>Change % YoY</u>
Assets	5,461,166,443	3,966,815,324	37.7%
Current assets	1,035,763,541	1,261,297,470	-17.9%
Cash and Cash Equivalents	114,999,232	504,739,207	-77.2%
Accounts Receivable	259,126,965	170,976,073	51.6%
Others Net Account Receivable	106,363,540	66,648,352	59.6%
Inventories	104,605,262	68,265,296	53.2%
Assets held for sale	450,668,542	450,668,542	-
Long Term	0	0	-
Property, Plant and Equipment (Net)	2,759,707,812	2,364,423,502	16.7%
Property	2,278,166,329	2,249,845,318	1.3%
Industrial Machinery and Equipment	73,806,185	85,973,383	-14.2%
Other Equipment	2,169,653,880	1,264,672,340	71.6%
Accumulated Depreciation	-1,985,009,795	-1,484,914,815	33.7%
Constructions in Process	223,091,212	248,847,275	-10.4%
Investment properties	91,659,318	99,315,130	-7.7%
Land	52,165,613	52,165,613	-
Buildings	39,493,705	47,149,517	-16.2%
Intangible Assets	1,574,035,774	241,779,223	551.0%
Total Assets	2,100,511,451	607,254,352	245.9%
Current Liabilities	628,140,507	467,332,328	34.4%
Suppliers	236,455,702	161,918,289	46.0%
Short-term Bank Loans	30,000,000	0	-
Income tax payable	74,325,336	36,416,077	104.1%
Other Current Liabilities	287,359,468	268,997,963	6.8%
Long-term Liabilities	1,416,776,355	30,116,365	-
Bank Loans	1,343,250,000	0	-
Accrued Interest	7,495,104	0	-
Other Credits	66,031,250	30,116,365	119.3%
Deferred Income Taxes	55,594,589	109,805,658	-49.4%
Stockholders Equity	3,360,654,992	3,359,560,972	0.0%
Non-Controlling Interest	4,356,604	779,169	459.1%
Equity attributable to Equity Holders of the Company	3,356,298,388	3,358,781,803	-0.1%
Paid-in Capital Stock	517,869,032	517,869,032	-
Premium in Share Placement	121,280,931	121,280,931	-
Contributions for Future Capital Increases	124,628	124,628	-
Retained earnings	2,376,234,811	2,320,183,880	2.4%
Reserve for Share Buyback Program	199,543,300	200,000,000	-0.2%
Income of the year	139,841,103	199,855,720	-30.0%
Other Comprehensive Income	1,404,582	-532,389	-
Total Liabilities and Shareholders Equity	5,461,166,443	3,966,815,324	37.7%

Amounts in accordance with IFRS

Consolidated Income Statements for the three months ended September 30th, 2017 y 2016* (amount in pesos)

	<u>Q317</u>	<u>Q316*</u>	<u>Change % YoY</u>
Revenues	840,815,966	578,384,748	45.4%
Cost of Sales	-550,864,649	-401,184,856	37.3%
Gross Profit	289,951,317	177,199,892	63.6%
Selling and Administration Expenses	-174,597,238	-122,721,228	42.3%
Other Operating Expenses	4,851,796	-5,166,747	-
Operating Income	120,205,875	49,311,918	143.8%
Foreign Exchange Gain (loss)	1,477,469	-370,242	-
Interest Expense	-36,871,926	-	-
Interest Income	1,612,427	5,911,929	-72.7%
Income before Taxes	86,423,845	54,853,605	57.6%
Income Tax Expense	-31,467,668	-19,877,287	58.3%
Continuous Operations Profit (loss)	54,956,178	34,976,319	57.1%
Discontinued Operations Loss	-19,165,168	-362,969	-
Net Income	35,791,010	34,613,350	3.4%
Non-Controlling Income	-21,746	-21,065	3.2%
Controlling Income	35,769,264	34,592,285	3.4%

Amounts in accordance with IFRS

*During the third quarter of 2017, the company decided to permanently shutdown the Médica Sur Lomas Hospital. For purposes of presenting the effects of such operation, the results of this business are presented as a discontinued operation and the income statements and other comprehensive comparative results have been restated in order to present that operation separately from the continuing operations.

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.

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



CONTACT

Investor Relations: Roberto Navarro

Phone: +52 55 5424-7200 Ext. 3425 rnavarror@medicasur.org.mx