



**TV AZTECA ANNOUNCES NET SALES OF Ps.3,427 MILLION  
AND EBITDA OF Ps.521 MILLION IN 1Q18**

—Competitive formats generated growing demand for advertising at TV Azteca, which translated into a 19% increase in domestic sales in 1Q18—

**Mexico City, April 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 first quarter 2018.

"During the period, we generated content with cutting-edge, agile and innovative proposals, which translated into growing audiences and a solid positioning of our formats in the Mexican media market," commented Benjamín Salinas, CEO of TV Azteca. "This further boosted the strong demand for advertising space on TV Azteca platforms, and increased domestic sales by double digits in the quarter."

"Going forward, we will emphasize monetizing the growing audience of the company, with commercial options that seek to further align the objectives of advertisers with the profitability of TV Azteca," added Mr. Salinas.

**First quarter consolidated results**

Net sales for the quarter were Ps.3,427 million, 12% higher than the Ps.3,065 million for the same quarter of last year. Total costs and expenses were Ps.2,906 million, compared to Ps.2,530 million for the same period last year.

As a result, TV Azteca reported EBITDA of Ps.521 million, from Ps.535 million last year; EBITDA margin for the quarter was 15%. Operating income was Ps.264 million, in comparison to Ps.263 million for the previous year.

The company registered net profit of Ps.173 million, compared to a net profit of Ps.398 million for the same quarter of 2017.

	1Q 2017	1Q 2018	Change	
			Ps.	%
<b>Net sales</b>	\$3,065	<b>\$3,427</b>	<b>\$362</b>	<b>12%</b>
<b>EBITDA</b>	\$535	<b>\$521</b>	<b>\$(14)</b>	<b>-3%</b>
<b>Operating income</b>	\$263	<b>\$264</b>	<b>\$1</b>	<b>0%</b>
<b>Net result</b>	\$398	<b>\$173</b>	<b>\$(225)</b>	<b>-56%</b>
<b>Net result per CPO</b>	\$0.13	<b>\$0.06</b>	<b>\$(0.07)</b>	<b>-56%</b>

Figures in millions of pesos.

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

The number of CPOs outstanding as of March 31, 2017 was 2,982 million and as of March 31, 2018 was 2,986 million.

## **Results by business segment**

### **Domestic operations**

Domestic advertising sales grew 19% to Ps.2,709 million, from Ps.2,284 million a year ago, in the context of the generation of successful content that attracted large audiences in Mexico.

Production, programming and transmission costs were Ps.1,923 million, 31% higher than the Ps.1,465 million a year ago, in line with efforts to produce superior quality programs, which translate into higher revenues.

Contribution generated by operations of the media business in Mexico was Ps.786 million, compared to Ps.819 million from the previous year.

As of this quarter, due to the sale of assets of Azteca America, the results related to the generation and sale of content, and services and exhibition rights in the United States are included in domestic operations, because they come from actions that are carried out predominantly in Mexico.

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

Revenue from TV Azteca Guatemala and TV Azteca Honduras was Ps.13 million, in comparison to Ps.14 million for the year-ago period. Costs associated with the operation of both channels were Ps.26 million, from Ps.29 million a year ago. As a result, their contribution was a negative Ps.13 million this period, compared to a negative Ps.15 million from the previous year.

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

Content sales to other countries were Ps.89 million in the quarter, from Ps.25 million in the previous year; revenue for the quarter resulted, to a great extent, from the commercialization of the shows *Mujeres Rompiendo el Silencio* in South America, *Vivir a Destiempo* 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 export revenue is equal to its contribution.

## **Azteca Comunicaciones Perú**

Azteca Comunicaciones Perú reported revenue of Ps.94 million, from Ps.186 million a year ago. The lesser amount this quarter results from telecommunications services and reimbursements by the Peruvian government for maintenance and operation of the network, whereas a year ago the figure was derived from reimbursements of the government for the National Dorsal Fiber Optic Network construction.

The company registered costs of Ps.111 million in the quarter, compared to Ps.151 million a year ago. As was the case with top line, the costs this period were related to the operation and maintenance of the network, whereas a year ago, the costs derived mainly from the construction of the network.

The contribution of Azteca Comunicaciones Perú was a negative Ps.17 million, compared to a positive figure of Ps.35 million a year ago.

## **WGC Mexico Championship**

During the quarter, TV Azteca organized the golf tournament WGC Mexico Championship for the second consecutive year, one of the most important sporting events in the world, creating synergies relevant to the company. The income generated from this tournament was Ps.522 million, in comparison to Ps.556 million from previous year. The lower revenues are due to the presence of simultaneous sporting events that competed this year for the audience attending the golf tournament.

The costs related to the golf tournament WGC Mexico Championship were Ps.541 million this period, from Ps.555 million a year ago, as a result of operational efficiencies.

The contribution of the tournament was a negative Ps.19 million this quarter, compared to a positive figure of Ps.1 million a year ago.

## **Consolidated SG&A expenses**

The company's total selling and administrative expenses were Ps.306 million, 7% lower compared to Ps.330 million from the previous year, as a result of lower service and personnel expenses this quarter.

## **Consolidated EBITDA and net result**

Consolidated EBITDA of the company was Ps.521 million, compared to Ps.535 million for the same period of the prior year. Operating profit was Ps.264 million, in comparison to Ps.263 million a year ago.

The most significant variations below EBITDA were the following:

A reduction of Ps.44 million in interest expenses, due to the reduction of debt balance of the company this period.

An increase of Ps.61 million in other financial expenses due to expenses associated with the payment of exchange rate hedges and interest on the debt denominated in dollars and pesos, respectively

A reduction of Ps.351 million in foreign exchange losses, due to a lower net liability balance denominated in US dollars this period, compared to the previous year, together with a lower peso appreciation this quarter.

A decrease of Ps.112 million in discontinued operations as a result of the deconsolidation of Azteca America's operations, as a result of the sale of assets from the company on the previous year.

TV Azteca registered a net profit of Ps.173 million for the quarter, compared to a net profit of Ps.398 million for the same period a year ago.

## **Debt**

As of March 31, 2018, TV Azteca's outstanding debt –excluding Ps.1,676 million debt due in 2069– was Ps.11,065 million, 22% lower than the Ps.14,120 million a year ago.

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

The cash and cash equivalents balance at the end of the quarter totaled Ps.2,823 million, from Ps.3,009 million a year ago.

As a result, net debt of the company as of March 31, 2018, excluding debt due in 2069, was Ps.8,242 million, 26% lower than the Ps.11,111 million a year ago.

## **Fiber-optic network in Peru**

As previously announced, TV Azteca's administration 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.

### **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 es una empresa de Grupo Salinas ([www.gruposalinas.com](http://www.gruposalinas.com)) es un conjunto de empresas dinámicas, con fuerte crecimiento y tecnológicamente avanzadas, enfocadas en crear valor para el inversionista, contribuir a la construcción de la clase media en las comunidades en que opera, y mejorar a la sociedad a través de la excelencia. Creado por el empresario Ricardo B. Salinas ([www.ricardosalinas.com](http://www.ricardosalinas.com)), Grupo Salinas provee un foro para el intercambio de ideas y mejores prácticas administrativas entre los distintos equipos de dirección de las empresas que lo conforman. Estas empresas incluyen: TV Azteca ([www.azteca.com](http://www.azteca.com); [www.irtvazteca.com](http://www.irtvazteca.com)), Grupo Elektra ([www.grupoelektra.com.mx](http://www.grupoelektra.com.mx); [www.elektra.com](http://www.elektra.com)), 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)) y Totalplay Empresarial ([totalplayempresarial.com.mx](http://totalplayempresarial.com.mx)). TV Azteca y Grupo Elektra, cotizan acciones en la Bolsa Mexicana de Valores. Cada una de las compañías de Grupo Salinas opera en forma independiente, con su propia administración, consejo y accionistas. Grupo Salinas no tiene participaciones en acciones. Las compañías que lo componen comparten una visión común, valores y estrategias para lograr un rápido crecimiento, resultados superiores y un desempeño de clase mundial.

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

	First Quarter of :						Change	
	2017		2018					
<b>Net revenue</b>	<b>Ps 3,065</b>	<b>100%</b>	<b>Ps 3,427</b>	<b>100%</b>	<b>Ps 362</b>	<b>12%</b>		
Programming, production and transmission costs	2,200	72%	2,601	76%	401	18%		
Selling and administrative expenses	330	11%	306	9%	(24)	-7%		
Total costs and expenses	2,530	83%	2,906	85%	377	15%		
<b>EBITDA</b>	<b>535</b>	<b>17%</b>	<b>521</b>	<b>15%</b>	<b>(14)</b>	<b>-3%</b>		
Depreciation and amortization	191		190		(1)			
Other expense -Net	82		67		(15)			
<b>Operating profit</b>	<b>263</b>	<b>9%</b>	<b>264</b>	<b>8%</b>	<b>1</b>	<b>0%</b>		
Equity in income from affiliates	(52)		(45)		7			
Comprehensive financing result:								
Interest expense	(378)		(334)		44			
Other financing expense	(4)		(65)		(61)			
Interest income	31		34		3			
Exchange loss -Net	931		581		(351)			
	581		216		(364)			
<b>Income before the following provision</b>	<b>791</b>	<b>26%</b>	<b>435</b>	<b>13%</b>	<b>(357)</b>			
Provision for income tax	(281)		(261)		20			
<b>Profit (Loss) from continuing operations</b>	<b>510</b>		<b>173</b>		<b>(337)</b>			
Profit (loss) from discontinued operations	(112)		-		112			
<b>Net income</b>	<b>Ps 398</b>		<b>Ps 173</b>		<b>Ps (225)</b>			
<b>Non-controlling share in net profit</b>	<b>Ps (6)</b>		<b>Ps (0)</b>		<b>Ps 6</b>			
<b>Controlling share in net profit</b>	<b>Ps 404</b>	<b>13%</b>	<b>Ps 174</b>	<b>5%</b>	<b>Ps (231)</b>			

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

	At March 31				Change
	2017	2018			
<b>Current assets:</b>					
Cash and cash equivalents	Ps	3,009	Ps	2,823	Ps (186)
Accounts receivable		9,311		9,164	(147)
Other current assets		3,981		5,235	1,254
<b>Total current assets</b>		<b>16,301</b>		<b>17,222</b>	<b>921 6%</b>
Accounts receivable		151		236	85
Exhibition rights		3,315		1,881	(1,434)
Property, plant and equipment-Net		4,007		3,720	(287)
Television concessions-Net		10,324		5,484	(4,840)
Other assets		1,842		1,504	(338)
Deferred income tax asset		1,825		1,537	(288)
<b>Total long term assets</b>		<b>21,464</b>		<b>14,362</b>	<b>(7,103) -33%</b>
<b>Total assets</b>	<b>Ps</b>	<b>37,765</b>	<b>Ps</b>	<b>31,584</b>	<b>Ps (6,181) -16%</b>
<b>Current liabilities:</b>					
Other current liabilities	Ps	5,550	Ps	5,403	Ps (147)
<b>Total current liabilities</b>		<b>5,550</b>		<b>5,403</b>	<b>(147) -3%</b>
<b>Long-term debt:</b>					
Structured Securities Certificates		-		3,952	3,952
Long-term debt		14,120		7,113	(7,007)
<b>Total long-term debt</b>		<b>14,120</b>		<b>11,065</b>	<b>(3,055) -22%</b>
<b>Other long term liabilities:</b>					
Advertising advances		10,006		8,883	(1,123)
American Tower Corporation (due 2069)		1,725		1,676	(49)
Deferred income tax		519		325	(194)
Other long term liabilities		-		129	129
<b>Total other long-term liabilities</b>		<b>12,250</b>		<b>11,013</b>	<b>(1,237) -10%</b>
<b>Total liabilities</b>		<b>31,920</b>		<b>27,481</b>	<b>(4,439) -14%</b>
<b>Total stockholders' equity</b>		<b>5,845</b>		<b>4,103</b>	<b>(1,742) -30%</b>
<b>Total liabilities and equity</b>	<b>Ps</b>	<b>37,765</b>	<b>Ps</b>	<b>31,584</b>	<b>Ps (6,181) -16%</b>

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

	<u>Period ended March 31,</u>	
	<u>2017</u>	<u>2018</u>
Operating activities:		
Income before taxes on earnings	Ps 791	Ps 435
Charges to income not affecting resource	(855)	(67)
<b>Cash flow generated before taxes to income</b>	<b><u>(64)</u></b>	<b><u>368</u></b>
Accounts receivable and related parties	(2,526)	(1,397)
Inventories and performance rights	(236)	62
Accounts payable, accrued expenses and taxes on earnings	2,756	750
<b>Net cash flow from operating activities</b>	<b><u>(70)</u></b>	<b><u>(217)</u></b>
<b>Investing activities:</b>		
Acquisitions of property and equipment, intangibles and others	(101)	(146)
Net sale of Azteca America assets	-	830
<b>Net cash flows from investing activities</b>	<b><u>(101)</u></b>	<b><u>684</u></b>
<b>Financing activities:</b>		
Repayment of borrowings, net	(832)	-
Interest paid	(452)	(427)
Others	(7)	0
<b>Net cash flows from financing activities</b>	<b><u>(1,291)</u></b>	<b><u>(427)</u></b>
Increase in cash and cash equivalents	(1,462)	40
Cash and cash equivalents at beginning of year	4,470	2,783
<b>Cash and cash equivalents at end of period</b>	<b><u>Ps 3,009</u></b>	<b><u>Ps 2,823</u></b>