

REPORT OF THE CHIEF EXECUTIVE OFFICER

**To the Board of Directors of
Maxcom Telecomunicaciones, S.A.B. de C.V.**

P r e s e n t

Dear Board Members:

I submit the report on the activities, financial position and results of Maxcom Telecomunicaciones, S.A.B. de C.V., ("Maxcom" or the "Company") during the fiscal year ended December 31, 2015 in terms of the provisions of Article 44, section XI of the Ley del Mercado de Valores, article 172 of the Ley General de Sociedades Mercantiles and the bylaws of Maxcom.

Report on the Progress of the Company.

Total revenues for the twelve months ended December 31, 2015 reached \$2,369 million pesos, which represents a decrease of 12% with respect to revenues of \$2,690 million pesos recorded in the same period of 2014. This resulted mainly from the elimination of domestic long distance charges, lower revenues in the wholesale segment due to the reduction of tariffs in a highly competitive market and the divestiture of the public telephony business.

EBITDA (income before financial results, taxes, depreciation and amortization) amounted to \$375 million pesos, a decrease of 35% compared to \$580 million pesos in the same period of 2014. Reported EBITDA margin in 2015 was 16%, lower than the 22% registered in 2014. It is important to note the increase shown in this indicator over the last two quarters, derived from efforts to improve the performance of the main business units, commercial and residential, and to operate with efficient costs and expenses. The operating loss amounted to \$168 million pesos.

As of the end of 2015, the net financing cost reached to \$380 million pesos, compared to \$410 million pesos recorded in 2014, explained mainly by the gain on the partial extinguishment of debt which was partially offset by higher interest expenses and exchange rate loss. For the twelve months ended December 31, 2015, the Company registered an accumulated net loss of \$584 million pesos compared to the net loss of \$305 million pesos recorded in the same period of 2014.

Additionally the Company reported a cash balance of \$795 million pesos by year end, as a result of the repurchase of debt, the investment program and the operating cash flow.

Total Revenue Generating Units or RGUs, decreased 12% to reach 545,872 by the end of 2015, compared to the same period of last year. The total Company customer base decreased by 16% to reach 213,805 customers. The main factors that explain these movements are the divestiture of the public telephony business, the cancellation of prepaid cell phone contracts that were inactive and the cancelation of low-margin accounts from the residential segment.

When compared to the same period of last year, voice RGUs decreased 9% reaching 311,360. Voice RGUs include residential voice, commercial voice, public telephone lines and wholesale lines. Data residential RGUs decreased 4% to reach 162,457 compared to 168,832 by the end of 2014, while data RGUs in the commercial segment increased 13% to 2,938.



Total mobile RGUs reached 10,589 units which is 74% lower than the number registered in 2014 and pay TV RGUs reached 58,267 which represents a decrease of 16% with respect to the figure recorded in 2014.

Our focus is on seizing business opportunities on our three business units: commercial, residential and mobile services. We have made significant organizational changes in order to execute appropriately.

The commercial business unit becomes key to our mid and long-term strategy, particularly on mid-size enterprises and government customers where we believe there is an opportunity to offer an attractive integral solution for information and communications services.

In order to foster our penetration in the mid-size enterprises, we have launched various actions such as:

- Standardizing of our commercial offer
- Restructuring of our sales organization in target markets: call centers; education and professional services; financial, corporate and retail; hospitality and health; connected buildings and general businesses
- Certifying our sales force
- Incentive programs oriented to long-term contract values
- New alliances with integrators of value-added solutions

Regarding the government segment, we have actively participated in the “Mexico Conectado” project and have been awarded contracts with diverse government entities. We will continue participating in government auctions to integrate telecommunication projects for the middle and low layers of the federal government, as well as states and municipalities.

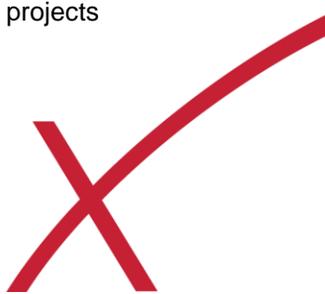
During 2015 we continued participating in the wholesale business taking advantage of the market conditions that prevailed during the first six months of the year. However during the second half of the year margins contracted significantly due to lower tariffs and volume as competition increased. We will continue participating in this business as long as margins remain acceptable, given the low operating cost of this business and the fact that it allows us to monetize our excess capacity.

In the retail segment we have made measurable progress on increasing the profitability of our existing clusters. This actions have led to a reduction in our customer base but to an increase in its quality. We started analyzing various technological alternatives to increase the usage of our copper network infrastructure and offer higher Internet broadband to our customers.

In our industry we cannot ignore the business possibilities brought by market and technological transitions, such as those of mobile services. With this in mind we created a business unit dedicated to mobile services. In October of 2015 the Company signed a commercial alliance agreement with Organización Soriana (“Soriana”), to develop and operate a mobile virtual network operator (“MVNO”). The objective of this alliance is to offer mobile services to Soriana’s customers, using Maxcom’s mobile services platform and Telcel’s mobile network. The MVNO will sell its services at the stores operated by Soriana. We expect to launch our two first MVNOs: Maxcom and Soriana during the third quarter of 2016.

Main existing projects of the Company.

During the year we concluded our investment program which was mainly directed to closing the gap between our current product portfolio and that of our competitors, as well as to increasing the capacity and redundancy of our network infrastructure. In the short and mid-term our investments will be directed mainly to building last mile connectivity for commercial customers. Among the main projects we executed in 2015 and whose benefits we will see materialized in 2016, we can mention:



- We completed the renovation of the data transmission electronics of our long distance fiber optic network infrastructure, which will allow us to increase our data transmission capacity to Internet
- We launched the operation of our new network operating center (“NOC”) and finished the remodeling of our primary NOC
- We completed the installation of three state-of-the-art telephone exchanges to strengthen and expand our voice services
- We are in the process of implementing our mobile platform that will run on Telmex’s access network
- We are working to launch our first two MVNOs in the third quarter of 2016, Maxcom’s and Soriana’s, as we have already mentioned. This will allow us to have an active participation in the mobile services segment
- We are evaluating various technological alternatives to increase the use of our copper network infrastructure and to provide our residential customers increased Internet broadband
- During 2015 we implemented an aggressive expense reduction program, during 2016 we will continue identifying more efficiencies throughout the organization

Initiatives carried out to strengthen the Company’s financial position

During 2015 executed various actions to strengthen the financial position of the Company:

- Staff reduction
- Repurchase of Step-up Senior Notes for US\$38.1 million dollars, which will generate a total benefit from both principal and interests of US\$25.9 million dollars up to the notes maturity date
- Enter into a loan agreement with Bancomext for \$150 million pesos
- Capital increase of \$700 million pesos, as of December \$445.8 million pesos were subscribed

Financial Statements.

In the financial statements of the Company audited by the external audit firm, are reflected: (i) the financial position of the Company at the end of fiscal year 2015, (ii) duly explained and classified the results of the Company during the year 2015, (iii) if applicable, the changes in the financial position during fiscal year 2015, (iv) where appropriate, changes in the items comprising the capital of the Company, during year 2015, and (v) the main accounting and information policies and standards followed in the preparation of the financial information of Maxcom.

Sincerely,

José A. Gómez Obregón
Chief Executive Officer