

Financial and operating report

Fourth quarter 2016

Date of publication: February 23rd, 2017

Telesites, S. A. B. de C. V. ("Telesites" or "the Company") reports its financial and operating results as of fourth quarter off 2016.

Annual portfolio growth:

16.3%

2015 vs. 2016

As of the fourth quarter of 2016, Telesites reports a global portfolio of 14,974 towers, meaning an increase of 423 towers what represents 2.91% QoQ growth. In an annual basis, the increase was of 2,100 towers, equivalent to 16.3% YoY growth.

In a country level, the Company added 409 towers QoQ to Mexico portfolio, reaching 14,756 towers (2.85% QoQ). In an annual rate, tower growth in Mexico registered 14.6% with 1,882 built towers during 2016. In Costa Rica, Telesites completed 218 towers in its portfolio.

Global portfolio of towers: 14,974 towers

Mexico
14,756 (98.5%)

Costa Rica
218 (1.5%)

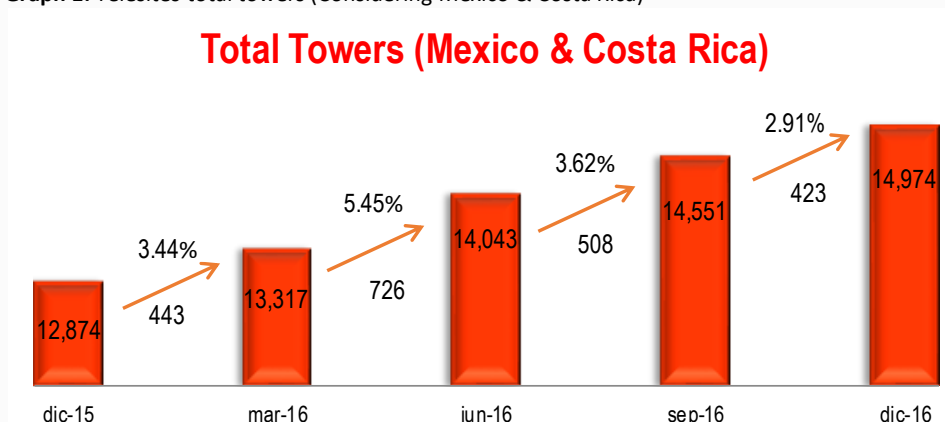
2016 new adds to the portfolio:

2,100

Tenants as of 2016YE:

273

Graph 1: Telesites total towers (Considering Mexico & Costa Rica)



Graph 2: Towers in Mexico



Graph 3: Towers in Costa Rica



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As of December, Telesites booked on revenues 15,253 rents in Mexico, and 15,466 rents of global operation, already generating revenues.

On the fourth quarter tower income includes 14.9 million pesos of upgrades and services made on towers, billed to the operators.

Table 1: Telesites QoQ revenue breakdown

	1Q16	2Q16	3Q16	4Q16	2016
Revenues (MM\$MX)	1,236.5	1,291.8	1,324.6	1,327.0	5,179.9
Land rent	421.4	446.6	473.0	448.9	1,790.0
Tower revenues	815.1	845.2	851.6	878.0	3,389.9
Tower rent (regular)	756.2	790.2	827.9	863.2	3,237.5
Non recurrent (advanced bills)	51.9	-	-	-	51.9
Upgrades	4.4	52.5	23.7	14.9	95.5
Retroactive revenues for tower rent	2.6	2.5	-	-	5.1

In this quarter, average monthly rent was 19,180 pesos.

Table 2: QoQ average monthly rent per tower

	1Q16	2Q16	3Q16	4Q16	2016
Revenue (M\$MX)	1,177,508	1,236,729	1,324,550	1,326,987	5,065,774
Tower leasing revenue (M\$MX)*	756,131	790,085	827,966	863,175	3,237,357
Site agreements					
Initial	12,512	13,142	14,039	14,537	12,512
Final	13,142	14,039	14,537	15,466	15,466
Average	12,827	13,591	14,288	15,002	13,989
Average rent (\$MX)	19,649	19,378	19,316	19,180	19,285

*Excluding upgrades and non recurrent income for MX\$59 millions, MX\$55.1 millions, MX\$23.7 millions, MX\$14.9 millions on 1Q16, 2Q16, 3Q16 and 4Q16 respectively.

Tenancy Ratio:

1.046

tenants per tower

Average rent:

19, 180 pesos

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The following table presents QoQ regional data regarding tower additions, tenants and sites booked on revenues.

**Accumulated
portfolio growth
2016 :**

**Mexico
14.6%**

**Global
16.3%**

	4Q15	1Q16	2Q16	3Q16	4Q16
Mexico					
Portfolio of towers at the end of the period	12,874	13,238	13,873	14,347	14,756
Total quantity of sites included in revenues at end of period	12,512	13,142	13,910	14,343	14,572
Costa Rica					
Portfolio of towers at the end of the period		79	170	204	218
Total quantity of sites included in revenues at end of period		-	129	194	213
Consolidated					
Portfolio of towers at the end of the period	12,874	13,317	14,043	14,551	14,974
Tenants Amx	12,874	13,317	14,043	14,551	14,974
Tenants Amx adds (equivalent)	-	224	224	224	413
Tenants Non Amx	-	266	266	266	273
Total tenants	12,874	13,807	14,533	15,041	15,660
Tenancy ratio at the end of the period	1,000	1,037	1,035	1,034	1,046
Quantity of towers included in revenues at end of period	12,512	12,808	13,549	14,041	14,785
Quantity of sites included in revenues at end of period: AMX	12,512	12,808	13,549	14,041	14,785
Quantity of sites included in revenues at end of period: AMX adds (eq)	-	224	224	224	413
Quantity of sites included in revenues at end of period: non-AMX	-	110	266	266	268
Total quantity of sites included in revenues at end of period	12,512	13,142	14,039	14,531	15,466

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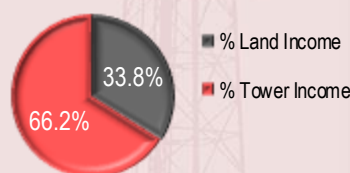
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Revenues 2016:

5,179.9
million pesos

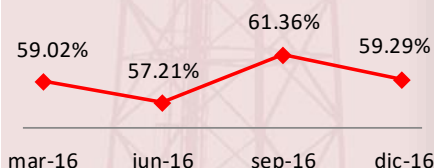
Revenues 4Q16



EBITDA 2016:

3,069.5
million pesos

EBITDA Margin (QoQ)



Results

Accumulated revenues during the year were 5,179.9 million pesos, of which 3,389.9 million pesos come from tower income (66.2%).

Accumulated EBITDA from the whole 2016 was 3,069.5 million pesos, resulting 59.3% margin.

For the fourth quarter of 2016, revenues were 1,327.0 million pesos, 0.18% higher than the previous quarter.

EBITDA generated during last three months of the year was 787.7 million pesos, representing a decrease of 3.1% QoQ, derived from non-recurrent land income that increase the base on the 3Q16.

Table 4: Telesites QoQ cost breakdown

	1Q16	2Q16	3Q16	4Q16	2016
Total Costs (MM\$MX)	506.6	552.8	556.8	549.4	2165.6
<i>Land rent</i>	421.1	446.3	473.0	448.9	1789.3
<i>Administrative and operating expenses</i>	85.5	106.5	83.8	100.5	376.3
Administrative expenses	23.4	35.4	24.3	27.9	111.0
Operating expenses	62.1	71.1	59.5	72.6	265.3

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The Company closed fourth quarter with 231.5 million pesos cash and 21,854.73 million pesos of total debt.

Net Debt: 21,623.2 million pesos

Leverage ratio measured as Net Debt to EBITDA (LTM), was 7.04x.

The breakdown of total debt as of December is as following:

Table 5: Telesites total debt breakdown

(MPs)	Amount	Rate	Term	Maturity
Cebur OSM 15	9,677.70	7.97%	10 years	23-jul-25
Cebur OSM 15-2	4,487.67	TIE 28 + 0.50	5 years	29-jul-20
Cebur OSM 15 Udis	7,344.40 *	4.75%	15 years	17-jul-30
Costa Rica (Short Term)**	344.96	Libor 3m + 1.625	3 months	
Total Debt	21,854.73			

* The amount of this tranche is indexed to inflation, so that the interest rate is real.

** The amount of Costa Rica's debt USD denominated (equivalent to US\$16.7 million).

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Telesites, S. A. B. de C. V.

Consolidated statements of Financial Position

(In thousands of Mexican pesos)

	As of December 31st 2016		As of December 31st 2015		2015 vs. 2016
Assets					
Current Assets					
Cash and equivalents	231,533	0.5%	470,279	1.2%	(50.8)%
Accounts Receivable	208,087	0.47%	203,697	0.5%	2.2 %
Recoverable taxes	172,107	0.4%	77,730	0.2%	121.4 %
Total current assets	611,727	1.4%	751,706	1.9%	(18.6)%
Non-current assets					
Towers, construction and others	48,329,658	109.4%	41,001,323	103.7%	17.9 %
Property and equipment, net	30,120	0.1%	9,225	0.0%	226.5 %
Depreciation	(4,882,335)	(11.0)%	(2,322,780)	(5.9)%	110.2 %
Total non-current assets	43,477,442	98.4%	38,687,768	97.8%	12.4 %
Deferred tax assets	6,620	0.0%	31,271	0.1%	(78.8)%
Other assets	98,334	0.2%	85,758	0.2%	14.7 %
Total assets	44,194,124	100%	39,556,503	100%	11.7 %
Liabilities and equity					
Short term debt	344,963	0.8%	1,000,377	2.5%	(65.5)%
Accounts payable	623,750	1.4%	473,923	1.2%	31.6 %
Taxes payable	38,951	0.1%	572,778	1.4%	(93.2)%
Interests payable	477,016	1.1%	388,908	1.0%	22.7 %
Total short term liabilities	1,484,679	3.4%	2,435,986	6.2%	(39.1)%
Long term debt	21,509,772	48.7%	18,769,543	47.4%	14.6 %
Deferred income taxes	10,483,817	23.7%	9,886,089	25.0%	6.0 %
Asset retirement obligation	831,670	1.9%	732,990	1.9%	13.5 %
Other liabilities	3,767	0.0%	1,199	0.0%	214.2 %
Total long term liabilities	32,829,025	74.3%	29,389,820	74.3%	11.7 %
Total liabilities	34,313,704	77.6%	31,825,806	80.5%	7.8 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	24,014,254	54.3%	22,446,129	56.7%	7.0 %
Other components of equity	(12,924,477)	(29.2)%	(14,817,617)	(37.5)%	(12.8)%
Conversion effect	702	0.0 %	-	0.0 %	0.0 %
Net income for the year	(1,245,060)	(2.8)%	67,185	0.2 %	(1,953.2)%
Total Equity	9,880,419	22.4%	7,730,697	19.5%	27.8 %
Total liabilities and equity	44,194,124	100%	39,556,503	100%	11.7 %

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Consolidated statements of Comprehensive Income

(In thousands of Mexican pesos)

	As of December 31st 2016	As of December 31st 2015	2015 vs. 2016
Revenues	5,179,898	4,230,638	22.4 %
Land	1,789,975	1,552,339	15.3 %
Tower	3,389,924	2,678,299	26.6 %
Expenses			
Land rent	(1,734,152)	(1,552,339)	11.7 %
Administration and operating expenses	(376,278)	(239,628)	57.0 %
Depreciation and Amortization	(2,558,924)	(2,322,780)	10.2 %
	(4,669,353)	(4,114,746)	13.5 %
Operating Result	510,545	115,891	340.5 %
Interests expenses	(1,538,056)	(404,942)	279.8 %
Other income	20,870	437,956	(95.2)%
	(1,517,187)	33,014	(4,695.6)%
Loss before income taxes	(1,006,642)	148,905	(776.0)%
Current income taxes	(548,703)	(577,336)	(5.0)%
Deferred taxes	310,285	495,615	(37.4)%
	(238,418)	(81,721)	191.7 %
Net income	(1,245,060)	67,185	(1,953.2)%
EBITDA	3,069,469	2,438,671	25.9 %

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Telesites, S. A. B. de C. V.

Consolidated statements of Cash Flows

(In thousands of Mexican pesos)

From January 1st 2016 to
December 31st 2016

Operating activities	
Net income	(1,245,060)
Taxes	238,418
Interest gained and paid, net	1,561,835
Depreciation and Amortization	2,558,924
Provisions	
Account receivables	(53,643)
Other accounts receivables	47,102
Account payable	148,603
Other accounts payable	102,470
Accounts different from cash	
Other adjustments	(70,196)
Income taxes paid	(1,493,160)
	1,795,293
Investment activities	
Property and equipment and construction sites	(2,986,307)
Interest gain	37,762
	(1,153,252)
Financing activities	
Loans	2,828,337
Loans paid	(1,000,377)
Interes paid	(1,254,634)
Other cash income	341,180
	(238,746)
Net increase in cash and cash equivalents	(238,746)
Cash at the beginning of the period	470,279
Cash at the end of the period	231,533

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