

Financial and operating report Third quarter 2018

Date of publication: October 22nd, 2018

Portfolio growth:

4.88%
3Q17 vs. 3Q18

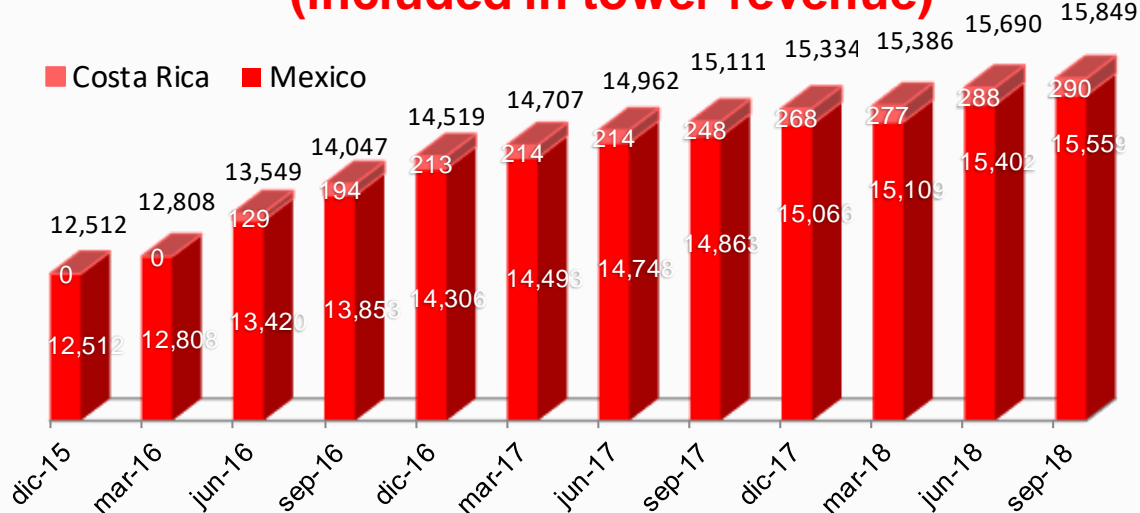
26.67%
4Q15 vs. 3Q18

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

As of the third quarter of 2018, Telesites reports a global portfolio of 15,849 sites included in revenue, meaning an increase of 159 sites *vis a vis* previous quarter. Observed increase for the last twelve months was of 738 sites, equivalent to 4.88% growth. Currently, 216 sites are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,393 individual site agreements and equivalents as of the end of the 3Q18.

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

Total Towers (included in tower revenue)



Results

Accumulated revenues during the third quarter were 1,681.7 million pesos, of which 1,165.5 million pesos came from tower income (69.3%). From July to September of 2018, revenues were 17.1% higher than the same quarter of the previous year.

Accumulated EBITDA from July to September of 2018 was 1,075.6 million pesos, resulting 64% margin. EBITDA generated during this three months represented an increase of 23.3% YoY and a positive variation of 5.2% versus the previous quarter.

Global portfolio of sites in revenues: 15,849 sites

Mexico
15,559 (98.2%)

Costa Rica
290 (1.8%)

EBITDA growth 3Q17 vs. 3Q18:

23.3%

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

1,393

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Revenues 3Q18:

1,681.7
million pesos

EBITDA 3Q18:

1,075.6
million pesos

Average rent per tower 3Q18:

21,638
pesos per month

Tenancy Ratio:

1.141

tenants per tower

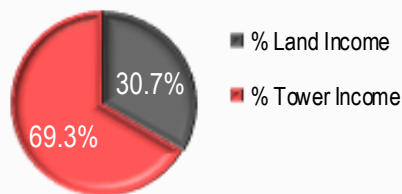
Leverage ratio: 5.56x

Table 1: Telesites QoQ revenue breakdown

| | 4Q17 | 1Q18 | 2Q18 | 3Q18 |
|--|----------------|----------------|----------------|----------------|
| Revenues (MM\$MX) | 1,467.8 | 1,587.8 | 1,624.8 | 1,681.7 |
| Land rent | 459.7 | 487.5 | 504.3 | 516.3 |
| Site revenues | 1,008.0 | 1,100.2 | 1,120.5 | 1,165.5 |
| Total Costs and Expenses (MM\$MX) | 556.8 | 588.0 | 602.9 | 606.1 |
| Land rent | 480.1 | 487.2 | 505.1 | 515.8 |
| Administrative and operating expenses | 76.7 | 100.8 | 97.7 | 90.4 |
| Administrative expenses | 65.8 | 70.3 | 73.4 | 67.3 |
| Operating expenses | 11.0 | 30.5 | 24.3 | 23.1 |
| EBITDA (MM\$MX) | 911.0 | 999.8 | 1,021.9 | 1075.6 |

Graph 2: Revenue Breakdown

Revenues 3Q18



Graph 3: EBITDA Margin QoQ

EBITDA Margin (QoQ)

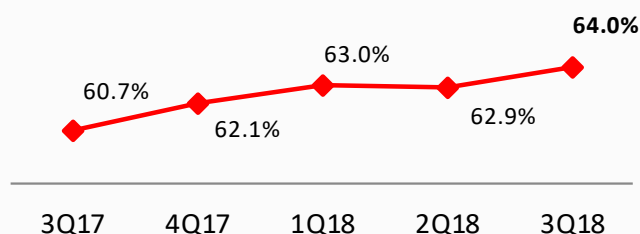


Table 3: Quarterly breakdown of Telesites tower leases

| | | 3Q18 |
|--------------|--|--------|
| Mexico | Sites included in revenues EOP | 15,559 |
| | Total quantity of rents included in revenues EOP | 17,781 |
| Costa Rica | Sites included in revenues EOP | 290 |
| | Total quantity of rents included in revenues EOP | 297 |
| Consolidated | Sites included in revenues EOP | 15,849 |
| | Rents included in revenues EOP: AMX | 15,849 |
| | Rents included in revenues EOP: AMX adds (equivalents) | 842 |
| | Rents included in revenues EOP: Others | 1,387 |
| | Total rents included in revenues EOP | 18,078 |
| | Tenancy ratio EOP | 1.141 |

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

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

| | As of Sep 30th 2018 | | As of Sep 30th 2017 | | 3Q18 vs. 3Q17 |
|-------------------------------------|---------------------|--------------|---------------------|--------------|----------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and equivalents | 451,401 | 1.0% | 71,724 | 0.2% | 529.4 % |
| Accounts Receivable | 273,875 | 0.6% | 330,013 | 0.75% | (17.0)% |
| Recoverable taxes | 54,206 | 0.1% | 18,828 | 0.0% | 187.9 % |
| Total current assets | 779,482 | 1.7% | 420,565 | 1.0% | 85.3 % |
| Non-current assets | | | | | |
| Towers, construction and others | 52,432,468 | 116.5% | 49,860,590 | 113.1% | 5.2 % |
| Property and equipment, net | 62,845 | 0.1% | 51,087 | 0.1% | 23.0 % |
| Depreciation | (8,424,258) | (18.7)% | (6,350,844) | (14.4)% | 32.6 % |
| Total non-current assets | 44,071,055 | 97.9% | 43,560,832 | 98.8% | 1.2 % |
| Deferred tax assets | 31,983 | 0.1% | 5,618 | 0.0% | 469.3 % |
| Other assets | 141,339 | 0.3% | 117,724 | 0.3% | 20.1 % |
| Total assets | 45,023,859 | 100% | 44,104,738 | 100% | 2.1 % |
| Liabilities and equity | | | | | |
| Short term debt | - | 0.0% | 402,403 | 0.9% | (100.0)% |
| Accounts payable | 525,143 | 1.2% | 624,762 | 1.4% | (15.9)% |
| Taxes payable | 30,526 | 0.1% | 90,740 | 0.2% | (66.4)% |
| Interests payable | 199,170 | 0.4% | 190,715 | 0.4% | 4.4 % |
| Total short term liabilities | 754,840 | 1.7% | 1,308,621 | 3.0% | (42.3)% |
| Long term debt | 22,748,937 | 50.5% | 21,864,452 | 49.6% | 4.0 % |
| Deferred income taxes | 10,211,904 | 22.7% | 10,328,954 | 23.4% | (1.1)% |
| Asset retirement obligation | 887,731 | 2.0% | 852,135 | 1.9% | 4.2 % |
| Other liabilities | 5,032 | 0.0% | 4,298 | 0.0% | 17.1 % |
| Total long term liabilities | 33,853,603 | 75.2% | 33,049,839 | 74.9% | 2.4 % |
| Total liabilities | 34,608,442 | 76.9% | 34,358,460 | 77.9% | 0.7 % |
| Equity | | | | | |
| Share capital | 35,000 | 0.1% | 35,000 | 0.1% | 0.0 % |
| Surplus | 23,222,838 | 51.6% | 23,562,667 | 53.4% | (1.4)% |
| Other components of equity | (12,867,663) | (28.6)% | (13,367,059) | (30.3)% | (3.7)% |
| Conversion effect | 204 | 0.0 % | 326 | 0.0 % | (37.4)% |
| Net income for the year | 25,038 | 0.1 % | (484,655) | (1.1)% | (105.2)% |
| Total Equity | 10,415,416 | 23.1% | 9,746,279 | 22.1% | 6.9 % |
| Total liabilities and equity | 45,023,859 | 100% | 44,104,738 | 100% | 2.1 % |

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

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

| | As of Sep 30th 2018 | As of Sep 30th 2017 | 3Q18 vs. 3Q17 |
|---------------------------------------|---------------------|---------------------|-----------------|
| Revenues | 1,681,712 | 1,436,096 | 17.1% |
| Land | 516,258 | 474,362 | 8.8 % |
| Tower | 1,165,454 | 961,734 | 21.2 % |
| Expenses | (1,139,941) | (1,075,623) | 6.0 % |
| Land Rent | (515,754) | (469,089) | 9.9 % |
| Administration and Operating Expenses | (90,383) | (94,783) | (4.6)% |
| Depreciation and Amortization | (533,804) | (511,751) | 4.3 % |
| Operating Result | 541,771 | 360,473 | 50.3 % |
| Financial Expenses | (527,635) | (477,849) | 10.4 % |
| Other Income | 9,101 | 3,317 | N/A |
| | (518,534) | (474,532) | 9.3 % |
| Loss Before Income Taxes | 23,237 | (114,060) | (120.4)% |
| Current Income Taxes | (185,365) | (141,924) | 30.6 % |
| Deferred Taxes | 128,531 | 116,167 | 10.6 % |
| | (56,834) | (25,757) | N/A |
| Net Income | (33,596) | (139,817) | (76.0)% |
| EBITDA | 1,075,575 | 872,224 | 23.3 % |

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Telesites, S. A. B. de C. V.
Consolidated statements of Cash Flows
 (In thousands of Mexican pesos)

| | From January 1st to September 30th 2018 | From January 1st to September 30th 2017 | 3Q18 vs. 3Q17 |
|--|--|--|----------------|
| Operating activities | | | |
| Net income | 25,038 | (917,134) | -102.7% |
| Taxes | 137,867 | (142,777) | -196.6% |
| Interest gained and paid, net | 1,385,056 | 1,449,038 | -4.4% |
| Depreciation and Amortization | 1,582,984 | 2,140,589 | -26.0% |
| Account receivables | (121,058) | (76,737) | 57.8% |
| Other accounts receivables | 39,200 | 72,278 | -45.8% |
| Account payable | 1,671 | 437 | N/A |
| Other accounts payable | 9,571 | 506,781 | -98.1% |
| Other adjustments | (627) | (689) | -9.0% |
| Income taxes paid | (717,878) | (686,368) | 4.6% |
| | 2,341,824 | 2,345,418 | -0.2% |
| Investment activities | | | |
| Property, equipment and site construction | (1,066,968) | (1,105,737) | -3.5% |
| Intangible asset acquisitions | (418) | (7,220) | -94.2% |
| Interest gain | 29,857 | 16,021 | 86.4% |
| | (1,037,529) | 1,248,482 | -183.1% |
| Financing activities | | | |
| Loans | 71,676 | 1,555,000 | -95.4% |
| Loans paid | (13,784) | (1,555,000) | -99.1% |
| Interes paid | (1,472,263) | (1,408,291) | 4.5% |
| | (1,414,371) | (159,809) | N/A |
| Net increase in cash and cash equivalents | (110,076) | (159,809) | -31.1% |
| Cash at the beginning of the period | 561,477 | 231,533 | 142.5% |
| Cash at the end of the period | 451,401 | 71,724 | N/A |

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