

San Pedro Garza Garcia, Mexico, July 28, 2014 - Axtel, S.A.B. de C.V. (“AXTEL” or “the Company”), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited second quarter results ended June 30, 2014⁽¹⁾.

Million Pesos	Q2	Q2	2Q14/2Q13	Q1	LTM	
	2014	2013	Δ%	2014	jun-14	jun-13
Revenues ⁽²⁾	2,673	2,380	12%	2,971	11,262	9,668
Costs ⁽³⁾	792	609	30%	1,119	3,733	2,573
Operating Expenses ⁽⁴⁾	1,143	1,070	7%	1,123	4,563	4,445
Adjusted EBITDA ⁽⁵⁾	739	701	5%	728	2,966	2,650
Adj. EBITDA Margin	27.6%	29.4%	- 182 bps	24.5%	26.3%	27.4%
Net (loss) Income	-187	-449	58%	-260	-782	2,516
Earnings per CPO ⁽⁶⁾	-0.15	-0.36	58%	-0.21	-0.62	1.99
Capital Expenditures	697	410	70%	634	2,711	1,776
Net Debt / Adj EBITDA ⁽⁷⁾					2.4x	2.6x

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Highlights:

- ❖ This quarter, AXTEL’s core businesses revenues increased 5% year-over-year, driven by a 7% increase in the enterprise and government segment and a 1% increase in the mass market segment. Within mass market, revenues from FTTH services increased 46%. In the first semester of 2014, core businesses represented 81% of AXTEL’s total revenues.
- ❖ In June, AXTEL obtained a consent from existing bondholders to amend the indenture governing the 2020 Secured Notes and enable the Company to incur in debt sharing the collateral of the 2020 Senior Secured Notes. Given the increased number of attractive investment opportunities from the enterprise and government segment, the Company continues evaluating the appropriate timing to issue debt to fund these opportunities.
- ❖ In recent weeks, the secondary laws of the Telecom Reform were enacted creating a new and more competitive environment. Among others, AXTEL will benefit from asymmetric regulation imposed to the preponderant carrier, which evidently strengthens AXTEL’s competitive position.

Sources of Revenues

Million Pesos	2Q14/2Q13			Q1 2014	LTM	LTM
	Q2 2014	Q2 2013	Δ%		jun-14	jun-13
Local	736	826	-11%	746	3,031	3,443
Long Distance	250	288	-13%	261	1,079	1,194
Internet & Video	330	251	31%	315	1,207	908
Data & Network	474	481	-1%	464	1,832	1,962
Int. Service & Eq. Sale	428	267	60%	759	2,575	1,194
Int'l. Traffic	372	171	118%	344	1,185	582
Other	84	96	-12%	81	353	385
	2,673	2,380	12%	2,971	11,262	9,668

Local services. Local service revenues totaled Ps. 736 million in the second quarter of 2014, compared to Ps. 826 million for same period in 2013, representing a decrease of Ps. 90 million, explained by Ps. 40 million, Ps. 17 million and Ps. 33 million decreases in monthly rents, measured service and cellular revenues, respectively. Average customers declined 5%, contributing to a decline in monthly rents of 6%. The 34% decrease in measured services is explained by decreases of 31% in billed-traffic volume and 5% in prices. The 23% decrease in cellular revenue is explained by an 10% decrease in prices and a 15% decline in cellular billed-traffic volume. Revenues coming from monthly rents represented 81% of local revenues during the three month period ended June 30, 2014. For the twelve month period ended June 30, 2014, local revenues totaled Ps. 3,031 million, compared to Ps. 3,443 million registered in the same period in 2013, a decrease of Ps. 412 million or 12% mostly explained by Ps. 248, Ps. 59 and Ps. 105 million declines in monthly rents, measured service and cellular revenues, respectively.

Long distance services. Revenues amounted to Ps. 250 million in the second quarter of 2014, compared to Ps. 288 million for same period in 2013, a 13% decrease. Billed-traffic volume declined 1% and billed-traffic prices declined 13%. For the twelve month period ended June 30, 2014, long distance revenues totaled Ps. 1,079 million compared to Ps. 1,194 million registered in 2013, a Ps. 114 million, or 10%, decline.

Internet & Video. Quarterly revenues totaled Ps. 330 million, compared to Ps. 251 million in the same period in 2013, a 31% or Ps. 79 million increase driven by the pay-tv service and the increase in mass market, or “on-demand” internet services revenues, which increased 15% year-over-year. During the twelve month period ended on June 30, 2014, internet and video services revenues totaled Ps. 1,207 million from Ps. 908 million registered in 2013, an increase of Ps. 299 million, or 33%.

Data & Network. Data and network revenues amounted to Ps. 474 million in the second quarter of 2014, compared to Ps. 481 million in the same period in 2013, a 1% or Ps. 7 million decrease driven by a 2% decline in dedicated internet revenues. During the twelve month period ended on June 30, 2014, data and network services revenues totaled Ps. 1,832 million from Ps. 1,962 million registered in 2013, a decrease of Ps. 129 million, or 7%. Competitive pressures on prices and migration to value-added integrated services solutions explain the decline in revenues.

Sources of Revenues

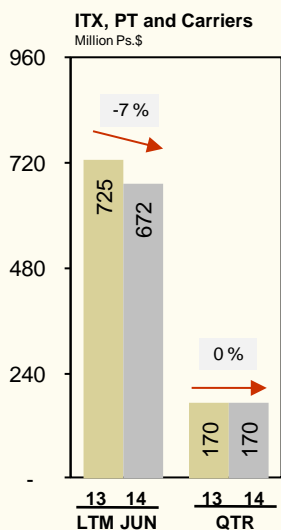
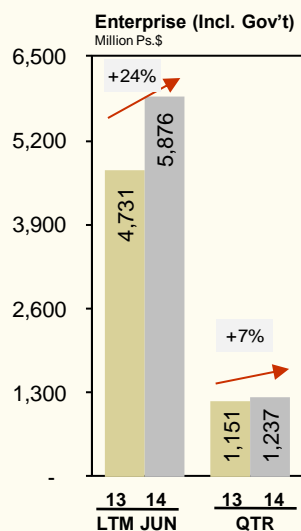
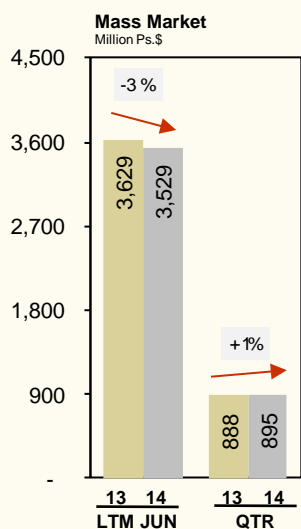
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	2,673	2,380	12%	2,971	11,262	9,668

Integrated Services & Equipment Sales. Quarterly revenues totaled Ps. 428 million in the second quarter of 2014, from Ps. 267 million in the same quarter of previous year, a 60% increase explained mostly by an increased amount of integrated solutions projects provided to corporate and government customers. For the twelve month period ended June 30, 2014, revenues totaled Ps. 2,575 million from Ps. 1,194 million registered in 2013, an increase of Ps. 1,380 million, or 116%.

International traffic. In the second quarter of 2014, international traffic revenues totaled Ps. 372 million, an increase of Ps. 201 million or 118% versus the same quarter of previous year, explained by an 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 benefited by a 4% depreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended June 30, 2014, revenues from international traffic totaled Ps. 1,185 million from Ps. 582 million in the same period in 2013, an increase of 103% mainly explained by increase in prices.

Other services. Quarterly revenues from other services totaled Ps. 84 million in the second quarter of 2014, from Ps. 96 million in the same quarter of previous year, a decrease of 12%. For the twelve month period ended June 30, 2014, revenues totaled Ps. 354 million from Ps. 385 million registered in 2013, a decrease of Ps. 31 million, or 8%.

Revenues by segment *



Mass Market. Revenues totaled Ps. 895 million in the second quarter of 2014, a 1% increase compared to the same quarter in 2013. This was mainly due to a 10% decline in both local and long distance revenues, compensated by a 35% increase in internet and video services. For the twelve month period ended June 30, 2014, revenues totaled Ps. 3,529 million, a decrease of 3% compared to the same period in 2013, mostly explained by 12% and 11% decreases in local and long distance revenues and partially offset by a 35% increase in internet and video services.

Enterprise (including Government). Revenues for this segment amounted to Ps. 1,237 million in the three month period ended June 30, 2014, an increase of 7% versus the same period in 2013. This is mostly explained by a 60% increase in integrated services and equipment sales. For the twelve month period ended June 30, 2014, revenues increased 24%, from Ps. 4,731 million registered in the twelve month period ended June 30, 2013, to Ps. 5,876 million in 2014. This is due to increases in integrated services and internet and video services.

Interconnection, Public Telephony and Carriers. Revenues for this segment remained unchanged at Ps. 170 million in the second quarter 2014, mainly due to a 32% decrease in local revenues, compensated by a 17% increase in private lines. For the twelve month period ended June 30, 2014, revenues reached Ps. 672 million, a decline of 7% compared to the same period in 2013, primarily explained by 30%, 5% and 6% decreases in local, long distance and data revenues, respectively.

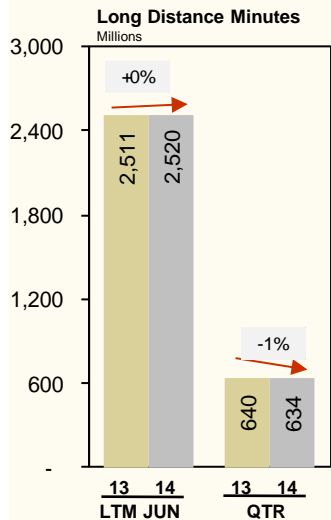
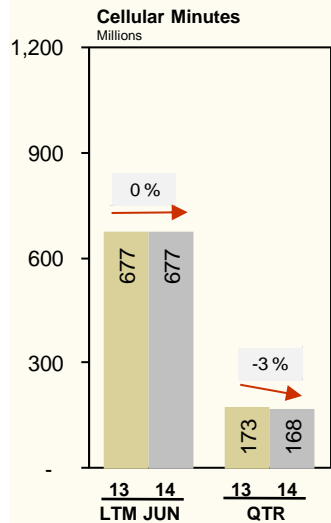
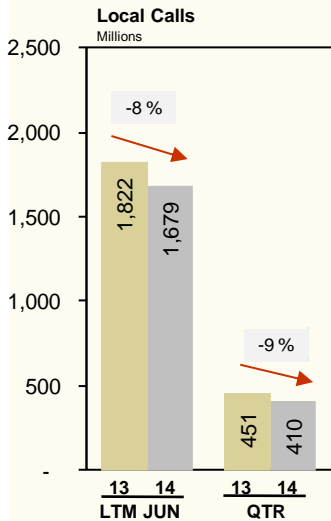
(*) Excludes International Traffic

Consumption

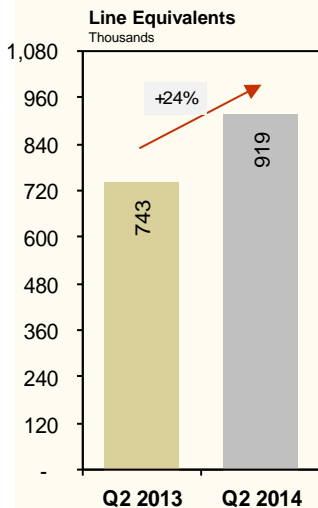
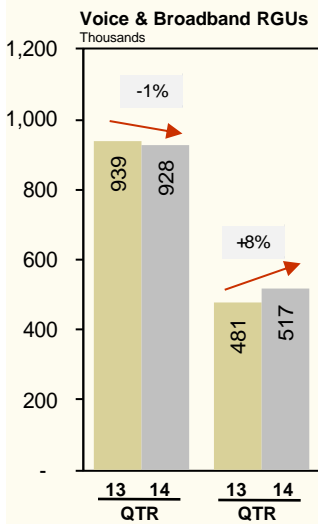
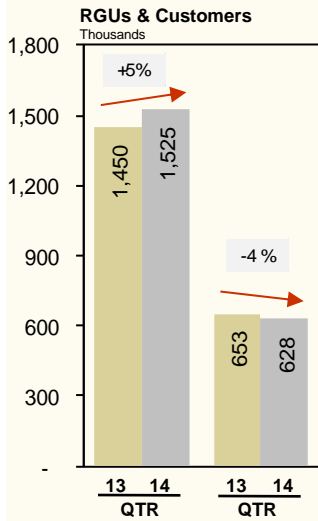
Local Calls. Local calls totaled 410 million calls in the second quarter of 2014, compared to 452 million calls for same period in 2013, representing a decrease of 9%. Billed local calls decreased 27 million or 31%, while local calls included in commercial offers decreased by 15 million or 4%. Residential and business customers contributed with 2 million and 25 million calls, respectively, to the decline in billed local calls. Part of the decline in volume is explained by the seasonality effect of Easter week affecting the second quarter in 2014 compared to the first quarter in 2013. Local calls included in commercial offers represented 85% of total calls in the second quarter of 2014, compared to 81% in the year-earlier quarter. For the twelve month period ended June 30, 2014, local calls totaled 1,679 million, compared to 1,822 million registered in the same period in 2013, a decrease of 143 million calls or 8%.

Cellular (“Calling Party Pays”). Minutes of use of calls completed to a cellular line amounted to 168 million in the three month period ended June 30, 2014, compared to 173 million in the same period in 2013, a decrease of 3%. Billed cellular minutes decreased 18 million or 15%, while minutes in modules included in a monthly rent increased 13 million minutes or 26%. Billed cellular minutes represented 62% of cellular minutes in the second quarter of 2014, compared to 71% in the year-earlier quarter. For the twelve month period ended June 30, 2014, cellular minutes reached 677 million, similar to the same period in 2013.

Long distance. Outgoing long distance minutes amounted to 634 million for the three month period ended June 30, 2014, from 640 million in the same period in 2013, a 6 million decrease. This, resulting from an 11% decrease in traffic from residential customers. Billed long distance minutes during the second quarter of 2014 declined 1% 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 June 30, 2014, outgoing long distance minutes amounted 2,520 million, compared to 2,511 million registered in 2013, a slight increase explained by increased traffic from business customers which compensated the decline in traffic from residential customers.



Operating Data



RGUs⁽⁸⁾ and Customers. As of June 30, 2014, RGUs (Revenue Generating Units) totaled 1,525 thousand. During the second quarter of 2014, there were 7 thousand net-additions, compared to no additions in the second quarter of 2013, attributable mostly to an improvement in the WiMAX customer base. As of June 30, 2014, customers totaled 628 thousand, a decline of 25 thousand from the same date in 2013. Total customers declined 7 thousand on a sequential basis.

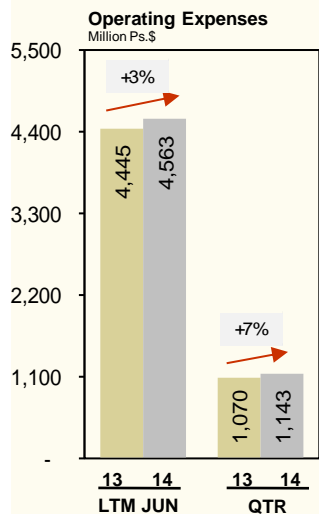
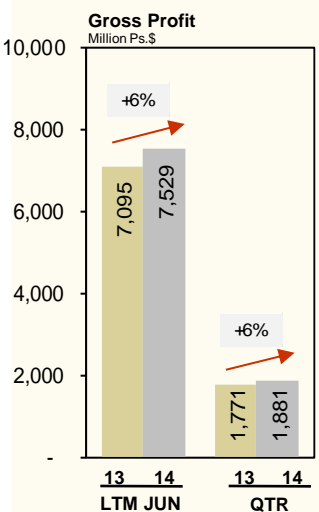
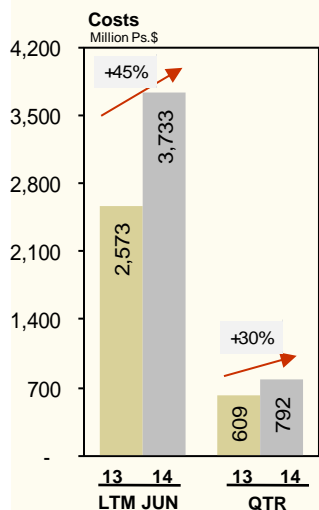
Voice RGUs (lines in service). As of June 30, 2014, lines in service totaled 928 thousand. During the second quarter of 2014 and second quarter 2013, gross additional lines totaled 53 and 52 thousand respectively. Disconnections in the second quarter of 2014 totaled 49 thousand compared to 70 thousand in the year-earlier quarter. Lines in service in the second quarter of 2014 decreased 5 thousand, compared to a decrease of 18 thousand in the same period of 2013. As of June 30, 2014, residential lines represented 60% of total lines in service.

Broadband RGUs (broadband subscribers). Broadband subscribers increased 8% year-over-year totaling 517 thousand as of June 30, 2014. During the second quarter of 2014, broadband subscribers' net-additions totaled 3 thousand compared to 1 thousand net-additions in the same period of 2013. As of June 30, 2014, WiMAX broadband subs reached 353 thousand, compared to 360 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 164 thousand compared to 121 thousand a year ago. Broadband penetration reached 56% at the end of the second quarter of 2014, compared to 51% a year ago.

Video subscribers. Axtel launched its pay-television service, AXTEL TV, on January 30th, 2013, and as of June 30, 2014, video subscribers reached 80 thousand compared to 31 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 June 30, 2014, line equivalents totaled 919 thousand, 24% increase.

Cost of Revenues and Operating Expenses



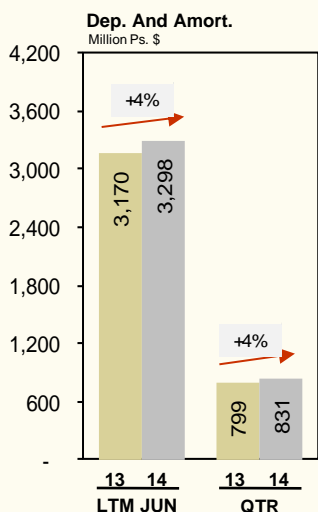
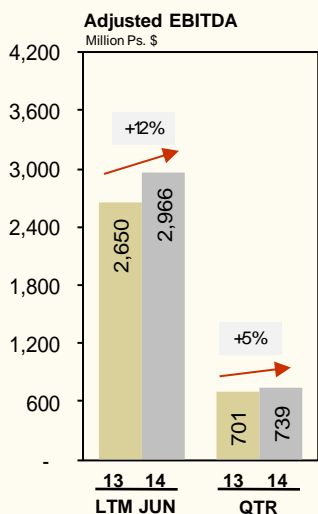
Cost of Revenues. For the three month period ended June 30, 2014, the cost of revenues represented Ps. 792 million, an increase of 30% or Ps. 183 million, compared with the same period of year 2013, mainly explained by a 114% increase in international traffic costs. For the twelve month period ended June 30, 2014, cost of revenues reached Ps. 3,733 million, an increase of Ps. 1,160 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 second quarter of 2014, the gross profit accounted for Ps. 1,881 million, an increase of 6% or Ps. 111 million compared with the same period in year 2013. The gross profit margin decreased from 74.4% to 70.4% year-over-year. For the twelve month period ended June 30, 2014, our gross profit totaled Ps. 7,529 million, compared to Ps. 7,095 million recorded in year 2013, an increase of Ps. 434 million or 6%.

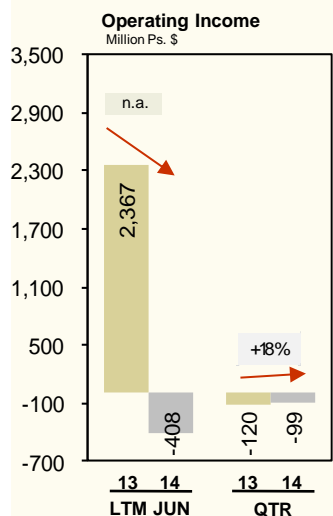
Operating expenses. In the second quarter of year 2014, operating expenses totaled Ps. 1,143 million, Ps. 73 million or 7% higher than the Ps. 1,070 million recorded in the same period in year 2013, explained mainly by increases of Ps. 48 million in personnel and Ps. 18 million in enterprise customers and network maintenance. For the twelve month period ended June 30, 2014, operating expenses totaled Ps. 4,563 million, coming from Ps. 4,445 million in the same period in 2013, a 3% increase. Personnel represented 40% of total operating expenses in the twelve month period ended June 30, 2014.

Adjusted EBITDA, D&A and Operating Income

Adjusted EBITDA⁽⁵⁾. The Adjusted EBITDA totaled Ps. 739 million for the three month period ended June 30, 2014, compared to Ps. 701 million for the same period in 2013. As a percentage of total revenues, Adjusted EBITDA margin represented 27.6% in the second quarter of 2014, 38 bps higher than the margin recorded in the year-earlier quarter. For the twelve month period ended June 30, 2014, Adjusted EBITDA amounted to Ps. 2,966 million, compared to Ps. 2,650 million in year 2013, a 12% increase.



Depreciation and Amortization⁽⁹⁾. Depreciation and amortization totaled Ps. 831 million in the three month period ending on June 30, 2014 compared to Ps. 799 million for the same period in year 2013. Depreciation and amortization for the twelve month period ended June 30, 2014 reached Ps. 3,298 million, from Ps. 3,170 million in the same period in year 2013, an increase of Ps. 128 million.



Operating Income (loss). In the three month period ended June 30, 2014, the Company recorded an operating loss of Ps. 99 million compared to an operating loss of Ps. 120 million registered in the same period in year 2013. For the twelve month period ended June 30, 2014 our operating loss reached Ps. 408 million when compared to the operating income of Ps. 2,367 million in the same period of year 2013, a decline of Ps. 2,775 million mainly explained by the gain related to the sale of the telecommunication towers in January 2013.

CFR, Indebtedness and Cash

Comprehensive Financing Result

Million Pesos	2Q14/2Q13			LTM	LTM
	Q2 2014	Q2 2013	Δ%	Q2 2014	Q2 2013
Net interest expense	(187)	(162)	15%	(193)	(994)
FX gain (loss), net	33	(446)	n.a.	2	521
Result from debt exchange	-	(3)	n.a.	-	1,543
Ch. in FV of fin. Instruments	3	22	-86%	(3)	(24)
Total	(151)	(589)	74%	(632)	1,047

Comprehensive financing result. Net interest expense for the second quarter 2014 increased Ps. 24 million due to the higher level of debt in the second quarter 2014 and the increase on the interest rate related to the step-up scheme of the 2020 Secured Notes. During the second quarter 2014, the peso remained at similar levels against the U.S. dollar generating a minor FX gain. In the second quarter of 2013, an FX loss of Ps. 446 million was generated by a 6.3% peso depreciation. Concerning variations in the fair value of financial instruments, these are explained by an 8% and a 19% increase in the price of AXTELCPO during the second quarter of 2014 and 2013, which affected the valuation of AXTEL's position held in its own stock through the zero-strike-calls instruments. The Ps. 632 million comprehensive financing loss for year ended in June 2014, compared to a Ps. 1,047 million comprehensive financing gain for year ended in June 2013, is mainly explained by the gain resulting from the debt exchange in the second quarter of 2013 and a 24% decrease in interest expenses in 2014.

Total Debt as of the end of each period

Million Pesos	Q2 2014	Q2 2013	Q1 2014
2017 Senior Notes	657	1,754	659
2019 Senior Notes	1,326	1,775	1,331
2020 Senior Secured Notes	5,143	3,279	5,164
2020 Senior Secured Convertible Notes	263	293	270
Other loans and financing obligations	314	158	335
Financial Leases	443	332	338
Notes Premium (discount)	(20)	11	(21)
Notes issuance and deferred financing costs	(16)	(30)	(17)
FV option convertible bond	(93)	-	(105)
Total Debt	8,017	7,572	7,954
(-) Cash and cash equivalents	(795)	(750)	(828)
Net Debt	7,346	6,822	7,126

Debt. At the end of the second quarter 2014, total debt increased Ps. 445 million in comparison with second quarter 2013, explained by (i) a Ps. 377 million net increase related to the December 2013 notes exchange and the issuance of new 2020 notes, (ii) an increase of Ps. 271 million in leases and other financial obligations, (iii) a Ps. 17 million decrease related to the notes' discount, issuance and deferred financing costs, (iv) a Ps. 93 million decrease related to the implicit derivative instrument embedded in the Senior Secured Convertible Notes and (v) a Ps. 94 million non-cash decrease caused by the 1% appreciation of the Mexican peso.

Cash. As of the end of the second quarter of 2014, the cash and equivalents balance totaled Ps. 795 million, compared to Ps. 750 million a year ago, and Ps. 828 million at the beginning of the quarter. As of the end of the quarter, 38 percent of the cash balance was maintained in dollars, the rest in pesos.

Investments and Derivative Instruments

Capital Investments. In the second quarter of 2014, capital investments totaled Ps. 697 million, or \$54 million, compared to Ps. 410 million, or \$33 million, in the year-earlier quarter. For the twelve month period ended June 30, 2014, capital investments totaled Ps. 2,711 million, or \$208 million, compared to Ps. 1,776 million, or \$139 million, for 2013.

Other Investments. As of June 30, 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 June 30, 2014.

	AXTEL receives	AXTEL pays	Other
Zero-strike Equity Call Option			
Notional			30.4 million AXTELCPO
Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	
Settlement			In cash
Expiration Date			July 2014
Valuation			Ps. 146.8 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 June 30, 2014 and 2013, and March 31, 2014; and twelve month period ending on June 30, 2014 and 2013, and
 - Balance sheet information as of June 30, 2014 and 2013; and March 31, 2014.
- 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 8,746,218,892 respectively, as of June 30, 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
 June 30, 2014 and 2013 and March 31, 2014
 (figures in Thousands of Mexican pesos)

	June-2014	March-2014	June-2013
ASSETS			
Current assets			
Cash and equivalents	794,739	827,990	750,075
Restricted cash	-	-	-
Accounts receivable	3,714,694	3,530,173	2,621,332
Refundable taxes and other accounts receivable	302,736	302,321	312,081
Advances to suppliers	145,461	200,869	62,397
Inventories	172,523	111,280	87,636
Financial Instruments (Zero Strike Call)	146,758	135,516	136,123
Financial Instruments (others)	-	-	-
Assets classified as held for sale	-	-	-
Total current assets	5,276,911	5,108,149	3,969,644
Non current assets			
Property, plant and equipment, net	13,059,843	12,989,256	13,199,142
Long-term accounts receivable	281,415	307,544	386,747
Intangible assets, net	198,565	211,178	249,091
Deferred income taxes	1,261,275	1,185,784	964,033
Investment in assoc. Cos. & other investments	8,426	11,690	9,587
Other assets	134,954	141,800	145,524
Total non current assets	14,944,478	14,847,252	14,954,124
TOTAL ASSETS	20,221,389	19,955,401	18,923,768
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	3,376,381	3,237,517	1,822,939
Accrued Interest	321,270	163,509	228,890
Short-term debt	130,000	130,000	-
Current portion of long-term debt	261,057	266,816	272,417
Taxes payable	199,501	202,188	340,065
Financial Instruments	123,876	-	-
Deferred Revenue	513,857	512,109	538,872
Provisions	-	-	-
Other accounts payable	137,522	136,067	126,714
Total current liabilities	5,063,464	4,648,206	3,329,897
Long-term debt			
Long-term debt	7,624,616	7,556,712	7,299,456
Derivative Financial Instruments	105,459	107,934	-
Employee Benefits	21,560	21,530	20,753
Deferred revenue	33,900	33,900	33,900
Other LT liabilities	267,888	301,838	378,731
Total long-term debt	8,053,423	8,021,914	7,732,840
TOTAL LIABILITIES	13,116,887	12,670,120	11,062,737
STOCKHOLDERS EQUITY			
Capital stock	6,651,225	6,645,418	6,625,919
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	162,334	162,334	162,334
Cumulative earnings (losses)	(353,767)	(167,181)	428,068
Change in the fair value of derivative instruments	-	-	-
TOTAL STOCKHOLDERS EQUITY	7,104,502	7,285,281	7,861,031
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	20,221,389	19,955,401	18,923,768

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

Unaudited Consolidated Income Statement

Periods ended June 30, 2014 and 2013

(figures in Thousands of Mexican pesos)

	Second Quarter ended June 30			LTM ended June 30		
	2014	2013	Δ%	2014	2013	Δ%
Rental, installation, service and other income	2,673,408	2,379,597	12%	11,262,085	9,667,714	16%
Operating cost and expenses						
Cost of sales and services	(791,978)	(609,067)	30%	(3,732,971)	(2,572,872)	45%
Selling and administrative expenses	(1,142,731)	(1,069,766)	7%	(4,562,898)	(4,445,070)	3%
Other income (expenses), net	(6,357)	(22,461)	-72%	(75,699)	(224,611)	-66%
Gain in sale of telecommunication towers	-	-	n.a.	-	3,111,948	n.a.
Depreciation and amortization	(831,265)	(798,779)	4%	(3,298,329)	(3,169,942)	4%
	<u>(2,772,331)</u>	<u>(2,500,073)</u>	<u>11%</u>	<u>(11,669,897)</u>	<u>(7,300,547)</u>	<u>60%</u>
Operating income (loss)	<u>(98,923)</u>	<u>(120,476)</u>	<u>-18%</u>	<u>(407,812)</u>	<u>2,367,167</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(190,051)	(166,400)	14%	(774,937)	(1,011,803)	-23%
Interest income	3,325	4,137	-20%	16,179	17,944	-10%
Foreign exchange gain (loss), net	32,687	(446,120)	n.a.	85,158	521,457	-84%
Result from the exchange of debt, net	-	(3,011)	n.a.	25,573	1,543,410	-98%
Change in the fair value of derivative inst.	3,187	22,181	-86%	16,454	(24,195)	n.a.
Comprehensive financing result, net	<u>(150,852)</u>	<u>(589,213)</u>	<u>-74%</u>	<u>(631,573)</u>	<u>1,046,813</u>	<u>n.a.</u>
Equity in results of associated company	<u>(3,263)</u>	<u>(62)</u>	<u>>100%</u>	<u>(1,210)</u>	<u>(64)</u>	<u>>100%</u>
Income (loss) before income taxes,	<u>(253,038)</u>	<u>(709,751)</u>	<u>-64%</u>	<u>(1,040,595)</u>	<u>3,413,916</u>	<u>n.a.</u>
Income taxes:						
Current	(9,039)	22,077	n.a.	(38,362)	(38,400)	0%
Deferred	75,491	239,149	-68%	297,122	(859,470)	n.a.
Total income tax	<u>66,452</u>	<u>261,226</u>	<u>-75%</u>	<u>258,760</u>	<u>(897,870)</u>	<u>n.a.</u>
Net Income (Loss)	<u>(186,586)</u>	<u>(448,525)</u>	<u>-58%</u>	<u>(781,835)</u>	<u>2,516,046</u>	<u>n.a.</u>

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

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

	Second Quarter ended June 30			LTM ended June 30		
	2014	2013	Δ%	2014	2013	Δ%
Net Income (Loss)	Ps.\$ (186,586)	(448,525)	-58%	Ps.\$ (781,835)	2,516,046	n.a.
Depreciation and Amortization	(831,265)	(798,779)	4%	(3,298,329)	(3,169,942)	4%
Interest Expense, Net	(186,726)	(162,263)	15%	(758,758)	(993,859)	-24%
Total Income Tax	<u>66,452</u>	<u>261,226</u>	<u>-75%</u>	<u>258,760</u>	<u>(897,870)</u>	<u>n.a.</u>
EBITDA	764,953	251,291	>100%	3,016,492	7,577,717	-60%
FX Gain (Loss), Net	32,687	(446,120)	n.a.	85,158	521,457	-84%
Result from exchange of debt, net	-	(3,011)	n.a.	25,573	1,543,410	-98%
Ch. in fair value of derivative inst.	3,187	22,181	-86%	16,454	(24,195)	n.a.
Other income (expense), Net	(6,357)	(22,461)	-72%	(75,699)	2,887,337	n.a.
Eq. Results in an asso. Co.	<u>(3,263)</u>	<u>(62)</u>	<u>>100%</u>	<u>(1,210)</u>	<u>(64)</u>	<u>>100%</u>
Adjusted EBITDA	Ps.\$ <u>738,699</u>	<u>700,764</u>	<u>5%</u>	Ps.\$ <u>2,966,216</u>	<u>2,649,772</u>	<u>12%</u>