

Mexico Grupo Televisa eyes cable system

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MEXICO CITY --

Mexico's biggest media company, Grupo Televisa SA, said Tuesday it would like to put together a national cable system to capitalize on the country's burgeoning cable TV, data and voice transmission market.

In a conference call, executives said its expansion of digital cable service has opened more windows to the coveted "triple play" allowing the company to provide voice, data and television content to homes.

"Penetration is still low ... I think that the opportunity is tremendous," said Televisa Executive Vice President Alfonso de Angoitia. He noted that cable subscriptions for Internet data service in some areas had grown 60 percent in the past year.

De Angoitia said Televisa would like to expand and build "a national cable system," to cement its leadership in a market that includes about 200 cable operators. Earlier this month, Televisa's cable company, Cablevision, launched telephone service in Mexico City to complement its pay-TV and high-speed Internet products.

Executives hope the move into the "triple play" market will offset a drop in television broadcast sales, which they predicted would be down about 2 percent for 2007 as a whole.

On Monday, Televisa reported that second-quarter 2007 sales in its mainline television broadcasting dipped 15.5 percent from the same period last year when advertising income was boosted by the Mexican presidential election campaign and soccer's World Cup.

The company noted that lower broadcast revenue was partially offset by higher sales in other Televisa units, including print distribution, and pay programming like TuTV, and its pay TV joint venture with Univision.

Company executives said TuTv is expected to grow in the United States as it signs on with more cable providers and satellite companies there.

But executives did express concerns - as have many Mexican companies - about the proposed fiscal reforms in Mexico that would establish a minimum income tax and levy a 2-percent tax on cash deposits.

Televisa's operating income for the April-June period fell 11.9 percent and consolidated net income fell by 5.4 percent.

But net sales in pay television programming rose by 28 percent, compared to the same period last year. Cable sales rose by 17.0 percent and publishing distribution by 16.1 percent.

Televisa's American depositary shares were up 0.2 percent at \$27.56 in afternoon trading.