



**TV AZTECA ANNOUNCES NET SALES OF Ps.3,876 MILLION  
AND EBITDA OF Ps.299 MILLION IN 2Q18**

**Mexico City, July 24, 2018**—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, announced today financial results for the second quarter 2018.

"TV Azteca's content together with the attractive design of our programming, allowed us to be audience leaders in Mexico during the Soccer World Cup in Russia; however the associated costs of this event —and soccer in general— makes this, a business line that is gradually less sustainable from a financial perspective, as it affects the consolidated profitability of the company," commented Benjamín Salinas, TV Azteca CEO. "We are obligated to review the soccer business in a comprehensive manner and to evaluate the viability of staying there," added Mr. Salinas.

**Second quarter consolidated results**

Net sales for the period were Ps.3,876 million, 11% higher than the Ps.3,488 million for the same quarter of last year. Total costs and expenses were Ps.3,577 million, compared to Ps.2,260 million of previous year.

As a result, TV Azteca reported EBITDA of Ps.299 million, from Ps.1,228 million last year; EBITDA margin for the quarter was 8%. Operating income was Ps.70 million, compared to Ps.982 million for the previous year.

The company registered a net loss of Ps.1,150 million, compared to a net profit of Ps.58 million for the same quarter of 2017.

	2Q 2017	2Q 2018	Change	
			Ps.	%
<b>Net sales</b>	\$3,488	<b>\$3,876</b>	<b>\$388</b>	<b>11%</b>
<b>EBITDA</b>	\$1,228	<b>\$299</b>	<b>\$(929)</b>	<b>-76%</b>
<b>Operating income</b>	\$982	<b>\$70</b>	<b>\$(912)</b>	<b>-93%</b>
<b>Net result</b>	\$58	<b>\$(1,150)</b>	<b>\$(1,208)</b>	<b>---</b>
<b>Net result per CPO</b>	\$0.02	<b>\$(0.39)</b>	<b>\$(0.41)</b>	<b>---</b>

Figures in millions of pesos.

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

The number of CPOs outstanding as of June 30, 2018 was 2,986 million, without change in comparison to previous year.

## **Results by business unit**

### **Domestic operations**

Domestic advertising sales grew 11% to Ps.3,654 million, from Ps.3,291 million a year ago, as a result of successful content, which effectively reached the target market of numerous advertisers, as well as sales related to the coverage of the World Cup in Russia.

Production, programming and transmission costs in Mexico were Ps.2,998 million, 70% higher than the Ps.1,763 million a year ago, mainly as a result of exhibition rights and production costs related to the transmission of World Cup games.

Contribution generated by operations of the media business in Mexico was Ps.656 million, compared with Ps.1,528 million from the previous year.

### **TV Azteca Guatemala and Honduras**

Revenue from TV Azteca Guatemala and TV Azteca Honduras was Ps.56 million, in comparison to Ps.15 million for the year-ago period. Costs associated with the operation of both channels were Ps.118 million, from Ps.27 million a year ago. Both the increase in revenues and costs are related to the transmission in Guatemala of games of the Soccer World Cup.

As a result, their contribution was a negative Ps.62 million this period, compared to a negative Ps.12 million from the previous year.

## **Exports to the rest of the world**

Content sales to other countries were Ps.71 million in the quarter, from Ps.94 million in the previous year; revenue for the quarter resulted, to a great extent, from the commercialization of the shows *Cuando Seas Mía* and *Los Rey* in Europe, and *Tanto Amor* in Africa, as well as the sale of TV Azteca content to pay TV channels in the rest of the world.

Exported content does not have associated costs, thus exports revenue is equal to its contribution.

## **Azteca Comunicaciones Perú**

Azteca Comunicaciones Perú reported revenue of Ps.95 million, from Ps.88 million a year ago. The increase this quarter results mainly from higher sales of telecommunications services to corporate clients.

The company registered costs of Ps.120 million in the quarter, compared to Ps.144 million a year ago. The reduction is derived from lower rental cost for the network infrastructure this period.

The contribution of Azteca Comunicaciones Perú was a negative Ps.25 million, compared to a negative figure of Ps.56 million a year ago.

## **Consolidated SG&A expenses**

The company's total sales and administrative expenses were Ps.341 million, 5% higher than the Ps.326 million in the previous year, as a result of higher expenses for services and fees this quarter.

## **Consolidated EBITDA and net result**

Consolidated EBITDA of the company was Ps.299 million, compared to Ps.1,228 million for the same period of the prior year. Operating profit was Ps.70 million, from Ps.982 million a year ago.

The most significant variations below EBITDA were the following:

An increase of Ps.21 million in interest payments, mainly due to the increase in the peso equivalent of the company's US-dollar-denominated debt, as a result of the depreciation of the peso in the period.

An increase of Ps.966 million in foreign exchange losses, due to the company's net liability balance denominated in US dollars, together with a peso depreciation.

A decrease of Ps.691 million in discontinued operations as a result of a charge a year ago in the impairment of assets as a result of the deterioration in the value of the spectrum of Azteca America stations sold in 2017.

TV Azteca registered a net loss of Ps.1,150 million for the quarter, compared to a net profit of Ps.58 million for the same period a year ago.

### **Cash Flow**

During the first six months of the year, TV Azteca generated operating cash flow of Ps.321 million. To this figure, cash flow from investment activities was added for Ps.572 million, largely due to the sale of Azteca America assets to HC2 Network Inc., as previously reported.

### **Debt**

As of June 30, 2018, TV Azteca's outstanding debt —excluding Ps.1,807 million debt due in 2069— was Ps.12,386 million, 9% lower than the Ps.13,576 million a year ago.

As previously reported, the company carried out a solid strategy in 2017 to strengthen its capital structure, which reduced debt balance, extended the debt profile and reduced the exposure to foreign exchange liabilities.

During the quarter, the company obtained a bank loan of Ps.700 million, as a precautionary measure to ensure an optimal operation in the period due to low seasonality of the advertising demand during the second and third quarters of each year.

The cash and cash equivalents balance at the end of the quarter totaled Ps.3,858 million, from Ps.3,024 million a year ago.

As a result, net debt of the company as of June 30, 2018, excluding debt due in 2069, was Ps.8,528 million, 19% lower than the Ps.10,552 million a year ago.

### **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 previously requested by the board, in order to determine its consistency with the strategic focus of the company. Based on this analysis, TV Azteca will formulate a plan of action regarding these investments.

## Six months results

Net sales for the first six months of 2018 were Ps.7,303 million, 11% higher than the Ps.6,553 million for the same period of 2017. Total costs and expenses were Ps.6,483 million, from Ps.4,790 million for the same period of the previous year. The higher costs mainly relate to the broadcasting exhibition rights of World Cup Soccer in Russia.

TV Azteca reported EBITDA of Ps.820 million, compared to Ps.1,763 million for the first half a year ago. EBITDA margin for the six-month period was 11%. Operating profit was Ps.334 million, from Ps.1,245 million a year ago. The company reported a net loss of Ps.976 million, compared to a net profit of Ps.462 million for the same period of 2017.

	6M 2017	6M 2018	Change Ps.	%
<b>Net sales</b>	\$6,553	<b>\$7,303</b>	<b>\$750</b>	<b>11%</b>
<b>EBITDA</b>	\$1,763	<b>\$820</b>	<b>\$(943)</b>	<b>-53%</b>
<b>Operating profit</b>	\$1,245	<b>\$334</b>	<b>\$(911)</b>	<b>-73%</b>
<b>Net result</b>	\$462	<b>\$(976)</b>	<b>\$(1,438)</b>	<b>----</b>
<b>Net result per CPO</b>	\$0.15	<b>\$(0.33)</b>	<b>\$(0.48)</b>	<b>----</b>

Figures in millions of pesos.

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

The number of CPOs outstanding as of June 30, 2018 was 2,986 million, without change in comparison to previous year.

### 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 Trece, Azteca 7, adn40 and a+ through more than 300 owned and operated stations across the country. The company also operates 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 create social capabilities to improve the communities' conditions; and environmental value, by reducing the negative impact related to 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 (<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.

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**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED RESULTS OF OPERATIONS**  
(Millions of Mexican pesos of June 30 of 2017 and 2018 )

	Second Quarter of :						Change	
	2017		2018					
<b>Net revenue</b>	<b>Ps 3,488</b>	<b>100%</b>	<b>Ps 3,876</b>	<b>100%</b>	<b>Ps 388</b>	<b>11%</b>		
Programming, production and transmission costs	1,934	55%	3,236	83%	1,301	67%		
Selling and administrative expenses	326	9%	341	9%	15	5%		
Total costs and expenses	2,260	65%	3,577	92%	1,317	58%		
<b>EBITDA</b>	<b>1,228</b>	<b>35%</b>	<b>299</b>	<b>8%</b>	<b>(929)</b>	<b>-76%</b>		
Depreciation and amortization	192		183		(9)			
Other expense -Net	54		46		(8)			
<b>Operating profit</b>	<b>982</b>	<b>28%</b>	<b>70</b>	<b>2%</b>	<b>(912)</b>	<b>-93%</b>		
Equity in income from affiliates	(38)		(42)		(3)			
Comprehensive financing result:								
Interest expense	(316)		(337)		(21)			
Other financing expense	(15)		(22)		(7)			
Interest income	22		34		12			
Exchange loss -Net	352		(615)		(966)			
	43		(940)		(982)			
<b>Income before the following provision</b>	<b>986</b>	<b>28%</b>	<b>(912)</b>	<b>-24%</b>	<b>(1,898)</b>			
Provision for income tax	(242)		(238)		3			
<b>Profit (Loss) from continuing operations</b>	<b>745</b>		<b>(1,150)</b>		<b>(1,895)</b>			
Profit (loss) from discontinued operations	(691)		-		691			
<b>Net income</b>	<b>Ps 54</b>		<b>Ps (1,150)</b>		<b>Ps (1,204)</b>			
<b>Non-controlling share in net profit</b>	<b>Ps (4)</b>		<b>Ps (0)</b>		<b>Ps 4</b>			
<b>Controlling share in net profit</b>	<b>Ps 58</b>	<b>2%</b>	<b>Ps (1,150)</b>	<b>-30%</b>	<b>Ps (1,208)</b>			

**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED RESULTS OF OPERATIONS**  
(Millions of Mexican pesos of June 30 of 2017 and 2018 )

	Period ended June 30,						Change	
	2017		2018					
	Ps		Ps		Ps			
<b>Net revenue</b>	<b>6,553</b>	<b>100%</b>	<b>7,303</b>	<b>100%</b>	<b>750</b>		<b>11%</b>	
Programming, production and transmission costs	4,134	63%	5,836	80%	1,702		41%	
Selling and administrative expenses	655	10%	647	9%	(9)		-1%	
Total costs and expenses	4,790	73%	6,483	89%	1,693		35%	
<b>EBITDA</b>	<b>1,763</b>	<b>27%</b>	<b>820</b>	<b>11%</b>	<b>(943)</b>		<b>-53%</b>	
Depreciation and amortization	383		373		(9)			
Other expense -Net	136		113		(22)			
<b>Operating profit</b>	<b>1,245</b>	<b>19%</b>	<b>334</b>	<b>5%</b>	<b>(911)</b>		<b>-73%</b>	
Equity in income from affiliates	(90)		(87)		3			
Comprehensive financing result:								
Interest expense	(694)		(671)		23			
Other financing expense	(19)		(87)		(68)			
Interest income	53		68		15			
Exchange Gain -Net	1,283		(34)		(1,317)			
	623		(724)		(1,347)			
<b>Income before the following provision</b>	<b>1,778</b>	<b>27%</b>	<b>(477)</b>	<b>-7%</b>	<b>(2,255)</b>			
Provision for income tax	(523)		(500)		23			
<b>Profit (Loss) from continuing operations</b>	<b>1,255</b>		<b>(977)</b>		<b>(2,231)</b>			
Profit (loss) from discontinued operations	(803)		-		803			
<b>Net income</b>	<b>Ps 452</b>		<b>Ps (977)</b>		<b>Ps (1,428)</b>			
<b>Non-controlling share in net profit</b>	<b>Ps (11)</b>		<b>Ps (1)</b>		<b>Ps 10</b>			
<b>Controlling share in net profit</b>	<b>Ps 462</b>	<b>7%</b>	<b>Ps (976)</b>	<b>-13%</b>	<b>Ps (1,438)</b>			

**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Millions of Mexican pesos of June 30 of 2017 and 2018)

	At June 30				Change
	2017	2018			
<b>Current assets:</b>					
Cash and cash equivalents	Ps 3,024	Ps 3,858	Ps 833		
Accounts receivable	11,326	9,180	(2,146)		
Other current assets	4,537	4,914	378		
<b>Total current assets</b>	<b>18,887</b>	<b>17,952</b>	<b>(935)</b>		<b>-5%</b>
Accounts receivable	508	2,029	1,521		
Exhibition rights	2,437	2,176	(261)		
Property, plant and equipment-Net	3,856	3,631	(225)		
Television concessions-Net	6,724	5,489	(1,235)		
Other assets	1,826	1,682	(144)		
Deferred income tax asset	1,546	1,123	(423)		
<b>Total long term assets</b>	<b>16,897</b>	<b>16,130</b>	<b>(767)</b>		<b>-5%</b>
<b>Total assets</b>	<b>Ps 35,784</b>	<b>Ps 34,082</b>	<b>Ps (1,702)</b>		<b>-5%</b>
<b>Current liabilities:</b>					
Short-term debt	Ps 4,637	Ps -	Ps (4,637)		
Other current liabilities	5,000	6,125	1,125		
<b>Total current liabilities</b>	<b>9,637</b>	<b>6,125</b>	<b>(3,512)</b>		<b>-36%</b>
<b>Long-term debt:</b>					
Structured Securities Certificates	-	3,955	3,955		
Long-term debt	8,939	8,431	(508)		
<b>Total long-term debt</b>	<b>8,939</b>	<b>12,386</b>	<b>3,447</b>		<b>39%</b>
<b>Other long term liabilities:</b>					
Advertising advances	9,357	10,479	1,122		
American Tower Corporation (due 2069)	1,657	1,807	150		
Deferred income tax	311	-	(311)		
Other long term liabilities	-	214	214		
<b>Total other long-term liabilities</b>	<b>11,325</b>	<b>12,500</b>	<b>1,175</b>		<b>10%</b>
<b>Total liabilities</b>	<b>29,901</b>	<b>31,011</b>	<b>1,110</b>		<b>4%</b>
<b>Total stockholders' equity</b>	<b>5,883</b>	<b>3,071</b>	<b>(2,812)</b>		<b>-48%</b>
<b>Total liabilities and equity</b>	<b>Ps 35,784</b>	<b>Ps 34,082</b>	<b>Ps (1,702)</b>		<b>-5%</b>



**TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Millions of Mexican pesos of June 30 of 2017 and 2018 )

	<b>Period ended June 30,</b>	
	<b>2017</b>	<b>2018</b>
Operating activities:		
Income before taxes on earnings	<b>Ps 1,778</b>	<b>Ps (477)</b>
Charges to income not affecting resource	(1,384)	1,010
<b>Cash flow generated before taxes to income</b>	<b><u>394</u></b>	<b><u>533</u></b>
Accounts receivable and related parties	(2,618)	(355)
Inventories and performance rights	(265)	187
Accounts payable, accrued expenses and taxes on earnings	(60)	(43)
<b>Net cash flow from operating activities</b>	<b><u>(2,549)</u></b>	<b><u>321</u></b>
Investing activities:		
Acquisitions of property and equipment, intangibles and others	(174)	(257)
Net sale of Azteca America assets	2,820	830
<b>Net cash flows from investing activities</b>	<b><u>2,646</u></b>	<b><u>572</u></b>
Financing activities:		
Repayment of borrowings, net	(832)	-
Proceeds from borrowings	-	741
Interest paid	(696)	(544)
Others	(16)	(16)
<b>Net cash flows from financing activities</b>	<b><u>(1,543)</u></b>	<b><u>181</u></b>
Increase in cash and cash equivalents	(1,446)	1,075
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 3,024</u></b>	<b><u>Ps 3,858</u></b>