

TLEVISA

Quarterly Report

October 25, 2021

Economic recovery boosts Content

- Figures were in line with expectations, but with more favorable trends in Content and greater recovery in Other Businesses, while profitability pressures were observed
- Televisa expects to close the transaction with Univision this year, which would unlock value from synergies and improve the company's financial position by receiving ~\$3 billion (excluding taxes)

Higher Advertising revenues, but with adverse comparisons in profitability. During the quarter, the 15.8% y/y increase in Advertising stood out, due to a strong recovery in the private sector in the context of higher economic activity. Similarly, royalties received from Univision increased ~9.0% y/y, leading to a 13.4% y/y rise in Content sales. Meanwhile, other Businesses posted strong revenue growth of 80.1% y/y following the operation of all casinos. Net additions in Cable (52 thousand) and Sky (27 thousand) slowed down their annual growth rates to 3.7% and 2.1%, respectively, due to the expiration of 3Q20 contracts, return to school and higher on-site work, which resulted in sales variations of +5.8% y/y and -2.5% y/y, for each of them. Furthermore, EBITDA increased 3.3% y/y to MXN 10.473 billion, with a margin contraction of 2.2pp to 40.1%, as a result of lower profitability in Sky and Content from the resumption of sports rights payments and higher production. Finally, net income declined 77.3% y/y to MXN 760.6 million, due to the operating performance and a foreign exchange loss that compares very unfavorably with the profit obtained a year ago. **Temporary deterioration in the financial structure.** We observed an increase in ND/EBITDA to 2.8x related with the higher use of cash in the face of the FTTH deployment in Cable, although it should decrease significantly with the positive transaction with Univision. For now, valuation looks attractive and virtually unchanged after incorporating the results at 6.4x FV/EBITDA (vs. 6.2x of its L3Y average).

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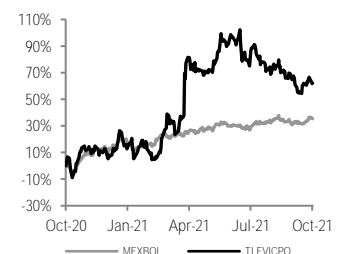
Telecom

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BUY	
Current Price	\$47.50
PT	\$61.00
Dividend	\$0.35
Dividend Yield (%)	0.7%
Upside Potential	28.4%
ADR current price	US\$11.71
PT ADR	US\$15.02
# Shares per ADR	5
Max - Min LTM (\$)	59.59 - 26.83
Market Cap (US\$m)	6,546.6
Shares Outstanding (m)	2,800.2
Float	80%
Daily Turnover US\$m	138.5
Valuation metrics LTM	
FV/EBITDA	6.4x
P/E	22.1x
MSCI ESG Rating*	B

Relative performance to Mexbol LTM



Financial Statements	2019	2020	2021E	2022E
Revenue	101,492	97,362	102,423	71,717
Operating Income	17,226	17,549	18,241	7,108
EBITDA	39,313	38,553	40,258	29,326
EBITDA Margin	38.7%	39.6%	39.3%	40.9%
Net Income	4,722	-1,250	5,895	10,809
Net Margin	4.7%	-1.3%	5.8%	15.1%
Total Assets	290,344	271,246	347,804	357,087
Cash	27,452	29,058	90,610	96,701
Total Liabilities	184,719	183,307	216,652	216,537
Debt	133,568	133,780	132,810	132,810
Common Equity	105,500	87,939	131,152	140,549

Source: Banorte

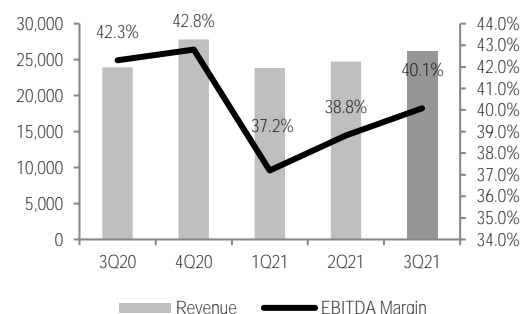
Valuation and Financial metrics	2019	2020	2021E	2022E
FV/EBITDA	6.6x	6.5x	5.8x	7.8x
P/E	29.0x	-105.8x	22.5x	12.3x
P/BV	1.5x	1.8x	1.8x	1.6x
ROE	5.2%	-1.7%	8.2%	13.4%
ROA	1.6%	-0.5%	1.7%	3.0%
EBITDA/ interest	3.8x	3.7x	4.6x	3.5x
Net Debt/EBITDA	2.7x	2.7x	1.0x	1.2x
Debt/Equity	1.3x	1.5x	1.0x	0.9x

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TLEVISA – Results 3Q21
MXN, million

Concept	3Q20	3Q21	Var %	3Q21e	Diff% vs Estim.
Revenue	23,943	26,128	9.1%	25,280	3.4%
Operating Income	5,569	4,831	-13.2%	4,627	4.4%
Ebitda	10,139	10,473	3.3%	10,116	3.5%
Net Income	3,350	761	-77.3%	953	-20.2%
Margins					
Operating Margin	23.3%	18.5%	-4.8pp	18.3%	0.2pp
Ebitda Margin	42.3%	40.1%	-2.2pp	40.0%	0.1pp
Net Margin	14.0%	2.9%	-11.1pp	3.8%	-0.9pp
EPS	\$1.19	\$0.27	-77.1%	\$0.34	-20.2%

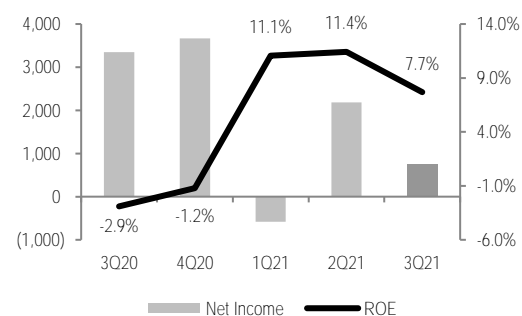
Revenue & EBITDA Margin
MXN, million



Income Statement (Million pesos)

Year	2020	2021	2021	Change	Change
Quarter	3	2	3	% y/y	% q/q
Net Revenue	23,943.0	24,753.2	26,127.9	9.1%	5.6%
Costs of goods sold	13,871.0	14,545.2	15,358.2	10.7%	5.6%
Gross profit	10,072.0	10,207.9	10,769.7	6.9%	5.5%
General expenses	5,169.0	6,222.3	5,938.5	14.9%	-4.6%
Operating Income	5,569.0	3,985.7	4,831.2	-13.2%	21.2%
Operating Margin	23.3%	16.1%	18.5%	(4.8pp)	2.4pp
Depreciation	5,236.0	5,224.1	5,347.9	2.1%	2.4%
EBITDA	10,139.0	9,608.7	10,472.7	3.3%	9.0%
EBITDA Margin	42.3%	38.8%	40.1%	(2.2pp)	1.3pp
Interest Income (Expense) net	310.0	(653.4)	(4,892.3)	N.A.	>500%
Interest expense	2,789.0	2,206.1	2,274.1	-18.5%	3.1%
Interest income	275.0	265.7	186.0	-32.4%	-30.0%
Other income (expense)	(255.0)	(604.0)	(244.2)	-4.2%	-59.6%
Foreign exchange gain (loss)	3,078.0	1,891.0	(2,560.0)	N.A.	N.A.
Unconsolidated subsidiaries	(120.0)	889.2	1,240.2	N.A.	39.5%
Income before taxes	5,759.0	4,221.5	1,179.1	-79.5%	-72.1%
Income taxes	2,119.0	1,800.0	111.5	-94.7%	-93.8%
Discontinued operations					
Consolidated Net Income	3,640.0	2,421.5	1,067.7	-70.7%	-55.9%
Non-controlling interest	290.0	239.8	307.1	5.9%	28.0%
Net Income	3,350.0	2,181.7	760.6	-77.3%	-65.1%
Net Margin	14.0%	8.8%	2.9%	(11.1pp)	(5.9pp)
EPS	1.188	0.780	0.272	-77.1%	-65.2%

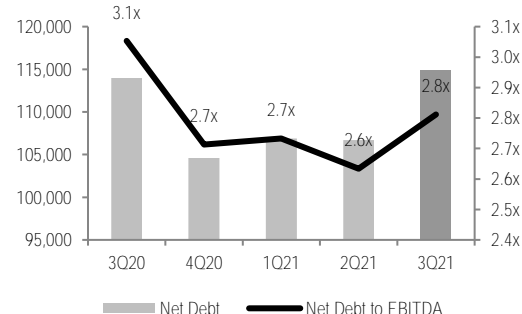
Net Income & ROE
MXN, million



Balance Sheet (Million pesos)

Total Current Assets	91,737.0	79,527.2	69,450.0	-24.3%	-12.7%
Cash & Short Term Investments	44,852.0	26,381.3	21,704.8	-51.6%	-17.7%
Long Term Assets	209,589.0	206,104.4	216,151.6	3.1%	4.9%
Property, Plant & Equipment (Net)	83,541.0	84,863.4	87,078.8	4.2%	2.6%
Intangible Assets (Net)	28,736.0	28,491.1	28,554.3	-0.6%	0.2%
Total Assets	301,326.0	285,631.6	285,601.6	-5.2%	0.0%
Current Liabilities	66,713.0	58,653.1	51,557.8	-22.7%	-12.1%
Short Term Debt	18,412.0	4,748.3	5,297.0	-71.2%	11.6%
Accounts Payable	46,560.0	51,019.3	44,338.5	-4.8%	-13.1%
Long Term Liabilities	150,166.0	136,508.6	140,637.2	-6.3%	3.0%
Long Term Debt	140,419.0	128,322.2	131,256.2	-6.5%	2.3%
Total Liabilities	216,879.0	195,161.8	192,195.0	-11.4%	-1.5%
Stockholders' Equity	84,446.0	90,469.8	93,406.6	10.6%	3.2%
Non-controlling interest	14,534.0	15,016.0	15,014.2	3.3%	0.0%
Total Equity	69,912.0	75,453.7	78,392.4	12.1%	3.9%
Liabilities & Equity	301,326.0	285,631.6	285,601.6	-5.2%	0.0%
Net Debt	113,979.0	106,689.2	114,848.4	0.8%	7.6%

Net Debt & Net Debt to EBITDA ratio
MXN, million



Cash Flow

CF from Operating Activities	7,692.8	7,006.7	6,601.6
CF from Investing Activities	(4,529.9)	(5,209.2)	(7,828.7)
CF from Financing Activities	(2,475.5)	(4,250.3)	(3,476.5)
FX effect on cash	(146.2)	(28.0)	27.0
Change in Cash Balance	541.3	(2,480.9)	(4,676.6)

Source: Banorte, MSE.

Certification of Analysts.

We, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Alik Daniel García Álvarez, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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

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History of PT and ratings

Stock	Date	Rating	PT
Tlevisa CPO	22/04/2021	Buy	\$61.00
Tlevisa CPO	21/12/2020	Buy	\$47.00
Tlevisa CPO	07/07/2020	Buy	\$30.00
Tlevisa CPO	22/01/2019	Hold	\$57.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD			AVERAGE		LEADER	

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

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