

San Pedro Garza Garcia, Mexico, April 29, 2014 - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited first quarter results ended March 31, 2014⁽¹⁾.

Million Pesos	Q1	Q1	1Q14/1Q13	Q4	LTM	
	2014	2013	Δ%	2013	mar-14	mar-13
Revenues ⁽²⁾	2,971	2,289	30%	2,988	10,968	9,976
Costs ⁽³⁾	1,119	554	102%	1,049	3,550	2,784
Operating Expenses ⁽⁴⁾	1,123	1,063	6%	1,190	4,490	4,541
Adjusted EBITDA ⁽⁵⁾	728	672	8%	749	2,928	2,652
Adj. EBITDA Margin	24.5%	29.4%	- 485 bps	25.1%	26.7%	26.6%
Net (loss) Income	-260	3,192	n.a.	-270	-1,044	1,987
Earnings per CPO ⁽⁶⁾	-0.21	2.53	n.a.	-0.21	-0.83	1.58
Capital Expenditures	634	329	93%	884	2,423	1,843
Net Debt / Adj EBITDA ⁽⁷⁾					2.4x	2.4x

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Highlights:

- ❖ This quarter, AXTEL's core business revenues continued increasing at attractive rates, maintaining the trend towards a higher value revenue mix. Core business revenues increased a strong 24%, composed by increases of 43% in the enterprise and government segment and 54% in FTTH, which compensated the erosion in revenues from the wireless segment.
- ❖ Adjusted EBITDA for this quarter recorded an 8% increase compared to the first quarter 2013. This figure was in line with the Company's expectations.
- ❖ First quarter results reaffirm the gradual recovery trend that AXTEL has experienced in recent quarters, mainly resulting from a positive shift in the revenue mix. These prospects are further being improved by the healthier industry structure promoted by the Telecom Reform.

Sources of Revenues

Million Pesos	1Q14/1Q13				LTM	LTM
	Q1 2014	Q1 2013	Δ%	Q4 2013	mar-14	mar-13
Local	746	834	-11%	762	3,121	3,536
Long Distance	261	283	-8%	276	1,118	1,217
Internet & Video	315	229	38%	289	1,130	850
Data & Network	464	485	-4%	444	1,839	1,975
Int. Service & Eq. Sale	759	230	231%	823	2,413	1,431
Int'l. Traffic	344	124	177%	313	984	579
Other	81	104	-23%	82	364	389
	2,971	2,289	30%	2,988	10,968	9,976

Local services. Local service revenues totaled Ps. 746 million in the first quarter of 2014, compared to Ps. 834 million for same period in 2013, representing a decrease of Ps. 88 million, explained by Ps. 56 million, Ps. 9 million and Ps. 23 million decreases in monthly rents, measured service and cellular revenues, respectively. Average customers declined 8%, contributing to a decline in monthly rents of 9%. The 20% decrease in measured services is explained by 22% decreases in billed-traffic volume. The 17% decrease in cellular revenue is explained by an 11% decrease in prices resulting from a market trend linked to lower interconnection tariffs, and a 7% decline in cellular billed-traffic. Revenues coming from monthly rents represented 80% of local revenues during the three month period ended March 31, 2014. For the twelve month period ended March 31, 2014, local revenues totaled Ps. 3,121 million, compared to Ps. 3,536 million registered in the same period in 2013, a decrease of Ps. 415 million or 12% mostly explained by Ps. 268, Ps. 55 and Ps. 93 million declines in monthly rents, measured service and cellular revenues, respectively.

Long distance services. Revenues amounted to Ps. 261 million in the first quarter of 2014, compared to Ps. 283 million for same period in 2013, an 8% decrease. Billed-traffic volume declined 5% and billed-traffic prices declined 2%. For the twelve month period ended March 31, 2014, long distance revenues totaled Ps. 1,118 million compared to Ps. 1,217 million registered in 2013, a Ps. 99 million, or 8%, decline.

Internet & Video. Quarterly revenues totaled Ps. 315 million, compared to Ps. 229 million in the same period in 2013, a 38% or Ps. 87 million increase driven by the pay-tv service and the increase in mass-market, or, "on-demand" internet services revenues, which increased 17% year-over-year. During the twelve month period ended on March 31, 2014, internet and video services revenues totaled Ps. 1,130 million from Ps. 850 million registered in 2013, an increase of Ps. 280 million, or 33%.

Data & Network. Data and network revenues amounted to Ps. 464 million in the first quarter of 2014, compared to Ps. 485 million in the same period in 2013, a 4% or Ps. 21 million decrease driven by 3% and 5% declines in private lines and dedicated internet revenues respectively. Competitive pressures on prices and migration to all-included value-added integrated services solutions explain the decline in revenues. During the twelve month period ended on March 31, 2014, data and network services revenues totaled Ps. 1,839 million from Ps. 1,975 million registered in 2013, a decrease of Ps. 136 million, or 7%.

Sources of Revenues

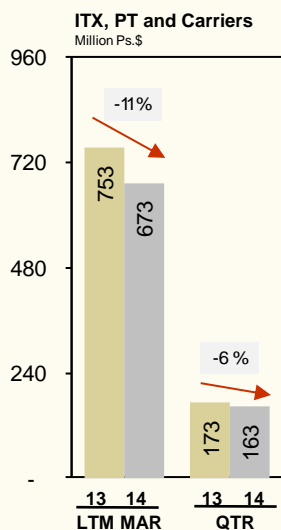
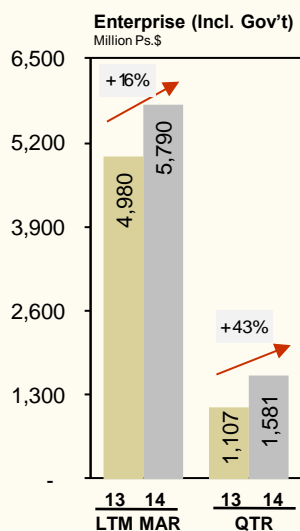
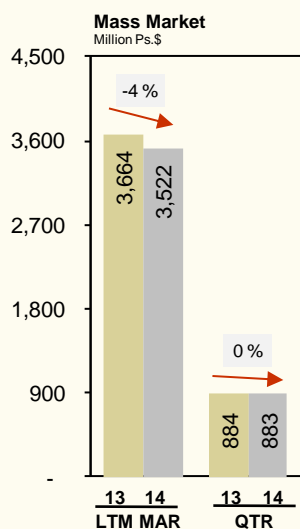
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Integrated Services & Equipment Sales. Quarterly revenues totaled Ps. 759 million in the first quarter of 2014, from Ps. 230 million in the same quarter of previous year, a 230% increase mainly explained by integrated service and equipment sales transactions with state and federal government entities. For the twelve month period ended March 31, 2014, revenues totaled Ps. 2,413 million from Ps. 1,431 million registered in 2013, an increase of Ps. 983 million, or 69%.

International traffic. In the first quarter of 2014, international traffic revenues totaled Ps. 344 million, an increase of Ps. 220 million or 177% versus the same quarter of previous year, explained by an increase in volume and increase in prices attributable to a change in the mix towards higher priced international mobile traffic vs. on-net and off-net traffic. In peso terms, the price increase was slightly strengthened by a 5.5% depreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended March 31, 2014, revenues from international traffic totaled Ps. 984 million from Ps. 579 million in the same period in 2013, an increase of 70% mainly explained by increase in prices.

Other services. Quarterly revenues from other services totaled Ps. 81 million in the first quarter of 2014, from Ps. 104 million in the same quarter of previous year, a decrease of 23%. For the twelve month period ended March 31, 2014, revenues totaled Ps. 364 million from Ps. 389 million registered in 2013, a decrease of Ps. 25 million, or 7%.

Revenues by segment *



Mass Market. Revenues totaled Ps. 883 million in the first quarter of 2014, remaining flat compared to the same quarter in 2013. This was mainly due to an 11% and 8% decrease in both local and long distance revenues, compensated by a 40% increase in internet and video services. For the twelve month period ended March 31, 2014, revenues totaled Ps. 3,522 million, a decrease of 4% compared to the same period in 2013, mostly explained by 13% and 11% decreases in local and long distance revenues and partially offset by a 33% increase in internet and video services.

Enterprise (including Government). Revenues for this segment amounted to Ps. 1,581 million in the three month period ended March 31, 2014, an increase of 43% versus the same period in 2013. This is mostly explained by a 234% increase in integrated services and equipment sales. For the twelve month period ended March 31, 2014, revenues increased 16%, from Ps. 4,980 million registered in the twelve month period ended March 31, 2013, to Ps. 5,790 million in 2014. This is due to increases of 71% and 36% in integrated services and internet and video services respectively.

Interconnection, Public Telephony and Carriers. Revenues for this segment declined 6%, from Ps. 173 million in the first quarter 2013 to Ps. 163 million in 2014, mainly due to a 34% decrease in local revenues. For the twelve month period ended March 31, 2014, revenues reached Ps. 673 million, a decline of 11% compared to the same period in 2013, primarily explained by 28%, 15% and 11% decreases in local, long distance and data revenues, respectively.

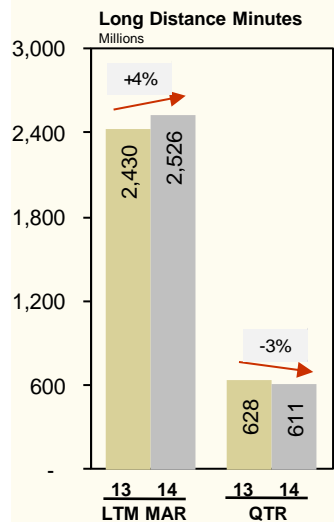
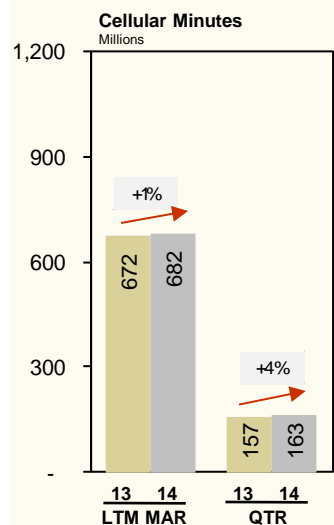
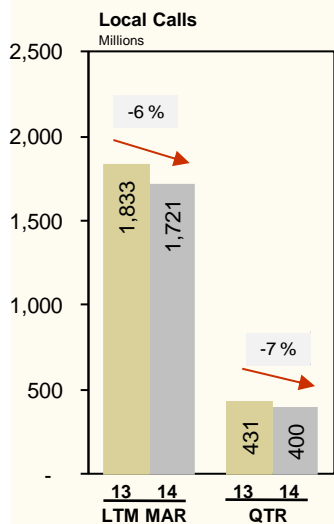
(*) Excludes International Traffic

Consumption

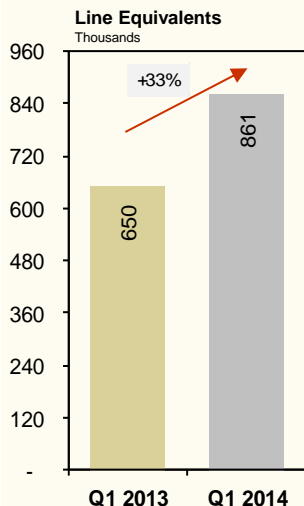
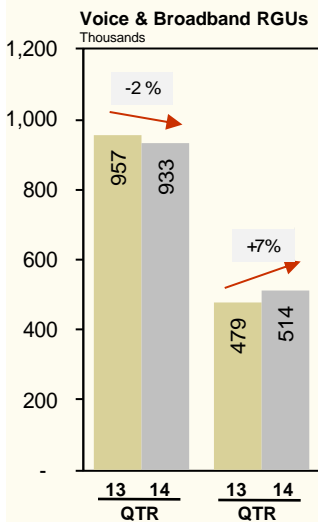
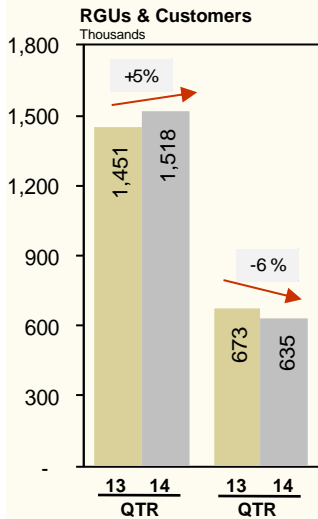
Local Calls. Local calls totaled 400 million calls in the first quarter of 2014, compared to 431 million calls for same period in 2013, representing a decrease of 7%. Billed local calls decreased 18 million or 22%, while local calls included in commercial offers decreased by 14 million or 4%. Residential and business customers contributed with 2 million and 16 million calls, respectively, to the decline in billed local calls. Local calls included in commercial offers represented 84% of total calls in the first quarter of 2014, compared to 81% in the year-earlier quarter. For the twelve month period ended March 31, 2014, local calls totaled 1,721 million, compared to 1,833 million registered in the same period in 2013, a decrease of 111 million calls or 6%.

Cellular (“Calling Party Pays”). Minutes of use of calls completed to a cellular line amounted to 163 million in the three month period ended March 31, 2014, compared to 157 million in the same period in 2013, an increase of 4%. Billed cellular minutes decreased 7 million or 7%, while minutes in modules included in a monthly rent increased 14 million minutes or 30%. Billed cellular minutes represented 63% of cellular minutes in the first quarter of 2014, compared to 71% in the year-earlier quarter. For the twelve month period ended March 31, 2014, cellular minutes reached 682 million, a 9 million increase compared to the same period in 2013.

Long distance. Outgoing long distance minutes amounted to 611 million for the three month period ended March 31, 2014, from 628 million in the same period in 2013, a 16 million decrease. This, resulting from an 8% and 2% decreases in traffic from residential and business customers, respectively. Billed long distance minutes during the first quarter of 2014 declined 5% compared to the same period in 2013. Domestic long distance minutes represented 96% of total traffic during the quarter. For the twelve month period ended March 31, 2014, outgoing long distance minutes amounted 2,526 million, compared to 2,430 million registered in 2013, an increase of 4%, explained by increased traffic from business customers.



Operating Data



RGUs⁽⁸⁾ and Customers. As of March 31, 2014, RGUs (Revenue Generating Units) totaled 1,518 thousand. During the first quarter of 2014, there were 14 thousand net-additions, compared to 41 thousand net-disconnections in the first quarter of 2013, attributable to the addition of video RGUs and a decrease in wireless disconnections. As of March 31, 2014, customers totaled 635 thousand, a decline of 38 thousand from the same date in 2013. Total customers declined 6 thousand on a sequential basis.

Voice RGUs (lines in service). As of March 31, 2014, lines in service totaled 933 thousand. During the first quarter of 2014 and first quarter 2013, gross additional lines totaled 59 and 40 thousand respectively. Disconnections in the first quarter of 2014 totaled 56 thousand compared to 79 thousand in the year-earlier quarter. Lines in service in the first quarter of 2014 decreased 4 thousand, compared to a decrease of 40 thousand in the same period of 2013. As of March 31, 2014, residential lines represented 61% of total lines in service.

Broadband RGUs (broadband subscribers). Broadband subscribers increased 7% year-over-year totaling 514 thousand as of March 31, 2014. During the first quarter of 2014, broadband subscribers net-additions totaled 8 thousand compared to 14 thousand net-disconnections in the same period of 2013. As of March 31, 2014, WiMAX broadband subs reached 347 thousand, compared to 356 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 157 thousand compared to 109 thousand a year ago. Broadband penetration reached 55% at the end of the first quarter of 2014, compared to 50% a year ago.

Video subscribers. Axtel launched its pay-television service, AXTEL TV, on January 30th, 2013, and as of March 31, 2014, video subscribers reached 70 thousand compared to 15 thousand a year ago.

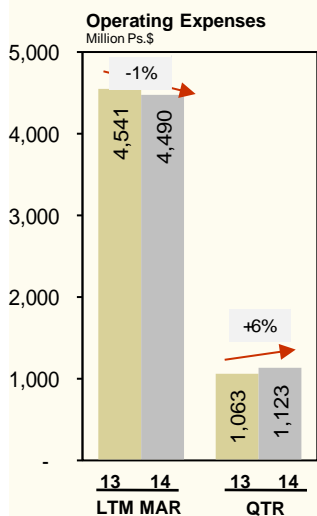
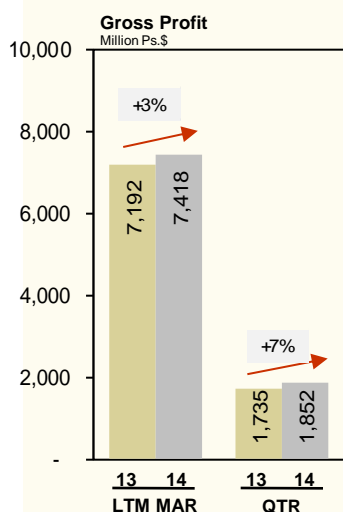
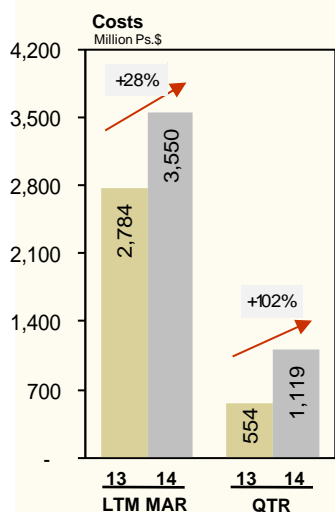
Line equivalents (E0 equivalents). We offer from 64 kilobytes per second (“KBps”) up to 200 megabytes per second (“MBps”) dedicated data links in all of our thirty-nine existing cities. We account for data links by converting them to E0 equivalents in order to standardize our comparisons versus the industry. As of March 31, 2014, line equivalents totaled 861 thousand, 33% increase.

Cost of Revenues and Operating Expenses

Cost of Revenues. For the three month period ended March 31, 2014, the cost of revenues represented Ps. 1,119 million, an increase of 102% or Ps. 565 million, compared with the same period of year 2013, mainly explained by increases of 660% in integrated services and equipment sales costs and 160% in international traffic costs. For the twelve month period ended March 31, 2014, cost of revenues reached Ps. 3,550 million, an increase of Ps. 766 million in comparison with year 2013, mainly due to increases in international traffic and integrated services costs.

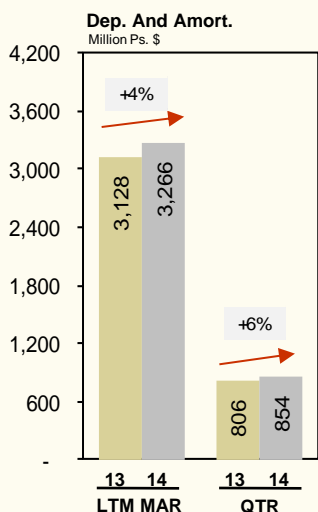
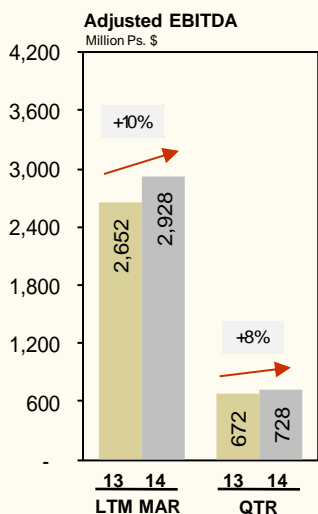
Gross Profit. Gross profit is defined as revenues minus cost of revenues. For the first quarter of 2014, the gross profit accounted for Ps. 1,852 million, an increase of 7% or Ps. 116 million compared with the same period in year 2013. The gross profit margin decreased from 75.8% to 62.3% year-over-year, significantly influenced by the decline of integrated services and equipment sales margin. For the twelve month period ended March 31, 2014, our gross profit totaled Ps. 7,418 million, compared to Ps. 7,192 million recorded in year 2013, an increase of Ps. 226 million or 3%.

Operating expenses. In the first quarter of year 2014, operating expenses totaled Ps. 1,123 million, Ps. 60 million or 6% higher than the Ps. 1,063 million recorded in the same period in year 2013, explained mainly by increases of Ps. 38 million in personnel and Ps. 16 million in rents due to the towers lease expense. For the twelve month period ended March 31, 2014, operating expenses totaled Ps. 4,490 million, coming from Ps. 4,541 million in the same period in 2013. Personnel represented 40% of total operating expenses in the twelve month period ended March 31, 2014.

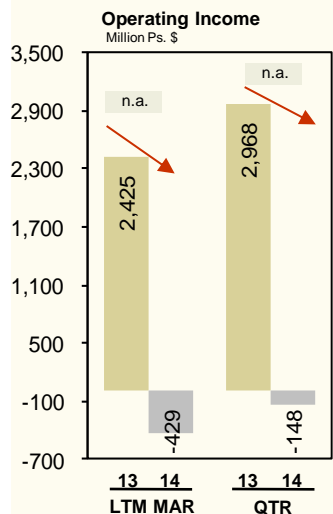


Adjusted EBITDA, D&A and Operating Income

Adjusted EBITDA⁽⁵⁾. The Adjusted EBITDA totaled Ps. 728 million for the three month period ended March 31, 2014, compared to Ps. 672 million for the same period in 2013. As a percentage of total revenues, Adjusted EBITDA margin represented 24.5% in the first quarter of 2014, 485 bps lower than the margin recorded in the year-earlier quarter. For the twelve month period ended March 31, 2014, Adjusted EBITDA amounted to Ps. 2,928 million, compared to Ps. 2,652 million in year 2013, a 10% increase.



Depreciation and Amortization⁽⁹⁾. Depreciation and amortization totaled Ps. 854 million in the three month period ending on March 31, 2014 compared to Ps. 806 million for the same period in year 2013. Depreciation and amortization for the twelve month period ended March 31, 2014 reached Ps. 3,266 million, from Ps. 3,128 million in the same period in year 2013, an increase of Ps. 138 million.



Operating Income (loss). In the three month period ended March 31, 2014, the Company recorded an operating loss of Ps. 148 million compared to an operating income of Ps. 2,968 million registered in the same period in year 2013. For the twelve month period ended March 31, 2014 our operating loss reached Ps. 429 million when compared to the operating income of Ps. 2,425 million in the same period of year 2013, a decline of Ps. 2,854 million mainly explained by the gain related to the sale of the telecommunication towers in January 2013.

CFR, Indebtedness and Cash

Comprehensive Financial Result

Million Pesos	1Q/1Q13				LTM	
	Q1 2014	Q1 2013	Δ%	Q4 2013	Q1 2014	Q1 2013
Net interest expense	(193)	(325)	-41%	(209)	(734)	(1,100)
FX gain (loss), net	2	436	-99%	(41)	(394)	264
Result from debt exchange	-	1,546	n.a.	29	23	1,546
Ch. in FV of fin. Instruments	(3)	(44)	92%	32	35	(139)
Total	(194)	1,613	n.a.	(190)	(1,070)	572

Comprehensive financial result. Net interest expense for the first quarter 2014 decreased Ps. 132 million due to the higher level of debt at the end of January 2013 and the extraordinary expenses related to the cancellation of deferred costs due to the prepayment of the syndicated bank facility in January 2013. During the first quarter 2014, the peso remained at similar levels against the U.S. dollar generating a minor FX gain. In the first quarter of 2013, an FX gain of Ps. 436 million was generated by a 5.3% peso appreciation. Concerning variations in the fair value of financial instruments, these are explained by a 5% decrease in the price of AXTELCPO during the first quarter of 2014, which affected the valuation of AXTEL's position held in its own stock through the zero-strike-calls instruments. The variations in the first quarter of 2013 are explained by the cancellation of the derivatives related to the prepayment of the syndicated bank facility. The Ps. 1,070 million comprehensive financial loss for year ended in March 2014, compared to a Ps. 572 million comprehensive financial gain for year ended in March 2013, is mainly explained by the gain resulting from the debt exchange in the first quarter of 2013 and a 33% decrease in interest expenses in 2014.

Total Debt as of the end of each period

Million Pesos	Q1 2014	Q1 2013	Q4 2013
2017 Senior Notes	659	1,643	659
2019 Senior Notes	1,331	1,663	1,330
2020 Senior Secured Notes	5,164	3,073	5,161
2020 Senior Secured Convertible Notes	270	274	288
Other loans and financing obligations	335	97	183
Financial Leases	338	381	393
Notes Premium (discount)	(21)	11	(22)
Notes issuance and deferred financing costs	(17)	(31)	(18)
FV option convertible bond	(105)	-	(111)
Total Debt	7,954	7,112	7,864
(-) Cash and cash equivalents	(828)	(824)	(1,292)
Net Debt	7,126	6,288	6,572

Debt. At the end of the first quarter 2014, total debt increased Ps. 842 million in comparison with first quarter 2013, explained by (i) a Ps. 359 million net increase related to the December 2013 notes exchange and the issuance of new 2020 notes, (ii) an increase of Ps. 177 million in leases and other financial obligations, (iii) an Ps. 18 million decrease related to the notes' discount, issuance and deferred financing costs, (iv) a Ps. 105 million decrease related to the implicit derivative instrument embedded in the Senior Secured Convertible Notes and (v) a Ps. 428 million non-cash increase caused by the 5.5% depreciation of the Mexican peso.

Cash. As of the end of the first quarter of 2014, the cash and equivalents balance totaled Ps. 828 million, compared to Ps. 824 million a year ago, and Ps. 1,292 million at the beginning of the quarter. As of the end of the quarter, 43 percent of the cash balance was maintained in dollars, the rest in pesos.

Investments and Derivative Instruments

Capital Investments. In the first quarter of 2014, capital investments totaled Ps. 634 million, or \$48 million, compared to Ps. 329 million, or \$26 million, in the year-earlier quarter. For the twelve month period ended March 31, 2014, capital investments totaled Ps. 2,423 million, or \$188 million, compared to Ps. 1,843 million, or \$141 million, for 2013.

Other Investments. As of March 31, 2014, the Company maintained an economic position equivalent to 30.4 million AXTELCPOs in ZSC.

Derivative Instruments. The following table summarizes the Company's derivatives position as of March 31, 2014.

	AXTEL receives	AXTEL pays	Other
Zero-strike Equity Call Option			
Notional Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	30.4 million AXTELCPO
Settlement			In cash
Expiration Date			July 2014
Valuation			Ps. 135.6 million

At the end of the quarter, the Company's balance sheet recorded a liability of Ps. 105 million to reflect an implicit derivative instrument embedded in its Senior Secured Convertible Notes, per applicable accounting standards.

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, 2014 and 2013, and December 31, 2013; and twelve month period ending on March 31, 2014 and 2013, and
 - Balance sheet information as of March 31, 2014 and 2013; and December 31, 2013.
- 2) Revenues are derived from:
 - i. Local services. We generate revenue by enabling our customers to originate and receive calls within a defined local service area and by providing offers with local calls, calls completed on a cellular line (“calling party pays,” or CPP calls) and long distance minutes included in the monthly rent. Customers are charged a flat monthly fee for a variety of commercial offers and in certain offers, a per call fee for local calls (“measured service”), a per minute usage fee for CPP calls and value added services.
 - ii. Long distance services. We generate revenues by providing long distance services (domestic and international completed calls).
 - iii. Internet & video. We generate revenues by providing “on demand” Internet access and video (Pay-TV) services.
 - iv. Data & network. We generate revenues by providing data, dedicated Internet and network services, like virtual private networks and private lines, to the enterprise and government segments.
 - v. Integrated Services & equipment sale. We generate revenues from managed telecommunications services provided to corporate customers, financial institutions and government entities and the sale of customer premises equipment (“CPE”) necessary to provide these services.
 - vi. International traffic. We generate revenues terminating international traffic from foreign carriers.
 - vii. Other services. Include, among others, memberships, late payment charges, spectrum, interconnection, activation and wiring and presubscription.
- 3) Cost 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.
- 4) 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.
- 5) Adjusted EBITDA is defined as net income plus interest, taxes, depreciation and amortization, and further adjusted for extraordinary or non-recurrent income and expenses.
- 6) Earnings per CPO are calculated dividing the net income by the average number of Series A and Series B shares outstanding during the period divided by seven. The number of outstanding Series A and Series B shares was 97,750,656 and 8,729,350,607, respectively, as of March 31, 2014.

Other important information

- 7) Net Debt to Adjusted EBITDA: The figure comes from dividing the net debt at the end of the period by the respective LTM Adjusted EBITDA.
- 8) Revenue Generating Unit, or RGU, represents individual service subscriber who generates recurring revenue for the Company. Total RGUs include the sum of all lines in service, broadband service customers and video subscribers.
- 9) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of pre-operating expenses and cost of spectrum licenses, among others.
- 10) Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire its senior secured and unsecured notes in the open market or in privately negotiated transactions.

Other important information

About AXTEL

AXTEL is a Mexican telecommunications company with significant growth in the broadband segment, and one of the leading companies in information and communication technologies solutions in the corporate, financial and government sectors. The Company serves all market segments - corporate, financial, government, wholesale and residential with the most robust offering of integrated communications services in Mexico. Its world-class network consists of different access technologies like fiber optic, fixed wireless access, point to point and point to multipoint links, in order to offer solutions tailored to the needs of its customers.

AXTELCPO trades on the Mexican Stock Exchange since 2005. AXTEL's American Depositary Shares are eligible for trading in The PORTAL Market, a subsidiary of the NASDAQ Stock Market, Inc.

Visit AXTEL's Investor Relations Center on www.axtel.mx

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

Unaudited Consolidated Balance Sheet

March 31, 2014 and 2013 and December 31, 2013

(figures in Thousands of Mexican pesos)

ASSETS	March-2014	December-2013	March-2013
Current assets			
Cash and equivalents	827,990	1,292,263	824,090
Restricted cash	-	-	-
Accounts receivable	3,530,173	2,981,732	2,545,337
Refundable taxes and other accounts receivable	302,321	291,410	297,483
Advances to suppliers	200,869	65,578	107,519
Inventories	111,280	106,313	95,845
Financial Instruments (Zero Strike Call)	135,516	142,200	113,943
Financial Instruments (others)	-	-	-
Assets classified as held for sale	-	-	-
Total current assets	5,108,149	4,879,496	3,984,217
Non current assets			
Property, plant and equipment, net	12,989,256	13,187,187	13,564,881
Long-term accounts receivable	307,544	333,751	411,837
Intangible assets, net	211,178	223,792	261,776
Deferred income taxes	1,185,784	1,101,937	724,883
Investment in assoc. Cos. & other investments	11,690	11,640	9,649
Other assets	141,800	144,849	141,483
Total non current assets	14,847,252	15,003,156	15,114,509
TOTAL ASSETS	19,955,401	19,882,652	19,098,726
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	3,237,517	2,741,308	2,167,884
Accrued Interest	163,509	278,807	72,964
Short-term debt	130,000	-	-
Current portion of long-term debt	266,816	308,945	264,603
Taxes payable	202,188	285,987	305,240
Derivative Financial Instruments	-	-	-
Deferred Revenue	512,109	583,915	560,028
Provisions	-	-	-
Other accounts payable	136,067	100,473	111,474
Total current liabilities	4,648,206	4,299,435	3,482,193
Long-term debt			
Long-term debt	7,556,712	7,555,374	6,847,390
Derivative Financial Instruments	107,934	116,658	-
Employee Benefits	21,530	21,330	20,495
Deferred revenue	33,900	33,900	33,900
Other LT liabilities	301,838	328,297	405,575
Total long-term debt	8,021,914	8,055,559	7,307,360
TOTAL LIABILITIES	12,670,120	12,354,994	10,789,553
STOCKHOLDERS EQUITY			
Capital stock	6,645,418	6,627,890	6,625,536
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	162,334	162,334	162,334
Cumulative earnings (losses)	(167,181)	92,724	876,593
Change in the fair value of derivative instruments	-	-	-
TOTAL STOCKHOLDERS EQUITY	7,285,281	7,527,658	8,309,173
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	19,955,401	19,882,652	19,098,726

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

Unaudited Consolidated Income Statement

Periods ended March 31, 2014 and 2013

(figures in Thousands of Mexican pesos)

	First Quarter ended March 31		Δ%	LTM ended March 31		Δ%
	2014	2013		2014	2013	
Rental, installation, service and other income	2,970,756	2,288,977	30%	10,968,273	9,976,165	10%
Operating cost and expenses						
Cost of sales and services	(1,119,189)	(553,702)	102%	(3,550,060)	(2,783,791)	28%
Selling and administrative expenses	(1,123,104)	(1,062,968)	6%	(4,489,934)	(4,540,553)	-1%
Other income (expenses), net	(22,411)	(9,452)	137%	(91,803)	2,901,155	n.a.
Gain in sale of telecommunication towers	-	3,111,948	n.a.	-	-	n.a.
Depreciation and amortization	(853,641)	(806,337)	6%	(3,265,843)	(3,127,972)	4%
	(3,118,345)	679,489	n.a.	(11,397,640)	(7,551,161)	51%
Operating income (loss)	(147,589)	2,968,466	n.a.	(429,367)	2,425,004	n.a.
Comprehensive financing result:						
Interest expense	(197,173)	(328,342)	-40%	(751,285)	(1,118,512)	-33%
Interest income	4,313	3,552	21%	16,990	18,652	-9%
Foreign exchange gain (loss), net	2,207	435,537	-99%	(393,648)	264,487	n.a.
Result from the exchange of debt, net	-	1,546,421	n.a.	22,562	1,546,421	-99%
Change in the fair value of derivative inst.	(3,498)	(44,249)	-92%	35,448	(139,112)	n.a.
Comprehensive financing result, net	(194,151)	1,612,919	n.a.	(1,069,933)	571,936	n.a.
Equity in results of associated company	-	1	n.a.	1,991	(2)	n.a.
Income (loss) before income taxes,	(341,740)	4,581,386	n.a.	(1,497,309)	2,996,938	n.a.
Income taxes:						
Current	(2,012)	(45,583)	-96%	(7,246)	(87,989)	-92%
Deferred	83,847	(1,344,255)	n.a.	460,781	(921,899)	n.a.
Total income tax	81,835	(1,389,838)	n.a.	453,535	(1,009,888)	n.a.
Net Income (Loss)	(259,905)	3,191,548	n.a.	(1,043,774)	1,987,050	n.a.

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

International financial reporting standards Adjusted EBITDA Reconciliation
(Figures in Thousands of Mexican pesos)

	First Quarter ended March 31			LTM ended March 31		
	2014	2013	Δ%	2014	2013	Δ%
Net Income (Loss)	Ps.\$ (259,905)	3,191,548	n.a.	Ps.\$ (1,043,774)	1,987,050	n.a.
Depreciation and Amortization	(853,641)	(806,337)	6%	(3,265,843)	(3,127,972)	4%
Interest Expense, Net	(192,860)	(324,790)	-41%	(734,295)	(1,099,860)	-33%
Total Income Tax	<u>81,835</u>	<u>(1,389,838)</u>	<u>n.a.</u>	<u>453,535</u>	<u>(1,009,888)</u>	<u>n.a.</u>
EBITDA	704,761	5,712,513	-88%	2,502,829	7,224,770	-65%
FX Gain (Loss), Net	2,207	435,537	-99%	(393,648)	264,487	n.a.
Result from exchange of debt, net	-	1,546,421	n.a.	22,562	1,546,421	-99%
Ch. in fair value of derivative inst.	(3,498)	(44,249)	-92%	35,448	(139,112)	n.a.
Other income (expense), Net	(22,411)	3,102,496	n.a.	(91,803)	2,901,155	n.a.
Eq. Results in an asso. Co.	<u>-</u>	<u>1</u>	<u>n.a.</u>	<u>1,991</u>	<u>(2)</u>	<u>n.a.</u>
Adjusted EBITDA	Ps.\$ <u>728,463</u>	<u>672,307</u>	<u>8%</u>	Ps.\$ <u>2,928,279</u>	<u>2,651,821</u>	<u>10%</u>