



Second Quarter 2011 Earnings Release

Megacable Holdings, S.A.B. de C.V.

July 27, 2011

Guadalajara, Jalisco, Mexico, July 27, 2011 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the second quarter 2011. 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	2Q11	2Q10	2Q11 vs 2Q10
Service Income	2,009	1,808	11%
Adjusted EBITDA for Cable Operations	875	718	22%
Adjusted EBITDA Margin for Cable Operations	45.2%	42.2%	
Consolidated EBITDA	883	734	20%
Consolidated EBITDA Margin	43.9%	40.6%	
Net Income	477	430	11%
Net Debt	(114)	580	-120%
Net Debt/Annualized consolidated EBITDA	(0.03)	0.19	
Interest Coverage	28.85	18.66	

Operating Results			Variation
	2Q11	2Q10	2Q11 vs 2Q10
Homes Passed	5,398,002	5,026,313	7%
Network Kilometers	38,195	35,433	8%
Two-way Network Percentage	97%	95%	
Cable Television Subscribers	1,770,279	1,727,368	2%
Digital Cable Subscribers	737,803	316,315	133%
Penetration Rate of Households	32.8%	34.4%	
HSD Internet Subscribers	593,765	542,745	9%
Penetration Rate of Cable Subscribers	33.5%	31.4%	
Telephony Subscribers	450,851	454,877	-1%
Penetration Rate of Cable Subscribers	25.5%	26.3%	
Unique Subscribers	1,816,316	1,771,324	3%
Revenue Generating Units	2,814,895	2,724,990	3%
RGU's Per Unique Subscribers	1.55	1.54	1%
ARPU per Unique Subscriber	\$ 372.6	\$ 361.9	3%

Executive Summary

Megacable continues to deliver strong results due to organic subscriber growth, as well as solid financial results for the second quarter of 2011. Megacable reported revenues of Ps. 2,009 million, an increase of 11% compared to 2Q10. From 1Q11 to 2Q11 there was organic growth of 39 thousand subscribers in the video segment, 3 thousand in Internet and 8 thousand in telephony. At the end of the second quarter of 2011, there were a total of 1.77 million video subscribers, 594 thousand Internet subscribers and 451 thousand telephony subscribers, with a clear focus on achieving operating efficiency by reducing churn in all of our products. ARPU grew 1%, 12% and 14% in video, Internet and telephony, respectively, in 2Q11 when compared to 2Q10.

The Company continues to expand its fiber optic and coaxial network, which has a coverage of over 38 thousand kilometers and passes over 5.4 million homes, thereby reaching a bidirectional rate of 97%. The digitalization project continues to move forward, reaching an additional 148 thousand subscribers during 2Q11, an increase of 25% compared to the previous quarter (1Q11) and placing over 1.5 million digital boxes in the market.

Cost of services declined 4% from 1Q11 to 2Q11 as a result of the reduction in the interconnection rates and transport for data transmission. Operating costs increased 14% from 2Q10 to 2Q11, mainly due to the larger subscriber base, the expansion of the network, the progress in the digitalization project, fuel cost increases and inflation.

Consolidated EBITDA increased 20% when compared to 2Q10, to Ps. 883 million in 2Q11, representing an EBITDA margin of 43.9%. Adjusted EBITDA for cable operations rose 22% from 2Q10 to 2Q11, reaching a margin over cable revenues of 45.2% for 2Q11, totaling Ps. 875 million.

Approximately 90 thousand revenue generating units (RGU's) were incorporated this quarter, which is a 3% increase compared to 2Q10. Megacable registered 45 thousand additional unique subscribers in 2Q11, up 3% when compared to 2Q10.

Regarding the Company's financial structure, Megacable continues to strengthen its financial indicators, with greater liquidity via cash generation and strengthening its foundation by increasing retained earnings. Net debt was eliminated during the quarter, reaching (Ps. 114 million). These results have contributed to improvements to Megacable's financial ratios, reaching an increase in the interest coverage from 19x in 2010 to 29x 2011. The debt ratio declined from 30x to 26x; Liabilities over Shareholders' Equity from 44x to 35x and the net debt / annualized EBITDA from 19x to 0x, from 2Q10 to 2Q11.

Megacable has reached an agreement with its lenders to lower the margin applicable to the current lending rate, from 90 basis points to 55 basis points over TIIE, representing a savings of 35 basis points for the duration of the loan.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V. QUARTELY OPERATING DATA

	2Q11	2Q10	1Q11	Variation	
				2Q11 vs 2Q10	2Q11 vs 1Q11
ARPU (1) (Ps.)					
Unique Subscribers	372.6	361.9	382.4	3%	-3%
Video	231.1	228.8	241.0	1%	-4%
Internet	215.6	193.2	214.0	12%	1%
Telephony	211.5	186.2	211.5	14%	0%
Other Income (2)	23.6	28.5	22.8	-17%	4%
Monthly Average Churn Rate					
Video	2.4%	2.7%	3.4%		
Internet	3.5%	3.8%	4.1%		
Telephony	3.6%	4.3%	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.
- (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 second quarter of 2011 with 1,770,279 subscribers, reflecting an increase of more than 39 thousand net additions, or 2.3%, compared to the previous quarter. This indicated a strong recovery of the subscribers that discontinued services in 1Q11, due to restrictions in Megacable's reconnection policy. Additionally, due to the Company's digitalization project, more than 148 thousand digital subscribers were added, a 133% increase from 2Q10 to 2Q11 for a total of 421 thousand subscribers. 738 thousand main digital boxes and 728 secondary boxes were distributed in 2Q11.

Video segment ARPU rose 1% compared to 2Q10 and declined 4% compared to 1Q11. This was due to discounts for triple-play services, the adoption of lower cost services and advanced payments that took place in 1Q11.

Internet Segment

The broadband Internet segment reported subscriber growth of 9% from 2Q10 to 2Q11, increasing its base by over 51 thousand subscribers to end the quarter with 594 thousand subscribers, representing an increase of 3 thousand net additions for the quarter. During 2Q11, Internet segment ARPU rose 12% compared to 2Q10, and increased 1% compared to 1Q11.

Telephony

The Telephony segment finished 2Q11 with 451 thousand subscribers, which represents 8 thousand net additions during the quarter. ARPU for the segment remained stable with respect to 1Q11, and grew 14% versus 2Q10.

Unique Subscribers and Revenue Generating Units (RGU's)

The Company's unique subscribers, as well as RGU's, increased 3% from 2Q10 to 2Q11, totaling 1,816,316 unique subscribers and 2,814,895 RGU's, or 1.55 RGU's per unique subscriber.

ARPU per unique subscriber was Ps. 372.6, an increase of 3% compared to 2Q10.

Net additions during the quarter totaled 39 thousand in Video, 3 thousand in Internet and 8 thousand in Telephony. The Company achieved these increases without altering its commercial strategy and by maintaining a focus on the quality and efficiency for every subscriber added.

Average Monthly Churn Rate

The average monthly churn rate in 2Q11 declined overall when compared to 2Q10, with decreases of 26, 28 and 69 basis points, in video, Internet and telephony, respectively. Video decreased from 2.7% to 2.4%; Internet from 3.8% to 3.5% and telephony from 4.3% to 3.6%. When compared to 1Q11, it was more pronounced, with decreases of 100, 60 and 150 basis points, in video, Internet and telephony, respectively. Maintaining low churn rates leads to cost reductions and enables the Company to allocate resources to more important transactions.

The success of Megacable's strategy is reflected in, both, the net additions and lower churn rates for the quarter and is based on the Company's decision to limit sales efforts and reconnections, which began yielding results in the middle of 2Q11.

Homes Passed and Network Kilometers

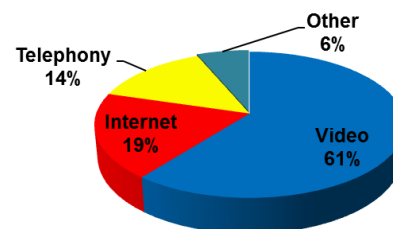
As of June 30, 2011, the Company's cable network extended 38,195 kilometers, passing 5,398,002 homes, which represents growth of 8% in terms of network kilometers and 7% in terms of homes passed compared to the same period of the previous year. As of this date, the network had a 97% bidirectional rate and in 2Q11, the Company added 850 kilometers of fiber.

Consolidated Results

Income by Segment						
In Millions of Pesos						
	2Q11	2Q10	2Q11 vs 2Q10	1H11	1H10	1H11 vs 1H10
Video	1,218	1,113	9%	2,472	2,258	9%
Internet	382	309	24%	761	618	23%
Telephony	282	244	16%	570	485	18%
Other	127	142	-10%	249	295	-16%
Total	2,009	1,808	11%	4,053	3,656	11%

Total service income increased 11% from 2Q10 to 2Q11, reaching Ps. 2,009 million. Video revenues increased 9% from 2Q10 to 2Q11, while Internet and telephony revenues increased 24% and 16%, respectively. Others decreased 10% due to lower MCM revenues. Revenues for the six months ended June 30, 2011, increased 11% to Ps. 4,053 million.

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 19% and telephony with 14%. Lastly, the Others segment represented 6% of total revenues.



Cost of services declined by 4% from 1Q11 to 2Q11, and 3% from 2Q10 to 2Q11, mainly because the reduction in interconnection rates, which resulted in an adjustment of Ps. 16 million, which was registered in the 2Q11 results. As a result, the adjusted EBITDA for the cable operations reached Ps. 875 million in 2Q11, while for the first six months of 2011, the figure increased 18% compared to the first six months of 2010, reaching Ps. 1,792 million. As a result, the adjusted EBITDA margin for the cable operations was 45.2% for 2Q11, and 46.0% for the first six months of 2011.

As a result of the above, adjusted EBITDA rose 20% from 2Q10 to 2Q11, reaching Ps. 883 million, for a margin of 43.9%.

EBITDA

In thousands of Pesos	2Q11	2Q10	2Q11 vs 2Q10	1H11	1H10	1H11 vs 1H10
Consolidated operating Income	\$ 623,463	\$ 548,673	14%	\$ 1,293,730	\$ 1,175,534	10%
Less operating Income (Loss) of MCM Holding	-\$ 2,683	\$ 5,079	153%	-\$ 2,418	\$ 8,880	127%
Operating Income for Cable Operations	\$ 626,146	\$ 543,593	15%	\$ 1,296,149	\$ 1,166,653	11%
Plus Consolidated depreciation and amortization	\$ 259,529	\$ 179,815	44%	\$ 517,465	\$ 366,826	41%
Less depreciation and amortization of MCM Holding	\$ 10,702	\$ 10,464	2%	\$ 21,650	\$ 20,905	4%
Plus Non- recurring items	\$ -	\$ 5,400		\$ -	\$ 5,400	-100%
Adjusted EBITDA for Cable Operations (1)	\$ 874,972	\$ 718,343	22%	\$ 1,791,964	\$ 1,517,974	18%
Total Income excluding MCM	\$ 1,934,231	\$ 1,703,001	14%	\$ 3,897,226	\$ 3,431,095	14%
Adjusted EBITDA Margin for Cable Operations	45.2%	42.2%		46.0%	44.2%	
Consolidated EBITDA (2)	\$ 882,991	\$ 733,887	20%	\$ 1,811,196	\$ 1,547,760	17%
Consolidated EBITDA Margin	43.9%	40.6%		44.7%	42.3%	

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 as a result of issuing new, long-term debt in a lower amount than what was held during 2Q10. Megacable's total current assets increased 8% from 2Q10 to 2Q11, mainly due to a 4% increase in Cash and Temporary Investments from 2Q10 to 2Q11.

Liquidity Ratio	as of June 30,	
	2011	2010
Assets Ratio	2.88	0.88

Property, Systems and Equipment, Net

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

Debt

As of June 30, 2011, Megacable reached an agreement with its bank lenders to reduce interest rate margins over TIIE from 90 to 55 bps for the remainder of the life of the loan maturing August 2013, generating savings in financing costs for the Company.

To date, Megacable has Ps. 2,100 million in bank loans, which generate a 28-day TIIE plus 0.55% interest rate. In addition, the Company has a US\$26 million loan from Cisco Capital with a 6-month grace period for interest and capital.

As a result of the above, debt and interest coverage ratios posted notable improvements, with Net Debt / Annualized EBITDA reaching -0.03x and an interest coverage ratio of 28.85x.

Debt Ratios	as of June 30,	
	2011	2010
Debt Ratio	0.26	0.30
Debt to Equity Ratio	0.35	0.44
Net Debt/ Annualized EBITDA	(0.03)	0.19
Interest Coverage		
EBITDA/ Interests Expenses	28.85	18.66

Net Debt for 2Q11 was less than Ps. 114 million.

In thousands of Pesos	2Q11	2Q10
Short Term Debt	111,157	3,002,994
One year maturity of long term bank loans	111,157	3,002,994
Long Term Debt	2,303,986	112
Bank Loans	2,100,000	-
Accounts Payable	203,986	112
Total Debt	2,415,143	3,003,107
Cash and Short Term Investments	2,528,851	2,423,114
Net Debt	(113,708)	579,993

Shareholders' Equity

Shareholders' equity rose 18% from 2Q10 to 2Q11 as a result of the Company's 24% increase in retained earnings.

CAPEX

During 2Q11, Megacable invested Ps. 521 million. 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.

In the first half of 2011, Megacable closed four of its financial derivative positions, three of which were interest rate swap contracts, totaling US\$4 million which were converted to cash during the second quarter of 2011. The last remaining position is in the form of a cross currency swap contract for US\$ 3 million.

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 June 30, 2011, the Company had 10,991 employees.

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding Series "A" Shares (millions)	1,719
Outstanding CPOs (thousands)	298,456
CPOs in Treasury (thousands)	1,044
Mkt. Cap (In Ps. Millions)	\$ 22,926
Closing Price (Ps) *	\$ 26.67
As of June 30, 2010	
Source: Infosel	

Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the six-month period ended June 30, 2011 & 2010

In thousands of Pesos	2Q11	2Q10	Variation 2Q11 vs 2Q10
Services Income	\$ 2,009,097	\$ 1,807,576	11%
Cost of Services	595,443	613,671	(3%)
Gross Profit	\$ 1,413,654	\$ 1,193,905	18%
Operating and General Expenses	530,663	465,418	14%
EBITDA	882,991	728,487	21%
Depreciation and amortization	259,529	179,815	44%
Operating Profit	623,463	548,673	14%
Other income (expenses), net	4,632	3,625	28%
Comprehensive Financing Income, Net	7,556	14,314	(47%)
Equity in income of associated companies	-1,865	-1,894	(2%)
Non Ordinary Items			
Income Before Income Tax and Minority Interest	\$ 622,404	\$ 539,878	15%
Income Tax	124,698	99,828	25%
Income Before Minority Interest	\$ 497,705	\$ 440,050	13%
Minority Income	20,745	10,084	106%
Net Profit	\$ 476,960	\$ 429,966	16%

Accumulated Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the six-month period ended June 30, 2011 & 2010

In thousands of Pesos	Variation		
	1H11	1H10	1H11 vs 1H10
Services Income	\$ 4,052,739	\$ 3,656,066	11%
Cost of Services	1,215,359	1,222,564	(1%)
Gross Profit	\$ 2,837,381	\$ 2,433,503	17%
Operating and General Expenses	1,026,185	891,143	15%
EBITDA	\$ 1,811,196	\$ 1,542,360	17%
Depreciation and amortization	517,465	366,826	41%
Operating Profit	\$ 1,293,730 ▲	\$ 1,175,534	10%
Other income (expenses), net	19,873	14,718	35%
Comprehensive Financing Income, Net	6,572	8,298	(21%)
Equity in income of associated companies	-757	-8,771	(91%)
Non Ordinary Items			
Income Before Income Tax and Minority Interest	\$ 1,307,788 ▲	\$ 1,190,724	10%
Income Tax	235,216	265,798	(12%)
Income Before Minority Interest	\$ 1,072,572	\$ 924,926	16%
Minority Income	45,305	19,955	127%
Net Profit	\$ 1,027,266	\$ 904,971	14%

Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS		
Balance Sheet		
In Thousands of Pesos		
	As of June 30,	
	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	2,528,851	2,423,114
Accounts receivable from customers and other, net	488,271	400,565
Recoverable taxes	277,020	200,459
Inventories	407,001	411,256
Financial Instruments	-	-
Total Current Assets	3,701,143	3,435,393
Investment in shares of associated companies	109,280	119,791
Property, systems and equipment, net	8,138,631	6,605,830
Goodwill, net	4,277,036	4,277,036
Preoperating expenses, net	-	26,037
Other assets	415,143	638,050
Affiliated and Associated Companies	399,421	297,667
Total Assets	17,040,653	15,399,804
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	111,157	6,266
Suppliers	463,076	415,272
Affiliated and Associated Companies	24,662	22,440
Accounts payable and accrued expenses payable	685,069	468,173
Bank loans	-	2,996,728
Total Current Liabilities	1,283,963	3,908,878
LONG TERM LIABILITIES		
Bank loans	2,100,000	-
Labor obligations	115,886	84,689
Accounts payable	203,986	112
Deferred taxes	692,878	681,308
	-	-
Total Long Term Liabilities	3,112,750	766,110
Total Liabilities	4,396,713	4,674,988
STOCKHOLDERS' EQUITY		
Capital Stock	920,130	920,060
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,121,349
Retained Earnings	9,327,994	7,536,269
Minority Interest	269,468	142,138
Total Stockholders' Equity	12,643,940	10,724,815
Total Liabilities & Stockholders' Equity	17,040,653	15,399,804

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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