COGECO COMMUNICATIONS

News release

For immediate release

Cogeco Communications Inc. Releases Its Results for the Fourth Quarter of Fiscal 2017 and Increases Its Dividend

- **Revenue increased by $7.7 million, or 1.4%, to reach $551.7 million;**
- **Adjusted EBITDA(1) remained stable compared to the same period of fiscal 2016;**
- **Results for fiscal 2017 achieved or surpassed financial guidance for the year; and**
- **A quarterly eligible dividend of $0.475 per share was declared, an increase of 10.5% compared to the fourth quarter of fiscal 2017.**

Montréal, November 2, 2017 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2017, in accordance with International Financial Reporting Standards ("IFRS").

For the fourth quarter of fiscal 2017:

- Revenue increased by $7.7 million, or 1.4%, to reach $551.7 million mainly driven by growths of 1.4% in the Canadian broadband services segment (1.9% excluding non-recurring revenue in the fourth quarter of fiscal 2016) and of 4.7% in the American broadband services segment, partly offset by a decrease of 5.3% 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 as well as last year's non-recurring revenue of $1.7 million;
    - 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 combined with rate increases implemented in September 2016, partly offset by lower video customers and 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 competitive pricing pressures on the hosting and network connectivity services;
- Adjusted EBITDA remained essentially the same at $247.2 million mainly as a result of the following:
    - Stable adjusted EBITDA in the Canadian broadband services (1.9% increase excluding $3.0 million in non-recurring items in the fourth quarter of fiscal 2016);
    - Higher adjusted EBITDA in the American broadband services as a result of organic growth; partly offset by
    - Slightly lower adjusted EBITDA in the Business ICT services resulting mainly from a decline in revenue, partly offset by a decline in operating expenses;
- Operating margin(1) decreased to 44.8% from 45.5% compared to the same quarter of the prior year, with operating margins of 52.1% in the Canadian broadband services, 41.7% in the American broadband services and 30.8% in the Business ICT services segments. The decrease for the quarter resulted mainly from a slightly lower margin in the Canadian broadband services segment combined with a lower margin in the American broadband services segment, partly offset by a higher margin in the Business ICT services segment;
- Profit for the period amounted to $71.3 million, or $1.45 per share, compared to $74.6 million, or $1.52 per share, in the comparable period of fiscal 2016 mainly as a result of an increase in income taxes;
- Free cash flow(1) amounted to $50.8 million, a decrease of $30.8 million, or 37.7% mainly due to higher acquisitions of property, plant and equipment, intangible and other assets as a result of the timing of certain initiatives in the Canadian broadband services segment;
- Cash flow from operating activities increased by $84.3 million, or 32.2%, to reach $346.0 million. The increase for the quarter is mostly attributable to the changes in non-cash operating activities primarily due to changes

in working capital combined with the decrease in income taxes paid;
- A quarterly eligible dividend of $0.43 per share was paid in the fourth 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 fourth quarter of fiscal 2016; and
- At its November 2, 2017 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend $0.475, an increase of 10.5%, compared to $0.43 per share paid in the fourth quarter of fiscal 2017.

For the fiscal year ended August 31, 2017:

- Revenue increased by $50.7 million, or 2.3%, to reach $2.23 billion mainly driven by growths of 2.2% in the Canadian broadband services segment and of 5.5% in the American broadband services segment, partly offset by a decrease of 3.6% 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 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, partly offset by the depreciation of the US dollar against the Canadian dollar compared to 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 British Pound currency against the Canadian dollar compared to the prior year, partly offset by colocation revenue growth as well as a non-recurring revenue of $2 million;
- Adjusted EBITDA increased by $21.5 million, or 2.2%, to reach $1.0 billion 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 decline in revenue (11.3% decrease excluding $3.8 million in non-recurring items in fiscal 2017);
- Operating margin decreased slightly to 45.1% from 45.2% for the year ended August 31, 2017, with operating margins of 52.3% in the Canadian broadband services, 42.2% in the American broadband services and 31.3% in the Business ICT services segments. The decrease for the year resulted mainly from a slightly lower margin in the American broadband services segment and a lower margin in the Business ICT services segment, partly offset by a higher margin in the Canadian broadband services segment;
- Profit for the year amounted to $299.2 million, or $6.08 per share, compared to a loss for the year of $189.6 million, or $3.87 per share in 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 $10.8 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 $373.7 million, an increase of $92.7 million, or 33.0%, mainly due to lower acquisitions of property, plant and equipment, intangible and other assets resulting from higher capital expenditures in fiscal 2016 due to strategic investments at the Kirkland data centre facility and 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 financial expenses also contributed to the increase in free cash flow;
- Cash flow from operating activities increased by $211.5 million, or 28.4%, to reach $956.7 million. The increase for the year is mostly attributable to the decreases in income taxes paid and financial expense paid. The improvement in adjusted EBITDA, the increase in changes in non-cash operating activities primarily due to changes in working capital as well as last year's claims and litigations also contributed to the increase in cash flow from operating activities; and
- Dividends paid in fiscal 2017 totaled $1.72 per share compared to $1.56 per share in fiscal 2016.

(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") of the Corporation's 2017 Annual Report.

“For the last quarter of fiscal 2017, our Canadian broadband subsidiary’s performance was in line with expectations,” declared Louis Audet, President and Chief Executive Officer of Cogeco Communications Inc. “Overall, Cogeco Connexion’s results over the course of the fiscal year have been very positive, with increases in revenue, EBITDA and free cash flow.”

“Our American subsidiary continues to generate strong growth,” stated Mr. Audet. “In addition to its continued expansion in Florida, a region with a strong potential for growth, Atlantic Broadband has seen significant expansion in both residential and business revenue in its Connecticut system, acquired in August 2015.”

“In our Business ICT subsidiary, we continue to focus on improving Cogeco Peer 1 results in a highly competitive market where conditions are changing ever faster,” added Mr. Audet. “Our focus remains on bringing more relevant solutions to the 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.”

“As we close our fiscal 2017, I am satisfied with the solid performance of Cogeco Communications. I am very proud that our results were in line with or exceeded our financial guidance for the year across all key performance indicators,” concluded Mr. Audet.

Fiscal 2018 Financial Guidelines

Cogeco Communications maintained its fiscal 2018 preliminary financial guidelines as issued on July 13, 2017. Fiscal 2018 financial guidelines do not include the MetroCast acquisition. The Corporation expects to review its financial guidelines when the transaction is concluded. Please consult the “Fiscal 2018 financial guidelines” section of the Corporation’s 2017 Annual Report for further details.

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 Internet, video 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, November 3, 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.**
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