

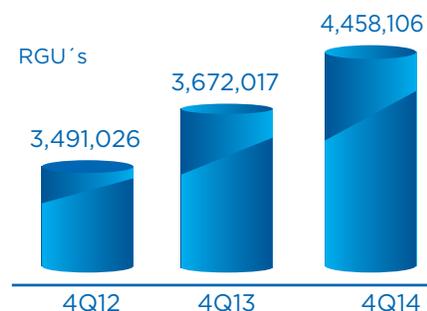
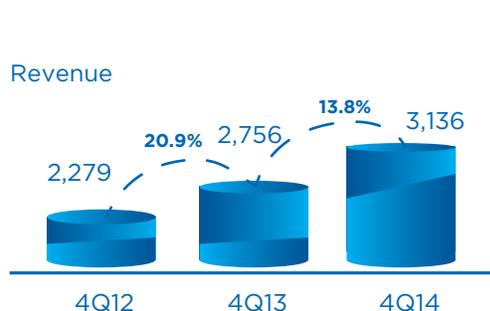
## Highlights:

- Video subscribers rose 5%, with net additions of 107 thousand during the quarter, the highest growth in Megacable’s history.
- The Internet Segment increased 40%, with net additions of 380 thousand subscribers in the year.
- Revenues registered solid growth of 14% in both the quarter and the year.
- EBITDA margin for the Cable Segment was 44.3%.
- RGUs reached 4.5 million subscribers, up 21%, resulting in 1.74 RGUS per subscriber vs. 1.63 in 2013

Guadalajara, Jalisco, Mexico, February 17, 2015 - Megacable Holdings S.A.B. de C.V. (“Megacable” or “the Company”) (BMV:MEGA.CPO) announced today its results for the fourth quarter of 2014 (4Q14). 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	4Q14	4Q13	4Q14 vs 4Q13
Revenues	3,136	2,756	14%
Adjusted EBITDA for Cable Operations	1,185	1,131	5%
Adjusted EBITDA Margin for Cable Operations	42.7%	45.2%	
Consolidated EBITDA	1,255	1,188	6%
<b>Consolidated EBITDA Margin</b>	<b>40.0%</b>	<b>43.1%</b>	
Net Income	540	327	65%
Net Debt	(1,098)	(404)	172%
<b>Net Debt / Annualized Consolidated EBITDA</b>	<b>(0.23)</b>	<b>(0.09)</b>	
Interest Coverage	38.13	25.39	



## Executive Summary

Megacable concluded 2014 with outstanding operating results, reaching 4,458,106 RGU's, and increasing the number of services per subscriber, totaling 1.74 RGU's per unique subscriber. The Company ended the year with 2.4 million subscribers in the video segment, 1.3 million subscribers in Internet and 721 thousand in telephony, increases of 12%, 40% and 25%, respectively, year-over-year. It is worth mentioning that due to the Company's successful marketing strategies, the internet segment registered the highest growth, from 950,705 to 1,330,614 subscribers year-over-year. Moreover, during the quarter the video segment reached record growth in the history of Megacable, increasing over 107 thousand net additions, up 5%, compared to 3Q14. This result was driven by the digitalization project and better quality service.

Megacable reported service income of Ps. 3,136 million, up 14% compared to 4Q13. On a cumulative basis during 2014, service income reached Ps. 11,504 million, a similar growth as during the quarter.

The consolidated EBITDA reached Ps. 1,255 million in 4Q14, with a consolidated EBITDA margin of 40.0%. On an accumulated basis, EBITDA was Ps. 4,848 million, with an EBITDA margin of 42.1%, up 11% year-over-year. Adjusted EBITDA in the cable segment rose 9% year-over-year, achieving a margin on cable revenues equal to 42.7% during 4Q14, and 44.3% for 2014.

As December 31 of the end of 2014, net income totaled Ps. 2,279 million, a net margin of 20% and representing 17% growth compared to 4Q13.

In 4Q14 the Company acquired the majority stake of PCTV, therefore at the beginning of this quarter its operations were consolidated. PCTV is property of the different Mexican cable operators and at the same time it obtains programming from the various independent content providers.

During 2014, the Company invested Ps. 2,336 million in CAPEX, which represents 20% of total income. The CAPEX was mainly allocated towards, purchase of subscriber equipment, both for the digitalization project, as well as for Internet/Telephony subscriber growth for a total amount of Ps. 971 million, the construction of new network kilometers for Ps. 349 million and the modernization of the Company's cable network for Ps. 104 million, which represent 42%, 15% and 5%, respectively.

With respect to Balance Sheet, the Company continues to present a solid position. In general terms, Megacable's main financial ratios improved in 2014; most notably Net Debt/Annualized EBITDA ratio improved from -0.09x to -0.23x, year-over-year.

## Operating Results by Business Segment

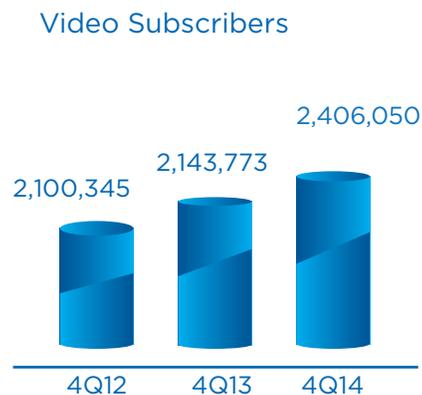
	4Q14	4Q13	3Q14	Variation %	
				4Q14 Vs 4Q13	4Q14 Vs 3Q14
<b>Arpu (1) (Ps.)</b>					
Unique Subscribers	415.1	408.8	395.2	2%	5%
Video	230.3	243.2	229.1	-5%	1%
Internet	192.1	201.3	184.5	-5%	4%
Telephony	175.9	182.1	166.0	-3%	6%
<b>Monthly Average Churn Rate</b>					
Video	2.1%	2.8%	2.7%		
Internet	2.0%	2.9%	2.6%		
Telephony	4.1%	3.2%	4.2%		

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.

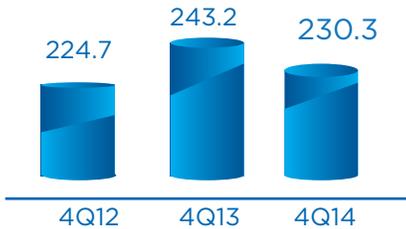
## Video Segment

**Video subscribers** reached 2,406,050, adding more than 262 thousand subscribers, year-over-year for a 12% increase, with 107 thousand net additional subscribers during the quarter, representing 5% growth. This result was driven by the different commercial strategies implemented as well as the digitalization project offered through our “SOMOS MAS” campaign, which was effective during the year.



**The Digitalization Project** added more than 325 thousand digital subscribers year-over-year and more than 128 thousand digital subscribers, which represents 8% growth during the quarter and 25% growth year-over-year, placing 1.6 million digital boxes in the market and approximately 1.9 million additional boxes, for a total of 3.5 million boxes; 69% of Megacable’s subscribers are digitalized, reaching 17 cities that are 100% digitalized.

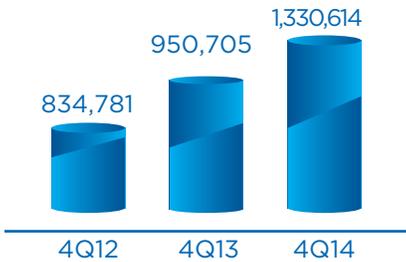
ARPU Video



**Video ARPU** declined 5% compared to 4Q13. It is important to mention that during December 2013, the Company registered non-recurring revenues which increased the ARPU. For the quarter, video ARPU remained in line with 3Q14 reaching Ps. 230.3, which is the level shown through out the year. Megacable continues innovating new products such as Megacable Play in order to increase the average revenue in this segment.

## Internet

Subscribers Internet



**The Broadband Internet segment** reported an outstanding 40% increase in subscribers year-over-year, growing its subscriber base by approximately 380 thousand net adds, for a total of 1,330,614 subscribers. During 4Q14 Megacable reached approximately 122 thousand net adds, an increase of 10% compared to 3Q14. These results were driven by the outstanding service quality and performance of product at the best market price.

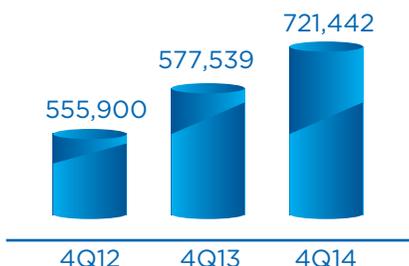
Internet ARPU



**Internet ARPU** decreased 5% compared to 4Q13, due to the subscriber mix registered with services at more competitive prices and noteworthy growth in Triple Pack. When compared to 3Q14, Internet ARPU grew 4% driven by the “Back to School” promotion that started registering revenues in 4Q14, in addition to the competitive rates offered by Megacable for the fastest connection speed.

## Telephony

Subscribers Telephony

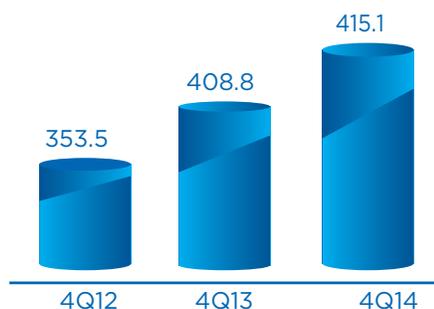


**The Telephony segment** closed the quarter with 721,442 subscribers, which represented an increase of approximately 144 thousand net additions year-over-year, equal to 25% growth. When compared to 3Q14, this figure grew 6% with approximately 43 thousand net additions in 3Q14.

**Telephony ARPU** declined 3% compared to 4Q13 and increased 6% compared to 3Q14 due to seasonality and subscriber growth.

## Unique Subscribers and Revenue Generating Units (RGU's)

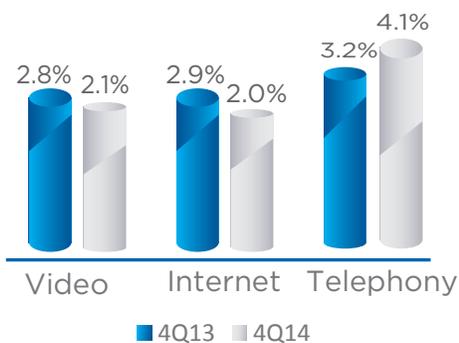
Subscribers Unique



During 4Q14 RGU's reached 4,458,106, an increase of 21% compared to 4Q13, driven by growth in the various segments. As a result, RGU's by unique subscriber increased to 1.74. Unique subscribers for 4Q14 reached 2,560,273, up 14% when compared to 4Q13.

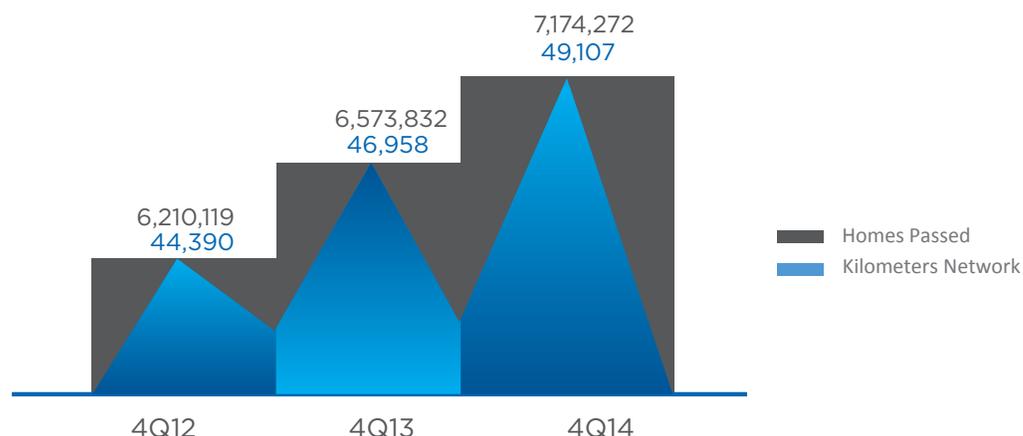
**ARPU per unique subscriber** rose 2% compared to 4Q13 and 5% compared to 3Q14 due to the increase in the corporate segment revenue and RGU's per subscriber, for an ARPU of Ps. 415.1.

## Average Monthly Churn Rate



**The average monthly churn rate** for the video and internet segments declined compared to 4Q13; video went from 2.8% to 2.1%, down 70 basis points and internet went from 2.9% to 2.0%, a decrease of 90 basis points, while telephony increased from 3.2% to 4.1%, up 90 basis points year-over-year.

## Homes Passed and Network Kilometers



## Revenue Breakdown by Business

	4Q14	4Q13	Variation % 4Q14 Vs 4Q13	12M14	12M13	Variation % 12M14 Vs 12M13
<b>Corporate income and carriers</b>						
Metrocarrier	24,698	48,548	-49%	138,738	131,934	5%
MCM	147,697	123,929	19%	534,205	425,459	26%
Hola	104,161	130,117	-20%	441,923	130,117	240%
PCTV	110,936	-	100%	110,936	-	100%
<b>Income</b>	<b>387,491</b>	<b>302,595</b>	<b>28%</b>	<b>1,225,801</b>	<b>687,511</b>	<b>78%</b>
<b>Business Income for incorporation of Cable operations</b>						
Video	43,682	35,404	23%	163,446	138,761	18%
Internet	93,638	60,371	55%	315,966	222,841	42%
Telephony	41,964	31,892	32%	148,376	121,567	22%
<b>Income</b>	<b>179,284</b>	<b>127,668</b>	<b>40%</b>	<b>627,788</b>	<b>483,169</b>	<b>30%</b>
<b>Total Income</b>	<b>566,775</b>	<b>430,262</b>	<b>32%</b>	<b>1,853,589</b>	<b>1,170,680</b>	<b>58%</b>

## Corporate Segment

Revenues from the corporate segment reached Ps. 567 million, an increase of 32% compared to 4Q13. This segment represented 18% of Megacable's 4Q14 consolidated revenues.

### Revenues from Corporates and Carriers

These are comprised of the Metrocarrier, MCM, Ho1a and PCTV businesses which are focused on various segments of connectivity, equipment and managed services and content. Currently, this segment contributes approximately 12% of Megacable's revenues, reaching Ps. 387 million, an increase of 28% compared to 4Q13. In addition, Megacable continues to take 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, reached Ps. 179 million in 4Q14, an increase of 40% compared to 4Q13. This segment represented 6% of Megacable's consolidated revenues.

Note: Corporate Revenue from Cable listed in this section is only for comparative purposes of the corporate segment, but they are included in each product segment as mentioned above this paragraph.

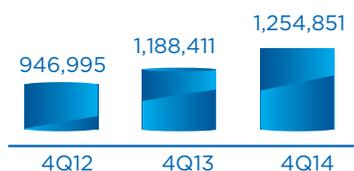
## Additional Financial Information

	Income by Segment			In millions of pesos	
	4Q14	4Q13	4Q14 Vs 4Q13	3Q14	4Q14 Vs 3Q14
Video	1,634	1,559	5%	1,570	4%
Internet	742	561	32%	647	15%
Telephony	373	309	21%	332	12%
Corporate	387	303	28%	307	26%
Other	-	25	-100%	24	-100%
<b>Total</b>	<b>3,136</b>	<b>2,756</b>	<b>14%</b>	<b>2,880</b>	<b>9%</b>

## Revenues

Total income rose 14%, year-over-year, reaching a total of Ps. 3,136 million, as a result of the wide acceptance of our internet product, which registered significant growth of 32% from 4Q13 to 4Q14. In addition, revenues by segment grew 5% in Video, 21% Telephony and 28% Corporate; starting this quarter the Company is consolidating the PCTV operations. The residential and corporate segments represent 78% and 22%, respectively of the total income growth.

## EBITDA Consolidated



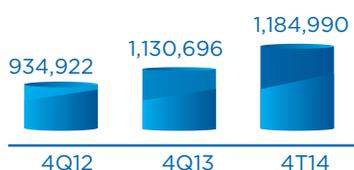
## Cost of Service

Cost of service increased 15% in the quarter year-over-year, mainly due to the integration of PCTV, which was acquired during 4Q14 and represents 9% of the cost increase. The remaining 6% is explained by the normal operating growth in 4Q14.

## Operating and General Expenses

Operating and general expenses increased 26% compared to 4Q13, as a result of the marketing campaigns mainly launched at the end of the year seeking to increase the subscriber base in the different segments. We are generating also a reserve for the fine issued by the IFT for alleged monopolistic practice and incorporating the aforementioned numbers for PCTV, along with a 14% growth in the number of employees.

## EBITDA Adjusted



## EBITDA

Adjusted EBITDA for the cable operations reached Ps. 1,185 million during 4Q14, up 5% when compared to 4Q13, with an adjusted EBITDA margin of 42.7%. Consolidated EBITDA margin was 40.0% in 4Q14, reaching Ps. 1,255 million, which represents a 6% increase compared to 4Q13.

In thousands of pesos	4Q14	4Q13	4Q14 Vs 4Q13
<b>Consolidated</b>			
Consolidated operating profit	799,011	778,728	3%
Plus consolidated depreciation and amortization	455,840	409,683	11%
<b>Consolidated EBITDA(1)</b>	<b>1,254,851</b>	<b>1,188,411</b>	<b>6%</b>
<b>Consolidated EBITDA margin</b>	<b>40.0%</b>	<b>43.1%</b>	
<b>Cable Operations</b>			
Non Cable Operations	69,861	57,715	21%
<b>Cable Adjusted EBITDA(2)</b>	<b>1,184,990</b>	<b>1,130,696</b>	<b>5%</b>
<b>EBITDA Margin of Cable</b>	<b>42.7%</b>	<b>45.2%</b>	

Notes:

(1) 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.

(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, Leverage, and Capital Structure

### Liquidity

Total current assets increased 42% from 4Q13 to 4Q14 to Ps. 5,567 million. This is mainly explained by a 53% increase in cash and short term investments, as well as an increase in recoverable taxes due to the annual down payments and the tax credit derived from the acquisition of fixed assets.

In thousands of pesos	Net Comprehensive Financing	
	12M14	12M13
Net Exchange Gain	2,372,779	4,211,049
Interest Income	162,943	181,297
Net Exchange Loss	2,445,416	4,187,865
Interest Expense	127,151	171,317
<b>Net Comprehensive Financing</b>	<b>-36,845</b>	<b>33,164</b>

### Property, Systems and Equipment, Net

Property, Systems and Equipment reached Ps. 14,321 million in 4Q14, up 15% or Ps. 1,835 million, compared to 4Q13. 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.

## Debt

The Company closed the quarter with a Net Debt / annualized EBITDA ratio of -0.23x with an interest coverage of 38.13x.

Additionally, the Company contracted two bank loans totaling US\$ 40 million in 4Q14, for the payment of its obligations denominated in USD.

	As of December 31	
Debt Ratios	2014	2013
Debt Ratio	0.29	0.30
Debt to Equity Ratio	0.41	0.43
Net Debt / Annualized EBITDA	(0.23)	(0.09)
EBITDA / Interest Expenses	38.13	25.39

In terms of Net Debt, Megacable closed the quarter with excess cash of Ps. 1,098 million over the Company's total financial debt; regardless of Megacable's continued investment in strategic growth.

Debt Ratios	4Q14	4Q13
Short Term Debt	684,591	85,622
One year maturity of long term bank loans	684,591	85,622
Long Term Debt	2,215,417	2,117,947
Bank Loans	2,131,407	2,114,764
Accounts Payable	84,010	3,183
Total Debt	2,900,008	2,203,569
Cash and Short Term Investments	3,998,036	2,607,164
<b>Net Debt</b>	<b>(1,098,028)</b>	<b>(403,596)</b>

## Shareholders' Equity

Shareholders' equity rose 15% from Ps. 15,481 million in 4Q13 to Ps. 17,845 million in 4Q14, mainly as a result of the 20% increase in the Company's retained earnings.

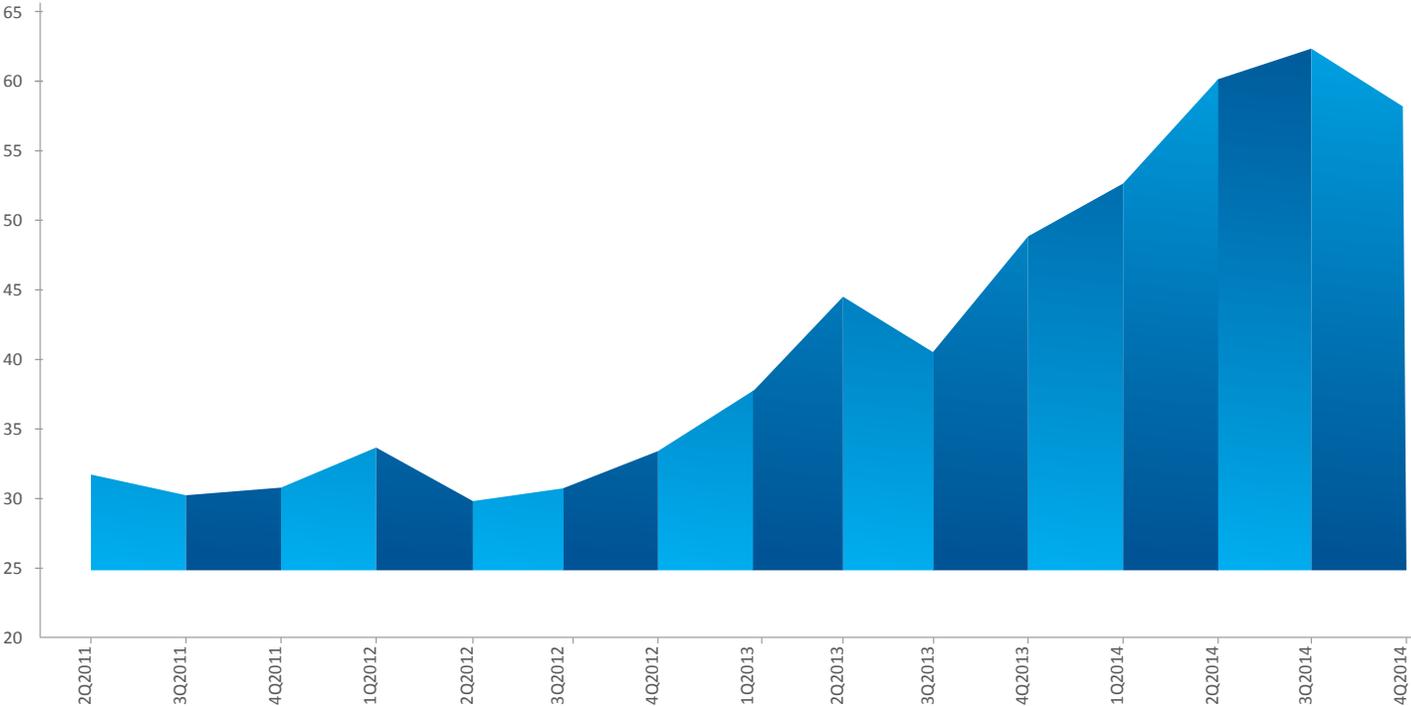


**CAPEX**

During 4Q14, Megacable invested Ps. 579 million, which was mainly allocated towards the construction of new network kilometers, purchase of subscriber equipment, both for the digitalization project, as well as for Internet/Telephony subscriber growth and the modernization of the Company’s cable network.

**Shares Outstanding**

As of December 31, 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 4Q14 were 225 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 300 municipalities. As of December 31, 2014, the Company had 14,477 employees.

# Balance Sheet



MEGACABLE®

In thousands of pesos

As of December 31

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and short term investments	3,998,036	2,607,164
Accounts receivable and other, net	858,728	889,868
Recoverable taxes	554,669	220,912
Inventories	155,815	201,569
<b>Total Current Assets</b>	<b>5,567,248</b>	<b>3,919,513</b>
Investment in associated companies	-	101,770
Property, systems and equipment, net	14,321,352	12,485,905
Net goodwill	4,377,708	4,378,397
Deferred taxes	226,584	179,915
Other assets	106,625	327,288
Associated companies and joint venture	645,851	703,510
<b>Total Assets</b>	<b>25,245,369</b>	<b>22,096,298</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Due within one year of long- term	684,591	85,622
Suppliers	871,832	682,929
Associated companies and joint venture	19,253	142,372
Sundry creditors and accrued expenses	722,895	851,432
<b>Total Short-Term Liabilities</b>	<b>2,298,572</b>	<b>1,762,355</b>
<b>LONG- TERM</b>		
Bank Loans	2,131,407	2,114,764
Labor obligations	185,932	140,355
Accounts payable	84,010	3,183
Deferred taxes	2,053,213	1,850,338
Associated companies and joint venture	647,481	743,817
<b>Sum of Long Term Liabilities</b>	<b>5,102,043</b>	<b>4,852,457</b>
<b>Sum of Total Liabilities</b>	<b>7,400,615</b>	<b>6,614,812</b>
<b>EQUITY</b>		
Capital Stock	910,244	910,244
Net premium in capital	2,117,560	2,117,560
Retained earnings	13,657,952	11,361,453
Minority Interest	670,165	603,398
Legal reserve	488,832	488,832
<b>Total stockholders' equity</b>	<b>17,844,754</b>	<b>15,481,486</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>25,245,369</b>	<b>22,096,298</b>

# Quarterly Income Statement



MEGACABLE®

In thousands of pesos

	4Q14	4Q13	Variation % 4Q14 Vs 4Q13
<b>Revenue</b>	<b>\$3,136,321</b>	<b>\$2,756,148</b>	<b>14%</b>
Cost of services	928,097	809,072	15%
<b>Gross profit</b>	<b>\$2,208,225</b>	<b>\$1,947,076</b>	<b>13%</b>
Operating expenses and general	953,373	758,665	26%
<b>EBITDA</b>	<b>\$1,254,851</b>	<b>\$1,188,411</b>	<b>6%</b>
Depreciation and amortization	455,840	409,683	11%
<b>Operating Income</b>	<b>\$799,011</b>	<b>\$778,728</b>	<b>3%</b>
Other income (expense), net	-28,290	47,103	(160%)
Comprehensive financing, net	57,201	-28,854	(298%)
Equity in income of associated companies	0	2,959	(100%)
Income before taxes and minority interest	<b>\$713,520</b>	<b>\$851,727</b>	<b>(16%)</b>
Income taxes	196,236	456,521	(57%)
<b>Net income for the period</b>	<b>\$517,284</b>	<b>\$395,206</b>	<b>31%</b>
Net income attributed to:			
Minority Interest	-23,071	68,275	(134%)
Majority interest	540,355	326,931	65%
	<b>\$517,284</b>	<b>\$395,206</b>	<b>31%</b>

# Accumulated Income Statement



MEGACABLE®

In thousands of pesos

	12M14	12M13	Variation % 12M14 Vs 12M13
<b>Revenue</b>	<b>\$11,503,631</b>	<b>\$10,076,513</b>	<b>14%</b>
Cost of services	3,355,521	2,978,945	13%
<b>Gross profit</b>	<b>\$8,148,109</b>	<b>\$7,097,568</b>	<b>15%</b>
Operating expenses and general	3,300,313	2,747,834	20%
<b>EBITDA</b>	<b>\$4,847,796</b>	<b>\$4,349,734</b>	<b>11%</b>
Depreciation and amortization	1,731,765	1,546,678	12%
<b>Operating Income</b>	<b>\$3,116,031</b>	<b>\$2,803,057</b>	<b>11%</b>
Other income (expense), net	47,874	110,792	(57%)
Comprehensive financing, net	36,845	-33,164	(211%)
Equity in income of associated companies	-3,368	-14,930	(77%)
Income before taxes and minority interest	\$3,130,428	\$2,961,943	6%
Income taxes	786,308	890,517	(12%)
<b>Net income for the period</b>	<b>\$2,344,120</b>	<b>\$2,071,426</b>	<b>13%</b>
Net income attributed to:			
Minority Interest	64,708	130,659	(50%)
Majority interest	2,279,412	1,940,768	17%
	<b>\$2,344,120</b>	<b>\$2,071,426</b>	<b>13%</b>



## 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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