

Financial and operating report Second quarter 2019

Date of publication: July 25th, 2019

Portfolio growth:

5.84%
2Q18 vs. 2Q19

Telesites, S. A. B. de C. V. (“Telesites” or “the Company”) reports its financial and operating results as of second quarter of 2019.

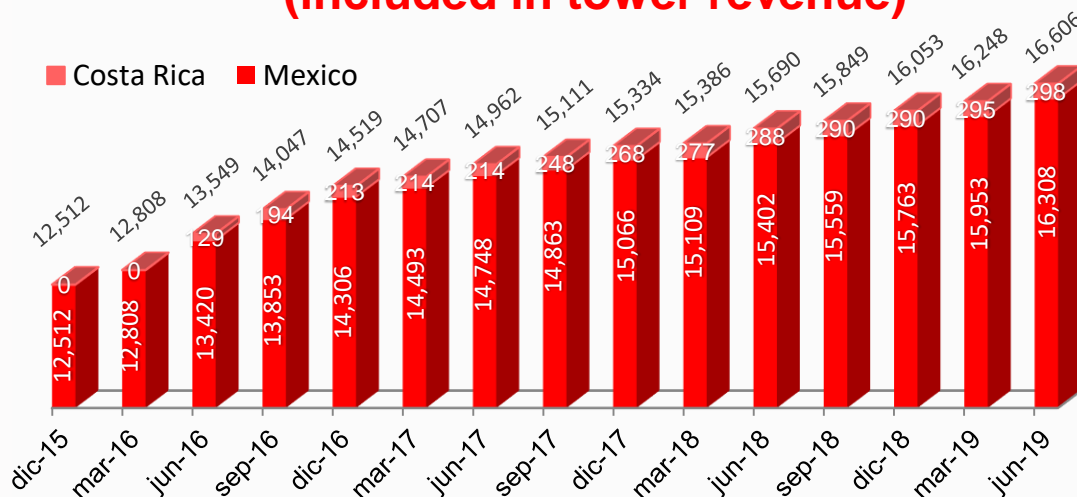
As of the second quarter of 2019, Telesites reports a global portfolio of 16,606 sites included in revenue, meaning an increase of 358 sites *vis a vis* previous quarter. Observed increase for the last twelve months was of 916 sites, equivalent to 5.84% growth. Currently, 619 sites are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,527 individual site agreements and equivalents as of the end of the 2Q19.

Global portfolio of sites in revenues: 16,606 sites

Mexico
16,308 (98.2%)

Costa Rica
298 (1.8%)

Total Towers (included in tower revenue)



EBITDA growth 2Q18 vs. 2Q19:

11.6%

Results

Accumulated revenues during the second quarter were 1,802.8 million pesos, of which 1,251.5 million pesos came from tower income (69.4%). From April to June of 2019, revenues were 11.0% higher than the same quarter of the previous year.

Accumulated EBITDA from April to June of 2019 was 1,703.6 million pesos, resulting 94.5% margin. EBITDA growth was 11.6% higher than the same quarter of the previous year, during this three months represented an increase of 1.9% versus the previous quarter.

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

1,527

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Revenues 2Q19:

1,802.8
million pesos

EBITDA 2Q19:

1,703.6
million pesos

Average rent per tower 2Q19:

22,145
pesos per month

Tenancy Ratio:

1.150
tenants per tower

Leverage ratio: 4.83x

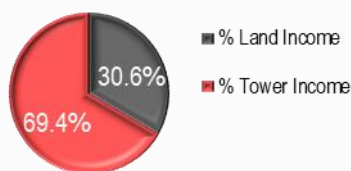
Net Debt*	\$	31,789.63
EBITDA 12m Proforma	\$	6,585.22
Leverage ratio		4.83

*Net debt includes \$10,094.31 million pesos of leases liabilities.

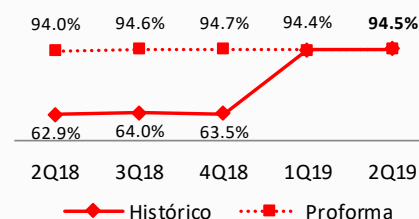
Telesites QoQ revenue breakdown

(MM\$MX)	2Q18	3Q18	4Q18	1Q19	2Q19
Revenues	1,624.8	1,681.7	1,709.6	1,770.3	1,802.8
Land rent	504.3	516.3	561.9	543.6	551.3
Site revenues	1,120.5	1,165.5	1,147.7	1,226.8	1,251.5
Total Costs and Expenses	602.9	606.1	624.7	99.0	99.2
Land rent	505.1	515.8	533.9	-	-
Administrative and operating expenses	97.7	90.4	90.8	99.0	99.2
Administrative expenses	73.4	67.3	69.0	73.9	73.3
Operating expenses	24.3	23.1	21.8	25.2	25.9
EBITDA	1,021.9	1,075.6	1,084.8	1,671.3	1,703.6
EBITDA Proforma - IFRS 16	1,527.1	1,591.3	1,618.8	1,671.3	1,703.6

Revenues 2Q19



EBITDA Margin (QoQ)



Quarterly breakdown of Telesites tower leases

		2T19
Mexico	Sites included in revenues EOP	16,308
	Total quantity of rents included in revenues EOP	18,786
Costa Rica	Sites included in revenues EOP	298
	Total quantity of rents included in revenues EOP	307
Consolidated	Sites included in revenues EOP	16,606
	Rents included in revenues EOP: AMX	16,606
	Rents included in revenues EOP: AMX adds (equivalents)	962
	Rents included in revenues EOP: Others	1,525
	Total rents included in revenues EOP	19,093
	Tenancy ratio EOP	1.150

IFRS 16

As a consequence of IFRS 16 application, Income Statement changed as follows: Land Rent Expense is no longer included, replaced by Depreciation and additional Financial Expenses. As of 2Q19, Depreciation of \$445.6 million pesos and additional Financial Expenses of \$228.9 million pesos were recorded.

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Consolidated statements of Financial Position

(In thousands of Mexican pesos)

	As of Jun 30th 2019		As of Jun 30th 2018		2Q19 vs. 2Q18
Assets					
Current Assets					
Cash and equivalents	1,224,642	2.2%	686,999	1.5%	78.3 %
Accounts Receivable	198,045	0.4%	237,389	0.53%	(16.6)%
Recoverable taxes	50,423	0.1%	59,787	0.1%	(15.7)%
Total current assets	1,473,110	2.6%	984,176	2.2%	49.7 %
Non-current assets					
Towers, construction and others	54,282,314	97.3%	51,604,015	114.9%	5.2 %
Property and equipment, net	66,506	0.1%	60,632	0.1%	9.7 %
Depreciation	(10,039,404)	(18.0)%	(7,899,688)	(17.6)%	27.1 %
Rights of use	10,771,375	19.3%	-	0.0%	N/A
Rights of use depreciation	(920,021)	(1.6)%	-	0.0 %	N/A
Total non-current assets	54,160,770	97.1%	43,764,959	97.4%	23.8 %
Deferred tax assets	32,605	0.1%	8,695	0.0%	275.0 %
Other assets	99,850	0.2%	154,280	0.3%	(35.3)%
Total assets	55,766,336	100%	44,912,109	100%	24.2 %
Liabilities and equity					
Short term debt	-	0.0%	-	0.0%	N/A
Accounts payable	438,700	0.8%	596,999	1.3%	(26.5)%
Taxes payable	147,714	0.3%	34,369	0.1%	329.8 %
Interests payable	521,899	0.9%	507,054	1.1%	2.9 %
Total short term liabilities	1,108,313	2.0%	1,138,422	2.5%	(2.6)%
Long term debt	22,919,966	41.1%	22,647,550	50.4%	1.2 %
Leases liabilities	10,094,310	18.1%	-	0.0%	N/A
Deferred income taxes	10,075,730	18.1%	10,161,163	22.6%	(0.8)%
Asset retirement obligation	908,512	1.6%	874,544	1.9%	3.9 %
Other liabilities	6,198	0.0%	4,812	0.0%	28.8 %
Total long term liabilities	44,004,716	78.9%	33,688,069	75.0%	30.6 %
Total liabilities	45,113,029	80.9%	34,826,491	77.5%	29.5 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	22,814,948	40.9%	23,153,273	51.6%	(1.5)%
Other components of equity	(12,075,021)	(21.7)%	(13,161,523)	(29.3)%	(8.3)%
Conversion effect	1,321	0.0 %	234	0.0 %	N/A
Net income for the year	(122,940)	(0.2)%	58,634	0.1 %	(309.7)%
Total Equity	10,653,308	19.1%	10,085,618	22.5%	5.6 %
Total liabilities and equity	55,766,336	100%	44,912,109	100%	24.2 %

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

	From Apr 1st to Jun 30th 2019	From Apr 1st to Jun 30th 2018	2Q19 vs. 2Q18
Revenues	1,802,787	1,624,784	11.0%
Land	551,258	504,251	9.3 %
Tower	1,251,529	1,120,533	11.7 %
Expenses	(1,094,854)	(1,126,497)	(2.8)%
Land Rent	0	(505,127)	N/A
Administration and Operating Expenses	(99,217)	(97,725)	1.5 %
Depreciation and Amortization	(549,991)	(523,645)	5.0 %
Depreciation - IFRS 16	(445,645)		N/A
Operating Result	707,933	498,287	42.1 %
Financial Expenses	(402,972)	(378,752)	6.4 %
Other Income	25,046	17,914	39.8 %
Interests - IFRS 16	(228,968)		N/A
	(606,894)	(360,838)	68.2 %
Loss Before Income Taxes	101,040	137,449	(26.5)%
Current Income Taxes	(200,953)	(110,520)	81.8 %
Deferred Taxes	90,180	57,211	57.6 %
	(110,773)	(53,309)	107.8 %
Net Income	(9,734)	84,140	N/A
EBITDA	1,703,570	1,021,932	66.7 %
EBITDA Proforma	1,703,570	1,527,059	11.6 %

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Consolidated statements of Cash Flows

(In thousands of Mexican pesos)

	From January 1st to June 30th 2019	From January 1st to June 30th 2018	2Q19 vs. 2Q18
Operating activities			
Net income	(122,940)	58,634	N/A
Taxes	199,438	81,033	146.1 %
Interest gained and paid, net	1,282,928	867,977	47.8 %
Depreciation and Amortization	2,014,546	1,049,180	92.0%
Account receivables	(58,320)	(93,157)	(37.4)%
Other accounts receivables	87,045	28,643	203.9 %
Account payable	34,983	72,599	(51.8)%
Other accounts payable		11,512	N/A
Other adjustments		(60)	N/A
Income taxes paid	(336,221)	(516,612)	(34.9)%
	3,101,459	1,559,749	98.8 %
Investment activities			
Property, equipment and site construction	(896,277)	(746,566)	20.1 %
Intangible asset acquisitions		(864)	N/A
Interest gain	44,659	19,301	131.4%
	(851,618)	(728,129)	17.0 %
Financing activities			
Loans		71,676	N/A
Loans paid		(13,784)	N/A
Interes paid	(790,612)	(763,990)	3.5%
Leases liabilities payments	(1,201,540)		N/A
	(1,992,152)	(706,098)	182.1%
Net increase in cash and cash equivalents	257,689	125,522	105%
Cash at the beginning of the period	966,953	561,477	72.2%
Cash at the end of the period	1,224,642	686,999	78.3%

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