

maxcom

MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V.

Third Quarter 2016 Results

**MAXCOM REPORTS RESULTS FOR THE THIRD QUARTER OF 2016**

**Mexico City, October 19, 2016.** – Maxcom Telecomunicaciones, S.A.B. de C.V. (OTCQX: MXMTY, BMV: MAXCOM CPO) (“Maxcom” or “the Company”), an integrated telecommunications company in Mexico, announced today its unaudited financial and operating results for the third quarter ended on September 30, 2016.

NOTE: The monetary amounts in this report have been presented in accordance with International Financial Reporting Standards (IFRS). Unless otherwise specified, the amounts are expressed in millions of current Mexican Pesos.

**MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V. AND SUBSIDIARIES  
FINANCIAL AND OPERATING HIGHLIGHTS**

Figures in millions of pesos, except operating data

Item	3Q16	2Q16	% var
Total Revenues	712	584	22%
EBITDA	97	91	7%
EBITDA margin (%)	14%	15%	
Net income (loss)	(461)	(197)	(134%)
Net margin (%)	(65%)	(34%)	
Cash and financial instruments <sup>1</sup>	686	678	1%
CAPEX	(245)	129	(290%)
Debt <sup>2</sup>	2,609	2,457	6%
Net debt / LTM EBITDA (X)	5.1	4.9	4%
Customers	118,798	191,806	(38%)
RGUs <sup>3</sup>	380,832	517,439	(26%)

<sup>1</sup> Includes long-term restricted cash. 3Q16; does not include proceeds from Megacable's transaction

<sup>2</sup> Debt is considered at face value and includes interest payable as of the end of the period

<sup>3</sup> Revenue generating units

**Relevant Events**

At the end of the 3Q16, in accordance with our strategic plan, Maxcom decided no longer to provide voice, data and video services to its residential customers in the cities of Queretaro, Qro, Tehuacan, Puebla and Puebla, Pue. At the same time, our company signed an agreement with Megacable to ensure the continuity of telecommunications services to its residential customers in the aforementioned cities. As compensation for this operation, Megacable agreed to pay Maxcom the amount of USD\$12.9 million. According to the contract, the first payment was received starting October 2016. In addition, Maxcom and Megacable signed a service agreement for the continuity of the service to customers in those cities until the migration is completed; cost and expenses involved will be refunded by Megacable. The resources obtained in this operation strengthen the financial position of the Company, enabling it to continue making investments that contribute to the development of its strategic plan. We remain open to analyze any potential offers for strategic transactions that allow us to be more efficient, profitable and cash flow generators in this business unit. In any case, we will look to maximize cash flow generation of this business unit.

On August 22, 2016, Maxcom did the “reverse split shares” through the cancellation of all of the titles representative of the CPOs; and carried out in the BMV the exchange of the titles representative of the outstanding shares of Maxcom to the date, for the titles representative of Maxcom consolidated shares, at a ratio of 1 (one) common share, nominative, without par value Series "A" consolidated per 42 (forty two) common shares, nominative, without par value, Series "A" outstanding on August 22. Viewed by CPO, the exchange ratio was 14 (fourteen) CPOs per 1 (one) new share.

**Business Management: Operating Highlights**

- Total Revenue Generating Units or RGUs, decreased 35% to reach 380,832 in 3Q16 compared to the same period of last year. The Company registered negative RGU net additions of 208,453 during the period. The total Company customer base decreased by 46% to reach 118,798 customers.

The main factors that explain these movements are:

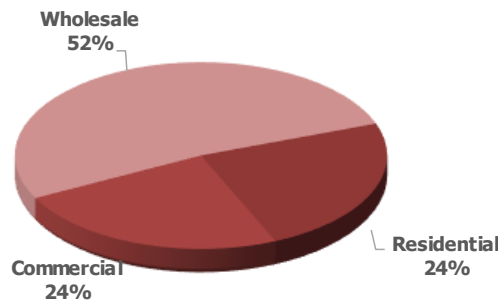
- The sale of customers to Megacable
  - The divestiture of the public telephony business
  - The cancellation of prepaid cell phone contracts that were inactive
  - The cancelation of low-margin accounts from the residential segment
- When compared to the same period of last year, voice RGUs decreased 27% reaching 246,610. Voice RGUs include residential voice, commercial voice, public telephone lines and wholesale lines.
- Data residential RGUs decreased 41% to reach 96,645 compared to 164,756 in 3Q15, while data RGUs in the commercial segment increased 19% to 3,439.
- Total mobile RGUs reached 3,175 units which is 87% lower than the number registered in 3Q15.
- Pay TV RGUs reached 30,699 units which represents a decrease of 48% with respect to the figure recorded in 3Q15.
- The RGUs per residential customer rate remains on 2.0, the same reported in 3Q15.
- The RGUs per commercial customer rate went from 44.6 in 3Q15 to 57.7 at the end of 3Q16.

3Q16	Item	3Q15
<b>116,557</b>	<b>Residential Customers</b>	<b>219,166</b>
98,895	Voice	178,467
96,048	Data	163,355
2,660	Mobile	19,132
30,610	TV	58,695
<b>231,832</b>	<b>Residential RGUs</b>	<b>431,139</b>
101,339	Voice	182,557
96,645	Data	164,756
3,149	Mobile	25,003
30,699	TV	58,823
2.0	RGUs per Residential Customer	2.0
<b>2,241</b>	<b>Commercial Customers</b>	<b>2,518</b>
1,918	Voice	2,218
1,155	Data	1,236
8	Mobile	8
163	Other	165
<b>129,405</b>	<b>Commercial RGUs</b>	<b>112,293</b>
125,676	Voice	109,101
3,439	Data	2,898
26	Mobile	30
264	Other	264
57.7	RGUs per Commercial Customer	44.6
-	<b>Public Telephony RGUs</b>	<b>25,271</b>
<b>19,595</b>	<b>Wholesale RGUs</b>	<b>20,582</b>
<b>380,832</b>	<b>Total RGUs</b>	<b>589,285</b>
<b>246,610</b>	<b>Voice RGUs (lines in service)</b>	<b>337,511</b>
<b>118,798</b>	<b>Total Number of Customers</b>	<b>221,684</b>

**Business Management: Revenues and Expenses**
**Revenues**

Revenues reported in 3Q16 amounted to Ps.712 million, it presents an increase of 23% against 3Q15. Total revenues for the nine months ended on September 30, 2016 reached Ps.1,840 million, which represents an increase of 2% with respect to revenues of Ps.1,803 million recorded in the same period of 2015. Higher revenues in wholesale segment during the quarter explains this significant increase. Sequentially, revenues registered an increase of 22%, with a recovery in the wholesale and commercial business units with growths of 56% and 4%, respectively.

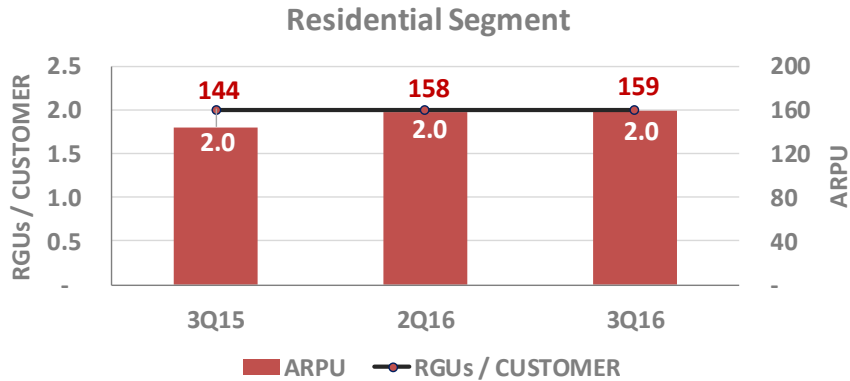
		3Q16	2Q16	QoQ Δ%	3Q15	YoY Δ%
Residential	Ps.	171 Ps.	182	(6%) Ps.	188	(10%)
Commercial		173	166	4%	142	21%
Public Telephony		-	-	(100%)	15	(100%)
Wholesale		368	236	56%	233	58%
Total	Ps.	712 Ps.	584	22% Ps.	578	23%

**WEIGHT (%) 3Q16**


		9M16	%	9M15	%
Residential	Ps.	540	29%	Ps. 585	32%
Commercial		501	27%	437	24%
Public Telephony		-	-	54	3%
Wholesale		799	43%	727	40%
Total	Ps.	1,840	100%	Ps. 1,803	100%

**Residential**

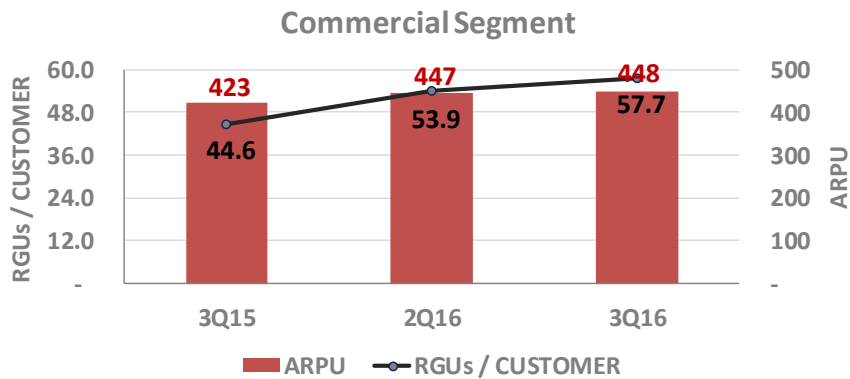
This segment represents 24% of total revenues generated during the 3Q16, a lower figure than the percentage reported in the 3Q15 and below the 2Q16. When compared to 3Q15, revenues in this business unit had a decrease of 10% or Ps.17 million. For the nine months ended September 30, 2016, revenues from the residential business totaled Ps.540 million, a decrease of 8% compared to Ps.585 million in 2015. This decrease in revenues is the result of the reduction in the customer base experienced during the year. Sequentially, revenues for this business unit decreased Ps.11 million.



The average revenue per unit (“ARPU”) for the residential business was Ps.159 in the 3Q16, 10% higher than the ARPUs of Ps.144 reported in the 3Q15 and 1% above of Ps.158 posted in 2Q16. The rate of RGUs per residential customer during this quarter was 2.0, same figure than the previous quarters.

#### Commercial

Revenues of the commercial segment accounted for 24% of total revenues during 3Q16, which is equal than reported figure of 3Q15 and below of the 28% recorded in 2Q16. Revenues reached Ps.173 million, an increase of 21% when compared to Ps.142 million registered during 3Q15. For the nine months ended September 30, 2016, revenues from the commercial business was Ps.501 million, representing an increase of 15% in comparison with Ps.437 million registered in the same period of 2015. In a sequential basis, revenues were 4% higher than the Ps.166 million registered in 2Q16. A positive trend is maintained in the performance of this business unit as a result of new services provided to existing and new customers and low churn in the existing base of revenues.



Commercial business ARPU during 3Q16 was Ps.448, 6% above the Ps.423 recorded in 3Q15 and slightly higher the one recorded in 2Q16. The rate of RGUs per commercial customer increased 29% to 57.7 RGUs per customer against to 44.6 RGUs achieved in 3Q15.

#### Wholesale

In 3Q16, the wholesale business unit posted revenues of Ps.368 million, an increase of 58% compared to the same period of 2015. For the nine months ended September 30, 2016, revenues from the wholesale business recorded Ps.799 million, a growth of 10% in comparison with revenue of Ps.727 million registered in the same period of 2015. The growth in this business unit was due to the increase of international traffic carried through our network. Sequentially, revenues grew 56%.

#### Network Operation Cost

Network operation costs in 3Q16 increased 50% to reach Ps.471 million, compared to the Ps.314 million reported in 3Q15. This variation is mainly due by the increase in traffic termination of the wholesale business. The gross margin

decreased from 46% in the 3Q15 to 34% in the 3Q16 as a result of the change in the revenue mix of the quarter, where wholesale revenues, with lower margins than the residential and commercial business operations, represent 52% of total revenues of the company.

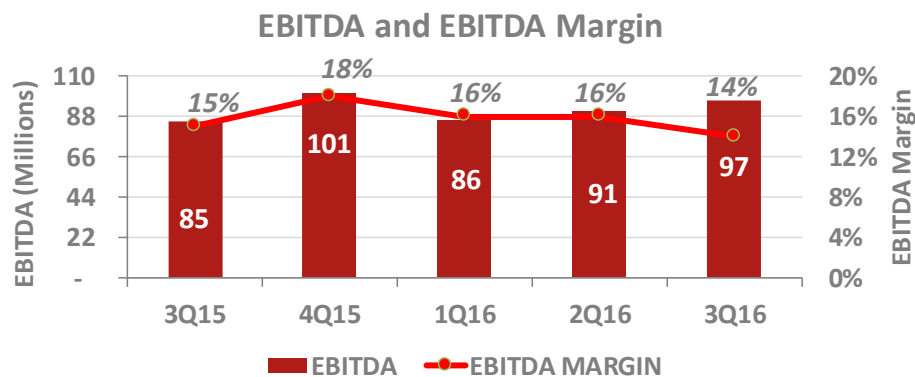
For the nine-month period, costs showed an increase of Ps.158 million going from Ps.962 million in 2015 to Ps.1,120 in 2016. Gross margin went from 47% to 39% in the same nine-month period.

**SG&A**

During the 3Q16 the Company reported total SG&A expenses of Ps.143 million, 20% lower than the Ps.179 million in 3Q15. This reduction is mainly explained by the downsizing process that took place in September of 2015. For the nine-month ended September 30, 2016, the expenses decreased 21% to Ps.446 million compared to the Ps.567 incurred in the same period of 2015.

**EBITDA**

EBITDA for the 3Q16 was Ps.97 million, Ps.12 million higher than the Ps.85 million registered in the same period last year. EBITDA margin was 14% in the 3Q16, below to 15% reported in the 3Q15. For the nine-month ended September 30, 2016 EBITDA was Ps.274 million, same figure posted in 2015. EBITDA margin during the first nine months of 2016 reached 15% same number than the reported in 2015. On a sequential basis, EBITDA was Ps.6 million, or 7% greater than the amount reported in the 2Q16.



**Operating Income (Loss)**

The Company registered an operating loss of Ps.325 million in 3Q16 mainly due to the booking of non-recurring charges related to the transaction with Megacable in the item Other (income) expense. The company recorded an extraordinary income of Ps.253 million and certain charges. Among the most important ones associated with the aforementioned operation is the write-off of fix assets of the residential network of those cities for Ps.354 million. We also cancelled provisions for not rendered services and create provisions for doubtful accounts for Ps.27 million. Other provisions for severance payments, contingencies and expenses related with this operation also were booked in the quarter.

As a consequence of the aforementioned transaction, we also registered cancellations of provisions for not rendered services and created bad debt reserves for the remaining customers in our residential business unit for around Ps.51 million.

It is important to mention that many of the charges are non-cash items and we expect to have a net positive cash flow in this strategic transaction of around Ps.200 million.

Finally, during the quarter, we concluded the agreement with SAP and signed a new contract with another vendor to develop certain OSS for the company. As a result of that we decided to write-off Ps.\$53 million of intangible fix assets.

**Comprehensive Financial Result**

During the 3Q16, the Company registered a net financing cost of Ps.136 million, a decrease of Ps.48 million when compared to the cost of Ps.184 million recorded in the same period of 2015. This result is mainly explained by the valuation effect in this quarter, which was offsetted by the lower exchange loss recorded in 3Q16, as a result of a minor debt balance.

	3Q16	3Q15	ΔPs.	Δ%
Interest Expense	43	34	9	23%
Interest (Income)	(6)	(2)	(4)	(239%)
Valuation Effects – Net	14	(44)	58	131%
Exchange Rate (Gain) Loss – Net	85	196	(111)	(56%)
<b>Total</b>	<b>136</b>	<b>184</b>	<b>(48)</b>	<b>(26%)</b>

For the nine months ended September 30, 2016, the net financing cost reached Ps.392 million, higher than the Ps.353 million recorded in 2015.

**Taxes**

In the 3Q16 the Company recorded no taxes.

**Net Income (Loss)**

During 3Q16 the Company posted a net loss of Ps.461 million, compared to a net loss of Ps.257 million recorded in the same period of 2015 and of Ps.197 million posted in 2Q16. For the nine months ended September 30, 2016, the Company registered an accumulated net loss of Ps.756 million compared to the net loss of Ps.489 million recorded in the same period of 2015. It is worth to mention that net loss of the period derives mainly from charges which are non-cash items as exchange rate loss and the write-off of fixed assets.

**Liquidity and Capital Resources**

Millions of Pesos	Third Quarter of 2016	Third Quarter of 2015
Operating Activities	(214)	(7)
CAPEX	245	(227)
Financing Activities	(24)	(139)
Increase (Decrease) in Cash and Financial Instruments	7	(373)
Cash and Financial Instruments at Beginning of Period	665	875
Cash and Financial Instruments at End of Period	672	502

Millions of Pesos	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating Activities	54	(269)
CAPEX	(13)	(566)
Financing Activities	(164)	(106)
Increase (Decrease) in Cash and Financial Instruments	(123)	(941)
Cash and Financial Instruments at Beginning of Period	795	1,443
Cash and Financial Instruments at End of Period	672	502

**Capital Expenditures**

Gross capital expenditures during the quarter were approximately Ps.\$100 million. The previous table shows a decrease of Ps.245 million consequence of the write-off already mentioned. Capital expenditures were primarily used to develop last mile connectivity for commercial customers and increase capacity in the network.

**Indebtedness**

At September 30, 2016 the Company reported indebtedness of Ps.2,609 million (debt is valued at face value and includes interest payable at period end). The Company's leverage ratio measured as Debt to EBITDA was 6.96 times and the Net Debt to EBITDA ratio was 5.13 times (last twelve months EBITDA is used in this calculations).

**Maxcom Financial Liabilities at September 30, 2016**

Figures in Millions	Face Value			Due date	Rate
	Pesos	Dollars	Total Pesos <sup>1</sup>		
Step-Up Senior Notes 2020	-	125.8	2,436.8	June, 2020	6%, 7% y 8%
Bancomext	120.0	-	120.0	September, 2020	9.86%
<b>Total financial debt</b>	<b>120.0</b>	<b>125.8</b>	<b>2,556.8</b>		

<sup>1</sup> Considers the FIX exchange rate at September 30, 2016: Ps\$ 19.3776 per dollar

Comparative leverage ratios:

	3Q16	2Q16	1Q16
Net Debt/LTM EBITDA	5.13	4.91	5.37

As of September 30 Maxcom had entered into cross-currency swaps to cover the interests of the Step-Up Senior Notes 2020 for a notional amount of US\$80 million; this instruments mature on December 15, 2017.

**Stockholders' Equity**

As already mentioned in the section Relevant Events, Maxcom did a "reverse split" of its shares, giving one new share per 42 outstanding shares at the date of the event.

**Capital Structure**

	3Q16	3Q15
Subscribed and paid shares	115,010,530	3,191,867,255
CPOs outstanding <sup>1,2</sup>	N/A	1,041,985,693

<sup>1</sup> One CPO is equivalent to three shares

<sup>2</sup> Not all shares are in the form of CPOs

It is important to highlight that Maxcom still remain 11,014,731 shares in the treasury of the Company until they are subscribed and paid for. Providing that subscription and payment will only be conducted at a price equal or higher to Ps.14.00 per share.



**About MAXCOM**

MAXCOM Telecomunicaciones, S.A.B. de C.V., headquartered in Mexico City, is a facilities-based telecommunications provider using a “smart-build” approach to deliver “last-mile” connectivity to micro, small and medium-sized businesses and residential customers in the Mexican territory. MAXCOM launched its commercial operations in May 1999 and is currently offering local, long distance, data transmission, value-added, pay TV and IP-based services on a full basis in greater metropolitan Mexico City, Puebla, Querétaro, San Luis Potosí, Tehuacán and Toluca, and on a selected basis in several cities in Mexico. The information contained in this press release is the exclusive responsibility of Maxcom Telecomunicaciones, S.A.B. de C.V. and has not been reviewed by the Mexican National Banking and Securities Commission (CNBV) or any other authority. The registration of the securities described in this press release before the National Registry of Securities (Registro Nacional de Valores) held by the CNBV, shall it be the case, does not imply any certification as to the investment quality of the securities or of Maxcom’s or the CPO trust solvency. The trading of these securities by an investor will be made under such investor’s own responsibility.

For more information contact:  
Rodrigo Wright  
México, D.F., México  
(52 55) 4770-1170  
[rodrigo.wright@maxcom.com](mailto:rodrigo.wright@maxcom.com)

This document may include forward-looking statements that are subject to risks, uncertainties and other factors which could cause real results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” and similar expressions may identify such forward-looking statements. Maxcom cautions readers that any forward-looking statement in this press release or made by the Company’s management involves risks and uncertainties that may change based on various important factors not under Maxcom’s control. These forward-looking statements represent Maxcom’s judgment as of the date of this press release. Maxcom disclaims any intent or obligation to update these forward-looking statements.

Unless otherwise specified, all references to “USD\$” are to United States dollars and references to “Ps.” are to Mexican pesos. Amounts presented in this annual report may not add up or may be slightly inconsistent due to rounding.

##

**MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)**  
Thousands of Mexican Pesos ("Ps.")

	<b>As of September 30, 2016</b>	<b>As of December 31, 2015</b>	<b>Var \$</b>	<b>Var %</b>
<b>ASSETS:</b>				
<b>CURRENT ASSETS:</b>				
Cash and financial instruments	Ps. 672,183	Ps. 795,298	Ps. (123,115)	(15%)
	672,183	795,298	(123,115)	(15%)
Accounts receivable:				
Customers, net of allowance	569,231	388,864	180,367	46%
Recoverable value added tax	74,476	295,659	(221,183)	(75%)
Other sundry debtors	28,406	43,427	(15,021)	(35%)
	672,113	727,950	(55,837)	(8%)
Inventory	24,622	29,177	(4,555)	(16%)
Prepaid expenses	25,320	18,744	6,576	35%
<b>Total current assets</b>	<b>1,394,238</b>	<b>1,571,169</b>	<b>(176,931)</b>	<b>(11%)</b>
Frequency rights, net	-	911	(911)	(100%)
Telephone network systems and equipment, net	3,391,697	3,765,968	(374,271)	(10%)
Intangible assets, net	249,829	221,942	27,887	13%
Long-term restricted cash	13,681	15,383	(1,702)	(11%)
Financial instruments	17,598	-	17,598	N/A
Deposits in guarantee	8,705	8,624	81	1%
Deferred taxes	6,591	6,591	-	-
Other assets	2,151	2,151	-	-
<b>Total assets</b>	<b>Ps. 5,084,490</b>	<b>Ps. 5,592,739</b>	<b>Ps. (508,249)</b>	<b>(9%)</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Bank loans	Ps. 30,000	Ps. 30,000	Ps. -	-
Interest payable	52,609	6,315	46,294	733%
Accounts payable and accrued expenses	370,931	375,678	(4,747)	(1%)
Customer deposits	2,584	3,011	(427)	(14%)
Derivative financial instruments	-	330	(330)	-
Other taxes payable	27,371	69,241	(41,870)	(60%)
<b>Total current liabilities</b>	<b>483,495</b>	<b>484,575</b>	<b>(1,080)</b>	<b>(8%)</b>
<b>LONG-TERM LIABILITIES:</b>				
Step-up senior notes	2,232,845	2,100,311	132,534	6%
Bank loans	90,000	112,500	(22,500)	(20%)
Deferred income	53,082	71,399	(18,317)	(26%)
Labor obligations	4,537	3,597	940	26%
Other long-term liabilities	66,556	20,699	45,857	222%
Long-term liabilities	2,447,020	2,308,506	138,514	6%
<b>Total liabilities</b>	<b>Ps. 2,930,515</b>	<b>Ps. 2,793,081</b>	<b>Ps. 137,434</b>	<b>5%</b>
<b>SHAREHOLDERS' EQUITY</b>				
Capital stock	Ps. 7,628,698	Ps. 7,528,698	Ps. 100,000	1%
Additional paid-in capital	41,113	41,113	-	-
Accumulated losses	(4,802,595)	(4,218,326)	(584,269)	(14%)
Net income (loss) for the period	(755,569)	(584,269)	(171,300)	(29%)
Other comprehensive income	42,328	32,442	9,886	30%
<b>Total shareholders' equity</b>	<b>Ps. 2,153,975</b>	<b>Ps. 2,799,658</b>	<b>Ps. (645,683)</b>	<b>(23%)</b>
<b>Total liabilities and shareholders' equity</b>	<b>Ps. 5,084,490</b>	<b>Ps. 5,592,739</b>	<b>Ps. (508,249)</b>	<b>(9%)</b>



## Third Quarter 2016 Results

MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)  
 Thousands of Mexican Pesos ("Ps.")

	3 months ended September 30,				vs 3M 2015		9 months ended September 30,				vs 9M 2015	
	2016	%	2015	%	\$ var	% var	2016	%	2015	%	\$ var	% var
<b>TOTAL REVENUES</b>	<b>Ps. 711,534</b>	100%	<b>Ps. 578,473</b>	100%	<b>Ps. 133,061</b>	<b>23%</b>	<b>Ps. 1,839,973</b>	100%	<b>Ps. 1,802,958</b>	100%	<b>Ps. 37,015</b>	<b>2%</b>
Network operating services	418,808	59%	272,533	47%	146,275	54%	972,909	53%	833,100	46%	139,809	17%
Technical expenses	47,831	7%	41,533	7%	6,298	15%	141,890	8%	127,376	7%	14,514	11%
Installation expenses	4,832	1%	431	0%	4,401	1,021%	5,332	0%	1,579	0%	3,753	238%
<b>Network operation cost</b>	<b>471,471</b>	<b>66%</b>	<b>314,497</b>	<b>54%</b>	<b>156,974</b>	<b>50%</b>	<b>1,120,131</b>	<b>61%</b>	<b>962,055</b>	<b>53%</b>	<b>158,076</b>	<b>16%</b>
<b>GROSS PROFIT</b>	<b>240,063</b>	<b>34%</b>	<b>263,976</b>	<b>46%</b>	<b>(23,913)</b>	<b>(9%)</b>	<b>719,842</b>	<b>39%</b>	<b>840,903</b>	<b>47%</b>	<b>(121,061)</b>	<b>(14%)</b>
Selling, general and administrative expenses	143,008	20%	179,368	31%	(36,360)	(20%)	446,235	24%	566,732	31%	(120,497)	(21%)
<b>EBITDA</b>	<b>97,055</b>	<b>14%</b>	<b>84,608</b>	<b>15%</b>	<b>12,447</b>	<b>15%</b>	<b>273,607</b>	<b>15%</b>	<b>274,171</b>	<b>15%</b>	<b>(564)</b>	<b>-</b>
Depreciation and amortization	96,162		87,633		8,529	10%	283,787		294,778		(10,991)	(4%)
Other (income) expense	325,481		69,627		255,854	367%	353,640		115,675		237,965	206%
<b>Operating income (loss)</b>	<b>(324,588)</b>		<b>(72,652)</b>		<b>(251,936)</b>	<b>(347%)</b>	<b>(363,820)</b>		<b>(136,282)</b>		<b>(227,538)</b>	<b>(167%)</b>
<b>Comprehensive (income) cost of financing:</b>												
Interest expense	42,885		34,730		8,155	23%	124,214		111,053		13,161	12%
Interest (income) loss, net	(5,531)		(1,630)		(3,901)	(239%)	(16,849)		(7,342)		(9,507)	(129%)
Valuation effects, net	13,605		(44,276)		57,881	131%	(32,543)		(48,187)		15,644	32%
Exchange (income) loss, net	85,113		195,532		(110,419)	(56%)	316,927		297,457		19,470	7%
	<b>136,072</b>		<b>184,356</b>		<b>(48,284)</b>	<b>(26%)</b>	<b>391,749</b>		<b>352,981</b>		<b>38,768</b>	<b>11%</b>
<b>INCOME (LOSS) BEFORE TAXES</b>	<b>(460,660)</b>		<b>(257,008)</b>		<b>(203,652)</b>	<b>(79%)</b>	<b>(755,569)</b>		<b>(489,263)</b>		<b>(266,306)</b>	<b>(54%)</b>
Taxes:												
Income taxes	-		-		-	-	-		-		-	-
Deferred taxes	-		-		-	-	-		-		-	-
<b>Total taxes</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>Ps. (460,660)</b>		<b>Ps. (257,008)</b>		<b>Ps. (203,652)</b>	<b>(79%)</b>	<b>Ps. (755,569)</b>		<b>Ps. (489,263)</b>		<b>Ps. (266,306)</b>	<b>(54%)</b>
Other comprehensive result	4,007		(4,487)		8,494	189%	9,886		3,169		6,717	212%
<b>COMPREHENSIVE NET INCOME (LOSS)</b>	<b>Ps. (456,653)</b>		<b>Ps. (261,495)</b>		<b>Ps. (195,158)</b>	<b>(75%)</b>	<b>Ps. (745,683)</b>		<b>Ps. (486,094)</b>		<b>Ps. (259,589)</b>	<b>(53%)</b>
Average basic shares	111,940		3,139,097				111,940		3,139,097			
Average diluted shares	111,940		3,139,097				111,940		3,139,097			
Earnings per basic share	(4.12)		(0.08)				(6.75)		(0.16)			
Earnings per diluted share	(4.12)		(0.08)				(6.75)		(0.16)			

**MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (IFRS)**  
Thousands of Mexican Pesos ("Ps.")

	<b>Capital stock</b>	<b>Additional paid-in capital</b>	<b>Accumulated losses</b>	<b>Other comprehensive income</b>	<b>Total shareholders' equity</b>
Balances as of December 31, 2014	Ps. 7,082,904	Ps. 41,113	Ps. (4,218,326)	Ps. 35,730	Ps. 2,941,421
Increase in capital stock	-	-	-	-	-
Stock option plan	-	-	-	-	-
Comprehensive net loss	-	-	(489,263)	3,169	(486,094)
<b>Balances as of September 30, 2015</b>	<b><u>Ps. 7,082,904</u></b>	<b><u>Ps. 41,113</u></b>	<b><u>Ps. (4,707,589)</u></b>	<b><u>Ps. 38,899</u></b>	<b><u>Ps. 2,455,327</u></b>

	<b>Capital stock</b>	<b>Additional paid-in capital</b>	<b>Accumulated losses</b>	<b>Other comprehensive income</b>	<b>Total shareholders' equity</b>
Balances as of December 31, 2015	Ps. 7,528,698	Ps. 41,113	Ps. (4,802,595)	Ps. 32,442	Ps. 2,799,658
Increase in capital stock	100,000	-	-	-	100,000
Stock option plan	-	-	-	-	-
Comprehensive net loss	-	-	(755,569)	9,886	(745,683)
<b>Balances as of September 30, 2016</b>	<b><u>Ps. 7,628,698</u></b>	<b><u>Ps. 41,113</u></b>	<b><u>Ps. (5,558,164)</u></b>	<b><u>Ps. 42,328</u></b>	<b><u>Ps. 2,153,975</u></b>



## Third Quarter 2016 Results

**MAXCOM TELECOMUNICACIONES, S.A.B. DE C.V. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)**  
Thousands of Mexican Pesos ("Ps.")

	<b>3 months ended September 30,</b>		<b>vs 3M 2015</b>		<b>9 months ended September 30,</b>		<b>vs 9M 2015</b>	
	<b>2016</b>	<b>2015</b>	<b>\$ var</b>	<b>% var</b>	<b>2016</b>	<b>2015</b>	<b>\$ var</b>	<b>% var</b>
<b>Operating Activities:</b>								
Income (loss) before taxes	Ps. (460,660)	Ps. (257,008)	Ps. (203,652)	(79%)	Ps. (755,569)	Ps. (489,263)	Ps. (266,306)	(54%)
Items not requiring the use of cash	304,579	296,376	8,203	3%	793,900	462,763	331,137	72%
Cash flow from income (loss) before taxes	(156,081)	39,368	(195,449)	(496%)	38,331	(26,500)	64,831	245%
Cash flow from:								
Accounts receivable	(163,500)	17,112	(180,612)	(1,055%)	(199,853)	56,104	(255,957)	(456%)
Inventory	5,625	(3,352)	8,977	268%	4,555	(5,105)	9,660	189%
Accounts payable	77,130	(8,988)	86,118	958%	(4,745)	(152,985)	148,240	97%
Other assets and liabilities	23,108	(52,340)	75,448	144%	215,810	(140,715)	356,525	253%
Cash flow from operating activities	(57,637)	(47,568)	(10,069)	(21%)	15,767	(242,701)	258,468	106%
<b>Net cash flow from operating activities</b>	<b>(213,718)</b>	<b>(8,200)</b>	<b>(205,518)</b>	<b>(2,506%)</b>	<b>54,098</b>	<b>(269,201)</b>	<b>323,299</b>	<b>120%</b>
<b>Investing Activities:</b>								
Telephone network systems and equipment, net	244,568	(226,692)	471,260	208%	(13,217)	(565,584)	552,367	98%
<b>Net cash flow used in investing activities</b>	<b>244,568</b>	<b>(226,692)</b>	<b>471,260</b>	<b>208%</b>	<b>(13,217)</b>	<b>(565,584)</b>	<b>552,367</b>	<b>98%</b>
<b>Financing Activities:</b>								
Bank loans	(7,500)	-	(7,500)	N/A	(22,500)	-	(22,500)	N/A
Senior notes	(15,373)	(52,681)	37,308	71%	(243,198)	(85,182)	(158,016)	N/A
Vendor financing	-	(4,602)	4,602	N/A	-	45,893	(45,893)	(100%)
Capital stock	-	-	-	N/A	100,000	-	100,000	N/A
Other financing activities	(953)	(81,429)	80,476	99%	1,702	(67,218)	68,920	103%
<b>Net cash flow from financing activities</b>	<b>(23,826)</b>	<b>(138,712)</b>	<b>114,886</b>	<b>83%</b>	<b>(163,996)</b>	<b>(106,507)</b>	<b>(57,489)</b>	<b>(54%)</b>
<b>Increase (decrease) in cash and financial instruments</b>	<b>7,024</b>	<b>(373,604)</b>	<b>380,628</b>	<b>102%</b>	<b>(123,115)</b>	<b>(941,292)</b>	<b>818,177</b>	<b>87%</b>
Cash and financial instruments at beginning of period	665,159	875,435	(210,276)	(24%)	795,298	1,443,123	(647,825)	(45%)
<b>Cash and financial instruments at end of period</b>	<b>Ps. 672,183</b>	<b>Ps. 501,831</b>	<b>Ps. 170,352</b>	<b>34%</b>	<b>Ps. 672,183</b>	<b>Ps. 501,831</b>	<b>Ps. 170,352</b>	<b>34%</b>

**Important notice:** In compliance with provision 4.033.01 and other applicable provisions of the internal regulations of the Mexican Stock Exchange ("MSE"), regarding the "Independent Analyst", Maxcom Telecomunicaciones S.A.B. de C.V. attests that its share, which is listed on the MSE (Maxcom CPO) and on the OTCQX (MXMTY), is being covered by more than two financial institutions, thus the Company will not request nor has requested registration to the program "Independent Analyst", likewise Maxcom complies with all applicable regulations of the MSE and the National Banking and Securities Commission.