



**TV AZTECA ANNOUNCES NET SALES OF Ps.2,913 MILLION
AND EBITDA OF Ps.464 MILLION IN 3Q19**

Mexico City, October 24, 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, announced today the financial results for the third quarter of 2019.

“TV Azteca advances firmly in concrete actions of its transformation process to be an agile and successful company in the immediate future. We continue to generate leading audience content in the industry and expand distribution platforms, which will allow us to successfully diversify our sources of revenue,” commented Benjamin Salinas, CEO of TV Azteca. “This is a complex quarter in its comparison base, due to the extraordinary revenues last year linked to the World Cup, as well as a lower government demand for advertising spaces in the media market, which resulted in a decrease of top line and EBITDA in the period.”

Third quarter consolidated results

Net revenue for the period was Ps.2,913 million, 14% lower than the Ps.3,387 million for the same quarter of last year. Total costs and expenses were Ps.2,449 million, in comparison to Ps.2,406 million for the previous year.

As a result, TV Azteca reported EBITDA of Ps.464 million, from Ps.980 million a year ago. The EBITDA margin for the quarter was 16%, in comparison to 29% a year ago. Operating income was Ps.201 million, in comparison with Ps.666 million for the previous year.

The company registered a net income of Ps.194 million, from a net income of Ps.438 million for the same period in 2018.

	3Q 2018	3Q 2019	Change	
			Ps.	%
Net sales	\$3,387	\$2,913	\$(473)	-14%
EBITDA	\$980	\$464	\$(516)	-53%
Operating income	\$666	\$201	\$(465)	-70%
Net result	\$438	\$194	\$(244)	-56%
Net result per CPO	\$0.15	\$0.07	\$(0.08)	-56%

Figures in millions of pesos.

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

The number of CPOs outstanding as of September 30, 2018 was 2,987 million and as of September 30, 2019 was 2,984 million

Net sales

Advertising sales in Mexico decreased 14%, to Ps.2,755 million, from Ps.3,198 million the previous year, as a result of lower government demand for advertising space — as a result of budget reallocations in the public sector — and from revenues related to the World Cup in Russia last year.

During this period, content sales to other countries were Ps.35 million in comparison with Ps.42 million from the previous year. Revenue for the quarter resulted mainly from the commercialization of the shows *La Loba* in Europe and *Al Extremo* and *Lo que callamos las mujeres* in South America, as well as the sale of TV Azteca signals to the rest of the world.

Revenue from TV Azteca Guatemala and TV Azteca Honduras was Ps.25 million, in comparison with Ps.52 million of the previous year.

Azteca Comunicaciones Perú reported revenue of Ps.98 million, in comparison to Ps.95 million a year ago. 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 2% in the quarter as a result of a 1% increase in production, programming, transmission and telecommunications services costs to Ps.2,449 million, from Ps.2,406 million a year ago, and a 4% increase in sales and administrative expenses, to Ps.454 million, compared to Ps.437 million in the previous year.

The increase in costs results from efforts to produce higher quality programs, which seek to generate greater revenues in the future.

The costs of Azteca Comunicaciones Perú were Ps.94 million, from Ps.117 million a year ago. The lower costs derive from transmission infrastructure rent reduction, operations efficiencies and lower advisory fees.

The increase in expenses at TV Azteca reflects higher expenses in services, traveling and advisory fees, partially offset by lower personnel and services expenses this quarter.

EBITDA and net results

EBITDA of the company was Ps.464 million, in comparison to Ps.980 million for the same period of the prior year. Operating profit was Ps.201 million from to Ps.666 million a year ago.

The most significant variations below EBITDA were the following:

A growth of Ps.43 million in interest payments, due to the recognition of interest for leases for the application of IFRS 16 — which was adopted as of 2019 — and for calendar effect on interest payment dates.

A foreign exchange loss of Ps.177 million this quarter in comparison to a gain in foreign exchange for Ps.338 million a year ago, as a result of a net liability monetary balance in dollars in the company, along with a depreciation of the peso this quarter, compared with an appreciation a year ago.

A benefit in tax provision for Ps.548 million this period, in comparison with a charge of Ps.220 million a year ago. The benefit this quarter derives from the partial release of the deferred tax asset reserve, based on an analysis of the company's tax loss recovery, which considers the financial and fiscal estimate of future results.

An increase of Ps.48 million in discontinued operations, as a result of the deconsolidation of the Atlas soccer team in the results of TV Azteca, which was previously announced.

TV Azteca registered net income of Ps.194 million for the quarter, compared to a net income of Ps.438 million for the same period a year ago.

Cash Flow

During the period that ended on September 30, 2019, TV Azteca generated net cash flow from operations of Ps.1,769 million, in comparison to Ps.2,018 million of the previous year.

Once the flows of investment and financing activities were included, the generation of cash and cash equivalents of the company was Ps.439 million in the period, which contributed to strengthening TV Azteca's balance sheet.

Debt

As of September 30, 2019, TV Azteca's outstanding debt was Ps.13,455 million, in comparison to Ps.13,016 million in the previous year.

The cash and cash equivalents balance at the end of the quarter, summed up at Ps.2,141 million, from Ps.4,897 million a year ago. The reduction resulted from the payment made for the renewal of TV Azteca's television channel concessions in the fourth quarter of 2018, for Ps.3,940 million –as it was previously detailed– this was partially offset by the making of cash in the period.

Net debt of the company as of September 30, 2019 was Ps.11,314 million, in comparison to Ps.8,119 million in the previous year.

Nine months results

Net sales for the first nine months of 2019 were Ps.8,732 million, 14% lower than the Ps.10,164 million for the same period of 2018, as a result of lower advertising investment by the federal government this period, as well as revenues that were related to the Soccer World Cup, one year ago.

Total costs and expenses were Ps.7,368 million, a 12% reduction from Ps.8,408 million for the same period of the previous year, as a result of strategies that boost content production efficiencies and the absence of costs related to the transmission of the Soccer World Cup in Russia during this period.

TV Azteca reported EBITDA of Ps.1,365 million, compared to Ps.1,756 million for the first nine months of the previous year. EBITDA margin for the nine-months period was 16%. Operating profit was Ps.567 million, from Ps.876 million a year ago. The company reported a net loss of Ps.82 million, compared to a net loss of Ps.538 million for the same period during 2018.

	9M 2018	9M 2019	Change	
			Ps.	%
Net sales	\$10,164	\$8,732	\$(1,432)	-14%
EBITDA	\$1,756	\$1,365	\$(391)	-22%
Operating profit	\$876	\$567	\$(308)	-35%
Net result	\$(539)	\$(82)	\$457	85%
Net result per CPO	\$(0.18)	\$(0.03)	\$0.15	85%

Figures in millions of pesos.

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

The number of CPOs outstanding as of September 30, 2018 was 2,987 million and as of September 30, 2019 was 2,984 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), 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), 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; www.irtvazteca.com), Grupo Elektra (www.grupoelektra.com.mx), Banco Azteca (www.bancoazteca.com.mx), Advance America (www.advanceamerica.net), Afore Azteca (www.aforeazteca.com.mx), Seguros Azteca (www.segurosazteca.com.mx), Punto Casa de Bolsa (www.puntocasadebolsa.mx), Totalplay (www.totalplay.com.mx) and Totalplay Empresarial (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 September 30 of 2018 and 2019)

	Third Quarter of :						Change	
	2018		2019					
Net revenue	Ps 3,387	100%	Ps 2,913	100%	Ps (473)	-14%		
Programming, production and transmission costs	1,969	58%	1,995	68%	26	1%		
Selling and administrative expenses	437	13%	454	16%	16	4%		
Total costs and expenses	2,406	71%	2,449	84%	43	2%		
EBITDA	980	29%	464	16%	(516)	-53%		
Depreciation and amortization	179		191		13			
Other expense -Net	136		72		(64)			
Operating profit	666	20%	201	7%	(465)	-70%		
Equity in income from affiliates	(1)		(22)		(21)			
Comprehensive financing result:								
Interest expense	(297)		(340)		(43)			
Other financing expense	(61)		(65)		(4)			
Interest income	52		39		(13)			
Exchange loss -Net	338		(177)		(515)			
	32		(542)		(575)			
Income before the following provision	696	21%	(364)	-12%	(1,060)			
Provision for income tax	(220)		548		768			
Profit (Loss) from continuing operations	477		185		(292)	61%		
Profit (loss) from discontinued operations	(39)		9		48			
Net income	Ps 438		Ps 194		Ps (244)			
Non-controlling share in net profit	Ps (0)		Ps 0		Ps 0			
Controlling share in net profit	Ps 438	13%	Ps 194	7%	Ps (245)	56%		

TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED RESULTS OF OPERATIONS
(Millions of Mexican pesos of September 30 of 2018 and 2019)

	<u>Period ended September 30,</u>					
	<u>2018</u>		<u>2019</u>		<u>Change</u>	
Net revenue	Ps 10,164	100%	Ps 8,732	100%	Ps (1,432)	-14%
Programming, production and transmission costs	7,324	72%	6,233	71%	(1,091)	-15%
Selling and administrative expenses	1,084	11%	1,134	13%	50	5%
Total costs and expenses	8,408	83%	7,368	84%	(1,041)	-12%
EBITDA	1,756	17%	1,365	16%	(391)	-22%
Depreciation and amortization	550		574		24	
Other expense -Net	330		223		(107)	
Operating profit	876	9%	567	6%	(308)	-35%
Equity in income from affiliates	(8)		(22)		(14)	
Comprehensive financing result:						
Interest expense	(967)		(1,016)		(49)	
Other financing expense	(148)		(134)		13	
Interest income	119		96		(23)	
Exchange Gain -Net	313		(34)		(347)	
	(682)		(1,088)		(405)	
Income before the following provision	185	2%	(542)	-6%	(727)	393%
Provision for income tax	(719)		620		1,340	
Profit (Loss) from continuing operations	(534)		78		613	115%
Profit (loss) from discontinued operations	(5)		(160)		(155)	
Net income	Ps (539)		Ps (82)		Ps 457	
Non-controlling share in net profit	Ps (1)		Ps 0		Ps 1	
Controlling share in net profit	Ps (538)	-5%	Ps (82)	-1%	Ps 456	85%

TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of Mexican pesos of September 30 of 2018 and 2019)

	<u>At September 30</u>				
	<u>2018</u>	<u>2019</u>			<u>Change</u>
Current assets:					
Cash and cash equivalents	Ps 4,897	Ps 2,141	Ps (2,756)		
Accounts receivable	4,080	3,785	(295)		
Other current assets	4,812	4,145	(667)		
Total current assets	13,789	10,071	(3,718)	-27%	
Accounts receivable	79	28	(51)		
Exhibition rights	2,161	2,447	286		
Property, plant and equipment-Net	3,558	3,766	208		
Television concessions-Net	5,484	9,447	3,963		
Other assets	1,631	1,725	94		
Deferred income tax asset	1,123	1,663	540		
Total long term assets	14,036	19,076	5,040	36%	
Total assets	Ps 27,825	Ps 29,147	Ps 1,322	5%	
Current liabilities:					
Short-term debt	Ps -	Ps 1,708	Ps 1,708		
Other current liabilities	5,817	5,032	(785)		
Total current liabilities	5,817	6,740	923	16%	
Long-term debt:					
Securities Certificates	3,958	3,975	17		
Long-term debt	9,058	7,772	(1,286)		
Total long-term debt	13,016	11,747	(1,269)	-10%	
Other long term liabilities:					
Advertising advances	5,186	7,004	1,818		
Deferred income tax	324	534	210		
Other long term liabilities	206	456	250		
Total other long-term liabilities	5,716	7,994	2,278	40%	
Total liabilities	24,549	26,481	1,932	8%	
Total stockholders' equity	3,276	2,666	(610)	-19%	
Total liabilities and equity	Ps 27,825	Ps 29,147	Ps 1,322	5%	

TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of Mexican pesos of September 30 of 2018 and 2019)

	<u>Period ended September 30,</u>	
	<u>2018</u>	<u>2019</u>
Operating activities:		
Cash flow generated before taxes to income	Ps 1,319	Ps 1,606
Accounts receivable	675	1,644
Inventories and performance rights	231	(511)
Accounts payable, accrued expenses and taxes on earnings	(206)	(971)
Net cash flow from operating activities	<u>2,018</u>	<u>1,769</u>
 Investing activities:		
Acquisitions of property and equipment, intangibles and others	(357)	(138)
Net sale of Azteca America assets	830	-
Net cash flows from investing activities	<u>473</u>	<u>(138)</u>
 Financing activities:		
Proceeds from borrowings	749	-
Interest paid	(1,111)	(1,169)
Others	(14)	(22)
Net cash flows from financing activities	<u>(376)</u>	<u>(1,192)</u>
 Increase in cash and cash equivalents	2,114	439
Cash and cash equivalents at beginning of year	2,783	1,702
Cash and cash equivalents at end of year	<u>Ps</u> 4,897	<u>Ps</u> 2,141