

## Second Quarter 2010 Results

Megacable Holdings, S.A.B. de C.V.

July 27, 2010

**Guadalajara, Jalisco, Mexico, July 27, 2010** - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the second quarter of 2010. Figures were prepared in accordance with Mexican Financial Reporting Standards. All figures are expressed in thousands of pesos, unless otherwise indicated.

## Highlights

Consolidated Financial Results	Non Audited		Variation
Figures in millions of pesos	2Q10	2Q09	2Q10 vs 2Q09
Service Income	1,808	1,674	8%
Adjusted EBITDA for Cable Operations	718	716	0%
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>42.2%</b>	<b>45.1%</b>	
Consolidated EBITDA	734	723	1%
<b>Consolidated EBITDA Margin</b>	<b>40.6%</b>	<b>43.2%</b>	
Net Income	430	503	-15%
Net Debt	580	822	-29%
<b>Net Debt/Annualized consolidated EBITDA</b>	<b>0.19</b>	<b>0.27</b>	
Interest Coverage	18.66	18.57	

Operating Results			Variation
	2Q10	2Q09	2Q10 vs 2Q09
Homes Passed	5,026,313	4,375,242	15%
Network Kilometers	35,239	30,030	17%
<b>Two- way Network Percentage</b>	<b>95%</b>	<b>91%</b>	
<b>Cable Television Subscribers</b>	<b>1,727,368</b>	<b>1,505,575</b>	15%
Digital Cable Subscribers	316,315	240,421	32%
<b>Penetration Rate of Households</b>	<b>34.4%</b>	<b>34.4%</b>	
<b>HSD Internet Subscribers</b>	<b>542,745</b>	<b>454,465</b>	19%
Penetration Rate of Cable Subscribers	31.4%	30.2%	
<b>Telephony Subscribers</b>	<b>454,877</b>	<b>348,163</b>	31%
Penetration Rate of Cable Subscribers	26.3%	23.1%	
<b>Unique Subscribers</b>	<b>1,771,324</b>	<b>1,548,799</b>	14%
<b>Revenue Generating Units</b>	<b>2,724,990</b>	<b>2,308,203</b>	18%
RGU's Per Unique Subscribers	1.54	1.49	3%
ARPU per Unique Subscriber	\$ 361.9	\$ 362.9	0%

## Executive Summary

During 2Q10, Megacable added approximately 161 thousand RGU's, or 6.3% when compared to 1Q10; and 417 thousand additional RGU's, or 18% when compared to 2Q09. Furthermore, during 2Q10, Megacable acquired Grupo Omnicable's cable systems and, won, along with Grupo Televisa and Telefonica, the auction to operate two dark fiber wires from the *Comisión Federal de Electricidad* (Federal Electricity Commission or "CFE") and Megacable also initiated the digitalization process of its video services in six of its main markets.

Via the acquisition of Grupo Omnicable's cable systems, which took place on June 30, 2010, approximately 61 thousand subscribers were added to the video segment and three thousand to broadband internet segment. With this acquisition, Megacable increased its coverage by adding 15 localities in the state of Sonora, two localities in the state of Baja California and one locality in the state of Chihuahua, where the Company expects to expand its video service penetration and increase its offerings through the incorporation of telephony and Internet services in the short term.

The video segment registered a significant increase of 15% from 2Q09 to 2Q10, mainly driven by greater sales of product packages aimed at the lower socio-economic segments, the 2010 World Cup broadcast in June 2010, as well as the acquisition of Grupo Omnicable, thus ending 2010 with more than 1.7 million subscribers. In addition, it is worth mentioning that in June, we initiated the digitalization program in six of Megacable's the most important coverage areas, aimed at improving the Company's operating efficiency and improve the quality of Megacable's video service. As a result, the number of digital subscribers rose 32% from 2Q09 to 2Q10, reaching a total of 316,315 total subscribers as of June 30, 2010. On the other hand, the broadband Internet segment reached approximately 543 thousand subscribers, a 19% annual increase, while the telephony segment increased 31% from 2Q09 to 2Q10, reaching a total of approximately 455 thousand subscribers at the end of the period.

Revenues reached Ps. 1,808 million in 2Q10 and Ps. 3,656 in the first half of 2010, representing quarterly and annual growth of 8%.

Together, the Company's costs of services and general and operating expenses increased 12%, mainly due to the increase in RGU's. As a result, Adjusted EBITDA for cable operations remained flat from 2Q09 to 2Q10, and increased by 2% from 1H09 to 1H10, with a margin over cable revenues of 44% in 1H10. Consolidated EBITDA increased 1% from 2Q09 to 2Q10 and 3% from 1H09 to 1H10, with a margin of 42%.

In terms of Megacable's financial structure, cash and temporary investments posted a significant decrease from 1Q10 to 2Q10, mainly due to additional investments that took place primarily destined to the leasing of dark fiber optic network from the CFE for 20 years through *Grupo de Telecomunicaciones de Alta Capacidad* (a company created by the Televisa, Telefónica and Megacable consortium), as well as the purchase of Grupo Omnicable's cable systems.

Despite these effects, Megacable continues to possess a solid financial structure, increasing assets by 15% and shareholders' equity by 24%, while decreasing liabilities by 2% from 2Q09 to 2Q10. In addition, the Company reported an interest coverage ratio (EBITDA/paid interest) of nearly 19x and an annualized Net Debt/EBITDA ratio of 0.19x, as a result of the Company's high cash generation.

# Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.

## QUARTERLY OPERATING DATA

	2Q10	2Q09	1Q09	Variation	
				2Q10 vs 2Q09	2Q10 vs 1Q10
<b>ARPU (1) (Ps.)</b>					
Unique Subscribers	361.9	362.9	378.4	0%	-4%
Video	228.8	240.7	240.7	-5%	-5%
Internet	193.2	206.2	197.0	-6%	-2%
Telephony	186.2	200.3	192.8	-7%	-3%
<b>Monthly Average</b>					
<b>Churn Rate</b>					
Video	2.7%	3.2%	3.1%		
Internet	3.8%	3.8%	3.4%		
Telephony	4.3%	5.0%	4.2%		

### Notas:

- (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.
- (2) ARPU for 2Q10 excludes subscribers derived from the purchase of Grupo Omnicable cable systems, since these will generate revenues for the Company until July 2010.

## Video Segment

Video subscribers increased 15%, reaching 1,727,368 subscribers in 2Q10, approximately 222 thousand net additions from 2Q09 to 2Q10. Of these additions, almost 61 thousand were incorporated beginning June 30, 2010 via the acquisition of Grupo Omnicable. Additionally, this increase was driven by sales growth of packages as well as the World Cup broadcast, which increased the demand of this product mainly in June, adding approximately 161 thousand new subscribers to the video segment from 2Q09 to 2Q10, organically. On the other hand, video ARPU decreased from Ps. 240.7 to Ps. 228.8, due to a greater acceptance of packages aimed at the lower socio-economic segments and the discounts given to customers purchasing double and triple-play packages.

## Internet Segment

This segment registered an increase of 19% from 2Q09 to 2Q10, due to the addition of more than 88 thousand subscribers, of which 85 thousand were additions via organic growth and slightly more than 3 thousand additions from the acquisition of Grupo Omnicable. Therefore, as of June 2010, this segment reached 542,745 subscribers. ARPU for the Internet segment decreased from Ps. 206.2 in 2Q09 to Ps. 193.2 in 2Q10, due to the discounts for the adoption of double and triple-play packages and a greater acceptance of packages aimed at the lower socio-economic segments.

## Telephony Segment

In this segment, approximately 107 thousand new subscribers were added via organic growth, an increase of 31% from 2Q09 to 2Q10, due to greater demand, which increased the growth rate registered in the telephony segment during this quarter. On the other hand, Telephony ARPU decreased 7% from 2Q09 to 2Q10, reaching Ps. 186.2 due to a greater adoption of unlimited service packages that eliminate charges for additional phone calls.

### Unique Subscribers and Revenue Generating Units (RGU's):

Unique subscribers grew at a rate of 14% from 2Q09 to 2Q10, while RGU's increased at a rate of 18%. As a result, Megacable's RGU's per unique subscriber increased from 1.49 in 2Q09 to 1.54 in 2Q10. ARPU per unique subscriber remained almost flat, from Ps. 362.9 in 2Q09 to Ps. 361.9 in 2Q10.

### Monthly Average Churn Rate

The average monthly churn rate for the video and telephony services decreased 50 and 70 basis points from 2Q09 to 2Q10, respectively, while the average monthly churn rate for the internet segment remained constant during the same period, despite the seasonal trend registered in this segment where an increase of churn rate from the first to the second quarter of the year usually occurs due to the start of the summer vacation season and greater expenditures made by families due to school reenrollment.

### Homes Passed and Network

Between 2Q09 and 2Q10, Megacable built more than 3,200 network kilometers to increase its coverage to more homes. Furthermore, the acquisition of Grupo Omnicable during June 2010 contributed to the addition of approximately 2,000 network kilometers, reaching 35,239 kilometers as of June 30, 2010, with a 95% two-way network. As a result, the number of homes passed rose 15%, to over five million home passed in 2Q10.

## Consolidated Results

Income by Segment						
In Millions of Pesos						
	2Q10	2Q09	2Q10 vs 2Q09	1H10	1H09	1H10 vs 1H09
Video	1,113	1,078	3%	2,258	2,219	2%
Internet	309	275	12%	618	554	12%
Telephony	244	199	22%	485	383	26%
Other	142	122	17%	295	239	24%
<b>Total</b>	<b>1,808</b>	<b>1,674</b>	<b>8%</b>	<b>3,656</b>	<b>3,395</b>	<b>8%</b>

Megacable's service income reached Ps.1,808 million in 2Q10, and Ps. 3,656 million for the six-month period ended June 30, 2010, representing quarterly and annual growth of 8%.

The Video segment represented 62% of Megacable's total revenues, followed by Internet with 17%, Telephony with 13% and "Other" with 8%, which included revenues generated by operations of MCM, Videorola, Metrocarrier and MMDS, among others.

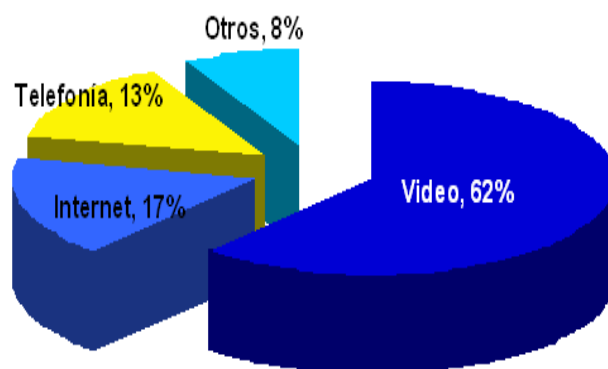
Cost and expenses rose 12% between 2Q09 and 2Q10, mainly due to an increase in RGU's of 18%. As a result, adjusted EBITDA for cable operations reached Ps. 718 million in 2Q10 and from 1H09 to 1H10, it increased 2% reaching Ps. 1,518 million.

Adjusted EBITDA margin for the cable operations reached 42% in 2Q10 and 44% in 1H10.

Megacable's Consolidated EBITDA increased 1% from 2Q09 to 2Q10, reaching Ps. 734 million in 2Q10, with an EBITDA margin of 41%. Megacable's Consolidated EBITDA reached Ps. 1,548 million in 1H10, an increase of 3% compared to 1H09, with an EBITDA margin of 42%.

Megacable's income before income tax and minority interest decreased 26% mainly due to the fact that during 2Q10 the Company reported a net monetary loss of approximately Ps. 8 million, while in 2Q09 the Company reported a net monetary gain of Ps. 165 million.

Lastly, the income tax rate decreased 53% from 2Q09 to 2Q10, resulting in a net profit of approximately Ps. 430 million for the three-month period ended June 30, 2010 and Ps. 905 million for the first half of 2010.



## EBITDA

<u>In thousands of Pesos</u>	2Q10	2Q09	2Q10 vs 2Q09	1H10	1H09	1H10 vs 1H09
Consolidated operating Income	\$ 548,673	\$ 550,758	0%	\$ 1,175,534	\$ 1,159,674	1%
Less operating Income (Loss) of MCM Holding	5,079	(1,020)	598%	8,880	(1,131)	885%
Operating Income for Cable Operations	543,593	551,778	-1%	1,166,653	1,160,805	1%
Plus Consolidated depreciation and amortization	179,815	172,532	4%	366,826	344,015	7%
Less depreciation and amortization of MCM Holding	10,464	8,460	24%	20,905	16,768	25%
Plus Non- recurring items	5,400	-		5,400	-	
<b>Adjusted EBITDA for Cable Operations (1)</b>	<b>\$ 718,343</b>	<b>\$ 715,850</b>	<b>0%</b>	<b>\$ 1,517,974</b>	<b>\$ 1,488,052</b>	<b>2%</b>
<b>Total Income excluding MCM</b>	<b>\$ 1,703,001</b>	<b>\$ 1,587,591</b>	<b>7%</b>	<b>\$ 3,431,095</b>	<b>\$ 3,227,371</b>	<b>6%</b>
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>42.2%</b>	<b>45.1%</b>		<b>44.2%</b>	<b>46.1%</b>	
<b>Consolidated EBITDA (2)</b>	<b>\$ 733,887</b>	<b>\$ 723,290</b>	<b>1%</b>	<b>\$ 1,547,760</b>	<b>\$ 1,503,689</b>	<b>3%</b>
<b>Consolidated EBITDA Margin</b>	<b>40.6%</b>	<b>43.2%</b>		<b>42.3%</b>	<b>44.3%</b>	

**Notes:**

- (1) Adjusted EBITDA is calculated by adding to net income the following: depreciation and amortization, net comprehensive financing income, other net income, non ordinary expenses (income), total tax, provisions for labor obligations, equity in income of associated companies and minority interest, less MCM EBITDA.
- (2) Consolidated EBITDA is calculated by adding to the net income the following: depreciation and amortization, net comprehensive financing income, other net income, non ordinary expenses (income), total tax, provisions for labor obligations, equity in income of associated companies and minority interest.



## Liquidity, Debt and Capital Structure

### Liquidity

The Company's cash and short-term investments remained flat between 2Q09 and 2Q10, mainly as a result of the extraordinary investments during 2Q10, which were mainly for the purchase of Grupo Omnicable for approximately Ps. 550 million and the payment derived from the auction of the leasing contract of a pair of dark fiber optical wires from the CFE for approximately Ps. 350 million.

Liquidity ratios have shown a significantly decline from 2009 to 2010, mainly as a result of the maturity of the short-term bank loan, which is currently undergoing refinancing. Considering the Company's bank loan as a long-term debt maturity, the liquidity ratio would show an improvement from 2Q09 to 2Q10.

	as of June 30,		
<u>Liquidity Ratio</u>	<u>2010</u>	<u>2010*</u>	<u>2009</u>
Assets Ratio	0.96	4.09	3.96

\*Considering the bank loan maturity at long term

Finally, the Company's current assets increased due to an improvement in accounts receivables mainly derived from a loan to *Grupo de Telecomunicaciones de Alta Capacidad (GTAC)*, the company created by the Televisa, Telefonica and Megacable consortium, mentioned previously. This loan was granted to GTAC in order to perform the necessary investments to prepare the network to offer services, corresponding to Magacable's percentage of participation.

### Property, Systems and Equipment, Net

This line item registered an increase of 17% from 2Q09 to 2Q10, mainly due to the purchase of digital set-top boxes needed for the digitalization program, Grupo Omnicable's acquisition and the increase in Megacable's network kilometers.

### Debt

Total liabilities decreased 2% from 2Q09 to 2Q10, mainly due to the value of the dollar-denominated bank debt for Ps. 120 million, which decreased due to the appreciation of the peso/dollar exchange rate as well as due to credit payments made to providers held until 4Q09. As a result, net debt decreased 29% from 2Q09 to 2Q10 reaching approximately Ps. 580 million.



In thousands of Pesos	2Q10	2Q09
<b>Short Term Debt</b>	<b>3,002,994</b>	<b>78,430</b>
One year maturity of long term bank loans	3,002,994	78,430
<b>Long Term Debt</b>	<b>112</b>	<b>3,178,931</b>
Bank Loans	-	3,037,744
Accounts Payable	112	141,187
<b>Total Debt</b>	<b>3,003,107</b>	<b>3,257,361</b>
Cash and Short Term Investments	2,423,114	2,434,922
<b>Net Debt</b>	<b>579,993</b>	<b>822,439</b>

As a result, debt ratios improved in general, reaching and interest coverage (EBITDA/Interests expenditures) of 18.66x and a Net Debt / Annualized EBITDA of 0.19x.

	as of June 30,	
<b>Debt Ratios</b>	<b>2010</b>	<b>2009</b>
Debt Ratio	0.30	0.36
Debt to Equity Ratio	0.44	0.55
Net Debt / Annualized EBITDA	0.19	0.27
<b>Interest Coverage</b>		
EBITDA/ Interests Expenses	18.66	18.57

Finally, it is worth mentioning that the US\$ 120 million and Ps. 1,456 million bank liability, which matures August 23, 2010, is in refinancing process with several financial institutions. The Company has decided to refinance this loan for an amount that is approximately 30% less than the original bank loan due to the Company's cash generation, which is sufficient to fund operations. In addition, these negotiations are taking place in local currency with the goal of minimizing Megacable's exchange rate risk.

## Shareholders' Equity

Shareholders' Equity reached Ps. 10,725 million, which represents a 24% increase from 2Q09 to 2Q10, mainly as a result of an increase in retained earnings of approximately Ps. 2 billion.

## CAPEX

During 2Q10, Megacable invested Ps. 458 million reaching Ps. 635 million during 1H10. This investment was mainly allocated for the purchase subscriber equipment, growth and modernization of the cable network and the purchase of office equipment.

## About the Company

Megacable is the largest cable operator in Mexico in terms of number of subscribers, and is the main provider of high speed data Internet services, and digital telephony over cable network according to the National Chamber of Cable Telecommunications (CANITEC). The Company operates in 25 states in Mexico and over 200 municipalities. As of June 30, 2010, the Company had 9,543 employees.

<b>Stock Information</b>	
<b>Ticker</b>	<b>MEGA.CPO</b>
<b>2 Series "A" Shares =</b>	<b>1 CPO</b>
<b>Total Outstanding Series "A" Shares (millions)</b>	<b>1,721</b>
<b>Outstanding CPOs (thousands)</b>	<b>207,520</b>
<b>CPOs in Treasury (thousands)</b>	<b>111</b>
<b>Mkt. Cap (In Ps. Millions)</b>	<b>\$ 27,813.53</b>
<b>Closing Price (Ps) *</b>	<b>\$ 32.32</b>
<b>As of June 30, 2010</b>	
<b>Source: Infotel</b>	

# Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.

For the three-month period ended June 30, 2010 & 2009

In thousands of Pesos	Non Audited		Variation 2Q10 vs 2Q09
	2Q10	2Q09	
<b>Services Income</b>	\$ 1,807,576	\$ 1,673,573	8%
Cost of Services	613,671	552,471	11%
<b>Gross Profit</b>	\$ 1,193,905	\$ 1,121,102	6%
Operating and General Expenses (1)	645,233	570,344	13%
<b>Operating Profit</b>	<b>548,673</b>	<b>550,758</b>	<b>(0%)</b>
Other income (expenses), net	3,625	3,825	(5%)
Comprehensive Financing Income, Net	14,314	-160,995	(109%)
Equity in income of associated companies	-1,894	-11,330	(83%)
<b>Income Before Income Tax and Minority Interest</b>	\$ <b>539,878</b>	\$ <b>726,906</b>	<b>(26%)</b>
Income Tax	99,828	210,278	(53%)
<b>Income Before Minority Interest</b>	\$ <b>440,050</b>	\$ <b>516,628</b>	<b>(15%)</b>
Minority Income	10,084	13,437	(25%)
<b>Net Profit</b>	\$ <b>429,966</b>	\$ <b>503,192</b>	<b>(15%)</b>

(1) Depreciation and amortization for the three-month period ended as of June 30, 2010 and 2009 were Ps.179,815 thousand and Ps. 172,532, respectively.

# Accumulated Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.

For the six-month period ended June 30, 2010 & 2009

In thousands of Pesos	Non Audited		Variation
	1H10	1H09	1H10 vs 1H09
<b>Services Income</b>	<b>\$ 3,656,066</b>	<b>\$ 3,394,732</b>	<b>8%</b>
Cost of Services	1,222,564	1,105,513	11%
<b>Gross Profit</b>	<b>\$ 2,433,503</b>	<b>\$ 2,289,218</b>	<b>6%</b>
Operating and General Expenses (1)	1,257,969	1,129,544	11%
<b>Operating Profit</b>	<b>1,175,534</b>	<b>1,159,674</b>	<b>1%</b>
Other income (expenses), net	14,718	9,038	63%
Comprehensive Financing Income, Net	8,298	-61,028	(114%)
Equity in income of associated companies	-8,771	-11,330	(23%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 1,190,724</b>	<b>\$ 1,241,070</b>	<b>(4%)</b>
Income Tax	265,798	321,696	(17%)
<b>Income Before Minority Interest</b>	<b>\$ 924,926</b>	<b>\$ 919,374</b>	<b>1%</b>
Minority Income	19,955	24,390	(18%)
<b>Net Profit</b>	<b>\$ 904,971</b>	<b>\$ 894,984</b>	<b>1%</b>

(1) Depreciation and amortization for the six-month period ended as of June 30, 2010 and 2009 were Ps. 366,826 thousand and Ps. 344,015, respectively.

# Balance Sheet

**MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS**  
**Balance Sheet (Non Audited)**  
**In Thousands of Pesos**

	As of June 30,	
	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and short term investments	2,423,114	2,434,922
Accounts receivable from customers and other, net	698,231	344,674
Recoverable taxes	200,459	47,130
Inventories	411,256	165,642
<b>Total Current Assets</b>	<b>3,733,060</b>	<b>2,992,368</b>
Investment in shares of associated companies	119,791	32,759
Property, systems and equipment, net	6,605,830	5,664,766
Goodwill, net	4,277,036	4,275,616
Preoperating expenses, net	26,037	13,674
Other assets	638,050	401,488
<b>Total Assets</b>	<b>15,399,804</b>	<b>13,380,670</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
One-year maturity of long term liabilities	6,266	78,430
Suppliers	415,272	272,318
Affiliated and Associated Companies	22,440	52,649
Accounts payable and accrued expenses payable	468,173	353,178
Bank loans	2,996,728	-
<b>Total Current Liabilities</b>	<b>3,908,878</b>	<b>756,575</b>
<b>LONG TERM LIABILITIES</b>		
Bank loans	-	3,037,744
Labor obligations	84,689	81,143
Accounts payable	112	141,187
Deferred taxes	681,308	737,594
Deferred Goodwill, net	-	-
<b>Total Long Term Liabilities</b>	<b>766,110</b>	<b>3,997,668</b>
<b>Total Liabilities</b>	<b>4,674,988</b>	<b>4,754,243</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock	920,060	914,800
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,094,830
Retained Earnings	7,536,269	5,446,344
Minority Interest	142,138	165,455
<b>Total Stockholders' Equity</b>	<b>10,724,815</b>	<b>8,626,428</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>15,399,804</b>	<b>13,380,670</b>

## 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.

**For more information please visit:**

<http://inversionistas.megacable.com.mx>

### ***Investor Relations:***

Vanesa Lizarraga García, IR

**Megacable Holdings, S.A.B. de C.V.**

Tel: 01152 (33) 3750-0042 ext. 1091

[Investor.relations@megacable.com.mx](mailto:Investor.relations@megacable.com.mx)