

Mexico City, July 27th, 2018 – Médica Sur, S.A.B. of C.V. (BMV: Medica) reports its unaudited results corresponding to the second quarter of 2018. This information has been presented based on International Financial Reporting Standards (IFRS).

Highlights

- Consolidated Income in the second quarter of 2018 increased 4.4% compared to the same period of 2017, reaching 910.1 million pesos, mainly driven by the increase activity in Clinical Services and Diagnostic Units, partially offset by lower Hospital activity.
- EBITDA (Operating Income plus Depreciation and Amortization) in Q218 contracted 9.5 million pesos, going from 173.4 million pesos to 163.9 million pesos, mainly explained by the expenses associated with medical equipment lease, higher oncology medicines costs and greater expenses in equipment maintenance due to expiration of warranty policies.
- The Net Debt/EBITDA Ratio in Q218 was 1.4 times, while the EBITDA/Financial Expense Ratio was 4.8 times.

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

	Q218	Q217*	Change
Revenues	910.1	871.6	4.4%
Operating Income	108.5	117.5	-7.7%
<i>Operating Margin</i>	<i>11.9%</i>	<i>13.5%</i>	
EBITDA	163.9	173.4	-5.5%
<i>EBITDA Margin</i>	<i>18.0%</i>	<i>19.9%</i>	
Net Consolidated Income	51.0	55.4	-8.0%
<i>Net Margin</i>	<i>5.6%</i>	<i>6.4%</i>	

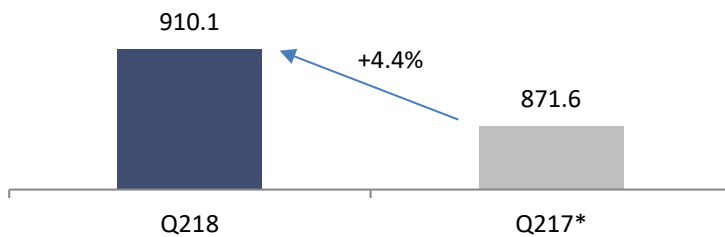
Amounts in million pesos

*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.

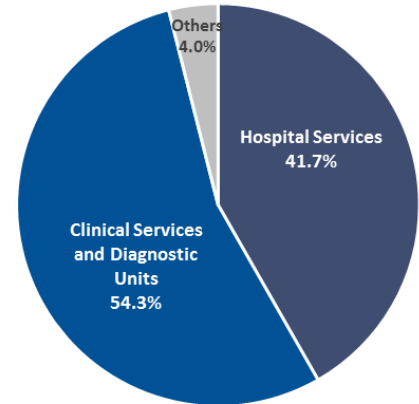
Q218 Financial Summary

Revenues in Q218 amounted to 910.1 million pesos, a growth of 4.4% compared to the 871.6 million pesos observed in the same period of the previous year. The positive performance of Revenues was mainly explained by the greater activity in Clinical Services and Diagnostic Units, highlighting the Oncology Center and a better Laboratories performance. This was partially offset by lower income in Hospital Services due to a lower number of patients in Critical Units and fewer bed days.

Revenues (million pesos)

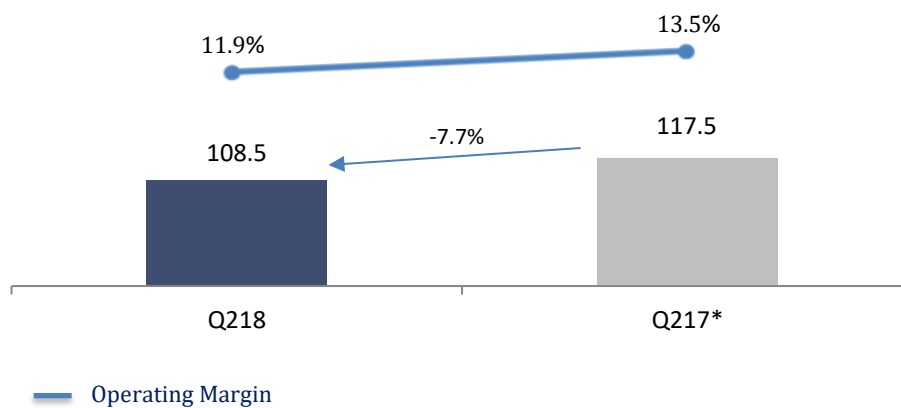


Income Distribution (Q218)

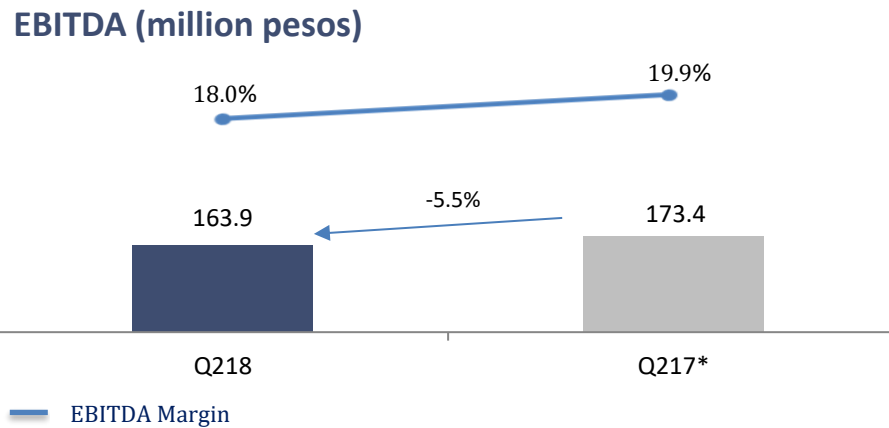


Operating Income in Q218 was 108.5 million pesos, 7.7% lower compared to Q217*, mainly explained by the expense associated with medical equipment lease, higher oncology medicines costs and greater expenses in equipment maintenance due to expiration of warranty policies mainly of the radiotherapy equipment. This decrease was not compensated by lower Selling and Administrative Expenses. Meanwhile, the Operating Margin was 11.9%.

Operating Income (million pesos)

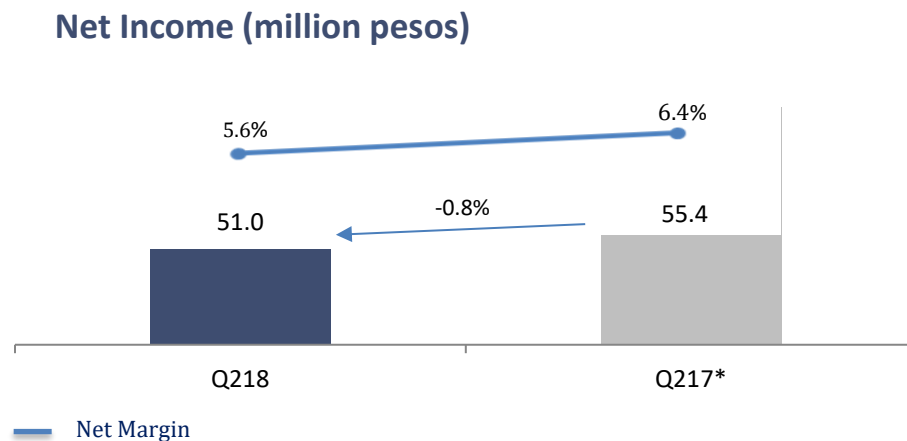


EBITDA (Operating Income plus Depreciation and Amortization) in Q218 was 163.9 million pesos, a decrease of 5.5% due to the aforementioned. The EBITDA Margin went from 19.9% in Q217 * to 18.0% in Q218.



Comprehensive Financing Cost ended the quarter at 32.8 million pesos, a reduction of 7.4% compare to the same period of 2017*, benefited by higher interest income and the exchange rate gain. These Comprehensive Financing Cost is associated to the interest payments related to the loan obtained for Laboratorio Médico Polanco (LMP) acquisition on October 12, 2016.

Net Income in the second quarter of 2018 stood at 51.0 million pesos, contracting 4.4 million pesos compared to Q217*. The foregoing results due to the lower Operating Income, which was not offset by lower taxes and the lower Comprehensive Financing Cost.



Debt

At the end of the first quarter of 2018, the Company's **Debt** amounted 1,277 million pesos. This debt was derived from the hire of a credit line for LMP acquisition. It is worth to mention that during the quarter we successfully refinanced 550 million pesos of this debt, improving the conditions, generating savings of approximately 70.0 million pesos during the Credit life.

Additionally, an advance payment was made for 100 million pesos to the credit that we maintain at floating rate of TIIE + 360 basis points. This advance payment was made with the restricted cash that we kept in our balance as a result of the sale process, which is currently being developed, of the adjacent land to the Hospital campus.

At the end of Q218, the Company has 3 bank loans: one for 700 million pesos; another for 550 million pesos, and the last for 27 million pesos.

The 700 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 Q218, the remaining loan term is 7.8 years. 71.4% of this loan is contracted at 9.7450% fixed rate, while the remaining 28.6% is contracted at a floating rate of TIIE + 360 basis points.

The 550 million pesos loan has 84 months term since April 2018 with 20 months grace period, beginning the amortizations in December 2019. The remaining loan term is 6.8 years and 100% is at a floating rate of TIIE + 125 basis points.

Meanwhile, the 27 million pesos loan has 10 years term starting on January 2018 at a fixed rate of 10.10%. This loan was used to purchase a flagship unit of our laboratories.

Therefore, the Group's Debt Profile at the end of the second quarter of the year is as follows: 527 million pesos at fixed rate and 750 million pesos at floating rate.

The **Leverage Ratio** (Net Debt/EBITDA) in the second quarter of the year was 1.4 times, while the **Interest Coverage Ratio** (EBITDA/Financial Expense) was 4.8 times at the same period. On the other hand, the **Liquidity Ratio** (Current Assets/Current Liabilities) was 1.5 times.

<i>Financial Ratios</i>	Q218	Q417
Total Debt/EBITDA	1.8x	1.9x
Net Debt/EBITDA	1.4x	1.7x
Total Liabilities/Stockholders' Equity	0.6x	0.6x
Interest Coverage (EBITDA/Financial Expense)	4.8x	5.2x
Liquidity (Current Assets / Current Liabilities)	1.5x	1.6x

At the end of Q218, Médica Sur is in full compliance with the Covenants of the loans contracted, 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 refinanced successfully 550.0 million pesos of its debt (the "Credit"). The Loan has 84 months term, with 20 months grace period, starting of principal repayments in December 2019, and TIIE + 125 b.p. interest rate, reducing the previous cost of the debt of TIIE + 360 b.p.

It is worth to mention that with this refinancing we generated considerable savings of approximately 70.0 million pesos during the Credit life.

With the refinancing that we completed, we achieve improvements in our debt profile, reducing its cost and directly benefiting the Group's results. Médica Sur will continue evaluating other options to improve its current debt structure and reduce the balance sheet risk.

- On May 15, 2018, in order to comply with the provisions 34 article, section IV of the General Provisions Applicable to Issuers of Securities and Other Participants of the Securities Market, the company notified Médica Sur, SAB de C.V.'s shareholders with the following:
 1. At the Annual Ordinary General Meeting of Shareholders held on April 26, 2018, the Company decreed the payment of \$75,000,000.00 (Seventy-Five Million Pesos 00/100 MN) dividend, which will be paid from the Net Tax Profit Account prior to 2013 financial results

2. The decreed dividend will be distributed at a rate of \$0.6084 (Zero Point Six Zero Eight Four Pesos) for each outstanding shares and will be paid to the shareholders in two exhibitions equivalent to \$0.3042 (Zero Point Three Zero Four Two Weights) each one, the first one, in May against the delivery of number 23 (Twenty-three) coupon and, the second one, in October against the delivery of number 24 (Twenty-four) coupon, by prior notice to shareholders in accordance with the provisions of the Securities Market Law and the General Provisions Applicable to Issuers of Securities and Other Participants of the Securities Market.
 3. The first exhibition was paid on May 23, 2018 at the principal Company address, located at Puente de Piedra No. 150, Neighborhood Toriello Guerra, Tlalpan, Zip Code 14050, in Mexico City, against the delivery of coupon 23 (Twenty-three).
 4. Regarding the shares that are deposited in S.D. Indeval, S.A. of C.V., the dividend was paid in the day aforementioned through this Institution.
- On June 11, 2018, Médica Sur, S.A.B. of C.V. informs investors that advance payment was made for 100 million pesos to the credit that the Company hired with Inbursa, S.A., Sociedad de Banca Múltiple, Grupo Financiero Inbursa, for the acquisition of all shares representing the Laboratorio Médico Polanco, S.A. of C.V. ("LMP") capital.

Financial Annexes (unaudited)

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

Consolidated Statements of Financial Position ended June 30th, 2018 and December 31st 2017

(amount in pesos)

	<u>2018</u>	<u>2017</u>	<u>Change % YoY</u>
Assets	5,636,740,647	5,602,874,052	0.6%
<i>Current assets</i>	<i>1,192,366,542</i>	<i>1,102,911,915</i>	<i>8.1%</i>
Cash and Cash Equivalents	247,196,050	116,242,596	112.7%
Restricted Cash	0	100,454,051	-
Accounts Receivable	345,801,313	319,802,622	8.1%
Others Net Account Receivable	158,499,355	102,447,342	54.7%
Inventories	110,736,757	133,832,237	-17.3%
Assets held for sale	330,133,067	330,133,067	-
<i>Long Term</i>	<i>0</i>	<i>0</i>	<i>-</i>
<i>Property, Plant and Equipment (Net)</i>	<i>2,793,196,928</i>	<i>2,848,717,644</i>	<i>-1.9%</i>
Property	2,621,042,557	2,527,925,444	3.7%
Industrial Machinery and Equipment	80,579,821	73,413,479	9.8%
Other Equipment	2,113,402,815	2,166,137,351	-2.4%
Accumulated Depreciation	-2,069,072,220	-1,985,191,097	4.2%
Constructions in Process	47,243,954	66,432,466	-28.9%
<i>Investment properties</i>	<i>86,377,099</i>	<i>89,833,115</i>	<i>-3.8%</i>
Land	52,165,613	52,165,613	-
Buildings	34,211,486	37,667,502	-9.2%
<i>Intangible Assets</i>	<i>1,564,800,078</i>	<i>1,561,411,378</i>	<i>0.2%</i>
Total Assets	2,165,661,779	2,156,105,106	0.4%
<i>Current Liabilities</i>	<i>818,748,509</i>	<i>701,305,966</i>	<i>16.7%</i>
Suppliers	277,612,307	261,688,080	6.1%
Short-term Bank Loans	3,033,333	30,000,000	-89.9%
Accrued interest and commissions	242,153	0	-
Income tax payable	156,874,617	93,435,670	67.9%
Other Current Liabilities	380,986,099	316,182,216	20.5%
<i>Long-term Liabilities</i>	<i>1,308,934,195</i>	<i>1,384,545,281</i>	<i>-5.5%</i>
Bank Loans	1,267,283,334	1,343,250,000	-5.7%
Accrued Interest	0	7,854,639	-
Other Credits	41,650,861	33,440,642	24.6%
<i>Deferred Income Taxes</i>	<i>37,979,076</i>	<i>70,253,858</i>	<i>-45.9%</i>
Stockholders Equity	3,471,078,867	3,446,768,947	0.7%
<i>Non-Controlling Interest</i>	<i>943,967</i>	<i>890,219</i>	<i>6.0%</i>
<i>Equity attributable to Equity Holders of the Company</i>	<i>3,470,134,900</i>	<i>3,445,878,728</i>	<i>0.7%</i>
Paid-in Capital Stock Update	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	2,532,744,430	2,375,948,101	6.6%
Reserve for Share Buyback Program	199,543,300	199,543,300	-
Income of the year	99,258,064	231,798,220	-57.2%
Other Comprehensive Income	-685,485	-685,485	-
Total Liabilities and Shareholders Equity	5,636,740,647	5,602,874,052	0.6%

Amounts in accordance with IFRS

Consolidated Income Statements for the three months ended June 30th, 2018 y 2017* (amount in pesos)

	<u>Q218</u>	<u>Q217*</u>	<u>Change % YoY</u>
Revenues	910,104,559	871,563,759	4.4%
Cost of Sales	-629,744,124	-578,983,019	8.8%
Gross Profit	280,360,435	292,580,740	-4.2%
Selling and Administrative Expenses	-165,311,632	-172,560,243	-4.2%
Other Operating Expenses	-6,576,412	-2,518,817	161.1%
Operating Income	108,472,391	117,501,680	-7.7%
Foreign Exchange Gain (loss)	2,522,235	-1,007,323	n.a.
Interest Expense	-38,162,845	-35,511,011	7.5%
Interest Income	2,881,797	1,123,346	156.5%
Income before Taxes	75,713,579	82,106,691	-7.8%
Income Tax Expense	-24,755,479	-26,803,674	-7.6%
Continuous Operations Profit (loss)	50,958,100	55,303,017	-7.9%
Discontinued Operations Loss	0	65,963	n.a.
Net Income	50,958,100	55,368,980	-8.0%
Non-Controlling Income	-26,600	-18,079	47.1%
Controlling Income	50,931,500	55,350,901	-8.0%

Amounts in accordance with IFRS

*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.

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 mnavaror@medicasur.org.mx