

Financial and operating report First quarter 2017

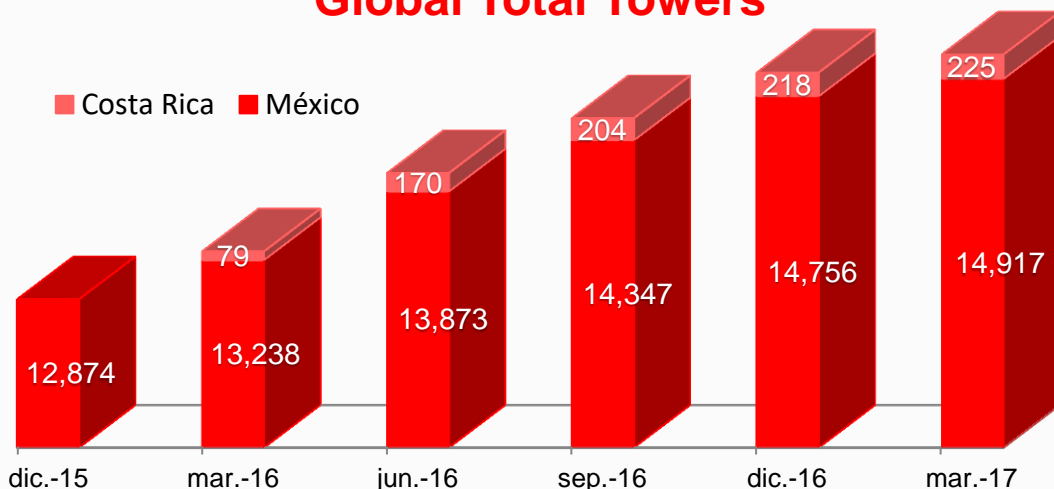
Date of publication: May 2nd, 2017

Telesites, S. A. B. de C. V. ("Telesites" or "the Company") reports its financial and operating results as of first quarter of 2017.

As of the first quarter of 2017, Telesites reports a global portfolio of 15,142 towers, meaning an increase of 168 towers. Observed increase for the last twelve months was of 1,825 towers, equivalent to 13.7% growth.

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

Global Total Towers



Results

Accumulated revenues during the first quarter were 1,372.3 million pesos, of which 914.1 million pesos come from tower income (66.6%). From January to March of 2017, revenues were 11% higher than the same quarter of the previous year and 3.4% higher than the previous quarter.

Accumulated EBITDA from January to March of 2017 was 831.2 million pesos, resulting 60.6% margin. EBITDA generated during this three months represented an increase of 18.5% YoY and 5.5% higher than the previous quarter.

Portfolio growth (LTM):

13.7%

1Q16 vs. 1Q17

Global portfolio of towers: 15,142 towers

Mexico
14,917 (98.5%)

Costa Rica
225 (1.5%)

2017 new adds to the portfolio:

168

Tenants as of 1Q17:

286

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Tenancy Ratio:

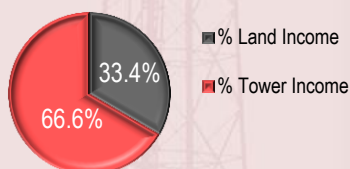
1.062

tenants per tower

Revenues 1Q17:

1,372.3
million pesos

Revenues 1Q17



EBITDA 1Q17:

831.2
million pesos

EBITDA Margin (QoQ)

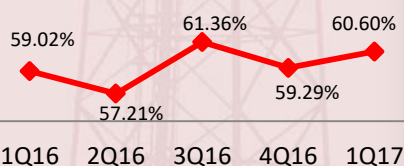


Table 1: Telesites QoQ revenue breakdown

	2Q16	3Q16	4Q16	1Q17
Revenues (MM\$MX)	1,291.8	1,324.6	1,327.0	1,372.3
Land rent	446.6	473.0	448.9	458.1
Tower revenues	845.2	851.6	878.0	914.1
Tower rent (regular)	790.2	827.9	863.2	914.1
Non recurrent (advanced bills)	-	-	-	-
Upgrades	52.5	23.7	14.9	-
Retroactive revenues for tower rent	2.5	-	-	-

In this quarter, average monthly rent was 19,593 pesos.

Table 2: QoQ average monthly rent per tower

	2Q16	3Q16	4Q16	1Q17
Revenue (M\$MX)	1,236,729	1,324,550	1,326,987	1,372,281
Tower leasing revenue (M\$MX)*	790,085	827,966	863,175	914,132
Site agreements				
Initial	13,142	14,039	14,537	15,466
Final	14,039	14,537	15,466	15,638
Average	13,591	14,288	15,002	15,552
Average rent (\$MX)	19,378	19,316	19,180	19,593

*Excluding upgrades and non recurrent income for MX\$59 millions on 1Q16.

Table 3: Telesites QoQ cost breakdown

	2Q16	3Q16	4Q16	1Q17
Total Costs (MM\$MX)	552.8	511.7	539.2	541.1
Land rent	446.3	427.9	438.7	451.8
Administrative and operating expenses	106.5	83.8	100.5	89.2
Administrative expenses	35.4	24.3	27.9	19.8
Operating expenses	71.1	59.5	72.6	69.4

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

Table 4: Telesites QoQ sites breakdown

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Mexico						
Portfolio of towers at the end of the period	12,874	13,238	13,873	14,347	14,756	14,917
Total quantity of sites included in revenues at end of period	12,512	13,142	13,910	14,343	14,572	14,772
Costa Rica						
Portfolio of towers at the end of the period	-	79	170	204	218	225
Total quantity of sites included in revenues at end of period	-	-	129	194	213	214
Consolidated						
Portfolio of towers at the end of the period	12,874	13,317	14,043	14,551	14,974	15,142
Tenants Amx	12,874	13,317	14,043	14,551	14,974	15,142
Tenants Amx adds (equivalent)	-	224	224	224	413	652
Tenants Non Amx	-	266	266	266	273	286
Total tenants	12,874	13,807	14,533	15,041	15,660	16,080
Tenancy ratio at the end of the period	1.000	1.037	1.035	1.034	1.046	1.062
Quantity of towers included in revenues at end of period	12,512	12,808	13,549	14,041	14,785	14,707
Quantity of sites included in revenues at end of period: AMX	12,512	12,808	13,549	14,041	14,785	14,707
Quantity of sites included in revenues at end of period: AMX adds (eq)	-	224	224	224	413	652
Quantity of sites included in revenues at end of period: non-AMX	-	110	266	266	268	279
Total quantity of sites included in revenues at end of period	12,512	13,142	14,039	14,531	15,466	15,638

Accumulated portfolio growth as of 1Q17:

Mexico
15.9%

Global
17.6%

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The Company closed its first quarter with 50.5 million pesos cash and 22,070.10 million pesos of total debt.

Net Debt: 22,019.5 million pesos

Leverage ratio measured as Net Debt to EBITDA (LTM), was 6.9x.

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	9,689.42	7.97%	10 years	jul-23-25
Cebur OSM 15-2	4,488.41	TIE 28 + 0.50	5 years	jul-29-20
Cebur OSM 15 Udis	7,557.15	4.75%	15 years	jul-17-30
Costa Rica (Short Term)**	335.12	Libor 3m + 1.625	3 months	
Total Debt	22,070.10			

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

** The amount of Costa Rica's debt is USD denominated (equivalent to USD\$17.8 million).

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

Consolidated statements of Financial Position (In thousands of Mexican pesos)

	As of March 31st 2017		As of March 31st 2016		1Q17 vs. 1Q16
Assets					
Current Assets					
Cash and equivalents	50,542	0.1%	899,418	2.3%	(94.4)%
Accounts Receivable	395,682	0.91%	209,675	0.5%	88.7 %
Recoverable taxes	96,522	0.2%	12	0.0%	N/A
Total current assets	542,746	1.2%	1,109,105	2.8%	(51.1)%
Non-current assets					
Towers, construction and others	48,538,473	111.1%	41,475,972	104.2%	17.0 %
Property and equipment, net	37,086	0.1%	14,429	0.0%	157.0 %
Depreciation	(5,553,930)	(12.7)%	(2,922,275)	(7.3)%	90.1 %
Total non-current assets	43,021,629	98.4%	38,568,126	96.9%	11.5 %
Deferred tax assets	9,604	0.0%	4,435	0.0%	116.6 %
Other assets	129,710	0.3%	114,640	0.3%	13.1 %
Total assets	43,703,689	100%	39,796,306	100%	9.8 %
Liabilities and equity					
Short term debt	335,124	0.8%	-	0.0%	0.0 %
Accounts payable	591,490	1.4%	240,479	0.6%	146.0 %
Taxes payable	62,963	0.1%	138,169	0.3%	(54.4)%
Interests payable	197,622	0.5%	191,772	0.5%	3.1 %
Total short term liabilities	1,187,198	2.7%	570,421	1.4%	108.1 %
Long term debt	21,734,974	49.7%	21,358,192	53.7%	1.8 %
Deferred income taxes	10,353,972	23.7%	10,082,593	25.3%	2.7 %
Asset retirement obligation	836,798	1.9%	732,990	1.8%	14.2 %
Other liabilities	3,944	0.0%	1,199	0.0%	229.0 %
Total long term liabilities	32,929,687	75.3%	32,174,973	80.8%	2.3 %
Total liabilities	34,116,885	78.1%	32,745,394	82.3%	4.2 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	23,724,809	54.3%	23,096,331	58.0%	2.7 %
Other components of equity	(13,814,292)	(31.6)%	(15,400,629)	(38.7)%	(10.3)%
Conversion effect	(39)	(0.0)%	-	0.0 %	0.0 %
Net income for the year	(358,674)	(0.8)%	(679,789)	(1.7)%	(47.2)%
Total Equity	9,586,804	21.9%	7,050,913	17.7%	36.0 %
Total liabilities and equity	43,703,689	100%	39,796,306	100%	9.8 %

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Consolidated statements of Comprehensive Income

(In thousands of Mexican pesos)

	As of March 31st 2017	As of March 31st 2016	1Q17 vs. 1Q16
Revenues	1,372,281	1,236,508	11.0 %
Land	458,149	421,377	8.7 %
Tower	914,132	815,131	12.1 %
Expenses			
Land Rent	(451,848)	(421,104)	7.3 %
Administration and Operating Expenses	(89,243)	(113,725)	(21.5)%
Depreciation and Amortization	(710,300)	(599,495)	18.5 %
	(1,251,391)	(1,134,324)	10.3 %
Operating Result	120,891	102,184	18.3 %
Financial Expenses	(570,349)	(382,686)	49.0 %
Other Income	2,728	136	1,901.3 %
	(567,622)	(382,550)	48.4 %
Loss Before Income Taxes	(446,731)	(280,366)	59.3 %
Current Income Taxes	(141,239)	(176,083)	(19.8)%
Deferred Taxes	229,296	(223,340)	(202.7)%
	88,057	(399,423)	(122.0)%
Net Income	(358,674)	(679,789)	(47.2)%
EBITDA	831,190	701,679	18.5 %

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

Consolidated statements of Cash Flows

(In thousands of Mexican pesos)

	From January 1st 2017 to March 31st 2017	From January 1st 2016 to March 31st 2016	1Q17 vs. 1Q16
Operating activities			
Net income	(358,674)	(679,789)	-47.2%
Taxes	(88,057)	427,697	-120.6%
Interest gained and paid, net	564,484	382,687	47.5%
Depreciation and Amortization	710,300	599,495	18.5%
Account receivables	(142,406)	(295,180)	-51.8%
Other accounts receivables	60,291	135,302	-55.4%
Account payable	(36,151)	(237,788)	-84.8%
Other accounts payable	78,010	(709,659)	-111.0%
Other adjustments	(791)		
Income taxes paid	(161,967)		
	625,039	(377,235)	-265.7%
Investment activities			
Property, equipment and site construction	(167,189)	(479,853)	-65.2%
Intangible asset aquisitions	(1,751)		
Interest gain	5,865	15,109	-61.2%
	461,964	(841,979)	-154.9%
Financing activities			
Loans	855,000	2,585,268	-66.9%
Loans paid	(855,000)	(1,000,377)	
Interes paid	(642,955)	(314,117)	104.7%
	(180,991)	428,795	-142.2%
Net increase in cash and cash equivalents	(180,991)	428,795	-142.2%
Cash at the beginning of the period	231,533	470,279	-50.8%
Cash at the end of the period	50,542	899,074	-94.4%

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