

Financial and operating report

Third quarter 2017

Date of publication: October 23rd, 2017

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

Portfolio growth (LTM):

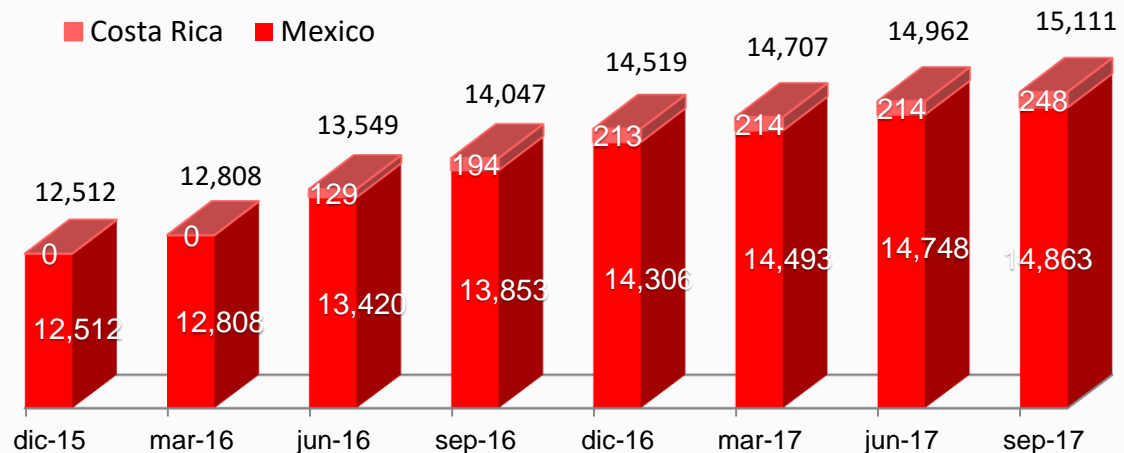
7.57%

3Q16 vs. 3Q17

As of the third quarter of 2017, Telesites reports a global portfolio of 15,111 towers included in revenue, meaning an increase of 149 towers vis a vis previous quarter. Observed increase for the last twelve months was of 1,064 towers, equivalent to 7.57% growth. Currently, 186 towers are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,005 individual site agreements as of the end of the 3Q17, which means an increase of 482 vs. 2Q17.

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

Global Total Towers (included in tower revenue)



Results

Accumulated revenues during the third quarter were 1,436.1 million pesos, of which 961.7 million pesos come from tower income (67%). From July to September of 2017, revenues were 8.4% higher than the same quarter of the previous year. Excluding the effect of non-recurrent income during 3Q16, the growth reached 10.4% on the same period.

Accumulated EBITDA from July to September of 2017 was 872.2 million pesos, resulting 60.7% margin. EBITDA generated during this three months represented an increase of 7.3% YoY and a positive variation of 4.9% versus the previous quarter.

Global portfolio of towers: 15,111 towers

Mexico
14,863 (98.4%)

Costa Rica
248 (1.6%)

2017 new adds included in tower revenues:

592

Signed co-locations (Ex-AMX) as of 3Q17:

1,005

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Revenues 3Q17:

1,436.1
million pesos

EBITDA 3Q17:

872.2
million pesos

Average rent per tower 3Q17:

19,859
pesos per month

Tenancy Ratio:

1.082

tenants per tower

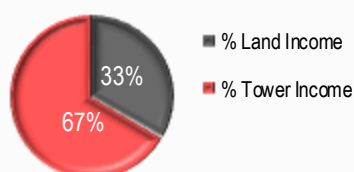
Leverage ratio: 6.7x

Table 1: Telesites QoQ revenue breakdown

	4Q16	1Q17	2Q17	3Q17
Revenues (MM\$MX)	1,327.0	1,372.3	1,389.6	1,436.1
Land rent	448.9	458.1	461.2	474.4
Tower revenues	878.0	914.1	928.4	961.7
Total Costs (MM\$MX)	559.8	541.1	558.1	563.9
Land rent	438.7	451.8	462.7	469.1
Administrative and operating expenses	121.1	89.2	95.4	94.8
Administrative expenses	27.9	19.8	24.6	33.6
Operating expenses	93.2	69.4	70.9	61.2
EBITDA (MM\$MX)	767.1	831.2	831.5	872.2

Graph 2: Revenue Breakdown

Revenues 3Q17



Graph 3: EBITDA Margin QoQ

EBITDA Margin (QoQ)

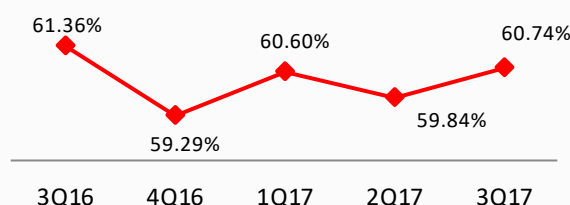


Table 3: Quarterly breakdown of Telesites tower leases

3Q17		
Mexico	Portfolio of towers included in revenues EOP	14,863
	Total quantity of rents included in revenues EOP	16,108
Costa Rica	Portfolio of towers included in revenues EOP	248
	Total quantity of rents included in revenues EOP	248
Consolidated	Portfolio of towers included in revenues EOP	15,111
	Rents included in revenues EOP: AMX	15,111
	Rents included in revenues EOP: AMX adds (equivalents)	787
	Rents included in revenues EOP: Others	458
	Total rents included in revenues EOP	16,356
	Tenancy ratio EOP	1.082

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Consolidated statements of Financial Position

(In thousands of Mexican pesos)

	As of Sep 30th 2017		As of Sep 30th 2016		2Q17 vs. 2Q16
Assets					
Current Assets					
Cash and equivalents	71,724	0.2%	235,465	0.5%	(69.5)%
Accounts Receivable	330,013	0.76%	294,603	0.7%	12.0 %
Recoverable taxes	18,828	0.0%	242,045	0.6%	(92.2)%
Total current assets	420,565	1.0%	772,113	1.8%	(45.5)%
Non-current assets					
Towers, construction and others	49,860,590	114.7%	46,884,391	107.5%	6.3 %
Property and equipment, net	51,087	0.1%	24,491	0.1%	108.6 %
Depreciation	(6,968,672)	(16.0)%	(4,171,500)	(9.6)%	67.1 %
Total non-current assets	42,943,004	98.7%	42,737,382	98.0%	0.5 %
Deferred tax assets	5,618	0.0%	10,165	0.0%	(44.7)%
Other assets	117,724	0.3%	104,985	0.2%	12.1 %
Total assets	43,486,910	100%	43,624,645	100%	(0.3)%
Liabilities and equity					
Short term debt	402,403	0.9%	291,633	0.7%	0.0 %
Accounts payable	624,762	1.4%	500,836	1.1%	24.7 %
Taxes payable	90,740	0.2%	34,982	0.1%	159.4 %
Interests payable	190,715	0.4%	181,251	0.4%	5.2 %
Total short term liabilities	1,308,621	3.0%	1,008,702	2.3%	29.7 %
Long term debt	21,864,452	50.3%	21,365,669	49.0%	2.3 %
Deferred income taxes	10,143,605	23.3%	10,612,430	24.3%	(4.4)%
Asset retirement obligation	852,135	2.0%	800,418	1.8%	6.5 %
Other liabilities	4,298	0.0%	1,344	0.0%	219.7 %
Total long term liabilities	32,864,490	75.6%	32,779,862	75.1%	0.3 %
Total liabilities	34,173,111	78.6%	33,788,564	77.5%	1.1 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	23,207,638	53.4%	24,018,586	55.1%	(3.4)%
Other components of equity	(13,012,030)	(29.9)%	(13,676,158)	(31.3)%	(4.9)%
Conversion effect	326	0.0 %	337	0.0 %	0.0 %
Net income for the year	(917,134)	(2.1)%	(541,683)	(1.2)%	69.3 %
Total Equity	9,313,799	21.4%	9,836,082	22.5%	(5.3)%
Total liabilities and equity	43,486,910	100%	43,624,645	100%	(0.3)%

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Consolidated statements of Comprehensive Income

(In thousands of Mexican pesos)

	From July 1st to Sep 30th 2017	From July 1st to Sep 30th 2016	2Q17 vs. 2Q16
Revenues	1,436,096	1,324,550	8.4 %
Land	474,362	473,008	0.3 %
Tower	961,734	851,541	12.9 %
Expenses	(1,282,548)	(1,153,436)	11.2 %
Land Rent	(469,089)	(427,974)	9.6 %
Administration and Operating Expenses	(94,783)	(83,813)	13.1 %
Depreciation and Amortization	(718,676)	(641,650)	12.0 %
Operating Result	153,548	171,113	(10.3)%
Financial Expenses	(477,849)	(374,791)	27.5 %
Other Income	3,317	5,344	(37.9)%
	(474,532)	(369,446)	28.4 %
Loss Before Income Taxes	(320,985)	(198,333)	61.8 %
Current Income Taxes	(141,924)	(51,476)	175.7 %
Deferred Taxes	178,244	(27,926)	(738.3)%
	36,321	(79,403)	(145.7)%
Net Income	(284,664)	(277,735)	2.5 %
EBITDA	872,224	812,763	7.3 %

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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 Sep 30th 2017	From January 1st 2016 to Sep 30th 2016	2Q17 vs. 2Q16
Operating activities			
Net income	(917,134)	(541,683)	69.3%
Taxes	(142,777)	(167,336)	-14.7%
Interest gained and paid, net	1,449,038	1,043,206	38.9%
Depreciation and Amortization	2,140,589	1,848,576	15.8%
Provisions	0	145	N/A
Account receivables	(76,737)	(189,024)	-59.4%
Other accounts receivables	72,278	81,912	-11.8%
Account payable	437	26,912	-98.4%
Other accounts payable	506,781	779,768	-35.0%
Other adjustments	(689)	(817,456)	N/A
Income taxes paid	(686,368)	(571,068)	20.2%
	2,345,418	1,493,952	57.0%
Investment activities			
Property, equipment and site construction	(1,105,737)	(2,049,725)	-46.1%
Intangible asset acquisitions	(7,220)	0	N/A
Interest gain	16,021	30,723	-47.9%
	1,248,482	(525,050)	-337.8%
Financing activities			
Loans	1,555,000	2,887,759	-46.2%
Loans paid	(1,555,000)	(1,000,377)	55.4%
Interes paid	(1,408,291)	(1,597,146)	-11.8%
	(159,809)	(234,814)	-31.9%
Net increase in cash and cash equivalents	(159,809)	(234,814)	-31.9%
Cash at the beginning of the period	231,533	470,279	-50.8%
Cash at the end of the period	71,724	235,465	-69.5%

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