

Highlights

- ⊗ 2Q22 Consolidated Revenues totaled Ps. 6,681 million, a record figure for a single quarter and an increase of 10% compared to 2Q21. This was the result of a 4% increase in ARPU per Unique Subscriber compared to the same quarter of the previous year, reaching Ps. 427.3.
- ⊗ 2Q22 Consolidated EBITDA was Ps. 3,258 million, while EBITDA from cable operations reached Ps. 3,065 million, both record figures for a single quarter, growing 8% compared to 2Q21 and with margins of 48.8% and 50.2%, respectively.
- ⊗ The Corporate Segment revenues recorded a 14% growth compared to 2Q21, with MetroCarrier and MCM posting increases of 18% and 15%, respectively.
- ⊗ RGUs increased 7% compared to the same period last year, reaching 10.6 million. In the same period, Unique Subscribers increased by 4%, reaching close to 4.2 million.
- ⊗ The Internet Segment registered 264 thousand net adds, a 7% growth compared to 2Q21, while Telephony and Video posted 328 thousand and 86 thousand net adds, up 12% and 2%, respectively.
- ⊗ During the month of July, the Company issued Ps. 7.0 billion in local notes, which will allow it to accelerate its expansion plans and pay its short-term debt maturities.

Guadalajara, Jalisco, Mexico, July 27, 2022 - 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 2022 (2Q22). Figures were prepared in accordance with International Financial Reporting Standards (IFRS). All figures are expressed in thousands of Mexican pesos (Ps.), unless otherwise stated.

Consolidated Financial and Operational Results

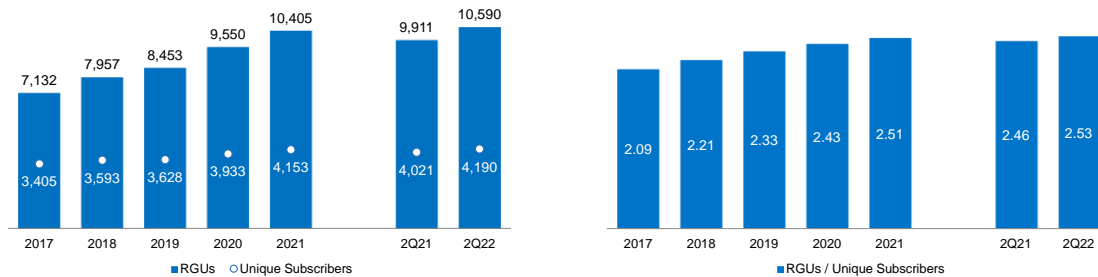
	2Q22	2Q21	% Var
Income	6,681,186	6,063,802	10.2%
Mass Segment Income	5,499,848	5,033,219	9.3%
EBITDA	3,257,602	3,010,671	8.2%
EBITDA Margin	48.8%	49.6%	
Net Profit	1,016,566	1,139,340	(10.8%)
Cash and short-term investments	1,767,467	3,265,079	(45.9%)
Net Debt	7,807,899	4,014,046	94.5%
CAPEX	2,796,457	2,032,895	37.6%
Mkt. Cap (Ps. Millions)	42,061	60,712	(30.7%)
Subscribers			
Unique	4,190,307	4,021,418	4.2%
Internet	3,912,475	3,647,990	7.3%
Video	3,543,478	3,457,531	2.5%
Telephony	3,134,337	2,805,865	11.7%
Mobile services	433,894	256,145	69.4%
Total RGUs	10,590,290	9,911,385	6.8%
Other Data			
Home Passed	10,114,510	9,097,131	11.2%
Network Kilometers	69,312	64,264	7.9%
Employees	25,132	23,695	6.1%

General Remarks

Amid a challenging macroeconomic backdrop, Megacable continues to grow in both the mass and corporate markets, with net adds in all three services of the mass segment, while connectivity services continue to significantly support the growth of the corporate market. These factors drove the double-digit revenue growth in the quarter. In addition, the margin remains at attractive levels even with the Company's expansion project underway.

Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the quarter, the Company recorded 4'190,307 unique subscribers, a 4.2% growth compared to 2Q21, or 169 thousand net adds, derived from the successful sales strategy that offset an increase in the churn rate caused by the economic environment. On the other hand, RGUs totaled close to 10.6 million, an increase of 6.8% compared to the same quarter of the previous year, driven by subscriber growth in the three mass segment services. Revenue generating units per unique subscriber maintained its growth trend to reach 2.53.

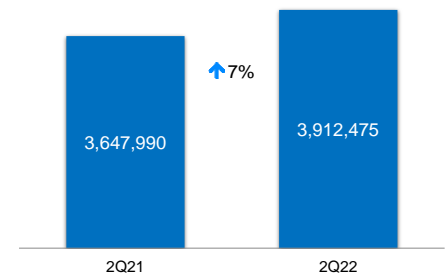


Note: Mobile services subscribers are not included in total RGUs.

Internet Subscribers

At the end of 2Q22, the Internet segment reached 3'912,475 subscribers, growing 7.3%, or 264 thousand net adds, compared to 2Q21. On a quarterly basis, the Company registered more than 19 thousand new subscribers.

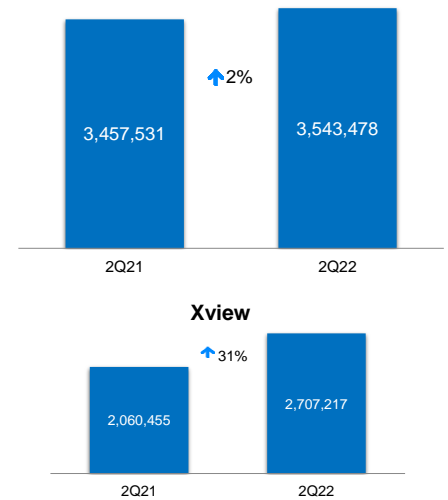
The Company continues to invest in infrastructure to strengthen and expand its network coverage, focused on improving the subscriber's internet experience through attractive speeds and reliable services.



Video Subscribers

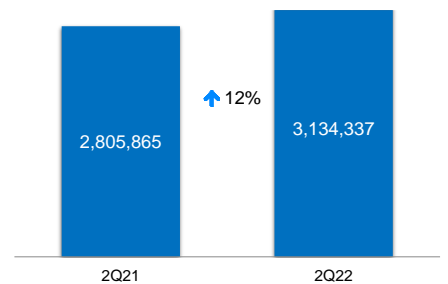
The Video segment reached 3'543,478 subscribers at the end of 2Q22, an increase of 86 thousand net adds year-over-year, equal to 2.5%. On a sequential basis it remained unchanged.

The Xview+ platform maintained its upward trend and reached 2'707,217 set top boxes (STBs), which represents a 31.4% growth, and more than 647 thousand net adds compared to 2Q21. On a sequential basis, the Company recorded 151 thousand net adds. In addition, digital subscribers accounted for 87% of the Company's subscriber base through more than 5 million STBs.



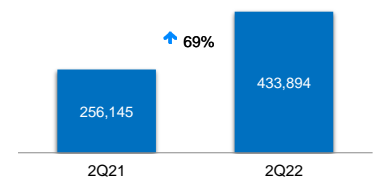
Telephony Subscribers

The Telephony segment finished the quarter at 3'134,337 subscribers, 328 thousand net adds compared to 2Q21, which represents an increase of 11.7%. During the quarter, the Company posted 45 thousand new subscribers, an increase of 1.5% compared to 1Q22. The growth of this service has been mainly driven by the Company's bundling strategy.



Mobile Services Subscribers

At the end of the quarter, the Mobile Service segment reached 433,894 lines, which represented 178 thousand net adds compared to 2Q21 and remaining unchanged on a sequential basis. During the period, the Company continued to disconnect non-active lines.



Churn Rate

The churn rate of the three mass segment services increased in both the annual and sequential comparisons. This was mainly due to the softer domestic and international economic outlook.

	2Q22	2Q21	1Q22
Internet	2.7%	2.0%	2.1%
Video	2.6%	2.2%	2.3%
Telephony	2.9%	2.5%	2.5%

Revenues

2Q22 total revenues reached Ps. 6,681 million, a record for the Company in a single quarter and an increase of 10.2% compared to 2Q21. Revenues for the Mass Services segment grew 9.3%, driven by a higher number of subscribers and additional services revenues. During the same period, Corporate segment revenues maintained their double-digit growth trend, increasing 14.6% compared to 2Q21.

	2Q22	2Q21	%Var	6M22	6M21	%Var
Internet	2,266,175	2,034,055	11%	4,457,198	4,017,251	11%
Video	2,447,200	2,338,674	5%	4,877,710	4,688,167	4%
Telephony	629,630	576,527	9%	1,283,973	1,128,762	14%
Mobile Service	144,168	67,486	114%	278,505	127,544	118%
Others	12,676	16,476	-23%	25,826	32,109	-20%
Total Mass Market	5,499,848	5,033,219	9%	10,923,211	9,993,832	9%
Corporate	1,181,338	1,030,583	15%	2,320,401	2,021,948	15%
Total	6,681,186	6,063,802	10%	13,243,612	12,015,780	10%

ARPU

ARPU per unique subscriber reached Ps. 427.3, up 3.5% compared to 2Q21. This was due to the focus on the marketing of triple play packages, rate increases in 1Q22 and the contribution of additional services such as the Xview platforms. On a sequential basis, this metric posted a slight increase. Regarding ARPUs by service, Internet and Video increased compared to 2Q21 and 1Q22, while Telephony decreased in both comparisons. Mobile ARPU increased significantly as a result of the aforementioned adjustment.

	2Q22	2Q21	% Var	1Q22	% Var
ARPU (1) (Ps.)					
Unique subscriber (2)	427.3	412.8	4%	422.4	1%
Internet	194.0	187.0	4%	188.4	3%
Video	230.7	226.1	2%	229.0	1%
Telephony	67.6	69.2	-2%	71.1	-5%
Mobile Services	110.9	96.1	15%	108.6	2%

Note:

- (1) ARPU, or average revenue per unit for each segment, is the result of calculating total revenue for the corresponding segment during the period, divided by the average number of subscribers for the corresponding period.
- (2) Mobile Services revenues are not included in the ARPU per unique subscriber calculation.

Corporate Telecom Segment Revenues

Corporate Telecom segment revenues increased 14.0% compared to 2Q21. This performance was supported by MetroCarrier's 18.3% growth, driven by higher revenues from connectivity services. In addition, MCM maintained its positive trend and recorded its highest growth in the last three years. The participation of this segment in the Company's total revenues was 16.2%, compared to 15.7% in 2Q21.

	2Q22	2Q21	%Var	6M22	6M21	%Var
Metrocarrier	604,471	511,044	18%	1,203,163	1,009,360	19%
HO1A	182,105	181,428	0%	367,282	338,040	9%
MCM	297,864	258,999	15%	574,160	514,648	12%
Corporate Telecom	1,084,440	951,470	14%	2,144,605	1,862,048	15%
PCTV	96,898	79,113	22%	175,796	159,901	10%
Total	1,181,338	1,030,583	15%	2,320,401	2,021,948	15%

Cost & Expenses

During the quarter, cost of services increased 11.7% compared to the second quarter of 2021, mainly due to costs related to the overall growth of the Company, higher bandwidth offered and the larger operations in the mobile services business in the Mass segment. On the other hand, operating expenses increased 12.6%, particularly in the Mass segment, due to the larger operations, inflationary pressures, and higher wages and electricity costs.

EBITDA

2Q22 Consolidated EBITDA reached Ps. 3,258 million, an increase of 8.2% compared to the same period of the previous year, with a consolidated margin of 48.8%. Likewise, adjusted EBITDA from Cable operations continued its growth trend, amounting to Ps. 3,065 million, 8.0% higher compared to 2Q21, with a margin of 50.2%.

	2Q22	2Q21		6M22	6M21	
Consolidated operating profit	1,720,825	1,742,917	-1%	3,509,594	3,483,957	1%
Consolidated depreciation and amortization	1,536,777	1,267,753	21%	2,976,496	2,529,692	18%
Consolidated EBITDA ⁽¹⁾	3,257,602	3,010,671	8%	6,486,090	6,013,650	8%
Consolidated EBITDA Margin	48.8%	49.6%		49.0%	50.0%	
MCM, Ho1a and PCTV EBITDA	192,256	172,565	11%	360,734	338,609	7%
Cable Adjusted EBITDA ⁽²⁾	3,065,346	2,838,106	8%	6,125,356	5,675,040	8%
EBITDA Margin of Cable	50.2%	51.2%		50.5%	51.6%	

Notes:

(1) Consolidated EBITDA is calculated by adding to the net income/loss the following: depreciation and amortization, net comprehensive financing result, non-recurring expenses (income), total income tax, employee profit sharing, interests in affiliated and associated companies, and non-controlling interest.

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

Net Comprehensive Financing Result

During the quarter, the Company recorded a net financing expense of Ps. 129.1 million, mainly comprised of net interest expense of Ps. 141.4 million, and a foreign exchange gain of Ps. 12.3 million.

	2Q22	2Q21
Net Exchange Profit	12,339	409
Interest Income	67,427	55,424
Interest Expense	208,852	185,045
Net Comprehensive Financial Result	(129,086)	(129,212)

Net Income

Net Income for the quarter closed at Ps. 1,017 million, lower than the figure reported in 2Q21, mainly due to higher depreciation from investments and a higher tax rate.

Net Debt

Megacable closed the quarter with a Net Debt of Ps. 7,808 million, which represents a higher level of leverage, both on an annual and sequential basis. This was due to a lower cash balance, as the Company paid Ps. 2,418 million in dividends during the quarter, as well as a higher debt resulting from the engagement of additional short-term loans.

	2Q22	2Q21	1Q22
Short Term Debt	5,827,466	666,599	4,268,774
One year maturity of long-term bank loans	5,765,993	561,481	4,184,480
Short-term leases	61,473	105,118	84,295
Long-Term Debt	3,747,900	6,612,527	3,703,923
Bank Loans	3,453,778	6,359,954	3,456,703
Long-term leases	294,122	252,572	247,220
Total Debt	9,575,366	7,279,126	7,972,697
Cash and Short-Term Investments	1,767,467	3,265,079	3,138,629
Net Debt	7,807,899	4,014,046	4,834,068

CAPEX

Megacable invested Ps. 2,796 million during 2Q22, representing 41.9% of the Company's revenues for the quarter. During this period, the Company continued to focus on the execution of its network evolution project and the entry into new markets. These investments will contribute to subscriber and revenue growth in the coming periods.

Stock Information

Ticker MEGACPO	CPOs	"A" Series
Total Shares (thousands)	853,789	1,721,356
Shares in treasury (thousands)	3,202	6,403
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 42,061
Closing price (Ps) *		\$ 48.87
Free float		52%
As of June 30, 2022		

* Source: Infotel

2Q22 Earnings Conference Call

Megacable will hold its 2Q22 Earnings Conference Call on Thursday, July 28, 2022 at 10:00 am (Mexico City Time) / 11:00 am (New York Time).

To access the call, please dial:

From within the U.S. 1-877-451-6152

From outside the U.S. 1-201-389-0879

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1558973&tp_key=99f2702a35

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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: <https://inversionistas.megacable.com.mx/en/index.php>

Megacable Holdings, S.A.B. de C.V.

Statement of Financial Position

As of June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	1,767,467	3,265,079
Accounts receivable from customers and advances to suppliers, net	3,576,674	3,729,790
Recoverable taxes	1,279,920	867,337
Inventories	592,528	444,833
Total Current Assets	7,216,590	8,307,039
NON-CURRENT ASSETS		
Property, systems and equipment, net	41,491,606	35,325,647
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	338,661	259,280
Other assets	281,237	1,168,552
Affiliated and associated companies	1,011,866	934,225
Total Assets	54,718,357	50,373,139
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	5,765,993	561,481
Suppliers	4,395,914	4,050,303
Short-term affiliated and associated companies	105,818	3,645
Accounts payable and accrued expenses payable	1,447,702	2,046,901
Short-term leases payable	61,473	105,118
Total Current Liabilities	11,776,901	6,767,448
LONG TERM LIABILITIES		
Bank loans	3,453,778	6,359,954
Labor obligations	239,011	215,580
Deferred taxes	2,806,500	2,063,582
Affiliated and associated companies	612,514	729,085
Accrued Income	658,910	-
Long-term leases payable	294,122	252,572
Total Long-Term Liabilities	8,064,836	9,620,773
Total Liabilities	19,841,737	16,388,221
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	29,784,875	28,985,522
Minority Interest	1,569,719	1,477,784
Legal Reserve	494,223	493,808
Total Stockholders' Equity	34,876,621	33,984,919
Total Liabilities & Stockholders' Equity	54,718,357	50,373,139

Megacable Holdings, S.A.B. de C.V.

Income Statement

Second Quarter 2022 and 2021

	2Q22	2Q21	% Var
Income	\$ 6,681,186	\$ 6,063,802	10%
Cost of Services	1,768,708	1,583,455	12%
Gross Profit	\$ 4,912,478	\$ 4,480,347	10%
Operating and General Expenses	1,654,876	1,469,676	13%
EBITDA	\$ 3,257,602	\$ 3,010,671	8%
Depreciation and amortization	1,536,777	1,267,753	21%
Operating Profit	\$ 1,720,825	\$ 1,742,917	(1%)
Other income (expenses), net	21	16,167	(100%)
Comprehensive Financing Income, Net	129,086	129,212	(0%)
Income Before Income Tax and Minority Interest	\$ 1,591,760	\$ 1,629,873	(2%)
Income Tax	515,874	437,502	18%
Net Profit	\$ 1,075,887	\$ 1,192,370	(10%)
Net income attribute to:			
Non-Controlling interest	59,321	53,030	12%
Controlling interest	1,016,566	1,139,340	(11%)
	\$ 1,075,887	\$ 1,192,370	(10%)

	6M22	6M21	% Var
Income	\$ 13,243,612	\$ 12,015,780	10%
Cost of Services	3,475,510	3,107,959	12%
Gross Profit	\$ 9,768,102	\$ 8,907,822	10%
Operating and General Expenses	3,282,012	2,894,172	13%
EBITDA	\$ 6,486,090	\$ 6,013,650	8%
Depreciation and amortization	2,976,496	2,529,692	18%
Operating Profit	\$ 3,509,594	\$ 3,483,957	1%
Other income (expenses), net	- 24,143	28,119	NA
Comprehensive Financing Income, Net	217,124	326,114	(33%)
Income Before Income Tax and Minority Interest	\$ 3,268,328	\$ 3,185,962	3%
Income Tax	968,547	859,211	13%
Net Profit	\$ 2,299,781	\$ 2,326,751	(1%)
Net income attribute to:			
Non-Controlling interest	113,299	84,860	34%
Controlling interest	2,186,482	2,241,891	(2%)
	\$ 2,299,781	\$ 2,326,751	(1%)

Megacable Holdings, S.A.B. de C.V.

Income Statement by Segment
Second Quarter 2022 and 2021

	2Q22	2Q21	% Var
CABLE OPERATIONS			
Income	\$ 6,104,319	\$ 5,544,262	10%
Cost of Services	1,573,365	1,392,462	13%
Gross Profit	4,530,953	4,151,800	9%
Operating and General Expenses	1,465,607	1,313,694	12%
EBITDA	\$ 3,065,346	\$ 2,838,106	8%
	50.2%	51.2%	
OTHER			
Income	576,867	519,540	11%
MCM	297,864	258,999	15%
HO1A	182,105	181,428	0%
PCTV	96,898	79,113	22%
Cost of Services	195,343	190,993	2%
MCM	37,190	23,541	58%
HO1A	110,051	129,336	(15%)
PCTV	48,102	38,116	26%
Gross Profit	381,524	328,546	16%
Operating and General Expenses	189,268	155,981	21%
MCM	111,197	99,440	12%
HO1A	39,346	23,661	66%
PCTV	38,725	32,880	18%
EBITDA			
MCM	149,477	136,017	10%
HO1A	32,708	28,430	15%
PCTV	10,071	8,117	24%
EBITDA	\$ 192,256	\$ 172,565	11%
	33.3%	33.2%	
TOTAL OPERATION			
Income	6,681,186	6,063,802	10%
Cost of Services	1,768,708	1,583,455	12%
Gross Profit	4,912,478	4,480,347	10%
Operating and General Expenses	1,654,876	1,469,676	13%
EBITDA	\$ 3,257,602	\$ 3,010,671	8%
	48.8%	49.6%	

Megacable Holdings, S.A.B. de C.V.

Income Statement by Segment

Accrued as of Second Quarter 2021 and 2020

	6M22	6M21	% Var
CABLE OPERATIONS			
Income	\$ 12,126,374	\$ 11,003,192	10%
Cost of Services	3,082,609	2,757,107	12%
Gross Profit	9,043,765	8,246,084	10%
Operating and General Expenses	2,918,409	2,571,044	14%
EBITDA	\$ 6,125,356	\$ 5,675,040	8%
	50.5%	51.6%	
OTHER			
Income	1,117,238	1,012,589	10%
MCM	574,160	514,648	12%
HO1A	367,282	338,040	9%
PCTV	175,796	159,901	10%
Cost of Services	392,901	350,851	12%
MCM	65,385	48,142	36%
HO1A	240,446	223,612	8%
PCTV	87,070	79,098	10%
Gross Profit	724,337	661,737	9%
Operating and General Expenses	363,603	323,128	13%
MCM	216,588	200,386	8%
HO1A	75,412	58,534	29%
PCTV	71,603	64,208	12%
EBITDA			
MCM	292,187	266,120	10%
HO1A	51,425	55,894	(8%)
PCTV	17,123	16,595	3%
EBITDA	\$ 360,734	\$ 338,609	7%
	32.3%	33.4%	
TOTAL OPERATION			
Income	13,243,612	12,015,780	10%
Cost of Services	3,475,510	3,107,959	12%
Gross Profit	9,768,102	8,907,822	10%
Operating and General Expenses	3,282,012	2,894,172	13%
EBITDA	\$ 6,486,090	\$ 6,013,650	8%
	49.0%	50.0%	