

Financial and operating report

Fourth quarter 2018

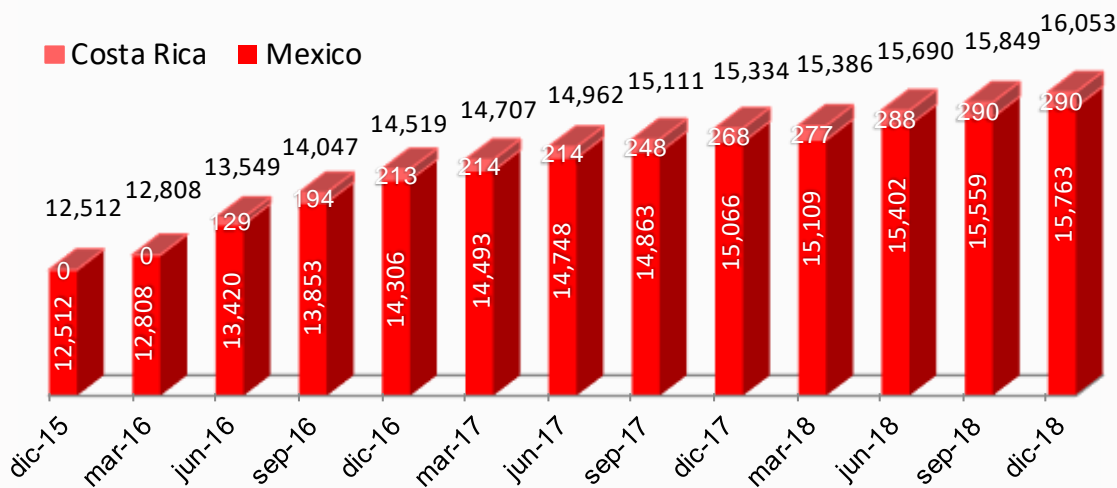
Date of publication: February 27th, 2019

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 fourth quarter of 2018, Telesites reports a global portfolio of 16,053 sites included in revenue, meaning an increase of 204 sites *vis a vis* previous quarter. Observed increase for the last twelve months was of 719 sites, equivalent to 4.69% growth. Currently, 176 sites are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,423 individual site agreements and equivalents as of the end of the 4Q18.

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

Total Towers (included in tower revenue)



Results

Accumulated revenues during the fourth quarter were 1,709.6 million pesos, of which 1,147.7 million pesos came from tower income (67.1%). From October to December of 2018, revenues were 16.5% higher than the same quarter of the previous year.

Accumulated EBITDA from October to December of 2018 was 1,084.8 million pesos, resulting 63.5% margin. EBITDA generated during this three months represented an increase of 19.1% YoY and flat versus the previous quarter.

Portfolio growth:

4.69%
4Q17 vs. 4Q18

28.30%
4Q15 vs. 4Q18

Global portfolio of sites in revenues:
16,053 sites

Mexico
15,763 (98.2%)

Costa Rica
290 (1.8%)

EBITDA growth 4Q17 vs. 4Q18:

19.1%

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

1,423

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Revenues 4Q18:

1,709.6
million pesos

EBITDA 4Q18:

1,084.8
million pesos

Average rent per tower 4Q18:

21,014
pesos per month

Tenancy Ratio:

1.142
tenants per tower

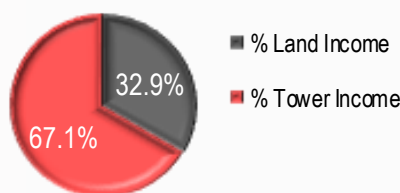
Leverage ratio: 5.25x

Table 1: Telesites QoQ revenue breakdown

	1Q18	2Q18	3Q18	4Q18	2018
Revenues (MM\$MX)	1,587.8	1,624.8	1,681.7	1,709.6	6,603.8
Land rent	487.5	504.3	516.3	561.9	2,069.9
Site revenues	1,100.2	1,120.5	1,165.5	1,147.7	4,533.9
Total Costs and Expenses (MM\$MX)	588.0	602.9	606.1	624.7	2,421.7
Land rent	487.2	505.1	515.8	533.9	2,042.0
Administrative and operating expenses	100.8	97.7	90.4	90.8	379.7
Administrative expenses	70.3	73.4	67.3	69.0	279.9
Operating expenses	30.5	24.3	23.1	21.8	99.7
EBITDA (MM\$MX)	999.8	1,021.9	1,075.6	1,084.8	4,182.1

Graph 2: Revenue Breakdown

Revenues 4Q18



Graph 3: EBITDA Margin QoQ

EBITDA Margin (QoQ)

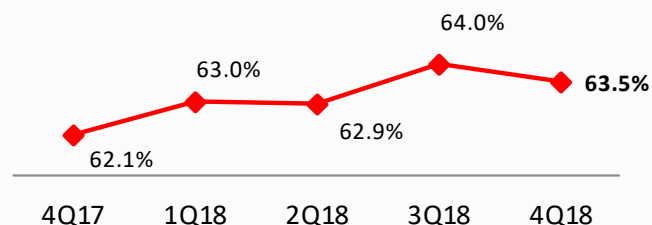


Table 3: Quarterly breakdown of Telesites tower leases

		4Q18
Mexico	Sites included in revenues EOP	15,763
	Total quantity of rents included in revenues EOP	18,035
Costa Rica	Sites included in revenues EOP	290
	Total quantity of rents included in revenues EOP	297
Consolidated	Sites included in revenues EOP	16,053
	Rents included in revenues EOP: AMX	16,053
	Rents included in revenues EOP: AMX adds (equivalents)	871
	Rents included in revenues EOP: Others	1,408
	Total rents included in revenues EOP	18,332
	Tenancy ratio EOP	1.142

IFRS 16

IFRS 16 was issued on January 2016, it was effective as of January 1st, 2019. The company adopted this rule by applying the “prospective” method. IFRS 16 adoption has an impact on Financial Statements; this impact was approximately \$10,500 million pesos due to rights of use in assets and due to leases in liabilities.

Financial and operating report

Fourth quarter 2018

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

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

	As of Dec 31st 2018		As of Dec 31st 2017		4Q18 vs. 4Q17
Assets					
Current Assets					
Cash and equivalents	966,952	2.1%	561,476	1.3%	72.2 %
Accounts Receivable	209,730	0.5%	240,267	0.54%	(12.7)%
Recoverable taxes	42,012	0.1%	25,176	0.1%	66.9 %
Total current assets	1,218,694	2.7%	826,919	1.9%	47.4 %
Non-current assets					
Towers, construction and others	52,902,797	116.6%	50,431,539	113.2%	4.9 %
Property and equipment, net	65,294	0.1%	53,657	0.1%	21.7 %
Depreciation	(8,960,555)	(19.7)%	(6,864,313)	(15.4)%	30.5 %
Total non-current assets	44,007,536	97.0%	43,620,883	97.9%	0.9 %
Deferred tax assets	27,771	0.1%	6,150	0.0%	351.6 %
Other assets	135,850	0.3%	109,613	0.2%	23.9 %
Total assets	45,389,851	100%	44,563,564	100%	1.9 %
Liabilities and equity					
Short term debt	-	0.0%	463,258	1.0%	(100.0)%
Accounts payable	406,377	0.9%	526,373	1.2%	(22.8)%
Taxes payable	95,547	0.2%	246,968	0.6%	(61.3)%
Interests payable	507,429	1.1%	493,457	1.1%	2.8 %
Total short term liabilities	1,009,353	2.2%	1,730,057	3.9%	(41.7)%
Long term debt	22,932,738	50.5%	22,018,851	49.4%	4.2 %
Deferred income taxes	10,119,176	22.3%	10,234,799	23.0%	(1.1)%
Asset retirement obligation	894,094	2.0%	860,112	1.9%	4.0 %
Other liabilities	5,585	0.0%	4,452	0.0%	25.4 %
Total long term liabilities	33,951,593	74.8%	33,118,215	74.3%	2.5 %
Total liabilities	34,960,947	77.0%	34,848,271	78.2%	0.3 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	23,059,404	50.8%	23,434,710	52.6%	(1.6)%
Other components of equity	(12,571,778)	(27.7)%	(13,067,786)	(29.3)%	(3.8)%
Conversion effect	998	0.0 %	861	0.0 %	15.9 %
Net income for the year	(94,721)	(0.2)%	(687,492)	(1.5)%	(86.2)%
Total Equity	10,428,904	23.0%	9,715,293	21.8%	7.3 %
Total liabilities and equity	45,389,851	100%	44,563,564	100%	1.9 %

Financial and operating report

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

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

	As of Dec 31st 2018	As of Dec 31st 2017	2018 vs. 2017
Revenues	6,603,823	5,665,715	16.6%
Land	2,069,908	1,853,442	11.7 %
Tower	4,533,915	3,812,273	18.9 %
Expenses	(4,545,867)	(4,262,231)	6.7 %
Land Rent	(2,041,997)	(1,863,678)	9.6 %
Administration and Operating Expenses	(379,685)	(356,187)	6.6 %
Depreciation and Amortization	(2,124,185)	(2,042,366)	4.0 %
Operating Result	2,057,955	1,403,484	46.6 %
Financial Expenses	(1,979,841)	(1,998,615)	(0.9)%
Other Income	84,566	55,688	51.9 %
	(1,895,276)	(1,942,926)	(2.5)%
Loss Before Income Taxes	162,679	(539,443)	(130.2)%
Current Income Taxes	(741,014)	(688,644)	7.6 %
Deferred Taxes	483,614	540,595	(10.5)%
	(257,400)	(148,049)	N/A
Net Income	(94,721)	(687,492)	(86.2)%
EBITDA	4,182,140	3,445,849	21.4 %

Financial and operating report

Fourth quarter 2018

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

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

	From Sep 1st to Dec 31st 2018	From Sep 1st to Dec 31st 2017	4Q18 vs. 4Q17
Revenues	1,709,558	1,467,787	16.5%
Land	561,876	459,747	22.2 %
Tower	1,147,682	1,008,040	13.9 %
Expenses	(1,165,923)	(1,076,411)	8.3 %
Land Rent	(533,936)	(480,059)	11.2 %
Administration and Operating Expenses	(90,785)	(76,747)	18.3 %
Depreciation and Amortization	(541,202)	(519,605)	4.2 %
Operating Result	543,635	391,375	38.9 %
Financial Expenses	(564,929)	(533,556)	5.9 %
Other Income	21,069	44,820	N/A
	(543,860)	(488,735)	11.3 %
Loss Before Income Taxes	(225)	(97,360)	(99.8)%
Current Income Taxes	(264,828)	(272,529)	(2.8)%
Deferred Taxes	145,294	167,052	(13.0)%
	(119,534)	(105,477)	13.3 %
Net Income	(119,759)	(202,837)	(41.0)%
EBITDA	1,084,837	910,980	19.1 %

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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 December 31st 2018	From January 1st to December 31st 2017	4Q18 vs. 4Q17
Operating activities			
Net income	(94,721)	(687,492)	86.2 %
Taxes	257,400	148,047	73.9%
Interest gained and paid, net	1,932,667	1,983,106	(2.5)%
Depreciation and Amortization	2,124,185	2,042,366	4.0%
Account receivables	(43,444)	(111,669)	61.1 %
Other accounts receivables	44,316	54,270	(18.3)%
Account payable	(85,281)	23,871	N/A
Income taxes paid	(908,907)	(339,596)	167.6 %
	3,226,215	3,112,903	3.6 %
Investment activities			
Property, equipment and site construction	(1,354,620)	(1,410,845)	(4.0)%
Intangible asset acquisitions	(1,079)	(9,796)	(89.0)%
Interest gain	47,174	22,238	112.1%
	(1,308,525)	(1,398,403)	(6.4)%
Financing activities			
Loans	71,676	1,672,772	(95.7)%
Loans paid	(13,784)	(1,555,000)	(99.1)%
Interes paid	(1,570,107)	(1,502,328)	4.5%
	(1,512,215)	(1,384,556)	9.2%
Net increase in cash and cash equivalents	405,475	329,944	22.9%
Cash at the beginning of the period	561,477	231,533	142.5%
Cash at the end of the period	966,952	561,477	72.2%

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