

Company Name: America Movil
Company Ticker: AMXL MM
Date: 2019-07-17
Event Description: Q2 2019 Earnings Call

Market Cap: 958940.537513
Current PX: 14.6099996567
YTD Change(\$): 0.639999656677
YTD Change(%): 4.581

Bloomberg Estimates - EPS
Current Quarter: 0.17
Current Year: 1.016
Bloomberg Estimates - Sales
Current Quarter: 255125.4
Current Year: 1017816.412

Q2 2019 Earnings Call

Company Participants

- Daniela Lecuona Torras, Head of Investor Relation
- Daniel Hajj Aboumrad, Chief Executive Officer
- Carlos Garcia Moreno Elizondo, Chief Financial Officer
- Unidentified Speaker
- Oscar Von Hauske Solis, Chief Operating Officer

Other Participants

- Rodrigo Villanueva, Analyst
- Unidentified Participant
- Leonardo Olmos, Analyst
- Fred Mendes, Analyst
- Cesar Medina, Analyst
- Carlos De Legarreta, Analyst
- Andre Baggio, Analyst
- Carlos Sequeira, Analyst

Presentation

Operator

Good morning, my name is Denise, and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Second Quarter 2019 Conference Call and Webcast. All lines have been placed on mute to prevent any background noise. (Operator Instructions)

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

Daniela Lecuona Torras, Head of Investor Relation

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

Daniel Hajj Aboumrad, Chief Executive Officer

Hi, Daniel. Hi, everyone. Thank you for being in America Movil second quarter of 2019 report. And Carlos is going to make the summary of the results.

Carlos Garcia Moreno Elizondo, Chief Financial Officer

Thank you, Daniel. Good morning, everyone. Well, in the quarter, new uncertainty regarding trade laws in the countries on the so-called trade war with China bring about a greater deceleration in global economic activity with

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(inaudible) US treasury interest rates continue to fall in the latter part of the quarter. By the end of June, we roughly 40 basis points below where they has been at the beginning of the quarter. Even though US interest rate where not expected to keep on rising but we seen a falling in the later months of the year. The US dollar remain strong versus most currencies. Only the Mexican peso held its ground appreciating in the second quarter against (inaudible) all the currencies in the region, 1.3% versus the dollar, 7.6% versus the Euro, 10.3% versus the Brazilian real, 15.6% versus the Colombian

Unidentified Speaker

Then peso and 19%. This is the Argentinean pesos we are it one particularly [ph]MXN1.6 million wireless postpaid subscribers in the second quarter, more than half of which came from Brazil we Austria and Mexico contributing approximately 200,000 subscribers each.

We also disconnect at MNX1.2 million prepaid subscribers in the period, including (inaudible) in Nicaragua. On the fixed line and platform RGUs increased by a contract and [ph]19,000 clients. We paid on the 259,000 new 4 by [ph]mattresses one of which came from Central America with Brazil, contributing 81% clients and Colombia 49,000 and the kind of (inaudible)Eric both [ph]let's say 7.2% and 6.0% year-on-year mobile postpaid and fixed broadband, remains the main drivers of access growth with mobile prepaid and PayTV decline in 3.4% and 1.9% year-on-year fixed voice access were almost flat from a year before.

Before going on to the financial results. It is important to highlight that Argentina has deemed to be happening inflationary economy and because of it. If financial results have to be presented in constant Argentinean and peso terms for purposes of our consolidated results. Those results most later into Mexican pesos using the closing exchange rate of the relevant period to ensure consistency in all our comparisons of consolidated figures that are done at constant exchange rates. We will exclude Argentina from our consider it speaks for reference. It must be said that in the second quarter with nominal values that is with no inflationary adjustments and that average market exchange rates Argentina would account for 3.4% of the total revenues of the company.

Okay. Well, in the second quarter revenues totaled MXN250 billion pesos I we're EBITDA MXN78 billion pesos in future. The IFRS 16, both our service revenues and our organic EBITDA declined in Mexican peso terms from the year earlier quarter 3.1% and 2.8% respectively, reflecting the fact that the results of our international operations have fallen in Mexican peso terms on account of the strength for the best at constant exchange rates, again excluding Argentina and as you can see in the slides. Those of you that are looking at the presentation, you can see have heavy revenues seeing to accelerate expanding from 0.8% in the first quarter to 2.3% in the second one

Unidentified Speaker

Organic EBITDA growth also picked up so [ph]3.5% in the second quarter from minus [ph]2.1% in the preceding (inaudible).One well mobile service revenues were the main driver of revenue expansion, nearly doubling from 2.9% in the first quarter to 4.7% in the second one and then fixed service revenues also improved reducing their decline from minus 1.2% in the first quarter to minus 0.4%.

So we are seeing a strong growth in mobile and an improvement in fixed service revenues there are declining less rapidly. They used to be faster rolling business lines by revenues were things Bank at 7.7% year-on-year and mobile postpaid at 6.3%. As you can see the slides prepaid revenue growth also picked up to 3.4% as we've Head of corporate networks at 4.6\$%.

On the other hand the decline of pay-TV and fixed voice revenue the those revenues continued their decline.

Mobile service revenues, again as you can see in the slide, very in Mexico, 8.3%, Brazil 8.9%, 6.9% in American (inaudible) and 3.3% in Colombia and leave in the US or are seeing nice ARPU gains we seen an increase of 1.4%, but we did see some declines in Peru and Chile mostly brought about by the reduction in interconnection rates that took

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place earlier in the year. Okay.

On the fixed revenue platform we saw revenues increasing 8.5% in Colombia. (inaudible) in the quarter and 2.4% in the Dominican Republic, but also in. Yeah, we have seen and improvement in the case of Mexico. They are now, falling 1.3% compared to a decline of 4.5% that we had in the prior quarter. So we are seeing again in some cases it very significant growth rates and well, we had to have some declines. We are seeing less, important declined this time around.

EBITDA growth was we mentioned 3.5% for constant exchange rate compared to a decline of minus 0.1% in the first quarter but EBITDA growth accelerated sharply in Mexico too

Unidentified Speaker

7%, and improved more (inaudible) in Colombia and Ecuador to 8.4% and 6.9% respectively. You see increases in Dominican Republic (inaudible) 6.4% in Brazil, 4.7% and in the US 8.2%. So very good increases of EBITDA in the main markets of the Company. And (technical difficulty) I'm mentioning Austria because Austria fell after restructuring costs. But if you consider the results before restructuring cost, they had an increase of about 3.5%.

So our operating profits were up 7.7% to MXN37 billion, whereas our comprehensive financing cost of MXN12 billion were down 63% from the prior year. Thanks to our having posted a [ph]MXN1.2 billion foreign exchange profit this quarter compared to MXN30 billion loss last year same period. The foreign exchange gains were instrumental in our turning a MXN14 billion net profit in the period, because that is the foreign exchange gains and our operating profit helped us come up with a net profit in the period, as you can see in the slide.

Our net debt ended June at MXN686 billion, including the capitalized portion of our lease obligations per IFRS 16. Excluding these, the debt stood at MXN570 billion, which is roughly flat relative to a year before. In cash flow terms, our net debt will increase MXN19 billion in the six months to June, partly to fund the acquisition of the Guatemala operation from Telefonica.

Our outlays totaled MXN92 billion and they include capital expenditures of MXN66 billion, acquisitions of MXN6 billion and contributions to pension funds in the amount of MXN12 billion. In addition, we had about MXN7 billion in the shareholder distributions.

And finally, you can see in the slide that our leverage rates ended up the quarter practically unchanged from the prior quarter at 1.98 times net debt to EBITDA. We still feel that we are very much in truck to continue reduce the leverage ratio for this year. And depending on whether we have been -- the acquisition of Nextel closing this year or not, we might end up having a greater reduction of leverage than we were expecting initially. So that's what I would have to say, I would like to

Carlos Garcia Moreno Elizondo, Chief Financial Officer

The microphone back to the Daniel for the Q&A session. Thank you.

Questions And Answers

Daniel Hajj Aboumrad, Chief Executive Officer

Thank you, Carlos.

Daniela Lecuona Torras, Head of Investor Relation

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Okay. We can begin taking the questions.

Operator

(Operator Instructions) Your first question comes from Rodrigo Villanueva from Merrill Lynch. Your line is open.

Rodrigo Villanueva, Analyst

Thank you. Good morning, Daniel, Carlos, Oscar, Daniela. My first question is related to the economic environment in Mexico. I was wondering, if you see -- if you expect a negative impact on your Mexican operations, as a result of the deteriorating economic outlook. And the second question is related to ARPU in Mexico. At MXN149, and increasing by 6% year-on-year. I was wondering if it's mostly related to higher usage, but also to price increases implemented during the quarter, in line with what AT&T has been doing? Thank you.

Daniel Hajj Aboumrads, Chief Executive Officer

Okay. Hello, Rodrigo. On the question of the economic activity, As we (inaudible) there has been some recent numbers that have shown -- the industrial production coming down a bit, and the GDP figures, I think for the first quarter was a little bit weaker than expected. The fact of the matter is that, a lot of this has been very much a limited to mining and construction, that's been the factors that have been more affected. And the consensus economic growth expected for the country, and I just checked it yesterday, it's still around 1.5% for the year. Okay. This is the more recent consensus, which is down from of about 2% at the beginning of the year, but still not too bad. So I think it's partly to do with what happens with oil production, which is important in the figures, but it's probably not that important (inaudible) in the economy. And it is the case that in the market, we have seen, as we are seeing now in the report, a good increases in revenues and EBITDA, and this is very much driven by consumption, I think that we have a note in the quarterly report, where we basically say that the data consumption (inaudible) in Mexico has increased by 120%

Carlos Garcia Moreno Elizondo, Chief Financial Officer

on year, and that the MOUs have also continued increasing significantly. I think that they have reached (inaudible) something new (inaudible), which make it the more significant consumption of both in all of Latin America.

Daniel Hajj Aboumrads, Chief Executive Officer

To add a little bit more on what Carlos is saying, and also remember that the telecom sector is a very defensive sector. So it's important to know that I think [ph]Telekom has becoming very important for the people, and this is still using. And what Carlos is saying megabytes of use in Mexico increase around 120% and the ARPU 6.2%, as you are saying minutes of usage. And all of it all what I can tell you about Mexico is that Telcel and Telmex have substantially increase their investments here. So Telmex has increasing their fiber, putting fiber-to-the-home -- fiber-to-the-house, so -- where want to increase the speeds and get more capacity to all of our broad clients. And in Telcel, what we want is -- we're putting more 4.5G quality and we want to connect more cities and more locations in the South of Mexico. So we're putting more money to invest and to have more connectivity in the South, all Mexico and specifically more in the South of Mexico.

So we still have the best network, the best quality, the best customer care centers attention. So all overall the preference of the Mexicans are for Telcel all this time. So it's a little bit in the market. I don't see a lot of increasing prices, we have been increasing a little bit in the prepaid side in our case, reducing one day in one card. But in the postpaid we're not doing anything we still having the same prices and that's what we have been seeing. Sometimes we have some

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increase on prices, but then in the market we see some promotions of our competitors. So it's very difficult to understand exactly what is happening in Brazil. Everybody saying that they are increasing prices but when you go to the market, then the promotions are reducing in Brazil also.

Where-else talking about Mexico. I think the investments that we have been putting here are working very good revenue.

Unidentified Participant

Understood. Thank you very much. Daniel and Carlos.

Carlos Garcia Moreno Elizondo, Chief Financial Officer

Thank you.

Daniel Hajj Aboumrad, Chief Executive Officer

Thank you.

Operator

Your next question comes from Leonardo Olmos with Santander. Your line is open.

Leonardo Olmos, Analyst

Hi, good morning. All of my questions are related to Brazil. The first one is related to fixed broadband. If you could give us an update in the context of oil strategic plan to release yesterday. We noticed a reduction in the loss of subscribers, which was good for (inaudible). But looking ahead, what are the main challenges from the competition, Brazil could be -- the regional players. What do you see a main and challenges for that (inaudible) in Brazil?

Daniel Hajj Aboumrad, Chief Executive Officer

Well, let's talk a little bit about Brazil, and divided into. The first talking about the wireless side, I think we have been doing very good, prepaid revenues growing 3%, postpaid revenues growing 11%. I think for the last six or seven quarters, we have been growing very strongly., where our wireless revenue and the network is improving a lot, the coverage has been improving also (inaudible) we have been awarded by the one of the best networks in Brazil. So, the investments that we have been putting in Brazil in the wireless side had been good and we have been growing very, very good in the postpaid and prepaid side. In the fixed side, I think broadband has been growing also, we have been growing 13%, the revenues in broadband, and -- it's a good market., I think we are a little bit behind our budget in broadband, but I'm hope we can do our budget this year, and still, it would be very, very -- the growth in broadband, I think it's going to be -- we have been having mainly, more than 50% of the market share of the ultrabroadband customers. So in that case, all the ultrabroadband customers that we have been having are being consuming very well, and they are very happy. On the -- we have more than, I think more than 5 million customers with high-speed broadband. So the competition we've got -- Oscar can talk a little bit more on the competition on the broadband with these small players that we're having all around Brazil.

But I think we're doing good. And on that the -- on the voice, in the fixed voice, I think just starting to reduce the decline that we have been having in the last quarters. Yes, it's almost finished these long distance and these type of

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services that we're having. So, yes, it's mainly stable. Yes, we're not losing too much more. And in the TV, the TV is the one that is losing a little bit, we're losing not too much subscribers, both the ARPU is reducing a little bit, because of the competition, and it's what is happening all around the world. So people wants to have less channels, more broadband, Netflix, and other streaming services. So all around is reducing our ARPU. But I think, we can sustain that for the next year or so. But Oscar, can talk a little bit about what is happening in the market in the fixed broadband.

Oscar Von Hauske Solis, Chief Operating Officer

Yes, as Daniel mentioned, there is this -- what is called a small players, they are growing pretty rapidly in the areas, where we don't have network. If we look at our network, we have a HFC network cable with (inaudible) and we could more easily to (inaudible) to be the one to deliver really high speeds. And all the new homes that we are doing in Brazil, we are doing with the fiber, we're using GPON technology. As Daniel mentioned, on the ultrabroadband, we have more than 50% of market share. So I think we have a good network, well position in the market in Brazil. We know that -- our competitors are building fiber, as well. So it's a very competitive environment, but we think we have the right infrastructure to be a good player in the market. We're going to around 1 million house...

Daniel Hajj Aboumrads, Chief Executive Officer

1.5 million.

Oscar Von Hauske Solis, Chief Operating Officer

1.5 million houses fiber (inaudible) this year.

Leonardo Olmos, Analyst

Oh. That's a big number. Yes, thanks. That useful. It's good that you mentioned the mobile part Daniel, because I've going to ask you -- was going to be my follow-up question. Yes. Again, you had a very strong addition in postpaid. You mentioned on the earnings release that is most related to prepaid upgrades. But my question is, now that you are growing to unify the brands all below collateral. Do you think the 4G bundles will be an even more important rolling in the growth of postpaid mobile?

Daniel Hajj Aboumrads, Chief Executive Officer

We are just unifying our brand, with the name of the brand is going to be all

Unidentified Speaker

let's say massive or residential and prepaid, postpaid is going to be Claro, still we're thinking on the corporate side, that is (inaudible) or know where, all the brand is going to be the brand in Brazil, it's going to be Claro. We have our combo multi that its leading comparisons on the peaks and mobile services, delivering the best value proposition in the market and delivering the most complete and convenient solution for all our customers. Also if you can see the churn has been going down, as they -- it's been very good, very good the churn, so what those setting, we have a very good platform in Brazil, we have been investing for the last eight years in my group being and increasing our investments in the last three years.

So, we have a very competitive network in the wireless side right now and in the fixed side, we are still growing and feel very comfortable on what we have.

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Unidentified Participant

Okay, that's very good, thank you very much.

Unidentified Speaker

Thank you, thank you.

Operator

Your next question comes from Fred Mendes with Bradesco. Your line is open.

Fred Mendes, Analyst

Good morning everyone and thanks for the call. I have two questions as well as, the first one is more of a follow-up on the last one, particularly on the prepaid on Brazil, the other players they are showing like a double-digit drop year-over-year and you are going on the other direction, you actually like (inaudible) growth, which is quite interesting. So, just trying to get a little bit more of quality what do you believe it has been main point of such a difference of quarter reporting stronger result and other players, but I think particularly on the prepaid, that doesn't called the attention, then as a follow-up if you believe that the price, the -- on a sustainable level, this will be my first one and then the second one on Mexico, particularly Telmex, how has the competition behave, I think in the fixed segment especially strategy in terms of price, it looks like Telmex be a little bit more aggressive on price.

And finally, if you can give us an update about the potential, I think (inaudible) license, visibly we would. Thank you.

Unidentified Speaker

The first one on the Brazil side, well, what to addressing is true, we have been growing in postpaid, but also in prepaid and and beating our competitors there, and I just, one to tell you that I think mainly is we costs -- we're having a very strong network. So, we are doing a lot of investments in capacity a lot investments in quality and that is helping us to give a very good service, against my other guide on, want to talk about my competitors, what I think we have much better network quality

Daniel Hajj Aboumrada, Chief Executive Officer

capacity coverage, in some cases coverage than our main competitors in prepaid. So that's why we are growing, even though I think they are in some cases with some packages, they are a little bit more aggressive than (inaudible) in prices. I was in Brazil last week, the last two weeks ago, and I look that the packages, they have some packages for 15 days, we don't have packages of 15 day. So they have been very, very aggressive in some packages bought. We feel very comfortable with the network and with the brand and their distribution also has been good. So that's I think mainly -- why we are really growing in the prepaid side. In Mexico, you talk a little bit about Telmex, and what I can say is, again, is that we Telcel and Telmex has seen really substantially increasing the investments here. So in Telmex, specifically at the top -- Oscar can talk a little bit to where we are doing and what the investments we are doing. But we're mostly (inaudible) driver all around Mexico and yes, we have been a little bit more aggressive in the broadband side, and we have been growing this year, we have been around the 100,000 new broadband subscribers, still we are not gaining market share. What I think that we are on track to again starting to gain market share. But Oscar can talk a little bit about the network to Mexico.

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Oscar Von Hauske Solis, Chief Operating Officer

Sure. What we are doing in Mexico is that, we have fiber to the home, we have almost 5 million home passes we fiber to the home. And then the rest, we are doing fiber to the queue in order to use the best technologies using copper. So we are using VDSL and pair bonding to improve the speeds of the customers, we are covering all the segments of the market to have the best offering in broadband. And combined with other products as Claro video, Claro

-- security to bundle, they are offering with more value-added, that just broadband, so is the push that we are doing in Mexico.

Daniel Hajj Aboumrad, Chief Executive Officer

And the last thing in Mexico, I think since October, we have been making important changes in our commercial offer, increasing the speeds and including unlimited voice. Now, the market (inaudible) the packages that

Unidentified Speaker

That's, (inaudible) so, I think that's more or less what we have been doing, that's of in the commercial side in Mexico. And then last one, you asked me about the -- which one?

Unidentified Participant

B2B?

Unidentified Speaker

Well, I think it is if at all has not resolved, yet our application to provide the pay-TV services in Mexico, the application was submitted back in October of 2018. All of the applicable requirements have been met. And if, but there is conducting an internal review, we hope to receive clearance to compete in such a highly concentrated market soon, that I think there is no competition in the market -- in the TV market, and as a result of that, prices has been consistently increasing in the pay-TV market.

So, this is affecting all the Mexican consumer. So, I hope they can give us the license soon. If Telmex only 39% of market share in the peaks broadband and TV segment.

Unidentified Participant

Revenues?

Unidentified Speaker

In terms of revenues, we only have 39% market share, Telmex.

Unidentified Participant

All right, thank you. Very, very clear, (inaudible) and Oscar. Thank you.

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Unidentified Speaker

Thank you very much.

Operator

Your next question comes from Cesar Medina with Morgan Stanley. Your line is open.

Cesar Medina, Analyst

Hi, great quarter, guys. Thanks for taking the call. The question was regarding the function of separation. What is the stage of the process and then, the second question, we saw a significant improvement in margins in the US, can you comment on what are the trends that you're seeing in this market as well? Thank you.

Unidentified Speaker

Yes, well on the functional separation, the company is working diligently to assure compliance hence to (inaudible) position as part of the functional separation, the due date for the separation is around March 2020. At this time, there is nothing specific to comment on this process.

So there is nothing more to comment on that. And on the US, well, I think and as I told in the first quarter, the TracFone is doing good, I think we are growing or much backlog, the gross adds of our subscribers has been improving, revenues also has been improving and we are on track with our budget. So, if we can see 2019 for TracFone, my view is that we're going to have around the same EBITDA margin that last year and we are going to grow taking out safe links around 300

Unidentified Speaker

1,000 subscribers, different than the last year that we lost subscribers. So all overall TracFone is going to be much better in terms of net additions and they are going to -- and we're going to have around the same EBITDA that we have last year, so that's more or less. If we having one quarter maybe we have a little bit more subsidies in one quarter than in the other one. But all overall, I think we are on track with our budget that we have on track.

Unidentified Participant

Thank you.

Operator

Your next question comes from Carlos Legarreta with GBM. Your line is open.

Carlos De Legarreta, Analyst

Hi, thank you, good morning. Thank you for taking the question. So both in Mexico and Brazil, you saw an EBITDA expansion of mid-single digit. I was wondering if you could give us some color on how much of that comes from just increased usage or topline growth and how much of that comes from internal efficiency at the OpEx level? Thank you.

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Daniel Hajj Aboumrad, Chief Executive Officer

Well, if you see the numbers in both countries are (inaudible) as we are increasing revenues and we are really being cutting cost all around. So the efficiencies have been very good, we have a more good networks, more efficient networks, digitalizing a lot of our things. We have -- really it's good strategy on trying to digitalize everything that we have cost to [ph]Medicare, IT, the billing everything we have been trying to digitalize. And these giving us a lot of efficiencies. So I can tell you that, Mexico, Brazil and in Colombia that we have been having a very good quarter in Colombia is because we're growing in the revenue side and in -- we are cutting costs in the other.

And I think you're as well (inaudible) SABs revenues in Mexico are growing 8.3% on the mobile platform. And the fixed line platform, but they have been following the -- they have reduced a decline and they were down only 1% in the quarter. If you look at mobile ARPUs. Mobile ARPUs in Mexico were up 6.2%. So I think there's a lot to be said about top line growth supporting the growth of EBITDA.

Carlos De Legarreta, Analyst

Thank you. I understand. And if I may, a follow-up in the Mexican Fixed-line market. Do you think the deceleration of the decline in this market in terms of top line, is it explained mostly by the improvement in the corporate segment or you also seeing the improvement on the

Unidentified Participant

Good side.

Unidentified Speaker

I think we're doing very good in the corporate segment. We're doing good and we are going to be more on the (inaudible) market, both as -- that's the big investments and the substantial investments that we're doing in the fixed side are also in the mass market.

Unidentified Participant

That's perfect. Thank you.

Operator

Your next question comes from (inaudible) with Credit Suisse. Your line is open.

Unidentified Participant

Hello, good morning. Thank you for taking my question. My first question is just, I think I know there's Brazil a lot of questions now in terms of the fixed side in Mexico, but just one last thing, I just wanted to get a little bit more color, if you may, in terms of -- if you're seeing any macro impact on the fixed side in Mexico regarding the mass market and also in terms of the corporate, if you're seeing some government spending, there or if it's only enterprise, that's my first question.

And my second question is just around Colombia and mobile market, I would like to see some color there in terms of what's driving the good results and that's it. Thank you.

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Date: 2019-07-17
Event Description: Q2 2019 Earnings Call

Market Cap: 958940.537513
Current PX: 14.6099996567
YTD Change(\$): 0.639999656677
YTD Change(%): 4.581

Bloomberg Estimates - EPS
Current Quarter: 0.17
Current Year: 1.016
Bloomberg Estimates - Sales
Current Quarter: 255125.4
Current Year: 1017816.412

Unidentified Speaker

Well, let's say, starting Colombia, I think in Colombia, we have very good improvements in service revenue 5.2% from 3.4% last quarter. So, our increase in service revenue is very good. Postpaid is driving 6.1% of that growth, and also the peaks revenues, it has been very good. Broadband is increasing around 11%. So, I think in Colombia, in the prepaid and postpaid we have been increasing a lot, our capacity, our coverage. ARPU is growing 6.9%. So, we are selling a little bit more to our customers. Customers are using more our service, so rates increasing and there also it's one of the countries where pay-TV services is growing very good.

So, in Colombia, you can see in the wireless and on the fixed both doing excellent, so it's still that they (inaudible) is not so be, if it's low and I think we have still a good opportunity to increase that selling a little bit more to our customers. So, I'm happy and our networks has been improving giving more 4.5G and the increasing it's speed, so all-over-all Colombia is doing good and in Mexico

Unidentified Speaker

still we are not seeing, as Carlo is saying, still we are not seeing any recession or any -- I'm sure that the government is spending less [ph]work, we are not seeing that in our business at that time.

Unidentified Participant

Thank you very much.

Operator

(Operator Instructions) Your next question comes from Andre Baggio with JP Morgan. Your line is open.

Andre Baggio, Analyst

Hi, good morning. I like to know how is the outlook for -- (inaudible) get a Pay TV license in Mexico, we haven't heard about this topic in the last quarters, but we have not seen any actions. So do you think that this could happen till the end of the year?

Unidentified Speaker

We don't know. As I just said, this year but they have not resolved yet our application. So the application we submitted in October of 2018 and we give them all the requirements that they need. So we still don't know, we hope. And as I said, they are only segment of the telecom market that is increasing prices in the Pay TV. And I think [ph]vote for the Mexican people will be very good if they have more competition. So that's what I see. I hope, we can have the license at the end of the year.

Andre Baggio, Analyst

Perfect. And the -- can you clarify a little bit more on this pension payments. So we have seen this throughout the year -- amount of payments to pensions in America Movil Telmex. And can you give us some outlook, there is expected recurring base in the next few years?

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Yeah, I don't understand your question. But I don't think we have any change on the pension payments and pension fund on Telmex. We have been cutting that for time. There is nothing new, nothing change. And I don't have the specifics here. But there is nothing new on that pension funds.

Andre Baggio, Analyst

Okay, that's all right. Thanks a lot.

Unidentified Speaker

Thank you.

Operator

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

Carlos Sequeira, Analyst

Hi, thank you. Good morning. I have just one follow-up question on Baggio's question on the Pay TV license. And my question is, how relevant would you think getting a Pay TV license issued Mexico. I mean given what has happened to the PayTV business in several of different markets and you have other ways to provide Pay TV services. Is it really that important to have a license at this point in Mexico? Thank you.

Unidentified Speaker

Well, it's -- what you are saying is, it's right. I think the TV -- the PayTV is reducing

Unidentified Speaker

in some markets, still as you seen Colombia is growing. But I think it's important, and that all the layers had convergence that they can give convergence. So they can do peaks, broadband and pay-TV, so that the triple play, I think in the house, people is expecting to have the three services and that's really the reason why we are asking that and on the other -- our recent. That's why we want to do that. The penetration in the Pay-TV Mexico, which is still low. I don't think the penetration and it's average what I still, we can have a little bit more penetration there.

But, the importance also is to have more competition. Prices, it's is the only place where prices has been increasing and we want to bundle our services with the Pay-TV, so that's the reason to have that.

Unidentified Participant

They makes sense. Thank you.

Unidentified Speaker

Thank you.

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Operator

There are no further questions queued up at this time. I'll turn the call back over to Mr. Daniel Hajj.

Daniel Hajj Aboumrad, Chief Executive Officer

So, now, I think I got --

Unidentified Speaker

no more questions, (inaudible) have a very good job.

Daniel Hajj Aboumrad, Chief Executive Officer

I want to thank everybody for being in the call. Thank you.

Unidentified Speaker

Thank you all.

Operator

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

Unidentified Speaker

Thank you.

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