



**TV AZTECA ANNOUNCES NET SALES OF Ps.3,726 MILLION
AND EBITDA OF Ps.1,156 MILLION IN 2Q17**

—Bold and innovative content reached the target audience of several advertisers, generating 12% growth in advertising sales in Mexico in the second quarter of 2017—

—The increase in domestic sales and solid operating efficiency resulted in a 10% increase in the contribution of the domestic media business—

—The company paid in advance US\$60 million of its US\$300 million bond, which further strengthens its capital structure—

Mexico City, July 19, 2017—TV Azteca, S.A.B. de C.V. (BMV: AZTECACPO; Latibex: XTZA), one of the two largest producers of Spanish-language television programming in the world, announced today financial results for the second quarter of 2017.

Consolidated second quarter results

"Bold and innovative formats that reached the audiences our clients seek to achieve translated into strong advertising sales growth in Mexico during the quarter," said Benjamín Salinas, CEO of TV Azteca. "Higher revenues, coupled with strict budgetary controls resulted in double-digit growth in the contribution of the domestic media business to consolidated EBITDA."

"Derived from our solid results, during the month of July we made the advance payment of US\$60 million of the company's US\$300 million senior notes, with cash generated by business operations, which together with the cancellation of US\$42.5 million in March, results in a debt reduction of US\$102.5 million throughout this year" said Esteban Galíndez, CFO of TV Azteca. "The transaction shows a firm commitment to reduce the total amount of debt in dollars and to further strengthen the capital structure of TV Azteca."

Net sales for the quarter were Ps.3,726 million, 9% higher than the Ps.3,411 million for the same quarter of last year. Total costs and expenses were Ps.2,570 million, compared to Ps.2,279 million for the same period last year.

As a result, TV Azteca reported EBITDA of Ps.1,156 million, 2% higher than Ps.1,133 million from last year; EBITDA margin for the quarter was 31%. Operating profit was of Ps.897 million, 9% higher than the Ps.823 million of previous year.

The company registered a net profit of Ps.58 million, compared to a net loss of Ps.522 million for the same quarter of 2016.

| | 2Q 2016 | 2Q 2017 | Change | |
|---------------------------|----------|----------------|---------------|-----------|
| | | | Ps. | % |
| Net sales | \$3,411 | \$3,726 | \$314 | 9% |
| EBITDA | \$1,133 | \$1,156 | \$23 | 2% |
| Operating profit | \$823 | \$897 | \$74 | 9% |
| Net result | \$(522) | \$58 | \$580 | ---- |
| Net result per CPO | \$(0.17) | \$0.02 | \$0.19 | ---- |

Figures in millions of pesos.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

The number of CPOs outstanding as of June 30, 2016 was 2,987 million and as of June 30, 2017 was 2,986 million.

Results by business segment

Domestic operations

Domestic advertising sales grew 12% to Ps.3,200 million, from Ps.2,864 million a year ago, as a result of the generation of cutting-edge formats that captivated large audiences within the full day.

Production, programming and transmission costs in Mexico were Ps.1,678 million, 14% higher than the Ps.1,475 million a year ago, congruent with superior content production efforts, which led to increased revenues.

Contribution generated by operations of the media business in Mexico was Ps.1,522 million, 10% higher than the Ps.1,389 million of the previous year.

Azteca America

In addition, the company registered sales from Azteca America – the company's wholly-owned broadcast television network focused on the U.S. Hispanic market – of Ps.329 million this quarter, 17% higher than the Ps.282 million a year ago, in the framework of increasingly successful programming.

Azteca America's costs were Ps.395 million, compared to Ps.309 million a year ago. The increase is largely related to strengthening geographic coverage.

The contribution of Azteca America was a negative Ps.66 million, compared to a negative figure of Ps.27 million a year ago.

TV Azteca Guatemala and Honduras

Revenue from TV Azteca Guatemala and TV Azteca Honduras was Ps.15 million, in contrast to Ps.14 million the previous year. Costs were Ps.27 million, compared to Ps.29 million for the previous year. Contribution was a negative Ps.12 million, compared to a negative figure of Ps.15 million of the previous year.

Exports

Content sales to other countries were Ps.94 million in the period, from Ps.30 million in the previous year; revenue for the quarter resulted, in a great extent, from the commercialization of the shows *Lo Que Callamos las Mujeres* in Latin America, and *Los Rey* in Europe and Africa, as well as the sale of TV Azteca content to pay TV channels in the rest of the world.

Exported content does not have associated costs, thus exports revenue is equal to its contribution.

Azteca Comunicaciones Perú

Azteca Comunicaciones Perú had revenue of Ps.88 million, from Ps.221 million a year ago. The decrease is the result of reimbursements by the Peruvian government for the construction and maintenance of the National Dorsal Fiber Optic Network in the prior year that are not present this period. The construction was completed in 2016, thus revenues this quarter correspond only to telecommunications services and reimbursements by the Peruvian government for maintenance and operation of the network.

The company registered costs of Ps.144 million in the quarter, compared to Ps.115 million a year ago. The increase largely reflects the cost of maintaining the network, which was not fully present the previous year when the network was under construction.

The contribution of Azteca Comunicaciones Perú was a negative Ps.56 million, compared to a positive Ps.106 million a year ago.

Consolidated SG&A expenses

The company's total selling and administrative expenses were Ps.326 million, 7% less than the Ps.351 million a year earlier, as a result of lower service and travel expenses this quarter.

Consolidated EBITDA and net result

Consolidated EBITDA of the company was Ps.1,156 million, 2% higher than the Ps.1,133 million for the same period of the prior year. Operating profit was Ps.897 million, 9% higher than the Ps.823 million a year ago.

The most significant variations below EBITDA were the following:

Reduction of Ps.84 million in other expenses, as a result of lower legal fees and donations this quarter.

A loss of Ps.38 million in equity in income from affiliates, compared to income of Ps.3 million a year ago, derived from the recognition in this period of the 40% stake of TV Azteca in the results of Azteca Comunicaciones Colombia.

A decrease of Ps.28 million in interest payments due to the effect of exchange rate appreciation on the peso equivalent of the company's debt, which is denominated in US dollars, and lower dollar debt at the end of this quarter, due to the cancellation of bonds for US\$42.5 million in the month of March.

Reduction of Ps.18 million in other financial expenses due to lower payment of sureties. The Peruvian government requested guarantees from the company a year ago while the fiber optic network was under construction.

Foreign exchange gains of Ps.352 million this period, as a consequence of appreciation of the peso versus the dollar this quarter, compared to exchange loss of Ps.511 million, due to depreciation in the same period of the previous year.

Decrease of Ps.39 million in tax provision as a result of tax charge associated with Azteca Comunicaciones Perú in the previous year, which is not present this period.

A charge of Ps.595 million in the impairment of assets as a result of the deterioration in the value of the spectrum of Azteca America stations. As was previously announced, stations related with Azteca America in Los Angeles and San Francisco, were winners in a spectrum auction designed by the US Federal Communications Commission, and Azteca America expects to receive US\$156 million this year from the sale. Due to this fact, the value of the spectrum of such stations was adjusted to that amount this quarter.

A reduction of Ps.194 million in discontinued operations, as a result of the recognition of the loss generated by the operations of Azteca Comunicaciones Colombia a year ago.

TV Azteca registered net income of Ps.58 million for the quarter, compared to a net loss of Ps.522 million for the same period a year ago.

Debt

As of June 30, 2017, TV Azteca's outstanding debt – excluding Ps.1,657 million debt due in 2069 – was Ps.13,577 million.

The cash and cash equivalents balance at the end of the quarter totaled Ps.3,024 million, 10% higher than the Ps.2,755 million a year ago. As a result, net debt of the company as of June 30, 2017, excluding debt due in 2069, was Ps.10,553 million.

Prepayment of US\$60 million of debt

As previously announced, on July 14, the company paid in advance US\$60 million of its US\$300 million senior notes, with a coupon of 7.5% and due in 2018, at a call price of 100%. The prepayment was made with cash generated by company operations.

The transaction is added to the cancellation for US\$42.5 million, of the same senior notes, carried out in March, with which TV Azteca accumulates a debt reduction of US\$102.5 million so far this year.

The operation reflects the solid financial performance of TV Azteca and the firm commitment to reduce the effect of exchange rate volatility on its financial statements, and to strengthen the company's capital structure

Six months results

Net sales for the first six months of 2017 were Ps.7,017 million, 14% higher than the Ps.6,129 million for the same period of 2016. Total costs and expenses were Ps.5,416 million, from Ps.4,463 million for the same period of the previous year. The main costs mainly relate to the *WGC Mexico Championship* golf tournament that was organized by the company during the 1Q17.

TV Azteca reported EBITDA of Ps.1,601 million, 4% less than the Ps.1,665 million for the first half a year ago. EBITDA margin for the six-month period was 23%. Operating profit decreased 4% to Ps.1,056 million. The company recorded net income of Ps.462 million, compared to a net loss of Ps.1,075 million for the same period of 2016.

| | 6M 2016 | 6M 2017 | Change | |
|---------------------------|-----------|----------------|----------------|-------------|
| | | | Ps. | % |
| Net sales | \$6,129 | \$7,017 | \$889 | 14% |
| EBITDA | \$1,665 | \$1,601 | \$(64) | -4% |
| Operating profit | \$1,095 | \$1,056 | \$(36) | -4% |
| Net result | \$(1,075) | \$462 | \$1,538 | ---- |
| Net result per CPO | \$(0.36) | \$0.15 | \$0.51 | ---- |

Figures in millions of pesos.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

The number of CPOs outstanding as of June 30, 2016 was 2,987 million and as of June 30, 2017 was 2,986 million.

Company Profile

TV Azteca is one of the two largest producers of Spanish-language television programming in the world, operating three national television networks in Mexico, Azteca Trece, Azteca 7 and Proyecto 40, through more than 300 owned and operated stations across the country. TV Azteca affiliates include Azteca America, a broadcast television network focused on the rapidly growing U.S. Hispanic market, and Azteca Web, an Internet company for North American Spanish speakers.

TV Azteca is a Grupo Salinas company (www.gruposalinas.com), a group of dynamic, fast-growing, and technologically advanced companies focused on creating shareholder value, contributing to build the middle class of the countries in which they operate and improving society through excellence. Created by Mexican entrepreneur Ricardo B. Salinas (www.ricardosalinas.com), Grupo Salinas operates as a management development and decision forum for the top leaders of member companies. The companies include TV Azteca (www.tvazteca.com; www.irtvazteca.com), Azteca America (us.azteca.com), Grupo Elektra (www.elektra.com.mx; www.grupoelektra.com.mx), Banco Azteca (www.bancoazteca.com.mx), Advance America (www.advanceamerica.net), Afore Azteca (www.aforeazteca.com.mx), Seguros Azteca (www.segurosazteca.com.mx), Totalplay (www.totalplay.com.mx) and Enlace TP (enlacetp.mx). Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. However, the member companies share a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

Except for historical information, the matters discussed in this press release are forward-looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Other risks that may affect TV Azteca and its subsidiaries are identified in documents sent to securities authorities.

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TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED RESULTS OF OPERATIONS
(Millions of Mexican pesos of June 30 of 2016 and 2017)

| | <u>Second Quarter of :</u> | | | | | | <u>Change</u> | |
|--|----------------------------|-------------|-----------------|-------------|---------------|-----------|---------------|--|
| | <u>2016</u> | | <u>2017</u> | | | | | |
| Net revenue | Ps 3,411 | 100% | Ps 3,726 | 100% | Ps 314 | 9% | | |
| Programming, production and transmission costs | 1,928 | 57% | 2,244 | 60% | 317 | 16% | | |
| Selling and administrative expenses | 351 | 10% | 326 | 9% | (25) | -7% | | |
| Total costs and expenses | 2,279 | 67% | 2,570 | 69% | 291 | 13% | | |
| EBITDA | 1,133 | 33% | 1,156 | 31% | 23 | 2% | | |
| Depreciation and amortization | 172 | | 205 | | 33 | | | |
| Other expense -Net | 138 | | 54 | | (84) | | | |
| Operating profit | 823 | 24% | 897 | 24% | 74 | 9% | | |
| Equity in income from affiliates | 3 | | (38) | | (41) | | | |
| Comprehensive financing result: | | | | | | | | |
| Interest expense | (345) | | (317) | | 28 | | | |
| Other financing expense | (33) | | (16) | | 18 | | | |
| Interest income | 18 | | 22 | | 3 | | | |
| Exchange loss -Net | (511) | | 352 | | 862 | | | |
| | (872) | | 40 | | 912 | | | |
| Income before the following provision | (46) | -1% | 898 | 24% | 945 | | | |
| Provision for income tax | (289) | | (250) | | 39 | | | |
| Income from continuing operations | (335) | | 649 | | 983 | | | |
| Impairment of long-live assets | - | | (595) | | (595) | | | |
| (Loss) profit from discontinued operations | (194) | | - | | 194 | | | |
| Net income | Ps (529) | | Ps 54 | | Ps 582 | | | |
| Non-controlling share in net income | Ps (7) | | Ps (4) | | Ps 2 | | | |
| Controlling share in net income | Ps (522) | -15% | Ps 58 | 2% | Ps 580 | | | |

TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED RESULTS OF OPERATIONS
(Millions of Mexican pesos of June 30 of 2016 and 2017)

| | <u>Period ended June 30,</u> | | | | <u>Change</u> | |
|--|------------------------------|-------------|-----------------|-------------|-----------------|------------|
| | <u>2016</u> | | <u>2017</u> | | | |
| Net revenue | Ps 6,129 | 100% | Ps 7,017 | 100% | Ps 889 | 14% |
| Programming, production and transmission costs | 3,792 | 62% | 4,760 | 68% | 969 | 26% |
| Selling and administrative expenses | 672 | 11% | 655 | 9% | (16) | -2% |
| Total costs and expenses | 4,463 | 73% | 5,416 | 77% | 952 | 21% |
| EBITDA | 1,665 | 27% | 1,601 | 23% | (64) | -4% |
| Depreciation and amortization | 345 | | 410 | | 64 | |
| Other expense -Net | 225 | | 136 | | (89) | |
| Operating profit | 1,095 | 18% | 1,056 | 15% | (39) | -4% |
| Equity in income from affiliates | 7 | | (90) | | (97) | |
| Comprehensive financing result: | | | | | | |
| Interest expense | (689) | | (697) | | (8) | |
| Other financing expense | (51) | | (21) | | 31 | |
| Interest income | 42 | | 53 | | 11 | |
| Exchange Gain -Net | (499) | | 1,283 | | 1,782 | |
| | (1,198) | | 618 | | 1,815 | |
| Income before the following provision | (96) | -2% | 1,584 | 23% | 1,679 | |
| Provision for income tax | (622) | | (537) | | 85 | |
| Income from continuing operations | (718) | | 1,047 | | 1,764 | |
| Impairment of long-live assets | - | | (595) | | (595) | |
| Profit (loss) from discontinued operations | (371) | | - | | 371 | |
| Net income | Ps (1,089) | | Ps 452 | | Ps 1,540 | |
| Non-controlling share in net income | Ps (13) | | Ps (11) | | Ps 2 | |
| Controlling share in net income | Ps (1,075) | -18% | Ps 462 | 7% | Ps 1,538 | |

TV AZTECA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Millions of Mexican pesos of June 30 of 2016 and 2017)

| | At June 30 | | | | Change |
|--|------------------|------------------|-------------------|--|-------------|
| | 2016 | 2017 | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | Ps 2,755 | Ps 3,024 | Ps 269 | | |
| Accounts receivable | 9,304 | 11,326 | 2,022 | | |
| Other current assets | 4,528 | 4,537 | 9 | | |
| Total current assets | 16,587 | 18,887 | 2,300 | | 14% |
| Accounts receivable | 86 | 508 | 422 | | |
| Exhibition rights | 2,594 | 2,437 | (157) | | |
| Property, plant and equipment-Net | 4,105 | 3,856 | (249) | | |
| Television concessions-Net | 10,241 | 6,724 | (3,517) | | |
| Other assets | 3,419 | 1,826 | (1,593) | | |
| Deferred income tax asset | 2,404 | 1,546 | (858) | | |
| Total long term assets | 22,849 | 16,897 | (5,952) | | -26% |
| Total assets | Ps 39,436 | Ps 35,784 | Ps (3,652) | | -9% |
| Current liabilities: | | | | | |
| Short-term debt | Ps - | Ps 4,637 | Ps 4,637 | | |
| Other current liabilities | 7,174 | 5,000 | (2,174) | | |
| Total current liabilities | 7,174 | 9,637 | 2,463 | | 34% |
| Long-term debt: | | | | | |
| Long-term debt | 14,624 | 8,940 | (5,684) | | |
| Total long-term debt | 14,624 | 8,940 | (5,684) | | -39% |
| Other long term liabilities: | | | | | |
| Advertising advances | 8,300 | 9,356 | 1,056 | | |
| American Tower Corporation (due 2069) | 1,694 | 1,657 | (37) | | |
| Deferred income tax | 548 | 311 | (237) | | |
| Total other long-term liabilities | 10,542 | 11,324 | 782 | | 7% |
| Total liabilities | 32,340 | 29,901 | (2,439) | | -8% |
| Total stockholders' equity | 7,096 | 5,883 | (1,213) | | -17% |
| Total liabilities and equity | Ps 39,436 | Ps 35,784 | Ps (3,652) | | -9% |