News release

For immediate release

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

- **Revenue increased by 14.1% (13.2% in constant currency(1)), to reach $660.0 million;**
- **Adjusted EBITDA(1) increased by 14.8% (14.1% in constant currency), to reach $288.6 million;**
- **Free cash flow(1) reached $55.3 million, an increase of 6.7% (9.8% in constant currency) compared to the same period of the prior year; and**
- **A quarterly eligible dividend of $0.43 per share was declared, an increase of 10.3% compared to the fourth quarter of fiscal 2017.**

Montréal, October 31, 2018 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2018, in accordance with International Financial Reporting Standards ("IFRS").

For the fourth quarter of fiscal 2018:

- Revenue increased by 14.1% (13.2% in constant currency) to reach $660.0 million driven by growth of 14.9% (13.9% in constant currency) in the Communications segment, partly offset by a decrease of 2.6% in the Other segment. Revenue increased in the Communications segment mostly as result of the acquisition of substantially all the assets of Harron Communications, L.P. cable systems operating under the MetroCast brand name ("MetroCast") on January 4, 2018, partly offset by a decrease of 2.6% in the Other segment resulting mainly from a soft advertising market in the media activities;

- Adjusted EBITDA increased by 14.8% (14.1% in constant currency) to reach $288.6 million mostly attributable to the improvement in the Communications segment as a result of the MetroCast acquisition;

- Profit for the period amounted to $76.0 million of which $24.8 million, or $1.52 per share, was attributable to owners of the Corporation compared to $71.1 million for the fourth quarter of fiscal 2017 of which $22.3 million, or $1.35 per share, was attributable to owners of the Corporation resulting mainly from the improvement of adjusted EBITDA and the decrease in income taxes, partly offset by the increases in depreciation and amortization and financial expense mostly related to the MetroCast acquisition;

- Free cash flow increased by 6.7% (9.8% in constant currency) to reach $55.3 million as a result of the improvement in adjusted EBITDA and a decrease in current income taxes expense; partly offset by increases in financial expense and acquisitions of property, plant and equipment, intangible and other assets mostly resulting from the MetroCast acquisition;

- Cash flow from operating activities decreased by 16.1% to reach $299.4 million mainly due to a decrease in changes in non-cash operating activities primarily due to changes in working capital and increases in income taxes paid and financial expense paid, partly offset by the improvement of adjusted EBITDA;

- A quarterly eligible dividend of $0.39 per share was paid in the fourth quarter to the holders of multiple and subordinate voting shares, an increase of 14.7%, compared to a quarterly eligible dividend of $0.34 per share paid in the fourth quarter of fiscal 2017; and

- At its October 31, 2018 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.43,

an increase of 10.3%, compared to $0.39 per share paid in the comparable period of fiscal 2017.

For the fiscal year ended August 31, 2018:

- Revenue increased by 8.1% (9.4% in constant currency) to reach $2.54 billion driven by a growth of 8.8% (10.2% in constant currency) in the Communications segment mainly as a result of the MetroCast acquisition, partly offset by a decrease of 5.1% in the Other segment resulting mainly from a soft advertising market in the media activities;

- Adjusted EBITDA increased by 7.6% (8.7% in constant currency) to reach $1.11 billion mostly attributable to the improvement in the Communications segment as a result of the MetroCast acquisition;

- Profit for the year amounted to $371.7 million of which $125.3 million, or $7.65 per share, was attributable to owners of the Corporation compared to $313.4 million of which $109.0 million, or $6.56 per share, was attributable to owners of the Corporation for the same period of fiscal 2017. The increase is mainly due to the $89 million (US$70 million) reduction in deferred income taxes related to the recent US tax reform and the improvement of adjusted EBITDA, partly offset by increases in depreciation and amortization, integration, restructuring and acquisition costs and financial expense mostly related to the MetroCast acquisition;

- Free cash flow decreased by 11.7% (12.1% in constant currency) to reach $344.8 million as a result of the increase in acquisitions of property, plant and equipment, intangible and other assets combined with acquisition costs as well as additional financial expense mostly related to the MetroCast acquisition. The decrease was partly offset by the improvement of adjusted EBITDA and a decrease in current income taxes expense;

- Cash flow from operating activities decreased by 27.2% to reach $711.7 million mainly due to increases in income taxes paid of which $85.5 million was related to a deferral in income tax installments, financial expense paid and acquisition costs combined with a decrease in changes in non-cash operating activities primarily due to changes in working capital, partly offset by the improvement of adjusted EBITDA; and

- Dividends paid in fiscal 2018 totaled $1.56 per share compared to $1.36 per share in fiscal 2017.

(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 of the Corporation's 2018 Annual Report.

"At Cogeco Communications Inc.'s Cogeco Connexion subsidiary, results were below expectations for the fourth quarter of fiscal 2018 as all efforts were focused on implementing a new advanced customer management system," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Inc. "This new system will significantly improve our ability to offer digital experiences to our customers, while providing more tools to our contact center agents for an improved customer journey. The system stabilization period has however been more challenging than initially anticipated. Teams across Cogeco Connexion have been working tirelessly at restoring our customer service to its traditionally high level. This endeavor should be completed soon and our main focus will return to sales and marketing activities and improving our highly reputable service to our customers, which has always been part of our DNA."

"We continue to be pleased with the performance of Atlantic Broadband in the United States," stated Mr. Jetté. "In addition to strong organic growth in the last quarter, Atlantic Broadband has begun rolling out increased speeds and advanced TiVo services in its MetroCast markets thus enhancing the services available in our extended footprint."

"At Cogeco Peer 1, we have seen a continuous, relative stabilization of results when comparing quarterly trends," added Mr. Jetté. "Leadership teams are implementing thorough action plans for each of our regions to position Cogeco Peer 1 for growth and are focusing on providing exceptional service to our customers."

"Finally, in our radio business, despite a soft advertising market, I'm pleased to underline that Cogeco Media continued to retain the market leadership position it has been enjoying for several years," continued Mr. Jetté.

"I would also like to take this opportunity to sincerely thank Louis Audet, now Executive Chairman of the Board of Cogeco, for his decades of commitment to the Corporation and his unequaled role as the driving force behind the company's success and impressive growth these past 25 years," concluded Mr. Jetté.

Fiscal 2019 Financial Guidelines

Cogeco maintained its fiscal 2019 preliminary financial guidelines as issued on July 11, 2018. Please consult the "Fiscal 2019 financial guidelines" section of the Corporation's 2018 Annual Report for further details.

FINANCIAL HIGHLIGHTS

	Three-months ended					Years ended				
(in thousands of dollars, except percentages and per share data)	August 31, 2018 $	August 31, 2017 $	Change %	Change in constant currency [1] %	Foreign exchange impact [2] $	August 31, 2018 $	August 31, 2017 $	Change %	Change in constant currency [1] %	Foreign exchange impact [2] $
Operations										
Revenue	659,950	578,519	14.1	13.2	5,225	2,538,175	2,347,678	8.1	9.4	(29,377)
Adjusted EBITDA[1]	288,646	251,404	14.8	14.1	1,894	1,114,277	1,035,545	7.6	8.7	(11,658)
Integration, restructuring and acquisition costs[3]	1,812	3,191	—			20,463	3,191	—		
Profit for the period	76,041	71,094	7.0			371,713	313,367	18.6		
Profit for the period attributable to owners of the Corporation	24,796	22,312	11.1			125,271	108,985	14.9		
Cash Flow										
Cash flow from operating activities	299,360	356,814	(16.1)			711,729	977,081	(27.2)		
Acquisitions of property, plant and equipment, intangible and other assets[4]	182,347	146,185	24.7	22.8	2,888	518,678	431,307	20.3	22.2	(8,400)
Free cash flow[1]	55,295	51,841	6.7	9.8	(1,632)	344,757	390,274	(11.7)	(12.1)	1,735
Financial condition										
Cash and cash equivalents						86,352	212,283	(59.3)		
Short-term investments						—	54,000	(100.0)		
Total assets						7,322,917	5,499,376	33.2		
Indebtedness[5]						3,951,791	2,633,159	50.1		
Equity attributable to owners of the Corporation						701,455	578,556	21.2		
Per Share Data[6]										
Earnings per share										
Basic	1.52	1.35	12.6			7.65	6.56	16.6		
Diluted	1.51	1.34	12.7			7.59	6.52	16.4		
Dividends	0.39	0.34	14.7			1.56	1.36	14.7		

(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 of the Corporation's 2018 Annual Report.

(2) Key performance indicators presented on a constant currency basis are obtained by translating financial results of the current periods denominated in US dollars and GBP currency at the foreign exchange rates of the comparable periods of the prior year. For the three-month period and year ended August 31, 2017, the average foreign exchange rates used for translation were 1.2864 USD/CDN and 1.6614 GBP/CDN and 1.3205 USD/CDN and 1.6711 GBP/CDN, respectively.

(3) For the three-month period and fiscal year ended August 31, 2018, integration, restructuring and acquisition costs were mostly related to the acquisition of MetroCast completed on January 4, 2018. For the three-month period and fiscal year ended August 31, 2017, integration, restructuring and acquisition costs were related to the MetroCast acquisition.

(4) The definition of acquisitions of intangible and other assets excludes the purchases of Spectrum licenses. For the three-month period and fiscal year ended August 31, 2018, acquisitions of property, plant and equipment, intangible and other assets in constant currency amounted to $179.5 million and $527.1 million, respectively.

(5) Indebtedness is defined as the aggregate of bank indebtedness, balance due on a business combination and principal on long-term debt.

(6) Per multiple and subordinate voting shares.

ABOUT COGECO

Cogeco Inc. is a diversified holding corporation which operates in the communications and media sectors. Its Cogeco Communications Inc. subsidiary provides residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks, operating in Québec and Ontario, Canada under the Cogeco Connexion name, 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), by way of its 16 data centres, extensive FastFiber Network® and more than 50 points of presence in North America and Europe. Its Cogeco Media subsidiary 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 Inc.'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).

Source:
Cogeco Inc.
Patrice Ouimet
Senior Vice President and Chief Financial Officer
Tel.: 514-764-4700

Information:
Media
René Guimond
Senior Vice-President, Public Affairs and Communications
Tel.: 514-764-4700

Analyst Conference Call:

Thursday, November 1, 2018 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 https://corpo.cogeco.com/cgo/en/investors/finances/financial-reports