

Highlights:

- **RGUs grew by 3.5% or 224 thousand in 2Q17 and by 12.2% or 722 thousand year-over-year compared to the previous year, thereby raising RGU's per unique subscriber to 2.01 for the quarter.**
- **In the massive market, there were 109 thousand Internet net adds for the quarter and 436 thousand new subscribers year over year, increases of 4.7% and 22.1%, respectively. In Telephony, the number of new subscribers reached 99 thousand for the quarter and 369 thousand for the last twelve months, reflecting increases of 8.3% and 39.7%.**
- **In the Video segment, there were net additions of over 15 thousand new subscribers for the quarter, with which the Company re-initiated a growth trend in this segment. An important factor to consider is the monthly churn rate reduction, which substantially improved, to under 3% for the month of June.**
- **EBITDA for Cable operations was Ps. 1,779 million expanding the EBITDA margin to 47.7% in 2Q17. Consolidated EBITDA reached Ps. 1,867 million, improving this margin to 45.2%.**
- **Net profit rose an outstanding 26% from 2Q16 to 2Q17, reaching Ps. 1,036 million.**
- **The Company made a dividend payment of Ps. 1,391 million, which represents 20% of the 2016 audited EBITDA.**

Guadalajara, Jalisco, Mexico, July 27, 2017 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV::MEGA.CPO) announced today its financial results for the second quarter of 2017 (2Q17). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise indicated.

Consolidated Financial Results:

	2Q17	2Q16	% Var
Income	4,129,840	4,222,666	(2.2%)
Income excluding CFE	4,129,840	3,974,089	3.9%
EBITDA	1,866,684	1,703,028	9.6%
EBITDA Margin	45.2%	40.3%	
Non-Controlling interest	1,035,763	823,899	25.7%
Cash and short-term investments	2,258,534	2,857,543	(21.0%)
Net Debt	1,573,486	1,474,354	6.7%
CAPEX	811,532	1,063,169	(23.7%)
Mkt. Cap (Ps. Millions)	63,017	63,634	(1.0%)

Subscribers

Video	2,923,618	3,007,017	(2.8%)
Internet	2,412,609	1,976,549	22.1%
Telephony	1,298,459	929,578	39.7%

Other Data

Home Passed	7,987,967	7,627,112	4.7%
Network Kilometers	55,208	52,528	5.1%
Employees	16,880	16,603	1.7%

For more information please visit:

<http://inversionistas.megacable.com.mx>

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Video Subscribers

At the close of 2Q17, video subscribers reached 2,923,618, with net adds of 15,624 subscribers, at which point the Company once again re-initiates growth in this segment, without leaving aside credit limit restrictions and thereby generating healthy growth. Comparing year-over-year, this line item registered a decline of 2.8% or 83,399 subscribers originated in the previous two a 2.8% reduction.

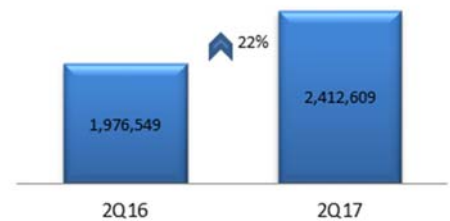
After a concerted effort, in June 2017, Megacable launched a new video generation multiplatform called X-View, a new and intuitive platform which allows subscribers to enjoy content, such as shows and movies, in VOD format as well as interactive linear channels with advanced functionality, such as Start over, Reverse EPG and Cloud DVR. X-View and all its functionalities can be enjoyed by subscribers either on television, over STB, or via mobile devices, such as smartphones, tablets and laptops. As such, content can now be viewed wherever, whenever and however they wish.



Internet Subscribers

At the close of 2Q17, Megacable registered 2,412,609 Internet subscribers. This segment continues to grow steadily, registering 109,218 thousand net adds during the quarter and 436,060 year-over-year, 4.7% and 22.1% growth, respectively.

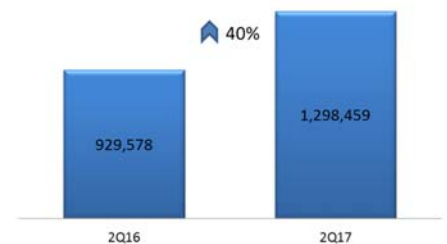
Megacable maintains sustainable growth, surpassing overall market growth, reflecting the quality and growth potential of its service. The Company continues to migrate subscribers to higher speeds in response to market demand and trends, seeking to continue improving customer satisfaction.



Telephony Subscribers

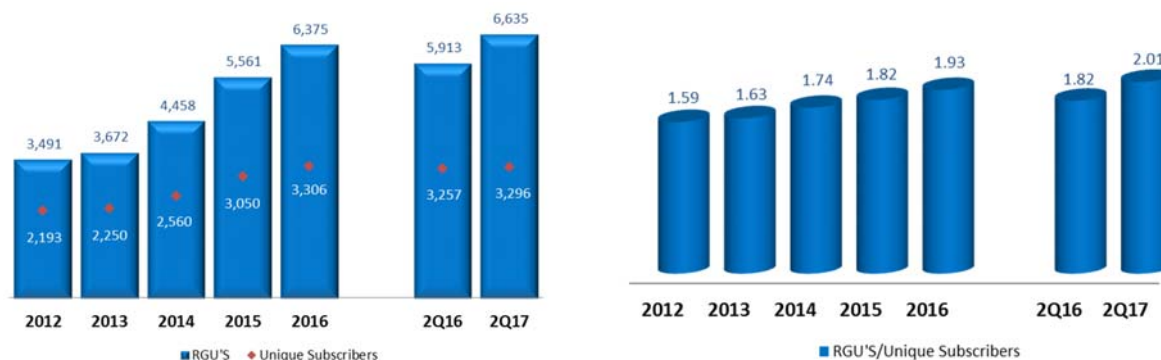
At the close of 2Q17, the Telephony segment reached 1,298,459 subscribers. This represented 8% growth versus 1Q17 with approximately 99 thousand net additions and record annual growth of 40% or 369 thousand net adds.

The aforementioned increases were mainly derived from a successful telephony bundling campaign that included other services, which increased the Company's market share in a declining market.



Unique Subscribers and Revenue Generating Units (RGU's)

In 2Q17, RGU's reached 6,634,686, a 12% increase compared to 2Q16. This was due to growth experienced throughout the Internet and Telephony business segments. As a result, RGU's per unique subscriber rose to 2.01.



Churn Rate

The churn rate for the Video segment improved by 40 basis points compared to 1Q17, reaching an average of 3.0% during the quarter. The Internet segment remains in line with the churn rates reported in 1Q17 and improved by 30 basis points compared to 2Q16, while Telephony remained almost flat at 5.1%, compared to 5.0% and 5.2% in 1Q17 and 2Q16, respectively.

	2Q17	2Q16	1Q17
Video	3.0%	2.9%	3.4%
Internet	2.6%	3.0%	2.7%
Telephony	5.1%	5.2%	5.0%

Revenues

Total revenues versus 2Q16 declined by 2% to reach Ps. 4,130 million. During this period mass market revenues grew by 2%, while the corporate segment declined by 19%. However, excluding the CFE project (from Ho!a), the corporate segment grew by 20% and total revenues rose by 4.0%.

	2Q17	2Q16	%Var
Video	1,817,701	1,973,984	-8%
Internet	1,268,437	1,103,032	15%
Telephony	413,003	359,796	15%
Corporate	607,240	504,849	20%
Other	23,459	32,428	-28%
Total excluding CFE	4,129,840	3,974,089	4%
HO1A CFE	-	248,577	-100%
Total	4,129,840	4,222,666	-2%

ARPU

ARPU per unique subscriber registered a slight increase compared to 1Q17 and 2Q16, due to the growth in RGUs per unique subscriber in the Internet and Telephony segments. However due to the discounts from product bundling, individual ARPUs continue to be impacted.

	2Q17	2Q16	% Var	1Q17	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	359.0	358.4	0%	358.4	0%
Video	208.8	220.4	-5%	212.4	-2%
Internet	178.7	188.1	-5%	178.4	0%
Telephony	109.8	130.1	-16%	117.1	-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 for the corresponding period.

Corporate Segment Revenues

Excluding the CFE project, revenues from the corporate segment increased 20% compared to 2Q16, representing 15% of total revenues. Metrocarrier and Ho1a continue to achieve growth of 30% year-over-year. Including the CFE project, revenues from the corporate segment declined 19% compared to 2Q16.

	2Q17	2Q16	%Var
Metrocarrier	209,782	161,328	30%
PCTV	68,618	66,319	3%
HO1A	129,858	100,831	29%
MCM	198,982	176,372	13%
Total excluding CFE	607,240	504,849	20%
HO1A CFE	-	248,577	-100%
Total	607,240	753,426	-19%

Costs & Expenses

During 2Q17, cost of services registered a significant decline year-over-year, both in the residential and corporate segments. In cable operations, cost of services fell 7%, mainly due to savings in programming costs. There was also an improvement in the corporate segment due to the CFE project, which generated an additional 12% reduction for a total decline of 19% for the quarter.

Operating costs grew a slight 1%, despite high increases in energy costs and the general inflation impact. Operating costs for the cable segment declined by 1%, as a result of operating efficiency program and lower volumes in the operations.

EBITDA

2Q17 EBITDA margin substantially improved. Adjusted EBITDA for the cable operations reached Ps. 1,779 million for 2Q17, 11% growth year-over-year, reaching Ps. 1,779 million, with a margin of 47.7% in 2Q17 compared to 44.0% in 2Q16. Consolidated EBITDA margin went from 40.3% in 2Q16 to 45.2% in 2Q17, to reach Ps. 1,866 million, up 10% compared to 2Q16 mainly due to the above mentioned cost reductions.

	2Q17	2Q16	%Var
CONSOLIDATED			
Consolidated operating profit	1,309,232	1,185,873	10%
Plus consolidated depreciation and amortization	557,452	517,155	8%
Consolidated EBITDA (1)	1,866,684	1,703,028	10%
Consolidated EBITDA Margin	45.2%	40.3%	
CABLE OPERATIONS			
Non Cable Operations	87,564	107,058	-18%
Cable Adjusted EBITDA (2)	1,779,120	1,595,970	11%
EBITDA Margin of Cable	47.7%	44.0%	

Notes:

(1) 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.

(2) Adjusted EBITDA for the Cable operations is calculated by subtracting MCM, PCTV and Ho1a EBITDA from Consolidated EBITDA

Net Income

Net income for the quarter reached Ps. 1,036 million compared to Ps. 824 million in 2Q16, for a 26% increase. This growth, which surpassed EBITDA, was mainly due to the 67% improvement in the net financing cost that was also supported by the lower dollar exchange rate during the quarter.

Net Debt

Megacable reached Net Debt of Ps. 1,573 million. During the quarter, the Company completed a bank loan for Ps. 1.7 billion, thereby matching the maturity that it already possessed for Ps. 2 billion for July 2019. This new loan was obtained at a rate of TIIE plus 30 basis points. Additionally, during this period the Company paid down a short-term loan for US\$ 30 million that it had with a domestic bank.

	2Q17	2Q16
Short Term Debt	52,968	4,218,355
One year maturity of long-term bank loans	52,968	4,218,355
Long-Term Debt	3,779,053	113,542
Bank Loans	3,772,984	104,486
Accounts Payable	6,068	9,056
Total Debt	3,832,020	4,331,897
Cash and Short-Term Investments	2,258,534	2,857,543
Net Debt	1,573,486	1,474,354

Net Comprehensive Financing

The Company reported a net financing cost of Ps. 40 million in 2Q17, comprised of Ps. 10 million in net interest income and a net exchange gain of Ps. 30 million.

	2Q17	2Q16
Net Exchange Loss	29,872	125,437
Interest Income	81,499	61,109
Interest Expense	91,610	48,734
Net Comprehensive Financial Result	(39,984)	(113,062)

CAPEX

Megacable invested Ps. 811 million during 2Q17, which represented 20% of the revenues for the quarter, and is in line with first semesters of previous years. The Company continues projecting CAPEX levels of between 25% and 27% over revenues as a result of the investments already scheduled and currently underway for the rest of the year, as well as the CAPEX that is required for the ALTAN project. Investments during this period were mainly allocated towards construction of additional network kilometers, the modernization of the Company's cable network and the purchase of subscriber equipment.

Stock Information

Ticker MEGA.CPO	CPO's	Serie "A"
Total Shares (thousands)		1,721,356
Outstanding shares (thousands)	300,119	600,237
Shares in Treasury (thousands)	1,438	2,875
2 Series "A" Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 63,017
Closing Price (Ps) *		\$ 73.34
Free Float		35%

As of June 30, 2017

Source: Infosel

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.

Conference Call

Megacable will hold its 2Q17 Earnings Conference Call on Friday, July 28, 2017 at 10:00am (Central Time) / 11:00am (Eastern Time).

To access the call, please dial:

from within the U.S. 1-800-862-9098

from outside the U.S. 1-785-424-1051

Conference ID Number: MEGA

Balance Sheet

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and short-term investments	2,258,534	2,857,543
Accounts receivable from customers and other, net	1,516,242	2,263,445
Recoverable taxes	999,302	1,340,277
Inventories	485,720	692,765
Total Current Assets	5,259,798	7,154,030
Investment in shares of associated companies	20,596	0
Property, systems and equipment, net	22,625,576	18,787,231
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	99,062	177,599
Other assets	437,737	96,445
Affiliated and associated companies	1,070,216	798,185
Total Assets	33,891,383	31,391,888
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
One year maturity of long-term liabilities	52,968	4,218,355
Suppliers	1,773,192	1,604,048
Affiliated and associated companies	147,047	124,381
Accounts payable and accrued expenses payable	1,343,850	1,512,954
Total Current Liabilities	3,317,056	7,459,737
<u>LONG TERM LIABILITIES</u>		
Bank loans	3,772,984	104,486
Labor obligations	209,802	207,226
Accounts payable	6,068	9,056
Deferred taxes	1,883,689	1,934,930
Affiliated and associated companies	700,814	661,679
Total Long-Term Liabilities	6,573,358	2,917,377
Total Liabilities	9,890,414	10,377,115
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	19,329,310	16,545,235
Minority Interest	1,155,023	952,902
Legal Reserve	488,832	488,832
Total Stockholders' Equity	24,000,969	21,014,773
Total Liabilities & Stockholders' Equity	33,891,383	31,391,888

Income Statement

	2Q17	2Q16	% Var
Income	\$ 4,129,840	\$ 4,222,666	(2%)
Cost of Services	1,136,981	1,399,791	(19%)
Gross Profit	\$ 2,992,859	\$ 2,822,875	6%
Operating and General Expenses	1,126,175	1,119,846	1%
EBITDA	\$ 1,866,684	\$ 1,703,028	10%
Depreciation and amortization	557,452	517,155	8%
Operating Profit	\$ 1,309,232	\$ 1,185,873	10%
Other income (expenses), net	22,091	8,540	159%
Comprehensive Financing Income, Net	39,984	113,062	(65%)
Income Before Income Tax and Minority Interest	\$ 1,291,340	\$ 1,081,352	19%
Income Tax	242,977	205,654	18%
Net Profit	\$ 1,048,363	\$ 875,698	20%
Net income attribute to:			
Non-Controlling interest	12,600	51,799	(76%)
Controlling interest	1,035,763	823,899	26%
	\$ 1,048,363	\$ 875,698	20%

Income Statement Accumulated

	6M17	6M16	% Var
Income	\$ 8,419,788	\$ 8,281,930	2%
Cost of Services	2,370,298	2,637,313	(10%)
Gross Profit	\$ 6,049,490	\$ 5,644,617	7%
Operating and General Expenses	2,311,306	2,173,216	6%
EBITDA	\$ 3,738,184	\$ 3,471,401	8%
Depreciation and amortization	1,098,140	994,882	10%
Operating Profit	\$ 2,640,044	\$ 2,476,519	7%
Other income (expenses), net	35,435	27,781	28%
Comprehensive Financing Income, Net	-\$ 7,140	43,645	(116%)
Income Before Income Tax and Minority Interest	\$ 2,682,619	\$ 2,460,656	9%
Income Tax	509,700	492,092	4%
Net Profit	\$ 2,172,919	\$ 1,968,563	10%
Net income attribute to:			
Non-Controlling interest	79,954	123,638	(35%)
Controlling interest	2,092,965	1,844,925	13%
	\$ 2,172,919	\$ 1,968,563	10%

Income Statement by Segment

	2017	2016	% Var
CABLE OPERATIONS			
Income	3,732,382	3,630,568	3%
Cost of Services	989,656	1,061,767	(7%)
Gross Profit	2,742,727	2,568,800	7%
Operating and General Expenses	963,607	972,830	(1%)
EBITDA	\$ 1,779,120	\$ 1,595,970	11%
	48%	44%	
OTHER			
Income	397,458	592,099	(33%)
MCM	198,982	176,372	13%
HO1A	129,858	100,831	29%
HO1A CFE	0	248,577	(100%)
PCTV	68,618	66,319	3%
Cost of Services	147,326	338,024	(56%)
MCM	33,687	34,326	(2%)
HO1A	83,929	63,482	32%
HO1A CFE	0	215,158	(100%)
PCTV	29,710	25,058	19%
Gross Profit	250,132	254,075	(2%)
Operating and General Expenses	162,569	147,016	11%
MCM	99,232	84,962	17%
HO1A	24,019	21,964	9%
PCTV	39,317	40,090	(2%)
EBITDA			
MCM	66,063	57,084	16%
HO1A	21,910	15,385	42%
HO1A CFE	0	33,419	(100%)
PCTV	-409	1,171	(135%)
EBITDA	\$ 87,564	\$ 107,058	(18%)
	22%	18%	
TOTAL OPERATION			
Income	4,129,840	4,222,666	(2%)
Cost of Services	1,136,981	1,399,791	(19%)
Gross Profit	2,992,859	2,822,875	6%
Operating and General Expenses	1,126,175	1,119,846	1%
EBITDA	\$ 1,866,684	\$ 1,703,028	10%
	45%	40%	

Income Statement by Segment Accumulated

	6M17	6M16	% Var
CABLE OPERATIONS			
Income	7,478,413	7,160,367	4%
Cost of Services	1,960,337	2,007,964	(2%)
Gross Profit	5,518,076	5,152,403	7%
Operating and General Expenses	1,985,284	1,892,284	5%
EBITDA	\$ 3,532,792	\$ 3,260,119	8%
	47%	46%	
OTHER			
Income	941,375	1,121,564	(16%)
MCM	394,939	342,347	15%
HO1A	242,161	178,776	35%
HO1A CFE	161,999	472,630	(66%)
PCTV	142,276	127,810	11%
Cost of Services	409,961	629,349	(35%)
MCM	62,562	61,755	1%
HO1A	153,016	113,078	35%
HO1A CFE	133,328	395,903	(66%)
PCTV	61,056	58,613	4%
Gross Profit	531,414	492,214	8%
Operating and General Expenses	326,022	280,932	16%
MCM	196,473	165,091	19%
HO1A	49,212	45,170	9%
PCTV	80,336	70,671	14%
EBITDA			
MCM	135,905	115,501	18%
HO1A	39,932	20,528	95%
HO1A CFE	81,663	76,727	6%
PCTV	884	-1,474	(160%)
EBITDA	\$ 205,392	\$ 211,283	(3%)
	22%	19%	
TOTAL OPERATION			
Income	8,419,788	8,281,930	2%
Cost of Services	2,370,298	2,637,313	(10%)
Gross Profit	6,049,490	5,644,617	7%
Operating and General Expenses	2,311,306	2,173,216	6%
EBITDA	\$ 3,738,184	\$ 3,471,401	8%
	44%	42%	