

EARNINGS REPORT

First Quarter 2020 (1Q20)



Monterrey, Mexico, April 16, 2020. - 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 first quarter of 2020 ("1Q20").

Axtel reports 1Q20 EBITDA of US \$156 million (Ps. 2,974 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	1Q20	4Q19	1Q19	(%) 1Q20 vs.		YTD'20	YTD'19	YTD
				4Q19	1Q19			Δ (%)
Revenues (Ps.)	3,106	3,378	3,147	(8)	(1)	3,106	3,147	(1)
US \$	157	175	164	(10)	(4)	157	164	(4)
EBITDA (Ps.) ¹	2,974	1,187	1,074	151	177	2,974	1,074	177
US \$	156	62	56	153	178	156	56	178
Net Income (loss) (Ps.)	599	6	(77)	>1,000	--	599	(77)	--
US \$	42	0	(4)	>1,000	--	42	(4)	--
CAPEX (Ps.) ²	686	572	377	20	82	686	377	82
US \$	36	30	20	20	82	36	20	82
Net Debt (US \$)	586	750	795	(22)	(26)			
Net Debt / LTM EBITDA *	1.8	3.2	3.5					
LTM Interest Coverage *	5.3	3.3	3.0					
Adjusted Revenues (Ps.) ³	3,106	3,384	3,323	(8)	(7)	3,106	3,323	(7)
US \$	157	176	173	(11)	(9)	157	173	(9)
Adjusted EBITDA (Ps.) ³	2,974	1,028	1,112	189	168	2,974	1,112	168
US \$	156	53	58	192	169	156	58	169

* 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 for year 2019 reflect the mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see Appendix B, Tables 9 and 10.

1Q20 HIGHLIGHTS

COVID-19

- The COVID-19 outbreak has led to changes in Axtel's operations prioritizing the safety and wellbeing of its employees, customers and community, as well as ensuring its business continuity.
 - 85% of Axtel employees are working under home office scheme.
- Over 300 enterprise customers have requested to increase their dedicated internet access capacities to cope with current circumstances.

Liquidity

- Axtel has entered the COVID-19 crisis with US \$104 million in cash; including US \$13 million held in escrow until December 2020 or January next year. Approximately 80% of cash-on-hand is maintained in US dollars.
- Additionally, Axtel has US \$50 million in a committed credit facility – US \$48 million undrawn.

Guidance

- Axtel is withdrawing its revenues, EBITDA and capital expenditures guidance for 2020 given the uncertainty COVID-19 is inflicting on the global economy, including Mexico. Updated 2020 guidance will be provided as soon as macroeconomic conditions become less volatile.
- Axtel's capital expenditures will be limited to US \$20 to 25 million in maintenance and update of network operations; US \$20 million in the renewal of spectrum frequencies paid already in February; and strictly controlled, success-based investments.

Data Center Agreement

- During the quarter, Axtel announced the closing and funding of the strategic agreement with Equinix Inc., including the divestment of three data centers. Valuation for this transaction represented US \$175 million. Proceeds, excluding funds in escrow and related expenses, have been used to prepay debt and other liabilities and US \$60 million remain in Axtel's cash balance.

MESSAGE FROM AXTEL'S CEO

"Since early March, in preparation for the imminent impact of COVID-19 in Mexico, we started acting with three top priorities in mind; the safety and wellbeing of all Axtel employees, the needs and support to our customer base and the continuity of our business and operations. We were able to achieve a smooth remote-operation transition, where approximately 85% of our employees are working from home, due to our Business Continuity plans, ongoing digitalization initiatives and timely preparedness to provide secured, efficient remote access to all collaborators.

COVID-19 outbreak has changed the way people and organizations interact with one another and thus, has led to an increase demand from our customers for our products that support remote and virtual interactions, such as connectivity, network access, cybersecurity perimeters and cloud solutions, among others. We have responded to hundreds of enterprise customers' requests to increase their internet access capacities to cope with current circumstances and, together with our technological partners, are implementing special offers for collaboration and secured remote access services.

Axtel maintains a healthy customer base; where more than 55% belong to the group of companies with "essential" or critical functions that have continued operating during the lockdown period in Mexico. Revenues coming from highly impacted industries by COVID-19 represent only 13% of revenues.

We closed the quarter with a good liquidity position; with US \$91 million of cash plus US \$48 million available under our committed line of credit. At the end of March, we recorded a net leverage ratio of 2.7x and an average life for our debt of 4.8 years; with no relevant maturities until the last quarter of 2024. Concerning capital expenditures, we are investing only in maintenance and update of network operations and the renewal of spectrum frequencies, which was paid in February. Investments beyond these two categories are success-based and strictly controlled. Furthermore, we have proactively engaged with our top strategic vendors to re-define conditions for dollar-denominated equipment and services given the volatile current exchange-rate conditions.

Since the beginning of this year, our commercial and operating areas have been formally working as two units, infrastructure and services, with significant collaboration between them. We are moving forward in our plan to achieve a physical separation of the two business units as soon as this contingency ends. At the beginning of the quarter, we started a competitive process to attract investment proposals and evaluate strategic alternatives for the Infrastructure Business Unit and for the Company, receiving significant interest from strategic and financial investors. However, we have decided to suspend such process until market conditions are appropriate.

We will continue focused on the wellbeing of our employees, the needs of our clients, community and the business continuity of our operations during these critical months. We believe that concentrating on these objectives at this moment, will result in a strong Axtel at the time the pandemic ceases and economic conditions start to turn around."

Rolando Zubirán

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting the results of 2019 is included in the report. See Appendix C – Tables 11 – 13.

REVENUES – Business Units

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
SERVICES (Ps.)	2,552	2,650	2,524	(4)	1	2,552	2,524	1
US \$	129	137	131	(6)	(2)	129	131	(2)
Enterprise (Ps.)	2,016	1,993	2,003	1	1	2,016	2,003	1
US \$	102	103	104	(1)	(2)	102	104	(2)
Government (Ps.)	537	657	521	(18)	3	537	521	3
US \$	27	34	27	(21)	(1)	27	27	(1)
INFRASTRUCTURE (Ps.)	1,168	1,332	1,227	(12)	(5)	1,168	1,227	(5)
US \$	59	69	64	(14)	(7)	59	64	(7)
ELIMINATIONS (Ps.) *	(615)	(604)	(604)	(2)	(2)	(615)	(604)	(2)
US \$	(31)	(31)	(31)	1	1	(31)	(31)	1
TOTAL REVENUES (Ps.)	3,106	3,378	3,147	(8)	(1)	3,106	3,147	(1)
US \$	157	175	164	(10)	(4)	157	164	(4)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit (Alestra) are presented as "eliminations".
Note: For a reconciliation of revenues by business segments (enterprise and government), as reported in 2019, see Table 5.

Total revenues were US \$157 million in 1Q20, down 4% when compared to 1Q19. In pesos, revenues decreased 1%; however, pro forma for the data centers transaction, revenues increased 1% due to a 1% increase in the Services Business Unit. (See Table 11).

INFRASTRUCTURE BUSINESS UNIT

Revenues totaled US \$59 million in 1Q20, a 7% decrease compared to 1Q19. In pesos, revenues declined 5%; however, pro forma for the data centers transaction, revenues remained flat. (See Table 11).

Revenues coming from Alestra Services Unit represented 53% of total Infrastructure Business Unit revenues.

SERVICES BUSINESS UNIT ("ALESTRA")

Revenues totaled US \$129 million in 1Q20, a 2% decline compared to 1Q19. In pesos, revenues increased 1%, due to 1% and 3% increases in the Enterprise and Government segments, respectively.

ENTERPRISE SEGMENT (79% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$102 million in 1Q20. In pesos, revenues reached Ps. 2,016 million, a 1% increase compared to the previous year, as a 16% increase in IT revenues was mitigated by a 2% decline in Telecom revenues. (See Table 1).

TELECOM revenues reached Ps. 1,711 million in 1Q20, a 2% decrease year-over-year, mainly due to a 5% decline in *managed networks* revenues due to a decline in VPN solutions, and a 7% decrease in *voice* revenues due to continued declines in fix-to-mobile and long distance revenues. These declines were partially mitigated by one-time revenue recognition of equipment component under IFRS-15 and an 18% increase in *collaboration* solutions.

IT revenues reached Ps. 305 million in 1Q20, up 16% when compared to 1Q19, mainly due to a 24% increase in *cloud* and 32% increase in *cybersecurity* solutions.

REVENUES – Business Units

SERVICES BUSINESS UNIT (“ALESTRA”) (cont’d)

GOVERNMENT SEGMENT (21% of Services Unit YTD revenues)

Government segment revenues amounted US \$27 million in 1Q20. In pesos, revenues totaled Ps. 537 million, up 3% year over year, due to a 34% increase in IT revenues, partially mitigated by a 20% decline in Telecom revenues. (See Table 2).

TELECOM revenues reached Ps. 239 million in 1Q20, a 20% decrease year over year, mainly due to a 43% decline in *managed networks* revenues due to the termination of VPN services contracts during the year, partially mitigated by increases in *data* and *collaboration* solutions.

IT revenues reached Ps. 298 million in 1Q20, up 34% when compared to 1Q19, mainly due to an increase in *system integration* solutions related to a non-recurrent project with a federal entity.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 1Q20, gross profit was US \$111 million. In pesos, gross profit totaled Ps. 2,197 million, down 6% compared to 1Q19, or a 2% decrease versus 1Q19 pro forma.

SERVICES UNIT gross profit amounted to Ps. 1,099 million, down 8% compared to the year-earlier quarter, mainly due to an increase in low-margin non-recurrent revenues that compensated the decline in higher-margin, recurrent-revenues.

INFRASTRUCTURE UNIT gross profit amounted to Ps. 1,097 million. Despite the flat revenues, gross profit increased 5% compared to the year-earlier quarter pro forma, due to an increase in gross margins.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$63 million in 1Q20. In pesos, operating expenses remained flat; however, pro forma for the data center transaction, expenses increased 3%.

SERVICES UNIT operating expenses increased 7% compared to 1Q19, due to increases in personnel and rents. This increase is attributable to the accounting benefit of sales commissions under IFRS-15 in 1Q19 and inflation-indexed adjustments to personnel, rents and certain maintenance contracts.

INFRASTRUCTURE UNIT operating expenses declined 8% compared to 1Q19, or a 2% decrease pro forma, due to efficiencies in maintenance expenses.

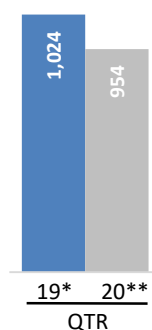
Other income reached Ps. 2,028 million during 1Q20, which includes a Ps. 2,021 million (US \$107 million) gain from the divestment of the data centers.

EBITDA

EBITDA totaled US \$156 million in 1Q20. In pesos, EBITDA reached Ps. 2,974 million, a 177% increase compared to Ps. 1,074 million in 1Q19. 1Q20 figure includes Ps. 2,021 million for the gain of the data centers divestment. Adjusting for this item, EBITDA reached Ps. 954 million, an 11% decrease or 7% decrease to pro forma 1Q19. (See Table 12).

EBITDA margin decreased from 33.2% in 1Q19 pro forma to 30.7% in 1Q20, mainly driven by the margin contraction and higher expenses in Services Business Unit.

(in Million Ps.)

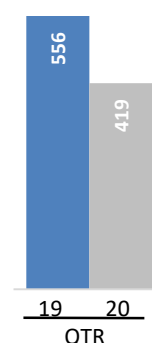


* Pro forma data center transaction.
** Adjusted for data center divestment.

SERVICES UNIT (44% of Axtel's YTD EBITDA)

Services Business Unit EBITDA amount to US \$21 million in 1Q20. In pesos, EBITDA reached Ps. 419 million, a 25% decrease year-over-year, due to the decline in gross profit margins and increase in operating expenses previously described.

(in Million Ps.)

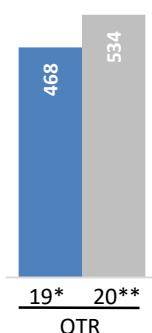


INFRASTRUCTURE UNIT (56% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$134 million in 1Q20, including US \$107 million from the data center divestment in January 2020.

In pesos, Infrastructure Unit EBITDA reached Ps. 2,555 million. Without the data center divestment gain, EBITDA reached Ps. 534 million, a 14% increase year-over-year compared to Ps. 468 million pro forma in 2019.

(in Million Ps.)



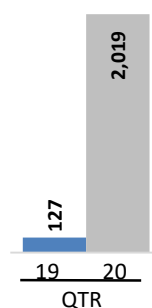
* Pro forma data center transaction.
** Adjusted for data center divestment.

OPERATING INCOME

In the 1Q20, operating income totaled US \$107 million, including the data centers divestment gain.

In pesos, 1Q20 operating income totaled Ps. 2,019 million, compared to Ps. 127 million in 1Q19. This increase is mainly driven by the data center divestment gain in 1Q20.

(in Million Ps.)



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$110 million in 1Q20 or Ps. 2,355 million, compared to Ps. 236 million in 1Q19. The increase in cost is mostly explained by a Ps. 1,993 million FX loss during 1Q20 resulting from a 20% depreciation of the Mexican peso against the US dollar, compared to a Ps. 159 million FX gain in 1Q19 resulting from a 2% appreciation of the peso. Net interest expenses declined 3% from 1Q19 to 1Q20, mainly due to reductions in bank debt and other liabilities resulting from payments of Ps. 550 million in May 2019 and Ps. 1,320 million in February 2020. (See Table 7).

NET DEBT

For 1Q20, net debt was US \$586 million, down 26% or US \$209 million in comparison with 1Q19; comprised of a US \$117 million decrease in debt, a US \$38 million non-cash decrease in debt caused by an 18% depreciation of the Mexican peso year over year and a US \$54 million increase in cash.

Total debt reduction of US \$117 million year-over-year is explained by i) a US \$81 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$13 million decrease due to the prepayment of a short-term loan; iii) a US \$13 million decrease in other loans and financial leases; iv) a US \$12 million decrease related to the new accounting standard for long term leases (IFRS 16) and v) a US \$2 million increase in accrued interests.

As of 1Q20, cash balance totaled US \$104 million (Ps. 2,448 million), which includes US \$13 million of restricted cash and US \$60 million from remaining proceeds from the data centers transaction. Cash in 1Q19 totaled US \$50 million (Ps. 977 million), which included US \$5 million of restricted cash.

Financial ratios for the first quarter of 2020 were: Net Debt to EBITDA of 1.8 times and Interest Coverage of 5.3 times. (See Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$36 million in 1Q20, compared to US \$20 million in 1Q19. Capex in the first quarter of 2020 includes an extraordinary investment of US \$19 million related to the renovation of spectrum frequencies, without this extraordinary item, Capex reached US \$17 million, a 15% decline compared to 1Q19.

Additionally, first quarter 2020 Capex figure of US \$36 million, excludes a US \$167 million benefit from the data center divestment.

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.
- “Pro forma”: In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting the results of 2019 is included in the report. See Appendix C – Tables 11 – 13.
- 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 exchange rate risk exposure for the 2024 Senior Notes’ coupon payment due May 2020, Axtel maintains an exchange rate forward transaction for an outstanding amount of US \$16 million, at an exchange rate of 19.66 MXN/USD, where Axtel buys USD and sells MXN. Additionally, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIIE 28d.
- 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 40,600 km 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 | SERVICES BUSINESS UNIT REVENUES - ENTERPRISE SEGMENT

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
TELECOM (Ps.)	1,711	1,714	1,740	(0)	(2)	1,711	1,740	(2)
<i>Voice</i>	377	412	405	(8)	(7)	377	405	(7)
<i>Data and Internet</i>	685	695	676	(1)	1	685	676	1
<i>Managed Networks</i>	648	607	658	7	(2)	648	658	(2)
IT (Ps.)	305	279	263	9	16	305	263	16
TOTAL ENTERPRISE (Ps.)	2,016	1,993	2,003	1	1	2,016	2,003	1
<i>US \$</i>	102	103	104	(1)	(2)	102	104	(2)
<i>Recurrent (Ps.)</i>	1,869	1,876	1,920	(0)	(3)	1,869	1,920	(3)
<i>Non recurrent (Ps.)</i>	147	118	83	25	76	147	83	76

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
TELECOM (Ps.)	239	257	298	(7)	(20)	239	298	(20)
<i>Voice</i>	24	32	30	(23)	(18)	24	30	(18)
<i>Data and Internet</i>	94	103	79	(9)	19	94	79	19
<i>Managed Networks</i>	121	122	189	(1)	(36)	121	189	(36)
IT (Ps.)	298	400	222	(26)	34	298	222	34
TOTAL GOVERNMENT (Ps.)	537	657	521	(18)	3	537	521	3
<i>US \$</i>	27	34	27	(21)	(1)	27	27	(1)
<i>Recurrent (Ps.)</i>	435	509	528	(15)	(18)	435	528	(18)
<i>Non recurrent (Ps.)</i>	102	147	(8)	(31)	--	102	(8)	--

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,168	1,332	1,227	(12)	(5)	1,168	1,227	(5)
<i>US \$</i>	59	69	64	(14)	(7)	59	64	(7)
ELIMINATIONS (Ps.) *	(615)	(604)	(604)	(2)	(2)	(615)	(604)	(2)
<i>US \$</i>	(31)	(31)	(31)	1	1	(31)	(31)	1

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as "eliminations".
Note: See Table 11 for pro forma figures.

Appendix A – Tables

TABLE 4 | 2019 and YTD 2020 REVENUES BY BUSINESS UNIT
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552
<i>US \$</i>	131	130	130	137	528	129
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,016
<i>US \$</i>	104	106	102	103	416	102
GOVERNMENT (Ps.)	521	446	535	657	2,159	537
<i>US \$</i>	27	23	28	34	112	27
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,168
<i>US \$</i>	64	64	64	69	261	59
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)
<i>US \$</i>	(31)	(32)	(31)	(31)	(125)	(31)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106
<i>US\$</i>	164	162	163	175	664	157

TABLE 5 | 2019 AND YTD 2020 REVENUES BY SEGMENT (AS REPORTED in 2019)
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569
<i>US \$</i>	137	138	136	141	552	130
GOVERNMENT (Ps.)	521	446	535	657	2,159	537
<i>US \$</i>	27	23	28	34	112	27
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106
<i>US\$</i>	164	162	163	175	664	157

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
Operating Income (Ps.)	2,019	276	127	631	>1,000	2,019	127	>1,000
US \$	107	14	7	645	>1,000	107	7	>1,000
EBITDA (Ps.)	2,974	1,187	1,074	151	177	2,974	1,074	177
US \$	156	62	56	153	178	156	56	178
Adjustments* (Ps.)	(2,021)	0	0	--	--	(2,021)	0	--
US \$	(107)	0	0	--	--	(107)	0	--
Comparable EBITDA (Ps.)	954	1,187	1,074	(20)	(11)	954	1,074	(11)
US \$	48	62	56	(22)	(14)	48	56	(14)
Services Unit (Ps.)	419	514	556	(18)	(25)	419	556	(25)
Infrastructure Unit (Ps.)	534	673	518	(21)	3	534	518	3

* Adjustments include one-time (gains) losses, such as the Data Center divestment.
Note: See Table 12 for pro forma EBITDA figures.

TABLE 7 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
Net interest expense	(356)	(340)	(366)	(5)	3	(356)	(366)	3
FX gain (loss), net	(1,993)	421	159	--	--	(1,993)	159	--
Ch. FV of Fin. Instruments	(6)	6	(30)	--	79	(6)	(30)	79
Total (Ps.)	(2,355)	87	(236)	--	(897)	(2,355)	(236)	(897)
US \$	(110)	5	(12)	--	(798)	(110)	(12)	(798)

TABLE 8 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)	
				4Q19	1Q19
Senior Notes 2024	500	500	500	(0)	0
Syndicated bank facility	0	70	81	--	--
Long-term bank loan	139	173	168	(20)	(18)
Other loans + leases	37	46	81	(19)	(54)
Accrued interests	14	6	14	129	(6)
Total Debt	690	795	845	(13)	(18)
% US \$ denominated debt	74%	64%	62%		
(-) Cash and cash eq.	(104)	(46)	(50)	(129)	(106)
Net Debt	586	750	795	(22)	(26)
Net Debt / LTM EBITDA*	1.8	3.2	3.5		
LTM Interest Coverage*	5.3	3.3	3.0		

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

Appendix B – Discontinued Operations | Mass Market Segment

Axtel's 2019 results reflect the divested mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations, as follows:

TABLE 9 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
Revenues	3,106	3,378	3,147	(8)	(1)	3,106	3,147	(1)
Revenues from Disc. Op.	-	6	176	--	--	-	176	--
Adjusted Revenues (Ps.)¹	3,106	3,384	3,323	(8)	(7)	3,106	3,323	(7)
<i>US \$</i>	157	176	173	(11)	(9)	157	173	(9)

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
EBITDA (Ps.)	2,974	1,187	1,074	151	177	2,974	1,074	177
<i>US \$</i>	156	62	56	153	178	156	56	178
EBITDA Discontinued Op. (Ps.)	-	(159)	37	--	--	-	37	--
<i>US \$</i>	-	(8)	2	--	--	-	2	--
Adjusted EBITDA (Ps.)¹	2,974	1,028	1,112	189	168	2,974	1,112	168
<i>US \$</i>	156	53	58	192	169	156	58	169
Adjustments (Ps.)²								
Data Center Sale	(2,021)	-	-	--	--	(2,021)	-	--
Expense Termination Disc. Op.	-	86	-	--	--	-	-	--
Comparable Adj. EBITDA (Ps.)	954	1,114	1,112	(14)	(14)	954	1,112	(14)
<i>US \$</i>	48	58	58	(16)	(17)	48	58	(17)

1) As consolidated by ALFA.

2) Adjustments include one-time (gains) losses.

Appendix C – Pro Forma Figures for Data Centers Transaction

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, results for 2019 are adjusted for this transaction (“pro forma”).

TABLE 11 | PRO FORMA REVENUES – DATA CENTER TRANSACTION

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
SERVICES (Ps.)	2,552	2,650	2,524	(4)	1	2,552	2,524	1
US \$	129	137	131	(6)	(2)	129	131	(2)
Enterprise (Ps.)	2,016	1,993	2,003	1	1	2,016	2,003	1
US \$	102	103	104	(1)	(2)	102	104	(2)
Government (Ps.)	537	657	521	(18)	3	537	521	3
US \$	27	34	27	(21)	(1)	27	27	(1)
INFRASTRUCTURE (Ps.)	1,168	1,264	1,165	(8)	0	1,168	1,165	0
US \$	59	66	61	(10)	(3)	59	61	(3)
ELIMINATIONS (Ps.) *	(615)	(604)	(604)	(2)	(2)	(615)	(604)	(2)
US \$	(31)	(31)	(31)	1	1	(31)	(31)	1
TOTAL REVENUES (Ps.)	3,106	3,311	3,086	(6)	1	3,106	3,086	1
US \$	157	172	161	(9)	(2)	157	161	(2)

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as “eliminations”.

TABLE 12 | PRO FORMA EBITDA – DATA CENTER TRANSACTION

(IN MILLIONS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
EBITDA (Ps.)	2,974	1,111	1,024	168	191	2,974	1,024	191
US \$	156	58	53	170	192	156	53	192
Adjustments* (Ps.)	(2,021)	0	0	--	--	(2,021)	0	--
US \$	(107)	0	0	--	--	(107)	0	--
Comparable EBITDA (Ps.)	954	1,111	1,024	(14)	(7)	954	1,024	(7)
US \$	48	58	53	(16)	(9)	48	53	(9)
Services Unit (Ps.)	419	514	556	(18)	(25)	419	556	(25)
Infrastructure Unit (Ps.)	534	597	468	(10)	14	534	468	14

* Adjustments include one-time (gains) losses, such as the Data Center divestment.

TABLE 13 | 2019 PRO FORMA REVENUES AND EBITDA – DATA CENTER TRANSACTION

(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019
REVENUES (Ps.)	3,086	3,029	3,103	3,311	12,528
US \$	161	158	160	172	651
Services Unit (Ps.)	2,524	2,481	2,523	2,650	10,177
Infrastructure Unit (Ps.)	1,165	1,152	1,184	1,264	4,765
Eliminations (Ps.) *	(604)	(604)	(604)	(604)	(2,414)
EBITDA (Ps.)	1,024	1,044	1,057	1,111	4,236
US \$	53	55	54	58	220
Services Unit (Ps.)	556	573	536	514	2,179
Infrastructure Unit (Ps.)	468	472	521	597	2,057

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as “eliminations”.

Appendix D – Financial Statements

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

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	1Q20	4Q19	1Q19	(%) 1Q20 vs.	
				4Q19	1Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	2,132	858	882	149	142
Restricted cash	316	-	-	--	--
Accounts receivable	2,631	2,426	3,084	8	(15)
Related parties	40	23	64	71	(37)
Refundable taxes and other acc. rec.	877	895	973	(2)	(10)
Advances to suppliers	626	521	558	20	12
Inventories	122	94	144	30	(15)
Financial Instruments	63	-	-	--	--
Financial Instruments (ZSC)	87	93	100	(7)	(13)
Assets classified as held for sale	-	1,125	324	--	--
Total current assets	6,894	6,035	6,127	14	13
NON CURRENT ASSETS					
Restricted cash	-	-	95	--	--
Property, plant and equipment, net	12,493	12,964	15,678	(4)	(20)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,917	1,714	1,893	12	1
Deferred income taxes	3,853	2,876	2,962	34	30
Investment shares associated co.	295	295	295	-	(0)
Derivative financial instruments	-	-	-	--	--
Other assets	457	447	421	2	9
Total non current assets	19,014	18,296	21,344	4	(11)
TOTAL ASSETS	25,908	24,331	27,471	6	(6)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	3,394	2,898	3,429	17	(1)
Accrued Interest	320	112	281	186	14
Short-term debt	-	-	-	--	--
Current portion of long-term debt	458	472	559	(3)	(18)
Taxes payable	16	22	3	(28)	438
Financial Instruments	89	52	100	71	(11)
Deferred Revenue	191	153	607	25	(69)
Provisions	232	220	270	5	(14)
Other accounts payable	963	1,249	2,764	(23)	(65)
Total current liabilities	5,663	5,178	8,012	9	(29)
LONG-TERM LIABILITIES					
Long-term debt	15,302	14,251	15,344	7	(0)
Employee Benefits	700	695	609	1	15
Derivative Financial Instruments	97	92	36	6	167
Other LT liabilities	153	704	1	(78)	>1,000
Total long-term debt	16,253	15,742	15,991	3	2
TOTAL LIABILITIES	21,916	20,920	24,003	5	(9)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Additional paid-in capital	-	-	-	--	--
Reserve for repurchase of shares	396	93	150	324	164
Cumulative earnings (losses)	3,131	2,853	2,854	10	10
TOTAL STOCKHOLDERS' EQUITY	3,991	3,411	3,468	17	15
TOTAL LIABILITIES AND EQUITY	25,908	24,331	27,471	6	(6)

Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	1Q20	4Q19	1Q19	(% 1Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				4Q19	1Q19			
Total Revenues	3,106	3,378	3,147	(8)	(1)	3,106	3,147	(1)
Cost of sales and services	(910)	(951)	(815)	4	(12)	(910)	(815)	(12)
Gross Profit	2,197	2,427	2,332	(9)	(6)	2,197	2,332	(6)
Operating expenses	(1,250)	(1,263)	(1,256)	1	0	(1,250)	(1,256)	0
Other income (expenses), net	2,028	23	(2)	>1,000	--	2,028	(2)	--
Depr., amort. & impairment assets	(956)	(911)	(948)	(5)	(1)	(956)	(948)	(1)
Operating income	2,019	276	127	631	>1,000	2,019	127	>1,000
Comprehensive financing result, net	(2,355)	87	(236)	--	(897)	(2,355)	(236)	(897)
Equity in results of associated company	-	(0)	-	--	--	-	-	--
Income (loss) before income taxes	(337)	363	(110)	--	(207)	(337)	(110)	(207)
Income taxes	936	(228)	38	--	>1,000	936	38	>1,000
Discontinued Operations	-	(130)	(6)	--	--	-	(6)	--
Net Income (Loss)	599	6	(77)	>1,000	--	599	(77)	--