



Maxcom Telecomunicaciones, S.A.B de C.V.

Fourth Quarter 2017 Results

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Fourth Quarter 2017 Results

Earnings Results Summary and Relevant Events

Maxcom's 4Q17 Performance

TOTAL REVENUES

Ps.448 million
+2% vs 3Q17

NETWORK OPERATION COST

Ps.251 million
-52% vs 4Q16

GROSS PROFIT

Ps.197 million
+86% vs 4Q16

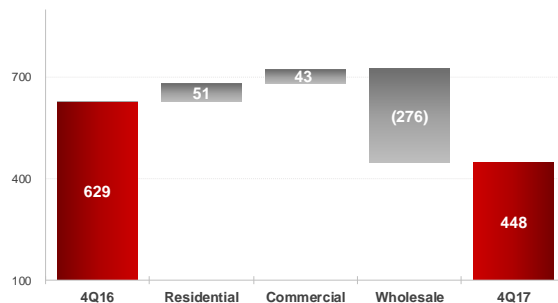
EBITDA

Ps.89 million
+20% vs 4Q16

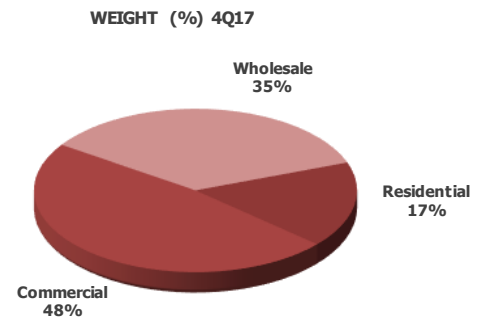
NET LOSS

Ps.188 million
-86% vs 4Q16

Maxcom's quarterly results reflect an important change in trend. Even though the revenue showed a decrease of 29% against 4Q16 as a consequence of the wind down process of the residential business unit which is still in execution, the EBITDA Margin increased during this quarter from 12% in 4Q16 to 20% a year later. On a sequential basis, the revenue increased by 2.3% and was mainly supported by the growth in the commercial business unit.



During this quarter, the revenue composition started to show an important shift with the commercial business revenue taking the heaviest weight in the revenue composition, taking the shift away from wholesale, compared to the previous year. Commercial revenue as a percentage of total revenue for this quarter reached 48%, compared with only 27% during 4Q16.



As already mentioned during the previous quarter, Maxcom made a capital increase in the amount of Ps.154.2 million through the issuance of 25,700,000 shares. Maxcom received a total amount of Ps.98 million during 3Q17, and the remaining Ps.56.2 million during the beginning of 4Q17. This capital inflow strengthened the cash position at the end of year.

As a subsequent event, at the Ordinary General Shareholders' Meeting held on January 16, 2018 shareholders approved the accumulated losses absorption of Ps. 6,327 million through a paid in capital reduction. In accordance with accounting standards, the Company recorded this effect in 2017.

The most important investment was made during the last quarter with a total amount of US1.4 million, the purpose of this was the reinforce of the backbone network throughout the Gulf route, in order to increase transport capacity.

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

Figures in millions of pesos, except operating data

Item	4Q17	3Q17	% var
Total Revenues	448	438	2%
EBITDA	89	74	20%
EBITDA margin (%)	20%	17%	
Net income (loss)	(188)	(77)	(144%)
Net margin (%)	(42%)	(18%)	
Cash and financial instruments ¹	618	566	9%
CAPEX	55	52	6%
Debt ²	2,299	2,174	6%
Net debt / LTM EBITDA (X)	5.3	5.3	-
Customers	80,917	90,775	(11%)
Commercial	1,495	1,577	(5%)
Residential	79,422	89,198	(11%)
RGUs ³	294,536	316,216	(7%)

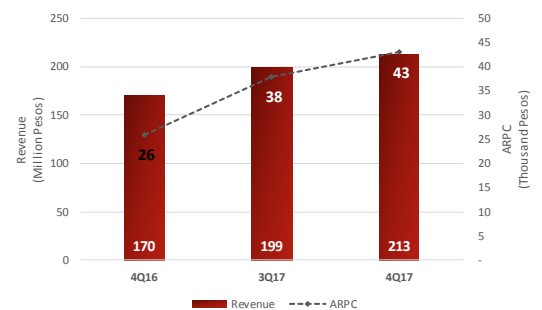
¹ Includes long-term restricted cash.

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

³ Revenue generating units

Commercial Business Unit

- The growth in the segment reflects the strategy and initiatives the Company has put in place to consolidate focus in this business unit. As a result, commercial revenue weight within the revenue mix increased from 27% in 4Q16 to 48% in 4Q17.
- During the 4Q17, revenue reached Ps.213 million, representing an increase of 25% in comparison with Ps.170 million recorded during 4Q16.
- On a cumulative basis, for the twelve months ended on December 31, 2017, revenue from the commercial business was Ps.756 million, representing an increase of 13% compared to Ps.671 million recorded in the same period of 2016. Those results are due to improvements in cross-selling and up-selling strategies, as well as the introduction of new products and services.



- On a sequential basis, revenue grew Ps.14 million or 7% from 4Q17 compared to 3Q17.
- Commercial business average revenue per customer (“ARPC”) during 4Q17 was Ps. 43 thousand pesos, 65% higher than the Ps.26 thousand pesos recorded in 4Q16 and 13% above when compared to the figure recorded in 3Q17.

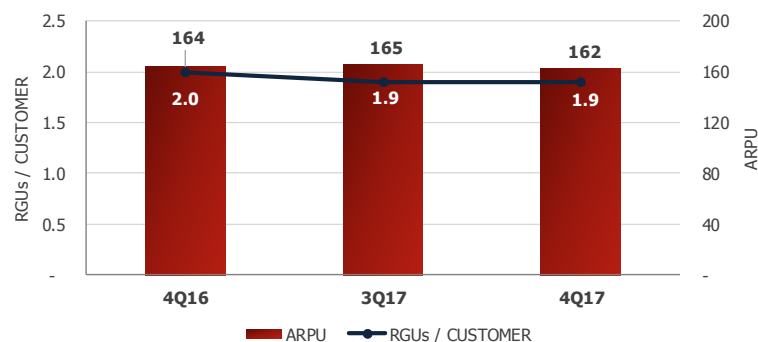
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Wholesale Business Unit

- As part of an already mentioned strategy of reducing Company's participation within this business unit, revenue during this quarter decreased to Ps.156 million, a significant decrease of 64% when compared to the same period in 2016.
- For the twelve months ended on December 31, 2017, wholesale revenue was Ps. 1,132 million, an 8% decrease against the Ps.1,231 million recorded in the same period of the previous year.
- Going forward, Maxcom will continue to reduce its revenue stream coming for the termination of international traffic throughout its long distance network.

Residential Business Unit

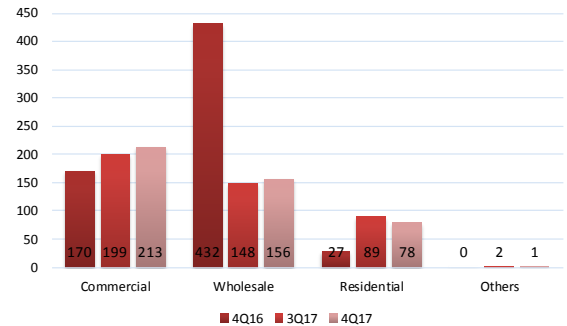
- The Company continues the execution of the wind down process and currently expects its conclusion at the end of 2018. In line with the plan, the revenue generated by the segment represented 17% of all income posted during the 4Q17 and will continue to decrease in the following quarters as the Company continues its wind down process.
- Comparing 4Q17 against 4Q16, the revenue from this business unit had a increase of 189% or Ps.51 million. This was mainly due to an adjustment made in 2016 on income recognition from accrued services totaling Ps. 83 million. Without considering the aforementioned adjustment, the figure for 2016 would have been Ps.110 million.
- For the twelve months ended on December 31, 2017 total revenue from residential customers reached Ps.365 million, 36% below of Ps.567 recorded in the same period of 2016.
- The ARPU for the residential business was Ps.162 in 4Q17, 1% lower than the ARPU of Ps.164 reported in 4Q16 and 2% below of Ps.165 posted in 3Q17. The rate of RGUs per residential customer during this quarter was 1.9, slightly minor than the one reported in 4Q16.



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Consolidated Revenue

- On a consolidated basis, total revenue reported in 4Q17 amounted to Ps.448 million, a decrease of 29% when compared to 4Q16. Notwithstanding, the reduction is due to the decrease of the revenue from wholesale operations. This has also resulted in a higher EBITDA margin, as we will show later on.
- Sequentially, the revenue registered an increase of 2% compared to 3Q17, mainly supported by a consistent commercial revenue increase.
- For the twelve months ended December 31, 2017, revenue reached Ps.2,256 million, which represents a decrease of 9% compared to the Ps.2,469 million recorded in the same period of 2016.



	12M17		12M16	
	Ps.	%	Ps.	%
Commercial	756	34%	671	27%
Wholesale	1,132	50%	1,231	51%
Residential	365	16%	567	23%
Others	3	-	0	-
Total	Ps. 2,256	100%	Ps. 2,469	100%

Cost, Expenses and Other Items

Network Operation Cost

- Network operation costs in 4Q17 decreased 52% to reach Ps.251 million, compared to the Ps.523 million reported in 4Q16.
- For 2017, operation costs had a decrease of 10%, from Ps.1,643 million to Ps.1,485 million, mainly explained by the decrease in traffic termination of the wholesale business and the reduction in the residential segment operating structure.
- Due to this cost reductions and other efficiencies, gross profit increased from 17% in 4Q16 to 44% in 4Q17. The improvement is due by the change in revenue mix and initiatives to increase the profitability per customer in the commercial business.
- For the twelve months ended on December 31, 2017 the gross margin was 34%, above the 33% registered in the same period of 2016.

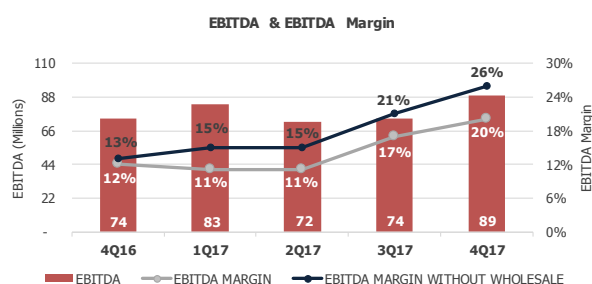
SG & A

- During the 4Q17 the Company reported total SG&A expenses of Ps.108 million, 243% higher than the Ps.31 million in 4Q16. It is worth mentioning that the figure of 2016 was diminished in Ps.83 million by the adjustment of income recognition from accrued services, without this adjustment the expense would have been Ps.115 million.
- For the twelve-month ended December 31, 2017, the expenses decreased 5% to Ps.452 million compared to the Ps.478 incurred in the same period of 2016. Without considering the aforementioned adjustment, the figure for 2016 would have been Ps.561 million and the reduction 19%.

Fourth Quarter 2017 Results

EBITDA

- The multiple efforts to increase operating efficiency and drive a higher recurrent revenue base are reflected in the EBITDA margin, which increased from 12% in 4Q16 to 20% in 4Q17. EBITDA for 4Q17 was Ps.89 million, Ps.15 million higher than the Ps.74 million registered in the same period of the previous year.
- Excluding the effect of the wholesale operation, EBITDA for 4Q17 was Ps.77 million, higher than the Ps.26 million recorded in the same period of the previous year. The EBITDA margin for 4Q17 was 26%, above the 13% reported in 4Q16.
- For the twelve months ended December 31, 2017, an EBITDA of Ps.318 million was reported, representing a decrease of 9% compared to Ps.348 million reported in 2016, while the EBITDA margin was 14%, in line with the margin posted in 2016.
- Sequentially, EBITDA was Ps.15 million or 20% higher than the amount reported in 3Q17.



Operating Income (Loss)

- The Company recorded an operating loss of Ps.2 million in 4Q17, lower than the operating loss of Ps.1,197 million reported in the same period of 2016.
- For the twelve months ended December 31, 2017, the Company reported operating income of Ps.7 million that compares favorably against an operating loss of Ps.1,561 million recorded in the same period in 2016. The variation is explained by the recorded asset impairment made to the residential segment in 4Q16, generating most of the loss over that period.

Comprehensive Financing Result

- During 4Q17, the Company recorded a comprehensive financing loss of Ps.187 million, an increase of Ps.29 million when compared to the loss of Ps.158 million recorded in the same period of 2016. This result is mainly explained by the depreciation which has had the Mexican peso, yielding a higher foreign exchange loss in the quarter.
- For the twelve months ended December 31, 2017, comprehensive financing loss was Ps.22 million compared to the net loss of Ps.550 million recorded in the same period of 2016. The variation is mainly explained by the appreciation of the peso maintained during the first half of the year, with a significant profit from foreign exchange. On the other hand, it has an accelerated amortization of the issuance expenses associated with the portion of the USD \$ 13.1 million repurchased from Step-Up Senior Notes 2020, as well as by the increase in interest paid.

	4Q17	4Q16	ΔPs.	Δ%
Interest Expense	38	44	(6)	(14%)
Interest (Income)	(21)	(6)	(15)	226%
Valuation Effects – Net	14	9	5	45%
Exchange Rate (Gain) Loss – Net	156	111	45	40%
Total	187	158	29	17%

Fourth Quarter 2017 Results

Taxes

- In 4Q17 the Company did not recorded any taxes.

Net Income (Loss)

- During 4Q17 the Company posted a net loss of Ps.188 million, compared to a net loss of Ps.1,363 million recorded in the same period of 2016 and a net loss of Ps.77 million posted in 3Q17. It is worth to mention that the net loss of the period derives mainly from the foreing exchange loss and the payment of interests.
- For the twelve months ended December 31, 2017, the Company recorded a net loss of Ps.16 million in comparison with a net loss of Ps.2,118 million recorded in the same period of 2016, consequence of all non-cash records made on the 4Q16.
- Excluding losses from Celmax, Maxcom generated a net profit of Ps. 2 million for the year.

Capital Expenditures

- Capital expenditures during the quarter totaled Ps.55 million, a decrease of Ps.52 million when compared to 4Q16. Capital expenditures for the quarter were primarily used to develop last-mile connectivity for business customers and increase network capacity.
- For the twelve months ended December 31, 2017, capital expenditures reached Ps.230 million, an increase of 92% when compared to Ps.120 million recorded in the same period of 2016. It is important to mention that during 3Q16 Maxcom recorded write-offs associated to the sale of customers to Megacable, affecting the variation of capex and giving an effect of lower investment for the year. Excluding this effect the amount would have been Ps.484 million, resulting in a decrease of 52% in capital expenditures from 2016 to 2017.
- The cash inflows derived from the capital increase and the improvement in the collection, strengthen our cash position at the end of the year. It is importan mentioning, that the figure presented in the next table does not consider the restricted cash. Including this amount the all cash position of the Company is Ps.618 million.

Millions of Pesos	Fourth Quarter of 2017	Fourth Quarter of 2016
Operating Activities	72	276
CAPEX	(55)	(107)
Financing Activities	30	(4)
Increase (Decrease) in Cash and Financial Instruments	47	165
Cash and Financial Instruments at Beginning of Period	538	672
Cash and Financial Instruments at End of Period	585	837

Millions of Pesos	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2016
Operating Activities	(126)	330
CAPEX	(230)	(120)
Financing Activities	104	(168)
Increase (Decrease) in Cash and Financial Instruments	(252)	42
Cash and Financial Instruments at Beginning of Period	837	795
Cash and Financial Instruments at End of Period	585	837

Fourth Quarter 2017 Results

Indebtedness

- At December 31, 2017, the Company reported indebtedness of Ps.2,299 million (debt is valued at face value and includes interest payable at period end). The Company's leverage ratio measured by the Debt to EBITDA ratio was 7.22 times, while the Net Debt to EBITDA ratio stood at 5.28 times (last twelve months EBITDA is used in these calculations).

Maxcom Financial Liabilities at December 31, 2017

Figures in Millions	Face Value			Due date	Rate
	Pesos	Dollars	Total Pesos ¹		
Step-Up Senior Notes 2020	-	112.4	2,209.4	June, 2020	6%, 7% y 8% ²
Bancomext	82.5	-	82.5	September, 2020	9.86% ³
Total financial debt	82.5	112.4	2,291.9		

¹ Considers the FIX exchange rate at December 31, 2017: Ps\$ 19.6629 per dollar

² The Step-Up Senior Notes bear interest (i) from the date of issuance (October 2013) until June 14, 2016, at the annual fixed rate of 6% per annum, (ii) from June 15, 2016 until June 14, 2018, at the annual fixed rate of 7% per annum, and (iii) from June 15, 2018 until the maturity date, at the annual fixed rate of 8% per annum; have a maturity date of June 15, 2020

³ This loan was signed on October 2015 at 9.86% fixed interest rate

	4Q17	3Q17	2Q17
Net Debt/LTM EBITDA	5.28	5.30	4.80

- As of December 31, the Company entered into cross-currency swaps to cover the interests of the Step-Up Senior Notes 2020 for a notional amount of USD\$70 million maturing on June 15, 2020.

Stockholders' Equity

- At the end of 4Q17, the Company reported stockholders' equity of Ps.1,021 million, an increase of 29% compared to Ps.790 million at the end of the previous year. This is mainly due to the results of the year and the increase in the capital stock of Celmax Móvil and Maxcom, respectively.

Capital Structure

	4Q17	4Q16
Subscribed and paid shares	140,710,530	115,010,530



Fourth Quarter 2017 Results

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 enterprises and residential customers in the Mexican territory. MAXCOM launched its commercial operations in May 1999 and is currently offering local and long distance telephony services; wired, wireless and cellular data transmission; IP-based TV services and value-added services in Mexico City metropolitan area, Monterrey, Puebla, Querétaro, León, Guadalajara, 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 solvency. The trading of these securities by an investor will be made under such investor’s own responsibility.

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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.

Fourth Quarter 2017 Results

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

	As of December 31, 2017	As of December 31, 2016	Var \$	Var %
ASSETS:				
CURRENT ASSETS:				
Cash and financial instruments	Ps. 585,271	Ps. 837,608	Ps. (252,337)	(30%)
	585,271	837,608	(252,337)	(30%)
Accounts receivable:				
Customers, net of allowance	253,674	264,178	(10,504)	(4%)
Recoverable value added tax	110,502	40,206	70,296	175%
Other sundry debtors	14,857	25,708	(10,851)	(42%)
	379,033	330,092	48,941	15%
Inventory	3,404	1,514	1,890	125%
Prepaid expenses	37,153	27,006	10,147	38%
Total current assets	1,004,861	1,196,220	(191,359)	(16%)
Telephone network systems and equipment, net	2,338,606	2,359,302	(20,696)	(1%)
Intangible assets, net	264,307	221,111	43,196	20%
Long-term restricted cash	33,145	24,508	8,637	35%
Financial instruments	-	20,040	(20,040)	(100%)
Deposits in guarantee	8,804	11,236	(2,432)	(22%)
Deferred taxes	12,921	12,921	-	-
Other assets	2,151	2,151	-	-
Total assets	Ps. 3,664,795	Ps. 3,847,489	Ps. (182,694)	(5%)
LIABILITIES				
CURRENT LIABILITIES:				
Bank loans	Ps. 30,000	Ps. 30,000	Ps. -	-
Interest payable	6,801	7,954	(1,153)	(14%)
Accounts payable and accrued expenses	317,642	392,767	(75,125)	(19%)
Customer deposits	2,157	2,484	(327)	(13%)
Derivative financial instruments	4,784	-	4,784	-
Other taxes payable	8,674	36,246	(27,572)	(76%)
Total current liabilities	370,058	469,451	(99,393)	-
LONG-TERM LIABILITIES:				
Step-up senior notes	2,089,402	2,375,670	(286,268)	(12%)
Bank loans	52,500	82,500	(30,000)	(36%)
Deferred income	35,010	46,976	(11,966)	(25%)
Labor obligations	1,898	2,241	(343)	(15%)
Other long-term liabilities	95,038	80,347	14,691	18%
Long-term liabilities	2,273,848	2,587,734	(313,886)	(12%)
Total liabilities	Ps. 2,643,906	Ps. 3,057,185	Ps. (413,279)	(14%)
SHAREHOLDERS' EQUITY				
Capital stock	Ps. 1,455,066	Ps. 7,628,698	Ps. (6,173,632)	(81%)
Additional paid-in capital	50,170	41,113	9,057	22%
Accumulated losses	(592,919)	(4,802,595)	4,209,676	(88%)
Net income (loss) for the period	2,272	(2,118,156)	2,120,428	(100%)
Other comprehensive income	9,496	41,244	(31,748)	(77%)
Controlling interest	924,085	790,304	133,781	17%
Non-controlling interest	96,804	-	96,804	-
Total shareholders' equity	Ps. 1,020,889	Ps. 790,304	Ps. 230,585	29%
Total liabilities and shareholders' equity	Ps. 3,664,795	Ps. 3,847,489	Ps. (182,694)	(5%)



Fourth Quarter 2017 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 December 31		vs 3M 2016		12 months ended December 31		vs 12M 2016					
	2017	%	2016	%	\$ var	% var	2017	%	2016	%	\$ var	% var
TOTAL REVENUES	Ps. 447,989	100%	Ps. 628,960	100%	Ps. (180,971)	(29%)	Ps. 2,255,580	100%	Ps. 2,468,933	100%	Ps. (213,353)	(9%)
Network operating services	198,061	44%	463,365	74%	(265,304)	(57%)	1,273,893	56%	1,436,274	58%	(162,381)	(11%)
Technical expenses	49,758	11%	52,369	8%	(2,611)	(5%)	202,993	9%	194,259	8%	8,734	4%
Installation expenses	3,153	1%	7,292	1%	(4,139)	(57%)	8,051	0%	12,624	1%	(4,573)	(36%)
Network operation cost	250,972	56%	523,026	83%	(272,054)	(52%)	1,484,937	66%	1,643,157	67%	(158,220)	(10%)
GROSS PROFIT	197,017	44%	105,934	17%	91,083	86%	770,643	34%	825,776	33%	(55,133)	(7%)
Selling, general and administrative expenses	107,957	24%	31,444	5%	76,513	243%	452,474	20%	477,679	19%	(25,205)	(5%)
EBITDA	89,060	20%	74,490	12%	14,570	20%	318,169	14%	348,097	14%	(29,928)	(9%)
Depreciation and amortization	52,564		82,673		(30,109)	(36%)	210,341		366,460		(156,119)	(43%)
Other (income) expense	38,634		142,515		(103,881)	(73%)	101,174		496,156		(394,982)	(80%)
Restructuring	-		-		-	-	-		-		-	-
Reorganization	-		-		-	-	-		-		-	-
Impairment	-		1,046,252		-	-	-		1,046,252		-	-
Operating income (loss)	(2,138)		(1,196,950)		1,194,812	(100%)	6,654		(1,560,771)		1,567,425	(100%)
Comprehensive (income) cost of financing:												
Interest expense	38,031		44,184		(6,153)	(14%)	174,165		168,398		5,767	3%
Interest (income) loss, net	(21,044)		(6,453)		(14,591)	226%	(122,388)		(23,302)		(99,086)	425%
Valuation effects, net	13,710		9,471		4,239	45%	72,788		(23,072)		95,860	(415%)
Exchange (income) loss, net	155,656		111,448		44,208	40%	(102,644)		428,375		(531,019)	(124%)
	186,353		158,650		27,703	17%	21,921		550,399		(528,478)	(96%)
INCOME (LOSS) BEFORE TAXES	(188,491)		(1,355,600)		1,167,109	(86%)	(15,267)		(2,111,170)		2,095,903	(99%)
Taxes:												
Income taxes	-		13,317		(13,317)	(100%)	657		13,317		(12,660)	(95%)
Deferred taxes	-		(6,331)		6,331	(100%)	-		(6,331)		6,331	(100%)
Total taxes	-		6,986		(6,986)	(100%)	657		6,986		(6,329)	(91%)
NET INCOME (LOSS)	Ps. (188,491)		Ps. (1,362,586)		Ps. 1,174,095	(86%)	Ps. (15,924)		Ps. (2,118,156)		Ps. 2,102,232	(99%)
Other comprehensive result	14,494		(1,084)		15,578	(1,437%)	(31,748)		8,802		(40,550)	(461%)
COMPREHENSIVE NET INCOME (LOSS)	Ps. (173,997)		Ps. (1,363,670)		Ps. 1,189,673	(87%)	Ps. (47,672)		Ps. (2,109,354)		Ps. 2,061,682	(98%)
Controlling interest	(184,411)		(1,362,586)		1,178,175	(86%)	2,272		(2,118,156)		2,120,428	(100%)
Non-controlling interest	(4,080)		-		(4,080)	-	(18,196)		-		(18,196)	-
NET INCOME (LOSS)	Ps. (188,491)		Ps. (1,362,586)		Ps. 1,174,095	(86%)	Ps. (15,924)		Ps. (2,118,156)		Ps. 2,102,232	(99%)
Average basic shares	121,214		111,940		-	-	121,214		111,940		0	0
Average diluted shares	121,214		111,940		-	-	121,214		111,940		0	0
Earnings per basic share	(1.52)		(4.12)		0	0	0.02		(6.75)		0	0
Earnings per diluted share	(1.52)		(4.12)		0	0	0.02		(6.75)		0	0

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

	Capital stock	Additional paid-in capital	Accumulated losses	Other comprehensive income	Controlling interest	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2015	Ps. 7,528,698	Ps. 41,113	Ps. (4,802,595)	Ps. 32,442	Ps. 2,799,658	Ps. -	Ps. 2,799,658
Increase in capital stock	100,000	-	-	-	100,000	-	100,000
Comprehensive net loss	-	-	(2,118,156)	8,802	(2,109,354)	-	(2,109,354)
Balances as of December 31, 2016	Ps. 7,628,698	Ps. 41,113	Ps. (6,920,751)	Ps. 41,244	Ps. 790,304	Ps. -	Ps. 790,304
	Capital stock	Additional paid-in capital	Accumulated losses	Other comprehensive income	Controlling interest	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2016	Ps. 7,628,698	Ps. 41,113	Ps. (6,920,751)	Ps. 41,244	Ps. 790,304	Ps. -	Ps. 790,304
Increase of non-controlling interest	-	-	-	-	-	115,000	115,000
Increase in capital stock	154,200	-	-	-	154,200	-	154,200
Stock option plan	-	9,057	-	-	9,057	-	9,057
Restitution of accumulated losses	(6,327,832)	-	6,327,832	-	-	-	-
Comprehensive net income	-	-	2,272	(31,748)	(29,476)	(18,196)	(47,672)
Balances as of December 31, 2017	Ps. 1,455,066	Ps. 50,170	Ps. (590,647)	Ps. 9,496	Ps. 924,085	Ps. 96,804	Ps. 1,020,889

Fourth Quarter 2017 Results

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

	3 months ended December 31		vs 3M 2016		12 months ended December 31		vs 12M 2016	
	2017	2016	\$ var	% var	2017	2016	\$ var	% var
Operating Activities:								
Income (loss) before taxes	Ps. (188,491)	Ps. (1,355,600)	Ps. 1,167,109	(86%)	Ps. (15,267)	Ps. (2,111,169)	Ps. 2,095,902	(99%)
Items not requiring the use of cash	204,963	1,252,092	(1,047,129)	(84%)	69,159	2,045,992	(1,976,833)	(97%)
Cash flow form income (loss) before taxes	16,472	(103,508)	119,980	(116%)	53,892	(65,177)	119,069	(183%)
Cash flow from:								
Accounts receivable	10,785	298,366	(287,581)	(96%)	(7,519)	98,515	(106,034)	(108%)
Inventory	(2,040)	23,108	(25,148)	(109%)	(1,890)	27,663	(29,553)	(107%)
Accounts payable	31,039	25,050	5,989	24%	(75,124)	20,305	(95,429)	(470%)
Other assets and liabilities	15,858	32,913	(17,055)	(52%)	(95,766)	248,721	(344,487)	(139%)
Cash flow from operating activities	55,642	379,437	(323,795)	(85%)	(180,299)	395,204	(575,503)	(146%)
Net cash flow from operating activities	72,114	275,929	(203,815)	(74%)	(126,407)	330,027	(456,434)	(138%)
Investing Activities:								
Telephone network systems and equipment, net	(54,829)	(106,685)	51,856	(49%)	(230,170)	(119,902)	(110,268)	92%
Net cash flow used in investing activities	(54,829)	(106,685)	51,856	(49%)	(230,170)	(119,902)	(110,268)	92%
Financing Activities:								
Bank loans	(7,500)	(7,500)	-	-	(30,000)	(30,000)	-	-
Senior notes	(13,659)	14,506	(28,165)	(194%)	(126,323)	(228,692)	102,369	(45%)
Increase of non-controlling interest	-	-	-	-	115,000	-	115,000	-
Capital stock	56,153	-	56,153	-	154,200	100,000	54,200	54%
Other financing activities	(4,790)	(10,825)	6,035	(56%)	(8,637)	(9,123)	486	(5%)
Net cash flow from financing activities	30,204	(3,819)	34,023	(891%)	104,240	(167,815)	272,055	(162%)
Increase (decrease) in cash and financial instruments	47,489	165,425	(117,936)	(71%)	(252,337)	42,310	(294,647)	(696%)
Cash and financial instruments at beginning of period	537,782	672,185	(134,403)	(20%)	837,608	795,298	42,310	5%
Cash and financial instruments at end of period	Ps. 585,271	Ps. 837,610	Ps. (252,339)	(30%)	Ps. 585,271	Ps. 837,608	Ps. (252,337)	(30%)

- **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 A) 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.