

GRUPO MEGACABLE HOLDINGS ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2013

Guadalajara, Jalisco, Mexico, October 28, 2013 - Megacable Holdings S.A.B. de C.V. (“Megacable” or “the Company”) (BMV: MEGA.CPO) announced today its results for the third quarter of 2013 (3Q13) and first nine months of 2013 (9M13). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of pesos, unless otherwise indicated.

Highlights 3Q13 versus 3Q12:

- Net service revenues rose 10%
- Consolidated EBITDA increased 16%
- As of September 30, 2013 Megacable had a net cash position of Ps. 1,226 million
- A dividend for a total amount of Ps. 284 million was paid on October 15, 2013

Highlights

Consolidated Financial Results			Variation
Figures in millions of pesos	3Q13	3Q12	3Q13 vs 3Q12
Service Income	2,475	2,257	10%
Adjusted EBITDA for Cable Operations	1,027	899	14%
Adjusted EBITDA Margin for Cable Operations	41.5%	41.5%	
Consolidated EBITDA	1,064	915	16%
Consolidated EBITDA Margin	43.0%	40.5%	
Net Income	566	461	23%
Net Debt	(1,226)	(610)	101%
Net Debt/Annualized consolidated EBITDA	(0.29)	(0.16)	
Interest Coverage	28.77	30.27	

Operating Results			Variation
	3Q13	3Q12	3Q13 vs 3Q12
Homes Passed	6,515,917	6,114,823	7%
Network Kilometers	46,533	43,573	7%
Two- way Network Percentage	97%	97%	
Cable Television Subscribers	2,133,712	2,036,762	5%
Digital Cable Subscribers	1,250,780	1,092,897	14%
Penetration Rate of Households	32.7%	33.3%	
HSD Internet Subscribers	900,068	800,159	12%
Penetration Rate of Cable Subscribers	42.2%	39.3%	
Telephony Subscribers	554,533	533,706	4%
Penetration Rate of Cable Subscribers	26.0%	26.2%	
Unique Subscribers	2,241,213	2,116,963	6%
Revenue Generating Units	3,588,313	3,370,627	6%
RGU's Per Unique Subscribers	1.60	1.59	1%
ARPU per Unique Subscriber	370.3	359.0	3%



Executive Summary

During 3Q13, Megacable reported consistent revenue growth figures of 10% compared to 3Q12. EBITDA increased by 16% in 3Q13 compared to 3Q12, reaching an EBITDA margin of 43%, while net income increased by 23%.

In 3Q13, Megacable incorporated over 218 thousand RGUs, an increase of 6%, compared to 3Q12. Megacable concluded the quarter with 124 thousand additional unique subscribers, an increase of 6% compared to 3Q12. As of September 30, 2013, Megacable had 2,133,712 Video subscribers, 900,068 Internet subscribers and 554,533 Telephony subscribers, representing annual growth of 5%, 12% and 4%, respectively.

Consolidated EBITDA increased an outstanding 16% from 3Q12 to 3Q13, reaching Ps. 1,064 million, while for the first nine months this figure reached Ps. 3,161 million. Similarly, adjusted EBITDA from cable operations grew 14% from 3Q12 to 3Q13, reaching a margin over cable revenues of 42% in 3Q13 and 43% in 9M13.

ARPU's increased across all segments: 1% in Video, 2% for Internet and 2% in Telephony, when compared to 3Q12, resulting in an increase in the number of services per subscriber, from 1.59 RGUs in 3Q12 to 1.60 RGUs, in 3Q13.

The Company continued expanding its fiber optic and coaxial network, which currently encompasses 47 thousand kilometers and passes over more than 6.5 million homes reaching a bidirectional network of 97%. The digitalization project continues, adding approximately 158 thousand subscribers in 3Q13 an increase of 14% compared to 3Q12 and placing 2.7 million digital boxes in the market at the conclusion of the third quarter of 2013.

Cost of services increased slightly by 3% in 3Q13 compared to 3Q12, due to the decrease in the Company's programming, connections and interconnections costs. Operating expenses increased 7% from 3Q12 to 3Q13, mainly due to the expansion of the network, the ongoing of the digitalization project efforts and the Company's brand positioning strategy.

In terms of financial structure, cash and temporary investments increased 26% compared to 2012. The Company continues increasing liquidity via cash generation as well as improving its structure with the increase in retained earnings. In 3Q13, Net Debt to Consolidated EBITDA was -0.29x and an interest coverage ratio of 28.77x.

The final dividend payment was paid on October 15 for a total of Ps. 284 million, 2013, at Ps. 0.33 per series "A" share, for each of the 1,718,361,373 outstanding shares and Ps. 0.66 per "CPO".



Operating Results

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

	3Q13	3Q12	3Q13	Variation	
				3Q13 vs 3Q12	3Q13 vs 3Q13
ARPU (1) (Ps.)					
Unique Subscribers	370.3	359.0	366.9	3%	1%
Video	230.5	228.6	231.1	1%	0%
Internet	199.8	196.0	204.5	2%	-2%
Telephony	184.1	180.0	182.4	2%	1%
Other Income (2)	25.8	21.6	21.0	20%	23%
Monthly Average Churn Rate					
Video	2.9%	3.0%	3.1%		
Internet	3.1%	3.2%	3.1%		
Telephony	3.6%	3.7%	3.6%		

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, Metrocarrier, MMDS and the channels produced by Megacable, which are included in the unique subscriber's ARPU calculation.

Net Adds 3Q13

During this quarter, Video, Internet and Telephony subscribers experienced moderate growth as a result of the Company's selective sales policy, which seeks to retain long-term subscribers and those with higher ARPUs. Moreover, sales during the quarter were affected by heavy rains and flooding in several of the cities where Megacable operates.

Video Segment

The Video segment reached 2,133,712 subscribers in 3Q13, an addition of 97 thousand new subscribers compared to the same quarter of the previous year, representing an increase of 5%.

During 3Q13, as a result of the Company's digitalization project, the Company added 34 thousand digital subscribers compared to the previous quarter, and 158 thousand digital subscribers from 3Q12 to 3Q13, an increase of 14%, placing in the market over 1.251 million main digital boxes and over 1,470 million additional digital boxes. As a result, the Company is able to offer more channels, better audio and video quality, and the option for ordering premium channels, thus reducing piracy.

Video ARPU increased 1% compared to 3Q12. This was mainly due to the digitalization project, which offers a variety of services to a wider customer base. These services include: HD, VOD, SVOD channels and other products. In line with 2Q13, reaching Ps. 230.5.



Internet

The broadband Internet segment improved 12% from 3Q12 to 3Q13, increasing its base by over 100 thousand subscribers. The Internet ARPU increased 2% compared to 3Q12, reaching Ps. 199.8 in 3Q13.

In 2013 the majority of our subscribers have been migrated from 5 to 10 Mb speed internet for the same price, this was well received by our subscribers, prolonging their permanence with the Company.

Telephony

The Telephony segment concluded 3Q13 with 555 thousand subscribers, which represented a 4% increase and over 21 thousand net additions compared to 3Q12.

ARPU for the segment increased 2% compared to 3Q12 due to the migration of subscribers to more expensive packages and enterprise segment growth

Unique Subscribers and Revenue Generating Units (RGU's)

Both unique subscribers as well as RGUs experienced an increase of 6% year over year, reaching 2,241,213, and 3,588,313, respectively. In terms of RGUs, by unique subscriber, at the end of the quarter this figure reached 1.60.

ARPU per unique subscriber was Ps. 370.3, an increase of 3% compared to 3Q12. This was achieved by offering customers very attractive packages with highly-diversified programming where the Company offered HD and VOD packages, higher internet speeds, and growth in the small business sector.

Average Monthly Churn Rate

The average monthly churn rate decreased across the board in 3Q13 compared to 3Q12, with a decrease of 13, 10 and 13 basis points in Video, Internet and Telephony, respectively. The Video monthly churn rate increased from 3.0% to 2.9%, Internet from 3.2% to 3.1% and telephony increased from 3.7% to 3.6%.

Homes Passed and Network Kilometers

At September 30, 2013, the Company's cable network reached 46,533 kilometers, passing 6,515,917 homes. The network now reaches 97% bidirectionality, with 447 fiber kilometers added during this quarter.

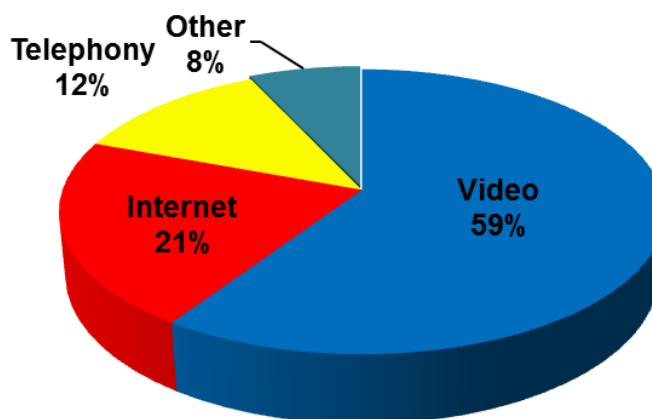


Consolidated Results

Income by Segment						
In Millions of Pesos						
	3Q13	3Q12	3Q13 vs 3Q12	9M13	9M12	9M13 vs 9M12
Video	1,468	1,385	6%	4,379	4,114	6%
Internet	528	454	16%	1,568	1,340	17%
Telephony	306	283	8%	912	850	7%
Other	172	136	27%	462	394	17%
Total	2,475	2,257	10%	7,320	6,698	9%

Total income increased 10% from 3Q12 to 3Q13, reaching a total of Ps. 2,475 million and 9% comparing 9M13 to 9M12, and reaching a total of Ps. 7,320 million at September, 30, 2013. Video revenues from 3Q12 to 3Q13 increased 6%, Internet 16%, Telephony 8% and Other 27%, which was benefited by Metrocarrier and MCM, by an increase of 48% and 19% in their revenues, respectively, from 3Q12 to 3Q13.

In terms of revenue composition, the Video segment continued to be the largest contributor of total revenues with 59% of Megacable's revenues, followed by Internet with 21%, Telephony with 12%, and Other with 8%.



Cost of services slightly increased by 3% from 3Q12 to 3Q13. This was primarily due to the savings in connection costs from the fiber network that Megacable has through GTAC, due to the "Must Carry Must Offer" application and a decrease in interconnection rates.

As a result, adjusted EBITDA for the cable operations reached Ps. 1,027 million in 3Q13, 14% higher compared to 3Q12, and an adjusted EBITDA margin of 41.5%. EBITDA grew 11% from 9M12 to 9M13, reaching an EBITDA margin of 43.3% in 9M13.

Consolidated EBITDA margin was 43.0% in 3Q13, reaching Ps. 1,064 million, a 16% increase compared to the same period of the previous year. For 9M13, the EBITDA margin increased 12%, and reached a Consolidated EBITDA margin of 43.2%.



EBITDA						
In thousands of Pesos	3Q13	3Q12	3Q13 vs 3Q12	9M13	9M12	9M13 vs 9M12
Consolidated operating Income	\$ 672,924	\$ 568,205	18%	\$ 2,024,328	\$ 1,829,565	11%
Less operating Income (Loss) of MCM	\$ 14,936	\$ 4,777	213%	\$ 36,810	\$ 12,556	193%
Operating Income for Cable Operations	\$ 657,988	\$ 563,428	17%	\$ 1,987,518	\$ 1,817,009	9%
Plus Consolidated depreciation and amortization	\$ 391,153	\$ 346,487	13%	\$ 1,136,995	\$ 1,000,578	14%
Less depreciation and amortization of MCM Holding	\$ 21,845	\$ 11,220	95%	\$ 38,316	\$ 32,491	18%
Adjusted EBITDA for Cable Operations (1)	\$ 1,027,297	\$ 898,695	14%	\$ 3,086,198	\$ 2,785,096	11%
Total Income excluding MCM	\$ 2,474,889	\$ 2,166,934	14%	\$ 7,126,729	\$ 6,441,057	11%
Adjusted EBITDA Margin for Cable Operations	41.5%	41.5%		43.3%	43.2%	
Consolidated EBITDA (2)	\$ 1,064,078	\$ 914,693	16%	\$ 3,161,324	\$ 2,830,143	12%
Consolidated EBITDA Margin	43.0%	40.5%		43.2%	42.3%	

Notes:

- (1) Adjusted EBITDA is calculated by adding net income 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, less MCM EBITDA.
- (2) Adjusted 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.

Liquidity, Debt and Capital Structure

Liquidity

The Company's liquidity ratios improved, primarily due to the renegotiation of the bank loan that was converted to long term during 3Q13. The total assets of the company increased 21%, from 3Q12 to 3Q13, mainly due to an increase in Cash and Temporary investments of 26%.

	as of September 30,	
Liquidity Ratio	2013	2012
Assets Ratio	1.85	1.11



Property, Systems and Equipment, Net

Property, Systems and Equipment increased 15%, reaching Ps. 12,063 million, an increase of Ps. 1,547 million compared to the same period. This was mainly due to organic growth via the construction of Megacable's new network kilometers, as well as the purchase of CTC/subscriber equipment for the digitalization, Internet and Telephony projects, the purchase of vehicles, computer and office equipment, among others.

Debt

The Company currently maintains bank debt for over Ps. 2.0 billion, which was renegotiated and generates an interest at a rate of TIEE 28-days plus 49bps. In addition, the Company signed a short term credit agreement with Citibank for the amount of US\$17.5 million.

As a result of the above, debt and leverage ratios showed a remarkable improvement, with net debt / annualized EBITDA indicator of -0.29x and an interest coverage of 28.77x.

	as of September 30,	
Debt Ratios	2013	2012
Debt Ratio	0.28	0.25
Debt to Equity Ratio	0.39	0.34
Net Debt/ Annualized EBITDA	(0.29)	(0.16)
Interest Coverage		
EBITDA/ Interests Expenses	28.77	30.27

In terms of Net Debt, Megacable concluded the quarter with excess cash for Ps. 1,226 million over the Company's total financial debt.

In thousands of Pesos	3Q13	3Q12
Short Term Debt	286,252	2,172,380
One year maturity of long term bank loans	286,252	2,172,380
Long Term Debt	2,122,761	94,963
Bank Loans	2,120,437	9,706
Accounts Payable	2,325	85,257
Total Debt	2,409,013	2,267,343
Cash and Short Term Investments	3,635,352	2,877,798
Net Debt	(1,226,339)	(610,454)



Shareholders' Equity

Shareholders' equity rose 7% year-over-year, from Ps. 14,955 million to Ps. 16,030 million, mainly as a result of the 8% increase in the Company's retained earnings. It is worth noting that since 2013 the Company recognizes a legal reserve of Ps. 603 million.

CAPEX

During 3Q13, Megacable invested Ps. 454 million, which was primarily allocated towards the construction of new network kilometers, purchase of CTC/subscriber equipment, both for the digitalization project, as well as for Internet/Telephony subscriber growth and the modernization of the Company's cable network.

Dividend Payment

Megacable's shareholders approved a dividend payment for of Ps. 568 million. On May 21, 2013, the first dividend installment was paid: Ps. 0.1653 per each Series A share and Ps. 0.3306 per each CPO. The remaining and final payment for 50% was generated on October 15, 2013.

Shares Outstanding

As of September 30, 2013, the Company had 1,718 million total shares outstanding, while the number of outstanding CPOs reached 298 million, with 1.5 million CPOs held in treasury. The remaining resources at the end of 3Q13 were 247 million shares with a 35% free-float.

About

Stock Information	
Ticker	MEGA.CPO
2 Series "A" Shares =	1 CPO
Total Outstanding Series "A" Shares (millions)	1,718
Outstanding CPOs (thousands)	298,003
CPOs in Treasury (thousands)	1,497
Mkt. Cap (In Ps. Millions)	\$ 36,257
Closing Price (Ps) *	\$ 42.20
As of September 30, 2013	

Source: Infosel

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 Internet services by cable, and digital telephony over cable network according to the National Chamber of Cable Telecommunications (CANITEC). The Company is present in 25 states in Mexico and over 250 municipalities. As of September 30, 2013, the Company had 12,575 employees.



Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the three-month period ended September 30, 2013 & 2012

In thousands of Pesos	Variation		
	3Q13	3Q12	3Q13 vs 3Q12
Services Income	\$ 2,474,889	\$ 2,257,453	10%
Cost of Services	723,803	701,496	3%
Gross Profit	\$ 1,751,085	\$ 1,555,957	13%
Operating and General Expenses	687,008	641,264	7%
EBITDA	\$ 1,064,078	\$ 914,693	16%
Depreciation and amortization	391,153	346,487	13%
Operating Profit	\$ 672,924	\$ 568,205	18%
Other income (expenses), net	31,138	3,067	915%
Comprehensive Financing Income, Net	-21,484	-27,540	(22%)
Equity in income of associated companies	2,510	-747	(436%)
Income Before Income Tax and Minority Interest	\$ 723,037	\$ 599,559	21%
Income Tax	149,049	123,767	20%
Net Profit	\$ 573,987	\$ 475,792	21%
Net income attribute to:			
Controlling interest	8,347	14,865	(44%)
Non-Controlling interest	565,640	460,927	23%
	\$ 573,987	\$ 475,792	21%



Nine-Month Income Statement

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

For the nine-month period ended September 30, 2013 & 2012

In thousands of Pesos	Variation		
	9M13	9M12	9M13 vs 9M12
Services Income	\$ 7,320,365	\$ 6,698,484	9%
Cost of Services	2,169,873	2,058,755	5%
Gross Profit	\$ 5,150,493	\$ 4,639,730	11%
Operating and General Expenses	1,989,169	1,809,586	10%
EBITDA	\$ 3,161,324	\$ 2,830,143	12%
Depreciation and amortization	1,136,995	1,000,578	14%
Operating Profit	\$ 2,024,328 ▲	\$ 1,829,565	11%
Other income (expenses), net	63,689	13,057	388%
Comprehensive Financing Income, Net	-4,310	-113,625	(96%)
Equity in income of associated companies	-17,889 ▲	2,003	(993%)
Income Before Income Tax and Minority Interest	\$ 2,110,216	\$ 1,954,244	8%
Income Tax	433,996	401,481	8%
Net Profit	\$ 1,676,220	\$ 1,552,764	8%
Net income attribute to:			
Controlling interest	62,383	56,532	10%
Non-Controlling interest	1,613,837	1,496,232	8%
	\$ 1,676,220 ▲	\$ 1,552,764	8%



Balance Sheet

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

Balance Sheet
In Thousands of Pesos

As of September 30,
2013 2012

ASSETS

CURRENT ASSETS:

Cash and short term investments	3,635,352	2,877,798
Accounts receivable from customers and other, net	758,218	527,312
Recoverable taxes	108,761	288,186
Inventories	217,557	199,687

Total Current Assets	4,719,888	3,892,982
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Investment in shares of associated companies	106,504	81,013
Property, systems and equipment, net	12,063,243	10,516,511
Goodwill, net	4,345,891	4,277,036
Deferred Taxes	122,471	103,993
Other assets	322,620	537,970
Affiliated and Associated Companies	648,610	616,969

Total Assets	22,329,226	20,026,474
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LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

One-year maturity of long term liabilities	286,252	2,172,380
Suppliers	471,205	539,865
Affiliated and Associated Companies	659,604	57,536
Accounts payable and accrued expenses payable	1,130,744	749,495
Financial instruments	-	2,529

Total Current Liabilities	2,547,805	3,521,805
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LONG TERM LIABILITIES

Bank loans	2,120,437	9,706
Labor obligations	157,404	101,748
Accounts payable	2,325	85,257
Deferred taxes	1,471,417	1,353,414

Total Long Term Liabilities	3,751,582	1,550,125
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Total Liabilities	6,299,387	5,071,930
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STOCKHOLDERS' EQUITY

Capital Stock	910,244	910,244
Premium on subscription of shares	-	4,999
Net Premium on the placement of shares	2,103,956	2,121,349
Retained Earnings	11,940,190	11,101,680
Minority Interest	472,746	327,440
Legal Reserve	602,703	488,832

Total Stockholders' Equity	16,029,839	14,954,543
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Total Liabilities & Stockholders' Equity	22,329,226	20,026,474
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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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