

GRUPO MEGACABLE HOLDINGS ANNOUNCES RESULTS FOR THE FIRST QUARTER 2013

Guadalajara, Jalisco, Mexico, April 25, 2013 - Megacable Holdings S.A.B. de C.V. (“Megacable” or “the Company”) (BMV: MEGA.CPO) announced today its results for the first quarter of 2013. Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of pesos, unless otherwise indicated.

First Quarter 2013 Highlights:

- Services income increased 7% compared to 1Q12
- The Internet segment increased 4%, in terms of subscribers, and compared to 4Q12, with net additions of 35 thousand
- As of March 31, 2013, the Company reported a cash position of Ps. 951 million

Highlights

Consolidated Financial Results	unaudited	audited	Variation
Figures in millions of pesos	1Q13	1Q12	1Q13 vs 1Q12
Service Income	2,401	2,250	7%
Adjusted EBITDA for Cable Operations	1,014	982	3%
Adjusted EBITDA Margin for Cable Operations	44.0%	45.3%	
Consolidated EBITDA	1,036	996	4%
Consolidated EBITDA Margin	43.1%	44.3%	
Net Income	529	592	-11%
Net Debt	(951)	(79)	1107%
Net Debt/Annualized consolidated EBITDA	(0.23)	(0.02)	
Interest Coverage	31.02	31.80	

Operating Results	unaudited	audited	Variation
Figures in millions of pesos	1Q13	1Q12	1Q13 vs 1Q12
Homes Passed	6,324,583	5,879,153	8%
Network Kilometers	45,172	41,770	8%
Two- way Network Percentage	97%	97%	
Cable Television Subscribers	2,112,453	1,988,122	6%
Digital Cable Subscribers	1,211,492	1,048,058	16%
Penetration Rate of Households	33.4%	33.8%	
HSD Internet Subscribers	869,672	720,162	21%
Penetration Rate of Cable Subscribers	41.2%	36.2%	
Telephony Subscribers	568,442	501,491	13%
Penetration Rate of Cable Subscribers	26.9%	25.2%	
Unique Subscribers	2,211,583	2,059,258	7%
Revenue Generating Units	3,550,567	3,209,775	11%
RGU's Per Unique Subscribers	1.61	1.56	3%
ARPU per Unique Subscriber	363.5	366.9	-1%

Executive Summary

Megacable continues to deliver solid results due to the organic growth in the number of subscribers and the strong financial results during the first quarter of 2013. Revenues reached Ps. 2,401 million, representing a 7% increase year-over-year. Megacable reported net additions from 4Q12 to 1Q13 were 12 thousand Video subscribers, 35 thousand Internet subscribers and 13 thousand Telephony subscribers, reaching a total for the period of 2,112,000 Video subscribers, 870 thousand Internet subscribers and 568 thousand Telephony subscribers. These figures reflected the number of services acquired per subscriber, from 1.56 RGU's per unique subscriber in 1Q12 to 1.61 in 1Q13. ARPUs across all of the segments grew 2%, 3% and 2% in Video, Internet and Telephony, respectively, compared to the previous quarter (4Q12).

It is worth mentioning that the Internet segment presented important growth of 21% in the number of subscribers, from 1Q12 to 1Q13 and 4% compared to 4Q12, driven by very competitive rates as well as offering the fastest connection speeds in the market.

The digitalization project continued moving forward; this quarter we added 40 thousand subscribers, versus 4Q12 and over 163 thousand subscribers compared to 1Q12, for a total placement of 2.6 million boxes in 1.2 million homes at the close of 1Q13.

During the first quarter of 2013, Megacable continued consolidating its main projects, such as the digitalization of the Video subscribers, the increase in internet speeds via DOCSIS 3.0 as well as the development of the national backbone of the inter-urban GTAC fiber network. The Company continued expanding its network, which currently encompasses 45 thousand kilometers and passes over more than 6.3 million homes.

Consolidated adjusted EBITDA for 1Q13 was Ps. 1,036 million; adjusted EBITDA for the cable operations was Ps. 1,014 million, representing a margin of 43.1% and 44.0%, respectively. In terms of Net Income, this figure reached Ps. 529 million in 1Q13, with a 22% Net Margin. This line item declined 11% compared to 1Q12, mainly driven by the impact of the net integral cost of financing due to the exchange rate variation during the quarter.

With regards to the Balance Sheet, the Company continued increasing liquidity via cash generation and improving its structure with the increase in retained earnings, which for 1Q13 reached Ps. 11,418 million. Net debt went from Ps. 340 million in 4Q12 to a net cash available for Ps. 951 million during 1Q13.

Shareholders' Equity rose 10%, to Ps. 15,395 million, maintaining the Company's healthy financial structure with a liabilities-to-capital ratio of 0.39x, a debt ratio of 0.28x and an interest coverage ratio of 31.02x.

Finally, it is important to mention that in the Shareholder Announcement published on April 2, among the points to be discussed during the Shareholder Meeting to be held on April 25 will be the presentation, discussion and approval of a dividend payment. Upon approval, this dividend will be made in two payments.

Operating Results

MEGACABLE HOLDINGS S. A. B. DE C. V.					
QUARTERLY OPERATING DATA					
	1Q13	1Q12	4Q12	Variation	
				1Q13 vs 1Q12	1Q13 vs 4Q12
ARPU (1) (Ps.)					
Unique Subscribers	363.5	366.9	353.5	-1%	3%
Video	228.6	231.8	224.7	-1%	2%
Internet	195.7	210.6	190.1	-7%	3%
Telephony	175.9	194.5	172.9	-10%	2%
Other Income (2)	22.7	21.1	21.5	7%	5%
Monthly Average					
Churn Rate					
Video	3.0%	2.6%	2.8%		
Internet	3.0%	3.2%	3.2%		
Telephony	3.9%	3.5%	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, Metrocarrier, MMDS and the channels produced by Megacable, which are included in the unique subscriber ARPU calculation.

Video

The Video segment reported an 6% increase in subscribers year-on-year, concluding 1Q13 with 2,112,453 subscribers, adding more than 124 thousand subscribers versus the same period of the previous year, with net additions during the quarter of 12 thousand. During the quarter, the Company implemented stricter collections measures, raising the number of disconnections for those subscribers who did not make payments.

Digital subscribers increased by over 163 thousand, or 16%, higher year-over-year, placing over 1.2 million main digital boxes and over 1.4 additional digital boxes in the market, with net additions of over 40 thousand subscribers during the quarter. In addition to the growth in the digital subscriber base, the Company provides HD services in 12 cities, reaching 48 thousand subscribers in this segment. Premier SVOD services per subscriber has been well-received by the market; at the end of 1Q13, over 18 thousand customers use this service in the city of Guadalajara.

Video ARPU declined slightly from 1Q12 to 1Q13 to Ps. 228.6, due to the bundling of services. Compared to 4Q12, this figure rose 2%, due to the promotion of the annual packages that we offer every year, as well as the increase in premier packages and the rental of additional boxes.

Internet

The broadband Internet segment reported 4% subscriber growth in 1Q13 compared to 4Q12, increasing the base by over 35 thousand subscribers at the end the quarter, to reach a total of approximately 870 thousand subscribers, or 21% growth year-over-year with the increase of its base by over 149 thousand subscribers.

As a result of the above, cable subscriber penetration grew by 4.9 points, from 36.2% to 41.2%, year-over-year. The Company was able to achieve this important increase because of its ability to offer subscribers the quickest high-speed Internet services in the market, a high level of service and the most competitive prices in the market.

Internet ARPU increased 3% compared to 4Q12, mainly due to the promotion of annual packages, and declined 7% compared to 1Q12, due to the existing packaging and, aggressive promotions in the lower socio-economic segments with the adoption of economic packages.

Telephony

The Telephony segment concluded 1Q13 with approximately 568 thousand subscribers, which represented more than 13 thousand net additions compared to 4Q12, while adding 67 thousand net additions when comparing 1Q13 with 4Q12, representing growth of approximately 13%.

Given the reduction in fixed to mobile interconnection rates and the inclusion of calls to cell phones of existing subscribers, ARPU in the segment rose 2% compared to 4Q12 but declined 10% compared to 1Q12.

Unique Subscribers and Revenue Generating Units (RGU's)

The increase in the number of double and triple-play subscribers has supported the 11% increase in the number of RGUs year-over-year, reaching a total of 3,550,567 RGUs. Unique subscribers reached 2,211,583, a 7% increase year-over-year. As a result, RGU's of 1.61 reached per unique subscriber.

ARPU per unique subscriber was Ps. 363.5, in line with the figure presented in 1Q12, and an increase of 3% compared to 4Q12. This was due to the seasonality of the annual payments, the offering of new services, such as HD channels and digital services, among others.

Average Monthly Churn Rate

The average monthly churn rate increased: for Video it rose from 2.6% to 3.0%, or 40 basis points, due to the aforementioned reasons. Telephony rose from 3.5% a 3.9%, or 41 basis points, year-over-year. Internet, however, declined from 3.2% to 3.0%, or 20 basis points, year-over-year.

Homes Passed and Network Kilometers

Homes passed increased 8%, with an increase of more than 3.4 thousand kilometers of network year-on-year, finishing the quarter with approximately 6.3 million homes passed and a bidirectional network of 97%. During 1Q13, the Company added 395 kilometers of fiber and built 786 network kilometers.

Consolidated Results

Income by Segment					
In millions of Pesos					
	1Q13	1Q12	1Q13 vs 1Q12	4Q12	1Q13 vs 4Q12
Video	1,446	1,378	5%	1,388	4%
Internet	507	450	13%	468	8%
Telephony	299	292	2%	284	5%
Other	150	130	16%	139	8%
Total	2,401	2,250	7%	2,279	5%

The Video segment income rose 5% year-on-year, Internet rose 13%, Telephony rose 2%, while the 'other' segment rose 16%. The 'other' line item benefitted by Metrocarrier and MCM, due to revenue increases of 20% and 18%, respectively, from 1Q12 to 1Q13. Total revenue increased 7% from 1Q12 to 1Q13 to reach Ps. 2,401 million at 1Q13.

In terms of revenue composition, the Video segment continued to have the most weight, with 60% of Megacable's total revenues, followed by Internet with 21%, Telephony with 12%, and 'other' segment with 7% of total revenues.

Cost of services increased 7%, from 1Q12 to 1Q13, mainly due to the increase in the cost of materials for installations and programming, both of which were offset by GTAC's connections project.

Operating and general expense increased 11% compared to 1Q12, mostly generated by higher labor and commissions, resulting from the Company's sales efforts, as well as the expansion of CIS (Integrated Service Centers), to order to provide better customer service.

As a result, adjusted EBITDA for the cable operations totaled Ps. 1,014 million in 1Q13, increasing 3% from 1Q12, for a 44.0% margin. Consolidated EBITDA margin was 43.1% in 1Q13, reaching Ps. 1,035 million, which represented 4% variation when compared to the same period of the previous year.

The integral financing result, net, for 1Q13 was approximately a negative Ps. 3 thousand compared to the negative Ps. 92 million reported in 1Q12, due to the exchange rate variation.

EBITDA

In thousands of Pesos	1Q13	1Q12	1Q13 vs 1Q12
Consolidated operating Income	\$ 669,310	\$ 674,538	-1%
Less operating Income (Loss) of MCM	\$ 9,286	\$ 3,894	138%
Operating Income for Cable Operations	\$ 660,024	\$ 670,644	-2%
Plus Consolidated depreciation and amortization	\$ 366,372	\$ 321,478	14%
Less depreciation and amortization of MCM Holding	\$ 12,145	\$ 10,528	15%
Adjusted EBITDA for Cable Operations (1)	\$ 1,014,251	\$ 981,594	3%
Total Income excluding MCM	\$ 2,305,546	\$ 2,168,774	6%
Adjusted EBITDA Margin for Cable Operations	44.0%	45.3%	
Consolidated EBITDA (2)	\$ 1,035,683	\$ 996,016	4%
Consolidated EBITDA Margin	43.1%	44.3%	

Notes:

- (1) Adjusted EBITDA is calculated by adding to net income the following: depreciation and amortization, net comprehensive financing income, other net income, non-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 decreased from 2.41 to 1.08 mainly due to the fact that during the third quarter of 2012 bank debt was converted to short-term, CAPEX investments, payments of various liabilities and the dividend distribution. Despite the decline in the liquidity ratio, Megacable has sufficient cash to cover bank loan obligations in their entirety.

	as of March 31,	
Liquidity Ratio	2013	2012
Assets Ratio	1.08	2.41

Property, Systems and Equipment, Net

This line increased 20%, which consists of a 13% increase in CAPEX and 7% for the recognition of GTAC assets, reaching Ps. 11,739 million, an increase of Ps. 1,926 million compared to the previous year. This was due to the Company's organic growth via the construction of new network kilometers, as well as the purchase of CTC/ subscriber equipment for the digitalization, Internet and Telephony projects, the purchase of computer and office equipment, among others.

Debt

The Company maintains bank debt for over Ps. 2,000 million, which generated interest at the 28-day TIIE rate plus 0.55%.

The Company currently maintains derivative contracts for Swaps for Ps. 1,600 million, all with maturities in 3Q13, as partial coverage for bank loans.

	as of March 31,	
Debt Ratios	2013	2012
Debt Ratio	0.28	0.26
Debt to Equity Ratio	0.39	0.35
Net Debt/ Annualized EBITDA	(0.23)	(0.02)
Interest Coverage		
EBITDA/ Interest Expenses	31.02	31.80

In terms of Net Debt, the Company concluded 1Q13 with excess cash for Ps. 951 million over the Company's total financial debt.

In thousands of Pesos	1Q13	1Q12
Short Term Debt	2,121,670	93,874
One year maturity of long term bank loans	2,121,670	93,874
Long Term Debt	15,614	2,232,796
Bank Loans	14,503	2,075,937
Accounts Payable	1,111	156,859
Total Debt	2,137,284	2,326,670
Cash and Short Term Investments	3,088,030	2,405,407
Net Debt	(950,745)	(78,737)

Shareholders' Equity

Shareholders' equity rose 10% year-over-year, from Ps. 14,042 million to Ps. 15,395 million, mainly as a result of an 8% increase in retained earnings.

CAPEX

During 1Q13, Megacable invested Ps. 415 million. This investment was mainly allocated towards construction of new network kilometers, the 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.

Total Shares Outstanding

As of 31 of March, 2013, the Company had 1,718 million total shares outstanding, while the number of equivalent outstanding CPOs reached 298 million and 1.5 million CPOs held in treasury. The remaining resources at the end of the first quarter 2013 were 271 million shares 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)	298,003
CPOs in Treasury (thousands)	1,497
Mkt. Cap (In Ps. Millions)	\$ 33,491
Closing Price (Ps) *	\$ 38.98
As of March 31, 2013	

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 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 March 31, 2013, the Company had 11,937 employees.

Quarterly Income Statement

MEGACABLE HOLDINGS, S. A. B. DE C.V.
For the three-month period ended March 31, 2013 & 2012

In thousands of Pesos	unaudited 1Q13	audited 1Q12	Variation 1Q13 vs 1Q12
Services Income	\$ 2,401,367	\$ 2,250,068	7%
Cost of Services	722,418	675,938	7%
Gross Profit	\$ 1,678,948	\$ 1,574,130	7%
Operating and General Expenses	643,266	578,114	11%
EBITDA	\$ 1,035,683	\$ 996,016	4%
Depreciation and amortization	366,372	321,478	14%
Operating Profit	\$ 669,310	\$ 674,538	(1%)
Other income (expenses), net	9,727	4,594	112%
Comprehensive Financing Income, Net	-2,628	-92,459	(97%)
Equity in income of associated companies	-14,307	-7,159	100%
Income Before Income Tax and Minority Interest	\$ 695,972	\$ 778,750	(11%)
Income Tax	145,045	159,672	(9%)
Net Profit	\$ 550,928	\$ 619,078	(11%)
Net income attribute to:			
Controlling interest	21,642	27,127	(20%)
Non-Controlling interest	529,286	591,951	(11%)
	\$ 550,928	\$ 619,078	(11%)

Balance Sheet

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

Balance Sheet

In thousands of Pesos (unaudited)

	As of March 31,	
	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and short term investments	3,088,030	2,405,407
Accounts receivable from customers and other, net	569,358	562,635
Recoverable taxes	107,124	259,186
Inventories	264,619	235,621
Total Current Assets	4,029,131	3,462,849
Investment in shares of associated companies	92,489	89,217
Property, systems and equipment, net	11,739,253	9,813,555
Goodwill, net	4,277,036	4,277,036
Deferred Taxes	105,086	78,042
Other assets	415,515	674,577
Affiliated and Associated Companies	665,378	565,714
Total Assets	21,323,888	18,960,989
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
One-year maturity of long term liabilities	2,121,670	93,874
Suppliers	678,416	560,100
Affiliated and Associated Companies	84,034	71,313
Accounts payable and accrued expenses payable	832,556	712,726
Financial instruments	2,555	-
Total Current Liabilities	3,719,231	1,438,013
LONG TERM LIABILITIES		
Bank loans	14,503	2,075,937
Labor obligations	146,250	97,708
Accounts payable	1,111	156,859
Deferred taxes	1,443,610	1,150,135
Affiliated and Associated Companies	603,904	-
Total Long Term Liabilities	2,209,378	3,480,639
Total Liabilities	5,928,609	4,918,652
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Premium on subscription of shares	4,999	4,999
Net Premium on the placement of shares	2,121,349	2,112,561
Retained Earnings	11,417,630	10,693,141
Minority Interest	365,857	321,391
Legal Reserve	575,200	-
Total Stockholders' Equity	15,395,279	14,042,337
Total Liabilities & Stockholders' Equity	21,323,888	18,960,989

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:

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