

Financial and operating report Second quarter 2018

Date of publication: July 18th, 2018

Portfolio growth:

4.87%
2Q17 vs. 2Q18

25.39%
Last 30 months

Global portfolio of sites in revenues: 15,690 sites

Mexico
15,402 (98.2%)

Costa Rica
288 (1.8%)

EBITDA growth 2Q17 vs. 2Q18:

22.9%

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

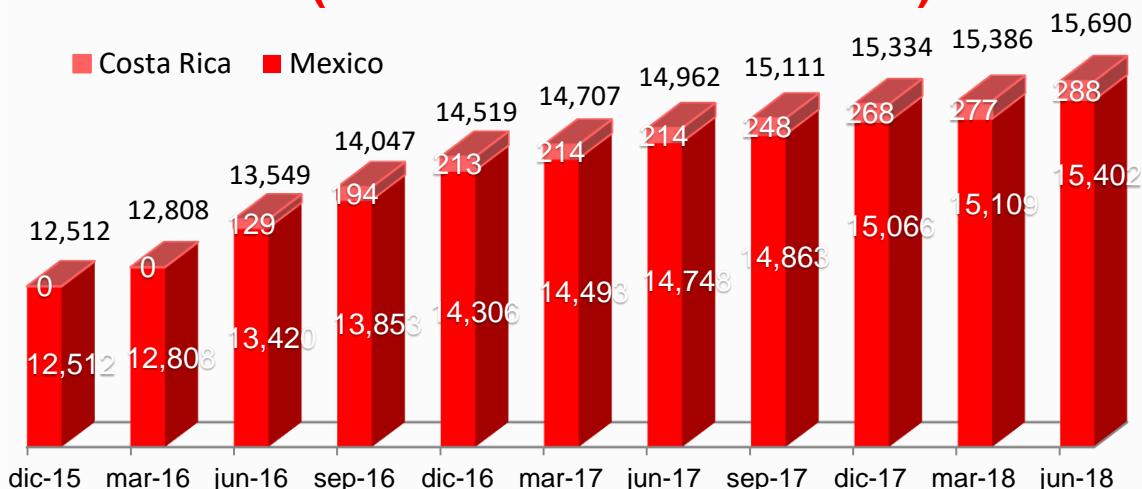
1,316

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

As of the second quarter of 2018, Telesites reports a global portfolio of 15,690 sites included in revenue, meaning an increase of 304 sites vis a vis previous quarter. Observed increase for the last twelve months was of 728 sites, equivalent to 4.87% growth. Currently, 222 sites are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,316 individual site agreements and equivalents as of the end of the 2Q18.

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

Global Total Sites (included in tower revenue)



Results

Accumulated revenues during the second quarter were 1,624.8 million pesos, of which 1,120.5 million pesos come from tower income (69%). From April to June of 2018, revenues were 16.9% higher than the same quarter of the previous year.

Accumulated EBITDA from April to June of 2018 was 1,021.9 million pesos, resulting 62.9% margin. EBITDA generated during this three months represented an increase of 22.9% YoY and a positive variation of 2.2% versus the previous quarter.

Financial and operating report Second quarter 2018

Date of publication: July 18th, 2018

Revenues 2Q18:

1,624.8
million pesos

EBITDA 2Q18:

1,021.9
million pesos

Average rent per tower 2Q18:

21,197
pesos per month

Tenancy Ratio:

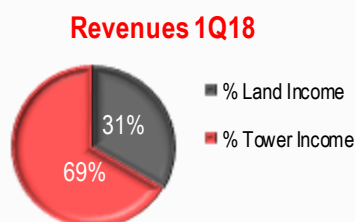
1.136
tenants per tower

Leverage ratio: 5.8x

Table 1: Telesites QoQ revenue breakdown

	3Q17	4Q17	1Q18	2Q18
Revenues (MM\$MX)	1,436.1	1,467.8	1,587.8	1,624.8
Land rent	474.4	459.7	487.5	504.3
Tower revenues	961.7	1,008.0	1,100.2	1,120.5
Total Costs (MM\$MX)	563.9	556.8	588.0	602.9
Land rent	469.1	480.1	487.2	505.1
Administrative and operating expenses	94.8	76.7	100.8	97.7
Administrative expenses	33.6	65.8	70.3	73.4
Operating expenses	61.2	11.0	30.5	24.3
EBITDA (MM\$MX)	872.2	911.0	999.8	1,021.9

Graph 2: Revenue Breakdown



Graph 3: EBITDA Margin QoQ

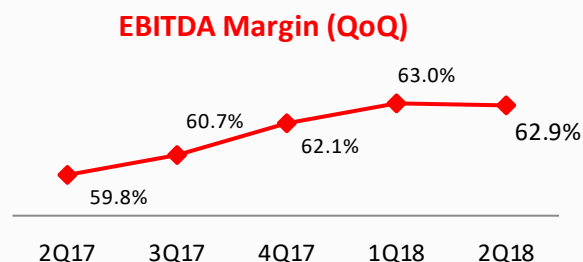


Table 3: Quarterly breakdown of Telesites tower leases

		2Q18
Mexico	Sites included in revenues EOP	15,402
	Total quantity of rents included in revenues EOP	17,535
Costa Rica	Sites included in revenues EOP	288
	Total quantity of rents included in revenues EOP	295
Consolidated	Sites included in revenues EOP	15,690
	Rents included in revenues EOP: AMX	15,690
	Rents included in revenues EOP: AMX adds (equivalents)	857
	Rents included in revenues EOP: Others	1,283
	Total rents included in revenues EOP	17,830
	Tenancy ratio EOP	1.136

Financial and operating report

Second quarter 2018

Date of publication: July 18th, 2018

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

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

	As of Jun 30th 2018		As of Jun 30th 2017		2Q18 vs. 2Q17
Assets					
Current Assets					
Cash and equivalents	686,999	1.5%	335,593	0.8%	104.7 %
Accounts Receivable	237,389	0.5%	405,779	0.92%	(41.5)%
Recoverable taxes	59,787	0.1%	18,336	0.0%	226.1 %
Total current assets	984,176	2.2%	759,708	1.7%	29.5 %
Non-current assets					
Towers, construction and others	51,604,015	114.9%	49,037,523	111.1%	5.2 %
Property and equipment, net	60,632	0.1%	40,825	0.1%	48.5 %
Depreciation	(7,899,688)	(17.6)%	(5,846,005)	(13.3)%	35.1 %
Total non-current assets	43,764,959	97.4%	43,232,343	98.0%	1.2 %
Deferred tax assets	8,695	0.0%	5,531	0.0%	57.2 %
Other assets	154,280	0.3%	122,291	0.3%	26.2 %
Total assets	44,912,109	100%	44,119,873	100%	1.8 %
Liabilities and equity					
Short term debt	-	0.0%	362,697	0.8%	(100.0)%
Accounts payable	596,999	1.3%	594,203	1.3%	0.5 %
Taxes payable	34,369	0.1%	82,743	0.2%	(58.5)%
Interests payable	507,054	1.1%	493,041	1.1%	2.8 %
Total short term liabilities	1,138,422	2.5%	1,532,684	3.5%	(25.7)%
Long term debt	22,647,550	50.4%	21,773,162	49.4%	4.0 %
Deferred income taxes	10,161,163	22.6%	10,336,384	23.4%	(1.7)%
Asset retirement obligation	874,544	1.9%	841,119	1.9%	4.0 %
Other liabilities	4,812	0.0%	4,121	0.0%	16.8 %
Total long term liabilities	33,688,069	75.0%	32,954,785	74.7%	2.2 %
Total liabilities	34,826,491	77.5%	34,487,470	78.2%	1.0 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	23,153,273	51.6%	23,593,838	53.5%	(1.9)%
Other components of equity	(13,161,523)	(29.3)%	(13,651,787)	(30.9)%	(3.6)%
Conversion effect	234	0.0 %	190	0.0 %	23.2 %
Net income for the year	58,634	0.1 %	(344,838)	(0.8)%	(117.0)%
Total Equity	10,085,618	22.5%	9,632,403	21.8%	4.7 %
Total liabilities and equity	44,912,109	100%	44,119,873	100%	1.8 %

Financial and operating report

Second quarter 2018

Date of publication: July 18th, 2018

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

Consolidated statements of Comprehensive Income
(In thousands of Mexican pesos)

	As of Jun 30th 2018	As of Jun 30th 2017	2Q18 vs. 2Q17
Revenues	1,624,784	1,389,551	16.9%
Land	504,251	461,184	9.3 %
Tower	1,120,533	928,366	20.7 %
Expenses	(1,126,497)	(1,065,113)	5.8 %
Land Rent	(505,127)	(462,681)	9.2 %
Administration and Operating Expenses	(97,725)	(95,415)	2.4 %
Depreciation and Amortization	(523,645)	(507,018)	3.3 %
Operating Result	498,287	324,437	53.6 %
Financial Expenses	(378,752)	(416,860)	(9.1)%
Other Income	17,913	4,823	N/A
	(360,838)	(412,037)	(12.4)%
Loss Before Income Taxes	137,448	(87,600)	(256.9)%
Current Income Taxes	(110,520)	(132,952)	(16.9)%
Deferred Taxes	57,211	89,973	(36.4)%
	(53,309)	(42,979)	24.0 %
Net Income	84,140	(130,579)	(164.4)%
EBITDA	1,021,932	831,455	22.9 %

Financial and operating report

Second quarter 2018

Date of publication: July 18th, 2018

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

Consolidated statements of Cash Flows

(In thousands of Mexican pesos)

	From January 1st to June 30th 2018	From January 1st to June 30th 2017	2Q18 vs. 2Q17
Operating activities			
Net income	58,634	(632,470)	-109.3%
Taxes	81,033	(106,457)	-176.1%
Interest gained and paid, net	867,977	976,872	-11.1%
Depreciation and Amortization	1,049,180	1,421,913	-26.2%
Account receivables	(93,157)	(152,503)	-38.9%
Other accounts receivables	28,643	67,710	-57.7%
Account payable	72,599	(29,747)	N/A
Other accounts payable	11,512	298,978	-96.1%
Other adjustments	(60)	(864)	-93.1%
Income taxes paid	(516,612)	(393,297)	31.4%
	1,559,749	1,450,135	7.6%
Investment activities			
Property, equipment and site construction	(746,566)	(631,324)	18.3%
Intangible asset acquisitions	(864)	(3,560)	-75.7%
Interest gain	19,301	10,338	86.7%
	(728,129)	(624,546)	16.6%
Financing activities			
Loans	71,676	855,000	-91.6%
Loans paid	(13,784)	(855,000)	-98.4%
Interes paid	(763,990)	(721,529)	5.9%
	(706,098)	(721,529)	N/A
Net increase in cash and cash equivalents	125,522	104,060	20.6%
Cash at the beginning of the period	561,477	231,533	142.5%
Cash at the end of the period	686,999	335,593	N/A

Telesites, S.A.B. de C.V. ("Telesites") quarterly reports and all other written materials may from time to time contain forward-looking statements that reflect the current views and/or expectations of Telesites and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance, or achievements, and may contain words like "believe", "anticipate", "expect", "envisages", "will likely result", or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this report. In no event, neither Telesites nor any of its subsidiaries, affiliates, directors, officers, agents or employees shall be liable before any second party (including investors) for any investment or business decision made or action taken in reliance on the information and statements contained in this document or for any consequential, special or similar damages.