

**México City, April 25, 2018** – Médica Sur, S.A.B. of C.V. (BMV: Medica) reports its unaudited results corresponding to the first quarter of 2018. This information has been presented based on International Financial Reporting Standards (IFRS).

## Highlights

- Consolidated Income in the first quarter of 2018 reached 886.0 million pesos, a growth of 1.2% compared to the same period of 2017, driven mainly by the increase activity in Clinical Services and Diagnostic Units, partially offset by lower Hospital activity.
- EBITDA (Operating Income plus Depreciation and Amortization) in the first quarter of 2018 was 156.6 million pesos, a reduction of 7.1 million pesos, attributed mainly to lower Hospital activity, which did not allow to absorbed the fixed costs. The EBITDA margin in Q118 was 17.7% compared to 18.7% in Q117\*.
- The Net Debt/EBITDA Ratio in the first quarter of the year was 1.7 times, while the EBITDA/Financial Expense Ratio was 5.0 times.

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

	Q118	Q117*	Change
<b>Revenues</b>	<b>886.0</b>	<b>875.1</b>	<b>1.2%</b>
<b>Operating Income</b>	<b>101.4</b>	<b>108.7</b>	<b>-6.7%</b>
<i>Operating Margin</i>	<i>11.4%</i>	<i>12.4%</i>	
<b>EBITDA</b>	<b>156.6</b>	<b>163.7</b>	<b>-4.3%</b>
<i>EBITD Margin</i>	<i>17.7%</i>	<i>18.7%</i>	
<b>Net Consolidated Income</b>	<b>48.4</b>	<b>48.7</b>	<b>-0.8%</b>
<i>Net Margin</i>	<i>5.5%</i>	<i>5.6%</i>	

*Amounts in millions of pesos*

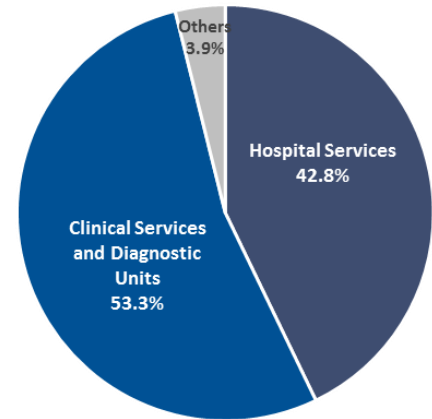
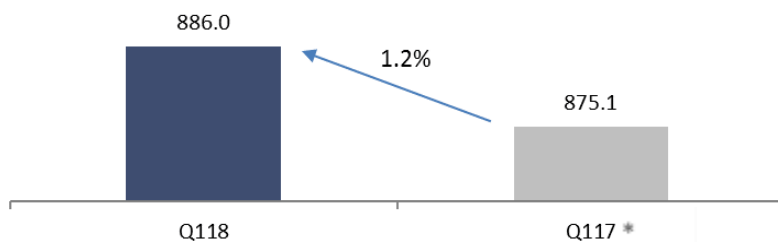
\*During the third quarter of 2017, the company decided to permanently shut down the Médica Sur Lomas Hospital. For purposes of presenting the effects of such operation, the results of this business are presented as a discontinued operation and the income statements and other comprehensive comparative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

## Q118 Financial Summary

In the first quarter of 2018, **Revenues** amounted to 886.0 million pesos, a growth of 1.2% compared to the same period of the previous year. This increase was driven mainly by the greater activity in Clinical Services and Diagnostic Units, which performed very well, particularly the Oncology Center and the Laboratories sales to companies. The aforementioned was partially offset by lower revenues in Hospital Services due to a lower number of patients in Critical Units, as well as in Emergency, combined with a lower overall volume of patients attributable to Ester week seasonality.

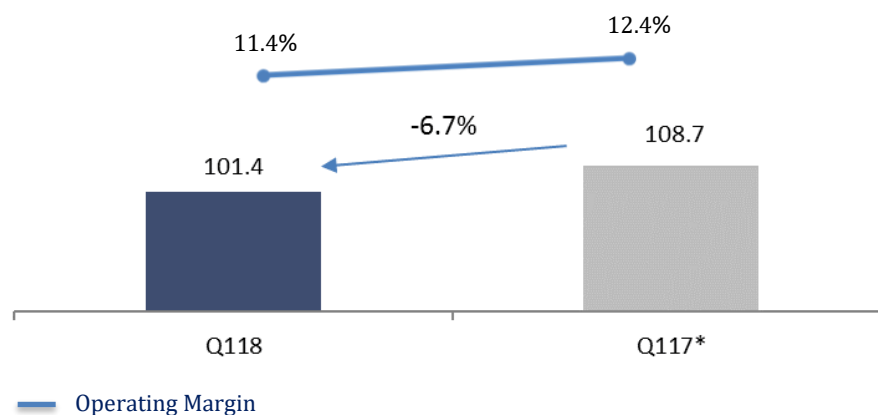
### Income Distribution (Q118)

#### Revenues (million pesos)

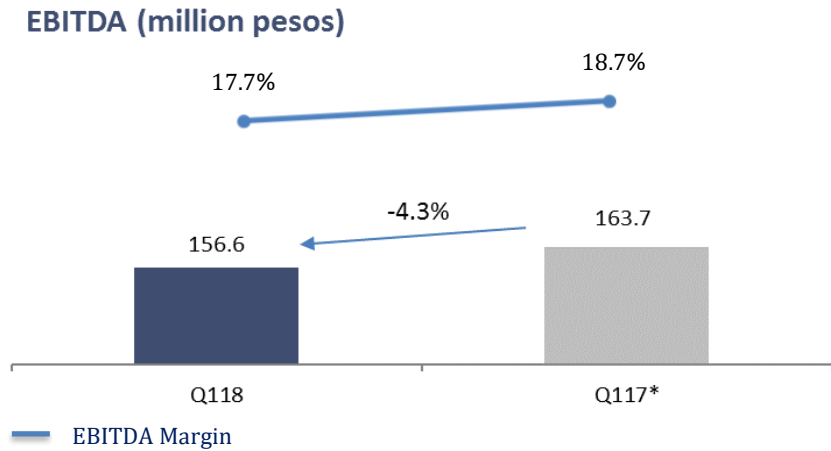


**Operating Income** in Q118 was 101.4 million pesos, a decrease of 7.3 million pesos compared to 108.7 million pesos obtained in Q117\*, as a result of the lower Hospital activity which did not allow fixed costs to be absorbed, among them, the incremental expense for medical equipment leasing. Meanwhile, the Operating Margin was 11.4%.

#### Operating Income (million pesos)

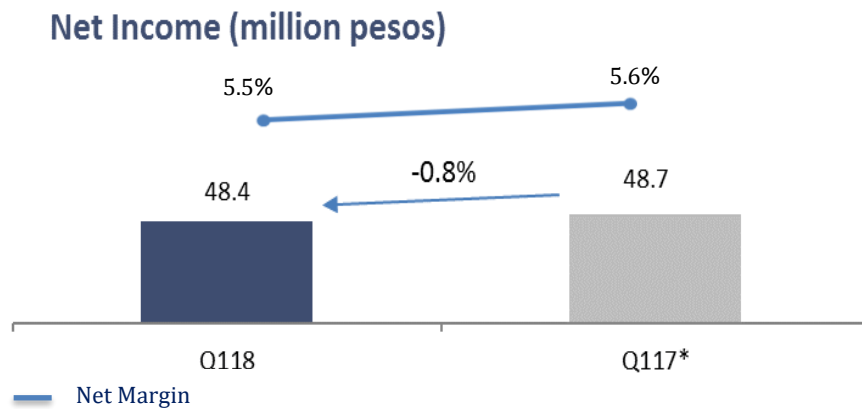


EBITDA (Operating Income plus Depreciation and Amortization) in the first quarter of 2018 was 156.6 million pesos, a reduction of 4.3% due to the aforementioned. The EBITDA margin in Q118 was 17.7% compared to 18.7% in Q117\*.



**Net Financial Expenses** decreased by 0.2% to 35.1 million pesos. These Financial Expenses are associated to the interest payments related to the loan obtained for LMP acquisition on October 12, 2016. This credit amount to 1,350 million pesos.

**Net Income** ended the quarter at 48.4 million pesos, almost at the same levels of Q117\*. The foregoing results due to the lower Operating Income, which was mainly offset by lower taxes. Net Margin was 5.5%.



## Debt

At the end of the first quarter of 2018, the Company's Debt amounted 1,378.0 million pesos. This debt was derived from the hire of a credit line for LMP acquisition in October 2016. Currently, the Company has 2 bank loans, one for 1,350.0 million pesos and another for 30.0 million pesos. It is worth to mention that during the quarter we pay the short-term credit line of 30.0 million pesos and instead we hired a long-term credit with mortgage guarantee of 28.0 million pesos.

The 1,350.0 million pesos loan has a 10 years term since October 2016 and includes 36 months grace period. Therefore, in October 2019 we will begin to amortize this credit. At the end of Q118, the remaining loan term is 7.9 years. 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.

Meanwhile, the 28.0 million pesos loan has 10 years term starting on January 2018 with a fixed rate of 10.10%. This loan was used to purchase a flagship unit of our laboratories.

The **Leverage Ratio** (Net Debt/EBITDA) in the first quarter was 1.7 times, while the **Interest Coverage Ratio** (EBITDA/Financial Expense) was 5.0 times at the same period. On the other hand, the **Liquidity Ratio** (Current Assets/Current Liabilities) was at the same level of the same period of 2017, standing at 1.6 times.

<i>Financial Ratios</i>	<b>Q118</b>	<b>Q117*</b>
Total Debt/EBITDA	1.9x	2.5x
Net Debt/EBITDA	1.7x	2.3x
Total Liabilities/Stockholders' Equity	0.6x	0.7x
Interest Coverage (EBITDA/Financial Expense)	5.0x	9.1x
Liquidity (Current Assets / Current Liabilities)	1.6x	1.6x

At the end of Q118, Médica Sur is in full compliance with the loans contracted Covenants, of which the following stand out:

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

## Outstanding Events

- On February 23, 2018, Médica Sur informed to investors that on February 15, Mr. Ignacio Moreno Ortiz left the position of Legal Director to suit his interests. We thank Mr. Moreno for his commitment and dedication during these years, wishing him success in his new stage.

Mr. Cuauhtémoc Rafael Santa-Ana Otero, Secretary of our Board of Directors, assumed as interim the functions of Legal Director. Mr. Santa-Ana specializes in corporate, financial and administrative law, as well as commercial litigation. His wide experience and brilliant career let him serve successfully as a consultant in different legal matters and for more than 8 years as the Secretary of the Board of Directors of Médica Sur.

Mr. Cuauhtémoc is graduate of Law from the Universidad Panamericana and has a Master's Degree in Law from the University of New York.

## Financial Annexes (unaudited)

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

Consolidated Statements of Financial Position ended March 31th, 2018 and 2017\*

(amount in pesos)

	<u>2018</u>	<u>2017*</u>	<u>Change % YoY</u>
<b>Assets</b>	5,681,134,516	5,581,035,982	1.8%
<b>Current assests</b>	1,224,157,343	1,098,484,704	11.4%
Cash and Cash Equivalents	168,661,319	154,456,484	9.2%
Restricted Cash	100,454,051	0	-
Accounts Receivable	377,437,705	274,968,770	37.3%
Others Net Account Receivable	135,131,448	111,293,732	21.4%
Inventories	112,339,753	107,097,177	4.9%
Assets held for sale	330,133,067	450,668,542	-26.7%
<b>Long Term</b>	0	0	-
<b>Property, Plant and Equipment (Net)</b>	2,803,098,941	2,768,825,016	1.2%
Property	2,532,661,095	2,252,934,012	12.4%
Industrial Machinery and Equipment	73,413,479	85,973,383	-14.6%
Other Equipment	2,136,757,478	2,183,803,937	-2.2%
Accumulated Depreciation	-2,023,978,359	-1,954,143,552	3.6%
Constructions in Process	84,245,247	200,257,236	-57.9%
<b>Investment properties</b>	88,087,648	95,355,317	-7.6%
Land	52,165,613	52,165,613	0.0%
Buildings	35,922,035	43,189,704	-16.8%
<b>Intangible Assets</b>	1,565,790,584	1,618,370,945	-3.2%
<b>Total Assets</b>	2,186,011,854	2,225,247,974	-1.8%
<b>Current Liabilities</b>	747,398,944	692,784,740	7.9%
Suppliers	251,134,198	320,185,609	-21.6%
Short-term Bank Loans	3,033,334	30,000,000	-89.9%
Income tax payable	147,177,411	66,221,670	122.2%
Other Current Liabilities	338,350,517	276,377,460	22.4%
<b>Long-term Liabilities</b>	1,402,258,842	1,416,200,367	-1.0%
Bank Loans	1,367,983,333	1,351,152,965	1.2%
Other Credits	34,275,509	65,047,402	-47.3%
<b>Deferred Income Taxes</b>	36,354,068	116,262,867	-68.7%
<b>Stockholders Equity</b>	3,495,122,660	3,355,788,009	4.2%
<b>Non-Controlling Interest</b>	917,367	4,321,208	-78.8%
<b>Equity attributable to Equity Holders of the Company</b>	3,494,205,293	3,351,466,801	4.3%
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	2,607,746,321	2,462,523,392	5.9%
Reserve for Share Buyback Program	199,543,300	199,543,300	-
Income of the year	48,326,565	48,720,936	-0.8%
<b>Other Comprehensive Income</b>	<b>-685,485</b>	<b>1,404,582</b>	<b>-148.8%</b>
<b>Total Liabilities and Shareholders Equity</b>	5,681,134,516	5,581,035,982	1.8%

Amounts in accordance with IFRS

Consolidated Income Statements for the three months ended March 31th, 2018 y 2017\*  
(amount in pesos)

	<u>Q118</u>	<u>Q117*</u>	<u>Change % YoY</u>
<b>Revenues</b>	<b>885,961,488</b>	<b>875,076,805</b>	<b>1.2%</b>
Cost of Sales	-577,430,002	-566,056,437	2.0%
<b>Gross Profit</b>	<b>308,531,487</b>	<b>309,020,369</b>	<b>-0.2%</b>
Selling and Administration Expenses	-207,333,440	-193,003,256	7.4%
Other Operating Expenses	179,525	-7,303,781	n.a.
<b>Operating Income</b>	<b>101,377,572</b>	<b>108,713,332</b>	<b>-6.7%</b>
Foreign Exchange Gain (loss)	-705,868	-3,043,608	-76.8%
Interest Expense	-37,301,106	-33,288,421	12.1%
Interest Income	2,865,162	1,125,591	154.5%
<b>Income before Taxes</b>	<b>66,235,760</b>	<b>73,506,893</b>	<b>-9.9%</b>
Income Tax Expense	-17,882,047	-23,265,546	-23.1%
<b>Continuous Operations Profit (loss)</b>	<b>48,353,713</b>	<b>50,241,347</b>	<b>-3.8%</b>
Discontinued Operations Loss	0	-1,500,857	n.a.
<b>Net Income</b>	<b>48,353,713</b>	<b>48,740,490</b>	<b>-0.8%</b>
Non-Controlling Income	-27,147	-19,555	38.8%
<b>Controlling Income</b>	<b>48,326,565</b>	<b>48,720,935</b>	<b>-0.8%</b>

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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



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