

EARNINGS REPORT

Second Quarter 2020 (2Q20)



Monterrey, Mexico, July 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 second quarter of 2020 ("2Q20").

Axtel reports 2Q20 EBITDA of US \$53 million (Ps. 1,222 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Revenues (Ps.)	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
US \$	132	157	162	(16)	(18)	289	325	(11)
EBITDA (Ps.) ¹	1,222	2,974	1,094	(59)	12	4,197	2,168	94
US \$	53	156	57	(66)	(8)	208	113	84
Net Income (loss) (Ps.)	142	599	409	(76)	(65)	742	332	124
US \$	6	42	22	(85)	(71)	48	17	176
CAPEX (Ps.) ²	433	686	418	(37)	4	1,119	795	41
US \$	18	36	22	(48)	(15)	54	41	31
Net Debt (US \$)	593	586	764	1	(22)			
Net Debt / LTM EBITDA*	1.8	1.8	3.4					
LTM Interest Coverage*	5.1	5.3	3.2					
Adjusted Revenues (Ps.) ³	3,078	3,106	3,178	(1)	(3)	6,184	6,500	(5)
US \$	132	157	166	(16)	(21)	289	339	(15)
Adjusted EBITDA (Ps.) ³	1,222	2,974	1,848	(59)	(34)	4,197	2,959	42
US \$	53	156	97	(66)	(45)	208	155	35

* 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.

2Q20 HIGHLIGHTS

Business Units Separation & Competitive Process

- Axtel Networks is the new brand for Axtel's Infrastructure Business Unit.
- Competitive process to attract investment and strategic proposals for the Infrastructure Business Unit and the Company has been resumed this month.

Spectrum Transaction

- In line with its non-strategic asset divestment strategy, Axtel formalized an agreement to transfer to Telcel the 3500 to 3550 MHz spectrum band concessions, recording a net gain of Ps. 90 million in the quarter.

Solid Liquidity Position

- During the quarter, Axtel drew down US \$47 million from its committed credit facility and Ps. 315 million in short-term loans, further strengthening its liquidity position and reaching a cash balance of US \$144 million, excluding restricted cash, at quarter-end.
- 80% of cash balance is denominated in dollars.

2020 est. EBITDA & Capex

- First-semester performance was in line with our pre-COVID-19 expectations, due to the resilience and positive prospects of Axtel Networks, stable enterprise segment and digitalization and cost containment initiatives. As a result, 2020 EBITDA is expected to reach a similar level to 2019 EBITDA pro forma (~Ps. 4,240 million).
- 2020 Capex is expected to reach US \$80-90 million, including US \$22 million already invested in the renewal of spectrum frequencies.

MESSAGE FROM AXTEL'S CEO

“Results in the quarter reflect Axtel’s resilience and digitalization capabilities to successfully switch our operations and processes to operate remotely—without interrupting our clients’ services. These attributes, and a diligent execution, resulted in a 17% and 28% EBITDA growth compared to second quarter 2019 and first quarter 2020, respectively. Even excluding the extraordinary gain from the transfer of the 3.5 GHz spectrum in June, EBITDA increased 8% year-over-year.

To better serve our customers in the new normality, we started “Axtel Digital”, a project to become an end-to-end digital company. From the design and ordering of new solutions to the completion of the cash conversion cycle, Axtel is automating most of its processes. Collaboration tools, cloud-based platforms, a redesigned and optimized office space and extensive use of remote work practices, are some of the adjustments we are currently working on.

COVID-19 pandemic has accelerated the adoption of digital transformation across industries, but it has also severely affected many companies. During the past few months, we supported customers whose operations have been affected by the pandemic. This support represented an estimated impact of Ps. 28 million in revenues and Ps. 75 million in working capital investment during the quarter. Likewise, we have defined a new value proposition that will facilitate our clients the adoption of digital solutions assisting them to operate under the new normal.

We continue moving forward in the separation of our business in Alestra, our services business unit, and Axtel Networks, the new identity for the infrastructure business unit. During the quarter, together with a leading global consultant, we also established the framework for the different agreements that will govern temporal and definitive interactions between these two business units. The business separation, together with all the digital transformation initiatives, should help us better serve the new reality requirements from enterprise, wholesale and government customers in Mexico.

Given the resilience and positive performance of Axtel Networks, more stable financial conditions and the sustained interest from investors, we are resuming the competitive process to attract investment and strategic proposals for the Infrastructure business unit and the Company. We have seen that comparable assets, or companies, have maintained their valuation multiples, supporting our expectation for a similar pre-COVID valuation.

The challenging times we are facing are evidencing the essential nature of our services and the benefits of our strategic business separation. Customers, employees, organization, community and shareholders are all very important elements in Axtel’s transformation process. Rest assured, notwithstanding the unprecedented and volatile first semester, maximizing value for all stakeholders will remain Axtel’s guiding principle.”

Rolando Zubirán

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

REVENUES – Business Units

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
SERVICES (Ps.)	2,372	2,552	2,481	(7)	(4)	4,924	5,004	(2)
US \$	102	129	130	(21)	(22)	231	261	(12)
Enterprise (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
Government (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
INFRASTRUCTURE (Ps.)	1,316	1,169	1,215	13	8	2,485	2,441	2
US \$	56	59	64	(5)	(11)	115	127	(9)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9
TOTAL REVENUES (Ps.)	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
US \$	132	157	162	(16)	(18)	289	325	(11)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit 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 \$132 million in 2Q20, down 18% when compared to 2Q19. In pesos, revenues remained flat; however, pro forma for the data centers transaction, revenues increased 2%. (See Table 11).

INFRASTRUCTURE BUSINESS UNIT (“AXTEL NETWORKS”)

Revenues totaled US \$56 million in 2Q20, an 11% decrease compared to 2Q19. In pesos, revenues increased 8%; however, pro forma for the data centers transaction, revenues increased 14%. (See Table 11). This strong increase was mainly driven by IP transit, lit fiber, transport capacity and up-front contracts providing dark-fiber to wholesale customers.

Revenues coming from Alestra Services Unit represented 49% of total Infrastructure Business Unit YTD revenues.

SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$102 million in 2Q20, a 22% decline compared to 2Q19. In pesos, revenues decreased 4%, due to a 5% decrease in the Enterprise segment. Revenues for the Government segment remained flat.

ENTERPRISE SEGMENT (80% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$82 million in 2Q20. In pesos, revenues reached Ps. 1,925 million, a 5% decrease compared to the previous year, as a 22% increase in IT revenues was offset by a 9% decline in Telecom revenues. (See Table 1).

TELECOM revenues reached Ps. 1,609 million in 2Q20, a 9% decrease year-over-year, mainly due to a 38% decrease in *voice* revenues due to continued declines in fix-to-mobile and long distance revenues and a 3% decline in *data and internet* revenues. These declines were partially mitigated by a 19% growth in *collaboration* solutions due to its increased relevance in the new digital environment.

IT revenues reached Ps. 316 million in 2Q20, up 22% when compared to 2Q19, mainly due to a 32% increase in *cloud services* and a 21% increase in *cybersecurity*, in relation to new customers and incremental services with existing customers.

REVENUES – Business Units

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

GOVERNMENT SEGMENT (20% of Services Unit YTD revenues)

Government segment revenues amounted US \$19 million in 2Q20. In pesos, revenues totaled Ps. 447 million, representing no change compared to 2Q19. (See Table 2).

TELECOM revenues reached Ps. 236 million in 2Q20, a 1% increase year-over-year, resulting from more than a 100% increase in *data* and *collaboration* services revenues compensating a 37% decline in *voice* and *managed network* revenues.

IT revenues reached Ps. 211 million in 2Q20, down 1% when compared to 2Q19, mainly due to a decrease in *cloud* and *cybersecurity* services, partially mitigated by an 18% increase in *system integration* solutions.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 2Q20, gross profit was US \$97 million. In pesos, gross profit totaled Ps. 2,264 million, down 3% compared to 2Q19; however, pro forma for the data centers transaction, gross profit increased 1%.

SERVICES UNIT (ALESTRA) gross profit amounted to Ps. 1,044 million, down 12% compared to the year-earlier quarter, mainly due to a margin contraction in government-segment recurrent revenues, an increase from 3 to 4% in the percentage of non-recurrent revenues and an increase from 19 to 22% in the penetration of IT revenues.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,220 million. Gross profit increased 7% compared to the year-earlier quarter, or 17% pro forma, due to increased revenues and an increase in gross margins, in part due to the benefit from the cancelation of provisions associated to the spectrum transaction previously discussed.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$48 million in 2Q20, in pesos operating expenses decreased 8%, however, pro forma for the data center transaction, expenses decreased 5%.

SERVICES UNIT (ALESTRA) operating expenses decreased 13% compared to 2Q19, due to declines in personnel, rents and maintenance expenses. The decline in personnel is partially due to a reclassification of expenses which were booked in Alestra in the first quarter, and belonged to Axtel Networks.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses declined 4% compared to 2Q19, or a 3% increase pro forma, due to increases in personnel due to the reclassification previously described and increases in tower leases due to inflation.

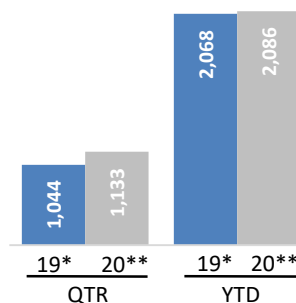
Other income reached Ps. 87 million during 2Q20, which includes a Ps. 90 million (US \$4 million) gain from the transfer of spectrum announced during the quarter.

EBITDA

EBITDA totaled US \$53 million in 2Q20. In pesos, EBITDA reached Ps. 1,222 million, a 12% increase compared to Ps. 1,094 million in 2Q19. 2Q20 figure includes Ps. 90 million benefit from the transfer of spectrum; adjusting for this item, EBITDA reached Ps. 1,133 million, a 4% increase compared to 2Q19; or 8% increase pro forma for the data center transaction. (See Table 12).

EBITDA margin increased from 34.5% in 2Q19 pro forma, to 36.8% in 2Q20, mainly driven by a decrease in expenses as a proportion of revenues.

(in Million Ps.)



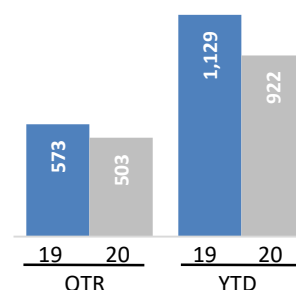
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

SERVICES UNIT (ALESTRA)

(44% of Axtel's YTD EBITDA)

Services Business Unit EBITDA amount to US \$22 million in 2Q20. In pesos, EBITDA reached Ps. 503 million, a 12% decrease year-over-year, due to the decline in revenues and gross profit margins previously described.

(in Million Ps.)



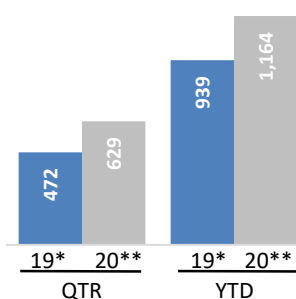
INFRASTRUCTURE UNIT (AXTEL NETWORKS)

(56% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$31 million, including a US \$4 million benefit from the transfer of spectrum in June 2020.

In pesos, Infrastructure Unit EBITDA reached Ps. 719 million, or Ps. 629 million without the benefit from the spectrum transaction, representing a 33% increase year-over-year compared to Ps. 472 million pro forma in 2019.

(in Million Ps.)



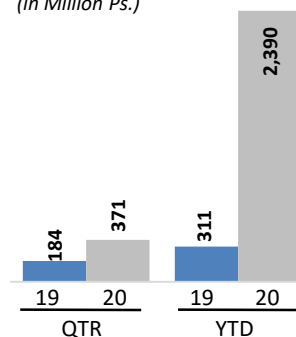
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

OPERATING INCOME

In the 2Q20, operating income totaled US \$16 million.

In pesos, 2Q20 operating income totaled Ps. 371 million, compared to Ps. 184 million in 2Q19, a Ps. 187 million increase due to the increase in EBITDA, the spectrum transaction benefit and a decline in depreciation and amortization.

(in Million Ps.)



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$5 million in 2Q20 or Ps. 94 million, compared to Ps. 333 million in 2Q19. The decrease in cost is mostly explained by a Ps. 261 million FX gain during 2Q20 resulting from a 2% appreciation of the Mexican peso against the US dollar, compared to a Ps. 21 million FX gain in 2Q19 resulting from a 1% appreciation of the peso. Net interest expenses increased 10% from 2Q19 to 2Q20. (See Table 7).

NET DEBT

For 2Q20, net debt was US \$593 million, down 22% or US \$171 million in comparison with 2Q19; comprised of a US \$17 million decrease in debt, a US \$39 million non-cash decrease in debt caused by a 17% depreciation of the Mexican peso year-over-year and a US \$115 million increase in cash.

Total debt reduction of US \$17 million year-over-year is explained by i) a US \$69 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$66 million increase in short-term loans; iii) a US \$5 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 2Q20, cash balance totaled US \$157 million (Ps. 3,616 million), which includes US \$13 million of restricted cash and approximately US \$60 million from remaining proceeds from the data centers transaction. Cash in 2Q19 totaled US \$43 million (Ps. 820 million), which included US \$5 million of restricted cash.

Financial ratios for the second quarter of 2020 were: Net Debt to EBITDA of 1.8 times and Interest Coverage of 5.1 times. (See Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$18 million in 2Q20, compared to US \$22 million in 2Q19. YTD 2020 Capex reached US\$ 54 million (Ps. 1,119 million), compared to US \$41 million (Ps. 795 million) in the same period in 2019. 2020 figure includes an extraordinary investment of US \$22 million related to the renovation of spectrum frequencies and excludes the 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 November 2020, as of the end of the 2Q20, Axtel maintains an exchange rate forward transaction for an outstanding amount of US \$16 million, at an exchange rate of 22.25 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 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)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TELECOM (Ps.)	1,609	1,710	1,775	(6)	(9)	3,319	3,515	(6)
<i>Voice</i>	288	377	463	(23)	(38)	665	868	(23)
<i>Data and Internet</i>	666	685	689	(3)	(3)	1,351	1,365	(1)
<i>Managed Networks</i>	655	648	623	1	5	1,303	1,281	2
IT (Ps.)	316	305	259	3	22	621	523	19
TOTAL ENTERPRISE (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
<i>Recurrent (Ps.)</i>	1,877	1,871	1,950	0	(4)	3,749	3,870	(3)
<i>Non recurrent (Ps.)</i>	48	144	84	(67)	(43)	192	167	15

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TELECOM (Ps.)	236	239	234	(1)	1	475	533	(11)
<i>Voice</i>	15	24	24	(37)	(37)	40	54	(26)
<i>Data and Internet</i>	100	94	49	6	105	193	128	51
<i>Managed Networks</i>	121	121	161	0	(25)	242	351	(31)
IT (Ps.)	211	298	212	(29)	(1)	508	435	17
TOTAL GOVERNMENT (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
<i>Recurrent (Ps.)</i>	394	436	454	(10)	(13)	830	983	(16)
<i>Non recurrent (Ps.)</i>	53	101	(8)	(48)	--	154	(16)	--

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,316	1,169	1,215	13	8	2,485	2,441	2
US \$	56	59	64	(5)	(11)	115	127	(9)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9

* 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	2Q20
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552	2,372
<i>US \$</i>	131	130	130	137	528	129	102
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,015	1,925
<i>US \$</i>	104	106	102	103	416	102	82
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447
<i>US \$</i>	27	23	28	34	112	27	19
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,169	1,316
<i>US \$</i>	64	64	64	69	261	59	56
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)	(610)
<i>US \$</i>	(31)	(32)	(31)	(31)	(125)	(31)	(26)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078
<i>US \$</i>	164	162	163	175	664	157	132

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

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569	2,631
<i>US \$</i>	137	138	136	141	552	130	113
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447
<i>US \$</i>	27	23	28	34	112	27	19
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078
<i>US \$</i>	164	162	163	175	664	157	132

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Operating Income (Ps.)	371	2,019	184	(82)	101	2,390	311	669
US \$	16	107	10	(85)	69	123	16	661
EBITDA (Ps.)	1,222	2,974	1,094	(59)	12	4,197	2,168	94
US \$	53	156	57	(66)	(8)	208	113	84
Adjustments* (Ps.)	(90)	(2,021)	0	96	--	(2,110)	0	--
US \$	(4)	(107)	0	96	--	(111)	0	--
Comparable EBITDA (Ps.)	1,133	954	1,094	19	4	2,086	2,168	(4)
US \$	49	48	57	1	(15)	97	113	(14)
Services Unit (Ps.)	503	419	573	20	(12)	922	1,129	(18)
Infrastructure Unit (Ps.)	629	535	521	18	21	1,164	1,040	12

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.
Note: See Table 12 for pro forma EBITDA figures.

TABLE 7 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Net interest expense	(387)	(356)	(352)	(9)	(10)	(744)	(718)	(4)
FX gain (loss), net	261	(1,993)	21	--	>1,000	(1,733)	180	--
Ch. FV of Fin. Instruments	33	(6)	(2)	--	--	27	(32)	--
Total (Ps.)	(94)	(2,355)	(333)	96	72	(2,449)	(570)	(330)
US \$	(5)	(110)	(17)	96	73	(115)	(30)	(288)

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

	2Q20	1Q20	2Q19	(% 2Q20 vs.)	
				1Q20	2Q19
Senior Notes 2024	500	500	500	0	0
Syndicated bank facility	0	0	69	--	--
Long-term bank loan	142	139	170	2	(17)
Short-term bank loans	63	2	0	>1,000	--
Other loans + leases	39	35	61	10	(37)
Accrued interests	7	14	6	(51)	7
Total Debt	751	690	807	9	(7)
% US \$ denominated debt	74%	74%	64%		
(-) Cash and cash eq.	(157)	(104)	(43)	(51)	(268)
Net Debt	593	586	764	1	(22)
Net Debt / LTM EBITDA*	1.8	1.8	3.4		
LTM Interest Coverage*	5.1	5.3	3.2		

* 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)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Revenues	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
Revenues from Disc. Op.	-	-	86	--	--	-	262	--
Adjusted Revenues (Ps.)¹	3,078	3,106	3,178	(1)	(3)	6,184	6,500	(5)
<i>US \$</i>	<i>132</i>	<i>157</i>	<i>166</i>	<i>(16)</i>	<i>(21)</i>	<i>289</i>	<i>339</i>	<i>(15)</i>

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
EBITDA (Ps.)	1,222	2,974	1,094	(59)	12	4,197	2,168	94
<i>US \$</i>	<i>53</i>	<i>156</i>	<i>57</i>	<i>(66)</i>	<i>(8)</i>	<i>208</i>	<i>113</i>	<i>84</i>
EBITDA Discontinued Op. (Ps.)	-	-	754	--	--	-	791	--
<i>US \$</i>	<i>-</i>	<i>-</i>	<i>39</i>	<i>--</i>	<i>--</i>	<i>-</i>	<i>41</i>	<i>--</i>
Adjusted EBITDA (Ps.)¹	1,222	2,974	1,848	(59)	(34)	4,197	2,959	42
<i>US \$</i>	<i>53</i>	<i>156</i>	<i>97</i>	<i>(66)</i>	<i>(45)</i>	<i>208</i>	<i>155</i>	<i>35</i>
Adjustments (Ps.)²								
Spectrum Transaction	(90)	-	-	--	--	(90)	-	--
Data Center Sale	-	(2,021)	-	--	--	(2,021)	-	--
FTTx Sale	-	-	(741)	--	--	-	(741)	--
Comparable Adj. EBITDA (Ps.)	1,133	954	1,106	19	2	2,086	2,218	(6)
<i>US \$</i>	<i>49</i>	<i>48</i>	<i>58</i>	<i>1</i>	<i>(16)</i>	<i>97</i>	<i>116</i>	<i>(16)</i>

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)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
SERVICES (Ps.)	2,372	2,552	2,481	(7)	(4)	4,924	5,004	(2)
US \$	102	129	130	(21)	(22)	231	261	(12)
Enterprise (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
Government (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
INFRASTRUCTURE (Ps.)	1,316	1,169	1,152	13	14	2,485	2,317	7
US \$	56	59	60	(5)	(7)	115	121	(5)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9
TOTAL REVENUES (Ps.)	3,078	3,106	3,029	(1)	2	6,184	6,114	1
US \$	132	157	158	(16)	(17)	289	319	(9)

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

TABLE 12 | PRO FORMA EBITDA – DATA CENTER TRANSACTION
(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
EBITDA (Ps.)	1,222	2,974	1,044	(59)	17	4,197	2,068	103
US \$	53	156	55	(66)	(3)	208	108	93
Adjustments* (Ps.)	(90)	(2,021)	0	96	--	(2,110)	0	--
US \$	(4)	(107)	0	96	--	(111)	0	--
Comparable EBITDA (Ps.)	1,133	954	1,044	19	8	2,086	2,068	1
US \$	49	48	55	1	(11)	97	108	(10)
Services Unit (Ps.)	503	419	573	20	(12)	922	1,129	(18)
Infrastructure Unit (Ps.)	629	535	472	18	33	1,164	939	24

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.

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, Infrastructure Unit 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)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)	
				1Q20	2Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3,314	2,132	722	55	359
Restricted cash	302	316	-	(5)	--
Accounts receivable	4,614	2,631	3,047	75	51
Related parties	30	40	63	(26)	(53)
Refundable taxes and other acc. rec.	643	877	709	(27)	(9)
Advances to suppliers	776	626	584	24	33
Inventories	111	122	141	(9)	(21)
Financial Instruments	18	63	1	(72)	>1,000
Financial Instruments (ZSC)	120	87	70	38	72
Total current assets	9,928	6,894	5,337	44	86
NON CURRENT ASSETS					
Restricted cash	-	-	97	--	--
Property, plant and equipment, net	12,141	12,493	15,076	(3)	(19)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,885	1,917	1,772	(2)	6
Deferred income taxes	3,780	3,853	2,837	(2)	33
Investment shares associated co.	295	295	295	-	(0)
Other assets	481	457	449	5	7
Total non current assets	18,582	19,014	20,526	(2)	(9)
TOTAL ASSETS	28,510	25,908	25,863	10	10
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	4,638	3,394	3,370	37	38
Accrued Interest	154	320	121	(52)	28
Short-term debt	315	-	-	--	--
Current portion of long-term debt	1,630	458	529	256	208
Taxes payable	39	16	16	139	136
Financial Instruments	134	89	25	51	427
Deferred Revenue	175	191	444	(8)	(61)
Provisions	213	232	168	(8)	27
Other accounts payable	1,155	963	1,305	20	(12)
Total current liabilities	8,452	5,663	5,978	49	41
LONG-TERM LIABILITIES					
Long-term debt	15,011	15,302	14,632	(2)	3
Employee Benefits	741	700	617	6	20
Derivative Financial Instruments	126	97	82	29	53
Other LT liabilities	103	153	704	(33)	(85)
Total long-term debt	15,981	16,253	16,035	(2)	(0)
TOTAL LIABILITIES	24,433	21,916	22,013	11	11
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	391	396	112	(1)	249
Cumulative earnings (losses)	3,221	3,131	3,274	3	(2)
TOTAL STOCKHOLDERS' EQUITY	4,077	3,991	3,850	2	6
TOTAL LIABILITIES AND EQUITY	28,510	25,908	25,863	10	10

Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Total Revenues	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
Cost of sales and services	(814)	(910)	(766)	11	(6)	(1,723)	(1,581)	(9)
Gross Profit	2,264	2,197	2,326	3	(3)	4,461	4,658	(4)
Operating expenses	(1,129)	(1,250)	(1,232)	10	8	(2,379)	(2,488)	4
Other income (expenses), net	87	2,028	0	(96)	>1,000	2,115	(1)	--
Depr., amort. & impairment assets	(851)	(956)	(910)	11	6	(1,807)	(1,857)	3
Operating income	371	2,019	184	(82)	101	2,390	311	669
Comprehensive financing result, net	(94)	(2,355)	(333)	96	72	(2,449)	(570)	(330)
Equity in results of associated company	-	-	(0)	--	--	-	(0)	--
Income (loss) before income taxes	277	(337)	(149)	--	--	(59)	(259)	77
Income taxes	(135)	936	65	--	--	801	103	675
Discontinued Operations	-	-	493	--	--	-	487	--
Net Income (Loss)	142	599	409	(76)	(65)	742	332	124