

Highlights:

- » In 2Q16, the Company surpassed 3 million video subscribers.
- » Revenues for the Cable operations grew 24%.
- » Consolidated EBITDA increased 23%, reaching over Ps. 1,703 million in 2Q16.
- » ARPU rose by 4% compared to 2Q15, reaching Ps. 358.4.
- » Dividend payment of Ps. 1,169 million, which represents 20% of the EBITDA in 2015.

Guadalajara, Jalisco, Mexico, July 21, 2016 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV:MEGA.CPO) announced today its financial results for the second quarter of 2016 (2Q16). 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:

	2Q16	2Q15	% Var
Financial Figures			
Income	4,222,666	3,707,724	13.9%
EBITDA	1,703,028	1,386,892	22.8%
EBITDA Margin	40.3%	37.4%	
Non-Controlling interest	823,899	667,017	23.5%
Cash and short-term investments	2,857,543	4,477,636	(36.2%)
Net Debt	1,474,354	(1,424,615)	(203.5%)
CAPEX	1,063,169	1,039,820	2.2%
Mkt. Cap (Ps. Millions)	63,634	56,701	12.2%
Subscribers			
Video	3,007,017	2,570,008	17.0%
Internet	1,976,549	1,556,228	27.0%
Telephony	929,578	800,142	16.2%
Other Data			
Home Passed	7,627,112	7,334,623	4.0%
Network Kilometers	52,528	50,438	4.1%
Employees	16,603	15,519	7.0%

For more information please visit:
<http://inversionistas.megacable.com.mx>

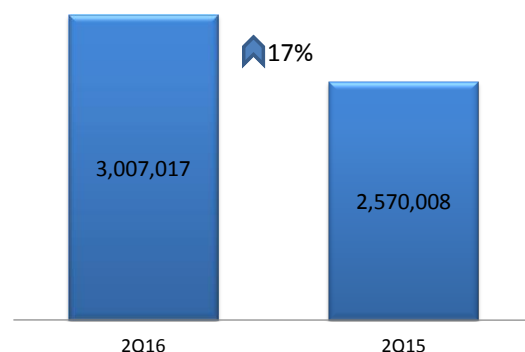
Investor Relations Contact:
 Saúl Alonso Gil Peña, Investor Relations Officer
 Megacable Holdings S.A.B. de C.V.
 Tel. + (5233) 3750 0042 ext. 61091
investor.relations@megacable.com.mx

Video Subscribers

Video subscribers reached 3,007,017 in 2Q16, adding over 39 thousand net subscribers, or 1.3% more than the figure for 1Q16. In addition, the Company reported a 17% subscriber growth, or 437 thousand additional subscribers compared to 2Q15.

In 2Q16, there was a visible slowdown of subscriber growth, mainly due to the disconnection of subscribers who had formerly connected to the network in response to the analog outage. It is important to highlight that both sales and churn rates for the month of June already demonstrated a trend consistent to the rates prior to the outage. The churn rate had already been impacted by subscriber disconnections during April and May.

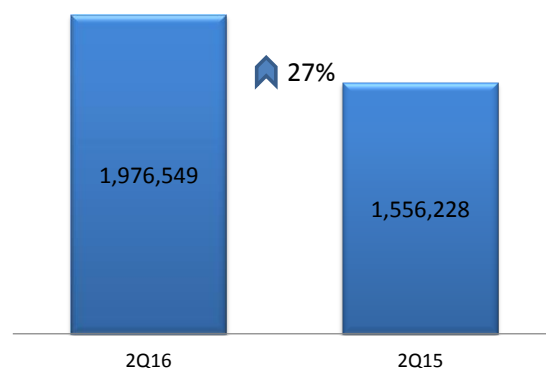
In line with the NGV (Next Generation Video) strategy, the Company successfully launched XView service in Queretaro and Guanajuato, in which subscribers have access to an interactive programming guide, time shift TV, start over, cloud DVR and VOD. We are in the process of launching this platform in Guadalajara, Puebla and other cities under our coverage.



Internet Subscribers

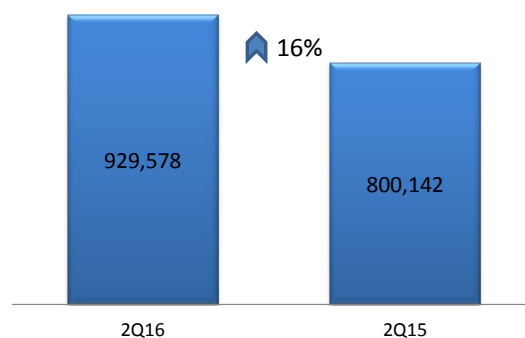
At the close of 2Q16, the internet segment reported 1,976,549 subscribers, up 3% or approximately 52 thousand net adds, compared to 1Q16. Furthermore, when compared to 1Q15, internet subscribers grew 27% or approximately 420 thousand net adds.

Subscriber growth in this segment does not reflect the trends from prior quarterly reports, given the seasonality of 2Q16 as well as the disconnection rates of those subscribers who had joined the network in response to the analog outage and the churn rates related to the price increases. It is important to mention that just as internet sales are along the same lines as the video segment, sales are at similar levels as those prior to the analog outage.



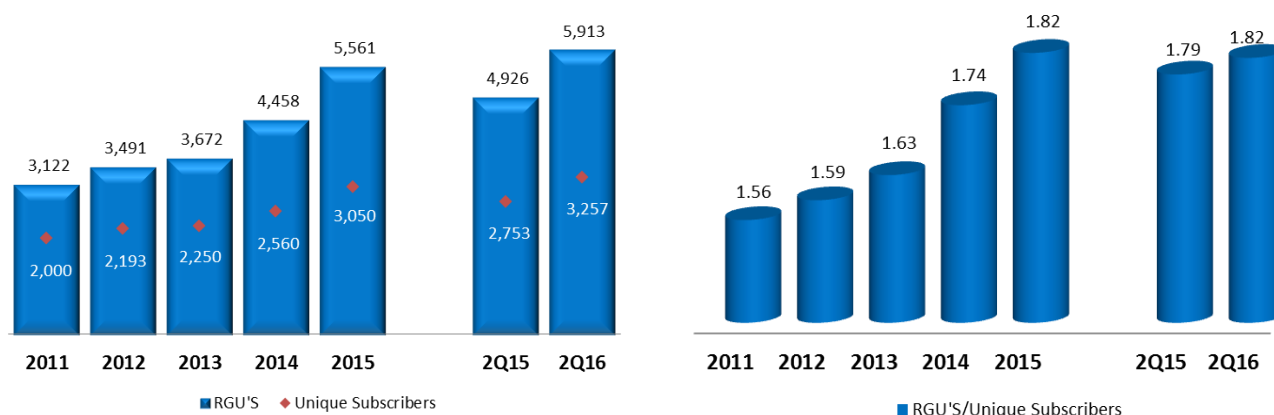
Telephony Subscribers

In 2Q16, telephony subscribers reached 929,578, an increase of 2%, or 18 thousand additional subscribers compared to 1Q16, and an annual growth of 16.2% or 129 thousand subscribers. Megacable continued to show solid growth in this segment while overall market growth slowed down. This segment's growth fundamentals are in line with those discussed above for the video and internet segments, which returned to acceptable growth levels as of June.



Unique Subscribers and Revenue Generating Units (RGU's)

During 2Q16, RGU's reached 5,913,144, an increase of 1.9% compared to 1Q16 and 20.0% compared to 2Q15, driven by growth in the various segments. As a result, RGU's per unique subscriber reached 1.82. Unique subscribers totaled 3,257,168 subscribers, an increase of 1.8% and 18.3% compared to 1Q16 and 2Q15, respectively.



Churn Rate

Churn rates increased from 2.4% to 2.9% and from 2.8% to 3.0% compared to 1Q16 and 2Q15, respectively, as a result of disconnection of video and internet subscribers, following the analog outage, the rate increases and the seasonality of the second quarter. Compared to the prior quarter, and to the prior year, churn rates increased from 2.4% to 2.9% or 50 basis points, and from 2.6% to 3.0%, or 40 basis points, respectively. Telephony increased by 70 basis points from 5.9% to 5.2% compared to 1Q16 and a growth of 30 basis points from 4.9% to 5.2% year over year.

	2Q16	2Q15	1Q16
Video	2.9%	2.4%	2.4%
Internet	3.0%	2.6%	2.8%
Telephony	5.2%	4.9%	5.9%

Revenues

During 2Q16, the Company reported record growth figures in cable revenues of 24% year-over-year, mainly driven by significant demand for our products, a selective strategy of subscribers and rate increases. Including Ho1a and PCTV revenues, consolidated revenues for 2Q16 grew by 14% reaching Ps. 4,223 million.

Ho1a presented an important revenue increase of Ps. 47 million quarter-to-quarter; in 2Q16 it rose by Ps. 47 million compared to 1Q16. However, revenues were Ps. 148 million lower compared to 2Q15, due to the extraordinary progress of the CFE project during that period.

Thousands of Pesos

	2Q16	2Q15	% Var
CABLE OPERATIONS	3,630,568	2,919,732	24%
OTHER	592,099	787,992	(25%)
Total	4,222,666	3,707,724	14%

	2Q16	2Q15	%Var	6M16	6M15	%Var
Video	1,973,984	1,642,438	20%	3,906,684	3,313,889	18%
Internet	1,103,032	819,278	35%	2,176,820	1,608,723	35%
Telephony	359,796	332,663	8%	700,425	667,322	5%
Corporate	753,426	892,291	-16%	1,435,632	1,411,489	2%
Other	32,428	21,054	54%	62,369	45,125	38%
Total	4,222,666	3,707,724	14%	8,281,930	7,046,547	18%

ARPU

ARPU per unique subscriber increased 4% to Ps. 358.4 in 2Q16 compared to 2Q15; compared to 1Q16, ARPU per unique subscriber grew 1%. This was mainly due to a rate increase in the double play service and additional TV equipment leasing, maintaining competitive pricing, in addition to RGU growth.

The video segment ARPU increased 2% compared to 2Q15, reaching Ps. 220.4 and 1% compared to 1Q16. Internet ARPU increased 5% compared to 2Q15 and was in line with 1Q16, reaching Ps. 188.1. Telephony ARPU decreased 8% compared to 2Q15, due to the elimination of domestic long distance charges and the creation of new unlimited service bundles that became effective in 2016. Compared to 1Q16, ARPU grew 4%, driven by commercial strategy changes where the Company reduced the number of free months in its promotions.

	2Q16	2Q15	% Var	1Q16	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	358.4	344.3	4%	353.7	1%
Video	220.4	215.2	2%	218.2	1%
Internet	188.1	179.3	5%	188.2	0%
Telephony	130.1	140.7	-8%	125.2	4%

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) Starting in 2Q15, the Company decided to include for the calculation of this indicator, only revenues from the mass market, in order to avoid any distortion of ARPU per unique subscriber.

Corporate Segment Revenues

	2Q16	2Q15	%Var	6M16	6M15	%Var
Metrocarrier	161,328	104,299	55%	314,068	194,050	62%
PCTV	66,319	144,339	-54%	127,810	279,748	-54%
HO1A	349,408	497,276	-30%	651,407	643,183	1%
MCM	176,372	146,377	20%	342,347	294,507	16%
Total	753,426	892,291	-16%	1,435,632	1,411,489	2%

Revenues from the corporate segment decreased 16% compared to 2Q15, mainly due to PCTV and Ho1a. PCTV revenues decreased as a result of the fact that Cablecom and Grupo Hevi opted to negotiate directly with broadcasters, leaving PCTV during 3Q15. PCTV represents less than 2% of total revenues. In addition, as previously discussed, revenues from Ho1a also decreased compared to 2Q15, as discussed above, due to the extraordinary revenue recognized during that quarter, and not as a result of a revenue decrease. Additionally, Ho1a EBITDA rose 52%, and reached a 14% margin during 2Q16, compared to a 6% margin during 2Q15.

Metrocarrier, our corporate business, demonstrated solid revenue growth with 55% of its 2Q16 revenues and 62% of revenues for 6M16. In addition to operational efficiency in various areas (commercial, engineering, post sales) our commercial offering has been very well-received by the various market segments we serve (enterprise, hospitality, government, etc.).

MCM, which focuses on telecommunications for the corporate market and voice and data generation, achieved strong and sustained growth during the past few years; in 2Q16, revenues from this business segment rose by 20%.

The business segment represents 18 % of total revenue.

Cost of Service

Cost of service increased 29% in the mass market during 2Q16 compared to 2Q15, mainly due to an increase in the number of subscribers, which has a direct impact on programming and link-up costs, in addition to the impact of the peso-dollar devaluation of 6 percentage points. On the other hand, corporate market costs decreased 39%, mainly as a result of the CFE project revenue recognition in Ho1a and the decrease in PCTV operations, resulting in a 2% increase in costs, on a consolidated basis. Operating costs increases were proportionately lower than revenue increases, which contributed to EBITDA growth over revenue.

Operating and General Expenses

Operating and general expenses in the cable operations increased 20% compared to 2Q15, mainly driven by the Company's growth, as evidenced in the number of employees, sales commissions, leases, maintenance and others. Operating and general expense increases in other business was 8%, resulting in an 18% cost increase on a consolidated basis.

EBITDA

Adjusted EBITDA for the cable operations reached Ps. 1,596 million in 2Q16, up 24% compared to 2Q15, with an adjusted EBITDA margin of 44.0%. Consolidated EBITDA margin was 40.3% in 2Q16, reaching Ps. 1,703 million, a 23% increase compared to 2Q15, showing 37.4 %, which implies an outstanding improvement of three percentage points. Ho1a increased EBITDA by 52%, from 6% to 14%. In addition, PCTV EBITDA declined by 19 million, with a 1.8% margin. Both companies contributed to EBITDA equal to Ps. 50 million in 2Q16.

	2Q16	2Q15	%Var	6M16	6M15	%Var
CONSOLIDATED						
Consolidated operating profit	1,185,873	928,235	28%	2,476,519	1,983,356	25%
Plus consolidated depreciation and amortization	517,155	458,658	13%	994,882	867,546	15%
Consolidated EBITDA	1,703,028	1,386,892	23%	3,471,401	2,850,902	22%
Consolidated EBITDA Margin	40.3%	37.4%		41.9%	40.5%	
CABLE OPERATIONS						
Non Cable Operations	107,058	98,163	9%	211,283	169,694	25%
Cable Adjusted EBITDA	1,595,970	1,288,729	24%	3,260,119	2,681,208	22%
EBITDA Margin of Cable	44.0%	44.1%		45.5%	46.0%	

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 rose 24% to Ps. 824 million, compared to Ps. 667 million in 2Q15, similar to EBITDA growth of 23%.

Net Debt

During the quarter, Megacable registered net debt of Ps. 1,474 million. This amount was mainly driven by the bank loan related to the Ho1a contract with CFE. At the close of the quarter, this loan was valued at over Ps. 1.4 billion. As discussed above, this loan is equivalent to the accounts receivable the Company has with CFE, which will be settled at the conclusion of the project, which is timetabled before year-end. Decreases in cash and short term investments were partly due to a reduction in payables balance. Both, the accounts receivable balance with the CFE, as well as the payables balance, are not considered in the calculation of the net debt.

With regards to short debt, the main component of this debt is the syndicated loan with the banks that matures in Jun 2016. Megacable has successfully completed the process to renew the syndicated loan with domestic banks. The credit was established with a maturity of 3 years, for a single payment of Ps. 2 billion.

	2Q16	2Q15
Short Term Debt	4,218,355	859,845
One year maturity of long-term bank loans	4,218,355	859,845
Long-Term Debt	113,542	2,193,176
Bank Loans	104,486	2,130,227
Accounts Payable	9,056	62,949
Total Debt	4,331,897	3,053,021
Cash and Short-Term Investments	2,857,543	4,477,636
Net Debt	1,474,354	(1,424,615)

Net Comprehensive Financing

The Company reported a net financing cost of Ps. 113 million in 2Q16, where net interest income was Ps. 12 million and the net exchange loss was Ps. 125 million.

	2Q16	2Q15
Net Exchange Gain/Loss	(125,437)	(12,880)
Interest Income	61,109	51,141
Interest Expense	48,734	39,452
Net Comprehensive Financial Result	(113,062)	(1,191)

CAPEX

During 2Q16, Megacable reported CAPEX of Ps. 1,063 million and Ps. 1,869 million in 6M16. This investment was mainly allocated towards the construction of additional kilometers for its network, the acquisition 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.

Dividends

A dividend payment was approved at the Ordinary Shareholders' Meeting for Ps. 1,169 million, equal to 20% of 2015 EBITDA. This payment is equivalent to Ps. 0.68 per Series "A" share and Ps. 1.36 per "CPO". A one-time payment was made on May 24, 2016.

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)	1,568	3,136
2 Series "A" Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 63,634
Closing Price (Ps) *		\$ 74.07
Free Float		35%

As of June 30, 2016

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 2Q16 Earnings Conference Call on Friday, July 22 2016 at 10:00am (Central Time) / 11:00am (Eastern Time).

To access the call dial in:

1-800-311-9404 (from within the U.S.)

1-334-323-7224 (from outside the U.S.)

Conference ID Number: 35832

Balance Sheet

	2016	2015
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and short-term investments	2,857,543	4,477,636
Accounts receivable from customers and other, net	2,263,445	1,434,485
Recoverable taxes	1,340,277	784,018
Inventories	692,765	326,380
Total Current Assets	7,154,030	7,022,518
Property, systems and equipment, net	18,787,231	15,611,129
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	177,599	211,860
Other assets	96,445	324,269
Affiliated and associated companies	798,185	702,558
Total Assets	31,391,888	28,250,731
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	4,218,355	859,845
Suppliers	1,604,048	959,809
Affiliated and associated companies	124,381	117,166
Accounts payable and accrued expenses payable	1,512,954	2,269,357
Total Current Liabilities	7,459,737	4,206,176
LONG TERM LIABILITIES		
Bank loans	104,486	2,130,227
Labor obligations	207,226	170,148
Accounts payable	9,056	62,949
Deferred taxes	1,934,930	2,472,902
Affiliated and associated companies	661,679	644,711
Total Long-Term Liabilities	2,917,377	5,480,937
Total Liabilities	10,377,115	9,687,112
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,100,040	2,117,560
Retained Earnings	16,562,755	14,281,883
Minority Interest	952,902	765,101
Legal Reserve	488,832	488,832
Total Stockholders' Equity	21,014,773	18,563,619
Total Liabilities & Stockholders' Equity	31,391,888	28,250,731

Income Statement

	2Q16	2Q15	% Var
Income	\$ 4,222,666	\$ 3,707,724	14%
Cost of Services	1,399,791	1,374,646	2%
Gross Profit	\$ 2,822,875	\$ 2,333,078	21%
Operating and General Expenses	1,119,846	946,185	18%
EBITDA	\$ 1,703,028	\$ 1,386,892	23%
Depreciation and amortization	517,155	458,658	13%
Operating Profit	\$ 1,185,873	\$ 928,235	28%
Other income (expenses), net	8,540	66,941	(87%)
Comprehensive Financing Income, Net	113,062	1,191	9393%
Income Before Income Tax and Minority Interest	\$ 1,081,352	\$ 993,984	9%
Income Tax	205,654	266,736	(23%)
Net Profit	\$ 875,698	\$ 727,248	20%
Net income attribute to:			
Non-Controlling interest	51,799	60,231	(14%)
Controlling interest	823,899	667,017	24%
	\$ 875,698	\$ 727,248	20%

Income Statement – Accumulated

	6M16	6M15	% Var
Income	\$ 8,281,930	\$ 7,046,547	18%
Cost of Services	2,637,313	2,371,048	11%
Gross Profit	\$ 5,644,617	\$ 4,675,499	21%
Operating and General Expenses	2,173,216	1,824,597	19%
EBITDA	\$ 3,471,401	\$ 2,850,902	22%
Depreciation and amortization	994,882	867,546	15%
Operating Profit	\$ 2,476,519	\$ 1,983,356	25%
Other income (expenses), net	27,781	122,863	(77%)
Comprehensive Financing Income, Net	43,645	30,256	44%
Income Before Income Tax and Minority Interest	\$ 2,460,656	\$ 2,075,964	19%
Income Tax	492,092	539,736	(9%)
Net Profit	\$ 1,968,563	\$ 1,536,228	28%
Net income attribute to:			
Non-Controlling interest	123,638	93,903	32%
Controlling interest	1,844,925	1,442,324	28%
	\$ 1,968,563	\$ 1,536,228	28%

Income Statement by Segment

	2Q16	2Q15	% Var
CABLE OPERATIONS			
Income	3,630,568	2,919,732	24%
Cost of Services	1,061,767	820,396	29%
Gross Profit	2,568,800	2,099,335	22%
Operating and General Expenses	972,830	810,606	20%
EBITDA	\$ 1,595,970	\$ 1,288,729	24%
	44%	44%	
OTHER			
Income	592,099	787,992	(25%)
MCM	176,372	146,377	20%
HO1A	349,408	497,276	(30%)
PCTV	66,319	144,339	(54%)
Cost of Services	338,024	554,250	(39%)
MCM	34,326	26,134	31%
HO1A	278,640	439,064	(37%)
PCTV	25,058	89,052	(72%)
Gross Profit	254,075	233,743	9%
Operating and General Expenses	147,016	135,580	8%
MCM	84,962	74,549	14%
HO1A	21,964	26,023	(16%)
PCTV	40,090	35,007	15%
EBITDA			
MCM	57,084	45,694	25%
HO1A	48,804	32,188	52%
PCTV	1,171	20,280	(94%)
EBITDA	\$ 107,058	\$ 98,163	9%
	18%	12%	
TOTAL OPERATION			
Income	4,222,666	3,707,724	14%
Cost of Services	1,399,791	1,374,646	2%
Gross Profit	2,822,875	2,333,078	21%
Operating and General Expenses	1,119,846	946,185	18%
EBITDA	\$ 1,703,028	\$ 1,386,892	23%
	40%	37%	

Income Statement by Segment – Accumulated

	6M16	6M15	% Var
CABLE OPERATIONS			
Income	7,160,367	5,829,109	23%
Cost of Services	2,007,964	1,591,269	26%
Gross Profit	5,152,403	4,237,839	22%
Operating and General Expenses	1,892,284	1,556,631	22%
EBITDA	\$ 3,260,119	\$ 2,681,208	22%
	46%	46%	
OTHER			
Income	1,121,564	1,217,438	(8%)
MCM	342,347	294,507	16%
HO1A	651,407	643,183	1%
PCTV	127,810	279,748	(54%)
Cost of Services	629,349	779,779	(19%)
MCM	61,755	55,544	11%
HO1A	508,981	550,214	(7%)
PCTV	58,613	174,021	(66%)
Gross Profit	492,214	437,659	12%
Operating and General Expenses	280,932	267,966	5%
MCM	165,091	144,474	14%
HO1A	45,170	53,437	(15%)
PCTV	70,671	70,055	1%
EBITDA			
MCM	115,501	94,490	22%
HO1A	97,256	39,532	146%
PCTV	-1,474	35,672	(104%)
EBITDA	\$ 211,283	\$ 169,694	25%
	19%	14%	
TOTAL OPERATION			
Income	8,281,930	7,046,547	18%
Cost of Services	2,637,313	2,371,048	11%
Gross Profit	5,644,617	4,675,499	21%
Operating and General Expenses	2,173,216	1,824,597	19%
EBITDA	\$ 3,471,401	\$ 2,850,902	22%
	42%	40%	