2nd Quarter 2017

San Pedro Garza Garcia, Mexico, July 26, 2017 - Axtel, S.A.B. de C.V. ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited second quarter results ended June 30, 2017(1). Axtel is a subsidiary of Alfa S.A.B. de C.V. ("ALFA").

	Q2	Q1	Q2	(%) 2Q17 vs.		LTM	LTM
Million Pesos	2017	2017	2016	1Q17	2Q16	jun-17	jun-16
Revenues(2)	3,780	3,683	3,478	3%	9%	15,082	11,510
EBITDA(5)	1,507	1,177	1,139	28%	32%	4,859	2,721
EBITDA Margin	39.9%	32.0%	32.8%	+ 791 bps	+ 712 bps	32.2%	23.6%
Net (loss) Income	598	1,020	-952	-41%	n.a.	112	-3,465
Capital Expenditures	652	848	794	-23%	-18%	3,327	3,225
Net Debt	18,378	19,206	19,039	-4%	-3%		
Net Debt / EBITDA(6)	4.1x	4.4x	3.9x				

Note: *Figures shown throughout the document include Alestra S. de R.L. de C.V. and its subsidiaries ("Alestra") as of February 15, 2016.*

Highlights:

- Performance during the quarter reflects Axtel's strategy to provide world-class IT and Telecom solutions to the enterprise and government segments. Revenues from these two segments increased 8% and 42%, respectively, driving the 9% growth in total revenues.

- During the quarter, Axtel closed an agreement with American Tower Corporation to sell 142 towers for US$56 million. On June 30th, the Company executed the first tranche of the transaction generating a benefit net of costs and expenses of Ps. 313 million in the quarter. The closing of this non-strategic asset sale should contribute to improve the Company's capital structure.

- To further strengthen the Company's IT capabilities, in April, Axtel inaugurated the first 600 m^2 hall of its second Data Center in Querétaro with a final capacity of 3,600 m^2.

- On May 1st, legal entity Alestra merged into Axtel consolidating operating processes and bookkeeping, among other, to increase its efficiency for the benefit of customers and shareholders.

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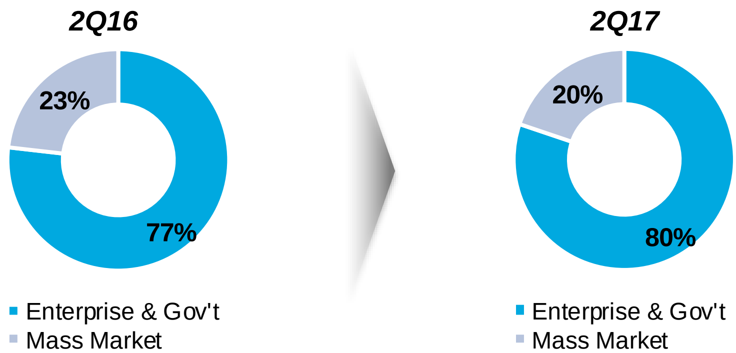
Revenues

Million Pesos	Q2 2017	Q1 2017	Q2 2016	(%) 2Q17 vs. Q1 2017	(%) 2Q17 vs. Q2 2016	LTM jun-17	LTM jun-16
ENTERPRISE	2,463	2,388	2,272	3%	8%	9,732	6,204
GOVERNMENT	568	523	400	9%	42%	2,277	2,103
MASS MARKET	749	772	806	-3%	-7%	3,073	3,203
TOTAL	**3,780**	**3,683**	**3,478**	**3%**	**9%**	**15,082**	**11,510**

Note: Figures shown throughout the document include Alestra as of February 15, 2016.



FTTx proportion within the revenue mix increased from 14% in 2Q16 to 15% in 2Q17; wireless declined from 9% to 5%; Enterprise remained in 65% and Government increased from 12% to 15%.

Enterprise

Million Pesos	Q2 2017	Q1 2017	Q2 2016	(%) 2Q17 vs. Q1 2017	(%) 2Q17 vs. Q2 2016	LTM jun-17	LTM jun-16
TELECOM	**2,205**	**2,151**	**2,051**	**3%**	**7%**	**8,772**	**5,802**
Voice	*618*	*604*	*660*	*2%*	*-6%*	*2,534*	*2,066*
Data and Internet	*833*	*831*	*760*	*0%*	*10%*	*3,266*	*1,582*
Managed Networks	*754*	*716*	*631*	*5%*	*20%*	*2,972*	*2,154*
IT	**258**	**237**	**220**	**9%**	**17%**	**960**	**402**
TOTAL ENTERPRISE	**2,463**	**2,388**	**2,272**	**3%**	**8%**	**9,732**	**6,204**

Quarterly revenues totaled Ps. 2,463 million, compared to Ps. 2,272 million in the same period in 2016, an 8% increase, mainly due to an increase in Telecom *managed network* and *internet* revenues.

Telecom revenues in the second quarter increased 7% compared to the second quarter in the previous year. *Voice* revenues decreased 6% due to reductions in fix-to-mobile and international long distance revenues. *Data and Internet* revenues increased 10% due to strong demand for dedicated internet from existing enterprise customers. *Managed networks* recorded a strong increase of 20%, driven by a 54% growth in Ethernet solutions.

IT revenues increased 17% year-over-year, mainly due to a 30% increase in *hosting* and a 31% increase in both *cloud* and *security* services.

Government

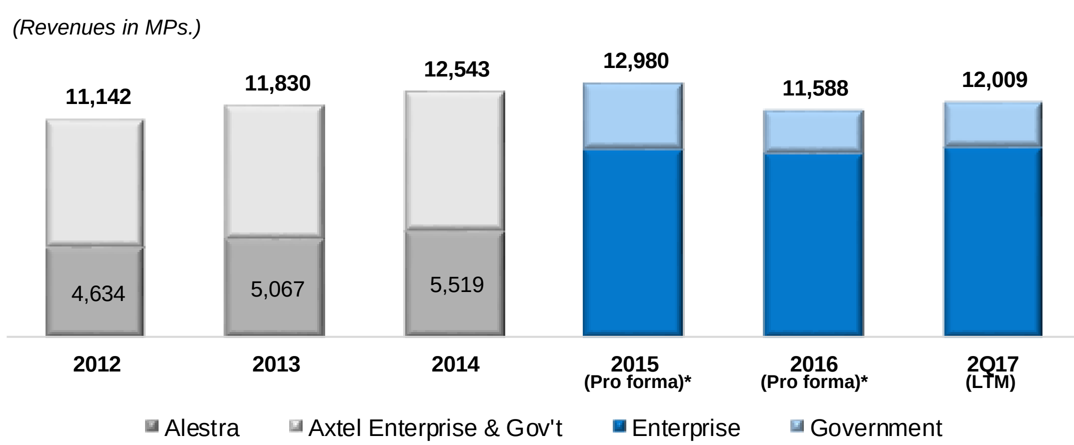
Million Pesos	Q2 2017	Q1 2017	Q2 2016	(%) 2Q17 vs. Q1 2017	(%) 2Q17 vs. Q2 2016	LTM jun-17	LTM jun-16
TELECOM	**344**	**316**	**150**	**9%**	**>100%**	**1,188**	**1,096**
Voice	*49*	*41*	*47*	*19%*	*6%*	*159*	*210*
Data and Internet	*88*	*83*	*89*	*5%*	*-2%*	*359*	*281*
Managed Networks	*207*	*191*	*14*	*8%*	*>100%*	*670*	*604*
IT	**225**	**207**	**250**	**8%**	**-10%**	**1,089**	**1,007**
TOTAL GOVERNMENT	**568**	**523**	**400**	**9%**	**42%**	**2,277**	**2,103**

Government segment revenues amounted to Ps. 568 million in the second quarter of 2017, compared to Ps. 400 million in the same period in 2016, a 42% increase mainly due to an increase in Telecom *managed networks*, mitigated by a decline in IT revenues.

Telecom revenues increased 129%. *Voice revenues* increased 6%. *Data and internet* decreased 2% and *managed networks* posted strong results due to increase in VPN solutions and to an income cancellation recorded in the second quarter of 2016.

IT revenues declined 10% mainly due to a 75% decline in *system integration* services due to extraordinary revenues in the second quarter of 2016 related to equipment sales.

Enterprise and Government Segment Evolution



* Pro forma figures include Alestra as of the beginning of each year.

Mass Market [2]

Million Pesos	Q2 2017	Q1 2017	Q2 2016	(%) 2Q17 vs. Q1 2017	(%) 2Q17 vs. Q2 2016	LTM jun-17	LTM jun-16
FTTx	555	548	494	1%	12%	2,122	1,805
Legacy Technologies	194	224	313	-13%	-38%	952	1,398
TOTAL MASS MARKET	**749**	**772**	**806**	**-3%**	**-7%**	**3,073**	**3,203**

Quarterly revenues declined 7%:

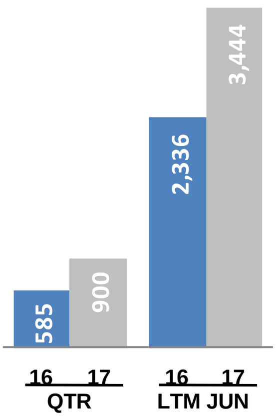
FTTx revenues totaled Ps. 555 million in the second quarter of 2017, compared to Ps. 494 million for same period in 2016, representing a 12% increase in line with a 15% increase in customers. Voice revenues increased 14% resulting from a 17% increase in monthly rent revenues. Internet and video revenues increased 10% and 5% respectively, mainly due to increases in internet and video subscribers.

Legacy technologies revenues amounted to Ps. 194 million in the second quarter of 2017, a 38% decrease compared the same period in 2016, explained by a 41% decline in customers.

Cost of revenues and Operating and Other expenses

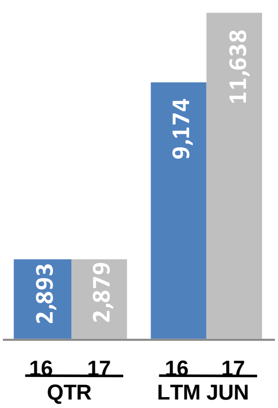
Note: Figures include Alestra as of February 15, 2016.

Cost of Revenues
(in MPs.)



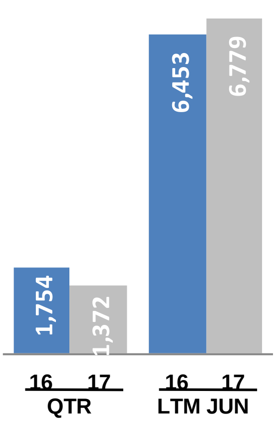
Cost of revenues[3]. For the three month period ended June 30, 2017, the cost of revenues represented Ps. 900 million, a 54% or Ps. 315 million increase compared to the same period of year 2016, mainly due to an increase in *Telecom* costs due to an extraordinary voice-related benefit recorded in the second quarter of 2016. In addition, as part of the homologation accounting process between Axtel and Alestra, costs that were previously classified as operating expenses related to billing, collection and maintenance directly associated with customers are being recorded as costs as of 2017. This adjustment represents a year-over-year increase of Ps. 88 million in the quarter.

Gross Profit
(in MPs.)



***Gross Profit*.** Gross profit is defined as revenues minus cost of revenues. For the second quarter of 2017, the gross profit accounted for Ps. 2,879 million, representing no change compared to the same period in year 2016, mainly due to increases in *Telecom Internet* and *Managed Networks* gross profit, mitigated by the decline in *Mass Market* and *Telecom voice* margins resulting from the voice cost benefit recorded in 2016. Gross profit margin declined from 83% to 76% year-over-year.

Expenses
(in MPs.)

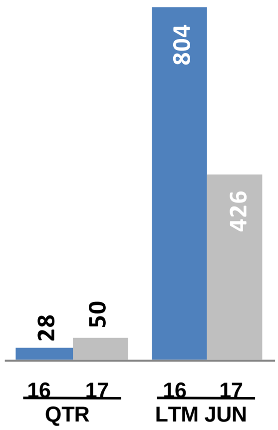


Operating and other expenses[4]. In the second quarter of year 2017, total expenses reached Ps. 1,372 million, 22% lower than the expenses recorded in the same period in 2016, mainly due to a 3% decline in operating expenses including personnel and outsourcing expenses related to the synergies' initiatives implemented during 2016 and also due to Ps. 313 million of other income related to the first phase of the tower sale recorded during the quarter.

Merger expenses, EBITDA, Operating income (loss)

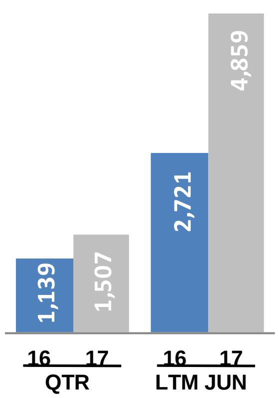
Note: Figures include Alestra as of February 15, 2016.

Merger Expenses
(in MPs.)



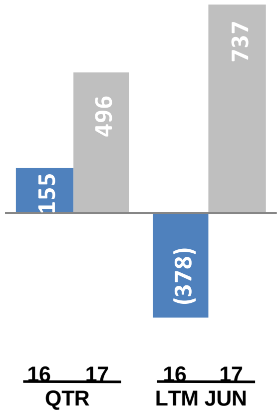
***Merger and integration expenses*.** For the second quarter 2017 expenses related to the Axtel-Alestra merger totaled Ps. 50 million, compared to Ps. 28 million in the year-earlier quarter. For the twelve month period ended June 30, 2017, merger expenses totaled Ps. 426 million, the most relevant being severance payments.

EBITDA
(in MPs.)



***EBITDA*[5].** For the second quarter of 2017, EBITDA reached Ps. 1,507 million, a 32% increase from the same period in 2016. This figure includes Ps. 313 million of other income related to the first tranche of the tower sale; without this effect, EBITDA reached Ps. 1,194 million or 5% higher than the second quarter 2016.

Operating income (loss)
(in MPs.)



***Operating income (loss)*.** In the second quarter of 2017, operating income totaled Ps. 496 million, 220% higher compared to Ps. 155 million a year earlier quarter, mainly due to Ps. 313 million of other income related to the first phase of the tower sale.

Comprehensive Financing Result

Million Pesos	Q2 2017	Q1 2017	Q2 2016	(%) 2Q17 vs. Q1 2017	(%) 2Q17 vs. Q2 2016	LTM jun-17	LTM jun-16
Net interest expense	(336)	(358)	(256)	-6%	31%	(1,282)	(1,899)
FX gain (loss), net	665	1,438	(1,211)	-54%	n.a.	713	(2,461)
Ch. in FV of fin. Instruments	(22)	(13)	(96)	73%	-77%	(154)	42
Total	**307**	**1,067**	**(1,563)**	**-71%**	**n.a.**	**(723)**	**(4,318)**

The comprehensive financing income reached Ps. 307 million in the second quarter of 2017, compared to a cost of Ps. 1,563 million in the same period of 2016. The comprehensive financing result is mostly explained by the FX gain during the second quarter of 2017 due to a 5% appreciation of the Mexican peso, compared to an FX loss in second quarter 2016 related to an 8% depreciation of the Mexican peso.

Total Debt and Net Debt (7)

Million Pesos	Q2 2017	Q1 2017	Q2 2016
Syndicated Credit Facility	15,208	15,664	15,715
Other loans	3,819	4,019	3,745
Other financing obligations	449	513	751
Accrued interests	144	140	106
Total Debt	**19,620**	**20,336**	**20,317**
(-) Cash and cash equivalents	(1,242)	(1,130)	(1,279)
Net Debt	**18,378**	**19,206**	**19,039**

***Total Debt*.** At the end of the second quarter 2017, total debt decreased Ps. 697 million in comparison with second quarter 2016, mostly explained by (i) a Ps. 31 million decrease in other loans and financial leases; (ii) a Ps. 38 million increase in accrued interests and (iii) a Ps. 704 million non-cash decrease caused by the 6% appreciation of the Mexican peso.

***Cash*.** As of the end of the second quarter of 2017, the cash balance totaled Ps. 1,242 million, compared to Ps. 1,279 million a year ago, and Ps. 1,130 million at the beginning of the quarter. The cash balance at the end of the quarter includes Ps. 157 million restricted cash.

Capital Expenditures

In the second quarter of 2017, capital investments totaled Ps. 652 million, or US$35 million, compared to Ps. 794 million, or US$44 million, in the year-earlier quarter, an 18% decline.

Appendix

Other important information

1) Financial information presented is based on International Financial Reporting Standards (IFRS) in nominal pesos for the following periods:
   - Consolidated income statement information for the three month periods ending on June 30, 2017 and 2016, and March 31, 2016; and twelve month period ending on June 30, 2017 and 2016, and
   - Balance sheet information as of June 30, 2017 and 2016; and March 31, 2016.

2) Mass market operating data:

In thousands	Q2 2017	Q1 2017	Q2 2016
FTTX			
Customers	247	242	214
RGUs	676	661	579
Lines in service	*306*	*295*	*247*
Broadband subscribers	*248*	*242*	*213*
Video subscribers	*122*	*124*	*119*
LEGACY TECHNOLOGIES			
Customers	156	182	262
RGUs	301	348	480
Lines in service	*172*	*200*	*285*
Broadband subscribers	*129*	*148*	*195*

* Revenue Generating Units, represent individual service subscriptions (line, broadband, video) which generate recurring revenues for the Company.

3) Costs of revenues include expenses related to the termination of customers' cellular and long distance calls in other carriers' networks, as well as expenses related to billing, payment processing, operator services and leasing of private circuit links. Costs that were previously classified as operating expenses related to billing, collection and maintenance directly associated with customers are being recorded as costs as of 2017.

4) Operating and other expenses are those incurred in connection with general and administrative matters, such as personnel, land and tower leases, sales and marketing, maintenance of our network and net other not recurrent expenses including merger and integration expenses.

5) EBITDA is defined as operating income (loss) before depreciation and amortization, and impairment of assets.

6) Net Debt to EBITDA ratio: Net debt translated into U.S. Dollars using the end-of-period exchange rate divided by the respective LTM pro forma EBITDA translated into U.S. Dollars using the average exchange rate for each month.

7) Total debt includes accrued interests for each period. Net debt is calculated subtracting cash and equivalents, including non-current restricted cash, from total debt.

8) In June 2017, Axtel entered into a FX forward transaction fixing its dollar-denominated interest and principal payments at an exchange rate of 18.8866 MXN/USD for the following amounts and dates:

January 2018	US$ 1.4 million
April 2018	US$ 10.3 million
July 2018	US$ 10.3 million

9) As part of the merger agreement approved on the January 15, 2016 Extraordinary General Shareholder's Meeting, Alfa had the right to increase its ownership in Axtel by up to 2.5%, or the obligation to contribute cash to Axtel, depending on the average exchange rate of an 18-month period ending on July 14, 2017. Given that the average exchange rate of the period was above 18.50 pesos per dollar, Axtel transferred 1,019'287,950 Class "I" Series "B" shares to Alfa, equivalent to an additional participation of Alfa in Axtel of 2.5%. Resulting from this agreed-upon merger consideration, the number of outstanding, subscribed paid-up Class "I" Series "B" shares is 20,249,227,481 as of the date of this report. Please note seven Series "B" shares are equivalent to one AXTELCPO.

About AXTEL

Axtel is a Mexican Information and Communication Technology Company that serves the enterprise, government and residential markets with a robust portfolio of solutions through its brand Alestra (enterprise and government services) and its brand Axtel (residential and small businesses services).

With a network infrastructure of over 40 thousand kilometers of fiber and more than 7 thousand square meters of data center, Axtel enables organizations to be more productive and brings people together to improve their quality of life.

As of February 15, 2016, Axtel is a subsidiary of Alfa, which owns 53.5% of its equity.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol "AXTELCPO" since 2005.

Axtel's Investor Relations Center: www.axtelcorp.mx
Enterprise and Government services website: www.alestra.mx
Mass Market services website: www.axtel.mx

Axtel, S.A.B. de C.V. and Subsidiaries
Unaudited Consolidated Balance Sheet
June 30, 2017 and 2016 and March 31, 2017
(in Thousand Mexican pesos)

ASSETS	June-2017	March-2017	June-2016
Current assets:			
Cash and equivalents	1,085,102	975,031	1,128,269
Accounts receivable	2,951,270	2,824,136	3,232,026
Related parties	23,074	15,866	24,562
Refundable taxes and other accounts receivable	788,648	910,106	1,010,391
Advances to suppliers	413,190	539,345	728,060
Inventories	171,608	130,897	98,792
Financial Instruments	163,843	162,974	272,492
Total current assets	**5,596,735**	**5,558,356**	**6,494,592**
Non current assets			
Restricted cash	157,364	155,126	150,498
Property, plant and equipment, net	19,390,406	19,596,073	19,692,789
Long-term accounts receivable	-	-	77,845
Intangible assets, net	1,643,504	1,754,467	2,024,338
Deferred income taxes	3,814,222	4,053,186	3,526,726
Investment in shares of associated company & other inve	22,260	1,708	18,131
Other assets	191,716	199,788	177,789
Total non current assets	**25,219,473**	**25,760,347**	**25,668,116**
TOTAL ASSETS	**30,816,208**	**31,318,703**	**32,162,708**
LIABILITIES			
Current liabilities			
Account payable & Accrued expenses	3,210,665	3,268,279	3,342,188
Accrued Interest	143,922	139,636	105,737
Short-term debt	411,410	412,498	15,137
Current portion of long-term debt	437,714	450,110	509,442
Taxes payable	144,474	185,697	57,319
Deferred Revenue	428,272	673,962	367,322
Provisions	26,070	46,972	72,190
Other accounts payable	2,013,642	2,066,356	2,258,504
Total current liabilities	**6,816,169**	**7,243,511**	**6,727,839**
Long-term debt			
Long-term debt	18,492,992	19,178,670	19,450,433
Derivative Financial Instruments	-	-	-
Employee Benefits	506,768	492,856	415,110
Other LT liabilities	986,307	986,356	380,793
Total long-term debt	**19,986,067**	**20,657,882**	**20,246,336**
TOTAL LIABILITIES	**26,802,237**	**27,901,393**	**26,974,175**
STOCKHOLDERS EQUITY			
Capital stock	365,512	365,512	10,362,334
Additional paid-in capital	-	-	644,710
Reserve for repurchase of shares	-	-	-
Cumulative earnings (losses)	3,648,459	3,051,797	(5,818,512)
TOTAL STOCKHOLDERS EQUITY	**4,013,972**	**3,417,310**	**5,188,533**
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**30,816,208**	**31,318,703**	**32,162,708**

Axtel, S.A.B. de C.V. and Subsidiaries
Unaudited Consolidated Income Statement
Periods ended June 30, 2017 and 2016
(in Thousand Mexican pesos)

	Second Quarter ended June 30			LTM ended June 30		
	2017	**2016**	**Δ%**	**2017**	**2016**	**Δ%**
Total Revenues	3,779,825	3,478,222	9%	15,082,143	11,510,128	31%
Operating cost and expenses						
Cost of sales and services	(900,331)	(584,944)	54%	(3,444,015)	(2,336,100)	47%
Selling and administrative expenses	(1,670,031)	(1,729,056)	-3%	(6,708,427)	(5,632,302)	19%
Other income (expenses), net	297,604	(24,950)	n.a.	(70,961)	(820,417)	-91%
Asset impairment	(3,433)	(3,061)	12%	(52,190)	(3,068)	>100%
Depreciation and amortization Cost	(885,910)	(825,109)	7%	(3,407,693)	(2,710,867)	26%
Depreciation and amortization Expenses	(121,553)	(156,103)	-22%	(661,872)	(384,925)	
	(3,283,654)	(3,323,223)	-1%	(14,345,159)	(11,887,679)	21%
Operating income (loss)	496,172	154,999	>100%	736,984	(377,551)	n.a.
Comprehensive financing result:						
Interest expense	(346,433)	(260,863)	33%	(1,317,181)	(1,924,773)	-32%
Interest income	10,267	5,096	>100%	35,053	25,717	36%
Foreign exchange gain (loss), net	665,219	(1,211,148)	n.a.	713,267	(2,461,438)	n.a.
Change in the fair value of financial instrume	(22,060)	(96,046)	-77%	(154,344)	42,175	n.a.
Comprehensive financing result, net	306,993	(1,562,961)	n.a.	(723,205)	(4,318,319)	-83%
Equity in results of associated company	0	(0)	n.a.	(5,189)	(5)	>100%
Income (loss) before income taxes,	803,165	(1,407,962)	n.a.	8,590	(4,695,875)	n.a.
Income taxes:						
Current	33,799	(38,916)	n.a.	(200,718)	(60,598)	>100%
Deferred	(239,024)	494,445	n.a.	304,003	1,291,079	-76%
Total income taxes	(205,225)	455,529	n.a.	103,285	1,230,481	-92%
Net Income (Loss)	597,940	(952,433)	n.a.	111,875	(3,465,394)	n.a.