

Highlights

- ⦿ Consolidated Revenues rose 10.0% in 2Q19, with an 9% growth in the mass market, while consolidated EBITDA for 2Q19 reached Ps. 2,691 million, up 9% compared to 2Q18; with a consolidated margin of 49.6%.
- ⦿ ARPU per unique subscriber continues growing, reaching Ps. 396.5, a new record for the Company, representing 6.0% growth compared to 2Q18.
- ⦿ At the end of the quarter, RGUs rose by 8.4% to over Ps. 8.2 million, compared to 2Q18; RGUs per unique subscriber reached 2.27.
- ⦿ The Corporate Telecom segment, including Metrocarrier, ho1a and MCM, grew by 19.4% compared to 2Q18, mainly supported by the 34.4% revenue growth at ho1a and 19.8% at Metrocarrier.
- ⦿ During 2Q19, the Company acquired Axtel's optical fiber infrastructure and its mass market subscribers, as a result, this quarter figures include more than 50 thousand additional subs.
- ⦿ During the quarter, the Company recorded positive ratios of Net debt to EBITDA of 0.47x and CAPEX to Revenues of 29.7%, considering the aforementioned acquisition of Axtel and the dividend payment.

Guadalajara, Jalisco, Mexico, July 22, 2019 - 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 2019 (2Q19). 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

	2Q19	2Q18	% Var
Income	5,424,053	4,932,143	10.0%
Income excluding non-recurrent (1)	5,344,645	4,832,828	10.6%
EBITDA	2,691,438	2,473,968	8.8%
EBITDA Margin	49.6%	50.2%	
Net Profit	1,274,650	1,318,507	(3.3%)
Cash and short-term investments	2,567,674	2,986,150	(14.0%)
Net Debt	4,538,050	1,008,919	NA
CAPEX	1,612,255	1,449,181	11.3%
Mkt. Cap (Ps. Millions)	70,180	70,387	(0.3%)
Subscribers			
Video	3,217,561	3,153,770	2.0%
Internet	3,022,963	2,815,867	7.4%
Telephony	1,988,102	1,624,135	22.4%
Other Data			
Home Passed	8,702,132	8,282,638	5.1%
Network Kilometers	61,252	57,558	6.4%
Employees	21,263	18,986	12.0%

Notes

(1) Excluding Ps. 79 million during 2Q19 and Ps. 99 million during 2Q18 corresponding to extraordinary revenues.

For more information please visit: <http://inversionistas.megacable.com.mx>

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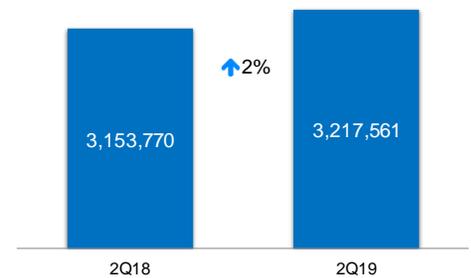
Mass Market

During the quarter, the slowdown of the Mexican economy continued as in previous quarters, which affected growth in the mass segment markets where the Company participates. During this period, the Company focused on achieving a healthier subscriber base through restrictive policies and commercial strategies directed at specific markets, including those that have a greater ARPU contribution. During the quarter, Megacable acquired Axtel's mass market subscribers in five cities where the Company was already present; as a result, figures at the end of the quarter include more than 50 thousand additional subscribers.

Video Subscribers

At the end of 2Q19, the Video segment reached 3'271,561 subscribers, a 2.0% increase, or 64 thousand net adds compared to 2Q18. When compared to 1Q19, subscribers for this segment grew by 21 thousand net adds.

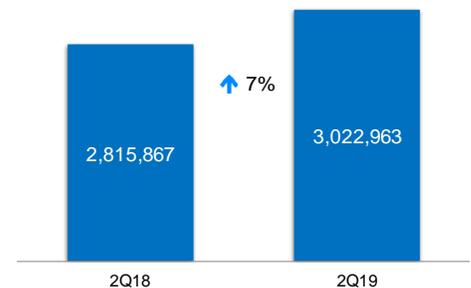
At the close of June 2019, Xview increased by 117 thousand net adds, a record figure for a quarter, reaching 621 thousand subscribers, up 23.4% compared to 1Q19. The Company continues to increase the available content in the platform, as well as to maintain the highest level of customer satisfaction. 83% of total subscriptions is digitalized, through 4.8 million set-top boxes (STB).



Internet Subscribers

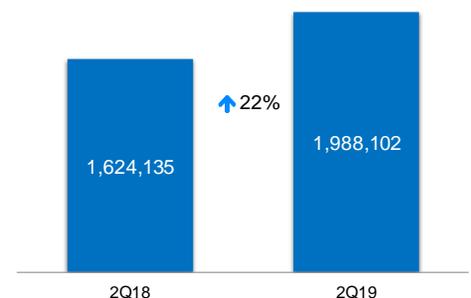
During 2Q19, the Internet segment reached 3'022,963 subscribers, representing 7.4% growth or 207 thousand net adds, compared to 2Q18. Compared to 1Q19, the Company registered 69 thousand net adds, up 2.3%.

Megacable continues to place a great effort on being the most competitive option within a market that is experiencing a slowdown, by offering a reliable service with faster speed levels through packages designed to the needs of each customer.



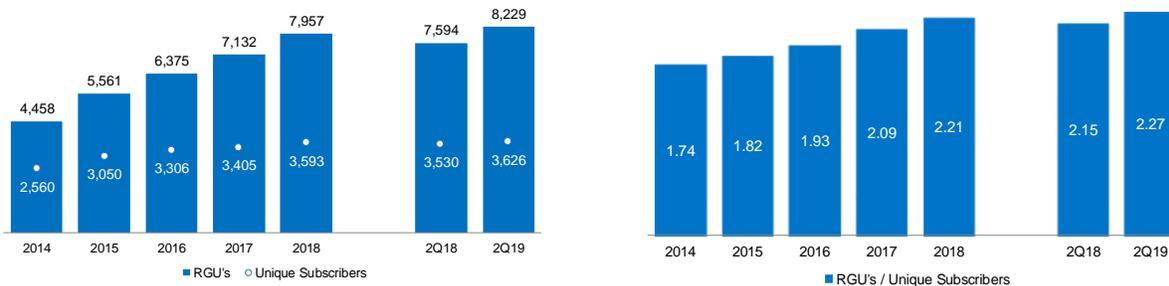
Telephony Subscribers

At the close of 2Q19, the Telephony segment reached 1'988,102 subscribers, representing a 22.4% growth, or 364 thousand net adds year-over-year. This segment increased by 4.3% or 82 thousand new subscribers compared to 1Q19. This result was mainly driven by the Company's successful bundling strategy.



Unique Subscribers and Revenue Generating Units (RGUs)

At the end of 2Q19, RGUs reached 8'228,625, up 8.4% compared to 2Q18. This was mainly due to the subscriber growth experienced throughout the Company's three mass segment markets. As a result of the aforementioned, RGUs per unique subscriber reached 2.27, continuing its upward trend.



Churn Rate

As a result of the economic deceleration observed during 2019, the Video and Internet segments churn rate increased when compared to 2Q18, while Telephony declined by 70 basis points, mainly as a result of the Company's commercial bundling strategies to retain subscribers. When compared to 1Q19, the Video and Internet segments churn rate declined by 10 basis points, while Telephony remained flat.

	2Q19	2Q18	1Q19
Video	2.7%	2.4%	2.8%
Internet	2.6%	2.4%	2.7%
Telephony	3.9%	4.6%	3.9%

Revenues

Total 2Q19 revenues reached Ps. 5,424 million, an 10.0% increase compared to 2Q18. Excluding the non-recurring revenues recorded total it increased by 10.6%. The mass market grew by 8.6%, mainly as a result of RGUs growth, revenues from additional services and the acquisition of Axtel's subscribers. Revenues for the corporate segment grew by 19.4%.

	2Q19	2Q18	%Var	6M19	6M18	%Var
Video	2,229,116	2,004,180	11%	4,419,517	4,006,522	10%
Internet	1,633,384	1,500,979	9%	3,246,285	2,977,156	9%
Telephony	393,278	411,847	-5%	766,070	804,177	-5%
Others	19,074	19,979	-5%	45,059	44,059	2%
Total Mass Market	4,274,852	3,936,985	9%	8,476,932	7,831,914	8%
Corporate	1,069,793	895,842	19%	2,018,003	1,695,708	19%
Total excluding non-recurrent	5,344,645	4,832,828	11%	10,494,935	9,527,623	10%
Non-recurrent	79,408	99,315	-20%	79,408	99,315	-20%
Total	5,424,053	4,932,143	10%	10,574,343	9,626,938	10%

ARPU

ARPU per unique subscriber continued its upward trend reaching Ps. 396.5, a record figure for the Company for a quarter, which represented 6.0% growth compared to 2Q18. The aforementioned was due to a greater number of RGU's per subscriber, driven by a strategy of focusing on triple-play packages; in addition to the contribution of additional services. By services, ARPU for the Video segment increased by 9.1% and Internet by 1.9%, while Telephony declined compared to 2Q18, mainly due to changes in revenue distribution, which primarily affected this service; as such we seek to more accurately reflect these operations going forward.

	2Q19	2Q18	% Var	1Q19	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	396.5	373.9	6%	390.3	2%
Video	232.6	213.1	9%	228.6	2%
Internet	182.7	179.3	2%	182.0	0%
Telephony	67.6	85.8	-21%	66.5	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 for the corresponding period.
- (2) Telephony ARPU declined due to changes in revenue distribution, which mainly affected this service; as such, the Company seeks to more accurately reflect these operations going forward.

Corporate Telecom Segment Revenues

Corporate Telecom segment revenues increased by 19.4% compared to 2Q18, representing 18.2% of Megacable's total revenues, versus 16.8% in 2Q18. During this quarter, Ho1a experienced significant growth of 34%, while Metrocarrier reached 20% growth and MCM rose by 10% compared to 2Q18.

	2Q19	2Q18	%Var	6M19	6M18	%Var
Metrocarrier	532,697	444,682	20%	972,638	798,318	22%
HO1A	195,425	145,448	34%	361,511	292,626	24%
MCM	259,678	237,063	10%	526,444	466,285	13%
Telecom Corporate	987,800	827,194	19%	1,860,593	1,557,229	19%
PCTV	81,993	68,648	19%	157,410	138,479	14%
Total	1,069,793	895,842	19%	2,018,003	1,695,708	19%

Costs & Expenses

During the quarter, service expenses increased by 15.4%, mainly due to ho1a and Metrocarrier in Telecom Corporate, and in line with revenue growth in these businesses; while the mass market registered higher programming, technical labor as well as marketing and promotion costs. Operating expenses rose by only 7.0%.

EBITDA

Consolidated EBITDA reached Ps. 2,691 million in 2Q19, a record figure for the Company for a quarter, which represented a 8.8% increase compared to 2Q18; with a consolidated margin of 49.6%. Likewise, adjusted EBITDA for the cable operations for 2Q19 reached Ps. 2,532 million, or 7.8% growth, compared to 2Q18, with a margin of 51.8%.

	2T19	2T18	%Var	6M19	6M18	%Var
CONSOLIDADO						
Utilidad de operación consolidada	1,717,253	1,682,090	2%	3,312,730	3,277,347	1%
Más depreciaciones y amortizaciones consolidadas	974,186	791,878	23%	1,929,121	1,570,156	23%
UAFIDA Consolidada (1)	2,691,438	2,473,968	9%	5,241,851	4,847,503	8%
Margen de UAFIDA Consolidada	49.6%	50.2%		49.6%	50.4%	
OPERACIONES DE CABLE						
Menos Operaciones no de Cable	159,427	126,128	26%	342,919	255,157	34%
UAFIDA Ajustada de Cable (2)	2,532,011	2,347,841	8%	4,898,932	4,592,347	7%
Margen de UAFIDA de Cable	51.8%	52.4%		51.4%	52.6%	

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. 1,275 million, a 3.3% decrease compared to Ps. 1,319 million in 2Q18. This result, was due to higher depreciation as a result of the investments made in previous years and the new IFRS 16.

Net Debt

At the close of 2Q19, Megacable's Net Debt was Ps. 4,538 million, an increase compared to Ps. 340 million in 1Q19. During the quarter, Megacable signed bridge loans for Ps. 2,900 million, maturing in July 2019, to finance the acquisition of Axtel's subscribers and to pay taxes. The Company is in the process of refinancing its short-term debt, including these loans. The Company's cash position declined as a result of the dividend payment that took place during the quarter.

	2Q19	2Q18	1Q19
Short Term Debt	6,713,906	135,287	3,854,059
One year maturity of long-term bank loans	6,654,391	135,287	3,775,111
Short-term leases	59,515	-	78,948
Long-Term Debt	391,819	3,859,782	335,879
Bank Loans	66,404	3,855,234	83,795
Accounts Payable	2,269	4,548	2,269
Long-term leases	323,146	-	249,815
Total Debt	7,105,725	3,995,068	4,189,938
Cash and Short-Term Investments	2,567,674	2,986,150	3,849,588
Net Debt	4,538,050	1,008,919	340,350

Net Comprehensive Financing Result

The Company reported a net financing result of Ps. 52.9 million during 2Q19, comprised of Ps. 42.8 million in net interest paid and a net exchange loss of Ps. 10.1 million.

	2Q19	2Q18
Net Exchange Loss (Profit)	10,117	(58,574)
Interest Income	129,103	95,749
Interest Expense	171,876	111,587
Net Comprehensive Financial Result	(52,890)	42,735

CAPEX

Megacable invested Ps. 1,612 million during 2Q19 to reach a total Ps. 2,997 million during the first six months of the year, which represented 28.3% of the revenues for the first half. Investments during the quarter were mainly allocated towards increasing network capacity, as well as the construction of new network kilometers and the purchase of subscriber equipment.

Stock Information

Ticker MEGACPO	CPO's	"A" Series
Total Shares (thousands)	853,789	1,721,356
Outstanding shares (thousands)	411,940	829,891
Shares in treasury (thousands)	530	1,060
2 Series "A" Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 70,180
Closing price (Ps) *		\$ 81.54
Free float		51%
As of June 30th, 2019		

* Source: Infotel

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 2Q19 Earnings Conference Call on Tuesday, July 23, 2019 at 10:00 am (Central Time) / 11:00pm (Eastern Time).

To access the call, please dial:

from within the U.S. 1-877-830-2576

from outside the U.S. 1-785-424-1726

Conference ID Number: MEGA

Balance Sheet

	as of June 30	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	2,567,674	2,986,150
Accounts receivable from customers and other, net	2,165,794	1,777,139
Recoverable taxes	480,672	269,993
Inventories	626,901	430,977
Total Current Assets	5,841,041	5,464,259
NON-CURRENT ASSETS		
Investment in shares of associated companies	-	311,777
Accounts receivable from customers and other long-term, net	-	115,206
Property, systems and equipment, net	28,993,213	25,528,366
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	-	4,305
Intangible assets by right-of-use assets	382,661	-
Other assets	891,985	369,222
Affiliated and associated companies	1,355,245	1,532,012
Total Assets	41,842,543	37,703,543
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	6,654,391	135,287
Suppliers	1,402,434	1,365,672
Short-term affiliated and associated companies	367,086	279,538
Accounts payable and accrued expenses payable	1,360,996	2,166,765
Short-term leases payable	59,515	-
Total Current Liabilities	9,844,422	3,947,262
LONG TERM LIABILITIES		
Bank loans	66,404	3,855,234
Labor obligations	245,636	214,056
Accounts payable	2,269	4,548
Deferred taxes	1,618,762	1,839,925
Affiliated and associated companies	661,561	661,561
Long-term leases payable	323,146	-
Total Long-Term Liabilities	2,917,779	6,575,324
Total Liabilities	12,762,200	10,522,586
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	24,337,968	22,049,670
Minority Interest	1,225,738	1,614,650
Legal Reserve	488,832	488,832
Total Stockholders' Equity	29,080,342	27,180,956
Total Liabilities & Stockholders' Equity	41,842,543	37,703,543

Income Statement

	2Q19	2Q18	% Var
Income	\$ 5,424,053	\$ 4,932,143	10%
Cost of Services	1,413,952	1,225,670	15%
Gross Profit	\$ 4,010,101	\$ 3,706,473	8%
Operating and General Expenses	1,318,663	1,232,505	7%
EBITDA	\$ 2,691,438	\$ 2,473,968	9%
Depreciation and amortization	974,186	791,878	23%
Operating Profit	\$ 1,717,253	\$ 1,682,090	2%
Other income (expenses), net	2,998	2,168	38%
Comprehensive Financing Income, Net	52,890	- 42,735	NA
Income Before Income Tax and Minority Interest	\$ 1,667,361	\$ 1,726,994	(3%)
Income Tax	366,819	374,227	(2%)
Net Profit	\$ 1,300,542	\$ 1,352,767	(4%)
Net income attribute to:			
Non-Controlling interest	25,892	34,260	(24%)
Controlling interest	1,274,650	1,318,507	(3%)
	\$ 1,300,542	\$ 1,352,767	(4%)

	6M19	6M18	% Var
Income	\$ 10,574,343	\$ 9,626,938	10%
Cost of Services	2,748,129	2,365,936	16%
Gross Profit	\$ 7,826,214	\$ 7,261,002	8%
Operating and General Expenses	2,584,363	2,413,498	7%
EBITDA	\$ 5,241,851	\$ 4,847,503	8%
Depreciation and amortization	1,929,121	1,570,156	23%
Operating Profit	\$ 3,312,730	\$ 3,277,347	1%
Other income (expenses), net	4,637	19,624	(76%)
Comprehensive Financing Income, Net	79,028	26,767	195%
Income Before Income Tax and Minority Interest	\$ 3,238,338	\$ 3,270,205	(1%)
Income Tax	712,434	713,732	(0%)
Net Profit	\$ 2,525,904	\$ 2,556,473	(1%)
Net income attribute to:			
Non-Controlling interest	70,446	82,644	(15%)
Controlling interest	2,455,458	2,473,828	(1%)
	\$ 2,525,904	\$ 2,556,473	(1%)

Income Statement per Segment

	2Q19	2Q18	% Var
CABLE OPERATIONS			
Income	\$ 4,886,957	\$ 4,480,983	9%
Cost of Services	1,210,920	1,074,401	13%
Gross Profit	3,676,036	3,406,581	8%
Operating and General Expenses	1,144,025	1,058,741	8%
EBITDA	\$ 2,532,011	\$ 2,347,841	8%
	52%	52%	
OTHER			
Income	537,096	451,160	19%
MCM	259,678	237,063	10%
HO1A	195,425	145,448	34%
PCTV	81,993	68,648	19%
Cost of Services	203,032	151,269	34%
MCM	29,116	26,528	10%
HO1A	139,666	96,726	44%
PCTV	34,250	28,014	22%
Gross Profit	334,065	299,891	11%
Operating and General Expenses	174,638	173,764	1%
MCM	94,818	108,818	(13%)
HO1A	42,136	28,894	46%
PCTV	37,683	36,052	5%
EBITDA			
MCM	135,744	101,717	33%
HO1A	13,622	19,829	(31%)
PCTV	10,061	4,582	120%
EBITDA	\$ 159,427	\$ 126,128	26%
	30%	28%	
TOTAL OPERATION			
Income	5,424,053	4,932,143	10%
Cost of Services	1,413,952	1,225,670	15%
Gross Profit	4,010,101	3,706,473	8%
Operating and General Expenses	1,318,663	1,232,505	7%
EBITDA	\$ 2,691,438	\$ 2,473,968	9%
	50%	50%	

	6M19	6M18	% Var
CABLE OPERATIONS			
Income	\$ 9,528,978	\$ 8,729,547	9%
Cost of Services	2,380,233	2,064,863	15%
Gross Profit	7,148,744	6,664,685	7%
Operating and General Expenses	2,249,812	2,072,338	9%
EBITDA	\$ 4,898,932	\$ 4,592,347	7%
	51%	53%	
OTHER			
Income	1,045,365	897,390	16%
MCM	526,444	466,285	13%
HO1A	361,511	292,626	24%
PCTV	157,410	138,479	14%
Cost of Services	367,896	301,073	22%
MCM	57,889	52,813	10%
HO1A	237,806	190,202	25%
PCTV	72,201	58,058	24%
Gross Profit	677,470	596,317	14%
Operating and General Expenses	334,550	341,160	(2%)
MCM	188,430	211,925	(11%)
HO1A	75,263	55,952	35%
PCTV	70,857	73,283	(3%)
EBITDA			
MCM	280,125	201,546	39%
HO1A	48,442	46,472	4%
PCTV	14,353	7,138	101%
EBITDA	\$ 342,919	\$ 255,157	34%
	33%	28%	
TOTAL OPERATION			
Income	10,574,343	9,626,938	10%
Cost of Services	2,748,129	2,365,936	16%
Gross Profit	7,826,214	7,261,002	8%
Operating and General Expenses	2,584,363	2,413,498	7%
EBITDA	\$ 5,241,851	\$ 4,847,503	8%
	50%	50%	