News release

For immediate release

Cogeco Releases Its Financial Results for the Third Quarter of Fiscal 2020

- **Revenue increased by 1.4% (decrease of 0.6% in constant currency) compared to the same period of the prior year to reach $626.0 million;**
- **Adjusted EBITDA[(1)] reached $298.4 million, an increase of 2.9% (1.1% 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 is reinstating financial guidelines for fiscal 2020; and**
- **A quarterly eligible dividend of $0.475 per share was declared.**

MONTRÉAL, July 15, 2020 /CNW Telbec/ - Today, Cogeco Inc. (TSX: CGO) ("Cogeco" 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

In the Communications segment, 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.

Our media business was negatively impacted by the COVID-19 pandemic as the bulk of its radio revenue is generated from the retail industry which is significantly impacted by the current crisis. As most retail stores in Quebec were forced to close temporarily by government decree during the months of March, April and May, they significantly reduced or completely stopped their media spending. This had a direct impact on our radio business, which recorded a year-over-year decline of 33% in revenue. To mitigate the negative impact of such a decline, the business took immediate actions to reduce its cost base, which partially lowered the negative impact on 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 fiscal year, the Corporation is providing the following financial guidelines for the current fiscal year ending on August 31, 2020 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 1.4% to reach $626.0 million. On a constant currency basis, revenue decreased by 0.6%, mainly explained as follows:
    - lower revenue in the Other segment due to a decline in radio advertising market resulting directly from the COVID-19 pandemic. The core of the radio business revenue comes from the retail industry which

was particularly impacted by the recent confinement measures.
    - an increase of 1.1% in constant currency in the Communications segment mostly as a result of the American broadband services operations' growth in both residential and business Internet service customers combined with the impact of the Thames Valley Communications acquisition completed on March 10, 2020.

- Adjusted EBITDA increased by 2.9% (1.1% in constant currency) to reach $298.4 million mostly attributable to higher adjusted EBITDA in the Communications segment due to an increase in the American broadband services operations, partly offset by a decrease in the media activities;

- Profit for the period from continuing operations amounted to $97.5 million of which $31.1 million, or $1.96 per share, was attributable to owners of the Corporation compared to $102.6 million, $33.7 million, and $2.09 per share, respectively, for the same 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 $97.5 million of which $31.1 million, or $1.96 per share, was attributable to owners of the Corporation compared to $185.0 million, $59.9 million, and $3.71 per share, respectively, for the same 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 15.1% to reach $119.2 million. On a constant currency basis, free cash flow decreased by 15.4% mainly 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 9.2% to reach $292.1 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; and

- At its July 15, 2020 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.475 per share compared to $0.43 per share in the comparable quarter of fiscal 2019.

(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 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."

"As for Cogeco Media, we know that the media industry has been particularly hard hit by the effects of this pandemic, and our radio subsidiary is no exception," added Mr. Jetté. "However, our team continues to demonstrate great agility and creativity in adapting programming to provide listeners with high-quality news and entertainment. The Numeris spring rankings has all of our Montreal stations at the top of the city's rankings, demonstrating our continued leadership position and further illustrating how our listeners appreciate our work."

"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

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 brand (in 11 states along the East Coast, from

Maine to Florida). Its Cogeco Media subsidiary owns and operates 23 radio stations with complementary radio formats and extensive coverage serving a wide range of audiences mainly across the province of Québec, as well as Cogeco News, a 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).

SHAREHOLDERS' REPORT

Three and nine-month periods ended May 31, 2020

FINANCIAL HIGHLIGHTS										
	Three months ended					Nine months ended				
	May 31, 2020	May 31, 2019	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	**626,013**	617,617	1.4	(0.6)	12,064	**1,855,279**	1,833,552	1.2	0.5	12,263
Adjusted EBITDA	**298,444**	289,935	2.9	1.1	5,260	**868,562**	850,999	2.1	1.4	5,330
Integration, restructuring and										
acquisition costs[2]	**12**	1,155	(99.0)			**5,550**	12,012	(53.8)		
Profit for the period from continuing										
operations	**97,496**	102,559	(4.9)			**305,096**	272,972	11.8		
Profit for the period from										
discontinued operations	**—**	82,451	(100.0)			**—**	73,460	(100.0)		
Profit for the period	**97,496**	185,010	(47.3)			**305,096**	346,432	(11.9)		
Profit for the period from continuing										
operations attributable to owners										
of the Corporation	**31,118**	33,744	(7.8)			**97,377**	88,424	10.1		
Profit for the period attributable to										
owners of the Corporation	**31,118**	59,883	(48.0)			**97,377**	111,718	(12.8)		
Cash Flow										
Cash flow from operating activities	**292,075**	267,388	9.2			**679,263**	575,172	18.1		
Acquisitions of property, plant and										
equipment[3]	**123,778**	97,169	27.4	23.6	3,663	**357,030**	292,456	22.1	20.8	3,841
Free cash flow	**119,153**	140,393	(15.1)	(15.4)	318	**353,113**	381,544	(7.5)	(7.5)	171
Financial condition[4]										
Cash and cash equivalents						**526,537**	559,393	(5.9)		
Total assets						**7,373,579**	7,125,037	3.5		
Indebtedness[5]						**3,641,377**	3,514,185	3.6		
Equity attributable to owners of the										
Corporation						**762,013**	754,768	1.0		
Per Share Data[6]										
Earnings per share Basic										
From continuing operations	**1.96**	2.09	(6.2)			**6.11**	5.46	11.9		
From discontinued operations	**—**	1.62	(100.0)			**—**	1.44	(100.0)		
From continuing and										
discontinued operations	**1.96**	3.71	(47.2)			**6.11**	6.90	(11.4)		
Diluted										
From continuing operations	**1.94**	2.07	(6.3)			**6.06**	5.41	12.0		
From discontinued operations	**—**	1.61	(100.0)			**—**	1.43	(100.0)		

From continuing and											
discontinued operations	**1.94**	3.68	(47.3)			**6.06**	6.84	(11.4)			
Dividends	**0.475**	0.43	10.5			**1.425**	1.29	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 acquisitions costs were mostly due to an operational optimization program that included a voluntary departure program in the Communications segment combined with costs related to the acquisition of 10 regional radio stations.
(3)	For the three and nine-month periods ended May 31, 2020, acquisitions of property, plant and equipment in constant currency amounted to $120.1 million and $353.2 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 shares.

Source:	**Cogeco 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/cgo/en/investors/investor-relations/

SOURCE Cogeco Inc.