



Financial Risk

América Móvil



Financial Risk

América Móvil operates in 25 countries and generates revenues in 19 different currencies. Our total debt outstanding as of March 31st, 2021 was 31.1 billion dollars equivalent. We are exposed to several financial risks including foreign exchange risk, interest rate risk and liquidity risk.

Financial risk management is an essential function of América Móvil's Financial department and is fully aligned with the views of our Board of Directors.

In our Board meetings, our Chief Financial Officer presents a financial overview of the company including our debt profile by currency and maturity, as well as an economic overview of our main markets and an in-depth economic analysis of any country that is deemed relevant. This allows for the Board to engage in discussions and give recommendations to manage any financial risks and opportunities.

There are constant interactions between the Chief Financial Officer and his team to review relevant data such as the mark-to-market valuation of our positions and other KPIs to ensure we have appropriately covered our debt obligations and mitigated any potential financial risks. This information is presented to the Chief Executive Officer at least on a monthly basis.

Foreign Exchange Risk / Operations

As regards foreign exchange risk our operations have limited exposure to cost items denominated in currencies other than the local currency. The most important costs denominated in hard currencies are software licenses and content costs, that represent approximately 15% of our consolidated operating expenses.

Regarding handsets, which are sourced globally and are priced in dollars, they accounted for 16% of our consolidated revenues and 27% of our costs in 2020. Since we are a reseller of handsets, increases in costs resulting from a depreciation of a given currency will ultimately be borne by consumers.

Our capital expenditures are more exposed to currency risk since imported network equipment can represent as much as one half of our capital expenditures. We rely in diversification and our ability to negotiate with vendors to improve conditions in any given country in the event of a currency swing.



Foreign Exchange Risk / Financial Debt

We have issued debt in the main international markets—including US dollars, euros, Sterling pounds, Swiss francs, and Japanese yen—as well as in various local ones. We actively manage our currency exposure with a view of limiting the net exposure to hard currencies that constitute the larger part of our funding. For these, we use plain vanilla derivative instruments, both foreign exchange forwards and currency swaps, which we disclose every quarter in our public filings. Our subsidiaries are not allowed to enter any derivative arrangements. These are executed exclusively by the Corporate's financial department in line with the view of our Board of Directors and under the instruction and supervision of our Chief Financial Officer. To limit counterparty risk no financial institution may have more than 15% of the notional value of our derivatives. In addition, most of our derivative operations are under bilateral contracts whereby the net exposure over a certain threshold is marked-to-market regularly.

Interest Rate Risk

In order to limit our interest rate risk, we have approximately 90% of our debt under fixed-interest rate arrangements.

Liquidity Risk

Given the size of our capital requirements, we rely on capital markets to raise funding. We have issued debt in all major international markets with the aim to diversify access to funding which can greatly increase our ability to refinance our debt at competitive rates.

In addition to diversification, we have taken various actions to mitigate liquidity risk including managing our maturity profile to spread out our debt amortizations over as long as 30 years. The average life of our debt is 8.5 years and our average maturity is 1.6 billion dollars, which represents a fraction of our free cash flow (just over 40% of the average free cash flow of the last three years).

We have three committed revolving credit facilities in the amount of 5.2 billion dollars equivalent including facilities denominated in euros. We can dispose of these facilities at our discretion. All or substantially all our maturing obligations may be paid out of these facilities.