

TLEVISA

Quarterly Report

July 6, 2021

Content and Cable supported higher profitability

- **Grupo Televisa's figures came in line with our estimate. Advertising maintained a favorable trend, while Other Businesses finally reached the break-even point**
- **Operating efficiencies plan continues to drive margins (+210bps in EBITDA margin). Meanwhile, the focus will continue to be on the company's strategy towards the Spanish-language streaming business**

The report should be welcomed by the market. During the quarter, the 32.1% y/y increase in Advertising stood out, due to a higher volume of private sector companies positioning their products in the face of increased economic activity. Univision's royalties were no different, rising 26.2% y/y, leading to a 16.6% y/y increase in Content. Meanwhile, in pay TV, Cable and Sky registered revenue surges of 5.9% y/y and 1.0% y/y, respectively, after the net addition of 103 thousand RGUs (68k at Sky and 35k at Izzzi), due to the solid demand for broadband and voice access. Finally, Other Businesses returned from negative territory with a recovery in sales of 89.8% y/y. As a result, consolidated revenues reached MXN 24.8 billion (+10.5% y/y). Meanwhile, improved operating leverage and greater efficiencies in Content were reflected through a 180bp expansion in EBITDA margin to 32.7%, in Cable by 70bp to 41.9%, and Other Businesses finally reached a positive margin of 22.4%, thus offsetting pressures in Sky. As a result, consolidated EBITDA grew 16.9% y/y to MXN 9.6 billion, placing the margin at 38.8% (+210bp). At the net level, higher operating income more than offset the increase in CFC resulting from lower FX gains, and despite the sharp increase in taxes, net income reached MXN 2.2 billion (+25.5% y/y). **Attention remains focused on the merger of Content.** From our point of view, the positive trend in Televisa's figures should continue going forward, as we continue to watch for news of the [Televisa-Univision transaction](#) that is expected to take place during 2021.

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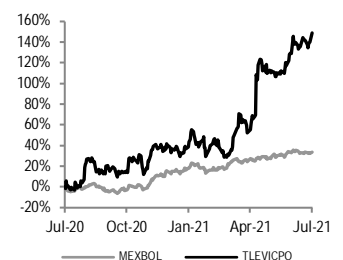
Consumer and Telecom

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BUY	
Current Price	\$59.59
PT	\$61.00
Dividend	\$0.35
Dividend Yield (%)	0.6%
Upside Potential	3.0%
ADR current price	US\$14.47
PT ADR	US\$15.00
# Shares per ADR	5
Max - Min LTM (\$)	59.80 - 22.70
Market Cap (US\$m)	8,348.46
Shares Outstanding (m)	2,786.3
Float	80%
Daily Turnover US\$m	173.5
Valuation metrics LTM	
FV/EBITDA	7.1x
P/E	21.0x
MSCI ESG Rating*	B

Relative performance to Mexbol LTM



Financial Statements

	2019	2020	2021E	2022E
Revenue	101,492	97,362	103,360	108,236
Operating Income	17,209	17,549	18,757	20,809
EBITDA	39,313	38,553	40,448	42,678
EBITDA Margin	38.7%	39.6%	39.1%	39.4%
Net Income	4,722	-892	3,372	2,839
Net Margin	4.7%	-0.9%	3.3%	2.6%
Total Assets	290,422	271,985	287,275	303,128
Cash	27,452	29,169	30,674	43,319
Total Liabilities	184,922	183,675	193,645	204,230
Debt	133,568	133,780	134,636	142,894
Common Equity	105,500	88,311	93,630	98,898

Source: Banorte

Valuation and Financial metrics

	2019	2020	2021E	2022E
FV/EBITDA	7.3x	7.4x	6.7x	5.8x
P/E	34.2x	-135.2x	24.5x	19.1x
P/BV	1.8x	2.3x	2.1x	1.9x
ROE	5.3%	-1.7%	8.4%	10.0%
ROA	1.6%	-0.3%	1.2%	0.9%
EBITDA/ interest	3.8x	3.7x	4.5x	4.5x
Net Deb/EBITDA	2.7x	2.7x	2.3x	1.5x
Debt/Equity	1.3x	1.5x	1.4x	1.4x

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TLEVISA – Results 2021

MXN, million

Concept	2Q20	2Q21	Var %	2Q21e	Diff% vs Estim.
Revenue	22,407	24,753	10.5%	24,798	-0.2%
Operating Income	2,693	3,986	48.0%	3,993	-0.2%
Ebitda	8,221	9,609	16.9%	9,436	1.8%
Net Income	1,739	2,182	25.5%	1,793	21.7%
Margins					
Operating Margin	12.0%	16.1%	4.1pp	16.1%	0.0pp
Ebitda Margin	36.7%	38.8%	2.1pp	38.0%	0.8pp
Net Margin	7.8%	8.8%	1.0pp	7.2%	1.6pp
EPS	\$0.62	\$0.78	26.5%	\$0.64	21.7%

Income Statement (Million pesos)

Year	2020	2021	2021	Change	Change
Quarter	2	1	2	% y/y	% q/q
Net Revenue	22,407.0	23,828.9	24,753.2	10.5%	3.9%
Costs of goods sold	13,942.0	13,884.6	14,545.2	4.3%	4.8%
Gross profit	8,465.0	9,944.3	10,207.9	20.6%	2.7%
General expenses	5,479.0	6,251.0	6,222.3	13.6%	-0.5%
Operating Income	2,693.0	3,540.4	3,985.7	48.0%	12.6%
Operating Margin	12.0%	14.9%	16.1%	4.1pp	1.2pp
Depreciation	5,234.0	5,169.9	5,224.1	-0.2%	1.0%
EBITDA	8,221.0	8,863.2	9,608.7	16.9%	8.4%
EBITDA Margin	36.7%	37.2%	38.8%	2.1pp	1.6pp
Interest Income (Expense) net	(89.0)	(4,021.6)	(653.4)	>500%	-83.8%
Interest expense	2,885.0	2,302.4	2,206.1	-23.5%	-4.2%
Interest income	452.0	121.3	265.7	-41.2%	119.0%
Other income (expense)	(7.0)	(117.1)	(604.0)	>500%	415.9%
Foreign exchange gain (loss)	2,351.0	(1,723.4)	1,891.0	-19.6%	N.A.
Unconsolidated subsidiaries	138.0	51.8	889.2	>500%	>500%
Income before taxes	2,742.0	(429.3)	4,221.5	54.0%	N.A.
Income taxes	752.0	(103.5)	1,800.0	139.4%	N.A.
Discontinued operations					
Consolidated Net Income	1,989.0	(325.8)	2,421.5	21.7%	N.A.
Non-controlling interest	250.0	258.6	239.8	-4.1%	-7.3%
Net Income	1,739.0	(584.4)	2,181.7	25.5%	N.A.
Net Margin	7.8%	-2.5%	8.8%	1.0pp	11.3pp
EPS	0.617	(0.210)	0.780	26.5%	N.A.

Balance Sheet (Million pesos)

Total Current Assets	97,725.0	82,146.9	79,527.2	-18.6%	-3.2%
Cash & Short Term Investments	45,482.0	28,862.2	26,381.3	-42.0%	-8.6%
Long Term Assets	211,917.0	206,840.3	206,104.4	-2.7%	-0.4%
Property, Plant & Equipment (Net)	82,897.0	84,100.6	84,863.4	2.4%	0.9%
Intangible Assets (Net)	28,836.0	28,562.6	28,491.1	-1.2%	-0.3%
Total Assets	309,641.0	288,987.2	285,631.6	-7.8%	-1.2%
Current Liabilities	55,313.0	59,877.7	58,653.1	6.0%	-2.0%
Short Term Debt	4,419.0	3,778.5	4,748.3	7.5%	25.7%
Accounts Payable	48,798.0	53,289.0	51,019.3	4.6%	-4.3%
Long Term Liabilities	171,605.0	140,411.4	136,508.6	-20.5%	-2.8%
Long Term Debt	161,798.0	131,987.3	128,322.2	-20.7%	-2.8%
Total Liabilities	226,918.0	200,289.1	195,161.8	-14.0%	-2.6%
Stockholders' Equity	82,724.0	88,698.1	90,469.8	9.4%	2.0%
Non-controlling interest	16,035.0	14,781.7	15,016.0	-6.4%	1.6%
Total Equity	66,689.0	73,916.3	75,453.7	13.1%	2.1%
Liabilities & Equity	309,641.0	288,987.2	285,631.6	-7.8%	-1.2%
Net Debt	120,735.0	106,903.6	106,689.2	-11.6%	-0.2%

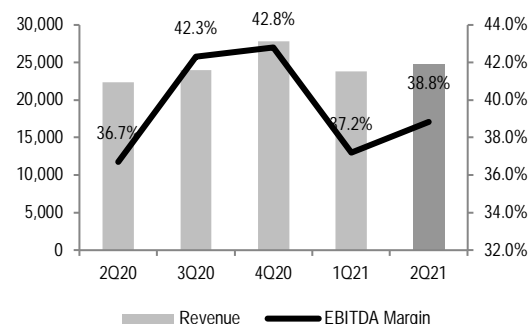
Cash Flow

CF from Operating Activities	10,476.2	7,531.0	14,537.7
CF from Investing Activities	(4,118.8)	(4,487.3)	(9,696.5)
CF from Financing Activities	10,752.2	(3,272.1)	(7,522.5)
FX effect on cash	378.6	32.6	4.5
Change in Cash Balance	17,488.3	(195.9)	(2,676.8)

Source: Banorte, MSE.

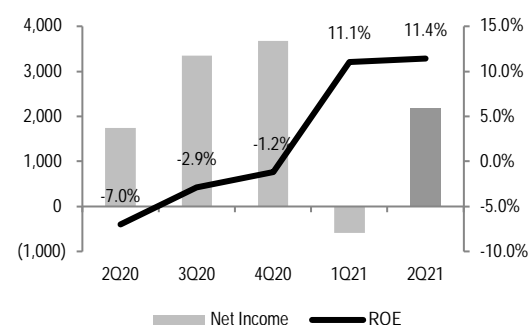
Revenue & EBITDA Margin

MXN, million



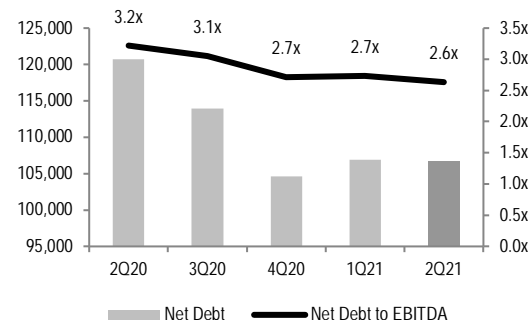
Net Income & ROE

MXN, million



Net Debt & Net Debt to EBITDA ratio

MXN, million



Certification of Analysts.

We, Gabriel Casillas Olivera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalia Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and ratings

Stock	Date	Rating	PT
Tlevisa CPO	22/04/2021	Buy	\$61.00
Tlevisa CPO	21/12/2020	Buy	\$47.00
Tlevisa CPO	07/07/2020	Buy	\$30.00
Tlevisa CPO	22/01/2019	Hold	\$57.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD		AVERAGE		LEADER		

*MSCI ESG Rating is an indicator that evaluates companies in Environment, Social and Governance (ESG) metrics.

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