

Mexico City, September 12th, 2019

Médica Sur, S.A.B. de C.V. (“Médica Sur”, “MEDICA” or “the company”) (Ticker BMV: MEDICAB) informs investors that Miranda Global Research (MGR) initiated coverage on MEDICA.

MGR is an independent equity research and credit analysis firm whose main executives have a combined experience of more than 50 years in global financial markets.

MGR highlighted important factors like valuation, investment thesis, estimates, sensitivity analysis, comparables, current market outlook, competitive advantages and corporate governance, as well as the company’s vision seeking to remain the leader in the healthcare sector following a profitability path.

MGR initiated with a **BUY** recommendation and a target price of MXN\$26.50 per share, with a potential 27.4% return.

| Institution | Analyst | e-mail | Target Price | Recommendation |
|-------------------------|-------------|--|--------------|----------------|
| Miranda Global Research | Martín Lara | Martin.lara@miranda-gr.com | MXN\$ 26.50 | BUY |

About Médica Sur

Médica Sur, S.A.B. de C.V. (BMV: MEDICAB) 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.

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*).



MEDICAB

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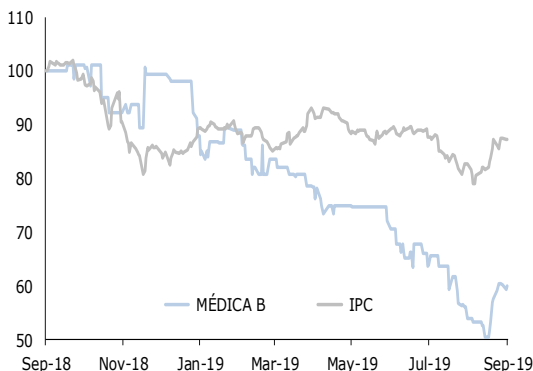
MÉDICA: Initiation of Coverage

One of Mexico's Best High-End Hospital Companies

| BUY | |
|------------------------------------|-----------------|
| 2019E Target Price (MXN\$) [1] [2] | \$ 26.50 |
| Current Price (MXN\$) | \$ 20.80 |
| Max / Min (L12M) | \$17.50 - 37.38 |
| Expected Dividend (MXN\$) | \$ 11.25 |
| Expected Return | 27.4% |
| Market Cap (MXN\$ Mn) | 2,564 |
| Enterprise Value (MXN\$ Mn) | 3,931 |
| Outstanding Shares (Mn) | 123.3 |
| Float | 49.9% |
| ADTV (MXN\$ Mn) | \$ 0.50 |

[1] Including LMS

[2] MXN\$40.40 including real estate assets



We are initiating coverage on MÉDICA SUR, S.A.B. DE C.V. ("MÉDICA"), one of México's largest hospital companies, with a BUY recommendation and a year - end target price of MXN\$26.50/share (MXN\$40.40/share including real estate properties) for a potential 27.4% return in local currency. Our recommendation is mainly based on the company's solid fundamentals, favorable growth potential and low valuation.

Investment Thesis

Solid fundamentals. This includes MÉDICA's position as one of México's leading high-end hospital companies, well-known medical and management team, state-of-the-art technology, strong brand recognition, attractive growth potential, solid finances and the company's affiliation to the Mayo Clinic Care Network and the accreditation of the Joint Commission International (JCI) which enhances MÉDICA's position.

Attractive growth potential. We expect MÉDICA's revenues, EBITDA and net profits to increase at a CAGR of 4.1%, 8.2% and 3.7%, respectively, over the 2019-2024 period fueled by a higher consumption of health services.

LMS restructuring. On April 30, 2019, MÉDICA's shareholders approved a corporate restructuring under which they will receive a dividend in kind paid with LMS shares with an initial value of MXN\$11.2530/share. This transaction is scheduled to take place during the next few months.

September 10, 2019

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Report prepared by Miranda Global Research for Vector Casa de Bolsa, S.A. de C.V.

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Valuation

MÉDICA's shares currently trade at a forward EV/EBITDA of only 5.0x, a projected P/E of 15.4x and a P/BV of 0.7x. These multiples compare against the averages of 22.6x, 42.8x and 3.7x, respectively, of emerging market hospital chains, and against the averages of 8.4x, 14.0x, and 7.6x, respectively, of developed markets hospital companies. Although we believe that MÉDICA deserves to trade at a discount to its international peers due to its dependence on one hospital, we believe that the current discount is very high.

We set our year-end target price of MXN\$26.50/share for MÉDICA's shares through a discounted cash flow (DCF) model which includes a 2.7% perpetuity growth rate in nominal terms and an 12.0% WACC. To calculate the WACC, we used a 13.5% cost of equity, a pre-tax cost of debt of 10.3% and a year-end debt to equity ratio of 24.1%.

Our current target price of MXN\$26.50/share does not include MÉDICA's vast real estate properties, which we estimate have a market value of around MXN\$1.7-2.0 billion, equivalent to MXN\$13.90/share. However, we believe that such value will only be realized once they are sold, which in our view is unlikely to take place during the rest of the current year given current macroeconomic conditions.

Main Risks

We believe that MÉDICA's main risks include the following: i) macroeconomic volatility; ii) intense competition in the sector; iii) adverse changes in health or fiscal regulations; iv) changes in the medical or management team; v) technological changes; vi) dependence on a single hospital; vii) low capitalization stock and low-liquidity of the shares; and/or viii) unexpected large investments in the development of the real estate properties.

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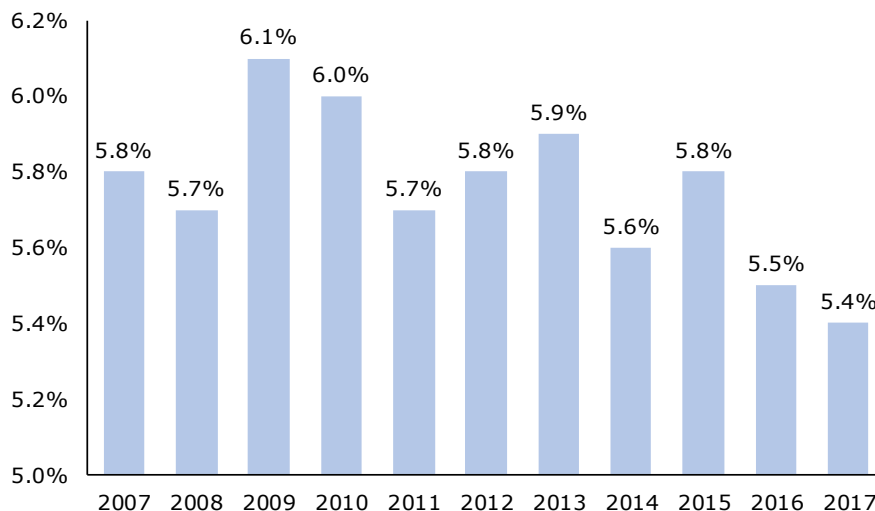
THE MEXICAN HEALTHCARE INDUSTRY

Low Penetration of Healthcare Services

The contribution of healthcare expenditures to Mexico's GDP declined from a peak of 6.1% in 2009 to 5.4% in 2017, according to the Mexican Association of Insurance Institutions (AMIS). We believe this occurred as a result of price increases above the inflation rate which were implemented by the industry.

The contribution of the public sector to health spending has risen from 44% in 2007 to 53% in 2013 and has remained at around 52% during the last few years. We expect healthcare expenditures to represent around 6.5% of the country's GDP by 2030 due to the population growth and aging, the expansion of Mexico's middle class and a higher disposable income of such segment of the population.

Graph 1.- Percentage of GDP Spent on Healthcare (2007 - 2017)



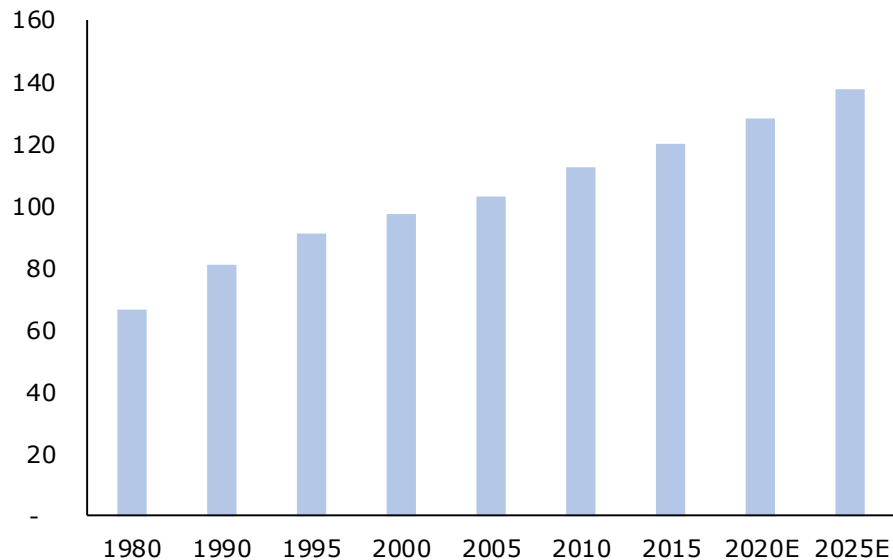
Source: AMIS

Mexico's Growing and Aging Population

According to the last INEGI census, Mexico's population expanded at a 1.7% CAGR over the 1980-2015 period to 120 million. Going forward, we anticipate a 1.4% annual growth to 138 million by the year 2025.

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Graph 2.- Mexico's Population (1980- 2025E)



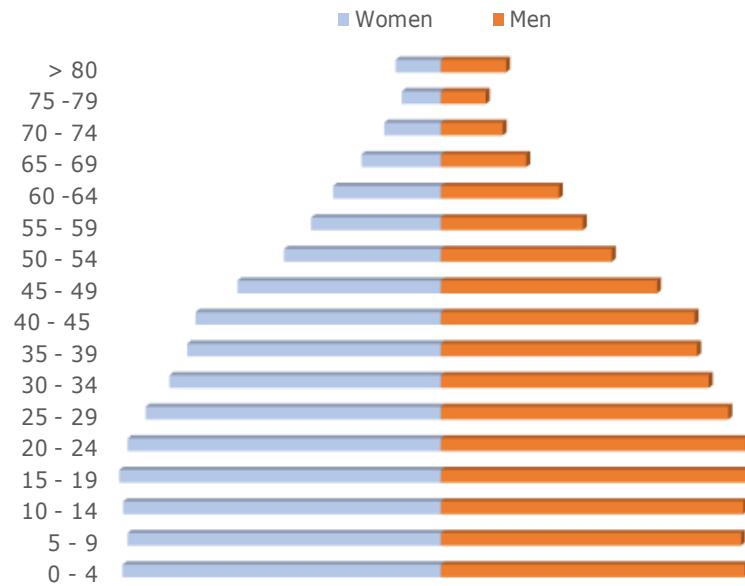
Source: INEGI, Miranda Global Research

With respect to Mexico's demographic pyramid, the highest percentages were concentrated on the 15-19 years and 20-24 years brackets at the end of 2017, according to INEGI. Going forward, we believe that the Mexican population pyramid will tend to look more like that of developed countries, which is more concentrated in those brackets with older people.

Women life expectancy is expected to reach 79.6 years in 2030, from the current 78.0 years, according to the National Population Council (CONAPO). Men life expectancy is expected to increase to 73.8 years in 2030, from 72.2 years currently. In our opinion, the combination of these two processes, population growth and aging, will most likely boost the need of medical services in the country.

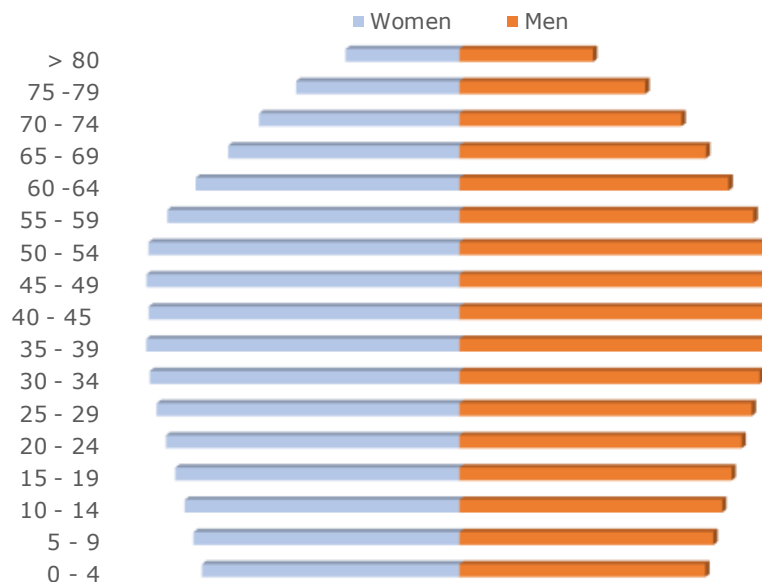
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Graph 3.- Mexico's Demographic Pyramid (2017)



Source: INEGI

Graph 4.- Mexico's Demographic Pyramid (2050)



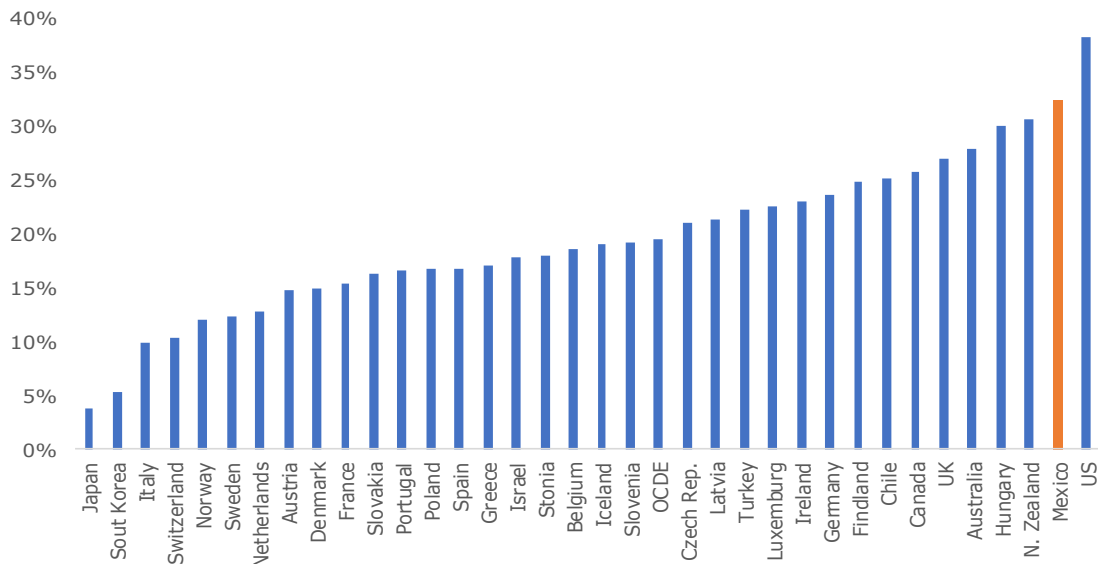
Source: CONAPO

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Mexicans Suffer from Developed Countries' Illnesses

In 2017, Mexico had the second largest percentage of obese adults within the OECD, at 32%. Consequently, the most common causes of death in the country, also in 2017, were heart disease, which is mainly caused by the lack of exercise and bad eating habits, followed by mellitus diabetes and malignant tumors, according to INEGI. This also makes Mexico the country with the highest percentage of adults with diabetes (15.8%) of the OECD. However, obesity, both in adults and infants, is more prevalent in Mexico's low and middle-income individuals, so is more likely to be treated in public hospitals.

Graph 5.- Percentage of Obese Adults in OECD Countries (2017)



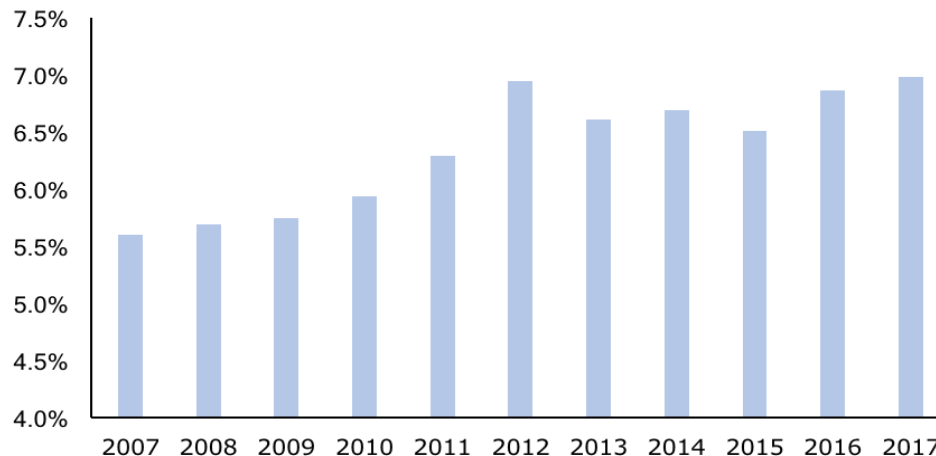
Source: OCDE

Insurance for Major Medical Expenses, an Important Growth Engine

A relevant share of Mexican private hospital's revenues comes from payments received by insurance of major medical expenses, a type of insurance which has notably grown in the past years. In 2007, only 5.9 million people (representing 5.6% of the population) were covered by major medical expenses insurance, while in 2017 this number increased to 8.6 million people (6.9% of the population). This means that the number of individuals covered by major medical expenses insurance rose by 45% during such period, equivalent to a 4% average annual rate. We believe that the growth potential is significant since only 7.3% of private healthcare costs are covered by insurance plans.

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Graph 6.- Percentage of People Insured Against Major Medical Expenses (2007-2017)



Source: SESA, Accidentes y Enfermedades

Low Hospital Penetration

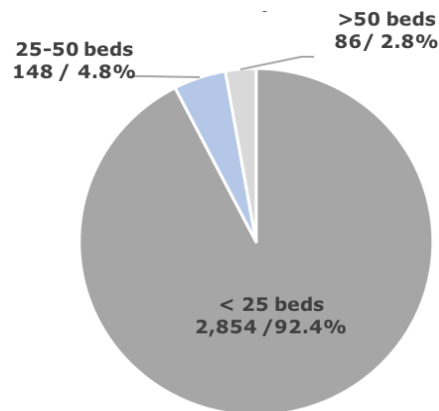
The supply of hospitals in Mexico is somewhat limited at only 1.6 beds for every 1,000 inhabitants. This figure is substantially lower compared to that of similar Latin American countries like Uruguay (2.8), Brazil (2.2), and Chile (2.2) and is in line with that of Ecuador (1.5). Among existing beds in Mexico, 72% belong to the public sector and 28% to the private sector.

There are around 3,088 private hospitals in the country. Worth noting is that 92.4% of these hospitals offer less than 25 beds, 4.8% offer between 25 and 50 beds, and only 2.8% offer more than 50 beds. MÉDICA has 190 beds, making it one of the biggest private hospitals in the country.

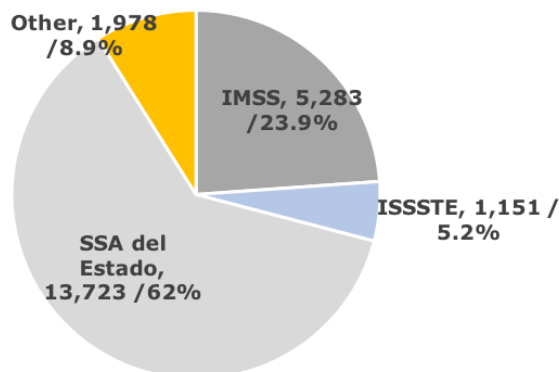
As a reference, in the US there are 5,008 hospitals, of which only 8.0% have less than 25 beds, 23.2% have between 25 and 50 beds and 68.7% have more than 50 beds.

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Graph 7.- Percentage of Private Hospitals by Number of Beds



Graph 8.- Size of Public Hospitals by Number of Units



Source: INEGI

Mexico's largest private hospital chain, *Hospitales Ángeles*, which is owned by large-scale company Grupo Ángeles, has over 2,000 beds spread across their 23 locations, according to the "*National Association of Private Hospitals*". The company holds a competitive advantage due to its more extended geographical coverage. With 354 beds, Hospital ABC is the closest competitor to MÉDICA, since they also focus on the Mexico City region.

MEDICAL differentiates itself by being a High Specialty hospital at a competitive price which gives it access to a greater number of patients.

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Table 1.- Key Players in Mexico's Private Hospital Industry

| Company | Cities | Hospitals | Beds |
|-------------------------------|---------------|------------------|-------------|
| Grupo Ángeles | 15 | 24 | 2,600 |
| Star Médica | 10 | 13 | 800 |
| Grupo Oca-DH Hospital | 1 | 2 | 590 |
| Christus Muguerza | 7 | 15 | 400 |
| Sociedad Benéf. Española | 7 | 7 | 400 |
| ABC | 1 | 2 | 354 |
| Hospitales Tec de Monterrey | 1 | 2 | 303 |
| Dalinde + San Angel Inn + HMG | 1 | 6 | 289 |
| Puerta de Hierro | 3 | 5 | 200 |
| Hospital San Javier | 3 | 4 | 200 |
| Médica Sur | 1 | 1 | 190 |
| Hospiten | 3 | 5 | 90 |
| H+ | 3 | 3 | 54 |
| Amerimed | 2 | 2 | 30 |

Source: Asociación Nacional de Hospitales Privados

Wholesale Pharmaceutical Distribution

NADRO and Marzam are the country's largest wholesale distributors of medicines to private hospitals. Public hospitals have a different and completely independent distribution network, which is currently being reorganized by the Ministry of Finances (SHCP). Under the previous government, pharmaceuticals were bought through a bidding process, and there was a distributor who acted as an intermediary between the laboratories and the government. From 2012 to 2018 there were three main distributors which accounted for 62.4% of the public market: Grupos Fármacos Especializados, Distribuidora Internacional de Medicamentos and Maypo. President Lopez Obrador and the SHCP created a new scheme under which the government acquires pharmaceutical products on a consolidated basis. Such scheme included the removal of the intermediary, thus decreasing costs by around 30%.

Medical Tourism

According to Baja California's tourism ministry, there were 1.3 million tourist that arrived to that state in 2018 in search for medical services with a total spending of US\$1 billion. This took place because patients were not covered by medical insurance in their home country and also due to cheaper prices in Mexico. In fact, 80% of tourists seeking medical treatment come from the United States, and usually go to bordering cities like Tijuana, but also to Monterrey, Mexico City and Mazatlán. Tijuana received 1.7 million patients in 2018, both national and international, mainly coming from the United States, Canada and bordering Mexican states. Some of the most demanded medical treatments by foreign patients were gastric bypasses, rhinoplasty, angioplasty, dental implants, among others. In their vast majority, they are cosmetic surgeries which require patients to stay 1-3-nights in the hospital. Thus, medical tourism offers a significant growth potential for the Mexican hospital industry.

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MÉDICA'S MAIN COMPETITIVE ADVANTAGES

One of Mexico's Best Hospital Companies

MÉDICA has positioned itself as one of Mexico's best high-specialty hospital companies. The company has achieved this by incorporating some of the country's most experienced and talented doctors, its state-of-the-art technology, its focus on patient service, its strong brand recognition and its strategic location in south of Mexico City.

Since 2013, MÉDICA is affiliated to the *Mayo Clinic Care Network*, which is a peer collaboration network of the *Mayo Clinic*, one of the world's most renowned hospitals. It brings together more than 40 health organizations in the United States, Mexico, Puerto Rico, Singapore and the United Arab Emirates.

Such membership generates direct benefits for patients, since doctors have scientific and technical support through consultations and information about last-minute advances in health procedures. It also represents benefits for doctors in the academic area since there are exchanges of experiences and medical collaborations.

Since 2014, MÉDICA is one of Mexico City 2 hospitals and 4 in the country that have been accredited by the *Joint Commission International* (JCI) that certifies that its processes comply with world-class standards in terms of safety in the management of its patients; the quality of the medical care; the safety of hospital facilities. It is part of the continuous improvement processes that MÉDICA implements for the benefit of its patients.

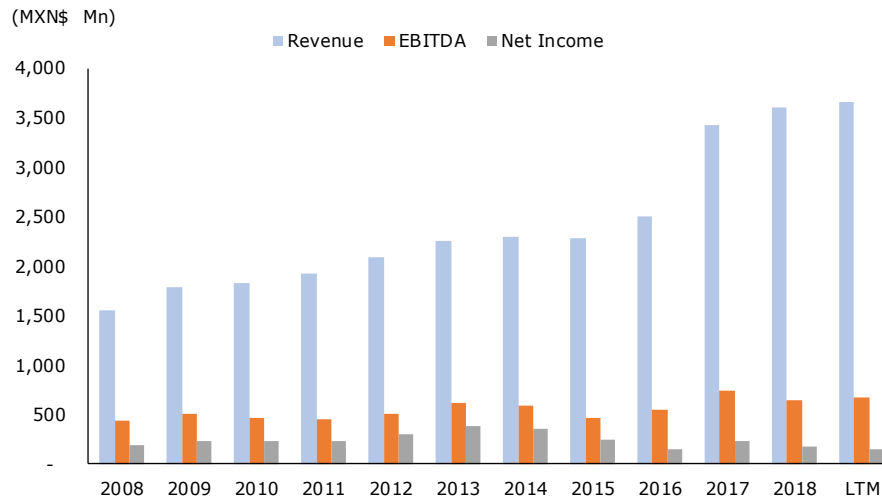
Highly Experienced Medical and Management Teams

MÉDICA's medical team includes some of the country's most respected and talented physicians. They have been responsible for attending more than 13,000 patients in 2018 with successful results. In addition, the company supports the investigation activities, which is a major differentiator against other hospital groups.

With respect to the administrative team, we believe that their track record of value creation is very solid. The clear evidence is that they have grown MÉDICA's revenues, EBITDA and net profit at CAGR of 8.1%, 4.1% and 2.4%, respectively, during the 2008-2019 period.

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Graph 9.- Revenue, EBITDA and Net Income (2008-LTM)

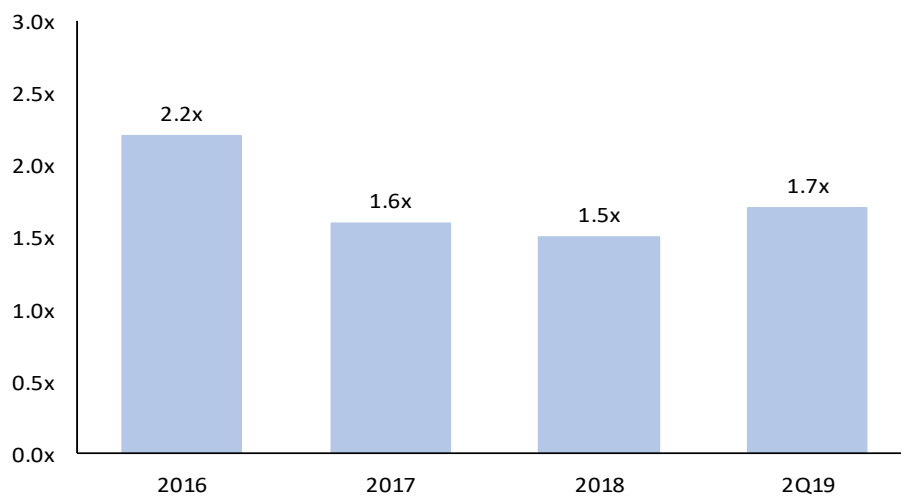


Source: MÉDICA

Solid Financial Structure

MÉDICA reported a Net Debt/EBITDA ratio of 1.7x at the end of 2Q19, which is in line with historical levels.

Graph 10.- Net Debt/ EBITDA Ratio (x)



Source: MÉDICA

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State-of-the-Art-Technology

The company is equipped with some of the world's most advanced medical equipment, such as a Stereotactic Body Radiation Therapy (SBRT) unit, a *Varian Clinac IX* lineal accelerator for radiotherapy, a *Gamma Knife Perfexion* radio surgery unit, green light laser, an *Axiom Artis* diagnosis unit, a *Pentero 900* microscope for nuclear medicine, laparoscopy towers with 4K resolution, a *Lasik* device for myopia and astigmatism correction, cardiovascular rehabilitation and ischemia evaluation systems, a robotic line of clinical analysis, an *OPMI Lumera 700* microscope, Tomography, Magnetic Resonance, and the recently acquired *PET-CT mCT Flow*, an *YSiO MAX* X-ray equipment, new surgery rooms with *endosuite*, and fully renovated hospitalization rooms.

MÉDICA was the first hospital center outside of the US to be integrated into the "*Mayo Clinic Care Network*", which provides it with access to world class technology and knowledge.

MÉDICA'S FAVORABLE OUTLOOK

We believe that MÉDICA's growth prospects are favorable, as we expect its revenues, EBITDA and net income to grow at an average annual rate of 4.1%, 8.2% and 3.7%, respectively, during the 2019-2024 period.

MÉDICA's revenues will be driven by price increases in line with inflation and by a slightly larger volume of patients treated. We believe that the company will benefit from the growth and aging of the Mexican population, which will continue to suffer from developed countries' diseases such as diabetes. This will be partially offset by an intense competition in the sector.

We believe that MÉDICA'S EBITDA margin will gradually expand to 21.9% in 2024, from 17.3% in 2019, mainly as a result of economies of scale, the headcount reduction that the company implemented at the end of last year and a strict cost and expenses policy mainly in its administrative areas.

It is worth mentioning that around 10% of MEDICA's costs and expenses are denominated in US dollars, which means that the company is slightly vulnerable to a devaluation of the Mexican peso. However, in our model, we assumed that the exchange rate gradually adjusts to MXN\$22.0 by the end of 2024, which will limit the impact on the company's cost and expense structure.

We expect the company to record a tax rate of 30.0% in the future. This will generate a net profit growth at an average annual rate of 3.7%, as we mentioned above.

We believe that MÉDICA's capital investments will be around MXN\$150 million in 2019 (which will represent 4% of revenues), which will mainly be used for the acquisition of equipment and continuous modernization of the facilities. This indicator will probably reach MXN\$240 million in 2024, which will represent 5% of sales.

We anticipate that MÉDICA will generate positive free cash flow over the next few years. This will allow the company to reduce leverage from the current levels of 1.7x (2Q19) to only 1.6x at the end of 2024. We rule out the acquisition of new companies, as we expect MÉDICA to

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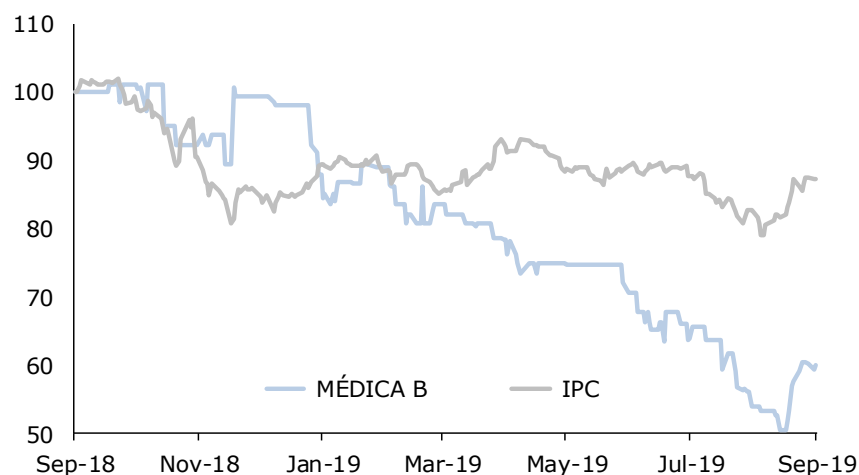
focus on the LMS restructuring through the dividend in kind which will likely take place in the near future. In the medium and long term, we anticipate that MÉDICA will focus on further improving its hospital operations.

VALUATION

Performance vs. the IPC Index

MÉDICA's shares have underperformed the IPC index during the last 12 months, we believe as a result of institutional investors who are moving away from Mexican mid and low-cap stocks, which are a risky asset under the current macroeconomic conditions. However, we believe that MÉDICA's shares have already reached a very attractive valuation. Thus, they will likely outperform the IPC index in the medium term.

Graph 11.- MÉDICA B vs. IPC Index



Source: Bloomberg

Comparison Against Global Peers

MÉDICA's shares currently trade at a forward EV/EBITDA of only 5.0x, a projected P/E of 15.4x and a P/BV of 0.7x. These multiples compare against the averages of 22.6x, 42.8x and 3.7x, respectively, of emerging market hospital chains, and against the averages of 8.4x, 14.0x, and 7.6x, respectively, of developed markets hospital companies. Although we believe that MÉDICA deserves to trade at a discount to its international peers due to its dependence on one hospital, we believe that the current discount is very high.

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Table 2.- Valuation of Global Hospital Chains

| Company | Country | Price (USD) 10-Sep-19 | Mkt. Cap. (USD Mn) | EV/EBITDA L12M | 2019E | 2020E | L12M | P/E 2019E | 2020E | EBITDA Δ% | Net EBITDA | ROE | EBITDA Margin 1Q19 | Div. Yield |
|--|-------------|-----------------------------|-----------------------|-------------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|-------------|--------------------------|---------------|
| <i>Emerging Markets</i> | | | | | | | | | | | | | | |
| Médica Sur | México | \$ 1.07 | 131 | 5.8x | 5.0x | 4.9x | 17.4x | 15.4x | 17.3x | 20% | 3% | 1.7x | 4.1 | 21.2 |
| Aier Eye Hospital Group | China | \$ 4.82 | 14,939 | 48.3x | 43.5x | 33.9x | 48.2x | 78.5x | 59.5x | 25% | 28% | (0.1x) | 21.7 | 23.5 |
| Bangkok Dusit Medical Services | Thailand | \$ 0.80 | 12,556 | 17.8x | 23.2x | 20.9x | 27.9x | 37.9x | 34.2x | 10% | 10% | 0.9x | 20.3 | 30.3 |
| IHH Healthcare Bhd | Malaysia | \$ 1.38 | 12,151 | 21.1x | 18.6x | 16.4x | 73.7x | 51.5x | 40.6x | 24% | 12% | 2.2x | 2.8 | 21.6 |
| Ryman Healthcare LTD | New Zealand | \$ 8.54 | 4,269 | 97.3x | 29.4x | 26.4x | 19.2x | 25.5x | 22.8x | 236% | 13% | 17.0x | 15.9 | 20.4 |
| Bumrungrad Hospital Public Compa | Thailand | \$ 4.54 | 3,309 | 17.0x | 15.3x | 14.8x | 27x | 25.0x | 23.8x | 2% | 6% | (1.0x) | 21.6 | 32.3 |
| Apollo Hospitals Enterprise Ltd. | India | \$ 20.80 | 2,893 | 22.2x | 17.1x | 14.7x | 85.7x | 56.4x | 40.9x | 27% | 15% | n.a. | n.a. | n.a. |
| Mitra Keluarga Karyasehat Tbk | Indonesia | \$ 0.17 | 2,466 | 34.5x | 33.7x | 30.2x | 54.6x | 50.8x | 46.3x | 13% | 10% | (1.1x) | 16.3 | 34.5 |
| Bangkok Chain Hospital | Thailand | \$ 0.52 | 1,303 | 20.6x | 18.2x | 16.6x | 37.6x | 33.0x | 29.6x | 16% | 10% | 2.0x | 19.9 | 26.9 |
| KPJ Healthcare Bhd | Malaysia | \$ 0.22 | 926 | 11.7x | 10.4x | 9.9x | 21.7x | 21.1x | 19.3x | 11% | 6% | 4.3x | 10.2 | 15.7 |
| China Resources Medican Holdings | China | \$ 0.66 | 862 | 7.6x | 8.0x | 6.9x | 14.3x | 15.6x | 13.8x | (9%) | 12% | (2.4x) | 7.3 | 28.4 |
| Chularat Hospital PCL | Thailand | \$ 0.08 | 855 | 28.5x | 23.9x | 20.8x | 48.8x | 38.9x | 34.1x | 13% | 14% | 1.0x | 16.0 | 21.5 |
| Medikaloka Hermina Tbk | Indonesia | \$ 0.25 | 741 | 20.0x | 15.1x | 12.4x | 84.7x | 52.1x | 42.6x | 26% | 21% | 0.9x | 9.3 | n.a. |
| Total / Average Emerging Markets | | | 57,401 | 24.0x | 22.6x | 19.9x | 37.8x | 42.8x | 36.5x | 21% | 13% | 2.1x | 14.7 | 25.1 |
| <i>Developed Markets</i> | | | | | | | | | | | | | | |
| HCA Healthcare Inc | US | \$ 130.10 | 44,362 | 8.5x | 8.2x | 7.7x | 12.2x | 12.3x | 11.4x | 9% | 5% | 3.6x | n.a. | 19.7 |
| Universal Health Services | US | \$ 155.37 | 13,749 | 10.7x | 9.6x | 9.2x | 17.1x | 15.1x | 14.4x | 14% | 4% | 2.5x | 14.9 | 15.5 |
| Korian SA | France | \$ 38.72 | 3,202 | 13.6x | 11.1x | 10.3x | 23.6x | 21.3x | 18.1x | 8% | 9% | 9.3x | 4.8 | 18.7 |
| The Ensign Group Ltd. | US | \$ 48.35 | 2,581 | 14.7x | 14.1x | 12.7x | 25.0x | 20.2x | 17.6x | 56% | 11% | 3.8x | 11.8 | 12.1 |
| Tenet Healthcare Corp. | US | \$ 24.20 | 2,503 | 9.1x | 7.2x | 6.7x | (156.5x) | 9.9x | 8.0x | 17% | 5% | 6.6x | n.a. | 12.5 |
| Terveystalo Oyj | Finland | \$ 9.66 | 1,237 | 11.8x | 10.2x | 9.4x | 20.2x | 19.0x | 15.9x | 31% | 7% | 4.1x | 10.6 | 15.8 |
| Target Hospitality Corp. | US | \$ 7.00 | 737 | 28.1x | 6.6x | 5.2x | (563.8x) | 16.6x | 9.5x | n.a. | 19% | 9.6x | (0.6) | 24.4 |
| Community Health Systems | US | \$ 3.30 | 390 | 15.7x | 8.6x | 8.5x | (0.4x) | (1.9x) | (2.7x) | 79% | 2% | 14.0x | n.a. | 7.0 |
| American Renal Associates | US | \$ 10.94 | 356 | 8.1x | 8.8x | 8.3x | (12.5x) | (80.7x) | (59.8x) | (12%) | 5% | n.a. | n.a. | n.a. |
| Total / Average Developed Markets | | | 69,117 | 9.7x | 8.4x | 8.0x | 18.4x | 14.0x | 12.6x | 17% | 5% | 6.7x | 8.3 | 15.7 |

Source: Miranda Global Research; n.a. = not available

Note: All figures are in USD

Discounted Cash Flow Model (DCF)

We set our year-end target price of MXN\$26.50 for MÉDICA's shares (including LMS) through a discounted cash flow (DCF) model which includes a 2.7% perpetuity growth rate in nominal terms and an 12.0% WACC. To calculate the WACC, we used a 13.5% cost of equity, a pre-tax cost of debt of 10.3% and a year-end debt to equity ratio of 24.1%. We also used a Beta of 1, which is higher than MÉDICA's current Beta of 0.243 to be conservative with respect to the WACC calculation.

Our current target price of MXN\$26.50/share does not include MÉDICA's vast real estate properties, which we estimate have a market value of MXN\$1.7-2.0 billion, equivalent to MXN\$13.90/share. However, we believe that such value will only be realized once they are sold, which in our view is unlikely to take place during the rest of the current year given current macroeconomic conditions.

MÉDICA: Initiation of Coverage

Table 3.- Discounted Cash Flow Model

| (Figures in Millions of MXN\$) | 2020E | 2021E | 2022E | 2023E | 2024E | Perp. |
|---|------------|------------|------------|------------|------------|------------------|
| OPERATING PROFIT | 459 | 488 | 524 | 565 | 602 | 618 |
| Tax Rate | 30% | 30% | 30% | 30% | 30% | 30% |
| Tax Shield | -138 | -146 | -157 | -170 | -181 | -185 |
| NOPLAT | 321 | 341 | 367 | 396 | 422 | 433 |
| Depreciation | 336 | 352 | 368 | 384 | 400 | 411 |
| Working Capital Changes | -38 | -40 | -40 | -39 | -40 | -41 |
| CAPEX | -160 | -180 | -200 | -220 | -240 | -300 |
| FCFF | 459 | 473 | 495 | 521 | 542 | 502 |
| Perpetuity Growth Rate | | | | | | 2.7% |
| PV of Explicit Period (2020 - 2024E) | | | | | | 1,778 |
| Perpetuity Value | | | | | | 5,392 |
| PV of Perpetuity Value | | | | | | 2,733 |
| Enterprise Value | | | | | | 4,511 |
| Net Debt | | | | | | 1,243 |
| Minority Interest | | | | | | 1 |
| Market Value | | | | | | 3,267 |
| <i>Outstanding Shares</i> | | | | | | 123 |
| Target Price | | | | | | P\$ 26.50 |
| Current Market Price | | | | | | P\$ 20.80 |
| Potential Return Incl. Dividends | | | | | | 27.4% |
| Forward EV/EBITDA | | | | | | 5.8x |
| Forward P/E | | | | | | 22.3x |
| Average Cost of Debt | | | | | | 10.3% |
| LT Tax Rate | | | | | | 30.0% |
| After-Tax Cost of Debt | | | | | | 7.2% |
| Cost of Equity | | | | | | 13.5% |
| Market Risk Premium | | | | | | 6.0% |
| Risk-Free Rate | | | | | | 7.5% |
| Beta | | | | | | 1.00 |
| % Total Debt | | | | | | 24.1% |
| % Capital | | | | | | 75.9% |
| WACC | | | | | | 12.0% |

Source: Miranda Global Research

Sensitivity Analysis

We carried out a sensitivity analysis of MEDICA's target price based on different levels of EBITDA, net profits and target multiples. We are comfortable with our target price of MXN\$26.50/share as it implies that MÉDICA's shares will trade at a forward EV/EBITDA of only 5.8x and a projected P/E of 22.3x at the end of the current year, which compares against the five-year averages of 9.5x and 21.0x, respectively.

MÉDICA: Initiation of Coverage

Table 4.- Sensitivity Analysis, EBITDA vs. EV/EBITDA

| | -10% | -5% | <i>Original</i> | +5% | +10% |
|-------------------------|--------------|--------------|-----------------|--------------|--------------|
| Projected EBITDA | 717 | 755 | 795 | 834 | 876 |
| Target EV/EBITDA | | | | | |
| 4.3x | 14.14 | 15.45 | 16.84 | 18.22 | 19.67 |
| 4.8x | 17.05 | 18.52 | 20.06 | 21.60 | 23.22 |
| 5.3x | 19.96 | 21.58 | 23.28 | 24.99 | 26.78 |
| 5.8x | 22.87 | 24.64 | 26.50 | 28.37 | 30.33 |
| 6.3x | 25.77 | 27.70 | 29.73 | 31.75 | 33.88 |
| 6.8x | 28.68 | 30.76 | 32.95 | 35.14 | 37.44 |

Source: Miranda Global Research

Table 5.- Sensitivity Analysis, Net Profit vs. P/E

| | -10% | -5% | <i>Original</i> | +5% | +10% |
|-----------------------------|--------------|--------------|-----------------|--------------|--------------|
| Projected Net Profit | 132 | 139 | 146 | 154 | 161 |
| Target P/E | | | | | |
| 19.3x | 20.71 | 21.80 | 22.95 | 24.09 | 25.30 |
| 20.3x | 21.78 | 22.93 | 24.13 | 25.34 | 26.61 |
| 21.3x | 22.85 | 24.05 | 25.32 | 26.58 | 27.91 |
| 22.3x | 23.92 | 25.18 | 26.50 | 27.83 | 29.22 |
| 23.3x | 24.99 | 26.31 | 27.69 | 29.08 | 30.53 |
| 24.3x | 26.06 | 27.43 | 28.88 | 30.32 | 31.84 |

Source: Miranda Global Research

COMPANY DESCRIPTION

MÉDICA owns the MÉDICA Tlalpan hospital, located in the south of Mexico City. This hospital has 190 beds, 15 operating rooms, 15 intensive care units (ICU), 13 emergency units for adults, 3 pediatric cubicles, one for orthopedics and 542 medical offices distributed in three towers.

The company has specialized departments, such as the Integral Oncology Center, the Radiotherapy Unit, the Center for Neurology and Neurosurgery, Gastroenterology, Urology, Hemodynamics, Hemodialysis, positron emission tomography, imaging, magnetic resonance and the Comprehensive Diagnostic Center and treatment, among others.

MÉDICA offers teaching and training to young doctors, and participates and publishes scientific research, through its unit of researchers attached to CONACYT. MÉDICA shares were listed on the Mexican Stock Exchange in 1994.

MÉDICA: Initiation of Coverage

Real Estate

MÉDICA also owns the following real estate properties:

- a 5 hectares property which is adjacent to their hospital in the Tlalpan neighborhood in Mexico City. The company had originally sold part of this piece of land to Grupo Sordo Madaleno (GSM), an upscale real estate company. However, such transaction was cancelled last May 2nd derived from the cancellation of the performance polygons in Mexico City. We estimate that such property has a market value of around MXN\$1.5-1.7 billion (with a fiscal cost of MXN\$931 million as of the end of 2018).
- The company owns 10,654 square meters in the Tlalpan neighborhood, near the Periférico highway, where its corporate offices are located. This property has a market value of around MXN\$100-130 million (with a fiscal cost of MXN\$122 million).
- MÉDICA also owns a 3,576 M2 land property in the Lomas upscale neighborhood. We estimate that the market value of such asset is around MXN\$110-140 million (with a fiscal cost of MXN\$136 million).

Laboratories

MÉDICA's owns 126 clinical analysis laboratories. The company will keep 9 laboratory units and the main branch within the hospital complex, as well as the sample processing center. The other units will be spun-off as part of the restructuring process through the LMS share dividend.

They compete with other clinical laboratories such as "Laboratorio Médico el Chopo", "Salud Digna", "Quest" and "Biomédica", among others. "Laboratorio Médico del Chopo" has 200 laboratories and 23 speciality centers across the country, making it the largest network. "Salud Digna" has 60 laboratories in Mexico and the US, "Quest" has 34 in Mexico and "Biomédica" has 12 also in Mexico. Price competition in this sector is very intense as some chains, like "Salud Digna", are owned by non-profit foundations.

Board of Directors / Corporate Governance

MÉDICA's Board has 20 Directors of which 12 are independent, thus complying with Mexico's Securities Market Law, which states that at least 25% of the Directors have to be independent.

MÉDICA: Initiation of Coverage

Table 6.- MÉDICA's Board of Directors

| Name | Position | Independence |
|--|-----------------------------|--------------|
| Lic. Enrique Castillo Sánchez Mejorada | Proprietary | Independent |
| Lic. Joaquín Vargas Guajardo | Proprietary | Independent |
| Dr. Carlos Elizondo Mayer-Serra | Proprietary | Independent |
| Lic. Santiago Garza Borde | Proprietary | Independent |
| Lic. Alonso de Garay Gutiérrez | Proprietary | Independent |
| C.P. Manuel Sánchez y Madrid | Proprietary | Independent |
| Dr. Xavier Soberón Mainero | Proprietary | Independent |
| Dra. Xochitl Castañeda | Proprietary | Independent |
| Lic. Daniel Antonio del Rio Loaiza | Proprietary | Independent |
| Lic. Alejandro Quiroz Pedrazzi | Proprietary | Independent |
| Lic. Eduardo A. Henkel Pérez-Castro | Proprietary | Independent |
| Mtro. Francisco D. González Albuerne | Proprietary | Independent |
| Dr. Misael Uribe Esquivel | Proprietary | Related |
| Dr. Eduardo González Pier | Proprietary | Related |
| Dra. Martha Helena Ramos Ostos | Proprietary | Related |
| Dr. Octavio Gonzalez Chon | Proprietary | Related |
| Lic. Juan Carlos Grieria Hernando | Proprietary | Related |
| Dr. José Manuel Correa Rovelo | Proprietary | Related |
| Ing. Genaro Borrego Estrada | Proprietary | Related |
| Ing. Mario Federico Sicilia Bernard | Proprietary | Related |
| Lic. Cuauhtémoc R. Santa-Ana Otero | Secretary, Non Board Member | |

Source: MÉDICA

In addition, MÉDICA has an Audit Committee, which includes four members, 3 of them independent, and a Corporate Practices Committee that includes 5 members, 3 of them independent. These committees ensure compliance with existing regulations and help supervise the company's operations.

Management Team

MÉDICA has a solid management team which includes very talented physicians and executives. Juan Carlos Grieria Hernando, the CEO, has been a Director to the Board since 2004. Marisol Vazquez Mellado Mollón, the CFO, has a 27-year experience in publicly-traded companies. The Medical director is Dr. Octavio González Chon, who has specialties in internal medicine, critical medicine, anesthesiology and cardiovascular anesthesiology, and has been a Board Director for 21 years.

MÉDICA: Initiation of Coverage

Table 7.- MÉDICA's Main Executives -Medical and Management Team

| Name | Position |
|---|--|
| Dr. Misael Uribe Esquivel | Chairman of the Board of Directors |
| Lic. Juan Carlos Grieria Hernando | CEO |
| C.P. Marisol Vázquez Mellado Mollón | CFO |
| Dr. Octavio González Chon | Chief Doctor |
| Dra. Sandra María del Carmen García López | Chief of Medicine and Hospitalization |
| Dr. José Manuel Correa Rovelo | COO |
| Dr. Rodolfo Barragán García | Director of Surgery |
| Dr. Pedro Yeverino Suárez | Chief of Urgencies |
| Dr. Silvio Antonio Ñamendys Silva | Chief of Intense Therapy |
| Dr. Mario Luis Roca Cabrera | Chief of Respiratory Therapy |
| Dr. Héctor Baptista González | Chief of Blood Bank |
| Dr. Luis Assad Simón Pereira | Chief of Gynecological and Obstetrics Service |
| Dr. Carlos Federico Ortiz Hidlago | Chief of Pathological Anatomy |
| Dra. María José García Pasquel | Chief of Neonatology |
| Dr. Eduardo Emir Cervera Ceballos | Chief of Oncological Center |
| Dra. Adela Poitevin Chacón | Chief of Radiotherapy |
| Dr. Ramiro del Valle Robles | Chief of Gamma Knife Unit |
| Dr. Norberto Carlos Chávez Tapia | Head of Gastroenterology, Hepatology and Endoscopy |
| Dr. Bernardo Gabilondo | Chief of Urology |
| Dr. Alejandro Zavala Reina | Head of Neurophysiology Unit |
| Dr. Álvaro Lomelí Rivas | Head of Rehabilitation Medicine |
| Dra. Martha Elena Ramos Ostos | Director of the Clinical Diagnosis Center |
| Dr. Luis Felipe Alva López | Head of Imaging Unit |
| Dr. Rodrigo Hernández Ramírez | Head of Nuclear Medicine |
| Lic. Ana Lara | Head of Nutrition |
| Dr. Luis Enrique Soto Ramírez | Chief of Infectology and UVEH |
| Dr. Francisco Sánchez Girón | Director of Process Centers |
| Dr. Eduardo Gonzalez Pier | CEO of Medica Sur Clinical Foundation |
| Dr. Misael Uribe Ramos | Director of Medical Tourism |
| Dra. Carmen García | Academic Director |
| Lic. Francisca Vázquez | Nursing Director |
| Lic. Concepción Guadalupe Arriaga Ruiloba | Director of Marketing, Communications and Special Events |
| Ing. José Luis Torres Infante | CTO |
| Lic. Cuauhtémoc Rafael Santa-Ana Otero | General Counsel |
| Dr. Jorge Hernández Ortiz | Director of the Procurement Committee |

Source: MÉDICA

Ownership Structure

MÉDICA's capital is represented by 123,281,750 shares. They have a low liquidity since their average daily traded value (ADTV) of the last six months was MXN\$216 thousand (around US\$11,364).

MÉDICA is majority-owned by Neuco S.A.P.I. de C.V. which holds 50.01% of outstanding shares. The remaining 49.9% of shares are free-floating.

MÉDICA: Initiation of Coverage

2Q19 Results: EBITDA Improves due to IFRS 16 but Net Profit Falls

MÉDICA's sales were up 3.1% YoY to MXN\$938.3 million, supported by an increased hospital and surgical activity, as well as higher revenues in clinical services and in diagnostic areas.

The number of patients rose 4.3% YoY to 3,376. The average stay decreased to 2.90 days, from 3.04 days. As a result, the occupancy rate fell 0.2% YoY to 56.7%, which is equivalent to 107.7 average bed days. However, the Diagnostic and Clinical Analysis area experienced fewer patients in the quarter.

The cost of sales advanced 2.4% YoY, which generated a gross margin of 31.3% in 2Q19, from 30.8% in 2Q18. Administrative and sales expenses were up 3.2% YoY, while other operating expenses decreased 57.3% YoY. This translated into an EBITDA margin of 21.7% in 2Q19, from 18.0% in 2Q18. EBITDA was 24.3% higher YoY to MXN\$203.7 million. This included a MXN\$25.4 million benefit related to the IFRS 16 implementation in the current quarter.

The integral cost of financing grew 63.4% YoY to MXN\$53.6 million mainly as a result of the extraordinary interests related to the reimbursement of the deposit to GSM, as well as the IFRS 16 implementation. Quarterly net income was down 19.7% YoY to MXN\$40.9 million.

Debt Profile / Maturities

MÉDICA presented a total debt and leases of MXN\$1,552 million at the end of 2Q19. The bank debt was MXN\$1,224 million, of which 43% had a fixed rate of 9.745% and 57% had a variable rate of TIIE plus 125-360 bp. It is fully denominated in pesos while its average cost was 10.3%. The maturity profile is well structured, since the company only faces MXN\$131 million in 2019, with the rest expiring between 2020 and 2024.

The cash and temporary investments amounted to MXN\$171.4 million at the end of the quarter, which translated into a net debt to EBITDA ratio of 1.7x.

Dividend Payments

MÉDICA has paid cash dividends with an average 2.1% yield during the last 10 years. We believe that post-LMS dividend, the company will continue to distribute cash dividends with a similar rate.

MÉDICA: Initiation of Coverage

Table 8.- MÉDICA's Historical Dividends and Yields

| Year | Per Share Amount (MXN\$) | Total Amount (MXN\$ Mn) | Dividend Yield |
|------|--------------------------------|-------------------------------|-------------------|
| 2008 | \$ 0.54 | \$ 63.00 | 2.4% |
| 2009 | \$ 0.58 | \$ 68.00 | 2.3% |
| 2010 | \$ 0.58 | \$ 68.00 | 2.3% |
| 2011 | \$ 0.55 | \$ 67.80 | 2.3% |
| 2012 | \$ 0.86 | \$ 106.50 | 2.9% |
| 2013 | \$ 0.84 | \$ 103.60 | 2.4% |
| 2014 | \$ 0.85 | \$ 104.80 | 1.5% |
| 2015 | \$ 0.68 | \$ 83.80 | 1.7% |
| 2016 | \$ 0.70 | \$ 86.30 | 1.8% |
| 2017 | \$ 0.61 | \$ 75.00 | 1.5% |
| 2018 | \$ 0.62 | \$ 76.60 | 1.8% |

Source: MÉDICA

THE UPCOMING RESTRUCTURING OF LABORATORIOS MÉDICA SUR (LMS)

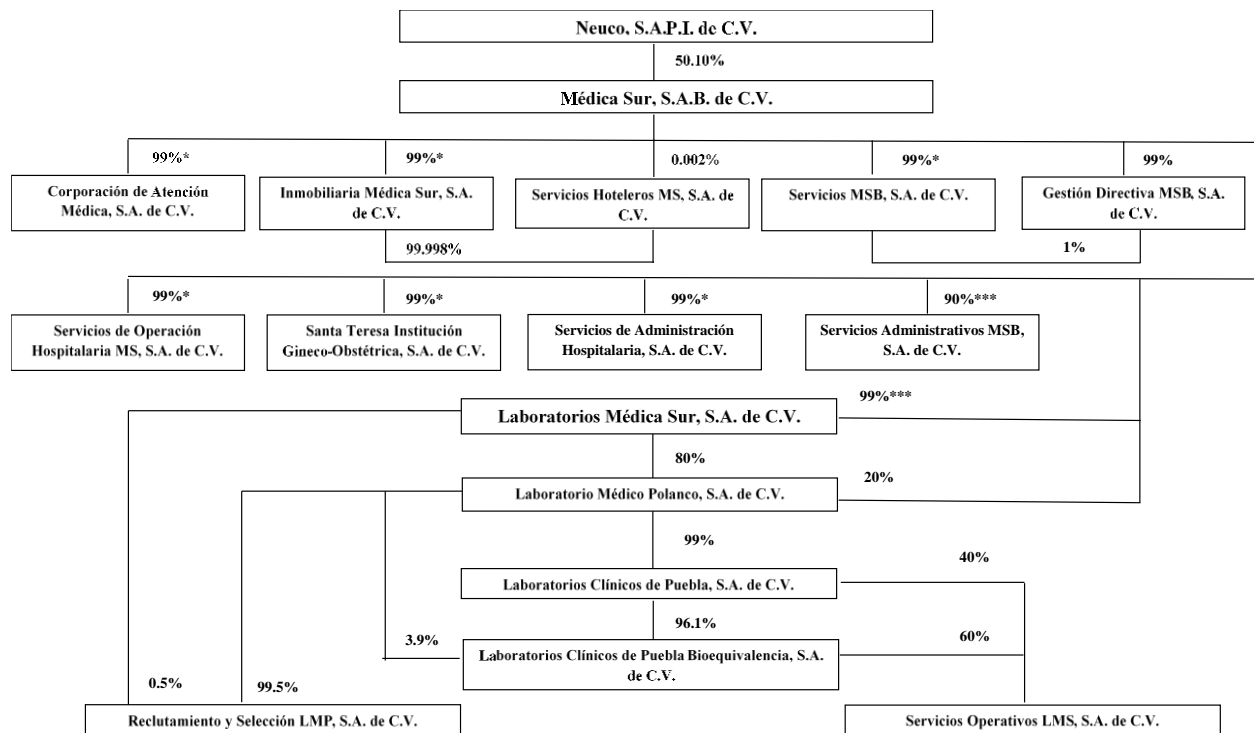
Last April 30th, MÉDICA's shareholders approved a corporate restructuring whereby the company will spin-off 116 laboratories and will keep the remainder 10 under the MS brand. The deadline for this transaction is January 2020, otherwise it will be cancelled.

As a result, MÉDICA's shareholders will receive the LMS share dividend with a value of MXN11.253/share according to the "Information Brochure" of the transaction. The company told us that this price is equivalent to a L12M EV/EBITDA 10.2x multiple. We expect the market value of LMS's shares to change according to the prevailing market conditions when the restructuring takes place.

Once the transaction occurs, Neuco S.A.P.I. de C.V. will remain as the controlling shareholder of both MÉDICA and LMS, with 50.1% of outstanding shares. The float of the two new companies will thus be 49.9% after such transaction.

MÉDICA: Initiation of Coverage

Graph 12.- MÉDICA's Current Corporate Structure



Notes:

* The remaining shares are owned by Neuco, S.A.P.I. de C.V.

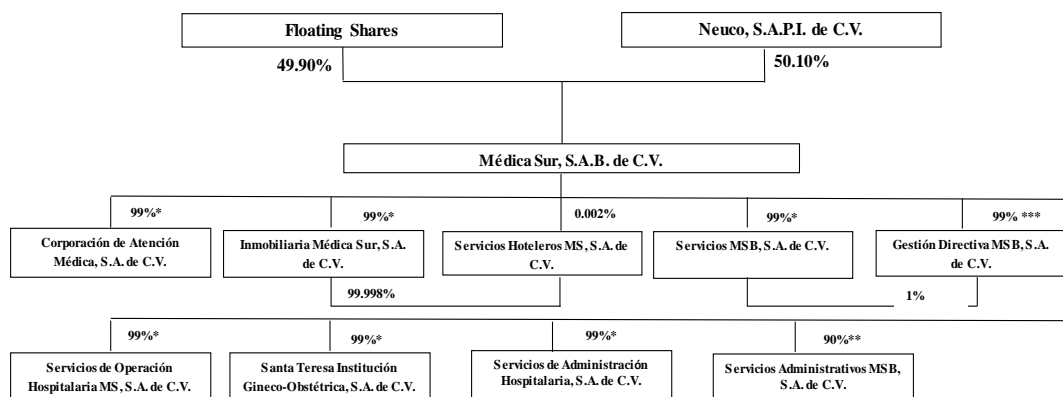
** The remainder 49.9% of Médica Sur, S.A.B. de C.V.'s shares are distributed among diverse investors

*** The remaining shares are owned by Corporación de Atención Médica, S.A. de C.V.

Source: MÉDICA

MÉDICA: Initiation of Coverage

Graph 13.- MÉDICA's Corporate Structure After the LMS Restructuring



Notas:

* The remaining shares are owned by Neuco, S.A.P.I. de C.V.

** The remaining shares are owned by Corporación de Atención Médica, S.A. de C.V.

*** The remaining shares are owned by Servicios MSB, S.A. de C.V.

Table 9.- LMS Price Depending on Different Multiple Levels

| | EV/EBITDA L12M | Price Per Share |
|--------------------------------|-------------------|--------------------|
| | 14.0x | \$ 11.63 |
| | 13.0x | \$ 11.11 |
| | 12.0x | \$ 10.59 |
| Initial Valuation => | 10.2x | \$ 11.25 |
| | 10.0x | \$ 9.56 |
| | 9.0x | \$ 9.05 |
| | 8.0x | \$ 8.53 |
| | 7.0x | \$ 8.02 |
| | 6.0x | \$ 7.50 |
| | 5.0x | \$ 6.98 |

Source: MÉDICA, Miranda Global Research

MÉDICA: Initiation of Coverage

Table 10.- MÉDICA's Valuation Post-LMS Share Dividend

| | MÉDICA's Pre-Restructuring Share Price | LMS Initial Price | MÉDICA's Post-Restructuring Share Price | MÉDICA's Post-Restructuring 2019E EV/EBITDA |
|----------------------------|--|-------------------------|---|---|
| | \$ 15.00 | \$ 11.25 | \$ 3.75 | 2.4x |
| | \$ 16.00 | \$ 11.25 | \$ 4.75 | 2.6x |
| | \$ 17.00 | \$ 11.25 | \$ 5.75 | 2.8x |
| | \$ 18.00 | \$ 11.25 | \$ 6.75 | 3.0x |
| | \$ 19.00 | \$ 11.25 | \$ 7.75 | 3.2x |
| | \$ 20.00 | \$ 11.25 | \$ 8.75 | 3.5x |
| Current Price => | \$ 20.80 | \$ 11.25 | \$ 9.55 | 3.6x |
| | \$ 21.00 | \$ 11.25 | \$ 9.75 | 3.7x |
| | \$ 22.00 | \$ 11.25 | \$ 10.75 | 3.9x |
| | \$ 23.00 | \$ 11.25 | \$ 11.75 | 4.1x |
| | \$ 24.00 | \$ 11.25 | \$ 12.75 | 4.4x |

Source: MÉDICA, Miranda Global Research

MAIN INVESTMENT RISKS

Intense Competition. The Mexican hospital industry is highly competitive in terms of price, quality, services, location and reputation. MÉDICA competes not only with other hospitals, but with laboratories and clinics across the country. The latter may offer lower prices, but do not compete in terms of quality with MÉDICA.

Macroeconomic Volatility. The performance of the health services industry is linked to the Mexican and international economy. The demand for MÉDICA's services can be affected by volatility in the exchange rate, interest rates and/or the inflation rate. Around 10% of MÉDICA's costs and expenses are denominated in US Dollars. The mitigant is that the company can transfer the cost increases in a relatively short period.

Adverse Changes in Health or Fiscal Regulations. MÉDICA is subject to strict health, hygiene and environmental standards. The biggest risk a hospital faces is not complying with such regulations, which could jeopardize its reputation. The company is also exposed to changes in the government's fiscal policies.

Dependence on the Medical Team. MÉDICA depends largely on the quality and performance of its medical team. Any medical error or equipment malfunction can damage the company's reputation or generate lawsuits.

Dependence on a Single Hospital. MÉDICA depends on the performance of the Tlalpan hospital, which is located near other competitors' hospitals. Any incident at this facility or in the surrounding area can have a negative effect on the company's results.

Changes in Medical Insurance Conditions. This could affect MÉDICA's profitability and could generate a patient migration to cheaper hospitals.

MÉDICA: Initiation of Coverage

Continuous Technological Advances. The medical equipment usually requires expensive maintenance. There is a limited number of manufacturers of such equipment, and any failure or interruption can have negative effects on hospital performance. Any damage to the information systems can affect the way in which the company treats its patients and stores data.

Low Market Capitalization and Low Liquidity of the Shares. MÉDICA's current market capitalization stands at US\$121 million with an average daily traded value of only MXN\$502,087 (around US\$26,342) during the last six months.

Unexpected Investments in the Development of Real Estate Properties. In order to expand in a significant way, MÉDICA has to acquire another hospital or develop a new one in its real estate properties, which can be burdensome. However, we rule out that this will happen in the medium term because MÉDICA has sufficient capacity at the moment.

MÉDICA: Initiation of Coverage

FINANCIAL PROJECTIONS – MÉDICA SUR

(Figures in Millions of MXN\$)

| INCOME STATEMENT | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
|--|----------|----------|----------|----------|----------|----------|----------|--------|-------|-------|-------|-------|-------|-------|
| Revenues | 3,608 | 3,731 | 3,888 | 4,051 | 4,221 | 4,399 | 4,585 | 5% | 3% | 4% | 4% | 4% | 4% | 4% |
| Cost of Sales | -2,487 | -2,589 | -2,689 | -2,787 | -2,888 | -2,995 | -3,110 | 10% | 4% | 4% | 4% | 4% | 4% | 4% |
| Gross Profit | 1,121 | 1,142 | 1,199 | 1,264 | 1,333 | 1,404 | 1,475 | -4% | 2% | 5% | 5% | 5% | 5% | 5% |
| Gross Margin | 31.1% | 30.6% | 30.8% | 31.2% | 31.6% | 31.9% | 32.2% | | | | | | | |
| General Expenses | -737 | -697 | -708 | -740 | -769 | -795 | -825 | 11% | -5% | 2% | 5% | 4% | 3% | 4% |
| Operating Profit | 400 | 432 | 459 | 488 | 524 | 565 | 602 | -22% | 8% | 6% | 6% | 7% | 8% | 7% |
| Operating Margin | 11.1% | 11.6% | 11.8% | 12.0% | 12.4% | 12.8% | 13.1% | | | | | | | |
| Depreciation and Amortization | -225 | -325 | -336 | -352 | -368 | -384 | -400 | 2% | 44% | 4% | 5% | 5% | 4% | 4% |
| EBITDA | 625 | 757 | 795 | 840 | 892 | 949 | 1,002 | -15% | 21% | 5% | 6% | 6% | 6% | 6% |
| EBITDA Margin | 17.3% | 20.3% | 20.4% | 20.7% | 21.1% | 21.6% | 21.9% | | | | | | | |
| Financial Gains | 16 | 7 | -41 | -45 | -49 | -53 | -53 | 174% | -55% | -690% | 10% | 9% | 8% | 0% |
| Financial Cost | -145 | -194 | -208 | -221 | -232 | -242 | -249 | 2% | 34% | 7% | 6% | 5% | 4% | 3% |
| Pre-Tax Profit | 271 | 245 | 209 | 222 | 243 | 270 | 300 | -28% | -10% | -15% | 6% | 10% | 11% | 11% |
| Income Tax & Profit Sharing | -101 | -79 | -63 | -66 | -73 | -81 | -90 | -16% | -22% | -20% | 6% | 10% | 11% | 11% |
| Tax & Profit Sharing Rate | 37.4% | 32.1% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | | | | | | | |
| Net Profit | 169 | 166 | 146 | 155 | 170 | 189 | 210 | -27% | -2% | -12% | 6% | 10% | 11% | 11% |
| Outstanding Shares | 123 | 123 | 123 | 123 | 123 | 123 | 123 | 0% | -0% | 0% | 0% | 0% | 0% | 0% |
| EPS | P\$ 1.37 | P\$ 1.35 | P\$ 1.19 | P\$ 1.26 | P\$ 1.38 | P\$ 1.53 | P\$ 1.70 | -27% | -2% | -12% | 6% | 10% | 11% | 11% |
| BALANCE SHEET | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
| TOTAL ASSETS | 5,464 | 5,964 | 6,145 | 6,328 | 6,511 | 6,696 | 6,881 | -2% | 9% | 3% | 3% | 3% | 3% | 3% |
| Current Assets | 1,050 | 846 | 908 | 970 | 1,034 | 1,098 | 1,164 | -5% | -19% | 7% | 7% | 7% | 6% | 6% |
| Cash & Temp. Inv. | 171 | 190 | 190 | 190 | 190 | 190 | 190 | -21% | 11% | 0% | 0% | 0% | 0% | 0% |
| LT Assets | 4,413 | 5,117 | 5,237 | 5,357 | 5,477 | 5,597 | 5,717 | -2% | 16% | 2% | 2% | 2% | 2% | 2% |
| P, P & E | 2,783 | 2,841 | 2,961 | 3,081 | 3,201 | 3,321 | 3,441 | -2% | 2% | 4% | 4% | 4% | 4% | 4% |
| TOTAL LIABILITIES | 1,922 | 2,274 | 2,387 | 2,496 | 2,596 | 2,681 | 2,752 | -11% | 18% | 5% | 5% | 4% | 3% | 3% |
| ST Liabilities | 792 | 950 | 1,064 | 1,173 | 1,272 | 1,358 | 1,428 | 10% | 20% | 12% | 10% | 8% | 7% | 5% |
| LT Liabilities | 1,130 | 1,323 | 1,323 | 1,323 | 1,323 | 1,323 | 1,323 | -21% | 17% | 0% | 0% | 0% | 0% | 0% |
| TOTAL DEBT | 1,126 | 1,433 | 1,523 | 1,610 | 1,685 | 1,746 | 1,791 | -18% | 27% | 6% | 6% | 5% | 4% | 3% |
| NET DEBT | 955 | 1,243 | 1,333 | 1,420 | 1,495 | 1,556 | 1,601 | -18% | 30% | 7% | 7% | 5% | 4% | 3% |
| TOTAL CAPITAL | 3,542 | 3,708 | 3,776 | 3,849 | 3,933 | 4,032 | 4,147 | 3% | 5% | 2% | 2% | 2% | 3% | 3% |
| Stockholder's Equity | 3,541 | 3,707 | 3,775 | 3,848 | 3,932 | 4,031 | 4,146 | 3% | 5% | 2% | 2% | 2% | 3% | 3% |
| Minority Interest | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6% | 4% | 2% | 2% | 2% | 3% | 3% |
| CASH FLOW STATEMENT | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2018 | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
| PRE-TAX PROFIT | 169 | 204 | 209 | 222 | 243 | 270 | 300 | -27% | 21% | 2% | 6% | 10% | 11% | 11% |
| Inv. Related Activities | 322 | 364 | 328 | 345 | 360 | 377 | 393 | -6% | 13% | -10% | 5% | 5% | 4% | 4% |
| Pre-Tax Cash Flow | 497 | 397 | 180 | 209 | 244 | 283 | 324 | -11% | -20% | -55% | 16% | 17% | 16% | 14% |
| Working Capital Changes | -191 | -150 | -38 | -40 | -40 | -39 | -40 | -45% | -22% | -74% | 4% | -0% | -2% | 2% |
| Operating Cash Flow | 306 | 248 | 142 | 169 | 204 | 244 | 284 | 43% | -19% | -43% | 19% | 21% | 20% | 16% |
| Investment Cash Flow | -24 | -146 | -154 | -174 | -194 | -214 | -234 | -72% | 517% | 5% | 13% | 11% | 10% | 9% |
| Financing Cash Flow | -328 | -83 | 12 | 5 | -10 | -30 | -50 | 1,762% | -75% | -115% | -60% | -309% | 197% | 67% |
| Net Incr. (Decr.) in Cash & Temp. Inv. | -45 | 19 | 0 | 0 | 0 | 0 | 0 | -140% | -141% | n.a. | n.a. | n.a. | n.a. | n.a. |
| Beg. of Period Cash and Temp. Inv. | 217 | 171 | 190 | 190 | 190 | 190 | 190 | 108% | -21% | 11% | 0% | 0% | 0% | 0% |
| End of Period Cash and Temp. Inv. | 171 | 190 | 190 | 190 | 190 | 190 | 190 | -21% | 11% | 0% | 0% | 0% | 0% | 0% |

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