Conference Call Transcript
Auna Q3 2025 Results

Operator

Good morning, and welcome to Auna's Third Quarter 2025 Earnings Conference Call. My name is Eric and I'll be the operator for today's call. [Operator Instructions] And please note that this call is being recorded. [Operator Instructions] Now I would like to turn the call over to Ana Maria Mora, Head of Investor Relations. Ma'am, please go ahead.

Ana Maria Mora
Head of Investor Relations

Thank you, operator. Hello, everyone, and welcome to Auna's conference call to review our third quarter results. Please note that there is a webcast presentation to accompany the discussion during this call. If you need a copy of the presentation, please go to our Investor Relations website or contact Auna's Investor Relations team.

Please note that when we discuss variances, we will be doing so on a year-over-year basis and in FX-neutral or local currency terms with regard to Mexico and Colombia, unless we note otherwise. Let's move to Slide 2.

In addition to reporting unaudited financial results in accordance with International Financial Reporting Standards, we will discuss certain non-IFRS financial measures and operating metrics, including foreign exchange neutral calculations. Investors should carefully read the definitions of these measures and metrics included in our earnings press release of yesterday to ensure that they understand them. Non-IFRS financial measures and operating metrics should not be considered in isolation as a substitute for or superior to IFRS financial measures and are provided as supplemental information only.

Before we begin our remarks, please also note that certain statements made during the course of today's discussion may constitute forward-looking statements, which are based on management's current expectations and beliefs and which are subject to a number of risks and uncertainties that could cause actual results to materially differ, including factors that may be beyond the company's control.

This includes, but are not limited to, our target Leverage Ratio, the expected resolution of the issues with physicians, suppliers and information systems in Mexico, the results of the key initiatives we are implementing in Mexico, the expected capacity and market of Torre Trecca once built, the execution of our strategic plan, including the recovery of our growth levels and the roll-out of the AunaWay in Mexico, our collaboration with Sojitz corporation of America, our planned investments in Mexico and the creation of further growth and sustainable value for all stakeholders. For a description of these risks, please refer to our Form 20-F filing with the US Securities and Exchange Commission and our earnings press release. Slide 3, please.

On today's call, we have Suso Zamora, our Executive Chairman and President; Gisele Remy, our Chief Financial Officer and Executive Vice President; and Lorenzo Massart, our Executive Vice President of Strategy and Equity Capital Markets. They will discuss Auna's consolidated and segment financial and operating results for the third quarter, and we'll also provide updates on our various strategic growth initiatives. After that, we will open the call for your questions. Suso, please go ahead.

Suso Zamora
President, Executive Chairman of the Board

Thank you, Ana Maria. Good morning, everyone, and thank you for joining today’s results call.

In this quarter we’re reporting weaker financial results, a flat quarter, principally dragged down by our Mexican operations. However, in Mexico we are seeing evidence of stable and growing operational activity. The strength of our business model, the stage of development of our operations, and the resilience of Auna’s integrated regional platform were reflected in the strong results of our Peruvian and Colombian segments in the third quarter, which partially offset the 5% decline in total Adjusted EBITDA that was a result of Mexico’s performance.

Peru’s strong top line and EBITDA growth was driven by a still improving healthcare pricing mix and strong insurance MLR, as well as robust growth in plans. Our risk mitigation measures implemented in Colombia strengthened EBITDA and cash flow there.

At our Mexico business, despite soft results, our hospital operations remained stable during the quarter, and we saw a second consecutive quarter of higher surgery volumes as well as an increase in oncology and cardiology services. However, the quarter was marked by slower than expected recovery from legacy doctors’ volumes and an impact from the implementation of new hospital information and ERP systems at Doctors Hospital. We are making important inroads that are positioning Auna to capture the many long-term growth opportunities that we see in Mexico. We anticipate 2026 to be a year of full recovery in Mexico and, with the new Mexico team in place, we remain very bullish in the medium term.

Despite lower Adjusted EBITDA, Auna’s leverage was unchanged, thanks to less gross debt at the end of the quarter. Further, our debt profile improved significantly with our successful refinancing earlier this month.

Our Adjusted Net Income was a solid 58 million soles for the quarter.

And now let’s turn to slide 5.

Peru and Colombia drove the 1% increase in FXN consolidated revenue. Their top lines in local currency grew 9% and 4%, respectively, partially offset by Mexico’s 12% decline.

Capacity utilization, shown in the bottom left of the slide, decreased three percentage points to 64%, unchanged versus the second quarter. On a year-to-year basis, a 1.5 percentage point increase in Peru’s total capacity utilization was more than offset by a 5.2 percentage point decrease in Colombia and a 4.4 percentage point decrease in Mexico. While lower utilization in Mexico was due to a year-over-year decrease in surgery volumes and emergency visits, Colombia’s decrease has been a result of the risk-mitigation measures that we implemented there earlier in the year, including proactively managing contracted services with government-intervened payors, while Peru's decrease was a function of the addition of beds to the operating capacity. Finally, I'd like to highlight that the total and operating capacity utilization in Mexico modestly grew from the previous quarter.

Plan memberships grew 8% at Oncosalud, while its MLR fell further to 49.3%.

Now let's take a closer look at the segment results, beginning with Mexico on slide 7.

Of course, there were several bright spots in Mexico during the quarter. First, surgery volumes increased for the second consecutive quarter, as I noted before. Second, oncology and cardiology services, which are integral to our long-term growth strategy, increased 48% versus second quarter 2025, accounting for 15% of Mexico's revenues. Let me highlight this - an important part of our high-complexity footprint in Mexico is growing. And, relatedly, third, the revenues from Opción Oncología increased 21% over the previous quarter as well. This is where Auna makes a huge difference in the transformation of healthcare in Mexico, this is exactly where we make the difference with patients, payors and physicians.

Weighing on revenue this quarter was a slower market. Also affecting our revenue was a slower than expected recovery in volumes, which were impacted by the doctor/supplier relationships that have slowed the implementation of the AunaWay model in this market. It is important to note that we have experienced similar hurdles when disrupting Peru's and Colombia's healthcare markets. Another factor was unexpected problems in migrating Doctors Hospital to new information and ERP systems, which affected billing. The implementation of these systems is part of a broader multi-year IT transition to harmonize technology across Auna's businesses and geographies as well as to improve the quality of data and information that we use to manage Auna and to serve patients.

Lower revenues impacted Mexico's gross profit, and therefore Adjusted EBITDA. And there were other impacts including a higher mix of lower-margin services related to service contracts that our OCA facility has for state employees. Nevertheless, the margin was 29% in the third quarter.

Before discussing the performance of our other business segments, I'd like to give an update on the key growth initiatives that we have underway in Mexico, which we have summarized on slide 8.

So, attracting, retaining and investing in talent is integral to our growth strategy in Mexico. Healthcare talent is thin in the Monterrey marketplace, however we have revamped the leadership team in Mexico. Alejandro Torres leads our Monterrey healthcare operations. Previously, he held senior roles at Star Médica and TecSalud. We also hired a new Chief Medical Officer, a prestigious and very credible physician in Monterrey who is having a significant and positive impact as we engage with physicians to grow our practices and improve medical resolution for our patients. We have also hired a new head of commercial operations, joining the company this week, as well as other senior leaders for our Mexican hospitals. All of them bring to Auna significant, combined and complimentary experience in Mexico's healthcare market, as well as decades experience in Monterrey.

We are rolling out a series of packaged service offerings and strengthening our collaboration with leading physicians to further penetrate three important market segments. This, of course, will expand revenue streams and increase capacity utilization at our healthcare facilities. One is the Out-of-Pocket segment, which is profitable and currently only represents 8% of our revenue in

Mexico and which we intend to increase to 20% by the end of next year. In the third quarter, we increased this segment by 15%. In the Corporate segment, we continue developing attractive, cost-effective packages to deliver additional services to the employees of corporate clients. Another attractive segment is government agencies. Accordingly, we are evaluating tailored services for the employees of municipalities around Monterey as well as those of government entities within it.

Physician engagement and productivity are also integral to our Mexico strategy, including attracting the best doctors and nurses in high-complexity medicine. This includes a series of productivity and quality initiatives that have been gaining momentum. By targeting just 140 of our top physicians, who represent approximately 25 to 35% of revenues at each of our hospitals, we've improved our alignment with them, with payors and with suppliers as well. This simple initiative has enhanced medical practices, improves operating performance, cost predictability, and, of course, control. Last month, half of those doctors experienced a double-digit increase in productivity, month over month. Additionally, in the same month, we were able to attract a group of 10 physicians from a competing local hospital.

On the payor front, we aim to expand Auna's participation with some of Mexico's largest insurance companies' preferred provider networks. Consequently, commencing in 2026, our healthcare facilities anticipate supporting heightened patient access and service volumes, thereby propelling capacity utilization.

Scaling and enhancing Auna's oncology capabilities is another key component of our growth strategy in Mexico. At the end of October, we hosted Auna's second Oncology Congress in Monterrey, an event that gathered more than 70 oncologists from across Mexico. We also used the occasion to officially inaugurate a new OncoCenter at our Doctors Hospital. It will serve as a Center of Excellence, providing oncology services in a single location and improving patient care and experience, while being integrated with Auna's regional healthcare network. Our Oncology efforts are already paying off and this new center should significantly increase our activity in Monterrey. This is again, the implementation of the AunaWay, which will grant Auna the differentiating aspects that will sustain our high growth ambitions in high complexity.

Lastly on this slide, there is the implementation of a new comprehensive IT system for our Mexico operations to bring it to our standards. Among many benefits, it will enhance the integration of financial and operational data, improve management visibility across the business, help us better control costs, as well as enhance decision-making at our healthcare facilities.

Let's move to slide 9 to discuss Peru's third quarter performance.

Our Peru business, Auna's scalable, integrated, and best-practice healthcare platform, demonstrated the strength and predictability of our model when it's operating at scale. As it further penetrated the country's healthcare market and expanded its business with third-party payors, Healthcare revenues grew 9%, mainly on increases in ticket and volume of emergency visits and ambulatory care. Oncosalud, the health plans business, increased revenues 8%, primarily due to the increase in memberships and to annual price adjustments. We continue to see substantial opportunity ahead, and Peru will remain a key contributor to Auna's growth.

Peru's Adjusted EBITDA increased 15%, with the margin increasing 1.1 percentage points to 22.7%. Driving EBITDA growth were higher efficiencies with respect to surgical procedures and improved pharmaceutical costs at Oncosalud, which contributed to its low MLR.

Turning to Colombia on slide 10.

Colombia's top line grew 5%, primarily the result of implementing risk-sharing models like Prospective Global Payments, which are unique, given the difficulty to replicate them, produce stable margins and high occupancy, and produce a reliable and positive cash cycle. These represented 18% of Colombia's revenues, up from 14% in the third quarter 2024. Also, as of the end of the third quarter, the share of revenues from Nueva EPS, one of the major government-intervened payors in Colombia, decreased from 20% in last year's quarter to 13% and we added Salud Total as a payor under a new PGP program, reflecting the success of our efforts to diversify the payors that Auna serves in the country. And despite the lower surgical volumes stemming from us limiting services to intervened payors, higher average tickets for surgeries and an increase in chemotherapy and imaging services more than offset this decrease and contributed to the quarter's revenue growth.

That growth drove an 18% increase in Colombia's Adjusted EBITDA and margin expansion of 1.7 percentage points, in addition to lower impairment losses in the quarter and offset by increases to doctor remuneration.

That concludes my review of the quarter. Now over to Gisele, for her part of today's presentation.

Gisele Remy Ferrero
Chief Financial Officer and Executive Vice President

Thanks, Suso.

On slide 12 we break down the revenue contributed by each geographic component of Auna's diversified regional platform. As you can see in the bar charts, Peru still accounted for well over half of our platform's third quarter and year-to-date revenues. And with its top line increasing 9% in the quarter, Peru continues being a strong and reliable driver of growth and cash flow. Colombia, despite the risk mitigation measures that we put in place to maintain a healthy cash cycle, also contributed to revenue growth, growing 4% in local currency for the quarter. Regarding Mexico, we note again that the 12% revenue decline was a product of still slow recovery of volumes, a slower market and also included non-operating impacts such as the multi system migration. Finally, as Suso pointed out, we expect Mexico's revenue to begin growing again next year.

Let's now turn to slide 13.

Peru was also a strong contributor of Adjusted EBITDA growth at 15% growth. It also had a solid margin of 22.7% in the quarter. And despite us favoring cash preservation over growth, Colombia also supported our profitability while expanding its margin versus last year's quarter, thanks to increased revenues and to lower provisions. Mexico accounted for the 5% FXN decrease in our consolidated Adjusted EBITDA, due to the significant revenue decrease as well as the quarter's mix of payors and services. We expect EBITDA growth in 2026, as we advance the implementation of our business model, as various growth initiatives gradually gain traction, and as we bring the learnings from the systems implementation at Doctors Hospital to the next phase of migrations.

On slide 14 we break down the year-over-year change in Adjusted Net Income….

….the biggest one being Mexico's impact on operating income. This was partially offset by 11 million soles of additional finance income related to FX and a 21 million soles, or 16%, decrease in interest expenses, both of which you can see in the middle of the bridge. There was also a 31 million soles decrease in non-cash and extraordinary items which include a positive impact in 2025 from the OCA holdback obligations from the third quarter in 2024.

Let's now move to the cash flow bridge on slide number 15.

Our pre-tax operating cash flow decreased 5% to 595 million soles during the nine-month period, mainly due to lower revenues in Mexico and accounts receivable delays related to the systems integration there. Another contributing factor was the payment of performance bonuses to doctors at Opción Oncología as part of their transition to Auna.

Compared to the second quarter of this year, our pre-tax operating cash flow increased 65% sequentially, with improved collections and cash conversion in Colombia. Because Auna is a major healthcare provider in the country, this means that intervened payors generally make us a priority with regard to outstanding payments, and collections remain healthy. However, the situation with the intervened payors remains fluid and we continue being vigilant.

Near the center of the bridge you see 119 million soles of investments. This is 31% lower than the first nine months of 2024. These investments mainly consisted of S/98 million in capex, S/21 million in amortized payments related to the OCA holdback obligations—which were completed in the second quarter—and the IMAT Oncomedica earnouts, which currently have an outstanding balance of S/12 million.

Moving further along the bridge you see 336 million soles of cash used for financing, which was 3% below last year's nine-month period. This amount consists of 163 million soles of term loan payments, 26 million soles of hedge premium and swap interest payments, 58 million soles of interest paid on our 2029 notes, 50 million soles of interest paid on our work capital facilities, and finally 39 million soles of borrowed working capital.

That brings us to our cash position at the end of the quarter, which was at a healthy 226 million soles, albeit 4.2% lower than the beginning of the year.

Now a few words about our debt, beginning on slide number 16.

We continue to maintain a healthy debt structure and remain committed to improving our leverage to 3 times net debt-to-EBITDA in the medium term.

As part of our efforts to effectively manage Auna's liabilities, we took advantage of market conditions in the debt market, as well as continued appetite from both bond investors as well as banks, in order to undertake the recent $765 million dollar debt refinancing that we communicated to the market earlier this month.

Our refinancing included the successful issuance of $365 million of senior secured notes. We also closed on a $400 million dollar equivalent term loan in Mexican pesos. This matches Auna's business exposure to Mexico. The loan also contemplates an incremental $60 million dollar equivalent tranche in Peruvian Soles, which we expect to disburse in the very near term. Both the USD dollar Bond, as well as the MXN term loan, represent 125 basis points in savings versus the interest rates on our previous debt structure. We are also very pleased to have added new lenders to the debt structure, including the IFC, which not only participated in the Mexican peso term loan but also anchored 10% of the bond offering.

Overall, in addition to extending our maturities, reducing financing costs and enhancing short-term liquidity, the refinancing gives us more financial flexibility to continue to invest in our medium- to long-term growth initiatives. For these reasons, the ratings agencies assigned a B+ rating to the 2032 Notes and considered the transaction credit positive.

That concludes my review of the results. Before we take your questions, Suso would like to provide a wrap-up on the quarter.

Suso Zamora
President, Executive Chairman of the Board

Thank you, Gisele. I would like to conclude today's presentation with a summary of our strategy and priorities as we look ahead to the end of 2025 and into 2026.

As our third quarter demonstrates, Auna's diversified footprint and integrated model provides enduring resilience.

Peru embodies Auna's scalable, integrated, and best-practice healthcare platform, and demonstrates the strength and predictability of our model when operated at scale. Peru continues to make strong contributions to Auna's near to mid-term growth, driven by an improving MLR, consistent profitability, and our proven vertically integrated model operating at scale. The key lever we're engaging now is more growth in mid-segment markets as well as risk-sharing with private and public payors. In Peru, the recent milestone of Trecca reinforces the strong confidence in Peru's healthcare future and highlights the long-term opportunity we continue to see in the country. Peru continues to be a formidable growth market for Auna, as we roll out our capabilities in a market that has a private insurance penetration of only 6%, and where we envision taking a sizeable piece of the next bracket of partially insured and uninsured in the country.

In Colombia, measured growth continues to fuel the business. And our risk-mitigation strategy has truly paid off. Despite difficult externalities, results were very strong this quarter, as Auna successfully diversified away from intervened payors and prioritized reliable cash flows from PGPs in the past year. Colombia remains a key market for us, and an important contributor to scale and medical best practices across the region.

As I have tried to communicate, we are focused on Mexico. We have a great new, highly experienced team of local leadership that is excited about what we can do in Monterrey and the country, leading the charge to reignite growth. We have made real progress, seeing a second consecutive quarter of volume recovery in surgeries and stellar 48% growth in oncology and cardiology services.

It is also important to note our recent public announcements on our partnership with Sojitz. This will allow us to accelerate growth in Mexico beyond what we can achieve on our own, while maintaining our disciplined deleveraging path and our target of bringing leverage below 3 times.

Finally, we remain acutely focused on our fellow investors and shareholders. Following the successful completion of our debt refinancing this quarter, we have already executed a major step in strengthening our capital structure and reducing long-term financial risk. In the remainder of the year, we will continue to evaluate all options to support and enhance shareholder value, as we strongly believe Auna's current share price does not reflect the intrinsic value of our integrated platform and its long-term potential in the Latin American healthcare market. We are excited about what we can deliver in 2026.

Thank you for your time. We are now ready to take your questions.

Operator

[Operator Instructions] Your first question comes from the line of Mauricio Cepeda with Morgan Stanley.

Mauricio Cepeda
Morgan Stanley, Research Division

I have two questions, a little bit more about future strategy. So, on your plans for Mexico and this MoU that you announced with Sojitz. Could you explain or walk us through the rationale for expanding in Mexico so soon? And how this new agenda aligns with your goal to deleverage Auna and to ramp up operations in Mexico?

And my second question is about Colombia. Do you think that a potential change in the country's leadership there could help ease these pressures on the EPS? Or are there deeper structural issues that might limit any meaningful improvement over the next few years?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Thank you, Mauricio. So, on Mexico, as we've always represented, Auna is a growth story and notwithstanding 2025 results, we do have a very interesting opportunity, growth opportunity in Mexico, repeating what we've done elsewhere. As our insurance plans have solidified certain service offerings in the different cities - Guadalajara and Tijuana and Queretaro and Mexico City - as well, some of those create opportunities for investment in the future.

Today, I have to be very, very clear. Today, leverage is a key concern, and we want to bring it below 3x. So, we don't have a balance sheet to use to allocate capital. Today, the share is really depressed. So, we were also limited there, in terms of issuing of shares. So, we have found with Sojitz a really interesting opportunity.

We've been working with Sojitz, a great and admirable company and a set of executives. And we have engaged with Sojitz for the last five years, looking at different opportunities to collaborate. The MoU we negotiated during the last few months formalizes our relationship and puts up a framework to co-invest together in Mexico.

So, investors must read the press release that we issued a few months ago about what we plan to do in Mexico with this MoU with Sojitz. It is an MoU to accelerate Auna's growth in Mexico. Sojitz is a great partner, and we're very excited, as together we will be able to achieve more.

This was -- this is again, this helps us capture the opportunity in Mexico, maintaining our leverage target. That's very important for us.

On the EPS in Colombia, I think the political environment in Colombia, given elections, in particular, will not change things in the next 6 months. I'm not as optimistic either for the full year of 2026, but I think that the sector is stressed enough to require some action from the government. And I see there's certain milestones that are important.

Nueva EPS, which is the intervened insurance, EPS insurance payer, they have been recently capitalized by the central government, making it again a creditworthy institution. So, I do see certain actions that are going to be fundamental in bringing stability to Colombia's health care sector. But I see because of the electoral year, I see some delay on that, maybe to the second semester of next year, most probably the year after that.

But again, our preferred status as a provider of high complexity services to most of the insurance companies in Colombia that grants us faster payments, good margins, large volumes. This has been tested in the worst of times in Colombia. So, I'm not at all pessimistic on what Auna's positioning in very difficult circumstance in Colombia will produce, I think, attractive returns and growth.

I want to highlight our Columbian operations continue to grow, notwithstanding the situation in Colombia. We're very privileged to have the positioning, the trust of many patients, the trust of many payers. And we're excited about Colombia, notwithstanding the uncertainties in the political environment. Thank you, Mauricio.

If I forgot anything, Gisele, please complement if need be.

Gisele Remy Ferrero
CFO & Executive VP

Yes, Mauricio, just to complement on the second part of the Colombia question, I would add, as Suso has mentioned, that we remain very constructive on Colombia. As you know, it's an integral part of the Auna platform. And we have been able to manage the situation successfully even with the context of the external headwinds. We are constructive that there are some political noises that impact the flow of payments, and we do think that towards the end of next year and going into 2027, there will be certain opportunities for catalysts in the operation.

And also kind of to add to Suso's point and clarify, as we've mentioned, we've reduced our exposure materially to Nueva EPS over the past year from 20% to 13% of the Colombian revenues. They have recently -- also, we've seen the announcement, the shared stakeholdership between the government vis-a-vis Nueva EPS and we also see that the government's direct stake in this payer is a positive sign.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

And Gisele, I also want to complement again the -- my previous response, Mauricio. Again, Auna has a very attractive pipeline in Mexico because of Sojitz, and a limited balance sheet today, and the share price. We want to make sure we can continue to act on the pipeline within the partnership of Sojitz. That's a critical part of that response, Mauricio.

Mauricio Cepeda
Morgan Stanley, Research Division

Yes. But is it -- just a follow-up, could be part of this interest of Sojitz be to invest in Auna itself and help the capital structure or it's just for new opportunities?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

I think that -- I mean I don't want to speak for Sojitz, but the dialogue that we've been having for years is very clear. They like our integrated model. They like Auna. We've been discussing things previously on Peru. They like the insurance business integrated to the health care side. So, I don't want to -- it's a wide range opportunity to discuss things in the MoU, but I think it's not limited to new things, it's limited to making sure that we can push the growth opportunity of Auna, particularly in Mexico, but also I think of all Auna.

Operator

[Operator Instructions] There are no more questions from the phone lines. So I will now turn the call over to Ana Maria Mora from Auna, who'll proceed with questions from the webcast platform.

Ana Maria Mora

Thank you, operator. So, some of the questions we're going to see that repeated, so if we miss anything, please let me know, but internally. But the first question on the webcast comes from Joseph Giordano from JPMorgan. Could you provide more details around the partnership with Sojitz and Trecca project? What are the advancements in Mexico over Q4 '25? And when should we see the operations getting back to 2024 levels in terms of operating leverage?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Great. I'll take part of it and Gisele, if I forget anything, please complement. So, on Trecca, I think on Sojitz we have spoken a lot about -- we make sure that we keep the market updated as we progress with that MoU. So, on Trecca, Trecca is a public-private partnership awarded to Auna back in 2010. These are some of the hidden opportunities we have within Auna. We've been working with EsSalud, which is Social Security in Peru and PROINVERSIÓN, the investment promoting agency there, to amend the concession and to get all the necessary permits to start the project. What we disclosed is that the building permit was authorized, which was a big hurdle in the last couple of years.

I want to summarize, this is a very interesting project. As one sees healthcare in the world, one sees, of course, a limited, but in Latin America, for us, it will be sizable total addressable market of private payers. And then a large segment of indirectly or directly state-owned payers. So, this is a contract. It's an 18-year contract with a two-year building period.

So, we'll start building mostly at the beginning of next year. It will take us two years, and then we have 18 years. During those 18 years, we're talking about 1.9 million ambulatory services, half a million prevention package services, and others that sum up to 3.2 million services a year. This is a big endeavor to serve social security beneficiaries in Peru.

This contract will deliver certainly sales of over $200 million a year when it scales. It's a very interesting opportunity, as we grow our footprint, not only within our total addressable market in the private sector, but also indirectly with the state-served sector. So, I'm really excited about Trecca. It's not only about Peru. These are the conversations that we have with government authorities in Mexico as well. So, it's really interesting to prove capabilities to deliver services to millions. And I think that's what we are going to show we can do in the next couple of years with respect to Trecca. Gisele...

Gisele Remy Ferrero
CFO & Executive VP

Yes. I would complement there, Suso, with respect to Trecca, the way that public-private partnerships are structured in Peru. This can be structured in such a way that it's debt-neutral for Auna.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

That's very important. Thank you, Gisele. This and the pipeline in Mexico is debt-neutral to debt reduction for Auna, very important. We're going to continue to grow without exposing our balance sheet to any additional debt. This public-private partnership in Peru have a certain -- have a very defined process as the state finances not only the building but also all the services. So, this will have no impact on leverage for Auna.

There were some other questions from Joe, I think, Gisele.

Gisele Remy Ferrero
CFO & Executive VP

Yes, which we covered the subject announcement as well as the progress that we're making in Mexico.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Great. I did -- so I think Joe also asked something about whether we're going to get back to 2024 levels in terms of operating leverage. And I know that we're reluctant to give a lot of numbers -- forward-looking numbers or guidance. 2025 will be a flat year. 2026 will be a growth year. And definitely, it will be a growth year in Mexico.

Ana Maria Mora

Thank you, Suso. Let me continue with the questions since we're getting plenty of questions right now. The next question comes from Cesar Huiman from Renta4. So, on the turnaround and expected inflection, we understand the turnaround strategy is in motion, but what key KPIs should we track to confirm a tangible recovery in 2026? For instance, occupancy, payer mix, surgical productivity. When do you expect to see meaningful improvements in revenues and EBITDA?

There is also another question on recent share price weakness. The share has underperformed despite resilient operations in Peru and Colombia. Do you have visibility on whether specific institutional investor has been exiting? Are you in conversations with such holders to reinforce the investment case?

And just one more. The third one that I need to read it, but we probably already answered it. On Sojitz's potential, could you provide more detail on next steps with Sojitz Mexico? Do you see any opportunities for co-investment in new assets or potential partial assets, asset sales to accelerate returns on capital?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Great. So, I think I'll take first the share price question. So, first of all, we are convinced the current price does not reflect the company's fundamentals. There has been no significant change from what we've been reporting to the company's fundamentals. We are, of course, always evaluating alternatives to support and enhance shareholder value, and we will be sharing with all of you these as we progress and these are things that we'll be discussing at the Board level very soon.

Now, we can speculate a little bit, because we saw from public filings early this year that one of our competitors in Mexico had made a filing with the Mexican antitrust authority where they request to buy more Auna shares. From public recent SEC filings, we can see that this leading healthcare player in Mexico has been selling stock consistently in the past month, which makes us suspect the requests did not move forward. No, we can't be certain of this. There's nothing -- a lot of information that's public, except what has been declared to the SEC. And we've seen very high volumes in comparison to what we've seen in the past that coincide with these antitrust filings. So, that's our speculation.

We, of course -- the recent filings were made public a week ago, and we're making sure that we can approach whoever is selling and see if we can try to propose some block trades that would not impact the share price as it has impacted. Again, I want to insist there is nothing within the company fundamentals that has changed in the last 45 days, when the stock has dropped, I think, I don't know, I don't know a number, 25% or 30%. Nothing has changed in Auna to produce that.

Ana Maria Mora

Thank you, Suso. So, let's go to the next question. It comes from Prachi Thakwani from Deutsche Bank. Please comment on return on investment in Mexico performance and commentary on the share price performance.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

So, on the share price, I think we've covered. Gisele, do you want to talk about return on investment?

Gisele Remy Ferrero
CFO & Executive VP

Sure, of course. So, I think it's important to note that we evaluate all our investments as well as our operations throughout Auna from a return on invested capital perspective. And that is why we are constantly looking for ways to optimize those returns by making our assets more productive and reducing the amount of invested capital. Specifically, in the case of the investment timeline on Mexico, as we've mentioned in the call, we have had setbacks this year, as a product of the factors that have already been discussed. However, we do expect 2026 to be a growth year for Mexico.

Ana Maria Mora

Thank you, Gisele. The next question comes from Joaquin Berro from Fundamenta Capital. Regarding expansion plans, are you planning to add more beds in Peru? And in Mexico, about the 500 million in expansion plans, how many beds do you expect to add there?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

So, we don't give guidance on projections on capacity growth. But directionally, you will see Auna increase capacity, not only of beds, but of chemotherapy and radiotherapy and surgery rooms, which, of course, fill our beds in Peru, in particular. Some growth there. We see some plans that would be mostly inaugurated in 2027, not 2026.

We see ourselves also investing in countries or cities in which we have already large hospital footprints, more in ambulatory care as high complexity, particularly oncology, orthopedics and cardiology is moving towards outpatient. And in Mexico, we see ourselves trying to repeat our strategy of urban ecosystems of health care and high complexity that requires beds of -- between 75 to 150 beds minimum landing in each of the cities to produce this urban ecosystem of health care.

Ana Maria Mora

Thank you, Suso. The next question comes from Gerard Fort of SURA. And the question after that comes from Dhruvi Mehta of SG Analytics. I'm just going to bundle them because they're very similar and related to the same topic. And it's about the partnership with Sojitz. Could you clarify whether this collaboration is intended to be part of the previously announced $500 million investment plan for Mexico over the next 3 to 5 years. Or is this a separate initiative?

And additionally, how should we think about Sojitz's role in terms of co-investment, capital contributions or participation in the execution of the pipeline. Do you have -- could you provide light on what is the nature of the $500 million investment? And are there any quantifiable impacts on the top line? Thank you.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

So, I think we've -- and I think I made the case that yes, the $500 million is related to our MoU with Sojitz. So, the opportunity is a 5-year opportunity of $500 million. And what we've signed, the MoU with Sojitz, it doesn't have a specific number on it, but it's a sizable part of our investment plan in Mexico. Of course, this partnership will produce significant topline growth, and we've seen in the past also in our EBITDA growth. And of course, it is the intention of all these investments is to continue to grow our top line at high-teens and above.

Am I forgetting anything, Gisele or Annie?

Ana Maria Mora

I think you're good. I'm going to read the next one or unless Gisele wants to chip in.

Gisele Remy Ferrero
CFO & Executive VP

No, I think we're good.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Okay.

Ana Maria Mora

Okay. So, the next one comes from Prachi Thakwani of Deutsche Bank. Please comment on the insurance risk management policy of Auna at a group level.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Great. That's a great question. It's a complex answer, but we manage risk very much in relation to MLR by policy type. I can talk about oncology, for example. So, we manage the underlying oncology risk of our insurance plan with a 50% MLR. That as a goal produces two distinct action paths. One is pricing, and the other one is cost containment.

Cost containment will be managed by making sure doctors adhere to our protocols, that we purchased the most effective drugs and devices and therapy treatment, that at scale are difficult to replicate by others. And that produces in a consistent fashion that 50%. We're doing the same thing with the very few policies that we have in Peru in general health care with really also attractive MLRs in which we contain underlying risk by this ability to manage all these plans continuously. We reprice continuously, and we contain costs and see things that creep up and how we -- and we contain them on a continuous basis every month in different practices with doctors leading a lot of the discussion of why not to include that service, why not to include that drug, because we're always about scale at the plans and what we deliver for plan members.

Ana Maria Mora

Thank you, Suso. And this is the last question we have on the website. It comes from Saikat Majumder from HSBC. If I recall correctly, the preferred payer network and bundled package for corporates in Mexico were discussed last year. Have they been launched or are these initiatives different? How do you plan to increase out-of-pocket sales mix in Mexico?

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Great. So, the preferred payer network hasn’t launched, but it's a continued dialogue with payers now. We are very excited and very enthusiastic and we believe that in this -- these things are negotiated, are negotiated every year, so we are in the midst of that. And I think we're going to have really positive results these coming weeks to be in the most preferred networks of the largest insurance companies in Mexico for our operations in Monterrey. So, this continues. It's not something that's done in -- it's about cost containment again and how we dialogue with payers, no.

The out-of-pocket sales mix is something that we, I think, have been doing in Monterrey with less ambition. And we're definitely moving that, I think as I mentioned in the press release, we are trying to double the penetration of sales -- more than double the penetration of sales by out-of-pocket patients. And we do that by two things, principally. A lot of packages for maternity, for certain preventive procedures - colonoscopies and even surgeries, orthopedic surgeries as well. We package services in an integrated way from diagnosis all the way to the post-surgery, aggressively with good margin, but aggressively with respect to what the patient sees in other hospitals.

And secondly, we've launched, I think, mid-year, we've launched a very -- is a very fast-paced response to out-of-pocket patients that come in to ask for a quote of certain services. And our ambition is to capture anything that comes into the hospital to quote and not lose it. So, we're being very aggressive in pricing for our out-of-pocket patients.

I must insist the out-of-pocket category has very high margins. So, there's a lot of cushion to be very aggressive in those. So, we've launched an internal process that is very agile, has urgency to respond and to capture the out-of-pocket patient that comes in.

Gisele Remy Ferrero
CFO & Executive VP

Perhaps I would add there, Suso, to further clarify to Saikat’s question. What Suso presented today were six very important and concrete initiatives that we're working on in the Mexican operation. Some of them are new, others have already been rolled out, but are continuing to evolve in their level of maturity, and these are the actions that are concrete and taking us to resume growth in 2026.

Ana Maria Mora

Thank you, Gisele, and thank you, Suso for your answers. I don't see any other questions on the call. So, at this point, I'd like to turn the call back to Suso for his closing remarks.

Jesús Antonio Zamora Leon
President, CEO & Executive Chairman of the Board

Thank you very much, Annie, and thank you very much the Auna team as well as all the shareholders and investors that follow us and as well as the research community that also follows us.

It's been a difficult year, yes. We've done a lot of things. Some of them we can share with the public investors, some of the things that are in the process of being implemented.

Mexico. There's no doubt, Mexico will be a huge and growth market for Auna. We're really excited what we can bring to the table. We can see evidence of the engagement with a lot of counterparties with respect to that. Sojitz and their interest in Mexico is a testament to what we're doing and what the opportunity is.

So, a difficult year, yes. Very promising future for Auna in Mexico and the rest of the region, no doubt. I want to also highlight, sometimes we represent Peru as a mature market. We are the dominant player there and it's not a mature market. Trecca demonstrates how Auna can have a significant increase. It's not even mapped anywhere of how we grab more and more market share from -- not from the established traditional players, but from the state and from the out-of-pocket.

Colombia growing, notwithstanding the difficulties in Columbia. I don't want to minimize the difficulties of Colombia. We're growing. We're growing profitably, even more profitably. We're collecting well in a very stressed market. This is what Auna can do. And Sojitz, Trecca all these things are hidden gems that we have that will produce significant growth results in the future.

We will definitely do something about the share price. We're not going to stay without acting on it, and we'll be discussing that at the Board level at the right time as well. Thank you very much for your support. Thank you very much for your coverage. And with that, I would like to end the earnings release call and the Q&A section of it. Thank you very much.

Operator
This concludes today's conference call. You may now disconnect.