

GRUPO MEGACABLE HOLDINGS ANNOUNCES RESULTS FOR THE SECOND QUARTER OF 2013

Guadalajara, Jalisco, Mexico, July 25, 2013 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the second quarter of 2013 (2Q13) and first six months of 2013 (1H13). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of pesos, unless otherwise indicated.

Highlights 2Q13 versus 2Q12:

- Net service revenues rose 12%
- Consolidated EBITDA increased 15%
- As of June 30, 2013 Megacable reported a net cash position of Ps. 880 million
- A dividend for a total amount of Ps. 284 million was paid in May 2013

Highlights

Consolidated Financial Results			Variation
Figures in millions of pesos	2Q13	2Q12	2Q13 vs 2Q12
Service Income	2,444	2,191	12%
Adjusted EBITDA for Cable Operations	1,045	905	15%
Adjusted EBITDA Margin for Cable Operations	44.5%	43.0%	
Consolidated EBITDA	1,062	919	15%
Consolidated EBITDA Margin	43.4%	42.0%	
Net Income	519	443	17%
Net Debt	(880)	(408)	116%
Net Debt/Annualized consolidated EBITDA	(0.21)	(0.11)	
Interest Coverage	32.36	28.65	

Operating Results			Variation
	2Q13	2Q12	2Q13 vs 2Q12
Homes Passed	6,441,891	5,999,650	7%
Network Kilometers	46,024	42,737	8%
Two- way Network Percentage	97%	97%	
Cable Television Subscribers	2,126,803	2,010,211	6%
Digital Cable Subscribers	1,217,067	1,069,420	14%
Penetration Rate of Households	33.0%	33.5%	
HSD Internet Subscribers	883,778	738,945	20%
Penetration Rate of Cable Subscribers	41.6%	36.8%	
Telephony Subscribers	570,548	511,702	12%
Penetration Rate of Cable Subscribers	26.8%	25.5%	
Unique Subscribers	2,246,860	2,085,219	8%
Revenue Generating Units	3,581,129	3,260,858	10%
RGU's Per Unique Subscribers	1.59	1.56	2%
ARPU per Unique Subscriber	366.9	352.3	4%



Executive Summary

Mégacable reported record revenues of Ps. 2,444 million in 2Q13, which represented a 12% increase compared to 2Q12, reaching 4,845 million in 1H13. These important growths were driven by the Company's successful commercial strategies and the continuance of the digitalization project.

Consolidated EBITDA posted a solid increase of 15% from 2Q12 to 2Q13, reaching Ps. 1,062 million, while for the first half of 2013, and this figure reached Ps. 2,097 million. Adjusted EBITDA from cable operations grew 15% from 2Q12 to 2Q13, reaching a margin over cable sales of 44.5% in 2Q13 and 44.3% in 1H13.

Net income was Ps. 519 million in 2Q13, for a net margin of 21%, representing a 17% increase when compared to 2Q12.

In terms of operating results, Mégacable concluded the quarter with over 2.1 million Video subscribers, 884 thousand Internet subscribers and 571 thousand Telephony subscribers, representing annualized growth of 6%, 20% and 12%, respectively. ARPUs posted the following increases in all segments: 1% in Video, 5% for Internet and 4% Telephony, when compared to 1Q13, demonstrating an increase in the number of services per subscriber, from 1.56 RGUs in 2Q12 to 1.59 RGUs, in 2Q13 compared to 2Q12. Mégacable maintains its operating efficiency via a more selective strategy when it comes to keeping or acquiring new subscribers.

The digitalization project continues, adding approximately 6 thousand subscribers in 2Q13 versus 1Q13 and 148 thousand additional subscribers compared to 2Q12, Thereby, at the close of 2Q13, the Company had 2.6 million boxes in 1.2 million homes, which has contributed to more highly satisfied customers, greater customer control and improved operating efficiency, which aims to reduce piracy.

Cash and temporary investments decreased Ps. 60 million year-over-year, despite extraordinary expenditures of Ps. 533 million in November 2012 and Ps. 284 million in May 2013, for payment of dividends and CAPEX. This was supported by the Company's strong cash flow generation. As of June 30, 2013, this line item reached Ps. 3,022 million of which approximately 10% was dollar-denominated and 90% was peso-denominated. In terms of financial structure, the Company continues improving its debt profile with Net Debt to Consolidated EBITDA of 0.21x and an interest coverage ratio of 32x, which favorably positions it to maintain growth momentum.



Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTERLY OPERATING DATA					
	2Q13	2Q12	1Q13	Variation	
				2Q13 vs 2Q12	2Q13 vs 1Q13
ARPU (1) (Ps.)					
Unique Subscribers	366.9	352.3	363.5	4%	1%
Video	231.1	225.5	228.6	2%	1%
Internet	204.5	198.6	195.7	3%	5%
Telephony	182.4	181.8	175.9	0%	4%
Other Income (2)	21.0	20.7	22.7	1%	-8%
Monthly Average					
Churn Rate					
Video	3.1%	2.7%	3.0%		
Internet	3.1%	3.3%	3.0%		
Telephony	3.6%	3.5%	3.9%		

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.
- (2) Other income includes revenues generated from MCM, Videorola, MMDS and the channels produced by Megacable, which are included in the unique subscriber's ARPU calculation.

Video Segment

The Video segment reached 2,126,803 subscribers in 2Q13, an addition of 117 thousand new subscribers compared to the same quarter of the previous year, representing an increase of 14 thousand net additions during 2Q13. The strategy of the customer service area is to keep longstanding customers in order to offer them first class service and thus increase the number of services per subscriber.

Digital subscribers increased by 148 thousand, an increase of 14% year-over-year, placing in the market over 1.2 million main digital boxes and more than 1.4 million additional digital boxes. The digitalization has allowed the Company to maintain video RGU's, offsetting the entrance of lower-cost packages, thus eliminating piracy and as a result benefitting operating efficiency.

Video ARPU increased 2.5% compared to 2Q12 and 1% compared to 1Q13, reaching Ps. 231.1, mainly due to the digitalization, previously mentioned. This offers a variety of services to a wider customer base. These services include: HD, VOD Channels and other products.



Internet

The broadband Internet segment reported subscriber growth of 2% from 1Q13 to 2Q13. This increased the base by over 14 thousand net additions in 2Q13, to 884 thousand subscribers, or 20% growth year-over-year and therefore increasing its base by 145 thousand subscribers. Internet ARPU reached Ps. 204.5 an increase of 5%, compared to 1Q13 and 3% compared to 2Q12.

Telephony

The Telephony segment concluded 2Q13 with 571 thousand subscribers, which represented over 2 thousand net additions compared to 1Q13. Compared to the same period of the previous year, the Company added 59 thousand subscribers, a 12% increase.

ARPU for the segment increased 4% compared to 1Q13 and remained in line with 2Q12, reaching Ps. 182.4.

Unique Subscribers and Revenue Generating Units (RGU's)

Unique subscribers reached 2,246,860, an increase of 8% year-over-year. RGU's totaled 3,581,129 in 2Q13, an increase of 10% year-over-year. As a result, RGUs rose to 1.59 per unique subscriber.

ARPU per unique subscriber was Ps. 366.9, an increase of 4% compared to 2Q12 and 1% compared to 1Q13. This was achieved without altering the Company's commercial policy, maintaining focus on quality, the health of the subscriber portfolio and increases in digital services, among others.

Average Monthly Churn Rate

The average monthly churn rate for Video and Telephony increased. The Video monthly churn rate increased from 2.7% to 3.1%, an increase of 39 basis points; Telephony increased from 3.5% to 3.6%, an increase of 12 basis points year-over-year; and Internet decreased from 3.3% to 3.1%, a decline of 17 basis points year-over-year, continuing the operating efficiency process.

Homes Passed and Network Kilometers

Homes passed increased 7%, with an approximate increase of 3.3 thousand kilometers of network year-over-year, ending the quarter with approximately 6.4 million homes passed and a bidirectional network of 97%. During 2Q13, the Company added 840 kilometers of fiber and built 996 kilometers of network.



Consolidated Results

Income by Segment						
In millions of Pesos						
	2Q13	2Q12	2Q13 vs 2Q12	1H13	1H12	1H13 vs 1H12
Video	1,465	1,351	8%	2,911	2,729	7%
Internet	533	435	22%	1,040	886	17%
Telephony	307	275	11%	606	567	7%
Other	140	129	8%	290	258	12%
Total	2,444	2,191	12%	4,845	4,441	9%

Total service income increased 12% from 2Q12 to 2Q13, to reach Ps. 2,444 million and 9% from 1H13 to 1H12, reaching Ps. 4,845 million at June, 30 2013. From 2Q12 to 2Q13, Video revenues increased 8%, Internet 22%, Telephony 11% and Others 8%, mainly composed of the MCM, Metrocarrier and Video Rola business units.

In terms of revenue composition, the Video segment continued to be the largest contributor with 60% of Megacable's revenues, followed by Internet with 22%, Telephony with 13%, and Others with 5%.

Cost of services increased slightly by 6% from 2Q12 to 2Q13, benefitted by lower of connection costs derived from the usage of the fiber network through GTAC and the decrease of interconnection rates. However, the increase in cost of services was mainly driven by higher programming costs due to the increase in the average number of subscribers, as well as exchange rates, which affected some of the Company's costs. It is important to mention that even though ARPU increased due to higher revenues, costs over revenues decreased 1.5 percentage points, year over year.

As a result, adjusted EBITDA for the cable operations reached Ps. 1,045 million in 2Q13, 15% higher compared to 2Q12, for a margin of 44.5%. EBITDA grew 9% from 1H12 to 1H13, reaching an EBITDA margin of 44.3%. Consolidated EBITDA margin was 43.4% in 2Q13, reaching Ps. 1,062 million, a 15% increase compared to the same period of the previous year. Consolidated EBITDA for the 1H13 grew 9% compared to 1H12, and reached a Consolidated EBITDA Margin of 43.3%.

Operating and general costs increased 12% compared to 2Q12, mostly generated by the operational growth in order to provide service to a larger platform of subscribers.



EBITDA						
In thousands of Pesos	2Q13	2Q12	2Q13 vs 2Q12	1H13	1H12	1H13 vs 1H12
Consolidated operating Income	\$ 682,094	\$ 586,822	16%	\$ 1,351,404	\$ 1,261,360	7%
Less operating Income (Loss) of MCM	\$ 12,588	\$ 3,885	224%	\$ 21,874	\$ 7,779	181%
Operating Income for Cable Operations	\$ 669,506	\$ 582,937	15%	\$ 1,329,530	\$ 1,253,581	6%
Plus Consolidated depreciation and amortization	\$ 379,469	\$ 332,612	14%	\$ 745,842	\$ 654,091	14%
Less depreciation and amortization of MCM Holding	\$ 4,326	\$ 10,742	-60%	\$ 16,471	\$ 21,271	-23%
Adjusted EBITDA for Cable Operations (1)	\$ 1,044,649	\$ 904,807	15%	\$ 2,058,900	\$ 1,886,401	9%
Total Income excluding MCM	\$ 2,346,295	\$ 2,105,348	11%	\$ 4,651,841	\$ 4,274,123	9%
Adjusted EBITDA Margin for Cable Operations	44.5%	43.0%		44.3%	44.1%	
Consolidated EBITDA (2)	\$ 1,061,563	\$ 919,434	15%	\$ 2,097,246	\$ 1,915,450	9%
Consolidated EBITDA Margin	43.4%	42.0%		43.3%	43.1%	

Notes:

- (1) Adjusted EBITDA is calculated by adding to net income 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, less MCM EBITDA.
- (2) Adjusted 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.

Liquidity, Debt and Capital Structure

Liquidity

The Company's liquidity ratios decreased from 2.46x to 1.07x, mainly due to the fact that the bank debt was converted to short-term, as well as CAPEX investments and the dividend payments carried out in November 2012 and May 2013.

Liquidity Ratio	as of June 30,	
	2013	2012
Assets Ratio	1.07	2.46

Property, Systems and Equipment, Net

This line item increased 19%; 13% corresponds to CAPEX and 6% to the recognition of GTAC assets, reaching Ps. 11,943 million, an increase of Ps. 1,893 million compared to 2Q12. This was mainly due to organic growth via the increase of Megacable's new network kilometers, as well as the purchase of CTC/subscriber equipment for the digitalization, Internet and Telephony projects, the purchase of vehicles, computer and office equipment, among others.



Debt

The Company currently maintains bank debt for over Ps. 2,000 million, which generated interest at the 28-day TIIE rate plus 0.55%. The Company is currently renegotiating another similar term with the banks.

The Company currently maintains derivative contracts for SWAPS for Ps. 1,600 million, all with maturities in 3Q13, as partial coverage for bank loans.

	as of June 30,	
Debt Ratios	2013	2012
Debt Ratio	0.28	0.27
Debt to Equity Ratio	0.39	0.37
Net Debt/ Annualized EBITDA	(0.21)	(0.11)
Interest Coverage		
EBITDA/ Interests Expenses	32.36	28.65

In terms of Net Debt, the Company concluded 2Q13 with excess cash of Ps. 880 million over the Company's total financial debt.

In thousands of Pesos	2Q13	2Q12
Short Term Debt	2,128,014	385,295
One year maturity of long term bank loans	2,128,014	385,295
Long Term Debt	13,573	2,288,421
Bank Loans	12,800	2,078,112
Accounts Payable	773	210,309
Total Debt	2,141,587	2,673,715
Cash and Short Term Investments	3,021,856	3,081,506
Net Debt	(880,269)	(407,791)

Shareholders' Equity

Shareholders' equity rose 6% year-over-year, from Ps. 14,513 million in 2Q12 to Ps. 15,413 million in 2Q13, mainly as a result of the 2% increase in retained earnings. It is worth mentioning that beginning in 2013, the Company is recognizing a legal reserve for Ps. 573 million.



CAPEX

During 2Q13, Megacable invested Ps. 513 million. This investment was mainly allocated towards construction of new network kilometers, the purchase of CTC/subscriber equipment, both for the digitalization project, as well as for Internet/Telephony subscriber growth and the modernization of the Company's cable network.

Dividend Payment

Megacable's shareholders meeting approved a dividend payment in the amount of Ps. 568 million. On May 21, 2013, the first dividend payment was paid, for Ps. 0.1653 per series "A" share and Ps. 0.3306 per each "CPO". The remaining 50% will be paid on October 15, 2013.

Shares Outstanding

As of June 30, 2013, the Company had 1,718 million total shares outstanding, while the number of outstanding CPOs reached 298 million, with 1.5 million CPOs held in treasury. The remaining resources at the end of the second quarter 2013 were 253 million shares with a 35% free-float.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding Series "A" Shares (millions)	1,718
Outstanding CPOs (thousands)	297,991
CPOs in Treasury (thousands)	1,509
Mkt. Cap (In Ps. Millions)	\$ 30,269
Closing Price (Ps) *	\$ 35.23
As of June 30, 2013	

Source: Infotel

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 Internet services by cable, and digital telephony over cable network according to the National Chamber of Cable Telecommunications (CANITEC). The Company is present in 25 states in Mexico and over 250 municipalities. As of June 30, 2013, the Company had 12,421 employees.



Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the six-month period ended June 30, 2013 & 2012

In thousands of Pesos	Variation		
	2Q13	2Q12	2Q13 vs 2Q12
Services Income	\$ 2,444,110	\$ 2,190,963	12%
Cost of Services	723,651	681,321	6%
Gross Profit	\$ 1,720,459	\$ 1,509,643	14%
Operating and General Expenses	658,896	590,209	12%
EBITDA	\$ 1,061,563	\$ 919,434	15%
Depreciation and amortization	379,469	332,612	14%
Operating Profit	\$ 682,094	\$ 586,822	16%
Other income (expenses), net	22,824	5,396	323%
Comprehensive Financing Income, Net	19,802	6,373	211%
Equity in income of associated companies	-6,092	9,909	(161%)
Income Before Income Tax and Minority Interest	\$ 691,207	\$ 575,935	20%
Income Tax	139,902	118,042	19%
Net Profit	\$ 551,305	\$ 457,893	20%
Net income attribute to:			
Controlling interest	32,394	14,540	123%
Non-Controlling interest	518,911	443,354	17%
	\$ 551,305	\$ 457,893	20%



Six-Month Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the six-month period ended June 30, 2013 & 2012

In thousands of Pesos	Variation		
	1H13	1H12	1H13 vs 1H12
Services Income	\$ 4,845,476	\$ 4,441,031	9%
Cost of Services	1,446,069	1,357,258	7%
Gross Profit	\$ 3,399,407	\$ 3,083,773	10%
Operating and General Expenses	1,302,161	1,168,322	11%
EBITDA	\$ 2,097,246	\$ 1,915,450	9%
Depreciation and amortization	745,842	654,091	14%
Operating Profit	\$ 1,351,404	\$ 1,261,360	7%
Other income (expenses), net	32,551	9,990	226%
Comprehensive Financing Income, Net	17,174	-86,085	(120%)
Equity in income of associated companies	-20,399	2,751	(842%)
Income Before Income Tax and Minority Interest	\$ 1,387,180	\$ 1,354,685	2%
Income Tax	284,947	277,714	3%
Net Profit	\$ 1,102,233	\$ 1,076,971	2%
Net income attribute to:			
Controlling interest	54,036	41,667	30%
Non-Controlling interest	1,048,197	1,035,305	1%
	\$ 1,102,233	\$ 1,076,971	2%



Balance Sheet

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

Balance Sheet
In Thousands of Pesos

	As of June 30,	
	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	3,021,856	3,081,506
Accounts receivable from customers and other, net	593,887	468,482
Recoverable taxes	200,703	336,607
Inventories	183,307	340,222
Total Current Assets	3,999,753	4,226,818
Investment in shares of associated companies	98,581	80,266
Property, systems and equipment, net	11,942,810	10,050,281
Goodwill, net	4,277,036	4,277,036
Deferred Taxes	105,086	81,137
Other assets	342,331	591,859
Affiliated and Associated Companies	698,375	575,966
Total Assets	21,463,971	19,883,362
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	2,128,014	385,295
Suppliers	473,621	543,270
Affiliated and Associated Companies	117,965	56,735
Accounts payable and accrued expenses payable	1,024,756	733,375
Financial instruments	1,066	-
Total Current Liabilities	3,745,421	1,718,674
LONG TERM LIABILITIES		
Bank loans	12,800	2,078,112
Labor obligations	147,197	96,545
Accounts payable	773	210,309
Deferred taxes	1,536,172	1,267,213
Affiliated and Associated Companies	608,243	-
Total Long Term Liabilities	2,305,185	3,652,178
Total Liabilities	6,050,606	5,370,853
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,112,561	2,114,109
Retained Earnings	11,369,518	11,141,100
Minority Interest	443,375	342,057
Legal Reserve	572,668	-
Total Stockholders' Equity	15,413,365	14,512,510
Total Liabilities & Stockholders' Equity	21,463,971	19,883,362



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:

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