

EARNINGS REPORT

Third Quarter 2020 (3Q20)



Monterrey, Mexico, October 14, 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 third quarter of 2020 ("3Q20").

Axtel reports 3Q20 EBITDA of US \$49 million (Ps. 1,078 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Revenues (Ps.)	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
US \$	140	132	163	6	(14)	429	489	(12)
EBITDA (Ps.) ¹	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
US \$	49	53	57	(7)	(15)	257	170	51
Net Income (loss) (Ps.)	(174)	142	(351)	--	51	568	(20)	--
US \$	(8)	6	(18)	--	53	40	(1)	--
CAPEX (Ps.) ²	367	433	396	(15)	(7)	1,486	1,191	25
US \$	17	18	20	(10)	(18)	71	62	15
Net Debt (US \$)	595	593	765	0	(22)			
Net Debt / LTM EBITDA*	1.9	1.8	3.4					
LTM Interest Coverage*	5.1	5.1	3.2					
Adjusted Revenues (Ps.) ³	3,095	3,078	3,202	1	(3)	9,279	9,702	(4)
US \$	140	132	165	6	(15)	429	504	(15)
Adjusted EBITDA (Ps.) ³	1,078	1,222	1,105	(12)	(2)	5,275	4,064	30
US \$	49	53	57	(7)	(14)	257	211	22

* 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.

3Q20 HIGHLIGHTS

3Q20 Results

- Axtel continues to show resilience; third-quarter results are in line with full-year guidance, supported by a solid and consistent performance of Axtel Networks (Infrastructure Unit) and Alestra's focus on value-added solutions and digital transformation services.
- Year-to-date EBITDA increased 4% compared to 2019, based on Axtel's capacity to operate, serve and meet the demand for essential and critical value services during the pandemic.

Axtel Digital Project

- Axtel Digital will allow the virtualization and remote access of significant internal processes, from the design and ordering of new services to the completion of the cash conversion cycle.
- During the quarter, the implementation of collaboration tools and remote work practices continued progressing, preparing Axtel for the "new normal".

Competitive Process

- During the third quarter, Axtel received a double-digit number of non-binding offers for both, its Infrastructure business unit and for the entire Company, within its ongoing competitive auction process to attract investors and strategic proposals for the Company.
- After thorough analysis of all non-binding offers and in order to maximize the value-creation opportunity for its shareholders, Axtel decided to move forward with the competitive process seeking a potential transaction for the whole Company, including its two business units.

MESSAGE FROM AXTEL'S CEO

“Even in the face of a challenging environment, this quarter, we continued delivering positive results. Year-to-date EBITDA reached 77% of our full-year guidance, evidencing a continued, solid performance of Axtel Networks, our Infrastructure business unit, and strong focus on IT and collaboration solutions in Alestra, our Services unit, taking advantage of the profound digital transformation opportunity presented by the pandemic.

The Axtel Digital project is accelerating the virtualization and remote access of significant business processes in the Company. It is also serving as a solid foundation to assist our customers in their own digital transformation projects. We also expanded the implementation of collaboration tools and the adoption of remote work practices, targeting the appropriate balance between on-premise, collaboration spaces and remote work. Our objective is to maximize Axtel’s digitalization benefits while maintaining the commitment, culture and identity of our organization. As a result, we have estimated annual savings of over Ps. 85 million in office rents in the next years.

Regarding COVID-19 pandemic, our top priority remains the well-being of our employees, as well as assisting and supporting the continuity of our customers’ operations. The impact of the pandemic on enterprise segment revenues represented Ps. 35 million year-to-date, while its impact on working capital investment totaled Ps. 87 million. We estimate a recovery between 70 to 80% of this investment by the end of the year, or first quarter 2021.

Aware of the importance of supporting society during the pandemic, Alestra donated the connectivity and required software to enable a cloud-based contact center to the National Center for Epidemiological Contingencies and Disasters (CENACED) to provide free psychological support for the benefit of the Mexican community, operating successfully during the second and third quarters.

During the quarter, we advanced to the second phase of the competitive auction process to attract investors and strategic proposals for Axtel Networks and the Company, receiving a double-digit number of attractive, non-binding offers for both alternatives. After evaluating the different indicative proposals, and seeking to enhance shareholder value creation, we have decided to move forward with the process focusing on a potential transaction for the whole Company, including both business units.

In August, we concluded the eleventh edition of Alestra Fest, with a three-day virtual event, in which Alestra, together with its technology partners, presented its portfolio of solutions to face the challenges of the new reality, as well as cybersecurity and cloud global digital mega trends, which were topics that have aroused special interest among clients and enterprise and government prospects.

Year to date EBITDA has reached 77% of our guidance, the Axtel Digital project is moving full steam ahead, the business separation continues presenting differentiated growth opportunities for both units, and our strategic, competitive process is progressing in a positive, swift way. In the last-quarter, and into 2021, we will continue our diligent effort to create value for our customers, organization, and shareholders, while maintaining the well-being of our collaborators and the continuity of the operations of our clients as our top priority.”

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

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
SERVICES (Ps.)	2,427	2,372	2,523	2	(4)	7,351	7,527	(2)
US \$	110	102	130	8	(15)	341	391	(13)
Enterprise (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
US \$	89	82	102	7	(13)	273	313	(13)
Government (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
US \$	21	19	28	11	(23)	67	78	(14)
INFRASTRUCTURE (Ps.)	1,280	1,316	1,248	(3)	3	3,765	3,689	2
US \$	58	56	64	3	(10)	173	192	(10)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
US \$	(28)	(26)	(31)	(6)	11	(85)	(94)	10
TOTAL REVENUES (Ps.)	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
US \$	140	132	163	6	(14)	429	489	(12)

* 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 \$140 million in 3Q20, down 14% when compared to 3Q19. In pesos, revenues decreased 2%; however, pro forma for the data centers transaction, revenues remained flat. (Table 11).

INFRASTRUCTURE BUSINESS UNIT (“AXTEL NETWORKS”)

Revenues reached US \$58 million in 3Q20, an 10% decrease compared to 3Q19. In pesos, revenues increased 3%; however, pro forma for the data centers transaction, revenues increased 8%. (Table 11).

Revenues coming from Alestra Services Unit represented 49% of total Infrastructure Business Unit YTD revenues. Excluding these inter-unit revenues, revenues increased 15%, mainly driven by IP transit, spectrum leasing and up-front contracts providing dark-fiber to wholesale customers.

SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$110 million in 3Q20, a 15% decline compared to 3Q19. In pesos, revenues decreased 4%, mainly due to a 32% decline in enterprise-segment voice revenues combined with a 12% decrease in the Government segment.

ENTERPRISE SEGMENT (80% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$89 million in 3Q20. In pesos, revenues reached Ps. 1,959 million, down 1% compared to the previous year, as a 39% increase in IT revenues did not compensate the 8% decline in Telecom revenues. (Table 1).

TELECOM revenues reached Ps. 1,588 million in 3Q20, an 8% decrease year-over-year, mainly due to a 32% decrease in *voice* revenues due to its maturing, technological cycle and by the impact in voice traffic due to remote work for many clients, and a 3% decline in *data and internet* revenues. These declines were partially mitigated by a 5% growth in *managed networks* solutions.

IT revenues reached Ps. 371 million in 3Q20, up 39% when compared to 3Q19, mainly due to a 41% increase in *cloud* and *cybersecurity* solutions and a 36% increase in *system integration* solutions, 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 \$21 million in 3Q20. In pesos, revenues totaled Ps. 468 million, 12% decrease compared to 3Q19, as the Company implemented adjustments in some services to accommodate the budget reductions in federal government entities. (Table 2).

TELECOM revenues reached Ps. 226 million in 3Q20, a 20% decrease year-over-year, resulting for a 34% decrease in *managed networks* solutions.

IT revenues reached Ps. 242 million in 3Q20, down 4% when compared to 3Q19, mainly due to a decrease in *system integration* solutions, partially mitigated by a 35% increase in *cloud* and *cybersecurity* services.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 3Q20, gross profit was US \$100 million. In pesos, gross profit totaled Ps. 2,220 million, down 5% compared to 3Q19; however, pro forma for the data centers transaction, gross profit decreased 1%.

SERVICES UNIT (ALESTRA) gross profit amounted to Ps. 1,050 million, down 11% compared to the year-earlier quarter, mainly due to a contraction in both revenues and margins of government segment telecom services and to telecom-service revenues concessions made in the quarter which diminished top-line revenues but left costs unchanged.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,170 million. Gross profit remained unchanged compared to the year-earlier quarter, however it increased 9% pro forma, due to increases in both revenues and gross margins.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$53 million in 3Q20, in pesos operating expenses decreased 7%, however, pro forma for the data center transaction, expenses decreased 4%.

SERVICES UNIT (ALESTRA) operating expenses decreased 6% compared to 3Q19, due to declines in outsourcing and maintenance expenses and bad debt provision.

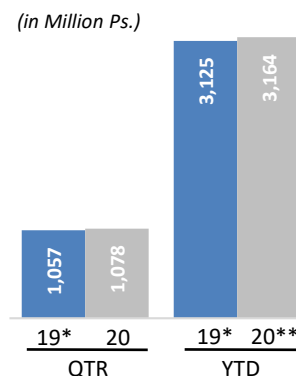
INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses declined 9% compared to 3Q19, or a 2% decrease pro forma, due to declines in marketing expenses, partially mitigated by increases in personnel and maintenance expenses.

Other income reached Ps. 30 million during 3Q20, a slight increase compared to Ps. 28 million during 3Q19.

EBITDA

EBITDA totaled US \$49 million in 3Q20. In pesos, EBITDA reached Ps. 1,078 million, a 3% decrease compared to Ps. 1,111 million in 3Q19; however, pro forma for the data center transaction, EBITDA increased 2% . (Table 12).

EBITDA margin increased from 34.1% in 3Q19 pro forma, to 34.8% in 3Q20, driven by a decrease in expenses as a proportion of revenues.



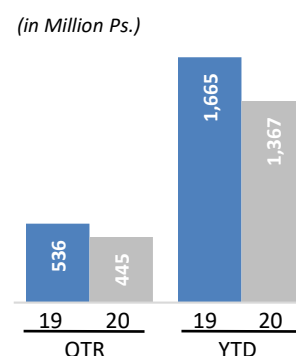
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

SERVICES UNIT (ALESTRA)

(43% of Axtel's YTD EBITDA)

Services Business Unit EBITDA amount to US \$20 million in 3Q20.

In pesos, EBITDA reached Ps. 445 million, a 17% decrease year-over-year, due to the decline in revenues and gross profit margins previously described.

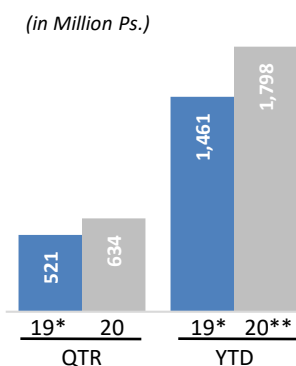


INFRASTRUCTURE UNIT (AXTEL NETWORKS)

(57% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$29 million.

In pesos, Infrastructure Unit EBITDA reached Ps. 634 million, 10% higher than 3Q19 or a 22% increase pro forma for the data center transaction.

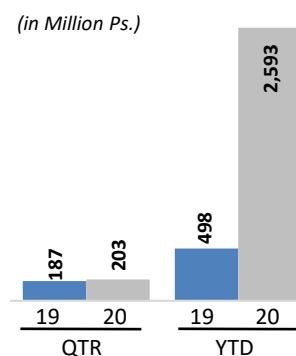


* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

OPERATING INCOME

In the 3Q20, operating income totaled US \$9 million.

In pesos, 3Q20 operating income totaled Ps. 203 million, compared to Ps. 187 million in 3Q19, a Ps. 16 million increase due to declines in depreciation and amortization, partially mitigated by a decline in EBITDA as a result of the divestment of the data centers business.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$2 million in 3Q20 or Ps. 25 million, compared to Ps. 645 million in 3Q19. The decrease in cost is mostly explained by a Ps. 222 million FX gain during 3Q20 resulting from a 2% appreciation of the Mexican peso against the US dollar, compared to a Ps. 311 million FX loss in 3Q19 resulting from a 2% depreciation of the peso. Net interest expenses decreased 7% from 3Q19 to 3Q20. (Table 7).

NET DEBT

For 3Q20, net debt was US \$595 million, down 22% or US \$170 million in comparison with 3Q19; comprised of a US \$17 million decrease in debt, a US \$30 million non-cash decrease in debt caused by a 13% depreciation of the Mexican peso year-over-year and a US \$124 million increase in cash.

Total debt reduction of US \$17 million year-over-year is explained by i) a US \$67 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$65 million increase in short-term loans; iii) a US \$3 million decrease in other loans and financial leases; iv) a US \$15 million decrease related to the new accounting standard for long term leases (IFRS 16) and v) a US \$3 million increase in accrued interests.

As of 3Q20, cash balance totaled US \$163 million (Ps. 3,656 million), which includes US \$13 million of restricted cash and approximately US \$57 million from remaining proceeds from the data centers transaction. Cash in 3Q19 totaled US \$39 million (Ps. 768 million).

Financial ratios for the third quarter of 2020 were: Net Debt to EBITDA of 1.9 times and Interest Coverage of 5.1 times. (Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$17 million in 3Q20, compared to US \$20 million in 3Q19. YTD 2020 Capex reached US \$71 million (Ps. 1,486 million), compared to US \$62 million (Ps. 1,190 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 and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- 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 Axtel maintains forward transactions for an outstanding amount of US\$ 20 million, where Axtel buys USD and sells MXN: i) a US \$16 million FWD @ 22.25 MXN/USD to hedge the 2024 Senior Notes' coupon payment due November 2020, and ii) a US \$4 million FWD @ 22.25 MXN/USD to hedge USD denominated obligations due October 2020. Additionally, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIE 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, government and wholesale segments, through its business units Alestra (services) and Axtel Networks (infrastructure).

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)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TELECOM (Ps.)	1,588	1,609	1,721	(1)	(8)	4,907	5,236	(6)
<i>Voice</i>	267	288	390	(8)	(32)	932	1,258	(26)
<i>Data and Internet</i>	681	666	702	2	(3)	2,033	2,068	(2)
<i>Managed Networks</i>	640	655	629	(2)	2	1,942	1,910	2
IT (Ps.)	371	316	266	17	39	992	789	26
TOTAL ENTERPRISE (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
<i>US \$</i>	89	82	102	7	(13)	273	313	(13)
<i>Recurrent (Ps.)</i>	1,876	1,877	1,903	(0)	(1)	5,624	5,773	(3)
<i>Non recurrent (Ps.)</i>	83	48	85	73	(2)	275	252	9

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TELECOM (Ps.)	226	236	283	(4)	(20)	701	816	(14)
<i>Voice</i>	26	15	27	69	(4)	66	81	(19)
<i>Data and Internet</i>	81	100	96	(19)	(15)	274	223	23
<i>Managed Networks</i>	119	121	160	(2)	(26)	361	511	(29)
IT (Ps.)	242	211	252	15	(4)	750	686	9
TOTAL GOVERNMENT (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
<i>US \$</i>	21	19	28	11	(23)	67	78	(14)
<i>Recurrent (Ps.)</i>	457	394	554	16	(17)	1,287	1,536	(16)
<i>Non recurrent (Ps.)</i>	11	53	(19)	(79)	--	165	(34)	--

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,280	1,316	1,248	(3)	3	3,765	3,689	2
<i>US \$</i>	58	56	64	3	(10)	173	192	(10)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
<i>US \$</i>	(28)	(26)	(31)	(6)	11	(85)	(94)	10

* 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	3Q20
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552	2,372	2,427
<i>US \$</i>	131	130	130	137	528	129	102	110
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,015	1,925	1,959
<i>US \$</i>	104	106	102	103	416	102	82	89
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468
<i>US \$</i>	27	23	28	34	112	27	19	21
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,169	1,316	1,280
<i>US \$</i>	64	64	64	69	261	59	56	58
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)	(610)	(612)
<i>US \$</i>	(31)	(32)	(31)	(31)	(125)	(31)	(26)	(28)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095
<i>US \$</i>	164	162	163	175	664	157	132	140

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

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569	2,631	2,626
<i>US \$</i>	137	138	136	141	552	130	113	119
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468
<i>US \$</i>	27	23	28	34	112	27	19	21
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095
<i>US \$</i>	164	162	163	175	664	157	132	140

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Operating Income (Ps.)	203	371	187	(45)	9	2,593	498	421
US \$	9	16	10	(43)	(4)	133	26	413
EBITDA (Ps.)	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
US \$	49	53	57	(7)	(15)	257	170	51
Adjustments* (Ps.)	0	(90)	0	--	--	(2,110)	0	--
US \$	0	(4)	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,078	1,133	1,111	(5)	(3)	3,164	3,279	(3)
US \$	49	49	57	0	(15)	146	170	(14)
Services Unit (Ps.)	445	503	536	(12)	(17)	1,367	1,665	(18)
Infrastructure Unit (Ps.)	634	629	574	1	10	1,798	1,614	11

* 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)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Net interest expense	(325)	(387)	(351)	16	7	(1,069)	(1,068)	(0)
FX gain (loss), net	222	261	(311)	(15)	--	(1,511)	(131)	(1,055)
Ch. FV of Fin. Instruments	79	33	17	138	363	106	(15)	--
Total (Ps.)	(25)	(94)	(645)	74	96	(2,474)	(1,214)	(104)
US \$	(2)	(5)	(33)	64	95	(117)	(63)	(86)

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

	3Q20	2Q20	3Q19	(% 3Q20 vs.)	
				2Q20	3Q19
Senior Notes 2024	500	500	500	0	0
Syndicated bank facility	0	0	67	--	--
Long-term bank loan	145	142	166	2	(13)
Short-term bank loans	63	63	0	0	--
Other loans + leases	35	39	57	(11)	(39)
Accrued interests	15	7	14	125	7
Total Debt	758	751	805	1	(6)
% US \$ denominated debt	73%	74%	64%		
(-) Cash and cash eq.	(163)	(157)	(39)	(3)	(316)
Net Debt	595	593	765	0.3	(22)
Net Debt / LTM EBITDA*	1.9	1.8	3.4		
LTM Interest Coverage*	5.1	5.1	3.2		

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

Appendix B – Discontinued Operations | Mass Market Segment

Axcel'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)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Revenues	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
Revenues from Disc. Op.	-	-	35	--	--	-	297	--
Adjusted Revenues (Ps.)¹	3,095	3,078	3,202	1	(3)	9,279	9,702	(4)
<i>US \$</i>	140	132	165	6	(15)	429	504	(15)

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
EBITDA (Ps.)	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
<i>US \$</i>	49	53	57	(7)	(15)	257	170	51
EBITDA Discontinued Op. (Ps.)	-	-	(6)	--	--	-	785	--
<i>US \$</i>	-	-	(0)	--	--	-	41	--
Adjusted EBITDA (Ps.)¹	1,078	1,222	1,105	(12)	(2)	5,275	4,064	30
<i>US \$</i>	49	53	57	(7)	(14)	257	211	22
Adjustments (Ps.)²								
Spectrum Sale	-	(90)	-	--	--	(90)	-	--
Data Center Sale	-	-	-	--	--	(2,021)	-	--
FTTx Sale	-	-	-	--	--	-	(741)	--
Expense Termination Disc. Op.	-	-	-	--	--	-	-	--
Comparable Adj. EBITDA (Ps.)	1,078	1,133	1,105	(5)	(2)	3,164	3,322	(5)
<i>US \$</i>	49	49	57	0	(14)	146	173	(16)

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 CENTERS TRANSACTION
(IN MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
SERVICES (Ps.)	2,427	2,372	2,523	2	(4)	7,351	7,527	(2)
US \$	110	102	130	8	(15)	341	391	(13)
Enterprise (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
US \$	89	82	102	7	(13)	273	313	(13)
Government (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
US \$	21	19	28	11	(23)	67	78	(14)
INFRASTRUCTURE (Ps.)	1,280	1,316	1,184	(3)	8	3,765	3,501	8
US \$	58	56	61	3	(5)	173	182	(5)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
US \$	(28)	(26)	(31)	(6)	11	(85)	(94)	10
TOTAL REVENUES (Ps.)	3,095	3,078	3,103	1	(0)	9,279	9,218	1
US \$	140	132	160	6	(12)	429	479	(10)

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

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

	3Q20	2Q20	3Q19	(% 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
EBITDA (Ps.)	1,078	1,222	1,057	(12)	2	5,275	3,125	69
US \$	49	53	54	(7)	(10)	257	162	58
Adjustments* (Ps.)	0	(90)	0	--	--	(2,110)	0	--
US \$	0	(4)	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,078	1,133	1,057	(5)	2	3,164	3,125	1
US \$	49	49	54	0	(10)	146	162	(10)
Services Unit (Ps.)	445	503	536	(12)	(17)	1,367	1,665	(18)
Infrastructure Unit (Ps.)	634	629	521	1	22	1,798	1,461	23

* 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 CENTERS 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
Service 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
Service 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)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)	
				2Q20	3Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3,361	3,314	768	1	337
Restricted cash	295	302	-	(2)	--
Accounts receivable	2,593	4,614	2,862	(44)	(9)
Related parties	22	30	37	(24)	(39)
Refundable taxes and other acc. rec.	928	643	780	44	19
Advances to suppliers	876	776	560	13	56
Inventories	92	111	119	(17)	(22)
Financial Instruments	-	18	-	--	--
Financial Instruments (ZSC)	-	120	87	--	--
Total current assets	8,167	9,928	5,211	(18)	57
NON CURRENT ASSETS					
Restricted cash	-	-	-	--	--
Property, plant and equipment, net	11,756	12,141	14,643	(3)	(20)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,774	1,885	1,683	(6)	5
Deferred income taxes	3,404	3,780	3,028	(10)	12
Investment shares associated co.	292	295	295	(1)	(1)
Other assets	430	481	440	(11)	(2)
Total non current assets	17,655	18,582	20,089	(5)	(12)
TOTAL ASSETS	25,822	28,510	25,300	(9)	2
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,797	4,638	3,099	(40)	(10)
Accrued Interest	339	154	276	120	23
Short-term debt	310	315	-	(2)	--
Current portion of long-term debt	1,625	1,630	502	(0)	224
Taxes payable	8	39	34	(80)	(78)
Financial Instruments	140	134	34	4	315
Deferred Revenue	167	175	264	(5)	(37)
Provisions	83	213	144	(61)	(42)
Other accounts payable	1,115	1,155	1,157	(3)	(4)
Total current liabilities	6,583	8,452	5,510	(22)	19
LONG-TERM LIABILITIES					
Long-term debt	14,625	15,011	14,854	(3)	(2)
Employee Benefits	765	741	654	3	17
Derivative Financial Instruments	91	126	124	(28)	(26)
Other LT liabilities	52	103	704	(49)	(93)
Total long-term debt	15,532	15,981	16,336	(3)	(5)
TOTAL LIABILITIES	22,115	24,433	21,846	(9)	1
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	186	391	100	(52)	86
Cumulative earnings (losses)	3,056	3,221	2,890	(5)	6
TOTAL STOCKHOLDERS' EQUITY	3,707	4,077	3,454	(9)	7
TOTAL LIABILITIES AND EQUITY	25,822	28,510	25,300	(9)	2

Appendix D – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Total Revenues	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
Cost of sales and services	(874)	(814)	(822)	(7)	(6)	(2,598)	(2,402)	(8)
Gross Profit	2,220	2,264	2,346	(2)	(5)	6,681	7,004	(5)
Operating expenses	(1,172)	(1,129)	(1,263)	(4)	7	(3,551)	(3,751)	5
Other income (expenses), net	30	87	28	(66)	7	2,145	27	>1,000
Depr., amort. & impairment assets	(875)	(851)	(924)	(3)	5	(2,682)	(2,781)	4
Operating income	203	371	187	(45)	9	2,593	498	421
Comprehensive financing result, net	(25)	(94)	(645)	74	96	(2,474)	(1,214)	(104)
Equity in results of associated company	-	-	0	--	--	-	0	--
Income (loss) before income taxes	179	277	(458)	(36)	--	119	(717)	--
Income taxes	(352)	(135)	140	(161)	--	449	243	85
Discontinued Operations	-	-	(33)	--	--	-	454	--
Net Income (Loss)	(174)	142	(351)	--	51	568	(20)	--