

Q2 2024 Earnings Call

Company Participants

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

Other Participants

- Alejandro Lavin, Analyst, Santander
- Carlos de Legarreta, Analyst, Itau BBA
- Daniel Federle, Analyst, Bradesco BBI
- Juan Cruz, Analyst, Morgan Stanley
- Leonardo Olmos, Analyst, UBS
- Lucca Brendim, Analyst, Bank of America
- Phani Kanumuri, Analyst, HSBC
- Vitor Tomita, Analyst, Goldman Sachs
- Walter Piecyk, Analyst, Lightshed Partners

Presentation

Operator

Good morning. My name is Kiki, and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Second Quarter 2024 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. (Operator Instructions).

Thank you. Now, I will turn the call over to Ms. Daniela Lecuona, Head of Investor Relations. Daniela, please go ahead.

Daniela Lecuona {BIO 15302125 <GO>}

Thank you. Good morning, everyone. Thank you for joining us today to discuss our Second Quarter Results. We have on the line Mr. Daniel Hajj, our CEO; Mr. Carlos Garcia Moreno, CFO; and Mr. Oscar Von Hauske, COO.

Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you, Daniela. Welcome everyone to America Movil Second Quarter of 2024 Financial and Operating Report. Carlos is going to make a summary of the results. Hi, Carlos, you can.

Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Hello. Thank you, Daniel. Good morning, everyone. Well, the second quarter of the year got started with an important session of long-dated U.S. Treasury yields with those in the 10-year tenor, advancing 50 basis points in April on the back of unexpectedly strong employment figures. They remained volatile throughout the quarter, closing June at 4.4%, practically the mid-point of the range in which they traded throughout the period.

The Mexican peso, which had withstood well the U.S. interest rate volatility, weakened sharply following the Mexican Presidential elections on June 2nd. After months of appreciating vis-a-vis, not only the U.S. dollar but also practically all the currencies in our region of operation, the Mexican peso was to depreciate against all.

We added in the quarter 2.4 million subscribers, of which 1.8 million were postpaid, with Brazil contributing roughly half, Colombia 183,000, and Mexico 99,000. The numbers you see for Austria also include (inaudible) machine-to-machine. In our prepaid platform, we registered 599,000 net additions with Colombia gaining 261,000 subscribers, followed by Argentina with 191,000.

In the fixed line segment, we obtained 376,000 broadband accesses, including 148,000 in Mexico and approximately 63,000 each in Argentina and Brazil. Voice lines and PayTV units registered losses in the period, and were down 63,000 and 56,000, respectively. Our postpaid base increased 6% year-on-year, with prepaid expanding 1.6% and fixed broadband accesses 4.9%, they were the second more dynamic access line.

Our second quarter revenue, MXN206 billion, was up 1.5% from a year before, with service revenue expanding 3.5% and equipment revenue falling 9.8%. At constant exchange rates, service revenue increased 4.7% year-on-year, practically the same pace it had maintained the prior quarter, but with slightly faster mobile revenue growth and somewhat slower fixed-line revenue growth. And that's helped to bring about a 6.9% increase in EBITDA. The greater operating leverage stemming from positive revenue growth on both platforms has been the main driver of EBITDA growth obviously, coupled with strong cost controls.

Mobile service revenue accelerated to a 5.1% pace from 4.9% in the preceding quarter on the back of stronger postpaid revenue growth, as prepaid revenue stayed on pace. On the fixed-line platform, service revenue growth decelerated to a 4.1% pace from 5.1% the prior quarter basically on account of corporate networks revenue, which had seen a big jump then.

Broadband revenue growth continued to improve, reaching 7.9%, up from 6.4% in the first quarter and corporate networks revenue increased 7.2%. The prior quarter it had seen a 13% jump on account of some extraordinary contracts that have been obtained. It is important to note that fixed broadband revenue consolidated, has come to be nearly 25% higher than the combined PayTV and fixed voice revenue.

EBITDA totaled MXN83.1 billion in the quarter which represented a 5.6% increase in Mexican peso terms from the year-earlier-quarter and 6.9% at constant exchange rates, as seen before. The consolidated EBITDA margin reached 40.4% in the quarter, that was 1.5 percentage points improvement from a year before, again on great operating leverage and solid cost controls.

Our operating profit came in at MXN46 billion, having risen 12.9% from the year-earlier quarter, but our comprehensive financing costs reached MXN40 billion on account of foreign exchange losses resulting mainly from the depreciation of the Mexican peso. And because of this, we ended up posting a net loss of MXN1 billion in the quarter. I have to say that at the end of May, prior to removing the peso, the two-thirds of our net debt were Mexican peso based.

In cash flow terms, our net debt increased by MXN14.3 billion and together with MXN67 million in operating cash flow, allowed us to cover CapEx, totaling MXN56 billion. Share buybacks in the amount of MXN12.5 billion, and labor obligations for a similar amount. That's in the six months of June.

Now, our free cash flow was MXN10 billion greater -- MXN10 billion greater than that of the first half of 2023, partly because of lower capital expenditures, which were down MXN8 billion. Our share buybacks in the period were four times the ones we registered a year before. We went from MXN3 billion in the first half of 2023 to MXN12.5 billion in share buybacks in the first half of 2024. Our leverage ratio came down to 1.38 times EBITDA from 1.5 times the prior quarter.

That's the summary, and I will turn the floor back to Daniel for the Q&A. Thank you.

Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you, Carlos. Please we can start with the Q&A.

Questions And Answers

Operator

Thank you. (Operator Instructions) Your first question comes from the line of Leonardo Olmos from UBS Company. Leonardo, your line is now open. Please go ahead.

Q - Leonardo Olmos {BIO 21197412 <GO>}

Good morning. Thank you for taking our questions. So we have two. The first is, can you break down the effect losses in this quarter? I know there is an unusual -- a usual behavior. But considering what you just said, about two-thirds of net debt being in peso based. How should we forecast this line, the FX losses in correlation with the Mexican peso? That's the first question.

The second one, completely unrelated. Across Latin, we're seeing prepaid decelerating not only in AMX, but its competitors as well. Do you expect prepaid revenue to return to growth at some point? Thank you.

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

Well, Carlos can start with it.

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

Okay. On the FX side, as I said, two-thirds of the exposure of the net exposure are in pesos. But the net exposure you get to after using derivatives and the impact of derivatives is different from the results from the one that you get from the actual FX movements or FX gains or losses on the underlying debt, okay? So there are differences there. We can guide you through them, but it's not easy to predict how those movements can take place.

Then there's a portion of our overall [ph] debt which has to do with intercompany transactions, and we basically watch all of them, we retain a certain exposure to Real, okay? And in this quarter, we had the depreciation of the Peso, but also Real. And that's what resulted in this. Okay? But that's basically, you have a -- there is a little bit of a noise in the results associated with the underlying deposition. That's in overall the case.

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

Well, on the second question, on the prepaid, this accelerating, I think the prepaid is related and in each country is a little bit different. But what we can see in all the countries is that some prepaid customers are moving to postpaid. So they are getting, as we are moving to 5G, and giving some more data, better handsets. So they are moving to be a postpaid customer. So that's one thing.

The second very important is depending on the economy of the country, so prepaid is a lot related on how the economies are doing and spending on the people on that. So that's more or less what you have been seeing all around Latin America. People moving to postpaid, from prepaid to postpaid. And depending on the economies also we can see if they are going to spend more or not, also some promotions in some countries that we are seeing all around. So that's more or less -- (Multiple Speakers)

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

And just to go back on the FX question, there is very comprehensive information that is sent over to the Mexican Bolsa, is available to all the analysts and investors. And

you have all the details of the underlying debt positions and of the underlying derivatives position.

Q - Leonardo Olmos {BIO 21197412 <GO>}

Very good. Thank you very much, Daniel.

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

Thank you.

Operator

Thank you. The next question comes from Leonardo Olmos from UBS. Leonardo, your line is now open. I'm sorry, pardon my mistake. The next question is coming from Walter Piecyk. Walter, your line is now open.

Q - Walter Piecyk {BIO 1510511 <GO>}

Thanks. I guess first question, just in general on ARPU growth. I know I kind of asked this every quarter, but just always want to check in on it. Seems like it's sustaining. And again, I'm primarily interested, I guess, in Mexico, Brazil, and Colombia. When you look out over '24 and '25, do you see the trends of usage or perhaps maybe price alterations continuing to sustain that growth in the average revenue per user?

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

Well, it's -- we have been seeing that for the last two years, since we have been putting 5G and the customers are using more, doing more applications, they are moving to better plans. So that's more or less what the ARPU. The ARPU is moving and increasing because of two things. The customer is moving to a better plan, so they are a little bit more of the rent with more for more, more data, but you pay a little bit more and then I give you more. So that's one thing.

And the second is you are staying in your plan, but you are consuming more and you are consuming more because let's say in Mexico we have 5 million -- more than 10 million customers in 5G, we have been developed these networks all around and people is using more data. So that's more or less what we have been seeing. So more things that people is doing online, they are using more the phone. And that's what is happening, I hope and I think that for '25 and '26 or '24 and '25, we're going to still seeing that trend.

Q - Walter Piecyk {BIO 1510511 <GO>}

Okay. Thank you.

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

And Walter, (Multiple Speakers) just little -- so add little more. I think the average quarterly growth in ARPU in Mexico is 3.3% for the quarter -- that's for the last five quarters. And in Brazil, it should be in the range of 6%, during -- (Multiple Speakers)

Q - Walter Piecyk {BIO 1510511 <GO>}

I'm sorry, say again, that you think it should be in the range of 6% going forward?

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

No, it's what we have been seeing [ph] (Multiple Speakers) for the last five quarters.

Q - Walter Piecyk {BIO 1510511 <GO>}

Oh, yeah, yeah, of course. And then just on equipment revenue, alternatively that didn't look as high. We -- you report churn, so we can see gross adds. So it doesn't seem like it's gross additions it's impacting that. It must be just other equipment revenue, upgrades, or maybe whatever accessories and things that you sell in the stores. But just if you could give us a sense of what you're seeing in terms of phone purchases and do you think, do you anticipate that may change with the release of the new AI services on the iPhone and Samsung and other devices?

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

What you're seeing, let's say, equipment revenue, the -- where you see that we have a decline, a big decline is in Mexico, 14%. And it's really because we are only reducing 5% in units. The rest is that people is buying, let's say, not cheaper phones, so that -- the phones has been reducing prices. And we have -- we used to have 5G phones at \$300, \$400, today we have 5G phones at \$200. So people is buying phones, cheaper phones with the same -- that the phone is a very good phone, good camera, a lot of good chips, so people is looking and reviewing a little bit on more detail which phone is buying. So we have 5% decrease in units but 14% decrease in equipment revenue in Mexico. So that's more or less what the trend and what is happening right now.

Q - Walter Piecyk {BIO 1510511 <GO>}

Dan, do you think that changes?

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

(Multiple Speakers) People is choosing the better phone and -- (Multiple Speakers). Yeah.

Q - Walter Piecyk {BIO 1510511 <GO>}

Understood. But going forward there is a lot of hype, interest in what Apple has recently announced. And obviously, Samsung has also added some AI features. Do you think that trend you saw this quarter will reverse and do something different at the end of this year and into 2025?

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

Well, I think AI is going to be very important. It's what Samsung is doing in their phones because they already have in some phones the AI application. Still with iPhone, it's only the announcement that they have. But I think that will be -- but at the

end of the day I think the AI application in my view is going to have all the phones again, not only the high-end phones, the mid-end phones are going to have also this application. So that's the trend. Everything starts at the high end and moving to the mid and let's say low. So I think yes, the trend at the beginning will again make people buy more the high-end both as the applications moving to other phones, then people is going to choose the best phone at the best price, you know.

Q - Walter Piecyk {BIO 1510511 <GO>}

Yep. Thank you.

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

Thank you.

Operator

Thank you. The next question we've got is from Vitor Tomita from Goldman Sachs. Vitor, your line is now open. Please go ahead.

Q - Vitor Tomita {BIO 19238819 <GO>}

Hello, good morning, and thanks for taking my questions. I have two main questions from my side. The first one is, if you could give an update on how you were thinking about your share buyback strategy for the second half of the year, following what we understand, it was an acceleration in the second quarter. And my second question would be on Chile. If you could give any additional color on the competitive environments there. Noticed you've cited in the earnings release that client bases in mobile and fixed have been growing over the last 12 months. So wanted to understand better how you are thinking about the commercial approach and competition in there. Thank you.

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

Where in Chile? Okay.

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

On the buybacks.

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

On the buybacks, Vitor. Hello. I'd say you mentioned repeatedly, typically we base the buybacks so that they are more closely related with our cash flow. Our cash flow is very, very cyclical, very seasonal with the first half of the year requiring a lot of working capital, which we get back on the second half of the year.

That's why in the second half of the year when we make the payments of dividends. But that also when you look back over the years, we typically have a great amount of share buybacks in the second half than in the first half. But yes, generally I'd say, that the distributions will be matching closely the free cash that the company has to the

extent the company does not divert cash to M&A, which is not going to be the case and to the extent that the company does not require any more CapEx, which is not going to be the case.

Yes. And on Chile, what -- I think everybody knows that Chile is a difficult market. It's a very competitive market. And what happened? We start in '22 with Liberty and we defined a plan, a three-year plan on synergies, on reducing cost, integrations, better infrastructure. We closed one year ago a good deal with 5G, 4G, 3G more coverage. We are doing a lot more redundant and fiber through all the country. We close and a capacity agreement with OneNet also to move part of our subscribers to fiber.

So we have a three-year plan. I think we are on target. We still need end of '25-'26 to review that. But all over all, we are comfortable on that. On the -- we have put new management since the beginning. We integrate the management, so we are working hard. So, but it's not something that is from today for tomorrow, it's a good three-year, four-year plan that we have been doing is the same that we do in Brazil when we integrate the companies and in other countries. So we're comfortable. It's a very competitive market and well it's for players market -- no, for players in mobile, maybe more players in peaks. So -- but we are comfortable on what we're doing and we think in the future Chile is going to be a very good country for us.

We have the size right now because -- before doing the merge we only have mobile revenues, not so high. So today we are more than a \$1 billion company, I think it's \$1.2 billion. So we can work on that we have the size and I think we're going to be successful in Chile.

Q - Vitor Tomita {BIO 19238819 <GO>}

Very clear. Thank you very much for the replies.

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

Thank you.

Operator

Thank you. The next question comes from Phani Kanumuri from HSBC. Phani, your line is now open.

Q - Phani Kanumuri

Thank you for taking my questions. My first question is regarding Mexico mobile revenues. It has decelerated from 5.8% in 1Q to 4% in 2Q. Is there any specific reason for this trend? And how do you expect this to trend going forward?

My second question is regarding further extension on Chile. Do you have any plans to do any kind of M&A in Chile? You have stated in your Capital Markets Day, that you don't have any major M&A plans, but with Chile consolidation, do you see further any plans of M&A in Chile? Thank you.

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

Well, first in Chile everybody knows that WOM is in Chapter 11 and there are plans. I don't know if there is going to be M&A or not. We are open to see alternatives, but we don't know exactly what we're going to do. So as always, we are open, but we're working very strong in the synergies and all the implementations in new infrastructure, fiber, 5G, more capacity, more coverage all around. So that's our focus. But we are open to see what the alternatives are with WOM. So that's first. Second, in Mexico, I think that the trend is going, the revenue is declining -- not declining, reducing the growth. I don't know, what's going to be the next. But in Mexico, we are doing very good in 5G. I think we're the only company who has a real 5G network with the coverage, with capacity. In postpaid, a lot of our subscribers are renewed in a 5G plan that it gives us a good ARPU there. So as Carlos is saying, is 3.3% increase on ARPU. We haven't increased any price in any of the segments that we have. So it's only moving to be a higher plan or people consuming more, as we are seeing.

So we have also, as in other countries a lot of competition, promotions and we don't know exactly what's going to be on competition and promotions for the future. But we are ready to compete and we have the strong basis, good distribution network, we have good customer care, people, a lot of centers, a lot of stores, and very good networks and very good coverage and quality. So we are ready to compete. If there is still a lot of promotions, we can compete on that and the market will be more rational, then we can also be more rational. So we are ready to compete in the future in Mexico. We are prepared, let's say, to compete.

Q - Phani Kanumuri

Thank you. Very clear.

Operator

Thank you. The next question comes from Lucca Brendim from Bank of America. Lucca, your line is now open. Please go ahead.

Q - Lucca Brendim {BIO 22592046 <GO>}

Good morning, everyone. Thank you for taking my questions. I have two from my side here. The first one in Colombia, we saw some developments from your main competitors in recent quarters. And I wanted to know if this is already reflecting in some way in the competitive environment if you're already seeing some changes in it. And how do you expect this market to behave going forward?

And then second on Mexican for the fixed business. Can you give us more color on how you're seeing competition? You have not raised prices in Telmex, but is there room for price hikes in the future in the coming quarters or years? So if you could give us some color on that as well. Thank you.

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

Well, in Colombia, what happened in Colombia? I think in Colombia two years ago, we have a new entrance that was WOM, very aggressive, very aggressive plans. So everybody has to compete in the market. So this competition reduces the growth and the ARPU that we have been having, because people, if you give more data, then people sometimes prefer to reduce the plan and stay and have more data in contrary than increasing the plan for more data. So it was a very aggressive entrance on one, but we compete on that. But today is a little bit different. WOM is having some problems and we're still competing. We increased 5G. 5G is giving us in Chile a very good customer. We have been growing, we grow more than 100,000 customers in postpaid in Chile this quarter in postpaid.

So we're starting to do better and we're confident. We have a very good company, as I told, very good data [ph] also in Chile, good distribution, a lot of stores, a good network. 5G, we have the biggest 5G network capacity and that's what we have seen. So I think we can see more improvements. I hope we can still -- this trend of improvements in Colombia for the rest of the year. So that's what we're thinking to have.

And Mexico in the fixed, Oscar can talk a little bit, well we are not planning to increase plan prices at this moment, so we're going to stay with these prices and we're doing good. We are growing in the broadband and in the corporate, and we already do a lot of fiber through Mexico. So we have a good fiber network coverage and we're growing in Mexico.

Q - Lucca Brendim {BIO 22592046 <GO>}

Very clear. Thank you.

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

Thanks.

Operator

Thank you. The next question comes from Carlos Legarreta from Itau. Carlos, your line is now open. Please go ahead.

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

Yes, thank you. Good morning. I have two questions on this side. The first one is a follow-up in Mexico fixed broadband. I'm wondering if you can talk about the net additions that you're seeing. It's obviously a very good volume, but I'm wondering if it's mostly migration from your copper to your fiber product or you're actually acquiring new customers as well? Perhaps Oscar can talk about that.

And on the second question, just to follow up on Chile, just to make it clear. The information that you provide is very clear, obviously, (Technical Difficulty) the leverage level. But I'm wondering if there is any kind of contribution that you need to make obviously, now you will control the company after this debt conversion. But I was under the impression that the equity injection was actually necessary for that

company, and it was relatively sizable. Also, I'm just wondering if -- what are the plans in terms of equity or CapEx for the Chilean subsidiary now going forward? Thank you.

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

Well, Oscar can talk a little bit on Mexico, but just to clarify, there are 150,000 that we have are new subscribers. So we have a lot of our subscribers moving from copper to fiber, but 150,000 are new subscribers in the network. So Oscar can talk on that. (Multiple Speakers).

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

You are totally right. Migration, it doesn't count as net adds. So all the net adds are new customers. The migration, we don't count as a net adds.

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

And we have been moving a lot of copper to fiber.

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

Yeah, 80% -- 84% of the customer base is already in fiber.

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

So people is okay. We have a good brand and we have also very good quality and support. And I think what we're aiming and trying to do is to recuperate part of the market that we used to have. So we are working on that.

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

Yeah. Another thing just to add is that, we've been working in the bundles of streaming video with the customers and has been very well received in the market. So, we include the different add-ons like Netflix, HBO, et cetera, in the bundled program, it has been working pretty well.

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

And on Chile, let me explain to you. Since the beginning, when we do the merge, we make a plan, and in that plan we incorporate some cash in the company. So we need to put cash -- to put equity in the company. Of course, the company needs equity. And in that plan, we think that's why we do the agreement with Liberty to put cash for CapEx and part of the debt that we put in the beginning also to be contributed equity in Chile. That's what we decided to do since the beginning. And, well, Liberty has the right to catch up all this -- what we -- all these plan -- let's say all these plans. And unfortunately, they don't catch up, they decide not to do it. And that's what we are, and we are comfortable with the equity, the way financially the company is going to end -- doing at the end of this year. I think financially the company is going to be good and the operations that it's something that it's very important. The operation, CapEx investments, and new networks I think our own -- there is the plan that we decide.

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

I think that going forward, Carlos, we don't expect any major cash injections into Chile. I think the CapEx is going to be almost fully funded by their own EBITDA. So it's going to be practically self-sufficient next year or the (Multiple Speakers). So the equity contributions have basically taken place. (inaudible) over the next couple of years, we will be having a company that's fully self-sufficient.

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

I think what you could see is this agreement to capitalize the company, I think at the end of '24 we're going to have the company fully capitalized. And with all the investments in place to do and to have a very strong infrastructure, capacity, coverage, quality, company, then with a very good team in place.

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

Thank you. That's super (inaudible). I appreciate it.

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

Thank you.

Operator

Thank you. (Operator Instructions) The next question comes from Daniel Federle from Bradesco BBI. Daniel, your line is now open. Please go ahead.

Q - Daniel Federle {BIO 16643672 <GO>}

Thank you. The first one is a follow-up on the Mexico broadband business. RGU net additions were good in the second quarter, but significantly lower versus the first quarter. So my question is, what has changed in the market from the first quarter to the second? Which level is like the sustainable level going forward?

And the second question is related to Brazil. Brazil was a very strong region, especially in the mobile front. The company has been presenting like an acceleration in mobile services revenue growth. My question is if you need to see room for further acceleration in the upcoming quarters. And I was wondering if maybe like growth in the second quarter could have been helped by any kind of mismatch in terms of the timing of price increases. I don't know if you are like increasing prices earlier this year versus last year and that has helping out. That's my question.

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

Sorry, the first question was on the fixed broadband in Mexico, in Telmex. But the second question, which country you are talking, we don't hear you very well.

Q - Daniel Federle {BIO 16643672 <GO>}

Exactly. The first question is regarding Mexico (inaudible) that were good, but lower than in the first quarter. What has changed from one quarter to the next? And the second quarter is related to Brazil because mobile services revenue growth has been accelerating. So I'm asking if -- do you see room for further acceleration? And if second quarter could have been helped by any kind of mismatch in terms of the timing of price increases, like increasing prices earlier this year than last year. Those are my questions.

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

Yeah, I'm going to start on Brazil. I think in Brazil we have a very good quarter in terms of revenue, in terms of mobile revenue, also in terms of fixed revenue we have been increasing, I think we increased the revenue in Brazil. So it's been a good increasing revenue in peak. So we start to see like a couple of quarters increasing broadband and growing net adds and decreasing less in TV and fixed [ph]. So that's what we're seeing in Brazil. Also in mobile, we have good increases, but there is still a lot of competition.

So Brazil is very big. So you can see in some states, some places very strong promotions, in other ones less promotions. But all over all in Brazil, it's not only price. I think we have been also controlling cost a lot. You see that EBITDA is growing and more than the revenue. So all the synergies, investments, systems, digital life, everything that we have been doing is giving us good results in terms of costs. Still in Brazil, inflation is at 4%, 5%. So you have to increase in some -- we have some cost to increase every year since that inflation. So we have been able to control that and we are growing also in market share in mobile and that is giving us this growth. So I think in mobile the growth that we have been having will be great if we can sustain that and maintain that level of growth in Brazil.

So for me, Brazil, and not only Brazil, I think operational all overall in all the countries we have been doing good in America Mobile [ph], Carlos has been showing. But we have been growing more than what we said and also grow -- reducing cost, doing synergies and increasing our EBITDA mainly in all the markets.

In Mexico, Oscar, it's difficult to explain why we have been having more than 300,000 net adds in first quarter and then 150,000. But in my view, we're going to still grow and we are already with good fiber capacity and coverage and we're going to still grow in the broadband in the next month. So we cannot say quarter-by-quarter exactly how much we're going to grow, but the trend is to grow in Mexico in the broadband market. Oscar?

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

No, I totally agree what you're saying. On the second quarter, we have a decrease in the productivity installation issue because the climate was really bad at that time, so we decreased the productivity on installation. Second, we saw in May and June a little bit of increases in churn in on-collections. So we believe that will be solved from the -- on the third quarter. But as Daniel said, we see a good trend of adding net adds of the next quarter. So because we already had the fiber already deployed, we

believe that we have a very unique product in the market that has been very well received. So we will catch up the productivity installation on the next quarters.

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

And the way we see, although the way I see things is we don't want to see quarter-by-quarter. I think maybe here if you see year '23 against year '24, I think, '24 all overall the year is going to be much better than 2023. So maybe one quarter or the other one will be different. But all over all the trend, the year is going to be good in the -- in Telmex.

Q - Daniel Federle {BIO 16643672 <GO>}

Thank you. Very clear.

Operator

Thank you. The next question comes from Alejandro Lavin from Santander. Alejandro, your line is now open. Please go ahead.

Q - Alejandro Lavin {BIO 22953935 <GO>}

Thank you. Good morning, everyone. Thank you for taking my question. I have a couple of quick questions. First of all, on M&A, I mean, you mentioned that you're always in general, open to opportunities. So I'm wondering what kind of geographies or assets would you be looking at. Number two, it's more of a longer-term question. I mean, we hear a lot about artificial intelligence and all the possibilities that this might enable. So what are your thoughts on this megatrend and how do you think America Movil can position to benefit from this megatrend? Thank you.

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

Hello, Alejandro. I mean, I think that what we have (inaudible) we don't expect any M&A to take place this year. That's what we said in our Investor Day. I think there was a recent question on whether the new environment in Chile would call for that. We only know that there is a -- this issue with Chapter 11, which I won't have been placed into, but it's not. As Daniel said, I think we're always open to listening to things, but the expectation that we have had this year is that we wouldn't go into any M&A so far.

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

And the second question is on the trends. Can you repeat the second question? The megatrend is on.

Q - Alejandro Lavin {BIO 22953935 <GO>}

Yeah. Sure. Yeah. So thinking about artificial intelligence, I mean, how those -- the management think about positioning to take advantage of this megatrend? I guess, this trend for the next 10 years or so, how can America Movil participate in this trend?

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

I think it's very important. I think artificial intelligence is something that we have already, but it's not -- it's going to take some time to implement in the company. We're working on that. The first thing that we do is we're digitalizing everything internally in the company and we are working very hard on all the data. But there is going to be a lot of AI coming, to be more efficient, to know more the customer, to reduce cost, to save energy, to do a lot of things. And we're working on that to take all these megatrends that will be more efficient and productive in the company. So there is a lot of things in AI that are coming to make us more efficient, more productive, and to know more our customers. And we're working on and saving also cost knowing in call centers, data centers, there is a lot of things that AI is coming and America Movil, of course, is working on that. But it's not something that you're going to see for tomorrow. But we are working on all these trends to put the company in a very good opportunity on saving costs and all of what I'm saying.

Q - Alejandro Lavin {BIO 22953935 <GO>}

Okay, understood. Thanks a lot.

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

Thank you. Thank you very much.

Operator

Thank you. The next question comes from Juan Cruz from Morgan Stanley. Juan, your line is now open. Please go ahead.

Q - Juan Cruz {BIO 7421702 <GO>}

Thank you, and good morning. And I apologize if this was already answered. I joined late, so my apologies. Going back to the Chilean JV, I just wanted to know now that America Movil is assuming, ClaroVTR, if there's going to be disclosure on the operations and financials of the JV going forward, that's number one.

And number two, given that VTR had bonds outstanding, what are the plans with those bonds? What is the company going to do with those, if anything as a result of the -- also the JV being consolidated? That's it. Thank you.

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

I think that when we consolidate the company, there's going to be the same information for Chile that we have for all the other countries. That's what we're going to do. And once we consolidate the funds [ph] will remain outstanding as they have been, and they will be serviced as in (inaudible) of America Movil.

Q - Juan Cruz {BIO 7421702 <GO>}

Okay, got you. But there is no plan to either refinance those for the time being or do anything with them?

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

No plans.

Q - Juan Cruz {BIO 7421702 <GO>}

Okay. Okay. Thank you.

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

Thank you.

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

Thank you.

Operator

Thank you. We currently have no further questions, so I will hand back to Mr. Daniel Hajj for final remarks.

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

I just want to thank everyone for being in the call. And Carlos, Oscar, and Daniela, thank you very much. Bye-bye.

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

Thank you all.

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

Bye-bye.

Operator

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

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