

1st Quarter 2016



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San Pedro Garza Garcia, Mexico, April 14, 2016 - Axtel, S.A.B. de C.V. (“Axtel” or “the Company”), a Mexican information and communications technology company, announced today its unaudited first quarter results ended March 31, 2016⁽¹⁾. Axtel is a subsidiary of Alfa S.A.B. de C.V. (“ALFA”).

Million Pesos	Q1	Q1	1Q16/1Q15	Q4	LTM	
	2016	2015	Δ%	2015	mar-16	mar-15
Revenues ⁽²⁾	2,840	2,416	18%	2,832	10,574	10,042
Costs ⁽³⁾	504	483	4%	803	2,321	2,461
Operating Expenses ⁽⁴⁾	1,482	1,150	29%	1,265	5,052	4,503
Adjusted EBITDA ⁽⁶⁾	854	783	9%	764	3,201	3,078
Adj. EBITDA Margin	30.1%	32.4%	- 235 bps	27.0%	30.3%	30.7%
Other income / (expense)	-495	730	n.a.	-327	-1,129	665
EBITDA ⁽⁷⁾	359	1,514	-76%	436	2,073	3,743
EBITDA Margin	12.6%	62.7%	- 5,001 bps	15.4%	19.6%	37.3%
Net (loss) Income	-1,141	176	n.a.	-590	-3,036	-1,483
Capital Expenditures	1,443	454	218%	473	3,001	2,657
Net Debt / EBITDA ⁽⁸⁾					4.1x	2.3x
Net Debt / Adj. EBITDA ⁽⁸⁾					3.3x	2.8x

Note: Figures shown throughout the document include Alestra S. de R.L. de C.V. and its subsidiaries (“Alestra”) as of February 15, 2016. However, in order to explain variations, reference is made to pro forma figures, as if the merger had occurred at the beginning of each period.

Highlights:

- ❖ On February 15th, the merger of Axtel and Alestra became effective, creating a new entity with stronger capabilities to serve the enterprise, government and mass market segments with an ample portfolio of telecommunications and information technology solutions. Through this merger, Axtel became a subsidiary of ALFA and Alestra a subsidiary of Axtel.
- ❖ The implementation of the post-merger integration plan is progressing as expected. The new organizational structure is already in place and the different initiatives to materialize EBITDA and Capex synergies are being rapidly implemented. The full benefit of these synergies will be reflected in 2017 results, as non-recurring expenses incurred to capture these synergies offset the benefit obtained in 2016.
- ❖ In recent days, the syndication of the \$750 million credit facility used to refinance the 2017, 2019 and 2020 Senior Notes was successfully closed. The transaction was well received and the amount was increased to \$835 million, using \$85 million to refinance short-term debt. Approximately 40% of the credit facility is denominated in pesos, reducing Axtel’s exposure to exchange rate risk.

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axtel

alestra* axtel

Sources of Revenues

Million Pesos	1Q16/1Q15			
	Q1 2016	Q1 2015	Δ%	Q4 2015
MASS MARKET	771	856	-10%	804
FTTH	447	391	14%	437
Wireless	324	465	-30%	367
TELECOM	1,756	1,430	23%	1,603
Voice	579	526	10%	470
Data and Internet	549	214	157%	234
Managed Networks	628	689	-9%	899
IT	313	130	140%	425
TOTAL	2,840	2,416	18%	2,832

Note: Figures shown throughout the document include Alestra as of February 15, 2016. However, in order to explain variations, reference is made to pro forma figures, which include Alestra as of the beginning of each period. For historic figures, please see page 7, Notes 2 and 3.

Mass Market:

Quarterly revenues decreased 10%:

FTTH. FTTH revenues totaled Ps. 447 million in the first quarter of 2016, compared to Ps. 392 million for same period in 2015, representing a 14% increase in line with a 14% increase in customers. Voice revenues increased 6% due to a 16% increase in monthly rent revenues and 46% decline in fix-to-mobile revenues due to lower prices. Internet and video revenues increased 12% and 39% respectively, due to increases in internet and video subscribers.

Wireless. Revenues amounted to Ps. 324 million in the first quarter of 2016, compared to Ps. 465 million in the same period in 2015, a 30% decrease explained by a 28% decline in customers. Voice revenues decreased 30% mainly explained by a 50% decline in fix-to-mobile revenues due to a decline in billed minutes. Internet revenues decreased 23% due to a decline in internet subscribers and ARPU.

Telecom:

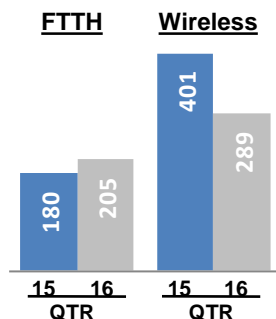
Quarterly revenues totaled Ps. 1,756 million, compared to Ps. 1,430 million in the same period in 2015, a 23% increase. On a pro forma basis, revenues reached Ps. 2,403 million, a decrease of 10% due to declines in voice and managed networks revenues. *Voice* revenues decreased 18% mostly due to a 93% decline in international traffic revenues explained by a 60% and 80% decrease in volume and prices respectively. *Data and Internet* revenues increased 12% due to a combination of new customers and an increase in share of wallet of existing customers. *Managed Networks* revenues decreased 18% mainly due to a decline in managed services explained by lower revenues from the government sector.

IT:

Revenues amounted to Ps. 313 million in the first quarter of 2016, compared to Ps. 130 million in the same period in 2015, a 140% increase. On a pro forma basis, revenues totaled Ps. 447 million, an increase of 51% due to strong performance of both, system integration and hosting revenues related to new projects from government and enterprise customers and sale of equipment to provide these services.

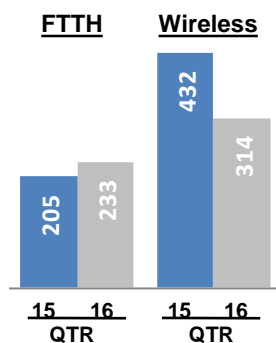
Customers

(in 000s)



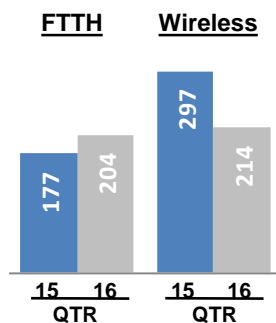
Lines in Service

(in 000s)



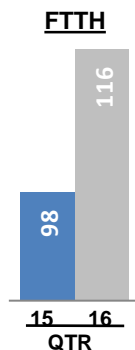
Internet subs.

(in 000s)



Video subs.

(in 000s)



Mass Market Operating Data

Customers. As of March 31, 2016, customers totaled 494 thousand, a reduction of 86 thousand from the same date in 2015 due to the continued decline in Wireless customers. Total customers declined 20 thousand on a sequential basis. ARPU for FTTH and wireless customers is Ps. 800 and Ps.400, respectively.

RGUs⁽⁹⁾. As of March 31, 2016, RGUs (Revenue Generating Units) totaled 1,080 thousand. During the first quarter of 2016, there were 26 thousand net disconnections, compared to 45 thousand net disconnections in the first quarter of 2015 due to a lower number of wireless disconnections and stronger FTTH additions in 2016.

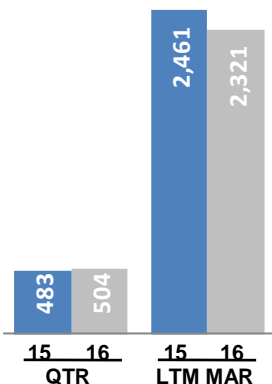
Voice RGUs (lines in service). As of March 31, 2016, lines in service totaled 546 thousand, composed of 233 thousand for FTTH segment and 314 thousand for wireless segment. Lines in service in the first quarter of 2016 decreased 21 thousand, compared to a decrease of 29 thousand in the same period of 2015, due to continued decline in wireless customers.

Internet RGUs (internet subscribers). Internet subscribers decreased 12% year-over-year totaling 418 thousand as of March 31, 2016. During the first quarter of 2016, broadband subscribers' net disconnections totaled 12 thousand compared to 21 thousand in the same period of 2015, due to continued disconnections of wireless subscribers and an increase in FTTH net additions this quarter. As of March 31, 2016, wireless broadband subscribers reached 214 thousand, compared to 297 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 204 thousand compared to 177 thousand a year ago. Broadband penetration has increased from 74% in March 2015 to 77% in March 2016.

Video subscribers. As of March 31, 2016, video subscribers reached 116 thousand compared to 98 thousand a year ago, an 18% increase. Video penetration within the FTTH broadband subscriber base increased from 56% a year ago to 57% in March 2016.

Cost of Revenues

(in MPs.)



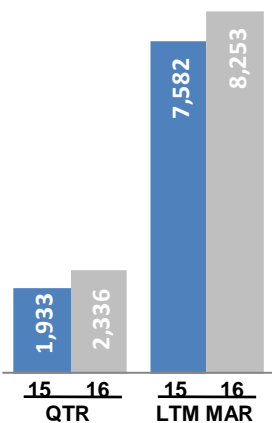
Cost of Revenues and Operating Expenses

Note: Figures shown in graphs include Alestra as of February 15, 2016. However, in order to explain variations, reference is made to pro forma figures, which include Alestra as of the beginning of each period.

Cost of Revenues. For the three month period ended March 31, 2016, the cost of revenues represented Ps. 504 million, an increase of 4% or Ps. 21 million, compared to the same period of year 2015. On a pro forma basis, costs decreased 11% due to declines in *Mass Market* and *Telecom* costs compensating an increase in *IT* costs. *Mass Market* costs declined 13% due to declines in Wireless segment voice costs, which compensated an increase in FTTH segment video costs. *Telecom* costs declined 24% mainly due to a 37% decline in Managed Networks costs associated to a decline in revenues. *IT* segment increased 67% associated to increases in system integration and hosting revenues.

Gross Profit

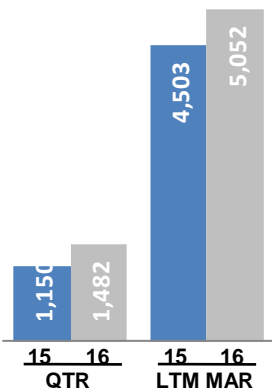
(in MPs.)



Gross Profit. Gross profit is defined as revenues minus cost of revenues. For the first quarter of 2016, the gross profit accounted for Ps. 2,336 million, 21% higher than the same period in year 2015. On a pro forma basis, gross profit decreased 3% do to declines in *Mass Market* and *Telecom* revenues. The gross profit margin increased from 79.6% to 81.0% year-over-year, mainly due to an increase in *Telecom* margins explained by a decrease in international traffic revenue which has a low margin, among other factors.

Operating Expenses

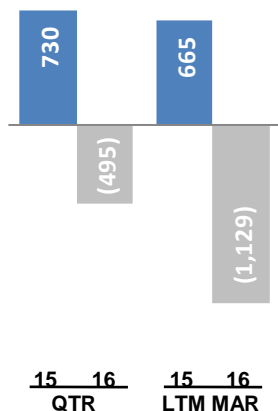
(in MPs.)



Operating expenses. In the first quarter of year 2016, operating expenses totaled Ps. 1,482 million, Ps. 332 million or 29% higher than the Ps. 1,150 million recorded in the same period in year 2015. On a pro forma basis, operating expenses increased 4% explained mainly by increases of 4% in personnel and 11% in maintenance expenses related to enterprise projects and also due to the peso devaluation. Personnel represented 46% of total operating expenses in the twelve month period ended March 31, 2016.

Other income (expense)

(in MPs.)



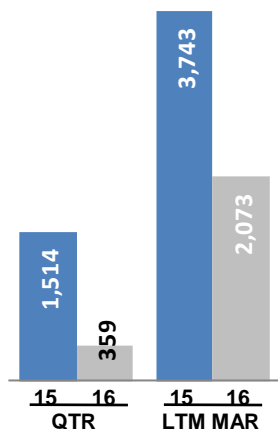
Other income / (expense), EBITDA, Operating income (loss)

Note: Figures shown in graphs include Alestra as of February 15, 2016. However, in order to explain variations, reference is made to pro forma figures, which include Alestra as of the beginning of each period.

Other income (expense). For the three month period ended March 31, 2016, net other expenses reached Ps. 495 million, compared to a net other income of Ps. 730 million in the same quarter of 2015, a decrease of Ps. 1,225 million. On a pro forma basis, net other expenses reached Ps. 497 million in 1Q16, compared to a net other income of Ps. 738 million in 1Q15. Other expenses in 1Q16 include expenses associated to the merger, mainly severance payments. Other income in 1Q15 is attributable to the settlement agreement with America Movil S.A.B. de C.V. to terminate several interconnection services disputes.

EBITDA

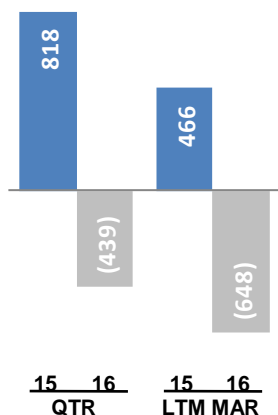
(in MPs.)



EBITDA⁽⁷⁾. For the first quarter of 2016, EBITDA reached Ps. 359 million, a 76% decline from the same period in year 2015. On a pro forma basis, EBITDA amounted to Ps. 635 million, a decline of 69% mainly explained by other income (expense). The adjusted EBITDA⁽⁶⁾, excluding other income (expense), amounted to Ps. 1,132 million, a decline of 13%. Adjusted EBITDA margin decreased 294 basis points, from 34.2% in 2015 to 31.3% in 2016.

Operating income (loss)

(in MPs.)



Operating income (loss). In the first quarter of year 2016, operating loss totaled Ps. 439 million, compared to an operating income of Ps. 818 million, a decrease of Ps. 1,257 million. On a pro forma basis, operating loss reached Ps. 292 million, compared to an operating income of Ps. 1,110 million, a decline of Ps. 1,403 million, mainly due to the variation of other income (expense).

Comprehensive Financing Result

Million Pesos	1Q16/1Q15			LTM		
	Q1 2016	Q1 2015	Δ%	Q4 2015	Q1 2016	Q1 2015
Net interest expense	(1,010)	(282)	258%	(309)	(1,927)	(949)
FX gain (loss), net	(177)	(308)	-42%	(122)	(1,528)	(1,384)
Ch. in FV of fin. Instruments	(9)	26	n.a.	56	129	8
Total	(1,196)	(565)	>100%	(375)	(3,326)	(2,324)

Comprehensive financing result. On a pro forma basis, the comprehensive financing cost reached Ps. 1,504 million, compared to a cost of Ps. 709 million in 2015. Net interest expense for the first quarter 2016 increased Ps. 716 million mostly due to the redemption premium of the Senior Notes. During the first quarters of 2016 and 2015, the peso depreciated 7% against the U.S. dollar, generating FX losses of Ps. 465 million and Ps. 421, respectively. Concerning variations in the fair value of financial instruments, these are partly explained by a 3% decrease and a 44% increase in the price of AXTELCPO during the first quarter of 2016 and 2015, respectively, which affected the valuation of AXTEL's position held in its own stock through the financial (zero-strike call) instruments.

Total Debt and Net Debt⁽¹⁰⁾

Million Pesos	Q1 2016	Q1 2015	Q4 2015
2017 and 2019 Senior Notes	-	2,305	2,618
2020 Senior Secured Notes	-	8,426	9,435
Syndicated Credit Facility	13,461	130	-
Other loans	4,953	211	318
Other financing obligations	834	827	733
Notes Premium (disc.) and other costs	-	(182)	(123)
Accrued interests	60	268	545
Total Debt	19,307	11,985	13,527
(-) Cash and cash equivalents	(845)	(3,223)	(2,575)
Net Debt	18,462	8,763	10,952

Debt. At the end of the first quarter 2016, total debt increased Ps. 7,322 million in comparison with first quarter 2015, explained by (i) a Ps. 12,207 million increase related to the new Syndicated Credit Facility, (ii) a Ps. 10,731 million decrease related to the prepayment of the 2017, 2019 and 2020 Notes, (iii) an increase of Ps. 4,175 million increase related to Alestra's debt, (iv) a Ps. 89 million decrease in leases and other financial obligations, (v) a Ps. 182 million increase related to the Notes premium (discount) and other costs, (vi) a Ps. 208 million decrease related to accrued interests and (vii) a Ps. 1,787 million non-cash increase caused by the 13% depreciation of the Mexican peso.

Cash. As of the end of the first quarter of 2016, the cash and equivalents balance totaled Ps. 696 million, compared to Ps. 3,255 million pro forma at the beginning of the quarter.

Capital Investments. In the first quarter of 2016, capital investments totaled Ps. 1,443 million, or \$79 million. On a pro forma basis, capital investments totaled \$89 million, which include a non-recurring intangible capital investment related to the merger transaction.

Other important information

- 1) We are presenting financial information based on International Financial Reporting Standards (IFRS) in nominal pesos for the following periods:
 - Consolidated income statement information for the three month periods ending on March 31, 2016 and 2015, and December 31, 2015; and twelve month period ending on March 31, 2016 and 2015, and
 - Balance sheet information as of March 31, 2016 and 2015; and December 31, 2015.
- 2) 2015 and 1Q16 revenues (include Alestra as of February 15, 2016) under the new segmentation:

<i>Million Pesos</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
MASS MARKET	856	834	822	804	771
FTTH	391	415	427	437	447
Wireless	465	419	394	367	324
TELECOM	1,430	1,497	1,337	1,603	1,756
Voice	526	465	519	470	579
Data and Internet	214	231	232	234	549
Managed Networks	689	801	586	899	628
IT	130	211	201	425	313
TOTAL	2,416	2,542	2,360	2,832	2,840

- 3) Pro forma 2015 and 1Q16 revenues (include Alestra as of the beginning of each period) under the new segmentation:

<i>Million Pesos</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
MASS MARKET	856	834	822	804	771
FTTH	391	415	427	437	447
Wireless	465	419	394	367	324
TELECOM	2,656	2,738	2,628	2,866	2,403
Voice	922	859	899	781	754
Data and Internet	741	760	791	812	832
Managed Networks	993	1,118	939	1,273	816
IT	296	452	540	822	447
TOTAL	3,807	4,024	3,990	4,492	3,620

- 4) Costs of revenues include expenses related to the termination of our customers' cellular and long distance calls in other carriers' networks, as well as expenses related to billing, payment processing, operator services and our leasing of private circuit links.
- 5) Operating expenses include costs incurred in connection with general and administrative matters which incorporate compensation and benefits, the costs of leasing land and towers related to our operations and costs associated with sales and marketing and the maintenance of our network.

Other important information

- 6) Adjusted EBITDA is calculated as operating income (loss) plus depreciation and amortization, plus impairment of assets and further adjusted for extraordinary or non-recurring income and expenses.
- 7) EBITDA is defined as operating income (loss) plus depreciation and amortization, plus impairment of assets.
- 8) Net Debt to EBITDA and Net Debt to Adjusted EBITDA: Ratio of net debt at the end of the period divided by the respective LTM EBITDA and Adjusted EBITDA. For 2016 ratio, pro forma LTM EBITDA and Adjusted EBITDA is used.
- 9) Revenue Generating Unit, or RGU, represents individual service subscriptions who generates recurring revenue for the Company. Total RGUs include the sum of all lines in service, broadband service and video subscriptions.
- 10) Total debt includes accrued interests as of the end of each period. Net debt is calculated as total debt minus cash and cash equivalents, which include non-current restricted cash.

Other important information

About AXTEL

Axtel is a Mexican Information and Communication Technology Company that serves the enterprise, government, and residential markets with a robust portfolio of offers through its brands Alestra (Enterprise and government services) and Axtel (residential and small businesses). With a network infrastructure of over 39 thousand kilometers and more than 6 thousand square meters of data center, Axtel enables organizations to be more productive and bring people together to improve their quality of life. As of February 15, 2016, Axtel is a subsidiary of ALFA, which owns 51% of its equity.

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

Visit AXTEL's Investor Relations Center at axtelcorp.mx

Enterprise and Government services website: alestra.mx

Mass Market services website: axtel.mx

Axtel, S.A.B. de C.V. and Subsidiaries
 Unaudited Consolidated Balance Sheet
 March 31, 2016 and 2015 and December 31, 2015
 (in Thousand Mexican pesos)

ASSETS	March-2016	December-2015	March-2015
Current assets:			
Cash and equivalents	695,882	2,575,222	3,222,591
Restricted cash	-	-	-
Accounts receivable	3,928,409	2,893,017	2,506,452
Related parties	21,060	-	-
Refundable taxes and other accounts receivable	1,045,777	852,472	927,643
Advances to suppliers	693,447	52,648	195,412
Inventories	111,412	53,069	64,861
Financial Instruments (Zero Strike Call)	368,538	378,099	175,675
Financial Instruments (Derivados)	-	-	-
Total current assets	6,864,526	6,804,527	7,092,634
Non current assets			
Restricted cash	149,285	-	-
Property, plant and equipment, net	19,872,296	13,216,179	13,242,102
Long-term accounts receivable	102,565	128,613	205,210
Intangible assets, net	1,982,381	124,994	161,717
Deferred income taxes	2,898,399	2,103,961	1,647,262
Investment in shares of associated company & other inve	18,131	8,212	8,217
Other assets	183,207	119,591	134,375
Total non current assets	25,206,265	15,701,550	15,398,883
TOTAL ASSETS	32,070,791	22,506,077	22,491,517
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	3,006,107	2,676,819	2,566,768
Accrued Interest	60,343	545,208	268,244
Short-term debt	609,053	130,000	130,000
Current portion of long-term debt	1,364,590	375,656	362,535
Taxes payable	1,359,447	1,219,968	1,153,599
Financial Instruments	-	-	-
Deferred Revenue	529,975	509,415	433,066
Provisions	205,187	-	-
Other accounts payable	705,504	247,443	113,796
Total current liabilities	7,840,206	5,704,509	5,028,008
Long-term debt			
Long-term debt	17,075,414	12,475,950	11,224,632
Derivative Financial Instruments	-	65,222	71,070
Employee Benefits	406,971	28,231	25,980
Deferred revenue	-	-	33,900
Long-term provisions	-	-	-
Other LT liabilities	350,150	112,340	190,114
Total long-term debt	17,832,535	12,681,743	11,545,696
TOTAL LIABILITIES	25,672,741	18,386,252	16,573,704
STOCKHOLDERS EQUITY			
Capital stock	10,364,785	6,861,986	6,764,271
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	-	90,000	90,000
Cumulative earnings (losses)	(4,582,465)	(3,476,871)	(1,581,168)
Other	(28,980)	-	-
TOTAL STOCKHOLDERS EQUITY	6,398,051	4,119,825	5,917,813
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	32,070,791	22,506,077	22,491,517

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

Unaudited **PRO FORMA** Consolidated Balance Sheet

March 31, 2016 and 2015 and December 31, 2015

(in Thousand Mexican pesos)

ASSETS	March-2016	December-2015	March-2015
Current assets:			
Cash and equivalents	695,882	3,255,437	3,776,414
Restricted cash	-	-	-
Accounts receivable	3,928,409	4,141,535	3,618,694
Related parties	21,060	35,477	10,284
Refundable taxes and other accounts receivable	1,045,777	993,341	998,856
Advances to suppliers	693,447	304,064	381,803
Inventories	111,412	91,869	101,740
Financial Instruments (Zero Strike Call)	368,538	378,099	175,675
Financial Instruments (Derivados)	-	-	-
Total current assets	6,864,526	9,199,821	9,063,466
Non current assets			
Restricted cash	149,285	148,291	146,217
Property, plant and equipment, net	19,872,296	19,739,425	19,253,316
Long-term accounts receivable	102,565	128,613	205,210
Intangible assets, net	1,982,381	1,259,765	1,090,358
Deferred income taxes	2,898,399	2,280,016	1,904,851
Investment in shares of associated company & other inve	18,131	1,708	1,708
Other assets	183,207	188,922	204,401
Total non current assets	25,206,265	23,746,739	22,806,061
TOTAL ASSETS	32,070,791	32,946,560	31,869,527
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	3,006,107	3,587,200	3,120,241
Accrued Interest	60,343	572,084	293,518
Short-term debt	609,053	754,029	660,397
Current portion of long-term debt	1,364,590	950,004	393,527
Taxes payable	1,359,447	1,468,175	1,370,426
Financial Instruments	-	-	-
Deferred Revenue	529,975	549,694	472,647
Provisions	205,187	160,000	-
Other accounts payable	705,504	734,297	524,945
Total current liabilities	7,840,206	8,775,483	6,835,700
Long-term debt			
Long-term debt	17,075,414	15,685,991	14,573,344
Derivative Financial Instruments	-	65,222	71,070
Employee Benefits	406,971	256,913	202,634
Deferred revenue	-	-	33,900
Long-term provisions	-	-	407,268
Other LT liabilities	350,150	564,689	191,878
Total long-term debt	17,832,535	16,572,816	15,480,094
TOTAL LIABILITIES	25,672,741	25,348,299	22,315,794
STOCKHOLDERS EQUITY			
Capital stock	10,364,785	8,043,332	7,945,617
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	-	90,000	90,000
Cumulative earnings (losses)	(4,582,465)	(1,169,902)	897,892
Other	(28,980)	(9,879)	(24,487)
TOTAL STOCKHOLDERS EQUITY	6,398,051	7,598,262	9,553,732
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	32,070,791	32,946,560	31,869,527

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

Unaudited Consolidated Income Statement

Periods ended March 31, 2016 and 2015

(in Thousand Mexican pesos)

	First Quarter ended March 31			LTM ended March 31		
	2016	2015	Δ%	2016	2015	Δ%
Rental, installation, service and other income	2,839,569	2,416,113	18%	10,573,894	10,042,361	5%
Operating cost and expenses						
Cost of sales and services	(503,591)	(482,929)	4%	(2,320,524)	(2,460,845)	-6%
Selling and administrative expenses	(1,481,864)	(1,149,728)	29%	(5,051,907)	(4,503,474)	12%
Other income (expenses), net	(495,087)	730,388	n.a.	(1,128,556)	665,130	n.a.
Asset impairment	(7)	-	n.a.	(7)	-	n.a.
Depreciation and amortization Cost	(694,943)	(640,957)	8%	(2,617,562)	(3,277,389)	-20%
Depreciation and amortization Expenses	(103,395)	(54,992)	88%	(103,395)	-	
	<u>(3,278,888)</u>	<u>(1,598,217)</u>	<u>>100%</u>	<u>(11,221,952)</u>	<u>(9,576,578)</u>	<u>17%</u>
Operating income (loss)	<u>(439,319)</u>	<u>817,896</u>	<u>n.a.</u>	<u>(648,058)</u>	<u>465,783</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(1,015,151)	(292,254)	>100%	(1,959,205)	(970,826)	>100%
Interest income	5,240	9,847	-47%	32,322	22,149	46%
Foreign exchange gain (loss), net	(177,368)	(308,445)	-42%	(1,527,989)	(1,383,862)	10%
Change in the fair value of financial instruments	(8,778)	26,189	n.a.	128,739	8,414	>100%
Comprehensive financing result, net	<u>(1,196,058)</u>	<u>(564,663)</u>	<u>>100%</u>	<u>(3,326,134)</u>	<u>(2,324,125)</u>	<u>43%</u>
Equity in results of associated company	-	-	n.a.	(5)	(3,423)	-100%
Income (loss) before income taxes,	<u>(1,635,377)</u>	<u>253,233</u>	<u>n.a.</u>	<u>(3,974,197)</u>	<u>(1,861,765)</u>	<u>>100%</u>
Income taxes:						
Current	(29,318)	(49,127)	-40%	(41,496)	(81,574)	-49%
Deferred	523,516	(27,940)	n.a.	979,993	460,809	113%
Total income taxes	<u>494,198</u>	<u>(77,067)</u>	<u>n.a.</u>	<u>938,497</u>	<u>379,235</u>	<u>147%</u>
Net Income (Loss)	<u>(1,141,179)</u>	<u>176,166</u>	<u>n.a.</u>	<u>(3,035,700)</u>	<u>(1,482,530)</u>	<u>105%</u>

Axtel, S.A.B. de C.V. and SubsidiariesUnaudited **PRO FORMA** Consolidated Income Statement

Periods ended March 31, 2016 and 2015

(in Thousand Mexican pesos)

	First Quarter ended March 31		Δ%
	2016	2015	
Rental, installation, service and other income	3,620,328	3,805,441	-5%
Operating cost and expenses			
Cost of sales and services	(689,342)	(773,126)	-11%
Selling and administrative expenses	(1,799,099)	(1,729,864)	4%
Other income (expenses), net	(496,989)	737,930	n.a.
Asset impairment	(204)	(762)	-73%
Depreciation and amortization Cost	(806,967)	(837,220)	-4%
Depreciation and amortization Expenses	(120,062)	(92,000)	31%
	<u>(3,912,663)</u>	<u>(2,695,042)</u>	45%
Operating income (loss)	<u>(292,335)</u>	<u>1,110,400</u>	n.a.
Comprehensive financing result:			
Interest expense	(1,037,091)	(327,359)	>100%
Interest income	6,699	13,253	-49%
Foreign exchange gain (loss), net	(464,707)	(421,310)	10%
Change in the fair value of financial instruments	(8,778)	26,189	n.a.
Comprehensive financing result, net	<u>(1,503,877)</u>	<u>(709,227)</u>	>100%
Equity in results of associated company	<u>-</u>	<u>(155)</u>	n.a.
Income (loss) before income taxes,	<u>(1,796,212)</u>	<u>401,018</u>	n.a.
Income taxes:			
Current	(52,881)	(105,620)	-50%
Deferred	<u>616,532</u>	<u>(11,234)</u>	n.a.
Total income taxes	<u>563,650</u>	<u>(116,854)</u>	n.a.
Net Income (Loss)	<u><u>(1,232,562)</u></u>	<u><u>284,164</u></u>	n.a.