COGECO COMMUNICATIONS

News release

For immediate release

Cogeco Communications Inc. Releases Its Results For The First Quarter Of Fiscal 2017

- **Revenue increased by $8.8 million, or 1.6% to reach $549.1 million;**
- **Adjusted EBITDA(1) increased by $5.6 million, or 2.3%, to reach $249.7 million;**
- **Free cash flow(1) amounted to $101.4 million, an increase of $61.3 million; 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, January 11, 2017 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the first quarter ended November 30, 2016, in accordance with International Financial Reporting Standards ("IFRS").

For the first quarter of fiscal 2017:

- Revenue increased by $8.8 million, or 1.6%, to reach $549.1 million mainly driven by growths of 7.0% in the American broadband services segment and of 1.0% in the Canadian broadband services segment, partly offset by a decrease of 6.3% in the Business information and communications technology ("Business ICT") services segment.
  - American broadband services revenue increased primarily as a result of the organic growth through primary service units ("PSU")(2) progression, growth in the commercial sector as well as rate increases implemented in September 2016;
  - Canadian broadband services revenue increased as a result of rate increases implemented in February 2016 and the continued growth in residential and commercial Internet customers, partly offset by a decline in video and telephony customers due to the competitive environment and service category maturity;
  - 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 last year;
- Adjusted EBITDA increased by $5.6 million, or 2.3%, to reach $249.7 million compared to $244.1 million in the same period of fiscal 2016 mainly as a result of the following:
  - Higher adjusted EBITDA in the American broadband services resulting from organic growth;
  - Higher adjusted EBITDA in the Canadian broadband services resulting mainly from an increase in revenue; partly offset by
  - Lower adjusted EBITDA in the Business ICT services resulting from a decrease in revenue, partly offset by lower operating expenses due to a $1.8 million gain on disposal of property, plant and equipment;
- Operating margin(1) slightly increased from 45.2% to 45.5% in the first quarter of fiscal 2017, with operating margins of 52.1% in the Canadian broadband services, 43.6% in the American broadband services and 31.4% in the Business ICT services segments. The increase for the quarter resulted mainly from a higher margin in the Canadian broadband services segment and a stable margin in the American broadband services segment, partly offset by a lower margin in the Business ICT services segment;
- Profit for the period amounted to $75.0 million, or $1.53 per share, compared to a profit for the period of $61.1 million, or $1.25 per share in the comparable period of fiscal 2016, an increase of $13.9 million mainly as a result of the improvement of adjusted EBITDA combined with the decrease in depreciation and amortization;
- Free cash flow amounted to $101.4 million, an increase of $61.3 million, compared to $40.0 million for the same period of the prior year 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 also contributed to the increase in free cash flow;
- Cash flow from operating activities increased by $27.4 million, or 28.5%, to reach $123.5 million compared to $96.1 million for fiscal 2016 first-quarter. The increase for the quarter is mostly attributable to the improvement in adjusted EBITDA combined with the decreases in income taxes paid and financial expense paid, partly offset by the increase 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 first 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 first quarter of fiscal 2016;
- At its January 11, 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 February 8, 2017; and
- On December 9, 2016, the Corporation amended its Term Revolving Facility resulting in the extension of the maturity date by an additional year until January 24, 2022.

(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.

"We are quite satisfied with the overall results for Cogeco Communications Inc., in this first quarter of our fiscal year 2017," declared Louis Audet, President and Chief Executive Officer of Cogeco Communications Inc. "Given the high level of competition in the Canadian broadband market and the maturity of this industry, we are very pleased with the results of our Canadian broadband services subsidiary. Cogeco Connexion continues to maintain tight control on costs and has once again reported results that are in line with expectations."

"Our American broadband services subsidiary, Atlantic Broadband, continues to show a solid performance with strong organic growth," added M. Audet. "We are very satisfied with results so far in fiscal 2017 and see potential for further growth, particularly in the Connecticut and Florida markets."

"At Cogeco Peer 1, our Business ICT services subsidiary, we have a solid senior leadership management team and a new go-to- market strategy in place," stated Mr. Audet. "While market conditions are changing faster than ever before, we continue to focus on bringing more relevant solutions to market and cross-selling our services, positioning ourselves as a trusted advisor offering the whole breadth of relevant enterprise services. In addition, we have generated meaningful free cash flow reflecting our focus on optimizing our asset base."

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).

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Analyst Conference Call:	**Thursday, January 12, 2017 at 9:30 a.m.** (Eastern 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: **1 800-347-6311** International Access Number: **+ 1 438-968-3557** Confirmation Code: **3838378**
	By Internet at https://corpo.cogeco.com/cca/en/investors/finances/financial-reports