

Company Name: America Movil
 Company Ticker: AMXL MM
 Date: 2019-10-16
 Event Description: Q3 2019 Earnings Call

Market Cap: 996262.576593
 Current PX: 15.1800003052
 YTD Change(\$): 1.21000030518
 YTD Change(%): 8.661

Bloomberg Estimates - EPS
 Current Quarter: 0.236
 Current Year: 1.065
 Bloomberg Estimates - Sales
 Current Quarter: 261071
 Current Year: 1008620.625

Q3 2019 Earnings Call

Company Participants

- C Daniela Lecuona Torras Head of Investor Relation America Movil,
- C Oscar Von Hauske Solis Chief FixedLine Operations Officer America Movil,
- C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,
- C Daniel Hajj Aboumrad Chief Executive Officer America Movil,
- Unidentified Speaker,
- A Rodrigo Villanueva Bank of America Merrill Lynch,
- A Alejandro Gallostra BBVA Latam Research,
- A Fred Mendes Bradesco BBI,
- A Andre Baggio JP Morgan,
- A Diego Aragao Goldman Sachs,
- A Carlos De Legarreta GBM Research,
- A Maria Azevedo UBS,

Other Participants

- Analyst

Presentation

Operator

Good morning, my name is Marcela and I will be your conference operator today. At this time, I would like to welcome everyone to the America Movil Third Quarter 2019 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.

session if you'd like to ask a question during this time. (Operator Instructions). I would now like to turn the call over to Mrs.Daniela Lecuona, Head of Investor Relations, please go ahead.

C Daniela Lecuona Torras Head of Investor Relation America Movil,

Thank you.

Good morning everyone. Thank you for joining us today to discuss our Third Quarter Financial and operating results until on the line. Mr.Daniel Hajj our CEO, Carlos Garcia Moreno, CFO and Mr.Oscar Von Hauske, COO

C Oscar Von Hauske Solis Chief FixedLine Operations Officer America Movil,

Thank you Daniela. Welcome everyone to America Movil Third Quarter of 2019 Financial and Operating Report.

And I'm going to transfer to Carlos to make a summary of the results.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

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Thank you Daniela. Good morning, everyone. Notwithstanding relatively strong economic reports in the US throughout the third quarter.

As the global economy continue to slow down, the concern that the country would follow brought about a major drop in use in translating the period. We deferred reducing the risk and brakes twice and 10-year Treasury yields falling to let us close to their all-time lows. In Latin America, several central bank's Brazil, Mexico, Chile introduced new interest rate reductions as well as countries were also experiencing a significant economic deceleration. We ended September with 278 million subscribers there adding 1.6 million posted subscribers in the quarter, Of course you 928,000 came from roughly 215,000 from Mexico 159,000 from Austria and it's connecting economically 7,000 900,000 invested.

So fixed our you use at the end of the quarter, they totaled 84 million after native connections of 259,000 ID use resulting from 208,000 new broadband actresses and the disconnection of 247,000 wide lines and a 190,000 PayTV unit. Mobile posted and fixed-broadband remained the named drivers of access growth at 7.8% and 5.6% year-on-respectively, while mobile prepaid and PayTV units declining 3.5% and 2.5%. Fixed-voice accesses were down slightly 0.2% from a year before. We posted solid revenue growth in the quarter with our revenue reaching 248 million pesos.

Mexican peso trends, they were slightly higher year-on-year is part of the representation of various currencies by directing the Colombian and Argentinean pesos. These are these energy companies all of this in the quarter. Constant exchange rate, revenue growth remain solid, which ever has expanding 2.5% slightly faster than in the prior quarter and all of this is a spring that Cantina and these calculations because the accounting company, we can people expect most limited everybody mutation like Joseph --. Carol concrete post to the best service revenue growth rate signal in over a year.

-- target 16 I was recorded that came in academia 8.2 billion pesos was equivalent to 31.7% of willing[ph] organically and of constant exchange rate our EBITDA expanded 3% of an extraordinary revenue item deriving from a legal proceeding in Brazil and for restructuring charges in Austria associated with its program of early retirement for employees, EBITDA increased 7.2% over the year-earlier quarter. At 4.6% more service revenues were the driver of revenue growth would revenues expanding 11% in the field 8.2% 2% in Mexico 4.7% in both Colombia and in Europe. Dominican Republic and Central America also registers come performances as a fitness every revenues they declined 1.2% principally because of the reduction of these ball bearings. Wholesale revenues continue to accelerate increasing at a pace of 5.8%, while prepaid revenues are exhibiting greater dynamism in several markets, Including Mexico and Colombia, mainly on account of greater data consumption.

Revenues from fixed broadband services and copper network increased 5.7% consisting 6.7 % respectively, while PayTV revenues although still, down 3.3% on a yearly basis studied last in the third quarter, posting at 2% sequential increase so from the second to the third quarter of a increased 2%. In some countries Colombia being an important example, the fixed line platform is growing well on all-three business Lines. Both broadband and PayTV In Mexico prepared revenues can stop growing more than 10%, while posted revenues stayed close to 6% they have for quite some time now. On the fixed lines platform data services, including Britain corporate grow 2.7% with both revenues continue to decline on a yearly basis.

All in all EBITDA short of 7.6% in Mexico from the year before, reflecting greater operating leverage and good cost controls. In Brazil posted revenues accelerated to a 13.5% that is follow this time by prepaid revenues of 4.8% and fixed-broadband revenues decelerated to 6.6% and PayTV and both revenues into slightly on sequential basis. EBITDA was up 7.6% in the --. In Colombia, EBITDA increased 0.8%, our fixed-broadband revenues accelerated to a 13.6% base and broadband revenues continue to recover, expanding 4.6% from the year before.

In the case of Tracfone service revenue growth, we mix it slightly positive at least as it has for several quarters, but it is a growth stay close to 10% on a yearly basis. In addition to the ones that I just mentioned Mexico, Brazil, Colombia, and TracFone EBITDA expansion was very strong also in Peru wasting even during Columbia growing nearly 15% year-on-year. We've raised our operating profit of a MXN8 billion up 7.3% and comprehensive financing cost of 12% up MXN3 billion something mostly from foreign exchange losses derived from depreciation of the Colombian emergent inaccessibility to \$250 dollar and the impact on accounts payable to supplies and orders these we are in the mid profit to 15 billion pesos in the be requested Ps \$0.35 a share or Ps \$0.30 play area. Our Castro together with net

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financing of Ps 15.9 billion through September, allow you to fully cover capital expenditures of a Ps 100 billion, fund shareholders distributions of Ps 12 billion.

Basics billion in acquisitions for telephony Guatemala, and amortize obligations in the amount of 17 billion pesos in the nine months to September. At the end of September, we needed - accounts of the 3 billion pesos including I cannot 20 billion in capitalized lease obligations the IFRS 16 our method we deter last Almost worth 1.92 times using for consistency the methodology prior to Wi-Fi 16 will be one-offs until last year. So this is the one that we will continue to focus on to measure the progress that we are making to what I will goal of 1.5x by the end of 2020. With that said, I would go like to pass the floor back to Daniel and we can obtain the Q&A

C Daniel Hajj Aboumrach Chief Executive Officer America Movil,

As we're going to start with the Q&A

Unidentified Speaker,

Thank you, Carlos.

Unidentified Speaker,

Thank you. (Question And Answer)

Operator

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

thank you. Good morning, Daniel, Carlos, Oscar, Daniela. I have a couple of questions. The first couple of Mexican and then one in Brazil if I may.

Regarding Mexico, we saw again an ARPU of 152 pesos increasing by almost 7% year-on-year and by around 3% quarter-on-quarter. I have impression that this comes mostly due to higher usage. However, considering that your rating prices, aggressively in Mexico, it is something that you would consider doing as well, that would be the first question. Thank you.

C Daniela Lecuona Torras Head of Investor Relation America Movil,

Hi. Rodrigo, as you said are putting Mexico is growing 7% and mainly we have a very good revenue from prepaid, prepay the revenues growth around then 10% to 11% so the growth in service revenue in prepaids was very good. And I don't see really increase of prices. I think the increase of prices of the competition was mainly around April or May and the last month we don't see any increase in rises from for the fourth.

quarter that dates more or less the Christmas season. We are not seeing any increase in prices at this moment, maybe in some handset -- new handsets or something like that, but we are not planning to raise any prices the -- for the Christmas promotions these next two to three months. Roderick.

Analyst

Thank you very much.

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my second question is regarding, fixed broadband service revenue in Mexico. We saw a decline of 2% during the quarter. However, we also see that broadband subscribers continue to increase by almost 4%. So I was wondering if you could elaborate a little bit more on the reason behind the revenue decline.

C Daniela Lecuona Torras Head of Investor Relation America Movil,

They just only to add a little bit more on the first question. I think people in Mexico is consuming more we are giving a very good network. We are giving 4.5G to all of our customers. I think a lot of prepaid customers are moving to smartphones, and this is smartphones are consuming more data and also is something that is helping us to move the ARPU in prepaid and the service revenues seem[ph] imprint by to grow more than 10.

(Non-English). The sequential increase in consumption of data services in Mexico were nearly 15%, in the second quarter to the third quarter of if we increase by nearly 15% the data usage pipeline. Top preparatory posthumous are moving to feature phones and this feature phones are consuming lot more data. In the fixed size, I think competition is strong as we said at the beginning of the year.

The Telmex is investing more is doing more fibre to the node, fiber to the tube, fiber to the home. So we are really investing all around Mexico in the thick side and the reason why revenues decrease 2% and subscribers increase is because of all these competition our customers are moving a little bit down. So if they used to have a plan of 400 pesos, they are moving to a plan of 350 pesos, because they are having settlers (inaudible) quickly than better speeds and everything there. So we are trying to give them a very good quality and we're investing to increase our service and our quality and our fixing[ph] in the fixed-line service.

Analyst

Understood and finally regarding Brazil. If I may could you please share with us your thoughts and competing and dynamics particularly in wireless? Also in Brazil, we have seen your competitors particularly the leading company postpaid increasing prices by around times over the last 12 months. So I was wondering if you expect to follow them in terms of price increases or if you expect to grow our pool only by increase usage. Thank you.

Unidentified Speaker,

Well, I'm not sure, and I agree with what you are saying because they deliver higher prices, but then in the other side, they gave a lot of promotion. So I don't think they really, really are increasing prices. So in Brazil, we have been investing we have very good 4.5G networks, very good speeds, our coverage has been increasing we're moving and transforming everything to digital, we're giving very good service to our all our customers. So I think we have a very, very good proposal in wireless in Brazil and that's why we are growing more than like 11% our service revenue there.

it mostly in postpaid. We also are giving a combos there, so we have a good PayTV and we're giving the combo there. So everything is working fine in Brazil, and I really don't think that prices has been increase of our competitor. So let's see what is going to happen in fourth quarter, but we what we are really we are really, really focusing is on giving the web service to our customer, and that means quality coverage speeds and giving a very fast sale[ph] service to all of them.

So our brand, Claro brand has been improving a lot and the perception of the people there is very good also. So we are doing a very good job in the prepaid side in Brazil.

Analyst

Understood.

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C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Also the same as Mexico people is consuming a lot.

They are doubling the megabytes of use also in Brazil. So if you give the speed you give good network, they have a very good phone. I'm sure people is going to spend more.

A Rodrigo Villanueva Bank of America Merrill Lynch,

Thank you very much.

Daniel.

Operator

Your next question comes from the line of Alejandro Gallostra from BBVA your line is open.

A Alejandro Gallostra BBVA Latam Research,

Hi. Good morning and thank you very much for.

Regarding the code segment in Mexico, which is growing at double digits and becoming more relevant. I was wondering if you could give us more called about how much it contributes to Mexican Japanese? And what is the strategy there to increase increased market share.

Unidentified Speaker,

Sorry we can't see you very well.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Can you speak a little bit more slowly or because it's not so clear your voice.

Analyst

Absolutely, yes. My question, my first question is regarding the corporate segment in Mexico, which is growing at double digits and becoming more relevant. And I was wondering if you could give us more color about how much this segment contributes to if you have a Mexican revenues and what is your strategy these corporate segment increase market share.

Unidentified Speaker,

But I you are right.

Our corporate segment is doing very good in Mexico. We have doing excellent in that segment and delivering more to all the big corporate's as small and medium businesses also and we're focusing a lot on on that and we're delivering good revenues flow. We have clouds that Oscar, can explain a little bit all the services that were giving to these customers.

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C Oscar Von Hauske Solis Chief FixedLine Operations Officer America Movil,

Sure.

What only is mainly on the Enterprise that we used to have a data connectivity. So we are moving from just connectivity solutions. So we are bringing new services at security as cloud services is and some vertical the integrations for the retail market or the finest market. So we are complimenting the connectivity with solutions.

We believe that we need to integrate more around machine learning and a big data and data lakes to integrate a full offering to the enterprise market. So we have a good market share of data connectivity. So we are never from that connectivity to bring you solutions and services to this market. And as well in the small business, we are often cloud services for all the small business and the penetration that we've been having there is quite good.

Analyst

Thank you. Thank you for staying and any possibility that you keep that you give us an idea of how much these segments contributes to the Mexican revenues. we don't have it what to Daniela can give it to you later, but I don't have it right now.

Analyst

And my second question if I may.

Let's see now few quarters, several quarters with an effective tax rate above 40%, what is the reason behind this? And if this is reasonable and if it is reasonable to expect that this tax rate will eventually come down again down again to -- I think the statutory average of the tax rate is in the neighborhood grew 32%. We have a credit percent in most countries, but in some of the bigger ones that Colombia and Brazil, the tax rate is 34. So I were -- I would our work basis roughly 33%, but we start then when you are it's basically three different menu items, one is Mexico, which has to things that I don't think are likely going to change anytime soon. One of them have to do with the way how in Mexico you may only be docked the real interest rate and not the nominal interest rate from taxes.

So that's something that has been always there with us for the 30 years at least. The another part has to do with some expensing in the in the payment of pensions of pension people from the Telmex in which only roughly half of that may be deduction from taxes and that's basically the impact of Mexico and then essentially the other the other impact has to do with the use of or the motivation of Deferred Tax credits that we have basically Chile and Indices. So, to the extent that we reduce those are tax credits that increases the effective tax rate. And so we try high tax rate[ph] but for a good reason because it reduces, I would tell I would

Analyst

Thank you Carlos.

Thank you very much.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

Thank you.

Operator

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(Operator Instructions). Your next question comes from the line of Fred Mendes from Bradesco.

Your line is open.

A Fred Mendes Bradesco BBI,

Good morning, everyone and thanks for the call, I have two quick questions here. Many related to resuming, the number one, you have been have the pretty much dominating the net adds on the postpaid segments throughout 2019, I just want to get a better understanding year if most of these net adds come from your own base of prepaid client. So this gets selling or if you're also getting a lot of clients from the cooking -- competition, especially the pre postpaid they'll be the first one.

And then my second question, again in Brazil prepaid revenues were up to 5%, in very different from what we're seeing for the competition the last quarter's. So just trying to understand, if you could speak specific that you're seeing from the AMX or if you are starting to see any proven democracy rather than these prepaid revenue, they should improve throughout the next quarter's. Thank you.

Unidentified Speaker,

Well in the first question on postpaid, we have been focusing a lot on postpaid.

And I think postpaid is people is looking said best network best quality, good speeds coverage. So people is looking for that. So we are gaining share part of that is we have number portability in a lot of country. So we are gaining in number portability.

So people is coming from other companies to Claro, but also there's a lot of prepaid subscribers subscribers that are moving to postpaid subscriber. So we have both I don't have exactly the data here. But the we're gaining market share by number portability and we are moving the prepaid to postpaid In the in the prepaid as we said even that the numbers are disconnecting because we have this these connections in the quarter. I think there are because part of these costumes are moving to prepaid to postpaid, sorry.

Both I think this customers are consuming more, they are moving to a better handset that they are using more data and that's why we have been growing our revenues in the last in the last wire if you could see let's say let's put an example specifically in Colombia. In Colombia, we have been stay at the beginning of the year and last year. We have being negative in growth in service revenue in prepaid and today we are this quarter. We are growing around 5% there, so we are moving as the people is consuming.

We are being very living more distribution and we're making making a very good commercial work in all the countries to cover everything in terms of prepaid subscribers also, I don't know Carlos wants to do.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

Yes. I think in because of Brazil and this is important because notwithstanding this migration of prepaid to postpaid and to this connection of prepaid subscriber's -- mentioned fact of the matter is that prepaid revenues increased nearly 5% quarter-over-quarter.

Unidentified Speaker,

Given that we have negative presence for diverse growth in the quarter.

(Multiple Speakers) But we have much better subscribers.

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Analyst

No particular very-very clear. Daniel and Carlos, thank you.

Operator

Your next question comes from the line of Andre Baggio from JP Morgan.

Your line is open.

A Andre Baggio JP Morgan,

So, what we are seeing American Movil going -- growing away above its peers in Brazil, in mobile. So, I wonder what the thing that is behind that and you think that's hot stainable is this growth advantage in an mix getting market share?

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

As I said, we are doing very good in Brazil, I I think in prepaid and postpaid also and in the big size because even in the big size that we are not growing, I think we're maintaining or growing a little bit market share there. So what people are going to talk a little bit about wireless as -- the investments that we have been doing during the last two, three years are giving us and the Rebranding that we're having with Claro, what people think the coverage is the way we market as our products all the combos that we're doing with the peaks.

So there's a lot of the big convergence that were having their it's being very important for also, as our peaks customers wants to also has Carlo also with them so we package them. So we are doing a lot of commercial different commercial things. So people this preferring to have a Claro with them. So and the most important thing we have a very good network very high speed network.

We have 4.5 G all over Brazil Brazil, so it's a excellent network and people is using that they are consuming very good the megabytes of use has been doubling. So we're in a very good position right now in Brazil in the prep in the wireless side.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

Andres, you know, we invested a lot of money over many years to develop the best fixed line platform in and we have basically built a convergent platform, the our mobile growths a lot of the mold basically want some depicts them platform there, is the best one by far in the field. So I think that what you are saying is basically the reflection of all of those years of strong investment in developing a convenient platform that they are cut it represents a competitive edge and that is and that is giving us.

It's not something that is on core event, I think, we think it's something that is really structure at this point.

Unidentified Speaker,

And other very important thing is conversions what Carlos is saying, and the other one is coverage. If you see two years ago, we don't have the same coverage as our competitors has today. We have a very good coverage.

We can match the in be better than our competitors in some places in Brazil so that give us a very good advantage. So we are working a lot in the network side in the last two years.

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Analyst

Perfect and the same a second question that you are now moving towards deleveraging and going to your target sale. So is it reasonable to assume that next year which we could see an increase in distribution the from America Movil? do you think that there's anything like they are larger than a or something that could focus the cash flow on something else besides the distributions, because probably deleveraging stories probably going to get over at some point.

Unidentified Speaker,

If you will not be as I mentioned in my presentation earlier. We have these goal of getting to 1.5 times negative data by the end of next year that's maybe the card goal that we have and I think everything else is basically subordinated to this objective. So, I think what you should be focusing on this vehicle that we can achieve a 10-hour decided, that is great.

Analyst

Perfect.

Okay. Thanks a lot.

C Daniel Hajj Aboumradi Chief Executive Officer America Movil,

Thank you.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

Thank you.

Operator

Your next question

Operator

Next question comes from the line of Diego Agera from Goldman Sachs. Your line is open.

A Diego Aragao Goldman Sachs,

Yes. Hi.

Good morning. Thank you for taking my question. My question is actually about subsidies and in fact about your customer acquisition strategy, we are seeing the level of Hempstead says it is consistently reducing over the past two years and it's now if I'm not mistaken at the lowest level ever. So can you comment can you comment about your handset sales strategy and whether they should be -- on major change on your customer[ph] acquisition strategy, given that for several years AMX use it aggressive.

Let's say handset subsidies to differentiate its offer and apparently it's now turning, it's focus on different services like the cloud of passport or the network quality and the customer experience as you just it is just mentioned during your opening remarks. So thank you.

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C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Well, one of the main strategies of America Movil through all Latin America is the cost control and the reducing cost and expenses and subsidies is one of the most important expense in America Movil, so what we have been doing is to be -- two things in the subsidize first. We have built[ph] a lot of our new apps or renewing the plans, we are financing the concept.

So with that fact -- when you find out the handset then you don't look or you don't subsidize the handset. So with interests and the cost and everything. It gives you a little bit of more profit than, if you do it directly and Picasso it's moving a lot to finance the handsets in the other side, when you finance the working capital gets higher and then you have to be careful with about that. So there's other implications, when you finance because there's a lot of money when you start to finance handsets.

But it has been a good business for us, and people likes to finance the concerts because instead of paying let's say \$300 or \$400 or \$500 touch. Then you they can pay maybe \$20 or \$30 or \$50 per month for the next 24 months or 36 months. So, it has been good and that is giving us a space to have more profit in the other sites five years ago everybody subsidize the prepaid -- the preface in the prepaid side and today we are not subsidizing in the prepaid the business. And also people if you want to be in the prepaid and we don't have exactly your credit rating then we are not giving you any subsidy or any financing there.

So that's mainly what we're doing and in also so we have a big cost controlling all the companies and we have a very-very important strategy on reducing and cutting. We're transforming the company to a digital company and doing that, we are saving a lot of cost over there. So let's say to give you an example, our customer care centers three years ago, you have to go there and sign papers and everything is on paper, today everything is on digital, we have chatbot to answer questions. So we are moving to that phase and it's been very good on the cost side.

Analyst

Thank you. This was very clear. And if I may just like a second question regarding like, where -- what is the statues on the Nextel acquisition and also on the Telefonica transaction in Central America? And I'm finally on the peak of the license in Mexico if you can just quickly comment on those three things. That will be great.

Thank you.

Unidentified Speaker,

How are you that TV license in Mexico isn't efficient of Nextel I think is going well andean and we hope that we can close the company maybe on November. No, so looks like we can close the deal in November, El Salvador is also where we submit all the papers. They are asking for a little bit more of information and we are in good process over there and the PayTV licence in Mexico as we discussing the past in In October 18.

We request a license the America mobile request in the IPT license to provide a TV services in Mexico, to this date we have provides all the additional information, they have requests for the analysis. So the application complies with all current regulations and the approval for the applications continue to be pending and as you can see and as shown by the data published by the -- the Mexican PayTV market is highly concentrated. There is limited choices of the service for consumers and price discussing[ph] consistently increasing since the telecom reform back in 2013. So, in addition Pay-TV is the only market of the telecom sector, where there has been known regulatory intervention to promote competition, so I think it is because all of these reasons why we believe the entrance of America Movil to the PayTV market will be in the best interest for the consumers.

So that's what we have with our convenience to comment on this topic. For the other -- in the other side, what you could see all around the world is that streaming is growing a lot. So in the -- if you have a broadband and then

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streaming, streaming is is growing a lot so. You in the next year's, you are going to see a big increase in streaming broadband in the -- with all the consumers.

So as streaming is going to grow in the next year's a lot and that's grown around the world and is going to grow in Latin America.

Analyst

That's super helpful. Thank you very much.

Unidentified Speaker,

Thanks

Operator

Your next question comes from the line of Carlos De Legarreta from GBM Your line is open.

A Carlos De Legarreta GBM Research,

Hi, thank you, good morning. Basically in Colombia I saw very good results both of service revenue because revenue seem to be accelerating. I was wondering if you could give us more color on this regard. Thank you.

Colombia in the third quarter has been extremely good. We have been growing it quarters. We have been growing since the beginning of the year in both base and we have been growing also in the big side, but this quarter we have been also grown in the prepaid. So all our lines has been growing and I can give you a little bit of data here, but in Colombia, postpaid is growing 4.8% prepaid 4.6%.

So it's a very good recovery of the prepaid side broadband 13.6 Fix voice 5.9, TV 6%. So all overall in the peak side 8.9%, so we have been doing -- goes in Colombia also investing a lot in the network also investing a lot in the digital side in the transformation the company to give a very good service to all our customers. And we have very good content, very good speeds in the broadband side in the -- we have we have been making convergence and giving the Combo to all our customers, so we're doing a good job in Colombia.

Unidentified Speaker,

Gallostra[ph] again -- the Daniel has said.

If you look at prepaid revenues in Colombia which have been not doing particularly well for a long time. They will offer nearly 8% quarter-over-quarter and this is driven in the aggregate in Columbia. MO use increased by 7.4% again quarter-over-quarter and 31% year-over-year and we'll use. Career as a data base line increased 81% year-over-year and 20% quarter-over-quarter.

So we are different strategy that we're seeing in the field and in Mexico exam more for more kind of strategy. we are driving, we're spending by having people consume more data, and this is even also more votes.

Analyst

That's very thoughtful, thank you. And if I make a follow-up, it's more on the strategic sites.

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As you guys have probably noticed there seems to be a trend across larger operators that are perhaps moving to divest or sting off their assets such as -- fiber data centers et cetera. Do you think I am mix will join this point or you could you still see these assets as part of your core strategy? Thank you.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Well we do that three years ago, no more four years I've always been the sites in Mexico, we spin off the towers. It was more for a regulatory to give what the regulator's wanted to give access to this to the all the competitors who will spin off the towers we create telesites and today everybody can use the towers in Mexico and what is that and you are seeing what is happening here in Mexico know.

So it's not a problem of access Data been. The Strategic side we are not thinking at this moment to spin off any other tower or to spin off data centers or to --, I think we are in a very good position financially and we're trying to get the target for next year. And so we don't have any pressure to spin-off any of our important assets at this moment.

Analyst

Thank you very much.

Operator

Your next question comes from the line of -- Wanna BlowElva from Credit Suisse. Your line is open.

Analyst

Hello, good morning, and thank you for taking a question. Just a small update in terms of how you see the macro slow down in Mexico.

And do you think if results could have been even better if the macro scenario was a little bit better in Mexico? Thank you.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Very interesting question, but I could what I can tell you is that you can sell are going well in the prepaid side. We're growing 10% of our revenue. So we are not seeing any that's acceleration on the economy not in our products and remember Telecom is very silent sometimes to do the economy, but today in Mexico.

We are not seeing any this acceleration on our products.

Analyst

Thank you very much. And just as a follow-up just a quick comment on in terms of Peru. Just if you could provide a little bit more color on that competitive market over there and if you expect to keep delivering a good EBIDTA growth over there despite like the tough competitive environment.

Thank you.

Unidentified Speaker,

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The competition is still very top prices has been going down and that's why you see that our revenue is going down, but we have been putting a lot of pressure on cost control and the sausages[ph] as we have been discussing and digitalization transforming the company to digital to saving costs and that's what we're doing. But in terms of the competition the commercial competition in Peru, is still very tough with difficult prices are very low. And when we are competing, we are upgrading all our networks, we are putting a lot of money on the coverage as the we are investing also in the big size.

And we're think that in the future Peru is going to be a little bit more reasonable, the prices will be a little bit more reasonable.

Analyst

Thank you very much.

Unidentified Speaker,

Thank you.

Operator

Your next question comes from This timeline of Maria Azevedo from UBS Your line is open.

A Maria Azevedo UBS,

Hi, thanks for taking the questions. I have two questions on my side. The first one is on 5G You have the best network and very strong spectrum holdings. Do you think it's fair for us to assume that you are not going to need a CapEx search to roll-out 5G networks.

Should we expect the same level of CapEx for 2020 and 2021? So we don't think we're going to raise our CapEx in 20 and 21 because of 5G What we think that we are not on a hurry of putting 5G in Latin America. What we're doing right now is to build two alliance the network much fiber to more fiber to the node and some things that we're going to use in 5G when we decide to to launch 5G, we are definitely the only country where we're going to lie -- launch 5G soon is Austria that is going to be on February but other days we are only making testings and as I said improving the network and make the network ready to decide when we want to launch 5G We are not planning planning to put more CapEx because of 5G

Analyst

Perfectly, thank you very much Daniel. And my second question is on Brazil. Do you see room for market repair in a scenario that Brazil goes from 4 to 3 players and are you interested in participating of any consolidation move or even acquire more mobile spectrum in the secondary market, or the Nextel was enough in terms of Brazil M&A for your strategy.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

No, we believe a lot in Brazil, I think and we hope that Brazil will start the good recovery next year. The economy will recover next year. There's a lot of rumors that -- is for sale. Some of them that some assets are going to be for sale, other that they are going to sell it totally or they're going to mix we as America mobile of course, we are interested in

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doing something with OE[ph] in Brazil, and we are open to discuss any thing that will be.

We are -- I think with the spectrum of Nextel was going to be a good increase of a spectrum for us, but also we are interested in the mobile side subscribers for infrastructure. We are open to discuss something with the AOE[ph].

Unidentified Speaker,

But, I think that even before any acquisitions are Maria as you know the market is consolidating day by day simply because one of the competitors is have been -- clients and revenue from EBITDA So, that basically means that the market research concentrating more.

A Maria Azevedo UBS,

Perfect.

Thank you very much, Carlos.

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

Thank you, Maria.

Operator

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

A Carlos De Legarreta GBM Research,

Hi, thank you, good morning.

So my question is kind of a follow up from the previous question. So after the acquisition of Nextel Brazil Carlo or has now like 30 megahertz moist back to the view and almost 60 megahertz more than my question is how important comparatively? Do you think this is going to be in the next quarter's the fact that you have, significant more respect from than the other players. Thank you.

C Daniela Lecuona Torras Head of Investor Relation America Movil,

What I think it's not something that it's for the next quarter's.

I think to have a spectrum you are going to have a spectrum and then you have to put network over there and do a lot of investments and so so our spectrum is go it's very good very important for us, but it's important for the future, and I think we are going to have there's going to be more options in Brazil for more spectrum and they are going to have the alternative to buy more. I think what it's important in Brazil for us is that we have a good fixed network, a good broadband network, a good TV network and we're doing -- in the bleep [ph] face all over all we have our Combos and this Combos has been very successful. So that's really what has been important for Claro in Brazil to cut the convergence and do the compost for all our customers now. Even that you have to have good coverage good networks all around, we're giving we're leaving an Oscar can take a little bit more more where living[ph] our the ultrabroadband in fix our ultrabroadband market.

I think we..

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Unidentified Speaker,

49.9%.

Unidentified Speaker,

Like 50% in the ultrabroadband.

But I don't know Oscar if you can explain a little bit more what we're doing in Brazil.

C Oscar Von Hauske Solis Chief FixedLine Operations Officer America Movil,

Sure. We have all the network, the cable network prepared with DOCSIS, DOCSIS We could move to DOCSIS 3.1 to get a speed, we could get to one gigabit when the markets needed. But secondly, we are building fiber-to-the-home.

We open 62 cities right now, with a fiber to the home. So we are expanding the fiber footprint as I kneel mention to be ready for 5G getting closer the fiber to the user. So we with it as Carlos mentioned, through the years into residency in the fix to make a robust network. Not only in the long haul in the metropolitan brings in order to have these fiber closer to the users.

So I think that's what gave us and the growth that we're having in Brazil, the convergence.

Analyst

Okay. Wonderful. Thank you very much.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Thank you.

Operator

Your next question comes from the line of Walter Piecyk from light shed[ph]. Your line is open.

Analyst

Great, thanks.

Daniel you would mention that the CapEx is not increasing obvious your EBIDTA is increasing. So, I guess the question is for Carlos in terms of the one and a half times leverage. Do you expect to get some reduction in the interest that you're paying on your debt? like you're expecting to refinance the debt at one-and-a-half times leverage or otherwise, why not use some of that free cash flow, now the you've been under two times leverage for a couple quarters now to buy some stock. Where do you buy more stock aggressively?

Unidentified Speaker,

Hi Walter, what I think this is the usual discussion we have a preference for in more conservative financially, I think the mindset in the company that in this industry where you have such a rapid technological change, your ability to stay in the game and be competitive very much has to do with your ability to continue to invest and that means that you

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have to have a lot of dry powder always.

It's better to be able to act opportunistically if there's two things to be acquired like that with Nextel and the in market consolidation in Central America, and it's important to be able as I said to back to when we are about to begin all the efforts regarding 5G and be like. So I think we believe it's a strategically important for this company to remain because always have been financially strong. We have as, the topic great ratings in the sector and we believe that at the end of the day this does translate in our being more competitive in the market. understood and then so when you do reach 1.5x leverage, should it be our expectation that the company would just maintain that leverage and then use that excess free cash flow for share repurchase or end or dividends?

C Carlos Garcia Moreno Elizondo Chief Financial Officer America Movil,

That's what we have done in the past, remember? We used to be at the in our early days we had 1x net debt and all of the excess cash flow was basically between it back to shareholders.

So time around we are reducing leverage, but we get what we decided -- . We likely will be able to include these traditions (Multiple Speakers) survive right?

Unidentified Speaker,

Thanks --.

Analyst

Thank you.

Operator

Your next question comes from the line of Rick Perrantes[ph] from Raymond James.

Your line is open.

Analyst

Thank you for taking my questions. You've mentioned convergence a couple of times and how important that is. Can you talk a little bit about what you see happening in Puerto Rico as Liberty looks to buy the AT&T properties there? And as a second question, what are your thoughts on the US with the possibility of dish becoming a facility Space Opera? What that might do to the competitive environment? Thank you.

Unidentified Speaker,

While in Porto Rico and AT&T was also compare[ph] today's, they are they are also having some in the US they can do convergence or in Puerto Rico. I'm sure they can do it. They are going to sell it to Liberty. There's going to be a new competitor over there.

So well that we need to compete we're doing our job there the with the last year kuryakin. We are making all the network again we are. remaking the peaks[ph] network in some in some places. So, we are putting good investments over there and in the wireless side we are ready, we have been doing that and in the fixed side, we still investing for this year and the next one I think we're going to be well prepared to give good speeds convergence TV TV and give that to

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prevent that we were needing no and in the US well that something that it has to close.

I understand that the issue is going to buy. The some assets the spectrum and subscribers from T-Mobile and sprint previously they close they are going to buy this and as TracFone platform is doing good and we can have another carrier that can give us a the capacity that's the case on the -- is that close. We have another alternative to have capacity from this know so I think it will be good for us also.

Analyst

Thank you.

Unidentified Speaker,

Thank you very much.

Operator

There are no further questions at this time. I would now turn the call over to Mr.Daniel Hajj for closing remarks.

C Daniel Hajj Aboumrad Chief Executive Officer America Movil,

Thank everyone for being on the call and thank you Carlos, Oscar and Daniela.

Thank you very much. Thank you. Thank you all. The Event has Ended

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