

**San Pedro Garza Garcia, Mexico, October 28, 2013** - Axtel, S.A.B. de C.V. ("AXTEL" or "the Company"), a leading Mexican fixed-line integrated telecommunications company, announced today its unaudited third quarter results ended September 30, 2013<sup>(1)</sup>.

Million Pesos	Q3	Q3	3Q13/3Q12	Q2	LTM	
	2013	2012	Δ%	2013	sep-13	sep-12
Revenues <sup>(2)</sup>	2,630	2,581	2%	2,380	9,717	10,540
Costs <sup>(3)</sup>	773	741	4%	609	2,605	2,863
Operating Expenses <sup>(4)</sup>	1,107	1,136	-3%	1,070	4,416	4,620
Adjusted EBITDA <sup>(5)</sup>	750	705	6%	701	2,695	3,057
Adj. EBITDA Margin	28.5%	27.3%	+ 123 bps	29.4%	27.7%	29.0%
Net (loss) Income	-66	363	n.a.	-449	2,088	-1,177
Earnings per CPO <sup>(6)</sup>	-0.05	0.29	n.a.	-0.36	1.67	-0.94
Capital Expenditures	496	493	1%	410	1,780	2,245
Net Debt / Adj EBITDA <sup>(7)</sup>					2.5x	3.4x

### Highlights:

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- ❖ Adjusted EBITDA for the quarter was Ps. 750 million, 7% higher than the previous quarter and 6% higher than the same quarter of last year. This growth was driven by integrated services and equipment sales to the enterprise and government segments, as well as internet and video services to the mass market.
- ❖ FTTH subscriber net additions continue to grow, reaching 15 thousand in this quarter compared to 12 thousand in the second quarter. Moreover, video subscribers reached 47 thousand, representing a penetration of 34% within FTTH subscriber base, compared to 25% in the second quarter.
- ❖ WiMAX subscriber base continued improving as net disconnections totaled 3 thousand this quarter, compared to 11 thousand and 23 thousand net disconnections in the second and first quarters of 2013, respectively, due to more competitive offers and retention strategies adopted since April.
- ❖ In order to strengthen liquidity, AXTEL is in the process of closing committed revolving lines of credit for approximately US\$35 million and financial leasing facilities for a similar amount to finance specific enterprise and government segment projects.



## Sources of Revenues

Million Pesos	3Q/3Q12			LTM		
	Q3 2013	Q3 2012	Δ%	Q2 2013	sep-13	sep-12
Local	784	900	-13%	823	3,314	3,657
Long Distance	266	282	-6%	268	1,076	1,108
Internet & Video	274	205	34%	252	978	735
Data & Network	448	499	-10%	479	1,902	2,002
Int. Service & Eq. Sale	565	414	37%	267	1,345	1,597
Int'l. Traffic	156	141	10%	171	597	845
Other	91	92	-1%	81	337	377
Mayor Wholesale Cust.	46	48	-5%	39	167	218
	<b>2,630</b>	<b>2,581</b>	<b>2%</b>	<b>2,380</b>	<b>9,717</b>	<b>10,540</b>

**IMPORTANT DISCLOSURE.** Unless otherwise stated, comments in this section exclude revenues generated by our largest wholesale customer (see note 9 for further information).

**Local services.** Local service revenues totaled Ps. 784 million in the third quarter of 2013, compared to Ps. 900 million for same period in 2012, representing a decrease of Ps. 116 million, explained by Ps. 76 million, Ps. 16 million and Ps. 23 million decreases in monthly rents, measured service and cellular revenues, respectively. Average voice lines declined 9%, contributing to a decline in monthly rents of 11%. The 29% decrease in measured services is explained by 16% decreases in both billed-traffic volume and prices. The 15% decrease in cellular revenue is explained by a 13% decrease in prices resulting from a market trend linked to lower interconnection tariffs, and a 3% decline in cellular billed-traffic. Revenues coming from monthly rents represented 78% of local revenues during the three month period ended September 30, 2013. For the twelve month period ended September 30, 2013, local revenues totaled Ps. 3,314 million, compared to Ps. 3,657 million registered in the same period in 2012, a decrease of Ps. 343 million or 9% mostly explained by Ps. 187, Ps. 56 and Ps. 100 million declines in monthly rents, measured service and cellular revenues respectively.

**Long distance services.** Revenues totaled Ps. 266 million in the third quarter of 2013, compared to Ps. 282 million for same period in 2012. Billed-traffic volume increased 9%, however revenues decreased due to a 13% decline in billed-traffic prices. For the twelve month period ended September 30, 2013, long distance revenues totaled Ps. 1,076 million compared to Ps. 1,108 million registered in 2012, a Ps. 31 million, or 3%, decline.

**Internet & Video.** Quarterly revenues amounted to Ps. 274 million, compared to Ps. 205 million in the same period in 2012, a 34% or Ps. 69 million increase driven by the new video or pay-TV service and the increase in mass-market, or, "on-demand" internet services revenues, which increased 20% year-over-year. During the twelve month period ended on September 30, 2013, internet and video services revenues totaled Ps. 978 million from Ps. 735 million registered in 2012, an increase of Ps. 242 million, or 33%.

**Data & Network.** Data and network revenues amounted to Ps. 448 million in the third quarter of 2013, compared to Ps. 499 million in the same period in 2012, a 10% or Ps. 51 million decrease driven by 10% declines in both private lines and dedicated internet revenues. During the twelve month period ended on September 30, 2013, data and network services revenues totaled Ps. 1,902 million from Ps. 2,002 million registered in 2012, a decrease of Ps. 100 million, or 5%.

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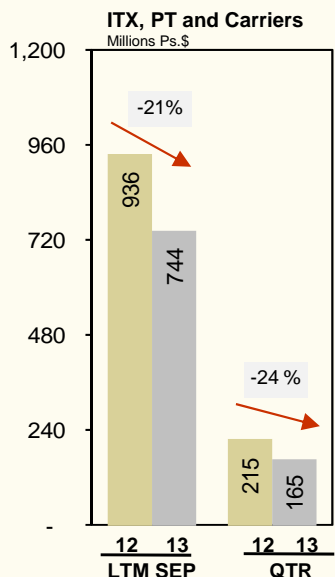
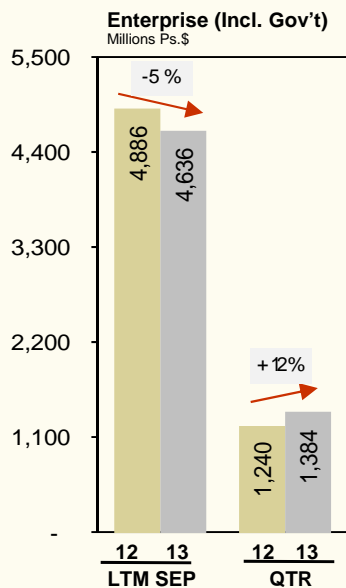
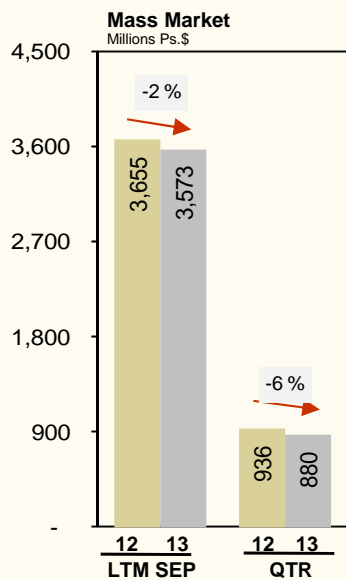
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**Integrated Services & Equipment Sales.** Quarterly revenues totaled Ps. 565 million in the third quarter of 2013, from Ps. 414 million in the same quarter of previous year, a 37% increase mainly explained by integrated service and equipment sales transactions with state government entities and enterprise customers. For the twelve month period ended September 30, 2013, revenues totaled Ps. 1,345 million from Ps. 1,597 million registered in 2012, a decrease of Ps. 252 million, or 16%.

**International traffic.** In the third quarter of 2013, international traffic revenues totaled Ps. 156 million, an increase of Ps. 14 million or 10% versus same quarter of previous year, explained by mixed effects of 24% increase in prices and 11% reduction in volume. Higher prices are attributable to a change in the mix towards higher priced international mobile traffic vs. on-net and off-net traffic. In peso terms, the price increase was mitigated by a 2% appreciation of the Mexican peso vis-à-vis the US dollar. For the twelve month period ended September 30, 2013, revenues from international traffic totaled Ps. 597 million from Ps. 845 million in the same period in 2012, a decline of 29% explained by a 13% decline in volume.

**Other services.** Quarterly revenues from other services totaled Ps. 91 million in the third quarter of 2013, from Ps. 92 million in the same quarter of previous year, a decrease of 1%. For the twelve month period ended September 30, 2013, revenues totaled Ps. 337 million from Ps. 377 million registered in 2012, a decrease of Ps. 40 million, or 11%.

## Revenues by segment \*



**Mass Market.** Revenues totaled Ps. 880 million in the third quarter of 2013, compared to Ps. 936 million for the same quarter in 2012, a decrease of 6%, mainly due to 14% and 13% decreases in local and long distance revenues, partially compensated by a 30% increase in internet and video services. For the twelve month period ended September 30, 2013, revenues totaled Ps. 3,573 million, a decrease of 2% compared to the same period in 2012, mostly explained by 11% and 8% decreases in local and long distance revenues and partially offset by a 30% increase in internet and video services.

**Enterprise (including Government).** Revenues for this segment amounted to Ps. 1,384 million in the three month period ended September 30, 2013, an increase of 12% versus the same period in 2012. This is explained by a 39% increase in integrated services and equipment sales. For the twelve month period ended September 30, 2013, revenues decreased 5%, from Ps. 4,886 million registered in the twelve month period ended September 30, 2012, to Ps. 4,636 million in 2013. This is due to decreases of 5% and 15% in local and integrated services.

**Interconnection, Public Telephony and Carriers.** Revenues for this segment declined 24%, from Ps. 215 million in the third quarter 2012 to Ps. 165 million in 2013, mainly due to a 34% decrease in data-related revenues. For the twelve month period ended September 30, 2013, revenues reached Ps. 744 million, a decline of 21% compared to the same period in 2012, primarily explained by 22%, 30% and 21% decreases in local, long distance and data revenues respectively.

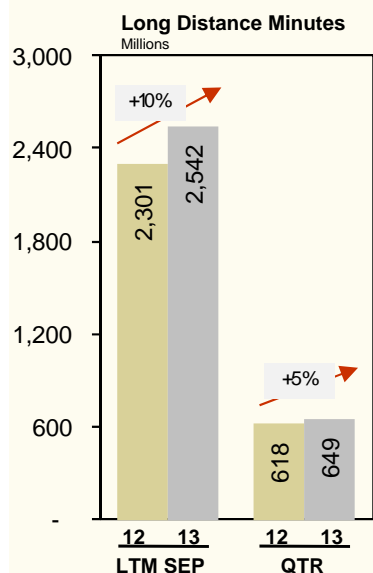
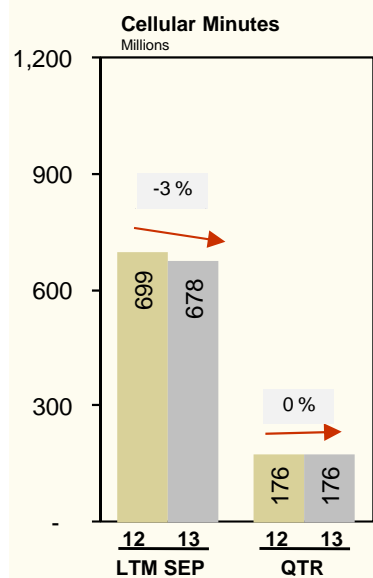
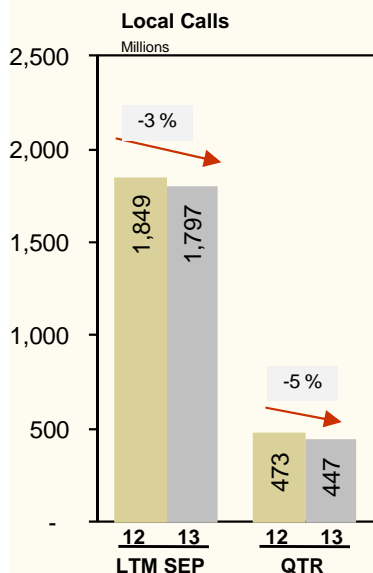
(\*) Excludes International Traffic and Major Wholesale Customer

## Consumption

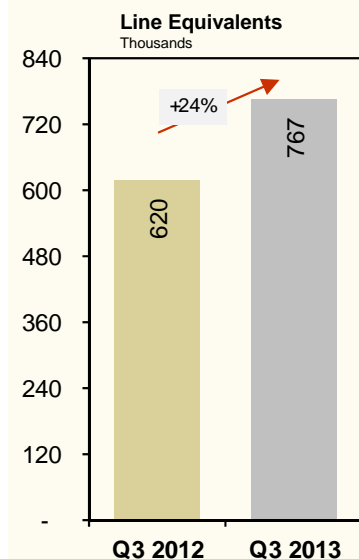
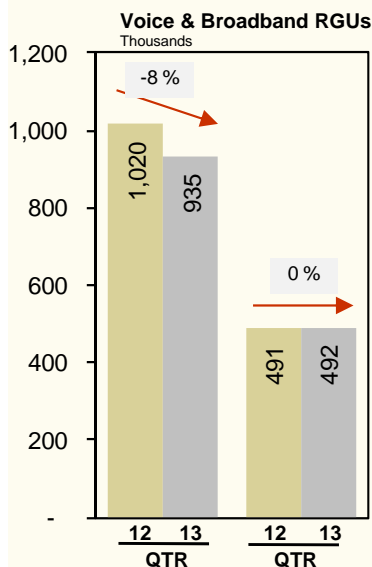
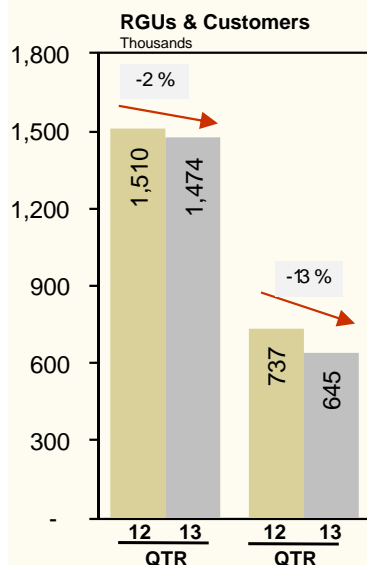
**Local Calls.** Local calls excluding our largest wholesale customer totaled 443 million calls in the third quarter of 2013, compared to 466 million calls for same period in 2012, representing a decrease of 5%. Billed local calls decreased 15 million or 16%, while local calls included in commercial offers decreased by 8 million or 2%. Residential and business customers contributed with 3 million and 13 million decreases respectively to the billed local calls decline. Local calls included in commercial offers represented 82% of total calls in the third quarter of 2013. For the twelve month period ended September 30, 2013, local calls totaled 1,777 million excluding our largest wholesale customer, compared to 1,802 million registered in the same period in 2012, a decrease of 25 million calls.

**Cellular (“Calling Party Pays”).** Minutes of use of calls completed to a cellular line excluding our largest wholesale customer amounted to 175 million in the three month period ended September 30, 2013, compared to 173 million in the same period in 2012, an increase of 1%. Billed cellular minutes decreased 3 million or 3%, while minutes in modules included in a monthly rent increased 5 million minutes or 11%. Billed cellular minutes represented 70% of cellular minutes in the third quarter of 2013, compared to 72% in the year-earlier quarter. For the twelve month period ended September 30, 2013 and excluding our largest wholesale customer, cellular minutes increased 18 million, or 3%, from 655 million registered in the twelve month period ended September 30, 2012, to 673 million in 2013.

**Long distance.** Excluding our largest wholesale customer, which represents 13% of total volume, outgoing long distance minutes amounted to 565 million for the three month period ended September 30, 2013, from 529 million in the same period in 2012, a 7% increase. This, resulting from a 12% decrease and 11% increase in traffic from residential and business customers, respectively. Billed long distance minutes during the third quarter of 2013 increased 9% compared to the same period in 2012. Domestic long distance minutes represented 96% of total traffic during the quarter. For the twelve month period ended September 30, 2013 and excluding our largest wholesale customer, outgoing long distance minutes amounted 2,220 million, compared to 1,955 million registered in 2012, an increase of 14%, explained by increased traffic from business customers, particularly in billed long distance minutes.



## Operating Data



**RGUs<sup>(8)</sup> and Customers.** As of September 30, 2013, RGUs (Revenue Generating Units) totaled 1,474 thousand. During the third quarter of 2013, there were 23 thousand net-additions, compared to 7 thousand net-disconnections in the third quarter of 2012, attributable to the addition of video RGUs. As of September 30, 2013, customers totaled 645 thousand, a decline of 92 thousand from the same date in 2012. Total customers declined 9 thousand on a sequential basis.

**Voice RGUs (lines in service).** As of September 30, 2013, lines in service totaled 935 thousand. During both the third quarter of 2013 and third quarter 2012, gross additional lines totaled 59 thousand. Disconnections in the third quarter of 2013 totaled 64 thousand compared to 75 thousand in the year-earlier quarter. Lines in service in the third quarter of 2013 decreased 4 thousand, compared to 16 thousand in the same period of 2012. As of September 30, 2013, residential lines represented 63% of total lines in service.

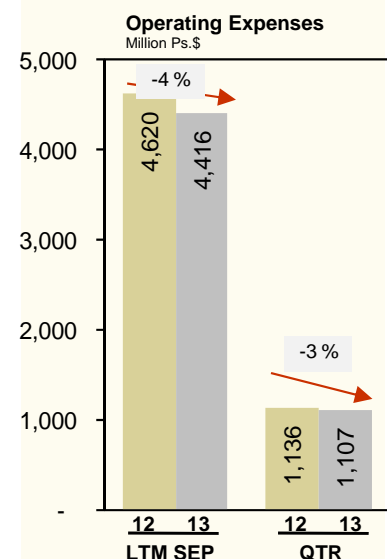
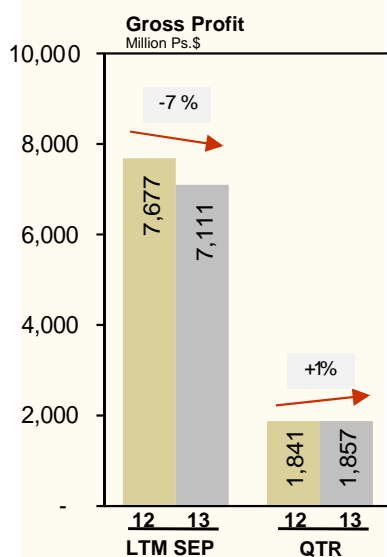
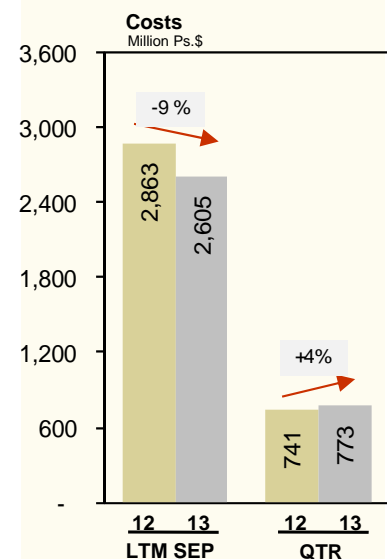
**Broadband RGUs (broadband subscribers).** Broadband subscribers remained unchanged year-over-year totaling 492 thousand as of September 30, 2013. During the third quarter of 2013, broadband subscribers net-additions totaled 12 thousand compared to 9 thousand in the same period of 2012. As of September 30, 2013, WiMAX broadband subs reached 344 thousand, compared to 383 thousand a year ago, while AXTEL X-tremo, or FTTH customers, totaled 136 thousand compared to 91 thousand a year ago. Broadband penetration reached 53% at the end of the third quarter of 2013, compared to 48% a year ago.

**Video subscribers.** Axtel launched its pay-television service, AXTEL TV, on January 30<sup>th</sup>, 2013, and as of September 30, 2013, video subscribers reached 47 thousand. Video subscribers totaled 31 thousand at the beginning of this quarter.

**Line equivalents (E0 equivalents).** We offer from 64 kilobytes per second (“KBps”) up to 200 megabytes per second (“MBps”) dedicated data links in all of our thirty-nine existing cities. We account for data links by converting them to E0 equivalents in order to standardize our comparisons versus the industry. As of September 30, 2013, line equivalents totaled 767 thousand, 24% increase.

## Cost of Revenues and Operating Expenses

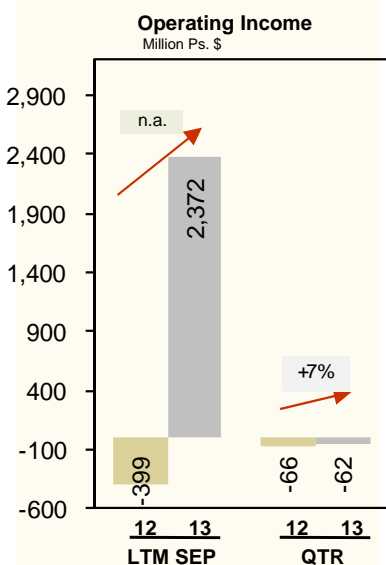
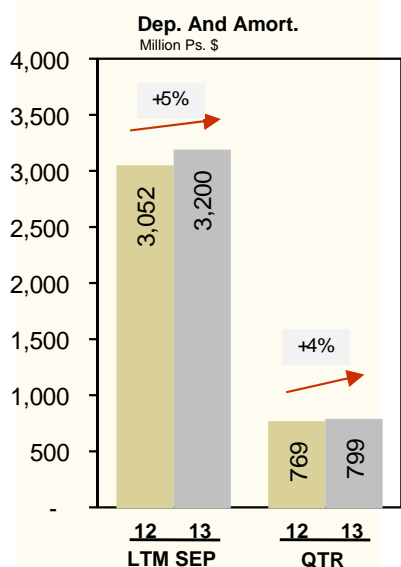
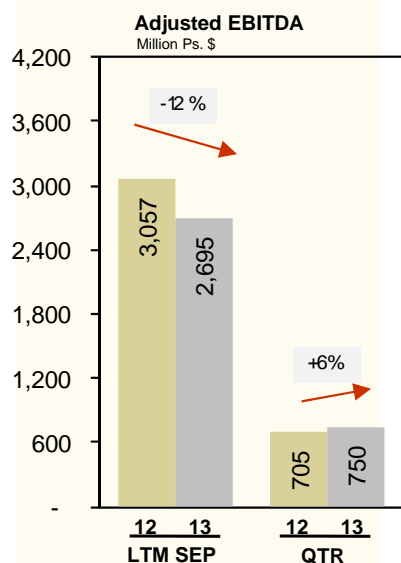
**Cost of Revenues.** For the three month period ended September 30, 2013, the cost of revenues represented Ps. 773 million, an increase of 4% or Ps. 32 million, compared with the same period of year 2012, mainly explained by increases of 16% in integrated services and equipment sales and 21% in international traffic costs. For the twelve month period ended September 30, 2013, cost of revenues reached Ps. 2,605 million, a decrease of Ps. 258 million in comparison with year 2012, mainly due to decreases in integrated services and equipment sale costs.



**Gross Profit.** Gross profit is defined as revenues minus cost of revenues. For the third quarter of 2013, the gross profit accounted for Ps. 1,857 million, an increase of 1% or Ps. 17 million compared with the same period in year 2012. The gross profit margin decreased from 71.3% to 70.6% year-over-year, influenced by lower international traffic margins and larger integrated services and equipment sales revenues that carried a lower gross margin. For the twelve month period ended September 30, 2013, our gross profit totaled Ps. 7,111 million, compared to Ps. 7,677 million recorded in year 2012, a decrease of Ps. 566 million, or 7%.

**Operating expenses.** In the third quarter of year 2013, operating expenses totaled Ps. 1,107 million, Ps. 29 million or 3% lower than the Ps. 1,136 million recorded in the same period in year 2012, explained by Ps. 53 and Ps. 26 million decreases in personnel and maintenance expenses, respectively, due to the efficiency initiatives initiated during the fourth quarter of last year. These reductions were partially offset by the Ps. 64 million increase in rents due to the towers lease expenses. For the twelve month period ended September 30, 2013, operating expenses totaled Ps. 4,416 million, coming from Ps. 4,620 million in the same period in 2012. Personnel represented 40% of total operating expenses in the twelve month period ended September 30, 2013.

## Adjusted EBITDA, D&A and Operating Income



**Adjusted EBITDA<sup>(5)</sup>.** The Adjusted EBITDA totaled Ps. 750 million for the three month period ended September 30, 2013, compared to Ps. 705 million for the same period in 2012. As a percentage of total revenues, Adjusted EBITDA margin represented 28.5% in the third quarter of 2013, 123 bps higher than the margin recorded in the year-earlier quarter. Excluding the tower lease expense, Adjusted EBITDA in the third quarter would have been Ps. 821 million, representing a 31.2% margin, or 390 bps higher than a year earlier. For the twelve month period ended September 30, 2013, Adjusted EBITDA amounted to Ps. 2,695 million, compared to Ps. 3,057 million in year 2012.

**Depreciation and Amortization<sup>(10)</sup>.** Depreciation and amortization totaled Ps. 799 million in the three month period ending on September 30, 2013 compared to Ps. 769 million for the same period in year 2012. Depreciation and amortization for the twelve month period ended September 30, 2013 reached Ps. 3,200 million, from Ps. 3,052 million in the same period in year 2012, an increase of Ps. 148 million.

**Operating Income (loss).** In the three month period ended September 30, 2013, the Company recorded an operating loss of Ps. 62 million compared to an operating loss of Ps. 66 million registered in the same period in year 2012. For the twelve month period ended September 30, 2013 our operating income reached Ps. 2,372 million when compared to the operating loss of Ps. 399 million in the same period of year 2012, a variation of Ps. 2,770 million mainly explained by the gain related to the tower sale.



## CFR, Indebtedness and Cash

### Comprehensive Financial Result

Million Pesos	3Q/3Q12			LTM		
	Q3 2013	Q3 2012	Δ%	Q2 2013	Q3 2013	Q3 2012
Net interest expense	(170)	(237)	-28%	(162)	(927)	(1,016)
FX gain (loss), net	91	613	-85%	(446)	0	414
Result from debt exchange	(3)	-	n.a.	(3)	1,540	-
Ch. in FV of fin. Instruments	(15)	6	n.a.	22	(45)	(112)
<b>Total</b>	<b>(97)</b>	<b>382</b>	<b>n.a.</b>	<b>(589)</b>	<b>568</b>	<b>(714)</b>

**Comprehensive financial result.** Net interest expense for the third quarter 2013 decreased Ps. 67 million vis-à-vis the third quarter 2012, due to the debt reduction implemented in the first quarter of 2013. During the third quarter 2013, a 1.4% peso appreciation against the U.S. dollar generated a Ps. 91 million FX gain. In the third quarter of 2012, an FX gain of Ps. 613 million was generated by a 5.8% peso appreciation. Concerning variations in the fair value of financial instruments, these are explained by 11% decrease and 7% increase in the price of AXTELCPO during the third quarters of 2013 and 2012, respectively, which affected the valuation of AXTEL's position held in its own stock through the zero-strike-calls instruments. The Ps. 568 million comprehensive financial gain for year ended in September 2013, compared to a Ps. 714 million comprehensive financial loss for year ended in September 2012, is mainly explained by the gain resulting from the debt exchange in the first quarter of 2013.

### Total Debt as of the end of each period

Million Pesos	Q3 2013	Q3 2012	Q2 2013
2017 Senior Notes	1,730	3,552	1,754
2019 Senior Notes	1,751	6,329	1,775
2020 Senior Secured Notes	3,524	-	3,572
Other financing obligations	175	175	158
Financial Leases	303	487	332
Bank Facilities	-	791	-
Notes Premium	10	44	11
Notes issuance and deferred financing costs	(29)	(165)	(30)
<b>Total Debt</b>	<b>7,465</b>	<b>11,213</b>	<b>7,572</b>
(+/-) Mark-to-market Derivative Instruments	-	48	-
(-) Cash and cash equivalents	(633)	(678)	(750)
<b>Net Debt</b>	<b>6,832</b>	<b>10,583</b>	<b>6,822</b>

**Debt.** At the end of the third quarter of 2013, total debt decreased Ps. 3,800 million in comparison with the same date in 2012, explained by (i) a Ps. 2,927 million net reduction related to the exchange of the senior notes due 2017 and 2019, (ii) a Ps. 791 million decrease in bank debt related to the prepayment of the syndicated bank facility, (iii) a decrease of Ps. 185 million in leases and financial obligations, (iv) a Ps. 136 million decrease in notes issuance and deferred financing costs, and (v) a Ps. 52 million non-cash increase caused by the 1% depreciation of the Mexican peso.

**Cash.** As of the end of the third quarter of 2013, the cash and equivalents balance totaled Ps. 633 million, compared to Ps. 678 million a year ago, and Ps. 750 million at the beginning of the quarter. As of the end of the quarter, 20 percent of the cash balance was maintained in dollars, the rest in pesos.

**Investments and Derivative Instruments**

**Capital Investments.** In the third quarter of 2013, capital investments totaled Ps. 496 million, or \$38 million, compared to Ps. 493 million, or \$37 million, in the year-earlier quarter. Accumulated for the twelve-month period ended September 30, 2013, capital investments totaled Ps. 1,780 million, or \$140 million, compared to Ps. 2,245 million, or \$168 million, for the same period ended in 2012.

**Other Investments.** As of September 30, 2013, the Company maintained an economic position equivalent to 30.4 million AXTELCPOs in ZSC.

**Derivative Instruments.** The following table summarizes the Company's derivatives position as of September 30, 2013.

	AXTEL receives	AXTEL pays	Other
<b>Zero-strike Equity Call Option</b>			
Notional Value	30.4 million AXTELCPO	Strike price: ¢1 per CPO	30.4 million AXTELCPO
Settlement			In cash
Expiration Date			January 2014
Valuation			Ps. 121.3 million

## ***Other important information***

- 1) We are presenting financial information based on International Financial Reporting Standards (IFRS) in nominal pesos for the following periods:
  - Consolidated income statement information for the three-month periods ending on September 30, 2013, and June 30 and September 30, 2012; and twelve-month period ending on September 30, 2013 and September 30, 2012, and
  - Balance sheet information as of September 30, 2013 and 2012; and June 30, 2013.
- 2) Revenues are derived from:
  - i. Local services. We generate revenue by enabling our customers to originate and receive calls within a defined local service area and by providing offers with local calls, calls completed on a cellular line (“calling party pays,” or CPP calls) and long distance minutes included in the monthly rent. Customers are charged a flat monthly fee for a variety of commercial offers and in certain offers, a per call fee for local calls (“measured service”), a per minute usage fee for CPP calls and value added services.
  - ii. Long distance services. We generate revenues by providing long distance services (domestic and international) for our customers’ completed calls from AXTEL lines.
  - iii. Internet & video. We generate revenues by providing “on demand” Internet access and video (Pay-TV) services.
  - iv. Data & network. We generate revenues by providing data, dedicated Internet and network services, like virtual private networks and private lines, to the enterprise segment.
  - v. Integrated Services & equipment sale. We generate revenues from managed telecommunications services provided to corporate customers, financial institutions and government entities and the sale of customer premises equipment (“CPE”) necessary to provide these services.
  - vi. International traffic. We generate revenues terminating international traffic from foreign carriers.
  - vii. Other services. Include, among others, memberships, late payment charges, spectrum, interconnection, activation and wiring and presubscription.
- 3) Cost of revenues include expenses related to the termination of our customers’ cellular and long distance calls in other carriers’ networks, as well as expenses related to billing, payment processing, operator services and our leasing of private circuit links.
- 4) Operating expenses include costs incurred in connection with general and administrative matters which incorporate compensation and benefits, the costs of leasing land related to our operations and costs associated with sales and marketing and the maintenance of our network.
- 5) Adjusted EBITDA is defined as net income plus interest, taxes, depreciation and amortization, and further adjusted for extraordinary or non-recurrent income and expenses. For additional detail on the Adjusted EBITDA Reconciliation, go to AXTEL’s web site at [www.axtel.mx](http://www.axtel.mx)
- 6) Earnings per CPO are calculated dividing the net income by the average number of Series A and Series B shares outstanding during the period divided by seven. The number of outstanding Series A and Series B shares was 97,750,656 and 8,672,716,596, respectively, as of September 30, 2013.

## Other important information

- 7) Net Debt to Adjusted EBITDA: The figure comes from dividing the net debt at the end of the period by the respective LTM Adjusted EBITDA.
- 8) Revenue Generating Unit, or RGU, represents individual service subscriber who generates recurring revenue for the Company. Total RGUs include the sum of all lines in service, broadband service customers and video subscribers.
- 9) Breakdown of AXTEL's revenues including its major wholesale customer:

### Sources of Revenues

Million Pesos	Q3 2013	Q3 2012	Q2 2013	LTM sep-13	LTM sep-12
Local	787	904	826	3,326	3,692
Long Distance	292	316	288	1,170	1,253
Internet & Video	274	205	252	978	735
Data & Network	450	501	481	1,911	2,011
Int. Service & Eq. Sale	565	414	267	1,345	1,597
Int'l. Traffic	156	141	171	597	845
Other	106	100	95	390	407
	<b>2,630</b>	<b>2,581</b>	<b>2,380</b>	<b>9,717</b>	<b>10,540</b>

- 10) Depreciation and amortization includes depreciation of all communications network and equipment and amortization of pre-operating expenses and cost of spectrum licenses, among others.
- 11) Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire its senior secured and unsecured notes in the open market or in privately negotiated transactions.

## Other important information

### About AXTEL

AXTEL is a Mexican telecommunications company with significant growth in the broadband segment, and one of the leading companies in information and communication technologies solutions in the corporate, financial and government sectors. The Company serves all market segments - corporate, financial, government, wholesale and residential with the most robust offering of integrated communications services in Mexico. Its world-class network consists of different access technologies like fiber optic, fixed wireless access, point to point and point to multipoint links, in order to offer solutions tailored to the needs of its customers.

AXTELCPO trades on the Mexican Stock Exchange since 2005. AXTEL's American Depositary Shares are eligible for trading in The PORTAL Market, a subsidiary of the NASDAQ Stock Market, Inc.

Visit AXTEL's Investor Relations Center on [www.axtel.mx](http://www.axtel.mx)

## Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet  
September 30, 2013 and 2012 and June 30, 2013  
(figures in Thousands of Mexican pesos)

<b>ASSETS</b>	<b>September-2013</b>	<b>June-2013</b>	<b>September-2012</b>
<b>Current assets</b>			
Cash and equivalents	632,994	750,075	666,592
Restricted cash	-	-	11,321
Accounts receivable	2,967,601	2,621,332	2,547,063
Refundable taxes and other accounts receivable	272,966	312,081	231,085
Advances to suppliers	115,911	62,397	195,216
Inventories	90,771	87,636	118,244
Financial Instruments (Zero Strike Call)	121,235	136,123	96,927
Financial Instruments (others)	-	-	-
Assets classified as held for sale	-	-	478,343
<b>Total current assets</b>	<b>4,201,478</b>	<b>3,969,644</b>	<b>4,344,791</b>
<b>Non current assets</b>			
Property, plant and equipment, net	12,908,798	13,199,142	14,203,348
Long-term accounts receivable	360,145	386,747	15,530
Intangible assets, net	236,407	249,091	287,145
Deferred income taxes	1,066,013	964,033	1,891,017
Investment in assoc. Cos. & other investments	9,585	9,587	9,651
Other assets	138,922	145,524	131,415
<b>Total non current assets</b>	<b>14,719,870</b>	<b>14,954,124</b>	<b>16,538,106</b>
<b>TOTAL ASSETS</b>	<b>18,921,348</b>	<b>18,923,768</b>	<b>20,882,897</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable & Accrued expenses	2,172,725	1,822,939	2,648,146
Accrued Interest	105,870	228,890	63,816
Short-term debt	-	-	-
Current portion of long-term debt	272,415	272,417	325,372
Taxes payable	323,590	340,065	148,819
Derivative Financial Instruments	-	-	48,121
Deferred Revenue	505,283	538,872	565,538
Provisions	-	-	281,247
Other accounts payable	146,273	126,714	169,643
<b>Total current liabilities</b>	<b>3,526,156</b>	<b>3,329,897</b>	<b>4,250,702</b>
<b>Long-term debt</b>			
Long-term debt	7,192,207	7,299,456	10,887,328
Employee Benefits	21,025	20,753	25,313
Deferred revenue	33,900	33,900	33,900
Long-term provisions	-	-	-
Other LT liabilities	352,655	378,731	11,402
<b>Total long-term debt</b>	<b>7,599,787</b>	<b>7,732,840</b>	<b>10,957,943</b>
<b>TOTAL LIABILITIES</b>	<b>11,125,943</b>	<b>11,062,737</b>	<b>15,208,645</b>
<b>STOCKHOLDERS EQUITY</b>			
Capital stock	6,625,919	6,625,919	6,625,536
Additional paid-in capital	644,710	644,710	644,710
Reserve for repurchase of shares	162,334	162,334	162,334
Cumulative earnings (losses)	362,442	428,068	(1,725,108)
Change in the fair value of derivative instruments	-	-	(33,220)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>7,795,405</b>	<b>7,861,031</b>	<b>5,674,252</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>18,921,348</b>	<b>18,923,768</b>	<b>20,882,897</b>

**Axtel, S.A.B. de C.V. and Subsidiaries**  
 Unaudited Consolidated Income Statement  
 Periods ended September 30, 2013 and 2012  
 (figures in Thousands of Mexican pesos)

	Third Quarter ended September 30			LTM ended September 30		
	2013	2012	Δ%	2013	2012	Δ%
Rental, Installation, service and other income	2,630,210	2,581,419	2%	9,716,505	10,540,393	-8%
Operating cost and expenses						
Cost of sales and services	(773,094)	(740,817)	4%	(2,605,149)	(2,863,379)	-9%
Selling and administrative expenses	(1,106,856)	(1,135,969)	-3%	(4,415,958)	(4,620,057)	-4%
Other income (expenses), net	(13,010)	(1,887)	589%	2,876,214	(403,863)	n.a.
Depreciation and amortization	(798,905)	(768,754)	4%	(3,200,094)	(3,052,000)	5%
	<u>(2,691,865)</u>	<u>(2,647,427)</u>	<u>2%</u>	<u>(7,344,987)</u>	<u>(10,939,299)</u>	<u>-33%</u>
Operating income (loss)	<u>(61,655)</u>	<u>(66,008)</u>	<u>-7%</u>	<u>2,371,518</u>	<u>(398,906)</u>	<u>n.a.</u>
Comprehensive financing result:						
Interest expense	(174,283)	(242,330)	-28%	(943,755)	(1,022,380)	-8%
Interest income	4,525	5,451	-17%	17,019	6,266	172%
Foreign exchange gain (loss), net	91,269	612,516	-85%	211	414,471	-100%
Result from the exchange of debt, net	(3,227)	-	n.a.	1,540,183	-	n.a.
Change in the fair value of derivative inst.	(14,888)	6,381	n.a.	(45,465)	(112,286)	-60%
Comprehensive financing result, net	<u>(96,604)</u>	<u>382,018</u>	<u>n.a.</u>	<u>568,193</u>	<u>(713,929)</u>	<u>n.a.</u>
Equity in results of associated company	<u>(2)</u>	<u>-</u>	<u>n.a.</u>	<u>(66)</u>	<u>(98)</u>	<u>-33%</u>
Income (loss) before income taxes,	<u>(158,261)</u>	<u>316,010</u>	<u>n.a.</u>	<u>2,939,645</u>	<u>(1,112,933)</u>	<u>n.a.</u>
Income tax	-	-	n.a.	-	-	
Deferred income tax	79,470	15,353	418%	(826,397)	23,591	n.a.
IETU	(9,345)	(6,417)	46%	(41,328)	(82,910)	-50%
Deferred IETU	22,510	37,924	-41%	15,630	(5,064)	n.a.
Total income tax	<u>92,635</u>	<u>46,860</u>	<u>98%</u>	<u>(852,095)</u>	<u>(64,383)</u>	<u>1223%</u>
Net Income (Loss)	<u><u>(65,626)</u></u>	<u><u>362,870</u></u>	<u><u>n.a.</u></u>	<u><u>2,087,550</u></u>	<u><u>(1,177,316)</u></u>	<u><u>n.a.</u></u>

## Axtel, S.A.B. de C.V. and Subsidiaries

International financial reporting standards Adjusted EBITDA Reconciliation  
(Figures in Thousands of Mexican pesos)

	Third Quarter ended September 30			LTM ended September 30		
	2013	2012	Δ%	2013	2012	Δ%
Net Income (Loss)	Ps.\$ (65,626)	362,870	n.a.	Ps.\$ 2,087,550	(1,177,316)	n.a.
Depreciation and Amortization	(798,905)	(768,754)	4%	(3,200,094)	(3,052,000)	5%
Interest Expense, Net	(169,758)	(236,879)	-28%	(926,736)	(1,016,114)	-9%
Total Income Tax	92,635	46,860	98%	(852,095)	(64,383)	1223%
EBITDA	810,402	1,321,643	-39%	7,066,475	2,955,181	139%
FX Gain (Loss), Net	91,269	612,516	-85%	211	414,471	-100%
Result from exchange of debt, net	(3,227)	-	n.a.	1,540,183	-	n.a.
Ch. in fair value of derivative inst.	(14,888)	6,381	n.a.	(45,465)	(112,286)	-60%
Other income (expense), Net	(13,010)	(1,887)	589%	2,876,214	(403,863)	n.a.
Eq. Results in an asso. Co.	(2)	-	n.a.	(66)	(98)	-33%
Adjusted EBITDA	Ps.\$ 750,260	704,633	6%	Ps.\$ 2,695,398	3,056,957	-12%