



Conference Call Transcript Auna Q1 2026 Results

Operator

Good morning, and welcome to Auna's First Quarter 2026 Earnings Conference Call. My name is Rob, and I will be your operator for today's call. [Operator Instructions] 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, you may now go ahead, please.

Ana Maria Mora

Head of Investor Relations

Thank you, operator. Hello, everyone, and welcome to Auna's conference call to review our first 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, the metrics and reconciliations included in our earnings press release published yesterday after market close 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, suppliers and information systems in Mexico, the results of the key initiatives we are implementing in Mexico, Colombia and Peru, 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 rollout of the AunaWay in Mexico, our planned investments, our expected revenue growth and adjusted EBITDA growth, our revenue and adjusted EBITDA guidance and the creation of further growth and sustainable value for all stakeholders. For

a description of risks that may impact our forward-looking statements, please refer to our Form 20-F filing with the U.S. 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 first quarter, as well as provide an update on our various strategic growth initiatives. After that, we will open the call for your questions.

Suso, please go ahead.

Suso Zamora

Executive Chairman and President

Thanks Ani. Let's move to slide 4 please. We got off to a good start in 2026, building commercial momentum across our regional healthcare platform, accelerating growth, and generating strong cash flows. We have stabilized and restored growth in Auna Mexico's hospital platform. We have strengthened Auna Colombia's hospital platform by expanding our unique risk-sharing businesses and deepening relationships with the country's largest and best capitalized payors. We continue to grow revenues from Auna Peru's hospital platform, by further expanding our higher complexity services, and by growing plan memberships. Our path forward is clear: simplify our model, do more of what we do best, and extend the reach of the AunaWay.

Now, turning to our financial results, our top line grew 10% FXN in the first quarter, with revenues increasing across all segments. However, due to two extraordinary items which we will detail later in the presentation, adjusted EBITDA decreased 5% FXN and margin contracted by 2.9 percentage points. Nonetheless, we are tracking well against our 2026 guidance.

In Mexico, we delivered higher service volumes and utilization levels increased. More importantly, utilization grew in high-complexity services, particularly in surgeries and oncology. Our operations in Mexico have delivered as planned, 19% quarter-over-quarter increase in Adjusted EBITDA.

The Peru segment of our integrated platform performed well, maintaining its growth momentum during the quarter, despite adjustments related to payor reconciliations that impacted revenue and, therefore, profitability. Revenues increased 9%, supported by strong volume growth in healthcare services, including high-complexity services, while Oncosalud continued to add new plan members through growing B2B sales.

In Colombia, we have largely put the intervened payors behind us, thanks to risk-sharing businesses with established and new payor relationships. These unique agreements have consistently produced more predictable top-line and cash flow growth.

Turning briefly to our balance sheet, our leverage ratio was 3.7 times.

Our cash position increased 22% to 409 million soles, with free cash flow increasing 2.6 times versus the comparable period last year, an important indicator of our ability to optimize our operations for effective cash management across our regional platform.

Let's turn to slide 5. Growing volumes and higher levels of capacity utilization in healthcare, combined with increased plan memberships, helped drive the quarter's strong top-line growth and cash flow.

As you can see in the bottom left of the slide, total utilization increased 1.4 percentage points to 66%. However, our focus is on increasing utilization in higher-margin, high-complexity services, rather than on bed occupancy alone.

In Peru, where our business is vertically integrated, healthcare plan memberships grew 6%, while oncology plans grew 3%. Furthermore, the oncology MLR was below 50%, within its expected range.

The run-rate profitability of our regional platform also improved significantly during the quarter. Again, Adjusted EBITDA was down 5% FXN primarily due to revenue adjustments and certain payroll increases.

Let's now move to slide 7 for a closer look at the performance of each segment of our platform, starting with Mexico. Our Mexico operations recovered strongly during the quarter, with revenue increasing 8%. This resulted from our new status in preferred provider tiers with two major payors at Doctors Hospital, the substantially improved economics of our new ISSSTELEON contract, expanded B2B service packages, and additional growth in the out-of-pocket segment. This also produced a 19% quarter-over-quarter increase in Adjusted EBITDA and a 3.5 percentage-point increase in margin. On a year-over-year basis, EBITDA increased 23% year-over-year.

Please turn to slide 8. Revenue growth in Peru was 9% and was impacted by revenue adjustments related to higher revenue reconciliation penalties implemented by payors in the market.

Revenues from healthcare services grew 7%. Reflecting the advantages of our growing scale, commercial initiatives drove most of the volume and utilization increases.

On the insurance side, Oncosalud revenues grew 12%, driven both by annual price increases and growth in B2B plan memberships, including the 20,000 employees of a new group policy for the nation's judiciary, that we were awarded. We see a growing opportunity for commercial initiatives to increase our share of the B2B segment of Peru's insurance market.

First-quarter Adjusted EBITDA decreased 3%, with margin contracting by 2.3 percentage points, impacted by the aforementioned revenue adjustments as well as a delay in rebate recognitions and an increase in doctor compensation.

Excluding the revenue adjustments, Peru's Adjusted EBITDA would have increased 7%.

Let's move to Colombia on slide 9. Our revenue growth in Colombia accelerated, growing 13% in the first quarter, as we further reduced our reliance on intervened payors and increased the proportion of risk-sharing agreements with payors, which rose six percentage points to 21% of Colombia's total revenue.

It is important to note that revenues from intervened payors fell five percentage points year-over-year, from 19% to 14%. At the same time, revenues from new payors increased 1.5 times versus the prior-year quarter and currently represent 12% of total revenue. Clearly our franchise is strong in Colombia. We have effectively navigated the fallout from last year's payor interventions and have emerged growing at a faster pace.

Adjusted EBITDA increased 7%, with the margin decreasing by 1.7 percentage points. The lower margin mainly reflects the higher proportion of risk-sharing contracts and increased variable costs related to higher volumes serviced in high-complexity care.

Now I'll turn the call over to Gisele, who will review our results in more detail.

Gisele Remy

Chief Financial Officer and Executive Vice President

Thank you, Suso.

Beginning with slide 11, the revenue growth was strong across our regional platform, with consolidated revenue reaching 1.2 billion soles at quarter-end and year-over-year growth of 10% in FXN. As Suso noted, the growth followed the strategic measures that we implemented in Mexico and Colombia last year, helping us to build a healthier revenue mix, while Peru continued leveraging its scale to capitalize on the many growth opportunities that remain in its market.

Taking a closer look at Mexico's recovery, this was primarily driven by surgery and oncology volumes, which grew 15% and 32% sequentially.

In Peru, growing B2B sales were a major growth driver, particularly the 20,000 additional plan memberships through the group policy that we secured with the nation's judiciary. And in our healthcare network, higher conversion rates drove surgery volumes up significantly, while emergency treatments increased 20% from commercial initiatives applied to corporate policyholders.

Colombia grew the strongest during the quarter. In addition to the growth drivers that Suso has already highlighted, it's important to note that our capacity utilization returned to 2024 levels before the revenue rebalancing we conducted reducing exposure to government intervened payors.

Let's now move on to Adjusted EBITDA on slide 12. Consolidated Adjusted EBITDA decreased 5% FXN and includes the impact of revenue adjustments in Peru, and payroll increases in Mexico due to the higher compensation costs related to the newly appointed leadership team and to investments in attracting and incentivizing physicians. In Colombia, a 23% increase in the minimum wage drove compensation costs higher versus last year. Adjusted EBITDA recovered in Mexico, growing 19% quarter-over-quarter versus 4Q 2025.

Let's now turn to Adjusted Net Income on Slide 13. Reflecting the underlying strength of Auna's regional platform, our operating profit increased 11% to 155 million soles in the first quarter, which was more than offset by non-cash FX losses due to the depreciation of the Peruvian sol below the levels of the protective range of the new hedging structure that we put in place at the end of 2025. This reset will help reduce FX losses in the future, which otherwise would have been higher this quarter.

Slide 14, please. Our free cash flow increased 2.6 times versus the first quarter of 2025 to 152 million soles, primarily on a 45% increase in pre-tax operating cash flow, shown at the left of the bridge. This reflects our strong growth, coupled with higher cash conversion resulting from solid working capital management as well as supplier financing initiatives that we've undertaken.

Moving to the middle of the bridge, capex, which represented 3% of revenue, primarily consisted of infrastructure upgrades, purchases of medical equipment, and costs related to the implementation of the new hospital information system and ERP, mainly in Mexico. This cash use was reduced by an inflow resulting from the continued rebalancing of Auna Seguros investment portfolio toward liquid securities.

The 88 million soles in financing activities at the right of the bridge is comprised of 54 million soles of interest and hedge premium payments and interest on working capital facilities, as well as a 34 million soles decrease in working capital borrowings.

Lastly, on this slide, the increases in free cash flow and the reduction in interest payments mean that we expect positive cash flow generation after interest payments to grow in 2026. This will work toward achieving our leverage target of 3 times in the medium term, while also continuing to invest in our growth initiatives.

Let's now move on to Slide 15. We began 2026 with a stronger capital structure, benefiting from lower interest expenses, an improved maturity profile, and reduced FX exposure. It's important to note again that although our leverage ratio rose slightly to 3.7 times in the quarter, this was primarily due to non-cash FX effects.

Following last year's refinancing exercise, we have generated approximately US\$8 million in annualized interest plus tax payment efficiencies while, reducing short-term debt by 40% versus 3Q of 2025 previous to the refinancing exercise.

At quarter-end, 55% of our debt was denominated in local currency, while the remaining US dollar-denominated debt was 85% hedged to the Peruvian sol. Additionally, 75% of our Mexican floating interest rate debt is also hedged to fixed rate.

Finally, it is important to note that Auna has approximately US\$175 million dollars in revolving credit facilities, of which only approximately 66 million are currently drawn, and the remaining 109 million continue to be available.

That concludes my review of the quarter. Before we open the call for questions, Suso has a few final remarks to wrap up our presentation.

Suso Zamora

Executive Chairman and President

Thank you, Gisele. I would like to briefly summarize the key points from today's review.

First, given the significant progress we have made in our growth plan and the strong underlying fundamentals across Auna's regional platform, we are reaffirming our annual revenue and EBITDA guidance. Given the base effect of 2025, we expect this growth to be generated in the second semester of the year.

Peru has ample room for growth, as demonstrated by the expansion of our healthcare plans. In addition, the Trecca Ambulatory Tower in Lima, once completed, will significantly expand our addressable market in the country. In the near term, we are implementing initiatives to mitigate the impact of the revenue adjustments. Not only are we shortening our internal billing cycle to ameliorate penalties going forward, but also, we will continue increasing our plan members and revenues in our Oncosalud segment. These are just the more immediate initiatives implemented and there will be more to come in our healthcare network.

With a substantially improved payor mix in key service lines, Colombia is experiencing positive performance levels. Growth and profitability are expected to continue strengthening. Furthermore, cash flow remains a priority and growing our risk-sharing businesses is a substantial and unique opportunity for Auna.

Mexico will continue to strengthen, led by higher volumes, improved high-complexity mix, and growth in our out-of-pocket segments.

Lastly, we expect operating cash flow and organic cash flow to be strong as our integrated healthcare platform grows across our markets and as we benefit from a more efficient capital structure, which also gives us the financial flexibility to advance our growth strategy this year and beyond.

Operator

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

Mauricio Cepeda

Morgan Stanley, Research Division

We have two questions. The first one on Mexico, the margin mix there. It seems that you're shifting increasingly towards oncology there and other higher growth service lines. So how should we think about the medium-term margin trajectory for the segment? Should investors expect oncology to structurally dilute margins versus the historical core hospital business? Or do you see room for operating leverage as volumes scale?

And the second one is on Colombia, the political and regulatory risk. We saw that the exposure to intervened EPS has declined and with EPS dependence is lower, which is obviously positive. But we wanted to know whether you see additional pressure under a potentially less favorable future government in Colombia or any future regulatory environment? And how protected is the current cash generation strategy under a more challenging policy scenario?

Suso Zamora

Executive Chairman and President

On the first question, in Mexico, first of all, revenue momentum is real. I think there is momentum in how the new tier classifications of our hospitals there accumulate a growing number of policy members. I believe Q2 will capture a full quarter of this tier classification. First Q did not capture all the three months of it. ISSSTE price adjustments have improved dramatically the contract and the oncology ramp-up, which you mentioned. So, volume growth in chemotherapy and radiotherapy and in surgeries is already visible, and we will see margins recover as utilization rises.

There's also in the 1Q26, some nonrecurring severance and leadership payroll costs, which is minimal, but it does take a couple of margin points off. And I see Mexico adjusted EBITDA increase 19% versus 4Q 2025. EBITDA increased 23% on a year-on-year basis. So, we're targeting over 20% EBITDA margin on a consolidated basis for Auna. I do see oncology has always been a richer business. And I think slowly it would accrete higher margins. But it's a scale business. So, right now, we need to continue to scale. It's growing at double-digit numbers, the volumes in oncology. So, we'll see that improve the margins.

On Colombia, I would say a couple of things. My own view is that we've seen the worst of regulatory changes and political upheaval with President Petro. And I think in both scenarios of the current leading polls and candidates to the presidency, I think the Colombian healthcare sector will not get worse than we've seen in 2025. And we are a unique player with these risk-sharing contracts and with a unique positioning in high complexity. And we see payors grant us a preferred status in their payment list. And that's also critical. I believe it will not affect, we're well prepared in Colombia, and it will not affect Auna in the near coming months in this full year. Gisele, I don't know if you want to say something about Colombia and accounts receivable and how you yourself see it, as you're closer to the payors in the accounting lines as well.

Gisele Remy

Chief Financial Officer and Executive Vice President

Yes, Suso, thank you. Maybe on my end to complement both points, first, starting with Mexico then with Colombia. I think in the case of Mexico, Suso was very clear around how revenue trends and

fundamental trends that we're seeing in revenue is what's helping us recover margin, and we're seeing that into the first quarter of this year also after the ISSSTELEON contracts have been renegotiated. And I think to answer the question of how we're seeing those structural margins in Mexico, it is important to note the recovery that we're seeing into this quarter versus what we saw in the fourth quarter.

And while some of the services included within oncology, such as maybe the case of chemotherapy, may have lower margins, what we're seeing is that from a consolidated point of view, we will continue to recover margins in Mexico this year and going into next year, be closer to those levels that we've talked about before as the structural margins of 30% in Mexico.

In the case of Colombia, I would complement that I think Auna has done a really good job in rebalancing its revenue mix. And everything that we've mentioned in the call today vis-a-vis the increase in the percentage of risk-sharing contracts as well as the diversification away from intervened payors has helped us to produce the much more solid cash conversion that we've seen over the past 12 to 18 months. And this has been accomplished as a factor of the improved revenue mix. So, we are very, very optimistic of what is to come. In the case of Colombia, we think that the new revenue mix will help protect us against any impacts that we might see in the way that the funds flow in the sector and in universal healthcare. And obviously, as we've mentioned previously, we also are being protected by how important we are in the high-complexity services in the different cities that we operate in and how that's led to payors prioritizing Auna in terms of payment. And additionally, we've been very successful in supplier financing initiatives as well, in order to balance the complete cash conversion cycle.

Mauricio Cepeda

Morgan Stanley, Research Division

Just to clarify on Mexico, so if I understood correctly, this margin improvement would be from operating leverage, right? Because the impression is that the margin contribution of oncology would be naturally lower, right, than [unintelligible].

Gisele Remy

Chief Financial Officer and Executive Vice President

Thank you so much for the follow-up. Yes, I would add that it's from both operating leverage as well as from variable cost efficiencies, which as we continue to scale and increase volumes and increase occupancies is also something that we are actively managing, and we do continue to see variable cost efficiencies in the years to come.

Suso Zamora

Executive Chairman and President

And also Gisele, I would also add that chemotherapy has an interesting margin, but radiotherapy has a higher margin, and we're inaugurating a new facility, new equipment, state-of-the-art, the only one in Monterrey that's going to be operational, I think, in a month, a month and a half. That will also produce a bump in volume, but more importantly in margins as well.

Operator

[Operator Instructions] Your next question comes from the line of Giovanni Vescovi of JPMorgan.

Giovanni Portilho Vescovi

JPMorgan Chase & Co, Research Division

I have two questions. First is on understanding how your company is weighing buyback programs and leverage? Although we understand that the company has a target of 3x leverage, we want to see if there are any levels that the company is more attractive in having a buyback program, maybe at \$4.00, \$4.50 on the stock price level.

And the other question regards ISSSTELEON. We saw a 9-points contribution margin increase. And we just want to know if there is any more color you can give on future margin increases, if there are any?

Suso Zamora

Executive Chairman and President

Thank you very much. So, the Board continually discusses the best use of cash and has been discussing in the past without a decision or a determination to use cash to implement the buyback program. So currently, there is no such decision, although we're at the Board actively discussing the best use of that cash to sustain value and, of course, be aligned with the market and investors.

And on the second question: So, margins from ISSSTELEON increased because we renegotiated the whole contract with better volume, much better margins. And more importantly, something that I'm not sure is well represented in our public disclosures is that we have full control of the usage of devices and pharma in order to make sure that we control the cost of the services delivered to ISSSTELEON. So, we're very excited about that contract with much higher margins. We believe that, as I indicated before in the previous question, Mexico will continue to improve its margins based on scale. Also, the fact that we benefit also in variable costs, but scale and fixed cost solutions for variable cost efficiencies also will continue to improve, generally, in Mexico and I think much more significantly in our oncology practice there. Gisele, do you want to add something on the last point?

Gisele Remy

Chief Financial Officer and Executive Vice President

No, I think Suso covered it well.

Operator

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

Ana Maria Mora

Head of Investor Relations

Thank you, operator. Good morning, everyone. Let me begin with the questions from the webcast. Our system isn't displaying the individual names this morning, but I'd still like to make sure we address the questions themselves. A few of them have already been touched on, but if there's anything else you'd like to ask these topics, please jump in.

The first question is, can you please comment on the impact related to the postponed rebates related to medicines? And the second part of the question is: in order to reach the guidance, the EBITDA needs to strongly accelerate in the second half of the year. What are the main drivers behind this potentially strong acceleration?

Suso Zamora

Executive Chairman and President

Great. I'm going to start with the second question. Gisele, and you can go into the pharma rebate response. So, first of all, I want to repeat something that's important. We enter the remainder of 2026 with improving trends across the three markets. We have clear sight to achieve our annual targets. And that's why we are reaffirming our revenue and Adjusted EBITDA guidance. This is supported by our revenue growth and cash flow momentum. Definitely, Mexico's improving trends, revenue normalization in Peru and of course, Colombia, which is continuing to grow.

So, our adjusted EBITDA guidance that we've contemplated was always softer in the first half of the year. And we did see limited growth expected in the first and second quarters. Of course, against that backdrop, our first quarter performance gives us confidence in our ability to deliver this full-year adjusted EBITDA range.

Our integrated healthcare model and the structural market opportunity that remains in the three market positions, it positions us to deliver on 2026. And as I indicated repetitively, towards higher levels of sustained growth and profitability and of course, improvements in the margins, as I've indicated. So, I think it's important to know that we see how we project it and we budget it, a second semester that is much stronger than the first semester.

It's also important, and we've indicated this in previous calls about the first Q. The first Q is always a slower Q. It shouldn't surprise us at all. If we go back since we've come public, we always report the first Q as a softer Q. And Gisele, do you want to add something on this? Or do you want to go into the pharma rebate question?

Gisele Remy

Chief Financial Officer and Executive Vice President

Yes, I'll tackle, Suso, the first part of the question related to the pharmacy rebates that were postponed, that we mentioned during the call. Basically, this is specifically in the case of Peru, where we've had some pharmaceutical rebates that have been delayed into the year to go. They have not been lost. They've simply been delayed. And this many times has to do with how we're managing inventories during the year, but it should be a delay into the year to go.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. I'll move on to the second question. Could you elaborate on the revenue adjustments and the delays in pharmacy rebates in Peru? Do you see them as one-off items or a part of a broader trend that could persist going forward?

Suso Zamora

Executive Chairman and President

Gisele, do you want to take that one?

Gisele Remy

Chief Financial Officer and Executive Vice President

Sure. I think we tackled the second part of the question as far as the pharmaceutical rebates. And maybe to tackle the first part on the revenue adjustments also that we saw in Peru this quarter. As we've mentioned during the call, this is related to what we've seen as far as certain penalties that

have been applied by certain insurance payers related to billing and just the fact that some of the billing cycles have taken a little bit longer and also certain settlement agreements that are currently being negotiated. Is this a one-off item? Do we expect it to be recurring? I think it's important to note, and as we've mentioned in previous quarters, Auna has been actively working on its cash conversion and revenue cycle management process throughout the three countries, and Peru is obviously no exception to that. We have reduced our internal billing cycle materially over the last 12 months, and this is going to help to protect us in the current market context that we're seeing in Peru, where insurance payors given the higher level of MLRs, have become much, much stricter as far as controls and application of penalties when they are seeing that billing increasing in days. So, I think it's important to note that we are prepared to tackle this market context. We've been proactively working on it for the last 12 months. And this should help to protect us to mitigate this effect in the coming quarters and be in a better position going into the second half of the year.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. The next question is: When do you expect to see an inflection in Mexico margins? And what are the key drivers that should support margin expansion in line with your guidance?

Suso Zamora

Executive Chairman and President

I think directionally, I responded to that in previous comments. But I think it's fair to say that we see improvement in margins in the remaining part of the year and more importantly, in the second semester. And it's based on what we said before, oncology gaining scale, diluting fixed costs in efficiencies in variable costs, not only in oncology, but in the rest of the practices. So, we do see today evidence that we collect, we see improvement in margins clearly in Mexico, and as I indicated before, also in the ISSSTELEON contract a much-improved margin as well.

Ana Maria Mora

Head of Investor Relations

Thank you, Suso. The next question is about the supplier financing initiatives. Could you provide more color on the supply and financial initiatives you have implemented across these three geographies?

Gisele Remy

Chief Financial Officer and Executive Vice President

Thank you for the question. Yes, we've been proactively managing working capital and specifically on the supplier financing initiatives. We have been working on different initiatives on this front. In the case of Peru, the most material has been certain new working capital facilities with certain financial institutions. And these structures, additional to what we had in the past, have permitted us to increase accounts payable days, and this has had an impact in improving working capital in the quarter. And throughout Colombia as well as Mexico, we have also been able to extend payment days as well as also increase the amount of factoring lines that we're utilizing.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. The next question is on the FX impact. And I'm going to bundle that with another question. Could you elaborate on the FX impact on the Q1 results and the strategy going forward?

Also, could you discuss the FX loss in the quarterly income statement as well as the large OCI FX gain via the equity statement?

Gisele Remy

Chief Financial Officer and Executive Vice President

In 2025, we had FX gains that impacted our financial results. And this had to do with last year, the appreciation of the Peruvian sol below the call spread hedges that we had in place before the refinancing exercise. So, once we conducted the refinancing exercise in the fourth quarter of last year, we also reset the FX levels in the call spread hedges that we had in place. So now we have a range that is much more in line with current FX levels, and that should help to reduce FX volatility in the coming quarters.

The impact that we saw in the first quarter of this year was the slight depreciation of the Peruvian sol below the new call spread hedge, but obviously would have been much larger if we had not reset the levels on our hedging instruments. And that's why we do expect less FX volatility in the year to go than impacts that we may have seen in the past. As far as the second part of the question related to impacts in OCI of FX impacts, that is correct. Our hedging instruments do receive accounting hedging treatment, and therefore, their results are also accumulated in the OCI accounts. So, I think that tackles both parts of the question.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. The next question is about Colombia. Colombia's PGP revenue reached 21% of segment revenues, up from 15% in 1Q25. However, the adjusted EBITDA margin compressed to 11.4%. As PGP scales further, how do you expect the margin profile to evolve going forward?

Suso Zamora

Executive Chairman and President

Thank you. So, more generally, I'd like to represent that we see stable margins in Colombia. The playbook we have in Auna is one that, first, we capture volume at attractive margins, then we scale that practice to increase margins. And again, I mentioned ISSSTELEON and most of our practices, that's a little bit of the strategy that we have in the three countries, and particularly in Colombia.

Colombia's risk sharing business, of course, with sound payors represent about 21% of our revenues. This is, of course, intervened payors have fallen as we've indicated in the earnings release. Our risk sharing business has high predictability, cash predictability and lower working capital cycle, definitely. It does have an initial small impact on margin. But as I indicated before in the playbook and in addition to that, as we optimize clinical pathways in Colombia, for example, for more than three million people, three million covered lives, we see margin expansion through cost dilution, both fixed and also variable. So, we do see a recovery of a couple of points of margin dilution that we normally see at the onset of the PGP programs. And remember, most of the growth in PGP programs has occurred in 2025. Gisele, do you want to add on that?

Gisele Remy

Chief Financial Officer and Executive Vice President

Yes. I think that's a good summary, Suso. I would add that we normally do see lower margins in Colombia in the first quarter of the year, just to clarify that point as well. As Suso mentioned, we should be seeing margins stable to what we've been seeing in the last year and also, I think, increasing versus those levels. And this has to do, as Suso mentioned, we bring in the new risk-

sharing models, and we continue to stabilize those populations. So, we should see this year's margins stable to what we were seeing towards the second half of last year.

Ana Maria Mora

Head of Investor Relations

The next question is about Mexico. Congrats on a good quarter. Can you comment on the push towards universal healthcare in Mexico by 2027? And if it is likely to change the competitive dynamics in the target opportunity?

Suso Zamora

Executive Chairman and President

Yes, it's a really interesting initiative by the current government. We are excited because as a player in one of the more sophisticated universal healthcare markets in Colombia, we've seen ourselves grow, growing high complexity. What we see today in Mexico, as ISSSTELEON and some other state institutions, we see a growth in the opportunity to deliver more services to the state. That is a growing theme. With Trecca in Peru, we're building a capability of B2G. Universal healthcare does not mean that the state will be doing everything. It means that the state wants to make sure that the population is fully covered, be it by a state platform or by private sector platform.

We believe that will grow our business. We think it's a really attractive opportunity. And we see the spillover today, the huge spillover from the state sector and the inability to deliver services to citizens. So, for us it's an opportunity and not a high-risk situation that would go otherwise.

Ana Maria Mora

Head of Investor Relations

Thank you, Suso. The next question is: could you shed some light on what proportion of costs are fixed and variable in each country?

Gisele Remy

Chief Financial Officer and Executive Vice President

Sure. When we look at the line of cost of goods sold, cost of services rendered in each of our geographies impacting gross profit in Auna, variable costs are more than 60% of the total cost of goods sold structure across the three geographies.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. The next question is: why do the underlying operating metrics not grow more organically? We thought the market was underpenetrated and naturally, your assets would show organic growth in each of your markets.

Suso Zamora

Executive Chairman and President

That's an interesting question. I think the markets are underpenetrated, principally, in relation to players, formal institutional players that can deliver integrated services to the population. We do see organic growth in most of our operations. In Mexico, there's been some dislocations as we discussed in the past, but it is the underlying theme behind our thesis in the three countries. Organic volume will continue to grow. We see it in high complexity in surgeries, of course, chemotherapy

and radiotherapy. We see that growth as the main source of our continued growth over the years. Gisele, do you want to comment on that?

Gisele Remy

Chief Financial Officer and Executive Vice President

I think that's well summarized, Suso.

Suso Zamora

Executive Chairman and President

I wanted to complement Ani on the previous question, it's really interesting on the universal healthcare opportunity in Mexico. One of the first things that the initiative tries to resolve is putting together all of the state's different institutions that provide services to the citizens under one same umbrella to allow easiness for citizens to have access to services. And then it's very clear that this comes with an important initiative for public-private partnerships. So again, I'm very excited about what's going to happen in Mexico in the B2G sector.

Gisele Remy

Chief Financial Officer and Executive Vice President

And perhaps to complement that point, what was announced in Mexico is not universal healthcare. It's better described as the Servicio Universal de Salud, an initiative to integrate access across Mexico's main public healthcare systems, the IMSS, ISSSTE, and IMSS-Bienestar, so people can receive care in public facilities regardless of their institutional affiliation.

Ana Maria Mora

Head of Investor Relations

The next question is: how should we think about revenue per patient treatment in the coming years? Will they increase at, below or above inflation in your markets?

Suso Zamora

Executive Chairman and President

Generally, I mean, this is a forward-looking question and therefore, my statement as well. The way we manage Auna in terms of topline is price, volume and mix. Mix related to high complexity versus low complexity. We're more and more focused on GRDs, which are a diagnostic index for high complexity. And that will produce definitely a higher revenue per patient treatment. And we manage inflation well in the three countries by at least increasing our pricing to reflect medical inflation, sometimes a little bit over that. That has been the case for many, many years. So, I think growth comes at purchasing power parity or a little bit above that in the three markets.

Gisele Remy

Chief Financial Officer and Executive Vice President

Just to complement you there, Suso. Very important, what you're noting that we actively manage price, mix and volume in order to have the resulting equation of value creation. And at the end of the day, as Suso mentioned, we've been successful when you look at our results from a medium and long-term perspective in being able to transfer that medical inflation and also have been successful in increasing access, right. So, at the end of the day, we also think that when we look at it purely numerically, we will be growing in a medium and long-term perspective above inflation, but a lot of that also has to do with mix and efficiencies.

Ana Maria Mora

Head of Investor Relations

Thank you, Gisele. Thank you, Suso. And to wrap it up, if you could please provide an update on the construction progress of Torre Trecca or the start of the addendum process.

Suso Zamora

Executive Chairman and President

Great. So, this month we made substantial progress in the Project Trecca in all the designs and definitions. And the internal committee already defined the construction consortium. And I think it has been awarded or will be awarded this week. So, we will have a concession consortium contract awarded and we'll start construction immediately. It is important to recognize this is a 24-month construction process. We believe that we'll get this done a little bit shorter than that between 18 months and 24 months. And as I indicated before, it will be awarded this week.

Ana Maria Mora

Head of Investor Relations

Great. Thank you, Suso. And with that, we have reached the end of our question queue today. Thank you all for your time and participation. And Suso, let me hand it back to you for some final thoughts.

Suso Zamora

Executive Chairman and President

Thank you very much, Ani. So, I just wanted to tell the investor community that we're excited about what's happening. But we're also sensitive to the fact that sometimes we come to the market and report things that are surprises, revenue reconciliations in Peru. We will do much better. We'll make sure that there are very few surprises and we're much more deliberate and predictable, and we want to simplify the story so that everybody that follows us, investors and of course, research institutions can more easily understand what we're doing without all the adjustments that we have. We're very focused on this. And I think during the course of the year, we should be able to deliver something that's much simpler to digest.

But underlying that, our underlying business is growing, and that's very important. We're back on track, we will scale. We will improve our margins, and we will deliver more and better services to the communities and populations that we serve. Thank you very much, everybody, and I appreciate having this opportunity to share my thoughts, our thoughts with you guys, and also respond to your questions.

Operator

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