News release

For immediate release

Cogeco Reports Strong Performance for the Fourth Quarter of Fiscal 2020

- **Revenue increased by 2.2% (1.6% in constant currency) compared to the same period of the prior year to reach $624.2 million;**
- **Adjusted EBITDA[(1)] reached $299.9 million, an increase of 6.7% (6.1% in constant currency);**
- **Cogeco Communications announced the acquisition of DERYtelecom, the third largest cable provider in the province of Québec;**
- **Cogeco Connexion announced network expansion projects in the provinces of Ontario and Québec; and**
- **A quarterly eligible dividend of $0.545 was declared, compared to $0.475 for the fourth quarter of fiscal 2019.**

MONTRÉAL, Oct. 27, 2020 /CNW Telbec/ - Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2020, in accordance with International Financial Reporting Standards ("IFRS").

COVID-19 PANDEMIC

Our efforts again this quarter have been focused on offering our customers the highest quality of service while providing a safe working environment to our employees. Demand for our high speed Internet product was sustained both in Canada and in the United States, which translated into strong primary service units[(2)] performance. We remained disciplined in managing our operating costs through that period and have tightly managed our collection activities, which resulted in lower bad debt expenses than in the previous quarter. Although these COVID-19 related impacts did not have a material effect on our results, we remain cautious in our management of this situation as uncertainties remain on the potential human, operating and financial impact of the pandemic.

The fourth quarter results of our media business were negatively impacted by the COVID-19 pandemic as the lower level of economic activity, notably in the retail industry, had an adverse impact on advertising revenues. However, the quarterly revenue decline compared to last year was slightly less than experienced during the third quarter and advanced bookings for the new fiscal year are improving as it relates to certain advertising verticals and in non-urban areas.

OPERATING RESULTS

For the fourth quarter of fiscal 2020:

- Revenue increased by 2.2% to reach $624.2 million. On a constant currency basis, revenue increased by 1.6%, mainly explained as follows:
  - an increase of 3.0% in constant currency in the Communications segment mostly as a result of the American broadband services operations' organic growth combined with the impact of the Thames Valley Communications acquisition completed on March 10, 2020.
  - lower revenue in the Other segment due to a decline of the radio advertising market as the bulk of its radio revenue is generated from the retail industry which was significantly impacted by the COVID-19 pandemic during the second half of fiscal 2020.
- Adjusted EBITDA increased by 6.7% (6.1% in constant currency) to reach $299.9 million mostly attributable to higher adjusted EBITDA in the Communications segment due to increases in both the American and Canadian broadband services operations, partly offset by a decrease in the media activities;
- Profit for the period from continuing operations amounted to $96.7 million of which $30.7 million, or $1.93 per

share, was attributable to owners of the Corporation compared to $95.2 million, $30.8 million, and $1.91 per share, respectively, for the same period of fiscal 2019. The increase resulted mainly from higher adjusted EBITDA, partly offset by the increases in income taxes, depreciation and amortization and integration, restructuring and acquisition costs;
- Profit for the period amounted to $96.7 million of which $30.7 million, or $1.93 per share, was attributable to owners of the Corporation compared to $97.1 million, $31.4 million, and $1.95 per share, respectively, for the same period of fiscal 2019;
- Free cash flow[(1)] increased by 26.7% to reach $111.0 million. On a constant currency basis, free cash flow increased by 26.5% as a result of higher adjusted EBITDA combined with the decrease in acquisition of property, plant and equipment due to the timing of certain initiatives;
- Cash flow from operating activities decreased by 16.7% to reach $262.4 million mainly due to the decrease in changes in non-cash operating activities primarily due to changes in working capital and the increase in financial expense paid, partly offset by higher adjusted EBITDA and the decrease in income taxes paid; and
- At its October 27, 2020 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.545 per share compared to $0.475 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 this press release, including reconciliation to the most comparable IFRS financial measures.
(2)	Represents the sum of Internet, video and telephony customers.

"Given that we were still in the midst of the COVID-19 pandemic throughout the summer, we are very pleased with our operational and financial performance for the fourth quarter," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Inc. "We remained focused on executing our profitable growth strategy, investing in our state of the art broadband networks and offering the best services and support to our customers."

"We are pleased with the results of Cogeco Connexion in Canada which reported increases in revenue and adjusted EBITDA," stated Mr. Jetté. "These were largely driven by a healthy demand for our Internet services coupled with disciplined operations. In addition, Cogeco Connexion announced network expansions in several regions across our Canadian footprint and started offering our new IPTV platform."

"Atlantic Broadband, our American subsidiary, also reported positive results. Adjusted EBITDA and primary service units increased compared to last year, in large part thanks to organic growth as well as the integration of Thames Valley Communications in Connecticut."

"We are satisfied with the results at Cogeco Media given the impact that the pandemic had on the advertising market. Our continued financial discipline contributed to improving profitability compared to last quarter and we are observing a slight upturn in the forward advertising bookings," concluded Mr. Jetté.

ACQUISITION OF DERYTELECOM

On October 21, 2020, Cogeco Communications announced that following the satisfactory completion of the due diligence process, Cogeco Connexion has entered into a definitive agreement to purchase DERYtelecom, the third largest cable provider in the province of Québec, for $405 million. The acquisition of DERYtelecom is a strong strategic fit which will allow Cogeco Connexion to increase its presence in areas that are adjacent to its Québec footprint. The transaction is subject to regulatory approvals under the Competition Act along with other customary closing conditions and is expected to close no later than the end of the second quarter of the fiscal year 2021.

FISCAL 2021 FINANCIAL GUIDELINES

The Corporation released its fiscal 2021 financial guidelines. On a constant currency basis and consolidated basis, the Corporation expects low-single digit percentage growth in revenue, adjusted EBITDA to remain constant and low-single digit percentage growth in free cash flow for fiscal 2021.

FINANCIAL HIGHLIGHTS

	Three months ended					Years ended				

	August 31, 2020	August 31, 2019[1]	Change	Change in constant currency[2]	Foreign exchange impact[2]	**August 31, 2020**	August 31, 2019[1]	Change	Change in constant currency[2]	Foreign exchange impact[2]
(in thousands of Canadian dollars, except percentages and per share data)	**$**	$	%	%	$	**$**	$	%	%	$
Operations										
Revenue	**624,195**	610,510	2.2	1.6	4,214	**2,479,474**	2,444,062	1.4	0.8	16,477
Adjusted EBITDA	**299,925**	280,981	6.7	6.1	1,846	**1,168,487**	1,131,980	3.2	2.6	7,176
Integration, restructuring and acquisition costs[3]	**6,012**	839	—			**11,562**	12,851	(10.0)		
Profit for the period from continuing operations	**96,737**	95,193	1.6			**401,833**	368,165	9.1		
Profit for the period from discontinued operations	**—**	1,920	(100.0)			**—**	75,380	(100.0)		
Profit for the period	**96,737**	97,113	(0.4)			**401,833**	443,545	(9.4)		
Profit for the period from continuing operations attributable to owners of the Corporation	**30,707**	30,798	(0.3)			**128,084**	119,222	7.4		
Profit for the period attributable to owners of the Corporation	**30,707**	31,445	(2.3)			**128,084**	143,163	(10.5)		
Cash flow										
Cash flows from operating activities	**262,365**	314,905	(16.7)			**941,628**	890,077	5.8		
Acquisition of property, plant and equipment[4]	**130,210**	146,599	(11.2)	(12.0)	1,247	**487,240**	439,055	11.0	9.8	5,088
Free cash flow	**111,012**	87,611	26.7	26.5	198	**464,125**	469,155	(1.1)	(1.2)	369
Financial condition										
Cash and cash equivalents						**406,113**	559,393	(27.4)		
Total assets						**7,024,696**	7,125,037	(1.4)		
Indebtedness[5]						**3,290,354**	3,514,185	(6.4)		
Equity attributable to owners of the Corporation						**761,501**	754,768	0.9		
Per share data[6]										
Earnings per share										
Basic										
From continuing operations	**1.93**	1.91	1.0			**8.05**	7.38	9.1		
From discontinued operations	**—**	0.04	(100.0)			**—**	1.48	(100.0)		
From continuing and discontinued operations	**1.93**	1.95	(1.0)			**8.05**	8.86	(9.1)		
Diluted										
From continuing operations	**1.92**	1.89	1.6			**7.98**	7.32	9.0		
From discontinued operations	**—**	0.04	(100.0)			**—**	1.47	(100.0)		
From continuing and discontinued operations	**1.92**	1.93	(0.5)			**7.98**	8.79	(9.2)		
Dividends	**0.475**	0.43	10.5			**1.90**	1.72	10.5		

(1)	IFRS 16 was adopted by the Corporation on September 1, 2019. Under the transition method chosen, fiscal 2019 was not restated.
(2)	Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the prior year. For the three-month period and year ended August 31, 2019, the average foreign exchange rates used for translation were 1.3222 USD/CDN and 1.3255 USD/CDN, respectively.
(3)	For the three-month period and year ended August 31, 2020, integration, restructuring and acquisition costs resulted mostly from organizational changes, as well as costs related to the acquisition and integration of Thames Valley Communications and iTéract in the Communications segment. For the year ended August 31, 2019, integration, restructuring and acquisition 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.
(4)	For the three-month period and year ended August 31, 2020, acquisition of property, plant and equipment in constant currency amounted to $129.0 million and $482.2 million, respectively.
(5)	Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.
(6)	Per multiple and subordinate voting share.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

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).

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Analyst Conference Call:	Wednesday, October 28, 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/

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