

Highlights:

- » Revenues for the quarter reached Ps. 4,456 million, a 13% increase versus the figure reported for the same period of the prior year. For the full year, revenue reached Ps. 16,957 million, 16% greater than the figure for 2015.
- » Consolidated EBITDA for the quarter reached 16% versus 4Q15, reaching Ps. 1,843 million, for an EBITDA margin of 41.8%. Annual EBITDA reached Ps. 6,891 million, 18% growth when compared to 2015, for an EBITDA margin of 40.6% for the whole year.
- » Net income for 4Q16 reached Ps. 996 million and for the full year Ps. 3,606 million, 15% higher than the figure reached in 2015.
- » RGUs reached 6.4 million subscribers, up 15% year-over-year to reach 1.93 RGUs per unique subscriber.
- » The Corporate segment reported revenue of Ps. 922 million, reaching 31% year-over-year growth, and representing 21% of the Company's total revenues.

Guadalajara, Jalisco, Mexico, February 23, 2017 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV::MEGA.CPO) announced today its financial results for the fourth quarter of 2016 (4Q16) and full year 2016 (2016). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise indicated.

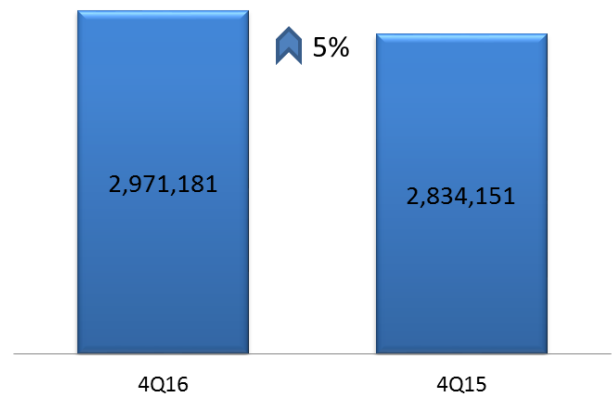
Consolidated Financial Results:

	4Q16	4Q15	% Var
Financial Figures			
Income	4,455,751	3,927,128	13.5%
EBITDA	1,842,531	1,590,252	15.9%
EBITDA Margin	41.4%	40.5%	
Non-Controlling interest	996,327	993,361	0.3%
Cash and short-term investments	1,153,996	2,803,889	(58.8%)
Net Debt	2,489,767	428,903	480.5%
CAPEX	1,652,272	874,163	89.0%
Mkt. Cap (Ps. Millions)	59,599	55,172	8.0%
Subscribers			
Video	2,971,181	2,834,151	4.8%
Internet	2,227,629	1,830,966	21.7%
Telephony	1,176,029	896,316	31.2%
Other Data			
Home Passed	7,867,995	7,487,165	5.1%
Network Kilometers	54,339	51,509	5.5%
Employees	17,059	16,010	6.6%

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

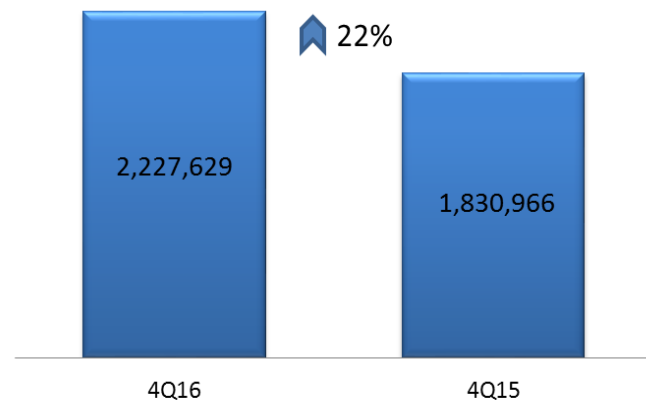
Video subscribers reached 2,971,181 for 2016, an increase of 5% or over 137 thousand net subscribers year-over-year. This was due to the record growth experienced in 4Q15 as result of the analog outage. During the quarter, the number of subscribers declined by 59 thousand subscribers, mainly due to higher churn, which was the result of aggressive advertising, programming changes implemented during the quarter and the economic uncertainty in Mexico. It is important to mention that the financial benefits, as well as the improved content, were the result of the temporary impact of the slowdown in the video segment.



Internet Subscribers

For 2016, the number of internet subscribers rose by 400 thousand subscribers, or 22% year-over-year to reach a total of 2,227,629. This resulted in 112 thousand net adds, or 5% more in 4Q16 versus 3Q16.

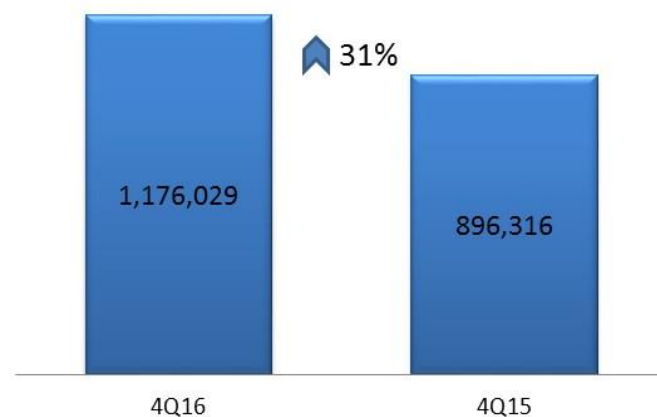
The increase in gross additions for this service is higher than that for video and the growth in net adds is higher than that for the industry. This offers us continuous growth in RGUs by subscriber and higher profitability of the operations. This was due to the Company's strong positioning, quality, navigation experience and better market price.



Telephony Subscribers

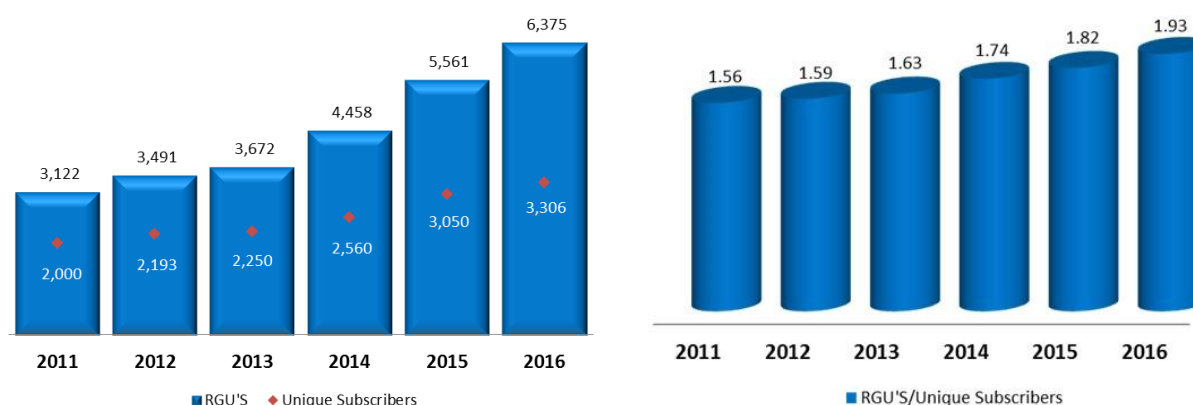
For the second quarter in a row, the Company experienced double-digit growth in this segment, to reach 1,176,029 subscribers, for a record 117 thousand net adds for the quarter and 280 thousand year-over-year.

The 11% quarterly and 31% annual growth demonstrate the effectiveness of the Company's commercial strategies and the quality of the product in a market of zero growth.



Unique Subscribers and Revenue Generating Units (RGU's)

In 4Q16, RGU's reached 6,374,839, a 15% increase compared to 4Q15. This was due to growth experienced throughout the Company's three business segments. As a result, RGU's per unique subscriber reached 1.93.



Churn Rate

During 4Q16, the churn rate declined in both the internet and telephony segments compared to 3Q16, however, the video segments, increase, from 3.2% in 3Q16 to 3.8% in 4Q16, mainly due to aggressive marketing, the aforementioned programming substitutions and in the country affects per capita consumption.

	4Q16	4Q15	3Q16
Monthly average churn rate			
Video	3.8%	2.3%	3.2%
Internet	2.6%	2.6%	3.1%
Telephony	4.0%	5.2%	4.9%

Revenues

Revenues rose by 13% at the conclusion of 2016, to reach a total of Ps. 4,456 million. The mass market grew by 9%; the corporate sector rose by 31% as a result of extraordinary results at Ho1a and the consistent growth of Metrocarrier and MCM.

	4Q16	4Q15	%Var	12M16	12M15	%Var
Video	1,903,497	1,843,183	3%	7,751,755	6,843,989	13%
Internet	1,179,938	1,006,255	17%	4,466,607	3,500,561	28%
Telephony	408,220	344,350	19%	1,484,920	1,360,470	9%
Corporate	921,844	704,198	31%	3,124,091	2,759,129	13%
Other	42,252	29,142	45%	129,814	92,637	40%
Total	4,455,751	3,927,128	13%	16,957,187	14,556,786	16%

ARPU

ARPU per unique subscriber increased by 2% versus 3Q16 due to the growth in RGUs by unique subscriber, with a 2% decrease compared to 4Q15 due to extraordinary income obtained for the period.

	4Q16	4Q15	% Var	3Q16	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	358.2	363.7	-2%	349.5	2%
Video	214.1	224.1	-4%	214.3	0%
Internet	180.4	188.2	-4%	180.5	0%
Telephony	120.1	130.7	-8%	126.2	-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 for the corresponding period.

Corporate Segment Revenues

Revenues from the corporate segment increased by 31% compared to 4Q15, to represent 21% of total revenues. It is important to highlight that Ho1a's revenue participation continues to be significant due to the CFE project, which has an 87% work-in-progress rate. Additionally, Ho1a revenues grew by 64% during the quarter and 21% for the full 2016 period. Metrocarrier and MCM continue to achieve consistent growth of 36% and 17%, respectively, year-over-year.

	4Q16	4Q15	%Var	12M16	12M15	%Var
Metrocarrier	174,195	166,320	5%	654,754	480,801	36%
PCTV	84,523	87,975	-4%	287,877	458,087	-37%
HO1A	470,526	286,441	64%	1,458,511	1,201,858	21%
MCM	192,600	163,461	18%	722,949	618,382	17%
Total	921,844	704,198	31%	3,124,091	2,759,129	13%

Cost & Expenses

During 4Q16, cost of service in the mass market grew only 6% year-over-year; this percentage was also below the revenue increase. This was mainly due to the savings generated by the change in channel lineup, which benefitted both programming as well as generated greater operating efficiency.

EBITDA

Adjusted EBITDA for the cable operations reached Ps. 1,708 million in 4Q16, up 16% versus 4Q15, with a 46.1% margin. Consolidated EBITDA margin was 41.4% in 4Q16, reaching Ps. 1,843 million, a 16% increase compared to 4Q15.

	4Q16	4Q15	%Var	12M16	12M15	%Var
CONSOLIDATED						
Consolidated operating profit	1,282,554	1,041,744	23%	4,789,974	3,916,406	22%
Plus consolidated depreciation and amortization	559,977	548,508	2%	2,100,697	1,920,069	9%
Consolidated EBITDA	1,842,531	1,590,252	16%	6,890,671	5,836,475	18%
Consolidated EBITDA Margin	41.4%	40.5%		40.6%	40.1%	
CABLE OPERATIONS						
Non Cable Operations	134,544	116,111	16%	466,840	375,745	24%
Cable Adjusted EBITDA	1,707,987	1,474,141	16%	6,423,831	5,460,730	18%
EBITDA Margin of Cable	46.1%	43.5%		44.3%	44.5%	

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 remain in line to close the period at Ps. 996 million compared to the Ps. 993 million reported in 4Q15. This was principally due to an excess payment of a tax provision in 4Q15, which was due to a high estimate.

Net Debt

Megacable concluded the quarter with total Net Debt of Ps. 2,490 million; this amount that was affected by the recognition of debt used to carry out the CFE project, which reached approximately Ps. 900 million. The remaining amount is long term debt and its increase during 4Q16 was mainly due to the decline in cash and temporary investments, which is related to payments for creditors, providers, dividend and CAPEX.

	4Q16	4Q15
Short Term Debt	1,573,244	2,188,019
One year maturity of long-term bank loans	1,573,244	2,188,019
Long-Term Debt	2,070,519	1,044,773
Bank Loans	2,064,572	1,015,858
Accounts Payable	5,947	28,915
Total Debt	3,643,764	3,232,793
Cash and Short-Term Investments	1,153,996	2,803,889
Net Debt	2,489,767	428,903

Net Comprehensive Financing

The Company reported a net financing cost of Ps. 44 million in 4Q16, comprised of Ps. 20 million in net interest income and a net exchange loss of Ps. 64 million.

	4Q16	4Q15
Net Exchange Gain/Loss	(64,404)	495
Interest Income	69,941	27,191
Interest Expense	49,503	21,271
Net Comprehensive Financial Result	(43,965)	6,414

CAPEX

Megacable invested CAPEX of Ps. 1.652 for 4Q16 and Ps. 4,901 million for the full year 2016. This investment was mainly allocated towards the construction of additional kilometers for its network, the purchase 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. Once more, this was strongly affected by the exchange rate. CAPEX represented 28.9% of the Company's revenues, which was the investment necessary for Megacable's network to remain among the most expansive and complete in the Mexican sector.

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)	2,020	4,039
2 Series "A" Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 59,599
Closing Price (Ps) *		\$ 69.41
Free Float		35%
As of December 31, 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 4Q16 Earnings Conference Call on Friday, February 24, 2017 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	1,153,996	2,803,889
Accounts receivable from customers and other, net	2,308,815	1,715,710
Recoverable taxes	1,127,397	1,051,308
Inventories	504,568	465,357
Total Current Assets	5,094,776	6,036,265
Investment in shares of associated companies	20,596	-
Property, systems and equipment, net	21,522,095	17,649,832
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	155,415	172,044
Other assets	485,624	138,065
Affiliated and associated companies	1,005,936	635,776
Total Assets	32,662,839	29,010,379
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
One year maturity of long-term liabilities	1,573,244	2,188,019
Suppliers	1,922,600	1,502,731
Affiliated and associated companies	20,140	130,459
Accounts payable and accrued expenses payable	1,355,260	1,549,238
Total Current Liabilities	4,871,244	5,370,447
<u>LONG TERM LIABILITIES</u>		
Bank loans	2,064,572	1,015,858
Labor obligations	215,306	193,482
Accounts payable	5,947	28,915
Deferred taxes	1,783,881	1,441,604
Affiliated and associated companies	827,690	660,010
Total Long-Term Liabilities	4,897,396	3,339,869
Total Liabilities	9,768,640	8,710,316
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	18,275,489	15,954,164
Minority Interest	1,102,074	829,263
Legal Reserve	488,832	488,832
Total Stockholders' Equity	22,894,199	20,300,063
Total Liabilities & Stockholders' Equity	32,662,839	29,010,379

Income Statement

	4Q16	4Q15	% Var
Income	\$ 4,455,751	\$ 3,927,128	13%
Cost of Services	1,455,911	1,241,818	17%
Gross Profit	\$ 2,999,840	\$ 2,685,310	12%
Operating and General Expenses	1,157,309	1,095,057	6%
EBITDA	\$ 1,842,531	\$ 1,590,252	16%
Depreciation and amortization	559,977	548,508	2%
Operating Profit	\$ 1,282,554	\$ 1,041,744	23%
Other income (expenses), net	9,814	-76,386	(113%)
Comprehensive Financing Income, Net	43,965	-6,414	(785%)
Non Ordinary Items	0	-2,918	(100%)
Income Before Income Tax and Minority Interest	\$ 1,248,403	\$ 974,691	28%
Income Tax	161,875	-75,178	(315%)
Net Profit	\$ 1,086,528	\$ 1,049,869	3%
Net income attribute to:			
Non-Controlling interest	90,201	56,508	60%
Controlling interest	996,327	993,361	0%
	\$ 1,086,528	\$ 1,049,869	3%

Income Statement – Accumulated

	12M16	12M15	% Var
Income	\$ 16,957,187	\$ 14,556,786	16%
Cost of Services	5,534,166	4,804,815	15%
Gross Profit	\$ 11,423,021	\$ 9,751,970	17%
Operating and General Expenses	4,532,350	3,915,495	16%
EBITDA	\$ 6,890,671	\$ 5,836,475	18%
Depreciation and amortization	2,100,697	1,920,069	9%
Operating Profit	\$ 4,789,974	\$ 3,916,406	22%
Other income (expenses), net	46,204	152,397	(70%)
Comprehensive Financing Income, Net	112,167	77,481	45%
Non Ordinary Items	0	-2,918	(100%)
Income Before Income Tax and Minority Interest	\$ 4,724,010	\$ 3,994,240	18%
Income Tax	845,686	708,717	19%
Net Profit	\$ 3,878,325	\$ 3,285,523	18%
Net income attribute to:			
Non-Controlling interest	272,810	161,158	69%
Controlling interest	3,605,515	3,124,365	15%
	\$ 3,878,325	\$ 3,285,523	18%

Income Statement by Segment

	4Q16	4Q15	% Var
CABLE OPERATIONS			
Income	3,708,102	3,389,250	9%
Cost of Services	1,023,868	965,709	6%
Gross Profit	2,684,235	2,423,541	11%
Operating and General Expenses	976,248	949,400	3%
EBITDA	\$ 1,707,987	\$ 1,474,141	16%
	46%	43%	
OTHER			
Income	747,649	537,877	39%
MCM	192,600	163,461	18%
HO1A	470,526	286,441	64%
PCTV	84,523	87,975	(4%)
Cost of Services	432,043	276,109	56%
MCM	29,911	27,753	8%
HO1A	374,977	227,928	65%
PCTV	27,155	20,427	33%
Gross Profit	315,606	261,768	21%
Operating and General Expenses	181,062	145,657	24%
MCM	100,135	81,598	23%
HO1A	32,195	22,612	42%
PCTV	48,732	41,447	18%
EBITDA			
MCM	62,553	54,110	16%
HO1A	63,354	35,900	76%
PCTV	8,636	26,101	(67%)
EBITDA	\$ 134,544	\$ 116,111	16%
	18%	22%	
TOTAL OPERATION			
Income	4,455,751	3,927,128	13%
Cost of Services	1,455,911	1,241,818	17%
Gross Profit	2,999,840	2,685,310	12%
Operating and General Expenses	1,157,309	1,095,057	6%
EBITDA	\$ 1,842,531	\$ 1,590,252	16%
	41%	40%	

Income Statement by Segment – Accumulated

	12M16	12M15	% Var
CABLE OPERATIONS			
Income	14,487,850	12,278,458	18%
Cost of Services	4,143,166	3,450,064	20%
Gross Profit	10,344,684	8,828,395	17%
Operating and General Expenses	3,920,853	3,367,664	16%
EBITDA	\$ 6,423,831	\$ 5,460,730	18%
	44%	44%	
OTHER			
Income	2,469,337	2,278,327	8%
MCM	722,949	618,382	17%
HO1A	1,458,511	1,201,858	21%
PCTV	287,877	458,087	(37%)
Cost of Services	1,391,000	1,354,752	3%
MCM	124,650	111,512	12%
HO1A	1,154,262	1,000,393	15%
PCTV	112,088	242,847	(54%)
Gross Profit	1,078,337	923,576	17%
Operating and General Expenses	611,497	547,831	12%
MCM	355,071	300,530	18%
HO1A	101,527	101,103	0%
PCTV	154,898	146,199	6%
EBITDA			
MCM	243,228	206,341	18%
HO1A	202,722	100,362	102%
PCTV	20,890	69,042	(70%)
EBITDA	\$ 466,840	\$ 375,745	24%
	19%	16%	
TOTAL OPERATION			
Income	16,957,187	14,556,786	16%
Cost of Services	5,534,166	4,804,815	15%
Gross Profit	11,423,021	9,751,970	17%
Operating and General Expenses	4,532,350	3,915,495	16%
EBITDA	\$ 6,890,671	\$ 5,836,475	18%
	41%	40%	