AMERICA MOVIL SAB DE CV/
Form 20-F
April 30, 2014
Table of Contents

As filed with the Securities and Exchange Commission on April 30, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

for the fiscal year ended December 31, 2013

Commission file number: 1-16269

AMÉRICA MÓVIL, S.A.B. DE C.V.

(exact name of registrant as specified in its charter)

America Mobile

(translation of registrant s name into English)

United Mexican States

(jurisdiction of incorporation)

Lago Zurich 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, México, D.F., México

(address of principal executive offices)

Daniela Lecuona Torras, Telephone: (5255) 2581-4449, E-mail: daniela.lecuona@americamovil.com

Facsimile: (5255) 2581-4422, Lago Zurich 245, Plaza Carso / Edificio Telcel, Piso 16, Colonia Ampliación Granada, Delegación Miguel Hidalgo,

11529, México, D.F., México

(name, telephone, e-mail and/or facsimile number and address of company contact person)

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

Title of each class:	Name of each exchange on which registered:
American Depositary Shares, each representing 20 A Shares, without par value	NASDAQ National Market
A Shares, without par value	NASDAQ National Market (for listing purposes only)
American Depositary Shares, each representing 20 L Shares, without par value	New York Stock Exchange
L Shares, without par value	New York Stock Exchange (for listing purposes only)
2.375% Senior Notes Due 2016	New York Stock Exchange
3.125% Senior Notes Due 2022	New York Stock Exchange
4.375% Senior Notes Due 2042	New York Stock Exchange
Floating Rate Senior Notes Due 2016	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 registrant s classes of capital or common stock as of December 31, 2013:

23,424 million	AA Shares
681 million	A Shares
46,370 million	L Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x 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 x 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. x 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). x 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 x Accelerated filer ¨ Non-accelerated filer ¨

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 x 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 x No

Table of Contents

TABLE OF CONTENTS

Item 1.	Identity of Directors, Senior Management and Advisers	1
Item 2.	Offer Statistics and Expected Timetable	1
Item 3.	Key Information	1
	Selected Financial Data	1
	Exchange Rates	3
	Forward-Looking Statements	4
	Risk Factors	5
Item 4.	Information on the Company	15
Item 4A.	Unresolved Staff Comments	62
Item 5.	Operating and Financial Review and Prospects	63
Item 6.	Directors, Senior Management and Employees	87
	Management	87
	Employees	95
Item 7.	Major Shareholders and Related Party Transactions	96
	Related Party Transactions	98
Item 8.	Financial Information	99
	Dividends	99
	Legal Proceedings	100
Item 9.	The Offer and Listing	101
	Trading Markets	101
Item 10.	Additional Information	103
	Bylaws	103
	Certain Contracts	109
	Exchange Controls	109
	Taxation	109
	Documents on Display	115
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	115
Item 12.	Description of Securities Other than Equity Securities	115
Item 13.	Defaults, Dividend Arrearages and Delinquencies	115
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	115
Item 15.	Controls and Procedures	116
Item 16A.	Audit Committee Financial Expert	118
Item 16B.	Code of Ethics	118
Item 16C.	Principal Accountant Fees and Services	118
Item 16D.	Exemptions from the Listing Standards for Audit Committees	118
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	119
Item 16F.	Changes in Registrant s Certifying Accountant	120
Item 16G.	Corporate Governance	120
Item 16H.	Mine Safety Disclosure	124
Item 17.	Financial Statements	124
Item 18.	Financial Statements	124
Item 19.	Exhibits	125

Table of Contents

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

We prepared our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

We present our financial statements in Mexican pesos. This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations that the peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos at the exchange rate of Ps.13.0765 to U.S.$1.00, which was the rate reported by Banco de México for December 31, 2013, as published in the Official Gazette of the Federation (*Diario Oficial de la Federación*, or Official Gazette).

In June 2011, we effected a two for one stock split. Unless otherwise noted, all share and per share data in this annual report have been adjusted to reflect the stock split for all periods presented. The selected financial information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements. We have not included earnings or dividends on a per American Depositary Share (ADS) basis. Each L Share ADS represents 20 L Shares and each A Share ADS represents 20 A Shares.

	For the year ended December 31,					
	2009	**2010**	**2011**	**2012**	**2013**	**2013**
	(millions of pesos, except share and per share amounts)					**(millions of U.S. dollars, except share and per share amounts)**
Income Statement Data:						
Operating revenues	Ps. 581,560	Ps. 629,889	Ps. 689,966	Ps. 775,070	Ps. 786,101	U.S.$ 60,115
Operating costs and expenses	433,910	478,959	532,360	613,920	631,843	48,320
Depreciation and amortization	79,904	91,071	93,997	103,585	101,535	7,765
Operating income	147,650	150,930	157,606	161,150	154,258	11,795

Net profit	Ps.	106,901	Ps.	98,905	Ps.	88,199	Ps.	91,649	Ps.	74,974	U.S.$	5,734
Net profit attributable to:												
Equity holders of the parent	Ps.	92,698	Ps.	91,123	Ps.	83,045	Ps.	90,988	Ps.	74,625	U.S.$	5,707
Non-controlling interests		14,203		7,782		5,154		661		349		27
Net profit	Ps.	106,901	Ps.	98,905	Ps.	88,199	Ps.	91,649	Ps.	74,974	U.S.$	5,734
Earnings per share:												
Basic	Ps.	1.19	Ps.	1.15	Ps.	1.06	Ps.	1.19	Ps.	1.02	U.S.$	0.08
Diluted	Ps.	1.19	Ps.	1.15	Ps.	1.06	Ps.	1.19	Ps.	1.02	U.S.$	0.08
Dividends declared per share(1)	Ps.	0.40	Ps.	0.16	Ps.	0.18	Ps.	0.20	Ps.	0.22	U.S.$	0.017
Dividends paid per share(2)	Ps.	0.40	Ps.	0.16	Ps.	0.18	Ps.	0.20	Ps.	0.22	U.S.$	0.017
Weighted average number of shares outstanding (millions):												
Basic		77,930		79,020		78,599		76,111		72,866		
Diluted		77,930		79,020		78,599		76,111		72,866		

Table of Contents

	As of December 31,					
	2009	2010	2011	2012	2013	2013
	(millions of pesos, except share and per share amounts)					(millions of U.S. dollars, except share and per share amounts)
Balance Sheet Data:						
Property, plant and equipment, net	Ps. 418,733	Ps. 411,820	Ps. 466,087	Ps. 500,434	Ps. 501,107	U.S.$ 38,321
Total assets	790,903	863,083	939,603	987,685	1,025,592	78,430
Short-term debt and current portion of long-term debt	44,967	9,039	26,643	13,622	25,841	1,976
Long-term debt	232,274	294,060	353,975	404,048	464,478	35,520
Total equity	276,816	293,411	236,461	254,848	210,301	16,082
Capital stock	30,116	96,433	96,420	96,415	96,392	7,371
Number of outstanding shares (millions):						
AA Shares	23,424	23,424	23,424	23,424	23,424	
A Shares	902	786	756	712	681	
L Shares	52,866	56,136	52,810	51,703	46,370	
Ratio of Earnings to Fixed Charges[(3)]	8.4	6.8	5.6	5.4	3.9	

(1) Figures provided represent the annual dividend declared at the general shareholders meeting. Figures for 2009 include a special dividend of Ps.0.25 per share.

(2) For more information on dividends paid per share translated into U.S. dollars, see Financial Information Dividends under Item 8. Amount in U.S. dollars translated at the exchange rate on each of the respective payment dates.

(3) Earnings, for this purpose, consist of profit before income tax, plus interest expense, interest implicit in operating leases and current period amortization of interest capitalized in prior periods, minus equity interest in net income of associates, during the period.

In 2013, we started to account for our employment benefits according to the revised IAS 19 Employee benefits (IAS 19R). In accordance with its transition provisions, we applied this standard retrospectively as of and for the years ended December 31, 2012 and 2011. We have also adjusted the selected consolidated financial information above for the years ended December 31, 2010 and 2009. For further details on the effects of retroactive application of IAS 19R, see Note 3 to our consolidated financial statements.

Table of Contents

EXCHANGE RATES

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 Board of Governors of the Federal Reserve System, expressed in pesos per U.S. dollar.

Period	High	Low	Average[(1)]	Period End
2009	15.4060	12.6318	13.5777	13.0576
2010	13.1940	12.1556	12.6352	12.3825
2011	14.2542	11.5050	12.4270	13.9510
2012	14.3650	12.6250	13.1404	12.9635
2013	13.4330	11.9760	12.8574	13.0980
October	13.2465	12.7665		12.9995
November	13.2430	12.8710		13.1110
December	13.2165	12.8505		13.0980
2014				
January	13.4560	12.9965		13.3585
February	13.5090	13.2035		13.2255
March	13.3315	13.0560		13.0560
April (through April 25)	13.1350	12.9500		13.1350

(1) Average of month-end rates.

On April 25, 2014, the noon buying rate published by the Board of Governors of the Federal Reserve System was Ps.13.1350 to U.S.$1.00.

3

Table of Contents

FORWARD-LOOKING STATEMENTS

Some of the information contained in this annual report may constitute forward-looking statements within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Although we have based these forward-looking statements on our expectations and projections about future events, it is possible that actual events may differ materially from our expectations. In many cases, we include together with the forward-looking statements themselves a discussion of factors that may cause actual events to differ from our forward-looking statements. Examples of forward-looking statements include the following:

- projections of our commercial, operating or financial performance, our financing, our capital structure or our other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to acquisitions, competition and rates;
- statements concerning regulation or regulatory developments;
- statements about the future economic performance of Mexico or other countries in which we operate;
- competitive developments in the telecommunications sector;
- other factors and trends affecting the telecommunications industry generally and our financial condition in particular; and
- statements of assumptions underlying the foregoing statements.

We use words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, for should and other similar expressions to identify forward-looking statements, but they are not the only way we identify such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under Risk Factors , include economic and political conditions and government policies in Mexico, Brazil, Colombia, Europe and elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

You should evaluate any statements made by us in light of these important factors.

Table of Contents

RISK FACTORS

Risks Relating to Our Operations

Competition in the telecommunications industry is intense and could adversely affect the revenues and profitability of our operations

Our businesses face substantial competition. We expect that competition will intensify in the future as a result of the entry of new competitors, the development of new technologies, products and services and convergence. We also expect consolidation in the telecommunications industry, as companies respond to the need for cost reduction and additional spectrum. This trend may result in larger competitors with greater financial, technical, promotional and other resources to compete with our businesses.

Among other things, our competitors could:

- provide increased handset subsidies;
- offer higher commissions to retailers;
- provide free airtime or other services (such as internet access);
- offer services at lower costs through double, triple and quadruple play packages or other pricing strategies;
- expand their networks faster; or
- develop and deploy improved technologies faster.

Competition can lead us to increase advertising and promotional spending and to reduce prices for services and handsets. These developments may lead to smaller operating margins, greater choices for customers, possible consumer confusion and increasing movement of customers among competitors, which may make it difficult for us to retain or add new customers. The cost of adding new customers may also continue to increase, reducing profitability even if customer growth continues.

Our ability to compete successfully will depend on our land coverage, the quality of our network and service, our rates, customer service, effective marketing, our success in selling double, triple and quadruple play packages and our ability to anticipate and respond to various competitive factors affecting the telecommunications industry, including new services and technologies, changes in consumer preferences, demographic trends, economic conditions and discount pricing strategies by competitors. If we are unable to respond to competition and compensate for declining prices by adding new customers, increasing usage and offering new services, our revenues and profitability could decline.

New Legal Framework for the Regulation of Telecommunications Services in Mexico

Mexico is currently developing a new legal framework for the regulation of telecommunications and broadcasting services, based on a package of constitutional amendments enacted in June 2013. The new Federal Telecommunications Institute *(Instituto Federal de Telecomunicaciones*, or the IFT) issued a resolution in March 2014, determining that our operating subsidiaries in Mexico are part of an economic interest group that is a preponderant economic agent in the Mexican telecommunications sector, and imposing certain asymmetric regulations on our Mexican fixed-line and wireless businesses. A bill that proposes implementing legislation for the June 2013 constitutional amendments is currently under consideration in the Mexican Congress and is likely to be adopted in the near future. The long-term effects of the IFT measures and the proposed legislation could be adverse to our interests in significant respects and could materially adversely affect our business and results of operations. We are contesting the IFT s preponderant economic agent determination and the imposition of asymmetric regulations, but the existing measures are in effect while our challenge is pending, and failure to comply with the new legal framework may result in material fines as well as restrictions on our operations and our ability to enter into new markets, such as broadcasting and Pay TV.

Table of Contents

Governmental or regulatory actions could adversely affect our operations

Our operations are subject to extensive government regulation and can be adversely affected by changes in law, regulation or regulatory policy. The licensing, construction, operation, sale, resale and interconnection arrangements of telecommunications systems in Latin America and elsewhere are regulated to varying degrees by government or regulatory authorities. Any of these authorities having jurisdiction over our businesses could adopt or change regulations or take other actions that could adversely affect our operations. In particular, the regulation of prices that operators may charge for their services could have a material adverse effect by reducing our profit margins.

See Regulation under Item 4, Legal Proceedings under Item 8 and Note 17 to our audited consolidated financial statements included in this annual report.

In addition, changes in political administrations could lead to the adoption of policies concerning competition and taxation of communications services. For example, Mexico is developing a new legal framework that aims to promote competition and investment in the telecommunications sector by imposing asymmetric regulation upon economic agents deemed preponderant. Furthermore, in the countries in which we operate outside of Mexico, we could face policies such as preferences for local over foreign ownership of communications licenses and assets or for government over private ownership, which could make it more cumbersome or impossible for us to continue to develop our businesses. Restrictions such as those described above could result in our incurring losses of revenues and require capital investments, all of which could materially adversely affect our businesses and results of operations.

Our failure to meet or maintain quality of service goals and standards could result in fines

The terms of the concessions under which our subsidiaries operate require them to meet certain service quality goals, including, for example, minimum call completion rates, maximum busy circuits rates, operator availability and responsiveness to repair requests. Failure to meet service quality obligations in the past has resulted in the imposition of fines by regulatory entities. Our ability to comply with these obligations in the future may be affected by factors beyond our control and, accordingly, we cannot assure that we will be able to comply with them.

Dominant carrier regulations could adversely affect our business by limiting our ability to pursue competitive and profitable strategies

Our regulators are authorized to impose specific requirements as to rates (including mobile termination rates), service quality and information on operators that are determined to have substantial market power in a specific market. We cannot predict what steps regulatory authorities might take in response to determinations regarding substantial market power in the countries in which we operate. However, adverse determinations against our subsidiaries could result in material fines, penalties or restrictions on our operations. We may also face additional regulatory restrictions and scrutiny as a result of our provision of combined services.

We believe that if dominant carrier regulations are imposed on our business in the future, they will likely reduce our flexibility to adopt competitive market policies and impose specific tariff requirements or other special regulations on us, such as additional requirements regarding disclosure of information or quality of service. For example, Mexico is currently developing a new legal framework for the regulation of the telecommunications sector that imposes asymmetric measures on preponderant economic agents. Any such new regulation could have a material adverse effect on our operations.

We will have to acquire additional radio spectrum capacity and upgrade our existing networks in order to expand our customer base and maintain the quality of our wireless services

Licensed radio spectrum is essential to our growth and the quality of our wireless services, not only for our global system for mobile communications (GSM), universal mobile telecommunications systems (UMTS) and long term evolution (LTE) networks, but also for the deployment of new generation networks to offer improved data and value-added services. We obtain most of our radio spectrum through auctions conducted by governments of the countries in which we operate. Participation in spectrum auctions in most of these countries requires prior government authorization, and we may be subject to caps on our ability to acquire additional spectrum. Our inability to acquire additional radio spectrum capacity could affect our ability to compete successfully because it could result in, among other things, a decrease in the quality of our network and service and in our ability to meet the demands of our customers.

In the event we are unable to acquire additional radio spectrum capacity, we can increase the density of our network by building more cell and switch sites, but such measures are costly and would be subject to local restrictions and approvals, and they would not meet our needs as effectively.

In addition, the continual maintenance and upgrading of our wireless networks is critical to expanding our coverage, increasing our capacity to absorb higher bandwidth usage and adapting to new technologies, as well as offering more specialized services to our customers.

Our concessions and licenses are for fixed terms, and conditions may be imposed on their renewal

Our concessions and licenses have specified terms, ranging typically from 5 to 20 years, and are generally subject to renewal upon payment of a fee, but renewal is not assured. For example, we currently face upcoming renewals in both Chile and Colombia. The loss of, or failure to renew, any one concession could have a material adverse effect on our business and results of operations. Our ability to renew concessions and the terms of renewal are subject to a number of factors beyond our control, including the prevalent regulatory and political environment at the time of renewal. Fees are typically established at the time of renewal. As a condition for renewal, we may be required to agree to new and stricter terms and service requirements. If our concessions are not renewed, we are required to transfer the assets covered by the concession to the government, generally at fair market value, although certain jurisdictions provide for other valuation methodologies.

In addition, the regulatory regimes and laws of the jurisdictions in which we operate permit the government to revoke our concessions under certain circumstances. In Mexico, for example, the Federal Law on Telecommunications gives the government the right to expropriate our concessions or to take over the management of our networks, facilities and personnel in cases of imminent danger to national security, internal peace or the national economy, natural disasters and public unrest.

We continue to look for acquisition opportunities, and any future acquisitions and related financing could have a material effect on our business, results of operations and financial condition

We continue to look for investment opportunities in telecommunications and related companies worldwide, including in markets where we are already present, and we often have several possible acquisitions under consideration. Any future acquisitions and related financing could have a material effect on our business, results of operations and financial condition, but we cannot provide assurance that we will complete any of them. In addition, we may incur significant costs and expenses as we integrate these companies in our systems, controls and networks.

We are subject to significant litigation

Some of our subsidiaries are subject to significant litigation that, if determined adversely to our interests, may have a material adverse effect on our business, results of operations, financial condition or prospects. Our significant litigation is described in Regulation under Item 4, Legal Proceedings under Item 8 and in Note 17 to our audited consolidated financial statements included in this annual report.

We are contesting significant tax assessments

We and some of our subsidiaries have been notified of tax assessments for significant amounts by the tax authorities of the countries in which we operate, especially in Mexico and Brazil. The tax assessments relate to, among other things, alleged improper deductions and underpayments. We are contesting these tax assessments in several administrative and legal proceedings, and our challenges are at various stages. If determined adversely to us, these proceedings may have a material adverse effect on our business, results of operations, financial condition or prospects. In addition, in some jurisdictions challenges to tax assessments require the posting of a bond or security for the contested amount, which may reduce our flexibility in operating our business. Our significant tax assessments are described in Note 17 to our audited consolidated financial statements included in this annual report.

A system failure could cause delays or interruptions of service, which could have an adverse effect on our operations

We need to continue to provide our subscribers with a reliable service over our network. Some of the risks to our network and infrastructure include the following:

- physical damage to access lines and fixed networks;
- power surges or outages;
- natural disasters;
- malicious actions, such as theft or misuse of customer data;
- limitations on the use of our radio bases;
- software defects;
- human error; and
- disruptions beyond our control.

In Brazil, for example, our satellite operations may be affected if we experience a delay in launching new satellites to replace those currently in use when they reach the end of their operational lives. Such delay may occur because of, among other reasons, construction delays, unavailability of launch vehicles and/or launch failures.

We have instituted measures to reduce these risks. However, there is no assurance that any measures we implement will be effective in preventing system failures under all circumstances. System failures may cause interruptions in services or reduced capacity for our customers, either of which may have an adverse effect on our operations due to, for example, increased expenses, potential legal liability, loss of existing and potential subscribers, reduced user traffic, decreased revenues and reputational harm.

Cyber attacks or other breaches of network or information technology security could have an adverse effect on our business

Cyber attacks or other breaches of network or information technology security may cause equipment failures or disruptions to our operations. Our inability to operate our fixed line or wireless networks as a result of such events, even for a limited period of time, may result in significant expenses or loss of ma