

PRESS RELEASE

For immediate release

COGECO INC. RELEASES ITS RESULTS FOR THE SECOND QUARTER OF FISCAL 2017

- Revenue increased by \$8.0 million, or 1.4%, to reach \$586.4 million;
- Adjusted EBITDA⁽¹⁾ increased by \$5.9 million, or 2.3%, to reach \$258.0 million;
- Free cash flow⁽¹⁾ amounted to \$119.5 million, an increase of \$42.3 million; and
- A quarterly eligible dividend of \$0.34 per share was declared.

Montréal, April 6, 2017 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the second quarter ended February 28, 2017, in accordance with International Financial Reporting Standards ("IFRS").

For the second quarter of fiscal 2017:

- Revenue increased by \$8.0 million, or 1.4%, to reach \$586.4 million driven by growth in the Communications segment, 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 \$5.9 million, or 2.3%, to reach \$258.0 million compared to the same period of fiscal 2016 as a result of the improvement in the Communications segment and the media activities despite the prior year's sale of Métromédia;
- Profit for the period amounted to \$78.2 million of which \$25.9 million, or \$1.55 per share, was attributable to owners of the Corporation compared to \$75.7 million for the second quarter of fiscal 2016 of which \$33.3 million, or \$1.99 per share, was attributable to the owners of the Corporation. The increase is mainly due to a decrease in depreciation and amortization combined with the improvement of adjusted EBITDA, partly offset by last year's gain on disposal of Métromédia and an increase in income taxes;
- Free cash flow reached \$119.5 million, an increase of \$42.3 million, or 54.8%, compared to the same quarter of the prior year mainly due to lower acquisitions of property, plant and equipment, intangible and other assets in the Communication segment as a result of the timing of certain initiatives combined with a greater focus on capital expenditure optimization. The improvement of adjusted EBITDA also contributed to the increase in free cash flow;
- Cash flow from operating activities increased by \$42.3 million, or 20.0%, to reach \$253.8 million compared to fiscal 2016 second-quarter. The increase for the period is mostly attributable to the improvement in adjusted EBITDA, the decrease in income taxes paid combined with an increase in changes in non-cash operating activities primarily due to changes in working capital;
- A quarterly eligible dividend of \$0.34 per share was paid in the second quarter to the holders of multiple and subordinate voting shares, an increase of 15.3%, compared to an eligible dividend of \$0.295 per share paid in the second quarter of fiscal 2016;

(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").

- During the second quarter, Cogeco purchased and canceled 92,611 subordinate voting shares, for consideration of \$5.5 million, under its normal course issuer bid program which started in August 2016; and
- At its April 6, 2017 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.34 per share for multiple and subordinate voting shares payable on May 4, 2017.

For the six-month period ended February 28, 2017:

- Revenue increased by \$8.2 million, or 0.7%, to reach \$1.17 billion driven by growth in the Communications segment, partly offset by lower revenue in the media activities attributable to the sale of Métromédia on January 5, 2016;
- Adjusted EBITDA increased by \$12.0 million, or 2.4%, to reach \$519.3 million compared to the same period of fiscal 2016 as a result of the improvement in the Communications segment;
- Profit for the period amounted to \$160.2 million of which \$56.6 million, or \$3.39 per share, was attributable to owners of the Corporation compared to \$142.5 million for the same period of fiscal 2016 of which \$58.5 million, or \$3.50 per share, was attributable to the owners of the Corporation. The increase is mainly due to a decrease in depreciation and amortization, the improvement of adjusted EBITDA as well as the decrease in integration, restructuring and acquisition costs, partly offset by last year's gain on disposal of Métromédia and an increase in income taxes;
- Free cash flow reached \$228.8 million, an increase of \$110.7 million, or 93.7%, compared to the same period of the prior year mainly due to lower acquisitions of property, plant and equipment, intangible and other assets in the Communication segment as a result of the timing of certain initiatives combined with a greater focus on capital expenditure optimization. The improvement of adjusted EBITDA and the decrease in integration, restructuring and acquisition costs also contributed to the increase in free cash flow; and
- Cash flow from operating activities increased by \$75.0 million, or 24.9%, to reach \$376.7 million compared to the same period of fiscal 2016. The increase for the period is mostly attributable to the improvement in adjusted EBITDA combined with the decreases in income taxes paid and integration, restructuring and acquisition costs, partly offset by the decrease in changes in non-cash operating activities primarily due to changes in working capital.

"Overall, results for Cogeco Inc.'s second quarter of our fiscal year 2017 are satisfying," declared Louis Audet, President and Chief Executive Officer of Cogeco Inc. "In our communications subsidiary, Cogeco Communications Inc., we remain pleased with the results in our Canadian broadband services sector, especially given the competitive conditions in the Canadian broadband market and the maturity of this industry."

"In the American broadband services sector, Atlantic Broadband remains a solid performer," added M. Audet. "We are satisfied with results in fiscal 2017 so far, which are in line with our expectations."

"With our Business ICT services business, Cogeco Peer 1, we continue to focus on improvements and generating positive results," stated Mr. Audet. "We are implementing thorough action plans for each of our geographic regions and our continued focus on controlling our costs and capital expenditures has resulted in meaningful free cash flow."

"At Cogeco Media, results remain strong. Our radio subsidiary once again performed very well while maintaining its leadership position in the Québec radio market, based on the latest Numeris rankings," concluded Louis 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 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 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 radio 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).

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Source:

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Analyst Conference Call:

Friday, April 7, 2017 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: **1-800-263-0877**

International Access Number: **+ 1-416-642-5209**

Confirmation Code: **109443**

By Internet at corpo.cogeco.com/cgo/en/investors/

FINANCIAL HIGHLIGHTS

	Quarters ended			Six months ended		
	February 28, 2017	February 29, 2016	Change	February 28, 2017	February 29, 2016	Change
<i>(in thousands of dollars, except percentages and per share data)</i>	\$	\$	%	\$	\$	%
Operations						
Revenue	586,417	578,450	1.4	1,169,505	1,161,353	0.7
Adjusted EBITDA ⁽¹⁾	258,043	252,129	2.3	519,310	507,283	2.4
Integration, restructuring and acquisition costs	—	4,320	—	—	6,350	—
Gain on disposal of a subsidiary	—	(12,940)	—	—	(12,940)	—
Profit for the period	78,232	75,688	3.4	160,191	142,519	12.4
Profit for the period attributable to owners of the Corporation	25,865	33,330	(22.4)	56,630	58,527	(3.2)
Cash Flow						
Cash flow from operating activities	253,808	211,460	20.0	376,683	301,707	24.9
Acquisitions of property, plant and equipment, intangible and other assets	87,036	117,220	(25.7)	184,380	264,450	(30.3)
Free cash flow ⁽¹⁾	119,461	77,172	54.8	228,794	118,110	93.7
Financial Condition⁽²⁾						
Cash and cash equivalents	—	—	—	52,316	68,344	(23.5)
Property, plant and equipment	—	—	—	1,967,057	2,004,247	(1.9)
Total assets	—	—	—	5,444,253	5,495,520	(0.9)
Indebtedness ⁽³⁾	—	—	—	2,828,501	2,974,119	(4.9)
Equity attributable to owners of the Corporation	—	—	—	548,969	503,344	9.1
Per Share Data⁽⁴⁾						
Earnings per share						
Basic	1.55	1.99	(22.1)	3.39	3.50	(3.1)
Diluted	1.54	1.98	(22.2)	3.37	3.48	(3.2)
Dividends	0.34	0.295	15.3	0.68	0.59	15.3

- (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 February 28, 2017 and August 31, 2016. Total assets and shareholders' equity were restated for the year ended August 31, 2016 as reported in note 2 of the Condensed Interim Consolidated Financial Statements.
- (3) Indebtedness is defined as the aggregate of bank indebtedness, balance due on a business combination, principal on long-term debt and obligations under derivative financial instruments.
- (4) Per multiple and subordinate voting share.