

Highlights

- ⊙ Consolidated Revenues rose 11% quarter-over-quarter and year-over-year, reaching Ps. 5,625 million and Ps. 21,605 million, respectively.
- ⊙ Consolidated EBITDA reached Ps. 2,515 million in 4Q19, an 11% growth compared to 4Q18, while consolidated EBITDA on an annual basis rose by 9% to Ps. 10,240 million.
- ⊙ RGUs rose by 6% to Ps. 8.5 million, compared to 4Q18; while unique subscribers reached more than 3.6 million; RGUs per unique subscriber reached 2.33.
- ⊙ ARPU per unique subscriber increased 6% to Ps. 410.3 compared to 4Q18, continuing its positive trend, reaching eleven consecutive quarters of growth.
- ⊙ Revenues for the Corporate Telecom segment, reached a significant 29% growth compared to 4Q18, mainly supported by 109% revenue growth at ho1a. This line item rose by 25% year-over-year.

Guadalajara, Jalisco, Mexico, February 20, 2020 - Megacable Holdings S.A.B. de C.V. ("Megacable" or "the Company") (BMV:MEGA.CPO) announced today its financial results for the fourth quarter of 2019 (4Q19) and full year 2019. 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 and Operational Results

	4Q19	4Q18	% Var
Income	5,624,945	5,056,342	11.2%
EBITDA	2,515,170	2,256,713	11.5%
EBITDA Margin	44.7%	44.6%	
Net Profit	887,509	957,825	(7.3%)
Cash and short-term investments	2,205,826	3,330,216	(33.8%)
Net Debt	4,799,739	573,134	NA
CAPEX	1,997,608	1,489,123	34.1%
Mkt. Cap (Ps. Millions)	66,651	75,860	(12.1%)
Subscribers			
Unique	3,628,105	3,593,392	1.0%
Video	3,224,798	3,202,184	0.7%
Internet	3,097,628	2,942,403	5.3%
Telephony	2,130,538	1,812,881	17.5%
Other Data			
Home Passed	8,836,675	8,427,917	4.9%
Network Kilometers	62,210	58,819	5.8%
Employees	21,262	19,822	7.3%

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

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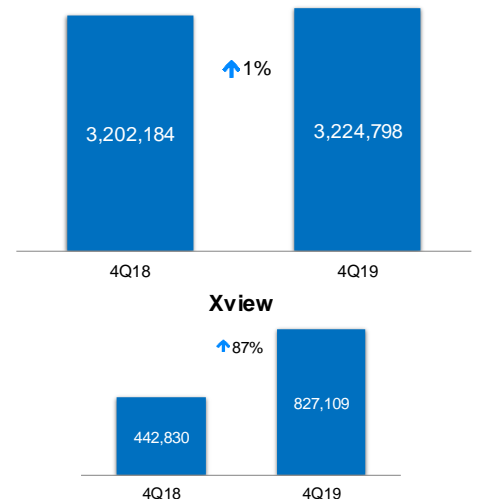
Mass Market

During the 4Q19, the Company continued to register subscriber growth throughout the three mass market segments, mainly due to the Company's ability to adapt to market conditions, despite the economic stagnation experienced during previous quarters and continued during this period, added to the lack of growth in markets with high competition.

Video Subscribers

At the close of 4Q19, the Video segment reached 3'224,798 subscribers, a 0.7% increase, or 23 thousand net adds compared to 4Q18. When compared to 3Q19, one thousand net adds were recorded.

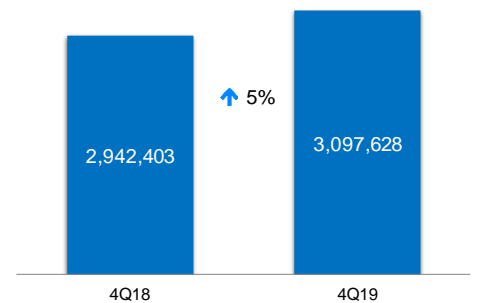
Xview registered 111 thousand net adds in 4Q19, reaching 827 thousand subscribers, an increase of 15.4% compared to 3Q19. This result was driven by greater available content and reflects the outstanding usage levels and customer satisfaction of this platform. During the quarter, the Company registered 102 thousand net adds of the HD service, reaching more than one million subscribers. 83% of total subscriptions is digitalized, through 4.9 million set-top boxes (STB).



Internet Subscribers

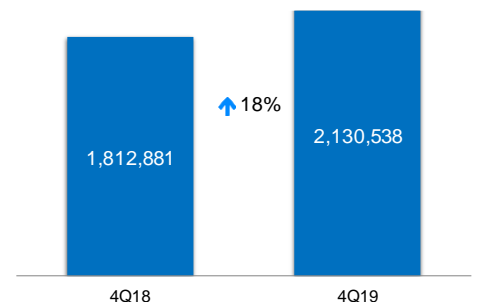
During 4Q19, the Internet segment reached 3'097,628 subscribers, representing 5.3% growth or 155 thousand net adds, compared to 4Q18. Compared to 3Q19, the Company registered 31 thousand new subscribers, a 1.0% increase, compared to 3Q19.

Megacable continues to focus on the evolution of its network to offer a better service; as a result, during 4Q19 the Company launched services with speeds of more than 500 megabits and 1 gigabyte for its residential market, reflecting its ability to innovate, and which will allow it to continue as the best alternative in terms of price and speeds.



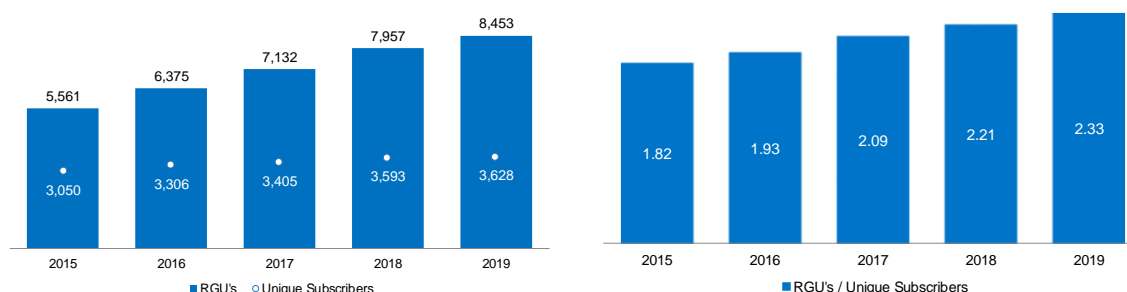
Telephony Subscribers

The Telephony segment reached 2,130,538 subscribers, representing 318 thousand net adds, or 17.5% growth, compared to 4Q18. During the quarter, 57 thousand new subscribers were registered, an increase of 2.8% compared to 3Q19. This result was mainly driven by the Company's successful bundling strategy.



Unique Subscribers and Revenue Generating Units (RGUs)

At the close of 4Q19, unique subscribers rose to 3'628,105, while RGUs reached 8'452,963, up 6.2% compared to 4Q18. This was mainly due to the subscriber growth experienced throughout the Company's three mass market segments. As a result of the aforementioned, RGUs per unique subscriber reached 2.33, continuing its upward trend.



Churn Rate

The churn rate for the three services of the mass market increased compared to 4Q18, mainly as a result of subscriber recovery during 4Q18, due to the contingency registered in this period. Additionally, churn rate declined in the three services of the mass market compared to 3Q19, due to the seasonality effect with improved collections.

	4Q19	4Q18	3Q19
Video	2.4%	1.9%	2.9%
Internet	2.3%	2.0%	2.8%
Telephony	3.1%	2.8%	3.7%

Revenues

Total 4Q19 revenues reached Ps. 5,625 million, an 11.2% increase compared to 4Q18. The mass market grew by 7.9%, mainly as a result of greater revenues in Video and Internet, supported by RGU growth, revenues from additional services and the acquisition of subscribers carried out in 2Q19. Additionally, revenues for the corporate segment grew by 26.4%.

	4Q19	4Q18	%Var	12M19	12M18	%Var
Video	2,289,497	2,091,087	9%	8,953,008	8,137,400	10%
Internet	1,708,356	1,572,629	9%	6,619,079	6,079,926	9%
Telephony	426,196	433,700	-2%	1,598,265	1,669,224	-4%
Others	30,270	32,486	-7%	95,958	100,593	-5%
Total Mass Market	4,454,318	4,129,902	8%	17,266,311	15,987,143	8%
Corporate	1,170,627	926,440	26%	4,258,954	3,447,788	24%
Total excluding non-recurrent	5,624,945	5,056,342	11%	21,525,265	19,434,931	11%
Non-recurrent	-	-		79,408	99,315	-20%
Total	5,624,945	5,056,342	11%	21,604,673	19,534,246	11%

ARPU

ARPU per unique subscriber reached Ps. 410.3, which represented 6.3% growth compared to 4Q18. The aforementioned was driven by a greater number of RGUs per subscriber, price increase, coupled to the contribution of additional services. Moreover, ARPU for the Video segment increased by 8.4% and Internet by 2.9%, while Telephony declined compared to 4Q18, mainly due to changes in revenue distribution, which primarily affected this service.

	4Q19	4Q18	% Var	3Q19	% Var
ARPU (1) (Ps.)					
Unique subscribers of cable	410.3	386.2	6%	398.5	3%
Video	237.4	219.1	8%	232.3	2%
Internet	185.0	179.8	3%	181.9	2%
Telephony (2)	67.5	81.0	-17%	66.2	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 29.0% compared to 4Q18, representing 19.3% of Megacable's total revenues, compared to 16.6% in 4Q18. During the quarter, ho1a experienced significant growth of 109% due to additional contracts signed during the quarter, while Metrocarrier and MCM grew by 3.2% and 4.2%, respectively, compared to 4Q18.

	4Q19	4Q18	%Var	12M19	12M18	%Var
Metrocarrier	400,666	388,167	3%	1,838,387	1,548,092	19%
HO1A	424,372	203,039	109%	1,052,224	639,248	65%
MCM	261,016	250,528	4%	1,046,638	960,357	9%
Telecom Corporate	1,086,054	841,733	29%	3,937,249	3,147,697	25%
PCTV	84,573	84,707	0%	321,705	300,091	7%
Total	1,170,627	926,440	26%	4,258,954	3,447,788	24%

Costs & Expenses

During the quarter, service expenses increased by 20.1%, compared to 4Q18, mainly due to the Corporate segment, as result of revenue growth in ho1a with a greater component of equipment sales, while in the mass segment expenses increased by 9%, slightly above revenue growth, mainly due to higher advertising and promotion costs as a result of new products launched during the quarter.

Operating expenses only rose by 2.2%, below revenue growth, as a result of operating efficiencies and a favorable comparison effect due to the extraordinary expenses reported in 4Q18.

EBITDA

Consolidated EBITDA reached Ps. 2,515 million in 4Q19, which represented an 11.5% increase compared to 4Q18; with a consolidated margin of 44.7%. Likewise, adjusted EBITDA for the cable operations for 4Q19 reached Ps. 2,309 million, or 7.9% growth, compared to 4Q18, with a margin of 47.6%.

	4Q19	4Q18	%Var	12M19	12M18	%Var
CONSOLIDATED						
Consolidated operating profit	1,385,523	1,332,329	4%	6,124,599	6,127,113	0%
Plus consolidated depreciation and amortization	1,129,647	924,385	22%	4,115,073	3,294,843	25%
Consolidated EBITDA (1)	2,515,170	2,256,713	11%	10,239,672	9,421,955	9%
Consolidated EBITDA Margin	44.7%	44.6%		47.4%	48.2%	
CABLE OPERATIONS						
Non Cable Operations	206,495	117,292	76%	744,549	501,562	48%
Cable Adjusted EBITDA (2)	2,308,675	2,139,421	8%	9,495,123	8,920,394	6%
EBITDA Margin of Cable	47.6%	47.4%		49.5%	50.6%	

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. 888 million, representing a decline compared to 4Q18. This result was due to a higher net comprehensive financial result, higher depreciation as a result of the investments made in previous years and the effect of IFRS 16.

Net Debt

At the close of 4Q19, Megacable's Net Debt was Ps. 4,800 million, a significant increase compared to 4Q18, due to additional credits signed during the year for the operation, subscriber growth and tax payments. Compared to 3Q19, Net Debt increased, mainly due to lower available cash, derived from fixed asset investments made during the quarter.

	4Q19	4Q18	3Q19
Short Term Debt	250,781	3,778,569	182,719
One year maturity of long-term bank loans	82,661	3,778,569	86,228
Short-term leases	168,121	-	96,492
Long-Term Debt	6,754,783	124,782	6,718,197
Bank Loans	6,427,847	120,310	6,457,319
Accounts Payable	5,417	4,471	3,147
Long-term leases	321,519	-	257,732
Total Debt	7,005,565	3,903,351	6,900,916
Cash and Short-Term Investments	2,205,826	3,330,216	2,746,969
Net Debt	4,799,739	573,134	4,153,947

Net Comprehensive Financing Result

The Company reported a net financing result of Ps. 177.3 million during 4Q19, comprised of Ps. 144.3 million in net interest paid derived from the increase in debt and a net exchange loss of Ps. 33.0 million.

	4Q19	4Q18
Net Exchange Loss (Profit)	33,026	(5,048)
Interest Income	61,847	86,672
Interest Expense	206,117	120,738
Net Comprehensive Financial Result	(177,296)	(29,017)

CAPEX

Megacable invested Ps. 1,998 million during 4Q19; for 12M19 reached Ps. 6,535 million, which represented 30.2% of accumulated annual revenues. Investments during the quarter were mainly allocated towards the construction of new network kilometers, updating and increase of network capacity, as well as the purchase of subscriber equipment and special projects.

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)	1,288	2,575
2 "A" Series Shares =		1 CPO
Mkt. Cap (In Ps. millions)		\$ 66,651
Closing price (Ps) *		\$ 77.44
Free float		51%
As of December 31, 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 4Q19 Earnings Conference Call on Friday, February 21, 2020 at 10:00 am (Central Time) / 11:00am (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 December 31	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and short-term investments	2,205,826	3,330,216
Accounts receivable from customers and other, net	1,995,414	1,968,423
Recoverable taxes	817,311	408,995
Inventories	646,509	603,100
Total Current Assets	5,665,060	6,310,734
NON-CURRENT ASSETS		
Property, systems and equipment, net	30,623,498	27,124,459
Goodwill, net	4,378,397	4,378,397
Deferred Taxes	172,382	5,183
Intangible assets by right-of-use assets	456,002	-
Other assets	861,468	592,033
Affiliated and associated companies	1,151,542	1,185,076
Total Assets	43,308,350	39,595,884
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
One year maturity of long-term liabilities	82,661	3,778,569
Suppliers	1,432,091	1,913,552
Short-term affiliated and associated companies	193,823	412,321
Accounts payable and accrued expenses payable	837,558	1,983,128
Short-term leases payable	168,121	-
Total Current Liabilities	2,714,253	8,087,570
LONG TERM LIABILITIES		
Bank loans	6,427,847	120,310
Labor obligations	262,025	226,163
Accounts payable	5,417	4,471
Deferred taxes	1,941,578	1,855,186
Affiliated and associated companies	661,561	661,561
Long-term leases payable	321,519	-
Total Long-Term Liabilities	9,619,948	2,867,692
Total Liabilities	12,334,201	10,955,262
STOCKHOLDERS' EQUITY		
Capital Stock	910,244	910,244
Net Premium on the placement of shares	2,117,560	2,117,560
Retained Earnings	26,123,237	23,778,959
Minority Interest	1,330,695	1,345,027
Legal Reserve	492,412	488,832
Total Stockholders' Equity	30,974,149	28,640,622
Total Liabilities & Stockholders' Equity	43,308,350	39,595,884

Income Statement

	4Q19	4Q18	% Var
Income	\$ 5,624,945	\$ 5,056,342	11%
Cost of Services	1,669,181	1,390,054	20%
Gross Profit	\$ 3,955,764	\$ 3,666,288	8%
Operating and General Expenses	1,440,594	1,409,575	2%
EBITDA	\$ 2,515,170	\$ 2,256,713	11%
Depreciation and amortization	1,129,647	924,385	22%
Operating Profit	\$ 1,385,523	\$ 1,332,329	4%
Other income (expenses), net	22,121	17,913	23%
Comprehensive Financing Income, Net	177,296	29,017	NA
Income Before Income Tax and Minority Interest	\$ 1,230,348	\$ 1,321,224	(7%)
Income Tax	270,426	308,836	(12%)
Net Profit	\$ 959,922	\$ 1,012,388	(5%)
Net income attribute to:			
Non-Controlling interest	72,413	54,563	33%
Controlling interest	887,509	957,825	(7%)
	\$ 959,922	\$ 1,012,388	(5%)

	12M19	12M18	% Var
Income	\$ 21,604,673	\$ 19,534,246	11%
Cost of Services	5,887,745	5,043,944	17%
Gross Profit	\$ 15,716,928	\$ 14,490,302	8%
Operating and General Expenses	5,477,256	5,068,347	8%
EBITDA	\$ 10,239,672	\$ 9,421,955	9%
Depreciation and amortization	4,115,073	3,294,843	25%
Operating Profit	\$ 6,124,599	\$ 6,127,113	(0%)
Other income (expenses), net	47,705	48,160	(1%)
Comprehensive Financing Income, Net	412,524	102,306	NA
Income Before Income Tax and Minority Interest	\$ 5,759,780	\$ 6,072,967	(5%)
Income Tax	1,267,098	1,354,219	(6%)
Net Profit	\$ 4,492,682	\$ 4,718,748	(5%)
Net income attribute to:			
Non-Controlling interest	155,786	176,808	(12%)
Controlling interest	4,336,896	4,541,940	(5%)
	\$ 4,492,682	\$ 4,718,748	(5%)

Income Statement per Segment

	4Q19	4Q18	% Var
CABLE OPERATIONS			
Income	\$ 4,854,983	\$ 4,518,069	7%
Cost of Services	1,272,821	1,167,938	9%
Gross Profit	3,582,163	3,350,131	7%
Operating and General Expenses	1,273,488	1,210,710	5%
EBITDA	\$ 2,308,675	\$ 2,139,421	8%
	47.6%	47.4%	
OTHER			
Income	769,962	538,273	43%
MCM	261,016	250,528	4%
HO1A	424,372	203,039	109%
PCTV	84,573	84,707	(0%)
Cost of Services	396,360	222,116	78%
MCM	26,817	32,095	(16%)
HO1A	323,482	150,404	115%
PCTV	46,061	39,617	16%
Gross Profit	373,601	316,157	18%
Operating and General Expenses	167,106	198,865	(16%)
MCM	85,081	117,294	(27%)
HO1A	41,983	39,302	7%
PCTV	40,042	42,270	(5%)
EBITDA			
MCM	149,118	101,139	47%
HO1A	58,907	13,333	NA
PCTV	- 1,530	2,821	NA
EBITDA	\$ 206,495	\$ 117,292	76%
	27%	22%	
TOTAL OPERATION			
Income	5,624,945	5,056,342	11%
Cost of Services	1,669,181	1,390,054	20%
Gross Profit	3,955,764	3,666,288	8%
Operating and General Expenses	1,440,594	1,409,575	2%
EBITDA	\$ 2,515,170	\$ 2,256,713	11%
	44.7%	44.6%	

	12M19	12M18	% Var
CABLE OPERATIONS			
Income	\$ 19,184,105	\$ 17,634,550	9%
Cost of Services	4,890,983	4,360,871	12%
Gross Profit	14,293,122	13,273,679	8%
Operating and General Expenses	4,797,999	4,353,286	10%
EBITDA	\$ 9,495,123	\$ 8,920,394	6%
	49.5%	50.6%	
OTHER			
Income	2,420,567	1,899,696	27%
MCM	1,046,638	960,357	9%
HO1A	1,052,224	639,248	65%
PCTV	321,705	300,091	7%
Cost of Services	996,762	683,073	46%
MCM	109,063	114,755	(5%)
HO1A	732,902	440,685	66%
PCTV	154,798	127,633	21%
Gross Profit	1,423,805	1,216,623	17%
Operating and General Expenses	679,257	715,061	(5%)
MCM	372,382	437,837	(15%)
HO1A	161,364	127,483	27%
PCTV	145,511	149,741	(3%)
EBITDA			
MCM	565,194	407,764	39%
HO1A	157,958	71,081	122%
PCTV	21,397	22,717	(6%)
EBITDA	\$ 744,549	\$ 501,562	48%
	31%	26%	
TOTAL OPERATION			
Income	21,604,673	19,534,246	11%
Cost of Services	5,887,745	5,043,944	17%
Gross Profit	15,716,928	14,490,302	8%
Operating and General Expenses	5,477,256	5,068,347	8%
EBITDA	\$ 10,239,672	\$ 9,421,955	9%
	47.4%	48.2%	