Q2 2026 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 Operating Officer

Other Participants

- Carlos Sequeira, Analyst, BTG Pactual
- Emilio Fuentes, Analyst, GBM
- Ernesto Gonzalez, Analyst, Morgan Stanley
- Jesus Romo, Analyst, GlobalData
- Leonardo Olmos, Analyst, UBS
- Marcelo Santos, Analyst, J.P. Morgan
- Phani Kanumuri, Analyst, HSBC
- Rogerio Araujo, Analyst, Bank of America
- Walter Piecyk, Analyst, Lightshed Partners

Presentation

Operator

Good morning. My name is Caleb, and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Second Quarter 2026 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)

I will now turn the call over to Ms. Daniela Lecuona, Head of Investor Relations.

Daniela Lecuona {BIO 15302125 <GO>}

Hi. Good morning, everyone. Thank you for joining us today to discuss our second quarter 2026 financial and operating results. We have on the line Mr. Daniel Hajj, CEO; Mr. Carlos Garcia Moreno, CFO; and also Mr. Oscar Von Hauske, COO.

Daniel Hajj Aboumrad {BIO 1898715 <GO>}

Thank you, Daniela. Welcome, everyone, to America Movil's second quarter of 2026 financial and operating report, and Carlos is going to give us a summary of the results.

Carlos Garcia Moreno Elizondo {BIO 1713687 <GO>}

Thank you, Daniel. Good morning, everyone. Well, we can see that throughout the second quarter, with the Iran war raging, oil prices remained elevated, picking mid-May at a price roughly 70% higher than prior to the war. This brought about greater concerns regarding inflation worldwide and the expectation and, in some cases, the reality of higher interest rates, including those at the long end of the yield curve. The 30-year US Treasury notes reached their highest yield in nearly 20 years. However, in spite of the supporting dollar rates, the US dollar did not grow stronger against most currencies in

Bloomberg

our region of operations in the quarter and, in fact, actually depreciated 6% versus the Colombian peso.

In the second quarter, we added 3.5 million postpaid subscribers with Brazil leading the way with 1.5 million subscribers. Colombia followed with 250,000, Peru with 173,000, Argentina with 154,000, and Mexico with 101,000 postpaid subscribers. In the Prepaid segment, we registered 3.7 million net losses as Colombia and Argentina cleaned up their base.

In the Fixed segment, we connected 531,000 new broadband accesses. Mexico was the main contributor with 170,000 accesses, followed by Brazil with 83,000 and Colombia with 74,000. As regards to Pay TV, we added 110,000 units with most of them coming from Argentina, Eastern Europe, and Central America.

Mobile postpaid and fixed-broadband accesses remained the main drivers of growth of our customer base, increasing at even faster pace, 9.1% and 6.1%, respectively, compared with the year-earlier quarter.

Second quarter revenue was up 3.1% year-on-year in Mexican peso terms with MXN241 billion as service revenue increased 3.4% and EBITDA 6.8%. Compared to the year-earlier quarter, the Mexican peso appreciated significantly versus the dollar and the euro, at 12% and 9%, respectively, while remaining flat versus the Brazilian real and depreciating 3% versus the Colombian peso. At constant exchange rates service revenue was up 5.1% while EBITDA increased 5.3%. It would have increased 6.7% absent a one-off charge in Mexico.

Mobile service revenue maintained the pace it has observed over several quarters, 6.5%, while fixed-line service revenue accelerated to 2.7% from 1.7% in prior quarter with the downward trend in fixed-line growth coming to an end.

On the mobile platform, postpaid revenue expanded 7.2% as in the preceding quarter, with prepaid revenue growth continuing to accelerate to 5.3%, up from 3.1% a year ago. Mexico, Colombia and the Central American and Western European blocks were the best performers in terms of improved mobile service revenue growth.

Regarding fixed-line service revenue, in the Residential segment, both broadband and Pay TV revenue growth somewhat more rapidly than in the preceding quarter, 4.2% to 5.4%, up from 3.1% to 4.6%, respectively. B2B revenue growth remained stable at 4.0%.

Movil Peru and Central America all contributed to the improvement in broadband revenue growth. As for the recovery in the Pay TV segment, Brazil was the top performer, moving up from a 4.7% pace to 7.5%.

Operating profit totaled MXN51.8 billion and was up 9.5% in Mexican peso terms. Our comprehensive financing costs rose to MXN10.4 billion, reflecting the lower foreign exchange gains that more than offset lower net interest costs. Our net income totaled MXN24 billion, a 9.2% increase from the year-earlier quarter. It was equivalent to MXN0.40 per share and $0.47 per ADR.

Throughout the first half of the year, our capital expenditures amounted to MXN48 billion, our share buybacks to 4.6 billion, and the service of our labor obligations to MXN8.4 billion. These were all covered by our cash flow, which together with net dividend income of MXN1.1 billion, allowed us to reduce our net debt in cash flow terms by MXN30.9 billion.

You can see this in the slide. Excluding capitalized lease obligations, net debt totaled MXN402 billion at the end of June, which represented 1.31 times the last 12 months' EBITDA after leases.

So with that, I will conclude this presentation and will pass the floor back to Daniel.

Daniel Hajj Aboumrad {BIO 1898715 <GO>}

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

Questions And Answers

Operator

(Operator Instructions) Your first question comes from the line of Leonardo Olmos, UBS. Your line is open. Go ahead.

Q - Leonardo Olmos {BIO 21197412 <GO>}

Hi, everyone. Good morning. Thank you for taking the question, and congrats on the numbers. We love the leveraging we saw. My question would be regarding competition in Brazil. You mentioned a more competitive and promotional environment in Brazil. Which segments are most concerned? And how does these entry-level hybrid plants such as Claro Flex fit in these scenarios. So I'm asking specifically about the new around BRL30 per month low-end hybrid plans that all the three mobile carriers launched? Thank you.

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

Yes. Thank you, Leonardo. We're talking a little bit about Brazil. I think in Brazil, we have a lot of things. So the first is, well, if you see one year ago, second quarter, the growth was very high. So the comparative between second quarter last year and second quarter this year is a little bit difficult because second quarter of last year, the growth was higher than it used to be in the other quarters. So it's a difficult comparison between quarters, okay? That's one of the things.

The second, no doubt that the market has been more promotional to where we have seen -- where we are seeing more promotions are in prepaid and in postpaid. What you see -- what you told about the Claro Flex, I don't think there's any change on the trends on Claro Flex, postpaid, prepaid. I think everybody is more or less seeing the same trends. So we are not selling more cheap pre-postpaid or more cheap prepaid. So we are seeing the same trend. The only thing is that promotions are becoming a little bit more strong.

I still think that we're going to have a recovery in second, but better -- in third, but more in the fourth quarter. I -- we're going to see again a little bit more growth in mobile. But well -- if promotions and our competitors are more aggressive, then we need to be a little bit more aggressive. So I'm not sure what is going to happen in the next months, maybe the promotions are not so aggressive, but we don't know. So it depends a lot. We are following them since May. Team and Vivo [ph] has becoming more aggressive. So we have to follow, and we're going to follow that. So that is what is happening.

In the other side, in the fixed side, we are being the -- and growing revenue side, we are growing revenues from, let's say, we have in Brazil, I can tell you, we start with one year ago, 1.5% growth, then 1.8%, then 2.6%, and today 4.1%. So in fixed, things are going better and things looking stronger. So we -- at the end of the day, we have a very strong network. We are doing very good in 5G. We are investing in customer care. We have a very good NPS. We are doing convergence. So, if the market is aggressive for this moment, then we're going to be a little bit more aggressive. And in the future, if things are going the other way and less promotions, then we're going to see better revenues. So we are still gaining in mobile portability. We are the gainers in postpaid in mobile portability. So, all overall, we are looking Brazil good. And that the other thing important that you can see is that we think and we're feeling a little bit -- a slowdown in the economy. That's also one of the things that we're looking how -- why revenues are decreasing a little bit because, the economy, we see a little bit of a slowdown, but it's too early to see. Let's see what's happening in the next months, and then we can time the -- if the economy is the trend is going slow or it's going to stay the way it is. So that's more or less what we have in Brazil, Leonardo.

Q - Leonardo Olmos {BIO 21197412 <GO>}

Makes a lot of sense. Thank you very much, Daniel.

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

Thank you.

Operator

Your next call comes from the line of Marcelo Santos, J.P. Morgan. Your line is open, go ahead.

Q - Marcelo Santos {BIO 17186991 <GO>}

Hi. Good morning. Thank you for the opportunity to ask questions. I wanted to ask about the Mexican prepaid performance. The revenue growth we are seeing there has been accelerating every quarter for many quarters already. Usually you discuss this in the light of improving Mexican economy, but what we hear from consumer companies is kind of a not such a great story in the consumption side, yet your performance is good. What kind of initiatives have you been pulling forward? What is happening in the competitive environment from inside or outside of America, more that's helping you to deliver these results? Thank you.

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

Well, as you said, we think that the economy at the beginning, when we were almost flat in prepaid and we're growing maybe 1% in prepaid, was maybe two years ago, when we think that the economy was in a slowdown period. But right now, I think the economy is going back, and our prepaid customers are consuming, are recharging more and are charging higher cards -- higher prepaid cards, okay? So instead of charging MXN50, they are charging MXN80 or MXN100. So people is starting to use more and more. 5G in Mexico, really we're the only ones that has a very good 5G network, and that's also helping us a lot.

And the other side, we have a little bit more coverage. So we're gaining some good subscribers that we don't have. We're starting to do a little bit more coverage in some places. But all overall is, we have a very good base on prepaid. We -- it's difficult to say what we have a lot of our prepaid customers are consuming. So we don't have a base that all -- some of them are consuming or they are maybe one-month consuming and two months, not so all these customers are every month are charging and using more data. So those are the things that are helping a lot on the prepaid side. So our base of people who is recharging is growing, and that's very good for us.

Q - Marcelo Santos {BIO 17186991 <GO>}

Perfect. Thank you very much.

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

On economy --

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

Marcelo, Carlos wants to add another point.

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

Yes, a small thing around on the economy. As Daniel points out, I think that the economy is on the recovery path. It is coming back. I think at this stage, it's very uneven. So it's not affecting all the sectors the same way. But I'll give you the two reference points. As of June, we have registered the highest ever volume of sales of automobiles, highest ever. And the growth of the automobile sales are almost identical to our prepaid revenues, the growth of the prepaid revenues, just to put it in perspective. Another reference point is, if you look at other services like restaurants, they are booming all sorts of restaurants, whether it's high-end, low-end, all of them are booming. So it's a little bit uneven. You have some sectors that are doing particularly well, some other sectors that are still not recovering.

Q - Marcelo Santos {BIO 17186991 <GO>}

Okay. Pretty interesting. Thank you.

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

Thank you.

Operator

Your next question comes from the line of Phani Kanumuri from HSBC. Your line is open, go ahead.

Q - Phani Kanumuri

Hi, everyone. Thanks for taking my questions. My first question is in -- was on Mexico mobile revenue growth. It has registered a very strong growth, but I'm wondering if it had any positive impact from the World Cup that is happening in Mexico. Are you seeing higher roaming revenues? Have you seen higher growth in June compared to other months? The second question is also on Mexico. How is the progress happening on the mobile registration? And how many -- what percentage of customers have already been registered on this front? Thank you.

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

The first one, I think the World Cup impact both -- impacts a little bit. So I don't think it's too much. There is not -- the World Cup was not only in Mexico, so only -- we have only like seven games, something like that. So there's people coming. We see more roaming here in Mexico, more people using, it's not only the roaming since people is using more, it's looking -- we have a very good 5G network. So they are looking the games in the iPad, in the phone. So that will have a little bit more consumer. That will be only two weeks in June. So it's not too much.

So what we are seeing is that a lot of our customers who are coming back to our store and wants to renovate, they are renovating. Maybe -- I can tell you that, maybe half of our subscribers are upgrading their plans. So that's very, very important. So they want to use, they want to have a better plan, they want to use more. They want a -- they are using more of the handset. So that is what is giving us on postpaid a very good growth. So a lot of our customers are moving to a higher plan. So that's what you could see. The market is very competitive with -- we have a lot of competition in the market. But as I said, we are the only really 5G network, very good network all around Latin America. We're working a lot on quality. We're working a lot on speed, customer care. So we're trying to give our customers the best service, and that is making us to grow that.

So, in the registration, well, for now on, there's the -- what we said in our -- is that there's going to be new dates for the registration. The dates are going to be depending on the end of your number is where you need to be registered. It's going to be only the prepaid subscribers, the postpaid are already in. So they are not -- they don't need to register the postpaid subscribers. And I don't know exactly the number on the industry, but there is still a lot to do on that. So every month, every 15 days, every month, there's going to be a new number, and then you have to register your prepaid number. So that's where it is. It starts in 15 of August, and then on, I think, end of November or beginning of December. And well, that's what the authorities are saying, and that's what the people needs to do. In prepaid, they need to register. Since January, all the people, all the new customers that -- all of the companies has to be registered. So since that, all of them has to be registered. And this is only for the actual customers that need to register their numbers. So that's where we are, and we hope that all of them will register now.

Q - Phani Kanumuri

Yeah. Thanks for the responses, everyone [ph].

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

Thank you.

Operator

Your next question comes from the line of Rogerio Araujo, Bank of America. Your line is open, go ahead.

Q - Rogerio Araujo {BIO 22909572 <GO>}

Hi, everyone. Thanks for the opportunity. I have a couple of questions. The first one on the line other financial expenses. It rose to roughly MXN6.9 billion in the quarter. This was a 40% increase year-over-year. Could you please break down what drove that increase? But specifically, how much of this relates to cash outflows tied to your labor obligations and patient funds? We saw this was nearly MXN6.9 billion in the quarter as well. Also

Bloomberg

looking forward, what level of annual pension-related cash outflow should we model given the maturity of the Telmex plan? This is the first one.

And the second on NuCel, could you gently walk us through how it's reflected in our accounting and KPIs, specifically how are NuCel's users counted within your reported subscriber base and net adds? We think so, but if you could confirm. But also, how is the economics recognized in full revenue or only Cloud is revenue share? So we can have an idea on how this impacts ARPU? And finally, how should we think about the associated network commercial costs and margin profile of NuCel in our results? Thank you so much.

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

Thank you, Rogerio. On the first question, on other expenses -- other financial expenses, basically, what we are reflecting is partly a little bit of the elements of the fine that was mentioned a while ago, because as the first ruling was some years ago, part of the fine ended up being a financial expense. It was -- for what was a financial penalties that were accrued since the initial ruling, okay?

The other part that is important, in other expenses generally, and this you will see it all the time, is that that's why we have the currency hedging transactions, among other things. So typically, when you are gaining on FX to the extent that those gains had already been -- those gains had already been hedged, you are giving back part on your expenses. It works on opposite directions both cases, okay? So that's part of it. So it's partly time and partly your expense, nothing to do with the pensions. The pensions are accrued and accounting this -- what we are showing here is an accrual basis. It's not on a cash flow basis, okay? The accrual business, there's no change.

On NuCel, there's two types of MVNOs in Brazil. One, we call them acreditados, and the other one's authorized MVNOs. NuCel is the ones that are acreditados, that they work like a agent -- commercial agent. And those customers count as our base. We count them as in our base in Claro. So that's the way we count. So all the NuCel subscribers are inside Claro customers.

Q - Rogerio Araujo {BIO 22909572 <GO>}

Okay. Perfect. And the revenue is the full revenue charged by NuCel. That answers that's your revenue or --

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

No, the revenue is the part that is including in us that our revenue and the rest is NuCel revenue. No, so we divide that. So that's where we have. But NuCel has been working maybe for one year or more, so more.

Q - Rogerio Araujo {BIO 22909572 <GO>}

Fair enough. Very clear. Thank you so much.

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

Thank you.

Operator

Your next question comes from the line of Emilio Fuentes, GBM. Your line is open, go ahead.

Q - Emilio Fuentes

Hi. Thank you for taking my question. My question is regarding capital allocation. I was wondering, given the current weakness we've seen in the US dollar, and how it could benefit the investment needs. Do you see any downside risk to your full-year CapEx guidance? And if so, and given you're currently standing the lower end of your leverage ratio, do you see incremental free cash flow as being destined for share buybacks? Thank you.

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

The weak dollar is the -- it's difficult for us in CapEx because then for the same things that you do, then, it's going to be more dollars. So we need to, say, on dollars, it's more dollars for the same budget that we have. So it's -- in terms of the CapEx, it's not helping, while in terms of revenues, it's helping. So that's where we are, and we're deciding what to do. But in CapEx, it's a little bit more. So -- but we are in the target that we have, MXN7 billion, and it was MXN7 billion, a little bit more, a little bit less, but we are in that target, and we're not going to move on that.

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

And then the second question, can you repeat it, please?

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

It's leverage.

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

On the leverage, you say, well, --

Q - Emilio Fuentes

Do you see any increase?

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

No, I think --

Q - Emilio Fuentes

Do you see any incremental free cash flow? If you see any incremental cash flow going for buybacks?

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

No, no, I think -- what we have said consistently is, no, we first determined what our leverage ratio is meant to be, okay? So we need to look at our leverage ratio considering the expenses that we are already committed to make, which would include the purchase of desktop, which likely is going to close this year, okay? That's our expectation in any case, okay? So we basically managed to stay within the range that we have said. So it's not more than 1.5 times net-debt-to-EBITDA, not less than 1.2 times net-debt-to-EBITDA.

So that you can see that we have some limits in terms of how much we can reduce our leverage at this point.

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

And what we -- and also adding another thing that we just announced yesterday, the WOW acquisition that we have, I think, makes a lot of sense for us in Peru. Let's say, some more fiber, like three -- more than three million houses passes with fiber, 0.5 million customers, and make a lot of synergy with us. So -- and we're open to see more of those acquisitions. So they are good for us. We're going to -- they are broadband customers that we can sell prepaid, postpaid, or TV also. This network is outside of Lima, and it's a good complement for us. Help us also -- the fiber to do corporate customers that we're growing and doing very good there. So the small businesses, as Oscar is saying, so. We are also looking for other good acquisitions that we can have.

Yes, next question.

Operator

(Operator Instructions) Our next question comes from the line of Ernesto Gonzalez, Morgan Stanley. Oh, excuse me. Our next question comes from the line of Carlos Sequeira, BTG Pactual. Go ahead.

Q - Carlos Sequeira {BIO 19112435 <GO>}

Hi Dave, how are you? Hope all is well. So I have one question, please, and it's related to M&A strategy in Europe. If you can let us know what you are looking at and what are -- what makes sense for AMX at this point when we look through Europe, please. Thank you.

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

Well, we are open to see everything, but what we're really looking is this type of companies like Desktop, like WOW, that adds fiber customers, that adds the fiber complement to our fiber network, that we can sell more things to those customers, like prepaid, postpaid. As I said also, the fiber will be in the small and medium companies, have a lot of synergies. I think we can have a lot of synergies with this company. So those are the companies that we're looking. So we are not looking to go outside right now to other countries, but we are looking things inside our country that will make us grow a little bit faster and consolidate the market. Consolidation of the market will be important.

Q - Carlos Sequeira {BIO 19112435 <GO>}

Perfect. Thank you.

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

Thank you.

Operator

Your next question comes from the line of Ernesto Gonzalez, Morgan Stanley. Your line is open. You may go ahead.

Q - Ernesto Gonzalez {BIO 23965839 <GO>}

Hi. Thank you for taking our question, and congratulations on the results. So it's two questions. The first one is on Colombia. You delivered really strong results consistent with past quarters. Could you talk about how you see this market evolving, especially now that some time has passed since the acquisition of Telefonica closed? And the second question is on Argentina. Given the recent competition authorities resolution on potential consolidation in the market, does it change how you view the long-term outlook for Argentina? Or any comments you can give are greatly appreciated. Thank you.

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

Well, good that you're talking about other countries. So Colombia, I think, we're doing very good in Colombia, growing very fast in mobile. We were the first one in -- let me tell you, we're growing from 7 to 7.6, then to 10, the growth in mobile revenue. So we do -- we were the first ones that do 5G there. We have a very good network, and portability is going well with us. So that's the reason why we're growing. Also, a lot of customers are moving to higher plans. We work a lot on also service, quality, speed. So all of that is making that our customers will use more the service and that new customers are coming to our network.

In the other side, in the fixed side, we're moving also to do more fiber. It's more a challenging.

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

Broadband.

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

-- mobile is more challenging, but I think we can grow. We are doing fiber. We have a good network, good sales, and distribution. So I think we're going to do much better in the fixed.

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

In corporate.

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

As well In Colombia, as I was saying, I think on the segment -- on the corporate segment, we are growing pretty nicely in Colombia as well.

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

So good in broad -- good -- good in mobile, good in corporate, and moving to be better in broadband and fixed, in TV, mobile, and broadband and fixed TV. That's where we are.

And in Argentina, well, in Argentina, we're going to compete against a big competitor there, but nothing else to do, so we have fiber, we have good broadband, we have 5G, and we're growing. So that's what we want to do, and that's the same strategy that we have not -- do fiber to be more customers in broadband, in TV, and we are competitive in price. So we have good prices there. So that's where we are. Well, we're growing also very good. We don't say about Peru, but in Peru we're growing very good in broadband, very good in corporate segment. The growth in Peru, I think, on the fixed side was around 12%. So it was incredible the growth in Peru, and that's what we are doing and are looking to still grow more there. So there's a lot of opportunities in the corporate segment also in Peru.

Q - Ernesto Gonzalez {BIO 23965839 <GO>}

Very clear. Thank you.

Operator

Your next question comes from the line of Rogerio Araujo, Bank of America. Your line is open. Go ahead.

Q - Rogerio Araujo {BIO 22909572 <GO>}

Hi. Thanks for the follow-up question. If you could provide more details on the regulatory fine of MXN1.3 billion on Telmex, what are the reasons behind it, and also the potential recurrences of regulatory fines going forward? Thank you.

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

Well, this is something that dates back to 2017, and in 2020, this fine was imposed on an alleged violation of asymmetric measures. So we contested the fine, and now, in June, it became final. So we believe it's disproportional. It doesn't make any sense, this fine. It's 6% of the revenue, which is the minimum accordance to the law, and we think it's completely absurd what they do. So unfortunately, at this stage, we cannot do anything. So that's what we have. So it's not on Telmex, it's on Telnor, an affiliate of Telmex, and that's what give us the -- this 6%. So we don't think -- we think those fines are absurd. So we hope, and we don't think there's going to be any more of those. So let's see.

Q - Rogerio Araujo {BIO 22909572 <GO>}

Okay. Thank you.

Operator

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

Q - Marcelo Santos {BIO 17186991 <GO>}

Hi. Thank you very much for the follow-up. I just wanted to go back to the first question regarding Brazilian mobile. So based on what you said, like, you expect the growth to improve in the third and fourth quarter. Do you see room to increase the control prices, the mobile control price, hybrid prices this year or not? Could you make some comments on that, please? Thank you.

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

I think we can do increase of prices. But well -- there's a lot of competition in Brazil, so we're not going to do anything on that until we see the rest of the -- we -- at the end of the day, if we're going to be competitive, we have the network, we have the coverage to be competitive, and if there's one, two, or three months or quarters that the promotions are more aggressive, then we're going to be there. If there's -- if that happens in May with

Vivo, so in May with Vivo, we need to put more promotions, and we think we need to put more promotions and to be more aggressive. So that's what we do in May and June. We don't know what is going to happen. As I said, we don't control the competition. We control what is internal in the company, not the competition. So I don't know exactly what they are going to do. But in Brazil and in all the countries, we are prepared to compete, and if they do more promotions, then we're going to do more promotions. And if their promotions are a little more relaxed, then we can relax the promotions. But we are a long-term player, and if it's for some quarters or one year that they're too aggressive, well, that happened in Colombia like three or four years ago, now, with the entrance of the new competition there, very aggressive. And today, we're growing, and we do what we need to do in the market, in our network, in training our people. And other thing that we are doing is we're using and starting to use a lot more AI agents, a lot more AI, and it's going to help us to reduce costs. It's going to help us to understand more our customers and to see what opportunities we have.

It's not a short term. I think that's something that we're going to do on long term, and it's going to help us in this. We're seeing that we are growing more our EBITDA than our revenues, and that's because we are controlling our costs and expenses. So that's where we are. That's really the strategy of the company all around Latin America and in Europe. And well, in some countries, maybe we have some competition, one quarter or for six months, another one, another one, and, well, we are prepared to do that. So that's where we are, and that's our strategy.

Q - Marcelo Santos {BIO 17186991 <GO>}

All right. Thanks a lot.

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

Thank you.

Operator

Your next question comes from the line of Walter Piecyk from Lightshed. Your line is open. You may now go ahead.

Q - Walter Piecyk {BIO 1510511 <GO>}

Thanks. So in Mexico, you've had very good margins for quite some time. I think they stepped up a couple of years ago. But you are -- you do show revenue growth there. Just curious if there's a way to further leverage that to take margins higher, specifically in Mexico.

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

Well, what I said so, we are really working as hard to control costs, to control expenses, to find ways that will be good for our customers to increase their plan, because we don't want that we sell a better plan and the people and our customers don't use that plan. We want that -- what we sell, they use, they will be happy. We want customers for a long term, so we don't want customers for short term. So of course, if we can find a way to increase more revenue and to -- yes, and to control cost in all the companies, of course, the margin will increase. I think all over all this quarter against last quarter of last year, the second quarter of last year, the margins of all the companies increased a little bit.

So almost, not all, but in almost all the companies, our margin of EBITDA increased this quarter.

Q - Walter Piecyk {BIO 1510511 <GO>}

Okay. And then -- sorry, if this was touched on before, but the fiber acquisition and maybe potential other acquisitions, I assume, is not going to negatively impact that the -- what has been a good trajectory in terms of capital return with dividends as well as share repurchase. But related to that, I mean, you have -- you still have a stake in Verizon. Is there any thought of monetizing that stake in order to provide additional cash for acquisitions or capital return? Obviously, the leverage ratio of the company is within your target range. So just curious how all those things fit together in terms of maybe selling Verizon, how much fiber more to build and whether we're going to see a big step up more in capital return in '27.

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

Well, the cash flow this first six months was really good. I think we increased a lot our cash flow. But still, we need to give the dividends. The dividends for the second half are there. So -- and with the dollar appreciated, it's a lot of dollars what we need to give. So it's good. And no, I think what Carlos is saying, so we have a target. And then at the end of the day, we can use that. It doesn't have to be immediately in the short term. I can tell you that in the long term, there's going to be acquisitions, if we have acquisitions, and return to capital to the shareholders and reduce the debt. Those are the three things that we have. We want to be as financial health as possible because, well, maybe we can have other opportunities in the future. So that's what we are. Still what Carlos is saying, we need to pay the acquisition of Desktop at the end of the year. So all overall, we are going to be looking for those three things, acquisitions, returning capital to shareholders, and reducing debt. So that's where we are.

Q - Walter Piecyk {BIO 1510511 <GO>}

Thank you. But is there any reason -- (multiple speakers)

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

One thing. No -- but we can -- but we are not seeing the things in a short term, okay? So today, what is today, and then tomorrow, we need to see a little bit more on a medium and long term to do all these things, okay? So that's where we are. We still -- I still personally think that there will be more opportunities like Desktop, like WOW in the future. And let's see, that's why we want to be healthy and to be prepared to do those things, no? Those acquisitions.

Q - Walter Piecyk {BIO 1510511 <GO>}

And why continue to own Verizon?

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

Well, Verizon, when the share was at some price, we sold some of that. We are -- we take the decision to sell half of that. We haven't take the decision of the other half of that. So we are looking -- so that's -- nothing that -- there is not -- we are sure that in the future we are going to divest, maybe. We don't know exactly when we're going to divest. Not in --

Q - Walter Piecyk {BIO 1510511 <GO>}

Okay. Thank you.

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

-- we are not in a hurry. So there has to be a good price. And we're not going to hurry to divest.

Q - Walter Piecyk {BIO 1510511 <GO>}

It's a pretty good price. It's a pretty good price right now.

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

Yeah. Yes. We sold it at a higher price than this one. Yes.

Q - Walter Piecyk {BIO 1510511 <GO>}

I know. I know.

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

Thank you.

Q - Walter Piecyk {BIO 1510511 <GO>}

Thanks.

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

Thank you.

Operator

Your next question comes from the line of Jesus Romo, GlobalData. Your line is open. You may go ahead.

Q - Jesus Romo {BIO 3517912 <GO>}

Hello, good morning, and thank you for taking my call. Just a quick follow-up on the Mexico numbers, specifically the prepaid subscriber numbers. I noticed that you had positive net adds in Q2 2026 versus Q1 2026. And since we're in the middle of the -- or we're still on the ongoing registration process, I wonder if you could share a little bit of color or the factors that guided to have positive net add numbers in this quarter. Was it promotions, the World Cup, mobile portability, or a combination of factors? Thank you.

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

So look, let's -- it's very difficult to explain what is happening since the registration in January is with the new customers. It's very difficult because some customers decide not to renew because if they renew, they have to register. So people are not registered. So what we have less disconnections -- so a little bit less sales, but less disconnection. But it's very difficult. The way we're seeing and trying to understand what people is thinking, but change a little bit because people used to buy very cheap and then use and then buy another handset and then use. The behavior of the prepaid subscribers are changing a little bit, and we need to see. But at the end of the day, the most important thing in prepaid is the amount of revenue that you are getting per month. And I think that's what is doing good, and we are doing fine on that.

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

And, yeah, just to give you a reference point, net adds -- prepaid net adds at the second quarter were 146,000 in Mexico. A year ago, second quarter of last year, they were 83,000, and two years ago they were 106,000. So if you look at the last three years, the second quarter has given us the better net adds in prepaid.

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

Another thing that is happening in all the countries is that there's a lot of people moving from prepaid to postpaid. So in some countries, they are moving more from prepaid to postpaid, in other ones a little bit less. But as people is understanding that, well, the concept is part of the life of the person. So they are moving when they can, they move to a postpaid, and in postpaid they hire more data and more applications and do more things. So that's going to be the trend for the next five years. There's going to be more people moving from prepaid to postpaid.

Q - Jesus Romo {BIO 3517912 <GO>}

Just a quick follow-up, if I may. Do you perceive there is an effect of customers coming in from Movistar now that there's an announcement of a deal? Not an approval yet, but there's an announcement of Movistar changing hands. Do you think that this is customers going to stick to America Movil?

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

I think it's difficult that the customers -- all the customers will know that the company is going to be for sale or not for sale. Some of them know, other ones not. But I think what we have is in number portability, we have been gainers in number portability, and we still are gainers in -- we gain in number portability. So I don't know exactly if it's because the company was for sale and then it's still not for sale, or they are not selling because they are not -- don't have the actual -- I don't know exactly what those regulatory is happening. But while we are gaining customers from all the companies.

Q - Jesus Romo {BIO 3517912 <GO>}

Thank you.

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

Thank you.

Operator

We have reached the end of the Q&A session. I will now turn the call over to Mr. Daniel Hajj for final remarks.

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

Just thank everyone for being in the call. Thank you very much. Bye-bye.

Operator

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