

Third Quarter 2009 Results



MEGACABLE.



MEGA

Guadalajara, Jalisco, Mexico, October 26, 2009 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO), announced today its results for the third quarter ended September 30, 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		Variation
Figures in millions of pesos	3Q09	3Q08	3Q09 vs 3Q08	
Service Income	1,708	1,471	16%	
Adjusted EBITDA for Cable Operations	712	696	2%	
Adjusted EBITDA Margin for Cable Operations	43.9%	49.5%		
Consolidated EBITDA	719	699	3%	
Consolidated EBITDA Margin	42.1%	47.6%		
Net Income	442	518	-15%	
Net Debt	575	1,298	-56%	
Net Debt/Annualized EBITDA	0.19	0.45		
Interest Coverage	17.89	15.25		

Operating Results				Variation
	3Q09	3Q08	3Q09 vs 3Q08	
Homes Passed	4,524,176	3,931,870	15%	
Network Kilometers	31,054	26,700	16%	
Two- way Network Percentage	91%	85%		
Cable Television Subscribers	1,544,968	1,441,020	7%	
Digital Cable Subscribers	271,731	154,866	75%	
Penetration Rate of Households	34.1%	36.6%		
HSD Internet Subscribers	494,759	417,339	19%	
Penetration Rate of Cable Subscribers	32.0%	29.0%		
Telephony Subscribers	392,392	227,103	73%	
Penetration Rate of Cable Subscribers	25.4%	15.8%		
Unique Subscribers	1,585,612	1,495,394	6%	
Revenue Generating Units	2,432,119	2,085,462	17%	
RGU's Per Unique Subscribers	1.53	1.39	10%	
ARPU per Unique Subscriber	\$ 360.9	\$ 335.6	8%	



Executive Summary

Megacable ended the third quarter of 2009 with solid operating results, increasing revenue generating units (RGU's) by 17% with the addition of 347 thousand units in 3Q09 when compared to 3Q08. This was mainly through the intensifying of new marketing campaigns that primarily offer triple-play packages, the introduction of a competitive product offering and a greater sales effort. As of September 30, 2009, the Company reached 1,544,968 video subscribers, 494,759 Internet subscribers and 392,392 fixed telephony subscribers, with growth rates of 7%, 19% and 73%, respectively.

The marketing strategy for packages has very successfully obtained new additions, increasing the number of triple-play subscribers and RGU's. This was reflected in the 8% increase in ARPU per unique subscriber from 3Q08 to 3Q09, despite ARPU declines in the individual segments in video, Internet and telephony.

Revenues reached Ps. 1,708 million in 3Q09, representing 16% growth when compared to 3Q08, and a 19% increase in the first nine months of 2009 compared to the first nine months of 2008.

Together, the Company's costs of services and general and operating expenses increased 28% from 3Q08 to 3Q09, mainly due to the 17% increase in RGU's, an average exchange rate depreciation of approximately 29%, greater marketing and promotional expenses and interconnection costs, among others.

Adjusted EBITDA of cable operations reached a 45.4% margin for the first nine months of 2009, and totaled Ps. 712 million with a 43.9% margin for 3Q09, while consolidated EBITDA increased 3% to reach Ps. 719 million during 3Q09, with a decrease in the consolidated EBITDA margin of 550 basis points (bps), a result of the previously-mentioned increase in costs and expenses.

The Company reported a Net Income of Ps. 442 million for 3Q09; this line item was affected by higher taxes caused by the effect of a higher provision of deferred taxes, due to the fact that the tax losses carried forward were amortized since 2Q09.

The Company continues to enjoy a healthy capital structure, with a debt to equity ratio of 0.54x and interest coverage of 17.89x as of September 30, 2009. Furthermore, net debt declined 56%, reaching Ps. 575 million from September, 2008 to September 2009, mainly due to the 89% increase in cash and temporary investments.

Finally, it is worth mentioning that during the third quarter of 2009, the Company closed three "cross-currency swaps" derivative contracts for a total of US\$ 80 million. These contracts allow the fixing of the total amount at a weighted average exchange rate of Ps. 12.8765/US\$, as well as establishing a weighted average interest rate of TIIE + 0.67%, thereby hedging part of the US\$ 120 million in bank debt and reducing the exposure to exchange rate fluctuations to only US\$ 40 million.

Operating Results

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

QUARTELY OPERATING DATA

	3Q09	3Q08	2Q09	Variation	
				3Q09 vs 3Q08	3Q09 vs 2Q09
ARPU (1) (Ps.)					
Unique Subscribers	360.9	335.6	362.9	8%	-1%
Video	236.3	239.5	240.7	-1%	-2%
Internet	192.5	213.4	206.2	-10%	-7%
Telephony	194.5	182.7	200.3	7%	-3%
Monthly Average Churn Rate					
Video	2.9%	3.4%	3.2%		
Internet	3.5%	4.0%	3.8%		
Telephony	4.7%	5.4%	5.0%		

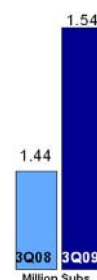
Notes:

(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 104 thousand net adds year-over-year, ending the period with more than 1.5 million subscribers, which represented an increase of 7% compared to 3Q08.

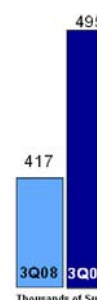
Video ARPU decreased 1% compared to 3Q08, and 2% compared to 2Q09 due to a greater adoption of triple-play packages by customers, who are entitled to discounts on individual services, as well as the increasing the adoption of new packages focused on the lower socio-economic levels.



Internet Segment

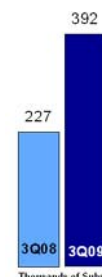
During 3Q09, Megacable reactivated the growth of broad-band subscribers through intensifying marketing campaigns, as well as the launch of the YOO® advertising campaign, which includes financing programs for computer equipment. Megacable also benefited from the seasonal effect of beginning of the new school year. As a result of the above, Megacable added more than 77 thousand subscribers year-over-year, a growth rate of 19%, reaching 494,759 Internet subscribers during 3Q09.

ARPU for the Internet segment decreased 10% during 3Q09 compared to 3Q08, and 7% compared to 2Q09 due to the discounts applied to this segment for the adoption of triple-play packages, as well as higher subscriber growth in lower-priced products.



Telephony Segment

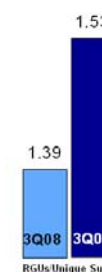
This segment has experienced great acceptance, posting constant growth since its launch. Between 3Q08 and 3Q09, more than 165 thousand new subscribers were added, an increase of 73%, thus reaching 392,392 subscribers as of September 30, 2009.



Telephony ARPU increased 7% from 3Q08 to 3Q09. When compared to 2Q09, telephony ARPU declined 3%, reaching Ps. 194.5 in 3Q09, as a result of lower consumption of additional services such as long distance and mobile telephone calls, thereby reducing the average revenue per unit.

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

The Company's RGU's increased 17%, adding approximately 347 thousand units during 3Q09 when compared to 3Q08, while unique subscribers increased 6% during the same period, adding more than 90 thousand subscribers. As a result, RGU's per unique subscriber increased from 1.39 in 3Q08 to 1.53 in 3Q09.



The rise in RGU's per unique subscriber was due mainly to the addition of triple-play subscribers, which contributed to an 8% increase, from Ps. 335.6 to Ps. 360.9 in ARPU per unique subscriber during 3Q09 compared to 3Q08. Compared to 2Q09, ARPU per unique subscriber decreased only 1%, despite a proportionally higher decrease in ARPU for each of the three segments.

Monthly Average Churn Rate

The average monthly churn rate for the three service segments decreased due to successful subscriber retention strategies implemented in 2009. As a result, the video and Internet monthly average churn rate for 3Q09 decreased approximately 50 bps and telephony declined 70 bps, with a reduction of approximately 14% in the average monthly churn rate for these three services compared with 3Q08.

Homes Passed and Network

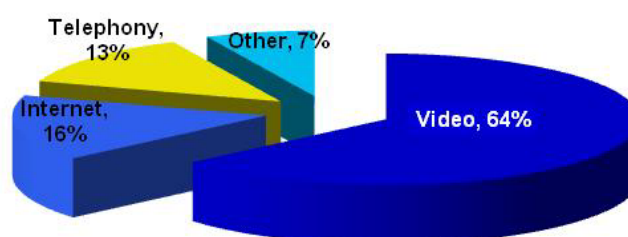
The number of homes passed increased 15%, with the addition of over 4 thousand kilometers of network from 3Q08 to 3Q09, reaching approximately 4.5 million homes passed and 31 thousand kilometers of network. The two-way network percentage increased from 85% in 3Q08 to 91% in 3Q09.

Consolidated Results

Income by Segment						
In Millions of Pesos						
	3Q09	3Q08	3Q09 vs 3Q08	9M09	9M08	9M09 vs 9M08
Video	1,089	1,016	7%	3,308	2,963	12%
Internet	278	257	8%	831	803	4%
Telephony	223	105	111%	606	255	137%
Other	119	92	30%	358	275	30%
Total	1,708	1,471	16%	5,103	4,296	19%

Megacable's consolidated income increased 19% during the nine-month period ended September 30, 2009, compared to the same period of 2008, reaching Ps. 5,103 million as of September 30, 2009. Between 3Q08 and 3Q09, Megacable's consolidated income increased 16%, reaching Ps. 1,708 million.

The segment that had the greatest contribution to Megacable's total revenues was telephony, with a Ps. 117 million increase in revenues between 3Q08 and 3Q09, followed by video with Ps. 73 million. Therefore, 64% of Megacable's total revenues were generated by video, 16% by Internet, 13% by telephony, and other segments with 7%.



Cost of services increased 41% during 3Q09 compared to 3Q08 mainly due to a 17% increase in RGU's, as well as a 29% devaluation of the average peso/dollar exchange rate. Additionally, costs of services were affected by an increase in advertising expenses and greater interconnection costs.

The Company's operating and general expenses increased 17% between 3Q08 and 3Q09 mainly due to the opening of Megacable's new service offices (CIS), which resulted in higher leasing and labor expenses. However, as a percentage of revenues, operating and general expenses remained flat.

Income taxes increased between 3Q08 and 3Q09, given that the Company held tax losses carried forward from prior periods until 2Q09, by amortizing these losses, the deferred income tax for 3Q09 increased substantially. As a result of the above, net income decreased 15%, during 3Q09 compared to 3Q08, reaching Ps. 442 million.

Adjusted EBITDA & Consolidated EBITDA

EBITDA						
	3Q09	3Q08	3Q09 vs 3Q08	9M09	9M08	9M09 vs 9M08
In thousands of Pesos						
Consolidated operating Income	\$ 538,486	\$ 556,623	-3%	\$ 1,698,160	\$ 1,745,050	-3%
Less operating Income (Loss) of MCM Holding	-\$ 1,241	-\$ 4,231	-71%	-\$ 2,372	-\$ 9,575	-75%
Operating Income for Cable Operations	\$ 539,727	\$ 560,854	-4%	1,700,533	1,754,626	-3%
Plus Consolidated depreciation and amortization	\$ 172,250	\$ 137,865	25%	516,265	391,246	32%
Less depreciation and amortization of MCM Holding	\$ 8,499	\$ 8,115	5%	25,267	24,012	5%
Plus Non- recurring items	\$ 8,198	\$ 5,008	64%	8,198	32,853	-75%
Adjusted EBITDA for Cable Operations (1)	\$ 711,677	\$ 695,612	2%	\$ 2,199,729	\$ 2,154,713	2%
Total Income excluding MCM	\$ 1,622,699	\$ 1,406,621	15%	\$ 4,850,070	\$ 4,111,714	18%
Adjusted EBITDA Margin for Cable Operations	43.9%	49.5%		45.4%	52.4%	
Consolidated EBITDA (2)	\$ 718,934	\$ 699,496	3%	\$ 2,222,623	\$ 2,169,149	2%
Consolidated EBITDA Margin	42.1%	47.6%		43.6%	50.5%	

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.

For the third quarter of 2009, Adjusted EBITDA increased 2% when compared with 3Q08 in absolute terms, reaching Ps. 712 million, with a margin of 43.9% for 3Q09, while Adjusted EBITDA margin for the cable operations decreased 560 basis points between 3Q08 and 3Q09 due to the aforementioned increase in costs and expenses mainly due to the devaluation of the peso/dollar exchange rate in approximately 29%. Adjusted EBITDA for the nine-month period ended September 30, 2009 increased 2%, reaching approximately Ps. 2,120 million with an Adjusted EBITDA margin of 45.4%.

Megacable's Consolidated EBITDA increased 3% between 3Q08 and 3Q09 reaching Ps. 719 million, with a margin of 42.1%, while for the nine-month period ended September 30, 2009, Consolidated EBITDA reached Ps. 2,223 million, with a margin of 43.6%.

Liquidity, Debt and Capital Structure

Liquidity

The Company's current assets increased 80% between 3Q08 and 3Q09, mainly as a result of the increase in cash and short-term investments of over Ps. 1.306 billion.

Total assets increased Ps. 2.513 billion, while total liabilities increased only Ps. 1.018 billion. Nevertheless, Megacable's bank loan maturity is scheduled to become a short-term liability on August 2010, which will significantly affect liquidity ratios. However, if we consider the long-term maturity of the bank loan (see section *Debt*), the assets ratio improves from 3.14x in 2008 to 4.68x in 2009.

Liquidity Ratio	as of September 30,		
	2009	2009*	2008
Assets Ratio	0.91	4.68	3.14

*Considering the bank loan maturity at long term

Property, Plant and Equipment

This line item increased 17% year-over-year, reaching Ps. 5,852 million as of September 30, 2009. This growth was mainly due to the increase in capital investments for the construction of new kilometers of network, terminal and subscriber equipment purchases, among others.

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 for 3Q09. It is worth mentioning that Megacable and its creditors have agreed to renegotiate this loan in the short term.

The Company's total liabilities rose 26% between 3Q08 and 3Q09, attributable to an increase in bank debt due to the devaluation of the peso/dollar exchange rate, as well as an increase of deferred taxes during 2009. Despite these factors, the Company maintains a healthy financial structure and continues generating high operating cash flow levels, which has contributed to the improvement of the Net Debt to annualized EBITDA ratio from 0.45x in 2008 to 0.19x in 2009, while interest coverage increased from 15.25x to 17.89x during the same periods.

Debt Ratios	as of September 30,	
	2009	2008
Debt Ratio	0.35	0.34
Debt to Equity Ratio	0.54	0.51
Net Debt/ Annualized EBITDA	0.19	0.45
Interest Coverage		
EBITDA/ Interests Expenses	17.89	15.25

Megacable's net debt decreased approximately Ps. 723 million, or 56%, between September 30, 2008 and 2009, reaching Ps. 575 million; this reduction was mainly the result of an 89% increase in cash and short-term investments.

In thousands of Pesos	2009	2008
Short Term Debt	3,188,502	1,803
One year maturity of long term bank loans	3,188,502	1,803
Long Term Debt	166,800	2,769,839
Bank Loans	-	2,768,764
Accounts Payable	166,800	1,075
Total Debt	3,355,302	2,771,642
Cash and Short Term Investments	2,780,399	1,473,811
Net Debt	574,903	1,297,831

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\$, as well as establishing an weighted average interest rate of TIIE + 0.67% for this amount. Therefore, the exchange rate exposure from the bank debt is reduced to US\$ 40 million.

Additionally, the Company maintains a dollar-denominated credit with suppliers to acquire terminal equipment for subscribers and telecommunications network equipment from CISCO Systems Capital Corp. for approximately US\$ 20 million.

Debt and Cash & Short Term Investments

As of September 30, 2009

	In U.S. DLLS.	In Pesos
Debt	\$141	\$1,456
Cash and Short Term Investments	20	2,509

* In Millions



Shareholders' Equity

Shareholders' Equity reached Ps. 9,174 million, which represents a 19% increase, primarily due to an increase in retained earnings of approximately Ps. 1,395 million.

CAPEX

Megacable's capital expenditures reached Ps. 324 million during 3Q09 and Ps. 1,057 million for the nine-month period ended September 30, 2009, mainly allocated towards the purchase of subscriber equipment, construction and the upgrading of Company's cable network.

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 September 30, 2009, the Company had 8,418 employees.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding	
Series "A" Shares	1,721,109,673
Outstanding CPOs	197,832,903
CPOs in Treasury	123,000
Mkt. Cap (In Ps. Millions) \$	21,901.12
Closing Price (Ps) *	\$ 25.45
As of September 30, 2009	
Source: Infotel	



Quarterly Income Statement

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

For the three-month period ended September 30, 2008 & 2009

In thousands of Pesos	Non Audited		Variation
	3Q09	3Q08	3Q09 vs 3Q08
Services Income	\$ 1,708,387	\$ 1,470,917	16%
Cost of Services	585,214	414,502	41%
Gross Profit	\$ 1,123,174	\$ 1,056,415	6%
Operating and General Expenses (1)	584,688	499,792	17%
Operating Profit	538,486	556,623	(3%)
Other income (expenses), net	4,721	6,113	(23%)
Comprehensive Financing Income, Net	-36,613	59,860	(161%)
Equity in income of associated companies	- 1,339	257	(620%)
Income Before Income Tax and Minority Interest	\$ 581,159	\$ 502,619	16%
Income Tax	134,314	-21,140	735%
Income Before Minority Interest	\$ 446,845	\$ 523,759	(15%)
Minority Income	5,031	5,355	(6%)
Net Profit	\$ 441,814	\$ 518,404	(15%)

NOTE:

(1) Depreciation and amortization for the periods ended September 30, 2009 and 2008, was of Ps. 172,250 thousand and Ps. 137,865 thousand, respectively.



Accumulated Income Statement

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

For the nine-month period ended September 30, 2008 & 2009

In thousands of Pesos	Non Audited		Variation 9M09 vs 9M08
	9M09	9M08	
Services Income	\$ 5,103,119	\$ 4,295,646	19%
Cost of Services	1,690,727	1,125,578	50%
Gross Profit	\$ 3,412,392	\$ 3,170,068	8%
Operating and General Expenses (1)	1,714,232	1,425,018	20%
Operating Profit	1,698,160	1,745,050	(3%)
Other income (expenses), net	13,760	37,731	(64%)
Comprehensive Financing Income, Net	-97,642	68,796	(242%)
Equity in income of associated companies	- 12,668	775	(1734%)
Income Before Income Tax and Minority Interest	\$ 1,822,229	\$ 1,713,210	6%
Income Tax	456,010	56,797	703%
Income Before Minority Interest	\$ 1,366,219	\$ 1,656,413	(18%)
Minority Income	29,421	22,979	28%
Net Profit	\$ 1,336,798	\$ 1,633,434	(18%)

(1) Depreciation and amortization for the periods ended September 30, 2009 and 2008, was of Ps. 516,265 thousand and Ps. 391,246 thousand, respectively.

Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS		
Balance Sheet (Non Audited)		
In Thousands of Pesos		
	As of September 30,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	2,780,399	1,473,811
Accounts receivable from customers and other, net	337,871	177,496
Recoverable taxes	176,505	89,340
Inventories	167,817	181,445
Total Current Assets	3,462,593	1,922,093
Investment in shares of associated companies	36,537	46,322
Property, systems and equipment, net	5,852,589	4,986,145
Goodwill, net	4,275,616	4,276,326
Preoperating expenses, net	13,674	10,769
Other assets	487,669	374,131
Total Assets	14,128,679	11,615,785
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	3,188,502	1,803
Suppliers	237,953	302,761
Affiliated and Associated Companies	105,538	73,593
Accounts payable and accrued expenses payable	293,309	234,034
Total Current Liabilities	3,825,301	612,190
LONG TERM LIABILITIES		
Bank loans	-	2,768,764
Labor obligations	85,101	55,885
Accounts Payable	166,800	1,075
Deferred Income Tax	789,509	192,096
Deferred Flat Tax (IETU) - Net	87,422	305,492
Deferred Goodwill, net	-	649
Total Long Term Liabilities	1,128,833	3,323,962
Total Liabilities	4,954,134	3,936,153
STOCKHOLDERS' EQUITY		
Capital Stock	918,284	918,350
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,120,876	2,104,671
Cumulative effect of deferred income tax	-	(48,891)
Surplus in the restatement of stockholders' equity	-	-
Retained Earnings	5,959,877	4,565,128
Minority Interest	170,509	135,376
Total Stockholders' Equity	9,174,545	7,679,632
Total Liabilities & Stockholders' Equity	14,128,679	11,615,785



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:

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