



**TV AZTECA ANNOUNCES NET SALES OF Ps.3,693 MILLION  
AND EBITDA OF Ps.977 MILLION IN THE 4Q18**

—TV Azteca generated agile and competitive content, with increasing success,  
laying the foundation for superior market positioning—

**Mexico City, February 19, 2019**—TV Azteca, S.A.B. de C.V. (BMV: AZTECACPO; Latibex: XTZA), one of the two largest producers of Spanish-language television programming in the world, today announced fourth quarter 2018 and full year 2018 financial results.

"During the quarter, we were faced with a context of a weak demand for advertising, which, together with rising costs, affected profitability," commented Benjamín Salinas, CEO of TV Azteca. "The higher costs are related mainly to soccer teams' broadcastings, which affect the consolidated EBITDA. So as their exhibition rights end, we will evaluate the suitability of having them."

"In terms of content generation, during the period we substantially strengthened our solid production of successful formats, with an emphasis on live entertainment, which attracts increasing audiences and translated into outstanding positioning in the broadcast television market in Mexico, and lays the foundation for superior performance," added Mr. Salinas.

**Fourth Quarter Consolidated Results**

Net revenue for the period was Ps.3,693 million, 8% lower than the Ps.4,005 million for the same quarter of last year. Total costs and expenses were Ps.2,716 million, compared to Ps.2,589 million for the previous year.

As a result, TV Azteca reported EBITDA of Ps.977 million, 31% less than the Ps.1,416 million of last year; EBITDA margin for the quarter was 26%. Operating income was Ps.561 million, in comparison with Ps.1,085 million for the previous year.

The company registered a net loss of Ps.113 million, compared to a net loss of Ps.1,315 million for the same quarter of 2017.

	4Q 2017	4Q 2018	Change Ps.	%
<b>Net sales</b>	\$4,005	<b>\$3,693</b>	<b>\$(312)</b>	<b>-8%</b>
<b>EBITDA</b>	\$1,416	<b>\$977</b>	<b>\$(439)</b>	<b>-31%</b>
<b>Operating income</b>	\$1,085	<b>\$561</b>	<b>\$(524)</b>	<b>-48%</b>
<b>Net result</b>	\$(1,315)	<b>\$(113)</b>	<b>\$1,202</b>	<b>91%</b>
<b>Net result per CPO</b>	\$(0.44)	<b>\$(0.04)</b>	<b>\$0.40</b>	<b>91%</b>

Figures in millions of pesos.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

The number of CPOs outstanding as of December 31, 2017 was 2,985 million and as of December 31, 2018 was 2,987 million.

## **Net sales**

Domestic advertising sales decreased 7% to Ps.3,523 million, from Ps.3,802 million a year ago, as a result of lower domestic demand for advertising in broadcast television in the quarter.

Additionally, content sales to other countries were Ps.42 million in the quarter, from Ps.76 million in the previous year. Revenue for the quarter resulted mainly from the commercialization of the shows *Cuando seas mía* in Europe, *Cielo rojo* in South America, and *María Magdalena* in Africa, as well as the sale of TV Azteca content to pay TV channels in the rest of the world.

Revenue from TV Azteca Guatemala and TV Azteca Honduras was Ps.31 million, with no changes in comparison to the previous year.

Azteca Comunicaciones Perú reported revenue of Ps.97 million, from Ps.96 million a year ago. The revenue resulted from telecommunications services and reimbursements from the Peruvian government for maintenance and operation of the fiber optic network.

## **Costs and SG&A Expenses**

Total costs and expenses increased 5% in the quarter as a result of an 11% increase in production, programming and transmission costs, and telecommunications services to Ps.2,328 million, from Ps.2,099 million a year ago; in conjunction with a 21% reduction in selling and administrative expenses, to Ps.388 million, compared to Ps.490 million in the previous year.

The increase in costs is mainly due to production efforts of higher quality programs, which strengthen TV Azteca's outlook in the media market, as well as costs related to broadcasts of the soccer teams' matches.

The costs of Azteca Comunicaciones Perú were Ps.93 million, from Ps.118 million a year ago. The lower costs are derived from operation efficiencies, as well as from the successful negotiation of a transmission infrastructure rent reduction.

The reduction of expenses at TV Azteca reflects lower operating expenses for services and fees this quarter, within the framework of strategies aimed at boosting operational efficiency.

### **Consolidated EBITDA and Net Result**

Consolidated EBITDA of the company was Ps.977 million, compared to Ps.1,416 million for the same period of the prior year. Operating profit was Ps.561 million, from Ps.1,085 million a year ago.

Significant variations below EBITDA were the following:

An increase of Ps.101 million in other expenses, due to higher donations, legal fees and asset reserves this period.

A decrease of Ps.95 million in other financial expenses, due to disbursements made a year ago, associated with advanced payment of debt.

A gain of Ps.56 million in interest earned, due to higher return on cash investments of the company in the period.

A reduction of Ps.209 million in foreign exchange loss this quarter, as a result of lower net monetary liabilities in dollars, compared to the previous year, combined with lower depreciation of the peso this quarter.

A decrease of Ps.442 million in the asset impairment account, as a result of the charge one year ago due to deterioration of the book value of players of the Atlas and Monarcas soccer clubs.

A reduction of Ps.789 million in discontinued operations, because of a charge a year ago from the deconsolidation in the operations of Azteca America whose assets were sold by the company in 2017.

TV Azteca registered net loss of Ps.113 million for the quarter, compared to a net loss of Ps.1,315 million for the same period a year ago.

## **Cash Flow**

During 2018, TV Azteca generated cash flow of Ps.3,053 million from operations, compared to Ps.348 million from the previous year. The growth resulted, to a large extent, from increasing management efficiencies and the cash payment for the exhibition rights of the World Cup games in Russia, made in years prior to 2018.

Through this cash flow and with the company's cash balance, TV Azteca made a payment of Ps.3,940 million for the renewal of the concessions of its television channels.

"Solid financial planning and timely budget monitoring in each area of TV Azteca, allowed an important generation of operating cash flow during the year, and reinforced the financial perspectives of the company," commented Esteban Galíndez, CFO of TV Azteca.

## **Debt**

As of December 31, 2018, TV Azteca's outstanding debt was Ps.13,396 million, in comparison to Ps.13,398 million a previous year.

The cash and cash equivalents balance at the end of the quarter totaled Ps.1,752 million, from Ps.2,783 million a year ago. The reduction resulted from the payment made for the renewal of TV Azteca's television channel concessions, which was partially offset by the generation of cash in the period.

Net debt of the company as of December 31, 2018 was Ps.11,644 million, in comparison to Ps.10,615 million a year ago.

## **Renewal of Concessions**

As previously reported, during the quarter, the Federal Telecommunications Institute (IFT) agreed to renew the concessions of TV Azteca television channels for 20 years, effective as of January 1, 2022.

The decision of the IFT granted the renewal concessions for the Azteca uno and Azteca 7 networks, as well as the concession that transmits the adn40 signal, which are valid until December 31, 2021.

During the quarter, the company made the corresponding payment of Ps.3,940 million.

Through this transaction, TV Azteca expresses its confidence in the future of Mexico, and reaffirms its solid commitment to investment, with a long-term perspective, in bringing free, broadcast television to millions of Mexicans.

## Fiber-optic Network in Peru

As previously announced, TV Azteca management is in the process of updating the valuation and perspectives of its investments in telecommunications in Peru, as requested by the board, in order to determine its consistency with the strategic focus of the company.

In addition, during the year, Azteca Comunicaciones Perú developed strategies aimed to make its cost structure more efficient and boost its operational efficiency, which strengthened profitability levels.

## Twelve-month results

Net sales for 2018 were Ps.14,534 million, 5% higher than the Ps.13,829 million in 2017. Total costs and expenses were Ps.11,788 million, from Ps.9,739 million for the same period of the previous year. The higher costs mainly relate to the broadcast exhibition rights of World Cup Soccer in Russia, as well as with the production of successful content that strengthen the company's market positioning.

TV Azteca reported EBITDA of Ps.2,746 million, compared to Ps.4,090 million of the previous year. EBITDA margin for 2018 was 19%. Operating profit was Ps.1,579 million, from Ps.2,996 million a year ago. The company reported a net loss of Ps.652 million, compared to a net loss of Ps.1,171 million in 2017.

	2017	2018	Change	
			Ps.	%
<b>Net sales</b>	\$13,829	<b>\$14,534</b>	<b>\$705</b>	<b>5%</b>
<b>EBITDA</b>	\$4,090	<b>\$2,746</b>	<b>\$(1,344)</b>	<b>-33%</b>
<b>Operating income</b>	\$2,996	<b>\$1,579</b>	<b>\$(1,418)</b>	<b>-47%</b>
<b>Net result</b>	\$(1,171)	<b>\$(652)</b>	<b>\$520</b>	<b>44%</b>
<b>Net result per CPO</b>	\$(0.39)	<b>\$(0.22)</b>	<b>\$(0.17)</b>	<b>44%</b>

Figures in millions of pesos.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

The number of CPOs outstanding as of December 31, 2017 was 2,985 million and as of December 31, 2018 was 2,987 million.

## About TV Azteca

TV Azteca is one of the two largest producers of Spanish-language television programming in the world, operating four television networks in Mexico: Azteca uno, Azteca 7, adn40 and a+ through more than 300 owned and operated stations across the country. The company also operates TV Azteca Digital, the operator of several Mexico's most visited websites and social media platforms.

TV Azteca is a Grupo Salinas company ([www.gruposalinas.com](http://www.gruposalinas.com)), a group of dynamic, fast growing, and technologically advanced companies focused on creating: economic value through market innovation and goods and services that improve standards of living; social value to improve community wellbeing; and environmental value by reducing the negative impact of its business activities. Created by Mexican entrepreneur Ricardo B. Salinas ([www.ricardosalinas.com](http://www.ricardosalinas.com)), Grupo Salinas operates as a management development and decision forum for the top leaders of member companies. These companies include: TV Azteca ([www.TVazteca.com](http://www.TVazteca.com); [www.irtvazteca.com](http://www.irtvazteca.com)), Grupo Elektra ([www.grupoelektra.com.mx](http://www.grupoelektra.com.mx)), Banco Azteca ([www.bancoazteca.com.mx](http://www.bancoazteca.com.mx)), Advance America ([www.advanceamerica.net](http://www.advanceamerica.net)), Afore Azteca ([www.aforeazteca.com.mx](http://www.aforeazteca.com.mx)), Seguros Azteca ([www.segurosazteca.com.mx](http://www.segurosazteca.com.mx)), Punto Casa de Bolsa ([www.puntocasadebolsa.mx](http://www.puntocasadebolsa.mx)), Totalplay ([www.totalplay.com.mx](http://www.totalplay.com.mx)) and Totalplay Empresarial ([totalplayempresarial.com.mx](http://totalplayempresarial.com.mx)). TV Azteca and Grupo Elektra trade shares on the Mexican Stock Market and in Spains' Latibex market. Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. The group of companies shares a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

*Except for historical information, the matters discussed in this press release are concepts about the future that involve risks and uncertainty that may cause actual results to differ materially from those projected. Other risks that may affect TV Azteca and its subsidiaries are presented in documents sent to the securities authorities.*

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**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED RESULTS OF OPERATIONS**  
(Millions of Mexican pesos of December 31 of 2017 and 2018 )

	Fourth Quarter of :						Change	
	2017		2018					
<b>Net revenue</b>	<b>Ps 4,005</b>	<b>100%</b>	<b>Ps 3,693</b>	<b>100%</b>	<b>Ps (312)</b>		<b>-8%</b>	
Programming, production and transmission costs	2,099	52%	2,328	63%	229		11%	
Selling and administrative expenses	490	12%	388	11%	(103)		-21%	
Total costs and expenses	2,589	65%	2,716	74%	127		5%	
<b>EBITDA</b>	<b>1,416</b>	<b>35%</b>	<b>977</b>	<b>26%</b>	<b>(439)</b>		<b>-31%</b>	
Depreciation and amortization	188		172		(17)			
Other expense -Net	143		244		101			
<b>Operating profit</b>	<b>1,085</b>	<b>27%</b>	<b>561</b>	<b>15%</b>	<b>(524)</b>		<b>-48%</b>	
Equity in income from affiliates	(44)		101		145			
Comprehensive financing result:								
Interest expense	(357)		(343)		14			
Other financing expense	(113)		(18)		95			
Interest income	20		76		56			
Exchange loss -Net	(479)		(270)		209			
	(929)		(555)		374			
<b>Income before the following provision</b>	<b>112</b>	<b>3%</b>	<b>108</b>	<b>3%</b>	<b>(4)</b>		<b>4%</b>	
Provision for income tax	(195)		(220)		(25)			
<b>Profit (Loss) from continuing operations</b>	<b>(84)</b>		<b>(113)</b>		<b>(29)</b>		<b>-35%</b>	
Impairment of long-live assets	(442)		-		442			
Profit (loss) from discontinued operations	(789)		-		789			
<b>Net income</b>	<b>Ps (1,315)</b>		<b>Ps (113)</b>		<b>Ps 1,202</b>			
<b>Non-controlling share in net profit</b>	<b>Ps 3</b>		<b>Ps (4)</b>		<b>Ps (7)</b>			
<b>Controlling share in net profit</b>	<b>Ps (1,319)</b>	<b>-33%</b>	<b>Ps (109)</b>	<b>-3%</b>	<b>Ps 1,209</b>		<b>92%</b>	

**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED RESULTS OF OPERATIONS**  
(Millions of Mexican pesos of December 31 of 2017 and 2018 )

	<u>Period ended December 31,</u>					
	<u>2017</u>		<u>2018</u>		<u>Change</u>	
<b>Net revenue</b>	<b>Ps 13,829</b>	<b>100%</b>	<b>Ps 14,534</b>	<b>100%</b>	<b>Ps 705</b>	<b>5%</b>
Programming, production and transmission costs	8,187	59%	10,316	71%	2,130	26%
Selling and administrative expenses	1,552	11%	1,472	10%	(80)	-5%
Total costs and expenses	9,739	70%	11,788	81%	2,049	21%
<b>EBITDA</b>	<b>4,090</b>	<b>30%</b>	<b>2,746</b>	<b>19%</b>	<b>(1,344)</b>	<b>-33%</b>
Depreciation and amortization	762		724		(37)	
Other expense -Net	333		443		111	
<b>Operating profit</b>	<b>2,996</b>	<b>22%</b>	<b>1,579</b>	<b>11%</b>	<b>(1,418)</b>	<b>-47%</b>
Equity in income from affiliates	(171)		(36)		136	
Comprehensive financing result:						
Interest expense	(1,419)		(1,310)		109	
Other financing expense	(450)		(175)		275	
Interest income	110		196		86	
Exchange Gain -Net	794		34		(760)	
	(965)		(1,255)		(290)	
<b>Income before the following provision</b>	<b>1,860</b>	<b>13%</b>	<b>288</b>	<b>2%</b>	<b>(1,572)</b>	<b>85%</b>
Provision for income tax	(898)		(940)		(42)	
<b>Profit (Loss) from continuing operations</b>	<b>962</b>		<b>(652)</b>		<b>(1,614)</b>	
Impairment of long-live assets	(442)		-		442	
Profit (loss) from discontinued operations	(1,691)		-		1,691	
<b>Net income</b>	<b>Ps (1,171)</b>		<b>Ps (652)</b>		<b>Ps 520</b>	
<b>Non-controlling share in net profit</b>	<b>Ps (8)</b>		<b>Ps (5)</b>		<b>Ps 3</b>	
<b>Controlling share in net profit</b>	<b>Ps (1,163)</b>	<b>-8%</b>	<b>Ps (647)</b>	<b>-4%</b>	<b>Ps 516</b>	<b>44%</b>



**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Millions of Mexican pesos of December 31 of 2017 and 2018)

	<u>At December 31</u>			
	<u>2017</u>	<u>2018</u>		
<b>Current assets:</b>				
Cash and cash equivalents	Ps 2,783	Ps 1,752	Ps (1,031)	
Accounts receivable	5,468	3,717	(1,751)	
Other current assets	4,857	4,512	(345)	
<b>Total current assets</b>	<b>13,107</b>	<b>9,981</b>	<b>(3,126)</b>	<b>-24%</b>
Accounts receivable	-	76	76	
Exhibition rights	2,643	2,115	(528)	
Property, plant and equipment-Net	3,755	3,543	(212)	
Television concessions-Net	5,490	9,427	3,937	
Other assets	1,914	2,142	228	
Deferred income tax asset	1,124	1,124	0	
<b>Total long term assets</b>	<b>14,926</b>	<b>18,427</b>	<b>3,501</b>	<b>23%</b>
<b>Total assets</b>	<b>Ps 28,033</b>	<b>Ps 28,408</b>	<b>Ps 375</b>	<b>1%</b>
<b>Current liabilities:</b>				
Short-term debt	Ps -	Ps -	Ps -	
Other current liabilities	5,390	6,227	837	
Advertising advances	-	-	-	
<b>Total current liabilities</b>	<b>5,390</b>	<b>6,227</b>	<b>837</b>	<b>16%</b>
<b>Long-term debt:</b>				
Securities Certificates	3,938	3,960	22	
Long-term debt	7,656	9,436	1,780	
<b>Total long-term debt</b>	<b>11,594</b>	<b>13,396</b>	<b>1,802</b>	<b>16%</b>
<b>Other long term liabilities:</b>				
Advertising advances	4,390	5,185	795	
American Tower Corporation (due 2069)	1,804	-	(1,804)	
Deferred income tax	312	-	(312)	
Other long term liabilities	304	205	(99)	
<b>Total other long-term liabilities</b>	<b>6,810</b>	<b>5,390</b>	<b>(1,420)</b>	<b>-21%</b>
<b>Total liabilities</b>	<b>23,795</b>	<b>25,013</b>	<b>1,218</b>	<b>5%</b>
<b>Total stockholders' equity</b>	<b>4,238</b>	<b>3,395</b>	<b>(843)</b>	<b>-20%</b>
<b>Total liabilities and equity</b>	<b>Ps 28,033</b>	<b>Ps 28,408</b>	<b>Ps 375</b>	<b>1%</b>

**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Millions of Mexican pesos of December 31 of 2017 and 2018 )

	<b>Period ended December 31,</b>	
	<b>2017</b>	<b>2018</b>
Operating activities:		
Income before taxes on earnings	<b>Ps</b> 1,860	<b>Ps</b> 288
Charges to income not affecting resource	1,329	1,944
<b>Cash flow generated before taxes to income</b>	<b><u>3,189</u></b>	<b><u>2,232</u></b>
Accounts receivable and related parties	(936)	700
Inventories and performance rights	(722)	504
Accounts payable, accrued expenses and taxes on earnings	(1,183)	(383)
<b>Net cash flow from operating activities</b>	<b><u>348</u></b>	<b><u>3,053</u></b>
<b>Investing activities:</b>		
Acquisitions of property and equipment, intangibles and others	(157)	(452)
Renewal of Concessions	-	(3,940)
Net sale of Azteca America assets	2,820	830
<b>Net cash flows from investing activities</b>	<b><u>2,663</u></b>	<b><u>(3,562)</u></b>
<b>Financing activities:</b>		
Repayment of borrowings	(15,767)	(999)
Proceeds from borrowings	12,385	1,748
Interest paid	(1,292)	(1,248)
Others	(25)	(22)
<b>Net cash flows from financing activities</b>	<b><u>(4,699)</u></b>	<b><u>(521)</u></b>
Decrease in cash and cash equivalents	(1,688)	(1,030)
Cash and cash equivalents at beginning of year	4,470	2,783
<b>Cash and cash equivalents at end of year</b>	<b><u>Ps</u> 2,783</b>	<b><u>Ps</u> 1,752</b>