



First Quarter 2012
Earnings Release
Megacable Holdings, S.A.B. de C.V.
May 2, 2012

MEGACABLE
CONECTAMOS TU VIDA

Guadalajara, Jalisco, Mexico, May 2, 2012 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the first quarter 2012. 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	1Q12	1Q11	1Q12 vs 1Q11
Service Income	2,250	2,044	10%
Adjusted EBITDA for Cable Operations	982	918	7%
Adjusted EBITDA Margin for Cable Operations	45.3%	46.8%	
Consolidated EBITDA	996	930	7%
Consolidated EBITDA Margin	44.3%	45.5%	
Net Income	619	561	10%
Net Debt	(79)	146	-154%
Net Debt/Annualized consolidated EBITDA	(0.02)	0.04	
Interest Coverage	31.80	28.49	

Operating Results			Variation
	1Q12	1Q11	1Q12 vs 1Q11
Homes Passed	5,879,153	5,279,825	11%
Network Kilometers	41,770	37,190	12%
Two- way Network Percentage	97%	96%	
Cable Television Subscribers	1,988,122	1,730,937	15%
Digital Cable Subscribers	1,048,058	589,664	78%
Penetration Rate of Households	33.8%	32.8%	
HSD Internet Subscribers	720,162	590,526	22%
Penetration Rate of Cable Subscribers	36.2%	34.1%	
Telephony Subscribers	501,491	442,955	13%
Penetration Rate of Cable Subscribers	25.2%	25.6%	
Unique Subscribers	2,059,258	1,777,169	16%
Revenue Generating Units	3,209,775	2,764,418	16%
RGU's Per Unique Subscribers	1.56	1.56	0%
ARPU per Unique Subscriber	366.9	382.4	-4%

Executive Summary

Megacable reported important growth in its number of subscribers during the first quarter of 2012, reaching 1,988,122 Video subscribers, 720,162 Internet subscribers and 501,491 subscribers in Telephony, representing annual increases of 15% in Video, 22% in Internet and 13% in Telephony. The Video segment concluded the period with net adds of 44,212 subscribers, Internet with 37,436 net adds and Telephony with 6,286 subscribers, representing increases of 2%, 5% and 1%, respectively, compared to 4Q11.

Per Mexican Stock Exchange (“BMV”) requirements for companies that trade on the BMV, the Company began to report financial results based on International Financial Reporting Standards (“IFRS”). The adoption of these standards does not affect revenues, but slightly affects some expense line items.

As a result, 1Q2 figures reflect service revenues of Ps. 2,250, 10% greater than the result reported in the same period in 2011.

Consolidated and Adjusted EBITDA rose 7% in 1Q12 compared to 1Q11, reaching Ps. 996 million and Ps. 982 million, respectively, with an Cable Income margin of 45.3% and an adjusted margin of 44.3%. Based on this, the Company reported Net Income of Ps. 592 million, 42% higher than 4Q11 and 10% above 1Q11.

The Digitalization Project continued its consolidation, offering subscribers the best audio and video quality with the most advanced technology in over 1 million homes. For 2012, the goal is to add approximately 600 thousand subscribers, offering these customers more channels, and incorporating Premium, VOD and High-Definition to more locations. Megacable has maintained this goal by substantially improving operating efficiency and controlling piracy in an efficient manner.

GTAC (the Company formed via a partnership with *Televisa* and *Telefonica*) reached approximately 90% coverage in the illumination of the 2 fiber optic threads that the Company won in the concession. The network infrastructure is currently operating, and successfully used by customers. GTAC continues working to expand the network to reach 100% operation of this network; the project is expected to be fully operational in second quarter 2012.

Cash and short-term investments increased Ps. 305 million, despite important distributions from 1Q11 to 1Q12, including CAPEX investments, the payment of a loan with Citibank for US\$20 million and a prepayment to Cisco Systems Capital for US\$47 million.

The Company’s shareholders’ equity rose 5% during the quarter to more than Ps. 14,000 million, maintaining a healthy capital structure, with a liabilities to capital ratio of 0.34x and interest coverage of 31.8x at March 31, 2012. Net debt declined, reaching (Ps. 79 million), due to the higher cash generation.

Net property, systems and equipment grew 26%, or Ps. 2,045 million, on a year-to-year basis due to the purchase of terminal equipment for the digitalization project, construction of new network kilometers, modernization of the existing network and the purchase of other equipment.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTELY OPERATING DATA					
	1Q12	1Q11	4Q11	Variation	
				1Q12 vs 1Q11	1Q12 vs 4Q11
ARPU (1) (Ps.)					
Unique Subscribers	366.9	382.4	367.3	-4%	0%
Video	231.8	241.0	226.3	-4%	2%
Internet	210.6	214.0	223.9	-2%	-6%
Telephony	194.5	211.5	198.7	-8%	-2%
Other Income (2)	21.1	22.8	21.2	-7%	0%
Monthly Average					
Churn Rate					
Video	2.6%	3.4%	2.4%		
Internet	3.2%	4.1%	3.2%		
Telephony	3.5%	5.0%	3.4%		

NotNotes:

- (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 ended the quarter with 1,988,122 subscribers, an increase of 15%, or over 257 thousand net additions, compared to the same quarter of the previous year.

As a result of Megacable's digitalization project, the Company added over 72 thousand digital subscribers in 1Q12, an increase of 458 thousand digital subscribers compared to 1Q11. This represented an increase of 78%, with over 1 million primary digital boxes and over 1.1 million secondary digital boxes in the market.

Video ARPU declined 4% compared to 1Q11, mainly due to the adoption of services directed at lower socioeconomic segments, the diversification of services purchased by customers, making the portfolio more attractive to the subscriber and a reduction in the number of annual payments by the Company's subscribers.

Internet

The broadband Internet segment reported subscriber growth of 22% from 1Q11 to 1Q12, increasing the base by over 130 thousand subscribers to end the quarter with 720 thousand subscribers.

Internet ARPU declined 2%, from 1Q11 to 1Q12, and 6% compared to 4Q11 due to the packaging of services and the strong subscriber growth in the quarter, which generated revenue upon the terminal of the promotional contract period.

Telephony

The Telephony segment concluded 1Q12 with 501 thousand subscribers, which represented 6 thousand net additions during the quarter compared to 4Q11. ARPU for the segment declined 2% compared to 4Q11, and 8% versus 1Q11 due to the packaging of services and the incorporation of new products at competitive prices, as well as the reduction in tariffs for cell phone interconnections.

Unique Subscribers and Revenue Generating Units (RGU's)

The Company's unique subscribers increased 16% from 1Q11 to 1Q12, ending the quarter with 2,059,258. RGU's remained at 1.56 in 1Q12.

ARPU per unique subscriber was Ps. 366.9, maintaining the same margin compared to 4Q11 and a decline of 4% compared to 1Q11. This was due to a lower number of annual payments, sales promotions and the strategy initiated in 2011 of removing unprofitable clients.

Average Monthly Churn Rate

The average monthly churn rate in 1Q12 declined compared to 1Q11, with decreases of 75, 92 and 149 basis points, in Video, Internet and Telephony, respectively. Video decreased from 3.4% to 2.6%; Internet from 4.1% to 3.2% and Telephony from 5.0% to 3.5% compared to 1Q11. This was due to the cleanup of the portfolio to include quality clients, a strategy which strongly impacted last year's results and has been maintained in 2012.

Homes Passed and Network Kilometers

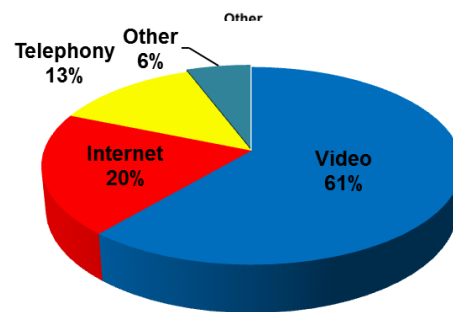
As of March 31, 2012, the Company's cable network was extended by 41,770 kilometers, passing 5,879,153 homes. To date, the network had a 97% bidirectional rate and in 1Q12, the Company added 1,214 kilometers of fiber. Additionally, our network is prepared to offer DOCSIS 3.0 services with speeds of over 100 megabits, in the 22 cities that Megacable serves.

Consolidated Results

Income by Segment					
In millions of Pesos					
	1Q12	1Q11	1Q12 vs 1Q11	4Q11	1Q12 vs 4Q11
Video	1,378	1,254	10%	1,295	6.4%
Internet	450	379	19%	449	0.3%
Telephony	292	288	1%	290	0.8%
Other	129	122	6%	125	3.8%
Total	2,250	2,043	10%	2,159	4.2%

Total service income increased 10% from 1Q11 to 1Q12, reaching Ps. 2,250 million. The highest increase in revenue per segment took place in the Internet segment, which rose 19% from 1Q11 to 1Q12. Video revenues increased 10%, Telephony rose 1% and Others increased 6%.

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%, Telephony with 13%, and Others with 6% of total revenues.



Cost of services increased 9% from 1Q11 to 1Q12 and 2% compared to 4Q11, mainly due to the reduction in interconnection rates and Internet connections.

As a result, the adjusted EBITDA for the cable operations reached Ps. 982 million in 1Q12, 7% higher than in 1Q11, reaching a margin of 45.3%. Consolidated EBITDA margin for the cable operations was 44.3% in 1Q12, reaching Ps. 996 million.

Operating and general costs increased 17% versus 1Q11, generated by increased costs for labor, commissions, maintenance and leasing. It is important to mention that costs for 1Q11 were affected by the removal of unprofitable clients, via less marketing, which represented lower expense levels and a higher operating margin compared to a regular quarter.

EBITDA

In thousands of Pesos	1Q12	1Q11	1Q12 vs 1Q11
Consolidated Operating Income	\$ 674,538	\$ 671,582	0%
Less Operating Income (Loss) of MCM	\$ 3,894	\$ 264	1372%
Operating Income for Cable Operations	\$ 670,644	\$ 671,318	0%
Plus Consolidated depreciation and amortization	\$ 321,478	\$ 257,937	25%
Less depreciation and amortization of MCM Holding	\$ 10,528	\$ 10,948	-4%
Plus Non- recurring items	\$ -	\$ -	
Adjusted EBITDA for Cable Operations (1)	\$ 981,594	\$ 918,307	7%
Total Income excluding MCM	\$ 2,168,774	\$ 1,962,994	10%
Adjusted EBITDA Margin for Cable Operations	45.3%	46.8%	
Consolidated EBITDA (2)	\$ 996,016	\$ 929,519	7%
Consolidated EBITDA Margin	44.3%	45.5%	

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) 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 decreased from 2.80 to 2.41 due to an increase in short-term debt with Cisco. Cash and short-term investments increased more than Ps. 304 million from 1Q11 to 1Q12, below the figure generated by the operation due to the acquisition of new systems, payment of certain loans and the investment in CAPEX.

	as of March 31,	
Liquidity Ratio	2012	2011
Assets Ratio	2.41	2.80

Property, Systems and Equipment, Net

This line item increased 26%, reaching Ps. 9,814 million, an increase of Ps. 2,045 million compared to 1Q11, mainly due to organic growth via the increase in Megacable's network kilometers, as well as the purchase of terminal equipment for the digitalization, Internet and Telephony projects; the purchase of vehicles, computer and office equipment, among others.

Debt

During the quarter, the Company repaid 2 loans; one with Citibank for US\$ 20 million and the second with Cisco Capital for US\$ 20 million.

The Company currently has derivative contracts for Swaps for Ps. 1,600 million, all with maturity dates in the third quarter 2013.

As a result of the above, debt and interest coverage ratios posted notable improvements, with Net Debt / Annualized EBITDA reaching -0.02x and an interest coverage ratio of 31.80x.

	as of March 31,	
Debt Ratios	2012	2011
Debt Ratio	0.26	0.26
Debt to Equity Ratio	0.34	0.36
Net Debt/ Annualized EBITDA	(0.02)	0.04
Interest Coverage		
EBITDA/ Interests Expenses	31.80	28.49

Net Debt at the close of 1Q12 was (Ps. 79 million).

In thousands of Pesos	1Q12	1Q11
Short Term Debt	93,874	6,023
One year maturity of long term bank loans	93,874	6,023
Long Term Debt	2,232,796	2,241,205
Bank Loans	2,075,937	2,074,830
Accounts Payable	156,859	166,375
Total Debt	2,326,670	2,247,228
Cash and Short Term Investments	2,405,407	2,100,736
Net Debt	(78,737)	146,492

Shareholders' Equity

Shareholders' equity rose 15% from 1Q11 to 1Q12, from Ps. 12,177 million to Ps. 14,042 million, mainly as a result of the Company's 20% increase in retained earnings.

CAPEX

During 1Q12, Megacable invested Ps. 406 million. This investment was mainly allocated towards construction, the purchase of subscriber terminal equipment, mainly related to the digitalization and modernization of the Company's cable network, as well as the purchase of real estate.

Total Shares Outstanding

As of March 31, 2012, the Company had 1,719 million total shares outstanding, while the number of outstanding CPOs reached 298 million. The remaining resources since the 4Q11 report is 282 million with a free-float of 35%.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding Series "A" Shares (millions)	1,719
Outstanding CPOs (thousands)	298,318
CPOs in Treasury (thousands)	1,182
Mkt. Cap (In Ps. millions)	\$ 24,324
Closing Price (Ps) *	\$ 28.30
As of March 31, 2012	

Source: Infotel

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 March 31, 2012, the Company had 11,520 employees.

Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the Three-month period ended March 31, 2012 & 2011

In thousands of Pesos	Variation		
	1Q12	1Q11	1Q12 vs 1Q11
Services Income	\$ 2,250,068	\$ 2,043,642	10%
Cost of Services	675,938	619,915	9%
Gross Profit	\$ 1,574,130	\$ 1,423,727	11%
Operating and General Expenses	578,114	494,208	17%
EBITDA	\$ 996,016	\$ 929,519	7%
Depreciation and amortization	321,478	257,937	25%
Operating Profit	\$ 674,538	\$ 671,582	0%
Other income (expenses), net	4,594	15,241	(70%)
Comprehensive Financing Income, Net	-92,459	-851	10764%
Equity in income of associated companies	-7,159	1,108	(746%)
Income Before Income Tax and Minority Interest	\$ 778,750	\$ 686,566	13%
Income Tax	159,672	125,083	28%
Net Profit	\$ 619,078	\$ 561,484	10%
Net income attribute to:			
Controlling interest	27,127	24,560	10%
Non-Controlling interest	591,951	536,923	10%
	\$ 619,078	\$ 561,484	10%

Balance Sheet

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

	As of March 31,	
	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	2,405,407	2,100,736
Accounts receivable from customers and other, net	562,635	440,609
Recoverable taxes	259,186	443,853
Inventories	235,621	526,541
Total Current Assets	3,462,849	3,511,738
Investment in shares of associated companies	89,217	107,417
Property, systems and equipment, net	9,813,555	7,768,145
Goodwill, net	4,277,036	4,277,036
Other assets	674,577	451,906
Affiliated and Associated Companies	565,714	384,530
Total Assets	18,882,947	16,500,771
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	93,874	6,023
Suppliers	560,100	675,042
Affiliated and Associated Companies	71,313	19,973
Accounts payable and accrued expenses payable	712,726	553,087
Total Current Liabilities	1,438,013	1,254,126
LONG TERM LIABILITIES		
Bank loans	2,075,937	2,074,830
Labor obligations	97,708	72,055
Accounts payable	156,859	166,375
Deferred taxes	1,072,093	755,924
Total Long Term Liabilities	3,402,597	3,069,183
Total Liabilities	4,840,610	4,323,309
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,112,561	2,112,561
Retained Earnings	10,693,141	8,902,553
Minority Interest	321,391	247,105
Total Stockholders' Equity	14,042,337	12,177,462
Total Liabilities & Stockholders' Equity	18,882,947	16,500,771

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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