COGECO COMMUNICATIONS

News release

For immediate release

Cogeco Communications Releases its Results for the First Quarter of Fiscal 2020

- **Revenue increased by 1.8% (1.3% in constant currency) compared to the same period of the prior year to reach $586.8 million;**
- **Adjusted EBITDA[(1)] reached $282.1 million, an increase of 5.3% (4.9% in constant currency);**
- **Free cash flow[(1)] decreased by 4.3% (4.3% in constant currency) to reach $102.8 million;**
- **Atlantic Broadband signed a definitive agreement to purchase Thames Valley Communications, a broadband services company operating in Southeastern Connecticut, for US$50 million; and**
- **A quarterly eligible dividend of $0.58 per share was declared.**

MONTRÉAL, Jan. 14, 2020 /CNW Telbec/ - Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the first quarter ended November 30, 2019, in accordance with International Financial Reporting Standards ("IFRS").

For the first quarter of fiscal 2020:

- Revenue increased by 1.8% compared to the same period of the prior year to reach $586.8 million driven by growth in the American broadband services segment. On a constant currency basis, revenue increased by 1.3%, mainly explained as follows:
  - American broadband services revenue increased by 3.5% in constant currency resulting from growth in both residential and business Internet service customers combined with rate increases mostly implemented during the fourth quarter of fiscal 2019, partly offset by a decrease in video service customers and lower political advertising revenue.
  - Canadian broadband services revenue decreased by 0.5% as a result of a decline in video service customers partly due to the trailing impact of the implementation of a new customer management system which was in stabilization phase at the beginning of fiscal 2019 and lower net pricing from consumer sales, partly offset by the customers' transition to higher value offerings and continued growth in Internet service customers
- Adjusted EBITDA increased by 5.3% to reach $282.1 million. On a constant currency basis, adjusted EBITDA increased by 4.9%, mainly explained as follows:
  - American broadband services adjusted EBITDA increased by 2.6% in constant currency mainly as a result of organic revenue growth.
  - Canadian broadband services adjusted EBITDA increased by 4.9% in constant currency mainly from a decline in operating expenses.
- Profit for the period from continuing operations amounted to $89.7 million, of which $84.2 million, or $1.71 per share, was attributable to owners of the Corporation compared to $78.8 million, $73.8 million, and $1.50 per share, respectively, in the comparable period of fiscal 2019. The increase resulted mainly from higher adjusted EBITDA combined with the decreases in financial expense and integration, restructuring and acquisition costs, partly offset by the increase in income taxes;
- Profit for the period amounted to $89.7 million, of which $84.2 million, or $1.71 per share, was attributable to owners of the Corporation compared to $75.2 million, $70.2 million, and $1.42 per share, respectively, in the comparable period of fiscal 2019. The variation is mainly due to a higher profit from continuing operations combined with a loss for the period from discontinued operations in the same period of the prior year;
- Free cash flow decreased by 4.3% to reach $102.8 million. On a constant currency basis, free cash flow decreased by 4.3% as a result of the increases in acquisitions of property, plant and equipment and current income taxes expense, partly offset by higher adjusted EBITDA combined with the decreases in financial expense and integration, restructuring and acquisition costs;

- Cash flow from operating activities increased by 50.7% to reach $149.2 million mainly due to higher adjusted EBITDA combined with the decreases in income taxes paid, financial expense paid, integration, restructuring and acquisitions costs as well as changes in non-cash operating activities primarily due to changes in working capital;
- At its January 14, 2020 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.58 per share compared to $0.525 in the comparable quarter of fiscal 2019; and
- On January 10, 2020, the Corporation announced that its subsidiary Atlantic Broadband had signed a definitive agreement to purchase Thames Valley Communications, a broadband services company operating in Southeastern Connecticut, for US$50 million. The transaction is subject to customary regulatory approvals and is expected to close within three months. Upon closing of the transaction, Atlantic Broadband will add approximately 10,000 customers to its operations.

(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.

"We are satisfied with the overall performance of Cogeco Communications for the first quarter of 2020," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Communications Inc.

"Cogeco Connexion's adjusted EBITDA increased again this first quarter compared to last year as it continues to focus on operational efficiencies, digital transformation and enhanced marketing activities," said Mr. Jetté. "We see good progress in primary service units for our Canadian broadband segment and are excited by the upcoming launch of the IPTV platform which will provide an enhanced experience and more entertainment choices for our customers." added Mr. Jetté.

"We are pleased with the results at Atlantic Broadband. Our American broadband segment is pursuing its organic growth fueled by increased sales and marketing efforts in both the residential and business markets, while we continue to look for new acquisitions to accelerate our growth," concluded Mr. Jetté.

Fiscal 2020 Financial Guidelines

Cogeco Communications maintained its fiscal 2020 financial guidelines as issued on October 30, 2019. Please consult the "Fiscal 2020 financial guidelines" section of the Corporation's 2019 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 along the East Coast of the United States under the Atlantic Broadband brand (in 11 states from Maine to Florida). The Corporation provides residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc.'s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

SHAREHOLDERS' REPORT

Three-month period ended November 30, 2019

FINANCIAL HIGHLIGHTS

	Three months ended				
	November 30, 2019	November 30, 2018	Change	Change in constant currency[(1)]	Foreign exchange impact[(1)]
(in thousands of dollars, except percentages and per share data)	**$**	$	%	%	$
Operations					
Revenue	**586,827**	576,673	1.8	1.3	2,836

Adjusted EBITDA	**282,105**	267,851	5.3	4.9	1,197
Adjusted EBITDA margin	**48.1%**	46.4%			
Integration, restructuring and acquisition costs[(2)]	**61**	5,713	(98.9)		
Profit for the period from continuing operations	**89,708**	78,806	13.8		
Loss for the period from discontinued operations	**—**	(3,622)	(100.0)		
Profit for the period	**89,708**	75,184	19.3		
Profit for the period from continuing operations attributable to owners of the Corporation	**84,178**	73,792	14.1		
Profit for the period attributable to owners of the Corporation	**84,178**	70,170	20.0		
Cash flow					
Cash flow from operating activities	**149,192**	98,996	50.7		
Acquisitions of property, plant and equipment[(3)]	**121,302**	100,557	20.6	19.7	914
Free cash flow	**102,844**	107,503	(4.3)	(4.3)	(51)
Capital intensity	**20.7%**	17.4%			
Financial condition[(4)]					
Cash and cash equivalents	**540,419**	556,504	(2.9)		
Total assets	**6,990,646**	6,951,079	0.6		
Indebtedness[(5)]	**3,499,200**	3,454,923	1.3		
Equity attributable to owners of the Corporation	**2,253,428**	2,199,789	2.4		
Per Share Data[(6)]					
Earnings (loss) per share					
Basic					
From continuing operations	**1.71**	1.50	14.0		
From discontinued operations	**—**	(0.07)	(100.0)		
From continuing and discontinued operations	**1.71**	1.42	20.4		
Diluted					
From continuing operations	**1.70**	1.49	14.1		
From discontinued operations	**—**	(0.07)	(100.0)		
From continuing and discontinued operations	**1.70**	1.41	20.6		
Dividends	**0.58**	0.525	10.5		

(1)	Key performance indicators presented on a constant currency basis are obtained by translating financial results of the current period denominated in US dollars at the foreign exchange rate of the comparable period of the prior year. For the three-month period ended November 30, 2018, the average foreign exchange rate used for translation was 1.3082 USD/CDN.
(2)	For the three-month period ended November 30, 2019, integration, restructuring and acquisition costs were mostly due to acquisition and integration costs in the American broadband services segment while those of the prior year were related to an operational optimization program in the Canadian broadband services segment and the FiberLight acquisition in the American broadband services segment.
(3)	For the three-month period ended November 30, 2019, acquisitions of property, plant and equipment in constant currency amounted to $120.4 million.
(4)	At November 30, 2019 and August 31, 2019.
(5)	Indebtedness is defined as the aggregate of bank indebtedness, balance due on business combinations and principal on long-term debt.
(6)	Per multiple and subordinate voting share.

Source:	**Cogeco Communications Inc.**
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Analyst Conference Call:	**Wednesday, January 15, 2020 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: **1-877-291-4570**
	International Access Number: **+ 1-647-788-4919**
	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.
	By Internet at http://corpo.cogeco.com/cca/en/investors/investor-relations

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