

Y 2024 Earnings Call

Company Participants

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

Other Participants

- Alejandro Azar, GBM
- Analyst
- Carlos de Legarreta, Itau BBA
- Ernesto Gonzalez, Morgan Stanley
- Juan Cruz, Morgan Stanley
- Marcelo Santos, JP Morgan
- Rico Alassie, Rockhart Group
- Sunny Kanemori, HSBC
- Vitor Tomita, Goldman Sachs

Presentation

Operator

Good morning, my name is Chach and I'll be your conference operator today. At this time, I would like to welcome everyone to the America Movil Fourth Quarter 2024 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there'll be a question and answer session.

(Operator Instructions) Thank you. I'll turn the call over to Ms.Daniela Lacona, Head of Investor Relations, please go ahead.

Daniela Lacona

Thank you. Good morning, everyone.

Thank you for joining us today to discuss our fourth quarter financial and operating results. We have on the line Mr.Daniel Hajj, CEO, Mr.Oscar Von Hauske, COO, and Mr.Carlos Garcia Moreno, CFO

Daniel Hajj Aboumrad {[BIO 1898715 <GO>](#)}

Thank you, Daniela. Welcome, everyone. Carlos is going to make a summary of the fourth quarter 2024 results.

Carlos Garcia Moreno Elizondo {[BIO 1713687 <GO>](#)}

Thank you, Daniela. Good morning, everyone. Well, the fourth quarter ended with a renewed surge in US Interest rates with 10-year pressure yields jumping approximately 80 basis points in the quarter to finish the year just shy of 4.6%, roughly the highest level since the end of April. This

significant increase in long-term interest rates took place not long after the Fed reduced its policy rates by 50 basis points in September, 14 months after completing a period of policy rate hikes.

A stronger than expected labor market and economic activity led to major revisions in expectations regarding future reductions in policy rates by the Fed, and hence the path of medium and long-term yields, all of which resulted in the spiking yields mentioned above. Throughout the period, substantial year-long currencies in our region of operation depreciated versus the dollar, with the Brazilian real experiencing the worst decline of all, 13.7%, followed by the Chilean peso, 11%, and the euro, 7%. We added 2.1 million posted subscribers in the fourth quarter, with Brazil contributing 655,000, Colombia 178,000, and Mexico 141,000. On our prepaid platform, we registered 1.3 million net disconnections in the period.

We had minus 1.8 million in Brazil after a clean-up of its base. But Mexico gained 302,000 subs, followed by Central America with 196,000, Colombia according to a Argentina 164,000. In the six-line segment, we obtained 320,000 global accesses, including 132,000 in Mexico, 75,000 in Brazil, and 45,000 in Argentina. Both lines and PCB units registered minor losses in the period, 88,000 in all.

Our posted base increased 5.3% year-on-year, with prepaid expanding 0.4%, and fixed broadband access 4.7%. All the above figures include those reported by Claro-VTR in Chile over the last two months of 2024. Fourth quarter revenue was up 18% in Mexican peso terms to MXN237 billion, with service revenue climbing 19.1%, and EBITDA 15.4% to MXN91 billion. Those rates of increase reflect the consolidation of the Chilean operation from November 1, but were largely boosted by the accounting methodology associated with the Argentinian operation.

Since this operation takes place in a country that is considered hyperinflationary, the annual revenue is adjusted for inflation and expressed in December 2024 prices, then converted to Mexican peso at the end of the year exchange rate, per rule IFRS 29. The fourth quarter figures are obtained subtracted from the annual figures thus obtained through September. Since Argentina's rate of inflation was 118% through December, while the Argentinian peso only depreciated 4% versus the Mexican peso. It had depreciated sharply in December 2023.

The accounting adjustments mentioned are considerable when expressed in Mexican pesos. Excluding Argentina, and therefore those variations having to do with the accounting methodology, America Movil's fourth quarter revenue increased 10% in Mexican peso terms, with 10.7% service revenue growth and 8.6% EBITDA growth. On the consolidation of the Chilean operation, its contributions to our consolidated revenue over the last two months of the year amounted to MXN3.8 billion. Now, at constant exchange rates, as has been customary in our calculated reports, excluding Argentina from this calculation, our fourth quarter revenue rose 5.7% year on year, on the back of a 6.6% service revenue increase, the best performance in over a year, with EBITDA expanding 5.1% before one of our adjustments, and 7.2% after those adjustments were made.

These increases include the impact of the consolidation of the Chilean operations, but it was still more strongly in the Switzerland platform, as can be seen in the in the moment. Mobile service revenue expanded 6.2% year-on-year in the fourth quarter. Without Chile, it would have been up 5.1% in line with the pace of growth in the prior three quarters. Postpaid revenue rose 8.5% in the quarter compared to 6.3% in the prior quarter, whereas prepaid revenue increased 2.5%, down slightly from 3.6% in the third quarter.

Mobile service revenue accelerated in Brazil, Colombia, Ecuador, and Peru, offsetting the deceleration observed in Mexico and Central America. Fixed line service revenue climbed 7.4%,

including the Chilean operation, and would have posted a 4% increase without it, in line with decrease of 7% in the second quarter, but somewhat lower than the growth rate of the third quarter. Broadband revenue growth accelerated to a 9.8% pace from 7.4% in the prior quarter, and corporate networks revenue to 12.3% from 10.1%, with pay-to-view revenue growth hitting 5.2% compared to a 0.8% decline in the third quarter. Fixed service revenue growth decelerated in Mexico, Brazil, and Colombia from the pace in the prior quarter, but increased at a faster pace in Austria and Eastern Europe, as well as in Central America.

America Movil earned an operating profit of MXN46.4 billion in the fourth quarter, 11% higher than that of the year in the quarter, after the cessation of most station charges that increased to 2.6%, reflecting partly the consolidation of the Chilean operation, inflationary adjustments of the Argentinian assets, and the amortization of new licenses acquired in '23 and '24 in Austria and Colombia. Our net income came in at MXN9.5 billion in the fourth quarter, and was 47.5% lower during the year, on account of higher comprehensive financial costs. This totaled MXN30 billion, nearly half of which was associated with foreign exchange losses. Our net income was equivalent to MXN0.15 per share, MXN0.15 per ABR And our net better end of the year at MXN488 billion, excluding capitalized lease obligations.

In cash flow terms, it increased MXN19 billion over the year, and helped us finance a total of MXN31 billion in capital expenditures, MXN51 billion in shareholder distributions. These are net of the dividends received from our Verizon stake, MXN24 billion in the amortization of labor obligations. At the end of the year, our net debt stood at 1.44x last month's EBITDA The latter two years already reflect the impact of the consolidation of Claro-VTR in Chile in America Movil from October, from the end of October. So with that, I would thank you, and I'll pass the floor back to Daniel.

Thank you.

Daniel Hajj Aboumrad {BIO 1898715 <GO>}

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

Questions And Answers

Operator

Question And Answer

Thank you. Sorry.

Apologies. (Operator Instructions) We'll pause here just for a moment to compile the Q&A roster. So the first question comes from Carlos de Legarreta from Itau BBA Your line is now open.

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

Thank you.

Good morning, everybody. I have two questions on my end, please. The first one is, if you have a specific topic guidance for this year, given obviously the CapEx movement, I don't know if there's been any deviation from what you guided in yesterday. And secondly, in Brazil, maybe, Daniel, you can talk about the details of the NBNO deal with Novank.

I'm just concerned if there's any, or are you at all concerned if there's any potential for cannibalization of your own product, or in terms of network capacity, if there's any kind of

concern at all, even that they might become very large at some point.

A - Daniel Hajj Aboumrاد {[BIO 1898715](#) <GO>}

Hi, Carlos. On the CapEx, I think we gave guidance for three years. I think we are on that guidance, including what we are incorporating, the CapEx of Chile.

So, we still don't know exactly what's going to be the CapEx for Chile for this year. But what we have is, we do a three-year CapEx in Chile, '23, '24, and '25. I think this year is the last year where we're going to change the network, modernize our network 5G. We're going to put more coverage. We're going to do fiber, more redundancies.

We're doing a lot of things in Chile. We're on track there. We have a very good management in Chile, so we're very happy that Chile is evolving right now. And with this, I think, we're still not sure, maybe it could be MXN250 million to MXN300 million more of Chile.

Still, we don't know for this last year. And then -- but the CapEx and the guidance that we gave last time is still the same, plus what we're going to put in Chile for this year. I think next year in Chile maybe can reduce, but this year we're finalizing the last set, the three-year plan that we have to modernize all the networks that we have. In Brazil, with Nubank, we are happy with them.

We are doing okay and we are not worried that Nubank can cannibalize our prepaid subscribers. So we're happy. I think it's a very good alliance that we have with them and we're doing okay. So it's okay, good naming, they recharge a lot with Nubank, and so we are doing very good.

Q - Carlos de Legarreta {[BIO 23017114](#) <GO>}

Okay. Thank you.

A - Daniel Hajj Aboumrاد {[BIO 1898715](#) <GO>}

Thank you.

Operator

The next question is from Walter Pietrzik from Light Shed Partners.

Your line is now open.

Q - Analyst

Hi. Good morning. Go on for a while.

Thanks for taking the question. I kind of have a follow-up. Even with Chile included in the CapEx guidance, I guess the range that you had set at the end, I'll say of MXN22 billion to MXN24 billion, it kind of seems like you're going to come in towards the low end. Is there any reason or what would push that towards the higher end at this point?

A - Daniel Hajj Aboumrاد {[BIO 1898715](#) <GO>}

No, look, what we said last time is that we're going to do MXN22 billion in three years.

It's what we have. With that, I think we need to include Chile and I think we're okay with that. So we don't go into the high end. What I can tell you this year, in all 2024, is we have less CapEx of what we budget.

We have a very good revenue increase and we have a better cash flow than what we had been budgeted. So I think that's the trend that we have in 2024 and that's what we're looking to have in 2025. So we're being careful on CapEx, but we're investing where we think we need to invest to get more revenue. So that's the way we're looking and the numbers are there, MXN22 billion.

We said for three years we are with that and that's more or less. Chile, I think, is going to require this year a little bit more on what we're going to have for the next year because we're finalizing what I said I think what I said, the three-year plan, but the rest, I think, we're okay. We're putting -- Other thing that will be important is that we have also this year some spectrum renovations and acquire more 5G spectrum, but I think this year will finish almost everything on that. Also, for next year, 2026, I think spectrum and renovations will go also lower, so that's what I can see in the CapEx.

Q - Analyst

Okay. And then either, I guess, Daniel or Oscar, T-Mobile started offering Starlink satellite to cell texting to its subscribers, and I believe last quarter you mentioned that you were working with SpaceX and ASD So have you guys started testing either or both of those, and can you provide an update on either of those tests?

A - Unidentified Speaker

No. What we said is that we use these low-orbit satellites to use for backbone is what I said. We are not working only with SpaceX We're working with all of them, less with SpaceX than with the other ones.

So we're working more with one web and the other one, I don't remember the name, ASD, and we're working with them, and we are only for the backbone. We are not doing nothing directly to the phone at this moment, and we're still looking and reviewing if that makes sense for us or not. So that's where we are, but right now we don't have anything on direct to the phone with any of the satellite companies, only doing for backbone in the rural areas where we think we need it, where it's more expensive to put fiber or microwaves than we put satellite. But that's more or less what we're doing.

Q - Analyst

Okay. Got it. Thank you.

A - Unidentified Speaker

Thank you.

Operator

Thank you. Thank you. The next question is from Marcelo Santos for JPMorgan. Your line is now open.

Q - Marcelo Santos {BIO 17186991 <GO>}

Hi. Good morning. Thanks for the opportunity for taking questions. I have two.

The first is on Mexican broadband. Could you please comment a bit on the price environment? If you plan to increase prices this year. I understand last year you kept your prices. So what's the

outlook for this year? And the second question is about M&A There is a discussion, at least when you read in the press about potential M&A in Argentina.

How do you feel about that? What is the appetite of American model to see opportunities there? Thank you. Oscar can talk a little bit about the broadband.

A - Oscar Von Hauske Solis {[BIO 2053819](#) <GO>}

Yes. In Mexico right now, we already have 85% of the customer connected with fiber.

We don't see to increase the prices. What we did is to launch new packages in the market for residential. I think it's very unique packages. We believe that these will boost our net apps this year.

These packages include Netflix for six months for free. It includes Claro Video with Paramount, and as well, antivirus. It's a fully symmetrical connectivity with fiber. We include an email as well in the proposal.

So we are adding value to the connectivity. Another sector that we are really focused on is in small business as well. Then we launched packages that includes backup of information for the customer's mail. We designed a webpage for a small business.

We delivered electronic bills for a small business for the same trend that we used to have, adding value to the broadband connectivity. And as well, on the corporate, we mentioned before, we are adding different services, cybersecurity, cloud, vertical and horizontal solutions for corporate markets. So we believe with all these bundles and packages, we are very well positioned in the market to expect an increase in net apps for this year.

A - Daniel Hajj Aboumrads {[BIO 1898715](#) <GO>}

And on the Argentina, well, what I can tell you is that I read it also in the news this morning.

We haven't talked with anyone on anything there. Of course, we're open. We're open always to see everything. And let's see if there's synergies that make sense for us.

We can be open to review that. But we haven't talked with them and we haven't had anything at this moment.

Q - Analyst

Thank you. Just to clarify on Oscar's answer.

So you said you do not seek to increase prices, right? You launched the bundles, but on prices, you do not seek to increase. Okay. Thank you. Thank you very much.

A - Oscar Von Hauske Solis {[BIO 2053819](#) <GO>}

Until now.

A - Daniel Hajj Aboumrads {[BIO 1898715](#) <GO>}

Until now, we don't think to do it. We don't know if that makes sense at the middle or end of the year. But at this time, we haven't had anything on increasing prices.

Q - Analyst

Thank you.

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

Thank you.

Operator

The next question is from Vitor Tomita from Goldman Sachs. Your line is now open.

Q - Vitor Tomita {BIO 19238819 <GO>}

Hello. Good morning, all. And thanks for taking our questions. We have two questions from my side.

The first one is if you could give us some more color on how you see prepaid revenue trends in Mexico in more detail in terms of how much users how much users are recharging, how frequently they are recharging, how you are seeing those trends evolving. And our second question would be also related to prepaid in Mexico. If you could give us an update on how you have seen the competitive environment for prepaid in Mexico between the big operators, MVNOs, competition in general. Thank you very much.

A - Unidentified Speaker

Well, talking a little bit about the competition in Mexico. Well, what we have been seeing, let's talk first about Postpaid. Postpaid, we're doing very good. We're increasing revenue.

I think the revenue, we increased 5.7%, something like that, more than a year before and more than the second and third quarter of last year. So, in cost paid, we're doing good. Why we're doing good? Well, we are moving also some customers from prepaid to postpaid. So, and we are moving our postpaid from better plans and selling more things.

So, the ARPU that we have in Telcel is maybe in cost paid, maybe 20% higher than our next competitor. So, we have very good customers. They are in very good plans and we're doing very good in the postpaid side. In the prepaid side, what I'm seeing is I don't see any change on the competition.

It's the same competitors that we have been having. I don't think they are more aggressive or less aggressive. They have been aggressive for maybe two, three years and still they are doing that. As I said, we are moving part of our prepaid base to postpaid.

And the third one is we're seeing also a slowdown on the economy. I think that's very important. And when you see a slowdown in the economy of Mexico, then the first place where you see a slowdown is in recharge in prepaid. So, that's what we're looking.

No big changes in competition. We have the same. Maybe CFE is giving and promote some chips, but more than that, we haven't seen anything else on that. And there's tough competition in Mexico, but it's not the last quarter.

It has been there for the last two years. What we have been seeing is a slowdown in the economy and that affects directly to the prepaid per prepaid recharge that we have been having. So that's more or less what I'm seeing in the market in Mexico. So Oscar talked a little bit about the broadband.

We're doing good, we're growing, we're moving to fiber. Postpaid, we're also doing good. Moving subscriber to better plans, moving the high-end prepaid to the low-end postpaid, that it's been very successful. Around 85% of the people that we move stay in postpaid, so it's a very good number.

So all over all, we are doing okay in that. And the second and very important that Oscar reminds me right now is that we have very, by far, the best network in Mexico. We are the only ones that have 5G, the real 5G. We have more than 150, very well-covered, very good speed, good quality. And well, that's why we have the best postpaid customers right now.

Q - Analyst

Clear, thank you very much.

Operator

The next question is from Andres Coelho from Scotiabank. Your line is now open.

Q - Analyst

Thank you.

Thank you for taking my question. Two in Mexico, please. First, we saw last year two constitutional reforms, one giving the CSE a special legal status in Mexico, and there was also the reform that is going to merge two regulators into a single body. So, Daniel, I'm just wondering what you're seeing in terms of the regulatory environment in the country with these constitutional reforms, and perhaps more specifically, how do you see the company competing with the government, right, because the government is now providing retail services, so you'll be on that.

And my second question is on Telmex. There was a letter published by management and the union where Telmex says that this year they expect to win 2 million broadband lines in Mexico and market share to reach 50%. So, I'm just wondering if this is feasible, if you think that that is, or perhaps too ambitious to think of 2 million broadband additions in Mexico. Thank you.

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

Well, of course, it's an internal budget that we have, and of course, we want to win, if it's 2 million or more than 2 million, so all the commercial areas, marketing, people working in the streets are looking to grow, is what we want. We want to increase our market share in Telmex. That's that's why we don't increase prices last year. We lose some market share in the previous years and we want to recuperate part of this market share.

And I'm happy that the union and all the people is focusing on making more broadband subscribers and winning more broadband. So I'm happy it's feasible. Well, all the budgets that we do are feasible. We don't know if the economy will allow us to do as much as that, but we want to do it.

Maybe it could be around MXN150,000 per month, I don't know if we can do it, but we are looking to do that. We have enough fiber. We are also changing subscribers from copper to fiber, so there's still a lot of things that we have to do. As Oscar says, we have 85% of our subscriber broadband in fiber and it's very good news.

So if we look three years ago, I don't think we have those numbers. So we have been working very, very hard to move all our subscribers to fiber. So that's what we have. In terms of the IFETEL,

well, what we have been seeing is that right now they are looking for the secondary loss.

They are moving on that. We don't know exactly what are going to be the secondary loss. We're waiting for that and see. So we're aiming to work with any, I think part is going to go to economy.

The other part is going to go to Agencia Digital and we are going to work with both to do that. If we're going to compete, I hope that what the government is saying is that what they want to do is to give connectivity in the very, very rural areas. So I hope they are working and doing to do connectivity in those rural areas. But that's more or less what I have.

I don't know. But that's what we have.

Q - Analyst

Okay. Thank you.

A - Unidentified Speaker

Thank you.

Operator

The next question is from Alejandro Azar from GBM Your line is now open.

Q - Alejandro Azar {BIO 19156054 <GO>}

Hi. Good morning and thank you for taking my questions.

Two quick ones. One is on the cloud and corporate networks. If you can remind us how much that business grew in 2024 and if you can tell us from your your MXN7.5 billion CapEx, how much is that directed to that business segment? And the other one would be on your pension plan, you mentioned MXN25 billion uses or cash outflows during 2024. My question would be if that is 100% cash flows and how should we think about your pension plan outflows in the next, let's say, I don't know, decade? Should that decline at some point and why? Thank you.

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

Well, what I can tell you is that the segments that are growing more are postpaid and the corporate segment. Those are the two segments that are growing more in America Mobile. I think the corporate is growing around 15%, something like that, revenues.

A - Unidentified Speaker

I think fixed exchange rates for everyone, including Chile, that's 12.3%.

And it's been accelerating. It was 7% in the second quarter, 10% in the third quarter, and 12% in the fourth quarter.

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

What is very important, we have been putting good CapEx. It's difficult to divide what CapEx is for cloud and corporate and the other ones, but we are very well prepared in all Latin America to serve the corporate market.

We have good sales people, we have data centers, we have good alliances. We are very well prepared to grow in the corporate market. I'm very confident that in the next years, we are going

to be a good player, a big player in the corporate market.

A - Unidentified Speaker

I think the trend should be declining.

I think we will expect to see still some outflows more or less of the same size as we had last year, for some time, for the next three years or so. And then we would expect them to be declining. And that has to do with the overall trend. I think that we have reached the peak of pension payments, and they will be trending down.

There's less people being pensioned, new people, and some people that are pensioned will cease to receive pensions at some point. So that's basically it. We can talk more about all about it in the next investor day, probably.

Q - Analyst

Thank you, thank you both.

A - Unidentified Speaker

Thank you.

Operator

(Operator Instructions) The next question is from Sunny Kanemori from HSBC Your line is now open.

Q - Sunny Kanemori

Hi everyone, thanks for taking my questions. The first one is related to the outlook for shareholder remuneration in 2025.

Given the fixed changes and increased CapEx, how do you see the outlook for shareholder remuneration in 2025? The second one is regarding how you feel about Brazil Mobile. Do you see the regional market enrollment continuing there and you have grown like this you have grown like 10% in 2024. Do you see that growth rate trending in the same range in 2025? Thank you.

A - Unidentified Speaker

Well, the first question, if you look at the basic trends that we are having today, we have had a very solid revenue growth for a long time now.

We have growth on both fixed and mobile, which we've been highlighting for quite some time. And this is already very well diversified. We are doing it in all the main countries and there's lots of countries like Central America and Eastern Europe. And what we are seeing is that on the back of very strong and consistent top-line growth, we are also being able to reduce the CapEx intensity of the business, given the important investment that we've made in the past, including introducing all the necessary investments to be able to produce basically in all our markets and also the spectrum that has to go with that.

So all of that is behind us and that's why we have been able to reduce CapEx to sales intensity significantly. We expect it will be remaining in that position. So given what I've said, I think the outlook is for the possibility to put free cashflow expansion with a position of leverage that will

remain not far from where we are. Okay, we are at 1.4x net debt to EBITDA It's right in the middle of the range where we want it to be so that you can run the numbers and you will see that we don't need more cash for debt and debt and we don't need more cash for CapEx, that means that there's going to be more cash available for distributions.

And on Brazil, I think we have like 40%, something like that, 38% to 40% share of market in 5G, so we are one of the biggest in Brazil. We have a very good network, the fastest network, Anateli is saying that we're the fastest network in Brazil and we have been growing market share in Brazil in postpaid for some years, so we are well prepared, we are investing and we have good results, very good management, good team, good synergies that we have been having, so I think we can still do a very good year, the next years we're going to be good in Brazil.

Q - Analyst

Yes, thanks everyone, this particular.

Operator

Thank you.

The next question is from Gustavo Soria from UBS, your line is now open.

Q - Analyst

Hi, and thanks for taking my questions. I have two on my end, the first one is regarding mobile competition in Brazil. We've seen a competitor that didn't expect to raise from book prices in the first half of the year, so my question is if you could comment on how do you see competition in Brazil, do you see it worsening or not? And the second question is regarding the debt profile and how do you see it in the longer term? So how much, if you have any target of how much of the debt you would like to see denominated in hard currencies as a percentage of total in five plus years from now? Thank you.

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

Can you repeat the second question please? We don't hear you well.

Q - Analyst

Hello, regarding the bank profile, yes, for sure. The debt profile, how do you see it in the longer term? How much of the debt you'd like to see denominated in hard currencies as a percentage of total?

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

Well, on the debt composition, we've been, I don't know, I think you have to distinguish from currency exposure that we retain. We've been funding increasingly in local currencies, we've been raising funds, more than MXN1 billion over the last six months, in various local markets here in Latin America.

And what we do with the currency exposure, we basically manage through derivatives, and that basically is managed depending on our use of the Currency Act. So what I can tell you is that today the net exposure to dollars, for instance, is 32% for net debt, and the net exposure to other currencies, to you, not including Austria, would be about 10%. Okay. So, that means that the net economic exposure is basically around 60% to local currencies today.

A - Unidentified Speaker

And you're talking about Brazil, I think competition, not only in Brazil, in all Latin America, we have a lot of competition there. We have, let's say in Brazil, we have Telefonica, we have TIN, and then in mobile, and then we have all the new ones, the small ones that are growing. But in telecommunications, everybody knows that you have to have, it's not only price. When you compete only in price, then I think you are going to lose value in the future.

You need to compete with quality, with coverage, with good products, and with customer care. So you need to do a lot of things, and that means investments, CapEx, and we have been doing that in Latin America for the last 10 years, or for the last 20 years. So I think we are well prepared to compete, not only in price, we have been digitalizing the company, working a lot on cost and expenses. And that's what, let's say in Colombia, we have, nobody talks about Colombia, but we have a very good quarter.

We start with revenues growing at the beginning of last year, with 1%, 2%, we're growing 5%, 8% in this quarter in prepaid. So we're doing good because we have the basis and we have the investments done. And of course, we have some competition on price, then we have to do it, but then we return with good customers, good outputs, good products to sell there. So all around Latin America and Europe and Europe, we have competitors, telecommunications with a lot of competition, but we are well prepared to compete with them.

Operator

Thank you. The next question is from Ernesto Gonzalez from Morgan Stanley. Your line is now open.

Q - Ernesto Gonzalez {BIO 23336087 <GO>}

Hi.

Thank you for taking my question. Two quick ones. Can you please discuss how you are seeing competitive dynamics in Colombia, which you started to mention a moment ago, and also competitive dynamics in Chile? Thank you.

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

Well, in Colombia, I think TIGA and Telefonica are getting together the networks.

I don't know if they're going to allow them to consolidate, but the networks, I think they are working and have a good network. I think it's good. They are going to save money. There's a stronger competitor, but it's good for us.

As I said, in Colombia, if you review the numbers that we have this quarter, they are very good. I think for 2025, we still think that we can increase and have better numbers. The revenue is growing, and we are good in the market. I don't know exactly what is going to happen.

There's going to be a new investor in Guam, so we don't know exactly what they are going to do, but we are in a good position. In Chile, I think we have a lot of competitions, different in broadband and in mobile, but what I can tell in Chile is we have been working during '23 and '24. We have very good management. They are delivering what they promised, so we are in the numbers, and the investments that we are doing are being good.

I think Chile, this year, we are going to consolidate all the synergies that we have between the two companies. We are going to have a much better network. We have a very good team working there, so we think we are going to have good numbers in Chile. Let's say in Chile, number portability, we have been gaining subscribers in number portability for the last six or seven months, and that means that the network is working, that we have good plans, and that we are doing okay, so we are okay And they are delivering, we're delivering what they are promising in Chile.

Q - Analyst

Really good. Thank you.

A - Unidentified Speaker

Thank you very much.

Operator

Thank you.

We have a question from Juan Cruz from Morgan Stanley. Your line is now open.

Q - Juan Cruz {BIO 7421702 <GO>}

Hi, good morning. And thank you for the call.

Just following up on the Chilean operation, now that the ClaroVTR has been formally incorporated into the results, when should we expect more disclosure as to both operationally and financially as to how the Chilean operation is doing going forward? And secondly, if you could tell us what the CapEx budget for Chile should be for 2025, if you have that number handy, it would be great. Thank you.

A - Unidentified Speaker

We will begin disclosing the Chilean results next quarter. Obviously, we will be disclosing it together with both of all the countries that are in the region.

So putting them together, putting them with the so-called southern countries. But I think that that's what we will be beginning to do from the first quarter of 2025.

On the CapEx in Chile, we said that it's going to be around \$250 million this year to finalize everything that we have, change more to fiber, more coverage, more 5G So that's more or less what we budget. We still haven't finished this budget, but we think that it will be like \$250 million, a little bit more, a little bit less on CapEx for 2025.

Q - Juan Cruz {BIO 7421702 <GO>}

Okay, thank you.

A - Unidentified Speaker

Thank you.

Operator

We have a question from Rico Alassie from Goldman Sachs. Your line is now open.

Q - Rico Alassie

Hi, thank you for taking my question. Rico Alassie from Rockhart Group. Two questions regarding to Mexico. The first one is, how do you see the competition of the MBNO of WALMEX that they have like \$15 million clients in the last two years? Obviously, it's in the low end of the range.

And the second question, if I may, is how do you -- We can see lower revenues in equipment sales. Do you believe that this trend will continue? Thank you so much.

A - Unidentified Speaker

Yes. That's right.

We reduce the the revenues on equipment. I think also this is a little bit of what we talk about the economy. The economy is slowing a little bit down. And the other thing is all these revenues are based in dollars.

So the dollar moves from \$17 in June to \$20.5 in December. So equipment gets a little bit more expensive. So that's why we reduce some revenues on that. On Wal-Mart, it's a good competitor, a strong competitor.

They have good distribution. And well, it's not new. As you said, they are going to the low. They have 40 million subscribers.

Their ARPU, I don't know exactly the revenues, but the last time that we see the revenues and the ARPU is very low. So I don't know if they really have 40 million or not. We don't know. But it's more competition in Mexico, nothing new.

We have been dealing with Wal-Mart for the last two years, with CFP also. And then we have Telefonica and then we have AT&T So a lot of competition in Mexico, but nothing new. So that's what we have been having for the last year. So that's and still we're going to have competition this year.

Hope that the economy can return and be stronger in the next months. But still we're seeing that the slowdown in the economy is hurting a little bit the prepaid subscribers.

Q - Analyst

Thank you so much.

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

Thank you.

Operator

Thank you. We have no further questions. So I'd like to hand the call back to Mr. Daniel Hajj to conclude.

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

I want to thank everyone for being in the call and see you next quarter.

Thank you very much.

Operator

Thank you. This concludes today's call. Thank you all for joining.

You may now disconnect. The Event has Ended

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