PRESS RELEASE
For immediate release

COGECO INC. RELEASES ITS RESULTS FOR THE THIRD QUARTER OF FISCAL 2016

- **Revenue increased by $16.2 million, or 2.9%, to reach $574.0 million;**
- **Adjusted EBITDA(1) increased by $6.2 million, or 2.5%, to reach $253.2 million compared to $247.0 million for the third quarter of fiscal 2015;**
- **Free cash flow(1) reached $91.9 million, an increase of $14.0 million, or 18.0%;**
- **A quarterly eligible dividend of $0.295 per share was declared, an increase of 15.7% compared to the same period of fiscal 2015; and**
- **Cogeco Communications recorded a non-cash impairment of goodwill and intangible assets of $450 million related to its Business information and communications technology ("Business ICT") services segment during the third quarter of fiscal 2016.**

Montréal, July 6, 2016 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the third quarter ended May 31, 2016, in accordance with International Financial Reporting Standards ("IFRS").

For the third quarter of fiscal 2016:

- Revenue increased by $16.2 million, or 2.9%, to reach $574.0 million driven by growth in the Communications segment mainly through the improvement of its American broadband services operations combined with favorable foreign exchange rate for the US dollar over the Canadian dollar compared to the same period of the prior year, partly offset by lower revenue in the media activities attributable to the sale of Métromédia CMR Plus Inc. ("Métromédia") on January 5, 2016;
- Adjusted EBITDA increased by $6.2 million, or 2.5%, to reach $253.2 million compared to the same period of fiscal 2015 as a result of the improvement in the Communications segment combined with favorable foreign exchange rate for the US dollar over the Canadian dollar compared to the same period of the prior year;
- During the third quarter of fiscal 2016, Cogeco Communications recognized a non-cash pre-tax impairment loss of $450 million in its Business ICT services segment resulting from changing industry dynamics and related valuations, and lower expectations for future revenue, profitability and cash flow growth;
- Loss for the period amounted to $381.9 million of which $117.7 million, or $7.03 per share, was attributable to owners of the Corporation compared to profit for the period of $66.3 million for the third quarter on fiscal 2015 of which $22.6 million, or $1.35 per share, was attributable to the owners of the Corporation. The decrease is mainly due to the non-cash pre-tax impairment of goodwill and intangible assets of $450.0 million and from $10.5 million related to the claims and litigations which both occurred in the Communications segment. The remaining variation is explained by the improvement of adjusted EBITDA combined with the decreases in financial expense, income taxes and integration, restructuring and acquisition costs, partly offset by the increase in depreciation and amortization.

(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").

Excluding the impact of the impairment of goodwill and intangible assets and the claims and litigations, the earnings per share for the quarter were positively impacted as a result of higher management fees of $4.6 million paid by Cogeco Communications to the Corporation under the Amended and Restated Management Services Agreement. Under the new agreement, management fees are payable on a monthly basis. In the previous fiscal year, management fees were fully paid in the first quarter, contributing to lower profit attributable to owners of the Corporation for the second, third and fourth quarters;

- Free cash flow reached $91.9 million compared to $77.9 million, an increase of $14.0 million, or 18.0%, compared to the same quarter of the prior year resulting from the improvement of adjusted EBITDA combined with the decreases in acquisitions of property, plant and equipment, intangible and other other assets, in integration, restructuring and acquisitions costs and in financial expense, partly offset by the claims and litigations;

- Cash flow from operating activities reached $186.2 million compared to $200.7 million, representing a decrease of $14.5 million compared to fiscal 2015 third-quarter. The decrease is mostly attributable to the increase in income taxes paid and the claims and litigations, partly offset by the improvement adjusted EBITDA combined with the increase in changes in non-cash operating activities primarily due to changes in working capital and the decrease in integration, restructuring and acquisition costs;

- A quarterly eligible dividend of $0.295 per share was paid to the holders of subordinate and multiple voting shares, an increase of $0.04 per share, or 15.7%, compared to an eligible dividend of $0.255 per share paid in the third quarter of fiscal 2015;

- The Corporation revised its financial guidelines for the 2016 fiscal year mainly as a result of lower than expected operating results from the Business ICT services segment of Cogeco Communications combined with the appreciation of the Canadian dollar over the US dollar and higher capital expenditures related to a large colocation contract;

- The Corporation released its fiscal 2017 preliminary financial guidelines and expects revenue to grow between 1.5% and 2%, adjusted EBITDA to grow between 2% and 3% and free cash flow between 31% and 34%;

- At its July 6, 2016 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.295 per share for multiple voting and subordinate voting shares payable on August 3, 2016; and

- On May 31, 2016, Cogeco Communications' subsidiary, Atlantic Broadband, extended the maturity of its Revolving and Term Loan A Facilities from November 30, 2017 to September 2, 2019.

For the nine-month period ended May 31, 2016:

- Revenue increased by $102.3 million, or 6.3%, to reach $1.74 billion driven by growth in the Communications segment mainly through the improvement of its American broadband services operations combined with favorable foreign exchange rates compared to the same period of the prior year;

- Adjusted EBITDA increased by $50.4 million, or 7.1%, to reach $760.4 million compared to the same period of fiscal 2015 as a result of the improvement in the Communications segment combined with favorable foreign exchange rates compared to the same period of the prior year and the improvement in the media activities;

- Loss for the period amounted to $239.4 million of which $59.1 million, or $3.54 per share, was attributable to owners of the Corporation compared to profit for the period of $186.7 million for the same period of fiscal 2015, of which $64.2 million, or $3.84 per share, was attributable to the owners of the Corporation. The decrease is mainly due to the non-cash pre-tax impairment of goodwill and intangible asset of $450.0 million and from $10.5 million related to the claims and litigations which both occurred in the Communications segment. The remaining variation is explained by the improvement of adjusted EBITDA combined with the decrease in financial expense and the gain on disposal of Métromédia, partly offset by increases in depreciation and amortization and income taxes;

- Free cash flow reached $210.0 million compared to $217.6 million, a decrease of $7.5 million, or 3.5%, compared to the same period of the prior year resulting from the timing of the acquisitions of property, plant and equipment, the claims and litigations and an increase in current income taxes, partly offset by the improvement of adjusted EBITDA and the decrease of financial expense; and

- Cash flow from operating activities reached $487.9 million compared to $418.6 million, representing an increase of $69.3 million, or 16.6%, compared to the first nine months of fiscal 2015. The increase is mostly attributable to the improvement in adjusted EBITDA combined with a decrease in changes in non-cash operating activities primarily due to changes in working capital, partly offset by the increase in income taxes paid and the claims and litigations.

“Except for our Business ICT segment of Cogeco Communications, our results for the third quarter of fiscal 2016 have been satisfactory,” declared Louis Audet, President and Chief Executive Officer of Cogeco Inc. “Cogeco Connexion, Cogeco Communications’ Canadian broadband services subsidiary, has reported relatively satisfactory results, leveraging its superior internet speeds and video solutions in a competitive environment.”

“Meanwhile, Atlantic Broadband, Cogeco Communications’ American broadband services subsidiary, continues to report strong results and new growth, particularly in Miami with the recent announcement of a contract to be the exclusive communications services provider for the new 83-story Panorama Tower,” added M. Audet. “We are also maintaining solid organic growth, including in our newly acquired Connecticut system.”

“We are seeing increased competition in the Business ICT sector from large cloud-based offerings competing with traditional managed hosting providers,” stated Mr. Audet. “Cogeco Communications remains committed to investing in and growing the Business ICT sector with its subsidiary, Cogeco Peer 1, at the forefront of this strategy, positioned as a trusted partner to its customers. Our integration is now complete and we are confident that with a solid, seasoned management team in place and a competitive product portfolio, our subsidiary can serve the market, continuing to adapt to the significant capacity and price pressure originating from cloud providers.”

“Finally, in our radio business, I’m very pleased to report that Cogeco Media results remain on their trajectory of solid financial performance and growth, and our stations continue to shine in the rankings in all our markets,” continued M. Audet.

“In all our businesses, we move forward and act with our customers in mind, and we feel this strategy continues to be the key to our success,” concluded M. Audet.

ABOUT COGECO

Cogeco Inc. (corpo.cogeco.com) is a diversified holding corporation which operates in the communications and media sectors. Through its Cogeco Communications Inc. subsidiary, Cogeco provides its residential and business customers with video, Internet and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc. operates 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. Through Cogeco Peer 1, Cogeco Communications Inc. provides its business customers with a suite of information and communications technology services (colocation, network connectivity, managed hosting, cloud services and managed IT services), through its 17 data centres, an extensive FastFiber Network™ and more than 50 points-of-presence in North America and Europe. Through its subsidiary Cogeco Media, Cogeco owns and operates 13 radio stations across most of Québec with complementary radio formats serving a wide range of audiences as well as Cogeco News, its news agency. Cogeco’s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Communications Inc. are also listed on the Toronto Stock Exchange (TSX: CCA).

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Analyst Conference Call: **Thursday, July 7, 2016 at 11:00 a.m.** (Eastern Standard 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: **1 800-505-9573**
International Access Number: **+ 1 416-204-9498**
Confirmation Code: **5432616**
By Internet at corpo.cogeco.com/cgo/en/investors/

A rebroadcast of the conference call will be available until July 13, 2016, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **5432616**

FINANCIAL HIGHLIGHTS

	Quarters ended			Nine months ended		
	May 31, 2016	May 31, 2015	Change	**May 31, 2016**	May 31, 2015	Change
(in thousands of dollars, except percentages and per share data)	**$**	$	%	**$**	$	%
Operations						
Revenue	**574,005**	557,787	2.9	**1,735,358**	1,633,074	6.3
Adjusted EBITDA[(1)]	**253,151**	246,977	2.5	**760,434**	710,029	7.1
Integration, restructuring and acquisition costs	**1,126**	5,669	(80.1)	**7,476**	7,008	6.7
Claims and litigations	**10,499**	—	—	**10,499**	—	—
Impairment of goodwill and intangible assets	**450,000**	—	—	**450,000**	—	—
Gain on disposal of a subsidiary	**—**	—	—	**(12,940)**	—	—
Profit (loss) for the period	**(381,886)**	66,285	—	**(239,367)**	186,686	—
Profit (loss) for the period attributable to owners of the Corporation	**(117,670)**	22,584	—	**(59,143)**	64,225	—
Cash Flow						
Cash flow from operating activities	**186,209**	200,686	(7.2)	**487,916**	418,610	16.6
Acquisitions of property, plant and equipment, intangible and other assets	**94,905**	104,807	(9.4)	**359,355**	311,907	15.2
Free cash flow[(1)]	**91,934**	77,929	18.0	**210,044**	217,574	(3.5)
Financial Condition[(2)]						
Property, plant and equipment	**—**	—	—	**2,009,566**	2,005,461	0.2
Total assets	**—**	—	—	**5,539,420**	6,205,795	(10.7)
Indebtedness[(3)]	**—**	—	—	**3,149,406**	3,361,948	(6.3)
Equity attributable to owners of the Corporation	**—**	—	—	**525,962**	603,598	(12.9)
Per Share Data[(4)]						
Earnings (loss) per share						
Basic	**(7.03)**	1.35	—	**(3.54)**	3.84	—
Diluted	**(7.03)**	1.34	—	**(3.54)**	3.82	—

(1) The indicated terms do not have standardized definitions prescribed by the International Financial Reporting Standards ("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) At May 31, 2016 and August 31, 2015.
(3) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt and obligations under derivative financial instruments.
(4) Per multiple and subordinate voting share.