Third Quarter 2010 Results

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

October 26, 2010

Guadalajara, Jalisco, Mexico, October 26, 2010 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the third quarter 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	**3Q10**	**3Q09**	**3Q10 vs 3Q09**
Service Income	1,892	1,708	11%
Adjusted EBITDA for Cable Operations	762	712	7%
Adjusted EBITDA Margin for Cable Operations	**42.3%**	**43.9%**	
Consolidated EBITDA	774	719	8%
Consolidated EBITDA Margin	**40.9%**	**42.1%**	
Net Income	392	442	-11%
Net Debt	398	575	-31%
Net Debt/Anualized consolidated EBITDA	**0.13**	**0.19**	
Interest Coverage	18.94	17.89	

Operating Results			Variation
	3Q10	**3Q09**	**3Q10 vs 3Q09**
Homes Passed	5,134,396	4,524,176	13%
Network Kilometers	36,124	31,054	16%
Two- way Network Percentage	**96%**	**91%**	
Cable Television Subscribers	**1,746,102**	**1,544,968**	13%
Digital Cable Subscribers	430,081	271,731	58%
Penetration Rate of Households	**34.0%**	**34.1%**	
HSD Internet Subscribers	**585,026**	**494,759**	18%
Penetration Rate of Cable Subscribers	33.5%	32.0%	
Telephony Subscribers	**458,600**	**392,392**	17%
Penetration Rate of Cable Subscribers	26.3%	25.4%	
Unique Subscribers	**1,792,916**	**1,585,612**	13%
Revenue Generating Units	**2,789,728**	**2,432,119**	15%
RGU's Per Unique Subscribers	1.56	1.53	
ARPU per Unique Subscriber	$ 354.6	$ 360.9	-2%

Executive Summary

As of September 30, 2010, Megacable reported revenues of Ps. 1,892 million corresponding to the third quarter 2010, which represented an 11% increase compared to 3Q09. For the accumulated nine-month period (9M10), Megacable reported Ps. 5,548 million in revenue, which was achieved through the addition of approximately 358 thousand RGU's from 3Q09 to 3Q10.

Consolidated EBITDA rose 8% from 3Q09 to 3Q10; reaching Ps. 774 million for the quarter and approximately Ps. 2,322 million for 9M10. Consolidated EBITDA for cable operations rose 7% from 3Q09 to 3Q10, reaching a margin over cable revenues of 42% for 3Q10 and 44% for the nine-month period.

Finally, net income totaled Ps. 1,297 million, a 3% decrease from 9M09 to 9M10, mainly due to the fact that during 2010, there was a significantly lower exchange rate gain than in 2009, which contributed to the negative comprehensive financing income.

With regards to the Company's balance sheet, total liabilities declined 22% from 3Q09 to 3Q10, thus improving Megacable's leverage ratios. This was mainly due to a reduction in liabilities by nearly one-third as a result of the maturity of a US$ 120 million bank loan on August 23, 2010, as well as Ps. 1,456 million, which was paid-off with a loan for Ps. 2,100 million, with the remaining balance paid in cash.

Regarding assets, the cash and temporary investments line decreased approximately Ps. 1,072 million due to the previously mentioned loan payment, the purchase of Grupo Omnicable in 2Q10, as well as investments in GTAC (*Grupo de Telecomunicaciones de Alta Capacidad*) for the license and set-up of the dark fiber from the CFE (Federal Electricity Commission).

Properties, systems and equipment, net, increased 21%, or Ps. 1,210 million, due to the purchase of set-top boxes for the digitalization project that was fully initiated in the second half of the year, the construction of new kilometers of network, the purchase of Grupo Omnicable and the acquisition of equipment, among others.

Regarding operating results, Megacable finished the third quarter with approximately 1.75 million video subscribers, 585 thousand Internet subscribers and 459 thousand telephony subscribers, which represented growth of 13%, 18% and 17%, respectively. This represents an increase in the number of services purchased per subscriber, from 1.53 RGU's to 1.56 RGU's, per unique subscriber, from 3Q09 to 3Q10.

Lastly, during 3Q10, the Company concluded negotiations to provide quadruple-play services through a mobile telephony service offering via a MVNO (Mobile Virtual Network Operator) with Telefonica, whereby Megacable expects to expand the services offered to subscribers.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V. QUARTERLY OPERATING DATA					
				Variation	
	3Q10	3Q09	2Q10	3Q10 vs 3Q09	3Q10 vs 2Q10
ARPU (1) (Ps.)					
Unique Subscribers	354.6	360.9	361.9	**-2%**	**-2%**
Video	228.9	236.3	228.8	**-3%**	**0%**
Internet	193.9	192.5	193.2	**1%**	**0%**
Telephony	188.5	194.5	186.2	**-3%**	**1%**
Other Income contribution to Unique Subscriber's ARPU (2)	23.5	25.2	28.5	**-7%**	**-18%**
Monthly Average Churn Rate					
Video	3.2%	2.9%	2.7%		
Internet	3.6%	3.5%	3.8%		
Telephony	4.6%	4.7%	4.3%		

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 finished the third quarter with 1,746,102 subscribers, reflecting an increase of more than 201 thousand net additions, a growth of 13%, with respect to 3Q09. The Company added more than 158 thousand digital subscribers, a 58% increase from 3Q09 to 3Q10. This project provides subscribers with a digital service package the option to access a greater number of channels with improved image and sound quality, as well as reducing piracy within the video segment, thus increasing revenues, while reducing costs associated with connection and disconnection processes within the segment.

Video segment ARPU was flat compared to 2Q10, and declined by 3% compared to 3Q09, mainly due to increased bundled sales of triple-play packages, whereby subscribers obtain discounts in the individual services as well as the adoption of services at lower costs.

Internet Segment

The broadband Internet segment reported notable subscriber growth from 3Q09 to 3Q10, increasing its base with more than 90 thousand net additions during the period, finishing 3Q10 with 585,026 subscribers. Subscriber growth from 2Q10 to 3Q10 was derived from marketing campaigns to obtain the maximum benefit of the back to school seasonality, resulting in significantly improved growth rates from those presented during the year.

For its part, Internet segment ARPU rose 1% from 3Q09 to 3Q10, and remained flat from 2Q10 to 3Q10.

Telephony Segment

Telephony segment added 458,600 subscribers in 3Q10, adding over 66 thousand new subscribers to this service compared to 3Q09, or an increase of 17%.

ARPU by subscriber grew 1% compared to 2Q10 and declined 3% compared to 3Q09, due to the increase in sales of bundled services whereby subscribers obtain discounts, and therefore, generate a decrease in average revenues per service.

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

Unique subscribers grew at a rate of 13%, while RGU's increased at a rate of 15% from 3Q09 to 3Q10, ending with 1,792,916 unique subscribers and 2,789,728 RGU's. As a result, Megacable's RGU's per unique subscriber increased from 1.53 in 3Q09 to 1.56 in 3Q10.

ARPU per unique subscriber for 3Q10 reached Ps. 354.6 a decline of 2% compared to both 2Q10 and 3Q09, due to the general decline in other operating income considered to calculate this indicator.

Monthly Average Churn Rate

The average monthly churn rate for the Video and Internet services increased 30 and 10 basis points from 3Q09 to 3Q10, respectively, while the average monthly churn rate for the Telephony segment declined 10 basis points. The increases were due to a higher disconnection rate given that during 2Q10, the Company registered significant growth as a result of promotions for the World Cup, therefore affecting net adds, in the case of video and telephony, during 3Q10.

Homes Passed and Network

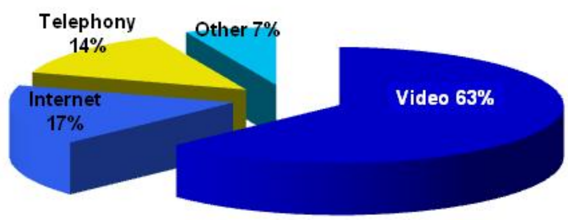
As of September 30, 2010, the Company's cable network reached 36,124 kilometers, passing 5,134,396 homes, which represented a 16% increase in network kilometers and an increase of 13% in number of homes passed. To date, the network had a 96% bidirectional rate.

Consolidated Results

Income by Segment In Millions of Pesos	3Q10	3Q09	3Q10 vs 3Q09	9M10	9M09	9M10 vs 9M09
Video	1,191	1,089	9%	3,449	3,308	4%
Internet	320	278	15%	938	831	13%
Telephony	256	223	15%	741	606	22%
Other	125	119	5%	420	358	17%
Total	**1,892**	**1,708**	**11%**	**5,548**	**5,103**	**9%**

Service income increased 11% from 3Q09 to 3Q10, and 9% when comparing 9M09 to 9M10, reaching an accumulated increase of Ps. 5,548 million as of September 30, 2010. Video revenues increased 9% from 3Q09 to 3Q10, while Internet and telephony increased 15% and Others increased 5%.

The Video segment represented 63% of Megacable's total revenues, the highest of all segments, followed by Internet with 17% and Telephony with 14%. Finally, the Other segment represented 7% of the total.



Cost of services increased 7%, from 3Q09 to 3Q10, which was lower than the 15% increase in RGU's. This improvement was achieved despite a greater offering of channels, greater bandwidth and minutes for telephony service. This demonstrates the Company's success in seeking administrative and operating cost efficiencies.

Operating income decreased 3% from 3Q09 to 3Q10, due to the 27% increase in general expenses during the period. This was mainly the result of the increase in Depreciation and Amortization, which includes the amortization of intangible assets purchased at Grupo Omnicable, the expansion in network kilometers, as well as the increase in the number of employees, derived from the digitalization project, Grupo Omnicable's acquisition and the growth of the Internet segment.

As a result of the above, adjusted EBITDA for the cable operations rose 7% from 3Q09 to 3Q10, reaching a 42% margin over cable revenues. For the 9M10 period, this represented 4% of the increase compared to 9M09, and a margin over cable revenues of 44%.

Megacable's Consolidated EBITDA increased 8% from 3Q09 to 3Q10 with an EBITDA margin of 41%. For the consolidated nine-month period of 2010, this figure rose 4% compared to 9M09, reaching an income margin of approximately 42%.

Finally, as of September 30, 2010, net income reached Ps. 1,297 million, 3% lower than the figure reported in the same period of 2009, representing an 11% decrease when compared to 3Q09. This was mainly due to a lower monetary gain compared to interest expenses during the period

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EBITDA

In thousands of Pesos	3Q10	3Q09	3Q10 vs 3Q09	9M10	9M09	9M10 vs 9M09
Consolidated operating Income	$ 522,535	$ 538,486	**-3%**	$ 1,698,069	$ 1,698,160	**0%**
Less operating Income (Loss) of MCM Holding	1,750	(1,241)	**241%**	10,631	(2,372)	**548%**
Operating Income for Cable Operations	520,785	539,727	**-4%**	1,687,438	1,700,533	**-1%**
Plus Consolidated depreciation and amortization	237,856	172,250	**38%**	604,682	516,265	**17%**
Less depreciation and amortization of MCM Holding	10,465	8,499	**23%**	31,370	25,267	**24%**
Plus Non- recurring items	13,416	8,198	**64%**	18,816	8,198	**130%**
Adjusted EBITDA for Cable Operations (1)	**$ 761,592**	**$ 711,677**	**7%**	**$ 2,279,566**	**$ 2,199,729**	**4%**
Total Income excluding MCM	**$ 1,800,762**	**$ 1,622,699**	**11%**	**$ 5,231,857**	**$ 4,850,070**	**8%**
Adjusted EBITDA Margin for Cable Operations	**42.3%**	**43.9%**		**43.6%**	**45.4%**	
Consolidated EBITDA (2)	**$ 773,807**	**$ 718,934**	**8%**	**$ 2,321,567**	**$ 2,222,623**	**4%**
Consolidated EBITDA Margin	**40.9%**	**42.1%**		**41.8%**	**43.6%**	

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.

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Liquidity, Debt and Capital Structure

Liquidity

The Company's liquidity ratios improved derived from the payment of the bank loan that matured August 23, 2010, and the acquisition of new long-term debt for a lower amount compared to the long-term debt held. Megacable's total current assets decreased 15% from 3Q09 to 3Q10, mainly due to several investments made with the Company's cash during 2010; among these were the expenses derived from the licensing and investment in the set up of the dark fiber optical wires from the CFE through GTAC, the purchase of Grupo Omnicable and the payment in cash of Ps. 900 million to partially liquidate the bank loan previously mentioned.

	as of September 30,	
Liquidity Ratio	**2010**	**2009**
Assets Ratio	3.12	0.91

Property, Systems and Equipment, Net

This line item registered an increase of 21%, from 3Q09 to 3Q10, mainly due the purchase of Grupo Omnicable, organic growth via the increase in Megacable's network kilometers, the purchase of terminal equipment for digitalization, Internet and Telephony, and the purchase of transportation, computer and office equipment, among others.

Debt

Megacable's US$ 120 million and Ps. 1,456 million bank liability, which matured August 23, 2010, was liquidated via a new bank loan of Ps. 2,100 million, which generates a 28-day TIIE plus 0.90% interest rate, with the remaining Ps. 900 million balance paid in cash.

As a result, debt and interest coverage ratios improved in general, reaching a Net Debt / Annualized EBITDA ratio of 0.13x and interest coverage of 18.94x.

	as of September 30,	
Debt Ratios	**2010**	**2009**
Debt Ratio	0.26	0.35
Debt to Equity Ratio	0.35	0.54
Net Debt/ Annualized EBITDA	0.13	0.19
Interest Coverage		
EBITDA/ Interests Expenses	18.94	17.89

Net debt decreased 31% from 3Q09 to 3Q10, due to the aforementioned bank loan payment, reaching approximately Ps. 398 million as of September 30, 2010.

In thousands of Pesos	3Q10	3Q09
Short Term Debt	**6,171**	**3,188,502**
One year maturity of long term bank loans	6,171	3,188,502
Long Term Debt	**2,100,000**	**166,800**
Bank Loans	2,100,000	-
Accounts Payable	-	166,800
Total Debt	**2,106,171**	**3,355,302**
Cash and Short Term Investments	1,708,438	2,780,399
Net Debt	**397,733**	**574,903**

Shareholders' Equity

Shareholders' Equity rose 21% from 3Q09 to 3Q10; mainly as a result of a 33% increase in Megacable's retained earnings.

CAPEX

During 3Q10, Megacable invested Ps. 452 million reaching Ps. 1,087 million during the nine-month 2010 period. This investment was mainly allocated towards the purchase of terminal subscriber equipment, growth and modernization of the cable network and the purchase of fixed assets.

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 September 30, 2010, the Company had 10,445 employees.

Stock Information		
Ticker		MEGA.CPO
2 Series "A" Shares =		1 CPO
Total Outstanding Series "A" Shares (millions)		1,721
Outstanding CPOs (thousands)		293,254
CPOs in Treasury (thousands)		96
Mkt. Cap (In Ps. Millions)	$	26,876
Closing Price (Ps) *	$	31.23
As of September 30, 2010		
Source: Infosel		

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Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.					
For the three-month period ended September 30, 2010 & 2009					
		Non Audited			Variation
In thousands of Pesos		3Q10		3Q09	3Q10 vs 3Q09
Services Income	**$**	**1,891,857**	**$**	**1,708,387**	**11%**
Cost of Services		625,712		585,214	7%
Gross Profit	**$**	**1,266,144**	**$**	**1,123,174**	**13%**
Operating and General Expenses (1)		743,609		584,688	27%
Operating Profit		**522,535**		**538,486**	**(3%)**
Other income (expenses), net		9,063		4,721	92%
Comprehensive Financing Income, Net		8,331		-36,613	(123%)
Equity in income of associated companies		-3,140		-1,339	135%
Income Before Income Tax and Minority Interest	**$**	**526,408**	**$**	**581,159**	**(9%)**
Income Tax		122,360		134,314	(9%)
Income Before Minority Interest	**$**	**404,048**	**$**	**446,845**	**(10%)**
Minority Income		11,750		5,031	**134%**
Net Profit	**$**	**392,299**	**$**	**441,814**	**(11%)**

(1) Depreciation and amortization for the three-month period ended as of September 30, 2010 and 2009 were Ps.237,856 thousand and Ps. 172,250 thousand, respectively.

Accumulated Income Statement

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

For the nine-month period ended September 30, 2010 & 2009

In thousands of Pesos	**Non Audited**		**Variation**
	9M10	**9M09**	**9M10 vs 9M09**
Services Income	**$ 5,547,923**	**$ 5,103,119**	**9%**
Cost of Services	1,848,276	1,690,727	9%
Gross Profit	**$ 3,699,647**	**$ 3,412,392**	**8%**
Operating and General Expenses (1)	2,001,578	1,714,232	17%
Operating Profit	**1,698,069**	**1,698,160**	**(0%)**
Other income (expenses), net	23,781	13,760	73%
Comprehensive Financing Income, Net	16,628	-97,642	(117%)
Equity in income of associated companies	-11,911	-12,668	(6%)
Income Before Income Tax and Minority Interest	**$ 1,717,132**	**$ 1,822,229**	**(6%)**
Income Tax	388,158	456,010	(15%)
Income Before Minority Interest	**$ 1,328,975**	**$ 1,366,219**	**(3%)**
Minority Income	31,705	29,421	**8%**
Net Profit	**$ 1,297,270**	**$ 1,336,798**	**(3%)**

(1) Depreciation and amortization for the nine-month period ended as of September 30, 2010 and 2009 were Ps. 604,682 thousand and Ps. 516,265 thousand, respectively.

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Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS Balance Sheet (Non Audited) In Thousands of Pesos	As of September 30,	
	2010	**2009**
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	1,708,438	2,780,399
Accounts receivable from customers and other, net	780,959	337,871
Recoverable taxes	175,626	176,505
Inventories	295,711	167,817
Total Current Assets	**2,960,734**	**3,462,593**
Investment in shares of associated companies	122,931	36,537
Property, systems and equipment, net	7,062,495	5,852,589
Goodwill, net	4,277,036	4,275,616
Preoperating expenses, net	23,435	13,674
Other assets	543,167	487,669
Total Assets	**14,989,798**	**14,128,679**
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	6,171	3,188,502
Suppliers	393,724	237,953
Affiliated and Associated Companies	2,824	105,538
Accounts payable and accrued expenses payable	547,409	293,309
Bank loans	-	-
Total Current Liabilities	**950,129**	**3,825,301**
LONG TERM LIABILITIES		
Bank loans	2,100,000	-
Labor obligations	88,602	85,101
Accounts payable	-	166,800
Deferred taxes	721,675	789,509
Deferred Goodwill, net	-	87,422
Total Long Term Liabilities	**2,910,277**	**1,128,833**
Total Liabilities	**3,860,406**	**4,954,134**
STOCKHOLDERS' EQUITY		
Capital Stock	920,068	918,284
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,120,876
Retained Earnings	7,929,091	5,959,877
Minority Interest	153,885	170,509
Total Stockholders' Equitiy	**11,129,392**	**9,174,545**
Total Liabilities & Stockholders' Equity	**14,989,798**	**14,128,679**

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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

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