

AMX

Quarterly Report

May 4, 2023

2023 starts with higher growth rate

- AMX's figures showed growth and better-than-expected margin expansion, benefited by extraordinary gains. The performance of Brazil, Ecuador, the Caribbean and Peru stood out positively
- The report could be well received by the market. We reiterate our favorable view for AMX on the expectation of resilient demand and higher profitability supported by synergies and efficiencies

Subscribers continue to grow, and margins rise on extraordinary gains. In 1Q23, mobile subscribers increased 6.8% y/y and RGUs adds 5.4% y/y. Sequentially, subscribers grew 0.4%, even considering the 0.5% q/q reduction in Brazil which did not generate traffic. ARPU declined 3.5% y/y, affected by declines in Austria (-9.8%) and Colombia (-4.3%), although there were notable advances in Mexico (+5.0%) and Brazil (+4.2%). While service revenues fell 2.2% y/y, equipment sales advanced 2.1% y/y. Considering this, consolidated revenues increased 1.7% to MXN 208.9 billion. In turn, consolidated EBITDA grew 3.2% y/y to MXN 82.7 billion, with a 0.6pp increase in the respective margin to 39.6%, supported by gains from the sale of telecommunications towers in Peru and the Dominican Republic. Excluding the above, the decrease in EBITDA is 2.5%, with a 0.4pp contraction in the margin, impacted by lower profitability in Mexico (-1.0pp), partially offset by the progress in Brazil, Ecuador, the Caribbean and Peru. Net income showed a 2.1% y/y decrease, mainly due to lower foreign exchange gains (-39%). **Outlook remains solid and value strategies continue.** The expectation of resilient demand should translate into growth for the year, albeit moderate, as well as higher profitability. This, coupled with the company's leadership position, financial strength (1.6x ND/EBITDA) and ongoing value creation strategies (such as the upcoming spin-off of Telekom Austria towers), as well as an attractive valuation (5.4x FV/EBITDA vs. 6.3x sector median), lead us to reiterate our positive view for AMX.

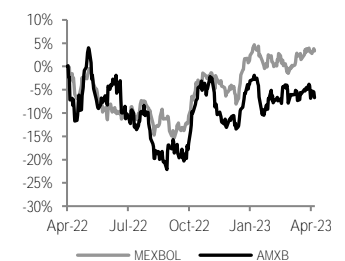
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BUY	
Current Price	\$19.05
PT	\$20.00
Dividend	\$0.46
Dividend and Buybacks (%e)	4.1%
Upside Potential	9.1%
ADR current price	US\$21.22
PT ADR	US\$21.40
Shares per ADR	20
Max - Min LTM (\$)	21.29-15.69
Market Cap (US\$m)	66,615
Shares Outstanding (m)	63,224
Float	49%
Daily Turnover US\$m	1,253.4
Valuation metrics TTM	
FV/EBITDA	5.4x
P/E	16.0x
MSCI ESG Rating*	BB

Relative performance to Mexbol
LTM



Financial Statements

MXN, million	2021	2022	2023E	2024E
Revenue	830,687	844,501	844,304	866,114
Operating Income	167,556	170,871	174,529	185,465
EBITDA	323,859	329,505	332,969	343,061
EBITDA Margin	39.0%	39.0%	39.4%	39.6%
Net Income	192,423	76,159	85,265	95,439
Net Margin	23.2%	9.0%	10.1%	11.0%
Total Assets	1,689,650	1,618,098	1,655,220	1,745,715
Cash	156,383	122,129	131,102	142,079
Total Liabilities	1,235,608	1,180,269	1,155,861	1,174,536
Debt	672,719	670,069	662,201	662,201
Common Equity	454,042	437,829	499,359	571,179

Source: Banorte

Valuation and Financial metrics

	2021	2022	2023E	2024E
EV/EBITDA	5.6x	5.5x	5.4x	5.2x
P/E	6.5x	15.8x	14.1x	12.6x
P/BV	3.2x	3.2x	2.8x	2.4x
ROE	49.4%	20.4%	19.8%	19.2%
ROA	11.4%	4.7%	5.2%	5.5%
EBITDA/ Interest	9.1x	8.0x	7.8x	8.5x
Net Debt/EBITDA	1.6x	1.7x	1.6x	1.5x
Debt/Equity	1.7x	1.8x	1.5x	1.3x

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Document for distribution among public

AMX – Results 1Q23

MXN, million

Concept	1Q22	1Q23	Var %	1Q23e	Diff% vs Estim.
Revenue	205,493	208,926	1.7%	200,040	4.4%
Operating Income	40,214	44,125	9.7%	38,653	14.2%
Ebitda	80,126	82,708	3.2%	78,563	5.3%
Net Income	30,797	30,146	-2.1%	17,141	75.9%
Margins					
Operating Margin	19.6%	21.1%	1.6pp	19.3%	1.8pp
Ebitda Margin	39.0%	39.6%	0.6pp	39.3%	0.3pp
Net Margin	15.0%	14.4%	-0.6pp	8.6%	5.9pp
EPS	\$0.47	\$0.48	1.3%	\$0.27	75.3%

Income Statement (Million pesos)

Year	2022	2022	2023	Change	Variation
Quarter	1	4	1	% y/y	% q/q
Net Revenue	205,492.6	215,962.1	208,926.3	1.7%	-3.3%
Costs of goods sold	120,360.0	124,994.1	118,054.0	-1.9%	-5.6%
Gross profit	85,132.6	90,968.0	90,872.3	6.7%	-0.1%
General expenses	44,918.2	46,282.5	46,747.3	4.1%	1.0%
Operating Income	40,214.4	44,685.4	44,125.0	9.7%	-1.3%
Operating Margin	19.6%	20.7%	21.1%	1.6pp	0.4pp
Depreciation	39,911.6	40,069.2	38,583.5	-3.3%	-3.7%
EBITDA	80,126.0	84,754.7	82,708.4	3.2%	-2.4%
EBITDA Margin	39.0%	39.2%	39.6%	0.6pp	0.3pp
Interest Income (Expense) net	7,364.1	(8,301.1)	374.2	-94.9%	N.A.
Interest expense	9,706.1	10,318.5	10,731.9	10.6%	4.0%
Interest income	847.8	1,711.3	2,009.6	137.0%	17.4%
Other income (expense)	(6,237.5)	4,585.2	(4,605.5)	-26.2%	N.A.
Foreign exchange gain (loss)	22,460.0	(4,279.1)	13,702.0	-39.0%	N.A.
Unconsolidated subsidiaries	(15.6)	(1,859.4)	(583.1)	>500%	-68.6%
Income before taxes	47,562.9	34,524.9	43,916.0	-7.7%	27.2%
Income taxes	15,610.1	10,386.8	12,676.7	-18.8%	22.0%
Discontinued operations	17.1	(9,390.6)		N.A.	N.A.
Consolidated Net Income	31,952.8	24,138.1	31,239.4	-2.2%	29.4%
Non-controlling interest	1,172.8	1,037.8	1,093.7	-6.7%	5.4%
Net Income	30,797.1	13,709.7	30,145.6	-2.1%	119.9%
Net Margin	15.0%	6.3%	14.4%	(0.6pp)	8.1pp
EPS	0.471	0.216	0.477	1.3%	120.2%

Balance Sheet (Million pesos)

Total Current Assets	447,816.1	361,002.8	376,729.1	-15.9%	4.4%
Cash & Short Term Investments	176,429.0	122,129.0	130,373.0	-26.1%	6.8%
Long Term Assets	1,330,042.8	1,257,095.6	1,216,611.9	-8.5%	-3.2%
Property, Plant & Equipment (Net)	760,905.3	657,226.2	624,723.6	-17.9%	-4.9%
Intangible Assets (Net)	144,555.8	128,893.4	123,503.6	-14.6%	-4.2%
Total Assets	1,777,858.9	1,618,098.4	1,593,341.0	-10.4%	-1.5%
Current Liabilities	580,191.3	488,876.0	565,625.0	-2.5%	15.7%
Short Term Debt	204,267.2	160,257.1	227,841.2	11.5%	42.2%
Accounts Payable	254,086.2	208,741.9	218,113.2	-14.2%	4.5%
Long Term Liabilities	728,636.3	691,393.1	618,445.2	-15.1%	-10.6%
Long Term Debt	517,012.2	509,811.6	435,128.9	-15.8%	-14.6%
Total Liabilities	1,308,827.6	1,180,269.2	1,184,070.3	-9.5%	0.3%
Stockholders' Equity	469,031.3	437,829.3	409,270.7	-12.7%	-6.5%
Non-controlling interest	64,451.0	64,024.6	63,319.7	-1.8%	-1.1%
Total Equity	404,580.3	373,804.7	345,951.0	-14.5%	-7.5%
Liabilities & Equity	1,777,858.9	1,618,098.4	1,593,341.0	-10.4%	-1.5%
Net Debt	544,850.4	547,939.7	532,597.2	-2.2%	-2.8%

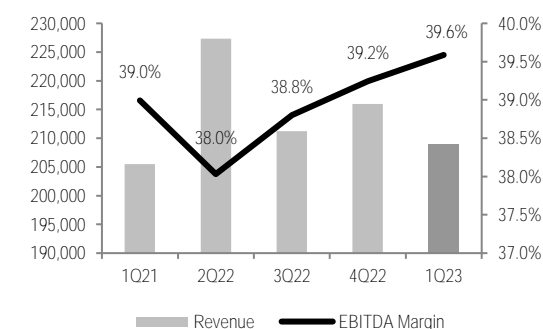
Cash Flow

CF from Operating Activities	23,328.4	228,011.5	23,431.8		
CF from Investing Activities	(28,649.9)	(108,343)	(17,618.6)		
CF from Financing Activities	23,647.6	(120,089)	(260.9)		
Change in Cash Balance	18,326.1	(420.3)	5,552.3		

Source: Banorte, MSE.

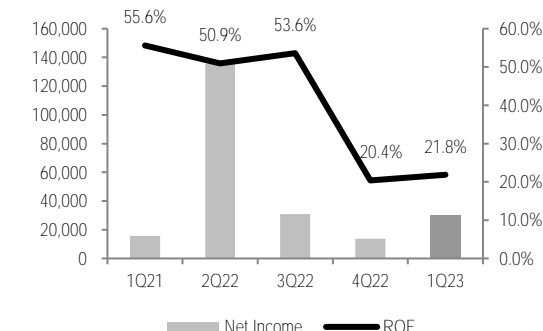
Revenue & EBITDA Margin

MXN, million



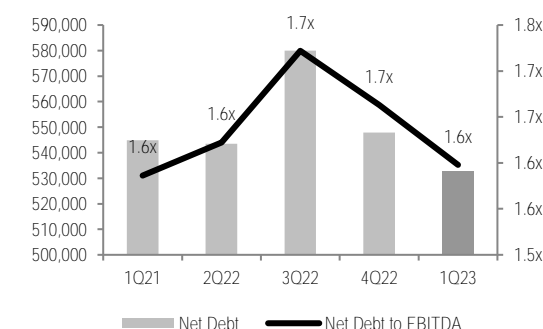
Net Income & ROE

MXN, million



Net Debt & Net Debt to EBITDA ratio

MXN, million



Operating performance per country as of 1Q23

COUNTRY	REVENUE			EBITDA			EBITDA Margin		
	1Q22	1Q23	Var y/y	1Q22	1Q23	Var y/y	1Q22	1Q23	Var y/y
Mexico	72,359	78,450	8.4%	30,305	32,099	5.9%	41.9%	40.9%	-1.0
Brazil	10,031	11,135	11.0%	4,019	4,569	13.7%	40.1%	41.0%	1.0
Ecuador	249	259	3.8%	116	124	6.6%	46.5%	47.8%	1.3
Colombia	3,737	3,738	0.0%	1,606	1,546	-3.7%	43.0%	41.4%	-1.6
Argentina	98,982	90,721	-8.3%	39,887	36,015	-9.7%	40.3%	39.7%	-0.6
Central America	568	603	6.2%	253	250	-1.2%	44.5%	41.5%	-3.1
Peru	1,597	2,414	51.2%	512	1,186	131.7%	32.1%	49.1%	17.1
Caribbean	473	614	29.8%	179	273	52.9%	37.8%	44.6%	6.8
Eastern Europe	508	587	15.5%	199	218	9.7%	39.1%	37.1%	-2.0
Austria	664	677	2.0%	245	232	-5.2%	36.8%	34.2%	-2.6
TOTAL	205,493	208,926	1.7%	80,126	82,708	3.2%	39.0%	39.6%	0.6

COUNTRY	SUSCRIBERS			ARPU monthly			RGUs		
	1Q22	1Q23	Var y/y	1Q22	1Q23	Var y/y	1Q22	1Q23	Var y/y
Mexico	80,990	82,982	2.5%	162	170	5.0%	102,351	103,806	1.4%
Brazil	71,804	82,844	15.4%	22	23	4.2%	96,795	106,733	10.3%
Ecuador	8,747	9,163	4.8%	7	8	-1.1%	9,307	9,786	5.1%
Colombia	35,710	38,068	6.6%	16,017	15,329	-4.3%	44,713	47,331	5.9%
Argentina	26,463	27,178	2.7%	473	801	69.6%	28,646	30,233	5.5%
Central America	16,024	16,845	5.1%	7	7	0.8%	20,468	21,545	5.3%
Peru	12,066	12,347	2.3%	23	24	4.4%	13,997	14,332	2.4%
Caribbean	7,143	7,410	3.7%	12	12	-2.0%	9,782	10,144	3.7%
Eastern Europe	14,837	14,867	0.2%	7	7	8.0%	17,892	18,171	1.6%
Austria	8,084	9,250	14.4%	11	10	-9.8%	11,103	12,167	9.6%
TOTAL	281,867	300,952	6.8%				355,054	374,248	5.4%

Source: AMX, Banorte. Figures in local currency for each country.

Certification of Analyst.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
AMX	10/18/2022	BUY	\$20.00
AMX	12/21/2020	BUY	\$18.00
AMX	12/04/2019	BUY	\$16.60
AMX	01/08/2019	BUY	\$17.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE				LEADER	

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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