



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

First Quarter 2017 Results

MAXCOM REPORTS RESULTS FOR THE FIRST QUARTER OF 2017

Mexico City, April 27, 2017. – Maxcom Telecomunicaciones, S.A.B. de C.V. (OTCQX: MXMTY, BMV: MAXCOM CPO) ("Maxcom" or "the Company"), an integrated telecommunications company in Mexico, announced today its unaudited financial and operating results for the first quarter ended on March 31, 2017.

NOTE: The monetary amounts in this report have been presented in accordance with International Financial Reporting Standards (IFRS). Unless otherwise specified, the amounts are expressed in millions of current Mexican Pesos.

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

Figures in millions of pesos, except operating data

Item	1Q17	4Q16	% var
Total Revenues	731	712	3%
EBITDA	83	74	12%
EBITDA margin (%)	11%	10%	
Net income (loss)	177	(1,363)	113%
Net margin (%)	24%	(191%)	
Cash and financial instruments ¹	675	862	(22%)
CAPEX	58	107	(46%)
Debt ²	2,514	2,708	(7%)
Net debt / LTM EBITDA (X)	5.3	5.3	-
Customers	104,742	112,406	(7%)
RGUs ³	352,860	367,288	(4%)

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

Relevant Events

On March 15, 2017, Maxcom announced the departure of Finance Vice-President Miguel Cabredo Benites, entering in his place Erik González Laureano, his appointment was presented and approved to Board on April 26.

On April 27, 2017 Maxcom held the Ordinary General Meeting of Shareholders of Celmax Móvil, S.A. Of C.V. ("Celmax") and, in order to develop the Mobile Virtual Network Aggregator and Mobile Virtual Network Operator project, approved a capital increase in that company in its variable part in the amount of \$ 158'000,000.00, through the issuance of 1,580,000 shares. Likewise, authorized the investment of third parties with a shareholding of up to 49% in Celmax was authorized. As a result of this, Maxcom maintaining 51% and therefore new investors acquire 49%.

On April 25, 2017, the Company announced a Tender Offer to purchase up to US \$ 25 million of its Step-Up Senior Notes 2020. The total consideration payable to the holders for each U.S.\$1.00 principal amount of Notes validly tendered and purchased pursuant to the Tender Offer will be U.S.\$0.60, holders of notes that are validly tendered on Early Tender Deadline, otherwise only will receive US\$0.55. The Tender Offer expires on May 23, 2017. (For precise dates and times, see Relevant Event published on the OTC and BMV website).

As part of the strategies that will immediately strengthen the Company's balance sheet, it has begun to study the possibility of selling those assets that are not strategic and, at the same time, leasing them, resulting in lower maintenance costs and cash flow generation that allow us the growth of the business segment, as has been mentioned in other quarters.

Business Management: Operating Highlights

- Total Revenue Generating Units or RGUs, decreased 34% to reach 352,860 in 1Q17 compared to the same period of last year. The Company registered negative RGU net additions of 183,912 during the period. The total Company customer base decreased by 49% to reach 104,742 customers.

The main factors that explain these movements are:

- The sale of customers to Megacable
- The cancelation of low-margin accounts from the residential segment
- The decision making of no more sales on residential segment, in line with the “wind down” process
- When compared to the same period of last year, voice RGUs decreased 24% reaching 234,458. Voice RGUs include residential voice, commercial voice and wholesale lines.
- Data residential RGUs decreased 46% to reach 85,565 compared to 158,870 in 1Q16, while data RGUs in the commercial segment increased 15% to 3,354.
- Total mobile RGUs reached 1,999 units which is 77% lower than the number registered in 1Q16.
- Pay TV RGUs reached 27,197 units which represents a decrease of 52% with respect to the figure recorded in 1Q16.
- The RGUs per residential customer rate increased to 2.0, slightly above at the reported in 1Q16.
- The RGUs per commercial customer rate went from 51.4 in 1Q16 to 64.0 at the end of 1Q17.

1Q17	Item	1Q16
102,689	Residential Customers	203,068
85,235	Voice	167,819
84,607	Data	157,696
1,669	Mobile	8,890
25,839	TV	56,887
202,375	Residential RGUs	395,867
87,638	Voice	171,416
85,565	Data	158,870
1,975	Mobile	8,622
27,197	TV	56,959
2.0	RGUs per Residential Customer	1.9
2,053	Commercial Customers	2,358
1,270	Voice	2,025
965	Data	1,196
7	Mobile	8
141	Other	162
131,413	Commercial RGUs	121,299
127,748	Voice	118,099
3,354	Data	2,904
24	Mobile	30
287	Other	266
64.0	RGUs per Commercial Customer	51.4
-	Public Telephony RGUs	-
19,072	Wholesale RGUs	19,606
352,860	Total RGUs	536,772
234,458	Voice RGUs (lines in service)	309,121
104,742	Total Number of Customers	205,426

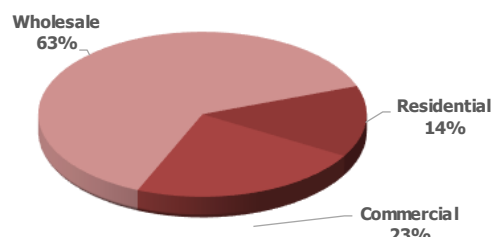
Business Management: Revenues and Expenses

Revenues

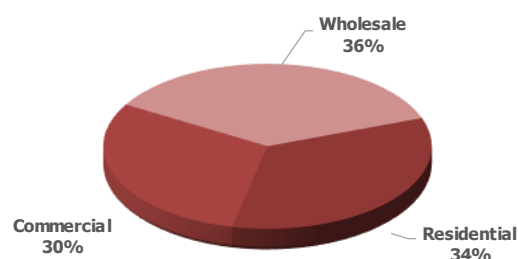
Revenues reported in 1Q17 amounted to Ps.731 million, it presents an increase of 34% against 1Q16. Higher revenues in wholesale segment during the quarter explains this increase, which help to offset the diminish in residential business unit..

		1Q17	4Q16	QoQ Δ%	1Q16	YoY Δ%
Residential	Ps.	104	Ps. 110	(5%)	Ps. 187	(44%)
Commercial		170	170	-	162	5%
Public Telephony		-	-	(100%)	-	#DIV/0!
Wholesale		457	432	6%	195	134%
Total	Ps.	731	Ps. 712	3%	Ps. 544	34%

WEIGHT (%) 1Q17



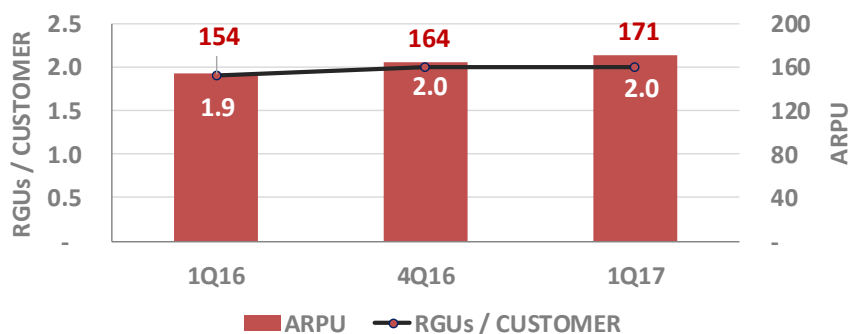
WEIGHT (%) 1Q16



Residential

This segment represents 14% of total revenues generated during the 1Q17, a lower figure than the percentage reported in the 1Q16 and slightly below of 4Q16. When compared to 1Q16, revenues in this business unit had a decrease of 44% or Ps.83 million. This decrease in revenues is the result of the reduction in the customer base experienced during the year mainly explained by the sale of customers to Megacable at the end of 3Q16. Sequentially, revenues for this business unit decreased Ps.6 million.

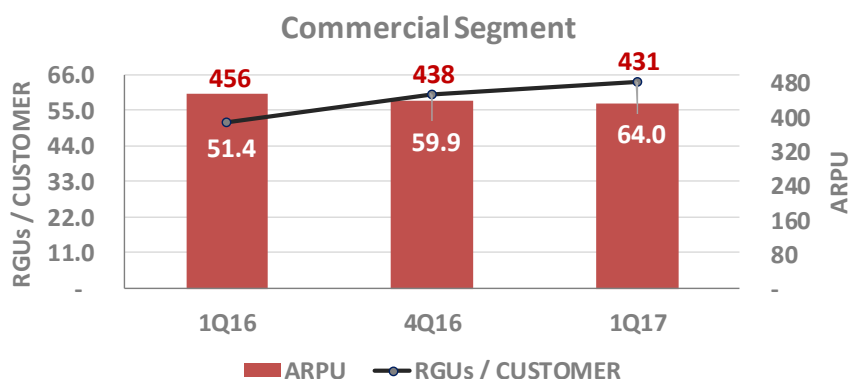
Residential Segment



The average revenue per unit ("ARPU") for the residential business was Ps.171 in the 1Q17, 11% higher than the ARPUs of Ps.154 reported in the 1Q16 and 4% above of Ps.164 posted in 4Q16. The rate of RGUs per residential customer during this quarter was 2.0, almost the same figure than the previous quarters.

Commercial

Revenues of the commercial segment accounted for 23% of total revenues during 1Q17, which is lower than reported figure of 1Q16 and similar to the figure recorded in 4Q16. Revenues reached Ps.170 million, an increase of 5% when compared to Ps.162 million registered during 1Q16. A positive trend is maintained in the performance of this business unit as a result of new services provided to existing and new customers. In a sequential basis, revenues are the same to the reported in 4Q16.



Commercial business ARPU during 1Q17 was Ps.431, 5% below of Ps.456 recorded in 1Q16 and 2% lower against the figure recorded in 4Q16. The rate of RGUs per commercial customer increased 25% to 64.0 RGUs per customer against 51.4 RGUs achieved in 1Q16.

Wholesale

In 1Q17, the wholesale business unit posted revenues of Ps.457 million, an increase of 134% compared to the same period of 2016. The growth in this business unit was due to the increase of international traffic carried through our network. Sequentially, revenues grew 6%.

Network Operation Cost

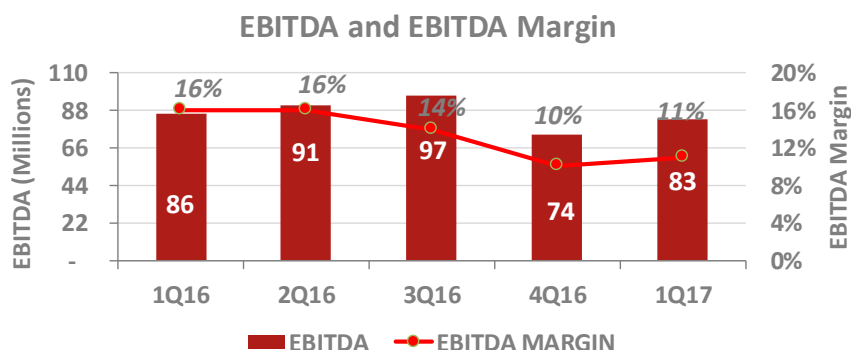
Network operation costs in 1Q17 increased 76% to reach Ps.535 million, compared to the Ps.304 million reported in 1Q16. This variation is mainly due by the increase in traffic termination of the wholesale business. The gross margin decreased from 44% in the 1Q16 to 27% in the 1Q17 as a result of the change in the revenue mix of the quarter, where wholesale revenues, with lower margins than the residential and commercial business operations, represented 63% of total revenues of the company.

SG&A

During the 1Q17 the Company reported total SG&A expenses of Ps.113 million, 27% lower than the Ps.154 million in 1Q16. Almost half of this reduction is due to less payroll expenses.

EBITDA

EBITDA for the 1Q17 was Ps.83 million, Ps.3 million below than the Ps.86 million registered in the same period last year. EBITDA margin was 11% in the 1Q17, below of 16% reported in the 1Q16. On a sequential basis, EBITDA was Ps.9 million, or 12% higher than the amount reported in the 4Q16.



Operating Income (Loss)

The Company registered an operating income for 1Q17 of Ps.31 million, an increase in comparison to an operating loss of Ps.14 million reported in the same period of 2016. The variance is explain by diminish on SG&A, as well as depreciation and amortization charges in the period.

Comprehensive Financial Result

During the 1Q17, the Company registered a net financing income of Ps.146 million, an increase of Ps.229 million when compared to the loss of Ps.83 million recorded in the same period of 2016. This result is mainly explained by the appreciation that peso maintains, giving a significant gain in changes during the quarter, the effect was offset by the variation of valuation effects and interest expense increase in the 1Q17.

	1Q17	1Q16	ΔPs.	Δ%
Interest Expense	48	41	7	17%
Interest (Income)	(7)	(6)	(1)	(34%)
Valuation Effects – Net	18	11	7	70%
Exchange Rate (Gain) Loss – Net	(205)	37	(242)	(651%)
Total	(146)	83	(229)	(275%)

Taxes

In the 1Q17 the Company non recorded taxes.

Net Income (Loss)

During 1Q17 the Company posted a net income of Ps.177 million, compared to a net loss of Ps.98 million recorded in the same period of 2016 and of Ps.1,363 million posted in 4Q16. It is worth to mention that net loss of the period derives mainly from the exchange rate gain.

Liquidity and Capital Resources

Millions of Pesos	First Quarter of 2017	First Quarter of 2016
Operating Activities	(106)	4
CAPEX	(58)	(129)
Financing Activities	(24)	(34)
Increase (Decrease) in Cash and Financial Instruments	(188)	(159)
Cash and Financial Instruments at Beginning of Period	848	795
Cash and Financial Instruments at End of Period	660	636

Capital Expenditures

Capital expenditures during the period totaled Ps.58 million, a decrease of Ps.71 million compared to the amount invested in 1Q16. Capital expenditures were primarily used to develop last mile connectivity for commercial customers and increase capacity in the network.

Indebtedness

At March 31, 2017 the Company reported indebtedness of Ps.2,514 million (debt is valued at face value and includes interest payable at period end). The Company's leverage ratio measured as Debt to EBITDA was 7.29 times and the Net Debt to EBITDA ratio was 5.33 times (last twelve months EBITDA is used in this calculations).

Maxcom Financial Liabilities at March 31, 2017

Figures in Millions	Face Value			Due date	Rate
	Pesos	Dollars	Total Pesos ¹		
Step-Up Senior Notes 2020	-	125.5	2,358.8	June, 2020	6%, 7% y 8%
Bancomext	105.0	-	105.0	September, 2020	9.86%
Total financial debt	105.0	125.5	2,463.8		

¹ Considers the FIX exchange rate at March 31, 2017: Ps\$ 18.7955 per dollar

Comparative leverage ratios:

	1Q17	4Q16	3Q16
Net Debt/LTM EBITDA	5.33	5.30	5.13

As of March 31 Maxcom had entered into cross-currency swaps to cover the interests of the Step-Up Senior Notes 2020 for a notional amount of US\$120 million; US\$80 million have a maturity date of December 15, 2017 and US\$40 million with maturity as of June 15, 2020.

Stockholders' Equity

As already mentioned in the section Relevant Events of our previous report, Maxcom did a "reverse split" of its shares, giving one new share per 42 outstanding shares at the date of the event.

Capital Structure

	1Q17	1Q16
Subscribed and paid shares	115,010,530	3,191,867,255
CPOs outstanding ^{1,2}	N/A	1,041,985,693

¹ One CPO is equivalent to three shares

² Not all shares are in the form of CPOs

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 micro, small and medium-sized businesses and residential customers in the Mexican territory. MAXCOM launched its commercial operations in May 1999 and is currently offering local, long distance, data transmission, value-added, pay TV and IP-based services on a full basis in greater metropolitan Mexico City, Puebla, Querétaro, 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 or the CPO trust 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 annual report may not add up or may be slightly inconsistent due to rounding.

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

	As of March 31, 2017	As of March 31, 2016	Var \$	Var %
<u>ASSETS:</u>				
CURRENT ASSETS:				
Cash and financial instruments	Ps. 659,473	Ps. 847,547	Ps. (188,074)	(22%)
	659,473	847,547	(188,074)	(22%)
Accounts receivable:				
Customers, net of allowance	266,782	264,178	2,604	1%
Recoverable value added tax	91,177	44,604	46,573	104%
Other sundry debtors	23,144	24,925	(1,781)	(7%)
	381,103	333,707	47,396	14%
Inventory	1,595	1,514	81	5%
Prepaid expenses	32,861	27,006	5,855	22%
Total current assets	1,075,032	1,209,774	(134,742)	(11%)
Frequency rights, net	-	-	-	-
Telephone network systems and equipment, net	2,283,059	2,359,301	(76,242)	(3%)
Intangible assets, net	304,270	221,111	83,159	38%
Long-term restricted cash	15,205	14,569	636	4%
Financial instruments	-	20,040	(20,040)	N/A
Deposits in guarantee	8,788	8,790	(2)	-
Deferred taxes	12,923	12,922	1	-
Other assets	2,151	2,151	-	-
Total assets	Ps. 3,701,428	Ps. 3,848,658	Ps. (147,230)	(4%)
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Bank loans	Ps. 30,000	Ps. 30,000	Ps. -	-
Interest payable	50,291	7,954	42,337	532%
Accounts payable and accrued expenses	292,201	395,984	(103,783)	(26%)
Customer deposits	2,189	2,484	(295)	(12%)
Derivative financial instruments	1,594	-	1,594	N/A
Other taxes payable	20,791	35,463	(14,672)	(41%)
Total current liabilities	397,066	471,885	(74,819)	(3%)
LONG-TERM LIABILITIES:				
Step-up senior notes	2,176,195	2,373,224	(197,029)	(8%)
Bank loans	75,000	82,500	(7,500)	(9%)
Deferred income	41,237	46,976	(5,739)	(12%)
Deferred taxes	4,398	4,398	-	N/A
Labor obligations	2,391	2,241	150	7%
Other long-term liabilities	59,174	77,129	(17,955)	(23%)
Long-term liabilities	2,358,395	2,586,468	(228,073)	(9%)
Total liabilities	Ps. 2,755,461	Ps. 3,058,353	Ps. (302,892)	(10%)
<u>SHAREHOLDERS' EQUITY</u>				
Capital stock	Ps. 7,628,698	Ps. 7,628,698	Ps. -	-
Additional paid-in capital	41,113	41,113	-	-
Accumulated losses	(6,920,750)	(4,802,595)	(2,118,155)	(44%)
Net income (loss) for the period	177,319	(2,118,155)	2,295,474	108%
Other comprehensive income	19,587	41,244	(21,657)	(53%)
Total shareholders' equity	Ps. 945,967	Ps. 790,305	Ps. 155,662	20%
Total liabilities and shareholders' equity	Ps. 3,701,428	Ps. 3,848,658	Ps. (147,230)	(4%)

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 March 31,				vs 3M 2016	
	2017	%	2016	%	\$ var	% var
TOTAL REVENUES	Ps. 731,301	100%	Ps. 544,153	100%	Ps. 187,148	34%
Network operating services	481,094	66%	256,681	47%	224,413	87%
Technical expenses	52,865	7%	46,705	9%	6,160	13%
Installation expenses	960	0%	291	0%	669	230%
Network operation cost	534,919	73%	303,677	56%	231,242	76%
GROSS PROFIT	196,382	27%	240,476	44%	(44,094)	(18%)
Selling, general and administrative expenses	113,465	16%	154,441	28%	(40,976)	(27%)
EBITDA	82,917	11%	86,035	16%	(3,118)	(4%)
Depreciation and amortization	50,763		91,086		(40,323)	(44%)
Other (income) expense	1,013		9,275		(8,262)	(89%)
Impairment	-		-		-	N/A
Operating income (loss)	31,141		(14,326)		45,467	317%
Comprehensive (income) cost of financing:						
Interest expense	48,245		41,103		7,142	17%
Interest (income) loss, net	(7,212)		(5,364)		(1,848)	(34%)
Valuation effects, net	17,923		10,547		7,376	70%
Exchange (income) loss, net	(205,134)		37,208		(242,342)	(651%)
	(146,178)		83,494		(229,672)	(275%)
INCOME (LOSS) BEFORE TAXES	177,319		(97,820)		275,139	281%
Taxes:						
Income taxes	-		-		-	#DIV/0!
Deferred taxes	-		-		-	#DIV/0!
Total taxes	-		-		-	#DIV/0!
NET INCOME (LOSS)	Ps. 177,319		Ps. (97,820)		Ps. 275,139	281%
Other comprehensive result	(21,657)		(604)		(21,053)	(3,486%)
COMPREHENSIVE NET INCOME (LOSS)	Ps. 155,662		Ps. (98,424)		Ps. 254,086	258%
Average basic shares	111,940		3,139,097			
Average diluted shares	111,940		3,139,097			
Earnings per basic share	1.58		(0.03)			
Earnings per diluted share	1.58		(0.03)			

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

	Capital stock	Additional paid-in capital	Accumulated losses	Other comprehensive income	Total shareholders' equity
Balances as of December 31, 2015	Ps. 7,528,698	Ps. 41,113	Ps. (4,802,595)	Ps. 32,442	Ps. 2,799,658
Increase in capital stock	-	-	-	-	-
Stock option plan	-	-	-	-	-
Comprehensive net loss	-	-	(97,820)	(604)	(98,424)
Balances as of March 31, 2016	<u>Ps. 7,528,698</u>	<u>Ps. 41,113</u>	<u>Ps. (4,900,415)</u>	<u>Ps. 31,838</u>	<u>Ps. 2,701,234</u>
	Capital stock	Additional paid-in capital	Accumulated losses	Other comprehensive income	Total shareholders' equity
Balances as of December 31, 2016	Ps. 7,628,698	Ps. 41,113	Ps. (6,920,750)	Ps. 41,244	Ps. 790,305
Increase in capital stock	-	-	-	-	-
Stock option plan	-	-	-	-	-
Comprehensive net loss	-	-	177,319	(21,657)	155,662
Balances as of March 31, 2017	<u>Ps. 7,628,698</u>	<u>Ps. 41,113</u>	<u>Ps. (6,743,431)</u>	<u>Ps. 19,587</u>	<u>Ps. 945,967</u>

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 March 31,		vs 3M 2016	
	2017	2016	\$ var	% var
Operating Activities:				
Income (loss) before taxes	Ps. 177,319	Ps. (97,820)	Ps. 275,139	281%
Items not requiring the use of cash	(83,327)	188,206	(271,533)	(144%)
Cash flow from income (loss) before taxes	93,992	90,386	3,606	4%
Cash flow from:				
Accounts receivable	(7,283)	5,033	(12,316)	(245%)
Inventory	(81)	(4,109)	4,028	98%
Accounts payable	(103,783)	(89,261)	(14,522)	(16%)
Other assets and liabilities	(89,159)	2,030	(91,189)	(4,492%)
Cash flow from operating activities	(200,306)	(86,307)	(113,999)	(132%)
Net cash flow from operating activities	(106,314)	4,079	(110,393)	(2,706%)
Investing Activities:				
Telephone network systems and equipment, net	(57,523)	(129,213)	71,690	55%
Net cash flow used in investing activities	(57,523)	(129,213)	71,690	55%
Financing Activities:				
Bank loans	(7,500)	(7,500)	-	-
Senior notes	(16,101)	(27,875)	11,774	42%
Other financing activities	(636)	1,254	(1,890)	(151%)
Net cash flow from financing activities	(24,237)	(34,121)	9,884	29%
Increase (decrease) in cash and financial instruments	(188,074)	(159,255)	(28,819)	(18%)
Cash and financial instruments at beginning of period	847,547	795,298	52,249	7%
Cash and financial instruments at end of period	Ps. 659,473	Ps. 636,043	Ps. 23,430	4%

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 CPO) 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.