

San Pedro Garza Garcia, Mexico, July 18, 2013 - 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, 2013⁽¹⁾.

Million Pesos	Q2	Q2	2Q13/2Q12	Q1	LTM	
	2013	2012	Δ%	2013	jun-13	jun-12
Revenues ⁽²⁾	2,380	2,688	-11%	2,289	9,668	10,672
Costs ⁽³⁾	609	820	-26%	554	2,573	2,794
Operating Expenses ⁽⁴⁾	1,070	1,165	-8%	1,063	4,445	4,607
Adjusted EBITDA ⁽⁵⁾	701	703	0%	672	2,650	3,272
Adj. EBITDA Margin	29.4%	26.1%	+330 bps	29.4%	27.4%	30.7%
Net (loss) Income	-449	-978	54%	3,192	2,516	-2,621
Earnings per CPO ⁽⁶⁾	-0.36	-0.78	54%	2.55	2.01	-2.09
Capital Expenditures	410	476	-14%	329	1,776	2,250
Net Debt / Adj EBITDA ⁽⁷⁾					2.6x	3.4x

Highlights:

- ❖ Adjusted EBITDA for the quarter was Ps. 701 million; similar to the Ps. 703 million in second quarter of last year. However, excluding the new tower lease expense recorded this year, EBITDA would have been 10% higher than second quarter 2012, and 7% higher on a sequential basis.
- ❖ During this quarter, revenues from AXTEL's core business segments, mass market and enterprise, increased 3% on a sequential basis, consistent with the gradual recovery expected after the recapitalization plan and productivity initiatives recently implemented.
- ❖ WiMAX net disconnections were reduced from 23 thousand in the first quarter to 11 thousand this quarter, as more competitive acquisition and retention strategies were adopted since early April. Additionally, FTTH quarterly net additions increased from 9 to 12 thousand for the same periods. FTTH subscribers reached 120 thousand at the end of June, including 30 thousand video subscribers.
- ❖ Consistent with the strategy of increasing the proportion of IT services in our integrated solutions to the enterprise and government segments, this quarter, AXTEL signed a new contract with Banamex to provide voice and IT managed services.

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Sources of Revenues

Million Pesos	2Q/2Q12			Q1 2013	LTM	LTM
	Q2 2013	Q2 2012	Δ%		jun-13	jun-12
Local	823	915	-10%	831	3,430	3,707
Long Distance	268	275	-2%	266	1,092	1,110
Internet & Video	252	193	31%	229	909	671
Data & Network	479	493	-3%	483	1,953	2,003
Int. Service & Eq. Sale	267	503	-47%	230	1,194	1,489
Int'l. Traffic	171	167	2%	124	582	1,059
Other	81	92	-11%	91	338	361
Mayor Wholesale Cust.	39	51	-24%	37	169	274
	2,380	2,688	-11%	2,289	9,668	10,672

IMPORTANT DISCLOSURE. Unless otherwise stated, comments in this section exclude revenues generated by our largest wholesale customer (see note 9 for further information).

Local services. Local service revenues totaled Ps. 823 million in the second quarter of 2013, compared to Ps. 915 million for same period in 2012, representing a decrease of Ps. 92 million, explained by Ps. 60 million, Ps. 12 million and Ps. 20 million decreases in monthly rents, measured service and cellular revenues, respectively. Average voice lines declined 9%, producing a decline in monthly rents of also 9%. The 20% decrease in measured services is explained by 12% and 9% decreases in billed-traffic volume and prices, respectively. The 13% decrease in cellular revenue is explained by a 14% decrease in prices resulting from a market trend linked to lower interconnection tariffs, partially mitigated by a 2% increase in cellular billed-traffic. Revenues coming from monthly rents represented 77% of local revenues during the three month period ended June 30, 2013. For the twelve month period ended June 30, 2013, local revenues totaled Ps. 3,430 million, compared to Ps. 3,707 million registered in the same period in 2012, a decrease of Ps. 277 million or 7% mostly explained by Ps. 117, Ps. 54 and Ps. 107 million declines in monthly rents, measured service and cellular revenues respectively.

Long distance services. Revenues totaled Ps. 268 million in the second quarter of 2013, compared to Ps. 275 million for same period in 2012. Billed-traffic volume increased 20%, however revenues decreased due to a 19% decline in billed-traffic prices. For the twelve month period ended June 30, 2013, long distance revenues totaled Ps. 1,092 million compared to Ps. 1,110 million registered in 2012, a Ps. 18 million, or 2%, decline.

Internet & Video. Quarterly revenues amounted to Ps. 252 million, compared to Ps. 193 million in the same period in 2012, a 31% or Ps. 59 million increase driven by the new video or pay-tv service and the increase in mass-market, or, "on-demand" internet services revenues, which increased 22% year-over-year. During the twelve month period ended on June 30, 2013, internet and video services revenues totaled Ps. 909 million from Ps. 671 million registered in 2012, an increase of Ps. 238 million, or 35%.

Data & Network. Data and network revenues amounted to Ps. 479 million in the second quarter of 2013, compared to Ps. 493 million in the same period in 2012, a 3% or Ps. 14 million decrease driven by 5% and 2% decline in private lines and dedicated internet revenues respectively. During the twelve month period ended on June 30, 2013, data and network services revenues totaled Ps. 1,953 million from Ps. 2,003 million registered in 2012, a decrease of Ps. 49 million, or 2%.

Sources of Revenues

Million Pesos	2Q/2Q12			Q1 2013	LTM	LTM
	Q2 2013	Q2 2012	Δ%		jun-13	jun-12
Local	823	915	-10%	831	3,430	3,707
Long Distance	268	275	-2%	266	1,092	1,110
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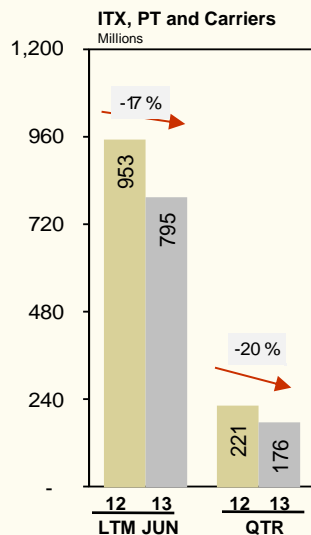
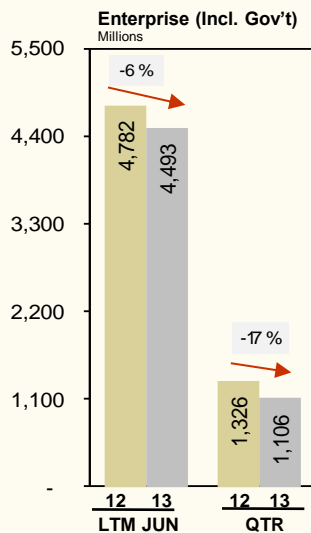
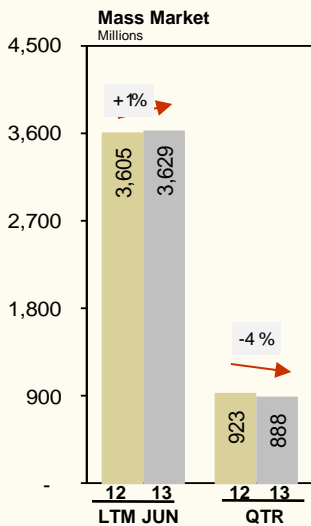
IMPORTANT DISCLOSURE. Unless otherwise stated, comments in this section exclude revenues generated by our largest wholesale customer (see note 9 for further information).

Integrated Services & Equipment Sales. Quarterly revenues totaled Ps. 267 million in the second quarter of 2013, from Ps. 503 million in the same quarter of previous year, a 47% decrease mostly explained by a 81% decrease in equipment sale. In the second quarter of 2012, Axtel recorded an extraordinarily high \$158 million equipment sale transaction to a Federal government entity that makes year-over-year figures not directly comparable. For the twelve month period ended June 30, 2013, revenues totaled Ps. 1,194 million from Ps. 1,489 million registered in 2012, a decrease of Ps. 294 million, or 20%.

International traffic. In the second quarter of 2013, international traffic revenues totaled Ps. 171 million, an increase of Ps. 3.5 million or 2% versus same quarter of previous year, explained by mixed effects of 12% increase in prices and 9% reduction in volume. Higher prices is attributable to a change in the mix towards higher priced mobile traffic vs. on-net and off-net traffic. In peso terms, the price increase was mitigated by an 8% appreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended June 30, 2013, revenues from international traffic totaled Ps. 582 million from Ps. 1,059 million in the same period in 2012, a decline of 45% explained by a 10% decline in volume and a 1% decline in prices.

Other services. Quarterly revenues from other services totaled Ps. 81 million in the second quarter of 2013, from Ps. 92 million in the same quarter of previous year, a decrease of 11%. For the twelve month period ended June 30, 2013, revenues totaled Ps. 338 million from Ps. 361 million registered in 2012, a decrease of Ps. 22 million, or 6%.

Revenues by segment *



Mass Market. Revenues totaled Ps. 888 million in the second quarter of 2013, compared to Ps. 923 million for the same quarter in 2012, a decrease of 4%, mainly due to 12% and 11% decrease in local and long distance revenues, partially compensated by 27% increase in internet and video services. For the twelve month period ended June 30, 2013, revenues totaled Ps. 3,629 million, an increase of 1% compared to the same period in 2012, mostly explained by a 33% increase in internet and video services.

Enterprise (including Government). Revenues for this segment amounted to Ps. 1,106 million in the three month period ended June 30, 2013, a decrease of 17% versus the same period in 2012. This is explained by decreases of 82% in equipment sales and 5% in local revenues. For the twelve month period ended June 30, 2013, revenues decreased 6%, from Ps. 4,782 million registered in the twelve month period ended June 30, 2012, to Ps 4,493 million in 2013. This is due to decreases of 4% and 23% in local and equipment sale.

Interconnection, Public Telephony and Carriers. Revenues for this segment declined 20%, from Ps. 221 million in the second quarter 2012 to Ps. 176 million in 2013, mainly due to 22%, 17% and 25% decreases in local, long distance and data revenues. For the twelve month period ended June 30, 2013 revenues reached Ps. 795 million, a decline of 17% compared to the same period in 2012, primarily explained by 26%, 42% and 12% decreases in local, long distance and data revenues respectively.

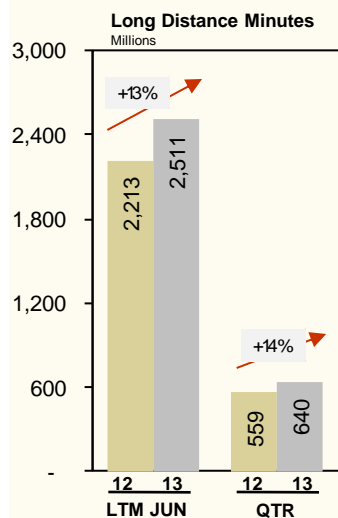
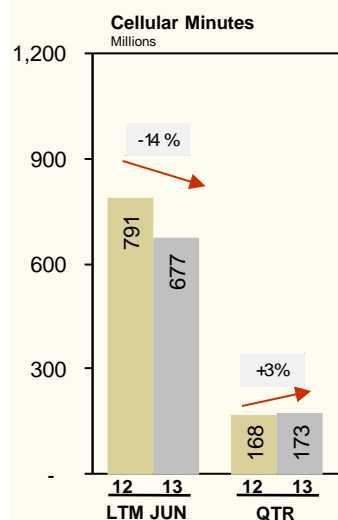
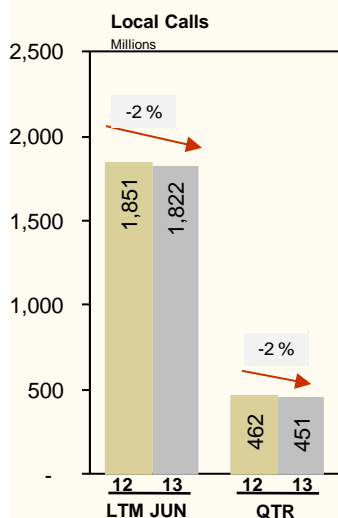
(*) Excludes International Traffic and Major Wholesale Customer

Consumption

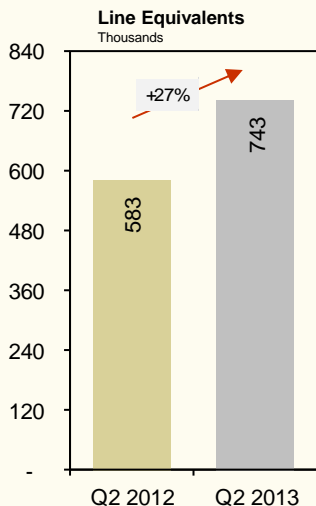
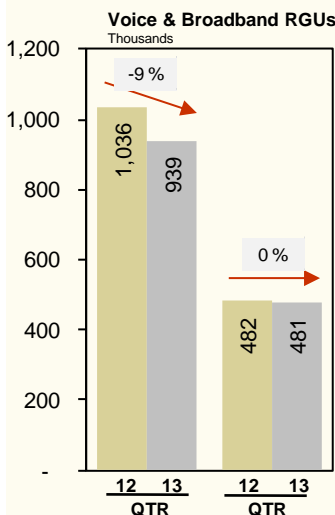
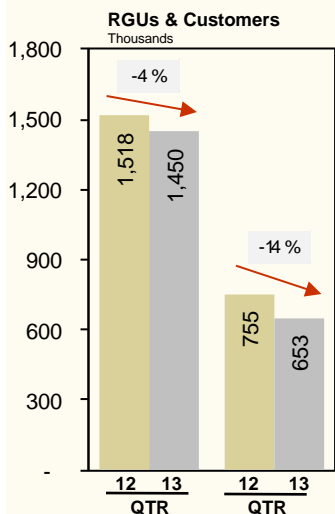
Local Calls. Local calls excluding our largest wholesale customer totaled 447 million calls in the second quarter of 2013, compared to 450 million calls for same period in 2012, representing a decrease of 1%. Billed local calls decreased 11 million or 12%, while local calls included in commercial offers increased by 7 million. Business and residential customers contributed with 9 million and 2 million decrease respectively to the billed local calls decline. Local calls included in commercial offers represented 82% of total calls in the second quarter of 2013. For the twelve month period ended June 30, 2013, local calls totaled 1,800 million excluding our largest wholesale customer, compared to 1,792 million registered in the same period in 2012, an increase of 9 million calls.

Cellular (“Calling Party Pays”). Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 172 million in the three month period ended June 30, 2013, compared to 166 million in the same period in 2012, an increase of 4%. Billed cellular minutes increased 3 million or 2%, while minutes in modules included in a monthly rent increased 3 million minutes or 7%. Billed cellular minutes represented 71% of cellular minutes in the second quarter of 2013, compared to 72% in the year-earlier quarter. For the twelve month period ended June 30, 2013 and excluding our largest wholesale customer, cellular minutes increased 33 million, or 5%, from 638 million registered in the twelve month period ended June 30, 2012, to 671 million in 2013.

Long distance. Excluding our largest wholesale customer, which represents 13% of total volume, outgoing long distance minutes amounted to 557 million for the three month period ended June 30, 2013, from 472 million in the same period in 2012, a 18% increase. This, resulting from a 9% decrease and 25% increase in traffic from residential and business customers, respectively. Billed long distance minutes during the second quarter of 2013 increased 20% compared to the same period in 2012. Domestic long distance minutes represented 96% of total traffic during the quarter. For the twelve month period ended June 30, 2013 and excluding our largest wholesale customer, outgoing long distance minutes amounted 2,185 million, compared to 1,898 million registered in 2012, an increase of 15%, explained by increased traffic from business customers, particularly in billed long distance minutes.



Operating Data



RGUs⁽⁸⁾ and Customers. As of June 30, 2013, RGUs (Revenue Generating Units) totaled 1,450 thousand. During the second quarter of 2013, there were no net-additions, compared to 15 thousand net-additions in the second quarter of 2012, attributable to a greater number of disconnections from wireless RGUs, compensated by an increase in FTTH and video RGUs. As of June 30, 2013, customers totaled 653 thousand, a decline of 102 thousand from the same date in 2012. Total customers declined 19 thousand on a sequential basis.

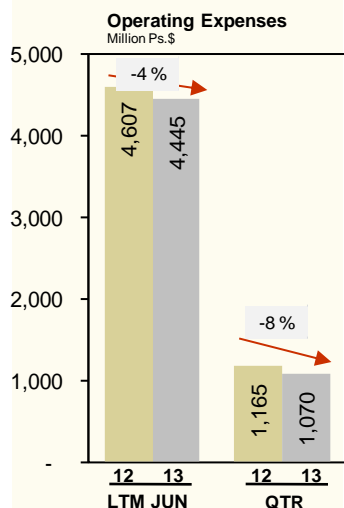
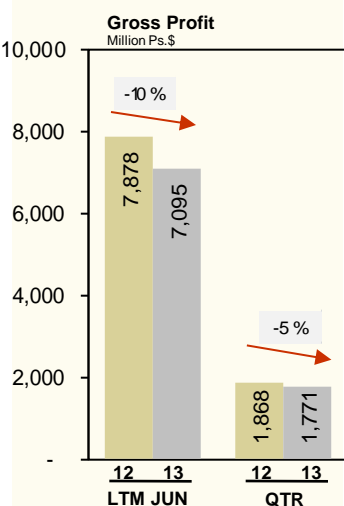
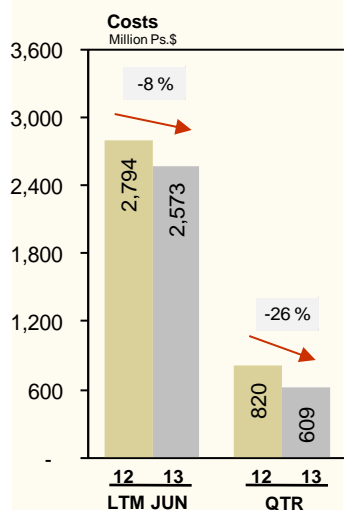
Voice RGUs (lines in service). As of June 30, 2013, lines in service totaled 939 thousand. During the second quarter of 2013, gross additional lines totaled 52 thousand compared to 63 thousand in the second quarter of 2012. Disconnections in the second quarter of 2013 totaled 70 thousand compared to 67 thousand in the year-earlier quarter. Lines in service in the second quarter of 2013 decreased 18 thousand, compared to 4 thousand in the same period of 2012. As of June 30, 2013, residential lines represented 64% of total lines in service.

Broadband RGUs (broadband subscribers). Broadband subscribers remained unchanged year-over-year totaling 481 thousand as of June 30, 2013. During the second quarter of 2013, broadband subscribers net-additions totaled 1 thousand compared to 18 thousand in the same period of 2012. As of June 30, 2013, WiMAX broadband subs reached 347 thousand, compared to 388 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 121 thousand compared to 76 thousand a year ago. Broadband penetration reached 51% at the end of the second quarter of 2013, compared to 46% a year ago.

Video subscribers. Axtel launched its pay-television service, AXTEL TV, on January 30th, 2013, and as of June 30, 2013, video subscribers had reached 31 thousand. Video subscribers totaled 15 thousand at the beginning of this quarter.

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, 2013, line equivalents totaled 743 thousand, 27% increase.

Cost of Revenues and Operating Expenses

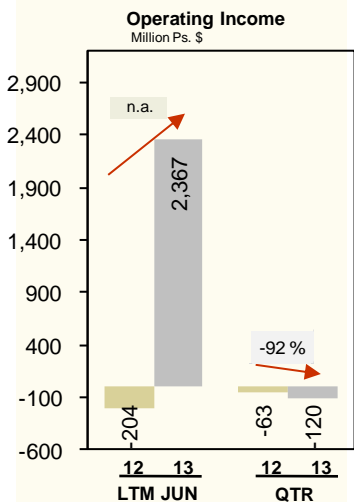
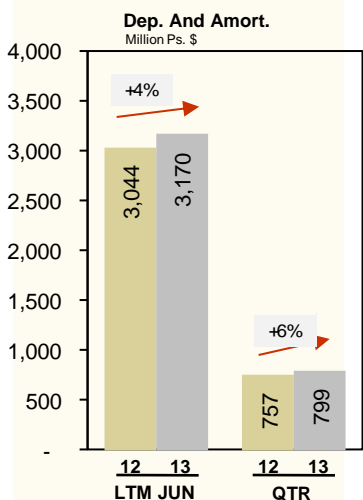
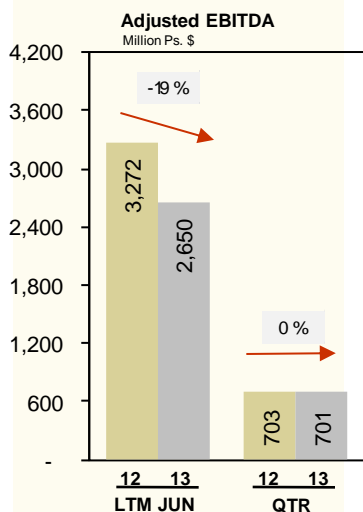


Cost of Revenues. For the three month period ended June 30, 2013, the cost of revenues represented Ps. 609 million, a decrease of Ps. 211 million, compared with the same period of year 2012, mainly explained by decreases of Ps. 214 million in integrated services and equipment sale costs. For the twelve month period ended June 30, 2013, cost of revenues reached Ps. 2,573 million, a decrease of Ps. 221 million in comparison with year 2012, mainly due to decreases in local and equipment sales costs.

Gross Profit. Gross profit is defined as revenues minus cost of revenues. For the second quarter of 2013, the gross profit accounted for Ps. 1,771 million, a decrease of Ps. 98 million compared with the same period in year 2012. The gross profit margin increased from 69.5% to 74.4% year-over-year, influenced by lower equipment sales revenues that carry a low gross margin. For the twelve month period ended June 30, 2013, our gross profit totaled Ps. 7,095 million, compared to Ps. 7,878 million recorded in year 2012, a decrease of Ps. 784 million, or 10%.

Operating expenses. In the second quarter of year 2013, operating expenses totaled Ps. 1,070 million, Ps. 95 million or 8% lower than the Ps. 1,165 million recorded in the same period in year 2012, explained by Ps. 84 and Ps. 42 million decreases in personnel and maintenance expenses, respectively, due to the efficiency initiatives initiated during the fourth-quarter of last year. These reductions were partially offset by the Ps. 70 million increase in rents due to the towers lease expenses. For the twelve month period ended June 30, 2013, operating expenses totaled Ps. 4,445 million, coming from Ps. 4,607 million in the same period in 2012. Personnel represented 40% of total operating expenses in the twelve month period ended June 30, 2013.

Adjusted EBITDA, D&A and Operating Income



Adjusted EBITDA⁽⁵⁾. The Adjusted EBITDA totaled Ps. 701 million for the three month period ended June 30, 2013, compared to Ps. 703 million for the same period in 2012. As a percentage of total revenues, Adjusted EBITDA margin represented 29.4% in the second quarter of 2013, 330 bps higher than the margin recorded in the year-earlier quarter. Excluding the tower lease expense, Adjusted EBITDA in the second quarter would have been Ps. 771 million, representing a 32.4% margin, or 625 bps higher than a year earlier. For the twelve month period ended June 30, 2013, Adjusted EBITDA amounted to Ps. 2,650 million, compared to Ps. 3,272 million in year 2012.

Depreciation and Amortization⁽¹⁰⁾. Depreciation and amortization totaled Ps. 799 million in the three month period ending on June 30, 2013 compared to Ps. 757 million for the same period in year 2012. Depreciation and amortization for the twelve-month period ended June 30, 2013 reached Ps. 3,170 million, from Ps. 3,044 million in the same period in year 2012, an increase of Ps. 126 million.

Operating Income (loss). In the three month period ended June 30, 2013, the Company recorded an operating loss of Ps. 120 million compared to an operating loss of Ps. 63 million registered in the same period in year 2012. For the twelve month period ended June 30, 2013 our operating income reached Ps. 2,367 million when compared to the operating loss of Ps. 204 million in the same period of year 2012, a variation of Ps. 2,567 million mainly explained by the gain related to the tower sale.

CFR, Indebtedness and Cash

Comprehensive Financial Result

Million Pesos	Q2 2013	Q2 2012	2Q/2Q12		LTM	
			Δ%	Q1 2013	Q2 2013	Q2 2012
Net interest expense	(162)	(268)	-40%	(325)	(994)	(1,028)
FX gain (loss), net	(446)	(703)	37%	436	521	(1,433)
Result from debt exchange	(3)	-	n.a.	1,546	1,543	-
Ch. in FV of fin. Instruments	22	(93)	n.a.	(44)	(24)	(162)
Total	(589)	(1,064)	45%	1,613	1,047	(2,622)

Comprehensive financial result. Net interest expense for the second quarter 2013 decreased Ps. 106 million vis-à-vis the second quarter 2012, due to the debt reduction implemented in the first quarter of 2013. During the second quarter 2013, a 6.3% peso depreciation against the U.S. dollar generated a Ps. 446 million FX loss. In the second quarter of 2012, an FX loss of Ps. 703 million was generated by an equal 6.3% peso depreciation. Concerning variations in the fair value of financial instruments, these are partially explained by 19% increase and 31% decline in the price of AXTELCO during the second quarters of 2013 and 2012, respectively, which affected the valuation of AXTEL's position held in its own stock through the zero-strike-calls instruments. The Ps. 1,047 million comprehensive financial gain for year ended in June 2013, compared to a Ps. 2,622 million comprehensive financial loss for year ended in June 2012, is mainly explained by an 8% appreciation of the Mexican peso against the U.S. dollar in the 2013 period, compared to a 13% depreciation in the 2012 period.

Total Debt as of the end of each period

Million Pesos	Q2 2013	Q2 2012	Q1 2013
2017 Senior Notes	1,754	3,758	1,643
2019 Senior Notes	1,775	6,696	1,663
2020 Senior Secured Notes	3,572	-	3,347
Other financing obligations	158	232	97
Financial Leases	332	540	381
Bank Facilities	-	824	-
Notes Premium	11	45	11
Notes issuance and deferred financing costs	(30)	(172)	(31)
Total Debt	7,572	11,923	7,112
(+/-) Mark-to-market Derivative Instruments	-	32	-
(-) Cash and cash equivalents	(750)	(843)	(824)
Net Debt	6,822	11,112	6,288

Debt. At the end of the second quarter of 2013, total debt decreased Ps. 4,351 million in comparison with the same date in 2012, explained by (i) a Ps. 3,096 million net reduction related to the exchange of the senior notes due 2017 and 2019, (ii) a Ps. 824 million decrease in bank debt related to the prepayment of the syndicated bank facility, (iii) a decrease of Ps. 277 million in leases and financial obligations, (iv) a Ps. 142 million decrease in notes issuance and deferred financing costs, and (v) a Ps. 260 million non-cash decrease caused by the 4% appreciation of the Mexican peso.

Cash. As of the end of the second quarter of 2013, our cash and equivalents balance totaled Ps.750 million, compared to Ps. 843 million a year ago, and Ps. 824 million at the beginning of the quarter. As of the end of the quarter, 24 percent of the cash balance was maintained in dollars, the rest in pesos.

Investments and Derivative Instruments

Capital Investments. In the second quarter of 2013, capital investments totaled Ps. 410 million, or \$33 million, compared to Ps. 476 million, or \$35 million, in the year-earlier quarter. Accumulated for the twelve-month period ended June 30, 2013, capital investments totaled Ps. 1,777 million, or \$139 million, compared to Ps. 2,250 million, or \$172 million, for the same period ended in 2012.

Other Investments. As of June 30, 2013, 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, 2013.

	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 2013
Valuation			Ps. 136.2 million

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, 2013, and March 31 and June 30, 2012; and twelve-month period ending on June 30, 2013 and June 30, 2012, and
 - Balance sheet information as of June 30, 2013 and 2012; and March 31, 2012.
- 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) for our customers’ completed calls from AXTEL lines.
 - 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 segment.
 - 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 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. For additional detail on the Adjusted EBITDA Reconciliation, go to AXTEL’s web site at www.axtel.mx
- 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 8,672,716,596, respectively, as of June 30, 2013.

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) Breakdown of AXTEL's revenues including its major wholesale customer:

Sources of Revenues

Million Pesos	Q2 2013	Q2 2012	Q1 2013	LTM	LTM
				jun-13	jun-12
Local	826	919	834	3,443	3,813
Long Distance	288	311	283	1,194	1,242
Internet & Video	252	193	229	909	671
Data & Network	481	494	485	1,962	2,012
Int. Service & Eq. Sale	267	503	230	1,194	1,489
Int'l. Traffic	171	167	124	582	1,059
Other	95	100	104	384	387
	2,380	2,688	2,289	9,668	10,672

- 10) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of pre-operating expenses and cost of spectrum licenses, among others.
- 11) 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, 2013 and 2012 and March 31, 2012
 (figures in Thousands of Mexican pesos)

ASSETS	June-2013	March-2013	June-2012
Current assets			
Cash and equivalents	750,075	824,090	693,593
Restricted cash	-	-	149,643
Accounts receivable	2,621,332	2,545,337	2,486,110
Refundable taxes and other accounts receivable	312,081	297,483	291,927
Advances to suppliers	62,397	107,519	131,673
Inventories	87,636	95,845	124,394
Financial Instruments (Zero Strike Call)	136,123	113,943	90,546
Financial Instruments (others)	-	-	-
Assets classified as held for sale	-	-	-
Total current assets	3,969,644	3,984,217	3,967,886
Non current assets			
Property, plant and equipment, net	13,199,142	13,564,881	14,934,705
Long-term accounts receivable	386,747	411,837	16,981
Intangible assets, net	249,091	261,776	299,929
Deferred income taxes	964,033	724,883	1,833,067
Investment in assoc. Cos. & other investments	9,587	9,649	9,651
Other assets	145,524	141,483	132,209
Total non current assets	14,954,124	15,114,509	17,226,542
TOTAL ASSETS	18,923,768	19,098,726	21,194,428
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	1,822,939	2,167,884	2,419,699
Accrued Interest	228,890	72,964	289,284
Short-term debt	-	-	-
Current portion of long-term debt	272,417	264,603	355,810
Taxes payable	340,065	305,240	156,882
Derivative Financial Instruments	-	-	32,362
Deferred Revenue	538,872	560,028	548,264
Provisions	-	-	16,528
Other accounts payable	126,714	111,474	146,584
Total current liabilities	3,329,897	3,482,193	3,965,413
Long-term debt			
Long-term debt	7,299,456	6,847,390	11,567,479
Employee Benefits	20,753	20,495	24,231
Deferred revenue	33,900	33,900	33,900
Long-term provisions	-	-	267,468
Other LT liabilities	378,731	405,575	13,651
Total long-term debt	7,732,840	7,307,360	11,906,729
TOTAL LIABILITIES	11,062,737	10,789,553	15,872,142
STOCKHOLDERS EQUITY			
Capital stock	6,625,919	6,625,536	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)	428,068	876,593	(2,087,978)
Change in the fair value of derivative instruments	-	-	(22,316)
TOTAL STOCKHOLDERS EQUITY	7,861,031	8,309,173	5,322,286
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	18,923,768	19,098,726	21,194,428

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

Unaudited Consolidated Income Statement

Periods ended June 30, 2013 and 2012

(figures in Thousands of Mexican pesos)

	Second Quarter ended June 31			LTM ended June 31		
	2013	2012	Δ%	2013	2012	Δ%
Rental, Installation, service and other income	2,379,597	2,688,047	-11%	9,667,714	10,672,129	-9%
Operating cost and expenses						
Cost of sales and services	(609,067)	(819,985)	-26%	(2,572,872)	(2,793,722)	-8%
Selling and administrative expenses	(1,069,766)	(1,165,249)	-8%	(4,445,070)	(4,606,570)	-4%
Other income (expenses), net	(22,461)	(8,643)	160%	2,887,337	(431,420)	n.a.
Depreciation and amortization	(798,779)	(756,809)	6%	(3,169,942)	(3,044,418)	4%
	<u>(2,500,073)</u>	<u>(2,750,686)</u>	<u>-9%</u>	<u>(7,300,547)</u>	<u>(10,876,130)</u>	<u>-33%</u>
Operating income (loss)	<u>(120,476)</u>	<u>(62,639)</u>	<u>92%</u>	<u>2,367,167</u>	<u>(204,001)</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(166,400)	(273,109)	-39%	(1,011,803)	(1,049,191)	-4%
Interest income	4,137	4,844	-15%	17,944	21,289	-16%
Foreign exchange gain (loss), net	(446,120)	(703,090)	-37%	521,457	(1,432,515)	n.a.
Result from the exchange of debt, net	(3,011)	-	n.a.	1,543,410	-	n.a.
Change in the fair value of derivative inst.	22,181	(92,736)	n.a.	(24,195)	(161,814)	-85%
Comprehensive financing result, net	<u>(589,213)</u>	<u>(1,064,091)</u>	<u>-45%</u>	<u>1,046,813</u>	<u>(2,622,231)</u>	<u>n.a.</u>
Equity in results of associated company	<u>(62)</u>	<u>1</u>	<u>n.a.</u>	<u>(64)</u>	<u>(98)</u>	<u>-35%</u>
Income (loss) before income taxes,	<u>(709,751)</u>	<u>(1,126,729)</u>	<u>-37%</u>	<u>3,413,916</u>	<u>(2,826,330)</u>	<u>n.a.</u>
Income tax	37,869	-	n.a.	-	-	
Deferred income tax	242,402	133,647	81%	(890,513)	304,459	n.a.
IETU	(15,792)	(27,512)	-43%	(38,400)	(90,130)	-57%
Deferred IETU	<u>(3,253)</u>	<u>43,073</u>	<u>n.a.</u>	<u>31,043</u>	<u>(9,135)</u>	<u>n.a.</u>
Total income tax	<u>261,226</u>	<u>149,208</u>	<u>75%</u>	<u>(897,870)</u>	<u>205,194</u>	<u>n.a.</u>
Net Income (Loss)	<u><u>(448,525)</u></u>	<u><u>(977,521)</u></u>	<u><u>-54%</u></u>	<u><u>2,516,046</u></u>	<u><u>(2,621,136)</u></u>	<u><u>n.a.</u></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 31			LTM ended June 31		
	2013	2012	Δ%	2013	2012	Δ%
Net Income (Loss)	Ps.\$ (448,525)	(977,521)	-54%	Ps.\$ 2,516,046	(2,621,136)	n.a.
Depreciation and Amortization	(798,779)	(756,809)	6%	(3,169,942)	(3,044,418)	4%
Interest Expense, Net	(162,263)	(268,265)	-40%	(993,859)	(1,027,902)	-3%
Total Income Tax	<u>261,226</u>	<u>149,208</u>	<u>75%</u>	<u>(897,870)</u>	<u>205,194</u>	<u>n.a.</u>
EBITDA	251,291	(101,655)	n.a.	7,577,717	1,245,990	508%
FX Gain (Loss), Net	(446,120)	(703,090)	-37%	521,457	(1,432,515)	n.a.
Result from exchange of debt, net	(3,011)	-	n.a.	1,543,410	-	n.a.
Ch. in fair value of derivative inst.	22,181	(92,736)	n.a.	(24,195)	(161,814)	-85%
Other income (expense), Net	(22,461)	(8,643)	160%	2,887,337	(431,420)	n.a.
Eq. Results in an asso. Co.	<u>(62)</u>	<u>1</u>	<u>n.a.</u>	<u>(64)</u>	<u>(98)</u>	<u>-35%</u>
Adjusted EBITDA	Ps.\$ <u>700,764</u>	<u>702,813</u>	<u>0%</u>	Ps.\$ <u>2,649,772</u>	<u>3,271,837</u>	<u>-19%</u>