

EARNINGS REPORT

Fourth Quarter 2019 (4Q19)



Monterrey, Mexico, February 12, 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 fourth quarter of 2019 ("4Q19").

Axtel reports 4Q19 EBITDA of US \$62 million (Ps. 1,187 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Revenues (Ps.)	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
US \$	175	163	174	7	1	664	664	(0)
EBITDA (Ps.) ¹	1,187	1,111	1,097	7	8	4,466	4,393	2
US \$	62	57	55	8	11	232	228	2
Net Income (loss) (Ps.)	6	(351)	1,242	--	(100)	(14)	1,095	--
US \$	0	(18)	60	--	(100)	(0)	52	--
CAPEX (Ps.) ²	572	396	729	44	(22)	1,762	1,869	(6)
US \$	30	20	37	46	(19)	91	97	(6)
Net Debt (US \$)	750	765	686	(2)	9			
Net Debt / LTM EBITDA *	3.2	3.4	3.0					
LTM Interest Coverage*	3.3	3.2	3.2					
Adjusted Revenues (Ps.) ³	3,384	3,202	4,131	6	(18)	13,086	15,561	(16)
US \$	176	165	208	6	(16)	680	809	(16)
Adjusted EBITDA (Ps.) ³	1,028	1,105	4,135	(7)	(75)	5,092	8,240	(38)
US \$	53	57	206	(6)	(74)	265	422	(37)

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

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

2) Gross amount; does not include divestments.

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

4Q19 HIGHLIGHTS

Results

- In line with yearly guidance, fourth quarter EBITDA increased 8% year-over-year. Full year EBITDA increased 2% compared to 2018, or 7% without considering the extraordinary tower sale benefit in 2018, driven by the performance of enterprise and wholesale customers and improved margins due to operating efficiencies as a result of digitalization initiatives.

Data Center Agreement

- During the quarter, Axtel signed the agreement to divest three data centers and entered into a strategic joint-marketing agreement with Equinix to continue strengthening its multi-cloud and ICT managed services portfolio. The transaction was successfully closed and funded in January 2020.
- Valuation for this transaction represented US \$175 million. Proceeds excluding funds in escrow and related expenses, will be used to strengthen Axtel's financial structure.

Functional Separation

- In line with industry trends and to maximize value of its infrastructure and capture growth opportunities, the Company started operations under two specialized business units.
 - Infrastructure business unit, as a neutral operator, will provide fiber-based connectivity services to wholesale customers, capturing opportunities from the increasing demand for bandwidth.
 - Alestra, the service business unit, will have full access to the network of the Infrastructure business unit and will continue playing an important role in helping enterprise and government segment customers become more productive through digitalization by providing IT and managed Telecom solutions.
- Axtel has retained financial advisors to evaluate strategic alternatives that maximize the value of the Infrastructure business unit and the Company.



MESSAGE FROM AXTEL'S CEO

"We are motivated by the achievements obtained in 2019, which are aligned with the trends in the industry, and with their contribution to maximize the value of our assets and competitive positioning.

In May 2019, we concluded the divestment of the remaining 18% of the mass market segment and in October 2019, we signed the divestment and strategic alliance agreement for three data centers, transactions that contributed significantly to focus our business strategy and strengthen our capital structure by reducing debt and other liabilities.

These transactions, together with the sale of towers and the divestment of 82% of the mass market segment in 2018, allowed us to obtain over US \$530 million representative of valuation multiples not reflected in the value of the Company. With these proceeds, Axtel's net leverage has been reduced from more than 4 times in 2016 to less than 2.9 times, pro forma for the sale of data centers, and interest expense has been reduced by 50%.

In addition, in 2019, we started the process to operate under two specialized and focused business units: infrastructure and services. Last year, we defined strategies and business plans for each unit. The functional separation allows us to maximize the opportunities for our infrastructure and focus our service business unit, Alestra, on the development of the next-generation digital services and the integration and management of networks, multi-clouds, systems and cybersecurity perimeters under the highest standards of quality and service.

Our infrastructure unit, including 40,600 km of fiber optic network, is positioned as the largest neutral infrastructure operator in Mexico, which will be key to capture the demand and proximity of fiber optic connectivity required for streaming services, broadband, IoT applications and mobile networks deployments.

These assets, and their relevant growth potential, constitute a unique and compelling platform for investors focused on infrastructure businesses. The stability and sustainability of cash flow generation of this business is a common attribute of listed infrastructure companies and precedent transactions, usually valued at attractive multiples.

To explore all value creation opportunities, we have retained financial advisors to help us in attracting investment proposals and evaluate strategic alternatives for the infrastructure business unit and the Company. We started a competitive process to attract investors who have efficient access to capital and a long-term investment horizon.

We remain committed to creating value for our clients, employees and shareholders, and thus continue delivering positive results in 2020."

Rolando Zubirán

TOTAL REVENUES

Total revenues were US \$175 million in 4Q19, up 1% when compared to 4Q18. In pesos, revenues decreased 2%, mainly due to an 8% decline in government segment revenues. (See table 1).

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

Enterprise segment revenues totaled US \$141 million in 4Q19, 2% higher than the year-earlier quarter. In pesos, revenues reached Ps. 2,721 million, representing no change compared to the previous year, as a 1% increase in Telecom revenues was mitigated by a 10% decline in IT revenues. (See table 2).

TELECOM revenues reached Ps. 2,368 million in 4Q19, up 1% year-over-year, mainly due to a 7% growth in *managed networks* explained by collaboration solutions and a strong increase in managed services related to non-recurrent infrastructure-based contracts providing back-haul, dark fiber connectivity to wholesale customers, as well as to the mass market divestment continuity services agreement. This increase in *managed networks* was partially mitigated by a 1% decline in *data and internet* revenues and a 6% decrease in *voice* revenues, due to continued declines in fix-to-mobile and long distance revenues.

IT revenues reached Ps. 353 million in 4Q19, down 10% when compared to 4Q18, mainly due to a 46% decrease in *system integration solutions* due to a higher volume of non-recurrent projects in 2018. Good performance in *hosting, cybersecurity* and *cloud* services, was partially mitigated by a decline in *managed applications*.

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

Government segment revenues amounted US \$34 million in 4Q19, a sequential improvement when compared to 1Q, 2Q and 3Q19, however down 5% when compared to 4Q18. In pesos, revenues totaled Ps. 657 million, down 8% year over year, due to a 27% decline in Telecom revenues, partially mitigated by a 10% increase in IT revenues. Non-recurrent revenues in the quarter totaled Ps. 153 million, related to equipment sales and revenues from previous quarters that were not recorded until satisfactory documentation was completed this quarter. (See table 3).

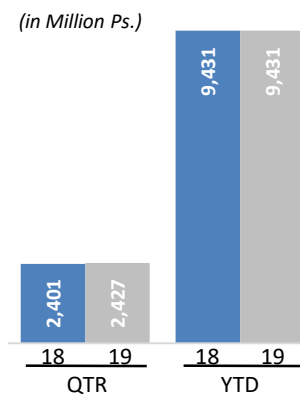
TELECOM revenues reached Ps. 257 million in 4Q19, a 27% decrease year over year, mainly due to a strong decline in *managed networks* revenues due to the termination of VPN services contracts during the year and non-recurrent revenues recorded in 4Q18.

IT revenues reached Ps. 400 million in 4Q19, up 10% when compared to 4Q18, mainly due to a strong increase in *system integration* related to a new contract with a federal government entity. Good performance in *security* and *cloud solutions* were offset by decreases in *hosting* and *managed applications* revenues.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 4Q19, gross profit was US \$126 million, up 4% compared to 4Q18.

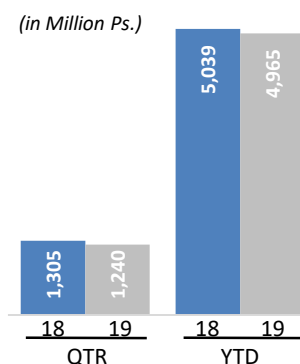
In pesos, gross profit totaled Ps. 2,427 million, a 1% increase versus 4Q18. Despite the decline in revenues, gross profit increased associated to improved margins for both enterprise and government segments.



OPERATING AND OTHER EXPENSES

Total expenses reached US \$64 million in the 4Q19, a 2% decrease compared to 4Q18.

In pesos, total expenses reached Ps. 1,240 million, down 5% compared to 4Q18, due to reduction in personnel and maintenance expenses resulting from digital innovation initiatives and a Ps. 72 million benefit from the new accounting standard for long term leases (IFRS16).

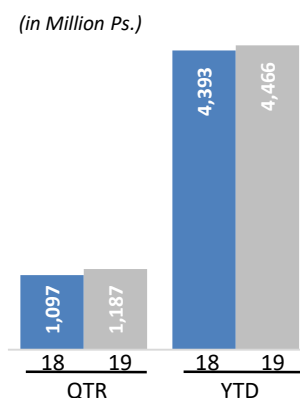


EBITDA

EBITDA totaled US \$62 million in 4Q19, an 11% increase compared to US \$55 million in 4Q18.

In pesos, EBITDA reached Ps. 1,187 million, a 8% increase year-over-year. EBITDA margin increased from 31.8% in 4Q18 to 35.1% in 4Q19, largely driven by digitalization initiatives which have contributed to a reduction in operating expenses.

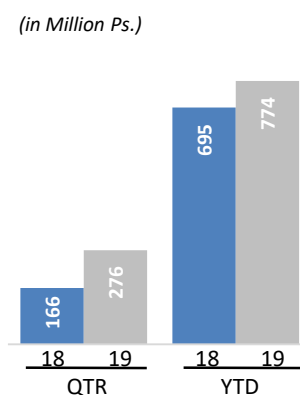
Full-year 2019 EBITDA increased 2% compared to 2018. However, 2018 EBITDA includes an extraordinary tower sale benefit of Ps. 225 million, adjusting for this benefit, EBITDA in 2019 increased 7% compared to 2018.



OPERATING INCOME

In the 4Q19, operating income totaled US \$14 million, 71% higher than the same quarter of last year.

In pesos, 4Q19 operating income totaled Ps. 276 million, a 66% increase compared to 4Q18, mainly due to the increase in EBITDA previously described and a 2% decline in depreciation and amortization.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing income reached US \$5 million in 4Q19. In pesos, income for 4Q19 totaled Ps. 87 million, compared to a cost of Ps. 1,000 million in 4Q18, mostly explained by a Ps. 421 million FX gain during 4Q19 resulting from a 4% appreciation of the Mexican peso against the US dollar, compared to a Ps. 479 million FX loss in 4Q18 resulting from a 4% depreciation. Net interest expenses declined 30% from 4Q18 to 4Q19 mainly due to partial prepayments of bank facilities for Ps. 4,350 million in December 2018 and Ps. 550 million in May 2019 and payment of other liabilities for approximately Ps. 900 million. (See table 5).

NET DEBT

At the end of 2019, net debt was US \$750 million, up 9% or US \$64 million, in comparison with 2018; comprised of a US \$22 million decrease in debt, a US \$12 million non-cash increase in debt caused by a 4% appreciation of the Mexican peso year-over-year and a US \$74 million decrease in cash.

Total debt reduction of US \$22 million year over year is explained by (i) a US \$15 million decrease related to the partial prepayment of the Syndicated Bank facility; (ii) a US \$13 million decrease due to the prepayment of a short term loan; (iii) a US \$17 million decrease in other loans and financial leases; and (iv) a US \$23 million increase related to the new accounting standard for long term leases (IFRS16).

As of the end of 2019, cash balance totaled US \$46 million or Ps. 858 million, compared to US \$119 million or Ps. 2,343 million a year ago; which included US \$5 million restricted cash. Cash balance in 2018 also included US \$54 million of extraordinary cash related to the value-added tax and other provisioned expenses from the FTTx mass market business monetization. Adjusting for these items, normalized cash at the end of 2018 was US \$65 million.

Financial ratios at the close of 2019 were: Net Debt to EBITDA of 3.2 times and Interest Coverage of 3.3 times. (See table 6).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$30 million in the 4Q19, a 19% decline compared to 4Q18. Full-year 2019 Capex totaled US \$92 million (including US \$1 million through vendor financing), a 31% decline compared to US \$132 million in 2018 (including US \$35 million through vendor financing). Investments in 2019 were approximately US \$50 million in new projects for the enterprise and government segments; US \$17 million to strengthen the capacity of the network; US \$12 million in network maintenance and US \$12 million in corporate systems and mobility (MVNx) strategy.

FUNCTIONAL SEPARATION

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

SELECTED FINANCIAL INFORMATION BY BUSINESS UNIT

(IN MILLIONS)

	YTD'19				YTD'18				YTD Δ (%)		
	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services
Revenues (Ps.)	12,784	5,170	10,177	(2,564)	12,788	4,843	10,490	(2,544)	(0)	7	(3)
US \$	664	268	528	(133)	664	252	545	(132)	(0)	7	(3)
Cont. Mg. (Ps.)	9,431	4,688	4,742	--	9,431	4,320	5,111	--	(0)	9	(7)
US \$	490	243	246	--	491	225	266	--	(0)	8	(7)
Expenses (Ps.)	(4,965)	(2,402)	(2,563)	--	(5,039)	(2,271)	(2,767)	--	1	(6)	7
US \$	(258)	(125)	(133)	--	(262)	(118)	(144)	--	2	(6)	8
EBITDA (Ps.)	4,466	2,287	2,179	--	4,393	2,049	2,344	--	2	12	(7)
US \$	232	119	113	--	228	107	122	--	2	11	(7)
EBITDA Mg. (%)	34.9%	44.2%	21.4%		34.3%	42.3%	22.3%				

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

INFRASTRUCTURE BUSINESS UNIT (51% of Axtel's YTD EBITDA)

REVENUES totaled US \$268 million in 2019, a 7% increase compared to 2018 period. In pesos, revenues also increased 7%, mainly due to a strong increase in spectrum services and in back-haul, dark fiber connectivity contracts, as well as to the mass market divestment continuity services agreement.

Revenues coming from Alestra Service Unit represented 50% of total Infrastructure Business Unit revenues.

EBITDA reached US \$119 million in 2019, up 11% compared to 2018, or 12% in pesos, due to increases in revenues and contribution margins. Without the extraordinary tower sale benefit recorded in 2018, EBITDA increased 25%.

SERVICES BUSINESS UNIT ("ALESTRA") (49% of Axtel's YTD EBITDA)

REVENUES totaled US \$528 million in 2019, a 3% decline compared to 2018 period. In pesos, revenues also decreased 3%, as a 1% increase in the Enterprise Segment was mitigated by a 13% decline in Government Segment revenues.

ENTERPRISE revenues increased 1% in 2019 compared to 2018. Telecom revenues remained flat, due to 5% and 2% increases in *data and internet* and *managed network* solutions, respectively, which were mitigated by a 9% decline in *voice* revenues. IT services posted a 3% increase, due to positive performance from *cybersecurity* and *cloud* services, mitigated by declines in *system integration* and *hosting*.

GOVERNMENT revenues declined 13% in 2019, largely due to a 17% decline in IT revenues, mainly driven by a strong decline in *cybersecurity* services related to the termination of a major contract with a federal entity by the end of 2018. Telecom revenues declined 9%, due to declines in *voice* and *managed network* revenues, partially mitigated by increases in *data and internet* revenues.

EBITDA reached US \$113 million in 2019, down 7% compared to 2018. In pesos, EBITDA also decreased 7%, due to a decline in contribution margins and partially compensated by a 7% decline in expenses.

OTHER INFORMATION

- The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- This report may contain forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately. Accordingly, results could vary from those set forth in this release.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated pro forma for debt prepayments.
- To reduce exposure to interest rate risk, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIE28d.
- 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 | REVENUES BY SEGMENT
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
ENTERPRISE (Ps.)	2,721	2,632	2,732	3	(0)	10,625	10,313	3
<i>US \$</i>	141	136	138	4	2	552	536	3
GOVERNMENT (Ps.)	657	535	714	23	(8)	2,159	2,475	(13)
<i>US \$</i>	34	28	36	24	(5)	112	128	(13)
TOTAL (Ps.)	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
<i>US \$</i>	175	163	174	7	1	664	664	(0)
<i>Recurrent (Ps.)</i>	2,921	3,004	3,178	(3)	(8)	11,905	12,199	(2)
<i>Non recurrent (Ps.)</i>	456	164	268	179	70	879	590	49

TABLE 2 | ENTERPRISE SEGMENT REVENUES
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
TELECOM (Ps.)	2,368	2,295	2,340	3	1	9,277	9,002	3
<i>Voice</i>	431	411	460	5	(6)	1,760	1,982	(11)
<i>Data and Internet</i>	918	923	932	(0)	(1)	3,636	3,556	2
<i>Managed Networks</i>	1,019	961	948	6	7	3,881	3,465	12
IT (Ps.)	353	338	392	5	(10)	1,347	1,311	3
TOTAL ENTERPRISE (Ps.)	2,721	2,632	2,732	3	(0)	10,625	10,313	3
<i>US \$</i>	141	136	138	4	2	552	536	3
<i>Recurrent (Ps.)</i>	2,418	2,461	2,533	(2)	(5)	9,894	9,998	(1)
<i>Non recurrent (Ps.)</i>	303	171	200	78	52	730	315	132

TABLE 3 | GOVERNMENT SEGMENT REVENUES
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
TELECOM (Ps.)	257	283	350	(9)	(27)	1,072	1,173	(9)
<i>Voice</i>	32	27	26	17	20	113	140	(19)
<i>Data and Internet</i>	103	96	100	8	3	327	303	8
<i>Managed Networks</i>	122	160	224	(24)	(45)	633	730	(13)
IT (Ps.)	400	252	363	59	10	1,086	1,302	(17)
TOTAL GOVERNMENT (Ps.)	657	535	714	23	(8)	2,159	2,475	(13)
<i>US \$</i>	34	28	36	24	(5)	112	128	(13)
<i>Recurrent (Ps.)</i>	504	542	645	(7)	(22)	2,010	2,201	(9)
<i>Non recurrent (Ps.)</i>	153	(7)	68	--	125	148	274	(46)

Appendix A – Tables

TABLE 4 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Operating Income (Ps.)	276	187	166	48	66	774	695	11
US \$	14	10	8	49	71	40	36	12
EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,393	2
US \$	62	57	55	8	11	232	228	2
Adjustments* (Ps.)	0	0	0	--	--	0	(225)	--
US \$	0	0	0	--	--	0	(12)	--
Comparable EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,168	7
US \$	62	57	55	8	11	232	217	7

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

TABLE 5 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Net interest expense	(340)	(351)	(488)	3	30	(1,408)	(1,816)	22
FX gain (loss), net	421	(311)	(479)	--	--	290	187	55
Ch. FV of Fin. Instruments	6	17	(33)	(64)	--	(9)	(35)	75
Total (Ps.)	87	(645)	(1,000)	--	--	(1,127)	(1,665)	32
US \$	5	(33)	(52)	--	--	(58)	(87)	33

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

	4Q19	3Q19	4Q18	(% 4Q19 vs.)	
				3Q19	4Q18
Senior Notes 2024	500	500	500	0	0
Bank facilities	70	67	95	4	(26)
Long-term bank loan	173	166	166	4	4
Other loans + leases	46	57	38	(19)	22
Accrued interests	6	14	6	(57)	(2)
Total Debt	795	805	805	(1)	(1)
<i>% US \$ denominated debt</i>	64%	64%	64%		
(-) Cash and cash eq.	(46)	(39)	(119) ¹	(16)	62
Net Debt	750	765	686	(2)	9
Net Debt / LTM EBITDA*	3.2	3.4	3.0 ¹		
LTM Interest Coverage*	3.3	3.2	3.2		

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

- 1) Net Debt / LTM EBITDA of 3.2x with normalized cash balance of US \$65 million (see page 5 "Net Debt"), or 3.4x without the extraordinary tower sale benefit.

Appendix B – Discontinued Operations | Mass Market Segment

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

TABLE 7 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Revenues	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
Revenues from Disc. Op.	6	35	685	(83)	(99)	302	2,773	(89)
Adjusted Revenues (Ps.)¹	3,384	3,202	4,131	6	(18)	13,086	15,561	(16)
<i>US \$</i>	176	165	208	6	(16)	680	809	(16)

1) As consolidated by ALFA

TABLE 8 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,393	2
<i>US \$</i>	62	57	55	8	11	232	228	2
EBITDA Discontinued Op. (Ps.)	(159)	(6)	3,038	(2,600)	--	626	3,848	(84)
<i>US \$</i>	(8)	(0)	151	(2,656)	--	33	194	(83)
Adjusted EBITDA (Ps.)¹	1,028	1,105	4,135	(7)	(75)	5,092	8,240	(38)
<i>US \$</i>	53	57	206	(6)	(74)	265	422	(37)
Adjustments (Ps.)²								
Tower Sale	0	0	0	--	--	0	(225)	--
FTTx Sale	0	0	(2,786)	--	--	(741)	(2,786)	73
Expense Termination Disc. Op.	86	0	0	--	--	86	0	--
Comparable Adj. EBITDA (Ps.)	1,114	1,105	1,349	1	(17)	4,436	5,230	(15)
<i>US \$</i>	58	57	68	2	(15)	230	272	(15)

1) As consolidated by ALFA

2) Adjustments include one-time (gains) losses

Appendix C – Financial Statements

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

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)	
				3Q19	4Q18
ASSETS					
CURRENT ASSETS					
Cash and equivalents	858	768	2,249	12	(62)
Accounts receivable	2,426	2,862	2,660	(15)	(9)
Related parties	23	37	55	(36)	(57)
Refundable taxes and other acc. rec.	895	780	879	15	2
Advances to suppliers	521	560	546	(7)	(5)
Inventories	94	119	105	(21)	(10)
Financial Instruments	0	0	6	--	--
Financial Instruments (ZSC)	93	87	129	7	(28)
Assets classified as held for sale	1,125	0	315	--	257
Total current assets	6,035	5,211	6,944	16	(13)
NON CURRENT ASSETS					
Restricted cash	0	0	94	--	--
Property, plant and equipment, net	12,964	14,643	16,106	(11)	(20)
Long-term accounts receivable	0	0	0	--	--
Intangible assets, net	1,714	1,683	1,405	2	22
Deferred income taxes	2,876	3,028	2,873	(5)	0
Investment shares associated co.	295	295	295	(0)	(0)
Derivative financial instruments	0	0	18	--	--
Other assets	447	440	422	2	6
Total non current assets	18,296	20,089	21,212	(9)	(14)
TOTAL ASSETS	24,331	25,300	28,156	(4)	(14)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,898	3,099	3,547	(6)	(18)
Accrued Interest	112	276	124	(60)	(10)
Short-term debt	0	0	0	--	--
Current portion of long-term debt	472	502	342	(6)	38
Taxes payable	22	34	13	(34)	72
Financial Instruments	52	34	39	54	32
Deferred Revenue	153	264	536	(42)	(71)
Provisions	220	144	312	53	(30)
Other accounts payable	1,249	1,157	3,864	8	(68)
Total current liabilities	5,178	5,510	8,778	(6)	(41)
LONG-TERM LIABILITIES					
Long-term debt	14,251	14,854	15,157	(4)	(6)
Employee Benefits	695	654	592	6	17
Derivative Financial Instruments	92	124	0	(26)	--
Other LT liabilities	704	704	8	0	>1,000
Total long-term debt	15,742	16,336	15,757	(4)	(0)
TOTAL LIABILITIES	20,920	21,846	24,535	(4)	(15)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	0	(0)
Additional paid-in capital	0	0	160	--	--
Reserve for repurchase of shares	93	100	0	(7)	--
Cumulative earnings (losses)	2,853	2,890	2,997	(1)	(5)
TOTAL STOCKHOLDERS' EQUITY	3,411	3,454	3,621	(1)	(6)
TOTAL LIABILITIES AND EQUITY	24,331	25,300	28,156	(4)	(14)

Appendix C – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Total Revenues	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
Cost of sales and services	(951)	(822)	(1,045)	(16)	9	(3,353)	(3,357)	0
Gross Profit	2,427	2,346	2,401	3	1	9,431	9,431	(0)
Operating expenses	(1,263)	(1,263)	(1,356)	(0)	7	(5,015)	(5,320)	6
Other income (expenses), net	23	28	51	(17)	(54)	50	282	(82)
Depr., amort. & impairment assets	(911)	(924)	(931)	1	2	(3,692)	(3,697)	0
Operating income	276	187	166	48	66	774	695	11
Comprehensive financing result, net	87	(645)	(1,000)	--	--	(1,127)	(1,665)	32
Equity in results of associated company	(0)	0	0	--	--	(0)	0	--
Income (loss) before income taxes	363	(458)	(834)	--	--	(353)	(969)	64
Income taxes	(228)	140	163	--	--	15	(37)	--
Discontinued Operations	(130)	(33)	1,912	(288)	--	324	2,101	(85)
Net Income (Loss)	6	(351)	1,242	--	(100)	(14)	1,095	--