COGECO COMMUNICATIONS

News release

For immediate release

COGECO COMMUNICATIONS INC. RELEASES ITS RESULTS FOR THE SECOND QUARTER OF FISCAL 2016

- **Revenue increased by $42.1 million, or 8.3%, to reach $551.5 million;**
- **Adjusted EBITDA(1) increased by $17.1 million, or 7.4%, to reach $248.4 million compared to $231.3 million for the second quarter of fiscal 2015; and**
- **A quarterly dividend of $0.39 per share was declared, an increase of 11.4% compared to the same period in fiscal 2015.**

Montréal, April 13, 2016 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the second quarter ended February 29, 2016, in accordance with International Financial Reporting Standards ("IFRS").

For the second quarter of fiscal 2016:

- Revenue increased by $42.1 million, or 8.3%, to reach $551.5 million mainly driven by growth of 36.9% in the American broadband services segment (previously named American cable services segment) with essentially stable revenue growth in the Canadian broadband services segment (previously named Canadian cable services segment), partly offset by a decrease of 3.3% in the Business information and communications technology ("Business ICT") services segment (previously named Enterprise data services segment).
    - American broadband services revenue increased primarily as a result of the acquisition in the fourth quarter of fiscal 2015 of MetroCast Communications of Connecticut, LLC (the "Connecticut system"), organic growth and favorable foreign exchange rates compared to the same period of the prior year;
    - Canadian broadband services revenue was essentially stable as a result of rate increases and the continued growth in the business sector, partly offset by lower primary service units ("PSU")(2) compared to the same period of the prior year;
    - Business ICT services revenue decreased primarily as a result of the decision to streamline our product offering in order to focus on services which generate higher margins as well as the competitive pricing pressure on the network connectivity services, partly offset by favorable foreign exchange rates;
    - Adjusted EBITDA increased by $17.1 million, or 7.4%, to reach $248.4 million compared to $231.3 million in the same period of fiscal 2015 mainly as a result of the following:
    - Higher adjusted EBITDA in the American broadband services resulting from organic growth, favorable foreign exchange rates compared to the same period of the prior year and the acquisition of the Connecticut system;

(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) Represents the sum of video, Internet and telephony service customers.

Higher adjusted EBITDA in the Canadian broadband services resulting from a slight revenue increase combined with continuous operational efficiency improvements and lower marketing initiatives compared to the second quarter of fiscal 2015 during which higher marketing expenses were incurred due to the launch of TiVo digital advanced video services in Ontario during the first quarter of fiscal 2015;

Lower adjusted EBITDA in the Business ICT services resulting from lower revenue, partly offset by cost reduction initiatives combined with favorable foreign exchange rates compared to the comparable period of the prior year; and

Higher management fees paid to Cogeco Inc. ("Cogeco") during the second quarter of fiscal 2016 under the Amended and Restated Management Services Agreement which became effective on September 1, 2015. The management fees are now payable on a monthly basis. In the previous fiscal year, management fees were fully paid in the first quarter;

- Operating margin(1) slightly decreased to 45.0% from 45.4% in the second quarter of fiscal 2016, with operating margins of 51.6% in the Canadian broadband services, 42.8% in the American broadband services and 35.2% in the Business ICT services segments. The decrease for the quarter resulted mainly from higher management fees paid to Cogeco during the second quarter of the year under the Amended and Restated Management Services Agreement combined with a lower margin in the Business ICT services segment, partly offset by a higher margin in the Canadian broadband services segment and a stable margin in the American broadband services segment;
- Profit for the period amounted to $62.0 million, or $1.27 per share, compared to $58.9 million, or $1.21 per share in the comparable period of fiscal 2015, an increase of 5.3%, resulting from the improvement of the adjusted EBITDA, partly offset by increases in depreciation and amortization and integration, restructuring and acquisition costs;
- Free cash flow(1) increased by $1.6 million, or 2.1%, to reach $74.7 million compared to $73.1 million for the same period of the prior year as a result of the improvement of adjusted EBITDA, partly offset by an increase in the acquisitions of property, plant and equipment, intangible and other assets;
- Cash flow from operating activities increased by $7.8 million, or 3.9%, to reach $206.0 million compared to $198.2 million for fiscal 2015 second-quarter. The increase for the quarter is mostly attributable to the improvement in adjusted EBITDA combined with a decrease in changes in non-cash operating activities primarily due to changes in working capital, partly offset by increases in income taxes paid and integration, restructuring and acquisition costs;
- A quarterly eligible dividend of $0.39 per share was paid to the holders of subordinate and multiple voting shares, representing an increase of $0.04 per share, or 11.4%, compared to an eligible dividend of $0.35 per share paid in the second quarter of fiscal 2015; and
- At its April 13, 2016 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.39 per share for multiple voting and subordinate voting shares payable on May 11, 2016.

For the six-month period ended February 29, 2016:

- Revenue increased by $85.4 million, or 8.5%, to reach $1.09 billion mainly driven by growth of 38.5% in the American broadband services segment with stable revenue in the Canadian broadband services and the Business ICT services segments.
    - American broadband services revenue increased primarily as a result of organic growth, the favorable foreign exchange rates compared to the same period of the prior year and the acquisition in the fourth quarter of fiscal 2015 of the Connecticut system;
    - Canadian broadband services revenue was stable as a result of rate increases and the continued growth in the business sector, partly offset by lower PSU compared to the same period of the prior year;
    - Business ICT services revenue was essentially stable due to the decision to streamline our product offering in order to focus on services which generate higher margins as well as the competitive pricing pressure on the network connectivity services, partly offset by favorable foreign exchange rates;

(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 $42.4 million, or 9.4%, to reach $492.5 million compared to $450.1 million in the same period of fiscal 2015 mainly as a result of the following:
    - Higher adjusted EBITDA in the American broadband services resulting from organic growth, favorable foreign exchange rates compared to the same period of the prior year and the acquisition of the Connecticut system;
    - Higher adjusted EBITDA in the Canadian broadband services resulting mainly from continuous operational efficiency improvements and lower marketing initiatives compared to the second quarter of fiscal 2015 during which higher marketing expenses were incurred related to the launch of TiVo digital

advanced video services in Ontario during the first quarter of fiscal 2015;
- Lower adjusted EBITDA in the Business ICT services resulting from a slight decrease in revenue, partly offset by cost reduction initiatives as a result of the operational, financial and organizational restructuring combined with favorable foreign exchange rates compared to the comparable period of the prior year;
- Operating margin slightly increased from 44.7% to 45.1% for the six-month period ended February 29, 2016, with operating margins of 51.7% in the Canadian broadband services, 43.2% in the American broadband services and 34.4% in the Business ICT services segments. The increase for the first six months resulted mainly from a higher margin in the Canadian broadband services segment and stable margins in the American broadband services and Business ICT services segments;
- Profit for the period amounted to $123.1 million, or $2.52 per share, compared to $115.6 million, or $2.37 per share in the comparable period of fiscal 2015, an increase of 6.5%, resulting from the improvement of the adjusted EBITDA, partly offset by increases in depreciation and amortization, income taxes and integration, restructuring and acquisition costs;
- Free cash flow decreased by $23.3 million, or 16.9%, to reach $114.7 million compared to $138.1 million for the same period of the prior year resulting from the timing of the acquisitions of property, plant and equipment, intangible and other assets and an increase in current income taxes, partly offset by the improvement of adjusted EBITDA; and
- Cash flow from operating activities reached $302.0 million compared to $220.3 million an increase of $81.7 million, or 37.1%, compared to the first six months of fiscal 2015 mainly due to the improvement in adjusted EBITDA combined with a decrease in changes in non-cash operating activities primarily due to changes in working capital, partly offset by increases in income taxes paid and in integration, restructuring and acquisition costs.

“Overall, our results for the second quarter of the 2016 fiscal year have been satisfactory,” declared Louis Audet, President and Chief Executive Officer of Cogeco Communications Inc. “Our American broadband services subsidiary, Atlantic Broadband, continues to report strong results and solid organic growth following the acquisition of the Connecticut system. Meanwhile, our Canadian broadband services subsidiary, which was renamed Cogeco Connexion, continues to report satisfactory results in a highly competitive market. Cogeco Connexion also reviewed its product offering during the quarter and launched a new entry-level package and a number of new packages on March 1 which provide customers with greater flexibility and choice.”

“Our Business ICT services subsidiary, Cogeco Peer 1, is pursuing its plan to build competitive product portfolios,” continued Mr. Audet. “As this exercise progresses, in an increasingly competitive market, we are deploying new sales strategies and streamlining our product-offering, focusing on profitability.”

“We have also seen an overall positive reaction to our renaming and rebranding exercise, which we unveiled during the second quarter,” added Mr. Audet. “We feel well on our way to building a strong, unified and recognizable brand, to position Cogeco for an inspiring and successful future.”

ABOUT COGECO COMMUNICATIONS

Cogeco Communications Inc. is a communications corporation. It is the 11th 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 and communications technology services (colocation, network connectivity, managed hosting, cloud services and managed IT services), through its 17 data centres, an extensive FastFiber NetworkTM 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: **Thursday, April 14, 2016 at 11:00 a.m.** (Eastern Standard 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** Confirmation Code: **7646799** By Internet at corpo.cogeco.com/cca/en/investors/ A rebroadcast of the conference call will be available until April 20, 2016, by dialing: Canada and United States access number: **1 888-203-1112** International access number: **+ 1 647-436-0148** Confirmation code: **7646799**