COGECO COMMUNICATIONS

News release

For immediate release

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

- **Revenue increased by $9.4 million, or 1.7% to reach $560.9 million;**
- **Adjusted EBITDA(1) increased by $5.5 million, or 2.2%, to reach $253.8 million;**
- **Free cash flow(1) amounted to $116.8 million, an increase of $42.1 million; and**
- **A quarterly eligible dividend of $0.43 per share was declared.**

Montréal, April 6, 2017 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the second quarter ended February 28, 2017, in accordance with International Financial Reporting Standards ("IFRS").

For the second quarter of fiscal 2017:

- Revenue increased by $9.4 million, or 1.7%, to reach $560.9 million mainly driven by growths of 3.1% in the Canadian broadband services segment and of 0.7% in the American broadband services segment, partly offset by a decrease of 1.8% in the Business information and communications technology ("Business ICT") services segment.
    - Canadian broadband services revenue increased as a result of the impact of the timing of rate increases implemented in December 2016 compared to rate increases implemented in February 2016 in the comparable period of the prior year. Revenue also benefited from the continued growth in the Internet customer base combined with the movement of customers to higher value packages, partly offset by a decline in video and telephony customers;
    - American broadband services revenue increased primarily as a result of the primary service units ("PSU")(2) progression, growth in the commercial sector as well as rate increases implemented in September 2016. However, revenue progression has been negatively impacted by the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year;
    - Business ICT services revenue decreased primarily as a result of the depreciation of the US dollar and the British Pound currency against the Canadian dollar compared to the same period last year;
- Adjusted EBITDA increased by $5.5 million, or 2.2%, to reach $253.8 million mainly as a result of the following:
    - Higher adjusted EBITDA in the Canadian broadband services resulting mainly from revenue progression;
    - Stable adjusted EBITDA in the American broadband services mainly as a result of the depreciation 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 a decrease in revenue;
- Operating margin(1) increased from 45.0% to 45.3% in the second quarter of fiscal 2017, with operating margins of 52.1% in the Canadian broadband services, 42.3% in the American broadband services and 32.6% in the Business ICT services segments. The increase 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 $76.7 million, or $1.56 per share, an increase of $14.6 million, compared to $62.0 million, or $1.27 per share, in the comparable period of fiscal 2016 primarily due to the decrease in depreciation and amortization combined with the improvement of adjusted EBITDA, partly offset by the increase in income taxes;
- Free cash flow amounted to $116.8 million, an increase of $42.1 million, or 56.3% 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 $39.6 million, or 19.2%, to reach $245.6 million. The increase for the quarter is mostly attributable to the improvement in adjusted EBITDA, the decrease in income taxes paid and 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 second 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 second quarter of fiscal 2016; and
- At its April 6, 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 May 4, 2017.

For the six-month period ended February 28, 2017:

- Revenue increased by $18.1 million, or 1.7%, to reach $1.11 billion mainly driven by growths of 3.7% in the American broadband services segment and of 2.1% in the Canadian broadband services segment, partly offset by a decrease of 4.1% in the Business ICT services segment.
    - Canadian broadband services revenue increased as a result of the impact of the timing of rate increases implemented in December 2016 compared to rate increases implemented in February 2016 in the comparable period of the prior year. Revenue also benefited from the continued growth in the Internet customer base combined with the movement of customers to higher value packages, partly offset by a decline in video and telephony customers;
    - American broadband services revenue increased primarily as a result of the PSU progression, growth in the commercial sector as well as rate increases implemented in September 2016, mostly offset by unfavorable foreign exchange rates compared to the same period of the prior year;
    - 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 US dollar and the British Pound currency against the Canadian dollar compared to the same period of last year;
- Adjusted EBITDA increased by $11.0 million, or 2.2%, to reach $503.5 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 the depreciation of the US dollar against the Canadian dollar compared to the same period of fiscal 2016; partly offset by
    - Lower adjusted EBITDA in the Business ICT services resulting from a decrease in revenue;
- Operating margin increased from 45.1% to 45.4% for the six-month period ended February 28, 2017, with operating margins of 52.1% in the Canadian broadband services, 43.0% in the American broadband services and 32.0% 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, partly offset by a slightly lower margin in the American broadband services segment and a decline in the the Business ICT services segment;
- Profit for the period amounted to $151.7 million, or $3.09 per share, compared to $123.1 million, or $2.52 per share in the comparable period of fiscal 2016, an increase of $28.5 million resulting from the improvement of adjusted EBITDA combined with the decreases in depreciation and amortization and in integration, restructuring and acquisition costs, partly offset by the increase in income taxes;

- Free cash flow amounted to $218.2 million, an increase of $103.4 million, or 90.1%, 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 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 $67.0 million, or 22.2%, to reach $369.0 million. The increase for the period is mostly attributable to the improvement in adjusted EBITDA combined with the decreases in income taxes paid and integration, restructuring and acquisition costs, partly offset by the decrease in changes in non-cash operating activities primarily due to changes in working capital.

(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.

“Overall, results for Cogeco Communications Inc.’s second quarter of our fiscal year 2017 are satisfying,” declared Louis Audet, President and Chief Executive Officer of Cogeco Communications Inc. “We remain pleased with the results of our Canadian broadband services subsidiary, especially given the competitive conditions in the Canadian broadband market and the maturity of this industry.”

“Our American broadband services subsidiary, Atlantic Broadband, remains a solid performer,” added M. Audet. “We are satisfied with results in fiscal 2017 so far, which are in line with our expectations.”

“With our Business ICT services subsidiary, Cogeco Peer 1, we continue to focus on improvements and generating positive results,” stated Mr. Audet. “We are implementing thorough action plans for each of our geographic regions and our continued focus on controlling our costs and capital expenditures has resulted in meaningful free cash flow.”

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:	**Friday, April 7, 2017 at 11:00 a.m.** (Eastern Daylgiht Time) Media representatives may attend as listeners only.
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