# Q1 2025 Earnings Call

## Company Participants

- Carlos Garcia Moreno Elizondo, Chief Financial Officer
- Daniel Hajj Aboumrad, Chief Executive Officer
- Daniela Lecuona Torras, Head of Investor Relations
- Oscar Von Hauske Solis, Chief Fixed line Operations Officer
- Unidentified Speaker

## Other Participants

- Analyst
- Carlos de Legarreta, ITAU BBA
- Leonardo Olmos, UBS
- Lucca Brendim, Bank of America
- Marcelo Santos, JP Morgan
- Phani Kanumuri, HSBC
- Vitor Tomita, Goldman Sachs
- Walter P Piecyk Jr., Lightshed Partners

## Presentation

## Operator

Good morning, my name Nordia. And I'll be your conference operator today. At this time I would like to the America Movil First Quarter 2025 Conference Call on Webcast. (Operator Instructions) After the speaker remarks there will be a question-and-answer session.

(Operator Instructions) Now I would turn the call over to Miss. Daniela Lecuona, Head of Investor Relations.

## Daniela Lecuona Torras {BIO 15302125 <GO>}

Thank you, good morning, everyone. Thank you for joining us today to discuss our first quarter 2025 Financial and Operating Results.

We have on the line Mr.Daniel Hajj, CEO; Mr.Carlos Garcia Moreno, CFO; and Mr.Oscar Von Hauske, COO

## Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you, Daniela. Welcome, everyone, to the first quarter of 2025 Financial and Operating Report. Carlos is going to make a summary of the results. Thank you.

## Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Thank you, Daniel. Good morning, everyone. Well, the first quarter of the year began with interest rates surging ahead, continuing the trend from early December as the markets grew increasingly concerned with inflation on signs of a much stronger economy than had been expected. However, as inflation numbers came in within expectations and new payroll figures weakened, 10-year treasury yields came down by a remarkable 50 basis points from mid January twenty quarter for 20%.

In the period most currencies in our region of operations appreciated versus the US Dollar, but not in Mexican peso, which remained almost flat over the quarter as the uncertainty of a potential new tariffs by The U S Grew on it. In the quarter, the US Dollar lost 7.3% versus the Brazilian Real, 4.9% versus the Colombian peso, 4.4% versus the Chilean peso and 4.2% versus the Euro. Now the Mexican economy has been slowing down since April of last year with the index of economic activity reaching 0% in February of this year, and private consumption as you can see in the slide that we are showing has plummeted and is now declining 1% year-on-year. On the back of our second tier on the Mexican and then the U S Election, increasing real rate of interest as inflation declined, but rest stay put and the decline of economic activity made worse by a significant tightening of public expenditures.

So as you can see, there has been really a vertical drop in private consumption in Mexico over the last several months, to a point that is now negative. Now in the first quarter, we added 2.4 million Postpaid subscribers with Brazil leading the way with 987,000 clients followed by Colombia with 163,000 and Mexico with 133,000. In the Prepaid segment, we posted 1 million net prepaid losses at both Mexico and Brazil disconnected clients respectively, while Argentina added 230,000 swaps and Colombia added 434,000 swaps. For prepaid disconnections were limited to Brazil and Mexico.

In the fixed line segment, we connected 446,000 new broadband access. Mexico was the main contributor with 155,000 clients followed by Brazil with 98,000 and Central America with 52,000. Both lines and pay TV units fell by 130,000 and 32,000 respectively. Mobile postpaid and fixed broadband were the main drivers of growth of our client base, increasing by 6.1% and 4.3% Respectively, again you can see this in this slide.

Our first quarter revenue was up 14.1% year-on-year in Mexican peso terms to 282 million with service revenue expanding 15.8% and adjusted EBITDA 13.3%. The latter fee used partly reflect the year-over-year appreciation of most currencies versus the Mexican peso, particularly the Colombian and Chilean pesos pesos, which were up 18% and 14% versus the Mexican peso. The dollar, which was up 17.7%, and the euro, opposite 14.1%, again, versus the peso. So that essentially means that with the exception, really, of Brazil, all other international operations of America Movil were worth more in Mexican peso terms.

At constant exchange rates, when we adjust to this exchange rate movement, service revenue increased 6.1% and adjusted EBITDA 4.0% adjusted percent and that was just by Telmex a year before. Most of our operations, so the EBITDA margins, increased sequentially. Wireless service revenue climbed to 5.7%, decelerating somewhat from the prior quarter, as prepaid revenue continued to slow down, mostly on account of weak economic activity in Mexico as we've seen before. Postpaid revenue growth remained fairly stable across the Board and actually accelerated slightly to 8.8% when our Chilean operation is included.

On the fixed-line platform, service revenue growth came in at 6.7%, with corporate net worth revenue appearing to slow down. This effect had mostly to do with the fact that in the year earlier quarter, that line item had had a very strong showing. And you can see this again in the slide. Growth and revenue growth maintained its pace at 9.8%, while that of pay-to-view came in at 8.7%, the fastest pace seen in many quarters, reflecting on the one-hand incorporation of Chile, but also better growth in Central America and Austria and Eastern Europe.

And we're seeing less of a drag in Brazil, where although growth is still negative, the rate of decline has slowed. The Central American and Eastern European blocks were top performance in the period, exhibiting fastest service revenue growth in both the fixed and the wireless platforms, and they have had the preceding quarter. Our first quarter operating profit totaled MXN44.8

billion, a 10% year-on-year increase, after depreciation and amortization charges that were up 16%, which partly reflects the incorporation of our Chilean operations. With our comprehensive financing costs decreasing slightly from the year earlier quarter, our net income was up 38%, to MXN18.7 billion, and was equivalent to MXN31 per share, $30 per ADR Our net debt, end of March, stood at MXN500 billion, not including capitalized lease obligations.

It was equivalent to 1.5x last 12 months EBITDA In cash flow terms, our net debt increased MXN11 billion in the in the quarter, and it helps us fund capital expenditures in the month of 25 billion pesos, share buybacks of 4 billion pesos, and 7 billion pesos in labor obligations. So that's the summary, and I will pass the floor back to Andres so that we can begin the Q&A session. Thank you all.

## Daniela Lecuona Torras {BIO 15302125 <GO>}

Thank you, Carlos.

We can start with the Q&A session.

## Questions And Answers

## Operator

Question And Answer

Thank you. (Operator Instructions) We'll pause for just a moment to compile the Q&A roster. The first question goes to Leonardo Olmos of UBS Leonardo, please go ahead.

## Q - Leonardo Olmos {BIO 21197412 <GO>}

Hi, everyone. Good morning. My question is going to be centered on regulations and laws in Mexico. So I think what we're seeing now is unprecedented, maybe for many, many years.

If you could first discuss the new telecommunications law, legislation, that could impact the spectrum distribution and what you're positioning on it, so potentially regarding spectrum to competitors, to new competitors. I think, second, what the Trump administration is proposing on the Liberation Day, if there is any type of impact for Mexico, because there was a document that by that date they released, mentioned that they were concerned, the US Government was concerned about concentration, high concentration of market share in telecommunications in Mexico, if that could be a concern to you. Thank you.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you.

As we -- as you know, and everybody knows, Congress is currently discussing the proposals made by the President, Sheinbaum, regarding the new telecommunications law and some changes in the competition law. Those are right now discussing in the Congress. We are monitoring closely both proposals and providing comments and views to the Congress people, okay. So that's what the -- we have now.

We don't have anything else. Everybody knows what the proposals have. I'm agree on what you're saying about the spectrum. So we are giving our views and we can discuss that on more on more detail when both laws have been enacted, okay? So, but right now, nothing to say, the laws are there, everybody's discussing, we're giving our points of view, and that's all, no? So, I think in the next two months, as the President said, they are going to be enacted, so that's what we have right now, no? On the other side, I don't exactly understand what you said about President Trump, but if you're saying about the competition and dominance and all of that, well, that will be included in these laws, and these laws have been discussing right now.

So, other important issue, and we put it in front of the first page of our results, is the market share that we have in Fixed, Broadband, and TV, we have 27%, and Telcel has 55%. So, that does not include the CPE, that has also some subscribers. So, I think we are discussing that, we think that we are not the dominant player anymore, and that the laws has to show that. So, that's mainly what we have been discussing.

## Q - Analyst

Crystal clear. Thank you very much, have a good day.

## A - Unidentified Speaker

Thanks. Thank you.

## Operator

The next question goes to Walter Piecyk of Lightshed. Walter, please go ahead.

## Q - Walter P Piecyk Jr. {BIO 1510511 <GO>}

Thanks, I think you just addressed the impact of tariff protect potentially on handsets. How do you expect to, if anything, have that impact your business? Can you hear me? Sorry.

## A - Unidentified Speaker

Well, the tariffs in Mexico, no changes on tariff on handsets right now in Mexico and Latin America. I don't know that if we can have something in the future. So, at this moment, even it's being a little bit better because the exchange rate starts coming a little bit down, and those are, we buy everything in dollars. So, in Mexico, let's say, price of handsets has been better.

So, at this moment, we don't have anything on tariffs, and we don't expect anything on tariffs for the next months.

## Q - Walter P Piecyk Jr. {BIO 1510511 <GO>}

Yes, sorry. I was going to continue just kind of noting noting perhaps the trade deficit that exists between Mexico and China, and if there's anything, perhaps, given everything that's happening in the world, and how manufacturing can move to different locations, whether that could extend in terms of Mexico's relationship with China.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Well, I think there's big discussions on that, on the trade deficit, trade deficit in the US.

, trade deficit in Mexico with China, so it's going to be very difficult to understand what is going to happen in the future, but I think that Mexico will have a very good, in my view, a good probability that there will be every day manufacturing more and more in Mexico to go to the US., manufacturing more with Mexicans and doing things in Mexico, not importing from other countries and then exporting to the US I think that's going to change a little bit, but if we produce here, I think Mexico will have a good opportunity to grow. So, I think all these discussions and what is happening in the world, I hope that will be benefit for Mexico.

## Q - Analyst

Thanks.

Carlos also obviously mentioned and we see the results, the impact of some of the economic issues in terms of consumer demand, I guess, in Mexico. I mean, you guys have both been there a very long time and obviously, Carlos, very involved in Mexico in general, even before Mobile. Just curious, kind of your thoughts on timeline and how long you think that this will progress through your numbers, how deep of a dip, how soon of a recovery, I suppose?

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

I think what I was saying before is, we had an extraordinary situation last year, second half of last year, because of the conference of many events. One was the election in Mexico, which always leads to a slowdown in economic activity for the month after the election and the beginning of your administration.

That's a historical pattern. Then you have, we had also the elections in the US., but this time was probably more eventful than probably has been expected in some of the times. And we had, as I mentioned, very high and increasing real rates of interest, because because policy rates were constant, but inflation was declining rapidly.

So the real rates of interest were going up and that obviously had an impact on overall spending, both consumption and investment. And then to make things somehow worse in some extent just in terms of economic activity in short-term, the new administration came in with a clear commitment to put order in public finances, which meant reducing the fiscal deficit. And these they've been doing with a lot of steel. We've seen the numbers through federal this year and they are doing better than budget.

You have a primary surplus that has increased significantly, not compared to last year, but even to two years before. And the financial deficit is even lower in after inflation than it was two years ago, not to mention last year. So, but our view is that these effects, all these three effects that I have mentioned are going away. Obviously there's the elections have happened and the uncertainty around the tariffs I think will be clearing relatively soon.

The real policy rates are coming down in Mexico. They have been coming down and we expect them to continue to come down. So real rates of interest are now beginning to go down. And we expect that the government will be in a position the second half of the year to be a bit more forthcoming with the expenditures.

So I think that our current expectation is that we are seeing the bottom right now, this first quarter, and that we would expect to see, this is probably the bottom and we can expect to see recovery of sorts second half of the year. If, there's a lot of people that believe that the USMCA agreement may be negotiated early, earlier this year. And to the extent that's the case, I think that it will provide an additional boost to the economy, as Daniel has was saying. And so, yes, we think we're quite positive on their expectations for the second half of the year.

I think we're seeing the bottom line.

## Q - Analyst

That's very helpful, Carlos. And thank you also, Daniel. Appreciate it.

## A - Unidentified Speaker

Thank you.

Thank you, Walter.

## Operator

The next question goes to Marcelo Santos of JP Morgan. JP Morgan.

Marcelo, please go ahead.

## Q - Marcelo Santos {BIO 17186991 <GO>}

Hi, good morning, Daniel, Carlos, Oscar, Daniela. Thanks for taking my questions. I have two.

The first is regarding Mexican prepaid. I understand in the release you attributed the weakness mostly to the economy, but I would like to see if you could discuss a bit the competitive angle. We are seeing some MVNOs growing very aggressively in prepaid. Do you think this is affecting? What could you discuss of the competitive angle on prepaid in Mexico? And the second question is regarding the appetite of American models for M&A in the region.

There are some players that are divesting some assets and wanted know. What do you think about that? Thank you very much.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Well, let's talk about Mexico first. I want to -- We already we talk a little bit about broadband and postpaid.

I think in Mexico we have a very good month on broadband and quarter, sorry, on the broadband and on postpaid. I think we are doing good. People is consuming more. ARPU we going up in postpaid.

And in broadband, we're still gaining subscribers and moving to Fiverr and doing so. I think when you talk about broadband, fix and postpaid, we're doing okay in Mexico. And when you talk a little bit about the prepaid, that I think it's the concern that I have been reading this morning is, well, first and not the only thing is the slowdown of the economy in Mexico. I think that's the first thing you see, that they are declining a little bit and they are declining because our consumers are spending a little bit less that they used to be when it's prepaid is really tied to the economy.

So when things are good, people consume more ARPU growth, when things are not so good, is no down. Then people are consuming a little bit less. In the other side we have a very aggressive competition in promotion. So some NBNOs likewise is very aggressive and they are growing.

The difference is that, well, they have have an ARPU of 38 pesos and we're having an ARPU of 177 pesos. So the difference between their subscribers and our subscribers is maybe 3x, 4x difference on on that. So we have been having a looking and our strategy is to look for good. All of them are good.

Maybe what is happening is that their subscribers or the promotions that the market and they are having are so aggressive aggressive that they just want to not recharge and give service for free and that's an issue and I hope that will solve in the future, but they have been doing that for some time. And let's see what is going to happen when it starts to move a little bit and take out these promotions. Other sign that I see this quarter is in number portability. They have been gaining in number portability, let's say the same, but what I see in the numbers, but losing more subscribers in number portability.

So number portability has been not so good as they used to be last year. So as subscribers, when they start to move with their promotions, then they are going to decide in which other company they are going to do. So the only thing is we're focusing very good on the better, on the highest ARPU customers in prepaid and in postpaid. Our number portability is doing a little bit better than last year, so I think we are starting to see better numbers on that and that will be exactly what is happening in Mexico.

So big and promotions where people is not paying or paying very low amount of money and then when they want to recharge, they are going to do that and when this promotion will end, I think it's going to be interesting how they are going to retain those customers. ARPU is MXN177 in Telcel, MXN38 in the other companies. So it's exactly what is happening. It's not only one thing, you have a slowdown plus promotions, plus our strategy, all of that is what is happening here now.

And another -- and i want to do another announcement that I have been, since the last call that we don't give a guidance for CapEx budget, we have that announcement and the CapEx for this year is going to be lower than last year, it's going to be 6,700,000 and it's only because we are seeing a slowdown in all the economies, a little bit slowdown. We have been investing a lot, moving a lot with 5G, we have been doing the last three years more fiber, a lot on IT systems, we have a lot, all our cloud and data centers all in place. So that gives us give us a chance right now this year with a slowdown that will reduce the CapEx to 6.7%. That is what we decided yesterday in the Board.

I feel very comfortable on that and that's what we decide on that.

## Q - Analyst

Thank you. On the M&A, do you have any --

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

On the M&A, well we are open to -- M&A I think it will be a little bit difficult that in the region will have something alone, but if you are saying because Telefonica is selling their assets, we are aware of that and we're open to see if something fits in America mobile strategy. That we're open to see anything.

## Q - Analyst

Perfect. Just on the CapEx, does this change your three-year CapEx view or is more a relocation of CapEx between the years? Just to understand how this talks with the guidance.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

We don't know. It's going to be very difficult to see what's going to be the CapEx of next year, but I think this year is going to be 6.7%.

Next year, difficult to say, but I don't think that it's going to go so high as we predicted, but I don't know. Depending on the growth, depending on the traffic, depending on a lot of things that we're going to see around this year.

## Q - Analyst

Perfect. Thank you very much for your answers.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Thank you.

## Operator

The next question goes to Phani Kanumuri of HSBC Phani, please go ahead.

## Q - Phani Kanumuri

Thank you for taking my questions. So the first question is regarding your corporate network revenues in the fixed segment.

Are you seeing some pressure due to the global concerns on growth on the corporate segment revenue, and do you expect the growth rate to continue in this segment? My second question is regarding Colombia. The margins have come down year-on-year as well as quarter-on-quarter. What is driving the margin decline in Colombia? Thank you.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Well, I'm going to start in Colombia.

I think Colombia is doing much better. Colombia, our service revenue is growing 6% this quarter, wireless revenue 8.3%. So, we're growing, and we're growing more. That's why we're that's why we're investing a little bit more in growth.

And that's the reason why our EBITDA in terms of percentage reduced a little bit. But we grow our EBITDA 2.4%. So the EBITDA is growing, and we are doing good in the market. We are recovering, and I think we're going to have a good year in Colombia.

2025 is going to be a good year for us. And the other thing in the corporate segment, Oscar can talk a little bit about that. I think we are very strong. We have been investing a lot in salespeople, in apps, in services, in alliances, in our data centers.

And it's a very important market, and we're going to continue to be focusing on that. Sometimes the corporate, but Oscar can talk a little bit about that. Sometimes in the quarter, we gain some big customers. So that's why we grow a little bit more.

Other ones, it's in the other quarter. But all over all, we're focusing in the corporate segment, and we want to grow and be strong on that. But Oscar can be with more detail.

## A - Oscar Von Hauske Solis {BIO 2053819 <GO>}

Thank you.

As you mentioned, last year, we won a very large project. And now we have a very, very strong pipeline. But with the new conditions, and the people is taking more time to get the decisions. But what we see in the pipeline around cloud services, digitalization, data centers, we see a very, very huge pipeline.

So we believe that we will catch up through the year. And the people is taking more time to take a decision right now, given the economic situation. But the pipeline that we have is very, very strong, as Daniel said.

## Q - Analyst

Thank you, everyone.

It is pretty cool.

## Operator

The next question goes to Vitor Tomita of Goldman Sachs. Vitor, please go ahead.

## Q - Vitor Tomita {BIO 19238819 <GO>}

Hello.

Good morning. And thanks for taking our questions. We have two questions from our side. The first one is a follow-up on the spend reduction, the reduction in spending by prepaid customers in Mexico.

Do you have any plans to expand the production of your products in Mexico? And do you have any visibility on whether customers are simply reducing internet usage, or switching to lower-cost competitors to some extent, or using Wi-Fi a lot more? Just to check just to check if you have any visibility on how people are being able to actually reduce their spending without affecting their daily usage or their daily habits. And the second question from our side and a similar note also discussing Mexico. Could you give us a bit more of an update on how you are seeing the competitive environment for broadband given the following the good results in broadband this quarter? Thank you very much.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

On the prepaid, what I see and what I'm looking on the prepaid on the reduction on ARPU because the slowdown on the economy, because people is delaying a little bit the recharge of the phone.

You sell a card of 15 days and sometimes they recharge before because they have all their data finished. Sometimes they recharge today. They wait a little bit, wait one or two days, and then they go and recharge. And that gives us the reduction on ARPU So people is delaying a little bit the buying cards and recharging the cards.

It's what I see and it's what is happening right now. On the broadband, we're gonna be still -- we're doing good and we're going to still be aggressive. And as we put more fiber, we're going to change more customers. We have 90% of our customers connected through fiber.

And I think we're going to have more loyal customers with fiber, good speeds, and good prices. I think we are very aggressive in the market, in the broadband, and I think that's what is happening right now.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Just to give you a bit more color on the prepaid. The prepaid ARPU was going a year ago, 4.5%.



Bloomberg

By the third quarter, it had slowed down to 3.1%, 0.8% in the fourth, and it was minus 2.2% in the first quarter of the year. So this is very much in line with the chart that I showed you with the decline of domestic consumption. That's basically the same timing. And as I said, the whole issue of prepaid, the whole reason for prepaid to exist is that people have more control over their spending.

And if they become a bit more cautious, more uncertain about the environment, then they typically reduce their spending. They don't have to spend in and out every month as they would with a regular post-paid plan. So that's the beauty of prepaid for the people. for the people and they are spending very rapidly, the first signs of a slowdown of the economy.

And as I said, it's a slowdown of the economy and also big promotion for competitions and other ones that they're doing. It's not only one thing what's happening in Mexico, there's a couple or three things that we already explained and the market is there, so that I think will be better in the future. I don't know for how long it's going to be so aggressive. We have the best network, we have very good coverage, the best systems, IT, so with very good quality in the network, so that also counts, it's not only promotions, other things counts also on that.

## Q - Analyst

That was very clear, thank you very much.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you.

## Operator

Thank you. (Operator Instructions) And the next question goes to Lucca Brendim of Bank of America.

Luca, please go ahead.

## Q - Lucca Brendim {BIO 22592046 <GO>}

Hi, good morning. Thank you for taking my questions. I have two here on my side.

The first one, you mentioned a little bit about the recent M&A moves that we saw in Latin America. I just wanted to check if you already seen some changes in terms of competition, the competitive environment in any of the regions where we have seen M&A or we're seeing a lot of conversations about what could be happening. And the second one, now that you have incorporated the Chilean operations, could you give us an update on the strategy for the region, if the main focus will be increasing profitability or what are the main growth drivers that you see for the region? Thank you.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

For the region or for Chile?

## Q - Lucca Brendim {BIO 22592046 <GO>}

For Chile.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Okay. Well, on the M&A, I think, well, everybody understands that the M&A brings consolidation. Consolidation is much better for all the markets, okay? So stronger competitors and that will be good for us. I don't think that will be the case of Colombia, let's say, the case of Argentina, and consolidation is not that.

On Chile, we have, what you said, what's the question, if we want to go for profitability or for market share? I think in Chile, we want to go for profitability and for market share. I think still we have not very high market share in the wireless market and we're growing. We're going to grow there. We're changing the network.

We're putting more coverage. We're doing 5G We're buying Spectrum. In prepaid and in postpaid, we're going to be targeting more customers, more market share, and try to grow there. We're still very small in market share.

We want to grow. In the broadband, we have also a good strategy. We're giving TV, good channels. We have the best TV And we're moving to fiber.

We're moving very fast to fiber, and that's been very good for us. Churn has been reduced. So we are having not a six-month plan in Chile. We're having a three, five-year plan with Chile, and that's what we're targeting.

Moving to fiber, putting best network, doing quality, very, very competitive. The other that Oscar is saying, we still have a long way to go on the synergy. Merging these two companies, we still have a lot of synergies to go. So I'm sure that we're going to grow our market share, and I'm sure that we're going to grow our EBITDA margin in the future.

That's what we have in Chile.

## Q - Analyst

Very clear. Thank you for the answers.

## A - Unidentified Speaker

Thank you.

## Operator

The next question goes to Carlos de Legarreta of ITAU Carlos, please go ahead.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

Thank you. Good morning. A couple of questions on my end, and hopefully they're not just housekeeping questions.

On Chile, Paraguay, and Uruguay that you're reporting together now, you mentioned in the press release that these are pro forma figures for Chile, and yet there's a double-digit increase in EBITDA, a massive increase in the EBITDA margin. We just want to understand what is the nature or what is behind this. Is Chile doing much better, or is there an improvement perhaps in Paraguay and Uruguay? And a similar question also in Central America. You also had an outstanding increase in the EBITDA margin, and there's not really a ton of explanation in the press release, so we'd love to hear your thoughts on that.

Thank you.

## A - Unidentified Speaker

Well, first in Central America, that we have this cyber attack last year in January, a little bit of February, and the comparison between last year and this year is different. But if you look what we do in fourth quarter and what we're going to have in the third quarter, we have been, as I said, investing investing very good in Guatemala, buying frequency, doing more coverage in 5G Also, El Salvador doing more fiber all around. (Technical Difficulty) We're seeing good performance in the other side.

We are being very aggressive on the cost and expenses, so we have to reduce costs and control expenses. So we are doing good. This quarter is a little bit difficult to compare against last quarter of last year, at the same quarter of last year, but you are going to see a second quarter with a good comparison, and you are going to see very good, not the growth that we have right now, but you are going to see very good growth in Central America. I think we're doing good.

Not only Central America, in the Caribbean we're also doing good. Dominican Republic has been doing good. Also, Peru has been growing and gaining market share. Colombia, we're doing very strong.

Eastern Europe, we are growing and gaining also some market share and reducing costs. So to be honest, all over all in America Movil, because all the investments that we have been having for the last five years, four years, all the control of the costs that we're having, investing in our people, training, and doing more on all the corporate side, I think we have a good quarter, a quarter where we're gaining market shares and being good in control costs and EBITDA So, all over all, I think in Paraguay also, you're talking about Paraguay and Uruguay, we're doing good. I don't know if you want to talk a little bit, Oscar, about Paraguay, Uruguay, Chile.

## A - Oscar Von Hauske Solis {BIO 2053819 <GO>}

Before talking about the actual operation of Paraguay and Uruguay, and just to clear up your doubt, Carlos, the financial statements do not have Chile on pro forma basis.

Financial statements do not have Chile on pro forma basis. Now, in the section, Southern Cone, which is the first time that we come up with this section at Southern Cone, we did want to include pro forma so that you could look for your models from here now on, you could have some basis of what the numbers are, and you can basically come to terms with that, okay? But we would expect that that as soon as Argentina ceases to be hyperinflationary, which will probably be as soon as next year, we can group all of the financials and the operating statistics of Argentina, Chile, Paraguay, and Uruguay within the same group. So I would expect that we are going to have the combined numbers, again, of financial and operational for Southern Cone beginning next year. This year, we will still have Argentina separate.

And just to give you an idea of what it looks like for the rest of the group, which is Uruguay, Paraguay, and Chile, we are providing, for this purpose, the performance figures. And on the operations.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

Thank you, Carlos --

## A - Unidentified Speaker

Yeah. Sorry, sorry.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

Yeah, yeah, sorry.

## A - Unidentified Speaker

No, no, please.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

Thank you. Just, I mean, I know at the consulate, P&L Just specifically, I mean, we can follow-up with Daniela, but in the Chile, Paraguay, and Uruguay section, the revenue increase looks like it is pro forma, yet the EBITDA increase is 46%.

So that doesn't look pro forma. So either there's an inconsistency, or there was, like I said, perhaps a massive improvement in the profitability.

## A - Unidentified Speaker

No, Carlos, it is pro forma. It is pro forma, and you settled at the bottom of the table.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

Right, right. So if it's not an inorganic effect, what is the driver behind the margin increase?

## A - Unidentified Speaker

Just to tell you, one year ago, the EBITDA wasn't so good. We have been growing our EBITDA margin in Chile. The question is, because of the EBITDA margin, it's pro forma, but we are growing very good our margins, because all the synergies that we're having in Chile.

That's what is happening. If you -- that's really -- that answers your question. We are having a very good EBITDA and growing our EBITDA in Chile, and Chile is doing good, and the synergies are working very good. And against last year, we spent a lot of money, we take out some people, we reduce some costs that we have, and content costs, a lot of all the synergies, maintenance costs, the new network, as we're saving some money with the new network.

So, yes, that goes directly to our EBITDA numbers.

## Q - Carlos de Legarreta {BIO 23017114 <GO>}

That's great. That's exactly the question. I appreciate it.

Okay.

## Operator

We have a follow-up from Vitor Tomita of Goldman Sachs. Vitor, please go ahead.

## Q - Vitor Tomita {BIO 19238819 <GO>}

Hi.

Just a very quick follow-up on the new CapEx guidance. The -- Back in the previous earnings call, it was mentioned that there could be some additional CapEx for Chile. Does this new guidance already include what you plan to invest in Chile, or is it separate? Thank you.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

No.

All our CapEx guidance includes all the CapEx of all the companies. So it includes Chile, it includes everything, okay?

## Q - Vitor Tomita {BIO 19238819 <GO>}

Perfect. Thank you very much.

## A - Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

We used to give a CapEx guidance before the three-year CapEx guidance, and I think the last question is if the reduction that we have this year may be increased for next year.

I don't know. I don't think so, but I don't know. I think the reduction this year will not increase the normal guidance of CapEx for next year. I don't know, but we feel that we can save some CapEx for the future.

## Q - Vitor Tomita {BIO 19238819 <GO>}

Clear. Thank you very much.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you.

## Operator

Thank you.

We have no further questions. I'll hand back to Mr.Daniel Hajj for any closing comments.

## A - Daniel Hajj Aboumrad {BIO 1898715 <GO>}

I just want to thank everyone for being in the call. Thank you very much.

## Operator

Thank you. This concludes today's conference call. You may now disconnect your lines. The Event has Ended