

News Release

FOR IMMEDIATE RELEASE

COGECO COMMUNICATIONS RELEASES ITS RESULTS FOR THE FOURTH QUARTER OF FISCAL 2019

- **Revenue increased by 3.1% (2.7% in constant currency) compared to the same period of the prior year to reach \$583.7 million;**
- **Adjusted EBITDA⁽¹⁾ reached \$275.6 million, an increase of 4.6% (4.3% in constant currency);**
- **Free cash flow⁽¹⁾ increased by 76.5% (76.9% in constant currency) to reach \$84.3 million; and**
- **A quarterly eligible dividend of \$0.58 was declared, compared to \$0.525 for the fourth quarter of fiscal 2018.**

Montréal, October 30, 2019 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2019, in accordance with International Financial Reporting Standards ("IFRS").

Following Cogeco Communications' completion, on April 30, 2019, of the sale of Cogeco Peer 1 Inc., its Business information and communications technology ("Business ICT") services subsidiary, the operating and financial results from this subsidiary for the current and comparable periods are presented as discontinued operations separate from the Corporation's continuing operations.

For the fourth quarter of fiscal 2019:

- Revenue increased by 3.1% compared to the same period of the prior year to reach \$583.7 million mainly driven by the growth of 7.0% in the American broadband services segment. On a constant currency basis, revenue increased by 2.7%, mainly explained as follows:
 - American broadband services revenue increased by 6.0% in constant currency resulting from rate increases implemented in August 2018, the activation of bulk properties in Florida during the fourth quarter of fiscal 2019, the continued growth in Internet service customers as well as the acquisition of the south Florida fibre network previously owned by FiberLight, LLC (the "FiberLight acquisition") on October 3, 2018. The increase was partly offset by a decrease in telephony service customers.
 - Canadian broadband services revenue remained stable as a result of rate increases and growth in Internet and commercial services, partly offset by decreases in video and telephony services customers compared to the same period of the prior year primarily due to issues resulting from the implementation of a new customer management system in the second half of fiscal 2018.

(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.

- Adjusted EBITDA increased by 4.6% to reach \$275.6 million. On a constant currency basis, adjusted EBITDA increased by 4.3%, mainly as a result of the following:
 - American broadband services adjusted EBITDA increased by 4.1% in constant currency mainly as a result of strong organic growth combined with the impact of the FiberLight acquisition.
 - Canadian broadband services adjusted EBITDA increased by 3.6% in constant currency mainly from a decline in operating expenses.
- Profit for the period from continuing operations amounted to \$92.4 million, of which \$87.9 million, or \$1.78 per share, was attributable to owners of the Corporation compared, respectively, to \$75.9 million, \$72.8 million, and \$1.48 per share, in the comparable period of fiscal 2018. The increase resulted mainly from higher adjusted EBITDA combined with the decrease in financial expense;
- Profit for the period amounted to \$94.3 million, of which \$89.8 million, or \$1.82 per share, was attributable to owners of the Corporation compared, respectively, to \$74.8 million, \$71.7 million, and \$1.45 per share, in the comparable period of fiscal 2018. The variation is mainly due to a higher profit from continuing operations combined with a profit from discontinued operations;
- Free cash flow, from continuing operations, increased by 76.5% to reach \$84.3 million. On a constant currency basis, free cash flow increased by 76.9% as a result of higher adjusted EBITDA combined with the decreases in acquisitions of property, plant and equipment and financial expense;
- Cash flow from operating activities increased by 19.3% to reach \$304.7 million mainly due to higher adjusted EBITDA, the decreases in income taxes paid and financial expense paid and the increase in changes in non-cash operating activities primarily due to changes in working capital; and
- At its October 30, 2019 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of \$0.58 compared to \$0.525 per share in the fourth quarter of fiscal 2018.

"As we report our results of the last quarter of fiscal year 2019 we are pleased with Cogeco Communications' overall performance," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Communications Inc.

"Cogeco Connexion's adjusted EBITDA increased in the fourth quarter compared to last year thanks to our cost optimization efforts," added Mr. Jetté. "I am also pleased to report that our Canadian broadband services segment experienced a stabilization of its primary service units, made good progress with its digitization activities and is getting ready to launch its IPTV platform."

"We continue to be very satisfied with results at Atlantic Broadband," concluded Mr. Jetté. "Our American broadband services segment closed the fiscal year with healthy increases in revenue, adjusted EBITDA and primary service units. We are pleased with our expansion in the Florida market and are looking for more acquisitions now that our recent acquisitions are fully integrated."

Fiscal 2020 Financial Guidelines

Cogeco Communications maintains its 2020 preliminary financial guidelines as issued on July 10, 2019. Please consult the "Fiscal 2020 financial guidelines" section of the Corporation's 2019 Annual Report for further details.

FINANCIAL HIGHLIGHTS

	Three months ended					Years ended				
	August 31, 2019	August 31, 2018 ⁽¹⁾	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾	August 31, 2019	August 31, 2018 ⁽¹⁾	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(in thousands of dollars, except percentages and per share data)</i>	\$	\$	%	%	\$	\$	\$	%	%	\$
Operations										
Revenue	583,673	566,184	3.1	2.7	2,427	2,331,820	2,147,404	8.6	6.8	37,433
Adjusted EBITDA ⁽³⁾	275,610	263,411	4.6	4.3	986	1,107,940	1,006,818	10.0	8.5	15,797
Adjusted EBITDA margin ⁽³⁾	47.2%	46.5%				47.5%	46.9%			
Integration, restructuring and acquisition costs ⁽⁴⁾	712	1,677	(57.5)			11,150	20,328	(45.1)		
Profit for the period from continuing operations	92,403	75,870	21.8			356,908	384,578	(7.2)		
Profit (loss) for the period from discontinued operations	1,920	(1,052)	—			75,380	(24,381)	—		
Profit for the period	94,323	74,818	26.1			432,288	360,197	20.0		
Profit for the period attributable to owners of the Corporation	89,770	71,701	25.2			415,353	350,833	18.4		
Cash flow										
Cash flow from operating activities	304,702	255,438	19.3			868,711	620,748	39.9		
Acquisitions of property, plant and equipment ⁽⁵⁾	145,099	162,319	(10.6)	(11.2)	929	434,545	457,808	(5.1)	(7.1)	9,342
Free cash flow ⁽³⁾	84,250	47,739	76.5	76.9	(221)	454,059	301,850	50.4	50.0	1,330
Capital intensity ⁽³⁾	24.9%	28.7%				18.6%	21.3%			
Financial condition										
Cash and cash equivalents						556,504	84,725	—		
Total assets						6,951,079	7,180,043	(3.2)		
Indebtedness ⁽⁶⁾						3,454,923	3,914,711	(11.7)		
Equity attributable to owners of the Corporation						2,199,789	1,997,169	10.1		
Per Share Data⁽⁷⁾										
Earnings (loss) per share										
Basic										
From continuing operations	1.78	1.48	20.3			6.89	7.61	(9.5)		
From discontinued operations	0.04	(0.02)	—			1.53	(0.49)	—		
From continuing and discontinued operations	1.82	1.45	25.5			8.41	7.12	18.1		
Diluted										
From continuing operations	1.77	1.47	20.4			6.83	7.55	(9.5)		
From discontinued operations	0.04	(0.02)	—			1.51	(0.49)	—		
From continuing and discontinued operations	1.80	1.44	25.0			8.35	7.06	18.3		
Dividends	0.525	0.475	10.5			2.10	1.90	10.5		

- (1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections of the MD&A of the Corporation's 2019 Annual Report.
- (2) Key performance indicators presented on a constant currency basis are obtained by translating financial results of the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. For the three-month period and year ended August 31, 2018, the average foreign exchange rates used for translation were 1.3100 USD/CDN and 1.2773 USD/CDN, respectively.
- (3) 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 of the Corporation's 2019 Annual Report.
- (4) For the year ended August 31, 2019, integration, restructuring and acquisition costs were mostly due to restructuring costs in the Canadian broadband services segment incurred in the first half of fiscal 2019 related to an operational optimization program. In addition, acquisition and integration costs were incurred by the American broadband services segment related to the FiberLight acquisition. For the year ended August 31, 2018, integration, restructuring and acquisition costs were related to the MetroCast acquisition completed on January 4, 2018.
- (5) For the three-month period and year ended August 31, 2019, acquisitions of property, plant and equipment, intangible and other assets in constant currency amounted to \$144.2 million and \$425.2 million, respectively.
- (6) Indebtedness is defined as the aggregate of bank indebtedness, balance due on a business combination and principal on long-term debt.
- (7) Per multiple and subordinate voting share.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release 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" and "Fiscal 2020 Financial Guidelines" sections of the Corporation's 2019 annual Management's Discussion and Analysis ("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, human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks 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 2019 annual 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 press release which represent Cogeco Communications' expectations as of the date of this press release (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 press release should be read in conjunction with the MD&A included in the Corporation's 2019 Annual Report, the Corporation's consolidated financial statements and the notes thereto prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended August 31, 2019.

RESULTS OVERVIEW

This analysis should be read in conjunction with the Corporation's 2019 Annual Report available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com. Please refer to the Corporation's 2019 Annual Report for more details on the annual results.

FOURTH-QUARTER OPERATING AND FINANCIAL RESULTS

CONSOLIDATED

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾	2018 ⁽²⁾	Change	Change in constant currency ⁽³⁾	Foreign exchange impact ⁽³⁾
	\$	\$	%	%	\$
Revenue	583,673	566,184	3.1	2.7	2,427
Operating expenses	302,833	297,977	1.6	1.1	1,441
Management fees – Cogeco Inc.	5,230	4,796	9.0	9.0	—
Adjusted EBITDA	275,610	263,411	4.6	4.3	986
Adjusted EBITDA margin	47.2%	46.5%			

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

REVENUE

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾	2018 ⁽²⁾	Change	Change in constant currency ⁽³⁾	Foreign exchange impact ⁽³⁾
	\$	\$	%	%	\$
Canadian broadband services	319,935	319,741	0.1	0.1	—
American broadband services	263,738	246,443	7.0	6.0	2,427
	583,673	566,184	3.1	2.7	2,427

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

Fiscal 2019 fourth-quarter revenue increased by 3.1% (2.7% in constant currency) resulting from:

- growth in the American broadband services segment mainly due to strong organic growth and the FiberLight acquisition.
- stable revenue in the Canadian broadband services segment mainly as a result of:
 - rate increases; partly offset by
 - decreases in video and telephony services customers compared to the same period of the prior year primarily due to issues resulting from the implementation of a new customer management system in the second half of fiscal 2018.

OPERATING EXPENSES

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾ \$	2018 ⁽²⁾ \$	Change %	Change in constant currency ⁽³⁾ %	Foreign exchange impact ⁽³⁾ \$
Canadian broadband services	147,815	153,560	(3.7)	(3.8)	73
American broadband services	148,215	136,506	8.6	7.6	1,370
Inter-segment eliminations and other	6,803	7,911	(14.0)	(14.0)	(2)
	302,833	297,977	1.6	1.1	1,441

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

Fiscal 2019 fourth-quarter operating expenses increased by 1.6% (1.1% in constant currency) mainly from:

- additional costs in the American broadband services segment mainly due to higher programming costs, additional headcount to support growth, higher marketing initiatives to drive primary service units growth and the FiberLight acquisition; partly offset by
- lower operating expenses in the Canadian broadband services segment mainly attributable to lower programming costs resulting from a lower level of primary service units and lower compensation expenses resulting from an operational optimization program implemented in the first half of fiscal 2019, partly offset by higher marketing initiatives and
- lower costs in Inter-segment eliminations and other resulting from the timing of certain initiatives.

MANAGEMENT FEES

Fiscal 2019 fourth-quarter management fees paid to Cogeco Inc. reached \$5.2 million compared to \$4.8 million for the same period of fiscal 2018.

ADJUSTED EBITDA

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾ \$	2018 ⁽²⁾ \$	Change %	Change in constant currency ⁽³⁾ %	Foreign exchange impact ⁽³⁾ \$
Canadian broadband services	172,120	166,181	3.6	3.6	(73)
American broadband services	115,523	109,937	5.1	4.1	1,057
Inter-segment eliminations and other	(12,033)	(12,707)	(5.3)	(5.3)	2
	275,610	263,411	4.6	4.3	986

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

Fiscal 2019 fourth-quarter adjusted EBITDA increased by 4.6% (4.3% in constant currency) as a result of:

- an increase in the American broadband services segment mainly as a result of strong organic growth combined with the impact of the FiberLight acquisition; and
- an increase in the Canadian broadband services segment resulting mainly from a decline in operating expenses.

INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

Fiscal 2019 fourth-quarter integration, restructuring and acquisition costs amounted to \$0.7 million mostly due to acquisition and integration costs in the American broadband services segment.

Fiscal 2018 fourth-quarter integration, restructuring and acquisition costs amounted to \$1.7 million due to the MetroCast acquisition completed on January 4, 2018.

DEPRECIATION AND AMORTIZATION

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Depreciation of property, plant and equipment	106,698	106,899	(0.2)
Amortization of intangible assets	14,858	13,172	12.8
	121,556	120,071	1.2

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

Fiscal 2019 fourth-quarter depreciation and amortization expense increased by 1.2% mostly as a result of the impact of the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

FINANCIAL EXPENSE

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Interest on long-term debt	41,307	46,127	(10.4)
Net foreign exchange losses (gains)	(403)	482	—
Amortization of deferred transaction costs	464	441	5.2
Capitalized borrowing costs	(168)	(162)	3.7
Other	(763)	821	—
	40,437	47,709	(15.2)

(1) Fiscal 2018 was restated to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Discontinued operations" section.

Fiscal 2019 fourth-quarter financial expense decreased by 15.2% mainly due to:

- the reimbursements of \$65 million and US\$35 million under the Canadian Revolving Facility during the second quarter of fiscal 2019 and of US\$328 million during the third quarter of fiscal 2019 following the sale of Cogeco Peer 1; and
- lower debt outstanding and interest rates on the First Lien Credit Facilities; partly offset by
- the appreciation of the US dollar against the Canadian dollar compared to same period of the prior year.

INCOME TAXES

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Current	11,603	9,301	24.8
Deferred	8,899	8,783	1.3
	20,502	18,084	13.4

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Profit before income taxes	112,905	93,954	20.2
Combined Canadian income tax rate	26.50%	26.50%	—
Income taxes at combined Canadian income tax rate	29,920	24,898	20.2
Difference in operations' statutory income tax rates	1,404	73	—
Impact on deferred taxes as a result of changes in substantively enacted tax rates	15	—	—
Impact on income taxes arising from non-deductible expenses and non-taxable profit	220	(397)	—
Tax impacts related to foreign operations	(7,517)	(6,825)	10.1
Other	(3,540)	335	—
	20,502	18,084	13.4

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

Fiscal 2019 fourth-quarter income taxes expense increased by 13.4% compared to the same period of the prior year mainly attributable to:

- the increase in profit before income taxes; and
- the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

PROFIT FOR THE PERIOD

Three months ended August 31, (in thousands of dollars, except percentages and earnings per share)	2019 \$	2018 ⁽¹⁾ \$	Change %
Profit for the period from continuing operations	92,403	75,870	21.8
Profit for the period	94,323	74,818	26.1
Profit for the period from continuing operations attributable to owners of the Corporation	87,850	72,753	20.8
Profit for the period attributable to owners of the Corporation	89,770	71,701	25.2
Profit for the period from continuing operations attributable to non-controlling interest ⁽²⁾	4,553	3,117	46.1
Basic earnings per share from continuing operations	1.78	1.48	20.3
Basic earnings per share	1.82	1.45	25.5

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(2) The non-controlling interest represents a participation of 21% in Atlantic Broadband's results by Caisse de dépôt et placement du Québec ("CDPQ"), effective since the MetroCast acquisition on January 4, 2018.

Fiscal 2019 fourth-quarter profit for the period from continuing operations and profit for the period from continuing operations attributable to owners of the Corporation increased by 21.8% and 20.8%, respectively, as a result of:

- higher adjusted EBITDA; and
- the decrease in financial expense.

Fiscal 2019 fourth-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 26.1% and 25.2%, respectively, mainly due to a profit for the period from discontinued operations of \$1.9 million due to working capital adjustments during the fourth quarter related to the sale of Cogeco Peer 1 compared to a loss for the period from discontinued operations of \$1.1 million for the comparable period of the prior year in addition to the elements mentioned above.

CANADIAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾	2018 ⁽²⁾	Change	Change in constant currency ⁽³⁾	Foreign exchange impact ⁽³⁾
	\$	\$	%	%	\$
Revenue	319,935	319,741	0.1	0.1	—
Operating expenses	147,815	153,560	(3.7)	(3.8)	73
Adjusted EBITDA	172,120	166,181	3.6	3.6	(73)
Adjusted EBITDA margin	53.8%	52.0%			
Acquisitions of property, plant and equipment	79,132	89,405	(11.5)	(11.7)	225
Capital intensity	24.7%	28.0%			

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy. For further details, please consult the "Accounting policies" section.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

REVENUE

Fiscal 2019 fourth-quarter revenue remained essentially the same at \$319.9 million compared to \$319.7 million for the same period of the prior year mainly as a result of:

- rate increases; partly offset by
- decreases in video and telephony services customers compared to the same period of the prior year primarily due to issues resulting from the implementation of a new customer management system in the second half of fiscal 2018.

OPERATING EXPENSES

Fiscal 2019 fourth-quarter operating expenses decreased by 3.7% (3.8% in constant currency) mainly attributable to:

- lower programming costs resulting from a lower level of primary service units;
- lower compensation expenses resulting from an operational optimization program implemented in the first half of fiscal 2019; and
- costs incurred in fiscal 2018 driven by an increase in headcount to support the stabilization phase of the new customer management system; partly offset by
- higher marketing initiatives.

ADJUSTED EBITDA

Fiscal 2019 fourth-quarter adjusted EBITDA increased by 3.6% (3.6% in constant currency) resulting mainly from a decline in operating expenses.

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

Fiscal 2019 fourth-quarter acquisitions of property, plant and equipment decreased by 11.5% (11.7% in constant currency) resulting from:

- lower purchases of customer premise equipment due to the timing of certain initiatives; and
- lower costs related to the new customer management system which was implemented in the third quarter of fiscal 2018; partly offset by
- additional investments to improve and expand the network infrastructure; and
- costs related to the new IPTV platform.

Fiscal 2019 fourth-quarter capital intensity reached 24.7% compared to 28.0% for the same period of the prior year mainly as a result of lower capital expenditures.

CUSTOMER STATISTICS

	August 31, 2019	Net additions (losses) Three months ended August 31,	
		2019	2018 ⁽¹⁾
Primary service units	1,810,366	(2,846)	(35,818)
Internet service customers	788,243	2,540	(2,965)
Video service customers	649,583	(8,164)	(15,953)
Telephony service customers	372,540	2,778	(16,900)

(1) Exclude adjustments related to the migration to the new customer management system implemented during the third quarter of fiscal 2018.

During the third quarter of fiscal 2018, the Canadian broadband services segment implemented a new customer management system, replacing 22 legacy systems. While the customer management system was still in the stabilization phase, contact center congestion resulted in lower services activations during most of the fourth quarter of fiscal 2018. Contact center and marketing operations had returned to normal at the end of the first quarter of 2019.

Variations of each services are also explained as follows:

INTERNET

Fiscal 2019 fourth-quarter Internet service customers net additions stood at 2,540 compared to net losses of 2,965 for the same period of the prior year mainly due to:

- the ongoing interest in high speed offerings;
- the sustained interest in bundle offers; and
- the increased demand from Internet resellers; partly offset by
- competitive offers in the industry.

VIDEO

Fiscal 2019 fourth-quarter video service customers net losses stood at 8,164 compared to 15,953 for the same period of the prior year as a result of:

- highly competitive offers in the industry; and
- a changing video consumption environment; partly offset by
- customers' ongoing interest in digital advanced video services; and
- customers' interest in video services bundled with fast Internet offerings.

TELEPHONY

Fiscal 2019 fourth-quarter telephony service customers net additions amounted to 2,778 compared to net losses 16,900 for the same period of the prior year mainly due to:

- more telephony bundles due to additional promotional activity in the second half of fiscal 2019; and
- growth in the business sector; partly offset by
- increasing wireless penetration in North America and various unlimited offers launched by wireless operators causing some customers to cancel their landline telephony services for wireless telephony services only.

AMERICAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (in thousands of dollars, except percentages)	2019 ⁽¹⁾	2018 ⁽²⁾	Change	Change in constant currency ⁽³⁾	Foreign exchange impact ⁽³⁾
	\$	\$	%	%	\$
Revenue	263,738	246,443	7.0	6.0	2,427
Operating expenses	148,215	136,506	8.6	7.6	1,370
Adjusted EBITDA	115,523	109,937	5.1	4.1	1,057
Adjusted EBITDA margin	43.8%	44.6%			
Acquisitions of property, plant and equipment	65,967	72,914	(9.5)	(10.5)	704
Capital intensity	25.0%	29.6%			

(1) For the three-month period ended August 31, 2019, the average foreign exchange rate used for translation was 1.3222 USD/CDN.

(2) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy. For further details, please consult the "Accounting policies" section.

(3) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

REVENUE

Fiscal 2019 fourth-quarter revenue increased by 7.0% (6.0% in constant currency). In local currency, revenue amounted to US\$199.5 million compared to US\$188.1 million for the same period of fiscal 2018. The increase resulted mainly from:

- rate increases;
- activation of bulk properties in Florida during the fourth quarter of fiscal 2019;
- continued growth in Internet service customers; and
- the FiberLight acquisition completed in the first quarter of fiscal 2019; partly offset by
- a decrease in video service customers.

OPERATING EXPENSES

Fiscal 2019 fourth-quarter operating expenses increased by 8.6% (7.6% in constant currency) mainly as a result of:

- programming rate increases;
- the FiberLight acquisition completed in the first quarter of fiscal 2019;
- higher compensation expenses due to higher headcount to support growth; and
- higher marketing initiatives to drive primary service units growth.

ADJUSTED EBITDA

Fiscal 2019 fourth-quarter adjusted EBITDA increased by 5.1% (4.1% in constant currency). In local currency, adjusted EBITDA amounted to US\$87.4 million compared to US\$83.9 million for the same period of fiscal 2018. The increase was mainly due to organic growth combined with the impact of the FiberLight acquisition.

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

Fiscal 2019 fourth-quarter acquisitions of property, plant and equipment decreased by 9.5% (10.5% in constant currency) mainly due to:

- lower purchases of customer premise equipment due to the timing of certain initiatives; and
- lower capital expenditures due to the timing of certain initiatives; partly offset by
- additional capital expenditures related to the expansion in Florida.

Fiscal 2019 fourth-quarter capital intensity reached 25.0% compared to 29.6% for the same period of the prior year as a result of revenue growth combined with lower capital expenditures.

CUSTOMER STATISTICS

	August 31, 2019	Net additions (losses)	
		Three months ended August 31,	
		2019	2018
Primary service units	901,446	7,431	2,797
Internet service customers	446,137	2,441	4,693
Video service customers	312,555	5,294	(3,046)
Telephony service customers	142,754	(304)	1,150

INTERNET

Fiscal 2019 fourth-quarter Internet service customers net additions stood at 2,441 compared to 4,693 for the same period of the prior year as a result of:

- additional connects related to the Florida expansion initiatives and in the MetroCast footprint;
- our customers' ongoing interest in high speed offerings; and
- growth in both the residential and business sectors.

VIDEO

Fiscal 2019 fourth-quarter video service customers net additions stood at 5,294 compared to net losses of 3,046 for the same period of the prior year mainly from:

- the activation of bulk properties in Florida during the fourth quarter of fiscal 2019; and
- our customers' ongoing interest in TiVo's digital advanced video services; partly offset by
- competitive offers in the industry; and
- a changing video consumption environment.

TELEPHONY

Fiscal 2019 fourth-quarter telephony service customers net losses stood at 304 compared to net additions of 1,150 for the same period of the prior year mainly as a result of a decline in the residential sector, partly offset by growth in the business sector.

CASH FLOW ANALYSIS

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Cash flow from operating activities	304,702	255,438	19.3
Cash flow from investing activities	(144,332)	(194,474)	(25.8)
Cash flow from financing activities	(50,198)	(52,127)	(3.7)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(1,405)	(63)	—
Net change in cash and cash equivalents from continuing operations	108,767	8,774	—
Net change in cash and cash equivalent from discontinued operations ⁽²⁾	—	13,133	(100.0)
Cash and cash equivalents, beginning of the period	447,737	62,818	—
Cash and cash equivalents, end of the period	556,504	84,725	—

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(2) For further details on the Corporation's cash flow attributable to discontinued operations, please consult the "Discontinued operations" section.

OPERATING ACTIVITIES

Fiscal 2019 fourth-quarter cash flow from operating activities increased by 19.3% compared to the same period of the prior year mainly from:

- higher adjusted EBITDA;
- the decreases in income taxes paid and financial expense paid; and
- the increase in changes in non-cash operating activities primarily due to changes in working capital.

INVESTING ACTIVITIES

Fiscal 2019 fourth-quarter investing activities decreased by 25.8% compared to the same period of the prior year mainly due to the acquisition of spectrum licenses in the Canadian broadband services segment in the comparable period of the prior year combined with a decrease in acquisitions of property, plant and equipment.

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT

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

Three months ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %	Change in constant currency ⁽²⁾ %
Canadian broadband services	79,132	89,405	(11.5)	(11.7)
Capital intensity	24.7%	28.0%		
American broadband services	65,967	72,914	(9.5)	(10.5)
Capital intensity	25.0%	29.6%		
Consolidated	145,099	162,319	(10.6)	(11.2)
Capital intensity	24.9%	28.7%		

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy. For further details, please consult the "Accounting policies" section.

(2) Fiscal 2019 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2018 which was 1.3100 USD/CDN.

Fiscal 2019 fourth-quarter acquisitions of property, plant and equipment decreased by 10.6% (11.2% in constant currency) mainly due to lower capital expenditures in the Canadian and American broadband services segments.

Fiscal 2019 fourth-quarter capital intensity reached 24.9% compared to 28.7% for the same period of the prior year mainly as a result of lower capital capital expenditures combined with higher revenue.

FREE CASH FLOW

Fiscal 2019 fourth-quarter free cash flow increased by 76.5% (76.9% in constant currency) compared to the same period of the prior year, mainly due to the following:

- higher adjusted EBITDA;
- the decrease in acquisitions of property, plant and equipment; and
- the decrease in financial expense.

FINANCING ACTIVITIES

Fiscal 2019 fourth-quarter change in cash flows arising from financing activities is mainly explained as follows:

Three months ended August 31, (in thousands of dollars)	2019 \$	2018 \$	Explanations
Decrease in bank indebtedness	(4,821)	(9,913)	Related to the timing of payments made to suppliers.
Net decrease under the revolving facilities	—	(13,342)	Repayments of the revolving facilities in the fourth quarter of fiscal 2018.
Repayment of long-term debt	(5,650)	(5,548)	Not significant.
Increase in deferred transaction costs	(1,778)	—	Not significant.
	(12,249)	(28,803)	

DIVIDENDS

During the fourth quarter of fiscal 2019, a quarterly eligible dividend of \$0.525 per share was paid to the holders of subordinate and multiple voting shares, totalling \$25.9 million, compared to an eligible quarterly dividend paid of \$0.475 per share, or \$23.4 million in the fourth quarter of fiscal 2018.

NORMAL COURSE ISSUER BID

During the fourth quarter of fiscal 2019, Cogeco Communications purchased and cancelled 169,800 subordinate voting shares with average stated value of \$4.7 million for a total consideration of \$17.9 million.

FISCAL 2020 FINANCIAL GUIDELINES

Cogeco Communications maintains its fiscal 2020 preliminary financial guidelines as issued on July 10, 2019.

The Corporation presents its financial guidelines on a constant currency basis and believes this presentation enables an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in a foreign currency rate. 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. Moreover, the financial guidelines exclude possible acquisitions and do not take into consideration the recent CRTC costing decision setting final rates for aggregated wholesale Internet services for resellers, since these new rates are being disputed in court. For further details, please consult the "Business developments" subsection.

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2020 revenue to grow between 2% and 4% mainly as a result of organic growth in the American broadband services segment for both the residential and business sectors, the continued expansion in Florida and annual rate increases. In the Canadian broadband services segment, revenue growth should stem primarily from growth in the business sector and Internet customer additions.

On a constant currency and consolidated basis, fiscal 2020 adjusted EBITDA should grow between 2.5% and 4.5% mainly as a result of revenue growth exceeding operating expenses in both the American and Canadian broadband services segments.

The capital intensity ratio should increase as a result of capital expenditures growth exceeding revenue increase. In the American broadband services segment, higher capital expenditures are expected due to the continued Florida network expansion and additional investments in our network infrastructure in the areas we serve, partly offset by lower capital expenditures due to the completion of equipment replacements in the MetroCast regions in fiscal 2019. In the Canadian broadband services segment, stable capital expenditures are expected as a result of lower customer premise equipment costs, offset by investments to expand our network footprint across Ontario and Québec combined with investments in digitalization projects.

Free cash flow on a constant currency and consolidated basis should increase between 5% and 11% mainly due to the growth of adjusted EBITDA, partly offset by higher capital expenditures.

The following table outlines fiscal 2020 financial guidelines ranges on a consolidated basis:

	Projections (prior to the adoption of IFRS 16) ⁽¹⁾	Actual
	Fiscal 2020 ⁽²⁾	Fiscal 2019
(in millions of dollars, except percentages)	\$	\$
Financial guidelines		
Revenue	Increase of 2% to 4%	2,332
Adjusted EBITDA	Increase of 2.5% to 4.5%	1,108
Acquisitions of property, plant and equipment	\$460 to \$480	435
Capital intensity	19% to 20%	18.6%
Free cash flow ⁽³⁾	Increase of 5% to 11%	454

(1) Fiscal 2020 financial guidelines presented as percentages reflect increases over projections for fiscal 2019 prior to the adoption of IFRS 16, *Leases*. However, management does not expect the adoption of IFRS 16 will have a significant impact on its results of operations, and therefore financial guidelines should not be impacted.

(2) Fiscal 2020 financial guidelines are based on a USD/CDN exchange rate of 1.3255 USD/CDN.

(3) The assumed current income tax effective rate is approximatively 12%

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

ABOUT COGECO COMMUNICATIONS

Cogeco Communications Inc. is a communications corporation. It is the 8th largest cable operator in North America, operating in Canada under the Cogeco Connexion name in Québec and Ontario, and along the East Coast of the United States under the Atlantic Broadband brand (in 11 states from Maine to Florida). The Corporation provides residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc.'s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

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Source:

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Analyst Conference Call:

Thursday, October 31, 2019 at 11:00 a.m. (Eastern Daylight Time)
Media representatives may attend as listeners only.

Please use the following dial-in number to have access to the conference call by dialing five minutes before the start of the conference:

Canada/United States Access Number: **1-877-291-4570**
International Access Number: **+ 1-647-788-4919**

In order to join this conference, participants are only required to provide the operator with the company name, that is, Cogeco Inc. or Cogeco Communications Inc.

By Internet at <http://corpo.cogeco.com/cc/en/investors/investor-relations>