

**San Pedro Garza Garcia, Mexico, February 20, 2015** - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited fourth quarter results ended December 31, 2014<sup>(1)</sup>.

Million Pesos	Q4	Q4	4Q14/4Q13	Q3	LTM	
	2014	2013	Δ%	2014	dic-14	dic-13
Revenues <sup>(2)</sup>	2,383	2,988	-20%	2,570	10,597	10,286
Costs <sup>(3)</sup>	505	1,049	-52%	681	3,097	2,985
Operating Expenses <sup>(4)</sup>	1,091	1,190	-8%	1,120	4,477	4,430
Adjusted EBITDA <sup>(5)</sup>	786	749	5%	769	3,023	2,872
Adj. EBITDA Margin	33.0%	25.1%	+ 794 bps	29.9%	28.5%	27.9%
Net (loss) Income	-1,028	-270	>100%	-444	-1,919	2,408
Earnings per CPO <sup>(6)</sup>	-0.79	-0.21	>100%	-0.34	-1.48	1.86
Capital Expenditures	758	884	-14%	748	2,837	2,118
Net Debt / Adj EBITDA <sup>(7)</sup>					2.7x	2.3x

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**Highlights:**

- ❖ During 2014, Axtel reported positive results, with Adjusted EBITDA growing 5% compared to 2013 due to consistent growth in FTTH-based internet and video revenues for the mass market and sustained recurring revenues from the enterprise and government segment.
- ❖ In the fourth quarter, Adjusted EBITDA continued to show positive growth, increasing 5% year-over-year and 2% on a sequential basis. EBITDA margins improved influenced by lower interconnection costs associated to the Telecom Reform and efficiency measures in operating expenses.
- ❖ In 2015, Axtel will remain committed to its key strategic initiatives; growing in the consumer segment with FTTH-based internet and video offers and increasing the proportion of ICT solutions to serve the enterprise and government segment. Additionally, the new industry dynamics promoted by the Telecom Reform, including the regulated access to the preponderant carrier infrastructure, provide attractive opportunities to potentially enhance value to Axtel's shareholders.

## Sources of Revenues

Million Pesos	4Q14/4Q13			Q3 2014	LTM	LTM
	Q4 2014	Q4 2013	Δ%		dic-14	dic-13
Local	753	762	-1%	735	2,969	3,208
Long Distance	236	276	-15%	269	1,016	1,140
Internet & Video	353	289	22%	339	1,337	1,043
Data & Network	494	444	11%	466	1,898	1,860
Int. Service & Eq. Sale	257	823	-69%	335	1,779	1,884
Int'l. Traffic	175	313	-44%	343	1,234	764
Other	115	82	41%	84	364	387
	<b>2,383</b>	<b>2,988</b>	<b>-20%</b>	<b>2,570</b>	<b>10,597</b>	<b>10,286</b>

**Local services.** Local service revenues totaled Ps. 753 million in the fourth quarter of 2014, compared to Ps. 762 million for same period in 2013, representing a decrease of Ps. 9 million, explained by Ps. 5 million and Ps. 20 million decreases in measured service and cellular revenues, partially compensated by a Ps. 16 million increase in monthly rents despite the 5% decrease in average number of customers. The 14% decrease in measured services is explained by an 18% decrease in prices and a 6% increase in billed-traffic volume. The 16% decrease in cellular revenue is explained by 9% decreases both in price and in cellular billed-traffic volume. Revenues coming from monthly rents represented 82% of local revenues during the three month period ended December 31, 2014. For the twelve month period ended December 31, 2014, local revenues totaled Ps. 2,969 million, compared to Ps. 3,208 million registered in the same period in 2013, a 7% decrease mostly explained by Ps. 102, Ps. 39 and Ps. 98 million declines in monthly rents, measured service and cellular revenues, respectively.

**Long distance services.** Revenues amounted to Ps. 236 million in the fourth quarter of 2014, compared to Ps. 276 million for same period in 2013, a 15% decrease. Billed-traffic volume increased 1% and billed-traffic prices declined 15%. For the twelve month period ended December 31, 2014, long distance revenues totaled Ps. 1,016 million compared to Ps. 1,140 million registered in 2013, a Ps. 124 million, or 11%, decline.

**Internet & Video.** Quarterly revenues totaled Ps. 353 million, compared to Ps. 289 million in the same period in 2013, a 22% or Ps. 64 million increase driven by the pay-tv service and the 13% increase in mass market, or “on-demand” internet services revenues. During the twelve month period ended on December 31, 2014, internet and video services revenues totaled Ps. 1,337 million from Ps. 1,043 million registered in 2013, an increase of Ps. 294 million, or 28%.

**Data & Network.** Data and network revenues amounted to Ps. 494 million in the fourth quarter of 2014, compared to Ps. 444 million in the same period in 2013, an 11% or Ps. 50 million increase driven by a 17% increase in private lines and 9% increase in dedicated internet due to a stronger demand for these services by enterprise customers. During the twelve month period ended on December 31, 2014, data and network services revenues totaled Ps. 1,898 million from Ps. 1,860 million registered in 2013, a 2% increase.

## Sources of Revenues

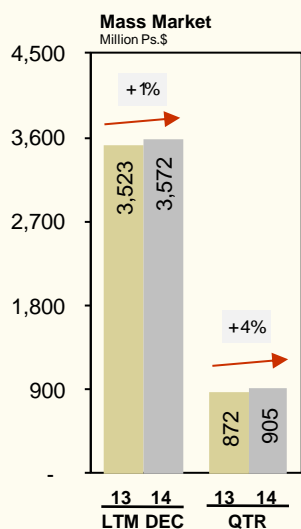
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**Integrated Services & Equipment Sales.** Quarterly revenues totaled Ps. 257 million in the fourth quarter of 2014, from Ps. 823 million in the same quarter of previous year, a 69% decrease due to an extraordinary level of these type of services to government entities in the fourth quarter of 2013 and delays in new government segment projects during the second semester of 2014. For the twelve month period ended December 31, 2014, revenues totaled Ps. 1,779 million from Ps. 1,884 million registered in 2013, a 6% decrease.

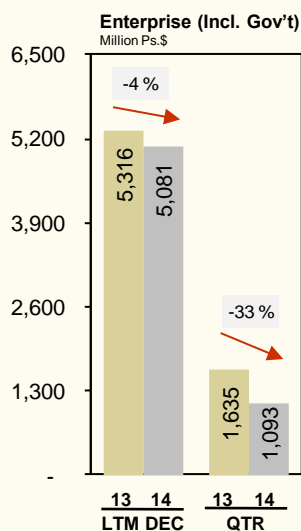
**International traffic.** In the fourth quarter of 2014, international traffic revenues totaled Ps. 175 million, a decrease of Ps. 138 million or 44% versus the same quarter of previous year, explained by a decline in fixed-to-mobile volume and prices. In peso terms, the price benefited from a 6% depreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended December 31, 2014, revenues from international traffic totaled Ps. 1,234 million from Ps. 764 million in the same period in 2013, an increase of 62% mainly explained by a larger volume of higher priced transit traffic that terminates in other countries.

**Other services.** Quarterly revenues from other services totaled Ps. 115 million in the fourth quarter of 2014, from Ps. 82 million in the same quarter of previous year, an increase of 41% mainly due to interconnection revenues from previous months which were not recognized until the fourth quarter. For the twelve month period ended December 31, 2014, revenues totaled Ps. 364 million from Ps. 387 million registered in 2013, a decrease of Ps. 23 million, or 6%.

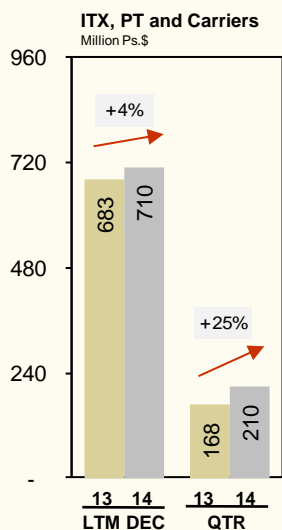
## Revenues by segment \*



**Mass Market.** Revenues totaled Ps. 905 million in the fourth quarter of 2014, a 4% increase compared to the same quarter in 2013. This was mainly due to a 24% increase in internet and video services, mitigated by 2% and 12% declines in local and long distance revenues respectively. For the twelve month period ended December 31, 2014, revenues totaled Ps. 3,572 million, a 1% increase compared to the same period in 2013.



**Enterprise (including Government).** Revenues for this segment amounted to Ps. 1,093 million in the three month period ended December 31, 2014, a decrease of 33% versus the same period in 2013. This is mostly explained by a 69% decrease in integrated services and equipment sales to government entities. For the twelve month period ended December 31, 2014, revenues decreased 4% due to declines in long distance and integrated services revenues.



**Interconnection, Public Telephony and Carriers.** Revenues for this segment totaled Ps. 210 million in the fourth quarter 2014, a 25% increase compared to the same quarter in 2013 mainly due to an increase in interconnection revenues from previous months which were not recognized until this fourth quarter. For the twelve month period ended December 31, 2014, revenues reached Ps. 710 million, an increase of 4% compared to the same period in 2013, primarily explained by increases in data and network revenues.

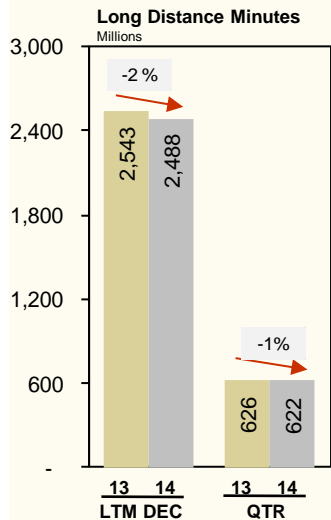
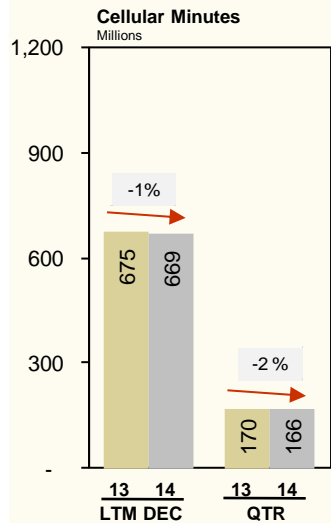
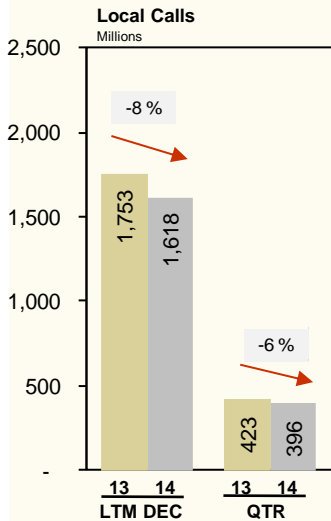
(\*) Excludes International Traffic

## Consumption

**Local Calls.** Local calls totaled 396 million in the fourth quarter of 2014, compared to 423 million calls for the same period in 2013, representing a decrease of 6%. Billed local calls increased 4 million or 6%, while local calls included in commercial offers decreased by 31 million or 9%. Business customers contributed with the increase in billed local calls. Local calls included in commercial offers represented 80% of total calls in the fourth quarter of 2014. For the twelve month period ended December 31, 2014, local calls decreased 8% compared to the same period in 2013, due to decreases in both billed and included calls.

**Cellular (“Calling Party Pays”).** Minutes of use of calls completed to a cellular line amounted to 166 million in the three month period ended December 31, 2014, compared to 170 million in the same period in 2013, a decrease of 2%. Billed cellular minutes decreased 10 million or 9%, while minutes in modules included in a monthly rent increased 6 million minutes or 11%. Billed cellular minutes represented 62% of cellular minutes in the fourth quarter of 2014, compared to 67% in the year-earlier quarter. For the twelve month period ended December 31, 2014, cellular minutes declined 1% compared to the same period in 2013, due to a decline in billed cellular minutes.

**Long distance.** Outgoing long distance minutes amounted to 622 million for the three month period ended December 31, 2014, from 626 million in the same period in 2013, a 4 million decrease resulting from a 15% decline in residential traffic and 1% increase in traffic from enterprise customers. Billed long distance minutes during the fourth quarter of 2014 increased 1% compared to the same period in 2013. Domestic long distance minutes represented 97% of total traffic during the quarter. For the twelve month period ended December 31, 2014, outgoing long distance minutes decreased 2% compared to 2013.



## Operating Data

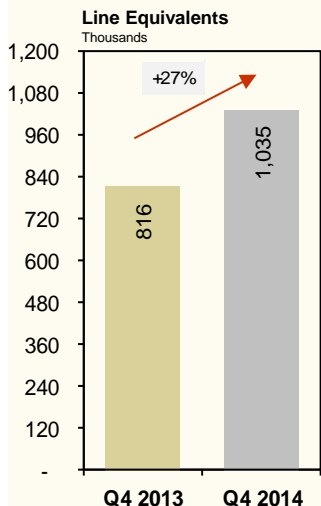
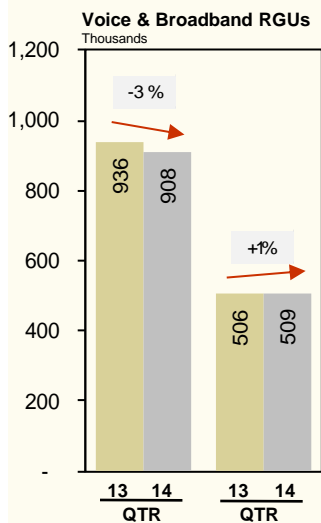
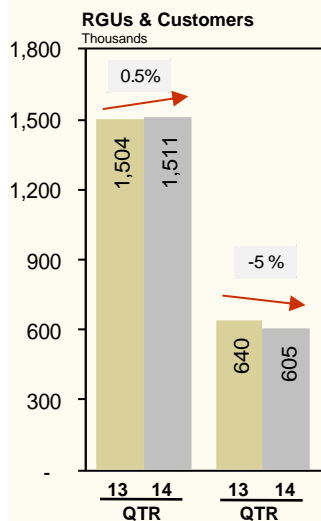
**RGUs<sup>(8)</sup> and Customers.** As of December 31, 2014, RGUs (Revenue Generating Units) totaled 1,511 thousand. During the fourth quarter of 2014, there were 16 thousand net disconnections, compared to 30 thousand net additions in the fourth quarter of 2013 due to a greater number of wireless disconnections in 2014. As of December 31, 2014, customers totaled 605 thousand, a decline of 35 thousand from the same date in 2013. Total customers declined 15 thousand on a sequential basis.

**Voice RGUs (lines in service).** As of December 31, 2014, lines in service totaled 908 thousand. During the fourth quarter of 2014 and fourth quarter 2013, gross additional lines totaled 42 and 56 thousand respectively. Disconnections in the fourth quarter 2014 totaled 56 thousand compared to 54 thousand in the year-earlier quarter. Lines in service in the fourth quarter of 2014 decreased 14 thousand, compared to an increase of 2 thousand in the same period of 2013. As of December 31, 2014, residential lines represented 58% of total lines in service.

**Broadband RGUs (broadband subscribers).** Broadband subscribers increased 1% year-over-year totaling 509 thousand as of December 31, 2014. During the fourth quarter of 2014, broadband subscribers' net disconnections totaled 9 thousand compared to 14 thousand net additions in the same period of 2013 due to a reduction in wireless subscribers. As of December 31, 2014, WiMAX broadband subs reached 330 thousand, compared to 358 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 179 thousand compared to 148 thousand a year ago. Broadband penetration reached 56% at the end of the fourth quarter of 2014, compared to 54% a year ago.

**Video subscribers.** Axtel launched its pay-television service, AXTEL TV, on January 30<sup>th</sup>, 2013, and as of December 31, 2014, video subscribers reached 94 thousand compared to 61 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 December 31, 2014, line equivalents totaled 1,035 thousand, a 27% increase.



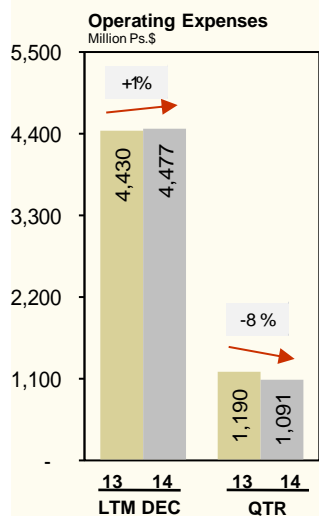
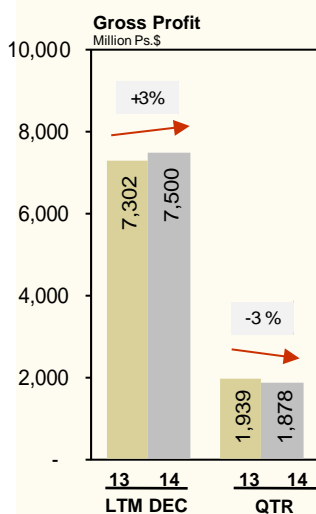
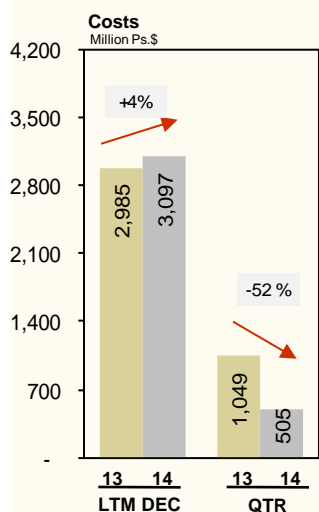


## Cost of Revenues and Operating Expenses

**Cost of Revenues.** For the three month period ended December 31, 2014, the cost of revenues represented Ps. 505 million, a decrease of 52% or Ps. 544 million, compared with the same period of year 2013, mainly explained by 90% and 60% decreases in mobile and long distance costs related to the elimination of termination costs paid to the preponderant carrier, a decline in integrated services and equipment sale costs and a decline in international traffic costs due to lower volume and termination rates. For the twelve month period ended December 31, 2014, cost of revenues reached Ps. 3,097 million, an increase of Ps. 113 million in comparison with year 2013, mainly due to increases in international traffic costs due to a higher level of transit traffic that terminates in other countries mitigated by declines in mobile and long distance costs.

**Gross Profit.** Gross profit is defined as revenues minus cost of revenues. For the fourth quarter of 2014, the gross profit accounted for Ps. 1,878 million, a decrease of 3% or Ps. 61 million compared with the same period in year 2013. The gross profit margin increased from 64.9% to 78.8% year-over-year. For the twelve month period ended December 31, 2014, our gross profit totaled Ps. 7,500 million, compared to Ps. 7,302 million recorded in year 2013, an increase of Ps. 198 million or 3%.

**Operating expenses.** In the fourth quarter of year 2014, operating expenses totaled Ps. 1,091 million, Ps. 99 million or 8% lower than the Ps. 1,190 million recorded in the same period in year 2013, explained mainly by declines in marketing, outsourcing and rents. For the twelve month period ended December 31, 2014, operating expenses totaled Ps. 4,478 million, coming from Ps. 4,430 million in the same period in 2013, a 1% increase. Personnel represented 41% of total operating expenses in the twelve month period ended December 31, 2014.

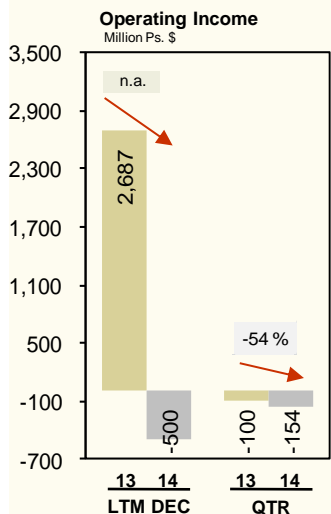
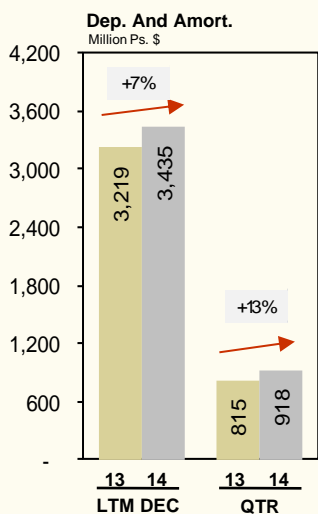
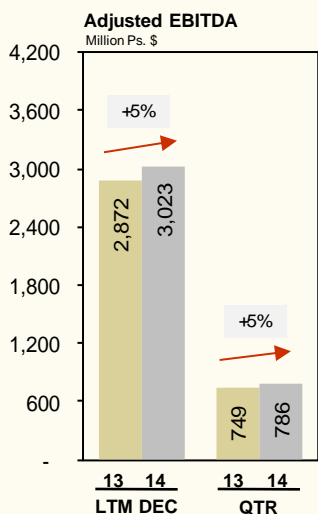


## Adjusted EBITDA, D&A and Operating Income

**Adjusted EBITDA<sup>(5)</sup>.** The Adjusted EBITDA totaled Ps. 786 million for the three month period ended December 31, 2014, compared to Ps. 749 million for the same period in 2013. As a percentage of total revenues, Adjusted EBITDA margin represented 33.0% in the fourth quarter of 2014, 794 bps higher than the margin recorded in the year-earlier quarter. For the twelve month period ended December 31, 2014, Adjusted EBITDA amounted to Ps. 3,023 million, compared to Ps. 2,872 million in year 2013, a 5% increase.

**Depreciation and Amortization<sup>(9)</sup>.** Depreciation and amortization totaled Ps. 918 million in the three month period ending on December 31, 2014 compared to Ps. 815 million for the same period in year 2013. Depreciation and amortization for the twelve month period ended December 31, 2014 reached Ps. 3,435 million, from Ps. 3,219 million in the same period in year 2013, an increase of Ps. 217 million.

**Operating Income (loss).** In the three month period ended December 31, 2014, the Company recorded an operating loss of Ps. 154 million compared to an operating loss of Ps. 100 million registered in the same period in year 2013. For the twelve month period ended December 31, 2014, operating loss reached Ps. 500 million when compared to the operating income of Ps. 2,687 million in the same period of year 2013, a decline of Ps. 3,186 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	4Q14/4Q13			LTM	LTM
	Q4 2014	Q4 2013	Δ%	Q4 2014	Q4 2013
Net interest expense	(275)	(209)	31%	(205)	(866)
FX gain (loss), net	(834)	(41)	>100%	(274)	40
Result from debt exchange	-	29	n.a.	-	1,569
Ch. in FV of fin. Instruments	(13)	32	n.a.	(8)	(5)
<b>Total</b>	<b>(1,122)</b>	<b>(190)</b>	<b>&gt;100%</b>	<b>(1,954)</b>	<b>737</b>

**Comprehensive financing result.** Net interest expense for the fourth quarter 2014 increased Ps. 65 million due to the higher level of debt and the increase on the interest rate related to the step-up scheme of the 2020 Secured Notes. During the fourth quarter of 2014 and 2013, the peso depreciated 9% and 1% against the U.S. dollar generating a FX loss of Ps. 834 million and Ps. 41 million respectively. Concerning variations in the fair value of financial instruments, these are explained by a 14% decrease and a 17% increase in the price of AXTELCPO during the fourth quarter of 2014 and 2013, which affected the valuation of AXTEL's position held in its own stock through the zero-strike call instruments. The Ps. 1,954 million comprehensive financing loss for year ended in December 2014, compared to a Ps. 737 million comprehensive financing gain for year ended in December 2013, is mainly explained by the gain resulting from the debt exchange in the first quarter of 2013 and an FX loss during 2014.

### Total Debt as of the end of each period

Million Pesos	Q4 2014	Q4 2013	Q3 2014
2017 Senior Notes	742	659	678
2019 Senior Notes	1,497	1,330	1,369
2020 Senior Secured Notes	8,016	5,161	7,328
2020 Senior Secured Convertible Notes	209	288	203
Other loans and financing obligations	733	577	766
Notes Premium (discount)	(13)	(22)	(14)
Notes issuance and deferred financing costs	(117)	(18)	(60)
FV option convertible bond	(70)	(111)	(74)
<b>Total Debt</b>	<b>10,996</b>	<b>7,864</b>	<b>10,195</b>
(-) Cash and cash equivalents	(2,698)	(1,292)	(2,524)
<b>Net Debt</b>	<b>8,298</b>	<b>6,572</b>	<b>7,671</b>

**Debt.** At the end of the fourth quarter 2014, total debt increased Ps. 3,132 million in comparison with fourth quarter 2013, explained by (i) a Ps. 1,859 million net increase related to the \$150 million reopening of the 2020 notes, (ii) an increase of Ps. 103 million in leases and other financial obligations, (iii) a Ps. 91 million decrease related to the notes' discount, issuance and deferred financing costs, (iv) a Ps. 41 million increase related to the implicit derivative instrument embedded in the Senior Secured Convertible Notes and (v) a Ps. 1,221 million non-cash increase caused by the 11% depreciation of the Mexican peso.

**Cash.** As of the end of the fourth quarter of 2014, the cash and equivalents balance totaled Ps. 2,698 million, compared to Ps. 1,292 million a year ago, and Ps. 2,524 million at the beginning of the quarter. As of the end of the quarter, 59 percent of the cash balance was maintained in dollars, the rest in pesos.

### **Investments and Derivative Instruments**

**Capital Investments.** In the fourth quarter of 2014, capital investments totaled Ps. 758 million, or \$55 million, compared to Ps. 884 million, or \$68 million, in the year-earlier quarter. For the twelve month period ended December 31, 2014, capital investments totaled Ps. 2,837 million, or \$213 million, compared to Ps. 2,118 million, or \$166 million, for 2013.

**Other Investments.** As of December 31, 2014, the Company maintained an economic position equivalent to 36.0 million AXTELCPOs in ZSC.

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

	AXTEL receives	AXTEL pays	Other
<b>Zero-strike Equity Call Option</b>			
Notional Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	30.4 million AXTELCPO
Settlement			In cash
Expiration Date			July 2015
Valuation			Ps. 102.8 million
Notional Value	5.6 million AXTELCPO	Strike price: ¢1 per CPO	5.6 million AXTELCPO
Settlement			In cash
Expiration Date			June 2015
Valuation			Ps. 19.1 million

At the end of the quarter, the Company's balance sheet recorded a liability of Ps. 47 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 December 31, 2014 and 2013, and September 30, 2014; and twelve month period ending on December 31, 2014 and 2013, and
  - Balance sheet information as of December 31, 2014 and 2013; and September 30, 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 8,969,898,138 respectively, as of December 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 as well as financial instruments whose underlying is related to the performance of its stock price.

### ***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 at [axtel.mx](http://axtel.mx)

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

Unaudited Consolidated Balance Sheet

December 31, 2014 and 2013 and September 30, 2014

(figures in Thousands of Mexican pesos)

<b>ASSETS</b>	<b>December-2014</b>	<b>September-2014</b>	<b>December-2013</b>
<b>Current assets</b>			
Cash and equivalents	2,697,835	2,524,032	1,292,263
Restricted cash	-	-	-
Accounts receivable	2,426,167	3,343,588	2,981,732
Refundable taxes and other accounts receivable	378,522	321,883	291,410
Advances to suppliers	112,763	127,791	65,578
Inventories	67,097	162,923	106,313
Financial Instruments (Zero Strike Call)	121,999	118,804	142,200
<b>Total current assets</b>	<b>5,804,383</b>	<b>6,599,021</b>	<b>4,879,496</b>
<b>Non current assets</b>			
Property, plant and equipment, net	12,961,543	13,079,475	13,187,187
Long-term accounts receivable	230,752	255,608	333,751
Intangible assets, net	173,959	186,200	223,792
Deferred income taxes	1,675,202	1,403,132	1,101,937
Investment in assoc. Cos. & other investments	8,217	8,426	11,640
Other assets	131,042	124,818	144,849
<b>Total non current assets</b>	<b>15,180,715</b>	<b>15,057,659</b>	<b>15,003,156</b>
<b>TOTAL ASSETS</b>	<b>20,985,098</b>	<b>21,656,680</b>	<b>19,882,652</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable & Accrued expenses	2,347,302	3,139,471	2,741,308
Accrued Interest	458,822	213,892	278,807
Short-term debt	130,000	130,000	-
Current portion of long-term debt	220,554	246,803	308,945
Taxes payable	363,351	230,311	285,987
Financial Instruments	-	133,590	-
Deferred Revenue	695,868	507,766	583,915
Other accounts payable	96,018	151,565	100,473
<b>Total current liabilities</b>	<b>4,311,915</b>	<b>4,753,398</b>	<b>4,299,435</b>
<b>Long-term debt</b>			
Long-term debt	10,645,447	9,818,431	7,555,374
Derivative Financial Instruments	46,952	62,153	116,658
Employee Benefits	25,127	20,812	21,330
Deferred revenue	33,900	33,900	33,900
Other LT liabilities	216,039	241,964	328,297
<b>Total long-term debt</b>	<b>10,967,465</b>	<b>10,177,260</b>	<b>8,055,559</b>
<b>TOTAL LIABILITIES</b>	<b>15,279,380</b>	<b>14,930,658</b>	<b>12,354,994</b>
<b>STOCKHOLDERS EQUITY</b>			
Capital stock	6,728,342	6,716,824	6,627,890
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	90,000	162,334	162,334
Cumulative earnings (losses)	(1,757,334)	(797,846)	92,724
Change in the fair value of derivative instruments	-	-	-
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>5,705,718</b>	<b>6,726,022</b>	<b>7,527,658</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>20,985,098</b>	<b>21,656,680</b>	<b>19,882,652</b>

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

Unaudited Consolidated Income Statement  
 Periods ended December 31, 2014 and 2013  
 (figures in Thousands of Mexican pesos)

	Fourth Quarter ended December 31			LTM ended December 31		
	2014	2013	Δ%	2014	2013	Δ%
Rental, installation, service and other income	2,382,534	2,987,711	-20%	10,597,003	10,286,494	3%
Operating cost and expenses						
Cost of sales and services	(504,883)	(1,048,711)	-52%	(3,097,105)	(2,984,573)	4%
Selling and administrative expenses	(1,091,201)	(1,190,207)	-8%	(4,476,849)	(4,429,798)	1%
Other income (expenses), net	(22,233)	(33,921)	-34%	(87,670)	(78,844)	11%
Gain in sale of telecommunication towers	-	-	n.a.	-	3,111,948	n.a.
Depreciation and amortization	(917,721)	(814,519)	13%	(3,435,082)	(3,218,539)	7%
	<u>(2,536,038)</u>	<u>(3,087,358)</u>	<u>-18%</u>	<u>(11,096,706)</u>	<u>(7,599,806)</u>	<u>46%</u>
Operating income (loss)	<u>(153,504)</u>	<u>(99,647)</u>	<u>54%</u>	<u>(499,703)</u>	<u>2,686,688</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(279,636)	(213,429)	31%	(875,745)	(882,454)	-1%
Interest income	5,040	4,016	25%	16,615	16,229	2%
Foreign exchange gain (loss), net	(834,323)	(41,005)	>100%	(1,073,210)	39,682	n.a.
Result from the exchange of debt, net	-	28,800	n.a.	-	1,568,983	n.a.
Change in the fair value of derivative inst.	(13,252)	31,653	n.a.	(21,272)	(5,303)	>100%
Comprehensive financing result, net	<u>(1,122,171)</u>	<u>(189,965)</u>	<u>&gt;100%</u>	<u>(1,953,612)</u>	<u>737,137</u>	<u>n.a.</u>
Equity in results of associated company	<u>(160)</u>	<u>2,055</u>	<u>n.a.</u>	<u>(3,423)</u>	<u>1,992</u>	<u>n.a.</u>
Income (loss) before income taxes,	<u>(1,275,835)</u>	<u>(287,557)</u>	<u>&gt;100%</u>	<u>(2,456,738)</u>	<u>3,425,817</u>	<u>n.a.</u>
Income taxes:						
Current	(23,598)	(17,966)	31%	(34,459)	(50,817)	-32%
Deferred	271,402	35,805	>100%	572,596	(967,321)	n.a.
Total income tax	<u>247,804</u>	<u>17,839</u>	<u>&gt;100%</u>	<u>538,137</u>	<u>(1,018,138)</u>	<u>n.a.</u>
Net Income (Loss)	<u><u>(1,028,031)</u></u>	<u><u>(269,718)</u></u>	<u><u>&gt;100%</u></u>	<u><u>(1,918,601)</u></u>	<u><u>2,407,679</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)

	Fourth Quarter ended December 31			LTM ended December 31		
	2014	2013	Δ%	2014	2013	Δ%
Net Income (Loss)	Ps.\$ (1,028,031)	(269,718)	>100%	Ps.\$ (1,918,601)	2,407,679	n.a.
Depreciation and Amortization	(917,721)	(814,519)	13%	(3,435,082)	(3,218,539)	7%
Interest Expense, Net	(274,596)	(209,413)	31%	(859,130)	(866,225)	-1%
Total Income Tax	247,804	17,839	>100%	538,137	(1,018,138)	n.a.
EBITDA	(83,518)	736,375	n.a.	1,837,474	7,510,581	-76%
FX Gain (Loss), Net	(834,323)	(41,005)	>100%	(1,073,210)	39,682	n.a.
Result from exchange of debt, net	-	28,800	n.a.	-	1,568,983	n.a.
Ch. in fair value of derivative inst.	(13,252)	31,653	n.a.	(21,272)	(5,303)	>100%
Other income (expense), Net	(22,233)	(33,921)	-34%	(87,670)	3,033,104	n.a.
Eq. Results in an asso. Co.	(160)	2,055	n.a.	(3,423)	1,992	n.a.
Adjusted EBITDA	Ps.\$ <u>786,450</u>	<u>748,793</u>	<u>5%</u>	Ps.\$ <u>3,023,049</u>	<u>2,872,123</u>	<u>5%</u>