

Financial and operating report Third quarter 2019

Date of publication: October 18th, 2019

Portfolio growth:

6.92%
3Q18 vs. 3Q19

Global portfolio of sites in revenues: 16,933 sites

Mexico
16,635 (98.2%)

Costa Rica
298 (1.8%)

EBITDA growth 3Q18 vs. 3Q19:

10.2%

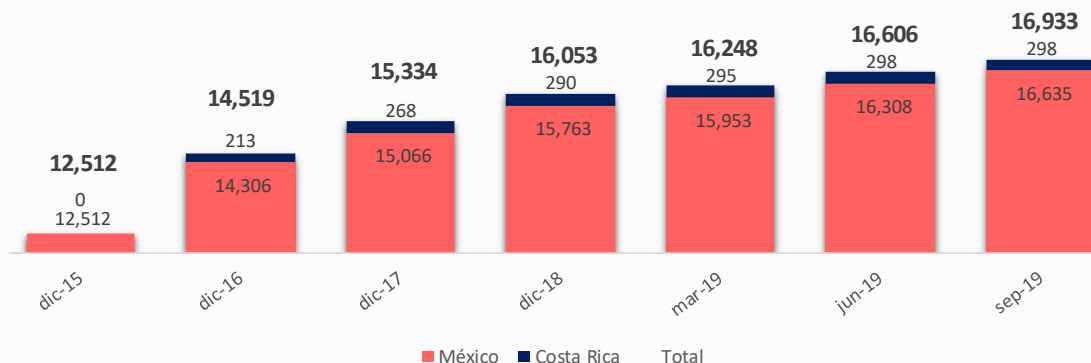
Total accumulated signed co-locations (Ex-AMX) and equivalents:

1,523

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

As of the third quarter of 2019, Telesites reports a global portfolio of 16,933 sites included in revenue, meaning an increase of 327 sites *vis a vis* previous quarter. Observed increase for the last twelve months was of 1,076 sites, equivalent to 6.92% growth. Currently, 465 sites are on some stage into building process. Talking about co-locations ex-AMX, Telesites has signed 1,523 individual site agreements and equivalents as of the end of the 3Q19.

Total Towers
(included in tower revenues)



Results

Accumulated revenues during the third quarter were 1,849.9 million pesos, of which 1,285.5 million pesos came from tower income (69.5%). From July to September of 2019, revenues were 9.99% higher than the same quarter of the previous year. Taking the period from January to September, revenues reach 5,423.0 million pesos, from which, 3,763.8 millions come from Tower revenues. Comparing this period to the previous year's, revenues grew 11.1%

Accumulated EBITDA from July to September of 2019 was 1,753.2 million pesos, resulting 94.8% margin. EBITDA growth was 10.2% higher than the same quarter Proforma of the previous year. Considering the period from January to September, accumulated EBITDA is 5,128.0 million pesos, having a 11.3% increase versus the Proforma of the previous year.

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Revenues 3Q19:

1,849.9
million pesos

EBITDA 3Q19:

1,753.2
million pesos

Average rent per tower 3Q19:

22,242
pesos per month

Tenancy Ratio:

1.144
tenants per tower

Leverage ratio: 4.73x

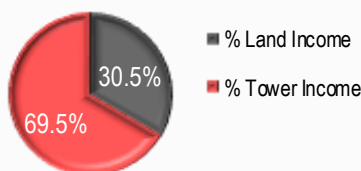
Net Debt*	\$	31,937.17
EBITDA 12m Proforma	\$	6,747.05
Leverage ratio		4.73

*Net debt includes \$9,922.45 million pesos of leases liabilities.

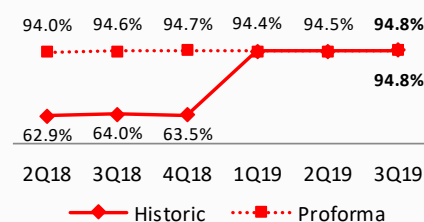
Telesites QoQ revenue breakdown

(MM\$MX)	3Q18	4Q18	1Q19	2Q19	3Q19
Revenues	1,681.7	1,709.6	1,770.3	1,802.8	1,849.9
Land rent	516.3	561.9	543.6	551.3	564.4
Site revenues	1,165.5	1,147.7	1,226.8	1,251.5	1,285.5
Total Costs and Expenses	606.1	624.7	99.0	99.2	96.7
Land rent	515.8	533.9	-	-	-
Administrative and operating expenses	90.4	90.8	99.0	99.2	96.7
Administrative expenses	67.3	69.0	73.9	73.3	71.2
Operating expenses	23.1	21.8	25.2	25.9	25.5
EBITDA	1,075.6	1,084.8	1,671.3	1,703.6	1,753.2
EBITDA Proforma - IFRS 16	1,591.3	1,618.8	1,671.3	1,703.6	1,753.2

Revenues 3Q19



EBITDA Margin (QoQ)



Quarterly breakdown of Telesites tower leases

		3Q19
Mexico	Sites included in revenues EOP	16,635
	Total quantity of rents included in revenues EOP	19,058
Costa Rica	Sites included in revenues EOP	298
	Total quantity of rents included in revenues EOP	308
Consolidated	Sites included in revenues EOP	16,933
	Rents included in revenues EOP: AMX	16,933
	Rents included in revenues EOP: AMX adds (equivalents)	1,009
	Rents included in revenues EOP: Others	1,424
	Total rents included in revenues EOP	19,366
	Tenancy ratio EOP	1.144

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 3Q19, Depreciation of \$445.6 million pesos and Interests of \$280.2 million pesos were recorded.

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Consolidated statements of Financial Position

(In thousands of Mexican pesos)

	As of Sept 30th 2019		As of Sept 30th 2018		3Q19 vs. 3Q18
Assets					
Current Assets					
Cash and equivalents	965,703	1.7%	451,401	1.0%	113.9 %
Accounts Receivable	134,756	0.2%	273,875	0.61%	(50.8)%
Recoverable taxes	65,523	0.1%	54,206	0.1%	20.9 %
Total current assets	1,165,982	2.1%	779,482	1.7%	49.6 %
Non-current assets					
Towers, construction and others	55,553,009	99.5%	52,432,468	116.5%	6.0 %
Property and equipment, net	68,844	0.1%	62,845	0.1%	9.5 %
Depreciation	(10,589,121)	(19.0)%	(8,424,258)	(18.7)%	25.7 %
Rights of use	10,873,268	19.5%	-	0.0%	N/A
Rights of use depreciation	(1,361,870)	(2.4)%	-	0.0 %	N/A
Total non-current assets	54,544,130	97.7%	44,071,055	97.9%	23.8 %
Deferred tax assets	25,206	0.0%	31,983	0.1%	(21.2)%
Other assets	117,720	0.2%	141,339	0.3%	(16.7)%
Total assets	55,853,039	100%	45,023,859	100%	24.1 %
Liabilities and equity					
Short term debt	4,496,956	8.1%	-	0.0%	N/A
Accounts payable	463,206	0.8%	525,143	1.2%	(11.8)%
Taxes payable	113,650	0.2%	30,526	0.1%	272.3 %
Interests payable	207,706	0.4%	199,170	0.4%	4.3 %
Total short term liabilities	5,281,518	9.5%	754,840	1.7%	599.7 %
Long term debt	18,483,464	33.1%	22,748,937	50.5%	(18.8)%
Leases liabilities	9,922,452	17.8%	-	0.0%	N/A
Deferred income taxes	10,149,053	18.2%	10,211,904	22.7%	(0.6)%
Asset retirement obligation	925,168	1.7%	887,731	2.0%	4.2 %
Other liabilities	6,473	0.0%	5,032	0.0%	28.6 %
Total long term liabilities	39,486,610	70.7%	33,853,603	75.2%	16.6 %
Total liabilities	44,768,128	80.2%	34,608,442	76.9%	29.4 %
Equity					
Share capital	35,000	0.1%	35,000	0.1%	0.0 %
Surplus	22,970,056	41.1%	23,222,838	51.6%	(1.1)%
Other components of equity	(11,769,411)	(21.1)%	(12,867,663)	(28.6)%	(8.5)%
Conversion effect	1,344	0.0 %	204	0.0 %	N/A
Net income for the year	(152,078)	(0.3)%	25,038	0.1 %	N/A
Total Equity	11,084,910	19.8%	10,415,416	23.1%	6.4 %
Total liabilities and equity	55,853,039	100%	45,023,859	100%	24.1 %

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

	From July 1st to Sept 30th 2019	From July 1st to Sept 30th 2018	3Q19 vs. 3Q18
Revenues	1,849,874	1,681,712	10.0%
Land	564,374	516,258	9.3 %
Tower	1,285,500	1,165,454	10.3 %
Expenses	(1,100,158)	(1,139,941)	(3.5)%
Land Rent	0	(515,754)	N/A
Administration and Operating Expenses	(96,709)	(90,383)	7.0 %
Depreciation and Amortization	(557,854)	(533,804)	4.5 %
Depreciation - IFRS 16	(445,595)		N/A
Operating Result	749,715	541,771	38.4 %
Financial Expenses	(450,909)	(527,635)	(14.5)%
Other Income	16,008	9,101	75.9 %
Interests - IFRS 16	(280,229)		N/A
	(715,131)	(518,534)	37.9 %
Loss Before Income Taxes	34,585	23,237	48.8 %
Current Income Taxes	(175,727)	(185,365)	(5.2)%
Deferred Taxes	112,005	128,531	(12.9)%
	(63,723)	(56,834)	12.1 %
Net Income	(29,138)	(33,596)	N/A
EBITDA	1,753,164	1,075,575	63.0 %
EBITDA Proforma	1,753,164	1,591,329	10.2 %

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Consolidated statements of Cash Flows

(In thousands of Mexican pesos)

	From January 1st to Sept 30th 2019	From January 1st to Sept 30th 2018	3Q19 vs. 3Q18
Operating activities			
Net income	(152,078)	25,038	N/A
Taxes	263,160	137,867	90.9 %
Interest gained and paid, net	1,990,808	1,385,056	43.7 %
Depreciation and Amortization	3,017,995	1,582,984	90.7%
Account receivables	(25,517)	(121,058)	(78.9)%
Other accounts receivables	87,432	39,200	123.0 %
Account payable	56,898	1,671	3,305.0 %
Other accounts payable		9,571	N/A
Other adjustments		(627)	N/A
Income taxes paid	(539,662)	(717,878)	(24.8)%
	4,699,036	2,341,824	100.7 %
Investment activities			
Property, equipment and site construction	(1,534,530)	(1,066,968)	43.8 %
Intangible asset acquisitions		(418)	N/A
Interest gain	67,917	29,857	127.5%
	(1,466,613)	(1,037,529)	41.4 %
Financing activities			
Loans		71,676	N/A
Loans paid		(13,784)	N/A
Interes paid	(1,512,767)	(1,472,263)	2.8%
Leases liabilities payments	(1,720,906)		N/A
	(3,233,673)	(1,414,371)	128.6%
Net increase in cash and cash equivalents	(1,250)	(110,076)	-99%
Cash at the beginning of the period	966,953	561,477	72.2%
Cash at the end of the period	965,703	451,401	113.9%

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