

Highlights:

- » In the residential segment, Internet and Telephony subscribers registered outstanding growth of 20% and 32%, year over year. As a result, RGUs per unique subscriber reached 1.96 million in 1Q17. As of March 31, 2017, the Company had 6,410,365 RGUs.
- » Revenues from the corporate sector rose considerably, at 11% year over year. Metrocarrier rose by 42%, Ho1a rose by 44%, excluding the CFE project and MCM rose by 19%. Revenues from this segment represented 18% of the Company's total revenues.
- » EBITDA margin for the Cable operations was 46.8%, reaching Ps. 1,754 million during 1Q17. Consolidated EBITDA margin was 43.6%, reaching Ps. 1,872 million.
- » The Company continues to generate free cash flow, thus improving its debt level from Ps. 2,490 million in 4Q16 to Ps. 741 million in 1Q17.

Guadalajara, Jalisco, Mexico, May 2, 2017 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV::MEGA.CPO) announced today its financial results for the first quarter of 2017 (1Q17). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise indicated.

Consolidated Financial Results:

	1Q17	1Q16	% Var
Income	4,289,948	4,059,264	5.7%
EBITDA	1,871,501	1,768,373	5.8%
EBITDA Margin	43.6%	43.6%	
Non-Controlling interest	1,057,202	1,021,027	3.5%
Cash and short-term investments	1,944,128	4,183,492	(53.5%)
Net Debt	740,860	(284,159)	(360.7%)
CAPEX	849,266	806,098	5.4%
Mkt. Cap (Ps. Millions)	62,301	61,601	1.1%

Subscribers

Video	2,907,994	2,967,443	(2.0%)
Internet	2,303,391	1,924,580	19.7%
Telephony	1,198,980	911,112	31.6%

Other Data

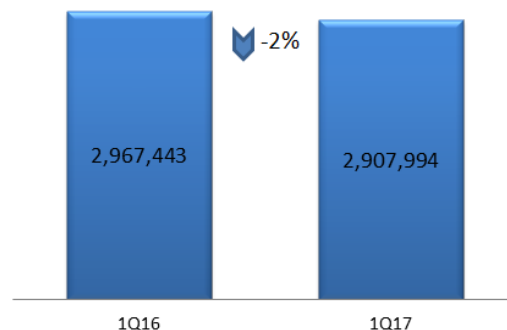
Home Passed	7,914,061	7,542,980	4.9%
Network Kilometers	54,706	51,939	5.3%
Employees	16,603	16,139	2.9%

For more information please visit:
<http://inversionistas.megacable.com.mx>
 Investor Relations Contact:
 Saúl Alonso Gil Peña, Investor Relations Officer
 Megacable Holdings S.A.B. de C.V.
 Tel. + (5233) 3750 0042 ext. 61091
investor.relations@megacable.com.mx

Video Subscribers

At the close of 1Q17, video subscribers reached 2,907,994, a decline of 2%, compared to 1Q16 and 4Q16.

In 1Q17, the decline in subscribers was due to a more restrictive sales policy, a 3.4% churn resulting from a lower number of unprofitable subscribers, as well as an economic slowdown in some of the country's regions. The effect of these policies contributed to the margin growth for the cable operations during the quarter.

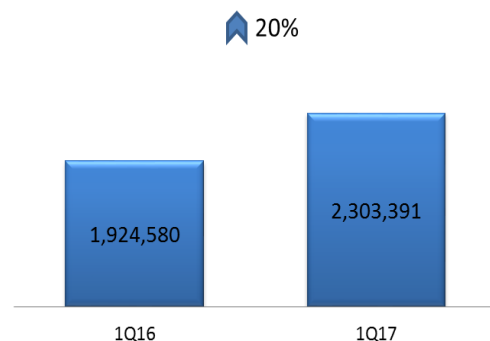


Internet Subscribers

The Internet segment has become Megacable's main driver for subscriber growth. The number of internet subscribers grew an outstanding 20%, year-over-year, adding approximately 379 thousand subscribers, reaching a total of 2,303,391. This resulted in 76 thousand net adds, or 3% more in 1Q17 versus 4Q16.

Megacable maintains sustainable growth, surpassing the overall market growth, reflecting the quality and growth potential of its service.

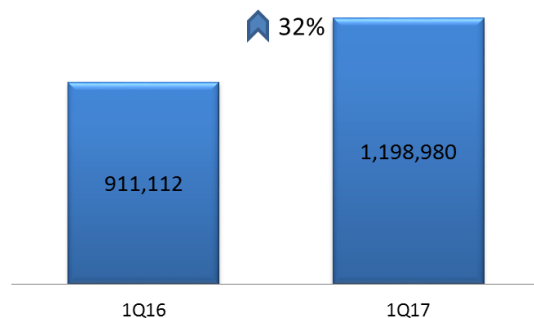
Our strategy of migrating subscribers to higher speeds than those available in the market, as well as the correct bundling of video and telephony services, represent the best option in the market.



Telephony Subscribers

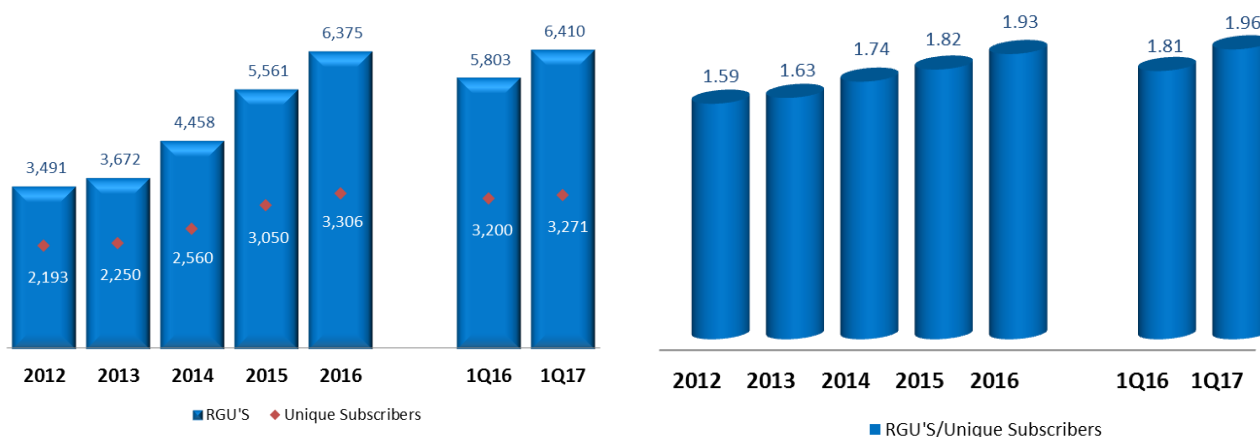
At the close of 1Q17, the Telephony segment reached 1,198,980 subscribers. This represented growth of 2% versus 4Q16 with approximately 23 thousand net additions and of 32% compared to 1Q16 with over 288 thousand net adds.

This result was mainly derived from a successful telephony bundling campaign that included other services, which increased the Company's market share in a no-growth market.



Unique Subscribers and Revenue Generating Units (RGU's)

In 1Q17, RGU's reached 6,410,365, a 10% increase compared to 1Q16. This was due to growth experienced throughout the Internet and Telephony business segments. As a result, RGU's per unique subscriber reached 1.96.



Churn Rate

The churn rate for the Video segment improved by 40 basis points reaching 3.4% compared to 4Q16. This was mainly due to a shrinking negative effect from the programming changes that took place in 4Q16 and was independent of a more restrictive policy towards retaining clients that are not highly profitable. The Internet segment remains in line with the churn rates registered in 4Q16 and 1Q16, while Telephony increased by 100 basis points, from 4.0% in 1Q16 to 5.0% in 1Q17, mainly due to seasonality and higher additions from previous quarters.

	1Q17	1Q16	4Q16
Video	3.4%	2.4%	3.8%
Internet	2.7%	2.8%	2.6%
Telephony	5.0%	5.9%	4.0%

Revenues

Revenues rose by 6% from 1Q16 to 1Q17, to reach a total of Ps. 4,290 million. The mass market grew by 5%; the corporate segment rose by 11%.

Mass Market Revenues

Video revenues decreased due to a decline in the number of subscribers and bundling of services resulting from high growth in internet and telephony RGUs. Internet and telephony revenues are in line with subscriber growth and were also affected by bundling and sales of services with lower ARPU.

	1Q17	1Q16	%Var
Video	1,864,391	1,932,700	-4%
Internet	1,218,474	1,073,788	13%
Telephony	419,384	340,629	23%
Corporate	760,360	682,206	11%
Other	27,338	29,942	-9%
Total	4,289,948	4,059,264	6%

Corporate Segment Revenues

Revenues from the corporate segment increased 11% compared to 1Q16, representing 18% of total revenues. As previously mentioned, the decline in revenues from Ho1a was due to the successful completion of the CFE project; excluding this effect, this line item grew by 40%. Metrocarrier and MCM continue to achieve consistent growth of 42% and 18%, respectively, year-over-year.

The Company expanded its Metrocarrier operations in Mexico City, Monterrey and Cancun, joining forces with Hola, which has had a presence in this locations for over 15 years. These business units continue expanding across strategic markets.

	1Q17	1Q16	%Var
Metrocarrier	216,444	152,741	42%
PCTV	73,658	61,491	20%
HO1A	274,301	301,999	-9%
MCM	195,957	165,975	18%
Total	760,360	682,206	11%

ARPU

ARPU per unique subscriber remains in line with 4Q16 and increased by 1% versus 1Q16 due to the growth in RGUs per unique subscriber. ARPU'S for the remaining segments were impacted by higher discounts derived from product bundling.

	1Q17	1Q16	% Var	4Q16	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	358.4	353.7	1%	358.2	0%
Video	212.4	218.2	-3%	214.1	-1%
Internet	178.4	188.2	-5%	180.4	-1%
Telephony	117.1	125.2	-6%	120.1	-2%

Notes:

(1) ARPU, or average revenue per unit for each segment, is the result of calculating total revenue per each segment for the period, divided by the average number of subscribers for the corresponding period.

Cost & Expenses

During 1Q17, cost of services in the mass market grew by only 3% year-over-year. This was below the revenue growth rate, and was mainly due to savings from Televisa signals and were not due to increases in programming costs for other signals, exchange rate increases and a wider bandwidth per subscriber that supported speed increases offered during the quarter.

Operating costs rose 11%, mainly due to increases in energy costs, higher inflation costs, exchange rate volatility and RGU increases.

EBITDA

Adjusted EBITDA for the cable operations reached Ps. 1,753 million in 1Q17, up 5% versus 1Q16, with a 46.8% margin. Consolidated EBITDA margin was 43.6% in 1Q17, reaching Ps. 1,872 million, a 6% increase compared to 4Q16.

	1Q17	1Q16	%Var
CONSOLIDATED			
Consolidated operating profit	1,330,812	1,290,646	3%
Plus consolidated depreciation and amortization	540,688	477,727	13%
Consolidated EBITDA (1)	1,871,501	1,768,373	6%
Consolidated EBITDA Margin	43.6%	43.6%	
CABLE OPERATIONS			
Non Cable Operations	117,828	104,224	13%
Cable Adjusted EBITDA (2)	1,753,672	1,664,149	5%
EBITDA Margin of Cable	46.8%	47.1%	

Notes:

(1) Consolidated EBITDA is calculated by adding to the net income/loss the following: depreciation and amortization, net comprehensive financing income, other net income, non-recurring expenses (income) total income tax, workers profit sharing, equity in income of associated companies and minority interest.

(2) Adjusted EBITDA for the Cable operations is calculated by subtracting MCM, PCTV and Ho1a EBITDA from Consolidated EBITDA

Net income

Net income for the quarter was Ps. 1,057 million compared to Ps. 1,021 million reported in 1Q16, up 4% year-over-year, at Ps. 67 million lower than EBITDA. This was mainly due to the depreciation increase, as a result of CAPEX acquired during the previous year.

Net Debt

Megacable concluded the quarter with total Net Debt of Ps. 741 million; a decline of Ps. 1,750 million compared to 4Q16, mainly due credit termination from the CFE project. The decline in cash and temporary investments is related to payments for creditors, providers and CAPEX.

	1Q17	1Q16
Short Term Debt	619,775	3,767,386
One year maturity of long-term bank loans	619,775	3,767,386
Long-Term Debt	2,065,212	131,946
Bank Loans	2,059,143	123,760
Accounts Payable	6,068	8,187
Total Debt	2,684,987	3,899,332
Cash and Short-Term Investments	1,944,128	4,183,492
Net Debt	740,860	(284,159)

Net Comprehensive Financing

The Company reported a net financing cost of Ps. 47 million in 1Q17, comprised of Ps. 10 million in net interest income and a net exchange gain of Ps. 58 million.

	1Q17	1Q16
Net Exchange Gain/Loss	57,756	68,197
Interest Income	46,010	41,237
Interest Expense	56,642	40,017
Net Comprehensive Financial Result	47,124	69,417

CAPEX

Megacable invested Ps. 849 during 1Q17, which represented 20% of the Company's revenues for the quarter, and is in line with first quarters of previous years. The Company continues estimating CAPEX levels of 27% over revenues, without sacrificing strategic investments, as result of the positive negotiations with technological partners. This investment was mainly allocated towards the construction of additional network kilometer, the purchase of subscriber equipment for both the digitalization project as well as to support subscriber growth in the Internet/telephony segment, as well as the modernization of the Company's cable network.

Stock Information

Ticker MEGA.CPO	CPO's	Serie "A"
Total Shares (thousands)		1,721,356
Outstanding shares (thousands)	300,119	600,237
Shares in Treasury (thousands)	2,062	4,123
2 Series "A" Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 62,301
Closing Price (Ps) *		\$ 72.56
Free Float		35%
As of March 31, 2017		

Source: Infotel

Disclaimer

This press release contains forward-looking statements regarding the company's results and future prospects which are subject to risk and uncertainty. Therefore, these results and statements may differ due to various factors. Moreover, figures in this report may vary due to rounding.

Conference Call

Megacable will hold its 1Q17 Earnings Conference Call on Wednesday, May 3, 2017 at 10:00am (Central Time) / 11:00am (Eastern Time).

To access the call, please dial:

from within the U.S. 1-800-862-9098

from outside the U.S. 1-785-424-1051

Conference ID Number: MEGA

Balance Sheet

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and short-term investments	1,944,128	4,183,492
Accounts receivable from customers and other, net	1,405,655	1,908,178
Recoverable taxes	916,126	1,094,250
Inventories	624,924	912,296
Total Current Assets	4,890,832	8,098,215
Investment in shares of associated companies	20,596	-
Property, systems and equipment, net	22,228,064	17,833,567
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	164,509	175,373
Other assets	408,847	76,214
Affiliated and associated companies	1,033,610	954,414
Total Assets	33,124,855	31,516,181
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
One year maturity of long-term liabilities	619,775	3,767,386
Suppliers	1,971,346	1,811,046
Affiliated and associated companies	137,043	130,459
Accounts payable and accrued expenses payable	1,345,522	1,505,454
Total Current Liabilities	4,073,686	7,214,345
<u>LONG TERM LIABILITIES</u>		
Bank loans	2,059,143	123,760
Labor obligations	208,001	200,385
Accounts payable	6,068	8,187
Deferred taxes	1,778,462	1,752,354
Affiliated and associated companies	700,814	839,185
Total Long-Term Liabilities	4,752,489	2,923,871
Total Liabilities	8,826,174	10,138,216
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	19,639,622	16,960,227
Minority Interest	1,142,422	901,102
Legal Reserve	488,832	488,832
Total Stockholders' Equity	24,298,681	21,377,966
Total Liabilities & Stockholders' Equity	33,124,855	31,516,181

Income Statement

	1Q17	1Q16	% Var
Income	\$ 4,289,948	\$ 4,059,264	6%
Cost of Services	1,233,316	1,237,522	(0%)
Gross Profit	\$ 3,056,631	\$ 2,821,742	8%
Operating and General Expenses	1,185,131	1,053,370	13%
EBITDA	\$ 1,871,501	\$ 1,768,373	6%
Depreciation and amortization	540,688	477,727	13%
Operating Profit	\$ 1,330,812	\$ 1,290,646	3%
Other income (expenses), net	13,344	19,241	(31%)
Comprehensive Financing Income, Net	-47,124	-69,417	(32%)
Income Before Income Tax and Minority Interest	\$ 1,391,280	\$ 1,379,304	1%
Income Tax	266,724	286,438	(7%)
Net Profit	\$ 1,124,556	\$ 1,092,866	3%
Net income attribute to:			
Non-Controlling interest	67,354	71,839	(6%)
Controlling interest	1,057,202	1,021,027	4%
	\$ 1,124,556	\$ 1,092,866	3%

Income Statement by Segment

	1Q17	1Q16	% Var
CABLE OPERATIONS			
Income	3,746,031	3,529,799	6%
Cost of Services	970,681	946,196	3%
Gross Profit	2,775,350	2,583,603	7%
Operating and General Expenses	1,021,677	919,454	11%
EBITDA	\$ 1,753,672	\$ 1,664,149	5%
	47%	47%	
OTHER			
Income	543,917	529,465	3%
MCM	195,957	165,975	18%
HO1A	274,301	301,999	(9%)
PCTV	73,658	61,491	20%
Cost of Services	262,635	291,325	(10%)
MCM	28,874	27,429	5%
HO1A	202,415	230,341	(12%)
PCTV	31,346	33,555	(7%)
Gross Profit	281,282	238,140	18%
Operating and General Expenses	163,453	133,915	22%
MCM	97,241	80,129	21%
HO1A	25,193	23,206	9%
PCTV	41,019	30,581	34%
EBITDA			
MCM	69,842	58,417	20%
HO1A	46,693	48,452	(4%)
PCTV	1,294	-2,645	(149%)
EBITDA	\$ 117,828	\$ 104,224	13%
	22%	20%	
TOTAL OPERATION			
Income	4,289,948	4,059,264	6%
Cost of Services	1,233,316	1,237,522	(0%)
Gross Profit	3,056,631	2,821,742	8%
Operating and General Expenses	1,185,131	1,053,370	13%
EBITDA	\$ 1,871,501	\$ 1,768,373	6%
	44%	44%	