

Highlights:

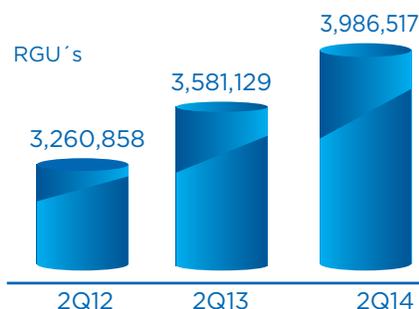
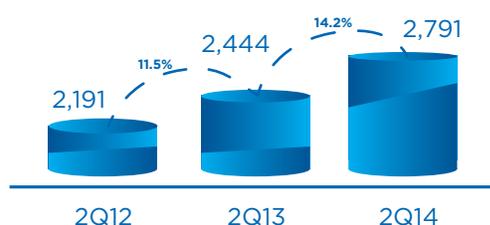
- Video subscribers increased 3% in 2Q14, with net additions of 68,425
- Revenues registered solid growth of 14% year-over-year
- The internet segment increased 24%, with net adds of 215,380 subscribers year-over-year
- Revenues from the Corporate Segment rose 134% to Ps. 289 million
- RGUs were approximately 4 million at the close of 2Q14

Guadalajara, Jalisco, Mexico, July 24, 2014 - Megacable Holdings S.A.B. de C.V. (“Megacable” o “la Compañía”) (BMV MEGA.CPO) announced today its results for the second quarter of 2014 (2Q14). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of pesos (Ps.), unless otherwise indicated.

Consolidated Financial Results

Figures in millions of pesos	2Q14	2Q13	2Q14 vs 2Q13
Revenues	2,791	2,444	14%
Adjusted EBITDA for cable Operations	1,141	1,045	9%
Adjusted EBITDA Margin for Cable Operations	44.7%	44.5%	
Consolidated EBITDA	1,195	1,062	13%
Consolidated EBITDA Margin	42.8%	43.4%	
Net Income	579	519	12%
Net Debt	(1,609)	(880)	83%
Net Debt / Annualized consolidated EBITDA	(0.34)	(0.21)	
Interest Coverage	38.16	32.36	

Revenue



Megacable reported service income of Ps. 2,791 million in 2Q14, 14% higher than 2Q13, and Ps. 5,487 million for the first six months of 2014 (6M14), due to the addition of over 405 thousand RGU's from 2Q13 to 2Q14 and the growth of the corporate segment.

The internet segment registered another solid quarter reaching 1,099,665 subscribers in 2Q14, with net additions of 67,658 subscribers in 2Q14 and 215,887 year-over-year. This is the result of Megacable's strong network that allows it to offer the best quality internet service and the fastest connection speed in the market.

The Video segment posted an outstanding performance reaching 2,249,046 subscribers, with 69 thousand net additions from 1Q14 to 2Q14 for a 3% increase and up 6% when compared to 2Q13. This result breaks the seasonality trend shown in previous years due to the transmission of the 2014 World Cup, as well as a more aggressive marketing campaign and a targeted commercial strategy.

Consolidated EBITDA increased 13% from 2Q13 to 2Q14, reaching Ps. 1,195 million, and totaling Ps. 2,390 million for the first half of 2014, with a margin of 44%. Similarly, adjusted EBITDA for the cable operations grew 9% from 2Q13 to 2Q14, reaching a margin over cable revenues of 45% in 2Q14 also and 6M14.

Service costs increased 13%, year to year, mainly due to the addition of Ho1a, which represents 10 points of the growth and the remaining 3 points are due to Megacable's organic growth as well as the increase in labor and advertising costs.

Operating costs rose 18%, year to year, labor costs and sales commissions from sales promotions, as well as the incorporation of Ho1a in this line item represented 4 of these 18 points.

Although the beginning of 2014 was challenging for Megacable, mainly due to the deterioration of the Mexican economy, a higher number of service provider options for subscribers and the effect of the tax reform, which drove an increase in tax rates, Megacable was able to recover its monthly growth rates at the end of 2Q14, once subscribers fully understood the benefits of the services.

On July 14, 2014, the Mexican Congress approved the Secondary Telecommunications Law, aimed at promoting greater competition, coverage and service quality, as well as lower costs and rates to benefit customers. Effective January 1, 2015, there will no longer be domestic long distance charges in fixed telephony; customer will be able to call from anywhere within Mexico without additional fees. This will represent significant savings for consumers. Furthermore, the reform reinforces the importance of telecommunications as a public service of general interest.

Operating Results by Business Segment

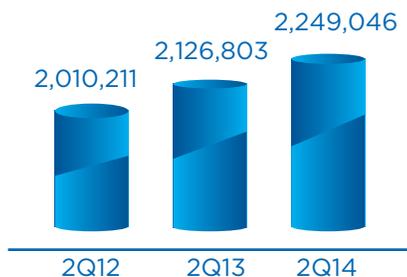
	2Q14	2Q13	1Q14	Variation %	
				2Q14 Vs 2Q13	2Q14 Vs 1Q14
Arpu (1) (Ps.)					
Unique Subscribers	394.6	366.9	390.8	8%	1%
Video	229.3	231.1	235.7	-1%	-3%
Internet	198.1	204.5	195.6	-3%	1%
Telephony	168.1	182.4	168.1	-8%	-
Monthly Average Churn Rate					
Video	2.6%	3.1%	2.8%		
Internet	2.9%	3.1%	2.8%		
Telephony	4.1%	3.6%	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.

Video Segment

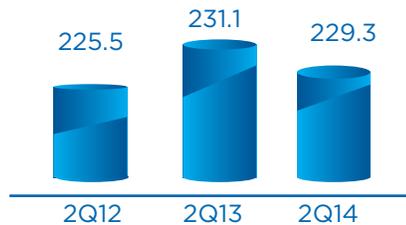
Subscribers video



Video subscribers reached 2,249,046, compared to 2Q13, adding more than 122 thousand subscribers, a 6% increase with more than 68 thousand net additional subscribers during the quarter. This 3% growth was achieved as a result of greater sales efforts and advertising campaigns for the 2014 World Cup, as well as innovative promotions and packages to offer our Megacable Play product. As of the second quarter 2014, 23% of Megacable's subscribers have a Double Play package and 22% have a Triple Play package.

The Digitalization Project added more than 74 thousand digital subscribers in 2Q14, compared to 1Q14 and more than 215 thousand digital subscribers year-over-year, which represents 18% growth, placing 1.4 million digital boxes in the market and approximately 1.7 millions additional this giving a total of 3.1 million.

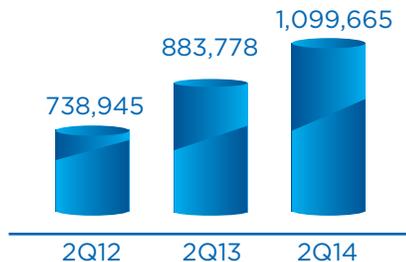
ARPU Video



Video ARPU decreased 3% compared to 1Q14, mainly due to the pay-in-advance promotion, which has an important following, between the months of January and March and decreased 1% when compared to 2Q13. This was mainly due to the promotion of the Company's more economic package which included the World Cup as part of its programming. As a result, ARPU remained flat at Ps. 229.3 in 2Q14.

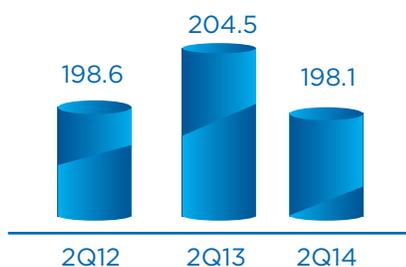
Internet

Subscribers Internet



The Broadband Internet segment reported a notable 24% increase in subscribers compared to 2Q13, growing its subscriber base by over 216 thousand net adds, for a total of 1,099,665 subscribers. During 2Q14 Megacable reached approximately 68 thousand net adds, an increase of 7% when compared to 1Q14. At these levels, the Company shows that its internet service has wide acceptance and continues to be one of the best options in the market with speeds of up to 200 MB.

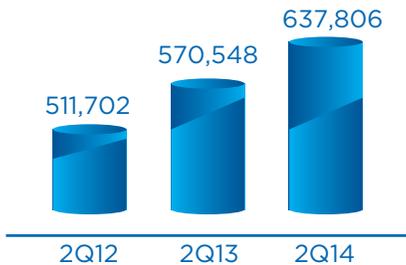
Internet ARPU



Internet ARPU increased 1% compared to 1Q14 and declined 3% when compared to 2Q13, to Ps. 198.1, due to the increase in subscribers with triple play packages, the outstanding net additions during the quarter, promotions, and the product mix.

Telephony

Subscribers Telephony

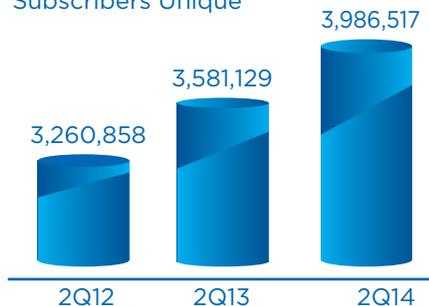


The **Telephony segment** closed the quarter with 637,806 subscribers, which represented an increase of over 23 thousand net additions compared to 2Q13. When compared to 2Q13, this figure grew 12% with 67 thousand net additions year-over-year.

Telephony ARPU remained in line when compared to 1Q14 and declined 8% compared to 2Q13 due to the Company's continued aggressive promotions aimed at capturing more subscribers.

Unique Subscribers and Revenue Generating Units (RGU's)

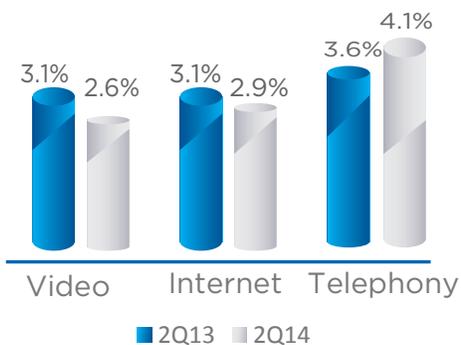
Subscribers Unique



RGU's During 2Q14 RGU's reached 3,986,517, an increase of 11% year-over-year, driven by growth in the various segments. As a result, RGU's by unique subscriber increased to 1.67. Unique subscribers for 2Q14 reached 2,386,062, up 6% when compared to 2Q13.

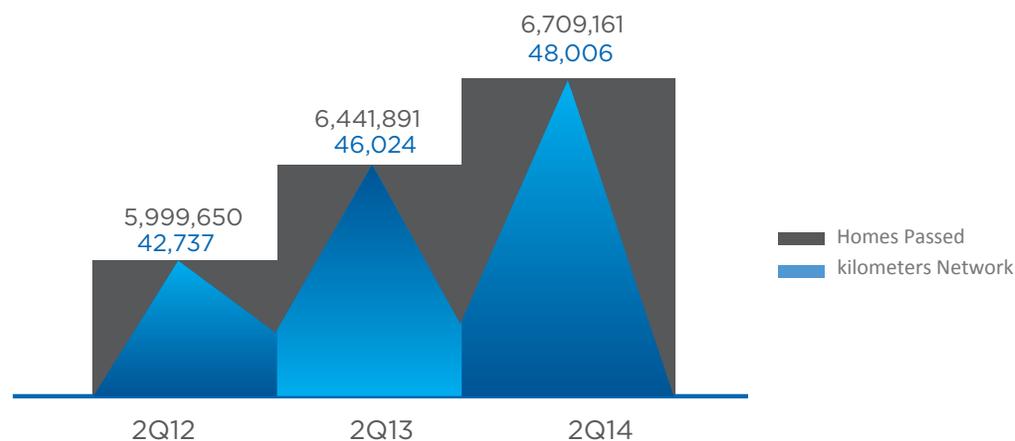
ARPU per unique subscriber rose 8% compared to 2Q13 and 1% compared to 1Q14 due to the increase in corporate segment revenue, for an ARPU of Ps. 394.6

Average Monthly Churn Rate



The **average monthly churn rate** for the video and internet segments declined; video went from 3.1% to 2.6%, down 50 basis points and internet went from 3.1% to 2.9%, a decrease of 20 basis points year-over-year. The average monthly churn rate for telephony increased from 3.6% to 4.1%, up 50 basis points year-over-year.

Homes Passed and kilometers Network



Revenue Business Breakdown

	2Q14	2Q13	Variation % 2Q14 Vs 2Q13
Corporate income and carriers			
Metrocarrier	52,197	27,877	87%
MCM	125,395	95,821	31%
Ho1a	111,280	-	100%
Income	288,871	123,698	134%
Business Income for incorporation Cable operations			
Video	39,346	34,449	14%
Internet	79,666	69,116	15%
Telephony	34,494	29,349	18%
Income	153,507	132,914	15%
Total Income	442,378	256,611	72%

Corporate Segment

If we add revenues from Corporate and carriers, we would reach a total of Ps. 442 million an increase of 72% from last year. This represents 16% of Megacable's consolidated revenues.

Revenues from Corporates and Carriers

These are comprised of the Metrocarrier, MCM and Ho1a businesses and are focused on various segments of connectivity, equipment and managed services. Currently, this segment contributes approximately 10% of Megacable's revenues, reaching Ps. 289 million, an increase of 134% compared to 2Q13. In addition, Megacable takes advantage of the technological advantage of the HFC network, as well as its geographic presence in over 25 Mexican states.

Corporate Revenue from Cable

The corporate segment for the Video, Internet and Telephony segments, which includes hotels, hospitals, schools, universities, government and others, posted revenues of Ps. 154 million in 2Q14, up 15% compared to 2Q13. This segment represents 6% of Megacable's consolidated revenues.

Note: Corporate revenues from cable are included herein for comparative purposes of the corporate segment, however, these revenues are included in the results of each business segment as mentioned in the previous paragraph.

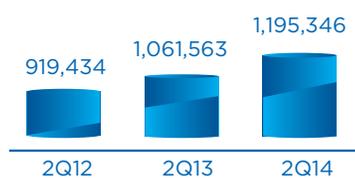
Consolidated Results

	In millions of pesos		Income by Segment		
	2Q14	2Q13	2Q14 Vs 2Q13	1Q14	2Q14 Vs 1Q14
Video	1,527	1,465	4%	1,535	-1%
Internet	639	533	20%	591	8%
Telephony	318	307	4%	305	4%
Corporate	289	124	134%	242	19%
Other	19	16	17%	23	-19%
Total	2,791	2,444	14%	2,696	4%

Revenues

Total income rose 14%, year-over-year, reaching a total of Ps. 2,791 million, as a result of the wide acceptance of our internet product, which registered significant growth of 20% from 2Q13 to 2Q14. In addition, revenues by segment grew 4% in, both, Video and Telephony.

EBITDA Consolidated



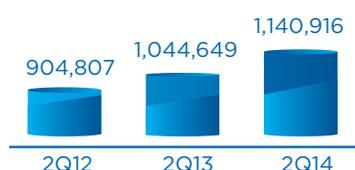
Cost of Service

Cost of service increased 13% year-over-year, mainly due to the integration of results for Ho1a, which was acquired during 4Q13 and represents 10% of the cost increase. The remaining 3% is explained by higher technical labor, advertising and promotional costs focused mainly on the 2014 World Cup, with the added benefit of lower programming costs.

Operating and General Expenses

Operating and general expenses increased 18% compared to 2Q13, due to the incorporation of Ho1a results which represented 4%, as well as higher labor costs, commissions, and other commercial operation expences.

EBITDA Adjusted



EBITDA

Adjusted EBITDA for the cable operations reached Ps. 1,141 million during 2Q14, up 9% when compared to 2Q13, with an adjusted EBITDA margin of 44.7%. Consolidated EBITDA margin was 42.8% in 2Q14, reaching Ps. 1,195million, which represents a 13% increase compared to the same period of 2013.

In thousands of pesos	2Q14	2Q13	2Q14 Vs 2Q13
Consolidated			
Consolidated operating profit	758,174	682,094	11%
Plus consolidated depreciation and amortization	437,173	\$379,469	15%
Consolidated EBITDA	1,195,346	\$1,061,563	13%
Consolidated EBITDA margin	42.8%	43.4%	
Cable Operations			
Non Cable Operations	54,430	\$16,914	222%
Cable Adjusted EBITDA	1,140,916	\$1,044,649	9%
EBITDA Margin of Cable	44.7%	44.5%	

Notes:

Adjusted EBITDA is calculated by adding net income/loss to 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.

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, Leverage and Capital Structure

Liquidity

Liquidity ratios generally tend to decrease, mainly do to the incorporation of Ho1a figures. Total current assets increased 46% from 2Q13 to 2Q14, mainly explained by: i) a 59% increase in accounts receivables, net, ii) an increase in deferred taxes due to a greater accelerated deduction in December 2013 than in December 2012 as a result of the tax reforms.

Net Comprehensive Financing

In millions of pesos	6M14	6M13
Net Exchange Gain	1,340,482	2,085,914
Interest Income	76,658	74,664
Net Exchange Loss	1,336,072	2,112,938
Interest Expense	62,625	64,814
Net Comprehensive Financing	18,443	-17,174

Property, Systems and Equipment, Net

This line increased 12%, reaching Ps. 13,369 million, which represents an increase of Ps. 1,426 million compared with the previous year. This was mainly 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 project, Internet and telephony, the purchase of vehicles, computer and office equipment, and as mentioned before, the incorporation of Ho1a assets.

Debt

Net debt / annualized EBITDA ratio reached -0.34x with interest coverage of 38.16x.

Additionally, the Company contracted three bank loans totaling Ps. 128 million in 2Q14, for Ho1a working capital.

As of June 30

Debt Ratios	2Q14	2Q13
Debt Ratio	0.33	0.28
Debt to Equity Ratio	0.48	0.39
Net Debt / Annualized EBITDA	(0.34)	(0.21)
Interest Coverage		
EBITDA / Interest Expenses	38.16	32.36

In terms of Net Debt, Megacable closed the quarter with excess cash of Ps. 1,609 million over the Company's total financial debt, despite the dividend payment and acquisitions made during the last year.

as of June 30

Debt Ratios	2Q14	2Q13
Short Term Debt	158,415	2,128,014
One year maturity of long term bank loans	158,415	2,128,014
Long Term Debt	2,284,956	13,573
Bank Loans	2,171,859	12,800
Accounts Payable	113,097	773
Total Debt	2,443,371	2,141,587
Cash and Short Term Investments	4,052,130	3,021,856
Net Debt	(1,608,759)	(880,269)

Shareholders' Equity

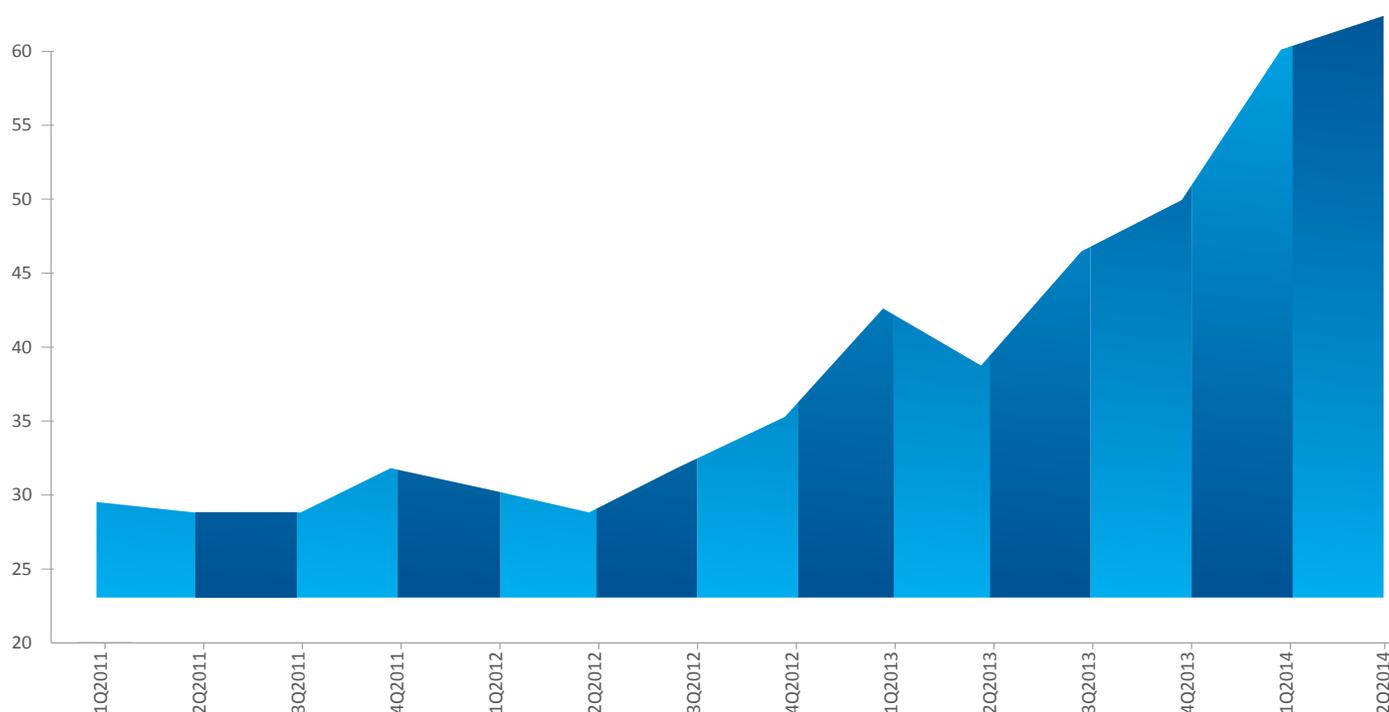
Shareholders' equity rose 8% year-over-year, from Ps. 15,413 million to Ps. 16,714 million, mainly as a result of the 10% increase in the Company's retained earnings, as well as an increase of 52% in minority interest, which includes the company located in the state of Michoacán, as well as the dividends paid in 2013.

CAPEX

During 2Q14, Megacable invested Ps. 693 million, which was mainly 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.

Total Shares Outstanding

As of June 30, 2014, the Company had 1,718 million total shares outstanding, while the number of outstanding CPOs reached 298 million, with 1.7 million CPOs held in Treasury. The remaining resources at the end of 2Q14 were 229 million shares with a free float of 35%.



About the Company

Megacable is one of the main high-speed Internet services provider's 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 June 30, 2014, the Company had 13,678 employees.

Balance Sheet



MEGACABLE®

As of June 30

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and short term investments	4,052,130	3,021,856
Accounts receivable and other, net	945,574	593,887
Recoverable taxes	656,717	200,703
Inventories	186,138	183,307
Financial Instruments	284	-
Total Current Assets	5,840,842	3,999,753
Investment in associated companies	105,891	98,581
Property, systems and equipment, net	13,369,163	11,942,810
Net goodwill	4,378,397	4,277,036
Deferred taxes	166,954	105,086
Other assets	213,932	342,331
Associated companies and joint venture	686,861	698,375
Total Assets	24,762,040	21,463,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Due within one year of long- term	158,415	2,128,014
Suppliers	613,808	473,621
Associated companies and joint venture	39,650	117,965
Sundry creditors and accrued expenses	1,831,778	1,024,756
Financial Instruments	-	1,066
Total Short-Term Liabilities	2,643,652	3,745,421
LONG- TERM		
Bank Loans	2,171,859	12,800
Labor obligations	137,624	147,197
Accounts payable	113,097	773
Deferred taxes	2,219,645	1,536,172
Associated companies and joint venture	762,113	608,243
Sum of Long Term Liabilities	5,404,338	2,305,185
Sum of Total Liabilities	8,047,990	6,050,606
EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	257,305	4,999
Net premium in capital	1,860,254	2,112,561
Retained earnings	12,524,693	11,369,518
Minority Interest	672,722	443,375
Legal reserve	488,832	572,668
Total stockholders' equity	16,714,050	15,413,365
Total Liabilities and Stockholders' Equity	24,762,040	21,463,971

Quarterly Income Statement



MEGACABLE®

In thousands of Pesos

	2Q14	2Q13	Variation % 2Q14 Vs 2Q13
Revenue	\$2,790,692	\$2,444,110	14%
Cost of services	819,802	723,651	13%
Gross profit	\$1,970,891	\$1,720,459	15%
Operating expenses and general	775,544	658,896	18%
EBITDA	\$1,195,346	\$1,061,563	13%
Depreciation and amortization	437,173	379,469	15%
Operating Income	\$758,174	\$682,094	11%
Other income (expense), net	53,326	22,824	134%
Comprehensive financing, net	-10,604	19,802	(154%)
Equity in income of associated companies	3,523	-6,092	(158%)
Income before taxes and minority interest	\$818,581	\$691,207	18%
Income taxes	200,672	139,902	43%
Net income for the period	\$617,909	\$551,305	12%
Net income attributed to:			
Minority Interest	38,494	32,394	19%
Majority interest	579,416	518,911	12%
	\$617,909	\$551,305	12%

Accumulated Income Statement



MEGACABLE®

In thousands of Pesos

	6M14	6M13	Variation % 6M14 Vs 6M13
Revenue	\$5,486,845	\$4,85,476	13%
Cost of services	1,580,187	1,446,069	9%
Gross profit	3,906,658	\$3,399,407	15%
Operating expenses and general	1,516,872	1,302,161	16%
EBITDA	\$2,389,786	\$2,097,246	14%
Depreciation and amortization	851,368	745,842	14%
Operating Income	\$1,538,418	\$1,351,404	14%
Other income (expense), net	68,294	32,551	110%
Comprehensive financing, net	-18,443	17,174	(207%)
Equity in income of associated companies	-4,120	-20,399	(80%)
Income before taxes and minority interest	\$1,629,276	\$1,387,180	17%
Income taxes	403,346	284,947	42%
Net income for the period	\$1,225,930	\$1,102,233	11%
Net income attributed to:			
Minority Interest	64,673	54,036	20%
Majority interest	1,161,257	1,048,197	11%
	\$1,225,930	\$1,102,233	11%



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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