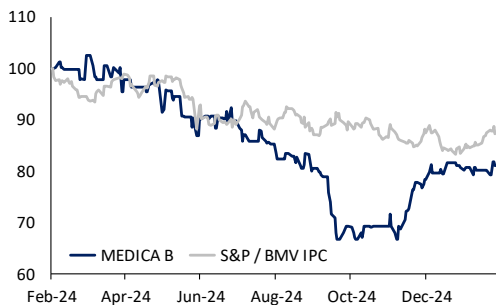


MÉDICA: 4Q24 Results

Positive quarter with higher-than-expected EBITDA and net profits; we raised our target price to MXN\$71.0/share

MEDICA B	BUY
Target Price (MXN\$) [1]	\$ 71.00
Current Price (MXN\$)	\$ 33.52
Min / Max (L12M)	\$27.30 - 43.00
Expected Dividend (MXN\$)	\$ 1.30
Expected Return	115.7%
Market Cap (MXN\$ Mn)	3,618
Enterprise Value (MXN\$ Mn)	3,496
Outstanding Shares (Mn)	107.9
Float	37.5%
ADTV (MXN\$ Mn)	\$ 1.91

[1] P\$89.13 including land



Opinion and recommendation

MÉDICA SUR reported positive quarterly results, practically in line with our expectations in terms of revenues, but exceeding our EBITDA and net profit forecasts. We expect a favorable short-term reaction in the share price.

We reiterate our BUY recommendation and are raising our target price to MXN\$71.0/share, from MXN\$68.0/share, after having included this quarterly report in our model. The valuation of MÉDICA shares remains attractive with a forward EV/EBITDA of 3.6x (1.6x including land) and projected P/E of 6.5x.

4Q24 Results

Consolidated revenues were up 9.6% YoY to MXN\$1.13 billion due to the company's marketing and sales efforts since 2Q24 which supported the performance of hospitalization, clinical analysis and diagnostic services. This figure was practically in line with our MXN\$1.10 billion estimate.

Normalized EBITDA rose 31.2% YoY to MXN\$233.5 million (vs. MXN\$200.1 million E) fueled by a 3.3% reduction in administrative expenses, with which the margin improved 3.4 PP to 20.6%.

Net income increased 65.4% YoY to MXN\$135.0 million (vs. MXN\$125.2 million E) supported by solid operating performance and financial gains.

The financial structure strengthened thanks to the high free cash flow generation, resulting in a negative net debt to EBITDA ratio of -0.14x at the end of 4Q24, from 0.29x in 4Q23.

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In 2024, MÉDICA remained Mexico's best hospital, according to the three main rankings. On the other hand, the company invested MXN\$126.6 million in strategic projects including the DaVinci surgical system, the O-arm imaging system, the remodeling of the gynecology and obstetrics floor, Tower II of consulting rooms, as well as the creation of green spaces on the terrace and the modernization of the laboratory, among others.

INCOME STATEMENT	4Q24	4Q24E	Diff.	4Q23	Chg.
Revenues	1,132	1,105	2.4%	1,033	9.6%
EBITDA	234	200	16.7%	178	31.2%
EBITDA Margin	20.6%	18.1%		17.2%	
Net Profit	135	125	7.8%	82	65.4%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	816	885	958	1,019	1,084	1,084
Tax Rate	29%	29%	29%	29%	29%	30%
Tax Shield	-236	-256	-277	-295	-313	-325
NOPLAT	580	629	681	725	770	759
Depreciation	208	225	238	238	253	253
Working Capital Changes	16	16	17	22	23	23
CAPEX	-259	-275	-291	-309	-328	-328
FCFF	545	596	645	675	719	849
Perpetuity Growth Rate						3.3%
PV of Explicit Period (2026 - 2030E)						2,257
Perpetuity Value						9,787
PV of Perpetuity Value						4,953
Enterprise Value						7,210
Net Debt						-170
Treasury Shares						284
Market Value						7,663
Land Properties						1,957
Adjusted Market Value w/ Land Properties						9,621
Outstanding Shares						108
Target Price						P\$ 71.00
Adjusted Target Price with Land Properties						P\$ 89.13
Current Market Price						P\$ 33.52
Potential Return Incl. Dividends						115.7%
Forward EV/EBITDA						7.3x
Forward P/E						13.2x
Average Cost of Debt						7.0%
LT Tax Rate						30.0%
After-Tax Cost of Debt						4.9%
Cost of Equity						14.9%
Market Risk Premium						6.0%
Risk-Free Rate						10.3%
Beta						0.77
% Total Debt						28.6%
% Capital						71.4%
WACC						12.0%

Sensitivity Analysis of the Target Price, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	925	974	1,025	1,076	1,130
Target EV/EBITDA					
5.8x	51.36	53.99	56.76	59.52	62.43
6.3x	55.65	58.50	61.50	64.51	67.66
6.8x	59.93	63.01	66.25	69.49	72.90
7.3x	64.21	67.52	71.00	74.48	78.13
7.8x	68.50	72.03	75.75	79.46	83.36
8.3x	72.78	76.54	80.49	84.45	88.60

Sensitivity Analysis Table of the Target Price, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	525	553	582	611	642
Target P/E					
10.2x	49.48	52.08	54.82	57.56	60.44
11.2x	54.34	57.20	60.21	63.22	66.38
12.2x	59.21	62.33	65.61	68.89	72.33
13.2x	64.08	67.45	71.00	74.55	78.28
14.2x	68.94	72.57	76.39	80.21	84.22
15.2x	73.81	77.69	81.78	85.87	90.17

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	4,403	4,604	4,883	5,180	5,495	5,830	6,186
Cost of Sales	-2,911	-3,039	-3,208	-3,388	-3,578	-3,796	-4,027
Gross Profit	1,492	1,565	1,675	1,792	1,918	2,035	2,159
General Expenses	-857	-829	-879	-932	-989	-1,049	-1,114
Operating Profit	568	755	816	885	958	1,019	1,084
Depreciation and Amortization	-194	-197	-208	-225	-238	-238	-253
EBITDA	807	952	1,025	1,110	1,196	1,257	1,337
Financial Gains	102	109	117	127	150	174	184
Financial Cost	-76	-85	-115	-115	-113	-113	-113
Pre-Tax Profit	594	779	819	897	995	1,080	1,155
Tax & Profit Sharing	-172	-225	-237	-259	-288	-312	-334
Net Profit	462	554	582	638	707	768	821
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	4,411	4,616	4,817	5,030	5,372	5,731	5,865
Current Assets	1,558	1,703	1,853	2,016	2,305	2,592	2,652
LT Assets	2,853	2,914	2,964	3,014	3,067	3,139	3,214
TOTAL LIABILITIES	2,067	2,089	2,272	2,218	2,234	2,295	2,407
ST Liabilities	2,002	2,024	2,206	2,153	2,169	2,230	2,342
LT Liabilities	65	65	65	65	65	65	65
TOTAL DEBT	1,018	1,020	1,158	1,058	1,025	1,029	1,080
NET DEBT	-104	-170	-153	-386	-676	-925	-895
TOTAL CAPITAL	2,344	2,542	2,561	2,827	3,153	3,452	3,474
Stockholder's Equity	2,343	2,541	2,560	2,825	3,152	3,450	3,472
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
NET PROFIT	462	554	582	638	707	768	821
Inv. Related Activities	253	406	417	432	443	440	455
Pre-Tax Cash Flow	691	611	653	711	767	799	858
Working Capital Changes	-96	-57	16	16	17	22	23
Operating Cash Flow	595	554	669	727	784	821	881
Investment Cash Flow	1	-132	-122	-123	-114	-103	-112
Financing Cash Flow	-179	-354	-425	-472	-413	-466	-747
Net Incr. (Decr.) in Cash & Temp. Inv.	417	68	122	132	257	253	22
Beg. of Period Cash and Temp. Inv.	705	1,122	1,190	1,311	1,444	1,700	1,953
End of Period Cash and Temp. Inv.	1,122	1,190	1,311	1,444	1,700	1,953	1,976

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