

# Q1 2024 Earnings Call

## Company Participants

- Carlos Garcia Moreno Elizondo, Chief Financial Officer
- Daniel Hajj Aboumrad, Chief Executive Officer
- Daniela Lecuona, Head of Investor Relations
- Oscar Von Hauske Solis, Chief Fixed-line Operations Officer

## Other Participants

- Alejandro Azar, Analyst, GBM Research
- Ernesto Gonzalez, Analyst, Morgan Stanley
- Fred Mendes, Analyst, Bank of America
- Froylan Mendez, Analyst, J.P. Morgan
- Gabriela Chaparro, Analyst, BCP Securities
- Juan Cruz, Analyst, Morgan Stanley
- Soomit Datta, Analyst, New Street Research
- Unidentified Participant
- Victor Tomita, Analyst, Goldman Sachs
- Walter Piecyk, Analyst, Lightshed

## Presentation

### Operator

Good morning. My name is Candace, and I will be your conference operator today. At this time, I'd like to welcome everyone to the America Movil First Quarter 2024 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. (Operator Instructions)

I would now like to turn the conference call over to Ms. Daniela Lecuona, Head of Investor Relations.

### **Daniela Lecuona** {BIO 15302125 <GO>}

Thank you so much. Good morning, everyone. We're very excited to have you today on the line discussing our financial and operating results for the quarter. We have Mr. Daniel Hajj, our CEO; Mr. Carlos Garcia Moreno, CFO; and Mr. Oscar Von Hauske, COO.

---

## **Daniel Hajj Aboumrاد** {BIO 1898715 <GO>}

Good morning. Welcome to the America Movil First Quarter Financial and Operating Report, and Carlos is going to make a summary of the report. Carlos.

## **Carlos Garcia Moreno Elizondo** {BIO 1713687 <GO>}

Thank you, Daniel. Good morning, everyone. Thanks for being here in the call. Well, the strong rally in interest rates that took place in the latter part of 2023 came to an end in the first quarter. Strong employment readings and other indications of a still vibrant economy kept pushing back the timing of expected reductions by the Fed of its discount rate and cutting back the expected number of such reductions to be had this year.

The Mexican peso, which had depreciated slightly versus the dollar at the beginning of the year, dropped off the interest rate increases and resumed its appreciating trend gaining ground versus the dollar and all other currencies in our region of operations. In the first quarter, we added 1.5 million wireless subscribers, of which 1.3 million were postpaid clients including Brazil with 555,000, Austria with 260,000, Colombia with 126,000, and Mexico with 105,000.

On our prepaid platform, we gained 263,000 subscribers in the period, Colombia added 378,000 followed by Argentina with 226,000, and Brazil with 146,000. On the other hand, we disconnected 584,000 subscribers in Central America, mostly on account of a cybersecurity incident that affected our ability to activate clients. On the fixed-line segment, we connected 562,000 new broadband accesses, the best performance in four years. Mexico was the main contributor with 325,000 clients, followed by Brazil with 92,000, and Colombia with 23,000.

Our postpaid base increased 6.4% year-on-year while fixed broadband accesses were up 4.8%. We continue to lose strategic [ph] clients and fixed post [ph] lines and this has been a secular trend for quite some time. Our first quarter revenue totaled MXN203 billion with service revenue expanding 1.1% in peso MXN231 billion [ph] and other revenue declining 71.2% -- 71.7% to MXN2.4 billion. The latter figure reflects extraordinary revenue in the first quarter of 2023 on account of the sale of towers by Dominican Republic and Peru, this quarter there were practically no tower sales. At constant exchange rates, service revenue increased 5% up from 3.7% the precedent quarter. We saw an acceleration of service revenue growth on both the fixed line and the mobile platforms as you can see in the slide which improved sequentially from 3% to 5.1% on the fixed line side and from 4.2% to 4.9% on the mobile side. So an acceleration in revenue growth on both fixed and mobile which means an acceleration of service revenue growth in America Movil as a whole.

In most of our main markets, including Mexico and Brazil, service revenue growth exceeded inflation for the period with Austria and Colombia being the principal markets where revenue did not increase in real terms. Mexico was the main driver behind fixed line revenue expansion, which went from 5.9% in the preceding quarter

to 9.7% in the current period, the fastest rate of growth in years. It was followed by Peru, where the revenue growth rate nearly doubled sequentially from 4.4% to 8%.

Brazil reported a 1% increase, its best showing in seven years, as the headwinds from PayTV over the last five years gave way to solid broadband revenue growth. Within the fixed line platform, corporate networks revenue which represent 21% of fixed line service revenue was the more dynamic business line climbing 13.5% year-on-year followed by broadband services that were up 6.4%.

On the mobile platform, in Mexico, Brazil, and Peru were the countries where revenue growth picked up the most sequentially going from 4.5% to 5.8% in Mexico from 7.1% to 8.5% in Brazil and from 2.6% to 4.9% in Peru. Colombia returned to positive mobile revenue growth after two-quarters of declines. EBITDA came in at MXN80.6 billion. It was 2.6% lower than a year before on account of the extraordinary tower sales for the first quarter mentioned before, which affected the annual comparison.

But at constant exchange rates and adjusting for the tower sales, EBITDA increased 7.5% year-on-year, its fastest pace in eight quarters buoyed by strong subscriber and revenue growth on both platforms and consistent control over costs and expenses. Our operating income reached MXN4.8 billion, a 7.6% decline from the year before correcting for the tower sales, it was up 2.5% in Mexican peso terms and 13% at constant exchange rates.

Our comprehensive financing cost totaled MXN13 billion in the first quarter. They were close to zero a year before on the back of strong foreign exchange gains that had amounted to MXN13.7 billion then. This year we instead booked MXN1.7 billion in foreign exchange losses. We registered a net profit in the amount of MXN13.5 billion that was equivalent to MXN0.22 per share and 25 dollar cents per ADR.

The difference vis-a-vis the year earlier quarter is mostly explained by the aforementioned tower sales and the difference in foreign exchange gains/losses.

In cash flow terms, we obtained net financing in the amount of MXN17 billion -- MXN17.4 billion, which kept us fund our capital expenditures of MXN21.8 billion and covered MXN4.8 billion in shared buybacks and MXN6.5 billion in labor obligations. In the first part of every year, we have mentioned several times, we have -- we paid working capital requirements that need to be financed. And on top of it, in March we have to pay duties on the usage of spectrum and several telecom-related taxes in various countries. And these taxes -- duties are paid for the most part in March. This was an important -- it's an important amount that we don't see every quarter, which in this particular quarter add up to nearly MXN13 billion.

So every year we have to make this payment. Every year it's in March and it happened this year was -- it amounted to nearly MXN13 billion [ph]. Our share buybacks in the first quarter, which were MXN4.8 billion, I mentioned before were 2.5 times greater than those of the year earlier quarter and 9% greater than those of

the first quarter of 2022. In fact, this quarter we acquired three times more shares than the quarter of the -- of last year than a year before.

And in terms of leverage, as you can see in the slide, it's been very flat. We've been for over a year, practically flat at 1.5 times net debt-to-EBITDA, we expect that we will be -- we will remain within the range that we have mentioned between 1.3 times and 1.5 times negative.

Okay, so with that, I will pass the floor back to Daniel and for Q&A. Thank you, guys [ph].

**Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you, Carlos. We can start with the Q&A.

## Questions And Answers

### Operator

Thank you. (Operator Instructions) Our first question comes from the line of Victor Tomita of Goldman Sachs. Your line is now open. Please go ahead.

### Q - Victor Tomita

Hello all, and thank you very much for taking our questions. We would have two questions from our side. The first one is on -- both are on Mexico. The first one is on the commercial strategy for Mexico broadband. If you could give us an update on that commercial strategy following your investments, following your investment in fiber, and also amid this swift improvement in volume trends there and also your policy of not raising prices in Mexico?

And our second question would be on the very solid EBITDA margin performance you saw in Mexico if you could give us some more color on the drivers supporting that margin and on whether this 42% margin level could be sustainable in coming quarters? Thank you very much.

### A - Daniel Hajj Aboumrad

 {BIO 1898715 <GO>}

Well, talking on Mexico, first, in the fixed side, I think all the big investments in fiber that we have been doing for the last three years, I think they are working and we're having good. What we put in the report is that we have around 17 million fiber households, home passes, and 80% of our customers are already with fiber. So helps a lot to reduce the churn. And the customers are in with a very good speed with the service. So that helps.

The second one is that we have good packages, we haven't increased prices and we have very good packages in the market. A lot of bundling in that. We do some

streaming, we do more speed and that's working. And the operation also all around the customer experience, it's -- every day is doing much better in the fixed side.

Oscar, I don't know if you want to (Multiple Speakers)

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

No, I think you already covered it.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

That's all. I think that's -- and it's working. And we have the best growth of broadband subscribers this quarter since, I think some years that we have. We have more than 300,000. So it's working. Let's churn good service, good speed, fiber, new packages. So all around makes a good, very good for our customers. A good concession [ph]. Offer. A good -- very good offer for our customers.

In the margin, I think in Mexico also in the wireless, our 5G network is working very good. I think we already have 125 cities with 5G, good coverage, good quality and what we're seeing is we are also not increasing prices in the wireless side. And what our people, what we're seeing is that our people is choosing for a new plan, a higher plan, moving for a better ARPU, more data. And that is working very good too. So all the 5G investments that we are doing are working very good in Mexico. So those are the two things that we're seeing in Mexico.

**Q - Victor Tomita**

Very clear. Thank you very much.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Thank you.

**Operator**

Thank you. Your next question comes from the line of Alessandro Olmos [ph] of UBS. Your line is open. Please go ahead.

**Q - Unidentified Participant**

Hello, can you hear me well?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Yes.

### **Q - Unidentified Participant**

Okay. Good morning, everyone. First of all, congrats on the revenue performance. We saw a few records in both mobile and fixed. Very glad to see it. But I'll center my questions on CapEx. We noticed Q1 had a low figure. Of course, there's seasonality. Can you discuss a little bit how do you expect the seasonality of CapEx throughout 2024?

### **A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Can you -- we don't hear you very well. Can you talk a little bit slowly, because we don't hear you so well.

### **Q - Unidentified Participant**

Yes. Better now?

### **A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Better, better now.

### **Q - Unidentified Participant**

Okay. So first I said congrats on the revenue performance. We saw a few records on mobile and fixed. Very glad to see it. And I'll center my questions on CapEx. We noticed a low figure in Q1. And the first question is how -- what's the seasonality we expect on the remaining 2024? Should we continue to expect the guidance to be matched? And second, going forward in 2025, do you expect the CapEx figure to go back to \$8 billion per year? Thank you very much.

### **A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, as we said last call, we have like a three-year plan in the CapEx. And the rest, what we're going to do this year is around 7.1 billion. We are on track on that. We do a little bit more the previous years and that is helping us, as I said, there is fiber in Mexico, 5G in other countries, the data centers, a lot on corporate services, applications. And that is helping us a lot. We think that we are okay with what we have been -- what we're going to invest this year. And your question for the next years? We're still reviewing what we're going to do in the next two years. We still don't know. But this year, I can tell you that our CapEx is going to be 7.1, 7.2. I think is what we said last call and we're on track on that. So that's what we can say.

### **Q - Unidentified Participant**

Okay, this is good news. Thank you very much. Have a great day.

### **Operator**

Your next question comes from the line of Walter Piecyk of Lightshed. Your line is now open. Please go ahead.

**Q - Walter Piecyk** {BIO 1510511 <GO>}

Yeah, hi, this is Joe for Walt. Thanks for taking the question. You discussed Mexico and the dynamics driving growth there. What's happening in the other markets that is giving you the ability to accelerate revenue growth? I know you mentioned that it's exceeded inflation in most of the markets. Is it just bundling?

Are there price increases available there?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

We have to -- well, what we're doing in Mexico is exactly what we're doing in other markets. We're investing in 5G, we are improving and giving better plans, moving ARPUs, doing fiber. In some markets, we increase prices. Not in all of them. In some of them, we increase, in other ones, we don't increase. Depending on the competition, depending on the segment, depending on what we're selling. Maybe in broadband, we don't increase in wireless yet. In prepaid, I think we're not increasing in any market, any price. So it's a mix of everything. But what we are doing in all the market is investing in 5G, having a good network, giving good packages, moving better ARPUs. And in -- Oscar can talk a little bit what we're doing in the corporate side, that is giving us a very good increase in revenue.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

No. As we mentioned before, we are pushing the market what we call digital services. So within these digital services, we include all. There is cybersecurity, cloud, network management. And in cloud, we are receiving software as a services, infrastructure as services has been very, very well received in the market. And as well we are doing a lot of network management, moving from MPLS networks to SD-WAN and have been working pretty good on the B2B market.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Yes, we just launched a new data center in Peru, but we haven't had one there. So we are launched and we finish in January. So we're going to put also more corporate focus on this market, I think we are in all the markets we're having already corporate services, I think best networks and best customer service gain better customer clients. So and that's what's happening in Mexico, in Brazil, in Colombia, in Peru, in Dominican Republic, in Central America, all around.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

In Austria.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Austria. Austria is doing very good also.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

And I think what also important to -- not to underestimate the change in Brazil. Brazil was the main headwind that we were facing on the fixed-line platform because PayTV used to be the largest [ph] revenue line -- the largest revenue line. And -- but over the years, broadband has really more than overtaken PayTV. So the headwinds from PayTV are now being felt less, they are less important. So we are confident that we can continue to grow revenues on the fixed-line platform in Brazil going forward.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Brazil and all -- last year we do around in fiber, I think we do 14 million house, home passes. So that helps to sell and to do more customers in broadband.

**Q - Walter Piecyk** {BIO 1510511 <GO>}

Great, thanks.

**Operator**

Your next question comes from the line of Froylan Mendez of JP Morgan. Your line is now open. Please go ahead.

**Q - Froylan Mendez** {BIO 19072347 <GO>}

Hello, good morning, can you hear me?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Yes, yes.

**Q - Froylan Mendez** {BIO 19072347 <GO>}

Perfect. Thank you so much. Two questions, please. The first one on Brazil, we saw that ARPU grew around 3%. However, we did see a lot of the base migrating to a postpaid plan within the Brazilian base. We were wondering why didn't the ARPU grow a little bit better or faster. What's the explanation behind that?

And secondly, in Mexico broadband, you mentioned 17 million home pass. How far can that number go? Or are we reaching like a trough level? Is that the maximum capacity in fiber that you can handle?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, in Mexico we do already 17 million from home -- fiber home passes. We're reviewing what -- and we are seeing where it makes sense for us to still go and do home passes. There is still a lot of capacity in these 17 million home passes. So we can penetrate more also these houses. And it's what we're doing all around. In Brazil. In Brazil, the ARPU. Let me see the ARPU. What -- your question is that the ARPU is growing in Brazil.

**Q - Froylan Mendez** {BIO 19072347 <GO>}

It was 3%. We found that number a little bit low. Given the postpaid migration that we saw, we would have expected like a faster acceleration on ARPU. But just want to know if something changed or what could be the explanation of that low ARPU (Multiple Speakers)

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

I don't know exactly, but I can tell you. I can tell you that in Brazil, we're doing very good in postpaid. We're growing around 8% the base of postpaid. The subscribers in postpaid is good. Maybe some of these postpaid are in the higher plans, other ones are in the lower plans.

But all over all, Brazil is doing good and we are moving a lot of our postpaid also to - a lot of our prepaid also to postpaid new customers plus upgrades from prepaid. And these upgrades from prepaid are moving slowly, so they are not moving to the high-end plan, so they are just jumping to postpaid. And then in the next years, I'm sure that with 5G and better handsets and more usage, these can improve the ARPU. So that's more or less what is happening in Brazil.

**Q - Froylan Mendez** {BIO 19072347 <GO>}

Thank you so much.

**Operator**

Your next question comes from the line of Fred Mendes of Bank of America. Your line is now open. Please go ahead

**Q - Fred Mendes** {BIO 22302086 <GO>}

Hello. Good morning, everyone, and thanks for the call. I have two questions here. The first one on Telmex, and, you know, especially net adds [ph] results are very, very strong. Just trying to understand this dynamic. Obviously, as you pass through your fiber, 80% of the natural per annual [ph] fiber, I think that explains a lot.

But trying to understand the profile of these clients. If you're basically getting new clients, or if you're being able to get from other operators, basically trying to understand the dynamics behind such a strong results. That would be my first one and then the second one on Colombia.

There were some news, I guess, that mentioned that you expect to do \$1 billion investment CapEx this year. Correct me if I'm wrong. So just trying to understand your expectation there. It seems it's still a competitive market, but one of the players is facing some challenge. So just trying to understand the rationale if this is true. And the strategy for Colombia for 2024. Thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, first in Colombia, I don't have exactly the disclosure of what's going to be the CapEx in each country. But if you can talk to Daniela, we can review and see what

we're going to do in this CapEx. I don't know if they are accounting for the frequencies that we already get and renew the frequencies that we renew in February. So I still don't know very good on that. But we can show you exactly what we're doing. But all over all in CapEx, we're going to do the CapEx that we commit and we're on target. And it's what the plan is. It's \$7.1 billion, \$7.2 billion on CapEx for this year. In Telmex, I don't know, Oscar, if you want to give your view.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Yes, one is what you mentioned. I mean, we did a lot of migration to fiber that helped us to reduce the churn. So that brings us net adds. Secondly is that the market is still growing, so we are taking share of the role of the market. And the rest, I suppose is coming from competition. Right. So what has been working is what you mentioned. The new packages that we send to the market that include streaming video and very good speeds. And another one that is important is that when getting to the fiber, we offer symmetrical speed. And that has been very well received in the market. So that's why we see this growth.

**Q - Fred Mendes** {BIO 22302086 <GO>}

Perfect. Very clear. Thanks, Daniel. Thanks, Oscar.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**Operator**

Thank you. Our next question comes from the line of Ernesto Gonzalez of Morgan Stanley. Your line is now open. Please go ahead.

**Q - Ernesto Gonzalez** {BIO 23336087 <GO>}

Hi, thank you for taking our question. It's two. The first one is this quarter we saw a large increase in lease related debt. Just wondering if you could give us some color on the drivers. And then the second one is on the outlook for Chile. The JV ownership is up for review soon. And you also had a deal with OneNet. On the latter, we were wondering if it's only for expansion to replace the existing network. And if you have any volume commitments with KKR. Thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, what we do is we do an agreement with OneNet to use the fiber. Yes. It's a complex contract. We have a volume and they give us some prices. So it's a contract that we think it's good for us. We -- in one side, we have fiber in Chile and we're going to use our fiber network in the other side where we don't have fiber, we're going to use OneNet fiber. So that's what we do. And I think makes sense to do that. What else in Chile?

**Q - Ernesto Gonzalez** {BIO 23336087 <GO>}

Yes, on the JV ownership review.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Yeah, the JV ownership, as we said, we've got some commitments is what we just -- what we announced. We have some commitments to put some money and they can match, catch-up. And I think it's end of July. We don't know what they are going to do. So let's see. We still don't know. We -- I think the company is going in good shape. We are moving and doing a lot of more coverage in wireless, 5G, 4G, better network. We do an agreement to do a big state-of-the-art network in Chile.

So we are, in terms of the infrastructure, I think we are okay. We're moving in the commercial side. We are being more aggressive. We've been gaining a little bit in mobile and starting not to lose in fixed. So I -- we are happy the way the company is developing and we still have a lot of things to do to -- all the synergies that we do with the two companies. And we're in that process. It's not only one year, I think it's two years, three years to finalize all the synergies that we have. But we are in process and we are okay on that.

And we put good management there also. We -- the management is, I think very good and we're happy the way they are working.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Ernesto [ph] and the question on lease-related debt, what was the question again?

**Q - Ernesto Gonzalez** {BIO 23336087 <GO>}

Yes, we saw a large increase in lease-related debt from the end of 2023 to now. Non current liabilities, for example, lease-related debt increased from MXN100 billion to MXN160 billion. So just wondering what was the driver.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

I don't know. Maybe it might be FX [ph] movements. Obviously, we don't have anything else on towers that has happened this year, but other than EPS what you said that from the end of last year.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

We can review that and get (Multiple Speakers)

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Yeah, let's review it here. But yeah, we obviously have more debt since the spin-off of the European towers. Your Telesites but that should have been picked up by the end of last year.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

And also Peru and Dominican Republic that we sell it also last year. So, that will be more leased.

**Q - Ernesto Gonzalez** {BIO 23336087 <GO>}

Excellent.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Let's review that.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Let's review this. Yes.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

No new transactions.

**Q - Ernesto Gonzalez** {BIO 23336087 <GO>}

Thank you so much.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**Operator**

Your next question comes from the line of Alejandro Azar of GBM. Your line is open. Please go ahead.

**Q - Alejandro Azar** {BIO 19156054 <GO>}

Hi everyone. Thank you for taking my questions. Just a quick one. What can you tell us in terms of the competitive landscape in Mexico, in both markets, in wireless and broadband? I mean in wireless, with BYTE having 2 million active users, how should we think about this new entry player? Are these guys unlocking new clients? Because we're not seeing churn in AMX. And on the other side on the broadband, what are you seeing in terms of competition? You mean you are not increasing prices, but what are you seeing in regards to your competitors? Thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, I think Mexico is a very competitive market, very competitive, in both in fixed and in wireless, and talking a little bit about BYTE TELECOM, they have been very aggressive, very big promotions. I don't know how profitable they are going to be, these promotions, but they are doing big, big promotions. And maybe, as you are saying, they are unlocking some new subscribers, but we don't know still how long they take out these promotions, they are going to stay with them because we have 10 years ago, in a lot of markets, when you give a lot of things big promotions, when you stop those promotions, they stop buying things. So, we don't know. But it's a very competitive market.

And what we have, and what we have been doing very good is we have a very good customer service, we have very good capacity, 5G, a very good 4G and 3G network coverage. So, a good naming, a good distribution. So, all overall we are in good rate. And what we said no, if you have a good network, good coverage, good quality, and you are competitive, then good clients, good customers are going to end in your network. So, that -- but it's not only BYTE, the other ones are also being very aggressive, AT&T, Telefonica, all the other MBNOs that are there. So, Mexico has been very competitive for the last two, three years and I think it's going to still be very competitive for the next years in the mobile side.

And in the broadband, well, in the broadband we delay a little bit years ago the develop of fiber, but we catch-up. We are with a lot of fiber and we want to get back part of our market share and that's what we're going to do. So, we're being aggressive. We have good infrastructure, good -- a lot of fiber, a good service, very good service. And that is giving us less churn and so Oscar is saying less churn and a very good offer that is packages, bundles, and everything. So, we are doing good. But also the broadband market is also very competitive.

So, well, that's -- and I think not only in Mexico, you can see in all Latin America there is a lot of competition, a lot of competitors. And what we have been focused for the last five to eight years is to put a very good network infrastructure. In the corporate side, we have been putting a lot of cloud data set centers, applications, training people, and do all the job to sell and to do every year more and more things on the cloud for all the corporate, mid-and-high corporate segments, small and medium businesses, also for the big businesses, but not only the big businesses, we have been doing a lot also in the small and medium businesses.

**Q - Alejandro Azar** {BIO 19156054 <GO>}

Thank you. Thank you, Daniel. That was very clear. And one more, if I may, on the KPN convertible bond, did you have to spend money to cover the full position or was it enough with the shares that AMX had on their balance sheet?

**A - Carlos Garcia Moreno Elizondo** {BIO 1713687 <GO>}

We basically delivered the shares we had in exchange for the bonds. That was it.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Where people decide to take the shares and we give the shares, they give us the bonds.

**Q - Alejandro Azar** {BIO 19156054 <GO>}

Thank you, Carlos.

**A - Carlos Garcia Moreno Elizondo** {BIO 1713687 <GO>}

You're welcome.

## Operator

(Operator Instructions) Your next question comes from the line of Gabriela Chaparro of BCP Securities. Your line is open. Please go ahead.

## Q - Gabriela Chaparro

Hi. Thank you for taking my question. Part of my question has been already answered, but I was wondering if you can give us more color on your plans in Chile for Mobile, given the highly competitive market and following that One Mobile file for Chapter 11. Thank you.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Well, this is because One file, as you said, for Chapter 11. We don't know what they are going to do, but we are been investing in a much better network quality, 5G, and we hope we can compete and we can gain more market share there. Maybe the market will be consolidated in the future. We don't know. We don't know what's going to happen with One. They filed for Chapter 11. I don't know what's going to be the future, but hope that the market can consolidate in Chile.

## Q - Gabriela Chaparro

Thank you very much.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you.

## Operator

Our next question comes from the line of Soomit Datta of New Street. Your line is open. Please go ahead.

## Q - Soomit Datta {BIO 5351306 <GO>}

Yes. Hi, thanks very much for giving me the opportunity. A couple of questions, please. One, on Brazil on the fixed business, just to check, please. We saw a nice growth in the quarter. I don't think you called out the PayTV component, but is it fair to say we are now at the stage where the PayTV business is small enough that it's no longer a headwind for the overall Brazilian fixed business? And therefore, should we expect to see growth on an ongoing basis coming through from broadband? And any color around that would be, would be helpful, please.

And then secondly, on the Corporate Networks business, that's performed super well this quarter. I wonder kind of, firstly, what visibility do you have on the revenues for the Corporate Networks business? And secondly, what kind of implication does it have for the margin profile of the business? I would perhaps imagine it's a lower margin business than the core telephony, but will be interesting as that business kind

of scales and becomes more significant, how much of an impact will it have on margins? Thank you.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Hi Soomit. Well, I was mentioning it in a previous -- answer to a previous question that indeed, I think the headwinds that we were seeing in Brazil seem to -- they are being felt less and less. I think some years back, maybe five years back, the revenue from PayTV was twice as high as that from broadband. And the situation has changed. So now it is more or less the opposite. I think now the revenue from broadband is more than twice that of PayTV, and the difference keeps on growing.

So, yes, I think that we feel confident that going forward this headwind from PayTV to the extent that it remains will not be determinant in the -- in us maintaining revenue growth -- positive revenue growth. So we expect that we will continue to grow in fixed. And as we have mentioned in previous calls, being able to grow both on mobile and in fixed is very, very significant for margins. In Mexico and Brazil, we have moved from only growing in mobile and not growing in fixed to growing on both fixed and mobile. I think that is a key element of the change that we have seen over the last few -- couple of years. And then corporate. Yeah, in corporate, you mentioned we are tracking following revenues and what we did is that in the major quarters, we have a dedicated team just focus on this market. So we bring expertise in the different fields, cybersecurity, verticals, AI. So yes, we are tracking those revenues and we have our goals and budgets already defined and about the profitability of the business, we don't get in any business that we don't see that we have the right payback in the corporate and there is some part of the revenues coming from corporate that is more software as a service.

So it's a lot of alliance that we do. There is a revenue share with them. So we don't invest in CapEx even. It's more a resale operation for our services. So it's a very good free cash flow because it's a totally revenue share with some of these alliance that we have in the market.

**Q - Soomit Datta** {BIO 5351306 <GO>}

Okay, thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**Operator**

Your next question comes from the line of Juan Cruz of Morgan Stanley. Your line is now open. Please go ahead.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Hi, good morning. Can you hear me okay?

---

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Yes.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Excellent. Going back to the Chilean JV, if I may. In December, you issued a press release saying that you had agreed to invest the equivalent of about MXN972 billion in the JV through June of this year, or roughly about \$1 billion, a little over \$1 billion through that date. And as of then, about 74% have been invested already. Can you give us an update as to how much has been invested up to today in the JV in Chile?

And second, with regards to the ownership agreements with Liberty, I know they have up until August 1st to match your -- the 50% of the contribution, but what should we expect after August 1st? Should we expect some sort of announcement as to whether or not they did and how the ownership structure is going to look going forward? That will be helpful. Thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Well, first this -- in this announcement, this -- the money that you are saying, MXN900 million is -- that includes the debt that we put, that was guaranteed for -- has the guarantee of America Movil and we put it when we do the merge. So that include exactly this amount of debt that we contribute to the JV. And it was guaranteed for us also. We guarantee that. And that's why we put that amount in this press release.

The other thing was to operate. The rest was to operate, to invest, to put CapEx. So that's what we decided to put. What you're asking me is what they are going to do if they are going to catch up or not. I don't know. We need to ask them, not us. So they have the right to catch up and we don't know what they are going to do. But either way, if they catch up or not, we are prepared to go with them and manage the company with them. They are good partners and we're happy if they stay.

And in the other side, if they don't stay, we are also doing what we need to do to be -- make successful this company and do the investments that we need to do. So we are prepared for both the scenarios and we really don't know what they are going to do. So let's wait until that date and see what they are going to do.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Okay. So to clarify, in the press release, the amount to be invested inclusive of the debt contributed to the JV was MXN972.4 billion. Presumably, the debt that was at the collateral level, right, was about \$300 million equivalent. Is that right?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

I think a little bit more.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Okay.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

But we don't know exactly the numbers but we can (multiple speakers)

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

If you want to have a working session, maybe with Daniela, we can go through all the numbers.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Because we don't have exactly the numbers here, but we can open and tell you exactly what it is. No problem.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Okay. Since December, has America Movil invested more in the Chilean JV? Have there more -- been more investments since that announcement?

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

I don't. We don't know. I don't know exactly how much. We have a limit to put, and we are not exceeding that limit, so, of what we said. But talk to Daniela. You can have the numbers clear there.

**Q - Juan Cruz** {BIO 7421702 <GO>}

Okay. Okay. Thank you.

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**Operator**

As there are no additional questions at this time, I'd like to hand the conference back over to Daniela Lecuona for closing remarks.

**A - Daniela Lecuona** {BIO 15302125 <GO>}

Thank you so much, everyone, for joining us in this call. I want you to remind -- I want to remind you that we're hosting an Investor Day, May 7th. The event will be held at the New York Stock Exchange. Most of you have probably received an invitation. For those of you who have not, please email us. We'll be very, very happy to see you there. And, yes, if you have any questions on the event, please contact Stephanie, Anna, or myself.

**A - Oscar Von Hauske Solis** {BIO 2053819 <GO>}

Okay. Thank you.

---

**A - Daniel Hajj Aboumrad** {BIO 1898715 <GO>}

Thank you.

**Operator**

This concludes today's conference call. You may now disconnect your line.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2024, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*