



Fourth Quarter 2010 Results
Megacable Holdings, S.A.B. de C.V.
February 24, 2011

Guadalajara, Jalisco, Mexico, February 24, 2011 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the fourth quarter 2010. 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	Non Audited		Variation
Figures in millions of pesos	4Q10	4Q09	4Q10 vs 4Q09
Service Income	1,963	1,792	10%
Adjusted EBITDA for Cable Operations	781	749	4%
Adjusted EBITDA Margin for Cable Operations	41.5%	43.8%	
Consolidated EBITDA	788	754	4%
Consolidated EBITDA Margin	40.2%	42.1%	
Net Income	552	650	-15%
Net Debt	419	451	-7%
Net Debt/Annualized consolidated EBITDA	0.13	0.15	
Interest Coverage	20.18	17.60	

Operating Results	4Q10	4Q09	Variation 4Q10 vs 4Q09
Homes Passed	5,214,041	4,598,654	13%
Network Kilometers	36,703	31,619	16%
Two-way Network Percentage	96%	91%	
Cable Television Subscribers	1,757,102	1,592,841	10%
Digital Cable Subscribers	539,688	311,726	73%
Penetration Rate of Households	33.7%	34.6%	
HSD Internet Subscribers	594,048	516,086	15%
Penetration Rate of Cable Subscribers	33.8%	32.4%	
Telephony Subscribers	463,825	414,630	12%
Penetration Rate of Cable Subscribers	26.4%	26.0%	
Unique Subscribers	1,804,537	1,634,868	10%
Revenue Generating Units	2,814,975	2,523,557	12%
RGU's Per Unique Subscribers	1.56	1.54	1%
ARPU per Unique Subscriber	\$ 363.8	\$ 369.8	-2%

Executive Summary

The best services and the fastest speed at the lowest price. Megacable maintains its commitment to the community offering the best quality of Video, Internet and Telephony services at the most competitive price in the market.

During 2010, Megacable launched a massive digitalization project to put the best image and the most advanced technology in digital signal within the reach of its subscribers. In this manner, Megacable placed this technology within the reach of half a million homes and expects to replicate this for an additional million subscribers in 2011. At the same time, the Company has increased the efficiency of the operation, achieving better service segmentation, while preventing piracy.

To meet increased demand for broad band Internet speed, Megacable launched “Megacable Nitro” internet service, in 4Q10, with up to 20 mgs of speed, offering the service at the best price in the market.

For the fourth quarter period, Megacable reported revenues of Ps. 1,963 million, which represented a 10% increase compared to 4Q09. For the accumulated twelve-month period (12M10), Megacable reported Ps. 7,511 million in revenue, which was achieved through the addition of approximately 291 thousand RGU's during 2010.

Consolidated EBITDA for the year rose 5% to reach approximately Ps. 3,110 million. For the 4Q10, this figure rose 4% compared to 4Q09 to Ps. 788 million. Consolidated EBITDA for cable operations also rose 4% from 4Q09 to 4Q10, reaching a margin over cable revenues of 41.5% for 4Q10 and 43.0% for the twelve-month period, reaching Ps. 781 million and Ps. 3,060 million, respectively.

Regarding the Company's financial structure, Megacable continues to possess a solid balance sheet; in general, main financial ratios improved in 2010, most notably total liabilities, which declined 13%, from 2009 to 2010, thus improving the Company's leverage levels. This was mainly the result of decreased liabilities with cost upon the full payment of the syndicated loan in August 2010, of which 30% was paid in cash.

Regarding assets, the cash and temporary investments line decreased approximately Ps. 889 million due to the previously mentioned loan payment, the purchase of Grupo Omnicable in 2Q10, as well as investments in GTAC (*Grupo de Telecomunicaciones de Alta Capacidad*) for the license and set-up of dark fiber from the CFE (Federal Electricity Commission).

Properties, systems and equipment, net, increased 23%, or Ps. 1,398 million, due to the purchase of set-top boxes for the digitalization project that was fully initiated in the second half of the year, the purchase of Grupo Omnicable, improvements to the existing network and the construction of new network kilometers as well as the purchase of other equipment.

Regarding operating results, Megacable finished the period concluded December 31, 2010 with approximately 1.76 million video subscribers, 594 thousand Internet subscribers and 464 thousand telephony subscribers, which represented growth of 10%, 15% and 12%, respectively. This represents an increase in the number of services purchased per subscriber, from 1.54 RGU's to 1.56 RGU's, per unique subscriber, from 4Q09 to 4Q10.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTELY OPERATING DATA					
	4Q10	4Q09	3Q10	Variation	
				4Q10 vs 4Q09	4Q10 vs 3Q10
ARPU (1) (Ps.)					
Unique Subscribers	363.8	369.8	354.6	-2%	3%
Video	232.7	242.3	228.9	-4%	2%
Internet	194.0	194.4	193.9	0%	0%
Telephony	196.5	193.9	188.5	1%	4%
Other Income (2)	22.8	23.8	23.4	-4%	-2%
Monthly Average Churn Rate					
Video	3.1%	2.3%	3.2%		
Internet	3.9%	3.3%	3.6%		
Telephony	4.3%	4.2%	4.6%		

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

Video Segment

The Video segment finished the fourth quarter with 1,757,102 subscribers, reflecting an increase of more than 164 thousand net additions, growth of 10% with respect to 4Q09. The Company added more than 227 thousand digital subscribers, a 73% increase from 4Q09 to 4Q10.

Video segment ARPU increased 2% compared to 3Q10. However video ARPU declined by 4% compared to 4Q09, mainly because in 2010 there were fewer subscribers than in 2009 who opted for advanced annual payments as well as due to increased bundled sales of triple-play packages, where subscribers obtain discounts in the individual services, as well as the adoption of lower-priced services.

Internet Segment

The broadband Internet segment reported a subscriber growth of 15% from 4Q09 to 4Q10, increasing its base with more than 77 thousand net additions during the period, finishing 4Q10 with 594,048 subscribers.

During 4Q10, Internet segment ARPU remained stable compared to both 4Q09 and 3Q10.

Telephony Segment

Telephony segment ended the period with 463,825 subscribers in 4Q10, adding over 49 thousand new subscribers to this service compared to 4Q09, reflecting an increase of 12%. ARPU by subscriber grew 4% compared to 3Q10 and 1% compared to 4Q09.

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

Unique subscribers grew at a rate of 10%, while RGU's increased at a rate of 12% from 4Q09 to 4Q10, ending with 1,804,537 unique subscribers and 2,814,975 RGU's. As a result, Megacable's RGU's per unique subscriber increased from 1.54 in 4Q09 to 1.56 in 4Q10.

ARPU per unique subscriber for 4Q10 reached Ps. 363.8, an increase of 3% compared to 3Q10, and a decrease of 2% compared to 4Q09, due to the impact of the annual advanced payments mentioned above.

Monthly Average Churn Rate

The average monthly churn rate for the Video, Internet and Telephony services increased 84, 56 and 6 basis points from 4Q09 to 4Q10, respectively. However, these rates are lower compared to 3Q10, except for Internet service, mainly due to the higher number of new subscribers for this service in 3Q10 as a result of a high number of subscribers who signed up for the back-to-school promotions, but terminated their service before the end of the year.

Homes Passed and Network

As of December 31, 2010, the Company's cable network reached 36,703 kilometers, passing 5,214,041 homes, which represented a 16% increase in network kilometers and an increase of 13% in number of homes passed. To date, the network had a 96% bidirectional rate.

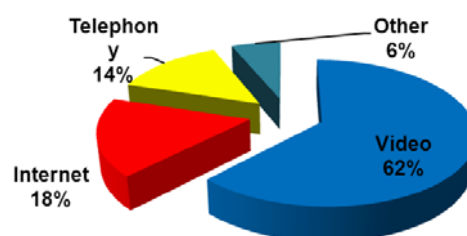
Consolidated Results

Income by Segment						
In Millions of Pesos						
	4Q10	4Q09	4Q10 vs 4Q09	2010	2009	2010 vs 2009
Video	1,223	1,143	7%	4,671	4,451	5%
Internet	345	296	16%	1,283	1,128	14%
Telephony	272	237	15%	1,014	843	20%
Other	123	115	7%	543	473	15%
Total	1,963	1,792	10%	7,511	6,895	9%

Total service income increased 10% from 4Q09 to 4Q10; reaching Ps. 1,963 million. Video revenues increased 7% from 4Q09 to 4Q10, while Internet and telephony revenues increased 16% and 15%, respectively, and Others increased 7%.

During 12M10, service income increased 9% year-over-year, reaching an accumulated increase of Ps. 7,511 million. During 2010, the service income growth was affected for a lower number of advanced payments.

The Video segment represented 62% of Megacable's total revenues, the highest of all segments, followed by Internet with 18% and Telephony with 14%, finally, the Other segment represented 6% of the total.



Cost of services increased 7%, from 4Q09 to 4Q10, which was lower than the 12% increase in RGU's. This demonstrates the Company's success in obtaining administrative and operating cost efficiencies.

Operating income decreased 4% from 4Q09 to 4Q10, this was mainly the result of the increase in depreciation and amortization, which includes the amortization of intangible assets purchased at Grupo Omnicable, the expansion in network kilometers, as well as the digitalization project, and the application of pre-operating expenses which achieved its objectives, and the balance period.

As a result of the above, adjusted EBITDA for the cable operations rose 4% from 4Q09 to 4Q10, Ps. 781 million, reaching a 41.5% margin over cable revenues. For 2010, the growth reached Ps. 3,061 million, which represented 4% of the increase compared to 2009, and a margin over cable revenues of 43.0%.

Megacable's Consolidated EBITDA increased 4% from 4Q09 to 4Q10 with an EBITDA margin of 40.2%. For 2010, this figure rose 5% compared to 2009, reaching an income margin of approximately 41.4%.

During 4Q10, the Company reported a Ps. 55 million decline in annual advanced payments, which was very successful during 4Q09, prior to IVA and IETU increases going into effect. Not considering this effect, growth would have been approximately 13% quarter-over-quarter and 10% on an annual basis.

4Q10 net income reached Ps. 552 million, 15% lower than the figure reported in the same period of 2009; for 2010, net income was Ps. 1,849 million, a 7% decline versus 2009, mainly due to the fact that during 2010, the exchange rate gain was significantly lower than in 2009, which contributed to a negative integral financing result.

EBITDA						
	4Q10	4Q09	4Q10 vs 4Q09	2010	2009	2010 vs 2009
In thousands of Pesos						
Consolidated operating Income	\$ 495,109	\$ 516,562	-4%	\$ 2,193,177	\$ 2,205,808	-1%
Less operating Income (Loss) of MCM Holding	-\$ 3,726	(1,223)	-205%	\$ 6,905	-\$ 3,595	292%
Operating Income for Cable Operations	498,835	517,785	-4%	2,186,273	2,209,403	-1%
Plus Consolidated depreciation and amortization	289,585	190,366	52%	894,267	706,631	27%
Less depreciation and amortization of MCM Holding	10,688	6,913	55%	42,058	32,179	31%
Plus Non- recurring items	3,415	47,335	-93%	22,231	55,532	-60%
Adjusted EBITDA for Cable Operations (1)	\$ 781,146	\$ 748,573	4%	\$ 3,060,712	\$ 2,939,387	4%
Total Income excluding MCM	\$ 1,883,146	\$ 1,708,879	10%	\$ 7,115,003	\$ 6,558,948	8%
Adjusted EBITDA Margin for Cable Operations	41.5%	43.8%	0%	43.0%	44.8%	
Consolidated EBITDA (2)	\$ 788,108	\$ 754,262	4%	\$ 3,109,675	\$ 2,967,971	5%
Consolidated EBITDA Margin	40.2%	42.1%	0%	41.4%	43.0%	

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 improved derived from the payment of the bank loan that matured August 23, 2010, and the acquisition of new long-term debt for a lower amount compared to the long-term debt held up until this date. Megacable's total current assets decreased 15% from 4Q09 to 4Q10, mainly due to several investments made with the Company's cash during 2010; among these were the expenses derived from the licensing and investment in the set up of the dark fiber optical wires from the CFE through GTAC, the purchase of Grupo Omnicable and the cash payment of Ps. 900 million to partially repay the bank loan previously mentioned.

	as of December 31,	
Liquidity Ratio	2010	2009
Assets Ratio	2.53	0.95



Property, Systems and Equipment, Net

This line item registered an increase of 23%, mainly due the purchase of Grupo Omnicable, organic growth via the increase in Megacable's network kilometers, as well as the purchase of terminal equipment for digitalization, Internet and Telephony, and the purchase of transportation, computer and office equipment, among others.

Debt

On August 23, 2010, Megacable's Ps. 1,456 million and US\$ 120 million bank liability, which matured, was liquidated via a new bank loan of Ps. 2,100 million, which generates a 28-day TIIE plus 0.90% interest rate, with the remaining balance paid in cash.

As a result, debt and interest coverage ratios improved in general, reaching a Net Debt / Annualized EBITDA ratio of 0.13x and interest coverage of 20.18x.

	as of December 31,	
Debt Ratios	2010	2009
Debt Ratio	0.25	0.31
Debt to Equity Ratio	0.33	0.45
Net Debt/ Annualized EBITDA	0.13	0.15
Interest Coverage		
EBITDA/ Interests Expenses	20.18	17.60

Net debt decreased 7% from 4Q09 to 4Q10, due to the aforementioned bank loan payment, reaching approximately Ps. 419 million as of December 31, 2010.

In thousands of Pesos	4Q10	4Q09
Short Term Debt	6,145	3,027,564
One year maturity of long term bank loans	6,145	3,027,564
Long Term Debt	2,100,000	-
Bank Loans	2,100,000	-
Accounts Payable	-	-
Total Debt	2,106,145	3,027,564
Cash and Short Term Investments	1,687,058	2,576,189
Net Debt	419,087	451,376

Shareholders' Equity

Shareholders' equity rose 20% from 4Q09 to 4Q10 as a result of the Company's increase in accumulated earnings of 28%.

CAPEX

During 4Q10, Megacable invested Ps. 452 million to reach a total of Ps. 1,397 million for 2010. This investment was mainly allocated towards the purchase of subscriber terminal equipment, growth and modernization of the Company's cable network, as well as the purchase of real estate.

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 December 31, 2010, the Company had 10,632 employees.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding Series "A" Shares (millions)	1,721
Outstanding CPOs (thousands)	293,254
CPOs in Treasury (thousands)	45
Mkt. Cap (In Ps. Millions)	\$ 27,496
Closing Price (Ps) *	\$ 31.95
As of December 31, 2010	
Source: Infotel	

Quarterly Income Statement

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

For the three-month period ended December 31, 2010 & 2009

In thousands of Pesos	Non Audited		Variation 4Q10 vs 4Q09
	4Q10	4Q09	
Services Income	\$ 1,962,896	\$ 1,791,563	10%
Cost of Services	650,561	608,944	7%
Gross Profit	\$ 1,312,335	\$ 1,182,619	11%
Operating and General Expenses	527,642	475,691	11%
EBITDA	784,693	706,928	11%
Depreciation and amortization	289,585	190,366	52%
Operating Profit	495,109	516,562	(4%)
Other income (expenses), net	18,002	16,094	12%
Comprehensive Financing Income, Net	-3,621	-3,568	1%
Equity in income of associated companies	27,002	-21,823	(224%)
Non Ordinary Items		24,900	(100%)
Income Before Income Tax and Minority Interest	\$ 489,729	\$ 533,147	(8%)
Income Tax	- 45,076	-107,440	(58%)
Income Before Minority Interest	\$ 534,805	\$ 640,587	(17%)
Minority Income	-17,167	-9,384	83%
Net Profit	\$ 551,972	\$ 649,971	(15%)

Accumulated Income Statement

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

For the twelve-month period ended December 31, 2010 & 2009

In thousands of Pesos	Non Audited		Variation
	2010	2009	2010 vs 2009
Services Income	\$ 7,510,819	\$ 6,894,682	9%
Cost of Services	2,498,836	2,308,585	8%
Gross Profit	\$ 5,011,982	\$ 4,586,097	9%
Operating and General Expenses	1,924,538	1,673,658	15%
EBITDA	3,087,444	2,912,439	6%
Depreciation and amortization	894,267	706,631	27%
Operating Profit	2,193,177	2,205,808	(1%)
Other income (expenses), net	41,782	38,768	8%
Comprehensive Financing Income, Net	13,008	-101,210	(113%)
Equity in income of associated companies	15,090	-34,491	(144%)
Non Ordinary Items		24,900	(100%)
Income Before Income Tax and Minority Interest	\$ 2,206,862	\$ 2,355,377	(6%)
Income Tax	343,082	348,570	(2%)
Income Before Minority Interest	\$ 1,863,779	\$ 2,006,807	(7%)
Minority Income	14,538	20,038	(27%)
Net Profit	\$ 1,849,242	\$ 1,986,769	(7%)

Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS
Balance Sheet (Non Audited)
In Thousands of Pesos

	As of December 31,	
	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and short term investments	1,687,058	2,576,189
Accounts receivable from customers and other, net	401,756	283,258
Recoverable taxes	356,908	462,554
Inventories	516,153	143,581
Financial Instruments	-	13,216
Total Current Assets	2,961,875	3,478,797
Investment in shares of associated companies	98,513	58,970
Property, systems and equipment, net	7,405,418	6,007,917
Goodwill, net	4,277,036	4,277,036
Preoperating expenses, net	-	26,037
Other assets	495,488	381,602
Affiliated and Associated Companies	384,530	-
Total Assets	15,622,859	14,230,359
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
One-year maturity of long term liabilities	6,145	3,027,564
Suppliers	559,684	207,735
Affiliated and Associated Companies	17,736	11,536
Accounts payable and accrued expenses payable	585,587	398,509
Total Current Liabilities	1,169,152	3,645,344
<u>LONG TERM LIABILITIES</u>		
Bank loans	2,100,000	-
Labor obligations	102,903	76,863
Deferred taxes	496,427	703,985
Total Long Term Liabilities	2,699,330	780,848
Total Liabilities	3,868,482	4,426,192
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	920,130	919,965
Net Premium on the placement of shares	2,126,348	2,126,348
Retained Earnings	8,482,808	6,628,834
Minority Interest	225,090	129,020
Total Stockholders' Equity	11,754,376	9,804,167
Total Liabilities & Stockholders' Equity	15,622,859	14,230,359

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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