



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

Second Quarter Results 2019

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Second Quarter 2019 Results

Recent Developments

Exchange Offer

- On June 17, the Company announced that it has initiated an offer addressed to Eligible Holders to exchange (“Exchange Offer”) any and all of its Step up Senior Notes due in 2020 for cash, its new 8.00% Senior Secured Notes due 2024 and its Junior Payment in Kind Notes. On the same date, the Company announced a solicitation of votes (“Plan Solicitation”) for a prepackaged Chapter 11 Reorganization Plan which, if made effective, would have substantially the same result as the Exchange Offer.

The purpose of the Exchange Offer and the Plan Solicitation is to accomplish a financial restructuring, which will allow the Company to reduce leverage, fund necessary capital expenditures and continue its operations in a competitive manner. Likewise, the financial restructuring will allow the Company have a better general debt profile and reduce its financial burden.

As part of the restructuring process of the Notes, the Company decided to suspend the payment of interest accrued in the first half of the year through June 15, 2019. This interest amounts to US \$ 4.1 million, which will be paid once said process is completed. On July 17, 2019, Maxcom published a relevant event to communicate its commitment to pay all the interest due on the Notes, once the restructuring process is completed successfully.

On July 3, 2019, the Ordinary General Meeting of Shareholders¹ was held, where a capital increase of Ps. 300 million was authorized, conditioned to success either through the Exchange Offer or the Plan Solicitation. Likewise, as part of the resolution of the Meeting, it was authorized the issuance of 120 million common shares of the A series represented in the variable part at a price of Ps. 2.5 per share.

The current aggregate principal amount of the old notes outstanding is US\$103.4 million and the maximum aggregate principal amount of the Senior Notes and the Junior PIK Notes that will be issued in connection with the exchange offer is US\$56.8 million and of US\$10.3 million, respectively. The foregoing is subject to the approval of the Exchange Offer or the Plan Solicitation on the terms set forth in the related documentation.

Maxcom has held discussions with several holders of the 2013 Notes who assisted in developing the proposal, and who consider the transaction fair and reasonable in light of the current market environment and given Maxcom’s circumstances. At the time of the launch of the Offer, holders of more than 30% of the 2013 Notes had already indicated that they would vote in favor of the transaction.

Since June 17, Maxcom has published 2 relevant events dated June 28 and July 16 to communicate several changes to the original offer, in order to address concerns expressed by some holders. The improvements made to the offer are:

- Extension of the term of the exchange offer and the date of participation to obtain the premium for early participation.
- Changing the applicable currency of the Junior PIK Notes from Mexican pesos to U.S. dollars.

¹ For more information, review the agreements of the Shareholders Meeting in the following link https://www.bmv.com.mx/es/emisoras/informacioncorporativa/MAXCOM-6522-CGEN_CAPIT



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- Increasing the cash payout on the junior payment in kind notes via a greater sharing of the equity upside in certain circumstances
- Removing the Company's optional redemption right with respect to the Junior PIK Notes.

As part of the restructuring process, the Company carried out an "Unwind" of the coverage that it had contracted through a cross currency swaps to cover the interest of the Step-Up Senior Notes 2020 for a notional amount of USD \$ 70 million maturing on 15 June 2020.

For more details of the transaction, please review the relevant events published on the Bolsa Mexicana de Valores in the following link.

https://www.bmv.com.mx/es/emisoras/eventosrelevantes/MAXCOM-6522-CGEN_CAPIT

This description is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy the new notes nor an offer to purchase old notes nor a solicitation of consents. The exchange offer and consent solicitation is being made solely by means of the offering memorandum and consent solicitation statement dated June 17, 2019, as amended or modified to the date hereof.

Contract Renewal CFE Ruta OPGW del Golfo

On June 23, 1999, Telereunion S.A. de C.V. (hereinafter, "Telereunion") entered into a Lease Agreement with the Federal Electricity Commission "CFE", for the use and enjoyment of various leased parts within the coverage of CFE's route Puebla-Veracruz-Poza Rica, with the purpose of having Telereunion install the fiber optic cable for the construction of a part of its public telecommunications network for a duration of 20 years, extended tacitly and automatically for another 10 year period. During 2006, Maxcom Telecomunicaciones, S.A.B. de C.V., acquired all of Telereunion's equity including all owned and leased routes, infrastructure, obligations, rights, agreements, and debt, so as of 2006 Telereunion became a part Maxcom Telecomunicaciones S.A.B. de C.V. (jointly referred to hereinafter as "Maxcom" or the "Company").

On March 23 and 26, 2018, Maxcom submitted briefs before CFE stating its willingness to extend tacitly and automatically the term of the Lease Agreement, as agreed by the parties.

After several interactions with CFE, on March 22, 2019, the Company, was informed by CFE of their decision to deny the Company the automatic previously agreed extension of the term for an additional 10 years, arguing alleged breaches to the Lease Agreement.

Upon receipt of the aforementioned communication, new meetings were held with CFE to address their inquiries; and furthermore, on June 10, 2019, Maxcom and Telereunión together presented by writing clarifications to CFE's refusal, in order to demonstrate that : a) Telereunión paid in advance the first 20 years of lease as well as the term extension for the additional 10 years, b) all other conditions required for the term extension of the Lease Agreement to proceed are fully met to the best to our judgment; and c) the Agreement's term does not come to an end on June 23 of 2019, if not until June 23, 2029.



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On Friday, June 21, 2019, CFE responded to the written notice of Maxcom on June 10, 2019, in which it reiterates its position of March 22, 2019, once again denying the additional term of 10 years of the Lease Agreement.

Based on the foregoing, Maxcom filed an Ordinary Civil Lawsuit before the Federal Courts in which the forced fulfillment of the Lease Agreement is claimed and consequently the aforementioned additional term, which was admitted by means of an admission agreement dated June 21, 2019 which was notified on June 24, 2019. In the aforementioned procedure, Maxcom was granted a precautionary measure so that the Lease Agreement takes full effect and continues to operate. This measure will be in force for 12 months or for the duration of the trial.

On July 19 the Company were notified of the complaint response and counterclaim of CFE, which are currently being analyzed. Maxcom has until Thursday, July 25 to submit the procedural exceptions to CFE complaint response and furthermore, has until August 2 to submit its response to the CFE counterclaim.

The Company considers that it has the right to the automatic term extension previously agreed and that it meets all of the conditions for that effect, however, in the event that in the Civil trial it is determined that the Company did not comply with the obligations for the automatic additional term, there is a risk that new conditions will be imposed for the new lease of the current leased parts of the route indicated above, which could have a higher unquantifiable cost for the Company.

Maxcom will continue to carry out the necessary actions to guarantee continuity in the provision of public telecommunications services of general interest, so that its users have reliable and quality services.

Relevant Tax Matters

- On February 5, 2019, it was received from the Servicio de Administración Tributaria (SAT) an official letter of observations regarding the 2015 fiscal year review, where the authority determines that Maxcom did not provide enough elements to prove the materiality and indispensability of certain interconnection operations with a concessionary company and a telecommunication service reseller company, both authorized by the competent authority, which provide to Maxcom termination international calls services.

This determination puts at risk the deductibility of the expenses incurred as well as the accreditation of the Value Added Tax (VAT) paid to said suppliers. Maxcom has provided all the elements to distort these observations.

In March, 2019, Maxcom requested the intervention of the Procuraduría de la Defensa del Contribuyente (PRODECON) to reach a conclusive agreement through the administrative law that ratifies the position of the Company. Since then, several technical meetings and tables have been held with the SAT and PRODECON in order to distort the observations of the authority and provide all the necessary information to demonstrate the existence and indispensableness of the observed operations.



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However, through a letter dated July 4, PRODECON notified the Company of the SAT's reply letter in which, although it implicitly acknowledges the existence and traceability of the operations, it denies Maxcom the request for a conclusive agreement, and communicates the amount of the possible tax credit that the Company would have to settle; for the exercise reviewed (2015), in case of not being able to distort the SAT's observations, which amounts to Ps. 426 million including surcharges, fee and update. Maxcom has a period of 10 days to declare its applicable right. The Company is preparing the response the document presented by the SAT and analyzing, together with its advisors, the different administrative and contentious alternatives available.

Maxcom considers it has all the necessary support to demonstrate that the operations observed by the authority have all the requirements to be considered as deductibles and that it will be able to demonstrate, either by administrative law or legal remedies, the proceed of all operations carried out with the suppliers indicated by the authority.

Frequency Renewal

On June, 2019, the resolution was notified by the IFT regarding the extension of the term of the 7 concessions to use, take advantage and exploit frequency bands of the radio spectrum.

As part of the consideration Maxcom will have to pay the amount of Ps.197 million, said amount must be updated according to the INPC at the time the payment is made, which will happen before September 30, 2019.

Second Quarter 2019 Results

Earnings Results Summary

Maxcom's 2Q19 Performance

**TOTAL
REVENUE**
Ps.366 million

**NETWORK
OPERATION
COST**
Ps.214 million
24% vs 2Q18

**GROSS PROFIT
MARGIN**
42%
vs 64% 2Q18

EBITDA
Ps.58 million
-67% vs 2Q18

**OPERATING
INCOME (LOSS)**
Ps.-48 million
vs Ps.117 million
2Q18

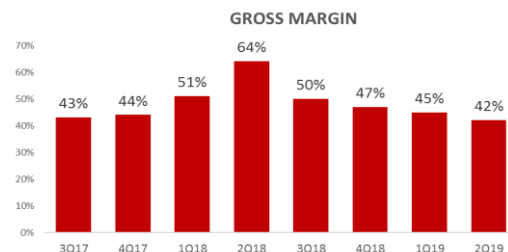
**NET INCOME
(LOSS)**
Ps.-93 million

EBITDA for the quarter amounted to Ps.58 million on a consolidated basis, representing a variation of -67% with respect to 2Q18. Excluding the accounting effect of Ps.37 million in the way operating leases are recorded under new accounting standard IFRS 16 as of January 1, 2019, the consolidated EBITDA was Ps. 21 million and Ps.30 million excluding Celmax operations, therefore, the variation with respect to 2Q18 was Ps.158 million and Ps.148 million respectively. The main factors that explain the variation were:

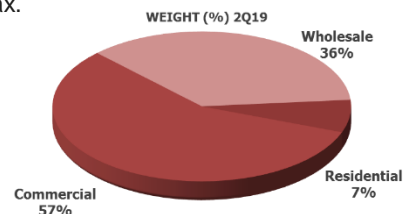
- The strategic sale of 72 telecommunication towers recorded during 2Q18, which generated Ps. 148 million • of the Ps. 178 million EBITDA reported in that quarter
- The decrease in revenues from the Residential segment as a result of the execution of wind down plan
- The reactivation of the Wholesale business unit, which generated revenues of Ps. 128 million with a 6.5% margin during 2Q19

The Company continues the execution of efficiencies mainly in consultants and fees, payroll, network maintenance, electricity and site maintenance. As a result of the foregoing, excluding the effects of IFRS 16 accounting standard, Maxcom presented a

20% decrease in expenses compared to the same quarter of 2018. Regarding cost, the Company recorded an increase of Ps. 60 million or 53%. The main factor of the growth in costs is due to the operation of the Wholesale business unit.



The decrease in Company's margins is a consequence of the reactivation of Wholesale operations and the impact that it represents in the revenue mix. This business unit reflects an increase in its participation, going from 1% in 2Q18 to 36% in this reported quarter. The Commercial business unit maintains its participation in 57% for this quarter compared to the previous quarter without considering revenues from Celmax.



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

FINANCIAL AND OPERATING HIGHLIGHTS

Figures in millions of pesos, except operating data

Item	2Q19	1Q19	% var
Total Revenues	366	377	(3%)
EBITDA	58	73	(20%)
EBITDA margin (%)	16%	19%	
Net income (loss)	(93)	(9)	(915%)
Net margin (%)	(25%)	(2%)	
Cash and financial instruments ¹	397	418	(5%)
CAPEX	(41)	63	(35%)
Debt ²	2,635	2,640	(0%)
Net debt / LTM EBITDA (X)	13.4	7.7	73%
Customers	32,910	35,865	(8%)
Commercial	1,270	1,108	15%
Residential	31,640	34,757	(9%)
RGUs ³	191,802	217,191	(12%)

¹ Includes long-term restricted cash.

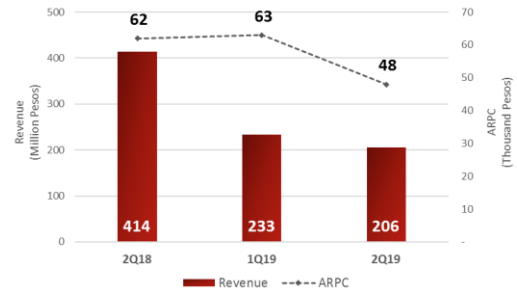
² Debt is considered at face value and includes interest payable as of the end of the period

³ Revenue generating units

Second Quarter 2019 Results

Commercial Business Unit

- The Company has focused on consolidating this business unit. The participation in the revenue mix has remained at 56% compared to the previous quarter due to the increase in Wholesale revenues.
- Commercial revenue reached Ps. 206 million, representing a 50% decrease or Ps. 209 million compared to Ps. 415 million registered during 2Q18. This is due to the non recurrent revenue of 72 telecommunication towers mentioned previously, which accounted for Ps. 197 million. Without considering this transaction, commercial income decreased by 6% or Ps. 12 millions.
- Sequentially, the commercial revenue had a decrease of Ps. 27 million or 12% compared to 1Q19. This variation is mainly explained by the strategic sale of surplus capacity in our fiber optic infrastructure recorded in the previous quarter.

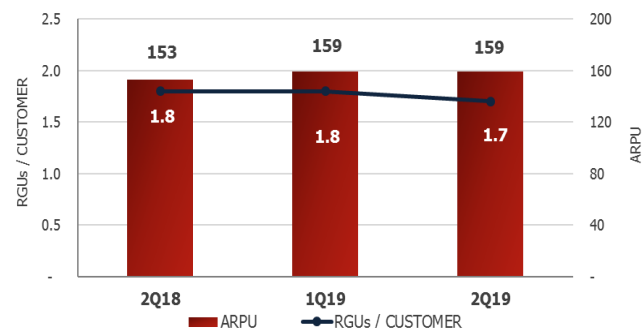


- The average revenue per customer (ARPC) of the commercial business during 2Q19 was Ps. 48 thousand, 23% lower than the Ps. 62 thousand registered in 2Q18 and 24% below sequentially.
- Cumulatively, total commercial revenue reached Ps. 439 million, which represents a decrease of 27% or Ps. 165 million. Without considering the sale and lease back transaction, commercial revenue presented an increase of 8% or Ps. 32 million.

Residential Business Unit

- As we have mentioned in previous reports, the Company continues the execution of its “wind down” process. However, the administration has decided to extend the closing of the remaining 32 clusters and conclude the process until December 2019.
- The revenue generated by the segment was Ps. 27 million, which represented 7% of all revenues recorded during 2Q19. This participation will continue to decrease in the following quarters as the Company grows its operations of the Commercial and Wholesale segments and continues the shutting down of clusters.
- Comparing 2Q19 against 2Q18, the revenue of this business unit presents a decrease of 52% or Ps. 29 million. This is mainly due to the scheduled closure of clusters contemplated in the plan and the shutdown of the TV service.

- Sequentially, the decrease was 9% or Ps. 3 million.



- The contribution margin for this business unit for the 6 months ended June, 2019, was 55% or Ps. 31 million, generated by a customer base at the end of the period of 33 thousand.
- The accumulated revenue of this business unit for the first half of 2019 was Ps. 56 million, which represents a decrease of 54% or Ps. 65 million compared to the first half of 2018.

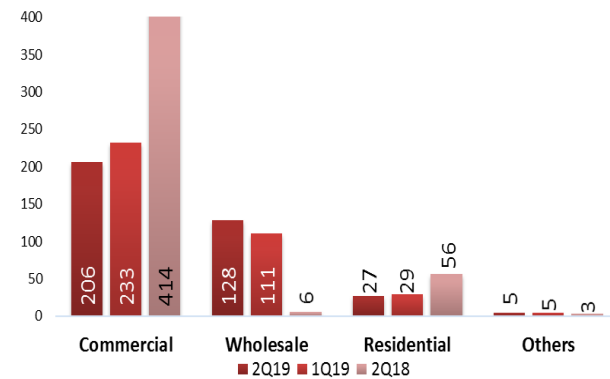
Second Quarter 2019 Results

Wholesale Business Unit

- During the quarter, the revenue in this business unit was Ps. 128 million, a significant increase of 2013% compared to the same period of 2018 and 16% above the income reported in 1Q19. These increases are a direct consequence of the reactivation of this business unit.
- In a cumulative basis, wholesale income reached Ps. 239 million in the first half of 2019, reflecting an increase of 433% or Ps. 194 million compared to the figures reported in the same period of the previous year.
- As a result of the reactivation of this business unit, the participation in the total revenue mix at the end of the quarter was 35%, which compares favorably with 1% reported in the same quarter 2018. On a cumulative basis, the participation of this business unit represented 32% against 6% registered during the 1H18.

Consolidated Revenue

- On a consolidated basis, total revenues reported in 2Q19 amounted to Ps. 366 million, a 24% decrease when compared to 2Q18, mainly explained by the decrease in Residential revenue and the sale and lease back transaction.



- Recurrent Commercial revenue continues to gain strength and participates in 54% of the Company's total revenues. Compared to 2Q18, it had an increase in the revenue mix of 9 percentage points.

- Sequentially, the revenue registered a decrease of 3% or Ps. 12 million mainly explained by the non recurring sale of surplus capacity recorded in 1Q19.

		2Q19	1Q19	QoQ Δ%	2Q18	YoY Δ%
Commercial	Ps.	206	Ps. 233	(12%)	Ps. 415	(50%)
Wholesale		128	111	15%	6	2,033%
Residential		27	29	(7%)	56	(52%)
Others		5	4	25%	3	67%
Total	Ps.	366	Ps. 377	(3%)	Ps. 480	(24%)

RECURRENT COMMERCIAL REVENUE



Second Quarter 2019 Results

Network Operating Cost

- Network operating costs for the quarter increased 24% to reach Ps. 214 million compared to Ps. 173 million reported in 2Q18. The increase is a consequence of the net effect between:
 - The increase in the cost of traffic from the Wholesale segment
 - The favorable effects of reclassification of operating leases under IFRS 16
 - The cost of sales recorded in the 2Q18 associated with the sale and lease back transaction.
- Excluding the IFRS 16 accounting effect, the increase in cost compared to 2Q18 is 41%, totaling Ps. 242 million for the quarter.
- As a consequence, gross profit decreased 51% or Ps. 155 million compared to 2Q18. Sequentially, gross profit registered a decrease of Ps. 19 million or 11%.
- On a cumulative basis, for the 6 months ended June 2019, gross profit totaled of Ps. 323 million, which represents a decrease of 29% or Ps. 135 million.

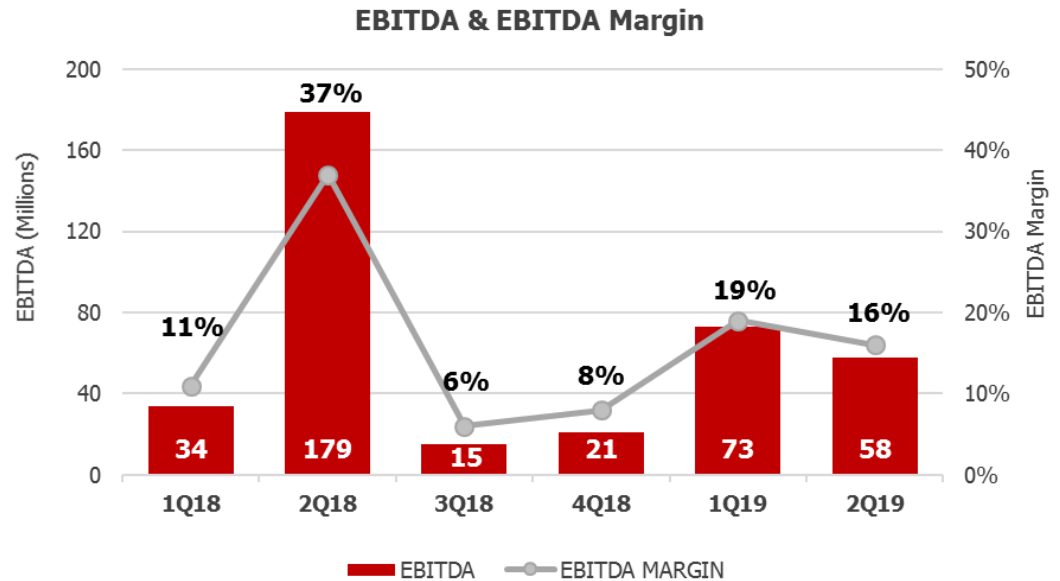
SG&A Expenses

- During 2Q19, the Company reported a total Sale and Administration Expenses of Ps. 94 million, 27% less than the Ps. 128 million reported in 1Q18. On a sequential basis, total expenses decreased 5% or Ps. 5 million.
- Excluding the effect of IFRS 16, Sale and Administration Expenses decreased by Ps. 25 million or 20% compared to 2Q18. On a sequential basis it had a decrease of 4% or Ps. 5 million.
- The decrease in expenses is mainly due to the efficiency effort that has been executed during previous quarters, mainly in payroll, consultants and fees, energy expenditure and software maintenance.
- The headcount at the end of the period was 326 employees, a decrease of 16% compared to the same period of 2018 and a decrease of 4% on a sequential basis.
- On a cumulative basis, the total expense recorded was Ps. 192 million, which represents a decrease of 22% or Ps. 54 million compared to the first half of 2018. Without the effects of IFRS 16 the decrease was 15% or Ps. 36 million.

EBITDA

- During 2Q19 the EBITDA was Ps. 58 million, which compares unfavorably against the Ps. 179 million recorded during 2Q18. The decrease is a direct consequence of the aforementioned net effects of the IFRS 16 accounting standard and the profit generated by the sale of telecommunication towers during 2Q18.
- On a sequential basis, EBITDA presents a decrease of 20% or Ps. 14 million derived mainly from the sale of excess capacity in our fiber optic infrastructure. Discounting the accounting effects of IFRS 16, EBITDA presents a decrease of 41% or Ps. 15 million.
- Maxcom's quarterly EBITDA without Celmax operations was Ps. 68 million. This amount compares unfavorably with the Ps. 191 million reported in 2Q18. Without leases effects, the EBITDA excluding Celmax in the quarter was Ps. 30 million.

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Operating Income (Loss)

- The Company recorded an operating loss of Ps. 45 million in 2Q19, which compares to an operating profit of Ps. 121 million reported in the same period of 2018. The variation is a direct consequence of the net effects of the adoption of IFRS 16 and the sale of telecommunications towers. The effect that was generated by accounting standard of leases was Ps. 29 million in the quarter.
- On a sequential basis, operating income decreased by Ps. 15 million or 48% due to the decrease in EBITDA.
- On a cumulative basis, the operating loss reached Ps. 76 million, which compares unfavorably with the operating profit of Ps. 102 million reported in the first half of 2018.

Comprehensive Financing Result

- During 2Q19, the Company recorded an integral loss of financing of Ps. 40 million, 75% less compared to the loss of Ps. 162 million reported in the same period of 2018. This is mainly due to a lower cash position in dollars with a greater effect of depreciation of the exchange rate in 2018.
- In addition to these effects, there was an increase in interest payments for the quarter caused by the increase in the interest rate of the Step-Up Senior Notes from 7% to 8% as of the second half of 2018, as well as by the negative effect of the reclassification of leases under IFRS 16 for Ps. 14 million
- On a cumulative basis, there was an integral loss of financing of Ps. 9 million, which compares favorably with the loss recorded in the same half of 2018 of Ps. 117 million. This is mainly due to the profit from the USD\$8.9 million repurchased of the Step-Up Senior Notes that were made in the previous quarter for a total of Ps. 70 million and the effects previously mentioned above.

	2Q19	2Q18	ΔPs.	Δ%
Interest Expense	57	44	13	29%
Interest (Income)	(10)	(33)	23	(69%)
Valuation Effects – Net	6	5	1	27%
Exchange Rate (Gain) Loss – Net	(12)	147	(159)	(108%)
Total	40	162	(122)	(75%)

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Taxes

- During 2Q19, taxes were recorded for Ps.5 million of ISR.

Net Income (Loss)

- During 2Q19, the Company recorded a net loss of Ps. 93 million, compared to a net loss of Ps. 58 million registered in the same period of 2018.
- Excluding the results of Celmax, Maxcom generated a net loss of Ps. 91 million, 108% more than the net loss registered during 2Q18.

Capital Expenditure

Million Pesos	Second Quarter of 2019	Second Quarter of 2018
Operating Activities	52	181
CAPEX	(41)	3
Financing Activities	(28)	(14)
Increase (Decrease) in Cash and Financial Instruments	(17)	170
Cash and Financial Instruments at Beginning of Period	386	431
Cash and Financial Instruments at End of Period	369	601

Indebtedness

- As of June 30, 2019, the Company reported an indebtedness of 2,635 million (the debt is valued at face value and includes interest payable at the end of the period). The Company's leverage ratio measured through the Debt to EBITDA ratio was 15.78 times, while the Net Debt to EBITDA indicator was 13.4 times (for these calculations, is used the EBITDA of the last twelve months). It is worth mentioning that the calculations consider the effects of adoption of the IFRS 16 accounting standard both in EBITDA and in total indebtedness. The increase in debt by said accounting standard amounts to Ps. 524 million.

Maxcom Financial Liabilities at June 30, 2019

Figures in Millions	Face Value			Due date	Rate
	Pesos	Dollars	Total Pesos ¹		
Step-Up Senior Notes 2020	-	103.4	1,981.6	June, 2020	6%, 7% y 8% ²
Bancomext	37.5	-	37.5	September, 2020	9.86% ³
Total financial debt	37.5	103.4	2,019.1		

¹ Considers the exchange rate to settle obligations at June 30, 2018: Ps\$ 19.1685 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

	2Q19	1Q19	4Q18	3Q18
Net Debt/LTM EBITDA	13.40	7.73	7.15	5.23

- As we have mentioned in the recent developments' section, on June 17, 2019, Maxcom made an "unwind" of the cross currency swaps to covered the interest of the Step-Up Senior Notes 2020 for a notional amount of USD \$ 70 million maturing on 15 June 2020. This operation had a net cashback effect of USD\$1.4 million corresponding to the independent amount and collateral return.

Second Quarter 2019 Results

Stockholders' Equity

- At the end of 2Q19, the Company reported a total shareholder's equity of Ps. 635 million.

Capital Structure

	2Q19	2Q18
Subscribed and paid shares	144,471,081	144,471,081

Celmax Summary

- Revenues from this unit come from Ps.3 million in 2Q18 to Ps.5 million in the second quarter of 2019 which represents an increase of 53%. The variation is mainly due to the increase in recharges and the increase in sales of SIMs, which amounted to Ps.2 million and Ps.0.2 million respectively.
Subscribers at the end of 2Q19 amounted to 29,384 which represents an increase of 65% compared to the same period of the previous year, and a reduction of 8% sequentially. The sequential reductions were due to a cleaning of the park in use by our MVNOs customers.
- Total cost reached Ps. 5 million during this quarter, 37% above the Ps.3 million reported in the same quarter of the previous year. The variation is due to the increase in traffic costs and SIMs by Ps.1 million and \$ 0.2 million respectively.
- Total expenses registered a decrease of Ps.2 million against 2Q18, leaving Ps. 10 million at the end of the quarter. The main factors of this decrease are due to the decrease of the commercial sales force in Ps. 2 millions.
- As a consequence of the above, the negative EBITDA of the business was Ps.10 million, which represents a decrease in the loss of Ps.3 million or 22% compared to 2Q18. Sequentially, there was an improvement of 43%, from a loss of Ps. 17 million to Ps. 10 million registered in this period.
- Cumulatively, the Company reached a negative EBITDA of Ps. 26 million, which compares unfavorably with negative EBITDA of Ps. 25 million registered in the first half of 2018.
- On June 21, 2019, the Shareholders' Meeting approved a capital increase by 10 million pesos. Maxcom has expressed its decision not to participate of the capital increase, as a consequence the weight of minority shareholders will increase to 59% and the Maxcom's shareholding will decrease to 41%. This will imply that Maxcom will no longer have control over Celmax and thus will cease to consolidate Celmax on the financial statements of Maxcom as of 3Q19.



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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 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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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 quarterly report may not add up or may be slightly inconsistent due to rounding.



Second Quarter 2019 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 June 30, 2019	As of December 31, 2018	Var \$	Var %
<u>ASSETS:</u>				
CURRENT ASSETS:				
Cash and financial instruments	Ps. 369,080	Ps. 456,544	Ps. (87,464)	(19%)
	369,080	456,544	(87,464)	(19%)
Accounts receivable:				
Customers, net of allowance	304,575	157,289	147,286	94%
Recoverable value added tax	40,602	54,522	(13,920)	(26%)
Other sundry debtors	6,742	10,091	(3,349)	(33%)
	351,919	221,902	130,017	59%
Inventory	1,212	1,874	(662)	(35%)
Prepaid expenses	50,611	34,306	16,305	48%
Total current assets	772,822	714,626	58,196	8%
Telephone network systems and equipment, net	2,209,563	2,216,637	(7,074)	-
Intangible assets, net	232,383	271,125	(38,742)	(14%)
Rights of use of leased assets, net	513,543	-	513,543	100%
Long-term restricted cash	28,403	35,791	(7,388)	(21%)
Financial instruments	-	-	-	100%
Deposits in guarantee	9,378	9,130	248	3%
Deferred taxes	6,033	6,033	-	-
Other accounts receivable of long term	32,899	32,899	-	-
Total assets	Ps. 3,805,024	Ps. 3,286,241	Ps. 518,783	16%
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Step-up senior notes	Ps. 1,929,471	Ps. -	Ps. 1,929,471	100%
Bank loans	30,000	30,000	-	-
Interest payable	91,105	8,428	82,677	981%
Accounts payable and accrued expenses	270,003	215,513	54,490	25%
Leases	86,747	-	86,747	100%
Deferred income	55,618	18,840	36,778	195%
Customer deposits	20,693	21,692	(999)	(5%)
Other taxes payable	2,591	18,960	(16,369)	(86%)
Total current liabilities	2,486,228	313,433	2,172,795	693%
LONG-TERM LIABILITIES:				
Step-up senior notes	-	2,135,562	(2,135,562)	(100%)
Leases	437,584	-	437,584	100%
Bank loans	7,500	22,500	(15,000)	(67%)
Derivative financial instruments	-	3,542	(3,542)	(100%)
Deferred income	193,411	22,880	170,531	745%
Labor obligations	1,821	1,625	196	12%
Other long-term liabilities	43,408	45,491	(2,083)	(5%)
Long-term liabilities	683,724	2,231,600	(1,547,876)	(69%)
Total liabilities	Ps. 3,169,952	Ps. 2,545,033	Ps. 624,919	25%
<u>SHAREHOLDERS' EQUITY</u>				
Capital stock	Ps. 1,533,254	Ps. 1,533,254	Ps. -	-
Capital stock not exhibited	(12,300)	(12,300)	-	-
Additional paid-in capital	50,170	50,170	-	-
Accumulated losses	(896,015)	(615,864)	(280,151)	45%
Net income (loss) for the period	(91,216)	(280,151)	188,935	(67%)
Other comprehensive income	-	4,475	(4,475)	(100%)
Controlling interest	583,893	679,584	(95,691)	(14%)
Non-controlling interest	51,179	61,624	(10,445)	(17%)
Total shareholders' equity	Ps. 635,072	Ps. 741,208	Ps. (106,136)	(14%)
Total liabilities and shareholders' equity	Ps. 3,805,024	Ps. 3,286,241	Ps. 518,783	16%



Second Quarter 2019 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 June 30				vs 3M 2019				6 months ended June 30				vs 6M 2018			
	2019	%	2018	%	\$ var	% var			2019	%	2018	%	\$ var	% var		
TOTAL REVENUES	Ps. 365,825	100%	Ps. 479,825	100%	Ps. (114,000)	(24%)			Ps. 743,229	100%	Ps. 775,495	100%	Ps. (32,266)	(4%)		
Network operating services	174,182	48%	113,814	24%	60,368	53%			341,902	46%	206,459	27%	135,443	66%		
Technical expenses	39,676	11%	58,444	12%	(18,768)	(32%)			78,136	11%	110,619	14%	(32,483)	(29%)		
Installation expenses	113	0%	347	0%	(234)	(67%)			303	0%	472	0%	(169)	(36%)		
Network operation cost	213,971	58%	172,605	36%	41,366	24%			420,341	57%	317,550	41%	102,791	32%		
GROSS PROFIT	151,854	42%	307,220	64%	(155,366)	(51%)			322,888	43%	457,945	59%	(135,057)	(29%)		
Selling, general and administrative expenses	93,703	26%	128,480	27%	(34,777)	(27%)			192,110	26%	245,640	32%	(53,530)	(22%)		
EBITDA	58,151	16%	178,740	37%	(120,589)	(67%)			130,778	18%	212,305	27%	(81,527)	(38%)		
Depreciation and amortization	103,618		57,429		46,189	80%			206,934		110,250		96,684	88%		
Other (income) expense	2,458		4,594		(2,136)	(46%)			10,809		11,963		(1,154)	(10%)		
Operating income (loss)	(47,925)		116,717		(164,642)	(141%)			(86,965)		90,092		(177,057)	(197%)		
Comprehensive (income) cost of financing:																
Interest expense	56,558		43,822		12,736	29%			116,137		83,215		32,922	40%		
Interest (income) loss, net	(10,369)		(33,413)		23,044	(69%)			(75,712)		(6,451)		(69,261)	1,074%		
Valuation effects, net	5,862		4,630		1,232	27%			17,250		26,032		(8,782)	(34%)		
Exchange (income) loss, net	(12,126)		146,654		(158,780)	(108%)			(48,201)		14,402		(62,603)	(435%)		
	39,925		161,693		(121,768)	(75%)			9,474		117,198		(107,724)	(92%)		
INCOME (LOSS) BEFORE TAXES	(87,850)		(44,976)		(42,874)	95%			(96,439)		(27,106)		(69,333)	256%		
Taxes:																
Income taxes	4,695		-		4,695	-			5,222		694		4,528	652%		
Total taxes	4,695		12,556		(7,861)	(63%)			5,222		13,250		(8,028)	(61%)		
NET INCOME (LOSS)	Ps. (92,545)		Ps. (57,532)		Ps. (35,013)	61%			Ps. (101,661)		Ps. (40,356)		Ps. (61,305)	152%		
Other comprehensive result	130		19,785		(19,655)	(99%)			(4,475)		1,073		(5,548)	(517%)		
COMPREHENSIVE NET INCOME (LOSS)	Ps. (92,415)		Ps. (37,747)		Ps. (54,668)	145%			Ps. (106,136)		Ps. (39,283)		Ps. (66,853)	170%		
Controlling interest	(91,696)		(50,721)		(40,975)	81%			(91,216)		(26,982)		(64,234)	238%		
Non-controlling interest	(849)		(6,811)		5,962	(88%)			(10,445)		(13,374)		2,929	(22%)		
NET INCOME (LOSS)	Ps. (92,545)		Ps. (57,532)		Ps. (35,013)	61%			Ps. (101,661)		Ps. (40,356)		Ps. (61,305)	152%		
Average basic shares	144,471		144,471						144,471		142,591					
Average diluted shares	146,521		144,471						146,521		146,521					
Earnings per basic share	-0.63		(0.35)						-0.63		(0.19)					
Earnings per diluted share	-0.63		(0.35)						-0.62		(0.18)					



Second Quarter 2019 Results

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	Capital stock not exhibited	Additional paid-in capital	Accumulated losses	Other comprehensive income	Controlling interest	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2017	Ps. 1,455,066	Ps. -	Ps. 50,170	Ps. (590,647)	Ps. 9,496	Ps. 924,085	Ps. 96,804	Ps. 1,020,889
Increase of non-controlling interest	-	-	-	-	-	-	-	-
Increase in capital stock	-	-	-	-	-	-	-	-
Stock option plan	-	-	-	-	-	-	-	-
Restitution of accumulated losses	-	-	-	-	-	-	-	-
Comprehensive net income	-	-	-	(26,982)	1,073	(25,909)	(13,374)	(39,283)
Balances as of June 30, 2018	Ps. 1,455,066	Ps. -	Ps. 50,170	Ps. (617,629)	Ps. 10,569	Ps. 898,176	Ps. 83,430	Ps. 981,606
	0	Capital stock not exhibited	Additional paid-in capital	0	Other comprehensive income	0	0	Total shareholders' equity
Balances as of December 31, 2018	Ps. 1,533,254	Ps. (12,300)	Ps. 50,170	Ps. (896,015)	Ps. 4,475	Ps. 679,584	Ps. 61,624	Ps. 741,208
Increase of non-controlling interest	-	-	-	-	-	-	-	-
Increase in capital stock	-	-	-	-	-	-	-	-
Stock option plan	-	-	-	-	-	-	-	-
Restitution of accumulated losses	-	-	-	-	-	-	-	-
Comprehensive net income	-	-	-	(91,216)	(4,475)	(95,691)	(10,445)	(106,136)
Balances as of June 30, 2019	Ps. 1,533,254	Ps. (12,300)	Ps. 50,170	Ps. (987,231)	Ps. -	Ps. 583,893	Ps. 51,179	Ps. 635,072



Second Quarter 2019 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 June 30		vs 3M 2019		6 months ended June 30		vs 6M 2018	
	2019	2018	\$ var	% var	2019	2018	\$ var	% var
Operating Activities:								
Income (loss) before taxes	Ps. (87,849)	Ps. (44,976)	Ps. (42,873)	95%	Ps. (96,439)	Ps. (27,106)	Ps. (69,333)	256%
Items not requiring the use of cash	133,855	193,427	(59,572)	(31%)	191,409	164,707	26,702	16%
Cash flow from income (loss) before taxes	46,006	148,451	(102,445)	(69%)	94,970	137,601	(42,631)	(31%)
Cash flow from:								
Accounts receivable	(111,497)	12,053	(123,550)	(1,025%)	(157,899)	(11,733)	(146,166)	1,246%
Inventory	210	279	(69)	(25%)	662	1,573	(911)	(58%)
Accounts payable	22,447	(31,713)	54,160	(171%)	54,490	(76,267)	130,757	(171%)
Other assets and liabilities	95,005	51,718	43,287	84%	183,548	29,077	154,471	531%
Cash flow from operating activities	6,165	32,337	(26,172)	(81%)	80,801	(57,350)	138,151	(241%)
Net cash flow from operating activities	52,171	180,788	(128,617)	(71%)	175,771	80,251	95,520	119%
Investing Activities:								
Telephone network systems and equipment, net	(40,888)	2,526	(43,414)	(1,719%)	(103,737)	(53,258)	(50,479)	95%
Net cash flow used in investing activities	(40,888)	2,526	(43,414)	(1,719%)	(675,395)	(53,258)	(622,137)	1,168%
Financing Activities:								
Bank loans	(7,500)	(7,500)	-	0%	(15,000)	(15,000)	-	0%
Senior notes	-	-	-	-	(104,559)	-	(104,559)	-
Leases	(23,910)	-	(23,910)	-	524,331	-	524,331	-
Increase of non-controlling interest	-	-	-	-	-	-	-	0%
Other financing activities	3,172	(6,037)	9,209	(153%)	7,388	3,465	3,923	113%
Net cash flow from financing activities	(28,238)	(13,537)	(14,701)	109%	412,160	(11,535)	423,695	(3,673%)
Increase (decrease) in cash and financial instruments	(16,955)	169,777	(186,732)	(110%)	(87,464)	15,458	(102,922)	(666%)
Cash and financial instruments at beginning of period	386,035	430,952	(44,917)	(10%)	456,544	585,271	(128,727)	(22%)
Cash and financial instruments at end of period	Ps. 369,080	Ps. 600,729	Ps. (231,649)	(39%)	Ps. 369,080	Ps. 600,729	Ps. (231,649)	(39%)

- 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.