

# Desjardins Conference

March 20, 2019

Mrs. Andrée Pinard  
Vice President & Treasurer

# FORWARD-LOOKING STATEMENT

Certain statements contained in this presentation may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events, business, operations, financial performance, financial condition or results. Particularly, statements regarding 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 we believe are reasonable as of the current date. Refer in particular to the "Corporate Objectives and Strategies" section in the MD&A of the 2018 annual report for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements.

While we consider these assumptions to be reasonable based on the information currently available to us, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including Uncertainties and Main Risk Factors which are described in the MD&A section of the 2018 annual report that could cause actual results to differ materially from what we currently expect. 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 we currently foresee. The reader should not place undue importance on forward-looking information contained in this presentation and forward-looking statements contained in this presentation mostly represent our expectations as of January 10, 2019 updated for the announcement on February 27, 2019 of an agreement to sell Cogeco Peer 1 Inc. and are subject to change after such date. While we may elect to do so, we are under no obligation (and expressly disclaim any such obligation) and do 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.

# COMPANY OVERVIEW

## COGECO CONNEXION

- 2nd largest cable system operator in Ontario and Québec
- 779,000 Internet service, 676,000 video service and 377,000 telephony service customers

## ATLANTIC BROADBAND

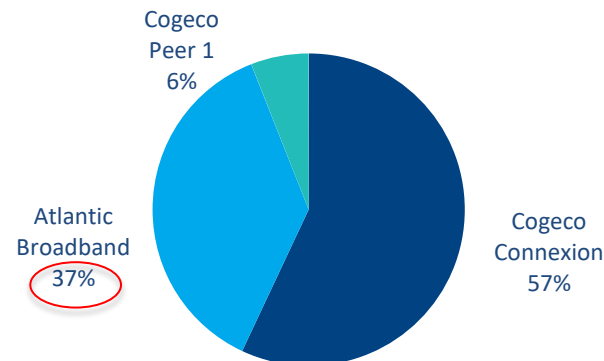
- 9th largest cable system operator in the United States
- The acquisition of all of the MetroCast cable systems, in partnership with Caisse de dépôt et placement du Québec (“CDPQ”), was completed on January 4, 2018
- Atlantic Broadband serves 426,000 Internet service, 313,000 video service and 142,000 telephony service customers

## COGECO PEER 1

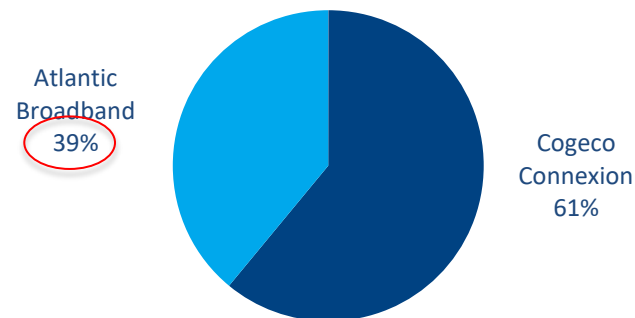
- Provider of colocation, hosting, cloud and network connectivity services

## COGECO COMMUNICATIONS (“COGECO”) ADJUSTED EBITDA SEGMENTATION<sup>(1)</sup>

### PRO FORMA 12 MONTHS OF METROCAST ACQUISITION



### PRO FORMA 12 MONTHS OF METROCAST ACQUISITION AND COGECO PEER 1 DISPOSITION



(1) Excludes “inter-segment eliminations and other” for the last twelve months ended November 30, 2018

# DISPOSAL OF COGECO PEER 1 AND LAUNCH OF A NORMAL COURSE ISSUER BID “NCIB”

- **On February 27th, Cogeco announced that it had reached an agreement to sell Cogeco Peer 1 Inc. for \$720 million**
  - A net gain on disposal is expected
  - Consolidated net leverage will decline from 3.5x to 3.1x <sup>(1)</sup>
- **With a significant portion of the sale proceeds Cogeco will:**
  - Repay amounts outstanding under its bank facility
  - Repurchase shares under a NCIB<sup>(2)</sup> for up to 10% of the float (currently estimated at 1.86 million shares)
- **Cogeco will retain significant fiber capacity in Montreal and Toronto for future needs**
- **Cogeco will now exclusively focus on the Canadian and US broadband segments**
- **This transaction will provide greater flexibility to pursue organic investment and acquisition opportunities**

(1) Based on last 12 months ended November 30, 2018 and pro forma 12 months of MetroCast results

(2) Subject to the approval of the Toronto Stock Exchange



# CAPITAL ALLOCATION PRIORITIES

## VALUE CREATION

1

**PURSUE VALUE ACCRETIVE ACQUISITIONS IN THE US BROADBAND SEGMENT**

2

**ENHANCE AND EXTEND EXISTING CABLE NETWORKS TO OFFER MORE EVOLVED SERVICES**

- Extend coverage of the 1 Gig Internet service
- Pursue the Florida expansion
- Launch of an IPTV service in Canada

3

**EXPLORE HYBRID WIRELESS BUSINESS MODELS WHICH MEET RETURN OBJECTIVES**

## RETURN CAPITAL TO SHAREHOLDERS

- Over the last 5 years, Cogeco has increased its dividend by at least 10% annually
- Consider share repurchases when leverage permits

Balance allocation of capital between growing the business organically, making acquisitions and returning capital to investors, while maintaining a prudent level of financial leverage

# COGECO CONNEXION'S STRATEGY

## EXPANDING OFFERING WHILE MAINTAINING INDUSTRY LEADING EBITDA MARGINS

- 120 Mbps in virtually all of the footprint and 1 Gbps Internet service offered in a large portion of the footprint
- Offering TiVo's advanced multiplatform video for past 4 years
- Suite of business solutions, including Hosted PBX phones and ultra fast Internet connections
- Adjusted EBITDA margin of approximately 52% was achieved over the last three fiscal years

## STATE-OF-THE ART TECHNOLOGIES WHILE OPTIMIZING CAPITAL INTENSITY

- Low capex intensity at approximately 18.5% over the last three fiscal years while enabling the deployment of state-of-the art technologies
- 1 Gbps Internet speeds deployed in a cost effective way using DOCSIS 3.1 technology

# COGECO CONNEXION FY2019 PRIORITIES

1

## RESIDENTIAL: ORGANIC GROWTH THROUGH VALUE ADDED SERVICES

- About 60% of footprint is expected to be 1 Gbps Internet speed ready by the end of FY2019
- Introduce enhanced intelligent in-home WI-FI features
- Launch MediaFirst's IPTV platform
  - Enhanced customer experience
  - Operating expense and capex savings



**OUR FASTEST SPEEDS EVER.**  
UltraFibre 1Gig Unlimited Internet

2

## GROW MARKET POSITION IN THE 150,000 BUSINESSES FOOTPRINT

- Introduce Managed WI-FI services and enhance Hosted PBX offering
- Continue to improve market share and revenue per customer
- Continue business market footprint expansion in Cogeco Connexion's territory

3

## OPTIMIZE RETURN ON INVESTMENT: DELIVERING SERVICES MORE EFFICIENTLY

- New ordering and billing platform: enhanced digitization and more targeted offers
- Digitization projects: enhanced self-serve and self-care applications

# ATLANTIC BROADBAND'S STRATEGY

## ENHANCED GROWTH THROUGH PRUDENT ACQUISITIONS

- **Focus on largely non-metropolitan areas with fragmented competition**
  - US\$1.4 billion MetroCast acquisition has led to superior revenue growth and industry-leading adjusted EBITDA margins
- **De-levering following larger acquisitions to maintain solid balance sheet**

## STRATEGIC RESIDENTIAL POSITIONING

- **Superior video platform and Internet speeds**
  - Integrated Netflix and YouTube access with TiVo
  - Internet speeds of 200 Mbps in most of the footprint and 1 Gbps service offered in over 50% of the footprint

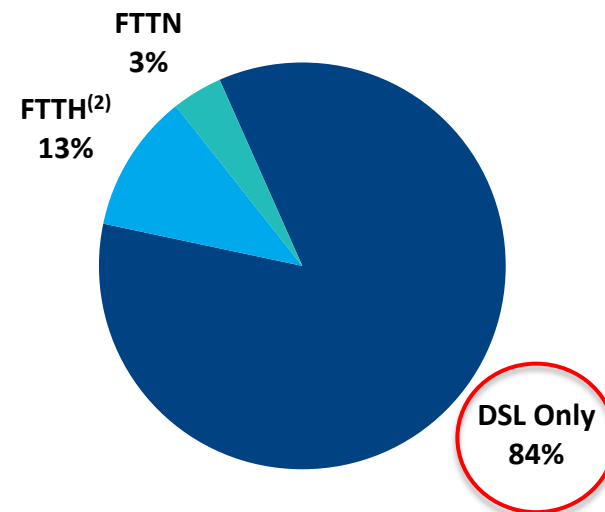
## COMMERCIAL GROWTH OPPORTUNITY

- **Approximately 185,000 businesses in footprint**
- **Florida expansion provides stable cash flow**

## STRONG FINANCIAL PROFILE

- **Strong adjusted EBITDA margin and free cash flow generation**

## COMPETITION SUMMARY EXCLUDING FLORIDA <sup>(1)</sup>



(1) Cogeco's estimates as a percentage of homes passed. Florida is excluded as a large portion of the customer base is comprised of bulk units for which customer penetration rates are not relevant metrics

(2) Includes overbuilds



# ATLANTIC BROADBAND: FY2019 PRIORITIES

1

## FOUNDATION IN PLACE FOR SOLID FY2019 PERFORMANCE

- Metrocast: Expand business services offering and capitalize on new service bundles
- Superior growth through Florida expansion and the Fiberlight acquisition

2

## DRIVE CUSTOMER GROWTH THROUGH INTERNET SUPERIORITY AND BUNDLE SALES

- Approximately 85% of the footprint is expected to be 1 Gbps ready by the end of FY2019
- New TiVo features, including improved portal, voice command and IP VOD
- Enhanced customer experience through better online/mobile self-care, social media support and flexible same day/next day service & installs

3

## CONTINUED BUSINESS SERVICES GROWTH

- Leverage advanced connectivity products and carrier partnerships
- New product rollouts: managed network, WI-FI and SD-WAN<sup>(1)</sup>
- Leverage Hosted PBX phone offering



4

## MAINTAIN SOLID ADJUSTED EBITDA MARGIN

- Focus on efficiencies in technical and customer care while enhancing service

(1) Software-Defined Wide-Area Network which are used to connect enterprise networks over large geographic distances

# INVESTMENT HIGHLIGHTS

## STRONG CANADIAN CABLE FRANCHISES

- Leveraging superior Internet speeds in most of our footprint
- Industry leading adjusted EBITDA margin
- Strong free cash flow generation

## SUCCESSFUL U.S. CABLE EXPANSION STRATEGY

- Strong organic growth opportunity in our largely non-metropolitan markets with fragmented competition
- Higher service penetration opportunity in newly acquired MetroCast areas
- Positioned to act as a consolidator of regional cable operators

## STRONG FINANCIAL PERFORMANCE

- Attractive adjusted EBITDA margins, strong FCF and dividend growth
- Prudent financial management with a history of de-leveraging following acquisitions

# Desjardins Conference

March 20, 2019

Mrs. Andrée Pinard  
Vice President & Treasurer