

Highlights

- ⊙ 2Q20 Consolidated EBITDA margin was 49.8%, reaching Ps. 2,720 million, while EBITDA for cable operations reached Ps. 2,537 million with a margin of 51.2%. Excluding the non-recurring items recorded in 2Q19, consolidated and adjusted EBITDA growth were 4% and 3%, respectively.
- ⊙ The Internet segment registered 206 thousand net adds, up 7% compared to 2Q19, while Telephony and Video recorded 280 thousand and 44 thousand new subscribers, up 14% and 1%, respectively. Xview recorded 202 thousand net adds during the quarter to reach one million subscribers.
- ⊙ Unique subscribers climbed 2%; while RGUs increased 7% when compared to 2Q19, reaching 3.7 million and 8.8 million, respectively, to reach 2.37 RGUs per unique subscriber.
- ⊙ ARPU per unique subscriber rose 2% compared to that of 2Q19, reaching Ps. 405.7.
- ⊙ The Company's revenues totaled Ps. 5,460 million, an increase of 2% compared to the same quarter last year (excluding 2Q19 non-recurring revenues), with a 5% growth in the mass market.

Guadalajara, Jalisco, Mexico, July 23, 2020 - 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 2020 (2Q20). Figures were prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in thousands of Mexican pesos (Ps.), unless otherwise stated.

Consolidated Financial and Operational Results

	2Q20	2Q19	% Var
Income	5,460,475	5,424,053	0.7%
EBITDA	2,720,054	2,691,438	1.1%
EBITDA Margin	49.8%	49.6%	
Net Profit	1,048,816	1,274,650	(17.7%)
Cash and short-term investments	2,566,421	2,567,674	(0.0%)
Net Debt	5,396,902	4,538,050	18.9%
CAPEX	1,337,038	1,612,255	(17.1%)
Mkt. Cap (Ps. Millions)	57,898	70,180	(17.5%)
Subscribers			
Unique	3,707,167	3,625,863	2.2%
Internet	3,229,368	3,022,963	6.8%
Video	3,261,357	3,217,561	1.4%
Telephony	2,268,140	1,988,102	14.1%
Mobile services	43,995	-	NA
Total RGUs	8,802,859	8,228,625	7.0%
Other Data			
Home Passed	8,876,321	8,702,132	2.0%
Network Kilometers	62,927	61,252	2.7%
Employees	21,102	21,263	(0.8%)

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General Remarks

As of March, the effects generated by the lockdown measures began to be perceived, reflected in an increase in the demand for residential services and a deterioration in the income of the enterprise and corporate segments, mainly due to the suspension of operations in most of companies. In the month of June, signs of recovery were observed in the corporate market, as a result of the reopening of some industries, however, this improvement was not enough to offset the behavior of the previous two months.

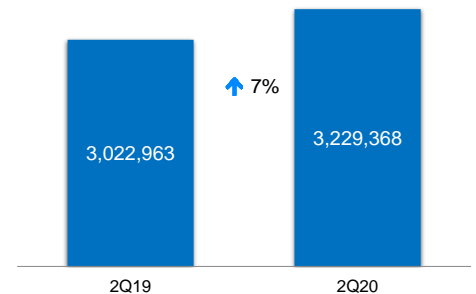
Mass Market

During the second quarter of the year, the Company continued to register a surge demand for its mass market services, triggered by the containment measures implemented during the period, which has resulted in a lower churn rate.

Internet Subscribers

During 2Q20, the Internet segment reached 3'229,368 subscribers, representing a 6.8% growth or 206 thousand new additions compared to 2Q19. In this period, the Company registered 83 thousand new subscribers, an increase of 2.6% over 1Q20.

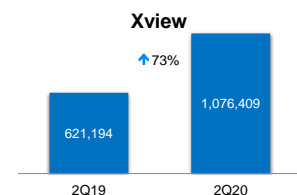
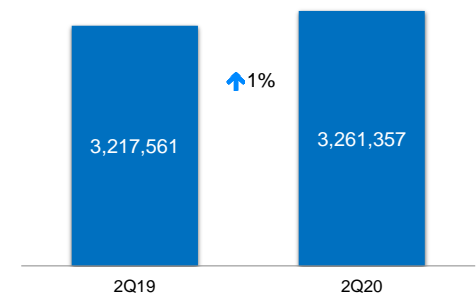
Given the environment generated by the sanitary crisis, the Company has continued to provide a reliable and uninterrupted service through its robust infrastructure, despite the increased network traffic during the quarter. guaranteeing the connectivity capabilities of its subscribers at affordable rates.



Video Subscribers

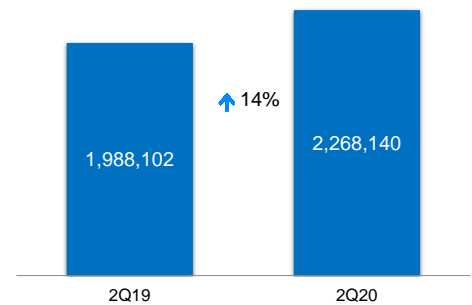
At the end of 2Q20, the Video segment reached 3'261,357 subscribers, registering a 1.4% growth or 44 thousand net additions compared to 2Q19. On a sequential basis, the Company registered 28 thousand new subscribers.

Xview performed strongly in the quarter and reached more than one million subscribers. During the period, this service registered a 23.1% growth or over 200 thousand net additions when compared to the previous quarter. On an annual basis, 455 thousand net additions were recorded, an increase of 73%. Likewise, the Company's HD service expanded 15.6%, equivalent to 167 thousand net additions, more than 1.2 million subscribers. 84% of total subscriptions are digitalized through 4.9 million set top boxes (STB).



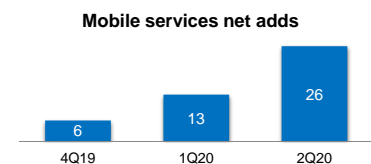
Telephony Subscribers

The Telephony segment closed the quarter with 2'268,140 subscribers, representing 280 thousand net additions, a 14.1% growth, compared to that of 2Q19. During the period, the Company registered 82 thousand new subscribers, an increase of 3.7% compared to 1Q20. Growth in this segment continues to be supported by the successful bundling strategy.



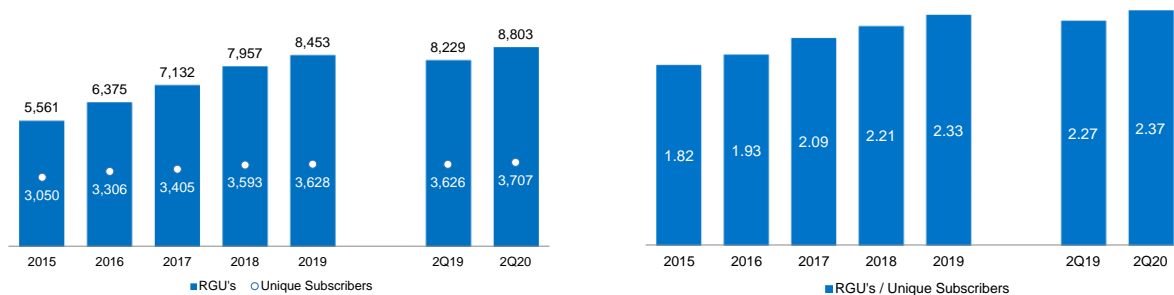
Mobile services Subscribers

At quarter-end, subscribers of the mobile services segment rose to 44 thousand, which represents 26 thousand net additions during the quarter. We continue to move forward with this project that will improve our portfolio and strengthen our competitive position.



Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the quarter, unique subscribers totaled 3'707,167, up 2.2% compared to the second quarter 2019. While RGUs reached 8'802,859, a 7.0% annual increase, driven by a higher number of subscribers, mainly from the Internet segment. As a result, RGUs per unique subscriber continued its upward trend, reaching 2.37.



Churn Rate

The churn rate of the three mass market services decreased on an annual and sequential basis, derived from the customer retention strategies implemented during the quarter and the effect of the contingency, which resulted in a greater number of subscribers keeping the service.

	2Q20	2Q19	1Q20
Internet	1.6%	2.6%	1.9%
Video	1.8%	2.7%	2.1%
Telephony	2.4%	3.9%	2.6%

Revenues

2Q20 total revenues amounted to Ps. 5,460 million, an increase of 2.2% compared to 2Q19, excluding non-recurring items. The mass segment expanded 5.0%, reflecting higher revenues across all three mass market services, as well as revenues from additional services. During the same period, corporate segment revenues fell 9.1%.

	2Q20	2Q19	%Var	6M20	6M19	%Var
Internet	1,745,870	1,633,384	7%	3,488,143	3,246,285	7%
Video	2,276,712	2,229,116	2%	4,613,143	4,419,517	4%
Telephony	436,908	393,278	11%	878,344	766,070	15%
Others	28,294	19,074	48%	59,362	45,059	32%
Total Mass Market	4,487,784	4,274,852	5%	9,038,993	8,476,932	7%
Corporate	972,691	1,069,793	-9%	1,941,571	2,018,003	-4%
Total excluding non-recurrent	5,460,475	5,344,645	2%	10,980,564	10,494,935	5%
Non-recurrent	-	79,408	-100%	-	79,408	-100%
Total	5,460,475	5,424,053	1%	10,980,564	10,574,343	4%

ARPU

ARPU per unique subscriber was Ps. 405.7, an increase of 2.3% vs. 2Q19. This result was attributed to a focus on triple-play package sales, with a higher number of RGUs per subscriber, combined with price increases applied at the end of last year and contribution of additional services. Individually, Internet and Video ARPU remained practically unchanged, while Telephony dropped. The Sequential decrease is explained by the introduction of cheaper packages as a retention strategy.

	2Q20	2Q19	% Var	1Q20	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	405.7	396.5	2%	416.9	-3%
Internet	181.9	182.7	0%	186.2	-2%
Video	233.6	232.6	0%	241.8	-3%
Telephony	65.0	67.6	-4%	68.1	-5%

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.

Corporate Telecom Segment Revenues

Corporate Telecom segment revenues decreased 9.1% year-over-year, largely explained by a drop in ho1a's government sales, coupled with lower revenues at Metrocarrier due to the cancellation of the *Mexico Conectado* contract. The contribution of this segment to the Company's total revenues was 16.4%, compared to that of 18.2% in 2Q19.

	2Q20	2Q19	%Var	6M20	6M19	%Var
Metrocarrier	465,178	532,697	-13%	924,483	972,638	-5%
HO1A	148,780	195,425	-24%	313,561	361,511	-13%
MCM	284,035	259,678	9%	553,380	526,444	5%
Corporate Telecom	897,994	987,800	-9%	1,791,424	1,860,593	-4%
PCTV	74,698	81,993	-9%	150,146	157,410	-5%
Total	972,691	1,069,793	-9%	1,941,571	2,018,003	-4%

Cost & Expenses

During the quarter, service costs and operating expenses remained practically in line with those recorded in 2Q19, i.e. below revenue growth. This performance was mainly due to strategies designed to optimize the Company's cost and expense structure, as well as to the slowdown of corporate segment operations.

EBITDA

2Q20 consolidated EBITDA reached Ps. 2,720 million, an increase over the same period last year, with a consolidated margin of 49.8%. Similarly, adjusted EBITDA for cable operations was Ps. 2,537 million, practically flat compared to 2Q19, with a margin of 51.2%. Excluding the extraordinary items recorded in 2Q19, consolidated and adjusted EBITDA growth were 3.8% and 3.1%, respectively.

	2Q20	2Q19	%Var	6M20	6M19	%Var
CONSOLIDATED						
Consolidated operating profit	1,559,536	1,717,253	-9%	3,209,124	3,312,730	-3%
Plus consolidated depreciation and amortization	1,160,518	974,186	19%	2,277,567	1,929,121	18%
Consolidated EBITDA (1)	2,720,054	2,691,438	1%	5,486,691	5,241,851	5%
Consolidated EBITDA Margin	49.8%	49.6%		50.0%	49.6%	
CABLE OPERATIONS						
Non Cable Operations	182,936	159,427	15%	359,701	342,919	5%
Cable Adjusted EBITDA (2)	2,537,119	2,532,011	0%	5,126,991	4,898,932	5%
EBITDA Margin of Cable	51.2%	51.8%		51.5%	51.4%	

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 Income

Net income for the quarter totaled Ps. 1,049 million, lower than that of 2Q19. This variation is mainly attributable to a higher depreciation arising from investments conducted in previous periods and a FX loss caused by the fluctuation of the Mexican peso against the U.S. dollar.

Net Debt

At the end of 2Q20, Megacable's Net Debt was Ps. 5,397 million, increasing vs. 1Q20, mainly due to a lower balance of cash available as a result of the settlement of certain financial obligations. During the quarter, the Company paid down approximately Ps. 350 million of the credit facility arranged in March.

	2Q20	2Q19	1Q20
Short Term Debt	1,292,779	6,713,906	1,712,259
One year maturity of long-term bank loans	1,239,941	6,654,391	1,613,699
Short-term leases	52,838	59,515	98,560
Long-Term Debt	6,670,544	391,819	6,682,844
Bank Loans	6,382,924	66,404	6,415,880
Accounts Payable	-	2,269	-
Long-term leases	287,620	323,146	266,963
Total Debt	7,963,323	7,105,725	8,395,103
Cash and Short-Term Investments	2,566,421	2,567,674	4,675,071
Net Debt	5,396,902	4,538,050	3,720,032

Net Comprehensive Financing Result

During the quarter, the Company registered a net financing expense of Ps. 172.0 million, comprised of Ps. 109.0 million in net interest paid and a FX loss of Ps. 63.0 million, derived from the Mexican peso depreciation during the period.

	2Q20	2Q19
Net Exchange Loss	63,040	10,117
Interest Income	17,764	129,103
Interest Expense	126,735	171,876
Net Comprehensive Financial Result	(172,011)	(52,890)

CAPEX

Megacable invested Ps. 1,337 million during 2Q20, representing 24.5% of the quarterly revenues. Certain investments regarding the network evolution project have started to be reflected during this quarter; however, most of the projected investment for 2020 will be exercised during the second half, to conclude in 2021.

Stock Information

Ticker MEGACPO	CPO's	"A" Series
Total Shares (thousands)	853,789	1,721,356
Shares in treasury (thousands)	1,488	2,975
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 57,898
Closing price (Ps) *		\$ 67.27
Free float		52%
As of June 30, 2020		

* Source: InfoseI

Disclaimer

This press release contains forward-looking statements regarding the Company's results and future prospects which are subject to risk and uncertainty. Consequently, these results and statements may differ due to various factors. Moreover, figures in this report may vary due to rounding.

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

Conference Call

Megacable will hold its 2Q20 Earnings Conference Call on Friday, July 24, 2020 at 10:00 am (Central Time) / 11:00 am (Eastern Time)

To access the call, please dial:

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

Outside the U.S. 1-201-389-0879

Webcast: <http://public.viavid.com/index.php?id=140654>

Balance Sheet

	as of June 30	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	2,566,421	2,567,674
Accounts receivable from customers and advances to suppliers, net	3,637,629	2,165,794
Recoverable taxes	865,234	480,672
Inventories	779,398	626,901
Total Current Assets	7,848,682	5,841,041
NON-CURRENT ASSETS		
Property, systems and equipment, net	31,451,582	28,993,213
Goodwill, net	4,378,397	4,378,397
Intangible assets by right-of-use assets	316,201	382,661
Other assets	865,009	891,985
Affiliated and associated companies	1,138,901	1,355,245
Total Assets	45,998,772	41,842,543
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	1,239,941	6,654,391
Suppliers	1,553,391	1,402,434
Short-term affiliated and associated companies	275,725	367,086
Accounts payable and accrued expenses payable	1,394,323	1,360,996
Short-term leases payable	52,838	59,515
Total Current Liabilities	4,516,217	9,844,422
LONG TERM LIABILITIES		
Bank loans	6,382,924	66,404
Labor obligations	293,700	245,636
Accounts payable	-	2,269
Deferred taxes	1,980,185	1,618,762
Affiliated and associated companies	735,400	661,561
Long-term leases payable	287,620	323,146
Total Long-Term Liabilities	9,679,828	2,917,779
Total Liabilities	14,196,045	12,762,200
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	26,230,299	24,337,968
Minority Interest	1,364,116	1,225,738
Legal Reserve	1,180,508	488,832
Total Stockholders' Equity	31,802,727	29,080,342
Total Liabilities & Stockholders' Equity	45,998,772	41,842,543

Income Statement

	2Q20	2Q19	% Var
Income	\$ 5,460,475	\$ 5,424,053	1%
Cost of Services	1,419,303	1,413,952	0%
Gross Profit	\$ 4,041,172	\$ 4,010,101	1%
Operating and General Expenses	1,321,118	1,318,663	0%
EBITDA	\$ 2,720,054	\$ 2,691,438	1%
Depreciation and amortization	1,160,518	974,186	19%
Operating Profit	\$ 1,559,536	\$ 1,717,253	(9%)
Other income (expenses), net	31,712	2,998	NA
Comprehensive Financing Income, Net	172,011	52,890	NA
Income Before Income Tax and Minority Interest	\$ 1,419,238	\$ 1,667,361	(15%)
Income Tax	340,512	366,819	(7%)
Net Profit	\$ 1,078,726	\$ 1,300,542	(17%)
Net income attribute to:			
Non-Controlling interest	29,910	25,892	16%
Controlling interest	1,048,816	1,274,650	(18%)
	\$ 1,078,726	\$ 1,300,542	(17%)

	6M20	6M19	% Var
Income	\$ 10,980,564	\$ 10,574,343	4%
Cost of Services	2,835,910	2,748,129	3%
Gross Profit	\$ 8,144,653	\$ 7,826,214	4%
Operating and General Expenses	2,657,962	2,584,363	3%
EBITDA	\$ 5,486,691	\$ 5,241,851	5%
Depreciation and amortization	2,277,567	1,929,121	18%
Operating Profit	\$ 3,209,124	\$ 3,312,730	(3%)
Other income (expenses), net	40,473	4,637	NA
Comprehensive Financing Income, Net	36,518	79,028	(54%)
Income Before Income Tax and Minority Interest	\$ 3,213,080	\$ 3,238,338	(1%)
Income Tax	770,978	712,434	8%
Net Profit	\$ 2,442,102	\$ 2,525,904	(3%)
Net income attribute to:			
Non-Controlling interest	72,883	70,446	3%
Controlling interest	2,369,219	2,455,458	(4%)
	\$ 2,442,102	\$ 2,525,904	(3%)

Income Statement by Segment

	2Q20	2Q19	% Var
CABLE OPERATIONS			
Income	\$ 4,952,961	\$ 4,886,957	1%
Cost of Services	1,267,399	1,210,920	5%
Gross Profit	3,685,562	3,676,036	0%
Operating and General Expenses	1,148,444	1,144,025	0%
EBITDA	\$ 2,537,119	\$ 2,532,011	0%
	51.2%	51.8%	
OTHER			
Income	507,513	537,096	(6%)
MCM	284,035	259,678	9%
HO1A	148,780	195,425	(24%)
PCTV	74,698	81,993	(9%)
Cost of Services	151,904	203,032	(25%)
MCM	31,104	29,116	7%
HO1A	74,880	139,666	(46%)
PCTV	45,919	34,250	34%
Gross Profit	355,610	334,065	6%
Operating and General Expenses	172,674	174,638	(1%)
MCM	104,455	94,818	10%
HO1A	33,974	42,136	(19%)
PCTV	34,245	37,683	(9%)
EBITDA			
MCM	148,476	135,744	9%
HO1A	39,926	13,622	193%
PCTV	- 5,466	10,061	NA
EBITDA	\$ 182,936	\$ 159,427	15%
	36.0%	29.7%	
TOTAL OPERATION			
Income	5,460,475	5,424,053	1%
Cost of Services	1,419,303	1,413,952	0%
Gross Profit	4,041,172	4,010,101	1%
Operating and General Expenses	1,321,118	1,318,663	0%
EBITDA	\$ 2,720,054	\$ 2,691,438	1%
	49.8%	49.6%	

Income Statement by Segment

	6M20	6M19	% Var
CABLE OPERATIONS			
Income	\$ 9,963,476	\$ 9,528,978	5%
Cost of Services	2,517,363	2,380,233	6%
Gross Profit	7,446,113	7,148,744	4%
Operating and General Expenses	2,319,122	2,249,812	3%
EBITDA	\$ 5,126,991	\$ 4,898,932	5%
	51.5%	51.4%	
OTHER			
Income	1,017,088	1,045,365	(3%)
MCM	553,380	526,444	5%
HO1A	313,561	361,511	(13%)
PCTV	150,146	157,410	(5%)
Cost of Services	318,547	367,896	(13%)
MCM	59,180	57,889	2%
HO1A	171,685	237,806	(28%)
PCTV	87,682	72,201	21%
Gross Profit	698,540	677,470	3%
Operating and General Expenses	338,840	334,550	1%
MCM	205,357	188,430	9%
HO1A	67,012	75,263	(11%)
PCTV	66,471	70,857	(6%)
EBITDA			
MCM	288,843	280,125	3%
HO1A	74,864	48,442	55%
PCTV	- 4,006	14,353	NA
EBITDA	\$ 359,701	\$ 342,919	5%
	35.4%	32.8%	
TOTAL OPERATION			
Income	10,980,564	10,574,343	4%
Cost of Services	2,835,910	2,748,129	3%
Gross Profit	8,144,653	7,826,214	4%
Operating and General Expenses	2,657,962	2,584,363	3%
EBITDA	\$ 5,486,691	\$ 5,241,851	5%
	50.0%	49.6%	