cogeco

News release

For immediate release

Cogeco Inc. Releases Its Results for the First Quarter of Fiscal 2018

- **Revenue increased by $3.0 million, or 0.5%, to reach $586.1 million;**
- **Free cash flow(1) remained essentially the same at $109.0 million;**
- **Adjusted EBITDA(1) reached $256.4 million, decreasing by $4.9 million or 1.9%, compared to the first quarter of fiscal 2017; and**
- **A quarterly eligible dividend of $0.39 per share was declared, an increase of 14.7% compared to the first quarter of fiscal 2017.**

Montréal, January 10, 2018 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the first quarter ended November 30, 2017, in accordance with International Financial Reporting Standards ("IFRS").

For the first quarter of fiscal 2018:

- Revenue increased by $3.0 million, or 0.5%, to reach $586.1 million driven by growth of 0.8% in the Communications segment, partly offset by a decrease of 4.6% in the Other segment resulting mainly from market pressure in the media activities;
- Adjusted EBITDA decreased by $4.9 million, or 1.9%, to reach $256.4 million compared to the same period of fiscal 2017 due to the decreases in the Communications and the Other segments primarily as a result of foreign exchange variations, non-recurring operating expenses and from market pressure in the media activities;
- Profit for the period remained essentially the same at $81.8 million of which $29.5 million, or $1.80 per share, was attributable to owners of the Corporation compared to $82.0 million for the first quarter of fiscal 2017 of which $30.8 million, or $1.84 per share, was attributable to the owners of the Corporation. The variation resulted mainly from the decreases in depreciation and amortization and in financial expense, partly offset by a lower adjusted EBITDA;
- Free cash flow remained essentially the same at $109.0 million compared to $109.3 million for the same quarter of the prior year as a result of the decreases in financial expense and in capital expenditures, mostly offset by the decrease of adjusted EBITDA;
- Cash flow from operating activities decreased by $120.5 million, or 98.1%, to reach $2.3 million compared to fiscal 2017 first-quarter mainly due to the increases in income taxes paid of which $85.5 million was related to a deferral in income tax installments in the prior year and changes in non-cash operating activities primarily due to changes in working capital;
- During the first quarter, Cogeco purchased and canceled 89,348 subordinate voting shares, for consideration of $7.3 million, under its normal course issuer bid program;
- The Corporation revised on January 10, 2018 its fiscal 2018 financial guidelines to include the MetroCast acquisition in the Communications segment and present year-over-year comparisons on a constant currency basis. On a constant currency and consolidated basis, Cogeco expects fiscal 2018 revenue to grow between 10% and 12% and adjusted EBITDA between 9% and 11% while free cash flow should decrease between 10% and 17% compared to fiscal 2017;
- At its January 10, 2018 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.39 compared to $0.34 per share paid in the comparable period of fiscal 2017;
- On January 4, 2018, Cogeco Communications' subsidiary, Atlantic Broadband, completed the acquisition of substantially all of the assets of Harron Communications, L.P. cable systems operating under the MetroCast brand name ("MetroCast") which served about 125,000 Internet, 75,000 video and 36,000 telephony customers

at November 30, 2017. This acquisition extends Atlantic Broadband's footprint across 11 states on the East Coast of the United States from Maine to Florida. The transaction valued at US$1.4 billion is subject to customary closing adjustments. This acquisition was financed through a combination of US$1.7 billion under a new Senior Secured Term Loan B, whereby US$583 million was used to refinance the existing First Lien Credit Facilities, and US$150 million under a new Senior Secured Revolving Credit facility combined with a US$315 million equity investment by Caisse de dépôt et placement du Québec ("CDPQ") in Atlantic Broadband's holding company, representing 21% of Atlantic Broadband;
- On December 11, 2017, the Corporation's subsidiary, Cogeco Communications, extended its $800 million Term Revolving Facility maturity date by an additional year until January 24, 2023; and
- On December 4, 2017, the Corporation amended its $50 million Term Revolving Facility resulting in the extension of the maturity date by an additional year until February 1, 2023.

(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.

"The results of our first quarter are generally aligned with our guidance for the full year as presented prior to the MetroCast acquisition," declared Louis Audet, President and Chief Executive Officer of Cogeco Inc. "Cogeco Connexion, our Canadian broadband services segment, reported financial results that were above expectations largely thanks to overall judicious management."

"Atlantic Broadband, our American broadband services segment, posted results in line with expectations apart from the impact of unforeseen challenges when hurricane Irma hit the Florida region in the fall," stated Mr. Audet. "Teams in place worked diligently to ensure the safety of our employees and quickly restored service to our customers. I am proud of how our teams prioritized customers during this difficult time, while they were also preparing for the closing of the MetroCast acquisition and the expansion of our Florida operations."

"The focus for Cogeco Peer 1, our Business ICT services segment, is to reinforce their role as a trusted advisor, offering relevant solutions in a market where change is perpetual and the competition is increasingly relentless," added Mr. Audet. "Cogeco Peer 1 is on its trajectory intended to renew with growth."

"Looking at Cogeco Media, Numeris ratings during the first quarter of fiscal 2018 show that our Montréal radio stations remain in leading positions. With advertising revenues currently under pressure, our leadership position provides us with greater leverage," concluded Mr. Audet.

ABOUT COGECO

Cogeco Inc. 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 Internet, video 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 11 states along the East Coast, from Maine to Florida. Through 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. 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).

- 30 -

Source:

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Analyst Conference Call:

Thursday, January 11, 2018 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 https://corpo.cogeco.com/cgo/en/investors/finances/financial-reports