

**GRUPO MEGACABLE HOLDINGS ANNOUNCES  
RESULTS FOR THE THIRD QUARTER OF 2012**

**Guadalajara, Jalisco, Mexico, October 23, 2012** - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the third quarter and nine-month accumulated figures for 2012. Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos, unless otherwise indicated.

**Third Quarter 2012 Highlights:**

- Net service income rose 11% year-over-year
- Net income rose 23% compared to 2011
- Internet subscribers rose 24%, with 153,000 net additions

## Highlights

Consolidated Financial Results			Variation
Figures in millions of pesos	3Q12	3Q11	3Q12 vs 3Q11
Service Income	2,257	2,038	11%
Adjusted EBITDA for Cable Operations	899	837	7%
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>41.5%</b>	<b>42.7%</b>	
Consolidated EBITDA	915	860	6%
<b>Consolidated EBITDA Margin</b>	<b>40.5%</b>	<b>42.2%</b>	
Net Income	461	374	23%
Net Debt	(610)	280	-318%
<b>Net Debt/Annualized consolidated EBITDA</b>	<b>(0.16)</b>	<b>0.08</b>	
Interest Coverage	30.27	28.85	

Operating Results			Variation
	3Q12	3Q11	3Q12 vs 3Q11
Homes Passed	6,114,823	5,606,980	9%
Network Kilometers	43,573	39,579	10%
<b>Two- way Network Percentage</b>	<b>97%</b>	<b>97%</b>	
<b>Cable Television Subscribers</b>	<b>2,036,762</b>	<b>1,864,368</b>	9%
Digital Cable Subscribers	1,092,897	834,459	31%
<b>Penetration Rate of Households</b>	<b>33.3%</b>	<b>33.3%</b>	
<b>HSD Internet Subscribers</b>	<b>800,159</b>	<b>646,691</b>	24%
Penetration Rate of Cable Subscribers	39.3%	34.7%	
<b>Telephony Subscribers</b>	<b>533,706</b>	<b>474,123</b>	13%
Penetration Rate of Cable Subscribers	26.2%	25.4%	
<b>Unique Subscribers</b>	<b>2,116,963</b>	<b>1,912,940</b>	11%
<b>Revenue Generating Units</b>	<b>3,370,627</b>	<b>2,985,182</b>	13%
RGU's Per Unique Subscribers	1.59	1.56	2%
ARPU per Unique Subscriber	359.0	366.2	-2%

## Executive Summary

The Company's service income reached Ps. 2,257 million in 3Q12, 11% growth compared to 3Q11. For the first nine months 2012, service income totaled Ps. 6,698, 10% growth compared to 9M11. The Company reported 3,370,627 RGU's, increasing the number of services per subscriber from 1.56 to 1.59 RGU's per unique subscriber from 3Q11 to 3Q12.

The Internet segment reported significant 24% growth in terms of subscribers from 3Q11 to 3Q12, driven by the Company's 'Back to School' marketing campaign, competitive rates and a product that offers the best speeds in the market. It is worth mentioning that as of 2012, the Company has offered customers the ability to sign-up for un-bundled Internet service. The Internet segment reported 800 thousand subscribers, resulting in more than 61 thousand net additions in 3Q12.

Income in the Video, Internet and Telephony segments rose 12%, 12% and 3%, respectively, comparing 3Q11 to 3Q12, and 11%, 15% and 1%, respectively, in the first nine months 2012 period compared to the same period in 2011. As mentioned, the Internet segment reflected the main growth.

The accumulated Consolidated EBITDA margin in 3Q12 was 42.3%, reaching Ps. 2,830 million, an increase of 6% year-on-year.

In conjunction, the Company's cost of services, and operating and general expenses rose 15% and 13%, respectively, from 3Q11 to 3Q12, mainly due to increased operations as a result of the increase in subscribers, the 9.4% depreciation of exchange rates, which had an approximate 28% effect on costs and expenses, as well as an increase in the components related to electricity connections.

In terms of net income, the Company reported net income of Ps. 461 million in 3Q12, with a net margin of 20%, increasing 23% compared to the third quarter 2011. This was due to the value of assets and liabilities for each quarter, due to the exchange rates at the close of the period, which when compared to the previous year, reported a month-to-month devaluation, the opposite of what took place this year. This affect impacted the Company's integral financing result, net, given the exchange rate income reported during the quarter.

With regards to the Balance Sheet, the Company continued to improve liquidity through cash generation and improvement of the financial structure via increased retained earnings, which in 3Q12, reached Ps. 11,102 million. Net debt declined from Ps. 280 million in 3Q11 to a negative Ps. 610 million in 3Q12. The Company continued to maintain a credit facility, which during the third quarter 2012, was registered as a short-term liability and matures in August 2013.

Regarding the Company's capital structure, which remains healthy, Megacable reported a liabilities to capital ratio of 0.33x, a debt ratio of 0.25x and interest coverage of 30.27x as of September 30, 2012.

Finally, it is worth mentioning that the Company published notice of a Shareholder Meeting on September 27, 2012, to be held October 25, 2012. Included in the agenda as items for discussion are: the presentation, discussion and approval of the distribution, discussion and

approval of the Company's dividend policy, which if approved, will be the first dividend payment in the Company's history.

## Operating Results

<b>MEGACABLE HOLDINGS S. A. B. DE C. V.</b>					
<b>QUARTELY OPERATING DATA</b>					
	<b>3Q12</b>	<b>3Q11</b>	<b>2Q12</b>	<b>Variation</b>	
				<b>3Q12 vs 3Q11</b>	<b>3Q12 vs 2Q12</b>
<b>ARPU (1) (Ps.)</b>					
Unique Subscribers	359.0	366.2	352.3	<b>-2%</b>	<b>2%</b>
Video	228.6	228.2	225.5	<b>0%</b>	<b>1%</b>
Internet	196.0	218.8	198.6	<b>-10%</b>	<b>-1%</b>
Telephony	180.0	196.9	181.8	<b>-9%</b>	<b>-1%</b>
Other Income (2)	21.6	21.7	20.7	<b>0%</b>	<b>4%</b>
<b>Monthly Average</b>					
<b>Churn Rate</b>					
Video	3.0%	2.8%	2.7%		
Internet	3.2%	3.4%	3.3%		
Telephony	3.7%	3.7%	3.5%		

### 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 reported a 9% increase in subscribers, concluding 3Q12 with 2,036,762 subscribers, adding more than 172 thousand subscribers versus the same period of the previous year. In terms of digital subscribers, Megacable added over 258 thousand digital subscribers year-on-year, which represented an increase of 31% increase, reaching more than 1,093 thousand primary digital boxes, and over 1,237 thousand additions.

Video ARPU remained flat from 3Q11 to 3Q12 at Ps. 229, but rose 1% when compared to 2Q12.

## Internet

The broadband Internet segment reported 24% subscriber growth from 3Q11 to 3Q12, increasing the base by over 153 thousand subscribers to end the quarter with 800 thousand subscribers.

Internet ARPU declined 10%, from 3Q11 to 3Q12, as new subscribers that entered the subscriber base generated lower average revenue. With respect to 2Q12, Internet ARPU declined 1% due to promotional campaigns related to the Company's high quarterly growth, whose impact on the revenue line will be reflected moving forward. in

addition to the adoption of packaged services at lower prices by the lower socioeconomic segment.

## **Telephony**

The Telephony segment concluded 3Q12 with 534 thousand subscribers, which represented more than 22 thousand net additions compared to 2Q12, while adding 60 thousand net additions when comparing 3Q12 with 3Q11, representing approximately 13% growth.

ARPU for this segment declined 9% with respect to 3Q11, and 1% versus 2Q12, to reduced fixed-to-mobile interconnection rates.

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

Unique subscribers reached 2,116,963, 11% growth year-on-year, while RGU's at the close of 3Q12 totaled 3,370,627, a 13% increase year-on-year. As a result, unique revenue generating units rose to 1.59 per unique subscriber.

ARPU per unique subscriber was Ps. 359.0, a 2% decline compared to 3Q11 and a 2% increase compared to 2Q12. This was due to an increase in RGUs, sales promotions and a greater increase of subscribers of packaged services with more economical rates.

## **Average Monthly Churn Rate**

The average monthly churn rate for Video rose 22 basis points, from 2.8% to 3.0% year-over-year. The Internet monthly churn rates decreased year-over-year by 15 basis points from 3.4% to 3.2%. Telephony remained in-line year-on-year at 3.7%.

## **Homes Passed and Network Kilometers**

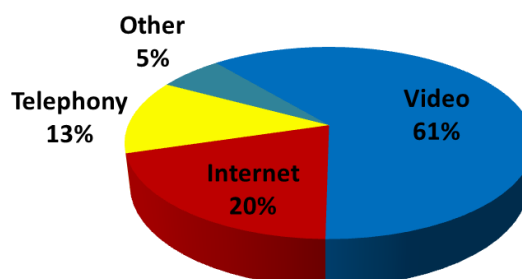
Homes passed increased 9%, with an approximate 4,000 kilometer increase in the network year-over-year, finishing the quarter with approximately 6 million homes passed and a bidirectional network of 97%. During the current quarter, the Company added 833 kilometers of fiber and built 841 kilometers of network.

## Consolidated Results

Income by Segment						
In millions of Pesos						
	3Q12	3Q11	3Q12 vs 3Q11	9M12	9M11	9M12 vs 9M11
Video	1,385	1,238	12%	4,114	3,710	11%
Internet	454	405	12%	1,340	1,166	15%
Telephony	283	274	3%	850	844	1%
Other	136	121	12%	394	370	7%
<b>Total</b>	<b>2,257</b>	<b>2,038</b>	<b>11%</b>	<b>6,698</b>	<b>6,090</b>	<b>10%</b>

Total service income increased 11% from 3Q11 to 3Q12 to reach Ps. 2,257 million, reaching an accumulated income figure of Ps. 6,698 million for the nine-months ended September 30, 2012. As has been the trend thus far in 2012, the highest increase in income per segment took place in the Internet segment, which rose 15% from 9M11 to 9M12. Video income increased 11%, Telephony rose 1% and Others increased 7%.

In terms of revenue composition, the Video segment continued to be the largest contributor, with 61% of Megacable's total revenues, followed by Internet with 20%, Telephony with 13%, and Others with 5% of total revenues.



Cost of services increased 15% from 3Q11 to 3Q12, mainly due to exchange rates, programming, an increase in the components related to electricity connections and labor.

As a result, adjusted EBITDA for the cable operations reached Ps. 899 million in 3Q12, or 7% higher than 3Q11, reaching a margin of 41.5%. Comparing 9M11 to 9M12, adjusted EBITDA rose 6% to reach Ps. 2,785 million, for a margin of 43.2%. Consolidated EBITDA margin was 40.5% in 3Q12, reaching Ps. 915 million, which represents a 6% variation when compared to the same period in the previous year, while for 9M12, the Consolidated EBITDA margin rose 6% to 42.3%.

The net integral financing result in the third quarter 2012 reached Ps. 27.5 million, of which Ps. 19.5 million corresponded to exchange rate gains, the result of asset valuations based on a depreciating exchange rate during the 3Q12 and Ps. 8.0 million were related to financial instruments.

EBITDA						
	3Q12	3Q11	3Q12 vs 3Q11	9M12	9M11	9M12 vs 9M11
<b>In thousands of Pesos</b>						
Consolidated operating Income	\$ 568,205	\$ 594,919	-4%	\$ 1,829,565	\$ 1,891,281	-3%
Less operating Income (Loss) of MCM	\$ 4,777	\$ 11,997	-60%	\$ 12,556	\$ 9,578	31%
Operating Income for Cable Operations	\$ 563,428	\$ 582,922	-3%	\$ 1,817,009	\$ 1,881,703	-3%
Plus Consolidated depreciation and amortization	\$ 346,487	\$ 265,059	31%	\$ 1,000,578	\$ 782,525	28%
Less depreciation and amortization of MCM Holding	\$ 11,220	\$ 11,063	1%	\$ 32,491	\$ 32,713	-1%
<b>Adjusted EBITDA for Cable Operations (1)</b>	<b>\$ 898,695</b>	<b>\$ 836,919</b>	<b>7%</b>	<b>\$ 2,785,096</b>	<b>\$ 2,631,515</b>	<b>6%</b>
<b>Total Income excluding MCM</b>	<b>\$ 2,166,934</b>	<b>\$ 1,961,040</b>	<b>10%</b>	<b>\$ 6,441,057</b>	<b>\$ 5,858,266</b>	<b>10%</b>
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>41.5%</b>	<b>42.7%</b>		<b>43.2%</b>	<b>44.9%</b>	
<b>Consolidated EBITDA (2)</b>	<b>\$ 914,693</b>	<b>\$ 859,978</b>	<b>6%</b>	<b>\$ 2,830,143</b>	<b>\$ 2,673,806</b>	<b>6%</b>
<b>Consolidated EBITDA Margin</b>	<b>40.5%</b>	<b>42.2%</b>		<b>42.3%</b>	<b>43.9%</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) Adjusted 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 liquidity ratios decreased from 2.47 to 1.09 mainly due the conversion of a bank liability from long-term to short-term, investments in acquisitions of new systems, as well as CAPEX investments. It is worth mentioning that the cash and short-term investment line increased more than Ps. 624 million year-over-year. Despite the decline in the liquidity ratio, Megacable's cash availability is sufficient to cover bank loan obligations in their entirety.

### Property, Systems and Equipment, Net

This line item increased 25%, reaching Ps. 10,517 million, an increase of Ps. 2,091 million compared to 3Q11, mainly due to organic growth via the increase in Megacable's network kilometers, the purchase of end-user systems in 2011, as well as the of terminal equipment for the digitalization, Internet and Telephony projects, the purchase of vehicles, computer and office equipment, among others.

## Debt

The Company maintains bank debt for more than Ps. 2.0 billion, which during 3Q12 was converted to short-term debt, and generates interest at the 28-day TIIE rate plus 55 basis points. Megacable continues to have a credit line with CISCO for US\$ 10.6 million.

The Company currently maintains derivative contracts for Swaps for Ps. 1,600 million, all with maturities in the third quarter 2013 to partially cover bank loans.

as of September 30,		
Debt Ratios	2012	2011
Debt Ratio	0.25	0.26
Debt to Equity Ratio	0.33	0.35
Net Debt/ Annualized EBITDA	(0.16)	0.08
Interest Coverage		
EBITDA/ Interests Expenses	30.27	28.85

Net Debt at the close of 3Q12 was Ps. 610 million with net available cash.

In thousands of Pesos	3Q12	3Q11
<b>Short Term Debt</b>	<b>2,172,380</b>	<b>267,638</b>
One year maturity of long term bank loans	2,172,380	267,638
<b>Long Term Debt</b>	<b>94,963</b>	<b>2,265,852</b>
Bank Loans	9,706	2,071,861
Accounts Payable	85,257	193,991
<b>Total Debt</b>	<b>2,267,343</b>	<b>2,533,490</b>
Cash and Short Term Investments	2,877,798	2,253,477
<b>Net Debt</b>	<b>(610,454)</b>	<b>280,014</b>

## Shareholders' Equity

Shareholders' equity rose 15% from 3Q11 to 3Q12, from Ps. 13,056 million to Ps. 14,955 million, mainly as a result of the Company's 14% increase in retained earnings.

## CAPEX

During 3Q12, Megacable invested Ps. 599 million. This investment was mainly allocated towards construction of new network kilometers, the purchase of subscriber terminal equipment, mainly related to the digitalization projects, as well as for Internet/Telephony subscriber growth and the modernization of the Company's cable network.

## Total Shares Outstanding

As of September 30, 2012, the Company had 1,719 million total shares outstanding, while the number of outstanding CPOs reached 298 million, with more than 1 million CPOs held in Treasury. The remaining resources at the end of the quarter were 282 million with a free-float of 35%.

<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>1,719</b>
<b>Outstanding CPOs (thousands)</b>	<b>298,363</b>
<b>CPOs in Treasury (thousands)</b>	<b>1,137</b>
<b>Mkt. Cap (In Ps. Millions)</b>	<b>\$ 25,786</b>
<b>Closing Price (Ps) *</b>	<b>\$ 30.00</b>
<b>As of September 30, 2012</b>	

**Source: Infosel**

## 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, 2012, the Company had 11,922 employees.



# Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.  
For the three-month period ended September 30, 2012 & 2011

In thousands of Pesos	Variation		
	3Q12	3Q11	3Q12 vs 3Q11
<b>Services Income</b>	<b>\$ 2,257,453</b>	<b>\$ 2,037,557</b>	<b>11%</b>
Cost of Services	701,496	608,281	15%
<b>Gross Profit</b>	<b>\$ 1,555,957</b>	<b>\$ 1,429,276</b>	<b>9%</b>
Operating and General Expenses	641,264	569,298	13%
<b>EBITDA</b>	<b>\$ 914,693</b>	<b>\$ 859,978</b>	<b>6%</b>
Depreciation and amortization	346,487	265,059	31%
<b>Operating Profit</b>	<b>\$ 568,205</b>	<b>\$ 594,919</b>	<b>(4%)</b>
Other income (expenses), net	3,067	4,316	(29%)
Comprehensive Financing Income, Net	-27,540	93,307	(130%)
Equity in income of associated companies	-747	24,101	(103%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 599,559</b>	<b>\$ 481,827</b>	<b>24%</b>
Income Tax	123,767	87,933	41%
<b>Net Profit</b>	<b>\$ 475,792</b>	<b>\$ 393,893</b>	<b>21%</b>
<b>Net income attribute to:</b>			
Controlling interest	14,865	19,485	(24%)
Non-Controlling interest	460,927	374,409	23%
	<b>\$ 475,792</b>	<b>\$ 393,893</b>	<b>21%</b>

# Accumulated Income Statement

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

For the nine-month period ended September 30, 2012 & 2011

In thousands of Pesos	Variation		
	9M12	9M11	9M12 vs 9M11
<b>Services Income</b>	<b>\$ 6,698,484</b>	<b>\$ 6,090,296</b>	<b>10%</b>
Cost of Services	2,058,755	1,823,639	13%
<b>Gross Profit</b>	<b>\$ 4,639,730</b>	<b>\$ 4,266,657</b>	<b>9%</b>
Operating and General Expenses	1,809,586	1,592,851	14%
<b>EBITDA</b>	<b>\$ 2,830,143</b>	<b>\$ 2,673,806</b>	<b>6%</b>
Depreciation and amortization	1,000,578	782,525	28%
<b>Operating Profit</b>	<b>\$ 1,829,565</b> <span style="color: green;">▲</span>	<b>\$ 1,891,281</b>	<b>(3%)</b>
Other income (expenses), net	13,057	24,189	(46%)
Comprehensive Financing Income, Net	-113,625	94,225	(221%)
Equity in income of associated companies	2,003	23,344	(91%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 1,954,244</b> <span style="color: green;">▲</span>	<b>\$ 1,797,901</b>	<b>9%</b>
Income Tax	401,481	337,714	19%
<b>Net Profit</b>	<b>\$ 1,552,764</b>	<b>\$ 1,460,186</b>	<b>6%</b>
<b>Net income attribute to:</b>			
Controlling interest	56,532	64,790	(13%)
Non-Controlling interest	1,496,232	1,395,396	7%
	<b>\$ 1,552,764</b> <span style="color: green;">▲</span>	<b>\$ 1,460,186</b>	<b>6%</b>

# Balance Sheet

<b>MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS</b>		
<b>Balance Sheet</b>		
<b>In Thousands of Pesos</b>		
	<b>As of September 30,</b>	
	<b>2012</b>	<b>2011</b>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and short term investments	2,877,798	2,253,477
Accounts receivable from customers and other, net	458,321	456,182
Recoverable taxes	288,186	245,911
Inventories	199,687	796,041
<b>Total Current Assets</b>	<b>3,823,991</b>	<b>3,751,610</b>
Investment in shares of associated companies	81,013	85,178
Property, systems and equipment, net	10,516,511	8,425,916
Goodwill, net	4,277,036	4,277,036
Other assets	606,961	721,845
Affiliated and Associated Companies	616,969	419,688
<b>Total Assets</b>	<b>19,922,480</b>	<b>17,681,272</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
One-year maturity of long term liabilities	2,172,380	267,638
Suppliers	539,865	537,639
Affiliated and Associated Companies	57,536	30,173
Accounts payable and accrued expenses payable	749,495	684,709
Financial instruments	2,529	1,144
<b>Total Current Liabilities</b>	<b>3,521,805</b>	<b>1,521,303</b>
<b><u>LONG TERM LIABILITIES</u></b>		
Bank loans	9,706	2,071,861
Labor obligations	101,748	82,405
Accounts payable	85,257	193,991
Deferred taxes	1,249,421	755,751
<b>Total Long Term Liabilities</b>	<b>1,446,132</b>	<b>3,104,008</b>
<b>Total Liabilities</b>	<b>4,967,937</b>	<b>4,625,312</b>
<b><u>STOCKHOLDERS' EQUITY</u></b>		
Capital Stock	910,244	910,244
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,112,561
Retained Earnings	11,101,680	9,739,224
Minority Interest	327,440	288,931
Legal Reserve	488,832	-
<b>Total Stockholders' Equity</b>	<b>14,954,543</b>	<b>13,055,960</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>19,922,480</b>	<b>17,681,272</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>

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