COGECO COMMUNICATIONS

PRESS RELEASE
For immediate release

COGECO COMMUNICATIONS INC. RELEASES ITS RESULTS FOR THE THIRD QUARTER OF FISCAL 2017

- **Revenue increased by $24.9 million, or 4.6%, to reach $565.2 million;**
- **Adjusted EBITDA(1) increased by $11.1 million, or 4.6%, to reach $254.2 million;**
- **Free cash flow(1) amounted to $104.7 million, an increase of $20.1 million, or 23.7%;**
- **The Corporation's subsidiary, Atlantic Broadband, announced the acquisition of all MetroCast cable systems; and**
- **A quarterly eligible dividend of $0.43 per share was declared, an increase of 10.3% compared to the same period of fiscal 2016.**

Montréal, July 13, 2017 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the third quarter ended May 31, 2017, in accordance with International Financial Reporting Standards ("IFRS").

For the third quarter of fiscal 2017:

- Revenue increased by $24.9 million, or 4.6%, to reach $565.2 million mainly driven by growths of 3.3% in the Canadian broadband services segment and of 9.8% in the American broadband services segment combined with stable revenue in the Business information and communications technology ("Business ICT") services segment.
    - Canadian broadband services revenue increased as a result of the impact of rate increases implemented in December 2016, the continued growth in Internet services customers combined with the movement of customers to higher value packages, partly offset by a decline in video and telephony services customers;
    - American broadband services revenue increased primarily as a result of the continued growth in Internet and telephony services customers in both the residential and business sectors, rate increases implemented in September 2016 combined with the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year;
    - Business ICT services revenue was stable as a result of colocation revenue growth combined with the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year, partly offset by competitive pricing pressures on the hosting and network connectivity services and the depreciation of the British Pound currency 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.

- Adjusted EBITDA increased by $11.1 million, or 4.6%, to reach $254.2 million mainly as a result of the following:
    - Higher adjusted EBITDA in the Canadian broadband services resulting mainly from revenue progression;
    - Higher adjusted EBITDA in the American broadband services as a result of organic growth combined with the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year; partly offset by
    - Lower adjusted EBITDA in the Business ICT services resulting mainly from increased operating expenses;
- Operating margin[1] remained the same at 45.0% compared to the same quarter of the prior year, with operating margins of 52.9% in the Canadian broadband services, 41.0% in the American broadband services and 30.3% in the Business ICT services segments. The operating margin for the quarter resulted mainly from a higher margin in the Canadian broadband services segment, partly offset by a slightly lower margin in the American broadband services segment and a decline in the Business ICT services segment;
- Profit for the period amounted to $76.2 million, or $1.55 per share, compared to a loss for the period of $387.4 million, or $7.89 per share, in the comparable period of fiscal 2016 as a result of last year's non-cash pre-tax impairment of goodwill and intangible assets of $450 million and claims and litigations of $10.5 million which both occurred in the Business ICT services segment. The remaining variation is explained by the improvement of adjusted EBITDA combined with the decrease in depreciation and amortization, partly offset by an increase in income taxes;
- Free cash flow amounted to $104.7 million, an increase of $20.1 million, or 23.7% mainly due to lower acquisitions of property, plant and equipment, intangible and other assets as a result of the timing of certain initiatives mainly in the Canadian broadband services segment combined with a greater focus on capital expenditure optimization in the Business ICT services segment. The improvement of adjusted EBITDA combined with last year's claims and litigations also contributed to the increase in free cash flow;
- Cash flow from operating activities increased by $60.2 million, or 33.2%, to reach $241.7 million. The increase for the quarter is mostly attributable to the improvement in adjusted EBITDA combined with the decrease in income taxes paid and last year's claims and litigations, partly offset by the decrease in changes in non-cash operating activities primarily due to changes in working capital;
- A quarterly eligible dividend of $0.43 per share was paid in the third quarter to the holders of multiple and subordinate voting shares, representing an increase of $0.04 per share, or 10.3%, compared to an eligible dividend of $0.39 per share paid in the third quarter of fiscal 2016;
- The Corporation released its fiscal 2018 preliminary financial guidelines and expects revenue to reach between $2.30 billion and $2.33 billion, adjusted EBITDA to reach between $1,025 million and $1,050 million and free cash flow should remain in the same range compared to the fiscal 2017 revised financial guidelines due to the continued expansion in Florida in our American broadband services segment. These preliminary financial guidelines do not include the expected financial results from the announcement of the MetroCast acquisition;
- At its July 13, 2017 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.43 per share for multiple and subordinate voting shares payable on August 10, 2017; and
- On July 10, 2017, Cogeco Communications announced that its subsidiary, Atlantic Broadband, entered into an agreement with Harron Communications, L.P. to acquire substantially all of the assets of its cable systems operating under the MetroCast brand name ("MetroCast") which serves about 120,000 Internet, 76,000 video and 37,000 telephony customers. The transaction valued at US$1.4 billion includes the expected present value of future tax benefits of US $310 million and is subject to customary closing adjustments. This acquisition is expected to be financed through a combination of non-recourse debt financing at Atlantic Broadband and an equity investment by Caisse de Dépôt et Placement du Québec ("CDPQ") in Atlantic Broadband's holding company. The transaction is subject to usual closing conditions, regulatory approvals and other customary conditions. The Corporation expects the transaction to close in January 2018. Pursuant to the announcement of this acquisition, all credit ratings for Cogeco Communications and Atlantic Broadband were confirmed.

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For the nine-month period ended May 31, 2017:

- Revenue increased by $43.0 million, or 2.6%, to reach $1.68 billion mainly driven by growths of 2.5% in the Canadian broadband services segment and of 5.7% in the American broadband services segment, partly offset by a decrease of 3.0% in the Business ICT services segment.
    - Canadian broadband services revenue increased as a result of the impact of rate increases implemented in December 2016 compared to rate increases implemented in February 2016 in the comparable period of the prior year, the continued growth in Internet services customers combined with the movement of customers to higher value packages, partly offset by a decline in video and telephony services customers;
    - American broadband services revenue increased primarily as a result of the continued growth in Internet and telephony services customers in both the residential and business sectors as well as rate increases implemented in September 2016;
    - Business ICT services revenue decreased primarily as a result of competitive pricing pressures on the hosting and network connectivity services and the depreciation of the British Pound currency against the Canadian dollar compared to the same period of the prior year, partly offset by colocation revenue growth;
- Adjusted EBITDA increased by $22.1 million, or 3.0%, to reach $757.8 million mainly as a result of the following:
    - Higher adjusted EBITDA in the Canadian broadband services resulting mainly from revenue progression;
    - Higher adjusted EBITDA in the American broadband services resulting from organic growth; partly offset by
    - Lower adjusted EBITDA in the Business ICT services resulting from a decrease in revenue;
- Operating margin increased slightly from 45.1% to 45.2% for the nine-month period ended May 31, 2017, with operating margins of 52.4% in the Canadian broadband services, 42.3% in the American broadband services and 31.5% in the Business ICT services segments. The increase for the first nine months resulted mainly from a higher margin in the Canadian broadband services segment, partly offset by a slightly lower margin in the American broadband services segment and a decline in the Business ICT services segment;
- Profit for the period amounted to $227.9 million, or $4.63 per share, compared to a loss for the period of $264.2 million, or $5.39 per share in the comparable period of fiscal 2016 as a result of last year's non-cash pre-tax impairment of goodwill and intangible assets of $450 million and from the claims and litigations of $10.5 million which both occurred in the Business ICT services segment. The remaining variation is explained by the improvement of adjusted EBITDA combined with the decrease in depreciation and amortization, partly offset by the increase in income taxes;
- Free cash flow amounted to $322.9 million, an increase of $123.5 million, or 61.9%, mainly due to lower acquisitions of property, plant and equipment, intangible and other assets resulting from the timing of certain initiatives in the Canadian broadband services segment combined with a greater focus on capital expenditure optimization in the Business ICT services segment. The improvement of adjusted EBITDA combined with last year's claims and litigations and the decrease in integration, restructuring and acquisition costs also contributed to the increase in free cash flow; and
- Cash flow from operating activities increased by $127.2 million, or 26.3%, to reach $610.7 million. The increase for the period is mostly attributable to the improvement in adjusted EBITDA combined with last year's claims and litigations and the decreases in income taxes paid and financial expense paid, partly offset by the decrease in changes in non-cash operating activities primarily due to changes in working capital.

“Overall we are pleased with our results for the third quarter of fiscal 2017,” declared Louis Audet, President and Chief Executive Officer of Cogeco Communications Inc. “Cogeco Connexion, our Canadian broadband subsidiary, has seen marked growth in terms of both revenue and EBITDA.”

“Atlantic Broadband continues to produce positive results, in line with expectations,” added M. Audet. “Our American subsidiary is concentrating its efforts on investments in Florida, a region with a strong potential for growth. On this note, we were very pleased to announce on July 10, the acquisition of the MetroCast cable systems, allowing Atlantic Broadband to increase its presence in the growing and lucrative U.S. cable market. Moreover, we are delighted to be partnering with CDPQ in this transaction, providing us with a long-term partner with a similar vision,” stated Mr. Audet.

“At Cogeco Peer 1, our Business ICT subsidiary, the leadership team continues to build and consolidate its client relationships, with a focus on medium and large customers, positioning themselves as a trusted advisor bringing more relevant solutions to market and cross-selling services,” stated Mr. Audet.

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 in the United States under the Atlantic Broadband name in western Pennsylvania, south Florida, Maryland/Delaware, South Carolina and eastern Connecticut. Cogeco Communications Inc. provides its residential and business customers with video, Internet and telephony services through its two-way broadband fibre networks. Through its subsidiary 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 16 data centres, extensive FastFiber Network® and more than 50 points of presence in North America and Europe. Cogeco Communications Inc.'s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

Source:

Cogeco Communications Inc.
Patrice Ouimet
Senior Vice President and Chief Financial Officer
Tel.: 514-764-4700

Information:

Media
René Guimond
Senior Vice-President, Public Affairs and Communications
Tel.: 514-764-4700

Analyst Conference Call:

Friday, July 14, 2017 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**

IMPORTANT NOTE: 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. **No confirmation code is required.**

By Internet at corpo.cogeco.com/cca/en/investors/

FINANCIAL HIGHLIGHTS

	Quarters ended			Nine months ended		
	May 31, 2017	May 31, 2016	Change	May 31, 2017	May 31, 2016	Change
(in thousands of dollars, except percentages and per share data)	$	$	%	$	$	%
Operations						
Revenue	565,158	540,257	4.6	1,675,123	1,632,093	2.6
Adjusted EBITDA(1)	254,233	243,115	4.6	757,775	735,639	3.0
Operating margin(1)	45.0%	45.0%	—	45.2%	45.1%	—
Integration, restructuring and acquisition costs	—	1,126	—	—	7,476	—
Claims and litigations	—	10,499	—	—	10,499	—
Impairment of goodwill and intangible assets	—	450,000	—	—	450,000	—
Profit (loss) for the period	76,203	(387,357)	—	227,890	(264,209)	—
Cash flow						
Cash flow from operating activities	241,689	181,498	33.2	610,700	483,545	26.3
Acquisitions of property, plant and equipment, intangible and other assets	100,202	94,442	6.1	282,895	357,493	(20.9)
Free cash flow(1)	104,728	84,664	23.7	322,894	199,404	61.9
Financial condition(2)						
Cash and cash equivalents	—	—	—	102,067	62,286	63.9
Property, plant and equipment	—	—	—	1,952,699	1,989,720	(1.9)
Total assets	—	—	—	5,348,801	5,333,249	0.3
Indebtedness(3)	—	—	—	2,749,785	2,929,108	(6.1)
Shareholders' equity	—	—	—	1,560,094	1,379,915	13.1
Capital intensity(1)	17.7%	17.5%	—	16.9%	21.9%	—
Per Share Data(4)						
Earnings (loss) per share						
Basic	1.55	(7.89)	—	4.63	(5.39)	—
Diluted	1.54	(7.89)	—	4.60	(5.39)	—
Dividends	0.43	0.39	10.3	1.29	1.17	10.3

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(2) At May 31, 2017 and August 31, 2016. Total assets and shareholders' equity were restated for the year ended August 31, 2016 as reported in note 2 of the Condensed Interim Consolidated Financial Statements.
(3) Indebtedness is defined as the aggregate of bank indebtedness, intercompany note payable, balance due on a business combination, principal on long-term debt and obligations under derivative financial instruments.
(4) Per multiple and subordinate voting share.