

EARNINGS REPORT

Third Quarter 2019 (3Q19)



Monterrey, Mexico, October 17, 2019. - Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the third quarter of 2019 ("3Q19").

Axtel reports 3Q19 EBITDA of US \$57 million (Ps. 1,111 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
Revenues (Ps.)	3,167	3,092	3,140	2	1	9,406	9,342	1
US \$	163	162	165	1	(1)	489	491	(0)
EBITDA (Ps.) ¹	1,111	1,094	1,045	2	6	3,279	3,296	(1)
US \$	57	57	55	(0)	4	170	173	(2)
Net (loss) Income (Ps.)	(351)	409	(542)	--	35	(20)	(147)	87
US \$	(18)	22	(29)	--	37	(1)	(8)	93
CAPEX (Ps.) ²	396	418	576	(5)	(31)	1,190	1,140	4
US \$	20	22	30	(7)	(33)	62	60	3
Net Debt (US \$)	765	764	1,027	0	(25)			
Net Debt / LTM EBITDA*	3.4	3.4	3.5					
LTM Interest Coverage*	3.2	3.2	3.0					
Adjusted Revenues (Ps.) ³	3,202	3,178	3,829	1	(16)	9,702	11,430	(15)
US \$	165	166	202	(1)	(18)	504	600	(16)
Adjusted EBITDA (Ps.) ³	1,105	1,848	1,311	(40)	(16)	4,064	4,106	(1)
US \$	57	97	69	(41)	(18)	211	216	(2)

* Times. LTM = Last twelve months. See page 7 for ratio calculation details.

1) EBITDA = Operating income + depreciation & amortization + impairment of assets.

2) Gross amount; does not include divestments.

3) Axtel's results reflect the Mass Market business as discontinued operations. ALFA, however, consolidates both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see tables 7 and 8.

3Q19 HIGHLIGHTS

Results

- In line with 2019 guidance, third quarter EBITDA increased 6% year-over-year, mainly driven by a 3% increase in Enterprise segment revenues and improved EBITDA margins due to operating efficiencies as a result of digitalization initiatives.

Data Center Agreement

- Axtel entered into an agreement with Equinix, to enhance its colocation, interconnection and cloud solutions. The transaction remains subject to customary closing conditions, including regulatory approval.
- Upon closing, Equinix will acquire a majority interest of a new entity including the operations and assets of three Axtel data centers, valued at US \$175 million. Axtel will retain a minority ownership.
- Under a Joint Marketing agreement, Alestra will work with Equinix to develop marketing opportunities across each party's portfolio of related IT, data center and network solutions.

Functional Separation

- To maximize its infrastructure and capture market opportunities, the Company started operating under two specialized business units.
 - Infrastructure business unit, as a neutral operator, will provide fiber-based connectivity services to wholesale customers, capturing opportunities from the increasing demand for bandwidth.
 - Alestra, the service business unit, will continue playing an important role in helping enterprise and government segment customers become more productive through digitalization by providing IT and managed Telecom solutions.

Focused Strategy and Deleveraging

- With the monetization of towers in 2017 and mass market segment in 2018, Axtel has been able to focus its strategy on its core enterprise and government segments, while strengthening its capital structure.
- Upon closing the data center transaction, Axtel will take another step on its business strategy with the ultimate goal of creating value for its shareholders.



MESSAGE FROM AXTEL'S CEO

"We are closing nine months of positive results for the Company. Enterprise and wholesale revenue reported a 3% growth in 3Q19, contributing to the nine-month period growth of 4%. This is a favorable result, given that our industry segment is growing slightly above 1% and the Mexican economy below 1%. Our government segment performance remains below expectations; third-quarter results were better than the two previous quarters, although there is still no clear visibility of recurring projects going forward. EBITDA increased 6% in 3Q19, largely due to the automation or robotization of more than 40 processes created from the digital transformation within the Company. In Axtel, we are embracing digital innovation as a new internal administrative and operational model, and also helping customers evolve from traditional to digital businesses through our ICT solutions.

Regarding strategic achievements, the data center agreement with Equinix will allow us to continue offering colocation and interconnection services as important elements of multi-cloud and ICT solutions in Mexico and now worldwide. This represents an important value creation transaction in terms of valuation and business opportunities for Axtel and Equinix. We expect to close this transaction early next year, once regulatory approval is obtained.

Also, very remarkable is the beginning of the functional separation of Axtel in two business units. Focusing on maximizing opportunities for our infrastructure is key to capture the demand for connectivity from operators who are needing more fiber-based bandwidth in proximity to points of consumption, due to further adoption of streaming, Internet of Things and continuous 4G and, eventually, 5G rollouts, among others. Moreover, Alestra, our service business unit for enterprise and government customers, will focus on the development of the new generation of digital services and will continue integrating and managing networks, clouds, systems and cybersecurity perimeters under the highest standards of service and quality.

The towers sale in 2017, divestment of the mass market segment in 2018, as well as the data center agreement and functional separation in 2019, have strengthened our position as a leading provider of managed telecom and IT services for the enterprise, wholesale and government segments. Additionally, we have significantly improved our capital structure, regaining the required flexibility to continue strengthening our competitive position and creating value for our customers, shareholders, employees and community."

Rolando Zubirán

TOTAL REVENUES

Total revenues were US \$163 million in 3Q19, down 1% when compared to 3Q18. In pesos, revenues increased 1%, mainly due to a 3% increase in the enterprise segment, mitigated by a 10% decrease in the government segment (see table 1).

ENTERPRISE SEGMENT (83% of Axtel's LTM revenues)

Enterprise segment revenues totaled US \$136 million in 3Q19, 1% higher than the year-earlier quarter. In pesos, revenues reached Ps. 2,632 million, up 3% due to increases in IT services and non-recurrent Telecom revenues (see table 2).

TELECOM revenues reached Ps. 2,295 million in 3Q19, a 3% increase year-over-year, mainly due to a 12% increase in *managed networks* explained by strong increases in *managed* and *collaboration* services due to the Mass Market divestment transition service agreement and to infrastructure-based revenues related to a fiber connectivity contract. Additionally, *data and internet* revenues increased 3%. These increases were softened by a 13% decrease in *voice* revenues, due to secular declines in fix-to-mobile and long distance revenues.

IT revenues reached Ps. 338 million in 3Q19, up 5% when compared to 3Q18, mainly due to a 42% increase in *managed application* services and a 13% growth in *system integration solutions*, both due to new contracts with existing customers.

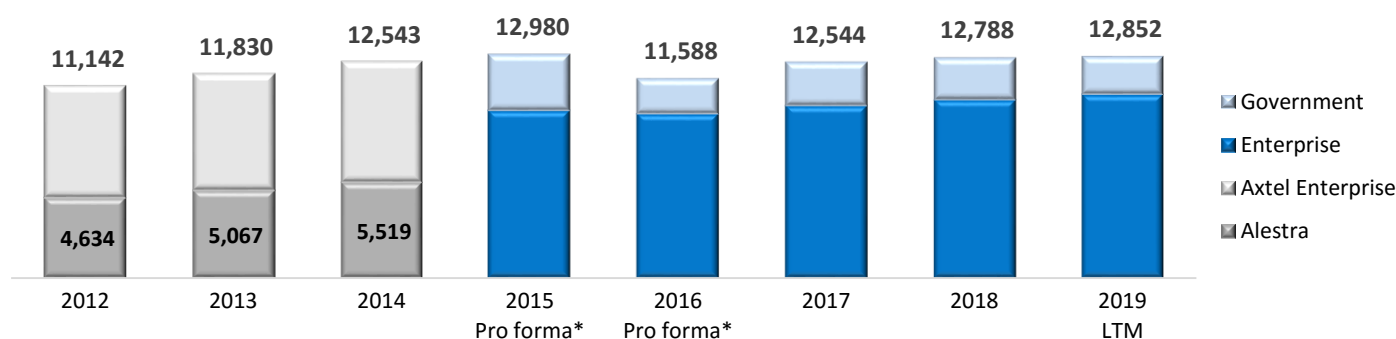
GOVERNMENT SEGMENT (17% of Axtel's LTM revenues)

Government segment revenues amounted US \$28 million in 3Q19, a sequential improvement when compared to 1Q19 and 2Q19, however down 12% when compared to 3Q18. In pesos, revenues totaled Ps. 535 million, down 10% year over year, where recurrent revenues decreased 3%, while there were no non-recurrent revenues in the quarter (see table 3).

TELECOM revenues reached Ps. 283 million in 3Q19, a 3% decrease compared to 3Q18, due to declines in *voice* and *managed networks* revenues associated to a slowdown in non-recurrent revenues, partially mitigated by an increase in *data and internet* revenues.

IT revenues reached Ps. 252 million in 3Q19, down 16% when compared to 3Q18. Good performance in *managed applications* and *system integration* related to a new contract with a federal entity were offset by strong decreases in *security services* revenues mainly due to the termination of a major security contract by the end of 2018.

EVOLUTION (IN MILLION PS.)

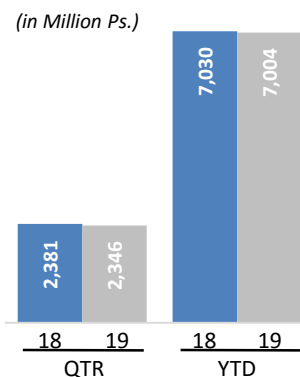


* Pro forma figures include both Axtel and Alestra results as of the beginning of each year.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 3Q19, gross profit was US \$121 million, down 4% compared to 3Q18.

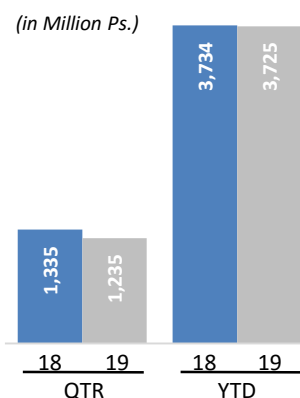
In pesos, gross profit totaled Ps. 2,346 million, a 1% decrease versus 3Q18, associated to the increase in lower margin non-recurrent enterprise revenues.



OPERATING AND OTHER EXPENSES

Total expenses reached US \$64 million in the 3Q19, a 10% decrease compared to 3Q18.

In pesos, total expenses reached Ps. 1,235 million, down 8% compared to 3Q18, due to reduction in personnel and maintenance expenses resulting from digital innovation initiatives and a Ps. 68 million benefit from the new accounting standard for long term leases (IFRS16).



EBITDA

EBITDA totaled US \$57 million in 3Q19, a 4% increase compared to US \$55 million in 3Q18.

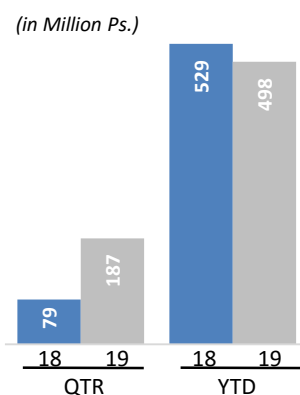
In pesos, EBITDA reached Ps. 1,111 million, a 6% increase year-over-year. EBITDA margin increased from 33.3% in 3Q18 to 35.1% in 3Q19, largely driven by digitalization initiatives which have contributed to a reduction in expenses.



OPERATING INCOME

In the 3Q19, operating income totaled US \$10 million, 132% higher than the same quarter of last year.

In pesos, 3Q19 operating income totaled Ps. 187 million, a 136% increase compared to 3Q18, mainly due to the increase in EBITDA previously described and a 4% decline in depreciation and amortization.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$33 million in 3Q19. In pesos, financing cost for 3Q19 totaled Ps. 645 million, a 33% increase compared to 3Q18, mostly explained by a Ps. 311 million FX loss during 3Q19 resulting from a 2% depreciation of the Mexican peso against the US dollar. Net interest expenses declined 24% from 3Q19 to 3Q18 mainly due to partial prepayments of bank facilities for Ps. 4,350 million in December 2018 and Ps. 550 million in May 2019 (see table 5).

NET DEBT

At the end of the third quarter 2019, net debt was US \$765 million, down 25% or US \$262 million, in comparison with 3Q18, comprised of a US \$254 million decrease in debt, a US \$13 million non-cash decrease in debt caused by a 4% depreciation of the Mexican peso year-over-year and a US \$5 million decrease in cash.

Total debt reduction of US \$254 million year-over-year is explained by (i) a US \$260 million decrease related to the partial prepayments of the Syndicated Bank facility; (ii) a US \$25 million decrease in other loans and financial leases; (iii) a US \$1 million decrease in accrued interests; and (iv) a US \$32 million increase related to the new accounting standard for long term leases (IFRS16).

As of the end of the 3Q19, the cash balance totaled US \$39 million or Ps. 768 million, compared to US \$44 million or Ps. 822 million a year ago. The cash balance at the end of the 3Q18 included US \$9 million restricted cash.

Financial ratios at the close of 3Q19 were: Net Debt to EBITDA of 3.4 times and Interest Coverage of 3.2 times (see table 6).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$20 million in the 3Q19, a 33% decline compared to 3Q18. Most of investments were in infrastructure to provide enterprise customers with last mile access solutions (fiber optic and radio) and managed equipment; as well as to expand the capacity of Axtel's Telecom services' network.

FUNCTIONAL SEPARATION

Axtel results are separated internally into two business units: infrastructure and services.

SELECTED FINANCIAL INFORMATION BY BUSINESS UNIT

(IN MILLIONS)

	YTD'19				YTD'18				YTD Δ (%)		
	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services
Revenues (Ps.)	9,406	4,489	7,527	(2,610)	9,342	4,320	7,623	(2,601)	1	4	(1)
US \$	489	233	391	(136)	491	227	400	(137)	(0)	3	(2)
Cont. Mg. (Ps.)	7,004	3,486	3,518	--	7,030	3,265	3,765	--	(0)	7	(7)
US \$	364	181	183	--	369	172	198	--	(2)	5	(8)
Expenses (Ps.)	(3,725)	(1,791)	(1,934)	--	(3,734)	(1,688)	(2,046)	--	0	(6)	5
US \$	(193)	(93)	(100)	--	(197)	(89)	(108)	--	2	(5)	7
EBITDA (Ps.)	3,279	1,695	1,584	--	3,296	1,577	1,719	--	(1)	8	(8)
US \$	170	88	82	--	173	83	90	--	(2)	6	(9)
EBITDA Mg. (%)	34.9%	37.8%	21.0%		35.3%	36.5%	22.6%				

* Note: Figures include eliminations of intercompany (Infrastructure and Service business units) revenues and costs.

INFRASTRUCTURE BUSINESS UNIT (52% of Axtel's YTD EBITDA)

REVENUES totaled US \$233 million YTD 2019, a 3% increase compared to 2018 period. In pesos, revenues increased 4% YTD 2019 vs 2018, mainly due to a strong increase in *IP transit* services and growth in *spectrum*, *fiber-to-the tower (FTTT)* and *colocation* services.

Revenues coming from Alestra Service Unit represented 54% of total Infrastructure Business Unit revenues.

EBITDA reached US \$88 million YTD 2019, up 6% compared to YTD 2018, or 8% in pesos, due to the increase in revenues and contribution margins

SERVICES BUSINESS UNIT ("ALESTRA") (48% of Axtel's YTD EBITDA)

REVENUES totaled US \$391 million YTD 2019, a 2% decline compared to 2018 period. In pesos, revenues decrease 1% as a 4% increase in Enterprise Segment was mitigated by a 15% decline in Government Segment revenues.

ENTERPRISE revenues increased 4% YTD 2019 vs YTD 2018. Telecom revenues increased 3%, due to 7% and 8% increases in *data and internet* and *managed network* solutions, respectively, which were partially mitigated by a 10% decline in *voice* revenues. IT services posted an 11% increase, due to positive performance from *system integration*, *managed applications*, *security* and *cloud* services.

GOVERNMENT revenues declined 15% YTD 2019 vs 2018, largely due to a 27% decline in IT revenues, mainly driven by a strong decline in *security* services related to the termination of a major security contract in the 2018 period, and in *system integration* revenues. Telecom revenues declined 1%, as positive performance from *data and internet* was mitigated by a decline in *voice* revenues.

EBITDA reached US \$82 million YTD 2019, down 9% compared to 2018. In pesos, EBITDA declined 8%, due to a decline in contribution margins and partially compensated by a 5% decline in expenses.

OTHER INFORMATION

- The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately. Accordingly, results could vary from those set forth in this release.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated pro forma for debt prepayments.
- To reduce exposure to exchange rate risk, Axtel maintains exchange rate forward transactions for an outstanding amount of US \$26 million as of 3Q19, at an average exchange rate of 19.99 MXN/USD, where Axtel buys USD and sells MXN. These FX FWD transactions hedge the 2024 Senior Notes' coupon payment due November 2019 and partial, USD-denominated Capex requirements up to December 2019. Additionally, Axtel maintains an interest rate swap ("IRS") for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIEE28d.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares and/or its Senior Notes, as well as enter into or unwind financial instruments whose underlying is related to the performance of its shares.

ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology Company that serves the enterprise and government segments with a robust portfolio of IT and Telecommunications solutions. With a network infrastructure of 39 thousand kilometers of fiber, Axtel enables organizations to be more productive through innovation.

As of February 15, 2016, Axtel is a subsidiary of ALFA, which owns 52.8% of its equity.

Axtel adhered to the UN Global Compact in 2011, the world's largest social responsibility initiative. It is part of the IPC Sustentable of the Mexican Stock Exchange since 2013 and has received recognition from CEMEFI as a Socially Responsible Company since 2008.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol "AXTELCPO" since 2005.

Axtel's Investor Relations Center: axtelcorp.mx
Enterprise and Government services website: alestra.mx

Appendix A – Tables

TABLE 1 | REVENUES BY SEGMENT
(IN MILLIONS)

	3Q19	2Q19	3Q18	(%) 3Q19 vs.		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
ENTERPRISE (Ps.)	2,632	2,645	2,548	(0)	3	7,904	7,581	4
<i>US \$</i>	136	138	134	(2)	1	411	398	3
GOVERNMENT (Ps.)	535	446	592	20	(10)	1,502	1,762	(15)
<i>US \$</i>	28	23	31	18	(12)	78	92	(16)
TOTAL (Ps.)	3,167	3,092	3,140	2	1	9,406	9,342	1
<i>US \$</i>	163	162	165	1	(1)	489	491	(0)
<i>Recurrent (Ps.)</i>	3,004	2,961	3,084	1	(3)	8,984	9,021	(0)
<i>Non recurrent (Ps.)</i>	164	131	56	25	192	422	322	31

TABLE 2 | ENTERPRISE SEGMENT REVENUES
(IN MILLIONS)

	3Q19	2Q19	3Q18	(%) 3Q19 vs.		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
TELECOM (Ps.)	2,295	2,318	2,226	(1)	3	6,910	6,662	4
<i>Voice</i>	411	488	475	(16)	(13)	1,330	1,521	(13)
<i>Data and Internet</i>	923	903	895	2	3	2,717	2,624	4
<i>Managed Networks</i>	961	928	856	4	12	2,862	2,516	14
IT (Ps.)	338	327	322	3	5	994	919	8
TOTAL ENTERPRISE (Ps.)	2,632	2,645	2,548	(0)	3	7,904	7,581	4
<i>US \$</i>	136	138	134	(2)	1	411	398	3
<i>Recurrent (Ps.)</i>	2,461	2,516	2,526	(2)	(3)	7,477	7,465	0
<i>Non recurrent (Ps.)</i>	171	129	22	33	688	427	115	270

TABLE 3 | GOVERNMENT SEGMENT REVENUES
(IN MILLIONS)

	3Q19	2Q19	3Q18	(%) 3Q19 vs.		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
TELECOM (Ps.)	283	234	293	21	(3)	816	823	(1)
<i>Voice</i>	27	24	37	12	(26)	81	113	(28)
<i>Data and Internet</i>	96	49	69	97	39	224	203	10
<i>Managed Networks</i>	160	161	187	(1)	(15)	511	507	1
IT (Ps.)	252	212	299	19	(16)	686	938	(27)
TOTAL GOVERNMENT (Ps.)	535	446	592	20	(10)	1,502	1,762	(15)
<i>US \$</i>	28	23	31	18	(12)	78	92	(16)
<i>Recurrent (Ps.)</i>	542	444	558	22	(3)	1,507	1,555	(3)
<i>Non recurrent (Ps.)</i>	(7)	2	34	--	--	(4)	206	--

Appendix A – Tables

TABLE 4 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
Operating Income (Ps.)	187	184	79	1	136	498	529	(6)
US \$	10	10	4	(0)	132	26	28	(6)
EBITDA (Ps.)	1,111	1,094	1,045	2	6	3,279	3,296	(1)
US \$	57	57	55	(0)	4	170	173	(2)
Adjustments* (Ps.)	0	0	0	--	--	0	(225)	--
US \$	0	0	0	--	--	0	(12)	--
Comparable EBITDA (Ps.)	1,111	1,094	1,045	2	6	3,279	3,071	7
US \$	57	57	55	(0)	4	170	161	6

* Adjustments include one-time (gains) losses, such as the tower sale.

TABLE 5 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
Net interest expense	(351)	(352)	(463)	0	24	(1,068)	(1,329)	20
FX gain (loss), net	(311)	21	(12)	--	(2,445)	(131)	666	--
Ch. FV of Fin. Instruments	17	(2)	(10)	--	--	(15)	(2)	(590)
Total (Ps.)	(645)	(333)	(485)	(93)	(33)	(1,214)	(665)	(83)
US \$	(33)	(17)	(26)	(90)	(28)	(63)	(35)	(78)

TABLE 6 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)	
				2Q19	3Q18
Senior Notes 2024	500	500	500	0	0
Syndicated bank facilities	67	69	331	(2)	(80)
Long-term bank loan	166	170	173	(2)	(4)
Other loans + leases	57	61	51	(7)	11
Accrued interests	14	6	16	128	(8)
Total Debt	805	807	1,071	(0)	(25)
% US \$ denominated debt	64%	64%	48%		
(-) Cash and cash eq.	(39)	(43)	(44)	8	10
Net Debt	765	764	1,027	0	(25)
Net Debt / LTM EBITDA*	3.4	3.4	3.5		
LTM Interest Coverage*	3.2	3.2	3.0		

* Times. LTM = Last twelve months. See page 7 for calculation details.

Appendix B – Discontinued Operations | Mass Market Segment

Axtel's results reflect the Mass Market business as discontinued operations. ALFA, however, consolidates both continuing and discontinued operations, as follows:

TABLE 7 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
Revenues	3,167	3,092	3,140	2	1	9,406	9,342	1
Revenues from Disc. Op.	35	86	689	(60)	(95)	297	2,088	(86)
Adjusted Revenues (Ps.)¹	3,202	3,178	3,829	1	(16)	9,702	11,430	(15)
<i>US \$</i>	165	166	202	(1)	(18)	504	600	(16)

1) As consolidated by ALFA

TABLE 8 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				2Q19	3Q18			
EBITDA (Ps.)	1,111	1,094	1,045	2	6	3,279	3,296	(1)
<i>US \$</i>	57	57	55	(0)	4	170	173	(2)
EBITDA Discontinued Op. (Ps.)	(6)	754	266	--	--	785	810	(3)
<i>US \$</i>	(0)	39	14	--	--	41	43	(3)
Adjusted EBITDA (Ps.)¹	1,105	1,848	1,311	(40)	(16)	4,064	4,106	(1)
<i>US \$</i>	57	97	69	(41)	(18)	211	216	(2)
Adjustments (Ps.)²								
Tower Sale	0	0	0	--	--	0	(225)	--
FTTx Sale	0	(741)	0	--	--	(741)	0	--
Comparable Adj. EBITDA (Ps.)	1,105	1,106	1,311	(0)	(16)	3,322	3,881	(14)
<i>US \$</i>	57	58	69	(2)	(18)	173	204	(15)

1) As consolidated by ALFA

2) Adjustments include one-time (gains) losses

Appendix C – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	3Q19	2Q19	3Q18	(% 3Q19 vs. 2Q19 3Q18)	
ASSETS					
CURRENT ASSETS					
Cash and equivalents	768	722	652	6	18
Accounts receivable	2,862	3,047	3,024	(6)	(5)
Related parties	37	63	41	(42)	(10)
Refundable taxes and other acc. rec.	780	709	986	10	(21)
Advances to suppliers	560	584	653	(4)	(14)
Inventories	119	141	296	(16)	(60)
Financial Instruments	0	1	0	--	--
Financial Instruments (ZSC)	87	70	162	24	(47)
Total current assets	5,211	5,337	5,813	(2)	(10)
NON CURRENT ASSETS					
Restricted cash	0	97	171	--	--
Property, plant and equipment, net	14,643	15,076	18,277	(3)	(20)
Long-term accounts receivable	0	0	9	--	--
Intangible assets, net	1,683	1,772	1,413	(5)	19
Deferred income taxes	3,028	2,837	3,566	7	(15)
Investment shares associated co.	295	295	157	(0)	87
Other assets	440	449	400	(2)	10
Total non current assets	20,089	20,526	23,993	(2)	(16)
TOTAL ASSETS	25,300	25,863	29,806	(2)	(15)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	3,099	3,370	3,482	(8)	(11)
Accrued Interest	276	121	294	129	(6)
Short-term debt	0	0	0	--	--
Current portion of long-term debt	502	529	488	(5)	3
Taxes payable	34	16	39	106	(13)
Financial Instruments	34	25	26	33	31
Deferred Revenue	264	444	279	(41)	(6)
Provisions	144	168	21	(14)	572
Other accounts payable	1,157	1,305	3,045	(11)	(62)
Total current liabilities	5,510	5,978	7,675	(8)	(28)
LONG-TERM LIABILITIES					
Long-term debt	14,854	14,632	19,139	2	(22)
Employee Benefits	654	617	646	6	1
Derivative Financial Instruments	124	82	41	50	201
Other LT liabilities	704	704	3	0	>1,000
Total long-term debt	16,336	16,035	19,829	2	(18)
TOTAL LIABILITIES	21,846	22,013	27,505	(1)	(21)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	0	(0)
Additional paid-in capital	0	0	160	--	--
Reserve for repurchase of shares	100	112	0	(10)	--
Cumulative earnings (losses)	2,890	3,274	1,678	(12)	72
TOTAL STOCKHOLDERS' EQUITY	3,454	3,850	2,302	(10)	50
TOTAL LIABILITIES AND EQUITY	25,300	25,863	29,806	(2)	(15)

Appendix C – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	3Q19	2Q19	3Q18	(% 3Q19 vs.)		YTD'19	YTD'18	YTD
				2Q19	3Q18			Δ (%)
Total Revenues	3,167	3,092	3,140	2	1	9,406	9,342	1
Cost of sales and services	(822)	(766)	(759)	(7)	(8)	(2,402)	(2,312)	(4)
Gross Profit	2,346	2,326	2,381	1	(1)	7,004	7,030	(0)
Operating expenses	(1,263)	(1,232)	(1,349)	(2)	6	(3,751)	(3,964)	5
Other income (expenses), net	28	0	13	>1,000	111	27	231	(88)
Depr., amort. & impairment assets	(924)	(910)	(966)	(2)	4	(2,781)	(2,767)	(1)
Operating income (loss)	187	184	79	1	136	498	529	(6)
Comprehensive financing result, net	(645)	(333)	(485)	(93)	(33)	(1,214)	(665)	(83)
Equity in results of associated company	0	(0)	0	--	--	0	0	--
Income (loss) before income taxes	(458)	(149)	(406)	(207)	(13)	(717)	(135)	(429)
Income taxes	140	65	(191)	114	--	243	(201)	--
Discontinued Operations	(33)	493	55	--	--	454	189	140
Net Income (Loss)	(351)	409	(542)	--	35	(20)	(147)	87