



MEGACABLE
CONECTAMOS TU VIDA

Fourth Quarter 2011
Earnings Release
Megacable Holdings, S.A.B. de C.V.
February 23, 2012

Guadalajara, Jalisco, Mexico, February 23, 2012 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its results for the fourth quarter of 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	4Q11	4Q10	4Q11 vs 4Q10
Service Income	2,165	1,961	10%
Adjusted EBITDA for Cable Operations	872	745	17%
Adjusted EBITDA Margin for Cable Operations	41.8%	39.6%	
Consolidated EBITDA	891	753	18%
Consolidated EBITDA Margin	41.2%	38.4%	
Net Income	417	400	4%
Net Debt	574	420	37%
Net Debt/Annualized consolidated EBITDA	0.16	0.14	
Interest Coverage	26.61	19.90	

Operating Results			Variation
	4Q11	4Q10	4Q11 vs 4Q10
Homes Passed	5,719,799	5,214,041	10%
Network Kilometers	40,525	36,703	10%
Two- way Network Percentage	97%	96%	
Cable Television Subscribers	1,943,910	1,757,102	11%
Digital Cable Subscribers	975,894	539,688	81%
Penetration Rate of Households	34.0%	33.7%	
HSD Internet Subscribers	682,726	594,048	15%
Penetration Rate of Cable Subscribers	35.1%	33.8%	
Telephony Subscribers	495,205	463,825	7%
Penetration Rate of Cable Subscribers	25.5%	26.4%	
Unique Subscribers	1,999,765	1,804,537	11%
Revenue Generating Units (RGU's)	3,121,841	2,814,975	11%
RGU's Per Unique Subscribers	1.56	1.56	0%
ARPU per Unique Subscriber	\$ 368.3	\$ 361.8	2%

Executive Summary

Megacable concluded the fourth quarter of 2011 with strong results, surpassing projected estimates for EBITDA and revenue generating units (RGU's). Consolidated EBITDA rose 18% in 4Q11 compared to 4Q10 and RGU's grew 11% with the addition of over 306 RGU's during 4Q11 compared to 4Q10. This was mainly driven by successful publicity campaigns, the introduction of new packages and higher quality sales despite exchange rate volatility. The year ended with 1,943,910 subscribers in the Video Segment, 682,726 subscribers in Internet and 495,205 subscribers in Telephony, representing increases of 11%, 15% and 7%, respectively, compared to 4Q10.

During the fourth quarter, the Company acquired the Salamanca network, located in the state of Guanajuato, thereby adding approximately 11 thousand video subscribers, 3 thousand internet subscribers and 2 thousand fixed telephony subscribers. With this acquisition, we added nearly 200 network kilometers in cable distribution, covering 28 thousand homes out of an estimated population of 160 thousand inhabitants.

For the three months of October to December 2011, revenues reached Ps. 2,165 million, representing a 10% increase compared to 4Q10; for the full year 2011 revenues increased 10% to Ps. 8,255 million compared to 2010.

Adjusted EBITDA for the cable operations increased 17%, reaching Ps. 872 million with a margin over cable revenues of 41.8%; consolidated EBITDA reached Ps. 891 million, an 18% increase compared to 4Q10.

In terms of the Company's financial structure, cash and short-term investments increased 49% compared to 2010. The Company continues to work towards increasing liquidity via cash generation and by improving the financial structure via an increase in accumulated revenue. The year concluded with a net debt over EBITDA ratio of 0.16x and interest coverage of 26.61x.

Net property, systems and equipment grew 28%, or Ps. 2,093 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. Additionally, for the acquisition of assets, subscribers and concession rights in the cities of Uruapan, San Miguel de Allende, Dolores Hidalgo and Salamanca.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTELY OPERATING DATA					
	4Q11	4Q10	3Q11	Variation	
				4Q11 vs 4Q10	4Q11 vs 3Q11
ARPU (1) (Ps.)					
Unique Subscribers	368.3	361.8	366.2	2%	1%
Video	227.4	230.9	228.2	-2%	0%
Internet	223.9	192.9	218.8	16%	2%
Telephony	198.7	189.8	196.9	5%	1%
Other Income (2)	21.2	26.1	21.7	-19%	-2%
Monthly Average					
Churn Rate					
Video	2.4%	3.1%	2.8%		
Internet	3.2%	3.9%	3.4%		
Telephony	3.4%	4.3%	3.7%		

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 quarter with 1,943,910 subscribers, an increase of 11% or over 187 thousand net additions compared to the same quarter of the previous year. Approximately 11 thousand of these additions were generated by the acquisition in Salamanca.

Additionally, and as a result of our digitalization project, the Company added over 141 thousand digital subscribers in 4Q11 and an increase of 436 thousand digital subscribers compared to 4Q10. This represents an increase of 81%, and places 976 thousand primary digital boxes and over one million secondary ones in the market. Digitalization has allowed us the Company to offer more channels, greater audio and video quality, offers the option to subscribe premium channels and helps fight piracy.

Video ARPU declined by 2% compared to 4Q10, mainly due to the growth in the number of economic package subscribers and was flat compared to 3T11.

Internet

The broadband Internet segment reported subscriber growth of 15% from 4Q10 to 4Q11, increasing its base by over 88 thousand subscribers to end the quarter with 683 thousand subscribers, of which only 3 thousand additions were a result of the aforementioned acquisition and the rest stemmed from organic growth. Furthermore, internet ARPU increased 16% from 4Q10 to 4Q11 and 2% compared to 3Q11.

Megacable offers the market's fastest high-speed Internet thanks to the Company's advanced network and the launch of services through the Docsis 3.0 technology, offering speeds of 5, 10 and 20 mgs at competitive market prices. In 2011, the overwhelmingly majority of the Company's subscribers were migrated to a minimum speed of 2 to 5 mgs at the same price for navigation at greater speeds.

Telephony

The Telephony segment concluded 4Q11 with 495 thousand subscribers, which represented 31 thousand net additions during the quarter compared to 4Q10. More than 13 thousand were achieved organically and 2 thousand via the acquisition mentioned previously. ARPU for the segment increased 1% compared to 3Q11, and 5% versus 4Q10 due to a subscriber purge that yielded only the most profitable ones.

Unique Subscribers and Revenue Generating Units (RGU's)

The Company's unique subscribers, as well as RGU's, increased 11% from 4Q10 to 4Q11, totaling 1,999,765 unique subscribers and RGUs remained 1.56 for 4Q11.

ARPU per unique subscriber was Ps. 368.3, an increase of 1% compared to 3Q11, and 2% compared to 4Q10.

Average Monthly Churn Rate

The average monthly churn rate in 4Q11 declined compared to 4Q10, with decreases of 65, 67 and 87 basis points, in video, Internet and telephony, respectively. Video decreased from 3.1% to 2.4%; Internet from 3.9% to 3.2% and telephony from 4.3% to 3.4% compared to 4Q10.

Homes Passed and Network Kilometers

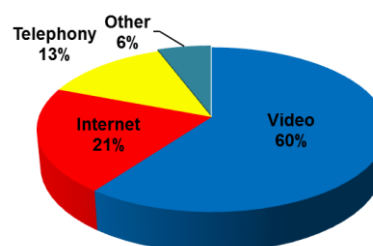
As of December 31, 2011, the Company's cable network was extended by 40,525 kilometers, passing 5,719,799 homes. As of this date, the network had a 97% bidirectional rate and in 4Q11 versus 3Q11, the Company added 623 kilometers of fiber.

Consolidated Results

Income by Segment						
In millions of Pesos						
	4Q11	4Q10	4Q11 vs 4Q10	2011	2010	2011 vs 2010
Video	1,301	1,223	6%	5,011	4,671	7%
Internet	449	345	30%	1,615	1,283	26%
Telephony	290	272	6%	1,135	1,014	12%
Other	125	121	3%	494	542	-9%
Total	2,165	1,961	10%	8,255	7,509	10%

Total service income increased 10% from 4Q10 to 4Q11, reaching Ps. 2,165 million. Video revenues increased 6% from 4Q10 to 4Q11, while Internet and telephony revenues increased 30% and 6%, respectively. The Others segment increased 3%. Revenues for the twelve months ended December 31, 2011, increased 10% to Ps. 8,255 million.

In terms of revenue composition, the video segment continued to be the largest contributor with 60% of Megacable's total revenues, followed by Internet with 21% and telephony with 13%. Lastly, the Others segment represented 6% of total revenues.



Cost of services increased 2% from 4Q10 to 4Q11 and year-over-year it remained flat, mainly because of the reduction in interconnection rates and Internet connections. As a result, the adjusted EBITDA for the cable operations reached Ps. 872 million in 4Q11, while for 2010 to 2011; the figure increased 16%, reaching Ps. 3,500 million. Adjusted EBITDA margin for the cable operations was 41.8% in 4Q11, and for the full year it was 44.1%.

As a result of the above, consolidated adjusted EBITDA rose 18% from 4Q10 to 4Q11, reaching Ps. 891 million, for a margin of 41.2% in 4Q11, compared to Ps. 753 million, for a margin 38.4% in 4Q10.

EBITDA						
In thousands of Pesos	4Q11	4Q10	4Q11 vs 4Q10	2011	2010	2011 vs 2010
Consolidated operating Income	\$ 598,025	\$ 488,173	23%	\$ 2,485,357	\$ 2,186,241	14%
Less operating Income (Loss) of MCM	\$ 6,788	-\$ 3,726	-282%	\$ 16,366	\$ 6,905	137%
Operating Income for Cable Operations	\$ 591,237	\$ 491,899	20%	\$ 2,468,991	\$ 2,179,337	13%
Plus Consolidated depreciation and amortization	\$ 292,857	\$ 261,468	12%	\$ 1,075,382	\$ 866,151	24%
Less depreciation and amortization of MCM Holding	\$ 11,775	\$ 11,374	4%	\$ 44,487	\$ 42,744	4%
Plus Non- recurring items	\$ -	\$ 3,415		\$ -	\$ 22,231	
Adjusted EBITDA for Cable Operations (1)	\$ 872,320	\$ 745,408	17%	\$ 3,499,885	\$ 3,024,974	16%
Total Income excluding MCM	\$ 2,085,598	\$ 1,881,622	11%	\$ 7,943,864	\$ 7,113,480	12%
Adjusted EBITDA Margin for Cable Operations	41.8%	39.6%		44.1%	42.5%	
Consolidated EBITDA (2)	\$ 890,882	\$ 753,056	18%	\$ 3,560,738	\$ 3,074,623	16%
Consolidated EBITDA Margin	41.2%	38.4%		43.1%	40.9%	

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 2.49 to 1.94 due to an increase in short-term debt contracted with Cisco. Cash and short-term investments increased more than Ps. 824 million from 4Q10 to 4Q11, below the figure generated by the operation from the acquisitions of assets, subscribers and concession rights of the cities mentioned above and for the purchase of CAPEX.

	as of December 31,	
Liquidity Ratio	2011	2010
Assets Ratio	1.94	2.49

Property, Systems and Equipment, Net

This line item increased 28%, reaching Ps. 9,500 million, with an increase of Ps. 2,093 million compared to 4Q10, mainly due to organic growth via the increase in Megacable's network kilometers, as well as the purchase of terminal equipment for digitalization, Internet and telephony projects, and the purchase of transportation, computer and office equipment, among others, in addition to the assets from the aforementioned acquisition.

Debt

During the quarter a new short-term loan was contracted for US\$ 20 million.

Maintaining the derivative contracts (swaps) for Ps. 1,600 million, all with maturities during the third quarter of 2013.

As a result of the above, debt and interest coverage ratios posted notable improvements, with Net Debt / Annualized EBITDA reaching 0.16x and an interest coverage ratio of 19.9x to 26.6x.

	as of December 31,	
Debt Ratios	2011	2010
Debt Ratio	0.28	0.26
Debt to Equity Ratio	0.38	0.35
Net Debt/ Annualized EBITDA	0.16	0.14
Interest Coverage		
EBITDA/ Interests Expenses	26.61	19.90

Net Debt at the close of 4Q11 was Ps. 574 million.

In thousands of Pesos	4Q11	4Q10
Short Term Debt	694,726	6,145
One year maturity of long term bank loans	694,726	6,145
Long Term Debt	2,389,257	2,100,000
Bank Loans	2,100,000	2,100,000
Accounts Payable	289,257	-
Total Debt	3,083,983	2,106,145
Cash and Short Term Investments	2,509,659	1,685,652
Net Debt	574,324	420,493

Shareholders' Equity

Shareholders' equity rose 16% from 4Q10 to 4Q11 as a result of the Company's 22% increase in retained earnings.

CAPEX

During 4Q11, Megacable invested Ps. 572 million. This investment was mainly allocated towards the purchase of subscriber terminal equipment especially the digitization, construction and modernization of the Company's cable network, as well as the purchase of real estate.

Total Shares Outstanding

As of December 31, 2011, the Company had 1,718 million total shares outstanding and the number of outstanding CPOs reached 298 million. Remaining resources since the last report is of 272 million with a free-float of 35%.

Stock Information		
Ticker		MEGA.CPO
2 Series "A" Shares =		1 CPO
Total Outstanding Series "A" Shares (millions)		1,718
Outstanding CPOs (thousands)		297,996
CPOs in Treasury (thousands)		1,504
Mkt. Cap (In Ps. Millions)	\$	25,500
Closing Price (Ps) *	\$	29.68
As of December 31, 2011		

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 December 31, 2011, the Company had 12,123 employees.

Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the Twelve-month period ended December 31, 2011 & 2010

In thousands of Pesos	Variation		
	4Q11	4Q10	4Q11 vs 4Q10
Services Income	\$ 2,164,853	\$ 1,961,373	10%
Cost of Services	663,979	650,561	2%
Gross Profit	\$ 1,500,874	\$ 1,310,812	14%
Operating and General Expenses	609,992	561,171	9%
EBITDA	\$ 890,882	\$ 749,641	19%
Depreciation and amortization	292,857	261,468	12%
Operating Profit	\$ 598,025	\$ 488,173	23%
Other income (expenses), net	11,485	21,704	(47%)
Comprehensive Financing Income, Net	38,570	20,868	85%
Equity in income of associated companies	11,131	16,989	(34%)
Income Before Income Tax and Minority Interest	\$ 559,809	\$ 472,019	19%
Income Tax	139,080	89,340	56%
Income Before Minority Interest	\$ 420,729	\$ 382,679	10%
Minority Income	3,741	-17,375	(122%)
Net Profit	\$ 416,989	\$ 400,053	4%

Accumulated Income Statement

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

For the twelve-month period ended December 31, 2011 & 2010

In thousands of Pesos	Variation		
	2011	2010	2011 vs 2010
Services Income	\$ 8,255,149	\$ 7,509,295	10%
Cost of Services	2,487,618	2,498,836	(0%)
Gross Profit	\$ 5,767,531	\$ 5,010,459	15%
Operating and General Expenses	2,206,793	1,958,067	13%
EBITDA	\$ 3,560,738	\$ 3,052,392	17%
Depreciation and amortization	1,075,382	866,151	24%
Operating Profit	\$ 2,485,357	\$ 2,186,241	14%
Other income (expenses), net	35,674	45,485	(22%)
Comprehensive Financing Income, Net	135,190	37,496	261%
Equity in income of associated companies	34,475	5,078	579%
Income Before Income Tax and Minority Interest	\$ 2,351,365	\$ 2,189,152	7%
Income Tax	445,561	477,498	(7%)
Income Before Minority Interest	\$ 1,905,804	\$ 1,711,653	11%
Minority Income	68,531	14,330	378%
Net Profit	\$ 1,837,273	\$ 1,697,323	8%

Balance Sheet

MEGACABLE HOLDINGS, S. A. B DE C. V. Y SUBSIDIARIAS		
Balance Sheet		
In Thousands of Pesos		
	As of December 31,	
	2011	2010
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and short term investments	2,509,659	1,685,652
Accounts receivable from customers and other, net	438,057	370,811
Recoverable taxes	308,685	357,753
Inventories	203,667	516,153
Total Current Assets	3,460,067	2,930,369
Investment in shares of associated companies	75,386	108,525
Property, systems and equipment, net	9,502,768	7,410,148
Goodwill, net	4,277,036	4,277,036
Other assets	775,535	496,318
Affiliated and Associated Companies	520,881	384,530
Total Assets	18,611,673	15,606,925
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
One-year maturity of long term liabilities	694,726	6,145
Suppliers	459,920	501,922
Affiliated and Associated Companies	22,077	17,736
Accounts payable and accrued expenses payable	602,935	650,390
Total Current Liabilities	1,779,658	1,176,193
<u>LONG TERM LIABILITIES</u>		
Bank loans	2,100,000	2,100,000
Labor obligations	134,579	102,903
Accounts payable	289,257	-
Deferred taxes	859,630	629,929
Total Long Term Liabilities	3,383,466	2,832,832
Total Liabilities	5,163,124	4,009,025
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	920,130	920,130
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,121,349
Retained Earnings	10,125,618	8,326,987
Minority Interest	276,452	224,435
Total Stockholders' Equity	13,448,548	11,597,900
Total Liabilities & Stockholders' Equity	18,611,673	15,606,925

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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