

Highlights

- ⊗ The Mass Segment Services revenues saw a significant increase of 13.8% compared to 3Q22, reaching Ps. 6,183 million. This rise is the highest since 2Q18. In the same comparison, the consolidated revenues for 3Q23 reached Ps. 7,491 million, growing by 11.2% and continuing its upward trend.
- ⊗ At the end of 3Q23, Unique Subscribers increased 12.2%, or 523 thousand net additions, compared to 3Q22. This growth is the highest in the Company's history, concluding with 4.8 million.
- ⊗ During this quarter, Internet and Telephony posted 551 thousand and 643 thousand new subscribers, setting record numbers for net additions in a quarter, with increases of 13.7% and 19.7%, respectively. In the same line, the Video service continued to expand, recording 297 thousand net additions compared to 3Q22, an increase of 8.3%.
- ⊗ The consolidated EBITDA for 3Q23 reached Ps. 3,306 million, while the EBITDA from cable operations stood at Ps. 3,140 million, with margins of 44.1% and 45.5%, respectively, the expected effect of the expansion project.
- ⊗ In this period, the Company added over 1.1 million of homes passed and activated 4,281 new kilometers of network, reaching totals of 14.6 million and 90.5 thousand, respectively.
- ⊗ The net debt at the end of 3Q23 stood at Ps. 18,912 million, with a net leverage ratio of 1.46 times, virtually unchanged compared to 2Q23, maintaining reasonable levels and below the industry average.

Guadalajara, Jalisco, Mexico, October 26, 2023 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV: MEGA.CPO) announced today its financial results for the third quarter of 2023 (3Q23). 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

	3Q23	3Q22	% Var
Income	7,490,731	6,736,885	11.2%
Mass Segment Income	6,183,126	5,431,350	13.8%
EBITDA	3,306,249	3,168,026	4.4%
EBITDA Margin	44.1%	47.0%	
Net Profit	531,323	823,003	(35.4%)
Cash and short-term investments	1,755,839	1,474,193	19.1%
Net Debt	18,911,532	10,268,468	84.2%
CAPEX	3,793,646	2,744,517	38.2%
Mkt. Cap (Ps. Millions)	33,016	34,926	(5.5%)
Subscribers			
Unique	4,797,399	4,274,034	12.2%
Internet	4,564,604	4,013,132	13.7%
Video	3,888,886	3,592,188	8.3%
Telephony	3,906,433	3,263,263	19.7%
Mobile services	414,238	410,255	1.0%
Total RGUs	12,359,923	10,868,583	13.7%
Other Data			
Home Passed	14,552,598	10,566,498	37.7%
Network Kilometers	90,503	71,458	26.7%
Employees	31,445	26,723	17.7%

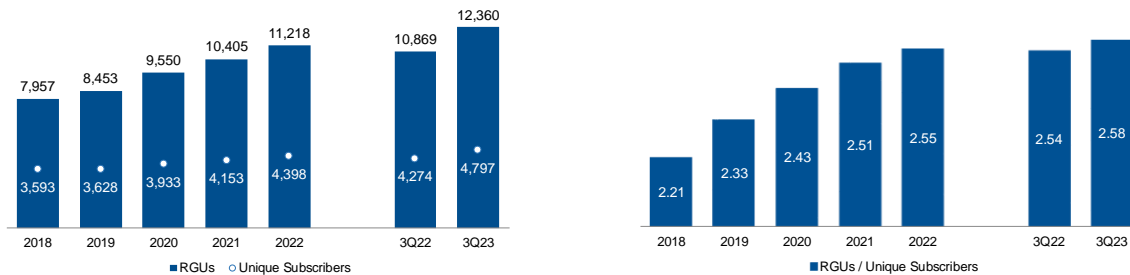


General Remarks

This period is outstanding, marking the highest annual revenue growth in the last seven quarters, primarily fueled by the mass segment. This segment’s strength is evident in its ongoing consolidation through the expansion into new territories and consistent organic growth. These factors contributed to a notable increase in consolidated EBITDA, the highest in the last twelve months. Operationally, the year-over-year comparison highlights a new record in net adds of unique subscribers and RGUs. Furthermore, the expansion of homes passed and additional network kilometers exceeded this year’s initial targets.

Unique Subscribers and Revenue Generating Units (RGUs)

At the end of the third quarter, the Company registered 4’797,399 unique subscribers, up 12.2% compared to 3Q22. This growth, representing 523 thousand net adds, sets a historical record for the Company. Sequentially, the period saw the addition of 106 thousand new unique subscribers, attributable to the sales strategy encompassing territorial expansion and organic growth within legacy regions. On the other hand, RGUs reached nearly 12.4 million, a 13.7% hike compared to 3Q22, driven by the Mass Segment’s robust subscriber growth. The RGU per unique subscriber maintained an upward trajectory, hitting 2.58.

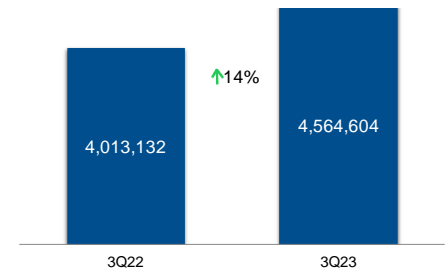


Note: Mobile services subscribers are not included in total RGUs

Internet Subscribers

At the end of 3Q23, the Internet segment reached 4’564,604 subscribers, a 13.7% increase or 551 thousand net adds compared to 3Q22. This quarter alone registered 116 thousand new subscribers, marking the fifth consecutive quarter of growth surpassing one hundred thousand net additions.

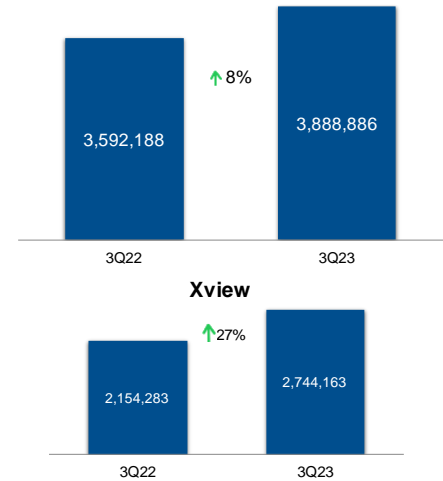
By the end of the period, fiber technology serviced 59% of subscribers, with 83% enjoying speeds of 60 Mbps or higher, a leap from 54% in 3Q22. This advancement aligns with the Company’s ongoing infrastructure investments and bandwidth enhancement initiatives.



Video Subscribers

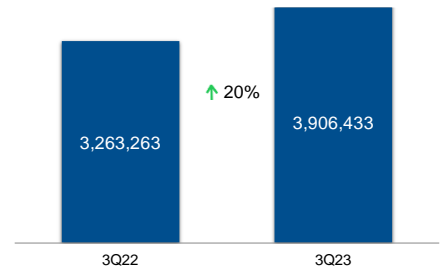
The Video segment continues to grow, reaching 3'888,886 subscribers at the end of 3Q23. With 297 thousand net adds, this marks an 8.3% growth compared to 3Q22 and a 1.1% quarter-over-quarter rise, or 43 thousand net adds.

The Xview platform continues its upward trend, reaching 2'744,163 subscribers, a 27.4% growth, and over 589 thousand net adds year-over-year. Sequentially, the platform recorded 107 thousand additions. The quarter concluded with 4'125,616 active set-top boxes (STB) on this platform.



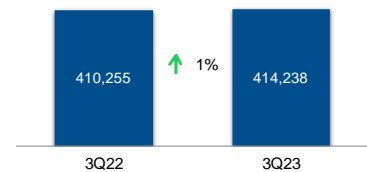
Telephony Subscribers

The Telephony segment ended the quarter with 3'906,433 subscribers, a leap of 643 thousand net adds, representing an increase of 19.7% climb, compared to 3Q22. This quarter contributed to 144 thousand new subscribers to the segment, up 3.8%. This service's growth is primarily attributed to the Company's effective bundling strategy.



Mobile Services Subscribers

The Mobile Services segment closed the quarter with 414,238 lines, adding roughly 23 thousand new users in this period and maintaining a positive trajectory for the third successive quarter. The Company remains focused on post-paid services, with a better contribution to this business unit's ARPU.



Churn Rate

The Mass Segment Services' churn rate experienced a slight increase compared to 2Q23, resulting from the year's price adjustments, the intensified sales strategies employed in past quarters, and households prioritizing expenditures amidst the back-to-school season. However, the annual comparison indicates that all three services maintained churn rates below those observed in 3Q22.

	3Q23	2Q23	3Q22
Internet	2.1%	1.9%	2.3%
Video	2.3%	2.0%	2.4%
Telephony	2.2%	2.1%	2.5%



Revenues

3Q23 total revenues reached Ps. 7,491 million, an increase of 11.2% from 3Q22. The Mass Segment performed strongly, posting a 13.8% climb, the highest since 2Q18. This growth was driven by an increased number of subscribers, rate hikes from previous periods, and revenues from supplementary services. Meanwhile, revenues in the Corporate Segment remained consistent with those of 3Q22.

	3Q23	3Q22	%Var	9M23	9M22	%Var
Internet	2,631,723	2,236,335	18%	7,558,967	6,693,533	13%
Video	2,706,604	2,452,682	10%	7,980,910	7,330,392	9%
Telephony	644,098	578,347	11%	1,911,651	1,862,319	3%
Mobile Service	189,826	151,261	25%	537,298	429,766	25%
Others	10,875	12,725	-15%	33,887	38,551	-12%
Total Mass Market	6,183,126	5,431,350	14%	18,022,713	16,354,561	10%
Corporate	1,300,237	1,305,535	0%	3,986,530	3,625,935	10%
Subtotal	7,483,362	6,736,885	11%	22,009,243	19,980,496	10%
Non-recurrent	7,369	-	NA	7,369	-	NA
Total	7,490,731	6,736,885	11%	22,016,612	19,980,496	10%

ARPU

ARPU per unique subscriber was Ps. 418.7, practically in line with 2Q23 and 3Q22. This stability is attributed to prior price increases, which were offset by promotional rates in new territories. In terms of service-specific ARPUs, both Internet and Video experienced growth compared to 3Q22. Sequentially, the ARPU across the three Mass Segment services remained stable. In contrast, the ARPU for Mobile Services significantly rose against 3Q22, driven by the focus on more profitable post-paid packages.

	3Q23	3Q22	% Var	2Q23	% Var
ARPU (1) (Ps.)					
Unique subscriber (2)	418.7	415.4	1%	420.8	0%
Internet	193.4	187.8	3%	192.3	1%
Video	232.4	229.3	1%	232.7	0%
Telephony	55.5	60.1	-8%	58.1	-4%
Mobile Services	156.0	121.3	29%	153.2	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 were flat in comparison to 3Q22. This performance primarily stems from a 17.7% drop in ho1a, offset by 2.1% and 4.6% increases in MCM and MetroCarrier, respectively. MetroCarrier recorded a difficult comparison due to 2022 extraordinary revenues, while a seasonally adjusted slowdown was recorded in ho1a, after strong growth in the first half of the year, however, a cumulative comparison reveals a sustained 11.6% growth. This segment contributed 16.1% to the Company's total revenues, compared to 18.0% in 3Q22.

	3Q23	3Q22	%Var	9M23	9M22	%Var
MetroCarrier	717,052	702,260	2%	2,111,435	1,905,423	11%
ho1a	161,053	195,591	-18%	628,383	562,874	12%
MCM	327,976	313,668	5%	967,382	887,828	9%
Corporate Telecom	1,206,081	1,211,520	0%	3,707,200	3,356,124	10%
PCTV	94,156	94,015	0%	279,331	269,811	4%
Total	1,300,237	1,305,535	0%	3,986,530	3,625,935	10%



Cost & Expenses

During this quarter, the costs of services rose by 20.5% compared to 3Q22, with operating expenses climbing 14.0%. These rises are linked to the Company's expansive and organic growth. Sequentially, costs aligned with 2Q23 figures, though expenses increased by 6.2%. As a result, coupled with higher depreciation, Operating Income decreased by 7.1% against 3Q22.

EBITDA

3Q23 Consolidated EBITDA reached Ps. 3,306 million, up 4.4% from 3Q22, and achieving a consolidated margin of 44.1%. This performance is remarkable as it encompasses the ongoing expansion project. Similarly, the adjusted EBITDA from Cable Operations amounted to Ps. 3,140 million, rising by 5.4% compared to 3Q22, with margins standing at 45.5%.

	3Q23	3Q22	%Var	9M23	9M22	%Var
Consolidated operating profit	1,462,742	1,574,122	-7%	4,572,608	5,083,716	-10%
Consolidated depreciation and amortization	1,843,506	1,593,904	16%	5,289,709	4,570,399	16%
Consolidated EBITDA ⁽¹⁾	3,306,249	3,168,026	4%	9,862,317	9,654,116	2%
Consolidated EBITDA Margin	44.1%	47.0%		44.8%	48.3%	
MCM, Ho1a and PCTV EBITDA	166,573	187,865	-11%	544,429	548,599	-1%
Cable Adjusted EBITDA ⁽²⁾	3,139,676	2,980,161	5%	9,317,888	9,105,516	2%
EBITDA Margin of Cable	45.5%	48.6%		46.3%	49.9%	

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. 653.9 million, mainly composed of net interest expenses, arising from higher debt levels since 3Q22, and net foreign exchange losses incurred during the period.

	3Q23	3Q22
Net Exchange Profit	(133,471)	(47,512)
Interest Income	78,293	98,358
Interest Expense	598,764	467,608
Net Comprehensive Financial Result	(653,941)	(416,762)



Net Income

Net Income for the quarter closed at Ps. 531 million, a decrease from 3Q22. This outcome is primary due to increased financial expenses, resulting from the higher debt, and a rise in depreciation related to investments undertaken in recent years.

Net Debt

Megacable ended the quarter with a Net Debt of Ps. 18,912 million, an increase in both year-over-year and sequential comparisons. This rise largely stems from the engagement of additional debt in recent periods, a strategic move that has enabled the Company to accelerate investments in its network evolution and expansion initiatives. As of the end of September 2023, the Company's leverage level was 1.4 times net debt/EBITDA, remaining within the range expected by the Company and standing as one of the lowest in the industry.

	3Q23	3Q22	2Q23
Short Term Debt	4,722,979	600,987	1,658,343
One year maturity of long-term bank loans	4,647,560	517,756	1,577,233
Short-term leases	75,419	83,231	81,110
Long-Term Debt	15,944,392	11,141,674	17,900,663
Bank Loans	8,276,859	3,450,797	10,064,623
Accounts Payable	7,000,000	7,000,000	7,000,000
Long-term leases	667,533	690,877	836,040
Total Debt	20,667,371	11,742,661	19,559,006
Cash and Short-Term Investments	1,755,839	1,474,193	1,213,741
Net Debt	18,911,532	10,268,468	18,345,265

CAPEX

During 3Q23, Megacable's investments reached Ps. 3,794 million, amounting to Ps. 8,959 million year to date, representing 40.7% of the revenues recorded in 9M23. These funds have been primarily allocated to the Company's expansion plan, in line with the 2023 forecast, and with a higher-than-expected progress in the first nine months of the year. Particularly in this quarter, investments were made in the acquisition of subscriber equipment to support the growth through the end of the year.



Stock Information

Ticker MEGACPO	CPOs	"A" Series
Total Shares (thousands)	853,789	1,721,356
Shares in treasury (thousands)	3,060	6,121
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 33,016
Closing price (Ps) *		\$ 38.36
Free float		53%
As of September 30, 2023		

* Source: Infosel

3Q23 Earnings Conference Call

Megacable will hold its 3Q23 Earnings Conference Call on Friday, October 27, 2023 at 10:00 am (Mexico City Time) / 12:00 pm (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=1638768&tp_key=c60b26f53e

The audio recording of the 3Q23 conference call and prior periods is available at:

<https://inversionistas.megacable.com.mx/en/home>

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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/home>



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

Statement of Financial Position
As of September 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	1,755,839	1,474,193
Accounts receivable from customers and advances to suppliers, net	3,797,616	3,918,155
Recoverable taxes	1,429,270	1,264,459
Inventories	831,228	668,746
Total Current Assets	7,813,954	7,325,553
NON-CURRENT ASSETS		
Accounts receivable from customers and other long-term, net	303,645	-
Property, systems and equipment, net	51,688,034	43,335,380
Goodwill, net	4,366,058	4,378,397
Intangible assets by right-of-use assets	693,009	748,100
Other assets	869,797	458,659
Affiliated and associated companies	1,158,353	992,138
Total Assets	66,892,850	57,238,228
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	4,647,560	517,756
Suppliers	4,542,725	3,963,970
Short-term affiliated and associated companies	213,731	20,899
Accounts payable and accrued expenses payable	1,755,768	1,371,885
Short-term leases payable	75,419	83,231
Total Current Liabilities	11,235,203	5,957,741
LONG TERM LIABILITIES		
Bank loans	8,276,859	3,450,797
Labor obligations	325,492	228,020
Accounts payable	7,000,000	7,000,000
Deferred taxes	2,988,768	2,900,698
Affiliated and associated companies	592,458	612,514
Accrued Income	619,739	658,910
Long-term leases payable	667,533	690,877
Total Long-Term Liabilities	20,470,849	15,541,816
Total Liabilities	31,706,051	21,499,558
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	30,825,397	30,616,907
Minority Interest	835,458	1,599,736
Legal Reserve	498,139	494,223
Total Stockholders' Equity	35,186,799	35,738,670
Total Liabilities & Stockholders' Equity	66,892,850	57,238,228



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

Income Statement

Third Quarter 2023 and 2022

	3Q23	3Q22	% Var
Income	\$ 7,490,731	\$ 6,736,885	11%
Cost of Services	2,170,628	1,802,030	20%
Gross Profit	\$ 5,320,103	\$ 4,934,855	8%
Operating and General Expenses	2,013,854	1,766,829	14%
EBITDA	\$ 3,306,249	\$ 3,168,026	4%
Depreciation and amortization	1,843,506	1,593,904	16%
Operating Profit	\$ 1,462,742	\$ 1,574,122	(7%)
Other income (expenses), net	19,397	70,132	(72%)
Comprehensive Financing Income, Net	653,941	416,762	57%
Income Before Income Tax and Minority Interest	\$ 828,198	\$ 1,227,493	(33%)
Income Tax	248,460	374,472	(34%)
Net Profit	\$ 579,739	\$ 853,020	(32%)
Net income attribute to:			
Non-Controlling interest	48,416	30,018	61%
Controlling interest	531,323	823,003	(35%)
	\$ 579,739	\$ 853,020	(32%)

	9M23	9M22	% Var
Income	22,016,612	\$ 19,980,496	10%
Cost of Services	6,370,001	5,277,539	21%
Gross Profit	\$ 15,646,612	\$ 14,702,957	6%
Operating and General Expenses	5,784,295	5,048,842	15%
EBITDA	\$ 9,862,317	\$ 9,654,116	2%
Depreciation and amortization	5,289,709	4,570,399	16%
Operating Profit	\$ 4,572,608	\$ 5,083,716	(10%)
Other income (expenses), net	126,843	45,989	176%
Comprehensive Financing Income, Net	1,345,861	633,885	112%
Income Before Income Tax and Minority Interest	\$ 3,353,590	\$ 4,495,820	(25%)
Income Tax	1,006,077	1,343,019	(25%)
Net Profit	\$ 2,347,513	\$ 3,152,801	(26%)
Net income attribute to:			
Non-Controlling interest	151,772	143,316	6%
Controlling interest	2,195,741	3,009,485	(27%)
	\$ 2,347,513	\$ 3,152,801	(26%)



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

Income Statement by Segment
Third Quarter 2023 and 2022

	3Q23	3Q22	% Var
CABLE OPERATIONS			
Income	\$ 6,907,546	\$ 6,133,610	13%
Cost of Services	1,971,401	1,598,299	23%
Gross Profit	4,936,145	4,535,311	9%
Operating and General Expenses	1,796,469	1,555,151	16%
EBITDA	\$ 3,139,676	\$ 2,980,161	5%
	45.5%	48.6%	
OTHER			
Income	583,185	603,274	(3%)
MCM	327,976	313,668	5%
HO1A	161,053	195,591	(18%)
PCTV	94,156	94,015	0%
Cost of Services	199,227	203,731	(2%)
MCM	66,529	43,367	53%
HO1A	77,131	110,028	(30%)
PCTV	55,566	50,336	10%
Gross Profit	383,958	399,544	(4%)
Operating and General Expenses	217,386	211,679	3%
MCM	136,965	133,289	3%
HO1A	48,037	37,332	29%
PCTV	32,383	41,057	(21%)
EBITDA			
MCM	124,482	137,012	(9%)
HO1A	35,884	48,231	(26%)
PCTV	6,206	2,622	137%
EBITDA	\$ 166,573	\$ 187,865	(11%)
	28.6%	31.1%	
TOTAL OPERATION			
Income	7,490,731	6,736,885	11%
Cost of Services	2,170,628	1,802,030	20%
Gross Profit	5,320,103	4,934,855	8%
Operating and General Expenses	2,013,854	1,766,829	14%
EBITDA	\$ 3,306,249	\$ 3,168,026	4%
	44.1%	47.0%	



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

Income Statement by Segment

Accrued as of Third Quarter 2023 and 2022

	9M23	9M22	% Var
CABLE OPERATIONS			
Income	\$ 20,141,517	\$ 18,259,984	10%
Cost of Services	5,693,439	4,680,908	22%
Gross Profit	14,448,078	13,579,076	6%
Operating and General Expenses	5,130,190	4,473,560	15%
EBITDA	\$ 9,317,888	\$ 9,105,516	2%
	46.3%	49.9%	
OTHER			
Income	1,875,096	1,720,512	9%
MCM	967,382	887,828	9%
HO1A	628,383	562,874	12%
PCTV	279,331	269,811	4%
Cost of Services	676,562	596,631	13%
MCM	158,268	108,752	46%
HO1A	353,936	350,474	1%
PCTV	164,357	137,406	20%
Gross Profit	1,198,534	1,123,881	7%
Operating and General Expenses	654,105	575,282	14%
MCM	408,343	349,877	17%
HO1A	144,449	112,744	28%
PCTV	101,313	112,660	(10%)
EBITDA			
MCM	400,771	429,199	(7%)
HO1A	129,998	99,656	30%
PCTV	13,660	19,745	(31%)
EBITDA	\$ 544,429	\$ 548,599	(1%)
	29.0%	31.9%	
TOTAL OPERATION			
Income	22,016,612	19,980,496	10%
Cost of Services	6,370,001	5,277,539	21%
Gross Profit	15,646,612	14,702,957	6%
Operating and General Expenses	5,784,295	5,048,842	15%
EBITDA	\$ 9,862,317	\$ 9,654,116	2%
	44.8%	48.3%	

