

# Financial and operating report

## First quarter 2018

Date of publication: April 19th, 2018

### Portfolio growth (LTM):

4.62%

1Q17 vs. 1Q18

Global portfolio of towers in revenues: 15,386 towers

Mexico 15,109 (98.2%)

Costa Rica 277 (1.8%)

### EBITDA growth (LTM):

20.3%

Total accumulated signed co-locations (Ex-AMX) and equivalents:

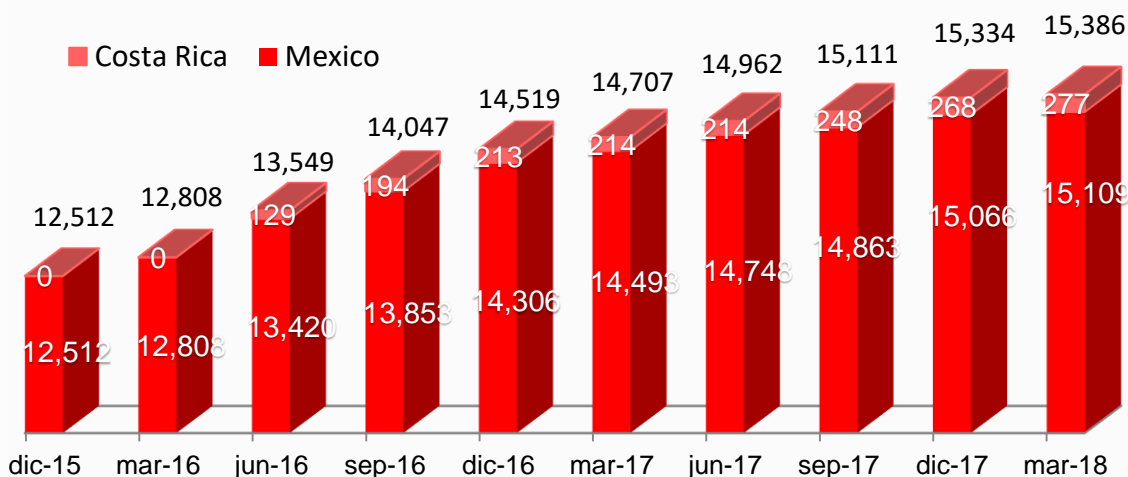
1,268

Telesites, S. A. B. de C. V. ("Telesites" or "the Company") reports its financial and operating results as of first quarter of 2018.

As of the first quarter of 2018, Telesites reports a global portfolio of 15,386 towers included in revenue, meaning an increase of 52 towers vis a vis previous quarter. Observed increase for the last twelve months was of 679 towers, equivalent to 4.62% growth. Currently, 301 towers are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,268 individual site agreements and equivalents as of the end of the 1Q18.

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

### Global Total Towers (included in tower revenue)



### Results

Accumulated revenues during the first quarter were 1,587.8 million pesos, of which 1,100.2 million pesos come from tower income (67%). From January to March of 2018, revenues were 15.7% higher than the same quarter of the previous year.

Accumulated EBITDA from January to March of 2018 was 999.8 million pesos, resulting 63.0% margin. EBITDA generated during this three months represented an increase of 20.3% YoY and a positive variation of 10.5% versus the previous quarter.

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### Revenues 1Q18:

1,587.8  
million pesos

### EBITDA 1Q18:

999.8  
million pesos

### Average rent per tower 1Q18:

21,149  
pesos per month

### Tenancy Ratio:

1.132  
tenants per tower

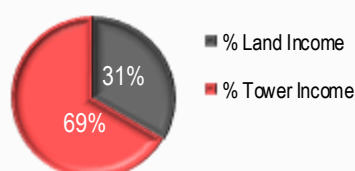
Leverage ratio: 6.1x

Table 1: Telesites QoQ revenue breakdown

	2Q17	3Q17	4Q17	1Q18
<b>Revenues (MM\$MX)</b>	<b>1,389.6</b>	<b>1,436.1</b>	<b>1,467.8</b>	<b>1,587.8</b>
Land rent	461.2	474.4	459.7	487.5
Tower revenues	928.4	961.7	1,008.0	1,100.2
<b>Total Costs (MM\$MX)</b>	<b>558.1</b>	<b>563.9</b>	<b>562.9</b>	<b>588.0</b>
Land rent	462.7	469.1	480.1	487.2
Administrative and operating expenses	95.4	94.8	76.7	100.8
Administrative expenses	24.6	33.6	65.8	70.3
Operating expenses	70.9	61.2	11.0	30.5
<b>EBITDA (MM\$MX)</b>	<b>831.5</b>	<b>872.2</b>	<b>904.9</b>	<b>999.8</b>

Graph 2: Revenue Breakdown

### Revenues 1Q18



Graph 3: EBITDA Margin QoQ

### EBITDA Margin (QoQ)

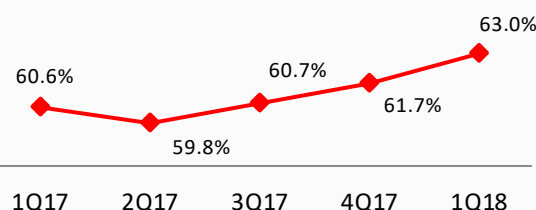


Table 3: Quarterly breakdown of Telesites tower leases

		1Q18
Mexico	Portfolio of towers included in revenues EOP	15,109
	Total quantity of rents included in revenues EOP	17,129
Costa Rica	Portfolio of towers included in revenues EOP	277
	Total quantity of rents included in revenues EOP	283
Consolidated	Portfolio of towers included in revenues EOP	15,386
	Rents included in revenues EOP: AMX	15,386
	Rents included in revenues EOP: AMX adds (equivalents)	856
	Rents included in revenues EOP: Others	1,170
	Total rents included in revenues EOP	17,412
	Tenancy ratio EOP	1.132

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

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

	As of Mar 31st 2018		As of Mar 31st 2017		1Q18 vs. 1Q17
Assets					
Current Assets					
Cash and equivalents	560,330	1.3%	50,542	0.1%	N/A
Accounts Receivable	240,344	0.5%	395,682	0.90%	(39.3)%
Recoverable taxes	12,020	0.0%	96,522	0.2%	(87.5)%
Total current assets	812,694	1.8%	542,746	1.2%	49.7 %
Non-current assets					
Towers, construction and others	50,790,311	114.3%	48,538,473	110.5%	4.6 %
Property and equipment, net	57,221	0.1%	37,086	0.1%	54.3 %
Depreciation	(7,380,446)	(16.6)%	(5,347,623)	(12.2)%	38.0 %
Total non-current assets	43,467,086	97.9%	43,227,936	98.4%	0.6 %
Deferred tax assets	8,022	0.0%	9,604	0.0%	(16.5)%
Other assets	132,957	0.3%	129,710	0.3%	2.5 %
Total assets	44,420,759	100%	43,909,996	100%	1.2 %
Liabilities and equity					
Short term debt	-	0.0%	335,124	0.8%	(100.0)%
Accounts payable	592,686	1.3%	591,490	1.3%	0.2 %
Taxes payable	285,155	0.6%	62,963	0.1%	352.9 %
Interests payable	208,584	0.5%	197,622	0.5%	5.5 %
Total short term liabilities	1,086,425	2.4%	1,187,198	2.7%	(8.5)%
Long term debt	22,574,488	50.8%	21,734,974	49.5%	3.9 %
Deferred income taxes	10,119,304	22.8%	10,415,864	23.7%	(2.8)%
Asset retirement obligation	864,861	1.9%	836,798	1.9%	3.4 %
Other liabilities	4,672	0.0%	3,944	0.0%	18.5 %
Total long term liabilities	33,563,325	75.6%	32,991,579	75.1%	1.7 %
Total liabilities	34,649,750	78.0%	34,178,777	77.8%	1.4 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	23,228,907	52.3%	23,843,866	54.3%	(2.6)%
Other components of equity	(13,467,288)	(30.3)%	(13,933,350)	(31.7)%	(3.3)%
Conversion effect	(105)	(0.0)%	(39)	(0.0)%	167.7 %
Net income for the year	(25,506)	(0.1)%	(214,259)	(0.5)%	(88.1)%
Total Equity	9,771,009	22.0%	9,731,219	22.2%	0.4 %
Total liabilities and equity	44,420,759	100%	43,909,996	100%	1.2 %

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

### Consolidated statements of Comprehensive Income

(In thousands of Mexican pesos)

	As of March 31st 2018	As of March 31st 2017	1Q18 vs. 1Q17
<b>Revenues</b>	<b>1,587,769</b>	<b>1,372,281</b>	<b>15.7%</b>
Land	487,523	458,149	6.4 %
Tower	1,100,246	914,132	20.4 %
<b>Expenses</b>	<b>(1,113,506)</b>	<b>(1,045,083)</b>	<b>6.5 %</b>
Land Rent	(487,179)	(451,848)	7.8 %
Administration and Operating Expenses	(100,792)	(89,243)	12.9 %
Depreciation and Amortization	(525,535)	(503,993)	4.3 %
<b>Operating Result</b>	<b>474,262</b>	<b>327,198</b>	<b>44.9 %</b>
Financial Expenses	(508,526)	(570,349)	(10.8)%
Other Income	36,482	2,728	N/A
	(472,044)	(567,622)	(16.8)%
<b>Loss Before Income Taxes</b>	<b>2,218</b>	<b>(240,424)</b>	<b>(100.9)%</b>
Current Income Taxes	(180,302)	(141,239)	27.7 %
Deferred Taxes	152,578	167,404	(8.9)%
	(27,724)	26,165	(206.0)%
<b>Net Income</b>	<b>(25,506)</b>	<b>(214,259)</b>	<b>(88.1)%</b>
<b>EBITDA</b>	<b>999,797</b>	<b>831,190</b>	<b>20.3 %</b>

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

### Consolidated statements of Cash Flows (In thousands of Mexican pesos)

	From January 1st to March 31st 2018	From January 1st to March 31st 2017	1Q18 vs. 1Q17
<b>Operating activities</b>			
Net income	(25,506)	(358,674)	-92.9%
Taxes	27,724	(88,057)	-131.5%
Interest gained and paid, net	499,509	564,484	-11.5%
Depreciation and Amortization	525,535	710,300	-26.0%
Account receivables	(14,874)	(142,406)	-89.6%
Other accounts receivables	27,235	60,291	-54.8%
Account payable	68,094	(36,151)	-288.4%
Other accounts payable	96,565	78,010	23.8%
Other adjustments	(935)	(791)	18.2%
Income taxes paid	(292,413)	(161,967)	80.5%
	<b>910,934</b>	<b>625,039</b>	<b>45.7%</b>
<b>Investment activities</b>			
Property, equipment and site construction	(253,029)	(167,189)	51.3%
Intangible asset acquisitions	(875)	(1,751)	-50.0%
Interest gain	9,017	5,865	53.7%
	<b>(244,887)</b>	<b>(163,075)</b>	<b>50.2%</b>
<b>Financing activities</b>			
Loans		855,000	-100.0%
Loans paid		(855,000)	-100.0%
Interes paid	(667,194)	(642,955)	3.8%
	<b>(667,194)</b>	<b>(642,955)</b>	<b>3.8%</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,147)</b>	<b>(180,991)</b>	<b>-99.4%</b>
Cash at the beginning of the period	561,477	231,533	142.5%
<b>Cash at the end of the period</b>	<b>560,330</b>	<b>50,542</b>	<b>N/A</b>

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