

GRUPO TELEVISIA, S.A.B.
Form 20-F
April 29, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended DECEMBER 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ **to** _____

Commission file number 1-12610

Grupo Televisa, S.A.B.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Av. Vasco de Quiroga No. 2000

Colonia Santa Fe

01210 Mexico City

Mexico

(Address of principal executive offices)

Joaquín Balcárcel Santa Cruz

Grupo Televisa, S.A.B.

Av. Vasco de Quiroga No. 2000

Colonia Santa Fe

01210 Mexico City

Mexico

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E-mail: jbalscarcel@televisa.com.mx

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|--|---|
| Series A Shares, without par value (Series A Shares) | New York Stock Exchange (for listing purposes only) |
| Series B Shares, without par value (Series B Shares) | New York Stock Exchange (for listing purposes only) |
| Series L Shares, without par value (Series L Shares) | New York Stock Exchange (for listing purposes only) |
| Dividend Preferred Shares, without par value (Series D Shares) | New York Stock Exchange (for listing purposes only) |
| Global Depositary Shares (GDSs), each representing five Ordinary Participation Certificates (<i>Certificados de Participación Ordinarios</i>) (CPOs) | New York Stock Exchange |
| CPOs, each representing twenty-five Series A Shares, twenty-two Series B Shares, thirty-five Series L Shares and thirty-five Series D Shares | New York Stock Exchange (for listing purposes only) |

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None.**

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**.

The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2015 was:

115,409,011,592 Series A Shares
53,340,312,255 Series B Shares
84,859,529,456 Series L Shares
84,859,529,456 Series D Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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We publish our financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, which differ in some significant respects from generally accepted accounting principles in the United States, or U.S. GAAP, and accounting procedures adopted in other countries.

Unless otherwise indicated, (i) information included in this annual report is as of December 31, 2015 and (ii) references to Ps. or Pesos in this annual report are to Mexican Pesos and references to Dollars, U.S. Dollars, U.S. dollars, \$ or U.S.\$ are to United States dollars.

In this annual report, we, us, our or Company refer to Grupo Televisa, S.A.B. and, where the context requires, its consolidated entities. Group refers to Grupo Televisa, S.A.B. and its consolidated entities.

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Part I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

The following tables present our selected consolidated financial information as of and for each of the periods indicated. This information is qualified in its entirety by reference to, and should be read together with, our audited consolidated year-end financial statements. The following data for each of the years ended December 31, 2015, 2014, 2013, 2012 and 2011 has been derived from our audited consolidated year-end financial statements, including the consolidated statements of financial position as of December 31, 2015 and 2014, the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2015, 2014 and 2013, and the accompanying notes appearing elsewhere in this annual report. As required by regulations for listed companies in the United Mexican States, or Mexico, issued by the *Comisión Nacional Bancaria y de Valores*, or Mexican Banking and Securities Commission, beginning on January 1, 2012, we discontinued using Mexican Financial Reporting Standards, or Mexican FRS, as issued by the *Consejo Mexicano de Normas de Información Financiera*, or Mexican Financial Reporting Standards Board, and began using International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, for financial reporting purposes.

The financial information as of December 31, 2015, 2014, 2013, 2012 and 2011 and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, was prepared in accordance with IFRS as issued by the IASB. Through December 31, 2011, our consolidated financial information was reported previously in accordance with Mexican FRS. Accordingly, the financial information as of and for the year ended December 31, 2011 is not directly comparable to previously

reported financial information as of and for the year ended on that date. This data should also be read together with

Operating and Financial Review and Prospects. In preparing our opening IFRS statement of financial position as of January 1, 2011, we adjusted amounts previously reported in our consolidated financial statements prepared in accordance with Mexican FRS.

The exchange rate used in translating Pesos into U.S. Dollars for calculating the convenience translations included in the following tables is determined by reference to the interbank free market exchange rate, or the Interbank Rate, as reported by Banco Nacional de México, S.A., or Banamex, as of December 31, 2015, which was Ps.17.2160 per U.S. Dollar. This annual report contains translations of certain Peso amounts into U.S. Dollars at specified rates solely for the convenience of the reader. The exchange rate translations contained in this annual report should not be construed as representations that the Peso amounts actually represent the U.S. Dollar amounts presented or that they could be converted into U.S. Dollars at the rate indicated.

| | 2015 | | 2015 | | Year Ended December 31, 2014 | | 2013 | | 2012 | | 2011 | |
|--|--------|-----|---------|-----|---------------------------------|-----|---------|-----|---------|-----|---------|-----|
| | U.S.\$ | Ps. | U.S.\$ | Ps. | U.S.\$ | Ps. | U.S.\$ | Ps. | U.S.\$ | Ps. | U.S.\$ | Ps. |
| Income Statement Data: | | | | | | | | | | | | |
| Net sales | 5,115 | | 88,052 | | 80,118 | | 73,791 | | 69,290 | | 62,582 | |
| Operating income | 1,089 | | 18,745 | | 13,956 | | 18,738 | | 18,140 | | 16,274 | |
| Finance (expense) income, net (2) | (7) | | (123) | | (4,329) | | 885 | | (3,350) | | (4,641) | |
| Net income | 716 | | 12,325 | | 6,660 | | 10,234 | | 10,069 | | 7,957 | |
| Net income attributable to stockholders of the Company | 633 | | 10,899 | | 5,387 | | 7,748 | | 8,761 | | 6,666 | |
| Net income attributable to non-controlling interests | 83 | | 1,426 | | 1,273 | | 2,486 | | 1,308 | | 1,291 | |
| Basic earnings per CPO attributable to stockholders of the Company (3) | | | 3.77 | | 1.87 | | 2.71 | | 3.08 | | 2.37 | |
| Diluted earnings per CPO attributable to stockholders of the Company (3) | | | 3.52 | | 1.74 | | 2.50 | | 2.83 | | 2.24 | |
| Weighted-average number of shares outstanding (in millions)(3)(4) | | | 338,291 | | 337,551 | | 335,263 | | 333,372 | | 329,463 | |
| Cash dividend per CPO(3) | | | 0.35 | | | | 0.70 | | 0.35 | | 0.35 | |
| Comprehensive Income Data: | | | | | | | | | | | | |
| Total comprehensive income | 696 | | 11,982 | | 8,982 | | 11,833 | | 10,530 | | 8,808 | |
| Total comprehensive income attributable to stockholders of the Company | 609 | | 10,478 | | 7,672 | | 9,336 | | 9,243 | | 7,442 | |
| Total comprehensive income attributable to non-controlling interests | 87 | | 1,504 | | 1,310 | | 2,497 | | 1,287 | | 1,366 | |

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| | 2015 | | 2015 | | As of December 31, 2014 | | 2013 | | 2012 | | 2011 | |
|---|--------|--------|------|---------|----------------------------|---------|------|---------|------|---------|------|---------|
| Financial Position Data: | | | | | | | | | | | | |
| Cash and cash equivalents | U.S.\$ | 2,869 | Ps. | 49,397 | Ps. | 29,729 | Ps. | 16,692 | Ps. | 19,063 | Ps. | 16,276 |
| Temporary investments | | 310 | | 5,330 | | 4,789 | | 3,723 | | 5,317 | | 5,423 |
| Total assets | | 16,350 | | 281,474 | | 235,552 | | 194,109 | | 164,997 | | 153,300 |
| Short-term debt and current portion of long-term debt (5) | | 173 | | 2,980 | | 337 | | 314 | | 375 | | 1,170 |
| Interest payable(5) | | 69 | | 1,184 | | 975 | | 796 | | 742 | | 793 |
| Long-term debt, net of current portion(6) | | 6,240 | | 107,431 | | 80,661 | | 59,743 | | 52,616 | | 54,795 |
| Customer deposits and advances | | 1,219 | | 20,985 | | 20,435 | | 22,437 | | 21,985 | | 21,386 |
| Capital stock | | 289 | | 4,978 | | 4,978 | | 4,978 | | 4,978 | | 5,041 |
| Total equity (including non-controlling interests) | | 5,781 | | 99,522 | | 87,915 | | 78,579 | | 68,535 | | 59,089 |
| Shares outstanding (in millions)(4) | | | | 338,468 | | 338,056 | | 335,501 | | 333,898 | | 330,862 |

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| | 2015 | | 2015 | | Year Ended December 31, | | 2012 | | 2011 | | | |
|--|--------|---------|------|----------|-------------------------|----------|------|----------|------|----------|-----|----------|
| | | | | | 2014 | 2013 | | | | | | |
| Cash Flow Data: | | | | | | | | | | | | |
| Net cash provided by operating activities | U.S.\$ | 1,817 | Ps. | 31,286 | Ps. | 28,463 | Ps. | 23,806 | Ps. | 22,556 | Ps. | 23,004 |
| Net cash used in investing activities | | (1,381) | | (23,782) | | (22,740) | | (25,246) | | (12,167) | | (25,232) |
| Net cash provided by (used in) financing activities | | 699 | | 12,033 | | 7,231 | | (924) | | (7,548) | | (2,543) |
| Increase (decrease) in cash and cash equivalents | | 1,142 | | 19,668 | | 13,037 | | (2,371) | | 2,787 | | (4,667) |
| Other Financial Information: | | | | | | | | | | | | |
| Capital expenditures(7) | U.S.\$ | 1,483 | Ps. | 25,524 | Ps. | 17,004 | Ps. | 14,871 | Ps. | 11,428 | Ps. | 9,669 |
| Other Data (unaudited): | | | | | | | | | | | | |
| Magazine circulation (millions of copies)(8) | | | | 103 | | 117 | | 126 | | 129 | | 132 |
| Number of employees (at year end) | | | | 43,900 | | 39,500 | | 32,000 | | 28,600 | | 26,300 |
| Number of Sky subscribers (in thousands at year end)(9) | | | | 7,284 | | 6,638 | | 6,015 | | 5,153 | | 4,008 |
| Number of Pay Television RGUs (in thousands at year end)(10) | | | | 4,061 | | 3,357 | | 2,495 | | 2,309 | | 2,183 |
| Number of Broadband Internet RGUs (in thousands at year end)(10) | | | | 3,067 | | 2,289 | | 1,667 | | 1,306 | | 1,066 |
| Number of Digital Telephony RGUs (in thousands at year end)(10) | | | | 1,891 | | 1,228 | | 916 | | 754 | | 650 |

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Notes to Selected Consolidated Financial Information:

(1) Except per *Certificado de Participación Ordinario*, or CPO, magazine circulation, employee, subscriber and Revenue Generating Units, or RGUs.

(2) Includes interest expense, interest income, foreign exchange loss or gain, net, and other finance income or expense, net. See Note 22 to our consolidated year-end financial statements.

(3) For further analysis of net earnings per CPO (as well as corresponding amounts per Series A Share not traded as CPOs), see Note 24 to our consolidated year-end financial statements. In April 2015, the Company's stockholders approved the payment of a dividend of Ps.0.35 per CPO. In 2014, the Company's stockholders did not approve the payment of any dividends. In December 2013, and April 2013, 2012 and 2011, our stockholders approved the payment of a dividend of Ps.0.35 per CPO, respectively.

(4) As of December 31, 2015, 2014, 2013, 2012 and 2011 we had four classes of common stock: Series A Shares, Series B Shares, Series D Shares and Series L Shares. Our shares are publicly traded in Mexico, primarily in the form of CPOs, each CPO representing 117 shares comprised of 25 Series A Shares, 22 Series B Shares, 35 Series D Shares and 35 Series L Shares; and in the United States in the form of Global Depositary Shares, or GDSs, each GDS representing five CPOs. As of December 31, 2015, there were approximately 2,424.6 million CPOs issued and outstanding, each of which was represented by 25 Series A Shares, 22 Series B Shares, 35 Series D Shares and 35 Series L Shares, and an additional number of approximately 54,795.3 million Series A Shares, 0.2 million Series B Shares, 0.2 million Series D Shares and 0.2 million Series L Shares issued and outstanding (not in the form of CPO units). See Note 16 to our consolidated year-end financial statements.

(5) The figures set forth in this line item are presented at amortized cost (principal amount, net of finance costs). Interest payable is included in current portion of long-term debt in the consolidated statements of financial position as of December 31, 2015 and 2014, and prior to 2014 was presented as a separate line item of consolidated current liabilities in the consolidated statement of financial position. See Notes 2(n) and 13 to our consolidated year-end financial statements.

(6) The figures set forth in this line item are presented at amortized cost (principal amount, net of finance costs). See Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Indebtedness and Note 13 to our consolidated year-end financial statements.

(7) Capital expenditures are those investments made by us in property, plant and equipment. The exchange rate used in translating Pesos into U.S. Dollars for calculating the convenience translation for capital expenditures is determined by reference to the Interbank Rate on the dates on which a given capital expenditure was made. See Information on the Company Capital Expenditures .

(8) The figures set forth in this line item represent total circulation of magazines that we publish independently and through joint ventures and other arrangements and do not represent magazines distributed on behalf of third parties.

(9) Sky has operations in Mexico, the Dominican Republic and Central America. The figures set forth in this line item represent the total number of gross active residential and commercial subscribers for Innova, S. de R.L. de C.V., or Innova, at the end of each year presented. For a description of Innova's business and results of operations and financial condition, see Information on the Company Business Overview Our Operations Sky .

(10) An RGU is defined as an individual service subscriber who is billable under each service provided by Empresas Cablevisión, S.A.B. de C.V., or Cablevisión, Cablemás, S.A. de C.V., or Cablemás, Televisión Internacional, S.A. de C.V., or TVI, Grupo Cable TV, S.A. de C.V., or Cablecom and Cablevisión Red, S.A. de C.V., or Telecable (pay television, or pay-TV, broadband internet and digital telephony). For example, a single subscriber paying for cable television, broadband internet and digital telephony services represents three RGUs. We believe it is appropriate to use the number of RGUs as a performance measure for Cablevisión, Cablemás, TVI, Cablecom and Telecable given that these businesses provide other services in addition to pay-TV. See Operating and Financial Review and Prospects Results of Operations Total Segment Results Cable and Information on the Company Business Overview Cable .

Dividends

Decisions regarding the payment and amount of dividends are subject to approval by holders of a majority of the Series A Shares and Series B Shares voting together, generally, but not necessarily, on the recommendation of the Board of Directors, as well as a majority of the Series A Shares voting separately. Emilio Azcárraga Jean indirectly controls the voting of the majority of the Series A Shares and, as a result of such control, both the amount and the payment of dividends require his affirmative vote. See Major Stockholders and Related Party Transactions The Major Stockholders . On March 25, 2004, our Board of Directors approved a dividend policy under which we currently intend to pay an annual ordinary dividend of Ps.0.35 per CPO. On April 29, 2011, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,036.7

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million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. On April 27, 2012, at a general stockholders meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,097.8 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. On April 2, 2013, at a general stockholders meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,084.2 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. In addition to the dividend payment approved by our stockholders on April 2, 2013, and based on a proposal by our Board of Directors, on December 9, 2013, at a general stockholders meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,084.2 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. The dividend approved on December 9, 2013 was in lieu of the annual dividend for 2014 that would otherwise typically have been approved in April 2014. On April 29, 2015, at our general stockholders meeting, our stockholders approved a cash distribution to stockholders of up to Ps.1,084.2 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps.0.002991452991 per share. On April 28, 2016, at our general stockholders meeting, our stockholders approved a cash distribution to stockholders of up to Ps. 1,084.2 million, which represents the payment of our ordinary dividend of Ps.0.35 per CPO, equivalent to Ps. 0.002991452991 per share. All of the recommendations of the Board of Directors related to the payment and amount of dividends were voted on and approved at the applicable general stockholders meetings.

Exchange Rate Information

Since 1991, Mexico has had a free market for foreign exchange and, since 1994, the Mexican government has allowed the Peso to float freely against the U.S. Dollar. There can be no assurance that the government will maintain its current policies with regard to the Peso or that the Peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period end noon buying rate in New York City for cable transfers in Pesos published by the Federal Reserve Bank of New York, expressed in Pesos per U.S. Dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

| Period | High | Low | Average(1) | Period End |
|--------------------------------|-------------|------------|-------------------|-------------------|
| 2011 | 14.2542 | 11.5050 | 12.4270 | 13.9510 |
| 2012 | 14.3650 | 12.6250 | 13.1539 | 12.9635 |
| 2013 | 13.4330 | 11.9760 | 12.7584 | 13.0980 |
| 2014 | 14.7940 | 12.8455 | 13.3022 | 14.7500 |
| 2015 | 17.3580 | 14.5640 | 15.8735 | 17.1950 |
| October | 16.8915 | 16.3820 | 16.5697 | 16.5300 |
| November | 16.8540 | 16.3730 | 16.6306 | 16.6005 |
| December | 17.3580 | 16.5305 | 17.0696 | 17.1950 |
| 2016 (through April 22, 2016) | 19.1925 | 17.2140 | 17.9565 | 17.4440 |
| January | 18.5945 | 17.3595 | 18.0648 | 18.2110 |
| February | 19.1925 | 18.0190 | 18.4332 | 18.0675 |
| March | 17.9405 | 17.2140 | 17.6303 | 17.2140 |
| April (through April 22, 2016) | 17.9125 | 17.2590 | 17.5185 | 17.4440 |

(1) Average rates reflect the average of the daily exchange rate during the relevant period.

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The above rates may differ from the actual rates used in the preparation of the financial statements and the other financial information appearing in this annual report.

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In the past, the Mexican economy has had balance of payment deficits and decreases in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos to U.S. Dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future, as has occurred from time to time in the past. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or to convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal of indebtedness, as well as to obtain foreign programming and other goods, would be adversely affected. See Risk Factors Risk Factors Related to Mexico Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations .

On April 22, 2016 the noon buying rate was Ps.17.4440 per U.S.\$1.00.

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Risk Factors

The following is a discussion of risks associated with our company and an investment in our securities. Some of the risks of investing in our securities are general risks associated with doing business in Mexico. Other risks are specific to our business. The discussion below contains information, among other things, about the Mexican government and the Mexican economy obtained from official statements of the Mexican government as well as other public sources. We have not independently verified this information. Any of the following risks, if they actually occur, could materially and adversely affect our business, financial condition, results of operations or the price of our securities.

Risk Factors Related to Mexico

Economic and Political Developments in Mexico May Adversely Affect Our Business

Most of our operations and assets are located in Mexico. As a result, our financial condition, results of operations and business may be affected by the general condition of the Mexican economy, the depreciation or appreciation of the Peso as compared to the U.S. Dollar and other currencies, Mexican inflation, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico over which we have no control.

Mexico Has Experienced Adverse Economic Conditions, Which Could Have a Negative Impact on Our Results of Operations and Financial Condition

Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased by 1.3% in 2013, increased by 2.3% in 2014 and increased by 2.5% in 2015. Mexican GDP growth fell short of Mexican government forecasts in 2015 and, according to Mexican government forecasts, Mexican GDP is expected to increase in a range between 2.6% - 3.6% in 2016. We cannot assure you that these estimates and forecasts will prove to be accurate.

Any future economic downturn, including downturns in the United States, Europe and/or Asia, could affect our financial condition and results of operations. For example, demand for advertising may decrease both because consumers may reduce expenditures for our advertisers' products and because advertisers may reduce advertising expenditures and demand for publications, cable television, direct-to-home, or DTH, satellite services, pay-per-view programming, telecommunications services and other services and products may decrease because consumers may find it difficult to pay for these services and products.

Developments in Other Emerging Market Countries or in the U.S. and Other Developed Economies May Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations

The market value of securities of Mexican companies, the social, economic and political situation in Mexico and our financial condition and results of operations are, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States and other developed economies. Although economic conditions in other emerging market countries and in the United States and other developed economies may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of securities of Mexican issuers, including our securities, or on our business.

Our operations, including the demand for our products or services, and the price of our securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere. Economic downturns in the United States often have a significant adverse effect on the Mexican economy and other economies globally, which in turn, could affect our financial condition and results of operations.

Our profitability is affected by numerous factors, including changes in viewing preferences, priorities of advertisers and reductions in advertisers budgets. Historically, advertising in most forms of media has correlated positively with the general condition of the economy and thus, is subject to the risks that arise from adverse changes in domestic and global economic conditions, consumer confidence and spending. The demand for our products and services in Mexico, the U.S. and in the other countries in which we operate may be adversely affected by the tightening of credit markets and economic downturns. As a global media and cable company, we depend on the demand from customers in Mexico, the U.S. and the other countries in which we operate, and reduced consumer spending that falls short of our projections could adversely impact our revenues and profitability.

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Uncertainty in Global Financial Markets Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

The global financial markets continue to be uncertain and it is hard to predict for how long the effects of the global financial stress of recent years will persist and what impact it will have on the global economy in general, or the economies in which we operate, in particular, and whether slowing economic growth in any countries could result in decreased consumer spending affecting our products and services. If access to credit tightens further and borrowing costs rise, our borrowing costs could be adversely affected. Difficulties in financial markets may also adversely affect some of our customers. In addition, we enter into derivative transactions with large financial institutions, including contracts to hedge our exposure to interest rates and foreign exchange, and we could be affected by severe financial difficulties faced by our counterparties.

Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations

The Peso has been subject to significant depreciation against the U.S. Dollar in the past and may be subject to significant fluctuations in the future. A significant portion of our indebtedness and a significant amount of our costs are U.S. Dollar-denominated, while our revenues are primarily Peso-denominated. As a result, decreases in the value of the Peso against the U.S. Dollar could cause us to incur foreign exchange losses, which could reduce our net income.

Severe devaluation or depreciation of the Peso may also result in governmental intervention, or disruption of international foreign exchange markets. This may limit our ability to transfer or convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness and adversely affect our ability to obtain foreign programming and other imported goods. The Mexican economy has suffered current account balance of payment deficits and shortages in foreign exchange reserves in the past.

While the Mexican government does not currently restrict the right or ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or to transfer other currencies outside of Mexico, there can be no assurance that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or convert Pesos into U.S. Dollars or other currencies for the purpose of making timely payments of interest and principal on indebtedness, as well as to obtain imported goods would be adversely affected. Devaluation or depreciation of the Peso against the U.S. Dollar or other currencies may also adversely affect U.S. Dollar or other currency prices for our debt securities or the cost of imported goods.

High Inflation Rates in Mexico May Decrease Demand for Our Services While Increasing Our Costs

In the past Mexico has experienced high levels of inflation, although the rates have been lower for the past years. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index, or NCPI, was 4.0% in 2013, 4.1%

in 2014, 2.1% in 2015 and is projected to be 3.0% in 2016. An adverse change in the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. High inflation rates can adversely affect our business and results of operations in, among others, the following ways:

- inflation can adversely affect consumer purchasing power, thereby adversely affecting consumer and advertiser demand for our services and products; and
- to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in real terms.

High Interest Rates in Mexico Could Increase Our Financing Costs

In the past Mexico had, and may in the future have, real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 3.8%, 3.0% and 3.0% for 2013, 2014 and 2015, respectively. High interest rates in Mexico could increase our financing costs and thereby impair our financial condition, results of operations and cash flow.

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Political Events in Mexico Could Affect Mexican Economic Policy and Our Business, Financial Condition and Results of Operations

The Mexican Federal Congress is not controlled by any single political party. However, the *Partido Revolucionario Institucional*, or the PRI, holds a significant position both in the Senate and in the *Cámara de Diputados*, or the Chamber of Representatives. Mexican congressional elections held in June 2015 in the Lower House resulted in a majority for the PRI but it still lacks an absolute majority, which could result in government gridlock and political uncertainty regarding further reforms and secondary legislation to modernize key sectors of the Mexican economy.

The current administration has been pursuing significant amendments to Mexico's laws, regulations, public policies and government programs. Mexico's current President Enrique Peña Nieto and the three main political parties of Mexico (i.e. PRI, *Partido Acción Nacional*, or PAN, and the *Partido de la Revolución Democrática*, or PRD) signed the *Pacto por México*, or Pact for Mexico, in 2012. In accordance with the Pact for Mexico, during 2013 several amendments to the *Constitución Política de los Estados Unidos Mexicanos*, or the Political Constitution of the United Mexican States, or Mexican Constitution, were approved, relating to (i) antitrust, (ii) telecommunications, (iii) public bids to grant new concessions to offer broadcasting services, (iv) energy policy and (v) education. Likewise, in accordance with the Pact for Mexico, in January 2014, amendments were made to 34 Mexican financial laws. During 2014, pursuant to the transitory articles of the June 2013 Telecom Reform (the Telecom Reform), the Mexican Federal Congress amended the applicable legal framework to implement the relevant provisions of the Mexican Constitution, and issued the new *Ley Federal de Telecomunicaciones y Radiodifusión*, or Telecommunications and Broadcasting Federal Law, or LFTR, on July 14, 2014 and the *Ley Federal de Competencia Económica*, or Mexico's Federal Antitrust Law, which became effective on July 7, 2014. Such changes may have a material adverse effect on the Mexican economic, social and political situation, and on our business, financial condition and results of operations. See Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue and The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments .

In addition, any effects on the social and political situation in Mexico could adversely affect the Mexican economy, including the stability of its currency. We cannot ascertain, at this time, how any material adverse effect on Mexican economic policy, Mexico's economic situation, the stability of Mexico's currency or market conditions may affect our business or the price of our securities.

Mexico has Experienced a Period of Increased Criminal Activity and Such Activities Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

During recent years, Mexico has experienced a period of increased criminal activity and violence, primarily due to organized crime. These activities, their escalation and the violence associated with them could have a negative impact on the business environment in which we operate, and therefore on our financial condition and results of operations.

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Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations

A significant portion of our business, activities and investments occur in heavily regulated sectors. The Mexican regulators and other authorities, including tax authorities, have increased their supervision and the frequency and amounts of fines and assessments have increased significantly. Although we intend to defend our positions vigorously when procedures are brought or fines are imposed by authorities, there can be no assurance that we will be successful in such defense. Accordingly, we may in the future be required to pay fines and assessments that could be significant in amount, which could materially and adversely affect our financial condition and results of operations.

Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are subject to change and are affected by the actions of various Mexican federal, state and local government authorities. In that regard, existing laws and regulations including, among others, antitrust, telecom, social security and tax laws were amended in recent years and the manner in which these laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenue.

Mexico's Federal Antitrust Law and the LFTR, including their regulations, may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses or joint ventures and complete acquisitions. In addition, the Federal Antitrust Law and its regulations, as well as the conditions and measures imposed by the *Instituto Federal de Telecomunicaciones*, or Federal Telecommunications Institute, or IFT, an institute with constitutional autonomy responsible for overseeing the broadcasting (radio and television) and telecommunications industries and their antitrust matters, or by the *Comisión Federal de Competencia Económica*, or Mexican Antitrust Commission, or CFCE, may adversely affect our ability to determine the rates we charge for our services and products or the manner in which we provide our products or services. Approval of IFT or the CFCE, as applicable, is required to acquire certain businesses or enter into certain joint ventures. There can be no assurance that in the future IFT or the CFCE, as the case may be, will authorize certain acquisitions or joint ventures related to our businesses, the denial of which may adversely affect our business strategy, financial condition and results of operations. IFT or CFCE, as applicable, may also impose conditions, obligations and fines that could adversely affect some of our activities, our business strategy, our financial condition and results of operations. See **Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations**.

As a result of the amendments to the Mexican Constitution and the LFTR, relating to telecommunications, television, radio and antitrust, concessions for the use of spectrum are now only granted through public bid processes. As a result of such reform, the Auction Program for Digital Television Broadcast Frequencies, or the Program, was approved by IFT and took place in 2014. The Program granted concessions over frequencies that might be grouped in order to create at least two national networks with national geographic coverage, or National Digital Networks. The Program provided that

holders of concessions that may be granted thereunder will only be entitled to provide broadcasting services, in connection with each radioelectric frequency (channel), within the geographic coverage zone defined by the Program.

On March 7, 2014, IFT published in the *Diario Oficial de la Federación*, or the Official Gazette of the Federation, an invitation to a public auction for the concession for the two National Digital Networks which would be granted for a term of 20 years for the operation of stations with, among other characteristics, mandatory geographic coverage in 123 locations corresponding to 246 channels within the Mexican territory.

We were prevented from participating in the bidding. In March 2015, IFT issued its ruling announcing Grupo Radio Centro, S.A.B. de C.V., or Grupo Radio Centro and Cadena Tres I, S.A. de C.V., or Cadena Tres as winning bidders for two free to air broadcasting licenses with separate national coverage. However, since Grupo Radio Centro failed to pay the amount they bid for their free to air broadcasting license, the IFT's ruling announcing them as a winning bidder was declared null and void and they did not receive the license. As a result, the portion of the spectrum which was going to be assigned to Grupo Radio Centro is scheduled to be auctioned by August 2016, in accordance with IFT's Annual Work Program. Cadena Tres has completed the process and has received its license. See *The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments*.

In September 2010, Mexico's former President Felipe Calderon Hinojosa, published through the *Secretaría de Comunicaciones y Transportes*, or Secretary of Communications and Transport, or SCT, in the Official Gazette of the Federation, a decree establishing the actions to be taken to expedite the transition to digital television and digital radio broadcasting (referred to in this annual report as the 2010 Decree). The transition was completed, and analog broadcasting ended, on December 31, 2015.

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Due to the recent digital transition, and the analog shutdown in Mexico, we already experienced a loss of a portion of our audience which do not have access to digital radio and / or television. We may be further impacted by this transition.

Article 15-A of the *Ley del Seguro Social*, or the Social Security Law, could materially adversely affect our financial condition and results of operations. Article 15-A provides that a company that receives personnel services from a third party on any of the company's premises is jointly bound to comply with the obligations related to social security that have to be fulfilled by such personnel services providers for the benefit of their respective employees. Article 15-A also requires the Company to send a list to the *Instituto Mexicano del Seguro Social*, or the Social Security Mexican Institute, of all agreements entered into with personnel services providers.

In addition to the foregoing, certain provisions of the *Ley Federal del Trabajo*, or the Federal Labor Law, could materially adversely affect our financial condition and results of operations. The Federal Labor Law, as amended in November 2012, provides, among other things, that personnel outsourcing agreements must meet certain requirements. If these requirements are not met, the company that receives the benefit of the outsourced services might be deemed to be the employer of the personnel performing the services and thus required to comply with all the obligations applicable to employers pursuant to the Federal Labor Law in respect of such personnel.

In the last quarter of 2013, the Mexican Federal Congress approved a new tax reform, which became effective as of January 1, 2014. The reform has the following effects on the Mexican tax laws: the issuance of a new income tax law, the repeal of the flat rate business tax law and the cash deposits tax law, and certain amendments and changes to the Mexican tax laws related to value added tax, or VAT, and excise tax.

Among the tax reforms approved by the Mexican Federal Congress, the most relevant changes include (i) the elimination of the consolidation regime; (ii) the increase to the border VAT rate from 11% to 16%; (iii) the increase of the excise tax rates applicable to certain activities and industries such as the sale of foods with high density fat and the sale of sweetened drinks; (iv) the elimination of several deductions to the income tax, including the deduction of 47% of non-taxable employee benefits; (v) the imposition of an additional tax of 10% on dividends paid to individuals or foreign residents; and (vi) the increase in the maximum income tax rate to 35% for individuals.

In February 2014, certain subsidiaries of the Company filed an *amparo* proceeding challenging the constitutionality of the elimination of the deduction of 47% of the non-taxable employee benefits against the income tax. The *amparo* petition is pending resolution.

The following describes the tax reforms that will have an important impact on the Group.

Elimination of the tax consolidation regime: As a consequence of this reform, we will have to pay in the coming 10 years, starting in 2014, income tax that was deferred in prior years in an aggregate amount of Ps.6,813 million.

Limitation of the deduction of non-taxable employee benefits: As a result of the tax reform, employee benefits that are exempt from income tax are deductible only up to 53%. This reform will result in an increase in income tax payable by some of our subsidiaries.

Increase to the border VAT rate: The preferential VAT rate of 11% applicable to operations carried out in the border region of Mexico was eliminated; consequently, going forward, the general VAT rate of 16% must be applied in the entire country. This means that any of our entities that render services or sell goods in the border region will have to charge an additional 5% of VAT to their customers.

The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments

On June 12, 2013, the Telecom Reform came into force. As a result of the Telecom Reform, the LFTR was published in the Official Gazette of the Federation, and became effective on August 13, 2014. The LFTR amends, supplements and repeals certain provisions related to previous telecommunications and broadcasting legislation, in order to be consistent with the Telecom Reform. The Telecom Reform, the LFTR and any regulations related thereto to be issued by the President and IFT, as applicable, and certain actions recently taken by IFT, or to be taken by IFT

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from time to time, affect or could significantly and adversely affect the business, results of operations and financial condition of certain of our subsidiaries that provide services in the areas of broadcasting, cable and telecommunications.

The LFTR provides that measures taken or decisions issued by IFT are not subject to judicial stay. Therefore, subject to limited exceptions, until a decision, action or omission by IFT is declared void or unconstitutional by a competent court through a binding and final judgment, IFT's decision, action or omission will be valid and will have full legal effect.

As a result of the reforms to the Mexican Constitution and the must-offer and must-carry regulations issued by IFT, starting on September 10, 2013, concessionaires of broadcast services have been required to permit pay-TV concessionaires to retransmit broadcast signals, free of charge and on a non-discriminatory basis, within the same geographic coverage area simultaneously and without modifications, including advertising, and with the same quality of the broadcast signal, except in certain specific cases provided in the Telecom Reform. Also, since September 10, 2013, our pay-TV concessionaires are required to retransmit broadcast signals of free television concessionaires, free of charge and on a non-discriminatory basis, subject to certain exceptions and additional requirements provided for in the Telecom Reform.

Certain pay-TV concessionaires benefit from the free use of broadcast for retransmission to their subscribers. Consequently, our subsidiary that licenses to pay-TV concessionaires our broadcast television signals and our subsidiary that is the owner and/or licensor of the audiovisual works that we have produced or distributed, jointly or separately by us and some of our subsidiaries, have ceased receiving significant income from licensing retransmission rights, which has affected and will continue to affect their results of operations.

On February 27, 2014, the General Guidelines Regarding the Provisions of Section 1 of the Eight Article of the Transitory Decree Amending and Supplementing a Number of Provisions of Articles 6, 7, 27, 28, 73, 78, 94 and 105 of the Mexican Constitution in Telecommunications, or the Guidelines, were published in the Official Gazette of the Federation, which include, among other obligations, the obligation of concessionaires of broadcast television licenses to permit the retransmission of their broadcast signals and the obligation of pay-TV concessionaires to perform such retransmission (without requiring the prior consent of the broadcast television concessionaires) in the same geographic coverage zone for free (subject to certain exceptions) and in a non-discriminatory manner in its entirety, simultaneously and without modifications, including advertising, and with the same quality of the broadcast signal without requiring consent from the broadcast television concessionaires.

On April 11, 2014, we, together with some of our subsidiaries, filed an *amparo* proceeding challenging the constitutionality of the Guidelines. On February 2015, certain amendments to the Guidelines were published in the Official Gazette, which among other provisions, require pay-TV concessionaires to retransmit the broadcast signals on all the commercial packages they offer to their subscribers and not only on their basic packages. On March 2015, the Company and the aforementioned subsidiaries, filed an extension to the original claims in the *amparo* proceeding, which is still under review by the relevant court. There can be no assurance that the outcome of such proceeding will be favorable to us and our subsidiaries.

On March 6, 2014, IFT issued a decision (the Preponderance Decision) whereby it determined that we, together with other entities with concessions to provide broadcast television, including some of our subsidiaries, are preponderant economic agents in the broadcasting sector in Mexico (together, the Preponderant Economic Agent). The Preponderance Decision imposes on the Preponderant Economic Agent various measures, terms, conditions and restrictive obligations, some of which are described below, that may significantly and adversely affect the activities and businesses of our broadcasting businesses, as well as the results of operations and financial condition:

- **Infrastructure sharing** The Preponderant Economic Agent must make its passive broadcasting infrastructure available to third-party concessionaires of broadcast television for commercial purposes in a non-discriminatory and non-exclusive manner, with the exception of broadcasters that, at the time the measures enter into force, have 12 MHz or more of radio-electric spectrum in the geographic area concerned. Such broadcasting infrastructure includes, among others, non-electronic elements at transmitting locations, rights of way, ducts, masts, trenches, towers, poles, security, sites, land, energy sources and air conditioning system elements. This action may result in the Preponderant Economic Agent being bound to incur substantial additional costs and obligations in complying with this requirement, as

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well as affecting the results of operations. Furthermore, this measure will facilitate the entry and expansion of new competitors in the broadcasting industry without such competitors having to incur costs or investment expenses that new businesses in this industry otherwise would have made and which we incurred in the past and will continue incurring in the future in order to remain competitive. On December 19, 2014, an infrastructure offer with the terms and conditions to make our passive broadcasting infrastructure available to third-party concessionaires was published on our website. The price to be paid by the concessionaires for the use of our infrastructure is subject to negotiation. As of this date, we have not received any request from third-party concessionaires regarding such infrastructure offer. If the Company and the relevant concessionaire do not agree on a price, the IFT may determine a price, which, if it does not meet market conditions, may affect the businesses, results of operations and financial conditions of certain of our subsidiaries that provide services in the areas of broadcasting and telecommunications.

- **Advertising sales** According to the Preponderance Decision, the Preponderant Economic Agent must deliver to IFT the terms and conditions of its broadcast advertising services and fee structures, including commercials, packages, discount plans and any other commercial offerings and publish them on its webpage. The Preponderant Economic Agent also must make publicly available on its website its forms of contracts and terms of sale for each service. Based on this decision, the Preponderant Economic Agent is expressly prohibited from refusing to sell advertising and/or discriminate with respect to the advertising spaces being offered. If IFT considers that the Preponderant Economic Agent has failed to comply with the foregoing, IFT may order the Preponderant Economic Agent to make its advertising spaces available, which, in turn, could affect the ability of the Preponderant Economic Agent to carry out its advertising sales plans in an efficient and competitive manner, affecting its operating results. This provision may also affect the ability of the Preponderant Economic Agent to offer competitive rates to its customers. This provision, may give a competitive advantage to, among others, our broadcast television competitor, TV Azteca, S.A.B. de C.V., or TV Azteca, and new concessionaires of broadcast television spectrum.

- **Prohibition on acquiring certain exclusive content** The Preponderant Economic Agent may not acquire transmission rights, on an exclusive basis, for any location within Mexico with respect to certain relevant content, determined by IFT in the Ruling whereby IFT identifies the relevant audiovisual contents in terms and for the purposes of the fourth measure and the second transitory article of the fourth attachment of the Telecommunication Preponderance Decision and the Broadcasting Preponderance Decision, or the Relevant Content Ruling, which list may be updated every two years by IFT. Relevant content is defined as programs with a high expected level of regional or national audience and with unique characteristics that in the past have generated high levels of national or regional audiences. The Relevant Content Ruling identified certain programs that would be considered relevant content, namely, Mexican national soccer team games, the opening and closing ceremonies of the Olympic Games, the opening and closing ceremonies and semifinals and finals of the FIFA World Cup, and the finals of the Mexican Soccer League. This Ruling applies to broadcasting Preponderant Economic Agents and may limit the ability of Preponderant Economic Agents to negotiate and have access to this content and could affect its ability to acquire content in the medium and long term, which could significantly and adversely affect its revenues and results of operations from the sale of advertising, as well as the quality of the programming offered for its audiences. These audiences may move to other broadcast television transmissions or other technological platforms that transmit such content, or to other leisure activities such as cruising the internet or playing videogames, among others.

- **Over-the-air channels** When the Preponderant Economic Agent offers any of its over-the-air channels, or channels that have at least 50% of the programming that is broadcast daily between 6:00 a.m. and midnight on such

channels, to its affiliates, subsidiaries, related parties or third parties, for distribution through a different technological platform than over-the-air broadcast television, the Preponderant Economic Agent must offer these channels to any other person that asks for distribution over the same platform as the Preponderant Economic Agent has offered, on the same terms and conditions. Also, if the Preponderant Economic Agent offers a package of two or more of these channels, it must also offer them in an unpackaged form. This may significantly affect our ability to commercialize our programming, including programming that is not produced for broadcast television, which could affect our revenues and results of operations. Likewise, our ability to make more efficient use of other technological platforms could be significantly affected.

- Prohibition on participating in buyers clubs or syndicates to acquire audiovisual content, without IFT's prior approval. The Preponderant Economic Agent may not enter into or remain a member of any buyers club or syndicates of audiovisual content unless it has received the prior approval of IFT. A buyers club

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is defined as any arrangement between two or more economic agents to jointly acquire broadcast rights to audiovisual content in order to obtain better contractual terms. This may result in the Preponderant Economic Agent not having exclusive access to certain audiovisual content and consequently its audiences may move to other broadcast television transmissions or other technological platforms that transmit such content. It may also result in its acquisition costs significantly increasing, which can affect business strategy, financial condition and results of operations. This provision, when applied, will award a competitive advantage to, among others, our broadcast television competitor, TV Azteca, and to new licensees of broadcast television spectrum. This measure will also prevent other domestic players and the Preponderant Economic Agent from obtaining content together at competitive prices and taking advantage of economies of scale which may be available to international players.

On March 28, 2014, we, together with our subsidiaries determined to be the Preponderant Economic Agent in the broadcasting sector, filed an *amparo* proceeding challenging the constitutionality of the Preponderance Decision. The final resolution is still pending. We are unable to predict the outcome of this procedure.

The Telecom Reform provided for a public bid or auction to grant licenses to establish the National Digital Networks. The Auction Program for Digital Television Broadcast Frequencies took place in 2014 and the first part of 2015. On March 7, 2014, IFT published in the Official Gazette of the Federation a resolution whereby concessionaires or groups having commercial, organizational, economic or legal relations and that together hold concessions for broadcasting services representing at least 12 MHz of radio-electric spectrum in any geographic coverage zone may not participate in the public bid for National Digital Networks. Accordingly, we were prevented from participating in the bidding. In March 2015, IFT issued its ruling announcing Grupo Radio Centro and Cadena Tres as winning bidders for two free to air broadcasting licenses with separate national coverage. However, since Grupo Radio Centro has failed to pay the amount they bid for their free to air broadcasting license, the IFT's ruling announcing them as a winning bidder was declared null and void and they will not receive the license. As a result, the portion of the spectrum which was going to be assigned to Grupo Radio Centro is scheduled to be auctioned by August 2016, in accordance with IFT's Annual Work Program. Cadena Tres has completed the process and has received its license.

When the National Digital Networks are established, they will compete with our broadcasting subsidiaries for advertising revenues, which together with the measures previously described, can affect revenues and operating results and our ability to have access to competitive content or content of interest to advertisers and audiences. As a result, these advertisers and audiences may move to other broadcast television stations or other technological platforms, and our audience share may be reduced. Likewise, we may incur additional costs in order to meet other obligations of IFT as previously described and which may be imposed on us as a result of the LFTR and the secondary regulations issued by the executive power and IFT, as applicable.

In addition to competition from the National Digital Networks, we could also be subject to additional competition from new competitors in the broadcast, cable and telecommunications markets in which we participate, including pay-TV, broadband, telephone services, cable providers, DTH television, telephone operators and/or other participants as a result of the elimination on the restrictions on foreign investment in telecommunications services and satellite communication and the increase in the maximum permitted foreign-ownership in broadcasting (television and radio) to 49%.

The LFTR provides that integrated multiservice concessions will be renewed for terms equal to the maximum terms for which they could be granted, namely, up to 30 years. To request the renewal of a concession, a concession holder must (i) file its request with IFT one year prior to the beginning of the fifth period of the term of the concession; (ii) comply with its obligations established in the applicable laws and in the concession title; and (iii) accept the new conditions that IFT may impose. In such cases, IFT will issue its ruling within 180 days following the date the concession holder files the renewal request. If IFT does not issue its ruling within 180 days the renewal will be automatically granted.

In the case of concessions for the use of radio-electric spectrum, the maximum term of renewal is 20 years. Renewal of concessions for the use of spectrum require, among others: (i) to request such renewal to IFT in the year prior to the last fifth period of the fixed term of the related concession; (ii) to be in compliance with the concession holder's obligations under the LFTR, other applicable regulations, and the concession title; (iii) a declaration by IFT that there is no public interest in recovering the spectrum granted under the related concession; and (iv) the

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acceptance by the concession holder of any new conditions for renewing the concession as set forth by IFT, including the payment of a related fee. To our knowledge, no spectrum granted for broadcasting services in Mexico has been recovered by the Mexican government in the past several years for public interest reasons; however, the Company is unable to predict the outcome of any action by IFT in this regard.

On March 13, 2015, the IFT investigative authority issued a preliminary opinion (the *Opinion*) which was published in the Official Gazette on March 18, 2015. The *Opinion* was issued pursuant to Transitory Article 39 of the LFTR and presumed the probable existence of substantial power in the pay television and audio services market in Mexico, with respect to the Company and some of its subsidiaries. The authority determined that the Company does not hold substantial power in the investigated markets. Although this resolution is final at the administrative level, certain third parties have filed *amparo* proceedings challenging the constitutionality of the IFT resolution. These challenges are still under review by the competent courts and the Company is not able to predict the outcome of these challenges.

As part of our expansion of our cable business, on August 13, 2014, we acquired Cablecom and its subsidiaries (the *Cablecom Acquisition*), and on January 8, 2015, we acquired Telecable and its affiliates and subsidiaries (the *Telecable Acquisition*). For each of the *Cablecom* and *Telecable Acquisitions*, the IFT conducted an investigation pursuant to transitory Article 9 of the LFTR in order to analyze and determine if, as result of each transactions, the Company acquired substantial market power in the restricted television and audio services market. On November 2, 2015, and February 29, 2016, respectively, the IFT ruled that there were no sufficient elements to determine the existence of market power in the municipalities of Mexico in which *Cablecom* and *Telecable* operate. The resolution concerning the *Cablecom Acquisition* has been challenged by certain third parties. These challenges are still under review by the competent courts.

Overall, the Telecom Reform, the LFTR and secondary regulations already issued and to be issued by the executive power or IFT, as applicable, as well as any actions taken by IFT, may increase our operating costs and interfere with our ability to provide, or prevent us from offering, some of our current or future services. Moreover, the entry of new market participants and the introduction of new products could result in an impairment to the prices of some of our products and/or costs and adversely affect our results in some business segments in future periods.

The resolutions issued by IFT under the Telecom Reform significantly and adversely affect certain areas related to some of our activities, including broadcasting, cable and telecommunications, as well as our ability to introduce new products, infrastructure and services, to enter into new businesses or complementary businesses, to consummate acquisitions or joint ventures, to determine the rates we charge for our products, services and use of our infrastructure, to acquire broadcast rights to exclusive content, and to charge market rates for the licensing of copyrights we hold.

See [Information on the Company](#) [Business Overview](#) [Regulation](#) [Telecom Reform and Broadcasting Regulations](#) .

Risk Factors Related to Our Major Stockholders

Emilio Azcárraga Jean has Substantial Influence Over Our Management and the Interests of Mr. Azcárraga Jean may Differ from Those of Other Stockholders

We have four classes of common stock: Series A Shares, Series B Shares, Series D Shares, and Series L Shares. A trust for the benefit of Emilio Azcárraga Jean, or the Azcárraga Trust, currently holds 43.0% of the outstanding Series A shares, 0.1% of the outstanding Series B shares, 0.1% of the outstanding Series D shares and 0.1% of the outstanding Series L shares of the Company. As a result, Emilio Azcárraga Jean controls the vote of most of the shares held through the Azcárraga Trust. The Series A Shares held through the Azcárraga Trust constitute a majority of the Series A Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted to vote the underlying Series A Shares in accordance with the trust agreement governing the CPOs and the Company's bylaws. Accordingly, and so long as non-Mexicans own more than a minimal number of Series A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board of Directors, as well as prevent certain actions by the stockholders, including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws. See Major Stockholders and Related Party Transactions The Major Stockholders .

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As Controlling Stockholder, Emilio Azcárraga Jean Will Have the Ability to Limit Our Ability to Raise Capital, Which Would Require Us to Seek Other Financing Arrangements

Emilio Azcárraga Jean has the voting power to prevent us from raising money through equity offerings. Mr. Azcárraga Jean has informed us that if we conduct a primary sale of our equity, he would consider exercising his pre-emptive rights to purchase a sufficient number of additional Series A Shares in order to maintain such power. In the event that Mr. Azcárraga Jean is unwilling to subscribe for additional shares and/or prevents us from raising money through equity offerings, we would need to raise money through a combination of debt or other forms of financing, which we may not obtain, or if so, possibly not on favorable terms.

Risk Factors Related to Our Business

The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions

In June 2013, the Mexican Federal Congress passed the Telecom Reform which, among other things, created IFT. IFT has the authority to grant concessions for radio and television stations as well as for telecommunications services.

Under Mexican law, we need concessions from IFT (previously from SCT) to broadcast our programming over our television and radio stations, and to provide telecommunication services. In July 2004, in connection with the adoption of a release issued by the SCT for the transition to digital television, all of our broadcast television concessions were renewed until 2021. The expiration dates for the concessions for our radio stations range from 2016 to 2020. See Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue . The expiration dates of our Cable and Telecommunications concessions range from 2016 to 2044 and our DTH concessions expire in 2020 and 2026. The expiration dates for the concessions for our telephone services range from 2016 to 2044. Cablevisión obtained a telecommunications concession, which expires in 2029. Before the Telecom Reform in 2013, the SCT typically renewed the concessions of those concessionaires that complied with the applicable renewal procedures under Mexican law and with their obligations under the concession. In July 2014, the Mexican Federal Congress enacted the LFTR, which provides that integrated multiservice concessions will be renewed for terms equal to the maximum terms for which they could be granted, namely, up to 30 years.

Under Mexican law, we need a permit, or Gaming Permit, from the *Secretaría de Gobernación*, or Mexican Ministry of the Interior, to operate our gaming business. The operation of our gaming business may be terminated or interrupted if the Mexican Government does not renew or revokes our Gaming Permit. The Gaming Permit was granted to us on May 25, 2005 and the expiration date is May 24, 2030. We are unable to predict if we will obtain a renewal of the Gaming Permit.

See [Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue](#) and [The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments](#) .

We Face Competition in Each of Our Markets That We Expect Will Intensify

We face competition in all of our businesses, including broadcasting, advertising sales, cable, pay TV, telecommunications and all other businesses. The entities in which we have strategic investments and the joint ventures in which we participate also face competition. We expect that competition in our different businesses will intensify.

This competition mainly arises from the growth of the convergent market, pursuant to which certain concessionaries of telecommunication services are allowed to provide other services not included in their original concessions.

In television broadcasting, we face substantial competition from TV Azteca and other broadcasters such as Cadena 3 and Multimedios, among others. See [Information on the Company Business Overview Our Operations Content Television Industry in Mexico](#) and [Information on the Company Business Overview Our Operations Programming Television Networks](#) .

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Over-the-air broadcasting television also faces increased competition from other audiovisual platforms, including a great variety of pay-television channels distributed in Mexico, internet over-the-top (OTT) providers, and audiovisual content distributed over the internet and videogame systems.

We will also face additional competition in television broadcasting from at least Cadena Tres, which was granted a free to air broadcasting license with separate national coverage by IFT in March 2015. See Risk Factors Related to Mexico The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments .

In radio broadcasting, we compete with other radio stations in their respective markets. Among our main competitors in the radio broadcast business are Grupo Radio Centro S.A.B. de C.V., NRM Comunicaciones, S.A. de C.V. and Grupo Acir, S.A. de C.V.

With respect to advertising, our radio and television stations compete with other radio and television stations in their respective markets, as well as with other advertising media, such as pay-TV, newspapers, magazines, internet and outdoor advertising.

Our DTH satellite business faces competition from various competitors, including Dish Mexico, a DTH satellite pay-TV platform which launched its services in Mexico at the end of 2008, Mega Cable Comunicaciones, S.A. de C.V., or Megacable, and from cable television companies which are subsidiaries of the Company. In addition, the DTH market competes with other media with respect to advertising and sales, including Pay-TV, outdoor advertising and publishing, among others.

At the end of 2012, Axtel launched a product called Axtel TV, which as of this date, under its basic package, offers up to 48 standard definition channels, optional virtual recording, in addition to internet and voice services.

In addition, the entertainment and telecommunications industries in which we operate are changing rapidly because of new participants and evolving distribution technologies, including the internet. As Mexico has completed the transition to digital television, it is likely that competition will also increase.

The cable industry in Mexico has become highly competitive and we face significant competition. Most cable operators are authorized to provide pay-TV, internet broadband services and voice services, including Voice over Internet Protocol, or VoIP, which poses a risk to us. We also face competition from the Preponderant Economic Agent in telecommunications, particularly in the provision of data and fixed telephony services.

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Our pay-TV companies face competition from IPTV or online over-the-top (OTT) providers such as Netflix and Claro Video, as well as from other pay-TV operators such as Total Play, Megacable and other cable television companies, as well as from Dish Mexico and Sky.

We also face competition in our publishing business, where each of our magazine publications competes for readership and advertising revenues with other magazines of a general character and with other forms of print and non-print media.

Our business for production and distribution of feature films is a highly competitive business in Mexico. The various producers compete for the services of recognized talent and for film rights to scripts and other literary property. We compete with other feature film producers, Mexican and non-Mexican, and distributors in the distribution of films in Mexico and in the U.S. We also face competition in our other businesses. See [Information on the Company](#) [Business Overview](#) [Competition](#) .

Our principal competitors in the gaming industry are Codere S.A., or Codere, Corporación Interamericana de Entretenimiento, S.A.B. de C.V., or CIE, and Grupo Caliente S.A. de C.V., or Grupo Caliente.

With respect to the lottery industry, our principal competitors are the governmental lotteries, Pronósticos Deportivos and Loteria Nacional.

Our future success will be affected by changes in the broadcasting, advertising sales, cable, telecommunications, entertainment, gaming and other industries where we participate, which we cannot predict, and

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consolidation in such industries could further intensify competitive pressures. We expect to face competition from an increasing number of sources in Mexico, including emerging technologies that provide new services to pay-TV customers and new entrants in the public and pay-TV industries, which will require us to make significant capital expenditures in new technologies and will result in higher costs in the acquisition of content or may impair our ability to renew rights to special events, including sporting and entertainment events. Our cable business is highly competitive and capital intensive. Our business may require substantial capital to pursue additional acquisitions and capital expenditures which may result in additional incurrence of leverage, issuance of additional capital or a combination thereof.

The Seasonal Nature of Our Business Affects Our Revenue and a Significant Reduction in Fourth Quarter Net Sales Could Impact Our Results of Operations

Our business reflects seasonal patterns of advertising expenditures, which is common in the television broadcast industry, as well as cyclical patterns in periodic events such as the FIFA World Cup and the Olympic Games. We typically recognize a disproportionately large percentage of our Content advertising net sales in the fourth quarter in connection with the holiday shopping season. For example, in 2013, 2014 and 2015 we recognized 33.5%, 33.9% and 33.4%, respectively, of our net sales in the fourth quarter of the year. Accordingly, a significant reduction in fourth quarter advertising revenue could adversely affect our business, financial condition and results of operations.

DIRECTV Has Certain Governance and Veto Rights Over Some Operations of Innova

We own a 58.7% interest in Innova, our DTH venture in Mexico, Central America and the Dominican Republic. The remaining balance of Innova's equity is indirectly owned by The DIRECTV Group, Inc., or DIRECTV, through its subsidiaries DTH (Mexico) Investment, LTD, DIRECTV Latin America Holdings, Inc., or DIRECTV Holdings, and DIRECTV Latin America LLC, or DTVLA. Although we hold a majority of Innova's equity and designate a majority of the members of Innova's Board of Directors, DIRECTV has certain governance and veto rights in Innova, including the right to block certain transactions between us and Innova. According to public information, DIRECTV was acquired by AT&T Inc. in July 2015.

Loss of Transmission or Loss of the Use of Satellite Transponders Could Cause a Business Interruption in Innova, Which Would Adversely Affect Our Net Income

Media and telecom companies, including Innova, rely on satellite transmissions to conduct their day-to-day business. Any unforeseen and sudden loss of transmission or non-performance of the satellite for Innova can cause huge losses to Innova's business. The unforeseen loss of transmission may be caused due to the satellite's loss of the orbital slot or the reduction in the satellite's functional life.

The size of the business interruption impact for Innova in the case of a satellite loss exceeds the insurance we have acquired to cover this risk. In order to reduce the possibility of financial consequences resulting from an unforeseen loss of transmission, Innova entered into an agreement to launch a backup satellite jointly with Sky Brasil Servicos Ltda., or Sky Brasil, which was launched in the first quarter of 2010. In the third

quarter of 2013, Sky entered into an agreement with DirecTV for the acquisition and launch of a satellite (SM1), which started operations in June 2015. In the future, we may have to invest in additional satellite capacity. We cannot predict the extent of losses to Innova in the case of current or new satellite loss or the effectiveness of any alternative strategy.

Any Incidents Affecting Our Network and Information Systems or Other Technologies Could Have an Adverse Impact on Our Business, Reputation and Results of Operations

Our business operations rely heavily on network and information systems and other technology systems. Incidents affecting these systems, including cyber-attacks, viruses, other destructive or disruptive software or activities, process breakdowns, outages, or accidental release of information, could result in a disruption of our operations, improper disclosure of personal data or other privileged or confidential information, or unauthorized access to our digital content or any other type of intellectual property. Any such incident could cause damage to our reputation and may require us to expend substantial resources to remedy the situation and could therefore have a material adverse effect on our business and results of operations. In addition, there can be no assurance that any efforts we make to prevent or mitigate these incidents will be successful in avoiding harm to our business.

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The Results of Operations of Univision Holdings, Inc. May Affect Our Results of Operations and the Value of Our Investment in That Company

We have a substantial investment in Univision Holdings, Inc., or UHI (formerly known as Broadcasting Media Partners, Inc., or BMP), the parent company of Univision Communications, Inc., or Univision. However, we do not control and do not consolidate the results of UHI. Our investment in UHI is currently held in the form of common stock and warrants that are exercisable for shares of common stock. Our exercise of the warrants into shares of common stock of UHI is subject to certain conditions. The value of the common stock of UHI could materially increase or decrease the carrying value of the warrants, as they are measured at fair value. After the exercise of the warrants, we will remain a minority equity holder of UHI. The results of operations of UHI and Univision may affect the value of our investment in UHI and our results of operations. The business, financial condition and results of operations of Univision could be materially and adversely affected by risks including, but not limited to: (i) failure to service debt, (ii) cancellation, reductions or postponements of advertising, (iii) an increase in the preference among Hispanics for English-language programming, (iv) an increase in the cost of, and decrease in the supply, quality of and demand for, Univision's programming, (v) changes in the rules and regulations of the Federal Communications Commission (the "FCC"), (vi) competitive pressures from other broadcasters and other entertainment and news media, (vii) failure to retain the rights to sports programming, (viii) possible strikes or other union job actions and (ix) the impact of new technologies.

There can be no assurance that the results of operations of UHI and its respective subsidiaries will be sufficient to maintain or increase the value of our investment in such company, or that such results will not materially and adversely affect our results of operations. For a discussion of our investment in UHI, see "Information on the Company" Business Overview Univision .

The Amendment to the Regulations of the General Health Law on Advertising Could Materially Affect Our Business, Results of Operations and Financial Condition

On February 14, 2014, the Mexican Ministry of Health published in the Official Gazette of the Federation an amendment to the Regulations of the General Health Law on Advertising, pursuant to which advertisers of certain high-caloric foods and non-alcoholic beverages are required to obtain prior permission from the health authorities in order to advertise their products on radio, broadcast television, pay-TV and in movie theaters (the "Health Law Amendment"). The Health Law Amendment became effective on April 16, 2014 and comprehensive guidelines entitled "Guidelines with nutritional and advertising criteria for advertisers of food and non-alcoholic beverages for obtaining permission for the advertising of their products with respect to the provisions of Articles 22bis and 79 of the Regulations of the General Health Law on Advertising" (the "Health Law Guidelines") were published in the Official Gazette of the Federation on April 15, 2014 and became effective on July 7, 2014 for the advertisement of the following products: snacks, flavored drinks, candies, chocolates, or foods similar to chocolates and became effective for the remaining products on January 1, 2015.

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The Health Law Guidelines restrict the hours that certain high-caloric foods and non-alcoholic drinks can be advertised. These restrictions do not apply when the advertisement is aired during certain programs such as sports, telenovelas, news programs, series officially rated as unsuitable for children, films with ratings of B, B15, C and D, and programs where the advertiser certifies through audience research that people between the ages of 4 and 12 represent no more than 35% of the audience and receives the prior consent from the Federal Commission for the Protection Against Health Risks.

Risk Factors Related to Our Securities

Any Actions Stockholders May Wish to Bring Concerning Our Bylaws or the CPO Trust Must Be Brought in a Mexican Court

Our bylaws provide that a stockholder must bring any legal actions concerning our bylaws in courts located in Mexico City. All parties to the trust agreement governing the CPOs, including the holders of CPOs, have agreed to submit any legal actions concerning the trust agreement only to Mexican courts.

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Non-Mexicans May Not Hold Series A Shares, Series B Shares or Series D Shares Directly and Must Have Them Held in a Trust at All Times

Although, as a result of the Telecom Reform, foreign investors are no longer restricted from holding equity interests in Mexican companies doing business in the telecommunications industry, the trust governing the CPOs and our bylaws nevertheless restrict non-Mexicans from directly owning Series A Shares, Series B Shares or Series D Shares. Non-Mexicans may hold Series A Shares, Series B Shares or Series D Shares indirectly through the CPO Trust, which will control the voting of such shares. Under the terms of the CPO Trust, a non-Mexican holder of CPOs or GDSs may instruct the CPO Trustee to request that we issue and deliver certificates representing each of the shares underlying its CPOs so that the CPO Trustee may sell, to a third party entitled to hold the shares, all of these shares and deliver to the holder any proceeds derived from the sale.

Non-Mexican Holders of Our Securities Forfeit Their Securities if They Invoke the Protection of Their Government

Pursuant to Mexican law, our bylaws provide that non-Mexican holders of CPOs and GDSs may not ask their government to interpose a claim against the Mexican government regarding their rights as stockholders. If non-Mexican holders of CPOs and GDSs violate this provision of our bylaws, they will automatically forfeit the Series A Shares, Series B Shares, Series L Shares and Series D Shares underlying their CPOs and GDSs to the Mexican government.

Non-Mexican Holders of Our Securities Have Limited Voting Rights

In accordance with the bylaws and trust governing the CPOs of the Company, non-Mexican holders of CPOs or GDSs are not entitled to vote the Series A Shares, Series B Shares and Series D Shares underlying their securities. The Series L Shares underlying CPOs or GDSs, the only series of our Shares that can be voted by non-Mexican holders of CPOs or GDSs, have limited voting rights. These limited voting rights include the right to elect two directors and limited rights to vote on extraordinary corporate actions, including the delisting of the Series L Shares and other actions which are adverse to the holders of the Series L Shares. For a brief description of the circumstances under which holders of Series L Shares are entitled to vote, see Additional Information Bylaws Voting Rights and Stockholders Meetings .

Our Antitakeover Protections May Deter Potential Acquirers and May Depress Our Stock Price

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions may also limit our stockholders' ability to approve transactions that may be in their best interests and discourage transactions in which our stockholders might otherwise receive a premium for their Shares over the then current market price, and could possibly adversely affect the trading volume in our equity securities. As a result, these provisions may adversely affect the market price of our securities. Holders of our securities who acquire Shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of these securities and would be obligated to pay us a penalty. For a description of these provisions, see Additional Information Bylaws Antitakeover Protections .

GDS Holders May Face Disadvantages When Attempting to Exercise Voting Rights as Compared to Other Holders of Our Securities

In situations where we request that The Bank of New York Mellon, the depository for the securities underlying the GDSs, ask GDS holders for voting instructions, the holders may instruct the depository to exercise their voting rights, if any, pertaining to the deposited securities. The depository will attempt, to the extent practical, to arrange to deliver voting materials to these holders. We cannot assure holders of GDSs that they will receive the voting materials in time to ensure that they can instruct the depository how to vote the deposited securities underlying their GDSs, or that the depository will be able to forward those instructions and the appropriate proxy request to the CPO Trustee in a timely manner. For stockholders' meetings, if the depository does not receive voting instructions from holders of GDSs or does not forward such instructions and appropriate proxy request in a timely manner, if requested in writing from us, it will provide a proxy to a representative designated by us to exercise these voting rights. If no such written request is made by us, the depository will not represent or vote, attempt to represent or vote any right that attaches to, or instruct the CPO Trustee to represent or vote, the shares underlying the CPOs in the relevant meeting and, as a result, the underlying shares will be voted in the manner described under Additional Information Bylaws Voting Rights and Stockholders' Meetings Holders of CPOs . For CPO Holders

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meetings, if the depositary does not timely receive instructions from a Mexican or non-Mexican holder of GDSs as to the exercise of voting rights relating to the underlying CPOs in the relevant CPO holders' meeting, the depositary and the custodian will take such actions as are necessary to cause such CPOs to be counted for purposes of satisfying applicable quorum requirements and, unless we in our sole discretion have given prior written notice to the depositary and the custodian to the contrary, vote them in the same manner as the majority of the CPOs are voted at the relevant CPOs holders' meeting.

This means that holders of GDSs may not be able to exercise their right to vote and there may be nothing they can do if the deposited securities underlying their GDSs are not voted as they request.

The Interests of Our GDS Holders Will Be Diluted if We Issue New Shares and These Holders Are Unable to Exercise Preemptive Rights for Cash

Under Mexican law and our bylaws, our stockholders have preemptive rights with respect to capital increases. This means that in the event that we issue new Shares for cash, our stockholders will have a right to subscribe and pay the number of Shares of the same series necessary to maintain their existing ownership percentage in that series. U.S. holders of our GDSs cannot exercise their preemptive rights unless we register any newly issued Shares under the U.S. Securities Act of 1933, as amended, or the Securities Act, or qualify for an exemption from registration. If U.S. holders of GDSs cannot exercise their preemptive rights, the interests of these holders will be diluted in the event that we issue new Shares for cash. We intend to evaluate at the time of any offering of preemptive rights the costs and potential liabilities associated with registering any additional Shares. We cannot assure you that we will register under the Securities Act any new Shares that we issue for cash. In addition, although the Deposit Agreement provides that the depositary may, after consultation with us, sell preemptive rights in Mexico or elsewhere outside the U.S. and distribute the proceeds to holders of GDSs, under current Mexican law these sales are not possible. See *Directors, Senior Management and Employees' Stock Purchase Plan and Long-Term Retention Plan* and *Additional Information Bylaws' Preemptive Rights*.

The Protections Afforded to Minority Stockholders in Mexico Are Different From Those in the U.S.

Under Mexican law, the protections afforded to minority stockholders are different from those in the U.S. In particular, the law concerning fiduciary duties of directors is not well developed, there is no procedure for class actions or stockholder derivative actions and there are different procedural requirements for bringing stockholder lawsuits. As a result, in practice, it may be more difficult for our minority stockholders to enforce their rights against us or our directors or major stockholders than it would be for stockholders of a U.S. company.

The *Ley del Mercado de Valores*, or the Mexican Securities Market Law, provides additional protection to minority stockholders, such as (i) providing stockholders of a public company representing 5% or more of the capital stock of the public company, an action for liability against the members and secretary of the Board and relevant management of the public company, and (ii) establishing additional responsibilities on the audit committee in all issues that have or may have an effect on minority stockholders and their interests in an issuer or its operations.

It May Be Difficult to Enforce Civil Liabilities Against Us or Our Directors, Executive Officers and Controlling Persons

We are organized under the laws of Mexico. Substantially all of our directors, executive officers and controlling persons reside outside the U.S., all or a significant portion of the assets of our directors, executive officers and controlling persons, and substantially all of our assets, are located outside of the U.S., and some of the parties named in this annual report also reside outside of the U.S. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws.

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Forward-Looking Statements

This annual report and the documents incorporated by reference into this annual report contain forward-looking statements. In addition, we may from time to time make forward-looking statements in reports to the SEC, on Form 6-K, in annual reports to stockholders, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Words such as believe, anticipate, plan, expect, intend, seek, potential, estimate, project, predict, forecast, guideline, may, should, could, will and similar words and expressions are used to identify forward-looking statements, but are not the exclusive means of identifying these statements. Examples of these forward-looking statements include, but are not limited to:

- estimates and projections of financial results, cash flows, capital expenditures, dividends, capital structure, financial position or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- statements concerning our current and future plans regarding our online and wireless content division, Televisa Interactive Media, or TIM;
- statements concerning our current and future plans regarding our investment in and other arrangements with Imagina Media Audiovisual S.L., or Imagina;
- statements concerning our current and future plans regarding our investment in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V., or GTAC;
- statements concerning our current and future plans regarding our gaming business;
- statements concerning our future plans, including capital expenditures, regarding the pay-TV, broadband and/or telephony services provided by our subsidiaries;

- statements concerning our transactions with Univision and our current and future plans regarding our investment in UHI, the parent company of Univision;
- statements concerning our current and future plans regarding our investment in Tenedora Ares, S.A.P.I. de C.V., or Ares;
- statements concerning our current and future plans, including capital expenditures, regarding our investment in Innova and our transactions and relationship with DIRECTV;
- statements concerning our transactions with NBC Universal's Telemundo Communications Group, or Telemundo;
- statements about our future economic performance or statements concerning general economic, political or social conditions in Mexico or other countries in which we operate or have investments; and
- statements or assumptions underlying these statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. We caution you that a number of important factors, including those discussed under **Risk Factors**, could cause actual results to differ materially from those expressed in or implied by these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include:

- economic and political developments and conditions and government policies in Mexico or elsewhere;
- uncertainty in global financial markets;
- currency fluctuations or the depreciation of the Peso;
- changes in inflation rates;

- changes in interest rates;

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- the impact of existing laws and regulations, changes thereto or the imposition of new laws and regulations affecting our businesses, activities and investments;
- the risk that our concessions may not be renewed;
- the risk of loss of transmission or loss of the use of satellite transponders or incidents affecting our network and information systems or other technologies;
- changes in customer demand; and
- effects of competition.

We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors and you are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information, future developments or other factors.

Item 4. Information on the Company

History and Development of the Company

Grupo Televisa, S.A.B. is a *sociedad anónima bursátil*, or limited liability stock corporation, which was organized under the laws of Mexico in accordance with the *Ley General de Sociedades Mercantiles*, or Mexican Companies Law. Grupo Televisa was incorporated under Public Deed Number 30,200, dated December 19, 1990, granted before Notary Public Number 73 of Mexico City, and registered with the Public Registry of Commerce in Mexico City on Commercial Page (*folio mercantil*) Number 142,164. Pursuant to the terms of our *estatutos sociales*, or bylaws, our corporate existence continues through 2106. Our principal executive offices are located at Avenida Vasco de Quiroga, No. 2000, Colonia Santa Fe, 01210, Mexico City, Mexico. Our telephone number at that address is (52) (55) 5261-2000.

Capital Expenditures

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The table below sets forth our projected capital expenditures for the year ended December 31, 2016 and our actual capital expenditures, investments in joint ventures and associates, and acquisitions for the years ended December 31, 2015, 2014 and 2013.

| | 2016 | | Year Ended December 31,(1)(2) | | | 2013 | | |
|--|----------------------------|---------|-------------------------------|----------|----------|----------|--------|---------|
| | (Forecast) | | (Actual) | (Actual) | (Actual) | (Actual) | | |
| | (Millions of U.S. Dollars) | | | | | | | |
| Capital expenditures | U.S.\$ | 1,630.0 | U.S.\$ | 1,605.4 | U.S.\$ | 1,275.8 | U.S.\$ | 1,157.8 |
| GTAC(3) | | 3.5 | | 6.3 | | 8.3 | | 10.5 |
| Iusacell(3) | | | | | | | | 122.9 |
| Cablecom(3) | | | | | | 447.6 | | 742.6 |
| Telecable(3) | | | | 667.7 | | | | |
| Acquisition of a remaining non-controlling interest in TVI | | 392.1 | | | | | | |
| Other acquisitions and investments | | | | 27.8 | | 0.8 | | 8.6 |
| Total capital expenditures and investments | U.S.\$ | 2,025.6 | U.S.\$ | 2,307.2 | U.S.\$ | 1,732.5 | U.S.\$ | 2,042.4 |

(1) Amounts in respect of some of the capital expenditures, investments and acquisitions we made in 2015, 2014 and 2013 were paid for in Pesos. These Peso amounts were translated into U.S. Dollars at the Interbank Rate in effect on the dates on which a given capital expenditure, investment or acquisition was made. See Key Information Selected Financial Data .

(2) See Operating and Financial Review and Prospects Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity

(3) See Our Operations Cable , and Investments for a discussion regarding GTAC, Iusacell, Cablecom and Telecable.

In 2015, 2014 and 2013, we relied on a combination of operating revenues, borrowings and net proceeds from dispositions to fund our capital expenditures, acquisitions and investments. We expect to fund our capital expenditures in 2016 and potential capital expenditures, investments and/or acquisitions going forward, which could be substantial in size, through a combination of cash from operations, cash on hand, equity, and/or borrowings. The

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amount of borrowings required to fund these cash needs in 2016 will depend upon the timing of cash payments from advertisers under our advertising sales plan.

For a further discussion of how we intend to fund our projected capital expenditures, investments and acquisitions for 2016 as well as a more detailed description of our capital expenditures, investments and acquisitions in prior years, see Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Liquidity and Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity .

Business Overview

Televisa is a leading media company in the Spanish-speaking world, an important cable operator in Mexico, and an operator of a leading direct-to-home satellite pay television system in Mexico.

Televisa distributes the content it produces through several broadcast channels in Mexico and in over 50 other countries through 26 pay-tv brands and television networks, cable operators and over-the-top or OTT services.

In the United States, Televisa's audiovisual content is distributed through Univision, the leading media company serving the Hispanic market. Univision broadcasts Televisa's audiovisual content through multiple platforms in exchange for a royalty payment. In addition, Televisa has equity and warrants which upon their exercise and subject to any necessary approval from the Federal Communications Commission of the United States would represent approximately 36% on a fully-diluted, as-converted basis of the equity capital in Univision Holdings Inc., the controlling company of Univision.

Televisa's cable business offers integrated services, including video, high-speed data and voice services to residential and commercial customers as well as managed services to domestic and international carriers through five cable Multiple System Operators in Mexico.

Televisa owns a majority interest in Sky, a leading direct-to-home satellite pay television system in Mexico, operating also in the Dominican Republic and Central America.

Televisa also has interests in magazine publishing and distribution, radio production and broadcasting, professional sports and live entertainment, feature-film production and distribution, and gaming.

Business Strategy

We intend to leverage our position as a leading media company in the Spanish-speaking world to continue expanding our business while maintaining profitability and financial discipline. We intend to do so by maintaining our leading position in the Mexican television market, by continuing to produce high quality programming and by improving our sales and marketing efforts while maintaining high operating margins and expanding our cable business.

By leveraging all our business segments and capitalizing on their synergies to extract maximum value from our content and our distribution channels, we also intend to continue expanding our cable business, increasing our international programming sales worldwide and strengthening our position in the growing U.S.-Hispanic market. We also intend to continue developing and expanding Sky, our DTH platform, and our cable businesses. We will continue to strengthen our position and will continue making additional investments, which could be substantial in size, in the DTH and cable industry in accordance with the consolidation of the cable market in Mexico, and we will also continue developing our publishing business and maintain our efforts to become an important player in the gaming industry.

We intend to continue to expand our business by developing new business initiatives and/or through business acquisitions and investments in Mexico, the United States and elsewhere.

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Maintaining Our Leading Position in the Mexican Television Market

Continuing to Produce High Quality Programming. We aim to continue producing the type of high quality television programming that in the past has propelled many of our programs to be among the most watched in Mexico. We have launched a number of initiatives in creative development, program scheduling and on-air promotion. These initiatives include improved production of our highly rated telenovelas, new comedy and game show formats and the development of reality shows and new series. We have improved our scheduling to be better aligned with viewer habits by demographic segment while improving viewer retention through more dynamic on-air graphics and pacing. We have enhanced tune-in promotion both in terms of creative content and strategic placement. We also plan to continue expanding and leveraging our Spanish-language video library, rights to soccer games and other events, as well as cultural, musical and show business productions. In addition, our strategic alliance with Telemundo allows us to broadcast more than 1,000 hours per year of Telemundo's original programming on Channel 9 and distribute Telemundo content in Mexico on an exclusive basis across multiple platforms including broadcast television, pay television and our emerging digital platforms.

Improving Our Sales and Marketing Efforts. Over the past few years we have improved, and we are continuing to improve, our television broadcasting advertising sales strategy in the following ways:

- we have developed strategies for monetizing Televisa's greatest asset, its content by, for example, increasing special events prices;
- our sales force is organized in teams focusing on groups of clients in order to also provide multi-platform offers;
- we are emphasizing a performance-based compensation policy for salespeople such that a larger portion of total compensation comprises variable incentives tied to year-end results; and
- we are continuing to provide our customers with increased opportunities for custom made product placement and branded entertainment.

For a discussion of our advertising sales plan, see [Our Operations](#) [Content](#) [Advertising Sales Plan](#).

Maintaining High Operating Segment Income Margins. Our Content operating segment income margins for 2014 and 2015 were 44.6% and 42.4%, respectively. We intend to continue maintaining high operating segment income margins in our Content businesses by increasing revenues and controlling costs and expenses.

Continue Building Our DTH and Cable Platforms

DTH. We believe that Ku-band DTH satellite services offer an enhanced opportunity for expansion of pay television services into cable households seeking to upgrade reception of our broadcasting and in areas not currently serviced by operators of cable or multi-channel, multi-point distribution services. We own a 58.7% interest in Innova, or Sky, our venture with DIRECTV. Innova is a DTH company with services in Mexico, Central America and the Dominican Republic with approximately 7.3 million subscribers, of which 2.5% were commercial subscribers as of December 31, 2015.

The key components of our DTH strategy include:

- offering high quality programming, including rights to our four over-the-air broadcast channels, exclusive broadcasts of sporting events, such as the largest coverage of the Mexican Soccer League and the Spanish Soccer League, including La Liga and La Copa del Rey, the FA Cup, the NFL Sunday Ticket, NBA Pass, MLB Extra Innings, the NHL, WTA, bullfighting, World Equestrian Games, marathons, Diamond League, Capital One Cup, the largest coverage of the Mexican Baseball League (LMB), ATP & TT tournaments, and the Basketball Euroleague;
- capitalizing on our relationship with DIRECTV and local operators in terms of technology, distribution networks, infrastructure and cross-promotional opportunities;
- capitalizing on the low penetration of pay-TV services in Mexico;

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- providing superior digital Ku-band DTH satellite services and emphasizing customer service quality; and
- providing aggressive HD offerings and continuously expanding our programming in HD.

Cable. We are a shareholder of several Mexican cable companies. For example:

- we own a controlling stake in Cablevisión, which operates in Mexico City and its metropolitan area, where it offers cable television, high speed internet and IP telephony services;
- we own TVI, which offers cable television, data and voice services in the metropolitan area of Monterrey and other areas of northern Mexico;
- we own Cablemás, which operates in approximately 60 cities in Mexico where it offers cable television, high speed internet and telephony services;
- we own Cablecom, which offers cable television, telephony, value added services and virtual networks to corporate customers around 16 states of Mexico; and
- we own Telecable, a cable company that provides video, data and telephony services in Mexico, primarily in the states of Guanajuato, Jalisco, Aguascalientes, Queretaro, Tamaulipas, and Colima, among others.

With a consolidated subscriber base of 4,061,655 cable television, or video subscribers and 12.2 million homes passed as of December 31, 2015, these companies are important service providers in Mexico. Homes passed refers to any residential homes or businesses that are connected to telecommunications systems, or those prepared to be connected to telecommunications systems but are not currently connected or that require some type of investment in order for them to be connected. For instance, each apartment located in a building that is prepared to be connected to telecommunications systems represents one home passed. It is generally understood that a home or business counts as a home passed when it can be connected to a telecommunications network without additional extensions to the main transmission lines. Our cable strategy aims to increase our subscriber base, average monthly revenues per subscriber and penetration rate by:

- continuing to offer high quality programming;
- continuing to upgrade our existing cable network into a broadband bidirectional network;
- aiming to provide digital services in order to stimulate new subscriptions, substantially reduce piracy and offer new value-added services;
- increasing the penetration of our high-speed internet access and other multimedia services as well as providing a platform to offer internet protocol, or IP, and telephony services;
- continuing the roll out of advanced digital set-top boxes which allow the transmission of high definition programming and recording capability; and
- continuing to leverage our strengths and capabilities to develop new business opportunities and expand through additional investments and/or acquisitions, which can be substantial in size.

Our cable companies have introduced a variety of new services over the past few years, such as interactive television and other enhanced program services, including high-speed internet access through cable modem as well as IP telephony. In November 2014, we launched izzi™, our principal brand for residential customers, offering a revolutionary double-play package with unlimited telephony services and high-speed data access. In addition, the double-play package can be upgraded to a triple-play package by adding one of three pay-TV bundles. As of December 31, 2015, we have launched izzi in 47 cities, generating significant increases in gross ads. As of December 31, 2015, our cable companies had 3,066,699 broadband subscribers. The growth in our subscriber base has been driven primarily by the upgrade of our networks and the launch of competitive broadband offerings. As of December 31, 2015, our cable companies had 1,891,026 IP telephone lines in service, or voice subscribers.

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Continue Expanding the Portfolio of Channel Offerings in Mexico and Abroad

Network Subscription. Through our 26 pay-TV brands and 51 national and international feeds, we reached more than 44 million subscribers throughout Latin America, the United States, Canada, Europe and Asia Pacific in 2015. Our pay-TV channels include, among others, three music, six movie, seven variety and entertainment channels and two sports channels. Both of our sports channels offer 24 hour a day programming 365 days a year. Popular channels include, among others, TL Novelas, Televisa Deportes Network, or TDN and Distrito Comedia.

Transforming Our Publishing Business

Despite the continuing challenges facing the industry, we believe we continue to be among the leaders of the publishing business and maintained a total approximate circulation of 103 million magazines during 2015. We believe our subsidiary, Editorial Televisa, S.A. de C.V., or Editorial Televisa, is the most important Spanish-speaking publishing company in the world in number of magazines distributed. Editorial Televisa publishes 151 titles, with 71 wholly-owned trademarks and 26 licensed trademarks from world renowned publishing houses, including Spanish language editions of some of the most prestigious brands in the world. Editorial Televisa distributes its titles to 17 countries, including Mexico, the United States and countries throughout Latin America.

Increasing Our International Programming Sales Worldwide and Strengthening Our Position in the Growing U.S.-Hispanic Market

We license our programs to television broadcasters and pay-TV providers in the United States, Latin America, Asia, Europe and Africa. Excluding the United States, in 2015, we licensed 80,444 hours of programming in 72 countries throughout the world. We intend to continue exploring ways of expanding our international programming sales.

According to the Annual Estimates of the Resident Population by Sex, Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2014 issued by the U.S. Census Bureau, the U.S.-Hispanic population is estimated to be 55.4 million, or approximately 17% of the U.S. population, as of July 1, 2014 and is currently one of the fastest growing segments in the U.S. population, with the growth among Hispanics responsible for over half of the U.S. population gains between 2000 and 2010. The U.S. Census Bureau projects that the Hispanic population will be approximately 20.3% of the U.S. population by the year 2025. Hispanics are expected to account for U.S.\$1.6 trillion of U.S. consumer spending, or 10.6% of the U.S. total disposable income, by 2018, outpacing the expected growth in total U.S. consumer expenditures.

We intend to leverage our unique and exclusive content, media assets and long-term associations with others to benefit from the growing demand for entertainment among the U.S.-Hispanic population.

We supply television programming for the U.S.-Hispanic market through Univision, the leading media company serving Hispanic America. In exchange for this programming, during 2013, 2014 and 2015, Univision paid us U.S.\$273.2 million, U.S.\$313.7 million and U.S.\$311.1 million respectively, in royalties. For a description of our arrangements with Univision, see Univision .

Developing New Businesses and Expanding through Acquisitions

We plan to continue leveraging our strengths and capabilities to develop new business opportunities and expand through acquisitions in Mexico, the United States and elsewhere. We are constantly seeking investment opportunities that complement our cable strategy. We may identify and evaluate opportunities for strategic acquisitions of complementary businesses, technologies or companies. We may also consider joint ventures, minority investments and other collaborative projects and investments. Any such acquisition or investment could be funded using cash on hand, our equity securities and/or the incurrence of debt, or a combination thereof, and could be substantial in size.

Some of our recent acquisitions and investments include:

- our acquisition in August 2014 of Cablecom, a cable company that offers video, telephony and data services in Mexico;
- our acquisition in January 2015 of Telecable, a cable company that provides video, data and telephony services in Mexico, primarily in the states of Guanajuato, Jalisco, Aguascalientes, Queretaro, Tamaulipas, and Colima, among others; and

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- our acquisition of the remaining 50% of equity interest of TVI in March 2016, a cable company that provides cable television, internet access, telephony services and bidirectional data transmission in the metropolitan area of Monterrey and other areas of northern Mexico.

For a further discussion of some of our recent investments, see [Investments](#) .

We also plan to continue growing our gaming business, which consists of casinos and a national lottery. As of December 31, 2015, we had 17 casinos in operation, under the brand name [PlayCity](#) . In accordance with our permit, we plan to continue opening casinos. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 13,560 points of sale through electronic terminals. The casinos and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 55 casinos and number draws throughout Mexico.

Expanding Our Business in the Mexican Telecommunications Markets by Taking Advantage of the Telecom Reform and Implementing Legislation

Pursuant to the Telecom Reform (see [Regulation Telecom Reform and Broadcasting Regulations](#)), a preponderant economic agent (*agente economico preponderante*) in the telecommunications market means an economic agent that has, directly or indirectly, more than 50% of the national market share in telecommunications services, calculated based on the number of users, subscribers, network traffic or used capacity according to the data available to IFT. We are aware from the public records that, on March 7, 2014, IFT notified América Móvil, S.A.B. de C.V., or América Móvil, of a resolution which determined that América Móvil and its operating subsidiaries Radiomóvil Dipsa, S.A de C.V., or Telcel, and Teléfonos de México, S.A.B. de C.V., or Telmex, as well as Grupo Carso, S.A.B. de C.V. and Grupo Financiero Inbursa, S.A.B. de C.V., are a preponderant economic agent in the telecommunications market, and imposed on them certain specific asymmetrical regulations which América Móvil reported publicly in the following areas:

- **Interconnection:** Regulation on interconnection, including the imposition of (a) asymmetric rates to be determined by IFT and (b) the implementation of an interconnection framework agreement (*convenio marco de interconexión*);
- **Sharing of Infrastructure:** Regulation on the access and use of passive infrastructure, including towers, sites, ducts and rights of way, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by IFT using a methodology of long term average incremental costs;

- Local Loop Unbundling: Regulation on local loop unbundling, including the imposition of rates to be determined by IFT using a methodology of long term average incremental costs;
- Wholesale of Leased Lines: Regulation on wholesale of leased lines for interconnection, local and domestic and international long distance, at rates to be negotiated among the operators and, where agreement cannot be reached, to be determined by IFT using a methodology of retail minus, except for leased lines for interconnection services where the methodology to be used for determining the applicable rates will be of long term average incremental costs;
- Roaming: Regulation on the provision of wholesale roaming services, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by IFT using a methodology of long term average incremental costs;
- Elimination of National Roaming Charges: IFT has imposed the elimination of national roaming charges to the preponderant economic agent's subscribers;
- Mobile Virtual Operators: Regulation on wholesale access to mobile virtual operators to services provided by the preponderant economic agent to its subscribers, at rates to be negotiated among the operators and, where agreement cannot be reached, to be determined by IFT using a methodology of retail minus;
- Certain Obligations on the Provision of Services: Certain rates for the provision of telecommunications services to the subscribers of the preponderant economic agent shall be subject to rate control and/or

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authorization by IFT, by using a series of methodologies related to maximum prices and replicability. Also, a series of obligations relating to the sale of services and products, including the obligation to offer individually all services that are offered under a bundle scheme; limited exclusivity on handsets and tablets; and the obligation of eliminating the sim-lock on handsets;

- **Content:** IFT has issued the Relevant Content Ruling applicable for Preponderant Economic Agents, which contains a prohibition to acquire transmission rights for any territory within Mexico on an exclusive basis, relating to relevant content (*contenidos audiovisuales relevantes*), including without limitation national soccer play-offs (*liguilla*), FIFA world cup soccer finals and, any other event where high-audiences are expected at a national or regional level. The IFT may update the relevant content list every two years; and
- **Information and Quality of Service Obligations:** Several obligations related to information and quality of service, including the publication of a series of reference terms (*ofertas públicas de referencia*) of the wholesale and interconnection services subject of the asymmetric regulation imposed by IFT and accounting separation.

According to public records, América Móvil and its subsidiaries filed on April 1, 2014 an *amparo* proceeding against IFT's resolution. The resolution is still pending.

The measures imposed on the preponderant economic agent, if properly implemented, will represent an opportunity for us to increase our coverage and product diversity, while reducing our costs and capital expenditures requirements as a result of the access to the network of the preponderant economic agent and the regulation of the terms and conditions, on competitive terms, of such access. Moreover, asymmetric regulations may create a beneficial economic and regulatory environment in the telephony and broadband markets and may further enhance our ability to compete in the telecommunications industry.

All of these measures, if properly implemented, could create a beneficial economic and regulatory environment, level the playing field for all participants in the telecommunications market and foster competition, representing an opportunity for the growth of our Sky and cable businesses.

We notified IFT of the Cablecom and Telecable Acquisitions according to transitory Article 9 of the LFTR. The LFTR establishes that IFT shall initiate an investigation to determine the possible existence of substantial market power in any of the relevant markets of the telecommunications and broadcasting sectors. If substantial market power is determined, IFT may impose the necessary measures. For each of the Cablecom and Telecable Acquisitions, the IFT conducted an investigation pursuant to transitory Article 9 of the LFTR in order to analyze and determine if, as result of each transactions, the Company acquired substantial market power in the restricted television and audio services market. On November 2, 2015, and February 29, 2016, respectively, the IFT ruled that there were no sufficient elements to determine the existence of market power in the municipalities of Mexico in which Cablecom and Telecable operate. The resolution concerning the Cablecom Acquisition has been challenged by certain third parties. These challenges are still under review by the competent courts.

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Additionally, the Telecom Reform (1) permits 100% foreign ownership in satellite and telecommunications services and increases to up to 49% the level of permitted foreign ownership in television and radio services, subject to reciprocity of the originating foreign investment country, and (2) provides that the Mexican government will build a national network to facilitate effective access for the Mexican population to broadband and other telecommunications services. These amendments may provide opportunities for us to enter into joint ventures with foreign investors with proven international experience in these markets and also to work with the Mexican government in the development of this new network.

The Telecom Reform also calls for the *Plan Nacional de Desarrollo*, or National Development Plan, to include a program for installing broadband connections in public facilities, which would identify the number of sites to be connected per year to promote access to broadband. We believe our potential participation in this program could result in business opportunities while improving the quality of the telecommunications services to be provided by the Mexican government.

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Commitment to Sustainability

We have made, and will continue to make, sustainable development part of our offerings and commercial strategy, in order to continue meeting the expectations of, and creating added value for, our stockholders. As part of our commitment to sustainability, we have named a sustainability officer in addition to establishing a committee which comprises some of our high-level executive officers as well as independent consultants and which will reinforce our efforts related to sustainability. As a result of our commitment, as of February 1, 2013, we were named one of the six members of the *IPC Sustentable*, or Sustainability Index, of the *Bolsa Mexicana de Valores*, or Mexican Stock Exchange; and on January 29, 2016 we were confirmed as a sustainable issuer for the period effective as of February 2, 2016 through January 29, 2017. The Sustainability Index currently includes 30 issuers, which have been selected based on their commitment to corporate governance, social responsibility and environmental management.

As of March 2016, we have committed to join the United Nations Global Compact, the world's largest corporate sustainability initiative, and have committed to make its Ten Principles part of our strategy, culture and daily actions.

Commitment to Social Responsibility

We are deeply committed to strengthening communities throughout Mexico and investing in their development. During the last 15 years, through Fundación Televisa, or Fundación, we have created and supported programs that provide educational opportunities, promote cultural identity and encourage communal engagement. Fundación offers a wide range of tools and opportunities that shape the lives of millions of Mexicans. We have taken advantage of the Company's wide range of media platforms to promote social awareness campaigns, and digital platforms to foster civic participation. Fundación has developed various digital educational platforms that, through innovation and creativity, allow users to substantially improve their abilities and capabilities. These no-cost, self-teaching tools are broadly available to many Mexicans that would otherwise lack basic tools and access to opportunities. Many of these efforts have improved the lives of thousands of people.

Establishing strong, strategic partnerships is a priority for Fundación. These partnerships have improved Fundación's effectiveness and have broadened its reach. We continuously seek out and collaborate with experts in the academic, business, and financial fields, as well as with other organizations to benefit a greater number of people. During these 15 years we have developed partnerships with more than 400 non-governmental organizations, public and private institutions.

We believe that the best way to enhance quality of life, increase economic opportunities, and improve the well-being of families across Mexico is through education. Therefore, we offer a range of programs tailored for every development stage, including early stimulation programs for newborns to 3 year-olds, access to high-quality elementary and basic education for 4 to 15 year-olds, programs to increase middle and high school completion rates for 16 to 22 year-olds, and programs that develop employability skills for adults above the age of 23. These programs, which focus on enhancing the quality of education in Mexico, include scholarships, school infrastructure, media labs, reading workshops, knowledge competitions, infrastructure for schools, and the promotion of entrepreneurship and universal values. Our entrepreneurship program *Posible*, has become the biggest non-governmental effort in Latin America, enrolling more than 42,000 individuals in 2015.

Fundación also focuses on expanding the reach of Mexican culture. We promote our cultural values inside and outside of Mexico, sponsoring and promoting various exhibitions, collaborations, and investigative digital and editorial projects that benefit from access to our photography and audiovisual collection.

In the United States, through Televisa Foundation, we support the American Hispanic community. Our efforts are particularly focused on improving the lives of Hispanic children and young adults through programs focused on education and culture, including:

- A program to communicate the importance of early stimulation for healthy cognitive development to Hispanic families. To that end, we provide practical information and disseminate our message through Univision and various other social media platforms, reaching millions of people.
- State of the art learning materials and teacher training programs to strengthen bilingual education for young students. Our platform *Aprende con el Chavo* has reached more than half a million users in the United States, and our online courses have provided support to more than 1,500 teachers around the United States.
- A program directed to boosting the development of scientific and technological abilities in Hispanic children, with an emphasis on young women. Last year, more than 7,000 students enrolled in our program in six different cities throughout the United States.

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Additionally, Televisa Foundation's cultural program aims to strengthen the sense of identity among Hispanic families and promotes Mexican visual arts in the United States. In 2015, we sponsored an exhibition of Gabriel Figueroa's work at the Museo del Barrio in New York City as well as a film cycle at the Museum of Modern Art in New York City.

Our Operations

As of December 31, 2015, we classify our operations into four business segments: Content, Sky, Cable, and Other Businesses.

Content

Television Industry in Mexico

General. There are 14 television stations operating in Mexico City and approximately 510 other television stations elsewhere in Mexico. Most of the stations outside of Mexico City rebroadcast programming originating from the Mexico City stations. We own and operate four of the 14 television stations in Mexico City, Channels 2, 4, 5 and 9. Some of these stations are affiliated with 221 repeater stations and 31 local stations outside of Mexico City. See Television Networks . We also own a station that has a digital subchannel that broadcasts in the English language on the California border. Our major competitor, TV Azteca, owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 177 stations outside of Mexico City. Likewise, TV Azteca owns the concession for Channel 40, or Proyecto 40, a ultra-high radioelectric frequency, or UHF, channel that broadcasts throughout the Mexico City metropolitan area. The Mexican government currently operates six stations in Mexico City, Channel 11, which has 11 repeater stations, Channel 21 in Mexico City (transmitting only DTV), Channel 22, TVUNAM, Channel 45 (Congress), and Channel 30, an anchor station of *Sistema Público de Radiodifusión del Estado Mexicano*, which, we believe, has 24 repeater stations outside Mexico City, 22 stations (Governments of the States), and six other university stations. There are three local television stations affiliated with Channel 28, outside of Mexico City. There are also 14 independent stations outside of Mexico City which are unaffiliated with any other stations. See Television Networks .

We estimate that approximately 28.6 million Mexican households have television sets, representing approximately 91% of all households in Mexico as of December 31, 2015. We believe that approximately 95.4% of all households in Mexico City and the surrounding area have television sets.

Programming

Programming We Produce. We produce a significant part of the Spanish-language television programming in the world. In 2013, 2014 and 2015, we produced approximately 93,300 hours, 94,600 hours and 89,200 hours, respectively, of programming for broadcast on our network stations; including programming produced by our local stations, which represented 61.2%, 60.6% and 57.9% of our total hours produced in the same years, respectively. Programming and videos for broadcast on our pay-TV channels, through our cable operations and DTH satellite ventures, represented 25.0%, 26.0% and 28.6% of our total hours produced in 2013, 2014 and 2015, respectively.

We produce a variety of programs, including telenovelas, newscasts, situation comedies, game shows, reality shows, children's programs, comedy and variety programs, musical and cultural events, movies and educational

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programming. Our telenovelas are broadcast either dubbed or subtitled in a variety of languages throughout the world.

Our programming also includes broadcasts of special events and sports events in Mexico promoted by us and others. Among the sports events that we broadcast are soccer games and professional wrestling matches. See Other Businesses Sports and Show Business Promotions . In 2013, we broadcast FIFA World Cup Under 20 Turkey 2013, FIFA World Cup Under 17 UAE, Copa FIFA Confederaciones Brasil 2013, and Qualification Matches for FIFA World Cup Brazil 2014. In 2014, we broadcast FIFA World Cup Brazil 2014, FIFA Women s World Cup Under 17 Costa Rica 2014, and FIFA Women s World Cup Under 20 Canada 2014. In 2015, we broadcast Copa America Chile 2015, FIFA World Cup Under 20 New Zealand 2015, FIFA Women s World Cup Canada 2015, CONCACAF Gold Cup 2015 and FIFA World Cup Under 17 Chile 2015. We have secured the rights to broadcast at least the 2018 FIFA World Cup Russia and the 2022 FIFA World Cup Qatar for Mexico and other territories in Latin America.

Our programming is produced primarily at our 30 studios in Mexico City. We also operate 18 fully equipped remote control units. Some of our local television stations also produce their own programming. These local stations operate 47 studios and 34 fully equipped remote control units. See Programming Local Affiliates .

Foreign-Produced Programming. We license and broadcast television programs produced by third parties outside Mexico. Most of this foreign programming is from the United States and includes television series, movies and sports events, including coverage of Major League Baseball games and National Football League games. Foreign-produced programming represented approximately 34%, 35.5% and 35.8% of the programming broadcast on our four television networks in 2013, 2014 and 2015, respectively. A substantial majority of the foreign-produced programming aired on our networks was dubbed into Spanish and was aired on Channel 5, with the remainder aired on Channel 9.

Talent Promotion. We operate Centro de Educación Artística, a school in Mexico City, to develop and train actors and technicians. We provide instruction free of charge, and a substantial number of the actors appearing on our programs have attended the school. We also promote writers and directors through a writers school as well as various contests and scholarships.

Television Networks. We operate three television networks that can be viewed throughout parts of Mexico depending on the schedules and programming on our affiliated television stations through Channels 2, 5 and 9 in Mexico City. The following table indicates the total number of operating television stations in Mexico affiliated with each of our three networks, as well as the total number of local affiliates, as of December 31, 2015.

| | Wholly Owned Mexico City Anchor Stations | Wholly Owned Affiliates | Majority Owned Affiliates | Minority Owned Affiliates | Independent Affiliates | Total Stations |
|-----------|--|-------------------------|---------------------------|---------------------------|------------------------|----------------|
| Channel 2 | 1 | 123 | 2 | | 1 | 127 |

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| | | | | | |
|-----------------------------|---|-----|---|----|-----|
| Channel 5 | 1 | 63 | | 3 | 67 |
| Channel 9 | 1 | 16 | | 14 | 31 |
| Subtotal | 3 | 202 | 2 | 18 | 225 |
| Border Stations | | | | | |
| Local (Stations) Affiliates | | 17 | | 1 | 31 |
| Total | 3 | 219 | 2 | 1 | 256 |

Channel 2 Network. Channel 2, which is known as *El Canal de las Estrellas*, or The Channel of the Stars, together with its affiliated stations, is the leading television network in Mexico and the leading Spanish-language television network in the world, as measured by the size of the audience capable of receiving its signal. Channel 2's programming is broadcast 24 hours a day, seven days a week, on 127 television stations located throughout parts of Mexico. The affiliate stations generally retransmit the programming and advertising transmitted to them by Channel 2 without interruption. Such stations are referred to as repeater stations. We estimate that the Channel 2 Network reaches approximately 28.1 million households, representing 98.2% of the households with television sets in

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Mexico. The Channel 2 Network accounted for a majority of our national television advertising sales in each of 2013, 2014 and 2015.

The Channel 2 Network targets the average Spanish-speaking family as its audience. Its programs include soap operas (telenovelas), news, entertainment, comedy and variety programs, movies, game shows, reality shows and sports. The telenovelas make up the bulk of the prime time lineup and consist of romantic dramas that unfold over the course of 100 to 140 half-hour episodes. Substantially all of Channel 2's programming is aired on a first-run basis and much of it is produced by us.

Channel 5 Network. In addition to its anchor station, Channel 5 is affiliated with 66 repeater stations located throughout parts of Mexico. We estimate that the Channel 5 Network reaches approximately 26.2 million households, representing approximately 91.5% of households with television sets in Mexico. We believe that Channel 5 offers the best option to reach the 18-34 year old demographic, and we have extended its reach into this key group by offering new content.

We believe that Channel 5 has positioned itself as the first social television channel in Mexico, with exclusive content for each platform, with a combination of reality shows, sitcoms, dramas, movies, cartoons and other children's programming. The majority of Channel 5's programs are produced outside of Mexico, primarily in the United States. Most of these programs are produced in English.

Channel 9 Network. In addition to its anchor station, Channel 9 is affiliated with 30 repeater stations, approximately 35% of which are located in central Mexico. We estimate that Channel 9 reaches approximately 21.2 million households, representing approximately 74% of households with television sets in Mexico.

The Channel 9 Network targets viewers 30 years and older. Its programs include movies, sports, sitcoms, game shows, telenovelas produced by third parties, news, an entertainment newscast and re-runs of popular programs from Channel 2.

Channel 4. Channel 4 broadcasts in the Mexico City metropolitan area and, according to our estimates, reaches over 6.0 million households, representing approximately 21.2% of television households in Mexico in 2015. As described above, as part of our plan to attract medium-sized and local Mexico City advertisers, we focused the reach of this network throughout Mexico and revised the format of Channel 4 to create ForoTV in an effort to target viewers in the Mexico City metropolitan area. We currently sell local advertising time on ForoTV to medium-sized and local advertisers at rates comparable to those charged for advertising on local, non-television media, such as radio, newspapers and billboards. However, by purchasing local advertising time on ForoTV, medium-sized and local advertisers are able to reach a wider audience than they would reach through local, non-television media.

ForoTV targets young adults between 30 and 40 years old, and adults more than 55 years old. Its programs consist primarily of journalist content, news, and round table programs in which the participants analyze the national and international news.

Local Affiliates. There are currently 31 local television stations affiliated with our networks, of which 17 stations are wholly owned, one station is minority owned and 13 stations are independent affiliated stations. These stations receive part of their programming from Channels 4 and 9. See Channel 4 . The remaining programs aired consist primarily of programs licensed from our program library and locally produced programs. The locally produced programs include news, game shows, musicals and other cultural programs and programs offering professional advice. In 2013, 2014 and 2015, the local television stations owned by us produced 57,100 hours, 57,300 hours and 51,600 hours, respectively, of programming. Each of the local affiliates maintains its own sales department and sells advertising time during broadcasts of programs that it produces and/or licenses. Generally, we pay the affiliate stations that we do not wholly own a fixed percentage of advertising sales for network affiliation.

Border Stations. We currently own XETV, or the Border Station, a Tijuana based television station which operates under a concession from the SCT from Mexico on the Mexico/U.S. border and broadcasts English-language programs pursuant to a permit granted by The Ministry of the Interior, which is renewed annually. The Border Station is affiliated with the Tijuana/San Diego market, under an affiliation agreement with The CW Network LLC, or CW Network. CW Network was formed as a joint venture between Warner Bros. Entertainment and CBS Corporation. The Border Station broadcasts under renewable permits issued by the FCC to the station and to CW

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Network, which authorize electronic cross-border programming transmissions. The Border Station is operated through a station operating agreement with Bay City Television, a U.S. corporation indirectly owned by us. The Border Station's FCC cross-border permit was renewed on July 9, 2013 for a five-year term expiring on July 9, 2018. CW Network's cross-border FCC permit became effective on February 14, 2014 for a five-year term expiring on February 14, 2019.

Network Subscription. We produce or license a suite of Spanish and English-language television channels for pay-TV systems in Mexico, Latin America, the Caribbean, Asia, Europe, the United States, Canada and Africa. These channels include programming such as general entertainment, telenovelas, movies and music-related shows, interviews and videos. Some of the programming included in these channels is produced by us while other programming is acquired or commissioned from third parties. As of December 2015, we had over 44 million subscribers worldwide.

In 2013, 2014 and 2015, we produced approximately 23,200 hours, 24,500 hours and 25,500 hours, respectively, of programming and videos, for broadcast on our pay-TV channels. The names and brands of our standard definition channels include: *Telehit*, *Ritmoson* (formerly *Ritmoson Latino*), *Bandamax*, *De Película*, *De Película Clásico*, *Unicable*, *Golden*, *Golden Edge*, *Golden Latinoamérica*, *TLNovelas*, *Tiin*, *Canal de las Estrellas Latinoamérica*, *Canal de las Estrellas Europa*, *Canal 2 Delay-2hrs*, *Canal de las Estrellas Delay-1hr*, *Distrito Comedia* (formerly *Clásico TV*), *TDN*, *TD Centro* and *UTDN* (formerly *TDN2.0*). The brands of our high definition channels include: *Golden HD*, *Telehit HD*, *TDN HD*, *De Película HD*, *Unicable HD*, *GoldenPremier HD* and *UFC Network HD*.

Licensing and Syndication. We license our programs and our rights to programs produced by other television broadcasters and pay-TV providers in the United States, Canada, Latin America, Asia, Europe and Africa. We collect licensing fees based on the size of the market for which the license is granted or on a percentage of the advertising sales generated from the programming. In addition to the programming licensed to Univision, we licensed 79,650 hours, 87,143 hours and 80,444 hours of programming in 2013, 2014 and 2015, respectively. See Univision and Operating and Financial Review and Prospects Results of Operations Total Segment Results Content . As of December 31, 2015, we had 259,622 half-hours of television programming in our library available for licensing.

Expansion of Programming Reach. Our programs can be seen in the United States, Canada, Latin America, Asia, Europe and Africa. We intend to continue to expand our sales of Spanish-language programming internationally through pay-TV services.

SVOD Licensing. Under a license agreement with Netflix, effective as of July 12, 2011, we have made available to certain video-on-demand subscribers of Netflix, on a non-exclusive basis, around 3,000 hours annually of telenovelas, series, and other general entertainment programming from our library for the territories of Mexico, Latin America and the Caribbean. The license agreement will terminate in July 2016. However, based on the terms of the license agreement, certain programming will be available to subscribers until June 2017.

Televisa Interactive Media. TIM is the Company's online and wireless content division. This venture includes Esmas and Televisa.com, our Spanish-language horizontal websites and online and supported video streaming; and Esmas Móvil, our mobile value added service unit. TIM leverages the Company's and third parties' premium and extensive Spanish-language content, including news, sports, business, music and entertainment, editorials, life and style, technology, health, kids and an opinion survey channel. Through mobile devices, TIM became the second screen experience for the Company's television content.

With a wide range of content channels, online and mobile services, and more than 174.5 million page views per month and more than 24.9 million monthly unique users in 2015, we believe that TIM has positioned itself as one of the leading digital entertainment and information online content providers in Mexico and Hispanic territories. Currently, 75.9% of TIM's page views come from Mexico and the rest comes from the U.S. and Latin America.

In 2015, Esmas Móvil sent more than 2.3 million premium messages to approximately 500,000 mobile subscribers. Most of the content demanded by users consists of news and sports text alerts, interactive TV promotions, wallpapers games and music. We believe that due to the Mexican public's affinity for the high quality and wide range of our programming content, TIM has become one of the leading premium content mobile service providers in Mexico and in Latin America.

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We have a strong presence in every social media platform by managing over 633 accounts reaching over 484 million social media user accounts.

TIM has created a mobile application division, Televisa Mobile, which is responsible for the developing of more than eight mobile content applications in nine operating systems with more than 22 million downloads and nine mobile gaming applications in four operating systems with more than 2 million downloads.

In October 2008, we entered into license agreements to distribute Telemundo's original content through digital and wireless platforms in Mexico. As part of the agreements, Telemundo provides us with original content, including its highly popular telenovelas currently broadcast on our Channel 9, on all of our digital platforms including Esmas.com. The agreements complement and are part of the strategic alliance to distribute Telemundo's original content in Mexico across multiple platforms, including broadcast television, pay-TV and emerging digital platforms.

Beginning with the first quarter of 2012, the results of our Internet business, which was previously reported as part of the Other Business segment, are included in our new Content segment, which also includes the results of our former Television Broadcasting, Pay Television Networks and Programming Exports segments.

OTT Platform. In January 2014, we launched an over-the-top (OTT) platform under the brand VEO which in February 2016 was relaunched as blim . blim is operated by Televisa, S.A. de C.V. and is accessible through any electronic device with an Internet connection and provides three different services in Mexico: (i) Subscription Video-On-Demand (SVOD) with an extensive catalogue of domestic and foreign entertainment (original productions, movies, series, documentaries, programs, *telenovelas* and children's content); (ii) Transactional Video-On-Demand (TVOD) with an extraordinary catalogue of the best movie premieres; and (iii) TV Everywhere that provides live television content of a few of the Company's PayTV channels.

Advertising Sales Plan. Our sales force is organized into separate teams, each of which focuses on groups of clients in order, also to provide multi-platform offers. We sell commercial time in two ways: upfront and scatter basis. Advertisers that elect the upfront option lock in prices for most of our commercial inventory for the upcoming year, regardless of future price changes. Advertisers that choose the upfront option make annual prepayments, with cash or short-term notes, and are charged lower rates for their commercial time, given the highest priority in schedule placement, and given a first option in advertising during special programs. Scatter advertisers, or advertisers who choose not to make upfront payments but rather advertise from time to time, risk both higher prices and lack of access to choice commercial time slots. All advertisers are billed for actual minutes used; the amount billed depends on the calendar quarter, channel, and hour in which the spot is transmitted. We bill our advertising customers based on fixed pricing rather than on a cost-per-rating-point basis. For a description of our advertising sales plan, see Operating and Financial Review and Prospects Results of Operations Total Segment Results Content Advertising Rates and Sales .

We currently sell a significant portion of our available television advertising time. We use the remaining portion of our television advertising time primarily to satisfy our legal obligation to the Mexican government to provide up to 18 minutes per day of our broadcast time between 6:00

a.m. and midnight for public service announcements and 30 minutes per day for public programming (referred to in this annual report as Official Television Broadcast Time), and our remaining available television advertising time to promote, among other things, our products⁽¹⁾. We sold approximately 52%, 47% and 53% of total available national advertising time on our networks during prime time broadcasts in 2013, 2014 and 2015, respectively, and approximately 43%, 39% and 45% of total available national advertising time during all time periods in 2013, 2014 and 2015, respectively⁽²⁾. See Operating and Financial Review and Prospects Results of Operations Total Segment Results Content

(1) Channel 4, which broadcasts Mexico City's metropolitan area and reaches over 6.0 million households, representing approximately 21.2% of television households in Mexico in 2015, is included in the aggregate number of hours of advertising time sold reported herein.

(2) The change in format of Channel 4 resulted in a significant reduction in the hours of advertising time sold since 2011. See Channel 4.

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Sky

Background. We operate Sky, our DTH satellite venture in Mexico, Central America and the Dominican Republic, through Innova. We indirectly own 58.7% of this venture. The remaining 41.3% of Innova is owned by DIRECTV. For a description of capital contributions and loans we have made to Innova, see Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity.

Innova's Social Part Holders Agreement provides that neither we nor News Corp. nor DIRECTV may directly or indirectly operate or acquire an interest in any business that operates a DTH satellite system in Mexico, Central America and the Dominican Republic (subject to limited exceptions).

As of December 31, 2013, 2014 and 2015, Innova's DTH satellite pay-TV service had 6,015,475, 6,638,032 and 7,284,162 gross active subscribers, respectively. Innova primarily attributes its successful growth to its superior programming content, its exclusive transmission of the largest coverage sporting events such as soccer tournaments and special events, its high quality customer service and its nationwide distribution network with approximately 1,318 points of sale. In addition to the above, Innova also experienced growth during 2013, 2014 and 2015 due to the success of VeTV, our low-end package in Mexico. Sky continues to offer the highest quality and exclusive content in the Mexican pay-TV industry. Its programming packages combine our over-the-air channels with other exclusive content.

During 2015, Sky offered exclusive content, which included certain Mexican Soccer League matches and most of the Spanish Soccer League, La Liga and La Copa del Rey, the FA Cup, the NFL Sunday Ticket, NBA Pass, MLB Extra Innings, the NHL, WTA, bullfighting, World Equestrian Games, marathons, Diamond League, Capital One Cup, the largest coverage of the Mexican Baseball League (LMB), ATP & TT tournaments, and the Basketball Euroleague. In addition to new programming contracts, Sky continues to operate under arrangements with a number of third party programming providers to provide additional channels to its subscribers. Sky also has arrangements with the major programming studios and sports federations.

In 2015, the Sky HD Package comprised 123 channels, as well as 23 additional channels for pay-per-view. We expect to continue broadening our HD offering in the coming years for which we may need additional transponder capacity.

As of December 31, 2015, programming package monthly fees for residential subscribers, net of a prompt payment discount if the subscriber pays within 12 days of the billing date, are the following: Basic Ps.149, VeTV Ps.169, Fun Ps.279, Fox+ Ps.439, HBO/Max Ps.449 and Universe Ps.649. Monthly fees for each programming package do not reflect a monthly rental fee in the amount of Ps.164 for the decoder necessary to receive the service (or Ps.150 if the

subscriber pays within 12 days of the billing date) and a one-time activation fee which depends on the number of decoders and payment method. On February 1, 2016, we increased the price of our VeTV package from Ps.169 to Ps.185 driven by the increase of programming costs due to the impact of the devaluation of the Mexican Peso.

Sky devotes 15 pay-per-view channels to family entertainment and movies and eight channels are devoted to adult entertainment. In addition, Sky assigns seven extra channels exclusively for special events, known as Sky Events, which include concerts and sports. Sky provides some Sky Events at no additional cost while it sells others on a pay-per-view basis.

The installation fee is based on the number of set up boxes and the method of payment chosen by the subscriber. The monthly cost consists of a programming fee plus a rental fee for each additional box.

Programming. We are a major source of programming content for our DTH venture and have granted our DTH venture DTH satellite service broadcast rights to most of our existing and future program services (including pay-per-view services on DTH), subject to some pre-existing third party agreements and other exceptions and conditions. Through its relationships with us and DIRECTV, we expect that the DTH satellite service in Mexico will be able to continue to negotiate favorable terms for programming both with third parties in Mexico and with international suppliers from the United States, Europe and Latin America.

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Cable

The Cable Television Industry in Mexico. Cable television offers multiple channels of entertainment, news and informational programs to subscribers who pay a monthly fee. These fees are based on the package of channels the subscribers receive. According to IFT, there were approximately 1,470 pay-TV concessions in Mexico as of December 31, 2015, serving approximately 17 million subscribers.

Digital Cable Television Services. Our cable companies offer on-screen interactive programming guide, video on demand, high definition channels as well as other services throughout Mexico. Along with their digital pay-TV service, our cable companies offer high speed internet and a competitive digital telephone service. Through their network, they are able to distribute high quality video content, new services, interactivity with video on demand, 1080i high definition, impulse and order pay-per-view, a-la-carte programming, among other products and services, with added value features and premium solutions for consumers, and telephony and internet.

Revenues. Our cable companies generate revenues from their pay-TV, broadband and telephony services, from additional services such as video on demand, and from sales of advertising to local and national advertisers. Subscriber revenues come from monthly service and rental fees and, to a lesser extent, one-time installation fees.

The LFTR dictates that a telecommunication company can freely set its fees (including the ones regarding pay-TV services) that it will charge for the provision of its services to its subscribers. However, this does not apply to the incumbent agent or any other economic agent declared with substantial market power.

Cable Initiatives. Our cable companies plan to continue offering the following services to their subscribers:

- Enhanced programming services, including video on demand, subscription video on demand, high definition;
- Broadband internet services; and
- IP telephony services.

Cablevisión. We own a 51% controlling stake in Cablevisión, one of the most important cable television operators in Mexico, which operates in Mexico City and its metropolitan area, where it offers cable television, high speed internet and IP telephony services.

TVI. In March 2016 we acquired the remaining 50% of the equity interest of TVI and its subsidiaries and as a result, TVI is a wholly owned subsidiary of the Company. The transaction amounted to Ps.6,750 million, including the assumption by the Company of liabilities of Ps.5,492 million and provided for the acquisition of shares by the Company in the amount of Ps.1,258 million. TVI offers cable television, internet access, telephony services and bidirectional data transmission in the metropolitan area of Monterrey and other areas of northern Mexico.

Cablemás. We own Cablemás, which operates in approximately 60 cities in Mexico where it offers cable television, high speed internet and telephony services.

Cablecom. On July 31, 2013, we invested Ps.7,000 million in convertible debt instruments, which in August 2014 we converted into 95% of the equity interest in Ares, the owner of 51% of the equity interest in Cablecom, a cable company that offers video, telephony and data services in Mexico. As part of the 2013 transaction, we also invested U.S.\$195 million in a debt instrument issued by Ares. In August 2014 we acquired, pursuant to applicable regulations, the remaining 5% of the equity interest in Ares and the remaining 49% of the equity interest of Cablecom for an additional consideration of Ps.8,550 million, which consisted of the capitalization of the U.S. dollar debt instrument issued by Ares in the amount of Ps.2,642 million, and cash in the amount of Ps.5,908 million.

Telecable. On January 8, 2015, through a series of transactions, we acquired 100% of the equity interest of Telecable for an aggregate consideration of Ps.10,002 million. Telecable is a cable company that provides video, data and telephony services in Mexico, primarily in the states of Guanajuato, Jalisco, Aguascalientes, Queretaro, Tamaulipas, and Colima, among others.

Bestel. Currently, Cablevisión holds 69.2% and the Company indirectly holds 30.8% of the equity of Bestel, which provides voice, data, and managed services to domestic and international carriers and to the enterprise, corporate, and government segments in Mexico. Through Bestel (USA), Inc., Bestel provides cross-border services

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to U.S. carriers including internet protocol, or IP, transit, collocation, international private lines, virtual private networks, or VPNs, and voice services, as well as access to the Internet backbone via companies or carriers classified as TIER 1 which are networks that can reach every other network on the internet without purchasing internet protocol address transit or paying settlements and TIER 2 which are networks that peer with some networks, but purchase internet protocol address transit or pay settlements to reach at least some portion of the internet. Bestel operates 28,000 kilometers of a fiber-optic network of which it owns approximately 10,000 kilometers. This fiber-optic network covers several important cities and economic regions in Mexico and has direct crossing of its network into Dallas, Texas, Nogales, Arizona, and San Diego, California in the United States. This enables the company to provide high capacity connectivity between the United States and Mexico.

Other Businesses

Publishing. Notwithstanding the challenges facing the publishing industry, we believe we have maintained our position as the most important publisher and distributor of magazines in Mexico, and of Spanish-language magazines in the world, as measured by circulation.

With a total circulation of approximately 103 million copies in 2015, we publish 151 titles that are distributed in 17 countries, including the United States, Mexico, Colombia, Chile, Argentina, Peru and Panama, among others. See Other Businesses Publishing Distribution . Our main publications in Mexico include *TV y Novelas*, a weekly entertainment and telenovelas magazine; *Vanidades*, a popular bi-weekly magazine for women; and *Caras*, a monthly leading lifestyle and socialite magazine. Our other main publications in Latin America and the United States include *Vanidades*, *TV y Novelas* U.S.A. and *Caras* Colombia and Chile.

We publish the Spanish-language edition of several magazines, including *Cosmopolitan*, *Harper's Bazaar*, *Seventeen*, and *Esquire* through a joint venture with Hearst Communications, Inc.; *Marie Claire*, pursuant to a license agreement with Marie Claire Album; *Men's Health*, *Women's Health* and *Runner's World*, pursuant to a license agreement with Rodale, Inc.; *Sport Life* and *Automóvil Panamericano*, as well as other special editions of popular automotive magazines, through a joint venture with Motorpress Ibérica, S.A.; *Muy Interesante* and *Padres e Hijos* pursuant to a joint venture with GyJ España Ediciones, S.L., S. en C.; and *Disney Princesas*, *Disney Club Penguin*, *Disney Frozen*, *Disney Palace Pets* and *Disney Junior* among others, pursuant to a license agreement with Disney Consumer Products Latin America, Inc. and WDC (México), S. de R.L. de C.V. We also publish a Spanish-language edition of *National Geographic* and *National Geographic Traveler* in Latin America and in the United States through a licensing agreement with National Geographic Society. In addition, we publish several comics pursuant to license agreements with Marvel Characters, B.V. and DC Comics.

Publishing Distribution. We estimate that we distribute more than 50%, in terms of volume, of the magazines circulated in Mexico through our subsidiary, Distribuidora Intermex, S.A. de C.V., or Intermex. We believe that our distribution network, including independent distributors, reaches over 300 million Spanish-speaking people in approximately 17 countries, including Mexico, Colombia, Peru and Panama. We also estimate that such distribution network reaches

more than 20,000 points of sale in Mexico and approximately 50,000 points of sale outside of Mexico. We also own publishing operations in eleven countries. Our publications are also sold in the United States, the Caribbean and elsewhere through independent distributors. In Mexico, in 2013, 2014 and 2015, 68.0%, 67.2% and 67.4%, respectively, of the publications distributed by our company were published by our Publishing division. In addition, our distribution network sells a number of publications published by joint ventures and independent publishers, as well as sticker albums, novelties and other consumer products.

Sports and Show Business Promotions. We actively promote a wide variety of sports events and cultural, musical and other entertainment productions in Mexico. Most of these events and productions are broadcast on our television stations, cable television system, radio stations and DTH satellite services. See [Content Programming](#) , [Cable Digital Cable Television Services](#) , [Radio Stations](#) and [Our Operations Sky](#) .

Soccer. We own America, which currently plays in the Mexican First Division and is one of the most popular and successful soccer teams in Mexico. In the Mexican First Division, each team plays two tournaments of 17 games per regular annual season. The best teams of each regular season engage in post-season championship play.

We own the Azteca Stadium which hosted two World Cup Soccer Championships. Azteca Stadium is planned to be remodeled adding new presidential suites, hospitality zones, VIP seats and VIP boxes, and will have a final

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seating capacity of approximately 85,000 people. In addition, America and the Mexican National Soccer team generally play their home games at this stadium, and is expected to host one official regular season NFL game in 2016, 2017 and 2018.

Promotions. We promote a wide variety of concerts and other shows, including beauty pageants, song festivals and shows of popular Mexican and international artists.

Feature Film Production and Distribution. We produce and co-produce first-run Spanish- and English-language feature films, some of which are among Mexico's top films based on box office receipts. We distribute our films to movie theaters in Mexico, the United States and Latin America, and later release them for broadcast on video on demand, cable and network television; some of those films have been partially financed by us, and are among the highest grossing Mexican films in Mexico, such as, *Cásese Quien Pueda*, *Cantinflas*, *Un Gallo Con Muchos Huevos* and the Spanish language film that broke audience and box office records in Mexico and the United States, *Instructions Not Included*, which became the second highest film in Mexico in terms of number of viewers. We distribute feature films produced by non-Mexican producers in Mexico. In 2013, 2014, 2015 and up to February 2016, we distributed 27, 14, 19 and 3 feature films, respectively, including several U.S. box office hits. At December 31, 2015, we owned or had rights to 308 Spanish-language theatrical films, 150 theatrical films in other languages, 25 Spanish-language video titles and 27 video titles in other languages. Many of these films and titles have been shown on our television networks, cable system, DTH and subscription video on demand services.

Gaming Business. In 2006, we launched our gaming business which consists of casinos and a national lottery. As of December 31, 2015, we had 17 casinos in operation, under the brand name PlayCity. In accordance with our permit, we plan to continue opening casinos. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 13,560 points of sale through electronic terminals, including point-of-sale terminals at OXXO stores. The casinos and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 55 casinos and number draws throughout Mexico.

Radio Stations. Our radio business, Sistema Radiópolis, S.A. de C.V., or Radiópolis, is operated under a joint venture with Promotora de Informaciones S.A., or Grupo Prisa, a leading Spanish communications group. Under this joint venture, we hold a controlling 50% full voting stake in this subsidiary and we have the right to appoint the majority of the members of the joint venture's board of directors. Except in the case of matters that require unanimous board and/or stockholder approval, such as extraordinary corporate transactions, the removal of directors and the amendment of the joint venture's organizational documents, among others, we control the outcome of most matters that require board of directors and/or stockholder approval. We also have the right to appoint Radiópolis' Chief Financial Officer. The election of Radiópolis' Chief Executive Officer requires a unanimous vote from the joint venture's board of directors.

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Radiópolis owns and operates 17 radio stations in Mexico, including three AM and three FM radio stations in Mexico City, five AM and two FM radio stations in Guadalajara, one AM station in Monterrey, one FM radio station in Mexicali, one AM/FM combo station in San Luis Potosí and one FM radio station in Veracruz. Some

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Radiópolis stations transmit powerful signals which reach beyond the market areas they serve. For example, XEW-AM and XEWA-AM transmit signals that under certain conditions may reach the southern part of the United States. XEW-AM may also reach most of southern Mexico. Including owned and affiliated stations, Radiópolis has 98 stations. We estimate that Radiópolis radio stations reach 28 states in Mexico. Our programs aired through our radio stations network reach approximately 75% of Mexico's population. We plan to continue to explore ways to expand the reach of our radio programming and advertising through affiliations with third parties and through acquisitions. Rádiorama is currently restructuring the operation of its radio stations, which might impact the number of stations that will remain affiliated with Rádiorama in the future.

According to Investigadores Internacionales Asociados, S.C., or INRA, in 2013, 2014 and 2015, XEW-AM ranked, on average, twelfth, tenth and twelfth, respectively, among the 32 stations in the Mexico City metropolitan area AM market, XEQ-FM, ranked, on average, third, second and first respectively, among the 30 stations in the Mexico City metropolitan area FM market, and XEBA ranked, on average fourth, fourth and second respectively, among the 24 stations in the Guadalajara City metropolitan FM market. INRA conducts daily door-to-door and automobile interviews in the Mexico City metropolitan area to determine radio listeners' preferences. Outside Mexico City, INRA conducts periodic surveys.

Our radio stations use various program formats, which target specific audiences and advertisers, and cross-promote the talent, content and programming of many of our other businesses, including television, sports and news. We produce some of Mexico's top-rated radio formats, including W Radio (News-talk), TD W (Sports), Ke Buena (Mexican music) and 40 Principales (Pop music). W Radio, Ke Buena and 40 Principales formats are also broadcast through the internet.

The successful exclusive radio broadcasting in 2015 of the Champions League, Concacaf Soccer Games and Copa Libertadores placed Radiópolis among the highest rating sports-broadcasting radio stations in Mexico.

During the last five years, Radiópolis has organized 20 massive live musical events with leading artists in both musical formats, gathering an attendance of 129,665 people in aggregate for the last two events, which were performed at the Azteca Stadium in Mexico City. The events organized by Radiópolis have become among the most popular music-related events among the musical radio stations in Mexico.

We sell both national and local advertising on our radio stations. Our radio advertising sales force sells advertising time primarily on a scatter basis. See [Our Operations Content Programming Advertising Sales Plan](#). In addition, we use some of our available radio advertising time to satisfy our legal obligation to the Mexican government to provide up to 35 minutes per day of our broadcast time, between 6:00 a.m. and midnight for public service announcements, and 30 minutes per day for official programming (referred to in this annual report as [Official Radio Broadcast Time](#)).

Investments

OCEN. We own a 40% stake in OCEN, a subsidiary of CIE, which owns all of the assets related to CIE's live entertainment business unit in Mexico. OCEN's business includes the production and promotion of a wide variety of live entertainment events such as concerts, theatrical, family and cultural events, as well as the operation of entertainment venues, the sale of entrance tickets (under an agreement with Ticketmaster Corporation), food, beverages and merchandising, and the booking and management of Latin artists. OCEN also promotes NASCAR Mexico, the largest racing series in the country.

During 2013, 2014 and 2015, OCEN promoted 5,380, 3,654 and 2,727 events, respectively, and during 2015, it managed 12 entertainment venues in Mexico City, Guadalajara and Monterrey, providing an entertainment platform that established OCEN as one of the principal live entertainment companies in Mexico.

During 2015, 23.8 million entrance tickets were sold by OCEN's subsidiary Ticketmaster, compared to 21.6 million in 2014.

Imagina. We own equity participations equivalent to 19.9% of the capital stock of Imagina, one of the main providers of content and audiovisual services for the media and entertainment industry in Spain. Imagina was created in 2006 with the merger of Mediapro and Grupo Arbol. Imagina is a leading distributor of sports rights and is the current promoter of the Spanish Soccer League distribution rights worldwide. Through Globomedia,

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it is also a leading producer of series, dramas and comedies in Spain. Imagina is also a provider of satellite transmission services as well as on location production and post-production services for third parties.

As part of our participation in Imagina we improved potential synergies between us and Imagina and opportunities to create value. Additionally, we have certain rights of first refusal to acquire formats and audiovisual content, as well as transmission rights for sport events in certain territories. We appoint two directors to Imagina's board, which is currently composed of 10 members.

Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. In March 2010, Telefónica, Editora Factum, S.A. de C.V., a wholly-owned subsidiary of the Company which was merged into CVQ in May 2015, and Megacable agreed to jointly participate, through a consortium known as Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. (GTAC), in the public bid for a pair of dark fiber wires held by the CFE (*Comisión Federal de Electricidad*). In June 2010, the SCT granted GTAC a favorable award in the bidding process for a 20 year contract for the lease of up to 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession, granted in July 2010, to operate a public telecommunications network using DWDM technology. In June 2010, one of our subsidiaries entered into a long-term credit facility agreement to provide financing to GTAC in an amount up to Ps.688.2 million. Under the terms of this agreement, principal and interest are payable at dates agreed by the parties, between 2013 and 2021. In addition, a subsidiary of the Company entered into supplementary long-term loans to provide additional financing to GTAC for an aggregate principal amount of Ps. 246.0 million. By the end of 2015, GTAC had in operation 152 links and 148 nationwide nodes, and the services for customers grew to 1,533, of which 90% have a capacity of 10 Gbps. The overall capacity per link is approximately 8 Tbps (80 optical channels x 100 Gbps each). In addition, GTAC maintains four of its own routes (1,555 kilometers), three third-party dark fiber IRU (996 kilometers) and local loops (518 kilometers). This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households in Mexico.

Iusacell. In September 2014, our partner in GSF agreed to purchase our 50% equity participation in Iusacell at a cash price of U.S. \$717 million (Ps.9,461,532). As a result of this transaction, which was subject to customary closing conditions and required regulatory approvals, we discontinued recognizing our share of income or loss in GSF and recognized a non-cash loss of Ps.4,168,468 in consolidated other expense and an account receivable for the agreed sale amount. As of December 31, 2014, the related account receivable amounted to U.S.\$717 million (Ps.10,583,852). In December 2014, we obtained regulatory approvals for this transaction. In January 2015, we received proceeds in the aggregate amount of U.S.\$717 million (Ps. 10,632,393) in connection with our disposal of our investment in GSF, of which U.S.\$697 million was in cash and U.S.\$20 million was held in escrow for certain contingent litigation costs.

We have investments in several other businesses. See Notes 3 and 10 to our consolidated year-end financial statements.

Univision

We have a number of arrangements with Univision, the leading Spanish-language media company in the United States, which owns and operates the Univision Network, the most-watched Spanish-language television network in the United States, the UniMás Network, and the Galavisión satellite/cable television networks, and the Univision.com website and other Univision-branded online experiences. The UniMás Network was the result of the transformation of Univision's former Telefutera network, which is part of Univision's expansion and investment efforts that in 2012 included the launch of three new networks - Univision Deportes, Univision tlnovelas and FORO TV as well as a digital video network called UVideos.

On December 20, 2010, Univision, we, UHI and other parties affiliated with the investor groups that own UHI, entered into various agreements and completed certain transactions previously announced in October 2010. As a result, in December 2010, we (1) made a cash investment of U.S.\$1,255 million in UHI (formerly known as BMP), in exchange for an initial 5% equity stake in UHI, and U.S.\$1,125 million aggregate principal amount of 1.5% Convertible Debentures of UHI due 2025 which were convertible at our option into additional shares then equivalent to an approximately 30% equity stake of UHI, subject to applicable laws and regulations in the United States and

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other conditions, (2) acquired an option to purchase at fair value an additional 5% equity stake in UHI, subject to applicable laws and regulations in the United States, and other terms and conditions, and (3) sold to Univision our 50% equity interest in TuTv, our previous joint venture with Univision engaged in satellite and cable pay-TV programming distribution in the United States, for an aggregate cash amount of U.S.\$55 million. In connection with this investment, (1) we entered into an amended program license agreement, or PLA, with Univision, pursuant to which Univision has the exclusive right to broadcast certain Televisa content in the United States, (2) we entered into a new program license agreement with Univision, the Mexico License Agreement, or MLA, under which we have received the exclusive Spanish-language broadcast and digital rights to Univision's audiovisual programming (subject to certain exceptions) in Mexico during the term of the PLA, and (3) three designees of the Company joined Univision's then 20-member Board of Directors, which was later increased to four designees of the Company on Univision's expanded 22-member Board of Directors, on which there are currently 18 directors serving.

As part of our investment in Univision, we agreed, together with the Univision Sponsor group, to an incentive fee with Saban Capital Group that may result in the Company reducing its stake in Univision by approximately 3% (on a fully diluted basis) or paying an equivalent amount in cash.

Under the PLA, we granted Univision exclusive Spanish-language broadcast and digital rights to our audiovisual programming (subject to certain exceptions) in the United States and all territories and possessions of the United States, including Puerto Rico, which includes the right to use our online, network and pay-television programming on current and future Spanish-language television networks (with certain exceptions), including the Univision, UniMás and Galavisión cable television networks, owned or controlled by Univision and current and future Univision Spanish-language online and interactive platforms (such as Univision.com, UVideos and Video on Demand). Univision also has rights under the PLA to broadcast in the United States Mexican First Division soccer league games for which we own or control the United States rights, which began with select teams in 2011 and which expanded in 2015 to all teams to which we own or control United States rights. We have agreed to provide Univision with at least 8,531 hours of programming per year for the term of the PLA.

In connection with the December 20, 2010 transactions with Univision, we and Univision entered into the MLA, under which we have received the exclusive Spanish-language broadcast and digital rights to Univision's audiovisual programming (subject to certain exceptions) in Mexico during the term of the PLA.

We have an international program rights agreement, or IPRA, with Univision that previously required Univision to grant us and Venevisión International Corporation, or Venevisión, the right to broadcast outside the United States programs produced by Univision for broadcast on the Univision Network or the Galavisión Network under this agreement. On December 20, 2010, we and Univision entered into an amendment to the IPRA pursuant to which, subject to the MLA and certain existing agreements with Venevisión, our broadcast rights over certain Univision programs reverted back to Univision without affecting Venevisión's rights under the IPRA. We have been informed that certain of Venevisión's agreements with Univision have now been terminated and others have been amended. We also entered into an international sales agency agreement with Univision, pursuant to which Univision grants us the right to act as Univision's sales agent during the term of the MLA to sell or license worldwide outside the United States and Mexico Univision's Spanish-language programming, to the extent Univision makes such programming available in other territories and Univision owns or controls rights in these territories, and subject to limited exceptions. This sales agency agreement included limitations on Univision acting as sales agent with respect to certain programming in Venezuela and certain other territories, which we understand have now been terminated.

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In December 2011, we made an additional investment of U.S.\$49.1 million in cash in common stock of UHI by which we increased our interest in UHI from 5% to 7.1%. In August 2012, we made an additional investment of U.S.\$22.5 million in cash in common stock of UHI by which we increased our interest in UHI from 7.1% to 8.0%. On January 30, 2014, a group of institutional investors made a capital contribution to UHI. As a result of this transaction, our equity stake in UHI decreased from 8.0% to 7.8%. On July 15 2015, we exercised 267,532 warrants to increase our equity stake from 7.8% to 10% (as discussed further below).

On March 19, 2013, Univision and DirecTV LLC and DirecTV Puerto Rico, Ltd. (the DirecTV Entities) announced a comprehensive multi-year agreement that includes carriage of, among other programming services, the network feeds for Univision, UniMás, Galavisión, Univision Deportes Network, Univision tlnovelas and ForoTV (the Distribution Agreement) whereby the parties thereto included, as part of the agreement, the release by us of

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certain carriage rights that we held with the DirectTV Entities for the United States. As consideration for the release by us of certain carriage rights held by us, Univision agreed to pay us an amount equal to U.S.\$30.0 million and to provide us, at no cost, with 15% of all unsold advertising inventory for our promotion of our businesses in the Univision Deportes Network and in another advertising supported programming service that will be distributed by the DirectTV Entities pursuant to the Distribution Agreement and by other distribution platforms pursuant to the respective distribution agreements. As a result of the execution of the Distribution Agreement, we expect an increase in Univision's revenues, and therefore in the corresponding royalties pursuant to the PLA.

On July 1, 2015, the Company, UHI and Univision, together with Univision's major shareholders, entered into a Memorandum of Understanding (the "MOU") and Univision and a subsidiary of the Company entered into an amendment to the existing PLA (the "PLA Amendment").

Under the PLA Amendment, the terms of the existing strategic relationship between Univision and the Company were amended, including as follows:

(i) **Revised Royalty Computation** In exchange for Univision agreeing to make certain additional sources of revenue subject to the royalty, effective January 1, 2015 and through December 2017, the royalty rate on substantially all of Univision's Spanish-language media networks revenue was decreased to 11.84%, compared to 11.91% under the previous terms of the PLA. On January 1, 2018, the royalty rate will increase from 11.84% to 16.13%, compared to 16.22% under the prior terms. Additionally, the Company will continue to receive an incremental 2% in royalty payments on such media networks' revenues above an increased revenue base of \$1.66 billion, compared to the prior revenue base of \$1.65 billion. The royalty rate will increase again to 16.45% starting later in June 1, 2018 and for the remainder of the term, from 16.13%, compared to the prior rate of 16.54%. With this second rate increase, the Company will receive an incremental 2% in royalty payments above a reduced revenue base of \$1.63 billion. The royalty base generally includes all Univision revenues from the exploitation or operation of its Spanish-language audiovisual platforms, sublicensing arrangements, licenses of content to network affiliates or multichannel video programming distributors, and Univision-branded online platforms, whether those revenues are derived on an advertising, subscription, distribution, interactive media, or transactional basis.

(ii) **Term Extension** Subject to Univision completing a public offering of its common stock that results in net proceeds to Univision of a minimum agreed upon amount (which as of April 2016, has not been completed) and no change of control having occurred, the PLA Amendment extends the term of the PLA from its current expiration date of the earlier of 2025 and 90 months after the Company voluntarily sells two-thirds of its equity interests in UHI, to the earlier of 2030 and 90 months after the Company voluntarily sells two-thirds of its equity interests in UHI. Univision's exclusive U.S. broadcast and digital rights (with limited exceptions) to the Company's programming including premium Spanish-language telenovelas, sports, sitcoms, reality series, new programming and feature films, remains substantially unchanged.

As consideration for the PLA Amendment, the MOU and other agreements entered into at the same time, Univision made a one-time payment of \$4.5 million to the Company on July 6, 2015.

At the same time, the Company and Univision amended the MLA to conform to the PLA Amendment.

In addition, under the terms of the MOU, Univision, the Company and the major shareholders of Univision agreed to the following:

(i) **Equity Capitalization Amendment** The equity capitalization of Univision was adjusted to realign the economic and voting interest of the Company and Univision's other stockholders. As a result, the Company holds common stock that, upon an initial public offering of Univision, would have approximately 22% of the voting rights of Univision's common stock. The classes of Univision shares of common stock held by the Company provide the right to designate a minimum number of directors to Univision's board of directors.

(ii) **Conversion of Debentures** In July 2015, the Company exchanged \$1.125 billion principal amount of Univision's convertible debentures into warrants that are exercisable for certain classes of UHI's

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common stock. In connection with the conversion, Univision made a one-time payment to the Company of \$135.1 million on July 15, 2015 to induce the conversion. On December 31, 2015, the Company held warrants exercisable for shares of Univision. In July 2015, the Company exercised 267,532 warrants to increase its equity stake in UHI from 7.8% to 10%.

Technical Assistance Agreement

In connection with our investment in Univision, we and other parties affiliated with the investor group that own UHI, entered into an agreement under which the Company provided Univision with certain technical assistance related to the Univision's business. Effective as of March 31, 2015, UHI and the Company entered into an agreement to terminate the technical assistance agreement. Under this termination agreement, UHI agreed to pay a reduced termination fee and the increased quarterly service fees referenced below in full satisfaction of Univision's obligations to the Company under the technical assistance agreement. Pursuant to such termination agreement, Univision paid to the Company a termination fee of \$67.6 million on April 14, 2015 and continued to pay the increased quarterly service fee equal to 0.7365836% of EBITDA for the calendar quarter in question, until December 31, 2015.

FCC Matters

The Company and Univision have jointly filed a petition for a declaratory ruling with the FCC seeking (a) an increase in the authorized aggregate foreign ownership of Univision's issued and outstanding shares of common stock from 25% to 49%; and (b) to authorize the Company to hold up to 40% of Univision's issued and outstanding shares of common stock (in both cases on a voting and an equity basis). In addition, pursuant to the MOU Univision agreed that, after its original sponsors have transferred at least 75% of Univision's common stock, Univision will file an application for any required FCC approval of a transfer of control of Univision to the public stockholders of Univision or as otherwise may be required.

For additional information regarding our relationship with Univision, see Note 19 to our consolidated year-end financial statements.

Competition

We compete with various forms of media and entertainment companies in Mexico, both Mexican and non-Mexican. See **Key Information** **Risk Factors** **Risk Factors Related to Our Business** **We Face Competition in Each of Our Markets That We Expect Will Intensify** .

Content

Our television stations compete for advertising revenues and for the services of recognized talent and qualified personnel with other television stations (including the stations owned by TV Azteca) in their markets, as well as with other advertising media, such as **pay television**

networks, radio, newspapers, magazines, outdoor advertising, cable television and a multi-channel, multi-point distribution system, or MMDS, over-the-top (OTT) content providers, and DTH satellite services. Our content also competes with other forms of entertainment and leisure time activities. We generally compete with 199 channels throughout Mexico, including the channels of our major competitor, TV Azteca, which owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 177 stations outside of Mexico City. TV Azteca owns the concession for Channel 40, or Proyecto 40, a UHF channel that broadcasts in the Mexico City metropolitan area.

In addition to the foregoing channels, there are additional operating channels in Mexico with which we also compete, including Channel 11, which has 32 repeater stations, and Channel 22, which has 16 repeater stations in Mexico, which are operated by the Mexican government, as well as Cadena Tres that will operate as a concession holder to broadcast on a national digital network. Our television stations are the leading television stations in their respective markets. See Content Television Networks .

Our English and Spanish-language border stations compete with English and Spanish-language television stations in the United States, and our Spanish-language productions compete with other English and Spanish-language programs broadcast in the United States.

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We are a major supplier of Spanish-language programming in the United States and throughout the world. We face competition from other international producers of Spanish-language and English-language programming and other types of programming.

Sky

Innova currently competes with, or expects to compete with, among others, cable television operators, MMDS systems, national broadcast networks (including our three free-to-air networks and Channel 4), regional and local broadcast stations, OTT content providers and other DTH concessions such as Dish Mexico, which as of the third quarter of 2015 had approximately 2.9 million subscribers, according to IFT. Currently, Dish offers not only low-priced packages, but also high-end products such as High Definition Packages. Innova also faces competition from unauthorized C-band and Ku-band television signals provided by third parties without authorization of the Mexican government. Other competitors include radio, movie theaters, video rental stores, IPTV, internet, video games and other entertainment sources. We also face significant competition from new entrants in pay-TV services as well as from the new public television networks. The consolidation in the entertainment and broadcast industries could further intensify competitive pressures. As the pay-TV market in Mexico matures, and as the offering of bundled services that include pay-TV, broadband and telephony increases, Innova expects to face competition from an increasing number of sources. Emerging technologies that provide new services to pay-TV customers as well as new competitors in the DTH field or cable, telecommunication and internet players entering into video services would require us to make significant capital expenditures in new technologies and additional transponder capacity.

In October 2008, Dish Mexico, a subsidiary of a U.S. based DTH company operating with certain arrangements with Telmex, started operations in Mexico through a DTH concession. Dish Mexico currently operates nationwide.

Since 2010, there is a fiber to the home, or FTTH, pay-TV service called Total Play, which offers more than 260 channels, Video on Demand, HD and other applications. This service also includes bundle discounts for their interactive TV, internet and voice services. Axtel provides a product called Axtel TV, which offers up to 90 standard definition channels, 50 HD channels, 50 audio channels, and 50 hours of virtual recording in addition to internet and voice services.

Cable

Cablevisión, Cablemás, TVI, Cablecom and Telecable face competition from several media, cable and telecommunications companies throughout Mexico, including internet service providers, such as Telmex, Axtel and cable companies, DTH services such as Sky and Dish, pay-TV service providers such as Megacable, OTT content providers such as Netflix and Claro Video, mobile service providers such as Telcel, AT&T and Telefonica, and other telecommunications and telephone companies such as Telmex and Axtel in fixed services, among others.

Other Businesses

Publishing

Each of our magazine publications competes for readership and advertising revenues with other magazines of a general character and with other forms of print and non-print media. Competition for advertising is based on circulation levels, reader demographics and advertising rates.

Radio

The radio broadcast business is highly competitive in Mexico as well. Our radio stations compete with other radio stations in their respective markets, as well as with other advertising media, such as television, newspapers, magazines and outdoor advertising. Among our principal competitors in the radio broadcast business are Grupo Radio Centro, S.A.B. de C.V., which owns or operates approximately 200 radio stations throughout Mexico, 12 of which are located in Mexico City, Grupo Acir, S.A. de C.V., which owns or operates approximately 160 radio stations in Mexico, six of which are located in Mexico City, and NRM Comunicaciones, S.A. de C.V., which owns six radio stations in Mexico City.

Competition for audience share in the radio broadcasting industry in Mexico occurs primarily in individual geographic markets. Our radio stations are located in highly competitive areas. However, the strength of the signals

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broadcast by a number of our stations enables them to reach a larger percentage of the radio audience outside the market areas served by their competitors.

Feature Film Production and Distribution

Production and distribution of feature films is a highly competitive business in Mexico. The various producers compete for the services of recognized talent and for film rights to scripts and other literary property. We compete with other feature film producers, Mexican and non-Mexican, and distributors in the distribution of films in Mexico, the U.S. and in Latin America. See **Other Businesses Feature Film Production and Distribution** . Our films also compete with other forms of entertainment and leisure time activities.

Gaming Business

Our principal competitors in the gaming industry are, with respect to casinos, Codere, CIE and Grupo Caliente, and, with respect to Multijuegos, the governmental lotteries of Pronósticos and Lotería Nacional. We also face competition from several illegal casino and bingo parlors throughout Mexico.

Regulation

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are constantly subject to change, and are affected by the actions of various Mexican federal, state and local governmental authorities. See **Key Information Risk Factors Risk Factors Related to Mexico Imposition of Fines by Regulators and Other Authorities Could Adversely Affect Our Financial Condition and Results of Operations** , **Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue** and **The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments** . The material Mexican federal, state and local statutes, rules, regulations, policies and procedures to which our business, activities and investments are subject are summarized below. Station XETV, Tijuana, which broadcasts CW Network television programming in the San Diego television market, is also subject to certain regulatory requirements of the FCC, including the obligation to obtain permits for cross-border transmission of programming broadcast to the United States and to obtain licenses to operate microwave and/or satellite earth station transmitting equipment within the U.S. These summaries do not purport to be complete and should be read together with the full texts of the relevant statutes, rules, regulations, policies and procedures described therein.

Television

Mexican Television Regulations

Concessions. The LFTR regulates, on a convergent basis, the use and exploitation of the radio-electric spectrum, and the telecommunications networks, as well as the rendering of broadcasting, cable, satellite pay-TV and telecommunications services.

Concessions for the commercial use of spectrum are now only granted through public bid processes. Such concessions are granted for a fixed term, subject to renewal in accordance with LFTR. Renewal of concessions for the use of spectrum require, among others: (i) to request such renewal to IFT in the year prior to the last fifth period of the fixed term of the related concession; (ii) to be in compliance with the concession holder's obligations under the LFTR, other applicable regulations, and the concession title; (iii) a declaration by IFT that there is no public interest in recovering the spectrum granted under the related concession; and (iv) the acceptance by the concession holder of any new conditions for renewing the concession as set forth by IFT, including the payment of a related fee. To our knowledge, no spectrum granted for broadcasting services in Mexico has been recovered by the Mexican government in the past several years for public interest reasons; however, the Company is unable to predict the outcome of any action by IFT in this regard.

Pursuant to the Telecommunications and Broadcasting Federal Law, concessionaires will now only have one integrated multiservice concession to provide telecommunication and, possibly broadcasting services. Integrated multiservice concessions will be granted for a term of up to 30 years with the possibility to renew them, for the same term originally granted. Renewal of integrated multiservice concessions require, among others: (i) to request its

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renewal to IFT within the year prior to the last fifth period of the fixed term of the related concession; (ii) to be in compliance with the concession holder's obligations under the LFTR, other applicable regulations, and the concession title; and (iii) the acceptance by the concession holder of any new conditions for renewing the concession as set forth by IFT. IFT shall resolve any request for renewal of the telecommunications concessions within 180 business days of its request. Failure by IFT to respond within such period of time shall be interpreted as if the request for renewal has been granted.

On March 7, 2014, IFT published in the Official Gazette of the Federation an invitation to a public auction for the concession for the two new National Digital Networks. The invitation provided that the concessions for the National Digital Networks would be granted for a term of 20 years for the operation of stations with, among other characteristics, mandatory geographic coverage in 123 locations corresponding to 246 channels within the Mexican territory.

The Company was prevented from participating as a bidder in this public auction. See [Key Information Risk Factors Related to Mexico The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments and Risk Factors Related to Our Business The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#). In March 2015, IFT issued its ruling announcing Grupo Radio Centro and Cadena Tres as winning bidders for two free to air broadcasting licenses with separate national coverage. However, since Grupo Radio Centro has failed to pay the amount they bid for their free to air broadcasting license, the IFT's ruling announcing them as a winning bidder was declared null and void and they will not receive the license. As a result, the portion of the spectrum which was going to be assigned to Grupo Radio Centro is scheduled to be auctioned by August 2016, in accordance with IFT's Annual Work Program. Cadena Tres has completed the process and has received its license.

None of our over-the-air television concessions has ever been revoked or otherwise terminated and, except for an immaterial concession to transmit an UHF restricted television service which expired in November 2010, all of our concessions have been renewed. See [Information on the Company Business Overview Regulation Cable Television Concessions](#).

We believe that we have operated our television concessions substantially in compliance with their terms and applicable Mexican law. If a concession is revoked or terminated, the concessionaire could be required to forfeit to the Mexican government all of its assets or the Mexican government could have the right to purchase all the concessionaire's assets. In our case, the assets of our licensee subsidiaries generally consist of transmitting facilities and antennas. See [Key Information Risk Factors Risk Factors Related to Our Business The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#).

In July 2004, in connection with the adoption of a policy issued by the SCT for the transition to digital television, all of our television concessions were renewed until 2021. In compliance with the 2014 Constitutional amendment that provided the terms for the shutdown of the analogical transmissions, the transition to digital television has been completed. See [Key](#)

Information Risk Factors Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue and Risk Factors Related to Our Business The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions .

As a result of the Telecom Reform, certain provisions of the LFTR and Guidelines related to the distribution of more than one channel of programming on the same transmission channel, or multiplexing, were passed. Such provisions optimize the use of the spectrum; for example, where the 6MHz spectrum was used entirely to broadcast only one channel of programming analog standard, now based on new technologies, more than one channel of programming digital standard on the same transmission channel can be broadcast. The Company, as a Preponderant Economic Agent has a restrictive obligation related to multiplexing. The IFT shall not authorize the Preponderant Economic Agent to broadcast channels in excess of 50% of the total channels authorized to other broadcasters in the same geographic coverage. The benefits and options for the Company are still under evaluation.

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Supervision of Operations. To ensure that broadcasting is performed in accordance with the provisions established in the concession title, the LFTR and Guidelines, IFT is entitled to monitor compliance by exercising powers of supervision and verification: for example, the IFT can perform technical inspections of the television stations and the concessionaire must file annual reports with IFT.

On November 4, 2015, the Mexican Ministry of Interior published in the Official Gazette of the Federation an amendment to the regulations of broadcast television and pay-TV programming guidelines providing for different age classifications for programming (the Programming Guidelines Amendment) which became effective on December 17, 2015. The Programming Guidelines Amendment for broadcast television is as follows: (i) programs classified D exclusively for mature audience only may broadcast after midnight; (ii) programs classified C for adults may broadcast only after 9:00 p.m.; (iii) programs classified B15 for teenagers over 15 years old may be broadcast only after 7:00 p.m.; (iv) programs classified B for teenagers may be broadcast only after 4:00 p.m.; and (v) programs classified A and AA for all age groups may be broadcast at any time. The same age classifications apply for pay-TV programming, but there are no applicable broadcasting time limitations.

Content for Children and Teenagers. The LFTR includes new criteria for programming addressed for children and teenagers. Each concessionaire is also required to transmit each day, free of charge, up to 30 minutes of programming promoting cultural, educational, family counseling and other social matters, using programming provided by the Mexican government. Historically, the Mexican government has not used a significant portion of this time.

Restrictions on Advertising. Mexican law regulates the type and content of advertising broadcast on television. In order to prevent the transmission of misleading advertising, without affecting freedom of expression and dissemination, the broadcasting of advertisements presented as journalistic news or information is prohibited. Under current law, advertisements of alcoholic beverages (other than beer and wine) may be broadcast only after 9:00 p.m. and advertisements for tobacco products are prohibited. Advertising for alcoholic beverages must not be excessive and must be combined with general promotions of nutrition and general hygiene. Health Law Guidelines were published in the Official Gazette of the Federation on April 15, 2014 and became effective on July 7, 2014 for the advertisement of the following products: snacks, flavored drinks, candies, chocolates, or foods similar to chocolates and became effective for the remaining products on January 1, 2015. See Risk Factors Related to Our Business The Amendment to the Regulations of the General Health Law on Advertising Could Materially Affect Our Business, Results of Operations and Financial Condition . Moreover, the Mexican government must approve any advertisement of lotteries and other games.

TV advertisement will not take up more than 18% of broadcast time on any day in TV. However, this percentage can be increased by an additional 2% when at least 20% of the content programmed is national production. Another 5% of advertisement time can be added when at least 20% of the content programmed is independent national production. There are no restrictions on maximum rates. See Key Information Risk Factors Risk Factors Related to Mexico Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue , The Amendment to the Regulations of the General Health Law on Advertising Could Materially Affect Our Business, Results of Operations

and Financial Situation and The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments .

Additional Rights for Audiences. Among others, the LFTR imposes new obligations on concessionaires. Under the LFTR, concessionaires must have a code of ethics and appoint an Ombudsman, whom shall not have been employed by the respective concessionaire or concessionaires during a period of two years prior to his/her appointment. The Ombudsman can be appointed (i) individually by the relevant concessionaire, (ii) jointly by several concessionaires or (iii) by a body or chamber which represents concessionaires. The *Cámara Nacional de la Industria de Radio y Televisión* (CIRT) or Mexican Chamber of Television and Radio Broadcasters, has appointed a person who is authorized to act as an Ombudsman for all of its concessionaire members who decide to retain him. In addition, concessionaires must provide (i) programming that is subtitled and dubbed in Spanish; (ii) sign language for the hearing impaired in at least one of their most-watched nationwide news programs; (iii) electronic, online and telephone programming guides, and (iv) a closed caption system for channels that have over 50% national coverage between the hours of 6:00 a.m. and midnight. Except for the closed caption system, which does not have to be put in

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place until August 12, 2017, these obligations became effective within the 90 days following the date on which the LFTR was implemented and are in full force and effect.

Government Broadcast Time. Radio and television stations have to provide to the Mexican Government up to 18 minutes per day of the television broadcast time and 35 minutes per day of the radio broadcast time between 6:00 a.m. and midnight, in each case distributed in an equitable and proportionate manner. Any time not used by the Mexican government on any day is forfeited. Generally, the Mexican government uses all or substantially all of the broadcast time available to it under this tax.

Foreign Ownership. Non-Mexican ownership of shares of Mexican enterprises is restricted in some economic sectors, including broadcast television, and radio. As a result of the Telecom Reform, the participation of foreign investors can be up to 49% in free to air radio and television, subject to reciprocity requirements, and up to 100% in telecommunications services and satellite communications. Such amendments are reflected in the LFTR and Mexico's *Ley de Inversión Extranjera*, or Foreign Investment Law, and the *Reglamento de la Ley de Inversión Extranjera*, or the Foreign Investment Law Regulations. See [Satellite Communications](#) [Mexican Regulation of DTH Satellite Services](#) .

Radio

The regulations applicable to the operation of radio stations in Mexico are identical in all material respects to those applicable to television stations. The expiration dates of our radio concessions range from 2015 to 2020. Concessions for three radio stations in the states of San Luis Potosí and Jalisco expired in 2015. Renewal applications were timely filed, but are still pending as certain related matters of the applicable regulations are being reviewed by the corresponding authorities. See [Content](#) , [Other Businesses](#) [Radio Stations](#) and [Key Information](#) [Risk Factors](#) [Risk Factors Related to Our Business](#) [The Operation of Our Business May Be Adversely Affected if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions](#) .

Cable Television

Concessions. Cable television operators now apply for a public telecommunications network concession from IFT (previously SCT) in order to operate their networks and provide cable television services and other multimedia communications services. Applications are submitted to IFT (previously SCT) and, after a formal review process, a public telecommunications network concession is granted for an initial term of up to 30 years. Cablevisión obtained a telecommunications concession, which expires in 2029. Pursuant to its public telecommunications concession, Cablevisión can provide cable television, limited audio transmission services, specifically music programming, bidirectional internet access and unlimited data transmission services in Mexico City and surrounding areas in the

State of Mexico (*Estado de México*), and in October 2010, the SCT granted Cablevisión authorization to provide the aforementioned services in 13 additional municipalities of the State of Mexico. In addition, in May 2007, the SCT granted Cablevisión authorization to modify its concession allowing Cablevisión to provide local telephony services using the telephony public network. The scope of Cablevisión's public telecommunications concession is much broader than the scope of its former cable television concession, which covered only cable television services and audio programming.

Cablemás and its affiliates operate under 53 concessions, which cover 17 Mexican states. Through these concessions, Cablemás provides cable television services, internet access and bidirectional data transmission services. Cablemás provides local and long distance telephony services. Each concession granted by the SCT allows Cablemás to install and operate a public telecommunications network. The expiration dates for Cablemás' concessions range from 2016 to 2045.

TVI and its affiliates operate under ten concessions, which cover four Mexican states. Through these concessions, TVI provides cable television services, bidirectional data transmission and internet and telephony services. Each concession granted by the SCT allows TVI to install and operate a public telecommunications network. The expiration dates for TVI's concessions range from 2025 to 2045.

Cablecom and its affiliates operate under 55 concessions, which cover 17 Mexican states. Through these concessions, Cablecom provides cable television services, bidirectional data transmission and internet and telephony services. Each concession granted by the SCT allows Cablecom to install and operate a public telecommunications network. The expiration dates for Cablecom's concessions range from 2025 to 2038.

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Telecable operates under 35 concessions, which cover 11 Mexican states. Through these concessions, Telecable provides cable television services, bidirectional data transmission and internet and telephony services. Each concession granted by the SCT allows Telecable to install and operate a public telecommunications network. The expiration dates for Telecable's concessions range from 2016 to 2043.

According to the LFTR, a public telecommunications concession may be renewed upon its expiration, or revoked or terminated prior to its expiration for a variety of circumstances, including:

- unauthorized interruption or termination of service;
- interference by the concessionaire with services provided by other operators;
- non-compliance with the terms and conditions of the public telecommunications concession (which has expressly established that failure to comply will result in the revocation of the concession);
- the concessionaire's refusal to interconnect with other operators;
- loss of the concessionaire's Mexican nationality;
- unauthorized assignment, transfer or encumbrance, in whole or in part, of the concession or any rights or assets;
- the liquidation or bankruptcy of the concessionaire; and
- ownership or control of the capital stock of the concessionaire by a foreign government.

In addition, IFT (previously SCT) may establish under any public telecommunications concession further events which could result in revocation of the concession. Under current Mexican laws and regulations, upon the expiration or termination of a public telecommunications concession, the Mexican government has the right to purchase those assets of the concessionaire

that are directly related to the concession, at market value.

Cable television operators are subject to the LFTR and, since February 2000, have been subject to the *Reglamento del Servicio de Televisión y Audio Restringidos*, or the Restricted Television and Audio Services Regulations. Under current Mexican law, cable television operators are classified as public telecommunications networks, and must conduct their business in accordance with Mexican laws and regulations applicable to public telecommunications networks.

Under the applicable Mexican law, the Mexican government, through the SCT, may also temporarily seize or even expropriate all of a public telecommunications concessionaire's assets in the event of a natural disaster, war, significant public disturbance or threats to internal peace and for other reasons related to preserving public order or for economic reasons. The Mexican government is obligated by Mexican law to compensate the concessionaire, both for the value of the assets seized and related profits.

Supervision of Operations. IFT (previously SCT) regularly inspects the operations of cable systems and cable television operators must file annual reports with IFT (previously SCT).

Under Mexican law, programming broadcast on cable networks is not subject to judicial or administrative censorship. However, this programming is subject to various regulations, including prohibitions on foul language, programming which is against good manners and customs or programming which is against the national security or against public order.

Mexican law also requires cable television operators to broadcast programming that promotes Mexican culture, although cable television operators are not required to broadcast a specified amount of this type of programming.

In addition to broadcasting programming that promotes Mexican culture, cable television operators must also set aside a specified number of their channels, which number is based on the total number of channels they transmit, to transmit programming provided by the Mexican government.

Restrictions on Advertising. Mexican law restricts the type of advertising which may be broadcast on cable television. These restrictions are similar to those applicable to advertising broadcast on over-the-air Channels 2, 4, 5 and 9. See Regulation Television Mexican Television Regulations Restrictions on Advertising .

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Forfeiture of Assets. Under Mexican regulations, at the end of the term of a public telecommunications concession, assets of concessionaires may be purchased by the Mexican government at market value.

Non-Mexican Ownership of Public Telecommunications Networks

Under current Mexican law, non-Mexicans may currently own up to 49%, subject to reciprocity by the relevant foreign country, of the outstanding voting stock of Mexican companies with a broadcast television or radio concession. However, non-Mexicans may currently own up to all of the outstanding voting stock of Mexican companies with a public telecommunications concession to provide cellular telephone, fixed-line telephone, pay-TV and data services.

Application of Existing Regulatory Framework to Internet Access and IP Telephony Services

Cablevisión, TVI, Cablecom, Telecable and Cablemás may be required, under Mexican law, to permit other concessionaires to connect their network to its network in a manner that enables its customers to choose the network by which the services are carried.

To the extent that a cable television operator has any available capacity on its network, as a public telecommunications network, Mexican law requires the operator to offer third party providers access to its network. Our cable operators currently do not have any capacity available on their networks to offer to third party providers and do not expect that they will have capacity available in the future given the broad range of services they plan to provide over their networks.

Satellite Communications

Mexican Regulation of DTH Satellite Services. Under LFTR, concessions to broadcast DTH satellite services are for an initial term of up to 30 years, and are renewable for up to 30 years. We received a 30-year concession to operate DTH satellite services in Mexico utilizing SatMex satellites in May 1996. In November 2000, we received an additional 20-year concession to operate our DTH satellite service in Mexico using the IS-9 satellite system, a foreign-owned satellite system. Our use of the IS-16, IS-21 and SM-1 satellites has been authorized by the competent Mexican authorities.

Like a public telecommunications network concession, a DTH concession may be revoked or terminated by IFT (previously SCT) prior to the end of its term in certain circumstances, which for a DTH concession include:

- The failure to use the concession within 180 days after it was granted;
- A declaration of bankruptcy of the concessionaire;
- Failure to comply with the obligations or conditions specified in the concession;
- Unlawful assignments of, or encumbrances on, the concession; or
- Failure to pay to the government the required fees.

At the termination of a concession, the Mexican government has the preemptive right to acquire the assets of a DTH satellite service concessionaire. In the event of a natural disaster, war, significant public disturbance or for reasons of public need or interest, the Mexican government may temporarily seize and expropriate all assets related to a concession, but must compensate the concessionaire for such seizure. The Mexican government may collect fees based on DTH satellite service revenues of a satellite concessionaire.

Under the LFTR, DTH satellite service concessionaires may freely set customer fees but must notify IFT (previously SCT) of the amount, except that if a concessionaire has substantial market power, IFT (previously SCT) may determine fees that may be charged by such concessionaire. The LFTR specifically prohibits cross-subsidies.

There is currently no limitation on the level of non-Mexican ownership of voting equity of DTH satellite system concessionaires.

Regulation of DTH Satellite Services in Other Countries. Our current and proposed DTH ventures in other countries are and will be governed by laws, regulations and other restrictions of such countries, as well as treaties that such countries have entered into, regulating the delivery of communications signals to, or the uplink of signals

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from, such countries. In addition, the laws of some other countries establish restrictions on our ownership interest in some of these DTH ventures as well as restrictions on programming that may be broadcast by these DTH ventures.

Mexican Gaming Regulations

Pursuant to Mexico's *Ley Federal de Juegos y Sorteos*, or Federal Law of Games and Draws, or Gaming Law, and its accompanying regulations, the *Reglamento de la Ley Federal de Juegos y Sorteos*, or Gaming Regulations, the Mexican Ministry of the Interior has the authority to permit the operation of games and lotteries that involve betting. This administrative authorization is defined as a permit under the Gaming Regulations. Under the Gaming Regulations, each permit establishes the terms and conditions for the operation of the respective activities authorized under the permit and the specific periods for operation of those activities. Permits for games and lotteries that involve betting have a maximum term of 25 years. The holder of the relevant permit must comply with all the terms provided in the permit, the Gaming Law and the Gaming Regulations. We were granted a Gaming Permit on May 25, 2005, which expires on May 24, 2030.

Mexican Antitrust Law

The Federal Antitrust Law became effective on July 7, 2014. It should be noted that the IFT is entitled to review antitrust matters related to the telecommunications and broadcasting sectors, while the CFCE is in charge of all other antitrust matters. IFT or CFCE must authorize mergers and acquisitions before they take place. In addition, one of the thresholds was modified to only apply to sales or assets of economic agents in Mexico and not worldwide economic agents. The Federal Antitrust Law allows reporting parties to request a fast track review for a specific transaction when it is evident that the transaction does not restrain competition. It is considered evident that a transaction does not restrain competition when:

- (i) the acquirer does not have any participation in any market related to the relevant market; and
- (ii) the acquirer is not an actual or potential competitor of target; and
- (iii) any of the following circumstances are met:
 - (x) the acquirer is a new participant in the relevant market;
 - (y) the acquirer does not have control over target before or after the transaction; or

(z) the acquirer has control over target before the transaction.

IFT or CFCE, as applicable, must resolve within 5 business days from the date of filing if the transaction should be admitted to the fast track review process. Once admitted, it must resolve within 15 business days whether it is evident that the transaction does not restrain competition.

The Antitrust Law provides that the following reportable transactions, among others, are exempt from being reviewed by IFT or CFCE:

(i) Corporate restructurings.

(ii) Transactions where the acquirer has control over the target from its incorporation or from the date the last reported transaction was approved by IFT or CFCE.

(iii) Trusts in which the trustor contributes assets without intending to transfer, or causing the actual transfer of, assets to another company that is not part of the corporate structure of the trustor.

(iv) Transactions that have effect in Mexico involving non-Mexican participants, if the participants will not take control of Mexican legal entities, or acquire assets in Mexico, in addition to those previously controlled or owned by such participants.

(v) When the acquirer is a Brokerage House, whose operation involves the acquisition of stock, obligations, securities or assets, in order to place them among the investing public, except when the Brokerage House obtains a significant influence in the decisions of the company.

(vi) Acquisitions of equity securities (or convertible securities) through stock markets that represent less than 10% of such securities, and the acquirer is not entitled to (w) appoint board members; (x) control a shareholders meeting decision; (y) vote more than 10% of voting rights of the issuer; or (z) direct or influence the management, operation, strategy or principal policies of the issuer.

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(vii) When the acquisition of stock, assets, obligations or securities is made by one or more investment funds with speculative purposes that have no investments in companies or assets that participate or are occupied in the same relevant market of the acquired company.

According to transitory article 9 of the LFTR, as long as there is a Preponderant Economic Agent in the telecommunications and broadcasting sectors, in order to promote competition and develop viable competitors in the future, it is not required to obtain IFT approval of mergers and acquisitions carried out by concession holders when the following requirements are met:

(a) The transaction reduces the Dominance Index in the sector and the Hirschman-Herfindahl Index does not increase by more than 200 points.

(b) As a result of the transaction, the Preponderant Economic Agent has a sector share percentage of less than 20%.

(c) The Preponderant Economic Agent of the sector in which the transaction is taking place is not involved in the transaction.

(d) The transaction does not effectively diminish, harm or hinder the free competition and concurrency in the applicable sector.

Notwithstanding the above, concession holders involved in the transaction shall have to inform IFT of the transaction within ten days following the completion of the transaction and IFT will then have 90 calendar days to investigate the transaction and in case it determines the existence of substantial market power in the relevant market, it may impose the necessary measures to protect and encourage free competition and concurrency in such market.

With regards to our acquisitions of Cablecom and Telecable, the IFT ruled that there were no sufficient elements to determine the existence of market power in the municipalities of Mexico in which Cablecom and Telecable operate. The resolution concerning the Cablecom Acquisition has been challenged by certain third parties. These challenges are still under review by the competent courts. There is a risk that IFT could try to impose measures upon us which could significantly and adversely affect the activities and businesses of our broadcasting and/or telecommunications businesses, as well as our results of operations and financial condition.

Other relevant provisions provided in the Antitrust Law, are the following:

- a) Granting the *Autoridad Investigadora*, or Prosecutor Authority, authority to investigate the commission of monopolistic practices, forbidden mergers, barriers to competition, essential facilities or substantial market power.

- b) Enhancement of the legal power of the authorities for conducting its investigations (i.e. requesting written evidence, testimonies, perform verification visits, etc.).

- c) Significantly increased monetary fines for the commission of illegal conduct.

- d) IFT or CFCE, as applicable, may determine the existence of essential facilities when the following conditions are met: (i) one or several economic agents with substantial market power control a good; (ii) the reproduction of such good by other economic agents is unviable, now or in the future, due to technical, legal or economic reasons; (iii) the good is indispensable for the provision of other goods or services in other markets and does not have close substitutes.

- e) IFT or CFCE, as applicable, may determine the existence of barriers to competition and free markets, when an element is found that either (i) hinders the access of new entrants; (ii) limits competition; or (iii) hinders or distorts competition and the free market process.

- f) The resolutions issued by IFT or CFCE, as applicable, can only be challenged by an *amparo* claim, which will be ruled by the Antitrust, Telecommunications and Broadcasting Federal Courts, without any judicial stay that can suspend the execution of the resolution.

The above mentioned provisions may significantly and adversely affect our business, results of operations and financial condition.

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Mexican Electoral Amendment

In 2007, the Mexican Federal Congress published an amendment to the Mexican Constitution (referred to in this annual report as the 2007 Constitutional Amendment), pursuant to which, among other things, the *Instituto Federal Electoral*, or the Federal Electoral Institute, or IFE, has the exclusive right to manage and use the Official Television Broadcast Time and the Official Radio Broadcast Time (jointly referred to in this annual report as Official Broadcast Time). In February 2014, the Mexican Federal Congress approved a Constitutional amendment creating the *Instituto Nacional Electoral*, or the National Electoral Institute, or INE, which replaced the IFE. The INE has the same functions and capacity as the former IFE and regulates the services of radio and television in the same manner, except that the INE has a relevant participation in the electoral campaigns in federal, estate and local procedures by distributing the Official Broadcast Time among the political parties. For a description of the Official Broadcast Time, see Information on the Company Business Overview Our Operations Content Programming Advertising Sales Plan and Information on the Company Business Overview Other Businesses Radio Stations . The INE has the exclusive right to use the Official Broadcast Time for its own purposes and for the use of political parties in Mexico (as provided in the Mexican Constitution) for self promotion and, when applicable, to promote their electoral campaigns during election day, pre-campaign and campaign periods.

The INE and the political parties must comply with certain requirements included in the 2007 Constitutional Amendment for the use of Official Broadcast Time. During federal electoral periods, the INE will be granted, per the 2007 Constitutional Amendment, 48 minutes per day in each radio station and television channel, to be used during pre-campaign periods in two and up to three minutes per broadcast hour in each radio station and television channel, of which all the political parties will be jointly entitled, to use one minute per broadcast hour. During campaign periods, at least 85% of the 48 minutes per day, shall be allocated among the political parties, and the remaining 15% may be used by the INE for its own purposes. During non-electoral periods, the INE will be assigned with up to 12% of the Official Broadcast Time, half of which shall be allocated among the political parties. In the event that local elections are held simultaneously with federal elections, the broadcast time granted to the INE shall be used for the federal and the local elections. During any other local electoral periods, the allocation of broadcast time will be made pursuant to the criteria established by the 2007 Constitutional Amendment and as such criteria are reflected in applicable law.

In addition to the foregoing, pursuant to the 2007 Constitutional Amendment political parties are forbidden to purchase or acquire advertising time directly or through third parties, from radio or television stations; likewise, third parties shall not acquire advertising time from radio or television stations for the broadcasting of advertisements which may influence the electoral preferences of Mexican citizens, nor in favor or against political parties or candidates to offices elected by popular vote.

We believe we have been operating our business in compliance with the provisions of the 2007 Constitutional Amendment; however, we have filed legal actions contesting certain provisions of the 2007 Constitutional Amendment.

Telecom Reform and Broadcasting Regulations

On June 12, 2013, the Telecom Reform came into force. The Telecom Reform, the LFTR and secondary regulations issued by the President and IFT, as applicable, and certain actions recently taken by IFT, an organization with constitutional autonomy responsible for overseeing the radio and television broadcasting industries and telecommunications, including all aspects of economic competition, affect or could significantly and adversely affect our business, results of operations and financial position. See Key Information Risk Factors Related to Mexico The Reform and Addition of Various Provisions of the Mexican Constitution Related to Telecommunications, the LFTR, and Other Recent Actions of IFT May Significantly and Adversely Affect the Business, Results of Operations and Financial Results of Some of Our Business Segments .

The Telecom Reform created two regulatory bodies that are independent from the executive branch of government: CFCE (which assumed the functions of the former Mexican Antitrust Commission, except in the areas of telecommunications and broadcasting (television and radio), and IFT (which oversees the Mexican telecommunications and broadcasting (television and radio) industries, including all antitrust matters relating to those industries). In addition, specialized federal courts empowered to review all rulings, actions and omissions of

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these independent regulatory bodies were created. No stay or injunction will suspend any measure or action taken by these regulatory bodies. Therefore, subject to limited exceptions, until any decision, action or omission by these regulatory bodies is declared void by a competent court through a binding and final judgment, CFCE's or IFT's decision, action or omission will be valid and will have full force and legal effect.

IFT is empowered, among other things, to (i) oversee the Mexican telecommunications (including cable and satellite pay-TV) and broadcasting (television and radio) industries, including all antitrust matters related to these industries; (ii) set limits to national and regional frequencies that can be exploited by a concession holder, or to the cross-ownership of telecommunications, television or radio businesses that serve the same market or geographical zone that may include the divestment of certain assets to comply with such limits; (iii) issue asymmetric regulation; (iv) grant and revoke telecommunications, television and radio concessions; (v) approve any assignment or transfer of control of such concessions; (vi) revoke a concession for various reasons, including in the case of a breach by a concessionaire of a non-appealable decision confirming the existence of illegal antitrust conduct (*practica monopólica*); and (vii) determine the payment to be made to the government for the granting of concessions.

Concessions for the use of spectrum will only be granted through public bid processes. On March 7, 2014, IFT published in the Official Gazette of the Federation an invitation to a public auction for the concession for the two National Digital Networks which will be granted for a term of 20 years for the operation of stations with, among other characteristics, mandatory geographic coverage in 123 locations corresponding to 246 channels within the Mexican territory.

In March 2015, IFT issued its ruling announcing Grupo Radio Centro and Cadena Tres as winning bidders for two free to air broadcasting licenses with separate national coverage. However, since Grupo Radio Centro failed to pay the amount they bid for their free to air broadcasting license, the IFT's ruling announcing them as a winning bidder was declared null and void and they will not receive the license. As a result, the portion of the spectrum which was going to be assigned to Grupo Radio Centro is scheduled to be auctioned by August 2016, in accordance with IFT's Annual Work Program. Cadena Tres has completed the process and has received its license. See Key Information Risk Factors Risk Factors Related to Mexico The Reform and Addition of Various Provisions of