COGECO COMMUNICATIONS

SHAREHOLDERS' REPORT

Three-month period ended November 30, 2017

FINANCIAL HIGHLIGHTS

	Quarters ended November 30,		
	2017	2016	Change
(in thousands of dollars, except percentages, per share data and the number of shares)	$	$	%
Operations			
Revenue	553,625	549,090	0.8
Adjusted EBITDA(1)	247,482	249,703	(0.9)
Adjusted EBITDA margin(1)	44.7%	45.5%	—
Integration, restructuring and acquisition costs	392	—	—
Profit for the period	76,469	75,024	1.9
Cash flow			
Cash flow from operating activities	6,267	123,461	(94.9)
Acquisitions of property, plant and equipment, intangible and other assets	96,158	96,494	(0.3)
Free cash flow(1)	102,300	101,379	0.9
Financial condition(2)			
Cash and cash equivalents	122,240	211,185	(42.1)
Short-term investments	34,000	54,000	(37.0)
Total assets	5,307,659	5,348,380	(0.8)
Indebtedness(3)	2,656,141	2,598,058	2.2
Shareholders' equity	1,657,787	1,599,267	3.7
Capital intensity(1)	17.4%	17.6%	—
Per Share Data(4)			
Earnings per share			
Basic	1.55	1.53	1.3
Diluted	1.54	1.52	1.3
Dividends	0.475	0.43	10.5
Weighted average number of multiple and subordinate voting shares outstanding	49,288,155	49,144,311	0.3

(1) The indicated terms do not have standardized definitions prescribed by the International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the MD&A.
(2) At November 30, 2017 and August 31, 2017.
(3) Indebtedness is defined as the aggregate of bank indebtedness, balance due on a business combination, principal on long-term debt and obligations under derivative financial instruments.
(4) Per multiple and subordinate voting share.

COGECO COMMUNICATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Three-month period ended November 30, 2017

1. FORWARD-LOOKING STATEMENTS

Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Communications Inc.'s ("Cogeco Communications" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Cogeco Communications believes are reasonable as of the current date. Refer in particular to the "Corporate Objectives and Strategies" section of the Corporation's 2017 annual MD&A and the "Fiscal 2018 revised financial guidelines" section of this MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While Management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco Communications currently expects. These factors include risks such as competitive risks, business risks, regulatory risks, technology risks, financial risks, economic conditions, ownership risks, human-caused and natural threats to our network, infrastructure and systems and litigation risks, many of which are beyond the Corporation's control. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and Main Risk Factors" section of the Corporation's 2017 annual MD&A and the present MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco Communications and future events and results may vary significantly from what Management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A which represent Cogeco Communications' expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While Management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three-month period ended November 30, 2017 prepared in accordance with the International Financial Reporting Standards ("IFRS") and the MD&A included in the Corporation's 2017 Annual Report.

2. CORPORATE OBJECTIVES AND STRATEGIES

Cogeco Communications Inc.'s ("Cogeco Communication" or the "Corporation") mission is to create powerful connections for its customers and foster genuine connections with its customers. As our customers are at the core of everything we do, we continuously seek to innovate our processes, operations, services and products while efficiently managing capital utilization to secure future growth. We are also dedicated to optimizing profitability and consequently increasing shareholder value. To achieve these objectives, we are pursuing the following strategies:

Canadian broadband services	American broadband services	Business information and communications technology ("Business ICT services")
Delivering organic growth by introducing value added services for residential customers and by growing our business customer base	Leveraging Internet superiority and bundle sales	Focusing on sustainable revenue growth
Optimizing the return on investments by delivering our services more efficiently	Accelerating business services growth by moving upmarket	Optimizing the use of current assets in order to optimize cash flows
Investing in our people	Strategically extending the network to new service areas	Strengthening internal processes and systems to improve operational efficiency and optimize infrastructure
	Acquiring assets with identifiable growth opportunities	Promoting our brand supported by a people centric culture

The Corporation measures its performance, with regard to these objectives by monitoring revenue, adjusted EBITDA[(1)], free cash flow[(1)] and capital intensity[(1)].

2.1 KEY PERFORMANCE INDICATORS

REVENUE

For the three-month period ended November 30, 2017, revenue increased by $4.5 million, or 0.8%, to reach $553.6 million compared to $549.1 million for the same period of fiscal 2017 mainly driven by the growth of 3.2% in the Canadian broadband services segment, partly offset by the decreases of 1.4% in the American broadband services due to the depreciation of the US dollar against the Canadian dollar and of 4.5% in the Business ICT services segments.

ADJUSTED EBITDA

For the three-month period ended November 30, 2017, adjusted EBITDA decreased by $2.2 million, or 0.9%, to reach $247.5 million compared to $249.7 million for the same period of fiscal 2017 resulting essentially from the decreases in the American broadband services and the Business ICT services segments, partly offset by the improvement in the Canadian broadband services segment.

FREE CASH FLOW

For the three-month period ended November 30, 2017, Cogeco Communications' free cash flow remained essentially the same at $102.3 million compared to $101.4 million for the same period of the prior year as a result of the decrease in financial expense, mostly offset by the decrease of adjusted EBITDA.

CAPITAL INTENSITY AND ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

During the three-month period ended November 30, 2017, the acquisitions of property, plant and equipment, intangible and other assets amounted to $96.2 million and revenue to $553.6 million for a capital intensity ratio of 17.4% compared to 17.6% in the same period of the prior year resulting from an increase in revenue and stable capital expenditures.

In the Canadian broadband services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $47.5 million compared to $50.8 million for the same period of fiscal 2017. The decrease resulted mainly from lower capital expenditures due to the timing of certain initiatives as well as the depreciation of the US dollar over the Canadian dollar compared to the same period of the prior year, partly offset by additional investments in network infrastructure in order to extend the network in new areas as well as the purchase of additional equipments to improve the capacity of the Internet platform in some of the areas we serve.

In the American broadband services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $36.8 million compared to $35.8 million for the same period of fiscal 2017. The increase is mainly due to greater investment to extend the network in some of the areas we serve, including the Florida expansion, partly offset by lower equipments purchased to expand the Gigabit service and lower customer premise equipment ("CPE") acquisitions both due to the timing of certain initiatives combined with the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the MD&A.

In the Business ICT services segment, the acquisitions of property, plant and equipment, intangible and other assets amounted to $11.8 million compared to $9.9 million for the same period of fiscal 2017 resulting from the purchase of additional equipments for the hosting services, partly offset by the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

For further details on the Corporation's capital expenditures please refer to the "Cash flow analysis" section.

3. BUSINESS DEVELOPMENTS AND OTHER

In January 2018, a US subsidiary of Cogeco Communications has entered into four forward starting interest rate swap agreements on a notional amount totalling US$600 million. These agreements will have the effect of converting the floating US LIBOR base rate, excluding the applicable credit spread, at an average fixed rate of 2.19% starting on January 31, 2018, under the US$1.7 billion Senior Secured Term Loan B.

On January 4, 2018, the Corporation's subsidiary, Atlantic Broadband, completed the acquisition of substantially all of the assets of Harron Communications, L.P. cable systems operating under the MetroCast brand name ("MetroCast") which served about 125,000 Internet, 75,000 video and 36,000 telephony customers at November 30, 2017. This acquisition extends Atlantic Broadband's footprint across 11 states on the East Coast of the United States from Maine to Florida. The transaction valued at US$1.4 billion is subject to customary closing adjustments. This acquisition was financed through a combination of US$1.7 billion under a new Senior Secured Term Loan B, whereby US$583 million was used to refinance the existing First Lien Credit Facilities, and US$150 million under a new Senior Secured Revolving Credit facility combined with a US$315 million equity investment by Caisse de dépôt et placement du Québec ("CDPQ") in Atlantic Broadband's holding company, representing 21% of Atlantic Broadband.

On December 30, 2017 Atlantic Broadband purchased several dark fibres throughout south Florida from FiberLight, LLC for a consideration of US$16.8 million. On the same day, Atlantic Broadband signed an Asset Purchase Agreement (''APA'') with FiberLight, LLC to acquire all of its fibre network and corresponding assets located on the East Coast of south Florida for a consideration of US$34 million, which is subject to regulatory approvals and customary closing adjustments.

On December 22, 2017, the US Federal administration enacted the Tax Cuts and Jobs Act (the "Act"). The tax reform reduces the general federal corporate tax rate from 35% to 21% starting after 2017. This should reduce deferred income taxes and net deferred tax liabilities by approximately $89 million (US$69 million). These changes will be recognized during the three-month period ending February 28, 2018. The impact of the Act may differ from this estimate due to, among other things, changes in interpretations and assumptions the Corporation has made. In addition, the Act calls for other changes such as interest deductibility limitations, full deduction of acquisitions of tangible assets, net operating losses limitations as well as base erosion anti-avoidance, which together with tax rate reductions, are expected to favorably impact income tax expense in the future.

On December 11, 2017, the Corporation extended its $800 million Term Revolving Facility maturity date by an additional year until January 24, 2023.

4. OPERATING AND FINANCIAL RESULTS

4.1 OPERATING RESULTS

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Revenue	553,625	549,090	0.8
Operating expenses	301,415	294,699	2.3
Management fees – Cogeco Inc.	4,728	4,688	0.9
Adjusted EBITDA	247,482	249,703	(0.9)
Adjusted EBITDA margin	44.7%	45.5%	—

REVENUE

Fiscal 2018 first-quarter revenue amounted to $553.6 million, an increase of $4.5 million, or 0.8%, compared to the same period of the prior year driven by the growth of 3.2% in the Canadian broadband services segment, partly offset by the decreases of 1.4% in the American broadband services due to the depreciation of the US dollar against the Canadian dollar and of 4.5% in the Business ICT services segments.

For further details on the Corporation's revenue, please refer to the "Segmented operating results" section.

OPERATING EXPENSES AND MANAGEMENT FEES

Fiscal 2018 first-quarter operating expenses amounted to $301.4 million, an increase of $6.7 million, or 2.3%, compared to the same period of the prior year. Operating expenses increased mainly due to higher costs in the Canadian and American broadband services segments, partly offset by the decrease in the Business ICT services segment. For further details on the Corporation’s operating expenses, please refer to the “Segmented operating results” section.

Fiscal 2018 first-quarter management fees paid to Cogeco Inc. remained the same at $4.7 million compared to the same period of fiscal 2017. For further details on the Corporation's management fees, please refer to the “Related party transactions” section.

ADJUSTED EBITDA

Fiscal 2018 first-quarter adjusted EBITDA decreased by $2.2 million, or 0.9%, to reach $247.5 million mainly as a result of the decreases in the American broadband services and Business ICT services segments, partly offset by the improvement in the Canadian broadband services segment.

For further details on the Corporation’s adjusted EBITDA, please refer to the “Segmented operating results” section.

4.2 FIXED CHARGES

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Depreciation and amortization	**116,310**	119,076	(2.3)
Financial expense	**29,482**	32,090	(8.1)

Fiscal 2018 first-quarter depreciation and amortization expense decreased by $2.8 million, or 2.3%, to reach $116.3 million compared to the same period of the prior year mainly due the depreciation of the US dollar against the Canadian dollar combined with a lower level of capital expenditures over the past year in the Business ICT services segment and certain assets being fully amortized in the Canadian broadband services segment.

Fiscal 2018 first-quarter financial expense decreased by $2.6 million, or 8.1%, to reach $29.5 million compared to the same period of the prior year mainly due to the depreciation of the US dollar against the Canadian dollar combined with a higher level of Indebtedness in the comparable period of the prior year.

4.3 INCOME TAXES

Fiscal 2018 first-quarter income taxes increased by $1.3 million, or 5.6%, to reach $24.8 million compared to $23.5 million for the same period of the prior year. The slight increase is mainly attributable to the improvement of the profit before income taxes combined with last year's impact on deferred income taxes as a result of changes in substantively enacted tax rates, partly offset by the reduction of profit before income tax in foreign operations having a higher effective tax rate.

On March 26, 2015, in its 2015 budget, the Quebec government announced that the corporate tax rate would be gradually reduced by 0.1% per year from 11.9% in 2017 to 11.5% in 2020. These rate reductions were substantively enacted on November 15, 2016 and have reduced the deferred tax liabilities and the deferred income taxes by approximately $1.7 million for fiscal 2017 first-quarter.

4.4 PROFIT FOR THE PERIOD

Fiscal 2018 first-quarter profit for the period remained essentially the same at $76.5 million, or $1.55 per share compared to $75.0 million, or $1.53 per share for the same period of fiscal 2017 mainly as a result of the decreases in depreciation and amortization and in financial expense, mostly offset by a lower adjusted EBITDA and an increase in income taxes.

5. RELATED PARTY TRANSACTIONS

Cogeco Communications is a subsidiary of Cogeco Inc. ("Cogeco"), which holds 31.7% of the Corporation’s equity shares, representing 82.3% of the Corporation’s voting shares.

Cogeco provides executive, administrative, financial and strategic planning services and other services to the Corporation under a Management Services Agreement. Under the Agreement, management fees are payable on a monthly basis, representing 0.85% of the consolidated revenue of the Corporation. In addition, the Corporation reimburses Cogeco’s out-of-pocket expenses incurred with respect to services provided to the Corporation under the Agreement. Provision is made for future adjustment upon the request of either Cogeco or the Corporation should the level of management fees no longer align with the costs, time and resources committed by Cogeco.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the first quarter of fiscal 2018, the Corporation granted 124,625 (81,350 in 2017) stock options, did not grant any (nil in 2017) incentive share units ("ISUs") and granted 18,750 (12,150 in 2017) performance share units ("PSUs") to these executive officers as executive officers of Cogeco Communications. During the first quarter of fiscal 2018, the Corporation charged Cogeco $194,000 ($163,000 in 2017), $1,000 ($33,000 in 2017) and $234,000 ($136,000 in 2017), respectively, with regards to the Corporation's stock options, ISUs and PSUs granted to these executive officers.

There were no other material related party transactions during the periods covered.

6. CASH FLOW ANALYSIS

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Cash flow from operating activities	6,267	123,461	(94.9)
Cash flow from investing activities	(75,598)	(89,206)	(15.3)
Cash flow from financing activities	(20,652)	(53,754)	(61.6)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	1,038	754	37.7
Net change in cash and cash equivalents	(88,945)	(18,745)	—
Cash and cash equivalents, beginning of the period	211,185	62,286	—
Cash and cash equivalents, end of the period	122,240	43,541	—

6.1 OPERATING ACTIVITIES

Fiscal 2018 first-quarter cash flow from operating activities reached $6.3 million, representing a decrease of $117.2 million, or 94.9%, compared to the same period of the prior year mainly as a result of the following:

- the increase of $92.5 million in income taxes paid mainly as a result of the payment of income tax installments of $85.5 million which were deferred to the first quarter of fiscal 2018 pursuant to a corporate structure reorganization of the Canadian broadband services segment's subsidiaries in fiscal 2017; and
- the increase of $25.3 million in changes in non-cash operating activities primarily due to changes in working capital;

6.2 INVESTING ACTIVITIES

Fiscal 2018 first-quarter investing activities decreased by $13.6 million, or 15.3%, to reach $75.6 million compared to the same period of fiscal 2017. The decrease is mainly explained by the $20.0 million redemption of a short term-investment maturing during the first quarter of fiscal 2018.

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

The acquisitions of property, plant and equipment, intangible and other assets as well as the capital intensity per operating segment are as follows:

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Canadian broadband services	47,501	50,801	(6.5)
Capital intensity	14.5%	16.0%	—
American broadband services	36,825	35,796	2.9
Capital intensity	23.4%	22.4%	—
Business ICT services	11,832	9,897	19.6
Capital intensity	16.9%	13.5%	—
Consolidated	96,158	96,494	(0.3)
Capital intensity	17.4%	17.6%	—

For the first quarter ended November 30, 2017, acquisitions of property, plant and equipment, intangible and other assets remained essentially the same at $96.2 million compared to $96.5 million for the same period of fiscal 2017. The variation is mainly due to lower capital expenditures in the Canadian broadband services segment, offset by additional capital expenditures in the American broadband and Business ICT services segments.

Fiscal 2018 first-quarter capital intensity remained essentially the same at 17.4% compared to 17.6% for the same period of the prior year mainly as a result of an increase in revenue and stable capital expenditures.

For further details on the Corporation's acquisitions of property, plant and equipment, intangible and other assets, please refer to the "Segmented operating and financial results" section.

6.3 FREE CASH FLOW AND FINANCING ACTIVITIES

FREE CASH FLOW

Fiscal 2018 first-quarter free cash flow remained essentially the same at $102.3 million compared to $101.4 million for the same period of the prior year mainly due to the following:

- the decrease of $2.6 million in financial expense; mostly offset by
- the decrease of $2.2 million in adjusted EBITDA.

FINANCING ACTIVITIES

For the first quarter of fiscal 2018, a higher Indebtedness level led to a cash increase of $9.6 million compared to a lower Indebtedness level resulting in a cash decrease of $31.0 million for the comparable period of fiscal 2017. The variation is explained as follows:

Quarters ended November 30,	2017	2016	Change	Explanations
(in thousands of dollars)	$	$	$	
Increase in bank indebtedness	25,160	17,760	7,400	Related to the timing of payments made to suppliers.
Net decrease under the revolving facilities	(8,461)	(31,095)	22,634	Repayments of the revolving facilities as a result of generated free cash flow.
Repayments of long-term debt	(6,989)	(17,638)	10,649	Repayment of long-term debt in the first quarters of fiscal 2018 and 2017.
Repayment of balance due on a business combination	(118)	—	(118)	Repayment of balance due on a business combination during the first quarter of fiscal 2018.
	9,592	(30,973)	40,565	

DIVIDENDS

During the first quarter fiscal 2018, a quarterly eligible dividend of $0.475 per share was paid to the holders of multiple and subordinate voting shares, for a total paid of $23.4 million compared to a quarterly eligible dividend paid of $0.43, for a total paid of $21.2 million in the first quarter of fiscal 2017.

6.4 DIVIDEND DECLARATION

At its January 10, 2018 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.475 per share for multiple voting and subordinate voting shares, payable on February 7, 2018 to shareholders of record on January 24, 2018. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

7. SEGMENTED OPERATING AND FINANCIAL RESULTS

The Corporation reports its operating results in three operating segments: Canadian broadband services, American broadband services and Business ICT services. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segment and to assess its performance.

7.1 CANADIAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Revenue	326,941	316,835	3.2
Operating expenses	154,568	151,783	1.8
Adjusted EBITDA	172,373	165,052	4.4
Adjusted EBITDA margin	52.7%	52.1%	—
Acquisitions of property, plant and equipment, intangible and other assets	47,501	50,801	(6.5)
Capital intensity	14.5%	16.0%	—

REVENUE

Fiscal 2018 first-quarter revenue increased by $10.1 million, or 3.2%, to reach $326.9 million compared to the same period of the prior year. Revenue progression is mainly attributable to the impact of the timing of rate increases implemented in September 2017 and in November 2017 in Ontario and Québec, respectively, compared to December 2016 in the prior year. The continued growth in Internet service customers combined with the movement of customers to higher value packages also contributed to the increase which was partly offset by higher promotional pricing and a decline in video and telephony services customers.

OPERATING EXPENSES

Fiscal 2018 first-quarter operating expenses increased by $2.8 million, or 1.8%, to reach $154.6 million compared to the same period of the prior year. The increase resulted mainly from higher employee compensation costs mainly due to higher headcount combined with additional marketing costs due to the timing of certain initiatives, partly offset by lower service and programming costs and by a shift in product mix to higher margin Internet services from video services.

ADJUSTED EBITDA

Fiscal 2018 first-quarter adjusted EBITDA increased by $7.3 million, or 4.4% to reach $172.4 million compared to the same period of the prior year mainly as a result of revenue growth exceeding operating expenses growth.

CAPITAL INTENSITY AND ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

Fiscal 2018 first-quarter acquisitions of property, plant and equipment, intangible and other assets amounted to $47.5 million, representing a decrease of $3.3 million, or 6.5%, compared to the same period of the prior year. The decrease resulted mainly from lower capital expenditures due to the timing of certain initiatives as well as the depreciation of the US dollar over the Canadian dollar compared to the same period of the prior year, partly offset by additional investments in network infrastructure in order to extend the network in new areas as well as the purchase of additional equipments to improve the capacity of the Internet platform in some of the areas we serve.

Fiscal 2018 first-quarter capital intensity reached 14.5% compared to 16.0% for the same period of fiscal 2017 mainly as a result of lower capital expenditures combined with revenue growth.

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[2] November 30,	
	November 30, 2017	2017	2016 [1]	2017	2016
Primary service units	1,915,454	(1,407)	14,645		
Internet service customers	779,434	9,565	14,766	44.9	43.8
Video service customers	715,604	(5,032)	93	41.2	43.3
Telephony service customers	420,416	(5,940)	(214)	24.2	25.8

(1) Excludes 2,247 primary service units (808 Internet services and 1,439 video services) from a business combination completed in the first quarter of fiscal 2017.
(2) As a percentage of homes passed.

INTERNET

Fiscal 2018 first-quarter Internet service customers net additions stood at 9,565 compared to 14,766 for the same period of the prior year. The lower net additions is mainly due to competitive offers in the industry combined with a higher churn following the end of promotional activity. Internet service customers net additions stemmed from the ongoing interest in high speed offerings and in TiVo's digital advanced video services which requires an Internet subscription, the increased demand from Internet resellers and from the business sector as well as the sustained interest in bundle offers.

VIDEO

Fiscal 2018 first-quarter video service customers net losses stood at 5,032 compared to net additions of 93 for the same period of the prior year. The variation is mainly due to competitive offers in the industry, a changing video consumption environment and a higher churn following the end of higher promotional activity, partly offset by our customers' ongoing interest in video product offering, including TiVo's digital advanced video services, as well as bundles with fast Internet offerings.

TELEPHONY

Fiscal 2018 first-quarter telephony service customers net losses amounted to 5,940 compared to 214 for the same period of the prior year. The telephony service customer losses are mainly due to the increasing mobile penetration in North America and various unlimited offers launched by mobile operators causing customers to cancel their landline telephony services for mobile telephony services only.

DISTRIBUTION OF CUSTOMERS

At November 30, 2017, 71% (72% in 2016) of the Canadian broadband services customers subscribed to two or more services. The distribution of customers by number of services for the Canadian broadband services were: 29% who subscribe to the single play (28% in 2016), 39% to the double-play (39% in 2016) and 32% to the triple-play (33% in 2016).

7.2 AMERICAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Revenue	157,694	159,981	(1.4)
Operating expenses	95,283	90,156	5.7
Adjusted EBITDA	62,411	69,825	(10.6)
Adjusted EBITDA margin	39.6%	43.6%	—
Acquisitions of property, plant and equipment, intangible and other assets	36,825	35,796	2.9
Capital intensity	23.4%	22.4%	—

REVENUE

Fiscal 2018 first-quarter revenue decreased by $2.3 million, or 1.4%, to reach $157.7 million compared to the same period of the prior year as a result of the the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year. Fiscal 2018 first-quarter revenue in local currency amounted to US$125.6 million compared to US$120.6 million for the same period of fiscal 2017, representing an increase of US$5.0 million, or 4.2%, mainly due to rate increases implemented in September 2017, the continued growth in Internet and telephony services customers in both the residential and business sectors, party offset by a decline in video service customers.

OPERATING EXPENSES

Fiscal 2018 first-quarter operating expenses increased by $5.1 million, or 5.7%, to reach $95.3 million compared to the same period of the prior year. The increase is mainly due to programming rate increases, non-recurring costs of $3.1 million (US$2.5 million) related to hurricane Irma as well as additional costs such as employee and outsourced services compensation costs and marketing expenses to support the continued expansion in Florida and in anticipation of the MetroCast acquisition. The increase in operating expenses was partly offset by the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

Fiscal 2018 first-quarter operating expenses in local currency amounted to US$75.9 million compared to US$68.0 million for the same period of fiscal 2017, representing an increase of US$8.0 million, or 11.7%, including the non-recurring costs of US$2.5 million related to hurricane Irma.

ADJUSTED EBITDA

Fiscal 2018 first-quarter adjusted EBITDA decreased by $7.4 million, or 10.6%, to reach $62.4 million compared to the same period of the prior year. Excluding the non-recurring costs of $3.1 million related to hurricane Irma, fiscal 2018 first-quarter adjusted EBITDA would have decreased by $4.3 million, or 6.2%.

Fiscal 2018 first-quarter adjusted EBITDA in local currency amounted to US$49.7 million compared to US$52.6 million for the same period of the prior year, representing a decrease of US$2.9 million, or 5.6%, due to operating expenses increases exceeding revenue growth resulting from non-recurring costs related to hurricane Irma and additional costs to support the continued expansion in Florida and costs incurred in anticipation of the MetroCast acquisition. Excluding the non-recurring costs of US$2.5 million related to hurricane Irma, fiscal 2018 first-quarter adjusted EBITDA would have decreased by US$0.4 million, or 0.8%.

CAPITAL INTENSITY AND ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

Fiscal 2018 first-quarter acquisitions of property, plant and equipment, intangible and other assets amounted to $36.8 million, representing an increase of $1.0 million, or 2.9%, compared to the same period of the prior year. The increase is mainly due to greater investments to extend the network in some of the areas we serve, including the Florida expansion, partly offset by lower equipments purchased to expand the Gigabit service and CPE acquisitions both due to the timing of certain initiatives combined with the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

Fiscal 2018 first-quarter capital intensity reached 23.4% compared to 22.4% for the same period of the prior year mainly as a result lower revenue.

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2017	**2017**	2016	**2017**	2016
Primary service units	**611,032**	**11**	2,960		
Internet service customers	**274,912**	**1,785**	4,671	**46.2**	43.7
Video service customers	**233,174**	**(2,965)**	(2,805)	**39.2**	40.7
Telephony service customers	**102,946**	**1,191**	1,094	**17.3**	16.5

(1) As a percentage of homes passed.

INTERNET

Fiscal 2018 first-quarter Internet service customers net additions stood at 1,785 compared to 4,671 for the same period of the prior year. The lower net additions is mainly attributable to lower connects and a delayed bulk agreement activation both as a result of the impact of hurricane Irma. The net additions stemmed from our customers' ongoing interest in high speed offerings, growth in the business sector and the sustained interest in bundle offers.

VIDEO

Fiscal 2018 first-quarter video service customers net losses stood at 2,965 compared to 2,805 for the same period of the prior year. The net loss resulted mainly from competitive offers in the industry, lower connects and a delayed bulk agreement activation both as a result of the impact of hurricane Irma combined with the changing video consumption environment.

TELEPHONY

Fiscal 2018 first-quarter telephony service customers net additions stood at 1,191 compared to 1,094 for the same period of the prior year mainly as a result of the continued growth in the residential and business sectors.

DISTRIBUTION OF CUSTOMERS

At November 30, 2017, 55% (56% in 2016) of the American broadband services customers subscribed to two or more services. The distribution of customers by number of services for the American broadband services were: 45% (44% in 2016) who subscribe to the single play, 35% (36% in 2016) to the double-play and 20% (20% in 2016) to the triple-play.

7.3 BUSINESS ICT SERVICES

OPERATING AND FINANCIAL RESULTS

Quarters ended November 30,	2017	2016	Change
(in thousands of dollars, except percentages)	$	$	%
Revenue	69,883	73,208	(4.5)
Operating expenses	48,763	50,239	(2.9)
Adjusted EBITDA	21,120	22,969	(8.0)
Adjusted EBITDA margin	30.2%	31.4%	—
Acquisitions of property, plant and equipment, intangible and other assets	11,832	9,897	19.6
Capital intensity	16.9%	13.5%	—

REVENUE

Fiscal 2018 first-quarter revenue decreased by $3.3 million, or 4.5%, to reach $69.9 million compared to the same period of fiscal 2017. The decrease is primarily due to higher churn and competitive pricing pressures on the hosting and network connectivity services combined with the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

OPERATING EXPENSES

Fiscal 2018 first-quarter operating expenses decreased by $1.5 million, or 2.9%, to reach $48.8 million compared to $50.2 million for the same period of the prior year. The decrease is mainly due to lower fees paid to third parties combined with lower employee compensation costs and related expenses due to lower headcount and the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year. The decrease was partly offset by last year's $1.8 million gain on disposal of property, plant and equipment recognized as a reduction of operating expenses in the first quarter of fiscal 2017 in addition to higher network infrastructure costs and IT expenses. Excluding last year's non-recurring gain of $1.8 million on disposal of property, plant and equipment, fiscal 2018 first-quarter operating expenses would have decreased by $3.2 million, or 6.4%.

ADJUSTED EBITDA

Fiscal 2018 first-quarter adjusted EBITDA decreased by $1.8 million, or 8.0%, to reach $21.1 million due to declining revenue. Excluding last year's non-recurring gain of $1.8 million described above, fiscal 2018 first-quarter adjusted EBITDA would have decreased by $0.1 million, or 0.4% and would have remained essentially the same excluding the foreign exchange impact.

CAPITAL INTENSITY AND ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

Fiscal 2018 first-quarter acquisitions of property, plant and equipment, intangible and other assets amounted to $11.8 million, representing an increase of $1.9 million, or 19.6%, compared to the same period of the prior year resulting from the purchase of additional equipments for the hosting services, partly offset by the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

Fiscal 2018 first-quarter capital intensity reached 16.9% compared to 13.5% for the same period of the prior year as a result of declining revenue combined with an increase in acquisitions of property, plant and equipment, intangible and other assets.

8. FINANCIAL POSITION

8.1 WORKING CAPITAL

As part of the usual conduct of its business, Cogeco Communications maintains a working capital deficiency due to a low level of trade and other receivables since a large proportion of the Corporation's customers pay before their services are rendered, while trade and other payables are usually paid after products are delivered or services are rendered, enabling the Corporation to use the resulting cash and cash equivalents to reduce Indebtedness.

The variations are as follows:

	November 30, 2017	August 31, 2017	Change	Explanations
(in thousands of dollars)	$	$	$	
Current assets				
Cash and cash equivalents	122,240	211,185	(88,945)	Please refer to the "Cash flow and analysis" section.
Short-term investments	34,000	54,000	(20,000)	$20.0 million of short-term investments matured in October 2017.
Trade and other receivables	91,814	90,387	1,427	Non significant.
Income taxes receivable	11,570	4,210	7,360	Mostly related to income tax installments made during the first quarter of fiscal 2018.
Prepaid expenses and other	34,002	20,763	13,239	Increase in prepayments of annual maintenance agreements.
Derivative financial instrument	105	98	7	Non significant.
	293,731	380,643	(86,912)	
Current liabilities				
Bank indebtedness	28,961	3,801	25,160	Timing of payments made to suppliers.
Trade and other payables	209,693	316,762	(107,069)	Timing of payments made to suppliers.
Provisions	23,773	23,010	763	Non significant.
Income tax liabilities	37,336	103,649	(66,313)	Timing of payments of income taxes related to the deferral in the first quarter of fiscal 2018 of income tax installments pursuant to a corporate structure reorganization of the Canadian broadband services segment subsidiaries in fiscal 2017.
Deferred and prepaid revenue	78,328	85,005	(6,677)	Mostly related to the reclassification of a portion related to a large colocation contract in the Business ICT segment to non-current liabilities.
Balance due on a business combination	—	118	(118)	Non significant.
Derivative financial instruments	—	192	(192)	Non significant.
Current portion of long-term debt	190,527	131,915	58,612	Mostly related to the $55 million Senior Secured Notes Series B maturing in October 2018 combined with the appreciation of the US dollars against the Canadian dollar.
	568,618	664,452	(95,834)	
Working capital deficiency	(274,887)	(283,809)	8,922	

8.2 OTHER SIGNIFICANT CHANGES

(in thousands of dollars)	November 30, 2017 $	August 31, 2017 $	Change $	Explanations
Non-current assets				
Intangible assets	1,994,125	1,978,302	15,823	Appreciation of the US dollar and the British Pound against the Canadian dollar, partly offset by the amortization expense exceeding the acquisitions of intangible assets.
Goodwill	1,046,611	1,023,424	23,187	Appreciation of the US dollar and the British Pound against the Canadian dollar.
Non-current liabilities				
Long-term debt	2,420,475	2,444,518	(24,043)	Related to the $55 million Senior Secured Notes Series B maturing in October 2018 and debt repayments, partly offset by the appreciation of the US dollar against the Canadian dollar.
Deferred tax liabilities	616,364	603,747	12,617	Appreciation of the US dollar against the Canadian dollar.

8.3 OUTSTANDING SHARE DATA

A description of Cogeco Communications' share data at December 31, 2017 is presented in the table below. Additional details are provided in Note 9 of the consolidated financial statements.

(in thousands of dollars, except number of shares/options)	Number of shares/options	Amount $
Common shares		
Multiple voting shares	15,691,100	98,346
Subordinate voting shares	33,857,667	936,234
Options to purchase subordinate voting shares		
Outstanding options	885,520	
Exercisable options	281,299	

8.4 FINANCING

In the normal course of business, Cogeco Communications has incurred financial obligations, primarily in the form of long-term debt, operating and finance leases and guarantees. Cogeco Communications' obligations, as reported in the 2017 Annual Report, have not materially changed since August 31, 2017.

At November 30, 2017, the Corporation had used $25.2 million of its $800 million Term Revolving Facility for a remaining availability of $774.8 million. In addition, two subsidiaries related to Atlantic Broadband benefit from a Revolving Facility of $193.3 million (US$150 million), of which $31.3 million (US$24.3 million) was used at November 30, 2017 for a remaining availability of $162.0 million (US$125.7 million).

8.5 CREDIT RATINGS

The table below shows Cogeco Communications' and Atlantic Broadband's credit ratings:

At November 30, 2017	S&P	DBRS	Fitch	Moody's
Cogeco Communications				
Senior Secured Notes and Debentures	BBB-	BBB (low)	BBB-	NR
Senior Unsecured Notes	BB-	BB	BB+	NR
Atlantic Broadband				
First Liens Credit Facilities	BB-	NR	NR	B1

NR : Not rated

Pursuant to the closing of the MetroCast acquisition on January 4, 2018, the credit ratings for Cogeco Communications remained unchanged while the credit rating on Atlantic Broadband's First Lien Credit Facilities was downgraded to B1 and BB- by Moody's and S&P, respectively, due to the additional financial leverage at Atlantic Broadband resulting from the acquisition.

8.6 FINANCIAL MANAGEMENT

Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2017, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the First Lien Credit Facilities.

To reduce such risk, the Corporation's US subsidiary entered into interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2017:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$75 million	US Libor base rate	0.9870%	July 31, 2019	Term Loan A-2 Facility
Cash flow [1]	US$500 million	US Libor base rate	2.017% - 2.094%	January 2023 - November 2024	Senior Secured Term Loan B [2]

(1) Forward starting interest rate swaps with a January 31, 2018 effective date.

(2) A US$1.7 billion Senior Secured Term Loan B was issued on January 4, 2018 to finance the MetroCast acquisition and also to refinance the existing Atlantic Broadband First Lien Credit Facilities.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $6.6 million based on the outstanding debt at November 30, 2017.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest associated with its long-term debt denominated in US dollars. The impact of an increase of 10% in the exchange rate of the US dollar into Canadian dollars would increase financial expense by approximately $7.4 million based on the outstanding debt at November 30, 2017.

The Corporation faces exposure to foreign exchange risk related to its forecasted purchase commitments of property, plant and equipment denominated in US dollars. In order to mitigate such risk, the Corporation entered into a foreign currency forward contract and designated it as a cash-flow hedge for accounting purposes. The following table shows the forward contract outstanding at November 30, 2017:

Type of hedge	Notional amount	Maturity	Exchange rate	Hedged item
Cash flow	US$4.9 million	January 2018	1.2662	Purchase commitments of property, plant and equipment

Furthermore, the Corporation's net investments in foreign operations are exposed to market risk attributable to fluctuations in foreign currency exchange rates, primarily changes in the values of the Canadian dollar versus the US dollar and British Pound. The risk related to the US dollar aggregate investments is mitigated since the major part was borrowed in US dollars.

The following table shows the net investments in foreign operations outstanding at November 30, 2017:

Type of hedge	Notional amount of debt	Aggregate investments	Hedged item
Net investment	US$790 million	US$910.6 million	Net investments in foreign operations in US dollar
N/A	£—	£27.6 million	N/A

The exchange rates used to convert the US dollar currency and British Pound currency into Canadian dollars for the statement of financial position accounts at November 30, 2017 was $1.2888 ($1.2536 at August 31, 2017) per US dollar and $1.7404 ($1.6161 at August 31, 2017) per British Pound. A 10% decrease in the exchange rates of the US dollar and British Pound into Canadian dollars would decrease other comprehensive income by approximately $20.3 million.

For the three-month period ended November 30, 2017, the average rates prevailing used to convert the operating results of the American broadband services and a portion of the Business ICT services segments were as follows:

Quarters ended November 30,	2017	2016	Change
	$	$	%
US dollar vs Canadian dollar	1.2552	1.3266	(5.4)
British Pound vs Canadian dollar	1.6638	1.6755	(0.7)

The following tables highlight in Canadian dollars, the impact of a 10% increase in the US dollar and British Pound against the Canadian dollar on Cogeco Communications' segmented and consolidated operating results for the three-month period ended November 30, 2017:

	Canadian broadband services		American broadband services		Business ICT services		Consolidated	
	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported (1)	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$	$	$
Revenue	326,941	—	157,694	15,769	69,883	3,692	553,625	19,461
Operating expenses	154,568	1,088	95,283	9,532	48,763	2,333	301,415	12,953
Management fees - Cogeco Inc.	—	—	—	—	—	—	4,728	—
Adjusted EBITDA	172,373	(1,088)	62,411	6,237	21,120	1,359	247,482	6,508
Acquisitions of property, plant and equipment, intangible and other assets	47,501	3,513	36,825	3,676	11,832	709	96,158	7,898
Free cash flow							102,300	(3,121)

(1) The consolidated results do not correspond to the addition of the operating segment's results as inter-segment eliminations and other are not presented.

The impact of a 10% decrease in the US dollar and British Pound against the Canadian dollar would have the reverse effect on Cogeco Communications' segmented and consolidated operating results.

9. FISCAL 2018 REVISED FINANCIAL GUIDELINES

Cogeco Communications revised on January 10, 2018 its fiscal 2018 financial guidelines to include MetroCast's financial projections for an eight-month period.

As a result of this acquisition, the proportion of revenue, operating expenses and capital expenditures realized in US dollars will increase significantly, resulting in larger foreign exchange rate variations on the Corporation’s financial results. Accordingly, the Corporation believes the presentation of its financial guidelines on a constant currency basis should enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates. Measures on a constant currency basis are considered non-IFRS measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2018 revenue to grow between 11% and 13% and adjusted EBITDA between 10% and 12% while free cash flow should decrease between 11% and 18% compared to fiscal 2017. The capital intensity ratio should increase compared to fiscal 2017 mainly due to Atlantic Broadband's Florida expansion plans. Included in those projections, the MetroCast acquisition should represent approximately 9% growth in revenue and 10% growth in adjusted EBITDA. The MetroCast acquisition, together with dark fibre asset purchases completed in December 2017, will add $65 to $70 million in capital expenditures, for total projected capital expenditures of $530 to $550 million.

In the Canadian broadband services segment, revenue growth should stem primarily from the residential and business sectors as well as from the impact of rate increases in most services. Residential revenue should also increase from the ongoing interest in Internet services, partly offset by a decline in video and telephony services as a result of service category maturity, competitive offers in the industry and a changing video consumption environment. Growth in the business sector should come from the increasing demand in Internet and telephony services as well as demand from Internet resellers. In the American broadband services segment, revenue growth should stem primarily from the MetroCast acquisition as well as primary service units growth in both the residential and business sectors combined with the impact of rate increases in most services. Revenue in the residential sector should continue to benefit from customers' ongoing interest in all its services as well as from the continued expansion in Florida. In addition, revenue growth in the business sector should be driven by new offerings in both the Internet and telephony services. In the Business ICT services segment, revenue should remain stable and stem primarily from cloud services due to new partnership programs and additional services offered, partly offset by a decline in network connectivity services as a result of competitive pricing pressures.

Adjusted EBITDA should increase reflecting organic growth in our operating segments and the MetroCast acquisition, partly offset by costs to support the continued expansion in Florida, costs incurred in anticipation of the MetroCast acquisition as well as non-recurring costs related to hurricane Irma. Excluding fiscal 2017 non-recurring items and fiscal 2018 costs related to hurricane Irma, adjusted EBITDA would increase by an additional 1% year-over-year.

Free cash flow should decrease as a result of increases in capital expenditures mainly due to the Florida expansion plans combined with transaction costs associated with the MetroCast acquisition, partly offset by the improvement of the adjusted EBITDA.

The following table outlines fiscal 2018 revised financial guidelines ranges on a consolidated basis:

(in millions of dollars, except percentages)	Revised projections January 10, 2018 [(1)] Fiscal 2018 (constant currency basis) [(2)]	Actuals Fiscal 2017 $
Financial guidelines		
Revenue	Increase of 11% to 13%	2,227
Adjusted EBITDA	Increase of 10% to 12%	1,005
Acquisitions of property, plant and equipment, intangible and other assets	$530 to $550	428
Free cash flow[(3)]	Decrease of 11% to 18%	374
Capital intensity	21.0% to 22.0%	19.2%

(1) Fiscal 2018 revised financial guidelines presented as percentages reflect increases/decreases over fiscal 2017 actuals.

(2) Based on fiscal 2017 average foreign exchange rates of 1.3205 USD/CDN and 1.6711 GBP/CDN.

(3) The assumed current income tax effective rate is approximatively 24%.

10. CONTROLS AND PROCEDURES

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco Communications' internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR at November 30, 2017, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three-month period ended November 30, 2017.

11. UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Communications can be found in the 2017 Annual Report, available at www.sedar.com and corpo.cogeco.com. There has been no significant change in the uncertainties and main risk factors faced by the Corporation since August 31, 2017.

12. ACCOUNTING POLICIES

12.1 NEW ACCOUNTING STANDARDS

A number of new standards, interpretations and amendments to existing standards were issued by the *International Accounting Standards Board* ("IASB") that are mandatory but not yet effective for the three-month period ended November 30, 2017 and have not been applied in preparing the condensed interim consolidated financial statements. These standards are described under the "Future accounting developments in Canada" section in the Corporation's 2017 Annual Report available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

12.2 CHANGES IN CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Communications' critical accounting policies and estimates since August 31, 2017. A description of the Corporation's policies and estimates can be found in the 2017 Annual Report, available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

13. NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Communications throughout this MD&A. These financial measures are reviewed in assessing the performance of the Corporation and used in the decision-making process with regards to our business units. Reconciliations between "free cash flow", "adjusted EBITDA", "adjusted EBITDA margin" and "capital intensity" and the most comparable IFRS financial measures are also provided. These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

This MD&A also makes reference to financial guidelines on a constant currency basis, including revenue, "adjusted EBITDA", acquisitions of property, plant and equipment, intangible and other assets, "free cash flow" and "capital intensity". Measures on a constant currency basis are considered non-IFRS measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similarly measures presented by other companies. Financial projections on a constant currency basis are obtained by translating financial guidelines denominated in US dollars and GBP currency at the foreign exchange rates of the prior year. The average foreign exchange rates in fiscal 2017 were 1.3205 USD/CDN and 1.6711 GBP/CDN.

Non-IFRS measure	Application	Calculation	Most comparable IFRS measures
Free cash flow	Management and investors use free cash flow to measure Cogeco Communications' ability to repay debt, distribute capital to its shareholders and finance its growth.	Free cash flow: - Cash flow from operating activities add: - Amortization of deferred transaction costs and discounts on long-term debt; - Changes in non-cash operating activities; - Income taxes paid; and - Financial expense paid deduct: - Current income taxes; - Financial expense; - Acquisition of property, plant and equipment; and - Acquisition of intangible and other assets.	Cash flow from operating activities
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA and adjusted EBITDA margin are key measures commonly reported and used in the telecommunications industry, as they allow comparisons between companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength. Adjusted EBITDA for Cogeco Communications' business units is equal to the segment profit (loss) reported in note 2 of the Condensed Interim Consolidated Financial Statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs.	Profit for the period
		Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue	No comparable IFRS measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Acquisition of property, plant and equipment; and - Acquisition of intangible and other assets divided by: - Revenue	No comparable IFRS measure

13.1 FREE CASH FLOW RECONCILIATION

Quarters ended November 30,	2017	2016
(in thousands of dollars)	$	$
Cash flow from operating activities	**6,267**	123,461
Amortization of deferred transaction costs and discounts on long-term debt	2,167	2,191
Changes in non-cash operating activities	105,734	80,392
Income taxes paid	96,208	3,661
Current income taxes	(22,610)	(21,425)
Financial expense paid	40,174	41,683
Financial expense	(29,482)	(32,090)
Acquisition of property, plant and equipment	(91,325)	(90,962)
Acquisition of intangible and other assets	(4,833)	(5,532)
Free cash flow	**102,300**	101,379

13.2 ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN RECONCILIATION

Quarters ended November 30,	2017	2016
(in thousands of dollars, except percentages)	$	$
Profit for the period	**76,469**	75,024
Income taxes	24,829	23,513
Financial expense	29,482	32,090
Depreciation and amortization	116,310	119,076
Integration, restructuring and acquisition costs	392	—
Adjusted EBITDA	**247,482**	249,703
Revenue	553,625	549,090
Adjusted EBITDA margin	**44.7%**	45.5%

13.3 CAPITAL INTENSITY RECONCILIATION

Quarters ended November 30,	2017	2016
(in thousands of dollars, except percentages)	$	$
Acquisition of property, plant and equipment	91,325	90,962
Acquisition of intangible and other assets	4,833	5,532
Total acquisitions of property, plant and equipment, intangible and other assets	**96,158**	96,494
Revenue	553,625	549,090
Capital intensity	**17.4%**	17.6%

14. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Quarters ended	November 30,		August 31,		May 31,		February 28,	February 29,
(in thousands of dollars, except percentages and per share data)	**2017**	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Revenue	**553,625**	549,090	551,728	544,056	565,158	540,257	560,875	551,523
Adjusted EBITDA	**247,482**	249,703	247,195	247,810	254,233	243,115	253,839	248,382
Adjusted EBITDA margin	**44.7%**	45.5%	44.8%	45.5%	45.0%	45.0%	45.3%	45.0%
Integration, restructuring and acquisition costs	**392**	—	3,191	1,326	—	1,126	—	4,320
Claims and litigations	**—**	—	—	292	—	10,499	—	—
Impairment of goodwill and intangible assets	**—**	—	—	—	—	450,000	—	—
Profit (loss) for the period	**76,469**	75,024	71,335	74,581	76,203	(387,357)	76,663	62,042
Cash flow from operating activities	**6,267**	123,461	345,957	261,623	241,689	181,498	245,550	205,954
Acquisitions of property, plant and equipment, intangible and other assets	**96,158**	96,494	145,162	110,017	100,202	94,442	86,199	116,732
Free cash flow	**102,300**	101,379	50,841	81,594	104,728	84,664	116,787	74,698
Capital intensity	**17.4%**	17.6%	26.3%	20.2%	17.7%	17.5%	15.4%	21.2%
Earnings (loss) per share[1]								
Basic	**1.55**	1.53	1.45	1.52	1.55	(7.89)	1.56	1.27
Diluted	**1.54**	1.52	1.44	1.52	1.54	(7.89)	1.55	1.26
Dividends per share	**0.475**	0.43	0.43	0.39	0.43	0.39	0.43	0.39
Weighted average number of multiple and subordinate voting shares outstanding	**49,288,155**	49,144,311	49,250,857	49,111,998	49,230,481	49,096,586	49,190,249	48,969,487

(1) Per multiple and subordinate voting share.

14.1 SEASONAL VARIATIONS

Cogeco Communications' operating results are not generally subject to material seasonal fluctuations except as follows. In the Canadian and American broadband services segments, the number of Internet and video services customers are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several university and college towns such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada and in Pennsylvania, and to a lesser extent in South Carolina, eastern Connecticut, Maryland and Delaware in the United States. In the American broadband services segment, the Miami area is also subject to seasonal fluctuations due to the winter season residents returning home from late spring through the fall.

15. ADDITIONAL INFORMATION

This MD&A was prepared on January 10, 2018. Additional information relating to the Corporation, including its Annual Report and Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

/s/ Jan Peeters
Jan Peeters
Chairman of the Board

/s/ Louis Audet
Louis Audet
President and Chief Executive Officer

Cogeco Communications Inc.
Montréal, Québec
January 10, 2018

COGECO COMMUNICATIONS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2017

COGECO COMMUNICATIONS INC.
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(unaudited)

		Three months ended November 30,	
	Notes	**2017**	2016
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue	*2*	**553,625**	549,090
Operating expenses	*3*	**301,415**	294,699
Management fees – Cogeco Inc.	*14*	**4,728**	4,688
Integration, restructuring and acquisition costs	*2*	**392**	—
Depreciation and amortization	*4*	**116,310**	119,076
Financial expense	*5*	**29,482**	32,090
Income taxes	*6*	**24,829**	23,513
Profit for the period		**76,469**	75,024
Earnings per share			
Basic	*7*	**1.55**	1.53
Diluted	*7*	**1.54**	1.52

COGECO COMMUNICATIONS INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended November 30,	
	2017	2016
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**76,469**	75,024
Other comprehensive income		
Items to be subsequently reclassified to profit or loss		
Cash flow hedging adjustments		
Net change in fair value of hedging derivative financial instruments	**4,007**	1,027
Related income taxes	**(983)**	(272)
	3,024	755
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**23,170**	16,050
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(16,608)**	(13,733)
Related income taxes	**304**	(186)
	6,866	2,131
	9,890	2,886
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability	**1,007**	4,098
Related income taxes	**(267)**	(1,086)
	740	3,012
Other comprehensive income for the period	**10,630**	5,898
Comprehensive income for the period	**87,099**	80,922

COGECO COMMUNICATIONS INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income $	Retained earnings $	Total shareholders' equity $
	(Note 9)		*(Note 10)*		
Balance at August 31, 2016	1,008,467	13,328	84,627	273,493	1,379,915
Profit for the period	—	—	—	75,024	75,024
Other comprehensive income for the period	—	—	2,886	3,012	5,898
Comprehensive income for the period	—	—	2,886	78,036	80,922
Issuance of subordinate voting shares under the Stock Option Plan	1,812	—	—	—	1,812
Share-based payment	—	933	—	—	933
Share-based payment previously recorded in share-based payment reserve for options exercised	361	(361)	—	—	—
Dividends on multiple voting shares (Note 9 C))	—	—	—	(6,747)	(6,747)
Dividends on subordinate voting shares (Note 9 C))	—	—	—	(14,410)	(14,410)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(3,436)	—	—	—	(3,436)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	3,851	(3,638)	—	(213)	—
Total contributions by (distributions to) shareholders	2,588	(3,066)	—	(21,370)	(21,848)
Balance at November 30, 2016	1,011,055	10,262	87,513	330,159	1,438,989
Balance at August 31, 2017	**1,017,636**	**13,086**	**76,635**	**491,910**	**1,599,267**
Profit for the period	**—**	**—**	**—**	**76,469**	**76,469**
Other comprehensive income for the period	**—**	**—**	**9,890**	**740**	**10,630**
Comprehensive income for the period	**—**	**—**	**9,890**	**77,209**	**87,099**
Issuance of subordinate voting shares under the Stock Option Plan	**2,556**	**—**	**—**	**—**	**2,556**
Share-based payment	**—**	**1,665**	**—**	**—**	**1,665**
Share-based payment previously recorded in share-based payment reserve for options exercised	**409**	**(409)**	**—**	**—**	**—**
Dividends on multiple voting shares (Note 9 C))	**—**	**—**	**—**	**(7,453)**	**(7,453)**
Dividends on subordinate voting shares (Note 9 C))	**—**	**—**	**—**	**(15,995)**	**(15,995)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(9,352)**	**—**	**—**	**—**	**(9,352)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**3,920**	**(3,838)**	**—**	**(82)**	**—**
Total distributions to shareholders	**(2,467)**	**(2,582)**	**—**	**(23,530)**	**(28,579)**
Balance at November 30, 2017	**1,015,169**	**10,504**	**86,525**	**545,589**	**1,657,787**

COGECO COMMUNICATIONS INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

(In thousands of Canadian dollars)	*Notes*	**November 30, 2017** $	August 31, 2017 $
Assets			
Current			
Cash and cash equivalents	*11 B)*	**122,240**	211,185
Short-term investments		**34,000**	54,000
Trade and other receivables		**91,814**	90,387
Income taxes receivable		**11,570**	4,210
Prepaid expenses and other		**34,002**	20,763
Derivative financial instrument		**105**	98
		293,731	380,643
Non-current			
Other assets		**3,533**	7,095
Property, plant and equipment		**1,952,672**	1,947,239
Intangible assets		**1,994,125**	1,978,302
Goodwill		**1,046,611**	1,023,424
Derivative financial instruments		**4,567**	759
Deferred tax assets		**12,420**	10,918
		5,307,659	5,348,380
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**28,961**	3,801
Trade and other payables		**209,693**	316,762
Provisions		**23,773**	23,010
Income tax liabilities		**37,336**	103,649
Deferred and prepaid revenue		**78,328**	85,005
Balance due on a business combination		**—**	118
Derivative financial instruments		**—**	192
Current portion of long-term debt	*8*	**190,527**	131,915
		568,618	664,452
Non-current			
Long-term debt	*8*	**2,420,475**	2,444,518
Deferred and prepaid revenue and other liabilities		**41,199**	31,462
Pension plan liabilities and accrued employee benefits		**3,216**	4,934
Deferred tax liabilities		**616,364**	603,747
		3,649,872	3,749,113
Shareholders' equity			
Share capital	*9 B)*	**1,015,169**	1,017,636
Share-based payment reserve		**10,504**	13,086
Accumulated other comprehensive income	*10*	**86,525**	76,635
Retained earnings		**545,589**	491,910
		1,657,787	1,599,267
		5,307,659	5,348,380

COGECO COMMUNICATIONS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Three months ended November 30,	
	Notes	2017	2016
(In thousands of Canadian dollars)		$	$
Cash flow from operating activities			
Profit for the period		76,469	75,024
Adjustments for:			
Depreciation and amortization	4	116,310	119,076
Financial expense	5	29,482	32,090
Income taxes	6	24,829	23,513
Share-based payment	9 D)	1,793	1,021
Loss (gain) on disposals and write-offs of property, plant and equipment		365	(1,860)
Defined benefit plans contributions, net of expense		(865)	333
		248,383	249,197
Changes in non-cash operating activities	11 A)	(105,734)	(80,392)
Financial expense paid		(40,174)	(41,683)
Income taxes paid		(96,208)	(3,661)
		6,267	123,461
Cash flow from investing activities			
Acquisition of property, plant and equipment		(91,325)	(90,962)
Acquisition of intangible and other assets		(4,833)	(5,532)
Redemption of a short-term investment		20,000	—
Business combination, net of cash and cash equivalents acquired		—	(804)
Proceeds on disposals of property, plant and equipment		560	8,092
		(75,598)	(89,206)
Cash flow from financing activities			
Increase in bank indebtedness		25,160	17,760
Net decrease under the revolving facilities		(8,461)	(31,095)
Repayments of long-term debt		(6,989)	(17,638)
Repayment of balance due on a business combination		(118)	—
Issuance of subordinate voting shares	9 B)	2,556	1,812
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	9 B)	(9,352)	(3,436)
Dividends paid on multiple voting shares	9 C)	(7,453)	(6,747)
Dividends paid on subordinate voting shares	9 C)	(15,995)	(14,410)
		(20,652)	(53,754)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies		1,038	754
Net change in cash and cash equivalents		(88,945)	(18,745)
Cash and cash equivalents, beginning of the period		211,185	62,286
Cash and cash equivalents, end of the period		122,240	43,541

NATURE OF OPERATIONS

Cogeco Communications Inc. ("Cogeco Communications" or the "Corporation") is a communications corporation operating in Canada under the Cogeco Connexion name in Québec and Ontario, and in the United States under the Atlantic Broadband name in 11 states along the East Coast, from Maine to Florida. Cogeco Communications provides its residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks. Through its subsidiary Cogeco Peer 1, Cogeco Communications provides its business customers with a suite of information technology services (colocation, network connectivity, hosting, cloud and managed services), through its 16 data centres, extensive FastFiber Network® and more than 50 points of presence in North America and Europe.

During fiscal 2017, the Corporation announced that its subsidiary, Atlantic Broadband has entered into a definitive agreement with Harron Communications, L.P. to purchase all of its cable systems operating under the MetroCast brand name (“MetroCast”). The transaction was completed on January 4, 2018.

The Corporation is a subsidiary of Cogeco Inc. ("Cogeco"), which holds 31.7% of the Corporation’s equity shares, representing 82.3% of the votes attached to the Corporation’s voting shares. Cogeco Communications is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CCA".

The Corporation's registered office is located at 5 Place Ville Marie, Suite 1700, Montréal, Québec, H3B 0B3.

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting* and do not include all the information required for annual financial statements. Certain information and footnote disclosure included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Corporation’s interim financial information. As such, these condensed interim consolidated financial statements should be read in conjunction with the Corporation’s 2017 annual consolidated financial statements.

These condensed interim consolidated financial statements have been prepared with the accounting policies the Corporation adopted in its 2017 annual consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the condensed interim consolidated financial statements unless otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis using historical cost, except for financial instruments and derivative financial instruments, cash-settled share-based payment arrangements and pension plan assets, which are measured at fair value, and for the defined benefit obligation and provisions, which are measured at present value.

Financial information is presented in Canadian dollars, which is the functional currency of the Corporation.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Corporation does not expect seasonality to be a material factor in quarterly results except that in the Canadian and American broadband services segments, the number of customers in the Internet and video services are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several university and college towns such as Kingston, Windsor, St. Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada and in Pennsylvania, and to a lesser extent in South Carolina, eastern Connecticut, Maryland and Delaware in the United States. In the American broadband services segment, the Miami area is also subject to seasonal fluctuations due to winter season residents returning home from late spring through the fall.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Corporation at its meeting held on January 10, 2018.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

2. OPERATING SEGMENTS

The Corporation's segment profit (loss) is reported in three operating segments: Canadian broadband services, American broadband services and Business information and communications technology ("Business ICT") services. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segments and to assess their performance.

The Canadian and American broadband services segments provide a wide range of Internet, video and telephony services primarily to residential customers and also provide business services to small and medium sized businesses across their coverage areas. The Canadian broadband services activities are carried out by Cogeco Connexion in the Provinces of Québec and Ontario and the American broadband services activities are carried out by Atlantic Broadband in western Pennsylvania, southern Florida, Maryland/Delaware, South Carolina and eastern Connecticut.

The Business ICT services segment provides colocation, network connectivity, hosting, cloud and an extensive portfolio of managed services primarily in Canada, the United States and Europe to small, medium and large enterprises around the globe. Cogeco Peer 1 provides these services in the following key vertical markets: online retail, financial services, technology, public sector, education, health care, business services, manufacturing, media and online gaming. The primary activities of the Business ICT services segment are carried out by Cogeco Peer 1 across Canada (British Columbia, Ontario and Québec), the United States (California, Texas, Virginia, Florida and Georgia) and Europe (London and Southampton, United Kingdom and France). Cogeco Peer 1 has more than 50 points of presence, including in Germany, the Netherlands and Mexico.

The Corporation and its chief operating decision maker assess the performance of each operating segment based on its segment profit (loss), which is equal to revenue less operating expenses. The other expenses, except for management fees, financial expense and income taxes, are reported by segment solely for external reporting purposes. Management fees, financial expense and income taxes are managed on a consolidated basis and, accordingly, are not reflected in segmented results. The Inter-segment eliminations and other, eliminate any intercompany transactions included in each segment's operating results and include head office activities. Transactions between operating segments are measured at the amounts agreed to between the parties.

	Three months ended November 30, 2017				
	Canadian broadband services	American broadband services	Business ICT services	Inter-segment eliminations and other	Consolidated
	$	$	$	$	$
Revenue (1)	326,941	157,694	69,883	(893)	553,625
Operating expenses	154,568	95,283	48,763	2,801	301,415
Management fees – Cogeco Inc.	—	—	—	4,728	4,728
Segment profit (loss)	172,373	62,411	21,120	(8,422)	247,482
Integration, restructuring and acquisition costs (2)	—	392	—	—	392
Depreciation and amortization	57,061	33,741	25,433	75	116,310
Financial expense					29,482
Income taxes					24,829
Profit for the period					76,469
Property, plant and equipment	1,100,896	464,296	387,102	378	1,952,672
Intangible assets	990,424	925,465	78,236	—	1,994,125
Goodwill	4,662	771,041	270,908	—	1,046,611
Acquisition of property, plant and equipment	44,897	35,584	10,844	—	91,325
Acquisition of intangible and other assets	2,604	1,241	988	—	4,833

(1) Revenue by geographic market includes $368,685 in Canada, $177,416 in the United States and $7,524 in Europe.

(2) Comprised of due diligence and transaction costs in connection with the Metrocast business combination completed on January 4, 2018.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

	Canadian broadband services	American broadband services	Business ICT services	Inter-segment eliminations and other	Consolidated
					Three months ended November 30, 2016
	$	$	$	$	$
Revenue [(1)]	316,835	159,981	73,208	(934)	549,090
Operating expenses	151,783	90,156	50,239	2,521	294,699
Management fees – Cogeco Inc.	—	—	—	4,688	4,688
Segment profit (loss)	165,052	69,825	22,969	(8,143)	249,703
Depreciation and amortization	58,336	33,326	27,339	75	119,076
Financial expense					32,090
Income taxes					23,513
Profit for the period					75,024
Property, plant and equipment [(2)]	1,110,926	443,257	392,603	453	1,947,239
Intangible assets [(2)]	990,600	905,805	81,897	—	1,978,302
Goodwill [(2)]	4,662	749,982	268,780	—	1,023,424
Acquisition of property, plant and equipment	47,869	34,629	8,464	—	90,962
Acquisition of intangible and other assets	2,932	1,167	1,433	—	5,532

(1) Revenue by geographic market includes $358,690 in Canada, $182,341 in the United States and $8,059 in Europe.
(2) At August 31, 2017.

The following tables set out certain geographic market information at November 30, 2017 and August 31, 2017:

	Canada	United States	Europe	Total
				At November 30, 2017
	$	**$**	**$**	**$**
Property, plant and equipment	**1,410,932**	**510,650**	**31,090**	**1,952,672**
Intangible assets	**1,042,233**	**948,434**	**3,458**	**1,994,125**
Goodwill	**221,867**	**809,750**	**14,994**	**1,046,611**

	Canada	United States	Europe	Total
				At August 31, 2017
	$	$	$	$
Property, plant and equipment	1,426,089	490,820	30,330	1,947,239
Intangible assets	1,044,991	929,565	3,746	1,978,302
Goodwill	221,867	787,633	13,924	1,023,424

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

3. OPERATING EXPENSES

	Three months ended November 30,	
	2017	2016
	$	$
Salaries, employee benefits and outsourced services	89,335	87,267
Service delivery costs (1)	162,465	162,745
Customer related costs (2)	18,755	17,225
Other external purchases (3)	30,860	27,462
	301,415	294,699

(1) Include cost of equipment sold, content and programming costs, payments to other carriers, data centre expenses, franchise fees and network costs.
(2) Include advertising and marketing expenses, selling costs, billing expenses, bad debts and collection expenses.
(3) Include office building expenses, professional service fees, Canadian Radio-television and Telecommunications Commission ("CRTC") fees, losses and gains on disposals and write-offs of property, plant and equipment, and other administrative expenses.

4. DEPRECIATION AND AMORTIZATION

	Three months ended November 30,	
	2017	2016
	$	$
Depreciation of property, plant and equipment	101,128	103,578
Amortization of intangible assets	15,182	15,498
	116,310	119,076

5. FINANCIAL EXPENSE

	Three months ended November 30,	
	2017	2016
	$	$
Interest on long-term debt	30,035	31,513
Net foreign exchange gains	(958)	(497)
Amortization of deferred transaction costs	616	613
Capitalized borrowing costs (1)	(866)	(654)
Other	655	1,115
	29,482	32,090

(1) For the three-month periods ended November 30, 2017 and 2016, the weighted average interest rate used in the capitalization of borrowing costs was 4.5%.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

6. INCOME TAXES

	Three months ended November 30,	
	2017	2016
	$	$
Current	**22,610**	21,425
Deferred	**2,219**	2,088
	24,829	23,513

The following table provides the reconciliation between income tax expense at the Canadian statutory federal and provincial income tax rates and the consolidated income tax expense:

	Three months ended November 30,	
	2017	2016
	$	$
Profit before income taxes	**101,298**	98,537
Combined Canadian income tax rate	**26.50%**	26.50%
Income taxes at combined Canadian income tax rate	**26,844**	26,112
Adjustment for losses or profit subject to lower or higher tax rates	**1,808**	3,040
Revaluation of deferred tax assets	**201**	376
Impact on deferred taxes as a result of changes in substantively enacted tax rates	**(158)**	(1,714)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**(130)**	(73)
Tax impacts related to foreign operations	**(4,045)**	(4,230)
Other	**309**	2
Income taxes at effective income tax rate	**24,829**	23,513

7. EARNINGS PER SHARE

The following table provides the reconciliation between basic and diluted earnings per share:

	Three months ended November 30,	
	2017	2016
	$	$
Profit for the period	**76,469**	75,024
Weighted average number of multiple and subordinate voting shares outstanding	**49,288,155**	49,144,311
Effect of dilutive stock options (1)	**247,399**	108,958
Effect of dilutive incentive share units	**103,524**	131,628
Effect of dilutive performance share units	**124,655**	96,220
Weighted average number of diluted multiple and subordinate voting shares outstanding	**49,763,733**	49,481,117
Earnings per share		
Basic	**1.55**	1.53
Diluted	**1.54**	1.52

(1) For the three-month period ended November 30, 2017, no stock options (154,100 in 2016) were excluded from the calculation of diluted earnings per share due to the exercise price of the options being greater than the average share price of the subordinate voting shares.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

8. LONG-TERM DEBT

	Maturity	Interest rate		November 30, 2017	August 31, 2017
		%		$	$
Corporation (1)					
Senior Secured Notes					
Series A – US$25 million	September 2024	4.14		32,113	31,229
Series B - US$150 million	September 2026	4.29		192,621	187,325
Senior Secured Notes Series B	October 2018	7.60		54,940	54,922
Senior Secured Notes - US$215 million	June 2025	4.30		276,030	268,432
Senior Secured Debentures Series 2	November 2020	5.15		199,401	199,354
Senior Secured Debentures Series 3	February 2022	4.93		199,110	199,061
Senior Secured Debentures Series 4	May 2023	4.18		298,154	298,078
Senior Unsecured Debenture	March 2018	5.94		99,989	99,979
Senior Unsecured Notes – US$400 million	May 2020	4.88		512,521	498,141
Subsidiaries					
First Lien Credit Facilities					
Term Loan A-2 Facility – US$91.9 million (US$94.4 million at August 31, 2017)	September 2019	3.22	(2) (3)	117,624	117,397
Term Loan A-3 Facility - US$115.3 million (US$118.4 million at August 31, 2017)	September 2019	3.22	(2)	147,366	147,073
Term Loan B Facility – US$355.4 million	December 2019	3.85	(2)	452,135	439,088
Revolving Facility – US$22.5 million (US$29 million at August 31, 2017)	September 2019	3.22	(2)	28,998	36,354
				2,611,002	2,576,433
Less current portion				190,527	131,915
				2,420,475	2,444,518

(1) On December 11, 2017, the Corporation extended its $800 million Term Revolving Facility maturity date by an additional year until January 24, 2023.

(2) Interest rate on debt includes the applicable credit spread.

(3) A US subsidiary of the Corporation entered into an interest rate swap agreement to fix the interest rate on a notional amount of US$75 million of its LIBOR based loans. This agreement has the effect of converting the floating US Libor base rate at a fixed rate of 0.9870% under the Term Loan A-2 Facility, until July 31, 2019. Taking into account this agreement, the effective interest rate on the Term Loan A-2 Facility is 2.93%.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

9. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

Class A Preference shares, without voting rights, redeemable by the Corporation and retractable at the option of the holder at any time at a price of $1 per share, carrying a cumulative preferential cash dividend at a rate of 11% of the redemption price per year.

Class B Preference shares, without voting rights, could be issued in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	November 30, 2017	August 31, 2017
	$	$
15,691,100 multiple voting shares	98,346	98,346
33,856,012 subordinate voting shares (33,813,777 at August 31, 2017)	936,114	933,149
	1,034,460	1,031,495
116,044 subordinate voting shares held in trust under the Incentive Share Unit Plan (105,219 at August 31, 2017)	(7,850)	(5,801)
151,657 subordinate voting shares held in trust under the Performance Share Unit Plan (122,614 at August 31, 2017)	(11,441)	(8,058)
	1,015,169	1,017,636

During the first three months of fiscal 2018, subordinate voting share transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2017	33,813,777	933,149
Shares issued for cash under the Stock Option Plan	42,235	2,556
Share-based payment previously recorded in share-based payment reserve for options exercised	—	409
Balance at November 30, 2017	33,856,012	936,114

During the first three months of fiscal 2018, subordinate voting shares held in trust under the Incentive Share Unit Plan transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2017	105,219	5,801
Subordinate voting shares acquired	42,390	3,790
Subordinate voting shares distributed to employees	(31,565)	(1,741)
Balance at November 30, 2017	116,044	7,850

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

During the first three months of fiscal 2018, subordinate voting shares held in trust under the Performance Share Unit Plan transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2017	122,614	8,058
Subordinate voting shares acquired	62,204	5,562
Subordinate voting shares distributed to employees	(33,161)	(2,179)
Balance at November 30, 2017	151,657	11,441

C) DIVIDENDS

For the three-month period ended November 30, 2017, a quarterly eligible dividend of $0.475 per share for a total of $23.4 million, was paid to the holders of multiple and subordinate voting shares, compared to a quarterly eligible dividend of $0.43 per share for a total of $21.2 million for the three-month period ended November 30, 2016.

At its January 10, 2018 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.475 per share for multiple and subordinate voting shares, payable on February 7, 2018 to shareholders of record on January 24, 2018.

D) SHARE-BASED PAYMENT PLANS

The Corporation offers an Employee Stock Purchase Plan for the benefit of its employees and those of its subsidiaries and a Stock Option Plan to its executive officers and designated employees. No more than 10% of the outstanding subordinate voting shares are available for issuance under these plans. Furthermore, the Corporation offers an Incentive Share Unit Plan ("ISU Plan") and a Performance Share Unit Plan ("PSU Plan") for executive officers and designated employees, and a Deferred Share Unit Plan ("DSU Plan") for members of the Board of Directors. A detailed description of these plans can be found in the 2017 annual consolidated financial statements of the Corporation.

Under the Stock Option Plan, the following options were granted by the Corporation and are outstanding at November 30, 2017:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2017	652,385	56.61
Granted (1)	279,550	85.20
Exercised (2)	(42,235)	60.51
Outstanding at November 30, 2017	889,700	65.41
Exercisable at November 30, 2017	282,819	49.92

(1) During the three-month period ended November 30, 2017, the Corporation granted 124,625 stock options to Cogeco's executive officers as executive officers of the Corporation.

(2) The weighted average share price for options exercised during the period was $87.22.

A compensation expense of $235,000 ($107,000 in 2016) was recorded for the three-month period ended November 30, 2017 related to this plan.

The weighted average fair value of stock options granted for the three-month period ended November 30, 2017 was $13.40 ($8.91 in 2016) per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining share-based payment expense using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	2017	2016
	%	%
Expected dividend yield	2.23	2.52
Expected volatility	20.12	21.30
Risk-free interest rate	1.65	0.80
Expected life (in years)	6.0	6.1

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at November 30, 2017:

Outstanding at August 31, 2017	101,538
Granted [(1)]	47,625
Distributed	(31,565)
Cancelled	(1,554)
Outstanding at November 30, 2017	**116,044**

(1) During the three-month period ended November 30, 2017, the Corporation did not grant any ISUs to Cogeco's executive officers as executive officers of the Corporation.

A compensation expense of $514,000 ($443,000 in 2016) was recorded for the three-month period ended November 30, 2017 related to this plan.

Under the PSU Plan, the following PSUs were granted by the Corporation and are outstanding at November 30, 2017:

Outstanding at August 31, 2017	115,207
Granted [(1)]	65,250
Performance-based additional units granted	2,224
Distributed	(33,161)
Cancelled	(1,105)
Dividend equivalents	771
Outstanding at November 30, 2017	**149,186**

(1) During the three-month period ended November 30, 2017, the Corporation granted 18,750 PSUs to Cogeco's executive officers as executive officers of the Corporation.

A compensation expense of $487,000 ($51,000 in 2016) was recorded for the three-month period ended November 30, 2017 related to this plan.

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at November 30, 2017:

Outstanding at August 31, 2017	40,446
Dividend equivalents	210
Outstanding at November 30, 2017	**40,656**

A compensation expense of $128,000 ($88,000 in 2016) was recorded for the three-month period ended November 30, 2017 related to this plan.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2016	(121)	84,748	84,627
Other comprehensive income	755	2,131	2,886
Balance at November 30, 2016	634	86,879	87,513
Balance at August 31, 2017	438	76,197	76,635
Other comprehensive income	3,024	6,866	9,890
Balance at November 30, 2017	**3,462**	**83,063**	**86,525**

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

11. STATEMENTS OF CASH FLOWS

A) CHANGES IN NON-CASH OPERATING ACTIVITIES

	Three months ended November 30,	
	2017	2016
	$	$
Trade and other receivables	**(1,752)**	(7,045)
Prepaid expenses and other	**(9,995)**	(6,969)
Trade and other payables	**(96,335)**	(69,281)
Provisions	**110**	2,019
Deferred and prepaid revenue and other liabilities	**2,238**	884
	(105,734)	(80,392)

B) CASH AND CASH EQUIVALENTS

	November 30, 2017	August 31, 2017
	$	$
Cash	**71,658**	162,222
Cash equivalents (1)	**50,582**	48,963
	122,240	211,185

(1) At November 30, 2017, comprised of a banker acceptance and a certificate of deposit, bearing interest between 1.19% to 1.40% and with maturity dates ranging from January 4th to January 22nd, 2018. At August 31, 2017, comprised of banker's acceptances and a certificate of deposit, bearing interest between 1.12% to 1.30% and with maturity dates ranging from September 21st to October 19th, 2017.

12. EMPLOYEE BENEFITS

The Corporation and its subsidiaries offer their employees either defined benefit pension plans, defined contribution pension plans or collective registered retirement savings plans, which are described in the Corporation's annual consolidated financial statements.

The total expense related to these plans is as follows:

	Three months ended November 30,	
	2017	2016
	$	$
Defined benefit plans		
Recognized in operating expenses (salaries, employee benefits and outsourced services)		
Current service cost	**520**	573
Administrative expense	**63**	56
Recognized in financial expense (other)		
Net interest	**26**	23
Defined contribution and collective registered retirement saving plans		
Recognized in operating expenses (salaries, employee benefits and outsourced services)	**2,606**	2,215
	3,215	2,867

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

13. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate and foreign exchange risks which are described in the Corporation's annual consolidated financial statements.

Liquidity risk

At November 30, 2017, the Corporation had used $25.2 million of its $800 million Term Revolving Facility for a remaining availability of $774.8 million. In addition, two subsidiaries related to Atlantic Broadband benefit from a Revolving Facility of $193.3 million (US$150 million), of which $31.3 million (US$24.3 million) was used at November 30, 2017 for a remaining availability of $162 million (US$125.7 million).

Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2017, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the First Lien Credit Facilities.

To reduce such risk, the Corporation's US subsidiary entered into interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2017:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$75 million	US Libor base rate	0.9870%	July 31, 2019	Term Loan A-2 Facility
Cash flow (1)	US$500 million	US Libor base rate	2.017% - 2.094%	January 2023 - November 2024	Senior Secured Term Loan B (2)

(1) Forward starting interest rate swaps with a January 31, 2018 effective date.

(2) A US$1.7 billion Senior Secured Term Loan B was issued on January 4, 2018 to finance the MetroCast acquisition and also to refinance the existing Atlantic Broadband First Lien Credit Facilities.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $6.6 million based on the outstanding debt at November 30, 2017.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest associated with its long-term debt denominated in US dollars. The impact of an increase of 10% in the exchange rate of the US dollar into Canadian dollars would increase financial expense by approximately $7.4 million based on the outstanding debt at November 30, 2017.

The Corporation faces exposure to foreign exchange risk related to its forecasted purchase commitments of property, plant and equipment denominated in US dollars. In order to mitigate such risk, the Corporation entered into a foreign currency forward contract and designated it as a cash-flow hedge for accounting purposes. The following table shows the forward contract outstanding at November 30, 2017:

Type of hedge	Notional amount	Maturity	Exchange rate	Hedged item
Cash flow	US$4.9 million	January 2018	1.2662	Purchase commitments of property, plant and equipment

Furthermore, the Corporation's net investments in foreign operations are exposed to market risk attributable to fluctuations in foreign currency exchange rates, primarily changes in the values of the Canadian dollar versus the US dollar and British Pound. The risk related to the US dollar aggregate investments is mitigated since the major part was borrowed in US dollars.

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

The following table shows the net investments in foreign operations outstanding at November 30, 2017:

Type of hedge	Notional amount of debt	Aggregate investments	Hedged item
Net investment	US$790 million	US$910.6 million	Net investments in foreign operations in US dollar
N/A	£—	£27.6 million	N/A

The exchange rates used to convert the US dollar currency and British Pound currency into Canadian dollars for the statement of financial position accounts at November 30, 2017 was $1.2888 ($1.2536 at August 31, 2017) per US dollar and $1.7404 ($1.6161 at August 31, 2017) per British Pound. A 10% decrease in the exchange rates of the US dollar and British Pound into Canadian dollars would decrease other comprehensive income by approximately $20.3 million.

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the Corporation's financial instruments approximates fair value, except as otherwise noted in the following table:

	November 30, 2017		August 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Long-term debt	**2,611,002**	**2,715,868**	2,576,433	2,684,981

C) CAPITAL MANAGEMENT

At November 30, 2017 and August 31, 2017, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

The following table summarizes certain key ratios used to monitor and manage the Corporation's capital structure:

	November 30, 2017	August 31, 2017
Net secured indebtedness (1) / adjusted EBITDA (2)	**1.9**	1.7
Net indebtedness (3) / adjusted EBITDA (2)	**2.5**	2.3
Adjusted EBITDA (2) / financial expense (2)	**7.9**	7.8

(1) Net secured indebtedness is defined as the total of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments, less cash and cash equivalents, short-term investments and principal on Senior Unsecured Debenture and Senior Unsecured Notes.

(2) Calculation based on adjusted EBITDA and financial expense for the twelve-month periods ended November 30, 2017 and August 31, 2017.

(3) Net indebtedness is defined as the total of bank indebtedness, balance due on a business combination, principal on long-term debt and obligations under derivative financial instruments, less cash and cash equivalents and short-term investments.

14. RELATED PARTY TRANSACTIONS

Cogeco provides executive, administrative, financial and strategic planning services and other services to the Corporation under a Management Services Agreement. Under the Agreement, management fees are payable on a monthly basis, representing 0.85% of the consolidated revenue of the Corporation. In addition, the Corporation reimburses Cogeco's out-of-pocket expenses incurred with respect to services provided to the Corporation under the Agreement. Provision is made for future adjustment upon the request of either Cogeco or the Corporation should the level of management fees no longer align with the costs, time and resources committed by Cogeco. For the three-month periods ended November 30, 2017 and 2016, management fees paid to Cogeco amounted to $4.7 million.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the three-month period ended November 30, 2017, the Corporation granted 124,625 (81,350 in 2016) stock options, did not grant any ISUs (nil in 2016) and granted 18,750 (12,150 in 2016) PSUs to these executive officers as executive officers of Cogeco Communications. During the three-month period ended November 30, 2017, the Corporation charged Cogeco $194,000 ($163,000 in 2016), $1,000 ($33,000 in 2016) and $234,000 ($136,000 in 2016), respectively, with regards to the Corporation's stock options, ISUs and PSUs granted to these executive officers.

There were no other material related party transactions during the periods covered.

15. SUBSEQUENT EVENTS

Metrocast business combination

On January 4, 2018, the Corporation's subsidiary, Atlantic Broadband, completed the acquisition of substantially all of the assets of Harron Communications, L.P. cable systems operating under the MetroCast brand name ("MetroCast") which served about 125,000 Internet, 75,000 video and 36,000 telephony customers at November 30, 2017. This acquisition extends Atlantic Broadband's footprint across 11 states on the East Coast of the United States from Maine to Florida. The transaction valued at US$1.4 billion is subject to customary closing adjustments. This acquisition was financed through a combination of US$1.7 billion under a new Senior Secured Term Loan B, whereby US$583 million was used to refinance the existing First Lien Credit Facilities, and US$150 million under a new Senior Secured Revolving Credit facility combined with a US$315 million equity investment by Caisse de dépôt et placement du Québec (“CDPQ”) in Atlantic Broadband’s holding company, representing 21% of Atlantic Broadband.

Purchase of a fibre network and corresponding assets

On December 30, 2017 Atlantic Broadband purchased several dark fibres throughout south Florida from FiberLight, LLC for a consideration of US$16.8 million. On the same day, Atlantic Broadband signed an Asset Purchase Agreement (‘’APA’’) with FiberLight, LLC to acquire all of its fibre network and corresponding assets located on the East Coast of south Florida for a consideration of US$34 million, which is subject to regulatory approvals and customary closing adjustments.

US tax reform

On December 22, 2017, the US Federal administration enacted the Tax Cuts and Jobs Act (the "Act"). The tax reform reduces the general federal corporate tax rate from 35% to 21% starting after 2017. This should reduce deferred income taxes and net deferred tax liabilities by approximately $89 million (US$69 million). These changes will be recognized during the three-month period ending February 28, 2018. The impact of the Act may differ from this estimate due to, among other things, changes in interpretations and assumptions the Corporation has made. In addition, the Act calls for other changes such as interest deductibility limitations, full deduction of acquisitions of tangible assets, net operating losses limitations as well as base erosion anti-avoidance, which together with tax rate reductions, are expected to favorably impact income tax expense in the future.

Interest rate swap agreements

In January 2018, a US subsidiary of Cogeco Communications has entered into four forward starting interest rate swap agreements on a notional amount totalling US$600 million. These agreements will have the effect of converting the floating US LIBOR base rate, excluding the applicable credit spread, at an average fixed rate of 2.19% starting on January 31, 2018, under the US$1.7 billion Senior Secured Term Loan B.

CUSTOMER STATISTICS

	November 30, 2017	August 31, 2017	May 31, 2017	February 28, 2017	November 30, 2016
CONSOLIDATED					
Primary service units	**2,526,486**	2,527,882	2,534,925	2,536,876	2,527,602
Internet service customers	**1,054,346**	1,042,996	1,034,686	1,023,519	1,007,610
Video service customers	**948,778**	956,775	967,020	976,997	981,682
Telephony service customers	**523,362**	528,111	533,219	536,360	538,310
CANADA					
Primary service units	**1,915,454**	1,916,861	1,926,537	1,934,496	1,930,909
Internet service customers	**779,434**	769,869	764,350	759,152	749,275
Penetration as a percentage of homes passed	**44.9%**	44.5%	44.3%	44.2%	43.8%
Video service customers	**715,604**	720,636	729,701	737,975	740,855
Penetration as a percentage of homes passed	**41.2%**	41.6%	42.3%	42.9%	43.3%
Telephony service customers	**420,416**	426,356	432,486	437,369	440,779
Penetration as a percentage of homes passed	**24.2%**	24.6%	25.1%	25.5%	25.8%
UNITED STATES					
Primary service units	**611,032**	611,021	608,388	602,380	596,693
Internet service customers	**274,912**	273,127	270,336	264,367	258,335
Penetration as a percentage of homes passed	**46.2%**	45.9%	45.7%	44.7%	43.7%
Video service customers	**233,174**	236,139	237,319	239,022	240,827
Penetration as a percentage of homes passed	**39.2%**	39.7%	40.1%	40.4%	40.7%
Telephony service customers	**102,946**	101,755	100,733	98,991	97,531
Penetration as a percentage of homes passed	**17.3%**	17.1%	17.0%	16.7%	16.5%