

## Q3 2020 Earnings Call

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### Company Participants

Daniel Hajj Aboumrad, Chief Executive Officer  
Carlos Garcia Moreno Elizondo, Chief Financial Officer  
Oscar Von Hauske, Chief Fixed Line Operations Officer  
Daniela Lecuona, Head of Investor Relations

### Other Participants

- Arturo Langa, Analyst
- Carlos Sequeira, Analyst
- Cesar Medina, Analyst
- Chelsea Colon, Analyst
- Diego Aragao, Analyst
- Marcelo Santos, Analyst
- Maria Azevedo, Analyst
- Rodrigo Villanueva, Analyst
- Walter Piecyck, Analyst

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### Presentation

#### Operator

Good morning, my name is Ian and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Third Quarter 2020 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. After the speakers remarks, there will be a Question-and-Answer session. (Operator Instructions) Thank you.

Now I will turn the call over to Miss Daniela Lecuona, Head of Investor Relations. Please go ahead, Miss Lecuona.

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

Thank you. Good morning, everyone. Thank you for joining us today to discuss our third quarter results. We have today on the line, Mr. Daniel Hajj CEO, Mr Carlos Garcia Moreno, CFO and Mr Carlos Garcia COO.

## Daniel Hajj

Thank you. Daniela. Welcome to the third quarter results, Carlos is going to make a summary of the report

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

Thank you, Daniel and good morning everyone. Well, following the massive monetary and fiscal stimulus and for the year, throughout the world since the advent of the pandemic the third quarter saw a rebound in economic activity in most countries in our region of operation and little of the volatility that was present in the prior two quarters. With the exception of the Brazilian real, which continued to deteriorate the dollar, you mean Currency that we America did not see much change over the period.

As confinement measures began to be lifted towards the end of the second quarter an improving trend became apparent on commercial activity, we added 3.2 million wireless subscribers, 1.8 million of them postpaid and 1.4 million prepaid. Brazil led the late in terms of postpaid growth after adding 1.8 million subscribers, followed by Austria with 241,000 and Colombia with have 2000, in the second quarter we had loss if I've come.

As for the prepaid gains, Mexico open the most with 1.2 million with Colombia and Ecuador contributing approximately [ph]200,000 each Peru 237,000 and Dominicana [ph]439,000 we recovered several the prepaid subscribers will be connected in the second quarter of mobility was restricted and making recharge a difficult. On the fixed line segment, we gained total of [ph]46,000 new broadband clients with every operation in LatAm in an increase in accesses.

Only Austria and Croatia among all our operations, we think disconnections Colombia and Mexico led the way with over 100,000 execute each in Mexico's (inaudible) it doubled both of the prior quarter. Altogether, mobile postpaid and fixed broadband remain our main areas of (inaudible) with the former increasing 5.7% year-on-year and the latter 5.2%. Our prepaid sub base is still down 3.2% from a year before. Well, please Fixed Voice and PayTV accesses at falling a (inaudible).

Our third quarter revenues rose 4.7% in Mexican peso of them from a year before to reach MXN260 billion. Our service revenues expanded 5.4% at constant exchange rates. Service revenues were up 1.5% roughly price of I think the preceding quarter. On the back of continued strong performance of fixed broadband revenues and the recovery of mobile prepaid revenues those most affected in the prior quarter, in the midst of the lockdown measures implemented through our Latin America. Mobile service revenue facilitated to 3.5% from 2.3% in the second quarter while the fixed line service revenues maintained a 1.4% stake of decline across our operations, both (inaudible) growth 11% while mobile data per user, was up 41%, all of which resulted in a 5% increase in mobile ARPU at constant exchange rates. Mobile service revenues were board by prepaid revenues, its growth from plus rose to 2.5% from minus 2% in the prior quarter by posted revenue decelerated complex to just under the 5% year-on-year, equipment revenues bounced back sharply. We moved I will moved on to a more forceful commercial activity, we continue decline in fixed line revenue took place at the gains observed in fixed broadband revenues from a

base of low 7.3% to [ph]9.1% were offset by new revenue losses in this fixed-line voice and PayTV revenues. It is that was not (inaudible) in the third quarter from the year earlier quarter MXN86.5 billion. The EBITDA margin remained at 33.2% at constant exchange rates EBITDA increased 7.2% more than twice as fast as it had in the preceding quarter with Puerto Rico, Mexico and Dominicana posting important advances. Mexico improved from minus 10% in the second quarter close to 1.3% whereas Dominicans increased from minus 5.5% to plus 5.8% and 11 percentage points seeing in both cases, and it's important to note that both countries have a high share of prepaid clients our EBITDA margin 33.2%, 1.6% the points higher than in the year earlier quarter. Our operating profit shot up 18% to MXN45 billion and what the driver of a 45% conclusion, our net income, which totaled MXN19 billion. Our operating cash flow total [ph]MXN64 billion and allowed us to cover our capital expenditures, which amounted to MXN91 billion. And top reduce financial and level of the, in the amount of MXN52 billion, including a MXN47 billion reduction in our net debt Our capital expenditures in the period with our relative securing adequate capacity in our networks and maintaining good quality of service at the end of September. Our net debt to EBITDA stood up 1.38 times on the (inaudible) likely less than at the end of June. All throughout this year and in spite of movements in foreign exchange rates, we have kept that leverage ratio at or below 1.93 times on the -- on all read. Looking at Mexico with that revenues bounce back to close 1.1% from a minus 4% decline in the second quarter with fixed broadband revenues accelerating to 6% from 2%, on the back on the above EBITDA recovering sharply from 10% (inaudible) launching in the second quarter to over 1.3%, as for Brazil posted revenues continue to excel, posting a 9% increase from the year before with prepaid revenues lies on 5%, we think they capture on prior to the convenience on the fixed line platform broadband revenues continued to perform well, expanding 6.8% and my opinion are stable trend. On the (inaudible) in to the revenues accelerated to minus 15.6%. Colombia, was the only country (inaudible) is expanded on both the mobile and the fixed line platform in the third quarter almost at the term period in each one, both prepaid and postpaid revenues expanded that with similar growth in the first quarter, we have fixed broadband revenues remained at a 15% growth and PayTV revenues continue to accelerate 10%. EBITDA increased to 4% in the quarter on the strength of the revenue increases and we with need to provide for past due collections, regarding Austria both fixed and mobile revenue declined slightly later delighted down by reduced down in revenues of to the concrete write-off on account of the funding. In spite of the above, the company's adjusted EBITDA before restructuring share of 4.7% on reduced interconnection and roaming charges, as well as savings from several large fund. Well, this I would like to conclude be talking to close in the company. Thank you.

**Daniel Hajj Aboumrad**

Thank you, Carlos. We can start the Q&A.

## Questions And Answers

### Operator

(Operator Instructions) Your first question comes from the line of Rodrigo Villanueva of Bank of America. Your line is open.

**Q - Rodrigo Villanueva** {BIO 16358124 <GO>}

All right, thank you. Good morning. Can you hear me well.

**A- Daniel Hajj**

Yes.

**Q - Rodrigo Villanueva** {BIO 16358124 <GO>}

So my first question, thank you very much.

My first question is, if there is any update that you can share with us regarding the potential alternatives to create value from your towers. Anything related to timing amount of towers that (inaudible) transaction will be very helpful, thank you.

**A- Daniel Hajj**

Hi, Rodrigo. Well, what we have been saying on the Tower transaction that we have around 60,000 towers in America Movil, and we are working to on the regulatory on the legal to see what is the best thing to do with our like 15 countries, so in every country deeper and so we're working on that and we are analyzing, what's the best way to give value to the tower saw, we have nothing concrete to say right now, but we're working hard when the -- to have that as soon as possible.

**Q - Rodrigo Villanueva** {BIO 16358124 <GO>}

Understood. Thank you very much. And secondly, I mean the Mexican government appears to be willing to raise the price spectrum particularly in frequency is expected to be useful budget purposes. So I was wondering if you could share with us how relevant. This is why your mix on if there is anything that you can do to prevent this from happening. Thank you.

**A- Daniel Hajj**

Well when we have been following that discussion in the congress in the (inaudible). We are not agree on that they think they should embrace any on the spectrum to, it's very expensive right now. And the only thing that they are going to do is to delay 5G, they are going to do that or increased prices in the other side. So, Mexico at this time the bit highest levels of spectrum, we're paying a lot of money and we are not agree on that we're following the discussions, we don't know what is going to end on what they are saying is that they want to increase the 800 megahertz frequencies, what they have been in discussions. So we don't know exactly what is going to end on.

But we are on favor of those that we are really, we don't think that's a good idea.

**Q - Rodrigo Villanueva** {BIO 16358124 <GO>}

Understood. And thank you very much.

**A- Daniel Hajj**

Thank you.

## Operator

Your next question comes from Diego Aragao of Goldman Sachs. Your line is open.

### Q - Diego Aragao {BIO 17889908 <GO>}

Yes, good morning everybody. Thank you for taking my question. I have just two short questions about Brazil. The first, if you can please share your expectations about M&A, in the country. I mean with (inaudible). So if you can just provide like an overview about the next steps and your expectations in the Movil's pay and secondly if you can also share your expectations regarding 5G spectrum auction. That apparently it should occur in the beginning of next year, but if you can churn on this topic that will be great. Thank you.

### A- Daniel Hajj

And well on Brazil, first of all, I think we have a very good quarter in Brazil is still growing, very good on postpaid subscribers and also in prepaid. So the revenue in our wireless operations are doing very good in broadband, we are also doing excellent in Brazil on (inaudible) I think we feel that the option, the final option will be before end of the year. We don't know exactly the dates, but we feel that's going to be before the end of the year, and on the spectrum for 5G, well somebody -- I'm hearing rumors that base there that it's going to be in the first quarter of next year as you are saying or the one said that in the middle of next year. So, we don't know exactly when we're going to have the option, but right now in Brazil. We have very small, very small amount of our network with in 5G, so we are already launched 5G in a very small count part in Brazil. So, we are moving on that direction, and I think next year will going to see that we're going to start by (inaudible) in the other side, we're -- with the Nextel purchase, we already integrate the company, we do a very good integration, and we have been doing very well on the wireless gaining postpaid market share every quarter.

So, that's more or less what we have been doing in Brazil in the other side, we have been cutting cost all around Latin America, also in Brazil, we are being, I'm trying to be more digital company more digitally saving a lot of costs over there. So, we're working on that direction and putting more and a lot of work on that.

### Q- Diego Aragao

Thank you. That's very helpful. And just a follow-up on the food space in Brazil because it will be quite strong, so what would to understand what are those customers coming from. I mean do you feel that if you -- if this is still a trend of prepaid shifting to postpaid or do you believe that you gaining share from competitors. Thank you.

### A - Daniel Hajj Aboumrad

I think all that there is a lot of our prepaid moving to postpaid. Of course that something prepaid from other companies moving to postpaid and also postpaid from other companies moving we have a very good network and we have been showing that for the last year and also that's been very, very good now.

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And also you can see in number portability we're gaining more than any other company. So that's where we're getting all these postpaid subscribers.

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**Q- Diego Aragao**

Okay, thank you.

**A - Daniel Hajj Aboumrad**

Thank you.

**Operator**

Your next question comes from the line of Arturo Langa of Itau BBA. Your line is open.

**Q - Arturo Langa** {BIO 18675469 <GO>}

Hi, good morning and thank you for taking my question. I just like to get your thoughts on your intention to do that any potentially the sale of towers in Southern America was up, but has the intention is still to reach 1.5% that is (inaudible) net debt EBITDA. And if so how can we think about cash (inaudible shareholders one AMX reaches this level.

We've been patient to increase distribution to shareholders (inaudible) that the relative yield the do have in mind and then you what mechanism that you show better that. That would be be my first question.

And the second question is with as related to Colombia, how you through the arrival of one in the country and specifically would you be interested in offering long this services to one -- that would be say then in Chile. Those are all my questions. Thank you.

**A - Daniel Hajj Aboumrad**

On the first question, I mean I think with the sale of to platform Verizon we done it closures that should doing well -- that alone should bring those down or would you bring was down to 1 and 1.5 net debt to EBITDA. So whatever if obtained from the (inaudible) without with tenders are disposal. We feel from the kind that would be something that would be clearly reduce our leverage. I'd say

**A - Unidentified Speaker**

That in addition for these, we have a strong cash flow and we are expecting to this cash flow to remain well going to the next year, the next couple of years. So I think from a leverage standpoint, we feel that we are in very, very good shape. This is something that the rating agency, who you know that we are very much in we've ratified to all we are in very, very good shape financially and we think it's important particularly in times of so much economic uncertainty we are living through today, to navigate to with a lighter load of debt then we would normally difficult.

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So I think that it's important for, again, given the uncertainty, if there is to be somewhat more conservative on the financial culture of the company.

And can you repeat the second question, please.

**Q-Arturo Langa**

Yeah.

**A-Daniel Hajj**

I'm sorry.

**Q-Arturo Langa**

Can you share your thoughts on the arrival of one in Colombia. And they have a big obligations in terms of network rollout, and it's in discussion right now is both would be actually be a roaming agreements, which you might be willing to provide, are you guys did after roaming agreements to one in Chile. So, I was just wondering what you have thoughts on the arrival of 1 into Colombia are and how you manage that.

**A-Daniel Hajj**

Well, I think what we now one the he as you said, they are in Chile and they are aggressive. So, we have been preparing the company for maybe all this year. So, we are putting more capacity and then we're working to be prepared when one starts and that's something -- that's nothing else I can say that we like to compete and we are going to compete in Colombia and also is Tigo and Movistar over there. So we have been highly any roaming agreement on till now with one if that's your question, we haven't found anything there with they haven't do anything with our saw we're working well, you know that we gain the spectrum in Colombia and we're working to all the consumer members to all the investments that we need to do and to put the capacity and the net working the small towns that they required, so we are doing very well in Colombia, we are growing in postpaid

Growing in prepaid growing in TV growing in broadband. So we are really doing very well there. So we have from very platform and Oscar can talk a little bit more on what we have been doing in Colombia.

**A- Oscar Von Hauske**

Thank you. Yes, as you mentioned, we are a fully integrated companies in Colombia. Wwe are in doing quite well on mobile, but more in the convergence. So we deliver on the set of products. So fixed broadband, fixed the lines and mobile, PayTV in different flavors and as well, we started three years ago, focus on enterprise and all the cloud services that we deliver there.

So we telco integrated solution that are only productivity and willing really successful in the market on Enterprise. So it's going to be more competition after we would feel that

we're in a very good position.

### **Q-Arturo Langa**

Understood. I appreciate your answer.

### **A- Daniel Hajj**

Thank you.

### **Operator**

Thank you. Your next question comes from the line of Walter Piecyk of [ph]Lake said. Your line is open.

### **Q- Walter Piecyk**

Thanks. Daniel, the trend for ARPU has been pretty positive since 2017. I understand that some of that is postpaid, prepaid mix but clearly LTE usage has certainly had an impact obviously COVID gave you a little bit of a headwind in the last couple of quarters. But when you're looking at 2021 assuming where have some type of COVID recovery in the health-wise, but maybe not economically. Do you think that in across your markets, especially the big ones that you can get back to ARPU growth.

And then two kind of additional questions as it relates to that which is can you give us an update on what is the mix of LTE traffic today and kind of a capital CapEx, outlook (inaudible) CapEx to get down a lot this year. Is there going to be kind of a return to CapEx investment in based on some of this LTE growth. Thank you.

### **A - Daniel Hajj Aboumrad**

Yeah, well, what we have been seeing in these two things are very important with the pandemic. The pandemic show us that our networks are really strong. So we handle all the traffic in all the countries that when we saw people from offices to houses and then lot more in house, in the Broadband, in wireless, in WiFi, they see a lot more TV.

So all these trends looks very good in our network. So we have a very strong network and that's because the last three years

We have been investing a lot on that is the bulk (inaudible) in the volumes in the last mile saw that's very important and we're very happy. We have been doing a lot of testing so around Latin America, and we have been the best network in most or maybe all of the countries, we have been doing very good on that, so that's very, very important. So other things that what happens during the pandemic, is there it's accelerated a lot the digital for payments for shopping, for (inaudible) for everything so, it looks like people is going to use more and more and more on that. So, I don't know what is going to happen on 2021. But what I can tell you is that people is using a lot more telecom has becoming more and more important every day.

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And with this lockdown, accelerate a lot the digital in the digital sites we're doing that on the CapEx, I'm going to talk a little bit about the CapEx this year. Well, I think the CapEx, it's gone end reducing may be \$0.34, \$0.25 to \$0.34 that we're going to reduce the CapEx from our original CapEx this year because we also -- because execution, because in the lockdown was very difficult to execute also because we take out from the projects that we don't need and maybe we're going to delay that and we're working right now to see what's going to be the CapEx for next year. So still, I don't know what will be the CapEx, but the CapEx of this year is going to be around \$6 billion instead of the \$8.5 billion that we have there. So large more or less what we have five execution because of the lockdown other ones because we some projects that we don't think or we don't meet at this moment.

### **Q- Walter Piecyk**

I mean that's a pretty big decline I didn't see my usage declined that much so. I mean, at a minimum, shouldn't you think that CapEx, I mean I know you don't want to give a CapEx guidance for 2021 now but is you're down that much this year should at least be flat in 2021, is it, would you say -- would it be reasonable to assume that.

### **A- Daniel Hajj**

Compared with this year or compared with our original CapEx.

### **Q- Walter Piecyk**

When I look at 2021 if it's 6 billion this year, I would assume that at a minimum, is going to flat if not up in 2021 from that level.

### **A-Daniel Hajj**

See from that level, it's going to be higher of course is going to be higher, about -- we're working. I don't want to advance anything both it's going to be higher than this year.

### **Q-Walter Piecyk**

I mean maybe not at the (inaudible) from 2018 and 2019, I got it. Okay.

Thank you Daniel.

Okay.

### **A- Daniel Hajj**

You know all the things that has been really interesting is that, while there's a lot of suppliers that are helping and reducing prices and moving with new technologies, there

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is a lot that we have been doing there. So also is helping us on that. So what I can tell you right now very important that that we did \$6 billion, we haven't lose anything, we have a lot of capacity, very good quality and in the commercial side in the level of CapEx that it's 100% done what we need, so we are not stopping anything on that saw that's important. So we're not going to stop growth. We are not going to stop capacity, we're not going to stop quality. We're not going to stop. Very important, all the digital, things that we are doing in the company. So that's very important that.

### **Q-Walter Piecyk**

Just one quick follow-up Daniel. I apologize for the third question, but it's related is, when you say execution, does that mean like a different radio vendors like Fujitsu or Airspan whoever rather than the traditional guidance or is it just that pricing is coming down from the Nokia Ericsson wireless to the world.

### **A- Daniel Hajj**

All right. It's a new vendors plus maybe not being great year, but in other things they are new people entering in some of the new technology. So it doesn't carry -- the radio it's a very small part of our CapEx or it's a lot on the backbone, a lot of photonics are not on digital, Pfizer, there is a lot of things in the CapEx is not only radio core utilization. So it's a lot of things related to come.

### **Q- Walter Piecyk**

Thank you very much.

### **Operator**

Thank you.

Your next question comes from the line of Marcelo Santos of J.P. Morgan. Your line is open.

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

Hi, good morning. Thanks for taking the question. There are two actually. So, the first is about the pickup in broadband ads in Mexico. I just wonder if you could talk a detail about the sources you mentioned the agreements with OTTs but also is there some demand from COVID coming in, and what do you think about the sustainability of this higher growth in broadband and the second question is about the Brazilian reconnecting the fixed-line which you comment is more on PayTV, this is limited to DTH, it is also suffering cable, what's the outlook here. How much more of decline We have on the DTH, thank you.

### **A- Oscar Von Hauske**

So your first question around the Mexico broadband, but we've been doing this now operating all the speeds of our customers who have been keeping the loyalty from our customers, another thing is that we've been migrating from copper to fiber, as soon as

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they can within the market, and the third one is that we launched a new set of packages that includes several add-ons with the program and I think has been worried when we from the bucket, we and there is a (inaudible) because you mentioned around the COVID, all the people working from homes more speed, so there is more people connected to development that's helped us and other things that have been not only Mexico we see these in all in all on the (inaudible).

On the Brazilian side, as you know PayTV is decrease in the revenues of (inaudible) you on [ph]70% what we see is that when you look at the total market is total market is decreasing in Brazil. So, there is downgrade in some of the cost of given the economic conditions in Brazil, well, what we are doing is to develop the new set of products that you said, more like a entertainment hub moving down the PayTV regular PayTV, we believe that included add-ons and more functionality to the PayTV, we will good if there are lined up the revenues in the near future.

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

Okay.

**A- Daniel Hajj**

Thank you.

**Q - Marcelo Santos**

Thank you very much. {BIO 17186991 <GO>}

**Operator**

Your next question comes from the line of Cesar Medina of Morgan Stanley, your line is open.

**Q - Cesar Medina** {BIO 16600229 <GO>}

Hi, thanks for taking my call. I have two questions related to the deleveraging process, I mean, one is older than the towers, but you're working on, how should we think about other states have been, for instance, there has been news regarding KPN. And once you reach to that 1.5 level what mix, I mean should we expect and distribution to shareholders buybacks dividend more on that front, appreciate your thoughts on that. Thank you.

**A- Daniel Hajj**

Well, first, on your question on KPN. So if we know this through these private equity bond that if the (inaudible) over there is we don't know nothing. We know that from the media. So, we don't know what is going to happened there, of course, there is going to be consolidation of course there is going to be consolidation in Europe, but we don't know nothing about that.

And on the Finance -- I think as we have the (inaudible) letter of disposable for sale, commercial disposable for sale, it is reflected as a marketable securities. They are indeed

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(inaudible) security, and that will not change our net debt.

So, even potential divestment of the -- we will get the stake, we will have any impact on the levers. The, I thought if I was (inaudible) out I think we have on the one hand, the cash flow that is providing both to ample room to review that, as rules have gone so far this year, I'd mentioned nearly 50 billion pesos cash reduction of net debt and we've in time being in (inaudible) construction presently expect to receive (inaudible) \$6.3 billion, so (inaudible) would take of a long way to -- that we're running our tough times or even below (inaudible) to EBITDA. So, I think debate is of our great uncertainty in the world.

I know, if you're familiar with the latest IMF forecast to the world of a basically we have a federal countries now coming back, year in 2019, on two or three or four years from now. Okay. So I think this is still is on way the early parts of this call it related crisis, and we think it's base through remain conservative and to several things to navigate like a lot of debt few things are on (inaudible). So that's what I would say to.

**Q- Cesar Medina**

Great, thank you.

**Operator**

Your next question comes from the line of Carlos Sequeira of BTG Pactual. Your line is open.

**Q - Carlos Sequeira** {BIO 1798391 <GO>}

Thank you. Good morning, everybody. So my question is (inaudible) any potential really it's (inaudible) cable network in Brazil fiber and fiber to the home technologist? You have a big cable network operation there, and I was just wondering if have any pension overlay at some point? Thank you.

**Operator**

(Technical Difficulty) The speakers are back on the back on the call. Feel free to be get with in.

**A- Daniel Hajj**

Sorry, we're back.

Thank you.

We feel wrong bottom, sorry

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**Q- Carlos Sequeira**

Yes, maybe, if you want me to make the question again. Guess I can do it.

Yeah, okay. So my question is if AMX has any plans to overlay it's coaxial cable network in Brazil with fiber or fiber to the home technologies. If not now, at some point in time, what you -- how you see the cable network in Brazil versus the possibility of a range of hybrid (inaudible). Thank you.

**A-Daniel Hajj**

As you know, if you see (inaudible) to upgrade both here was two boxes to be the one. All these that we want volumes to that. It actually price so we have competitive already it's half it's highly to keep up with it is just that been the one with dispute that we need for the market in the next year.

And being on the new (inaudible). We have higher the home, the quarter is a little room we don't count next year and we are analyzing

Of course, in those markets in the future.

**Q- Carlos Sequeira**

Okay, thank you.

**Operator**

(Operator Instructions) Your next question comes from the line of Chelsea Colon of Aegon. Your line is open.

**Q - Chelsea Colon** {BIO 17438250 <GO>}

Hi. And thank you for taking my questions. I was just wondering if you could provide a little bit more color around this performance in Chile. I'm just wondering how much of this performance is, do you think is due to competition in the market versus the effects of the pandemic. And if you could also just remind us of what technology you have on the mobile and fixed side in Chile.

**A- Daniel Hajj**

All right, you are talking about Chile?

**Q - Chelsea Colon** {BIO 17438250 <GO>}

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Yes.

**A- Daniel Hajj**

We're not, in Chile we have the same technology in mobile, that we have all around Latin America with the 2G, 3G not 2G now. I think it's all (inaudible) 3G, and 4G and 4.5G, so that's the technology that we've had in peaks. We also have a fiber to the home. So what we need in Chile, Chile is doing a little bit more difficult on the country as the lockdowns has being on and off and we need to improve there. So I think we are putting and execute better, so we are working on that and I hope that we (inaudible) a better results in the next year.

So it's not something about technology. I think we are well prepared on the technology, very good also in mobile in [ph]peak in corporate also the data centers (inaudible), we need to execute a little bit better. From the market, it's also very difficult [ph]tariff prices has been going down, and [ph]but nothing else to say need to execute better.

**Q - Chelsea Colon** {BIO 17438250 <GO>}

And what is your exposure to the SME segment in Chile.

**A- Daniel Hajj**

What is your, what, sorry, we can't hear you?

**Q - Chelsea Colon** {BIO 17438250 <GO>}

Your exposures to SMEs in Chile.

**A- Daniel Hajj**

(inaudible) I think we are in a good position, but [ph]Oscar can tell a little bit about what we're doing on the corporate side and that are in the small and medium enterprise.

-- Sure. I mean it's more [ph]on-site excellent. So in the market and we will in this (inaudible).

And the first are looking for more digitalization more long services, more applications there will be not to help them online to harvest floor in the digital world. So, what we've been doing on the loading on these both in terms of the industry, the small business and on enterprise. If you look at the change of (inaudible) we look for the connectivity end of the change, you have connectivity on the security, we have data, you got the business analytics recovery, in fact, we think there and then got (inaudible). So what we are offering of both but got fully integrated you in the market not only keep us on going to, we want to bring (inaudible) the customers to improve the product in the increased revenues, it's more being brilliant proposal not only point of will be working with certain (inaudible) portfolio the last within the few years ago.

So I think need to be very well a bit in the more as an aggregator then only connectivity.

**A- Daniel Hajj**

Thank you.

**Operator**

Your next question comes from the line of Maria Azevedo of Santander. Your line is open.

**Q - Maria Azevedo** {BIO 16178885 <GO>}

Hi everyone, thank you for the call. Congratulations for the strong numbers. I have two questions, the first one to follow up on the question on CapEx, do you think that network sharing open rand and those initiatives can also help the optimization of CapEx and how much do you expect to spend with 5G spectrum in 2020 and 2021 and then the second question is about a trend about monetizing subscriber base in some of the companies are talking about digital wallets, a new launch some initiatives of using prepaid credit as digital wallets, how big is that opportunity in LatAm. Thank you very much.

**A- Daniel Hajj**

And I think in terms of 5G. I don't have a number on how much we're going to impact on 5G next year, but we're going to -- we're going to have 5G in some of the time to next year is going to depend a lot on the spectrum, let's say you (inaudible) practice which is on the long dispatch room when those are the countries are going down the spectrum other ones, we already have the spectrum. So we're working in 5G and we don't have 5G launch right in some

Countries. The next few years. So we have not network sharing, I think network sharing [ph]sales for these sales in some places. So I'm not a fan of network sharing, let's say in (inaudible) example. Okay, because indeed [ph]PPG we are always impacting more new technology, a lot of capacity, and then you have to grow the capacity and put more and more because of the usage, both network sharing in rural areas where the growth is not so big, or in play third yield on you need more product actually done a lot of capacity, gigs a very good idea that's the way we deal and what we think it's important so, of course, network sharing, is a good idea.

But depending were I mean with whom we [ph]get put in. Okay, so that's what we feel on the [ph]wallet of certain can talk a little bit about we have on digital wallet.

Yes, we will [ph]be redeveloped our wallet around digital [ph]wallet, its called got opened and what is the functionality that is within the [ph]current stuff that you could cash in and your cash out in pre-clinical software from credit cash from deposit. As you know in Latin American countries (inaudible) the use of cash, we are getting to that the digitalize that interactions should be great.

And you said is an application that going to [ph]quickly review the use of cash, what are you know we could be -- it could be thereby sort of view like telephone, (inaudible) recharges prepaid mobile phone and we are on the -- of this right now. So we are developing more personality, but we [ph]are very good growth. It's a problem.

**Q- Maria Azevedo**

Okay, thank you very much.

**Operator**

There are no further questions at this time. I hand the call over to Mr. Daniel Hajj.

**A - Daniel Hajj Aboumrad**

I just thank everyone to be for being in the call. Thank you very much. Bye-bye.

**Operator**

This concludes today's conference call. You may now disconnect.

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