

**GRUPO MEGACABLE HOLDINGS ANNOUNCES  
RESULTS FOR THE FOURTH QUARTER 2012**

**Guadalajara, Jalisco, Mexico, February 21, 2013** - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the fourth quarter and accumulated 12-month 2012 period. Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of pesos, unless otherwise indicated.

**Fourth Quarter 2012 Highlights:**

- Net income increased 34% compared to 4Q11
- Video segment subscribers rose 3% compared to 3Q12, with net additions of 64 thousand
- During 4Q12, Megacable paid a dividend totaling Ps. 533 million
- As of December 31, 2012, the Company reported a cash position of Ps. 337 million, with a liquidity ratio of 0.93x

**Highlights**

<b>Consolidated Financial Results</b>			<b>Variation</b>
<b>Figures in millions of pesos</b>	<b>4Q12</b>	<b>4Q11</b>	<b>4Q12 vs 4Q11</b>
Service Income	2,279	2,159	6%
Adjusted EBITDA for Cable Operations	909	876	4%
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>41.5%</b>	<b>42.0%</b>	
Consolidated EBITDA	922	888	4%
<b>Consolidated EBITDA Margin</b>	<b>40.5%</b>	<b>41.1%</b>	
Net Income	478	356	34%
Net Debt	(340)	548	-162%
<b>Net Debt/Annualized consolidated EBITDA</b>	<b>(0.09)</b>	<b>0.15</b>	
Interest Coverage	31.63	28.12	

<b>Operating Results</b>			<b>Variation</b>
	<b>4Q12</b>	<b>4Q11</b>	<b>4Q12 vs 4Q11</b>
Homes Passed	6,210,119	5,719,799	9%
Network Kilometers	44,390	40,525	10%
<b>Two- way Network Percentage</b>	<b>97%</b>	<b>97%</b>	
<b>Cable Television Subscribers</b>	<b>2,100,345</b>	<b>1,943,910</b>	8%
Digital Cable Subscribers	1,171,258	975,894	20%
<b>Penetration Rate of Households</b>	<b>33.8%</b>	<b>34.0%</b>	
<b>HSD Internet Subscribers</b>	<b>834,781</b>	<b>682,726</b>	22%
Penetration Rate of Cable Subscribers	39.7%	35.1%	
<b>Telephony Subscribers</b>	<b>555,900</b>	<b>495,205</b>	12%
Penetration Rate of Cable Subscribers	26.5%	25.5%	
<b>Unique Subscribers</b>	<b>2,192,588</b>	<b>1,999,765</b>	10%
<b>Revenue Generating Units</b>	<b>3,491,026</b>	<b>3,121,841</b>	12%
RGU's Per Unique Subscribers	1.59	1.56	2%
ARPU per Unique Subscriber	353.5	368.3	-4%

## Executive Summary

As of December 31, 2012, Megacable reported more than 2.1 million Video subscribers, 835 thousand Internet subscribers and 556 thousand Telephony subscribers, which represented growth of 8%, 22% and 12%, respectively, compared to 2011. It is worth mentioning that due to successful marketing strategies undertaken during the fourth quarter, the Video segment reported the strongest growth of the year in terms of subscribers, from 2,036,762 subscribers to 2,100,345 subscribers in 4Q12 compared to 3Q12. In addition, the Company reported sustained growth of 4.3% and 4.2% in the Internet and Telephony segments, respectively, during 4Q12.

The Company reached 3,491,026 RGU's, increasing the number of services per subscriber from 1.56 RGU's to 1.59 RGU's per unique subscriber from 4Q11 to 4Q12.

Megacable's services revenues reached Ps. 2,279 million during 4Q12, 6% growth compared to 4Q11, and an accumulated figure of Ps. 8,977 million, which represented 9% growth compared with 2011.

Consolidated Adjusted EBITDA in 4Q12 was Ps. 922 million, representing a margin of 40.5%. For the accumulated 2012 period, the Company reported Consolidated Adjusted EBITDA of Ps. 3,752 million, for a margin of 41.8%, representing growth of 5% year-on-year.

In terms of net income, the Company reported net income of Ps. 478 million in 4Q12, with a net margin of 21%, increasing 34% compared to fourth quarter 2011. This was due to the favorable effect of deferred income taxes, in addition to the integral financing result, net, given the exchange rate income reported in the accumulated results.

The Company's digitalization project continued on-track to provide subscribers the best image and the most advanced digital signal technology. During 2012, more than one million homes were digitized. The Company hopes to digitize at least half a million more subscribers in 2013. The Company's strategy in 2013 is to migrate subscribers to packages with a greater number of channels and services.

With regards to the Balance Sheet, the Company continued to report a solid capital structure. In general terms, the Company's main financial ratios improved during 2012. Of particular note was the fact that total liabilities declined 9% from 2011 to 2012, mainly due to the payment of a bank loan and vendor payments.

# Operating Results

QUARTELY OPERATING DATA					
	4Q12	4Q11	3Q12	Variation	
				4Q12 vs 4Q11	4Q12 vs 3Q12
<b>ARPU (1) (Ps.)</b>					
Unique Subscribers	353.5	368.3	359.0	-4%	-2%
Video	224.7	227.4	228.6	-1%	-2%
Internet	190.1	223.9	196.0	-15%	-3%
Telephony	172.9	198.7	180.0	-13%	-4%
Other Income (2)	21.5	21.2	21.6	1%	0%
<b>Monthly Average Churn Rate</b>					
Video	2.8%	2.4%	3.0%		
Internet	3.2%	3.2%	3.2%		
Telephony	3.7%	3.4%	3.7%		

## 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 an 8% increase in subscribers year-on-year, concluding 4Q12 with 2,100,345 subscribers, adding more than 156 thousand subscribers versus the same period of the previous year, with net additions during the quarter of 64 thousand.

During fourth quarter 2012, the Company revised its commercial strategy, substantially increasing Video sales and packages through innovative promotions and commission schemes. Digital subscribers rose more than 195 thousand year-on-year, which represented an increase of 20%, placing more than 1,171,258 main digital boxes in the market and more than 1,369,970 additions. In addition to digital subscriber growth, the Company provided HD services in 12 cities, reaching more than 30 thousand subscribers in this segment.

Video ARPU declined slightly from 4Q11 to 4Q12 to Ps. 224.7, while compared to 3Q12, Video ARPU declined 2%, mainly for two reasons, product mix and the packaging of Internet and Telephony services.

## Internet

The broadband Internet segment reported 22% subscriber growth year-on-year, increasing the base by over 152 thousand subscribers to end the quarter with 835 thousand subscribers, increasing subscriber penetration by 4.6% from 35.1% to 39.7%, also achieving consistent growth in market share. At the close of 4Q12, the Company

launched ultrafast broadband of up to 100 mbps to reach more than 20 cities (80% of potential clients) that have access to this service.

Internet ARPU has been affected by aggressive promotional campaigns given the Company's value proposition of continuing to offer competitive options to subscribers and the increase in penetration within the lower socioeconomic segments. Compared to 4Q11, Internet ARPU has declined 15%, and with respect to 3Q12, Internet ARPU declined 3%.

## **Telephony**

The Telephony segment concluded 4Q12 with approximately 556 thousand subscribers, which represented more than 22 thousand net additions compared to 3Q12, while adding 61 thousand net additions when comparing 4Q12 with 4Q11, growth of approximately 12%. For the second consecutive quarter, the Company reported important growth in this segment.

Given the reduction in fixed to mobile interconnection rates, the inclusion of calls to cell phones of existing subscribers, as well as the result of offering bundled services, ARPU in the segment declined 13% with respect to 4Q11 and 4% when compared to 3Q12.

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

Unique subscribers reached 2,192,588, approximately 10% growth year-on-year, while RGU's at the close of 4Q12 totaled 3,491,026, which represented an approximate 12% increase year-on-year. As a result, unique revenue generating units rose to 1.59 per unique subscriber.

ARPU per unique subscriber was Ps. 353.5, a 4% decline compared to 4Q11, this was due to strong promotions of the most economical triple play package, with the goal of decreasing churn and attracting new clients from lower socioeconomic levels and compared to 3Q12, ARPU per unique subscriber rose 2% due to the seasonality of annual payments.

## **Average Monthly Churn Rate**

Apart from the fact that the average monthly churn rate for Video and Telephony rose, with Video increasing from 2.4% to 2.8%, an increase of 39 basis points, while Telephony reported an increase year-on-year of 23 basis points, from 3.4% to 3.7%, the Company maintained similar disconnection rates during the rest of 2012. Internet remained in-line year-on-year at 3.2%.

## **Homes Passed and Network Kilometers**

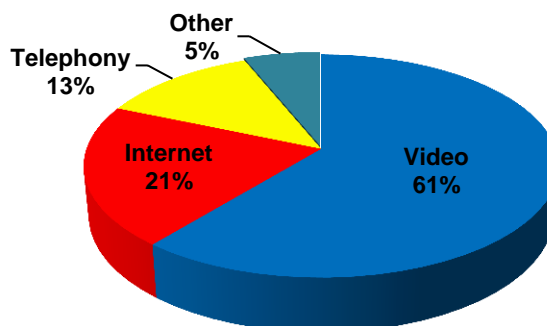
Homes passed increased 8%, with an increase of more than 3.5 thousand kilometers of network year-on-year, finishing the quarter with approximately 6.2 million homes passed and a bidirectional network of 97%. During the current quarter, the Company added 843 kilometers of fiber and built 856 kilometers of network.

## Consolidated Results

Income by Segment						
In Millions of Pesos						
	4Q12	4Q11	4Q12 vs 4Q11	2012	2011	2012 vs 2011
Video	1,388	1,301	7%	5,502	5,011	10%
Internet	468	449	4%	1,808	1,615	12%
Telephony	284	290	-2%	1,134	1,134	0%
Other	139	119	17%	533	488	9%
<b>Total</b>	<b>2,279</b>	<b>2,159</b>	<b>6%</b>	<b>8,977</b>	<b>8,249</b>	<b>9%</b>

Video segment income rose 10% year-on-year, Internet rose 12%, Telephony was flat, while the Others segment rose 9%. Total service income increased 6% from 4Q11 to 4Q12 to reach Ps. 2,279 million, reaching an accumulated total service income figure of Ps. 8,977 million for the 12-months ended December 31, 2012.

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 21%, Telephony with 13%, and Others with 5% of total revenues.



Cost of services increased only 2% from 4Q11 to 4Q12, mainly due to the decline in costs from the connections derived from the GTAC project, which offset the increase in other costs.

As a result, adjusted EBITDA for the cable operations totaled Ps. 909 million in 4Q12, increasing 4% from 4Q11, for a margin of 41.5%. Comparing 2011 to 2012, adjusted EBITDA rose 5% to Ps. 3,694 million, for a margin of 42.8%. Consolidated EBITDA margin was 40.5% in 4Q12, reaching Ps. 922 million, which represented a 4% variation when compared to the same period of the previous year, while for 2012, the consolidated EBITDA margin rose 5% to total Ps. 3,752 million, representing a margin of 41.8%.

The integral financing result, net, in 4Q12 reached Ps. 348 thousand compared to the Ps. 42 million reported in 4Q11 as a result of exchange rate positions. In addition, it is worth mentioning that as of the close of 2012, the Company reported a decline in bank loans denominated in U.S. Dollars due to payments to technology vendors and banks.

EBITDA						
	4Q12	4Q11	4Q12 vs 4Q11	2012	2011	2012 vs 2011
<b>In thousands of Pesos</b>						
Consolidated operating Income	\$ 556,258	\$ 590,539	-6%	\$ 2,385,824	\$ 2,481,821	-4%
Less operating Income (Loss) of MCM	\$ 268	\$ 437	-39%	\$ 12,824	\$ 10,015	28%
Operating Income for Cable Operations	\$ 555,991	\$ 590,102	-6%	\$ 2,373,000	\$ 2,471,805	-4%
Plus Consolidated depreciation and amortization	\$ 365,993	\$ 297,307	23%	\$ 1,366,571	\$ 1,079,831	27%
Less depreciation and amortization of MCM Holding	\$ 12,731	\$ 11,775	8%	\$ 45,223	\$ 44,438	2%
<b>Adjusted EBITDA for Cable Operations (1)</b>	<b>\$ 909,252</b>	<b>\$ 875,634</b>	<b>4%</b>	<b>\$ 3,694,348</b>	<b>\$ 3,507,199</b>	<b>5%</b>
<b>Total Income excluding MCM</b>	<b>\$ 2,189,109</b>	<b>\$ 2,085,598</b>	<b>5%</b>	<b>\$ 8,630,166</b>	<b>\$ 7,943,864</b>	<b>9%</b>
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>41.5%</b>	<b>42.0%</b>		<b>42.8%</b>	<b>44.1%</b>	
<b>Consolidated EBITDA (2)</b>	<b>\$ 922,251</b>	<b>\$ 887,846</b>	<b>4%</b>	<b>\$ 3,752,394</b>	<b>\$ 3,561,652</b>	<b>5%</b>
<b>Consolidated EBITDA Margin</b>	<b>40.5%</b>	<b>41.1%</b>		<b>41.8%</b>	<b>43.2%</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 1.89 to 0.93 mainly due to bank debt that was converted to a short-term liability, CAPEX investments, payments of various liabilities and the dividend payout. Despite the decline in the liquidity ratio, which the Company closely monitors, Megacable has sufficient ability to cover bank loan obligations in their entirety.

### Property, Systems and Equipment, Net

This line item increased 15%, reaching Ps. 10,892 million, an increase of Ps. 1,383 million compared to the previous year, mainly due to organic growth via the increase in Megacable's network kilometers, the purchase of end-user systems in 2011, as well as 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 of more than Ps. 2,100 million, which during the third quarter was converted to short-term debt, which generated interest at the 28-day TIIE rate plus 55 basis points.

The Company currently maintains derivative contracts for Swaps for Ps. 1,600 million, all with maturities in 3Q13, to partially cover bank loans.

as of December 31,		
Debt Ratios	2012	2011
Debt Ratio	0.24	0.28
Debt to Equity Ratio	0.32	0.39
Net Debt/ Annualized EBITDA	(0.09)	0.15
Interest Coverage		
EBITDA/ Interests Expenses	31.63	28.12

In terms of the aforementioned Net Debt, the Company closed 4Q12 with Ps. 340 million in net available cash.

In thousands of Pesos	4Q12	4Q11
<b>Short Term Debt</b>	<b>2,121,018</b>	<b>695,661</b>
One year maturity of long term bank loans	2,121,018	695,661
<b>Long Term Debt</b>	<b>17,089</b>	<b>2,362,750</b>
Bank Loans	15,667	2,073,774
Accounts Payable	1,422	288,977
<b>Total Debt</b>	<b>2,138,107</b>	<b>3,058,411</b>
Cash and Short Term Investments	2,477,613	2,509,930
<b>Net Debt</b>	<b>(339,506)</b>	<b>548,481</b>

## Shareholders' Equity

Shareholders' equity rose 11% year-over-year, from Ps. 13,415 million to Ps. 14,902 million, mainly as a result of the Company's 9% increase in retained earnings.

## CAPEX

During 4Q12, Megacable invested Ps. 521 million, reaching an accumulative figure of Ps. 1,985 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 December 31, 2012, the Company had 1,718 million total shares outstanding, while the number of outstanding CPOs reached 298 million, with more than 1.6 million CPOs held in Treasury. The remaining resources at the end of the quarter were 265 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>1,718</b>
<b>Outstanding CPOs (thousands)</b>	<b>297,848</b>
<b>CPOs in Treasury (thousands)</b>	<b>1,652</b>
<b>Mkt. Cap (In Ps. Millions)</b>	<b>\$ 27,661</b>
<b>Closing Price (Ps) *</b>	<b>\$ 32.20</b>
<b>As of December 31, 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 250 municipalities. As of December 31, 2012, the Company had 12,179 employees.



# Quarterly Income Statement

**MEGACABLE HOLDINGS, S. A. B. DE C.V.**  
For the three-month period ended December 31, 2012 & 2011

<b>In thousands of Pesos</b>	<b>Variation</b>		
	<b>4Q12</b>	<b>4Q11</b>	<b>4Q12 vs 4Q11</b>
<b>Services Income</b>	<b>\$ 2,278,534</b>	<b>\$ 2,158,750</b>	<b>6%</b>
Cost of Services	676,953	664,499	2%
<b>Gross Profit</b>	<b>\$ 1,601,580</b>	<b>\$ 1,494,251</b>	<b>7%</b>
Operating and General Expenses	679,329	606,405	12%
<b>EBITDA</b>	<b>\$ 922,251</b>	<b>\$ 887,846</b>	<b>4%</b>
Depreciation and amortization	365,993	297,307	23%
<b>Operating Profit</b>	<b>\$ 556,258</b>	<b>\$ 590,539</b>	<b>(6%)</b>
Other income (expenses), net	29,254	20,255	44%
Comprehensive Financing Income, Net	348	41,741	(99%)
Equity in income of associated companies	7,837	4,421	77%
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 577,328</b>	<b>\$ 564,632</b>	<b>2%</b>
Income Tax	74,004	189,305	(61%)
<b>Net Profit</b>	<b>\$ 503,324</b>	<b>\$ 375,327</b>	<b>34%</b>
<b>Net income attribute to:</b>			
Controlling interest	25,149	19,485	29%
Non-Controlling interest	478,175	355,842	34%
	<b>\$ 503,324</b>	<b>\$ 375,327</b>	<b>34%</b>

# Accumulated Income Statement

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

For the Twelve-month period ended December 31, 2012 & 2011

In thousands of Pesos	Variation		
	2012	2011	2012 vs 2011
<b>Services Income</b>	<b>\$ 8,977,018</b>	<b>\$ 8,249,046</b>	<b>9%</b>
Cost of Services	2,735,708	2,488,138	10%
<b>Gross Profit</b>	<b>\$ 6,241,310</b>	<b>\$ 5,760,908</b>	<b>8%</b>
Operating and General Expenses	2,488,915	2,199,256	13%
<b>EBITDA</b>	<b>\$ 3,752,394</b>	<b>\$ 3,561,652</b>	<b>5%</b>
Depreciation and amortization	1,366,571	1,079,831	27%
<b>Operating Profit</b>	<b>\$ 2,385,824</b> <sup>▼</sup>	<b>\$ 2,481,821</b>	<b>(4%)</b>
Other income (expenses), net	42,311	44,444	(5%)
Comprehensive Financing Income, Net	-113,277	135,967	(183%)
Equity in income of associated companies	9,840 <sup>▼</sup>	27,765	(65%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 2,531,572</b>	<b>\$ 2,362,532</b>	<b>7%</b>
Income Tax	475,484	527,019	(10%)
<b>Net Profit</b>	<b>\$ 2,056,088</b>	<b>\$ 1,835,513</b>	<b>12%</b>
<b>Net income attribute to:</b>			
Controlling interest	81,681	75,790	8%
Non-Controlling interest	1,974,407	1,759,723	12%
	<b>\$ 2,056,088</b> <sup>▼</sup>	<b>\$ 1,835,513</b>	<b>12%</b>

# Balance Sheet

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

	<b>As of December 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and short term investments	2,477,613	2,509,930
Accounts receivable from customers and other, net	405,844	418,507
Recoverable taxes	140,781	334,933
Inventories	204,800	203,495
<b>Total Current Assets</b>	<b>3,229,037</b>	<b>3,466,864</b>
Investment in shares of associated companies	73,177	82,191
Property, systems and equipment, net	10,892,297	9,509,451
Goodwill, net	4,277,036	4,277,036
Other assets	527,121	756,629
Affiliated and Associated Companies	644,811	520,881
<b>Total Assets</b>	<b>19,643,479</b>	<b>18,613,052</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
One-year maturity of long term liabilities	2,121,018	695,661
Suppliers	593,989	460,484
Affiliated and Associated Companies	4,372	22,661
Accounts payable and accrued expenses payable	738,087	652,910
Financial instruments	1,703	1,144
<b>Total Current Liabilities</b>	<b>3,459,169</b>	<b>1,832,860</b>
<b>LONG TERM LIABILITIES</b>		
Bank loans	15,667	2,073,774
Labor obligations	111,910	90,016
Accounts payable	1,422	288,977
Deferred taxes	1,153,012	912,624
<b>Total Long Term Liabilities</b>	<b>1,282,011</b>	<b>3,365,390</b>
<b>Total Liabilities</b>	<b>4,741,180</b>	<b>5,198,250</b>
<b>STOCKHOLDERS' EQUITY</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	10,997,615	10,092,733
Minority Interest	379,260	294,264
Legal Reserve	488,832	-
<b>Total Stockholders' Equity</b>	<b>14,902,299</b>	<b>13,414,802</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>19,643,479</b>	<b>18,613,052</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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