

Fourth Quarter 2009 Results



MEGACABLE.



MEGA

Guadalajara, Jalisco, Mexico, February 25, 2010 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the fourth quarter and twelve-month periods ended December 31, 2009. Figures were prepared in accordance with Mexican Financial Reporting Standards. All figures are expressed in thousand pesos, unless otherwise indicated.

Highlights

Consolidated Financial Results	Non Audited	Audited	Variation
Figures in millions of pesos	4Q09	4Q08	4Q09 vs 4Q08
Service Income	1,792	1,558	15%
Adjusted EBITDA for Cable Operations	757	719	5%
Adjusted EBITDA Margin for Cable Operations	44.3%	48.5%	
Consolidated EBITDA	763	721	6%
Consolidated EBITDA Margin	42.6%	46.2%	
Net Income	672	108	525%
Net Debt	452	1,313	-66%
Net Debt/Annualized Consolidated EBITDA	0.15	0.45	
Interest Coverage	17.43	14.53	

Operating Results	4Q09	4Q08	Variation 4Q09 vs 4Q08
Homes Passed	4,598,654	4,152,692	11%
Network Kilometers	31,619	28,258	12%
Two- way Network Percentage	91%	88%	
Cable Television Subscribers	1,592,841	1,482,761	7%
Digital Cable Subscribers	311,726	164,899	89%
Penetration Rate of Households	34.6%	35.7%	
HSD Internet Subscribers	516,086	427,190	21%
Penetration Rate of Cable Subscribers	32.4%	28.8%	
Telephony Subscribers	414,630	276,546	50%
Penetration Rate of Cable Subscribers	26.0%	18.7%	
Unique Subscribers	1,634,868	1,534,829	7%
Revenue Generating Units	2,523,557	2,186,497	15%
RGU's Per Unique Subscribers	1.54	1.42	
ARPU per Unique Subscriber	\$ 369.8	\$ 342.6	8%



Executive Summary

Despite the challenging macroeconomic environment that affected the Company in 2009, Megacable concluded the year with solid growth via the addition of new subscribers across its three most important business segments, which was achieved by the implementation of more aggressive advertising campaigns, a greater adoption of triple-play packages, as well as the reduction in average monthly churn rates. The video segment ended the year with 1,592,841 subscribers, an increase of 7%, while the Internet and telephony segments ended the year with 516,086 and 414,630 subscribers, respectively, representing increases of 21% and 50%, respectively, when comparing the fourth quarter of 2008 with the fourth quarter of 2009.

Revenues reached Ps. 1,792 million in 4Q09, totaling Ps. 6,895 million at December 31, 2009, which represents an annual increase of 18%. Meanwhile, costs of services and general and operating expenses increased 29% compared to 2008. This was mainly due to the increase in revenue generating units (RGU's), as well as an average devaluation in the peso to dollar exchange rate of 21% year-to-year, which affected approximately 40% of costs and expenses.

As a result of the above mentioned, adjusted EBITDA of cable operations reached Ps. 757 million with a margin over cable revenues of 44% for 4Q09, achieving Ps. 2,957 million; and a margin over cable revenues of 45% for the twelve-month period ended December 31, 2009. On the other hand, consolidated EBITDA reached Ps. 763 million for 4Q09 and Ps. 2,985 million for the full year of 2009, a margin of 43% for both 4Q09 and full year 2009.

During 4Q08, the peso devaluation caused a significant exchange loss in the results, which, combined with the credit for Deferred Flat Tax (IETU) during 4Q09, yielded a 525% increase in Net Income for 4Q09 when compared to 4Q08. Net Income reached Ps. 2,009 million in the full year of 2009, an increase of 15% when compared to full year 2008.

In terms of the Company's financial structure, Megacable continues to lower its debt levels, as a result of its high cash flow generation. The Company's net debt reached Ps. 452 million in 2009, 66% lower than the figure reported in 2008, mainly as a result of a 39% increase of cash and temporary investments. As a result, the consolidated net debt-to-EBITDA ratio reached 0.15x and interest coverage reached 17x as of December 31, 2009.

Finally, in 2009 the Company closed five "cross-currency swap" derivative contracts. Two of those contracts were for interest rate exchange operations (*swaps*), for a total of Ps. 750 million and will expire during the first quarter of 2010. The three remaining contracts are *cross currency swaps* for a total of US\$ 80 million which are held to hedge the exchange rate and interest rate risk, for part of the bank loan negotiated in dollars, thereby reducing the exposure to exchange rate fluctuations to US\$ 40 million.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTERLY OPERATING DATA					
	4Q09	4Q08	3Q08	Variation	
				4Q09 vs 4Q08	4Q09 vs 3Q09
ARPU (1) (Ps.)					
Unique Subscribers	369.8	342.6	360.9	8%	2%
Video	242.3	237.8	236.3	2%	3%
Internet	194.4	199.1	192.5	-2%	1%
Telephony	193.9	200.3	194.5	-3%	0%
Monthly Average Churn Rate					
Video	2.3%	2.7%	2.9%		
Internet	3.3%	4.3%	3.5%		
Telephony	4.2%	4.8%	4.7%		

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.

Video Segment

Megacable's video segment reached approximately 1,592,841 subscribers, with 110 thousand net adds as of December 31, 2009, which represents a 7% increase when compared with 2008.

Video ARPU reached Ps. 242.3 in 4Q09, representing an increase of 2% compared to 4Q08 and 3% compared to 3Q09. This was caused because nearly 3% of total annual revenues were from advanced payments received during the year, which was nearly twice as much as in prior years. Many of these payments were made during the month of December, as a result of an advertising campaign that was aimed at motivating customers to pay for services in advance given the increases that resulted from the new taxes on telecommunications services and the 1% increase in value-added tax (IVA) that went into effect at the beginning of 2010.

Internet Segment

Internet segment experienced a significant annual increase, with approximately 89 thousand new subscribers added in 2009, an annual increase of 21% for a total of more than 516 thousand subscribers at the end of the year. Specifically, the constant improvement in the speed of packages and the new marketing campaigns, proved to be successful strategies and decisive factors in the increased penetration rate of this service.

ARPU for the Internet segment increased 1% in 4Q09 compared to 3Q09, and decreased 2% compared to 4Q08, reaching Ps. 194.4 in 4Q09, due to the discounts applied to this segment for the adoption of triple-play packages.



Telephony Segment

Telephony continues being the segment with the highest subscriber growth, reaching more than 138 thousand net adds during 2009, reaching approximately 415 thousand subscribers as of December 31, 2009, a 50% subscriber increase when compared to 4Q08.

Telephony ARPU decreased 3% from 4Q08 to 4Q09, due to the increase in the adoption of lower-revenue packages resulting from the discounts given when customers purchased this service in combination with internet and video services. When comparing 3Q09 to 4Q09, telephony ARPU remained flat, reaching Ps. 193.9.

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

Unique subscribers increased 7%, while RGU's rose 15% from 2008 to 2009. As a result, RGU's per unique subscriber increased from 1.42 in 2008 to 1.54 in 2009. The rise in RGU's per unique subscriber was due to the successful service packaging strategy, which Megacable has reinforced via its commercial alliance with other companies in the industry, known as "YOO". As of December 31, 2009, Megacable reached over 2.5 million RGU's and more than 1.6 million unique subscribers.

Additionally, ARPU per unique subscriber increased 8% from 4Q09 to 4Q08, and 2% from 3Q09 to 4Q09, due to the adoption of more services by Megacable's subscribers, resulting in higher revenues per subscriber.

Monthly Average Churn Rate

The average monthly churn rate for the three service segments continues to decrease due to successful subscriber retention strategies, reaching as of December 31, 2009 an average monthly churn rate of 2.3%, 3.3% and 4.2% for the video, internet and telephony segments, respectively; representing decreases of 45, 95 and 61 basis points, respectively, when compared to 4Q08. Despite the difficult financial environment during 2009, Megacable's retention efforts, as well as the steady focus on continuous improvement of services contributed to the decrease in churn.

Homes Passed and Network

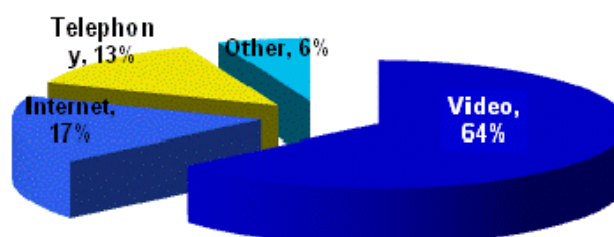
As of December 31, 2009, Megacable's optical fiber and coaxial network expanded to approximately 4.6 million homes passed, with an extension of 31,619 kilometers and a 91% two-way network.

Consolidated Results

Income by Segment						
In Millions of Pesos						
	4Q09	4Q08	4Q09 vs 4Q08	2009	2008	2009 vs 2008
Video	1,143	1,044	9%	4,451	4,007	11%
Internet	296	253	17%	1,128	1,056	7%
Telephony	237	159	49%	843	414	104%
Other	115	102	13%	473	377	25%
Total	1,792	1,558	15%	6,895	5,854	18%

Megacable's consolidated income increased 18% from 2008 to 2009 and 15% from 4Q08 to 4Q09. The Telephony segment registered the highest increase during 2009, reaching a 104% growth rate from 2008 to 2009. Revenues for the Video, Internet and Other segments increased 11%, 7% and 25%, respectively, during the same period. From 4Q08 to 4Q09, the Video, Internet and Telephony segments registered increases of 9%, 17% and 49%, respectively.

The segment with the largest contribution to total revenues continues to be Video with 64%, followed by Internet with 17%, Telephony with 13% and Other with 6% for 4Q09.



Cost of services increased 49%, and as a percentage of service income from 26% in 2008 to 33% in 2009. This increase was mainly due to the impact on dollar-denominated costs stemming from a 21% annual average devaluation of the peso and an increase in tariffs from several of our content providers in 2009, as well as a 15% increase in RGU's. Costs of services increased 46% from 4Q08 to 4Q09, due to the fact that during 4Q08, Megacable successfully negotiated with its programming vendors over the accelerated increase in the exchange rate, resulting in a lower comparable base in 4Q08 versus 4Q09. Similarly, drop costs increased during 4Q09, since installation materials were purchased in quarters prior to 4Q08 at a lower exchange rate.

The Company's operating expenses remained flat, and relative to Megacable's income, decreased 6% from 4Q08 to 4Q09, thanks to a greater operating efficiency, while on an annual basis, operating expenses to income declined 1%.

On the other hand, Megacable's net integral financing cost, positively contributed to income before taxes, thereby obtaining a net exchange income in 2009, while in 2008, the exchange rate loss was significant due to the peso depreciation at the end of the year.

Finally, income taxes increased year-to-year, given that the Company's tax losses carried forward were amortized during the first six months of 2009, resulting in a larger taxable base. As a result of the above, net income for 4Q09 increased 525% compared to 4Q08, and 15% for the twelve-month period ended December 31, 2009 compared to the same period of 2008.

Adjusted EBITDA & Consolidated EBITDA

	EBITDA					
	4Q09	4Q08	4Q09 vs 4Q08	2009	2008	2009 vs 2008
In thousands of Pesos						
Consolidated operating Income	\$ 538,531	\$ 491,710	10%	\$ 2,236,691	\$ 2,236,760	0%
Less operating Income (Loss) of MCM Holding	-\$ 1,223	-\$ 25,303	-95%	-\$ 3,595	-\$ 34,878	-90%
Operating Income for Cable Operations	\$ 539,754	\$ 517,013	4%	2,240,287	2,271,638	-1%
Plus Consolidated depreciation and amortization	\$ 176,868	\$ 199,879	-12%	693,133	591,125	17%
Less depreciation and amortization of MCM Holding	\$ 6,913	\$ 27,359	-75%	32,179	51,371	-37%
Plus Non-recurring items	\$ 47,335	\$ 29,036	63%	55,532	61,889	-10%
Adjusted EBITDA for Cable Operations (1)	\$ 757,044	\$ 718,569	5%	\$ 2,956,773	\$ 2,873,282	3%
Total Income excluding MCM	\$ 1,708,879	\$ 1,481,663	15%	\$ 6,558,948	\$ 5,593,377	17%
Adjusted EBITDA Margin for Cable Operations	44.3%	48.5%		45.1%	51.4%	
Consolidated EBITDA (2)	\$ 762,734	\$ 720,625	6%	\$ 2,985,357	\$ 2,889,774	3%
Consolidated EBITDA Margin	42.6%	46.2%		43.3%	49.4%	

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.

Adjusted EBITDA from cable operations increased 5% from 4Q08 to 4Q09 reaching Ps. 757 million with a margin of 44% for 4Q09. For full year 2009, the increase was 3% when compared with 2008, reaching a margin of 45% for a total of Ps. 2,956 million.

Megacable's Consolidated EBITDA reached Ps. 763 million in 4Q09 for an increase of 6% when compared to 4Q08, and a margin of 43% over services income. For the full year of 2009, this figure reached Ps. 2,985 million, an increase of 3% compared to 2008 and a margin of 43%.

Liquidity, Debt and Capital Structure

Liquidity

Megacable's liquidity ratios decreased significantly, mainly due to the fact that the Company's bank liabilities mature in the short term (August, 23, 2010), thereby changing the structure of the Company's liabilities. Nevertheless, Megacable intends to renew the liabilities in the short-term with its creditors.

The change of Megacable's liquidity ratio declined from 2.67x in 2008 to 0.99x in 2009, however considering the bank loan maturity in the long-term, the liquidity ratio improves to 7.18x in 2009. This improvement was mainly explained due to the credit payment to suppliers and a 39% increase in cash and short-term investments.

	as of December 31,		
Liquidity Ratio	2009	2009*	2008
Assets Ratio	0.99	7.18	2.67

* Considering the bank loan maturity at long term

Property, Plant and Equipment

The Company's fixed assets increased 16% year-over-year, mainly due to the construction of new network kilometers and the purchase of terminal and subscriber equipment.

This line item reached approximately Ps. 6,000 million as of December 31, 2009.

Debt

The bank loan held by the Company for Ps. 1.456 billion and US\$ 120 million matures on August 2010, becoming a short-term liability. Megacable and its creditors have agreed to renegotiate this loan prior to its maturity.

The Company's total liabilities decreased 6% year-over-year, attributable to a US\$ 9 million loan payment that Megacable held with CISCO and that was paid during 4Q09.

	as of December 31,	
Debt Ratios	2009	2008
Debt Ratio	0.31	0.38
Debt to Equity Ratio	0.45	0.61
Net Debt/ Annualized EBITDA	0.15	0.45
Interest Coverage		
EBITDA/ Interests Expenses	17.43	14.53

Megacable's net debt decreased approximately Ps. 861 million, or 66%. This decrease was mainly the result of the above mentioned loan payment to suppliers, and the Company's high operating cash flow levels.



In thousands of Pesos	2009	2008
Short Term Debt	3,027,564	14,113
One year maturity of long term bank loans	3,027,564	14,113
Long Term Debt	561	3,155,775
Bank Loans	-	3,108,856
Accounts Payable	561	46,919
Total Debt	3,028,125	3,169,888
Cash and Short Term Investments	2,576,528	1,856,836
Net Debt	451,597	1,313,052

During 1Q09, the Company took two positions to hedge interest rates. Both are interest rate swaps on 28-day TIIE and expire during the first quarter of 2010. The amount hedged by both contracts is Ps. 750 million.

Furthermore, during the third quarter of 2009, the Company closed 3 “cross-currency swap” derivative contracts for a total of US\$ 80 million. These cross currency swaps hedge exchange rate and interest rates risks related to part of Megacable’s bank loan for US\$120 million, which generates interest at a rate of LIBOR plus 0.7%. These contracts permit the fixing of US\$ 80 million at a weighted average exchange rate of Ps. 12.8765 / US\$ 1, as well as establishing an weighted average interest rate of TIIE 28 days + 0.67% for this amount. Therefore, the exchange rate exposure from the bank debt is reduced to US\$ 40 million.

Debt and Cash & Short Term Investments

As of December 31, 2009

In U.S. DLLS. In Pesos

Debt	\$120	\$1,456
Cash and Short Term Investments	12	2,409

*In Millions



Shareholders' Equity

Shareholders' Equity increased 28% from 2008 to 2009, primarily due to a 45% increase in retained earnings. In addition, the minority interest increased significantly from 2008 to 2009, due to an increase of the income of the associated companies.

CAPEX

Megacable's capital expenditures reached Ps. 639 million during 4Q09 and Ps. 1,372 million for 2009, mainly allocated towards the construction of new kilometers of network, the upgrading of Company's cable network, digitalization, and the terminal and subscriber equipment purchases, among others.

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 24 states in Mexico and over 200 municipalities. As of December 31, 2009, the Company had 8,940 employees.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding	
Series "A" Shares	1,720,956,473
Outstanding CPOs	197,756,303
CPOs in Treasury	199,600
Mkt. Cap (In Ps. Millions) \$	23,904.09
Closing Price (Ps) *	\$ 27.78
As of December 31, 2009	
Source: Infotel	



Quarterly Income Statement

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

For the three-month period ended December 31, 2008 & 2009

In thousands of Pesos	Non Audited	Audited	Variation
	4Q09	4Q08	4Q09 vs 4Q08
Services Income	\$ 1,791,563	\$ 1,558,237	15%
Cost of Services	602,870	413,253	46%
Gross Profit	\$ 1,188,693	\$ 1,144,984	4%
Operating and General Expenses (1)	650,162	653,274	(0%)
Operating Profit	538,531	491,710	10%
Other income (expenses), net	9,469	34,565	(73%)
Comprehensive Financing Income, Net	-2,843	333,897	(101%)
Equity in income of associated companies	- 14,196	52,767	(127%)
Non ordinary items	24,900	29,984	(17%)
Income Before Income Tax and Minority Interest	\$ 540,139	\$ 109,627	393%
Income Tax	- 122,848	56,224	318%
Income Before Minority Interest	\$ 662,986	\$ 53,403	1141%
Minority Income	-9,451	-54,192	(83%)
Net Profit	\$ 672,438	\$ 107,595	525%

NOTE:

(1) Depreciation and amortization for the periods ended December 31, 2009 and 2008, were Ps. 176,868 thousand and Ps. 199,879 thousand, respectively.



Accumulated Income Statement

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

For the twelve-month period ended December 31, 2008 & 2009

In thousands of Pesos	Non Audited	Audited	Variation 2009 vs 2008
	2009	2008	
Services Income	\$ 6,894,682	\$ 5,853,883	18%
Cost of Services	2,293,597	1,538,831	49%
Gross Profit	\$ 4,601,085	\$ 4,315,052	7%
Operating and General Expenses (1)	2,364,394	2,078,292	14%
Operating Profit	2,236,691	2,236,760	(0%)
Other income (expenses), net	23,229	72,296	(68%)
Comprehensive Financing Income, Net	-100,484	402,693	(125%)
Equity in income of associated companies	- 26,864	53,542	(150%)
Non ordinary items	24,900	29,984	(17%)
Income Before Income Tax and Minority Interest	\$ 2,362,368	\$ 1,822,837	30%
Income Tax	333,163	113,021	195%
Income Before Minority Interest	\$ 2,029,205	\$ 1,709,816	19%
Minority Income	19,970	-31,213	(164%)
Net Profit	\$ 2,009,236	\$ 1,741,029	15%

(1) Depreciation and amortization for the periods ended December 31, 2009 and 2008, were Ps. 693,133 thousand and Ps. 591,125 thousand, respectively.

Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS		
Balance Sheet (Non Audited 2009, Audited 2008)		
In Thousands of Pesos		
	As of December 31,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	2,576,528	1,856,836
Accounts receivable from customers and other, net	283,393	189,884
Recoverable taxes	474,021	154,018
Inventories	144,456	262,240
Total Current Assets	3,478,399	2,462,978
Investment in shares of associated companies	50,498	7,271
Property, systems and equipment, net	6,024,212	5,183,184
Goodwill, net	4,277,036	4,277,036
Preoperating expenses, net	13,674	8,615
Other assets	385,276	448,051
Total Assets	14,229,094	12,387,135
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	3,027,564	14,113
Suppliers	207,678	575,579
Affiliated and Associated Companies	11,536	84,120
Accounts payable and accrued expenses payable	265,465	247,813
Total Current Liabilities	3,512,243	921,625
LONG TERM LIABILITIES		
Bank loans	-	3,108,856
Labor obligations	76,863	69,650
Accounts Payable	561	46,919
Deferred Income Tax	627,635	438,511
Deferred Flat Tax (IETU) - Net	194,645	118,649
Deferred Goodwill, net	-	-
Total Long Term Liabilities	899,704	3,782,585
Total Liabilities	4,411,947	4,704,210
STOCKHOLDERS' EQUITY		
Capital Stock	918,284	914,800
Premium on subscription of shares	-	-
Net Premium on the placement of shares	2,126,348	2,099,829
Cumulative effect of deferred income tax	-	-
Surplus in the restatement of stockholders' equity	-	-
Retained Earnings	6,643,572	4,574,541
Minority Interest	128,943	93,755
Total Stockholders' Equity	9,817,148	7,682,925
Total Liabilities & Stockholders' Equity	14,229,094	12,387,135



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> or contact:

In Mexico

Vanesa Lizarraga García, IR

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

Tel: 01152 (33) 3750-0042 ext. 1091

investor.relations@megacable.com.mx

In the U.S.

Kenia Vargas / Maria Barona

i-advize Corporate

Communications, Inc.

Tel: 212 406 3695

megacable@i-advize.com

