COGECO COMMUNICATIONS

News release
For immediate release

Cogeco Communications Releases its Financial Results for the Third Quarter of Fiscal 2020

- **Revenue increased by 3.1% (1.1% in constant currency) compared to the same period of the prior year to reach $605.8 million;**
- **Adjusted EBITDA(1) reached $294.7 million, an increase of 3.8% (1.9% in constant currency);**
- **Cogeco Communications completed the acquisitions of Thames Valley Communications, a broadband services company operating in Southeastern Connecticut and of iTéract Inc., a telecommunications service provider in southern Québec;**
- **Cogeco Communications is reinstating financial guidelines for fiscal 2020; and**
- **A quarterly eligible dividend of $0.58 per share was declared.**

MONTRÉAL, July 15, 2020 /CNW Telbec/ - Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the third quarter ended May 31, 2020, in accordance with International Financial Reporting Standards ("IFRS").

COVID-19 PANDEMIC

Since the beginning of the COVID-19 pandemic, our efforts have focussed on providing our usual high level of service to customers while providing a safe working environment for our employees. Although we can now say that we have successfully taken on this challenge, the situation had various impacts on our business during the last quarter. However, these COVID related impacts did not have a material effect on our results.

FISCAL 2020 FINANCIAL GUIDELINES

Based on the experience gained while operating during the pandemic and the fact that there is one quarter left to the f i s c a l
year, the Corporation is providing the following financial guidelines for the current fiscal year ending on August 31, 20 20 as compared to the prior fiscal year, on a constant currency and consolidated basis:

- Revenue: low-single digit percentage growth;
- Adjusted EBITDA: low-single digit percentage growth; and
- Free cash flow(1): mid-single digit percentage growth.

OPERATING RESULTS

For the third quarter of fiscal 2020:

- Revenue increased by 3.1% to reach $605.8 million. On a constant currency basis, revenue increased by 1.1%, mainly explained as follows:
    - American broadband services revenue increased by 4.5% 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 and the impact of the Thames Valley Communications acquisition completed on March 10, 2020, partly offset by a decrease in video service customers and the suspension of late fees charged to customers until June 30, 2020 combined with

lower political advertising sales in the context of the COVID-19 pandemic. Excluding revenue from Thames Valley Communications, revenue in constant currency increased by 3.1%.

- Canadian broadband services revenue decreased by 1.6% as a result of a decline in video service customers and lower net pricing from consumer sales primarily as a result of the carry-over effect of product bundles being promoted more actively from the fourth quarter of fiscal 2019 to the second quarter of fiscal 2020, partly offset by rate increases implemented during the first quarter of fiscal 2020, customers' transition to higher value offerings and continued growth in Internet service customers.

- Adjusted EBITDA increased by 3.8% to reach $294.7 million. On a constant currency basis, adjusted EBITDA increased by 1.9%, mainly explained as follows:

  - American broadband services adjusted EBITDA increased by 7.1% in constant currency mainly as a result of organic revenue growth and the impact of the Thames Valley Communications acquisition. Excluding adjusted EBITDA from Thames Valley Communications and the non-recurring gain on disposal of property, plant and equipment of US$1.7 million, adjusted EBITDA in constant currency increased by 4.1%.

  - Canadian broadband services adjusted EBITDA decreased by 1.0% in constant currency mainly due to a decline in revenue, offset by cost reductions.

- Profit for the period from continuing operations amounted to $96.7 million, of which $90.8 million, or $1.89 per share, was attributable to owners of the Corporation compared to $99.6 million, $96.6 million, and $1.96 per share, respectively, in the comparable period of fiscal 2019. The decrease resulted mainly from higher depreciation and amortization and income tax expenses, partly offset by higher adjusted EBITDA;

- Profit for the period amounted to $96.7 million, of which $90.8 million, or $1.89 per share, was attributable to owners of the Corporation compared to $182.0 million, $179.1 million, and $3.62 per share, respectively, in the comparable period of fiscal 2019. The variation is mainly due to discontinued operations which generated a profit of $82.5 million in the same period of the prior year, primarily due to a gain on the disposal of Cogeco Peer 1;

- Free cash flow decreased by 15.2% to reach $116.2 million. On a constant currency basis, free cash flow decreased by 15.4% as a result of the increase in acquisitions of property, plant and equipment due to the timing of certain initiatives, partly offset by higher adjusted EBITDA;

- Cash flow from operating activities increased by 6.3% to reach $282.2 million mainly due to higher adjusted EBITDA combined with the increase in changes in non-cash operating activities primarily due to changes in working capital;

- At its July 15, 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 April 30, 2020, the Corporation renewed its normal course issuer bid ("NCIB"), enabling it to acquire for cancellation up to 1,809,000 subordinate voting shares from May 4, 2020 to May 3, 2021. Under its previous NCIB program that ended on May 2, 2020, the Corporation repurchased 90% (1,689,700 shares) of the maximum amount of shares that were allowed to be acquired under the program for an amount of $175 million. During the third quarter of fiscal 2020, the Corporation repurchased 601,900 shares for an amount of $59.4 million.

(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.

"Overall we are satisfied with our results for the third quarter of fiscal year 2020 which was marked by unprecedented challenges related to the pandemic," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Communications Inc.

"We are very pleased with how our teams have responded to the COVID-19 crisis, showing great adaptability and dedication," stated Mr. Jetté. "Over the past quarter, we have seen high demand for our services at both Cogeco Connexion and Atlantic Broadband. All our teams across Quebec, Ontario and eleven states across the U.S. East Coast

have worked tirelessly to make sure that we maintain a high quality of connectivity services and access to information and entertainment for our customers."

"Despite the many challenges of the current crisis, we have maintained financial discipline and expect that we will end the fiscal year with growth of our EBITDA and free cash flow," concluded Mr. Jetté.

ABOUT COGECO COMMUNICATIONS

Cogeco Communications Inc. is a communications corporation. It is the 8th largest cable operator in North America, o perating 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 and nine-month periods ended May 31, 2020

FINANCIAL HIGHLIGHTS

	Three months ended					Nine months ended				
	May 31, 2020	May 31, 2020	Change	Change in constant currency[1]	Foreign exchange impact[1]	**May 31, 2020**	May 31, 2019	Change	Change in constant currency[1]	Foreign exchange impact[1]
(in thousands of dollars, except percentages and per share data)	**$**	$	%	%	$	**$**	$	%	%	$
Operations										
Revenue	**605,821**	587,345	3.1	1.1	12,064	**1,779,115**	1,748,147	1.8	1.1	12,263
Adjusted EBITDA	**294,717**	283,927	3.8	1.9	5,260	**854,194**	832,330	2.6	2.0	5,330
Adjusted EBITDA margin	**48.6 %**	48.3 %				**48.0 %**	47.6 %			
Integration, restructuring and acquisition costs(2)	**12**	1,003	(98.8)			**5,531**	10,438	(47.0)		
Profit for the period from continuing operations										
	96,724	99,571	(2.9)			**300,443**	264,505	13.6		
Profit for the period from discontinued operations	**—**	82,451	(100.0)			**—**	73,460	(100.0)		
Profit for the period	**96,724**	182,022	(46.9)			**300,443**	337,965	(11.1)		
Profit for the period from continuing										
operations attributable to owners of the Corporation	**90,771**	96,613	(6.0)			**284,340**	252,123	12.8		
Profit for the period attributable to owners of the Corporation										
	90,771	179,064	(49.3)			**284,340**	325,583	(12.7)		
Cash flow										
Cash flow from operating activities	**282,229**	265,551	6.3			**663,074**	564,009	17.6		
Acquisitions of property, plant and equipment(3)										
	123,653	96,116	28.6	24.8	3,663	**355,795**	289,446	22.9	21.6	3,841
Free cash flow	**116,158**	136,999	(15.2)	(15.4)	318	**344,064**	369,809	(7.0)	(7.0)	171
Capital intensity	**20.4 %**	16.4 %				**20.0 %**	16.6 %			
Financial condition[4]										
Cash and cash equivalents						**493,794**	556,504	(11.3)		
Total assets						**7,157,104**	6,951,079	3.0		
Indebtedness(5)						**3,532,411**	3,454,923	2.2		
Equity attributable to owners of the Corporation						**2,272,495**	2,199,789	3.3		

Per Share Data[6]										
Earnings per share										
Basic										
From continuing operations	**1.89**	1.96	(3.6)			**5.84**	5.11	14.3		
From discontinued operations	-	1.67	(100.0)			-	1.49	(100.0)		
From continuing and discontinued operations	**1.89**	3.62	(47.8)			**5.84**	6.59	(11.4)		
Diluted										
From continuing operations	**1.87**	1.94	(3.6)			**5.78**	5.07	14.0		
From discontinued operations	-	1.65	(100.0)			-	1.48	(100.0)		
From continuing and discontinued operations	**1.87**	3.59	(47.9)			**5.78**	6.54	(11.6)		
Dividends	**0.58**	0.525	10.5			**1.74**	1.575	10.5		

(1)	Key performance indicators presented on a constant currency basis are obtained by translating financial results of the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. For the three and nine-month periods ended May 31, 2019, the average foreign exchange rates used for translation were 1.3402 USD/CDN and 1.3266 USD/CDN, respectively.
(2)	For the nine-month period ended May 31, 2020, integration, restructuring and acquisition costs resulted mostly from organizational changes and costs related to the acquisition of Thames Valley Communications. For the third-quarter and first nine months of fiscal 2019, integration, restructuring and acquisition costs were mostly due to an operational optimization program.
(3)	For the three and nine-month periods ended May 31, 2020, acquisitions of property, plant and equipment in constant currency amounted to $119.9 million and $352.0 million, respectively.
(4)	At May 31, 2020 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.
	Patrice Ouimet
	Senior Vice President and Chief Financial Officer
	Tel.: 514-764-4700
Information:	**Media**
	Marie-Hélène Labrie
	Senior Vice-President, Chief Public Affairs and Communications Officer
	Tel.: 514-764-4700

Analyst Conference Call:	**Thursday, July 16, 2020 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**
	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

SOURCE Cogeco Communications Inc.