

Second Quarter 2009 Results



MEGACABLE®



MEGA

Guadalajara, Jalisco, Mexico, July 22, 2009 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO), announced today its results for the second quarter ended June 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	2Q09	2Q08	2Q09 vs 2Q08
Service Income	1,674	1,404	19%
Adjusted EBITDA for Cable Operations	716	700	2%
Adjusted EBITDA Margin for Cable Operations	45.1%	52.2%	
Consolidated EBITDA	723	705	3%
Consolidated EBITDA Margin	43.2%	50.2%	
Net Income	503	561	-10%
Net Debt	822	1,252	-34%
Net Debt/Annualized EBITDA	0.27	0.43	
Interest Coverage	18.57	15.30	

Operating Results			Variation
	2Q09	2Q08	2Q09 vs 2Q08
Homes Passed	4,375,242	3,722,766	18%
Network Kilometers	30,030	25,032	20%
Two- way Network Percentage	91%	85%	
Cable Television Subscribers	1,505,575	1,388,756	8%
Digital Cable Subscribers	240,421	146,304	64%
Penetration Rate of Households	34.4%	37.3%	
HSD Internet Subscribers	454,465	399,676	14%
Penetration Rate of Cable Subscribers	30.2%	28.8%	
Telephony Subscribers	348,163	169,619	105%
Penetration Rate of Cable Subscribers	23.1%	12.2%	
Unique Subscribers	1,548,799	1,433,786	8%
Revenue Generating Units	2,308,203	1,958,051	18%
RGU's Per Unique Subscribers	1.49	1.37	9%
ARPU per Unique Subscriber	\$ 362.9	\$ 328.6	10%

Executive Summary

Megacable had a positive performance during the quarter, with organic subscriber growth in all segments: analog video, digital video, internet and telephony. Furthermore, the Company was able to slightly reduce expenditures during 2Q09 versus 2Q08, improve ARPU per unique subscriber, year-over-year, as well as grow significantly the average services per subscriber, thus increasing the RGU's ratio. All of the above was achieved despite the economic recession derived from the global financial crisis, which deeply affected Mexico, in addition to the H1N1 virus, which halted business activity in Mexico for approximately two weeks.

As a result of the H1N1 virus, Megacable, in adherence of the federal government's policy, adopted the necessary hygiene measures in order to ensure the protection of its employees and clients. While Megacable's service offices (CIS) remained open, home sales and home technical services were suspended for approximately one week, reducing the pace of sales and services during this time.

On the other hand, on May 12, 2009, Megacable in conjunction with Cablemás, Cablevisión, and Cablevisión Monterrey launched a new campaign entitled "YOO" with the goal of promoting with greater effect double and triple-play services. This campaign consists of a triple-play package starting at Ps. 499 per month and double-play packages starting at Ps. 360 per month. As a result of this campaign, as well as other aggressive strategies to capture and maintain its clients, the Company was able to achieve subscriber growth. Net adds for the video segment and a large portion of net adds for the Internet and Telephony segments were achieved during June given that, during the months of April and May, subscriber growth was deeply affected by the economic slowdown, the Easter holiday, as well as the health contingency measures.

In terms of Megacable's organizational structure, on July 15, 2009, the Company announced a change to the Chief Administrative and Financial Officer position, due to the resignation of Mr. César Lau Yuen, who has decided to pursue new projects, effective July 30, 2009. He has been replaced by Mr. Alonso Andrade Gomez who was previously the Chief Financial Officer at Perot Systems Services Mexico, S.C.

As of June 30, 2009 Megacable reported 1,505,575 video subscribers, 454,465 Internet subscribers and 348,163 fixed telephony subscribers, representing increases of 8%, 14% and 105%, respectively, reaching Ps. 1,674 in revenues for the second quarter 2009, a growth of 19% compared to the same period of 2008 and Consolidated EBITDA of Ps. 723 million, which represents 3% growth.



Operating Results

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

QUARTELY OPERATING DATA

	2Q09	2Q08	1Q09	Variation	
				2Q09 vs 2Q08	2Q09 vs 1Q09
ARPU (1) (Ps.)					
Unique Subscribers	362.9	328.6	374.5	10%	-3%
Video	240.7	231.7	255.8	4%	-6%
Internet	206.2	223.3	215.0	-8%	-4%
Telephony	200.3	161.4	210.2	24%	-5%
Monthly Churn Rate					
Video	3.2%	2.7%	2.5%		
Internet	3.8%	4.3%	3.3%		
Telephony	5.0%	5.1%	4.0%		

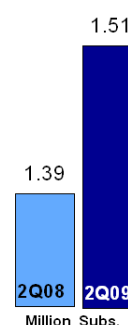
Notes:

- (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

Video subscribers for 2Q09 reached 1,505,575, an increase of 8%, or 117 thousand net adds when compared to 2Q08, and an increase of 1%, when compared to 1Q09. This was a slower growth pace than previous quarters last year, due to the economic slowdown, which further deteriorated with the H1N1 flu virus at the end of April. This factor in particular affected Megacable's sales as it had to cease home sales activity as well as that of some technical personnel to avoid exposing the Company's employees and clients to the virus.

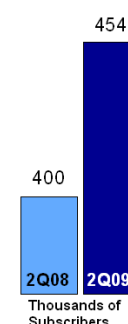
Video ARPU increased 4% compared to 2Q08, derived from the increase of tariffs during the trailing twelve months, as well as the growth in premier packages due to the increase in digital subscribers. Video ARPU decreased 6% when compared to 1Q09, mainly as a result of two factors: a higher number of advanced payments during 1Q09, which is a seasonal trend that takes place each year, and a higher growth of subscribers in lower fee packages which outpaced the growth in sales of higher priced packages.



Internet Segment

Internet subscribers increased by 14% in 2Q08 compared to 2Q09, with 55 thousand net adds. This growth was the result of greater acceptance of triple-play products, as well as increased promotions.

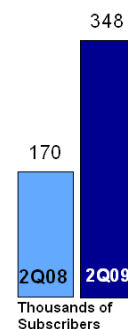
ARPU for the Internet segment decreased Ps. 17 or 8%, between 2Q08 and 2Q09, due to discounts applied to this segment for the acquisition of triple and double-play packages. Internet ARPU decreased 4% when compared to 1Q09, due to a greater demand of lower speed services.



Telephony Segment

As of June 30, 2009, net adds reached 348 thousand subscribers; this represented growth of 105% compared to the same period of 2008. This significant increase in subscribers was derived from a greater acceptance of this service by families in lower socio-economic levels, as well as the attractive offering of triple-play products combined with marketing campaigns that improved the Company's brand positioning.

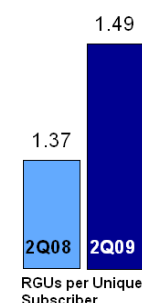
Telephony ARPU increased from Ps. 161 in 2Q08 to Ps. 200 in 2Q09, as a result of the increased consumption of additional calls, long distance and mobile telephone calls, as well as the adoption of additional packages of local unlimited phone calls.



Unique Subscribers and RGU's:

The increase of double and triple-play subscribers has driven the 18% increase in the number of RGU's from 2Q08 to 2Q09, reaching 2.3 million RGU's as of June 30, 2009. In addition, unique subscribers increased 8% year-over-year, reaching more than 1.5 million subscribers. As a result, RGU's per unique subscriber increased from 1.37 in 2Q08 to 1.49 in 2Q09.

ARPU per unique subscriber increased from Ps. 329 in 2Q08 to Ps. 363 in 2Q09 due to the increase in double and triple-play subscribers, which was derived from increased revenue per subscriber. Compared to 1Q09, ARPU decreased 3% due to the decline in ARPU in the individual segments stemming from the fact that the highest growth in new subscribers occurred during the month of June, in the aftermath of the flu virus emergency.



Monthly Average Churn Rate

The average monthly churn rate for the internet and telephony segments decreased compared to 2Q08, mainly because subscribers for these services have increased the number of products purchased from Megacable upon acquiring triple-play packages, thus increasing the loyalty of these consumers for our products.

The video monthly average churn rate increased since this service is not considered a basic one and is therefore more highly affected by a decline in personal income from the lower socio-economic segments.

Compared to 1Q09, the average monthly churn rate for all of the segments increased due to the seasonality of the Easter Holiday week, the H1N1 virus emergency, as well as the prominent economic recession that took place in the second quarter of 2009.

Homes Passed and Network

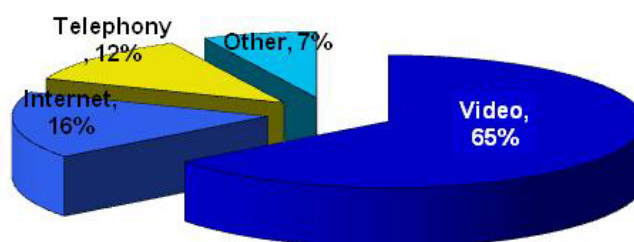
The number of homes passed increased 18%, with an approximate increase of 5 thousand kilometers of network from 2Q08 to 2Q09, reaching approximately 4.4 million homes passed, 30 thousand kilometers of network with a bidirectional rate of 91%.

Consolidated Results

Income by Segment						
In Millions of Pesos						
	2Q09	2Q08	2Q09 vs 2Q08	1H09	1H08	1H09 vs 1H08
Video	1,078	958	12%	2,219	1,946	14%
Internet	275	268	3%	554	545	2%
Telephony	199	78	156%	383	150	156%
Other	122	100	22%	239	183	30%
Total	1,674	1,404	19%	3,395	2,825	20%

Megacable's consolidated income increased 20% between 1H09 and 1H08 and 19% between 2Q08 and 2Q09, reaching Ps. 3,395 million for the six-month period ended June 30, 2009 and Ps. 1,674 million for the second quarter of 2009.

The Video segment represented approximately 65% of Megacable's total revenues followed by Internet with 16%, Telephony with 12%, and Other with 7%.



Cost of services remained unchanged in absolute terms, between 1Q09 and 2Q09, with a slight increase of 1% compared to total revenues. Cost of services as a percentage of income, represented 33% in 2Q09 compared to 27% in 2Q08, mainly due to a 28% devaluation of the average exchange rate.

The Company's operating and general expenses increased 2% between 1Q09 and 2Q09, mainly due to an increase of fees derived from higher sales levels, and higher labor costs due to annual salary increases registered during the period. When compared to 2Q08, the greatest increases resulted from labor cost due to the increase of personnel and salaries, as well as the leasing of poles and opening of new Megacable's service offices.

During the second quarter of 2009, the exchange rate of the Peso versus the U.S. dollar appreciated approximately 7%, on average, compared to 1Q09. This benefited the Company by registering a net monetary gain of Ps. 165 million, resulting from a US\$ 120 million bank loan that yielded higher net income in 2Q09 versus 1Q09, despite higher taxes due to the depletion of tax losses during previous quarters from the acquired companies.

Adjusted EBITDA & Consolidated EBITDA

EBITDA						
	2Q09	2Q08	2Q09 vs 2Q08	1H09	1H08	1H09 vs 1H08
In thousands of Pesos						
Consolidated operating Income	\$ 550,758	\$ 547,336	1%	\$ 1,159,674	\$ 1,188,427	-2%
Less operating Income (Loss) of MCM Holding	-\$ 1,020	-\$ 3,225	-68%	-\$ 1,131	-\$ 5,345	-79%
Operating Income for Cable Operations	551,778	550,562	0%	1,160,805	1,193,771	-3%
Plus Consolidated depreciation and amortization	172,532	140,733	23%	344,015	253,381	36%
Less depreciation and amortization of MCM Holding	8,460	8,123	4%	16,768	15,897	5%
Plus Non- recurring items	-	16,849	-100%	-	27,845	-100%
Adjusted EBITDA for Cable Operations (1)	\$ 715,850	\$ 700,022	2%	\$ 1,488,052	\$ 1,459,101	2%
Total Income excluding MCM	\$ 1,587,591	\$ 1,341,325	18%	\$ 3,227,371	\$ 2,705,094	19%
Adjusted EBITDA Margin for Cable Operations	45.1%	52.2%	0%	46.1%	53.9%	
Consolidated EBITDA (2)	\$ 723,290	\$ 704,919	3%	\$ 1,503,689	\$ 1,469,653	2%
Consolidated EBITDA Margin	43.2%	50.2%	0%	44.3%	52.0%	

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) 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 for the cable operations reached Ps. 716 million in 2Q09, an increase of 2% when compared to 2Q08 and a decrease of 7% compared to 1Q09, mainly due to the difference generated by subscribers' advanced payments made during the first quarter. Adjusted EBITDA margin for the cable operations reached 45% in 2Q09, and 46% in 1H09.

Megacable's Consolidated EBITDA registered the same variation, in percentage terms, than Adjusted EBITDA, reaching Ps. 723 million in 2Q09 and Ps. 1,504 million during 1H09, with EBITDA margins of 43% and 44%, respectively.



Liquidity, Debt and Capital Structure

Liquidity

The Company's liquidity ratio has shown continuous improvement. The amount of total assets increased 67% from 2Q08 to 2Q09, mainly as a result of an increase in cash and short-term investments of nearly Ps. 1 billion. This was driven by the fact that over 95% of Megacable's client transactions are cash-based, in addition to higher margins and lower CAPEX levels, which increased the amount of cash generation.

Total assets increased Ps. 2,364 million, while total liabilities increased Ps. 927 million, benefiting Megacable's liquidity and capital structure.

	as of June 30,	
Liquidity Ratio	2009	2008
Assets Ratio	3.96	3.30

Property, Plant and Equipment

This line item increased 22% year-over-year reaching Ps. 5,665 million, increasing more than Ps. 1 billion compared to the previous year. This growth was mainly due to the increase in kilometers of the network, upgrades, terminal equipment and subscriber equipment purchase such as digital cable boxes and voice and data cable modems, as well as fixed assets for integrated systems during 3Q08.

Net Debt

The Company's total liabilities increased 24%, while total assets and shareholders' equity increased 21% and 20%, respectively, resulting in a marginal increase in liabilities to assets and liabilities to shareholders' equity ratios. However, the Company's cash generation, contributed to the improvement of the Net Debt to annualized EBITDA ratio from 0.43x in 2008 to 0.27x in 2009, while interest coverage increased from 15.30x to 18.57x during the same period.

	as of June 30,	
Debt Ratios	2009	2008
Debt Ratio	0.36	0.35
Debt to Equity Ratio	0.55	0.53
Net Debt/ Annualized EBITDA	0.27	0.43
Interest Coverage	2009	2008
EBITDA/ Interests Expenses	18.57	15.30

The increase in cash and short-term investments mentioned above has contributed to a 34% reduction in net debt from 2Q08 to 2Q09, reaching Ps. 822 million.



In thousands of Pesos	2009	2008
Short Term Debt	78,430	917
One year maturity of long term	78,430	917
Long Term Debt	3,178,931	2,692,336
Bank Loans	3,037,744	2,692,336
Accounts Payable	141,187	-
Total Debt	3,257,361	2,693,253
Cash and Short Term Investments	2,434,922	1,441,394
Net Debt	822,439	1,251,859

The Company has two bank loans, the first for US\$120 million with a variable LIBOR plus 0.7% interest rate, and the second for Ps. 1,456 million, with a variable TIIE plus 0.7% interest rate.

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, the Company has a dollar-denominated credit with suppliers mainly to acquire terminal equipment for subscribers and telecommunications network equipment from CISCO Systems Capital Corp. for approximately US\$ 16 million.

Debt and Cash & Short Term Investments

As of June 30, 2009	U.S. DLLS. Converted into Pesos	In Pesos
Debt	\$1,797	\$1,460
Cash and Short Term Investments	94	2,340
Exchange Rate	\$ 13.1812	Dlls./Pesos

* In Millions of pesos

Shareholders' Equity

Shareholders' Equity reached Ps. 8,626 million, which represents a 20% increase year-over-year, best explained by an increase in retained earnings of approximately Ps. 1.5 billion.

As of June 30, 2009, Megacable's Treasury held 4.6 million CPO's representing common stock, with an investment of approximately Ps. 136.5 million in the Company's share repurchase program.



CAPEX

During the second quarter 2009, the Company invested Ps. 366 million, for an accumulated amount of Ps. 733 million in 2009, mainly allocated towards the construction and upgrade of the cable network, and the purchase of subscriber equipment.

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 June 30, 2009, the Company had 8,293 employees.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding	
Series "A" Shares	1,712,170,073
Outstanding CPOs	193,363,103
CPOs in Treasury	4,592,800
Mkt. Cap (In Ps. Millions)	15,692
As of June 30, 2009	



Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
 For the three-month period ended June 30, 2008 & 2009

In thousands of Pesos	Non Audited		Variation 2009 vs 2008
	2Q09	2008	
Services Income	\$ 1,673,573	\$ 1,403,789	19%
Cost of Services	552,471	376,551	47%
Gross Profit	\$ 1,121,102	\$ 1,027,238	9%
Operating and General Expenses (1)	570,344	479,902	19%
Operating Profit	550,758	547,336	1%
Other income (expenses), net	3,825	23,622	(84%)
Comprehensive Financing Income, Net	-160,995	-16,336	885%
Equity in income of associated companies	-11,330	259	(4475%)
Income Before Income Tax and Minority Interest	\$ 726,906	\$ 587,036	24%
Income Tax	210,278	20,453	928%
Income Before Minority Interest	\$ 516,628	\$ 566,582	(9%)
Minority Income	13,437	5,298	154%
Net Profit	\$ 503,192	\$ 561,285	(10%)

NOTE:

(1) Depreciation and amortization for the periods ended June 30, 2009 and 2008, was of Ps. 172,532 thousand and Ps. 140,733 thousand, respectively.



Accumulated Income Statement

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

For the six-month period ended June 30, 2008 & 2009

In thousands of Pesos	Non Audited		Variation 1H09 vs 1H08
	1H09	1H08	
Services Income	\$ 3,394,732	\$ 2,824,729	20%
Cost of Services	1,105,513	711,075	55%
Gross Profit	\$ 2,289,218	\$ 2,113,653	8%
Operating and General Expenses (1)	1,129,544	925,226	22%
Operating Profit	1,159,674	1,188,427	(2%)
Other income (expenses), net	9,038	31,618	(71%)
Comprehensive Financing Income, Net	-61,028	8,935	(783%)
Equity in income of associated companies	-11,330	518	(2288%)
Income Before Income Tax and Minority Interest	\$ 1,241,070	\$ 1,210,591	3%
Income Tax	321,696	77,937	313%
Income Before Minority Interest	\$ 919,374	\$ 1,132,654	(19%)
Minority Income	24,390	17,624	38%
Net Profit	\$ 894,984	\$ 1,115,030	(20%)

(1) Depreciation and amortization for the periods ended June 30, 2009 and 2008, was of Ps. 344,015 thousand and Ps. 253,381 thousand, respectively.



Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS		
Balance Sheet (Non Audited)		
	As of June 30,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	2,434,922	1,441,394
Accounts receivable from customers and other	344,674	157,401
Recoverable taxes	47,130	63,474
Inventories	165,642	132,502
Total Current Assets	2,992,368	1,794,771
Investment in shares of associated companies	32,759	46,579
Property, systems and equipment, net	5,664,766	4,647,117
Goodwill, net	4,275,616	4,277,020
Preoperating expenses, net	13,674	10,770
Other assets	401,488	240,052
Total Assets	13,380,670	11,016,310
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	78,430	917
Suppliers	272,318	242,310
Affiliated and Associated Companies	52,649	73,411
Accounts payable and accrued expenses payable	353,178	227,479
Total Current Liabilities	756,575	544,116
LONG TERM LIABILITIES		
Bank loans	3,037,744	2,692,336
Labor obligations	81,143	53,578
Accounts Payable	141,187	1,598
Deferred Income Tax	651,000	200,429
Deferred Flat Tax (IETU)- Net	86,594	333,788
Deferred Goodwill, net	-	928
Total Long Term Liabilities	3,997,668	3,282,657
Total Liabilities	4,754,243	3,826,773
STOCKHOLDERS' EQUITY		
Capital Stock	914,800	918,350
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,094,830	2,104,671
Cumulative effect of deferred income tax	-	(48,891)
Surplus in the restatement of stockholders' equity	-	175,385
Retained Earnings	5,446,344	3,905,001
Minority Interest	165,455	130,021
Total Stockholders' Equity	8,626,428	7,189,536
Total Liabilities & Stockholders' Equity	13,380,670	11,016,310



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.

For more information please visit <http://inversionistas.megacable.com.mx> or contact:

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