



**MEGACABLE**  
CONECTAMOS TU VIDA

Third Quarter 2011  
**Earnings Release**  
Megacable Holdings, S.A.B. de C.V.  
30 de Septiembre de 2011

**Guadalajara, Jalisco, Mexico, October 27, 2011** - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the third quarter 2011. 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			Variation
Figures in millions of pesos	3Q11	3Q10	3Q11 vs 3Q10
Service Income	2,038	1,892	8%
Adjusted EBITDA for Cable Operations	836	762	10%
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>42.6%</b>	<b>42.3%</b>	
Consolidated EBITDA	859	774	11%
<b>Consolidated EBITDA Margin</b>	<b>42.1%</b>	<b>40.9%</b>	
Net Income	393	392	0%
Net Debt	310	398	-22%
<b>Net Debt/Annualized consolidated EBITDA</b>	<b>0.09</b>	<b>0.13</b>	
Interest Coverage	28.14	18.94	

Operating Results			Variation
	3Q11	3Q10	3Q11 vs 3Q10
Homes Passed	5,606,980	5,134,396	9%
Network Kilometers	39,579	36,124	10%
<b>Two- way Network Percentage</b>	<b>97%</b>	<b>96%</b>	
<b>Cable Television Subscribers</b>	<b>1,864,368</b>	<b>1,746,102</b>	7%
Digital Cable Subscribers	834,459	430,081	94%
<b>Penetration Rate of Households</b>	<b>33.3%</b>	<b>34.0%</b>	
<b>HSD Internet Subscribers</b>	<b>646,691</b>	<b>585,026</b>	11%
Penetration Rate of Cable Subscribers	34.7%	33.5%	
<b>Telephony Subscribers</b>	<b>474,123</b>	<b>458,600</b>	3%
Penetration Rate of Cable Subscribers	25.4%	26.3%	
<b>Unique Subscribers</b>	<b>1,912,940</b>	<b>1,792,916</b>	7%
<b>Revenue Generating Units</b>	<b>2,985,182</b>	<b>2,789,728</b>	7%
RGU's Per Unique Subscribers	1.56	1.56	0%
ARPU per Unique Subscriber	\$ 366.2	\$ 354.6	3%

## Executive Summary

Megacable continues to experience significant organic growth of 50 thousand in video, 42 thousand subscribers in Internet and 21 thousand subscribers in telephony. In addition to organic growth during the quarter, In addition, Megacable reached new areas in Mexico with the acquisition of the assets, subscribers and concession rights for the cities of Uruapan, San Miguel de Allende and Dolores Hidalgo, thus expanding its coverage network.

With this acquisition, the Company incorporates nearly 44 thousand video subscribers, 10 thousand internet subscribers and 2 thousand fixed-line subscribers. The Company added approximately 670 kilometers of cable distribution network which passes over 112,000 homes with an estimated population of over 400 thousand people.

At the end of 3Q11, approximately 195 thousand Revenue Generating Units (RGU's) were incorporated, representing an increase of 7% compared to 3Q10 or 170 thousand RGU's, an increase of 6% compared to 2Q11.

Megacable's revenues for the quarter grew 8% from 3Q10 to 3Q11, reaching Ps. 2,038 million. Adjusted EBITDA for the cable operations increased 10%, representing an EBITDA margin for cable operations of 42.6%, while consolidated EBITDA reached Ps. 859 million, an increase of 11% compared to 3Q11. It is important to note that both Consolidated EBITDA as well as adjusted EBITDA for the first nine months of 2011 represented an increase of 15% compared to the first nine months of 2010.

Megacable's digitalization process continues, incorporating more than 96 thousand digital subscribers for a total of 1.7 million total digital boxes including the additional ones. This has contributed to higher customer satisfaction, better customer control, and improved operating efficiency, which contributed to lowering piracy levels.

Megacel, our cellular service utilizing MVNO technology, is now a reality. The key to our success has undoubtedly been the aggressive marketing strategies as well as attractive service packages that are backed by Movistar's technology and coverage. It is important to mention that this service is mostly aimed at prepayment and family plan subscribers that prefer to largely call the fixed line or cell phones of their family or group members. The plan offers them service without strict terms and with credit limits to enable customers to better control their expenses. One of the unique benefits versus the other providers in the domestic market: our customers can create a community in which they can make unlimited calls to their group between their Megafón line and their Megacable mobile phones. As a result, Megacable can offer four communications services on only one bill: TV, Internet, Fixed Line and Mobile, at very competitive prices, where the customer can build their own packages and benefit economically by having all of their communications services with Megacable.

During 3Q11, Megacable negotiated with banks to obtain a fixed rate for Ps. 1.6 billion, of the Ps. 2.1 billion that the Company has in loans outstanding. This agreement contained an interest rate hedging mechanism and is effective for the last 12 months of the life of the loan (maturing on August 20, 2013). The contracted rates are in line with the current TIIE rate.

Regarding the Company's financial structure, cash and short-term investments declined in 3Q11 compared to 2Q11, mainly due to the acquisition of the assets, subscribers and concession rights for the cities of Uruapan, San Miguel de Allende and Dolores Hidalgo.

## Operating Results

<b>MEGACABLE HOLDINGS S. A. B. DE C. V.</b>					
<b>QUARTELY OPERATING DATA</b>					
	<b>3Q11</b>	<b>3Q10</b>	<b>2Q11</b>	<b>Variation</b>	
				<b>3Q11 vs 3Q10</b>	<b>3Q11 vs 2Q11</b>
<b>ARPU (1) (Ps.)</b>					
Unique Subscribers	366.2	354.6	372.6	<b>3%</b>	<b>-2%</b>
Video	228.2	228.9	231.1	<b>0%</b>	<b>-1%</b>
Internet	218.8	193.9	215.6	<b>13%</b>	<b>2%</b>
Telephony	196.9	188.5	211.5	<b>4%</b>	<b>-7%</b>
Other Income (2)	21.7	23.5	23.6	<b>-8%</b>	<b>-8%</b>
<b>Monthly Average</b>					
<b>Churn Rate</b>					
Video	2.8%	3.2%	2.4%		
Internet	3.4%	3.6%	3.5%		
Telephony	3.7%	4.6%	3.6%		

### 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, Metrocarrier, MMDS and the channels produced by Megacable, which are included in the unique subscriber's ARPU calculation.

## Video Segment

The Video segment ended the quarter with 1,864,368 subscribers, an increase of over 118 thousand net additions compared to the same quarter of the previous year. Approximately 44 thousand of these net additions were incorporated so far since the conclusion of 3Q11, via the acquisition of the cable systems of Uruapan, San Miguel Allende and Dolores Hidalgo; this represented an increase of 6.8%. This increase is in line with our policy of cleaning-up the subscribers base, which took place during the first and part of the second quarters, evidence that the market has accepted our new commercial strategy.

Additionally, and as a result of our digitalization project, the Company added over 96 thousand digital subscribers in the current quarter and a growth 404 thousand digital subscribers compared to 3Q10. This represents an increase of 94%, and places 834 thousand primary digital boxes and 867 thousand secondary ones in the market.

This digitalization has allowed us the Company to maintain video RGU levels in order to offset the introduction of new, lower-cost packages. Therefore, video ARPU remained in

line compared to 3Q10, and slightly declined compared to 2T11, due to the triple-play discounts and the adoption of low-cost services.

## Internet

The broadband Internet segment reported subscriber growth of 11% from 3Q10 to 3Q11, increasing its base by over 61 thousand subscribers to end the quarter with 647 thousand subscribers, of which 10 thousand additions were a result of the aforementioned acquisition. Internet ARPU for 3Q11 increased 13% compared to 3Q10 and 2% compared to 2Q11. This significant growth was achieved upon offering new higher-speed packages at competitive prices.

## Telephony

The Telephony segment concluded 3Q11 with 474 thousand subscribers, which represented 15 thousand net additions during the quarter compared to 3Q10. More than 15 thousand were achieved organically and 2 thousand via the acquisition mentioned previously. ARPU for the segment increased 4% compared to 3Q10, and declined 7% versus 2Q11.

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

The Company's unique subscribers, as well as RGU's, increased 7% from 3Q10 to 3Q11, totaling 1,912,940 unique subscribers and 2,985,182 RGU's, or 1.56 RGU's per unique subscriber.

ARPU per unique subscriber was Ps. 366.2, an increase of 3% compared to 3Q10.

## Average Monthly Churn Rate

The average monthly churn rate in 3Q11 declined overall when compared to 3Q10, with decreases of 39, 24 and 90 basis points, in video, Internet and telephony, respectively. Video decreased from 3.2% to 2.8%; Internet from 3.6% to 3.4% and telephony from 4.6% to 3.7% compared to 3Q10.

The average monthly churn rate compared to 2Q11 remained flat with a small increase in Video due to seasonality.

## Homes Passed and Network Kilometers

As of September 30, 2011, the Company's cable network was extended by 38,909 kilometers, passing 5,494,980 homes, with the acquisition of network in the cities of Uruapan, San Miguel de Allende y Dolores Hidalgo, we reached 39,579 network kilometers and 5,606,980 homes passed, representing organic growth of 8% in terms of network kilometers and 7% in terms of homes passed compared to the same quarter of the previous year. As of this date, the network had a 97% bidirectional rate and in 3Q11 vs 2Q11, the Company added 494 kilometers of fiber.

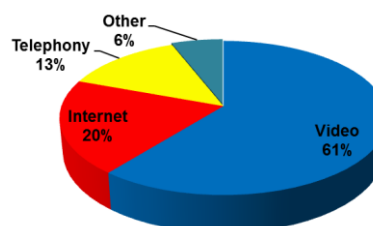
The number of ports increased 35% and the bandwidth volume provisioned to our subscribers rose 7%.

## Consolidated Results

Income by Segment						
in Millions of Pesos						
	3Q11	3Q10	3Q11 vs 3Q10	9M11	9M10	9M11 vs 9M10
Video	1,238	1,191	4%	3,710	3,449	8%
Internet	405	320	27%	1,166	938	24%
Telephony	274	256	7%	844	741	14%
Other	121	125	-4%	370	420	-12%
<b>Total</b>	<b>2,038</b>	<b>1,892</b>	<b>8%</b>	<b>6,090</b>	<b>5,548</b>	<b>10%</b>

Total service income increased 8% from 3Q10 to 3Q11, reaching Ps. 2,038 million. Video revenues increased 4% from 3Q10 to 3Q11, while Internet and telephony revenues increased 27% and 7%, respectively. The Others segment decreased 4% due to lower MCM revenues and was offset by revenue from business units and advertising. Revenues for the nine months ended September 30, 2011, increased 10% to Ps. 6,090 million.

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% and telephony with 13%. Lastly, the Others segment represented 6% of total revenues.



Cost of services increased 2% from 2Q11 to 3Q11, mainly driven by exchange rate appreciation and decreased 3% from 3Q10 to 3Q11, mainly because of the reduction in interconnection rates, and in part due to improvements in the cost of drops. As a result, the adjusted EBITDA for the cable operations reached Ps. 836 million in 3Q11, while for 9M11, the figure increased 15%, reaching Ps. 2,628 million. As a result, the adjusted EBITDA margin for the cable operations was 42.6% in 3Q11, and for 9M11 it was 44.9%.

As a result of the above, consolidated adjusted EBITDA rose 11% from 3Q10 to 3Q11, reaching Ps. 859 million, for a margin of 42.1%.

EBITDA						
In thousands of Pesos	3Q11	3Q10	3Q11 vs 3Q10	9M11	9M10	9M11 vs 9M10
Consolidated operating Income	\$ 593,601	\$ 522,535	14%	\$ 1,887,332	\$ 1,698,069	11%
Less operating Income (Loss) of MCM	\$ 11,997	\$ 1,750	585%	\$ 9,578	\$ 10,631	-10%
Operating Income for Cable Operations	\$ 581,605	\$ 520,785	12%	\$ 1,877,753	\$ 1,687,438	11%
Plus Consolidated depreciation and amortization	\$ 265,059	\$ 237,856	11%	\$ 782,525	\$ 604,682	29%
Less depreciation and amortization of MCM Holding	\$ 11,063	\$ 10,465	6%	\$ 32,713	\$ 31,370	4%
Plus Non- recurring items	\$ -	\$ 13,416		\$ -	\$ 18,816	
<b>Adjusted EBITDA for Cable Operations (1)</b>	<b>\$ 835,601</b>	<b>\$ 761,592</b>	<b>10%</b>	<b>\$ 2,627,565</b>	<b>\$ 2,279,566</b>	<b>15%</b>
<b>Total Income excluding MCM</b>	<b>\$ 1,961,040</b>	<b>\$ 1,800,762</b>	<b>9%</b>	<b>\$ 5,858,266</b>	<b>\$ 5,231,857</b>	<b>12%</b>
<b>Adjusted EBITDA Margin for Cable Operations</b>	<b>42.6%</b>	<b>42.3%</b>		<b>44.9%</b>	<b>43.6%</b>	
<b>Consolidated EBITDA (2)</b>	<b>\$ 858,660</b>	<b>\$ 773,807</b>	<b>11%</b>	<b>\$ 2,669,856</b>	<b>\$ 2,321,567</b>	<b>15%</b>
<b>Consolidated EBITDA Margin</b>	<b>42.1%</b>	<b>40.9%</b>		<b>43.8%</b>	<b>41.8%</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 slightly declined due to cash spent for the acquisition, and an increase in liabilities due to CAPEX from 2Q11 to 3Q11. Cash and short-term investments increased more than Ps. 545 million from 3Q10 to 3Q11, thus maintaining a solid current ratio at 2.47.

	as of September 30,	
Liquidity Ratio	2011	2010
Assets Ratio	2.47	2.72

## Property, Systems and Equipment, Net

This line item registered an increase of 19%, mainly due to organic growth via the increase in Megacable's network kilometers, as well as the purchase of terminal equipment for digitalization, Internet and telephony projects, and the purchase of transportation, computer and office equipment, among others, in addition to the assets from the aforementioned acquisition.

## Debt

Three derivative contracts (swaps) were signed in August 2011, one with Santander for Ps. 500 million and two with Banamex for Ps. 800 million and Ps. 300 million, all with maturities in third quarter 2013.

To date, Megacable has Ps. 2,100 million in bank loans, which generate a 28-day TIIE plus 0.55% interest rate. In addition, the Company has a US\$34 million loan from Cisco Capital with a 6-month grace period for interest and principal.

As a result of the above, debt and interest coverage ratios posted notable improvements, with Net Debt / Annualized EBITDA reaching 0.09x and an interest coverage ratio of 28.14x.

as of September 30,		
<b>Debt Ratios</b>	<b>2011</b>	<b>2010</b>
Debt Ratio	0.26	0.26
Debt to Equity Ratio	0.36	0.35
Net Debt/ Annualized EBITDA	0.09	0.13
<b>Interest Coverage</b>		
EBITDA/ Interests Expenses	28.14	18.94

Net Debt at the close of 3Q11 was Ps. 310 million.

<b>In thousands of Pesos</b>	<b>3Q11</b>	<b>3Q10</b>
<b>Short Term Debt</b>	<b>269,490</b>	<b>6,171</b>
One year maturity of long term bank loans	269,490	6,171
<b>Long Term Debt</b>	<b>2,294,175</b>	<b>2,100,000</b>
Bank Loans	2,100,000	2,100,000
Accounts Payable	194,175	-
<b>Total Debt</b>	<b>2,563,666</b>	<b>2,106,171</b>
Cash and Short Term Investments	2,253,477	1,708,438
<b>Net Debt</b>	<b>310,189</b>	<b>397,733</b>

## Shareholders' Equity

Shareholders' equity rose 17% from 3Q10 to 3Q11 as a result of the Company's 23% increase in retained earnings.

## CAPEX

During 3Q11, Megacable invested Ps. 419 million. This investment was mainly allocated towards the purchase of subscriber terminal equipment, construction and modernization of the Company's cable network, as well as the purchase of real estate.

In 3Q11, Megacable closed a financial derivative position, specifically a cross currency swap with Banamex for US\$ 4 million, which was signed on January 20, 2011 and matured July 18, 2011.

## 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, 2011, the Company had 11,410 employees.

<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>297,976</b>
<b>CPOs in Treasury (thousands)</b>	<b>1,524</b>
<b>Mkt. Cap (In Ps. Millions)</b>	<b>\$ 22,854</b>
<b>Closing Price (Ps) *</b>	<b>\$ 26.60</b>
<b>As of September 30, 2011</b>	
<b>Source: Infotel</b>	

# Quarterly Income Statement

**MEGACABLE HOLDINGS, S. A. B. DE C.V.**  
For the nine-month period ended September 30, 2011 & 2010

In thousands of Pesos	3Q11	3Q10	Variation 3Q11 vs 3Q10
<b>Services Income</b>	<b>\$ 2,037,557</b>	<b>\$ 1,891,857</b>	<b>8%</b>
Cost of Services	608,281	625,712	(3%)
<b>Gross Profit</b>	<b>\$ 1,429,276</b>	<b>\$ 1,266,144</b>	<b>13%</b>
Operating and General Expenses	570,616	505,753	13%
<b>EBITDA</b>	<b>\$ 858,660</b>	<b>\$ 760,392</b>	13%
Depreciation and amortization	265,059	237,856	11%
<b>Operating Profit</b>	<b>\$ 593,601</b>	<b>\$ 522,535</b>	<b>14%</b>
Other income (expenses), net	4,316	9,063	(52%)
Comprehensive Financing Income, Net	90,048	8,331	981%
Equity in income of associated companies	24,101	-3,140	(867%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 483,768</b>	<b>\$ 526,408</b>	<b>(8%)</b>
Income Tax	71,265	122,360	(42%)
<b>Income Before Minority Interest</b>	<b>\$ 412,503</b>	<b>\$ 404,048</b>	<b>2%</b>
Minority Income	19,485	11,750	66%
<b>Net Profit</b>	<b>\$ 393,019</b>	<b>\$ 392,299</b>	<b>0%</b>

# Accumulated Income Statement

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

For the nine-month period ended September 30, 2011 & 2010

In thousands of Pesos	9M11	9M10	Variation 9M11 vs 9M10
<b>Services Income</b>	<b>\$ 6,090,296</b>	<b>\$ 5,547,923</b>	<b>10%</b>
Cost of Services	1,823,639	1,848,276	(1%)
<b>Gross Profit</b>	<b>\$ 4,266,657</b>	<b>\$ 3,699,647</b>	<b>15%</b>
Operating and General Expenses	1,596,801	1,396,896	14%
<b>EBITDA</b>	<b>\$ 2,669,856</b>	<b>\$ 2,302,751</b>	<b>16%</b>
Depreciation and amortization	782,525	604,682	29%
<b>Operating Profit</b>	<b>\$ 1,887,332</b>	<b>\$ 1,698,069</b>	<b>11%</b>
Other income (expenses), net	24,189	23,781	2%
Comprehensive Financing Income, Net	96,620	16,628	481%
Equity in income of associated companies	23,344	-11,911	(296%)
<b>Income Before Income Tax and Minority Interest</b>	<b>\$ 1,791,556</b>	<b>\$ 1,717,132</b>	<b>4%</b>
Income Tax	306,481	388,158	(21%)
<b>Income Before Minority Interest</b>	<b>\$ 1,485,075</b>	<b>\$ 1,328,975</b>	<b>12%</b>
Minority Income	64,790	31,705	104%
<b>Net Profit</b>	<b>\$ 1,420,285</b>	<b>\$ 1,297,270</b>	<b>9%</b>

# Balance Sheet

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

	As of September 30,	
	2011	2010
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and short term investments	2,253,477	1,708,438
Accounts receivable from customers and other, net	468,129	406,292
Recoverable taxes	245,911	175,626
Inventories	796,041	295,711
<b>Total Current Assets</b>	<b>3,763,558</b>	<b>2,586,068</b>
Investment in shares of associated companies	85,178	122,931
Property, systems and equipment, net	8,425,916	7,062,495
Goodwill, net	4,277,036	4,277,036
Preoperating expenses, net	-	23,435
Other assets	733,007	543,167
Affiliated and Associated Companies	419,757	374,667
<b>Total Assets</b>	<b>17,704,452</b>	<b>14,989,798</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
One-year maturity of long term liabilities	269,490	6,171
Suppliers	537,639	393,724
Affiliated and Associated Companies	30,173	2,824
Accounts payable and accrued expenses payable	684,709	547,409
<b>Total Current Liabilities</b>	<b>1,522,011</b>	<b>950,129</b>
<b><u>LONG TERM LIABILITIES</u></b>		
Bank loans	2,100,000	2,100,000
Labor obligations	122,378	88,602
Accounts payable	194,175	-
Deferred taxes	710,270	721,675
<b>Total Long Term Liabilities</b>	<b>3,126,823</b>	<b>2,910,277</b>
<b>Total Liabilities</b>	<b>4,648,834</b>	<b>3,860,406</b>
<b><u>STOCKHOLDERS' EQUITY</u></b>		
Capital Stock	920,130	920,068
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,121,349
Retained Earnings	9,720,208	7,929,091
Minority Interest	288,931	153,885
<b>Total Stockholders' Equity</b>	<b>13,055,618</b>	<b>11,129,392</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>17,704,452</b>	<b>14,989,798</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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