

PRESS RELEASE

For immediate release

COGECO INC. RELEASES ITS FINANCIAL RESULTS FOR THE FOURTH QUARTER OF FISCAL 2016 AND INCREASES ITS DIVIDEND

- Revenue increased by \$18.0 million, or 3.2%, to reach \$572.0 million;
- Adjusted EBITDA⁽¹⁾ increased by \$13.8 million, or 5.6%, to reach \$258.3 million;
- Free cash flow⁽¹⁾ increased by \$14.9 million compared to the fourth quarter of fiscal 2015, or 20.3%, to reach \$88.0 million; and
- A quarterly eligible dividend of \$0.34 per share was declared, an increase of 15.3% compared to the same period of fiscal 2015.

Montréal, November 2, 2016 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2016, in accordance with International Financial Reporting Standards ("IFRS").

For the fourth quarter of fiscal 2016:

- Revenue increased by \$18.0 million, or 3.2%, to reach \$572.0 million driven by growth in the Communications segment mainly through the improvement of its American broadband services operations, partly offset by lower revenue in the media activities attributable to the sale of Métromédia CMR Plus Inc. ("Métromédia") on January 5, 2016;
- Adjusted EBITDA increased by \$13.8 million, or 5.6%, to reach \$258.3 million compared to the same period of fiscal 2015 mainly as a result of the improvement in the Communications segment;
- Profit for the period amounted to \$80.7 million of which \$29.8 million, or \$1.78 per share, was attributable to owners of the Corporation compared to profit for the period of \$78.5 million for the fourth quarter on fiscal 2015 of which \$25.4 million, or \$1.52 per share, was attributable to the owners of the Corporation. The increase is mainly due to the improvement of adjusted EBITDA combined with the decreases in integration, restructuring and acquisition costs and in income taxes, partly offset by the increase in claims and litigations as a result of an expense in the current year compared to a gain in the same period of the prior year;
- Free cash flow reached \$88.0 million compared to \$73.2 million, an increase of \$14.9 million, or 20.3%, compared to the same quarter of the prior year resulting from the improvement of adjusted EBITDA combined with the decreases in acquisitions of property, plant and equipment, intangible and other assets, in integration, restructuring and acquisitions costs and in current income taxes, partly offset by the increase in claims and litigations as a result of an expense in the current year compared to a gain in the same period of the prior year;
- Cash flow from operating activities reached \$271.1 million compared to \$275.7 million, representing a decrease of \$4.6 million compared to fiscal 2015 fourth-quarter. The decrease is mostly attributable to the increase in claims and litigations as a result of an expense in the current year compared to a gain in the same period of the prior year, partly offset by the improvement of adjusted EBITDA combined with the decrease in changes in non-cash operating activities primarily due to changes in working capital and in integration, restructuring and acquisition costs;

(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 Management's discussion and analysis ("MD&A").

- A quarterly eligible dividend of \$0.295 per share was paid to the holders of subordinate and multiple voting shares, an increase of \$0.04 per share, or 15.7%, compared to an eligible dividend of \$0.255 per share paid in the fourth quarter of fiscal 2015;
- At its November 2, 2016 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.34 per share, an increase of 15.3% compared to the \$0.295 dividend per share paid in the fourth quarter of fiscal 2016; and
- On October 13, 2016, Cogeco Media announced the signing of a new agreement for the broadcasting of the Montreal Canadiens games on Cogeco's French radio network until 2023.

For the fiscal year ended August 31, 2016:

- Revenue increased by \$120.2 million, or 5.5%, to reach \$2.31 billion driven by growth in the Communications segment mainly through the improvement of its American broadband services operations combined with favorable foreign exchange rates compared to the prior year;
- Adjusted EBITDA increased by \$64.2 million, or 6.7%, to reach \$1,018.8 million compared to fiscal 2015 as a result of the improvement in the Communications segment combined with favorable foreign exchange rates compared to the prior year and the improvement in the media activities;
- Loss for the year amounted to \$158.7 million of which \$29.4 million, or \$1.75 per share, was attributable to owners of the Corporation compared to profit for the year of \$265.2 million for fiscal 2015, of which \$89.6 million, or \$5.35 per share, was attributable to the owners of the Corporation. The decrease is mainly due to the non-cash pre-tax impairment of goodwill and intangible asset of \$450.0 million which occurred in the Communications segment. The remaining variation is explained by the improvement of adjusted EBITDA combined with the decreases in integration, restructuring and acquisition costs, financial expense and income taxes combined with the gain on disposal of Métromédia, partly offset by the increases in depreciation and amortization and in claims and litigations as a result of an expense in the current year compared to a gain in the prior year;
- Free cash flow reached \$298.1 million compared to \$290.7 million, an increase of \$7.3 million, or 2.5%, compared to the prior year resulting from the improvement of adjusted EBITDA and the decrease in financial expense, partly offset by the increases in the acquisitions of property, plant and equipment, in claims and litigations as a result of an expense in the current year compared to a gain in the prior year and in current income taxes;
- Cash flow from operating activities reached \$759.0 million compared to \$694.3 million, representing an increase of \$64.7 million, or 9.3%, compared to fiscal 2015. The increase is mostly attributable to the improvement in adjusted EBITDA combined with an increase in changes in non-cash operating activities primarily due to changes in working capital, partly offset by the increases in income taxes paid and in claims and litigations as a result of an expense in the current year compared to a gain in the prior year; and
- Dividends paid in fiscal 2016 totaled \$1.18 per share compared to \$1.02 per share in fiscal 2015.

“As we close our fiscal year 2016, we are generally satisfied with Cogeco Inc.’s overall results for the fourth quarter,” declared Louis Audet, President and Chief Executive Officer of Cogeco Inc. “In our Cogeco Communications Inc. subsidiary, Cogeco Connexion, our Canadian broadband services operations, continues to perform well in the highly competitive and evolving market. Results for the quarter are in line with expectations, demonstrating our capacity to grow, while maintaining rigorous cost control discipline. Our American broadband services operations, Atlantic Broadband, has continued to report steady growth, including an increase in primary service units, confirming strong organic growth, and the solid performance of our newly acquired Connecticut system, which recently launched its Gigabit internet service,” added M. Audet.

“At Cogeco Peer 1, our Business ICT services operations, we have been working to grow our client-base through an enhanced go-to-market strategy, always supported by exceptional customer service,” stated Mr. Audet. “With a solid new senior leadership team now in place, we have been focused on bringing more relevant solutions to market, redefining our product portfolio - collaborating with partners such as Microsoft Azure - to ensure we continue to meet and exceed the needs of our customers. We expect these strategies will lead to growth in future years”

“As for our Cogeco Media subsidiary, once again this quarter we have maintained a leadership position in the Québec radio market, thanks to strong audience ratings and a solid financial performance,” concluded Louis Audet.

Fiscal 2017 Financial Guidelines

Cogeco revised its fiscal 2017 preliminary financial guidelines issued on July 6, 2016, to take into considerations the recent decision of the CRTC, on October 6, 2016, to reduce significantly on an interim basis the third party Internet access ("TPIA") capacity rates combined with the changing industry dynamics and the increasingly competitive environment in certain operating segments. Please consult the "Fiscal 2017 financial guidelines" section of the Corporation's 2016 Annual Report for further details.

FINANCIAL HIGHLIGHTS

| (in thousands of dollars, except percentages and per share data) | Quarters ended | | | Years ended | | |
|---|-----------------|-----------------|--------|-----------------|-----------------|--------|
| | August 31, 2016 | August 31, 2015 | Change | August 31, 2016 | August 31, 2015 | Change |
| | \$ | \$ | % | \$ | \$ | % |
| Operations | | | | | | |
| Revenue | 572,045 | 554,089 | 3.2 | 2,307,403 | 2,187,163 | 5.5 |
| Adjusted EBITDA ⁽¹⁾ | 258,328 | 244,562 | 5.6 | 1,018,762 | 954,591 | 6.7 |
| Integration, restructuring and acquisition costs | 1,326 | 6,942 | (80.9) | 8,802 | 13,950 | (36.9) |
| Claims and litigations | 292 | (27,431) | — | 10,791 | (27,431) | — |
| Impairment of goodwill and intangible assets | — | — | — | 450,000 | — | — |
| Gain on disposal of a subsidiary | (167) | — | — | (13,107) | — | — |
| Profit (loss) for the period | 80,662 | 78,529 | 2.7 | (158,705) | 265,215 | — |
| Profit (loss) for the period attributable to owners of the Corporation | 29,792 | 25,402 | 17.3 | (29,351) | 89,627 | — |
| Cash Flow | | | | | | |
| Cash flow from operating activities | 271,114 | 275,690 | (1.7) | 759,030 | 694,300 | 9.3 |
| Acquisitions of property, plant and equipment, intangible and other assets | 111,002 | 130,768 | (15.1) | 470,357 | 442,675 | 6.3 |
| Free cash flow ⁽¹⁾ | 88,028 | 73,150 | 20.3 | 298,072 | 290,724 | 2.5 |
| Financial Condition | | | | | | |
| Cash and cash equivalents | — | — | — | 68,344 | 164,189 | (58.4) |
| Property, plant and equipment | — | — | — | 2,004,247 | 2,005,461 | (0.1) |
| Total assets | — | — | — | 5,499,613 | 6,205,795 | (11.4) |
| Indebtedness ⁽²⁾ | — | — | — | 2,974,119 | 3,361,948 | (11.5) |
| Equity attributable to owners of the Corporation | — | — | — | 548,129 | 603,598 | (9.2) |
| Per Share Data⁽³⁾ | | | | | | |
| Earnings per share attributable to the owners of the Corporation | | | | | | |
| Basic | 1.78 | 1.52 | 17.1 | (1.75) | 5.35 | — |
| Diluted | 1.78 | 1.51 | 17.9 | (1.75) | 5.32 | — |
| Dividends | 0.295 | 0.255 | 15.7 | 1.18 | 1.02 | 15.7 |
| Weighted average number of multiple and subordinate voting shares outstanding | 16,726,378 | 16,734,904 | (0.1) | 16,728,185 | 16,737,173 | (0.1) |

(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.

(2) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments.

(3) Per multiple and subordinate voting share.

ABOUT COGECO

Cogeco Inc. is a diversified holding corporation which operates in the communications and media sectors. Through its Cogeco Communications Inc. subsidiary, Cogeco provides its residential and business customers with video, Internet and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc. operates in Canada under the Cogeco Connexion name in Québec and Ontario, and in the United States under the Atlantic Broadband name in western Pennsylvania, south Florida, Maryland/Delaware, South Carolina and eastern Connecticut. Through Cogeco Peer 1, Cogeco Communications Inc. provides its business customers with a suite of information technology services (colocation, network connectivity, hosting, cloud and managed services), through its 17 data centres, extensive FastFiber Network® and more than 50 points of presence in North America and Europe. Through its subsidiary Cogeco Media, Cogeco owns and operates 13 radio stations across most of Québec with complementary radio formats serving a wide range of audiences as well as Cogeco News, its radio news agency. Cogeco Inc.'s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Communications Inc. are also listed on the Toronto Stock Exchange (TSX: CCA).

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Source:

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Analyst Conference Call:

Thursday, November 3, 2016 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: **1 800-505-9573**
International Access Number: **+ 1 416-204-9498**
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By Internet at corpo.cogeco.com/cgo/en/investors/