

Highlights

- ⊗ Consolidated EBITDA reached Ps. 2,767 million in 1Q20, a record figure for the Company, an 8% growth compared to 1Q19; with a consolidated margin of 50.1%. EBITDA for the cable operations reached Ps. 2,590 million with a margin of 51.7%.
- ⊗ Consolidated Revenues rose 7% compared to 1Q19, reaching Ps. 5,520 million, with an 8% growth in the mass market.
- ⊗ ARPU per unique subscriber increased 7% to Ps. 416.9 compared to 1Q19, continuing its positive upward trend.
- ⊗ The Internet segment reached 193 thousand net adds, up 7% compared to 1Q19, while Telephony and Video reached 280 thousand and 37 thousand new subscribers, up 15% and 1%, respectively.
- ⊗ Unique subscribers rose by 2%; while RGUs grew by 6%, compared to 1Q19, reaching 3.7 million and 8.6 million, respectively. RGUs per unique subscriber reached 2.34.

Guadalajara, Jalisco, Mexico, April 23, 2020 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV:MEGA.CPO) announced today its financial results for the first quarter of 2020 (1Q20). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise indicated.

Consolidated Financial and Operational Results

	1Q20	1Q19	% Var
Income	5,520,089	5,150,290	7.2%
EBITDA	2,766,637	2,550,413	8.5%
EBITDA Margin	50.1%	49.5%	
Net Profit	1,320,403	1,180,808	11.8%
Cash and short-term investments	4,675,071	3,849,588	21.4%
Net Debt	3,720,032	340,350	NA
CAPEX	1,246,042	1,385,016	(10.0%)
Mkt. Cap (Ps. Millions)	55,841	77,521	(28.0%)
Subscribers			
Unique	3,661,760	3,585,891	2.1%
Internet	3,146,381	2,953,639	6.5%
Video	3,233,503	3,196,828	1.1%
Telephony	2,186,501	1,906,589	14.7%
Total RGUs	8,566,385	8,057,056	6.3%
Other Data			
Home Passed	8,853,785	8,586,621	3.1%
Network Kilometers	62,293	60,334	3.2%
Employees	21,221	20,677	2.6%

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

Investor Relations Contact:

Alan Esaú Gallegos López, IRO

Tel. + (5233) 3750 0042 ext. 61091

investor.relations@megacable.com.mx

Mass Market

During 1Q20, the Company registered a higher demand for its mass market services, resulting in an increase of net additions during the month of March, mainly due to the Company's successful product and commercialization strategies, as well due to the temporary quarantine measures.

Internet Subscribers

During 1Q20, the Internet segment reached 3'146,381 subscribers, representing 6.5% growth or 193 thousand net adds, compared to 1Q19. The Company registered 49 thousand new subscribers, a 1.6% increase, when compared to 4Q19.

Due to the environment generated by the health crisis, the Company is committed to provide a reliable and high-quality service. The evolution of our network allows us to offer high bandwidth capacity services, which along with our focus on customer service, positioned us as the best alternative on the market.

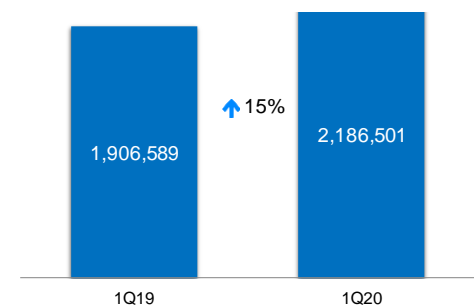
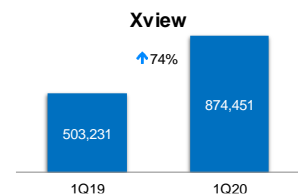
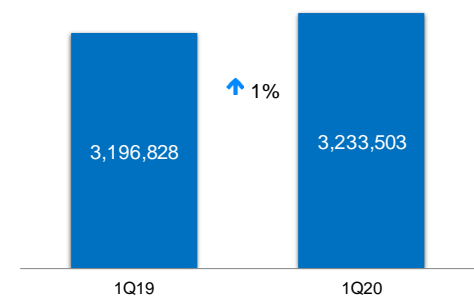
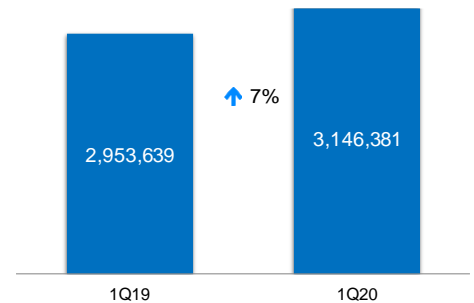
Video Subscribers

At the close of 1Q20, the Video segment reached 3'233,503 subscribers, a 1.1% increase, or 37 thousand net adds compared to 1Q19. When compared to 4Q19, there were 9 thousand net adds recorded.

Xview registered 874 thousand net adds in 1Q20, reaching 47 thousand net adds, an increase of 5.7% compared to 4Q19. Likewise, during the quarter, the Company registered 57 thousand net adds of the HD service, up 5.6% reaching more than one million subscribers. 84% of total subscriptions is digitalized, through 4.9 million set-top boxes (STB).

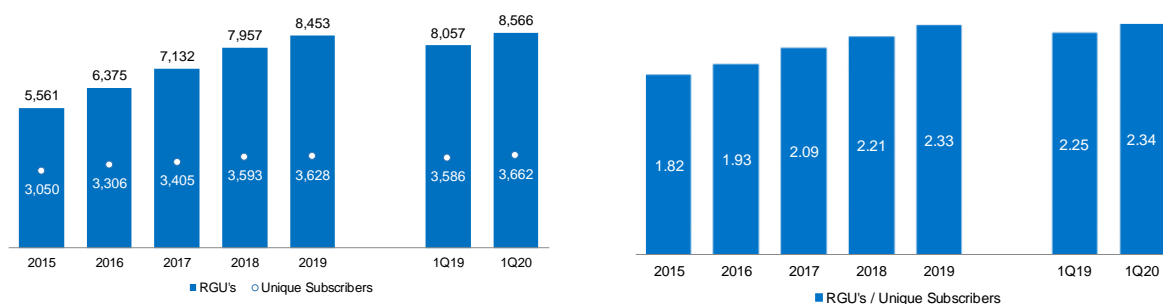
Telephony Subscribers

The Telephony segment reached 2'186,501 subscribers, representing 280 thousand net adds, or 14.7% growth, compared to 1Q19. During the quarter, 56 thousand new subscribers were registered, an increase of 2.6% compared to 4Q19. This result was mainly driven by the Company's successful bundling strategy.



Unique Subscribers and Revenue Generating Units (RGUs)

At the close of 1Q20, unique subscribers rose to 3'661,760, a 2.1% growth compared to 1Q19. RGUs reached 8'566,385, up 6.3% compared to 1Q19. This was mainly due to the subscriber growth experienced throughout the Company's three mass market segments. As a result of the aforementioned, RGUs per unique subscriber reached 2.34, continuing its upward trend.



Churn Rate

The churn rate for the three services of the mass market declined year-over-year and when compared to 4Q19, mainly as a result of the strategies implemented to retained subscribers during the quarter, in addition to the effect due the quarantine measures, resulting in a greater number of subscribers remaining with the service.

	1Q20	1Q19	4Q19
Internet	1.9%	2.7%	2.3%
Video	2.1%	2.8%	2.4%
Telephony	2.6%	3.9%	3.1%

Revenues

Total 1Q20 revenues reached Ps. 5,520 million, a 7.2% increase compared to 1Q19. The mass market grew by 8.3%, mainly as a result of greater revenues within the three services of the mass market, as well as revenues from additional services and the acquisition of subscribers during the second quarter of 2018. During the same period, revenues for the corporate segment grew by 2.2%.

	1Q20	1Q19	%Var
Internet	1,742,273	1,612,901	8%
Video	2,336,431	2,190,401	7%
Telephony	441,437	372,793	18%
Others	31,068	25,986	20%
Total Mass Market	4,551,210	4,202,079	8%
Corporate	968,879	948,210	2%
Total	5,520,089	5,150,290	7%

ARPU

ARPU per unique subscriber reached Ps. 416.9, which represented 6.8% growth compared to 1Q19. The aforementioned was driven by the Company's sales strategy of triple-play packages with a higher number of RGUs per subscriber, coupled to price increases and the contribution of additional services. Individually, ARPU for the three segments increased compared to 1Q19, Video by 5.8% Internet by 2.3%, and Telephony by 2.4%.

	1Q20	1Q19	% Var	4Q19	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	416.9	390.3	7%	410.3	2%
Internet	186.2	182.0	2%	185.0	1%
Video	241.8	228.6	6%	237.4	2%
Telephony	68.1	66.5	2%	67.5	1%

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 for the corresponding period.

Corporate Telecom Segment Revenues

Corporate Telecom segment revenues increased by 2.4% compared to 1Q19, mainly due to a decline in the sales of ho1a to the government, which were not offset by the revenues from infrastructure and connectivity, in addition to the cancellation of the Metrocarrier and the SCT contract. The contribution of this segment to the Company's total revenues was 16.2%, compared to 16.9% in 1Q19.

	1Q20	1Q19	%Var
Metrocarrier	459,305	439,941	4%
HO1A	164,781	166,086	-1%
MCM	269,344	266,766	1%
Telecom Corporate	893,431	872,793	2%
PCTV	75,449	75,417	0%
Total	968,879	948,210	2%

Costs & Expenses

During the quarter, service and operating expenses increased only by 6.2% and 5.6%, respectively, below revenue growth. This result was mainly due to the strategies designed to improve the structure of costs and expenses.

EBITDA

Consolidated EBITDA reached Ps. 2,767 million in 1Q20, which represented an 8.5% increase compared to 1Q19; with a consolidated margin of 50.1%. Likewise, adjusted EBITDA for the cable operations reached Ps. 2,590 million, a 9.4% growth compared to 1Q19, with a margin of 51.7%.

	1Q20	1Q19	%Var
CONSOLIDATED			
Consolidated operating profit	1,649,588	1,595,477	3%
Plus consolidated depreciation and amortization	1,117,049	954,936	17%
Consolidated EBITDA (1)	2,766,637	2,550,413	8%
Consolidated EBITDA Margin	50.1%	49.5%	
CABLE OPERATIONS			
Non Cable Operations	176,765	183,492	-4%
Cable Adjusted EBITDA (2)	2,589,872	2,366,921	9%
EBITDA Margin of Cable	51.7%	51.0%	

Notes:

(1) Consolidated EBITDA is calculated by adding to the net income/loss the following: depreciation and amortization, net comprehensive financing income, other net income, non-recurring expenses (income) total income tax, workers profit sharing, equity in income of associated companies and minority interest.

(2) Adjusted EBITDA for the Cable operations is calculated by subtracting MCM, PCTV and Ho1a EBITDA from Consolidated EBITDA

Net Income

Net income for the quarter reached Ps. 1,320 million, representing an 11.8% growth, compared to 1Q19. This result was mainly due to an FX profit derived from the depreciation of the peso versus U.S. dollar.

Net Debt

At the close of 1Q20, Megacable's Net Debt was Ps. 3,720 million, a decline compared to 4Q19, mainly due to higher available cash levels. During the quarter, the Company contracted additional debt through the financial system for Ps. 1.3 billion. In an annual basis, the decline was due to the debt re-financing that took place in June of 2019.

	1Q20	1Q19	4Q19
Short Term Debt	1,712,259	3,854,059	250,781
One year maturity of long-term bank loans	1,613,699	3,775,111	82,661
Short-term leases	98,560	78,948	168,121
Long-Term Debt	6,682,844	335,879	6,754,783
Bank Loans	6,415,880	83,795	6,427,847
Accounts Payable	-	2,269	5,417
Long-term leases	266,963	249,815	321,519
Total Debt	8,395,103	4,189,938	7,005,565
Cash and Short-Term Investments	4,675,071	3,849,588	2,205,826
Net Debt	3,720,032	340,350	4,799,739

Net Comprehensive Financing Result

The Company reported a net financing result of Ps. 135.5 million during 1Q20, comprised of Ps. 63.3 million in net interest paid and a FX gain of Ps.199.0 million, derived from the peso depreciation during the quarter.

	1Q20	1Q19
Net Exchange (Profit) Loss	(198,817)	8,345
Interest Income	51,189	85,390
Interest Expense	114,513	103,184
Net Comprehensive Financial Result	135,493	(26,138)

CAPEX

Megacable invested Ps. 1,246 million during 1Q20, representing 22.6% of the quarter's revenues. The lower level of investments, compared to our forecast, was mainly due to the GPON project, which is still in the design phase, and as such is not yet reflected in CAPEX.

Stock Information

Ticker MEGACPO	CPO's	"A" Series
Total Shares (thousands)	853,789	1,721,356
Outstanding shares (thousands)	411,940	829,891
Shares in treasury (thousands)	1,488	2,975
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 55,841
Closing price (Ps) *		\$ 64.88
Free float		51%
As of March 31, 2020		

* Source: Infosel

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.

Conference Call

Megacable will hold its 1Q20 Earnings Conference Call on Friday, April 24, 2020 at 10:00 am (Central Time) / 11:00am (Eastern Time).

To access the call, please dial:

from within the U.S. 1-877-830-2576

from outside the U.S. 1-785-424-1726

Conference ID Number: MEGA

Balance Sheet

	as of March 31	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	4,675,071	3,849,588
Accounts receivable from customers and other, net	2,176,239	1,929,570
Recoverable taxes	782,767	300,227
Inventories	1,613,984	652,073
Total Current Assets	9,248,061	6,731,459
NON-CURRENT ASSETS		
Property, systems and equipment, net	30,970,983	27,531,455
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	341,392	328,763
Other assets	892,270	650,849
Affiliated and associated companies	1,197,584	1,245,554
Total Assets	47,028,688	40,866,477
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	1,613,699	3,775,111
Suppliers	1,904,263	1,482,166
Short-term affiliated and associated companies	312,017	415,316
Accounts payable and accrued expenses payable	1,218,663	2,160,802
Short-term leases payable	98,560	78,948
Total Current Liabilities	5,147,202	7,912,343
LONG TERM LIABILITIES		
Bank loans	6,415,880	83,795
Labor obligations	288,335	235,738
Accounts payable	-	2,269
Deferred taxes	1,921,537	1,926,309
Affiliated and associated companies	735,400	661,561
Long-term leases payable	266,963	249,815
Total Long-Term Liabilities	9,628,116	3,159,488
Total Liabilities	14,775,318	11,071,831
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	27,398,948	24,965,630
Minority Interest	1,334,205	1,312,381
Legal Reserve	492,412	488,832
Total Stockholders' Equity	32,253,370	29,794,647
Total Liabilities & Stockholders' Equity	47,028,688	40,866,477

Income Statement

	1Q20	1Q19	% Var
Income	\$ 5,520,089	\$ 5,150,290	7%
Cost of Services	1,416,607	1,334,177	6%
Gross Profit	\$ 4,103,481	\$ 3,816,113	8%
Operating and General Expenses	1,336,845	1,265,700	6%
EBITDA	\$ 2,766,637	\$ 2,550,413	8%
Depreciation and amortization	1,117,049	954,936	17%
Operating Profit	\$ 1,649,588	\$ 1,595,477	3%
Other income (expenses), net	8,761	1,639	NA
Comprehensive Financing Income, Net	- 135,493	26,138	NA
Income Before Income Tax and Minority Interest	\$ 1,793,842	\$ 1,570,978	14%
Income Tax	430,467	345,616	25%
Net Profit	\$ 1,363,376	\$ 1,225,362	11%
Net income attribute to:			
Non-Controlling interest	42,973	44,554	(4%)
Controlling interest	1,320,403	1,180,808	12%
	\$ 1,363,376	\$ 1,225,362	11%

Income Statement per Segment

	1Q20	1Q19	% Var
CABLE OPERATIONS			
Income	\$ 5,010,515	\$ 4,642,021	8%
Cost of Services	1,249,964	1,169,313	7%
Gross Profit	3,760,551	3,472,708	8%
Operating and General Expenses	1,170,679	1,105,787	6%
EBITDA	\$ 2,589,872	\$ 2,366,921	9%
	51.7%	51.0%	
OTHER			
Income	509,574	508,269	0%
MCM	269,344	266,766	1%
HO1A	164,781	166,086	(1%)
PCTV	75,449	75,417	0%
Cost of Services	166,643	164,864	1%
MCM	28,075	28,773	(2%)
HO1A	96,805	98,140	(1%)
PCTV	41,763	37,951	10%
Gross Profit	342,931	343,405	(0%)
Operating and General Expenses	166,166	159,913	4%
MCM	100,902	93,612	8%
HO1A	33,038	33,127	(0%)
PCTV	32,226	33,174	(3%)
EBITDA			
MCM	140,367	144,381	(3%)
HO1A	34,938	34,820	0%
PCTV	1,460	4,292	(66%)
EBITDA	\$ 176,765	\$ 183,492	(4%)
	34.7%	36.1%	
TOTAL OPERATION			
Income	5,520,089	5,150,290	7%
Cost of Services	1,416,607	1,334,177	6%
Gross Profit	4,103,481	3,816,113	8%
Operating and General Expenses	1,336,845	1,265,700	6%
EBITDA	\$ 2,766,637	\$ 2,550,413	8%
	50.1%	49.5%	