

Q3 2021 Earnings Call

Company Participants

- Daniel Hajj, Chief Executive Officer
- Carlos Garcia Moreno, Chief Financial Officer
- Oscar Von Hauske, Chief Operating Officer
- Daniela Lecuona, Head of Investor Relations

Other Participants

- Alejandro Gallostra, Analyst
- Carlos Legarreta, Analyst
- Chelsea Colon, Analyst
- Fred Mendes, Analyst
- Gilberto Garcia, Analyst
- Leonardo Olmos, Analyst
- Marcelo Santos, Analyst
- Walter Piecyk, Analyst

Presentation

Operator

Good morning, my name is Lauren and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Third Quarter 2021 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions)

Now, I will turn the call over to Ms. Daniela Lecuona, Head of Investor Relations.

Daniela Lecuona

Thank you. Good morning, everyone. We're very pleased to join us this morning to discuss our third quarter results. We have on the line Mr. Daniel Hajj, Chief Executive Officer; Mr. Carlos Garcia Moreno, Chief Financial Officer; and Mr. Oscar Von Hauske, Chief Operating Officer.

Daniel Hajj

Thank you, Daniela. Thank you everyone for being in the call. Carlos is going to make a summary of the third quarter results.

Carlos Garcia Moreno

Thank you, Daniel. Good morning, everyone. During the third quarter, it's a pleasure to share we're prevalent in several industries at a global level. Capping inflation data continue to surpass estimates in the US and other countries. The market consensus appears to shift in favor of the fair another multi-authority moving more rapidly than anticipated we have to expansion over the multi base and 50 base interest rates to begin to rise. This context 10-year interest yield from US economy (inaudible) correction just prior to the end of the quarter helping strengthen the dollar versus most currencies, including the new and several Latin American ones. Growth in the quarter is high because all of them.

Regarding the operations in the third quarter, we added 4.2 million wireless subscribers of which 2.2 million postpaid clients. Ending September were 302 million subscribers, 7% more than a year before. Roughly half the new postpaid clients came from Brazil with Colombia contributing 313,000 subs and Peru 252,000. Chile and Austria, which contributed 204,000 [ph] subscribers -- postpaid subscribers. Mexico led the way in prepaid with 577,000 net adds followed by Brazil with 307,000 (inaudible) 270,000. Colombia, Ecuador, the Central American block and our European operations each obtained around 200,000 new prepaid clients.

On the fixed-line platform, we got PayTV net disconnections in Brazil, but more than 30 million we had in (inaudible). At the end of the quarter, Brazil's PayTV accessories were down 5% from a year before whereas Colombia's were up 6%, and in the rest of our subsidiaries -- they were up 3%. For America Movil, there was a 2% reduction overall (Technical Difficulty).

For broadband accesses, Argentina are up almost 50% year-on-year, followed by Peru and Colombia with approximately 10% each. In the aggregate, America Movil's broadband accesses increased 3% over the year ago.

Our revenue totaled MXN \$253 billion in the quarter, that's a 2.6% decline in nominal peso terms on account of the appreciation of the Mexican peso versus other currencies in our region relative to the year rewards.

At constant exchange rates service revenue increased 4.5% year-on-year slightly less than cost and expansion leading to a 7.5% increase in EBITDA totaled MXN \$87 billion.

Peru, Eastern Europe, The Dominican Republic and Mexico (inaudible) was fastest from 16.6% in Peru to 6.4% in Mexico. Central America, Colombia, Costorico and Austria all delivered growth in the 4% to 5% range.

Mobile service revenue expanded 5.9% with fixed mobile devices and 5G services playing an increasingly important role in some countries, while fixed-line service revenues increased 1.6%. In both cases, the mobile and fixed their best showing in several quarters if we correct for the low second quarter base affected the yearly compete (inaudible).

In the third quarter, both prepaid and postpaid mobile revenues increase around 6%. The comps that you see in chart (inaudible) with distortion in the annual comparison I mentioned before as prepaid keep its lowest point in the second quarter of '20.

Mexico and Brazil both increased their mobile service revenue in 9%. Peru posting 15.8%. In the Caribbean, Puerto Rico and Dominican revenue increases are 14.5% and 7.7%, respectively. Our European recorded nearly 11% growth with value equation of Macedonia and Serbia all registering better than 10% revenue increases. At nearly 7%, Austria's revenue growth was buoyed by 5G services and fixed mobile device.

On the fixed-line platform, broadband and corporate network revenue expanded 5.6% and 4.6%, respectively and PayTV revenue fell 5.2% with clients in Brazil continuing to revise down the cost of their PayTV plans reflecting a greater share of content coming from streaming services as opposed to the traditional multichannel offerings.

On the fixed-line platform, revenue growth was not working in Peru, close to 20%, Colombia, 9.8% and Eastern Europe 9.2%, with Bulgaria posting 15.5% growth and Belarus and Serbia expanding their revenue more than 20%. Not included in the charts of Argentina even with high inflation, but it's fixed service revenues have risen almost 9% in real time after inflation.

Our EBITDA margin jumped to 34.6% from 33.2% the prior year. And this was our highest EBITDA margin in nine years. Mexico and Central America, The Dominican Republic, Peru, they were all behind this margin expansion having the first three of them registered 3% point improvement beginning with Mexico, and Peru's 2.5%.

We obtained an operating profit of MXN \$47.2 billion in the third quarter. It rose 4.7% in peso terms and 10.4% at constant exchange rates in relation to the prior year as depreciation and amortization charges declined 2.5% in peso terms.

Our comprehensive financing cost amounted to MXN \$35 billion, which was (inaudible) a year before, mostly driven by an MXN \$11 billion foreign exchange loss which resulted from the application of the dollar the quarter that we mentioned at the beginning.

Our net interest expense was down 12%. At MXN \$15 billion -- MXN \$15.8 billion, our net profit was down 16% from the prior year -- from the year-earlier quarter. It was equivalent to 24 peso-cents per share and 24 dollar-cents per ADR.

In the nine months to September, our cash flow helped us cover capital expenditures of MXN \$91 billion pesos distribute 37 billion pesos to our shareholders by way of dividends and share buybacks. The latter amounted to MXN \$22 billion. We have to see a reference. Last year by this time of the year, the share buybacks were (inaudible). So this year we're having MXN \$22 billion.

We have -- our cash flow also helped us pay-down MXN \$14.5 billion labor obligations and reduce our net debt by MXN \$38 billion in cash flow terms. At the end of the quarter

our net debt stood at MXN \$588 billion or MXN \$488 billion which exclude leases. The latter amount was equivalent to 1.55 times EBITDAaL of the last 12 months. This is EBITDA after leases that I'm talking about. So 1.55 times. Net debt excluding leases -- EBITDA after lease. Relative to December, the debt in balance sheet was down MXN \$59 billion.

Okay. So with that, I would like to pass the call back to Daniel and open for Q&A.

Daniel Hajj

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

Questions And Answers

Operator

(Operator Instructions) Your first question comes from Marcelo Santos from JP Morgan. Marcelo, your line is now open.

Q - Marcelo Santos

Hi, good morning. Thanks for taking my questions. I have actually two questions on broadband. The first is in Mexican broadband where you put a good number of ads. Could you speak a little bit more on how -- these ads comprise -- these are fiber ads? And second -- and given the question, if you can comment on the Mexican broadband competitive environment. The second question is on broadband in Brazil, where for the third consecutive quarter you have been losing subscribers. We saw what you discussed in the Investor Day regarding network being upgraded and being prepared to offer higher speeds but how do -- what do you expect to happen with the subscriber trends in Brazil? Do you think you revert those losses and start growing more of the market and not losing. Could you please make some comments regarding Brazil broadband? Thank you very much.

A - Daniel Hajj

I'm going to start with Brazil and then I'm going to ask Oscar can give his comments, but on Brazil what I just want to tell you is that we have been improving and upgrading our network -- our fixed network and our mobile network and in not only in fiber, we have been growing fiber this year, we're going to be around 2.5 million to 3 million home passes in site[ph], maybe we're going to end with 5 million home passes with fiber. But in our cable network we upgrade all our cable network and almost every place in Brazil, we can give one gig of capacity. So what I can tell you is that, our network, our cable network is as competitive as fiber in terms of the speed and that so I'll ask Oscar if he can give his comments on our networks in Brazil and what we're doing with the broadband. Oscar, please?

A - Oscar Von Hauske

Sure. Well, in Brazil, as you mentioned, we've been investing through getting fiber closer to the customer. And then we think that we have more or less fully resilient for the market

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(inaudible) needs, even it's a very competitive market and has been changed. I mean the traditional telco has been upgrading its networks. As you know the ISPs start coming outside our network but now they are getting some cities in our network. So, it has become a very, very, very competitive market in the speed and in prices. So, what we've been doing is that we have the network ready to deliver the speeds that the market need. Even we launched, as Daniel mentioned, 1 gigabit speed across all the network, but we believe the speed of course is a fact but not only speed our new proposal has WiFi mesh included in the product with two hotspot the customers could do the right architecture to distribute the speed across their houses. And we have the best NPAs in the year that we've been implementing a lot of processes to improve the quality of services in the network and in the services. So it's a very competitive market. We believe that with these new products we will get gain in the next quarters. So I think we are ready with the quality, with the network. We've reshaped the organization in order to be in a more competitive market. So we believe that we could get new apps in the next quarters.

A - Daniel Hajj

To add a little bit more on Brazil, just we're growing in the broadband revenues in Brazil, around 5%. So we're still growing. And I think we're doing good. We're going to talk a little bit more on the pay-TV business where we have, in Brazil, a lot of piracy. But in the broadband business, the competition in Brazil is changing, is getting more competitive all this environment. But we feel that we have a very good network, we can compete, we can do bundles and we have a very good network to compete there.

A - Oscar Von Hauske

Yeah. Totally agree. And in Mexico, we reshape our offering in the market. Even we launched recently the 1-gigabit speed as well in Mexico. And we mentioned that the bundles with the streaming providers have been working pretty good. So I think that will reshape as well the commercial organization. We are doing a strong migration for customers from copper to fiber. So we'll continue to do that and we will adapt to the market conditions -- our market -- our products. So I think it was a good quarter and we believe that we could continue with the effort in the next quarter.

A - Daniel Hajj

We are also improving our network distribution, our own stores and focusing on our digital platforms and we're focusing more on the sales of all these fiber that we have. So that's more or less what is happening in Mexico.

Q - Marcelo Santos

Perfect. Very, very comprehensive answers. Thank you very much.

Operator

Our next question comes from Leonardo Olmos from UBS. Leonardo, your line is now open. Your line is now open, Leonardo Olmos.

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A - Daniel Hajj

We're not hearing.

Operator

We will take the next question. So our next question comes from Fred Mendes from Bank of America. Fred. Your line is now open.

Q - Fred Mendes

Hello, good morning everyone. Thanks for the call. I had two questions as well. The first one is a follow-up on the answers you guys just mentioned. You mentioned that a broadband you reduce rent 5%. I just wondering if there is a big difference between the FTTH and the cable growth. I understand is that the new project you guys are going to FTTH, just wondering if there is a big difference there; that will be the first question. And then the second question, also Brazil, when I look at the mobile segment ARPU was flat part of the quarter. Just if you see room for further ARPU increase or we are starting to see a little bit more of a competition. So it's more about market share instead of ARPU. Thank you.

A - Daniel Hajj

I think the mobile market is a little bit different than the broadband market. In Brazil, the mobile market is where the four competitors that we have today and in the broadband market, there is a lot of people putting fiber. So, it's a little different market, but I think in the mobile we're doing very good. We have been gaining were growing 8% to 10% revenue per year in mobile, increasing postpaid, doing bundles and I think in the mobile we're doing good. We have been doing good for the last two years and still doing good for this quarter and I hope that the next one from the next year, we can do better.

And in the broadband, as Oscar said, there's lot more competition and I think more competition you -- as Oscar mentioned, we're launching today 1 gig of the speed in all networks. So, if it is fiber or if it is cable, we don't have any dependence. We have been improving our network in Brazil. We have been putting a lot of technology to give 1 gig to any of the customers. So, of course, we are growing a little bit more in the new areas where we putting fiber. So we're growing in fiber because we're putting new areas, new places, new cities but we are also -- also, where we have cable, we're also growing with new customers. Right now we're losing some, growing in the other one, so well that's the competition that we have today in Brazil. I don't know, Oscar, if you want to add.

A - Oscar Von Hauske

No.

Q - Fred Mendes

Okay. Very clear. Thank you.

A - Daniel Hajj

Thank you.

Operator

Our next question comes from Chelsea Colon from Aegon. Chelsea, your line is now open. Chelsea Colon, your line is now open for your question. Okay. We will go on to the next question. Our next question comes from Carlos Legarreta from GBM. Carlos, your line is now open.

Q - Carlos Legarreta

Hi. Thank you. Good morning. My question is regarding handset sales, particularly in Mexico and Brazil, we saw double-digit decline year-over-year. I'm just wondering if there is due to comparison base or perhaps this is affected by the semiconductor shortage. Thank you.

A - Daniel Hajj

Well, we compare third quarter last year and this -- third quarter of this year. I think in third quarter of last year we start to sell a lot. So, what we don't do in the second quarter, I think, third one -- people pandemic and COVID lockdowns have started to open then people start to buy. So it's a difficult comparison. But all overall, I think in all the world in all Latin America and includes Mexico and Brazil, there is lack of handsets maybe it's for chips, but also for other components, logistics and -- but there is no doubt that we are suffering a little bit of lack of handsets right now.

Q - Carlos Legarreta

Okay. Thank you. For the follow-up, Daniel, if you could talk about the wireless environment in Mexico, I mean, obviously, you have very good results with the ARPU at that level and that growth. It seems encouraging. So if you could give us more details that will be great. Thank you.

A - Daniel Hajj

Well, I think the network that we have in Mexico is superior to all the other networks that we have here, and people are moving to the best network. So we're putting a lot big effort in quality, in coverage, in 4.5G speed and that's what people are choosing, so that's really what is happening. In Mexico with our competition, we have two competitors. We are already -- we do everything to be ready for 5G, so we still don't know exactly when we're going to launch 5G but we are ready to launch also 5G in Mexico. So we have a good network flows[ph], also very important is we have a very good customer experience. We have the NPS in Mexico, good, high, good distribution networks. We have 400 more or less own stores, plus the retails, plus distributors. So, we are really focused on all of those being. In Mexico, we feel that we are strong also in the distribution of all our products.

Q - Carlos Legarreta

Thank you that's helpful.

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Operator

Our next question comes from Gilberto Garcia from Barclays. Gilberto, your line is now open.

Q - Gilberto Garcia

Hello, good morning and thank you for the call. I had a follow-up question on the Mexican result, very strong margins. Can you comment if there were any particular drivers for the improvement and related to that, just to confirm, with the bundled from OTT providers you -- do you recognize as revenue only, your commission from these sales? And on wireless another follow-up, the performance in postpaid was in contrast to the strong performance in prepaid. Was these related to the lack of handsets? Thank you.

A - Daniel Hajj

Well, I don't know if that being wireless will be totally to the lack of handsets, could be some the lack of handset but what we're seeing is that people in Mexico does not want to get to (inaudible) postpaid, but they are moving some of them to prepaid and we feel also comfortable they are recharging off and the ARPU is doing well. So I still think that in Mexico people is a little bit worried about the pandemic and maybe they don't want to have like a contract for 18 months with rent or something like that. And -- but they are moving to the prepaid and we're doing good. So that's what we're seeing, what I understand is that now -- it's only the commission -- the commission that we're putting on bundles with the OTTs were only putting the commission. We're not putting all the revenues.

A - Carlos Garcia Moreno

Yes. That's right.

Q - Gilberto Garcia

Okay. Thank you very much.

A - Daniel Hajj

Thank you.

Operator

We now have a question from Chelsea Colon from Aegon. Chelsea, your line is now open.

Q - Chelsea Colon

Hi. And thanks for taking the question. I was wondering if you could just put a little more context around your recent M&A announcements in both Panama and Chile. I'm just wondering from a strategic perspective what your thoughts were behind on one hand selling the Panamanian business, but then entering into a JV in and keeping your involvement in Chile? What makes Chile a more attractive environment to you than Panama in the longer-term, is really helpful.

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A - Daniel Hajj

Last year our competition (Technical Difficulty) consolidated that liberty also by and they are strong (Technical Difficulty) mobile and in fixed. So we feel the country. It's a very importation our 3 million, 4 million (Technical Difficulty). So it's not very big countries. So there is not that bigger space for us to grow. And that's really the reason why we decide to sell the company in Panama. So there is going to take us a lot of years and a lot of money to improve and gain market share and put the fixed network. So that's really the rational and the reason why we decided. In the other side is -- Chile is a much bigger country. We're very interested to be in Chile and we are strongly mobile, we're strong incorporate liberty strongly in TV. And Broadband, I think, the merge make a lot of sense. They put us in a good position in the market at the size as they are the two. So that's the rationale we are interested in Chile make a lot of sense. The synergies are going to be very good. And that's the rationale why we do the 50-50 joint venture in Chile.

Q - Chelsea Colon

And do you have any concern over regulatory approvals in Chile?

A - Daniel Hajj

No. We -- as I said, we are going to be the size as the other two. We're not going to be bigger than the other ones. And no, I think we need to give all the information to the authorities there. We already submitted that information. And I think there is not going to be any problem.

Q - Chelsea Colon

Great. Thank you.

A - Daniel Hajj

Thank you.

Operator

(Operator Instructions) Our next question comes from Leonardo Olmos from UBS. Leonardo, your line is now open.

Q - Leonardo Olmos

Hello, can you hear me now?

A - Daniel Hajj

Yeah. Alright.

Q - Leonardo Olmos

Hello?

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A - Daniel Hajj

Yes.

Q - Leonardo Olmos

Okay. A quick one, everyone. I want to discuss about broad financial position that you had because it's the larger behind the breakdown of buybacks and cash dividends. What had been the logic from this first nine months and what's going to be the logic in the future? Thank you.

A - Daniel Hajj

Hello, Leonardo. Well -- we've been providing an ordinary dividend or goals every year. Sometimes it's somewhere between 5% and 10% for the year. What we have done consistently over the years is that we have distributed excess cash we had by way of share buybacks. So us to remain at the value -- the leverage target that we wanted. In the last five years, we were higher than our leverage target and government that really, really have excess cash. We had to reduce our debt. But now, we are in a position that you have seen in the report where our net debt has come down to 1 to 1.5 times. And that means that we have now the capacity is already not even the end of the year. We have still not completed the transaction of the sale of TracFone that we have also the benefit (inaudible) ahead of us. So these two transactions alone would represent a further deleveraging of about \$8 billion between the two. So we are in a comfort position to give our share buybacks. So that -- I think that we would commit going forward that we would remain in the leverage target that we mentioned at Investor Day two weeks ago, which is to remain in a band of business -- band of 1.2 and 1.35 and net debt to EBITDA and basically, whatever excess cash we have it's not required for M&A whatever then it should be available for distributions.

Q - Leonardo Olmos

Okay that is clear. Thank you very much and sorry for my connection problems early. Thank you, have a good day.

A - Daniel Hajj

Thank you.

Operator

We now have a question from Walter Piecyk from LightShed Partners. Walter, please go ahead. Walter, your line is now open.

Okay, our next question we now have a follow-up question from Marcelo Santos from JP Morgan. Marcelo, your line is now open.

Q - Marcelo Santos

Hi, thanks for the follow-up. I just wonder if you could comment a bit on the PayTV behavior that you mentioned in the release that's taking place in Brazil, I believe, people downgrading their plans as they migrate more to streaming. Is this something that you see more on (inaudible) or in DTH. And are you seeing this behavior in other countries besides Brazil?

A - Oscar Von Hauske

Yeah, well, as Daniel mentioned, the trend of the, let's say, traditional PayTV has been moving to our streaming and that's why we're launching Brazil Claro Box that is -- we believe there is a trend that includes the traditional TV and on-demand TV, while it is a simple set-up box, it has been very well accepted in the market but not enough to settle the decline of the legacy and this is affecting satellite and cable, if it was your question.

For another one is what Daniel mentioned around is piracy. In Brazil, we've been seeing that since we operated -- started to launch IPTV, it has opened up the possibility to increase the piracy in a level that we've been seeing that three or four times that we have two years ago. So, big part of the market is using this kind of services in Brazil and this is very sophisticated operation. They hack all the content through internet or different sources and they deliver to the customer through a setup-box or through a smart TV and they have a way to collection with PayPal and other sources. So that's what we've been seeing in the Pay-TV market. If you see the decline in the Pay-TV market in total, year-over-year, has declined around 8% in subscribers and we are declining as well 8% subscribers, so that's what I could tell you.

Q - Marcelo Santos

And just a follow-up on this question. Is this piracy issue only is restricted to Brazil or is something you're seeing across other countries?

A - Carlos Garcia Moreno

Well, mainly in Brazil, we are seeing something in Central America. But I think this is a lot of the place, where in Brazil, it's is very, very important.

Q - Marcelo Santos

Got it. Thank you very much.

A - Carlos Garcia Moreno

But we are seeing -- we have said in the report is that we are indeed seeing that in some plans where we are providing certain bundles with our streaming services. Those are probably not including the same number of multi-channels in the previous offers, okay. So those are -- there is some in that regard. We have some people basically reducing the content that they are having from the established channels that we have and moving more towards the type of bundles that we have in -- sometimes in (inaudible).

Q - Marcelo Santos

Understood. Thank you very much.

Operator

Your next question comes from Walter Piecyk from LightShed Partners. Walter, please go ahead.

Q - Walter Piecyk

Thanks. Sorry about that earlier. Is the TracFone transaction still expected to close by year-end or is there some additional SEC items there?

A - Daniel Hajj

No. We think we can close the TracFone transaction before the year-end is where you target. And I hope we can do it before year-end. Yes, we are okay with it.

Q - Walter Piecyk

Thanks. And Daniel, is there other -- what is -- what kind of going on that business? I think a lot of times when companies are bought or sold maybe there are some distractions at the company? And at the same time, in the US, I think it sounds like MVNO rates from the operators are more aggressive, meaning at like AT&T is offering better rates to get Dish or may be Verizon's offering aggressive rates. So I'm just curious, if there's been changes in the market, because I also noticed that Straight Talk lost subs this quarter, that's not typical. I don't think I can't recall the last time if ever that Straight Talk lost subs. So I wonder if you could give us any kind you're showing this assets. I apologize it's not something that you're going to -- you're going to deal with, but if you can give us any color on what you see happening in that business in the prepaid market in U.S., I'd appreciate it?

A - Daniel Hajj

I think the only color that I can give you is that in TracFone as in a lot of the other countries, we are seeing a little bit of problem of handsets. So we don't have enough handsets to sell. There are handsets but remember that the handsets that we're selling in the prepaid business are lower end handsets. So, really the problem in the handset business is more on the low-end or mid-end segment of prices on those handsets than in the high-end prices. So that's what we're facing a little bit in TracFone and not only in TracFone in all the other countries also. So in the low and mid-end, we're facing some challenges to have enough handsets to sell.

Q - Walter Piecyk

Okay, great. And then kind of just a question for Carlos. Just -- the Investor Day was helpful and these new targets for the debt leverage, 1.2 to 1.35, your business is very diversified, it's recurring revenue, you're generating very good free cash flow. I don't think there is FX cycle, you've given very good commentary on kind of M&A opportunity or lack thereof. Why with this low interest rate environment would you take leverage that low. Why not set your leverage targets at 1.5 or 2 or even 2.5, which investment grade

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companies can sustain still and you could still borrow with very low rate and then use that excess cash to buy stock back.

A - Carlos Garcia Moreno

Walter, we have a -- always have more of a conservative financial policy as you are well aware of. I think that quite -- 1.5, today we have part of our (inaudible) we will consider to be cash is basically a market that securities in the form of our KPN stock and we would eventually have a Verizon stock. So I think that is not exactly cost price[ph] although we don't provide high return, I think it's more prudent for us at this stage at least until the short space[ph] are not monetized to remain below the 1.5 that we had before. On the other hand, you know most of our operation, as you know it's in Latin America and we know that in certain cycles particularly when there is increases in interest rates in both globally that can lead to some kind of financial volatility.

So we take it forward to navigate, like a lots of debt whenever we are expecting that there would be some have financial -- there might be financial turbulence. So we believe that there is clear period ahead of us where there will be increases in interest rate and I think that the way we are -- we have defined it for ourselves, we are going to be able to sail through this turmoil in a very comfortable fashion and very secured fashion.

Q - Walter Piecyk

Thank you, Carlos. Appreciate that color.

A - Carlos Garcia Moreno

Thank you Walter.

Operator

(Operator Instructions) Our next question comes from Alejandro Gallostra from BBVA. Alejandro, your line is now open.

Q - Alejandro Gallostra

Hi, Good morning, Daniel and Carlos and Oscar. I have a question regarding margins, you've been posting a great performance here for several quarters in most of the equations. And I would like to know how far you think you can go from here and what will be the main drivers and also would like to know, do you think that if the telecom industry overall (inaudible) speaking, do you think if the telecom industry is poised to reach new threshold in terms of (inaudible) of the equations. Thank you.

A - Daniel Hajj

Well, as you said. I think what we have been doing that for some years, but the last year with these lockdown, we decided to increase very hard all the digitalization of the company and that is helping us to cost control and we are really focusing on being very efficient and focusing on cost control. Also as we said in our Investor Day, we still see a lot of growth in the region. We think that we can grow with more broadband more house

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connected, more 5G -- ARPU in 5G increase -- wireless broadband and fixed wireless -- broadband fixed wireless and I think it's important. And I think in the region still we have room to grow. We cannot talk all overall because I think in different countries, we're going to face different things. Now, by an example, a little bit in Brazil we're facing some inflation right now and we don't know exactly we're going to -- how we are going to increase and when we can increase prices because of the competition. But still some growth in Brazil with more broadband that we are putting. So in Colombia we are facing a new competition also there. So all overall in different countries, we're facing different challenges, but what I can tell you is that in America Movil, we have been doing all the investments, the last few years to be asset of our competition, and to have the best net good distribution channels, good digital platforms, very strong in corporate -- and good alliances in the corporate to sell more IT products. So that will give us more market, that will give us more revenue and I hope that will be more profit. So that's what I can tell you.

A - Carlos Garcia Moreno

One thing that is interesting that if I -- we have to (inaudible) is that we are now having practically all of the operations certainly the deal (inaudible) we're only one exception. They are all delivering growth in both the mobile and the digital platform. We are all delivering growth on both platforms. And this was not the case in the past. In the past, it was either -- we were going -- we were growing mobile, but not on (inaudible) platforms. Today we are practically every quarter going on both platform and that is tremendously has to -- from the point of view of EBITDA margin expansion.

Q - Alejandro Gallostra

Great. Thank you so much.

A - Carlos Garcia Moreno

Thank you.

Operator

We currently have no further questions. I will now hand you back over to Ms. Daniel Hajj, for any final remarks.

A - Daniel Hajj

Just want to thank everybody for being in the call and also Carlos Oscar and Daniela. Thank you very much.

Operator

This concludes today's call. Thank you for joining. And I hope you have a lovely rest of your day. You may now disconnect your lines.

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