



**TV AZTECA ANNOUNCES 4% EBITDA GROWTH  
TO Ps.949 MILLION IN 3Q18**

- Operating income increases 3% to Ps.684 million—
- Net sales grow 8% to Ps.3,539 million in the period—
- The company further strengthens its capital structure through early amortization of US\$92 million ATC loan —

**Mexico City, October 23, 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 third quarter 2018.

"We made solid progress in our quest to consolidate the company at the top of audience preferences, expanding successful content with an emphasis on live entertainment programs," commented TV Azteca CEO Benjamín Salinas. "Our superior content captivated millions of viewers and effectively reached target markets of numerous advertisers, which translated into revenue and EBITDA growth for the quarter."

**Third quarter consolidated results**

Net revenue for the period was Ps.3,539 million, 8% higher than the Ps.3,272 million for the same quarter of last year. Total costs and expenses were Ps.2,590 million, compared to Ps.2,360 million for the previous year.

As a result, TV Azteca reported EBITDA of Ps.949 million, 4% higher than the Ps.911 million of last year; EBITDA margin for the quarter was 27%. Operating income was Ps.684 million, 3% above the Ps.666 million for the previous year.

The company registered net income of Ps.438 million, compared to a net loss of Ps.308 million for the same quarter of 2017.

	3Q 2017	3Q 2018	Change	
			Ps.	%
<b>Net sales</b>	\$3,272	<b>\$3,539</b>	<b>\$267</b>	<b>8%</b>
<b>EBITDA</b>	\$911	<b>\$949</b>	<b>\$38</b>	<b>4%</b>
<b>Operating income</b>	\$666	<b>\$684</b>	<b>\$17</b>	<b>3%</b>
<b>Net result</b>	\$(308)	<b>\$438</b>	<b>\$745</b>	<b>---</b>
<b>Net result per CPO</b>	\$(0.10)	<b>\$0.15</b>	<b>\$0.25</b>	<b>---</b>

Figures in millions of pesos.

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

The number of CPOs outstanding as of September 30, 2017 was 2,986 million and as of September 30, 2018 was 2,987 million.

### **Net sales**

Domestic advertising sales grew 7% to Ps.3,351 million, from Ps.3,140 million a year ago, as a result of superior content, which monetized large audiences.

Additionally, content sales to other countries were Ps.41 million in the quarter, from Ps.25 million in the previous year; revenue for the quarter resulted mainly from the commercialization of the shows *La fiscal de hierro* in South America, *Pobre diablo* in Europe and Africa and *Las malcriadas* in Central America, 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.52 million, compared to Ps.13 million for the year-ago period.

Azteca Comunicaciones Perú reported revenue of Ps.95 million, from Ps.94 million a year ago.

### **Costs and SG&A expenses**

Total costs and expenses increased 10% in the quarter as a result of a 10% increase in production, programming and transmission costs and telecommunications services to Ps.2,152 million, from Ps.1,954 million a year ago, in conjunction with 8% growth in selling and administrative expenses, to Ps.437 million, compared to Ps.406 million in the previous year.

The increase in costs results from efforts to produce superior quality programs, which translate into higher revenues. This increase was partially offset by a reduction in costs from Azteca Comunicaciones Perú, to Ps.117 million, from Ps.138 million, derived from the lower cost from the renting infrastructure of the network this quarter.

The growth in expenses reflects higher operating, personnel and travel expenses this quarter.

## **Consolidated EBITDA and net result**

Consolidated EBITDA of the company was Ps.949 million, compared to Ps.911 million for the same period of the prior year. Operating profit was Ps.684 million, from Ps.666 million a year ago.

The most significant variations below EBITDA were the following:

A reduction of Ps.71 million in interest payments, due to lower total debt this period compared to the previous year.

A decrease of Ps.248 million in other financial expenses, due to expenses a year ago associated with the advanced payment of debt, as well as the new issues of Senior Notes.

A gain of Ps.338 million in foreign exchange this quarter, compared to a loss of Ps.10 million a year ago. The profit this quarter results from a net liability monetary balance in dollars, combined with an appreciation of the peso in the period.

A reduction of Ps.99 million in discontinued operations, as a consequence of a charge a year ago from the deterioration in the value of the spectrum of Azteca America stations that were sold in 2017.

TV Azteca registered net income of Ps.438 million for the quarter, compared to a net loss of Ps.308 million for the same period a year ago.

## **Cash Flow**

During the first nine months of the year, TV Azteca generated operating cash flow of Ps.2,017 million. To this figure, cash flow from investment activities was added for Ps.473 million, largely due to the sale of Azteca America assets to HC2 Network Inc., as previously reported.

"The results of the period, together with effective financial planning, translated into solid cash generation, which allows us to further improve our financial perspectives," commented Esteban Galíndez, CFO of TV Azteca.

## **Early repayment of the credit with ATC**

During the quarter, TV Azteca prepaid its credit of US\$92 million, due in 2020, with American Tower Corporation (ATC), and agreed on new terms for the use of TV Azteca's transmission towers.

The agreement included a cash payment of US\$53 million; the remaining US\$39 million are amortized through the use by ATC of available space on TV Azteca's transmission towers in Mexico. The company also paid interest for US\$6.5 million.

TV Azteca used a peso-denominated bank loan for the US\$53 million payment.

"The agreement reduces the balance of the company's total debt, which further strengthens our capital structure," said Mr. Galíndez. "Similarly, it reduces interest expenses and TV Azteca's exposure to liabilities in foreign currency."

### **Debt**

As of September 30, 2018, TV Azteca's outstanding debt was Ps.13,016 million, 19% lower than the Ps.16,000 million a year ago.

In addition to the reduction of debt as a result of the early amortization of the ATC loan, during 2017 the company carried out a solid strategy to strengthen its capital structure, which also contributed to reducing the balance of its total debt.

The cash and cash equivalents balance at the end of the quarter totaled Ps.4,897 million, from Ps.6,119 million a year ago.

As a result, net debt of the company as of September 30, 2018 was Ps.8,119 million, 18% lower than the Ps.9,881 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.

### **Nine months results**

Net sales for the first nine months of 2018 were Ps.10,842 million, 10% higher than the Ps.9,825 million for the same period of 2017. Total costs and expenses were Ps.9,073 million, from Ps.7,150 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 the production of successful content that generates increasing revenues.

TV Azteca reported EBITDA of Ps.1,769 million, compared to Ps.2,674 million for the first nine months of the previous year. EBITDA margin for the period was 16%. Operating profit was Ps.1,017 million, from Ps.1,911 million a year ago. The company reported a net loss of Ps.539 million, compared to a net profit of Ps.144 million for the same period of 2017.

	9M 2017	9M 2018	Change Ps.	%
<b>Net sales</b>	\$9,825	<b>\$10,842</b>	<b>\$1,017</b>	<b>10%</b>
<b>EBITDA</b>	\$2,674	<b>\$1,769</b>	<b>\$(905)</b>	<b>-34%</b>
<b>Operating profit</b>	\$1,911	<b>\$1,017</b>	<b>\$(894)</b>	<b>-47%</b>
<b>Net result</b>	\$144	<b>\$(539)</b>	<b>\$(683)</b>	<b>----</b>
<b>Net result per CPO</b>	\$0.05	<b>\$(0.18)</b>	<b>\$(0.23)</b>	<b>----</b>

Figures in millions of pesos.

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

The number of CPOs outstanding as of September 30, 2017 was 2,986 million and as of September 30, 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 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 Spain's 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 2017 and 2018 )

	Third Quarter of :						Change	
	2017		2018					
<b>Net revenue</b>	<b>Ps 3,272</b>	<b>100%</b>	<b>Ps 3,539</b>	<b>100%</b>	<b>Ps 267</b>	<b>8%</b>		
Programming, production and transmission costs	1,954	60%	2,152	61%	198	10%		
Selling and administrative expenses	406	12%	437	12%	31	8%		
Total costs and expenses	2,360	72%	2,590	73%	229	10%		
<b>EBITDA</b>	<b>911</b>	<b>28%</b>	<b>949</b>	<b>27%</b>	<b>38</b>	<b>4%</b>		
Depreciation and amortization	191		179		(11)			
Other expense -Net	54		86		32			
<b>Operating profit</b>	<b>666</b>	<b>20%</b>	<b>684</b>	<b>19%</b>	<b>17</b>	<b>3%</b>		
Equity in income from affiliates	(36)		(49)		(13)			
Comprehensive financing result:								
Interest expense	(368)		(297)		71			
Other financing expense	(319)		(70)		248			
Interest income	37		52		15			
Exchange loss -Net	(10)		338		348			
	(660)		23		683			
<b>Income before the following provision</b>	<b>(30)</b>	<b>-1%</b>	<b>657</b>	<b>19%</b>	<b>687</b>			
Provision for income tax	(179)		(220)		(41)			
<b>Profit (Loss) from continuing operations</b>	<b>(209)</b>		<b>438</b>		<b>646</b>			
Profit (loss) from discontinued operations	(99)		-		99			
<b>Net income</b>	<b>Ps (308)</b>		<b>Ps 438</b>		<b>Ps 745</b>			
<b>Non-controlling share in net profit</b>	<b>Ps (1)</b>		<b>Ps (0)</b>		<b>Ps 0</b>			
<b>Controlling share in net profit</b>	<b>Ps (307)</b>	<b>-9%</b>	<b>Ps 438</b>	<b>12%</b>	<b>Ps 745</b>			

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

	<u>Period ended September 30,</u>					
	<u>2017</u>		<u>2018</u>		<u>Change</u>	
	<u>Ps</u>		<u>Ps</u>		<u>Ps</u>	
<b>Net revenue</b>	<b>9,825</b>	<b>100%</b>	<b>10,842</b>	<b>100%</b>	<b>1,017</b>	<b>10%</b>
Programming, production and transmission costs	6,088	62%	7,989	74%	1,900	31%
Selling and administrative expenses	1,062	11%	1,084	10%	22	2%
Total costs and expenses	7,150	73%	9,073	84%	1,922	27%
<b>EBITDA</b>	<b>2,674</b>	<b>27%</b>	<b>1,769</b>	<b>16%</b>	<b>(905)</b>	<b>-34%</b>
Depreciation and amortization	573		553		(21)	
Other expense -Net	190		199		9	
<b>Operating profit</b>	<b>1,911</b>	<b>19%</b>	<b>1,017</b>	<b>9%</b>	<b>(894)</b>	<b>-47%</b>
Equity in income from affiliates	(127)		(136)		(10)	
Comprehensive financing result:						
Interest expense	(1,062)		(968)		94	
Other financing expense	(338)		(157)		180	
Interest income	90		120		30	
Exchange Gain -Net	1,273		304		(969)	
	(36)		(700)		(664)	
<b>Income before the following provision</b>	<b>1,748</b>	<b>18%</b>	<b>180</b>	<b>2%</b>	<b>(1,568)</b>	<b>90%</b>
Provision for income tax	(702)		(719)		(17)	
<b>Profit (Loss) from continuing operations</b>	<b>1,046</b>		<b>(539)</b>		<b>(1,585)</b>	
Profit (loss) from discontinued operations	(902)		-		902	
<b>Net income</b>	<b>Ps 144</b>		<b>Ps (539)</b>		<b>Ps (683)</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 155</b>	<b>2%</b>	<b>Ps (538)</b>	<b>-5%</b>	<b>Ps (693)</b>	

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

	At September 30			
	2017	2018		
<b>Current assets:</b>				
Cash and cash equivalents	Ps 6,119	Ps 4,897	Ps (1,222)	
Accounts receivable	7,201	6,910	(291)	
Other current assets	4,826	4,812	(14)	
<b>Total current assets</b>	<b>18,146</b>	<b>16,619</b>	<b>(1,527)</b>	<b>-8%</b>
Accounts receivable	311	350	39	
Exhibition rights	2,476	2,161	(315)	
Property, plant and equipment-Net	3,806	3,558	(248)	
Television concessions-Net	6,730	5,484	(1,246)	
Other assets	1,893	1,503	(390)	
Deferred income tax asset	1,537	1,123	(414)	
<b>Total long term assets</b>	<b>16,753</b>	<b>14,179</b>	<b>(2,574)</b>	<b>-15%</b>
<b>Total assets</b>	<b>Ps 34,899</b>	<b>Ps 30,798</b>	<b>Ps (4,101)</b>	<b>-12%</b>
<b>Current liabilities:</b>				
Short-term debt	Ps 2,968	Ps -	Ps (2,968)	
Other current liabilities	5,407	6,013	606	
<b>Total current liabilities</b>	<b>8,375</b>	<b>6,013</b>	<b>(2,362)</b>	<b>-28%</b>
<b>Long-term debt:</b>				
Structured Securities Certificates	3,943	3,958	15	
Long-term debt	7,423	9,058	1,635	
<b>Total long-term debt</b>	<b>11,366</b>	<b>13,016</b>	<b>1,650</b>	<b>15%</b>
<b>Other long term liabilities:</b>				
Advertising advances	7,743	8,287	544	
American Tower Corporation (due 2069)	1,666	-	(1,666)	
Deferred income tax	311	-	(311)	
Other long term liabilities	147	206	59	
<b>Total other long-term liabilities</b>	<b>9,867</b>	<b>8,493</b>	<b>(1,374)</b>	<b>-14%</b>
<b>Total liabilities</b>	<b>29,608</b>	<b>27,522</b>	<b>(2,086)</b>	<b>-7%</b>
<b>Total stockholders' equity</b>	<b>5,291</b>	<b>3,276</b>	<b>(2,015)</b>	<b>-38%</b>
<b>Total liabilities and equity</b>	<b>Ps 34,899</b>	<b>Ps 30,798</b>	<b>Ps (4,101)</b>	<b>-12%</b>



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

	<u>Period ended September 30,</u>	
	<u>2017</u>	<u>2018</u>
Operating activities:		
Income before taxes on earnings	<b>Ps</b> 1,748	<b>Ps</b> 180
Charges to income not affecting resource	(531)	1,139
<b>Cash flow generated before taxes to income</b>	<b><u>1,217</u></b>	<b><u>1,319</u></b>
Accounts receivable and related parties	105	675
Inventories and performance rights	(477)	231
Accounts payable, accrued expenses and taxes on earnings	89	(207)
<b>Net cash flow from operating activities</b>	<b><u>934</u></b>	<b><u>2,017</u></b>
<b>Investing activities:</b>		
Acquisitions of property and equipment, intangibles and others	(280)	(357)
Net sale of Azteca America assets	2,820	830
<b>Net cash flows from investing activities</b>	<b><u>2,540</u></b>	<b><u>473</u></b>
<b>Financing activities:</b>		
Repayment of borrowings	(12,245)	(999)
Proceeds from borrowings	11,636	1,748
Interest paid	(1,193)	(1,111)
Others	(24)	(13)
<b>Net cash flows from financing activities</b>	<b><u>(1,826)</u></b>	<b><u>(376)</u></b>
Increase in cash and cash equivalents	1,648	2,114
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> 6,119</b>	<b><u>Ps</u> 4,897</b>