



**Televisa**

## Investor Presentation

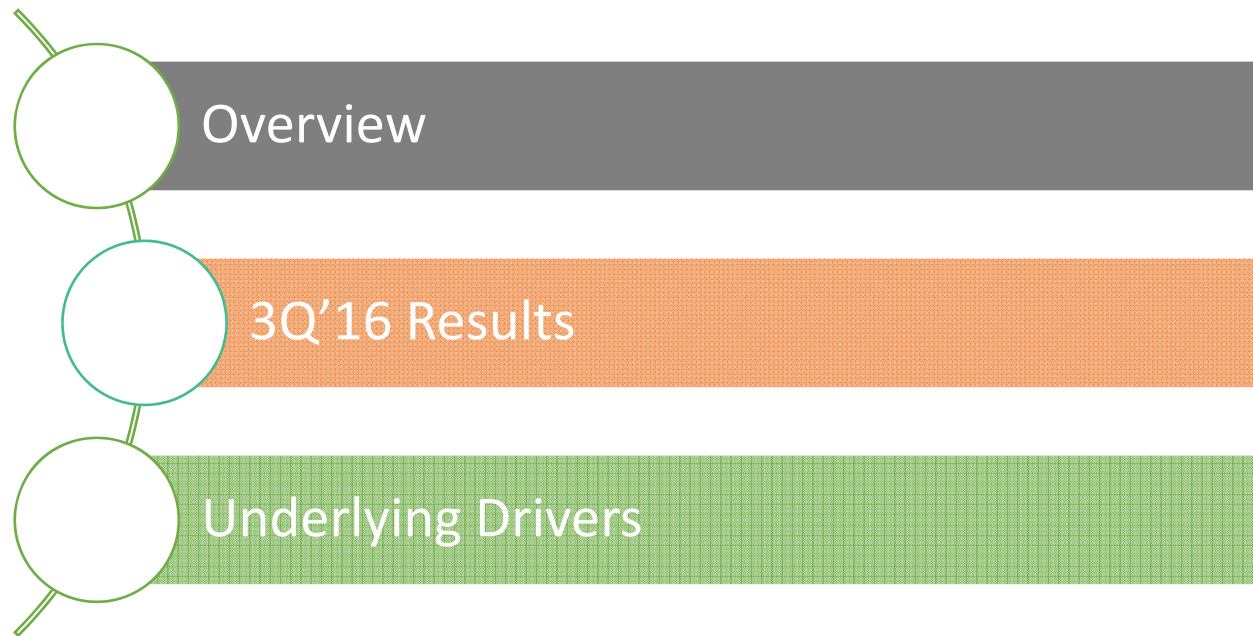
Third Quarter 2016



### **Forward looking statements**

This presentation contains statements that constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding the current intent, belief or expectations of our officers or management with respect to future developments, including such important matters as (1) our asset growth and financing plans, (2) trends affecting our financial condition or results of operations, (3) the impact of competition and regulations, (4) projected capital expenditures and (5) liquidity. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those described in forward-looking statements included in this presentation as a result of various factors. These factors, many of which are beyond our control, include the actions of competitors, future global economic conditions, market conditions, changes in interest rates and foreign exchange rates, changes in legislation or regulations applicable to our business, operating and financial risks, the outcome of legal proceedings and the factors discussed under “Risk Factors” in our annual report on Form 20-F for the year ended December 31, 2015.

The results in this presentation appear as they were originally reported in our financial statements.





## Overview

# Outlook

- *Ad pricing restructuring initiatives well under way*
- *Growing share of non-cyclical, recurring revenue*
- *Attractive market: low adoption of video and data*
- *Favorable free cash flow outlook in cable operation*
- *Local-loop-unbundling opportunity*
- *Approaching 2018 step-up in Univision royalty payments*

# Our Core Businesses

*Fully Integrated Media and Distribution*

## Content

### Advertising

Four broadcast channels in Mexico City and affiliated stations

### Network Subscription

26 pay-tv networks and 51 feeds in Mexico and globally

### Licensing & Syndication

Univision royalties, other licensing fees, and exports to 70+ countries

## Cable

**Video:** 4.2 million RGUs<sup>\*</sup>  
**Data:** 3.3 million RGUs  
**Voice:** 2.1 million RGUs

A leading cable operator in Mexico

<sup>\*</sup> Revenue generating units

## Sky<sup>\*\*</sup>

**Video:** 7.9 million subs

A leading DTH system in Mexico, Central America and the Dominican Rep.

<sup>\*\*</sup> In partnership with AT&T which owns 41.3% of Sky.

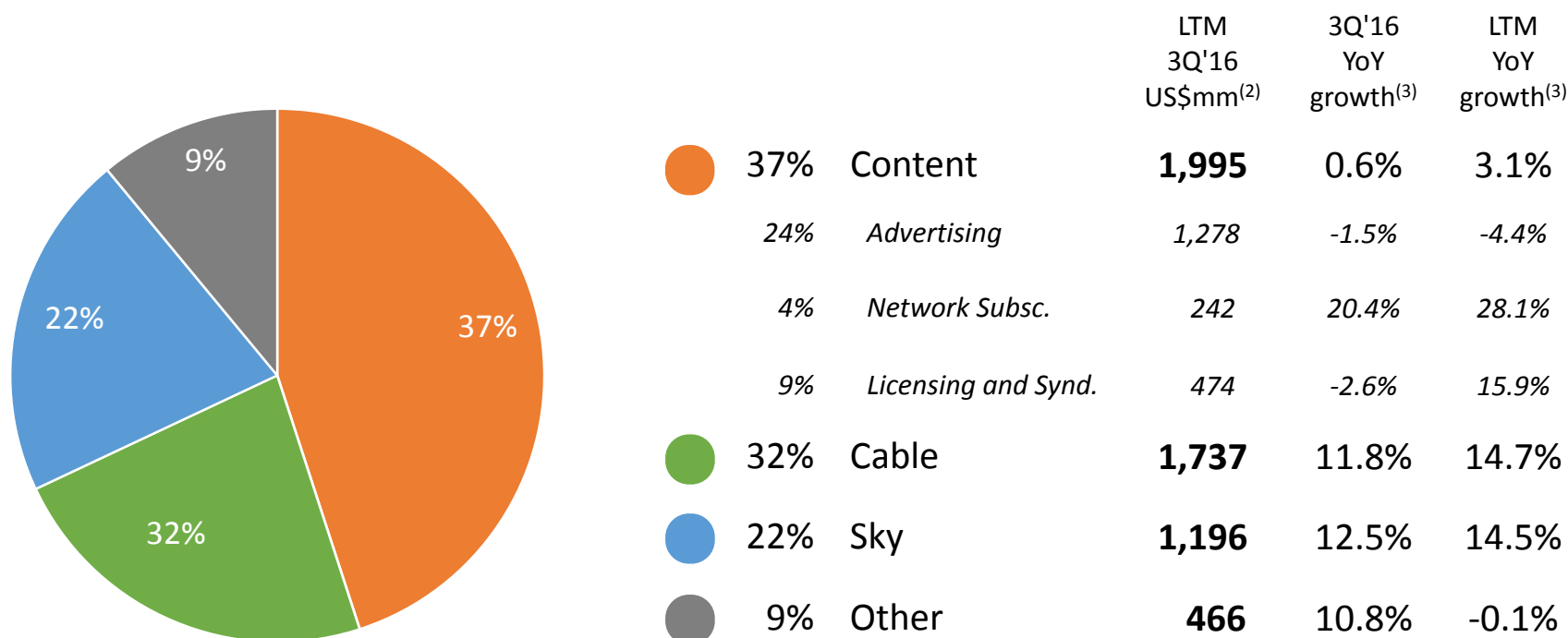
## Univision<sup>\*\*\*</sup>

Ownership of approximately **36% of the equity** on a fully diluted, as-converted basis

<sup>\*\*\*</sup> Televisa has equity and warrants which upon their exercise and subject to any necessary approval from the Federal Communications Commission ("FCC") in the United States, would represent approximately 36% on a fully diluted, as-converted basis of the equity capital in Univision Holdings Inc.

# Revenue breakdown

Consolidated net revenue US\$5.2b<sup>(1)</sup>



(1) As of LTM 3Q'16. Consolidated net sales include elimination of intersegment operations amounting to US\$154.2 million.

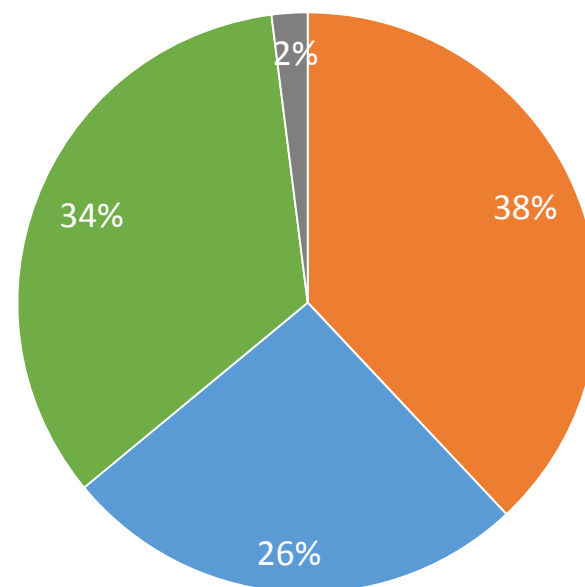
(2) Equivalent in US\$ at the FX rate of 17.9280 Ps/US\$. The average of rates published by Mexico's Central Bank for LTM ending September 30, 2016.

(3) 3Q'16 year-over-year and LTM growth in peso terms.

# Operating segment income<sup>(1)</sup>

Net OSI<sup>(2)</sup> of US\$2.0b

		LTM 3Q'16 US\$mm <sup>(3)</sup>	LTM YoY growth <sup>(4)</sup>	Margin LTM 3Q'16
● 38%	Content	<b>811</b>	-4.0%	40.6%
● 26%	Sky	<b>541</b>	10.1%	45.2%
● 34%	Cable	<b>720</b>	18.4%	41.4%
● 2%	Other	<b>46</b>	1.4%	9.8%



(1) Operating Segment Income – OSI – is defined as operating income before depreciation and amortization, corporate expenses, and other expense net.

(2) Net OSI is after corporate expenses. As of LTM ending September 30, 2016 Net OSI includes Corporate Expenses of US\$120.1 million.

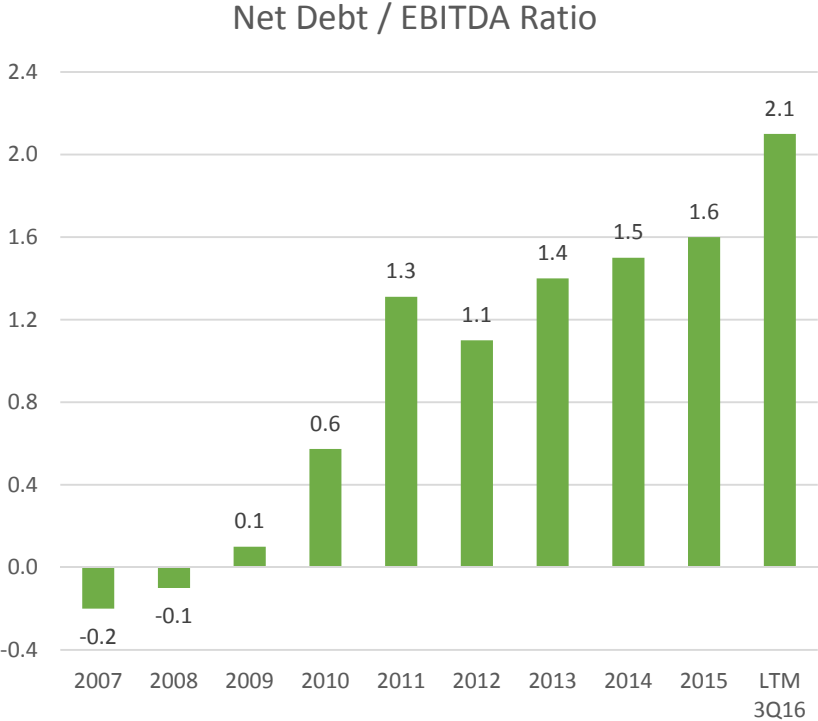
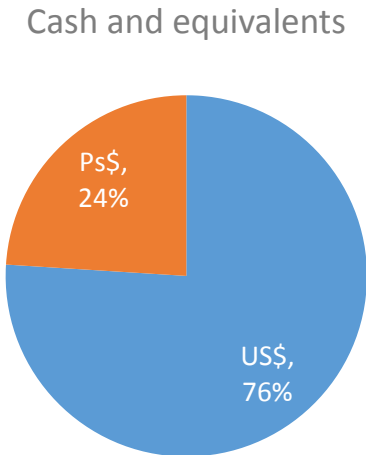
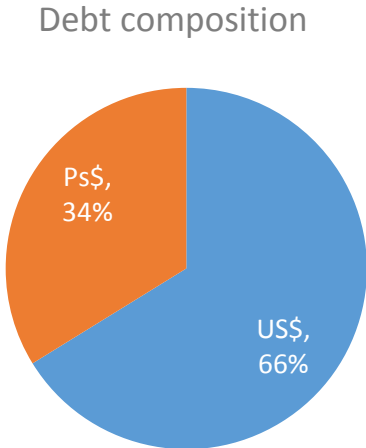
(3) Equivalent in US\$ at the FX rate of 17.9280 Ps/US\$. The average of rates published by Mexico's Central Bank for LTM ending September 30, 2016.

(4) LTM year year-over-year growth in peso terms.



# Conservative balance sheet

*Capacity to continue supporting strategic initiatives*



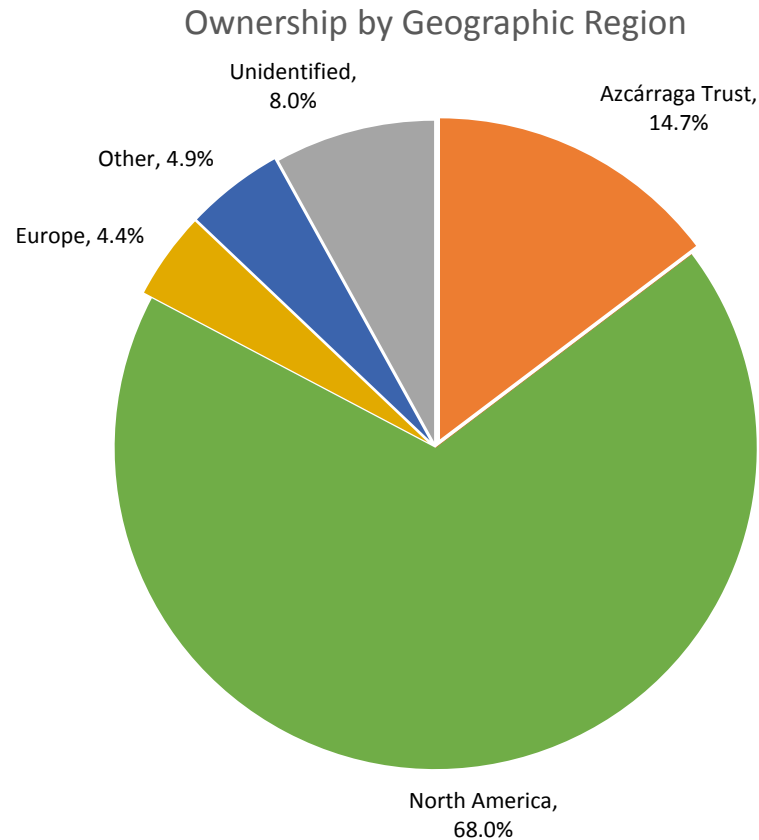
Total debt* (3Q'16):	Pes\$132.7 billion
Cash and equiv.:	Pes\$58.9 billion
Net debt:	Pes\$73.7 billion
Average maturity:	16.3 years

Moody's Baa1	S&P BBB+	Fitch BBB+
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\* Includes capital lease obligations and other notes payable.  
 Source: with information from Grupo Televisa's public filings.

# Market Highlights

*A diverse shareholder base*



## Public Market Highlights

- Publicly traded in Mexico since 1991 and in the NYSE since 1993
- One of the 10 largest companies in Mexico based on market capitalization
- Average daily traded value of approximately US\$85 million (3Q'16)
- Float of 85% of its total capital
- Coverage by 18 sell-side analysts and research houses
- Average turnover for top 30 institutional shareholders is 41% (as of 3Q'16)
- 85% of institutional shareholdings are in the form of ADRs and 15% are in the form of CPOs (as of 3Q'16)

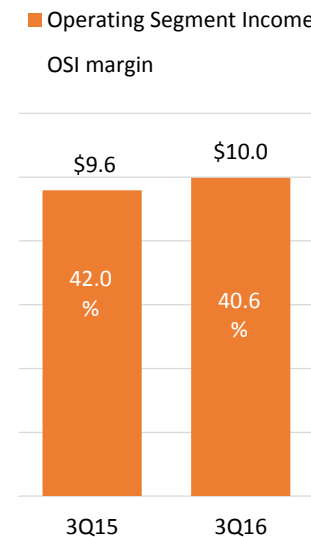
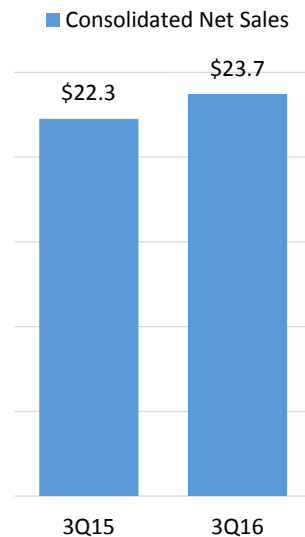


3Q'16 Results

# 3Q'16 Results: Highlights

*Strong 3Q with growth in revenue and profitability*

- Net Sales and OSI increased by **6.6%** and **4.1%**, respectively
- Content revenues expanded **0.6%** to Ps.8.7 billion
- Royalties from Univision reached **US\$80.2 million**
- Growth in Sky revenues of **12.5%**, low-cost package continues to be main driver
- Cable OSI growth of **15.8%** with a margin of **42.2%**

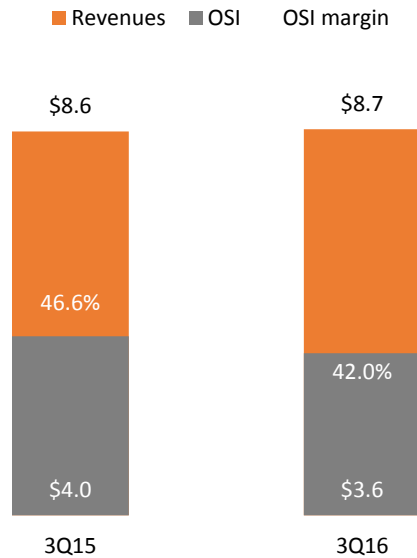


*Billions of Ps.*

# 3Q'16 Results: Content

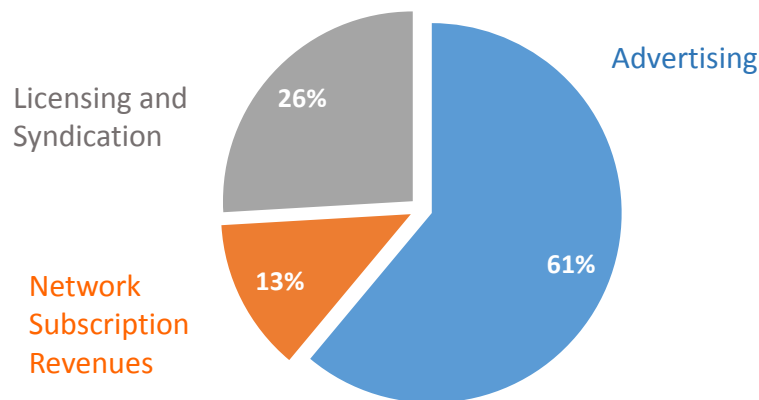
## Financial Results

Billions of Ps.



- Content revenues were flat during 3Q16
- Operating segment income margin reached 42%
- Decline in margin is explained mainly by higher investment in the production of new content

## Content Revenue Mix

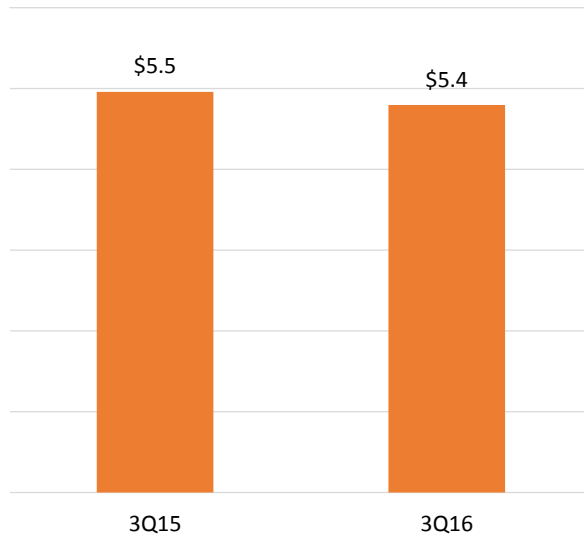


- Advertising driven by new pricing strategy
- Network subscription revenue growth driven by increase in pay-tv penetration and peso depreciation
- Licensing and syndication revenues driven by Univision royalty payments

# 3Q'16 Results: Content

## Financial Results – Advertising

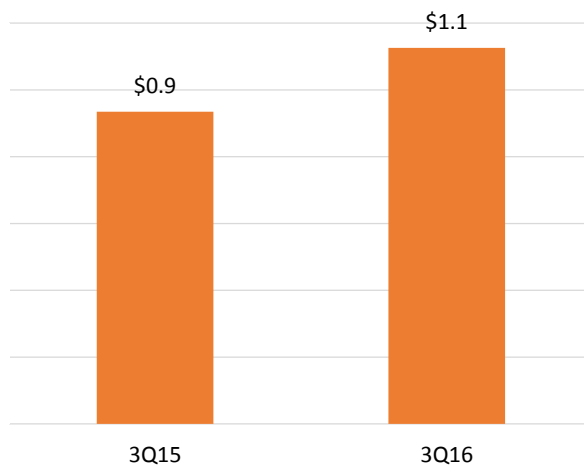
Billions of Ps.



- Advertising revenues decreased by 1.5%
- For the first nine months of the year, ad revenues are marginally down by 0.7%, compared to a decline of close to 9% over the same period last year

## Financial Results – Network Subscription Revenues

Billions of Ps.

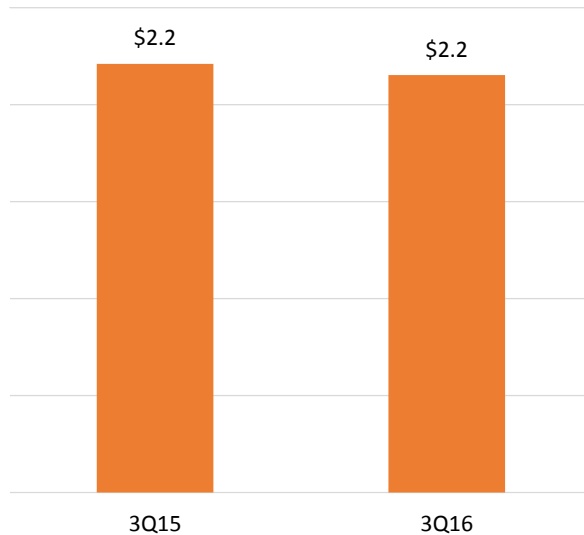


- Revenues increased 20.4% year-over-year in 3Q'16
- Strong organic growth due to increase in pay-tv penetration
- Peso depreciation has benefited this revenue line as most contracts are dollar-linked
- Megacable stopped carrying our pay-TV channels since September 2016

# 3Q'16 Results: Content

## Financial Results – Licensing and Syndication

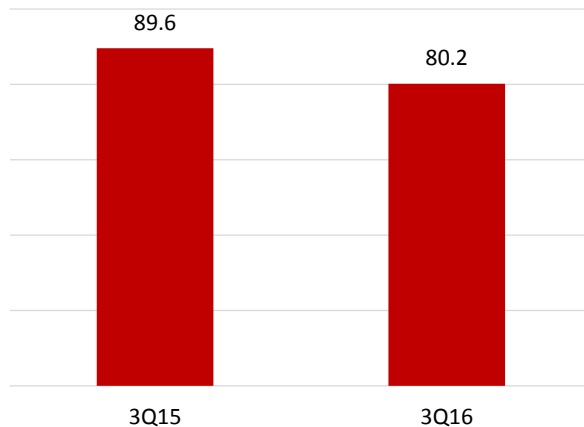
Billions of Ps.



- Licensing and Syndication revenues decreased 2.6% year-over-year in 3Q'16
- The decline is explained by:
  - Lower Univision royalties, mainly because of a difficult comparable
  - Absence of Netflix royalties, since Televisa decided not to renew agreement

## Univision Royalties

US\$ millions

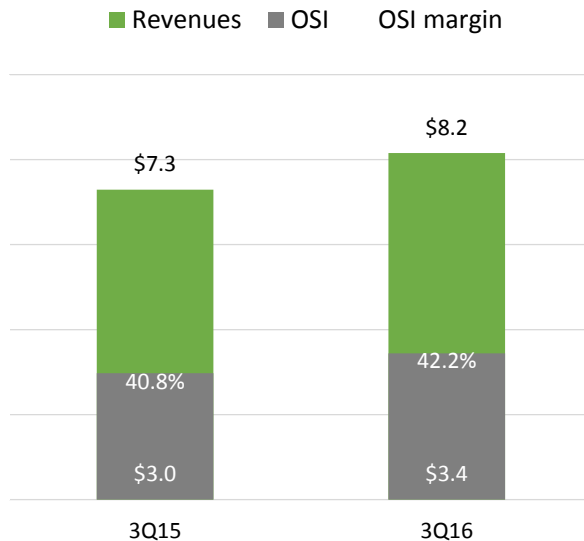


- Univision royalties reached \$80.2 million
- A drop of 10.5% explained by:
  - Absence of soccer tournaments
  - Olympic games, which were not transmitted by Univision

# 3Q'16 Results: Cable

## Financial Results

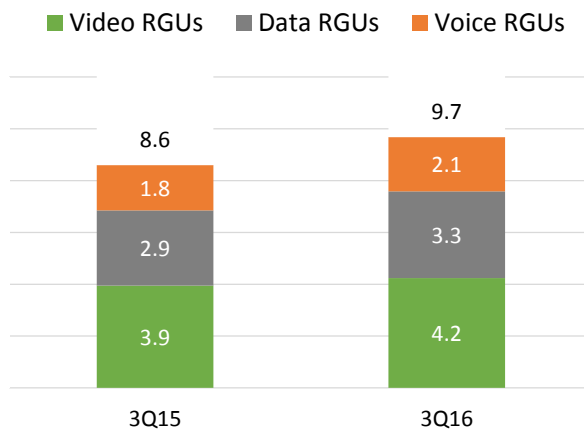
Billions of Ps.



- Sales increased by approximately 12%
- OSI increased by 16% and the margin reached north of 42%; same as 2Q'16
- Strong revenue and OSI growth driven by RGU net additions, notably data and voice
- OSI margin expansion driven by economies of scale and aggressive cost reduction plan

## Cable RGUs

(millions)



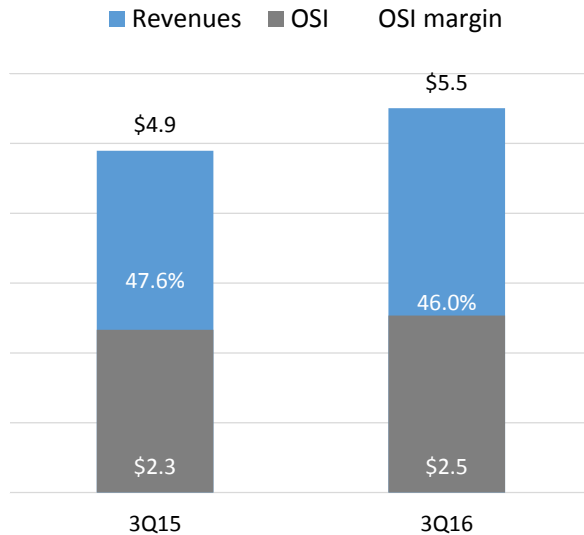
- 1.1 million RGUs added in the last twelve months and 150 thousand RGUs added in 3Q'16
- Solid year-over-year growth in all services:
  - Video up 7.4%
  - Data up 15.4%
  - Telephony up 19.5%



# 3Q'16 Results: Sky

## Financial Results

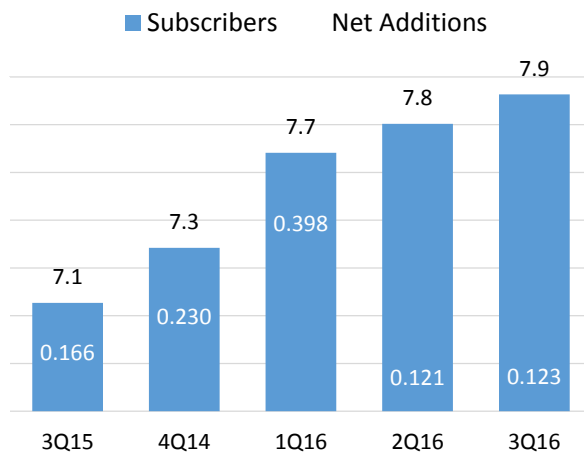
Billions of Ps.



- Reached 7.9 million customers, an increase of 13.3% year-over-year
- Revenue growth of 12.5%
- OSI grew 8.7% and the margin reached 46.0%
- Compression in the margin explained by some key sports rights denominated in US dollars

## Sky Subscribers

(millions)



- Net additions of 123 thousand subscribers
- Similar pace to that in previous quarter and before transition from analog to digital transmission of broadcast signals
- Growth in subscribers of over 600 thousand in the first nine months of the year
- Low cost offering continues to drive growth



# Underlying Drivers

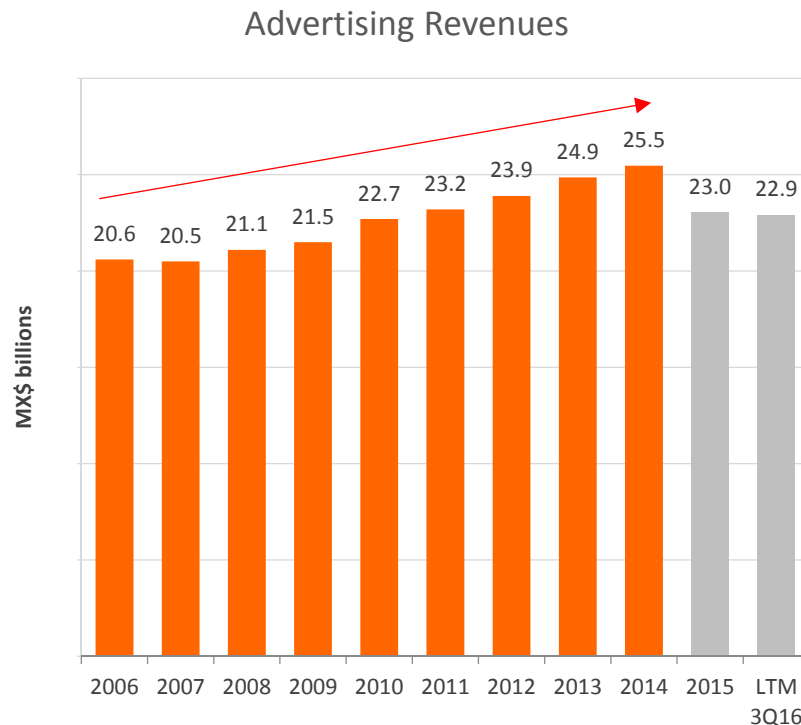
*Drivers that are shaping our business, long term*

- I. Advertising Revenue
- II. Network Subscription Revenue
- III. Licensing and Syndication Revenue
- IV. Sky Pay TV Revenue
- V. Cable Video RGUs
- VI. Cable Voice RGUs
- VII. Cable Data RGUs
- VIII. Position as a Leading Cable Operator
- IX. Diversification



# Advertising Revenue

*Restructuring ad business to drive long-term growth*



*Repricing of ad inventory starting in 2015 required a sacrifice in top line growth due to customer resistance*

## Regulatory and competitive challenges have overshadowed underlying growth

- '06 Electoral reform and resulting loss of political ad revenue
- '09 Mexico's GDP drops by 5%; Televisa's broadcast revenues grow 0.5%
- '11 Loss of AMX/Carso as customer; represented 4% of broadcast revenues in 2010
- '14 Ban on TV advertising of food/beverage with high caloric content during certain times of day (starting Q3'14)

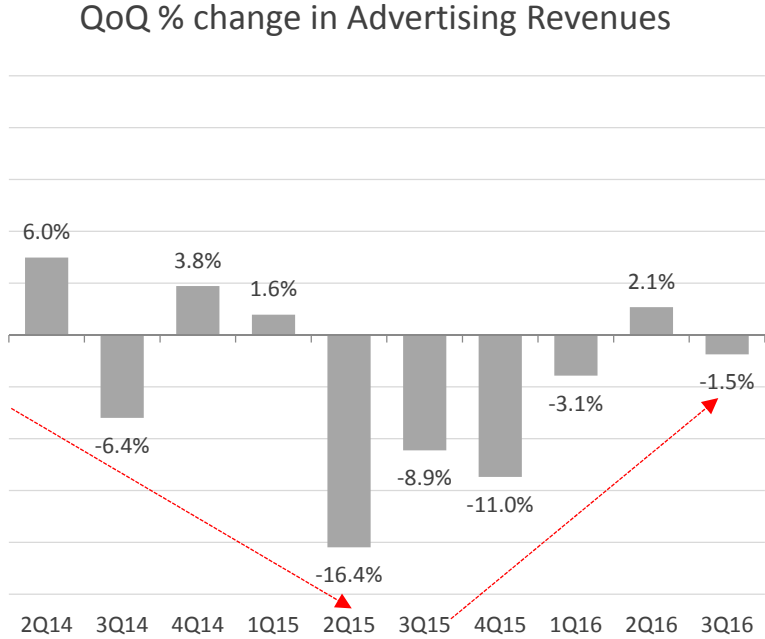
Ban on most government advertising during election time (Q2'09, Q2'12, Q2'15)



# Advertising Revenue (Cont'd)

*A multi-year process that has required pricing discipline*

- 3Q'14** Ban on advertising of food and beverage with high caloric content during certain times of day
- Dec'14** Closing of 2015 upfront negotiations resulting in 11.2% drop
- 1Q'15** Replacement of leadership and mandate in ad sales organization
- 2Q'15** Introduction of new rate card; customers minimize scatter market buys
- 2H'15** Customers stay away from scatter market for the balance of 2015
- Dec'15** Closing of 2016 upfront negotiations under new pricing structure



*Reversal of trend is under way, but growth will continue to be irregular for the time being*

Source: Grupo Televisa's public filings

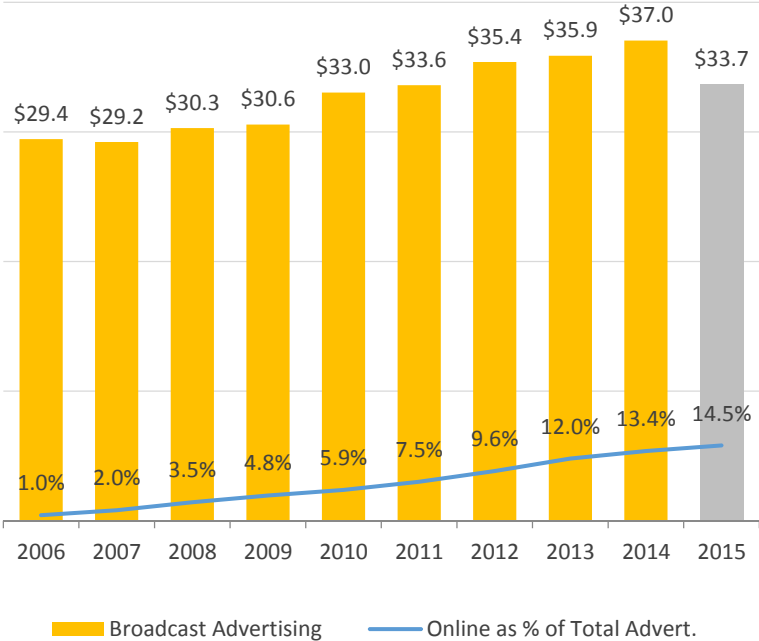


# Advertising Revenue (Cont'd)

*Even under new pricing, broadcast is the most effective platform*

The relevance of online advertising continues to grow, while free-to-air advertising remains the largest and most important platform

Broadcast\* and Online Advertising



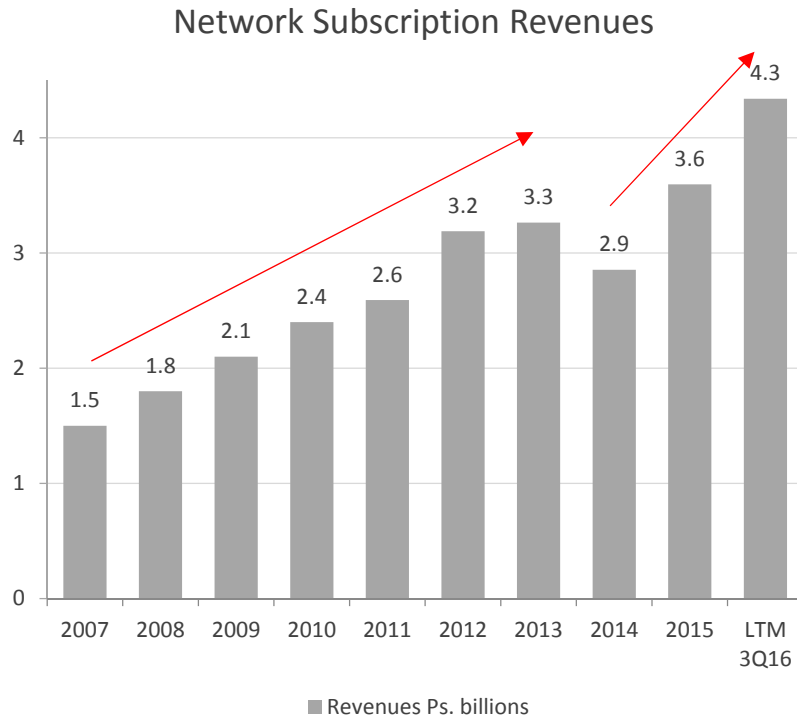
Our top 30 customers are non-durable CPG companies, retailers, and service providers in need for scale and efficiency

\* Broadcast advertising is the sum of Televisa's and Azteca's reported Mexico advertising revenues. 2015 drop reflects reaction to repricing of inventory. Source: Grupo Televisa's and Azteca's public filings and Mexican Association of Media Agencies



# Network Subscription Revenue

*Strong underlying growth and expanding ratings*



- One of the most important providers of content for pay TV platforms in Mexico
- CAGR of 11.3% in average ratings per channel among its top networks since 2005
- Networks are distributed internationally

*Already recuperated from loss, starting Q3'13, of substantially all its retransmission revenue in Mexico <sup>(2)</sup>*

<sup>(1)</sup> Refers to the number of channels times the number of households reached. <sup>(2)</sup> Starting on September 10, 2013 we had to forego retransmission revenues as a result of the implementation of the must-offer rules that came into effect with the telecommunications reform.

Prior to 2011, network subscription revenues were classified under Pay Television Networks and included as additional revenues.



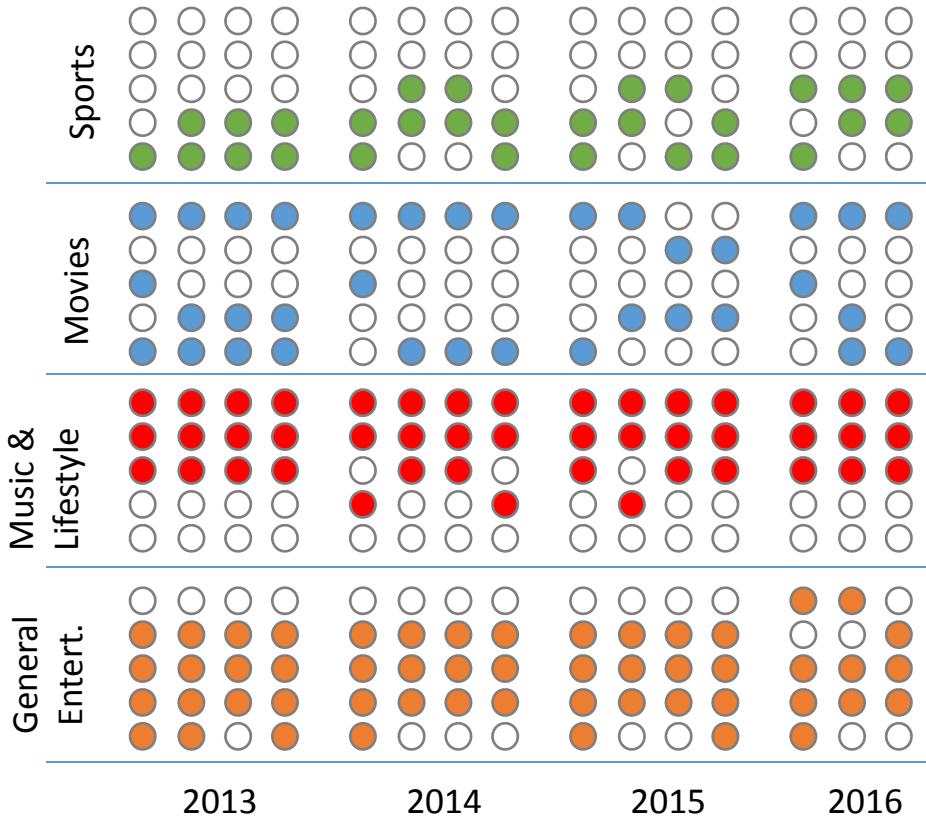
# Network Subscription Revenue (Cont'd)

*Many top-rated channels among key categories*

Televisa produces and distributes many of the highest rated networks in various key categories:

- Two of the top five sports networks
- Two of the top five movie networks
- The top three music and lifestyle networks
- Three of the top five general entertainment networks (and five of top eight)

*Televisa produces many of the top 5 five ranked networks in key categories*



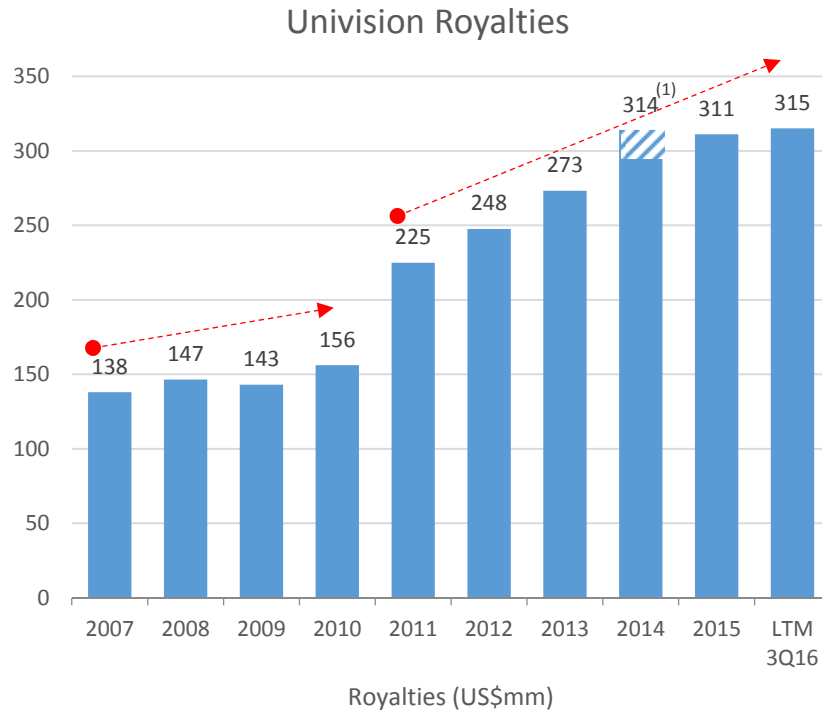
*Colored circles indicate the rank that a Televisa network held in each category of content, and in each case with the #1 network at the top*





# Licensing and Syndication Revenue

*Approaching 2018's step-up by 39% in royalty rate*



*The Royalty agreement does not expire unless Televisa voluntarily sells two-thirds of its investment, but in no event earlier than 2025<sup>(3)</sup>*

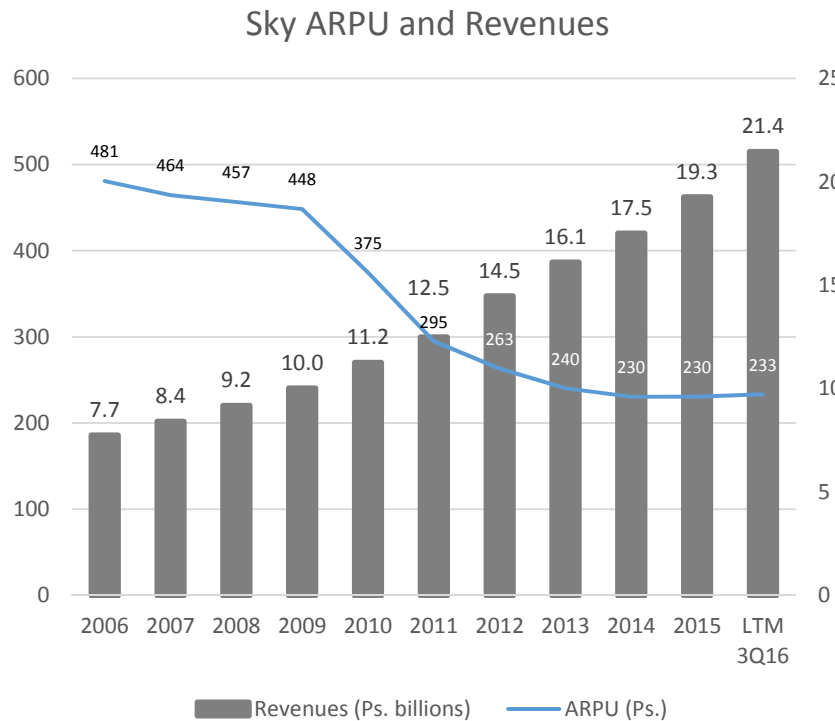
- Univision royalties make up most of Licensing and Syndication revenue
- Step-up in 2018 from 11.84% to 16.13%, and then to 16.45% in June 2018.
- An additional royalty of 2% on revenues above \$1.66 billion
- In addition to Univision, during 2015 we licensed over 80 thousand hours of content 70+ countries
- Non-Univision licensing revenue reached US\$160mm in the last twelve months

<sup>(1)</sup> In 2014, Univision transmitted the World Cup which contributed with US\$174.2 million of incremental net advertising revenue.<sup>(2)</sup> Prior to 2011, Licensing and Syndication revenues were classified under Programming Exports and are not directly comparable.<sup>(3)</sup> Upon a Univision IPO the agreement is extended to the latter of 2030 (or 2025 if there is a change of control in the parent of Univision) and 90 months after Televisa voluntarily sells two-thirds of its equity interest in Univision. Source: Grupo Televisa's and Univision's public filings

## IV

# Sky Pay TV Revenue

*Continued growth in customers, and in revenue per customer*



*ARPU opportunity: Majority of Sky customers subscribe to its lowest-cost pay TV offering*

- Sky revenues have doubled in size in just seven years
- Subscribers have expanded at a CAGR of 23.0% since the launch of VeTV in 2009, its low-cost pre-paid offer
- Subscriber growth accelerated temporarily (3Q'15-1Q'16) due to conversion of analog to digital transmission of broadcast signals
- Excluding this phase, quarterly growth has averaged 120 thousand since 4Q'14

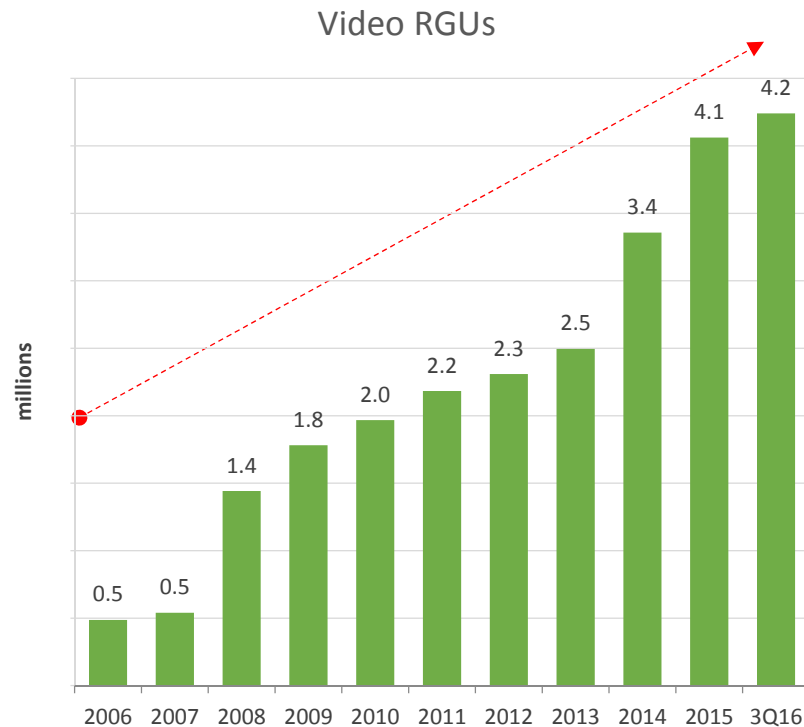
\* ARPU for 3Q'16

Source: Grupo Televisa public filings.



# Cable Video RGUs

*Adding video customers despite strong competition*



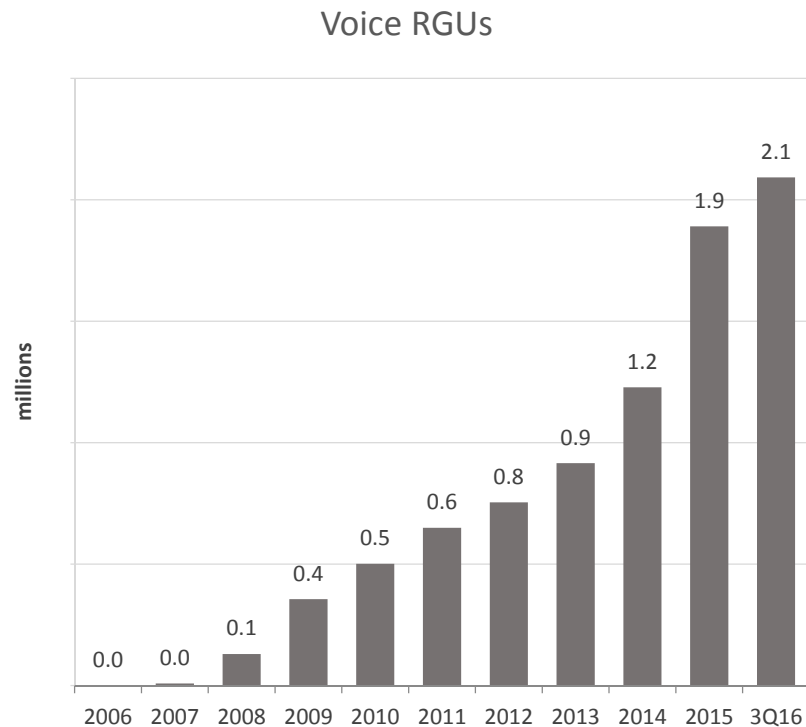
*CAGR in video RGUs of 24.9% since 2006, including acquisitions*

- Average organic growth of 7.4% in the last four quarters
- Solid organic growth has been complemented by the acquisition of four cable operators
- As of 3Q'16, a total of 4.2 million video RGUs, on 12.5 million homes passed
- Mexico's penetration of pay TV is still low at 58% and growing
- Cord-cutting seems non-existent in Mexico

Source: Grupo Televisa's public filings

# Cable Voice RGUs

*Adding fixed-line voice customers at a fast pace*



*With a share of fixed-line voice customers in Mexico of less than 11%\*, the opportunity is still significant*

- Overall number of fixed lines is expanding slightly as a result of attractive offers
- Televisa Cable added the most voice customers among all companies in Mexico during 3Q'16
- Televisa Cable has become the second largest provider of voice services in terms of number of customers
- Its share of voice customers in Mexico is still only 10.6% as of 3Q'16
- Most new customers added by Televisa Cable walked away from incumbent voice operator

\* As of 3Q'16.

Source: Grupo Televisa's public filings

## Cable Voice RGUs (Cont'd)

*Leading the competition with a smaller footprint*

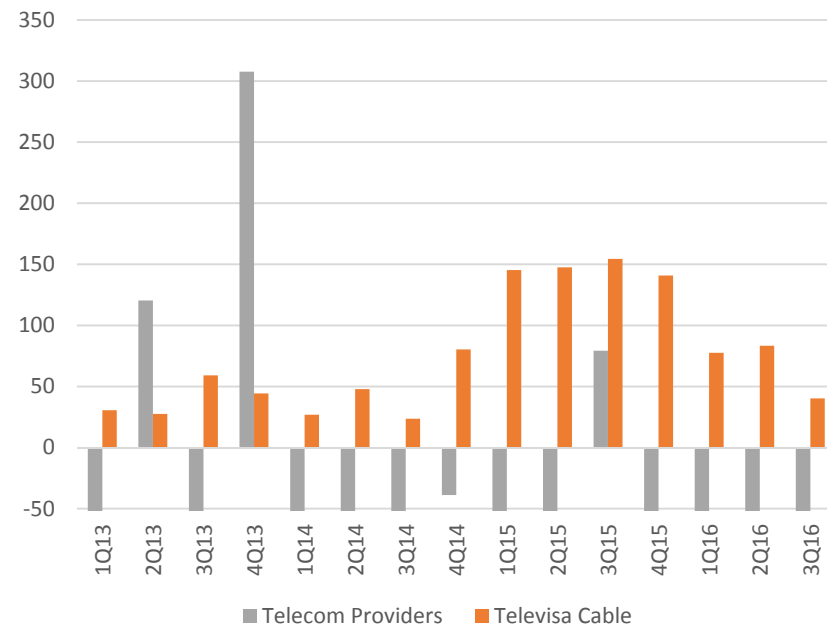
In 3Q'16, for the 11<sup>th</sup> consecutive quarter Televisa added more voice RGUs than the telecom providers\*

### Izzi's superior voice plan:

- Unlimited calls to fixed and mobile numbers in Mexico, the US, Canada, Latin America, and Europe

The incumbent's "unlimited" plan places limits on length of calls or number of calls

Telephony Net Additions  
(in thousands)

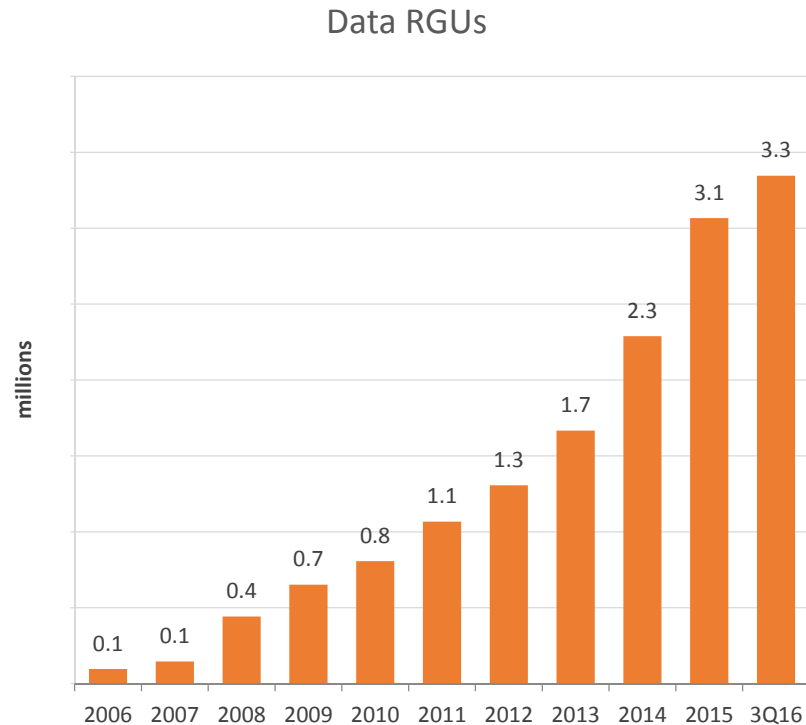


\* Telecom providers refers to Telmex, Axtel, Maxcom and Telefónica.  
Source: Grupo Televisa's and other telecom providers' public filings

## VII

# Cable Data RGUs

*Data services are the main driver of growth*



*Televisa Cable captures 21.4%\* of data customers in Mexico, compared to 16% at the end of 2014*

\* As of 3Q'16.

Source: Grupo Televisa's public filings

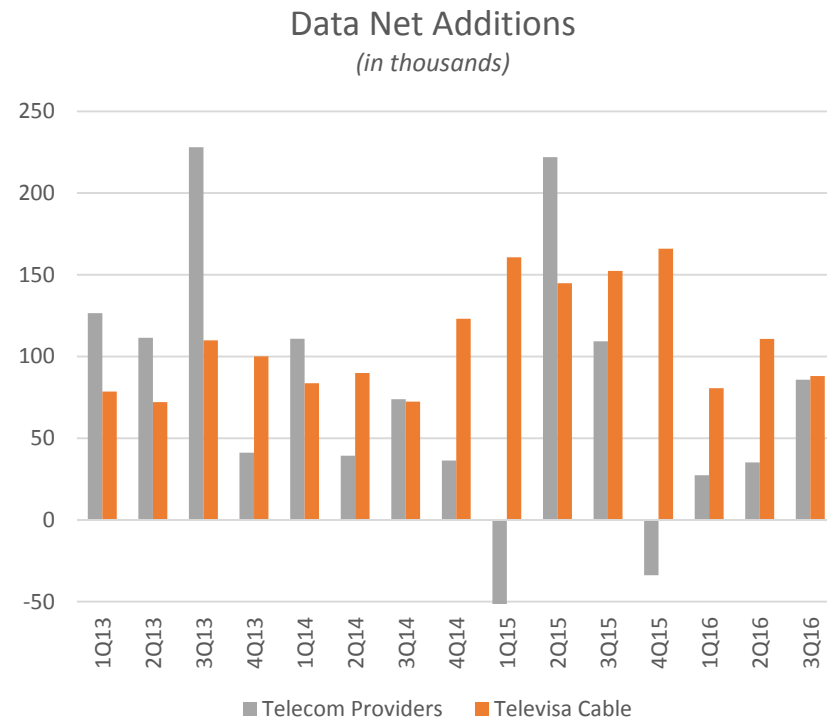
- Mexico's penetration of data services is 12/100 inhabitants vs an average of 32/100 among the OECD (35 countries)
- Televisa Cable has a 21% market share of data customers, and 37% as many customers as the incumbent
- Most customers subscribe to Televisa Cable's least expensive data plan
- Current Televisa Cable offer includes multiple high-speed data plans:
  - Residential:** 10, 20, 50 & 100 mbps
  - Business:** 25, 50, & 100 mbps
- As adoption of computers and tablets increases, so will the subscription of high speed data services

## VII

## Cable Data RGUs (Cont'd)

*Strengthening position as provider of high-speed data*

- Televisa has added more data subscribers than the telecom providers in 8 of the last 10 quarters
- Its coaxial (DOCSIS 3.0) plus fiber technology is superior to telephony company's copper cable infrastructure
- Most customers subscribe to the double play voice+data service

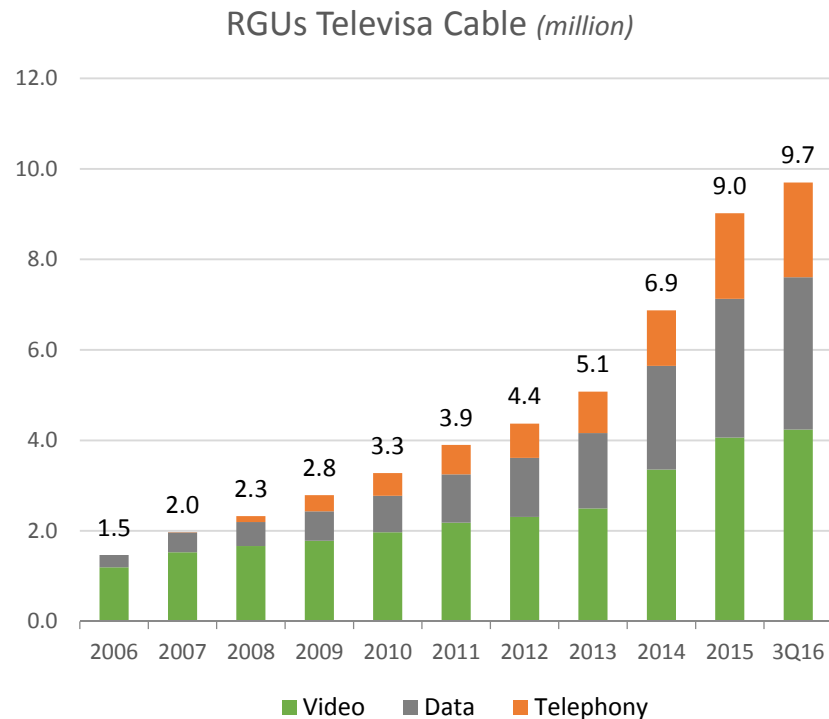


*Telecom providers refers to Telmex, Axtel, Maxcom and Telefónica.  
Source: Grupo Televisa's and other telecom providers' public filings*

## VIII

# Position as a Leading Cable Operator

*Multiple strategic and operational milestones*



*Televisa Cable RGUs have grown at a CAGR of 21.4% since 2006*

- '06 Cablevision completes digitalization of its network
- '06 Acquisition of 50% of TVI
- '07 Cablevision launches voice services
- '09 Televisa Cable launches YOO
- '09 Cablevision begins conversion to fiber-to-the-curve
- '11 Acquisition of 100% of Cablemás
- '14 Acquisition of 100% of Cablecom
- '14 Televisa Cable launches IZZI
- '15 Acquisition of 100% of Telecable
- '16 Acquisition of the remaining 50% of TVI

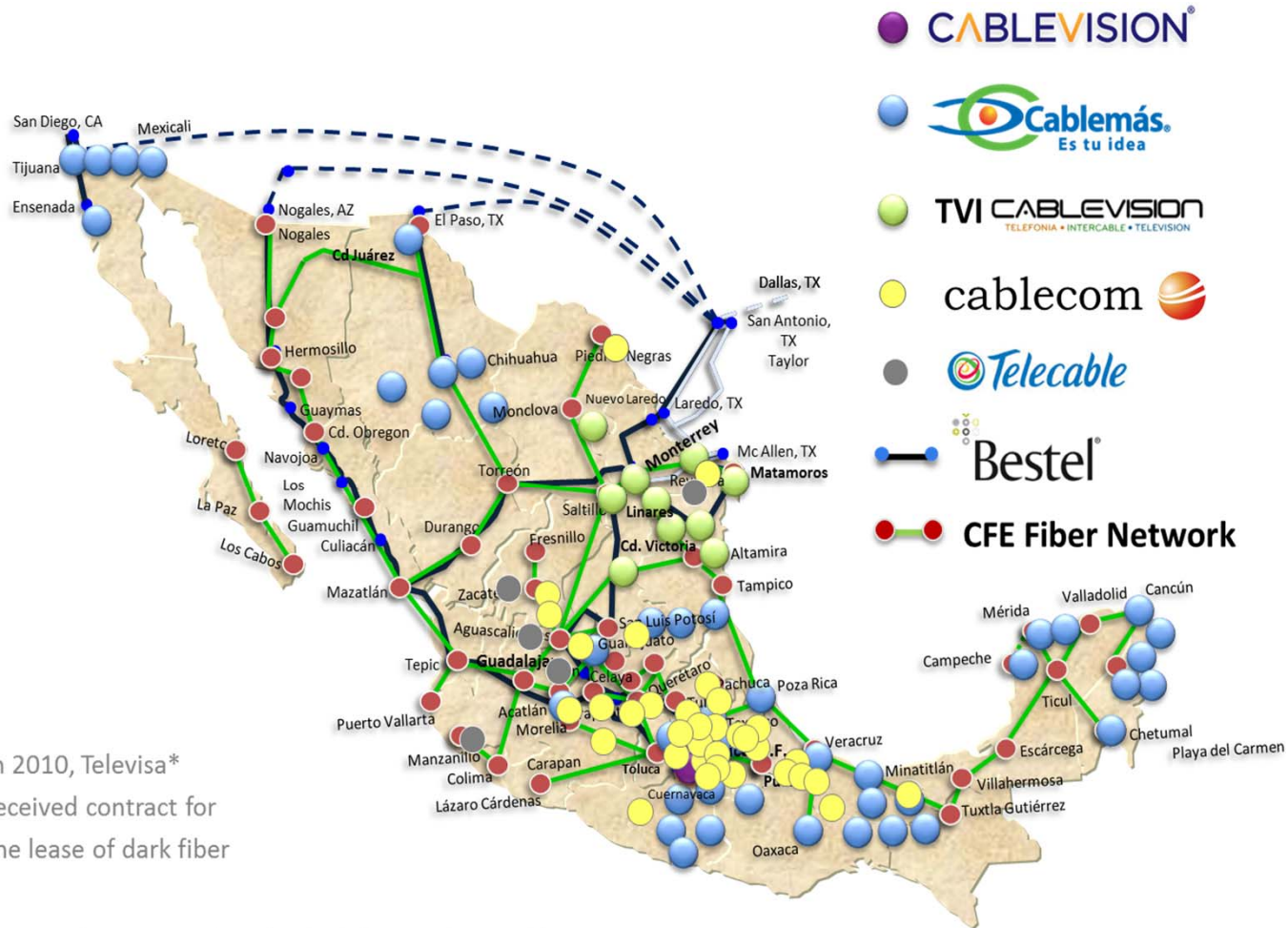
Source: Grupo Televisa's public filings



VIII

# Position as a Leading Cable Operator (Cont'd)

*Resulting in Mexico's 2nd largest telecom network*



- CABLEVISION®
- Cablemás.  
Es tu idea
- TVI CABLEVISION  
TELEFONIA • INTERCABLE • TELEVISION
- cablecom
- Telecable
- Bestel®
- CFE Fiber Network

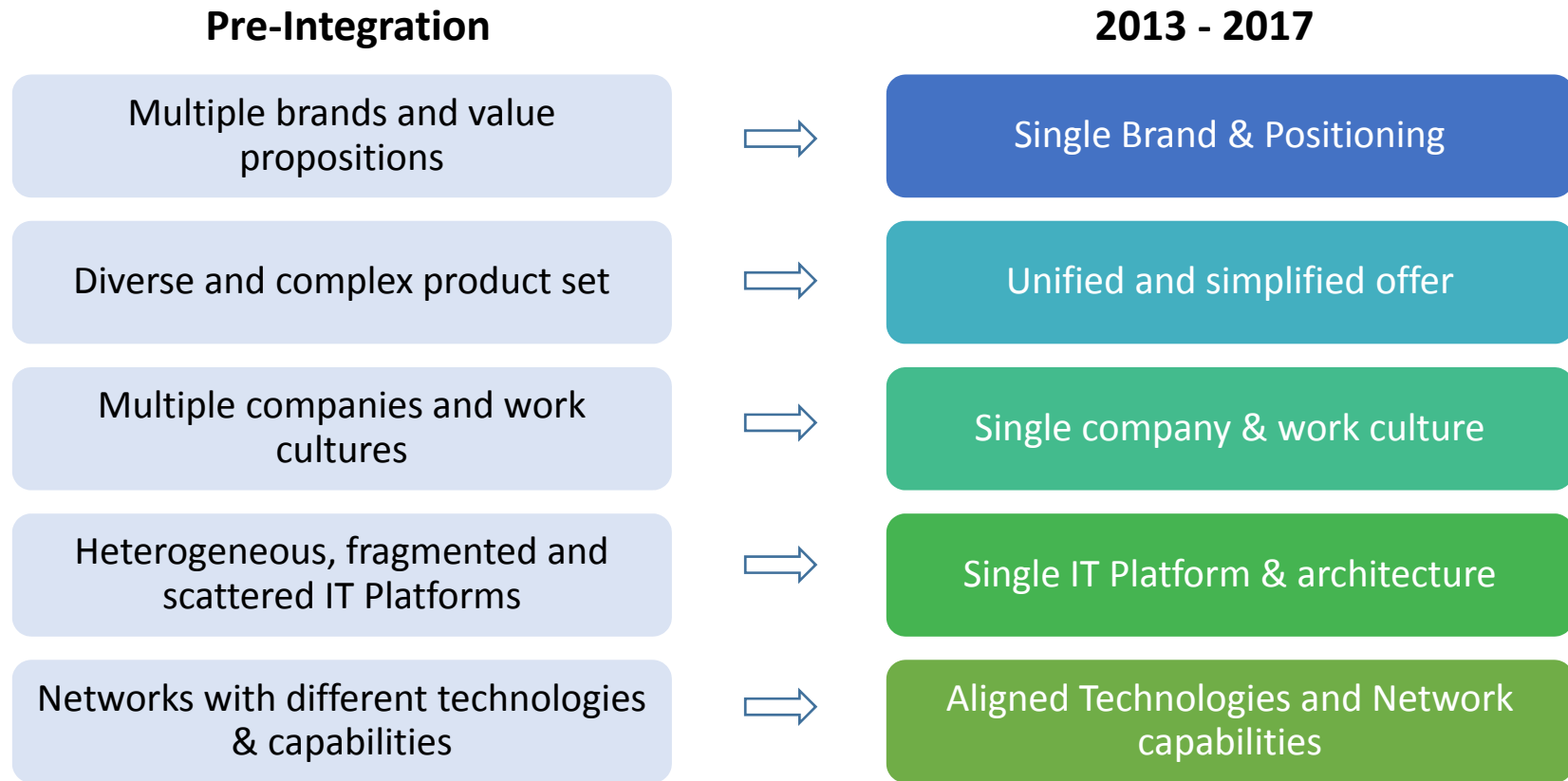
In 2010, Televisa\*  
received contract for  
the lease of dark fiber

\*As part of a consortium formed with Telefónica and Megacable

## VIII

# Position as a Leading Cable Operator (Cont'd)

*Overcoming the side effects of rapid growth*

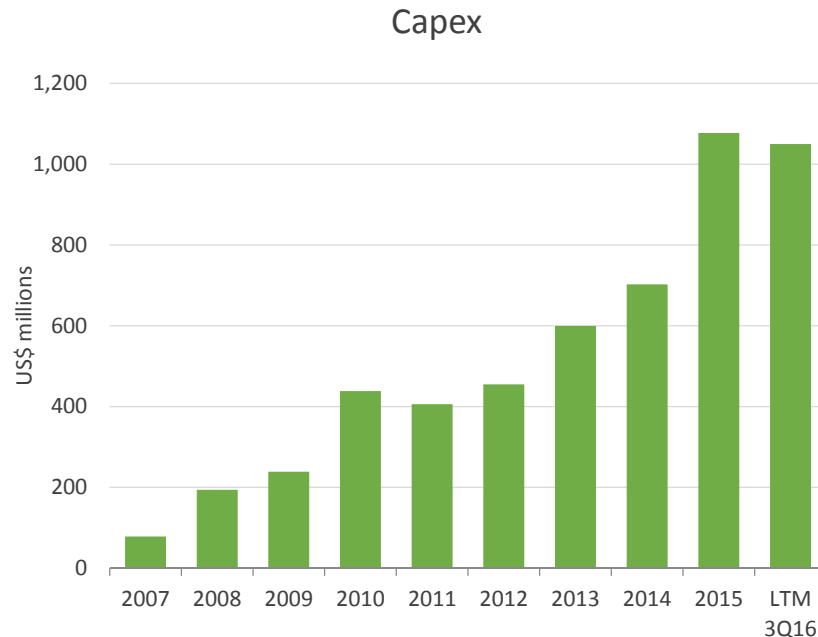


*And dealing with the temporary but inevitable disruption that results from the integration of assets*

## VIII

# Position as a Leading Cable Operator (Cont'd)

*Most of the heavy capital expenditures are behind us*



*With capex soon reaching a peak, the trajectory of free cash flow is very favorable*

## Investments in our cable assets have been put to good work:

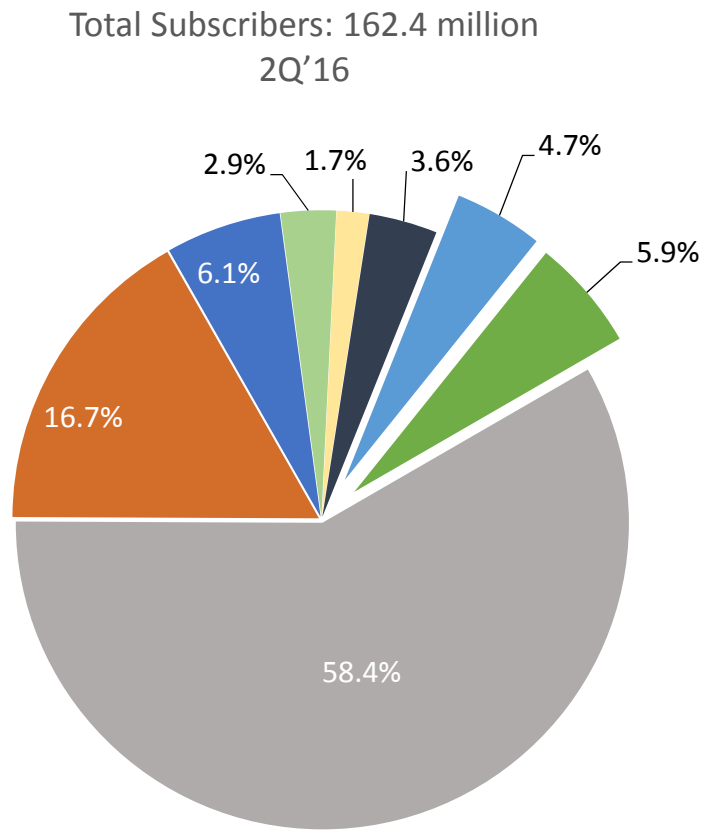
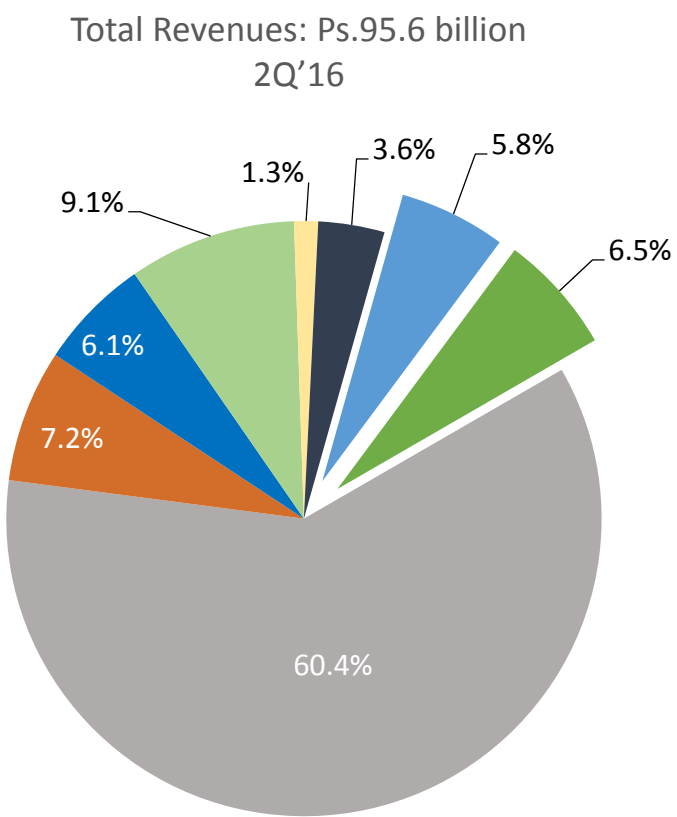
- Over 110 thousand km (MSOs); 31 thousand km are fiber
- Additional 30 thousand km in Bestel, Metrored and GTAC backbone
- More than 94% has bidirectional capabilities
- More than 58% operates with 1 GHz; approximately 26% with 870 MHz
- Cablevisión, Cablemás, and TVI operate using DOCSIS 3.0; close to 80% of their customers have DOCSIS 3.0 equipment
- 12.5 million homes passed

Source: Grupo Televisa's public filings

VIII

# Position as a Leading Cable Operator (Cont'd)

*The opportunity is significant*



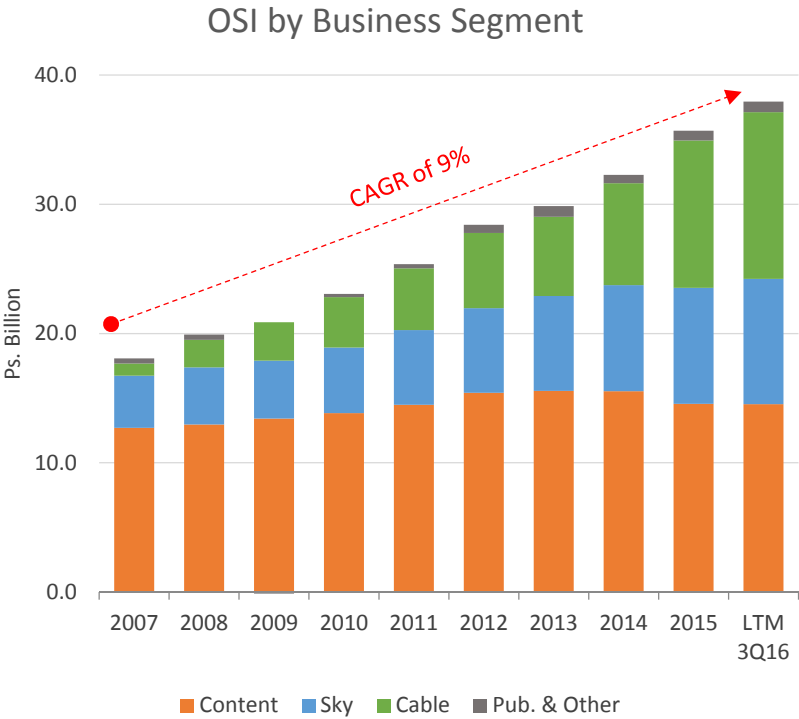
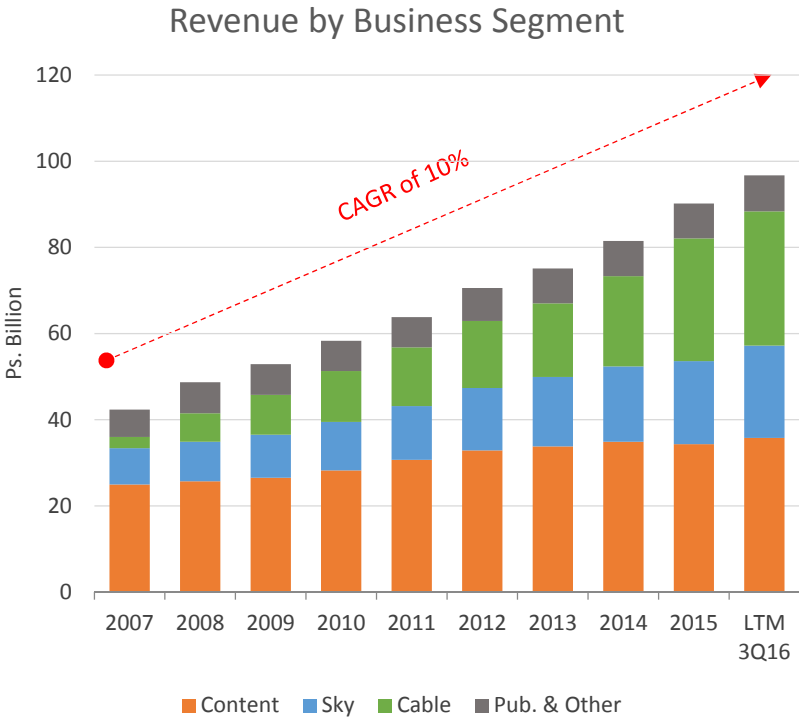
- AMX
- TEF
- AT&T
- Other
- Dish
- Mega
- TV-Sky
- TV-Cable

Source: with information from Grupo Televisa's public filings, companies' filings, and internal estimates.

IX

# Ongoing diversification of top line and OSI

*A CAGR of 10% and 9%, respectively, since 2007*



- Sky and Cable revenues have expanded at a CAGR of 11.3% and 32.7%, respectively, since 2007
- Content revenues have remained resilient in spite of many regulatory and competitive challenges over the years

- Rapid OSI expansion driven by Sky and Cable
- Potential for OSI to continue expanding as businesses grow and margins expand
- Diversified portfolio of assets provide additional sources of growth

Source: Grupo Televisa's public filings



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